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23 March 2018

Ms. Michelle Looi
Assistant Director, Retail Markets Branch
Australian Energy Regulator
Level 17, 2 Lonsdale Street
Melbourne, VIC, 3000

Dear Michelle,

Benefit Change Notice Guidelines

Powershop Australia Pty Ltd (**Powershop**) thanks the Australian Energy Regulator (**AER**) for the opportunity to provide comments in relation to the Benefit Change Notice Guidelines Issues Paper (the **Issues Paper**).

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

Powershop agrees with both the Australian Energy Market Commission (**AEMC**) and the AER in respect of what would not constitute a benefit change.

Powershop supports the AER's position that a retailer should send a notice whenever a benefit changes "irrespective of whether there is a financial detriment or benefit to the customer" as full disclosure in respect of a customer's energy account is a key enabler for the customer to make an informed decision in relation to their energy.

1.1 Are there any benefit changes that should be excluded from the requirement to send a notice? Why?

Powershop cannot identify any benefit changes that should be excluded from the notice requirement. Due to the subjective nature of what a customer may consider a benefit compared to what a retailer (or the AER) may consider a benefit, no benefit changes should be excluded. To enable customers to be informed and to make choices based on the information provided, it is vital that all customers are given notice of any changes to the terms of their contract.

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

2.1 Is including a comparison amount in the notice likely to encourage greater customer engagement with the market? What are the advantages or disadvantages of including an additional comparison amount?

Powershop agrees with the AER that including a comparison amount in the notice will be far more effective in providing the customer with a clear understanding of their current and new contract amounts. This will help encourage engagement with the market. Providing a single figure means the customer cannot readily compare prices when they are assessing their energy plan.



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Table 1: Pros and Cons of an additional comparison amount

Pros	Cons
<p>The potential pros are, a comparison price:</p> <ul style="list-style-type: none">• is likely to elicit a more proactive response from the customer that will prompt action;• makes it easy for the customer to identify and assess the dollar impact of the change in the benefit;• provides a clear reference point; and• enables the customer to make an informed decision.	<p>The potential cons are, a comparison price:</p> <ul style="list-style-type: none">• may initially be difficult to implement;• may be more confusing to customers who did not understand that the benefit was only for a limited period of time; and• may not be meaningful to the customer.

2.2 What type of comparison amount is likely to be the most effective?

Powershop agrees with the AER that a customer needs to be provided with information regarding the original contract period and the new contract period. This would include providing the customer, at the end of the fixed benefit period, with:

- the amount the customer was billed over the last 12 months (during the benefit period); and
- the dollar value of the benefit received over the last 12 months (during the benefit period).

These two amounts could then be easily compared to the 'do nothing' cost offered by the retailer and to offers on Energy Made Easy (**EME**), noting all offers on EME are displayed as annual amounts.

2.3 What format should a comparison amount be presented in?

We welcome any examples and/or case studies of effective comparison amounts from other sectors or jurisdictions, as well as self-generated mock-up samples to illustrate stakeholders' suggestions.

Comparison amounts should be presented in simple table format with any non-energy related benefits listed for the customer to assess. This simple presentation will enable the customer to evaluate benefits from both a price and non-price perspective, which is important in allowing the customer to assess what they expect (a reasonable price for their energy) versus what they value (a magazine subscription for example).

An example of a suggested notice can be found in Appendix 1 of this document.

2.4 What other risks or considerations should we be aware of?

It is important to ensure that the information provided to customers is clear, on the same basis (i.e. time frames) and concise, to avoid customer confusion.

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

3.1 Are there any other challenges retailers may encounter in providing consumption data? Are these specific to electricity or gas?

Given the existing provisions around disclosing usage data (NERR 56B) Powershop does not see any



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challenges in a retailer providing consumption data in the proposed notice. It should be noted that in most cases existing fixed benefit periods are for periods of 12 months or greater, thus the retailer should have the annual consumption data available for use in the calculation of the forecast 'do nothing' cost.

3.2 How should assumptions underpinning estimated energy consumption data and the AER benchmark consumption data be disclosed?

Any data assumptions should be disclosed in the simplest form possible with only information relevant to the customer being disclosed (e.g. usage based on a household of four).

3.3 What other risks or considerations should we be aware of?

There needs to be an express caveat on the notice stating that the estimated annual usage is based on historical consumption patterns and amounts, which may not reflect future, forecast usage. There is a risk that a customer may assume that the quoted annual forecast amounts, although based off an estimate, are actual fixed contracted amounts and may be dissatisfied should actual costs not meet their expectations.

4. How should information in the notice be ordered and presented?

4.1 Do you agree with our proposed approach? What are the benefits of a more prescriptive or less prescriptive approach to the manner and form of the notice?

Powershop agrees with the AER's approach that retailers must provide the notice to customers in accordance with how they already receive their existing communications.

Powershop tentatively supports the AER's intent not to be overly prescriptive as to the presentation and order of the information, but encourages some very clear 'ground rules', such as:

- standardised language which can be used in the notice versus what cannot be used in the notice:
 - Language such as, "roll-over to access ongoing benefits" should be prohibited because this may be misleading and not understood by customers.
- Powershop agrees that a standard 'call to action' title must be prescribed and ideally consulted on.
- How EME is explained and reference to the EME website should be prescribed by the AER to avoid the message being diluted.
- All prices displayed must be in a table format.

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

A heading and a headline statement must be prescribed by the AER.

5.1 Is a headline statement or call to action an effective way to prompt meaningful customer engagement with the content of the notice?

An appropriate heading and headline statement is an effective way to introduce a concept and prompt action. In the context of the end of a fixed benefit period notice, the headline statement should be clear and concise. For example:

- "Your Contract is Expiring – Action Required";



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- “Your Benefit Period is Ending – Compare New Contracts and Rates”; or
- “Your Current Discount is Expiring – Call Us or go to Energy Made Easy”.

An example of a suggested notice can be found in Appendix 1.

5.2 Are there examples in other industries of effective headline statements or calls to action?

Powershop has no further examples.

6. Additional considerations

6.1 Do stakeholders have comments on these additional considerations?

Powershop has no further comments.

If you have any queries or would like to discuss any aspect of this submission please do not hesitate to contact me.

Yours sincerely,

Haideen Jones
Retail Compliance Coordinator





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Appendix 1



General
Energy

Monty Reynolds
21 Sparks Road,
Socketsville VIC 3030

Customer ID:
333444555
NMI: **666777888**

EXAMPLE ONLY

20 March, 2018

Dear Monty,

Your Contract is Expiring – Action Required

The fixed benefit period on your electricity offer is coming to an end.

Based on your energy usage* your cost has been:

\$1000 per year with all discounts, or **\$1200** with no discounts.

If you do nothing:

Based on your average energy usage* your average yearly cost will now be:

\$1200 per year with all discounts, or **\$1500** with no discounts.

If you take up our new offer:

Based on your average energy usage* your average yearly energy bill will be:


\$1150 per year with all discounts, or **\$1400** with no discounts.

Please contact us on **1800 999 999** to confirm your new offer before **20 April 2018**. If we don't hear from you, you will move onto the offer stated above in the second box.

Details on pricing and discounts can be found on the attached Energy Price Fact Sheet.

Regards,

General Team

 generalenergy.com.au

Freecall **1800 999 999**
GPO Box 999
Melbourne, VIC 3001

*Based on your actual usage since you joined us, scaled to produce an annual cost.