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Draft Better Bills Guideline Consultation Paper

Meridian Energy Australia Pty Ltd and Powershop Australia Pty Ltd (**MEA Group or Powershop**) thanks the Australian Energy Regulator (**AER**) for the opportunity to provide comments on the AER's Draft Better Bills Guideline Paper (the **Paper**).

Background on the MEA Group

Powershop is an innovative retailer committed to providing low prices for customers and which recognises the benefits to customers in transitioning to a more distributed and renewable-based energy system. Over the last five years, Powershop has introduced several significant, innovative and customer-centric initiatives into the Victorian market, including the first mobile app that allows customers to monitor their usage, a peer-to-peer solar trading trial and a successful customer-led demand response program. Powershop has also been active in supporting community energy initiatives, including providing operational and market services for the community-owned Hepburn Wind Farm, supporting the Warburton hydro project, and working alongside our customers to fund a large range of community and social enterprise energy projects through our Your Community Energy program.

General comments

Powershop reiterates its support for a guideline "to simplify energy bills and make them easier for consumers to understand and use"¹. That said, Powershop hold concerns that, despite the key goal of simplifying a bill for a customer, there seems to be a prevailing lack of evidence throughout this consultation to specifically advise how or what part of a bill customers generally find confusing. The Paper only provides the industry with principles containing broad generalisations and references (e.g. 'jargon').

Since the guideline will be enforceable under the National Energy Retail Rules (**Retail Rules**), it is crucial the AER finds the balance between implementing principles that retailers can genuinely achieve compliance, and that the principles can be consistently and fairly measured from retailer to retailer by the AER.

In response to this Paper, Powershop notes the following issues we believe put at risk the effectiveness of this guideline and encourage the AER to seek further consultation with industry on the application and wording of the design principles under Part 3, Contents of bills.

¹ Australian Energy Regulator, Developing The Better Bills Guideline Consultation Questions, August 2021, Page 1

Plan description

Powershop does not believe that this field is required and potentially duplicates with other field requirements. Requiring retailers to include standard plan descriptions on the bill does not necessarily assist a customer in understanding more complex plans in full. Powershop consider that this requirement does not provide customers with useful information for the comparison of other plans, offers or services provided.

Furthermore, more complex plans are unlikely to prove difficult to describe in a standardised template. Plans of this nature could include those related to Distributed Energy Resources (**DER**) or Virtual Power Plants (**VPP**). Implementing this requirement will drive confusion for customers and increase compliance risks and subsequent costs for retailers.

Retailers are already required to provide plan information to the Government's comparator website, Energy Made Easy (**EME**). Powershop consider that Energy Made Easy is still the most appropriate place for this information and for customers to compare across retail plans.

Better Offer

Powershop reiterates the confusion for customers that a "better offer" descriptor on a bill will cause and does not consider that the inclusion of a best offer is in line with the principles that underpin the development of the Guideline. Customer confusion, cost of implementation and challenges with continued innovation with this proposed requirement require the AER to justify its inclusion in the Guideline. In addition to this submission, Powershop are working with the Australian Energy Council to provide the AER further evidence to assist with the vital cost-benefit analysis that must take place in relation to this requirement.

Powershop repeats from our September submission that there is no evidence of benefits for customers that such a message is effective. Powershop urges the AER instead to encourage industry, advocates and customers to utilise the upcoming benefits of the Consumer Data Right program to reduce the barriers of information for comparing offers as well as utilising other tools such as the EME price comparator.

Jargon and technical terms

The guideline advises retailers that the use of jargon should not be applied. Powershop agrees with the sentiment however, without any strong guidance on the interpretation of what the AER categorises as jargon, one retailer to another retailer is likely to use terms that differ to another retailer. The other key consideration to the interpretation of jargon must be to ensure that 'industry jargon' is separated from a retailer's specific product or service, many of which because of their unique attributes, will use descriptors not utilised by other retailers.

Depending on the type of product (e.g. VPP), technical terms are critical to explain how the product works and would need to be permitted under the guideline. Table 3 of the Regulatory Pricing Information Guideline (**RPIG**) outlines required terms, which are applicable to the majority of offers.

Powershop would support consistency with the prohibited terms in the RPIG. It is important to give retailers the flexibility to describe other more complex items in a way that they believe their customer base will understand. Powershop consider that this would strike a balance between ensuring consistency on basic terms, whilst allowing retailers to explain their offers clearly without risking compliance with the Guideline. Powershop encourages consultation on this item.

Design (paragraph 18)

Powershop does not support the design principle (paragraph 18). This principle critically limits the ability of an individual retailer to communicate as it believes it in a way(s) for their customers, to better understand their bill, based on the product or service. This principle is not helpful for customers or retailers.

Powershop also does not support any additional costs to deliver this principle (costs for customer testing and/or research). As a smaller retailer, costs such as this would be better utilised allowing us to further develop and innovate products and services for our customers and for competition within industry. Consumer testing and research is already performed by industry on a regular basis and by simplifying the bills as the Guideline intends, we see the need for this principle diminished significantly.

Application of Tier 1 / Tier 2 / Additional information

Powershop agrees with the principle of applying “Tier 1”, “Tier 2” and “Additional Information” onto a bill. However, we believe that greater flexibility to allow for innovation of a retailer’s product should be allowed by removing paragraph 23 of the draft guideline. For example, on Page 1 all the “Tier 1” information is present. However, there will be at times important product-based information (considered additional information) in the Guideline that may need to be present on page 1, for the benefit of the customer, not excluded. This also includes placing additional information ahead of prescribed “Tier 2” information that may not be as relevant to the customer.

This design principle should allow for products that do not fit neatly into a template. Where additional information is not accounted for in the new guideline, retailers must have flexibility to include this on page 1 where it makes sense to do so from a billing or customer perspective. DER and VPP are clear examples of the need for flexibility now and into the future. Powershop believe this opportunity will improve the information customers can receive as the energy transition progresses, bills should be flexible enough to transition accordingly.

Powershop believes to deliver on the key driver of simple bills for customers to understand, the guideline would be best served if the compliance requirements focus only on ensuring a retailer complies with ensuring that all Tier 1 information is evident on page 1 of a bill. The AER and industry have collectively agreed that this is the most important information a customer needs, to pay a bill. “Tier 2” information and “Additional Information” the customer requires can then be provided below “Tier 1” or on subsequent pages in any way the retailer sees fit.

Summary

Powershop believes it is evident that many of the draft design principles require more consultation with industry. Collectively, we need to thoroughly explore and address any unintended consequences that the Guidelines as currently drafted could introduce. Powershop appreciates the engagement the AER has undertaken on this regulatory change to date and is interested in continued consultation on the Better Bills Guideline.

If you have any queries or would like to discuss any aspect of this submission, please do not hesitate to contact me.

Yours sincerely,



James Ell
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Powershop Australia Pty Ltd