COMBINED PENSIONERS & SUPERANNUANTS ASSOCIATION

Submission to the Australian Energy Market Commission's Bill Contents and Billing Requirements Draft Rule Determination

4 February 2021

Combined Pensioners & Superannuants Association of NSW Inc (CPSA)
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CPSA receives funding support from the New South Wales and Australian Governments

CPSA is a non-profit, non-party-political membership association founded in 1931 which serves pensioners of all ages, superannuants and low-income retirees. CPSA's aim is to improve the standard of living and well-being of its members and constituents. CPSA receives funding support from the NSW Government Departments of Communities & Justice and the Australian Government Department of Health.

CPSA welcomes the opportunity to comment on the Australian Energy Market Commission's Bill Contents and Billing Requirements Draft rule determination. Older Australians heavily rely on energy bills as in many cases bills are the only form of communication, they as customers have with an energy retailer.

The clarity of energy bills affects customers in a range of ways including the ability to budget for energy costs, understand energy consumption and contact hardship support. In an energy market in which switching plans or retailers is encouraged to secure the most cost-effective energy contract it is essential that the main communication tool, energy bills, are consistent and clear.

CPSA is of the opinion that the room for innovation on energy bills should not be given the same consideration as basic information. Energy is an essential service and as bills are the main way in which older Australians interact with energy retailers, innovation should not weaken the requirement to ensure customers are clearly informed of their energy consumption and costs.

Paper bills

CPSA strongly supports the rule change to have an Australian Energy Retailer (AER) guideline that is mandatory and enforceable, despite the Australian Energy Market Commission's (AEMC) inclusion of CPSA in reference to a group of 'Many retailers and some consumer representatives' not in support of a mandatory guideline[1]. CPSA did not agree that Rule 25 should be abolished but that it should be amended with additions including the uniformity of bill formats across retailers, implying the current rule should be amended to enforce a mandatory guideline.

The AEMC dismissed the issue of paper billing in this rule change[2] and flagged CPSA's suggestion of making paper bills free for all customers as out of scope of this rule change due to each Australian jurisdiction managing the costs of paper bills[3]. CPSA disagrees that this suggestion is out of scope and does not see why this rule change should not enforce a customer's right to free paper bills. Although currently customers must give explicit consent to receive their bills electronically, there are instances in which customers may opt into electronic bills when they would rather paper bills. For example, a CPSA member alerted staff to a situation in which the member's telecommunication company had given her a warning that she had received her last paper bill and would now be receiving bills via email. The CPSA member could not recall giving consent for her provider to do so and had to jump through many hoops to reverse the change. Although this scenario relies on anecdotal evidence of an event in a different industry the importance of explicitly informing customers of their right to receive paper bills is clear and should be a feature of this rule change.

Recommendation 1: That the rule change should require retailers to provide paper bills for free and that all customers are explicitly made aware of their right to receive a paper bill.

[1] Draft rule determination, p.20
[2] Ibid, p.18-19.
[3] Ibid, p.41.

Recommended changes to the Draft rule

Recommendation 2: That the recommended changes to the Draft rule, as listed below, are implemented by the AEMC.

Rule 24 Frequency of bills (SRC)

In rule 24, omit subrule (1) and substitute:

1. A retailer must issue bills to a small customer at least once every 100 days, or at such other time specified in the billing guidelines under rule 25A.

Small customers may not be aware that billing arrangements may be negotiated and so they may opt into an arrangement that is not suitable. The requirement to provide bills at least once every 100 days will not be sufficient to overcome the wide knowledge and power imbalance that occurs between retailer and customer. People on low, fixed incomes such as Age Pension recipients would benefit from shorter billing periods than 100 days. The ability to negotiate a shorter billing period should be made explicitly clear to customers.

New Rule 25A Billing guidelines

2. The objectives of the billing guidelines are to enable small customers to easily understand:
   a. How their bill is calculated and whether it conforms to their customer retail contract;

The bill should also contain if there has been a change in how the bill is calculated. This should be expressed by showing a comparison between the calculation from the last billing period to the current billing period.

   b. How to access interpreter services and seek financial assistance, (billing objectives).

This clause should specifically require retailers to include a direct phone number to their financial hardship services as well as phone numbers for energy assistance programs.

3. The AER may, from time to time, amend the billing guidelines in accordance with the retail consultation procedure.

The billing guideline should be subject to regular statutory reviews so that the guideline may maintain relevance as changes are implemented through technology and innovation and so the guideline may reflect any changes in community need.

4. In making and amending the billing guidelines, the AER
   a. Must take into account the following:
      i. The need for consumer protections for small customers, while also enabling retail market innovation, competition and consumer choice

Retail market innovation and competition should only be included if they are to benefit the customer. An energy bill is an essential communication tool for an essential service, as such, clarity and customer understanding should be given greater consideration than innovation and competition. Innovation and competition should be delivered through marketing and service delivery, not on small customers’ bills.