

26 March 2018

Ms Michelle Looi
Assistant Director —Retail Markets Branch
Australian Energy Regulator
By email: AERInquiry@aer.gov.au

Dear Ms Looi

Benefit Change Notice Guidelines (Issues Paper)

ActewAGL Retail (“ActewAGL”) welcomes the opportunity to submit this response to the Australian Energy Regulator’s (AER) Benefit Change Notice Guidelines – Issues Paper.

ActewAGL considers that appropriate arrangements already exist for customers to compare energy offers and pricing information. The AER’s Energy Made Easy website (EME) and Energy Price Factsheets provide consistently presented energy information to assist consumers with considering and comparing energy offers. ActewAGL also has arrangements in place to comply with existing requirements to inform customers as they approach the end of a fixed benefit period and to inform them of what is available when that benefit period ends.

As published on the [AER Retail Pricing Information website](#), the Retail Pricing Information Guidelines already prescribe...“*how retailers must present their standing offer prices and market offer prices to customers. This aims to assist residential and small business customers when they consider and compare the prices of the different offers from retailers. Under the Guidelines, retailers must create and publish Energy Price Fact Sheets. These summarise important information on the different contract offers available to customers*”.

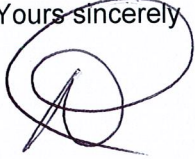
The same page states that “*By specifying in the Guidelines the manner and form in which this offer information is presented by retailers, the AER aims to create a ‘standard’ form of presenting information to consumers, giving them confidence in the accuracy and comparability of this information*”.

The energy market is competitive and customers are free to review and compare offers through existing comparison tools such as those outlined above. ActewAGL suggests that the market continue leveraging these existing tools by promoting EME to consumers and ensuring that appropriate information is made available in a way that is easy to access and understand. Customer correspondence can then be left to serve the intended purposes of providing meaningful information specific to that customer/ retailer, whilst not being overly detailed or complex.

ActewAGL's specific feedback against key amendments is attached (refer to [Attachment One: ActewAGL Retail - Response to Issues Paper \(Section 3\)](#)).

If you have any questions regarding this submission, please contact me on telephone (02) 6248 3655 or email: Rachael.Turner@actewagl.com.au

Yours sincerely

A handwritten signature in black ink, consisting of a large, stylized 'R' and 'T' intertwined, with a horizontal line extending from the bottom of the 'T'.

Rachael Turner
Acting General Manager Retail and
Manager Business Projects

Attachment One: ActewAGL Retail - Response to Issues Paper (Section 3)

Should any benefit changes be excluded from the requirement to send a notice?

ActewAGL considers the existing arrangements (both comparison tools such as EME and EPFS as well as retail rules setting out how retailers must communicate with customers) adequate in terms of assisting customers to understand and compare offers.

In specific terms, ActewAGL supports the approach set out in the Issues Paper of not being required to send a notice if a 'like for like' benefit is to be provided with the same terms and conditions after the end of a fixed benefit period.

ActewAGL also supports the position set out by the Australian Energy Market Commission (AEMC) in its rule determination that no notice should be required "where a standing offer plan on which a benefit is based changes". This is particularly relevant given the likelihood of price variations occurring on an annual basis. The same premise should also apply to market offers when price variations occur – given no benefit change, a notice should not be required.

Again, ActewAGL would strongly support the use of the AER's existing price comparator website EME as the key tool for customers to access and compare offer information, rather than over complicating letters and other customer correspondence with additional prescribed details that are already easily accessible (in a printable format) online.

Should a historical billing amount or additional comparison figure be included in the benefit change notice?

ActewAGL understands the AER is required to specify the information a retailer must include in the notice to allow a customer to compare the amount payable after the benefit change with other plans available on EME.

The AER proposes that "the inclusion of a dollar amount is likely to increase the effectiveness of the notice by providing customers with an immediate point of reference and comparison". ActewAGL considers however, that such a dollar value would only be estimated savings, and relevant/ meaningful only if consumption and tariffs stay the same or remain steady (noting that with annual price variations prices are likely to change within each 12 month period). Again, ActewAGL's view is to keep the approach simple and encourage customers to visit EME for offer information as needed, rather than requiring retailers to produce another layer of comparison data beyond what is already provided in its correspondence with customers.

In terms of whether including a comparison amount in the notice would be likely to encourage greater customer engagement with the market, and which type of comparison amount is likely to be most effective, ActewAGL's experience has been that one size doesn't fit all, and different customers will respond in different ways to having offer information made available to them.

Again, ActewAGL considers the most important consideration is that easily accessible information is available in a central location for customer comparison purposes, and it is ActewAGL's view that EME serves this purpose.

ActewAGL would obviously seek to ensure that whatever the agreed approach is, that it avoids the risk of increased levels of calls from customers who are confused by any additional information or how that information has been presented.

What approach should be taken with regards to the provision of energy consumption data?

ActewAGL agrees that energy consumption data can assist customers in order for them to compare plans on EME.

The AER is correct however in suggesting that a retailer would be using historical consumption data to make any 'do nothing calculations'. ActewAGL considers that this historical data would only be meaningful for comparison purposes however, where consumption and tariffs (if using dollar figures) have remained steady in the past, and expect to do so in the future.

It is relevant to note ActewAGL has often received customer feedback that benchmarking data can create confusion and at times, even be considered meaningless. This is because there are too many variable factors that can impact how accurate an estimate or benchmarked figure is to a particular household (including for example, does the customer live in an all-electric home or do they also use gas). ActewAGL's view is therefore, that where accurate consumption data is not used, additional customer questions and confusion can be generated.

How should information in the benefit change notice be ordered and presented?

ActewAGL supports the AER's intended approach of adopting a less prescriptive approach in terms of specifying the manner and form of the notice.

ActewAGL's view is that the existing arrangements under EME and Energy Price Factsheets ensure that consistent information is made available for customers wishing to compare offers. Pricing and offer information needs to be clear, simple and consistent enough to enable comparisons, and yet not so detailed that it creates confusion with customers.

ActewAGL anticipates that relevant outcomes from the AEMC's current review "Preventing discounts on inflated energy rates" will also assist customers by ensuring that customers are not openly misled as they make comparisons of offers across retailers in the market (ActewAGL has run campaigns specifically to assist customers with managing their comparisons – most recently a campaign titled "Deeper than discounts").

What should be the headline statement or 'call to action'?

ActewAGL already headlines its letters (i.e. the equivalent of a 'notice') with a call to action which sets out that the customer's current offer is expiring.

ActewAGL then explains to customers that they can make contact to ensure they don't miss out on great savings. ActewAGL is clear in its correspondence that if the customer on a fixed term contract does not make contact and take up a new offer, they'll continue to receive energy services without the current discount under a Standard Retail Contract (and clearly links to relevant documentation). In addition to this, ActewAGL has

implemented auto roll over market offers for customers who are on an ongoing market retail contract with a defined benefit period. These customer will still access the new benefit for a further term if they choose not to contact ActewAGL after receiving a letter with the latest offer. Despite making this information available, ActewAGL encourages customers to make contact and sign up to one of ActewAGL's latest offers.

ActewAGL's view is that the proposed notice, including the 'call to action' should remain a simple message from that retailer outlining that the agreement the customer has been on is approaching expiry, and what the retailer is offering customers next. It is in the interest of the retailer to present a competitive new offer or they risk losing that customer to a competitor.

ActewAGL does not consider it appropriate that a retailer in a competitive market would promote another retailer's offers as demonstrated in the Ofgem example set out through the Issues Paper. ActewAGL's view is that the EME serves the purpose of a comparison tool for customers wishing to explore what is available in the market.

