



30 August 2011

Mr Tom Leuner
General Manager
Markets Branch
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

By email: AERInquiry@aer.gov.au

Dear Tom,

ORIGIN SUBMISSION TO AER PRICE COMPARATOR WEBSITE ISSUES PAPER

Origin welcomes the opportunity to provide a response to the AER's *Price Comparator Website Issues Paper*. Origin strongly supports the AER's development of its price comparator website. With the right resources and capabilities this could have a clear benefit for consumers: it will provide for the growing trend for energy consumers to make proactive decisions about their energy provider. We note that each state and territory can opt in to use the AER's price comparator website when the Retail Law commences, and support all jurisdictions opting in as a priority.

On a related matter, Origin is pleased to be involved in discussions with the AER about the practical implementation of the price comparator website, and particularly any development of a sub-site that allows retailers to upload their prices directly. While the current (formal) expectation is that the AER must update the price comparator website as soon as practicable after being advised by a retailer of a price change, and that retailers will provide information for the price comparator website within two days of a variation or new relevant price (in accordance with the AER's *Retail pricing information guideline*), having direct input from retailers at the time a price becomes valid would be preferable. Ideally, retailers would be able to create more specialised and time dependent prices which they could organise to be uploaded or removed from the public site with a high degree of flexibility. Having the relevant files in a consistent format (such a CSV file), and with the ability to show changes and history (at the backend, not for the consumer) would greatly reduce the resource burden experienced with the current jurisdictional regulators' price comparator sites.

We have responded to the AER's consultation questions as below.

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

We note that the website will present generally available offers from each retailer, based on a range of inputs by the user, and that it serves both residential and small business customers. We support the proposed approach 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

As suggested by the AER, we also support the following information being included:

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

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?

We note that the Law requires that the AER notifies customers using the price comparator website that it provides a guide only. This would seem reasonable given that the prices and contract conditions reflected on the website will have come from third parties (the energy retailers) and therefore are not under the control of the AER. There may also be some slight misalignments between retailers and the AER regarding when offers are available - delays at either end to advise or upload information are always possible. Further, there is a high probability that some degree of estimation will be required for consumers' use of the website: the projected bill/annual cost approach proposed by the AER can only ever be an estimation and so provide only a guide, not certainty.

Origin supports the relevant disclaimer being provided at the entry point to the website, and we also support the disclaimer being present when final results are provided. We do not have a view on whether or not the customer needs to specifically select/click on this point - that is, to agree that they understand the disclaimer - rather than have it provided as information. However, from a consumer perspective the effort for the consumer to opt in to the website through this notice may put people off before they have even engaged with the resource. This legalistic style of engagement would not seem necessary if the information is clear enough on the screen.

We would support further information being provided at the same time as the disclaimer that outlines to the consumer that any information they enter will not be used by the AER or energy retailers to sign the customer to a contract: this could be part of explaining to the consumer that the site is a guide only - as a guide it provides information only and is not shared with others.

The AER has suggested other information that could be provided with the disclaimer as below:

- 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.

While all this information could be useful, and should be present on the site in some form, it is likely to overburden the specific message that the disclaimer is seeking to provide.

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)?

For the first iteration of the price comparator website we support only cost fields for sorting retail offers, such as:

- cost per unit of energy
- bill cost for a period (month, quarter, year)

We support the model of filtering used by CHOICE for its product reviews, where the customer can choose to be shown only certain brands, at certain levels of cost, or with certain features. A sample of the filter and how this is described to consumers is shown below.

Article
Your say - 107 comments

Updated: 16 Jun 2011 | Author: Matthew Steen | ★☆☆☆☆ : Member rating | ☆☆☆☆☆ : Your rating

Recommend 19
Share 22
Tweet 15

03. Compare table

Instructions

Comparison table list

- By default ALL tested products are listed. You can select up to five items to view in a side by side comparison.
- Additional columns can be viewed by using the **Next/Previous** buttons.

Using the filters

- Use the filters to show only products that meet your specific requirements or which have the specific features you're interested in. Selecting filters automatically updates the Comparison table list.
- The number shown in brackets represents the number of products that will be shown if you select that filter.
- You can view additional filters by selecting the **Show more filters** button.

Contents:

- 01 Introduction
- 02 What to buy
- 03 Compare table
- 04 What to look for
- 05 Other findings - Recycling
- 06 Temperature & storage FAQs
- 07 Reliability
- 08 Accessibility

View as one page

Add to favourites

Make a selection

View full table

Filters
Deselect all
Show more filters

Brand	Fridge Size	Freezer Location	Price (\$)	Height (mm)	Width (mm)
Bosch (3)	Large (451-525 L) (11)	Bottom (21)	\$0 - \$1000 (13)	<1600mm (12)	<600mm (6)
Daewoo (2)	Less than 300 L (7)	Left (11)	\$1001 - \$1500 (12)	1600-1700mm (14)	600-700mm (22)
Electrolux (7)	Medium (381-460 L) (16)	Top (25)	\$1501 - \$2000 (12)	1701-1750mm (16)	701-800mm (12)
Fisher and Paykel (13)	More than 525 L and French door (4)		\$2001 + (20)	1751-1800mm (14)	>800mm (17)
Haier (3)	Side-by-side (11)			>1801mm (1)	
More options (9)	More options (1)				

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For the energy consumer using the AER's site, the filter could mean that consumers click on:

- how estimated costs are shown: by month, quarter or year
- open ended contract, or contract length of one, two or three years (this will depend on offers available in the market)
- discounts/rebates based on consumer payment choices
- fee and no fee options
- the name of the retailer
- green options
- non-price related add-ons (such as magazine offers)




It is important that this list is not hard coded as it will need to change to reflect the offers available in the market.

The CHOICE website also allows users to compare up to five products across all dimensions, which we would support for the AER's website. This allows a consumer to pick the products they wish to compare from the original comprehensive table, and then the chosen offers are shown in another table with columns and rows covering all the product's characteristics. An extract of the first few rows of one of these short-list tables is on the following page.

Note that Origin is not suggesting that energy offers will be scored by the AER as the products are tested and scored by CHOICE, but that the first rows of the AER's website would show the price per unit and estimated cost information (the elements for sorting).

Comparison table results:

[Back to the comparison table](#)

	Fisher and Paykel E381T	Haier HTD647AS	Fisher and Paykel RF610A
			
Test results			
Scores			
Overall Score	79	79	78
Temperature performance score (%)	77	79	78
Description			
Fridge Size	Small (300-380 L)	More than 525 L and French door	More than 525 L and French door
Freezer Location	Top	Bottom	Bottom
Total Volume	380	647	614
Gross Volume Fridge	283	423	433
Fresh food shelves/shelf positions	3/18	4/15 (Four half-width shelves)	2/14
All shelves removable at 90°	Yes	Yes	No
Door hinge position	Rev	na	na
Costs			
Price and Buy	Price and Buy	Price and Buy	Price and Buy
Price (\$)	1149	2149	3599
Ten Year Running Cost	848	1396	1376

Origin would also support an ability for customers to also sort offers by 'total benefit' such as the iSelect website provides. This would mean that non-price benefits such as energy efficiency products could be shown according to their recommended retail price.

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?

The AER has proposed the following user inputs as mandatory:

- Postcode
- Fuel types



- Metering arrangements, where 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
- Estimated energy consumption, where 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 (with appropriate seasonal weighting)
 - How much the user typically spends on energy in dollars for one bill or a total annual figure
 - Information about the user's household, 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.

Origin supports the general principle that where a customer does not have specific and/or detailed information, that an estimate would be useful. This estimate could, in theory, be arrived at by triangulating the data above.

However, it is important to understand the limitations of such an approach, and the capacity for those limitations to undermine the effectiveness of the site and its ability to act as a meaningful guide. There is perhaps a line that needs to be drawn where there is insufficient confidence to proceed even with an estimate - beyond this line the consumer could be directed back to an average and a request to come back with more information for an estimate.

For example, bills rarely fall into neat seasonal definitions, and so any adjustment on the AER's site will need to be careful. Even assuming that an estimate can be made with appropriate seasonal weighting, tariff increases and other environmental changes can affect any reasonable assessment of consumption.

In our view, creating estimates from information about the user's household is problematic, and particularly where they have clicked on 'unknown' or 'time of use' for meter. The closer we get to pricing that depends on *when* one uses energy rather than general accumulated consumption, the more complex becomes any estimate of use based on household characteristics. Further, additional household factors such as a second fridge, multiple air-conditioning units, the use of energy saving light globes (or presence



of significant down lighting), heating from both gas and electricity, and spa heaters could also make a significant difference to consumption, and yet the list should not be this long if users are to be kept engaged.

Origin believes that some basic household information might be collected but only to provide a scenario for customers who genuinely have no idea about their use - what they would see would be a scenario for an average customer with certain characteristics, not an estimate of their own consumption. This may appear to be a matter of semantics, but we think that this is difficult territory and that any language of 'estimates' suggests something tailored to the site's user, albeit with some caveats. This could be confusing to a user who subsequently discovers that their consumption levels and/or patterns were very different from what they expected via the AER's estimate.

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

As noted above, and as recognised by the AER, time of use tariffs complicate any estimation of customer bill size. While they are little utilised currently, we believe that it is risky to assume that they will not be more common by mid-2012 in Victoria, and we recommend that the AER liaises with Victoria's Department of Primary Industries over the coming months to better gauge likely needs of consumers on this issue.

We support the AER's suggestion that a time of use tariff customer could be requested to input information to provide a simple energy usage profile to facilitate comparison. These may include questions about whether they are at home during the day and when they tend to use air-conditioning. Once again, however, without actual bill information and/or some other clear customer view of their energy needs we believe that the language of averages or scenarios is a better approach than the language of estimates that appear to be tailored to the customer.

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

We agree with the AER's view 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, and that a recent bill will be required.

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?

We support the AER's proposal 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 the AER's *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.

Note that we have provided more detailed comment about presentation in earlier questions.

Origin also supports the total estimated cost including GST, and for the energy and supply charge units to be shown on a GST-exclusive and GST-inclusive basis. We agree that 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.

We note that the website will only provide users with information to compare energy offers, and will not include a switching service. We support the AER's proposal that users will be directed to contact the new/intended retailer if they make the decision to transfer to another offer. We agree that the AER site should 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 support the proposal that these links will direct the user straight to the 'switching' area of that retailer's website, where available.

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?



We note that the AER has stated that 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 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).

Origin strongly believes that the presentation of the offers *should* provide for percentage discounts off the bill estimates, whether these are permanently off the standing offer or some other rack rate, or conditional discounts, such as discounts for paying on time. The use of these discounts is how the competitive market tends to price energy contracts, across both price regulated and price deregulated markets. We would expect that the offers could be sorted both with the discounts applied and without, with the bill estimates shown in each case. This issue is how this can best be provided for with the minimum of confusion or back end site support.

Origin is developing further thoughts about how this information could be provided to consumers, and is keen to meet with the AER at your convenience.

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

The best manner to present this information is as text in a fees and charges column/row in the presentation table.

Question 15: How should green power options be presented?

Origin supports the AER's suggestion that consumers could choose an option where they select from different levels of green power (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, depending upon their individual energy consumption and how much energy they produce.

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?

We support the latter approach, where a consumer can pick and mix gas and electricity offers from different retailers and compare these with dual fuel offers. Displaying only bundled dual fuel offers could seriously limit the consumer's capacity to benefit from better options.

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?

It is not clear what the AER means by this, but we assume it involves the consumer inputting their contract information for their current offer in to have some comparison undertaken with the contracts available. Certainly it would not be sufficient for the site to state estimated savings based on initial estimates made by the consumer about consumption - if discounts and fees are important enough to be on the site as part of a



consumer's decision-making they also need to be factored in to any comparison of current and potential contracts.

We do not support any statement made on the price comparator website about estimated savings compared with the consumer's current contract. There is no way to reliably or efficiently upload the thousands of existing and now obsolete tariffs into the AER's system, and even if these were able to be chosen by the consumer, they may not have the information at hand.

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?

We support the AER's proposed website accessibility functions.

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

We believe that the AER has addressed the various considerations adequately, but expect that issues may arise as the website is developed further. As noted above, we look forward to further discussions with the AER about retailer sub-site access and protocols, so that the comparator website can be as current and effective as possible.

We support the AER's proposal for the comparator website to contain useful information for consumers on energy more generally, such as links to energy efficiency information, jurisdictional concession programs, how to save energy, how to switch retailers, and other relevant general energy consumer topics. We ask that we are consulted on this content, as we have a great deal of experience with customer queries on these issues.

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

We agree that the AER will need to promote the price comparator website to residential and small business customers to ensure awareness. Origin can also discuss with the AER how we might also promote awareness of the site once it is further developed.

We would be happy to discuss any aspect of this submission further with the AER, and at your convenience. Please feel free to contact me on the number below.

Yours sincerely

[signed]

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