Australian Energy Regulator's Retail Guidelines Review

Prepared **by**

COTA Australia

23 December 2025

About COTA Australia

COTA Australia is the peak body representing the almost nine million Australians over 50. For over 65 years our systemic advocacy has been improving the diverse lives of older people in policy areas such as health, retirement incomes, and more.

Our broad agenda is focussed on tackling ageism, respecting diversity, and the empowerment of older people to live life to the full.

COTA Australia Energy Advocates is a panel of consumers, consisting of representatives from each State and Territory jurisdiction in the National Energy Market. The panel is coordinated by COTA Australia.

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Introduction

COTA Australia and the Energy Advocates welcome the opportunity to contribute to the Australian Energy Regulator's (AER) review of its Retail Guidelines. This review is an important step in ensuring the industry's regulatory frameworks continue to address gaps in consumer protections.

By updating and consolidating these guidelines, the AER is demonstrating a robust commitment to keeping customers and retailer staff knowingly engaged in a market which is becoming increasingly complex and difficult to understand and navigate.

The review's objectives align with what we know older people want to see strengthened as basic guaranteed consumer protections that enable them to better understand their energy products, associated costs and forge trusting relationships with the energy market.

Our submission complements the key areas flagged in the consultation paper's scope as important. We believe addressing these will ensure the guidelines are a better fit for purpose, simpler to comply with and ensure customers and retailer staff have a sufficient level of information to confidently engage with today's energy market in a fair and informed way.

1. How can we make sure the combined guidelines are easy for stakeholders to use, including retailer staff who will be responsible for implementing the requirements?

To ensure the combined guidelines are **easy for stakeholders to use**, including retailer staff, the AER needs to ensure that across the four regulated areas they are written in clear consistent language with up-to-date and accurate messaging free from jargon and distracting retail promotional pitches.

Accessibility and inclusivity are critical. The guidelines need to complement inclusive design standards to ensure content is accessible to people with low literacy or diverse needs. Rather than assume a single, stereotypical customer type, the guidelines must reflect the diversity of consumer experiences in the energy market.

The combined guidelines need to be purposefully structured. Content should be presented in a logical sequence and supported by summary checklists for ready reference to key messages and required actions. If technical terms are used, these need to be explained in plain language, either as footnotes or in an attached glossary. This approach will assist stakeholders to easily understand requirements and apply them correctly.

Practical tools should be available to reinforce understanding. Interactive resources such as flowcharts, decision trees and customer case studies should be provided to support more insightful learning experiences and cater to different learning and retention styles. For

customers who are not online, retailers must offer well designed printed materials free of charge on request.

In addition, face to face and on-line training opportunities need to be available for retailer staff to check understanding and be able to clearly advise why and how specific requirements have been applied.

Prior to their implementation, the combined guidelines need to be tested with retailer staff and consumer representatives to confirm they are fit for purpose, can be efficiently implemented, effectively enforced and will result in better customer outcomes.

2. How could we adapt the design principles to different communications and where is more specific formatting guidance required?

Building on the lessons learnt in refreshing the Better Bills Guideline, the AER should ensure communications are accessible in multiple formats that complement the diversity within the energy community and conveyed in plain language. **Communications must be relevant and empowering**. For instance:

- billing statements should follow a consistent, easy-to-read layout with key information clearly displayed (in a large enough font for the reader)
- hardship notices should use respectful, empathetic language and provide practical and easy to follow steps
- benefit change notifications should include simple visuals that clearly highlight cost savings, usage impact and easy to follow steps to maximise benefit.

Providing mandatory templates and examples of compliant communications will ensure consistency across retailers. Guidance should also include direction on accessibility for culturally and linguistically diverse customers and those with low literacy. By embedding these communication principles and formatting requirements, the AER can improve communications and reduce the risk of misunderstanding.

3. How could we make communications more accessible for customers?

By ensuring communications are clear, accessible and inclusive, the AER will move measurably closer to ensuring all energy customers (and retailer staff), regardless of language, ability or access to technology, are *individually* empowered to make the correct energy decisions for their household. This will build customer trust and engagement across the energy sector.

The principle of 'accessible by default' must guide all communication design, with accessibility features integrated from the beginning so that every format -digital or paper- meets the needs of customers. From the onset, communications must be developed and tested in partnership with a broad representative group of energy customers and retailer staff to ensure the products dovetail with the 'accessible by default' principle.

Translations and multilingual support need to be provided via the telephone as well as online to ensure culturally and linguistically diverse communities can access information- especially when the content is new or the customer faces barriers reading printed or online material.

Where a customer receives a paper bill, they should not be disadvantaged. Critical decision-making information such as key comparisons, better offers and help information must be accessible in non-digital formats or via phone on request.

By **placing a premium on clarity, accessibility and inclusivity**, the AER will strengthen consumer trust, reduce confusion, and ensure every customer can make informed decisions about their energy use, as well as feel confident that they are engaging with a transparent and customer-oriented energy market.

4. How could benefit change notices be improved to make it easier for customers to understand and take action when their benefit is changing?

As noted in the consultation paper, energy customers value the availability of energy plan benefits. However, due to factors often outside the influence of the customer, these do not always deliver the outcome expected. We agree with the AER's view that benefit change notices' primary purpose should be to **support customers to understand and, if they choose, act.**

The AER could enhance benefit changes notices by ensuring retailers are mandated to:

- provide them in plain language presenting a clear statement of what is changing, why and when, followed by an understandable, accurate description of how this will impact the customer
- flag any variation with the relevant customers well in advance of the change along with advice of available options – such communications should not occur in less time than is the current business practice
- enable customers to confirm the benefit independently of what the retailer may provide. To this end a clear model based on individual meter data should always be available which enables the comparison of any offer with the existing customer's

product. To facilitate customers fully understanding the potential impact, information should be able to be broken down to the individual bill level as well as in aggregate
- make available multilingual versions and alternative formats for diverse and vulnerable customer populations.
- test draft notices with a diverse range of energy consumers to ensure the notices are understandable and that they empower informed decision-making

5. How will secondary settlement points change energy plans and energy plan information?

The consultation paper suggests that secondary settlement points hold potential benefits for residential and small business customers by enabling the supply of a more diverse range of services. We agree with AER that secondary settlement points will be most useful if they can be **personalised to an individual customer's circumstances**. For instance, customer one with solar would receive notice of charges for one secondary settlement point whereas customer two - with solar and an electric vehicle - would receive them for two.

However, during the transition period, and applicable only to bills of customers with secondary point charges, it is essential that clear itemisation of secondary settlement points is mandated. This will ensure consistent, detailed descriptions of associated charges for each supply point.

6. How could our guidelines make complex energy plan information more relevant and easier to understand?

Complex energy plan information c**ould be made more relevant and easier to understand** if the AER's retail guidelines were to:

- mandate standardisation of times for differing charges
- provide a layout which enables comparisons with various retailers
- ensure discounting opportunities are similarly consistent across market offers
- provide a way enabling every energy plan to be compared with a prototype standard regulated plan using a customer's actual metered data.

We believe the AER's retail guidelines s**hould ensure energy consumers are not burdened with overly complex products**. In many cases, added complexity creates confusion, misunderstanding, and mistrust. To date, there is no evidence that greater complexity leads to improved outcomes for customers.

7. How could we improve transparency and reduce customer confusion in relation to energy plan names?

Energy plan names should **readily convey what is on offer**. We believe current customer confusion around energy plan names could be reduced by:

- use of consistent nomenclature – this would ensure clarity and make it easier for customers to identify the plan which best match their needs.
- prohibit retailers using duplicate plan names - each energy plan must have a unique name so customers can easily distinguish between different offers.
- minimise offer categories - avoid creating numerous sub-brands or variations. Consumer research shows that more products rarely translate into more benefits; instead, they often create confusion and discourage switching. This can prevent customers from accessing better deals.
- limit frequent changes - constantly rebranding or introducing new product names without meaningful differences adds complexity without real value - like offering last year's model in a new colour. Stability in product offerings tends to build trust and reduce customer frustration.
- keep energy plans simple - energy is a basic necessity and should not be 'sexed up' with unnecessary complexity and/or marketing gimmicks. Overcomplication raises concerns about retailers' long-term intentions and undermines customer confidence and trust.

8. How could we ensure better offer messages are clear, relevant and trusted?

Better offer messages need to be **genuine, clear, relevant and empower consumers to make informed decisions.** Regardless of the type of communication, this outcome could be achieved by:

- Mandating all better offer messages, including text messages or app notifications, convey:
    - who they are from
    - eligibility criteria - clearly state who qualifies and under what conditions
    - the quantum of potential savings -such as estimated annual dollar savings
    - a straightforward application process - clear advice is given about the steps required to access the offer
- Addressing enrolment gaps
    - retailers being required to explain why a customer is not placed on the best available offer at sign-up
    - disclosures to be clear and prominent to prevent misleading practices.
- Preventing bait-and-switch practices
    - prohibit campaigns that lure customers with short-term benefits that quickly disappear and/or require unrelated paid memberships/affiliations

    - mandate that any claim of a "better offer" is binding for the defined period.
- Guaranteeing customer protection when a customer switches to a better offer
    - guarantee that the customer pays the lower of the old or new offer for the remainder of the regulatory period
    - the difference is credited forward if the new offer tops the old offer
- Implementing a strong customer protection framework
    - recognise the asymmetry of market power and information
    - implement robust regulatory safeguards that tighten customer protections and ensure fairness and build trust

9. Where should customers receive better offer messages and how could we ensure the messages are clear and appropriate for different kinds of communications?

Better offer messages should be **prominently displayed where customers intuitively look for key account details**, such as next to the bill amount and due date on statements. This ensures customers notice the better offer message immediately and can make informed decisions about potential energy cost savings.

To make messages clear and appropriate across different communication channels, the AER should ensure:

- simplicity and comparability. Offers must be presented in a way that empowers customers to easily compare them with their current bill or plan, avoiding unnecessary complexity
- consistency across formats. Regardless of the delivery mode, the message should use plain language, highlight potential savings, and provide clear next steps for switching

We agree that a better offer message should replace the 'do nothing' amount that appears currently on bills.

10. What should we consider in defining the term 'deemed better offer', including in relation to how better offers are identified and how much a customer would need to save?

When defining the term 'deemed better offer', it is important to ensure that **offers are genuine, transparent, sustainable and based on fair principles**. Accompanying the definition should be a clear savings threshold so customers can easily compare offers with their current bills.

As energy is an essential service, there should be **minimal product differentiation**, and offers should reflect only the economic cost and the mandated rate of return rather than be inflated by marketing-driven complexity.

A deemed better offer must be clearly identifiable and guaranteed by the retailer, meaning the customer should always pay the lower of their previous plan or the new offer. Also, there is a need to address the so-called loyalty tax by allowing existing customers to access the same offers as new customers. This needs to include customers on energy hardship plans.

If the new offer fails to deliver to the customer the promised bill outcome, a penalty should be applied. For instance, the retailer being required to credit the difference to the customer. This guarantee should apply for a meaningful period – for example, the remainder of the regulatory period. This type of action will ensure stability and enhance trust.

11. How could we improve transparency of fees and charges in plan information and on Energy Made Easy without making plan information too complex for customers?

The transparency of fees and charges could be improved by using **standardised nomenclature, plain language and consistent tariff structures**. These need to be supported by accessible customer support channels that complement an individual customer's communication preference such as online, telephone and face-to-face.

To minimise complexity, **plans should be limited to two core charges**: a daily supply fee and an energy usage charge. We believe that the daily supply fee should be lowered significantly - or waivered - for energy customers while on an energy hardship plan.

The energy **usage charge should be time-dependent**, with clearly specified standardised time periods (for example, peak, shoulder, off-peak) to enable clear comparison. However, we believe that demand-based charges should not be expanded without broader public consultation.

Plan options should be organised into familiar, purpose-specific tariffs (for example, general household, controlled load for heating and hot water) with optional add-ons like EV charging tariffs, ensuring customers can easily select what matches their usage.

All information should be presented in uniform, standardised formats across Energy Made Easy and retailer materials to reduce confusion and make like-for-like comparison straightforward.

12. What information would be useful for customers in embedded networks to understand their energy plan and how it compares with others in the market?

Customers in embedded networks should receive clear and comprehensive information that enables easy comparison with market offers. This includes a transparent breakdown of all charges and discounts, separating those applied by the network owner from those applied

by the retailer. Any variance from the Default Market Offer should be explicitly stated, with all information presented in AER authorised standardised formats to ensure consistency and transparency.

In addition, to **ensure equity and fairness**, it should be mandatory that behind-the-meter customers have access to **all concessions and benefits available to metered customers**, as well as details about whom to contact for bill enquiries, relief measures, disputes, faults and hardship support.

13. What specific changes could we make to the standardised statements in hardship policies to make them more consumer friendly?

To ensure hardship policies are more consumer-friendly, the language used in standardised statements must be clear, empathetic and free of jargon. The key message needs to assure customers that the retailer is able and willing to meaningfully support them in continuing to access energy as an essential service. To be effective, assistance needs to be tailored to meet the circumstances of each customer experiencing payment difficulty and delivered through secure, confidential communication channels. Protecting customer identity is imperative especially where a person is experiencing, or at risk of, family violence or elder abuse.

Retailers must clearly display hardship protocols and application processes in all consumer communications and on retailer websites. These should also include **simple, step-by-step instructions that make applying for assistance straightforward.** For customers facing physical or psychological danger, it is essential to highlight options for private and secure contact, such as trusted-person authorisations.

Retailers should also be required to proactively identify potential hardship by monitoring payment patterns and **offering assistance before disconnection notices are issued**. As part of this approach, payment products that incentivise the avoidance of hardship (including flexible payment plans, prepayment options and budgeting tools) should be offered as standard services and clearly and prominently communicated to energy consumers.

Importantly, hardship policies should reflect a retailer's responsibility to minimise hardship cases. Shifting accountability would result in retailers bearing the full cost of hardship programs rather than passing these costs on through regulated prices. Currently, this retailer practice socialises the impact and removes the potential usefulness of avoidance incentives.

Finally, statements should include transparent information about consumer rights, available support programs and independent advocacy services. This would empower energy customers experiencing personal difficulty to seek help confidently and early.

Q14. What concession and rebate information should be included on energy bills?

Energy bills should clearly **display the list of available concessions and rebates applicable to a customer's account**, including the type of concession or rebate, the amount credited and the period it covers. Where a customer is eligible but not currently receiving a concession or rebate, their bill should include a clear notice with guidance on how to apply (not just online). To avoid the risk of creating confusion, this information needs to be conveyed in plain language and in a consistent, standardised format (tailored to complement online and offline best practice communication standards) across all retailers.

It is important customers can easily see and understand eligibility requirements, as well as the potential impact of concessions and rebates on their total charges. Ideally, where a customer has provided the retailer with information which indicates eligibility for a concession or benefit, the retailer should be required to apply the concession or benefit automatically.