

31 October 2017

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

## **2017 Customer price information issues paper**

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Thank you for the opportunity to provide a submission in response to the 2017 Customer price information issues paper.

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 agrees that in order for the market to deliver optimal outcomes, consumers must be engaged and participating in decisions regarding their energy needs. To achieve this, consumers require information that is both easily accessible and easy to compare between retailers. We support the intent of the AER with this consultation and the efforts to better the consumer experience, their overall engagement and promote a healthy, competitive energy market.

We take into consideration the current policy milieu of the commitments made to the Prime Minister by Momentum and other retailers, the various reviews of the retail energy market and both state and federal levels when making our submissions.

Primarily, we address the Energy Price Fact Sheet ("EPFS") and a means to compare rate prices, but at a base level will also touch on the technology and non-online user component of the issue paper.

### **Energy Price Fact Sheets**

The current EPFS broadly used, is text rich and not particularly user friendly. Whilst it is comprehensive, it's questionable that the information is digested by the consumer in any real meaningful way. When investigating the future design of the EPFS we stress the importance of clearly identifying its purpose, in light of market developments since its inception. Once the purpose is established, changes can be made to ensure that the consumer is being provided the relevant information, in the right way and at the right the time in their decision making process.

## Layout and Design

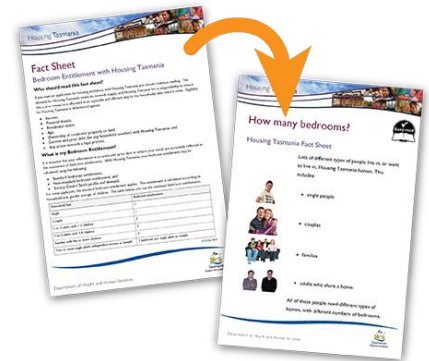
A staggering number of Australians are reported to have a low level of literacy skills.<sup>1</sup> We are happy to work with the AER and consumer representatives to improve the readability of the EPFS templates, and commit to using accessible language to minimise the risk of alienating consumers with technical terminology and industry jargon. We encourage other retailers to do likewise.

We further support collaboration between BETA and graphic designers to develop consumer driven documents as a result of this consultation, in order to appropriately target consumers and promote empowerment.

### Example:

To the right is an example of a re-designed fact sheet for Tasmanian Department of Health and Human Service. The then current fact sheet required a person to have 15yrs of formal education as oppose to the improved factsheet only requiring 6yrs of formal education.<sup>2</sup>

This example clearly demonstrates how a text rich document can be altered quite significantly into a simplified and digestible form.



## Comparison / Reference Rate

Conceptually, we are open to the idea of introducing a comparison rate if it provides real value and gives consumers the ability to effectively judge and compare retail offers. The use of a dollar/time calculation aligns to current political landscapes, may help to alleviate any future marketing inconsistencies and is easier for the consumer to digest than a kWh amount, which research has shown is a relatively abstract concept for consumers.<sup>3</sup>

It could be argued that a consumer can compare numbers without understanding the numerical meaning. However, it is suggested consumers may have negative feelings towards not knowing what the numbers or dominators mean (i.e. kWh) and cease to act, or disengage entirely with the comparative process. This has been experienced in the United Kingdom with the comparison rate introduced, and subsequently abandoned as it failed to meet regulator expectations.

We welcome proposals that explore the concept of a comparison or reference rate, as there may be a value add to the consumer. However, we consider that a comparator rate will always be a crude instrument as average consumption levels and profiles will rarely reflect a given consumer's real life circumstances. For this reason, we believe that comparison rates should be used to make the market more accessible and improve customer outcomes, not necessarily to enable customers to ensure they are on the best possible rate. This outcome can only be achieved through access to interval meter data, an option which is not yet available to most consumers outside Victoria.

## Technology

Momentum is active in the technology space and currently, our website features a tool that allows Victorian residential and small business electricity consumer's to upload an eBill from select retailers. The eBill gives a 'picture' of the consumers electricity usage, and we use this information to

<sup>1</sup> Australian Bureau of Statistics *Programme for the International Assessment of Adult Competencies* (2011-12) website <http://www.abs.gov.au/ausstats/abs@.nsf/lookup/4228.0main+features992011-2012>

<sup>2</sup> Information Access Group, *Housing Tasmania Fact Sheet Review* (2014) website [https://www.informationaccessgroup.com/docs/Case\\_study\\_Housing\\_TAS\\_web.pdf](https://www.informationaccessgroup.com/docs/Case_study_Housing_TAS_web.pdf)

<sup>3</sup> Department of Energy and Climate Change *Evaluation of the DECC / John Lewis Energy Labelling Trial* (2014) website [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/350282/John\\_Lewis\\_trial\\_report\\_010914FINAL.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/350282/John_Lewis_trial_report_010914FINAL.pdf)

indicate to the consumer what Momentum would charge, at today's rates, for the use of that much energy.

It is felt that this feature has the ability to reach both the engaged and 'on the fence' consumer as it is relatively easy and can provide an accurate assessment of the market.

We support further investigation and analysis on how best the energy retail market can use technology to benefit the user experience and engagements. Funding of the 'Energy Made Easy' website, and the 'Victoria Compare' application tool, may help facilitate any market developments and innovation.

Both of these websites potentially have the capability to not only provide consistent and easy to digest information for consumers, but, being from a trusted and independent source, also provide an online 'safe space' whereby consumers can engage and research offers, without fear of being targeted by telemarketers.

### **The non-online user**

Momentum at this time has limited capacity to comment in how to better capture the non-online market. However, we would support investigation into capacity building endeavours with financial counsellors, social workers and community groups. These relationships are vital in re-engaging the disengaged consumer and may help bridge the gap between consumer and retailer, particularly as it is often those customers who are more price sensitive, namely low income and older Australians who are unable to engage online.

### **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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