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Submitted via email: ConsumerPolicy@aer.gov.au

Draft AER Better Bills Guideline

AGL Energy (AGL) welcomes the opportunity to provide feedback in response to the Australian Energy Regulator's (AER) Draft Better Bills Guideline (the Guideline) consultation, dated 20 December 2021.

The Better Bills Guideline reforms are positioned to be one of largest customer-facing regulatory changes in recent times. An ambitious venture which taking into account the direct impact to the end user and the corresponding costs of implementing the Guideline, is worth getting right. AGL commends the AER for steering the Guideline and the NECF billing regime towards principles-based regulation, which in our view, is integral for achieving bill simplification, enabling innovation, and maximising consumer outcomes.

Although AGL supports principles-based regulation, we believe a closer reading of the draft results in a highly prescriptive Guideline. Specifically, the draft proposes prescriptive placement of bill contents (i.e., Tier 1 information only allowed on the first page), the inclusion of a Standardised Plan Summary and better offer obligations which will adversely limit retailers' flexibility to innovate and create robust bills that meet the needs and preference of customers in a transforming energy market.

[REDACTED]

The AER needs to better balance the need for consumer protection with an approach that is durable and compatible with innovation. While AGL welcomes a reinvigorated billing regime, we do not support the draft Guideline in its current format considering the degree of prescription and the introduction of new billing elements, which we believe is contrary to the Australian Energy Market Commission's (AEMC) new Rule 25A objective and accompanying principles and considerations that the AER needs to follow in designing the Guideline.

We offer the following general observations:

- the AER has a proposed tiered billing arrangement and additional new information as the solution to simplifying a bill. AGL does not consider tiering information and restricting where tiered information is placed on a bill as meeting the Minister's original simplification rule change intent or the AEMC's billing objective. Further, requiring additional types of billing information than is currently prescribed



under Rule 25(1) of the National Energy Retail Rules (NERR) will actually increase the length and detail of a bill, therefore increasing the complexity rather than simplifying the bill.

- The language used in proposed design principles, such as “*must use*” and “*must avoid*”, is likely to result in more prescriptive outcomes rather than flexibility for retailers in designing a bill.
- We do not believe the AER has considered the customer journey and lifecycle of information they receive and whether current information requirements already satisfy some of the information gaps the AER’s research has identified or even if other forms of communication (rather than on a bill) will be more effective. Specifically, we believe the AER has not considered the new Rule 25A(6)(b) that requires the AER to consider whether information of different types may be provided to a small customer by different delivery methods
- We would recommend the AER consider how the energy Consumer Data Rights (CDR) rules, which take effect from November 2022, address the provision of product and plan summary information to customers. The proposed draft Guidelines will duplicate effort and costs for the same consumer outcomes.

Recommendations

Given the high costs of implementation and the unknown magnitude of consumer benefits from the proposed Guideline, AGL recommends the AER work with industry and consumer groups to develop a regulatory sandbox waiver or a trial rule change process through the AEMC to conduct ‘live’ bill testing which will inform the final Guideline. Specifically, the sandbox arrangement can test various bill designs (ranging from less to more information provision) and determine which bill design and format meets the billing objective as outlined in the new Rule 25A.

Notwithstanding, we offer the following recommendations, which we believe will reduce implementation and maintenance costs, better satisfy the billing simplification objective and lead to a more positive customer experience with their bill:

- Change the prescriptive language of the design principles. The design principles are better applied as overarching concepts or objectives which are “**taken into consideration**” by a retailer when preparing a bill for a small customer in NECF. This approach will minimise the risk of design principles falling out of touch with modern billing practices and innovative ideas which we expect will continue to evolve at a rapid pace.
- Remove Paragraph 18, the testing bill design principle.
- Remove from the final Guideline the requirement to present better offer and Standardised Plan Summary on a bill but consider other existing forms of customer communications or reforms, such as energy CDR, that already deliver this information.
- Change the requirement that Tier 1 *must* appear on the first page of a bill to Tier 1 information **should** appear on the first page or be equally prominent on an unpaginated bill, having consideration to the design principles. By explicitly mandating Tier 1 information appear on page 1 of a bill, the AER is creating serious limitations in the Guideline’s ability to adapt and be responsive to change and individual customer situations (such as multisite and other account arrangements).
- Change the requirement that Tier 2 information must appear on a bill to where Tier 2 information **may** appear on the customer’s bill, but the exact placement is discretionary provided that the design principles are taken into consideration when preparing the bill. The AER should also give due consideration on how retailers can present Tier 2 information outside of the standard bill format.



We also urge the AER to consider an appropriate timeframe for full implementation of the Guideline. In the current COVID-19 working environment, as well as the significant existing regulatory reform agenda, AGL does not believe 12 months is reasonable to implement the significant changes required by the proposed Guideline.

A detailed analysis is provided below, however, the proposed Billing Guideline will not only require changes to the billing system, but all systems linked to billing, including online customer services and applications, Service Centre scripting, processes, and training, as well as substantial changes with third-party service providers.

We expand on these points below in our detailed response to the AER's specific questions in the Notice of Draft Instrument.

If you would like to discuss AGL's submission further, please do not hesitate to contact Valeriya Kalpakidis at vkalpakidis@agl.com.au.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read 'C. Hristodoulidis', with a long horizontal flourish extending to the right.

Con Hristodoulidis
Senior Manager, Regulatory Strategy
AGL Energy



Q: Noting the proposed consistency and simplification of bills in the draft Guideline, would this reduce the cost to serve? If so, how and by how much?

AGL does not believe the draft Guideline has satisfied all of the elements of the new Rule 25A and we, therefore, expect the Guideline will not simplify billing arrangements but may inhibit innovation and competition. Specifically, we are concerned that the AER has introduced new regulated bill content and design principles not previously incorporated under Rule 25(1) of the NERR but has not explicitly provided any guidance on how these new obligations align with the new Rule 25A(6), mainly “whether information of different types may be provided to a small customer by different delivery methods (including in separate documents or electronically), if the small customer has given its explicit informed consent to those delivery methods”.

We are also concerned that the AER’s definition of consistency gravitates towards the elimination of points of differentiation between retailers’ bills, therefore, potentially limiting innovation and competition. The blend of highly prescriptive elements and some principles-based regulation will still produce a rigid set of requirements which are not easily adaptable to the transforming energy market and changing consumer preferences. AGL shares the AER’s ambitions about the way that customers will interact with their new invoice, but the operational reality of implementing the draft Guideline remains a significant obstacle to be overcome.

As we detail below, AGL anticipates that the redesign, redevelopment, and ongoing maintenance costs related to the bill content requirements under the draft Guideline, specifically elements such as the better offer message, ‘Understand Your Bill’ table and Standardised Plan Summary, will substantially increase retailers’ short-to-long term costs. Specifically, the draft Guideline does not take into account other regulatory obligations around these elements (for example, but not limited to, price notification and change of benefit) and how the Consumer Data Rights (CDR) regime will provide a solution. By way of some examples:

- Change of benefit notification requirements prescribed under the AER’s Benefit Change Notice Guidelines. Retailers are already required to provide standardised information to enable the customer to easily compare their offer through Energy Made Easy. This information is made available to the customer in a timely manner to allow them to consider their energy plan options.
- Under CDR, an authorised representative will be able to obtain a plan summary in a standardised format with customers’ consent. Hence, retailers will be required to build duplicative systems to achieve the same outcome. Given CDR energy rules are now finalised, and retailers have commenced implementation, the Standardised Plan Summary aspect of the draft Guideline can be removed. This will reduce implementation costs while energy consumers will still be able to access this information.

Further, mandatory aspects of the Guideline that limit the retailer’s ability to determine where to display billing information and how to display it will invariably lead to higher costs burdens rather than have the opposite effect. Ultimately, the cost of these major billing reforms will be borne by energy consumers.



Aspects of the draft Guideline which we consider contribute to a higher than necessary increase to costs-to-serve include:

- The sheer size and scope of the mass overhaul of energy invoices which are issued to millions of customers in Australia. We do not believe the scope of changes and associated costs are commensurate to potential consumer benefits.
- Bill inputs (such as the customer's unique pricing and product information, metering, and consumption data, etc.) are inextricably linked to retailers' enterprise billing and customer management systems. A greater number of data dependencies linked to and within the customer's bill significantly increase the complexity of design which in turn requires more detailed and sophisticated solutions to maintain. Similarly, the interrelatedness of data increases the complexity and effort required for subsequent bill and IT system changes.
- Data interdependencies can impact the timeliness of a bill. A greater number of variables within the bill increase the chances that some elements are not processed in time for the bill to be issued.
[REDACTED]
- System performance issues caused by extending complex algorithms to a broad customer base will need to be addressed and overcome. Daily processing or 'number crunching' of high volumes of invoices can significantly impact the performance of retailers' billing and customer management systems. Solutions to overcome this require a significant expenditure of time, personnel, and money.
- In the shorter-to-medium term, comprehensive bill behavioural studies, consumer testing and brand research will need to be undertaken in addition to engaging third-party creative agencies for the preliminary designs.
- Initial and ongoing customer education such as Service Centre agent processes and scripting, bill explainers and inserts, digital content, ads, and other collateral require considerable resources and change management.
- Additional Service Centre resources will be required to field customer queries, concerns, and complaints. We anticipate significantly higher customer contact following the full implementation of the Guideline. Elements such as the Standardised Plan Summary will drive a volume of calls from customers who are confused by the inclusion of planned contract end date, or end of benefit period. Given that in many cases a retailer may choose to continue the customer's benefits beyond this date, these components, and the plan summary, generally, add little value to the customer experience and are better considered within more relevant lifecycle communications such as end of benefit communications and initial Welcome Packs.
- Related material such as applications, webpages and online portals will need to be reviewed and updated as part of the redesign project.
- Compliance and quality adherence frameworks as well as internal reporting requirements will need to be updated and expanded to monitor compliance with the Guideline and elements such as the better offer message.
- Third-party mail house vendor costs such as coding, design and testing are a major component of the implementation and ongoing costs for printing additional pages and postage. AGL anticipates that the 'Understand your bill table' and the Standardised Plan Summary will, in some cases, increase the length of the bill beyond the standard two pages.



- By limiting the information permitted under “Tier 1” retailers will lose the opportunity to present critical information to customers on the front page of their bill. [REDACTED]
- Fragmentation of billing regimes across Australia compounds the costs. While there are already some differences between Victoria, Western Australia and NECF, the vast changes proposed by the Guideline make internal simplification harder to achieve.

Design Principles

Q: Are there any significant reasons why the proposed design principles should not be adopted? What are the relevant benefits and quantified costs the AER should consider?

While AGL notes the intention of the AER to introduce principles that focus on designing bills based on customer-centricity, we have some reservations about the effectiveness of these principles in achieving the best outcomes for customers.

AGL recommends that the AER give further consideration as to how the design principles should be applied by retailers and how they will be regulated through the Guideline. By using prescriptive language to frame the principles as explicit obligations, the AER has lessened opportunities to futureproof the Guideline and ensure the principles stay clear and relevant without frequent amendment by the AER. We note our observations on the AER’s comments that the principles-based requirements¹:

- “are flexible to market developments and innovation”. We believe the Guideline creates rigid compliance parameters within which retailers must operate. This is attributable to the language in the Guideline where the AER states that the retailer “**must**” do, “**must use**” and “**must avoid**” something. While the AER states it has largely steered away from standardised language, the level of prescription in the way the principles are framed create requirements that are less adaptable to change than the AER anticipates.
- “enable retailers to deliver effective communication, tailored to their customer base and specific products”. The prescriptiveness of the Guideline, including the tiered bill contents arrangement and strict placement obligations detract from the retailer’s ability to create a bespoke customer experience.
- “balance potential increases in costs to serve with the customer and market benefits.” While the AER acknowledges that costs will likely increase as a result of the Guideline, it has yet to substantiate the customer and market benefits that will be realised following full implementation. The AER itself is seeking feedback on measuring the impact or success of the Guideline, this demonstrates that the AER is not clear if any customer or market benefits will flow from the introduction of the Guideline.

We also note that some principles and examples in the Guideline appear duplicative of the tiered approach to displaying information, such as “making the most important information the most prominent” and presenting “key information upfront”. Our recommendation is that the AER remove these references from Part 3 of the Guideline, as the prominence and positioning of bill contents is dependent on the tiering

¹ Australian Energy Regulator, *Notice of Draft Instrument, Draft AER Better Bills Guideline*, version 1, December 2021, p 27.



arrangement and prescribed within Paragraphs 27, 28 and 29 of the Guideline. Further references to prominence and placement in the design principles are redundant.

We also disagree with the AER's suggestion that retailers can be directly responsible for the way customers react to the bill and whether retailers can ensure that a bill "enhances customer comprehension". While retailers may apply the design principles and the Guideline as intended by the AER, they do not have any reasonable bearing on how the customer ultimately comprehends the information or how "easy to understand" the bill may be for each individual customer. As emerging technologies and changing consumer trends impact the way individuals engage with an invoice, it is crucial that the design principles continue to resonate with our customers.

We consider that the design principles are better applied as overarching concepts which are "**taken into consideration**" by a retailer when preparing a bill for a small customer in NECF. This approach will minimise the risk of the design principles falling out of touch with modern billing practices and innovative ideas which we expect will continue to evolve at rapid pace.

Paragraph 18 of the Guideline - Design

AGL understands that the intention of this principle is to ensure the Guideline stays modern and relevant. AGL has undertaken extensive research on bill design and content, and provided our findings and insights to the AEMC, AER and BETA. We are motivated, as are other retailers, to undertake such work because we operate in a competitive market and we are interested in understanding our customer's views not only in relation to billing, but other products and services. However, we do not support the inclusion of Paragraph 18 of the Guideline requiring retailers to use "practices proven to enhance customer comprehension and make information included in bills readily understandable" by applying consumer testing on bills and making subsequent changes to the bill in response to the testing or research. The use of regulatory tools should be based on the notion of a market failure that needs correction. AGL would argue in this case, given retailers are performing such tasks, there is no need to include such a principle. The inclusion of the principle is not only redundant but is likely to also unnecessarily create costs, which we believe outweigh the perceived merits of this approach.

As AGL understands, the AER is proposing that retailers must undertake regular, controlled testing of their customers (or other customers as it may be), conduct market research, and then subsequently apply the findings into the retailer's bill design. This approach is problematic and presumes primarily that retailers have resources and funding specifically dedicated to undertaking behavioural studies into billing. Resources are a key consideration as we undergo a period of vast regulatory reform and retailers often have to divert resources away from optimising the customer experience, innovation and creating new offerings for customers in order to undertake regulatory projects. Retailers are in the best position and have the direct incentive, to undertake the appropriate level of research and testing of products and services. Creating a regulatory obligation to require such work for billing is likely to lead to a diversion of limited resources from other areas of product and service research/testing that will provide the best outcome for consumers.

Further, AGL believes there is potential for this principle to conflict with other parts of the Guideline, or more broadly, the way the research is undertaken by retailers in the industry may contradict one another. One such example could be where consumer testing of new energy bill designs reveals that consumers poorly review the Standardised Plan Summary (or any other component of the bill) and overwhelmingly want it removed or repositioned on the bill. As both the Standardised Plan Summary and the design principle to



apply proven practices and consumer research are prescribed within the Guideline, there are conflicting outcomes which leave retailers in an ambiguous position on which aspect of the Guideline they need to adhere to ensure compliance. The AER should reframe this design principle to work more harmoniously with other requirements.

AGL's preference is for the AER to remove this principle.

However, if the AER proposes to include Paragraph 18 in the final Guideline, we further recommend the AER develop, publish, and maintain a portal which provides retailers with up-to-date consumer testing and research findings in order to alleviate the costs burdens imposed by this design principle.

Better Offer

Q: What are the quantified costs to retailers of providing better offer information?

Below we provide evidence around the costs associated with the better offer proposal as well as views on the effectiveness of the better offer message in prompting consumers to compare or switch energy plans.

We would encourage the AER to undertake more detailed research into consumers' energy journey. There are moments in the journey that motivate a consumer to compare or switch. Receiving a bill that they consider in line with their expectations is not one of those moments.

Regulatory obligations already exist for a number of important customer lifecycle communications such as price change, end of benefit and end of contract that require a retailer to provide information relating to the customer's energy plan which enables them to compare offers through Energy Made Easy. We would recommend the AER review whether these moments and accompanying regulatory obligations are fit for purpose, rather than seek out a sub-optimal and highly costly better offer obligations for bills.

We would also encourage the AER to consider how the impending energy CDR regime will prompt consumers to compare and switch plans, which will therefore further reduce any limited benefit from a better offer on bill obligation.

[REDACTED]
[REDACTED] While energy retailers also operating in Victoria already have the systems architecture in place to support the better offer message from the Victorian 2019 reforms, extending the complex logic across the entire east coast customer base is not a matter of simply 'copying and pasting' the algorithms from Victoria to NECF jurisdictions.

We project that only one-third of the better offer implementation costs will be attributed to IT system development and enhancements which will enable a large volume of better offer calculations to be processed with no performance degradation. Other significant expenses in this projection include: third-party mail-house vendor costs to deploy the better offer message onto the bill (separate from deploying the better offer calculation within the billing system), solutions to enable the retailer to comply with the strict timing requirements under the better offer obligations, exception management and troubleshooting, extensive testing to ensure that the better offer message is working as designed in all circumstances without skewing other aspects of the billing and customer management system. Where the NSW Social Code obligations apply, further changes will be required to IT system and communications logic to retrofit the new better offer requirements under the Guideline.



The upfront implementation costs do not factor the ongoing resources required to maintain and support the better offer. [REDACTED]

[REDACTED] AGL's experience with the Victorian better offer obligations is that dedicated resources are required to keep the better offer operational. Even without major billing reforms underway as proposed by the draft AER Guideline, introducing better offer for NECF customers would be a formidable task.

Q: What are the benefits to customers and the market?

We invite the AER to consider the data in the Essential Services Commission (ESC) 2021 Victorian Energy Market Report which highlights some key findings on the effectiveness of the better offer message in Victoria.² It shows a high proportion of customers that are receiving a *negative* better offer message on their bill at least every 100 days take no further affirmative action.

The better offer only addresses one part of the customer and retailer relationship, being the price point. In a competitive market, retailers also offer a range of services. For example, AGL customers receive, at no additional costs, a mid-billing cycle and post-bill customised Energy Insights Report. This Report provides bespoke information on which appliances have used energy in the home and tips to improve energy efficiency. The mid-cycle Report also provides an end of bill cost prediction. AGL customers also have access to AGL's Rewards program that provides discounts to range of other products and services, such as movie tickets. These types of services have an intrinsic value to consumers.

Amongst other hypotheses, the ESC supports the notion that their findings show the high retention rate, "stickiness" and loyalty of customers signed up to large retailers and that large retailers are not competing on just the price point alone with a product customers cannot reasonably differentiate. Reiterating that these customers receive a prominent better offer message on their bill or bill summary every 100 days, the parallel deduction is that customers are either completely disengaged from the better offer message or ambivalent towards it at best. For the AER, the fundamental consideration should be whether this real market experience of better offer on bills in Victoria is enough to justify better offer implementation costs.

Q: What are the challenges associated with providing better offer information in a bill where the customer does not have a smart meter or has an accumulation meter?

These considerations are only material from the point of providing a disclaimer to communicate that the better offer is an estimate based on the information reasonably known to the retailer at the time of the calculation. Disclaimers use valuable bill real estate as they must be in some way connected to the relevant bill element. We infer from the Guideline that disclaimers of legal and regulatory nature are likely to be considered as "additional information" even when they are directly related to a bill requirement. This creates challenges with placement and conflicts with the tiered approach.

Q: Other than billing information, what barriers or challenges do customers face when seeking to access the best energy plan for them?

N/A

Q: What other feedback do stakeholders have in relation to the approach proposed methodology?

² Essential Services Commission, 2021 Victorian energy market report: 2020–21 29 November p 21.



Other better offer calculations: IT system performance limitations are expected if the AER proposes to apply more than one better offer logic for some segments of customers within the same state. For example, where the NSW Social Code still applies, the logic is different to that of the Victorian better offer message. Such limitations within retailers' billing and customer management systems will require expensive solutions to address. If the AER opts to introduce the better offer obligations in the Victorian or ACT format, we urge that it continues to collaborate with the NSW Government and other jurisdictional governments to repeal conflicting obligations, where applicable.

Disclaimers: As noted above, disclaimers will often appear on the customer's bills in an accessible but relatively non-intrusive location. Generally, disclaimers can create issues with sufficient space allocation as they need to remain logically or visually connected to the relevant bill element. This is made more complex by restricting where disclaimers can or cannot appear on the bill.

Multisite: We recommend that the AER remove customers contracted under a multisite agreement from the scope of the better offer requirements. We also recommend that contract type rather than consumption aggregation should determine which scenarios the better offer will apply to. Multisite customers are subject to bespoke agreements with tailored prices, benefits and services which are often not generally available to the broader customer base. It is impracticable for multisite customers to receive or act upon the better offer message as doing so would necessarily mean that an individual site has to opt-out of their collective agreement, which is a difficult concept to articulate clearly within a bill message.

Timing Requirements: Ensuring compliance with the strict and onerous better offer obligations, including the prescribed timing, requires a suite of dedicated resources. [REDACTED]

Tier 1, Tier 2 and Additional Information

Q: What are the costs and benefits associated with the proposed tiering requirements?

The strict and highly prescriptive tiering arrangements are essentially the reason for the fundamental bill restructure. Even if the Guideline did not introduce the better offer and the Standardised Plan Summary, the likelihood that any retailer's energy bill currently complies with the Tier 1 and Tier 2 placement of information, is low. [REDACTED]

[REDACTED] The financial burden imposed by complying with the tiered arrangements (and the Guideline broadly) we believe is far greater than the perceived benefits, especially, as we outline above, because the best offer obligations in Victoria have had a marginal impact on prompting customers to compare and switch.

Key costs drivers created by the Guideline have been previously articulated to the AER throughout the consultation process as well as in our response to the first question above. We further note that a significant portion of the costs and effort required to mobilise the changes are fixed rather than variable, therefore we believe that smaller retailers will be disproportionately affected by the major billing reforms. This in itself indicates that the Guideline is unlikely to promote competition or drive innovation.

Bill simplification outcomes as well as simplification of the regulatory framework to reduce costs-to-serve are unlikely to be fully realised under the proposed draft. The high degree of regulatory intervention and prescriptive nature are not compatible with costs reduction objectives. We reiterate that the Guideline



introduces more regulated content and bill requirements than the current Rule 25(1) of the NERR which only prescribes the bill content but allows for discretion over its presentation and placement. The regulatory requirements under the draft Guideline are far more involved and far-reaching than the existing billing regime, naturally meaning that the costs to implement and administer the Guideline will be higher.

In order to mitigate these costs, AGL makes the following recommendations in relation to the tiered approach, broadly:

- Tier 1 information **should** appear on the first page or be equally prominent on an unpaginated bill, having consideration to the design principles. By explicitly mandating where bill content can and cannot appear, the AER is creating serious limitations in the Guideline's ability to adapt and be responsive to change. For example, such as where certain billing elements are not incorporated into the final Guideline (see AGL's list below) or new market and consumer research and trends reveal alternative customer preferences, i.e., customers prefer to see Tier 2 information on the first page and vice versa.
- Tier 2 information **may** appear on the customer's bill, but the exact placement is discretionary provided that the design principles are adequately considered when preparing the bill. The AER should also give due consideration on how retailers can present Tier 2 information outside of the standard bill format. For example, AGL solar and battery customers receive near real time information about their energy generated by their solar PV and their battery usage through the AGL App. The presentation of this information has been extensively tested and the type and design of information is based on this feedback. We believe that providing retailers with flexibility to present Tier 2 information through the most effective communication channel will result in consumers benefiting from increased engagement with certain elements while limiting the 'information overload' customers can experience with their energy bills. This approach is also consistent with the AEMC's new Rule 25A(6)(b) which requires the AER to consider "*whether information of different types may be provided to a small customer by different delivery methods (including in separate documents or electronically), if the small customer has given its explicit informed consent to those delivery methods*".
- There are no practical benefits to segmenting Tier 2 and Additional Information as separate categories, but it may inhibit the way that retailers present and explain their offer. Additional information is better framed as a category of Tier 2 information that **may** appear anywhere on the customer's bill.

Notwithstanding AGL's strong support for including fewer prescriptive elements in the Guideline as the only way to achieve bill simplification while simultaneously promoting innovation, we draw to the AER's attention to a number of crucial bill elements which have been omitted from Paragraph 7 of the Guideline:

- Information which communicates that the document is a tax invoice, including the words "tax invoice" retailer's ABN, address.
- That the bill is a "final bill" where the customer has ceased their arrangement with the energy retailer for that premises. The ability to easily gauge if the bill is a final bill is integral as it gives the customer confirmation that their account is finalised.
- Particulars of the average daily consumption during the billing period.
- Payments received, balance brought forward and opening balance. The equivalent provision under the NERR is Rule 25(1)(f): "the total amount payable by the customer, including amounts of any arrears or credits." A key piece of information for customers when reviewing the accuracy of the bill.



- A small, designated area on the first page of the bill which allows retailers to communicate important account information to the customer, for example AGL's "Useful Information" box. This type of information could include prompts for customers to register for life support where applicable, update concession information and upcoming changes. In order to maximise customer engagement and awareness, it is critical that retailers maintain the ability to use the prominence of the front page for these and other types of important account messages, particularly for customers who receive paper bills. [REDACTED]

[REDACTED] includes costs such as:

- Agency cost for creating the insert design.
- Costs associated with the development, coding and testing of inserts.
- Printing of inserts through mail house vendors, including top up of sufficient for AGL's customer base in SA, NSW and QLD.
- Internal project management and data team effort to organise the inserts, estimate required volumes, track stock and undertake other administrative and operational tasks relating to the inserts.

Additionally, in the current draft, National Metering Identifiers (NMIs) are categorised as Tier 1 information which must appear on the first page. This requirement does not properly consider account arrangements where the customer has multiple NMI's on a single invoice. Stylistically and visually, an extensive list of NMIs on the first page is likely to overwhelm both the bill layout and the customer.

While these bill elements should be recategorised by the AER between now and the final decision, as well as with amendment from time-to-time, the better approach would be to expand the parameters within which Tiered information can be displayed by retailers.

Do stakeholders consider there is specific or different information that should be provided for small and medium businesses who fit the definition of 'small customer'? What type of information is required and why? E.g. Australian Business Number, Australian Company Number, bill issue date. What are the relative costs and benefits of requiring this information?

Further segmentation between residential and small to medium business customer bills will create far-reaching impacts and compound the projected implementation costs associated with the Guideline as well as ongoing maintenance costs.

There is no indication from AGL's consumer testing and research, complaints trend data, Net Promoter Score feedback or other consumer sentiment, that small to medium business customers desire information on their invoice beyond what is available.

Understand Your Bill

We support the inclusion of the elements which make up the "Understand Your Bill" section but question the need for the AER regulate the way the information is presented. By prescribing the content that must appear in the breakdown (as opposed to elsewhere, or not at all) the AER has not properly considered:

- Scenarios where the customer's energy profile undergoes multiple changes within one billing period which changes the way tariffs and charges are displayed and how the quantum is calculated. For example, the customer may change their energy plan, enter a customer own read and/or experiences a price change event within a quarterly and even monthly bill cycle, changing the usage, tariff, or usage discount. Retailers should have flexibility on how they accommodate for these



scenarios, including the freedom to present the information required under the “Understand your bill” category in an informative but succinct way to avoid overloading and confusing the customer.

- Whether the explicit requirement to show the usage discount is necessary and whether it is better applied only where the product design is based on a usage discount. Given that some retailers are moving away from products offering usage discounts, explicitly including this as a requirement creates clutter or empty rows when it is not applicable to the customer’s account.
- The length of the bill. [REDACTED]

Standardised Plan Summary

Q: Do stakeholders consider there is other information that should be included in the standardised plan summary to enhance comprehension and make it easier to compare plans? E.g. benefit conditions, payment options (direct debit only), bill frequency. What are the relative costs and benefits of including this information?

We note the AER concludes that a simple plan summary “makes it easier for consumers to understand and compare the key features of their plan. Understanding their plan is crucial for customers seeking to understand how their bill was calculated, which is one of the main uses of a bill. As the plan summary groups information which is currently required on a bill, we consider the costs for retailers of implementing this requirement should be low”.³ While AGL supports the notion that customers should be able to understand how their bill is calculated based on their plan, we do not believe the AER has fully made the case that a plan summary on a bill is the cost effective and consumer friendly approach.

Therefore, AGL challenges whether energy bills are the appropriate medium to communicate the type of product and plan information contemplated under the Standardised Plan Summary. An invoice is not designed to communicate every piece of information about the customer’s relationship with their energy retailer but to enable the customer to make an informed payment for a service or good received.

The AER has not explored other communication channels for providing customers their plan summary information. For example, the AER has not undertaken any research on whether the Welcome Pack retailers provide to their customers, which contains a plan summary, meets the objective of helping customers understand. Further, customers can request, free of charge a copy of their plan information and retailer can provide this electronically or via paper mail, depending on the customer’s preference. These are just some types of lower cost mechanisms through which customers can access a plan summary but that do not appear to have been considered by the AER.

Further, it is not clear whether in the research referenced by the AER, which supports some form of plan summary on a bill (both in Europe and by BETA), customers were also asked if they prefer a plan summary through other communication channels or even if BETA sought feedback to how consumers use their

³ Australian Energy Regulator, *Notice of Draft Instrument, Draft AER Better Bills Guideline*, version 1, December 2021, p 37.



Welcome Pack in validating their bill calculations. We note the AER's plan summary is a blend of different elements from separate tables from the European Commission's final report.⁴

Additionally, the AER has not considered and evaluated how other NERR regulatory communication requirements like change of benefit potentially fill any perceived void the AER consider exists with plan summary information.

Finally, the AER states that a standardised plan summary in a bill will further assist with comprehension. AGL would point to the impending commencement of energy CDR whereby customers will be able to access product information from their retailer by providing consent to an accredited data recipient. The product information CDR data set will be standardised across the industry through the development of API data standards for sharing of CDR data. Hence, the standardised outcome the AER is attempting to achieve is already in place and therefore makes plan summary information on bills redundant.

It is AGL's recommendation that the AER remove the Standardised Plan Summary from the Guideline and we offer further information for the AER's consideration:

- [REDACTED]
[REDACTED]
[REDACTED] The financial burden imposed by this requirement is disproportionately high, especially as the consumer benefits proposed by this inclusion are already available through other regulatory communication requirements (like Welcome Packs, end of benefit and price change notifications) or will be achieved through the energy CDR.
- The Plan Charge details contain essentially the same information as the 'Understand Your Bill' breakdown. It is unnecessary for the customer to have the same information appear twice in their bill under different tables. This is particularly true given that the industry as a whole has moved towards plans based on underlying prices, rather than overlaid discounts, and the price information will already have been shown to the customer in the section where their bill calculation is shown.
- The customer's benefit may not necessarily expire at the end of the allocated period and may roll on until recontracting or become evergreen. Conversely, most retailers have some form of right of contract termination which they can (with notice) enact in select cases. The Standardised Plan Summary does not allow retailers to communicate this and other relevant information without requiring more space for disclaimers and additional information. Ultimately this will defeat the purpose of the entire simplification exercise. Information about benefit expiry is best placed within the relevant end of benefit communications which are already sent out with sufficient notice to enable customers to make informed decisions about their choice of plan.
- In some situations, there will be clear limitations on how retailers can execute this table. For example, where the customer swaps between multiple new energy plans or products within a single billing period, or conversely, where the customer is rebilled for a period in the past using the rates, charges, and plan information applicable at the time. These limitations need to be overcome both from an IT system perspective as well as the bill display. The AER would need to limit the Plan Summary information to be that information applicable at the time the bill was issued, although this approach would still generate complexities with re-issuing historic bills.

⁴ Ipsos-London Economics-Deloitte consortium, European Commission, *Consumer study on 'Precontractual information and billing in the energy market – improved clarity and comparability'*: Final Report, European Commission, June 2018, p 107.



- [Redacted]

Implementation

Q: Given the requirement of the rule for the guideline to take effect by 31 March 2023, what actions need to be taken to ensure that this can occur? How might risks or challenges be overcome?

AGL welcomes the AER’s recognition of the magnitude of work which must be undertaken to operationalise reforms of this scale.⁵ However, as there is a real chance that a draft and final determination could be substantively different, retailers will refrain from commencing implementation without the certainty of the final outcome. A March 2023 release for the final Guideline means that retailers have effectively 12 months to execute major billing reforms for millions of customers across the NECF states. This period will not be sufficient to implement the scope required under the Guideline, especially when considered in light of a number of existing regulatory changes including the CDR. We refer the AER to the Australian Energy Market Operator’s latest regulatory implementation roadmap as a guide to the breadth of regulatory change.⁶ This means internal and external resources are under immense pressure to deliver critical projects, especially in an ongoing COVID-19 impacted work environment. Further, with only a limited number of mail-house vendors in Australia that service the energy retail industry, we expect to experience substantial delays as vendors attempt to facilitate the industry-wide changes for a large number of retailers at the same time.

We urge the AER to consider further opportunities for a transitional arrangement beyond 31 March 2023 to mitigate the impact and support a smooth industry-wide transition while allowing the flexibility to phase in the new bills while phasing out the old.

Other

Q: Beyond the Guideline, in what other ways could the retail market regulatory framework be simplified? What impact would this have in terms of quantified relative costs and benefits?

It is important that the AER’s review and simplification of the RPIG is timely and preferably occurs in advance of the Guideline implementation. This will likely require the AER to find an alternative arrangement for full implementation beyond 31 March 2023, as retailers will imminently commence planning and preparation for the Guideline roll out.

The impacts of RPIG simplification are hard to quantify without a clear indication from the AER of the scope, however, we expect that any changes to the way that the RPIG is applied will require subsequent IT systemic logic and terminology updates. Two rounds of changes for the Guideline implementation and RPIG amendments will mean duplicative efforts and costs inefficiencies.

⁵ Australian Energy Regulator, *Notice of Draft Instrument, Draft AER Better Bills Guideline*, version 1, December 2021, p 19.

⁶ Australian Energy Market Operator, [Regulatory implementation roadmap, version 6, 22 December 2021](#).



Question 13: What do stakeholders consider are the most appropriate measures of impact or success for the Guideline?

Question 14: How should impact or success be communicated?

At this stage, it is too early to accurately gauge what the right measures of success or impact may be appropriate for the Guideline, however, the AER may wish to consider indicators such as:

- A reduction or increase in internal and ombudsman complaints relating to bill comprehension, bill shock/high bills.
- The frequency of customer-initiated contacts relating to their energy bill.