



8 April 2021

Mr Joe Dimasi
Chief Commissioner – Independent Competition
and Regulatory Commission
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By online submission

Dear Mr Dimasi

AER Submission – draft ACT Retail Electricity (Transparency and Comparability) Code

The Australian Energy Regulator (AER) welcomes the opportunity to make a submission in response to the Independent Competition and Regulatory Commission's (ICRC) draft ACT *Retail Electricity (Transparency and Comparability) Code* (the Code).

The AER prioritises and supports efforts to improve the transparency and comparability of retail electricity offers, to help customers to easily engage with the energy market and find the best deals for their circumstances.

The AER protects the interests of energy customers by regulating wholesale and retail energy markets including in the ACT. One of our strategic objectives is to protect vulnerable consumers while enabling customers to participate in energy markets, including by ensuring that customers are able to secure the best energy offer for their circumstances. We are committed to achieving this objective, while reducing costs to serve, by learning from consumer and behavioural insights and simplifying the regulatory framework to remove barriers to competition and innovation.

'Best offer' information requirement

On 18 March 2021, the Australian Energy Market Commission (AEMC) made a rule that amends the National Energy Retail Rules (NERR), requiring the AER to develop a new enforceable billing guideline by 1 April 2022.¹

The objective of the final rule is to simplify energy bills so households and small businesses can more easily understand their energy usage and costs, and find the best energy deal for their circumstances. The rule enables the AER to consider whether the inclusion of comparison information, such as whether a customer is receiving a retailer's 'best offer', would achieve the billing objective and improve consumer outcomes.

We are undertaking consumer research and will test and consult during the period up to March 2022 to determine whether 'best offer' information improves consumer comprehension and

¹ AEMC, [Rule Determination – Bill Contents and Billing Requirements](#), 18 March 2021.

engagement and the form in which this type of information should be presented. We would be happy to share our research updates and findings with the ICRC.

The AER understands that additional obligations for retailers could increase regulatory complexity. Different approaches can result in fragmentation where there is overlap and/or inconsistency between the AER billing guideline, the AER's *Retail Pricing Information Guidelines*, the Code and other arrangements. This could create additional costs for retailers, which ultimately will be passed onto consumers. It may also create confusion among both consumers and retailers, and increase compliance burdens for retailers, deterring competition and harming consumers.

We welcome the opportunity to work alongside the ICRC and stakeholders to explore how consistency can be achieved to minimise these costs, and identify areas for regulatory simplification.

Reference price

The AER is responsible for determining the maximum price (default market offer or DMO prices) a retailer can charge a standing offer customer in NSW, SA and south east Queensland each year. DMO prices are set on an annual financial year basis and also form the reference price for these jurisdictions.

The AER considers that costs to serve and regulatory complexity would be minimised if ACT reference price requirements were likewise implemented on 1 July and determined on an annual financial year basis. These issues might be further considered for the final version of the Code.

Concluding comments

The AER considers that efforts to improve transparency and comparability in the energy market will be most effective in improving consumer outcomes, while enabling competition and innovation, if they are consistent, and informed by consumer research and behavioural insights. We welcome the opportunity to work collaboratively with the ICRC to achieve our mutual goal of enabling customers to find the best deal for their circumstances, and supporting affordability and engagement in the energy market.

Please contact [REDACTED], General Manager, Policy and Performance Branch on [REDACTED] if you would like to discuss our submission in more detail.

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