

Compliance Check

National Energy Retail Law and Rules: contract price variations (standard retail contracts and market retail contracts)

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The *National Energy Retail Law* (Retail Law) and *National Energy Retail Rules* (Retail Rules) sets out the processes for retailers to vary standing offer and market contract prices. We have issued this Compliance Check to remind retailers of key provisions for contract price variations for standing offers and market retail contracts under the Retail Law and Retail Rules. In Queensland there are additional requirements for varying prices. These requirements must also be satisfied before a price variation takes effect and are outlined in this document.

Types of retail contracts

Section 20 of the Retail Law requires energy retailers to offer small customers either a standard retail contract (at standing offer prices) or a market retail contract. Requirements for varying prices for standing offers are set out in the Retail Law and in the Retail Rules for market contracts.

Variation of standing offer prices

Section 23 of the Retail Law sets out the requirements for varying standing offers.

Notification of a variation

Sub-section 23(3) outlines the notice requirements and provides that retailers must:

- publish the variation **or** the prices as varied, on the retailer's website
- publish a notice about the variation in a newspaper circulating in jurisdictions in which the retailer has small customers, and
- inform each affected customer of the variation when the retailer sends the next bill to the customer.

When a variation takes effect

Generally, a variation will take effect on the date specified in the variation, unless the limitations under the Retail Law apply. Sub-section 23(5), sets limits on the commencement of a variation and provides that a variation of the standing offer price takes effect either:

- (a) on the day that immediately follows the six months period after the last variation or publication of the original standing offer prices, or
- (b) on the day that immediately follows the 10 business days after the day which the variation was published.

If both (a) and (b) are applicable, then the variation takes effect on the later of those dates.

Consumers find price changes stressful so retailers can assist by:

- using clear, simple language about the price change on their bill
- ensuring the variation notice is prominent and easy to find.

Variation of standing offer prices in Queensland

Requirements for the variation of standing offer prices differ depending on whether prices are regulated or unregulated.

For small electricity customers, regulated prices are set under the *Electricity Act 1994* (Qld).

In South East Queensland, electricity prices for small customers were deregulated on 1 July 2016. Queensland specific Retail Law requirements provide that deregulated standing offer prices cannot be varied for a period of one year (1 July 2017) unless the variation is to decrease the standing offer prices.

Retailers must also inform affected customers of any price increases at least 10 business days before the variation takes effect.

Variation of market retail contract prices

Retailers are permitted to vary tariffs and charges for market retail contracts as long as the price changes are made in accordance with the terms and conditions in the contract, and are not inconsistent with the Retail Rules.

Rule 46 of the Retail Rules includes requirements for the variation of tariffs and charges of market offers.

Under rule 46(3) and (4) retailers must notify customers of any variation to the tariffs and charges of a market retail contract as soon as practicable, and in any event no later than the customer's next bill.

Variation of retail market contract prices in Queensland

If retailers **increase** market contract tariffs and charges, retailers must give customers notice of the variation at least 10 business days before the new tariffs and charges apply [rule 46(4)(a)].

If retailers **decrease** market contract tariffs and charges, retailers must give customers notice of the variation as soon as practicable and in any event by no later than the customer's next bill [rule 46(4)(b)].

Presentation of prices

Sections 24 and 37 of the Retail Law requires retailers to present standing offer and market offer prices, including any variations, in accordance with the AER's Retail Price Information Guideline.

Responsibility for compliance

Compliance with the Retail Law and Retail Rules is the responsibility of retailers and distributors. Section 273 of the Retail Law requires retailers to establish policies, systems and procedures to enable it to efficiently and effectively monitor its compliance with the requirements of the Retail Law, national regulations and the Retail Rules.

The information in this publication is general guidance only. It does not constitute legal or other professional advice, and should not be relied on as a statement of the law in any jurisdiction. Because it is intended only as a general guide, it may contain generalisations. You should obtain professional advice if you have any specific concern. The AER has made every reasonable effort to provide current and accurate information, but it does not make any guarantees regarding the accuracy, currency or completeness of that information.

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