

1 October 2024

Dear Retailer

Better Bills Guideline compliance review – key findings and industry guidance

The Australian Energy Regulator's (AER) [Better Bills Guideline \(Version 2\)](#) (**Guideline**) was published on 30 January 2023. It provides guidance for retailers on preparing and issuing bills to help small customers understand and pay for their energy usage. Retailers are required to comply with the Guideline in accordance with rule 25(1) of the National Energy Retail Rules (**Retail Rules**), a tier 3 civil penalty provision.

Since full implementation of the Guideline on 30 September 2023, we have carried out a range of compliance activities, notably:

- a compliance assessment of post-implementation bill templates for all retailers,
- assessing self-reported breaches from retailers concerning contraventions of the Guideline,¹
- regular engagement with retailers to discuss various Guideline queries, and
- ongoing monitoring of key intelligence sources such as energy Ombudsmen, consumer intermediaries and small customers.

Through this work, we observed that many retailers were non-compliant with aspects of the Guideline, including with the implementation of the Better Offer message. There were also systemic issues with retailers failing to include information required by the Guideline, or including information not required by the Guideline among Tier 1 or Tier 2 information.

Please see **Attachment A** which sets out our key findings and guidance from these compliance activities.

Next steps

We request you to review your small customer bill templates against the Guideline and the guidance at Attachment A and update them if necessary to ensure they are compliant. Where you discover potential contraventions, please report these to the AER in accordance with the existing self-reporting framework. Further, we expect you to establish processes for the ongoing review and improvement of your small customer bill templates to ensure any learnings or ideas of good practice are taken into account over time.

Compliance with the Guideline will continue to be a focus area for the AER in 2024-2025 under the AER's [Compliance and Enforcement Priority 2](#), particularly in relation to the Better Offer message. Having an accurate Better Offer message on small customer bills is critical, particularly given the ongoing cost of living concerns. We will be monitoring compliance with this requirement closely and may conduct proactive work later this financial year to review the calculations underlying retailer Better Offer messages.

¹ Rule 25 of the Retail Rules is a half-yearly reportable obligation under the AER's [Compliance Procedures and Guidelines \(Version 6\)](#) which is currently in effect. Under [Version 7](#) of the Guideline, which comes into effect on 1 April 2025, rule 25 will be reportable half-yearly and will also be covered by the new material breach reporting framework.

In the initial stages of the Guideline implementation, we adopted an educative approach to compliance. However, given retailers are now aware of our compliance expectations, where continued non-compliance is identified, the AER will consider further investigation and possible enforcement action in accordance with our [Compliance and Enforcement Policy](#).

Should you wish to discuss any of the above or have concerns about compliance with the Guideline, please contact us at retailcompliance@aer.gov.au.

Kind regards,

Rowena Park
General Manager
Compliance & Enforcement

Attachment A – Key Better Bills Guideline Compliance Issues

Issue 1 – Incorrect implementation of the Better Offer message

Guideline Section	Key findings and AER expectations
<ul style="list-style-type: none"> Section 40(j) states that a deemed better offer message is Tier 1 information (Better Offer message). The wording of the Better Offer message is set out at sections 62 and 63 of the Guideline. 	<p>Findings: Some retailers failed to correctly include the Better Offer message, either by omitting part of the prescribed wording, or including different wording from that prescribed in the Guideline.</p>
	<p>Expectations: Retailers must ensure the Better Offer message uses the prescribed wording in accordance with the Guideline.</p>
<ul style="list-style-type: none"> Sections 60 and 61 of the Guideline require retailers to have the Better Offer message adjacent to, and no less prominently than, the amount due in Tier 1. 	<p>Findings: Some retailers did not abide by this requirement, displaying the Better Offer message in a less prominent font size or position than the amount due.</p>
	<p>Expectations: Retailers must ensure the Better Offer message is clearly noticeable and not lost on the page. Retailers should select a font size, position and presentation of this message that will adequately highlight it as a key feature of Tier 1 information.</p>
<ul style="list-style-type: none"> Sections 46 to 51 of the Guideline set out how retailers should carry out the Better Offer check. Section 8 of the Guideline provides definitions of key metrics for the Better Offer calculation. 	<p>Findings: Some retailers have self-reported miscalculating the Better Offer for some small customers by not including all the required factors in the calculation.</p>
	<p>Expectations: We recommend retailers implement quality assurance measures to ensure their calculations are accurate. This could include conducting regular audits of the code underlying the calculation and stress-testing calculations under a wide range of scenarios.</p>

Issue 2 – Missing or extra information

Guideline Section	Key findings and AER expectations
<ul style="list-style-type: none"> Sections 22 to 45 of the Guideline set out requirements relating to the tiered presentation of billing information. Section 40 and 41 sets out the Tier 1 and Tier 2 information, respectively. 	<p>Findings: The following required Tier 1 or Tier 2 information was commonly missing from bills:</p> <ul style="list-style-type: none"> a link to the Energy Made Easy website (Tier 1 information), the government energy rebate message (Tier 1 information), and a statement of whether the bill is based on metering data or an estimation of the customer’s consumption of energy (Tier 2 information). Retailers have also self-reported non-compliance in relation to misstating whether a bill was based on an actual or estimated read. <p>Expectations: Retailers must ensure that all prescribed Tier 1 and Tier 2 information is included on their bills in a manner consistent with the Guideline.</p>
<ul style="list-style-type: none"> In accordance with sections 24 and 25, Tier 1 information must appear on the first page of a paginated bill or at the beginning of an unpaginated bill, and no other information may be included among Tier 1 information. 	<p>Findings: The following information was commonly incorrectly included among Tier 1 information on retailer bills:</p> <ul style="list-style-type: none"> Retailer or distributor operating hours and/or email addresses, and ‘disclaimers’ associated with the Better Offer message. <p>Expectations: Retailers must ensure that only the prescribed information is included among Tier 1 information.</p>

<ul style="list-style-type: none"> Section 26 of the Guideline states that Tier 2 information must be included on a bill, but not on the first page of a paginated bill, or ahead of Tier 1 information on an unpaginated bill. 	<p>Findings: The following information was commonly incorrectly included among Tier 2 information on retailer bills:</p> <ul style="list-style-type: none"> household usage comparisons, greenhouse gas emissions, information about moving house and energy efficiency tips, and detailed metering information (meter number, next/historic meter read dates). <p>Expectations: Retailers must ensure that only the prescribed information is included among Tier 2 information.</p>
<ul style="list-style-type: none"> In accordance with section 27 of the Guideline, additional information can be included on a small customer’s bill, but only after Tier 1 and Tier 2 information. 	<p>Findings: Retailers commonly included additional information within, rather than after, Tier 1 and Tier 2 information.</p> <p>Expectations: We interpret the appropriate placement for additional information to be a position where it is expected to be read after all Tier 2 information. For example:</p> <ul style="list-style-type: none"> below all Tier 2 information on the page, or directly to the right of the last piece of Tier 2 information. <p>A common scenario in retailer bills is displaying greenhouse gas emissions, which is not Tier 2 information, as an overlay in an energy usage graph at the bottom of Tier 2 (see AER example bill for reference). We consider the placement of the graph and reduced prominence of the greenhouse gas overlay is consistent with the tiering requirements.</p>

Issue 3 – Amount Due and Due Date

Guideline Section

Key findings and AER expectations

- Section 40(b) of the Guideline sets out that the amount due and due date are Tier 1 information.

Findings: Some retailer bills did not clearly present the amount due and due date, which could affect a customer’s ability to determine what is owed and increase the risk of mis-payment.

Expectations: The amount due is a representation of what the customer is required to pay, by a corresponding due date. It is critical that retailers present this information in a way that is easy for customers to understand.

Retailers can include multiple amounts due and/or due dates. For example, an overdue amount carried forward from a previous bill with one due date and new charges with a different due date.

Further, where a customer has a payment arrangement in place with the retailer (for example bill smoothing or a payment plan), retailers should account for this in their presentation of amount due and due date to avoid customer confusion. In this scenario, the due date would be when the next payment instalment is due and we consider it good practice for the retailer to display the customer’s:

- account balance (i.e. the balance corresponding to the final amount calculated in the ‘understand your bill’ section), and
- next instalment amount.

Explanatory information about a customer’s bill smoothing, payment plan or direct debit arrangement can be included in the direct vicinity of the amount due and due date as this is payment methods information which is Tier 1 information under section 40(d) of the Guideline.

Issue 4 – incorrect implementation of ‘understand your bill’ section

Guideline Section	Key findings and AER expectations
<ul style="list-style-type: none"> Section 41(c) of the Guideline states that a breakdown of how the amount due was calculated (the understand your bill section) is Tier 2 information. 	<p>Findings: Our evaluation and subsequent compliance activities have identified several issues with the understand your bill section, including:</p> <ul style="list-style-type: none"> using incorrect metrics, such as including rates/tariffs, charges or credits in cents, rather than the required dollar figures, or not specifying kWh as required, and not including small customer credits or exports in Tier 2 information as required, but rather including this as additional information.
	<p>Expectations: The understand your bill section is designed to help small customers understand how the Tier 1 amount due was calculated.</p> <p>Retailers only need to include the information listed in section 41(c) of the Guideline <u>where applicable</u>. If the information is not relevant to a particular small customer, it should not be included on that small customer’s bill. For example, retailers are not required to include previous and current meter readings on the bill where a customer has a Type 4/4A (interval/smart) meter as this is not relevant information for those meter types.</p> <p>Retailers should include in the understand your bill section, all information that is relevant to the calculation of the amount due in Tier 1. For example, any balance brought forward or payment received in relation to the previous bill. This will minimise customer confusion as the amount calculated in the understand your bill section will correlate to the amount due in Tier 1.</p>

Issue 5 – General / Design Principles

Guideline Section

Key findings and AER expectations

- Retailers must abide by the design principles set out in sections 12 to 20 of the Guideline. These principles must be applied holistically when producing bills.

Findings: Our evaluation identified some bills which may not abide by these principles, particularly due to:

- repetitious or unnecessary information, including unrequired text and graphics, duplicative information or lengthy additional information sections,
- formatting choices detracting from ease of understanding, including the use of background art, small font sizes and a lack of headings, and
- not giving priority to the most important information, notably around the prominence of the amount due and Better Offer message through inappropriate colour and sizing.

Expectations: Retailers must ensure their bill design choices are consistent with these consumer-tested principles.