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Submitted via webform: [www.aemc.gov.au/contact-us/lodge-submission](http://www.aemc.gov.au/contact-us/lodge-submission)

## **National Energy Retail Amendment (Electricity Consumption Benchmarks) Rule 2023**

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AGL Energy (AGL) thanks the Australian Energy Market Commission (AEMC) for the opportunity to provide feedback on the National Energy Retail Amendment (Electricity Consumption Benchmarks) Consultation Paper, dated 22 June 2023.

AGL has been a longstanding advocate for the removal of electricity consumption benchmarks from customers' electricity bills, underscoring that from a customer experience and comprehension perspective, tailored and customer-specific information is generally preferred over generic or technical terminology such as industry wide or average based bill benchmarks.<sup>1</sup> Based on AGL's experience and customer feedback received, the presentation of electricity consumption benchmarks have generated a substantial amount of confusion and complaints, with customers often failing to correctly interpret the intent and purpose of the consumption benchmarks and the relevance to their own household usage. AGL strongly agrees with the proponent's observation that "...Electricity consumption benchmarks are not an appropriate reference point for a substantial proportion of consumers."<sup>2</sup> Accordingly, AGL welcomed the AER's decision to repeal the requirement to display electricity consumption benchmarks from the Better Bills Guideline (the Billing Guideline).

AGL is an early adopter of the Billing Guideline requirements, meaning that from 14 June 2023 our customers in the National Energy Customer Framework jurisdiction now receive the updated, Guideline-compliant bill template which does not include the consumption benchmarks. Further, AGL does not intend to share electricity consumption benchmarks in another format (i.e., on our website, MyAccount portal or AGL App) and we do not use AER consumption data to undertake additional analysis or reporting. Noting the time, resources and financial burden on the AER and industry, and the limited utilitarian value of the benchmarks, AGL supports the proponent's rule change to repeal Part 11 of the National Energy Retail Rules requiring the AER to administer and update the electricity consumption benchmarks every three years.

### **Alternative Consumption Benchmark Methodology**

AGL does not believe that the development of an expanded or alternative benchmark methodology, as suggested by some stakeholders, will be useful for unlocking further insights with respect to customers' energy consumption. The increasing penetration of smart meters in the NECF jurisdiction, the Consumer Data Right

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<sup>1</sup> AGL, [Response to the Australian Energy Regulator's 'Developing the Better Bills Guideline'](#) Consultation, 22 September 2021, p7.

<sup>2</sup> Australian Energy Regulator, Rule change proposal - electricity consumption benchmarks, 9 May 2023, page 2.



framework, digitalisation of the energy industry and access to consumer energy resources are empowering customers to take control of how they monitor and manage energy consumption in their homes and business. This serves as an incentive for retailers to continuously develop and offer innovative products and personalised energy data services in response to changing consumer preferences and behaviours. Customers can self-service and access valuable, bespoke consumption insights through retailers' digital services, including MyAccount customer portals, Apps, Consumer Data Right services and mid-bill insight reports for personalised and relevant information whereas the benchmark, as a static figure, will continue to become more redundant over time as more variables are introduced to the customer profile.

Further, the current regulatory requirements to present on a customer's bill the particulars of the average daily consumption during that billing period, as well as the corresponding billing period during the previous year<sup>3</sup> serve as more meaningful, accurate and representative points of comparison for prompting behavioural changes and driving energy efficiency positive outcomes than energy consumer profiles and benchmarks. These indicators consider the customer's behaviour patterns, seasonality, and specific customer usage.

### **Victorian Energy Retail Code of Practice**

While we understand that the Victorian regulatory framework sits outside of the AEMC's remit, we encourage the AEMC to work with the Essential Services Commission of Victoria to align bill benchmarking regulations across the NEM in order to minimise the resources and effort required to maintain two separate bill content requirements (i.e. bill benchmarking). In the interim, retailers will likely maintain the 2020 AER electricity consumption benchmarks (which will become more outdated overtime) or move towards displaying greenhouse gas emissions, however, industry preference would be to reduce fragmentation between the NECF and Victorian energy retail regulations.

### **Benchmarks for Energy Made Easy**

The government comparator site, Energy Made Easy, uses the AER's electricity consumption benchmarks as an estimate of future costs for customers who do not provide their NMI while using the online comparison tool. The AER has indicated that it will continue to use the 2020 consumption benchmarks until an alternative approach is developed. While the AER notes that EME does not require data to be refreshed every 3 years for comparison purposes, maintaining these outdated benchmarks may understate the customers electricity consumption particularly during a time when electricity consumption and demand is forecast to grow with the push for electrification. While not explicitly part of this consultation, to promote consistency with the rest of the industry, AGL recommends that the AER move towards using reference pricing as the comparison point for EME to ensure that the costs estimate presented to customers matches with what they would see on retailers' website.

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<sup>3</sup> Under the Better Bills Guideline, Version 2, a retailer must include: particulars of the average daily consumption during the billing period (S.10(k)); and 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 (S.10(l)).



If you would like to discuss any aspect of AGL's submission, please contact Valeriya Kalpakidis at [vkalpakidis@agl.com.au](mailto:vkalpakidis@agl.com.au).

Yours sincerely,

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