



Meridian Energy Australia Pty Ltd

5 December 2017

Essential Services Commission  
Level 37, 2 Lonsdale Street  
Melbourne VIC 3000

Dear Essential Services Commission,

#### Fixed benefit periods – notification obligations for energy retailers

Meridian Energy Australia Pty Ltd and Powershop Australia Pty Ltd (MEA Group) thank the Essential Services Commission (ESC) for the opportunity to provide comments in relation to the draft decision on the fixed benefit periods notification obligations for energy retailers.

As a general principle, any change that improves the level of transparency and information in the retail market will be positive for customers. With that in mind, MEA Group supports the ESC in respect of the proposed amendments to the Energy Retail Code (Code) and its timely move to align the Code with the National Energy Retail Rules in respect of this important change.

MEA Group supports the ESC's decision-making framework (as prescribed in the Essential Services Commission Act 2011) for its equity to customers and competition.

#### Benefits and costs to Victorian customers

MEA Group agrees with the ESC's position that this proposed amendment will ensure customers are more informed of energy offers available in the market which will therefore drive further competition as a result of customers seeking better offers.

As detailed in the ESC's 2016-17 Victorian Energy Market Report, large retailers hold 85% of Victorian electricity residential customers and 92% of gas residential customers<sup>1</sup>. MEA Group believes the proposed amendment will prompt customers to actively seek out better deals from different retailers – therefore incentivising retailers to introduce more competitive and innovative offers to the market.

In addition, the change will mean that retailers will be made to offer more competitive pricing to their whole customer base rather than just to new customers which will simplify retailer customer relationships and remove from customers the expense of unnecessary acquisition and retention costs.

#### Benefits and costs to retailers

MEA Group believes the proposed amendment will promote greater retail competition as it will allow more retailers to enter into, and operate within the industry given the fairer 'playing field'. It is likely that requiring all retailers to engage more directly with all customers will, in the longer term, improve retailer customer relationships and over time lower expensive and unnecessary churn.

#### Amendment of clause 45A (definitions)

MEA Group agrees with the application of the new notification requirements under the National Retail Amendment (Notification of the end of a fixed benefit period) Rule 2017 (NERR Change) to non-financial benefits, as clarified in

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<sup>1</sup> Victorian Energy Market Report, An overview of the Victorian energy market, pg. 15, Figure 1.3

the AEMC's final determination in respect of the NERR Change. While MEA Group acknowledges that the NERR Change does not expressly define benefits (or non-financial benefits) and that the ESC is seeking to maintain consistency with the NERR Change, MEA Group believes that, in order to avoid any confusion as to its application, the proposed amendment should more explicitly state the kinds of benefits it applies to (e.g. non-financial benefits as well as financial benefits (e.g. price discount)).

#### Changes to the Code: 47A Retailer notice of benefit change

##### Clause: 47A (2)

While MEA Group agrees with the intent of this clause, MEA Group believes retailers should be required to actively approach those customers that do not engage with them after receiving a benefit change notice in a similar manner to the way retailers will be required to proactively contact hardship and debt customers under the new payment difficulties framework starting 1 January 2019. It is in the best interests of both customers and retailers if customers are made aware that their fixed benefit period is ending so that customers can actively seek new offers to ensure they do not end up on debt and hardship programs.

MEA Group believes a minimum standard approach be adopted in the clause to ensure customers are given every opportunity to save money and find a better deal. MEA Group therefore suggests the following amendments (in red) are made to clause 47A (2):

- (2) The benefit change notice must be given:
  - (a) in writing; and
  - (b) no earlier than 40 business days and no later than 20 business days before the benefit change date.

or, if the small customer does not contact the retailer by the benefit change date after receiving a benefit change notice, the retailer must attempt to contact the small customer by either;

- (c) telephone; or
- (d) email; or
- (e) text message; or
- (f) registered post.

Retailers must attempt at least a combination of three of the aforementioned communication means no later than 20 business days after the benefit change date.

##### Clause: 47A (3)

MEA Group supports the insertion of clause 47A (3)(a) – (f). However, MEA Group believes that the information required to be provided to small customers should be more prescriptive to ensure the customer can make an informed decision. Specifically, MEA suggest the following information is included in a benefit change notice:

- The consequences for the customer (in dollar terms):
  - if they do not take any action by the benefit change date;
  - if they accept the offer proposed by the retailer at the end of the fixed benefit period; or
  - if they accept the retailer's best available offer in the market.

MEA Group suggests this information is best presented in the table similar to the table set out in Annexure A.

##### Clause: 47A (4)

It is not clear to MEA Group why a customer with a benefit change that has a benefit change date occurring less than 20 business days after 1 February 2018 is excluded from the proposed improved customer protections under the Code. MEA Group believes all customers on an expired fixed benefit period offer should be provided with a benefit change notice.

MEA Group notes that if the above suggested provisions are incorporated in the Australian Energy Regulator guidelines to be introduced as part of the NERR Change, the equivalent provisions should be incorporated in the proposed amendment to ensure the maintenance of harmony between the National Energy Retail Rules and the Code wherever possible.

For further information on our position on fixed benefit period contracts, please refer to our Australian Energy

Market Commission submission on the matter detailed in Annexure B.

If you have any inquiries regarding this submission, please contact Haiden Jones.

Email:

Phone Number:

Yours Sincerely,

Ed McManus  
Chief Executive Officer  
Meridian Energy Australia & Powershop Australia

Hi Bob
Account 900000556

Balance
Shop
Usage
Transactions
Settings

## Your rates are changing

GST Inclusive Exclusive

Select property 57 something street

### Your current rates

up to 17/05/2017

Online saver	Your rates		Jan
Standard Saver - Your Guaranteed Discount			
🌙	Night	(c/kWh)	<b>19.40</b>
215337336.1			
☉	Day	(c/kWh)	<b>27.75</b>
215337336.2			
📅	Daily supply charge	(c/day)	<b>96.96</b>

### Your new rates

after 17/05/2017

Online saver	Your rates		Jan
Standard Saver - Your Guaranteed Discount			
🌙	Night	(c/kWh)	<b>19.50</b>
215337336.1			
☉	Day	(c/kWh)	<b>27.80</b>
215337336.2			
📅	Daily supply charge	(c/day)	<b>97.00</b>

### Why are your rates changing?

The price you pay for power is increasing due to an increase in the wholesale cost of electricity. This is largely due to the planned shutdown of Hazelwood Power Station, which currently produces about 20% of Victoria's annual generation. Obviously this isn't great news. You can find out exactly what's caused this rise and what it will mean for you [here](#).





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Meridian Energy Australia Pty Ltd

10 October 2017

Lily Mitchell  
Australian Energy Market Commission  
PO Box A2449  
Sydney South, New South Wales 1235

Reference number: RRC0010

Dear Lily

### Notification of end of fixed benefit period

Meridian Energy Australia Pty Ltd and Powershop Australia Pty Ltd (MEA Group) thank the AEMC for the opportunity to provide comments in relation to the notification of the end of fixed benefit period rule change.

As you are aware, MEA Group is the owner and operator of the Mt Mercer and Mt Millar Wind Farms as well as Powershop Australia, an innovative retailer committed to providing lower prices for customers which recognizes the benefits for customers of a transition to a more renewable based and distributed energy system.

As a general principle, any change that improves the level of transparency and information in the retail market will be positive for customers. With that in mind, MEA Group supports both the rule change and its timely implementation.

Question	Response
1. Significance of Issue	
To what extent do you consider that lack of information regarding the end of a fixed benefit period has led, or will lead, to a negative effect on the overall competitiveness of the market?	<p>MEA Group supports the view of the proponent in this regard. The lack of information or lack of “useful” information at the end of fixed benefit periods could negatively impact the competitiveness of retail markets and erode customer faith.</p> <p>In addition, the current industry practice of communicating in percentages, rather than dollars, has the potential to confuse customers, and any efforts to address such confusion have got to be positive.</p>
2. Gas	
Should the proposed rule change apply to market retail energy contracts including gas, or only to market retail electricity contracts? Why?	The issue of lack of information, or “useful” information applies to both electricity and gas, and so MEA Group believes the proposed rule should apply to both.
3. Exemptions	

Question	Response
<p>a) Are the proposed exemptions clear, appropriate and workable?</p>	<p>It is not clear to MEA Group why non-financial benefits should be exempt. The danger with such an exemption is that a proliferation of non-financial benefit offers will occur in the market. This might be good for the cinema, steak knife and stubby holder industries, but is surely not good for consumers and Government confidence in the electricity industry. Unless there is a clear rationale for the exemption of non-financial benefits, MEA Group is of the view that non-financial benefits should not be exempt from the proposed notification requirements.</p> <p>The exemption from the proposed notification requirements for where the customer would be financially no-worse off than if the benefit period had not expired raises a number of issues as to how “no-worse off” is defined. Surely the customer, and not the retailer, is in the best position to define this? For the avoidance of any doubt, MEA Group is of the view that this exemption from the proposed notification requirements should not be included.</p>
<p>b) What potential improvements could be made? Why?</p>	<p>The AEMC should consider the benefit to customers of being reminded about services such as Energy Made Easy. Further, an obligation should be placed on the retailer to inform the customer of other (potentially) better offers the retailer has in the market. While a customer might be “no-worse off” compared to the offer they are on, they might be “much better off” on another of the retailer’s offers.</p> <p>The AEMC should consider:</p> <ul style="list-style-type: none"> <li>• Removing the “no-worse off” exemption.</li> <li>• Ensuring a retailer, in the proposed notification to the customer, provides information on other offers that are currently available from that retailer at the customer’s location. These could include offers the retailer has generally available at that time. The purpose of this is not to point a customer to one particular offer, but simply inform the customer as to the offers that are available to them from that retailer.</li> </ul>
<p>4. Commencement Date</p>	
<p>a) Would a 1 January 2018 commencement date result in materially higher costs than a later commencement date?</p>	<p>No</p>
<p>b) If so, what is the soonest practical date for commencement?</p>	<p>Refer to response to question 4a) above.</p>
<p>c) Should commencement be staged? For example, if full implementation on 1 January 2018 is not practical should retailers still be required to send out a standard notice with basic information from that date?</p>	<p>Refer to response to question 4a) above.</p>

Yours sincerely

Ed McManus  
Chief Executive Officer  
Meridian Energy Australia Pty Ltd