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Submitted by email: AERInquiry@aer.gov.au

Review of Draft AER Retail Pricing Information Guidelines

Alinta Energy Retail Sales (**Alinta**) welcomes the opportunity to make a submission to the Australian Energy Regulator (**AER**) consultation on the draft AER Retail Pricing Information Guidelines (**Guidelines**)

Alinta is an active investor in energy markets across Australia with an owned and contracted generation portfolio of nearly 3000MW, including 1700MW of gas-fired generation facilities and 1070MW of thermal generation facilities. Alinta has a strong renewable investment strategy across Australia and is pursuing renewable energy projects at an increasing scale. Alinta currently retails electricity and gas to more than 830,000 customers including more than 300,000 customers in east coast markets. Alinta is committed to contributing to energy market development across Australia and in all regions as it pursues its forward growth strategy.

The diversity of Alinta's portfolio, its investment strategy, product offerings, and first-hand experiences across multiple jurisdictions sees it well placed to provide comments on the review of the Draft AER Retail Pricing Information Guidelines.

Alinta recognises the need to ensure that consumers have access to easy to understand information on energy product offers and services. The challenge is how to simplify a complex market for consumers without leaving out important information or presenting information in a simplistic generalised way that it is not useful for the consumer or worse, potentially misleading. As the sale of energy occurs across a number of varying meter and tariff types, as well as across different network/distribution regions and consumer usage scenarios, simplification of information aligned to generic consumer scenarios is inherently difficult.

The challenge for the AER is to strike the right balance between transparency and market dynamics such that consumers have access to meaningful information, noting that what is meaningful to customers is itself subjective.

Alinta has a number of concerns / comments on proposed amendments to the guidelines, these include;

Extended definition of generally available offers

The Guideline proposes the extension of the definition of generally available offers. Such that all offers are considered to be “Generally Available”. This represents a significant change to generally available offers as we currently know them. The introduction of the concept, that even those offers where there is a defined eligibility criteria, for example membership of a club or association, are to be considered generally available and therefore are to be published on Energy Made Easy and on retailer’s websites.

The issue that needs to be addressed is around definitional clarity between offer categorisation to ensure there is clarity between generally available and restricted offers. As an example of this ambiguity, under the proposed guideline group offers available through club membership would be considered generally available, however group offers available through “family and friends” would be restricted. Both offers are potentially unique in nature and only available (or restrictive) to a small subset of customers however they are to be classified differently.

Retailers will need to be clear when designing new product offers what category they will be classified under, to ensure all retailers publish offer information in a consistent manner.

This brings up the issue of tailored offers which one would think by nature of their name would fall into the category of restricted offers, however this does not appear to be the case. In the absence of being able to provide definitional clarity, a discretionary provision should exist for retailers and the AER to agree to individual approaches for individual circumstances.

The increased number of generally available offers (under the new definitions) will also have the impact of requiring the AER to increase system functionality and resources to ensure Energy Made Easy has the capacity to manage the increased number of published offers.

Accounting for unconventional offers

In recent years, with advancement in technology we have seen new retailer business models enter the market where their product offerings are not based on the traditional model of a c/kWh product. New product offers with fixed daily or monthly rates, subscription models where cost can be dictated by the consumers level of engagement are plans that do not lend themselves to the definition of offers envisaged under the new guideline.

These types of new offers create challenges in the way they would be represented and compared under the comparison rate. Consideration needs to be given to ensuring the guideline is flexible enough to cater for these new product offerings.

Language changes

The move to standardised terms is a positive step. However in moving to standardised terms we need to ensure that the terms chosen for use are those that are logical and intuitive from the perspective of the customer. To ensure this, the terms proposed to be used should be tested with a range of consumers, to determine their appropriateness.

Retailers will require time to manage the change in language as it flows through to other marketing and consumer information material. And in order to avoid any unnecessary confusion on the part of consumers education on the new terminology will be required.

Implementation of the “*Basic Plan Information Document*”

The Basic Plan Information Document (**BPID**) is a new document. Ideally, this would replace the Energy Price Fact Sheet. However, given the complexity of the task and time constraints, we accept the need for there being two documents during what is essentially a transitional phase.

We do however believe it unnecessary that customers would receive both the BPID and Contract Summary in their welcome pack. Information in these documents overlap to some degree. Receiving duplicate information risks creating customer confusion and a poor customer experience. This point of further duplicating information, is further compounded by the existing provisions under the National Energy Retail Rules to provide a disclosure statement.

We support the continued inclusion of pricing information in the BPID, pricing information is a key consideration for consumers, and its inclusion in the BPID is a positive step.

We do however have concerns around the estimation periods used in the comparison pricing tables. Estimation periods should be annual estimates rather than bill period estimates.

Whilst we understand that the idea of an offer comparison that a customer can use against an actual bill is appealing, and why customers might prefer this in concept. However, and as the AER is aware, a comparison of any one bill and a bill estimate on the Comparison Pricing Table is likely to be problematic. This is because customer bills will vary across seasons, and the seasonal variations will also be very different across regions. It is for this reason we support the use of annual estimates.

Finally, it is important to note that the AER is currently consulting on the requirement for retailers to write to customers at the end of their benefit period.¹ Retailers are being asked to provide a historical figure and a projected cost. Given benefits are generally 12 months, it is likely that at least the projected cost will be an annual figure. Customers will be better placed with an annual reference price for comparison purposes with this notice.

Should you require any additional information or wish to discuss any aspect of our submission please contact Ante Klisanin, Retail Regulation Manager on (03) 8533 7344 or via email: ante.klisanin@alintaenergy.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read "Shaun Ruddy".

Shaun Ruddy
Manager – National Retail Regulation

¹ AER (2018), *Benefit Change Notice Guidelines: Issues Paper*, February.