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Submission to Draft AER Retail Pricing Information Guidelines

Thank you for the opportunity to contribute to the AER's draft guidelines. The Tribunal has asked me to make this submission on its behalf.

Under the *National Energy Retail Law (NSW) No 37*, IPART is required to monitor the performance and competitiveness of the NSW retail electricity market. Our most recent review of 2016-17 found that competition has continued to develop, however, further improvements could be made to help customers shop around to increase the competitive pressure in the retail market.

IPART supports measures to make it easier for all customers to compare market offers and identify the best offer for their circumstances. Promoting energymadeeasy assists customers to compare offers based on their individual circumstances. We also support the use of clearer and simpler language. To help facilitate clearer and simpler bills, IPART would also support a new requirement for retailers to display all figures in bills inclusive of GST **only**, and this be reflected in the basic plan information document. However for **time-of-use offers**, we **do not** support the inclusion of estimated quarterly bills on the new Basic Plan Information Document.

Estimated quarterly bills for time-of use offers could make many customers worse off

In response to stakeholder support for a comparison price or similar tool to allow customers to easily compare between plans, the AER is proposing to include estimated quarterly electricity bills on the Basic Plan Information documents. However, we consider that it is not possible to design a single comparator rate that helps the majority of time-of-use customers compare offers.

This is because bills for customers on **time-of-use** offers can vary significantly depending on the time of day that they consume electricity. When the usage assumptions in the estimated quarterly bill are substantially different from a customers' actual usage patterns, choosing an offer based on the estimated bill could make these customers worse off, potentially making the estimated bills misleading. Therefore they should not be included in the Basic Plan Information Document for time-of-use offers.

Instead, the AER should focus on measures that help consumers make better decisions for themselves rather than improving comparability across offers for a hypothetical customer. The AER should continue to promote energymadeeasy, which allows bills to be calculated and compared based on their individual circumstances. It should also develop tools that facilitate customers uploading their actual consumption data to determine which offers are likely to be cheapest for them.

For further analysis please see Chapter 8 of IPART's 2016-17 final report on the performance and competitiveness of the NSW retail electricity market.

All tariffs should be presented exclusive of any discounts

It is unclear from the prices section of the Basic Plan Information document whether the tariffs are presented before or after the discounts. We consider that it should specify that the prices are before discounts have been applied.

All energy rates should be GST-inclusive

Prices displayed by retailers must be clear, accurate and not misleading to consumers. The proposed Basic Plan Information document displays tariffs GST-exclusive so customers can compare them with their bills. However retailers must also present a GST-inclusive amount payable by customers in their bills. We recommend that all retailers should be required to present all rates GST-inclusive **only**, which would then be reflected in the Basic Plan Information document. This would simplify bills by halving the number of figures (because often both GST exclusive and inclusive tariffs are provided) to assist customers comparing offers.

Discounts should not specify whether they are off GST inclusive or exclusive rates

The draft guidelines require retailers to state if discounts being applied to an offer's prices are off GST-inclusive or exclusive charges. Regardless of whether retailers are required to present all tariffs GST-inclusive, we consider that this requirement should be removed as it adds additional complexity (and potentially confusion) for the same mathematical result (ie 20% off GST-exclusive charges plus GST is equivalent to 20% off GST-inclusive charges).

IPART's contact officer for this review is Jessica Robinson, Director Energy Pricing, contactable on 02 9290 8405.

Yours sincerely



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