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## A better power company

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Simon Kidd and Elisha Kelly  
Assistant Director, AER Retail Markets branch  
Australian Energy Regulator  
Level 17, 2 Lonsdale Street  
Melbourne, VIC, 3000

Dear Simon and Elisha,

### Customer price information review

Powershop Australia Pty Ltd (**Powershop**) thanks the Australian Energy Regulator (**AER**) for the opportunity to provide comments in relation to the issues raised in the AER customer price information issues paper.

#### **Energy Price Fact Sheet content and format**

Powershop shares the AER's view that the complexity of the Energy Price Fact Sheet (**EPFS**) may limit the usefulness of the information contained and believes that a 'less is more' approach should be adopted when it comes to EPFS information requirements.

We consider the EPFS should focus solely on prices, discounts, unavoidable fees and the key conditions to access discounts, whereas terms and conditions should continue to focus on, amongst other things, eligibility, contract features and other fees.

#### **1. What information should be included on an EPFS? Is there some information currently included that could be omitted, or provided in another way?**

Table 1 below details the information we believe should be omitted from the EPFS. Powershop has taken the approach that an EPFS should be a simple offer disclosure document which is complemented with terms and conditions which detail all of the contract terms specific to the offer.

**Table 1: Information for omission**

| Section                           | Reason                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Electricity key contract features | <ul style="list-style-type: none"><li>• Retailers include price variation information in their explicit informed consent scripting and in customer terms and conditions. Powershop does not see any benefit in duplicating this information in an EPFS.</li><li>• We believe eligibility requirements are best communicated during the sign up process or through the terms and conditions due to the potential complexity of eligibility requirements (e.g. solar feed-in tariffs).</li></ul> |



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| Section                                | Reason                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Electricity offer terms and conditions | <p>Powershop considers this information is unnecessary given:</p> <ul style="list-style-type: none"><li>• key terms and conditions are disclosed as part of explicit informed consent scripting;</li><li>• all customers are provided with terms and conditions at the point of sale or just after;</li><li>• all retailers have a copy of their terms and conditions on their website; and</li><li>• terms and conditions add an the extra layer of complexity and do not relate specifically to a customer's pricing.</li></ul> |
| Contact details and more information   | <p>Retailer contact details are easily accessible for a vast majority of the population online and therefore it is not necessary for such details to be included in an EPFS. For those customers without internet access retailer contact details can be obtained from a wide variety of organisations via telephone (e.g. St Vinnies, iSelect).</p>                                                                                                                                                                              |

Table 2 below details information that is currently included in EPFS but that could be presented better.

**Table 2: Information to change**

| Section             | Reason                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Pricing information | <p>Powershop's view is that the best way to present prices is with and without discount in clearly defined columns. For example:</p> <ul style="list-style-type: none"><li>• Column 1: Rates without discount.</li><li>• Column 2: Rates with X percentage discount included (e.g. online sign up).</li><li>• Column 3: Rates with Y percentage discount included (e.g. eBilling).</li><li>• Column 4: Rates with Z percentage discount included (e.g. pay on time).</li></ul> <p>We believe that all rates should be presented with GST included to avoid confusion and to more accurately reflect what customers are actually required to pay.</p> <p>Information on how a customer can obtain discounts X, Y, Z is detailed in the current conditional discounts section of the EPFS.</p> |
| Fees                | <p>The following fees should only be included in EPFS if a retailer charges them:</p> <ul style="list-style-type: none"><li>• payment processing fee;</li><li>• late payment fee;</li><li>• credit card processing fee;</li><li>• paper bill fee;</li><li>• connection fee (for offers specific to movers)</li></ul> <p>If a retailer does not charge any of the above fees a retailer should have the choice whether to include a fees section on their EPFS. If a retailer does choose to include a fees section and does not charge any of the above fees, their fees section should state 'no standard fees apply for this offer'.</p>                                                                                                                                                   |



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| Section                 | Reason                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                         | <p>This is on the basis that there is a wide variety of additional fees other than those listed above that can be levied (e.g. fees for meter works). Meter related work fees vary depending on the kind of work being undertaken, the jurisdiction where the customer resides and the distribution company. Fees for meter works are discussed and consented via telephone prior to any work being done. Therefore, only those fees which are unavoidable should be listed to avoid customer confusion.</p>                                                                                                                                                                                                                                                                                                                                                                 |
| Contract expiry details | <p>Powershop believes that the messaging around fixed benefit period contracts needs to be much clearer to ensure that the customer fully understands what they are agreeing to. For retailers who use fixed benefit period contracts Powershop suggests the following message should be mandatory on all EPFS's:</p> <p><i>“This offer and its benefits are fixed for ‘x’ months. This means the discounts, rates and any other benefits you are receiving under this offer will expire in ‘x’ months. [Retailer A] is not required to upgrade your offer to the next best available - it is up to you to seek out a new offer. Once this offer expires [Retailer A] may reduce your discounts, adjust your rates and/or remove any other benefits. It is important you contact [Retailer A] or shop around for a better offer at the conclusion of this contract”.</i></p> |

## **2. How should the information on an EPFS be set out to most effectively highlight price and key contract details? How should information be prioritised?**

As previously indicated, Powershop believes an EPFS should predominately focus on prices, discounts, unavoidable fees and key contract details.

Powershop suggests the information in an EPFS should be prioritised in the following order:

1. General Offer Information (to identify the offer):
  - a. Retailer name
  - b. Offer name
  - c. Customer type
  - d. Fuel type
  - e. Tariff type
2. Key contract details:
  - a. Benefit period contract information (term, conditions to access benefits, and details on what happens at expiry of benefit period)
  - b. Contract term
3. Pricing information:
  - a. Rates excluding and including discounts
  - b. Discount information
  - c. Solar feed-in information (standard FiT and premium FiT)



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- d. Green Power
- 4. Fees
- 5. Price variation statement
- 6. Energy Made Easy statement

Attached is a copy of our Victorian price statement (Price & Product Information Statement) as an example of how price statements could be presented in AER jurisdictions. Powershop, in particular, wishes to point out that prices are displayed excluding and including discounts.

**3. Is the language currently used to describe offers easy to understand? If not, how could it be improved? Are there other ways (graphics, images) to present information that would be more effective?**

Our view is that language currently used to describe offers is understandable.

**4. Would customers benefit from the inclusion of other information that does not currently appear on EPFS, such as information about available concessions, the expiry of benefit periods and/or impending price changes? How should this be presented?**

As detailed in Table 2 row three 'Contract expiry details', we consider customers would benefit from the inclusion of stronger regulated information regarding fixed benefit period contracts when the EPFS relates to a fixed benefit period contract. To ensure that customers are fully aware of their entitlements the 'Contract expiry details' section should be utilised to display a mandatory message regarding fixed benefit period contracts (refer above in Table 2 for proposed wording).

### **Comparison rates and reference prices**

**5. Is a comparison rate or reference price an effective way to facilitate meaningful comparison of different energy offers?**

Powershop believes a reference price presented as an annual cost is the most effective way to present a range of compared offers. Annual costs will ensure that any seasonality issues are taken into account. The calculation of the annual cost should be displayed using AER standard tiers of usage amounts and customer profiles. It is important that these standard profiles are understandable, relevant to customers and incorporate solar and non-solar customers. In addition, it is Powershop's view that all rates (including solar feed-in tariffs), unavoidable fees and discounts should be incorporated into the summary table of annual costs.

A comparison rate presented on a per unit basis is unnecessarily complex for the purposes of comparison. Unit pricing has inherent risks associated with the presentation of rates as customers cannot readily determine the different usage charges which may affect their decision making (e.g. customers may have high usage on controlled load 1 and therefore want to know its rates). In addition, unit pricing is not applied on any retail bills currently in the market.



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### 6. What are the potential benefits and risks of each?

Table 3: Benefits and risks

| Proposal         | Benefit                                                                                                                                                                                                                                                                          | Risk                                                                                                                                                                                                                                                                                                                                                                             |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Reference price  | <ul style="list-style-type: none"><li>• Easy for customers to understand.</li><li>• Simple to calculate.</li><li>• Easy for customers to compare.</li><li>• Captures all seasonal usage profiles.</li><li>• AER standard tiers of usage amounts and customer profiles.</li></ul> | <ul style="list-style-type: none"><li>• May understate potential savings due to special short-term offers available from retailers throughout the year.</li><li>• May not reflect regular hidden costs to the consumer (e.g. credit card or account processing fees).</li><li>• AER profiles may not match all individuals.</li></ul>                                            |
| Comparison rates | <ul style="list-style-type: none"><li>• Provides customer with a single figure to compare against.</li></ul>                                                                                                                                                                     | <ul style="list-style-type: none"><li>• May not accurately reflect what the customer pays.</li><li>• Becomes difficult if concessions and feed-in tariffs are incorporated.</li><li>• Hard for the customer to un-bundle the different prices.</li><li>• High chance of customer misunderstanding.</li><li>• Unit price not relevant to any current billing practices.</li></ul> |

### 7. When and where should a comparison rate/reference price be displayed? For example on EPFS, retailer websites, media materials?

A reference price (annual price) should be displayed on government comparison services, but only when a customer has provided actual billing usage data.

Powershop is not convinced that displaying a comparison rate or reference price on EPFS's will provide customers with more clarity and information. Due to the complicated nature of the calculation and the variability of energy usage that determines these prices Powershop believes displaying a comparison rate or reference price will only add another layer of complexity to the EPFS.

As previously stated, a 'less is more' approach should be adopted by the AER.



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### **8. Is there utility in enabling 'customisation' of such a tool (i.e. allowing for customers to identify additional factors such as appliances or pools and have these reflected in the figure)?**

Allowing for customisation so customers can identify additional factors such as appliances or pools is unnecessary. We consider the information required from a customer to conduct a comparison of energy offers should be kept to a minimum.

Powershop believes Energy Made Easy should continue to capture the following information in order to present the comparison:

1. What kind of offer are you looking for? (existing)
2. What is your postcode? (existing)
3. What would you like to compare? (existing)
4. What is your electricity tariff type? (existing)
5. Do you have a controlled load for your hot water or another appliance? (existing)
6. Do you have your kilowatt hour (kWh) usage from a recent bill? (existing)
7. If no to Q6, how many people live in your house? (existing)

If the customer selects 'No' as a response to question 6, and responds to question 7, the customer should be presented with offers using established AER standard tiers of usage amounts taking into account the most appropriate customer profile.

In addition, unavoidable fees should be factored into the predicted annual energy costs.

### **9. What other risks or considerations should we be aware of?**

Powershop believes that the offers presented on Energy Made Easy should be presented in the following way:

1. Retailer
2. Offer name
3. Online and/ or phone application usage tools
4. Carbon neutral
5. Solar options
6. Fees (including any exit fees, paper bill fees, credit card fees and payment processing fees)
7. Estimated annual bill undiscounted (only if the customer entered kWh usage information from a recent bill)
8. Estimated annual bill inclusive of discounts and unavoidable fees (only if the customer entered kWh usage information from a recent bill).

Where a retailer has multiple offers, all with the same estimated annual bill inclusive of discounts and fees, Energy Made Easy should only display one offer from that retailer. Usually the difference between the offers is only in relation to certain promotional benefits provided (e.g. movie tickets vs. account credits). The presentation of multiple offers from one retailer compromises the clean presentation of offers on Energy Made Easy and can lead to customer confusion.



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Powershop's view is that the information currently provided on the Energy Made Easy comparison results page is no longer fit for purpose in a transitioning energy market. Customers should be provided with information that is important to the modern day customer – information such as available technology, carbon offsetting, and fees and fixed benefit periods. Giving customers information on carbon offsetting and technology is important in promoting an orderly transition to a low emission future – consistent with the Finkel Review findings. In addition, the inclusion of fees and benefit periods on Energy Made Easy provide important information to the customer about hidden costs and future certainty of offers.

### **Technological options to facilitate offer comparison**

#### **10. Which customers might benefit most from these options? Is there evidence or experiences from other sectors or jurisdictions about the likely success of the options we should consider?**

As stated in the AER's issues paper, Powershop currently uses Optical Character Recognition (**OCR**) technology and believes that it provides customers with a simplistic and effective bill comparison tool without requiring the customer to navigate through their bills to find the necessary information to receive a comparison.

Powershop believes that imposing QR code technology on retailers is not cost effective and would provide little benefit to customers. With communications rapidly transitioning to electronic format and retailers such as Powershop offering only electronic billing – QR barcodes may be largely ineffective.

#### **11. Are there options other than QR codes and OCR technology that may achieve the same objective?**

Powershop is not aware of any other technology to compare bills that is similar to QR code or OCR technology that may achieve the same objective.

#### **12. What are the risks and benefits of pursuing a QR code or OCR technology? What are current levels of customer engagement with QR codes in other sectors?**

Table 5: Benefits and risks of OCR technology

| Proposal       | Benefit                                                                                                                                          | Risk                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| OCR technology | <ul style="list-style-type: none"><li>• Easy for customers to understand.</li><li>• Simple to use.</li><li>• Accurate bill comparison.</li></ul> | <ul style="list-style-type: none"><li>• Bills provided by the customer may not be able to be read by the OCR technology. For example, customer provides poor quality photo.</li><li>• Customer enters a non-comparable bill. For example, customer provides a June 2016 bill to compare against February 2017 offers and rates.</li><li>• Relatively complicated and costly to implement from retailer</li></ul> |





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| Proposal | Benefit | Risk                                                                                                                                                             |
|----------|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|          |         | perspective. <ul style="list-style-type: none"><li>• Annualising a bill can lead to inaccuracies where seasonal variations are not taken into account.</li></ul> |

### **13. What other emerging technologies or issues – such as customer access to smart meter data – might impact the effectiveness of these tools?**

Powershop supports the use of a tool that uses smart meter data to compare offers.

#### **Customers who are not digitally engaged**

### **14. How can customers who can't, or don't, engage online best be provided with information about their options?**

Customers who do not engage online will be best served by obtaining information either:

- directly through an energy retailer; or
- on a government comparator phone service.

### **15. What information or messaging might be included on bills or fact sheets to increase the likelihood of switching? We would welcome examples that have been effective in other sectors or jurisdictions.**

Powershop does not support the inclusion of messages on customer bills or fact sheets that encourage customers to switch. Powershop believes this approach would compromise the competitive nature of the retail energy market.

Powershop supports retailers being required to highlight information on fixed benefit period contracts on EPFS's. Powershop also supports a requirement that all changes in rates and/or discounts are clearly highlighted on bills or via accompanying communications.

### **16. How important is it that government energy comparator websites have a phone service to assist customers?**

Powershop believes having some form of phone service is important for those customers who prefer to interact over the phone and who require help deciphering the information required and displayed.

### **17. How might family members/other trusted sources be engaged?**

Powershop believes that positive customer experiences drive word of mouth and customer engagement with retailers.





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**18. Are there specific or additional strategies required for specific customer groups, for example those from CALD communities?**

Given the diverse nature of the Australian population, Powershop believes engaging CALD communities is key for the industry. Powershop piloted a partnership with a non-English speaking community organisation in which Powershop had non-English website pages created to provide information to customers and a non-English sign up page so customers could make an informed decision in their native language. Powershop continues to provide translation services within our call centres. It is also worth noting that Powershop is in the process of having a translation tool imbedded in our website so that a customer can easily translate the information on our website.

Powershop believes the following steps are key to engaging CALD communities:

1. engage with community leaders and community based organisations;
2. empower community leaders and community based organizations with knowledge to share with their community about retail electricity; and
3. provide information in a number of languages to enable these communities to make informed decisions.

If you have any inquiries regarding this submission, please contact Haiden Jones.

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Yours sincerely

Haiden Jones

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