



**Australian Power & Gas**  
*Simply smarter energy*

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4<sup>th</sup> June 2010

Fiona Towers  
Director Transport & Energy  
Independent Pricing & Regulatory Tribunal  
PO Box Q290, QVB Post Office  
NSW 1230

By email: [ipart@ipart.nsw.gov.au](mailto:ipart@ipart.nsw.gov.au)



Dear Fiona,

**Re: Retail Price Disclosure Guidelines for Retail Suppliers of Small Retail Customers**

Australian Power & Gas (APG) welcomes the opportunity to provide comments on the proposed Retail Price Disclosure Guidelines for Retail Suppliers of Small Retail Customers. Whilst we appreciate the policy objectives the Tribunal is attempting to address we would point out that we do not believe there to be any market failure in the provision of information to customers that warrants the need for the proposed guideline.

Retailers have always recognised it to be in their own best interests to ensure that customers have access to accurate easy to understand information on energy offers and products. Not to do so would only be detrimental to the retailer.

As the Tribunal would be aware the Australian Energy Regulator (AER) is currently conducting consultation on the issue of price and information disclosure under the National Energy Consumer Framework (NECF). Given this we would strongly urge the Tribunal to wait until the outcome of the AER consultations are known before attempting to implement a jurisdictionally based guideline and comparator service which potentially under the NECF will need to be amended.

APG is concerned that the guidelines have been drafted in absence of proposed Legislation being accepted and in fact have been drafted whilst the Legislation is still under consultation.

In addition the timeframe in which it is proposed to have a comparison website up and running is of concern. Our experience in other jurisdictions is the establishment of similar sites have been fraught with difficulties and have been quite resource intensive. We would suggest the Tribunal seriously consider a staged approach to the implementation of any proposed web



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comparison service. The Tribunal will also need to ensure that once established that sufficient resources are provided to manage the site and in particular ensure its ongoing accuracy.

Further we are concerned with the level of prescriptive information the Tribunal intend to request from retailers on all their available offers. We would strongly contend that should retailers be required to provide product and price information to the Tribunal it should be sufficient that they provide information on one generally available offer which may then be included on the comparison website.

Our detailed comments on the proposed guidelines are contained in the attached. Should you wish to discuss any aspect of our submission, I may be contacted on (02) 8908 2714 or via email: [sruddy@auspg.com.au](mailto:sruddy@auspg.com.au)

Yours Sincerely

**Shaun Ruddy**  
Manager Regulatory & Compliance  
Australian Power & Gas





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## **Retail Price Disclosure Guidelines**

### **Access to pricing information on a retail supplier's internet site**

The guideline attempts to set out how a retail supplier "must" publish information about its offers on its website. We would point out that retailers understand it is in their own best interests to ensure that accurate, easy to understand information on their products and offers is freely available to customers, as not to do so would be detrimental to the retailer.

The way in which retailers publish this information is a point of differentiation between retail suppliers as such retailers should be allowed flexibility in the way they choose to represent this information. Remembering if it is done poorly it will impact the retailer's ability to attract customers.

Given this and in the absence of any existing market failure we do not believe it necessary to prescribe in the proposed guideline how a retailer is to represent its products and offers on its website.

### **Disclosure of pricing information to any person on request**

The proposed guideline requires that a retail supplier "must" disclose pricing information for all available energy offers to any person on request, and that this disclosure must be in writing and be sent by the retail supplier within 3 days of the request being made.

We believe the placing of a 3 day period in which the information must be sent following a customer request to be counterproductive. In that placing a defined time period on the activity has the further effect of creating a reportable obligation (and compliance burden) when in truth there is no effective external measure that may be placed on this obligation to determine the level of a retailer's compliance.

Further if a retailer fails to provide the requested information in a timely manner, again it will be to their own detriment as the customer may choose to seek supply elsewhere. We believe the requirement in the proposed guideline should be for the retailer to provide the information "as soon as practicable" following the request from the customer.

We also believe that retailers should only be required to provide information on the products and offers for which the customer has requested and not all available offers as it states in the proposed guideline.

For example where a customer has no interest in Green offers a retailer should not be required to send information on its Green offers. The current wording in the proposed guideline is somewhat ambiguous and could be interpreted that a retailer must provide all information on all offers at all times.



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## Disclosure of pricing information to IPART

The proposed guideline sets out requirements on a retailer for providing information on their products and offers to IPART, we assume this requirement is in response to the proposed Legislative requirement on IPART to publish information that enables small retail customers to meaningfully compare the tariffs and charges of retail suppliers.

However we note the proposed guideline is lacking in any detail (except for template in schedule A) on how the comparison service would function. APG do not believe the requirement for retailers to provide information on all available offers to IPART to be justified given there to be no evidence of any market failure in the area of customers having access to information.

We hold the view that if a retailer is to be required to provide information to IPART then they should only have to provide information on one offer that is generally available to small retail customers. Again it would be in the best interests of retailers to provide IPART with information on a generally available offer that is attractive to customers, that is retailers will provide their best generally available offer. To do otherwise would be detrimental to the retailer.

As products and offers can be structured quite uniquely from retailer to retailer (this again is a point of differentiation) we do hold concerns regarding the methodology that IPART will employ in comparing all available offers. That is, accurately comparing those offers with price based incentives and those offers with non-priced incentives.

This is a key core issue, which in our experience we have seen some failings with the comparison services that operate in other jurisdictions. Non-priced based incentives must be able to be accurately factored into the comparison of products and offers.

### Disclosure of pricing information

We note that clause 2.3.1 of the guideline states that;

A **retail supplier** must provide **IPART** with the **pricing information** for all available **energy offers** within 48 hours of the commencement date of this Guideline specified in clause 1.3.

A **retail supplier** must provide **IPART** with the **pricing information** by completing the electronic spreadsheet provided by IPART, a copy of which is set out in Schedule A, for each **energy offer**.

The Tribunal needs to ensure that retailers are provided with adequate information (warning) of when the proposed guidelines are to come into effect, so as to allow retailers the appropriate time to complete and submit any required template.

We would suggest that the Tribunal at a minimum provide retailers with 30 days notice of effective date of any guideline.





### Changes to Pricing Information

We note that clause 2.3.2 of the guideline is worded such that;

A **retail supplier** must provide **IPART** with information regarding prospective changes to the **pricing information**, including the introduction of new **energy offers** and the withdrawal of **energy offers**:

- (a) by completing the electronic spreadsheet provided by IPART, a copy of which is set out in Schedule A; and
- (b) at least 48 hours prior to such changes becoming effective.

We would suggest that a retailer would not be required to complete the electronic spreadsheet to advise IPART of the withdrawal of an energy offer. Rather it would be acceptable for the retailer to advise IPART of the withdrawal of an offer by providing the name of the energy offer that is being withdrawn.

### **What is pricing information and when must it be provided**

We note that under clause 3.1 (p) it states that the following information is pricing information;

For all **energy offers** to residential **small retail customers** who do not have a time of use meter: a calculation of an annual bill (inclusive of GST and any discounts) for each **consumption level**.

We note that the consumption levels (referred to above) are set out in definitions and interpretations section of the guideline. We would point out however, that the chosen consumption levels are not consistent with those used in other jurisdictions.

Whilst we would concede that customer consumption levels may differ from jurisdiction to jurisdiction on the basis of climatic conditions etc, however as the consumption level is only an estimate of a potential annual bill, which in turn is only an indication of the level of charges a customer may receive we see no reason why the consumption levels to be used in NSW could not be consistent with those current being used in other jurisdictions.

Consistency with the consumption levels will assist in the reduction of implementation costs for retailers, which in turn benefits customers through not being exposed to these costs.