

# Retail Markets Quarterly Q2 2019-20

March 2020

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# Retail market at a glance

## Q2 2019-20

### Market structure



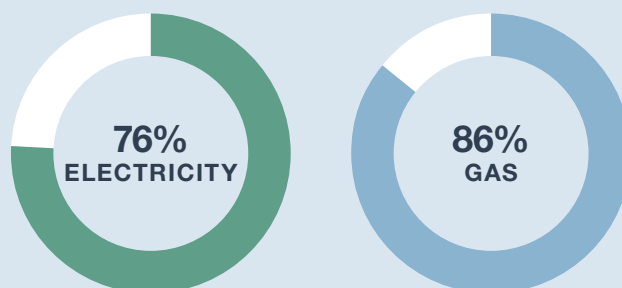
Tier 2 market share increased



### Customer behaviour



Most residential customers are on market contracts



Customers on hardship programs



1.17%

ELECTRICITY



0.76%

GAS



Average hardship debt



\$1288

ELECTRICITY



\$607

GAS



Residential disconnections



12 725

ELECTRICITY



1928

GAS



Credit defaulted customers



20 835

ELECTRICITY



4862

GAS

## 1. Market overview

The data for this section can be found on our website in [schedules 2 and 3](#) in the data book accompanying this report.

### Tier 2 market share increased

Figure 1.1 shows the percentage difference in market share for residential electricity customers (measured by customer numbers) for Q2 2019-20 compared to Q2 2018-19. The figure shows that, overall, Tier 2 retailers' market share in the residential electricity market was 2.4 percentage points higher in Q2 2019-20 than Q2 2018-19.

The figure shows that the three Tier 1 retailers and primary regional retailers had lower market shares in Q2 2019-20 than Q2 2018-19. However, the Tier 1 retailers still hold the largest market shares.

**Figure 1.1: Change in residential electricity market share – Q2 2018-19 to Q2 2019-20**

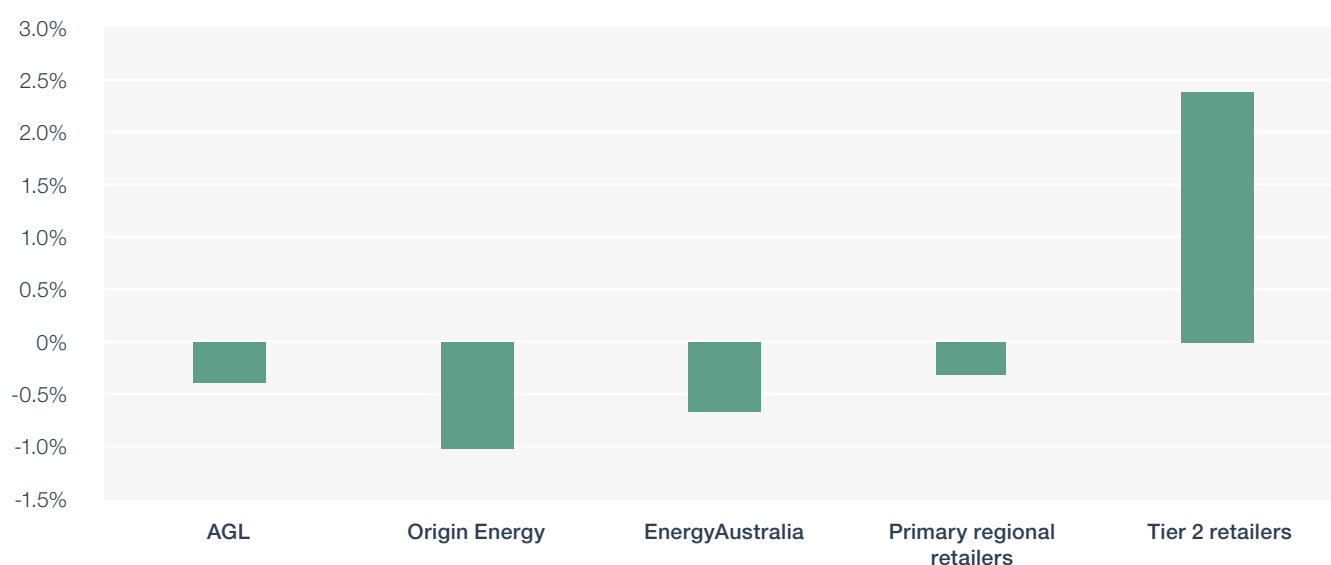


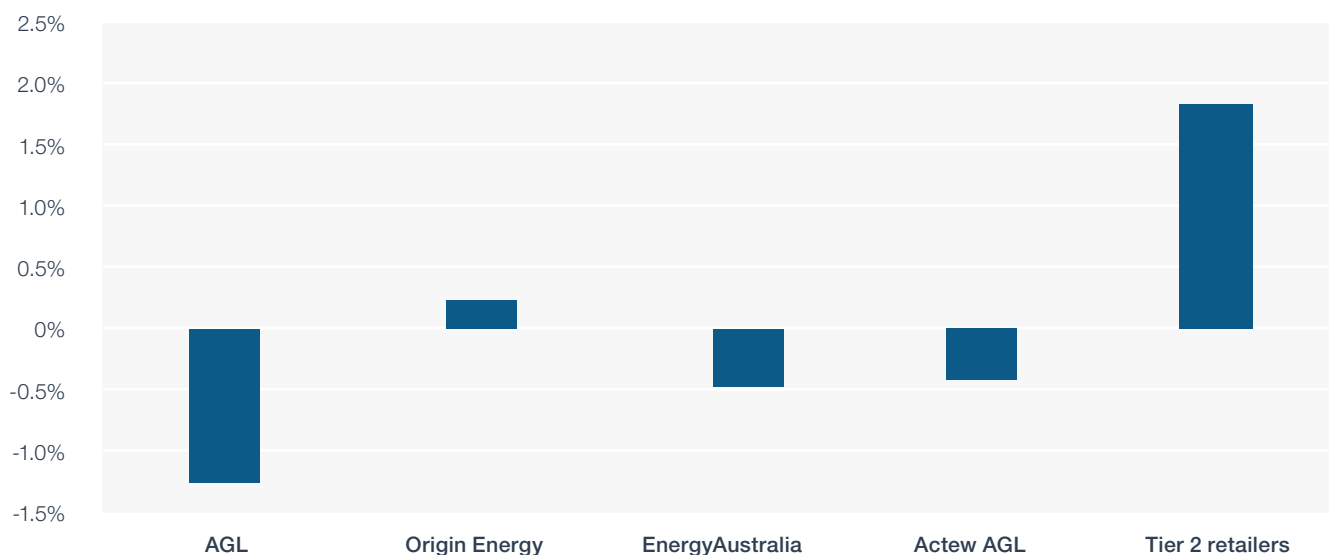
Figure 1.2 shows the difference in market share for residential gas customers (measured by customer numbers) for Q2 2019-20 compared to Q2 2018-19.

In terms of change in market share, the high level story is similar to the electricity market, with Tier 2 retailers' market share higher this quarter than Q2 2018-19. Market share for this quarter was lower than Q2 for the previous year for AGL, Energy Australia and ActewAGL, but very slightly higher for Origin Energy.

#### Note on retailer data

A number of retailers resubmitted retail performance data across a range of indicators in Q2 2019-20. Alinta Energy flagged a significant adjustment in their disconnection numbers. We received this data too late to incorporate into our analysis for this report. All revised numbers will be incorporated into our Q3 2019-20 report and data sets.

**Figure 1.2: Change in residential gas market share – Q2 2018-19 to Q2 2019-20**



## 2. Complaints

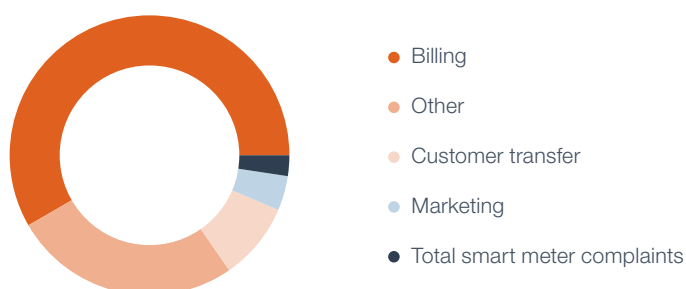
The data for this section can be found on our website in [schedule 3](#) in the data book accompanying this report.

Due to the seasonal nature of complaints (for example, hot weather can lead to higher electricity consumption which can in turn lead to more billing complaints) comparisons are most useful between like quarters.

Essentially there was no change in the overall rate of complaints with 0.6% of customers registering complaints in Q2 2019-20 compared to 0.7% in Q2 2018-19.

Figure 2.1 shows the percentage of complaints by type in the residential electricity market. It shows that the most common type of complaint by far is billing complaints. This is consistent with previous quarters for both residential and small business customers.

**Figure 2.1: Total complaints for Q2 2019-20**



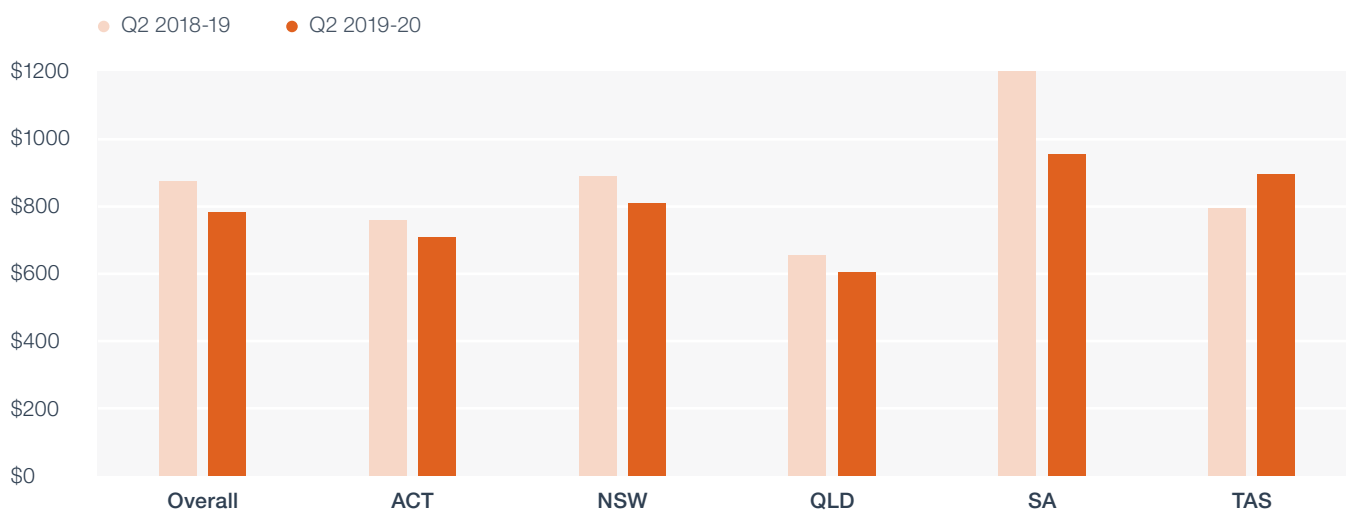
### 3. Energy debt levels

The data for this section can be found on our website in [schedule 3](#) in the data book accompanying this report.

#### Residential energy debt levels are lower than a year ago

Figure 3.1 shows that overall average residential customer energy (gas and electricity) debt (excluding customers on hardship programs) for Q2 2019-20 was \$783 compared to \$879 in Q2 2018-19. Average customer debt was lower than Q2 2018-19 in all jurisdictions except Tasmania, which was 12% higher. Although average customer debt fell proportionately more in South Australia, it continues to be the region with the highest average customer debt.

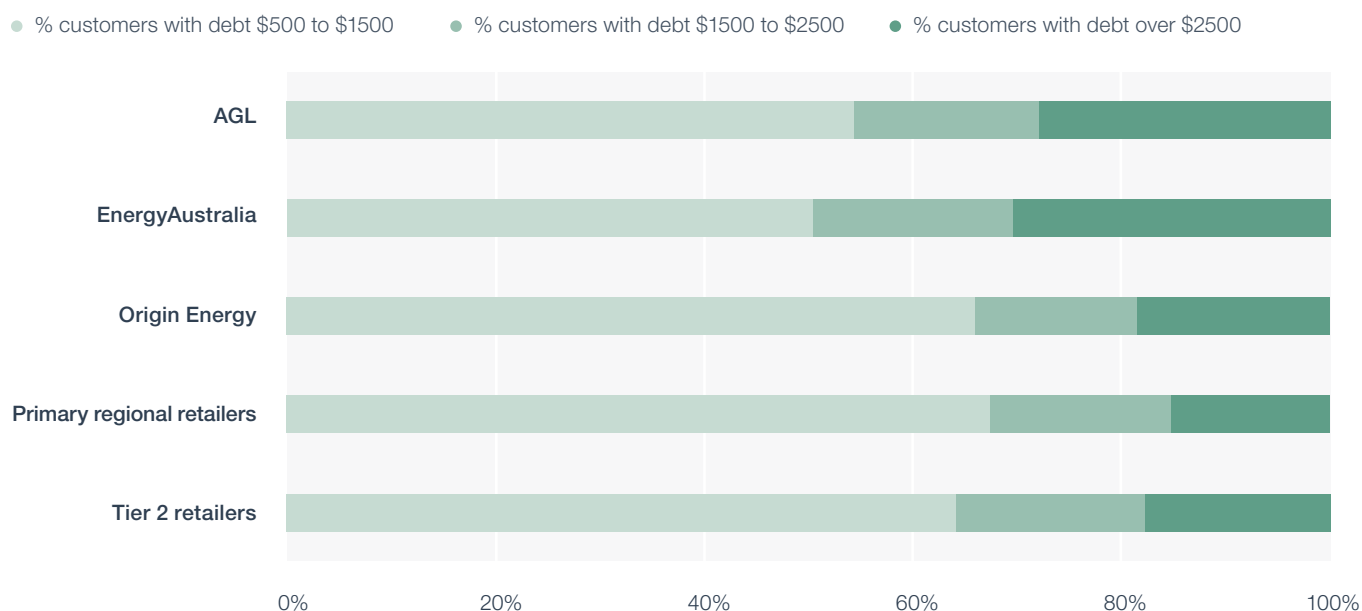
**Figure 3.1: Average residential energy debt**



#### Most customers with debt have relatively low levels of debt

We now collect data on customers' debt levels. As shown in figure 3.2, most customers with debt have debts between \$500 and \$1500. This quarter EnergyAustralia and AGL customers in debt were more likely to have high levels of debt (over \$2500) than customers of other retailers.

**Figure 3.2: Residential electricity - Most common amounts of debt**

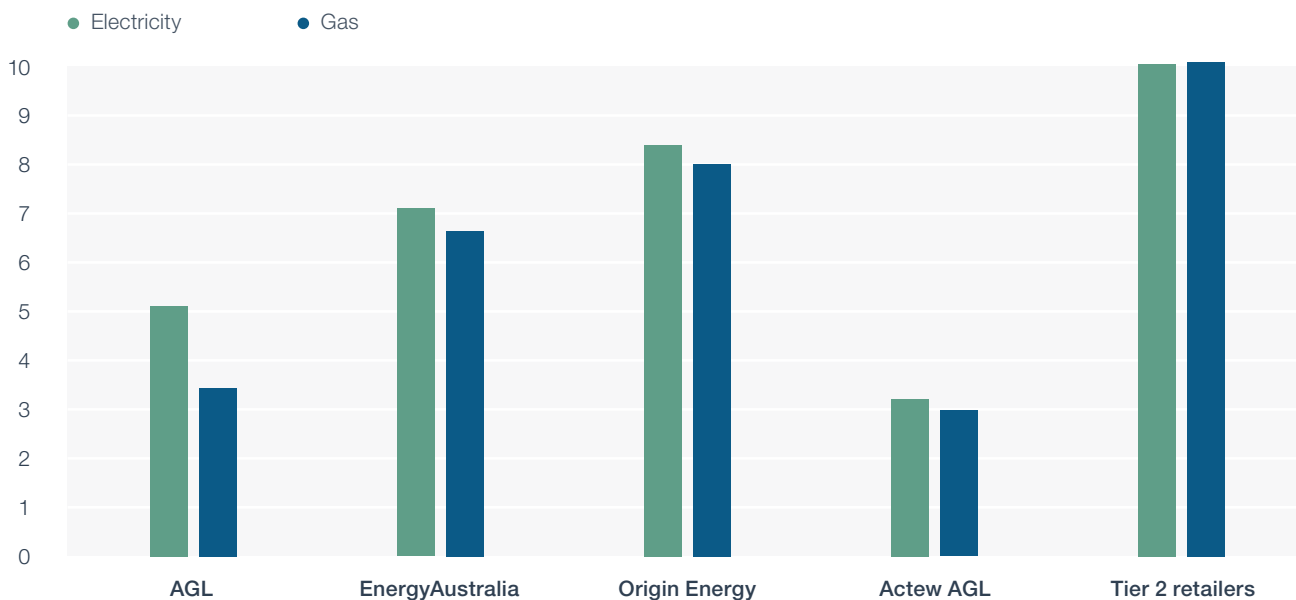


### Tier 2 electricity customers are more likely to be referred to credit collection

Retailers may refer customers in energy debt to an external credit collection agency for debt recovery. Around half of these customers are subsequently credit defaulted. This can adversely affect a customer's credit rating, and their future ability to secure loans and market contracts.

Figure 3.3 shows that in Q2 2019-20 Tier 2 retailers referred proportionately more residential gas and electricity customers to credit collection agencies.

**Figure 3.3: Residential electricity and gas - Number of customers referred to credit collection per 1000 customers**



## 4. Hardship customers

The data for this section can be found on our website in [schedule 4](#) in the data book accompanying this report.

The bushfires over summer likely caused hardship for customers in the affected areas. It is too early to tell what impact this has had, but this is an issue we will examine more closely next quarter.

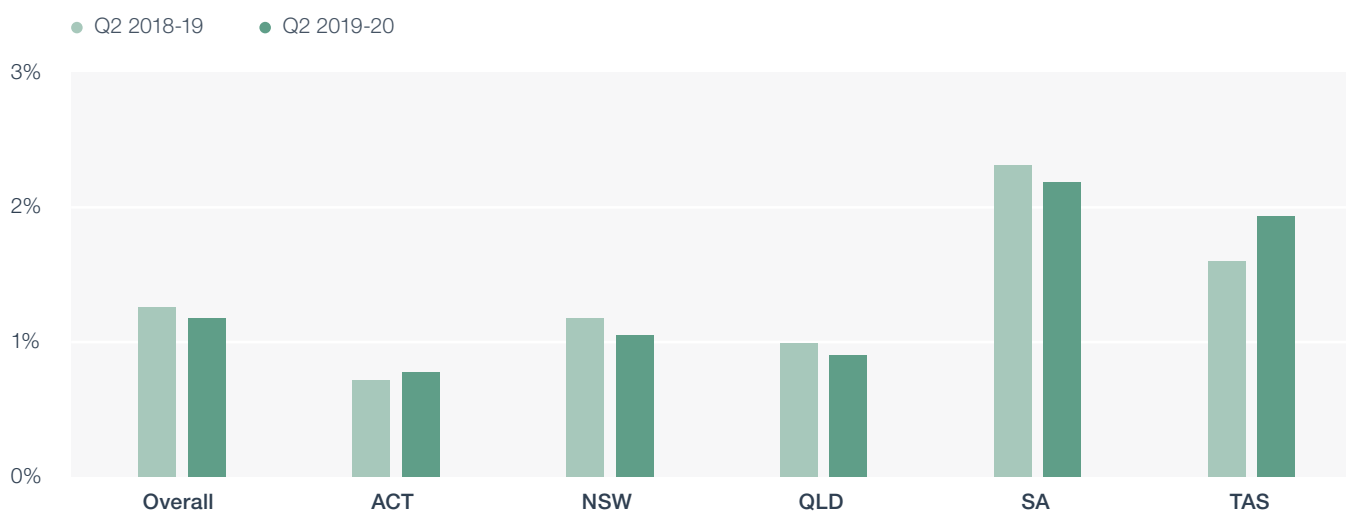
**Apart from Origin Energy, the proportion of residential electricity customers on hardship programs was higher than in Q2 2018-19**

Figure 4.1 shows the overall proportion of residential electricity customers on hardship programs was slightly lower in Q2 2019-20, with around 4000 fewer residential electricity customers on hardship programs.

However, in Q3 2018-19 Origin Energy changed its methodology for counting hardship customers, following which they reported a substantial decrease in hardship customer numbers. Apart from Origin Energy, there was an overall increase in hardship customer numbers since Q2 2018-19. AGL and primary regional retailers reported the largest increase in hardship customer numbers.

The ACT and Tasmania were the only jurisdictions to record a proportional increase in customers on hardship programs.

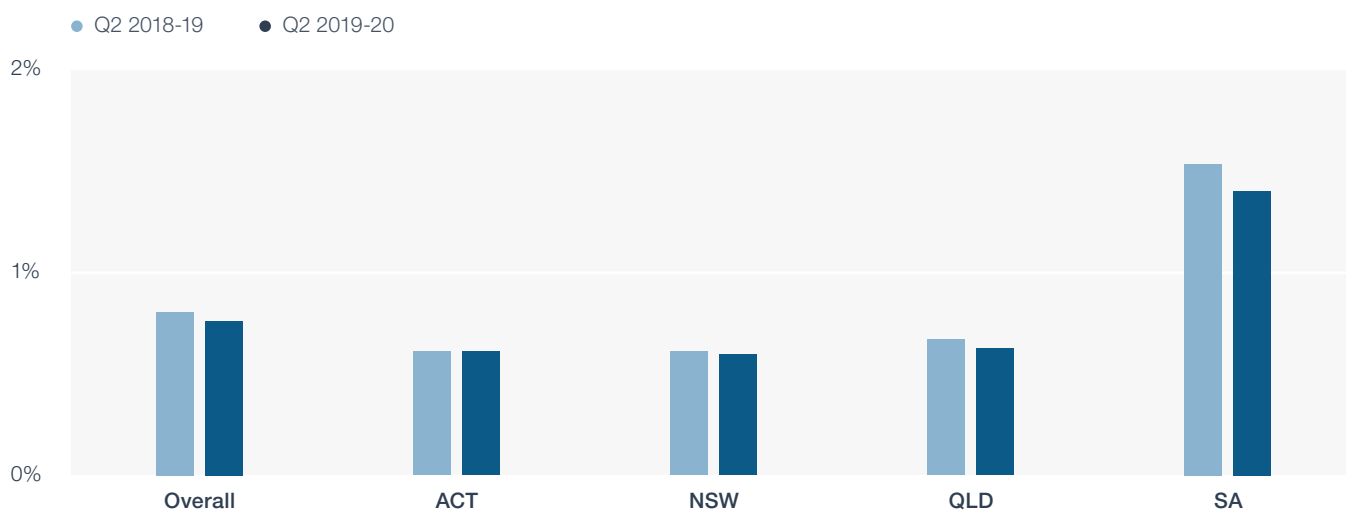
**Figure 4.1: Electricity customers on hardship programs as a % of total customers**



### Gas hardship program numbers fell slightly

Figure 4.2 shows the proportion of residential gas customers on hardship programs also fell slightly compared to Q2 2018-19.

**Figure 4.2: Gas customers on hardship programs as a % of total customers**

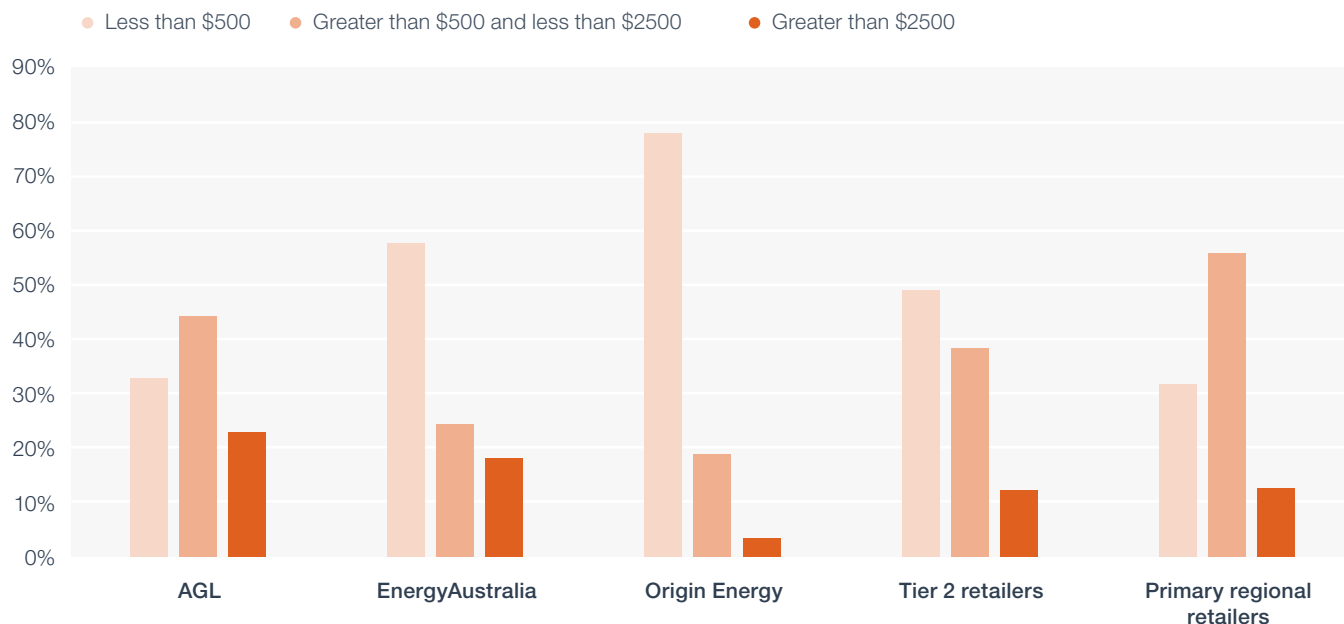




### Origin Energy accepts customers onto hardship programs at lower levels of debt

We now collect data on customer debt levels upon entry to hardship programs. Figure 4.3 shows that almost 80% of Origin Energy's customers on hardship programs entered the program with debts under \$500 – only a small proportion of Origin Energy's customers entered the program with debts over \$2500.

**Figure 4.3: Residential electricity - Amount of debt at entry into hardship programs in Q2 2019-20**



## 5. Disconnections

The data for this section can be found on our website in [schedule 3](#) in the data book accompanying this report.

The overall rate of disconnections was lower than for Q2 2018-19

Figure 5.1 and Figure 5.2 show the overall rates of residential electricity and gas disconnections were lower this quarter than for the same quarter in 2018-19, and indeed fell in each individual region.

**Figure 5.1: Residential electricity disconnections as a % of total customers**



**Figure 5.2: Residential gas disconnections as a % of total customers**

