

21 May 2018

Ms. Michelle Looi

Assistant Director, Retail Markets Branch
Australian Energy Regulator
Level 17, 2 Lonsdale Street
Melbourne, VIC, 3000

Dear Michelle,

Draft Benefit Change Notice Guidelines

Powershop Australia Pty Ltd (**Powershop**) thanks the Australian Energy Regulator (**AER**) for the opportunity to provide comments in relation to the Notice of Draft Instrument: Draft Benefit Change Notice Guideline (the **Draft Instrument**) and the Draft Benefit Change Notice Guidelines (the **Draft Guidelines**).

Draft Instrument: 'do nothing' amount – additional comparison amount

Powershop's view is that without the additional comparison amount the 'do nothing' amount in isolation provides little to no assistance to the customer in making an informed decision on their energy costs. This is potentially detrimental to the long term interests of customers with respect to the price they pay for energy and perhaps not in line with the National Energy Retail Objective (**NERO**).

While Powershop appreciates the potential difficulty in providing a comparison price, it is Powershop's view that, as a minimum, retailers should be required to present their best generally available offer to the customer in the Benefit Change Notice (**BCN**).

Powershop's position is that the BCN should enable a customer to make an easy price comparison so that they can decide whether they need to seek out a better deal to save money on their energy cost.

Draft Instrument: Question for consultation

While Powershop does not require this functionality (Powershop does not use fixed benefit period contracts) Powershop would prefer the CSV upload calculator option via the retailer access area of Energy Made Easy.

Given the timeframe, there may be a barrier with the proposed API solution in that retailer's may be required to undertake further system development prior to being able to implement the API solution. Such system development may not be able to be completed prior to the Guidelines taking effect.

Draft Instrument: 6.3.2 Consumption

Powershop supports the AER's proposal regarding the use of historical data.

Notwithstanding the purpose of each document is markedly different, Powershop's view is that the Draft Guidelines and the Basic Plan Information document should be aligned in terms of how information is required to be presented by retailers to ensure consistency across the industry. We note that ensuring consistency across the industry is in line with the objectives of the NERO.



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Draft Guidelines: 2.3 Definition of excluded change

As Powershop stated in its submission to the AER on 23 March 2018, Powershop's view is that no benefit change should be excluded due to the subjective nature of what a customer may consider a benefit.

Powershop considers that excluding benefit changes occurring within the first 40 days of the commencement of a customer's market retail contract is problematic for customers and it is Powershop's position that such offers should not be excluded from receiving a BCN.

While Powershop understands the AER's position regarding interaction of the Draft Guidelines with Rule 48A(2)(b) of the National Energy Retail Rules (**Rules**), Powershop is concerned that this exclusion has the unintended consequence of encouraging the introduction of 'short-term' offers such as a 'first month free' or '80% discount for the first 40 days'. Once such short term offers expire, the customer is likely to be in a substantially worse situation than what they were before signing up to the offer. Not imposing an obligation to provide a BCN in these situations could exacerbate the customer confusion around offers in the market.

Further, Powershop's position is that the Draft Guidelines need to more clearly define what is excluded in relation to the obligations under Rule 46 of the Rules. It is our view that any customer whose offer is expiring at the time of a price change should not be excluded from receiving a BCN, despite retailer obligations under Rule 46 of the Rules. As this section in the Guidelines is currently drafted, Powershop is concerned that customers will not be provided with a BCN if they signed up around a price change period.

Draft Guidelines: 3.2 Communication preferences

Powershop supports the AER's position that retailers must send the BCN in accordance with the customers preferred communication method.

It is Powershop's view that if a customer has not indicated a preference for how they wish to receive written communication, retailers should use a variety of communication methods to communicate the BCN (e.g. phone call, email and post).

Draft Guidelines: 4.3 Amount payable by the customer following the benefit change – 'do nothing' amount

Powershop's position is that the Draft Guidelines should require retailers to include in their 'do nothing' amount the annual cost with both discounts exclusive and discounts inclusive (e.g. \$1,200 without discount, \$800 with discount) - along with clear instructions on how to achieve the discount inclusive rates (e.g. pay on time). This approach will ensure that customers are adequately informed of what the effective rate will be for their own circumstances. For example, if a customer knows that they never pay on time they will not be misled into thinking that their annual cost is the conditional discount inclusive cost – therefore protecting the most vulnerable customers.

Similar to Powershop's position on an additional comparison price, Powershop's view is that the BCN should enable a customer to make an informed decision with minimal barriers to engaging with the market.



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

Yours sincerely,

Haiden Jones
Retail Compliance Coordinator

