

23 May 2018

Australian Energy Market Commission (AEMC)
PO Box A2449
Sydney South NSW 1235

Submission regarding the National Energy Retail Amendment (Advance notice of price changes) Rule 2018 (AEMC project reference code: RRC0015)

The Brotherhood of St Laurence (BSL) welcomes the opportunity to comment on the rule change proposal submitted by the Commonwealth and NSW governments regarding advance notice of price changes.

As an organisation committed to an Australia free of poverty, we remain concerned the impact of rising energy price is greatest on those living on low incomes and those who are already disadvantaged. Along with those struggling to pay their energy bills, many other households we come in contact with prioritise paying their energy bills at the expense of other items essential to their wellbeing. These households are the often hidden face of energy hardship.

We welcome the proposed rule change, which would provide consumers with earlier information about energy price changes. It is only fair that consumers are informed of changed energy costs before they incur them, and the proposed measure may prompt switching to better retail offers, promoting their long-term interests.

It is also important, however, to recognise the limits of measures promoting engagement. Ensuring all Australians have access to affordable energy, an essential service, is likely to require deeper and more fundamental reforms to the retail energy market.

The format and content of the new notification should reflect its two purposes: informing consumers and prompting them to switch to a cheaper offer.

The Brotherhood recommends that price change notifications include clear messages about how much an individual household's bill is estimated to increase, as well as prompts to use Energy Made Easy to compare and switch offers. We also suggest the Commission continues to require retailers to inform customers of price changes on the next bill, as it provides another opportunity to promote switching, and the costs of continuing an existing practice will be minimal.

For details of the notification's format and content, we suggest looking to the recent research undertaken by the Behavioural Insights Team (BIT) for the Australian Energy Regulator (AER).¹ The research highlights the importance of distinguishing different types of price changes (e.g. rate increases versus end of discounts), and suggests presenting the personalised dollar value of the price change prominently in order to prompt action. BIT also recommend making it as easy as possible for consumers to compare offers, for example by including the information necessary to use Energy Made Easy on the page, or by providing hyperlinks to a webpage pre-filled with the customer's information.

We also recommend that the AEMC work with the AER to ensure that the price change notification works in tandem with the new end-of-benefit-period notice. The two notices serve distinct purposes, but they may be confused for one another if they are not carefully differentiated.

The new notice should apply to all retail energy offers.

We recommend that the price change notification applies to market and standing offers for gas and electricity, as all customers would benefit from earlier information about price changes. For standing offers, it may be desirable to retain existing requirements about price changes (e.g. obliging retailers to publish changes on their websites) in addition to the new notice.

We recommend that the notification applies consistently between states.

A provision similar to the proposed rule change already operates in Queensland. Implementing the notification in other states will create consistency and possibly efficiencies.

Because Victoria is not subject to the National Energy Customer Framework (NECF), the proposed rule change will not apply there. However, Victoria has committed to harmonise its retail code with the NECF, and we urge the AEMC to work with the state's Essential Services Commission to implement an equivalent notice.

For further information, please contact Damian Sullivan (e: dsullivan@bsl.org.au m: 0405 141 735) or David Bryant (e: dbryant@bsl.org.au ph: 03 9483 2470).

Yours sincerely

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¹ Australian Energy Regulator & Behavioural Insights Team 2018, *Initial findings: BIT review of the Benefit Change Notice for the Australian Energy Regulator*, viewed 15 May 2018, <<https://www.aer.gov.au/system/files/Behavioural%20Insights%20Team%20-%20Review%20of%20the%20Benefit%20Change%20Notice%20for%20the%20AER%20-%20Initial%20Findings%20-%20April%202018.pdf>>