



# AER Price Comparator Website – Issues Paper

QCROSS Submission

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## **AER price comparator website – response to Issues Paper**

Queensland Council of Social Service (QCOSS) is the peak body for over 600 welfare and community sector organisations in Queensland. For over 50 years QCOSS 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.

QCOSS 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.

QCOSS welcomes the opportunity to comment on the AER's proposed structure for the price comparator website. We congratulate the AER on the work it has done so far to ensure that the price comparator will provide a useful service to energy consumers. Our responses to the questions asked in the Issues Paper are provided below.

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

QCOSS generally agrees with the proposed overview of the price comparator website. However, we believe there may be a better approach to the disclaimer than that proposed in the Issues Paper, and the description of the filter option does not clearly indicate what we believe the AER is proposing. These concerns are discussed as part of our responses to the questions below.

### **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?**

QCOSS believes that the format, location, and information provided in the disclaimer or note should be selected to maximise the likelihood that users will read it. We note that at the video conference held for Queensland stakeholders on 25 August, there was support for placing the disclaimer prior to the presentation of results rather than on initial entry to the price comparator. The reason given was that website users tend to agree to terms and conditions when prompted prior to using an online service or downloading software or files, without reading them. While QCOSS agrees that this is the case, we would suggest that there is an 'annoyance factor' involved in this behaviour, where people are delayed in carrying out the purpose for which they have visited a particular website by the presentation of an often lengthy and dense piece of text dealing with legal matters. There is a possibility that placing the disclaimer or note later in the price comparator search process, so that users are presented with a disclaimer when they are expecting to receive the results of their search, could increase the annoyance factor and result in a greater likelihood of users

agreeing without having read the disclaimer. QCOSS recommends that the AER seek any available research on consumer behaviour in this area to inform its decision on where the disclaimer should be located.

Regardless of where the disclaimer is located, QCOSS believes that the information included should be kept relatively short and simple. There is a tendency for people to skim or skip over large amounts of text when reading on a screen. The information that the AER suggests could be included in the note or disclaimer appears to fall into two categories, legal and practical. This information could be presented on two separate pages of the website. QCOSS suggests that a 'disclaimer' page, wherever it is located, contain a short statement in plain language that what the purpose of the comparator is, that the information it provides is only a guide, that the content of the price comparator may change, and that users should consider all the terms and conditions of each offer to determine which best meets their needs and circumstances. Information about how to use the website, including that the offers shown include GST, could be included either on an additional page, or if it is reasonably short, on the page where users input their information.

In addition to the information that the AER proposes to include in the first step of the comparator, QCOSS suggests that links, opening in a new window or tab, be provided to either the AER's fact sheets on contracts or similar information included elsewhere on the website. This could provide a useful guide to users about what they should consider when comparing offers, beyond a simple reminder to consider all of the terms and conditions, and may assist users to make better choices about switching. For example, explaining the difference between standard and market contracts, and the minimum terms that apply to each, may prompt consumers to consider whether having access to particular terms and conditions would suit their circumstances better than a conditional discount. Links could either accompany the instructions on how to use the website or be provided in a side menu on the results page.

QCOSS believes there should also be a clear statement about whether the estimated cost of each offer includes discounts, either as part of the instructions for using the website, or accompanying the results.

#### **Question 4: What are the options for sorting retail offers available to the user?**

QCOSS agrees with the sorting options that the AER has proposed (by retailer, cost or green options). We suggest that it may also be useful to be able to sort results by contract length or the value of any discounts or incentives offered.

QCOSS notes also that in Queensland, market offers for electricity generally consist of the regulated tariff with a discount or other incentive. Therefore sorting offers by estimated cost or unit price is likely to be of limited use. We recommend that the AER consider whether it is feasible to allow users to sort by more than one field, for example, to sort first by cost and then sort offers with the same cost by contract length.

**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)?**

The Issues Paper suggests that users could be able to filter results by omitting some columns or information from the table of results. Based on the information provided at the video conference on 25 August, QCOSS understands that the AER envisions users being able to reduce the number of results shown by selecting only those with or without certain characteristics, and potentially also being able to omit columns from the results table. QCOSS agrees that it would be useful for consumers to be able to filter results where they were only interested in offers with or without particular features, such as green power or no fixed contract term. However, all of the information that the AER has included in Table 1 of the Issues Paper is necessary to effectively compare offers. We would not support including a function to enable users to omit any of this information. However, if the AER was to present the results in such a way that similar information was shown in different columns, for example by showing estimated annual, quarterly and monthly costs at the same time, we would support users being able to hide these additional columns as long as at least one column showing this type of information was mandatory. Similarly, if the AER was to include information that was not directly relevant to the offer, such as general information about the retailer, we would support users being able to filter out this information.

**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?**

QCOSS agrees with the overall structure of the proposed user inputs, but believes that some of the specific questions or inputs may not be correctly framed. We do not support instructing users to contact their retailer to obtain the name of their distributor if they do not know this information. This would be inconvenient and potentially costly for consumers who do not have fixed line telephones. Showing a map for users to select their area could also present barriers for some consumers, for example if they are new to and unfamiliar with an area, or have limited download allowances. QCOSS suggests that the AER consider whether it is feasible to have an option where if a postcode area covers more than one distribution zone, users are provided with a list of suburbs and the corresponding distributor to select from, and if a suburb covers more than one distribution zone, users are asked to enter their street. The Australian Electoral Commission website uses a similar method to allow users to search for electorate information, although it does not go to the street address level.

Asking users for their meter type is also likely to be problematic. While customers could find their tariff type on their bill, few would know what type of meter they have or understand the different types of meter that exist. In addition, meters types may not correspond to a single tariff, as the AER has already recognised in relation to interval meters and time of use tariffs. In Queensland, there are two controlled load tariffs (Tariffs 31 and 33) commonly referred to as off-peak tariffs, available for hot water systems. The appropriate tariff is determined by the size of the hot water system and number of people in the household. Therefore it may be more useful to ask users to input their current tariffs, rather than their meter type.

QCOSS supports the AER's proposal to provide different methods for estimating energy consumption. However, we believe there is a risk that, if users are asked to provide a total annual consumption figure or spend, they may obtain this by multiplying the figures from a single quarterly bill. In this instance, the estimate derived from applying a seasonal weighting to figures from a single bill may be more accurate.

**Question 7: Are there other potential inputs that would be useful for inclusion on the price comparator website?**

If users are only interested in particular types of offers or specific features, it may be useful for them to be able to indicate this at the input stage rather than having to filter the results later. However, there should still be an option to filter results later, so that users don't have to search again if they want to see different offers.

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

QCOSS believes it is important to include time of use tariff offers in the price comparator website as early as possible. The Queensland Competition Authority is currently developing new regulated tariffs for Queensland, and has been directed by the State Government to develop a voluntary time of use tariff for domestic customers. This is likely to be promoted as a way of reducing electricity bills for those customers who have suitable meters installed. Therefore it will be useful for customers to be able to compare their estimated costs under time of use tariffs with other tariff structures.

QCOSS also acknowledges that there are difficulties with providing cost estimates under time of use tariffs and including these offers in the price comparator. Generating a relatively accurate estimate of costs would require users to answer questions about their energy usage that may be seen as intrusive, and would be unnecessary for customers who did not have access to time of use offers. In Queensland at least, customers may not be aware that they have, or don't have, a meter suitable for time of use tariffs. QCOSS suggests that the best option may be to include a statement on the results page that time of use tariffs are available in this area, and inviting users to click on a link for further information. This could lead to a new page, where an additional disclaimer could be given and users advised to who to contact to find out what type of meter they have, and given the option to search for time of use tariffs in their area. This would need to open in a new window so that users were able to compare time of use offers with their earlier search results.

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

QCOSS has no views on this question.

**Question 10: Which manner of presenting offers do stakeholders consider appropriate for the price comparator website?**

**Question 11: Are there other ways in which offers can be presented (not listed above) that stakeholders consider would be more appropriate?**

QCOSS agrees with the manner of presenting offers that the AER has proposed. However, it should be clear to users what components are included in the estimated costs. The conditions that apply to any discounts or incentives offered should also be clearly stated.

QCOSS also believes that the price comparator should show the value of any discounts or incentives that are offered. For example, where a discount is offered, the presentation of offers could include the estimated amount of that discount in dollars for the period for which estimated costs are shown. Where a non-monetary incentive such as a magazine subscription is offered, the amount the subscription would normally cost if purchased separately should be shown. We acknowledge that there may be some difficulties where incentives are conditions rather than discounts, goods or services. However, showing the value of incentives would provide customers with a more complete picture of the total value of the offer.

**Question 12: Do stakeholders agree with the proposed inclusion of price components, incentives and penalties on the price comparator website? 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 that stakeholders would consider more appropriate?**

It is very important that the price comparator website provides information to users about the price components, incentives and penalties that apply to each offer, as these are the details that are likely to differentiate each offer. It is also crucial that consumers are able to consider incentives within the context of penalties that may also apply to any particular contract.

QCOSS acknowledges that whether discounts and incentives should be included in the estimated cost is a very difficult issue. Conditions applying to discounts may mean that in some cases, such as where the discount is only available when bills are paid on time, a significant number of customers are likely to miss out on the advertised incentive. In this case, including the discount in the estimated annual cost could be misleading. However, where a discount is not conditional, not including it in the annual cost estimate could be equally misleading. It is also important that however discounts and incentives are treated, the manner of estimating annual costs is consistent between offers and retailers, to avoid influencing the market. QCOSS suggests that the best option may be to show two columns of estimated cost, one a base cost, and one with discounts and other price components included.

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

QCOSS believes that a list of all key fees and charges should be shown for each offer in a separate column of the results table, showing the amount. Late payment and payment processing fees should be included as well as early termination fees. Where a fee type does not apply to a particular offer, this should also be stated. For example, where there are no late payment fees applying to the offer, the price comparator should include a statement such as 'no late payment fee' or 'Late payment fee: none'.

**Question 15: How should green power options be presented?**

QCOSS believes that green power options should be included in the main results table, with users having the option to filter or sort the results according to their interest in green power.

**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 or electricity-only offers also be displayed?**

It is possible that a user who selects gas and electricity in the input step of the comparator is interested in gas-only and electricity-only offers as well as dual fuel offers. The comparator should display these types as well as dual fuel offers, but allow users to filter out gas-only and electricity-only offers if they prefer.

**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?**

QCOSS does not have a position on this issue. We believe that consumers would probably be interested in an estimated savings function. However, there are a number of problems associated with such a feature. Comparing estimated savings to the user's current expenditure would require that they were able to indicate their existing offer. Our understanding is that retailers will not be required to produce price fact sheets for offers that are obsolete or not generally available, and these offers therefore would not be included in the price comparator. Consequently a customer's current offer may not be listed in the price comparator for their estimated savings to be calculated against. Any such comparison also may not be meaningful if the customer is comparing offers because they are about to move house. Alternatively, the price comparator could show the estimated savings available relative to offers selected from the results list. This would save users the effort of calculating the differences in estimated costs themselves, but may not mean anything in relation to their current expenditure.

**Question 18: Do stakeholders agree with the proposed website accessibility options?**

QCOSS agrees with the proposed options. In particular, we strongly support the proposal to provide access to the information on the price comparator website through the ACCC Infocentre for customers who do not have internet access.

**Question 19: Are there any other features or considerations that the price comparator website should include to maximise its accessibility?**

QCOSS notes the comments made at the video conference about accessibility for people with colour blindness, and recommends that the AER consider how the needs of this group can be accommodated.

We also suggest that the domain name for the website should be simple and easy to remember, so that consumers can access the website without having to search for it or refer to advertising to obtain the web address.

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

QCOSS directs the AER's attention to the report on energy switching websites commissioned by the Consumer Utilities Advocacy Centre, *Energy Switching Sites: an analysis of energy price comparison and switching sites available to Victorian consumers*. We believe the AER should give consideration to the issues raised in this report, and how it will ensure that the quality of the information provided by the price comparator website is maintained.

QCOSS also supports the proposal that the comparator website contain information for consumers on energy more generally. This could provide a useful resource for improving the energy literacy of Australian consumers.

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

The price comparator website will need to be promoted widely through a variety of means. In addition to the more traditional methods, such as advertising on television and in newspapers, QCOSS suggests that the AER consider options such as inserts in energy bills, and promoting the website through community groups and venues likely to be accessed by low income consumers. We also recommend that the option of obtaining information through the ACCC Infocentre is promoted to groups that are likely to lack internet access.