



Energy & Water
Ombudsman NSW

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3 August 2015

Ms Sarah Proudfoot
General Manager – Retail Markets Branch
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

By email: AERinquiry@aer.gov.au

Dear Ms Proudfoot

Thank you for the opportunity to comment on the AER's *Amendments to AER Retail Pricing Information Guidelines V 4.0*.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers.

Amendments to language requirements

EWON strongly supports expanding the requirement for clear, simply and widely understood language to marketing and advertising materials. We consider that the use of consistent terminology between an Energy Price Fact Sheet and marketing materials will assist in minimising customer confusion about an offer.

EWON notes that the language requirement will not be extended to bills or contractual documents. In our submission¹ to the AER's *Draft Retail Pricing Information Guideline April 2015*, we stated that it would be beneficial to use consistent language in Fact Sheets, contracts and bills, such as using the same tariff name in all three communication points. The lack of consistent language, particularly around key items such as tariffs, discounts and fees, creates confusion for customers and leads to complaints to retailers and to EWON. From our experience, customers have disputed tariffs, discounts and fees on the basis that these were not disclosed in their contract or marketing materials when in fact they were disclosed using other terminology. While EWON acknowledges that extending the consistency requirement to bills and contracts could come at a regulatory cost for retailers, we believe that there is significant customer benefit that

¹ EWON submission, available at

<http://www.ewon.com.au/ewon/assets/File/Submissions/2015/EWON%20Submission%20-%20AER%20Draft%20Retail%20Pricing%20Guideline%20April%202015.pdf>

would offset the expense. Such a change would assist in minimising customer confusion and associated complaints about misleading marketing and incorrect tariffs or fees. This cost is not currently being considered. This could also encourage greater consumer participation and confidence in the market.

Amendments to conditional discounts

EWON supports the amended requirement for retailers to disclose information about conditional discounts in advertising and marketing materials in addition to Fact Sheets. As customers rely on advertising and marketing materials for information about the key terms of an offer, it is important that this information is available upfront and is readily accessible to customers. Consistency in the level of disclosure across Fact Sheets and marketing materials will reduce information gaps that impede a customer's ability to make an informed choice about an offer. Inconsistency in disclosure may also create inefficient market outcomes if customers need to consult multiple sources of information in order to be sufficiently informed about key aspects of the offer. This discourages customers from engaging with the market.

Amendments to guaranteed discounts

EWON supports the amendments to guaranteed discounts. As it is common practice to display tariff rates exclusive of any discounts on bills, we agree with concerns that the original proposed requirement to show tariff rates inclusive of discounts on Fact Sheets may create confusion for customers. The amended requirement to show the tariff rate exclusive of any discounts on Fact Sheets will address these concerns.

EWON notes the amended requirement for retailers to show the applicable tariff rate only when they have sufficient information about a customer. Customers have complained to EWON about retailers not honouring tariff rates that were offered at the time of sign up because it was later discovered that these were not available in the customer's network area or did not match the customer's meter type. These customers often believe that they have been misled by the retailer and/or their marketing agent. We therefore consider that the amended requirement is a sensible limitation that will assist in reducing complaints about misleading marketing to EWON.

General comments

It is beyond the scope of this consultation to more broadly address the issue of complex and confusing bills. However, the use of consistent, plain language on energy bills constitutes industry best practice and assists in improving customer understanding of their bills. This should be an ongoing objective for the AER.



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If you would like to discuss this further, please contact me or Emma Keene, General Manager Policy and Community Engagement on 02 8218 5250.

Yours sincerely

A handwritten signature in black ink that reads "Janine Young". The signature is written in a cursive, flowing style.

Janine Young
Energy & Water Ombudsman NSW