

EMPOWERING CONSUMERS

A blueprint for informing and empowering small consumers in NSW energy markets



A CONSUMER ENGAGEMENT BLUEPRINT

Competition is delivering discounts and other benefits to NSW electricity and gas consumers and many are taking advantage of the variety of choices. However, consumers want better information and support to help them choose an energy plan that suits their needs. The AEMC has developed a consumer engagement blueprint to empower consumers and make it easier for them to compare offers.

The Australian Energy Market Commission has reviewed the effectiveness of competition in the New South Wales (NSW) small consumer retail markets for electricity and natural gas. Small consumers include households as well as small and medium sized businesses.

We have found that competition in the NSW retail energy markets is delivering discounts and other benefits to small consumers. However, we have recommended that more can be done to make it easier for consumers to compare offers and choose an energy plan that suits their needs.

Research undertaken for the review found that a significant proportion of consumers who were surveyed consider that information currently provided by retailers can be difficult to understand and use to compare offers and hence insufficient to make fully informed choices.

The Commission developed a consumer engagement blueprint to address these issues and enhance competition.

The blueprint provides possible strategies to overcome barriers that prevent more participation in the NSW and other retail energy markets, and meet the needs of specific groups in the community. It can provide a starting point for the development of a NSW government campaign to encourage consumers to consider their energy choices.

The blueprint is based on extensive consumer research and has been developed in collaboration with communication and research experts. We also worked with energy retailers and consumer groups in developing it.

While the report provides advice to the NSW government, the findings and recommendations are relevant to other jurisdictions in Australia that share the challenge of providing consumers with the information they need to compare offers and choose an energy plan that suits them.

1 What we found

Competition is working in NSW but our consumer research* has found that:

- Many consumers are confused about their options and how to compare what's available
- They don't know what their rights and protections are
- There's a mistrust of retailers and the prices they offer
- They aren't aware they could save money

2 Our proposals

INFORM CONSUMERS

Consumers need to know that:

They can choose between plans and retailers and could save money

There's an independent website that'll give them comparisons and a helpline that'll assist in finding the right deal for them

They have rights and protections when they enter a new agreement

The energy supply to their home won't be affected by changing retailer

MAKE IT EASY FOR THEM TO CHOOSE

Refinements to the AER Energy Made Easy comparator website and 1800 number service

Refinements to price fact sheets that retailers provide

HOW TO DO THIS



Mass media



Targeted media



Leaflets



Provide information packs and training to community organisations

3 The aim




Empower consumers so that they're confident that they have the right information and support to choose an energy plan that suits their needs

* Key research findings were taken from:

- literature review
- consumer focus groups and community forums in Sydney, Parramatta and Wagga Wagga
- a survey of 1,200 residential consumers across NSW who decide on energy plans
- 20 in-depth interviews with community organisations representing different segments of the community; eg, regional, disabled, Indigenous and small business

RECOMMENDATIONS TO EMPOWER CONSUMER CHOICE: GIVING CONSUMERS THE INFORMATION AND SUPPORT

Our recommendations are based on thorough research and consultation with retailers, consumer groups, and representatives of small business and community organisations.

Proposal	Delivery	Actions
 Provide information on the available tools and consumer protections to support consumer choice	NSW Government	<p>Run a mass market media campaign across television, radio, newsprint and online advertising to convey campaign messages</p> <p>Distribute informative leaflets in multiple languages to post offices, local councils, Centrelink, Members of Parliament offices and community-based organisations</p> <p>Tailor a media campaign across niche newsprint and radio for different segments of the community such as non-English speaking people. Could include case studies and directions to a multi-lingual service and community-based assistance</p>
 Improve comparison tools to make it easier to compare offers and help consumers make choices	Australian Energy Regulator	<p>Improve the <i>energymadeeasy</i> service to simplify the comparison process, broaden the service offered and support different community segments</p> <p>Improve energy price fact sheets to simplify and standardise the information provided to consumers about energy plans</p>
 Give additional support to those who need it	NSW government with community organisations	Develop information kits and provide training to community organisations to communicate the key campaign messages and use of energy plan comparison tools

KEY RESEARCH FINDINGS

We undertook extensive research to develop the consumer engagement blueprint. It explored existing knowledge, drivers and barriers to changing energy plans, and consumers' information needs and preferences.

Fifty-two per cent of respondents said they had changed their energy retailer or plan in the last two years. Saving money is by far the strongest driver for changing energy plans. The main trigger for considering changing plans is proactive approaches by retailers.

Despite strong awareness that consumers can choose an energy retailer or plan, most have minimal knowledge of what their options are and how to go about finding credible information.

Consumers' intention to change their energy retailer or plan in the near future is reduced by a lack of perceived incentive to do so and lack

of trust of retailers. However, if they can save money more people are interested in switching.

The majority of participants were keen to see an independent credible source of information that would allow them to compare offers.

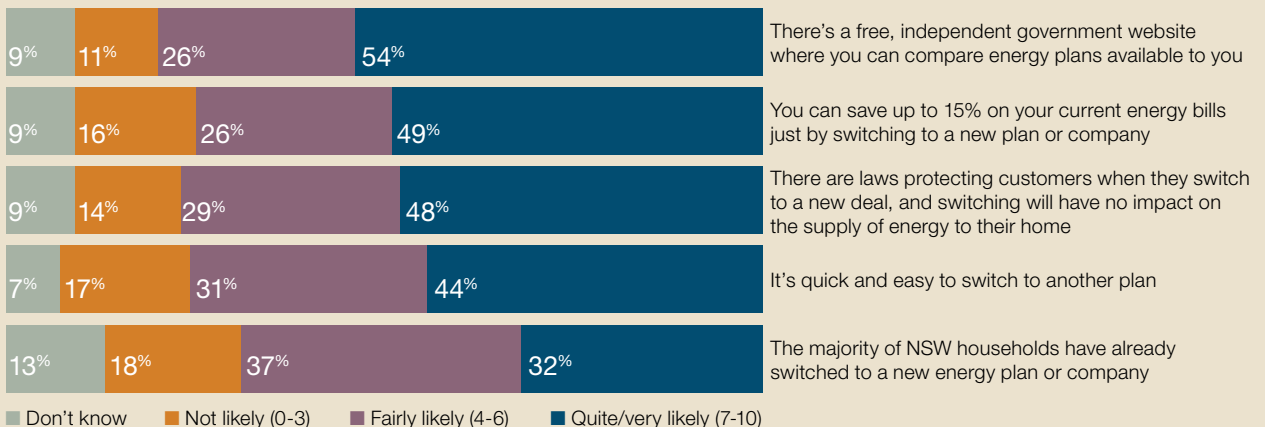
A public information campaign designed to encourage consumers to consider changing their plan was supported. The figure on the right shows the proportion of respondents to the survey that said they would be more likely to seek a better energy deal after hearing each of the following statements.

We engaged Newgate Research to undertake much of this research

THEY NEED

Campaign messages	Implementation
<p>The campaign will have three themes:</p> <ul style="list-style-type: none"> Benefits and savings Savings can be made by shopping around Simplicity and independence It is quick and easy to shop around and compare energy offers with a free independent government website and telephone service (<i>energymadeeasy</i>) Consumer protection There are laws protecting consumers when they switch to a new deal and changing retailer will have no impact on the supply of energy to their home <p>Campaign objective: every NSW household and small business has access to the information, support and protection needed to get a better deal on energy</p>	<p>PHASE I: PREPARATION</p> <ul style="list-style-type: none"> • Campaign scope approved • Preparation of all material including leaflet • Development of kit for community and peak groups including translations and a simple training module • Briefing for retailers and key energy industry stakeholders <p>PHASE II: IMPLEMENTATION</p> <ul style="list-style-type: none"> • Official media launch • Key stakeholder briefings • Advertising commences from launch date • Leaflet distributed <p>PHASE III: EVALUATION</p> <ul style="list-style-type: none"> • Evaluation scoped • Tracking survey • Final report • Assess need for ongoing evaluation

Effectiveness of key messages (likelihood to seek out a better energy deal)




The role of the AEMC

The Australian Energy Market Commission's role is to address problems and opportunities in evolving energy markets and work with stakeholders to find solutions which are in the long-term interests of consumers.

We make rules which help the energy market participants deliver reliable electricity and gas services to Australians in the most cost efficient ways. We also provide advice to state, territory and federal governments.

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