

Regarding the above review, one thing that should be considered is how consumers are charged for gas usage. Consumers are basically hoodwinked when it comes to gas pricing and charging. When retailers advertise rates, they always emphasise the cheapest rate for comparison. That is, the rate a consumer would be charged if you went over the maximum amount of DAILY usage to get the cheapest rate. This is very misleading!

Gas rates are charged in 4 tiers. The first tier is the highest rate and once you go over the 20MJ (MegaJoule) usage for the day, the price per MJ goes down. This continues on for the four tiers until you reach the lowest price which is often 50% or more cheaper per MJ. While this sounds great, it resets every day, so a consumer would have to use a lot of gas to ever get to these cheaper rates. For example, during the first month of winter in Leura, Blue Mountains where I use my gas central heater every day and cook on my gas cooktop, I did not reach even the first tier limit for any day of the entire month. So for the whole billing month I was charged the highest rate of the 4 tiers. Yet retailers advertise based on the cheapest rate chargeable.

Not only is the advertising misleading, but the charging regime is also misleading and unfair. The discounts for volume should be based on the monthly term of the bill, not on daily usage. Daily resets of the tiered pricing are antiquated from a time when gas was the preferred energy source for consumers. Now this can only be seen as a false incentive and an opportunity for retailers to charge the maximum possible rate in almost all instances.

Along with the review of the guidelines, the AER should look at correcting both the false advertising by the retailers only presenting the cheapest rates as an incentive, and correcting the antiquated billing cycle of resetting tiered usage discounts on a daily basis to a preferred monthly cycle. Consumers are being misled on both accounts as to the opportunity for cheaper gas prices. Also, if retailers can afford to sell gas at a cheaper rate for higher usage, then they are profiteering on the current tiered system. There long term contracts would ensure they would not be disadvantaged.

Thank you for the opportunity to provide this submission.