



## Bill contents and billing requirements

### Stakeholder submissions invited on draft determination and draft rule

The Australian Energy Market Commission (AEMC) has made a more preferable draft rule that amends the National Energy Retail Rules (NERR) to introduce a mandatory guideline on requirements for gas and electricity bills. The proposal aims to simplify electricity and gas bills, so households and small businesses can better understand and manage their energy usage and costs, and find a better energy deal.

### Rule change request

On 16 April 2020, the Honourable Angus Taylor MP, Minister for Energy and Emissions Reduction, on behalf of the Australian Government (the proponent), submitted a rule change request to the AEMC to amend the NERR. The rule change proposal sought to amend the NERR to require the AER to develop a mandatory guideline to make it easier for small customers to pay their energy bills and verify a bill conforms to their contract, query the bill, understand their usage, and navigate the retail market to seek the best offer.

In response to the rule change proposal, the Commission has determined to make a more preferable rule. The draft rule adopts many elements of the proponent's rule change request including a mandatory guideline on billing requirements. The AEMC invites stakeholder submissions on the draft determination and draft rule by **4 February 2021**.

### Overview of the draft rule

The more preferable draft rule made by the Commission:

- Requires the Australian Energy Regulator (AER) to make billing guidelines in relation to how retailers prepare and issue bills to small customers. The provisions in the billing guidelines will replace the current bill information requirements in rule 25(1) of the NERR.
- Requires retailers to comply with the billing guidelines when preparing and issuing bills to small customers.
- Allows the billing guidelines to specify the frequency that small customers on standard retail contracts must receive bills.
- Contains objectives for the billing guidelines, for example, to enable small customers to easily understand payment amounts, dates and payment methods for their bill.
- Includes principles that the AER must take into account when developing and amending the guideline
- Requires industry consultation in the development and review of the guidelines.

### Key context

The speed of industry change indicates that a regulatory mechanism that can keep pace with retail market developments and consumer preferences is needed. However, the mechanism must also protect consumers.

Technological innovation in the energy market is changing how consumers and retailers interact. On digital platforms, such as smart phone applications and web portals, customers can see their past energy usage in detail, close to real time. Retailers can communicate with households and small business customers when a direct debit is due, or a price spike is expected, and vice versa. The introduction of a consumer data right in energy is likely to introduce third parties as digital retail service providers, to help consumers find the best deal.

An energy bill is one tool that has been used to achieve multiple functions (pay the bill, understand energy usage and costs, seek help) in the past. Given new technology options, it is timely to consider how energy bills contribute to the achievement of these functions, and how bills interact with other services and processes to help consumers achieve good outcomes in the energy market.

Today's retail market is characterised by a variety of retail offers and consumer preferences. For instance, in regard to technological innovation (smart meters, solar PV, batteries and electric vehicles) and new energy services (virtual power plants, green power). This suggests a one-size fits all approach may not be suitable for billing regulation, at least for all billing purposes, as it may limit retail innovation and consumer choice.

The Commission considers that a guideline is likely to be more responsive and adaptable to changes in the retail market and consumer preferences, as it is likely to be informed by ongoing expertise developed through the guideline development and monitoring process (rather than via one-off rule change processes). The guideline will establish protections for small customers regarding billing, while also enabling customers to benefit from innovation in the retail market.

### Implementation

It is proposed that it will take 12 months for the AER to develop the billing guidelines and a further three months for retailers to make changes to their systems (if required) to comply with the billing guidelines. On this basis, the Commission proposes that:

- the AER be required to develop and publish the billing guidelines by 1 April 2022
- retailers be required to comply with the billing guidelines from 4 August 2022.

### Consultation

The Commission is seeking stakeholder feedback on the draft determination and the more preferable draft rule by **4 February 2021**.

For information contact:

Adviser, **Stephanie Flechas** 02 8296 0640

Director, **Jackie Biro** 02 8296 0606

Media: Media and Content Manager, Kellie Bisset 0438 490 041

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