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Australian Energy Regulator - Markets Branch  
GPO Box 520  
Melbourne VIC 3001

Dear Sir/Madam

**RE: Australian Energy Regulator's Retail Pricing Information Guideline**

TRUenergy welcomes the opportunity to provide the following comments in relation to the Australian Energy Regulator's (AER) Retail Pricing Information Guideline - Position Paper (the Guideline).

TRUenergy holds the view that the overriding objective of the Guideline should be to require retailers to provide a basic level of information to customers so that they are able to make an informed decision. In seeking consumers feedback about the format of fact sheets, Consumers will inevitably answer yes when asked if more information would help them make a decision. Unfortunately:

- Retailers are already spending large amounts of time to produce multiple versions of fact sheets in many jurisdictions, each based on comparable research to the AER's;
- Customers often do not know which parts of the fact sheet are relevant to them or understand the information contained therein;
- The complexity of gas and electricity pricing makes it impossible to produce a fact sheet which has information for every customer, yet does not completely confuse the broad majority;
- Respondents are not provided with the full context of the existing requirements in the other States;
- Regulators are not measuring the benefits derived to date from mandating standardised formats for information provision; and,
- Customers end up paying for the fact sheet

TRUenergy believes the current situation is unproductive and will be better as a result of the AER's guideline.

However, TRUenergy would caution the use of consumer research where the fact sheet is assumed to be the only basis upon which a consumer could make an informed decision and therefore only contain the main requirements for decision making on the offer, not all of the tariff and contract information.

In regulating the information retailers are required to include in the fact sheets they provide to customers, the AER must ensure that the requirements it sets do not result in each retailer having to produce tens of fact sheets for each jurisdiction. TRUenergy is of the view that such an outcome would be counterproductive and result in customer confusion.

TRUenergy has specific comments on:

- Standardised Unit Pricing
- Consumer Research
- AER Pricing Comparator
- Customer classes which Require a Fact Sheet
- Products which Require a Fact Sheet
- Information Fact Sheet Format

### **Standardised Unit Pricing**

TRUenergy supports the use of cents per kWh and cents per MJ for use in all pricing information for small customers.

TRUenergy agrees with the AER that the use of consumption information is likely to be confusing to customers, especially for those households and business with interval metering.

TRUenergy does not believe the guideline should cover the use of billboard, newspaper or television advertising. TRUenergy is of the view that if the guideline was to apply it would make the use of such advertising channels for energy companies overly complicated. TRUenergy would note that the existing provisions under the Trade Practices Act would require retailers to ensure the information used in any such advertising is not misleading or deceptive. It should also be recognised that the reputational risks of using of these channels are inevitably going to make retailers much more careful what information is used in their advertising.

### **Consumer Research**

While TRUenergy recognises that seeking customer views on their experiences with energy markets can help inform policy makers about consumer behaviour, TRUenergy strongly believes that unless they fully comprehend the circumstances in which the current codes have been drafted, such views are unlikely to be relevant.

TRUenergy would therefore question the worth of the feedback provided from the consumer research established as part of this process, specifically in relation to the feedback about the complexity of some retailers' fact sheets and way the information was laid out. Unfortunately the layout of most retailers' fact sheets is dictated by the information requirements set by individual jurisdictions. TRUenergy believes that if respondents were made aware of this at the time of the market research was conducted the feedback provided would be relevant.

TRUenergy would also raise the issue that electricity and gas are low interest products, as such the information retailers provide on fact sheets can only ever be one source of information and that this needs to be supplemented with customer doing their own research using retailer's websites, comparator tools and speaking directly with retailers about their own usage patterns and own energy needs.

### **AER Pricing Comparator**

TRUenergy supports the establishment of a national pricing comparator under the authority of the AER. In establishing such a service TRUenergy would suggest that the AER thoroughly examines the comparators currently in use in Queensland and South Australia. TRUenergy is of the view that these sites are far easier for retailers to upload information than other sites. Conversely, the NSW pricing comparator is very complicated and is unnecessarily complicated to upload information.

### **Customer classes which Require a Fact Sheet**

TRUenergy does not support retailers being required to prepare fact sheets for small business customers on the basis that for such business customers energy is an input cost, and therefore like any other cost be managed accordingly. Where energy is a significant input cost for a small business, TRUenergy would argue that the owner will have an equivalent financial incentive to do their own research to investigate the best offer for their business needs. Equally, where small business customers do not see energy as a significant part of their business TRUenergy struggles to see worth in preparing the fact sheet given that they do not see the cost energy as a significant input into their business.

### **Products which Require a Fact Sheet**

TRUenergy maintains that retailers should only be required to prepare and publish fact sheet relating to widely available offers and not offers which are exclusive to certain customer segments. The inclusion of all of a retailer's offers is likely to lead to increased customer confusion and frustration. As well as this, TRUenergy would argue that as obsolete and exclusive offers are likely to apply to a smaller segment of a retailer's customer base, the marginal benefits of preparing such fact sheet are likely to be significantly less than the benefits of preparing fact sheets for widely available offers. TRUenergy therefore believes that the definition of the offers for which retailers must produce fact sheets is amended such that it only includes currently available to most small retail customers and would not include the following scenarios:

- an offer that requires a residential customer to also have a particular type of membership, such as to a gym or professional association;
- an offer that is only available to a residential who attends or is employed at a particular institution, and;
- an obsolete offer.

### **Fact Sheet Format**

TRUenergy is not surprised by the consumer feedback that its fact sheets were not simple to understand given the information requirements are defined by regulators. Energy tariffs are often a function of composite pricing structures based on variable and fixed components with complex network tariffs approved by regulators. Retailers are thereby caught in the difficult situation whereby they must accurately define multifarious pricing structures, while at the same time making it simpler for customers to understand. Unfortunately this situation is a product of the industry which retailers are unable to simplify due to financial and legal requirements.

In terms of the information that retailers should have to provide TRUenergy is of the view that the fact sheet should only include that information necessary to make an informed decision, including prompting the customer to do more research. There should be a concerted emphasis to make the process of gathering information simpler both in terms of reducing the content on the actual fact sheets and having regard for the total number of fact sheets which the retailer has to produce. It should also be recognised that owing to the number of retailer products and the number of distribution businesses' network tariffs, fuel types, and customer classes that each retailer will have a large number of fact sheets on their website. Currently, TRUenergy has 62 fact sheets on its website (21 for Victoria, 38 for New South Wales, 2 for South Australia, 1 for Queensland). Each fact sheet requires a significant amount of internal work to compile; in the case of NSW it took 15 business days to produce and verify the 38 fact sheets. While the costs of fact sheets must ultimately be passed on to end customers, it is unlikely in their current form that many customers will ever benefit from the fact sheets, due to this complexity.

In order to minimise this situation of having to produce tens of fact sheets TRUenergy would support retailers being able to put multiple products on the one fact sheet for the one network area and for the same fuel type. TRUenergy is of the view that the proposed guideline is currently a disincentive for retailers to have a larger range of products. To this end, TRUenergy would not support retailers having to prepare individual fact sheets where GreenPower is an add-on to existing products. In the case of TRUenergy's residential 'Go' range, all the existing products include options for 10, 20, 50, and 100 per cent GreenPower add-ons which would require TRUenergy to publish an additional 60 fact sheets for the markets it currently offers these products to residential customers.

The fact sheet should therefore only have basic tariff and product information. TRUenergy maintains that because the fact sheet will never be able to cover every aspect of a product, retailers should only be required to include the necessary information customers require to make an informed decision, such as: tariff information, product details, contact details, time of use information, controlled load tariff information and other fees and charges. In any case, TRUenergy would argue that the AER needs to carefully weigh up the benefits of the information versus the increased complexity resulting from the greater number of fact sheets.

Should you have any questions in relation to this submission please call me on (03) 8628 1185.

Yours sincerely

Alastair Phillips  
Regulatory Manager  
TRUenergy