

Mr Geoff Whelan

Branch Head

Energy Consumer Reform Team

Commonwealth Department of Climate Change, Energy, the Environment and Water

GPO Box 3090

Canberra ACT 2601

6 June 2025

Dear Mr Whelan,

Better Energy Customer Experiences

The Australian Energy Council (AEC) is the peak industry body for electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. AEC members generate and sell energy to over 10 million homes and businesses and are major investors in renewable energy generation. The AEC supports reaching net zero by 2050 and a 55 per cent emissions reduction target by 2035 and is committed to delivering the energy transition for the benefit of consumers.

The AEC welcomes the opportunity to submit to the Commonwealth Department of Climate Change, Energy, the Environment and Water's (DCCEEW's) consultation on Better Customer Experiences (BCE). The AEC is a strong supporter of the view expressed by Energy Ministers that "strong consumer protections are fundamental to the community's trust towards energy transformation".¹

This submission is informed by our Future Role of Retailer project

Since November 2023, the AEC has been embarking on a long-term project focused on the needs and values of customers now and into the future as the energy market evolves to a high Consumer Energy Resources (CER) environment.

AEC retail members have been part of the energy system evolution, providing customers with rooftop solar and battery offerings, virtual power plans, and EV bundles and EV charging plans. Our members are also working with other industry partners on current trials to test new technologies and innovative pricing arrangements that could deliver better outcomes for customers in the future.

¹ <https://consult.dcceew.gov.au/better-energy-customer-experiences>

We have developed a CER Integration strategy to provide a structured and holistic approach to guide our consideration of the changes to industry arrangements needed to serve customer needs in the future system. As part of this strategy, we initiated the *Role of Retailer* project and have worked with our retail members to identify customer needs and values and consider what products and services customers may need in the future system and the changes that may be needed to retailers' role to deliver the outcomes customers require. This submission draws on the insights we developed through the first phase of the project.

The Role of Retailer project is still ongoing. We intend to consult with industry stakeholders on findings in 2025 and welcome the opportunity to work with DCCEEW to further refine our thinking on the future role of the retailer.

Retailers as enablers of customer participation in the future energy system

The future electricity system is likely to be more dynamic than the current system. The future energy market may offer more choices and different types of interactions with the electricity system for some consumers, but it may also present more complexity and be more difficult to navigate for others. We urge DCCEEW to develop recommendations that consider the needs of all customers, regardless of whether they have CER or not, or whether they have the capacity or willingness to engage with future energy markets.

The AEC and its members consider that retailers have an important role as trusted enablers of customer participation in a future electricity system that is reliable and decarbonised. The diagram below is a future retailer vision that we have developed with our retail members:

Retailers are **trusted enablers** of consumer participation in a reliable and decarbonised energy system.



We provide energy services that deliver value and meet our customers' needs



We make our customers interaction with the energy system as simple as possible



We help integrate customer energy resources in the energy system so that our customers get the most benefits from their investment



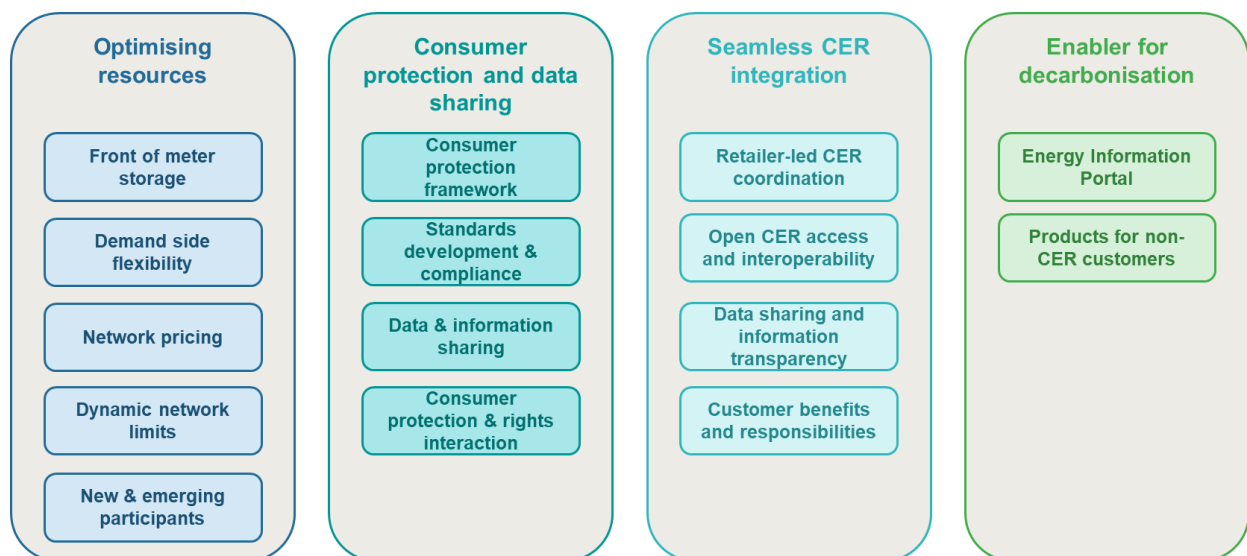
We support and empower our customers to actively participate in Australia's transition to net zero

Our *Role of Retailer* project is focused on customer outcomes instead of defining future products and services

Technological developments are occurring much faster than previously, and they are enabling a faster products and services development cycle. Customers may also develop new preferences in response to new technologies entering the market. The BCE Consultation should focus on defining the customer outcomes and consider the market and industry arrangements needed to support them, rather than trying to predict or define products and services. Any products and services developed in the immediate term are likely to evolve along with the energy market and CER integration capacity, and the Regulatory Framework must be fit for future purpose.

Some key enablers that would support retailers' role in the future

Through our *Role of Retailer* project, we have identified several key enablers that will support retailers' vision of being the trusted enablers of customer participation in the future energy markets. The diagram below shows an initial list of policy areas that we will examine with our members in 2025.



This list is not intended to be exhaustive, and we expect additional issues will be identified as the project progresses. We look forward to contributing our insights to the BEC consultation.

Needs and values of the customer

As the energy market evolves, customers will increasingly want flexibility, control and community-driven value, as shown by the diagram below. It is important that the customer protection framework enables these customer outcomes.

Supporting a connected and customer-centric energy system



The AEC supports the common principles that are to guide the BCE consultation and considers that these align with the AEC's identification of the shared needs and values amongst all customers for:

- Simplicity
- Reliability and certainty
- Affordability
- Comfort and convenience
- Choice and agency
- Customer protections and security
- Fairness and equity
- Environmental sustainability.





The AEC also notes that opportunities for customers to be rewarded as they increasingly engage include:

- Dynamic network pricing
- New value streams and auxiliary markets
- Emerging CER technologies
- Electric vehicles and vehicle-to-grid capabilities
- Energy market policy reforms
- Load flex and CER orchestration
- Smart and digital management technologies
- Set and forget devices.

The AEC has developed a customer segmentation framework that enables consideration of the different types of customers. The segmentation framework is an engagement spectrum, with customers moving to increasing engagement as they move from 1 to 3 in the framework:

Understanding customers to inform retailer operating models

Three customer segments with different needs, values and motivations

	1. Simple	2. CER Service	3. Blended
	Limited engagement	Retailer coordinates CER	Self-managed / sourced
 VALUES	Simplicity, reliability, certainty, comfort, convenience, safety, privacy, fairness, equity, environmental sustainability	SIMPLE + Choice, control, reduced costs / rewards	SIMPLE + Choice, control, agency, reduced costs / rewards
 COST NEEDS	Affordability, reduced bills, certainty, no surprises	SIMPLE + Savings, rewards, access to capital intensive CER	SIMPLE + maximised savings, rewards, access to capital intensive CER
 SERVICE NEEDS	Energy as an essential service, on-demand, flat / stable prices	Energy manager/partner, dynamic prices	Energy concierge, network / wholesale market cost pass through
 COMMS NEEDS	Clear communications, billing information and customer rights	SIMPLE + information on energy services and value of increased engagement	SIMPLE + Education on energy services and value of increased engagement

The percentage of customers in each segment is:

- Simple – unengaged 25% , green conscious renters 19% (barriers to investing in assets), comfort seekers 17% (61% total)
- CER-service – cost conscious baby boomers 25%
- Blended - green tech adopters 14%²

As the customer framework evolves, it is important to ensure that all types of customers are protected, not just the more engaged customers. The 61% of customers who are at the simple end of the engagement spectrum form the largest segment, and it is vital to consider consumer protections that will support their inclinations towards more transactional relationships and barriers to investing in technology and assets.

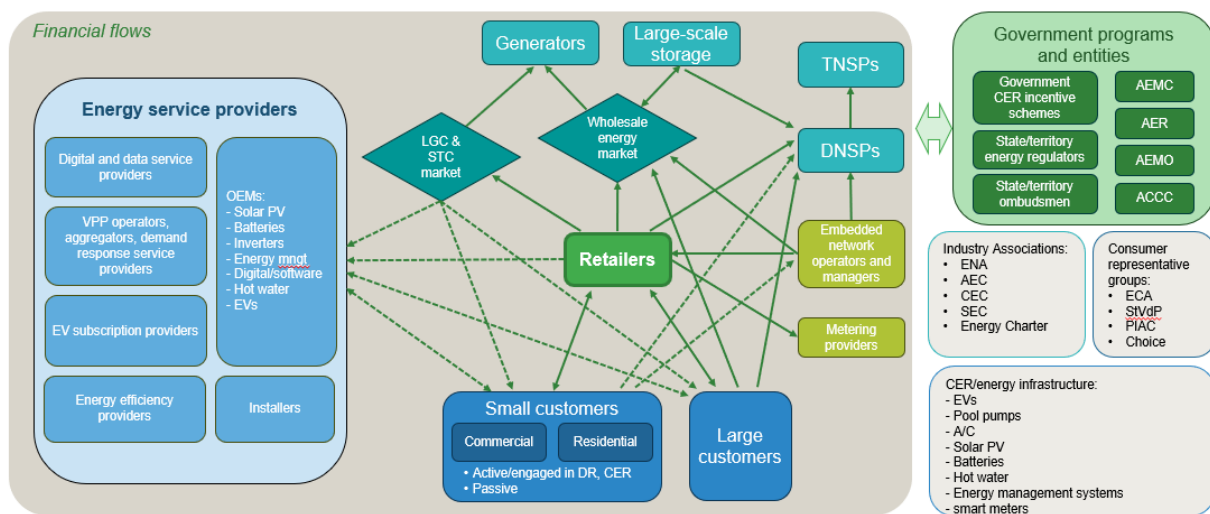
² [Connecting the new energy customer | Deloitte Australia | Energy, Resources & Industries](#)

Reforms need time to develop and collaborative effort to implement

We appreciate the extended timeframe that DCCEEW has allowed for the BCE consultation. However, we also note that this review is considering complex issues that may require time for stakeholders to engage and consider implications before providing feedback. We urge DCCEEW to remain flexible and not allow the review timeframe to constrain the development of policies that will have long-term implications on energy market.

For example, the diagram below shows the increasingly complex nature of the energy market and participant relationships. Customers are faced with potentially negative experiences and consumer detriment if this complexity is not managed well. Retailers believe that it is important for retailers to remain the primary customer agent so that retailers can manage this complexity for customers as a default setting, but where the customer chooses to have more engagement, they are still able to do so.

Increasingly complex energy market and participant relationships



Prescriptive versus principles-based regulation

The AEC understands that a move away from more specific rules can be part of an attempt to promote good customer outcomes as modern consumer products become increasingly complex. The Australian Energy Regulator (AER) considered the concept of a consumer duty in its Review of Consumer

Protections for Future Energy Services.³ The AEC understands that outcomes-based duties form part of a principles-based regulation approach.

The AEC welcomes the opportunity to engage with DCCEEW about a move to a more principles-based regulation approach. We note some potential considerations:

- In recent years, energy retailers have noted the significant compliance burden associated with the highly prescriptive nature of the current energy market policy and regulatory framework. However, retailers also feel a degree of uncertainty connected with the concept of a general duty.
- The AEC considers that it is important to consider what prescriptive rules and soft law guidance would complement a general duty, so as to address the question of uncertainty for product and service providers. The AEC also believes that the potential for additional costs of outcomes-based regulation, particularly on small retailers, should be considered as part of its examination.
- The AEC supports consideration of the additional risks retailers would face under a more principles-based framework.
- The AEC supports the drive for more trust and social license in the sector that underlies the consideration of a consumer duty.

We welcome opportunities to work closely and iteratively with DCCEEW

Recent past reform efforts that were successful heavily relied on open and consultative processes where a broad range of stakeholders collaborated to stress test and improve recommendations and solutions. We support DCCEEW taking a similar approach, and we welcome opportunities to meet with DCCEEW to discuss our Role of Retailer project as we progress our thinking in 2025. We also welcome the opportunity to be involved in the design process to develop the architecture of the future regulatory regime.

³ AER (2023) Review of Consumer Protections for Future Energy Services at <https://www.aer.gov.au/industry/registers/resources/reviews/review-consumer-protections-future-energy-services>

Please do not hesitate to contact me at jo.desilva@energycouncil.com.au or by telephone on 0406 950 726 if you wish to discuss this submission further.

Yours sincerely,

Jo De Silva

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General Manager Retail Policy