



15 March 2018

Ms Sarah Proudfoot
General Manager – Retail Markets Branch
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Dear Sarah

Draft Retail Pricing Information Guidelines – January 2018

Thank you for the opportunity to comment on the Australian Energy Regulator's *"Draft Retail Pricing Information Guidelines – January 2018"*.

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.

Tangible benefits are available for consumers who engage with the energy market, including gaining the best possible market contract for the supply of their energy. To do this, as outlined in the AER Issues Paper, simple and comparable information is required. Therefore, the importance of an effective, easy to navigate and understand, and independent comparison site cannot be underestimated.

The proposals made within the draft guidelines provide a strong basis for increased transparency, easier comparison of competing offers and a greater opportunity for customers to engage in the market.

Replacement of Energy Price Fact Sheets

EWON supports the concept of replacing the current Energy Price Fact Sheet (EPFS) with two separate documents, the Basic Plan Information (BPI) document and the Contract Summary (CS). The BPI will provide simple and comparable information for the purpose of comparison while the CS will provide more detailed information which enables customers to make a final decision with some confidence that the essential aspects of a contract are clear and understandable. There is a tension in deciding the essential information for each document for the purpose of transparency, while at the same time ensuring that the documents remain simple and easy to understand.

Basic Plan Information

The provision of a comparison pricing table offering bill estimations based upon three household types will greatly assist consumers in comparing various retailer offerings as will the requirement to have the base price, and a price after discounts are applied.

EWON understands the rationale of the AER decision to require the tariff information on a BPI to be GST exclusive² to match the fixed (typically cents per day) and variable charges (cents per kWh) which are usually listed on customers' bills as GST exclusive. The concept of the provision of comparison pricing requires the ability of comparing not just competing offers, but also the ability to compare new offers against the contract the customer is currently on.

The intention to keep this document simple, with only the essential information that is needed for comparison purposes, is also welcome.

In the provision of tariff information it is critical that separately metered usage (controlled load) information be provided on the BPI and also be reflected in the headline comparison bill estimations.

The table below provides information about the significant variation that exists in the offering of controlled load products, even though the prices offered for single rate usage are comparable.

Sample of offers for single rate usage with two controlled loads³

Retailer	Normal usage (¢/ kWh)	Daily supply charge (¢/ day)	CL1 usage (¢/ kWh)	CL1 daily supply charge (¢/ day)	CL2 usage (¢/ kWh)	CL2 daily supply charge (¢/ day)
Retailer A	31.90	92.40	15.40	0.00	18.70	0.00
Retailer B	31.40	91.70	13.50	0.00	17.70	0.00
Retailer C	32.10	96.40	11.90	6.00	16.60	13.70
Retailer D	32.90	93.50	20.90	4.70	24.60	17.00

A comparison of offers between, for example, Retailer A and Retailer D would be similar if the controlled load tariffs were not taken into account.

Contract Summary

The more detailed information proposed to be provided in the form of a CS, which will be accessible through a hyperlink from the BPI, is an improvement on the current EPFS. EWON especially welcomes the inclusion of Ombudsman contact details.

The inclusion of metering costs in the CS rather than the BPI needs to be carefully considered. It is clear that the one off cost of a new meter installation, or of a meter test, is appropriately placed in this section. What is not so clear is additional standard meter reading costs over and above the daily supply charge that could arise, for example, when a customer who lives in a mobile black spot has a

² AER Notice of Draft Instrument AER Retail Pricing Information Guidelines Version 5 January 2018, p14

³ This information was taken from the Energy Made Easy site on 9 February 2018

retailer's digital meter. This recurring cost is possibly an item that could be better placed in the BPI where customers could use it for comparison of competing retailer offers.

Access to the BPI and CS

The proposed requirements around the provision of the BPI and the CS are comprehensive, especially as applied to retailers' web sites. The Telesales provision appears to be equally clear:

"Under the draft Guidelines a retailer, or its agent, that markets an energy plan to a potential customer by phone is required to notify the customer that a BPI exists for that plan and offer to send it to them."⁴

In EWON's experience, customers can experience telesales in a different way from this ideal. Sometimes, customers express a desire for information to help make a decision but to get this information they actually have to enter a contract on the understanding that they can then withdraw in the cooling off period. It is essential that the proposed guideline requires retailers or their agents to supply the BPI or CS without conditions or the supply of detailed personal information.

Other issues

EWON welcomes the proposed simplification and standardisation of terminology. However, we believe that the AER should give more consideration to the proposal to rename "controlled load" to "separately metered usage" and the proposal to rename "shoulder rates" as "semi-peak". While a standardisation of terminology is highly desirable, the introduction of completely new terms to replace current ones may be problematic.

EWON also supports the proposal to redefine "generally available" plans to reduce the number of exclusions on Energy Made Easy as a good step towards assisting easier comparison of offers. There are plans that a retailer may only offer to specific customers, such as rebate customers or long-term customers and their exclusion from Energy Made Easy is justified but, as a general rule, offers should be available for comparison.

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
Energy & Water Ombudsman NSW

⁴ AER Notice of Draft Instrument AER Retail Pricing Information Guidelines Version 5 January 2018, p20