

Economic analysis of improving billing proposals

Prepared for the Electricity Authority

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Executive summary

The Electricity Authority is considering proposed changes relating to consumer billing

The Electricity Authority (the Authority) is considering a package of changes to consumer billing and related retail practices following public consultation and stakeholder feedback. The proposals are intended to address information, behavioural, and structural barriers that prevent residential consumers from understanding their electricity costs, comparing options, and switching to better value plans. The proposals are to:

- a) standardise billing information to make bills easier to understand and more comparable
- b) introduce better-plan requirements to support residential consumers to understand whether they are on their retailer's cheapest plan
- c) encourage consumers to compare plans across retailers and switch where it will save them money
- d) limit back-billing to protect residential and small business consumers from bill shock.

We have been engaged to provide analysis of the changes being considered to the original proposal

Following consultation, the Authority has refined aspects of the original proposals with the intention of preserving core consumer outcomes while reducing unnecessary compliance costs and implementation risk for retailers. We have been engaged to provide targeted analysis in relation to revisions to the proposals in light of the feedback it received.

Improvements in consumer outcomes are expected from the revised proposal

The Authority expects the revised package to:

- improve consumer decision-making by reducing complexity and information asymmetry in billing, making key information more visible, consistent and actionable
- lower behavioural and practical barriers to engagement, enabling more consumers to compare plans, optimise within their retailer, and switch across retailers when it is beneficial to do so
- strengthen consumer protections, particularly by reducing exposure to unexpected back-billing and associated financial stress
- support more effective retail competition, by increasing demand-side pressure on retailers and reducing loyalty penalties and consumer inertia
- build trust in the electricity market by improving transparency, fairness, and predictability of billing outcomes
- deliver near-term consumer benefits (time savings, lower bills, reduced stress), while also laying foundations for a more digital, flexible, and innovation-friendly retail electricity system.

More specifically, the Authority is seeking to deliver tangible outcomes for consumers. The revised proposal aims to deliver the following tangible outcomes:

- a) **Reduced hidden complexity:** by standardising core billing content and applying consistent design principles across all billing channels, consumers, regardless of retailer, would see the same critical information in the same place. This directly addresses information overload and framing effects that currently impair comprehension and comparison.
- b) **Easier, consistent and prominent comparison and switching:** embedding a single, trusted comparison and switching prompt across bills, apps, and emails reduces search costs and increases prominence at the point where consumers are already engaged with their bill. This helps convert passive awareness into active comparison and switching.
- c) **Fewer loyalty penalties and stronger incentives to compete:** regular better-plan advice, limiting intra-retailer switching costs, and targeted support for time-of-use plans reduces status-quo bias and lock-in. These measures shift competition toward retaining customers through value rather than inertia, while still allowing innovation in pricing and product design.
- d) **Protection from bill shock:** capping back-billing at six months and introducing proactive obligations to prevent back-billing reduces exposure to large, unexpected charges. Where back-bills are unavoidable, measures are intended to reduce the likelihood of bill-shock, financial stress for consumers, higher risk of unexpected arrears or avoidable disputes.

The Authority received useful feedback from its consultation process

The Authority undertook a six-week public consultation (8 October to 12 November 2025), receiving feedback from around 1,500 consumers, 28 written submissions and two half-day stakeholder workshops in December 2025. The Authority provided us with a summary of the submissions it received from which we understand that:

- across consumer advocates, community organisations and retailers, there was broad agreement on the need to improve billing clarity, comparability and usefulness for consumers
- stakeholders shared a common goal of improving consumer outcomes, while also highlighting practical considerations
- there were concerns from some submitters that the original proposals may have had unintended consequences, unnecessarily increasing costs and confusing retail customers
- feedback focused on avoiding unnecessary prescription, ensuring better-plan advice is prominent and actionable and that supporting consumers are getting their best possible deal while allowing adequate implementation time to minimise cost and error.

The Authority advises that submitters broadly supported the overall policy intent of these proposals and provided feedback on four key areas:

- avoiding unnecessary prescription in bill design in favour of minimum mandated content and clearer design principles
- providing better-plan advice at a frequency and in a format that consumers are more likely to notice and act on
- ensuring time-of-use uptake delivers real benefits for consumers

- ensuring a suitable implementation timeframe to avoid errors, confusion and unnecessary cost for consumers.

The revised proposals address key feedback with a view to maintaining the overall intention of the original proposal but reducing the compliance cost to retailers

The revised proposal seeks to improve upon the original proposal in light of feedback. The revised proposal includes the following:

Proposal A – Standardised billing (revised)

- A condensed set of mandatory billing elements that must be clearly and prominently presented across all billing communications.
- A codified set of sector-wide billing design principles, including:
 - plain and accessible language
 - presentation that supports customer comprehension
 - clear prominence of mandatory information.
- Removal of the prescriptive tiered (Tier 1/Tier 2) design approach in favour of principles above.

Proposal B – Better-plan advice (revised)

- Annual better-plan advice for all residential consumers, delivered alongside existing Consumer Care Obligations communications, based on the consumer's last 12 months of consumption (where available).
- Retailers may recommend up to three reasonably suitable plans, identifying the lowest-cost option where possible and explaining benefits, drawbacks and fees.
- Targeted education after three months for consumers who take up time-varying pricing plans, supporting informed behaviour change and effective use of those plans.
- Prohibition of intra-retailer termination fees, with limited exceptions for sign-up incentives.

Proposal C – Compare and switch

- A prescribed comparison prompt and link to the Authority's comparison and switching service on all billing communications (with flexibility to reference other services if desired).
- A requirement for retailers to publish a catalogue of currently available residential plans and prices, including GST, limited to plans generally available in the consumer's location.

Proposal D – Back-billing limits

- A six-month cap on back-billing for residential and small business consumers, with limited exceptions where the customer is at least partially responsible. Proactive obligations to reduce the likelihood and impact of back-billing, including earlier contact, clearer warnings about estimated reads, reasonable efforts to resolve access issues, and fair payment arrangements when back-bills occur.

Our overall assessment is that the revised proposal addresses key feedback, retains the original intent and improves upon the original proposal

Overall, we consider that the revised proposal should reduce retailer compliance burden relative to the original package, while preserving, and in some respects strengthening, the expected consumer benefits.

The revised package is targeted at reducing information frictions, search costs and inertia. By making comparison easier, advice more prominent, and supporting improved confidence and understanding to switch, the proposals are likely to increase effective consumer participation in the retail market. This, in turn, provides competitive pressure on retail offerings (prices and service), while still allowing scope for innovation in products and pricing.

Some risks remain, particularly around the balance between mandatory requirements and flexibility as well as timeframes to implement, but the revisions, intended guidance, and future monitoring and refinement aim to mitigate these risks.

1. Introduction

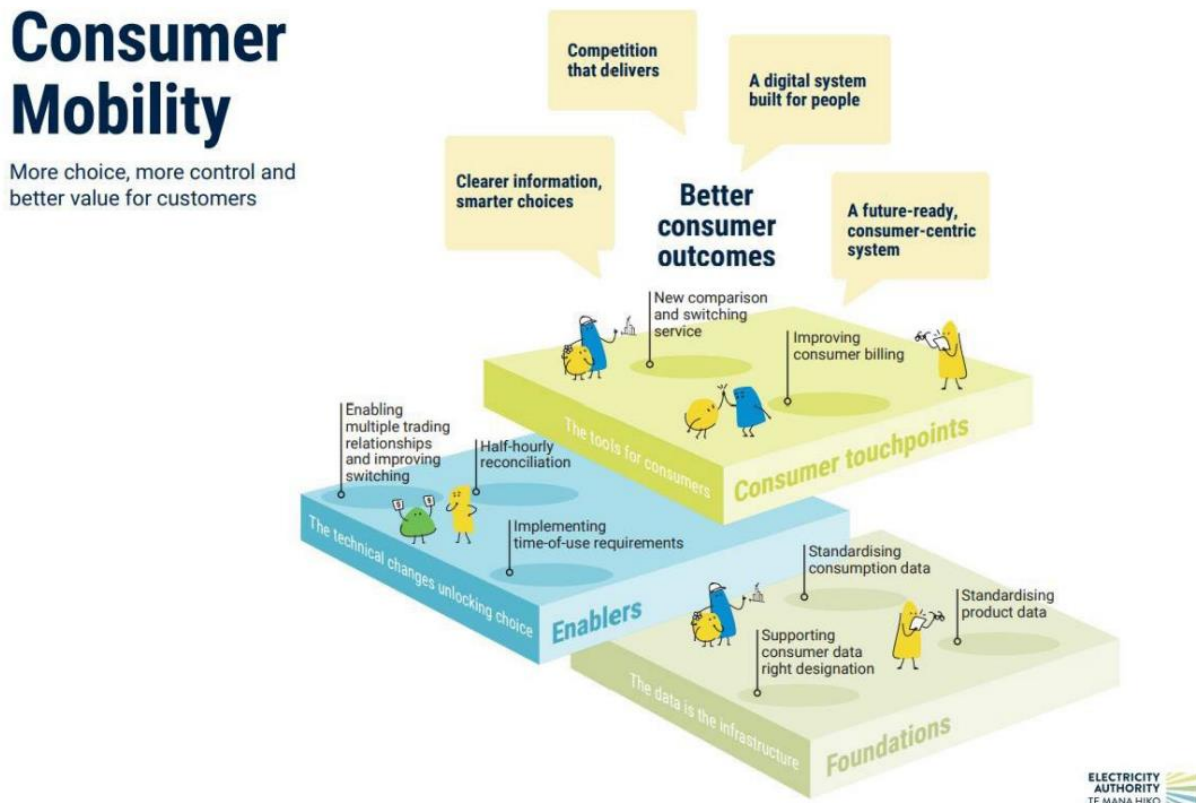
In the final quarter of 2025, the Electricity Authority (the Authority) consulted on a package of proposed amendments to the Electricity Industry Participation Code (the Code) aimed at improving billing practices in the electricity retail market (Electricity Authority, n.d.). Following consultation and consideration of stakeholder feedback, the Authority is now considering refinements to the package originally proposed. The Authority has engaged us to provide independent economic analyses of the revised proposals.

1.1 We analyse revised improvements in electricity billing requirements

The Authority's work to improve electricity bills is part of its wider consumer mobility work programme as illustrated in Figure 1. The initiatives within this programme are designed to be mutually reinforcing. For example, standardised product data supports the effective implementation of time-of-use pricing, while clearer bills and better-plan advice obligations help identify consumers who are most likely to benefit from those plans. Taken together, these measures are expected to increase the likelihood that consumers who are well suited to time-of-use pricing will switch with confidence, supporting both lower consumer costs and more efficient use of the electricity system.

The analysis in this report is confined to the Authority's revised proposals relating to electricity billing. While the consumer mobility initiatives are complementary, this report does not assess the interactions, sequencing, or combined effects of the broader programme.

Figure 1: Overview of the Authority's consumer mobility work programme



Source: Electricity Authority (2025)

1.2 We focus on feedback to the Authority and the logic of its revised proposals

Given the time available and the nature of the engagement, our work focuses on three related tasks:

1. **Assessment of the refined proposals:** comparing initial proposals with refined options, identifying key areas that retain consumer benefits while reducing costs, as well as more generally what the expected key impacts are and who will bear them.
2. **Identification of potential unintended consequences** such as cost pass-through increasing bills, or compliance focus potentially crowding out innovation or competition, and any concerns highlighted by the Authority in its summary of feedback from the industry.
3. **Independent “reasonableness check”** of: i) whether the Authority has addressed feedback and concerns received based on the summaries shared with us, and ii) whether it is reasonable for the Authority to conclude that the revised proposals are likely to deliver net benefits (or under what conditions they might deliver net benefits).

1.3 Limitations and relationship to the Authority's regulatory statement

Our analysis is limited to the scope above and has been undertaken over a short time period based on information provided to us by the Authority and the independent analysis that has been possible in the time available. We have relied on the Authority's consultation paper and analysis within it, as well as summaries of feedback it received and material able to be shared with us over the course of the work on what revisions were proposed and how they might be implemented (with some material received in the very late stages of our work). We have not sought to confirm any of the feedback or views and have limited insights into the systems and cost drivers for retailers other than that available through summaries of feedback.

This report is not a cost-benefit analysis and is not intended to fulfil the regulatory impact analysis requirements associated with a Code amendment.

Under section 39(2) of the Electricity Industry Act, the Authority is required to prepare a regulatory statement for any proposed Code amendment that sets out:

- a) the objectives of the proposed amendment
- b) an evaluation of the costs and benefits of the proposed amendment
- c) an evaluation of alternative means of achieving those objectives.

The Authority has undertaken this evaluation as part of its consultation and decision-making process. Our role is narrower. This report provides an independent economic perspective to sense-check the incorporation of consultation feedback and to assess the internal logic and plausibility of the Authority's revised proposals, including whether it is reasonable to expect those revised proposals to deliver the benefits envisioned by the Authority in practice.

Accordingly, this report should be read as a complementary analytical input to the Authority's regulatory decision-making, rather than as a substitute for the regulatory statement required under the Act.

1.4 Our analysis proceeds over the following three sections

The remainder of this report covers:

- The background to, and fit of, the Authority's workstream on improving electricity billing (section 2)
- the Authority's original proposal, consultation, and feedback received (section 3)
- revisions the Authority is considering in light of feedback and analysis of these (Section 4)
- concluding observations and takeouts (section 5).

2. Background

In this section, we provide an overview of relevant background to the proposed changes the Authority is considering. This includes concerns previously raised, how the workstream fits with other relevant work underway, problems sought to be addressed, and some international context to these.

2.1 Concerns previously raised in relation to electricity billing

The Authority's consultation paper on improving electricity billing (Electricity Authority, 2025) notes that issues relating to electricity billing were raised in/by:

- the Government's recent review of the electricity market performance (Frontier economics, 2025)
- past reviews and consultations such as the 2018-2019 Electricity Price Review (Ministry of Business, Innovation & Employment, n.d.), the Consumer Advocacy Council (2021 to 2024), and Utilities Disputes (until early 2025)
- its recent targeted engagement with retailers, consumer advocates, financial advisors and organisations supporting consumers in hardship.

The consultation paper notes issues raised across these sources, which include those summarised below.

Table 1: Summary of key concerns previously raised

Source	Issues raised/recommendations made
Frontier Economics (2025)	Issues: • Lack of investment in customer and billing systems by electricity retailers in New Zealand compared with other markets, leaving consumers with bills that are harder to understand and switching costs that are unnecessary and complex. • Consumers lack immediate access to their own data to permit easy and quick price comparisons. • No standardisation of bill formats which makes price comparisons more difficult. Of top 10 recommendation: for the Authority to implement a program with retailers to achieve bill consistency so customers can compare offers and identify ways to improve their electricity use.
Electricity Price Review (2018-2019)	Issues: electricity bills were often confusing, inconsistent across retailers and lacked the key information consumers need to make informed choices. Among recommendations: make bills simpler, clearer and understandable to all; retain annual reviews of customer plans; revisit headline prices for typical household profiles to make price comparisons easier (depending on Australian results) and strengthen Powerswitch.

Source	Issues raised/recommendations made
Consumer Advocacy Council (2021- 2024)	Recommended that every bill should include a prominent best plan notice telling customers if they could save money by switching to a better plan and by how much. Their nationally representative survey found 87% of consumers wanted this information on their bills. Developed and tested a model electricity bill showing how essential information should be presented upfront and in plain language.
Utilities Disputes	Recommended: • Requiring retailers in annual consumer contact requirements to provide advice on whether the consumer is on the most suitable product offering, based on current usage data. • Expanding current best plan requirements to cover consumers expressing dissatisfaction with billing or consumption more generally. • Requiring every bill to include some standard information: (a) Clearly identify the consumer's plan. (b) Provide a brief explanation of the rates charged, including where they vary by time period. (c) Clearly itemise any corrections or credits in plain language. (d) Standard wording on bills that informs consumers of the two main avenues for independent advice and review: the Authority funded comparison and switching platform, and Utilities Disputes. It appears most bills now include this information. • Requiring best plan notices on bills at regular intervals (e.g. every three months), emphasising that plain English notices were critical.

Source: Sapere summary of information in Electricity Authority (2025)

Further, information from Utilities Disputes until early 2025 indicated that billing issues were the largest source of consumer electricity and gas disputes. They accounted for 38 per cent of disputes in the financial year at the time the information was provided, with 1,822 billing-related complaints at that time. The largest component of this was high bills (often related to bill shocks) or billing errors.

2.2 How this workstream fits with other relevant work underway

Figure 1 above set out how this work fits alongside other aspects of the Authority's consumer mobility work programme. The Authority's consultation paper also notes that key projects which could enhance the benefits for consumers from the proposed billing improvements include: the new comparison and switching service, standardising consumption data and product data, and enabling multiple trader relationships and improving switching. There are also links to other Authority work

programmes/strategic activities, with half-hourly data reconciliation and progressing the Consumer Data Right to enable open electricity both highly relevant.¹

In addition, in its response to the Frontier Report, the Government agreed that improving consumer information is a priority, endorsing electricity bill consistency and improving consumer data access. An important aspect of this is the recent passing of the Customer Data Act for electricity which will enable access to customer data.

2.3 Problems the workstream seeks to address and international context

The Authority's consultation document (Electricity Authority, 2025) identified the following three major problem areas:

1. Inconsistency of billing information.
2. Poor comparability and visibility of options.
3. Inadequate protections against bill shocks.

Historically, utility bills have often been described as **complex**, gradually evolving as an "agglomeration" of information added to incrementally over time in response to varied demands (Stanton & Kline, 2016). Energy bills are the main communication tool between an energy supplier and a consumer (Bureau Europeen des Unions de Consommateurs, 2017; Electricity Authority, 2025; Stanton & Kline, 2016). However, bills are often found to be confusing, unclear, and inconsistent, leading to frequent consumer complaints (Bureau Europeen des Unions de Consommateurs, 2017; Electricity Authority, 2025).

Electricity bills contain a **wide range of information**, and the content seen by a consumer depends almost entirely on their retailer. This absence of common standards can mean important information, such as termination fees or explanations of price structures, is often "buried in fine print or missing altogether" (Electricity Authority, 2025). The Authority notes the current billing requirements include that the:

"Electricity Industry Participation Code 2010 (the Code) prescribes only three items that must appear in a bill: the installation control point, contact details for Utilities Disputes Limited's (Utilities Disputes) resolution scheme and reference to the Authority's plan comparison website."

and

"Consumer Care Obligations require retailers to use actual rather than estimated readings for invoicing wherever practicable, and to include additional information on invoices, such as total amount owed and any overdue amounts, due dates and payment options, and

¹ For instance, see Electricity Authority, [projects, work programme 2025 to 2026](#), and [quarterly report to the Minister for Energy 1 July to 30 September](#).

amount owing for each bundled good or service, these requirements remain narrowly focused.”

The Authority also states that the **use of technical language and complex layouts** erodes consumer confidence (Electricity Authority, 2025). Research suggests that plain or conversational language is far more effective than glossaries or technical terms in helping people understand and act on information (Behavioural Economics Team of the Australian Government, 2021). Consumers commonly struggle to understand key terms like “kilowatt-hours” (kWh) and variable or tiered rates (Ofgem, 2009). This difficulty means many consumers tend to only look at the amount owed and the meter readings (Australian Energy Regulator (AER), 2021; Frederiks, 2021).

The background research underpinning standardisation efforts confirms that simplifying bills can reduce the **cognitive load** on consumers, making them easier to understand and use effectively (Behavioural Economics Team of the Australian Government, 2021).

Further, the Authority consultation paper indicates that the lack of standardised bills directly undermines the intended benefits of retail competition in the energy sector, as summarised below.

- **Poor comparability and visibility of options:** The lack of standardisation drives up search and interpretation costs, discouraging consumers from using comparison tools and together with **data access challenges** influences the low rates of switching. When consumers cannot confidently compare options, they are less likely to switch, even when savings are available.
- **Loyalty penalty:** The Authority is concerned that consumers may pay more for electricity simply because they stay with the same retailer over time. This market inertia is thought to persist because retailers have few incentives to provide the data that makes switching easy, leading to a “collective-action problem” that entrenches low transparency. Further the Authority notes that contractual penalties and lock-in periods can amplify these frictions.
- **Disadvantaged consumers:** There is the potential for an uneven playing field. While digitally engaged consumers may receive richer information (e.g. via apps), less computer literate consumers could face bills that are limited and unclear, deepening energy hardship for those at the margins.
- **Inadequate protections against bill shocks:** Some consumers are thought to face risks such as sudden, unaffordable **back-bills** when retailers charge for energy used months ago due to estimated (rather than actual) readings.

Objectives sought

The goal the Authority is seeking is a shift from a market where consumers must “hunt for information” and carry the risk of errors, to one where the system delivers fairer outcomes automatically, delivering clarity, choice, and protection by design.

Improving electricity billing standards is seen as important for empowering consumers, boosting competition, and preparing for future energy innovations.

Better billing is also intended to protect vulnerable households and small businesses by reducing risks like back-billing and hidden fees, ensuring fairer outcomes. In addition, clear, machine-readable bills

are expected to create a foundation for advanced services such as automated switching, demand response, and peer-to-peer trading.

Specifically, the changes being considered are intended to:

1. improve consumers' ability to understand their electricity use and costs
2. reduce the effort and time involved to compare plans and switch
3. strengthen trust in retailer billing practices
4. support more effective retail competition.

Experience in Australia

The background and context for the standardisation of energy bills stems from previously flagged issues relating to bill complexity, consumer understanding, and resulting reductions in competitive pressures in retail energy markets as well as initiative undertaken in Australia.

The standardisation of energy bills in Australia is a comprehensive regulatory initiative, primarily led by the Australian Energy Market Commission and the Australian Energy Regulator, in response to suggested widespread consumer confusion, low market engagement, and complexity of bills.

The process culminated in the mandatory **Better Bills Guideline**, informed by extensive research and behavioural insights. The standardisation effort was initiated because existing bills were considered to have failed to serve their purpose effectively in the competitive energy market (Australian Energy Market Commission, 2020).

Recent market reviews continue to highlight why standardisation is considered necessary. The latest inquiry into the National Electricity Market reports that many residential customers remain on plans priced above default market rates, often due to difficulty interpreting bill information and navigating retail offers (Australian Competition & Consumer Commission, 2025). However, there are some potential indicators of improved competition and engagement, with reports of:

- more consumers are on newer plans (41.8 per cent, up from 29 per cent in 2024), and
- a higher proportion of consumers on their retailer's best offer (26.7 per cent of residential customers, up from 19.3 per cent in 2024) (Australian Competition & Consumer Commission, 2025).

The review also confirms the persistence of the "loyalty penalty."² These findings indicate that consumers can be disadvantaged when information is unclear or inconsistently presented. They stated that approximately 36.5 per cent of customers remain on plans priced at or above default offers (Australian Competition & Consumer Commission, 2025). The Commission addressed further work and improvements such as protections against "loyalty penalty" and reducing confusion with plans that refer to the same name after adjusting its prices among others.

² A loyalty penalty is the extra amount customers end up paying simply because they stay on an old electricity plan instead of switching to a newer, cheaper one.

Supporting this, the Australian Government's Better Bills Impact Report (Australian energy Regulator (AER), 2025) shows that the simplified bill design has improved consumer comprehension and made it easier for people to identify whether they are on the right plan. The report also notes that clearer bill formats increased the number of consumers engaging with comparison tools such as Energy Made Easy. It further explains that well-designed bills reduce cognitive load and help households make more informed choices.

The experience in Australia illustrates that even though simplifying and improving electricity bills comes with a financial cost, the benefits to customers, such as transparency and confidence, are material.

3. The Authority's original proposed changes and feedback it received on these

In light of the background set out in the previous section, the Authority released a consultation paper on 8 October 2025 on changes to the Code to improve electricity billing in New Zealand. Following the release of its consultation paper, the Authority:

- obtained feedback from around 1,500 consumers
- received 28 submissions on the consultation paper from:
 - three individuals
 - four consumer-focused groups
 - four gentailers and the Electricity Retailers' and Generators' Association of New Zealand (ERGANZ)
 - nine non-integrated retailers
 - two distributors
 - five other entities.
- engaged with industry participants on views of the proposed changes, including via two four-hour workshops with industry and consumer groups.

Following feedback, towards the end of 2025 the Authority considered proposed adjustments to its proposed Code changes in light of feedback to help address concerns while maintaining the intended effect of addressing identified problems relating to billing.

In this section we provide an overview of the Authority's initial proposed changes, its anticipated impacts of these changes, and feedback provided on the proposed changes and the impacts of these. The following section summarises the revised proposed package of changes and assesses whether the revised proposal addresses key feedback provided to the Authority as well as the resulting impacts anticipated and possible risks/unintended consequences.

3.1 The Authority's original proposal

The Authority's original proposed changes included the following components:

Key change	Components of original proposal
A. Standardise billing information to make bills easier to understand and to give residential consumers the information they need to engage	A1. Mandatory content required in all billing channels.
	A2. Plain language and logical layout requirements in bills and billing communications.
	A3. A tiered information approach that highlights the most important information for consumers.
B. Introduce better-plan to support residential	B1. Require six-monthly reviews on better plans (current plans relative to the retailer's product suite).

Key change	Components of original proposal
consumers to understand if they are on one their retailer's cheapest plans for them and switch risk-free if they are not	B2. Enable risk-free time-of-use adoption (with ability to switch back if not making savings).
	B3. Prohibit termination fees for switching plans with the same retailer.
C. Encourage consumers to compare plans across all retailers and switch where it will save them money	C1. Prompt consumers to use the Authority's new comparison and switching tool to compare across all retailers by including reference/links to it in bills and billing communications.
	C2. Require retailers to publish a catalogue of all of their available plans.
	C3. Require retailers to proactively offer advice on better plans every time any contact is made by a customer regarding billing issues and also at their annual Consumer Care Obligations check-in.
D. Limit back-billing to protect residential and small business consumers from bill shock	D1. Limit back-billing of historic usage to a maximum of six months (with limited exceptions).
	D2. Proactive measures to manage back-billing.

Source: Sapere summary of information in Electricity Authority (2025)

3.1.1 Anticipated impacts of the Authority's original proposal

The Authority's regulatory statement included:

1. a statement of the objectives of the proposed amendment
2. an evaluation of the costs and benefits of the proposed amendment
3. an evaluation of alternative means of achieving the objectives of the proposed amendment.

We briefly summarise their conclusions on the first two below, noting the proposal was preferred to alternatives.

The Authority's objectives of the proposed amendment

The Authority notes its proposed Code amendment is driven by its statutory objectives to promote competition, reliable supply, and the efficient operation of the electricity industry for the long-term benefit of consumers, and to protect the interests of residential and small business consumers.

The Authority is concerned that inconsistent billing formats and the absence of critical information in many electricity bills leave consumers confused and unable to make informed decisions. As a result, many consumers remain on plans that are not well suited to their needs and may be paying more than necessary. It states that while retailers often already hold information indicating whether customers could benefit from a different plan, this information is not consistently or clearly provided to consumers.

The Authority notes that the proposed amendments aim to ensure that all residential consumers can easily understand their bills, see what other plans are available, compare options across retailers, and

switch to better deals with confidence. Reducing complexity, increasing transparency, and lowering the risks and frictions associated with switching are central to this objective.

The Authority is also concerned that termination fees and other switching barriers discourage consumers from trying new pricing structures—particularly time-of-use plans—which have the potential to reduce household costs and support more efficient use of the electricity system. The proposed changes are intended to remove these disincentives while ensuring consumers are not penalised if a plan proves unsuitable.

In addition, the Authority seeks to protect residential and small business consumers from financial hardship caused by large and unexpected back bills. While it notes that progress has been made under the Consumer Care Obligations, the Authority considers further regulatory intervention necessary to provide consistent protection across the market.

Overall, the Authority notes that the key objectives of the proposed amendment are to:

- make it materially easier for consumers to understand their electricity bills and available plans
- support effective comparison and switching across retailers
- strengthen consumer protections, including through a six-month limit on back-billing
- promote more effective competition and trust in the retail electricity market
- deliver immediate consumer benefits while supporting a more digital, flexible electricity system over time.

These objectives align directly with the Authority’s statutory mandate and reflect a view that voluntary retailer action alone has not delivered consistent outcomes for consumers.

The Authority’s evaluation of the costs and benefits conclude that benefits are expected to outweigh costs

The Authority concluded that the benefits of the proposed amendments (mostly concentrated to consumers) were expected to outweigh the costs (sector-level implementation and ongoing costs), with the following key benefit categories and specific costs identified:

Table 2: Summary of costs and benefits of the original proposal identified by the Authority

Benefits	Costs
Improved transparency consumer trust and outcomes for residential consumers	Bill redesign and IT systems – updating templates, mapping data fields and integrating plan identifiers across channels.
Competition, innovation and efficiency benefits	Analytics and training – developing processes for six-monthly better-plan reviews and training customer-service staff.
Reduced complaints and cost to serve	Testing and change management – ensuring accuracy across different customer types and communication channels.
Improved regulatory compliance and future-proofing	Ongoing maintenance – periodic updates to templates and prompts as offers change, exception handling and third-party costs.

Benefits	Costs
	Opportunity costs – some retailer resources may be diverted from other innovation or growth activities during implementation

Source: Sapere summary of information in Electricity Authority (2025)

The Authority:

- included a summary of its qualitative assessment of costs and benefits, finding that a detailed quantitative model would be unlikely to be meaningful and could potentially be misleading given the large number of uncertain assumptions about individual systems, customer bases and operational practices that would be required.
- expected many implementation costs to be one-off and able to be sequenced with other planned upgrades to minimise incremental costs.
- noted that costs in Victoria Australia associated with their better bills and best offer reforms involved retailers reporting on-off implementation costs of AUD\$500,000 to \$2,000,000, with an average of around AUD\$1 million on design and development of new bill templates and underlying systems, coding, user testing and change management and ongoing maintenance or AUD\$200,00-\$300,000 reported.
- expected that costs per retailer would be lower in New Zealand with large retailers potentially facing one-off costs of several hundred thousand dollars but substantially less for many and ongoing costs expected to be lower too. This was due to higher digital maturity in New Zealand, existing practices, and alignment with planned upgrades and simplified requirements.

3.2 Feedback provided to the Authority on its original proposal

The Authority received feedback from various industry groups regarding its' original proposal on improving customers electricity bills, and it provided a summary of this feedback to us.

There were four key changes in the original proposal as laid out in the previous section. This section summarises the feedback by the key change proposed (drawing on the summary provided of submissions provided to us).

In addition to feedback on the policy aspects of the proposal, the Authority advised that in relation to implementation, retailers:

- raised concerns that the originally proposed staged implementation dates did not sufficiently account for the operational complexity and risk associated with billing system changes. They stated that billing changes affect all customers simultaneously, rely on multiple interconnected systems and carry a high risk of consumer harm if implemented without adequate testing.
- cautioned that poorly implemented billing changes could lead to errors, consumer confusion, increased complaints and loss of trust, with many suggested a 12-to-24-month implementation period.

Table 3: Summary of submitters feedback grouped by components of original proposal

Key change	Components of original proposal	Submitters feedback
A. Standardise billing information	A1. Mandatory content required in all billing channels	Five retailers indicated the original proposal was overly prescriptive. Submitters noted that highly specified requirements would be costly to implement, challenging to apply consistently across different billing systems and product offerings, and could constrain innovation over time. Several stakeholders also cautioned that excessive complexity in bill design may undermine, rather than enhance, consumer understanding, particularly given consumers' preference for clear and simple information. In addition, some retailers highlighted that they have already invested significantly in tailored bill design and user testing to ensure their bills are effective and accessible for their customers.
	A2. Plain language and logical layout requirements in bills and billing communications	
	A3. A tiered information approach that highlights the most important information for consumers	
B. Introduce better-plan	B1. Require six-monthly reviews on better plans (current plans relative to the retailer's product suite)	Approximately half of respondents supported the proposal, highlighting potential benefits for low-income households and consumers who do not use digital devices, as well as the reassurance such reviews could provide that customers are on the best available plan with their retailer. Almost all consumers expressed approval. However, other submitters raised concerns that six-monthly reviews could present a distorted view of consumption due to seasonal variation, potentially confusing and undermining trust and engagement. They noted that most pricing plans are more appropriately assessed on an annual basis. Retailers also emphasised that increasing the frequency of better-plan reviews—particularly where results are embedded in bills—would lead to materially higher implementation costs with limited consumer benefit, given that many customers do not regularly engage with bills. These costs would ultimately be passed through to consumers. As a result, several submitters expressed a preference for annual reviews delivered outside of billing communications.
	B2. Enable risk-free time-of-use adoption (with ability to switch back if not making savings)	Nine submitters supported the original proposal of a risk-free time-of-use trial, with retailers informing consumers after three months if they are making savings and allow them to switch plans without paying a termination fee. 86% of consumers supported the proposal. However, many submitters noted that the proposal is less necessary given the better-plan review and removal of termination fees when changing plans with the same retailer. Seven submitters did not support the proposal, believing that three months is too soon to give a proper picture of how well time-of-use is working and for households to change their behaviour. They suggested a

Key change	Components of original proposal	Submitters feedback
		better focus would be education on how to shift usage . Contact Energy submitted the Authority should instead require retailers to remind new time-of-use customers at three-months, for example by shifting more of their consumption to evenings and/or weekends.
	B3. Prohibit termination fees for switching plans with the same retailer	Many submitters (17/28) supported the proposal to prohibit termination fees for switching plans with the same retailer, in most instances. Four retailers stated they already do not have termination fees for switching between their plans. Some submitters called for this to be expanded to include termination fees for switching to another retailer. Some retailers were opposed to the proposal as they believe the termination fees reflect actual switching costs. Two key issues raised by submitters were, whether it is appropriate to remove termination fees for fixed term plans where consumers have received a discounted price and retailers may have entered a hedge for that period. And secondly, whether it is appropriate to remove termination fees where a “freebie” has been given, or whether freebies should be banned so that consumers are not locked into plans.
C. Encourage consumers to compare plans	C1. Prompt consumers to use the Authority’s new comparison and switching tool to compare across all retailers by including reference/links to it in bills and billing communications.	Nearly half (13/28) of submitters supported the proposal to prompt consumers to use the Authority’s new comparison and switching tool to compare across all retailers. Submitters made suggestions on the wording of the proposed prompt. Rewiring Aotearoa also suggested the prompt should add “or by installing solar panels”. Some submitters opposed the exclusivity of the prompt, suggesting that other comparison and switching sites should be able to be referenced, such as Powerswitch. Other submitters said it should not be a retailer’s responsibility to encourage their customers to switch providers. Paua to the People noted that some households will still struggle to find retailers to take them on.
	C2. Require retailers to publish a catalogue of all of their available plans	Half of submitters (14/28) supported the requirement for retailers to publish a catalogue of all of their available plans that apply to each customer. Six retailers stated that consumers can already see their plans or tariffs. Two or more submitters were opposed, and were concerned that this might lead to a reduction in the number of plans offered. Some submitters were concerned that detailed catalogues could lead to more confusion, rather than clarity, for customers. There was also some question of how this would be technically possible for some retailers with tens of thousands of different price points.

Key change	Components of original proposal	Submitters feedback
		Others preferred the use of retailer tools or comparison and switching sites, supported by data, such as through the EIEP (Electricity Information Exchange Protocols).
	C3. Require retailers to proactively offer advice on better plans every time any contact is made by a customer regarding billing issues and also at their annual Consumer Care Obligations check-in.	Almost half (13/28) of submitters supported the proposal to require retailers to proactively offer advice on better plans at their annual Consumer Care Obligations check in. Octopus suggested that this section be kept light as the annual check in already contains quite a lot of information. Meridian argued that the requirement would be likely to confuse customers and increase the number of calls and their duration. Paua to the People argued that it should not be the retailer's responsibility. About a third (nine of twenty eight) of submitters supported the proposal to require retailers to proactively offer advice on better plans every time any contact is made by a customer regarding billing issues, with two submitters including caveats – "within reason" or "in principle". Seven submitters did not support this proposal. Four submitters were concerned that it would frustrate customers who were calling about an unrelated issue, add call time, call wait time, cost and slow service; and not benefit customers who were not open to advice at that time. For example, Genesis estimate that it could lead to 25-50% longer calls (which had already increased 30% as a result of the Consumer Care Obligations). Two submitters suggested the information should only be provided on request. Two retailers had concerns about how the proposal would work, given restrictions on retailer communication with customers during the switch protection period. Nova made an alternative proposal – that better-plan advice be offered when a customer raises questions about pricing, usage or plan suitability; or when retailer identifies material benefit from switching or notes payment difficulties; or during periodic or customer-initiated reviews consistent with Consumer Care Obligations.
D. Limit back-billing	D1. Limit back-billing of historic usage to a maximum of six months (with limited exceptions)	The majority of submitters (16/28) supported the proposal to limit back billing of historic usage, with agreed exceptions. Utilities Disputes Limited estimated that this would reduce back billing complaints by two thirds, as 70% of back billing complaints are about bills longer than 6 months old. Three retailers preferred a longer back billing limit of between 12 and 15 months. Four submitters preferred a shorter limit: one consumer preferred a limit of three months and three consumer advocates preferred a limit of four months.

Key change	Components of original proposal	Submitters feedback
		Five retailers preferred no limits be imposed, because they said many of the causes of undercharging are outside of retailer's control, stating there are already protections in place on topics such as the frequency of meter readings and promptness of notification of billing errors. Contact advised that it already limits back billing to six months, except where it is the customer's fault or fraud has occurred. Meridian limits back billing to 15 months. Submitters reiterated that commercial businesses (that is, other than small business consumers) should not be covered and suggested the following exceptions (among others): • Where customers have not responded to communications or denied meter access • Fraud or theft • Legitimate instances where usage can't be measured.
	D2. Proactive measures to manage back-billing.	Twelve submitters supported the proposal to work out repayment plans with customers after receiving a back bill. Some retailers advised that they already offer the same or more generous terms. Utilities Disputes Limited supported the proposed prohibition on direct debiting back bills without prior warning. Some retailers advised that they already take proactive measures to prevent and manage back billing, for example Octopus follows up with every ICP they have not received a reading for after a month. Mercury suggested the requirement to contact a customer if an actual meter reading has not been obtained be changed from three to four months to allow for two cycles of meter reads every two months. Four submitters emphasised the key preventative measure is the continued roll out and maintenance of communicating smart meters. One retailer suggested that it should be a requirement to have functioning telecommunications that make a communicating smart meter work, after noting issues when customers change to providers with poor coverage.

4. Revised proposed package and our analysis of it

The Authority has developed a revised package of proposed changes (Revised Proposal) in light of the feedback on its original proposal. Table 4 summarises the changes under the Revised Proposal with Appendix B providing greater detail of what is included in the Revised Proposal.

Table 4: Summary of changes proposed to the Authority's proposal

Billing proposals	Initial proposals in consultation paper	Proposed decisions to go to February Board	Timeframes	
			Initial proposed	Revised proposed
Standardise billing	Full mandatory content of bills in all billing channels	Minimum mandatory information displayed up front	1 July	30 October 2026
	Plain language and logical layout requirements A prescriptive two-tiered information approach that highlights the most important information for consumers	Billing design principles to make bills clear and comparable	1 July	
Better-plan advice	Require six-monthly reviews on better-plans in bills	Require annual reviews on better-plans (outside of bills and aligned with annual check in of the Consumer Care Obligations)	1 July	
	Enable risk-free time-of-use adoption	More educational approach to support time-varying plan adoption	1 October	
	Prohibit termination fees for switching plans with the same retailer	No change in policy	1 October	
Compare and switch	Prompt consumers to use the EA's comparison and switching tool to compare across all retailers	Minor policy change: wording of the prompt has been shortened	1 July	
	Require retailers to publish a catalogue of their available residential plans that apply to each customer	No change in policy	Did not specify	

Billing proposals	Initial proposals in consultation paper	Proposed decisions to go to February Board	Timeframes	
			Initial proposed	Revised proposed
	Strengthen the Consumer Care Obligations to provide better-plan advice when customers get in touch on billing related issues	Minor policy change: limited to instances where consumer is open to advice	Did not specify	
Limit back-billing	Limit back-billing of historic usage to a maximum of six months	No change in policy	1 July	
	Proactive measures to reduce the likelihood of back-bills and make them manageable when they occur	Minor policy change: Small change in policy so that customers must be contacted after four months when a meter reading has not occurred (instead of three months).	Did not specify	

Overall, the Authority's Revised Proposal appears to address the feedback appropriately, looking to address identified costs and risks while focusing on the benefits and problems the Authority has identified.

In the next section, we elaborate how the specific feedback is addressed by the Authority Revised Proposal.

4.1 Feedback the revised proposal addresses

The Authority's Revised Proposal reflects consideration of the feedback received from submitters and seeks to address the key concerns raised during consultation. In particular, the Authority amended aspects of the original proposals that submitters viewed as overly prescriptive, costly, or at risk of unintended consequences, while retaining the overall policy intent of improving consumer understanding, engagement, and confidence in electricity billing and retail arrangements.

4.1.1 Billing requirements

Submitters (mainly retailers) expressed concern that highly specified bill designs would be difficult and costly to implement across diverse retail systems and products, and could constrain innovation over time. In response, the Authority now proposes adopting a *principles-based* approach to bill design, supported by a set of mandatory information requirements to be presented consistently across billing channels (e.g., paper invoice, apps or mobile). This revised proposal responds directly to submitter feedback by providing flexibility for retailers to continue refining bill formats, particularly where significant investment has already been made in retailers' respective customer bills, while ensuring consumers receive core information in a clear and accessible manner.

4.1.2 Better-plan reviews

Retailers and some consumer advocates raised concerns about the proposed six-monthly better-plan reviews. While many submitters supported more frequent reviews in principle, others highlighted the risk that six-monthly assessments made as part of bills could undermine trust and engagement. Retailers also emphasised the cost implications of more frequent reviews, particularly where results are embedded in bills. The Authority's revised proposal to require annual better-plan advice, based on a full 12 months of consumption data and delivered outside of billing communications, addresses these concerns while preserving the consumer benefits identified in the original proposal.

4.1.3 Broader framework and switching measures

More broadly, the Authority's revised proposals respond to submitter feedback by prioritising proportionality and practicality in implementation. Measures such as prohibiting termination fees when consumers switch plans within the same retailer, strengthening Consumer Care Obligations, and prompting consumers to use the Authority's comparison and switching tools were refined to maximise consumer benefit without imposing unnecessary costs or complexity. Taken together, the Revised Proposal reflects a balanced response to consultation feedback based on the summary shared with us, aligning regulatory requirements with operational considerations while maintaining a strong consumer-focused outcome.

4.1.4 Implementation

The Authority's Revised Proposal responds to feedback in relation to implementation by simplifying and extending some of the timeframes to align implementation so that all aspects are to be implemented on 30 October 2026 (rather than staged implementation with some aspects beginning

earlier). Implementation is also intended to be supported by an implementation toolkit with: i) an updated exemplar bill, detailed guidelines and data field specifications, ii) time-varying plan guidance, and iii) better-plan guidelines.

4.2 Anticipated impacts of the new proposal

This section outlines the anticipated impacts of the revised proposal, including the retained policy logic, the issues it seeks to address, expected impacts, and potential risks with associated mitigation.

4.2.1 Problems addressed and policy logic

The Authority's Revised Proposal retains the focus on identified problems and anticipated consumer benefits from the original proposal.

The Authority's Revised Proposal largely preserves the consumer-confidence objectives of the original proposal, while refining the approach to address implementation concerns raised by submitters. In particular, the Authority proposes retaining the core intent of making electricity bills clearer and more comparable by mandating a set of key information to be presented consistently across all billing channels, while now attempting to avoid overly prescriptive design requirements. This strikes a balance between ensuring consumers receive the essential information needed to understand and engage with their bills while seeking to avoid unnecessary costs and constraints on innovation.

The revised proposal to introduce principles-based bill design requirements, such as the use of plain language, logical layout, and clarity, supports consumer understanding without increasing unnecessary complexity. By complementing mandatory upfront information with a principles-based approach that highlights the most important content, the Authority is intending to maintain the original proposal's focus on simplicity and accessibility, reinforcing consumer trust in billing information while minimising the risk of information overload.

In relation to better-plan information, the Authority is still proposing strong consumer protections while responding to concerns about cost, accuracy, and engagement. Rather than requiring six-monthly reviews embedded in bills, the Authority is proposing to require retailers to provide better-plan advice annually as part of existing Consumer Care Obligations, using customers' previous 12 months of consumption where available, and to deliver this information outside of bills. This approach would preserve consumer confidence by ensuring advice is based on a more representative consumption profile, while reducing the risk of confusion (and engagement fatigue) and limiting implementation costs that would likely be passed on to consumers.

More broadly, the Authority's proposal to prohibit termination fees when residential consumers switch plans with the same retailer strengthen Consumer Care Obligations, and required prompts and links to the Authority's comparison and switching tools further reinforce consumer confidence in the market. These measures would maintain the substantive consumer benefits envisioned in the original proposal of improved transparency, comparability, and switching confidence, while adopting a more proportionate and practical regulatory framework.

In developing its Revised Proposal, the Authority appears to have balanced the competing considerations from different submissions, retaining the core consumer protection objectives of the original proposals while moderating requirements to avoid unnecessary costs or operational disruption for industry participants. The final package preserves the intent to improve bill clarity, plan comparability, and switching ease, while shifting toward a more proportionate, outcomes-focused approach.

The logic from the original proposal is retained

The logic of the original proposal has been retained in the Authority's Revised Proposal:

- **Consumer protection and transparency:** Maintain the original objective of clearer, more consistent billing and accessible plan information to support informed decisions.
- **Enable effective switching and competition:** Reduce frictions to plan switching within a retailer and encourage the use of comparison tools to stimulate competitive pressure.
- **Focus on outcomes over methods:** Emphasise the *what* (clear, accurate, comparable information and timely "better-plan" prompts) rather than the *how*, to accommodate diverse systems and business models.
- **Align with existing obligations:** Leverage existing Consumer Care Obligations and established processes to minimise duplication and support efficient compliance.

...and underlying issues should be addressed

The Authority laid out the issues its Revised Proposal addresses and we summarise them below:

- **Bill complexity** that inhibits consumer understanding and engagement.
- **Inconsistent bill content and presentation** across retailers that limit comparability.
- **Costs in intra-retailer plan switching**, including deterrents such as termination fees.
- **Bill shocks** to give greater trust and confidence in managing costs.

4.2.2 Summary of anticipated impacts of the new proposal

The Revised Proposal has taken account of feedback while trying to maintain the identified benefits and avoid unintended consequences. We summarise the anticipated impacts across stakeholders in the table below, noting the consultation paper set out the expected costs and benefits as noted above. We have also identified any further possible indicators of potential quantum of different impacts where this has been provided in feedback to the Authority.

Table 5: Summary of impacts of the revised proposal

Party	Explanation of key impacts (drivers and where concentrated)
Consumers	• Can compare bills with greater ease leading to better matching of a contract to a consumer's needs and a lower cost of purchasing electricity, particularly for consumers who are less able to engage with the complexity of plans available. • Reduction in time to move to the most advantageous plan.

Party	Explanation of key impacts (drivers and where concentrated)
	• Potential for less regret from having stayed on the wrong plan, and more confidence in trialling a new plan. • Greater potential response to new incentives (particularly time-of-use billing).
Retailers (noting costs would likely be passed on to retailers)	• Costs of implementing changes to comply with the changes under the Revised Proposal. • Operating costs of new rules (and any implications for cost to serve, which is a balance of factors that could impact complaints, requests for information, and engagement with customers and metering companies). • Competitive response to attract and retain customers.
The Authority	• Costs of implementing the changes (e.g. developing guidance). • Ongoing monitoring costs (and any refinement costs).

4.2.3 Possible risks or unintended consequences

In this section we consider residual risks and potential unintended consequences. This section should be read in light of our overall assessment and the Authority's wider consumer mobility work programme. In particular, the changes under the Revised Proposal reduce overall risks and the potential for unintended consequences, with the residual risks and potential for unintended consequences detailed here for completeness in keeping with our scope of engagement. The purpose is to help inform decisions and potential implementation in the context of other work the Authority also has underway. We acknowledge that the likelihood of certain risks is difficult to assess and therefore try to set out the nature of the risk to aid in this intended purpose.

We note that when consumers choose to contract with a particular electricity retailer there will be several considerations they take into account of which the price offered is only one (though important) consideration.³ There is a risk that the Revised Proposal **could reduce the choices offered to consumers** or change the trajectory of competitive offerings, with some incentives towards more limited focus on comparable price aspects (in the focus of the bill standardisation and if better bills are based on overall cost).

For instance, a potential unintended consequence could relate to (unknown for now) innovations that do not appear to offer a price advantage, but when taken into consideration within the context of the full package might offer an overall economic advantage to the consumer. If the price of the electricity component is taken as the overriding comparison point, then retailers **might be disincentivised to consider such innovations**. While simplification in itself could potentially be beneficial to consumers, the risk to be managed is any reduced incentive that could result for retailer innovation in the wider

³ Factors consumers will consider may include (but are not limited to): 1) perceptions of customer service, 2) price, 3) scope/bundling of services (e.g. gas or telecommunications), 4) risk management (e.g. a fixed price for a period of time), 5) additional services that can be offered (e.g. solar generation buy back), 6) optimisation of load management (e.g. hot water controls), 7) ability of the consumer to shift load to benefit from time-of-use offerings, 8) innovative offerings such as free power for a nominated period.

service offering (to compare against competitive pressures that might result or potential to support innovation if the data underlying the better plan comparisons was available too).

A possible unintended consequence of the changes is the **potential for reduced use, variation, or extent of discounts prices** for fixed priced contracts for differ periods of time (e.g. 12 months) because of the increased ease of switching without penalty. For instance, the incentive to discount longer term contracts might be reduced.

A further risk is that instead of reducing complaints and cost to serve, the additional information and prompts could in fact lead to more **complaints** as a greater portion of customers might feel they are on the wrong bill and as a result this could increase the cost to serve for retailers. Nonetheless, in a number of these instances, any temporary cost for an individual complaint may expect to be outweighed by any economic efficiencies if these lead to better matching of consumers to the right contract for their ongoing electricity use. That is were there to be an increase in complaints that led to more consumers being on better plans, any cost to retailers in relation to complaints and customer churn would need to be weighed against the benefits from consumers being on the right plan and the competitive pressures and potential dynamic efficiencies which the proposals are intended to achieve.

There is the **potential for some increase in the risk of unauthorised access and use of data** as a result of any additional communications (more so if actual data use is shared as part of this) in relation to better plans/time-varying plans. In addition to existing legal protections, this would need to be managed through privacy and as necessary data security arrangements (which should already be available to retailers) to avoid any negative consequences of illegal or improper use of information. Again, this residual risk needs to be considered against the expected benefits from more consumers moving to more suitable plans.

In a competitive market, consumers will migrate over time to the contracts made available by retailers that make best sense for them from a holistic point of view. The question for the regulator is to strike the right balance in ensuring that consumers do not get stuck with disadvantageous terms, and maintaining the momentum towards innovative electricity contracts that offer economic benefits to consumers. We see the Authority has sought to improve the balance in its revised proposal and this section serves simply as a test of this to further consider in decision-making and implementation.

While the Authority's Revised Proposal seeks to balance consumer benefits with proportional regulatory requirements, there remains a risk that the practical implementation of the new rules could have unintended consequences for consumers. In particular, although the Authority's Revised Proposal has been moderated to limit compliance costs for retailers, there is a possibility that some retailers may seek to recover the costs associated with implementing and adhering to the new requirements through higher retail prices or changes to tariff structures. If such **costs are passed through**, this could result in upward pressure on consumer bills, at least in the short-to-medium term. Of course, any such pressure would need to be considered relative to the potential for improved consumer matching and potential savings from choice of contract (and potentially use of electricity).

Lastly, we note that the Authority is proposing to commence its better bills regulatory change on 30 October 2026. While this aligns with the implementation options considered during consultation, several submitters emphasised the need for **sufficient transition time** to sequence these changes alongside other ongoing regulatory and technology projects in order to minimise operational

disruption and costs passed through to consumers. In light of this, there may be benefit in the Authority testing whether a 30 October 2026 commencement remains practical for all participants, or whether phased implementation or extended transition periods could further reduce implementation risks and support a smoother, lower-cost rollout. Though again, this would need to be considered relative to the potential to delay the intended benefits sought from the changes.

5. Concluding takeouts

We consider that the Authority's Revised Proposal addresses the key feedback from submissions. The feedback is summarised in section 3.2 of this report. Where the Authority is proposing not to incorporate suggestions from submissions, the Authority has explained the motivation and reason behind its decisions.

The Revised Proposal is consistent with the Authority's original policy intent, logic and expected benefits, seeking to address problems raised in a number of previous forums. In particular, the Revised Proposal would help address:

- bill complexity
- inconsistent bill content and presentation
- costs in intra-retailer plan switching
- bill shocks.

As a result, the Authority expects the Revised Proposal to:

- improve consumer decision-making by reducing complexity and information asymmetry in billing, making key information more visible, consistent and actionable
- lower behavioural and practical barriers to engagement, enabling more consumers to compare plans, optimise within their retailer, and switch across retailers when it is beneficial to do so
- strengthen consumer protections, particularly by reducing exposure to unexpected back-billing and associated financial stress
- support more effective retail competition, by increasing demand-side pressure on retailers and reducing loyalty penalties and consumer inertia
- build trust in the electricity market by improving transparency, fairness, and predictability of billing outcomes
- deliver near-term consumer benefits (time savings, lower bills, reduced stress), while also laying foundations for a more digital, flexible, and innovation-friendly retail electricity system.

The Authority's summary of the Revised Proposal, reasons for it and expected consumer impacts is set out in Appendix A.

We expect the changes in the Revised Proposal to improve the benefits relative to costs identified by the Authority in its regulatory statement. The revisions made should reduce costs and risks significantly. The most material potential risks/unintended consequences we identify relate to how the resulting retailer cost implications compare to the potential consumer cost savings and efficiency benefits, and the net impacts in relation to innovation (which are hard to know, other than considering the resulting incentives and potential constraints). As we note, these may be useful considerations in terms of implementation if a decision is made to proceed with the Revised Proposal.

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Appendix A Authority's summary of changes in Revised Proposal

Proposal area	What was consulted on	What was heard (why changed)	What is now proposed	Why this is better for consumers
A1. Bill standardisation across all billing channels	Compulsory standardisation requirements across all billing channels (bills, emails, apps, websites), including mandatory content, plain language, logical layout and a prescriptive tiered structure.	Strong support for clearer, comparable bills, but feedback that the approach was too prescriptive, costly and difficult to apply consistently across different systems/products; risk of overcrowded/complex bills undermining comprehension; desire to preserve innovation and build on existing retailer user testing.	Proceed with: (i) a condensed set of mandatory information displayed prominently up front across all residential billing channels, and (ii) codified billing design principles (plain language, logical layout, clarity, consistent terminology).	Maintains a consistent baseline of critical information, regardless of channel, while avoiding unnecessary compliance costs that may ultimately flow to consumers. Principles-based is more likely to deliver clear, usable bills in practice, support accessibility and enable improvements over time.
A3. Tiered information requirement	A mandatory two-tier model (Tier 1 information on first page/screen, Tier 2 following, with any other info after).	Concern a rigid tiered model would drive 'template compliance' rather than consumer comprehension; difficulty applying uniformly across channels; cost and risk of unintended clutter. Desire to build on existing retailer user testing.	Do not mandate a tiered template; instead require smaller set of key information up front and apply design principles (with guidelines/exemplars).	Delivers the intended outcome without locking a rigid structure that may become outdated or reduce usability. Allows some flexibility to enable retailers to better respond to their customers' needs and preferences as evidenced by market testing.
B1. Better-plan advice frequency and channel	Six-monthly better-plan reviews for all residential consumers, with results embedded in bills (and other channels).	Consumers strongly supported better-plan advice, but retailers were concerned that six-monthly reviews risked seasonal distortion and confusion. Embedding the message in bills would increase cost and may have limited visibility due to low bill-open rates; cost pass-through risk.	Require annual better-plan advice, delivered outside of bills, aligned with annual Consumer Care Obligations check-in; based on last 12 months consumption where available; must be clear and avoid confusion.	Advice likely to be more accurate, more visible and more trusted. Annual advice expected to reduce misleading signals; delivery outside bills increases likelihood consumers actually see and can act on advice, while reducing avoidable cost pass-through.
B2. Risk-free time-of-use trial	A mandated 'risk-free' trial: three-month savings check, ability to revert without fees, three mandatory contacts.	Three months is too short to assess suitability or achieve behaviour change; multiple mandated contacts would be costly and intrusive leading to customer disengagement; better focus is education. Better-plan advice and no within-retailer termination fees reduce need for a separate trial mechanism.	Do not proceed with the risk-free trial as proposed. Shift to an education/capability approach to support time-varying plan adoption with advice on how to make best use of a time-varying plan at three months for new customers (with relevant prompts/insights), noting B1 and B3 protections reduce need for it.	Focuses regulation on what improves outcomes for consumers: informed choice and capability without creating noisy or potentially misleading short-term advice. Reduces intrusion and cost while still supporting safe uptake of time-varying plans over time.
B3. Termination fees (within-retailer plan switching)	Prohibit termination fees when residential consumers switch plans with the same retailer, with limited exceptions (enticements/freebies).	Broad support; some concerns from retailers about cost recovery where enticements/discounts are provided; need for careful drafting of exceptions.	Proceed as consulted: termination fees prohibited for within-retailer plan switching (residential), with carefully defined exceptions for legitimate cost recovery of enticements.	Removes a key barrier to consumers moving to better value plans and reduces lock-in. Exceptions ensure competition incentives which can incentivise customers to switch can still operate where appropriate without undermining mobility.
C1. Compare & switch prompt to Billy	Longer prescribed prompt to use Billy to test if consumers can save money referencing the Authority/government funding; prompt required across all billing channels with logo/link.	Requests to shorten and consumer-test; concerns reference to the Authority/government could reduce trust for some consumers; feedback to clarify switching that could mean retailer or plan; some requested other sites can be mentioned.	Require an Authority-set prompt on all billing channels directing consumers to Billy, using shorter consumer-tested wording; remove 'Authority/government-funded' language; allow optional mention of other sites after Billy.	Improves comprehension and trust using clear, brief, neutral language, while keeping a consistent market-wide call to action. Allowing other sites after Billy to preserve consumer choice without weakening Billy's prominence and may provide helpful mechanism to drive site improvements.
C2. Retailer plan catalogue	Require retailers to publish a catalogue of generally available residential plans applicable by location, with prices/terms and how to get advice.	General support; concern detailed catalogues could confuse if too granular.	Proceed, with clarifications: only current, generally available plans relevant by region/meter type; not historical plans; avoids overwhelming granularity.	Increases transparency and supports consumers who prefer to research directly with their retailer; complements comparison tools and reduces information asymmetry.
C3. Better-plan advice during billing queries	Better-plan advice offered every time a customer contacts the retailer on billing issues.	Concern about longer call times, longer waits, higher costs, and customer frustration and disengagement when advice is forced at the wrong moment.	Target obligation to situations where advice is likely to be useful/relevant (payment difficulty; plan/price/usage enquiries) and where the customer reasonably appears open to it, using common sense.	Preserves consumer benefit at high-value moments when appears most open to change while avoiding degraded service quality, customer disengagement and risk of unnecessary costs that could flow through to consumers.

Proposal area	What was consulted on	What was heard (why changed)	What is now proposed	Why this is better for consumers
D1. Back-billing cap	Cap back-billing for residential and small business consumers at six months with limited customer-fault exceptions; credits unaffected.	Very strong consumer and retailer support; emphasis that exceptions must be tight and fair; recognition retailers are generally better placed than consumers to seek redress or prevent issues.	Proceed as consulted: six-month cap with tightly defined customer-responsibility exceptions (e.g., prevented access; fraud/theft).	Provides meaningful protection from bill shock and disputes, while preserving fairness where the consumer is responsible. Improves trust and reduces hardship risk.
D2. Proactive back-billing measures	Proactive obligations, including customer contact after three months without an actual read; instalment repayment rights; pre-issue contact for back bills >3 months.	Feedback that four months better reflects meter reading cycles; support for repayment protections; emphasis that smart metering reduces risk overall and need for contact prior to direct debiting bills.	Proceed largely as consulted, with two key refinement: customer contact trigger moves to four months (better aligned with meter reading cycles). Maintain repayment plan expectations and emphasise pre-issue engagement must also occur prior to direct debiting.	Maintains strong prevention and support measures while improving practicality and compliance, supporting earlier intervention and manageable repayment when back bills occur. .

Source: Electricity Authority.

Appendix B Detailed summary of Revised Proposal

Table 6: Detailed summary of the Authority's Revised Proposal

	Original proposal	Revised Proposal
A. Standardise billing	A1. Mandatory content in all billing channels	Mandatory information required upfront and the design of the invoice/bills that enhances consumer understanding and comparability using a principles-based approach. Firstly, the Code will reflect the requirements to display the information below: 1. Total charges including GST if applicable (GST amount can be listed in brackets afterwards or stated if no GST applies), any overdue amounts shown separately, any applicable discounts/credits/reversals, the due date and how to pay 2. Retailer contact details 3. ICP and account number(s) 4. Plan name, plan unique identifier code,^[1] plan/contract end date (if any), break fee to change (if any) 5. Billing period covered 6. Electricity consumption and injection (if any) and charges, including whether the meter read is actual or estimated, with line/network charges shown separately 7. Other bundled services (if any) 8. Comparison with a previous period (e.g. a graph showing comparison with previous 12 months) 9. Link to the Authority's comparison and switching service (using the prompt from C1 below) 10. Utilities Disputes Limited contact details. Secondly, the design of the bills/invoices need to comply with the following principles: i. Plain language: information must be written clearly and avoid unnecessary technical jargon ii. Logical layout: information must be organised in a clear and intuitive way, with the most important information, including the mandatory requirements set out above, presented up front (with user testing to confirm it works for consumers) iii. Clarity: bills must be simple and easy to follow Consistent terminology: common terms should be used consistently across the sector and explained, making bills more accessible.
	A2. Plain language and logical layout requirements	
	A3. A tiered information approach that highlights the most important information for consumers	
B. Introduce better-plan	B1. Require six-monthly reviews on better-plans (based on 12 months of consumption , where available)	Retailers will be required to give better-plan advice to all residential consumers as part of their existing annual Consumer Care Obligations check. Information about the retailer's best plan based on the consumer's last 12 months of consumption (where available) will be proactively provided to customers outside of bills.
	B2. Enable risk-free time-of-use adoption	The Authority decided not to proceed with the risk-free time-varying trial proposal but to require retailers to provide customers taking up new time-varying plans with targeted education on how to make best use of their specific type of plan after three months.
	B3. Prohibit termination fees for switching plans with the same retailer	Termination fees will be prohibited when residential consumers switch plans with the same retailer. This includes a limited number of exceptions where sign-up incentives or "freebies" have been provided. This prohibition applies only to residential consumers when switching between plans with the same retailer. Termination fees may still apply when a customer switches to a different retailer, subject to existing Consumer Care Obligation requirements that these fees must be reasonable and cost reflective. The Authority is not proceeding with a ban on enticements nor a prohibition on fees for switching between retailers at this time.
C. Encourage consumers to compare plans	C1. Prompt consumers to use the Authority's new comparison and switching tool to compare across all retailers	Retailers will be required to include the following prompt (subject to consumer testing) and link to the Authority's new comparison and switching site, Billy, on all billing communications. The prompt: <i>"Could you save money on another plan or with another power company? Compare plans at the independent site Billy.co.nz."</i> Retailers may also mention other comparison and switching sites if they wish.
	C2. Require retailers to publish a catalogue of all of their available plans	Retailers must publish a catalogue of all of their currently available residential plans and prices that are available to each customer. The catalogue of prices should be displayed showing GST to enable fair comparisons between plans and providers.

	Original proposal	Revised Proposal
		Retailers are only expected to show current plans that are generally available to consumers in their location – for example through a webpage that asks your location first then displays relevant plans, and do not need to display thousands of price points. They may also ask questions about meter type to determine which plans that consumer can access.
	C3. Strengthen Consumer Care Obligations	Retailers must offer to provide better-plan advice when consumers make contact in the following situations: • Regarding payment difficulties, • Making enquiries about: • Whether they could be on a better-plan, • Ways to reduce their power bill and/or usage, • The cost of their plan or alternative plans, and/or • At any other time a customer reasonably appears open to discussing whether they could be on a better-plan. Retailers will be expected to use common sense when determining if it is appropriate to provide better-plan advice when customers get in touch, but in general it should be provided when customers appear open to the discussion. This is additional to the obligation in B1 to provide better-plan advice annually.
D. Limit back-billing	D1. Limit back-billing of historic usage to a maximum of six months	Retailers will not be permitted to bill residential and small business consumers for historic electricity usage that occurred more than six months prior. The six month limit will not apply to credits, only to costs. Exceptions will apply (where the customer is at least partially responsible for the back bill): • Where the customer prevented meter access and/or has not responded to repeated communications to facilitate access • Where the retailer reasonably suspects fraud or theft has been committed to obtain discounted or free electricity at that address (for example by meter tampering, bypassing wiring, making an illegal connection, stealing power, or using identity theft).
	D2. Proactive measures to manage back-billing.	Retailers must take proactive measures to minimise the likelihood of back-billing occurring and to support residential and small business customers when it does occur, by: • Contacting customers if an actual meter reading has not been obtained for more than four months • Informing customers of the potential consequences of repeated estimated readings and their ability to provide their own meter readings • Making reasonable endeavours to resolve any technical or access issues preventing an actual reading • Making reasonable endeavours to contact a customer prior to issuing a back bill of more than three months, offer a payment plan (with at least the same time to pay as the back bill is for – i.e. allow five months or more to pay a back bill going back five months) and explain how to make a complaint • Updating their terms and conditions to reflect these changes.

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