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Submitted electronically

Dear Commissioners



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Bill contents and billing requirements

EnergyAustralia is one of Australia's largest energy companies with around 2.5 million electricity and gas accounts across eastern Australia. We also own, operate, and contract an energy generation portfolio across Australia, including coal, gas, battery storage, demand response, wind, and solar assets, with control of over 4,500MW of generation capacity.

EnergyAustralia welcomes the opportunity to participate in the AEMC consultation, bill contents and billing requirements (*the consultation paper*). Historically, billing was the main conduit of information between retailers and their customers, we therefore appreciate the importance of billing and are supportive of the proponent and the AEMC's desire to improve the experience, remove unnecessary and burdensome obligations, ensure consumer protection are maintained, and to future proof customer's billing in an evolving market.

Any changes to the current billing content obligations¹ outlined in the National Electricity Retail Rules (NERR), must ensure the current level of customer protections remains. This does not imply the NERR obligations cannot be altered, instead relying on the intent of the range of current obligations to be maintained; with the base requirement of Sect 25 of the NERR fundamental, 'A retailer must prepare a bill so that a small customer can easily verify that the bill conforms to their customer retail contract'. Establishing this as an underlying principle will ensure all customers are protected, with emphasis on the customers that are less likely to engage.

Where a customer is engaging with their retailer, the customer should be provided the opportunity to elect how their billing information is provided; including format, content, and delivery method. This would empower retailers to achieve customers' desires for the format of delivering billing information; physical mail, digital bill, or entirely via a billing application, and the content of their billing, i.e. simplified billing, with the ability to access more detailed information if required.

¹ NERR Sect 25 Content of bills (SRC and MRC) pg. 18-19 and Sect 170 Retailer obligations - electricity consumption benchmarks pg. 129-130

Whereas a customer that does not actively engage with their retailer, should receive a bill fundamentally with the same bill contents as provided under the current NERR obligations.

The need for change

EnergyAustralia has conducted research multiple times into customers' billing preferences, with the most recent review conducted in September 2019. We can therefore confidently state that our billing is not optimum for our customers' desires, and that this has occurred as a result of many years of forced iterations, focused on prescribed compliance billing items, instead of customer preference.

There are 28 obligations in the NERR to be compliant, this does not include additional state-based requirements such as concession requirements. For example, the NSW Social Code² which requires a retailer to include information on the availability of concessions for energy in all bills issued to residential customer. In Victoria, different billing requirements apply, the Energy Retail Code (ERC) requires 30 obligations and an additional 4 are required under the Essential Services Commission's (ESC) retail license.

While most obligations were established based on reasonable and identifiable needs, it is apparent the obligations have imposed a constraint on retailers' ability to provide billing in line with customer expectations. Importantly, if the AEMC elect to remove the NERR obligations, this will not remove the jurisdictional billing requirements, which will continue to constrain improvements to customer billing.

EnergyAustralia's recent research focused on 'what customers want?', we identified the core customer preferences and their main dislikes. Overall, the research can be summarised in a quote from one participant, *'I need to quickly and easily access billing information, assess if it is true and correct so I can make payment'*.

Customers' billing requirements

- Who is it for and from.
- Amount due, due date, and how to pay.
- Breakdown of the costs involved, itemised usage, benefits/discounts applied, and rate changes.
- Usage summaries, and comparisons (year on year).

While these requirements focus on the fundamental elements of the bill, our research established additional customer preferences for the format:

- Ensuring key information is easy to locate, with an inclination for this to be located on the front page;
- A focus on trust, both with confirming who the bill is from and that they are being charged correctly (confirming whether actual or estimated readings and providing clear seasonal comparisons).
- *'Less is more'* the appropriate use of negative space;
- Limiting the size of the bill to two pages; and,
- Humanise energy language, to reduce energy literacy barriers.

² NSW Social Programs for Energy Code A4.1.2 pg. 7

Customers' billing issues and dislikes

- Benchmarking information does not resonate with customers.
- Meter start and end readings are not necessary for interval meters.
- The estimated date of the next scheduled meter reading - even for accumulation meters - has limited utility, as it does not reflect when the next bill will be issued.

Notably, our research has only identified moderate changes that could be made to the range of obligations under the NERR (or ERC); this is supported by the lack of complaints raised by customer's regarding their billing format or content, with no complaints specifically raised on this topic in the 2019-20 year. We therefore see strong support for access to most of the elements provided under the obligations remaining, and the intent of the AEMC should be in assessing how to enable retailers capacity to produce bills that meet customer's preferences for the format of information delivery.

The Energy Consumers Australia's Energy Consumer Sentiment Survey (ECSS) graph provided in the consultation paper³ to highlight that customers are not overly satisfied with information and tools available, may be the case, and something that could be addressed by allowing retailers the scope to put more reliance on online services as the form of 'billing' their customers. What is apparent from this graph is that there is strong support of current billing, therefore change should be commensurate with an understanding that customers are predominantly satisfied and any change to a customer's billing should be based on their request/consent.

~60% of EnergyAustralia's customers currently receive digital bills as their preferred format, the ~40% remaining on paper bills have predominantly not indicated a preference. ~50% of our customers are registered for our web platform 'My Account', on which they can analyse their energy usage (or export) in close to real time, adjustable, and precise detail.

EnergyAustralia accepts that there is a small percentage of customers that either desire to receive physical bills or will not engage with a retailer to establish a preference. Therefore, we agree with the proponent that a physical billing option should be available when required, particularly as the industry moves to a higher propensity for digital services; billing platforms, online-only retailers, etc.

While accepting that physical bills should be available for customers that require them, it is equally important for the AEMC's consideration of customer billing to focus on future proofing; billing should not be dictated based on historical requirements, instead it should be open to the innovation that a more digital world will provide. As an example, the Consumer Data Right⁴ and rule changes to expediate customer transfer times⁵ may enable an energy market that is not reliant on a standardised bill or billing cycle; new participants may enter the market that empower and enable customers to transfer without waiting for quarterly or monthly billing.

³ AEMC Bill contents and billing requirements - consultation paper Figure 3.3 pg.16

⁴ Consumer Data Right in the energy sector

⁵ NEM Customer Switching

EnergyAustralia released a digital-only platform 'On by EnergyAustralia'⁶ (*On*) in late 2019, the services provided by *On* are similar to a 'pre-paid' or 'monthly data plan' offered by telco providers. *On* provides a service that meets the desires of their customers; a simple, 'set and forget', energy plan.

Customers have moved to *On* based on the premise that they are receiving a different service to a 'normal' energy retailer, with customers aware and accepting of paying their consumption via the web or app billing platform. *On* currently produces bills to be compliant with the NERR obligations; however, these bills are seldom used by customers as their preferred form of identifying and paying for their consumption.

The AEMC should consider how it can enable retailers to be innovative in meeting their customer's preference for when and how they receive their bills, this will provide enable retailers to produce simplified billing, with information readily available via other forms (web or app platform, etc), and the capacity to meet the expectations of customers now and in the future; where the flow of power, and demand response, will fundamentally alter the expectations of a bill.

Options to enable change

The consultation paper outlined a range of options to achieve the proponent's objective; AER guideline, rules or non-rules based regulatory approach, or a combination of the aforementioned. EnergyAustralia appreciates the AEMC's consideration of multiple options, as this will support the objective of the rule change being enacted in the appropriate form.

AER guideline

The proponent's preference was for the billing requirements to be established within an AER guideline. As the regulator, it is understandable why it was suggested for this to be the remit of the AER; however, establishing customer's current preferences, monitoring how these preferences change, and then dictating how customer's preference should be represented on billing, is not within the skillset of the AER.

Further, monitoring retailer's billing would place a significant resource burden on a constrained AER workforce. The consultation paper has highlighted the evolving nature of the energy market, it is conceivable that the AER will not have the capacity to impose billing requirements that meet the needs of customer's evolving needs and desires, while facilitating the evolution of innovative billing required from emerging technology.

To impose a restrictive AER guideline on retailer billing, will ultimately limit innovative products and retailers' ability to differentiate via their billing. As such, EnergyAustralia does not support the billing obligations being within an AER guideline, as we believe this will negatively impact competition by restricting retailer's ability to differentiate by their billing.

⁶ On by EnergyAustralia

Non-rules based regulatory approaches

A principle based/ non-rules approach would remove prescriptive regulatory billing obligations, instead empowering retailers to ensure their billing provided the level of information required by customers. There is merit to providing retailer's responsibility over their billing, as this will permit the creation of billing in line with customer's preference; this would promote increased competition within the market, with customers provided the ability to consider retailers on aspects other than price.

Our research has indicated the billing preferences of customers, predominantly the responses have outlined a desire for clear and simple bills, and minimal support for customer protections to be dictated upon the billing. Removing billing obligations from the regulation may result in a customer bill presented closer to their desire; however, while EnergyAustralia believes that principles based regulation is still something to aspire to, we do not support this approach, as the risk of not maintaining adequate customer protections is too great. We do not believe that any retailer would deliberately obfuscate consumer protections, it would merely enhance the possibility that it may occur; particularly as the industry moves to more innovative offers and products that will be complex and confusing for some customers.

Rule based approach

The rule based approach would see the regulatory protections maintained, while providing the avenue for additional protections to be included, and for superfluous requirements to be removed. The obligations are currently achieving the proponent's requirements, with the exception of requiring SRC customers have the assurance of receiving a physical bill, and minor improvements to customer billing literacy.

EnergyAustralia believes that a rule based approach is the most suitable avenue to achieving the objectives while maintaining fundamental consumer protections. We believe that with some amendments to the NERR the additional requirements of the proponent can be achieved, while also enabling greater retailer innovation, promoting competition, and ensuring billing is future-proof.

What changes are required

Retailers must ensure customer protections are accessible, either by providing them clearly documented when customer has not provided consent for the information to be provided elsewhere, or by enabling a customer to access all the consumer protection information via a method of their choosing (i.e. web platform).

There are significant costs involved in amending retailer billing, limiting any forced changes will reduce this cost to retailers; ultimately, a reduction in this cost will translate to a reduction in pass-through costs to customers. Retailers should be provided the opportunity to make changes to their billing in line with customer's preferences, this will incentivise retailers to produce innovative and superior billing to differentiate from their competition.

EnergyAustralia believes that with minor amendments to the NERR, consumer protections will be ensured, retailers will be able to produce 'better bills' based on customer preferences, and billing obligations will be compatible with future innovation:

1. *NERR to include an obligation that customers must be provided a physical bill upon request, and the delivery method cannot be altered without their consent. The obligation should enable this by requiring an energy retail entity⁷ to have the capacity to provide physical bills.*
2. *NERR to specify that a retailer must provide access to customer protection obligations, whether this is completely on the bill, or with some elements on the bill and the remaining accessible via web or app platforms.*
3. *NERR to specify that retailers can produce and issue 'bills' based on the customer's chosen preference for the delivery of, and access to, these obligations (incl. not issuing a formal bill if a customer prefers to interact with a web or app platform).*

The objective of this change is to ensure customers are provided access to important information that helps them understand their energy consumption and empowers them to obtain a service that meets their requirements.

Applying the AEMC's assessment framework to the proposed amendments confirms it is a suitable option for addressing the proponent's concerns and achieving the desired outcomes. We believe the amendments to the NERR achieve this by ensuring:

| AEMC's Assessment Framework | |
|--|--|
| Transparency of information | <ul style="list-style-type: none"> • The progression to digital retailers and billing options will not leave any customers in a position where they are unable access a physical bill. • If a customer has not elected a preference on the delivery of their bills, they will have assurance they will continue to receive a physical bill that provides all required customer protections. • Retailers will be able to provide options to customers for their preference on the delivery of information. |
| Consumer engagement, choice, and participation | <ul style="list-style-type: none"> • Customers can elect to receive only specific information on their bill, with the assurance that retailers are obligated to provide access to all required consumer protections. • Customers will be able to request a billing delivery (similar to existing EIC arrangements on delivery of a bill) and frequency to suit their circumstances; either financial, in line with their pay schedule; or technological, a preference to interact solely with a web platform or app, instead of a formal bill. |
| Regulatory and administrative burden | <ul style="list-style-type: none"> • Retailers will not be forced to change their current billing, instead they will be incentivised to produce attractive and innovative billing options to attract customers. |

⁷ within the wider organisation of any authorised retailer

The amendments to the NERR will facilitate the improvements to billing while ensuring the minimum protections for those customers that are not willing or able to obtain an alternative option from their retailer. Crucially, this will provide retailers the necessary flexibility to accommodate the evolving needs of customers; 2-sided market, CDR, etc.

While EnergyAustralia believes that the NERR amendments will achieve the proponent's objectives, we would also support further changes to the billing requirement obligations. The additional changes to the NERR obligations will outline the mandatory requirements for retailer billing, which will ensure innovative billing will maintain the core elements required, and importantly will improve the billing of customers that have not indicated a preference on their billing content.

EnergyAustralia suggests the NERR obligations be separated into mandatory and discretionary, and that some obligations that are no longer fit for purpose and should therefore be removed:

Mandatory

Minimum requirements for billing; confirming the bill is for them, how much they have used, and how they can pay for it.

- *Rule 25 (a) The customer's name and account number*
- *Rule 25 (b) The address of the customer's premises for the sale of energy and the customer's mailing address (if different)*
- *Rule 25 (c) The meter identifier*
- *Rule 25 (d) The billing period*
- *Rule 25 (e) The pay-by date for the bill and the bill issue date*
- *Rule 25 (f) The total amount payable by the customer, including amounts of any arrears or credits*
- *Rule 25 (g) Tariffs and charges applicable to the customer*
- *Rule 25 (h) The basis on which tariffs and charges are calculated*
- *Rule 25 (i) Whether the bill was issued as a result of a meter reading or an estimation and, if issued as a result of a meter reading, the date of the meter reading*
- *Rule 25 (j) The values of meter readings (or, if applicable, estimations) at the start and end of the billing period*
- *Rule 25 (n) Details of consumption or estimated consumption of energy*
- *Rule 25 (p) Any amount deducted, credited or received under a government funded energy charge rebate, concession or relief scheme or under a payment plan*
- *Rule 25 (r) Details of the available payment methods*
- *Rule 25 (t) A telephone number for account enquiries, the charge for which is no more than the cost of a local call*
- *Rule 25 (u) A telephone number for complaints (which may be the same as that for account enquiries), the charge for which is no more than the cost of a local call*
- *Rule 25 (v) A separate 24 hour telephone number for fault enquiries and emergencies, the charge for which is no more than the cost of a local call, being the telephone number for the distributor and giving the name of the distributor*
- *Rule 25 (w) Contact details of interpreter services in community languages*

Discretionary

Information that is required but where a retailer could improve billing by deciding if the information is more effectively presented outside of the bill, or in a different format on the bill.

- *Rule 25 (k) particulars of the average daily consumption during the billing period*
- *Rule 25 (l) if a bill was issued by the same retailer for the corresponding billing period during the previous year, particulars of the average daily consumption during that previous billing period*
- *Rule 25 (q) if the customer has provided a security deposit, the amount of that deposit*
- *Rule 25 (s) reference to the availability of government funded energy charge rebate, concession or relief schemes*
- *Rule 25 (x) any proportionate billing information in accordance with rule 22*

Removal

- *Rule 25 (o), Rule 170 (1)(a) & 170 (2) Benchmarking information* - as this does not resonate with customers.
- *Rule 25 (j) Meter start and end readings* - specifically for interval meters, as this information can be represented more appropriately via other methods.
- *Rule 25 (m) The estimated date of the next scheduled meter reading* - as this does not provide assurance as to when this occur and does not reflect when the next bill will be issued.

The proposed amendments will enable retailers to produce billing that meets the preferences and needs of their customers. How this will look in practise:

- Retailers will produce billing based on the preferences and desires of their current or prospective customers.
- Customers will have access to a physical bill when requested, or when no preference for delivery method is advised.
- Customers will receive a bill that outlines all required billing information, unless they have explicitly provided consent for this information to be provided elsewhere (i.e. retailers must provide access to the NERR obligations, with the customer deciding if they are on their bill).

EnergyAustralia believes the amendments proposed to the NERR billing obligations will address the objectives of the proponent, future proof billing, promote innovation and competition, while limiting the need for extensive changes to retailers' billings; we believe given the opportunity a competitive market can achieve customers' evolving billing desires.

If you would like to discuss this submission, please contact me on 03 8628 1704 or Travis.Worsteling@energyaustralia.com.au.

Regards

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