

6 November 2017

Mr Simon Kidd
Assistant Director
Retail Markets Branch
Australian Energy Regulator
[AERInquiry@aer.gov.au](mailto:AERInquiry@ aer.gov.au)

Dear Mr Kidd

COTA welcomes the opportunity to provide a brief comment to the Australia Energy Regulator (AER) *Customer Price Information Issues Paper* dated September 2017.

COTA Australia is the national consumer peak body for older Australians. Its members are the eight State and Territory COTAs (Councils on the Ageing), which have around 30,000 individual members and more than 1,000 seniors' organisation members, jointly representing over 500,000 older Australians. COTA Australia is represented by Robyn Robinson on the AER Consumer Consultative Group and the Energy Information Presentation and Customer Engagement Reference Group, as well as the National Energy Consumer Roundtable.

Energy issues are an important and growing concern for our constituency of older Australians. Affordability is a critical concern for older consumers, particularly for the large percentage who are on low, fixed incomes and heavily reliant on energy supply to maintain their health and wellbeing. COTA Australia welcomes any responsible strategies that make energy more affordable for older consumers, including improved customer price information. A lack of useful information about energy market contracts is a significant barrier discouraging older consumers from more actively engaging with the energy retail market.

Research shows that older consumers are less likely to exercise consumer choice and switch between energy suppliers. A 2015 COTA Energy Survey found that only 20.5% of respondents who had the option to switch electricity and/or gas retailers had switched energy retailer in previous 2 yearsⁱ. Research by the Australia Energy Market Commission (AEMC) found that almost half (46%) of the people they studied who were categorised as 'retired on a low income', had no interest at all in switching energy contracts.ⁱⁱ

The COTA Energy Survey found that many respondents were discouraged from switching retailers as they held the view that all energy retailers provide a similar service and similar price. Pricing and rebates were considered the most important attributes in switching retailers, however respondents generally needed an incentive of a bonus to switch.ⁱⁱⁱ Older consumers may also be deterred from actively engaging with the energy market due to a lack of trust in the energy retailers and in the outcomes of switching.^{iv v}

We make the following comments in response to the four issues raised in your Discussion Paper:

1. Energy Fact Sheets

- Older consumers may be encouraged to seek and obtain better deals in the retail energy market if the information presented to them and the way it is presented meets their particular needs. Clear, concise and comparable information on energy offers must be presented in a variety of formats, including both online and paper-based.
- The Energy Price Fact Sheet, as illustrated in Attachment A of the Issues Paper, has the potential to be a useful mechanism to compare energy offers. While containing useful information, the Fact Sheet itself is difficult to read, and appears complex and overwhelming. The pricing information is very confusing, especially if the reader does not have a good understanding of energy market offers in general and the terminology used.
- Consumer co-design and rigorous, segmented user testing of the Energy Fact Sheets and any other information to be presented to consumers is critical to ensure the information is fit-for-purpose, accessible and presented in the most appropriate way.
- We offer the following suggestions to make the Fact Sheets more consumer-friendly:
 - Use plain-English terms, where possible, and explain key energy terms used such as ‘benefit period’, ‘controlled load’ and ‘conditional discount’;
 - Meet online and print inclusive design and legibility considerations (see guidance from Vision Australia at <http://www.visionaustralia.org/business-and-professionals/digital-access-consulting/resources/blog--accessibility-and-assistive-technology-blog/blog/accessibility-blog/2014/12/03/online-and-print-inclusive-design-and-legibility-considerations>)
 - For example, increase the font size of the text used as it is currently difficult to read, particularly for older consumers, and contributes to the appearance of complexity;
 - Present information in simple graphic format, where possible;
 - Include the following clearly displayed information
 - the actual hours of usage for peak, shoulder and off-peak times
 - all charges (including maximum fee for early termination of contract), any exclusions, important conditions, limitations or restrictions
 - the benefit period of a contract including what the benefits are, when the period ends and how much the contract cost will be at the end of the benefit period. Note that consumers should be given a minimum 30 days notice of the expiry of a benefit period. The notice should clearly state that benefits will cease if the contract is not renewed and be provided in the form of an insert with the paper bill and/or a SMS alert
 - a diagram or case studies on what a ‘typical bill’ inclusive of all charges would look like for light to heavy users of energy – for example 1, 2 and 4 person households;

- Consider funding awareness raising programs to increase consumers' understanding and skill level in comparing energy market offers, including how to read their energy bill and the Energy Fact Sheets.

2. Comparison Rate for Energy Offers

- COTA agrees that a comparison rate or reference rates would be useful to consumers when comparing energy offers.
- The various costs comprising comparison rates should be clearly listed.
- Comparison rates should be included on the Energy Fact Sheet and possibly on the energy bill.
- Online customisation of comparison rates is useful. For people without internet access, case studies could be included in the marketing material or on the energy bill. The case studies could include examples of additional costs, such as, running a pool motor that could change the unit price.
- A Reference Price would need to be pictorial. It should be available online, in the marketing material and/or on the bill.
- ActewAGL in the ACT includes a comparison of energy usage by one, two and four person households on its energy bills. This is a useful tool as it helps households compare their energy usage with households that are of a similar size.

3. Technological solutions to facilitate comparison of energy offers

- COTA Australia supports the use of technological options such as the Optical Character Recognition technology and the QR codes to make it easier to search and compare information.
- A process where consumers can register with their energy retailers and download their billing and energy usage data, similar to online banking or online telecommunication billing, may also be a useful strategy.

4. Customers without access to technology, or whose preference is for non-online communications.

- Older Australians make up the majority of people who do not have access the internet.^{vi}
- It is critical that retailers provide all information on energy offers in paper format as well as enable consumers to discuss offers with a person either by phone or face-to-face.
- Similarly, government energy comparator websites need a phone service to assist these consumers. The phone number, along with the web address for these services should be promoted to consumers and included on Fact Sheets and other materials.
- While it can be beneficial to engage family members or other trusted sources to assist older consumers without internet access, caution should be used to ensure that processes do not put older consumers at risk of financial abuse.

COTA welcomes the AER investigation of strategies to improve energy market information for consumers. We would be happy to meet with the AER to expand further on our comments, if required.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Ian Yates', written over a vertical line.

Ian Yates AM
Chief Executive

ⁱ Etrog Consulting and Connection Research 2015 *COTA Energy Survey 2014* COTA Australia accessed at http://www.cota.org.au/lib/pdf/COTA_Australia/publications/reports/cota-energy-survey-results-february-2015.pdf

ⁱⁱ Newgate Research 2016 *AEMC 2016 Retail Competition Review: Understanding Vulnerable customer experiences and needs* Australian Energy Market Commission accessed at <http://www.aemc.gov.au/getattachment/feb45d05-2b12-4d0c-b66f-3ca1c4dc2347/Understanding-vulnerable-customer-experiences-and.aspx>

ⁱⁱⁱ Etrog Consulting and Connection Research 2015 *COTA Energy Survey 2014* COTA Australia accessed at http://www.cota.org.au/lib/pdf/COTA_Australia/publications/reports/cota-energy-survey-results-february-2015.pdf

^{iv} Etrog Consulting and Connection Research 2015 *COTA Energy Survey 2014* COTA Australia accessed at http://www.cota.org.au/lib/pdf/COTA_Australia/publications/reports/cota-energy-survey-results-february-2015.pdf

^v ACOSS, The Brotherhood of St Laurence and the Climate Institute *Empowering disadvantaged households to access affordable, clean energy 2017*

^{vi} (Australian Communications and Media Authority (ACMA) Research snapshots *Digital lives of older Australians* 4 August 2016 accessed at <https://www.acma.gov.au/theACMA/engage-blogs/engage-blogs/Research-snapshots/Digital-lives-of-older-Australians>).