

Friday 16 August 2018

Australian Energy Market Commission
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Sydney South NSW 1235
via aemc@aemc.gov.au

Advance notice of price changes - Consultation on Draft Determination (Ref: RRC0017)

COTA appreciates for the opportunity to provide brief comments to the *Draft Rule Determination National Energy Retail Amendment (Advance Notice Of Price Changes) Rule 2018*, Australian Energy Market Commission, 5 June 2018.

COTA Australia is the national consumer peak body representing the interests of over 8 million older Australians aged 50+. COTA Australia's members are the eight State and Territory COTAs (Councils on the Ageing), which have around 30,000 individual members and more than 1,000 seniors' organisation members, directly representing over 500,000 older Australians.

COTA A supports the intent of the draft rule, to provide consumers with advance notice of price changes, prior to changes coming into effect. We support the following provisions of the draft rule:

- Applicability to both electricity and gas;
- Inclusion of both market offer and standing offer customers;
- Requiring price change notifications for both price increases and price decreases; and
- Requiring price change notifications to be delivered separately to bills and in a manner consistent with a customer's expressed preferences.

We do however continue to have concerns regarding the purpose of the notification and the length of the notice period.

COTA A disagrees with the Commission's view that that 'the primary purpose is the consumers right to be informed of price increases before they occur and the avoidance of 'bill shock''. We re-iterate our view that the primary purpose includes consumer engagement with the market including actions such as switching retailer or energy plan. COTA A considers that a notice period of only 5 business days is insufficient to allow a timely response by consumers, where response actions may include one or more of:

- budgeting or changing consumption patterns,
- deciding to invest in distributed generation or energy efficiency measures,
- engaging with the market directly with a retailer or via energy comparison sites with a view to changing plan or retailer.

We consider that 10 business day notice is the minimum requirement, and 20 business day notice is preferable, particularly for consumers who opt for hard copy mail communication with their retailer, given the potential for delays in the postal system.

Furthermore, the recent rule change 'Notification of the end of a fixed benefit period' provided for a minimum of 20 business day notice to consumers. This is a trigger for actions similar to those prompted by the 'Advance notice of price changes' rule, and it is difficult to understand why a different notice period is considered appropriate.

We appreciate the process timing difficulties for retailers and network businesses which were identified by the Commission in arriving at the 5-day notice period specified in the draft decision. It appears that this process is not focussed on the best interests of consumers. We urge the Commission to consider the overall benefit of timely notification to consumers and to review and revise any constraints on the price-setting process which prevent provision of adequate notice of price changes.

COTA A also notes 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. We agree with QCA that percentage changes are commonly used to describe price changes in the industry and provide a useful way for consumers to understand and assess price changes. We support the inclusion of percentage changes in the notice.

We thank you for taking the time to consider these comments as part of your inquiry. Should you have any further enquiries regarding this matter please do not hesitate to contact our office on 02 6154 9740 or via email cota@cota.org.au.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Ian Yates', written over a faint, large, stylized outline of a person's head and shoulders.

Ian Yates AM
Chief Executive