



Advance notice of price changes

Publication of final rule determination and final rule

The Australian Energy Market Commission (AEMC) has made a final rule that requires retailers to send advance notice of price changes to small retail energy consumers.

The final rule requires retailers to provide consumers with notice of changes to their energy tariffs before they take effect. This will provide greater transparency and confidence in the retail energy market, helping consumers to avoid being surprised by their energy bill and giving them the opportunity to consider a variety of actions to manage changes to their energy bill before they occur.

The final rule requires five business days' advance notice of price changes for small retail consumers on a market or standing offer. The notice will include the date of the change to their tariffs and both the existing and new tariffs that will apply. Consumers will also be notified that they can access historical usage and billing data in order to assess the impact of the changes on their bill.

Notice of price changes on retail energy contracts

Currently, under rule 46 of the National Energy Retail Rules (NERR), retailers are only required to inform energy consumers on market retail contracts of changes to their tariffs as soon as practicable, and in any event no later than their next bill. This is similar to requirements for standing offer customers who also must be informed no later than their next bill.

Given the timing of the billing cycle after a price change, some consumers will not be notified of a change in their prices until almost three months after they have come into effect. As a result, the consumer may be surprised by their energy bill and may not be sufficiently prompted to reconsider their energy consumption plans, their retail contract or their choice of retailer before the new prices come into effect.

The final rule

The final rule expands the rule change proposal to apply advance notice to all small retail energy consumers on market and standing offer contracts for both price increases and decreases.

The final rule requires retailers to:

- provide advance notice of price increases and decreases, five business days in advance of the change
- use the customer's preferred form of communication
- clearly indicate that the notice is a price change notice
- include the date of the change, the customer's existing tariffs and new tariffs, inclusive of GST, so they are easy to compare
- provide a prompt that the customer can access their historical billing and usage data if required.

Exemptions apply:

- for consumers on regulated retail prices
- for customers whose prices are linked to the spot price and so vary within the year
- for customers who have already received a price change notice, either within 10 days of the price change because they have recently entered into the contract, or because their fixed benefit period is ending
- where changes to the consumer's energy costs are due to the expiry of a government concession or relief scheme
- where changes to the tariffs and charges are a direct result of changes to bank charges and fees or a network tariff reassignment by the distributor.

The final rule encourages greater transparency and confidence in the retail energy market by the provision of clear and concise price change notices to all small retail consumers

New civil penalties

The final determination includes a joint AEMC/AER recommendation for new civil penalties, including fines, if retailers fail to comply with the new obligations.

Where the new rule applies

The changes will be part of the National Energy Customer Framework (NECF) which applies in the ACT, Tasmania, South Australia, New South Wales and Queensland. The changes will not apply in Victoria as it has its own Energy Retail Code.

Queensland has a state law that requires retailers to notify customers on market offers at least ten business days in advance of price changes, which would still apply.

The rule change request

On 1 March 2018 the AEMC received a rule change request from the Honourable Josh Frydenberg MP, Minister for the Environment and Energy on behalf of the Australian Government and the Honourable Don Harwin MLC, Minister for Energy and Utilities on behalf of the NSW Government that proposed to amend the NERR to require retailers to provide advance notice of price increases on retail energy contracts with small consumers.

Commencement

The final rule will commence on 1 February 2019 to give retailers time to make changes to their systems.

For information contact:

AEMC Senior Adviser, **Russell Pendlebury** (02) 8296 0620

AEMC Director, **Shari Boyd** (02) 8296 7869

Media: Communication Director, Prudence Anderson 0404 821 935 or (02) 8296 7817