

21 May 2015

Ms Sarah Proudfoot
General Manager – Retail Markets Branch
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

By email: AERInquiry@aer.gov.au

Dear Ms Proudfoot,

Notice of draft instrument: Amendments to the AER Retail Pricing Information Guidelines; Draft AER Retail Pricing Information Guidelines

CUAC is a specialist consumer organisation established in 2002 to represent Victorian energy and water consumers in policy and regulatory processes. As Australia's only consumer organisation focused specifically on the energy and water sectors, CUAC has developed an in-depth knowledge of the interests, experiences, and needs of energy and water consumers.

We thank the AER for preparing the papers *Notice of draft instrument: Amendments to the AER Retail Pricing Information Guidelines* (draft notice) and the *draft AER Retail Pricing Information Guidelines* (draft guidelines), and for their endeavours to include consumer advocates in this important discussion. CUAC participated in the 15 January consumer group forum and the 12 February stakeholder forum. We welcome the consumer research that the AER has undertaken on the Energy Price Fact Sheet (EPFS) and the expert advice the AER has received from the consultant on language simplification and the layout of the EPFS.

CUAC is of the view that the proposed amendments to the draft guidelines will enhance consumers' understanding of the EPFS and improve its overall comprehension and readability. Ultimately, this will support consumers' ability to compare energy offers across retailers more easily when they are looking to switch to a better energy offer and encourage more consumers to participate in the energy market. CUAC supports real initiatives that result in less confusion for consumers, which is a priority outcome for CUAC.

In particular, we support the:

- standardisation of the layout of the EPFS;
- simplification (and the consistent use) of terminology;
- 'language requirements' (i.e. prohibition of the use of certain terms which are complex and/or confusing for consumers – e.g. fixed when the price can be varied); and
- timing of offer submissions to the Energy Made Easy website.

CUAC generally supports how **discounts** are to be represented on the EPFS with the exception of guaranteed discounts. CUAC's preferred position is to prohibit the practice of offering discounts that are

not conditional (as per page 15 consumer group feedback, draft notice). We find clause 2.4.2.3 of the draft guideline unclear. The clause states that:

'[R]etailers must not make representations of guaranteed discounts to small customers without stating the tariff to which the discount is being applied;'

and

'[R]etailers must display rates including any guaranteed discount(s).'

The first sentence seems to suggest that the rate is exclusive of the discount, while the second sentence suggests that the rate is to be included in the discount. This apparent ambiguity needs to be rectified. Further, any guaranteed discount should clearly indicate whether the discount applies to the whole energy bill or just the usage charges.

CUAC supports the **'prioritisation of information' requirement** with the following additions to the third priority:

- Payment options - Some energy offers are available only to consumers who pay by direct debit or credit card. This must be clearly stated so consumers can make an informed choice given the potential fees and charges that may be incurred based on a consumer's particular banking circumstances.
- Billing method – The method of requisite billing needs to be clearly stated in the EPFC. In practice, some energy offers only apply to electronic bills. This would exclude consumers who do not have Internet access or who prefer to receive paper bills. At present, some energy offers are worded ambiguously with the result that it is unclear if a consumer who is willing to forgo a discount is entitled to a paper bill. An example in current billing practice is :
'You will receive a 2% direct debit discount off your total consumption and daily charge when you: Pay your bill on or before the due date, enter into a direct debit agreement, agree to receive all correspondence, documents and bills electronically.'

There appears to be an inconsistency between pages 14 and 27 of the draft guideline. On page 14, add-on option is listed as third priority and price variations are listed as second priority. On page 27, add on option (green power) is listed above price changes. This needs to be clarified.

We note the dilemma with the **GST issue**. CUAC is of the view that 'there should be one version of the truth.' The presentation of GST on the EPFS and energy bill needs to be aligned. Including both GST inclusive and GST exclusive would add too much detail to an EPFS and energy bill, and deter consumers from engaging with it.

CUAC will provide further feedback once the design model EPFS is finalised and released.

If you have any queries on the submission, please contact Deanna Foong, at (03) 9639 7600 or at Deanna.foong@cuac.org.au .

Yours sincerely,



Mercedes Lentz
Executive Officer