



**EnergyAustralia**

LIGHT THE WAY

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### **AER Retail Guideline review – Draft Guidelines**

EnergyAustralia is one of Australia's largest energy companies with around 2.4 million electricity and gas accounts across eastern Australia. We also own, operate, and contract a diversified energy generation portfolio across Australia, including coal, gas, battery storage, demand response, wind and solar assets, with control of over 5,000MW of generation capacity.

EnergyAustralia appreciates the opportunity to provide a submission to the Draft AER (Retail Law) Performance Reporting Procedures and Guidelines ('Draft Guidelines'). We appreciate the AER's responsiveness to stakeholder feedback by eliminating regional/postcode data and monthly reporting. However, the requirements for reporting distribution network data and quarterly reporting for specific indicators - along with the other changes will still be a significant undertaking. We question whether the AER has struck the right balance between seeking greater insight in new reporting metrics with the reporting complexity, burden, and cost of doing so. As regulatory costs are ultimately borne by consumers, the timing of new requirements could be further considered as the cost of living remains a concern. In our view, greater consideration of the changes proposed in the Draft Guidelines is required and there is scope to strike a better balance.

Our submission focuses on key areas where the Draft Guidelines could be improved to achieve a better balance between information gathering and practicality. We have significant concerns regarding:

- **New billing complaint indicators (S3.6), which will require an overhaul of existing systems.** While we appreciate the desire for greater insight on customer billing complaints the current proposal is unworkable and will be costly and time consuming to implement. Even a simpler approach will be unfeasible as the exercise of collecting, categorising, and reporting new billing categories remains the same and will still require an overhaul of our systems, which are finely tuned and built for existing reporting. Extensive staff training will also be required. The proposed approach relies heavily on subjective interpretation when categorising complaints, introducing significant complexity and exposure to inconsistencies and regulatory risks. We firmly recommend that the AER explore alternative information sources, such as the Ombudsmen, instead of implementing these complaint indicators. Implementation of

these indicators will involve significant cost which ultimately will likely be passed on to customers, at a time when cost of living pressures are acute.

- **New customer contact indicators (S.3.5), which are too broad and requires revision.** We understand the AER's intention is not to capture all contact with retailers, rather to understand how customer interaction with retailers change overtime with technology compared to conventional phone interactions. The Draft Guidelines should better reflect this intent and explicitly exclude website visits and clicks as this does not align with the intent. There are also challenges in the reporting of 'retailer apps' and 'customer service website portals' as they operate from different sources. We will need to work through these issues and implementation will require sufficient time.
- **Implementation timing of 1 January 2025 poses significant delivery challenges.** Even with revisions to the Draft Guidelines we note in this submission, preparation for this reporting will require significant resources and time to deliver. Given the final instrument publication is set for May 2024 and testing for late 2024, a 1 January 2025 start date (7 months) is not feasible. A more realistic implementation date of 1 July 2025 would provide a more reasonable time for retailers to prepare. Any delay in the final guideline publication requires a corresponding extension of the implementation date.
- **More time to submit reporting is needed:** In addition to a delayed implementation date of 1 July 2025, we consider further time to submit reporting is required. The current proposal does not account for lengthier internal review processes due to the extensive changes in the Draft Guidelines. We consider an additional month for each data submission would provide a more manageable time frame.

Further, we have other concerns or questions with revisions in the Draft Guideline related to:

- New indicators: Embedded networks, life support customers and customers affected by family violence (schedule 6).
- Types of Tariffs for electricity customers (S2.8). Tariff meter definitions are ambiguous and require further clarity.
- Number of small customers with an energy bill debt (S3.17). We have a strong preference to maintain our existing logic, meaning slightly different transition points for debt ranges.

Our full submission discusses the above areas of the Draft Guideline in turn and is set out in the **Attachment**. Our submission is informed by discussion from the technical working groups sessions and one-on-one sessions held online by the AER on 5, 6, and 14 March 2025, as well as our consideration of the Draft Guidelines. All references to indicator numbers in our submission refer to those in the Draft Guidelines and not the indicator numbers used in the current guideline.

If you have any questions in relation to our submission, please contact me (maria.ducusin@energyaustralia.com.au or 03 9060 0934).

Regards,  
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## 1. New billing complaint indicators requires an overhaul of existing systems

### S3.6. Complaints-billing indicator in the Draft Guideline shows:

Retailers are required to submit the total number of complaints made during the reporting period about billing for each of the followingby:

- a) residential customers
  - i. prices (including high bills)
  - ii. overcharging (including incorrect meter readings)
  - iii. billing errors (including estimated reads problems)
  - iv. payment terms and methods
  - v. failure to receive government rebates or an energy concession

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- vi. failure to provide advance notice of changes to price and benefits
- vii. debt recovery practices
- viii. imminent and actual disconnection
- ix. other billing complaint (not specified).
- b) small business customers-
  - i. prices (including high bills)
  - ii. overcharging (including incorrect meter readings)
  - iii. billing errors (including estimated reads problems)
  - iv. payment terms and methods
  - v. failure to receive government rebates or an energy concession
  - vi. failure to provide advance notice of changes to price and benefits
  - vii. debt recovery practices
  - viii. imminent and actual disconnection
  - ix. other billing complaint (not specified).

For the purposes of this indicator data for each jurisdiction can be reported under a single 'energy'

Information on customer complaints comes from our billing systems and front house agents as well as our formal complaints processes and systems. These systems are built, mapped to, and optimised for existing reporting. Requiring reporting of new billing complaints metrics in S3.6 - in addition to the 10 existing complaints metrics will demand:

- An overhaul of our billing and complaints systems, which will be complex, costly and time consuming.
- significant and extensive staff training for front house agents/call centre staff and complaints staff.

In exploring possible compromises, even a simpler pared-back approach of reducing the number of indicators and categorising complaints thematically will be unfeasible to deliver. The reason for this is because the implementation of collecting, categorising, and the reporting of new billing complaints (even a reduced number) will still require the exercise of extensive changes to our current processes and systems. These systems are already optimised for current reporting requirements. It is the adding of new categories that creates the challenge because it will mean building and mapping against our existing already complex processes and systems for front house agents and formal complaints staff.

There is currently no commercial case to overhaul our current systems and processes, and further to the delivery challenges with implementing S3.6, there are concerns that:

- The S3.6 metric will not provide the insight the AER expects as agents and retailers cannot accurately and consistently report these categories. The proposed system relies heavily on subjective interpretation when categorising complaints, even with training, S3.6 introduces significant complexity and exposure to inconsistencies. With this added complexity also comes the exposure to regulatory risk.
- The added complexity of reporting could lead to worse customer outcomes. Front house staff focus on providing good customer service and are not thinking about how they should categorise complaints for regulatory reporting. This added complexity runs the risk the quality of customer service drops or detracts from resolving customer issues in pursuit of trying to accurately report the reason for the billing complaint.
- Where there are perceived concerns that reporting may have compliance and enforcement implications it is possible the proposed structure may incentivise misreporting (for example reporting 'overcharging'). We understand this is not the intention as AER staff confirmed in its technical workshop.

There are also outstanding questions related to S3.6:

- It is unclear in the Draft Guidelines whether S3.6 is intended to cover multiple complaints. If a customer complaint relates to multiple reasons would this be 2 complaints even if it relates to just one customer?
- If the intention is to cover the primary reason for the complaint by the customer– is there a priority order to these categories? For example, is the AER interested in understanding complaints about high bills above other complaints? We expect that there is no priority order, and that the AER is interested in gaining more insights on the nature of billing complaints.

Overall, we consider S3.6 is not currently workable. We will be unable to report on S3.6 without overhauling our current systems and processes and implementation will require extensive staff training. Both activities will be expensive and take a significant amount of time to undertake (we anticipate years, not months).

Gaining greater understanding on the nature of billing complaints from existing sources such as complaints data from the Ombudsman may be valuable. Should concerning patterns emerge, the AER could then explore the merits of a separate, targeted data collection effort that minimises retailer burden. Given current cost-of-living concerns and a fiercely competitive retail landscape, changes to these indicators should be re-considered entirely. If the AER were to continue with them, the timing of this option needs careful consideration.

## 2. New customer contact indicators need to be revised to align with intent

S3.5. Total number of customer contacts made through the retailer's customer service website portal in the Draft Guideline shows:

Retailers are required to submit the total number of contacts made by customers through the retailer's customer service website portal during the reporting period for all participating jurisdictions, customer categories and fuel types.

For the purposes of this indicator:

- A retailer's customer service website portal includes any digital channels of engagement utilised by the customer to contact their retailer such as retailer apps, online chat, and websites. This does not extend to customer interactions with the retailer via third party social media services.
- National data can be reported under a single 'energy' category.
- Where one retail group holds a number of individual national retailer authorisations, separate reporting is not required.
- Regulated entities with only large customers and no IVR telephone system in place are not obliged to report on this indicator.

From the AER's technical workshop, we understand the AER's intention for S3.5 above is not to capture all contact with retailers, rather to understand how customer interaction with retailers change overtime with technology compared to conventional customer phone interactions. Revisions are required to S3.5 to better reflect this intention.

We consider there needs to be explicit exclusion of:

- Website site visits and clicks. In our view these metrics do not represent genuine customer contacts and will inflate the data unnecessarily.
- Customer interactions that span across different mediums. For example contacts that start via a phone call and then continue via online chats. There are technical challenges with this reporting, and it is technically impossible for us to track as there is no unique ID shared across these mediums.

Further, S3.5 requires clarity on definitions and practical application related to:

- **Customer Contact:** What constitutes a 'customer contact' under this metric? Should it encompass basic interactions like logging into an account, or should it focus on specific service requests and inquiries? A customer's engagement might span multiple days - are repeated attempts by a single customer to chat online on one issue considered multiple 'contacts' or one?

The data required for reporting contacts from 'retailer apps' and 'customer service website portals' operate from different technical sources. This poses serious challenges to new development work that we will still need to work through and will require sufficient time to implement.

## 3. A later implementation date of 1 July 2025 is required

Notwithstanding any revisions or clarifications to the Draft Guidelines that we note in our submission, the quantum of changes and the number of new indicators in the Draft Guidelines means preparation for this reporting will require significant resources and time to deliver.

Key reasons for this include:

- The extensive scope in changes to the Draft Guidelines – such as reporting distribution zone granularity and the new reporting requirements requires significant development of systems. Data required for reporting comes from many different sources, which poses challenges that the business will still need to work through.
- Reporting of the Draft Guidelines will involve contributions and input from many different parts of the business. We will need to resource dedicated staff for implementation of this new reporting.
- The necessary expertise required. It is not simply a matter of administrative resources. The changes reflected in the Draft Guidelines involves contributions from key personnel with the required expertise - there is no substitute for this expertise. We anticipate key personnel from different business areas will need to provide input into how to prepare this reporting and review.
- The added complexity of reporting, level of precision of the response as well as internal review and sign off will require more time. A consensus approach will take time as multiple business units may be required. This is made even more challenging as the Draft Guidelines includes new 'never before collected' information.
- Competing business priorities. Our existing reporting team will need to balance the demands of this new reporting initiative with core business activities which will be challenging.

For these reasons, we consider that 1 January 2025 (7 months) is not an achievable implementation date where the final instrument is published May 2024 and testing is set for late 2024. To meet a timeframe of 1 January 2025, we would have to begin the system changes prior to the final Guideline release, which is unreasonable. We consider an implementation date of 1 July 2025 would reflect a more reasonable time to prepare for this reporting. Any delays in the final guideline publication of May requires a corresponding change to the implementation date.

By way of comparison, in other jurisdictions (Victoria), the ESC provided an implementation timeframe was around 9 months for changes to their performance reporting guideline. These changes were arguably clearer and non-contentious and were also approximately half the scope of the AER's Draft Guidelines.

**Submission periods need to be extended to reflect lengthier review processes**

In addition to a delayed implementation date of 1 July 2025, we consider further time to submit reporting is required. The current proposal does not account for lengthier internal review processes due to the extensive changes in the Draft Guidelines. We consider an additional month for data submission each quarter would provide a more manageable time frame.

## 4. Further consideration on the new indicators is required

### 4.1. Embedded networks

S6.1. Number of electricity customers in embedded networks in the Draft Guideline shows:

Retailers are required to submit the total number of customers in embedded networks, as at the last calendar day of the reporting period for each of the following:

- a) residential customers on a
- i. on market retail contract
  - ii. off market retail contract
  - iii. energy only retail contract

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- b) small business customers on a
- i. on market retail contract
  - ii. off market retail contract
  - iii. energy only retail contract

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- c) large customers on a
- i. on market retail contract
  - ii. off market retail contract
  - iii. energy only retail contract.

For the purposes of this indicator, retailers are required to provide embedded network data if there is a contractual arrangement with the gate (parent) meter and the customer at the child meter.

We suggest that the AER remove the following sentence from all the embedded network indicators: 'For the purposes of this indicator, retailers are required to provide embedded network data if there is a contractual arrangement with the gate (parent) meter and the customer at the child meter'.

We understand that the AER is seeking reporting on all child NMIs in embedded networks regardless of what contractual arrangements there are at the gate meter. The above sentence, if anything, will exclude child meters from AER reporting and will likely cause confusion.

To provide clarity that the AER is only interested in reporting on child meter customers, and not gate meter customers, the AER could revise the definitions along the lines of the bold text:

- Off market contract: means a contract between an authorised retailer or exempt seller and a customer in an embedded network for electricity supplied through a **child** meter.
- On market contract: means a contract between an authorised retailer and a customer for the supply of electricity through a customer's meter that is registered in the wholesale market settlement and transfer system (MSATS) which system is operated by the market operator, AEMO. **For the avoidance of doubt, meter refers to a child meter within an embedded network.**

As confirmed with AER staff, we understand that reporting embedded network customer numbers for S6.1 is a subset of total customers reported in S2.1 and S2.2.

## 4.2 Life support customers

In our previous submission we advocated for life support indicators to be sought from distributors. We encourage the AER to reconsider this as an option to help alleviate the cumulative burden to retailers of implementing the changes in the Draft Guidelines including the reporting of new indicators.

## 4.3 Customers affected by family violence

We support the AER's decision to not collect data on customers 'no longer affected by family violence' as this has obvious operational problems: customers are unlikely to offer this personal and sensitive detail to retailers voluntarily and it is not appropriate for retailers to prompt.

Family violence indicators S6.12 to 6.15. in the Draft Guideline shows:

### Information and data required

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Retailers are required to submit the total number of customers identified as affected customers in the retailer's system, as at last calendar day of the reporting period.

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Retailers are required to submit the number of customers identified as affected customers that were added to the retailer's system during the reporting period.

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Retailers are required to submit the total number of customers identified as affected customers (excluding hardship program customers) that are on a payment plan as at the last calendar day of the reporting period for:

a) Electricity

b) Gas.

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Retailers are required to submit the total number of customers identified as affected customers on a retailer's hardship program as at the last calendar day of the reporting period for:

a) Electricity hardship program customers

b) Gas hardship program customers.

As raised in one of the AER's technical working group sessions, there are limitations to reporting the above indicators that the AER should understand:

- Our focus is ensuring affected customers are flagged and have access to the support they need. However our process and systems are limited to just that, we are unable to provide commentary on potential increases or decreases in reported numbers.

There is a possibility that these metrics may be overstated where retailers flag affected customers and these flags are not removed.



## 5. Further consideration of the tariff and meter type definitions is needed

### Schedule 1: Glossary with new definitions in the Draft Guideline shows:

Time of use tariff:	a time of use tariff means a multi-part tariff that is varied depending on when usage occurs.
Flexible tariff:	a flexible tariff means a tariff <a href="#">(other than a demand tariff)</a> that may include a <del>demand component</del> , time of use tariff, capacity component, or other non-flat tariff structure.
<a href="#">Demand tariff:</a>	<a href="#">a demand tariff means a way of charging for electricity that is based on either the customer's actual Maximum Demand or a contracted level of demand. Customers on a demand tariff may also pay a fixed charge and a charge based on energy consumption in addition to the demand charge. Maximum Demand has the same meaning given in the Electricity Rules.</a>
<a href="#">Two-way tariff:</a>	<a href="#">a primary or secondary tariff with charges and/or rebates for exporting electricity. It may also include time of use, flexible and/or demand components. A two-way tariff is separate to a feed-in tariff.</a>
Government feed-in tariff:	means a payment made to a customer by the relevant government for the solar energy generated and fed into the electricity grid. The tariff will vary depending on the state or territory the customer resides in. <a href="#">For the purposes of this Guideline, this includes distributor funded feed-in tariffs which are required under state legislation.</a>

As raised in one of the AER's workshop session, we consider further clarity is required for the definitions of:

- **Time of use tariff.** Does this specifically exclude demand tariffs? We expect it would so to avoid double counting time of use and demand tariffs (such as Ausgrid's current EA116 tariff and both Endeavour's proposed N73 or Evo's proposed 023 tariff). Tariffs that have time of use 'buckets' but have aligned prices (such as Ausgrid's EA116 tariff) – are these considered time of use tariffs? Is the determining factor that usage is split in 'buckets' (even if the charging rate is the same) or must it have different charging rates to be considered time of use? We consider the defining factor should be the existence of time of use buckets. This is because a retailer may introduce differentiated pricing within these buckets later. The potential change in rates should not lead to a reclassification of tariff as this could lead to major shifts to the counts in a particular indicator.
- **Flexible tariff.** Is this definition and category now necessary? We consider that the capacity components are adequately covered in the proposed demand tariff definition and could be removed from the flexible tariff definition.
- **Two-way tariff.** The proposed definition captures tariffs that can be primary or secondary if it has a charge or rebate for exporting. This definition may pose challenges for the treatment of the new Sun Soaker network tariff in Essential (BLNRSS2), which is planned to be implemented without the secondary tariff charges during FY25 and only having a charge in FY26. Would the Sun Soaker in FY25 not be considered a two-way tariff? Under the new definition we would presume the Sun Soaker in FY25 would not be a two-way tariff, but it will become this in FY26.
- The definition is explicit about the two-way, which means charges and or rebates, but this raises questions and ambiguities as all feed in tariffs (FITs) could be considered 'rebates'. Does 'charges and/or rebates' mean charges with optional rebates? Meaning any retailer FIT which includes a charge component? This may tie into the retailer offering of time of use FIT as these FITs may have a lower rebate in the daytime to cater for the two-way charge but a higher rebate in the evening to cater for the two-way rebate. Perhaps this definition needs to be modified to reflect 'non-flat' FITs instead of strict definition of FITs 'with charges'?

Overall, we consider these definitions need to be revised to be fit for purpose to address ambiguity and overlap. Without changes, reporting of s2.8 runs the risk of not being

comparable across retailers as each retailer interpret this reporting differently, reducing the accuracy and value of the metric.

Notwithstanding the need to address the ambiguities in the above definitions required for reporting S2.8, the increased granularity for indicator S2.8 at a distribution level adds further complexity to reporting. Current reporting of tariff types captures 4 metrics compared to the Draft Guidelines proposing to capture 22 metrics for meter types under S2.8. We appreciate the value in this reporting to the AER, but the added complexity among all the other changes reflected in the Draft Guidelines provides further credence to requiring a longer period for implementation and extension for submitting reports.

## 6. Proposed refinements to debt indicators

S3.17. Number of small customers with an energy bill debt in the Draft Guideline shows:

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Retailers are required to submit the total number of customers ~~with~~repaying an energy bill debt as at the last calendar day of the reporting period for each of the following by:

a) residential electricity customers (excluding hardship program customers):

- i. which has been outstanding for at least 30 calendar days but less than 60 calendar days
- ii. which has been outstanding for at least 60 calendar days but less than 90 calendar days
- iii. which has been outstanding for at least 90 calendar days or greater

b) residential gas customers (excluding hardship program customers):

- i. which has been outstanding for at least 30 calendar days but less than 60 calendar days
- ii. which has been outstanding for at least 60 calendar days but less than 90 calendar days
- iii. which has been outstanding for at least 90 calendar days or greater

c) small business electricity customers:

- i. which has been outstanding for at least 30 calendar days but less than 60 calendar days
- ii. which has been outstanding for at least 60 calendar days but less than 90 calendar days
- iii. which has been outstanding for at least 90 calendar days or greater

d) small business gas customers:

- i. which has been outstanding for at least 30 calendar days but less than 60 calendar days
- ii. which has been outstanding for at least 60 calendar days but less than 90 calendar days
- iii. which has been outstanding for at least 90 calendar days or greater.

~~a) residential customers (excluding hardship program customers)~~

~~b) small business customers.~~

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From the AER's technical workshop, we understand the AER's intention for 3.17 is to:

- Capture customers 'with' debt which is an intentional change from just capturing customers 'repaying' debt. We do not anticipate any concerns with this revised approach, and just note that customers 'repaying' debt is a subset of the larger group of customers 'with' debt, so the reported metric is expected to be higher.
- Report on more debt ranges. As raised in one of the AER's workshop session, we have a strong preference to maintain our existing logic build which will require slightly different transition points to that proposed. Currently the debt ranges are for: 30 to 59, 60 to 89, and 90+. To use our existing logic, we prefer the debt range be for: 31 to 60, 61 to 90, and 91+, which would save time on development work and cost.

Debt indicators are now being reported on a more granular distribution zone level for electricity – which materially increases the number of required reporting fields. These changes will require further scrutiny and review before submission – underpinning the need for more time for implementation and reporting.

**Other points we would like to submit:**

- For some indicators in the Draft Guideline the AER will not have a full year's view for its annual report. This is an obvious consequence following changes to its reporting guideline. We expect the AER will not require retrospective reporting based on new requirements in the Draft Guideline to capture the full year, which will be overly onerous to deliver. We understand the AER accepts this as this expectation aligns with the views expressed by AER staff in its technical working group session on 5 March 2025.
- On 'Buy now pay later services' we understand the Government will be introducing legislation to regulate this area and question how this would interact with AER functions and reporting. We understand the general concern driving the need for legislation is the lack of proper affordability checking for consumers when they take up these services. It may be worth the AER considering this interaction as the policy develops.