

Mr Paul Smith  
Australian Energy Market Commission  
Level 6, 201 Elizabeth St  
Sydney 2000

8 October 2015

Dear Mr Smith

### **AEMC Strategic Priorities for Energy Market Development (EMO0030)**

Consumer Action Law Centre (**Consumer Action**) welcomes the opportunity to provide input into the development of the AEMC's strategic priorities for energy market development. In a market that is now designed to be driven by consumer choices, we particularly welcome the AEMC's continued focus on consumers.

We believe that the transforming energy market needs to focus strongly on enabling good consumer outcomes if consumers are to effectively engage and drive market reform in their long-term interests. We define good consumer outcomes as:

- Safe and fair products and services
- Useable information which is simple, clear and consistent
- Easy and equitable access to products and services
- Efficiency benefitting consumers
- Clear dispute resolution processes.

We believe that focus areas of engagement, participation and protection are right to enable good consumer outcomes in the energy market, and are pleased to see that many of the above elements of good consumer outcomes have been recognised in the consumer priority. We are also very supportive of the focus on technology and new business models in the market and networks priority. Together, these priorities overlap strongly with our own work with the Demand-side Energy Reference Group, of which you are a Member.

There are some areas within the identified priorities however where we believe that AEMC could further refine their thinking, and have proposed specific initiatives below.

#### **1. Engagement**

Consumer Action is very supportive of the AEMC's identification of the need for 'an appropriate level of information' recognising that 'the information available needs to be meaningful', and that 'more work is needed in terms of raising awareness about how to meaningfully compare energy offers'. We are also pleased to see recognition that the information already available to consumers 'may not always be presented in an easy to understand way'.

These issues are critical to unlocking effective competition. We encourage the AEMC to draw on the principles of behavioural economics and undertake research into what an appropriate level of information to underpin effective consumer decision making is, and what channels and formats make that information meaningful to consumers, as a priority in the coming two years.

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## 2. Participation

Similarly, we are pleased to see the AEMC's recognition of the importance of access and 'the right information' in order to participate in an increasingly diverse and complex energy market. We share the AEMC's concern that vulnerable consumers may face barriers to participation in this new market, with implications for the continuing affordability of energy for these groups. We encourage the AEMC to work closely with energy market participants and stakeholders to understand what changes to energy market frameworks may be required to support groups who may be excluded from participating in the new energy market and benefiting from energy market innovation (eg. low-income, renters).

## 3. Protection

We support the AEMC's recognition of the need for ongoing clear consumer protections, particularly in the face of rapid innovation. Our goal is not to remove all potential consumer detriment from the market, however there are likely disputes and detriments that can be pre-empted in order to build consumers' trust in the transforming energy market, and underpin confident participation. For example, innovative financing models will make household-scale generation and storage technologies available to a wider segment of the consumer base, but will challenge the effectiveness of traditional hardship provisions.

We agree with the AEMC that 'current arrangements lack the flexibility required to provide appropriate consumer protections for evolving relationships between consumers and energy service providers'. However we also highlight that the Australian Consumer Law (**ACL**), while providing a more flexible instrument, lacks the suite of protections required to underpin safe, affordable and reliable access to an essential service. For example, the ACL prohibits conduct likely to mislead and deceive, however this is not the same as requiring all the necessary information to make an effective decision. We encourage the AEMC to work closely with consumer groups in their assessment of energy-specific consumer protections and frameworks suitable to the new electricity market.

## 4. Technology and New Business Models

We strongly support inclusion of technology and new business models as a priority for the AEMC in light of the pace of innovation in the electricity market and the need for market frameworks to create a predictable and transparent platform for further innovation which enables good consumer outcomes and builds consumer trust. We are concerned however that at present, this priority focusses on the technical challenges to the market and governance frameworks of rapid innovation—we encourage the AEMC to consider this area of focus in combination with the consumer priorities of informed engagement, effective participation and clear consumer protections.

We would welcome the opportunity to discuss these issues with you in more detail. Please contact Claire Maries on 03 8554 6907 or at [claire@consumeraction.org.au](mailto:claire@consumeraction.org.au) if you would like any further information.

Yours faithfully

**CONSUMER ACTION LAW CENTRE**



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