



# **AER Market Performance**

## **Quarterly Retail Performance Report Q2 2018-19 Summary**

March 2019

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# AER Retail Market Performance Quarterly Reporting: Quarter 2 2018-19

We report quarterly on retail market performance indicators in the retail sector. As part of the transition to the new [AER \(Retail Law\) Performance Reporting Procedures and Guidelines \(April 2018\)](#), effective from 1 January 2019, we have reviewed the way in which we present this information to ensure it continues to be a valuable resource for our stakeholders.

In order to improve the accessibility to the retail performance data, we have changed the way we present our quarterly reporting. We now upload one file that includes the five most recent quarters and five years of data (in MS Excel format), and an accompanying report that highlights trends and themes identified in the data. The data sets and information covered in the quarterly report are based on the most commonly viewed and requested data from our previous reporting.

This report covers the retail jurisdictions that we regulate (Queensland, South Australia, NSW, the ACT and electricity in Tasmania).<sup>1</sup>

In the past year we have experienced unprecedented issues with the quality of data provided by retailers. In particular, while AGL has resubmitted a complete data set for 2017-18, it has indicated that previous years' data may still be inaccurate. This should be taken into account when drawing trends in jurisdictions where AGL is active.

The accompanying data file contains a large amount of granular retail performance data, however if more data is required email [marketperformance@aer.gov.au](mailto:marketperformance@aer.gov.au) with any requests for additional data.

## 1. Customer numbers – market share

The electricity retail market continues to remain fairly concentrated with 67% of residential and 63% of small business electricity customers remaining with Tier 1 retailers. This trend holds true throughout all market segments, and gas continues to be more concentrated than electricity across all segments. 85% of gas residential customers and 92% of gas small business customers remain with Tier 1 retailers.

For electricity the five year trend continues to show a decrease in the market share of Tier 1 retailers as residential customers continue to switch to Tier 2 retailers. The number of residential electricity customers with Tier 1 retailers has dropped from over 80% in 2013-14 to 68% this quarter. The number of gas residential customers with Tier 1 retailers has remained generally static across the same period.

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<sup>1</sup> Where we refer to a "national" figure in this report we are including only those jurisdictions that are regulated by the AER.

Figure 1.1

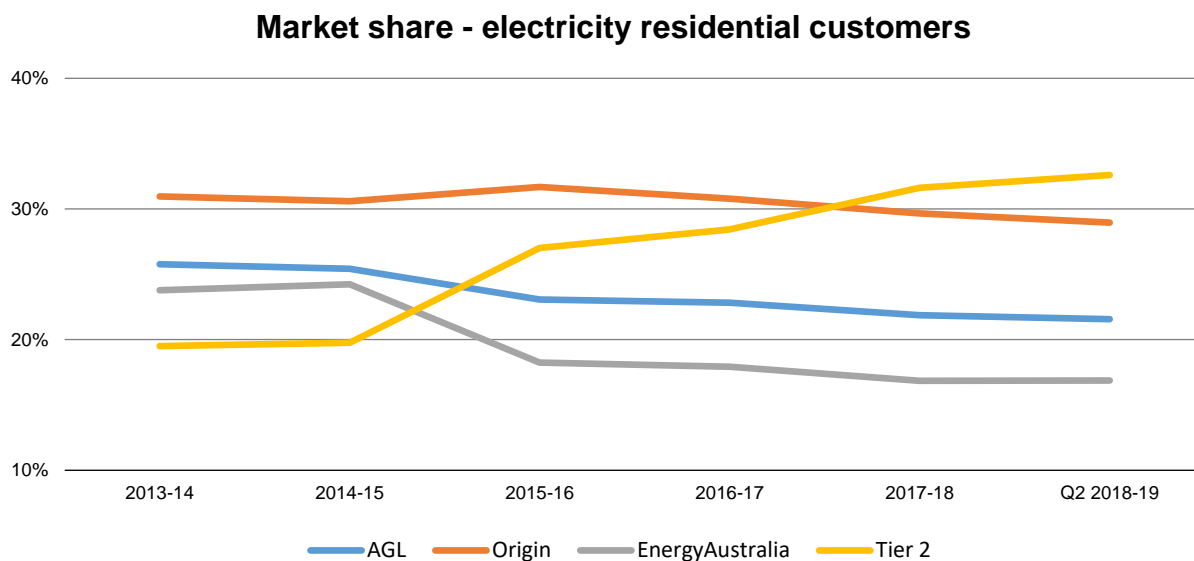
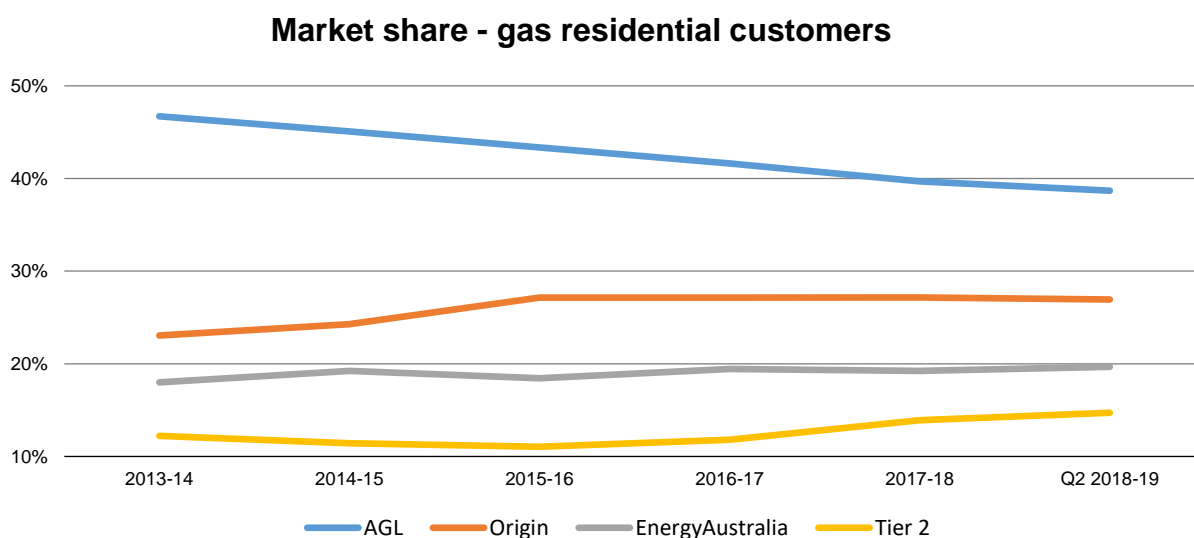


Figure 1.2



## 2. Market contracts

The number of electricity and gas residential and small business customers on market contracts continues to increase, except for electricity customers in Tasmania.

Electricity prices are regulated in Tasmania where there are a limited range of contracts available to customers. We note that 1<sup>st</sup> Energy has decided to enter the residential electricity market in Tasmania (being the second active residential electricity retailer in this jurisdiction) and we will continue to monitor the market for any resulting changes. Tasmania continues to have the lowest percentage of residential electricity customers on market contracts at 9%.

The rate of residential electricity customers on market contracts has grown to 75% in Q2 2018-19. The largest increase of customers moving onto market contracts were residential

customers in the ACT, with an increase from 21% in Q4 2016-17 to 50% this quarter. 70% of small business electricity customers remain on standard contracts in the ACT.

Gas customers across both residential and small business segments are more likely to be on market contracts than electricity customers. Over the past five years residential gas customers are increasingly moving onto market contracts, rising from 71% in 2013-14 to 85% in Q2 2018-19. Again, the largest increase is for gas customers in the ACT. Despite this, the ACT continues to have the lowest rate of gas residential customers on market contracts.

Figure 2.1

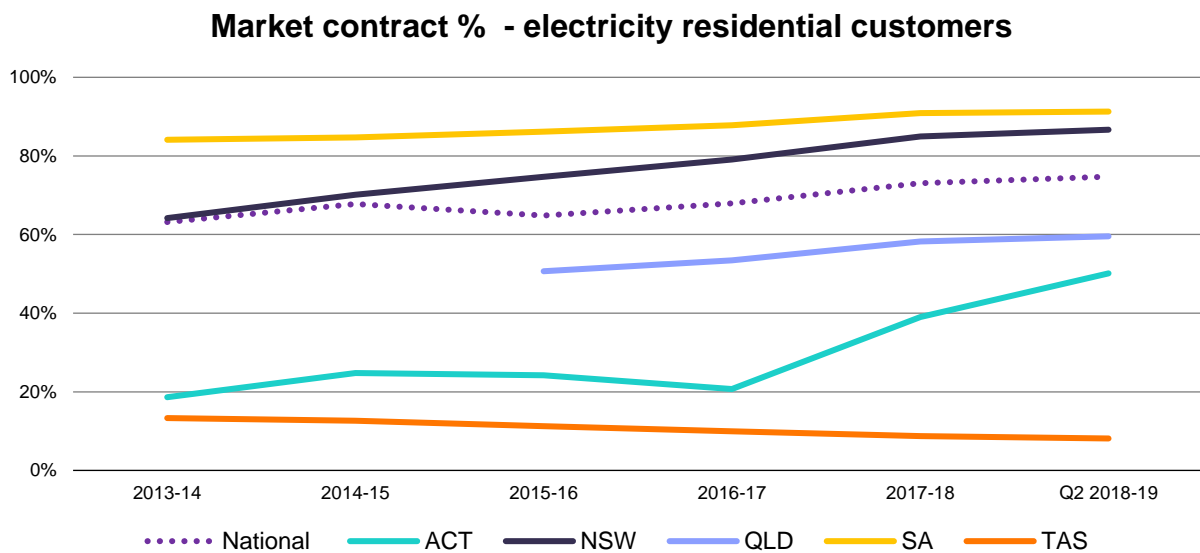
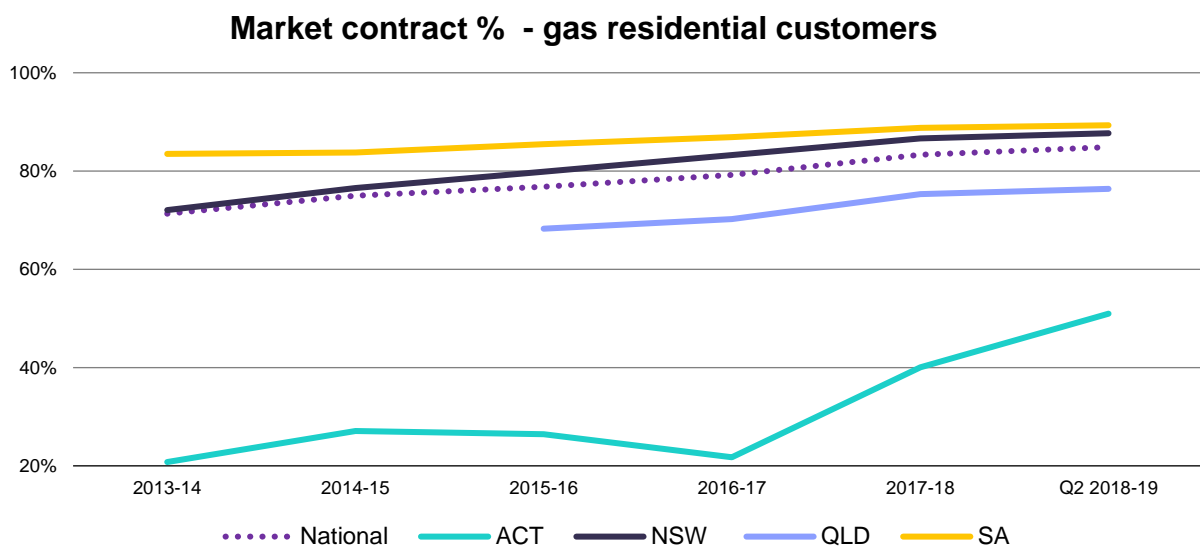


Figure 2.2

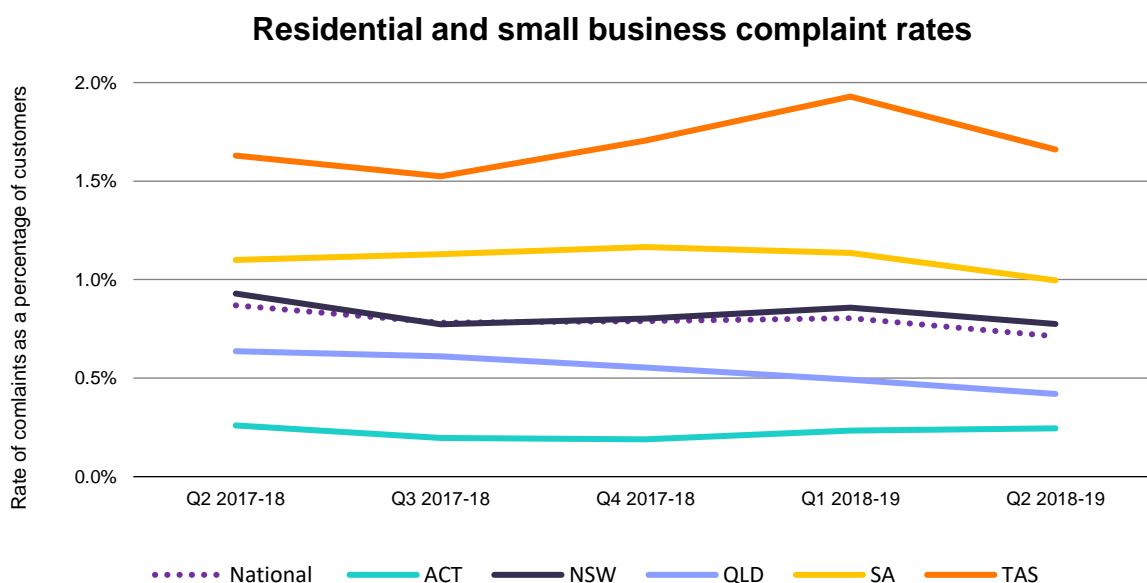


### 3. Complaints

Complaints as a percentage of customer numbers<sup>2</sup> is used to compare complaint rates across jurisdictions. Due to the seasonal nature of complaints, comparisons are most useful between like quarters. Complaints for residential and small business customers have slightly decreased across the year from 0.87% in Q2 2017-18 to 0.71% this quarter.

The rate of complaints made by customers in Tasmania has decreased since last quarter. However complaints in Tasmania still remain higher than last year. Customers in Tasmania continue to have the highest rate of complaints across the jurisdictions, followed by those in South Australia. The ACT has the lowest rate of complaints across all quarters.

Figure 3.1



### 4. Residential payment plans

Customers are able to access payment plans when they have trouble paying their bills.

Gas and electricity payment plan trends mirror each other quite closely, although gas customers are less likely to be on a payment plan than electricity customers. The percentage of customers on payment plans for both gas and electricity is flat compared to the same time last year.

The number of electricity customers that have had their payment plans cancelled this quarter remains high at 54%, but has decreased from 57% in Q2 2017-18. Customers in Queensland and the ACT continue to experience the highest rates of cancelled payment plans, although these rates have dropped across most jurisdictions.

<sup>2</sup> Electricity customer numbers are used to reference overall customer numbers as the large majority of gas customers also have electricity.

The number of cancelled gas payment plans has been largely static. Cancellations for gas payment plans have slightly decreased from 52% in Q2 2017-18 to 51% this quarter.

Figure 4.1

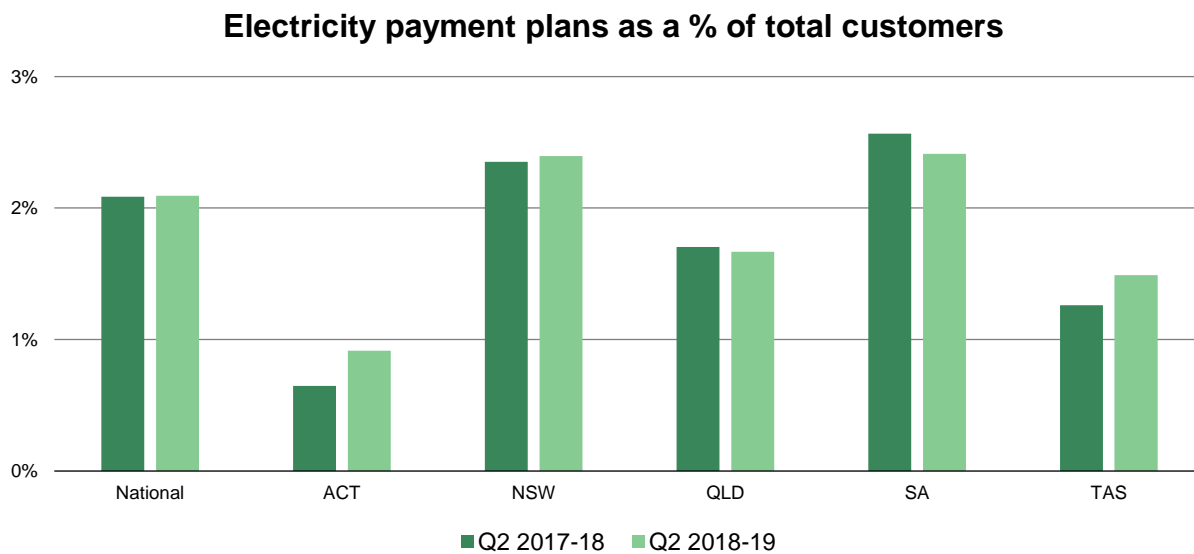


Figure 4.2

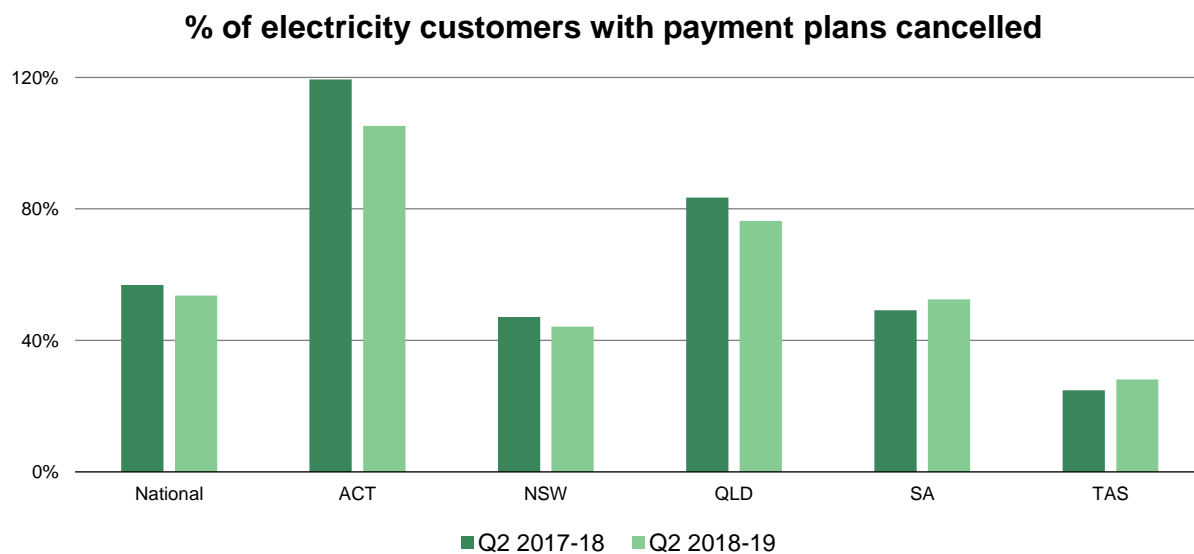


Figure 4.3

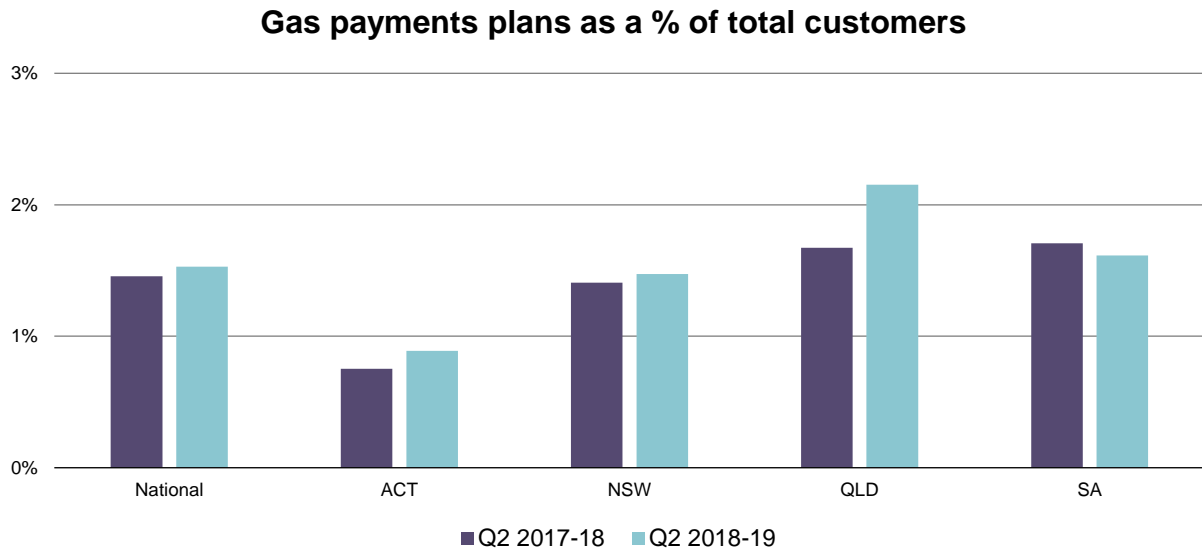
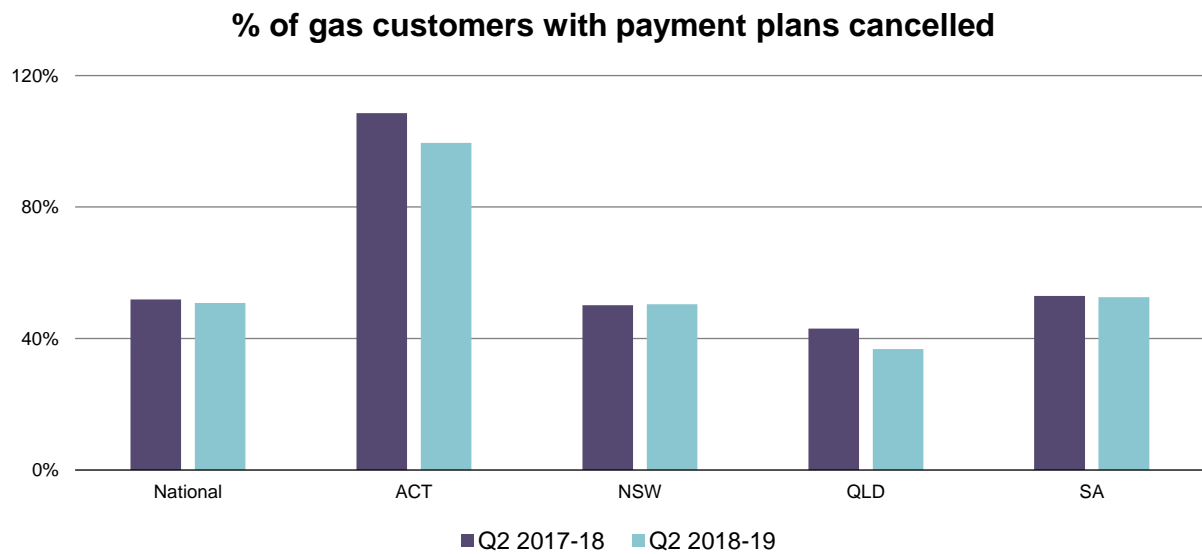


Figure 4.4



## 5. Residential customer debt

Average residential gas and electricity non hardship debt increased across all jurisdictions. The national average debt from Q2 2017-18 to Q2 2018-19 increased by \$115 for electricity, and \$62 for gas.

The largest increase in electricity non hardship debt was in South Australia with an increase of \$193 and in NSW for gas with an increase of \$87.

The gas and electricity non hardship debt remained largely static in the same period for Queensland with a \$38 increase for electricity debt, and a \$1 increase for gas debt.



There has been a general decrease in the average debt on entry to a retailer hardship program and a decrease in the average debt for those customers on hardship programs. This is positive as it suggests retailers are identifying customers experiencing payment difficulties earlier.

Over the past year the average debt for a customer entering a hardship program dropped by \$128 and the average debt for a customer on a hardship program decreased by \$138. This was mirrored for gas customers in hardship, with debt on entry falling by \$120 and average hardship debt by \$136.

The ACT saw increases of \$345 for average electricity customer debt on entry to hardship and \$108 for average hardship debt.

Figure 5.1

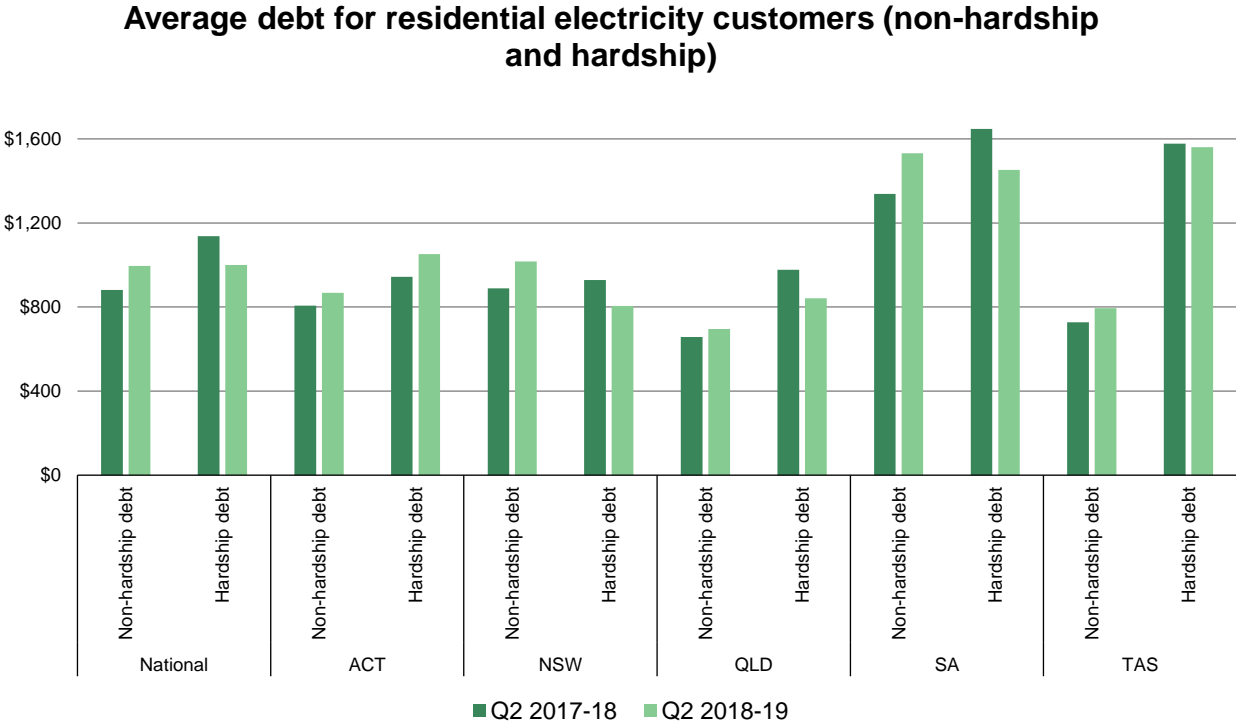
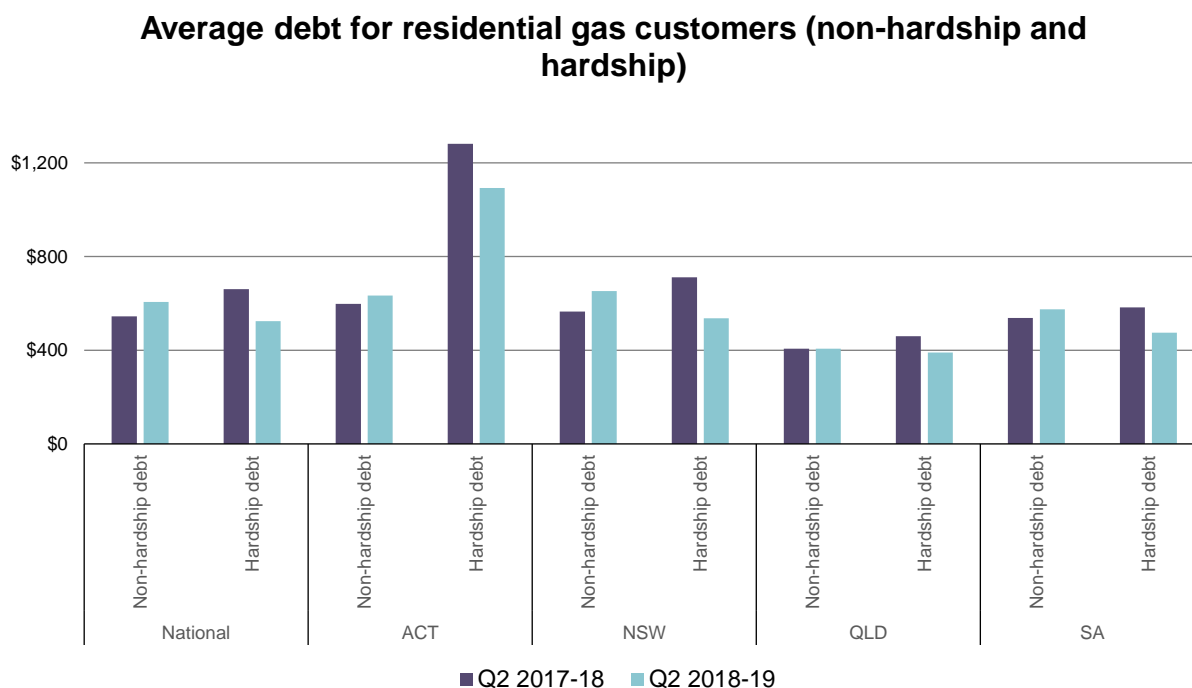


Figure 5.2



## 6. Hardship

Hardship programs are offered to customers who cannot pay their bills by the due date or meet a standard payment plan arrangement.

The number of customers on hardship programs for electricity has increased by over 11 600 customers (or by 17%) over the last year. This may be positive as customers who would otherwise be unable to pay, gain extra assistance via retailers’ hardship programs. However it is a significant increase in the number of people requiring assistance, suggesting that more people are struggling to pay their bills.

Tasmania had the largest increase in the percentage of customers on hardship programs across the year, increasing from 1.3% of customers on hardship to 1.6%. South Australia continues to have the highest percentage of customers on hardship programs at 2.3%.

Like electricity customers, the number of gas customers in hardship increased across all jurisdictions. Almost 2 400 more gas customers were placed on a hardship this quarter compared to the same time last year. The ACT had the largest increase of gas customers on hardship programs from 0.48% to 0.61%. NSW saw 1 446 more customers accessing hardship programs.

Successful completion rates of hardship programs have improved this quarter compared to last year. The rate of electricity customers successfully completing a hardship program has increased from 21% to 24% and for gas customers from 17% to 18% when compared to the same time the previous year. More electricity customers successfully completed hardship programs in Queensland (at 32%) than in any other jurisdiction. Gas customers in the ACT had the highest successful completion of hardship programs at 22%.

Figure 6.1

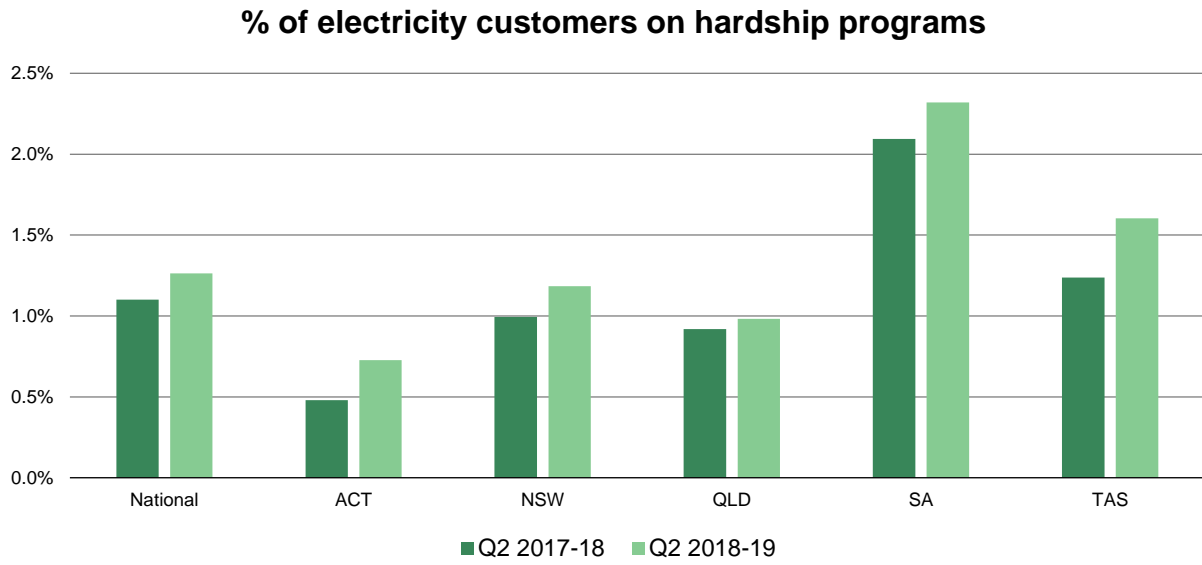


Figure 6.2

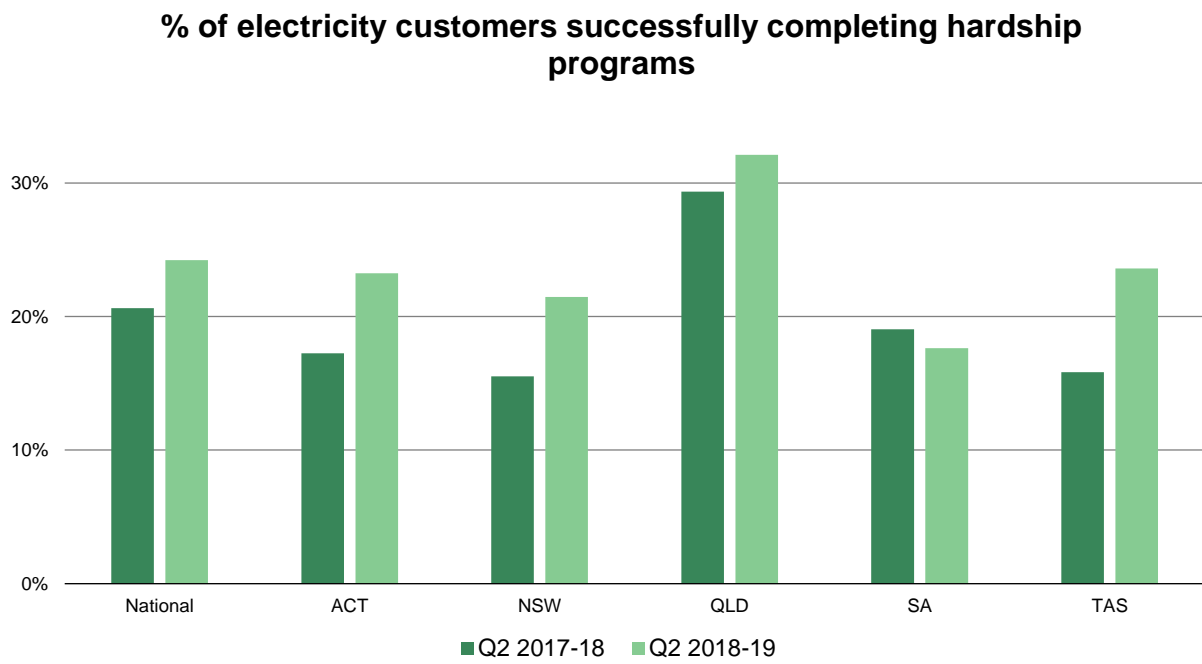


Figure 6.3

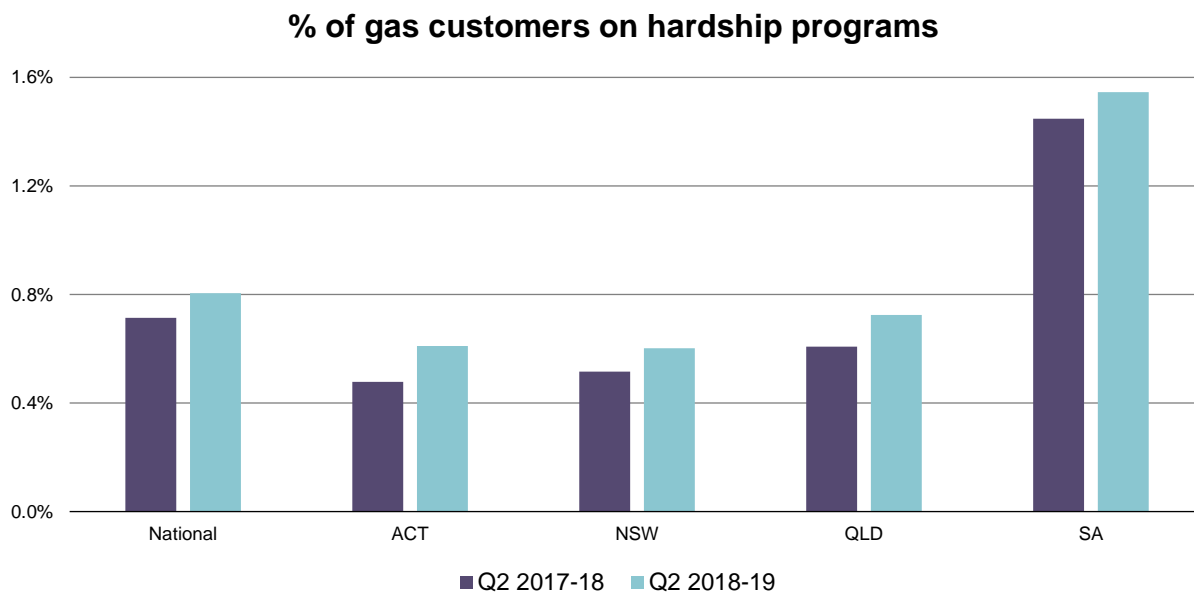
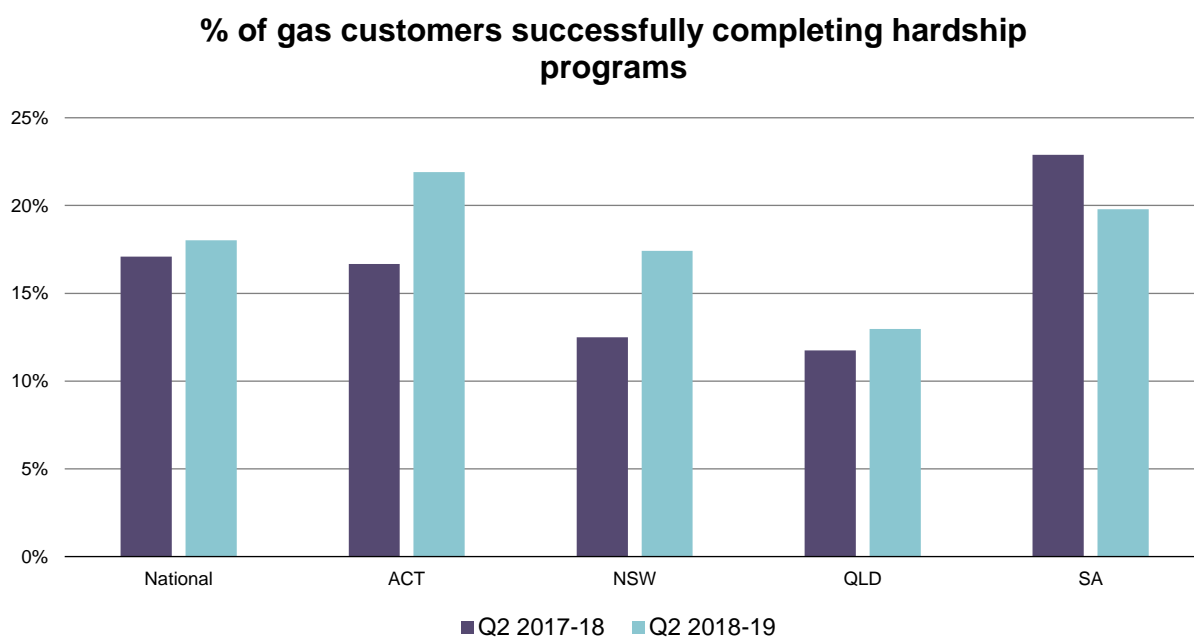


Figure 6.4



## 7. Residential disconnections

Total residential electricity disconnections (for non-payment) have increased from 0.21% of all customers in Q2 2017-18 to 0.24% in Q2 2018-19. All jurisdictions experienced an increase in the rate of electricity disconnections. Customers in Tasmania continue to have the lowest rate of residential disconnections.

Residential gas disconnections over the past five quarters slightly decreased, dropping from 0.15% in Q2 2017-18 to 0.13% in Q2 2018-19. The only jurisdictions to not follow this trend

were Queensland and the ACT, where gas disconnections rose from 0.21% in Q2 2017-18 to 0.27% this quarter and 0.08% in Q2 2017-18 to 0.13% in this quarter respectively.

Figure 7.1

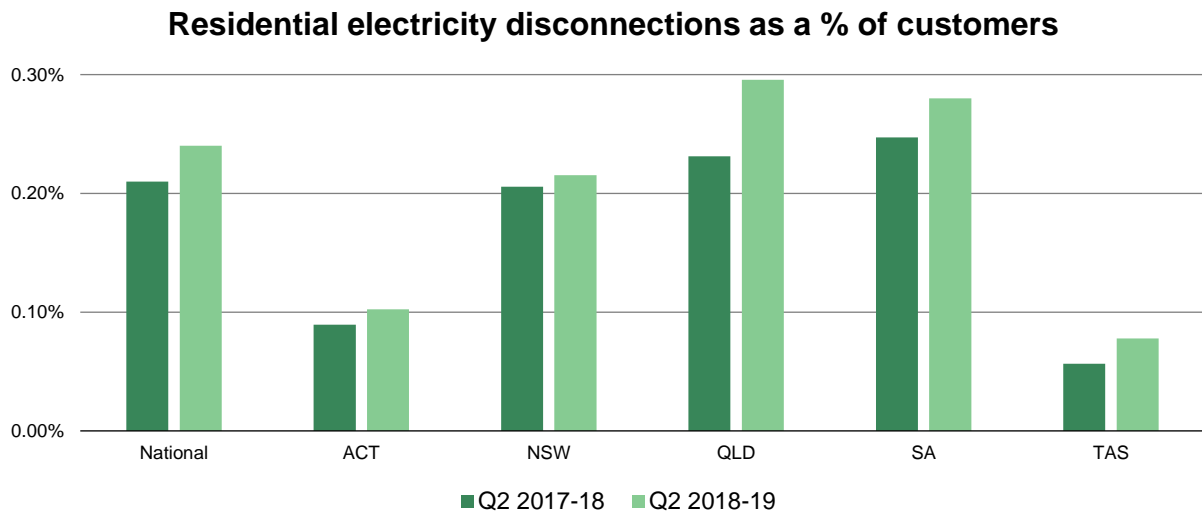
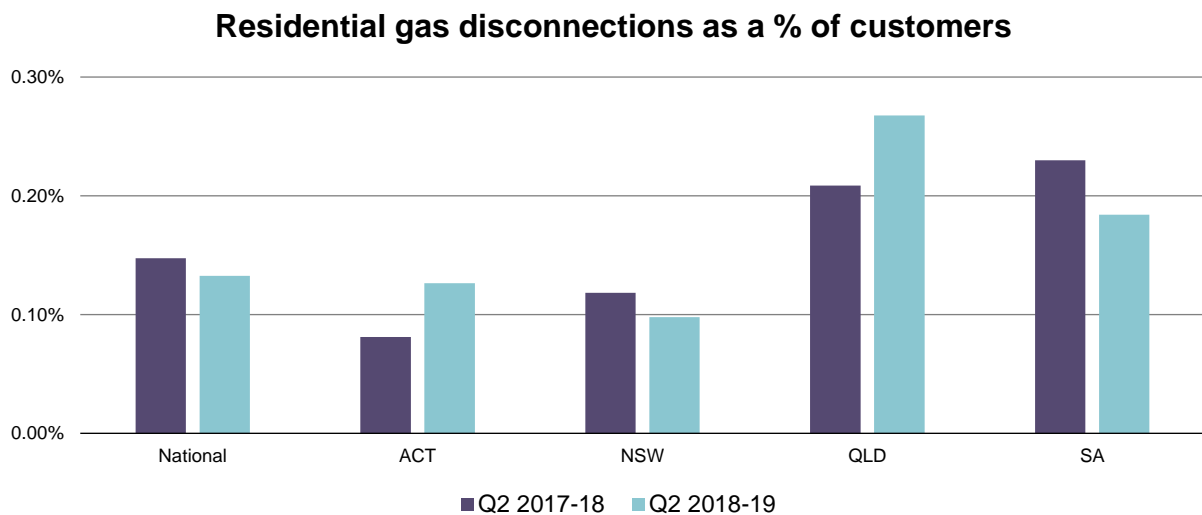


Figure 7.2



## 8. Small business debt and disconnections

Overall gas and electricity small business energy debt increased from Q2 2017-18 to Q2 2018-19, with increases of \$153 for gas and \$602 for electricity. The largest increases in small business electricity debts were in NSW with an increase of \$752 and in South Australia with an increase of \$737. The largest gas debt increases were experienced by small businesses in NSW with a \$203 increase in comparison to Q2 2017-18 and \$130 for small business customers in Queensland across the same time.

Some jurisdictions experienced a decrease in small business energy debt. In the ACT small business gas debt dropped by \$260 and \$555 for electricity debt. Small businesses in

Tasmania experienced a drop of \$408 in the average electricity debt and in South Australia small businesses saw gas debt decrease by \$214.

Figure 8.1

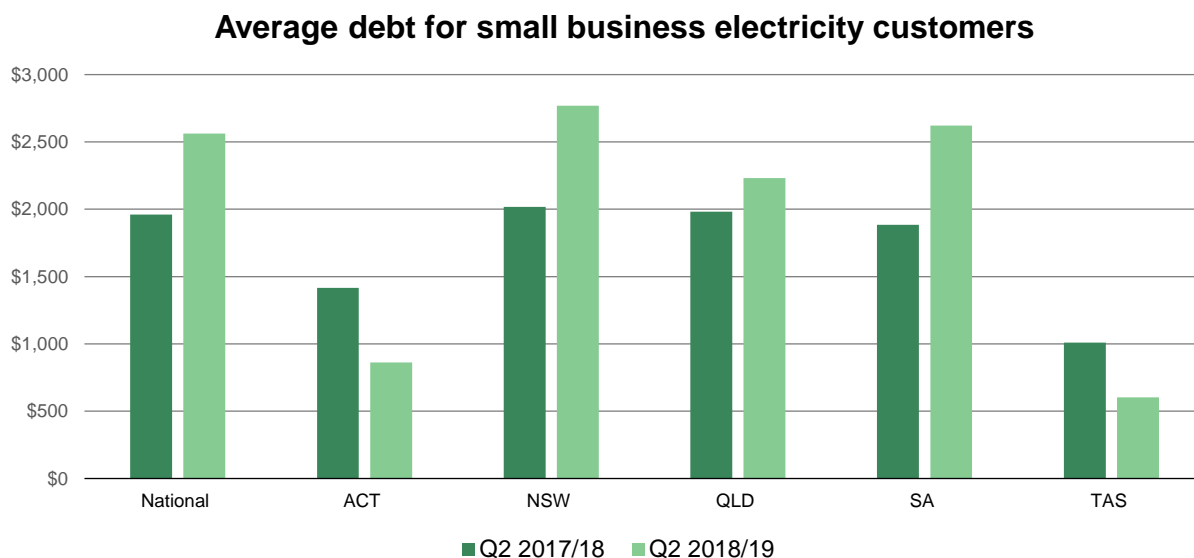
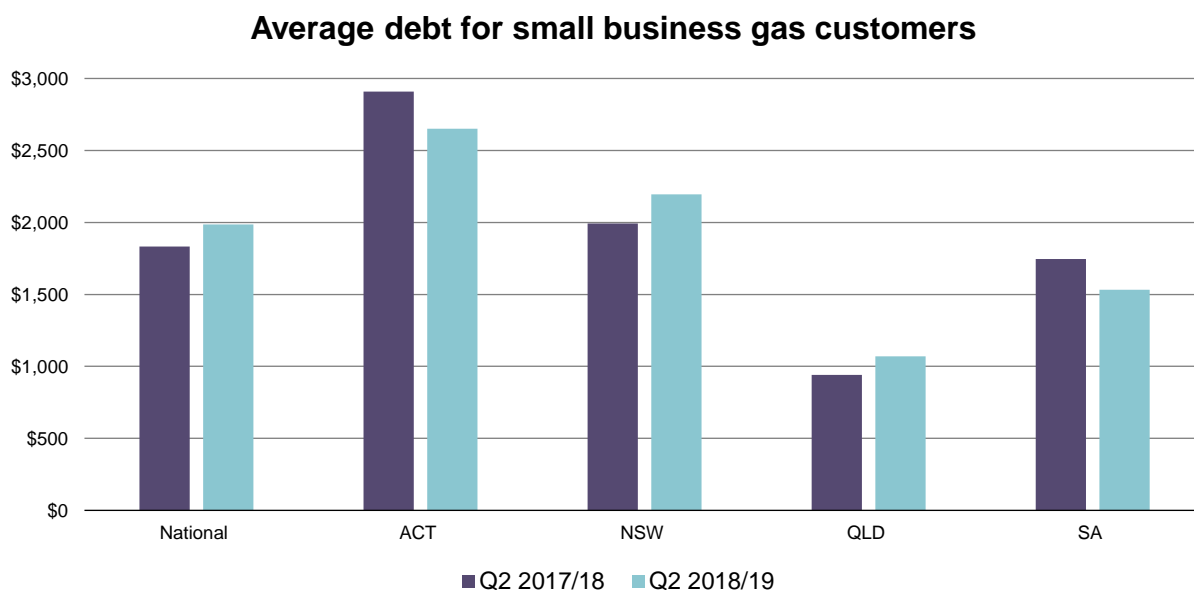


Figure 8.2



Small business electricity disconnections (for non-payment) are up from 823 in Q2 2017-18 to 1 199 this quarter. Gas disconnections also follow the same trend (increasing from 105 to 120).

Electricity small business disconnections rose in most jurisdictions when comparing this quarter to the same time last year, except for SA and Tasmania. Gas disconnections were relatively static across all jurisdictions except for QLD which increased when compared to the same time last year.