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National Energy Retail Amendment (Bill Contents and Billing Requirements) Rule

Thank you for the opportunity to provide a submission in response to the Consultation Paper on 'Bill Contents and Billing Requirements', 24 September 2020 ('Consultation Paper').

Momentum Energy (Momentum) is a 100% Australian-owned and operated energy retailer. We pride ourselves on competitive pricing, innovation and outstanding customer service. We retail electricity in Victoria, New South Wales, South Australia, Queensland and the ACT. We offer competitive rates to both residential and business customers along with a range of innovative energy products and services. We also retail natural gas to Victorian customers.

Momentum Energy is owned by Hydro Tasmania, Australia's largest producer of renewable energy.

Introduction

Momentum acknowledges the issue highlighted by the proponent, that energy bills can be confusing for some customers and do not always clearly provide the information which they need. A number of factors have been raised suggesting the key causes of, or contributors to, this issue. These causes include inconsistencies with format across retailers, language, layout and the manner in which bills are delivered. These factors can create a barrier to engagement with the market and prevent customers from accessing helpful information. In summary, the proponent has contended the existing National Energy Retail Rules (NERR) in relation to bill contents and billing requirements are inadequate and additional regulation is required.

It is critical that consumers are able to rely on their bill for the function or purposes they require. While the proponent considers that greater standardisation is the key to achieving greater customer engagement, we believe that there is an opportunity to enable retailers to better deliver information to customers in a targeted way. Retailers are best placed to understand the needs of their consumers, and should be empowered through the regulatory framework to meet those needs.

Issues with the current framework

A bill is required to inform the customer of their charges, energy use and availability of some key consumer protections. However, the function of the bill has changed over the years as the number of channels for communication and engagement with customers has increased. As such, the regulatory framework should be revised to allow retailers to take advantage of these new engagement opportunities and communicate to customers according to their needs and preferences.

Similarly, the framework may constrain retailers seeking to offer products where the amount payable by the customer does not directly correlate with their consumption in a traditional manner. We note that retailers currently offering 'all you can eat', 'spot price pass-through' or 'power pack plans' have found ways to bill their customers under existing requirements however, we question whether the current arrangements provide the optimal customer experience under these innovative products. We also wonder to what extent further product innovation is being constrained.

While it is up to Momentum, and other retailers offering non-traditional products, to manage communication with the customer to ensure that they get the best possible experience, the regulatory requirements which assume that all customers have the same informational needs, can frustrate this. In this respect, we recognise that the current rules may no longer be fit for purpose and greater flexibility is required.

Comments on proposed solution

Momentum does not support the proposed rule change which would empower the Australian Energy Regulator (AER) to develop a mandatory guideline to ensure consistency across retailer bills.

A mandatory guideline approach would strip away the ability for retailers to innovate and tailor bills to meet the needs of a range of customer segments. We echo the proponent's call for clarity in bills but also recognise the importance of consumer choice. With this in mind, there is a need to move to an outcomes-based regulatory framework that can support better information delivery to solve this issue.

The proposed approach is highly prescriptive in nature and would significantly deprive retailers of the ability to personalise bills for customers. It will in effect exacerbate the current issue of customer confusion as the current 'one size fits all customers' approach will be taken to a new level with any potential guideline requiring further standardisation. In our experience, this the last thing that many customers want or need.

The rapidly evolving nature of the energy market highlights the need for greater flexibility as we have seen existing regulatory instruments playing catch-up with the needs of consumers. The Retail Pricing Information Guideline for example, has been reviewed 5 times since its initial publication in 2011. Such constant changes result in significant costs for retailers and ultimately, customers and demonstrates that prescriptive regulatory change will only ever be a Band-Aid solution to customers' informational needs.

Furthermore, this approach could require retailers to redesign billing systems, driving uncertainty and risk for energy businesses. It is also unclear what criteria that the AER may use to develop guidelines for different groups of customers, which vary drastically. Retailers are also yet to see evidence that the constant change has improved the customer experience.

Comments on alternative solution

Momentum believes customers would benefit most if the AEMC were to make a more preferable rule that considers principles-based regulation, enabling flexibility for retailers to better deliver information without driving up costs.

We propose a change to the existing elements of Rule 25, which focuses on delivering the genuinely essential elements of information on the customer's bill while allowing retailers to provide other information to customers via more effective means. This would enable retailers to ensure that their customers are provided with the information, which they need in a manner that is clear and accessible. Customers who have demonstrated a desire and an ability to engage with their retailer will then be able to have relevant information delivered to them via a range of channels while less engaged customers, including those on Standing Offers would retain the benefit of the existing arrangements.

The benefit of moving to a principles-based approach would allow retailers to tailor information delivery that can cater for specific circumstances as demonstrated in the case study above. Those customers in particular, could benefit from a summary bill without all the prescribed contents or choose to receive the information in a different manner than in the format of a 'bill', with an outcome that would significantly reduce confusion and administrative burden on retailers.

While the bill performs an important information function, the growing adoption of digitalisation, changing consumer attitudes and expectations, have led to a significant increase in the development of other mechanisms and engagement tools that enhance information delivery. Many of these approaches are not directly addressed under the current regulatory framework. Notably, digital access to services and the rapid uptake of apps, web portals and other tools is undoubtedly the direction of the future. The AEMC has an opportunity to ensure that the regulatory framework is fit for purpose now, and in the future, by focussing more on the delivery of important information, rather than shackling retailers (and their customers) to the outdated concept of a bill as the fundamental means for information transmission.

We appreciate that the bill was traditionally the single piece of communication from a retailer that a customer could be relied upon to engage with. Because of this, it was an appropriate means by which important information could be conveyed. With the advent of digital communications, the bill is no longer the primary mechanism for customer engagement, with many customers turning to online sources for information. In addition to our website and social media presence, which contain a large number of resources and materials, customers can obtain information via our web service. Momentum offers a portal ('MyAccount') that allows a customer access to various support, information and tools, which are specific to their account. Some of the services offered online are listed below:

- Information on billing, payments, account management, smart meters, tips on reducing energy usage, new regulations;
- Usage monitoring and ability to download consumption data;
- View contract information and ability to switch plans;
- Arrange a move out service; and
- Update account information (such as adding contacts, changing personal details, selecting marketing and communication preferences)

We recognise that not all customers can, or want to obtain information via the digital mechanisms. We believe that an energy bill which contains all of the information required by Rule 25 is a fundamental right which consumers should have access to. As such, Momentum considers a balanced approach is appropriate. This could be in the form of amendment to the billing rules to ensure customers are able to access what they need through the bill, by mandating essential information and allowing a retailer to provide access to the other elements of Rule 25 in a manner which is more in line with customer preferences.

Information which is deemed non-crucial or discretionary but may be useful but not essential can be provided in a format agreed with the customer either upon contract formation or if they change their preferences at any time during their relationship with the retailer. A customer who is not engaged must have both the mandatory and discretionary information on the bill (ie, the status quo is maintained). A customer who has an online account on the other hand, may wish to receive some information on their app, via the retailer portal or through other, as yet unanticipated communications channels. This balanced approach would provide certainty that necessary information will always be available for all customers, whilst also addressing customer preferences and digital transformation.

Importantly, retailers who have a direct relationship with the customer can offer immediacy, personalization and accessibility of information under this approach through the various engagement models that are already in place. In the absence of evidence demonstrating there is market failure with respect to the way retailers deliver information to customers, we see no reason why a mandatory guideline approach should be considered.

Should you require any further information with regard to this submission, please do not hesitate to contact me on 03 8639 4662 or email Tina.bui@momentum.com.au.

Yours sincerely

Tina Bui
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