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Ms Sarah Proudfoot
General Manager—Retail Markets Branch
Australian Energy Regulator
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Melbourne VIC 3001

By email: AERInquiry@aer.gov.au

3 August 2015



Dear Ms Proudfoot

AER Retail Pricing Information Guidelines – Further amendments

AGL Energy (**AGL**) welcomes the opportunity to make this submission in response to the AER's further amendments to the draft Retail Pricing Information Guidelines (**Guidelines**). In particular, AGL thanks the AER for giving due consideration to issues raised throughout the consultation process to date and providing stakeholders with the opportunity to comment on those issues, prior to the release of a final version of the Guidelines.

AGL is a significant retailer of energy with over 3.8 million electricity and gas customers nationally. Accordingly, AGL has a strong interest in ensuring that energy customers are able to understand product offerings and to engage confidently with the market. To do this, customers must be well informed and have the necessary resources to compare and choose a suitable energy product.

AGL recognises that the Guidelines play an important role in promoting the comparability of energy offers, and ensuring that customers can access clear and simple information on energy products from all retailers. AGL supports the AER's review of the Guidelines and the objectives of improving the transparency and clarity of information available to energy customers.

AGL is broadly supportive of the AER's further amendments to the draft Guidelines. In particular, AGL supports the revised approach to displaying guaranteed discounts on Energy Price Fact Sheets and wherever else pricing information is presented. AGL considers that in most scenarios, displaying energy rates exclusive of guaranteed discounts will promote the comparability of offers, and will ensure greater consistency with the presentation of charges on a customer's bill. Nevertheless, AGL notes that there should be a level of flexibility in how retailers are required to present discounts to customers, in order to accommodate new types of product offerings and to ensure that retailers are able to present discounts in a clear and consistent manner.

With regards to the further amendments to clause 2.3—*Language Requirements*, AGL maintains that it does not support the requirement to use no term other than 'Fixed Benefit Period' when referring to this concept as defined in the National Energy Retail Rules. AGL contends that this terminology can be problematic, and should not be mandated in all instances; retailers should be permitted to use alternative wording where it may be more easily understood by customers.

As the AER is aware, there has been significant concern amongst consumer groups and government departments regarding use of the word 'fixed' when describing the term of an energy contract, given potential misconceptions amongst customers that prices will also be fixed for a period of time. This issue was discussed at length during the recent rule change proposal submitted jointly by the Consumer Action Law Centre and the Consumer Utilities Advocacy Centre in 2014. AGL considers that the proposed requirement in the Guidelines

fails to acknowledge these concerns and further, it creates a level of inconsistency with the prohibition on using the term 'fixed' in all other scenarios. AGL considers that retailers should be permitted to adopt other terminology when referring to a fixed benefit period, especially where it will assist in avoiding similar confusion amongst customers regarding the ability to vary prices.

AGL also has concerns with the further requirements relating to the presentation of conditional discounts; specifically the requirement to disclose certain information in marketing and advertising material. In certain advertisements such as those on billboards, marketing banners or radio advertisements, it is difficult and/or impractical for retailers to disclose detailed eligibility criteria. In these scenarios, retailers might typically disclose key terms or eligibility criteria, while also noting that other terms and conditions apply. Advertisements are more appropriately governed by the consumer protections under the Australian Consumer Law, which ensure that advertisements should not be worded or presented in a way that will mislead consumers.

Furthermore, although not specifically raised in the AER's further consultation document, AGL would like to restate its concerns with the proposed requirement to refer to Energy Price Fact Sheets when promoting offers through social media. AGL notes that this requirement may not be feasible in light of wording constraints imposed by social media platforms and that it may also impact on the ability to describe offers adequately to customers. Moreover, as previously noted, AGL considers that further could be done to minimise the required content on Energy Price Fact Sheets, so that only information which is necessary to promote customer choice and understanding is presented. This would ensure that Energy Price Fact Sheets are more effective in assisting customers to compare and understand energy offers.

Lastly, AGL welcomes the AER's decision to delay the effective date of the Guidelines to 1 January 2016, in light of the extended consultation period. AGL notes that retailers will require an implementation period to ensure that processes are effectively updated to reflect the revised Guideline requirements.

Please contact Kylie Finnin on (03) 8633 6380 if you wish to discuss any aspect of this submission further.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'RB' followed by a stylized flourish.

Rebecca Brigham
Manager, Retail Regulation