

24 May 2018

Ms Shari Boyd
Director
Australian Energy Market Commission

Dear Ms Boyd,

COTA Australia welcomes the opportunity to provide a brief comment to the Australia Energy Market Commission consultation on the *National Energy Retail Amendment (Advance notice of price changes) Rule 2018*.

COTA Australia is the national consumer peak body for older Australians. Its members are the eight State and Territory COTAs (Councils on the Ageing), which have around 20,000 individual members and more than 1,000 seniors' organisation members, jointly representing over 500,000 older Australians. COTA Australia is represented by Robyn Robinson on the AER Consumer Consultative Group and the Energy Information Presentation and Customer Engagement Reference Group, as well as the National Energy Consumer Roundtable.

Issue 1: Significance of issue

COTA Australia welcomes the proposed rule change to provide consumers with advance notice of price increases, prior to changes coming into effect. Energy issues are an important and growing concern for older Australians. Affordability in particular is a critical concern, for the large percentage of older people who are on low fixed incomes and heavily reliant on energy supply to maintain their health and wellbeing. The delay in notice of a price change negatively impacts upon consumers, because without early notification, they may be 'locked in' to paying higher prices for up to three months. In addition, retrospective notification of price increases reinforces the consumer perception of unscrupulous behaviour by retailers, lessening consumer trust and confidence in the market.

We consider that the primary purpose of the notice is to act as a trigger for increased engagement in the energy market, including to source the most appropriate energy offers available.

Consumer response to advance notice of price changes will depend on the size of the change. Significant price increases will motivate action to mitigate foreshadowed bill increases, however, minor price changes may not elicit a consumer response. The assessment of what is 'significant' will vary between consumers.

Issue 2: Length of notice period

COTA Australia agrees that a notice period of ten business days provides consumers with reasonable opportunities to review their options. We support alignment with Queensland legislative arrangements, as national harmonisation of the notice requirements is highly desirable.

All consumers should be treated equally and afforded the same opportunity to review their arrangements. The advance notice period should apply to electricity consumers on standing offers, as well as gas consumers. Further to this, the notice should specify when the information will be updated on the Energy Made Easy website.

Issue 4: Notice coverage

The 10 day notice period should also be provided for decreasing prices, to prompt a review of options. For example, several retailers may offer price reductions at the same time, if they are related to network price reductions. This may prompt consumers to reassess the offers available to them.

Issue 5: Method and contents of the notice

We agree that both the method and the contents of the notice are critical to improving consumer outcomes. To this end, our feedback is as follows:

- a) Ensure that the default method of communication with consumers is by hard-copy correspondence.*

While we support electronic communication with those consumers who have identified this as their preferred method of communication, hard-copy notices should be the default communication method for all other consumers, at no additional cost to the consumer. This will ensure that older Australians who may not use the Internet regularly, will not be excluded from, or miss receiving, advance notice of price increases.

- b) Include the Energy Made Easy telephone number on all relevant customer documentation.*

We support the proposal to include the Energy Made Easy (EME) website on advance notices, to assist consumers to easily access information about where they can obtain the most suitable energy contracts.

Where the EME website is listed on any customer document, it is critical that the phone number is also provided. Data from a 2016-17 survey indicated that people over the age of 65 are the lowest proportion of internet users, with only 55% having used the Internet in the three months prior to the survey.¹ Providing the EME phone number in addition to the

¹ Australian Bureau of Statistics. (2018). *8146.0 – Household Use of Information Technology, Australia 2016-17*. Canberra: ABS.

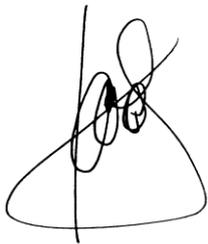
website will assist those customers who do not use Internet services, to access information and support about energy options.

c) Ensure that customers are notified of costs associated with data requests.

We support the suggestion to inform customers of their rights to historical billing and consumption information in advance notices. The notice should also clarify if there are any costs incurred by customers who seek this information.

Thank-you for the opportunity to provide feedback on the proposed rule change. We would be happy to meet with the AEMC to expand further on our comments, if required.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Ian Yates', written over a large, light-colored scribble or background mark.

Ian Yates AM
Chief Executive