

STATEMENT OF APPROACH: AER PRICE COMPARATOR WEBSITE

Queensland Council of Social Service (QCROSS) is the peak body for over 600 welfare and community sector organisations in Queensland. For over 50 years QCROSS has worked to promote social justice and exists to provide a voice for Queenslanders affected by poverty and inequality. We act as a State-wide Council that leads on issues of significance to the social, community and health sectors. We work for a Fair Queensland and develop and advocate socially, economically and environmentally responsible public policy and action by community, government and business.

QCROSS has been funded by the Department of Employment, Economic Development and Innovation for an energy consumer advocacy project in Queensland. The purpose of this project is to advocate on behalf of Queensland consumers and particularly vulnerable and low income households in relation to energy.

QCROSS welcomes the opportunity to comment on the AER's draft Statement of Approach on the price comparator website. We support the AER's overall approach to the price comparator website, and believe it will be a useful resource for consumers. However, we are concerned that some characteristics of and forthcoming changes in the Queensland electricity market may not have been given adequate consideration.

Competition in regional and rural Queensland

On page 10 of the Statement of Approach, the AER states that customers who enter a postcode for an area outside the national electricity market will receive a message directing them to an external jurisdictional website. However, in the overview provided in Diagram 1, the question asked is whether energy choice is available in their area. It is important that it is connection to the grid, and not the availability of competition, that determines which customers are directed away from the price comparator website. Many customers in regional and rural Queensland who are connected to the national grid do not have a choice of retailer due to a lack of competition at the present time rather than exclusion from the market. Such customers may benefit from retail competition in future, and in some areas competition is at a very early stage of development. Giving an error message to website users in parts of Queensland where market offers are not available at the time of their search may discourage them from using the price comparator at other times when retailers are active in their area.

The issue of what information is given to customers in parts of Queensland where competition is limited is further complicated by restrictions placed on Ergon Energy as part of the arrangements for implementing full retail competition. As a government owned retailer, Ergon is not permitted to compete or offer market contracts. If a customer in Ergon's distribution area does enter into a contract with

another retailer, neither that customer nor any future resident of the premises can subsequently enter into a retail contract with Ergon. For the majority of customers in regional and rural Queensland using the price comparator website, it is pertinent that Ergon Energy be included in the list of results, as they will be comparing offers to the standard retail contract they have with Ergon. However, for a small proportion of customers who are not with Ergon, its standing offer will not be available to them. This information needs to be provided when customers from Ergon's area use the price comparator website.

Tariff arrangements in Queensland

QCOSS also believes greater consideration needs to be given to the types of tariffs that will be available in Queensland from July 2012. According to the Statement of Approach, customers will be asked to select their tariff type when using the price comparator website. However, the options provided are the meter types listed in the previous Issues Paper. The proposed amendments to the Retail Pricing Information Guideline also require retailers to enter the metering configuration that corresponds to the offer rather than the tariff type. These input options do not correspond well with the types of tariffs that will be available to residential customers in Queensland.

The Queensland Government has directed that the current general supply residential tariff, Tariff 11, be structured as an inclining block tariff for 2012-13, and that a voluntary time of use tariff should be established. Most customers on inclining block tariffs will have single rate meters, but they are unlikely to think of their tariff as a single rate. They are also unlikely to know what type of meter is installed at their property. In addition to the general supply tariff, two different controlled load tariffs are available, Tariffs 31 and 33, which are understood by the general population to be off-peak tariffs. These tariffs are being heavily promoted as part of demand management strategies, and with appliances such as hot water systems and pool pumps connected to them may account for a large percentage of a household's consumption. Considering these arrangements in the context of the proposed input options for the price comparator website raises a number of practical issues:

- The list of tariff types do not include an option that would obviously include an inclining block tariff, so customers with this tariff type may not know which option to select
- More than one tariff type from the list may appear to apply to households that have appliances connected to controlled load tariffs, since they will have one tariff type for general supply and another for their off-peak tariff
- Since Tariffs 31 and 33 are charged at different rates, it is necessary to know which one a household is connected to in order to provide accurate offer information
- The metering configuration that a retailer is asked to enter into the website may not correspond to the customer's understanding of their tariff type.

While QCOSS appreciates the difficulties created for the AER by differences between jurisdictions, it is important that Queensland customers are as able to use and obtain meaningful information from the price comparator website as customers

in any other state. For Queensland customers the best approach may be to ask website users to input their actual tariffs, such as Tariff 11 or Tariff 20, rather than tariff or meter type. While customers may have limited understanding of tariff or meter types, names of applicable tariffs can be found on their electricity bills.

QCOSS understands that upgrades to three phase meters will be provided free of charge to customers wishing to take up the time of use tariff. Therefore it should also be noted that Queensland customers may not be constrained by meter type when choosing an offer. This means that even if a Queensland customer has selected another tariff type, time of use offers are still likely to be available and relevant to them, provided that they organise a meter upgrade.

General comments on the Statement of Approach

In addition to the above concerns QCOSS has some general comments about the price comparator website. We note that during the stakeholder forum on 17 November, there was debate about how discounts should be treated in the presentation of estimated annual costs. QCOSS supports the approach that the AER has proposed, with estimates of annual cost exclusive of discounts, with non-conditional discounts only, and with both conditional and non-conditional discounts all included in the presentation of offer information. Although this increases the complexity of the information presented, this needs to be balanced against the need to ensure that information is presented in as impartial a manner as possible, and that customers are given sufficient information to effectively compare offers. QCOSS does not believe that there is any other way to meet these criteria than to show all three types of cost estimates.

QCOSS also supports developing the website further as an energy information hub for consumers. While various jurisdictional bodies have produced fact sheets and other information for consumers, often they are published in locations not likely to be accessed by consumers, difficult to find, or limited to a certain category of information. There is a need for a consumer-friendly central repository of energy information. We also would emphasise that this should include information about consumers' rights regarding payment difficulties and hardship programs under the National Energy Customer Framework. In a recent survey of community sector workers conducted by QCOSS, more than 80% reported that clients facing disconnection due to non-payment of electricity accounts were often or always unaware of retailers' obligations and the forms of assistance available to them. Making information about their rights more readily available to consumers may go some way to improving engagement between customers and retailers around payment difficulties and hardship.

The AER has proposed that the price comparator website also serve as the energy efficiency website referred to on energy bills. QCOSS has no view on this proposal, but notes that it is important that any energy efficiency information provided on the website is of good quality, includes information relevant to consumers in different climate zones, and does not assume a minimum level of wealth amongst consumers seeking to save energy. While a wide range of websites now provide information on energy efficiency, QCOSS has observed that often this information does not consider the barriers faced by low income households and renters. Advice provided to consumers using the website should include options that do not require changes to fixtures in properties or large expenditure.

Proposed amendments to the Retail Pricing Information Guideline

QCROSS does not intend to make a separate submission on the proposed amendments to the Retail Pricing Information Guideline. However, we note that the AER has retained the time frame of two business days after offers become available for updating the website. This raises concerns where existing offers are modified or the prices on which they are based increase. In other marketing avenues where a retailer is required to provide an energy price fact sheet, there is a reasonable expectation that the information they give to prospective customers will be up to date. Allowing retailers up to two business days after a change to an offer comes into effect to update the price comparator website creates the possibility that a customer searching the website during that period will print an energy price fact sheet from the website, contact the relevant retailer, and enter into a contract on the basis of incorrect pricing information. While it may be open to a customer in this situation to withdraw from the contract if they become aware of the discrepancy during the cooling off period, such an occurrence is likely to cause inconvenience and undermine confidence in the price comparator website. QCROSS believes that where there are changes to existing offers, retailers should be required to update the price comparator website before the changes come into effect.

If you would like further information or to clarify any aspect of this submission, please contact Linda Parmenter or Nadine Lester on 07 3004 6900.