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Lodged online

20 March 2018

Dear Ms Proudfoot,

RE: Draft Retail Pricing Information Guidelines 2018

Thank you for the opportunity to comment on the draft Retail Information Pricing Guidelines. As the peak body for the health and community services sector in South Australia, the South Australian Council of Social Service (SACOSS) has an established history of interest, engagement and provision of advice on the necessary market mechanisms for the regulation of essential services. Our research shows that the cost of basic necessities like electricity impacts greatly and disproportionately on vulnerable people. Our advocacy is informed by our members and direct consultations with consumers and other consumer organisations: organisations and individuals who witness and experience these impacts in our community.

SACOSS supports the proposed suite of amendments to the AER Retail Pricing Information Guidelines (Guidelines) aimed at improving small customers' ability to compare retailers' standing and market offers. As pointed out in the Notice of Draft Instrument (Notice), the complexity of the retail energy market has consistently been raised in a number of inquiries and reviews as a barrier to consumers engaging in the market and seeking out the best available offers. The introduction of requirements for retailers to provide two separate documents – the Basic Plan Information Document and the Contract Summary – in place of the current Energy Price Fact Sheet will help consumers digest complex energy plan information. SACOSS recognises that not all consumers engage with information in the same way (or have the ability to do so), and as such, supports the AER's proposal to have a single page document with key plan information and a separate document with more detailed energy plan information.

From an accessibility perspective, the Basic Plan Information Document is a vast improvement on the current Energy Price Fact Sheet in terms of readability and level of detail provided. However, the Contract Summary could be better designed so it is not simply a repository for all the other information not included in the Basic Plan Information Document. The example presented in Appendix B of the Draft Guidelines is more or less identical to the current Energy Price Fact Sheet in terms of layout and format. For those consumers wanting to access more information about a plan, the Contract Summary should be designed in a way that makes it easy to compare such detail. At a minimum, simply increasing the font size would be beneficial for those who may struggle with information barriers (e.g. those with vision impairment, difficulty processing information due to brain injury, and/or elderly populations). Consumer testing across broad consumer groups will be critical in making sure the Basic Plan Information Document and Contract Summary appropriately serve these dual purposes.

SACOSS supports removing the ability for retailers to create their own plan documents, and views the amendment as a promising step towards greater consistency in the presentation of energy offers, which

should assist consumers in comparing different plans. SACOSS also supports using the Basic Plan Information Document as the main avenue for retailers to market their energy plans and agrees with the proposed requirements to have prominent links to the document on retailer and third party websites, as well as the proposed requirements to have consumers notified of plan offers during interactions via telesales, door to door and in-person sales, as well as via retailer call centres. In terms of the information presented on the Basic Plan Information Document, SACOSS supports having tariff information displayed on the document as GST-exclusive, and agrees that in the longer term, all energy pricing including on plan documents, bills and advertisements should be displayed as GST inclusive for the sake of consistency.

Comprehensive Language Review

SACOSS welcomes the proposed ‘comprehensive language review’ flagged in the Notice. However, SACOSS notes that in clause 62 of the Draft Guidelines, the new prescribed language requirements **do not** extend to contracts or to bills. Without broader enforcement of standardised wording across the energy sector, particularly in contracts and bills, it entrenches customer difficulties in engaging in the energy market. SACOSS believes that the prescribed language requirements must extend to both the contract and energy bills; otherwise it will be difficult for consumers to compare the information on their current plan(s) with what is provided on the Energy Made Easy website. SACOSS encourages further consideration of this matter in the comprehensive language review and suggests that this review is undertaken as a matter of priority. In terms of impact on businesses, having the plan documents generated through a prescribed AER format via Energy Made Easy is likely to reduce any administrative or regulatory burden placed on retailers.

If it becomes mandatory for retailers to use the same terminology and have common meanings for components of a plan across plan documents, *as well as* contracts and bills, it will be an important step for improving consumer confidence in the energy sector and keeping the broader consumer base informed about the retail energy market. For example, SACOSS has received feedback from consumer groups that there are common misunderstandings around the various costs components of electricity bills, particularly the supply charge. The community views this charge as the cost of getting power from the generator to the consumer; however retailers often add other charges to this supply charge. On this matter, SACOSS would like to refer the AER to the Queenslanders with Disability Network’s (QDN) Bright Sparks Handbook¹, which highlights the various terms used by retailers to describe similar charges (e.g. service fee, service charge, fixed charge, daily supply charge, service to property charge), and incorporates this information pictorially -

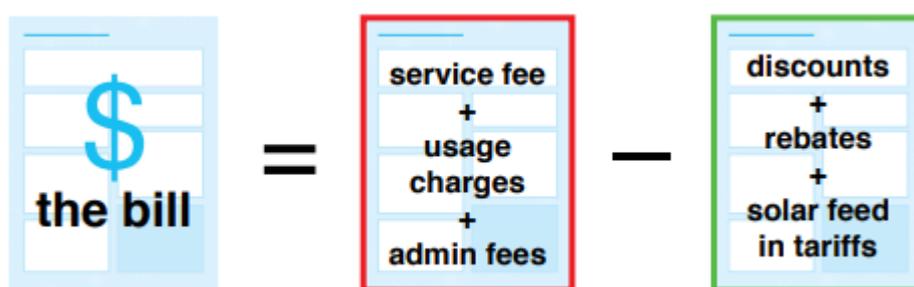


Figure 1: Reading your Electricity Bill, QDN (2016)

SACOSS considers that the use of infographics may be an effective way of displaying more complex information. For example, the usage graphs on energy bills such as AGL (Figure 2) and Origin (Figure 3) are widely understood by consumers and used as an indication of relative energy costs and usage.

¹ Queenslanders with Disability Network, Bright Sparks: Helping People with Disability to Learn How to Save on Electricity Bills, 2016, <http://www.qdn.org.au/f.ashx/Bright-Sparks-Handbook>

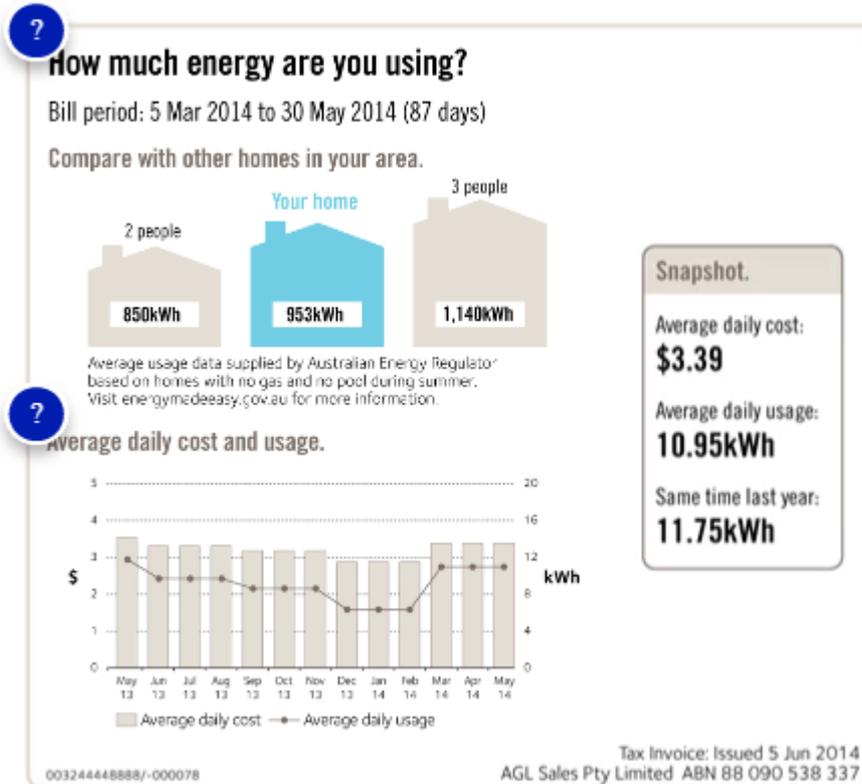


Figure 2: AGL Residential Bill Example Infographic

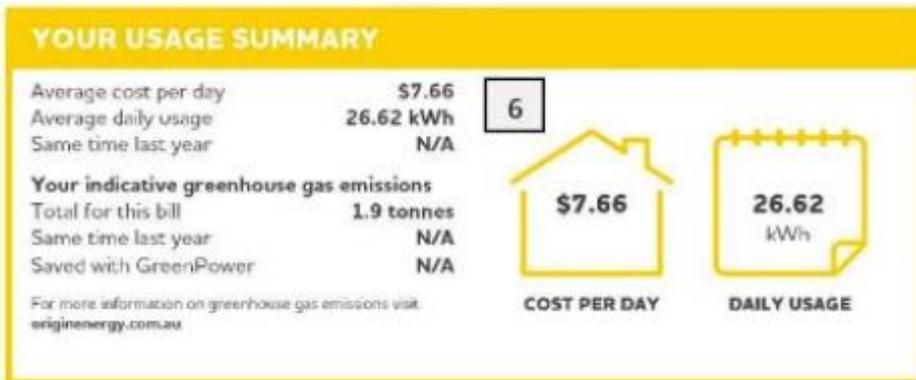


Figure 3: Origin Residential Bill Example Infographic

Introducing more graphical elements on energy bills outlining the different components (e.g. supply charge, transmission costs, network costs), similar to how tax receipts provide a breakdown of how an individual's tax has contributed to government expenditure, could better improve consumers' understanding of costs related to energy. This could be useful for those wanting to compare specific product differences such as discounts, fees and supply charges. However, this would all be predicated on having commonly agreed terms from which comparisons could be reliably made. SACOSS recommends that transparency over the cost components of the bill should also be included as part of the scope of the comprehensive language review in order to address the confusion described above.

Comparison Rate or Reference Prices

SACOSS supports the inclusion of comparison pricing to be included in the new fact sheet documents. The purpose of the Energy Made Easy website is to assist consumers to compare energy offers and find the best available energy offer for their given situation. Research shows that a strong predictor of consumers engaging in the retail energy market is when the anticipated gains (i.e. savings) from switching plans is

greater than the costs (i.e. time spent searching, comparing deals, and contracting/dealing with the retailer(s)).² SACOSS supports the recommendation made by the Consumer Action Law Centre in their submission to the Customer Price Information – Issues Paper to have estimated costs provided in both annual terms and costs per quarter to account for seasonal variation.³ SACOSS understands the rationale for displaying the bills estimates based on quarterly bills for electricity plans and based on two-month plans for gas, as is currently being proposed by the AER. Most consumers would have a better sense of their expenditure on a per-bill rather than on an annual basis, however SACOSS believes both figures should be provided to address the issue of seasonal variation. In general, SACOSS encourages use of overall dollar terms for bill savings where possible as opposed to promoting headline percentage discounts.

Residential Energy Plans with Demand Charges

SACOSS agrees that further work will need to be undertaken to develop a sound method for comparing retail electricity plans with demand charges. The inability of the current suite of tools to easily compare plans customers' solar feed in tariffs has also been consistently raised as an issue by consumers. SACOSS encourages this to be looked into for future versions of Energy Made Easy.

Ultimately, providing information that is accessible and easy to understand is only one part of the puzzle when it comes to consumers' willingness to participate in retail energy markets. SACOSS does not view participation in the retail energy market as a purely rational decision making process on the part of the consumer. In reality, a number of factors influence whether a consumer decides to search, compare and eventually switch energy plans. At the bare minimum, when a consumer chooses to engage in the retail energy market, it should be clear, accessible, and easy to understand. SACOSS looks forward to continuing to work with the AER, retailers, and other consumer groups to ensure that consumers, particularly the most vulnerable, on the whole are able to access the best plans for their circumstances.

We thank you in advance for consideration of our comments. If you have any questions relating to the above, please contact SACOSS Senior Policy Officer, Jo De Silva on (08) 8305 4211 or via jo@sacoss.org.au.

Yours sincerely,



Ross Womersley
Chief Executive Officer

² For example, Centre for Competition Policy, Consumer Behaviour in the British Retail Electricity Market, October 2013, <http://competitionpolicy.ac.uk/documents/8158338/8235394/CCP+Working+Paper+13-10.pdf/2ee68805-470a-4fea-b5f7-7678f52b9971>; Energy Policy Research Group, Why Do More British Consumers Not Switch Energy Suppliers? The Role of Individual Attitudes, September 2015, <https://www.eprg.group.cam.ac.uk/wp-content/uploads/2015/09/1515-PDF.pdf>

³ Consumer Action Law Centre, Submission to Customer Price Information – Issues Paper, October 2017, <https://www.aer.gov.au/system/files/CALC%20submission%20AER%20Customer%20Price%20Information%20review.pdf>