

14 August 2018



Russell Pendlebury  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Dear Mr Pendlebury,

### **Submission to Advance Notice of Price Change Draft Rule Determination**

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 people who are marginalised and facing disadvantage. 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 AEMC's draft determination on the Advance Notice of Price Changes Rule 2018. PIAC supports the intent of the draft rule, to ensure that consumers are aware of changes to their retail energy price before they occur. In particular, PIAC supports the draft rule's provisions that:

- Apply the rule to both electricity and gas;
- Define the notice period for both market offer and standing offer customers;
- Require price change notifications for both price increases and price decreases; and
- Require price change notifications to be delivered separately to bills and in a manner consistent with how a customer has chosen to receive other communications from their retailer.

However, we have some remaining concerns with the draft rule, which are outlined below.

#### **Information to be included on price change notice**

As noted in our submission to the consultation paper, PIAC considers the purpose of the rule to be to provide the information necessary to allow consumers to respond to price changes in the way they see fit. Generally, consumers will respond in three ways:

- Budgeting for general expenses based on increased energy costs;
- Reduction in energy use to reduce energy costs; or
- Switching between energy contracts to reduce energy costs.

Therefore, price change notices need to include information that is useful to consumers responding in these ways.

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Generally, PIAC accepts the AEMC's findings that simple and concise information about bill changes is preferable.<sup>1</sup> However, we note the early submission to the draft determination by the Queensland Consumers Association (QCA), which argues for the inclusion of percentage changes to prices in the notice.<sup>2</sup> PIAC agrees with QCA that percentage changes are a useful way for consumer to understand and assess price changes, and that consumers should not be required to calculate this metric themselves.

### **Language of notification**

As noted above, PIAC supports the draft rule's requirement that retailers provide price change notices separately to bills and in a manner consistent with how a customer has chosen to receive other communication from their retailer. In the draft determination, the AEMC notes that this may be via a paper letter, email or SMS.

However, PIAC contends that the rule should also explicitly require retailers to notify consumers of price changes in the language they have chosen to receive communications in. PIAC understands that some retailers offer a choice of primary language for communications other than English. If a consumer is unable to understand the content of a price change notice, then it does not help them to have the notice delivered using the technological method they have chosen. Therefore, price change notices should also be in the language a consumer has nominated to receive communications.

PIAC acknowledges that this will create some extra burden on retailers. However, we consider that this will be minor given that the price change notices will generally be on pro forma templates that can be set up during the initial transition to the new rule.

### **Exemption for regulated retailers**

PIAC contends that there should not be a blanket exemption from the rule for price-regulated retailers. The AEMC considers that the costs outweigh the benefits of apply the rule to these retailers because:

- Customers of these retailers cannot respond to price change notices by switching retailers; and
- "...existing notification requirements and significant coverage of price changes are likely to see consumers with a high awareness of price changes".<sup>3</sup>

PIAC disagrees. Even without effective retail competition, given the appropriate information, consumers are still able to respond to price changes. As noted above, consumers may adjust their household budgets or change consumption behaviour when notified of an upcoming price increase. PIAC agrees with TasNetworks that advance notification provides an important opportunity for consumers to respond in these ways.<sup>4</sup>

Further, we do not consider that existing notification requirements are sufficient. PIAC understands that neither price-regulated retailers nor regulators in the NEM provide consumers with advance notice of price changes on an individual basis. While they do variously announce them on retailer websites, government gazettes and in newspapers, this relies on consumers

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<sup>1</sup> AEMC, [National Energy Retail Amendment \(Advance Notice of Price Changes\) Rule 2018 – Draft Determination](#), July 2018, 17.

<sup>2</sup> QCA, [Submission on AEMC Draft Determination on National Energy Retail Amendment \(Advance Notice of Price Changes\) Rule 2018](#), 2018, 2-3.

<sup>3</sup> Ibid, 27.

<sup>4</sup> TasNetworks, [Consultation paper submission](#), 1.

being engaged enough to seek that information out. In PIAC's view, this is no different to the existing arrangements for deregulated retailers. Given that the purpose of this process is to reform those arrangements, we do not consider it acceptable to maintain them for price-regulated retailers.

Instead, the rule should include an exemption for price-regulated retailers where the regulator already notifies consumers *individually* of price changes.

### **Continued engagement**

We look forward to continued engagement with the AEMC. Please contact Tim Harrison should you wish to discuss any of these matters further.

Yours sincerely,

#### **Tim Harrison**

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