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Submitted via webform: <https://www.aemc.gov.au/contact-us/lodge-submission>

RRC0062: Improving the ability to switch to a better offer - Draft rule determination

AGL Energy (AGL) welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC) *Improving the Ability to Switch to a Better Offer* Draft rule determination, dated 19 June 2025.

AGL commends the AEMC for undertaking comprehensive analysis and research to understand the underlying reasons for low consumer uptake of the better offer, as well as the behaviours and sentiment driving this trend. AGL reiterates its commitment to vigorous retail competition and considers that increased awareness of the better offer could enhance consumer engagement with the energy market and promote strong customer outcomes.

While AGL believes the rule change may improve customer awareness of the better offer, we note that AGL's digital bill summary, which accompanies the full electronic bill, already prominently displays the better offer message. Over 75% of AGL customers have elected electronic billing as their preferred method of delivery, meaning the vast majority of our customers are already exposed to the better offer message both on their energy bill and the accompanying digital bill summary. [REDACTED]

[REDACTED]. Despite the prominence of this message in AGL's digital summaries, the ACCC continues to report low switching rates in the energy retail market.¹

Confidential information has been omitted for the purposes of section 24 of the Australian Energy Commission Establishment Act 2004 (SA) and sections 31 and 48 of the National Electricity Law.

Noting the above and recognising that other retailers may also offer a similar functionality, it is reasonable to expect a modest improvement to the uptake of the better offer following the proposed rule change. These trends reinforce AGL's position that the concept of the better offer, as it is defined within the regulations, is predicated on price being the sole determinant of value and fails to account for the proliferation of additional plan benefits, features, and bundling of products in the market. The concept of the better offer is not reflective of, or in keeping with, current consumer preferences, behaviours, and sentiment.

With respect to the draft rule, AGL's position is that:

1. **AGL supports the AEMC's proposed solution** to increase awareness of the better offer through a separate communication that accompanies the customer's bill.
2. **The AEMC should take a principles-based approach** by embedding the full rule directly within the National Energy Retail Rules (NERR) rather than deferring to the Australian Energy Regulator (AER) to determine the manner and form in which this information must be provided.

¹ The AEMC cites the ACCC's *Inquiry into the National Electricity Market*, December 2024, p. 54 which found that 81 per cent of customers could be on a better offer.



3. **This is an opportune time for the AEMC to set a clear policy direction** for the AER's Better Bills Guideline Review. Specifically, to increase the threshold for the better offer message and remove any duplicative better offer messaging resulting from this rule change.

Further, AGL's view is that the AEMC's draft rule is more likely to keep implementation costs manageable compared to the proponent's initial rule change request and the ESC's comparable rule change in Victoria, as it avoids the costs of significant digital uplift and the creation of new online functionalities. To improve customer outcomes and reduce costs, the AEMC should adopt a principles-based approach to allow flexibility for retailers to ensure they provide comparative information in a way that aligns with their established systems and processes.

The AEMC should determine the specifications for this rule

Under the Draft Rule, the Better Bills Guideline (the billing guideline) would specify the comparative information that must be provided to customers in communications that are "separate to but about the bill." This means that the AER, as the author of the billing guideline, would be responsible for determining the manner and form in which this information is to be displayed.

AGL's preferred regulatory approach is that the AEMC embed an overarching principle directly within the NERR, without deferring this process to the AER to create additional specifications within the billing guideline. AGL considers that involving the AER at this stage would be unnecessary and risks further complicating the better offer framework. Further, deferring this rule to the AER is likely to exacerbate its timing and resource pressures, whereas a principles-based approach would allow for greater flexibility for industry to determine how best to operationalise this requirement while still meeting the substantive intent of the rule change.

For example, the AEMC could require that: "*The retailer must include prominent and easily accessible information comparing the customer's retail contract with other more suitable energy offers available to them in any communication separate to, but about, a customer's bill*". The billing guideline already sets out detailed specifications on how the better offer must be presented on the first page of the bill. A principles-based approach would provide for the flexibility for retailers to leverage their existing better offer message, and in the case of digital electronic bill summaries, retain the existing format and design. As AGL's electronic bill summaries already display the better offer message by mirroring the information contained within the customer's bill, we would already be substantively compliant with this aspect of the rule and could instead concentrate its implementation efforts on building a solution for customers receiving a physical bill.

Further, AGL notes its proposed rule change, *Facilitating positive consumer and market outcomes through the Australian Energy Regulator Guidelines*, July 2022, remains pending initiation with the AEMC and will not be completed prior to the AER undertaking the review of the billing guideline. The intent of AGL's rule change is to ensure that "there is a consistent test applied to the AER's consideration of the need to amend existing Guidelines and the creation of new Guidelines."² Specifically, under the current framework, Guidelines made by the AER are not required to be assessed against the National Energy Retail Objective, and therefore, the AER is not strictly compelled to undertake a full cost benefit analysis when amending its Guidelines. Accordingly, there is a risk that by deferring the specifications of the proposed rule to the AER, industry could be further burdened by additional requirements that exceed the AEMC's original intention, and compound the costs and complexities associated with this rule. There is a significant volume of retail-focused reform underway across both the NECF and Victorian jurisdictions, not including the AER's proposed review of four of its own Guidelines. The AEMC can help avoid unnecessary resource and time

² AGL Energy, Request for rule change to the AEMC, [Facilitating positive consumer and market outcomes through the Australian Energy Regulator Guidelines](#), July 2022, p2.



pressures by adopting a principles-based approach and enabling industry, rather than the AER, to determine how best to present the comparative information required under the rule.

Additionally, deferring to the AER could introduce further time delays in implementing this rule. If the AEMC were to take principles-based approach, retailers could begin preparing for commencement immediately following the release of the Final Determination, enabling the possibility of an earlier commencement date. In contrast, the AER's guideline review process, typically involving multiple rounds of public consultation, is likely to take a significant amount of time to complete.

Impacted communications

In its Final Determination, the AEMC should clearly define and narrow the scope of the terms "written communication" and "separate to but about a bill" such that it is sufficiently clear that the rule applies only to electronic bill summaries and covering letters for physical bills. Particularly, the AEMC should specify the types of communications that this rule would not apply to, e.g. price change notifications, recontracting letters, change of benefit communications, and other communications related to the customer's account.

While AGL understands that the new rule appears in the NERR under the *Part 2, Division 4 – Customer retail contracts – billing* there is a risk that over time the rule could be misconstrued as needing to apply to all customer communications that in some manner or form relate to the customer's bill. For example, communications relating to price change could be inferred as 'being about a bill' as they directly impact the customer's overall energy rates which appear on their bill. The AEMC will need to address any ambiguities from the onset to ensure that industry is sufficiently aligned and prepared.

Other policy matters

The AER has indicated it will initiate its review of the billing guideline to give effect to this and other rules in the consumer-focussed energy retail reforms package in January 2026 and conclude the review by Q3 2026. This is a timely opportunity for the AEMC, as the national energy policymaker, to set the policy direction for certain matters within the AER's review, specifically relating to the better offer message threshold and the potentially duplicative requirements to display the better offer message on both on the customer's bill and their accompanying cover letter/digital summary.

Better offer message threshold

The AEMC will be aware that the ESC as part of its Energy Consumer Reforms consultation is considering a potential increase to the best offer message threshold in Victoria from \$22 to \$50. In its response to the ESC, AGL strongly supported this proposal as it is consistent with AGL's advocacy at the inception of the best offer framework.³ AGL encourages the AEMC to work with the AER to consider the appropriateness of an increase to the threshold in NECF as a commonsense and pragmatic change to the better offer message requirements.

Requirement to provide the best offer message on a bill

If the AEMC elects to progress the rule change in its current form, then AGL recommends to remove the duplicative requirements to display the better offer message on both the bill and the covering letter/electronic bill summary. Where the retailer is required to display the better offer message on a separate communication, the requirement to display the better offer message on the front page of

³ At time of the ESC implementing these reforms, research and analysis found that \$50 was an appropriate threshold for the better offer message requirements. However, the Commission stated that in setting this threshold, they are compelled by legislation to consider customers at large, including low income and vulnerable customers. In the public forums, the Commission noted that \$22 per annum would be significant to a small subset of customers and therefore must set the threshold low to protect these customers (AGL Energy, *Submission to the Essential Services Commission's Ensuring contracts are clear and fair, Draft Decision, 21 January 2019, p11*).



the bill should be removed to reduce duplication and improve customer experience. The AEMC should work with the AER to give effect to this change.

Awareness and education beyond the regulatory framework

In its previous submission to this rule change, AGL raised that low customer engagement with the better offer message is not necessarily reflective of lacking or ineffective regulation, but rather, the underlying consumer perceptions of the energy retail industry, customer apathy and poor sentiment towards energy bills. Awareness of the better offer message is not only the responsibility of retailers but should be tackled as a concerted effort between industry, policymakers and jurisdictional governments. All parties have a role to play in educating and informing consumers about on the better offer framework, how to action the better offer message on their bill and the different ways that customers can interact with their retailer.

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

Yours sincerely,

A handwritten signature in black ink that reads "Liam Jones".

Liam Jones

Senior Manager Policy and Market Regulation