



31 October 2017

Mr Simon Kidd
Assistant Director
Retail Markets Branch
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Dear Mr Kidd

AER Reference 62858 – Customer price information Issues Paper September 2017

Thank you for the opportunity to comment on the Australian Energy Regulator's Issues Paper: *Customer price information September 2017*. In answering specific questions below, we have used the numbering scheme from that paper.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers. Our comments are informed by our investigations into these complaints as well as via our Community Outreach program.

Case studies aligned with specific submission issues are provided to outline how individual customers have been impacted. EWON only provides case studies where they portray the systemic impact of that issue on a broad customer base.

When customers ask EWON about comparative offers and seek information on energy prices, we refer them to Energy Made Easy as a source of independent information. The importance of an effective, easy to navigate and understand, and independent comparison site cannot be underestimated. Any improvements to the site and the information available on that site can only benefit consumers.

As the AER identifies in its Issues Paper, simple and comparable information is critical for consumer engagement with the energy market. It is also clear that there are tangible benefits available for consumers in engaging with the market and gaining the best possible market contract for the supply of energy.

3.1 Energy Price Fact Sheets content and format

Each energy contract requires an Energy Price Fact Sheet (EPFS) which summarises important information on different contracts. They have a role as being a ready reference in terms of price terms and conditions, and should be consistent and accurate in portraying comparable information. They are available on the Energy Made Easy website, on each retailer's website, and are provided to customers in association with marketing activities.

In reviewing the content of EPFSs, the AER could consider whether customers would be better served by refining the current approach or by taking a "fresh start" approach, taking into account

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not only the Law and Rules, but also current shared consumer sentiment about the lack of understanding of offers, contract confusion, and the impact this has had on preventing some customers from engaging with the competitive market and moving away from standing offer pricing.

In NSW there are currently over 80 contract offers available for an electricity customer to choose from, and over 30 for a gas customer. The sheer number of market offers can lead to a situation where customers are frozen from a decision-making perspective by the sheer magnitude of the offers available and therefore cannot easily determine which is best for them. The role which clear, concise and effective EPFSs play in helping customers to make decisions is critical.

Question 1 *What information should be included on an EPFS? Is there some information currently included that could be omitted, or provided in another way?*

The section in the various EPFSs on fees is not consistent and does not provide comparable information. For example, the fee for disconnection on one EPFS is listed at \$166.02 with a note that this fee is passed through from Ausgrid and therefore outside the control of the retailer.¹ Another retailer does not list a disconnection fee but does point the customer to its website for additional fees, where it lists the fee for disconnection as “Pass Through”, with an explanatory footnote of what that means. A customer cannot possibly accurately compare these two offers. The list of fees disclosed in an EPFS should be consistent and in the same order. Language should also be explained; for example, would all customers, including CALD and low literacy customers, understand what “Pass Through” means, even with an explanatory footnote?

Further, each EPFS refers customers to the terms and conditions of the contract for full disclosure of fees. This referral is sometimes a link to a retailer’s main website and in other instances it is a link to actual terms and conditions. In some other cases it is only a reference to the terms and conditions not an actual link. This inconsistency makes a compare and contrast process difficult.

Some EPFSs on standard market offers for a peak only service include information on eligibility based upon meter type. The information in this section varies from statement to statement and includes “*the metering configuration listed above*”, “*peak only default meter type*” and “*is subject to your meter configuration*”. In one instance the description is “*Type5 (MRIM & AMI) & Type 6 (BASIC) meters*”. These are industry terms and the differing descriptions can be potentially confusing. Consistency and easily understood terminology, as mentioned previously, is required.

Given the introduction of metering contestability on 1 December 2017 it is critical that any fees associated with retailer installed meters be clearly disclosed. This should include any fees that will be applied if the customer changes retailer and any fees that may apply when a customer’s meter is not owned by their retailer. This information should also be made available to customers considering an offer for a new digital meter.

Question 2 *How should the information on an EPFS be set out to most effectively highlight price and key contract details? How should information be prioritised?*

The current order of information reflects key contract details however the very formal layout and font size of the EPFS does not facilitate clear understanding for consumers. An approach of mandating what key information needs to be disclosed rather than mandating the actual format could provide retailers’ communication specialists the opportunity to play a role in the presentation of this critical piece of consumer information.

¹ EPFSs examined by EWON on 25 October for peak load offers in the Ausgrid region.

The Critical Information Summary (CIS) used in the telecommunications industry does not dictate layout, but requires each telco retailer to meet minimum standards for essential key information. For this reason, EWON suggests the AER may have regard to that approach.

Another key aspect of the effectiveness of such documents is ease of access. On Energy Made Easy, the EPFS is easily accessed, but for customers seeking them directly from retailers' websites there are varying standards of access. Sometimes it takes up to six clicks from the headline offer to arrive at an EPFS. In some instances a search of the whole site, which assumes that a customer knows about the existence of an EPFS, and also knows its correct name, is required.

Again, in the telecommunications industry each headline contract offering has a direct link to its CIS, thus ensuring quick and easy access when looking at a particular offer.

Question 4 *Would customers benefit from the inclusion of other information that does not currently appear on EPFS, such as information about available concessions, the expiry of benefit periods and/or impending price changes? How should this be presented*

EWON has recently received complaints from customers who signed contracts for rates that changed sometimes even before the contract took effect. It is understood that rate increases can be commercially sensitive. However, if a price rise is to be introduced within a defined period such as three months, for example, there should be a disclosure in some form or other rather than a general catch all phrase that prices are not fixed. The point of an EPFS is to allow customers to access key information and an imminent price rise is key information.

Case study

Charged different rates to those agreed to

291677

A customer informed EWON that he received a marketing offer in March 2017 in which he was offered particular rates and discounts. He agreed to those terms and entered into a contract. When he received his first bill the rates were not those he agreed to and he did not receive a discount. He contacted the retailer and was told that the terms he agreed to were from the previous year and were given to him as an example only and that the applicable terms were in his written agreement. The customer complained that he only received the welcome pack with the current rates on 18 July 2017 and also said that if he had received this pack within the ten day cooling off period he would have withdrawn from the contract, but if he did that now he would have to pay an early termination fee of \$95. The customer said that he was happy to pay the rates he had agreed to but that he considered it unreasonable that he pay the higher rates, which were more than he had paid when he was with his previous retailer.

The matter was referred to the retailer at a higher level with the customer's agreement, knowing he could re-contact EWON if necessary.

EWON casework and outreach experience tells us that many customers are not receiving the rebates and concessions to which they are entitled. The inclusion of a prompt for the identification of eligible customers on EPFSs would provide another avenue for getting this vital information to customers.

The expiry of benefit periods is also an important contract term and should be included on EPFSs, although we note that many retailers already do so.

3.2 Comparison rates and reference prices

Question 5 *Is a comparison rate or reference price an effective way to facilitate meaningful comparison of different energy offers?*

EWON has experienced complaints from customers who sign a contract on the basis that they will pay less than they currently pay only to find that they in fact are paying more. The provision of either a comparison rate or a reference price as a feature of contract offerings would enable consumers to compare and contrast effectively. A reference price for a typical small, medium and high user that is provided in a number of places could allow a reasonable comparison of offers. Such a reference price is partially available in the Energy Made Easy site if you agree to provide a number of additional details. A more general reference price would enable a customer at home to instantly compare the reference price of various offers either made directly by marketers or when exploring web offerings.

Case study

Misleading promises

294589

A customer advised that she had been contacted by a marketer who told her she would be able to reduce her bill by \$200 to \$250 per quarter. The customer agreed to this arrangement and changed retailers. However her first bill with the new retailer was double her previous bills.

The customer contacted the retailer and was advised that the bill was correct and should be paid. The customer considered this to be unreasonable as she had changed providers based on the advice of the marketer that her bills would be reduced. The customer advised EWON that her usage was consistent with prior bills, and that it was only the rate charged which had increased. The customer did not receive a copy of her agreement terms, and as such could not confirm if the rates charged match her agreement.

The matter was referred to the retailer at a higher level with the customer's agreement, knowing she could re-contact EWON if necessary.

3.3 Technological options to facilitate offer comparison

Any technological options that facilitate comparisons would be welcome, however such solutions are not suitable for all customers. It is important that any move to introduce additional digital options also ensures customers without access to them, or who require non digital applications for any reason, are provide with accessible, accurate and concise non digital information options.

3.4 Customers who are not digitally engaged

As the Issues Paper identifies, customers who aren't digitally engaged are often the most vulnerable. It is therefore important that information about contracts and pricing which enables their engagement with the energy market be provided in printed form. This material needs to be written in plain English, with clear and easily understood written and infographic information.

Many vulnerable customers are dealing with complex problems. No matter how information is provided, engaging with the energy market may not be a priority. However there are critical points where the energy market will engage with such customers. Dealing with arrears and disconnections are times when key information about contract offers could be provided with great benefit. Retailers could also target customers receiving rebates with information regarding appropriate offers, especially where those customers are on standing offers². It worth repeating that this information needs to be simple and easy to understand, in both written and infographic styles.

² The NSW Government is currently considering making this mandatory

Question 18 *Are there specific or additional strategies required for specific customer groups, for example those from CALD communities?*

Engaging with people from CALD communities is a significant challenge. It is important to have basic material in relevant languages and to use translations services where and when they are needed. EWON offers 25 languages in our online complaint form and provides our basic information in 40 different languages. We also use Google translate on our website (with appropriate warnings as to accuracy). It seems remiss that such access is not currently available for customers using Energy Made Easy.

Community outreach can be an effective way to target specific customer groups, as EWON's experience shows. By working closely with key community agencies our ability to reach vulnerable customers is greatly increased. A good example of this outreach are our "bring your bill days". Arranged with the assistance of community agencies, these activities have recently been expanded and made more effective through the involvement of retailers³.

EWON also has a specific Aboriginal Community Engagement strategy. Central to this strategy is the employment of an Aboriginal Community Engagement Officer and a focus on outreach to and direct engagement with various communities and organisations. Liaison with other services and agencies has also provided additional engagement. These activities are conducted in metropolitan, regional and remote regions throughout NSW⁴.

If you would like to discuss this matter further, please contact Rory Campbell, Manager Policy & Research, on (02) 8218 5266.

Yours sincerely



Janine Young
Ombudsman
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³ For more details of this activity see the EWON Annual Report 2016/17, p52

⁴ For more details of this activity see the EWON Annual Report 2016/17, pp54-5