10 October 2012

Australian Energy Market Commission
PO Box A2449
Sydney South
NSW 1235

Lodged online at www.aemc.gov.au – project number EPR 0022

Dear Australian Energy Market Commission


EWOV welcomes the Report’s recommendations, particularly around protections for vulnerable consumers so that they are not financially ‘worse-off’ under a flexible pricing regime.

EWOV supports the following AEMC proposals:

- Giving vulnerable consumers the option to remain on a flat tariff rate.
- The establishment of new government programs providing targeted advice and assistance to consumers about a move to flexible pricing.
- State government review of concession schemes.
- The delivery of simple information to all consumers to help them understand and respond to the pricing changes.
- A gradual transition to flexible pricing - focused on heavy electricity users first.

EWOV encourages the AEMC to consider the scenario where consumers switch to a flexible price and later find that it disadvantages them. Consideration is required to ensure that reverting back to a flat tariff rate can be achieved easily and without a financial penalty, particularly for vulnerable consumers. In Victoria, where flexible pricing will be more
widespread from mid-2013, the government has announced that consumers who decide to change to flexible pricing can return to their previous flat tariff with the same retailer without incurring an administration fee. This protection will be in place until 31 March 2015.¹

We also restate the importance of consumer education and independent price comparison services in a retail energy market that will have complex price structures, lots of consumer choice and a plethora of contract offers. Further, a move towards contracts with more complex pricing structures creates a greater need for retailers to ensure that their marketing staff provide clear and simple offer summaries to potential new customers. Regulators should ensure that compliance is adhered to, and take action where regulatory breaches are identified.

Additionally, EWOV would like industry and government to encourage the use of in-home display units and consider subsidies to low income groups to help purchase and install the device. This will help consumers to better understand their energy consumption patterns and maximise the potential financial benefits of flexible pricing.

We trust that these comments are useful. Should you require further information or have any queries, please contact Justin Stokes, Senior Research and Communications Advisor on (03) 8672 4272.

Yours sincerely

Cynthia Gebert
Energy and Water Ombudsman (Victoria)