4 February 2021

Ms Merryn York
Chair
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000

Electronically: www.aemc.gov.au/contact-us/lodge-submission

Dear Ms York,

RE: RCC0036 Bill contents and billing requirements

Origin Energy appreciates the opportunity to provide a submission in response to the Australian Energy Market Commission's (AEMC) draft determination Bill contents and billing requirements.

Electricity bills are currently too dense with information and are presented in a language that many customers find confusing. Many of these issues are the result of the content requirements currently set out in the National Energy Retail Rules (NERR).

Origin, like many retailers, has undertaken extensive customer engagement to identify the format and style of a bill that customers prefer. Despite the extensive information requirements in the NERR, we have developed a bill format that is simple and presented in a way that is easy for customers to understand.

We retain our view that the problem is that the NERR requires too much information. This problem can be more effectively addressed by changing this requirement in the NERR rather than through an additional AER Guideline. Despite the AEMC proposing a principles-based approach, we are concerned this will provide too much discretion to the AER to not only mandate the content of a bill but also its format. We are strongly opposed to a Rule change that allows the AER to prescribe a bill format. This should remain within the remit of retailers because of their understanding of customer preferences. Any change to current arrangements in this regard is likely to result in a material increase in cost with questionable benefits.

The AEMC has also proposed an implementation timeframe for retailers of three months following the finalisation of the AER's Guidelines. However, the time required to change billing systems can vary considerably depending on how complex the changes are. This will not be known until the Guideline is published. We consider that the decision regarding the implementation timeframe ought to be deferred until the extent of the changes are known.

Origin's views on the issues presented by the AEMC's draft decision are set out below.

Guideline Development Principles

The draft rule includes four principles that the AER must consider when developing and amending its Guideline. The first principle requires the need for consumer protections while enabling innovation, competition, and choice. We agree that bills must contain minimum levels of information; notably around what the customer owes, how that amount was derived, how the customer can pay, and who to contact to get support.

We believe that allowing retailers to continue to have responsibility for determining their own bill format is essential to support innovation around how retailers interact with their customers. Retailers are best placed to understand how and in what format customers prefer information to be delivered about their accounts and services. Furthermore, allowing retailers to determine the format of their bills provides necessary flexibility to tailor bill formats in response to evolving and different product offerings.

It is also in the retailers interests to have a user-friendly bill format. This makes for a better customer experience and reduces customer confusion about their accounts. This in turn means lower inbound calls to our call centre to resolve complaints and misunderstandings. Retailers must own the format because they bear the risk that a customer will change retailer because they dislike the bill; a regulator does not carry this risk.

We believe that the principle that the guidelines are proportionate to the expected benefits is fundamental. The current billing requirements are extensive and arguably go beyond what a customer finds useful. There must be an accountability that the AER does not develop a Guideline that prescribes content that exceeds what is intended. This creates the risk of putting additional information onto an already voluminous bill and will create customer confusion, not reduce it. Furthermore, there must be a transparent and quantified demonstration of the costs and benefits.

There is also substantial room for interpretation in the allowance for the AER to make changes to the guideline. We think that any change to the guideline should be in response to a clearly identified failures in the electricity market. If such a failure can be identified, then the costs of making any proposed change must not exceed the expected benefits the change will bring.

In the case that it is not included in a cost-benefit analysis, because the problem of billing clarity is not clearly defined, assessing any benefit could only be completed subjectively. There has been no consensus on what would make billing clearer, regardless of the mechanism that governs bill contents. There has also been no consensus on what the critical components of a bill are. Considering this it would be difficult to objectively assess whether there were benefits to customers in being able to identify and utilise the critical information more readily to support the development of a Guideline.

The final principle requires the AER consider the potential benefits of standardising. We believe that there may be some benefit to standardising language so that customers can better read and understand their bills. This would ensure terms were able to be cross referenced in the documents retailers provide them to ensure that their bills conform to their energy contract. We consider that this is a useful and readily implementable method of achieving better customer understanding through standardisation that is far less open to developmental interpretation by the AER.

Implementation timeframe

The AEMC propose that it will take 12 months for the AER to develop its Guidelines and a further three months for retailers to make changes to their systems (if required) to comply with the billing guidelines. However, the time required to change billing systems can vary considerably depending on how complex the changes are.

For example, Origin recently implemented system changes in response to the Essential Services Commission of Victoria's (ESC) 'Best offer on Bills' requirement. This decision requires retailers to display on the bill whether the customer is on the retailers' best energy plan and how much the customer could save by switching to the best offer, if the customer does not already receive it. The system changes for this new obligation were moderately complex, and the delivery date for this project took about 4 months.

Another example is Origin's project where we reviewed and implemented a full redesign of our bill. This was a far more detailed and complex project and took 9 months from the system change project documentation to delivery.

This highlights that depending on the complexity of the system change, the implementation timeframes can vary considerably. While the Guidelines will be developed over a 12-month period, we must fully understand the scope of the project before we can commence any system change; it is unlikely this could be done concurrently with the development of the Guidelines.

For these reasons, we consider that the AEMC should not predetermine an implementation timeframe. The decision of a timeframe ought to be deferred until the extent of the system changes are fully known.

If you have any questions regarding this submission, please contact Courtney Markham in the first instance on (03) 9821 8086 and or Courtney.Markham@originenergy.com.au.

Yours sincerely

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