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To Whom It May Concern

### **Developing the Better Bills Guideline – Consultation Questions**

The Energy and Water Ombudsman Queensland (**EWQO**) and the Energy and Water Ombudsman South Australia (**EWOSA**) welcome the opportunity to provide feedback on the consultation questions for the proposed better bills guideline. Our offices have previously provided detailed comments as part of the joint submissions made to the AEMC on the initial rule change request and Draft Determination dated 22 October 2020 and 29 January 2021 (the **Earlier Submissions**).<sup>1</sup> We anticipate the future opportunity to comment on a draft guideline, once developed.

*Question 1: What are the key insights from our consumer and behavioural research? What are the key opportunities for the AER to improve consumer outcomes, including through the Guideline, that arise from the research?*

We commend the report published by BETA and the interesting, pertinent findings contained therein. We particularly commend the simple, user-friendly design of the sample bills and the logical emphasis placed on certain key information, particularly in the “comprehensive” example. We agree with the nomination of bill total and due date, usage and usage period and plan information as key elements of a bill and points on which customers most immediately rely to evaluate and pay their bill. Our Earlier Submission emphasises these points as well, although please see our responses below for details of other information which should be treated as important in bill design.

We do however note that the report’s data sample does not include any Queensland participants, only includes a small number of South Australian participants, and all participants were over the age of 65.

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<sup>1</sup> These submissions are available in full at [https://www.aemc.gov.au/sites/default/files/documents/rule\\_change\\_submission\\_-\\_rrc036\\_-\\_ewon\\_ewosa\\_ewoq\\_and\\_ewov\\_-\\_20201023.pdf](https://www.aemc.gov.au/sites/default/files/documents/rule_change_submission_-_rrc036_-_ewon_ewosa_ewoq_and_ewov_-_20201023.pdf) and [https://www.aemc.gov.au/sites/default/files/documents/rule\\_change\\_submission\\_-\\_rrc0036\\_-\\_ewoqldnswvicsa\\_-\\_20210201\\_1.pdf](https://www.aemc.gov.au/sites/default/files/documents/rule_change_submission_-_rrc0036_-_ewoqldnswvicsa_-_20210201_1.pdf).

We believe this may limit the applicability of the data to other, particularly younger, energy consumers who may interact quite differently with their bills over electronic mediums.

One key takeaway from the report was that all survey participants opted to receive paper bills from their retailers and generally did not interact online or via mobile app with their retailers. Given the prevalence of digital billing for many years, this confirms our understanding that many people, particularly older people, are unlikely to make the switch to digital billing unless incentivised or forced to do so, and it isn't clear how this would ultimately benefit them. Instead, this shows the importance of the guideline establishing the same or at least substantially similar criteria for both digital and paper bills. Our Earlier Submissions highlighted the need for ongoing, free paper copy bills as it is clear that many people rely on these and would be disadvantaged by any requirement to move online.

One further takeaway from the Report was that both the content of a bill and its layout are very important to assisting consumer comprehension. While the AEMC declined in its Final Determination to introduce a requirement for a standard format, we affirm the importance of a high degree of bill uniformity (both in terms of language and format) between retailers, to give the greatest benefit to customers, both in terms of bill comprehension and in ease of transferring between providers. This is discussed further below.

*Question 2: What additional or new insights do you have regarding the current problems with energy bills?*

The AEMC in its Final Determination did not come to a decision on whether bills should include a reference to state ombudsman schemes.<sup>2</sup> This was an expressly discussed option in the original rule change request, and we reiterate the points made in our Earlier Submissions concerning the benefits of including on bills a reference to these schemes. We draw to the attention of the AER recent reports by Energy Consumers Australia (**ECA**) on energy consumer responses which may prove useful for this and other issues.

ECA produces a report in June and December each year – the Energy Consumer Sentiment Survey – detailing the opinions, experiences and knowledge of energy consumers across Australian jurisdictions.<sup>3</sup> These reports are useful resources, and we commend the ongoing work of ECA in developing these.

Relevant to the matter of references to ombudsmen on bills, is that these reports have consistently highlighted low levels of awareness of state ombudsmen schemes, including particularly in Queensland where only 28% of survey participants reported familiarity with EWOQ. State ombudsmen provide a critical safeguard for consumer protections, and in order to provide the maximum value to energy and water customers in our respective jurisdictions it is key that high percentages of consumers are aware of our existence and the services we offer.

We note that there is already an existing obligation for energy retailers to refer to the appropriate state ombudsman on disconnection notices, which reflects the importance of ombudsman awareness at this late stage of a dispute. However, it is our position that more general awareness from a simple reference on a standardised bill would increase customer comprehension of their options should a dispute arise.

It has been raised by other stakeholders<sup>4</sup> that customers should first contact their retailer before contacting an ombudsman scheme, but it is not clear that this is a reason to not include a reference to state ombudsmen on bills. It is a requirement in every jurisdiction that customers first attempt to resolve a dispute with their provider directly before coming to their ombudsman. The inclusion of ombudsman details on a bill will not side-step this requirement. It is possible that some customers may be tempted to contact their ombudsman first, as they do now on occasion, but it isn't clear how a

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<sup>2</sup> See brief discussion on pages 20-21 of the Final Determination.

<sup>3</sup> See <https://ecss.energyconsumersaustralia.com.au/#> for reports and further details.

<sup>4</sup> See page 20 of the Final Determination.

reference to the ombudsman (which could include a sentence stating that all disputes must be raised with the provider first) on a bill would increase that unreasonably. It is our position that awareness of the state ombudsmen is of strong benefit to consumers and the inclusion of a reference to these entities on bills, as proposed by the Minister under the original rule change request, would support this.

*Question 3(a): What are the key opportunities to ensure energy bills are simple and easy to understand?*

We support the features of a bill identified by BETA in their report as key to customer comprehension. We also note several other matters beyond those identified in the BETA report which should be considered in the guideline:

- a. details of whether a meter read is based on an estimate or on a read/smart meter (so that customers can anticipate if subsequent bills may vary);
- b. consistency in how GST is set out on a bill (and that it must be included in the amount due);
- c. clear and simple information about rooftop solar exports and usage; and
- d. the preference for customer comparison charts which compare a customer's present usage with their equivalent usage in a former year over comparisons between one customer's present usage and "a typical X person household" (due to the confusion the latter kind can cause consumers).

Further details on these points are available in our Earlier Submissions.

*Question 3(b): Which approach do you consider preferable and why? Are there other approaches we should consider?*

The consultation paper notes that options include "articulating design principles that may or must be followed in bill design, prescriptive rules regarding design elements, standardisation of terminology and/or bill elements". As per our Earlier Submissions, we confirm that the standardisation of terminology and bill elements is the most critical component of the proposed reforms, and the change which would likely have the most positive effects for customers. This benefit will be realised most through clear, simple language that is consistent between retailers.

As to the design of bills, we note sentiments from energy providers that their bills are a key part of their communication with their customers and their design is important to their branding. However, as was indicated in the report by BETA, placement of information is very influential on customer comprehension and ease of reading. A consistent bill design between all retailers would assist both customers (in reading and understanding the bills and for consistency when switching from one retailer to another), and out offices in guiding customers through their bills over the phone.

We affirm that a strongly consistent approach between retailer bill formats is desirable. The form of regulation should, at a minimum, clarify which information is to be highlighted on the first page (the BETA report "comprehensive" bill being an excellent example) and that the information must be expressed using consistent and clear terminology.

*Questions 4-8:*

We do not comment specifically on these matters. We anticipate the draft of the guideline and look forward to the opportunity to provide further comment when this is published for consultation.

If you require any further information regarding our submission, please contact Ms Lyndal Bubke, Principal Policy Officer (EWOQ) on 07 3087 9423 or Ms Jo De Silva, Policy and Communications Lead (EWOSA) on 08 8216 1851.

Yours sincerely



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