

1 July 2011

Mr Tom Leuner
General Manager, Markets Branch
Australian Energy Regulator
GPO Box 520
Melbourne, VIC 3001

By email: AERInquiry@aer.gov.au

Dear Mr Leuner,

Notice of draft instrument AER Retail Pricing Information Guidelines (May 2011), AER Retail pricing Information Guidelines (May 2011)

The Consumer Utilities Advocacy Centre Ltd ("CUAC") is an independent consumer advocacy organisation. It was established to ensure the representation of Victorian consumers in policy and regulatory debates on electricity, gas and water. In informing these debates, CUAC monitors grass roots consumer utilities issues with particular regard to low income, disadvantaged and rural consumers.

We welcome the opportunity to comment on the Notice of draft instrument AER Retail Pricing Information Guidelines (May 2011) ("Notice of draft instrument"), AER Retail pricing Information Guidelines (May 2011) ("Guidelines"). We previously provided responses to the AER's Retail Pricing Information Guideline Position Paper and Guideline (September 2010) and the AER's Retail Pricing Information Issues Paper (March 2010). We are generally supportive of the Guidelines, in particular the following:

- Standard template (which includes the use of plain English, sufficient font size in table, centralisation of table on the page, presentation of price information starting from top half of the first page);
- Unit pricing with standardised units (cents per kWh for electricity, cents per MJ for gas, GST inclusive and GST exclusive);
- Daily supply charge (cents per day);
- Definition of terms - daily supply charge, kWh, MJ;

- Disclosure of key fees (which includes account establishment fees, exit/early termination fees, late payment fees, disconnection/reconnection fees);
- Disclosure of discounts and rebates (which includes loyalty rebates or discounts, one-off discounts, pay on time discounts, duel fuel discounts, direct debit rebates, entry rebates);
- Provision of additional information (distribution area, contract duration, how variation of price occurs, where customers can access full terms and conditions of the contract, about the availability of AER price comparator website);
- Application of the Guidelines to door-to-door and telemarketing, mass media advertising;
- Provision of price information fact sheets on *each* “generally available offer” made and publication of these on retailer’s websites;
- Provision of energy price fact sheet for each generally available and non-generally available contract offer being marketed.

We do, however, have a few recommendations which we would like to submit in response to the Guidelines.

Notification of price variations

We are disappointed that the Guidelines do not require retailers to use the energy price fact sheet when notifying customers about tariff variations. The AER has stated that retailers have the *option* of using energy price fact sheets to notify customers of price variations on the basis that:

The primary purpose of this Guideline is to assist customers to compare between different types of offers when they are in the process of making a switching decision or when approached by retailers to switch.....

Notifying customers about variations to prices on existing retail offers is not the primary purpose of the Guideline. This is particularly the case given that the Retail Law and Rules already prescribe requirements for retailers to meet in relation to this issue.¹

An opportune time for customers to compare energy offers is when they have just been informed by their current retailer that there has been a price increase. Customers might then be prompted to look for energy offers which are more appropriate to their circumstances. Energy offers are complex; notifying customers about price changes using a standard template will be helpful as it will facilitate easier comparison between energy offers. This serves the primary purpose of the Guidelines as outlined by the AER in the above extract. We believe that this is within scope of what the AER can include in the Guidelines.

¹ AER, Notice of draft instrument AER Retail pricing information guideline (May 2011), at 12.

CUAC supports a template to notify customers about price variations. CUAC also strongly believes that customers should receive notice *prior* to the price change taking effect as this enables customers to look for alternative offers prior to the price change taking effect. We raised this in our 22 October 2010 submission to the AER;² we raise this again because it is an important consumer protection. Ofgem's new rule (which took effect on 28 April 2011), for example, requires energy suppliers to give consumers at least 30 days advance notice if they put their prices up:

The new rule will help customers decide whether they wish to remain with their current supplier and give them a better chance to budget for any price rises that occur. Previously, energy suppliers had up to three months in which to notify consumers *after* putting up their prices. The new rule also means customers will get at least 30 days advance notice of any change to their contract which leaves them significantly worse off.³

We note that the National Energy Retail Law ("NERL") and Rules ("NERR") prescribe requirements for retailers in relation to price variations. However, they do not provide for *prior* notification of customers about tariff changes or how such information generally is to be presented to affected customers (such as through a standard template, which would allow customers to use that as the basis for comparison as they look for alternative energy offers). Currently, variations of standing offer prices are published on the retailer's website and in a newspaper and each affected customer informed "when the retailer sends the next bill to the customer."⁴ Market offer customers may be informed of tariff variations "no later than the customer's next bill."⁵

We understand that any amendments to introduce *prior* notification into the NERL or NERR are probably outside the purview of the AER. CUAC will raise this issue with the appropriate forum. However, requiring retailers to present tariff changes to impacted customers using an energy price fact sheet is a matter which we believe that the AER can include as part of their Guidelines as it promotes the primary purpose of the Guidelines – "assist customers to compare between different types of offers when they are in the process of making a switching decision...."⁶ We urge the AER to incorporate this as a requirement in the Guidelines.

Publication of energy price fact sheet on retailer's website

We strongly support the requirement in paragraph 3.1 of the Guidelines for "a clear and obvious link to the relevant *Energy Price Fact Sheet*" on the retailer's website. Customers should not be made to perform multiple "clicks" on a retailer's web page or to provide technical or personal information to access the energy price fact sheet.

² See CUAC 22 October 2010 submission AER Retail pricing information guideline position paper and guideline (September 2010) – confidential version, at 9-11.

³ <http://www.ofgem.gov.uk/Media/PressRel/Documents1/30dayrulePressRelease28April.pdf>

⁴ Section 23(3), National Energy Retail Law (South Australia) Bill 2010.

⁵ Rule 46, National Energy Retail Rules.

⁶ AER, Notice of draft instrument AER Retail pricing information guideline (May 2011), at 12.

Telephone and telephone queries

In relation to telemarketing and telephone queries, paragraph 3.3 of the Guidelines requires retailers to "at the customer's request, supply (via post or email) the *Energy Price Fact Sheet* to the small customer within ten business days." A customer requesting an energy price fact sheet would, in most cases, want to receive the information about the energy offer promptly to facilitate an informed decision. Ten business days (which is the equivalent of two weeks) is too long a duration. We believe that the previous timeframe of five business days to provide the energy price fact sheet is reasonable.

Mass media

Paragraph 3.4 of the Guidelines provides that for mass media marketing of generally available contract offers which references prices, discounts or the value of existing or potential contract offers for small customers, there will be a reference to the availability of the energy price fact sheet at the retailer's website. As some customers do not have internet access or are uncomfortable using the internet to access information, we suggest that the retailer's telephone number be included, as well as the retailer's website address.

Energy price fact sheet examples at Attachments A & B

We suggest that cooling off period be defined in the energy price fact sheet since some customers may be unaware of what that means.

To accommodate non-English speaking customers and customers who are visually impaired, the energy price fact sheet needs to be provided in the main languages spoken in Australia, as well as in Braille.

Thank you for the opportunity to participate in the AER's consultation. We look forward to participating in the AER's consultations on the AER on-line price comparator. If you have any queries on this submission, please contact the undersigned at 03 9639 7600.

Yours sincerely,



Jo Benvenuti
Executive Officer



Deanna Foong
Senior Policy Officer