

Australian Energy Market Commission
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Lodged online: www.aemc.gov.au

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Advance Notice of Price Changes (Ref RRC0015)

The Australian Energy Council (the Energy Council) welcomes the opportunity to make a submission to the Australian Energy Market Commission's (AEMC) Consultation Paper on the Advance Notice of Price Changes Rule Change Proposal.

The Energy Council supports measures that improve customer understanding of their energy contracts and encourage consumers to engage with the market, including via Energy Made Easy (EME).

Primary purpose of the notice

We view the primary purpose of this notice to prepare consumers ahead of an increase in their retail energy prices. It is important to keep this rule change focused on the specific objective of notifying customers to price changes on their current contract.

Receipt of the notice may have the effect of encouraging customers to engage in the market. While directions to the EME website will help consumers who have decided to engage with the market, the information relating to EME may not always be a strong push to engage an inactive consumer and therefore we see this as a secondary purpose.

As with all additional notice requirements, there is a risk of information overload and cluttering a customer's bill with information that might have the unintended consequence of discouraging engagement and confusing the consumer.

Multiple notifications requirements and timing of notice

This rule change has been initiated in a context of a number of other current and prospective rule changes that seek to prescribe what and how information is communicated to customers, as well as consideration of the information displayed on bills. It will be critical, in order to give effect to the purpose of the proposed rule change, to ensure that the information is provided in a way that does not confuse or discourage customers from engagement in the market.

There is potential for this rule change to impose conflicting requirements on retailers. The AEMC should, wherever possible, harmonise this rule change with similar rules that have been completed or are currently being developed.

The Australian Energy Regulator's (AER) *draft Benefits Change Notice Guidelines* (April 2018) sets out requirements for retailers to follow when notifying customers of the end of a benefit, which includes information on how to access EME (and information to assist the customer when accessing EME). In some cases, a retailer may need to notify the customer of a benefit change and a tariff change in a similar timeframe. Similarly, we understand there may be other rule change proposals forthcoming regarding notice provision to standing offer customers.

The risk of customer confusion and disengagement with the market may increase if retailers are required to send multiple separate notices, under different rule requirements, within a short time frame.

This risk can be best addressed in the current rule change process by ensuring the notice requirements are simple, to enable the retailer to combine separate information pieces in the one customer communication (whether on a bill or a separate notice). Further, retailers should be given discretion on timing of the notice. If the rule change requires prior notice (rather than a specific time period for prior notice, for example, 10 days' notice), retailers are better able to manage different notice requirements that arise in approximately the same timeframe, for example on a bill prior to the price change, or on a notice which forms part of the *Benefits Change Notice* requirement.

Method and contents of the notice

Generally allowing the retailer to tailor the format of the notice requirement will enable clearer messaging and less cluttered bills. Further, it will enable retailers' to give effect to customers' preferences when it comes to electronic or paper communications. This further supports the rule change adopting a simple regulatory requirement, rather than seeking to closely prescribe the method or format of the notice, or empowering the AER to issue guidelines which prescribe the notice requirements.

Exemptions for jurisdictions with price regulation

It is the Energy Council's view that jurisdictions with limited or no competition and associated price regulation should be exempt from the proposed rule change. The additional requirements will incur cost and confusion for customers in these jurisdictions without commensurate benefit. Jurisdictional price regulation will provide for its own requirements for the timing and customer information related to price changes.

The Energy Council looks forward to further engagement with the AEMC on measures to increase customer engagement with the retail energy market.

For any questions about our submission please contact Oliver Williams by email at oliver.williams@energycouncil.com.au or on (03) 9205 3111.

Yours sincerely,

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