



Energy & Water
Ombudsman NSW

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AER price comparator – attn Dianne McGrath
Australian Energy Regulator
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Thank you for the opportunity to comment on the *AER Price Comparator Website, Issues Paper July 2011*.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers.

EWON supports the development of the AER Energy Price Comparator Website for residential and small business customers to compare offers and help them make informed choices about their energy deals. EWON believes that it is preferable to have one national price comparator website to avoid confusion. It is crucial for customers to have easy access to simple and accurate information about standard offers (where these apply) and market offers, in particular comparable information between retailers.

The *Issues Paper* suggests that the information presented on the website must be easily accessible. EWON strongly supports this and we note that it can be difficult for customers to find relevant information when they want to compare offers or when they want to find out more about a specific product. As energy companies now offer a range of contract options it is easy for customers to become confused, and customers report this to EWON. Customers can be unsure about the terms and conditions, the products on offer, what the real cost will be to them, and how to compare an offer to their present contract or to offers from other providers. Many customers have also complained to EWON about switching websites that are not independent and that in some cases appear to be more like brokers.



1.2 Overview of the price comparator website

EWON supports the approach outlined in the *Issues Paper* to, among other things:

- present customers with a ‘disclaimer’ that the information presented is only a ‘guide’
- have some mandatory customer information fields such as user’s post code and
- display results so that customers can sort and filter the results by a number of fields such as by cost, or retailer. In our experience, customers are most interested in comparing the financial cost of products.

As well, EWON encourages the AER to consider the ‘look and feel’ of the site: its branding, web address and colour scheme, as these more visual elements are important in promoting public awareness and encouraging widespread use of the site.

1.4 Showing offers available to the user

EWON strongly supports the proposal to include for each offer a breakdown of all fees, incentives, charges, discounts in the form of a separate short text description.

Customers continue to complain to EWON about the application of fees which have not been specifically disclosed upfront, for example special meter reading fee, disconnection fee on closing an account¹ and merchant service fee on credit card payments. These customers complain that they were not aware of the fee when they signed up with the new retailer, and say they would not have switched if they were aware of charges that cancel out any financial benefit they may have had from switching. Providing the details of these fees and charges up front, including the dollar value of each fee would be very beneficial for consumers.

In relation to the order in which products are listed EWON would encourage the AER to consider having the standard offer listed first, where these apply, as a baseline reference point for customers to compare other deals.

1.5 Website accessibility

EWON supports the proposed approach to make the website as accessible as possible. Ensuring the content is written in plain language is very important, as well as clear layout and simple navigation of the site and simple instructions for users.

¹ The disconnection fee on moving (network fee passed on to the customer by the retailer who requests disconnection of the site) is currently \$98.60 in NSW. The large amount of the fee can cancel out any savings the customer might have made on the contract.



Other accessibility issues to consider include ensuring customers in rural and regional areas, who may have slower internet connections, can access the site, or a version of it.

Increasingly customers are using their mobile phones to search the web, email and conduct their business so it would be worthwhile ensuring that the website is compatible with mobile devices such as iPhones.

Links to retailer websites and fact sheets, as well as AER translated fact sheets, and access to the interpreter service for Culturally and Linguistically Diverse Customers are also positive proposals. As well, we support the proposal to offer the 'ACCC infocentre' phone number alongside the website for those customers who cannot access the website.

1.6 General Stakeholder Comments

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

Updating the website

Maintaining a website is very resource intensive and EWON encourages the AER to consider this issue. We note the recent Consumer Utilities Advocacy Centre *Energy Switching Sites Report, December 2010* that raised concerns about the accuracy, maintenance and effectiveness of the Victorian price comparator and switching sites².

User testing of the website

EWON would strongly encourage the AER to conduct user testing of the website with customers before it is publicly launched, to ensure it is user friendly. In EWON's experience with the development of publications and websites, we have found user testing to be an invaluable stage in the development of effective materials.

Links to useful energy information

As well as providing a price comparator service the issues paper suggests that the website will contain useful energy information for consumers more generally. The website could be very effective as a central hub of information about assistance programs, jurisdictional concession programs, energy saving and energy ombudsman offices. As long as links are maintained and the information remains

² CUAC report available at: <http://www.cuac.org.au/database-files/view-file/5410/>



current through regular content updating EWON supports this proposal. The site may in fact become a useful reference point not only for customers, but for retailers and other stakeholders. There is also the possibility that the website could be used to compare information presented on the private switching/broker sites.

Complaints about private switching/broker websites

EWON has seen an increase in the number of complaints from customers about the commercial switching/broker websites in NSW. Customers report misleading information and confusion about deals and offers, as well as out of date or limited information about the range of possible offers. Customers are also concerned that sites do not disclose whether they have any affiliations with retailers, as some may appear to be brokers for a particular retailer. As far as EWON is aware there is no requirement for retailers to provide their contract offers to these private sites and as a result these sites can present inconsistent and outdated information to customers.

While this issue may not be within the scope of the *Issues Paper*, EWON raises it as an issue for the AER to consider when developing, promoting and maintaining its price comparator website. EWON is concerned about the complaints customers are raising about these services.

Promotion of the AER's price comparator website

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

EWON would encourage the AER to consider a range of strategies to promote the website. Through any promotional activities EWON would encourage the AER to clearly differentiate its site from the switching/broker websites and position its site as the authority in this area. Customers need to be confident that they are accessing an independent and comprehensive site, with no affiliation to a particular retailer.

Promotional activities are costly and resource intensive, however very necessary to ensure the website is well used by the general public. Promotional strategies could include:

- a range of general marketing, media and advertising in print, radio and TV, including a media launch
- banner advertising and links on government websites such as Fair Trading and Consumer Affairs sites
- ensuring the website appears prominently on Google and other internet searches



- reciprocal website links with energy ombudsman offices and key consumer groups and peak bodies
- targeted promotion to community welfare workers and caseworkers such as Financial Counsellors, community legal centre solicitors/educators
- targeted promotion to small business advocates and services
- promotion of the website on AER and ACCC publications and materials.

One of the most effective ways to promote the site to the general public would be via retailer websites and materials. EWON notes that the new *National Energy Law* will require retailers to include a reference to the AER's price comparator website on all *Energy Price Fact Sheets* and the reference must be clear, obvious and the text cannot be smaller than the standard sized text used on the fact sheet³. The AER Guideline states that fact sheets must be easily accessible on retailer websites, and given to customers during any door-to-door sales or in person marketing activity and/or during telemarketing/telephone queries at the customer's request⁴. The AER could liaise with retailers to consider other ways the website could be promoted along these lines.

If you would like to discuss this matter further, please contact me or Emma Keene, Manager Policy & Research on 02 8218 5250.

Yours sincerely

Clare Petre
Energy & Water Ombudsman NSW

³ AER Retail Pricing Information Guideline, May 2011, Draft Instrument, 2.3.3 p11

⁴ AER Retail Pricing Information Guideline, May 2011, Draft Instrument, 3.2 p12 and 3.3 p13