



# **2015 Review of the Gas Marketing Code of Conduct**

## **Alinta Energy Submission**

**16 January 2015**

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## 1 Introduction

Alinta Sales Pty Ltd (**Alinta Energy**) is pleased to provide comment on the Draft Review Report (**Report**) which presents the preliminary findings of the statutory review of the *Gas Marketing Code of Conduct 2014* (**Code**) carried out by the Gas Marketing Code Consultative Committee (**GMCCC**).

Alinta Energy largely agrees with the recommendations in the Report and will restrict its comments to one key issue below.

## 2 Question 1 – Energy Price Fact Sheets

*Should any requirements regarding ‘energy price fact sheets’ be included in the Code? And, if so, should these requirements be modelled on the AER framework?*

The purpose of the *AER Retail Pricing Information Guideline*<sup>1</sup> (**Guideline**) is to assist *small customers* (defined in the Guideline as residential and business customers below an upper consumption threshold) in readily comparing standing offer prices and market offer prices offered by retailers by specifying the manner and form in which details of these prices are to be presented by retailers.

The jurisdiction of the Australian Energy Regulator (**AER**) includes the energy retail markets in the ACT, New South Wales, South Australia and Tasmania (electricity only) and encompasses a large number of retailers, each with a variety of energy market products available to small customers.

In contrast, Western Australia (**WA**) currently has a limited number of gas retailers in the small use customer market, with only two retailers making offers to residential customers. As such, it is currently not difficult for consumers in WA to compare offers and Alinta Energy therefore does not see a need for the introduction of Energy Price Fact Sheets.

However, should the GMCCC recommend the introduction of Energy Price Fact Sheets to the Economic Regulation Authority (**Authority**), consideration should be given to the matters noted below.

### 2.1 Price comparator website

The National Energy Retail Law requires the AER to develop and make available a price comparator website, the purpose of which is to assist a small customer compare the standing offer price available to that customer and the market offer prices generally available to classes of small customers<sup>2</sup>. A generally available contract offer is one that is widely available to most residential and/or small business customers and is not exclusive to particular customer segments. This website can be found at [www.energymadeeasy.gov.au](http://www.energymadeeasy.gov.au).

Retailers are required to upload detailed information pertaining to applicable offers, including usage and daily supply charges, length of contract, fees and charges and conditional discounts (e.g. up-front credits, discounts for payment by due date, etc). Each upload generates an Energy Price Fact Sheet with a unique identifier, which the customer can use to compare with other similarly generated Energy Price Fact Sheets.

Alinta Energy notes there have been numerous issues with the Energy Made Easy price comparator website and redevelopment is being considered for 2015 to enhance both the customer and retailer experience. The current website does not enable a customer to easily

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<sup>1</sup> *AER Retail Pricing information Guideline*, Australian Energy Regulator, Jan 2012, ver 2.0

<sup>2</sup> *National Energy Retail Law (South Australia) Act 2011*, S 62(3)

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compare offers and is “clunky” from a retailer’s point of view, with offer creation, editing, approval and submission likely to be overhauled.

The Energy Made Easy experience has shown that considerable resources are required to administer and maintain a price comparator website, the cost of which is passed on to retailers and, in turn, to consumers. Retailers are likely to spread the cost equally across their customer base so that non-churning customers subsidise those customers seeking to churn away.

In its deliberations concerning Energy Price Fact Sheets, the GMCCC should consider whether a price comparator website is warranted given the considerable administration costs associated with the Energy Made Easy website and, if so, which entity would be in the best position to manage such a website for WA. Consideration should then be given to extending any obligations to the electricity retail market so as to spread website running costs over a wider database. However, before a decision is made about whether to develop such a website, a cost benefit study should be undertaken.

## **2.2 Retailer publication**

In addition to the Energy Price Fact Sheets generated through the comparator website, the Guideline requires<sup>3</sup> a retailer to publish Energy Price Fact Sheets on the retailer’s website for all contract offers that are generally available to small customers.

Alinta Energy believes it is in a retailer’s best interests to disclose all details concerning its offers in a clear and transparent manner on the retailer’s website.

Should the GMCCC recommend the introduction of Energy Price Fact Sheets to the Authority, Alinta Energy would support the publication of each generally available contract offer on the relevant retailer’s website as per the Guidelines. (The GMCCC may also need to consider what constitutes a “generally available contract offer”.)

Alinta Energy does not support the separate publication of largely duplicate information on a comparator website.

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<sup>3</sup> Guideline, S 3.1