

25 May 2015

Ms Sarah Proudfoot
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Dear Ms Proudfoot

AER Retail Pricing Information Guideline

Thank you for the opportunity to respond to the Australian Energy Regulator's (AER's) proposals for the latest version of the Retail Pricing Information Guideline.

Simply Energy's response to each of the proposals is in the attached table.

We are supportive of most of the proposed changes and have recommended some amendments to help improve upon the changes the AER has proposed.

We are not supportive of the changes proposed to section 2.4.2 relating to discounting and the extension to section 3.4 which extends the requirement to refer to the EnergyMadeEasy website to mass media advertising.

Implementation of the changes to section 2.4.2 would mean that Energy Price Fact Sheets would no longer be consistent with the rates charged on the customer's bill and will result in confusion and complaints to our call centre and the Ombudsmen. We also question whether the change may result in us misrepresenting prices to the customer and thus could be a potential breach of the Australian Consumer Law.

The proposed changes to section 3.4 that will require us to refer to EnergyMadeEasy in mass media advertising are also opposed. It sends a message to the consumer that the advertising is untrustworthy and will only worsen the reputation of an industry sector that is already held in low regard by the consumer.

Please don't hesitate to contact me on 03 8807 1132 if you would like to discuss this submission with me further.

Yours sincerely

Dianne Shields
Senior Regulatory Manager

Reference (in Notice of Draft Instrument)	Category	Change description and Guideline reference	Simply Energy Comments
1. Section 4.1.2, Page 13	Language requirements	Section 2.2 requires retailers to use the word <i>usage</i> in place of <i>consumption</i> to describe the unit price for energy.	Supported
2. Section 4.1.2, Page 13	Language requirements	<p>A new section 2.3 (Language requirements) has been inserted into the guideline. This specifies the language and terminology to be used in Energy Price Fact Sheets (EPFS). Terms that are prohibited are set out here. These include:</p> <ul style="list-style-type: none"> • 'Evergreen'; • 'Evergreen with fixed benefit period'; • 'Fixed', or 'Fixed term' where except where the price is also fixed; • 'Early termination fee'; and • 'Termination fee'. <p>Alternate terms are proposed for EPFS (section 2.3):</p> <ul style="list-style-type: none"> • 'No contract term' (in place of 'Evergreen'); • '[x] month contract'; • 'Contract term'; • 'Contract length'; • 'Guaranteed discount' (in place of 'unconditional discount'). 	<p>We support most of the proposed language changes the AER has set out.</p> <p>We recommend that the AER consider further the relative merits of 'termination fee' and 'exit fee'.</p> <p>'Exit' is a very strong word that could discourage switching. Our view is that 'termination' is a softer word that supports the contestability of the retail market.</p>

Reference (in Notice of Draft Instrument)	Category	Change description and Guideline reference	Simply Energy Comments
3. Section 4.1.2, Page 13	Discounting	Section 2.4.2 of the guideline has amended obligations in relation to representing discounts. Retailers must provide information on the availability and eligibility of <u>conditional</u> discounts. Representations on 'unconditional' discounts can only be made if the base level from which the discount is being applied is also stated and must be stated as a "guaranteed discount". Retailers must list any non-price incentives	<p>We do not support this proposed change for the following reasons:</p> <ol style="list-style-type: none"> 1. The prices on the fact sheets will be inconsistent with those the customer is billed on because discounts are typically applied after the total invoice is calculated. 2. We are also concerned about the possibility of inconsistencies between what the Pricing Guideline requires and what the Australian Consumer Law requires. <p>The purpose of Fact Sheet is to ensure simplicity. To ask a customer to decipher between discounts that are only contingent on most levels by their own engagement and behaviours provides a misleading picture. How can all this discount information look palatable to a standard customer?</p>
4. Section 4.1.2, Page 13	Additional information on EPFS	<p>Section 2.4.3 of the guideline has been amended setting out required additional information to be included in an EPFS. Retailers must now include the following:</p> <ul style="list-style-type: none"> • The Energy Made Easy logo; and • the statement "Energy Made Easy is an independent Australian Government website that allows you to compare all generally available energy offers in your area. Energy Made Easy is available at www.energymadeeasy.gov.au" 	We have no objection to putting this statement on the Fact Sheet, but it is a very boring statement that is unlikely to engage the customer.

Reference (in Notice of Draft Instrument)	Category	Change description and Guideline reference	Simply Energy Comments
5. Section 4.1.2, Page 13	Structure of EPFS	Section 2.4.4 of the guideline has been amended to clarify if add-on options on an EPFS affect the key elements of an offer (e.g. the service to property charge), then a separate EPFS is required (see <i>item 18 for more detail</i>).	To assist customer understanding, we would prefer to continue with the current practice of allowing multiple tariff types to be included on a single fact sheet. It reduces the number of pages the customer has to manage and compare.
6. Section 4.1.2, Page 13	Dual Fuel Offers		No comment
7. Section 4.1.2, pages 13-14	Structure of EPFS	A new section 2.4.8 [2.4.7 in the draft guideline] has been added to the guideline called 'Prioritisation of Information'. This obliges retailers to set out energy information in a specified order on an EPFS. The objective is to improve clarity and comparability for customers. The prioritisation required is as follows: <ol style="list-style-type: none"> 1. Retailer name; 2. Key offer information; 3. Pricing information; 4. Guaranteed discounts; 5. Conditional discounts; 6. Fees and charges; 7. Add-on options; 8. Energy Made Easy statement (see item 6 above). 	Supported, although we would like to see greater simplicity by further limiting the information contained on fact sheets. Complex information such as energy offers is best delivered through simplicity which means only providing the basic information to help customers' narrow the field of offers they are interested in and providing information on where the customer can find out more.
8. Section 4.1.2, page 14	Availability of offers	The distinction between generally and non-generally available offers has been strengthened in section 3.1. Non-generally available offers include family and friend's offers, targeted mail outs and obsolete offers. If there is confusion over whether an offer fits the definition of generally available or not, retailers are encouraged to contact the AER.	Supported

Reference (in Notice of Draft Instrument)	Category	Change description and Guideline reference	Simply Energy Comments
9. Section 4.1.2, page 14	Publication and accessibility of EPFSs	Section 3.2 has been amended. All EPFSs need to be placed in a 'prominent position on a retailer's website and need to be described by the term 'Energy Price Fact Sheet' on both the website and actual fact sheet. Retailers will not be able to request obtaining customer information (name, address, DOB) in order for customers to access EPFSs. A link to the EPFS for any offer on a retailer's website must be prominently displayed.	Supported
10. Section 4.1.2, page 14	Marketing via social media	Section 3.4 extends to social media campaigns the requirements that apply to mass media advertising (e.g. a statement referring to the relevant EPFS and a link to a retailer's website).	We do not support this proposed change. Energy consumers already have a low opinion of the energy retail sector and Commonwealth Government statements on advertising that are akin to health warnings will only create further scepticism of the industry.
11. Section 4.1.2, page 14	Obsolete offers on EME	Section 4.2 has been amended so that within two business days of an offer becoming obsolete (and therefore no longer generally available), it must be removed from publication on Energy Made Easy website.	Supported
12. Section 4.1.2, page 14	Review of offers on EME	There has been a minor amendment to section 4.3.1, changing the obligation from a six monthly review for currency of offers to a review timeframe that is "frequent enough to ensure all offers are current and up to date"	Supported
13. Section 4.2.2, page 16	Guaranteed discounts	New section 2.4.2.3 of the guideline requires retailers to state the rate to which a guaranteed (unconditional) discount is to apply and also set out the rate after the guaranteed discount has been applied.	Not supported for reasons set out against item 3 above.

Reference (in Notice of Draft Instrument)	Category	Change description and Guideline reference	Simply Energy Comments
14. Section 4.3, pages 16-18	Standardising EPFSs	Section 2 of the guideline has been amended so that all retailers must use the same format, irrespective of whether they use Energy Made Easy to generate an EPFS or they generate it themselves. Retailers must also use: <ul style="list-style-type: none"> a minimum 12 point font size no more than three columns should be used in tables in EPFSs, tables must be centred and be clearly bordered any shading is to meet requirements Attachment A of the amended guideline clarifies what information is to be set out in table format.	While standardisation is supported, we query whether this can be implemented. It would be difficult to fit all the required information onto 2 pages using 12 point font.
15. Section 4.4, pages 18-20	Accessibility of EPFSs	Retailers are to provide prominent links to EPFSs for generally available offers on their websites. Customers should not be required to begin an online sign-up process to access an EPFS or enter information such as their name, address and so on. A downloadable version of an EPFS must now be provided (even if all of the information is presented on a web page).	Supported
16. Section 4.5, pages 20-21	Structure of EPFSs	As per item 8 above, section 2.4.7 has been added to the guideline and requires retailers to place information in a certain order on the EPFS for each offer. Attachment A to the guideline sets out the priorities in detail.	See item 7 above
17. Section 4.6, pages 22-23	Offer variations and EPFSs	A separate EPFS will be required if additional options change the basis of the offer (e.g. if a higher daily supply charge is to apply for solar customers).	See item 5 above