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2 May 2023

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AER Better Bills Guideline – Bill relief rebate message

AGL Energy (AGL) thanks the Australian Energy Regulator (AER) for the opportunity to comment on the Better Bills Guideline (BBG) – Bill relief rebate message proposal.

As one of Australia's largest energy-led multi-service retailers, providing over 4.3 million electricity, gas and telco services to residential, small, and large businesses, and wholesale customers, AGL has had the opportunity to be involved in bill relief rebate discussions with State Departments, Federal Government and Services Australia, particularly from a technical delivery perspective. We have participated in industry workshops, forums facilitated by the Australian Energy Council, and used direct channels to provide constructive and meaningful feedback on how to best operationalise the rebate to maximise customer experience, promote positive customer outcomes and minimise costs and complexity of implementation. These principles ensure energy consumers are not adversely impacted by higher than necessary costs and the energy bill relief payment provides maximum energy relief for recipients.

AGL believes earlier discussions between industry and AER staff (prior to the issuing of the AER's letter and proposed BBG bill rebate message requirements) could have assisted with the development of solutions for placement and wording of the bill rebate message, prospective timeframes for delivery and early identification of challenges and alternative solutions.

In this regard, AGL has a number of concerns with the proposed Section 37 decision for the reasons outlined below and which can be summarised as:

1. Impacts to AGL Resourcing & Interdependent Projects
2. Identification of eligible customers
3. Dynamic values and wording of the message

AGL supports the Australian Energy Council's (AEC) submission and discussion around the policy intent of the BBG and the role of Tier 1 information. In line with the AEC's response, we recommend that the AER does not mandate the bill rebate message as Tier 1 information but rather allow the current BBG approach that the bill rebate information appear on page 2 under S10(p) of the BBG, which the AER has already tested and agreed is the best placement for consumers to identify the different components of a bill. The AER has not provided any evidence as to why a decision it made just 12 months ago about where government rebate information should appear on a bill is no longer the best outcome for energy consumers.

1. Bill Relief Rebate Message Delivery Considerations & Alternative Solutions

AGL intends to opt-in early to complying with the BBG in May 2023, and we have started preparing our customers for the upcoming change. As AGL is still to determine the exact commencement date, we are yet to provide notice to the AER under Part 1 Section 5 of the BBG. We strongly believe that early compliance with the BBG will be in the best interests of our customers and allow them an opportunity to become familiar with the new bill format prior to the upcoming price change period. We want to minimise any negative consumer sentiment that price changes are directly linked to the new bill format, and we would like our customers to experience the new bill format prior to the new prices taking effect.

AGL also has a number of interdependent projects related to our bill uplift which are contingent on the successful deployment of AGL's new bill format. AGL's internal BBG implementation teams and our third-party delivery partners have expended substantial time and resources as well as a tremendous effort to operationalise the new format and bill updates for the benefit of our customers. AGL would be among the first energy retailers in the National Energy Customer Framework jurisdiction to adopt the BBG.

The outcome of the bill relief message as proposed by the AER, specifically, dynamic text requirements on the front page of the customer's bill, has a real potential to put AGL's project delivery at risk of not meeting critical milestones and compromising the delivery date. We encourage the AER to consider the appropriateness of other, more feasible solutions, ranked in order of what we believe will achieve the best outcome for the customer at the lowest possible cost:

1. The Energy Price Relief Plan bill relief rebate is displayed as a line item in the 'Understand your bill' section (where other similar information relating to concessions entitlements, rebates and government assistance was specifically designated to appear under the BBG to appear). This is the least cost, most customer friendly approach and AGL's preferred solution.

2. Given the short delivery timeframe, and retailers' good faith work with governments to date, the bill relief rebate message could be subject to a voluntary instrument such as a Statement of Expectations, rather than the BBG, which sets out that retailers are to use best endeavours to notify eligible customers of the application of the rebate to the bill.

3. A succinct front-page message for eligible customers, removing the dynamic bill rebate value noting that the rebate amount will appear as a line item in the 'Understand your bill' section. For example, "We have applied your bill relief rebate, funded by the Commonwealth and state governments under the Energy Price Relief Plan. See the *Understand your bill section*."

4. A succinct front-page message, removing the dynamic bill rebate value, for Healthcare Card, Pensioner's Card, and Department of Veteran Affairs customers (**Phase 1** customer cohort) which are registered as receiving concession entitlements and therefore known to retailers. We propose alternative methods for notifying Family Tax Benefit A & B, Carer's Allowance, Senior's Card recipients and other concession types over which retailers have no visibility (**Phase 2 & 3** customer cohort), SMEs and embedded networks. This could be in the form of separate SMS messages, email notifications and/or a landing page on the retailer's website. It may be preferential for Services

Australia to communicate the bill relief rebate information as it will be responsible for identifying, contacting, and obtaining consent from Phase 2 & 3 customers in the first instance.

2. Identification of eligible customers

While AGL is able to identify customers receiving state-recognised concession entitlements (Healthcare Card, Pensioner's Card, and Department of Veteran Affairs), provided that the recipient is registered within our billing and customer management system at the time of validation and rebate application, individual state jurisdictions are yet to confirm their own specific eligibility requirements. We anticipate that the most complex and operationally challenging process will be identifying Phase 2 & 3 customers receiving the Family Tax Benefit, Carer's Allowance, Senior's Card entitlements and other concession types over which retailers have no visibility.

The AER may be aware that Services Australia is currently working with industry to develop a viable solution for the identification and treatment of Phase 2 & 3 customers. Preliminary discussions indicate that this will be a partially manual process involving Services Australia contacting customers to capture consent to share the customer's details with their retailer, and then sending these details on in a data file. AGL would then validate this information and apply the rebate value as a manual adjustment to the customer's invoice.

Phase 2 & 3, SME and embedded network customers are not flagged within the billing and customer management system as receiving regular concession entitlements in the same manner as Phase 1 customers meaning that identification for the purposes of displaying the bill relief rebate message on their bills is extremely complex and would require significant IT development and changes to system logic to build a bespoke solution. Given the proposed 1 July 2023 commencement date for the bill relief rebate, this is would not be feasible even if AGL elected to adopt the BBG on the 30 September 2023 full commencement date.

Further, the above challenges are likely to be compounded by the individual method for rebate application used by each state. For example, as we understand, Queensland is likely to leverage its existing annual asset ownership dividend payment process to apply the bill relief rebate. Determining which of these customers are receiving the bill relief rebate and which are receiving only the annual dividend payment is problematic and leaves retailers with limited visibility, especially working at scale.

3. Dynamic values and wording of the message

The AER will be aware that states are yet to announce their total commitments and contributions to the bill relief package, as well as what the expected Federal Government contribution will be. While retailers are making some assumptions in preparation for the bill relief rebate program to commence, the mechanism through which the rebate will be applied at the individual state level is largely unknown, even for Phase 1 customers. Some states have also indicated that they may not have an operational scheme by 1 July 2023, which creates further uncertainty for industry. We urge the AER to work with State and Federal Departments, where possible, to expedite the delivery of this information to retailers to enable them to develop workable solutions to both the application of the bill relief rebate for eligible customers and the bill relief rebate message.

Additionally, the AER will be aware that the rebate values across Australia will vary by state and will also be different for residential and SME customers, resulting in additional data interdependencies that have to be correctly transposed from the billing and customer management system to the customer's invoice file. In this regard, the greater the number of variables, the greater the complexity and length of time it takes to create or configure the algorithm within our IT systems architecture.

These complexities, as well as those relating to customer identification and segmentation described above, could be partially overcome by adopting a static message which remains generic for all eligible customers.

Further, AGL considers that some customers may find the wording "Your electricity bill has been *reduced by your eligibility for a $x rebate*" confusing and not sufficiently clear, especially if their overall bill is higher year on year as part of the cost comparison section of the bill. We recommend that the AER adopt one of the alternative messages put forward in this response.

If you would like to discuss any aspect of AGL's submission, please contact [redacted] at [redacted].

Yours sincerely,

[redacted]

Con Hristodoulidis

Senior Manager Regulatory Strategy

AGL Energy