



ENERGY AND WATER OMBUDSMAN Victoria

Listen Assist Resolve

29 August 2011

Attn: Ms Dianne McGrath
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

By email: AERInquiry@aer.gov.au

Dear Ms McGrath

Re: The Australian Energy Regulator Price Comparator Website (Issues Paper) (July 2010).

Thank you for the opportunity to provide comment on the Australian Energy Regulator (AER)'s Price Comparator Website (Issues Paper).

The Energy and Water Ombudsman (Victoria) (EWOV)'s interest in providing comments is based on our extensive experience in handling customer complaints. EWOV supports the AER's proposed form, content and functionality of the website. Choosing the 'right' tariff and/or contract is often complex for Victorian energy consumers, and if the wrong tariff and/or contract is chosen, it can have a long-term and expensive impact.

EWOV receives enquiries and complaints from customers about price comparison websites and energy brokers, such as GoSwitch, Switchwise and EnergyWatch. These websites cause problems for customers because they do not provide an objective and accurate comparison between all available energy contracts¹. Consumers can be misled by the lack of accurate information about market offers on the websites, as the websites only provide information on retailers that they have an agreement with. For example from 1 July 2010 to 30 June 2011, 88 customers contacted EWOV about EnergyWatch. Most of these customers were seeking general information, but a significant number were expressing dissatisfaction with the information provided to them by EnergyWatch.

¹ The Consumer Utilities Advocacy Centre recently produced a paper titled *Energy Switching Websites – A policy briefing paper on recent CUAC initiated research into the performance of online energy market switching websites* (May 2011). See <http://www.cuac.org.au/database-files/view-file/5554/>

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EWOV believes that the AER's website will provide consumers with an independent source of comparison information about various market offerings, so they can shop around and get the best deals available. Access to this independent, easy-to-understand information will ensure that the AER's price comparator website becomes the go-to website for consumers. This will occur if the website is highly accessible and user-friendly.

Question 3: Where would the note/disclaimer be most appropriately located?

The AER's Issues Paper states that a disclaimer will advise consumers that the website is a guide. It also advises that this disclaimer will be located prior to any inputs being entered into and as a reminder before the consumer sees the available offers. EWOV believes that the disclaimer communicates an important warning to the consumer, and therefore should appear in various locations within the website, including:

- on initial entry
- prior to or just after entering the inputs for an offers search
- prior to the offers results.

To ensure that consumers read this disclaimer it could be displayed as:

- a pop-up box, which requires the customer to read and accept the information
- as a message within the body of a page
- possibly in the name the AER chooses for the site.

The more times that the customer sees this disclaimer, the more they will remember that the site is only a guide and should be used as such.

Question 4: What are the options for 'sorting' retail offers available to the user?

The AER's Issues Paper advises consumers will have different options to sort the offers, including by:

- retailer name
- estimated costs
- cost for a particular time period
- cost per unit (tariff rate)
- incentives offered or penalties incurred
- green energy options.

EWOV agrees with the AER's suggestion, that multiple sort options be provided to consumers. When a consumer shops around and gets the best deal available, their decision can be influenced by many factors. The weight of each factor will depend on what is most important

to that consumer. For some that might be the tariff rate, for others it may be the incentives offered. Other customers may make their decision based on other information such as each retailer's performance with respect to customer service and complaint numbers (etc.). This could either be provided in a separate column based on the AER's reporting data or with a link to performance/compliance reports and/or EWOV's annual report.

Question 6: Do stakeholders agree with the AER's proposed user inputs? Are the additional inputs listed above useful? Are there any issues presented by any of the proposed input options?

EWOV agrees that the AER's suggested mandatory inputs (postcode, fuel type, metering arrangements and estimated energy consumption) must be as simple to enter as possible. This will allow the request for pricing information to be easily completed, in a short period of time and with potentially limited information resources, as some consumers may not have their previous bills available at the time they visit the AER site. EWOV makes the following specific comments with respect to the suggested mandatory inputs, to ensure these are as simple to use as possible:

Postcode (1.3.1.1)

The AER's Issues Paper advises it will require customers to search for the best deal by entering in their postcode so that the distributor can be determined. It also advised that in areas where their distributor cannot be determined this way (because certain postcodes crossover between two or more distributors) the customer can:

- contact their retailer, as the phone numbers will be available on the website
- look on their last energy bill for that property (if they have a previous bill)
- select the distributor if they already know this information.

EWOV suggests the AER use a link to the Department of Primary Industries (DPI)'s website² to obtain electricity distributor information. This site searches based on the specific address details and has distributor information by most lot numbers. This prevents customers abandoning their request for offers because too many steps have been required of them.

² <http://new.dpi.vic.gov.au/energy/electricity/electricity-distributors>

Estimated energy consumption (1.3.1.4)

The AER's Issues Paper advises that consumption information is required so that a calculation of the customer's estimated costs for offers can be provided. The AER advises that this estimation can be calculated based on:

- the user's own estimate of how much energy they consume in kilowatt hours (kWh - electricity) and/or mega joules (MJ - gas) based on a recent bill
- how much the user typically spends on energy in dollars
- information about the user's household, such as size and the number of occupants.

EWOV agrees that it is important to give customers several options. Some consumers may not have historical billing as the property is new, and others may find it difficult to understand or estimate how much energy they consume based on the tariff rates (kWh or MJ). The Issues Paper also advises that if the consumer does not provide any consumption information the website will only display the rates of available offers without an estimation (monthly, quarterly or annually). EWOV supports prices being listed according to tariff rates (kWh/MJ)³ as well as by estimate, so that consumers can consider variations of billing periods and easily compare offers.

Question 7: Are there any other potential inputs that would be useful for inclusion on the price comparator website?

As noted under EWOV's response to question six, the inputs requested should be as simple to enter as possible to discourage consumers from abandoning the website. Therefore, EWOV does not believe that any further inputs are required.

Question 8: Do stakeholders have views on how time of use tariffs should be handled?

EWOV supports clear and transparent information about *all* available tariffs which would include Time of Use (ToU) and Solar tariffs, so that consumers can make educated decisions about which contract and tariff works best for them. From 1 July 2010 to 30 June 2011, EWOV received 71 complaints about ToU and 1,297 about Solar tariffs. Given consumers continue to express their dissatisfaction about these tariff options, it is EWOV's belief that all available tariff options should be available on a price comparator website.

³ However, consumers may be unfamiliar with the practical meaning of kWh or MJ, and it would be helpful if some explanation of those terms could be provided by the AER.

Question 10: Which manner of presenting offers do stakeholders consider appropriate for the price comparator site? and Question 11: Are there any other ways in which offers can be presented (not listed above) that stakeholders consider would be more appropriate?

As noted under EWOV's response to question four, consumers should be able to view offers in a way that allows them to make the best decision to suit their usage needs and provide the most savings.

Question 16: How should dual fuel offers be displayed? If a website user wants information on gas and electricity, then should only dual fuel offers be displayed, or should gas-only and electricity-only offers also be displayed?

EWOV's only comment in relation to dual fuel offers is that, as a minimum, a disclaimer must be provided to advise consumers that the dual fuel offer may not be the best offer for that consumer, and that individual contracts for electricity and gas may result in cheaper rates.

Question 18: Do stakeholders agree with the proposed website accessibility options?

EWOV agrees with the AER's proposed accessibility options which advise that the website must:

- be presented in a way that the consumer is able to easily understand the information, especially for consumers with limited or no English
- be usable for consumers with vision and other impairments
- have alternative options for consumers with no internet access.

EWOV also suggests that there is browser compatibility (e.g. with Safari, Internet Explorer) so that customers with different connection speeds can all access the website. The website must also be compatible with various devices that connect to the internet (e.g. computer, iPad, iPhone, Android).

Question 19: Are there any other features or considerations that the price comparator website should include to maximise its accessibility?

Accessibility of the website could be enhanced by the search engine optimisation. Search engine optimisation increases the number of visitors to a website by keeping that website as one of the top results returned by the search engine. Search engine optimisation will provide visibility for the website and ultimately means more consumers will find and use it when looking for energy price comparisons.

Question 20: Are there any additional considerations that the AER should have regard to when developing the price comparator site?

EWOV notes that during the AER's public forum on the website, on 17 August 2011, the AER advised that testing of the website will occur prior to the website going 'live' and/or as the site becomes live. EWOV agrees that testing is important to minimise any issues for consumers and offers to be part of any testing that is required. EWOV also suggests that monitoring of the site is important to ensure continual improvement in its capabilities.

Question 21: What avenues of promotion should the AER consider to make residential and small business customers aware of the price comparator website?

EWOV believes that an ongoing communication strategy will be required for a period of time, so that more and more consumers become aware that there is a site with independent, impartial information about energy offers. This communication strategy could include:

- bill inserts
- radio and newspaper adverts (e.g. The Age, Herald Sun, MX)
- TV advertisements
- billboards
- website banners (e.g. on retailers' websites or online newspapers)
- social media campaigns.

In addition to the above suggestions, EWOV can provide consumers with information about the AER's website via:

- its own website
- fact sheets
- letters
- when it has conversations with consumers who want independent information before switching to energy retailers.

We trust the above comments are helpful. If you require further information or have any queries, please contact Belinda Crivelli, Senior Research and Communications Officer on 03 8672 4460.

Yours sincerely



Fiona McLeod
Energy and Water Ombudsman (Victoria)