

Our Ref: EWOQ/18/0050

21 March 2018

Ms Michelle Looi
Assistant Director
Retail Markets Branch
Australian Energy Regulator
AERInquiry@aer.gov.au

Dear Ms Looi

Re: Benefit Change Notice Guidelines Issues Paper

Thank you for the opportunity to make a submission on the Australian Energy Regulator's (AER) Benefit Change Notice Guidelines Issue Paper (the Guidelines).

Background to EWOQ

The Energy and Water Ombudsman Queensland (EWOQ) provides a free, fair and independent dispute resolution service for small electricity and gas customers across Queensland and water customers in south east Queensland who are unable to resolve a dispute with their supplier.

In our submission to the Guidelines, EWOQ has only provided responses to the questions based on our experience as an external dispute resolution scheme dealing with residential and small business energy customer complaints in Queensland.

We welcome the rule change by the Australian Energy Market Commission (AEMC) and the subsequent development of guidelines by the AER to reduce the number of customers remaining on market retail contracts with expired or diminished benefits. The inclusion of additional information in the benefit notice, as well as the form and content of the communication, together with support activities to ensure disengaged customers are not unfairly penalised will improve the customers' experience when engaging with the retail energy market. The requirements for retailers to notify small customers when their fixed benefits are ending or changing and notifying them of the dollar impact of taking no action is another opportunity for customers to re-engage with the market.

In response to the issues for comment, we advise as follows:

Question 3.1 Should any benefit changes be excluded from the requirement to send a notice?

We note that the Guidelines do not require retailers to send a notice to a customer if a benefit is specified as an 'excluded change' in the Guidelines. We support the position that a notice should be sent to a customer whenever a benefit change irrespective of whether there is a financial detriment or benefit to the customer. Whilst we acknowledge the AER has limited discretion to specify in the Guidelines what constitutes and does not constitute a 'benefit' change, we are of the view that the definition should include a situation where a customer's existing benefits are rolled over on the same terms and conditions. Although the customer may not be detrimentally affected moving forward, a change has occurred in that the time of the benefit has been extended. Awareness of a benefit rollover to customers

is beneficial and reiteration of clear information about ongoing discounts and/or incentives at such a time will only reinforce the Guideline's aim to empower customers to engage in the market.

The risk of not giving information to a customer at this time reflects the implied belief that the customer is somehow not responsible for their choices moving forward. The notice also provides customers with another opportunity to use the Energy Made Easy (EME) website thereby promoting the website and increasing customer engagement.

Question 3.2 Should a historical billing amount or additional amount or additional comparison figure be included in the benefit change notice?

We support the inclusion of historical billing information or additional comparison amounts to be included in the benefit change notice. Where a benefit is rolled over, providing historical billing information will assist the customer in identifying the effect of the benefit on their bill and may reduce barriers to customer engagement.

We also agree with the AER and the AEMC that there is value in providing customers with an additional dollar amount in addition to a 'do nothing' cost. Similar to the proposed changes identified in the Draft AER Retail Pricing Information Guidelines Version 5 to the Basic Plan Information document, comparative information showing the discounted and 'base' prices for different usage households may prove advantageous to customers when comparing plans.

Question 3.3 What approach should be taken on the provision of energy consumption data?

In line with the AER's view, the inclusion of energy consumption data over the relevant period will provide the customer with the information required to enable a comparison of plans on the EME website increasing customer engagement with the market. However, we acknowledge that in some situations it may be difficult for the retailer to provide historical energy consumption data. In this instance we support the use of the AER benchmark consumption data to calculate estimated bill amounts, noting the amount is based on an estimate.

Question 3.4 How should information on the notice be ordered and presented?

Whilst retailers are in a strong position to know their customers preferences for how information is presented to them, we are of the view that the behavioural insights research being undertaken by the AER will also provide relevant information on consumer preferences. It would also be beneficial for AER to prescribe some language and terms to be used in the notice and support the use of simple, plain English with some standardisation across retailers. In addition, a prominently prescribed headline statement or 'call to action' will assist in making the notice more engaging. Similarly the use of simple, pictorial information consistent with other comparative tools may reduce the complexity of the notice.

We acknowledge the AER's preferred approach for the Guidelines to stipulate that retailers provide the notice to customers in a way that aligns with the customer preferences for example, via email and request consideration also be given to feedback from community groups and stakeholders who, we believe, are best positioned to provide advice on customers' needs.

Question 3.5 What should be the headline statement or 'call to action'?

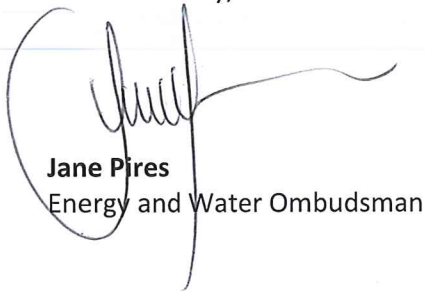
We agree that the headline statement or 'call to action' be simple and prominently displayed to increase customer engagement. The 'call to action' will need to tell customers what to do and what happens if they do nothing.

Questions 3.6 Additional considerations

To ensure customers are fully informed when comparing plans, we agree that the requirement for calculations of amounts in the notice align with estimated costs on the EME website making the notice more meaningful and useful to customers wanting an easy comparison with other plans. The inclusion of a short statement explaining the nature of and change to the benefit would assist customers in understanding the consequences of the choice they make.

Thank you for the opportunity to contribute to this review. If you require any further information regarding this matter please contact Ms Ilona Cenefels, General Manager – Reporting, Policy and Research on 07 3087 9455.

Yours sincerely,



Jane Pires
Energy and Water Ombudsman