

Ms Stephanie Flechas
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000

Via email: stephanie.flechas@aemc.gov.au

Dear Ms Flechas

Submission to AEMC Consultation Paper: National Energy Retail Amendment (Bill Contents and Billing Requirements) Rule (RRC0036)

The ACT Council of Social Service (ACTCOSS) represents not-for-profit community organisations and advocates for social justice in the ACT. ACTCOSS advocates for residential, not-for-profit, and small business energy consumers in the ACT through the ACT Energised Consumers Project which is co-funded by Energy Consumers Australia and the ACT Government.

ACTCOSS welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC's) consultation paper on the National Energy Retail Amendment (Bill Contents and Billing Requirements) Rule proposed by Hon Angus Taylor MP, Minister for Energy and Emissions Reduction.

ACTCOSS's responses to the AEMC consultation paper questions are provided through the Stakeholder Feedback Template. A summary of our key feedback is provided below.

ACTCOSS supports the intent of the proponent's rule change request to standardise bills across the retail sector and ensure the delivery of clear and accessible information to all consumers, reducing market complexity while strengthening the ability of consumers to make informed decisions.

We do not support the proponent's proposal to replace Rule 25 of the National Energy Retail Rules (NERR). ACTCOSS recommends that better – not less – information provision could be achieved through Rule 25 specifying bill contents and a complimentary guideline specifying how these contents should be presented on the bill. This would help improve consumers' understanding of their energy bills, which in turn may help them better manage their energy costs.

ACTCOSS proposes that Rules 25 and 170 of NERR be revised to provide better information to consumers and that the rules be accompanied by a mandatory Australian Energy Regulator (AER) guideline based on principles and guided by stakeholder consultation. ACTCOSS recommends that they be updated to require the provision of additional helpful information, including:

- A best offer notification, advising the customer if they are on their retailer's best offer and, if not, how to access that best offer
- Information about how the customer can access the Australian Government's Energy Made Easy comparator website.

ACTCOSS does not support any erosion of the minimum information requirements, and strongly opposes any move to reduce the regulatory force of the requirements, such as through allowing industry self-regulation.

ACTCOSS has engaged with the Public Interest Advocacy Centre (PIAC) on this issue and we support their submission.

ACTCOSS would welcome the opportunity to meet with the AEMC and other stakeholders to discuss these issues in more depth.

Yours sincerely



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STAKEHOLDER FEEDBACK TEMPLATE

The template below has been developed to enable stakeholders to provide their feedback on the questions posed in this paper and any other issues that they would like to provide feedback on. The AEMC encourages stakeholders to use this template to assist it to consider the views expressed by stakeholders on each issue. Stakeholders should not feel obliged to answer each question, but rather address those issues of particular interest or concern. Further context for the questions can be found in the consultation paper.

SUBMITTER DETAILS

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CHAPTER 3 – THE CURRENT SITUATION

QUESTION 1 – Understanding energy bills

1. Do you agree with the statement of issues by the proponent, that bills are no longer fit-for-purpose because there are gaps in content, the information is too dense, and the language is too complex? Please explain your view.

The ACT Council of Social Service (ACTCOSS) does not support replacing Rule 25 of the National Energy Retail Rules (NERR) as proposed under the Better Bills AEMC Rule Change Request.

ACTCOSS supports the goal of the rule change to have 'simpler and more understandable bills for all energy consumers' and 'reduce market complexity while strengthening the ability of consumers to make informed decisions.' We agree that 'bills are a key tool for informing consumers about their energy usage and costs'. For most consumers, bills are the only tool for informing them about their energy usage and costs. We support 'the standardisation of energy bills across the retail sector'.

ACTCOSS largely agrees with the statement of issues by the proponent. We agree that:

- Standard nomenclature and bill format would assist consumers to better understand and compare bills and offers – bills should present key information clearly and in plain language
- Bills provide an opportunity to raise consumer awareness of key tools and services to assist them to understand their rights and find better offers (e.g. raising awareness of the Energy Made Easy website)
- Consumers should have choice in how their bill is delivered, including receiving a paper bill
- It would be useful to have guidelines that ensured that the content, format, and terminology of bills

	<p>aligned with those for improving the transparency and comparability of market offers.</p> <p>The statement of issues refers to bills being 'information dense' with 'unnecessary complexity' resulting in 'information overload' but it does not provide any examples of what information could or should be removed. ACTCOSS does not agree there is 'too much complex data' on the bills, but rather the data is presented in confusing ways, in confusing and non-standard order, and with confusing terminology.</p> <p>It should not be an expectation that consumers need to read all of the information in their bills if they do not want to, but the information should be there in the bill if they want or need it. While some information may not be immediately or always useful for every consumer, this information can assist consumers when seeking assistance from a retailer or a third party (e.g. offer comparison, home energy efficiency, financial counselling). Consistent content, logical formatting and standard terminology would be particularly useful in supporting these engagements (e.g. seeking assistance over the phone where a third party needs to guide the consumer to find relevant information on their bill).</p> <p>Standard formatting should provide a logical flow that progresses from key information, through to additional elements of information that may be required less frequently for some consumers.</p>
<p>2. If you consider there are issues with billing, do the NERR billing provisions cause or contribute to these issues? Please explain your view with reference to the specific requirements listed in Table 3.1.</p>	<p>The NERR billing provisions are a good basis to build on. ACTCOSS's primary concern is not with the information that is currently required to be included in the bill under the NERR, but that this information is presented in a way that is consistent and easily understood.</p> <p>The provisions under Rules 25 and 170 of the NERR listed in Table 3.1 of the AEMC's consultation paper are all useful pieces of information. ACTCOSS recommends that they be updated to require the provision of additional helpful information, including:</p> <ul style="list-style-type: none"> - Information about how the customer can access the Australian Government's Energy Made Easy comparator website - A best offer notification, advising the customer if they are on their retailer's best offer and, if not, how to access that best offer - Where to find the retailer's hardship policy and how to access assistance - A brief, plain English explanation of the customer's tariff (e.g. Time of Use: A time-of-use tariff means that the price of electricity changes at different times of the day). <p>A mandatory AER guideline could then outline standardised terminology and formatting based on principles and guided by stakeholder consultation. The guideline could then be subject to regular review (e.g. every 2 years) with a statutory timeline for implementation.</p>
<p>3. What other factors also contribute to the billing issues</p>	<p>In June 2020, the ACT's Independent Competition and Regulatory Commission (ICRC) recommended that the ACT</p>

<p>you have identified (e.g. lack of educational tools or campaigns)?</p>	<p>Government require retailers to tell their customers if they have a plan that could reduce a customer's bills and ask the customer to call them for more information. The ICRC surveyed over 1,000 Canberrans and found that:</p> <ul style="list-style-type: none"> - 67% found it difficult comparing electricity plans - 54% did not understand the different tariff types - 48% had not used a comparison website - Of those who had used a comparison website, 59% did not find it useful in finding a better electricity plan - 17% had used the Australian Government's Energy Made Easy website - 60% said it would help if their electricity retailer printed their 'best plan for my consumption' on their bill. <p>A survey by Care Financial Counselling Service of over 100 clients receiving Energy Support Vouchers found that:</p> <ul style="list-style-type: none"> - 85% had not heard of the Energy Made Easy website - 76% did not know what plan/tariff they were on - 74% had never asked their retailer about market offers. <p>These findings indicate a need to make it easier for people to understand tariffs and to access tools to navigate the energy market to identify the best offer for them.</p>
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QUESTION 2 – Receiving energy bills

<p>1. Do you agree there is a need to specify requirements for retailers on how they issue and deliver bills? Please explain your view.</p>	<p>The longest time between bills should be 100 days. A longer period between bills can cause problems for household budgeting and should only be done with the customer's explicit informed consent. Offers should not be contingent on being billed less than every 100 days.</p> <p>Paper bills must be available for both standard retail contracts and market retail contracts. Paper bills are the preferred, and sometime the only, way for customers to receive bills and manage payments and energy usage. Households who prefer to receive their bills in paper form – especially people on low incomes, people in vulnerable situations, and older people – should not be disadvantaged and should not be charged for it.</p> <p>Consistency would ensure households who switch to market offers are not made worse off.</p>
<p>2. Do you have a view on how best to give effect to the principle of consumer choice driving billing issuance and delivery? Please explain your view.</p>	<p>ACTCOSS shares the proponent's concern 'about consumers who may not have access to, or are not confident using, the internet or phone applications and that they "could be easily disadvantaged in a completely electronic environment", where they cannot get a paper bill at all (or at an affordable price).'</p> <p>The principle of consumer choice would be better supported by requiring the customer's informed consent for their retailer to:</p> <ul style="list-style-type: none"> - Not to issue a paper bill - Issue bills over a period longer than every 100 days.

	This should be regardless of whether the customer is on a standard or market offer.
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QUESTION 3 – Materiality of the issues

1. Which, if any, parts of a bill are confusing to customers, and how does any confusion affect a customer's ability to engage with the market to better manage their energy?	<p>As part of this rule change process, ACTCOSS recommends the AEMC and/or the Australian Energy Regulator (AER) conduct research – engaging directly with consumers – into which aspects of the bills people find confusing and how these issues could be resolved. This should build on the work undertaken by the Australian Government's Behavioural Economics Team referred to in the consultation paper.</p> <p>As part of the development of mandatory guidelines, there should be a statutory requirement for the AER to undertake consumer research into how people would prefer bills to be presented. This could involve the testing of particular billing format 'scenarios' rather than relying upon interpreting information volunteered by consumers.</p>
2. How do current billing arrangement meet or not meet customer requirements? Please specify whether your comments relate to all customers or specific segments of customers.	<p>The bill content currently required under Rule 25 of the NERR largely meets customer requirements. The main challenge is to ensure that this information is provided in a way that is easier to understand and that is consistent across retailers.</p> <p>Better bills would assist – and possibly encourage – customers to understand their energy plan, their energy usage, how their bill was calculated, how to reduce their bill, and how to improve energy efficiency. Broadening understanding of how people are interested in energy could be used to make bills more engaging.</p> <p>Better bills would ensure people with low English literacy and/or numeracy are not disadvantaged.</p> <p>ACTCOSS does not support the premise that greater engagement with the retail market should be required to receive a fair energy deal. As an essential service, households should be able to access reasonable, affordable energy without having to be engaged in a way that requires regularly switching between offers or retailers and the ability to assess and compare complex information.</p>
3. Do you have suggested improvements to billing arrangements that address any issues you consider are material? Please explain how your proposed solutions are compatible with the trend towards increasing digitalisation, the move to a two-sided market, and the introduction of the Consumer Data Right in energy.	<p>As noted above, ACTCOSS recommends that they be updated to require the provision of additional helpful information, including:</p> <ul style="list-style-type: none"> - Information about how the customer can access the Australian Government's Energy Made Easy comparator website - A best offer notification, advising the customer if they are on their retailer's best offer and, if not, how to access that best offer - Where to find the retailer's hardship policy and how to access assistance - A brief, plain English explanation of the customer's tariff (e.g. Time of Use: A time-of-use tariff means that the price of electricity changes at different times of the day).

SECTION 5 – RELATED PROJECTS AND RESEARCH

QUESTION 4 – Related projects and research

<p>1. Are there other research findings or projects the Commission should consider in making its determination; what are the most relevant research conclusions and project linkages?</p>	<p>As noted above, ACTCOSS recommends the AEMC and/or the Australian Energy Regulator (AER) conduct research – engaging directly with consumers – into which aspects of the bills people find confusing and how these issues could be resolved. This should build on the work undertaken by the Australian Government’s Behavioural Economics Team referred to in the consultation paper.</p>
<p>2. What key lessons should the Commission take from good practice regulatory frameworks for bills in comparable Australian sectors, or energy retail markets overseas?</p>	<p>ACTCOSS has welcomed the ICRC’s recommendation as part of its Retail Electricity Price Investigation 2020-2024 that the ACT Government require retailers to tell their customers if they have a plan that could reduce a customer’s bills and ask the customer to call them for more information. We would welcome this being applied nationally to electricity and gas retailers under the NERR.</p>

CHAPTER 4 – SOLUTIONS

QUESTION 5 – Proposed solution

<p>1. To what extent would the proposed solution address the identified problems and their causes, and promote the NERO?</p>	<p>The proposed solution does not address the identified problems and its causes. The proponent recommends that ‘Rule 25 Contents of bills’ be replaced by ‘Rule 25 Better bills guidelines’. It proposes that the Better Bills Guideline then be developed by the AER.</p> <p>ACTCOSS does not see a reason to replace Rule 25 entirely. We support a system where the essential bill contents are set out in Rule 25 supported by an accompanying AER mandatory guideline that guarantees that bills present this information in a better and consistent way through the use of standardised terminology and format.</p>
<p>2. Do you consider the proponent’s solution could be modified to be more effective? Please explain your view. Please explain the benefits, costs, risks and implementation issues associated with the proponent’s solution.</p>	<p>ACTCOSS does not support the replacement of Rule 25 as outlined by the proponent. The proponent’s solution could be modified by retaining Rule 25 Contents of bills, while adding a Rule to require the development of a Better Bills Guideline that compliments Rule 25 by requiring retailers to ensure bill contents are presented in a better and consistent way through the use of standardised terminology and format.</p>

ALTERNATIVE SOLUTIONS

QUESTION 6 – Rules-based approach

<p>1. Are there rules-based solutions that the Commission should consider (e.g. filling gaps in rules 25 and 170 of the NERR, a principles-based bill format provision, or using opt-out provisions for information pertaining to certain bill functions)? Please</p>	<p>There remains a place for prescriptive rules in billing to ensure necessary information is provided to consumers. Bills would be further enhanced by a principles-based mandatory AER guideline which should be reviewed regularly to accommodate changes in technology and attitudes.</p> <p>ACTCOSS recommends that Rule 25 could be enhanced by including:</p>
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<p>explain (i.e. benefits, costs and risks).</p>	<ul style="list-style-type: none"> - Information about how the customer can access the Australian Government’s Energy Made Easy comparator website - A best offer notification, advising the customer if they are on their retailer’s best offer and, if not, how to access that best offer - Where to find the retailer’s hardship policy and how to access assistance - A brief, plain English explanation of the customer’s tariff (e.g. Time of Use: A time-of-use tariff means that the price of electricity changes at different times of the day).
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QUESTION 7 – Non-rules-based approach

<p>1. Are there non-rules based approaches — such as an industry code, a non-binding guideline or other industry initiatives — that the Commission should consider to address the issues raised by the proponent and their causes? Please explain (i.e. benefits, costs and risks).</p>	<p>Bills are a key consumer protection that facilitates consumer understanding, choice and more effective access to essential services that suit their needs. Given the current situation has led to confusing bills, ACTCOSS supports better regulation that ensures bills contain information people need in a way they can understand. By doing so, bills would better support consumer engagement.</p> <p>It would not be appropriate to allow industry self-regulation of minimum information provisions requirements.</p> <p>Principles-based regulation is appropriate in relation to any bill information requirements that are additional to the minimum requirements and may relate to new emerging technology products and services and their integration with traditional retail services.</p>
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QUESTION 8 – Hybrid approach

<p>1. Are there hybrid approaches — a suite of rules and non-rules approaches — that the Commission should consider to address the issues raised by the proponent and their causes? Please explain (i.e. benefits, costs, risks, and balance between principles-based and prescription and rules/non-rules)?</p>	<p>ACTCOSS supports the revision of Rules 25 and 170 to provide information in a more effective way, supported by a mandatory AER guideline which is based on principles and guided by stakeholder consultation. The rules should include that this guideline have a regular review (e.g. every 2 years) with a statutory timeline for implementation and a requirement for direct community engagement. This would enable clarity of what basic information is required on bills (contained in the NERR) with the flexibility of having principles in the guideline that can be updated to capture changes in technology, innovation and community attitudes.</p>
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CHAPTER 5 – ASSESSMENT FRAMEWORK

QUESTION 9 – Assessment framework

<p>1. Is the proposed assessment framework appropriate for considering the rule change request? Are there other considerations that should be included?</p>	<p>ACTCOSS supports the proposed assessment framework which will consider:</p> <ul style="list-style-type: none"> - Transparency of information - Consumer engagement, choice and participation - Regulatory and administrative burden.
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The feedback and recommendations that we have provided in this submission are aligned with this framework in seeking to ensure that:

- Consumers have adequate, clear and timely information about the service they are buying and the price they are paying for that service
- Better (not less) information provision would improve consumers' understanding of their energy bills, which in turn may help them better manage their energy costs
- Consumers should have the opportunity to make informed decisions and choices about electricity, gas or retail services – though, as an essential service, households should be able to access reasonable, affordable energy without having to be engaged in a way that requires regularly switching between offers or retailers and the ability to assess and compare complex information
- Adopting a hybrid approach may reduce the regulatory and administrative burden, by not requiring the AER guidelines to determine the content of bills, but only how that information should be presented so that it supports consumers' understanding and engagement.