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2017 Customer Price Information Issues Paper

AGL Energy (**AGL**) welcomes the opportunity to comment on the Issues Paper put forward by the Australian Energy Regulator (**AER**) regarding the enhancement of quality and accessibility of information customers received about energy offers (**Issues Paper**).

AGL is one of Australia's leading integrated energy companies and largest ASX listed owner, operator and developer of renewable generation. Our diverse power generation portfolio includes base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources. AGL is also a significant retailer of energy, providing energy solutions to over 3.7 million customers throughout eastern Australia.

AGL is a customer-focussed business and we endeavour to provide customers with products and services that best meet their diverse wants and needs. We have undertaken extensive consultation and research to obtain feedback on the ways in which we can better serve our customers. For example, AGL is developing solutions to help customers better manage their energy usage in their homes and business. Our Energy Insights App, part of a \$300 million program of digitally will transform how customers interact and engage with us, educates customers about the drivers of their own energy consumption and how to save on it. Other innovative offerings include our Self-Service Meter Read and One Minute Move.

The price, product and service benefits that flow to customers from competitive energy retail markets are predicated on the ability of customers to participate effectively in those markets. AGL supports policy and regulatory reforms that remove barriers to consumer participation.

The Issues Paper seeks to progress a range of actions agreed between the Prime Minister, Treasurer, the Energy Minister and the CEO's/MD's of six of Australia's energy retailers, during roundtable discussions in August 2017. The purpose of these actions is to improve information provided to consumers and make it easier for consumers to access the benefits of the energy market.

The AER seeks comment on the following four specific issues:

1. The content and format of Energy Price Fact Sheets
2. The development of a comparison rate for energy offers
3. Technological solutions that facilitate simpler comparison of energy offers



4. Facilitating comparison of energy offers for customers without access to technology, or whose preference is for non-online communications.

AGL supports the AER's review and agrees with the AER's view that further steps are required to be implemented to improve access to information about energy offers and enhance comparability of offers. AGL provides specific comment on each of these four issues in the appendix below. In particular, AGL supports and has taken an active role in the development of an industry comparison rate, the detail of which has previously been shared with the AER.

In addition to the comments provided in this submission, AGL will also provide further information to the AER to help inform the requirements for Energy Price Fact Sheets and other offer information. AGL will undertake a piece of work to gain insights from consumers by testing various approaches, information presentation and design to understand consumer preferences. AGL will use its customer-centric methodology to obtain these customer insights, and will share the results of this work with the AER to help inform the AER in its review of customer information and comparability of energy offers.

Lastly, AGL encourages the AER to share the findings, insights and information gathered as part of this work with the Essential Services Commission of Victoria, to encourage consistency of outcomes for customers across all NEM jurisdictions.

Should you wish to discuss our submission in further detail, please contact Rebecca Brigham on 03 8633 6125 or at rbrigham@agl.com.au.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Elizabeth Molyneux'.

Elizabeth Molyneux

Head of Energy Markets Regulation



Appendix

Energy Price Fact Sheet content and format

1. *What information should be included on an EPFS? Is there some information currently included that could be omitted, or provided in another way?*
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? We welcome examples from other sectors/jurisdictions, as well as self-generated mock-up samples, to illustrate stakeholders' views.*
3. *Is the language currently used to describe offers easy to understand? If not, how could it be improved? Are there other ways (graphics, images) to present information that would be more effective?*
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?*

Purpose of an EPFS

The current EPFS content and format requirements set out in the Retail Pricing Information Guideline (**RPIG**) result in a document that is lengthy, dense and complex to navigate. Meaningful comparisons between EPFS are difficult due to the text-heavy nature of the document and the layout and volume of information contained within the document.

AGL considers that it is important, and an opportune time to evaluate the purpose of an EPFS for consumers. This will then help inform the content and format requirements. One school of thought suggests that the purpose of the EPFS is to provide a summary of the key terms and conditions of an offer that a customer is considering entering into; that is, a 'contract summary'. An alternative view is that the EPFS is a tool for customers to compare between multiple offers, helping them decide which offer is best for them. AGL considers that it is difficult for a document to effectively achieve both purposes, as to achieve each purpose necessitates quite different content to be presented to customers.

It is AGL's view that the purpose of an EPFS is to facilitate meaningful comparison between offers. It could also serve to highlight points of difference between retailers, and/or between offers. It should not serve as a summary of terms and conditions of a contract; customers are provided this information before/at the point of sale, as is required under the relevant provisions of the National Energy Retail Law, National Energy Retail Rules and the Australian Consumer Law.

With this in mind, AGL's view is that with the introduction of a comparison rate or reference price metric, which focuses solely on price, the purpose of an EPFS should be to inform customers of additional non-price based elements of an offer. That is, together, the EPFS and comparison rate or reference price provide the customer with a clear price indicator and key non-price information. The comparison rate/reference price could be included within the EPFS.



Content of EPFS

AGL is supportive of simplifying the information included on an EPFS. The current content requirements mean that EPFS present an overwhelming amount of information to consumers, much of which is not critical to the comparison process. Examples of information that should be omitted from the EPFS are:

- Fees – fees that are common across retailers, such as fees relating to moving in or out of a premises, could be removed from EPFS. While such information is necessary for customers to understand when entering into a new energy offer, AGL suggests this information is best provided at the point of sale, or upon more detailed enquiry; AGL suggests this information is not critical to making a comparison between offers.
- Cooling off period – this is consistent across all market offers and retailers, therefore AGL queries the criticality of this information in making a decision about which offer may be suitable.
- Greenpower options – the EPFS could indicate whether Greenpower options are available, but it should not cover each available option in detail unless an offer is specifically a Greenpower offer (rather than offering Greenpower as an option). If Greenpower is an element of the offer that a customer is interested in, then further information can be found on the retailers' website or through contacting the retailer.

As discussed above, AGL considers that the development of a standardised comparison rate or reference price can provide the relevant pricing information and that the EPFS is a complementary tool that contains non-price and relevant information for consumers to undertake an 'apples for apples' comparison across products.

In addition to a review of content, AGL considers that the design and layout of EPFS needs improvement. The current design results in a text-heavy and visually unappealing document. The use of illustrative images or graphics is encouraged in order to more clearly and succinctly convey relevant information on the EPFS.

It is important that the design, layout and content of EPFS is tested with consumers. AGL supports the engagement of BETA to conduct this work, and to complement this, AGL is conducting customer research to obtain insights to help inform the AER as to the content and design of EPFS.

Comparison rates and reference prices

5. *Is a comparison rate or reference price an effective way to facilitate meaningful comparison of different energy offers?*
6. *What are the potential benefits and risks of each?*
7. *When and where should a comparison rate/reference price be displayed? For example, on EPFS, retailer websites, media materials?*
8. *Is there utility in enabling 'customisation' of such a tool (ie allowing for customers to identify additional factors such as appliances or pools and have these reflected in the figure)?*



9. *What other risks or considerations should we be aware of? We would welcome examples and/or case studies of effective comparison rates from other sectors or jurisdictions, as well as self-generated mock-up samples, to illustrate stakeholders' suggestions.*

AGL strongly supports the introduction of a standardised industry wide comparison approach. It is recognised that consumers should not have to perform complex calculations in order to compare offers. While there may be some consumers who wish to (and are able to) perform detailed calculations as part of their search, the industry can do better to facilitate the identification of key offer information.

AGL is playing an active role in the process of designing and testing solutions with customers on an industry wide comparator metric. AGL has socialised a proposed price comparator with consumer and community groups and the AER and will continue to work with industry participants to ensure a meaningful and simple industry comparator is developed.

The key features of AGL's proposal are:

- Independence – an industry logo should be used, giving confidence to consumers.
- Dollars per day – use of a dollars-per-day comparison rate, including discounts and credits. This could also be accompanied by a dollars-per-day comparison rate excluding discounts and credits, indicating the impact of not meeting conditional discounts.
- Range of usage profiles – the dollars-per-day comparison rate should be calculated with reference to a range of usage profiles.

Technological options to facilitate offer comparison

10. *Which customers might benefit most from these options? Is there evidence or experiences from other sectors or jurisdictions about the likely success of the options we should consider?*

11. *Are there options other than QR codes and OCR technology that may achieve the same objective?*

12. *What are the risks and benefits of pursuing a QR code or OCR technology? What are current levels of customer engagement with QR codes in other sectors?*

13. *What other emerging technologies or issues – such as customer access to smart meter data – might impact the effectiveness of these tools?*

AGL has developed a digital platform, My AGL IQ, that provides customers with access to their usage and therefore help them achieve energy savings goals by allowing them to monitor their energy usage. The My AGL IQ is a world class energy reporting tool, developed by AGL in Australia specifically for Australian customers. It is free and exclusive to AGL customers. It is accessible via AGL My Account to:

- Residential and small business customers.
- Gas and electricity customers, including solar customers.



- Customers in New South Wales, Queensland, South Australia and Victoria.
- Customers with smart electricity meters, or basic electricity and gas meters.

The platform provides several benefits to customers, including access to their data to allow them to track how much energy they are using, how much their usage charges are and to make comparisons. AGL is supportive of new technologies that will assist customers to manage their energy usage and make meaningful comparisons.

However, any regulations in this regard should be technology neutral and allow the market to develop digital solutions that support customers' preferences. Locking in a form of technology (e.g. QR Codes) may mean we are developing a solution that can be surpassed by the speed of digital transformation that is occurring. AGL notes two research pieces conducted by Accenture¹ and PWC² regarding the role of digital platforms and energy, which may be useful for the AER to consider in formulating its position on technology options.

Customers who are not digitally engaged

14. *How can customers who can't, or don't, engage online best be provided with information about their options?*
15. *What information or messaging might be included on bills or fact sheets to increase the likelihood of switching? We would welcome examples that have been effective in other sectors or jurisdictions.*
16. *How important is it that government energy comparator websites have a phone service to assist customers?*
17. *How might family members/other trusted sources be engaged?*
18. *Are there specific or additional strategies required for specific customer groups, for example those from CALD communities?*

AGL recognises that a significant number of energy consumers do not have access to relevant technology, or the knowledge or confidence in its use. A focus solely on digital solutions amplifies the problems highlighted by the Issues Paper for this group of customers. Indeed, while AGL is making a significant investment in digital solutions through its \$300 million transformation program, AGL continues to invest in and deliver solutions and communication approaches to meet the varying needs of its customers.



¹ <https://www.accenture.com/us-en/insight-unlocking-value-of-digital-consumer>

² <http://www.pwc.com.au/publications/power-customer-engagement-energy-transformation.html>



[REDACTED]

The role of family and community members and community outreach programs is an important one. In 2016 AGL conducted a number of focus groups within the CALD community to understand the experience of these consumers in attempting to engage with the energy market. Key findings from those focus groups included:

- Preference for presentation of information in pictures rather than words;
- Translation of energy information from English into their language was often ineffective (particularly where there may be many dialects);
- Phone translation services were ineffective, again particularly due to dialects not being known by the translator;
- Where individuals did not understand what information was being presented, they nearly always sought consultation within with their wider community rather than contacting a retailer or government agency.

This last point has also been a finding of the Ethnic Communities Sustainable Living project³ run by the Ethnic Council of NSW. This initiative showed that vulnerable customers, particularly those with a barrier to engagement, are much more likely to engage within their community, or, through community outreach programs to learn about their energy.

³ https://www.eccnsw.org.au/getattachment/What-we-do/Advocacy/Guidelines/Cultural-Connections_Engaging-CALD-Energy-Consumers_WEB.pdf.aspx