COTA
For older Australians

Submission to the Australian Energy Regulator

Draft Better Bills Guideline

Prepared by COTA Australia

January 2022

About COTA Australia

COTA Australia is the national consumer peak body for older Australians. Through its own networks and those of the State and Territory Councils on the Ageing (COTAs) around Australia we represent more than 1,000 seniors' organisation members – which jointly represent over 500,000 older Australians – and over 45,000 individual members and supporters.

COTA Australia's focus is on national policy issues from the perspective of all older Australians as citizens and consumers and we seek to promote, improve and protect the circumstances and wellbeing of older people in Australia. Information about, and the views of, our constituents and members are gathered through a wide variety of consultative and engagement mechanisms and processes.

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Introduction

COTA Australia, in collaboration with its Energy Advocates, is pleased to provide comment on the Australian Energy Regulator's (AER) Draft Better Bills Guideline consultation paper dated 21 December 2021.

As is well known, but made more abundantly clear throughout the pandemic, having an affordable and reliable electricity and/or gas supply is fundamental to individuals' and families' health, wellbeing and connectedness. For many older energy customers, particularly those on low fixed incomes, affordability is an ever-present concern.

COTA Australia, the national consumer peak body for older Australians, strongly supports the intent of the Draft Guideline which follows from the Australian Energy Market Commission's rule change to make bills simpler and easier to understand. As consistently conveyed through our representation on the AER's Consumer Consultative Group and the National Energy Consumer Roundtable, as well as in previous submissions, COTA Australia advocates for responsible, codesigned strategies focused on:

A. making energy more affordable
B. ensuring an eco-friendly and sustainable energy supply
C. strengthening small customers' energy literacy and capacity for increased choice and control within the energy marketplace.

Purpose

The purpose of the Guideline (as conveyed on page 2) is fully supported by COTA Australia. As well as aligning with our values, like the AER, we understand it complements contemporary, good business practice principles. Investing in its achievement is highly likely to ensure beneficial outcomes for all energy stakeholders – especially small customers and retailers.

Design principles and content of bills

COTA Australia believes the Draft Guideline's design principles (as presented in Part 3) would establish the following welcomed business requirements for energy retailers' billing of small customers:

1. Customer friendly language
2. Hierarchy of information for customers
3. Enhanced bill layout structure reflecting the hierarchy
4. Advice on and direction to concessions which are available
5. Notification of the Energy Made Easy site.
6. A clear format for charge estimation
7. Comparison of bills in time series (numerical and graphic)
8. Contact details to facilitate customers' engagement/exercise of their rights
9. Recognition of the requirements of Culturally and Linguistically Diverse and disadvantaged groups.

10. Provision of a plan summary
11. Identification of a 'better offer'

In COTA Australia's view, these requirements respond to many of the billing concerns we have raised previously on behalf of older people and their families. Like other peak consumer organisations, we believe if these requirements were to be implemented in line with the Guideline's purpose, the outcome would go a good way to providing small energy customers with readily understandable billing information. The outcome of which would positively enhance small customers' trust and confidence in their retailer and the energy market.

However, we would like to stress the critical importance to all energy stakeholders of the AER fully embracing its power to monitor, investigate, enforce and report on any legislative noncompliance (as per the pertinent legislation identified in the Draft Guideline), including, from 4 August 2022, the Better Bills Guideline.

Presentation of billing content (transitional requirements)

COTA Australia endorses the Draft Guideline's two-tiered approach to presenting billing information. Although we would appreciate any additional information a retailer may wish to include being clearly identified as separate from the billing information. In our consultations, older people often tell us they can become confused or disinterested when providers place a premium on sharing promotional events etc. From the customer's perspective, the principal focus must be **on what affects them**. Therefore, we believe additional information (including, events/best deals from non-energy market partners etc.) should be forwarded in a separate email or as a clearly identified attachment to the billing details.

COTA Australia's improvement suggestions specific to Tiers 1 and 2 information

Tier 1 additions

a) The total amount payable – specify currency type (AUD) and whether the amount is GST inclusive.
b) Telephone numbers - specify the days/times when each of the numbers is available. For example: enquiries, complaints and relevant ombudsman
c) Telephone number for EnergyMadeEasy – include, plus specify days/times when number is available to facilitate enquiries from people who are not online or uncomfortable using the online service.
d) Identification of a customer's meter type – include as use of EnergyMadeEasy requires a customer to identify whether they have a smart meter. Plus, identification of a premise's meter type would encourage further uptake of EnergyMadeEasy.

e) Telephone number for fault enquiries/emergencies – clarify whether this 24-hour number is available each day of the year.

f) Interpreter services contact details – include, plus days/times when services can be contacted

g) Hearing/speech impairment services contact details – include, plus days/times when services can be contacted

h) Identify and specify expiry dates of any active benefits

i) In relation to the existing plan, present any tariff or fixed supply charges which have increased during current reporting period

Tier 2 additions

j) Feed-in tariff amount – include

k) Rebates, concessions grants – identify as appropriate, each amount, along with the applicable provider, separately

Overarching improvement suggestions

l) Everywhere EnergyMadeEasy is mentioned, we recommend the phone number is also provided.

m) Although we appreciate the move is to a more consistent billing approach, we know older people's preference would be for the AER to endorse a **prescriptive bill template** – one with a standardised naming convention, layout, graphical formats etc. For small customers, such a change would transform their involvement with the energy sector. Through facilitating congruence across retailers, it would foster small customers' increased direct energy market engagement and support more prudent comparison and evaluation of retailers' offers. Plus, we contend, it would strengthen their confidence in the energy market and in the outcomes of switching energy plans.

Our consultations highlight older people, in addition to value for money, prize marketplace consistency and predictability.

n) We contend that small customer billing information (bills):

- in **font size and contrast of information** should complement current accessibility guidelines. We suggest as a minimum, 12-point font, and the use of correct contrast relevant to distribution methods.
- should aim to offer a much-improved service to those requiring **alterative formats** – for example, audio and plain English versions.
- in terms of the **language and format used be consistent** with that applied within and cross energy retailers' **websites,** as well as their online and conventional customer communication channels. Given the

stated purpose of the Draft Guideline and its design principles, this would seem an obvious way to strengthen customer agency and augment informed choice when engaging with the market or addressing energy supply matters.

o) We consider the inclusion of a '**better offer'** positively but contend the idea can be strengthened. We believe:

- rather than a generic 'better offer', it should be tailored to meet an individual customer's requirements – that is, retailers should provide each customer with an individualised '**best offer'** option.
- if a person takes this option, they should be **guaranteed the 'best offer'** billing at the **price set** at the time when the offer is taken up. Our Energy Advocates suggest that under such an option the customer would receive a bill which is retro-actively determined at the end of the consumption period to be the lowest bill given the various plans available from that retailer based on the prices ruling at the time the 'best' offer option was taken up.
- 'better/best offers' should be presented with a **guarantee of price stability** for the next 12 months. Confidence in the energy market tends to be diminished if a customer switches to a 'better offer', only to have a subsequent price increase eliminate any expected benefits from the switch.
- **retailer assistance** should be provided to customers if they decide to access the better/best offer.
- small customers want:
  - information about discounts and associated 'better/best offers' conditions to be **clearly spelt out**. They have a right to know the basis on which the 'offer' was determined, as well as be provided with any assumptions inherent in its calculation. This is particularly important where customers are being offered a time of use tariff compared with a fixed tariff option.
  - **transparency** regarding the frequency with which they can change/switch plans, plus clear, concise details about associated length of notice restrictions.
  - access to relevant **planning tools**. With online bills this is easily achieved through the insertion of pertinent links.

p) In principle, COTA Australia supports the AER's proposed better offer requirement as detailed in section 8. Better Offer and Attachment in the *Notice of Draft Instrument: Draft AER Better Bills Guideline*, 20 December 2021. However, we see that for the '**better offer calculation'** (Specific

requirements, page 43), it is proposed that a **difference** of $22 or above – between the current annual energy bill and the calculated 'better offer' annual energy bill – will require a retailer to present a 'better offer' to the customer. The logic for the quantum of this difference is not apparent. We recommend that if 'better offers' are to be presented to customers as part of the bill that the AER undertakes further consumer consultation regarding the appropriate level at which this trigger point should be set to encourage customer action.

q) Current trends advise **future tariffs will become more complex**. In our view the Guideline must proactively ensure retailers will not use this complexity to confound a 'better [best] offer' to small customers. COTA Australia believes this is a critical area where customers will require improved energy and financial literacy to determine what is in their own personal best interest.

r) From our perspective, in instances where a **benefit is to change**, the affected customer needs to be advised prior to the expiration of the benefit. It has been COTA Australia's experience that unless clearly alerted, older people are generally unaware of the expiry of a benefit date in a utilities contract. When it is discovered that a benefit has expired and they are confronted with a higher energy bill, they feel disheartened and deceived. This can profoundly affect their level of trust in retailers and the market.

In addition to this information being presented in the **standardised plan summary**, we suggest the date when a benefit is to change needs to be flagged in Tier 1.

s) Likewise, if **tariff or fixed supply charges** increase during the life of the plan (which we believe they should not), this information needs to be disclosed in Tier 1. Also, we contend, if this were to eventuate and the customer decides to leave the plan/retailer, they can do so without penalty.

t) We believe the **descriptions** accompanying the **tariff structure can be improved**. We suggest specifying the hours and days when peak/off peak changing occurs. For example, 10:00pm to 7:00am Monday to Sunday. Further, it would be beneficial to energy customers if these were standardised within the energy market and described using **consistent terminology**. These changes would facilitate small customer comparison and evaluation.

u) We support the Draft Guideline's requirement for energy bills to include a standardised plan summary. Yet, while Section 30 (Draft Guideline) suggests plan names not be mandatory, we believe a unique name or identifier for each plan is essential. Inclusion of the **plan name/identifier** would enable proper comparison of alternative options, and aid communication with

retailer call centre staff. We are firm in our view that plan name/identifier should be mandatory.

In addition to the information specified in the Draft Guideline, we propose the table (page 13) needs to include the **plan's start and end dates, fixed supply charges and any penalty** that could be imposed if a customer decides to opt out. It is our view that customers should be able to do this without incurring a penalty.

COTA Australia welcomes the AER's openness and preparedness to ensure energy retailers commit to more customer focused billing. We see the Draft Guideline as a great step forward. However, especially in the absence of a standardised billing model, we highlight the critical importance of the AER monitoring the various energy retailers' translation of the Guideline into practice and, from a customer perspective, the effectiveness of the enforcement approach. To strengthen customer trust and confidence we recommend a post implementation, co-designed review process. In addition, we suggest a public 6-monthly/annual report detailing any enforcement-related investigations and outcomes. COTA Australia together with our Energy Advocates would be happy to meet with the AER to expand further on our comments.