



2 November 2017

Mr Simon Kidd &
Miss Elisha Kelly
Australian Energy Regulator
Retail Markets Branch
AERInquiry@aer.gov.au

Customer Price Information Issues Paper

Alinta Energy Retail Sales Pty Ltd (**Alinta Energy**) welcomes the opportunity to provide comments on the Australian Energy Regulator (**AER**) issues paper on Customer Price Information.

Alinta Energy is an active investor in the energy retail, wholesale and generation markets across Australia. Alinta has around 2500 megawatts of generation capacity in Australia (and New Zealand) and a growing customer base of over around 800,000 customers in Western Australia and across the National Energy Market and is well placed to provide comment on the Issues Paper.

We understand the intent of the issues paper is to facilitate comment and discussion on four specific issues;

- The content and format of Energy Price Fact Sheets,
- The development of a comparison rate for energy offers,
- Technological solutions that facilitate simpler comparison of energy offers, and
- Facilitating comparison of energy offers for customers without access to technology, or whose preference is for non-online communications.

We also note the review and consultation on customer pricing information is being conducted in the surrounding policy context coming from the Prime Ministers Retailer roundtable where eight retailers committed to:

- Market offers in dollar terms, in place of percentage discounts,
- Produce clear. User-friendly fact sheets on terms, late payment penalties, early termination payments and to work with Government and the AER on key components such as a comparator rate; and

- Work with the Government and the AER on the implementation of information technology, e.g. QR codes or equivalent, to assist in third party engagement of customers.

Alinta Energy (as are other retailers) is working with the Government and the AER on these and other matters, through participation in the AER's reference group, as a member of the Australian Energy Council, and through separate discussions and submissions.

In reviewing the AER issues paper, consideration should be given to the current Victorian market review process, namely that occurring under the Thwaites Review. Consistency in approach to how retailers communicate information to consumers is a key element in building consumer confidence. Any misalignment between the AER jurisdictions and the single non-aligned jurisdiction of Victoria may further hamper consumer confidence in the energy market.

The facilitation of simple, transparent information to consumers that they may rely on to make informed decisions is key to the continued promotion of a competitive market and in building consumer confidence to engage in that market.

Our high level comments on key issues are contained in the attached response. We would refer you to the Australian Energy Council submission for further detail on proposed options. Should you have any questions or wish to discuss any aspect of our submission I may be contacted on (02) 9372 2635 or via email: shaun.ruddy@alintaenergy.com.au

Yours sincerely



Shaun Ruddy
Manager National Retail Regulation

Australian Energy Regulator Customer Price Information Issues Paper

Energy Price Fact Sheet

In considering the Energy Price Fact Sheet (EPFS) content and format, first we need to be clear on its purpose. Currently the EPFS is being used to meet multiple purposes. At a minimum it is being used as summary information to provide to prospective customers, as well as being used to form a key integral part of the contract energy offer.

As a result, using its current format and design for multiple purposes has had the resulting effect that it is not truly fit for any.

An EPFS should prioritise the provision of single offer information to allow for a consumer to easily assess and compare priority information; the EPFS should be viewed as a tool available to consumers already engaged in the process of comparing and contemplating energy offers. The EPFS is not something in and of itself that causes customers to engage with the market.

Consumers should have access to sufficient information to be informed without providing a level of detail that drives disengagement. Key to getting the balance of information correct would be running consumer feedback sessions on what consumers consider to be their key information requirements when assessing potential energy offers.

Comparison Rates

Comparison or reference rates are being considered as a standardised means of providing a consumer the ability to compare costs / prices of one energy offer against another. Comparison rates do not take into account individual circumstances and are not based on a customer's individual consumption.

In designing a comparison rate, consumer research will be key to ensuring that what is to be implemented is fit for purpose. In elevating some of the issues that come with a non-customised comparison rate, the use of consumption profiles such as high, medium and low as suggested by the AER may help in this regard.

Any comparison rate / tool must be properly tested across a range of consumers to determine its usability. We would again refer you to the Australian Energy Council submission for more detailed options on the design of a comparison rate.

Technological solutions that facilitate simpler comparison of energy offers

We note the focus around technological solutions is on the use of QR codes. The QR code is a scannable barcode that enables the user to access tailored information. Whilst technology has the potential to play a greater role in assisting customers engage in the market, mandating any one approach carries the risk of creating barriers both for potential new market entrants and consumers.

The potential uptake of consumers using technology solutions specifically to assist with the comparison of energy offers is unknown. Rigorous consumer research would need to be conducted that demonstrates the benefits of adopting new technological solutions before moving to invest in the adoption of such solutions.

The issues paper itself comments that in the UK, customer usage of QR codes was low, at around 7 per cent. Potentially, only those technology literate customers will opt to use available technology solutions.

At a time where advances in technology and technological solutions are fast paced, caution needs to be exercised to allow flexibility to adapt as advancements are made that could assist consumers.

Historically, technological solutions offered by retailers have been seen as a point of differentiation between retailers. Mandating a single solution may result in the limiting of innovative solutions being provided to consumers. In addition, with the impending introduction of Power of Choice reforms and the roll out of advanced / smart meters, we are at a point in the evolution of the energy market where competitive forces will drive innovation through technology. Retailers and the market should be afforded the opportunity, unencumbered from mandated technological interventions, to develop technological solutions for energy consumers.

Customers who are not digitally engaged

For a significant ongoing period there will continue to be consumers who can't, or choose not to, engage with their retailer through digital channels. The ongoing engagement of these customers will have to continue through traditional means.

Government can play a greater role in the education of these customers by acting as an independent source of information on the energy market and communicating the benefits available to consumers in taking a more active role in managing their energy needs.

Retailers will continue to offer services to customers through access to contact centres etc. so that those who do not to interact with their retailer via digital means continue to receive the services and information they require.