

23 March 2018

Michelle Looi  
Assistant Director, Retail Markets Branch  
Australian Energy Regulator

By email: AERinquiry@aer.gov.au



Dear Ms Looi,

### **Submission to Benefit Change Notice Guidelines Issues Paper**

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact upon disadvantaged and marginalised people. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in energy and water markets.

PIAC welcomes the opportunity to respond to the Issues Paper. We thank the AER for the opportunity to engage in the early stages of this process and feel the feedback PIAC provided has been well acknowledged.

#### **Providing better not more information for consumers**

PIAC supports the intent of the rule and has previously raised related issues in a submission to the ACCC's electricity supply and prices inquiry, stating that "retailers should provide better deals for end-of-contract customers by retaining a discount and better information provision about contracts ending".<sup>1</sup>

PIAC also welcomes the AER's acknowledgement that for this new obligation to be effective it must result in consumers being provided with *better* information, not just *more* information.

Bearing in mind that the notifications may be going to less actively engaged consumers, specific and standardised (or as least consistent) information that assists them to compare offers between different retailers will be key to avoid exacerbating the confusion that has discouraged many consumers from engaging in the first place.

In general, PIAC supports measures which make engaging with the energy market and retail offers easier for those customers who wish to become more engaged. There are many consumers who, for a variety of factors, cannot or do not want to become more engaged and they should not be penalised for this. We do not support measures which place the onus on consumers to become more engaged merely to receive a fair and reasonable energy retail offer.

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

We agree that the customer should be notified of any change in benefits, irrespective of whether it is beneficial or detrimental to the consumer. The benefit to consumer outcomes from this is two-fold. Firstly, it helps to keep consumers informed of their retail energy offer and may provide a useful prompt for consumers. Secondly, it removes the subjectivity of what a retailer considers to be 'beneficial' or 'detrimental' to the customer.

<sup>1</sup> PIAC, *Overpriced and underwhelming: a retail market that has failed consumers*, 5 July 2017 <<https://www.accc.gov.au/system/files/Public%20Interest%20Advocacy%20Centre.pdf>>.

We also support that one off physical gifts or sign-up credit should be excluded – however it must be clear to the consumer that this is the case and they are not expecting to continue to receive the gift or credit on an ongoing basis.

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

We support including a clear and consistent comparison of the customer’s bill with and without the benefit. It is essential that the two values are calculated for the same period and the same level of consumption (e.g.: “For January 2017 – December 2017, you were billed \$X. With the changed benefit, your bill would have been \$Y.”).

The letter should also highlight the values necessary to enter into the AER’s Energy Made Easy website, such as the billing period and energy usage, to compare their current retail offer with alternatives.

Doing so will highlight the impact of the change in the benefit to the customer, help facilitate easy and effective use of the EME website and hence better meet the policy objective of the rule change and guideline “to increase consumer engagement with the energy market and reduce the number of consumers remaining on contracts with expired benefit periods.”<sup>2</sup>

**What approach should be taken on the provision of energy consumption data?**

As noted above, we support including a clear and consistent comparison of the customer’s bill with and without the benefit. To do so, it is essential that the two values are calculated for the same period and the same level of consumption.

**How should information in the notice be ordered and presented?**

We support the use of simple, plain English language for the notification. However, it is important to note that many customers may prefer to receive this information in another language. Therefore, where a consumer has explicitly nominated to receive notifications in another language, the Guideline should provide flexibility for retailers to do so.

**Continued engagement**

PIAC would welcome the opportunity to meet with the AER and other stakeholders to discuss these issues in more depth.

Yours sincerely,

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<sup>2</sup> AEMC, *Rule determination: National Energy Retail Amendment (Notification of the end of a fixed benefit period) Rule 2017*, 7 November 2017.