

6 March 2025

Mr Benn Barr
Chief Executive Officer
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000
Online via: www.aemc.gov.au

Dear Mr Barr

RRC0062 – Improving the Ability to Switch to a Better Offer

Thank you for the opportunity to comment on this consultation paper.

The comments contained in this submission reflect the feedback of the Energy & Water Ombudsman NSW (EWON), Energy & Water Ombudsman South Australia (EWOSA), and Energy and Water Ombudsman Queensland (EWOQ). We are the industry-based external dispute resolution schemes for the energy and water industries in New South Wales, South Australia, and Queensland. We have collectively reviewed the consultation paper, and we have only responded to those questions that align with issues customers raise, or with each respective organisation's operations as they relate to the consultation paper.

If you require any further information regarding our submission, please contact Dr Rory Campbell, Manager Policy & Systemic Issues (EWON) on 02 8218 5266, Mr Antony Clarke, Policy and Governance Lead (EWOSA) on 08 8216 1861, or Mr Jeremy Inglis, Manager Policy and Research (EWOQ) on 07 3212 0630.

Yours sincerely



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RRC0062 Improving the Ability to Switch to a Better Offer

The AEMC consultation paper outlines proposed changes to the National Energy Retail Rules (NERR), aiming to enhance consumer access to better energy offers by making it easier to switch to energy offers that better meet their needs. These changes aim to foster greater competition and potentially lower consumers' bills.

The proposed solution seeks to amend the NERR to extend the requirements of the Better Billing Guidelines to require retailers to provide a streamlined process for customers to switch to the deemed better offer that is presented on the customer's bill. It is proposed that simplifying the switching process would provide relief to customers and empower consumers to pay the best price for their energy, one that suits their bespoke needs.

We recognise the importance of improving market transparency and reducing the barriers to switching. We welcome the opportunity to respond to the AEMC's consultation paper on the proposed rule changes for improving the ability of consumers to switch to a better energy offer. We support the overall aim of the proposed changes to enhance market competition, empower consumers, and simplify the process for switching to a better offer.

Question 1: Do stakeholders agree that transaction costs are a barrier to customer switching?

What other factors do stakeholders consider influence customer switching?

We support the intent of the proposal to improve a customer's ability to switch to a better offer and while we acknowledge the issues outlined in the consultation paper, we feel that the AEMC has an opportunity to look at the bigger picture - issues of switching to **any** better offer, not just that offered by their current retailer.

As noted in EWON's Systemic Issue report – [*Spotlight On – Challenges in the new world of switching energy providers*](#) there has been a positive shift in the energy market towards empowering customers to make choices that suit their needs and circumstances. This shift encourages engagement with the market, allowing customers to switch providers in as little as two days. The report highlights the unique perspectives energy ombudsman gain from complaints from customers about the switching process.

We have repeatedly seen that the issues arising from switching and transfer processes do not fit neatly into typical energy complaint categories. Customers are unlikely to call their provider and say they have a complaint about the transfer process. However, these customers are telling their providers, and energy ombudsman offices, that they are confused, struggle to get answers and are frustrated that by the lack of clarity in the process of switching to a better offer.

While we support the requirement for retailers to introduce an effective mechanism that makes the process of switching to the best offer to be as easy and quick as possible, we believe that simplifying switching to a better offer should encompass all pathways to obtaining a better offer. The aim should be to ensure that processes are as straightforward and simple, regardless of the route taken.

The AEMC's consultation paper outlines that one of the benefits to streamlining transferring to a better offer will promote competition, however, it fails to consider that customers may have a better offer available with a different retailer. Therefore, a two-pronged approach is required. Streamlining the process of transferring to a better offer with the current retailer, while leaving issues with transferring between retailers may foster behaviours that reduces their incentive to

research other options, which could inadvertently reduce competition and apply more pressure on smaller retailers.

The term switching used in the Consultation Paper blurs the lines with switching to a better offer with the current retailer and switching/transferring to a different retailer. As noted previously, the AEMC needs to consider switching as a whole package which includes multiple options.

While we also note that the proposal is not intended to address the issues that embedded network customers experience with being unable to transfer to a different retailer or the ability to access a better offer, it should be recognised that the proposed reforms will widen the gap between embedded network and on market consumers.

Question 2: Do stakeholders agree with the potential benefits identified in the proposal?

Do you expect this will result in consumers facing lower bills?

As noted in our response to Question 1, the proposal may lower bills for customers taking up a better offer from their current retailer, but not to the same extent that may occur if there are better offers with other retailers.

Question 4: What are stakeholders' views on the best way to implement an improved approach to switching?

1. Should specific processes be prescribed or a principles-based approach taken? What could a principles-based approach look like?

There are pros and cons of a rule based approach versus a principle based approach, regardless of which methodology is adopted. The approach should not be so prescriptive as to stifle innovation and flexibility or bring about costly implementation in the delivery of the proposed outcomes. It should be balanced with a degree of standardisation, which is favourable to ensuring consistency across the industry.

A principles based approach will most likely lead to different consumer experiences. This is already evidenced by how retailers develop and implement affordability programs and family violence assistance support. Some retailers go above and beyond while others provide much lower levels of support. Specific rules and guidelines that set out expectations of retailers should result in better outcomes for consumers.

Ongoing Monitoring: The AEMC should recommend that the AER require retailers to regularly report on the volume and nature of complaints and ensuring that appropriate compliance measures are in place, enabling the AER to assess whether any patterns of harm or market failures are emerging.

We recommend that the AEMC establish a clear framework for monitoring the outcomes of the rule changes once implemented. This framework should include:

- **Regular Data Collection:** The collection of data on how well the switching process is functioning across the market, including data on customer numbers that have transferred to a better offer, the average savings and data on complaints received by ombudsman services and regulators.
- **Feedback Loops:** A mechanism for gathering ongoing feedback from consumers, ombudsman offices, and other consumer protection bodies to ensure that any emerging issues are addressed promptly.

2. What opportunities for streamlining switching have you identified?

Consumer Education and Awareness

While the proposed rule changes aim to make switching easier, it is critical to address the knowledge gap that exists among many consumers. Many consumers, particularly vulnerable or less digitally literate groups, are unaware of how to navigate the energy market effectively. We recommend that the AEMC consider an additional component in the rule changes focused on consumer education, such as:

- ***Tailored Communication:*** Clear, simple, and accessible information should be provided to consumers to guide them through the switching process. This could include translating information into multiple languages and offering alternative formats (e.g., large print, audio).
- ***Consumer Outreach Programs:*** We encourage the AEMC to consider a pathway for retailers or regulators to collaborate with consumer advocacy organisations, including ombudsman offices, to implement outreach initiatives that educate consumers about their rights and how to identify the best offers available to them.

As noted above, we also consider that the AEMC could consider changes to improve consumer awareness of better offers. In its submission to the Essential Services Commission, the Energy and Water Ombudsman Victoria, encouraged changes that would require retailers to:

- Proactively conduct best offer checks and provide assistance with switching for all consumers contacting retailers anticipating or experiencing payment difficulty and the need for standard or tailored assistance.
- Communicate deemed best offers beyond current bill messaging requirements.¹

Explicit informed consent protections in the NERR are intended to help prevent consumers being switched onto worse or inappropriate offers. The AEMC could consider an obligation on retailers to act honestly and fairly by providing appropriate, understandable information to customers that encourages them to take up a best offer. Coupled with compliance checks, this would contribute to ensuring retailers are acting in the best interests of customers, help inform customers about how tariffs operate and impact their bills and work towards increasing trust in the sector.²

Explicit informed consent processes should be as simple as possible, without unnecessarily long-winded scripts that customers may not even listen to, and which should be relatively seamless for retailers to implement. Simplification may assist customers to have a greater understanding of the commitment they are making and provide more confidence in the product being offered.

Vulnerable Consumers

While the overall aim of the rule changes is to improve the switching process for all consumers, we encourage a focused consideration of the needs of vulnerable groups. Many consumers face additional barriers due to financial detriment, age, language barriers, or cognitive impairment. We recommend:

- ***Additional Safeguards for Consumers experiencing vulnerability:*** While the AEMC consultation *RRC0060 Assisting hardship customers* aims to address the access to a better offer for hardship customers, it is important that the rule changes include specific provisions for supporting all consumers experiencing vulnerability, not just those on affordability programs.

¹ EWOV [Feedback on Proposed energy consumer reforms to the Energy Retail Code of Practice](#) – November 2024

² Ibid