

QCOSS

Queensland Council
of Social Service

Customer Price Information

*Submission to the AER Issues
Paper*



November 2017

About QCOSS

The Queensland Council of Social Service (QCOSS) is the state-wide peak body representing the interests of individuals experiencing or at risk of experiencing poverty and disadvantage, and organisations working in the social and community service sector.

For more than 50 years, QCOSS has been a leading force for social change to build social and economic wellbeing for all. With members across the state, QCOSS supports a strong community service sector.

QCOSS, together with our members continues to play a crucial lobbying and advocacy role in a broad number of areas including:

- place-based activities
- citizen-led policy development
- cost-of-living advocacy
- sector capacity and capability building.

QCOSS is part of the national network of Councils of Social Service lending support and gaining essential insight to national and other state issues.

QCOSS is supported by the vice-regal patronage of His Excellency the Honourable Paul de Jersey AC, Governor of Queensland.

Lend your voice and your organisation's voice to this vision by joining QCOSS. To join visit [the QCOSS website](http://www.QCOSS.org.au) (www.QCOSS.org.au).

ISBN –

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Introduction

QCOSS makes this submission in response to the Australian Energy Regulator's (AER) *Customer Price Information Paper: Issues Paper*. QCOSS understands that this paper is in response to the recent intervention by the Prime Minister where two roundtable meetings were held with retailers resulting in calls for improvements so customers can navigate the energy market. Specifically, the paper is looking for measures and ideas on how to improve the information for customers to compare plans and providers and then choose the best deal for them.

While working with community organisations in South East Queensland (SEQ) in response to the deregulation of electricity prices on 1 July 2016, QCOSS has developed significant understanding and knowledge of the experience and outcomes for low income and vulnerable residential electricity customers. Building on this experience, QCOSS is keen to highlight the findings from two projects which we undertook over the last two years:

- A capacity building project¹ to engage and educate small business and residential electricity consumers on comparing and switching electricity deals. These activities were supported by an overarching awareness campaign by the Queensland Government, which included print, radio and television advertising; and
- A grants-based program called Switched On Communities², which funded nine community organisations to assist low income and disadvantaged consumers in SEQ to understand, participate in and benefit from the competitive retail market following retail electricity price deregulation.

The AER's Issues Paper acknowledges the low level of engagement in the retail energy market. The AER cites the link between this lack of engagement with a lack of understanding amongst customers of the energy sector. This is consistent with the findings from QCOSS work in SEQ which identified many examples of the difficulties consumers face in navigating an inherently complex market and specific barriers such as technology and terminology. QCOSS is aware the AER wants to focus on four specific topics in its call for submission to its Issues Paper:

- The content and format of Energy Price Fact Sheets (EPFS)
- The development of a comparison rate for energy offers
- Technological solutions that facilitate simpler comparison of energy offers
- Facilitating comparison of energy offers for customers without access to technology, or whose preference is for non-online communications

We have therefore focussed this submission mainly on responding to these topics and questions raised by the AER. However we also include many of the insights and learnings from the QCOSS wider work in SEQ as they relate to these topics.

¹ QCOSS & CCIQ (January 2017), *Apples with Apples: Outcomes of electricity price deregulation education activities in South East Queensland*, unpublished report to the Queensland Department of Energy and Water Supply.

² QCOSS, (September 2017), *Switched on Communities Final Report*, unpublished report to the Queensland Department of Energy and Water Supply.

Energy Price Fact Sheet content and format

General Comments

Consistent Terminology on Bills

Greater consistency and accuracy of the terms used by retailers to describe tariffs and charges is a key requirement to maximise the ability of consumers to shop around with confidence. Adopting consistent terminology on bills across all retailers would go a long way to promote shopping around. The use of confusing and unclear terminology was a primary source of frustration across both of the QCOSS projects which found in the workshops that participants simply wanted to compare “apples with apples”. The bill is the primary source of information that consumers have to compare their current offer with those available on the market. *There is no point discussing customer price information in the Issues Paper and how to make this more accessible to customers when customers cannot read and understand their bills in the first place.*

This point being made here can be demonstrated by showing how the different terminology on retailer’s bills in particular make it difficult for customers to make direct comparisons between offers. For example, the main domestic tariff in Queensland is Tariff 11. Retailers vary in their descriptions of Tariff 11 (i.e. some call it “Peak” and others “Tariff 11 Residential”). For customers with controlled load tariffs such as Tariff 31 and Tariff 33, it is even more confusing with descriptions of these tariffs on bills varying widely including terms such as “Dedicated circuit”, “CTL2”, “Controlled Load” and “Controlled supply (economy)”.

In some instances, the terminology used on bills is not only confusing, but outright misleading. For example, many retailers use the term “Peak” to describe Tariff 11 on their bills. Many customers in SEQ seem to have good awareness about the concept of “peak time” electricity and many assume when they see this term that they are paying more for the electricity they used between 4pm and 8pm, even though they were on Tariff 11. When completing the Energy Made Easy price comparator, many customers saw the term “Peak” on their bill and assumed they were on a “Time of Use” tariff. As a result, they then incorrectly selected ‘Time of Use’ as their tariff type when entering their information into the Energy Made Easy price comparator. This affected the results they were given about the offers suitable for them. This not only made it more difficult for them to access the information they needed to compare offers, but also presented a risk that they might take up an offer which is not suitable for them.

The use of inconsistent and misleading terminology on bills was found to present a major barrier to customers being able to read their bills, and access the information required to help them compare offers. QCOSS has raised the issue of retailers using the term “peak” on their bills with the AER and with retailers directly. However, it remains an issue. It is a barrier for consumers to effectively compare offers, especially given there are time-of-use offers available on the market which do in fact charge peak rates for electricity at particular times.

While there is an AER Guideline outlining how retailers must present information on EPFS, there are no guidelines outlining how this information must be presented on bills. We suggest the need for common symbols (such as T11) in addition to the product name that the retailer may choose to use to assist consumers with easier comparison of product prices. If there was consistent terminology especially relating to tariffs across retailers' bills then it would allow for much greater understanding of the EPFS.

We also suggest an independent glossary of terms be developed and maintained by the AER and be made publicly available to assist customers to identify the relevant information on their bills and make useful comparisons.

Recommendation: QCOSS asks that the AER Guideline is revised to include how information is presented on bills including prescribing what terminology to use. In addition, an independent glossary of terms be developed and maintained by the AER and be made publicly available to assist customers to identify the relevant information on their bills and make useful comparisons.

Assumption that customers are energy literate

In order to use the EME comparison site and EPFS, customers must have a basic understanding of energy literacy relating to shopping around. In particular they need to have knowledge of:

- Which tariffs they are on – for example, Tariff 11 or time-of-use or demand tariffs, as well as T31 and T33 which are load control tariffs;
- How discounting works? Are discounts off the usage rates, main tariff rates only, or off the total bill?;
- Conditions attached to the discount. For example, is there a pay on time condition (and what are the terms for this), direct debit conditions and/or online or e-billing; and
- What are the exit fees, late fees and/or solar Feed-in-Tariff (FIT)?
- Other fees such as disconnection, reconnections, paper bills, and dishonour fees.

In addition, while most customers will understand that discounts are off some sort of reference price, they are generally unaware that (a) these reference prices are all different depending on the offer, and (b) the reference prices can be changed by the retailer at anytime.³ People do not realise that prices can change during the plan period and that they need to continue to shop around to ensure that they are on a good plan.

There is an inherent assumption in the Issues Paper that people will be able to use EME and the EPFS. QCOSS can clearly demonstrate the need for energy literacy before people use the EME and EPFS. One of the organisations in the Switched On

³ In Queensland there is a derogation which says that retailers have to let customers know 20 days in advance of price changes.

Communities project - Mangrove Housing reported that their tenants “*were happy to receive the information but were disheartened when they realised they would have to do this all over again in 6 months’ time when the benefit period expires*”. These tenants indicated they were unlikely to search for energy plans by themselves because of the complexity of offers. They were not confident that they would understand the terms and conditions.

In addition, in our own work to support small business and residential consumers to shop around, we note that despite the majority of customers reporting that information provided during workshops on how to use EME was useful, some people reported feeling *more overwhelmed* after the workshop. This was especially the case for people who did not realise they had a choice of offers, only to be presented with a wide range of different retailers – each with different plans, tariffs, prices, fees, charges and conditions.

Another example from the Switched on Communities project demonstrates how EME is not always perceived as a simple tool, as per the comments below from Coast2Bay:

“The complexity of the energy market was also identified as a key barrier to consumer participation. Even the Energy Made Easy website, which is designed to make shopping around simpler, was a barrier to understanding due to the way that information was presented. The simple comparison tool related to charges was well received, however when taking account of fees and charges it became very hard to compare results and many customers were confused. This was reinforced over and over again, for example we did a session with all of our staff using the Energy Made Easy website and the feedback was that staff felt more confused by the comparison site and less likely to initiate changes to the energy accounts as a result. We feel that this confusion and reluctance to initiate changes would be further compounded in more vulnerable groups”

A key finding of the Switch on Communities project is the need to improve the understanding of the basics, such as how to read a bill, and this is essential before customers can feel confident to actively participate in the market in order to benefit from more complex aspects of the energy market. The support provided must reflect the diversity of the community and that the one-size-fits-all approach does not meet the needs of our communities.

There were many examples of good practice to tailor information to the diverse needs of different groups through the Switched On Communities Program. Some examples include:

- The Council On the Ageing (COTA) Queensland sought to address older consumers' needs for face-to-face communication about shopping around for electricity deals in SEQ. Their program involves training seniors as Peer Educators to provide sessions targeted at supporting older consumers to compare offers and switch – with a strong focus on the dissemination of hardcopy information and information on comparing solar related offers;
- Queensland with the Disability Network who engaged people with a disability to design and deliver workshops using games and other activities to tailor to energy needs of people with a range of disabilities and capacities;

- Neighbourhood Centres who delivered strong place-based information to their local communities, reaching many who may not otherwise seek out energy information or support;
- The Salvation Army who provided Queensland-specific energy advice to customers via their MoneyCare helpline. Customers can call this phone line to receive help with their energy bills with information specifically tailored for Queensland customers.
- Multilink trained 29 multicultural staff and bilingual workers with energy literacy skills and knowledge to assist their clients and also share information widely within their own communities. They also developed resources in 11 additional languages and developed powerpoint presentations and workshop formats that could be easily translated into multiple language by interpreters.

Unfortunately, the Switched On Communities program was funded with one-off funding provided in 2016-17 only, and as a result all of these services finished in June 2017. qCOSS considers there is a need for ongoing support of this nature and that this could be co-funded by government and industry, and delivered through locally based non-profit community organisations.

Recommendation: QCOSS asks that the AER include an annual assessment of retailers' engagement strategies to promote energy literacy in their workplan. The objective of the assessment would be to identify best practice for improving customer's energy literacy.

Specific responses to AER questions

What information should be included on an EPFS? Is there some information currently included that could be omitted, or provided in another way?

The EPFS contains important information to help customers to compare offers. For those who can engage with EME and the EPFS they can make all the difference in ensuring that customers can understand the different offers and hopefully secure the best offer for their circumstances. Most energy consumers however are not aware of EME and its EPFSs and may only find them when they actively log into EME and compare offers.

As a first step, in terms of what information be made available, it should be compulsory for retailers to let customers know about EME. The most obvious place would be to include this on the bill as this is where most customers engage with the retailer. On Origin bills, for example, there is a section titled "Your Energy Plan" which states when the benefit term finishes and the benefits available on the energy plan. This section could also show:

- A link to a relevant EPFS relating to the customer's current offer;
- a link to the best offer available at the time of the bill in the relevant jurisdiction; and/or
- a link to the EME website.

These actions cannot be regarded as anti-competitive as all retailers would have to comply and hence no one would have an advantage over another. The ability of customers to make these simple comparisons from the bill will allow consumers to

know if they have got the best deal and if not will allow them to check out EME. Whether on the bill or EPFS, underlying assumptions for the comparison will need to be based on the actual usage patterns, solar exported to the grid, any concessions and generation types (i.e. solar or GreenPower) of the customer.

Importantly the 1300 585 165 EME inquiries number should be more actively promoted and accessible. This would include making this number available in the Your Energy Plan section so that people without access to the internet can call the AER and ask for the relevant EPFS to be posted out to them.

How should the information on an EPFS be set out to most effectively highlight price and key contract details? How should information be prioritised?

Would customers benefit from the inclusion of other information that does not currently appear on EPFS, such as information about available concessions, the expiry of benefit periods and/or impending price changes? How should this be presented.

QCOSS agrees with the comments to keep the amount of information needs to be limited as people do not have the time or inclination to go through a lot of information. The suggestion to highlight critical information – what do people need to know to comparisons of offers? – is a good one and would require a change to the format of the EPFSs. This is so information can be presented in a way that aligns with how engaged the customers wants to be. This could be organized along the following lines and could be colour coded:

- Section one: critical information specific to the offer so that customers can compare offers. This would include tariffs, solar FIT, discounts (and related conditions), benefit period, late and exit fees.
- Section two: the fees not relating to comparing offers such as reconnection and disconnection fees, dishonour fees, paper bill, payment processing fee by debit and credit card.
- Section three: additional information. Suggestions here could include information on the cost stack – network, retail and wholesale, comparisons on greenhouse gases, concessions, and hardship policy links.

QCOSS would like to highlight two important pieces of information that currently do not appear on EME. There is clearly a need for solar customers to be able to enter their kWh export from their bill to get a more realistic picture of the total cost across various offers. This is considered a major barrier for solar customers to participate in the market and compare offers, and particularly in SEQ where there is high penetration of households and businesses with solar panels. QCOSS has raised this issue with the AER previously.

The other piece of information that would be useful is enabling customers to enter in the value of their Electricity Rebates into EME for ease of comparison with their current bill. The lack of ability to do so at present adds an additional layer of unnecessary complexity for concession recipients in comparing offers, and therefore presents a barrier to concessions recipients (including older consumers) in shopping around.

This current review of customer price information is a good opportunity for the AER to make the necessary system changes required to facilitate both solar and customers receiving concessions to make accurate comparisons on EME.

In addition, many older consumers and consumers with disabilities found the EME results table difficult to navigate, in particular the small size of the arrows which are available to help sort the results. The up and down arrows are very small and very close together, which resulted in consumers selecting the wrong one. A number of workshop participants questioned the need for both up and down arrows, asking “*Why would anyone want to search for the most expensive offers?*”

Recommendation: That the AER improve the accessibility of the Energy Made Easy website by removing the arrows which enable price columns to be sorted from most expensive to least expensive offers and/or increasing the size of the arrows.

Recommendation: That AER ensure local and state-based phone and/or face-to-face support is available for customers who experience digital barriers to receive accurate information.

Is the language currently used to describe offers easy to understand? If not, how could it be improved? Are there other ways (graphics, images) to present information that would be more effective?

In addition to the comments above about the terminology on bills, QCOSS also identified a number of inconsistencies of information on bills and EPFSs.

For example, information relating to the recent separation of Capital and Non-Capital metering charges from the daily service charges generated confusion for many workshop participants. Most participants understood these to be new charges, rather than a change in the presentation of existing charges. Additionally, on EPFS, Tariff 11 meter charges are sometimes itemised separately and in other instances are combined with the daily supply charges. Participants expressed dismay and frustration with this lack of uniformity in how these charges were displayed in the offers which makes it harder for them to compare “apples with apples”.

Additionally, some of the derogations implemented by the Queensland Government when the National Energy Customer Framework (NECF) was introduced in Queensland are not being accurately represented in EPFSs. For example, one of these derogations requires retailers to provide individualised advance notice of price changes to their Queensland customers. However, most retailers have statements on their EPFS that state they will provide notice of price changes on the customer’s next bill. Despite raising this issue with the AER previously the problem still remains. For example, an EPFS sourced from EME on 06 November 2017 states: “*These electricity tariffs and the amount of the discount you receive can be changed from time to time, if these do change you will be notified of the change and the effective date of variation on your next bill.*”

There is a need for the AER to monitor the EPFS to ensure accurate information is being provided to customers is accurate, including ensuring information is in line with Queensland-specific derogations to the NECF. We raise them again here given the context and relevance to this consultation and we ask that any variations to the NECF implemented in Queensland are being complied with and that accurate

information about these requirements is provided to customers on bills and Price Fact Sheets.

Comparison rates and reference prices

QCOSS supports the comments on the Comparison rates and reference prices in the submission by the Queensland Consumers Association to Price Consumer Information Issues Paper, submitted on 31 October 2017.

Technological options

Optical Character Recognition and QR Codes are both technologies that are worth trialling however as set out in the next section customers who are not able to be digitally engaged will not be able to get the benefits of these technologies.

While QCOSS supports improvements being made to digital information, we also recommend that resources be provided to invest in communication channels and options for people who cannot engage digitally.

QCOSS has identified digital barriers which present challenges for many consumers, and especially rural residents and older consumers, not only in terms of restricting their access to the tools necessary to compare offers, but also increasingly resulting in them being excluded from certain offers or being charged additional charges for paper billing. These groups are often the same ones who are shown remain on Standing Offers indicating that digital barriers are a key driver of low engagement in the energy market.

QCOSS workshops relating to shopping around focused on rural areas where switching has traditionally been low. In these sessions, there was lots of feedback about the slow internet speeds, poor reception and high data usage charges in rural areas. Rural workshop participants reported they were less likely to search for a better electricity deal online as a result of these barriers. Poor reception combined with long wait times for customer assistance from call centres was a further deterrent to contacting retailers from mobile phones to negotiate energy plans.

Older workshop participants gave strong feedback on the need for a phone helpline that they could call to help them impartially compare “apples with apples”. Lack of promotion and accessibility to the AER EME phone line is likely to be a significant barrier for many customers, and especially those ‘stickier’ customers who reside in the outlying areas of SEQ where internet connection is slow or unreliable, or seniors who are less confident or able to navigate websites.

Additionally, older customers were more likely to rely on landlines and expected retailers to a telephone number for customer assistance and paper billing, regardless of the product type. For example, some retailers offer energy plans where all transactions – signing up, billing, payment and customer assistance – are conducted online. Although this is clearly displayed in the offers, it was not fully understood or considered fair by some older participants.

Many older customers gave negative feedback regarding the fees and charges associated with paper billing and/or payment of bills via Australia Post. It was

suggested that customers should be able to 'filter out' offers which require email billing or charge for paper bills from the Energy Made Easy search results. Under the current arrangements in SEQ, there are no charges for paper billing on Standing Offers. A number of retailers are also exempting concession card holders from paper billing charges on their market offers. QCOSS considers this should be a requirement across all retailers to level the playing field and facilitate active switching by customers affected by these charges. This is important in recognition that many concession card holders experience barriers to digital uptake.

Recommendation: The AER's Energy Made Easy price comparator should be updated to allow customers to 'filter out' offers which require the customer to conduct transactions online or charge extra for paper billing.

Are there specific or additional strategies required for specific customer groups for example, those from CALD communities?

One of the Switched on Communities projects was aimed at supporting the Culturally and Linguistically Diverse (CALD) customers to shop around. Workshops aimed at multicultural residents found that while the AER homepage and printed resources are available in 21 languages, they only contain a basic text outlining the purpose of the comparator. This means CALD communities must arrange an interpreter to call the hotline to get someone to assist them to use the comparator. This was identified as a critical gap in providing useful information to enable CALD customer to actively participate in the market.

Furthermore, even if EME's resources in other languages was adequate, customers must then contact retailers to switch. Searching for a better energy deal was frustrating as retailer websites do not advertise or explain the offers in other languages. Energy offers were not simple enough to be easily explained and confidently compared to their current offer. Terms and conditions are hard to understand for non-English speakers, and terms like "Peak" usage can have different meanings. Thus, clients were worried about signing up to a worse deal through the lack of clear understanding and confidence due to the language barriers.

According to the Switched On Communities findings, most CALD clients did not know they could switch providers, however once they discovered this was possible they remained reluctant to do so and preferred to negotiate a better plan with their current provider. When asked how they found out about the program, the most common response was 'through a friend' which indicates the importance of word of mouth as an important channel for accessing and sharing information in CALD communities. Multilink also focused on overcoming language barriers to accessing information.

There is clearly a need for the AER to work directly with CALD community organisations to develop resources that are tailored for CALD and can be earlier translated into different languages. Alternative resources such as graphic infographics and videos could also be considered.

QCOSS also considers there is a gap in culturally appropriate information, education and communication for Aboriginal and Torres Strait Islander consumers.