



420 Flinders Street, Townsville QLD 4810
PO Box 1090, Townsville QLD 4810

ergon.com.au

16 March 2018

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

AERInquiry@aer.gov.au

Dear Ms Proudfoot,

Ergon Energy Queensland submission to the Draft AER Retail Pricing Information Guidelines

Ergon Energy Queensland (EEQ) welcomes the opportunity to provide comment to the Australian Energy Regulator (AER) on draft version 5 of the AER Retail Pricing Information Guidelines (the Guidelines).

EEQ acknowledges the importance of providing customers with accurate and meaningful retail pricing information to make it easier for them to understand and compare the range of available retail offers. In this regard, EEQ broadly supports the revised Guidelines.

However, EEQ would like to reiterate the importance of any changes to disclosure requirements delivering benefits to customers without imposing significant costs on retailers. EEQ notes that until the details of the information to be included in the Basic Plan Information Document (BPID) and the Contract Summary (CS) are finalised, EEQ is unable to fully assess the impacts of the changes. EEQ requests that the AER provide a further opportunity for industry consultation on the BPID and CS prior to publication of the final Guideline.

EEQ's detailed comments on the draft amended Guidelines are provided in the attached response. Should the AER require additional information or wish to discuss any aspect of EEQ's submission, please contact me on (07) 3851 6416 or Trudy Fraser on (07) 3851 6787.

Yours sincerely

Jenny Doyle
General Manager - Regulation and Pricing
Telephone: (07) 3851 6416 / 0427 156 897
Email: jenny.doyle@energyq.com.au

Attachment - EEQ comments on draft Guidelines



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Section	AER Comment/Question/Issue	EEQ response/comment
2.3.3 Stakeholder reference group	<p>Impact on business</p> <p><i>Many of the proposed changes to the Guidelines are likely to have impacts on retailers and their agents/third parties selling plans on their behalf. We have been mindful to balance regulatory obligations with the need to improve outcomes for customers. In proposing the amendments to the Guidelines we have sought where possible to limit costs and administrative burden on retailers. We were also mindful to ensure the amendments do not negatively impact retailers' capacity to offer innovative products and services.</i></p> <p><i>While some of the proposed revisions will require business process changes, we expect others will result in efficiency gains for retailers.</i></p> <p><i>We welcome stakeholder's views about the effectiveness of the proposed requirements, and their impact on retailers. We particularly welcome submissions supported by research, statistics or other evidence.</i></p>	<p>EEQ does not expect to benefit from any efficiency gains from the proposed changes.</p> <p>EEQ already uses energymadeeasy.gov.au (EME) for generation of energy price fact sheets (EPFS) and significant re-work will be required to EEQ's website to comply with the requirement to link to EME for customer BPID and CS documents.</p> <p>As noted in EEQ's previous submission, it is important to improve customer outcomes and reduce complexity of disclosure without imposing significant costs on retailers.</p>
3.2.1 Basic Plan Information and Contract Summary	<p>Proposed Requirement</p> <p>Retailer impacts</p> <p><i>The requirement that each plan have a BPI should not require retailers to make system changes to create a BPI as retailers will be required to use the BPI generated by EME. The information on the BPI will be based on plan information provided by retailers to EME as is currently the case with EPFS.</i></p>	<p>EEQ supports the provision of clearer, easier to understand information to customers.</p> <p>However, EEQ is unable to provide a definitive response on business impacts as the format of the new documents are not finalised.</p> <p>EEQ already uses EME to generate EPFS, and, in the future, EEQ anticipates that BPID and CS will be generated from existing information stored in the EME database.</p>

<p>3.2.2 Information to be displayed on the BPI</p>	<p>Proposed position <i>The example BPI at Appendix A to the Guidelines reflects the feedback from our Issues Paper consultation and is informed by the consumer testing done by BETA and a retailer.</i></p>	<p>EEQ supports the provision of clearer, easier to understand information to customers.</p> <p>However, with respect to the content and layout of the BPID, EEQ has no visibility of the AER’s consumer testing. EEQ also notes that the format of the new the BPID and CS are not finalised.</p>
<p>3.2.2 Information to be displayed on the BPI</p>	<p>Residential energy plans with no demand charges <i>Under the draft Guidelines, a BPI must include:</i></p> <ul style="list-style-type: none"> • <i>a comparison pricing table for each individual plan and this will comprise:</i> <ul style="list-style-type: none"> ○ <i>Bill estimates for a nominal low, medium and high-usage household (based on AER energy consumption benchmark data)</i> ○ <i>Two bill estimates for each consumption level – a base price excluding all discounts, and a price including all discounts.</i> ○ <i>For electricity plans, the bill estimates will be based on a three-month bill</i> ○ <i>For gas plans, the bill estimates will be based on two-month plans</i> ○ <i>A disclaimer stating the price is based on average consumption and may not reflect individual circumstances.</i> 	<p>The draft BPID provides a cost summary for ‘typical households’ which may be useful for some customers to compare offers in the market. However, many customers may not match the profile for a ‘typical household’ and without a comparison based on their actual consumption the comparison may be less meaningful. This may impact competition and switching activity, particularly if a customer is comparing offers part way through their contract.</p> <p>EEQ suggests it may be appropriate for the AER to consider inclusion of a customer’s actual cost as well as the ‘typical customer’ cost as a benchmark.</p>
<p>3.2.3 Information to be displayed in the Contract Summary</p>	<p>Proposed position <i>We propose the information be available in a separate document – the Contract Summary – that is available through a hyperlink in the BPI, or on request. This will ensure that customers who want more detailed information can access it before sign-up. The current requirement to send an EPFS as part</i></p>	<p>EEQ supports this proposed new approach.</p> <p>However, whilst there is commentary on what will be included in the BPID and the CS, until the AER</p>

	<p><i>of a welcome pack to new customers will be replaced with a requirement to send Contract Summary.</i></p> <p><i>A Contract Summary will contain:</i></p> <ul style="list-style-type: none"> ○ <i>Contract details</i> ○ <i>All fees</i> ○ <i>All tariff information (GST inclusive and exclusive)</i> ○ <i>Metering costs</i> ○ <i>Eligibility restrictions</i> ○ <i>Customer service contact details</i> ○ <i>Ombudsman contact details for that jurisdiction.</i> <p><i>We do not anticipate retailers will have to enter new types of information into EME when creating plans for publication on EME. Where new detail is required, this will be managed through the plan management process for the EME retailer portal.</i></p>	<p>provides final confirmation there is some risk that the final format may not be appropriate for EEQ. Specifically, EEQ will only be able to assess the final impacts of the changes to the guideline, when the details are finalised. At this stage, EEQ has assumed that no new information will be required.</p> <p>EEQ would appreciate the AER’s advice on whether stakeholders will be provided an opportunity for further industry consultation once the details are finalised.</p>
<p>3.3.1 Directing customers to the Basic Plan Information – websites</p>	<p><i>Retailer impacts</i></p> <p><i>We recognise that providing a link to the BPI will require business and system changes for retailers. We consider this change is warranted and necessary to provide a more meaningful point of reference for customers to compare plans and in particular pricing information. While we welcome submissions on this point, we consider the costs to businesses of implementing the changes are unlikely to be unduly onerous.</i></p>	<p>EEQ has identified significant changes to its business and systems that will be required to comply with the proposed requirement. These include process changes and changes to how information must be displayed and linked on the EEQ website and EME.</p> <p>Currently, EME and EPFS must be updated within two days of an offer becoming generally available. However, EEQ seeks the AER’s consideration of extending this timeframe on a transitional basis (e.g. 5-10 days) from 1 July to properly test and implement the changes.</p>

<p>3.3.2 Link to BPI from retailer's websites</p>	<p><i>As discussed above in 0, under the new Guidelines, retailers are required to provide a link to the BPI on the Energy Made Easy website. This will reduce the manual work required by retailers, as they will not need to download the PDF and then upload it on their website. Instead, they will create a link to the HTML version of the BPI on Energy Made Easy. This will have an additional benefit for retailers as the link to the BPI will automatically update when retailers update their offer (by making a change to the offer) on Energy Made Easy, which will also reduce manual effort required, and hopefully result in fewer obsolete offers or offers not being current on retailers websites.</i></p>	<p>As previously noted, EEQ has identified significant changes to its business and systems that will be required to comply with the proposed requirement. These include process changes and changes to how information must be displayed and linked on the EEQ website and EME.</p> <p>With respect to linking the HTML version of the BPID, this will entail significant work for a retailer and may not benefit the customer. On EME, customers can enter their unique information and are presented with the appropriate EPFS. With a link from retailer website, EEQ expects that the customer will need to understand tariff options and select the specific BPID link to obtain the appropriate billing-related information. This may act as a deterrent to customers looking for plan information.</p>						
<p>3.5 Language and terminology</p>	<p>Proposed position <i>The proposed requirements aim to improve consistency by prescribing terminology for some basic tariff components. The new terms to be included in Table 2 of the draft Guidelines are outlined in more detail:</i></p> <table border="1" data-bbox="427 1150 1341 1369"> <thead> <tr> <th>Term</th> <th>Requirement</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td>General usage</td> <td>The usage component of a single rate electricity or gas plan will be called 'General usage'</td> <td>Retailers use a range of terms to describe this period, which contributes to customer confusion. Consistency will reduce</td> </tr> </tbody> </table>	Term	Requirement	Rationale	General usage	The usage component of a single rate electricity or gas plan will be called 'General usage'	Retailers use a range of terms to describe this period, which contributes to customer confusion. Consistency will reduce	<p>EEQ questions the appropriateness of the term 'separately metered usage' as this new term may create confusion for customers, particularly those with meters measuring more than one tariff (more likely to occur with consolidation of meters by retailers as part of their deployment of smart meters).</p> <p>EEQ recommends retaining 'Controlled Load' on the basis that this term has been used widely in the</p>
Term	Requirement	Rationale						
General usage	The usage component of a single rate electricity or gas plan will be called 'General usage'	Retailers use a range of terms to describe this period, which contributes to customer confusion. Consistency will reduce						

		<p>potential for confusion. Additionally, references to this usage as 'Peak' creates potential for confusion with TOU peak periods</p>	<p>industry for many years, describes the supply type, and should therefore be retained to avoid further confusion.</p> <p>EEQ questions the appropriateness of renaming TOU intermediate rates 'semi-peak 1' and 'semi-peak 2' on the basis that these new terms have the potential to create more confusion. 'Peak', 'shoulder' and 'off-peak' are widely used in the industry and EEQ recommends these terms be retained. The time descriptions presented on BPID with each description make it clear to customers when each of the rates apply.</p> <p>Finally, EEQ generally notes that changes made following each review and consultation potentially add more confusion for consumers.</p>
	<p>Controlled Load</p> <p>For tariffs with Controlled Load, the controlled load component will be called 'separately metered usage'</p>	<p>Stakeholders highlighted, and research supported, that 'Controlled Load' is not well understood by customers.</p>	
	<p>For plans with more than one time-of-use rates:</p> <p>A plan with two times of use rates, the rates will be called <i>peak</i> and <i>off-peak</i></p> <p>For a plan with three or more times of use, the highest rate period will be called peak; the lowest 'off-peak'; and the intermediate rates 'semi-peak 1', semi-peak 2 etc.</p>	<p>With the increasing penetration of smart meters, more customers will be able to access cost reflective tariffs.</p> <p>Peak and off-peak are currently used to describe a range of plan elements - for example some retailers use 'peak' to describe general usage on a single rate tariff.</p> <p>The requirements aim to preserve the terms 'peak' and 'off-peak' solely for time of use plans. 'Shoulder' is not descriptive and does not convey a rate between peak and off-peak.</p>	

