

Tuesday, 31 October 2017
Australian Energy Regulator
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Dear Simon and Elisha,

Customer Price Information Review

Computershare welcomes the opportunity to provide a response to the Australian Energy Regulator's issues paper on the review of customer price information.

Our experience in providing leading communication solutions across the globe, combined with our expertise in the utility industry, has given us unique insight into how various approaches adopted across different industries can be used to benefit the Australian energy market.

Computershare has been a trusted service provider to utility companies - predominantly electricity, gas and water retailers - across Australia since 1999. We provide a wide range of services, including specialist consulting, solution development, hosting services, billing and back office support services, credit and collection, customer service and customer acquisition software.

We are trusted by various government organisations across the globe to provide platforms and solutions that increase efficiency and increase customer engagement. For instance for the UK government we have provided such services to the Deposit Protection Scheme, Gilts and the Childcare Voucher Scheme.

In recent years Computershare has seen some fundamental changes in customer expectations as digital transformation continues. Through our interactions with many utility consumers, it is clear that their standards are rapidly increasing. We have observed a rising amount of customers that:

- are time poor and expect information to be easily accessible;
- expect ease and convenience;
- want clarity around what they pay for.

The need for product advancement and innovation has arisen as a result. Computershare believes that clear, usable and easily accessed information is vital for a healthy energy market and would like to provide the following feedback in relation to certain issues raised in the issues paper.

If further information is required in relation to this submission please don't hesitate to contact myself directly, or Lead Solution Consultant, Marcus Mitford, at marcus.mitford@computershare.com.au. We look forward to future participation in this review process.

Yours sincerely,

David Hynes

Computershare

Managing Director - Utility Services and Global Chairman – Communication Services

Four key areas for feedback

1. Energy Price Fact Sheet content and format

Computershare does not seek to make recommendations to specific content of the Energy Price Fact Sheet. However we observe that it is important to keep the objective clear to ensure the Energy Price Fact Sheet fulfills its promise to consumers. Accordingly the information presented in the fact sheet should be presented in simple terms, which can be easily understood by the average customer. Information that is critical to a customer's decision making process should be represented in a manner that is clear and transparent.

Computershare manages communications across multiple industries including banking, insurance, lending and financial services. We advocate a harmonised communication standard across all participants, with the ability to communicate with customers on their terms with simplified, personalised, up-to-date information and via their choice of digital or physical channel. We believe that simplified communications are most effective and engaging when the reader can understand their offer "at a glance".

2. The development of a comparison rate for energy offers

Computershare believes that a like-for-like measure can assist consumers to make simple and transparent comparisons across the large number of offers and plans in the market. Simplicity and consistency in how the industry presents its offers is an important step for the market to become more consumer-centric. In scenarios whereby complexity of an offer results in misalignment between what a customer believes they will spend and what they actually pay, dissatisfaction and customer loss may occur. An experience where a customer is able to have clear and accurate information to make informed decisions creates a better experience which benefits both consumers and retailers.

Computershare notes that there are a number of variables which would factor into this measure, which include differences due to; once-off network costs, high usage appliances, rewards, concessions, solar feed-in rates, storage and the broader set of moving parts as the industry evolves in the near future. Any comparison method should take these variables into account to reflect the representative cost to a consumer.

The National Energy Retail Rules requires bill presentation to include an electricity consumption benchmark. These graphical benchmarks allow customers to compare their household electricity usage with similar households at a glance. This is a clear and effective method to allow consumers to make more informed choices about how they use energy. These benchmarks are familiar to customers, which makes this a suitable presentation method for showcasing benchmarked rates to achieve the same purpose.

Through Computershare's work in the insurance industry, we have identified a number of relevant insights that can be applied to energy price comparison. In insurance, all variables that your rate is written against are captured which makes for a personalised view of a customer's plan. The industry promotes questioning if a customer has what they need - rather than assume they already have the right plan. Commonly, a table with ticks and crosses for the current cover is presented which allows a consumer to judge the options across alternative plans. In energy, factors such as solar feed-in rates, peak /shoulder/off peak rates and rewards and

other product features could be presented in a similar fashion to compare across retail offers.

In insurance, both annual premium and monthly premium dollar rates are provided which a customer can use to input into comparison websites; however these services rely heavily on manual data entry by the customer. Reliance on manual data entry brings up a shortcoming in this comparison method which can also be taken as a relevant lesson. Not only it is inconvenient for the customer, where a customer must enter their data in a complex set of criteria and parameters, the customer's limited understanding of technical terminology and cost factors such as 'rebuild cost' and 'risk rating', can undermine the outcome. In the energy industry there are similar technical pricing constructs such as Time of Use time-bands and rating, demand pricing, solar feed-in tariffs, controlled load and network/retail charge components that are not common knowledge. Optical Character Recognition (OCR) methods of capturing and ingesting data can avoid this shortcoming, and is discussed in the below section.

3. Technological solutions that facilitate simpler comparison of energy offers

Computershare has many years of experience creating innovative energy market products, great user experience (UX) and engaging communications. Our approach to innovation is to create solutions that solve real customer problems. Technology that allows for simple comparison and signup/onboarding is readily available and can address the problems outlined in the issues paper.

In 2016, AEMC¹ conducted a survey which confirmed that currently around 70% of consumers do not investigate their energy options, and 50% have not switched retailers in the last 5 years. With one of the key reasons consumers avoid switching being because 'it's too difficult' and time consuming. To increase broad market participation, these issues must be addressed.

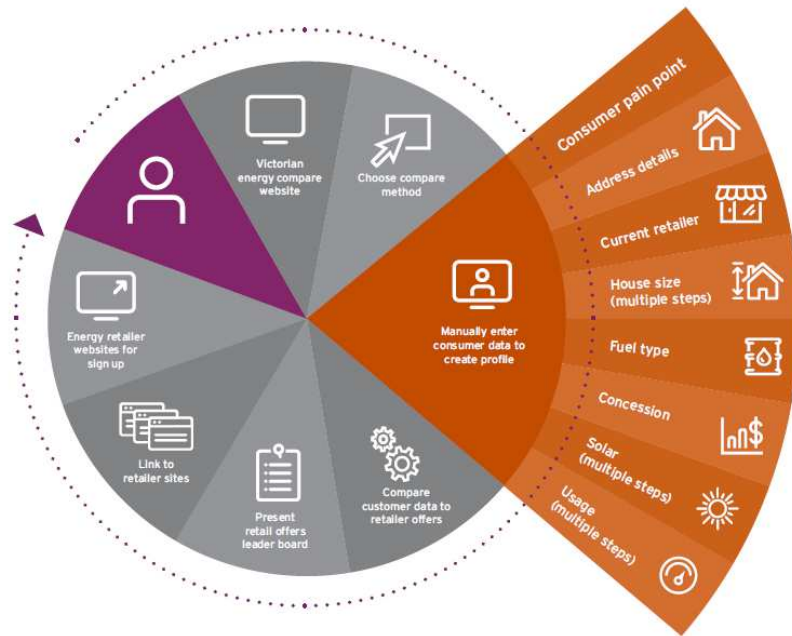
Current comparison methods available to consumers are time consuming and inefficient. We observe that:

- current government energy comparison journeys require customers to make a series of manual data entries. For example, Computershare's Customer Journey map (refer diagram overleaf) through Victorian Energy Compare - shows approximately 31 touch points in this process, which includes manual data entry. We believe this laborious process would contribute to high rates of consumers exiting prior to completion; and
- although methods which rely on a customer being redirected to other web portals for meter data can provide valuable detail on the energy usage, they also suffer from many extra manual steps, including the requirement for a customer to create a profile and download data to be used by the comparison web site.

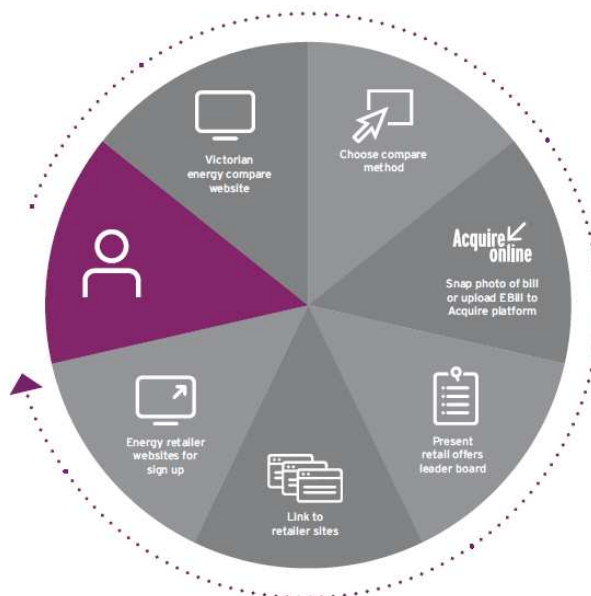
Utilising the right OCR method, Computershare is confident a customer journey to compare offers online through to sign-up to a new retailer can be reduced to nine touch points or lower, simplifying the process significantly not only for the consumer, but also for the acquiring retailer.

¹ AEMC, 2016 Retail Competition Review

CURRENT ENERGY COMPARE WEBSITE SOLUTION
 Approximately 31 Touchpoints



ACQUIRE SOLUTION
 Approximately 9 Touchpoints



Computershare's platform, Acquire Online, allows a customer to effortlessly compare offers and sign-up. The consumer starts with either photographing their current bill using any smart device or uploading their e-bill. Acquire Online captures the data, including their current plan and usage, and using a price comparative engine is capable of displaying all available energy offers and the associated savings. Key tariff components that can be incorporated include; solar, consumption, concessions, rewards on offer from specific retailers, dedicated hot water and seasonality all feed into an engine which presents simple information to the consumer. This presents several tiers of energy offers available which covers Market Offers, Green Energy offers and Basic Service Offers where this is relevant.

If the consumer decides to switch providers, Acquire Online can provide their data, which has already been captured, straight through to the retailer, enabling a faster, easier and simpler sign-up. This is a win-win for both the consumer and the retailer.

The customer receives all relevant communication throughout the process through their channel of their choice (web, email, SMS, paper), which can include quote details, Price Fact Sheets and downstream communications after sign up such as electronic rate schedules and welcome packs.

For the consumer, this means:

- Minimal data entry
- A quick and simple method to compare
- Accurate offers presented, giving confidence in their decision making
- A quick and easy sign-up process
- Communication using their preferred channel
- An overall great customer experience

3.1 Questions

10. Which customers might benefit most from these options? Is there evidence or experiences from other sectors or jurisdictions about the likely success of the options we should consider?

Customers who will benefit most from this technology are those who commonly use smart devices, laptop and desktop computers. Both photos of physically printed and uploaded electronic bills are very easily processed using OCR which makes it available to paper and e-bill customers. Any customer who is time poor or who doesn't want the hassle of learning the intricacies of energy offers, will benefit from an OCR comparison method.

Computershare has utilised OCR technology to solve problems across a wide range of industries. Some examples of these include the use of the technology in the processing of mortgage applications to streamline, simplify and expedite the application process. In the insurance industry, we use the technology to simplify claims processing for health insurance ancillaries. Across these industries, there are common benefits which include reduced data entry, increased accuracy, faster processing, improved customer experience and lower cost for the provider.

11. Are there options other than QR codes and OCR technology that may achieve the same objective?

Computershare considers QR and OCR to be the primary options to investigate.

12. What are the risks and benefits of pursuing a QR code or OCR technology? What are current levels of customer engagement with QR codes in other sectors?

Some of the risks and disadvantages of QR codes include:

- An industry wide change would be required to adopt a QR code approach to bill presentation. The cost and time to deliver and test this method is noted to be very high as is the risk that there would be a teething period where errors would be common and fixes would need to be implemented in further rounds of change. This time and cost would be imposed on every retailer, where some legacy systems require a large amount of work to re-compose the bill layout.
- QR codes will also rely on new applications for smart devices to be built, tested and deployed.

There is a risk is that QR codes may discourage rather than encourage participation in the market due to it not resembling a total bill charge which a customer is faced with and could take a considerably longer period to enable than the OCR.

Although QR codes would enable the standardisation of information across all energy bills, most of that same value is already present due to National Energy Retail Rules (NERR) prescriptions for bill presentation and information. Therefore it makes sense to leverage what is readily available.

Comparatively OCR has the following advantages:

- There is no need to change bill presentation as the technology can recognise bills as they currently are.
- Simple changes can be made at the OCR point to update and cater for new bill variables as they emerge.
- OCR applications such as Acquire Online are readily available.
- OCR can allow for a richer and more detailed data set to be captured gaining a more accurate comparison of the customer's total billed charges.
- Documents can come through in different formats such as .pdf and .jpeg which allows for e-bill and photos of printed bills.

Risks for OCR could include;

- If older OCR technology is used, there is a risk associated with the accuracy of data recognition. It should be noted that up-to-date solutions with advanced processing have very high accuracy which in turn mitigates this risk.

13. What other emerging technologies or issues – such as customer access to smart meter data – might impact the effectiveness of these tools?

Prevalence of Advanced Metering Infrastructure (AMI) meter data provides another data source and avenue for input to comparison engines; however the meter data does not contain bill charges, concession, tariff and plan details. AMI data is not available in all states at this stage. This would mean that OCR technology would still be a vital part of the solution to facilitate simpler comparison of energy offers. AMI data has the benefit of mapping the usage pattern over a period of time, which would assist a consumer in deciding which Time of Use plan suits their needs where there are options with different rates across time bands throughout a day.

4. Facilitating comparison of energy offers for customers without access to technology, or whose preference is for non-online communications.

Computershare advocate an approach where the benefits of new technology can be realised by all consumers. We observe that despite being in this digital age, not everyone is able or prepared to embrace technology – in acknowledging this, we have created a tool flexible enough to be installed at a 'kiosk' such as banks or post offices around the country whereby those that choose to can be assisted to scan their bill and understand their results. This solution can also be easily used in the field on tablet smart devices for financial and energy audit and counseling. The field deployment approach is also fully functional and ready to roll out.



For more information, please contact

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