



Findings on competition in NSW retail energy markets

Review of retail competition in NSW - Final Report

We have found competition is delivering benefits to NSW consumers. Consumers are taking advantage of the choices available. We recommend a package of measures to further enhance competition, including removing retail price regulation, improving information for consumers, maintaining consumer protections, and market monitoring.

How is competition delivering benefits to NSW consumers?

Competition is benefiting consumers through price discounting and increased choice of energy providers and products. This includes choice on the terms and conditions of energy contracts, such as payment methods and how often consumers receive bills.

Competition is delivering consumers benefits in a number of ways, including:

- **Consumers have a choice of retailer and product.** There are a number of retailers that offer a range of products and services. New retailers can and are entering the market. Surveys conducted for this review show that over 85% of consumers are aware they can choose their energy retailer. Last year, 21% of electricity and 14% of gas consumers changed their retailers.
- **Retailers are competing to offer better deals.** The regulated price is not the best price. Substantial discounts are available right now depending on where consumers live, how much energy they use and how they prefer to manage their bills. Lower prices and other benefits, combined with increased advertising, are prompting consumers to shop around. As a result, new retailers are gaining market share and competition between the big three retailers is strong.
- **Consumers are satisfied with the service they receive.** Our surveys have reported that consumers appear satisfied with the choices available to them and with their decisions; however, they are asking for clearer information, especially in relation to prices, to help them compare offers. A minority of consumers have had negative experiences with their energy retailer.

This activity shows competition is delivering benefits to consumers through increased choice and lower prices. However, more can be done to make it easier for consumers to understand and compare offers.

How can we further enhance competition in NSW?

Promoting consumer choice

We recommend that retail price regulation be removed. This will encourage greater innovation and lead to more tailored energy products and services for consumers. Already, over 60% of NSW energy consumers have chosen market offers set by their retailer.

Competition is delivering benefits to consumers in NSW. Making it easier for consumers to choose an energy plan that suits their needs will further strengthen competition.

Maintaining consumer protections

We recommend ongoing market monitoring in NSW to continue to assess the state of competition going forward. This should be accompanied by the power to reintroduce retail price regulation if needed.

Maintaining consumer protections is a key part of our recommendations. The National Energy Customer Framework (NECF), which the NSW government enacted on 1 July 2013, provides protections for consumers such as requiring energy retailers to offer hardship programs and regulating some contract terms and conditions. In implementing NECF, the NSW government chose to provide some additional protections that will continue should retail price regulation be removed. For example, under the NSW NECF modifications, limits are imposed on who may be charged early termination fees.

Improving consumer information

We recognise that not all consumers are participating in energy markets by shopping around or switching energy plans. For those consumers who would like to switch, it needs to be easier for consumers to understand and compare offers.

We will be releasing a supplementary report next month with recommendations to help consumers access the information they need to choose an energy plan that suits them.

The recommendations in our Final Report build on the existing strengths of the NSW energy retail markets to progress development for the long term interests of consumers. Empowering consumers to engage confidently in competitive markets is the best protection for consumers.

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Date 3 October 2013