AUSTRALIAN ENERGY COUNCIL

Mark Feather
General Manager, Policy and Performance
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

2 May 2023

Better Bills Guideline - Bill relief rebate message

The Australian Energy Council ('AEC') welcomes the opportunity to make a submission to the Australian Energy Regulator's ('AER') Consultation on its proposal to approve a bill relief message as tier 1 information (the 'Proposal').

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 does not support the AER's proposal to include a bill message as requested by the Commonwealth Department of Climate Change, Energy and Water (DCCEEW) as tier 1 information. The AEC has worked in genuine collaboration with DCCEEW and their colleagues in Treasury and Services Australia to develop a mechanism to enable the effective delivery of the Energy Price Relief Plan (EPRP) onto customer bills, and strongly supports action from the Government to support vulnerable energy customers to manage rising energy costs. This collaboration has focused on delivering the payment to customers in a way that is workable, and least cost. It is the AEC's understanding that retailers will not be compensated for the costs they incur in implementing the Government's program despite these costs being material. Given this, the AEC is concerned about additional expectations being placed on retailers at this time, does not consider the proposal adds any significant value to customers, will materially increase the costs and complexity of delivering the EPRP, and may in some instances impede the ability of retailers to deliver the package in the proposed timelines, delaying the support customers need.

This submission considers the proposal both from a policy perspective, but importantly further highlights a number of practical concerns with the proposal as drafted, and their effect on retailers.

Policy Concerns

When they AER published its Better Bills Guideline (the Guideline) in March 2022, it made very clear that it did not consider that Government relief such as is being delivered under the EPRP was of sufficient importance to be categorised as tier 1 information. In its Notice Of Instrument accompanying Version 1 of the Guideline, the AER noted:

> *…we consider that limiting government funded energy charge rebate, concession or relief scheme information to the understand your bill section is presently a sufficient indicator for consumers in rationalising concessions/rebates/relief schemes applied to the bill.*

In its letter to retailers suggesting that it intended to approve DCCEEW's proposal, the AER gives no advice as to why this relief scheme differs from those it anticipated would be implemented only 12 months ago. While the AER note that it considers the message would assist customers to better understand their bills in line with the billing objective, that sets out that the bill is intended to provide *billing information that enables small customers to easily understand payment amounts and how their bill is calculated*, this would be the case with all relief schemes, and the Guideline already requires retailers to publish an ‘understand your bill’ section as tier 2 information. The AEC contends that given the Guideline has a clearly defined section entitled ‘understand your bill’ where the Government’s EBPR information would otherwise be described, it seems a stretch to infer that the bill objective gives reason to include additional information as tier 1 information so as to better assist customers to understand their bill.

Notwithstanding the inconsistency with recent AER decisions, the AEC is concerned that the proposal will increase the cost of implementing the Guideline, likely putting further pressure on customer bills that the EPRP is designed to alleviate. While this short consultation window has not allowed the AEC to obtain anticipated retailer costs from its members, it has been advised that changing the scope of already underway Better Bills implementations at this late stage is challenging. The scope of any bill message will further impact the costs of implementation – approaches that might minimise these costs are considered below in the discussion regarding practical concerns. It is also important to note that any costs incurred in delivering the proposal as tier 1 are additional costs. Retailers have already built their systems to deliver information regarding concessions and relief payments in the Understand you Bill section, and as such would be able to comply with their obligations to advise customers of the EPRP for no additional cost. In this sense the AEC considers that if the AER is to approve the proposal as it suggests it intends, it must be confident that the incremental benefits customers will receive from seeing the message on the front page of the bill as opposed to receiving advice on page 2 will be greater than the costs retailers will incur (that customers will ultimately be required to pay for). To be clear, the baseline case in any cost benefit assessment is not that advice will not be provided to consumers about the EPRP, but rather that advice will be given on the second page of the bill alongside other relevant bill calculation and payment information.

Finally, the AEC is concerned that a decision by the AER to accept DCCEEW’s proposal will see other jurisdictional governments seek to use similar bill messages on page 1 of the bill to market their own relief schemes. It would appear difficult for example, for the AER to approve a message advertising the EBPR but not every other bill relief payment a jurisdiction might opt to announce. This would set a concerning precedent that would not only materially increase costs but also represent a deviation from the intent of presenting tier 1 information in a consistent manner such that it might improve bill recognition and understanding.

Practical concerns

As noted above, notwithstanding the fact that the AEC considers the proposal does not provide net benefits to consumers over and above the status quo, it has a number of significant concerns with the proposal as drafted, and the technical capability of retailers to implement it.

The EPRP will be delivered to a subset of small energy customers, with a broad eligibility criteria that includes customers that retailers already have flagged in their systems as requiring support (eg, customers receiving existing Government concessions), and a number of customers that retailers are not aware of (including in particular, customers currently receiving family tax benefit but not other Government concessions). In order to identify this additional cohort, the AEC has worked closely with the Commonwealth Government and agreed to develop a registration portal within the systems of Services Australia that will capture customer consent to share details with retailers, who will make the payments under the EPRP. This process will be highly manual, with systematisation limited to areas where such a manual process would be impractical.

The proposal would require retailers to provide a tailored message on a small subset of customer bills. In order to do this, they will need a method to segment their customers within their systems to receive the message appropriate to them. That might be achievable for those customers that retailers already know (ie, existing concessions customers), but not for those that retailers will be manually applying payments outside of their usual systems and processes. In order to deliver this bill message to all customers who

Level 14, 50 Market Street
Melbourne 3000
GPO Box 1823 Melbourne Victoria 3001

P +61 3 9205 3100
E info@energycouncil.com.au
W energycouncil.com.au

ABN 926 084 953 07

receive the EPRP, it is likely that retailers will have to build additional system flags that they otherwise would not have to be able to identify who received a manual payment, and thus should receive the bill with the tailored message. This is likely to significantly increase costs and complexity.

The second significant challenge relates to the dynamic nature of the proposal, in particular, the suggestion that the message should include the exact amount each customer receives on the bill. While the details are as yet not known, it is likely that customers will not receive uniform payments on each bill, meaning retailers will need to have a link between the 'understand your bill' payment amount, and the bill message. It should be noted that while retailers have implemented bill messages in the past, these are most commonly static messages delivered to an entire customer base (for example, alerting all customers to the availability of hardship support during the COVID pandemic), rather than a tailored message delivered to a small subset. The practical implementation of the latter is significantly more complex than the former. Given this, if the AER intends to proceed with a determination of the proposal as a tier 1 piece of information, the AEC strongly encourages that the dollar amount of the payment on the message is removed, and replaced with a message that advises of the EPRP and directs a customer to the understand your bill section for more detail.

The AEC understands that these issues are more material for some retailers than others, and there may be other more specific challenges in implementing the message for individual retailers. Given the proposal would see a strict regulatory obligation imposed on retailers at relatively short notice, that may for genuine reasons be difficult to comply with, the AEC considers there may be an avenue for the AER to consider a less heavy handed approach to delivering the bill message to customers. Such an approach might be akin to the 'statement of expectations' style of regulation utilised during the COVID pandemic, and would allow the AER to set an expectation that retailers provide clear advice to customers over and above the minimum regulatory standard that would see the information included in the understand your bill section, but could be delivered in a way that best aligns with retailer systems and processes. For some retailers, this might include sending a letter to customers advising them of the EPRP, for others it might see a bill insert sent alongside the bill, while others might prefer to display the message on the front page as proposed. This flexibility will ultimately reduce costs and complexity, and may mitigate the risk that the requirement to display the bill message impacts the ability of retailers to deliver the EPRP payments in a timely manner, or puts their broader better bills implementation projects at risk. The AEC would be keen to discuss this approach with the AER and DCCEEW to see if such an approach would meet the objectives of the Government, and ensure customers are adequately informed of the EPRP and its impact on energy bills.

Any questions about this submission should be addressed to me by email to ben.barnes@energy.council.com.au or by telephone on (03) 9205 3115.

Yours sincerely,

Ben Barnes
General Manager, Corporate Affairs and Retail

Level 14, 50 Market Street
Melbourne 3000
GPO Box 1823 Melbourne Victoria 3001

P +61 3 9205 3100
E info@energycouncil.com.au
W energycouncil.com.au

ABN 926 084 953 07