



AER price comparator website

Issues paper

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Development of the AER's price comparator website

1.1 Background

Under the National Energy Retail Law (Retail Law), the Australian Energy Regulator (AER) is required to develop and operate an online energy price comparison service.¹ The purpose of the price comparator is to assist Australian energy consumers to navigate the often complex electricity and gas retail markets, and find a suitable offer for them. The website will allow residential and small business customers to compare available offers.²

The AER is working towards the price comparator website being operational by 1 July 2012, when the Retail Law is expected to commence.

The Retail Law provides some guidance about the form and content of the price comparator website. The relevant provisions state that:

- the AER may decide whether to develop a single comparator which compares prices for both electricity and gas³
- the price comparator must make clear that it only provides a guide⁴
- the price comparator may include information about prices of standing offers and market offers (and any other information as the AER considers will achieve the purpose of a price comparator).⁵

The AER must update the price comparator website as soon as practicable after a retailer informs the AER of a variation or variations to its standing offer price or a relevant market offer price.⁶ Retailers will provide information for the price comparator website in accordance with the AER's *Retail pricing information guideline*.⁷

Each state and territory can opt in to use the AER's price comparator website when the Retail Law commences.⁸ Price comparator websites exist in most jurisdictions (currently run by jurisdictional regulators).⁹ There are also several private commercial

¹ s 62(2), National Energy Retail Law.

² s 62(3), National Energy Retail Law.

³ s 62(6), National Energy Retail Law.

⁴ s 62(4), National Energy Retail Law.

⁵ s 62(5), National Energy Retail Law.

⁶ s 62(7), National Energy Retail Law.

⁷ A copy of the draft guideline and draft notice can be found [here](#).

⁸ Individual jurisdictions may wish to maintain their own comparator sites for a period after the Retail Law has commenced, even if they have opted into the AER's price comparator website.

⁹ In Victoria, the Essential Services Commission (ESC) operates the 'Your Choice' website; in New South Wales, the Independent Pricing and Regulatory Tribunal (IPART) operates the 'My Energy Offers' website; in South Australia, the Essential Services Commission of South Australia (ESCOSA) operates the 'Estimator' website; and in Queensland, the Queensland Competition Authority (QCA) operates the 'Comparator' website.

sites which allow customers to compare offers and offer ‘switching services’ for customers wishing to change retailers.

1.2 Overview of the price comparator website

We are currently developing our approach to the price comparator website, and are seeking stakeholder comment on a range of issues set out below. This consultation will help the AER to develop a website that is easy to use and provides customers with an accurate comparison of offers available to them. The website will have its own address and be available via links from the AER and Australian Competition and Consumer Commission (ACCC) websites. Where jurisdictions have opted in, the existing jurisdictional comparator sites may redirect customers to the AER’s price comparator website (once it is operational).

The website will present generally available offers from each retailer, based on a range of inputs by the user.

We envisage that both residential and small business customers will be able to use the website to identify and compare offers available to them. Our proposed approach is to show customers:

- an estimation of the user’s bill (monthly, quarterly or annually) under each offer
- unit rates for energy in each of the available offers (for example, cost of electricity per kWh, or cost of gas per MJ)
- daily supply charge (fixed charges) for each offer.

More information on the presentation of offers is contained at section 1.4 below.

We also propose that the price comparator website will include information on key features and incentives, and terms and conditions that apply to an offer. This information may include:

- the length of the contract
- non-price incentives
- conditional discounts
- key fees (for example, early termination fees or late payment fees).

Under the Retail Law, the AER must make it clear to customers that the price comparison service is only a guide.¹⁰ The website will feature a disclaimer to this effect.

At a high level, we propose the price comparator website to operate as follows (Diagram 1 attached also provides an overview of the operation of the website).

¹⁰ s. 62 (4), National Energy Retail Law.

1.2.1 Step one: accept disclaimer

When users access the website, a note will inform the user that the price comparison service is only a guide. We propose that users will have to click to accept this, before proceeding to the substantive areas of the website. The note could also inform users:

- how to use the website
- of the purpose of the website
- that the content of the price comparator may change
- that the offers shown include GST
- that they should consider all the terms of conditions of each offer, and make their own inquiries with retailers to determine which offer will best meet their requirements and circumstances.

We are seeking stakeholder views on the appropriate information that should be included in the note, and if the note should appear on initial entry to the website or later during the interaction (for example, before the user receives the list of retailer offers at step three).

1.2.2 Step two: customer information

After users have accepted that they have read the note, the website will prompt them to enter information about their circumstances and energy requirements. This will allow the price comparator website to generate a list of offers available to the user. Some proposed examples of input information include:

- the user's postcode (and a link to find out their distributor if they are in a postcode that contains multiple distribution zones)
- whether the customer is seeking to compare electricity, gas or dual fuel offers
- the user's meter type and/or anticipated tariff type
- data to establish an estimate of energy consumption, with various approaches of deriving the estimate (see section 1.3 below).

We are seeking views from stakeholders on the appropriate input information. Further discussion on inputs is contained at section 1.3 below.

1.2.3 Step three: show results

Once the user has submitted the required information, the price comparator will generate a list of retail offers available to them and display the results in table format. We envisage that users will be able to sort the results by a number of fields (for example, by the name of the retailer, cost or availability of green options). To customise the presentation of the offers, users could also have the option to filter the information presented to them through selecting only the columns or information they wish to view. We are currently seeking stakeholder comment on the appropriate

methods of sorting offers available to users. Further discussion on how information will be displayed to users is contained at section 1.3 below.

Question 1: Do stakeholders agree with the AER's proposed overview of the price comparator website?

Question 2: What information do stakeholders consider should be included in the note/disclaimer?

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

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

Question 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)?

1.3 Information required from the user

1.3.1 Mandatory inputs

Users will need to input certain information about their usage and circumstances so that the price comparator can determine which offers are available to them. We consider that the inputs listed at 1.3.1.1 through to 1.3.1.4 are necessary to enable the price comparator to provide a list of offers available to a particular user. To keep the website 'user friendly', we intend to keep the mandatory inputs as simple as possible, and aim to minimise the number of 'clicks' required by the user to generate a list of offers.

1.3.1.1 Postcode

This information is required as the availability of offers and tariff rates may vary depending on the location of the user's premises, particularly their distribution zone.

Where the postcode entered by the user covers more than one distribution zone, we propose that users select the name of their distribution company from a drop-down menu. If the user is unsure of the name of their distributor, they may be instructed to contact their retailer to obtain this information (retailer contact details will be available on the price comparator website). Alternatively, a map of the postcode area could appear on the screen, and the user selects which part of the postcode they fall into. We are interested in stakeholder views on the most appropriate way of dealing with this issue.

1.3.1.2 Fuel types

We proposed that users will be required to enter whether they want to compare electricity, gas or dual fuel offers.

1.3.1.3 Metering arrangements

The type of meter at the customer's property will usually determine the rates at which energy is charged, and which offers are available (for example, peak/off peak rates, or time of use tariffs for users with smart meters). We understand that some customers may not know their meter type—however, the use of a 'help' button will assist customers to select the correct meter type. We also understand that meter type will not always determine tariff types. For example, many households in Victoria have time of use meters, but will not be on time of use tariffs. Furthermore, some households may have two rate meters, but have, for example, installed an instantaneous hot water system such that the off peak tariff is not utilised.

The AER is considering an approach whereby users could select from one of the following meter/tariff types:

- Single rate.
- Two rate (peak and off peak).
- Time of use.
- Unknown.

There will be a simple explanation of the tariff types. Furthermore, we may be able to adopt functionality which provides an indication of the most common tariff types in the relevant area (for example, if 95 per cent of households in an area are on single rate tariffs, then users who do not know their tariff type may make an educated guess that they will also be on that tariff type).

We note that very few users are on time of use tariffs currently. This tariff option may not be available on the website at the initial commencement on 1 July 2012, but could be added as time of use tariff offers become more widely available. The AER notes that for time of use tariffs to be included, the part of the website relating to estimating energy consumption (which is discussed in the next section) will be more complicated. A customer could be requested to input information to provide a simple energy usage profile to facilitate comparison. For example, questions about whether they are at home during the day and when they tend to use air-conditioning.

1.3.1.4 Estimated energy consumption

Consumption information is required for the price comparator to calculate the estimated costs for each of the available offers. This information will form the basis of the comparison of available offers. The website could contain a number of options for determining an estimate of the user's consumption. Users will need to only enter information for one of the proposed options (that is, using a recent bill, using their energy spend or entering information about their household).

The AER is considering the following options for the information that a user could input to determine an estimate of consumption:

- The user's own estimate of much energy they consume in kWh (electricity) and/or MJ (gas) based on a recent bill.

Users can choose to enter a figure from one bill or a total annual figure. If the user enters a figure from one bill, we are proposing that they also select the season that the bill applies to from a drop-down menu. The comparator will then apply a seasonal weighting to estimate the user's annual energy consumption.

- How much the user typically spends on energy in dollars.

Users can choose to enter a figure from one bill or a total annual figure. The user's estimated annual energy cost will be used to calculate the user's estimated annual energy consumption.

- Information about the user's household.

This option is intended to enable users who do not have bill information (particularly if they are planning to move, are forming a new household or have recently moved into new premises) to use the price comparator to roughly estimate their energy consumption.

Users can choose to enter household information, such as their:

- property type (for example, house, apartment)
- the number of bedrooms
- number of residents
- whether they use gas for heating
- what type of hot water they use (gas or electric)
- when they are home during the day
- whether or not they have a pool.

The comparator will then use the above information to estimate the user's expected usage. The data required to calculate these estimates could draw upon work done by various regulators, the AER and the bill benchmarking project. The comparator could also note that, for customers with solar panels, their expected usage may be different, depending upon their individual energy consumption and how much energy they produce.

The AER considers that it will be difficult to have an option for small businesses to enter information about their business so that the website can estimate usage. Therefore, we anticipate that small businesses will need to use the approach of utilising a recent bill. However, we are currently seeking stakeholder views on how the AER can develop the price comparator website to render it useful and practical for small business customers.

If the user is unable to provide any consumption information (that is, all three of the above options are left blank), the price comparator will only display the rates of available offers without information about the estimated costs of those offers. Users will be able to see the unit rates and key fees, discounts and non-financial incentives for each available offer.

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

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

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

Question 9: Do stakeholders have views on how the price comparator website could be developed to aid small business customers?

1.4 Showing offers available to the user

At this stage, the website will have information about the user's distribution zone and expected tariff/meter type, and will have an estimate of expected usage. The next step is for the website to show the offers available to the user.

To enable users to easily compare offers and to make informed choices, we propose that the presentation of the offer information will include the following features:

- A reminder to users that they must have regard to all the terms and conditions that apply to each offer and that they should make their own inquiries with retailers to determine which product will best meet their requirements and circumstances (and that the comparator is a guide only).
- Users will be informed of the total number of offers found by the price comparator and the total number of retailers they can take supply from.
- Available offers will be displayed in a table format. Only those offers that are relevant to the particular user will be displayed (that is, if a user enters that they are seeking information on gas only, then only the available gas offers will be displayed).
- The estimate of the user's bill will be initially presented in the same time period that matches the input data (for example, if a user enters quarterly consumption data, the offers presented would be listed in quarterly figures with an option to view data in monthly or annual figures).
- Users will be able to sort or filter the search results by a number of fields. For example, results can be displayed according to a list of retailer names, by

estimated cost, by cost for a particular time period, or filtered to display green energy options only.

- The website will have prompts and ‘help’ buttons to assist users. This will enhance ‘usability’ of the site and assist customers in understanding the necessary inputs.
- The website will have clear and obvious links to each offer’s Energy Price Fact Sheet and retailer contact information to enable users to access additional information about each offer, and to inquire about switching to each retailer. Energy Price Fact Sheets are required by the AER’s *Retail pricing information guideline*.
- Consistent with the requirements set out in our *Retail pricing information guideline*, the terminology (for example, terms used to refer to price components and descriptions of key features and conditions) will be standardised across all retailers.¹¹
- The website will only provide users with information to compare energy offers, and will not include a switching service. We propose that users will be directed to contact the new/intended retailer if they make the decision to transfer to another offer. To ensure ease of use for customers, our site will provide clear links to retailer websites that would open in a new window or tab to allow the user to continue to view the price comparator website at the same time (we propose these links will direct the user straight to the ‘switching’ area of that retailer’s website, where available).
- The total estimated cost will include GST. This will allow users to see an estimate of the actual price that they can expect to pay (subject to any fees or discounts that may apply). However, we propose that the energy and supply charge units be shown on a GST-exclusive and GST-inclusive basis. This will best allow users to compare their current unit rates, which are stated on a GST-exclusive basis on customer bills, with the unit rates of each offer.
- The table of offers will include a very short text description of the key fees, charges, discounts (including cash rewards) and incentives accompanying each offer. These elements will not be included in the estimated amount of the annual bill, as we note that rewards or discounts may only accrue after a certain period of time, or may be contingent on customer behaviour (for example, discounts for bills paid on time). We are also considering an extra column which shows the additional costs faced by the user if conditions are not met.
- Information on green power options will be provided. One option is to simply state that green power options are available (as shown in Table 1 attached). An alternative option may be to have an optional ‘click’ where users can select from different levels of green power (we envisage this could be similar to the IPART My Energy Offers website, which currently uses this method). For customers with solar panels, the comparator could note that their expected usage may be different,

¹¹ A copy of the draft guideline and draft notice can be found [here](#).

depending upon their individual energy consumption and how much energy they produce.

An example of the table of results that a user may receive once they have entered their details into the price comparator is set out in Table 1 (attached).

Question 10: Which manner of presenting offers do stakeholders consider appropriate for the price comparator site?

Question 11: Are there any other ways in which offers can be presented (not listed above) that stakeholders consider would be more appropriate?

Question 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?

Question 13: Are there any other price components, incentives and penalties (not listed above) that stakeholders consider would be more appropriate?

Question 14: What do stakeholders consider is the best manner to present fees and charges to users?

Question 15: How should green power options be presented?

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

Question 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?

1.5 Website accessibility

The price comparator website will be compliant with all relevant legislative requirements and government standards for accessibility. We propose to include the following features to ensure that the website is as user-friendly and accessible as possible:

- The layout and presentation of the website will be as clear as possible. For example, fonts, colours and shading will be appropriate, and the instructions and information will be in simple, easy-to-understand language.
- We are proposing to include a number of features to assist people with vision impairment. For example, users will be able to increase the font size, and the website will be compatible with screen reader programs.
- We envisage that there will be a number of features to assist users from cultural and linguistic diversity (CALD) backgrounds. For example, we are considering

developing key information sheets describing the price comparator website that have been translated into languages other than English. We also propose that there will be details of an interpreter service (for example, Translating and Interpreting Service) to assist those who do not speak English.

- We are also considering ways to enable people without internet access to access the price comparison service. One option we are considering is to provide access to information on the price comparison service by calling the ACCC Infocentre. It is proposed that call centre staff could input the user's information into the price comparator and a hard copy of the results be mailed to the user.

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

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

1.6 General stakeholder comments

As noted above, the AER is currently seeking general stakeholder views on how to make the price comparator site effective for informing customers about their energy options. The AER is likely to update the price comparator website over time to ensure that the website is current and usability is maximised.¹² The AER will make relevant changes in consultation with stakeholders and taking into account feedback on the content and usability of the site.

The AER is proposing that the comparator website will contain useful information for consumers on energy more generally. For example, links to energy efficiency information, jurisdictional concession programs, how to save energy, how to switch retailers, and other relevant general energy consumer topics. The Department of Climate Change and Energy Efficiency's Living Greener website (<http://www.livinggreener.gov.au/energy>) is an example of such a site that the website could link to.

The AER will also need to promote the price comparator website to residential and small business customers to ensure awareness. We invite views on appropriate promotional avenues to the target stakeholder groups.

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

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

¹² S. 62 (8), National Energy Retail Law.

Table 1: An example of information that may be provided to users of the AER’s price comparator website.

Retailer	Plan (offer)	Estimated annual cost (includes GST)	Tariff rates (inc. and exc. GST)	Incentives and special features (financial and non-financial)	Contract terms and conditions (fees include GST)
Retailer A	Energy Saver <u>Price Fact Sheet link</u>	\$1435 per annum	First 1750 kWh per quarter: <ul style="list-style-type: none"> • 17.35c per kWh (exc. GST) • 19.08c per kWh (inc. GST) Balance: <ul style="list-style-type: none"> • 25.5c per kWh (exc GST) • 28.05c per kWh (inc. GST) Daily supply charge: <ul style="list-style-type: none"> • \$0.430 per day (exc GST) • \$0.473 per day (inc GST). 	<ul style="list-style-type: none"> • 12 month magazine subscription • Green power option* <p><i>*See discussion of green power options in section 1.4</i></p>	<ul style="list-style-type: none"> • 2 year fixed term contract • Early contract termination rates: <ul style="list-style-type: none"> • Year 1: \$100 • Year 2: \$70

Retailer B	Flexi Saver <u>Price Fact Sheet link</u>	\$1435 per annum	First 1750 kWh per quarter: <ul style="list-style-type: none"> • 17.35c per kWh (exc. GST) • 19.08c per kWh (inc. GST) Balance: <ul style="list-style-type: none"> • 25.5c per kWh (exc GST) • 28.05c per kWh (inc. GST) Daily supply charge: <ul style="list-style-type: none"> • \$0.430 per day (exc GST) • \$0.473 per day (inc GST). 	<ul style="list-style-type: none"> • 5% discount for bill paid on time 	<ul style="list-style-type: none"> • No early contract termination fee • No moving home disconnection fee
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Diagram 1: Summary of the AER's price comparator website.

