

24 May 2018

Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Dear Australian Energy Market Commission,

**Reference Code: RRC0015**  
**National Energy Retail Amendment (Advance notice of price changes) Rule 2018**

Powershop Australia Pty Ltd (**Powershop**) thanks the Australian Energy Market Commission (**AEMC**) for the opportunity to provide comments in relation to the advance notice of price change proposed rule change.

Powershop has always aimed to provide customers with transparent information and therefore issue customers with advanced notice of a price change (in respect of either an increase or decrease). Powershop supports the AEMC in their position that customers must be notified of an imminent increase to their energy price to avoid bill shock.

While Powershop supports advanced notice to customers to avoid bill shock, Powershop questions whether advanced notice will help the customer compare offers to enable them to find a better offer. Although customers will have their new rates in advance they may then be comparing the new rates from their existing supplier with competitors' current rates (prior to the competitor publishing their new rates). If the customer chooses to switch, by the time they are an active customer the new supplier's rates may have changed.

**Issue 1: Significance of issue**

**1. What do you view as the primary purpose of the notice?**

The primary purpose of the advanced notice of a price change communication is to inform customers of an impending increase to their energy prices. Provision of such notice will alleviate bill shock and enable customers to make an informed decision on their energy costs when the retailer's new costs are published.

**2. Does the delay in notice of a price change negatively impact consumers? Why or why not?**

The current requirement to notify a customer of a price increase by no later than the customers next bill negatively impacts a customer to the extent that they're not afforded sufficient time to assess their new energy prices against their existing energy prices, before the new charges take effect.

**3. Will advance notice of price changes lead to increased consumer engagement? Why or why not?**

Advanced notice should lead to increased consumer engagement, but as outlined above, the timing of the increased consumer engagement may not be beneficial.



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### **Issue 2: Length of notice period**

#### **4. Is there a significant benefit to consumers from ten business days' advance notice rather than just advance notice? Why or why not?**

Powershop believes that it would be beneficial for customers if there was a specified time period in which advance notice must be provided rather than the current requirement that such notice be provided no later than the customer's next bill. We support the introduction of a 10 business day notice period and note that this timing would align with that currently required in Queensland.

#### **5. Should the same period of advance notice also apply in the case of standing offers? If not, Why not?**

Advance notice would be beneficial for standing offer customers, although we note that only vacant sites (where there is no identifiable customer) are on Powershop standing offers.

#### **6. What options are available to limit issues that may arise in relation to the difference in the timeframes between the timing for providing notice of price changes and the requirements related to when offers are available on Energy Made Easy?**

Due to the intent of the rule being that customers be provided advanced notice of an impending price increase and the EME obligation being within two business days of the offers coming into effect, Powershop see no simple solution to limit any potential timing issues.

### **Issue 3: Gas**

#### **7. Is there any reason why the proposed rule should not apply equally to both retail electricity and gas contracts?**

There is no reason why this rule should not apply to gas.

### **Issue 4: Notice coverage**

#### **8. Should ten business days' advance notice also be provided in the case of decreasing prices? If not, why?**

Advanced notice for a decrease in prices should not be mandatory. Retailers will generally promote a decrease without a rule in place, so there is no need for unnecessary regulation when competition will drive the desired outcome. We would encourage the AEMC to let competition drive the promotion of price decreases while easing the regulatory burden of retailer's price change process.

### **Issue 5: Method and contents of notice**

#### **9. What methods, if any, should be specified in the rule (for example: letter, email, website or app) as sufficient for informing the customer of price changes?**

The method of communication used for a notice should not be specified by the rules - rather it should be prescribed by the customer.

Should the customer not have a preferred communication method, the retailer should have scope to

choose the most appropriate method of communication.

**10. Should the method of advance notice be specified in the rule or should the method of notice be left to the retailer?**

The rules should not specify a communication method and this should be left to the retailer and the customer to decide.

**11. What information, as a minimum requirement, should be contained in the price variation notice? Why?**

As outlined in 3.2.1 of the Consultation paper, the notice should state:

- that a price change will occur;
- the date the new prices come into effect;
- details of the new prices presented in a 'before and after' table format;
- that the EME website is available to compare offers; and
- customers usage data is available upon request from their distributor or retailer.

In addition to the aforementioned content, if the customer is on an expired fixed benefit period contract that customer should be provided information about the retailer's best generally available market offer once the new prices have come into effect. As a minimum, this information should include a comparison table of the customers' new rates under the existing offer versus the retailers' best generally available offer after the price change.

**12. Is this dependent on your view of the purpose of the notice, either as purely a notification of a price increase or a prompt to engagement?**

The notice must serve both purposes:

1. inform the customer on an impending price increase; and
2. prepare the customer for engagement with the market when a retailers new prices come into effect.

**13. Is there any other information not identified by the proponents that should be included in the notice? If so, what? What purpose should it serve?**

As detailed in response to question 11, customers on an expired fixed benefit period contract should be provided details of that offer compared with the retailers best generally available offer on the new prices.

**Issue 6: Exemptions**

**14. Should businesses that have their prices set by the regulator be exempt from the proposed rule?**

Yes, prices set by the regulator should be exempt from the proposed rule as they are not retail prices.

**15. Should a retailer be given an exemption if it acquires a customer that was informed of the future price increase at the time the customer switched to the retailer?**

A retailer should only be exempt if they notify the customer of the new prices at the point of sale.



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Retailers should not be exempt if they merely advise that a price change will be taking place without providing the customer with details of the applicable actual prices.

**16. If this exemption is included in any rule made, what terms, conditions or restrictions should apply so it only captures consumers who have churned as a result of being provided a price change notice?**

In relation to question 14, the exemption should only apply to business customers who have their prices set by the regulator.

In relation to question 15, the exemption should apply to only those customers who are advised of their new prices at the point of sale.

### **Issue 7: Commencement Date**

**17. How long from when a final rule is made, if found appropriate, would it take to make the required changes to implement the rule?**

Powershop is comfortable with a commencement date of 1 June 2018 with the proposed rule coming into force by 1 July 2018.

**18. Besides billing systems changes, are there any other systems or processes that would need to be made before any final rule could be implemented?**

For the final rule to be implemented without adverse customer outcomes the following processes should be considered:

- price change communication strategy and methods;
- call centre FAQ's, scripting and training;
- email, SMS and/or printing platform and systems;
- mail-out process and resources (as a back-up for bounced emails);
- online platform and mobile application development; and
- pricing policies, procedures and process will need to be reviewed, bought forward and updated.

### **Issue 8: Conflicts with notices**

**19. Do any conflicts arise in relation to the operation of the notification of the end of a fixed benefit period rule and the proposed rule?**

The advanced notice of price change proposed rule strengthens the fixed benefit period rule and will assist customers in finding a better deal and also promote competition.

This proposed rule acts as another prompt for a customer to engage in the market if they are on an expired fixed benefit period offer. As stated in response to question 11 the notice should state whether the customer is on an expired fixed benefit period offer.

**20. If yes, how could the conflicts be resolved?**

N/A.



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If you have any queries or would like to discuss any aspect of this submission please do not hesitate to contact me.

Yours sincerely,

**Haiden Jones**  
Retail Compliance Coordinator

