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### Improving the application of concessions to bills

EnergyAustralia is one of Australia's largest energy companies with around 2.2 million electricity and gas accounts across eastern Australia. We also own, operate and contract a diversified energy generation portfolio across Australia, including coal, gas, battery storage, demand response, wind and solar assets, with control of over 5,000MW of generation capacity.

We appreciate the opportunity to provide feedback on the AEMC's consultation on the draft decision *Improving the application of concessions to bills*. We accept the AEMC's drafting of the proposed Rules. We anticipate some complications to the practicability of these obligations with respect to third parties who operate as retail agents, and, in instances where the customer is a customer with a 'deemed contract' for the purposes of Rule 54.

We support the intent of the AEMC's draft decision to ensure eligible customers are obtaining their concessions entitlements, and consider that the AEMC's recommendations are, if pursued, likely to genuinely improve concession application on energy bills.

### Draft Rules

EnergyAustralia accepts the AEMC's drafting of the proposed rules:

[1] We observe that the drafting Rule 19(1)(c) requires the designated retailer to provide 'information about the availability of government funded energy charge rebate, concession or relief schemes;' and the proposed substitution simply adds 'available in the jurisdiction of the small customer'. We do not consider this is likely to provide any uplift in the application of concessions to customer bills, as this is functionally the same information.

[2] The AEMC proposes to insert a new subrule after 19(1) requiring the designated retailer to ask the small customer requesting the sale of energy under the retailer's standing offer whether that small customer may be eligible for any government funded energy charge rebate, concession or relief schemes identified in subrule (1)(c). Functionally this is unlikely to result in significant uplift either, as the current operational method through which existing obligations are met is to:

- a) tell the customer that there are concessions programs available,
- b) ask the customer if they have a concession, and
- c) provide concessional information in the retailers 'welcome pack'.

[3] We consider that the application of the proposed Rule to the Required Information is broadly acceptable.

We do note that there are some complications to the practicability of these obligations with respect to third parties who operate as retail agents.

The AEMC may like to take this opportunity to review whether it remains appropriate to include the term 'relief schemes' within this obligation. We understand that this was intended to refer to utility relief schemes such as EAPA (NSW) URGs (Victoria), HEEAS (Qld) and EEPs (SA). More recently, Governments have implemented ad-hoc cost of living relief schemes. These largely sit outside of concession agreements. We consider that the wording of the Rules should clearly exclude ad-hoc 'relief', because:

- These often have no relationship to concessional eligibility in the established sense under the concession arrangements, and;
- Their availability is inconsistent, and retailers are provided short timeframes to execute the application of these payments that are not compatible with the more complex changes to collateral and process that would be necessary if they were included in the definition that to date has only extended to concession programs.

### Third party retailer agents

Third party retailer agents can be authorised to obtain the customers consent on behalf of the retailer under the jurisdictional concession agreements, but this is not always the case. If the proposed rules were to be implemented, then this would be necessary. We acknowledge that Services Australia are (rightly) concerned with the appropriate collection and disclosure of customers *personal information* and that the relevant consent is obtained before this occurs.

Services Australia applies its consent at an organisational level, rather than industry wide. This simply means there is an increased likelihood of technical compliance breaches if the incorrect details are used, when the agent is representing multiple providers. We acknowledge that this is not directly the AEMC's concern, but the proposed changes to the Rules do increase the risk of compliance breaches for the party to the concession agreement.

In the long term, a better and more comprehensive solution would be to resolve information asymmetries between retailers and Services Australia. A modernised framework would allow retailers to verify consumer eligibility through a centralised database, ensuring that concessions and rebates are automatically applied without requiring manual intervention.

### AEMC's Recommendations

EnergyAustralia supports the AEMC's draft recommendations. These indicate that in its initial consultation with industry the AEMC has heard industry concerns, performed a root cause analysis of the underlying reasons consumers are missing out on their energy concessions, and determined that in most cases missed concessions are more applicable to failures of the concessions frameworks than it is of retailer failures to engage with concession obligations. This is consistent with the AER's findings in its 'Gamechanger'

work. Our views in relation to the recommendations made by the AEMC are set out below.

#### Draft Recommendation 1:

Conceptually, we support the call to remove the onus from customer to ensure that concessions are applied to their bills. While we agree with the AEMC's recommendation that governments work toward automating concessions, the difficulty will be ensuring the approach taken does not have unintended consequences such that a larger number of customers miss out on concessions.

The recommendation would be improved if it were to recommend the design of market transfer changes which include the concession details within the energy sectors B2B transactions, as this would allow information transfer between retailers. We note that this is not how any of the concession programs work at present. We also note that there are risks in this approach, because concession eligibility criteria which apply, and the site and customer details are very different items.

In addition, this approach would require Services Australia support to adopt and implement. Services Australia are concerned with the appropriate collection and disclosure of customers *personal information* and that the relevant consent is obtained before this occurs; this approach would not be able to support specific retailer consent as is currently required.

As default experts in the limitations of current approaches, we look forward to opportunities to provide input into a future design that delivers for customers.

#### Draft recommendation 2:

We support measures to harmonise eligibility rules and application processes for concession schemes would reduce barriers for consumers. We consider that alongside this recommendation there should be a single approach to compliance and audit procedures which apply to retailers. Where retailers are responsible for any part of the harmonised concession process (collection of information, validation of data, or application on billing), any compliance regime associated ought to be standardised across jurisdictions.

#### Draft recommendation 3:

We are not certain that Guidance or updates to the Better Billing requirements would improve customer outcomes. The issues with concessions application are not, as the AEMC has heard, causally the fault of retailers or even Embedded Network providers. Rather, the root causes of concessions not applying are jurisdictional, concession agreement-related barriers. The obligation to inform of and facilitate concessions applies to retailers and Exempt Sellers, but the procedure for ensuring this occurs is not wholly a function of the obligation.

We note that concession information is already displayed as a line item on customer billing, and so the application of the concession to the bill should be clear in current arrangements.

Finally, the proposal to require retailers to inform customers that their concession eligibility will not automatically transfer on first or final billing is likely to cause confusion if it is a 'blanket application' within the Billing requirements and the message appears on billing for customers without eligibility, particularly considering the specificity of the information to be disclosed as set out in the proposed Draft Rules.

Nonetheless, we support consistent application of the Rules and guidance across retailers and exempt sellers.

#### Draft Recommendations 4 and 5:

EnergyAustralia supports more detailed information being made available at relevant times explaining rebates and concessions to customers. However, we note that information does not equal knowledge, and to support uplift in customer access to concession entitlements this information ought to be simple to understand, and easy to act upon.

Relatedly, as an agency who communicates with eligible customers under current arrangements, we look forward to future opportunities to inform the best interactions through which to raise concession awareness. Certainly, we would support the same simple, easy to understand and act upon information about concessions being made available in formats which can be readily provided to the customer, as this would ensure the information provided was consistent and accurate. We consider this action remains relevant irrespective of any attempts to harmonize concessions programs across jurisdictions.

#### Recommendation 6:

EnergyAustralia supports the establishment of a cross-agency forum to discuss and resolve concessions related barriers. We note that this will be important, particularly if industry is to remain the administrator of concession agreements. Retailers ought to be involved in the development of any streamlined and harmonized concessions process.

#### Recommendation 7:

EnergyAustralia keeps customer at the core of everything we do, and we agree that it should be easy for customers to add and update concessions details. We are committed to seeking ways to reduce barriers to customers achieving their desired outcomes. We do observe that this recommendation results in a service level standard not a Rules standard, and service level agreements are held between retailers and the various jurisdictional bodies. As a result, we would not support the introduction of Rules to achieve service level standards which are set out elsewhere.

#### Recommendation 8:

The AEMC has asked for stakeholder feedback on additional issues which would seek to resolve household eligibility challenges.

- 1. Jurisdictions should allow eligible consumers to access concessions on the electricity bill for their primary residence.*

EnergyAustralia considers that this is the intention of the concessions scheme, but that it does not always deliver on this intention due to verification and eligibility requirements within those schemes. We would prefer that Governments undertake the 'hard work' required from the AEMC's recommendations 1 through 7 to make a harmonised concessions scheme that is easier to navigate for customers and easier to administer for those who are required to administer it, as this would, ideally, resolve the current situations in which consumers who would otherwise be eligible for concession are unable to receive it.

- 2. The AER should develop guidance for retailer on a) Improving their systems so they can apply concessions where the account holder is not the eligible party (and it is allowed by jurisdictions), and b) Communicating with customers who are the account holder but are not the eligible party.*

We do not think this is appropriate, largely because this recommendation results in a service level standard that is taken in isolation from existing service level agreements that are held between retailers and the various jurisdictional bodies. It is likely that this would result in conflicting obligations.

Since the AER is not responsible for the governance of concessions schemes and is unlikely to have a deep technical understanding of each of the jurisdictional programs, it is also not appropriate that the AER be given this task. We would instead suggest that the AEMC's recommendations 1 through 7 would make a harmonised concessions scheme that should also have improved governance arrangements, and through this could achieve an improvement in systems and processes that parallel improvements in the processes that a harmonised and simplified concessions program would avail.

It is unclear to EnergyAustralia what is meant by (b) *Communicating with customers who are the account holder but are not the eligible party*. We assume that this would involve contacting the account holder to discuss concessions information (*personal information*) that applies to somebody else. This suggestion is problematic under established privacy considerations. There is also some risk to the person with concession eligibility in instances of family and domestic abuse, which extends to economic abuse. We would not support the AER developing guidance for such customers in relation to concessions activities given there are existing expectations in place to ensure the protection of such impacted customers across all interactions they have with their retailer.

In addition, EnergyAustralia conducts its activities in accordance with the Australian Privacy Principles (APPs), as is appropriate in these instances. We would not support the AER developing guidance in relation to activities where there is interaction with the APPs.

If you would like to discuss this submission, please contact me on 03 9060 1130 or [Courtney.Markham@energyaustralia.com.au](mailto:Courtney.Markham@energyaustralia.com.au).

Regards

Courtney Markham

**Regulatory Affairs Lead**