

FACT SHEET

Competitiveness of the retail electricity market in NSW

Based on *Review of the performance and competitiveness of the retail electricity market in NSW – Draft Report*
July 2015

The Independent Pricing and Regulatory Tribunal (IPART) has released a Draft Report on the performance and competitiveness of the retail electricity market for residential and small business customers in NSW in 2014-15. This is the first annual review we have undertaken in our role as Market Monitor since retail price regulation was removed in NSW on 1 July 2014.

1 Summary of draft findings

Our draft finding is that competition for residential and small business customers in the NSW retail electricity market is working effectively.

- ▼ Retailers generally consider the barriers to enter and expansion in the retail market in NSW as ‘neither difficult nor easy’ and in the past 12 months, four new retailers entered the NSW market.
- ▼ Among residential and small business customers (small customers), there continues to be a high level of awareness of their ability to choose their retailer and electricity plan. Over the past year, around one-third of these customers have looked at their options, and around one-quarter decided to switch retailers or electricity plan. Most customers have been satisfied with the outcome on their engagement in the market.
- ▼ Retailers are actively trying to attract and retain customers through a range of price discounts, new products and service options. The Australian Government’s Energy Made Easy website (www.energymadeeasy.gov.au) shows considerable savings are available for customers who shop around for a better offer.
- ▼ While most small customers report satisfaction with the market and their retailer, outcomes for a small proportion have not been as good. There has been an increase in customer complaints in relation to billing, customer service and credit issues. These are areas where retailers’ performance could improve.

2 Opportunities to make the market work better for customers

There are opportunities to improve competition in the market and to make it work better for customers.

- ▼ Retailers operating across different jurisdictions indicated that different state-based energy efficiency schemes are a barrier to entering the market and involve considerable compliance costs. The continued operation of state-based schemes may duplicate rather than complement the objectives of the Australian Government's Emissions Reduction Fund. If this is the case, duplicative components of state-based schemes could be wound up and any residual functions that are complementary could be transitioned to a national scheme. Clear transition arrangements would need to be put in place to maintain certainty for businesses investing in state-based energy efficiency schemes.
- ▼ There continues to be a relatively low level of awareness of independent price comparison websites like Energy Made Easy. Customers who use the Australian Government's Energy Made Easy website tend to be more confident in choosing the right electricity offer for them. We recommend that the NSW Government looks for further opportunities to promote this website, targeted at the customers who would benefit most from this service. The Australian Energy Market Commission's 'Increasing Consumer Engagement' report provides information about the characteristics of customers who would benefit most from engaging in the market.

3 How can stakeholders comment on this Draft Report?

We are inviting written submissions from stakeholders on our Draft Report by 4 September 2015. Page iii at the front of our Draft Report provides information on how to make a submission. Late submissions may not be accepted.

Our Draft Report is available on our website, www.ipart.nsw.gov.au.

We do not have a specific set of questions for stakeholders to comment on. Instead, we invite stakeholders to address any of our draft findings on the competition indicators, or provide details of additional information that is relevant to our assessment.

We will consider all the issues raised in submissions to our Draft Report, and provide a Final Report to the Minister for Industry, Resources and Energy by 30 November 2015.