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Australian Energy Market Commission
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Sydney NSW 2000
Submitted online: <https://www.aemc.gov.au/contact-us/lodge-submission>

31 July 2025

Dear Mr Bonic,

Improving the Ability to Switch to a Better Offer Draft Determination

The Australian Energy Council ('AEC') welcomes the opportunity to make a submission in response to the Australian Energy Market Commission's ('AEMC') *Improving the Ability to Switch to a Better Offer* Draft Determination ('Draft').

The 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 as well as a 55 per cent emissions reduction target by 2035 and is committed to delivering the energy transition for the benefit of consumers.

The AEC is supportive of the preferable draft rule outlined in the AEMCs draft determination. In our [last submission](#), we expressed support for measures that help customers switch to a better offer. Indeed, we consistently advocate for customers to contact their retailers to ensure they are on the best deal for their circumstances, and/or to make use of Victoria Energy Compare and Energy Made Easy.

We agree with the AEMC that the switching process is fairly easy. Retailers have strong incentive to make switching to a better offers as streamlined, quick and secure as possible in order to stay competitive in the energy market. Many retailers already offer various channels through which customers can easily move to better offers, including phone, webchat, digital portals and/or Apps. The AEC is, therefore, pleased that the AEMC has not undertaken an overly prescriptive approach that would risk negative consumer impacts and create new regulatory burdens.

As part of the draft rule, the AER is required to update its billing guideline to specify that the better offer message is included in communications related to a bill. While we understand the rationale for this step, we encourage the AEMC to consider narrowing the definition of 'written communications' within the rules to focus explicitly on cover letters or cover emails that accompany bills. A more confined definition will help ensure the implementation is effective and proportionate, while maintaining the flexibility for retailers to tailor bill communications in a way that best supports their customers.

The AEMC could also consider alternative approaches that would achieve the same policy intent at a lower regulatory burden. For instance, the AEMC could require requiring retailers to include a generic message in relevant communications that simply directs customers to the better offer information already provided on their bill. This would avoid the need to amend the AER's Better Bills Guideline. Alternatively, a principles-based approach could be adopted by embedding the full rule directly within the National Energy Retail Rules (NERR), rather than deferring to the AER to determine the manner and form of the message.

While the draft identifies customer awareness as the primary barrier to the uptake of better offers, as highlighted in our previous submission, we believe that there are other reasons why some customers will not take up a cheaper 'best' offer. For instance, some customers may value other benefits associated with their current retail market offer. Likewise, customers who might be aware of the better offer choose not to switch due to the insignificant savings they could achieve. In their regulatory impact statement, the Essential Services Commission ('ESC') noted this as a driver behind their proposal to raise the threshold for a customer to receive a better offer message from \$22 to \$50 in estimated annual savings.¹ We [supported](#) this change, having previously noted that:

- The threshold was set six years ago. Price rises since has resulted in the threshold becoming less meaningful to customers.
- In relation to supporting low income and vulnerable customers, it is imperative to ensure that the best offer threshold remains meaningful and accurate to reduce the risks of harming customers. A low threshold creates the risk of a negative message arising from abnormal changes in a customer's consumption prior to when the best offer check is performed that if acted upon, will leave the customer worse off.
- There is a risk that customers receiving multiple best offers based on insignificant savings will not regard the better offer as meaningful and not pay attention when there is one with meaningful savings.

We would ask the AEMC to consider recommending the AER undertake a similar increase of the threshold. The AEC remains sceptical of the broader suite of proposal brought forth by the ESC. In our [submission](#), we expressed concern around the requirement that retailers implement a comparison tool on their website, noting the costs and the availability of government run platforms that fulfill this role. Similarly, the proposed principles around retailers needing to facilitate a 'simple and easy' process, as the AEMC has rightly pointed out, are too broad and unnecessary given the switching process is already fairly easy.

On the issue of low customer awareness, the AEC would further encourage consideration of complementary initiatives such as a concerted campaign by energy policymakers, regulators and government departments to better inform and educate consumers about the better offer and how to access it. This could be helpful in promoting the use of existing comparison tools like Victoria Energy Compare and Energy Made Easy, as well as build consumer confidence in engaging with the energy market.

The AEC looks forward to continuing to engage constructively with the AEMC on this reform and to working with the AER as it develops updates to the Billing Guideline.

Any questions about this submission should be addressed to Braeden Keen by email to braeden.keen@energycouncil.com.au.

Yours sincerely,

Braeden Keen
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¹ Essential Services Commission, [Energy Consumer Reforms RIS](#) [May, 2025], pg.6-7