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Submitted by email: [AERInquiry@aer.gov.au](mailto:AERInquiry@aer.gov.au)

## **Draft AER Retail Pricing Information Guidelines**

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Thank you for the opportunity to provide a submission in response to the Draft AER Retail Pricing Information Guidelines.

Momentum Energy is a 100% Australian-owned and operated energy retailer. We pride ourselves on competitive pricing, innovation and outstanding customer service. We retail electricity in Victoria, New South Wales, South Australia, Queensland, the ACT, and on the Bass Strait Islands. We offer competitive rates to both residential and business customers along with a range of innovative energy products and services. We also retail natural gas to Victorian customers.

Momentum Energy is owned by Hydro Tasmania, Australia's largest producer of renewable energy.

### **Introduction**

Momentum supports the overall intent of the AER's draft Retail Pricing Information Guidelines. We agree that a holistic response is required to address the continued decline in consumer confidence and their ability to make decisions about their energy needs.<sup>1</sup>

However, there are elements of the draft paper we feel are contentious and we provide recommendations on this basis.

### **Energy Made Easy**

We support the approach of the AER to enhance the capabilities and usability of the government comparator website Energy Made Easy (EME) so there exists a non-biased comparator with a strong market presence. However, the requirements of multiple BPID links on a retailer's website per clause 74 highlight some concern in promoting customer confusion.

If a customer has taken first steps to visit a retailer website, the goal is to keep them engaged. If a customer has to navigate options via multiple links there is a risk they will feel to overwhelmed, and abort the process all together. We recognise that the AER have provided provisions that may alleviate the need for multiple links, yet these provisions require the customer to have prior knowledge and input information, making for an arduous process. We recommend that the AER

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<sup>1</sup> Energy Consumers Australia 'Energy Consumer Sentiment Survey December 2017' 2017, page 17, accessed online <http://energyconsumersaustralia.com.au/wp-content/uploads/Energy-Consumer-Sentiment-Survey-December-2017.pdf> 1 March 2018.

walk through the customer journey within this landscape and analyse how best to minimize these barriers whilst maintaining engagement with EME before amending the Guideline in this regard.

Further, it is Momentum's preference to be able to self-generate the BPID using formatting standards outlined in the AER guidelines. It is our view that by requiring customers to use a government website for information which would be assumed available from a retailer, we create perceptions that retailers cannot be trusted and prevent consumers from engaging.

### **Non-generally available plans (restricted plans)**

The current AER guidelines take a common sense approach to what constitutes a generally and non-generally available plan (now a restricted plan).

However, the proposed guidelines have limited the scope of restricted plans and as a consequence offers will appear available to consumers who actually have to take additional steps for that offer to be available. We feel that further consideration should be given to what constitutes a restricted plan, for example being a member of a football club, so to ensure consumers are not overwhelmed by offers they do not have access to.

To continue with the sporting club analogy, we see little value in making offers which are dependent on membership visible on Energy Made Easy, as consumers who are able to benefit from the offer are likely to be aware of it by virtue of promotional activities associated with that membership. Those customers who are eligible for the special offer will still be able to compare this offer by looking at other truly general available offers on EME so there is no consumer detriment.

Furthermore, although we think it unlikely that a customer will outlay funds to join a particular club or association just to gain access to an energy offer, there are likely to be offers for which a customer cannot simply pay to gain eligibility. These may involve associations where members require particular qualifications, or organisations where there is a waiting list for membership. Inclusion of these types of offers on EME will not add to the customer's options but rather serve to confuse and frustrate them.

### *Coverage*

Momentum supports the decision for the Comparison Pricing Table not to be displayed on the BPID for SME customers, or residential customers on a demand tariff. The comparison table does not translate into a meaningful tool for SME's to make use of, nor does it create useable, like for like information for customers on a demand tariff and who are in fact, already engaged in the energy market.

Customers who have opted in to demand tariffs have already demonstrated a degree of engagement above that of the broader consumer segment and have shown that they are more comfortable with navigating the current information sources on offer. We consider that focusing on those customers who are having difficulty engaging is a priority and consequently, urge the AER to focus on assisting these customers at this point in time and perhaps applying lessons learnt to more complex tariff types at some point in the future.

### *Alternative offers*

In a response to the changing landscape, retailers have in recent times developed offers that do not strictly follow the c/kWh model. In the current form, we raise the concern as to how these offers will

be generated under the comparison table, and highlight that clause 32, which requires displaying offer information in 'cent c/kWh' negates the use of these offers altogether.

We recommend the AER consider how to better reflect these offers within the Guidelines, as it will not only address the above mentioned concerns, but will also minimize the risk of stifling potential innovation.

### **Basic Price Information Document**

Conceptually, Momentum supports a tool that gives consumers the ability to compare offers easily and effectively. Unfortunately, we feel that the drafted BPID falls short of the desired outcome and is not fully fit for purpose.

Whilst we appreciate that displaying the comparator table in quarterly figures aligns with what customers may be used to, empowerment to make decisions stems from having the most accurate knowledge accessible. Therefore, we recommend a comparison table that uses bill estimates based on 12 months of data. Using 12 months of information will better account for seasonal differences and mitigates the risk of unintentionally misrepresenting use in a way that a customer may not properly realise. Further, as government across the board are moving towards the use of annual estimates (as recommended in the Thwaites review, and discussions had with the Prime Minister's office) if the comparison table is generated as a quarterly amount, the BPID in this form will need to be remodeled if not to become obsolete.

### *Language*

Momentum supports the move by the AER to standardize the language used between retailers in their advertising material. However, we find the suggested changes problematic for the following reasons, and we note our concern of changing too much too quickly without proper consultation.

#### *Two Rate*

As not all tariffs offered by retailers are split neatly into two rates, we do not feel that the label 'two rate' adequately applies. For 'two rate' to make sense retailers would be required to make fundamental changes to how they develop their product, which is outside the purview of these guidelines.

#### *Semi-peak.*

As part of this consultation, customers should feel information related to energy use has become less complex. By creating additional segments of load time, a customer has to dissect more information and apply it to their circumstances. If the AER in consultation with consumer groups has found that 'shoulder' rates are not well understood perhaps, redrafting readily available glossary terms will yield a better response as customers will avoid unpacking new and potentially confusing terminology.

#### *Separate meter*

From the perspective of the customer, we are not convinced that altering controlled load to separate meter does anything to assist them. Rather, the term feels less intuitive to its meaning. Separate meter implies that a customer has another distinct meter to that of their main meter also reading their energy usage.

Momentum recommends that any language changes are put to one side until there is an opportunity for the AER to consult with consumer groups, as acting in haste and changing language that may not resonate with customers is likely to create more issues than it solves.

Furthermore, in order to be of most value to consumers, it is important that the terminology used in Energy Price Fact Sheets (EPFS) and BPIDs is consistent with other retailer collateral. Given the priority of reforms to the RPIG, we do not believe that amending the terminology used is a worthwhile exercise at this time, as consequential changes to retailer Terms and Conditions, bills and other templates is likely to require a considerable lead time for implementation.

### **Contract Summary**

Part of this consultation was to review the EPFS and its ability to help customers stay informed and compare energy offers. Momentum supports the AER's attempt to break up the information on the EPFS into two documents. However, the contract summary appears to have mirrored the EPFS, and its complexities. The proposed document is not user friendly, is very text heavy and the layout is not easy to follow or inviting. We feel that like the EPFS, the effectiveness of this document in its current form is limited.

Momentum recommends that for a more approachable document to be developed, the AER should engage the service of Easy Language experts so that relevant information remains, but exists in a format that is more approachable.

### **Third Parties**

We support in concept, that before the point of sale a customer is informed of the EME link and/or website. To ensure that the BDIP ID and EME link are provided prior to the point of sale, further guidance is required as to how this can be effectively managed when customers are signing up through comparator portals that goes beyond the control of the retailer.

### **Final comments**

Momentum agrees that there needs to be a more consistent approach to retail pricing information if a customer is to easily compare apples with apples and feel confident navigating the energy market. However, we highlight that when finalising the Guidelines the AER should not lose sight of the purpose of this endeavor; to give customers confused by the plethora of offers available, tools to make energy decisions more approachable and thus, turning the disengaged into the engaged.

Working with consumer groups and Easy Language experts will ensure that documents generated via this process do not miss the goal posts, and we reiterate the importance of not rushing processes to simply get the job done.

### **Additional information**

If you require any further information with regard to these issues, please contact me on (03) 8651 3565 or email [melissa.mcauliffe@momentum.com.au](mailto:melissa.mcauliffe@momentum.com.au).

Yours sincerely

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