



EnergyAustralia

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Mr. Hugo Harmstorf
Chief Executive Officer
Independent Pricing and Regulatory Tribunal
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Lodged electronically

Dear Mr Harmstorf

2017 Review of the performance and competitiveness of the retail electricity market in NSW – Draft Competition Report

EnergyAustralia is pleased to make this submission to IPART's Draft Competition Report. We are one of Australia's largest energy companies, with over 2.6 million household and business customer accounts in NSW, Victoria, Queensland, South Australia and the Australian Capital Territory. We also own and operate a multi-billion dollar portfolio of energy generation facilities across Australia, including coal, gas and wind assets with control of over 4,500MW of generation in the National Electricity Market.

We agree with IPART's analysis that the NSW electricity retail market is becoming increasingly competitive. This not only provides opportunities for incumbent retailers but also for potential entrants and significant benefits for all customers. The most tangible benefit of greater competition for many customers will be competitive market offers that are tailored to customers' preferences and energy needs. As smart meters continue to be rolled out and technology improvements are made, the range products and services continues to increase.

Improving Customer Engagement

We specifically note IPART's comments that there is scope to increase the level of engagement of customers in the energy market and we acknowledge the difficulty that some customers have in navigating the retail electricity market. EnergyAustralia is currently involved in several industry forums which aim to improve customer engagement in the electricity market.

EnergyAustralia is one of the seven energy retailers who participated in the Energy Roundtable convened by the Prime Minister in August 2017. In two separate meetings, the retailers committed to a series of initiatives many of which aim to improve customer outcomes. Some of these initiatives are already well underway.

EnergyAustralia is also an active member of the AER's Stakeholder Reference Group, which is seeking to identify practical initiatives to assist customers to understand electricity offers and to improve their ability to compare offers in a practical way. This work has arisen in response

to the commitments made by retailers at the Prime Minister's roundtable meetings. At this forum, we are exploring options to:

1. simplify Energy Price Facts Sheets;
2. develop a metric that allows customers to compare offers at a basic level; and
3. improve the prominence and capabilities of Energy Made Easy.¹

Participants in the AER Stakeholder Reference Group include the AER, retailers and consumers' representative groups. Initiatives developed by the group will be tested against consumer preferences by the Behavioural Economics Team of the Australian Government (BETA).

In addition to this work, EnergyAustralia recently made a submission to the AER's Customer Price Information Issues Paper discussing the issues relevant to the Stakeholder Reference and which are directly relevant to issues discussed at sections 1.4.1 – 1.4.3 of the Draft Competition Report; options to increase participation and engagement in the market. We have also recommended to the AER that the Energy Price Fact Sheets simplification process could be complimented by improvements to the Energy Made Easy website. One such enhancement is to facilitate how customers can upload their consumption data to quickly and easily get a very accurate view of energy offers that are most suitable for them. EnergyAustralia would be happy to share this submission with IPART.

We note your specific recommendations for improvement to Energy Made Easy, we suggest that IPART communicate these ideas directly with AER and to take the opportunity to feed into the review process which is currently underway. Noting that all initiatives are to be tested by BETA with customers to test which proposals are most meaningful and useful for their purposes. EnergyAustralia can present IPART's Draft Competition Report to the AER Reference Group, in particular the recommendations around Energy Made Easy. Improvements to Energy Made Easy are also one of the objectives of the Energy Roundtable.

In addition to the work we are doing in the AER Reference Group, EnergyAustralia has an ongoing commitment to improve customer experiences when engaging with the energy market. We are continually investing in our systems to improve access to energy usage data and allow customers to have greater control over energy consumption. Our online account management portal, My Account, allows customers to view their energy usage by day and provides the capability to understand the impact of their activity on their energy usage. We continue to review and update this system to ensure its relevance for our customers and our longer-term aim is to continue to improve the availability of information, and to provide flexibility in the billing cycle.

Special assistance for hardship customers

EnergyAustralia believes that everyone in Australia should have access to reliable, cleaner and affordable supplies of energy. We have policies and programs in place, over and above minimum legal compliance requirements which aim to provide assistance to our vulnerable customers, including those in our hardship programs. We refer you to our recent correspondence to you dated 27 September 2017 which outlines our strategies and initiatives to assist customers in this category.

We also note your comments in relation to standing offer tariffs (SOTs) and your concerns to ensure that vulnerable or at risk customers are not paying more than they need to. As part of

¹ Each of these initiatives were specifically recommended by EnergyAustralia to the ACCC in our submission to the Electricity Supply and Pricing Inquiry. See: <https://www.accc.gov.au/system/files/EnergyAustralia.pdf>, pp 28 and 29

the Energy Roundtable work is already underway to write to all electricity customers in the NEM who are currently on SOTs and to encourage them onto better market offers. This work overlaps with the more recently announced NSW government's Energy Bill Relief Package. We are working closely with the Department of Planning and Environment (NSW) to ensure that the work we are doing meets the intentions of both government initiatives.

Protections for caravan park residents

Energy Australia believes that all small energy customers should have equitable access to dispute resolution services, regardless of how they receive their energy services.

Equally, all energy providers should ideally be subject to the same rules and regulations with respect to independent dispute resolution services. As the diversification of energy products and services expands we see that more and more consumers receive their energy services from exempt entities and therefore an increasing number of customers are not afforded the same protections as customers of authorised retailers.

Where dispute resolution services are inconsistently made available, there is the potential for a category of energy consumers to be disadvantaged, particularly those who may live in vulnerable circumstances or are less able to advocate on their own behalf. We believe that this may be the case where certain customers, for example those residing in caravan parks who do not have access to the same protections simply because of the circumstances of their living arrangements, rather than an active choice of retailer.

Our recent submission to the AEMC's review of embedded networks expressed our concerns in this regard.

Energy Australia supports IPART's draft recommendation for further investigation to identify the most efficient method to ensure customers who should have the same consumer protections as customers of traditional energy retailers, receive the assistance they need.

Conclusion

EnergyAustralia will continue to work to improve customer engagement and outcomes both individually and in conjunction with the AER forum. The introduction of new technologies such as solar panels, smart meters, batteries, coupled with steep changes in energy prices means that there is a constant headwind of complexity entering the market. These changes present opportunities and challenges in terms of continuing to innovate to meet customer expectations with respect to supply and the cost of energy. EnergyAustralia, believes we must continue to focus our efforts on ensuring that our retail business continues to evolve and remain relevant in this increasingly diverse energy market and to ensure we deliver positive customer outcomes in a competitive market.

Should you require further information about this topic please call Samantha Nunan on (03) 8628 1516.

Yours sincerely

Melinda Green

Industry Regulation Leader