

## Submission to ESC's Helping customers engage confidently in the retail energy market: Draft Decision

5<sup>th</sup> February 2019

Essential Services Commission  
Level 27, 2 Lonsdale Street  
Melbourne, Victoria 3000

Dear Secretariat,

The Consumer Policy Research Centre (CPRC) welcomes the opportunity to provide a submission on the ESC's new requirements for energy bills.

CPRC is an independent, non-profit, consumer think-tank established by the Victorian Government in 2016, CPRC undertakes consumer research independently and in partnership with others to inform evidence-based policy and business practice change. Our vision is to deliver a fair outcome for all consumers. We work closely with policymakers, regulators, academia, industry & the community sector to develop, translate and promote evidence-based research to inform practice and policy change.

### Unique Plan ID

CPRC strongly encourages the Commission to introduce unique plan IDs on consumer factsheets and that this unique plan ID be recognised by call-centre staff. We note that Vic Energy Compare already generates a unique offer ID code for each energy tariff that is submitted to the website by each retailer. However, we are aware that when consumers refer to the VEC unique plan ID, retailer call centre staff may not recognise the plan ID, or cannot identify this plan ID in their system database. Inclusion of this unique plan ID on factsheets and bills would enable consumers to easily sign up to the offers identified on the Victorian Energy Compare website, especially where a tariff has a similar name to a multitude of other tariffs, or where the underlying cost of the tariff has changed while retaining the same tariff name.

We would encourage the ESC to require this unique plan ID be clearly presented on any materials wherever the tariff is advertised or outlined – including third-party websites – to reduce the confusion that consumers encounter when switching providers. Consistency across different mediums will avoid unnecessary complexity and consumer confusion about which tariff they are on, and which tariff they are switching to.<sup>1</sup> The ability of consumers to easily switch to plans they have identified through a comparison process is essential to build trust and engage confidently in the energy market and comparison websites.

Though out of scope of the ESC's immediate work program, the inclusion of a unique plan ID on the bill consistent with VEC may enable the Department to deliver on other recommendations in the *Independent Review into the Electricity and Gas Retail Markets in Victoria*, such as recommendation 3J:

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<sup>1</sup> CPRC, *Five Preconditions of Effective Consumer engagement*, March 2018.

The Victorian Government's program to continue to enhance and promote the Victorian Energy Compare website and use of smart meter data.

If Victorians can access their consumption data, overlaid with their tariff (**via the unique plan ID**) on *Victorian Energy Compare*, this may provide a simple, efficient and effective way to enable consumers to compare their current tariff plan and its cost (not currently comparable) with new market offers, reducing any ambiguity and guesswork currently required. We note that the VEC tool enables consumers to estimate their current cost, rather than identifying their current plan and actual cost.

Moreover, clear plan identifiers will be a necessary requirement for the forthcoming Consumer Data Right (CDR) reforms – in which energy is likely to be the next sector these reforms will be applied to. Data portability to enable more accurate comparison and facilitate switching is essential to improve consumer outcomes as part of this process. Key data to enable a consumer to compare products and services in the energy sector includes: “information about the user of product” (i.e. National Metering Identifier), “information about use of product” (i.e. consumption data), “information about a product” (i.e. current retail tariff and product information). Together, these three pieces of data enable effective comparison of current plan with alternative plans.

### **Comprehension testing**

Much like the AER's process with the BPID and the ESC's approach to the best available offer, CPRC would encourage the ESC to test consumers' comprehension of the factsheets. One study found a negative relationship between self-assessed understanding of telecommunications agreements and actual understanding of the agreement.<sup>2</sup> Consumer testing can help to identify where designs are more effective ahead of widespread rollout.

### **Awareness**

If consumers are not aware of factsheets, it is unlikely they will seek these out as a tool for decision-making. CPRC suggests the ESC refer to any data the AER collects on the number of consumers accessing fact sheets. This data can then be used to inform a consumer information campaign to promote the availability of the factsheets to aid consumer choice.

If you have any queries about this submission, please don't hesitate to contact Ben Martin Hobbs on 03 96379 7600 or [ben.martinhobbs@cprc.org.au](mailto:ben.martinhobbs@cprc.org.au).

Yours sincerely,



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<sup>2</sup> Paul Harrison, Laura Hill, and Charles Gray, 'Confident, but Confounded: Consumer Comprehension of Telecommunications Agreements' (Sydney: Australian Communications Consumer Action Network, 2016).