

Competition in NSW energy retailing and path to price deregulation



175 YEARS
SUPPORTING
THE COMMUNITY

AGL

Presentation to AEMC public forum
March 20, 2013

Indicators of competition

- Strong rivalry between competitors for sale of electricity/gas.
- Product differentiation – with scope for significant development with price deregulation.

My AGL IQ - free national online energy monitoring tool that will help AGL customers to track & reduce their energy usage

MY AGL IQ

 Elec - 64073015431 - 12 Silver Ash Avenue... 

 My Alerts & Settings

My Home Profile 98% Complete

MY AGL IQ

What's new on my energy dashboard?

MY USAGE

How much energy am I using?

COMPARISONS

How does my usage compare to others?

WAYS TO SAVE

What are some tips to save energy?

MY GOAL & ACTION PLAN

Set a goal and build a plan to reach it.

My Usage

17 Feb - 23 Feb

105.91 kWh

Last Week

109.75 kWh

This Week

3.84 kWh

 Your change in electricity usage this week has been about

You used **3.6% MORE** electricity this week.

[Explore my energy usage](#)

My Usage Charges*

17 Feb - 23 Feb


\$25.94

Last Week

\$27.59

This Week

\$1.65

 Your change in electricity usage charges this week has been about

This week your electricity usage charges were **6.4% HIGHER**.

[Explore my usage charges](#)

Bill Analysis+

18 Jan - 22 Apr

\$255.62
Projected

\$93.86

37 days

Your projected bill amount+ is expected to be **\$25.83 HIGHER** than on your last bill.

[More Bill Analysis](#)

Similar Homes ^

17 Feb - 23 Feb



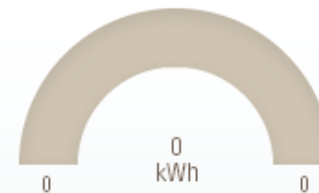
-15.73%

My Home

This week, you've used **20 kWh LESS** electricity than Average Similar Homes#. That's **\$4 LESS** on your current rate.

[More on homes like mine](#)

My Goal **No Goal**



Saving actions currently included in your Action Plan

[Create a goal](#)

MY AGL IQ

 Elec - 64073015431 - 12 Silver Ash Avenue... 

 My Alerts & Settings

My Home Profile 98% Complete

MY AGL IQ

What's new on my energy dashboard?

MY USAGE

How much energy am I using?

COMPARISONS

How does my usage compare to others?

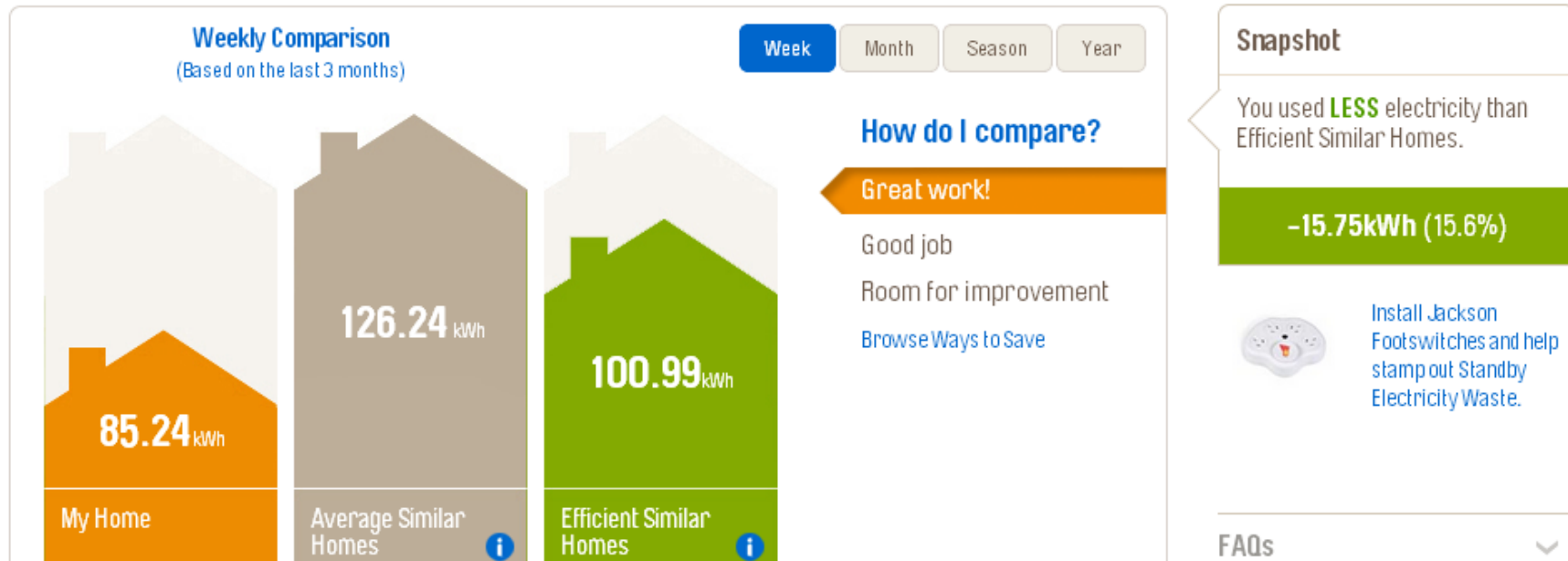
WAYS TO SAVE

What are some tips to save energy?

MY GOAL & ACTION PLAN

Set a goal and build a plan to reach it.

Comparisons



My Usage



Snapshot

Previous Month	Month Shown
Electricity Usage 370.63kWh	Electricity Usage 306.89kWh

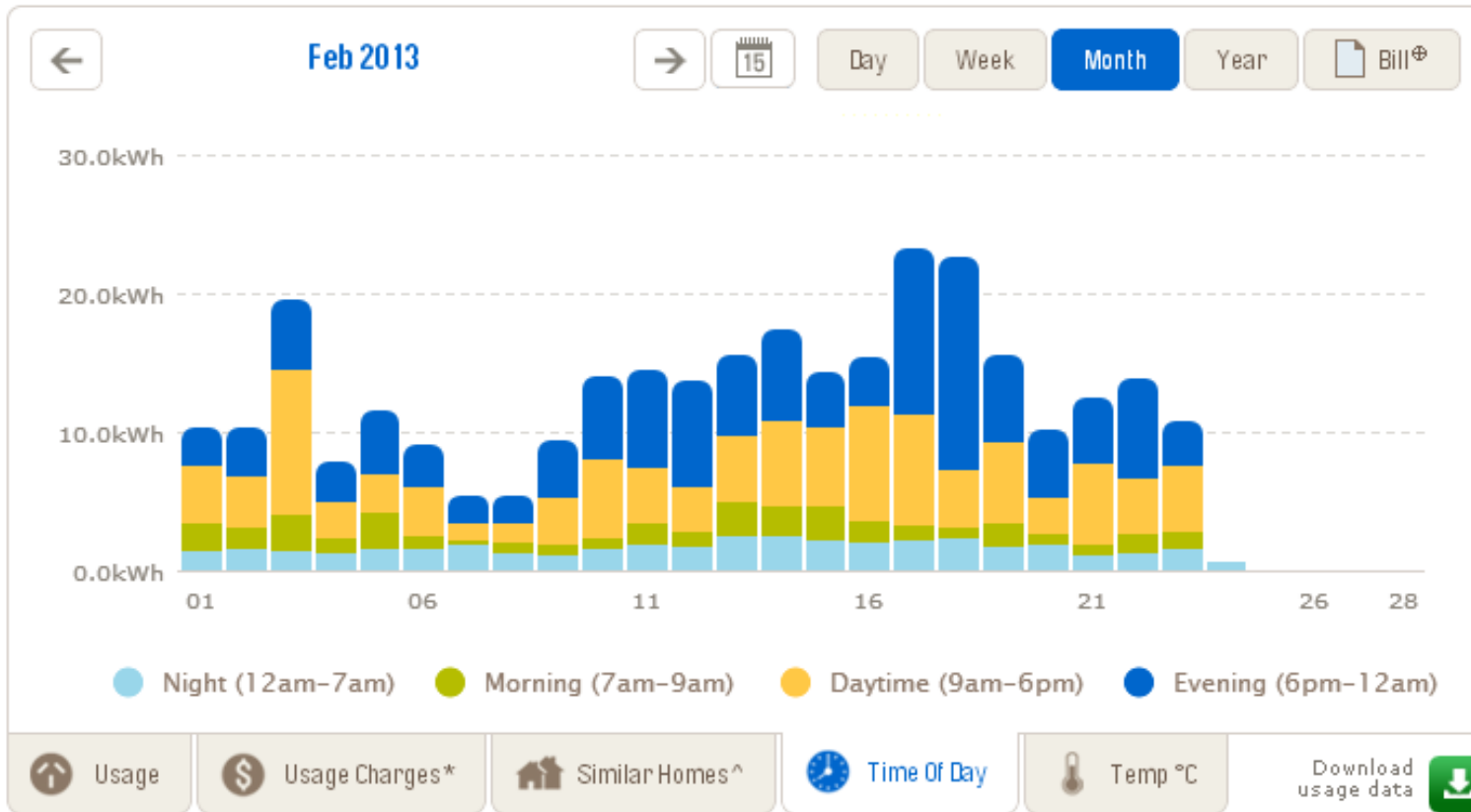
-63.74kWh (17.20%)



Replace 50W halogen downlight globes with 16W LED.

FAQs

My Usage



Indicators of competition

- High customer switching rates – around 19% for electricity and 14% for gas.
 - Compare this to other industries: insurance (12%), health (4%).
- Good customer awareness of ability to change retailers and many sources of information on availability of competing products.
- Barriers to entry, expansion and exit do not preclude entry/exit from market

=> effective competition for retailing gas and electricity in New South Wales.

Biggest threat is unnecessary regulatory intrusion on retailers' pricing decisions in a well functioning market.

Numerous benefits would flow from retail price deregulation

- Meaningful product differentiation (involving more than just discounting) *between* retailers, and *within* individual retailers' product offerings, such as different shaped tariffs to suit different consumption profiles.
 - Time of use tariffs
 - Dynamic critical peak pricing
 - Tariffs tailored for high/low consumption profiles – different combinations of high/low fixed supply charges and higher/lower variable energy charges.
 - Energy conservation tariffs – rebates provided consumption remains below certain kWh level on certain days.

Transition to deregulation

- Immediate transition for all customers at the same time (South Australian model).
 - Would lead to healthy level of market stability and certainty.
 - Would ensure that the full benefits of competition, and tariff and product innovation, would be able to be utilised by all customers from the outset.
- Needs to be accompanied by consumer education campaign.
- IPART to adopt price monitoring role.