AUSTRALIAN ENERGY MARKET COMMISSION

ANNUAL RETAIL COMPETITION REVIEW

CONSUMER RESEARCH FINDINGS[1]: 25 JULY 2017

How competition is evolving and what it's delivering for consumers and small businesses

CONSUMER INTEREST IN UPTAKE OF NEW TECHNOLOGIES IS INCREASING

20% have solar panels

21% are likely to adopt battery storage in the next two years

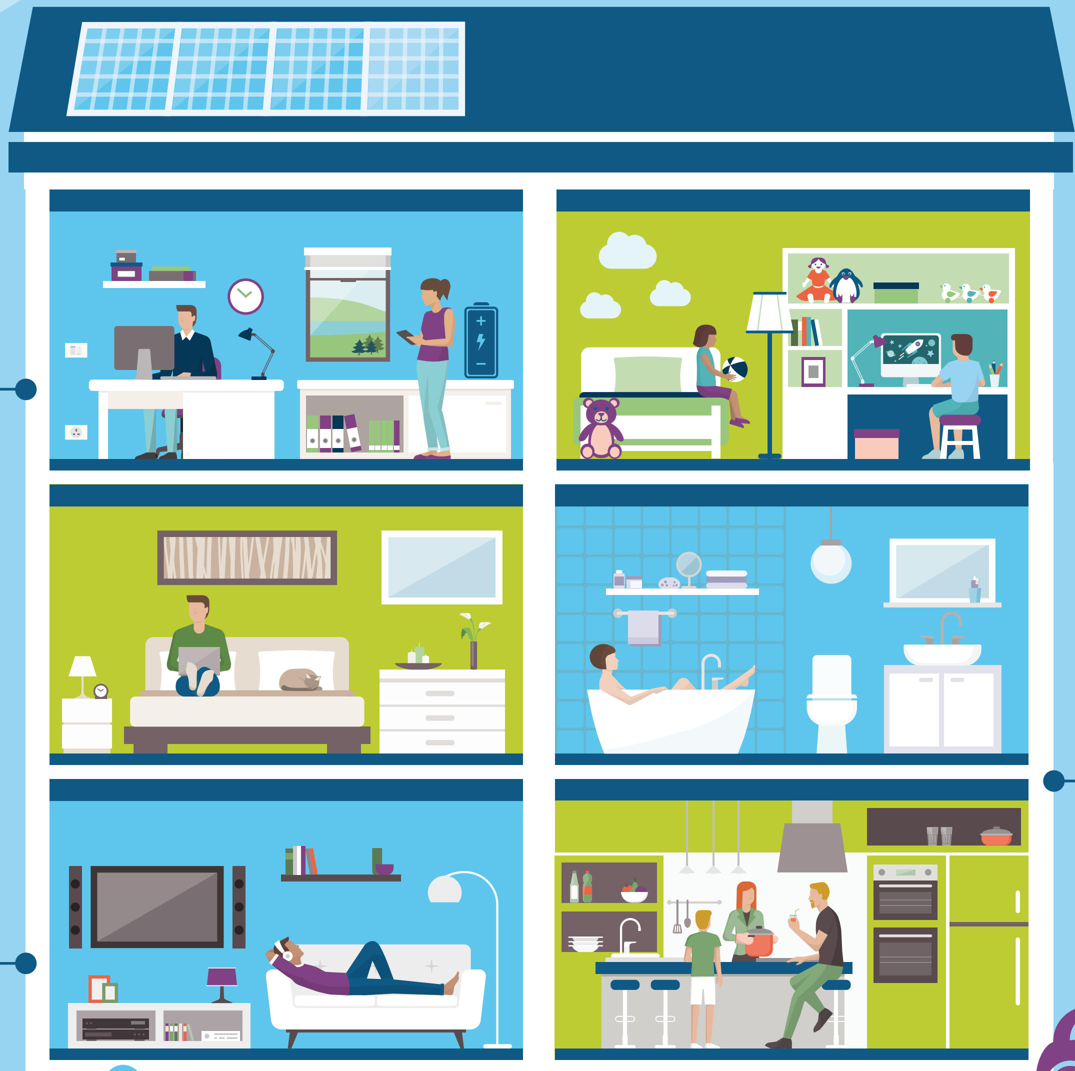
18% are likely to take up a home energy management system in the next two years

CONSUMERS ARE MORE AWARE OF THEIR CHOICES

94% 92% — Awareness of choice has improved – now at around 94% for electricity and 92% for gas

80% — Around 80% of residential consumers actively chose their current energy offer

54% — 54% of residential consumers switched energy retailer or plan in the past five years

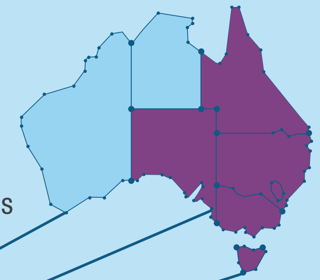


BUT... THERE ARE OPPORTUNITIES TO IMPROVE

- 30% of consumers can't identify the type of plan or offer they're on
- Consumers who investigated their energy options during the year remains at 33%
- Consumers find it harder to compare energy offers than they do in banking, insurance and telecommunications
- Only 9% are aware of independent government energy compare website Energy Made Easy
- Embedded networks represent a new way of providing retail energy products and services to consumers. But consumers in embedded networks may have limited access to competitive retail offers and consumer protections

KEY RETAIL MARKET INDICATORS CONTINUE TO IMPROVE

- Retail market concentration has fallen with smaller retailers increasing their market share
- Retailers and new energy service providers are giving consumers more options to control their energy use
- Larger discounts and savings available – up to 38% for electricity and 30% for gas – and more consumers are receiving discounts
- The average price paid by customers of the big three retailers is moving closer to the best available market offer in some states
- Increasing number of innovative pricing structures and options available for consumers



RECOMMENDATIONS

Programs needed to improve:

- information on cost savings, expiry of benefits on contracts, pricing that applies to offers
- awareness of independent energy offer comparison tools
- awareness of concession and hardship schemes available

Retailers, consumer advocates and jurisdictions to help vulnerable consumers move away from higher priced standing offers or market offers with expired fixed benefit periods

COAG and the states and territories to improve application and awareness of energy concession schemes

Distributors and retailers to streamline arrangements for consumers or their authorised representatives to obtain consumption data so better pricing options and services can be provided

COAG to continue to consider how energy customer protection frameworks need to evolve given diversity of new retailers and energy service providers in the market

Jurisdictions to harmonise their regulatory arrangements to reduce costs for retailers who operate nationally

Industry to develop a survey on availability of electricity trading hedging products

1. Newgate Research – Consumer research for the AEMC 2017 Retail Energy Competition Review, April 2017. Research method: quantitative survey of 2,147 residential and 550 small business customers across the national electricity market