



Ref.: JD/RC

26 August 2011

Ms Dianne McGrath
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Dear Ms McGrath

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Submission on the AER Price Comparator Website Issues Paper

Ergon Energy Queensland Pty Ltd (referred to as Ergon Energy) welcomes the opportunity to provide a response to the Australian Energy Regulator (AER) on the *AER Price Comparator Website Issues Paper*.

Should you require additional information or wish to discuss any aspect of this submission, please do not hesitate to contact me on (07) 4092 9813.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jenny Doyle', with a long horizontal line extending to the right.

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Encl: Ergon Energy's submission.

Ergon Energy Queensland Pty Ltd

**Submission on the AER Price Comparator Website
Issues Paper**

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This submission, which is available for publication, is made by:

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1. INTRODUCTION

Ergon Energy Queensland Pty Ltd (referred to as Ergon Energy), in its capacity as a non-competing area retail entity in Queensland, welcomes the opportunity to provide comment to the Australian Energy Regulator (AER) on the *AER Price Comparator Website Issues Paper* (Issues Paper).

Ergon Energy is supportive of the development of the AER's price comparator website (the website). Ergon Energy has structured this submission into the following sections:

- Section 2 outlines Ergon Energy's key issues regarding the website; and
- Section 3 outlines Ergon Energy's response to the consultation questions posed by the AER.

Ergon Energy is available to discuss this submission or provide further detail regarding the issues raised, should the AER require.

2. KEY ISSUES

Scope of the Website

Section 62(3) of the *National Energy Retail Law* (the Retail Law) states that "the purpose of a price comparator is to assist a small customer to compare –

- (a) the standard offer price available to that customer; and
- (b) market offer prices that are generally available to classes of small customers in this jurisdiction".

Based on this, it is unclear whether the legislation intends for the website to include alternative regulated retail tariff options as a results option for comparison. For example, there may be more than one standard offer price available to a customer. In Queensland, under the Notified Prices (standard offer price) residential customers currently have access to a single general supply tariff (Tariff 11). However, they are also able to access two controlled load tariffs, being Tariff 31 and Tariff 33. Further, small business customers currently have a choice of standard offer tariffs. Ergon Energy believes that all relevant standard offer prices should be displayed. This will allow a customer to make a fully informed decision based on all the options available to them.

Under section 55G of the *Electricity Act 1994* (the Act), Ergon Energy is unable to offer negotiated retail contracts (market offers) to any customer and can only supply our customers on standard retail contracts at the Notified Prices (standard offer price). Further, the Queensland Government has determined that Ergon Energy is a non-competing retailer. This means that existing Ergon Energy customers are able to choose to move to market contracts with other retailers but are unable to revert to Ergon Energy at a later date, and customers of other retailers are unable to choose Ergon Energy as their retailer. Ergon Energy's role as a non-competing retailer will continue under the National Energy Customer Framework (NECF)¹ arrangements.

It is not clear whether the AER intends to list only the standard offer price or include Ergon Energy as a separate retailer as well (when a user inputs a postcode where Ergon Energy is the area retailer). Ergon Energy considers the website should specifically list Ergon Energy in the search results in instances where Ergon Energy is the area retailer for the inputted postcode. This will enable existing Ergon Energy customers to easily identify and compare their current contract with market offer prices. This will be particularly important if a savings function is introduced on the website. Further, this option will enable Ergon Energy to provide details of its GreenPower option, 'Clean Energy', which under the Notified Prices is able to be charged in addition to the Notified Prices (if the customer chooses).

If Ergon Energy is included on the website, we believe that information on our non-competing retailer status and the non-reversion policy, including a small customer's right to Notified Prices with other

¹ Department of Employment, Economic Development and Innovation (DEEDI) (2011), *NECF Queensland Implementation Decision Paper*, March 2011, p11.



retailers when their current contract ends, should be displayed on the results page to ensure customers are aware of these issues. Ergon Energy seeks clarification from the AER on how the price comparator will address this.

Excluded Customers

Under Queensland legislation, excluded customers are not permitted to choose their retailer² nor enter into market contracts. This means they are sold electricity under standard retail contracts at Notified Prices. Section 23(6) of the Act defines excluded customers as small customers at premises that are connected to a supply network that is not part of the national grid. This includes, for example:

- Small customers in 33 isolated communities;
- Small customers in Mount Isa, Cloncurry (who are not connected to the main electricity grid) and Weipa (who are supplied from a private electricity network); and
- Customers who buy their electricity through an on-supplier rather than a retailer, such as tenants in shopping centres and caravan parks.

Unmetered supplies including watchman lights (but excluding Street Lighting customers), are also excluded customers for the purposes of the Act³.

At this stage, under NECF, retailer of choice will not be extended to excluded customers⁴. This means they will continue to be supplied by their local area retailer on the relevant NECF standard retail contract at Queensland Notified Prices. Ergon Energy believes that a notice should be placed on the results page of the website advising users of this. This notice should be automatically generated when a user inputs a Queensland postcode.

Queensland Review of Regulated Retail Electricity Tariffs and Prices

On 11 May 2011, the Queensland Government announced that a new retail pricing framework and tariff structure based on cost-reflective tariff structures will be introduced from 1 July 2012⁵. It will replace the existing Benchmark Retail Cost Index methodology currently used by the Queensland Competition Authority (QCA) to calculate annual electricity prices. The proposed changes include, among others, introducing an inclining block structure for Tariff 11 and establishing a voluntary time of use tariff for those customers with the appropriate metering installed.

In light of this, Ergon Energy considers that the website:

- Will need to support the inclining block structure as it will be the primary regulated tariff for residential customers from 1 July 2012 in Queensland;
- Should include time of use tariffs options given it will be a standard offer available to customers in Queensland through the Notified Prices; and
- As discussed above, should provide information on all the standard offer prices available to a customer.

² s48B of the Act

³ s319 of the Act

⁴ DEEDI (2011), *NECF Queensland Implementation Decision Paper*, March 2011, p13.

⁵ Queensland Government (2011), *Bligh Government moves to create fairer system for electricity prices*, 11 May 2011, <http://www.cabinet.qld.gov.au/MMS/StatementDisplaySingle.aspx?id=74690>, Visited 22 August 2011.



3. TABLE OF DETAILED COMMENTS

Question(s)	Ergon Energy Response
<i>Overview of the price comparator website</i>	
1. Do stakeholders agree with the AER's proposed overview of the price comparator website?	<p>Ergon Energy is generally supportive of the AER's proposed overview of the website. Please refer to comments below for our concerns in relation to the steps identified by the AER.</p>
2. What information do stakeholders consider should be included in the note/disclaimer?	<p>Ergon Energy considers that the note/disclaimer should be restricted to the following information:</p> <ul style="list-style-type: none"> • That the price comparison service is a guide only and the accuracy of a user's inputs (e.g. consumption data) affects the validity of the search results; • That the content of the price comparator may change; • That the price comparison service does not make any allowance for concessions or rebates that you may be entitled to from government; • That the price comparison service applies to residential and small business customers only; and • That customers should consider all of the terms and conditions of each offer and make their own enquiries with retailers to determine which offer will best meet their requirements and circumstances. <p>A better location for the other proposed information is on the main homepage. Information on how to use the website can be listed as a separate box titled 'Help' which could also include information on accessibility options. The purpose of the website can be the main 'greeting' message on the homepage.</p> <p>Further, it will be evident on the results page that offers are GST inclusive and specifying this in a note/disclaimer may cause confusion to users given that the tariff rates are also shown as GST exclusive.</p>
3. Where would the note/disclaimer be most appropriately located?	<p>Ergon Energy believes that the disclaimer should appear once the customer has entered their information (i.e. between the AER's currently proposed steps two and three). We suggest that the disclaimer notice should appear as a pop-up box once the customer clicks the 'search' or 'show results' button. That is, the pop-up box should</p>



	<p>require the customer to accept the disclaimer before results are displayed.</p> <p>The disclaimer could also be reiterated on the results page as an italicised notice at the top or bottom of the page.</p>
<p>4. What are the options for 'sorting' retail offers available to the user?</p>	<p>Ergon Energy does not support the use of a sorting function on the website. Instead, Ergon Energy considers that a filter option is more user-friendly. Further, we do not agree with the website employing both of these options as this would be burdensome for the user. This aligns with the AER's intention to minimise the number of 'clicks' users need to make.</p> <p>However, if a sorting option is adopted, we agree with the proposed sorting options listed in the Issues Paper. An additional sorting option could be by contract term.</p>
<p>5. If a results filter option is available, do stakeholders feel that some content presented should be mandatory (that is, not able to be filtered out of the results offer)?</p>	<p>As mentioned above, Ergon Energy believes that a filter option is preferable to a sorting function. However, Ergon Energy believes that the AER's proposal to filter the <u>columns</u> the user wishes to view is not appropriate. This is because it is important for customers to consider all relevant information related to each offer to reach an informed decision. Further, Ergon Energy considers that such an option is not user friendly. If the AER does include an option to filter by column, Ergon Energy considers the following items should be mandatory:</p> <ul style="list-style-type: none"> • Retailer and Plan (offer); • Annual estimated cost; and • Tariff rates. <p>We prefer the AER's proposal to filter the results by information a user may wish to view. Options for filtering information presented to the customer might include:</p> <ul style="list-style-type: none"> • By retailer; • By contract term; • Whether the offer allows for direct debit arrangements or paperless billing; • By the percentage of green energy offered (e.g. 5 per cent); and • By a particular price range for the annual estimated cost (e.g. less than \$500, \$501 to \$750 etc.).
<p><i>Information required from the user</i></p>	
<p>6. Do stakeholders agree with the AER's proposed user inputs? Are the additional inputs listed above useful? Are there any issues presented by any of the proposed input options?</p>	<p>Ergon Energy generally agrees with the AER's proposed user inputs. However, we believe that the AER's desire for simplicity should not be achieved at the expense of accuracy and/or unintentional misleading information. Therefore, care should be taken</p>



	<p>to achieve an appropriate balance.</p> <p>Further, we suggest that this input information be displayed on the homepage under the main 'greeting' message.</p> <p><i>Postcode</i></p> <p>The AER has asked for stakeholders views on the most appropriate way of dealing with users who are unsure of the name of their distributor when the postcode entered by the user covers more than one distribution zone. Ergon Energy believes that these users should contact their retailer to obtain this information. Due to the relatively small proportion of users who would be impacted by this, the effort and cost involved in developing and maintaining a map of the postcode area would outweigh any benefit to the user.</p> <p><i>Estimated energy consumption</i></p> <p>When estimating energy consumption based on a recent bill, Ergon Energy considers that a note should be placed on the website recommending that users enter consumption data from a previous 12 month period for the best possible results. Users can source this data from their previous bills or by contacting their retailer for copies.</p> <p>Ergon Energy believes that the AER should take into account different jurisdictions when determining the seasonal weighting that applies in estimating the user's annual energy consumption (e.g. Queensland versus Tasmania).</p> <p>Ergon Energy does not support the use of a customer's typical energy spend in dollars to calculate annual energy consumption as it may lead to inappropriate outcomes. If this approach is adopted, we consider that users who enter information from one bill should also select the season that the bill applies to.</p>
<p>7. Are there any other potential inputs that would be useful for inclusion on the price comparator website?</p>	<p>The AER should also consider including the following user inputs on the website:</p> <ul style="list-style-type: none"> • A drop-down box asking the user whether they are a residential customer or a small business customer. The 'help' icon should provide definitions for each type of customer as per current legislative and regulatory instruments. • An option to select whether the user is currently on a regulated tariff. If this is the case, the user should be asked to select from a drop-down list to assist in comparing offers and potential savings on the results page. • An option to select whether the user is on a controlled electricity supply (e.g. hot



	water system and pool filtration systems) as this affects the applicable tariff rates.
8. Do stakeholders have views on how time of use tariffs should be handled?	Ergon Energy supports the inclusion of time of use tariffs as an option on the website. As noted above, a voluntary time of use tariff will be a standard offer in Queensland under the Notified Prices from 1 July 2012.
9. Do stakeholders have views on how the price comparator website could be developed to aid small business customers?	Nil comment.
<i>Showing offers available to the user</i>	
10. Which manner of presenting offers do stakeholders consider appropriate for the price comparator site?	Ergon Energy generally supports the use of a table to display results as set out in Table 1 of the Issues Paper, as well as the inclusion of the features listed on pages 8 and 9. Please refer to our specific comments below.
11. Are there any other ways in which offers can be presented (not listed above) that stakeholders consider would be more appropriate?	<p>Ergon Energy believes that offers should be displayed in a randomised order. This will minimise any disadvantages that might occur as a result of a retailer's name starting with a letter towards the end of the alphabet. A customer's regulated offer should be displayed first (i.e. either as a separate item before the results or at the top of the results list).</p> <p>Further, Ergon Energy considers that the 'Retailer' and 'Plan (offer)' columns could be condensed into one column. The retailer's logo could appear first, followed by the name of the plan and a link to the Energy Price Fact Sheet underneath. The AER may need to seek approval to use retailers' logos on the website.</p>
12. Do stakeholders agree with the proposed inclusion of price components, incentives and penalties on the price comparator site? Are the types of incentives, penalties and price components listed above appropriate? What is the appropriate manner in which to present information about incentives, penalties and price components?	<p>Ergon Energy agrees that price components, incentives and penalties should be included on the website. However, we do not believe in providing overly detailed information on these since customers can access this information by clicking on the 'Energy Price Fact Sheet' hyperlink on the results page or by visiting the retailer's website.</p> <p>Ergon Energy agrees with the AER's proposal that key fees, charges, discounts and incentives should not be included in the estimated amount of the annual bill or the tariff rates. We consider that a note should be added to the relevant table columns to this effect.</p>
13. Are there any other price components, incentives and penalties (not listed above) that stakeholders consider would be more appropriate?	Ergon Energy considers that the "Contract terms and conditions" column of the results page could also include the circumstances under which prospective customers may be required to pay a security deposit and other relevant information pertaining to the security deposit (in accordance with Division 6 of the National Energy Retail Rules).



	Moreover, the website should include a note about costs customers may face to comply with the conditions of the alternative offerings such as switchboard upgrades and electrical costs.
14. What do stakeholders consider is the best manner to present fees and charges to users?	Nil comment.
15. How should green power options be presented?	Ergon Energy believes that the New South Wales approach to presenting GreenPower options is appropriate. Listing each GreenPower option for a particular product in the results list creates too many search results and is not user-friendly.
16. How should dual fuel offers be displayed? If a website user wants information on gas and electricity, then should only dual fuel offers be displayed, or should gas-only and electricity-only offers also be displayed?	Ergon Energy considers that in instances where a website user wants information on dual fuel offers, the results should display dual fuel offers, gas-only <u>and</u> electricity-only offers. This will enable the customer to view and choose the most suitable offer to meet their requirements. This option aligns with section 62(3) of the Retail Law, which states the purpose of a price comparator is to assist a small customer to compare (a) the standing offer and (b) market offer prices.
17. Do stakeholders consider that an estimated savings function is an appropriate feature for the website? If so, how could the accuracy be optimised for it to usefully work for comparing different offers?	Ergon Energy believes that an estimated savings function is an appropriate feature for the website. It should compare the savings of the offers against a customer's current contract or the regulated offer.
<i>Website accessibility</i>	
18. Do stakeholders agree with the proposed website accessibility options?	Ergon Energy supports the AER's proposed website accessibility options. In addition to those proposed, the website must also meet the accessibility requirements set out in the Website Content Accessibility Guidelines (WCAG) Version 2.0. All Australian, state and territory government websites must conform to the Level A WCAG requirements by December 2012 and Level AA by December 2014.
19. Are there any other features or considerations that the price comparator website should include to maximise its accessibility?	Ergon Energy believes that the website should provide a feedback link, and have capability for users to print a results report.
<i>General stakeholder comments</i>	
20. Are there any additional considerations that the AER should have regard to when developing the price comparator site?	Ergon Energy believes the website should inform users when new regulated prices come into effect for each jurisdiction (usually on 1 July of each year). Ergon Energy considers that the 'useful information' section of the website should also link to jurisdictional regulator websites (e.g. the QCA and the Department of



	<p>Employment, Economic Development and Innovation).</p> <p>Please also refer to our comments in Section 2 above regarding Ergon Energy as a non-competing retailer and excluded customers.</p>
<p>21. What avenues of promotion should the AER consider to make residential and small business customers aware of the price comparator website?</p>	<p>Ergon Energy considers that the AER's internal communications and media team would be best placed to determine appropriate avenues of promotion to the general public (i.e. in terms of costs and reaching the target audience).</p> <p>To promote awareness to existing users of this type of service, Ergon Energy considers that the AER could seek agreement from jurisdictional regulators to direct users of existing jurisdictional price comparator websites to the AER price comparator (provided the jurisdiction has opted-in to the AER price comparator).</p>