

Improving the ability to switch to a better offer

We have made a final rule to increase the number of customers who regularly switch by increasing awareness of savings

The Australian Energy Market Commission (AEMC or Commission) has made a more preferable final rule to increase customers' awareness of savings that can be achieved through switching plans with their retailer. This would increase the number of customers who switch to lower cost plans, saving them money and improving competition in retail market.

The Australian Energy Regulator's (AER's) Better Bills Guideline (BBG) requires customers' bills to contain an important message ('better offer message') that alerts customers to opportunities to save by switching to a different plan ('deemed better offer'), how they can switch and a prompt to visit the Energy Made Easy website to compare offers from other retailers.

Market research conducted by the Behavioural Economics Team of the Australian Government (BETA), with the AER, shows that this message is effective in engaging customers in the market. Despite this, the Australian Competition and Consumer Commission (ACCC) reports that there are still many customers paying more than they could be if they switched to another offer.

The Minister for Climate Change and Energy submitted a rule change request to require retailers to provide streamlined product switching to customers. The proponent's proposition was that customers do not switch as the time and effort required to switch (transaction costs) are too high. Our investigation found that there is little evidence for this. While understanding and comparing plans is difficult, the switching process is fairly simple.

Stakeholder engagement and market research indicates that one contributing factor to customers not switching offers is low engagement with energy bills. We have identified this as the key opportunity to improve switching. By adding to the areas in which retailers must provide customers with information that helps them compare plans, a greater number of customers who do not currently read their bill will be encouraged to switch to the best offer.

This final rule will require the AER to update its billing guideline by 30 September 2026, in accordance with its existing review timelines.

There are minor changes from the draft rule

We received 12 submissions to the draft determination. Following stakeholder feedback to the draft determination, we have made minor changes to the final rule. These changes clarify the communications that this rule applies to. Specifically, the message will be required in communications related to and sent at the same time as a customer's bill.

The final rule will come into effect in September 2026

The final rule establishes dates for the AER to update its guideline and for retailers to comply with the new rules.

- From 11 Sept 2025 there will be a new requirement on the AER to update its billing guideline by 30 September 2026 (effective date)
- From 30 December 2026 retailers need to comply with the updated billing guideline (finished in September 2026), but within that guideline it could say that retailers need to

comply with the new parts by a different date.

This final rule aligns with broader reforms to improve outcomes for consumers

This rule change forms part of the broader Energy and Climate Change Ministerial Council (ECMC) consumer rule change package submitted on 12 and 28 August 2024. The package involves seven rule change requests that together seek to help households access cheaper energy deals, increase support for people experiencing hardship, and deliver more protections for consumers.

The Department of Climate Change, Energy, the Environment and Water (DCCEEW) is progressing the Better Energy Customer Experiences work to understand reforms needed to modernise and ensure the consumer protections framework is fit for purpose for the evolving energy market. As part of this, DCCEEW is assessing how the current protections regime is operating, including its strengths and weaknesses.

The final rule promotes the National Energy Retail Objective and equitable outcomes for consumers

The more preferable final rule will promote the NERO by reducing the number of customers who are paying more than they could be for their energy bills. This improved switching of customers in the retail market also produces competition benefits that place downward pressure on prices. We consider these benefits are material, while the costs this final rule would impose are minimal. This is because this final rule will require further communication of information retailers are already required to generate.

For this final rule, we also had regard to promoting equitable energy outcomes. This complements the new guidance we have developed to ensure issues of equity are consistently and transparently addressed in a structured way when we are making rule changes and delivering recommendations. We are putting a consistent focus on:

- removing structural barriers to engagement in the retail market through making the message to switch and save more accessible to customers
- avoiding creating or exacerbating vulnerability by increasing the number of customers who switch to better offers while minimising the cost imposition on retailers
- the diversity of customer needs, experiences, and preferences by encouraging more customers to engage with their retailers to find the offer that suits them.

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