



Council of Social Service of New South Wales

66 Albion St, Surry Hills NSW
phone 02 9211 2599 **fax** 02 9281 1968
email info@ncoss.org.au **web** www.ncoss.org.au

abn 85001 797 137

1 April 2014

Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235
Submitted online at www.aemc.gov.au
AEMC Ref: RRC0001

Dear Commissioners,

RE: National Energy Retail Amendment (Retailer price variation in market contracts)

We are writing in support of the current proposal to amend Rule 46 to remove the ability of energy retailers to unilaterally vary energy prices within the term of a fixed period energy contract.

As the peak body for the social and community services sector in New South Wales, the Council of Social Service of NSW (NCOSS) works with its membership on behalf of disadvantaged people and communities towards achieving social justice in New South Wales.

NCOSS is concerned that low income consumers are disadvantaged by the current system that allows retailers to change energy prices within the period of a fixed contract. We understand that many energy consumers opt for fixed period energy contracts in the mistaken belief that this will shield them from increasing retail energy prices.

In the NSW context, the practice of varying prices within a contract's fixed period is of particular concern given that retailers are allowed to charge very high exit fees. In December 2013, the Independent Pricing and Regulatory Tribunal set a cap on early termination fees of \$130 plus additional costs associated with any inducements. This compares with a similar fee of only \$20 in Victoria. In our submission to the Tribunal, we argued that high exit fees put people at risk of being locked into their electricity contracts. People on low-incomes – who cannot afford high exit fees – are likely to be further disadvantaged by upward price variations within the period fixed by the contract. By the same token, low income earners who struggle to cover their basic living expenses are more susceptible to market offers that provide short-term relief from high electricity prices, while not being in a position to assess whether such deals will offer better value in the longer-term.

We therefore consider that the proposed rule change will offer better protections to vulnerable customers, while resulting in clearer and more transparent contracts. This will enable consumers to better make informed decisions based on more easily understood information.

In light of this, NCOSS urges the AEMC to adopt the proposed rule change to amend the National Energy Retail Rules to end price variations in fixed period contracts.

Thank you in advance,

Alison Peters
NCOSS CEO