



Meridian Energy Australia Pty Ltd
Level 15, 357 Collins Street
Melbourne VIC 3000

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Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000

Email: aemc@aemc.gov.au

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Bill contents and billing requirements Draft Decision Paper

Meridian Energy Australia Pty Ltd (MEA) and Powershop Australia Pty Ltd (Powershop) thanks the Australian Energy Market Commission (the AEMC) for the opportunity to provide comments in response to the AEMC's Bill contents and billing requirements Draft Decision Paper (the Paper).

Background on Powershop

Powershop is an innovative retailer committed to providing competitive prices for customers and promoting customer engagement. Powershop recognises the benefits to customers in transitioning to a more distributed and renewable-based energy system. Powershop has introduced several innovative and customer-centric initiatives into the Victorian market, including the first mobile app that allows customers to monitor their usage, a peer-to-peer solar trading trial and a successful customer-led demand response program. Powershop has also been active in supporting community energy initiatives. Powershop has also recently funded a range of significant community and social enterprise energy projects including our Your Community Energy program.

Statement

Powershop supports a principles-based approach to billing as it allows for continued flexibility and innovation in the way Powershop presents information through online digital platforms. Powershop agree that ease of understanding and customer experience are key in the content and issuing of bills. However, we do not agree that the needs of consumers would be best served by a mandatory guideline under the National Energy Retail Rules (NERR). The potential timeline outlined by the preferable rule potentially only provides retailers 3 months to implement the outcome of the Australian Energy Regulator (AER) guideline, which would not be sufficient for even minor changes to billing content or issuing requirements.

Mandatory Guideline

Powershop does not support the element of the preferable rule to implement a mandatory guideline, developed and enforced by the AER. The Paper needed to provide clear evidence that a mandatory guideline can support the 4 principles drafted in the Paper. Implementing a mandatory guideline runs the risk of stifling competition, innovation, and the inclusion of new and emerging technologies in billing more generally, as the principles encourage.

Powershop believes customers want simplicity in their bill content, coupled with the ability to be provided with the most suitable, up to date information in a manner that best suits them. Powershop support the simplification of rule 25 in the NERR, to reduce complexity and allow retailers to provide experiences that are in line with their customer base' needs. Powershop provided evidence in response to the AEMC Consultation Paper that our customers see the benefits of a flexible and innovative billing platform with constant visits and use of our app and

digital portal. Their use of our platforms contrasts to the historic regulatory regime of the customer relying on a regulated bill (e.g. paper) for information.

If retailers are locked into a standardised approach, then further billing developments and innovations will stagnate and limit or remove the incentive for retailers to innovate the way they present and communicate information to customers. Powershop see the introduction of a guideline is a clear risk to competition and innovation. The ability of a guideline to be more easily changed and updated, unlike the more rigorous rule change process currently underway, presents risk of ongoing bill changes and escalating costs for industry. Real innovation and improvements are likely to be set aside to manage ongoing regulatory change.

The Paper recognised that consumer research and behavioural insights would be crucial to identifying what consumers value the most in their bill. However, ongoing consultation needs to confirm how any guideline can provide retailers with the flexibility needed, to ensure changing consumer behaviours and requirements are incorporated into the future.

Changes to the guideline would likely lead to significant system development across industry and associated costs that will be ultimately borne by customers on an ongoing basis. Powershop predict these costs to support what is to be detailed in the guideline to be significant and potentially more than the costs of the implementation of the Default Market Offer and the Victorian Default Offer (raised in our submission to the AEMC Consultation Paper). The Paper acknowledged that opportunity costs were associated with regulatory changes (e.g. retailers delaying or not bringing a new service or product to market). Powershop cannot stress enough, the huge opportunity costs the industry and its customers have borne in recent years, and we encourage the AEMC to not underestimate how much this has impacted and continues to impact retailers and their customers when arriving at their final decision.

Supporting Principles

Powershop agreed with the supporting principles to customer billing. The principles still allow a customer to use essential, targeted information from the bill to assist their own evaluation of their energy and financial circumstances.

Powershop consider that to assess the effectiveness of the principles under Draft Rule 25A subsection 2, we should consider the principles from a customer’s perspective. As the customer’s perspective is the most important aspect of the proponent’s request, Powershop have translated the rule drafting to customer statements. As a result of this translation, we consider the elements of the rule that are most important and least important to customers.

Billing Objective (Draft Rule 25A(2))	Billing Objective (Powershop alternative statement)	Importance 1 = Most important 2 = Least Important
(a) payment amounts, dates and methods for their bill;	(a) as a customer, I need to know how much I need to pay, by what date, and how I can pay that amount;	1
(b) how their bill is calculated and whether it conforms to their customer retail contract;	(b) as a customer, I need to know what usage and other charges have contributed to the calculation of what I need to pay;	1
c) their energy consumption and production, and related costs and revenue, to assist with: (i) using energy efficiently; (ii) comparing their customer retail contract with other energy offers available to them; (iii) considering options for energy supply other than through the	(c) as a customer, I need to know how much kWh/mj I have used during my billing period, and if I have solar, how much kWh I have exported to the grid, to assist me with:	1
	(i) understanding how I’m using my energy and whether I can manage my usage more efficiently;	2
	(ii) compare what I’m paying with other energy offers available to me to see whether I can save;	2

interconnected national electricity system;	(iii) help me consider whether or not it would be valuable for me to invest in an off-grid energy source like solar or battery;	2
(d) how to dispute or raise a query in relation to their bill;	(d) as a customer, I need to know how to question or dispute the information in my bill with my retailer and/or my state ombudsman;	1
(e) how to access interpreter services and seek financial assistance, (billing objectives).	(e) as a customer, I need to know how to access interpreter services so I can understand the information in my bill.	1
	(f) as a customer, I need to know how to access financial assistance if I'm having trouble paying my bill.	1

While the above table simplifies elements of the billing objectives to link to an appropriate customer statement, Powershop believe it provides an important element to this proposed rule change, that is, what are the most important elements of a bill. Categorising the importance of each statement can also aid in applying the principle-based approach of simplifying billing from the customer's perspective.

Powershop noted the AEMC's agreement that billing content must not contradict relevant taxation laws.

Bill benchmarking

Powershop notes in the Draft Determination that the AER has updated the relevant bill benchmarking data as of December 2020. The AEMC believes that this may relieve some of the conjecture raised regarding the purpose and benefits of providing this data on bills.

Powershop does not believe this is beneficial and believe benchmarking should be removed from the billing requirements. Noting there is a cost to update benchmarks too often, we advised in our submission to the Consultation paper that the bill benchmarking must be updated on a more frequent basis (annually would be appropriate). We do not believe updating these benchmarks every 3 years is appropriate. The data creates further confusion for customers if their purpose is to compare their status, but only see a benchmark that is up to 3 years of age. Powershop consider that the current state of this requirement provides little benefit to the end customer.

Implementation timeframe

Finally, Powershop supports the 12-month consultation process with the AER to develop the intended guideline. However, we do not support retailers only being provided a further 3 months to implement any changes required by a future guideline. Changing the format, content or issuing of bills requires changes across systems, involve significant resources from IT development and requires operational, marketing, legal and regulatory costs. Even minor changes require significant financial outlay, not to mention lost opportunity costs. Operational teams not only update the bills, but also need to ensure processes and training are updated as well. Those changes can only occur when the content of the guideline is final.

We also note such a timeframe was supported by ERM Energy's submission of a 2-year timeframe combining consultation with the AER and a 12-month retailer implementation period. Numerous retailer submissions suggested a similar timeframe.

Powershop again would encourage further consultation on this rule change with key stakeholders, the AEMC and the AER. The need for a mandatory guideline has not been tested under a cost benefit analysis, nor discussed with industry and consumer groups. Before a final decision is reached, it is critical such testing and consultation should occur on behalf of all consumers.

We would be happy to continue directly consulting with the AEMC to further discuss our positions above in this submission. If you would like to discuss any aspect of this submission, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'James Ell', written in a cursive style.

James Ell
Head of Compliance and Regulatory
Powershop Australia Pty Ltd