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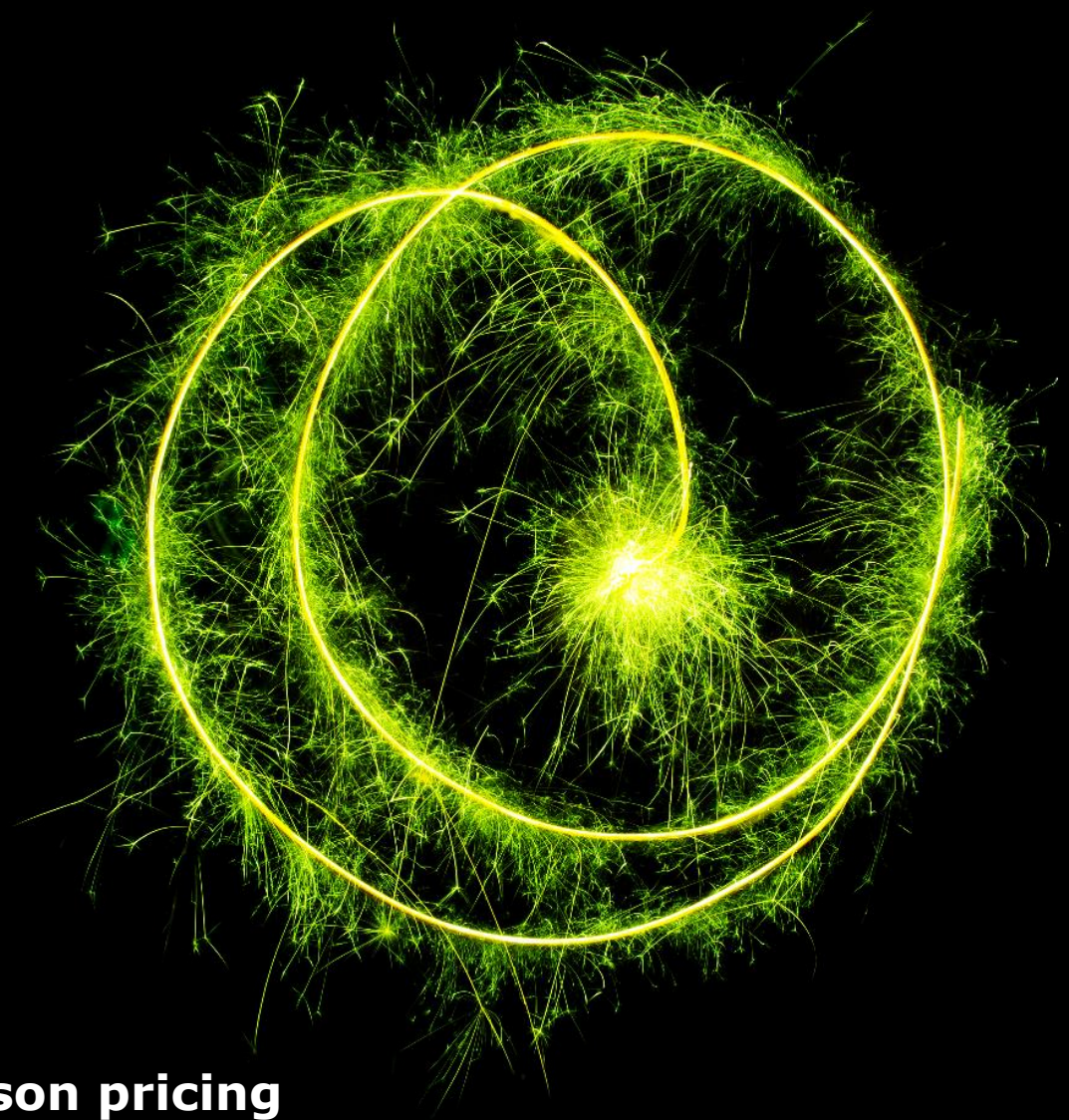

Energy offer comparison pricing

Report prepared for the Australian Energy Regulator

Australian Government

AUSTRALIAN ENERGY REGULATOR

27 February 2018

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Executive Summary

Background

The AER is seeking to develop and implement a price comparison model that communicates to consumers the pricing of retail electricity and gas offers in a simple, clear and uniform manner so as to assist consumers in assessing different energy choices and support them in making decisions regarding their energy plan.

The complexity and construct of retail offers and pricing can present difficulties for consumers in making comparisons between energy plans.

Confusion and the effort involved are key reasons given by consumers for not switching providers despite consumers having gone to the effort of investigating alternative retail energy offers. Switching rates remain low, with recent research suggesting that 47% of NEM residential consumers in contestable markets have not switched in the past five years, despite awareness of choice being high (90%).[1]

Given the high price variations between various energy plans and the fixed benefit term for market offer discounts, this suggests that many consumers may be missing out on more competitive options.

In an environment characterised by mounting consumer concerns regarding energy prices, improving the ease of use of energy pricing information in comparing energy plans becomes more important.

Goals for a comparison price

The goals for a comparison price model are to:

- enable the quick assessment of the approximate cost of each offer, and
- facilitate comparison between different offers

This is to encourage consumers to compare the energy market and support decision making regarding energy offers.

Stage one focus

The focus for stage 1 of this assignment was on selection of a comparison price model and development of the visual/content representation for use in static media (such as informational materials). Future work will extend this to dynamic media, to allow personalisation of the comparison price, and develop the detailed methodology and algorithms for calculations.

What we did

In developing a price comparison model for energy plans the following approach was taken:

- Precedent comparison price models used across a range of jurisdictions and sectors were researched - along with any literature regarding the effectiveness of these models in practice - so as to identify a short-list of options for testing with consumers

- The short-listed options were then evaluated through both qualitative and quantitative consumer testing and to determine their *ease of use*, *comparability*, and *relevance* to arrive at a recommended price comparison model.

Recommendation

Based on the findings from the consumer testing, the recommended price comparison model is a reference price model expressed as an estimated price per quarter for three representative energy consumption levels.

The preferred design (supported by 66% of respondents), was the most detailed tested, and included the following information to aid selection of the most relevant estimated price for a particular household:

- number of people
- bedrooms
- frequency of appliance and heating/cooling usage, and
- kWh/day usage.

[1] AEMC 2017 Retail Energy Competition Review, July 2017

Precedent models and experience

Approach

Scan of precedent models and experience

To gather insights to inform development of a price comparison model for the retail energy sector, Deloitte Access Economics undertook a desktop scan of the energy sector and other sectors (e.g. insurance, home loans) both in Australia and other jurisdictions to:

1. Identify the various models for comparison pricing that are being applied to aid retail mass market consumers in comparing the pricing of complex financial and household consumer products
2. Identify research/literature regarding the effectiveness of the various models identified during this stage
3. Draw insights from the research as to the potential effectiveness of the various models to support the selection of a short-list of comparison models for testing.

The scan identified both static and dynamic materials employed globally, and considered research from international governments and regulatory bodies to inform best practice principles to guide a publicly owned, or run, price comparison tool.

The scan focused on identifying public sector-operated comparison models and tools to ensure that information collected in the scan reflects the broad objectives of the AER as a regulator to drive price transparency and support consumers in their decision making.

Scan of precedent comparison models
Key findings

A total of 26 precedent examples were identified (16 energy sector and 10 in other sectors) across Australia, NZ, the United States, European Union and United Kingdom. Key findings are summarised below, with full details of the identified comparison models contained in **Appendix 2**.

- **Comparator rates** are the primary comparison model in the financial sector, where charges are proportional to a given loan amount
- Comparator rates are the primary model in the US electricity sector
- The UK previously implemented a comparator rate model, however this has been abolished due to consumers' low awareness of the model and view that it was of limited value to them
- Comparison rates in the electricity market tend to be expressed as dollars or cents/kWh

- **Reference prices** tend to be used in sectors where customers are provided a total bill for services consumed
- Reference prices are a popular comparison method in the telecommunications, insurance and electricity sectors across jurisdictions
- Australia, Europe and the UK currently tend to primarily use reference prices as a method of comparison in the electricity sector

- **Other models** commonly employed in comparisons are ratings (e.g. star or numerical ratings) and 'feature' comparisons (i.e. summary descriptions of the key features of the product)
- Whilst these models are not the primary means of comparison in the electricity sector, they are still a prominent complementary comparison option

	Aus.	USA	EU	UK
Electricity	Reference prices	Comparator rates	Reference prices	Reference prices
Telco*	Reference prices	Reference prices	Reference prices / Comparator rates	Reference prices
Finance loans, mortgages	Comparator rates	Comparator rates	Comparator rates	Comparator rates
Insurance	Reference prices	Reference prices	Reference prices	Reference prices
Energy Efficiency	Other models	Reference prices / Other models	Other models / Comparator rates	Other models / Comparator rates

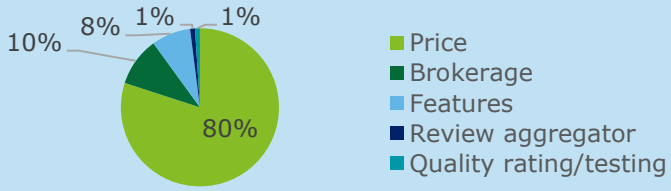
*Based on private comparison websites – mobile and internet technologies

Comparator sites in the European Union

A study on the comparison tool sector across the EU (plus Norway and Iceland) mapped and evaluated 1,042 comparison tools across seven sectors.

The study identified services provided by each comparison tool, and found that the main service provided by comparison tools was price comparisons (80%) followed by brokering (10%). Brokering captured primarily insurance comparison tools, as well as switching utilities services, as both can rely on the consumer sharing data before quotations are displayed.

Service provided by comparison tools



Comparator rate
Description, strengths and weaknesses

Description and methodology

A comparator rate represents an effective price per unit, including elements a normal kWh rate wouldn't. Depending on the calculations a comparator rate is based of either an average, or specific level of usage, and includes unit rates, standing charges and potentially discounts that apply to the tariff. A comparator rate is generally calculated as follows:

Usage charges	Unit rate ***x*** assumed consumption
Plus **fixed charges**	Standing charge ***x*** 365 days
Minus **discounts**	(for example 30% pay-on-time discount)
Divided by **assumed consumption**	Annual estimate/assumed consumption
Equals **comparator rate**	$/kWh

Examples of comparator rates in use

Our research indicates that comparator rates are most commonly used for financial products. In the energy sector, the US uses comparator rates extensively, while in the UK comparator rates have been adopted and subsequently abandoned.

POWER TO CHOOSE **Power to Choose – Texas** is a publicly run comparison website that compares the charges of energy retailers in $/kWh. Texas requires retailers to produce an Energy Fact Label displaying the electricity price, key contract information, the source of power generation and emissions and the comparator rate for three monthly consumption levels: 500 kWh, 1000 kWh and 1500 kWh per month. This information can be compared online at the Power to Choose website

Strengths and weaknesses

Strengths	Weaknesses
• Combines all the elements of the price into a single figure (e.g. supply, usage, discount etc.), simplifying comparisons	• Customers are often unfamiliar with the concept of kWh • Obscures the charging parameters (fixed vs. variable, peak and off-peak etc.) which can reduce customer confidence • Requires a number of cognitive steps to understand the bill impact

Comparator rates display price in a format similar to how tariffs are normally structured, and we also note that Australian energy bills present average daily usage. However, previous research has indicated that consumers have little understanding of the units used to measure electricity (kWh) (Wallis, 2010).

Comparator rates have been found to be not very well understood, as evidenced by their adoption and subsequent abandonment in the UK (DEEC, 2014). The UK regulator, Ofgem, in assessing comparison rates via studies in 2012 and 2015, noted that:

- An advertisement, showing the price in kWh, had little impact on most participants as the unit of kWh had little or no meaning to them
- Customers found discounts difficult to understand when using the $/kWh format, and generally did not like the use of kWh, as it was not immediately clear what their savings would be
- Customers also had difficulty interpreting standing charges in the context of the $/kWh format of the comparator rate
- Customers are required to undertake their own calculations to get a sense of their overall energy costs, which could be a deterrent to investigating the market.

The diversity of tariff structures, which include different fixed versus variable components, peak and off peak rates, and various discounts, can substantially obscure comparisons. Previous studies have found that customers who were aware of the diversity of tariff structures had reduced confidence in their ability to compare offers (MORI, 2011).

Reference price
Description, strengths and weaknesses

Description and methodology

A reference price represents the cost incurred by the consumer over a given period of time. A reference price is generally based on an average typical consumer profile and includes unit rates, standing charges and potentially any discounts that apply. Reference rates can be expressed over any time frame, such as monthly, quarterly, or yearly, as shown in the example below:

Usage charges	Unit rate ***x*** assumed consumption
Plus **fixed charges**	Standing charge ***x*** 365 days
Minus **discounts**	(for example 30% pay-on-time discount)
Equals **Reference price**	$/year

Examples of reference prices in use

Our research indicates that reference prices are the main form of comparison in energy, insurance and telecommunications across Australia, the EU and UK. Presentations of the reference price can differ depending on the setting, and include:

- Showing a single price, either in the format of a cost, or a saving (if using dynamic/interactive media where the consumer's current costs are an input or estimated).
- Showing a range of costs, based on likely minimum and maximum bounds

STRØMPRIS **Strompris (Norway)** is a government run website that compares retail electricity offers based on krone/month. The website displays a ranking of retailers based on where a consumer lives and an (assumed) approximate power consumption. The comparison provides prices that include all costs related to the agreement. It also offers an easy switching button for consumers to change their displayed pricing from a reference price to a comparator rate. Consumers are able to further customise their comparisons by entering additional personal information after the initial offer listing.

Strengths and weaknesses

Strengths	Weaknesses
• Consumers can see the immediate *likely* impact on their household budget • Consumers already associate energy with a *$/time* form from their bills	• Simple aggregate price that consumers may feel doesn't reflect their consumption

The reference price approach has the advantage of being aligned to the format in which most consumers receive their bills (subject to the billing period matching the timeframe for calculating the reference price). Where consumers have their own cost data (or dynamic media are used) the reference price can be framed as a saving from current costs. Consumer studies by Ofgem in the UK have indicated that participants were immediately attracted by the £ per year or £ per month metric, as it seemed to indicate more clearly what savings would be, compared with a pence per unit of energy usage metric.

In the UK, a study into the telecommunications sector found that switching behaviour was driven by the size of the total bill, rather than the information provided on the bill on the prices of individual calls and the associated per minute charges (London Economics, 2010).

We also note that previous studies in the Australian energy context have found that consumers were better at estimating the dollar value of their energy bills on average and for the whole year than they were at working out their annual consumption of gas or electricity (Wallis, 2010). As such, were consumers to consider switching without detailed usage data, the reference price approach is likely to involve the least cognitive steps.

The main downfall of the reference price approach is that customers tend to be more keenly aware of the usage assumptions required to arrive at a quarterly or annual bill figure (despite comparator rates also requiring these assumptions to be made), which can dampen confidence as many customers perceive themselves as not fitting within the various categories. Business customers in particular can have difficulties in determining energy use and then the appropriate profile. Errors that are made in the estimation of the reference price, for example, by assuming the wrong level of usage, could be compounded by the potentially long period (up to 1 year). Customers may also perceive the reference price to be misleading due to its aggregation of tariff components, or consider that their usage is not consistent with the usage profiles used for the reference price.

Other complementary models
Description, strengths and weaknesses

Description

Across comparator websites, price is by far the dominant basis for comparison. However, other models of comparison can be just as important in influencing a consumers decision. In online shopping, comparisons are often made based on peer review of a product, or even the reliability and service of the seller themselves. For white goods, the energy efficiency of an appliance is a large component of comparison between goods. In the electricity sector, the proportion of green energy used is a common secondary comparison option.

Examples of use

Complementary models are most commonly used in conjunction with price-based comparison models (reference prices and comparison rates).

Stand-alone complementary models are relatively rare, but do occur in the areas of energy and water efficiency (for appliances, vehicles, buildings, etc.). For other sectors (for example in our own consultations), stakeholders may have a preference for a combination of both price and feature comparisons.

The figure at right illustrates the three main aspects of complementary models (ratings, features and review) including examples under each.

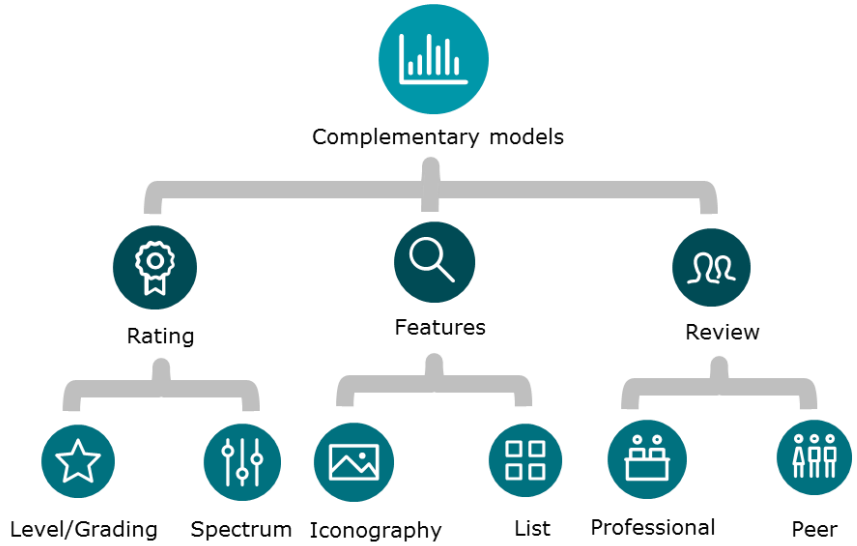
VREG uw gids op de energiemarkt

V-Test (Belgium) uses a mix of iconography and spectrum ratings to inform consumers about the details of their potential contracts. Icons are used to inform consumers of contract details, for example additional costs, method of contact and payment, consumers who can apply for the deal etc. The website also uses a green energy bar, to display the proportion of energy that is green for each option displayed.

Strengths and weaknesses

Strengths	Weaknesses
• Can simplify how prices and features are displayed • Provides an additional mode of comparison for consumers who are not solely concerned about price.	• Models often do not capture a specific price (especially in rating or feature comparisons)

Alternative options for complementary models



Effectiveness of comparison models

Based on literature insights - the model hypothesised to be most effective in Australia is a **reference price** model expressed as an estimate for **a range of consumption levels**

A comprehensive review of previous market research and consumer behaviour studies was conducted to provide an understanding of the effectiveness of comparison models in the Australian market and overseas. Details of the effectiveness of both reference prices, comparator rates and other features of comparison were reviewed against three key criteria:

Ease of use
Quick and simple for a range of consumers to understand and use in comparing energy plans

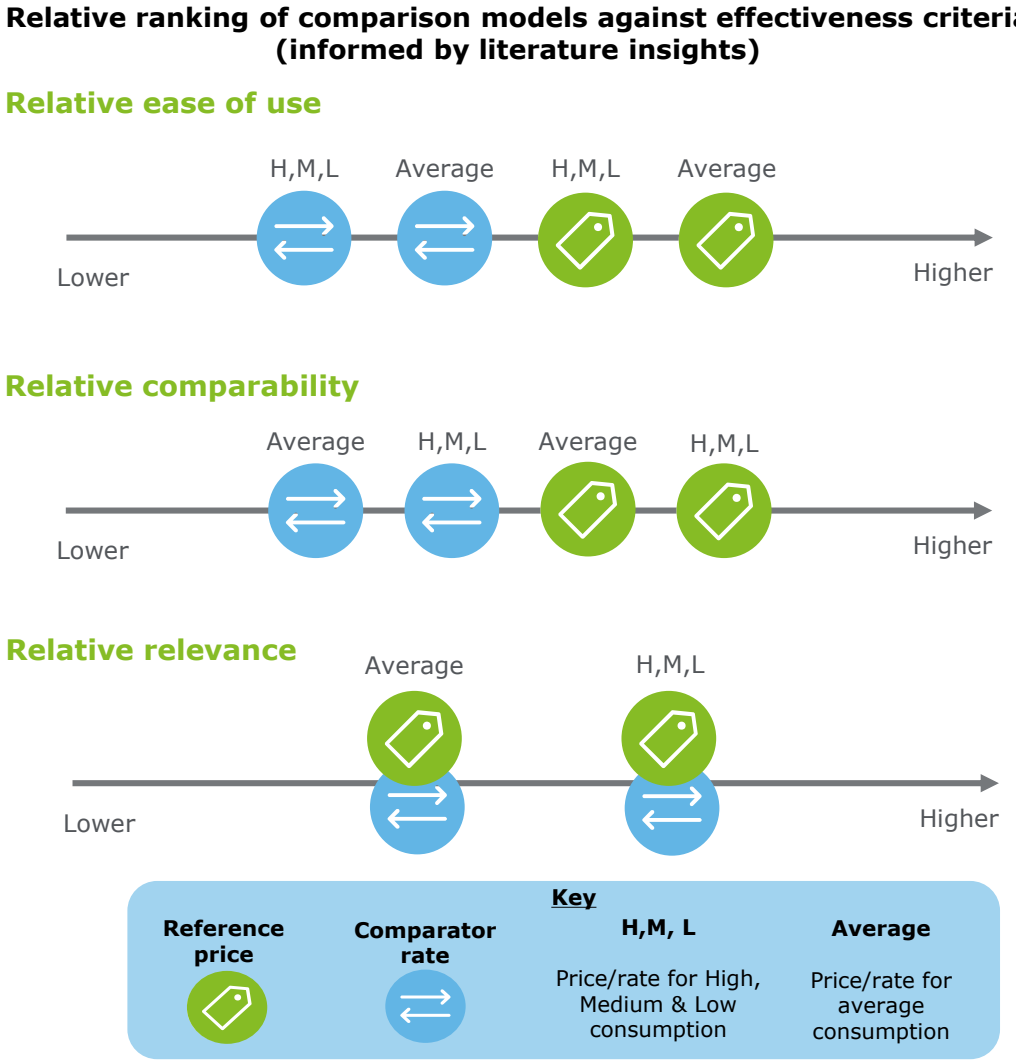
Comparability
Facilitates comparing the cost of current in-market energy plans, as well as comparing against the costs of customers' current energy plan

Relevance
Giving consumers confidence that the comparison price is representative for them and can be relied upon to make a decision on energy plans

The literature identified through our scanning provides a base understanding of the likely effectiveness of each model (refer **Appendix 3**) and informs the selected comparison price models that were tested with consumers.

Our findings, on balance, support reference price as a more effective model, particularly when implemented across a range of consumption levels (low, medium and high).

Relative ranking of comparison models against effectiveness criteria (informed by literature insights)



Models selected for evaluation

Options selected for testing

Comparator rate and reference price

The focus of development for Stage 1 of this assignment is on static media (such as the Basic Price Information documents proposed in the draft updates to the AER's Retail Pricing Information Guidelines).

In selecting the options for progression to the testing phase, it was important to ensure that a balance of performance against each of the effectiveness selection criteria was achieved.

Most importantly a balance was required between ease of use and consumer perceived relevance of the price estimate. There was risk that erring too strongly on the side of relevance (e.g. through catering to different meter types and householders with solar or pools) would materially impact the ease of use and thus the level of engagement with and usefulness of the model. For this reason, for the purposes of use in static media, only one tariff type (single rate) was proposed to be provided in the price comparison information.

Based on the insights from the literature review, it was hypothesised that the most effective model for Australia would be a reference price model with an estimate for high, medium and low users.

To test this hypothesis it was decided to test both a comparator rate and reference price approach during consumer testing (focus interviews).

As well as testing both models, Deloitte Access Economics also tested consumers needs regarding additional information. This was to determine whether additional complementary information would be of benefit to consumers in supporting their decision making regarding energy plans.

Based on the insights from the scan, the comparison price models selected for testing include a range of energy consumption levels to improve the relevance for a wider range of energy consumers

Consumer testing

Consumer testing
Objectives and methodology

Objectives

Consumer testing was used to gain a deeper understanding of how consumers respond to comparator models. In particular the consumer testing process aimed to:

1. Understand how consumers research and make decisions about switching energy plans
2. Measure the relative effectiveness of comparison pricing models and visualisations in facilitating consumer comparisons of retail energy plans

In assessing the effectiveness of models, the three criteria of: ease of use; comparability; and, relevance were considered.

However, in consumer testing, as compared to the literature review, the focus of each measure of effectiveness revolves around the usability of the visual representation of information, in addition to the comparison model itself.

Ease of use
Quick and simple for a range of consumers to understand and use in comparing energy plans.
This includes being able to identify the relevant information required for comparison

Comparability
Facilitates comparing the cost of current in market energy plans as well as comparing against the costs of customers' current energy plan.
This includes confidence that consumers can compare and make decisions.

Relevance
Giving consumers confidence that the comparison price is representative for them and can be relied upon to make a decision on energy plans.
This includes the understandability of the content and usefulness of the typical household options for a quick estimate.

Consumer testing
Objectives and methodology

Methodology

The consumer testing comprised of a three step process involving: focused one-on-one testing and validation of static media with consumers; iteration of the model and designs; and, a national survey of attitudes and understanding of designs.

1. One-on-one focus interviews

The focus interviews provided *qualitative information* on the useability of comparison pricing sheets and gave participants the opportunity to design their ideal price comparison information.

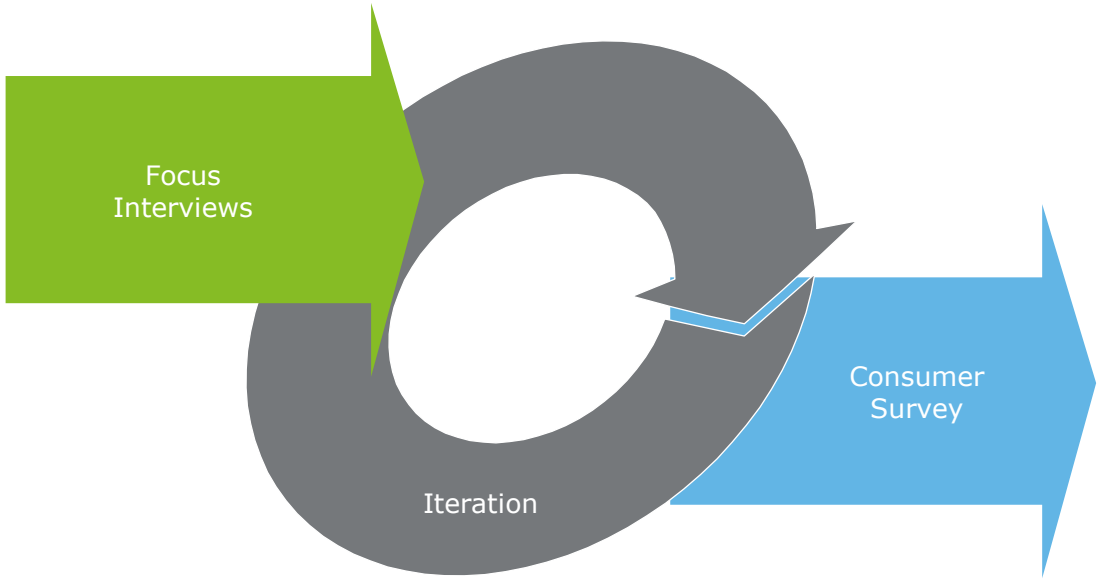
2. Refinement of Comparison Options

Using feedback and insights from the focus interviews, comparison model designs were iterated and refined.

3. Consumer Survey

A survey across National Energy Retail Law (NERL) markets (i.e. South Australia, New South Wales, Queensland, Tasmania and the ACT) was conducted to provide a broader evidence base by which the effectiveness of comparison models and static media representations could be assessed.

Co-design and iteration process



Focus interviews
Structure and participants

Interview structure

Each focus interview was a 1 hour face-to-face interview, conducted at the Deloitte Melbourne offices on January 29-31. In each interview, participants were guided through a series of activities to gain an understanding of whether the participant could confidently use price comparison information to compare electricity or gas plans. Participants were also given the opportunity to create their 'ideal' comparison sheet, allowing for co-creation and refinements of the design and information contained.

The interviews involved two key tasks, either for electricity or gas:

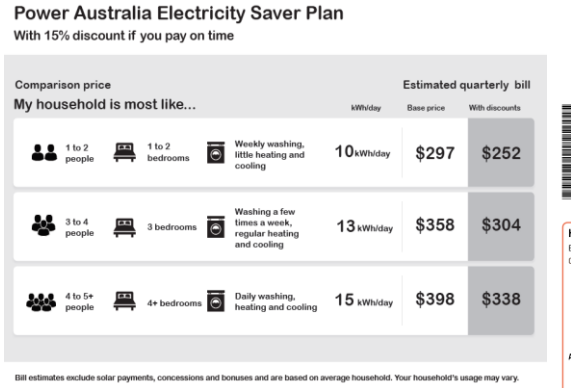
Understanding the comparison sheet

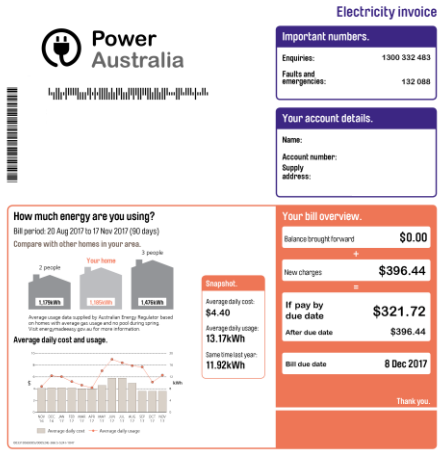
Participants were given a mock bill and asked to compare the bill to price comparison information for an alternative plan. This was to identify whether they could save money by switching plans. The activity tested the consumers ability to:

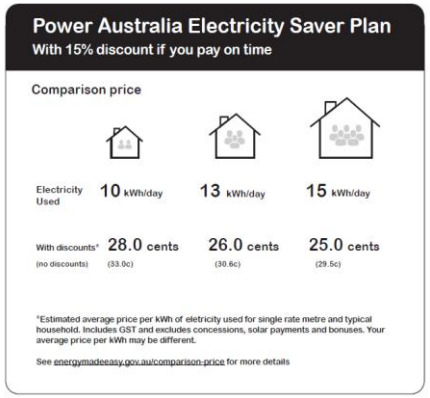
- Identify the relevant information for comparison
- Understand how a price comparison could be made
- Accurately compare plans

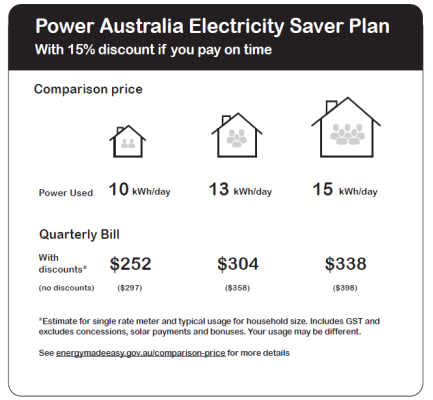
7 different designs (3 electricity and 4 gas) were tested across different participants with each consumer being provided a different comparison price design. Copies of the interview guide and materials are contained in **Appendix 4**.

Mock bill and price comparison information designs









Focus interviews
Structure and participants

'Design your own' comparison sheet

Participants were provided with a blank sheet and instructed to design their ideal comparison sheet, including layout, type and detail of information that they would like provided. Participants were also provided with some template elements that they could use for inspiration in their design. The task provided key insights into:

- The information participants found most important and helpful
- The ideal level of detail
- Natural visualisations of comparison information

Copies of the designs created by participants are available at **Appendix 5**.

Additional questions (if not explicitly addressed during the above activities) pertained to:

- Asking what time period for estimated bill cost participants would find most useful
- Whether participants found it easier to compare using a comparator rate or a reference price
- How many usage levels should be presented
- If participants preferred to see both base price and discounted price, and
- What additional information participants felt they would need to make a decision on switching.

Interview participants

The focus interviews consisted of 8 face to face interviews

4 female and 4 male

One 20-34 year old, two 35-49 year olds, four 50-69 year olds, and one 70+

Three high-school or lower education, two with certificates or diplomas, and three with at least a bachelor's degree

Three with household incomes under $50k, three $50-$100k and two $100-$150k

A range of cultural backgrounds including Australian Anglo, Hungarian, Polish, French, Argentinian and Indian, including 2 participants with English being their second language

Participants were either the main or joint decision maker for the energy provider in their household

The customers had a range of levels of energy knowledge and engagement, with some rarely or never looking at their bills and some analysing them regularly

Focus interviews

Understanding the comparison sheet

- Participants found the household usage descriptors useful, but their preference for choosing a household was average daily usage
- Participants want different amounts of information. Participants wanted comparison prices to be combined with call-to-actions so that they could get more information
- The layout of each comparison sheet was well received by participants who generally found that it was easy to read

Ease of use

"I base comparison off the number, not the household icons, to make a decision"

"I would need more information. This is just a quick overview"

"The comparison is useful. I am a single person and can refer to the single person in the small house"

"Total price is a lot easier to understand than the cents per kWh. The total price is very clear"

- Participants found it difficult to compare pricing when it was written in a cents per unit format. Participants preferred total price over a period of time
- Participants didn't want to search for the right information for the comparison, they wanted a clear link between the comparison price and their bill
- Some participants had issues identifying the appropriate information on their bills and thus could not calculate a comparison

Comparability

"I still had to use a calculator [with cents per kWh], and that's what bothers me with those things… and then you start wondering, did I get it right?"

"Whatever comes out of my credit cards, that's what I see"

"Everyone should have a more simple bill"

- Participants generally felt confident that they could make a comparison based on the comparison sheet they were shown
- Participants expressed that the usage information was most important for them to make a comparison
- Participants expressed a desire to know more about the plan
- There was a general scepticism of discounts and desire for discount breakdown information

Relevance

"Another important part for me is what is the daily usage rate"

"Green energy could be a greater factor in the future"

"It only provides discounts, some of which may not apply to me"

Focus interviews
Comparison sheet design

- There was a desire for a 'what next' option where they could understand how they could get extra information or how to switch
- Participants expressed a desire for the fact that prices are 'average' to be emphasised so that they know
- Participants generally preferred the iconography for ease of use, although the majority still expressed that the rate was most important

Ease of use

"I would go with a 'Want to switch?' then maybe a link there…'Or want to learn more?', because you know, 'want to switch' puts me in defensive mode"

"Pictures are good. People like pictures"

"Emphasise the people and the price, then give me all the rest [afterwards]"

- Some participants wanted additional information contained in the prices, such as off-peak and on-peak pricing, or environmental considerations
- The concept of a features section was consistently liked by participants for the extra detail it provided
- When participants where asked "What time period for estimated bill cost they would find more useful", participants thought cost should be shown over the same period of time as bill period (however bill period varied across participants) - the most frequently mentioned time period was quarterly
- There was a preference for a dollar figure over time, rather than a price per unit of usage, However, some participants noted that they did like the price per unit of usage as additional information

Comparability

"Most appliances in apartments are now energy efficient, so I would have to compare whether it was an old or a new place"

"If I was in Tasmania, I would want to use the power that tapped into Hydro-electricity [not coal power]"

"These should be a series of tick boxes. This can also be added for postal bill and discount information"

"The time period [for estimated cost] should be the billing period that matches the majority of consumers"

"Quarterly, as it matches us"

- Participants felt they trusted/believed in the comparison more if it included the Australian Government Logo. Participants generally positioned the logo at the top of the page.
- In each personal design, the participants reported that their confidence in making choices would change if they had their designed information available when considering switching

Relevance

"If the Australian Government is backing the information…[I have]…more faith in a neutral body"

"when I changed health providers, I used the government website because the website provided all options, rather than just those who collect commission"

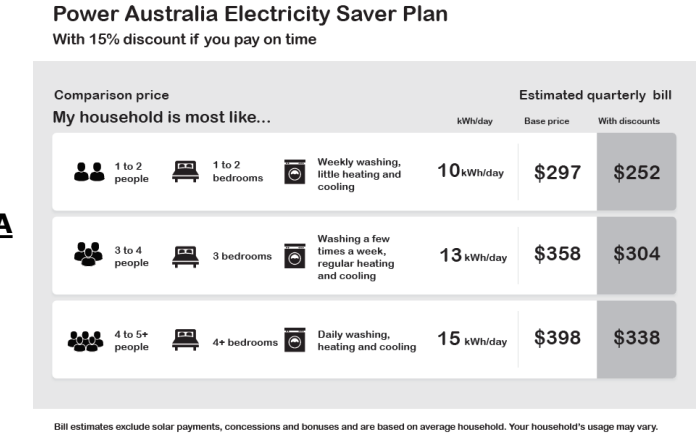
Iteration and selection of models and designs for online testing

Based on insights from the interviews, and supporting literature from our review, comparator rate designs were not progressed to online testing

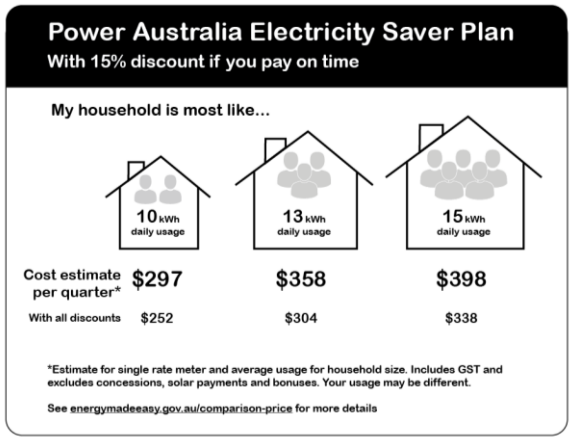
- The insights from the focus interviews were used to iterate the models and designs prior to the online survey
- A decision was made to not progress the comparator rate version of the comparison price information into online testing for 3 key reasons:
  1. Participants found it difficult to compare pricing when it was written in a cents per unit format, and participants preferred total price over a period of time
  2. This feedback was consistent with prior Australian research that found consumers overwhelmingly expect dollar estimates when researching energy offers (Bastion Latitude, 2017), and the UK experience where it was found that participants generally preferred the unit of £ per month/year over pence per kWh (Ofgem, 2012)
  3. Participants wanted a clear link between the comparison price and their bill and they thought in terms of the 'dollars' in which they paid their bills. This supported a 'reference price' model being preferable over a 'comparator rate' in providing comparability back to bills and the way in which consumers experience and understand their energy costs.
- The online testing was designed to, in the first instance, understand what design and content participants would find most useful for choosing the relevant estimated price for their household
- For this reason, other elements of the designs (such as, time period for the estimated cost, and base / discounted price) where kept largely consistent across all the designs so that the selection of the preferred design wasn't influenced by changes in other variables
- To gain feedback on other elements, specific questions where included in the survey, including questions on preferences for the estimated cost time period and if both discounted and undiscounted costs were preferred.

Designs Tested in Online Usability Testing

Design A



Design B



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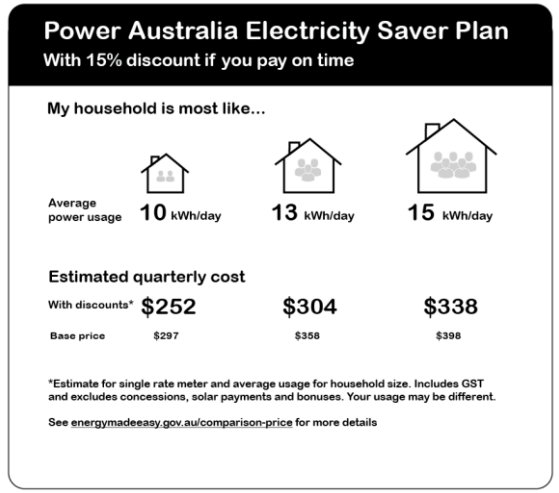


Consumer online testing
Structure and participants

Testing structure

The survey consisted of 21 questions, covering details of an individual's demographics, family and energy background and participants selection of their preferred comparison sheet. The survey was conducted online between February 2-5. A total number of 126 individuals in NERL markets completed the survey.

The survey was structured as follows, asking questions only related to electricity:

Eligibility
Identify whether the participant is responsible or jointly responsible for managing the bills

Design
Test the useability of three different price comparison designs

Preferred Design
Identify which price comparison designs the participants found the most useful, how confident they felt in making decisions based on their selected model and other preferences (such as time period for estimated cost) related to comparison

Placement
Where participants would like the price comparison information to be shown

Demographics
Participant location, income and language spoken in the home

Background
Participant household structure, switching activity, and presence of pool or solar panels

Participants

126 individuals were surveyed, across all NERL markets

22% of the sample were 18-29 year old, 35% were 30-44 year old, 23% were 45-60 year old, and 21% were >60 years old.

32% of the sample had a household income of under $50k, 40% had an income between $50-$100k, 13% had an income of $100-$150k, 9% had an income >$150,000 and 6% preferred not to disclose their income

45% of participants received a government energy concession and 55% of participants did not

Participants were from a range of locations: 36% from NSW, 36% from QLD, 17% from SA, 6% from Tasmania, and 6% from ACT

26% of participants have solar power, and 9% of participants have a pool

In the last four years, 32% had switched electricity or gas retailers, 20% had switched electricity or gas plans with the same retailer, 26% had looked at switching retailers but did not switch, and 29% looked at switching plans within their retailer but had not switched

Consumer online testing results

Participants expressed a clear preference for Design A, with 66% selecting it as the best option for comparing the cost of plans

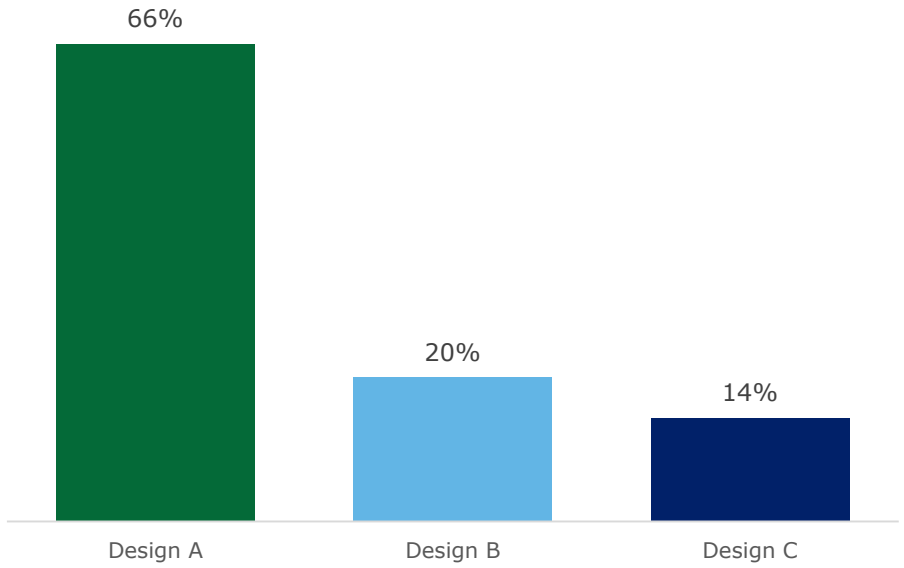
Price comparison design

Participants were asked to consider each of the designs in turn, and give their opinion on how well they thought they performed against a small number of criteria (outlined in detail on the following page)

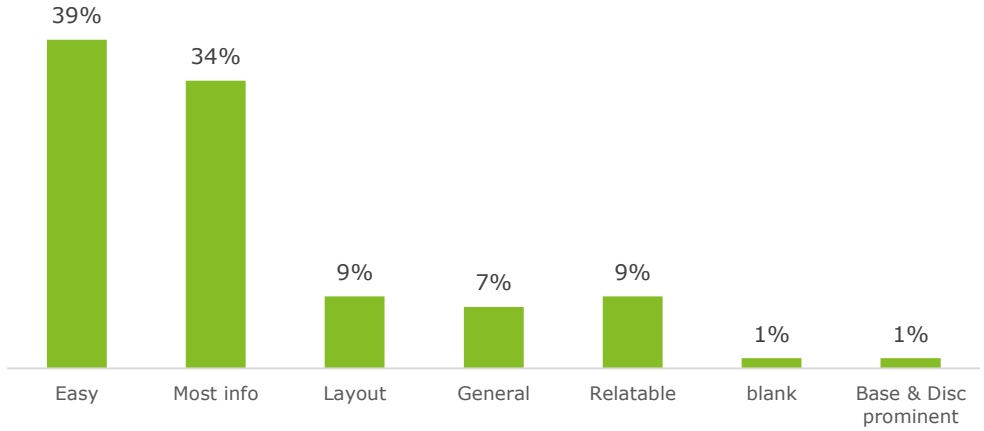
After considering each of the options individually, participants were also directly asked which design they thought would be **best to compare the cost of plans and help you decide which energy plan is best for you?**

Overall, participants responded most positively to **Design A with 66% selecting it as the best option**, followed by Designs B and C.

Best design to compare the cost of plans and help you decide which energy plan is best for you



Reasons for selecting Design A



Reasons for selecting design

Participants were asked why they selected their chosen design. Of those choosing Design A, the most common reason given was that it was **easy to understand and simple**. A significant proportion, 35%, preferred it as it contained **more information,** which made it more transparent as to what the energy prices were based on. However some of those respondents noted that the actual consumption and cost information was the same between designs. Participants also made positive comments that the table layout made it easy to read, and about both the discounted and base price being equally prominent in size.

Participants who responded that Designs B and C were the best, commonly stated that the designs were simple and faster to make a comparison with than Design A, which reinforces the importance of simplicity for most consumers.

Consumer online testing results

... However consumers found all of the designs quick & easy to use, and felt confident to decide on the best energy plan for them

Price comparison design

As outlined earlier, participants were asked to consider each of the designs individually, and provide their opinion for each on the following:

1. I find it quick and easy to choose the estimated price for my household
2. The information and estimated price is simple to understand
3. If I had this information side by side for different energy offers I would feel confident I could decide which plan was best for me

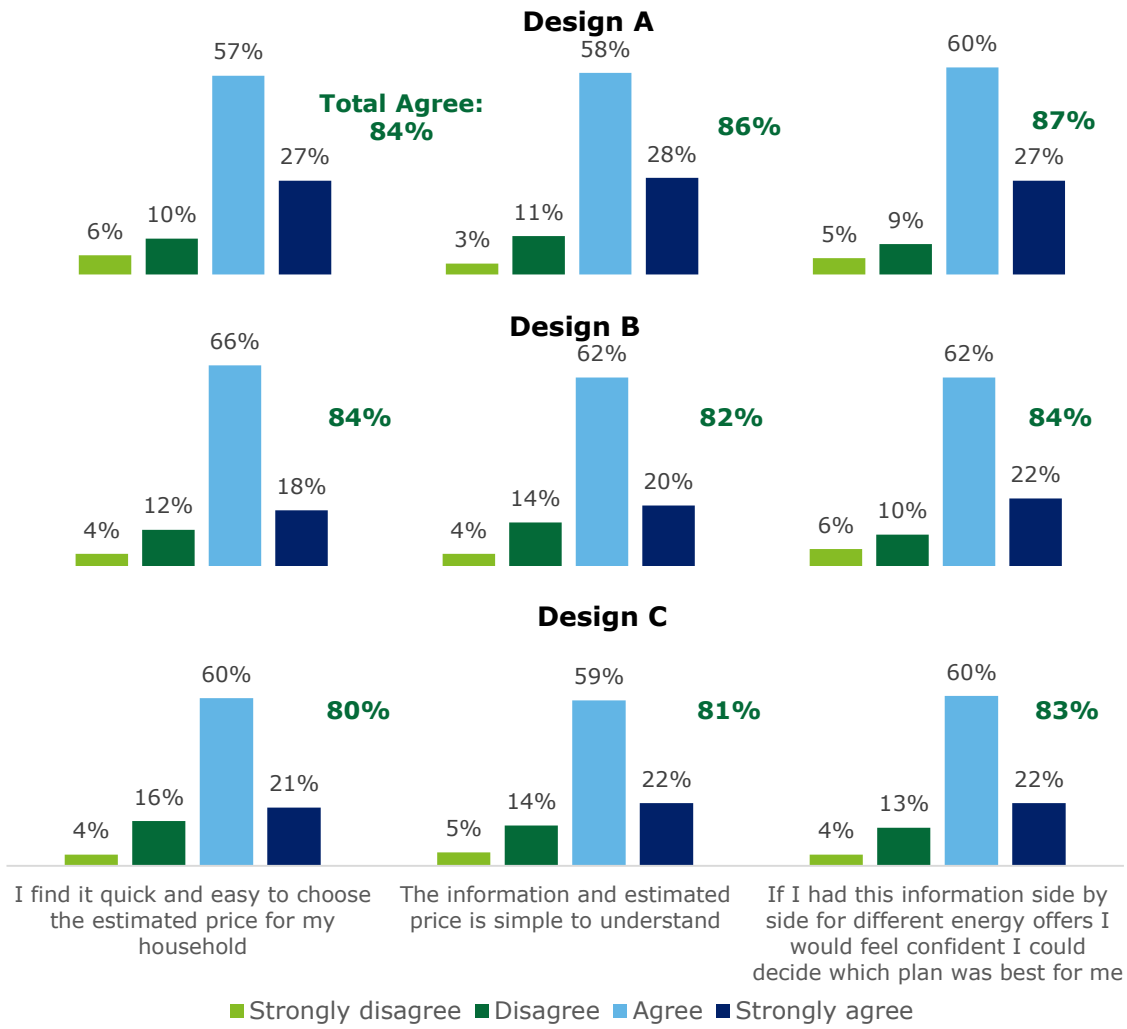
Overall, participants **had a strong positive response to each of the price comparison designs.**

For all of the designs, at least 80% of the participants either 'agreed' or 'strongly agreed' with each of the statements above. 6% or fewer of the participants 'strongly disagreed' with any of the statements for each design.

Although participants responded positively to each of the designs, they **responded most positively to Design A across each of the criteria**. In particular, 27-28% of participants strongly agreed with each of the criteria, and the lowest proportion disagreed or strongly disagreed.

Design B performed the second best against each of the criteria followed by Design C. This is in line with the results when each of the designs were compared directly against each other.

Assessment of Price Comparison Designs



Consumer online testing results

98% of participants who selected Design A found the typical household information useful for comparison, however 72% needed more information for decision making

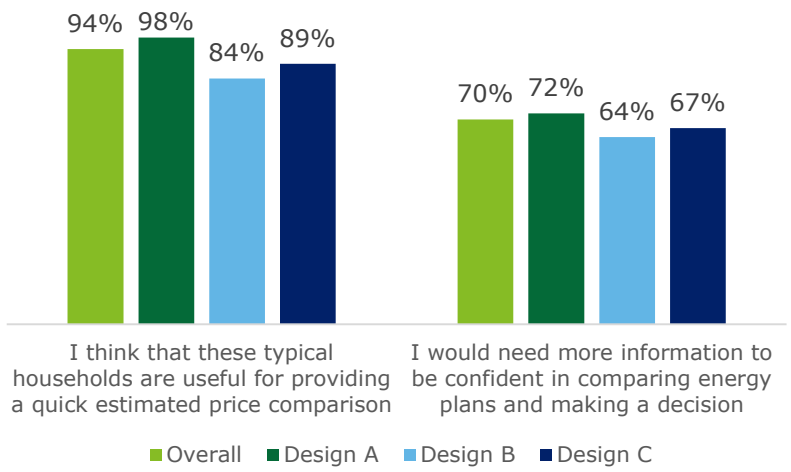
Usefulness of selected design

Based on the participants chosen design, the **large majority of participants agreed, or strongly agreed, that the typical households are useful** for providing a quick estimated price comparison. However, the majority also agreed that they **would require more information to feel confident in their comparison of energy plans and making a decision.**

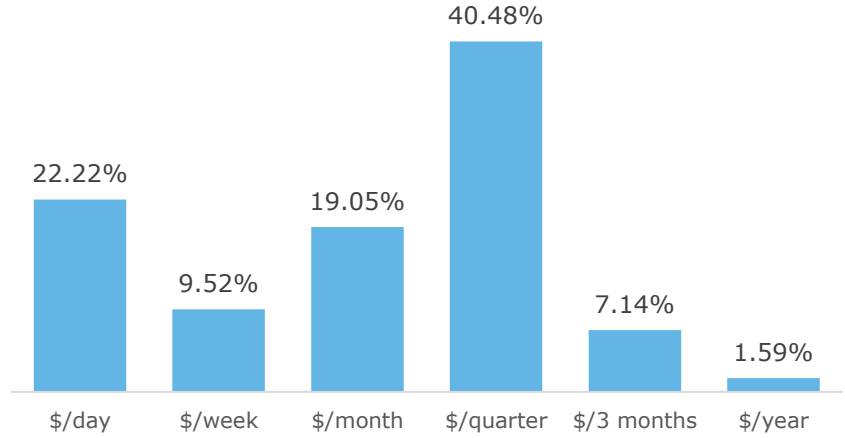
Most useful comparison time period

Participants found a quarterly estimated cost the most useful time period in comparing energy plans (40%), followed by $/day (22%) and $/month (19%).

Usefulness of selected design
(% agree/strongly agree)



Most useful time period



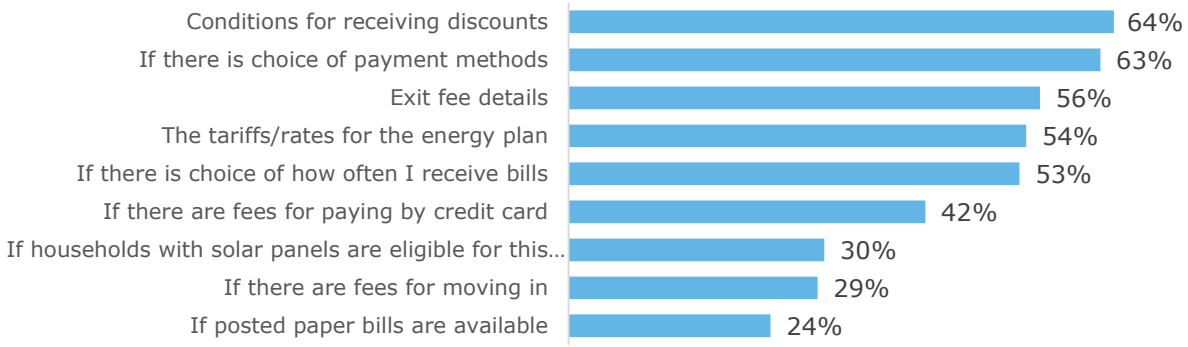
Consumer online testing results

Participants needed more information for decision making

Additional information

Participants were asked to identify what additional information would be most important to them to assist them in making a decision about their energy plan. **Participants thought that information on conditions for discounts, payment methods, and exit fees were most important.**

Additional information



Differences in additional information needs between sub-groups

We examined the results for this question across certain sub-groups of particular concern, including participants aged 60 or above, those with a Government energy concession, and those with limited internet usage.

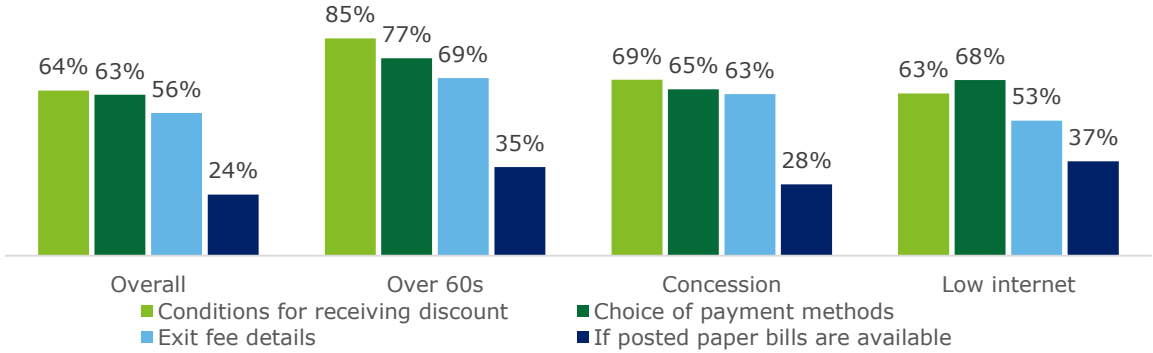
Participants aged 60 and above and participants with **Government energy concessions** identified that information on conditions for discounts, payment methods, and exit fees were the most important kinds of additional information, however for **participants aged 60 and above** a higher proportion of consumers selected this additional information as most important.

Only 4 participants rarely used the internet, with a further 15 using it several times a week only. These 19 participants identified the same three pieces of information as the most important, however in a different order.

Overall, choice of payment methods was the most important additional information behind discount conditions. The over 60s, low internet users and concession holders all had higher preference for this additional information than the sampled population as a whole.

Participants in each of these subgroups also identified information on whether posted bills were available as more important than the overall population, particularly the over 60s and low internet users.

Additional information for sub-groups



Consumer online testing results

Participants wanted to see the information presented in a range of formats and places, in particular energy bills (74%), comparison websites (47%) and retailer websites (45%)

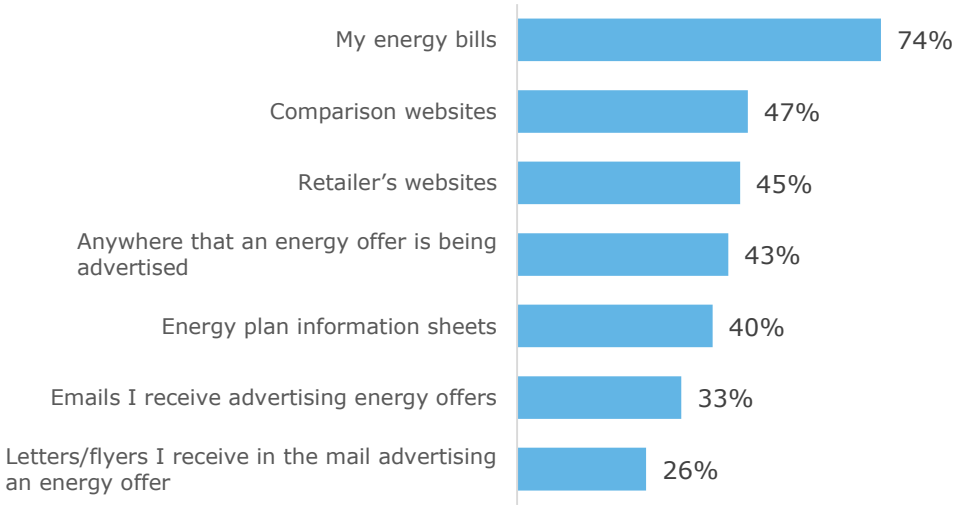
Where should comparison information be displayed?

Participants were asked where they would like the comparison prices to be shown. They were provided a range of options, and were also able to suggest additions to those provided.

The majority of participants **wanted to see comparison prices displayed on their energy bills,** with 74% selecting that option. A significant proportion of respondents wanted to see comparison prices displayed on **comparison websites and energy retailer's websites,** with 47% and 45% selecting those options respectively.

In addition, 43% of participants stated they wanted to see comparator prices displayed **anywhere an energy offer is being advertised**. Broadly, this covers all of the options in the survey, including email and mailed advertisements. Some respondents may have interpreted this option as a 'catch all' – it may be appropriate to consider that all of the options have this level of support or higher.

Where should information be displayed?



Consumer online testing results

Participants who recently switched preferred more information, and those with a swimming pool tended to be more positive about comparisons overall

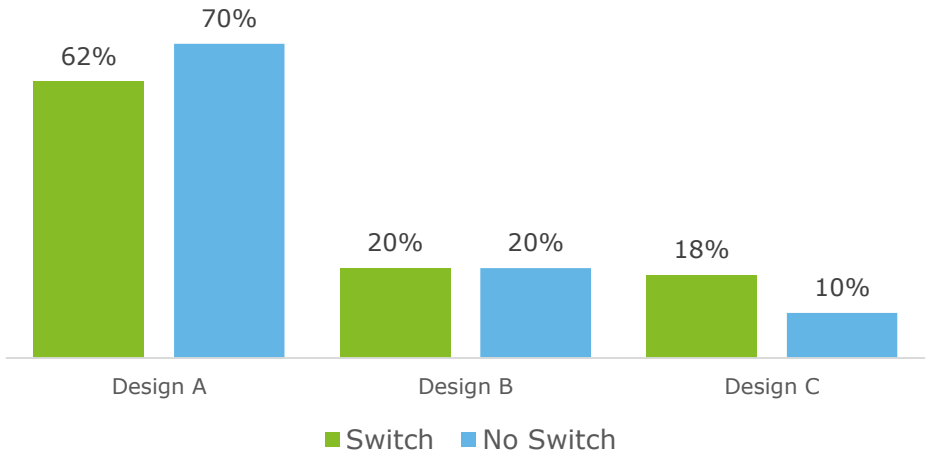
Participants who have recently switched (65 participants)

- Of those who had recently switched the choice of Design A as their preferred option was 8% lower compared to those who had not switched recently
- Slightly more of those who have recently switched needed additional information compared to those who have not recently switched, especially with regards to moving fees (+12%) and payment methods (+5%).
- However, less participants that had recently switched indicated they required detail around tariffs (-12%), compared to those who had not switched recently

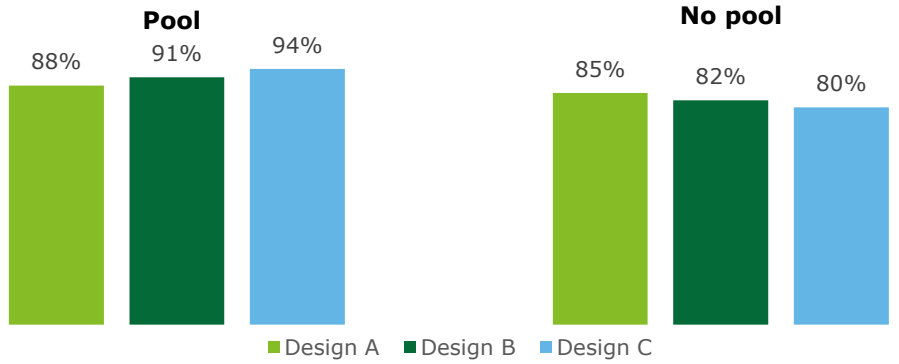
Consumers with a swimming pool (11 participants)

- Participants with a pool were generally more positive towards all comparison sheets than consumers without a pool (noting a small sample size)
- They also felt more strongly about receiving more information about comparisons (90% agree/strongly agree) compared with those without a pool (68% agree/strongly agree)

Preferred design



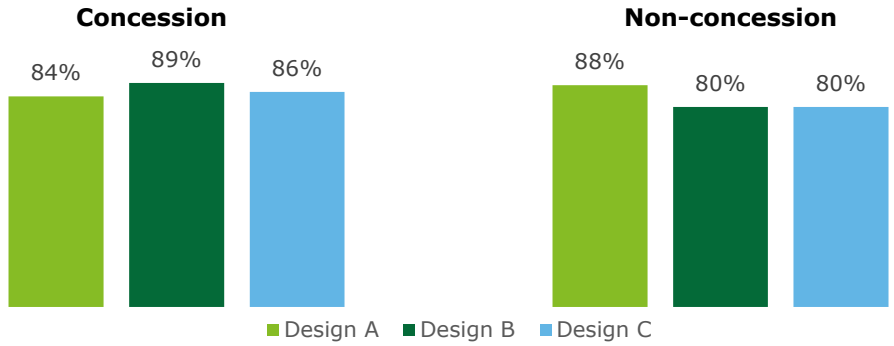
Satisfaction with price comparison designs
(% agree/strongly agree, average across three criteria)



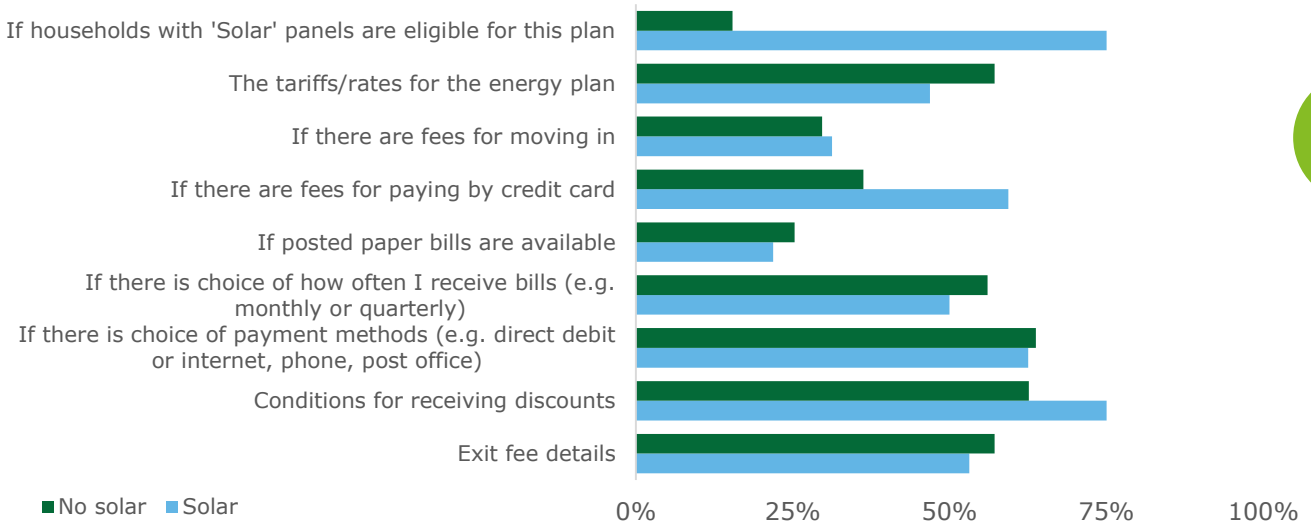
Consumer online testing results

Participants with a concession discount were more confident deciding which plan was best for them with B and C, and those with solar panels wanted more information on solar discounts

Confidence deciding between plans
(% agree/strongly agree)



Additional information



Participants with concession discounts (56 participants)

- Participants with concession discounts rated themselves as more confident deciding which plan was best for them using Designs B and C (nevertheless Design A was still their preferred overall). The opposite is true for those with no concession discounts, who found the Design A gave them greater confidence to compare plans.

Consumers with solar panels (34 participants)

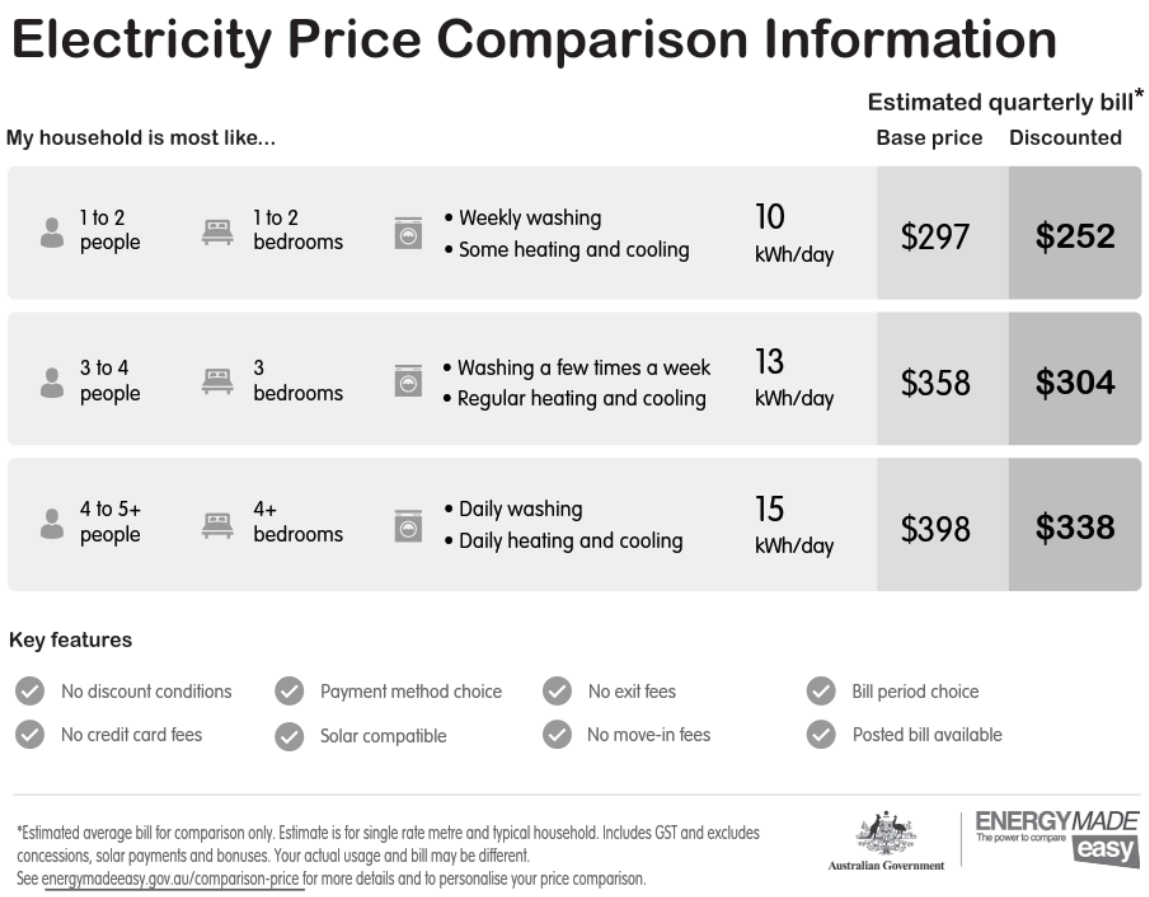
- More participants with solar panels selected Design A (75%) compared to those without solar (62%)
- Of those with solar power, 75% responded that they would like information regarding whether solar panels are eligible for the comparison plan. This is compared to 15% who did not have solar panels

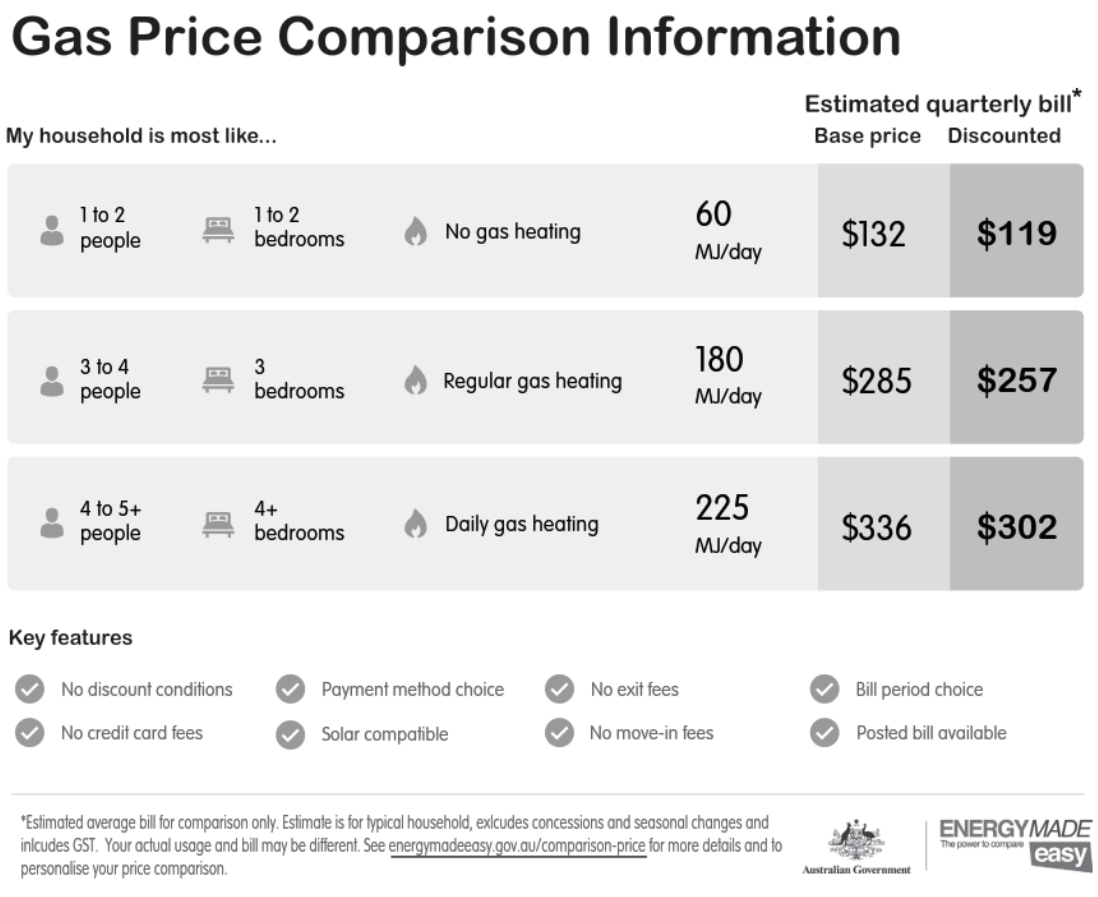
Recommendations

Recommended comparison price model and design

Reference price with quarterly estimated bill, appliance usage description, and features information in the style of Design A

Wireframes of recommended price model and design





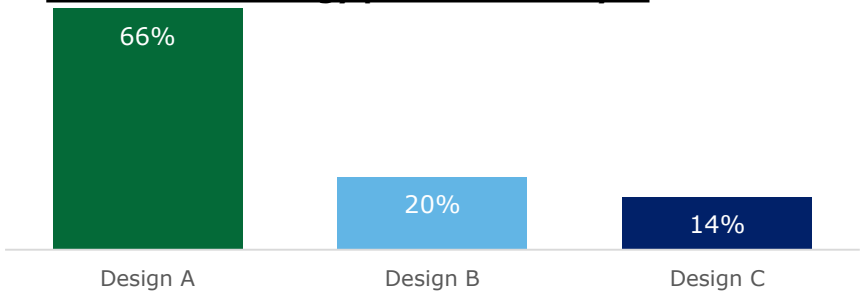
Recommended comparison price model and design

Basis for recommendation

The recommended comparison price model and design was determined on the following basis:

1. Insights from the consumer interviews, and review of prior research on the comparison price models, supported the selection of a reference price model
2. Test participants had a strong view Design A was the best option, which was consistent across all the subgroups. Participants considered the design easy to select their household, simple to understand and many valued the more detailed information it contained
3. The online testing provided strong support that a quarterly estimated price was more useful over other time periods (including monthly, daily or yearly) – although we note some challenges that may occur using this approach (see text box at right)
4. Inclusion of features information was supported by the responses from online testing – participants wanted additional information with conditions for discounts, payment methods, and exit fees rated as most important
5. The Government and Energy Made Easy logos were included due to the consistent feedback received during the interviews that inclusion of these improved trust in the information.

Best design to compare the cost of plans and help you decide which energy plan is best for you



Further testing for seasonality

Participants consistently identified that price comparison information expressed as a quarterly cost estimate was the most useful in assisting them to compare energy plans and make a decision. It is worth noting however, particularly in the instance of gas, the combination of seasonal variability of consumption and tariffs can compromise the integrity of a single quarterly estimate.

There are a range of options that could be adopted to address this – an annual bill estimate being one. However consumer testing identified very little support for presenting information on an annual basis. Another option would be to present a separate summer and winter quarterly cost estimate, however this increases the complexity of the information with potential consequences on the usability and uptake of the price comparison information.

We propose that as part of further consumer testing that will develop the refinements for implementation across dynamic mediums, consideration be given to an option that includes summer and winter quarter estimated costs. If found feasible, this could then be considered for a static format as well.

In the interim, given the comparison cost displayed on static media is not a personal estimate, but is rather based on average usage which smooths seasonal variations, the static comparison model can address seasonal variability of usage and costs by:

- Highlighting that the purpose of the estimated cost is for comparison purposes only and doesn't include seasonal variations in usage, and
- Referring consumers to energymadeeasy.gov.au to obtain a personalised estimate.

Additional considerations

Consumer testing suggests need for consideration on whether parallel bill changes are required, and how best to achieve both a wide and consistent application of price comparison information across external platforms

In addition to providing insights on the design and approach for a price comparison model, the online consumer testing also provided insights relevant for the implementation of such a model. Particularly with respect to locations for displaying comparison price information and potential improvements to energy bills to assist consumers in using the information.

Improving information on bills

The majority of participants wanted to see comparison prices displayed on their energy bills. During the interviews it was also apparent that participants struggled with finding the information on their bills that was relevant for using a comparison price model (for example the average daily usage for their household).

This suggests opportunities for improving the clarity of information on bills, and highlighting relevant information such as average daily usage.

Locations for displaying price comparison information

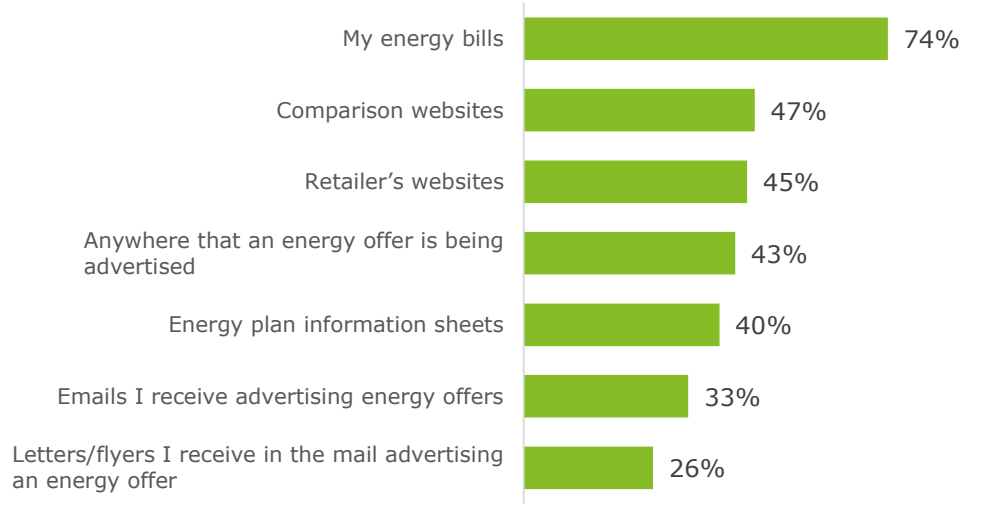
A significant proportion of respondents wanted to see comparison prices displayed on comparison websites, energy retailer's websites, and anywhere that an energy offer is advertised.

This suggests that consumers would be in favour of a broad application of price comparison information.

In order to support a wide and consistent application aligned with customer expectations, consideration is needed on:

- how the comparison price methodology and assumptions can best be implemented across multiple website platforms external to energymadeeasy.gov.au
- how best to support its wide adoption by making it easy for retailers to access the energymadeeasy.gov.au algorithms, and
- given the variation in pricing across distribution zones, whether there is a useful role for adoption of the comparison price in advertising of energy plans where the postcode, and therefore the distribution zone pricing, applicable to the customer is not known.

Where should information be displayed?



Appendices

Appendices

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Appendices

Precedent comparison models

Energy sector

Jurisdiction	Platform & sector(s)	Comparison models applied	Comment
Victoria	**Victorian Energy Compare** (website) Electricity and/or gas	Reference price ($/year)	• The website asks consumers if they want prices sorted on price or discounted price before showing offers • Iconography is used to capture key contract details
South Australia	**Energy Fact Sheet** (Fact sheet) Electricity and gas [not current]	Reference price ($/year)	• Electricity prices were based on three annual consumption levels: 2MWh (low), 5MWh (medium) and 8.5MWh (high) • Gas prices are based on three annual consumption levels: 6GJ, 24JG and 45 GJ
New Zealand	**What's My Number?** (website) **Powerswitch** (website) Electricity and/or gas	Reference savings ($/year) Reference price ($/year)	• The comparison has two steps: (1) consumers go to 'What's My Number', enter their basic electricity information and obtain an estimate on their annual savings from switching ($/year); (2) consumers are referred to Powerswitch where they enter further details and get a comparison • What's My Number displays the number of website calculations and estimated savings are displayed • Powerswitch uses iconography to capture consumer data • Consumers can fill in a request to switch directly from the Powerswitch website
UK (Private companies – guided by regulator)	**Uswitch** (website) **My Utility Genius** (website)	Reference saving ($/year) Reference price/savings ($/year)	• Uswitch states an estimated average spend over the next 12 months for customers to use as a comparison • My Utility Genius uses iconography to display key contract features

Precedent comparison models

Energy sector - USA

Jurisdiction	Platform & sector(s)	Comparison models applied	Comment
Ohio	**Energy Choice Ohio** (website) Electricity or Gas (Residential, business)	 Comparator rate (c/kWh)	• No individual information required. Comparisons are based on a consumer's relevant distributor • Comparison rates can be compared to the 'Price to compare' printed on bills of all customer who have not switched suppliers • A worksheet is also available for download to help consumers compare suppliers
Pennsylvania	**PAPowerSwitch** (website) Electricity (Residential, business)	 Reference price ($/month) A comparator rate ($/kWh) is provided as well	• No individual information required. Comparisons are based on a consumer's location and relevant distributor • Before displaying comparisons, the website provides a summary of the number of offers, offer types, costs and reasons to compare offers
Texas	**Power to Choose** (Fact sheet and website) Electricity (Residential and small business)	 Comparator rate (c/kWh)	• Texas requires retailers to produce an Energy Fact Label displaying the electricity price, key contract information, the source of power generation and emissions. This information can be compared online at Power to Choose website • Comparator rates are estimated at three monthly consumption levels: 500 kWh, 1000 kWh and 1500 kWh per month
Massachusetts	**Energy Disclosure label** (Fact sheet)	 Comparator rate : c/kWh (for four levels of usage for residential and commercial)	• The disclosure label displays basic service pricing, power sources, air emissions and regional average labour characteristics • Some fact sheets, for example *Eversource* display average fixed and monthly charges across the year by consumer type (i.e. residential, small commercial etc.)
New York (State)	**Power to Choose** (website) Electricity or Gas	 Comparator rate ($/kWh)	• No individual information required. Comparisons are based on a consumer's postcode • Provides consumers a comparison to the incumbent utility

Precedent comparison models

Energy sector – Europe and Scandinavia

Jurisdiction	Platform & sector(s)		Comparison models applied	Comment
Sweden	**Elpriskollen** (website) Electricity (Residential)		Comparator rate (øre/kWh)	• A reference price is displayed in 'more details' (kr/year) • Consumers can select their energy consumption from a reference spectrum of energy consumption • Iconography is used to display power sources (for example solar and wind power)
Norway	**Strømpus** (website) Electricity (Residential)		Reference price (kr/month)	• Consumers can switch to comparator rate (øre/kWh) • The site has four viewing options: spot price (default), fixed price, variable price and other costs • The website only requires a consumers address to display a comparison. A more accurate quote can then be obtained by choosing to enter more details
Austria	**Tarifkalkulator** (website) Electricity or Gas (Residential)		Choice of Reference price (EUR/year), comparator price (c/year) and a decomposed 'energy price'	• The decomposed 'energy price' shows the average work price (c/kWh), the basic flat rate (EUR/year) and, if applicable, the service price (EUR/kW/year) for each product • Savings per year are displayed under the comparison quote
Belgium (Flanders)	**V-test** (website) Electricity and/or Gas (Residential or small business)		Reference price (EUR/year)	• Consumers can choose type of house, size, and occupants
France	**Energie-info** (website) Electricity and/or Gas (Residential or small business)		Reference price (EUR/year)	• Shows % of green electricity • Can choose to view costs in monthly amount or by bill period

Precedent comparison models

Other sectors

Jurisdiction	Platform & sector(s)		Comparison models applied	Comment
Norway	**Finansportalen** Insurance		Reference price ($/year)	• Provides investments, pensions, bank and insurance comparison
Mexico	**Condusef** Insurance		Reference price ($/year)	• Uses iconography to display what services are included, excluded and available for an additional fee • For health insurance, the website provides a per person cost estimate based on the number of people in the family • For car insurance, the consumer can chose their primary comparison criteria (e.g. safety, cost)
USA	**Health Care Finder**		Reference price ($/month)	• Provides an additional comparison of out-of-pocket limits, annual deductibles, and coverage level
Australia	**Critical Information Summary** (Fact sheet) Telecommunications		Reference price (minimum $/month based on contract)	• The Critical Information Summaries must also include the following price information as well as contract details: the minimum and maximum monthly charge for the service (generally reflected through the early termination charge); the maximum fee for early termination; and, the standard charges
Portugal	**Anacom COM.eschola** Telecommunications		Provides both a reference price (EUR/month) and comparator rates (EUR/minute)	• Results are sorted based on the reference price, however some contracts have no monthly charge, and can only be compared on comparator rates

Precedent comparison models

Other sectors

Jurisdiction	Platform & sector(s)	Comparison models applied	Comment
Ireland	**CCPC Financial services** (Personal loans) *Finance*	 Mix of comparator rate and reference rate (Annual percentage rate, monthly repayments, total cost of credit)	• The website provides a comparison of credit cards, loans, mortgages and lump sum deposits • Consumers can use a sliding scale to input their loan amount and period
Canada	**FCAC Financial services** (Account and Credit cards) *Finance*	 Reference price ($/month or $/year) and a comparator rate (% interest rate)	• Results are ordered base on the reference price (for example the annual fee) and then the comparator rate • Highlights additional service offerings
Australia	**Energy Efficiency Rating** (Appliances) *Energy Efficiency*	 Rating (1-6 star or 7-10 stars)	• The rating also provides a usage benchmark (kWh/year) as a secondary comparison • The star rating is based on energy consumption and size of the product • Exploring the potential of a zone-based energy efficiency labelling system (location based) – already adopted in EU and USA
Europe	**Energy Efficiency Label**	 Rating (and energy grading from D to A+++)	• Also provide a comparator rate in kWh/annum
Australia	**Green Vehicle Guide**	 Comparator rate (CO2 g/km)	• The comparator rate is displayed on an 'Efficiency meter' • The website also calculates a reference price for fuel per annum ($/year)

Appendices

Literature on effectiveness of Comparison Models

Reviews of effectiveness from the literature – Ease of use

Effectiveness		General Comments	Average	H, M, L
Ease of Use	Reference Price	+ Respondents of all types were better at estimating the dollar value of their energy bills on average and for the whole year than they were at working out their annual consumption of gas or electricity (Wallis, 2010) + Some preferred annualised cost information since they are not able to visualise their energy consumption or a single unit of energy (Wallis, 2010) + In Telecommunications, the impact on future [switching] behaviour is driven by the size of the total bill, rather than the information provided on the bill on the prices of individual calls and the associated per minute charges (London Economics, 2010)		+ Respondents have a sense of whether their bills are high or low relative to others and domestic customers (Wallis, 2010)
	Comparator Rate	− Consumers have little understanding of the units used to measure electricity (kWh) (Wallis, 2010) − Very few participants liked the use of kWh, for example in the best buy table (a comparison table), as it was not immediately clear what their savings would be (Ofgem, 2012) − An advertisement, showing the price in kWh, had little impact on most participants as the unit of kWh had little or no meaning to them (Ofgem, 2012)		+ Respondents have a sense of whether their bills are high or low relative to others and domestic customers (Wallis, 2010)
	Other Considerations	− People who have limited literacy and numeracy skills, when confronted with [comparison] documents had great difficulty in understanding them (Wallis, 2010)		

Effectiveness of Comparison Models

Reviews of effectiveness from the literature - Comparability

Effectiveness		General Comments	Average	H, M, L
Comparability	Reference Price	+ Generally easier to compare because of there is consistency in the cost data presented (Wallis, 2010) + Many participants were immediately attracted by the £ per year or £ per month metric as it seemed to indicate more clearly what savings would be compared with a pence per unit of energy metric. (Ofgem, 2012) − Businesses, in particular, disliked the annualised costs system of showing prices, since they were unsure how much energy they used and how to categorise themselves. (Wallis, 2010)		+ Most liked the indication of low/medium/high user as the price advertised became more relevant to the individual consumer (Ofgem, 2012)
	Comparator Rate	− Many switchers, including those formerly confident with unit rates, realise that variations in standing charges, dual fuel discounts and two-tier rates can obscure comparisons. (MORI, 2011)		+ Most liked the indication of low/medium/high user as the price advertised became more relevant to the individual consumer (Ofgem, 2012)
	Other Considerations	• Participant responses reflected a need for both types of data [Comparator Rate and Reference Price] to be used together – general data to compile a shortlist, then exact data to select a single company. The qualitative findings support this theory of a two-stage process. (MORI, 2011) • Although participants generally preferred the unit of £ per month/year to pence per kWh, some more engaged active participants wanted the option of seeing both formats. (Ofgem, 2012)		

Effectiveness of Comparison Models

Reviews of effectiveness from the literature - Relevance

Effectiveness		General Comments	Average	H, M, L
Relevance	Reference Price	+ In practice, most switched for the first time on the basis of relatively vague claims about annual savings in pounds, rather than by studying unit rates or calculating total bills (MORI, 2011) – The key weakness was showing annualised cost data without the underlying unit price information and with no means of knowing precisely what that means for an individual household or business (Wallis, 2010) – The approach may significantly compromise the accuracy of retail offer prices, which risks misleading customers (AER, 2010) – Some participants felt that an indicative monthly cost was misleading as it did not explain clearly that this is not what an individual consumer would pay since it depends on their own personal consumption (Ofgem, 2012)	– Most were confused as to what an "average user" would mean in reality. Many felt that it had little relevance to them as they did not know how they compare to "average" (Ofgem, 2012) – Differences in climate and demographic characteristics which create different demand profiles, would affect the accuracy of prices under each annual consumption band.	– Small/medium/large groups do not always fit everyone's usage to their satisfaction (MORI, 2011)
	Comparator Rate	– Unit pricing method does not give customers a sense of their overall energy costs unless they have the willingness and ability to undertake calculations. This could act as a barrier to the effectiveness of the standardised unit pricing method (AER, 2010) – Expressing discounts in p/kWh is difficult for consumers to engage with. It is difficult to explain what the standing charge is to consumers and why it costs what it does (Ofgem, 2015)	– Most were confused as to what an "average user" would mean in reality. Many felt that it had little relevance to them as they did not know how they compare to "average" (Ofgem, 2012)	– Small/medium/large groups do not always fit everyone's usage to their satisfaction (MORI, 2011)
	Other Considerations	• Participants' most common response to the most meaningful way to see the savings was in a monthly format. This was closely followed by a quarterly format (Ofgem, 2012)		

Appendices

Focus Interviews
Discussion Guide

AER Focus Interviews Facilitation Guide

Deloitte

1. Introduction (10 minutes)

Objective: To get participant comfortable in the environment and with the format of the interview. It is also to build rapport and learn a little bit about them as a person.

- Welcome
- Introduction of facilitator and note taker
- Sign confidentiality agreement
- Notify participant that we are recording and will be taking photos
- Ask participant to introduce themselves

2. Understanding of energy/switching (8 minutes)

Objective: To understand the participant's current situation and their views and history of switching.

- Which energy provider are you currently with?
- When did you last change retailers or plans?
  - How did you go about making the decision?
- *If no to above*: Have you considered changing retailers or plans more recently?
  - *If yes*: Why didn't you switch?
  - *If complexity/difficulty/didn't know if you could save*: what would have helped make it easier?

3. Purpose of the interview (2 minutes)

Objective: to explain to the participant the concept of a Comparison Price and the purpose of the interview

The purpose of this session is to test an idea which may, or may not, help make it quicker and easier to compare different energy offers and to make a decision on whether to switch energy plans.

A Comparison Price is an estimated price for an energy offer that is calculated in the same way for all offers, with the aim to make it easier for you to compare offers side by side. It is not intended to be an exact estimate but to provide a rough, quick guide on how the cost of one energy plan compares to another and if you could save money by switching. Actual bill costs may be different as it doesn't use information specific to an individual household.

A Comparison Price could be shown in many different places such as energy plan fact sheets or information sheets, retailers' websites, offers you receive in the mail, and other places were energy offers are marketed to the public.

4. Comparison of models (35 minutes)

Objective: To test the ease of use, comparability and accuracy of a model shown to participants through an activity that replicates a real-world scenario.

4.1 Task 1: Sample bill comparison

Give the customer a bill and ask them to look at one of the comparison plans. The participant needs to compare the mock bill to the plan details they have in front of them to answer a few questions. This is to make sure that they can use and understand the comparison prices in realistic scenarios. Across the eight interviews, use different models each time.

Materials:

- *Mock bill*
- *One of the comparison price models*
- *Calculator*

Note: if the conversation naturally permits, cover any questions from 'Task 3: Further questions' below

Here is an electricity/gas bill for an example 4-bedroom house with 2 people living in it. A letter marketing a new electricity/gas offer from another energy company was received with this Comparison Price information on it.

1. Compare the comparison price for the new offer to the mock bill for 2 people in a 4-bedroom house and determine if they could save by switching to this offer
   a. Approximately how much do you think they could save?
   b. How easily do you think you could use this comparison price information for your household?
   c. How helpful would this be to you in comparing your energy and making decisions about energy offers?
   d. *Determine if customers are able to easily understand the language used on the model (eg. Base price v without discounts). Prompt:* Are there any terms here that are confusing?

4.2 Task 2: Design your own

The participant should be given a 'cheat sheet' of different options for each section of the Comparison Price information and an A3 piece of paper. From this, they should draw their own preferred version of the model with any elements they choose. This can be done either horizontally or vertically.

Materials:

- *Cheat sheet of designs*
- *A3 paper*
- *Sharpies*

Note: if the conversation naturally permits, cover any questions from 'Task 3: Further questions' below

In order to make these easier to use, we need you to think about what a better design might look like. Here is some inspiration for different possible sections that could appear in the Comparison Price.

2. Using the sharpie, draw a Comparison Price information label that you would find simpler or easier to use and more useful to you in comparing plans and making decisions.
   a. Which elements in the design are most important?
   b. Which pieces of information are most helpful?
   c. If a shorter summary version was needed due to lack of space which pieces of information would be most useful to be included?
   d. How would your confidence in making choices change if you had this information available when you are considering switching?

4.3 Task 3: Further questions

With any remaining time, go through any of these questions that have not already been covered in order to get a better understanding of the customer's preferences. These questions can also be covered earlier in the interview if conversation goes in that direction.

3. Questions
   a. In comparing energy offers, do you find it easier to compare the estimated cents per kilowatt hour/Mega Joule, or with an estimated cost of a bill over a period of time?
   b. What time period for estimated bill cost would you find more useful in choosing an energy plan?
      i. $/day
      ii. $/week
      iii. $/month
      iv. $/quarter or $/3 months

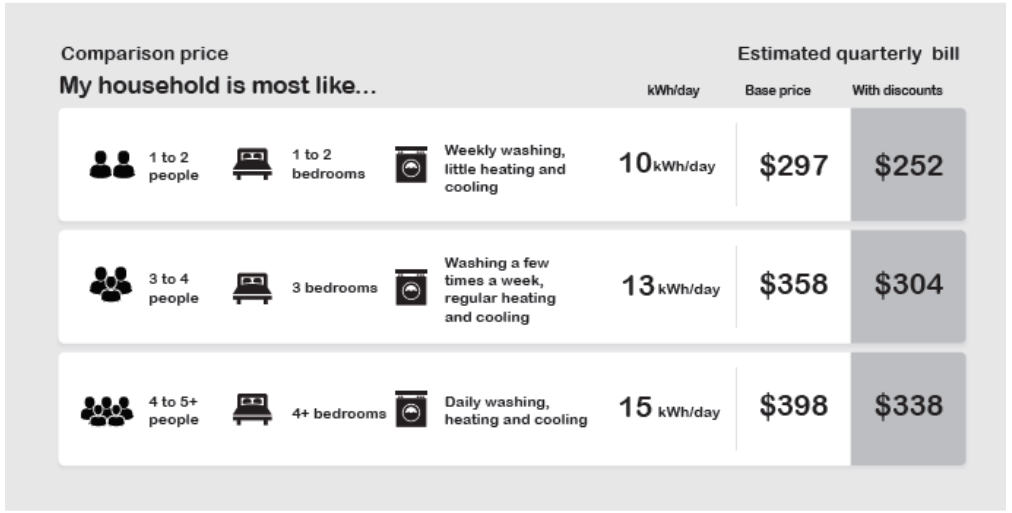
Focus Interviews
Discussion Guide

v. $/year
vi. other?

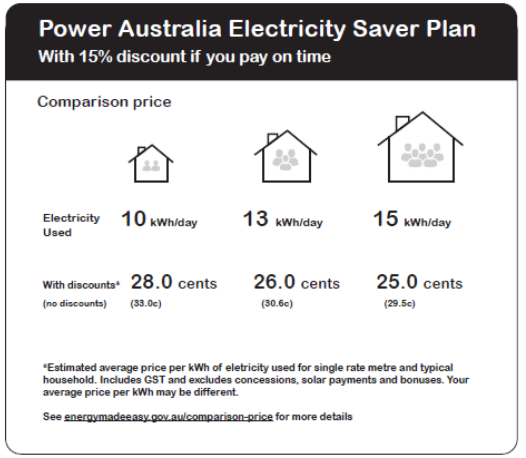
c. Do you prefer to see just the base price, just discounted price, or both?
d. Would you prefer something that was simpler and easier to use or more accurate in providing a rough guide of the cost?
e. What would you think of a single average usage price, rather than low, medium and high usage estimated prices? (A bit like an average price)
f. How easily do you think you could choose which usage matches your household most closely?
g. What more information do you think you need to make a decision?
    i. Does a features comparison make this easier?
    ii. Which features here would you like to see?
h. How trustworthy do you find this information?
    i. How would knowing that this was calculated by an independent government organisation change your opinion?
    ii. Would adding government logos help you to know it was trustworthy?
i. Do you prefer the Comparison Price to be displayed horizontally or vertically?

5. Wrap-up (5 minutes)
- Tell me a little bit about your house:
    - Do you have a pool or solar panels?
    - How many people live in your home
    - How many bedrooms is your home?
- Before we finish, do you have any questions for me?
- Thank you very much for your time, the information we gather from these interviews to help us refine these designs

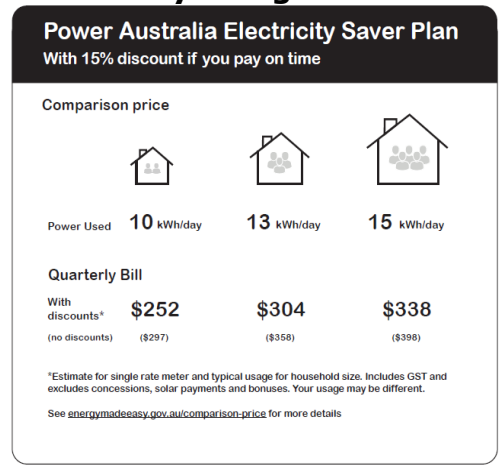
Electricity Design 1



Electricity Design 2



Electricity Design 3



Focus Interviews
Discussion Guide

Gas Design 1

Power Australia Gas Saver Plan
With 10% discount if you pay on time

Comparison price My household is most like...			MJ/day	Estimated quarterly bill Base price	 With discounts
1 to 2 people	1 to 2 bedrooms	Electric heating	60 MJ/day	$132	$119
3 to 4 people	3 bedrooms	Gas heating, sometimes	180 MJ/day	$285	$257
4 to 5+ people	4+ bedrooms	Gas heating, often	225 MJ/day	$336	$302

Comparison prices are GST inclusive and exlude concessions and are based on average household. Your household's usage may vary.

Gas Design 2

Power Australia Gas Saver Plan
With 10% discount if you pay on time

Comparison price

Heating	Electric	Gas	Gas
Gas used	60 MJ/day	180 MJ/day	225 MJ/day
With discounts* (no discounts)	3.30 cents (3.67c)	2.38 cents (2.64c)	2.24 cents (2.49c)

*Estimated average price per MJ of gas used for typical household. Includes GST and excludes concessions. Your average price per MJ may be different.

See energymadeeasy.gov.au/comparison-price for more details

Gas Design 3

Power Australia Gas Saver Plan
With 10% discount if you pay on time

Comparison price

Heating	Electric	Gas	Gas
Gas used	60 MJ/day	180 MJ/day	225 MJ/day
Quarterly Bill			
With discounts* (Base price)	$119 ($132)	$257 ($285)	$302 ($336)

*Estimate is for typical usage for household size. It includes GST and excludes concessions. Your usage may be different.

See energymadeeasy.gov.au/comparison-price for more details

Gas Design 4

Power Australia Gas Saver Plan
With 10% discount if you pay on time

Comparison price

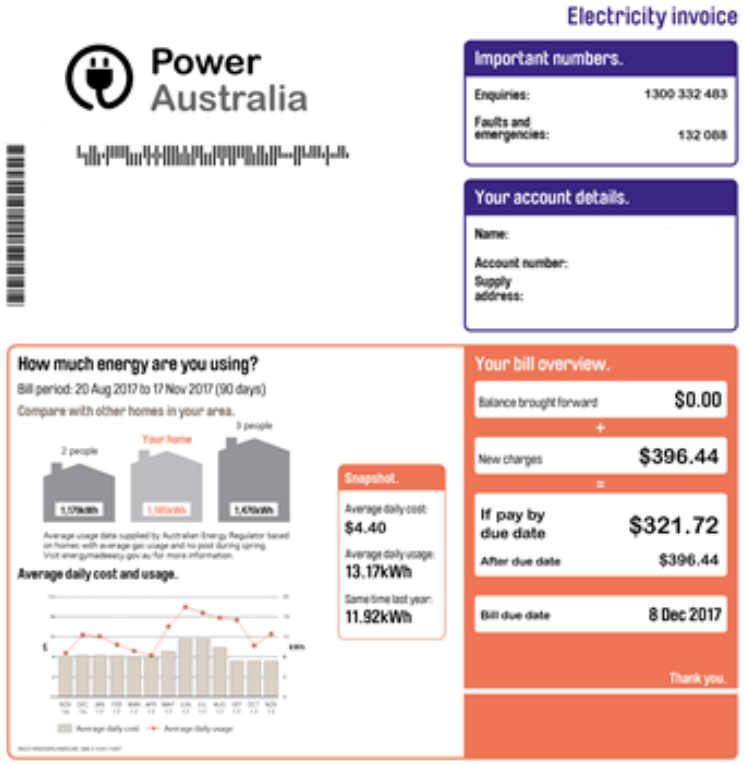
Gas used	80 MJ/day	132 MJ/day	174 MJ/day
Quarterly Bill			
With discounts* (Base price)	$148 ($165)	$205 ($228)	$251 ($279)

*Estimate is for typical usage for household size. It includes GST and excludes concessions. Your usage may be different.

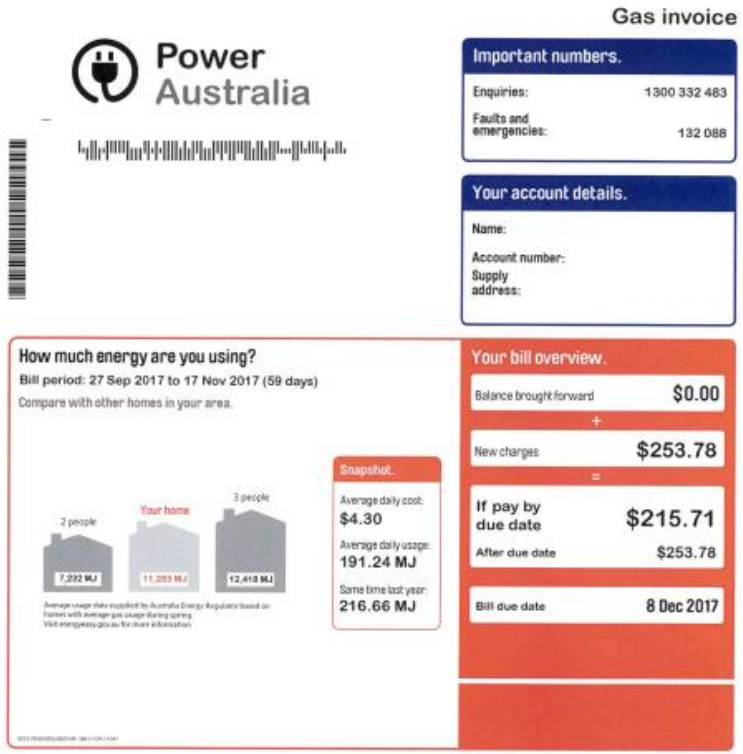
See energymadeeasy.gov.au/comparison-price for more details

Focus Interviews
Discussion Guide

Mock Electricity Bill



Mock Gas Bill

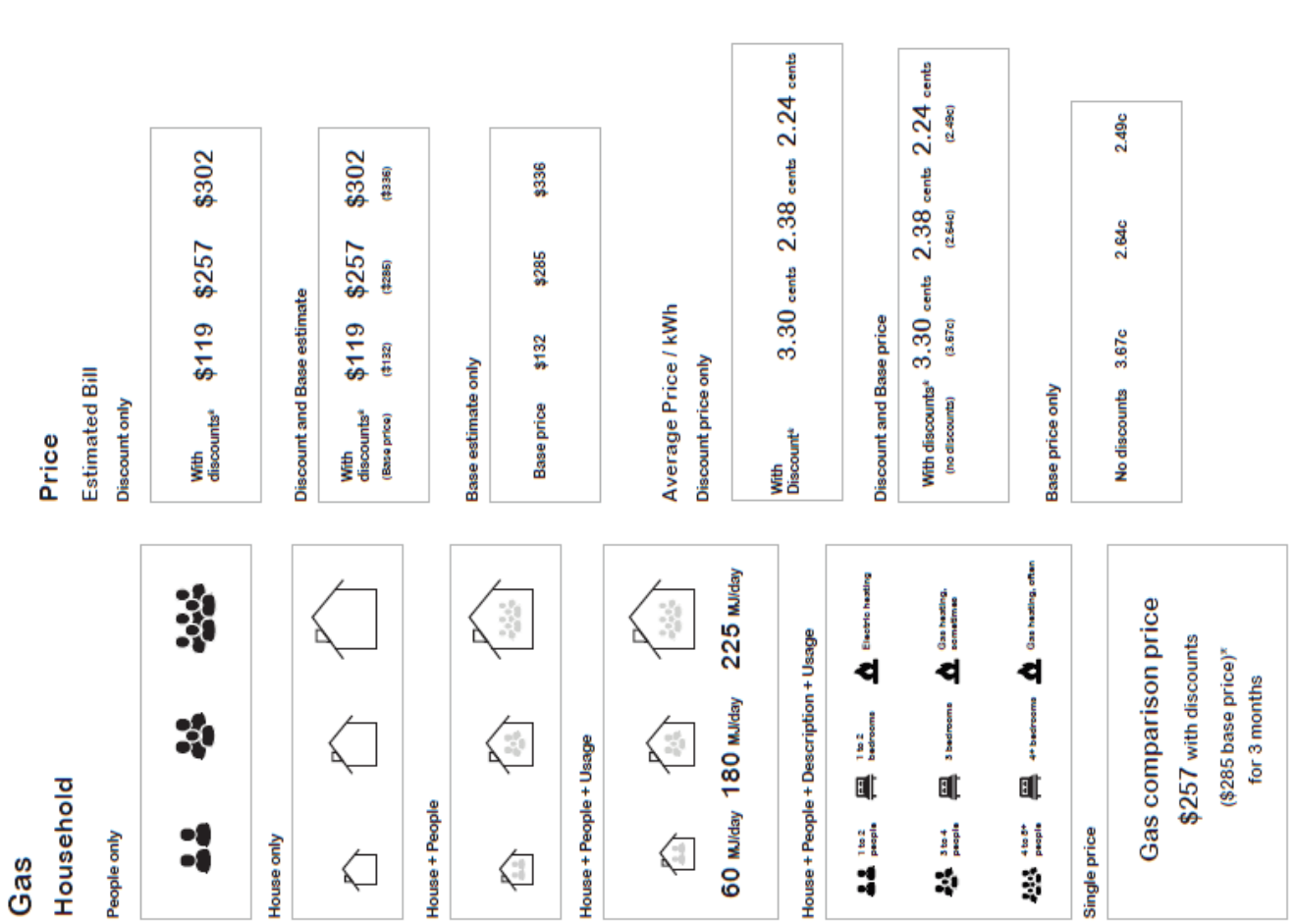


Focus Interviews
Discussion Guide

Inspiration Design Elements - Electricity

Focus Interviews
Discussion Guide

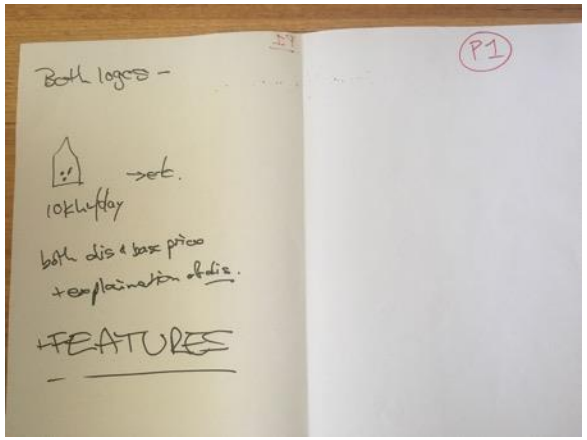
Inspiration Design Elements - Gas



Appendices

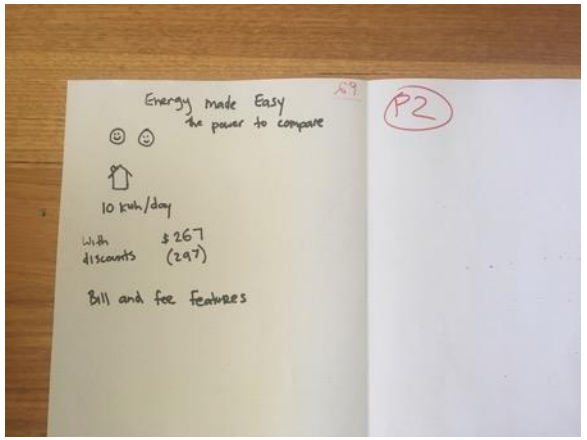
Focus Interviews

Participant ‘design your own’ exercise



Participant 1

- Government logos
- House graphic
- Usage per day
- Discount + base price
- Explanation of discount
- Bill and fee features

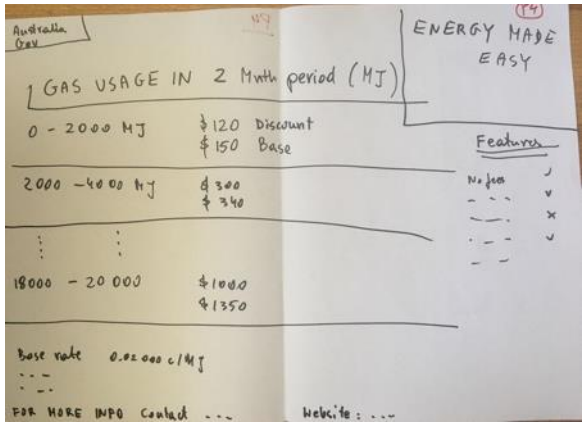


Participant 2

- Government logos
- House graphic
- Usage per day
- Discount + base price
- Bill and fee features

Participant 3

- Government logos
- Household demographics
- Usage per day
- Discount + base price
- Bill and fee features

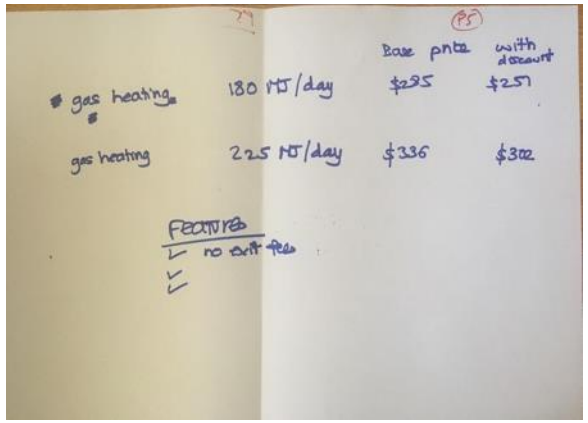


Participant 4

- Government logos
- Usage in detailed table
- Discount + base price
- Bill and fee features

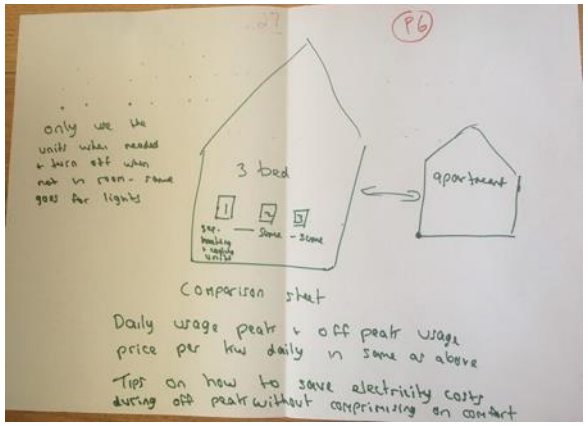
Focus Interviews

Participant ‘design your own’ exercise



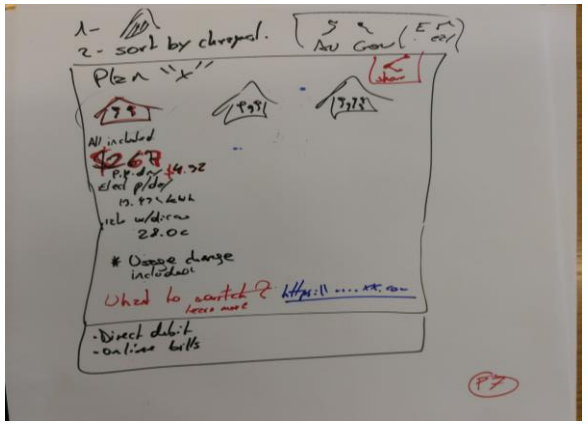
Participant 5

- Usage per day
- Discount + base price
- Bill and fee features



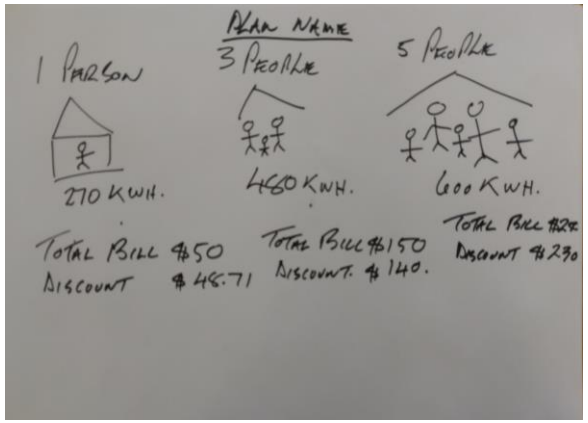
Participant 6

- Government logos
- House vs apartment living
- Off peak vs peak usage comparison
- Further information on energy saving tips



Participant 7

- Government logo
- Usage per day
- Discount + base price (*including cost/day and comparator rate as extra information)*
- Bill and fee features



Participant 8

- Usage per month
- Discount + base price

Appendices

Online Testing
Questionnaire

AER Comparison Price Information Online Testing Questions

1. Who in your household is responsible for managing energy bills and energy providers? ***(only top two are eligible)***
   - I am
   - I manage it with someone else
   - Someone else

We want to understand how we can make it quicker and easier to compare different energy offers to help people make sure they are getting the best deal.

Please consider each question and select the most appropriate response for you, all data collected is anonymous and there is no right or wrong answer.

On the next three pages you will be shown a series of Comparison Price designs for energy offers. A Comparison Price is an estimated price for an energy plan that gives a rough guide on the cost of an energy plan, and it can be used to compare with another plan.

Please look at these designs and find the estimated cost that best fits your household.

Consider how useful these would be for comparing different plans and making a decision on the best plan for you.

Look at the design below of a price comparison that would be available for all energy plans *(repeat for each of 3 designs)*

2. - 4. Select how you feel about the following statements based on this design

   - I find it quick and easy to choose the estimated price for my household
   - The information and estimated price is simple to understand
   - If I had this information side by side for different energy offers I would feel confident I could decide which plan was best for me

[Strongly agree / Agree / Disagree / Strongly disagree]

5. Which design do you think would be best to compare the cost of plans and help you decide which energy plan is best for you?

6. **Optional**: Why did you choose this?
   [free text response]

7. Thinking of your preferred design, how strongly do you agree with these statements?

   - I think that these typical households are useful for providing a quick estimated price comparison
   - I would need more information to be confident in comparing energy plans and making a decision

[Strongly agree / Agree / Disagree / Strongly disagree]

8. If you feel that you need more information to make a decision, which of the following would be most important to you? (choose as many as you like)
   - Exit fee details
   - Conditions for receiving discounts
   - If there is choice of payment methods (e.g. direct debit or internet, phone, post office)
   - If there is choice of how often I receive bills (e.g. monthly or quarterly)
   - If posted paper bills are available
   - If there are fees for paying by credit card
   - If there are fees for moving in
   - The tariffs/rates for the energy plan
   - If households with solar panels are eligible for this plan
   - Other (please provide details)

9. What time period for estimated bill cost would you find most useful in comparing energy plans?
   - $ cost per day
   - $ cost per week
   - $ cost per month
   - $ cost per quarter
   - $ cost per 3 months
   - $ cost per year

10. Which estimated comparison prices would you prefer to see?
    - Base price only
    - Discounted price only
    - Both base and discounted price

11. Where would you like these Comparison Prices to be shown? (choose as many as you like)
    - My energy bills
    - Comparison websites
    - Retailer's websites
    - Energy plan information sheets
    - Anywhere that an energy offer is being advertised
    - Emails I receive advertising energy offers
    - Letters/flyers I receive in the mail advertising an energy offer
    - Other (please specify)

12. What is your postcode? *(code to state)*

13. Do you speak a language other than English at home?
    - Yes
    - No

14. Have you done any of the following in the last four years? (choose all that apply)
    - I switched electricity or gas companies
    - I switched electricity or gas plan with the same company
    - I looked at switching electricity or gas companies but decided not to switch at that time
    - I looked at switching electricity or gas plan with the same company, but decided not to switch at that time

15. How many people live in your household?

16. Are there children in your household?
    - Yes, and all children are under 12 years old
    - Yes, and some of the children are over 12 years old
    - No

17. Do you have solar panels?

18. Do you have a pool?

19. Do you receive a government energy concession?

20. Which of the below best describes how you use the internet? w
    - I rarely use the internet
    - I use it several times a week, but mainly for email and little bit of web browsing
    - I use it every day, including streaming video and social media
    - I use it all day, often on my smartphone

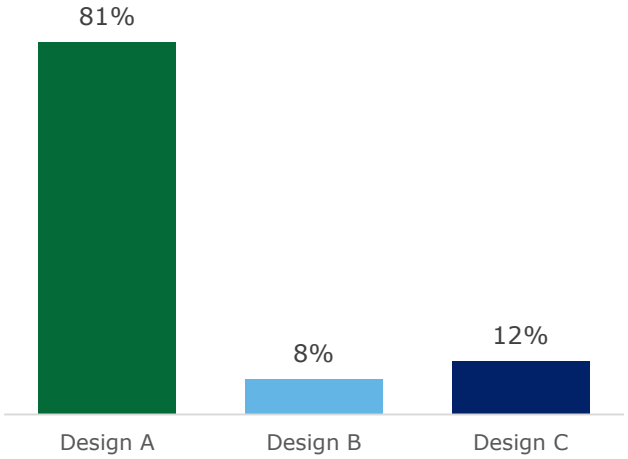
21. What is your annual household income?
    - Under $50,000
    - $50,000 - $100,000
    - $100,001 - $150,000
    - Over $150,000
    - I'd prefer not to say

Appendices

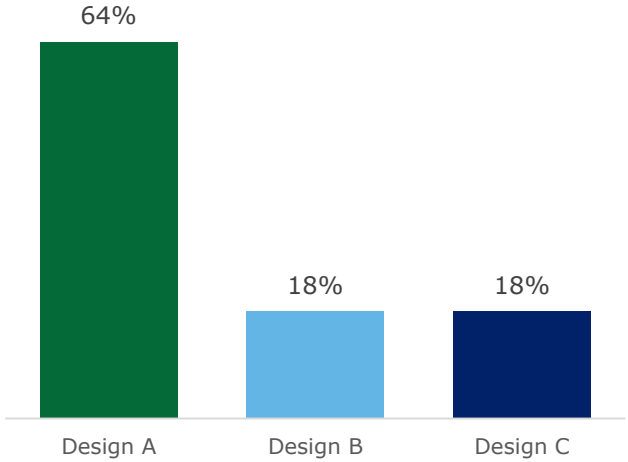
Summary of results for groups of particular interest

Best design to compare the cost of plans and help you decide which energy plan is best for you

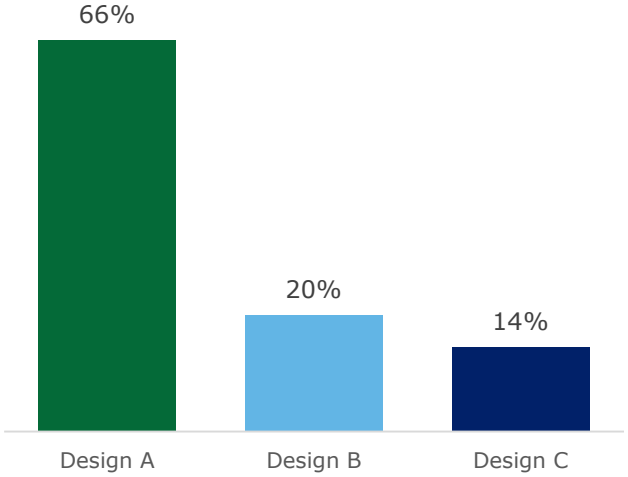
Over 60s



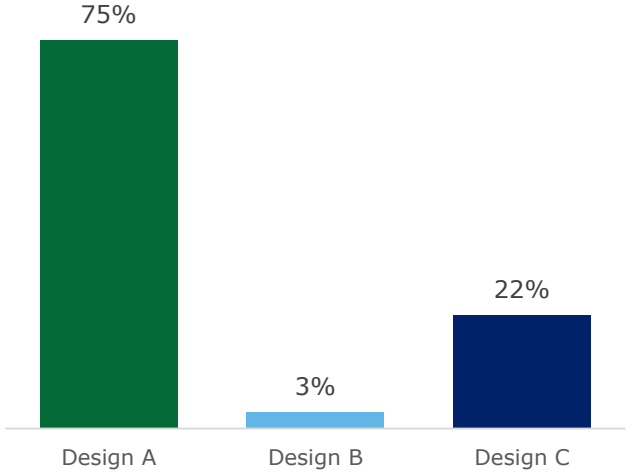
Pool



Concession

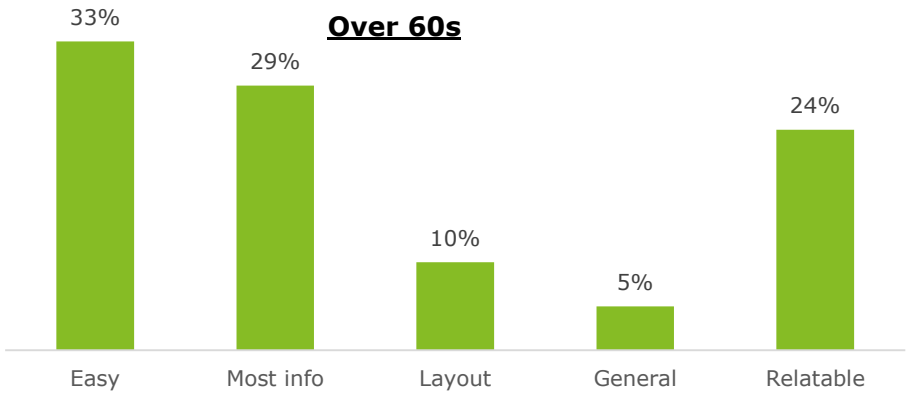


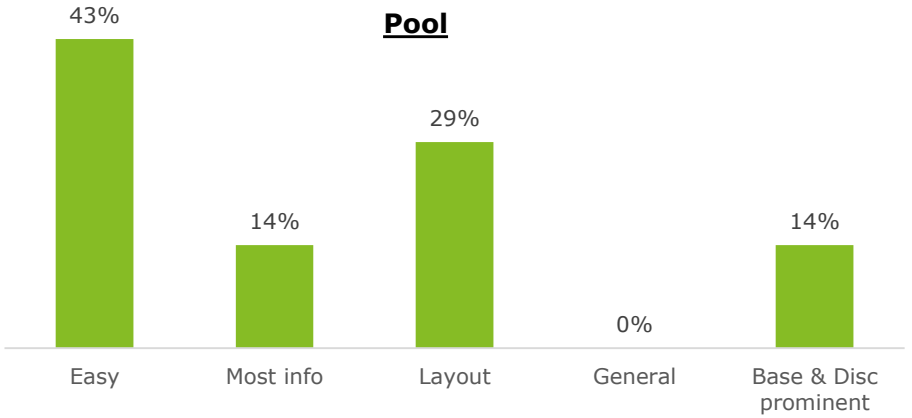
Solar

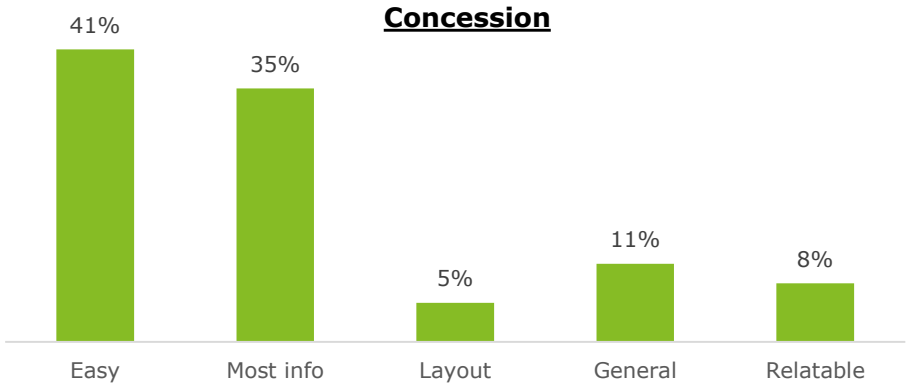


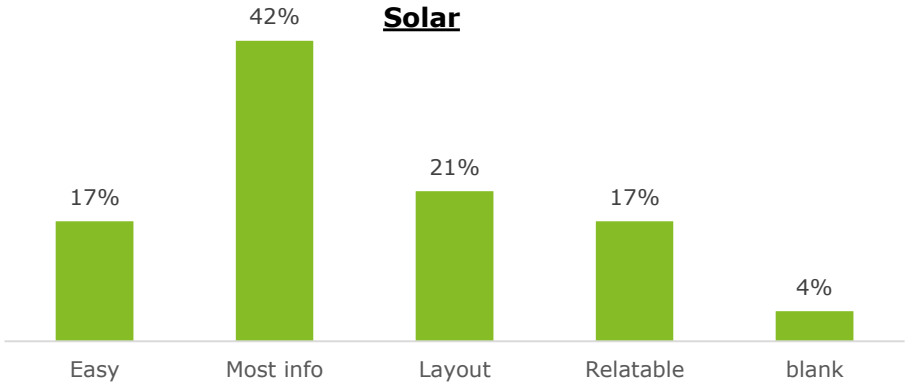
Summary of results for groups of particular interest

Reasons for selecting Design A





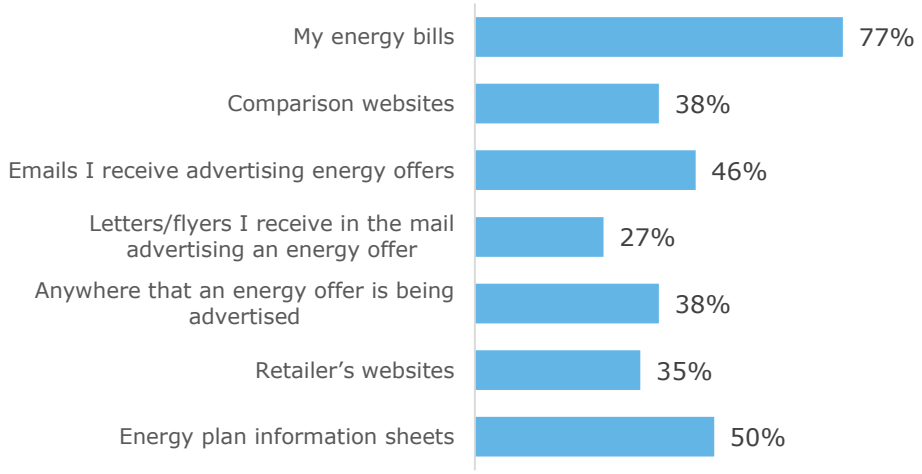




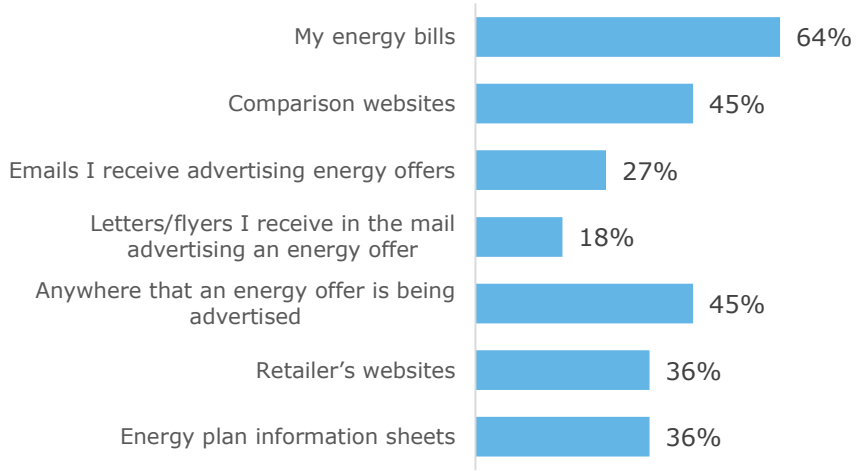
Summary of results for groups of particular interest

Where should information be displayed?

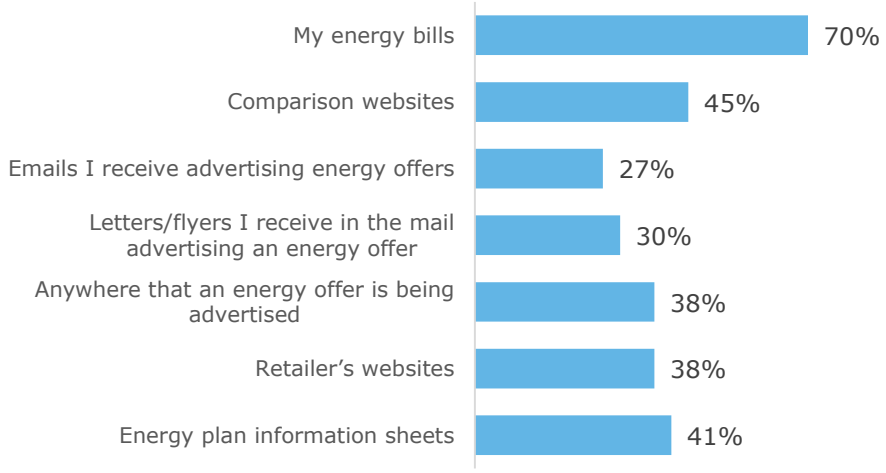
Over 60s



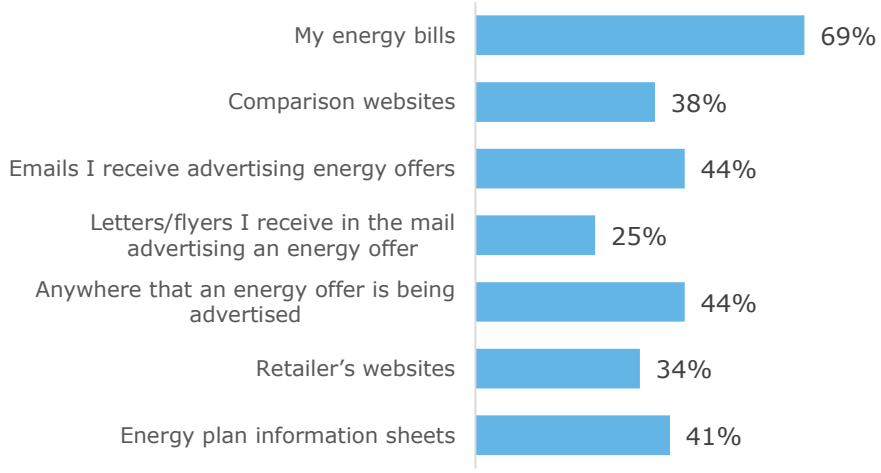
Pool



Concession



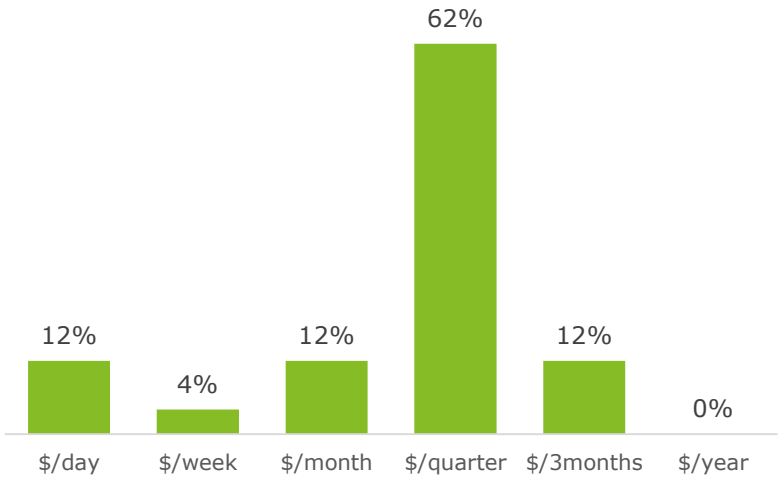
Solar



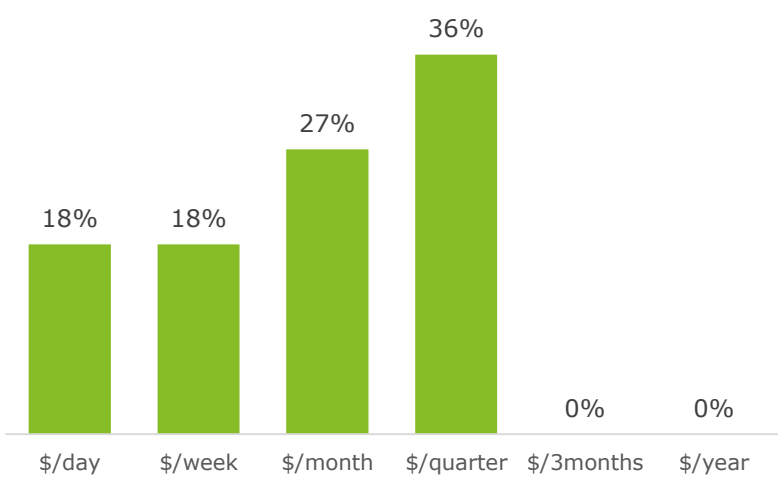
Summary of results for groups of particular interest

Most useful time period for estimated bill cost

Over 60s



Pool



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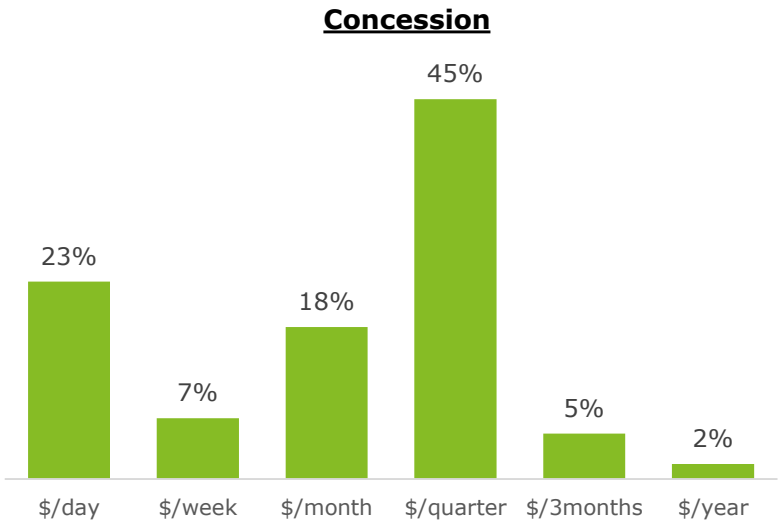

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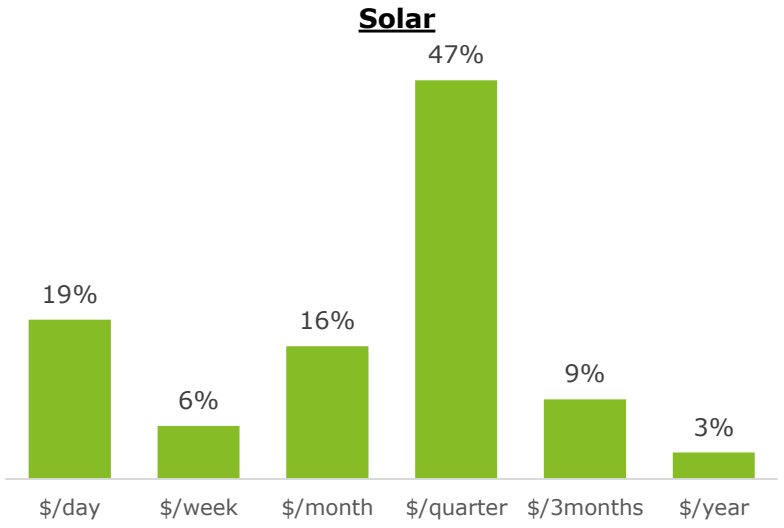
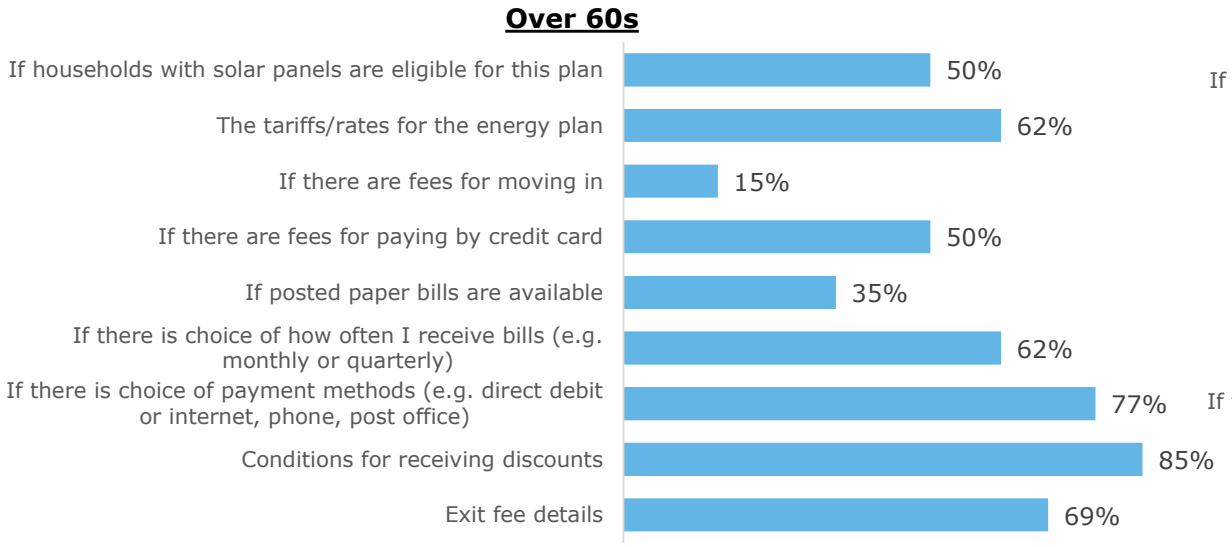
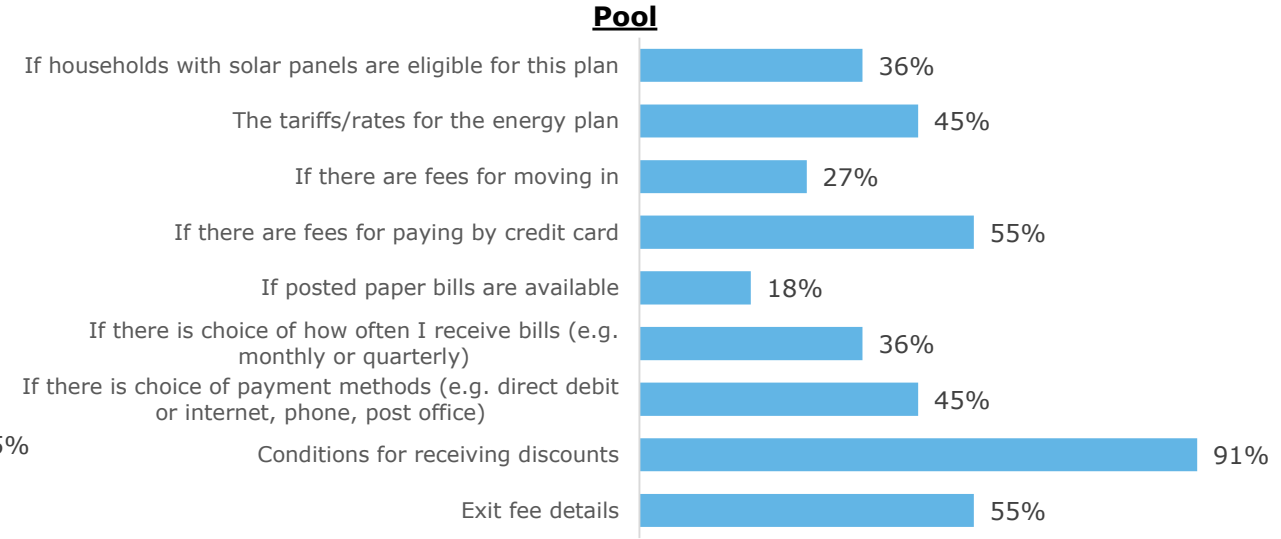
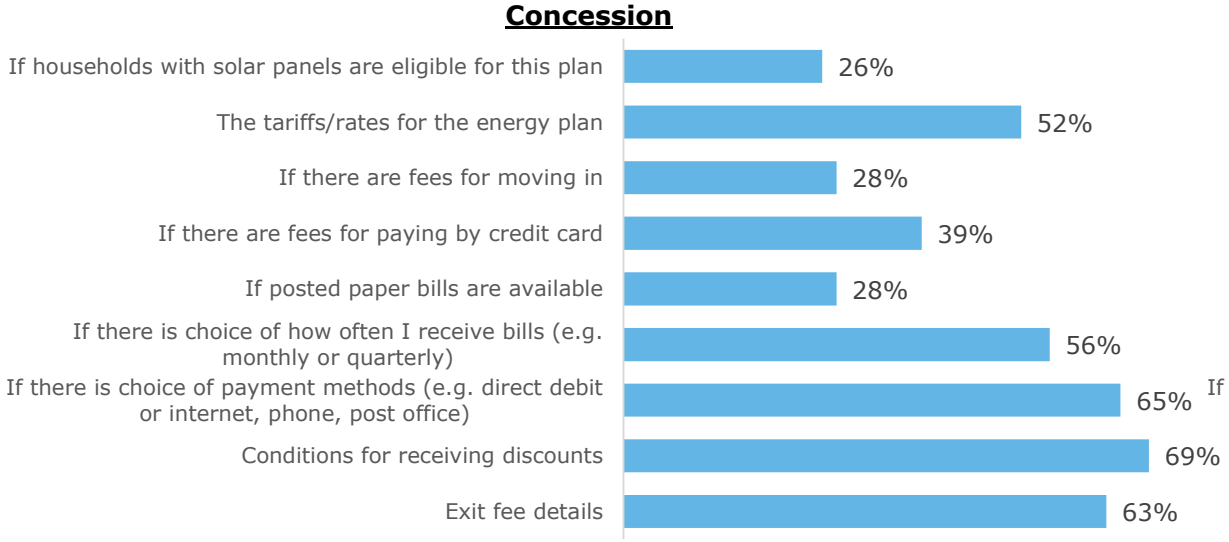


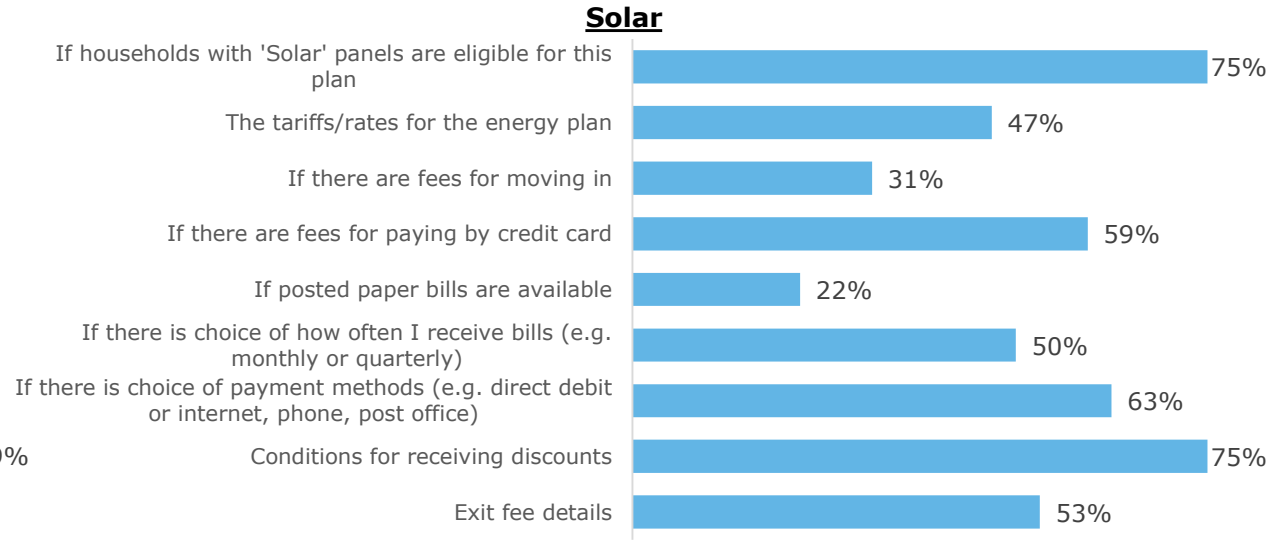
Summary of results for groups of particular interest

Additional information required









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