

16 March 2018

Ms. Sarah Proudfoot
General Manager—Retail Markets Branch
Australian Energy Regulator
Level 17, 2 Lonsdale Street
Melbourne, VIC, 3000

Dear Sarah,

Draft AER Retail Pricing Information Guidelines

Powershop Australia Pty Ltd (**Powershop**) thanks the Australian Energy Regulator (**AER**) for the opportunity to provide comments in relation to the draft AER Retail Pricing Information Guidelines (the **Guidelines**).

Information to be displayed on the Basic Plan Information document

Powershop supports the AER's decision to introduce the Basic Plan Information (**BPI**) document as a single document containing key plan information most relevant to a customer assessing a plan's suitability and comparing it against others.

1. Fixed benefit period contracts

Powershop wishes to reiterate its position that if an offer is a fixed benefit period contract this information should be clearly disclosed on the BPI document. This information should be clearly stated with the comparison pricing table. The message should be clear and easy for the customer to understand – for example: “The rates and/or discounts displayed are fixed for the X month duration of this contract. We will contact you prior to this offer expiring to ensure that you are moved on to a similar market contract. We encourage you to shop around at the end of the benefit period using www.energymadeeasy.com.au”.

2. GST

Powershop would prefer that all pricing information be presented to customers inclusive of GST but understands the difficulty in implementing this change in the near-term due the system impacts it will have on retailers amending their bills, reminder notices, marketing collateral and other places where prices are displayed. To ensure that this worthwhile change does not ‘fall off the radar’ Powershop suggests that the AER introduce GST inclusive requirements with effect from 1 January 2019.

3. Demand charges and small business energy plans

Powershop support the AER's position in not implementing comparison pricing for demand charges and small business plans due to the complexity of demand charges and the varying usage profiles of small businesses. Powershop supports customer comparisons to find the best energy deal and also agrees with the AER's decision to ensure the tools such as Energy Made Easy (**EME**) to conduct the comparison are fit for purpose.

Information to be displayed in the Contract Summary

Powershop supports the AER's decision to maintain a separate more detailed document detailing all relevant information about fees, prices, contract details and eligibility criteria for an energy plan.

1. Fixed benefit period contracts

Powershop wishes to reiterate its position that if an offer is a fixed benefit period contract, this information should be clearly disclosed in the Contract Summary document. This information should be clearly stated with the rates and discounts. The message should be clear and easy for the customer to understand – for example: “The rates and/or discounts displayed are fixed for the X month duration of this contract. We will contact you prior to this offer expiring to ensure that you are moved on to a similar market contract. We encourage you to shop around at the end of the benefit period using www.energymadeeasy.com.au”.

2. Dual fuel plans BPI and Contract Summary

Powershop supports the AER's proposal to send a two page dual fuel BPI document with electricity and gas on a separate page for ease of use.

Directing customers to the Basic Plan Information – websites

Powershop supports the suggestion that third-party websites include a prominent hyperlink to the retailers BPI on EME for comparison businesses such as iSelect, Compare the Market etc.

Powershop requires further information as to the intended application, including clarification as to:

1. whether the requirement extends to other third party organisations such as:
 - Canstar;
 - a story published by a news organisations making reference to a retailer; or
 - St Vincent de Paul Society energy pages.
2. what 'information about a plan' constitutes and when the need to provide a link to the BPI would potentially be triggered.
3. where liability would fall in the event that a pure third-party energy comparator (ie. not those listed in point 1) had a technical issue with their website and the hyperlink to the BPI on EME did not work for all retailers it had an agreement with. Which party would be in breach of the new Guideline requirements?

Retailer and third-party websites

Powershop seeks clarification on what is meant by the following sentence under section 3.3.1 'Retailer and third-party website': “Anywhere information is provided about a plan on a website, retailers must publish, in a prominent position, a link to the BPI clearly labelled 'see Basic Plan Information'”. It is not clear which websites the AER is trying to capture. The first third of this paragraph applies to third-party websites (response below under sub-heading 'Third-party websites') and the last third of this paragraph refers to retailers marketing materials and websites (response below under sub-heading 'Retailer websites', but the application of this middle section (referenced above) is not clear.

Powershop is concerned that potentially a website not supported by Powershop or any of its partners or affiliates may contain content detailing a Powershop offer and Powershop may be required to

intercept that content before it is published and provide a link to the relevant BPI. Clearly, this would be an unreasonable requirement if the relevant website was not under the control of Powershop or its partners or affiliates.

On this basis, Powershop encourages the AER to clearly set out third-party and retailer requirements in the Guideline to avoid confusion.

1. Third-party websites

Powershop supports the AER's proposal that third-parties must provide a hyperlink to the retailers BPI on EME anywhere information on a plan exists on their website or in advertising materials.

2. Retailer websites

Powershop supports the requirement of having a clear hyperlink to the relevant BPI on the retailer's website.

Providing Basic Plan Information – other marketing channels

Powershop supports the AER's intent to make it mandatory that retailers send BPIs when requested by customers (which is consistent with existing provisions) but Powershop requires clarification on what constitutes 'sent'. If sending a BPI via email or referring the customer to Powershop's website is acceptable then Powershop supports this requirement. But if Powershop is required to send a BPI by mail to each customer requesting one, Powershop would strongly object to the requirement due to the fact Powershop is an online retailer and doesn't have the systems to support a mail process.

Providing Contract Summaries

Powershop supports the AERs layered user experience approach to provide a hyperlink to the Contract Summary via the BPI document. As mentioned in Powershop's first submission on the matter a 'less is more approach' should be adopted for EPFSs (in this case Contract Summaries) to avoid confusion - Powershop believes the AERs layered approach achieves this goal.

Language and terminology

Term	Requirement	Rationale	Powershop position
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 potential for confusion. Additionally, references to this usage as 'Peak' creates potential for confusion with TOU peak periods	While Powershop agrees that retailers using a range of terms causes confusion, Powershop believe the term 'General usage' is too broad and could result in more confusion. Powershop suggest calling a single rate tariff 'Single rate usage'.
Controlled Load	For tariffs with Controlled Load, the controlled load	Stakeholders highlighted, and research supported, that 'Controlled Load' is not well	Powershop supports this requirement.



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Term	Requirement	Rationale	Powershop position
	component will be called 'separately metered usage'	understood by customers.	
For plans with more than one time-of-use rates:	<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.</p> <p>'Shoulder' is not descriptive and does not convey a rate between peak and off-peak.</p>	<p>Powershop supports the 'peak and off-peak' requirement for two times of use rates, but Powershop believes the AER is potentially replacing one problem with another using 'semi-peak' terminology as a replacement for intermediate rates.</p> <p>While Powershop understands there may be some confusion for some customers about what a shoulder period is, at least it is a known description for the period between peak and off-peak.</p> <p>An alternative to shoulder or semi-peak would be 'mid-range'. If mid-range is not desirable Powershop would prefer it remain as shoulder.</p>
Benefit period	Not specified by the AER	<p>Not specified by the AER other than the following excerpt from "Use of the term 'benefit period'" heading in the notice of draft instrument document: The term has recently been re-emphasised in the rules through the inclusion of new Retail Rules 48A and 48B which deal with notification requirements for a customer when their benefit period is changing or ending.</p>	<p>Powershop does not see any reason why this important terminology is not being dealt with in the Guideline - particularly because of the new notification requirements.</p> <p>The risk Powershop sees is that retailers who use fixed benefit period contracts may use a variety of different terminologies to describe a customer's benefit period ending which could result in the customer taking no action and potentially paying more.</p>

Generally available plans

Powershop agrees with the AER's intent to ensure that customers can easily find the best offer available in the market.

Powershop encourages the AER to make clearer provisions in the Guideline prohibiting 'under the table offers' that are given exclusively to third-party comparators to sell. Powershop believes that this practice:

1. stifles competition;
2. provides barriers for customers wanting to undertake independent research of the market offers available to them; and
3. are potentially only offered to 'high value customer, meaning that vulnerable customers may not reap the benefits of these offers.

Using EME plan ID

Powershop supports the concept of using an ID to locate an offer but believe that there is a far more cost effective and easy solution – that is, replace the confusing EME offer ID with a more intuitive ID. For example Powershop's EME plan ID for our single rate Online Saver pack is: PSH441760MR – why not make this offer ID: 'PS Online Saver – SR'. This makes it easy for the customer to understand and easy for customer service agents to interpret.

Undertaking the system development required to support this requirement is not recommended from a cost vs benefit perspective when there is a far simpler option to achieve the desired outcome.

Removing retailers' ability to create EPFS

While Powershop has concerns about how easy the information is to interpret on an EPFS and how relevant all the information is to a customer looking to compare rates, Powershop tentatively supports this change given the information is going to be spread across two documents (BPI and Contract Summary).

If you have any queries or would like to discuss please do not hesitate to contact me.

Yours sincerely,

Haiden Jones

Retail Compliance Coordinator