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## **Ensuring ‘fixed’ means ‘fixed’ when it comes to energy contracts**

Consumer Action Law Centre and the Consumer Utilities Advocacy Centre welcomed the Coalition’s announcement that it will ban energy retailers using the term “fixed” when referring to contracts with variable pricing.

‘The language and marketing of energy contracts have long been confusing for consumers’, said Gerard Brody, CEO of Consumer Action.

‘Many consumers have signed fixed term contracts believing they came with a fixed price. But in fact you can sign a three year deal only to have the price increased before you’ve received your first bill’, said Mr Brody. ‘To the extent that consumers are less likely to be misled about the nature of their contracts, this is a welcome announcement’.

Earlier this year, the two consumer advocacy organisations applied to the national energy market rule-maker, the Australian Energy Market Commission (AEMC), to have the national rules changed so energy prices were fixed for the length of a contract. The AEMC recently rejected the proposal, choosing to largely stick with the status quo, only requiring extra upfront information for consumers.

Jo Benvenuti, Executive Officer of CUAC said, ‘Today’s announcement shows that the Victorian Government has recognised the need to improve consumer trust in what they are signing onto in the Victorian energy market. We believe this reform will thereby contribute to more robust and effective consumer participation and competition’.

Both organisations also welcomed the Coalition announcement to limit an energy retailer’s back-billing to address widespread problems with billing systems.

‘Currently, it’s not uncommon for Victorian households to get bills for up to 9 months of energy usage because of billing errors from their retailer. This is the ultimate bill shock and can take people months or years to pay off’, said Mr Brody.

‘Reducing the amount retailers can back-bill is a welcome step and we hope it will motivate energy retailers to get their systems in order’.

These announcements follow on from the Coalition’s recent energy policy statement which promised a further review of the effectiveness of competition, as well as a review of energy retailers’ approach to disconnections.