

Australian Energy Market Commission
PO Box A2449
Sydney South
NSW 1235

Notification of the end of a fixed benefit period

Reference: RRC0010

Thank you for the opportunity to provide a submission in response to the Rule Change, RRC0010 Notification of End of Fixed Benefit Period.

Momentum Energy is a 100% Australian-owned and operated energy retailer. We pride ourselves on competitive pricing, innovation and outstanding customer service. We retail electricity in Victoria, New South Wales, South Australia, Queensland, the ACT, and on the Bass Strait Islands. We offer competitive rates to both residential and business customers along with a range of innovative energy products and services. We also retail natural gas to Victorian customers.

Momentum Energy is owned by Hydro Tasmania, Australia's largest producer of renewable energy.

Introduction

Momentum agrees that some reforms are needed to ensure that customers are not disadvantaged if they fail to engage with their retailer at the end of their benefit period. We believe that customer participation is vital to a thriving competitive market and ideally all customers would engage with the market regularly however we acknowledge that this is unlikely to occur for a range of reasons.

While it is disappointing that a rule change of this nature is required, we believe that mandating transparent disclosure of the impacts of non-action when a customer's benefit period expires is likely to promote the National Energy Retail Objective. This change will both drive participation in the market and curb the practice of retailers renewing customers on to standing offers or equivalent rates.

In August 2017, Mr Paul Geason, Managing Director of Momentum committed to the Prime Minister that he would assist in expediting a rule change on this issue. With this commitment in mind, we offer the following perspective on how to ensure that the proposed rule change meets its desired objectives.

Application of the Provision to Contract Expiry

Momentum supports the rule change however we urge the AEMC to consider the potential commercial responses available to some retailers. The concept of a benefit term was, in part, an industry response to the provisions of Section 48 of the National Energy Retail Rules requiring retailers to communicate particular information to customers on the expiry of their contracts. Retailers were able to avoid these provisions if the customer's contract did not expire and consequently the evergreen contract with a benefit term developed.

Momentum is concerned that the rule change as drafted by the Minister may not achieve its intended outcome if the use of fixed term contracts increases in response to the new requirements. We suggest that a further amendment be made to Section 48 to ensure that the new requirements exist for customers regardless of their contract structure. This would involve applying the information provision requirements to the expiry of both benefit terms or contracts.

With this suggestion in mind, we support the proposed rule change.

If you require any further information with regard to these issues, please contact me on (03) 8651 3565 or email joe.kremzer@momentum.com.au.

Yours sincerely

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