

31 January 2022

General Manager – Strategic Policy and Energy Systems Innovation
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

Submitted online via: ConsumerPolicy@aer.gov.au

Dear Sir/Madam

Australian Energy Regulator (AER) Draft Better Bills Guideline

Thank-you for the opportunity to provide a submission in response to the consultation paper titled “Draft Better Bills Guideline” (Guide).

Momentum Energy Pty Ltd (Momentum) is an Australian operated energy retailer, owned by Hydro Tasmania, Australia's largest producer of renewable energy. We pride ourselves on providing competitive pricing, innovation and outstanding customer service to electricity consumers in Victoria, New South Wales, South Australia, Queensland, the ACT and on the Bass Strait Islands. We also retail natural gas to Victorian customers. We offer competitive rates to both residential and business customers along with a range of innovative energy products and services.

We agree with the intent of the proposed changes in the Guide and appreciate that the Australian Energy Regulator (AER) is seeking a customer focused outcome. The importance of ensuring energy bills are simple to comprehend, with key billing information presented in a clear and concise manner, cannot be underestimated.

The Guide has been developed by the AER as a consequence of the Australian Energy Market Commission’s (AEMC) Bill Contents rule change. In the AEMC Bill Contents Draft Determination the AEMC made the following statement:

*Today’s retail market is characterised by a variety of retail offers and consumer preferences. For instance, customers can access a range of technological innovation (smart meters, solar PV, batteries and electric vehicles) and new energy services (virtual power plants, green power). This suggests a one-size fits all regulatory approach for billing may not be suitable, at least for all billing functions, as it may limit retail innovation and consumer choice.*¹

¹ https://www.aemc.gov.au/sites/default/files/documents/rrc0036_-_bill_contents_and_billing_requirements_-_draft_determination_fv.pdf

The AEMC continued this assessment with the following statement in its final determination:

The more preferable final rule made by the Commission is attached to and published with this final rule determination. In summary, the more preferable final rule: Allows the AER to specify in the billing guideline different types of billing information that a retailer must provide, and whether information of different types may be provided to a small customer by different delivery methods with their consent.²

Momentum is concerned that the AER has chosen to ignore this important aspect of this rule change by not considering alternative means of delivering billing data to consumers in this rapidly changing innovative energy market. The Guide is silent on this AEMC issue and has therefore failed to deliver alternative electronic billing opportunities for retailers that may enhance customer bill comprehension and or offset the massive costs of amending existing bills to deliver all the required billing data in a similar manner at the same time.

Momentum has estimated that the implementation costs required to comply with the Guide will be one of the most expensive system enhancement projects we will be required to deliver in the specified timeframe. We struggle to see how such significant costs will be offset by any material customer benefits and therefore believe that both the AEMC and the AER have delivered a rule change and Guide in conflict with the National Energy Objective of being in the long term interests of customers. This Guide appears to deliver additional challenges for retailers with unquantified benefits.

Specific Responses to Various Aspects of the Guide

1. Tiered Approach

The Guide establishes the specific information that must be included on page 1 or the commencement of the bill (Tier 1). With other information mandated to page 2 or following page 2 (Tier 2) with additional info to follow (Tier 3).

This approach will deliver consistent bills across all retailers but limits innovation and the ability to include billing information for specific customers. It will also limit the ability to provide more relevant advanced technology information without continual changes to the Guide.

For example, the Guide has not included “Tax Invoice” or “Retailer Company ABN” as Tier 1 information. Moreover it fails to allow a “Final Bill” notice to be displayed as Tier 1 information. Customers finalising their account at a site are usually seeking out this “Final Bill” notice to give them comfort that they are no longer responsible for the energy at a particular site. It is also confusing as to why the “National Metering Identifier” (NMI) is a Tier 1 item as some bills can include multiple NMIs and very few customers can identify

² https://www.aemc.gov.au/sites/default/files/2021-03/RRC0036%20Bill%20contents%20and%20billing%20requirements%20-%20Final%20determination_1.pdf

their site by their NMI or each NMI. A contact number for the relevant ombudsman is also a questionable inclusion as Tier 1 information. All billing complaints should initially be referred to the retailer and only failing resolution of these complaints should they be referred to the ombudsman.

These examples display how complex energy billing can be and even though the AER has had almost 12 months to develop the Guide they have failed to address the needs of all customers or types of energy bills that exist in the market.

On this basis, we believe that retailers should have an ongoing right to request exemptions or changes to the mandated Tier 1 items on the bill via an accelerated approval process to the AER or an alternative independent expert.

Momentum is also not convinced that the requirements that Tier 2 information be presented ahead of Tier 3 information should be mandated as different customers may place a different level of importance on this data depending on how recently they renewed their contract, changed their energy plan or installed a new technology item. We believe that all customers should have the ability to opt out of some data and or receive it via alternative means. The AER has failed to address these options in the Guide.

2. Understand Bill Table

The proposal of mandating the 'Understand Bill Table' is a reasonable concept however, the exact format of the table should not be set. Some customers have multiple meters and or NMIs with seasonal and contract tariff changes that may straddle individual bills. A mandated bill table format could see additional pages required for paper bills or longer unpaginated bills which are not environmentally or customer friendly. Retailers should have the flexibility to design the most appropriate format for this information.

The 'Understand Bill Table' content should also include the meter number so that customers can reconcile their bill.

3. Standardised Plan Summary

Momentum does not support the 'Standardised Plan' for the following reasons:

- Tariff and plan pricing details are already largely included in the 'Understand Bill Table' so it would be duplicated information;
- The renewable energy sources percentage will have already been known by the customer if it was relevant for selecting their retailer and product; and
- The benefit expiry date is already presented in a more timely notice to customers closer to the time of benefit expiry. Repeating this information on every bill following the contract start date will not aid comprehension or create a call to action. Most customers will probably ignore this information and hence it will only create unnecessary clutter on the bill.

4. Best Offer on Bills

We are not aware of any evidence in Victoria that this information has increased the number of customers engaging with the market or seeking new offers from either their current retailer or an alternative retailer. Moreover this obligation would likely create the most expensive change for Momentum to implement based on early analysis. We believe this item should not be included unless a clear benefit can be demonstrated including an open and transparent cost assessment.

5. Design Principles

The design principles outlined in the Guide are extremely broad, and it would not be appropriate to impose these as mandated compliance obligations. Retail energy billing has always been heavily regulated and Momentum has always strived to deliver the most effective bill to best meet the needs of its diverse customer base and products. The proposed design principles add no additional value to the desired outcome of the Guide and should be removed. The Guide imposes many other new compliance obligations that will sufficiently control the design of energy bills.

6. Design Testing

Energy bill design is a subjective paradigm that can be assessed and measured in many ways with varying outcomes for different individuals. Electricity and gas are invisible products that are measured and metered with various technical terms that some consumers will always find difficult to understand. The design of Momentum's bills has evolved over time with changes in energy products, tariffs, branding and regulatory obligations. Momentum appreciates the value of seeking customer views on billing design and terminology changes where appropriate.

With the Guide the AER is establishing a new design benchmark for energy bills based on research and consumer feedback. Momentum is of the view that once we redesign and implement our bills, in compliance with the Guide, at significant cost, that any ongoing bill design testing should be an obligation of the AER. Any subsequent changes to the Guide should be justified by a comprehensive cost benefit analysis.

Individual retailers should not be mandated to conduct expensive consumer research testing with every change they make to their bill. This would undoubtedly result in diverging outcomes for retailers, many of which may be in conflict with the Guide. Retailers should be given the opportunity to review and amend their bill format based on their customer's feedback as and when they deem it necessary.

7. Implementation

The specified timeline in the National Energy Retail Rules³ for all provisions of the Guide is by no later than 31 March 2023. It is disappointing that retailers were not given more time to implement these significant changes as they will involve a large amount of resources and significant cost. While the AEMC believes that bill changes are necessary we are not aware of any material benefits that will quickly occur as a result of these bill changes. Following implementation customers will not suddenly be able to afford to pay their bill or realise they have a cheaper bill. Only customers that switch retailers will notice the consistent approach to billing. We strongly believe that retailers should have been given a period of at least 3 years to implement these largely cosmetic bill changes. This would have enabled retailers to integrate this significant work with other potential initiatives such as rebranding or other planned system changes. We ask that the AER consider limiting the scope of the Guide and provide retailers with maximum flexibility to deliver these changes at the lowest cost possible.

Should you require any further information regarding this submission, please don't hesitate to contact me on [REDACTED] or email [REDACTED]

Yours sincerely

[Signed]

Randall Brown
Regulatory Manager

³ NERR Version 30, Schedule 3 Part 16 1 (2).