



# Media release: Energy retailers given the green light to increase prices at will

July 31, 2014 [Consumer law](#), [Energy and water](#), [Media Release](#), [Money](#), [News](#)

The [Australian Energy Market Commission](#) (AEMC) is set to rubber stamp energy retailers' ability to increase prices for consumers as often as they like. Energy retailers would have been banned from increasing a customer's tariff mid contract under a proposal from [Consumer Action Law Centre](#) and [Consumer Utilities Advocacy Centre](#), but the AEMC's proposed ruling favours the current system, one that allows retailers to increase prices at will.

Households hunting for better value can sign a multiyear deal only to have the price increase before receiving the first bill. A discount offer may be meaningless because the price can increase as soon as the customer puts pen to paper.

'Australians think a contract actually stands for something – that the price you sign up for is the price you should pay. But energy companies are given a free ride and can increase prices at will. It's blatantly unfair and needs fixing,' said Gerard Brody of Consumer Action Law Centre.

Instead the AEMC has proposed a rule requiring energy retailers to disclose the possibility of price changes to a customer as they enter a contract. But Mr Brody said the AEMC has failed to understand consumer behaviour.

'Under the AEMC plan, a customer will shop around for an energy deal and only be informed that prices can vary at the very last minute – research tells us that at this point consumers are highly unlikely to change their mind, regardless of what is disclosed.'

Mr Brody also dismissed the AEMC argument that banning retailers from increasing prices during a fixed term contract would lead to less energy plans in the marketplace. 'The number of deals on offer means nothing if the price can be increased at any moment – why would a consumer bother shopping around when the deals aren't worth the paper they're written on?'

At this stage the AEMC has released a draft decision, but unless there is a significant change this will have been a lost opportunity to make Australia's energy markets fairer. Under the AEMC's proposal:

- **Shopping around will be futile;** in the face of high prices, consumers are urged to shop around for the best deal. But what's the point of shopping around when the retailer can increase the price after they've signed you up to a long term contract?

- **Marketing will continue to confuse:** the AEMC's own research finds consumers are confused about the term 'fixed'—whether it relates to prices or contract periods—and this will not be addressed.
- **Consumers will face unfair sales tactics;** a retailer can deliberately set prices below market level to attract customers, then increase its price once a consumer has signed a contract.

Jo Benvenuti of CUAC said the AEMC's draft determination showed it was out of touch with public opinion. '94 per cent of respondents to a recent survey believe retailers shouldn't be allowed to increase prices during a contract.

'We asked for a rule change which would have had significant and long lasting benefits for consumers. Our plan would help improve the fairness of the energy market, but the national rule maker has accepted unsubstantiated claims from retailers despite clear evidence of consumer detriment and taken the 'do next to nothing' approach. Australians struggling with rising domestic costs deserve better than this.' said Ms Benvenuti.

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