

22 October 2020

Mr Benn Barr  
Chief Executive  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Dear Benn

**AEMC Consultation Paper – Billing contents and billing requirements – RRC0036**

Thank you for the opportunity to comment on the AEMC, Bill contents and billing requirements, Consultation paper, 24 September 2020.

The comments contained in this letter reflect the views of Energy & Water Ombudsman New South Wales (EWON), Energy & Water Ombudsman South Australia (EWOSA), Energy and Water Ombudsman Queensland (EWOQ) and Energy and Water Ombudsman Victoria (EWOV).

Energy bills are the most significant regular communication tools between an energy retailer and a customer. This is evidenced by the large number of billing complaints raised with our respective offices. Energy billing is the highest primary complaint issue across the ombudsman schemes, with many consumers complaining that they find bills confusing and unclear. Effective energy billing reform has the potential to reduce complexity and deliver customer friendly bills that meet the diverse needs of customers.

Energy billing format and content has been subject to expansive work and research over many years. Yet very little innovation has been undertaken by retailers in this area – with regulatory requirements being the stated cause.

The complex structure of energy billing cannot be compared to many other products, other than perhaps water. This does not mean however that innovative solutions cannot be identified and implemented. A move towards a transparent, simple to understand billing format has the potential to lead to improved understanding of their energy use and associate cost for customers and lead to fewer complaints to energy companies and our offices.

Informed by our complaints data, we have responded to the related consultation paper discussion questions.

We trust our advice, contributes to the development of innovative energy billing content and format. Please do not hesitate to contact us if you would like further information regarding this work.

Yours sincerely



**Janine Young**  
Energy & Water Ombudsman New  
South Wales



**Sandy Canale**  
Energy and Water Ombudsman  
South Australia



**Jane Pires**  
Energy and Water Ombudsman  
Queensland



**Cynthia Gebert**  
Energy and Water Ombudsman  
(Victoria)

## Consultation Paper - Billing contents and billing requirements – RPC0036

### Introduction

The complex structure of energy billing cannot be compared to many other products, other than perhaps water. This does not mean however that innovative solutions cannot be identified and implemented. A move towards a transparent, simple to understand billing format has the potential to lead to improved understanding of their energy use and associated cost for customers and lead to fewer complaints to energy companies and our offices

The recommendation for the use of a mandatory guideline has the benefit of ensuring standardisation across retailers, however this should not come at a cost of reduced innovation and bill customisation, which is an important feature of a digital platform. For example, in the United Kingdom (UK) energy retailer SSE Energy Services provides innovative options for visually impaired customers allowing them to choose different ways to received energy bills.<sup>1</sup> Innovative solutions provided by SSE include audio bills and a talking bill service. Innovation such as this addresses the diverse needs of customers and needs to be actively encouraged or rather, not prevented by over regulation.

Customers are not homogeneous and different sectors would benefit from innovative solutions rather than a "one size fits all" approach. Customers who are highly engaged with the energy market are at one end, and CALD, elderly, non-digital and low literacy customers are at the other end, of the "understanding current billing" spectrum.

In presenting this submission, we have also considered BEUC, the European Consumer Organisation's May 2017 report: *Energy Billing: Landscape Report and Summary of Good Practice report* – a key input to the European Commission's Consumer Friendly Energy Bill Initiative and we have included some references to the report in our submission. We recommend this Report and Initiative to the AEMC as part of this review.

An innovative approach to undertaking billing content reform is key to meeting diverse customer needs.

We have provided some case studies in an attachment illustrating some of the issues raised in this submission.

### Question 1: Understanding energy bills

**Do you agree with the statement of issues by the proponent, that bills are no longer fit-for-purpose because there are gaps in content, the information is too dense, and the language is too complex? Please explain your view.**

Ombudsman complaint data supports the view that bills are not always fit for purpose. For many customers, the receipt of an energy bill and subsequent questioning of the explanatory information about the bill amount is the underlying cause of most billing complaints.

We also receive many complaints about billing format and content – complaints about rebilling, bill smoothing, tariff information, fees and charges, rebates, concessions, GST and estimated accounts are too often about the way information is presented, or equally, not presented on bills. Further inconsistencies with the way different retailers present information confuses customers, for example information that indicates an energy bill is based on an estimated meter read varies from being clear to being difficult to sight. Equally there are different terms

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<sup>1</sup> See <https://sse.co.uk/help/accessibility/getting-your-bill-if-you-have-sight-loss>

used to describe the same bill element e.g. service to property charge is sometimes referred to as service availability charge (SAC), daily charge or fixed charge.

Providing more information on energy bills does not in itself lead to a better understanding.

The BEUC report suggests that:

“The first aspect is language. In addition to being easily understandable, language and terms used should be consistent across all the company’s contacts with consumers.”<sup>2</sup>

Retailers need to deliver energy bills that are customer friendly and meet the diverse needs of customers. This could be achieved through the use of simple and consistent language and bill design techniques. Retailers have an obligation to communicate clearly, the complexities of energy billing possess challenges that require a rethink about how bills can be simplified.

**If you consider there are issues with billing, do the NERR billing provisions cause or contribute to these issues? Please explain your view with reference to the specific requirements listed in Table 3.1.**

A one size fits all approach such as the current NERR billing provisions contributes to billing issues. Customers are not homogeneous and different sectors would benefit from innovative solutions rather than a “one size fits all” approach. Customers who are highly engaged with the energy market are at one end, and CALD, elderly, non-digital and low literacy customers are at the other end, of the ‘understanding current billing’ spectrum.

#### **Pay the Bill**

The pay by date often causes confusion. Some payment methods take longer to process than other methods; therefore payments are received after the ‘pay by’ date. This has an adverse effect for customers where late payment fees are charged. Customers on payment plans often indicate to Ombudsman that they considered they made payments by the due date only to find that their payment plan has been cancelled due to the payment taking longer to be processed than the customer expected.

The total amount payable by the customer is also the cause of many complaints. Issues such as the application of discounts, discrepancies in the amount owing (particularly with amounts displayed in online portals) and other billing practices that lead to bill confusion result in customers questioning the total amount owed.

Customers on payment plans need clear information about their payment plan, new charges and carry over charges.

#### **Understand Usage**

The current NERR 25(1)(o) requires the inclusion (for residential customers) of energy consumption benchmarks in accordance with Part 11. Typically, these are presented as a comparison chart which sets out the consumption of energy by the customer as compared to other households in their area.

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<sup>2</sup> BEUC Input to the consumer friendly energy bill initiative, see: [http://www.eemg-mediators.eu/downloads/beuc\\_input\\_to\\_the\\_Consumer\\_Friendly\\_Energy\\_Bill\\_Initiative\\_-\\_May\\_2017.pdf](http://www.eemg-mediators.eu/downloads/beuc_input_to_the_Consumer_Friendly_Energy_Bill_Initiative_-_May_2017.pdf), p4



These charts are the basis of many high billing complaints received by the Energy Ombudsman. This can be because customers may feel concerned that their energy usage is high compared to a typical household, yet they are not provided with additional information for a meaningful comparison.

These charts could be removed entirely from bills as they cause confusion and concern to customers and may result in more unnecessary disputes. For clarity, customers do not raise complaints with our offices about the comparison of a customer's current usage to their usage in the same period during the previous year. This comparison therefore appears to be helpful to customers as the data is more meaningful and easier to understand.

### Administration

Discrepancies occur between the customer's physical address and their address listed on the bill as the supply address, mainly due to discrepancies in MSATS data. These discrepancies reduce the level of customer trust, and often result in customers questioning that the bill relates to their meter because from their perspective, an incorrect address is listed on the bill. While it could be considered that this is a billing error rather than due to billing content/requirements, given the frequency of this occurring, our offices view is that retailers could do more when this occurs rather than not taking the appropriate action to correct MSATS data on the basis that this information is 'required to be displayed on the bill'.

### Seek help

NERR Sections 25(s) to 25(x) currently require retailers to provide details of where customers can obtain assistance, however they do not currently include a requirement to reference Energy Ombudsman Schemes.

The respective Energy Ombudsman Schemes endorse the AEMC's suggestion that:

*".....putting additional information on bills, could help consumers navigate the energy market by accessing services. For example, information on Ombudsman schemes and the Australian Government's energy price comparison website, Energy Made Easy.<sup>3</sup>"*

Information about retailer complaints processes, IDR (internal dispute resolution) and options for EDR (external dispute resolution) are critical for consumer engagement and should be included in information provided with energy bills.

EWON recently engaged Queen Margaret University Consumer Dispute Resolution Centre in Scotland to conduct an independent review of its operations. This review highlighted that consumer protections are a core responsibility of an ombudsman, and awareness amongst customers of their rights is paramount in the effective operation of the Energy market. The responsibility lies with the Retailer to communicate [to their customers about] Energy Ombudsman Schemes.<sup>4</sup> This recommendation for the inclusion of EDR information on retailer bills also aligns with Australia-New Zealand Standard AS/NZS 10002 – Guidelines for Complaint Management in Organizations.

### Understand how the bill is calculated

Our response to this is covered in Question 3.1.

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<sup>3</sup> AEMC Consultation paper Billing content and billing requirements, p8

<sup>4</sup> Energy and Water Ombudsman NSW Independent five year review, Queen Margaret University, p27



## The Victorian Energy Code

The Victorian experience, where a highly prescriptive approach may be appropriate and well received for some customers, sometimes has the effect of alienating other customers.

In Victoria, since 1 July 2019 energy retailers have been required to provide 'Best Offer Notices' on electricity bills once every three months, and on gas bills once every two months. The form and contents requirements of 'Best Offer Notices' are highly prescriptive and set out on s70S of the Energy Retail Code.

The below sub-sections demonstrate the highly prescriptive nature of the requirement:

*70S (2) A deemed best offer message must:*

- (a) if included on a bill, be on the front page of the bill;*
- (b) be contained in a border; and*
- (c) be located adjacent to and no less prominently than the amount due.<sup>5</sup>*

*70S (4) A negative deemed best offer message:*

- (a) must contain a title using the exact words "Could you save money on another plan";*
- (b) must contain the exact words "Based on your past usage, our" followed by the name of the deemed best offer plan, followed by the exact words "may cost you up to", followed by the dollar amount of the deemed best offer check result, followed by the exact words "less per year than your current plan."*
- (c) where the deemed best offer is subject to conditions, may provide that conditions apply and the nature of those conditions; and*
- (d) must contain clear and simple instructions on how to switch to the deemed best offer.<sup>6</sup>*

Despite these highly prescriptive requirements, EWOV has sighted bills from various retailers, where through design, the Best Offer Notices are not as eye-catching as the regulation clearly intends them to be. That is not to say that the relevant Best Offer Notices are non-compliant, but more to say that even when requirements are highly prescriptive, their purpose can sometimes be blunted. In that context, relying on principles-based regulation may not be sufficient – a more prescriptive approach may be required, knowing that even that may not be fully successful.

As a further aside regarding the Best Offer Notice, during the early implementation phase of the Best Offer Notice, EWOV found (admittedly from a very small sample), that it was not uncommon for customers to be confused by or distrust the Best Offer Notice.<sup>7</sup>

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<sup>5</sup> Essential Services Commission, *Energy Retail Code – Version 17*, (1 October 2020), pp.88-89. See: <https://www.esc.vic.gov.au/electricity-and-gas/codes-guidelines-and-policies/energy-retail-code>

<sup>6</sup> Essential Services Commission, *Energy Retail Code – Version 17*, (1 October 2020), p89.

<sup>7</sup> Energy and Water Ombudsman of Victoria, *Early Impact of the VDO and Best Offer Notification - 1 July 2019 – 30 September 2019*, .p5. See: [https://www.ewov.com.au/files/early\\_impact\\_of\\_the\\_vdo\\_and\\_best\\_offer\\_final.pdf](https://www.ewov.com.au/files/early_impact_of_the_vdo_and_best_offer_final.pdf)

Behavioural research conducted by the Victorian Essential Services Commission in October 2019, (comprised primarily of interviews with financial counsellors and community sector workers), found that awareness and understanding of the Best Offer Notice was mixed:

*“There were mixed views amongst respondents as to whether energy retailers tell customers on their bill whether they’re on the best energy plan. Among those who believed energy retailers do tell customers on their bill about the best energy plan, there were mixed feelings as to whether this was useful. Those who thought it was useful said it can be a simple way of checking other plans. However, the information needs to be presented simply. Those who thought it was not useful said it is because they think customers will not read their bill, or are not aware that this information is on their bill.”<sup>8</sup>*

The above highlights the risk of relying too heavily on bill information to influence customer behaviour, and perhaps also points to a law of diminishing returns if too much information is provided.

In the Victorian jurisdiction, where a great deal of emphasis has been placed on energy bills as a communication tool<sup>9</sup> there is a risk of information overload. The result can overwhelm and potentially put customers off, rather than fostering the intended engagement.

Certainly, it is worth keeping the ‘less is more’ principle in mind and using visual, jargon free information as much as possible. To that end, one requirement of Victorian bills that is particularly useful and can connect with customers of all literacy levels is described below:

*S25(nn) in the case of customers with a smart meter and to the extent the data is available, consumption for each monthly period over the past 12 months to be presented in graph format;*

This simple bar chart (as it is usually presented) provides customers with immediate visual information regarding their relative usage, enabling them to gauge whether their consumption in the current period is on par with their consumption in the corresponding period a year ago - or whether it has increased or reduced. This is a useful and simple tool which assists customers to monitor their own usage patterns.

The EWOV case studies attached illustrate the nature of customer billing complaints regarding the Victorian Default Offer (VDO).

### What other factors also contribute to the billing issues you have identified (e.g. lack of educational tools or campaigns)?

Customers expect retailers to provide them with clear and easy to understand communication. As energy bills are an essential but complex communication tool, plain English or diagrammatic supporting information and tools could be used to better explain billing in non-complex terms to customers.

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<sup>8</sup> Wallis Market & Social Research, *Customer Impact Reporting for Victorian Energy Market Report*, (October 2019), p25. See: <https://www.esc.vic.gov.au/electricity-and-gas/information-consumers/customer-experience-reporting>

<sup>9</sup> For requirements other than the Best Offer Notice, see s25 of the *Energy Retail Code – Version 17*. See <https://www.esc.vic.gov.au/electricity-and-gas/codes-guidelines-and-policies/energy-retail-code>



This is especially relevant given NSW, Queensland and South Australia are currently experiencing a retailer led digital meter rollout. Customers continue to request start and end reads on their energy bills because customers associate start and end reads as a transparency measure. EWON, EWOSA and EWOQ recognise that start and end reads are relevant to analogue meters, however the absence of start and end reads creates an opportunity for retailers to provide supporting educational tools that are easy to use and which assist customers to monitor and understand their energy usage.

## Question 2: Receiving energy bills

### Do you agree there is a need to specify requirements for retailers on how they issue and deliver bills? Please explain your view.

Provision of bills via the customer's preferred method is required and greater flexibility of options by retailers could be seen as an increase in customers' ability to understand their bill and where necessary, engage effectively with their retailer if/when necessary.

There is still a strong need for paper-based billing for the digitally excluded customer, particularly the elderly, vulnerable and rural/remotely located customers. Not all participants in Australia's energy markets have access to the internet. The reasons for this can be unavailability of the service where they live, inability to afford consistent internet access, or personal preference around online transactions.

The NSW Government adopted best practice measures aimed at addressing bill delivery and payment issues. In 2016 many energy retailers commenced charging fees to customers for receiving a paper bill and for making payments over the counter at a post office. From 1 January 2018, the NSW Government prohibited the charging of these fees by energy retailers in NSW. The application of the National Energy Retail Rules was modified in NSW to prevent retailers from charging these fees.

In the interests of respecting the rights of customers to choose how they interact with their energy providers, it is proposed that fees levied for receiving a paper bill should be waived, even if a customer is not entitled to available exemptions. Many consumers are digitally excluded and fees for paper bills are an unavoidable penalty for impacted customers.

### Do you have a view on how best to give effect to the principle of consumer choice driving billing issuance and delivery? Please explain your view.

Consumer choice should prevail given the diverse nature of Australia's population as previously mentioned. This applies not only in relation to billing issuance and delivery but also extends to the provision of information available to consumers. Again, a one size fits all approach does not apply and today's technology provides energy retailers with the opportunity to effectively engage with their diverse customer base.

As an example, the Australian Government introduced reforms to Private Health insurance aimed at making health insurance simpler and assisting customers to choose insurance cover best suited to their needs. This was achieved by introducing four easy to understand tiers/categories described in a standard way: Gold, Silver, Bronze or Basic. Each tier/category includes a matrix of inclusions for each tier/category utilising a tick box approach.<sup>10</sup>

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<sup>10</sup> Australian Government Department of Health, Private health insurance reforms 2019: Gold/Silver/Bronze or Basic product tiers



This concept could be extended to energy bills. The concept of tiers/categories combined with a matrix of inclusion, may provide a simple way to give effect to customer choice driven energy bill content. This is especially important for retailers operating in a niche market, where the provision of clear information to customers on those retailers' bill delivery methods and other billing features is paramount. For example, Powershop provides a Powershop App which includes many features to assist customers to manage their energy needs, including controlling and understanding their electricity usage, buying power in advance, providing payment reminders, and managing their account information.<sup>11</sup> Where this is queried by customers, back up customer support should be provided to address concerns.

### Question 3: Materiality of the issues

Which, if any, parts of a bill are confusing to customers, and how does any confusion affect a customer's ability to engage with the market to better manage their energy?

Ombudsman complaint data indicates there are many common billing practices that add to bill confusion including:

- Rebilling of accounts
- Estimated reads
- Bill smoothing/Monthly billing and Payment deductions
- Residential vs Business accounts
- Nomenclature
- Calculation of GST
- Smart meters
- Discrepancies with account balances

The EWON case studies attached illustrate the complexities customers can face in deciphering their bills.

#### Rebilling of accounts

The rebilling of accounts is the cause of many complaints to retailers and Energy Ombudsman Schemes. Often the rebilling of an account is so complex, it causes a great deal of confusion amongst customers. A standard covering letter commonly accompanies a rebill, which does not service to explain why a bill is being reissued or how the new bill has been derived. Some customers have been advised by their retailer that their account is in credit following the reversal of inaccurate bills, only to find they had been undercharged and owe money to the Retailer. This is exacerbated when a retailer issues a refund to the customer prior to accurately rebilling the account.

Rebills need to include accompanying information that explains why an account is rebilled, the timeframe for a rebill and how reversals and rebills appear on bills.

#### Estimated bills

The issuing of estimated bills is a common practice which causes many customers to question their bill. There are many reasons for estimated bills and many of these are outside the control of the customer. Many customers have noted that they did not realise their bill was estimated because it was not clearly noted on the bill.

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<sup>11</sup> See: <https://www.powershop.com.au/why-powershop/powershop-app/>

Many customers are surprised when a catch-up bill is issued based on an actual read and they learn that prior bills were estimated. This is accentuated where access to the meter is uninhibited and the reason for the estimated bill is due to the retailer issuing the bill prior to the receipt of meter data.

The analogue meter read methods, Actual or Estimated, as reflected on bills do not always reflect the method used to obtain the meter read obtained. Other examples of meter read methods include self-read, remote read and for gas meters, Meter Data Logger (MDL) reads. As digital meters become more widespread, given they will include meters with remote capability and those without, clear explanations about the method used to obtain the meter read would assist customer understanding and build trust in the accuracy of their new meter.

The rebilling of accounts and estimated bills generate a substantial number of complaints. It may require special consideration to simplify energy bills and reduce bill confusion, by ensuring that bill content is clear and easy to understand especially when past errors are being addressed.

### **Bill smoothing / Monthly billing**

Customers who pay an agreed amount, either as part of bill smoothing or monthly billing are often surprised when the account is reconciled, and they owe substantially more. These arrangements, while intended to assist in managing energy payments, often contribute to bill shock. Retailers need to communicate these billing options more effectively by including simple and clear information about the billing method and what it commonly means for customers. For example, bill smoothing payments are a way of paying smaller amount more frequently to avoid getting a much large bill “down the track”.

### **Residential vs Business accounts**

Residential customers being billed on business tariffs often remain undetected for years. The reason for this is that business tariffs are not clearly marked on a customer’s bill. It comes as a surprise when customers are told they have been billed on the incorrect tariff.

Billing tariff information needs to be clearly explained to the customer as part of the bill.

### **Nomenclature**

As noted in the Consultation paper, currently there is no standard nomenclature for energy bills. Common terms that are often expressed differently on energy bills include Service Availability Charge, Control load tariffs, which are often confused with Off-peak tariff, and Common Factor, referenced on gas bills. Customers who are not familiar with the terms appearing on their bill, sometimes question why they have been billed differently.

### **Application of GST**

The calculation of GST, discounts and other deductions are subject to complaints. There is currently no consistency between the bills of different providers as to how GST is presented. One simple statement of the total amount payable – preferably one which includes GST and states that it includes GST – would be clearer.

### **Smart meters**

Energy Ombudsman Schemes continue to receive feedback from customers that the absence of a meter read (for smart and interval meters) is itself a source of confusion and anxiety. Whereas previously customers could verify the information provided on a bill by comparing the information with the numbers presenting on their meter, reforms to metering have removed this ability and customers in response have reported dissatisfaction. This is an unavoidable consequence of the rollout of digital meters, but there are some practices in place currently which could be changed to prevent further confusion.

### Discrepancies with account balances

The actual figure the customer must pay can be very difficult for customers to determine – there are often too many figures. EWOQ observed in a recent complaint that the carryover amount from a previous overpayment caused two “total” figures to be presented. This, in part, caused the customer to contact EWOQ for assistance.

### Solar exports and usage

Customers have provided feedback that the inclusion of solar usage and inputs on accounts is unclear on many current bills. Customers report wanting clear information on how much solar is being used internally as well as the volume exported. It is recommended that future billing requirements establish how solar information can be provided clearly and simply.

### How do current billing arrangement meet or not meet customer requirements? Please specify whether your comments relate to all customers or specific segments of customers.

Any changes to billing requirements should encourage innovation and deliver for customers, bills that are clear and easily understood. This relates to all customer and includes the fundamentals of plain English, consistent use of language and the exclusion of acronyms.

Energy Ombudsman staff often review bills where the task to arrive at the amount owed is unnecessarily complex. This can be true even when the customer is on a simple single-rate tariff. Staff are experienced energy complaints professionals and may often find what should be a simple calculation difficult to replicate. If all retailers cannot effectively communicate this information, then less prescription does not seem warranted.

### Do you have suggested improvements to billing arrangements that address any issues you consider are material? Please explain how your proposed solutions are compatible with the trend towards increasing digitalisation, the move to a two-sided market, and the introduction of the Consumer Data Right in energy.

Improvements aligned to increasing digitalisation, the move to a two-side market and the introduction of the Consumer Data Right in energy could draw on the suggestion noted in Question 2.2 for a tiered/category approach, to give effect to customer choice driven billing.

The developments in the evolving energy market relate to a very specific customer base. The needs of these energy consumers may be regarded as the Private health insurance’s equivalent of the “Gold category”.

As noted in a previous submission by EWON:

*Energy markets can only be considered to be well functioning if they meet the needs of the most vulnerable customer. Or, energy markets could not be considered well-functioning if they create greater gaps between vulnerable and non-vulnerable customer or increase the cohort of customers experiencing vulnerability.<sup>12</sup>*

Energy billing improvements that cater for customers that are highly engaged in the energy market, referenced above as “Gold category” customer base, should not result in consumer detriment for the majority of customers whose energy billing needs may be less complex.

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<sup>12</sup> EWON Policy submission – Consumer protections in an evolving market – RPR0013, pp5-6.

#### Question 4: related projects and research

Are there other research findings or projects the Commission should consider in making its determination; what are the most relevant research conclusions and project linkages?

What key lessons should the Commission take from good practice regulatory frameworks for bills in comparable Australian sectors, or energy retail markets overseas?

As highlighted in the consultation paper, considerable work and research has been undertaken to simplify energy bills. Including the project jointly undertaken by Energy Retailers and other stakeholders at a roundtable in 2014.

As discussed earlier, BEUC, a European Consumer Organisation, published a report in 2017 on Energy Billing good practice measures. The report was developed as BEUC Input to the Consumer-Friendly Energy Bill Initiative and was based on input from BEUC members and studies published by the European Commission. It provides a comprehensive guide on the key aspects of energy bills and focuses on how to improve energy bills and make them more consumer friendly.<sup>13</sup> It recommended the following principles for designing consumer-friendly energy bills, all of which are directly relevant to Australia:

1. Work from the assumption that the bill is the most important vehicle you have for communicating with your customer.
2. Provide all obligatory information.
3. Consider including all recommended information (such as information on duration and termination of contract).
4. Make action-oriented information stand out.
5. Consider a tiered approach, where the most important information is provided on the first page and detailed breakdowns, calculations and explanations are on a separate page(s).
6. Use easily understandable and consistent language.
7. Use charts instead of tables.
8. Consider developing and testing your draft with consumers and consumer organisations.
9. Monitor consumers' reaction by e.g. analysing complaints, calls to customer service and carry out surveys.

EWON has also previously provided a copy of a bill by a UK energy provider, in a policy submission on Consumer protections in an evolving market.<sup>14</sup> It adopts transparent information in Plain English everything customers need to know, including information about internal and external dispute resolution options and clear complaints information reporting.<sup>15</sup>

As noted earlier in Question 2.2 and Question 3, the Australian Government private health reforms addressed the issue of simplifying health cover by adopting a tiered approach. This may serve as an example of simplifying what

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<sup>13</sup> BEUC Input to the consumer friendly energy bill initiative, see: [http://www.eemg-mediators.eu/downloads/beuc\\_input\\_to\\_the\\_Consumer\\_Friendly\\_Energy\\_Bill\\_Initiative\\_-\\_May\\_2017.pdf](http://www.eemg-mediators.eu/downloads/beuc_input_to_the_Consumer_Friendly_Energy_Bill_Initiative_-_May_2017.pdf)

<sup>14</sup> Octopus Energy – see attached

<sup>15</sup> EWON Policy submission on Consumer protections in an evolving market, p12

is considered a very complex area. The changes implemented as part of the private health reforms made it easier for customers to shop around and compare different policies to find one that meets their needs.<sup>16</sup>

### Question 5: proposed solution

To what extent would the proposed solution address the identified problems and their causes, and promote the NERO?

Do you consider the proponent's solution could be modified to be more effective? Please explain your view. Please explain the benefits, costs, risks and implementation issues associated with the proponent's solution.

The response to this question has been addressed in other questions covered by this submission.

### Question 6: rules-based approach

Are there rules-based solutions that the Commission should consider (e.g. filling gaps in rules 25 and 170 of the NERR, a principles-based bill format provision, or using opt-out provisions for information pertaining to certain bill functions)? Please explain (i.e. benefits, costs and risks).

As noted in Question 3.1, there are many billing practices that customers find adds to bill confusion. Certain practices such as rebilling of accounts, estimated bills and the way GST is presented on bills may require special consideration of either NERR modifications or specific billing guidelines to ensure that these billing practices prompt transparency and do not add to customer confusion.

### Question 7: non-rules based approach

Are there non-rules based approaches — such as an industry code, a non-binding guideline or other industry initiatives — that the Commission should consider to address the issues raised by the proponent and their causes? Please explain (i.e. benefits, costs and risks).

The benefit of a non-rules based approach is that this approach centres on strong input from key stakeholders across the industry from multiple industries and associations that are heavily invested in achieving efficacy of consumer protections. This approach is strongly endorsed.

Our experience from the development and enforcement by the AER of the Hardship Guideline is the risk of adopting a baseline approach. Our concern is that any new guideline development will not be expanded further than the minimum benchmarks set out in the rules. Any guidelines will need to be complemented by the power to set requirements that go beyond the minimum requirements. This will provide the necessary tools to respond to emerging issues and adapt to changes in technology.

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<sup>16</sup> See <https://www.health.gov.au/sites/default/files/private-health-insurance-reforms-gold-silver-bronze-basic-product-tiers-campaign-fact-sheet.pdf>

### Question 8: Hybrid approach

Are there hybrid approaches — a suite of rules and non-rules approaches — that the Commission should consider to address the issues raised by the proponent and their causes? Please explain (i.e. benefits, costs, risks, and balance between principles-based and prescription and rules/non-rules)?

There are pros and cons of a rule-based approach vs a principle based approach, regardless of which approach is taken. The changes should encourage innovation and deliver for customers, bills that are clear and easily understood. This includes the fundamentals of plain English, consistent use of language and the exclusion of acronyms.

### Question 9: Assessment framework

Is the proposed assessment framework appropriate for considering the rule change request? Are there other considerations that should be included?

The likely impact on billing complaints is a key consideration that needs to be factored in tandem with the consideration of the possible regulatory and administrative burden of altering what retailers put on energy bills, including aligning customer need and using to their best advantage, the different delivery modes.

Retailers need to take responsibility for delivering bills that are easy to understand and meet the needs of its customer base. This has the potential to significantly reduce complaints.

**Enquiries about this submission should be directed to Janine Young, Ombudsman on (02) 8218 5256 or Rory Campbell, Manager Policy and Research, on (02) 8218 5266.**

## Case studies – EWON

Case study 1 <sup>17</sup>**A high bill complaint where the bill had missing information**

The retailer, an authorised energy provider, billed the customer for hot water. Calculation for gas consumption was as follows, with an explanation.

Current reading: 19,974.00

Previous reading: 11,682.008

Volume: 8,292.00

M<sup>^</sup>: 10.00

CF\*: 0.00

H/V\*\*\*: 0.00

Usage (MJ): 40,346.9

The \*CF (Correction Factor) converts gas volumes measured by basic meters to a standard volume, which is then multiplied by the average \*\*H/V (Heating Value) for the billing period to determine the energy usage in mega-joules (MJ) value. ^M = Volume Multiplier.

The Common Factor (CF) is based on the information provided to network for the centralised hot water system installed at the site.

“CF” is confusingly identified as standing for both “Correction Factor” and “Common Factor” and is erroneously displayed as 0.00. EWON staff were able to approach the relevant distributor and establish what the CF was. We were then able to assist the customer with her complaint.

<sup>17</sup> EWON Submission, Consumer protections in an evolving market – RPR0013, p15



## Case study 2

### A bill displaying an incorrect address

A customer said that he started receiving a bill for an address that he considered did not relate to his property. He attempted to discuss this with his retailer on several occasions and was continually advised that he provided the address to retailer, which he had not done. He provided the correct billing address, but it had not been corrected.

He also received a letter stating that the account had been referred to collections. He was not sure why this has occurred as he confirmed that he was paying off his account at \$20 per fortnight.

EWON investigated the matter and the retailer responded that his complaint may be a case of the supply address not being an exact match to his postal address, rather than an incorrect address for the bill. He provided his meter number, and it was confirmed that he was billed for the correct meter. The customer was also advised to provide confirmation of the property address to ensure that MSATS was updated appropriately.

## Case study 3

### A confusing bill

A customer came to an agreement with her retailer that, due to a faulty meter, she was to pay \$842.63 for a disputed period and these payments would be made in four instalments of \$211 per fortnight, which she upheld. Another bill was then issued for \$1235.14 that indicated immediate payment was required. She tried to contact her retailer to resolve the issue, however she continued to be issued with amended invoices that provided no information about the billing period.

EWON investigated and the retailer responded that a bill issued for \$693.18 was reversed and reissued with a bill for \$392.37. The reversal was due to the retailer applying incorrect rates for her bill. EWON confirmed that the balance on her account was \$813. She understood the explanation and accepted the outcome.

## Case study 4

### Rebill resulted in a customer receiving a refund, then owing more

A customer received a letter advising he had been over charged and his account was in credit for \$1,980. He contacted the retailer, and a refund was arranged. He was not advised by the retailer that the account would be rebilled. He then received two further bills, which included unexplained opening balances. The second bill showed a closing balance of \$2,617. His advocate contacted the retailer and agreed to payment plan of 26 instalments of \$215 to pay the arrears, however she later realised these payments totalled \$5,590.

EWON investigated and the retailer informed us that the bills had been reversed, however it had delayed in reissuing the bills. This resulted in an account balance of \$2,573. The retailer acknowledged the financial impact the rebilling delay caused him and provided a customer service gesture of \$500.

## Case study 5

### Residential customer billed on a business tariff for many years

A customer had been recently advised by her retailer that she had been charged business electricity rates for her residential property since June 2015. Prior to this, she had no indication that her bills were billed on a business tariff, as her electricity contract was not clear, and her bills did not indicate a business tariff. The retailer advised it would take approximately 20 business days to change the tariff and the account would not be rebilled retrospectively.

An EWON investigation established that the customer's property had been classified as business prior to the retailer obtaining the billing rights in November 2016. It was not clear if this was discussed with the customer when her account was established in November 2016, or when a new plan was put in place October 2017. EWON also noted that the electricity contracts and bills did not provide clear information to indicate that she was on a business tariff. The retailer amended her tariff to a residential rate and provided a customer service gesture.

## Case Studies on the Victorian Default Offer – provided by EWOV

### Case study 1

#### Edith – Confused by VDO - [2019/12228]

Edith is an elderly customer who contacted her retailer to ask for more information about the VDO. She was confused by the information provided – both over the phone and in writing – and believed that the retailer’s correspondence should be clearer and easier to understand for elderly Australians. Edith turned to us seeking a simple explanation of her entitlements under the new reforms, and clarification of the bills she was receiving. We raised an Assisted Referral placing Edith in contact with a higher-level representative at the retailer.

### Case study 2

#### George – Unable to access VDO - [2019/13483]

George is an embedded network customer who contacted his retailer dissatisfied with the rates he was paying. He had heard about the VDO and noticed that he was currently paying more than this. When George spoke to his retailer, they advised him that as an embedded network customer he was not eligible for this tariff. George felt confused as he had previously been informed by the ESC that he was eligible because his provider was a licensed retailer. We raised an Assisted Referral and the retailer advised George to coordinate with his building management to negotiate a lower rate with them. Following this, George stated that he had no idea how to proceed, yet did not pursue his complaint with EWOV any further.

### Case study 3

#### Casey – Existing plan better than VDO - [2019/17227]

Casey contacted us after her energy retailer declined to put her on the VDO, and had not applied her pensioner discount to her account. After we raised an Assisted Referral, the retailer contacted us to let us know how they resolved Casey’s complaint. They explained that Casey’s existing plan included a loyalty credit equivalent to 26% off her usage charges until the end of the year. She had not been placed on the VDO because she would have lost her loyalty credit, and her bill would have increased by \$31.52. The retailer emailed Casey their calculations and offered to place her on the VDO if she still wished. Casey was satisfied with their explanation and decided to remain on her existing rate.

## Case study 4

### Luca – Confused by Best Offer - [2019/12333]

Luca contacted his retailer in early July to discuss their Best Offer. He was advised that if he took up a new contract his price would increase rather than decrease. His retailer informed him that he could stay on his existing rate, but Luca was concerned that this would not be beneficial to him as he expected his contract to expire soon. He also believed that all previous offers that included a pay on time discount were now worse off under the new reforms, and was sceptical of the advertised annual saving on his retailer's website. During their phone call, his retailer advised that they would confirm the conversation in writing – including the promise that he could stay on his current plan – but he did not hear back from them. Luca contacted EWOV seeking confirmation of his conversation with the retailer and further information about their Best Offer. After we raised an Assisted Referral Luca contacted us again. Luca stated that he did not believe his retailer understood their obligations to give consumers better offers, because their latest contracts were dearer than those previously available. We proceeded to raise an Investigation as the retailer had not addressed Luca's request to discuss their best offer in the Assisted Referral. During our Investigation we found that Luca had asked his retailer to change his service to property charge to match the charge offered on a different contract. The retailer could not fulfil this request as the service charge is bundled with the usage charge, but Luca did not accept this response. The retailer also confirmed that the savings quoted on their website were an estimate only, and provided substantiation of the footnote that clearly specifies this. The retailer re-affirmed that Luca could stay on his existing rate with a 40% pay on time discount, yet could not promise that this wouldn't change in the near future. We explained the retailer's response to Luca and advised him that no error had occurred on their behalf. Luca was satisfied with this response and his case was closed.

## Case study 5

### Frank – Angry about 'loyalty tax' - [2019/15665]

When Frank contacted his retailer after receiving a higher than expected gas bill, he was unhappy to find out that he was not on their best rate despite being a loyal customer of seven years. During his conversation with the retailer, Frank was offered a goodwill credit and the retailer discussed placing Frank on a different tariff. After this phone call Frank received another bill only to find that his tariff had not changed. He contacted the retailer again who advised that they expected Frank to call them back to confirm the tariff change, and noted that if he had changed tariffs, he would have saved \$170. Frank contacted EWOV seeking \$170 in credit. We first raised an Unassisted Referral, after which the retailer declined to credit this amount. We proceeded to raise an Assisted Referral and Frank's complaint with us was closed.