

Improving transparency of consumers' electricity charges

Issues and options paper

9 July 2013

Note: This paper has been prepared for the purpose of the Retail Advisory Group. Content should not be interpreted as representing the views or policy of the Electricity Authority.

The Retail Advisory Group

The Retail Advisory Group (RAG) provides independent advice to the Electricity Authority (Authority) on the development of the Electricity Industry Participation Code 2010 (Code) and market facilitation measures, focusing on the relationships between the retailer, distributor and consumer.

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In addition, Anne Herrington and Bill Highet made significant contributions to the development of the discussion paper, although they were no longer RAG members at the time the discussion paper was finalised and published.

The RAG has been requested by the Authority to undertake a review of whether there should be more transparency around consumers' electricity charges, and to identify and recommend alternatives that promote competition by ensuring consumers have timely access to sufficient information so they can understand their bills, see what is driving price changes and make choices about their retailer.

The Authority has statutory responsibility for the Code, and for undertaking market facilitation measures and monitoring the operation and effectiveness of market facilitation measures.

The RAG will use feedback from participants and consumers to develop advice and recommendations to the Authority Board on improving the transparency of consumers' electricity charges.

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1 What you need to know to make a submission

1.1 What this consultation paper is about

- 1.1.1 The Electricity Authority (Authority) has requested the Retail Advisory Group (RAG) to review the transparency of information on consumers' electricity charges.
- 1.1.2 The objective of this project is to promote competition by ensuring consumers¹ have timely access to sufficient information to make informed choices about their electricity supply.
- 1.1.3 Improving the transparency of consumers' electricity charges could promote competition in the retail market in two ways:
 - a) provide consumers with information on the sources of price movements
 - b) help minimise the effort required by consumers to obtain and understand pricing information, in order to make purchase decisions. This would in turn provide discipline on retailers to minimise costs and could also stimulate innovation.
- 1.1.4 Before the RAG commences its review, it wants to ensure it clearly understands any problems relating to the availability of information about consumers' electricity charges. The purpose of this paper is to seek feedback on issues relevant to this project.
- 1.1.5 The RAG invites you to make a submission on the issues discussed in this paper.

1.2 How to make a submission

- 1.2.1 Your submission is likely to be made available to the general public on the Electricity Authority's (Authority's) website. If necessary, please indicate any documents attached in support of your submission and any information that is provided on a confidential basis. However, you should be aware that all information provided to the Authority is subject to the Official Information Act 1982.

¹ Defined by the Electricity Industry Act 2010 as "any person who is supplied, or applies to be supplied, with electricity other than for resupply". This includes commercial and industrial firms as well as residential consumers.

- 1.2.2 The RAG's preference is to receive submissions in electronic format (Microsoft Word) in the format shown in Appendix A. Submissions in electronic form should be emailed to RAG@ea.govt.nz with "RAG – Improving transparency of consumers' electricity charges" in the subject line.
- 1.2.3 Do not send hard copies of submissions unless it is not possible to do so electronically. If you cannot or do not wish to send your submission electronically, you should post one hard copy of the submission to either of the addresses provided below or you can fax it to 04 460 8879. You can call 04 460 8860 if you have any questions.

Postal address

Retail Advisory Group
C/- Electricity Authority
PO Box 10041
Wellington 6143

Physical address

Retail Advisory Group
C/- Electricity Authority
Level 7, ASB Bank Tower
2 Hunter Street
Wellington

1.3 Deadline for receiving a submission

- 1.3.1 Submissions should be received by **5pm on Tuesday 20 August 2013**. Please note that late submissions are unlikely to be considered.
- 1.3.2 The Authority will acknowledge receipt of all submissions electronically. Please contact the Submissions' Administrator at one of the addresses above if you do not receive electronic acknowledgement of your submission within two business days.

1.4 Next steps

- 1.4.1 The next steps for the RAG in undertaking this project are as follows:
- a) release a discussion paper to identify problems/issues and discuss preliminary options (this paper)
 - b) release a second discussion paper on options to address problems, as necessary, and draft recommendations
 - c) make final recommendations to the Authority.

2 What are the issues?

2.1.1 Some consumer groups have raised the following concerns about the information currently available about consumers' electricity charges:

- a) some consumers want more transparency around what is driving price changes
- b) it can be difficult for some consumers to check they have been invoiced correctly if prices are bundled on their invoices because they cannot see how each component contributes to the overall amount
- c) some consumers want to know if there is anything they can do to reduce their bills
- d) some consumers want to be able to more easily compare retailers.

2.1.2 The RAG is seeking to explore how significant these issues are and what impacts they are having, in order to help formulate appropriate solutions.

- Q1.** Do you agree with the issues raised about the transparency of consumers' electricity charges?
- Q2.** If so, how widespread are these issues, and what is their effect? Please provide any evidence you may have to support your view on the size and nature of these problems.
- Q3.** Do you have any other concerns about the availability of information about consumers' electricity charges?

3 Existing arrangements – what information is currently required and available?

3.1.1 When retailers and distributors announce price changes, they notify their customers of the price change.

3.2 The Fair Trading Act

3.2.1 Under the Fair Trading Act, any information that an electricity retailer or distributor provides about its prices or reasons for price changes must be clear, accurate and unambiguous, as it is illegal for any business to make a false or misleading representation with respect to pricing.²

² Section 13 (g) Fair Trading Act 1986; Commerce Commission website: <http://www.comcom.govt.nz/electricity-role/>.

3.3 Commerce Commission

- 3.3.1 The Commerce Commission has recently issued an Information Disclosure determination that requires Electricity Distribution Businesses (EDBs) to provide more detailed price-related information than has previously been the case.³ The determination requires increased disclosure in relation to how EDBs calculate prices, including an explanation of the cost allocation methodology and derivation of the tariffs to be charged for each consumer group. It also requires EDBs to use industry standard terminology.

3.4 Electricity Industry Participation Code

- 3.4.1 The Electricity Industry Participation Code 2010 (Code) does not contain any additional obligations on retailers (or distributors who send bills directly to consumers) to provide information about prices to consumers.

3.5 Principles and Minimum Terms and Conditions

- 3.5.1 In June 2011, as part of the Authority's voluntary regime for domestic contracting arrangements, the Authority published voluntary guidelines for domestic electricity contracts, titled 'Final Principles and Minimum Terms and Conditions for Domestic Contracts for Delivered Electricity (Interposed)' (Principles and Minimum Terms and Conditions, attached as Appendix B). The Principles and Minimum Terms and Conditions set out the following reasonable consumer expectations for billing and payment:
- a) consumers have access to timely and accurate billing and payment information for electricity and associates services, and that information is easy to understand and check
 - b) consumers have access to appropriate mechanisms for making payment that take account of consumer circumstances.
- 3.5.2 The Principles and Minimum Terms and Conditions focus largely on billing processes, rather than on the content of bills. However, section 6.2(b) specifically states that invoices do not need to separately itemise amounts charged for Line Function Services.

³ Commerce Commission (2012) *Commerce Act (Electricity Distribution Services Information Disclosure) Determination 2012*.

3.6 Variation in retailers' and distributors' practices

- 3.6.1 The Authority's review of domestic electricity retail contracts⁴ showed varying degrees of alignment with clause 6.2 above, with smaller retailers' contracts generally having less alignment.
- 3.6.2 The level of detail retailers currently include on consumer bills varies widely, with some including only high-level pricing information, and others including additional detail such as daily charges, energy charges and network charges.
- 3.6.3 Similarly, the pricing information shown on retailers' and distributors' websites appears to vary widely, both in form and in level of detail.
- 3.6.4 The RAG would like a clearer picture of how widely retailers' and distributors' practices vary, and is seeking such information as part of this consultation.

Q4. If you are a retailer or distributor, please provide a representative sample of your consumer invoices (where applicable) and a link to any consumer pricing information on your website. Please also provide a description and/or examples of any other relevant information that you make available to consumers.

3.7 Other sources of information about consumers' electricity charges

- 3.7.1 The RAG has compiled the following list of other sources that provide information about consumers' electricity charges:
 - a) the Authority publishes fact sheets⁵ that explain the make-up of electricity bills and projections of future price changes. The fact sheets provide interested parties with information on the drivers of price changes in the electricity industry
 - b) the Ministry of Business, Innovation and Employment (MBIE) publishes on its website results from a quarterly survey of domestic electricity prices⁶

⁴ Available at: <http://www.ea.govt.nz/our-work/programmes/market/consumer-rights-policy/domestic-electricity-retail-contracts/>.

⁵ The fact sheets can be found at: <http://www.ea.govt.nz/consumer/factsheets/>.

⁶ The quarterly survey can be found at: <http://www.med.govt.nz/sectors-industries/energy/electricity/prices/electricity-tariff-surveys>.

- c) the Citizens Advice Bureau (CAB) has a guide to understanding power bills on its website⁷
- d) the Switchme website has diagrams of bills from several major companies⁸ with a description of the different components on each⁹
- e) the powerswitch website¹⁰ provides:
 - i) information about the different components that make of consumers' electricity charges
 - ii) price trends for retailers over three years
 - iii) an interactive tool to assist consumers to compare retailers and calculate how much they could save if they switched
 - iv) tips for saving energy and links to other websites with more information on this including:
 - RightLight – <http://www.rightlight.govt.nz/>
 - Energywise (EECA) – <http://www.energywise.govt.nz/>
 - Saving energy at home - the consumer guide – <http://www.consumer.org.nz/reports/saving-energy>
- f) some retailers include sample bills on their websites, with an explanation of the different components¹¹
- g) some retailers already provide consumer bills with the components broken out to varying degrees. For example, Meridian shows the relative proportions of daily charges, energy charges and network charges, and Just Energy shows network charges separately.

⁷ The guide can be found at:

<http://www.cab.org.nz/vat/consumer/energy/Pages/UnderstandPowerBill.aspx>.

⁸ Contact Energy, Genesis Energy, Just Energy, Mercury Energy and Meridian Energy.

⁹ The diagrams can be found at: <http://www.switchme.co.nz/residential/how-to-read-your-bill.php>.

¹⁰ The powerswitch website can be found at: <http://www.powerswitch.org.nz/powerswitch>.

¹¹ For example, Genesis (<http://www.genesisenergy.co.nz/genesis/index.cfm?246F63A3-C09F-4299-6DD8-CEB47F8ECC97>) and Meridian (<http://www.meridianenergy.co.nz/for-home/your-account/your-bill/reading-your-bill/>).

Q5. What other sources of information about consumers' electricity charges are you aware of?

4 Comparison with other sectors

4.1 What makes electricity different?

- 4.1.1 Prices for most consumer products are bundled such that consumers do not see the different components broken out. Consumers make their purchasing decisions based on the total price plus any other non-price factors they may wish to take into account. For example, when you buy a washing machine, you are given a total price for the machine, not a breakdown of costs relating to production, transport, advertising etc.
- 4.1.2 So the question to be answered is “what is different about electricity such that people need to see the components that make up the price?”
- 4.1.3 The RAG considers that the following factors may be relevant to consumer perceptions about the electricity industry and electricity pricing.
- 4.1.4 First, the electricity industry has been ‘competitive’ for a relatively short period of time. Electricity retailers have had the freedom to determine the prices they charge to consumers since full retail contestability in April 1999, not quite 15 years. This contrasts with businesses in other retail sectors, such as banking, insurance, telecommunications and supermarkets, that have had the ability to set prices to reflect individual business dynamics and market conditions for considerably longer. Related to this issue of the age of the market, the electricity industry is regarded as complex, possibly resulting in a perception by consumers that they may not be getting a fair deal on their electricity purchases. Although prices for some parts of the industry are regulated, this may not automatically give consumers comfort that prices are as low as they could be. This complexity may cause some consumers to feel that prices keep rising with no clear explanation as to why and that they have no control over their electricity bills.
- 4.1.5 Secondly, consumers generally perceive electricity as an essential service, and there aren’t any real alternatives in the short term. Although consumers can change to using gas or solar energy for heating, hot water and/or cooking, this can require significant upfront investment, with the benefits recovered over a number of years. This isn’t feasible for many consumers, particularly those on low incomes or those who are renting their homes. In

contrast, retail goods (such as potatoes) or services (such as pay television) are probably seen as less necessary or essential, or have obvious substitutes (for example, rice or free-to-air television for the above examples).

- 4.1.6 Thirdly, most electricity consumers have charging arrangements that mean they learn about their charges a month after they've consumed the service, **and** their monthly bill is highly dependent on using household items for which they will often not know how it affects their consumption of electricity. For example, most consumers have little idea how much it costs to cook a dinner in the oven or run their heater for an evening. There are a few other services (such as telecommunications, banking or insurance) that have monthly charges in arrears but, in these cases, either:
- a) the consumer can easily determine their cost of consumption (for example, for telecommunications cost is measured by minutes per call or cost per text message, etc) or
 - b) the charge is a flat monthly bill (for example, insurance).
- 4.1.7 In contrast, for goods and services such as food, petrol, haircuts, bus/train trips, movies, restaurants, clothes, renting etc, consumers know what they're going to pay before they buy the good or service. Pre-pay electricity is the exception to the monthly arrears approach, so the RAG is interested in how those customers feel about customer information vis-à-vis customers that are on monthly arrears.
- 4.1.8 The RAG is interested in submitters' views on whether these key characteristics of the electricity industry mean that the pricing information available to consumers should be more transparent?

Q6. What are the perceived or actual differences of the electricity industry that may warrant consideration of making more transparent pricing information available to consumers?

4.2 Relevant developments in other sectors

- 4.2.1 The New Zealand electricity industry is not unique in seeking to improve the transparency of information available to consumers about their charges or when considering offers of new services or alternate retailers. For example:
- a) The Commerce Commission has recently introduced pricing information disclosure requirements for gas pipeline services (transmission and

distribution).¹² These include requirements to publicly disclose how their prices were set for consumers, and to explain the reasons for any changes to prices.

- b) The New Zealand Telecommunications Forum (TCF) has been working to develop clear guidelines for pricing transparency by retail service providers in the telecommunications sector. The TCF's *Draft Broadband Product Disclosure Code*,¹³ which is currently open for public consultation, would require service providers to provide consumers with a summary of information for each Broadband Plan called an "Offer Summary". The Offer Summary would include information on service charges and the use of standardised terminology when describing aspects of a Broadband Plan.
- c) The Australian Energy Regulator (AER) requires retailers to publish an Energy Price Fact Sheet,¹⁴ for each standing offer and market offer that a retailer offers to a new small customer from 1 July 2012. This Fact Sheet must present the unit price for electricity and/or gas, plus any fixed or standing charge that is applicable under the contract offer. The information must be provided in a standardised table format.

5 What additional information may be useful?

5.1.1 In light of the concerns set out in section 2 above, the RAG is seeking to answer the following key questions, to determine whether the Authority should take action to improve transparency of consumers' electricity charges:

- a) what information may be useful, and why?
- b) when would the information be useful and in what form?
- c) should the Authority have a say in how the costs of providing such information should be recovered?
- d) should any such guidelines be voluntary or mandatory?

5.1.2 Each of these questions is discussed further below.

¹² Commerce Commission (2012) *Gas Transmission Information Disclosure Determination 2012*. Refer: <http://www.comcom.govt.nz/gas-information-disclosure/>.

¹³ The Draft Code is available at: <http://www.tcf.org.nz/news/1f16212a-6824-4f93-9dad-8e0d15270bf2.html?PathId=b5d6c297-b18b-42ea-8d8a-f191f98ee798>.

¹⁴ The guideline is available at: <http://www.aer.gov.au/node/16091>.

Q7. Do you agree with the key questions to be addressed by this project? Do you consider there are any other key questions?

5.2 What information may be useful, and why?

5.2.1 The RAG is seeking feedback from interested parties on the content, form and level of detail of the information that consumers need about their electricity charges and other offers available to them. Some of the information consumers require may already be available, either online or on some retailers' consumer bills. Some information may be available to consumers, but may not be in a form that can be easily understood, that clearly relates to a consumer's invoice or that readily enables comparison between retailers.

5.2.2 The RAG is also interested to know the purposes for which different types of information are required, and how this assists consumers to make informed decisions.

5.2.3 Types of information that might be useful include:

- a) lines charges
- b) energy charges
- c) metering charges
- d) Electricity Authority Levy
- e) the effective rate paid by the consumer that takes into account fixed daily charges and discounts (ie similar to the effective finance rate that banks have to disclose for mortgages)
- f) the company's lowest tariff available to the consumer
- g) a link to Powerswitch in their bill.

Q8. What information do consumers need to:

- a. check they have been invoiced correctly?
- b. understand what is driving price changes?
- c. determine what they can do to reduce their bills?
- d. make effective choices about their retailer?

Q9. From what sources can consumers already obtain some, or all, of this information?

Q10. Are there any gaps between the information consumers require, and the information that is already available?

5.3 When would the information be useful and in what form?

- 5.3.1 The RAG is seeking feedback from interested parties on when consumers require access to information about their electricity charges. For example, do consumers need a breakdown of components on every bill, or just ready access to cost breakdowns on an occasional basis? Do they need the information every month, once a year, or only on application?
- 5.3.2 Understanding when the information is required will inform the RAG's consideration of the best communication channels for delivering the information.

Q11. When do consumers need information about their electricity charges?

Q12. What is (are) the most useful communication channel(s) for delivering the required information?

5.4 Should the Authority have a say in how the costs of providing such information should be recovered?

- 5.4.1 The costs of providing additional information about electricity charges will vary depending on the level of detail required and the communication channel used. Preliminary options are discussed briefly in the next section.

Q13. If the Authority intervenes, should the costs be socialised across all consumers or recovered only from those consumers who want this service?

Q14. How much are consumers prepared to pay for such information?

6 Preliminary options

- 6.1.1 The RAG is seeking interested parties' views on what actions, if any, the Authority could take to improve transparency of consumers' electricity charges. Some preliminary options are discussed briefly below, and the RAG welcomes other suggestions from submitters. The options are not exhaustive or mutually exclusive, and a package of initiatives (or none at all) may be required depending on the nature and size of any problems identified. Submitters' views are also sought on how each option would contribute to meeting the objectives set out in section 1.1.2, and on their respective costs and benefits.

6.2 Do nothing

- 6.2.1 If sufficient information is already available to assist consumers to understand their electricity charges and what is driving price changes, and to easily compare retailers, then there may not be a need for the Authority to intervene.
- 6.2.2 For example, if consumers want to see the components on their bills, there are already several retailers who provide this service and to which consumers could switch. If consumers want to compare retailers, then there are websites that facilitate this.
- 6.2.3 The RAG is aware that some retailers are already innovating in the ways in which they provide information to consumers, with more granular consumption data being provided and user-friendly web interfaces. Setting requirements for the ways in which information on pricing is provided to consumers may stifle innovation in this space rather than leaving such developments to competitive pressure.

Q15. Do you consider the 'do nothing' option is viable? Please provide your reasons, including the costs and benefits of this option.

6.3 Increased role for the Authority

- 6.3.1 The RAG is seeking feedback on whether interested parties consider the Authority should take a more active role in educating consumers about consumers' electricity charges and about the drivers of price changes.
- 6.3.2 This role might also include providing enhanced comparison tools, such as changes to the existing Powerswitch website, and tools tailored to specific consumer groups. Under this option, there would also likely be increased requirements for retailers to provide price-related information.
- 6.3.3 The RAG notes that enhancing comparison tools could also increase their complexity, making them less user friendly and risk generating more confusion for some consumers.

Q16. Do you consider the Authority should take a more active role in educating consumers and/or providing enhanced comparison tools? Please provide your reasons including the costs and benefits of this option.

6.4 Disclosure of pricing information by retailers

6.4.1 The RAG is considering whether retailers should provide price-related information on their websites or in other communications to their customers. This approach could be by voluntary adoption by the electricity industry, or be mandated through the Code, and could include one or more of the following requirements on retailers:

- a) To provide a clear explanation of the causes of any price changes in a way that is open to review by other participants, consumers and the Authority. The aim would be to ensure consumers have accurate and transparent information on the drivers of price changes.
- b) To disclose 'sufficient information' to enable consumers to check their invoices are correct. Retailers would be able to decide how best to present this information.
- c) To use a disclosure template for publishing information about prices in a consistent, standardised form, enabling consumers to better compare prices between retailers and check the pricing information on their bills. This is a similar approach to that undertaken by the AER (discussed in paragraph 4.2.1c) above). It could include standardised presentation of information such as the names of products, and the inclusion (or exclusion) of GST and discounts.

- Q17.** Do you consider retailers should be required to provide additional pricing information? Please provide your reasons, including the costs and benefits of this option. If retailers are required to provide additional pricing information, should this apply to all products? Or should a retailer and consumer be able to agree to a pricing arrangement that is not subject to mandatory disclosure (such as a fixed-term contract whereby the retailer absorbs any increases in network charges for a number of years)?
- Q18.** If retailers are required to provide additional pricing information, what form should this take?
- Q19.** Should pricing disclosures also include recent history of prices, for example, trends over the past 12-18 months?
- Q20.** Do you consider retailers should be required to provide consistent representation of prices, for example, via a template?

6.5 Mandatory disclosure of the component parts on consumers' bills

- 6.5.1 An option favoured by some consumers is to require mandatory disclosure of the component parts on consumers' electricity bills. The objectives would be to increase the transparency around pricing information and improve consumer confidence in the accuracy of information provided about price changes. This could encourage greater price competition amongst generators and retailers.
- 6.5.2 This option could involve disclosure of the relative contribution of the main components such as lines charges, metering and the Electricity Authority Levy. It would allow consumers to see the specific breakdown of their own charges without needing to refer to a website and without having to undertake their own analysis, but would not by itself enable them to compare charges across retailers.
- 6.5.3 Some parties have raised concerns with this approach, including the feasibility for distributors who use grid exit point pricing (GXP)¹⁵, the cost for retailers, and the potential for stifling innovation in the retail market¹⁶. It could also undermine the competitive advantage of retailers who already unbundle their bills. In addition, the provision of additional information could cause confusion for some consumers.
- 6.5.4 Potential variations of this option are to require retailers to offer to disclose the components of electricity charges as a paid service (opt in), or alternatively to allow consumers to opt out of this service.

- Q21.** Do you consider retailers should be required to disclose the component parts of electricity charges on consumers' bills? Please provide your reasons, including the costs and benefits of this option.
- Q22.** If so, should it be required across all products, or should consumers be able to opt in (or alternatively, opt out)?

¹⁵ Approximately 40% of distributors use GXP pricing, meaning retailers would need to estimate each consumer's share of lines charges. Retailers would likely do this in different ways, and there is potential for confusion if a consumer was to switch from one retailer to another on a GXP-priced network as they would most likely see a change in lines charges.

¹⁶ For example, Powershop's business model would conflict with it being able to comply with mandatory disclosure requirements because prices for power are given as a single cents per kilowatt hour charge.

Q23. What is your view on the option to require retailers to offer to disclose the components of electricity charges as a paid service?

Appendix A Format for submissions

Submitter		
Question	Comment	
Q1. Do you agree with the issues raised about the transparency of consumers' electricity charges?		
Q2. If so, how widespread are these issues, and what is their effect? Please provide any evidence you may have to support your view on the size and nature of these problems.		
Q3. Do you have any other concerns about the availability of information about consumers' electricity charges?		
Q4. If you are a retailer or distributor, please provide a representative sample of your consumer invoices (where applicable) and a link to any consumer pricing information on your website. Please also provide a description and/or examples of any other relevant information that you make available to consumers.		
Q5. What other sources of information about consumers' electricity charges are you aware of?		
Q6. What are the perceived or actual differences of the electricity industry that may warrant consideration of making more transparent pricing information available to consumers?		
Q7. Do you agree with the key questions to be addressed by this project? Do you consider there are any other key		

	questions?	
Q8.	What information do consumers need to:	
a.	check they have been invoiced correctly?	
b.	understand what is driving price changes?	
c.	determine what they can do to reduce their bills?	
d.	make effective choices about their retailer?	
Q9.	From what sources can consumers already obtain some, or all, of this information?	
Q10.	Are there any gaps between the information consumers require, and the information that is already available?	
Q11.	When do consumers need information about their electricity charges?	
Q12.	What is (are) the most useful communication channel(s) for delivering the required information?	
Q13.	If the Authority intervenes, should the costs be socialised across all consumers or recovered only from those consumers who want this service?	
Q14.	How much are consumers prepared to pay for such information?	
Q15.	Do you consider the 'do nothing' option is viable? Please provide your reasons, including the costs and benefits of this option.	
Q16.	Do you consider the Authority should take a more active role in educating consumers and/or providing enhanced comparison tools? Please provide your reasons including the costs and benefits of this option.	
Q17.	Do you consider retailers should be	

	<p>required to provide additional pricing information? Please provide your reasons, including the costs and benefits of this option. If retailers are required to provide additional pricing information, should this apply to all products? Or should a retailer and consumer be able to agree to a pricing arrangement that is not subject to mandatory disclosure (such as a fixed-term contract whereby the retailer absorbs any increases in network charges for a number of years)?</p>	
Q18.	If retailers are required to provide additional pricing information, what form should this take?	
Q19.	Should pricing disclosures also include recent history of prices, for example, trends over the past 12-18 months?	
Q20.	Do you consider retailers should be required to provide consistent representation of prices, for example, via a template?	
Q21.	Do you consider retailers should be required to disclose the component parts of electricity charges on consumers' bills? Please provide your reasons, including the costs and benefits of this option.	
Q22.	If so, should it be required across all products, or should consumers be able to opt in (or alternatively, opt out)?	
Q23.	What is your view on the option to require retailers to offer to disclose the components of electricity charges as a paid service?	

Appendix B Principles and Minimum Terms and Conditions

Principles

- 6.1 Companies should comply with any relevant Regulations or Industry Standards in relation to their billing practices and the payment options they offer to Consumers (e.g. guidelines on vulnerable and medically dependant consumers).

Minimum terms and conditions

- 6.2 The Consumer Contract should:

- (a) provide that the Company will send the Consumer an invoice for the Consumer's actual or estimated use of electricity at least once a month unless the Consumer has otherwise agreed;
- (b) provide that the Company's invoice will include sufficient information to enable the Consumer to check the invoiced amount(s), including separately itemising:
 - (i) the quantity and cost of the electricity supplied (or estimated to have been supplied);
 - (ii) any relevant fees and charges; and
 - (iii) other products and services—
 although the invoice does not need to separately itemise amounts charged for Line Function Services
- (c) provide that if the Company makes an error and charges an incorrect amount to the Consumer, then upon becoming aware of the error the Company:
 - (i) will promptly refund or credit to the Consumer any amount that has been overcharged; or
 - (ii) may invoice the Consumer for any underpayments, but only to the extent reasonable taking into account whether the Company or the Consumer contributed to the error or could reasonably have been expected to know of the error;
- (d) advise the Consumer of the billing and/or reconciliation period;
- (e) advise whether the Consumer is required to pay estimated amounts;
- (f) provide that if a Consumer is required to pay estimated amounts, that:
 - (i) the Company's bills will state clearly that an estimate has been used;
 - (ii) the Company will provide, on request, a simple explanation of how estimates are calculated;

- (iii) the Consumer will be given the opportunity of reading their own meter and giving the readings to the Company until the Company arranges for the meter to be read; and
- (iv) the Company will amend an estimated bill if the Consumer provides a valid meter reading; and
- (g) provide that the Company's billing and payment information will include the identifier number or numbers of all installation control points at the Consumer's property (and, where the Company's bill includes charges for both electricity and Line Function Services, the name of the Lines Company); and
- (h) provide that, where the Consumer is not responsible for the lateness of a bill:
 - (i) if the bill is sent more than two months after the end of the period to which it relates, the Consumer has at least the length of time covered by the bill to pay it;
 - (ii) if a bill is more than three months late, the Company should negotiate an appropriate discount with the Consumer; and
 - (iii) no interest will be payable on any incorrect or late bills.