

Better energy deal information

Response to Essential Services Commission draft decision on a new energy fact sheet



The Victorian Council of Social Service (VCOSS) welcomes consultation by the Essential Services Commission (ESC) on a new fact sheet for energy deals, and a customer entitlement to their own meter reads if they receive an estimated energy bill.

New energy fact sheet

The new Victorian energy fact sheet will replace existing price and product information statements and offer summaries. We support it being available to people:

- on request to an energy retailer
- on energy retailers' websites
- on third-party energy comparator websites
- as an initial step in any online search or sign-up process for energy deals
- as part of any telemarketing activity for energy retailers.

We also support making fact sheets available through the Victorian Energy Compare (VEC) website, and requiring retailers and their agents to state in their marketing that fact sheets are available on their websites.

Subject to the comments below, we support the ESC basing the fact sheet on those developed by the Australian Energy Regulator (AER) for use in other National Electricity Market jurisdictions.

Price comparison tool

The ESC proposes the fact sheet includes a price comparison tool estimating the annual price of the energy deal for several household types, such as households with one, two to three, or four or more people. The household profiles will be based on AER methodology. This reform helps people consider and compare the estimated price they will pay for energy, especially when considering discount deals that do not indicate the final price.

While we support the price comparison tool, a more useful estimate would be based on a person's actual energy usage. The fact sheet should show this estimate where the retailer has information about the customer's usage history, or the fact sheet is generated through the VEC website and a person has entered data about their actual energy usage.

Other energy deal information

Based on the AER fact sheets, the ESC also proposes the fact sheet include information on:

- energy plan features
- fees and charges
- discounts
- pricing (i.e. usage charges, supply charges and solar feed-in tariffs)

- contract details
- retailer's contact details.

VCOSS suggests some minor modifications to the fact sheet based on the AER's model.

The 'Plan features' section should note any discounts, and whether they depend on on-time payment or some other action.

The 'Discounts' section should specify the length of the benefit or discount period and avoid using inaccessible language (such as 'benefit period') wherever possible, for instance, by stating 'Discounts only apply for 24 months' rather than 'Discounts only apply during the benefit period.' It should also clearly state if the discount does not apply to the daily supply charge.

The 'Contract details' section should be renamed 'Offer details'. Rather than stating when the offer is effective from, it is more important to include information on when the offer ends. People may feel frustrated and deceived if they contact a retailer in good faith about an energy deal but are told the offer has ended. This is particularly the case if they have spent significant time searching for and comparing offers, organising their day to make the call, and perhaps facing long call centre wait times. Other industries with pricing complexity and volatility, such as insurance, are able to specify offer or quote end dates.

Some retailers will be able to offer customers an equivalent deal if an offer has ended. However, this relies on some degree of customer self-advocacy and extra work to ensure the substitute offer is comparable and acceptable. In some cases, people may be lured into a 'bait and switch', meaning they are attracted by a good value but soon to be expired offer, and persuaded to take up a more expensive one.

Specifying the offer end date also limits retailers' ability to refuse an offer to 'low value' customers when they make enquiries.

Customers' own meter reads

We support customers being entitled to provide their own meter read when receiving an estimated bill, consistent with national reforms. This helps avoid high, unaffordable bills based on inaccurate estimates, and reduces complaints to the Energy and Water Ombudsman Victoria (EWOV). In the first half of 2018 alone, EWOV received more than 400 cases about estimated energy and water bills.¹

Currently, estimated bills can be based on historical metering data, average energy use by a comparable customer, or the customer's own meter reading. However, retailers are not required to accept a customer's reading as the basis for the bill estimate. The proposed change would mean customers receiving an estimated electricity or gas bill would be entitled to request an adjusted bill based on their own meter read. The energy retailer would be able to reject the customer estimate if it is not provided in accordance with retailer instructions or was received after the bill due date.

VCOSS welcomes each of the reforms proposed by the ESC and their implementation by 1 July 2019.

¹ Energy and Water Ombudsman Victoria, 'Hot topics: Estimated meter reads (July 2018)', <https://www.ewov.com.au/resources/hot-topics/estimated-meter-reads-july-2018>.