

24 May 2018

Mr Russell Pendlebury  
Senior Adviser  
Australian Energy Market Commission  
PO Box A2449  
SYDNEY SOUTH NSW 1235

Dear Mr Pendlebury,

### **Advance Notice of Price Changes**

Simply Energy welcomes the opportunity to provide feedback on Australian Energy Market Commission's (AEMC) consultation paper on the National Energy Retail Amendment (Advance notice of price changes) Rule 2018.

Simply Energy is a leading second-tier energy retailer with over 650,000 customer accounts across Victoria, New South Wales, South Australia and Queensland. As a growing retailer, Simply Energy supports competition and customer engagement in the market.

Simply Energy is committed to providing its customers with the information they need to understand their energy contracts and make informed decisions about their energy usage. In exploring these objectives in the context of the proposed rule change, Simply Energy's submission evaluates:

- the scope of the proposed rule;
- whether the requirement to provide advanced notice should extend to customers on standard retail contracts; and
- the potential timing of the rule's implementation.

In addressing the above matters, specific regard has been given to the issues raised in the AEMC's consultation paper.

### **Scope of the Rule**

Providing customers with advance notice of price changes should place them in a better position to engage in the market and respond to price changes. For this reason, Simply Energy considers it is important that the notification is provided to all affected gas or electricity market contract customers for a price increase. Simply Energy believe that the sending of a notice be at the retailers discretion for a clear decrease in prices.

In terms of communicating to customers, Simply Energy considers that retailers should be required to provide sufficient detail to allow their customers to understand the effect of the price change. In view of this, there should be a minimum requirement for retailers to detail information about the rates that will be adjusted and the date that the changes will take effect.

In saying that, Simply Energy does not consider that restrictions should be placed on how notices are communicated to customers, or the timeframe for providing a notice in advance of an upcoming price change so long as the customer is informed before the change takes effect. Offering this flexibility will allow retailers to engage more effectively based on individual customer preferences and manage any unforeseen delays associated with network price changes. Further, to reduce the complexity and administrative burden, any retailer who has disclosed an upcoming price change when signing-up a new customer should be exempt from providing a notice under the proposed rule.

Simply Energy does not, however, support the Australia Government's proposal for a link to be included in the notice to the Energy Made Easy website. The Energy Made Easy website may not be updated until two days after a price change has taken effect. In view of this, Simply Energy considers that making reference to the Energy Made Easy website in an advance price change notice will be not only be confusing, but potentially misleading for energy consumers.

It should also be kept in mind that energy consumers are already being directed to the Energy Made Easy website as part of the benefit change notice requirements. This means making reference to the website yet again may just distract customers from the important information that the price change notice is intended to communicate.

### **Application to Standard Retail Contracts**

Despite supporting the proposed rule change in principle, Simply Energy is of the view that the advance notification requirements should not extend to customers on standard retail contracts. By nature, standard retail contract are default agreements and impose a greater level of restriction than market contracts around how regularly retailers may change energy prices.

Furthermore, customers on standard retail contracts, in Simply Energy's experience, tend to be occupants who are unknown to their retailer or customers who have failed a credit check. Given that these customers are generally not actively engaged in the market, there is minimal benefit in sending them an advance price change notice. In fact, imposing requirements to do so could lead to unintended consequences, as the National Energy Retail Law requires retailers to advise customers effected by a change to standing offer prices on their next bill. Further to this, Simply Energy consider that for occupant accounts, the customer's name would not be present on the notice and would most likely go ignored amongst all other material sent to obtain the customer's identity. Simply Energy, therefore, recommends that notice of price changes to customers on standard retail contracts be limited to the current requirements to publish notification of standing offer price changes in a newspaper and on the retailer's website ten business days in advance of a price change.

It should be pointed out that Simply Energy does not consider that customers on standard retail contracts will not be left worse off by this proposed approach. If the AEMC approves the Australian Government's proposed rule change to require retailers to contact long-term standard retail contracts customers each year, then such customers will be prompted to look for better market options at any rate.

## Commencement Date

To allow retailers sufficient time to implement the required changes and make any necessary adjustments to their internal processes, it is suggested that the requirements to send advance notice of price changes should not come into effect until 1 January 2019. This should allow sufficient time for the final rule change to be released, and for retailers to ensure their systems and processes align with any new requirements.

## Concluding Remarks

Simply Energy would like thank the AEMC for its openness and willingness to consult throughout all stages of the rule change process.

To this end, Simply Energy would welcome any further discussion in relation to this submission and the AEMC's broader Consumer Protection Plan. To arrange a discussion or if you have any questions please contact Anthony O'Connell, Senior Regulatory and Compliance Officer, on (03) 8807 5134 or at [Anthony.OConnell@simplyenergy.com.au](mailto:Anthony.OConnell@simplyenergy.com.au).

Yours sincerely



James Barton  
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Simply Energy