



Issues paper

AER Retail Pricing Information Guidelines

March 2010

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Public consultation process

This issues paper has been published to provide an opportunity for preliminary consultation in preparation for the hand-over of retail functions to the Australian Energy Regulator (AER).

The AER is likely to be required to publish several guidelines, including Retail Pricing Information Guidelines, as part of its new role under the proposed National Energy Retail Law (Retail Law) and National Energy Retail Rules (Retail Rules).

Upon the passage of the Retail Law, the AER will be seeking stakeholder comment on the guidelines under a 'formal' prescribed consultation process (as set out in the Retail Law). This may have to occur within a tight timeframe. Accordingly, the AER is undertaking preliminary consultation during 2010 to provide stakeholders with as much opportunity as possible to consider the key issues and comment on the preparation of draft Guidelines.

The issues papers and guidelines prepared as part of this preliminary consultation process are based on the second exposure draft of the Retail Law and Retail Rules (released November 2009).¹ Any changes to the framework prior to its passage through South Australian Parliament may result in changes to the content of the guidelines and issues papers.

How to make submissions to this issues paper

The AER invites comments on the issues paper. Submissions can be sent electronically to: AERInquiry@ aer.gov.au or by mail to:

General Manager
Markets Branch
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

The closing date for submissions is **30 April 2010**.

The AER prefers that all submissions be publicly available to facilitate an informed and transparent consultative process. Submissions will therefore be treated as public documents unless otherwise requested, and will be placed on the AER's website (www.aer.gov.au). Parties wishing to submit confidential information are requested to:

- clearly identify the information that is subject of the confidentiality claim
- provide a non-confidential version of the submission, in addition to the confidential one.

¹ <http://www.ret.gov.au/Documents/mce/emr/rpwg/default.html>

The AER does not generally accept blanket claims for confidentiality over the entirety of the information provided and such claims should not be made unless all information is truly regarded as confidential. The identified information should genuinely be of a confidential nature and not otherwise publicly available.

In addition to this, parties must identify the specific documents or relevant parts of those documents which contain confidential information. The AER does not accept documents or parts of documents which are redacted or 'blacked out'.

For further information regarding the AER's use and disclosure of information provided to us, please refer to the *ACCC–AER information policy: the collection, use and disclosure of information* on our website under 'Publications'.

Stakeholder Working Group

The AER is seeking expressions of interest to participate in a stakeholder working group to discuss issues surrounding the proposed AER Pricing Information Guideline. Meetings of the stakeholder working group will commence in May.

Membership of the group will be limited. The AER will also be contacting peak representative bodies to assist in determining membership. Expressions of interest should be emailed to AERInquiry@aer.gov.au by **12 April 2010**. The email should have the title "Expression of interest for Stakeholder Group - attention Markets Branch".

Next steps

The next step will be meetings of the stakeholder working group. The AER will most likely then release a preliminary draft of the guideline later this year.

Following that, as is discussed above, there will be the 'formal' prescribed consultation process once the Retail Law is passed. This prescribed process will allow for further consultation and submissions on the draft Guideline.

Background

An AER Pricing Information Guideline (Guideline) is likely to be required pursuant to section 242 of the Retail Law, which (as currently drafted)² places an obligation on the AER to make and amend the Guideline.

The Guideline will assist customers in readily comparing *standing offer* tariffs and *market offer* tariffs offered by retailers, by specifying the manner and form in which details of standing offer prices and market offer prices are to be presented by retailers.

Standing offers protect small customers (generally, domestic and small business customers whose consumption is below the threshold specified in the draft retail regulations) who are able to choose their energy retailer but have not exercised that choice. Model terms and conditions for *standing offer* contracts are set out in the draft Retail Rules. In jurisdictions with full retail competition, customers who have exercised their right to choose their retailer can negotiate the terms and conditions of their contract with their retailer. These contracts are *market offers*. The terms and conditions of these contracts must be consistent with the requirements of the draft Retail Rules.

This paper seeks feedback from stakeholders on a range of issues. This structure of this paper is explained below:

- the first section provides an overview of customer perceptions of retail market competition
- the second section provides a description and analysis of various price disclosure models used in energy markets in different jurisdictions. It also looks at price disclosure models adopted by other industries
- the third section provides an overview of the scope of the proposed Guideline
- the fourth section presents options for developing a price disclosure model and poses questions to stakeholders on the issues arising from each option. The AER notes that the questions do not limit the areas that stakeholders are welcome to comment on; it merely attempts to focus stakeholders on particular points of interest.

Development of the National Energy Customer Framework

The Australian Energy Market Agreement (AEMA) provides for the Ministerial Council on Energy (MCE) to develop a national framework for energy (electricity and gas) distribution and retail regulation. The participating jurisdictions are the Australian Capital Territory, New South Wales, Queensland, South Australia, Tasmania, Victoria and the Northern Territory.

² This issues paper is based on the legislation drafted in the second draft of the National Energy Consumer Framework. Any changes that occur to the draft legislation prior to its passage through the South Australian Parliament may alter the guideline and consultation process.

The move to a national framework is expected to achieve:

- greater consistency in arrangements for electricity and gas
- greater regulatory certainty and transparency
- reduced overlap between energy specific and generic regulation
- minimisation of regulatory compliance costs.

The Second Exposure Draft of the National Energy Customer Framework, including the Retail Law, Retail Rules and National Energy Retail Regulations, was released for consultation on 27 November 2009.

Part 5 of the proposed Retail Law sets out the framework for retailer authorisations, including applications, transfers, surrender and revocation.

The regulatory framework

The AER is an independent statutory authority that is part of the Australian Competition and Consumer Commission (ACCC) under Part IIIAA of the *Trade Practices Act 1974* (Cth).

The AER is responsible for the economic regulation of the electricity networks in the National Electricity Market (NEM) and gas pipelines in jurisdictions other than Western Australia. It also monitors the wholesale electricity and gas markets and is responsible for compliance with and enforcement of the National Electricity Law and Rules and the National Gas Law and Rules.

It is likely that the AER will assume responsibility for the enforcement of the proposed Retail Law and Retail Rules. This will include responsibility for the regulation of electricity and gas retail markets (other than retail pricing) in most jurisdictions. It is currently understood that the AER will not undertake this role in Western Australia, the retail electricity market in the Northern Territory and some retail gas markets.

The statutory objective of the draft proposed Retail Law is to promote efficient investment in the efficient operation and use of energy services for the long term interests of energy consumers with respect to price, quality, safety, reliability and security of supply of energy.

It is important to note that any guideline on pricing information disclosure will operate together with the Trade Practices Act. There are provisions in the Trade Practices Act that prohibit conduct by a corporation that is misleading or deceptive, or would be likely to mislead or deceive consumers.

Under the Trade Practices Act, if the overall impression left by an advertisement, promotion, quotation, statement or other representation made by a business creates a misleading impression in the mind of a consumer—such as to the price, value or the quality of any goods and services—then the conduct is likely to breach the law.

Nothing in this issues paper or any guideline that follows changes the operation of the Trade Practices Act.

Terminology and definitions

Words appearing in italics are defined in the glossary.

Customer perceptions

Customer awareness of choice in energy retail markets has steadily improved (at least in Victoria and South Australia) since full retail contestability was introduced into most NEM jurisdictions. Tables 1 and 2 provide a summary of survey data on customers in energy retail markets in Victoria and South Australia³ who are:

- aware of choice and
- receiving at least one retail offer.

Table 1 – Electricity⁴

INDICATOR	VICTORIA		SOUTH AUSTRALIA	
	2004	2007	2004	2008
Customers aware of choice	90%	94%	79%	82%
Customers receiving at least one retail offer	33%	73%	44%	68%

Table 2 – Gas⁵

INDICATOR	VICTORIA		SOUTH AUSTRALIA	
	2004	2007	2004	2008
Customers aware of choice	83%	91%	78%	84%
Customers receiving at least one retail offer	22%	45%	20%	20%

Table 1 indicates that, as of 2007-08, above 90 per cent of small customers in Victoria and 80 per cent of small customers in South Australia are aware of choice in their electricity retail markets. The percentage of customers in these electricity markets that are aware of choice is high and has been rising over time. Table 2 reflects a similar trend in gas retail markets in Victoria and South Australia.

3 Recent market research on customer awareness of retail market competition was only conducted in South Australia and Victoria. As such, only these two states have been represented in tables 1 and 2. The AER notes that New South Wales (NSW) has also conducted market surveys on customer awareness of competition. However, these surveys were conducted in different regions within NSW, which affects the comparability of data.

4 Source: South Australia: McGregor Tan Research, Monitoring the development of energy retail competition – Residents, prepared for ESCOSA, February 2006, September 2004 and November 2003; McGregor Tan Research, Review of the effectiveness of competition in electricity and gas retail markets, prepared for AEMC, August 2007. Victoria: The Wallis Group, Review of competition in the gas and electricity retail markets – Consumer Survey, prepared for AEMC, August 2007.

5 Source: South Australia: McGregor Tan Research, Monitoring the development of energy retail competition – Residents, prepared for ESCOSA, February 2006, September 2004 and November 2003; McGregor Tan Research, Review of the effectiveness of competition in electricity and gas retail markets, prepared for AEMC, August 2007. Victoria: The Wallis Group, Review of competition in the gas and electricity retail markets – Consumer Survey, prepared for AEMC, August 2007.

In order for customers to fully realise the benefits of retail market competition, customers need to be able to access pricing information freely and be equipped to readily compare across energy retail offers. This is the principle behind creating a Pricing Information Guideline to regulate price disclosure by retailers. Informed consumers are empowered to make the best choice for their circumstances, which will encourage greater competition between retailers and potentially result in more innovative and cheaper energy offers.⁶

Influences on customer choice

Many factors may influence customer choice, including the quality of service (e.g. call centre response), the reputation of the retailer and other features, such as how bills can be paid and “green” or other offers. However, price is likely to be an extremely important factor for the customer when choosing their retailer. Therefore transparency of pricing is critical in facilitating customer choice and reducing information asymmetry.

Market research conducted by Ofgem (UK regulator for electricity and gas markets) and various state regulators in the United States has revealed that price is the key factor in a small customer’s decision to switch energy suppliers.⁷

Importance of Standardisation

The AER’s preliminary view is that, whichever price disclosure model is adopted, a critical feature of any price disclosure regime is standardisation. Customers must be able to compare like-for-like in an easy manner for a price disclosure regime to be successful. Standardisation will minimise the time costs to the consumer in searching for the best deal for their needs and will therefore heighten the competitive tension between retailers.

This is supported by findings from Ofgem. Market research indicated that customers were frustrated when comparing offers that are presented in varying formats. This is because the various formats in which offers and prices are presented make the comparison of offers more complex⁸.

⁶ ESCOSA, *Price Information Disclosure in the Competitive Electricity Market – Issues Paper*, March 2004, Adelaide, p.1.

⁷ Ofgem, *Research Findings from the Second Events – Billing Information and Price Metrics*, March 2009; Regulatory Assistance Project, *Issues Letter: Retail Direct Access Customers, What do Customers want*, August 1997.

⁸ Ofgem, *Research Findings from the Second Events – Billing Information and Price Metrics*, March 2009

Customer preferences on the presentation of price information

Market research conducted by Ofgem and state regulators in the United States reveal that customers find it difficult to make informed choices when⁹:

- too much information is being presented to them
- the information is presented in a complex manner or in varying formats.

A number of different methods for the presentation of price information were trialled on a Consumer Panel by Ofgem in 2008. This trial was designed to assess consumer responses to the type of information presented and the format it was presented in.

Ofgem worked with consumer groups and retailers to develop a price metric designed to enable domestic customers to compare prices quickly and easily. Ofgem developed a number of different templates for this price metric. Tables¹⁰ 3 and 4 provide examples of templates that were put forward to the Panel.

Table 3

Energy Company 1	Payment Type: Standard Credit		
Region X	Electricity only		
	Low user 1,650kWh	Medium User 3,300 kWh	High User 4, 950kWh
	£190	£445	£790

Table 4

Region X	Energy Company 1 Super Tariff
p/kWh	14.5
Standing charge	10p/day

Additional examples of the price metric and consumer responses are attached at Appendix A.

⁹ Ofgem, *Energy Supply Probe - Proposed retail market remedies*, 15 April 2009, pp.15-17, Regulatory Assistance Project, *Issues Letter: Retail Direct Access Customers, What Do Customers Want?* August 1997, p.5.

¹⁰ Ofgem (Opinion Leader), *Ofgem Consumer First Panel – Research Findings from the Second Events – Billing Information and Price Metrics*, March 2009.

Broadly, Ofgem found that:

[M]embers for the Consumer Panel found price metrics easier to understand when they did not have to do more calculations than necessary. Some were confused over units such as kilowatt hours (kWh), where they frequently did not have a clear concept of how much power a kWh represents in terms of appliance usage. Displaying the cost in pounds per year was popular, although there was some support for tariffs that include a standing charge, particularly from older people.¹¹

Findings were similar in the United States, where a similar study found that some customers indicated that they are comfortable with price information to be presented on a \$/kWh basis, while others found this to be confusing and preferred that price was presented in terms of a total bill/annual amount rather than on a per kWh basis¹².

Ofgem also found that the “consumer Panel groups often favoured seeing a range of consumption levels...i.e. prices for low, medium and high consumption.¹³” However, the market research revealed that when using this method, consumers often placed themselves in the wrong consumption category and hence selected a tariff that was unsuitable to their situation.

In general, market research conducted by Ofgem revealed that simple price metrics were easy to understand, however, where tariffs were more complex (for e.g. two-tiered tariffs or tariffs that include discounted rates), consumers found that the metrics were more complex and required additional calculations to determine the cost savings between different offers.

¹¹ Ofgem, *Energy Supply Probe - Proposed retail market remedies*, 15 April 2009, pp.15-17.

¹² Regulatory Assistance Project, *Issues Letter: Retail Direct Access Customers, What Do Customers Want?* August 1997.

¹³ Ofgem, *Energy Supply Probe - Proposed retail market remedies*, 15 April 2009, pp.15-17

Price Disclosure Models

The AER has considered a number of price disclosure models that have been adopted by energy retail markets in different jurisdictions. This section provides a brief overview of the models used by regulators, both within Australia and internationally. More detailed information on price disclosure models/requirements in various jurisdictions is attached at appendix F.

Jurisdictions in Australia

South Australia

The Essential Services Commission of South Australia (**ESCOSA**) has developed a Price Disclosure Code¹⁴ (**SA Code**) that imposes price disclosure obligations on retailers for each *market offer* tariff that is offered to residential customers. According to the SA Code, retailers are required to present a price fact sheet that contains an annual cost for each of its market offers against certain bands of consumption. The consumption bands have been set to represent typical usage of four different types of customers, based on historical energy usage in South Australia (for example, 5MWh per annum for an ‘average’ customer).

In addition to this, the SA Code requires retailers to publish any non-price incentives, rebates and fees on the price fact sheet.

Victoria

The Essential Services Commission (**ESC**) of Victoria has developed an Energy Price and Product Disclosure Code¹⁵ (**Victorian Code**) that imposes price disclosure obligations on retailers for both *standing offer* tariffs and *market offer* tariffs that are offered to residential and small business customers.

The Victorian Code places an obligation on retailers to publish the details of standing offers on their website and also provide the ESC with a schedule of standing offers in a format specified by the ESC.

To standardise price presentation, the Victorian Code also requires retailers to disclose the details of their market offers in a price and product information statement. An example of this is attached at Appendix C. Retailers are required to disclose the price of energy (for each offer) by a standardised unit. They should also disclose contract details, fees, rebates, financial and non-financial incentives and guidance on how customers can obtain further information on the terms and conditions of the contract.

The Victorian Code also specifies that information on standing offers and price and product information statements should be available on a retailer’s website. Further, it stipulates that information presented to a customer on market offers should be provided in plain English so that it can be easily understood by customers.

¹⁴ ESCOSA, *Energy Price Disclosure Code*, January 2005.

¹⁵ ESC, *Guide No. 19 – Energy Price and Product Disclosure, Issue 3*, June 2009.

Queensland

The Electricity Industry Code¹⁶ (**QLD Code**) in Queensland contains provisions for how retailers should present price information to customers. The provisions in the Industry Code target negotiated retail contracts, i.e. market contracts only. Similar to South Australia, the QLD Code requires retailers to provide a price fact sheet with the annual cost of an offer to be provided against a range of consumption bands. Retailers should also include financial and non-financial incentives in the price fact sheet.

International Approaches

United Kingdom

In 2008, Ofgem trialled a system that would require retailers to present their prices according to a price metric template. This system was designed to enable customers to access price information and make effective comparisons/switching decisions. Examples of the price metric are attached at appendix A and B. However, the proposal to implement this system was withdrawn in August 2009.

In its place, Ofgem has decided to implement the following two proposals in April 2010 to facilitate price disclosure¹⁷:

- Billing information — on each bill, retailers are required to provide the customer's exact tariff name, consumption level for the previous 12 months and certain principal contract terms that may affect a customer's switching decision.
- Annual statements — retailers are also required to provide an annual statement to residential customers at least once in 12 months. These statements should include the exact tariff name, specific contract terms, consumption for the previous 12 months as well as an illustrative cost projection in pounds per year for the next 12 months. The annual statement should also include a reminder that customers can switch suppliers at any time and also signpost sources of independent switching advice.

United States of America

Labelling is an approach used by some state regulators in America to improve price disclosure in energy retail markets. Labelling involves providing information in a format that is similar to a nutritional label. The format of the label is generally decided by the state regulators.

While the format of the label varies between states, they generally include:

- a unit price in cents/kWh
- sources of energy generation
- percentage of emissions

¹⁶ QCA, Electricity Industry Code, version 4, August 2008.

¹⁷ Ofgem, *Implementation of the Energy Supply Probe Retail Markets*, 19 October 2009; Ofgem, *Proposed Retail Market Remedies*, 7 August 2009.

- information on financial incentives, non price incentives and contract terms.

In most of the states using the labelling system, retailers are required to provide customers with the label prior to the initiation of service, once every quarter thereafter and also upon request by customers. Examples of labels used in different states are attached at Appendix D.

Some states also use the ‘price to compare’ system, which requires retailers to provide customers with the unit price (calculated based on the cost of generation and retail and sometimes the cost of transmission) of energy. This price is printed on a customer’s bill. Some state regulators also provide the prices on their websites to assist comparison. The unit price does not include costs that are the same for all consumers (such as non-generation costs).

Europe

The European Union (EU) has created requirements for price disclosure in energy retail markets in the Third Package Legislation, which constitutes part of the ongoing effort by the EU to liberalise and reform its energy markets. The legislation focuses on creating consumer choice, protection and security in European retail energy markets. A directive in the legislative package requires each member state of the EU to develop a retail price disclosure model for customers. The model should be clear, comparable and easy to understand. Under this directive, energy retailers are also required to supply household customers with electricity from their supplier of choice at ‘reasonable, easily and clearly comparable, transparent and non-discriminatory prices’¹⁸, and ‘receive transparent information on applicable prices and tariffs... in respect of access and use of electricity services’¹⁹.

The EU also places obligations on its member states to improve the clarity of billing information provided to customers, in an effort to allow households to better manage their own consumption, understand the actual cost of electricity and make an informed choice in a liberalised market²⁰.

Under current best practice standards advocated by the European Commission, an electricity bill should contain information such as:²¹

- suppliers name and contract details
- base price of one energy unit (in kilowatt hours or kWh)

¹⁸ Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market of electricity and repealing Directive 2003/54/EC [2009]OJL 211/55, 64.

¹⁹ Ibid 90

²⁰ European Union, ‘Citizens’ Energy Forum: consumers, industry and regulators endorse recommendations for billing, complaint handling and smart metering’ (2009) Europa <europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1418&format=HTML&aged=0&language=EN&guiLanguage=en> at 22 Feb 2010.

²¹ European Union, ‘Information for Consumers –Energy’ (2009) Europa, ec.europa.eu/consumers/citizen/my_rights/energy_en.htm at 22 Feb 2010.

- the cost of consumption, the billing period, the due date for the amount and options for payment
- clear information on how this has been calculated.

New Zealand

Under the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004²², electricity retailers in New Zealand are required to supply information in respect of each low fixed-charge tariff option it makes available to customers. The regulation specifies the type of information that a retailer should include, however, it does not specify a format for this information.

Further, the regulations stipulate that every electricity retailer must promote low fixed-charge tariff options by giving, at least once in every 12 months, a notice to each domestic customer to whom it currently supplies. The notice must:

- identify the amount of electricity the retailer has sold to the domestic customer in respect of the domestic premises during the previous 12 months
- explain that, if the domestic premises is the customer's home, a low fixed-charge tariff option is available
- set out the main features of each of the current low fixed-charge tariff options that the electricity retailer makes available to homes in the supply area in which the domestic premises is located.

Other Industries

Telecommunications

In Australia, price disclosure of mobile phone and internet service offers at the retail level is not regulated. While the ACCC seeks to prevent misleading advertising and other similar misconduct in the telecommunications retail market, no specific obligations are imposed on telecommunications companies to provide information to customers in a standardised format.

Private Health Insurance

Under the Private Health Insurance Act (2007), all health insurers in Australia are required to provide a Standard Information Statement (SIS) on available health insurance products. The SIS is available on all health fund websites as well as on a website maintained by the private health insurance ombudsman office. Health fund organisations are also required to send a copy of the SIS to members on an annual basis.

The aim of the SIS is to allow customers to review their existing policy or compare private health insurance products. In particular, it allows health fund members to compare the features and the indicative monthly premium of their own policy with

²² New Zealand Legislation, Electricity (Low Fixed Charge Tariff Option for Domestic Consumers), Regulations 2004, reprinted 1 April 2009, www.legislation.govt.nz/regulation/.../DLM283614.html.

other policies available for purchase, so that they can check their policy still provides the most appropriate cover and best value for them.²³

There are three types of Standard Information Statements:

- Hospital – describes the features and limitations of hospital cover, including the type of accommodation, which medical services are covered in full, part or not covered, waiting periods and additional payments (excesses, co-payments and gaps).
- General Treatment – describes the features and limitations of general treatment cover, including which services are covered, waiting periods, benefit limits and example benefits for each type of service, and
- Combined – describes the features and limitations of a combined hospital and general treatment cover, with details as above.²⁴

An example of a SIS is attached at Appendix E.

²³ Private Health Insurance Ombudsman, *State of the funds report 2008*, p.14.

²⁴ Private Health Insurance, www.privatehealth.gov.au.

Scope of the Guideline

This section covers what type of pricing material produced by retailers will be subject to the Guideline.

The Retail Law (second exposure draft) requires retailers to present the details of *standing offer* prices and *market offer* prices in the manner and form required by the AER Retail Pricing Information Guidelines. Retailers are required, without limitation, to present offers in that way when publishing, advertising or varying those prices.

Currently, the AER considers that the Guideline could potentially apply to the following forms of advertising or publishing of prices:

- information provided on retailer websites
- leaflets/brochures/written information distributed during door-to-door sales or when sending information to customers or potential customers
- newspaper/magazine/other print advertisements
- billboards, radio, television & other forms of advertising.

The AER recognises that different media allow for different forms of price disclosure. Accordingly, it is possible that the Guideline could require different forms of presentation, depending on the media used.

The AER's preliminary view is that it is unlikely that billboard, radio or television advertising would be used to provide detailed information about prices. Therefore, it is not proposing that the guideline apply to those forms of advertising. As outlined earlier, any such advertising would still be subject to the Trade Practices Act, particularly the provisions relating to misleading and deceptive conduct.

Similarly, newspaper, magazine and other print advertisements are unlikely to contain significant detail about prices. However, if prices are given for energy, there could be a requirement to have a statement such as a full Price Disclosure Statement is available at *[insert website details]*."

The most common methods customers use to receive detailed information on energy retail prices is via the internet, from door-to-door sales or by telephoning the retailers and asking for information.

The AER's preliminary view is that the Guideline might apply to:

- internet presentation of energy offers; and
- any leaflets or other written information that is given to customers (including potential customers and including door-to-door sales) that relates to the prices and/or the terms of a proposed or existing energy offer.

Options for the medium of presentation

The AER will need to form a view on whether a prescriptive approach is taken requiring that retailers publish a “Price Disclosure Statement” or “Price Information Sheet” following a fixed template. The alternative would be a less prescriptive approach, but with minimum information requirements.

In Victoria and some states of the USA there is a prescriptive template for the presentation of prices. However, in South Australia no template is published, with retailers able to design their own format for brochures, websites etc so long as they meet criteria on the information to be included.

- Q 1. What are stakeholder views on the forms of advertising that the AER should target with this Guideline?
- Q 2. To what extent should the AER be less prescriptive in the presentation of pricing information on mass media platforms (such as billboards) as opposed to door-to-door sales, brochures and websites?
- Q 3. Should a template be published? Under what circumstances should retailers be required to present prices following that template? What should the template be called (i.e. the Price Disclosure Statement or Price Information Sheet or another name)? Do stakeholders have any views on what type of format?

Issues for consideration

This section will expand on options that are of interest to the AER in facilitating price disclosure and raise issues for consultation.

Options for the presentation of prices

The AER considers that one of the following three possible approaches might be used as a model for presenting price information in energy retail markets:

- standardised unit pricing
- annual cost
- a combination of these two approaches.

Standardised unit pricing approach

An effective way in which price information could be presented is through the standardised unit pricing method. This would require retailers to display the price of energy and fixed charges by their unit of measure – i.e. in kWh (electricity) or mJ (gas) and in a standard table format.

Standardised unit pricing can assist customers by improving the price information available to them. It provides them with the ability to accurately analyse which product/service has the lowest cost, by evaluating precisely how much they are being charged per unit of energy and for fixed charges. Standardised unit pricing is a tool that could make it simple for customers to acquire and process pricing information and assist them in a meaningful price search.²⁵

To standardise price presentation, retailers could potentially be required to present offers in the following formats (in these examples, gas tables are not included, but similar requirements could apply to gas offers).

Format 1 – single rate tariff

Electricity – All prices inclusive of GST	
Fixed charges	\$/day
Energy	c/kWh

²⁵ ACCC Grocery Inquiry, chapter 20.

Format 2 – two rate tariff (electric hot water)

Electricity – All prices inclusive of GST	
Fixed charges	\$/day
General usage units	c/kWh
Hot water heating (off peak) units	c/kWh

Format 3 – dual fuel tariff (gas hot water)

Electricity – All prices inclusive of GST	
Fixed charges	c/day
Up to X kWh quarterly	c/kWh
Remaining X kWh quarterly	c/kWh
Gas – All prices inclusive of GST	
Fixed charges	c/day
Up to X mJ daily	c/mJ
Remaining X mJ daily	c/mJ

The AER notes that the above formats are possible **hypothetical examples only**.

Whilst it is not expected that customers would value the presentation of GST *exclusive* prices, the AER seeks comment on whether there are circumstances where this would be of value.

To disclose information other than price, retailers could be required to provide information on financial incentives such as direct debit rebates, loyalty rebates and other rebates as well as non-price incentives and applicable fees. Where any discounts apply, retailers could be required to express prices as exclusive of discounts. Figure 1 presents a format in which retailers could potentially present the above information.

Figure 1

Further price details	
Rebate	<i>Details</i>
Discount	<i>Details</i>
Pay on time discount	<i>Details</i>
Product voucher	<i>Details</i>
Loyalty scheme	<i>Details</i>
Fees	
Exit fees	<i>Details</i>
Late payment fee	<i>Details</i>
Reconnection fee	<i>Details</i>

Assessment

Standardised unit pricing is likely to be useful for customers when comparing offers. It is a clear and transparent method of price disclosure as it provides a breakdown of prices. It also lessens uncertainty when comparing different types of offers, e.g. comparisons between bundled/unbundled offers, and encourages a meaningful price search, potentially resulting in the purchase of the most economical offer²⁶. Standardised unit pricing also provides a personalised cost for each customer as customers can calculate the cost likely to accrue to them over a set period of time based on their individual consumption level.

In addition to this, standardised unit pricing is effective in separating the supply or fixed charge of energy from the charges related to energy usage. This allows customers to factor in the supply charge when they are distinguishing between offers.

However, while the standardised unit pricing could be an effective tool in facilitating comparisons, complex tariff structures may complicate the presentation of offers and potentially impede the ability of customers to make effective comparisons. For example, standardised unit pricing can be highly effective when customers are comparing between single rate tariffs. However, tariffs that are more complex (e.g. two tiered tariffs etc) can make standardised unit pricing very complex and provide customers with excessive information that is difficult to interpret.

²⁶ J. E.Russo, G.Krieser, S.Miyashtia, *An Effective Display of Unit Price Information*, The Journal of Marketing, vol.39, No.2 (Apr., 1975) pp.11-19.

In particular, the increasing number of interval meters will mean that retailers can charge for electricity consumption on a *time-of-use* basis. This is likely to lead to retailers developing sophisticated, multi-tiered tariffs that could potentially consist of numerous unit prices. This complexity could make standardised unit pricing counter-productive to the goal of the Pricing Information Guideline.

Further, the effectiveness of standardised unit pricing relies on customers being aware of their energy consumption level. While the method provides the price of energy and other charges by their units, it does not provide customers with an idea of the overall cost of energy over a set period of time. Market research conducted by Ofgem reveals that customers are often not aware of their consumption levels which could make it difficult for them to obtain an estimate of their expected overall costs for energy²⁷.

As mentioned previously, Ofgem trialled the standardised unit pricing approach on a Consumer Panel in 2008. Consumer responses to the standardised unit pricing method are attached at appendix B.

- Q 4. What are stakeholder views on the effectiveness of using standardised unit pricing as a way of presenting prices?
- Q 5. What are stakeholder views on discounts/rebates/fees etc. being disclosed separately from the actual price of energy?
- Q 6. Is standardised unit pricing likely to become too complex when bundled offers/complex tariffs are disclosed in the proposed formats?
- Q 7. What are general views on the formats presented in these tables?
- Q 8. What units might be most effective (i.e. cents/day or \$/week) and what format is likely to be most useful for customers (i.e. c/kwh or “cents per kilowatt hour of electricity”)?

Annual cost approach

Presenting the annual cost of retail offers could be an effective way of assisting customers compare between energy offers. Retailers could be required to present an annual cost for each offer against certain bands of consumption. These consumption bands would broadly reflect the range of energy consumption for small customers.

For example, the Pricing Guideline could potentially set out four annual consumption bands, from low usage to very high usage, to represent typical usage patterns across Australia for both electricity and gas. Retailers could be required to provide the estimated annual cost of an electricity *standing offer* or *market offer* contract (excluding rebates, discounts or fees) against each level.

²⁷ Ofgem, *Energy Supply Probe - Proposed retail market remedies*, 15 April 2009.

For example, the electricity consumption levels could be as follows:

1. 2 000kWh (2MWh) both including and excluding 1,500kWh (1.5MWh) of hot water heating load (controlled load)
2. 5 000kWh (5MWh) both including and excluding 1,500kWh (1.5MWh) of hot water heating load (controlled load)
3. 8 500kWh (8.5MWh) both including and excluding 1,500kWh (1.5MWh) of hot water heating load (controlled load)
4. 10 000kWh (10MWh) both including and excluding 1,500kWh (1.5MWh) of hot water heating load (controlled load)

Similarly, retailers could potentially be required to provide the estimated annual cost of a gas *standing offer* or *market offer* tariff for small customers with annual consumption levels of:

1. 6 000mJ (6GJ)
2. 24 000mJ (24GJ)
3. 60 000 mJ (60GJ)
4. 90 000 mJ (90GJ)

Assumptions would need to be made about when the electricity or gas is consumed (i.e. time of year; time of day). This is discussed further in the section of this paper titled “Time of Use Tariffs”.

The AER notes that the figures representing the consumption bands are arbitrary and have been provided as an example only. Information other than price could be presented in a format similar to Figure 1.

Assessment

The annual cost approach is aimed at providing information to customers in such a way that they are only comparing their estimated annual cost of energy between competing retailers. This method enables simple comparison of offers as customers will only need to compare one figure against another to determine their offer preference. This is potentially simpler than standardised unit pricing as it reduces the amount of information that customers are required to interpret. It also achieves the goal of standardisation as all retailers will be required to present the annual cost of their offers against the same consumption bands.

However, this approach does not provide a personalised cost for each customer. It will only provide an indicative cost as the displayed prices cover specific consumption levels that are not reflective of each customer’s individual consumption.

The approach relies on customers being broadly aware of their consumption and being able to place themselves in the appropriate consumption category so that they can obtain a reasonably accurate indicative cost of an offer for their situation. This problem may be alleviated by providing more detail for consumption bands. For example, “low user” might be defined as representative of a “typical single or two person household”.

To further assist customers in placing themselves in the appropriate consumption band, three or four ‘pointer questions’ could be posed. For example, consumers could be asked to consider whether they have electric hot water, whether they have air-conditioning, or the size of their household.

Another potential issue with the annual cost approach is creating consumption bands that are reflective of energy consumption by small business customers. While some data is available to create bands for residential customers, data on small business customer consumption is limited. This could create difficulty in implementing an annual cost approach.

As mentioned previously, Ofgem trialled the annual cost method on a Consumer Panel to test its effectiveness. Customer responses to this trial are attached at appendix A.

Q 9. The AER would like to obtain stakeholder views on the effectiveness of using the annual cost method as a way of standardising the presentation of prices and enabling ease of comparison between offers for small customers.

Q 10. The AER seeks views on how it might develop consumption bands that would reflect appropriate consumption levels of small customers – both residential and small business – and whether these levels should be differentiated to accommodate differences between NEM jurisdictions?

Q 11. Given the significant variations in consumption levels by small businesses (and limited data availability), what would be the best method to determine an approximate range of bands that can be used to reflect consumption of both electricity and gas by small businesses?

Q 12. The AER seeks views on how discounts should be displayed. For example, is it appropriate that the discounts are disclosed separately from the annual cost of an offer? If not, how else should they be displayed?

Q 13. What assistance or additional guidance in the form of ‘pointer questions’ could be provided to assist customers to place themselves in the appropriate consumption band?

Time of use tariffs

The above section covered the presentation of energy prices to enable comparison of expected annual usage. As mentioned earlier, assumptions would need to be made about when the energy is consumed.

Where the tariff charged does not vary depending on the time of day or time of year the energy is consumed on an accumulation approach, there will be no issues in obtaining an approximate price estimate (one could assume energy consumption is spread evenly over the year).

However, the increasing number of installed electricity interval meters means that electricity consumption can be charged on a *time-of-use* basis. This will lead to more sophisticated retail offers, which may cause difficulties for the annual cost approach.

This difficulty arises from the need to breakdown the total consumption across a day/week/month etc. In order for comparisons across retailers to be meaningful, the same assumption regarding pattern of usage must be applied across all retailers.

Therefore, the AER is examining ways by which tariffs for both ‘accumulation’ and *time-of-use* consumption can be easily compared by small customers.

One method would be to create standard usage patterns based on the ‘deemed load profiles’ that are currently used in NEM settlements for customers of retailers who do not have interval meters. Using these ‘deemed load profiles’ the Pricing Guideline could prescribe the usage that is to be assumed for each period of the day. Potentially, a load profile could be created for each NEM jurisdiction, based on the historical load profile data. To cover variances in consumption over an annual period, a load profile could potentially be created for each seasonal quarter.

A key aim of the creation of time-of-use tariffs is that load patterns may change over time. For this reason, it may be necessary to update these load profiles annually or bi-annually.

Q 14. The AER seeks comment on the possible methods put forward for determining how retail offers should be presented given the potential for the development of more *time-of-use-tariff* offerings from retailers. In particular, what are stakeholder views on using the load profile data as a method for creating an assumed distribution of usage over time to enable comparison using the annual cost approach?

Q 15. What other appropriate methods could be considered?

Q 16. Should different load profiles be created for each jurisdiction or season?

Q 17. How often should the load profile be updated?

Combination approach

To provide customers with the advantages of both the annual cost and standardised unit pricing approaches, retailers could be required to present information reflecting unit costs and estimated annual costs for different type of customers. This would provide customers with a simple way to compare offers (the annual cost approach) and also gives them an option to seek out further standardised unit pricing information if necessary (i.e. ‘for further information keep reading’ approach).

Assessment

This approach may be highly effective as it could improve transparency by giving customers detailed information on offers. This could improve customer awareness of how one retail offer differs from another, so that they can choose an offer best suited to their circumstances.

However, using this approach means that customers might be provided with a greater volume of information than necessary, which can cause confusion and reduce the ability of customers to interpret information that is most relevant to their individual

circumstances. This could be counter productive to the goal of the Guideline, particularly if the information is presented in a cumbersome way.

In addition, this approach would impose greater compliance costs on retailers. This increased regulatory burden must be considered against the increased utility to customers.

Q 18. What are stakeholder views on the effectiveness of using a combination of both the annual cost and standardised unit pricing method to present price information?

Glossary

Market offer has the meaning given under section 103 of the current draft of the National Energy Retail Law.

Small customer has the meaning given in section 105 of the current draft of the National Energy Retail Law.

Standing offer has the meaning given in section 102 of the current draft of the National Energy Retail Law.

Time-of-use means that electricity is charged based on the time of day when it is used.

Time-of-use-tariffs means tariffs that are determined based on the time of day when electricity is consumed.

Appendix A: Ofgem market research findings on annual cost method.

Example 1²⁸:

This example provides the following information to customers: high/med/low consumption levels (by supplier), payment type, fuel type and figures.

Energy Company 1		Payment Type: Standard Credit		
		Electricity Only		
	Low User	Medium User	High User	
	1,650 kWh	3,300 kWh	4,950 kWh	
	£190	£445	£790	

Energy Company 2		Payment Type: Standard Credit		
		Electricity Only		
	Low User	Medium User	High User	
	1,650 kWh	3,300 kWh	4,950 kWh	
	£230	£450	£750	

Energy Company 1		Payment Type: Standard Credit		
		Gas Usage		
	Low User	Medium User	High User	
	10,000 kWh	20,500 kWh	28,000 kWh	
Electricity Usage	Low User			
	1,650 kWh	£670	£945	£1,145
	3,300 kWh	£910	£1,185	£1,385
	High User			
	4,950 kWh	£1,085	£1,360	£1,625

Energy Company 2		Payment Type: Standard Credit		
		Gas Usage		
	Low User	Medium User	High User	
	10,000 kWh	20,500 kWh	28,000 kWh	
Electricity Usage	Low User			
	1,650 kWh	£680	£950	£1,130
	3,300 kWh	£905	£1,195	£1,350
	High User			
	4,950 kWh	£1,025	£1,380	£1,615

Consumer comments:

"Speaks for itself"

"Good for comparing apples with apples."

"Not always an incentive to use less energy though."

"Is low user over 3 months a year? Doesn't make it clear."

"Companies – the way they charge is diverse."

"Seems clearer because in colour. Easier to place yourself."

"For comparing it's easy as they're on the same units. It's individual. Like it. To the point, it's easy."

²⁸ Ofgem (Opinion Leader), *Ofgem Consumer First Panel – Research Findings from Second Events - Billing Information and Price Metrics*, March 2009, p. 41.

Example 2²⁹:

This example provides the following information to customers: high/med/low consumption levels (by supplier), payment type, fuel type and figures with coloured bands.

Energy Company 1		Payment Type: Standard Credit		
		Electricity Only		
		Low User 1,650 kWh	Medium User 3,300 kWh	High User 4,950 kWh
		£190	£445	£790

Green = cheaper than average
 Orange = average
 Red = more expensive than average

Energy Company 2		Payment Type: Standard Credit		
		Electricity Only		
		Low User 1,650 kWh	Medium User 3,300 kWh	High User 4,950 kWh
		£230	£450	£750

Green = cheaper than average
 Orange = average
 Red = more expensive than average

Energy Company 1		Payment Type: Standard Credit			
		Gas Usage			
		Low User 10,000 kWh	Medium User 20,500 kWh	High User 28,000 kWh	
Electricity Usage	Low User 1,650 kWh	£670	£945	£1,145	
	Medium User 3,300 kWh	£910	£1,185	£1,385	
	High User 4,950 kWh	£1,085	£1,360	£1,625	

Green = cheaper than average
 Orange = average
 Red = more expensive than average

Energy Company 2		Payment Type: Standard Credit			
		Gas Usage			
		Low User 10,000 kWh	Medium User 20,500 kWh	High User 28,000 kWh	
Electricity Usage	Low User 1,650 kWh	£680	£950	£1,130	
	Medium User 3,300 kWh	£905	£1,195	£1,350	
	High User 4,950 kWh	£1,025	£1,380	£1,615	

Green = cheaper than average
 Orange = average
 Red = more expensive than average

Consumer comments:

“Straightforward, less confusing if the figures are on there.”

“Only advantage would be if it was an industry wide colour scheme.”

“Still too busy and confusing – just need to know how much things are costing you.”

“Colour does attract attention” (Low literacy)

“This [is] too much – same as number one with the colours, the first looks far more simple.”

“It is steering me from the green.”

²⁹ Ofgem (Opinion Leader), *Ofgem Consumer First Panel – Research Findings from Second Events - Billing Information and Price Metrics*, March 2009, p. 43.

Appendix B: Ofgem market research findings on standardised unit pricing method

Example 1³⁰:

	Energy Company 1 Super Tariff
p/kWh	14.5
standing charge	10p/day

	Energy Company 2 Extra Tariff
p/kWh	16.5
standing charge	8.5p/day

Consumer comments:

"You have to work it out yourself. Just don't understand what it means."

"Interesting as never known what you pay for a standing charge per day."

"This does make it harder to work out – this alone would not be enough to make a decision."

"[I'd] want it explained more fully."

"I like that they have been upfront about the standing charge" (Low literacy)

³⁰ Ofgem (Opinion Leader), *Ofgem Consumer First Panel – Research Findings from Second Events - Billing Information and Price Metrics*, March 2009, p. 46.

Example 2³¹:

	Energy Company 1 Super Tariff
Tier 1 p/kWh	18.58
Tier 2 p/kWh	8.52
Threshold	900 kWh/year

	Energy Company 2 Extra Tariff
Tier 1 p/kWh	17.89
Tier 2 p/kWh	9.05
Threshold	950 kWh/year

Consumer comments:

"Not enough information."

"Need to know what split is and why."

"What does threshold mean?"

"Still don't understand why we have tier one and tier two? Why do we need them?"

"This is good but simplify the tier system so we know when we move between them."

"Why can't they have a flat rate? Doesn't make sense in view of climate change."

"No reason why you pay so much for units at one price and more at another. If you use more, you get it cheaper but you're told not to use it."

³¹ Ofgem (Opinion Leader), *Ofgem Consumer First Panel – Research Findings from Second Events - Billing Information and Price Metrics*, March 2009, p. 47.

Example 3³²:

	Energy Company 1 Super Tariff
Tier 1 p/kWh	18.58
Tier 2 p/kWh	8.52
Threshold	900 kWh/year
Pre-Payment Premium	2.11 p/kWh
Direct Debit Discount	0.87 p/kWh
Dual Fuel Discount	1.4 p/kWh
Introductory Rate	6th, 9th, 12th month 1/2 price

	Energy Company 2 Extra Tariff
Tier 1 p/kWh	17.89
Tier 2 p/kWh	9.05
Threshold	950 kWh/year
Pre-Payment Premium	2.13 p/kWh
Direct Debit Discount	0.88 p/kWh
Dual Fuel Discount	7% off annual bill
Introductory Rate	10% off annual bill

Consumer comments:

"Can't be bothered with it."

"It looks like bills look now. Too much detail, too much on it."

"Too many things to cross check to see if you are making a saving."

"Direct debit discount is useful as is the dual fuel discount, it is useful if you are comparing, but I would be there for a week trying to work it out."

"Oh my god! Pass....."

"[You] have to do comparison on everything."

"Degree in higher mathematics, you switch off."

"Bring it back to basics."

³² Ofgem (Opinion Leader), *Ofgem Consumer First Panel – Research Findings from Second Events - Billing Information and Price Metrics*, March 2009, p. 49.

Appendix C: Price and Product Information Statement (ESC)³³

Retailer Name

(Branding Banner)

Price and Product Information Statement

This information statement presents a summary of the tariff and terms and conditions applicable to this offer. If you would like further information or are interested in taking up this offer, follow the links to the quoting page on our website or call xxxx.

Product Name and / or Code

DATE OF PUBLICATION

PRODUCT DETAILS

[insert applicable details, such as, closing date, term and termination notification required, details of how tariffs can change, rebates, non-price incentives]

ELECTRICITY

Electricity Tariffs	Excluding GST	Including GST
As set out in Schedule A	XX.xxx	XX.xxx
Supply Charge (\$/Day) (or how billed and calculated)	XX.xxx	XX.xxx

GAS

Gas Tariffs	Excluding GST	Including GST
As set out in Schedule A	XX.xxx	XX.xxx
Supply Charge (\$/Day) (or how billed and calculated)	XX.xxx	XX.xxx

ELIGIBILITY

The details presented in this Price and Product Information Statement are for a [residential/small business] customer located in the [insert] distribution area with a [insert meter type] and [insert any other eligibility criteria].

About this document

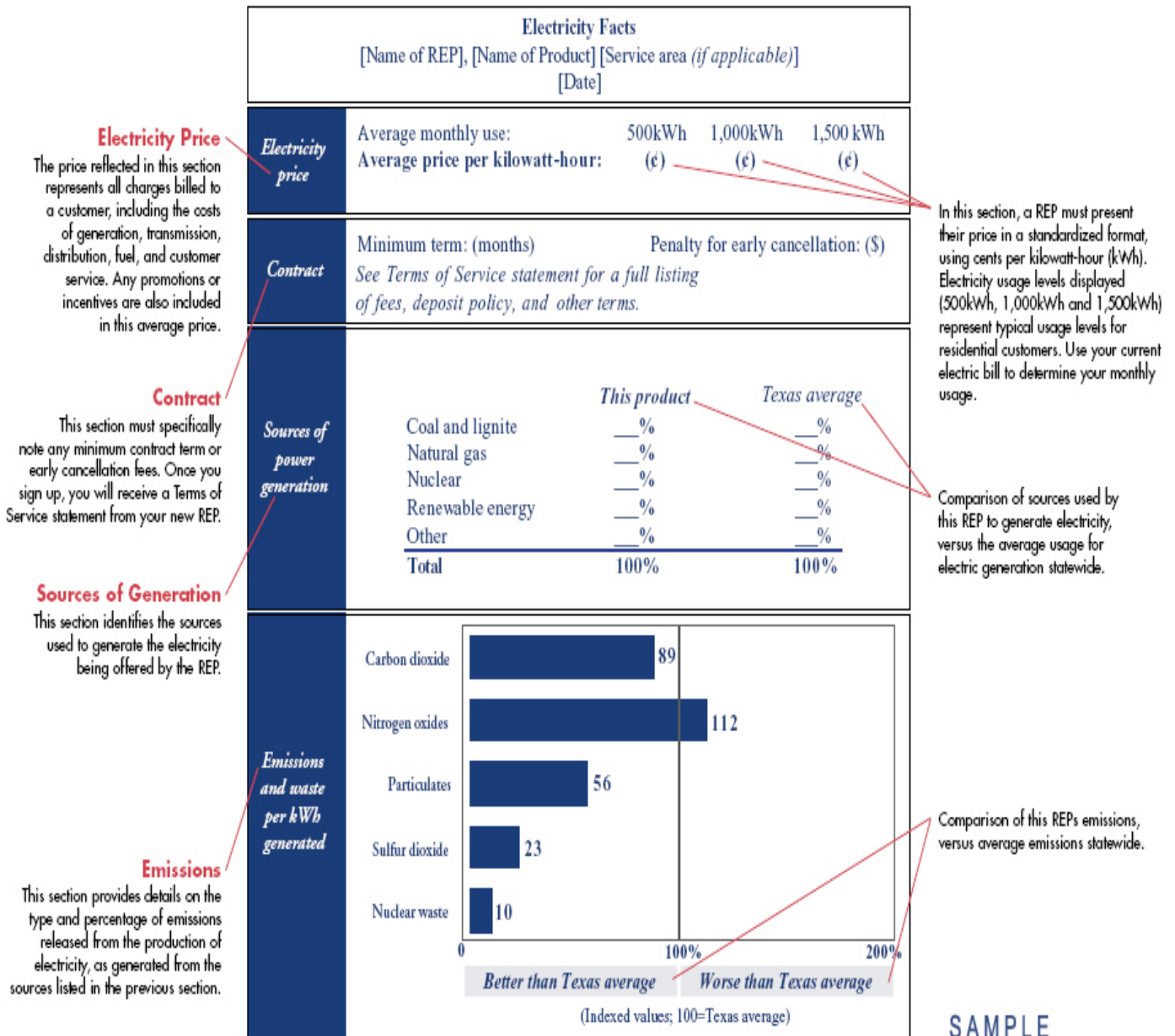
This product information statement is presented in accordance with the requirements of the Essential Services Commission (ESC) - the independent regulator of the energy industry in Victoria. For information about choosing an energy retailer, visit www.esc.vic.gov.au/yourchoice.

³³ ESC, *Guide No.19 – Energy Price and Product disclosure, Issue 3*, June 2009, p. 16.

Appendix D: USA Energy Labels

Example 1: Texas Electricity Facts Label³⁴

ELECTRICITY FACTS LABEL



SAMPLE

³⁴ Public Utility Commission of Texas 'Electricity Facts Labels for Electric Service' (2007) <http://www.puc.state.tx.us/electric/rates/facts/facts.cfm> at 22 Feb 2010.

The Disclosure Label

Electricity Facts — January 2010

We are pleased to provide you with the latest energy disclosure label for the Standard Offer Service and Basic Service you are currently receiving from Unitil/Fitchburg Gas and Electric Light Company d/b/a Unitil ("Unitil"). The label is updated quarterly and provides the latest information on pricing, power sources, air emissions and labor for the electricity you are buying.

All licensed electricity suppliers in Massachusetts are required to provide this information in a standard format, so you can make an informed decision if you choose to buy power from a competitive supplier.

On the reverse side, we have provided definitions for the terms used in this label. You will also find phone numbers for the Massachusetts Division of Energy Resources and the Massachusetts Department of Telecommunications and Energy. They can answer your questions and provide you with a list of electricity suppliers licensed to sell electricity in Massachusetts.

If you have more questions about your bill or this energy disclosure label, please call Unitil's Customer Service Center at 1-888-301-7700.

Generation Price Average unit price in cents per kWh at different levels of use. Prices do not include regulated charges for customer service and delivery.	<table border="1"> <thead> <tr> <th>Average use per month</th> <th>250 kWh</th> <th>500 kWh</th> <th>1000 kWh</th> <th>2000 kWh</th> </tr> </thead> <tbody> <tr> <td>Basic Service Residential*</td> <td>9.054</td> <td>9.054</td> <td>9.054</td> <td>9.054</td> </tr> <tr> <td>Small General Service*</td> <td>9.070</td> <td>9.070</td> <td>9.070</td> <td>9.070</td> </tr> <tr> <td>Medium General Service*</td> <td>9.543</td> <td>9.543</td> <td>9.543</td> <td>9.543</td> </tr> <tr> <td>Large General Service**</td> <td>Market</td> <td>Market</td> <td>Market</td> <td>Market</td> </tr> </tbody> </table>	Average use per month	250 kWh	500 kWh	1000 kWh	2000 kWh	Basic Service Residential*	9.054	9.054	9.054	9.054	Small General Service*	9.070	9.070	9.070	9.070	Medium General Service*	9.543	9.543	9.543	9.543	Large General Service**	Market	Market	Market	Market																							
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Medium General Service*	9.543	9.543	9.543	9.543																																													
Large General Service**	Market	Market	Market	Market																																													
*Fixed Price Option 12/1/09 - 5/31/10 **Market Option 12/1/09 - 2/28/10																																																	
Contract	The prices and terms for Basic Service are regulated by the Department of Telecommunications and Energy. The Basic Service rate is based upon a competitive bidding process, but in no case shall exceed the average monthly market price for electricity. Customers may leave this service on their monthly meter read date, provided Unitil receives a minimum of two days notice.																																																
Power Sources Demand for this electricity product in the period 4/1/08 - 3/31/09 was assigned generation from the following sources:	<table border="1"> <thead> <tr> <th>Power Source</th> <th>Known Resources</th> <th>System Power</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Biomass</td> <td>13%</td> <td>1%</td> <td>14%</td> </tr> <tr> <td>Coal</td> <td>0%</td> <td>13%</td> <td>13%</td> </tr> <tr> <td>Hydro</td> <td>0%</td> <td>1%</td> <td>1%</td> </tr> <tr> <td>Imports</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>Municipal Trash</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>Natural Gas</td> <td>0%</td> <td>36%</td> <td>36%</td> </tr> <tr> <td>Nuclear</td> <td>0%</td> <td>27%</td> <td>27%</td> </tr> <tr> <td>Oil</td> <td>0%</td> <td>8%</td> <td>8%</td> </tr> <tr> <td>Other Renewable</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>Solar</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>Wind</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> </tbody> </table>	Power Source	Known Resources	System Power	Total	Biomass	13%	1%	14%	Coal	0%	13%	13%	Hydro	0%	1%	1%	Imports	0%	0%	0%	Municipal Trash	0%	0%	0%	Natural Gas	0%	36%	36%	Nuclear	0%	27%	27%	Oil	0%	8%	8%	Other Renewable	0%	0%	0%	Solar	0%	0%	0%	Wind	0%	0%	0%
Power Source	Known Resources	System Power	Total																																														
Biomass	13%	1%	14%																																														
Coal	0%	13%	13%																																														
Hydro	0%	1%	1%																																														
Imports	0%	0%	0%																																														
Municipal Trash	0%	0%	0%																																														
Natural Gas	0%	36%	36%																																														
Nuclear	0%	27%	27%																																														
Oil	0%	8%	8%																																														
Other Renewable	0%	0%	0%																																														
Solar	0%	0%	0%																																														
Wind	0%	0%	0%																																														
Air Emissions Air emissions relative to New England regional average emissions.																																																	
Labor Information	0% of the electricity from Known Resources came from power sources with union contracts with their employees. 0% of the electricity from Known Resources came from power sources that used replacement labor during labor disputes. 30% of the electricity from System Power came from power sources with union contracts with their employees. 0% of the electricity from System Power came from power sources that used replacement labor during labor disputes.																																																
NOTES																																																	
1. Electricity customers in New England are served by an integrated power grid, not particular generating units. The above information is on the mix of generating units in New England. Unitil procures most of its electricity supply for Basic Service from system power contracts, not from specific generating units. 2. You may call Unitil at 1-888-301-7700.																																																	

³⁵ Unitil Corporation 'Electric Electronic Bill Inserts' (2010), http://services.unitil.com/mass/bill_inserts_electric.asp at 22 Feb 2010.

Appendix E: Standard Information Statement (Private Health Insurance Industry)³⁶

Private Health Insurance SIS Explanatory Notes – General Health Policy

This line provides a reminder that the SIS is a summary document only. This line will include the fund's phone number and website link (if available).

HEALTH FUND:	Registered Health Fund name <i>Restricted funds are noted here</i>	TYPE OF COVER:	Who is covered, eg couple
PRODUCT NAME:	Fund's name for this policy	MONTHLY PREMIUM:	Indicative monthly fee
AVAILABLE FOR:	<i>Can be purchased by people living in these states</i> <i>Organisation name shown here for restricted fund or corporate policy</i> <i>Funds closed to new members are noted here</i>		<i>Policies that can only be bought as part of a package with specific hospital policies to make a custom 'combined policy' are noted here</i>
		AVAILABLE FROM:	Date you can purchase policy (new policies only)

The price shown is monthly premium with the 30% Rebate deducted. It does not include any Lifetime Health Cover loading or factor in any discounts that may be available or higher level of Rebate that may apply.

PREFERRED SERVICE PROVIDER ARRANGEMENTS: *Describes the fund's arrangements with specific hospitals, clinics or allied health service providers (eg physiotherapy, dental services) to provide services to members at a reduced rates.*

SERVICES	COVER	WAITING PERIOD (MAX MONTHS)	BENEFIT LIMITS (PER 12 MONTHS)	EXAMPLES OF MAXIMUM BENEFITS
DENTAL				<p>Services – The SIS shows a standard list of services, for comparison purposes only. Funds may offer benefits on other services not listed, such as preventative dental, periodontics, oral surgery, osteopathy, speech therapy, speech pathology, eye therapy, audiology, dietetics, and other natural therapies. If you are interested in these services, contact the fund for details.</p> <p>Cover – ✓ in the Cover column means the policy pays benefits for at least one of the examples listed in the Maximum Benefits column. ✖ means these specific examples are not covered. * means check the note below for these services. The policy may pay benefits on many other items – check with the fund for details.</p> <p>Waiting Period – How many months you will need to wait before you can claim against this type of service. For ambulance cover, the waiting period is shown in days.</p> <p>Benefit Limits – The maximum amount you can claim within a 12 month period under this policy. For a couple or family policy, this column will also show any per person limits, in addition to policy limits. If there is a combined limit across several services, all the related services are shown in full once. The other related services will refer back to these details.</p> <p>Examples of Maximum Benefits – The maximum amount you can claim for the listed service. These standard examples have been selected as the most commonly claimed items, to give a comparison across different policies. This is not a comprehensive list – contact the fund for a full list of benefits. In some cases, maximum benefits may only be paid to a 'recognised provider' – check with your fund for details.</p>
• General dental				
• Major dental				
• Endodontic services				
• Orthodontic				
OPTICAL (eg prescribed spectacles/ contact lenses)				
PHYSIOTHERAPY				
CHIROPRACTIC				
PODIATRY				
PSYCHOLOGY				
NON PBS PHARMACEUTICALS				
ACUPUNCTURE				
NATUROPATHY				
REMEDIAL MASSAGE				
HEARING AIDS				
BLOOD GLUCOSE MONITORS				
AMBULANCE				N/A means ambulance services are covered by this state government.

* Fund's explanation of the special conditions that apply to the services in the table above that are marked with an asterisk.

HEALTH CARE PROGRAMS AND OTHER FEATURES: *Fund's own description of their programs and features, in addition to the other information provided on this SIS.*

³⁶ PrivateHealth.gov.au, *Standard Information Statements* (2009), www.privatehealth.gov.au/sis.htm at 22 Feb 2010.

Appendix F: Energy price disclosure requirements in various jurisdictions

Australia

South Australia

- Under the Energy Price Disclosure Code, retailers are required to disclose details of all market offer contracts in a price fact sheet.
- Retailers are required to provide the annual cost of offers against consumption bands specified by ESCOSA – consumptions bands are currently 2MWh, 5MWh, 8.5MWh, 1.5MWh (off peak) for electricity and 6 GJ, 24 GJ and 45 GJ for gas.
- In addition to this, each price fact sheet should contain information on:
 - the amount of any loyalty rebate
 - the amount of any entry rebate
 - the amount of any account establishment fees
 - the amount of any exit fees and
 - the amount of any direct debit rebate.
- The Energy Price Disclosure Code also requires that retailers provide ESCOSA with the following information:
 - price and price structures
 - loyalty rebates
 - entry rebates
 - account establishment fees
 - exit fees
 - direct debit rebates
 - non price incentives, including but not limited to:
 - loyalty schemes
 - product vouchers

Source: ESCOSA, *Energy Price Code*.

Victoria

- Retailers are required to disclose details of their standing offers and market offers in a price and product information statement. The statement must include:
 - all fees and charges separately disclosed, including the tariff and early termination fees, if applicable
 - the term of the contract and the termination notification required
 - an explanation of how the tariff and other fees and charges can change, if applicable
 - a description of the characteristics relevant to determining whether the tariff or term or condition is applicable to a customer.
- Where applicable, the statement must also include details of:
 - rebates, other than government-funded rebates
 - non-price incentives
 - where a different tariff is applicable at different times, when the different tariffs apply
 - where the specified retailer intends to make the tariff or any other element of the published details available only for a fixed period, the availability end date and
 - how to get further information on the terms and conditions of an offer.
- Retailers are also required to ensure that all information in a price and product information statement is written in plain English, and that a link to the statements is provided on the retailer's homepage

Source: ESC, Guideline No. 19 – Energy Price and Product Disclosure, Issue 3.

Europe

Germany

- Retailers must complete and present the elements comprising an electricity bill (standing charge in €per month or year, kilowatt-hour rate in cents and accounting) in a readily understandable form.
- Consumption in the same period for the previous year must also be included in the bill.

Source: The Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway.

Netherlands

- Electricity retailers are required to provide transparent information on price, i.e. all inclusive prices per unit and transport costs per year
- the availability of transparent information for the customer should be accessible at all times
- that transparent information is given to the customer by the retailer in the event of any sales activities
- the following information should be given at the confirmation of a contract:
 - transparent information on the terms and conditions of the contract
 - that transparent information of the terms and conditions are accessible at all times.

Source: Energiekamer (Netherlands Energy Regulator)

New Zealand

- Electricity retailers are required to supply information for each low fixed charge tariff option that is made available to customers and must promote this tariff option by providing a notice to customers at least once in every 12 months. The notice should include:
 - the amount of electricity consumed by a customer
 - explain that a low fixed charge tariff option is available and the benefits of this tariff
 - set out features of the low fixed charge tariff.

Source: New Zealand Legislation

United Kingdom

- Retailers are required to provide the following information on all bills:
 - the customer's exact tariff name
 - consumption for the last 12 months in kilowatt hours (except where a customer has been with the supplier for less than 12 months); and calculated using estimated as well as to encourage customers to provide meter readings so that they can be accurately billed
 - specific principal terms of the contract that may affect the customer's switching decision. This includes, for example, any termination fees that apply to the customer's account.
- Retailers are also required to provide an annual statement to residential customers at least once in 12 months. These statements should include the following details:

- the customer's exact tariff name
- specific principal terms of the customer's existing contract
- consumption for the last 12 months in kilowatt hours (except where a customer has been with the supplier for less than 12 months)
- an illustrative projected cost in pounds per year of the supply for the following 12 months if the same level of consumption was used at current prices
- details of any premium or discount that applies to the customer's tariff as compared to the supplier's standard monthly direct debit tariff
- a reminder that customers can switch supplier and
- signposting to sources of independent switching advice.

Source: Ofgem, Proposed Retail Market Remedies.

United States

California

- All retail providers selling electricity in California must disclose to consumers the sources of the electricity they are selling in a Power Content Label, using a format developing by the California Energy Commission
- The requirements do not extend to the provision of price information.

Source: California Energy Commission

Maine

- Retailers are required to provide a disclosure label for each price or product offering in a form that is consistent for all competitive electricity providers
- The label is required to contain a toll free number of the electricity provider for customer enquiries. It should also contain information on the fuel mix and emissions characteristics associated with the competitive electricity provider's resource portfolio and provide a unit price for each kWh of electricity (this is generation + retail price only).
- The Maine Public Utility Commission also approves a generic load profile for the time of use and seasonal prices.
- Aggregators/brokers do not need to provide disclosure labels – the requirements to provide labels extend only to competitive electricity providers.
- Retailers must distribute copies of the disclosure label prior to the initiation of service, on a quarterly basis thereafter and also upon request by a customer.

Source: Maine Public Utility Commission

Massachusetts

- Each retailer and distribution company providing a default/basic generation service is required to prepare an information label for retail customers in a consistent format (as determined by the Massachusetts Public Utility Commission).
- The label is required to present the price of generation + retail service as an average unit price in cents per kWh as over the course of an annualised period, regardless of actual price structure. The unit price does not include charges associated with distribution or other non-generation products or services.
- The average price is required to be shown for four levels of usage for both residential and commercial.
- Average prices for time of use tariffs and seasonable price structures are based on load profiles created by the New England Public Utility Commission.
- Where electricity is bundled with any other product or service, the charge can be displayed in one of the following ways:
 - the average price for which the retail customer can purchase unbundled electricity from the retailer pr
 - an average price, assuming the entire price of the bundled service is attributable to electricity.
- Similar to Maine, retailers are also required to provide information on fuel, emissions and labour characteristics on the information label.
- Retailers are required to provide customers with information labels:
 - prior to the initiation of service (following a customer affirming their choice of the supplier)
 - along with the first bill rendered to a retail customer
 - on a quarterly basis thereafter
 - upon request by a customer.

Source: Department of Public Utilities, Massachusetts.

Ohio

- The Public Utilities Commission of Ohio (PUCO) uses the ‘price to compare’ system to assist customers in comparing offers between different suppliers. The PUCO produces Apples to Apples comparison charts to provide customers with a snapshot of comparison of current natural gas and electricity supplier price options and contract terms. The PUCO updates the Apples to Apples charts on a regular basis and verifies each supplier offer to ensure accuracy.

- For electricity prices, the ‘price to compare’ is the generation + retail price, (this excludes any charges that will be the same across suppliers) i.e. c/kWh.
- For gas prices, the ‘price to compare’ is the gas supply + retail price, i.e. \$/CCF.
- The ‘price to compare’ is printed on bills for all customers who have not switched suppliers.
- The PUCO provides a sheet (with calculations) which guides customers on how to calculate their total cost of energy.
- The PUCO also hosts an interactive comparison service on its website which customers can also use to calculate their energy costs.

Source: Ohio Public Utility Commission

Pennsylvania

- consumers are entitled to be supplied with a ‘price to compare’ from either the Pennsylvania Public Service Utility Commission or the electricity supplier in order to make an apples to apples comparison
- The price to compare is presented in cents per kWh
- The Pennsylvania Office of the Consumers Advocate publishes and updates a electricity shopping guide with ‘price to compare’ prices listed.

Source: Pennsylvania Public Service Utility, Pennsylvania Office of the Consumer Advocate

Texas

- Electricity retailers are required to provide an electricity facts label (EFL) for each product offered.
- Pricing information is required to be disclosed in the EFL. The EFL should state specifically whether the product is a fixed rate, variable price or indexed product.
- The total average price for electricity is required to be expressed in cents per kilowatt hour, rounded to the nearest one-tenth of one cent for the following usage levels: (i) For residential customers, 500, 1000 and 2000 per month; and (ii) For small commercial customers, 1500, 2500 and 3500 kilowatt hours per month.
- If the electricity service is bundled with charges for any other product, the retailer is required to:
 - disclose the total price for the electricity service separately from other products – if the electric product is sold separately from the other products, the retailer must disclose the total price for electric service separately from other products or

- state the total charges for all products and services as the price of the total electricity service – if the retailer does not permit a customer to purchase the electric product without purchasing the other products of services.
- The EFL should include the disclosure of the length of term, minimum service term, if any and early termination penalties, if any.
- The EFL should also include the percentage of renewable energy of the electricity product and the percentage of renewable energy of the state-wide average generation mix.
- The format of the EFL must be consistent with the pricing chart and disclosure chart shown in the Laws.

Source: *Texas Public Utility Commission*