

26 July 2019

Ms Angela Bourke
General Manager (acting)
Consumer and Markets Branch
Australian Energy Regulator
GPO Box 520, Melbourne VIC 3001

Via email: RPIGconsultation@aer.gov.au

Dear Ms Bourke,

Re: DRAFT AER Retail Pricing Information Guidelines June 2019 Version 6.0

Simply Energy welcomes the opportunity to provide feedback on the Australian Energy Regulator's (the 'AER') Draft *Retail Pricing Information Guidelines Version 6.0* (the 'Draft RPIG').

Simply Energy is a leading second-tier energy retailer with over 700,000 customer accounts across Victoria, New South Wales, South Australia, Queensland and Western Australia. As a leading second-tier retailer focused on continual growth and development, Simply Energy actively supports open market competition and energy affordability.

Simply Energy agrees that the Retail Pricing Information Guidelines should be updated to reflect the new regulatory landscape. Simply Energy considers that it is important that changes to the Retail Pricing Information Guidelines flow through to Energy Made Easy in a way that provides clarity for consumers and efficient industry outcomes, such as avoiding non-value adding work by retailers. The introduction of the Default Market Offer (the 'DMO') and associated regulatory instruments has imposed new obligations on retailers which Simply Energy agrees need to be considered in the future development of Energy Made Easy.

While Simply Energy appreciates clarity on many of the new requirements imposed by the Electricity Retail Code (the 'Code') in the Draft RPIG, Simply Energy does not consider it necessary to duplicate Code requirements, such as Part B, Section 6 "Notice Requirements", in the Draft RPIG. Further, Energy Made Easy development would achieve compliance with these requirements. This development would aid in providing both Energy Made Easy and retailers with the tools necessary to comply with the Code.

The Notice of Draft Instrument: AER Retail Pricing Information Guidelines: Version 6 elicited the following two questions to be addressed:

1. What are any practical barriers or impediments to implementing the proposed changes to the Guidelines? How can these be overcome?

Simply Energy suggests that the key practical barrier to implementing the proposed changes is the ultimate reliance on the Energy Made Easy Platform. While the provision of information to Energy Made Easy rests with retailers, the calculations and translation of that material to the final Basic Plan Information Document form is completed by Energy Made Easy.

The timeline provided in Table 2 of the Draft RPIG does not detail any development or testing to take place. The short implementation timeframe raises the concern that retailers will not be provided adequate time to ensure that our offers are displayed in an accurate and adequate fashion.

2. What other information should be included in the Guidelines to help retailers better understand their responsibilities under these Guidelines.

Simply Energy suggests that no further information should be included in the Guideline, as it is already comprehensive. It is important that the AER takes note of inconsistencies in language requirements and provides retailers with any variations to Basic Plan Information Documents (BPIDs) or Energy Made Easy upload files as soon as possible to allow for development and testing.

Language requirements

Simply Energy does not consider that the distinct language requirements in both Part A and Part B will deliver the desired outcomes of clear, simply and easily understood language, as described in the draft RPIG. Simply Energy believes that the language requirements need to be consistent across electricity and gas, and also across DMO and non-DMO jurisdictions.

For example, the draft RPIG requires the term 'unconditional discount' when specifying a discount as a percentage of the reference price (Retail Pricing Information Guidelines Version 6.0, Section 4.7, Table 4), but requires 'guaranteed discount' in circumstances other than referring to the reference price. While Simply Energy understands the need for differentiation between the two terms, this confusing and complicated obligation provides unnecessary complication for retailers who operate in multiple fuels and jurisdictions, where some require the reference price and others do not.

Simply Energy considers it essential that changes to terminology requirements be founded on evidence-based research, with consumer-focus, simplicity and clarity front of mind. The potential use of multiple terms to describe the same concept within the same communication, whether it be advertisement or customer-specific collateral, will only work to confuse customers.

Simply Energy would propose a consistent terminology across jurisdictions and across electricity and gas, founded on evidence-based consumer testing.

Energy Made Easy

The National Energy Retail Law requires the AER to develop and make available on a website a price comparator¹. The development of Energy Made Easy (<http://energymadeeasy.gov.au>) supports this requirement.

While one of the intentions behind the RPIG is to support the operation of the Energy Made Easy platform by obliging retailers to provide relevant pricing and offer information to the platform, it is important to note that retailers interact with Energy Made Easy through an upload file. This file is processed by Energy Made Easy in order to present relevant retailer plans publicly and provide retailers with links to BPIDs, which retailers are required to provide to consumers.

¹ National Energy Retail Law Division 11, Clause 62

The layout and structure of BPIDs is entirely controlled by the Energy Made Easy platform. To this end, Simply Energy considers it vitally important that the Energy Made Easy platform and upload file structure reflects the information that the draft RPIG requires. There is currently logic that Energy Made Easy applies to the upload file to provide customers with an estimated price on the final BPID. Simply Energy believe the best approach is to take existing information from the upload file in order to provide customers with a reference price and lowest possible price in line with the Code. This allows for a consistent approach across retailers while providing customers with a reliable reference price when comparing across multiple retailers.

Implementation

Table 2 of the Draft RPIG provides an implementation timeline of October 2019 for Parts A,B and C. Simply Energy recommends a delayed or further staged implementation to allow for appropriate testing of the changes to Energy Made Easy and, by association, BPID.

Simply Energy believes these changes to be complex and important in that the display of offers should reflect the reference price and associated lowest possible price prominently and accurately.

CONCLUSION

In conclusion, Simply Energy welcomes required changes to the Retail Pricing Information Guidelines. Simply Energy believes that access to readily understandable information on offers available in the market to be a positive for customers. Simply Energy, however, is concerned that the changes to Energy Made Easy required as a result of the draft RPIG have not been fully explored, tested or consulted upon. We consider it important that this review takes place in conjunction with the RPIG changes.

Simply Energy welcomes further discussion in relation to this submission. To arrange a discussion or if you have any questions please contact James Ell, Compliance Officer, on, telephone, (03) 9617 8352 or at James.ell@simplyenergy.com.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'James Barton', with a horizontal line underneath.

James Barton

General Manager, Regulation

Simply Energy