

27 March 2014

Ms Sarah Lau
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Dear Ms Lau

Submission re: Rule Change Request – Retailer Price Variations in Market Retail Contracts

Currently, retailers can enter in to a “fixed term” or “fixed benefit period” market contract with a consumer, where the retailer can change (increase or decrease) the price as often as they choose during the term of the contract, but the consumer can be penalised with a fee for early exit. Unscrupulous retailers are quite free to sign customers up for one, two or three years, at a low price, then increase the price, and only give notice of the change with the next bill.

This does seem to place the risk of price increases unfairly on the consumer.

Many of our clients are living on low incomes; to manage adequately, they need to be able to plan and budget with as much certainty as they can get. A budget for living on a low income has little or no flexibility, and is extremely vulnerable to even small unexpected changes. For people in this situation, paying fees to exit a contract is a very significant disincentive.

Individual consumers of energy are not necessarily particularly skilled at reading and understanding the fine print of energy retail contracts. They may well understand that the word “fixed” in a contract description refers to the price as well as to the discount offered and the length of the contract. Further, many individual consumers would be unable to reliably calculate the cost/benefit of paying the exit fee in order to change to an alternative contract. When the price of a “fixed” contract increases, customers may lose confidence in the energy retail market, and be discouraged from engaging further – leading to a less competitive market.

Accordingly, we feel that energy retail contracts that offer “fixed” terms should not allow for the price to increase during the term of the contract. Alternatively, if the price increases, the contract should be considered broken – consumers should not then be liable for fees to exit such a contract.

Yours sincerely,



Chris Arbon
Manager, Family and Youth Services