

## CONSUMER FACT SHEET

# Draft ACT Retail Electricity (Transparency and Comparability) Code

We recently released a draft of the new ACT Retail Electricity (Transparency and Comparability) Code. The new code would change the way retailers advertise their electricity plans and tell their customers about plans that might save them money.

This fact sheet explains how the new code will help you shop around for an electricity plan, and the tools you can use now to find better deals.

## Why we are making the new code

The code will make it simpler and faster for you to compare electricity plans and choose the best plan for you. Many ACT electricity customers have told us that they find it difficult and confusing to compare plans and work out what is the best deal for them.

## How retailers will have to help me

Under the new code, retailers will have to make their advertising and direct communications with customers (like letters and emails) about their plans much clearer to help you navigate the market and find the best deal for your circumstances.

The new code says that retailers will have to:

- compare the annual price of each of their electricity plans to a reference price
- tell you if they might have a plan that would save you money and how you can contact them for more information
- give you information about the Australian Government's free Energy Made Easy price comparison website, which helps you to compare plans from different retailers
- give you clear, timely and reliable information that will help you choose the best plan for your circumstances.

## How a reference price will help me

A reference price is a benchmark or common reference point to help you compare plans from different retailers.

Currently, a plan advertised by one retailer with an 11% discount could be more expensive than a plan advertised by another retailer with a 5% discount. This is because retailers calculate their discounts off different base rates. This means you cannot easily compare the price of electricity plans based on the advertised discount.

Under the new code, retailers will have to calculate their advertised discounts using a common reference price. This means that if you see a plan advertised with an 11% discount, you will know that it is cheaper than a plan advertised with a 5% discount.

## Examples of how retailers will have to advertise their plans

The new code says that, when retailers advertise or communicate with you about prices, they will have to clearly tell you:

- the percentage difference between the price of the retailer's offer and the reference price
- the additional percentage value of any discounts that you could get if you meet certain conditions, such as a discount for paying your bills on time
- how much your bill for the year would be if you use an average amount of electricity and meet all the conditions to get all the available discounts.

Here is an example of an advertisement for a plan that is 11% cheaper than the reference price. In this example, you will pay \$1301 per year if you use 3900 kilowatt hours of electricity. The plan doesn't have any conditional discounts.

### Example advertisement (no conditional discounts)



Source: Australian Competition and Consumer Commission, *Guide to the Electricity Retail Code*, 30 June 2020, p. 25.

Here is another example for a plan that is 11% cheaper than the reference price but also has a conditional discount of 3% for paying on time. In this example, you will pay \$1254 per year if you use 3900 kilowatt hours of electricity and always pay your bill on time.

### Example advertisement (with conditional discounts)



Source: Australian Competition and Consumer Commission, *Guide to the Electricity Retail Code*, 30 June 2020, p. 26.

## How my retailer will tell me if it has a better plan for me

The new code says that your retailer must tell you if it has a plan that might save you money by putting a message on your bill at least once every 3 months. Your retailer will also tell you how you can contact them to find out more. The information would be prominently displayed on the front page of your bill next to the amount due as shown in the example below.

### Example message if your retailer has identified a cheaper plan

<b>DUE DATE:</b> 24 April 2021	<b>AMOUNT DUE:</b> \$127.36
<p><b>We think you could save money on another plan.</b></p> <p>Call us on XXX for more information about our other plans that could save you money or head to <a href="http://energyus.com.au/compare">energyus.com.au/compare</a>.</p> <p>You can also compare plans from other retailers by going to the Australian Government's <a href="http://energymadeeasy.gov.au">Energy Made Easy</a> website <a href="http://energymadeeasy.gov.au">energymadeeasy.gov.au</a>.</p>	

If you see this message on your bill, you could contact your retailer to talk about cheaper plans. Or you could visit the Australian Government's Energy Made Easy website ([energymadeeasy.gov.au](http://energymadeeasy.gov.au)) to compare plans available from different retailers in your area.

## If my retailer does not have a better plan for me

If your retailer has not found a plan that could save you money, it will still have to tell you on your bill how you can use the Australian Government's Energy Made Easy website ([energymadeeasy.gov.au](http://energymadeeasy.gov.au)) to compare plans available from other retailers. Here is an example of how the information could be displayed on your bill.

### Example message if your retailer has not identified a cheaper plan

<b>DUE DATE:</b> 24 April 2021	<b>AMOUNT DUE:</b> \$127.36
<p><b>Could you save money on another plan?</b></p> <p>You can compare plans across retailers by going to the Australian Government's <a href="http://energymadeeasy.gov.au">Energy Made Easy</a> website <a href="http://energymadeeasy.gov.au">energymadeeasy.gov.au</a>.</p>	

## Clear advice before you sign up to a new electricity plan

The new code says that retailers will have to give you the information you need to make an informed choice before you sign up to a new electricity contract. For example, when you contact your retailer to talk about cheaper plans, your retailer will tell you if there are terms or conditions that can affect how much you might pay each year, whether your prices might change over the term of your contract and whether there is another plan that might be more suitable for you.

## Is there anything I can do now to find a better deal?

Absolutely! You don't need to wait for us to finalise the code before you start shopping around to find a better deal.

You can use the Australian Government's Energy Made Easy website ([energymadeeasy.gov.au](http://energymadeeasy.gov.au)), which is free and allows you to compare electricity plans available in your area. You don't need to give any personal details, but you can enter your electricity usage to get a better estimate of how much you will pay under each plan so that you can work out which one will be best for you.

You can also contact your current retailer and ask if they have a better plan for you.

## Tell us what you think about the new code

We are interested in hearing whether you think the new code will help you and if there is something we can do differently that will make it simpler and faster for you to compare and choose an electricity plan.

Submissions close on 9 April 2021. You can send us your feedback using this [link](#). You can also make a longer submission by email to [icrc@act.gov.au](mailto:icrc@act.gov.au).