

Energy retailers given green light to increase prices at will

Consumer advocates lament a lost opportunity to repair Australia's broken energy retail market.

Energy retailers will continue increasing prices at their leisure after the [Australian Energy Market Commission](#) (AEMC) rejected a proposal that would have banned them from increasing a customer's tariff during a fixed term or benefit contract. The decision means households hunting for better value can sign a multi-year deal only to have the price increase before receiving the first bill.

'Australians think a contract actually stands for something—that the price you sign up for is the price you should pay. But energy companies think it's ok to change the terms of the contract as they wish, and it seems the national rule maker agrees with them,' said Gerard Brody of Consumer Action Law Centre.

[Consumer Action Law Centre](#) and [Consumer Utilities Advocacy Centre](#) (CUAC) pushed for the rule change to give households certainty around energy prices, to make it easier to compare energy deals, and to ensure choices are fair. Instead the AEMC ruled that energy retailers will have to disclose the possibility of price changes to a customer as they enter a contract, requirements that previously existed in Victoria without effect. The consumer advocates labelled the decision as manifestly inadequate. As a result:

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 under the new rule.

Consumers will face unfair sales tactics; a retailer can deliberately set prices below market level to attract customers, only to increase its price once a consumer has signed a contract.

Mr Brody said advocates of a competitive market would also lament the decision which means comparing energy plans will continue to be an unmanageable task.

'A competitive energy market has the potential to save Australians money and help them manage their bills, but only if shopping around is easy and choices are fair. Currently there is no standardisation between contracts, and fixed-term contract prices are variable, so finding the right plan is almost impossible.

'In Victoria, even if you use the Government's online comparison service to find the right deal, you'll have around 120 offers to choose from. That's unmanageable. And the price can rise as soon as you sign the contract, so households are just tuning out.'

Mr Brody said the most basic and intuitive step to fix the current situation would be to fix energy prices for the length of a contract. 'The proposal had widespread community support but, sadly, it seems the views of everyday consumers don't hold much sway with the rule makers.'

Jo Benvenuti, Executive Officer of CUAC said 'consumers and consumer advocates will not stop pushing for a fairer energy market. Only if choices are simple and fair will we restore consumer trust in this market, so that competition can work effectively.'

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A full copy of the [Consumer Action Law Centre](#) and [Consumer Utilities Advocacy Centre](#) rule change proposal is available [here](#).