

Annual retail markets report

2022-23

November 2023

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Inquiries about this publication should be addressed to:

Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601
Tel: 1300 585 165

AER reference: AER23007546

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Executive summary

The *Annual retail markets report* is the AER's most detailed and comprehensive report into the performance of the retail energy markets and energy retailers. It covers a broad range of topics, including energy pricing and affordability, customer service, competition and market structure issues and all aspects of the customer debt cycle.

This report helps guide us in understanding outcomes for consumers and the issues that impact them the most. It also informs the public, policy makers and the wider industry on how the market is delivering for consumers.

Retail prices continued to rise

Sharp increases in wholesale energy costs over 2022 have resulted in retail energy prices rising in most distribution zones.

- From June 2022 to June 2023, market offers for residential electricity rose in the ACT, NSW, Queensland, South Australia and Tasmania by between 12% and 28% and in Victoria by between 5% and 11%.
- On 1 July 2023 new regulated prices came into effect, which led to price rises in both residential market and standard retail contracts in most distribution zones.
- From June to September 2023 median market offers for residential electricity rose in all distribution zones, except the ACT, by between 9% and 23%.

Residential gas price rises were generally lower than electricity price rises in all jurisdictions except South Australia and Victoria, with gas market offers increasing by between 3% and 37%. Gas market offers continued to increase in all distribution zones between June and September 2023 – Victoria had the lowest increases of between 2% and 3% and NSW had the highest increases at 14%.

Customers who recently shopped around for a market contract paid lower prices

In 2022–23, electricity customers on standard retail contracts typically paid more for their energy than customers on market contracts, although the difference has decreased compared with 2021–22. The difference between annual electricity bills for customers on market and standard retail contracts increased in early 2023–24 in all jurisdictions, with customers able to save up to 11% in some distribution zones by switching from the standard to the market contract.

The difference in annual gas cost between the median market and median standard retail contract offers was around \$69 to \$223 in most jurisdictions and up to \$403 in Victoria.

Being on a market contract does not guarantee that a customer will receive the lowest possible energy prices because there is a large price range between these offers. However, customers typically will have a better price on a market contract than on a standard retail contract and we encourage customers to use Energy Made Easy and Victorian Energy Compare to regularly check if they are on the best available energy deal for their needs and circumstances. In January 2023 the AER published the final [Better Bills Guideline – Version 2](#). As part of the guideline, from the end of September 2023, energy retailers are required to

include a 'better offer' statement on a consumer's bill, which is designed to encourage consumers to switch to the best plan their retailer can offer them.

Affordability worsened amid rising prices and other cost-of-living pressures

In 2022–23 low-income households on a typical market contract spent between 2.7% and 5.7% of their annual household income on electricity, up from between 2.8% and 5.4% in 2021–22, and between 1.4% and 4.4% of their annual household income on gas, up from between 1.5% and 3.5% in 2021–22. For average income households, the proportion of annual household income spent on energy was around half that of low-income households. Energy affordability has decreased in most jurisdictions compared with 2021–22.

Overall, electricity was most affordable in Victoria and least affordable in Tasmania. Gas affordability largely varies with household usage – Victorian households spend the highest proportion of their annual income on gas compared with Queensland households who spend the lowest.

In addition to the increases in energy prices over the latest reporting period, Australia has seen price rises in a broad range of sectors, including food, housing and transport. This is evidenced by high measures of consumer price inflation of over 6% for 2022–23. The combination of these factors has contributed to the decreases in energy affordability described above and is reflected in customer vulnerability indicators.

With lower affordability, more customers are accumulating energy bill debt

The proportion of residential customers holding 90+ day energy debt (excluding hardship program customers) increased to 2.9% of all electricity customers in 2022–23 and is now at its highest level in the past 5 years. The AER collects additional information on residential energy debt that breaks down the number of customers with debt into 3 ranges (\$500–1,500, \$1,500–\$2,500 and more than \$2,500) as well as the length of time the debt has been held. The proportion of customers with energy debt of less than 12 months increased across all 3 debt ranges in 2022–23 compared with last year. The higher proportion of customers with newer energy debt compared with customers with existing energy debt increasing their level of debt is an indication of the lower affordability observed in 2022–23.

Small business customers observed the opposite trend. The proportion of small business customers holding energy debt continued to decrease in 2022–23, while the average level of small business energy debt increased by 15%.

As debts grow, more customers are entering hardship programs

Payment plans are a first step for retailers to assist customers who have identified that they are experiencing payment difficulties. The proportion of residential electricity customers on payment plans in 2022–23 increased to 1.7% for electricity customers and 1.0% for gas customers.

The lower affordability observed in 2022–23 is also evident in several hardship program indicators. The overall proportion of both electricity and gas customers on hardship programs increased in 2022–23, with both at their highest levels in the past 5 years. This can be a positive sign, because entry to a hardship program shows customers are getting assistance.

The average debt on entry to a hardship program for electricity decreased by 29% to \$1,193 in 2022–23. This is the lowest average debt on entry in the past 5 years. Customers are also entering hardship programs with debt of less than 12 months, which indicates that customers are accessing and receiving assistance sooner than they have in the past.

Although these metrics indicate retailers are identifying customers in vulnerable circumstances earlier or with less debt, the success of hardship programs is not necessarily clear. Customers continue to accrue debt while on hardship programs, as indicated by the average hardship debt only decreasing by 1% in 2022–23.

In 2022–23 we have observed positive trends in the final stages of the customer debt cycle. The number of residential electricity and gas customers disconnected decreased by 11% and 5%, respectively, while small business gas disconnection numbers decreased by 7%. We understand these decreases were driven by retailer pauses on disconnections due to regional flood events, increases in customers receiving support from retailers in the form of payment plans and hardship programs, and government rebates in Queensland and Tasmania. Despite the decreases in the number of customers disconnected in 2022–23, around 35,000 customers were still disconnected during the year, although around 40% were reconnected within 7 days by the same retailer at the same address.

The proportion of residential electricity and gas customers referred to a credit collection agency decreased in 2022–23 by 0.3 percentage points for both energy types. The number of customers credit defaulted also decreased for both residential electricity and gas customers.

Evidence also indicates that, while hardship programs are a vital tool in aiding customers in vulnerable circumstances, further support is necessary. For both electricity and gas customers, the number of customers exiting hardship programs has continued to decrease in 2022–23, and fewer customers are leaving a hardship program because they've cleared their debt and are no longer in need of additional support.

The AER regularly consults with retailers throughout the year about the retail performance data and trends identified. Retailers have indicated that they are actively trying to identify customers with lived experience of payment difficulties early and evidence across several indicators supports this.

Some measures of market competition have improved across the retail market

In 2022–23 we have continued to see an improvement in retail competition, as reflected in the decreases in market concentration, as measured by the Herfindahl-Hirschman Index (HHI)¹, in most jurisdictions.

There was an overall decrease in the number of active retailers in the market due to 11 retailer market exits and no new retailers approved. This is quite different to previous years – at least 15 new retailers were approved in each of the last 3 years and there were only 5 market exits, which all occurred in 2021–22. However, due to the large increase in the

¹ The Herfindahl-Hirschman Index is a measure of market concentration and is calculated as the sum of the squares of the market share of all retailers that compete in a market. A decrease in the HHI over time indicates a decrease in market concentration and may indicate a more competitive market.

number of active retailers in previous years, the total number of active retailers remains much improved when compared with 2018–19, resulting in a greater selection of retailers for customers to choose from.

In residential electricity and gas markets, smaller electricity and gas retailers have gained customers and market share from Tier 1 retailers (AGL, EnergyAustralia and Origin Energy). Primary regional retailers' (ActewAGL, Aurora Energy and Ergon Energy) market share and customers numbers have also increased but by smaller amounts than the smaller retailers.

We have also seen an increase in customers on a market contract for all retailer categories (including Tier 1 retailers, even though they have lost market share). This could indicate an increase in competition – retailers may try to retain customers through improved market offers. The number of customers switching retailers has also increased, particularly in Q3 and Q4 2022–23, indicating an increase in customer engagement and retailer competition.

Looking ahead: government energy price relief, better offers and work on vulnerability

In response to the increases in energy prices and the decrease in energy affordability during 2022–23, in May 2023 the Australian Government announced an Energy Bill Relief Fund to provide energy bill relief for eligible customers from 1 July 2023. Implementation of this package commenced after the reporting period for this report, but the AER expects to see some changes during the next reporting period across a broad range of indicators.

The better offer messages as part of the Better Bills Guidelines – Version 2 have only recently been added to consumers energy bills. They should assist consumers during 2023–24 to determine if they are on the best offer with their current retailer, or if they should switch to a better offer with either their current retailer or another retailer.

In recent years steady progress has been made to help improve energy affordability by addressing barriers to consumers engaging with their retailers and accessing the market. The AER's [Towards Energy Equity – a strategy for an inclusive energy market](#) is an example of such reforms.

The AER has worked in collaboration with stakeholders from across the energy sector to design a package of solutions that will drive systemic change, better balance cost and risk within the sector and provide better outcomes for consumers experiencing vulnerability.

This package of reforms was presented to energy ministers for consideration at the Energy and Climate Change Ministerial Council (ECMC) meeting on 24 November 2023.

The key proposals are to:

- improve concession and rebate systems to ensure more consumers receive the concessions and rebates to which they are entitled
- require retailers to automatically place consumers in hardship programs on a better offer, if it is available
- improve access to financial counselling support by building on the existing Financial Counselling Industry Funding Model by the Department of Social Services

- provide retailers demonstrating best-practice support for customers access to co-funding from a shared funding pool to deliver increased debt relief and improved access to energy efficiency improvements for consumers in financial hardship.

Taken together, these proposed measures provide a comprehensive and novel approach to addressing energy hardship. They complement existing government initiatives, retain retailers' relationships with their customers and align with the National Energy Transformation Partnership established by ministers in 2022.

On 24 November 2023, energy ministers agreed that the Australian Government will lead other jurisdictional officials in further considering and developing the Game Changer ideas. They will propose an implementation plan for feasible reforms to ministers in mid-2024.

1 Market overview

Customer numbers

RESIDENTIAL



SMALL BUSINESS



Tier 1 market share

RESIDENTIAL



SMALL BUSINESS



Customer on market contracts

RESIDENTIAL



SMALL BUSINESS



Key findings

- Retail competition has improved in 2022–23, based on improvements in several of the following indicators, but this is mixed across different regions.
- Most Tier 1 retailers and primary regional retailers lost market share to smaller retailers in 2022–23.
- The overall proportion of residential customers on market contracts increased in 2022–23. The proportion of small business gas customers on market contracts also increased but decreased for small business electricity customers.
- Market concentration continues to decline, which has enabled greater retail competition in most jurisdictions, despite retailer failures in 2022–23. However, in general the retail market remains moderately concentrated.

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- The rate of electricity and gas residential customers switching between energy retailers was highest in most jurisdictions during the first quarter of 2022–23, before decreasing in subsequent quarters.
- For the first time in 5 years, no new retailer authorisation was approved during 2022–23, although the AER did receive a number of preliminary applications. There were also 11 retailer business failures and/or retailer surrender of authorisations.

In this chapter we report on:

- market structure and concentration in the retail energy sector
- the proportion of residential and small business customers on market and standard retail contracts
- Retailer of Last Resort (RoLR) events and surrender of authorisations
- customers switching between retailers (includes Victorian data).

Understanding these elements allows the AER to assess the competitiveness of the retail energy sector in each jurisdiction. Elements of assessing competition in a market are entry and exit of sellers in a market, exercise of choice by consumers in the market, differentiated products and services, and customer switching behaviour. In combination these factors provide an indication of market competition. A competitive market is important for consumers because it allows them more choice of retailer, enabling consumers to switch if they are not satisfied with their current retailer. This may lead to lower prices and, as a result, more affordable electricity and gas for consumers, and improvements in non-price related aspects of competition from retailers such as customer service.

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1.1 Market structure

Throughout this analysis, the AER categorises retailers as Tier 1 retailers, Tier 2 retailers or primary regional retailers.



Tier 1 retailers: Origin Energy, AGL and EnergyAustralia, which collectively service most retail customers in New South Wales (NSW), South Australia and south-east Queensland.



Tier 2 retailers: These are all other retailers and range from small retailers to larger retailers such as Alinta Energy and Red Energy.



Primary regional retailers: Ergon Energy in Queensland, ActewAGL in the Australian Capital Territory (ACT) and Aurora Energy in Tasmania. Each largely operates within only one distribution network and is subject to differing forms of price regulation.²

Other groupings of small, medium and large retailers have been used in section 1.1.3 to highlight changes to market share and customer numbers in the residential electricity and gas markets that may be masked by the Tier 1, Tier 2 and primary regional retailer groupings.

Analysis throughout this chapter focuses primarily on the jurisdictions that have adopted the National Energy Customer Framework (NECF) – the ACT, NSW, Queensland, South Australia and Tasmania. Regulated entities that operate within these jurisdictions are required under the *National Energy Retail Law (South Australia) Act 2011* (National Energy Retail Law) to submit information and data to the AER about their performance in the manner prescribed in the [AER \(Retail Law\) Performance Reporting Procedures and Guidelines](#).

1.1.1 Tier 2 retailers growing residential market share and customer numbers

In 2022–23 there were 68 authorised electricity retailers, 54 of which were active retailers selling electricity to 6,803,010 residential customers.

- In aggregate, Tier 1 and primary regional retailers lost 3.4% market share between 2018–19 and 2022–23. Their customers have mainly switched to Tier 2 retailers, which continued to experience growth in market share.

² ActewAGL is a 50:50 joint venture between Icon Water Limited (ACT Government owned corporation) and AGL Energy Ltd.

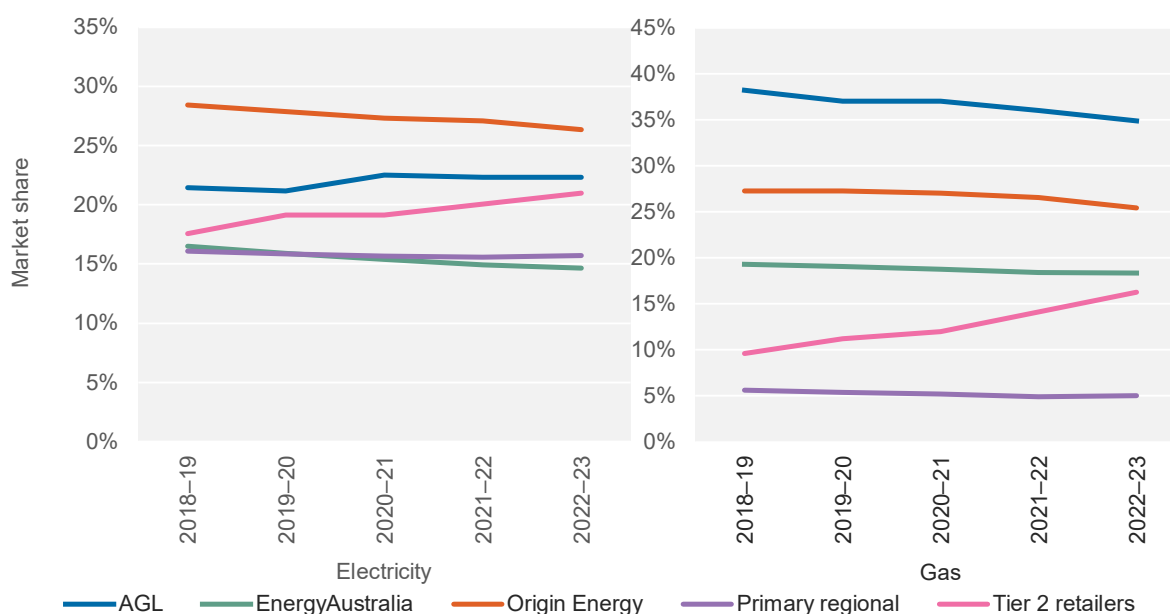
1 Market overview

- Tier 2 retailers now supply around 21% of residential customers from a base of 17.6% in 2018–19 (Figure 1.1).

In the residential gas market, there were 21 authorised gas retailers, with 18 active retailers selling gas to 2,288,926 residential customers in 2022–23.

- Tier 2 retailers continued to gain market share from Tier 1 and primary regional retailers, reaching 16.3% in 2022–23 (up from 9.6% in 2018–19).
- In aggregate, the market share of Tier 1 and primary regional retailers has decreased by 6.7% since 2018–19.

Figure 1.1 Residential customers market share by retailer



Note: ActewAGL is the only primary regional retailer in the gas market. Data as at 30 June each year.
Source: AER, Schedule 2 – Quarter 4 2022–23 retail performance data.

Despite Tier 2 retailers growing their market share and customer numbers, Tier 1 and primary regional retailers still have the majority of residential market share within each NECF jurisdiction. Table 1.1 and Table 1.2 show the percentage change in customer numbers of the Tier 1 retailers and primary regional retailers between 2018–19 and 2022–23. They also show their market shares in each jurisdiction as at June 2023, for both residential electricity and gas markets.

The movement in residential electricity customer numbers between 2018–19 to 2022–23 differed across jurisdictions for these retailers (Table 1.1). As observed in Figure 1.1, while most of these large retailers lost market share nationally, the decline has been gradual. This is due to the size of these retailers and has not caused a large impact on their market share.

Across NSW and South Australia, the top 3 residential electricity retailers accounted for over 73% of total market share in 2022–23, and in Queensland they accounted for 50%. In the ACT and Tasmania, the primary regional retailer held more than 74% and 94%, respectively.

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Table 1.1 Change in residential electricity customer numbers, 2018–19 to 2022–23 and market share as at June 2023

Category	AGL	EnergyAustralia	Origin Energy	Primary regional retailers
ACT				
Market share	-	5%	16%	74%
Change in customer numbers	-	24%	29%	1%
NSW				
Market share	24%	25%	28%	1%
Change in customer numbers	9%	-6%	-5%	28%
Queensland				
Market share	19%	4%	27%	30%
Change in customer numbers	20%	-9%	-3%	5%
South Australia				
Market share	38%	7%	29%	-
Change in customer numbers	4%	-12%	14%	-
Tasmania				
Market share	-	-	-	94%
Change in customer numbers	-	-	-	-2%

Source: AER, Schedule 2 – Quarter 4 2022–23 retail performance data, Sheet: 'Res Elect Cust#s & Mkt Contr'.

In the residential gas market, all large retailers experienced a decline in customer numbers in at least one of the jurisdictions it operated in from 2018–19 to 2022–23, but still held at least 78% of market share, down from at least 82% in 2018–19 (Table 1.2).

1 Market overview

Table 1.2 Change in residential gas customer numbers, 2018–19 to 2022–23 and market share as at June 2023

Category	AGL	EnergyAustralia	Origin Energy	Primary regional retailers
ACT				
Market share	-	5%	14%	76%
Change in customer numbers	-	23%	11%	-5%
NSW				
Market share	39%	25%	19%	1%
Change in customer numbers	-5%	3%	1%	-3%
Queensland				
Market share	39%	-	45%	-
Change in customer numbers	2%	-	-12%	-
South Australia				
Market share	29%	8%	41%	-
Change in customer numbers	6%	-16%	1%	-

Source: AER, Schedule 2 – Quarter 4 2022–23 retail performance data, Sheet: 'Res Gas Cust#s & Mkt Contr'.

1.1.2 Lower market concentration indicates greater retailer contestability across jurisdictions

The HHI is a measure of market concentration and is calculated as the sum of the squares of the market share of all retailers that compete in a market. A decrease in the HHI over time indicates a decrease in market concentration and may indicate a more competitive market.

Electricity residential customers in regional Queensland are largely supplied by Ergon Energy. As a result, the HHI assessment in Queensland is focused on the south-east region, which excludes Ergon Energy.

The NSW electricity market continues to show signs of a decrease in market concentration. However, the south-east Queensland and South Australian markets remain at the low end of a highly concentrated market.

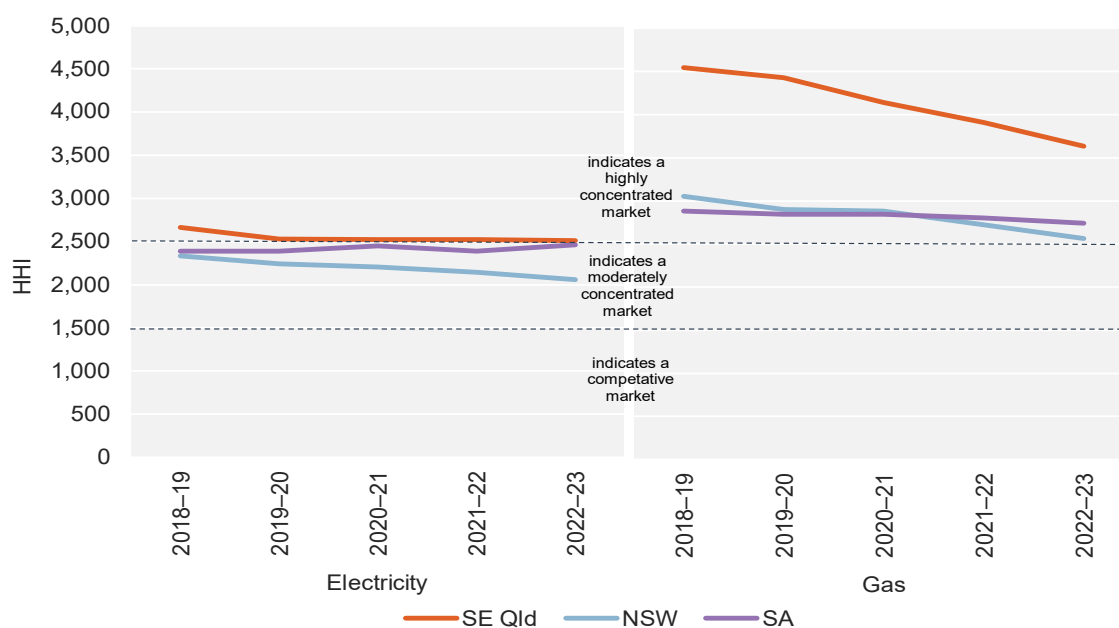
Gas markets in south-east Queensland, NSW and South Australia have continued to decrease in concentration. Despite this, they are still considered highly concentrated markets (Figure 1.2).

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The ACT and Tasmanian HHI are not shown on Figure 1.2 because these values were significantly higher and would distort the scale. Both markets are dominated by a single retailer (ActewAGL in the ACT and Aurora Energy in Tasmania). For these markets, we have seen a decline in the HHI value (that is, improving competition) from 2018–19 to 2022–23 of:

- residential electricity market – from 6,908 to 5,808 in the ACT and from 9,063 to 8,889 in Tasmania
- residential gas market – from 6,992 to 6,006 in the ACT.

Figure 1.2 HHI for the electricity and gas residential markets



Note: Data as at 30 June each year

Source: AER, Schedule 2 – Quarter 4 2022–23 retail performance data. Market concentration calculated as per HHI methodology.

In the south-east Queensland, NSW and Tasmanian residential electricity markets, market concentration either remained the same or decreased. However, in South Australia and the ACT there was a significant increase above zero from 2021–22 to 2022–23. This indicated an increase in concentration in the electricity market (Figure 1.3).

In the residential gas market, all jurisdictions except the ACT saw a decrease in market concentration. The ACT saw a significant increase in market concentration as both ActewAGL and Red Energy increased the number of customers in the ACT.

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Figure 1.3 Annual change in HHI



Note: Data as at 30 June each year.

Source: AER, Schedule 2 – Quarter 4 2022–23 retail performance data.

1.1.3 Residential market share and overall customer numbers – alternative groupings show mixed trends

In this section, we review the growth rate in residential customer numbers from 2018–19 to 2022–23. To provide further insights, retailers have been grouped into small, medium and large categories based on their customer numbers at the end of 2022–23. Our groupings are:

- small retailers – less than 10,000 customers
- medium retailers – between 10,000 and 100,000 customers
- large retailers – more than 100,000 customers.

Due to the majority market share that Tier 1 retailers hold, any change in customer growth for small and medium retailers is often overshadowed by the minimal impact they have in the overall market share figures. These alternative groupings allow us to better explore outcomes for smaller retailers or new entrants, and the growth they have experienced since 2018–19.

Over the past 2 years, some retailers have moved between the alternative grouping categories due to increases or decreases in their customer numbers. As a result, direct comparisons between retailer groupings in last year’s report and this year’s report cannot be made. However, trend analysis has been provided. Examples of retailer movement between groupings from 2021–22 to 2022–23 are:

- Tango Energy (now Pacific Blue Energy) – was in the medium retailer category last year and is now in the small retailer category
- OVO Energy – was in the small retailer category and is now in the medium retailer category.

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Small retailers had an overall decrease in both electricity (-34.5%) and gas (-4%) customer numbers and market share compared with 2021–22. The large reduction in electricity retailer customer numbers was primarily due to a number of small retailers exiting the market as a result of business failure (see section 1.2.1 for more details), and slightly offset by growth from other small retailers.

Medium retailers had the largest overall increase in customer numbers for electricity of 13% (57,080 customers) and gas of 21% (41,259) compared with 2021–22. This was likely due to customer transfers, stemming from retailer price strategies.

For large retailers, growth in the electricity market (0.6%, 37,615 customers) has been achieved from a combination of organic growth and acquisition of customers (due to the failure of some small retailers and a pre-arranged process involving larger retailers taking on customers in the event of a retailer failure to ensure the continuity of supply). Large gas retailers saw a decrease of 0.7% in customer numbers from the previous year.

Trends over the past 5 years

Overall, from 2018–19 to 2022–23 we saw an increase in customer numbers of 5.9% to 6,803,010 (Figure 1.4). From 2018–19 to 2022–23 the market share of small and medium electricity retailers increased from 0.4% to 0.7% and from 5.9% to 7.1%, respectively. In comparison, large retailers' market share decreased from 93.7% to 92.2%.

Small retailers had an increase in customer numbers from 2018–19 to 2020–21. But since then, over the last 2 years (2020–21 to 2022–23) small retailer market share has declined from 1% to 0.7% (45,389 customers). This reduction was due to:

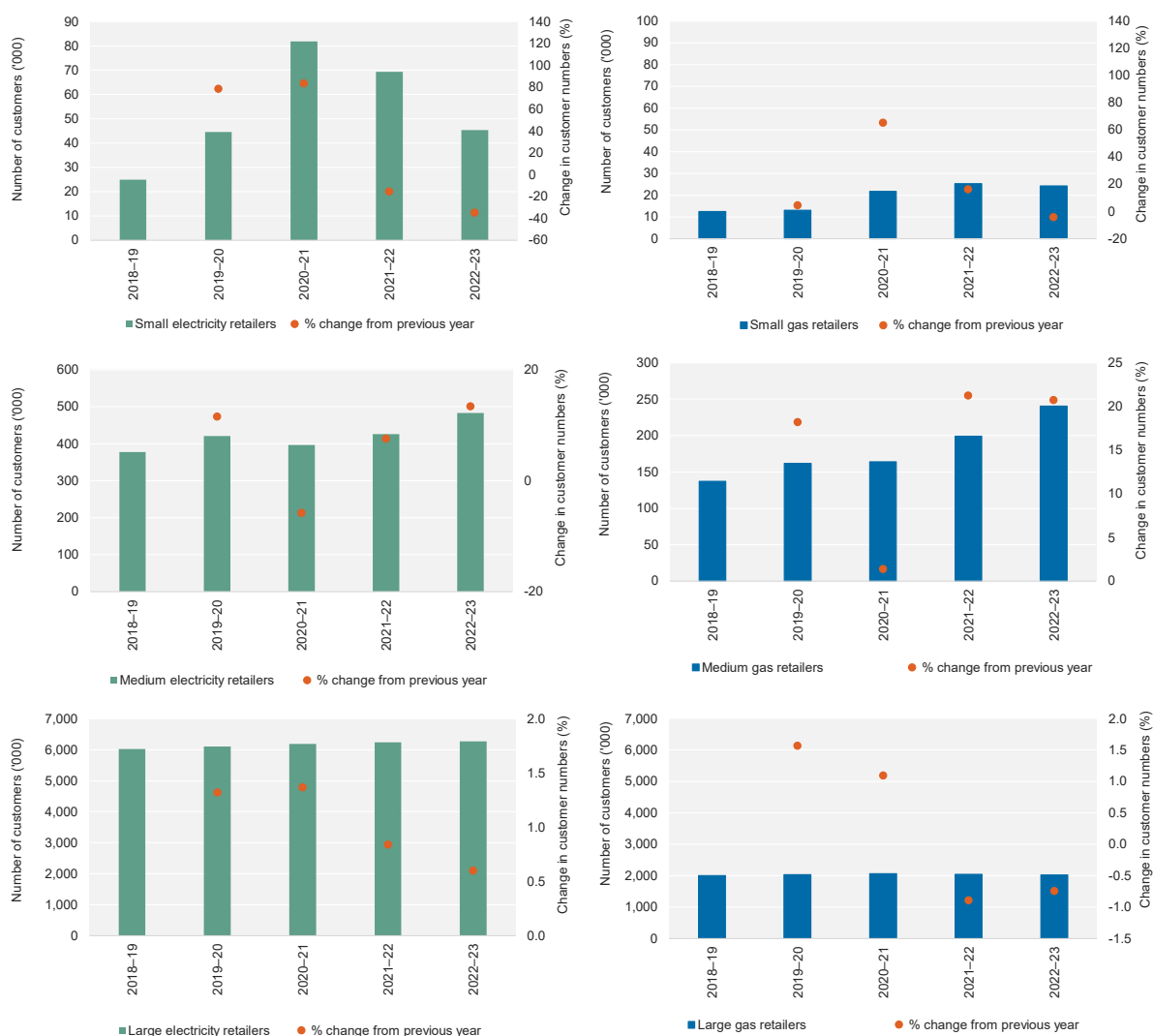
- small retailers' business failures in 2021–22 and 2022–23
- customers switching retailers
- some retailers urging their customers to find a new retailer due to volatility in the wholesale electricity and gas markets since May/June 2022.

Most medium retailers continued the trend of a steady increase, with market share up from 5.9% to 7.1% (483,364 customers) over the 5 years to 2022–23. In 2022–23 the largest increase in customer numbers was seen by Powershop, up 26,735 to 77,887 customers. Of the medium retailers that remained active in 2022–23, only 2 had a decrease in customer numbers (Momentum Energy and Locality Planning Energy).

Market share of large retailers declined from 93.7% to 92.2% from 2018–19 to 2022–23, despite these retailers achieving year-on-year growth in customer numbers of between 0.6% and 1.4%. Red Energy had the largest increase of 35,871 customers to reach 384,404 customers, followed by smaller increases in customer numbers for AGL, ActewAGL, Alinta Energy and Ergon Energy. Customer numbers decreased for all other large retailers.

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Figure 1.4 Electricity and gas retailer residential customer numbers



Note: Data as at 30 June each year.

Source: AER, Schedule 2 – Quarter 4 2022-23 retail performance data.

The residential gas market saw similar trends to electricity. From 2018-19 to 2022-23, market share for small gas retailers increased from 0.6% to 1.1% and for medium retailers increased from 6.4% to 10.5%. However, large retailers continued to see a decrease in market share from 93.1% in 2018-19 to 88.4% in 2022-23. Overall customer numbers increased by 6.3% to 2,288,926 from 2018-19 to 2022-23 (Figure 1.4).

Small retailers had an increase in customer numbers from 2018-19 to 2021-22. However, in 2022-23 customer numbers declined by 4%, primarily due to decreases for CovaU and Discovery Energy.

Medium retailers have also seen a steady increase in customer numbers since 2018-19, achieving a 20.7% (41,259 customers) increase in 2022-23 compared with the previous year. A large portion of medium retailer growth occurred in NSW and at the expense of large retailers.

While large retailers lost 4.6% of market share from 2018-19 to 2022-23, they maintained an 88.4% market share in 2022-23. These retailers also saw 1-2% year-on-year growth in

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customer numbers over the 2018–19 to 2020–21 period. Despite this, over the 2 years to 2022–23, large retailers' customer numbers declined by 1.6%. AGL and Origin Energy had the largest loss of customers, while Red Energy, ActewAGL and EnergyAustralia all had an increase in customer numbers.

1.1.4 Tier 2 retailers continue to hold largest proportion of residential customers on market contracts

Before price deregulation was introduced in the National Electricity Market (NEM), governments set retail energy prices. Post deregulation, and while retailers introduced market offers, governments required incumbent retailers to retain standard retail contracts to allow time to adjust to a competitive market.

As the market has evolved, governments have kept standard offers as a safety net for those customers that have not actively engaged in the market to select a market offer. For example, when someone moves into a house and the electricity or gas is already connected, any consumption is charged at the standard offer rate only until the resident chooses another energy plan. Standard offers have set terms and conditions that can't be changed by the retailer. Prices for standard offers are typically higher than market offers.

A common national customer framework applies across all of Queensland, NSW, the ACT, South Australia and Tasmania. However, there are differing types of price regulation in each jurisdiction. Regulated price caps apply to standard retail contracts for ActewAGL in the ACT and Aurora Energy in Tasmania, while in regional Queensland, Ergon Energy offers a regulated price that all other retailers can compete below. Ergon Energy also receives a government subsidy, which assists it to make offers like those seen in south-east Queensland.

Since its introduction on 1 July 2019, the AER has determined a Default Market Offer (DMO) price annually to be applied in NSW, south-east Queensland and South Australia. The DMO represents a cap on electricity prices in standard retail contracts and acts as a reference benchmark price for market offers. The DMO price is not intended to mirror the lowest price in the market, but rather strike a balance between reducing unjustifiably high prices, allowing retailers to recover costs to service customers and providing customers and retailers with incentives to participate in the market. The Victorian market is regulated by the Essential Services Commission of Victoria, which determines the Victorian Default Offer (VDO).

An increasing proportion of customers on market contracts is an indicator of better market competition because it demonstrates that a higher number of customers are engaging in the market and motivated by potentially cheaper/better deals or conditions that better suit their needs. This increase in customers on market contracts should result in lower prices for customers across retailers and jurisdictions, compared with if they had remained on standard retail contracts.

This shows how important it is for customers to regularly shop around for the best deals from retailers' market offers – regulated prices change annually and retailers reprice their standard and market offers to reflect their costs and competitive strategies.

As shown in Figure 1.5, overall the number of residential customers on electricity market contracts continues to increase year-on-year.

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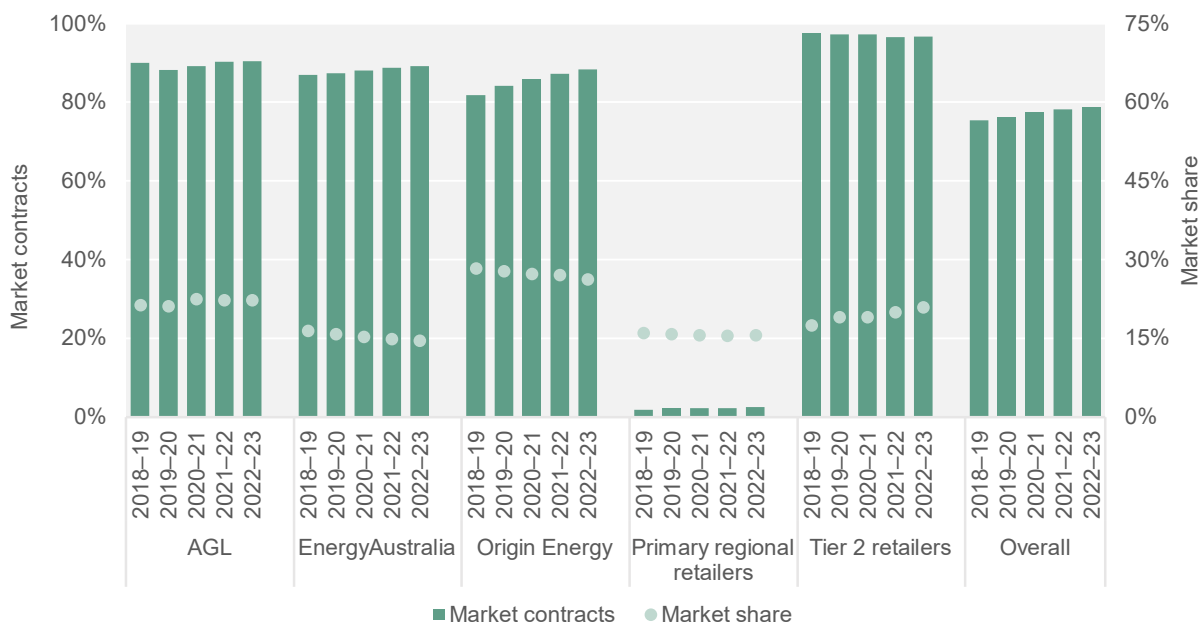
The proportion of Tier 1 customers on market contracts is lower on average than for Tier 2 retailers. This could reflect the position of Tier 1 retailers as incumbents from the time that retail contestability was introduced. This could also allow them to retain customers on a standard contract who never took up a market contract.

Primary regional retailers operate in areas with limited retail competition and price regulation, so most of their customers remain on standard offers. For example, Ergon Energy had no customers on market contracts in 2022–23.

The proportion of Tier 2 retailers' customers on market contracts remained at 97% in 2022–23. However, Tier 1 retailers have seen increases or maintained numbers over the past 5 years. Origin Energy continued to increase the proportion of customers on market contracts from 82% to 88%, AGL has maintained between 88% and 90% of customers on market contracts across this time and EnergyAustralia has increased slightly from 87% to 89%.

While the number of customers on a market contract has generally increased, as previously discussed, Tier 1 retailers' market share has declined compared with Tier 2 retailers. This may indicate that Tier 2 existing and new retailers may be offering even better terms and gaining market share, despite Tier 1 retailers trying to retain customers by offering cheaper priced market contracts to some customers still on standard contracts. Analysis of prices of market and standard contracts is discussed in section 2.1.1, with charts that show the range of market offers available between July 2020 and September 2023 and their comparison with the median standing offer.

Figure 1.5 Residential electricity customers on market contracts by retailer



Note: Data as at 30 June each year.

Source: AER, Schedule 2 – Quarter 4 2022–23 retail performance data.

When we compare residential electricity customers on market contracts across jurisdictions, NSW and South Australia have consistently had over 87% of customers on market contracts (Figure 1.6). Queensland's proportion is impacted by Ergon Energy, which only offers

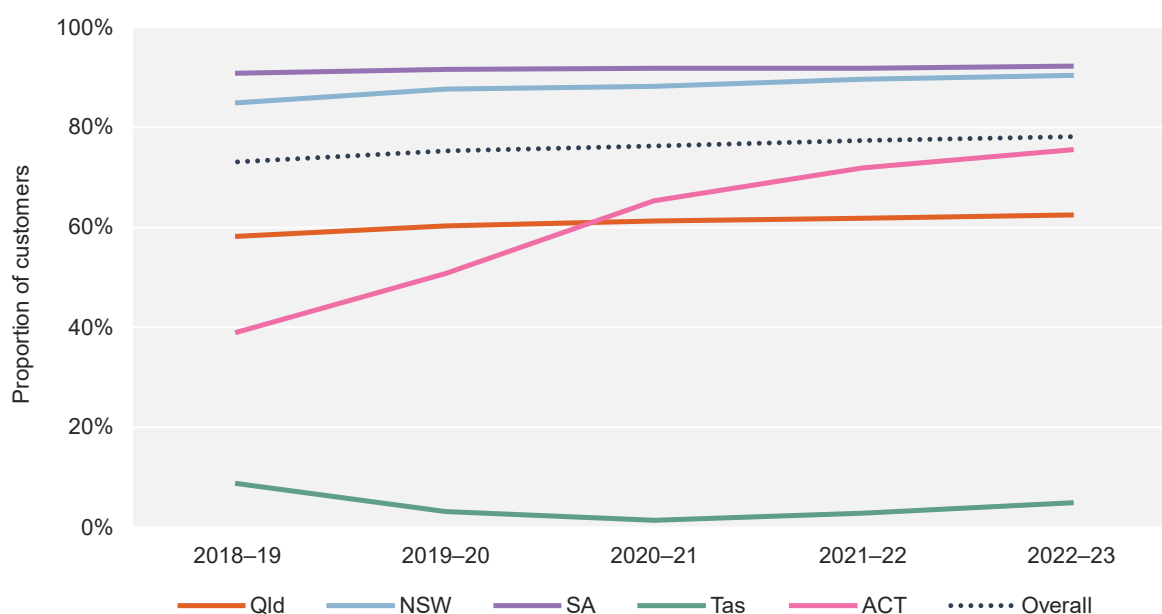
1 Market overview

standard contracts. If Ergon Energy is removed from the calculation, Queensland's proportion of customers on a market contract would increase to 90% for 2022–23, which is similar to NSW (91%) and South Australia (92%).

As previously discussed, all 3 jurisdictions' markets are considered more competitive than the ACT or Tasmanian markets and the large number of customers on market contracts supports this view.

The significant increase in customers on market contracts in the ACT over the past 5 years, along with the increase in the number of retailers and greater choice of retailers, indicates a move towards a more competitive market (see section 1.1.2).

Figure 1.6 Residential electricity customers on market contracts by state/territory



Note: Data as at 30 June each year.

Source: AER, Schedule 2 – Quarter 4 2022–23 retail performance data.

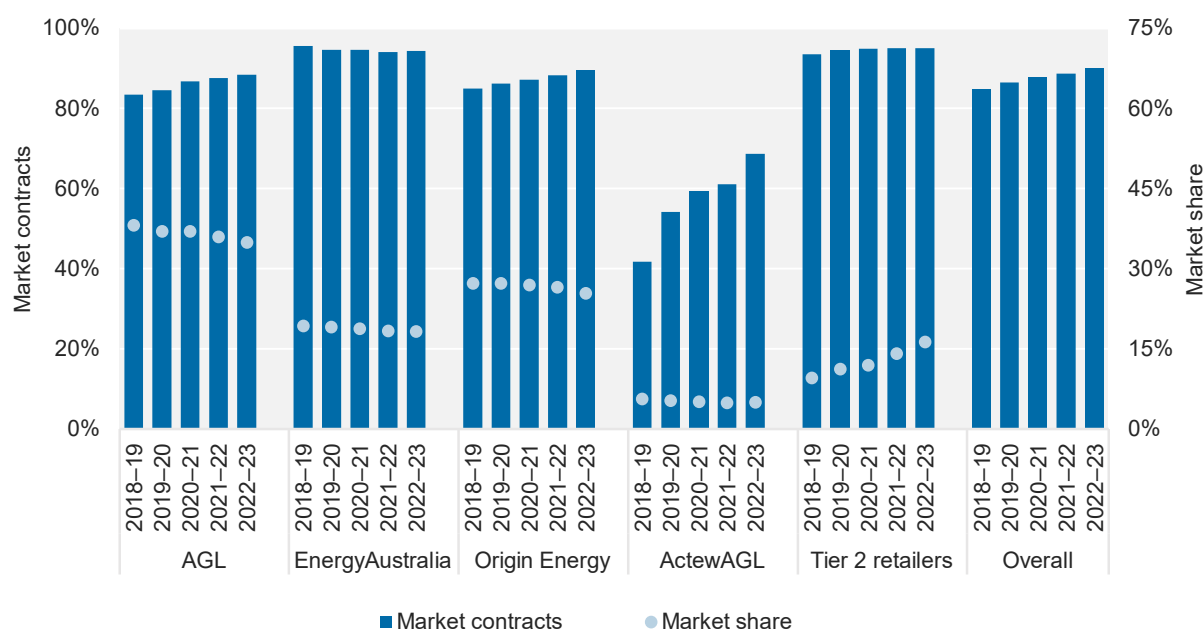
In the residential gas market, AGL, Origin Energy, ActewAGL (the only primary regional gas retailer) and Tier 2 retailers all continued the upward trend of higher proportions of customers on market contracts (Figure 1.7). EnergyAustralia's proportion of customers on market contracts remained steady but it is markedly higher than the other Tier 1 retailers.

As with residential electricity, Tier 1 retailers have seen an increase in the number of customers on a market contract but have seen a decline in market share.

ActewAGL has seen an increase in customers on a market contract, while maintaining market share, which may be reflective of it seeking to maintain customer numbers as new retailers enter that market.

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Figure 1.7 Residential gas customers on market contracts by retailer



Note: Data as at 30 June each year.

Source: AER, Schedule 2 – Quarter 4 2022–23 retail performance data.

1.1.5 Most Tier 1 and primary regional retailers growing small business retailer market share and customer numbers

In 2022–23 there were 61 authorised electricity retailers, 48 of which were active selling electricity to 645,265 small business customers. For these retailers:

- AGL and EnergyAustralia were the only Tier 1 retailers to gain small business electricity market share in 2022–23
- primary regional retailers also gained market share
- Tier 2 retailers saw a decline in market share of 1.7% to 17.8% of small business electricity customers in 2022–23 (Figure 1.8).

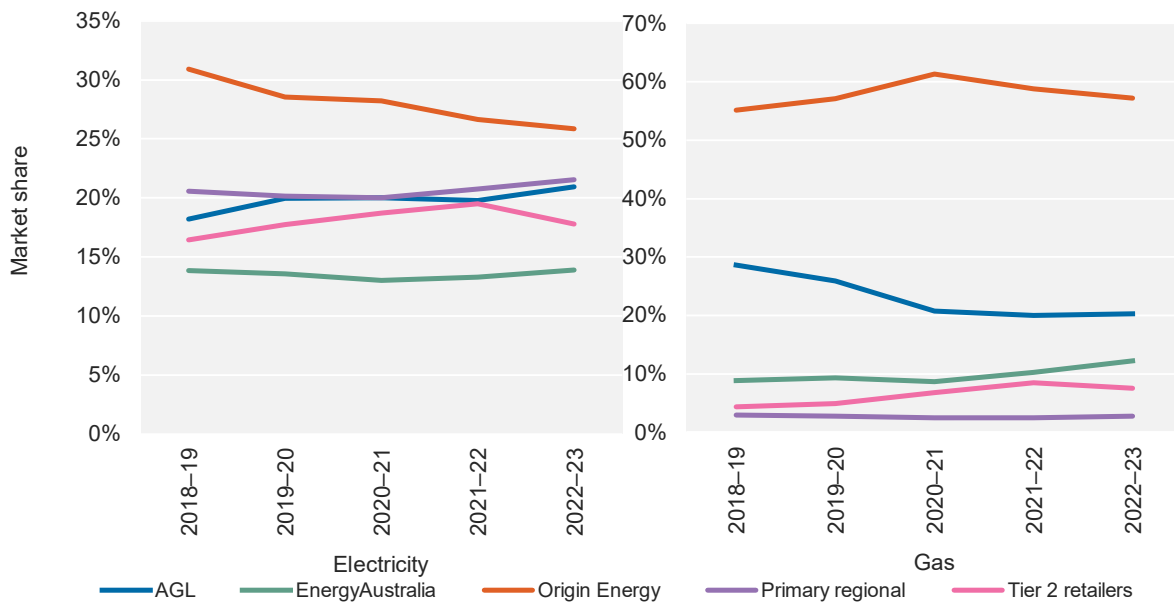
In the small business gas market, there were 16 authorised gas retailers, with 13 active selling to 80,219 customers in 2022–23.

- EnergyAustralia and Origin Energy have both increased their market share since 2018–19, although since 2020–21 Origin Energy’s market share has been decreasing.
- AGL saw a large decrease in their market share between 2018–19 and 2020–21, with it remaining fairly consistent in the past 2 years.
- ActewAGL is the only primary regional retailer in the gas market and has held a steady market share for 5 years.

Unlike the residential electricity and gas retailer market share, Tier 2 retailers saw a decrease in small business gas market share of 2.2% for electricity and 0.9% for gas from 2021–22 to 2022–23.

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Figure 1.8 Small business customers market share by retailer

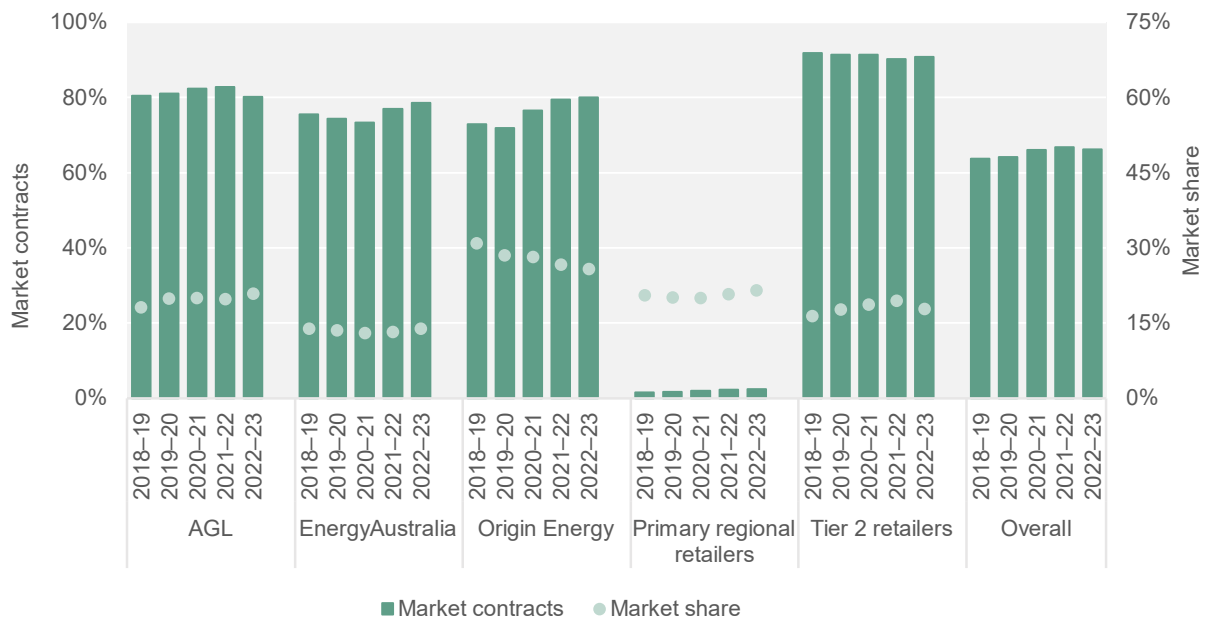


Note: ActewAGL is the only primary regional retailer in the gas market. Data as at 30 June each year.
 Source: AER, Schedule 2 – Quarter 4 2022–23 retail performance data.

1.1.6 Proportion of small business customers on market contracts decreased

Small business customers are less likely to be on a market offer than residential customers, with around 66% on a market offer. The Tier 1 retailers had approximately 80% of their customers on market contracts in 2022–23 (Figure 1.9).

Figure 1.9 Small business electricity customers on market contracts by retailer



Note: Data as at 30 June each year.
 Source: AER, Schedule 2 – Quarter 4 2022–23 retail performance data.

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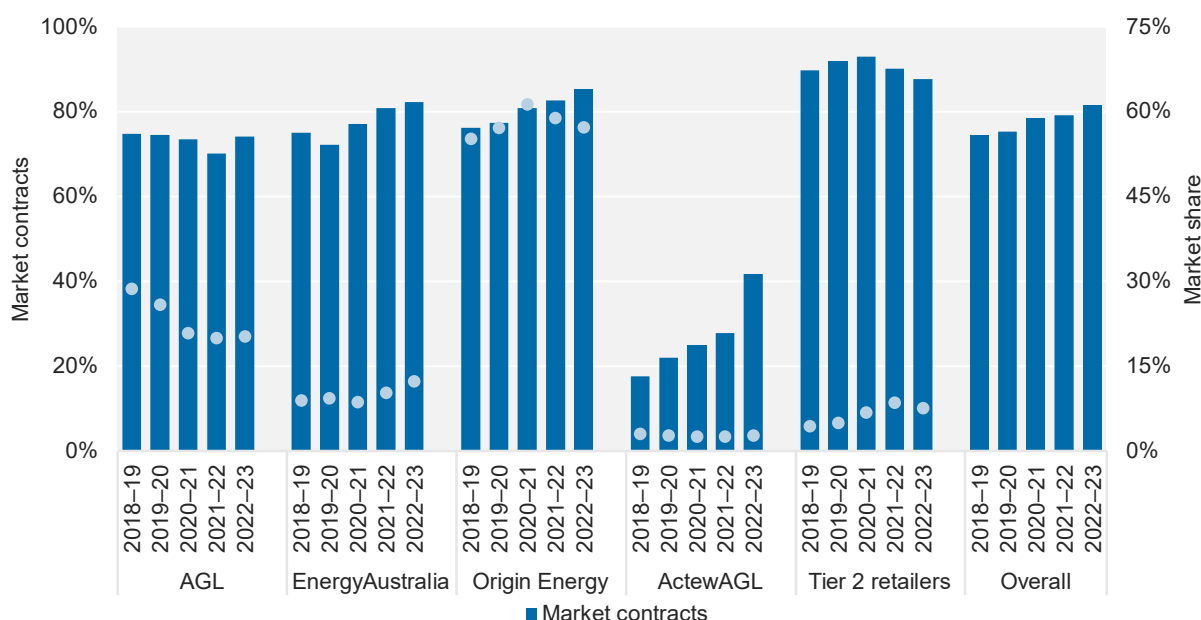
Figure 1.10 shows that the proportion of small business gas customers on market contracts increased overall, driven by increases for EnergyAustralia, AGL and Origin Energy in 2022–23, and is close to being at a 5-year high for each of these retailers.

ActewAGL has seen a significant increase in the proportion of customers on a market contract over the past 5 years, driven by customers seeking market contracts in NSW and the ACT. However, its market share remains steady.

The average proportion of small business gas customers on market contracts across Tier 2 retailers remains higher than for Tier 1 retailers, but the proportion of customers on a market contract has declined in the past 3 years.

In terms of market share, only EnergyAustralia has seen a continuous increase over the past 5 years, with other retailers seeing a decline, particularly over the past year.

Figure 1.10 Small business gas customers on market contracts by retailer



Note: Data as at 30 June each year.

Source: AER, Schedule 2 – Quarter 4 2022–23 retail performance data.

1.1.7 Most large customer retailers lost market share and customers

In 2022–23, there were 59 authorised electricity retailers, 49 of which were active selling electricity to 53,779 large customers.

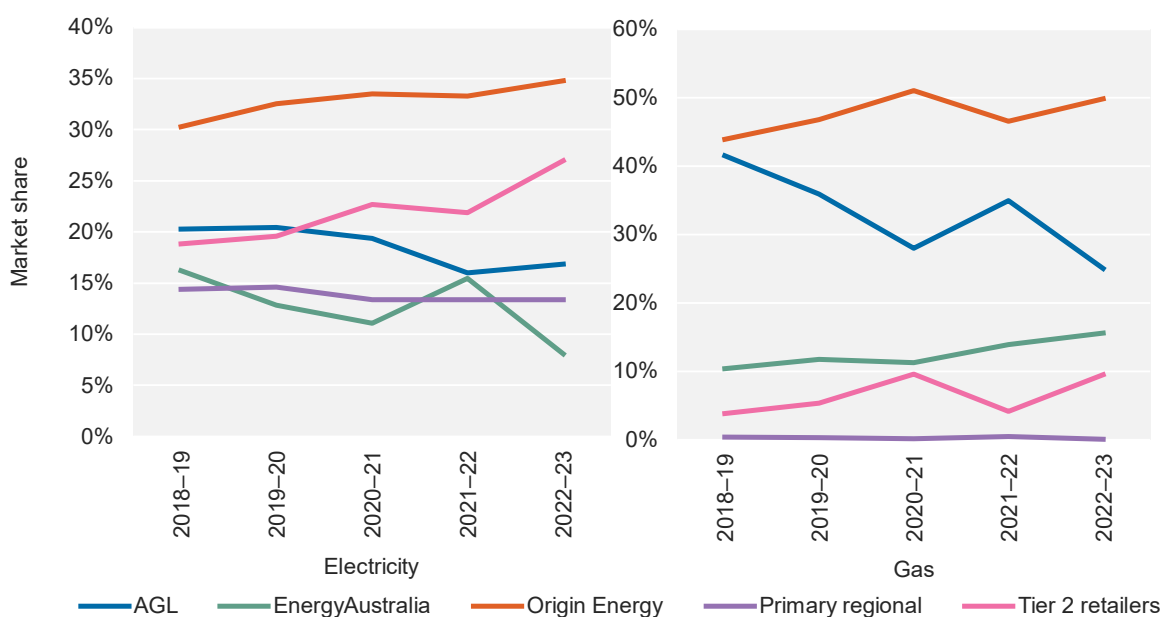
- AGL has continued to see a decline in customer numbers, although its market share increased by 0.9 percentage points in 2022–23.
- EnergyAustralia broke its re-growth trend of 2021–22 and saw a 7.4 percentage point decline in its market share in 2022–23. Since January 2023, EnergyAustralia lost 2 major multi-site customers, mainly in NSW where aggregation rules allow these to be treated as large customers.
- Tier 2 retailers had a large increase in market share of 5.1 percentage points, with Origin Energy also having a slight increase of 1.5 percentage points (Figure 1.11).

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In the gas market, there were 12 authorised gas retailers, 10 of which were active gas retailers selling to 5,234 large customers in 2022–23. For these retailers:

- AGL had a substantial 10% decrease in market share in 2022–23 and now has a market share of 25% (down from 41.5% in 2018–19)
- EnergyAustralia and Origin Energy continued to see an increase in customer numbers, while ActewAGL had a decline in customer numbers.

Figure 1.11 Large customers market share by retailer



Note: ActewAGL is the only primary regional retailer in the gas market. Data as at 30 June each year.

Source: AER, Schedule 2 – Quarter 4 2022–23 retail performance data.

1.2 Market activity

1.2.1 Eleven retail authorisations revoked or surrendered during 2022–23

To ensure energy consumers continue to receive power supply, the AER administers a scheme to transition customers to a new retailer if their existing retailer fails. The scheme is called the national Retailer of Last Resort (RoLR) scheme. The RoLR scheme's provisions are contained in the National Energy Retail Law, for which the AER has certain responsibilities.³

There is a RoLR scheme in Victoria, but it is not administered by the AER. This scheme is the responsibility of the Essential Services Commission of Victoria.

³ AER, [Retailer failure](#), Australian Energy Regulator, 2023.

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In the 5 years prior to 2022–23, 5 RoLR notices were issued, with 4 retailer authorisations being revoked. In 2022–23, 7 retailers had their electricity retailer authorisations revoked, primarily due to the adverse market events of 2022. The authorisations were revoked from:

- Power Club – date of notice – 12 July 2022, which impacted approximately 400 customers across Queensland, NSW, the ACT and South Australia
- Mojo Power East (trading as People Energy) – date of notice – 19 July 2022, which impacted approximately 500 customers across Queensland, NSW and South Australia
- Social Energy – date of notice – 24 August 2022, which impacted approximately 280 customers across Queensland, NSW and South Australia
- Elysian Energy – date of notice – 1 September 2022, which impacted approximately 2,500 customers across Queensland, NSW, the ACT, Tasmania and South Australia
- Mojo Power – date of notice – 16 June 2023, which impacted approximately 5,800 customers across Queensland, NSW and South Australia
- QEnergy – date of notice – 16 June 2023, which impacted approximately 6,000 customers across Queensland, NSW and South Australia
- Sanctuary Energy – date of notice – 21 June 2023, operated in NSW but had no customers at the time.

The RoLR events that occurred in 2022–23 impacted approximately 15,500 customers, who were transferred to the designated RoLR in that customer's distribution network – that is, Origin Energy, AGL, ActewAGL Retail, EnergyAustralia and/or Aurora Energy. There were also 4 retailers that surrendered their retailer authorisation in 2022–23:

- Powerdirect – around 48,400 residential and small business customers transferred to AGL entities in NECF jurisdictions
- Bright Spark Power – no customers at time of surrender
- Macquarie Bank – no customers at time of surrender
- Rush Energy – no customers at time of surrender.

In 2022–23, the AER approved the transfer of a retailer authorisation from Tilt Renewables Australia Pty Ltd to Tilt Renewables Retail Pty Ltd.

As discussed in section 1.1.2, the decrease in the number of active retailers caused by these surrenders and revocations of retail authorisations did not have a significant impact on the retail market competition across jurisdictions. Instead, it reflected the financial precarity of these retailers amid very difficult wholesale market conditions in 2022–23.

Figure 1.12 identifies the number of new retailers, retailers that had their authorisations revoked and those that have surrendered their authorisation since 2018–19.

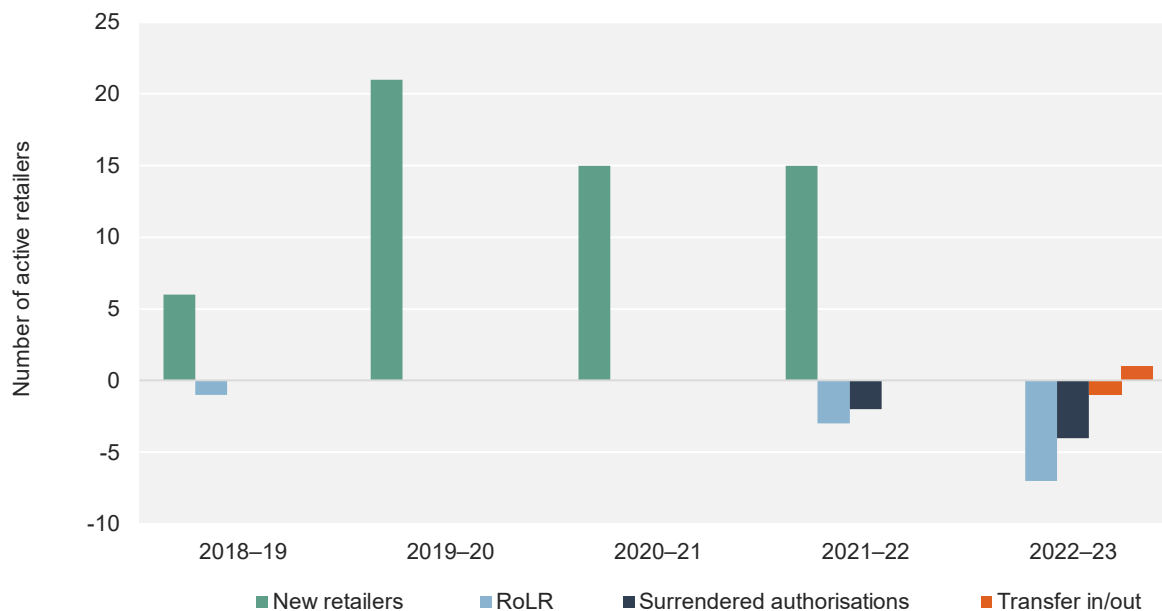
1.2.2 No new retailer authorisations approved in 2022–23

For the first time in several years, there were no new retailer authorisation approvals in 2022–23, although the AER did receive a number of preliminary retailer authorisation applications. This is likely due to the adverse market events of 2022 and applicants deciding

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to withdraw their applications. This is in stark contrast to the previous 4 years, which had a total of 57 retail authorisations approved.

Figure 1.12 New retailer authorisations, RoLR notices issued, surrendered authorisations and transferred authorisations



Source: AER, Public register of authorised retailers & authorisation applications.

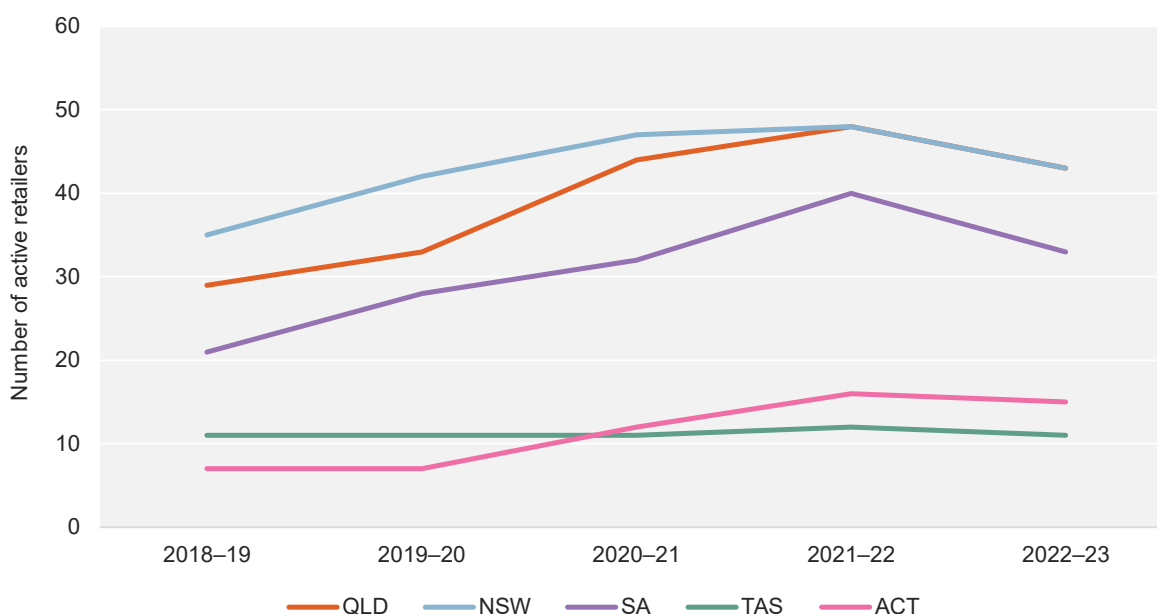
This does not necessarily reflect a reduction in competition because authorisations do not necessarily result in an immediate greater choice for consumers. This can be due to retailers targeting different market segments or not actively growing their customer base in the early years of the business. Given the market volatility in 2022, it may not have been in consumers' best interest for the AER to approve new authorisations. We expect that a greater choice of retailers will enhance competition over time.

Figure 1.13 shows that the number of active retailers varies significantly across each jurisdiction. The ACT and Tasmania, which continue to have limited competition, have very low numbers of active retailers.

More competitive markets such as NSW, Queensland and South Australia have substantially more active retailers; however, those jurisdictions experienced a decline in active retailers in 2022-23 as a result of the RoLR events.

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Figure 1.13 Number of active residential electricity retailers by state/territory



Note: Data as at 30 June each year.

Source: AER, Schedule 2 – Quarter 4 2022–23 retail performance data.

1.2.3 Rise in electricity customer switching rates, while gas customer switching rates remain steady

The rate at which customers switch between energy retailers provides one indicator of how actively customers engage with the retail market.

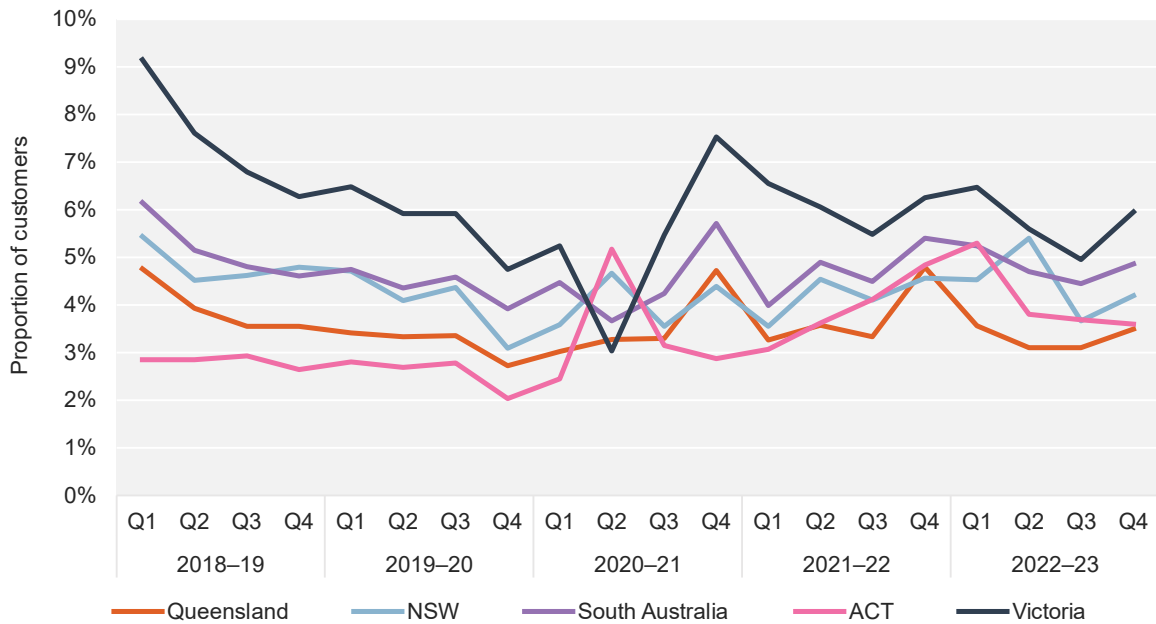
However, switching rates do not provide a complete picture of engagement within the energy market. For example, switching may be low in a competitive market if retailers deliver good-quality, low-priced services that give customers no reason to change. Customers might engage with the market and decide to stay with their current plan or might change energy plans with the same retailer. Switching rates do not capture movement from one offer to another while with the same retailer.

Switching rate movements fluctuated in 2022–23 between the jurisdictions. The ACT, NSW and Victoria saw increases in the early part of the year, followed by a decrease and then, for NSW and Victoria, another increase in Q4 2022–23. Queensland and South Australia saw a decrease over the first 3 quarters of the year and, similar to NSW and Victoria, an increase in Q4 2022–23 (Figure 1.14).

This Q4 increase is consistent with the past 2 years and may reflect increases in retail energy prices being announced in the quarter, which triggers consumers to engage and switch retailers to find a better deal.

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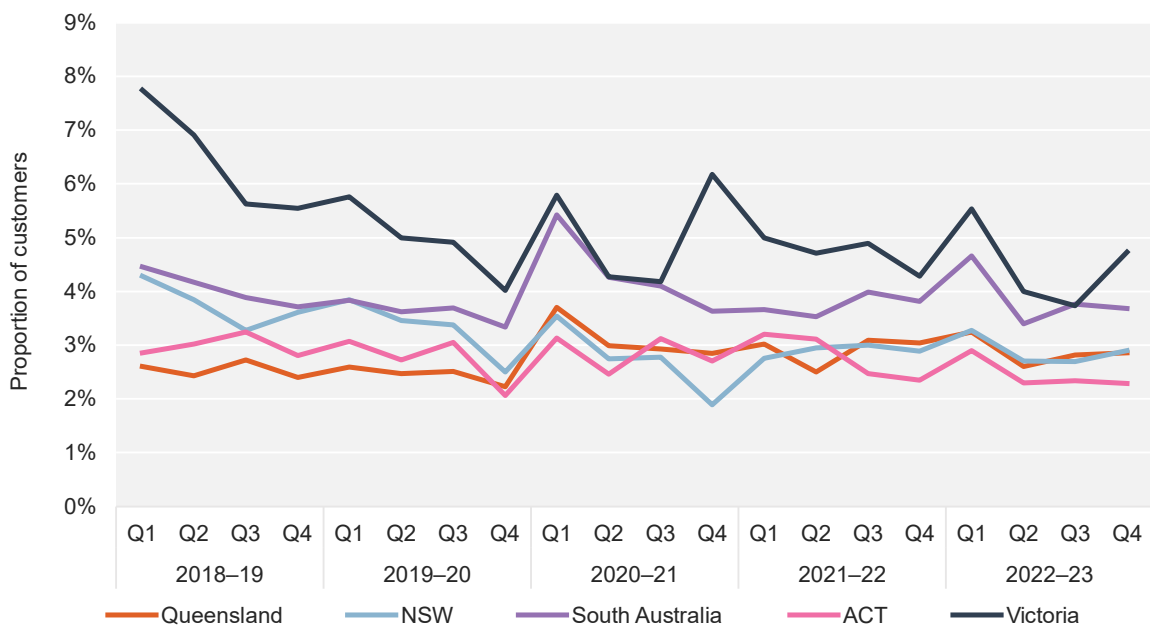
Figure 1.14 Electricity switching rate between retailers



Note: Data as at 30 June each year. AEMO do not publish data for Tasmania as part of their National Electricity Market monthly retail transfer statistics.
 Source: AER, Schedule 2 – Quarter 4 2022–23 retail performance data.

Figure 1.15 shows that gas switching has remained relatively stable in 2022–23. It has not mirrored the high switching rates in the electricity market, declining slightly in Q4 2022–23. Gas switching rates may be more stable than electricity because gas is considered a secondary energy source and consumers often choose to bundle their gas and electricity provider together. This can result in consumers only switching gas retailer if they also switch electricity retailer.

Figure 1.15 Gas switching rate between retailers

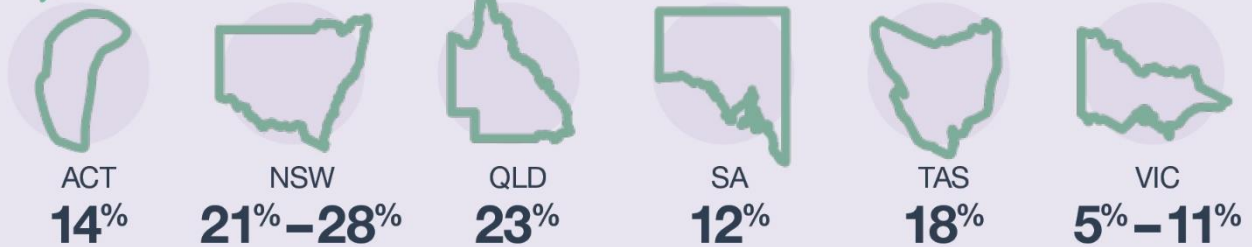


Note: Data as at the end of each quarter in each year.
 Source: AER, Schedule 2 – Quarter 4 2022–23 retail performance data.

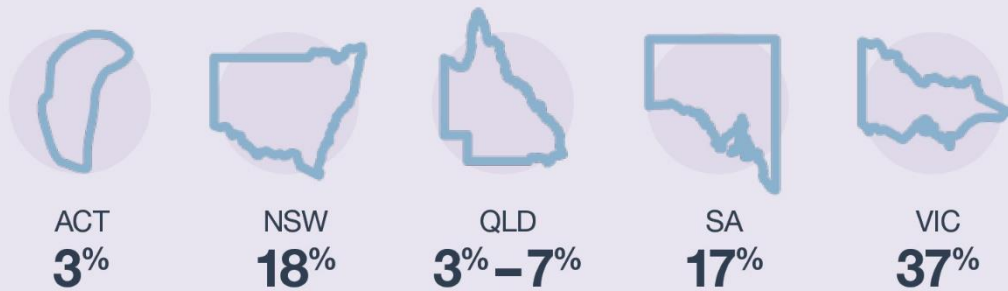
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Median market offers (change in price from June 2022 – June 2023)

Electricity



Gas



Affordability (% of disposable income)



Key findings

- For much of 2022–23 the median market offers converged on the standard offers in most electricity and gas distribution networks. However, in July 2023 median market offers became more affordable than standard offers in most electricity and gas distribution networks.
- Electricity and gas prices increased broadly across jurisdictions in 2022–23 and continued to increase into the 2023–24 financial year.
- As a result of increasing prices, electricity and gas have become generally less affordable for households in 2022–23. A low-income household typically spent double the percentage of their annual income on electricity and gas compared with an average-income household.
- Electricity affordability varied between jurisdictions, with Victoria the most affordable and Tasmania the least affordable.

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- Gas affordability largely varies with household usage, with Victorian households spending the highest proportion of their annual income on gas compared with Queensland households, who spend the lowest.
- We encourage customers to use Energy Made Easy and Victorian Energy Compare to regularly check if they are on the best available energy deal for their needs and circumstances.

This section examines electricity and gas affordability across different time periods by taking snapshots of generally available market and standard offers.

When navigating the retail market, people's lived experience of dealing with energy prices differs markedly. Customers pay different prices for energy depending on where they live, what network infrastructure is required to supply them and the intensity of retailer competition in their local area.

Our analysis looks at outcomes across electricity and gas distribution networks to identify those differences and better understand variations in lived experience.

Customers' engagement in the market also contributes to the varied prices they pay. Price dispersion exists across offers in all electricity and gas distribution networks, indicating a move towards a more competitive market where customers can save on energy prices when they effectively navigate the offers in the market. The opportunity to achieve savings is one means by which consumers can mitigate the impacts of energy price rises.

However, the current offer dispersion has narrowed in recent months, suggesting large savings are more difficult to achieve.

The amount of energy that customers use is another key factor in energy bill costs. Our analysis is based on energy use by an average customer in each electricity and gas distribution network; therefore, it does not represent all customers. Households consume different amounts of energy depending on:

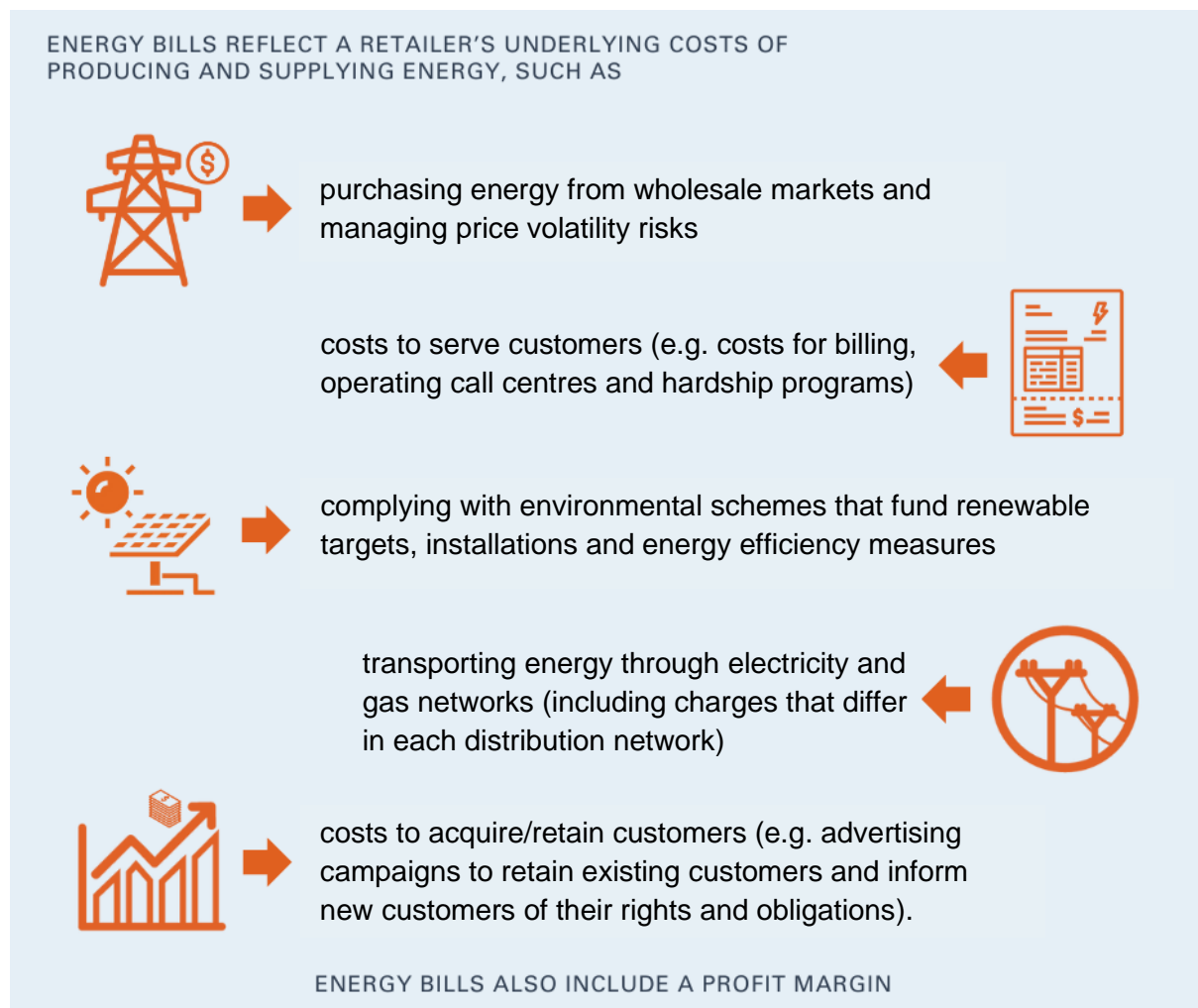
- how many people live in their home
- the local climate
- the energy efficiency of their home and appliances (and how they use them)
- access to rooftop solar
- whether they use gas as well as electricity.

Because of these factors, some households may incur significantly higher (or lower) energy costs than presented in this report.

Initiatives to overcome barriers to access the benefits of consumer energy resources and energy efficiency continues to form an important part of policies targeting affordability for some households.

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2.1 Energy cost update

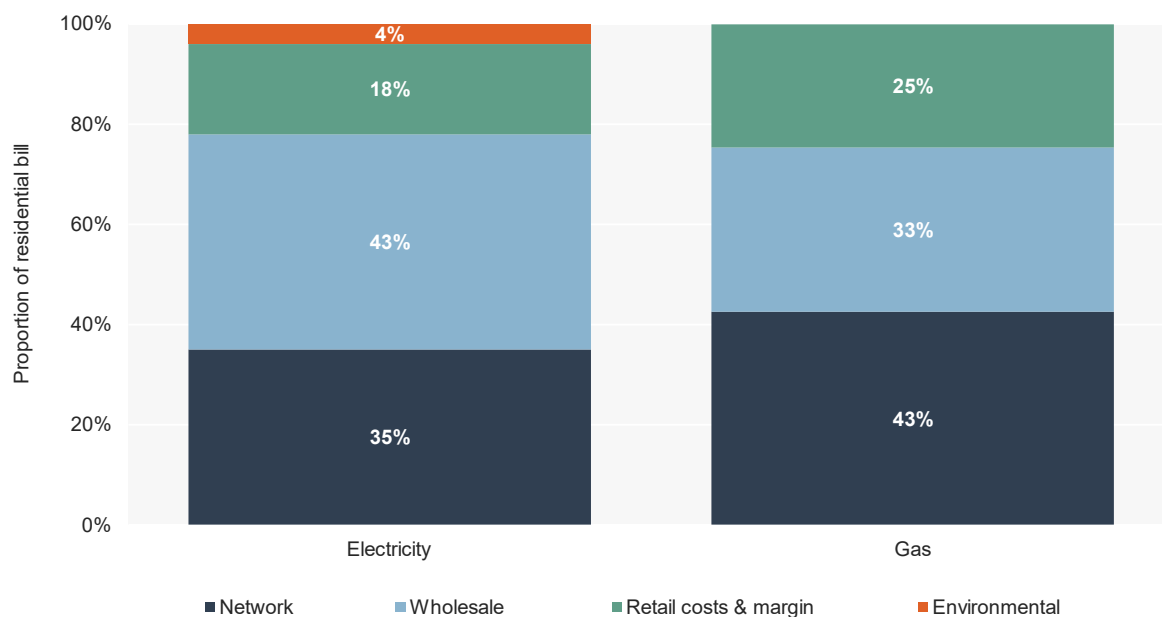


The costs of supplying electricity and gas consists of different components – wholesale costs, network costs, environmental costs and retail costs and margins (Figure 2.1). The contribution of each component varies by jurisdiction and electricity and gas distribution network.

Retail costs and margins reflect factors including economies of scale, the level of competition and regulatory costs. Gas retail markets are generally less competitive than electricity retail markets, reflecting the smaller number of customers buying gas services.

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Figure 2.1 Composition of residential electricity and gas bills



Note: Average data across jurisdictions. Data may not add to 100% due to rounding.

Source: Electricity – AER, Default market offer price 2023–24 – Final Determination – Cost Assessment Model; Gas – Oakley Greenwood, Gas price trends review 2017, 2018.

Data used in the following sections provides an indication of energy costs per household in 2022–23 based on average energy use for residential customers on single rate tariffs. It also examines electricity costs over time in each electricity distribution network and highlights the median and range of standard and market offer prices.

We base bill costs on available offers displayed over time on the government price comparison websites Energy Made Easy and Victorian Energy Compare. Pricing data is aggregated across multiple pricing areas within some electricity and gas distribution networks. Bill estimates across areas are not directly comparable because each is based on average consumption in the relevant area.

2.1.1 Residential electricity prices

A comparison of median electricity costs in each major electricity distribution network⁴ on a cents per kilowatt hour (kWh) basis shows standard offer prices are typically higher than those for market offers in normal market conditions.⁵ As in previous years electricity prices are highest per unit in South Australia, where network costs are above the NEM average. Wholesale costs have also typically been higher in South Australia. In jurisdictions with

⁴ There are 5 electricity distribution networks in Victoria, 3 in NSW and 2 in Queensland. The ACT, the Northern Territory, South Australia and Tasmania each have one electricity distribution network. Appendix 5 includes a map of electricity distribution networks.

⁵ The median standard offer is higher than the median market offer in all jurisdictions other than Ergon Energy's regional Queensland distribution network. Outcomes in the Ergon Energy distribution network reflect a subsidy paid to Ergon Energy to reduce costs for standard offer customers through the Queensland Government's Uniform Tariff Policy (which other retailers are not able to access).

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multiple electricity distribution networks, electricity prices are typically higher in networks that service rural customers.

Figure 2.2 Residential electricity median market and standard offer prices



Note: Offer data as at September 2023. Based on single rate offers for residential customers and average consumption in each electricity distribution network for 2022–23. Due to a different regulatory framework there are no market offers in the Ergon Energy distribution zone. The regulated price has been used as a proxy of the market offer for Ergon Energy.

Source: AER analysis using offer data from Energy Made Easy and Victorian Energy Compare. Consumption based on Economic Benchmarking RIN responses.

The daily distribution of electricity market offers going back 3 financial years was analysed for each distribution zone (Figures 2.3 to 2.8). For multiple distribution zones within a jurisdiction, a representative chart is included within this report – all the charts from each electricity distribution zone in the 5 NECF regions and Victoria are shown in Appendix 8. The median standard offer for each distribution zone has been included for comparison.

The charts display the range of offers between the 10th percentile and the 90th percentile, removing the bottom 10% and the top 10% of market offers. This covers 80% of market offers and eliminates outliers that may not be representative of what is generally available to customers. Any price comparisons are based on the lowest or highest offers in this range.

The minimum offer is displayed on the chart but is not used in this pricing analysis. It is included to provide continuity with previous reports.

Most charts follow a similar pattern. In distribution zones where there is a reference price, the DMO in NSW, South Australia and south-eastern Queensland and the VDO in Victoria, standard offers broadly follow this price. This can be seen in the step jumps in the median standard offer, which is reset in July each year.

The pricing analysis is based on actual usage data supplied by distribution network service providers (DNSPs). This actual usage differs from the broadly representative consumption amount used for the DMO and may result in different annual cost calculations for each offer.

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Residential electricity prices increased in 2022–23

From June 2022 to June 2023 the standard offers rose in most distribution zones. In jurisdictions covered by the DMO, the median standard offer rose between 8% and 15%. Most of the price change was early in 2022–23 as the standard offers followed the DMO. In Victoria, the price rises in distribution zones other than Citipower were 1% to 8%. Tasmania had a much higher rise in the median standard offers of 32% (Figures 2.3 to 2.8).

The median market offers rose in this period more than the standard offers in every distribution zone (except Tasmania), with price rises of between 12% and 28%. This resulted in a narrowing in the gap between the standard and market offers available; for much of 2022–23 the median market offer was close to the median standard offer.

However, by June 2023, depending on their distribution zone, a customer could save up to 5% by moving from a standard offer to the median market offer and between 7% and 23% by moving to the lowest offer.

In early 2022–23 the range of offers became very wide in most distribution zones, reflecting uncertainty in the market, before settling down later in the year. For example, in Energex (Qld) in July 2022 the difference between the highest and lowest offers in this analysis was around \$1,400, with the highest offers 90% more than the lowest offers. By June 2023 the range had dropped to around \$700, with the highest offers only 41% higher than offers at the bottom of the range (Figure 2.3). This wide variation in offers was driven by increasing wholesale energy costs. As a result of a combination of international and domestic pressures, wholesale energy markets faced unprecedented volatility. This led to a significant increase in wholesale prices in 2022–23.

A number of retailers priced their market offers significantly above the median standard offers in most electricity distribution networks – excluding Ergon Energy in Queensland, and in Tasmania. This was also a result of the market volatility and higher wholesale prices in early 2022–23.

A few retailers also informed customers via their websites that they were not offering electricity market contracts at that time.

For some of the offers priced above the median standard offers (and the DMO), retailers have structured their offers to apply a lower price per kWh on consumption levels that closely aligned to the DMO model annual usage,⁶ then apply a higher price per kWh on consumption amounts that exceed this amount. These offer types would typically be the more expensive in the market and priced above the median market offer because ‘average annual residential electricity usage’⁷ used in this report is higher than DMO model annual usage.

Residential electricity prices rose further in early 2023–24

On 1 July 2023 regulated price caps of standard offers increased in most jurisdictions, driven largely by increases in wholesale costs that had occurred over the previous financial year.

⁶ Competition and Consumer (Industry Code—Electricity Retail) Regulations 2019 s16(1)(a)(i). AER, Default market offer price 2023–24 – Final Determination, Appendix C – Legislative Instrument.

⁷ See Appendix 2: Pricing and affordability methodology.

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From June to September 2023 prices rose alongside the introduction of the new standard offer price thresholds. Standard offers that were constrained by the regulated price rose 21% to 29% in all distribution zones except in the ACT and Tasmania. The standard offers rose 4% in the ACT and did not change in Tasmania.

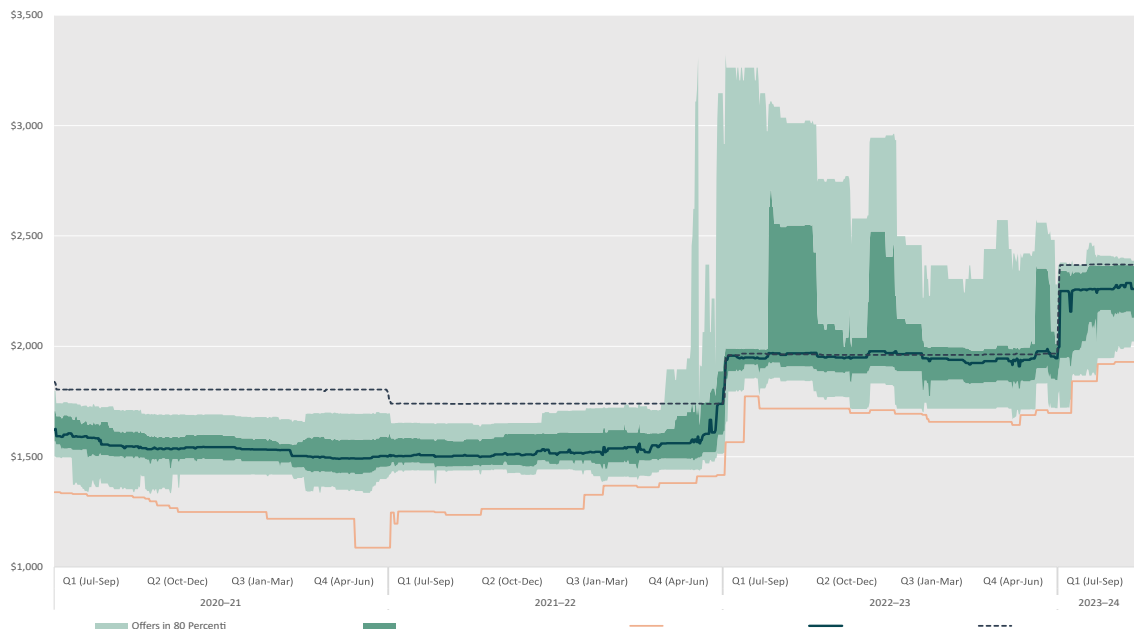
The median market offers rose in every distribution zone except the ACT, with price rises of between 9% and 23%. In every distribution zone the increase in market offers was less than the increase in standard offers. The market offer prices in the ACT will have been impacted by increased competition as Origin Energy has introduced low-priced plans to increase market share.

A customer moving from a standard offer to the median market offer for selected retailers in September 2023 could have reduced their annual electricity costs by between 5% to 6% (\$128 to \$159) in NSW, 4% (\$103) in south-east Queensland, 2% (\$41) in South Australia, between 9% to 11% (\$149 to \$208) in Victoria and 11% (\$253) in the ACT. Customers moving from the standard offer to the lowest market offers could access even greater savings between \$210 and \$662.

The range of market offers in September 2023 had settled down to a steady value in most distribution areas. In NSW the highest offers were 13% to 16% more than the lowest offers, while in South Australia they were 12% higher. This difference was 20% in Queensland and around 30% in Victoria.

The ACT was the only jurisdiction to have a wide variance between the highest and lowest offers – the highest offers were 60% more than the lowest offers.

Figure 2.3 Market offers – Energex (Qld) – electricity

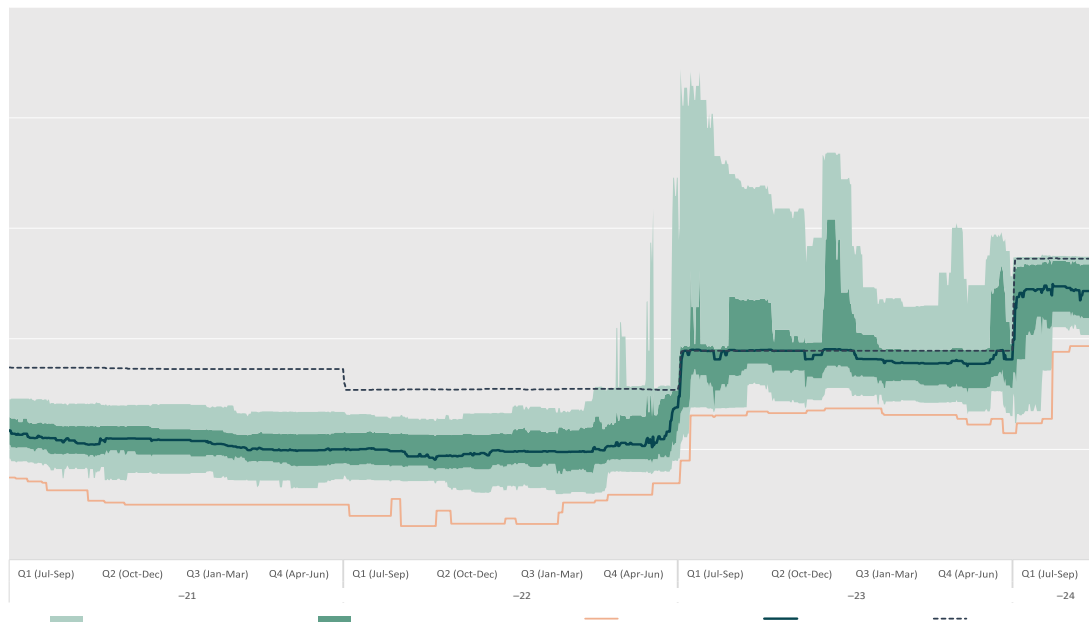


Note: Based on single rate offers for residential customers and average consumption in each electricity distribution network. Average consumption for 2022–23 has been applied to all periods. Some offers listed may not be available to all customers in an electricity distribution network.

Source: AER analysis using offer data from Energy Made Easy and Victorian Energy Compare. Consumption based on Economic Benchmarking RIN responses.

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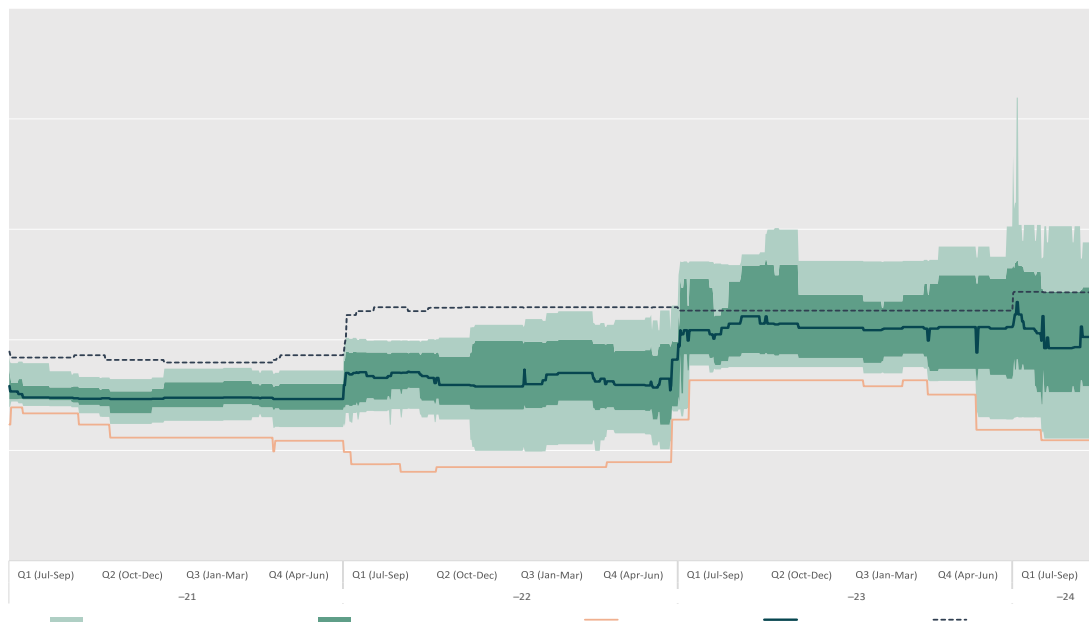
Figure 2.4 Market offers – Ausgrid (NSW) – electricity



Note: Ausgrid has been chosen as representative of NSW. Charts for other distribution zones in NSW are included in Appendix 8. All distribution zones in NSW followed a similar pattern, but distributors covering regional areas have a higher base cost. Based on single rate offers for residential customers and average consumption in each electricity distribution network. Average consumption for 2022–23 has been applied to all periods. Some offers listed may not be available to all customers in an electricity distribution network.

Source: AER analysis using offer data from Energy Made Easy and Victorian Energy Compare. Consumption based on Economic Benchmarking RIN responses.

Figure 2.5 Market offers – Evoenergy (ACT) – electricity

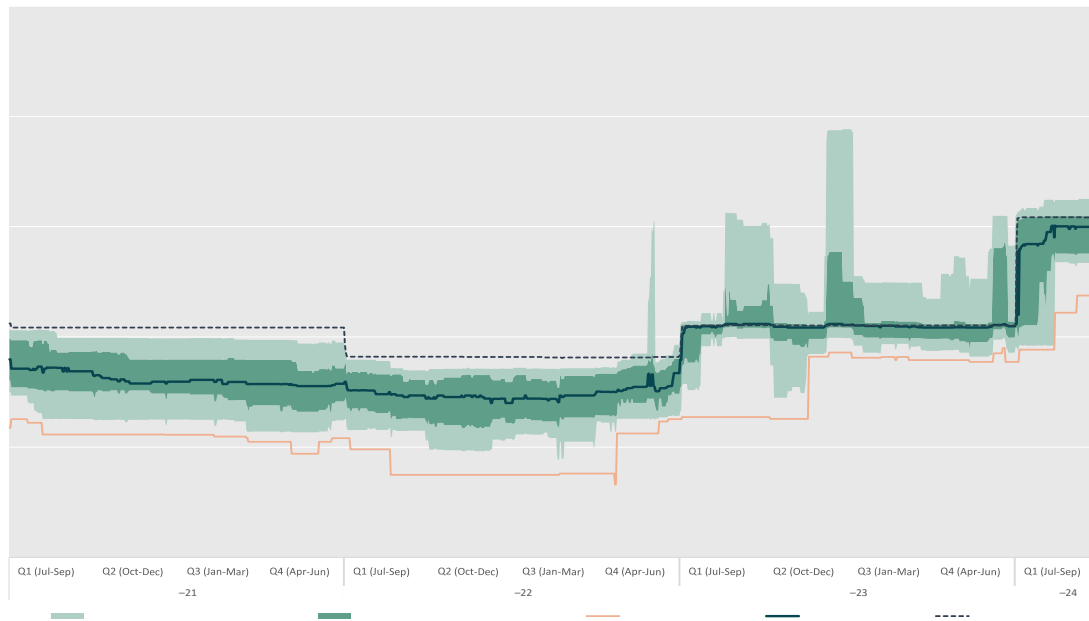


Note: Based on single rate offers for residential customers and average consumption in each electricity distribution network. Average consumption for 2022–23 has been applied to all periods. Some offers listed may not be available to all customers in an electricity distribution network.

Source: AER analysis using offer data from Energy Made Easy and Victorian Energy Compare. Consumption based on Economic Benchmarking RIN responses.

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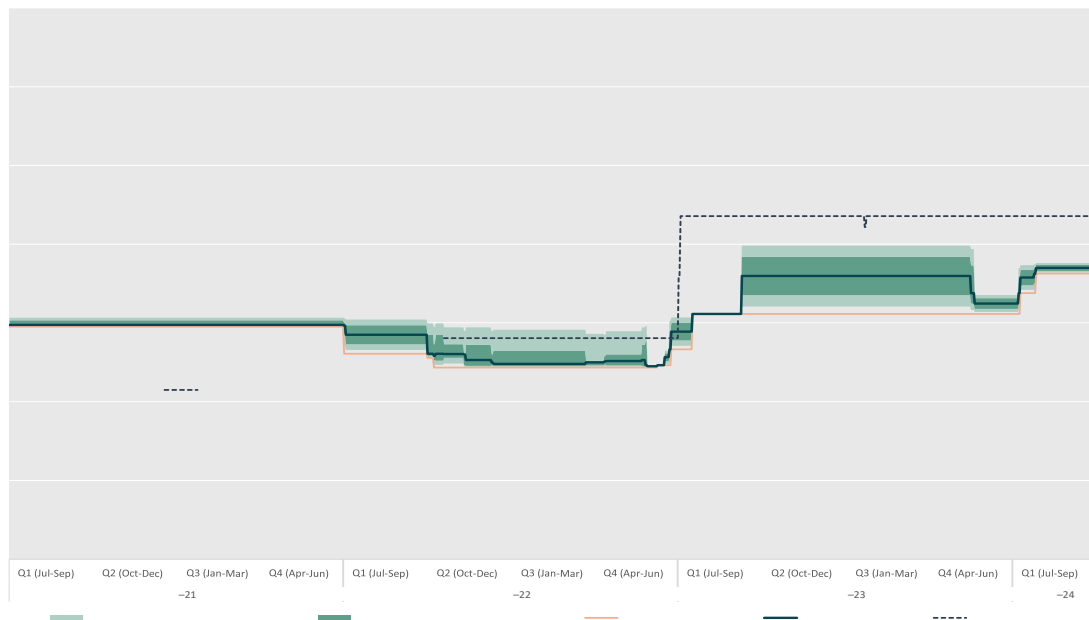
Figure 2.6 Market offers – SA Power Networks (SA) – electricity



Note: Based on single rate offers for residential customers and average consumption in each electricity distribution network. Average consumption for 2022–23 has been applied to all periods. Some offers listed may not be available to all customers in an electricity distribution network.

Source: AER analysis using offer data from Energy Made Easy and Victorian Energy Compare. Consumption based on Economic Benchmarking RIN responses.

Figure 2.7 Market offers – TasNetworks (Tas) – electricity

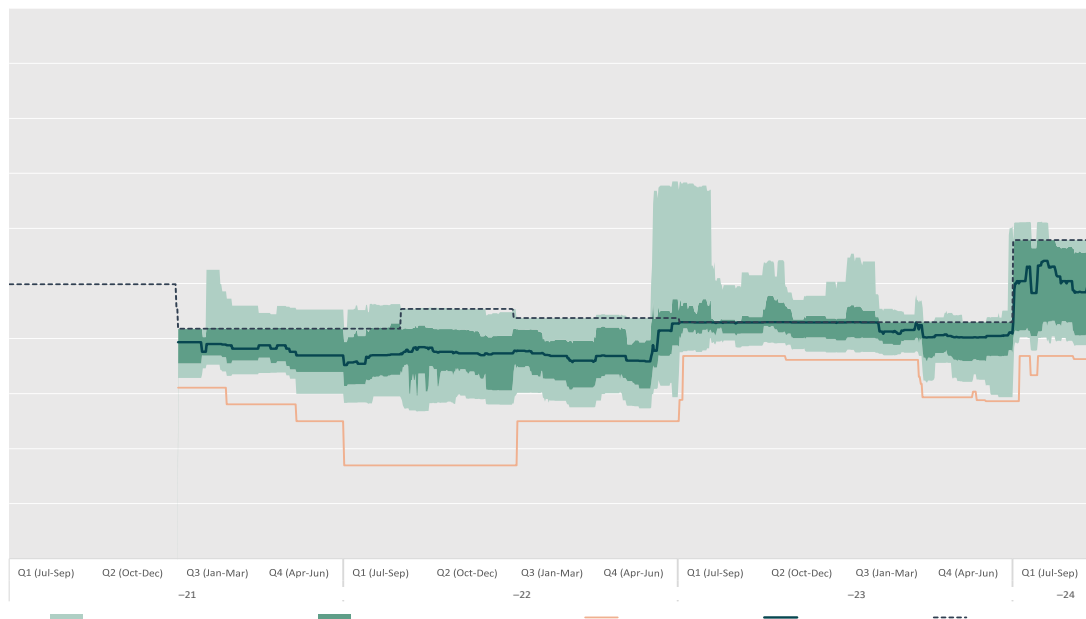


Note: Based on single rate offers for residential customers and average consumption in each electricity distribution network. Average consumption for 2022–23 has been applied to all periods. Some offers listed may not be available to all customers in an electricity distribution network.

Source: AER analysis using offer data from Energy Made Easy and Victorian Energy Compare. Consumption based on Economic Benchmarking RIN responses.

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Figure 2.8 Market offers – CitiPower (Vic) – electricity



Note: CitiPower has been chosen as representative of Victoria. Charts for other distribution zones in Victoria are included in Appendix 8. All distribution zones in Victoria followed a similar pattern, but distributors covering regional areas have a higher base cost. Based on single rate offers for residential customers and average consumption in each electricity distribution network. Average consumption for 2022–23 has been applied to all periods. Some offers listed may not be available to all customers in an electricity distribution network. Source: AER analysis using offer data from Energy Made Easy and Victorian Energy Compare. Consumption based on Economic Benchmarking RIN responses.

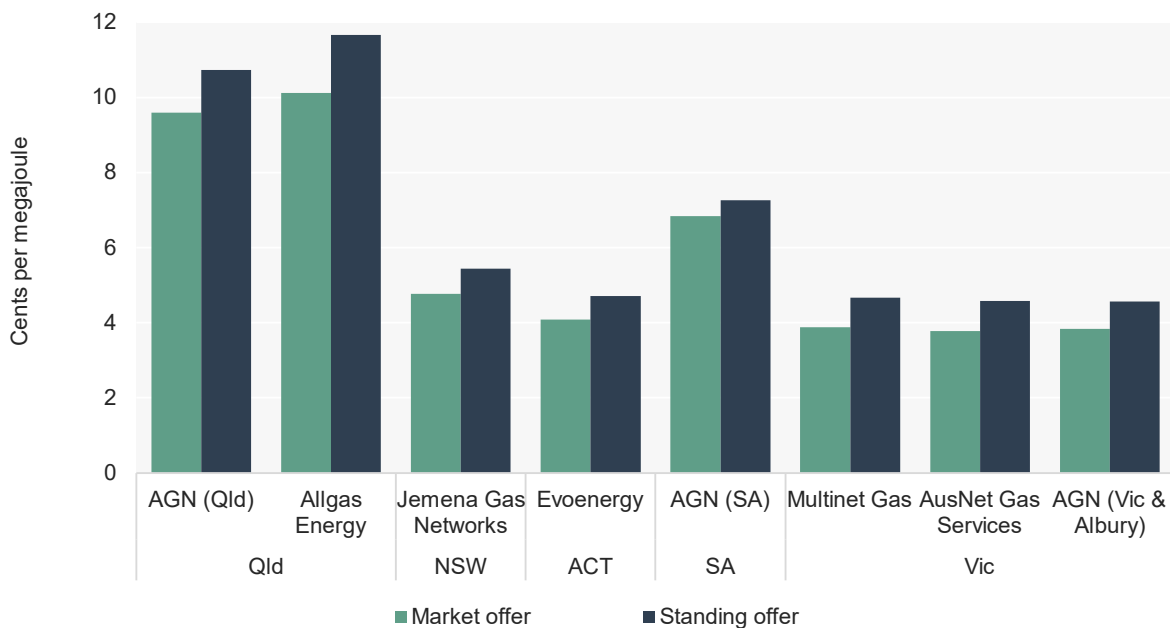
2.1.2 Residential gas prices

We analysed and compared median gas costs in each major gas distribution network on a cents per megajoule (MJ) basis in September 2023. Gas costs are lowest per unit in Victoria, partly because of Victoria’s relatively high number of residential gas customers creating savings due to economies of scale in pipeline network costs (Figure 2.9).

The high residential customer numbers have also driven household usage, meaning that fixed supply charges are spread over a greater base when assessing costs on a per unit of usage basis. However, this higher gas usage means that annual gas costs are higher in Victoria than other jurisdictions despite the lower cost per unit (Figure 2.10 to 2.14). Costs per unit of consumption are highest in Queensland. This reflects both low gas penetration and low average household gas use (due to low heating requirements, which account for most of the gas use in other jurisdictions).

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Figure 2.9 Residential gas median market and standard offer prices



Note: Offer data as at September 2023. Based on offers for residential customers and estimated consumption in each jurisdiction.

Source: AER analysis using offer data from Energy Made Easy and Victorian Energy Compare. Consumption based on Frontier Economics, *Report to the AER – Residential energy consumption benchmarks*.

Figures 2.10 to 2.14 show the daily distribution of gas market offers going back 3 financial years for each jurisdiction. Where a jurisdiction has multiple distribution zones, a representative chart is included within this report – all the charts from each electricity distribution zone are provided in Appendix 8. The median standard offer for each distribution zone has been included for comparison.

The charts display the range of offers between the 10th percentile and the 90th percentile, removing the bottom 10% and the top 10% of market offers. This covers 80% of market offers and eliminates outliers that may not be representative of what is generally available to customers. Any pricing comparisons are done to the lowest or highest offers in this range.

The minimum offer is displayed on the chart but is not used in this pricing analysis. It is included to provide continuity with previous reports.

Residential gas prices increased in 2022–23

Following a similar trend to the electricity market, gas prices have risen within all gas distribution networks in 2022–23. Median market gas offer increases in distribution networks outside Victoria ranged from 3% in the ACT, 3% to 7% in Queensland and up to 17% in South Australia and 18% for Jemena in NSW (Figures 2.10 to 2.13).

In Victoria, gas prices increased by 37% across all distribution networks. This was due to gas spot market price increases during periods of high demand. Generally, these prices were influenced by supply constraints at Longford and transportation constraints on the Moomba to Sydney pipeline (Figure 2.14).

Movements in wholesale gas prices have been the primary reason for gas retail price increases. In 2022, international coal and gas prices climbed rapidly, driven by factors

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including the war in Ukraine, domestic fuel supply concerns and plant outages. These factors combined with domestic supply challenges such as generation outages, fuel access problems and high winter demand, resulting in an ‘energy squeeze’ that contributed to higher wholesale and retail prices.

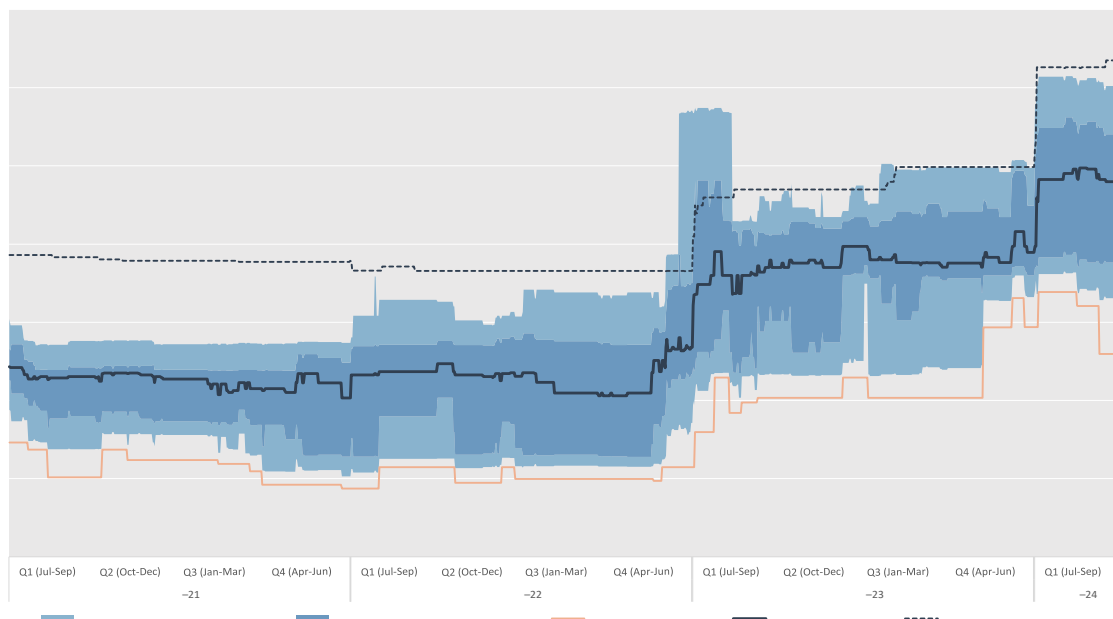
Residential gas prices rose further in 2023–24

Gas market offers continued to increase in all jurisdictions in the 3 months to September 2023. The median market offer prices rose by 14% in NSW, 7% in South Australia, 11% in the ACT and a range of 7% to 9% in Queensland from June 2023. Victorian gas distribution networks had the lowest price rises, with median market offers increasing by 2% to 3%.

The effects of the 2022–23 movements in wholesale gas prices are still being seen in gas retail prices in the first 3 months of 2023–24.

Savings are available for customers who move from a standard to a market offer. A typical customer moving from the median standard offer to the median market offer at September 2023 could have reduced their annual gas costs by between 8% and 12% (\$65 to \$142) in NSW, Queensland and South Australia. Potential savings were higher in Victoria, where a shift to the median market offer could save up to 16% (\$374), and the ACT, where a shift from the standard to the median market offer could reduce gas costs by 17% (\$316).

Figure 2.10 Market offers – Jemena Gas (NSW) – gas

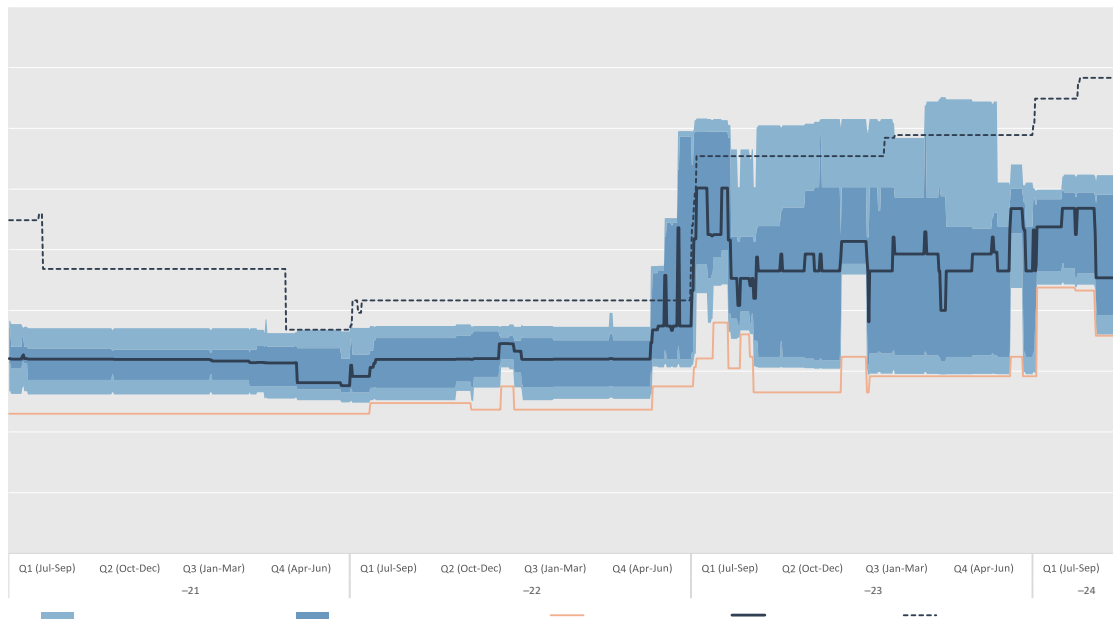


Note: Based on single rate offers for residential customers and average consumption in each gas distribution network. Average consumption for 2022–23 has been applied to all periods. Some offers listed may not be available to all customers in an electricity distribution network.

Source: AER analysis using offer data from Energy Made Easy and Victorian Energy Compare. Consumption based on Economic Benchmarking RIN responses.

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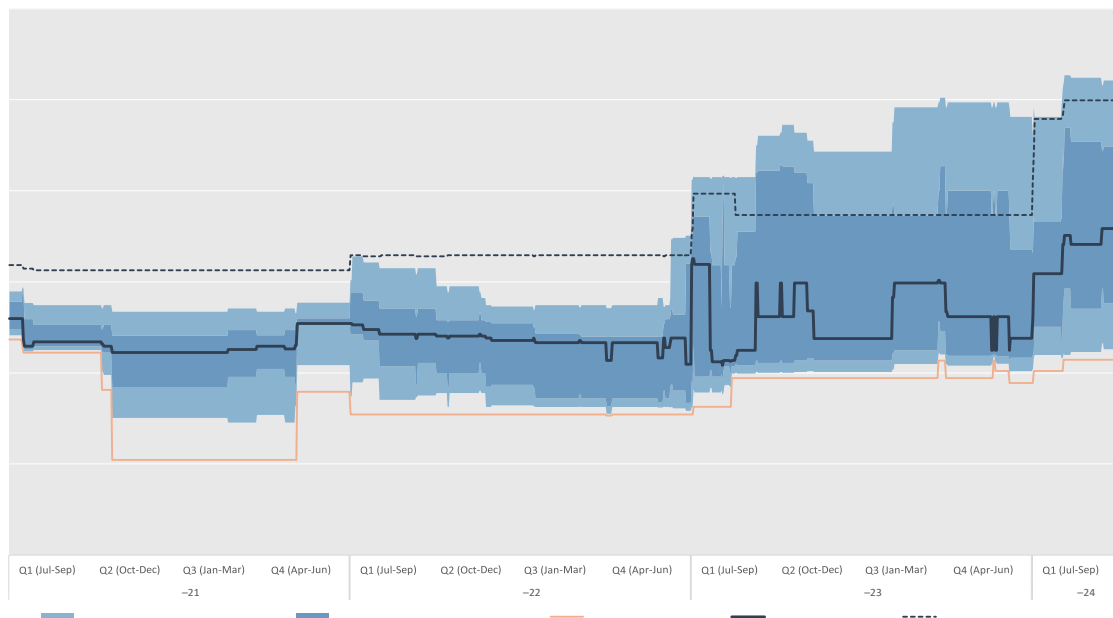
Figure 2.11 Market offers – Allgas Energy (Qld) – gas



Note: Based on single rate offers for residential customers and average consumption in each gas distribution network. Average consumption for 2022–23 has been applied to all periods. Some offers listed may not be available to all customers in an electricity distribution network.

Source: AER analysis using offer data from Energy Made Easy and Victorian Energy Compare. Consumption based on Economic Benchmarking RIN responses.

Figure 2.12 Market offers – Evoenergy Gas (ACT) – gas

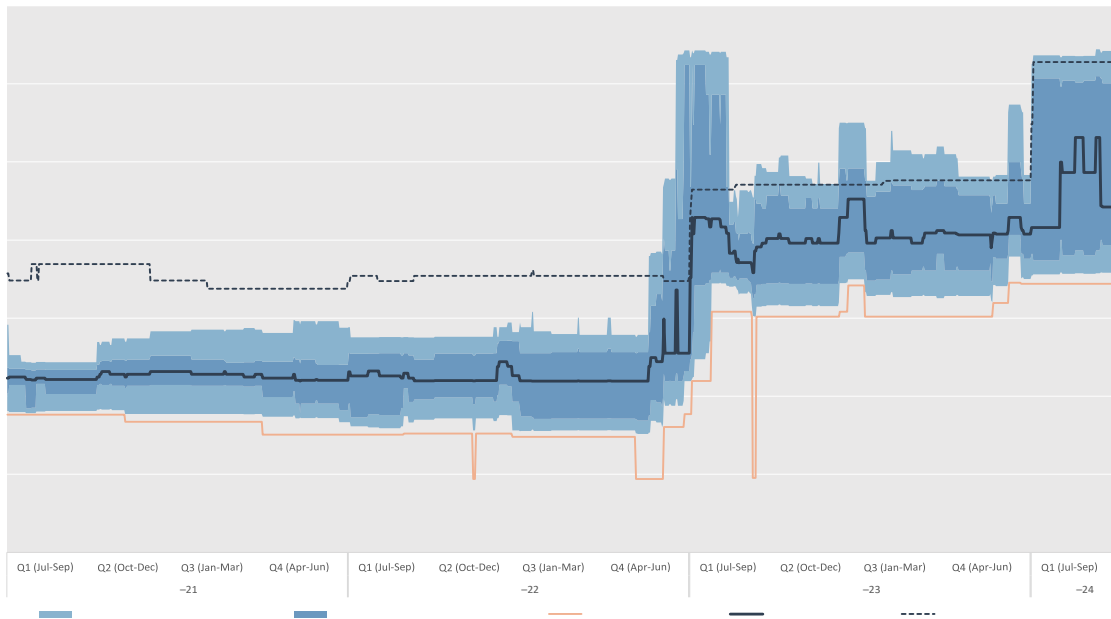


Note: Based on single rate offers for residential customers and average consumption in each gas distribution network. Average consumption for 2022–23 has been applied to all periods. Some offers listed may not be available to all customers in an electricity distribution network.

Source: AER analysis using offer data from Energy Made Easy and Victorian Energy Compare. Consumption based on Economic Benchmarking RIN responses.

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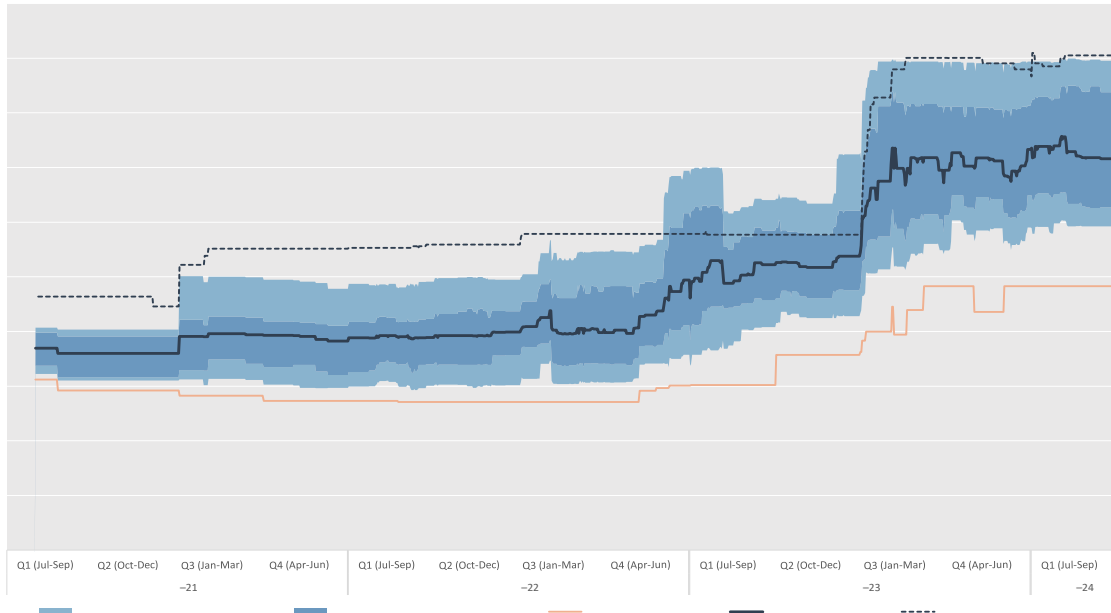
Figure 2.13 Market offers – AGN (SA) – gas



Note: Based on single rate offers for residential customers and average consumption in each gas distribution network. Average consumption for 2022–23 has been applied to all periods. Some offers listed may not be available to all customers in an electricity distribution network.

Source: AER analysis using offer data from Energy Made Easy and Victorian Energy Compare. Consumption based on Economic Benchmarking RIN responses.

Figure 2.14 Market offers – AusNet Services (Vic) – gas



Note: Ausnet Services has been chosen as representative of Victoria. Charts for other distribution zones in Victoria are included in Appendix 8. All distribution zones in Victoria followed a similar pattern, but distributors covering regional areas have a higher base cost. Based on single rate offers for residential customers and average consumption in each gas distribution network. Average consumption for 2022–23 has been applied to all periods. Some offers listed may not be available to all customers in an electricity distribution network.

Source: AER analysis using offer data from Energy Made Easy and Victorian Energy Compare. Consumption based on Economic Benchmarking RIN responses.

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2.2 Energy affordability

Energy bills are a significant cost-of-living issue for households. Previous reforms to improve affordability have focused on retail competition and consumer engagement limiting standard offer prices. The focus of reform remains:



reducing energy supply costs and enhancing competition



improving access to energy concessions



improving access to sustainable payment plans and effective hardship program arrangements



providing customers experiencing vulnerability with greater access to efficiency programs and solar PV systems.

Implementation of any reforms requires coordinated action by governments and the energy industry. Complementary reforms are being progressed to improve affordability, remove barriers to consumers engaging with retailers and accessing the market – including addressing market-based complexities (such as inaccessible information, information asymmetry or a lack of easy comparability of offers). Steady progress has been made in some of these areas in recent years. The AER's [Towards energy equity – a strategy for an inclusive energy market](#) is an example of such reforms.

2.2.1 How we assess energy affordability

Energy affordability is measured by disposable income spent on energy. To do this we analyse:



average energy use in each jurisdiction or electricity and gas distribution network



annual energy charges (based on average usage)



annual income for low-income and average-income households in each jurisdiction

Appendices 5 and 6 contain maps of NEM regions and greater capital city areas setting out the geographic distribution of low-income households based on 2021 Census data.

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The affordability analysis focuses on the 5 jurisdictions where the AER has a retail regulatory role – Queensland, NSW, the ACT, South Australia and Tasmania. Victoria, where the ESC has regulatory responsibility, is also included for completeness.

The analysis covers broad affordability trends over the past 5 years. It does not account for the specific impacts of the COVID-19 pandemic in 2019–20, 2020–21 and 2021–22. Outcomes for the period March 2020 to June 2021 will likely vary from outcomes outside this period due to shifts in income for many households. Income shifts are difficult to quantify because incomes would have fallen in those households experiencing job losses or reduced work hours but risen in those households receiving additional government assistance over the period.

Energy use

Usage charges represent the largest component of energy bills for most households.⁸ Therefore, a customer's energy use significantly impacts energy affordability.

We estimated average annual residential electricity use in each electricity distribution network based on data provided by network businesses on the volume of electricity supplied to customers through the networks (Figure 2.15).⁹ This measure is an estimate of the volume of electricity billed to customers through their retailer. Total electricity consumption by households is higher because it includes electricity supplied through electricity distribution networks as well as that supplied from rooftop solar PV systems.

Electricity usage is highest in Tasmania. Key drivers of electricity usage are climate (with greater heating requirements in some jurisdictions) and the penetration of gas as an alternative fuel. Tasmania has particularly low gas penetration for households. Conversely, most households in Victoria have both electricity and gas connections,¹⁰ resulting in the lowest average household electricity consumption.¹¹

⁸ Most energy offers include usage charges as well as a fixed supply charge. Some offers also include membership fees or additional charges for metering.

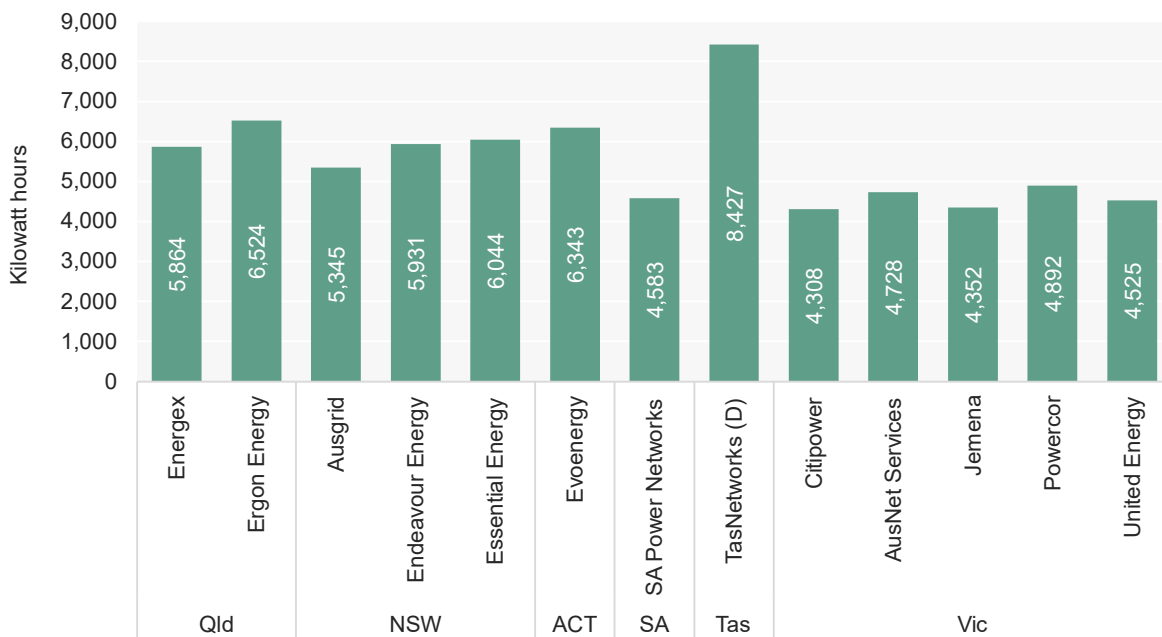
⁹ This data is updated annually by network businesses in response to RINs issued by the AER.

¹⁰ Further information on gas customers in each state or jurisdiction is provided in section 3.3 of the AER's 2021 Gas Network Performance Report.

¹¹ SA Power Networks has lower electricity consumption than Powercor and AusNet Services.

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Figure 2.15 Average annual household electricity usage



Note: Data for 2022–23.

Source: Economic Benchmarking RIN responses.

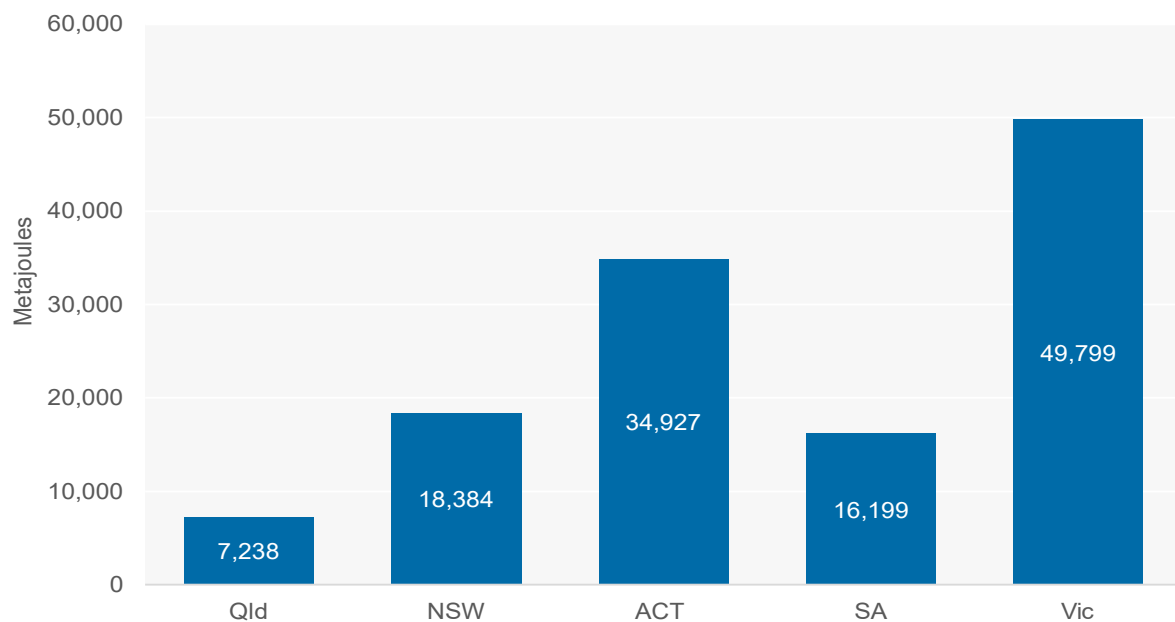
Gas is primarily used in homes for space heating, water heating and cooking. The requirement for space heating is heavily dependent on climate. Customers in colder climates tend to use the most gas (such as those in Victoria and the ACT). Queensland customers use the least gas due to having a warmer climate (Figure 2.16).

Current gas consumption estimates by jurisdiction are based on a consumption benchmark report prepared for the AER in 2020. These estimates update the previous benchmarks from 2017.¹²

¹² Frontier Economics, [Report to the AER - Residential energy consumption benchmarks](#), Frontier Economics, 2020; ACIL Allen, [ACIL Allen report to the AER - Energy Consumption Benchmarks](#), ACIL Allen, 2017.

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Figure 2.16 Average annual household gas usage



Source: Consumption based on Frontier Economics, Report to the AER – Residential energy consumption benchmarks.

Energy charges

We sourced electricity and gas offers in Queensland, NSW, the ACT, South Australia and Tasmania from the Energy Made Easy website at a point in time each year from 2017–18 to 2022–23. For Victoria, we sourced offers from the Victorian Energy Compare website. Our analysis relates to generally available single rate or ‘flat’ offers (where usage charges do not vary by time of day), which remains the most common tariff type in most jurisdictions.

We estimated annual bills for each offer by applying our usage assumptions to the usage charges in each offer and then adding fixed supply charges and any other ongoing fees. Our analysis is based on the median annual bill cost under both market and standard offers.

For low-income households, we adjusted annual bills to account for relevant government concessions.

Income

The level of annual income is a key element in assessing affordability of essential services such as energy. Annual income represents the income available to households to pay for goods and services after income taxes, levies and surcharges. We use Australian Bureau of Statistics (ABS) data on household annual income, where available.¹³ We present this data as averages for all households and low-income households.

Average incomes vary across jurisdictions, but this variation is less pronounced among low-income households. The average annual income for low-income households in 2022–23 was \$34,000 to \$42,000 across all jurisdictions, excluding the ACT which was \$55,000. Average

¹³ The ABS typically updates income data every 2 years, with the most recent data available for 2019–20. For more recent years where no income data is available, we use CPI and WPI to adjust the ABS income data.

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income across all households in 2022–23 ranged from \$84,000 in Tasmania to \$129,000 in the ACT. Higher average incomes in the ACT contributed to better energy affordability outcomes in that jurisdiction.

2.2.2 Energy affordability over the past 5 years

Two key metrics are used to provide an overall picture of changes in electricity affordability for households – the annual estimated cost of energy based on the median and range of available offers, and those estimated costs as a percentage of disposable household income. Where we refer to ‘affordability’ in the analysis, we are referring to percentage of annual income.

Our analysis focuses on low-income households, for which energy affordability is critical. We also include some analysis for all households to provide an indication of affordability more broadly and provide context to the low-income household analysis. Changes in usage will reflect factors such as the uptake of solar, improvements in the energy efficiency of appliances and a continuing trend of substituting electricity appliances for gas appliances.

Electricity affordability has worsened in the last year

Electricity affordability worsened across most jurisdictions in 2022–23 for both low-income and average-income households.

Annual usage figures were used to calculate average electricity costs. Market and standard offer electricity costs were compared for low-income and average-income households from 2018–19 to 2022–23. The percentage of annual household income spent on electricity by households is also shown (Figures 2.17 to 2.20).

In 2022–23 Victoria was the most affordable jurisdiction for electricity. This largely stems from relatively low electricity use, linked to Victoria’s high gas penetration.

Most jurisdictions saw a decline in affordability for low-income and average-income households in 2022–23 compared with last year. The 2022–23 median offers as a proportion of income increased from the previous year in most electricity distribution networks.

Tasmania is the least affordable jurisdiction for both average-income and low-income households, despite relatively low electricity costs on a per unit basis. Tasmanian households have significantly higher average usage than the rest of Australia, partly due to climate and partly due to the low penetration of gas.

In NSW, average estimated costs in the regional Essential Energy distribution network remain less affordable than estimated costs in the Ausgrid and Endeavour Energy distribution networks. Electricity became less affordable in all 3 zones.

In Queensland, estimated costs became more affordable in the regional Ergon Energy distribution network. This distribution network does not have market offers, so for completeness the regulated price has been used as a proxy because it represents what customers are paying. However, this limits comparisons with other distribution networks that have a variety of market offers. In 2022–23 the affordability in the Ergon Energy area was similar to the Energex area (serving south-east Queensland), which became less affordable.

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Use of average incomes across jurisdictions may overstate affordability in regional areas, where average incomes are typically lower than across the jurisdiction more broadly.

The ACT continues to have relatively affordable electricity due to its higher incomes for households compared with the rest of the country.

In most jurisdictions, low-income households on the median market offer paid more than double the proportion of their annual income for electricity compared with an average-income household. In 2022–23 low-income households on the median market offer spent from 2.7% (CitiPower in Victoria) to 5.5% (Essential Energy in NSW) and 5.7% (TasNetworks (D) in Tasmania). In comparison, the average-income household spent between 1.2% (CitiPower in Victoria) and 3.1% (TasNetworks (D) in Tasmania).

Figure 2.17 Electricity costs for low and average-income households – Queensland

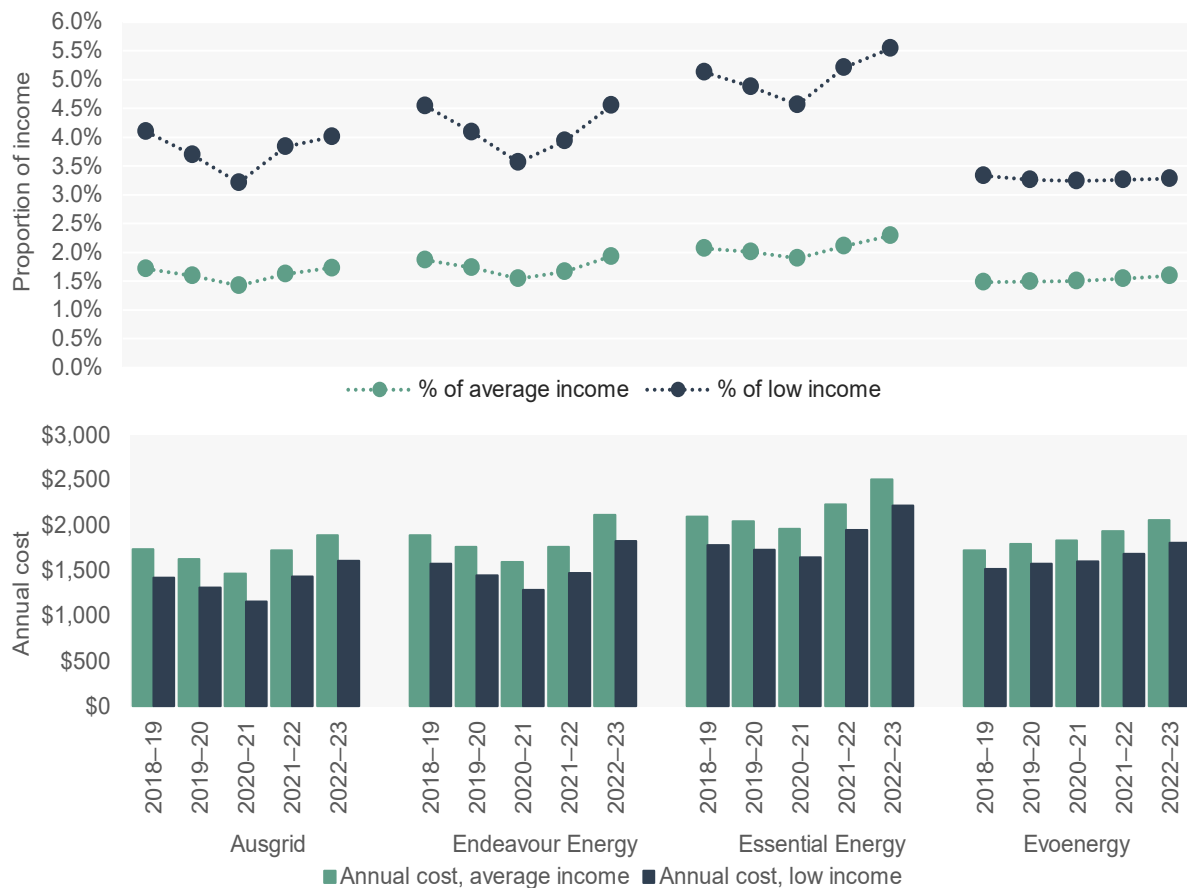


Note: Based on offers for residential customers in Queensland. Average household consumption for the year ending June of each period was used in annual bill calculations. Percentage of income figures refer to mean annual income of all and low-income households.

Source: Offer data from Energy Made Easy. Consumption estimates based on Economic Benchmarking RINs. Income data are unpublished ABS estimates of household annual income.

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Figure 2.18 Electricity costs for low and average-income households – NSW and ACT

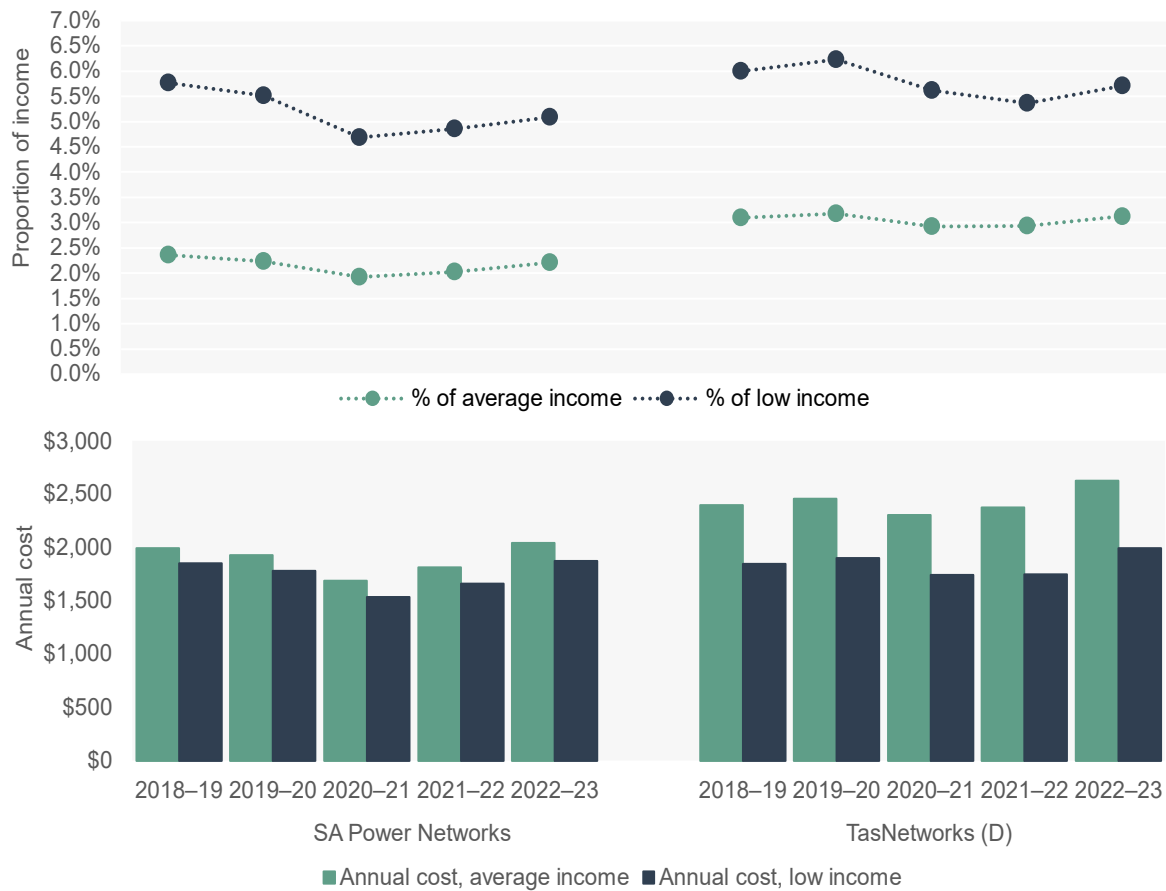


Note: Based on offers for residential customers in NSW and the ACT. Average household consumption for the year ending June of each period was used in annual bill calculations. Percentage of income figures refer to mean annual income of all and low-income households.

Source: Offer data from Energy Made Easy (AER). Consumption estimates based on Economic Benchmarking RINs. Income data are unpublished ABS estimates of household annual income.

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Figure 2.19 Electricity costs for low and average-income households – South Australia and Tasmania

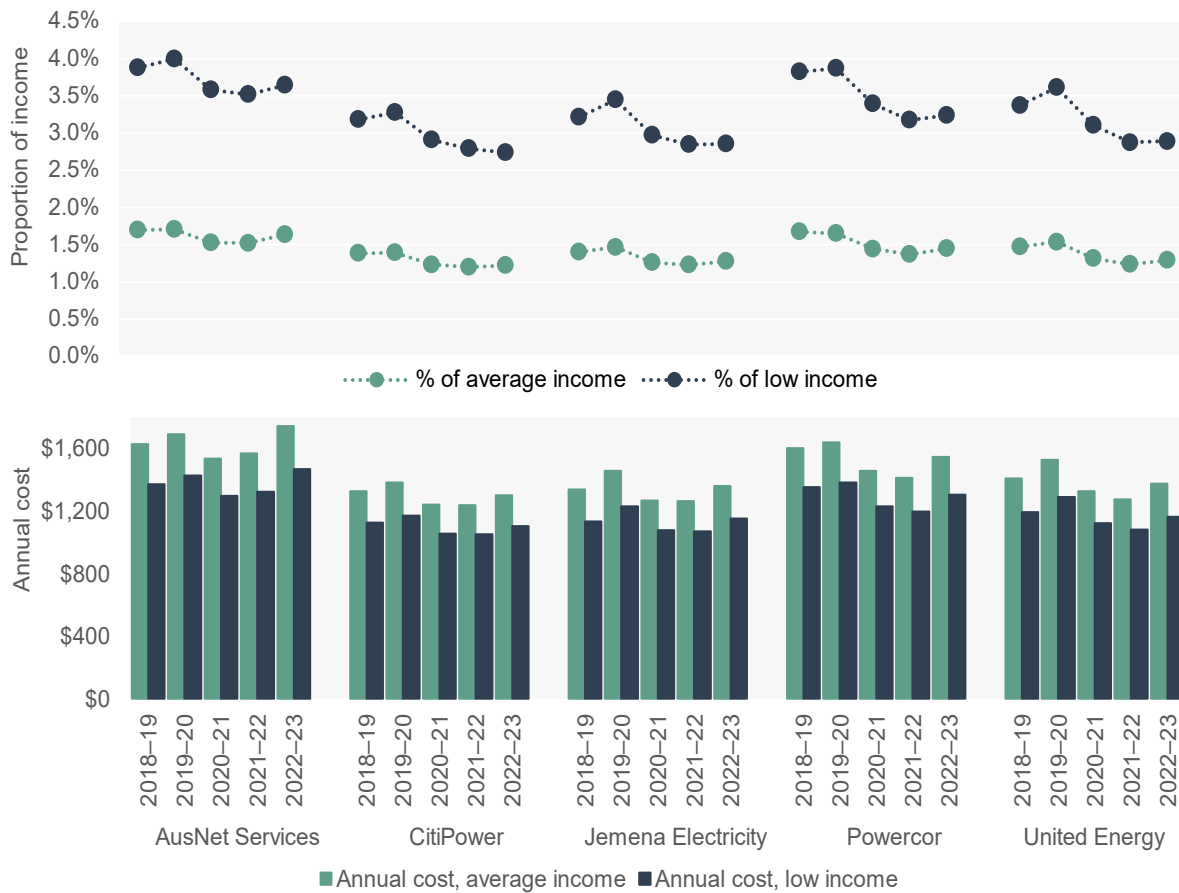


Note: Based on offers for residential customers in South Australia and Tasmania. Average household consumption for the year ending June of each period was used in annual bill calculations. Percentage of income figures refer to mean annual income of all and low-income households.

Source: Offer data from Energy Made Easy (AER). Consumption estimates based on Economic Benchmarking RINs. Income data are unpublished ABS estimates of household annual income.

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Figure 2.20 Electricity costs for low and average-income households – Victoria



Note: Based on offers for residential customers in Victoria. Average household consumption for the year ending June of each period was used in annual bill calculations. Percentage of income figures refer to mean annual income of all and low-income households.

Source: Offer data from Energy Made Easy and Victorian Energy Compare. Consumption estimates based on Economic Benchmarking RINs. Income data are unpublished ABS estimates of household annual income.

Range of electricity costs and affordability for low-income households

Consistent with previous years, estimated costs for customers on standard electricity offers were more expensive than estimated costs for customers on market offers in all jurisdictions in 2022–23 (Figure 2.21). Only a small number of customers are on standard offers in most jurisdictions but, if these are low-income households, they will be the most affected by affordability issues.

Reforms over the past 3 years have focused on encouraging customers to move from standard offers to cheaper market offers. These include requirements on retailers to inform customers before any change in energy charges or when moving a customer from a market offer to a standard offer at the expiry of their current offer. Additionally, in Victoria notices are required on customer bills to indicate whether the customer is on the cheapest market offer from their retailer.¹⁴

¹⁴ ESC, [Victorian Energy Market Update – June 2021](#), Essential Services Commission, 2021.

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For other jurisdictions, the Better Bills Guideline – Version 2 commenced in August 2022 with implementation required by 30 September 2023. It seeks to make it easier for consumers to engage with the energy market by providing information to help them understand and compare their plan, identify whether their retailer may be able to provide a better offer, or consider options for new types of energy services.¹⁵

Customers may achieve savings by switching from a standard to a market offer. However, in 2022–23 there was a smaller saving than in the previous year, when there was a wider gap between median standard and median market offers. For example, low-income households on the median standard offer in the regional NSW Endeavour Energy distribution network could save 0.8% (\$336) of their annual income by switching to the lowest market offer. In 2021–22, that same low-income household could have achieved a reduction of 1.3% (\$485) by switching.

In non-Victorian electricity distribution networks, the benefits of switching from a standard offer to a market offer varied considerably. In the ACT, there would be a saving of 1% (\$539) of a low-income households' annual income by switching offers, whereas in South Australia the resulting benefit for changing offers is only 0.4% (\$165).

In Victoria, although prices were lower than other jurisdictions, switching from a standard offer to a market offer still provided savings. Across the 5 Victorian electricity distribution networks, low-income households could save between \$237 (CitiPower) and \$321 (AusNet Services) a year by switching from the median standard offer to the lowest market offer.

For those already on market offers, low-income households across NSW and the ACT had the largest potential savings. For example, by moving from the median market offer to the lowest offer, low-income households in the Essential Energy (NSW) distribution network could save \$324 a year.

¹⁵ AER, [Better Bills guideline – Version 2](#), Australian Energy Regulator.

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Figure 2.21 Electricity costs for low-income households on a median market and standard offer



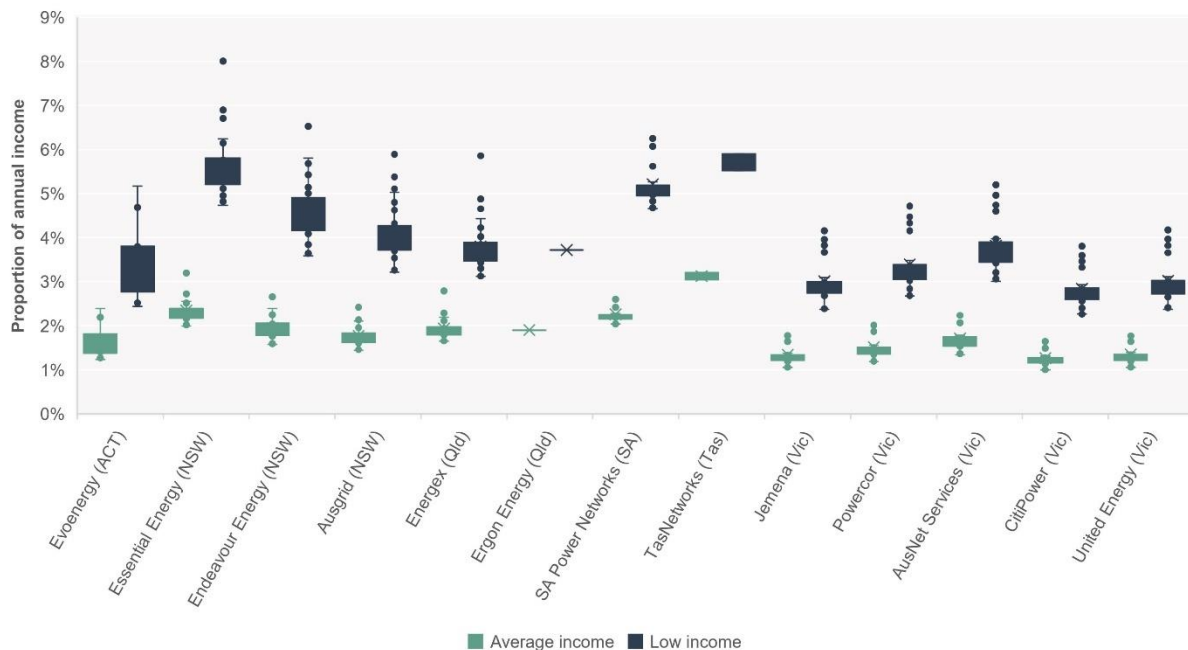
Note: Based on offers for residential customers in each jurisdiction. Average household consumption for the year ending June of each period was used in annual bill calculations. Percentage of income figures refer to mean annual income of all and low-income households. Due to a different regulatory framework there are no market offers in the Ergon Energy distribution zone. The regulated price has been used as a proxy of market offers for Ergon Energy.

Source: Offer data from Energy Made Easy and Victorian Energy Compare. Consumption estimates based on Economic Benchmarking RINs. Income data are unpublished ABS estimates of household annual income.

The spread of market offers has narrowed in most distribution networks. In some instances, a low-income household on the highest offer would have paid up to 8% of their annual income for electricity. The market offers tend to cluster around the median, with some outliers that are significantly above the median (Figure 2.22). The outlying offers significantly above the median offers are due to market volatility that occurred in 2022. It is concerning that retail customers, especially low-income householders, on these offers would spend a high proportion of their disposable income on electricity.

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Figure 2.22 Electricity costs as a percentage of annual income for low and average-income households



Note: Based on offers for residential customers in each jurisdiction. Average household consumption for the year ending June of each period was used in annual bill calculations. Percentage of income figures refer to mean annual income of all and low-income households. The boxes in the chart show the interquartile range where 50% of offers reside closer to the median, while most of the remaining offers are observed within the upper and lower quartile (within the whiskers or vertical lines).

Source: Offer data from Energy Made Easy and Victorian Energy Compare. Consumption estimates based on Economic Benchmarking RINs. Income data are unpublished ABS estimates of household annual income.

Gas affordability declined in Victoria but remained steady in other regions

Gas affordability declined sharply in Victoria and remained neutral for households on market offers across most other jurisdictions between 2021–22 and 2022–23. Households across South Australia, NSW and Queensland (Allgas Energy network) experienced median estimated cost increases of 9% to 16% (SA). AGN Queensland showed only a 4% rise in median bills from the previous year, partially offsetting the large price rise of 20% from 2021–22. The price rise in the ACT was only 1%.

Victorian gas customers' median bill increased by around 37%, due to supply constraints during periods of high demand.

The proportion of household annual income paid on gas has remained reasonably consistent in most jurisdictions other than Victoria. For an average-income household, Victoria had an increase in the proportion of household annual income spent on gas from around 1.3% in 2021–22 to 1.8% in 2022–23. For low-income households, the proportion of household annual income spent on gas increased from 3.1%–3.5% in 2021–22 to 4.3%–4.4% in 2022–23.

Victorian households paid the highest proportion of their annual income on gas bills. This is largely because households in Victoria used more gas than other jurisdictions. For ACT households, large annual gas costs were partly offset by higher average incomes. On

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average, Queensland households use the least gas at 7,238 MJ per year and spend the least on their gas bills despite gas prices being the highest on a per unit basis.

Market and standard offers for gas were analysed for low-income and average-income households from 2018–19 to 2022–23 (Figures 2.23, 2.24 and 2.25). The percentage of disposable household income spent on gas by households is also shown. Low-income households on the median market offer in each jurisdiction paid more than twice the proportion of their annual income for gas compared with average-income households. In 2022–23 low-income households on the median market offer spent between 1.4% (in Queensland’s AGN gas distribution network) and 4.4% (Multinet Gas in Victoria) of annual income on gas. By comparison, average-income households spent between 0.7% and 1.8% of annual income on their estimated gas bills.

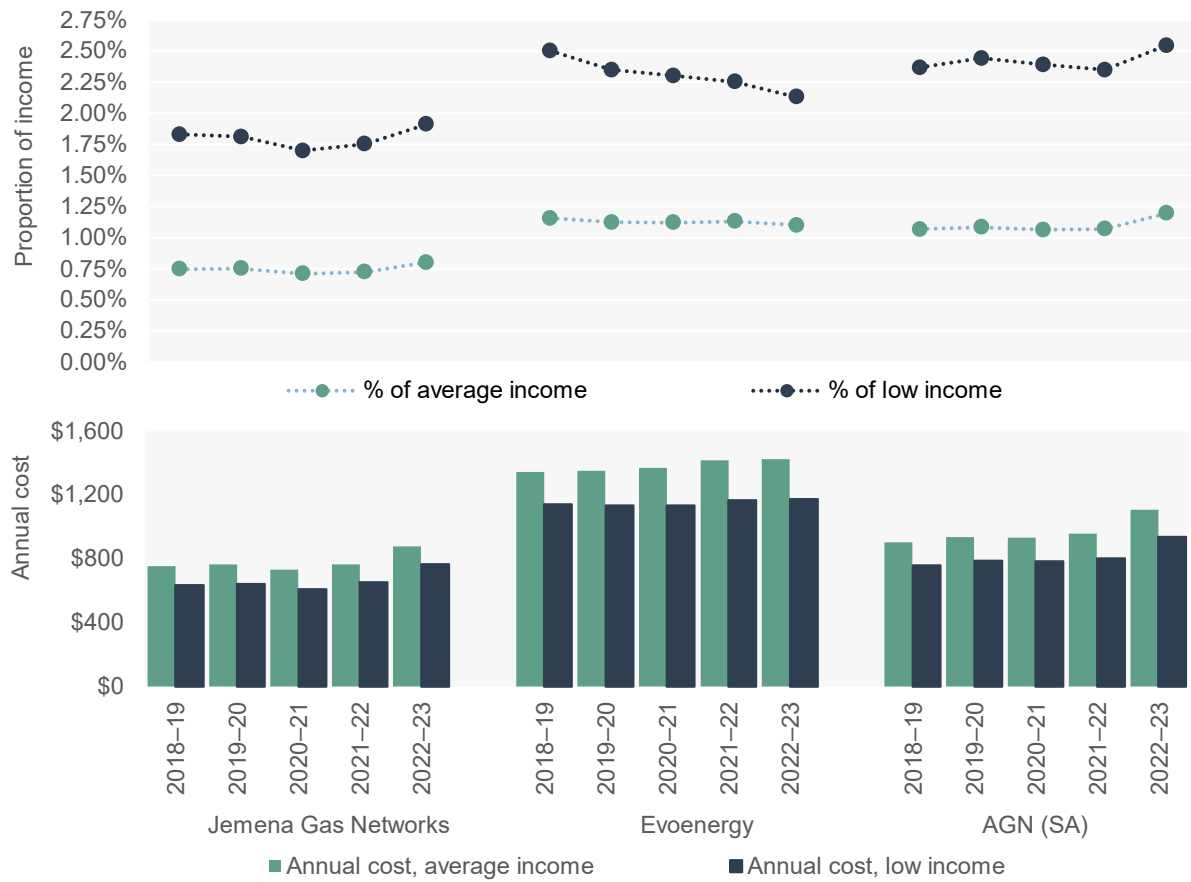
Figure 2.23 Gas costs for low-income and average-income households – Queensland



Note: Based on single rate offers for residential customers and average consumption in Queensland gas distribution network. Using mean annual income for all and low-income households by state or territory. Source: Offer data from Energy Made Easy. Income data are unpublished ABS estimates of household annual income. Consumption based on [Frontier Economics, Report to the AER - Residential energy consumption benchmarks](#).

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Figure 2.24 Gas costs for low-income and average-income households – NSW, ACT and South Australia

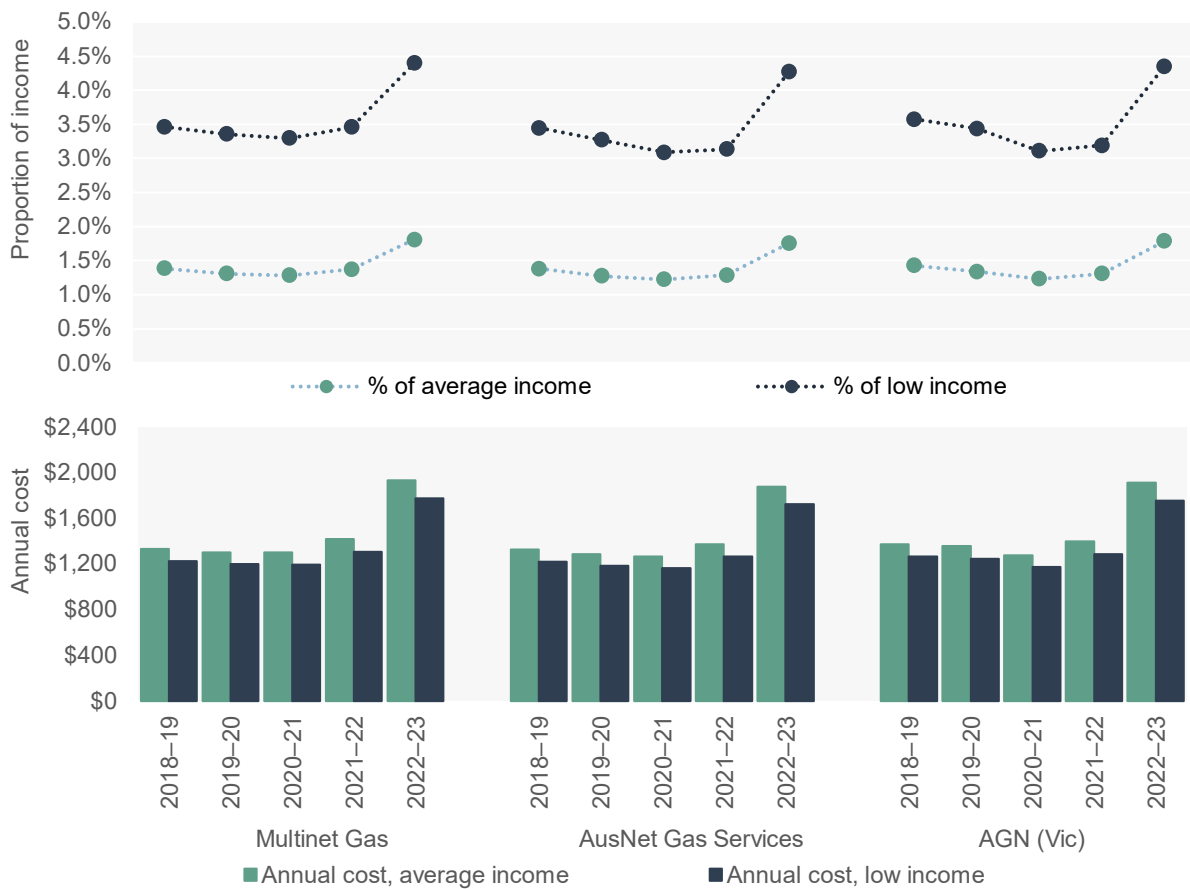


Note: Based on single rate offers for residential customers and average consumption for the ACT, NSW and South Australia gas distribution network. Using mean annual income for all and low-income households by state or territory.

Source: Offer data from Energy Made Easy. Income data are unpublished ABS estimates of household annual income. Consumption based on [Frontier Economics, Report to the AER – Residential energy consumption benchmarks](#).

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Figure 2.25 Gas costs for low-income and average-income households – Victoria



Note: Based on single rate offers for residential customers and average consumption in each Victorian gas distribution network. Using mean annual income for all and low-income households by state or territory. Source: Offer data from Energy Made Easy and Victorian Energy Compare. Income data are unpublished ABS estimates of household annual income. Consumption based on [Frontier Economics, Report to the AER – Residential energy consumption benchmarks](#).

Range of gas costs and affordability for low-income households

Gas standard offers remained higher than gas market offers across all jurisdictions. Figure 2.26 shows median annual gas costs for market and standard offers as an annual dollar figure and a proportion of annual income in 2022–23.

The difference in costs between jurisdictions is largely driven by usage. Although Victorian customers pay the cheapest gas prices on a cents per MJ basis, higher average usage results in their estimated costs being the least affordable (as discussed earlier in section 2.2.2).

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Figure 2.26 Gas costs for low-income households on a median market and standard offer



Note: Based on offers for residential customers and average consumption in each jurisdiction. Using mean low-income by state or territory.

Source: Offer data from Energy Made Easy and Victorian Energy Compare. Income data are unpublished ABS estimates of household annual income. Consumption based on [Frontier Economics, Report to the AER – Residential energy consumption benchmarks](#).

In switching from the median standard offer to the median market offer, low-income households could save between 0.2% and 0.9% of their annual income, depending on their gas distribution network. For NSW households, moving from the median standard offer to the median market offer would save \$122; in the ACT, moving from the median standard offer to the median market offer would save \$223.

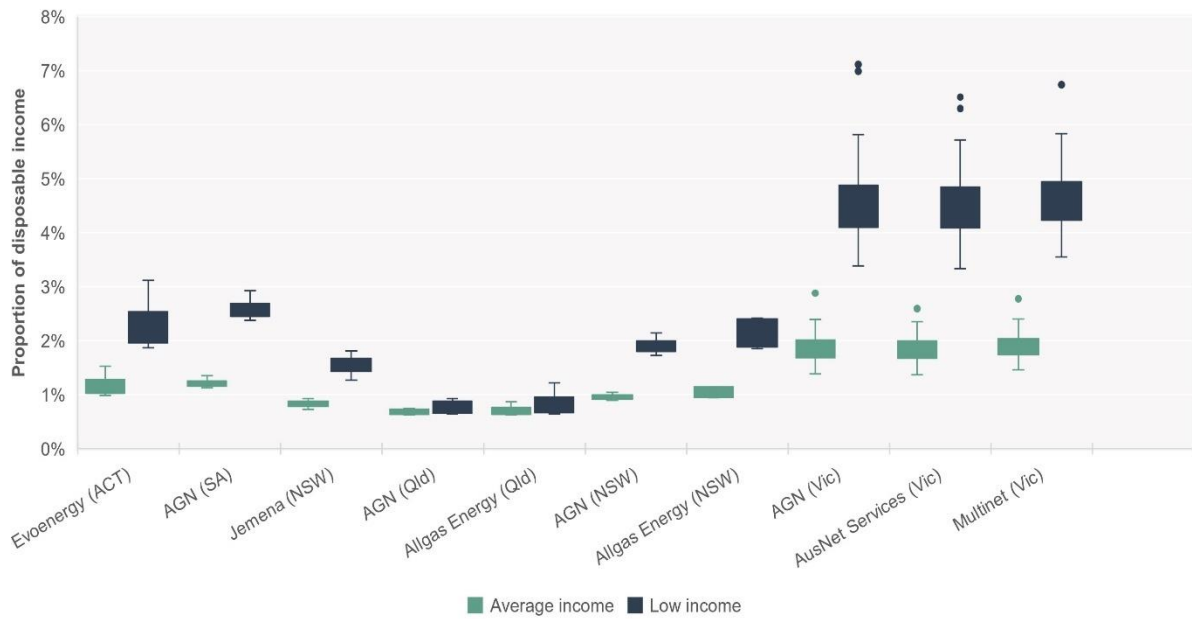
Victorian households can make the greatest savings by switching to a new offer. In moving from the median standard offer to the median market offer, Victorians can save up to 0.9% of their annual income. For low-income customers in the Multinet, AGN (Victoria and Albury) and AusNet Gas Services gas distribution networks, this is a saving of around \$328 to \$368 per year based on average gas usage. For those already on market offers, low-income customers in Victoria could save \$397 to \$463 on their annual bill by switching from the median to lowest market offer.

In the Evoenergy ACT gas distribution network, where gas usage is also high, every market offer is either cheaper than or equal to the lowest standard offer. Low-income households stand to save \$119 by switching from the median standard offer to the lowest available market offer.

Victoria had the largest spread of offers in 2022–23, with some offers significantly higher than the median. Some low-income households may have paid over 7% of their annual income on gas if they were on these offers in 2022–23 (Figure 2.27).

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Figure 2.27 Gas costs as a proportion of annual income for average and low-income households



Note: Based on offers for residential customers and average consumption in each jurisdiction.

Source: Offer data from Energy Made Easy and Victorian Energy Compare. Income data are unpublished ABS estimates of household annual income. Consumption based on [Frontier Economics, Report to the AER – Residential energy consumption benchmarks](#).

3 Payment difficulties and hardship

Customer debt (excludes hardship customers)

RESIDENTIAL



2.9%
of customers
in debt



\$986
average
energy debt

SMALL BUSINESS



3.0%
of customers
in debt



\$2,458
average
energy debt

Disconnections

RESIDENTIAL



Electricity
26,061
0.4% of
customers



Gas
6,705
0.3% of
customers

SMALL BUSINESS



Electricity
2,210
0.3% of
customers



Gas
332
0.4% of
customers

RESIDENTIAL PAYMENT PLANS

Electricity
118,433
1.7% of
customers

Gas
22,698
1.0% of
customers

RESIDENTIAL CREDIT COLLECTION

Electricity
137,234
2.0% of
customers

Gas
34,405
1.5% of
customers

RESIDENTIAL CONCESSIONS

Electricity
1,728,609
25.4% of
customers

Gas
305,212
13.3% of
customers

3 Payment difficulties and hardship

Residential hardship



1.4%
of customers
in hardship



\$1,762
average
energy debt

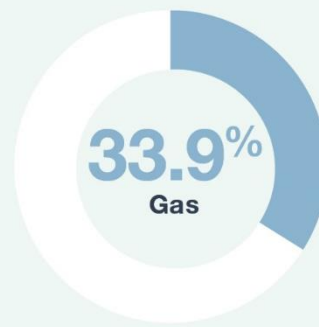


0.9%
of customers
in hardship



\$854
average
energy debt

Hardship customers not meeting usage costs



Key findings

Energy debt

- The proportion of residential customers with energy debt increased in all jurisdictions.
- The average energy debt of residential customers decreased overall and varied between jurisdictions.
- The proportion of residential customers with energy debt for less than 12 months increased across all debt ranges.
- The proportion of small business customers with energy debt decreased overall.
- The average energy debt of small business customers increased overall and across all jurisdictions except Tasmania.

Payment plans

- The proportion of electricity customers on payment plans has increased in all jurisdictions except Tasmania.
- Queensland customers were the most likely to be on electricity and gas payment plans in 2022–23.

3 Payment difficulties and hardship

Hardship programs

- The overall proportion of electricity customers on hardship programs is at its highest level in the past 5 years, above pre-COVID-19 levels.
- Most residential electricity and gas customers enter hardship programs with less than \$1,500 of debt and with their oldest debt being less than 12 months old.
- The average debt on entry to a hardship program decreased significantly, while average hardship debt remained steady over the past 12 months.
- The number of electricity and gas customers exiting hardship programs continued to decline in 2022–23. Only 31% of customers exited hardship programs because they successfully completed the program.

Concessions

- The proportion of electricity customers eligible to receive concessions has slightly decreased across all jurisdictions.
- The proportion of electricity customers eligible to receive a concession was highest in Tasmania and the proportion of eligible gas customers was highest in Queensland.

Disconnections

- In most jurisdictions, disconnections decreased below 2021–22 levels.
- Where disconnection did occur, customer debt levels at the time of disconnection were lower than in 2021–22.

Credit collection

- In 2022–23, the number of credit collection referrals for residential electricity and gas customers declined from 2021–22.
- Credit defaults for electricity and gas customers have also declined.

The energy market is challenging for customers experiencing difficult circumstances and there is no uniform understanding of its complexities. There is a broad spectrum of lived circumstances and situations surrounding vulnerability (whether that be financial, physical or mental), which are unique for each customer. Unfortunately this makes it challenging to find a solution to resolve energy affordability issues.

Governments provide extensive support to consumers through policies and regulations, as well as through mechanisms including concessions and rebate frameworks. Retailers proactively use their customer hardship policy to identify customers with lived experience of financial stress or hardship and to assist those customers to better manage their energy bills on an ongoing basis. Despite these efforts, retailers continue to face challenges in both identifying and assisting consumers, particularly because circumstances of vulnerability can be diverse and complex.

This section will analyse the data reported by retailers for all aspects of the customer vulnerability cycle from energy debt through to disconnection and credit collection. Through this analysis we aim to illustrate how customers with lived experience of payment difficulties are being supported and the resulting outcomes for these customers.

3 Payment difficulties and hardship

The customer vulnerability cycle is unique. Not all customers will experience financial hardship. But if they do, identifying vulnerability is not straightforward. The journey for those customers, the support offered and customer outcomes are illustrated in the debt journey diagram below. The timing and outcomes vary for each customer.

The National Energy Retail Law and National Energy Retail Rules lay down a framework of the types of assistance retailers must provide to customers facing payment difficulties. The [AER's Customer Hardship Policy Guideline](#) details the expectations around retailer policies and practices.

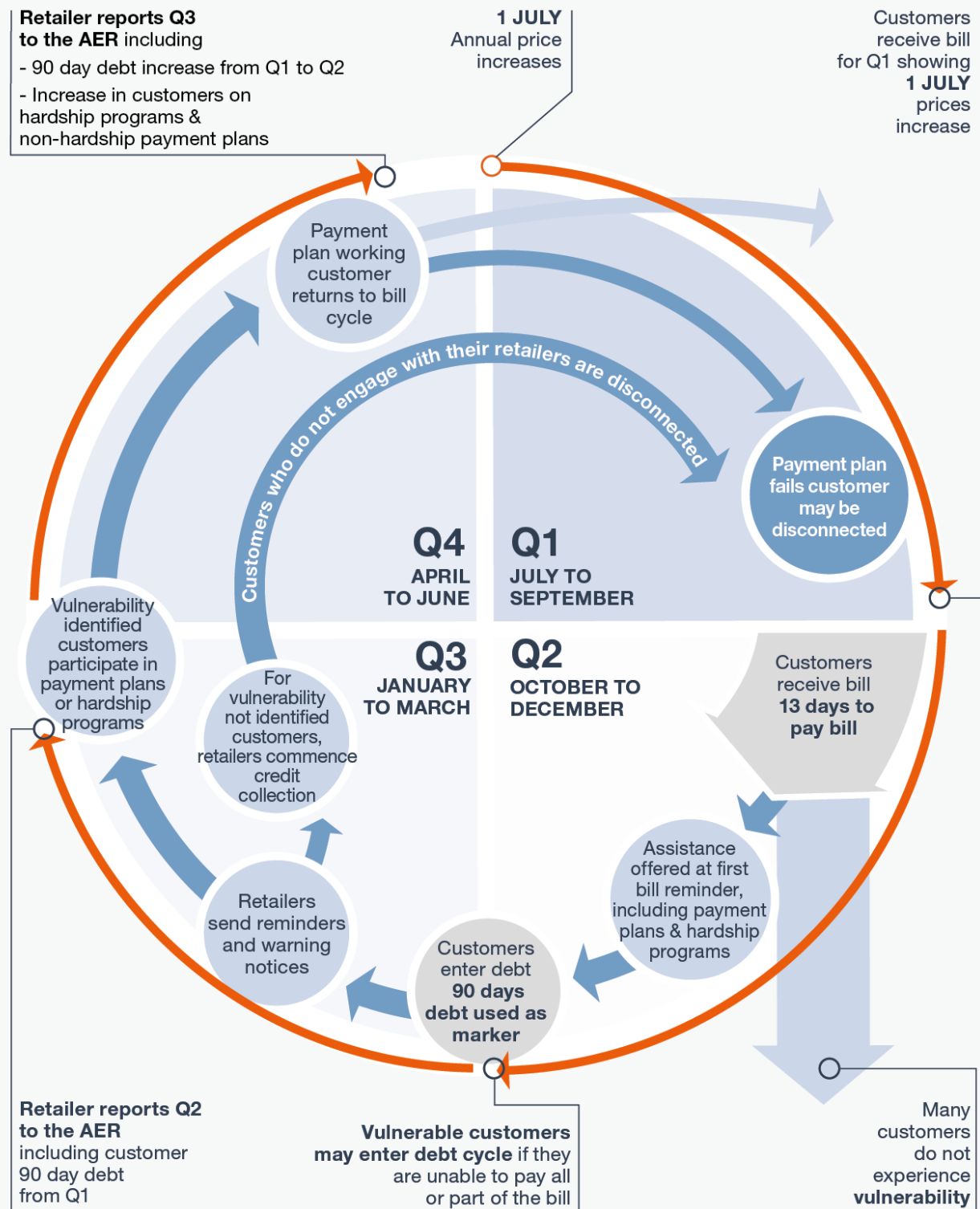
Many indebted customers still do not receive the necessary support through payment plans or hardship programs. This is highlighted by the high rate of payment plan cancellations and the widening gap between average hardship debt and debt on entry to hardship programs. During the COVID-19 pandemic, the AER's Statement of Expectations temporarily helped protect many customers from disconnection or credit collection activity, but as retailers recommence these activities, a long-term strategy is required.

A customer's ability to meet their ongoing energy costs can be influenced by many factors and/or changes in circumstances. While some of these factors may stem from the energy market or energy products, at other times they can be a result of complex and varied personal circumstances (such as being from a culturally and linguistically diverse household, having lived experience of disability and/or mental ill-health or experiencing reduced income or job loss).

We expect that higher wholesale energy prices will increase customer debt in the immediate future. This customer debt will be exacerbated by customers dealing with other cost-of-living pressures. The first objective in the AER's [Strategic Plan 2020–2025](#) commits to protecting consumers experiencing vulnerability while enabling consumers to participate and navigate the energy markets. In October 2022, the AER published [Towards energy equity – a strategy for an inclusive energy market](#).¹⁶ The strategy, set over a 3-year period, outlined a number of actions to undertake, many of which focus on improving identification of consumers experiencing vulnerability and strengthening protections for consumers with lived experience of payment difficulty.

¹⁶ AER, [Towards energy equity – a strategy for an inclusive energy market](#), Australian Energy Regulator, 2022.

Debt journey



A quarter is between 90 and 92 days.

This model shows generalised assumptions of the debt journey of a typical customer. 90 day debt is not a prerequisite to entering hardship programs. Individual retailer policies subject to meeting their legal obligations will determine the timing of disconnections which could be longer than 12 months. Retailers are obligated to provide assistance to customers facing payment difficulty when bills are overdue including offering hardship program and payment plan options. This assistance extends throughout the customer debt journey which forms part of the retailer's & customer's ongoing engagement.

3 Payment difficulties and hardship

Key terminology

- **Vulnerability**

'Customers experiencing vulnerability' refers to circumstances that mean a person may be less able to protect or represent their interests, engage effectively and/or are more likely to suffer detriment. This includes having insufficient capacity to pay for energy use. This experience of vulnerability may stem from:

- individual circumstances, such as low income, sudden financial stress or lived experience of disability, or
 - characteristics of the energy sector or products, such as complexity.
- **Energy debt (non-hardship customers)**

This term refers to those customers in debt but not on hardship programs. These customers may be experiencing difficulties that have resulted in an inability to meet their bill repayments. Energy debt only includes electricity and gas charges that are outstanding for more than 90 days.

- **Payment plans**

Payment plans are intended to provide a framework for customers to repay their energy debt in affordable, regular instalments. Retailers must provide residential customers with the option to join a payment plan¹⁷ if a customer informs them that they are experiencing payment difficulties or if the retailer considers the customer is experiencing payment difficulties. This obligation applies to all residential customers, not just those on formal hardship programs. Payment plans are among the minimum forms of assistance that retailers must offer customers on hardship programs.

- **Payment plans cancelled**

This refers to a situation where a customer's arrangement is terminated by the retailer due to the customer not complying with the plan. The most common reason for cancellation is non-payment by the customer.

- **Hardship programs**

The purpose of a retailer's customer hardship policy is to identify residential customers experiencing payment difficulties due to hardship and to assist those customers to better manage their energy bills on an ongoing basis. This includes flexible payment options such as payment plans, other measures to assist the customer (for example, energy efficiency audits) and processes to identify other forms of financial assistance the customer may be eligible for. Retailers must consider the customer's ability to pay, current arrears and expected consumption over the next year. All retailers are required to publish a hardship policy approved by the AER according to our [Customer Hardship Policy Guideline](#). The National Energy Retail Law and National Energy Retail Rules set down minimum assistance that retailers must provide to customers on hardship programs.¹⁸

- **Concessions**

State and territory governments provide a range of concessions that eligible consumers can use towards their energy bills. We only report on customers with concessions that are

¹⁷ [National Energy Retail Law](#), Division 7, Section 50—Payment plans.

¹⁸ [National Energy Retail Law](#), Division 6, Section 43–44.

3 Payment difficulties and hardship

administered by the consumer's retailer. Concessions target specific groups such as those in financial difficulty or with specific medical requirements.

- **Disconnection**

Disconnection means that the retailer ceases to supply the customer's premises with energy. Given the serious consequences this can have, the National Energy Retail Law and National Energy Retail Rules set down strict processes that retailers must follow before disconnection. Under the National Energy Retail Law, a retailer must view disconnection for non-payment as a last resort option for customers identified as being in hardship.¹⁹

- **Credit collection**

Residential customers who have overdue debt may be referred by their retailer to an external credit collection agency, for the purposes of debt recovery.

A credit default refers to a negative listing on a consumer's credit file and is commonly referred to as an overdue debt. We report on residential electricity and gas customers who have had a credit default applied against their name for debt associated with the retailer. A credit default may be applied by an external credit collection agency or by the customer's retailer if the retailer recovers overdue debt through internal credit collection processes.

A credit reversal is when a credit default listing is reversed for the debt associated with the retailer.

3.1 Energy debt

The AER's [Performance Reporting Procedures and Guidelines](#) define energy debt as electricity and gas charges that are outstanding for more than 90 days. The number of customers repaying debt excludes customers on hardship programs and non-active debts that retailers may still have on record.

The proportion of customers in energy debt and the average level of debt provide an insight into:

- the extent to which customers are experiencing difficulty paying their energy bills
- whether customers in certain jurisdictions are more susceptible to experiencing difficulty paying their energy bills
- whether retailers are effectively assisting their customers to meet their energy debt repayments.

3.1.1 Residential energy debt has grown in 2022–23

The proportion of residential customers with energy debt increased in 2022–23 compared with the previous year in all jurisdictions and is currently at its highest level in the past 5 years (Figure 3.1). In all jurisdictions except Tasmania this increase comes after a decrease in 2021–22.

Across the 5 NECF jurisdictions, AGL and Origin Energy accounted for 52% of residential customers with energy debt. Therefore, the overall increase can be attributed to increases in

¹⁹ Under section 47 of the National Energy Retail Law, retailers must give effect to the general principle that disconnection of premises of a hardship customer due to inability to pay should only be a last resort option.

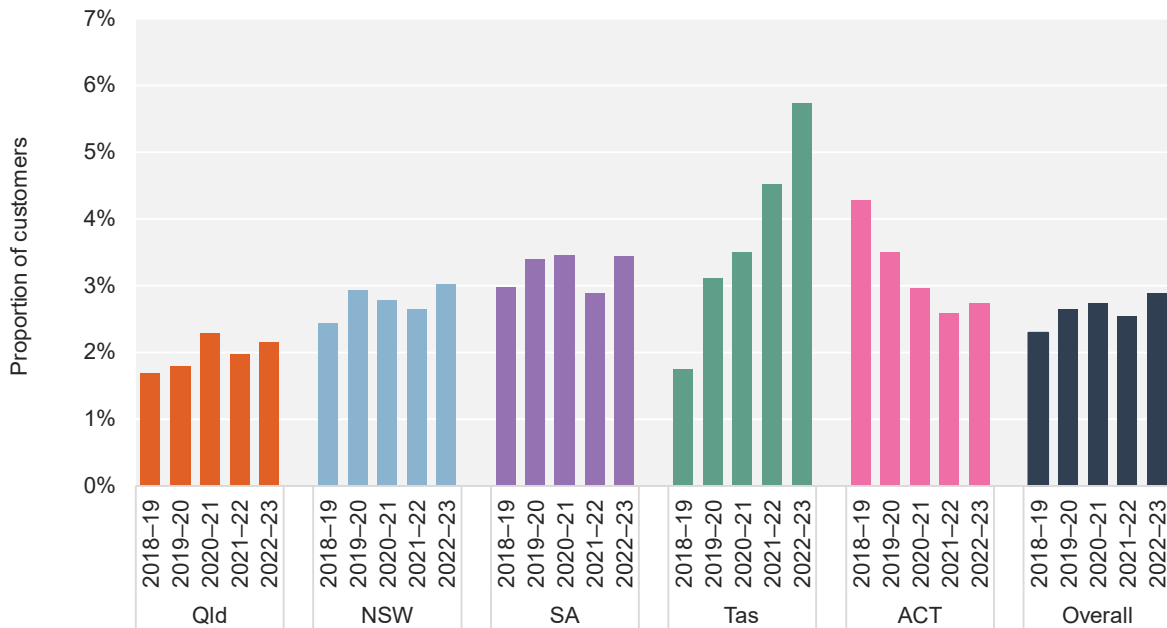
3 Payment difficulties and hardship

the proportions for these retailers, along with increases in Queensland, NSW and South Australia.

In all jurisdictions except for Tasmania increases observed in customers repaying energy bill debt in 2022–23 was a reversal on the previous year, when decreases were broadly seen.

Tasmania had the largest increase in 2022–23. This continues the upward trend observed over the past 5 years, which has seen Tasmania’s proportion of residential customers with energy debt increase from 1.75% in 2018–19 to 5.75% in 2022–23.

Figure 3.1 Residential customers with energy debt by state/territory



Note: Excludes debt of customers on hardship programs. Data as at 30 June each year.

Source: AER, Schedule 3 – Quarter 4 2022–23 retail performance data; Schedule 2 – Quarter 4 2022–23 retail performance data.

The overall average residential energy debt decreased by 1.1% compared with 2021–22, to \$986 (Figure 3.2).

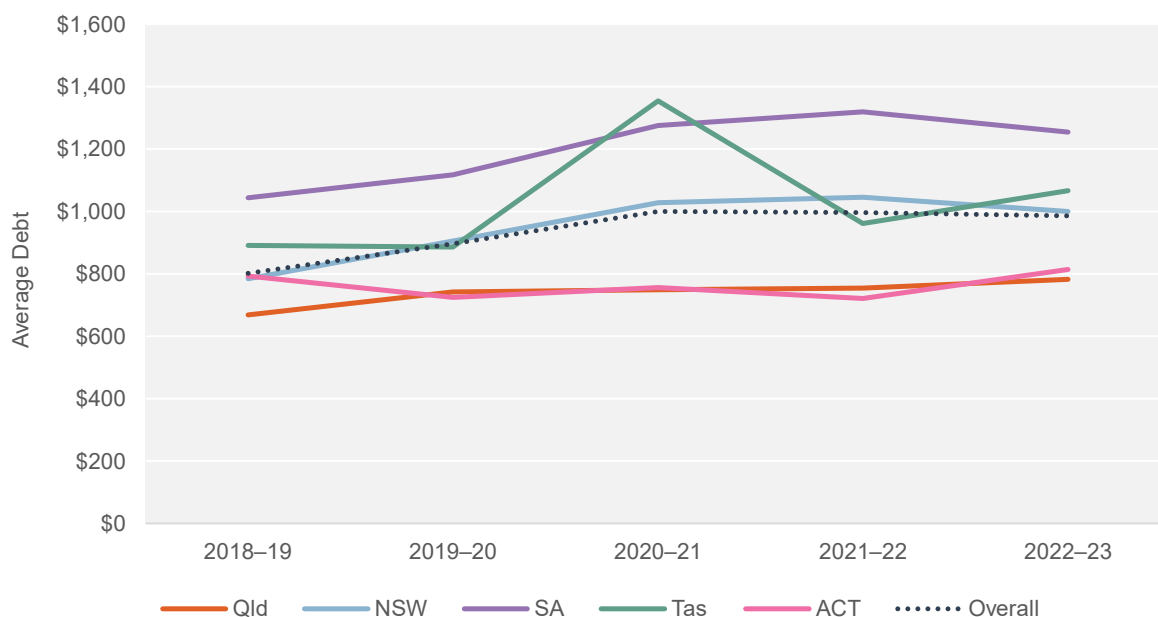
Over the past 12 months, average energy debt decreased by 4.3% in NSW and 4.9% in South Australia. Despite the decrease, South Australia continues to have the highest average energy debt (\$189 more than Tasmania) and is \$270 above the overall average.

In Queensland, average energy debt increased by 3.8% over the past 12 months but now is the lowest of the 5 jurisdictions at \$784.

Over the past 12 months, the ACT and Tasmania had more substantial increases of 12.8% and 11%, respectively. Despite the increase, the ACT still has the second lowest average energy debt at \$815 (\$171 below the overall average).

3 Payment difficulties and hardship

Figure 3.2 Average debt of residential customers by state/territory



Note: Excludes debt of customers on hardship programs. Data as at 30 June each year.
Source: AER, Schedule 3 – Quarter 4 2022–23 retail performance data.

Average residential energy debt varied between the different retailer groupings in 2022–23 (Figure 3.3) – it decreased overall for Tier 1 retailers and increased for both Tier 2 and primary regional retailers.

Among the Tier 1 retailers, average residential energy debt decreased for both AGL and EnergyAustralia but increased for Origin Energy. EnergyAustralia’s average energy debt at \$1,460 was significantly above the national average of \$986. AGL had the largest decrease over the past 12 months from \$1,138 to \$881.

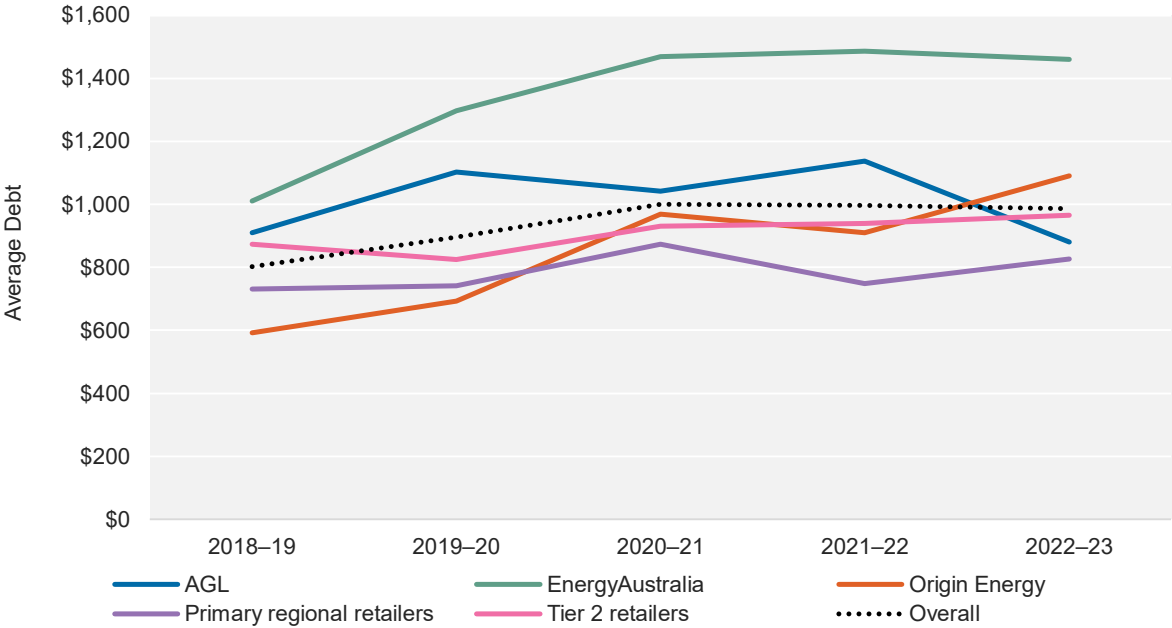
Origin Energy was the only Tier 1 retailer with an increase in their average energy debt, from \$910 to \$1,091, which resulted in them exceeding the national average.

Tier 2 retailers had an increase in their combined average energy debt by \$25, which is consistent with the trend observed over the past few years.

Primary regional retailers continue to have the lowest average energy debt for residential customers, despite an increase of \$78. While all 3 primary regional retailers had increases in average energy debt over the past 12 months, Aurora Energy drove the overall statistic with an increase of \$103.

3 Payment difficulties and hardship

Figure 3.3 Average debt of residential customers by retailer



Note: Excludes debt of customers on hardship programs. Data as at 30 June each year.
 Source: AER, Schedule 3 – Quarter 4 2022–23 retail performance data.

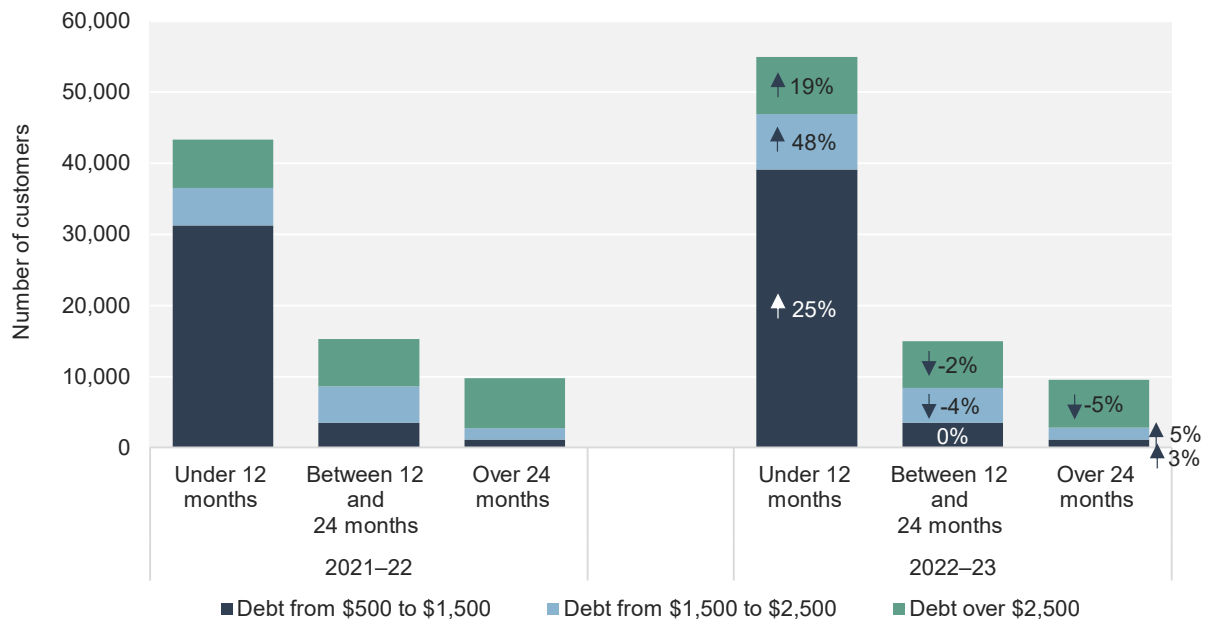
The number of residential customers repaying energy debt less than 12 months old increased for all 3 debt ranges during 2022–23, with the most significant increase of 48% observed in the \$1,500–\$2,500 range (Figure 3.4).

In 2022–23 the number of customers with debt over \$500 and held for less than 12 months increased by 26.9%. Conversely, the total number of customers with debt over \$500 held for between 12 and 24 months and over 24 months decreased by 2.2% and 2.1%, respectively.

This is consistent with the overall increase in customers with energy debt over the past 12 months and the feedback received from retailers that more customers have lived experience with financial difficulties as a result of increases in energy prices and general costs of living during 2022–23. While it is a positive sign that the increases are primarily limited to debt that is less than 12 months old, we intend to closely monitor this metric over the next 12 months to understand whether customers are paying down and clearing debt or moving into the longer debt categories.

3 Payment difficulties and hardship

Figure 3.4 Age and level of residential energy debt



Note: Excludes debt of customers on hardship programs. Data as at 30 June each year.

Source: AER, Schedule 3 – Quarter 4 2022–23 retail performance data.

3.1.2 Small business energy debt has decreased

The overall proportion of small business customers with energy debt decreased over the past 12 months to 3% (Figure 3.5). This indicator has generally been trending downward over the past 3 years, after a significant increase between 2018–19 and 2019–20. This is opposite to the trend observed for the proportion of residential customers with energy debt, which has generally been trending upwards over the past 4 years.

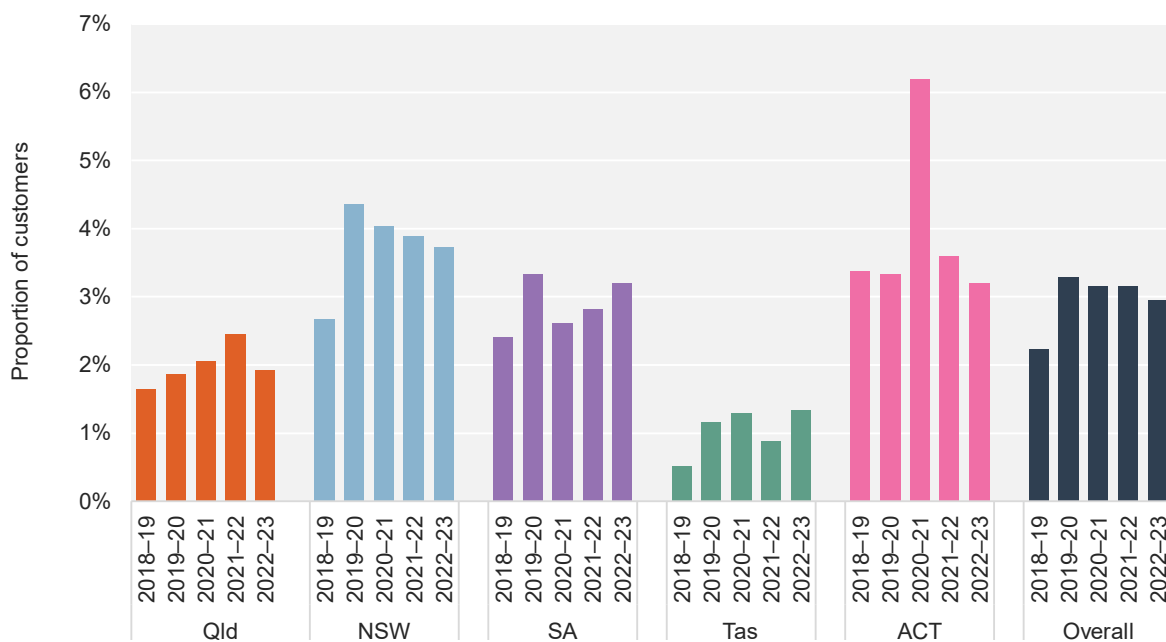
On a jurisdictional level, Queensland, NSW and the ACT all had a decrease in the proportion of small business customers with energy debt of between 0.2 and 0.6 percentage points. Despite decreases over the past 3 years, NSW remains the jurisdiction with the highest proportion of small business customers with energy debt at 3.7%.

South Australia saw an increase in the proportion of small business customers with energy debt again this year, which was primarily driven by jurisdictional increases from AGL and Origin Energy.

Tasmania also saw an increase this year after a decrease in 2021–22 and is currently at its highest level of the past 5 years. This increase was primarily driven by increases from Aurora Energy, which holds a 95% market share in Tasmania.

3 Payment difficulties and hardship

Figure 3.5 Small business customers with energy debt by state/territory



Note: Excludes debt of customers on hardship programs. Data as at 30 June each year.

Source: AER, Schedule 3 – Quarter 4 2022–23 retail performance data; Schedule 2 – Quarter 4 2022–23 retail performance data.

The average energy debt for small business customers increased overall and across all jurisdictions except Tasmania (Figure 3.6). Among the different retailer groups, increases in overall average debt from Origin Energy and the Tier 2 retailers had the biggest influence on the broader increase in small business energy debt.

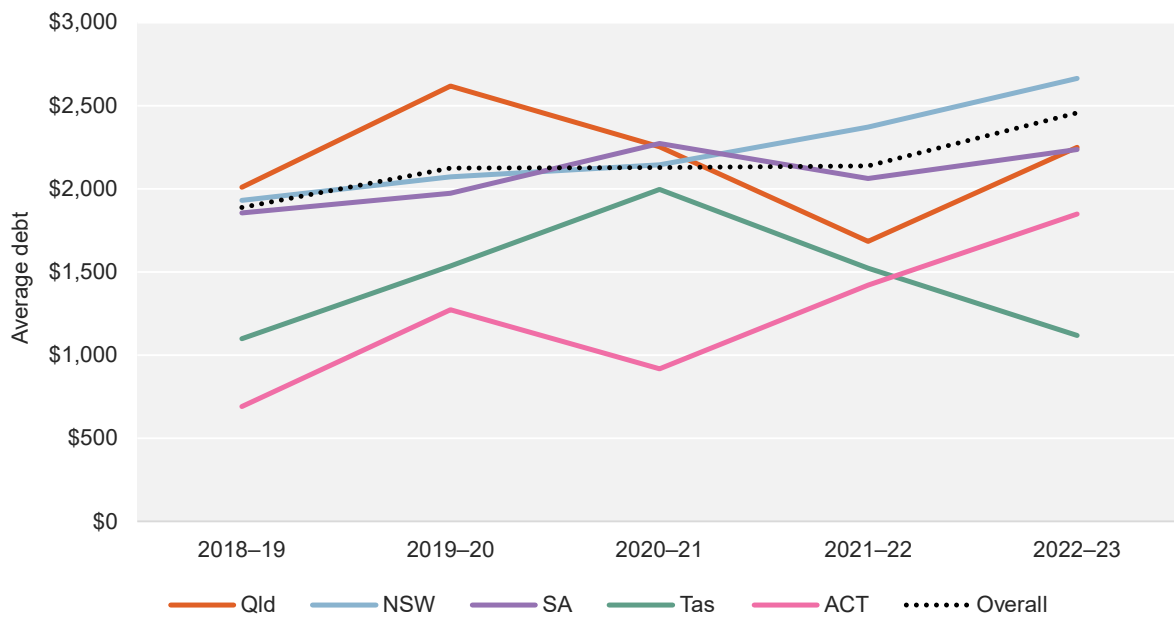
NSW continued an upward trend observed over the past 5 years and is currently the only jurisdiction with an average debt above the national average.

Tasmania has seen a significant decrease of 44% over the past 2 years and has now returned to 2018–19 levels.

In contrast, the ACT has seen the largest increase of \$428 over the past year. This was primarily driven by Origin Energy, which holds around one-third of the small business market share in the ACT.

3 Payment difficulties and hardship

Figure 3.6 Average debt of small business customers by state/territory



Note: Excludes debt of customers on hardship programs. Data as at 30 June each year.
Source: AER, Schedule 3 – Quarter 4 2022–23 retail performance data.

3.2 Payment plans

Payment plans are intended to allow customers to repay their energy debt in affordable, regular instalments. Retailers must offer a payment plan to a residential customer if the customer informs the retailer that they are experiencing difficulties or if the retailer otherwise believes the customer is experiencing difficulties. Retailers must undertake significant steps to better identify customers experiencing difficulties because a customer with lived experience of vulnerability or complex circumstances is not always easily identified.

Many retailers have signed up to the AER’s voluntary [Sustainable Payment Plans Framework](#), which came into effect in July 2016. It aims to help customers and retailers agree to affordable and sustainable payment plans and outlines good practice principles to guide retailers’ behaviour when setting up payment plans with residential customers.

3.2.1 Residential payment plan numbers have increased

Overall, the proportion of residential electricity customers being placed on payment plans increased in 2022–23 to 1.7% of customers (Figure 3.7). This increase comes after a stable period between 2020–21 and 2021–22, when the overall proportion remained around 1.5%.

Tasmania was the only jurisdiction with a decrease in the proportion of residential electricity customers on a payment plan. Queensland has had the largest increase since 2021–22 and became the jurisdiction with the highest proportion of residential electricity customers on a payment plan in 2022–23.

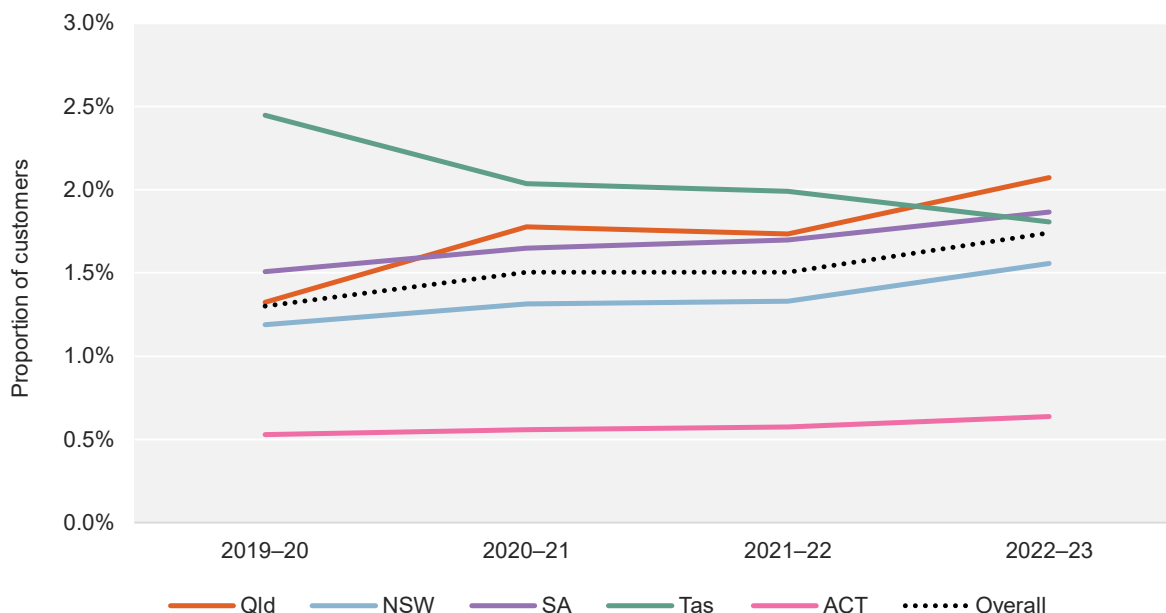
While the threat of disconnection can be harmful to customers experiencing vulnerability and should be treated as a last resort for addressing non-payment, we have recognised that one aspect proven to drive customer engagement with their electricity or gas retailer is the receipt of a disconnection notice. Several retailers recommenced disconnection activities in 2022–

3 Payment difficulties and hardship

23, which could have acted as a prompt for customers to engage with their retailer to be placed on a payment plan.

In addition, rising cost-of-living pressures may have caused customers who historically have not felt financial pressure to begin experiencing payment difficulties with energy bills, also prompting them to engage with their retailer.

Figure 3.7 Residential electricity customers on payment plans by state/territory



Note: Data as at 30 June each year. Data for previous years is unavailable for this indicator.

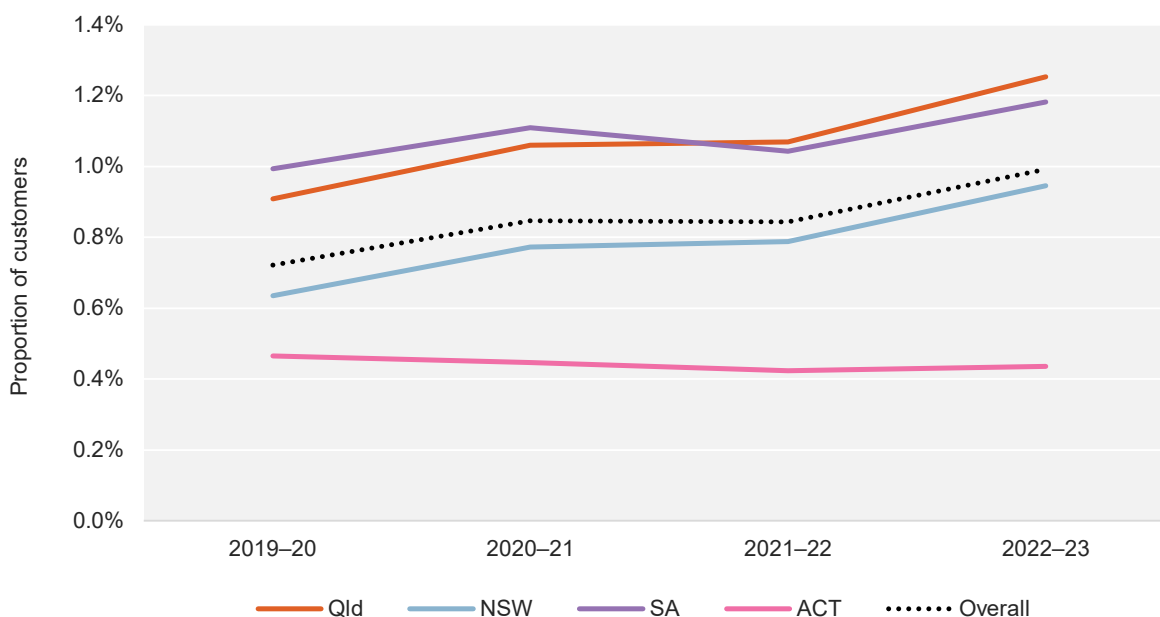
Source: AER, Schedule 3 – Quarter 4 2022-23 retail performance data.

Similar to electricity, the overall proportion of gas customers on payment plans increased to 1% in 2022-23 (Figure 3.8).

The proportion of gas customers on payment plans is lower than electricity customers in all jurisdictions. This reflects that electricity bills typically make up a higher proportion of a customer's expenditure and gas is also mainly used as a secondary fuel source rather than being essential.

3 Payment difficulties and hardship

Figure 3.8 Residential gas customers on payment plans by state/territory



Note: Data as at 30 June each year. Data for previous years is unavailable for this indicator.

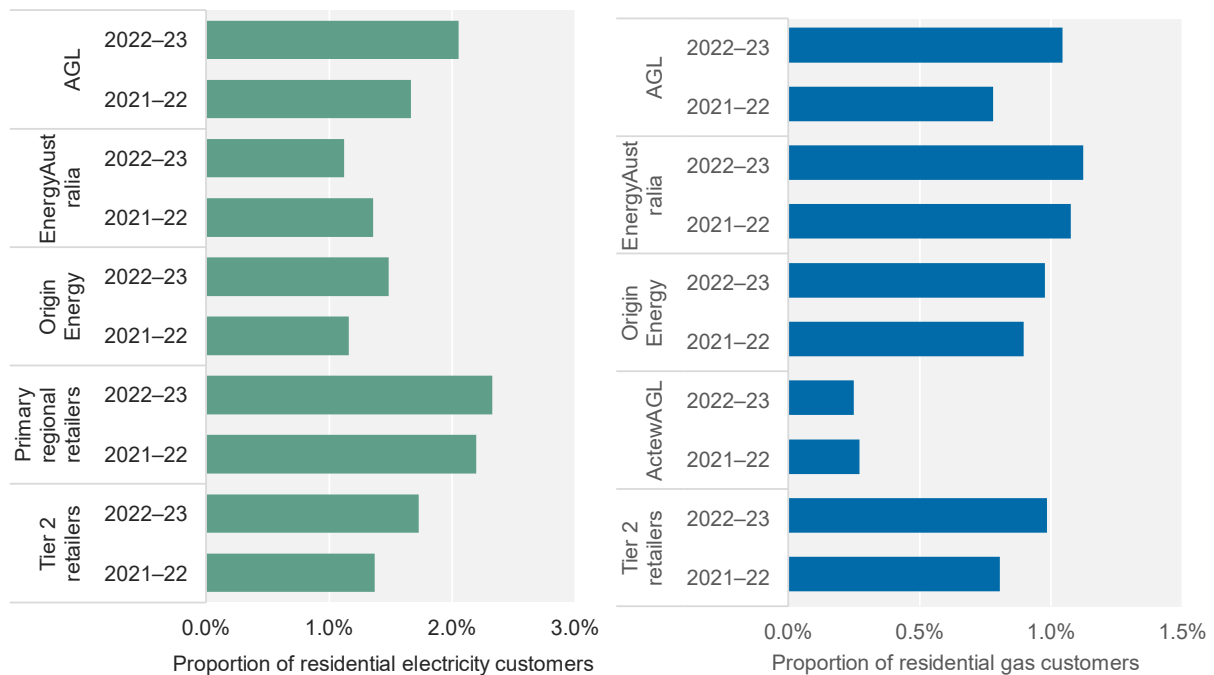
Source: AER, Schedule 3 – Quarter 4 2022–23 retail performance data.

Electricity customers of primary regional retailers had the highest proportion of payment plans in 2022–23 (Figure 3.9). There was an increase in electricity customers on payment plans in 2022–23 for AGL, Origin Energy, primary regional retailers and Tier 2 retailers, whereas there was a decrease for EnergyAustralia. Ergon Energy mainly drove the increase for the primary regional retailers.

The proportion of gas customers placed on payment plans increased for all Tier 1 and Tier 2 retailers. ActewAGL, the only primary regional retailer operating in the gas market, had a decrease in gas customers on payment plans of 0.1 percentage points.

3 Payment difficulties and hardship

Figure 3.9 Residential electricity and gas customers on payment plans by retailer



Note: Data as at 30 June each year. Data for previous years is unavailable for this indicator.

Source: AER, Schedule 3 – Quarter 4 2022-23 retail performance data.

3.2.2 Large proportion of cancelled payment plans in 2022-23

A retailer may cancel a payment plan if the customer fails to comply with the terms of their payment agreement. If a customer makes all instalments and payments in line with their agreement, they are considered to have successfully completed their payment plan.

The proportion of payment plans cancelled is expressed as a percentage of those completed plus those cancelled. Some customers cycle on and off payment plans more than once in a year. This tends to increase the proportion of payment plans cancelled relative to the proportion of payment plans successfully completed. It may reflect the extent to which enduring circumstances are causing customers to need a payment plan.

We do not collect data from retailers that details reasons for payment plan cancellations. There may be many reasons why a customer may not make a payment. However, agreed payment plans must be designed to be sustainable and affordable, otherwise a customer is unlikely to be able to make the required instalments and successfully complete the payment plan.

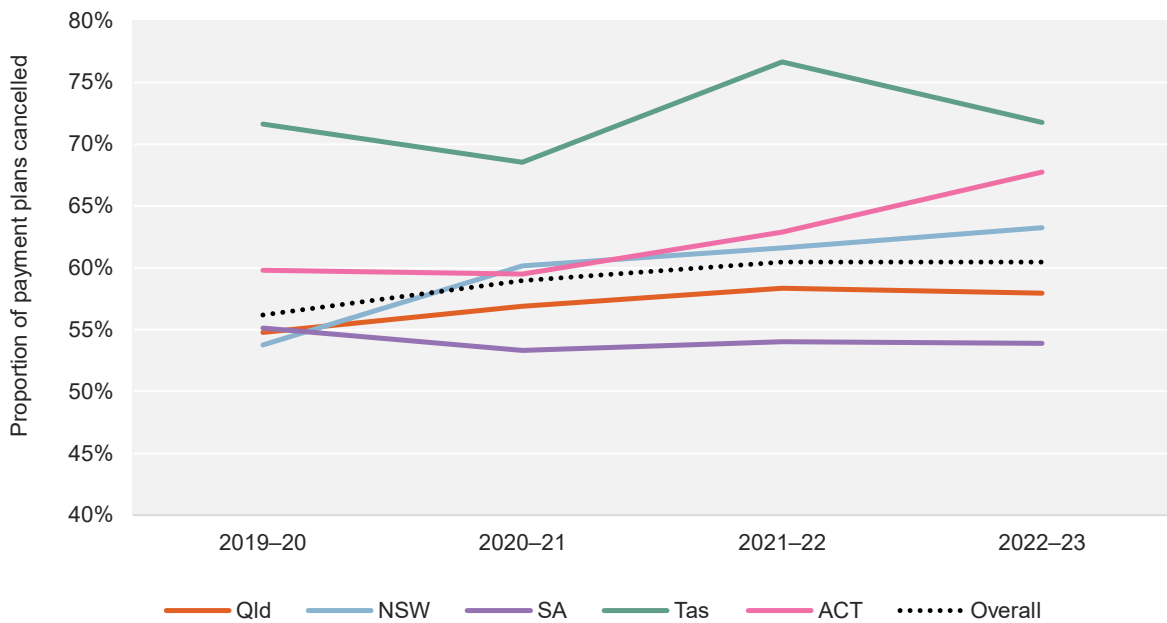
When a payment plan is cancelled, the customer returns to a normal billing and debt collection cycle. Customers may subsequently be provided with an opportunity to re-establish a payment plan or be placed on a hardship program. Eventually, some customers may be disconnected from supply by their retailer or have a credit default recorded against their name if they are unable to make their required payments.

More than 50% of payment plans across all jurisdictions were cancelled in 2022-23. The overall proportion of electricity customers with payment plans cancelled remained at a similar level to the previous year (Figure 3.10). Tasmania experienced the most significant decrease but remained the jurisdiction with the highest percentage (70%) of payment plans cancelled

3 Payment difficulties and hardship

in 2022–23. This can be attributed to a substantial decrease in electricity payment plans cancelled for Aurora Energy customers.

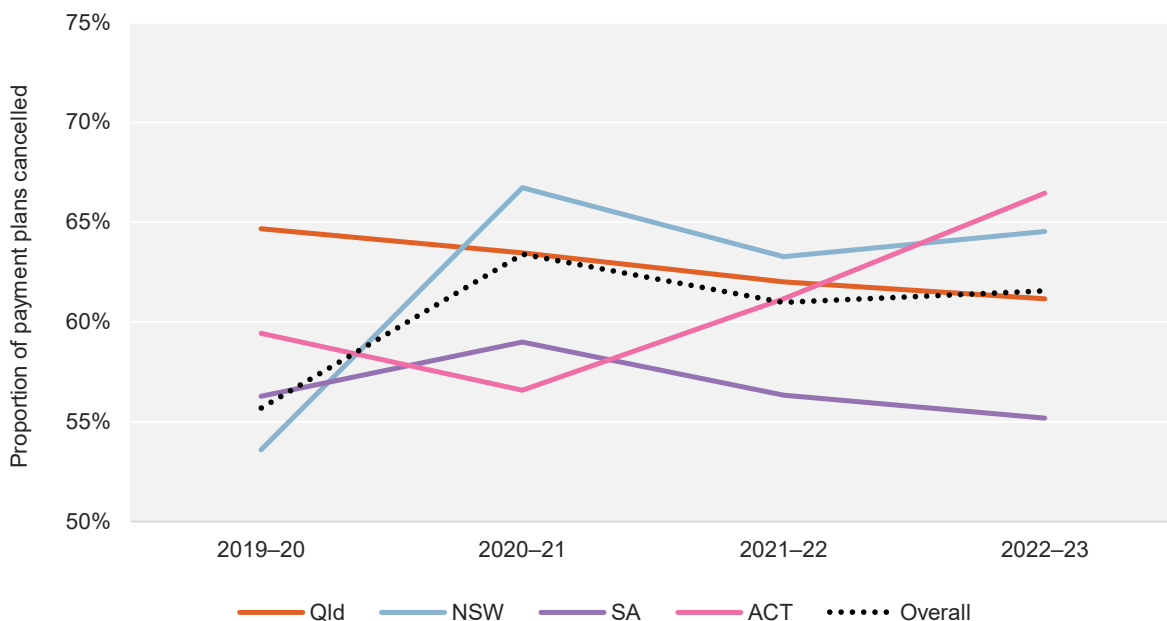
Figure 3.10 Proportion of electricity payment plans cancelled by state/territory



Note: Data as at 30 June each year. Data for previous years is unavailable for this indicator.
Source: AER, Schedule 3 – Quarter 4 2022–23 retail performance data.

For gas customers, the change in the percentage of payment plans cancelled varied across jurisdictions (Figure 3.11). Like for electricity, gas customers in the ACT and NSW experienced increasing rates of payment plan cancellations in 2022–23. Conversely, there was a decrease in South Australia and Queensland.

Figure 3.11 Proportion of gas payment plans cancelled by state/territory



Note: Data as at 30 June each year. Data for previous years is unavailable for this indicator.
Source: AER, Schedule 3 – Quarter 4 2022–23 retail performance data.

3 Payment difficulties and hardship

3.3 Hardship programs

Hardship programs are intended to provide the most appropriate form of assistance to eligible residential customers in ongoing financial difficulty and should protect these customers from accumulating larger amounts of debt over time. These customers may not have the capacity to manage their ongoing usage charges, let alone their existing energy debt.

The minimum assistance that retailers must provide in their hardship programs is set out in the National Energy Retail Rules.²⁰ This includes flexible payment options and help to identify government concessions for the customer. Participation in hardship programs provides customers with protections from disconnection for non-payment.

The AER's [Customer Hardship Policy Guideline](#), which came into effect on 2 April 2019, stipulates that the onus is on retailers to take early steps to identify customers in hardship.²¹ The purpose of a retailer's customer hardship policy is to identify residential customers experiencing payment difficulties due to hardship and to assist those customers to better manage their energy bills on an ongoing basis.

There is evidence that retailers are making early efforts to identify customers experiencing payment difficulties. This is shown by the increases in the number of customers entering hardship programs due to retailer initiation, the overall decrease in average debt on entry to hardship programs and decrease in the age of debt on entry to hardship programs.

The widening gap between average debt on entry and average hardship debt indicates that many customers are not receiving the support necessary once placed on a hardship program. Assisting these customers to better manage their energy bills is an ongoing process.

These trends will be explored in more depth over the course of this section, with a summary of the key hardship indicators provided in Table 3.1.

²⁰ AEMC, [Rule Determination – National Energy Retail Amendment \(Strengthening protections for customers in hardship\) Rule 2018](#), Australian Energy Market Commission, 2018.

²¹ AER, [Customer Hardship Policy Guideline](#), Australian Energy Regulator, 2019, para 31(a).

3 Payment difficulties and hardship

Table 3.1 Summary of key hardship indicators

Indicator	Electricity			Gas		
	Number of customers / \$ value	% change since 2021–22	% of customers	Number of customers / \$ value	% change since 2021–22	% of customers
Customers on hardship programs	95,634	30.0%	1.4%	20,903	29.9%	0.9%
Customers entering due to instigation by retailer	61,502	20.0%	53.9%	12,625	15.3%	44.6%
Average debt of hardship customers	\$1,762	-1.0%	NA	\$854	-3.3%	NA
Average debt on entry to hardship program	\$1,193	-29.5%	NA	\$551	-29.5%	NA
Customers entering hardship with less than \$500 debt	35,985	5.2%	42.4%	11,879	-0.6%	58.7%
Customers entering hardship with debt less than 6 months old	34,713	8.4%	48.8%	6,819	8.9%	43.2%
Customers with repayment plan less than usage costs	33,635	6.4%	35.2%	7,090	6.9%	33.9%
Hardship customers receiving energy concessions	53,458	26.4%	55.9%	7,329	40.4%	35.1%
Customers successfully exiting hardship programs	25,222	-20.1%	31.2%	5,172	-24.5%	25.5%
Customers excluded from hardship due to non-payment	30,251	-14.7%	61.9%	10,054	-10.1%	76.5%

Source: AER, Schedule 4 – Quarter 4 2022–23 retail performance data.

3 Payment difficulties and hardship

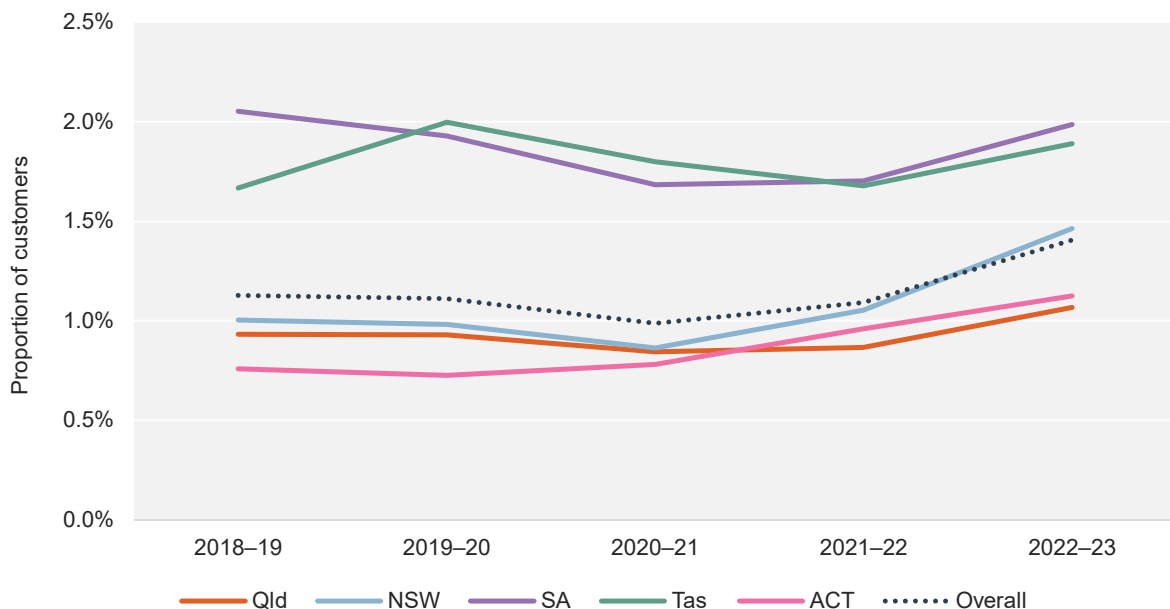
3.3.1 Number of customers on hardship programs is at its highest level in 5 years

The proportion of electricity and gas customers on hardship programs continued to increase in 2022–23, reflecting the continued increase in the number of hardship customers entering hardship programs in 2021–22.

The overall proportion of electricity customers on hardship programs is at its highest level in the past 5 years (above pre-COVID-19 levels) as shown in Figure 3.12. On a jurisdictional level, all jurisdictions saw an increase compared with 2021–22, with NSW having the largest increase of 0.41 percentage points.

South Australia and Tasmania have the highest proportions of electricity customers on hardship programs at 1.99% and 1.88%, respectively. Queensland and the ACT have the lowest proportions at 1.07% and 1.13%, respectively.

Figure 3.12 Proportion of customers on hardship programs by state/territory – electricity



Note: Data as at 30 June each year.

Source: AER, Schedule 4 – Quarter 4 2022–23 retail performance data.

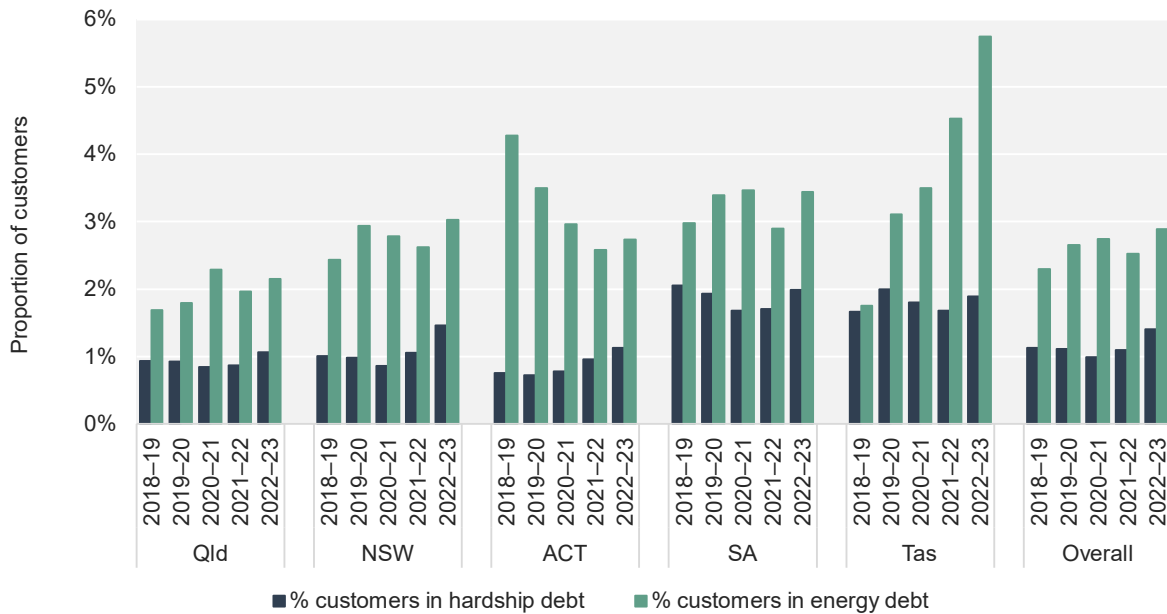
In every jurisdiction the proportion of residential electricity customers on hardship programs is significantly less than the proportion of customers with energy debt (Figure 3.13). A large or increasing gap between these 2 indicators shows that more customers are experiencing payment difficulties and accruing energy debt but are not being placed on hardship programs and offered the additional support that is required under these programs.

Queensland has the lowest proportion of customers in both energy debt and on hardship programs, with the gap between them also being the smallest. Tasmania has the highest proportion of customers in energy debt by 2.3 percentage points and the biggest gap between the proportion of customers in energy debt and on hardship programs, which has been increasing steadily over the past 5 years. In the ACT, NSW and South Australia the

3 Payment difficulties and hardship

difference between the proportions was fairly similar and also similar to the overall gap of 1.49 percentage points.

Figure 3.13 Comparison of proportion of electricity customers on hardship programs and with energy debt by state/territory

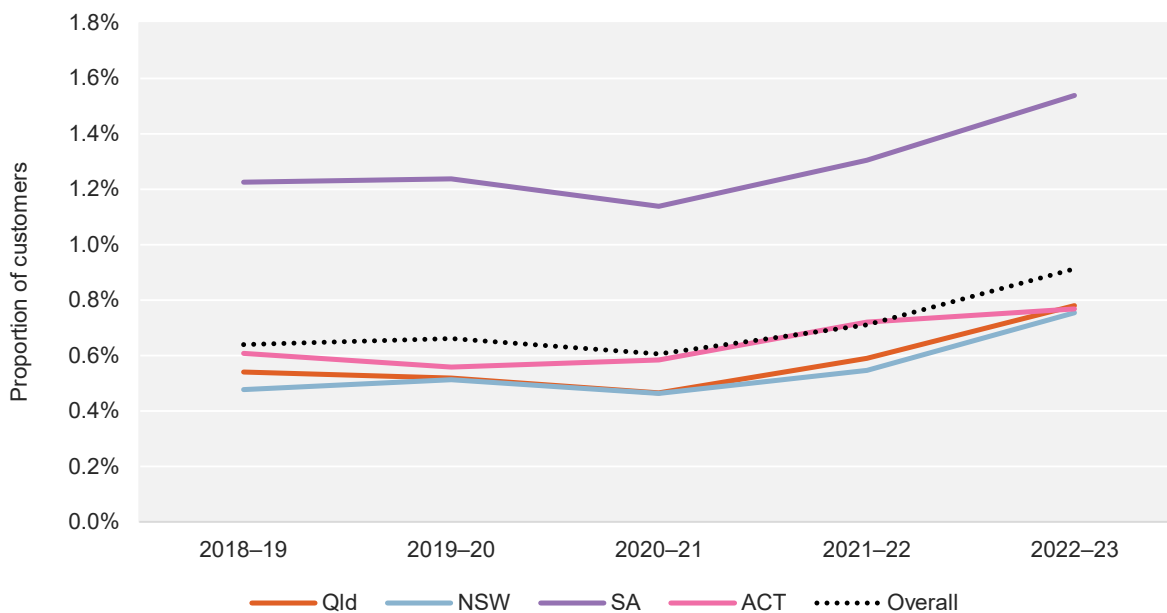


Note: Data as at 30 June each year.

Source: AER, Schedule 4 – Quarter 4 2022–23 retail performance data; Schedule 3 – Quarter 4 2022–23 retail performance data; Schedule 2 – Quarter 4 2022–23 retail performance data.

The proportion of residential gas customers on hardship programs increased in all jurisdictions over the past 12 months (Figure 3.14). South Australia has the highest proportion of gas customers on hardship programs at 1.54% and is the only jurisdiction with a higher proportion than the overall proportion of 0.91%.

Figure 3.14 Proportion of customers on hardship programs by state/territory – gas



Note: Data as at 30 June each year.

Source: AER, Schedule 4 – Quarter 4 2022–23 retail performance data.

3 Payment difficulties and hardship

3.3.2 Entry to hardship programs increasing



IDENTIFYING HARDSHIP CUSTOMERS

Our Customer Hardship Policy Guideline requires retailers to take early steps to identify residential customers experiencing hardship. Early identification maximises opportunities for effective intervention to help customers overcome and manage their financial difficulties. Retailers may be contacted by a financial counsellor or a representative acting on behalf of a customer, or by customers themselves.

Some circumstances that may help retailers identify customers who might benefit from hardship programs are:

- difficulty meeting payments, irregular or sporadic payments, or partial payments
- a history of broken payment arrangements
- receipt of a higher-than-expected bill
- repeated reminder or multiple disconnection warning notices.

A customer may also wish to notify their retailer of a change in personal circumstances that has resulted in them experiencing financial difficulty, such as:

- a prolonged change in personal circumstances, such as a loss of or decrease in employment
- a relationship breakdown or change of home circumstances
- a death in the family
- an unexpected one-off expense.

The number of electricity and gas customers entering hardship programs has risen each year since 2020–21, yet remains below pre-COVID-19 figures (Figure 3.15 and Figure 3.16).

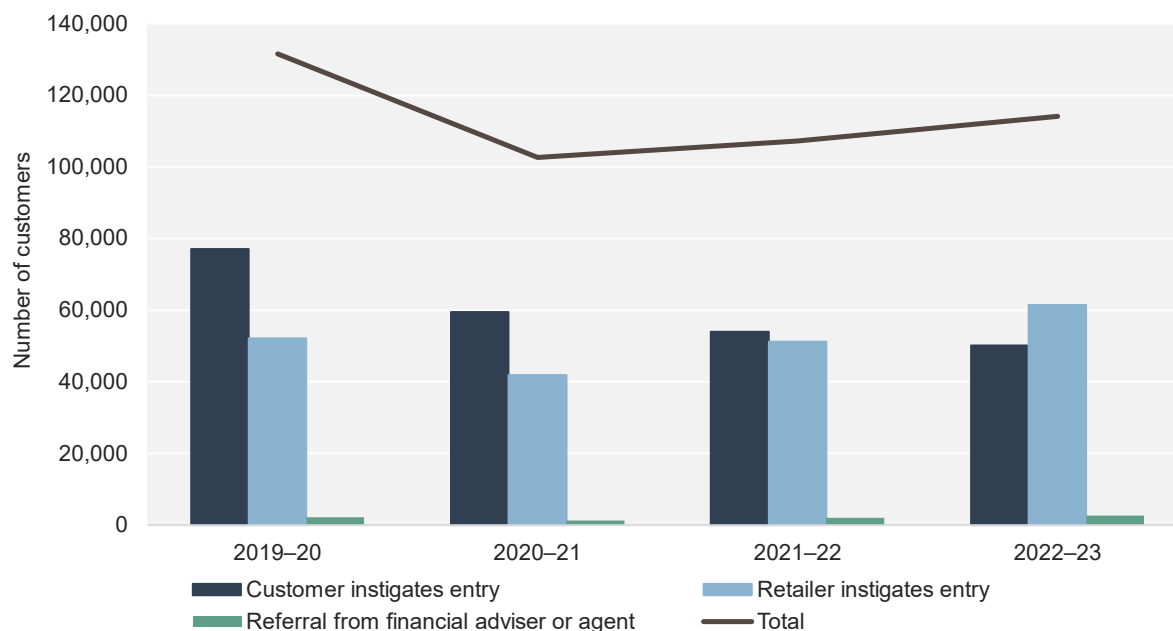
Between 2019–20 and 2020–21, the number of electricity and gas customers entering hardship programs decreased substantially – from 131,486 to 102,580 for electricity and from 32,734 to 26,735 for gas. This decrease was during the start of the COVID-19 pandemic and was driven by many retailers allowing customers to defer payment of their energy bills. This meant that customers who may have previously joined a hardship program chose to defer payment of their bill instead.

There are 3 methods by which a customer may enter a hardship program. The primary 2 methods are when a customer self-identifies as being in hardship and requests to join their retailer's hardship program, and when a retailer, in line with the AER's Customer Hardship Policy Guideline, takes steps to identify customers who may be in hardship. The third method of entry to a hardship program, entry via a financial counsellor referral, is only used by a very small proportion of customers.

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Over the past 4 years, the number of electricity customers instigating entry to hardship programs has decreased from 59% to 44% of the total number of customers entering a hardship program. Conversely, the proportion of customers entering hardship due to retailers instigating entry has increased from 40% to 54% (Figure 3.15).

Figure 3.15 Reason for entering a hardship program – residential electricity customers



Note: Data for 2018-19 not available for this indicator. Data as at 30 June each year.
Source: AER, Schedule 4 – Quarter 4 2022-23 retail performance data.

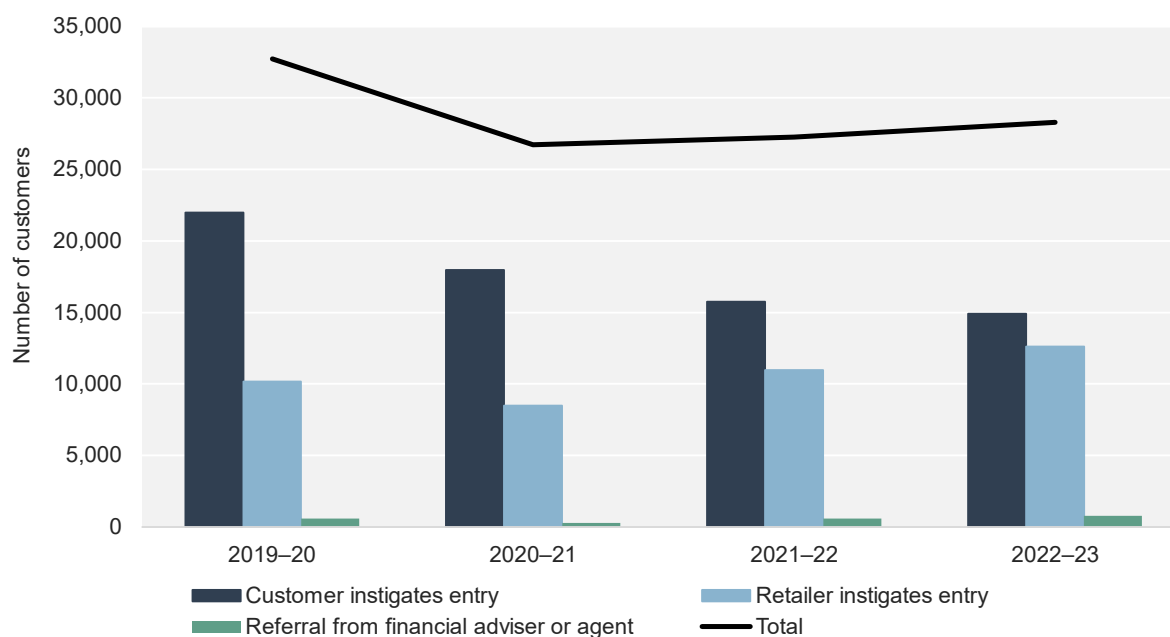
For gas customers entering hardship programs, a similar trend has been occurring, although customers instigating entry continues to be the main method for entry to a hardship program. In 2019-20, 67% of entries into a hardship program were initiated by the customer; in 2022-23 this proportion had decreased to 53% of customers entering hardship stemming from customer instigation (Figure 3.16).

The increase in retailer referrals reflects comments from various retailers that they are implementing policies to increase their proactive measures to identify customers experiencing hardship. They are also making efforts to encourage greater customer engagement to enable those customers experiencing hardship to access assistance sooner.

The increase may also be in response to previous compliance and enforcement action taken by the AER against specific retailers in line with the priority to focus on the effective identification of residential customers in financial difficulty and offer of payment plans that have regard to the customer's capacity to pay.

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Figure 3.16 Reason for entering a hardship program – residential gas customers



Note: Data for 2018–19 not available for this indicator. Data as at 30 June each year.

Source: AER, Schedule 4 – Quarter 4 2022–23 retail performance data.

3.3.3 Debt levels on entry to hardship programs are lower

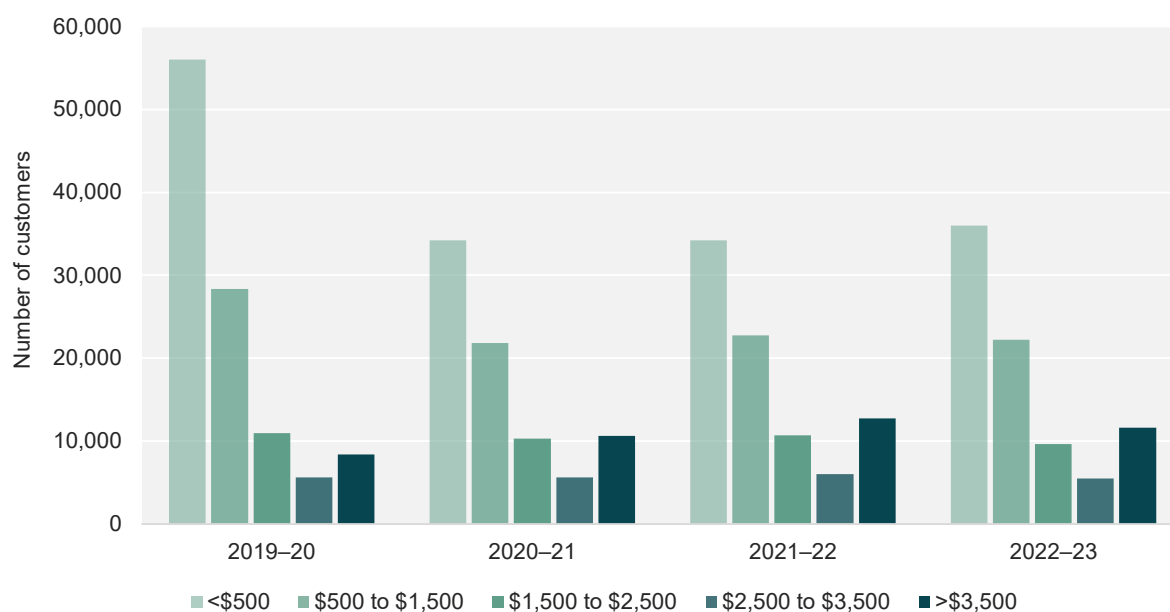
The proportion of residential electricity customers entering hardship with lower debt has increased since 2021–22 (Figure 3.17). Since 2019–20 the AER has collected data from retailers on the level of debt held by customers entering hardship programs in 5 brackets of debt. Over the past 3 years, the proportions at each level of debt have remained consistent, with only marginal changes each year. The proportion of residential electricity customers entering a hardship program with debt less than \$500 increased in 2022–23 from 40% to 42%, while the remaining 4 levels of debt all decreased marginally.

This increase at the lowest level of debt on entry and decrease at the remaining 4 higher levels of debt on entry is consistent with the overall decrease in average debt on entry to a hardship program. In 2022–23 the average debt on entry to a hardship program for residential electrical customers was \$1,193, which is a 29% decrease compared with 2021–22 (Figure 3.21). This is the lowest average debt on entry to a hardship program for residential electricity customers observed in the past 5 years.

The average debt on entry to a hardship program decreased significantly across all jurisdictions, with Tasmania having the smallest decrease of 9.7% and NSW having the largest decrease of 36.1%. Queensland and NSW have the lowest average debt on entry and are the only jurisdictions with an average debt on entry below the overall average. Tasmania continues to have the highest average debt on entry at \$3,305, which is 177% more than the overall average.

3 Payment difficulties and hardship

Figure 3.17 Level of debt on entry to a hardship program – residential electricity customers



Note: Data for 2018–19 not available for this indicator. Data as at 30 June each year.
Source: AER, Schedule 4 – Quarter 4 2022–23 retail performance data.

A higher proportion of residential gas customers entered hardship with lower debt compared with residential electricity customers. In 2022–23, 59% of residential gas customers entering a hardship program had debt of less than \$500 and 25% had debt between \$500 and \$1,500 (Figure 3.18).

The high proportion of residential gas customers entering hardship programs with lower debt is reflected in the overall average debt on entry to a hardship program. In 2022–23 the overall average debt on entry to a hardship program for residential gas customers decreased by 29% compared with 2021–22 to \$551 (Figure 3.22).

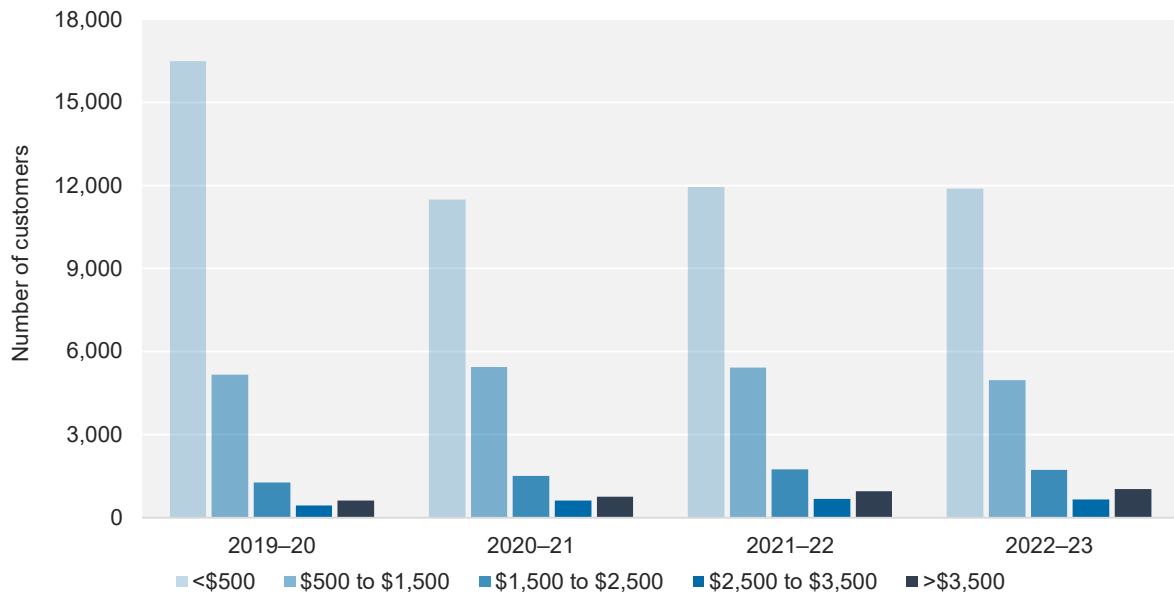
The average debt on entry to a hardship program for residential gas customers decreased across all 4 jurisdictions, by between 18.5% in the ACT and 50% in Queensland. The ACT continued to have the highest average debt on entry at \$1,084 in 2022–23, while Queensland had the lowest average debt at \$320 in 2022–23.

The decreases in average debt on entry to hardship programs across both electricity and gas customers are consistent with comments made in section 3.3.1 about retailers being more proactive in identifying customers experiencing hardship and financial difficulties, and retailers encouraging greater customer engagement.

As mentioned in section 3.2, several retailers recommenced disconnection activities in 2022–23, which can drive customer engagement. It is important for retailers to find ways to engage with their customers without the threat of disconnection, which is a last resort under the National Energy Retail Law. Retailers should proactively identify customers who may be experiencing hardship and take appropriate measures to ensure customers can manage their hardship and financial difficulties without resorting to the threat of disconnection.

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Figure 3.18 Level of debt on entry to a hardship program – residential gas customers



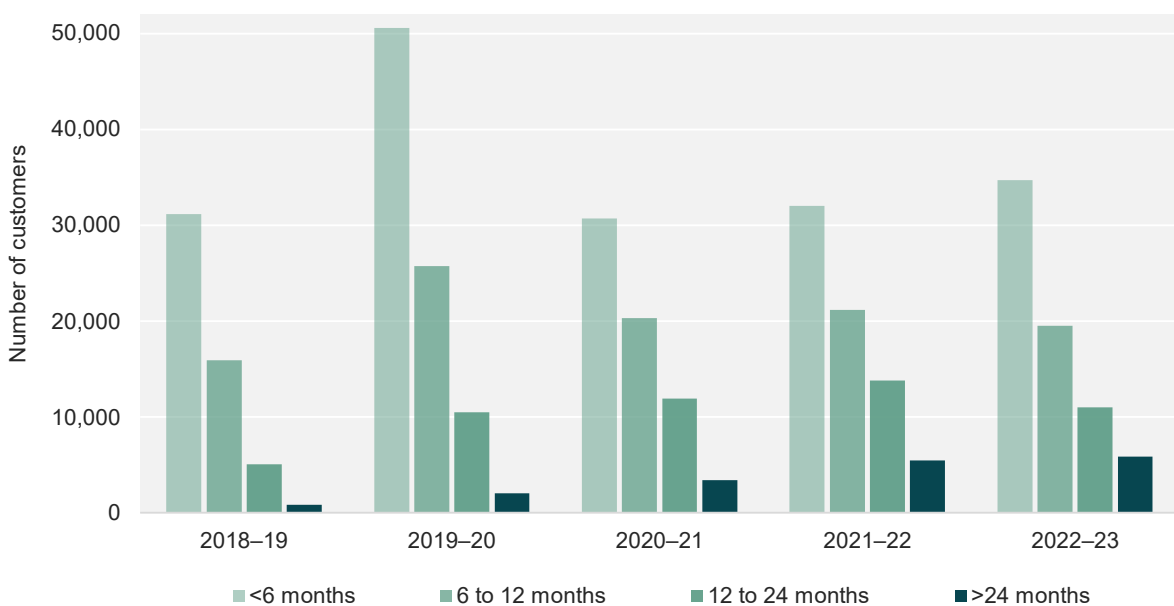
Note: Data for 2018–19 not available for this indicator. Data as at 30 June each year.
Source: AER, Schedule 4 – Quarter 4 2022–23 retail performance data.

3.3.4 Age of debt on entry to hardship programs has decreased

The age of a customer’s oldest debt on entry to a hardship program, for both residential electricity and gas customers, has decreased compared with 2021–22. This is an indication of early intervention by retailers or more active engagement by customers facing payment difficulties, which means customers are being placed onto hardship programs earlier.

The proportion of residential electricity customers entering hardship with a debt of less than 6 months has increased from 44% to 49% (Figure 3.19).

Figure 3.19 Age of debt on entry to a hardship program – residential electricity customers

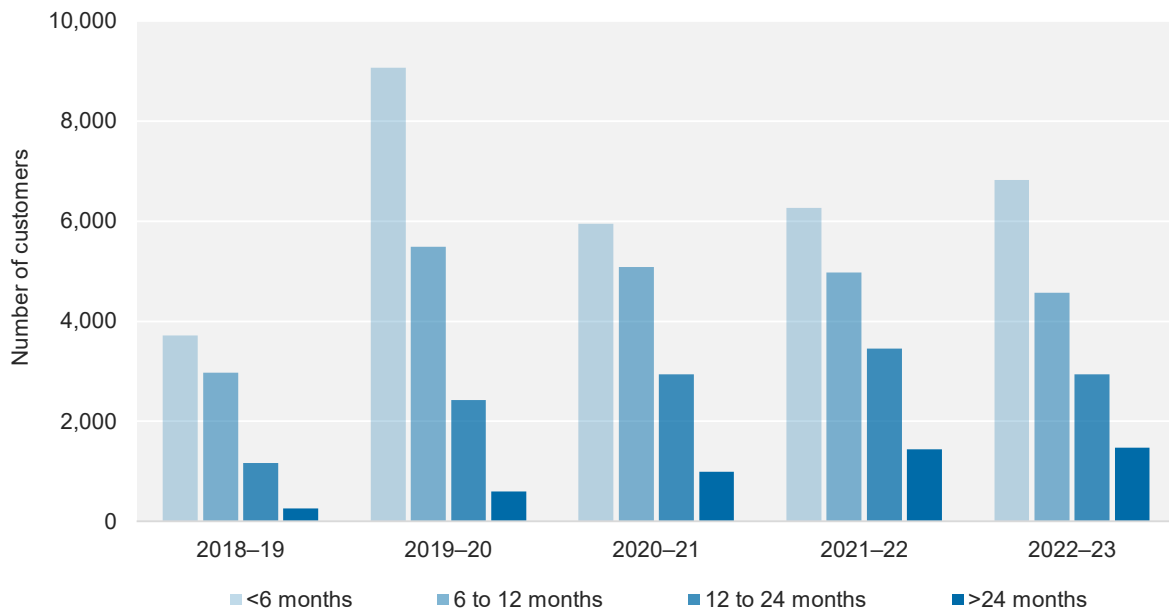


Note: Data as at 30 June each year.
Source: AER, Schedule 4 – Quarter 4 2022–23 retail performance data.

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Compared with 2021–22, the proportion of gas customers with a debt less than 6 months old on entry to a hardship program increased from 39% to 43%. Conversely, the proportion of debt greater than 24 months old remained flat (Figure 3.20).

Figure 3.20 Age of debt on entry to a hardship program – residential gas customers



Note: Data as at 30 June each year.

Source: AER, Schedule 4 – Quarter 4 2022–23 retail performance data.

3.3.5 Average debt for hardship customers has decreased

After consecutive increases in the overall average debt of hardship electricity customers over the previous 3 years, in 2022–23 the average debt decreased overall by 1% compared with 2021–22 (Figure 3.21).

The ACT, South Australia and Tasmania all saw a decrease in average hardship debt. Despite the decreases in South Australia and Tasmania, both states continue to have average hardship debts greater than the overall average of \$1,762.

NSW and Queensland both saw increases in the average debt of hardship customers (yet both with average debts lower than the overall average).

For electricity customers, the gap between average debt of hardship customers and average debt on entry into a hardship program increased significantly in 2022–23. This was due to a 29.5% decrease overall in the average debt on entry to a hardship program.

As previously discussed in section 3.3.2, we recognise that the average debt on entry into a hardship program has decreased, which indicates that customers in hardship or experiencing financial stress are identified earlier and with less debt.

However, we also recognise that customers on hardship programs are accumulating more debt while on a program (average debt only decreased 1% overall in 2022–23), not reducing their debt.

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Figure 3.21 Average hardship debt and average debt on entry to a hardship program by state/territory – electricity



Note: Data as at 30 June each year.

Source: AER, Schedule 4 – Quarter 4 2022–23 retail performance data.

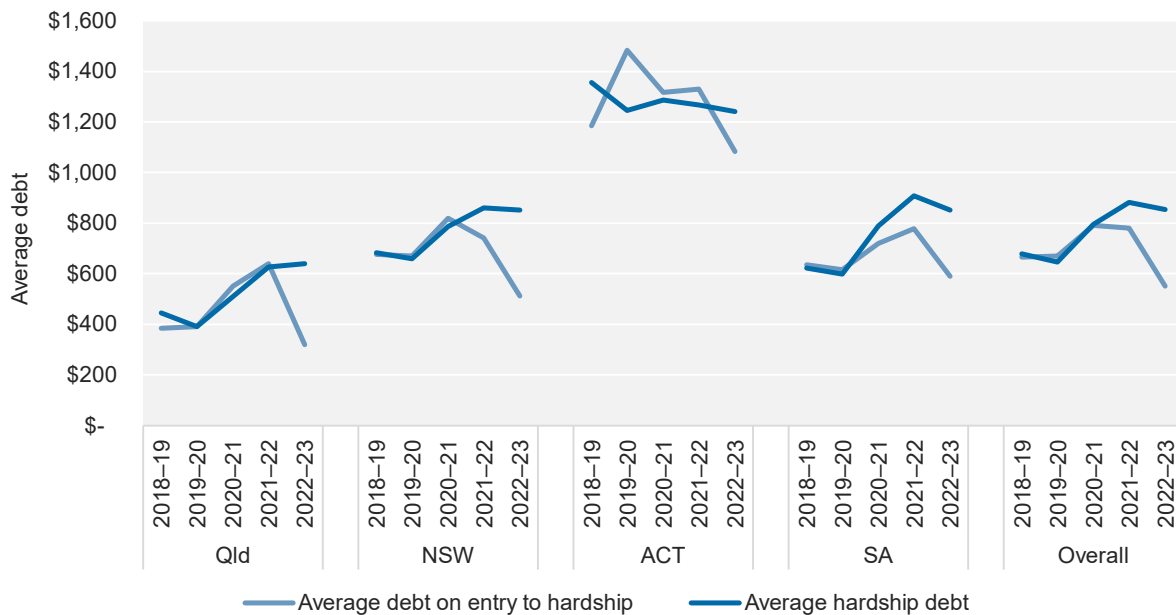
After 2 consecutive increases between 2019–20 and 2021–22, the average debt of gas customers on hardship programs decreased overall in 2022–23 (Figure 3.22).

Despite a 2% decrease compared with 2021–22, the ACT continues to have the highest average debt of gas hardship customers at \$1,241, which is \$387 higher than the overall average. Queensland was the only jurisdiction to have an increase in average hardship debt compared with 2021–22, but despite this continues to be well below the overall average – \$639 compared with \$854.

Like for electricity hardship customers, the gap between the overall average hardship debt and the average debt on entry to a hardship program widened over the past 12 months.

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Figure 3.22 Average hardship debt and average debt on entry to a hardship program by state/territory – gas



Note: Data as at 30 June each year.

Source: AER, Schedule 4 – Quarter 4 2022–23 retail performance data.

3.3.6 Less hardship customers meeting usage costs

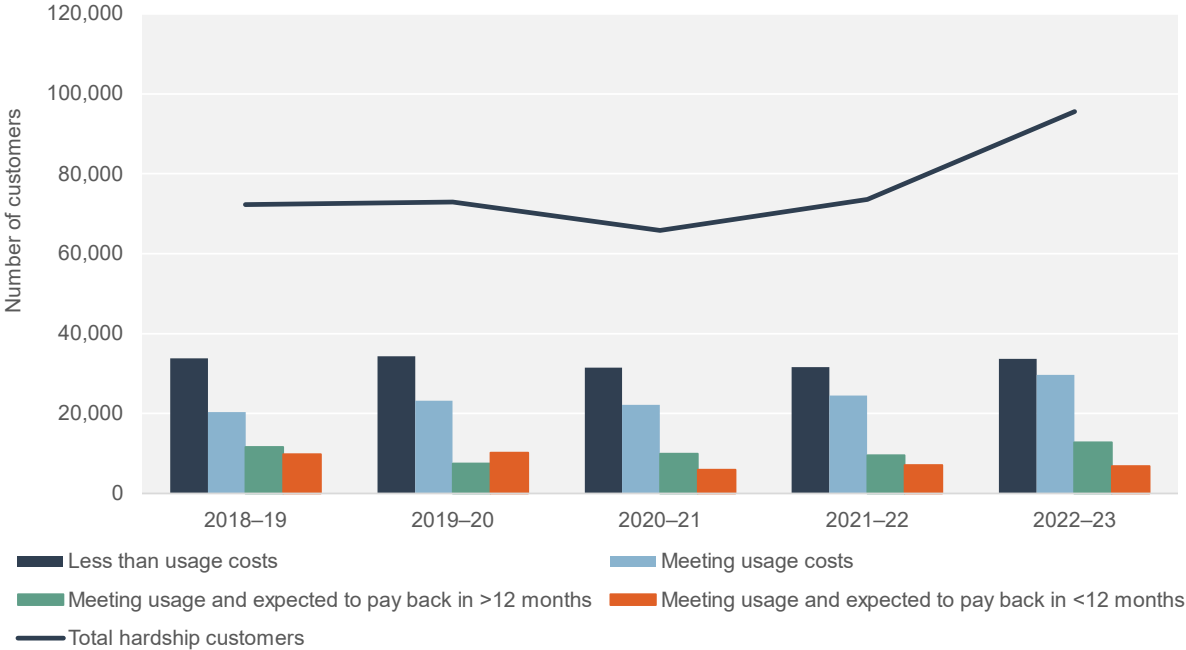
The proportion of electricity hardship customers with a repayment plan that is less than usage costs has decreased in 2022–23 from 43% to 35% (Figure 3.23).

The proportion of electricity hardship customers with repayment plans that are meeting usage costs also decreased in 2022–23 from 33% to 31%. Of the customers with repayment plans that are meeting usage costs, 43% are expected to pay back arrears in more than 12 months and 23% are expected to pay back arrears in less than 12 months. There has been an increase in the proportion of customers who are expected to pay back arrears in greater than 12 months and a decrease in the proportion expected to pay back arrears in less than 12 months when compared with 2021–22. This change reflects that the gap between average hardship debt and average debt on entry to a hardship program has widened – therefore, customers are still accruing debt while on hardship programs so are expected to take longer to clear their arrears.

Since 2021–22, the gap between the number of customers with repayment plans and the total number of hardship customers has increased. It is our understanding that this gap includes customers with no active repayment plan due to either being a new customer and not having agreed yet to a repayment plan or due to some retailers, like Origin Energy, currently not exiting customers from their hardship programs.

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Figure 3.23 Hardship customers repayment plan types – electricity



Note: Data as at 30 June each year.

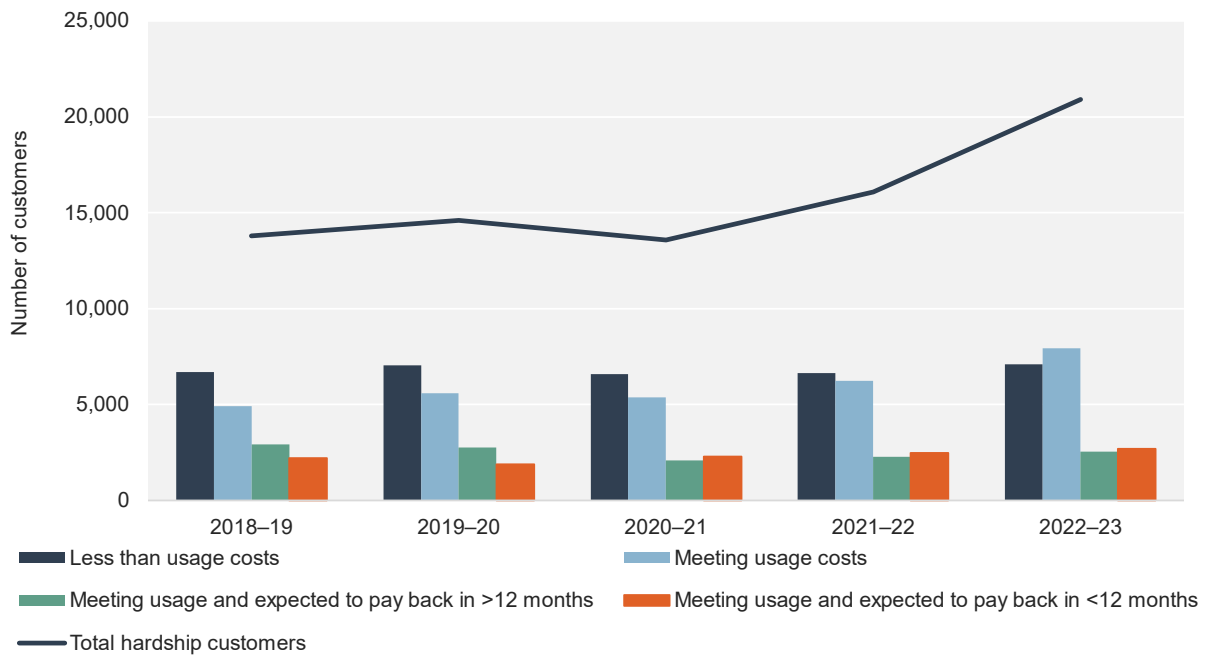
Source: AER, Schedule 4 – Quarter 4 2022-23 retail performance data.

The proportion of gas hardship customers with repayment plans that are less than usage costs decreased in 2022-23 from 41% to 34% (Figure 3.24). Similar to electricity, this is the second consecutive decrease in this proportion after being stable for the previous 3 years.

The proportion of gas hardship customers with repayment plans that are meeting usage costs remained at a similar level to that of the last 5 years at 38%. Of the hardship customers meeting usage costs, 32% are expected to clear arrears in greater than 12 months and 34% in less than 12 months. Both these proportions have decreased compared with 2021-22.

3 Payment difficulties and hardship

Figure 3.24 Hardship customers repayment plan types – gas



Note: Data as at 30 June each year.

Source: AER, Schedule 4 – Quarter 4 2022–23 retail performance data.

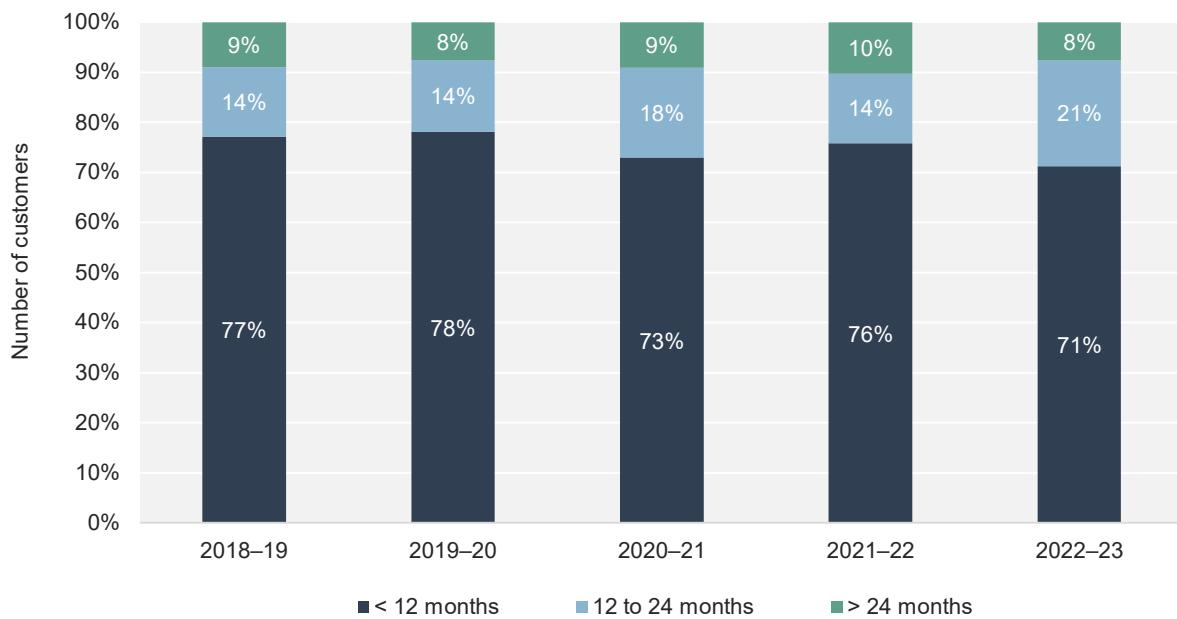
3.3.7 Length of hardship programs increasing

Over 70% of electricity and gas hardship customers have only been on a hardship program for less than 12 months (Figure 3.25 and Figure 3.26). However, this proportion has decreased for both electricity and gas hardship customers when compared with 2021–22, and their respective proportions are now at their lowest points in the past 5 years.

The proportion of customers on hardship programs for greater than 24 months also decreased for both electricity and gas hardship customers. The proportion of customers on a hardship program for between 12 and 24 months increased in 2022–23 from 14% to 21% for electricity customers and from 12% to 22% for gas customers.

3 Payment difficulties and hardship

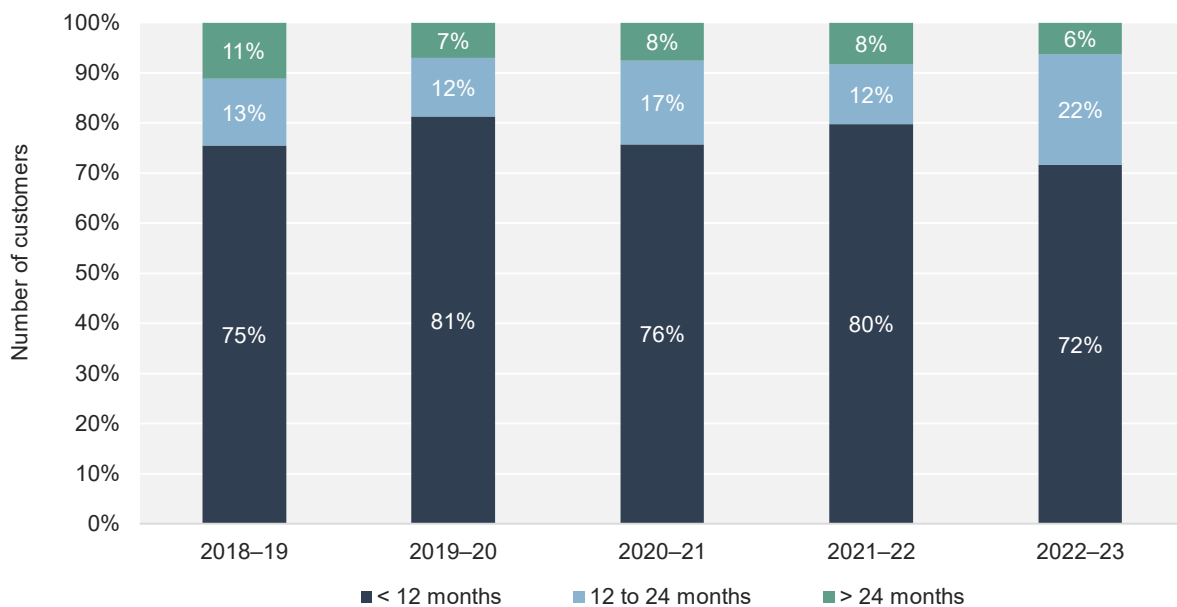
Figure 3.25 Length of hardship program – electricity



Note: Data as at 30 June each year.

Source: AER, Schedule 4 – Quarter 4 2022-23 retail performance data.

Figure 3.26 Length of hardship program – gas



Note: Data as at 30 June each year.

Source: AER, Schedule 4 – Quarter 4 2022-23 retail performance data.

3 Payment difficulties and hardship

3.3.8 More electricity hardship customers receiving concessions than gas

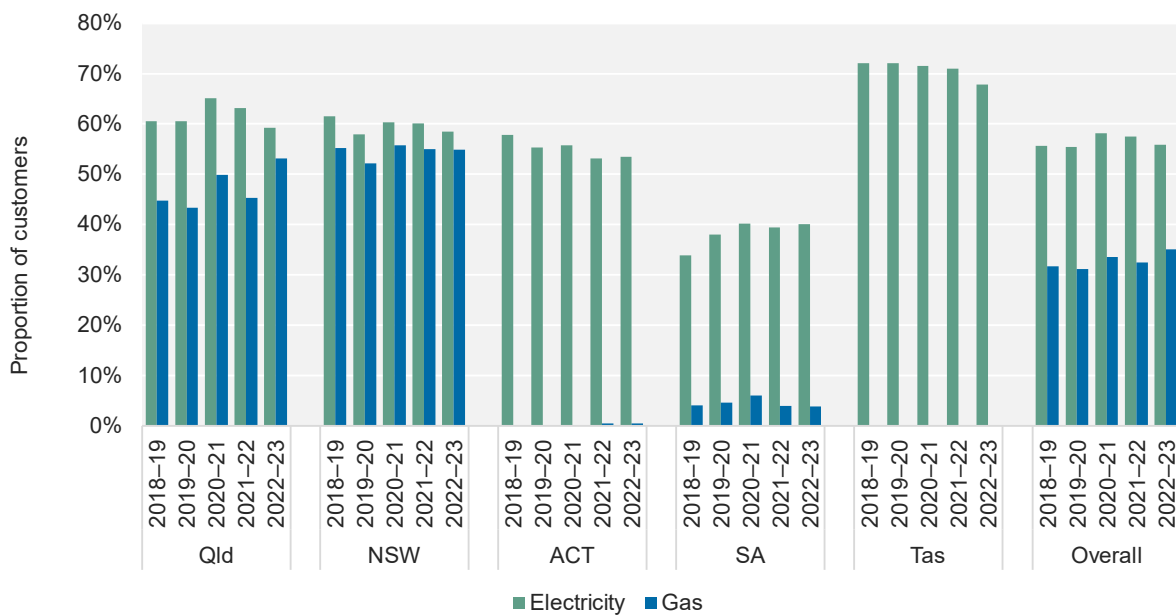
Overall, the proportion of electricity hardship customers eligible to receive an energy concession has decreased in 2022–23. The proportion of gas hardship customers eligible to receive concessions over the same period increased and is now at its highest level in the last 5 years (Figure 3.27).

The proportion of electricity hardship customers receiving concessions in Queensland, NSW and Tasmania all decreased, while the proportion of customers in South Australia and the ACT receiving concessions both increased.

Tasmania continues to have the highest proportion of electricity hardship customers eligible to receive concessions at 67.9%, while South Australia has the lowest proportion at 40.1%.

The proportion of gas hardship customers receiving concessions in Queensland significantly increased in 2022–23 from 45.3% to 53.1%, while NSW, the ACT and South Australia all saw marginal decreases. In South Australia and the ACT, a single energy concession covers both electricity and gas and is typically credited to a customer’s electricity account. We do not collect gas data for Tasmania, so concessions only include electricity customers.

Figure 3.27 Proportion of hardship customers receiving energy concessions



Note: Data as at 30 June each year.

Source: AER, Schedule 4 – Quarter 4 2022–23 retail performance data.

3 Payment difficulties and hardship



ASSISTANCE OFFERED TO HARDSHIP CUSTOMERS

The National Energy Retail Law sets the minimum assistance retailers must offer in their hardship program, including:

- processes to identify residential customers experiencing payment difficulties due to hardship
- processes for early response to assist hardship customers
- flexible payment options, such as Centrepay
- processes to identify government concession programs and financial counselling services, and to notify hardship customers of these
- an outline of the programs the retailer may use to assist hardship customers
- processes to review the appropriateness of a hardship customer's contract
- processes to assist customers with strategies to improve their energy efficiency.

Retailers may also provide assistance beyond the minimum legal requirements.

Table 3.2 shows the most common types of assistance that retailers offer their hardship customers and the proportion of hardship customers receiving each type.

Table 3.2 Hardship customers receiving assistance

Type of assistance	Electricity			Gas		
	2020–21	2021–22	2022–23	2020–21	2021–22	2022–23
Incentive payments or discounts	34.6%	43.4%	47.4%	39.8%	64.8%	56.6%
Transferred to a different retail market contract	12.4%	24.7%	18.1%	11.2%	27.7%	8.6%
Debt reductions	5.7%	6.0%	4.0%	7.7%	6.0%	2.7%
Rebate that they were not otherwise receiving	10.1%	7.9%	6.8%	14.1%	10.5%	8.6%
Transferral from a standard retail contract to a market retail contract	0.7%	0.5%	0.3%	0.7%	0.7%	0.3%
Concession that they were not otherwise receiving	3.6%	3.3%	2.9%	2.1%	1.6%	1.8%
Reimbursement/credit of lost pay on time discount	0.4%	0.4%	0.8%	0.6%	0.1%	0.4%

3 Payment difficulties and hardship

Type of assistance	Electricity			Gas		
	2020–21	2021–22	2022–23	2020–21	2021–22	2022–23
Onsite energy audits completed by the retailer	0.8%	0.3%	0.4%	0.1%	0.0%	0.1%
Reimbursement/credit of late payment fees	0.3%	0.2%	0.2%	0.4%	0.4%	0.0%
New appliances through appliance replacement programs	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%

Note: Data as at 30 June each year.

Source: AER, Schedule 4 – Quarter 4 2022–23 retail performance data, Sheet: 'Hardship Assist - Elec'; Schedule 4 – Quarter 4 2022–23 retail performance data, Sheet: 'Hardship Assist - Gas'.

3.3.9 Hardship customers exiting programs has decreased

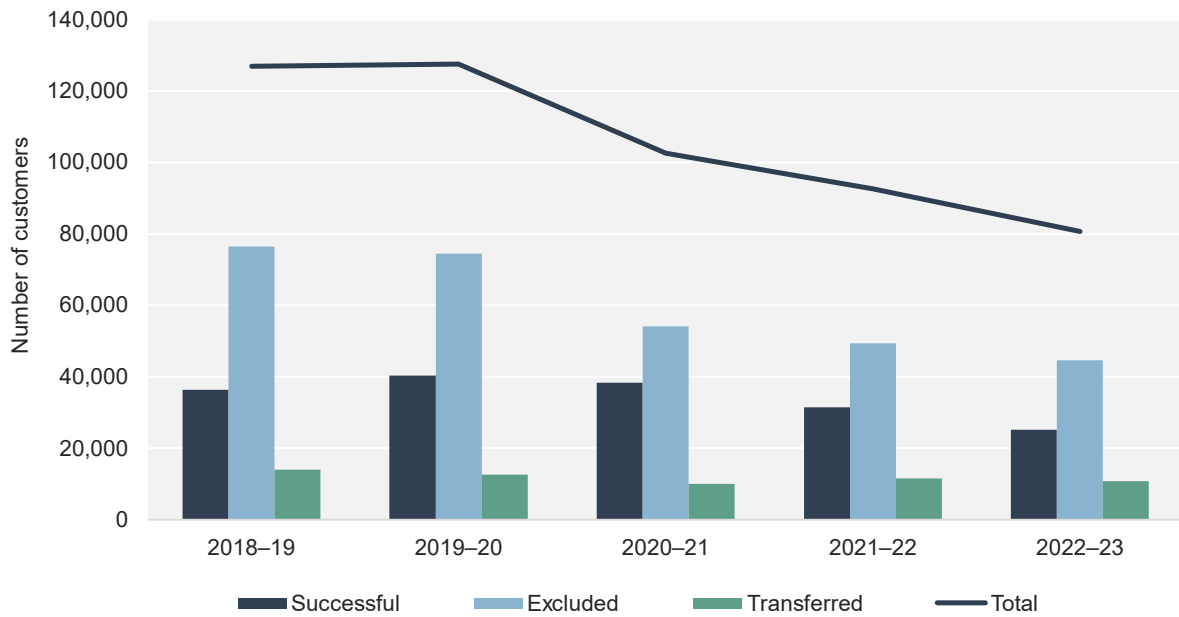
A successful exit of a hardship program is defined as occurring when a residential customer completes a hardship program, or they exit with the agreement of the retailer and return to the normal billing and collection cycle. This includes occurrences where a customer agrees to a new payment plan or flexible payment arrangement.

However, not all customers successfully exit hardship programs. Customers may be excluded for non-compliance if they do not adhere to the terms of the hardship program – for example, if they do not make the agreed payments. Customers may also exit hardship programs if they leave their retailer – for example, if they switch to another retailer.

The number of electricity hardship customers exiting hardship programs has been decreasing each year since 2019–20 (Figure 3.28). The primary reason for exiting hardship was due to being excluded, with the proportion of hardship customers exiting due to exclusion increasing from 53% in 2020–21 to 55% in 2022–23. The proportion of hardship customers exiting due to transfer remained at 13% over the past 12 months, while the proportion of customers who successfully completed the program decreased from 34% to 31%.

3 Payment difficulties and hardship

Figure 3.28 Customers exiting hardship programs – electricity

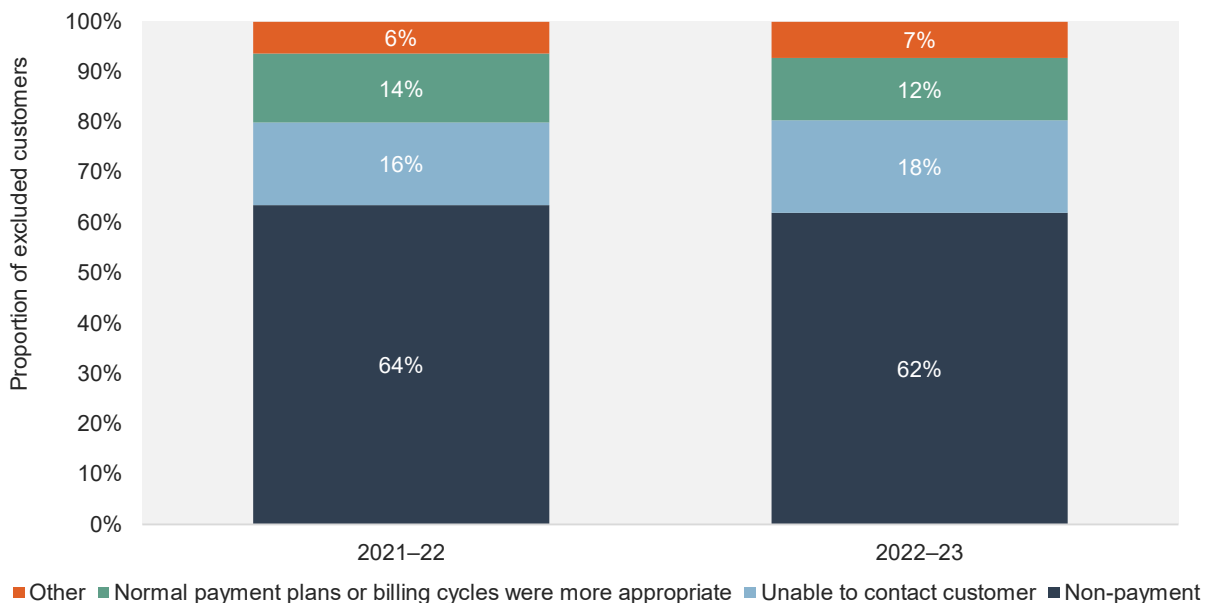


Note: Data as at 30 June each year.

Source: AER, Schedule 4 – Quarter 4 2022-23 retail performance data.

Retailers are required to submit data about customers who were excluded from accessing a hardship program. In addition to customers who were removed from a hardship program for any reason other than successfully completing the hardship program, this data also includes customers who were not accepted onto a hardship program. For electricity customers, the primary reason for exclusion from accessing a hardship program in 2022-23 was due to non-payment at 62%, followed by a retailer being unable to contact the customer at 18% and a normal payment plan or billing cycle being more appropriate at 12% (Figure 3.29).

Figure 3.29 Customers excluded from hardship programs – electricity



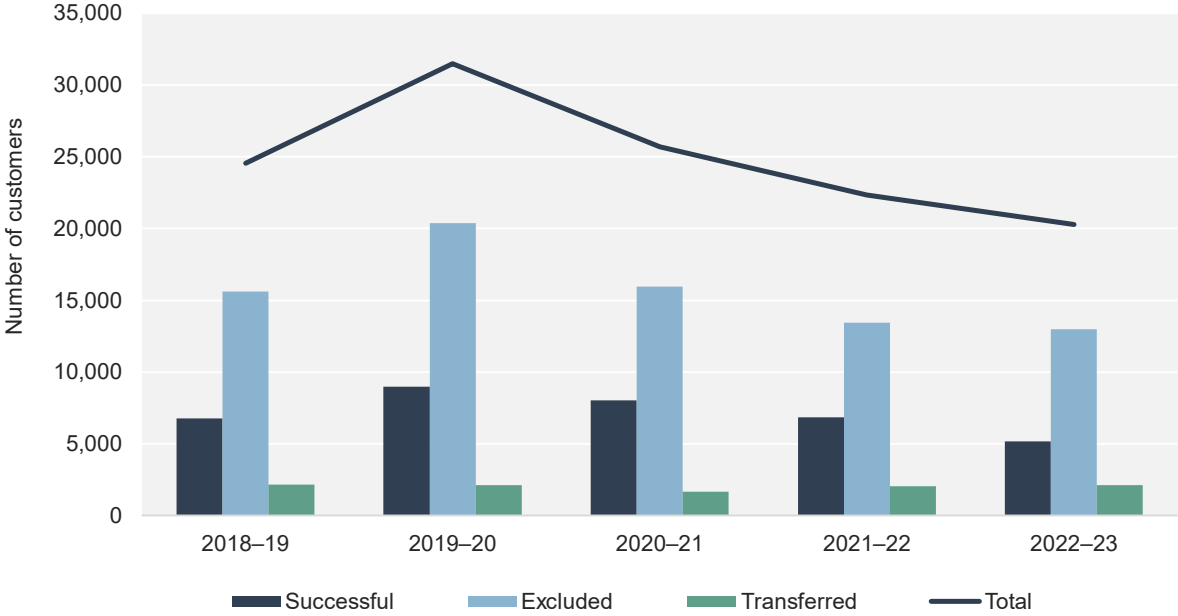
Note: Data as at 30 June each year.

Source: AER, Schedule 4 – Quarter 4 2022-23 retail performance data.

3 Payment difficulties and hardship

The number of gas hardship customers exiting hardship programs has been decreasing each year since 2019–20 (Figure 3.30). The primary reason for exiting hardship programs was due to being excluded, with this proportion of customers increasing in 2022–23 from 60% to 64%. The proportion of customers exiting due to transfer also increased in 2022–23 from 9% to 11%. The proportion of customers who successfully completed hardship programs in 2022–23 decreased from 31% to 25%.

Figure 3.30 Customers exiting hardship programs – gas

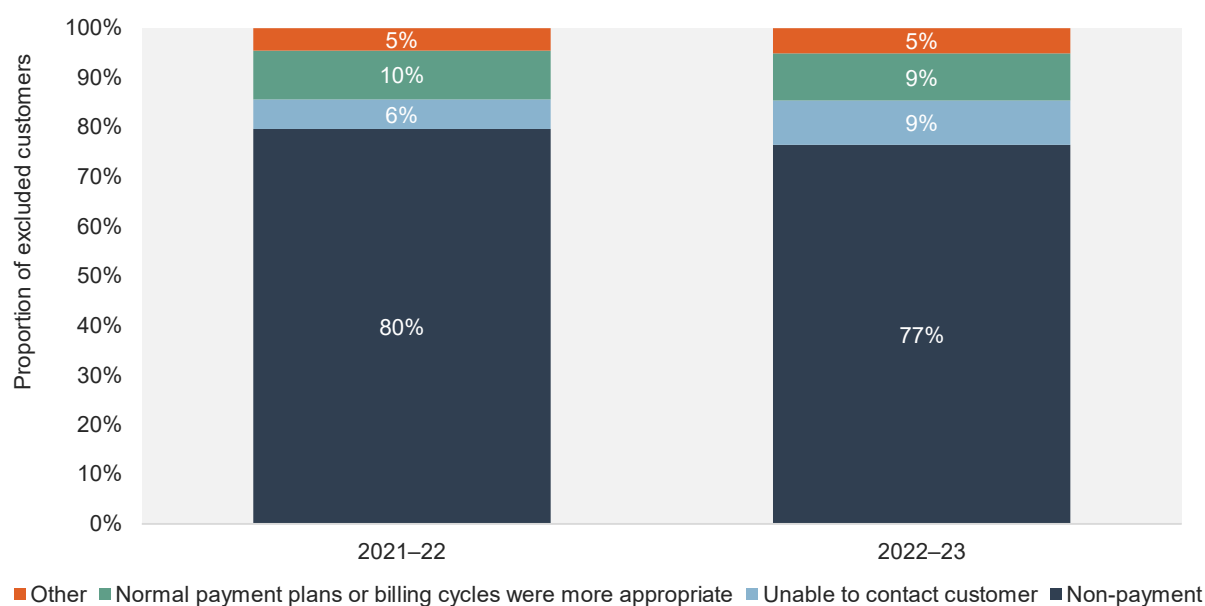


Note: Data as at 30 June each year.
 Source: AER, Schedule 4 – Quarter 4 2022–23 retail performance data.

The primary reason for gas customers being excluded from accessing a hardship program was due to non-payment, with this proportion of customers decreasing in 2022–23 from 80% to 77% (Figure 3.31). Conversely, the proportion of customers unable to be contacted by their retailer increased in 2022–23 from 6% to 9%.

3 Payment difficulties and hardship

Figure 3.31 Customers excluded from hardship programs – gas



Note: Data as at 30 June each year.

Source: AER, Schedule 4 – Quarter 4 2022-23 retail performance data.

3.4 Concessions

The AER's [Performance Reporting Procedures and Guidelines](#) define energy concession customers as residential customers who are recorded by a retailer as being entitled to receive an energy concession, where the concession is administered or delivered by the retailer.

How concessions are applied, and the level of concessions received, varies across jurisdictions. Although income levels affect the proportion of customers receiving energy concessions, different eligibility criteria across jurisdictions are also likely to be reflected in the figures. Generally, customers must hold a valid government-issued concession card (for example, a Pensioner Concession Card) to be eligible to receive an energy concession.

While concession data informs us of the number of customers who are eligible to access additional financial support to help pay their energy bills, the data independently may not represent the full extent of customer payment difficulties and assistance received. To provide greater detail on customers receiving a concession, we also collect the number of hardship customers who were entitled to receive a concession (section 3.3.8) and customers who were entitled to receive a concession and were disconnected (section 3.5.4).

There are other forms of financial support offered by governments not included in this analysis, such as funding applied to all customers or one-off rebates (for example, Queensland's Cost of Living Rebate and Tasmania's Winter Bill Buster). In addition, this analysis is for the year ending 30 June 2023 so does not include more recent measures introduced, such as the Australian Government's Energy Bill Relief Fund.

The proportion of electricity and gas customers eligible to receive an energy concession varied across jurisdictions in 2022-23 (Figure 3.32). However, the proportion of both electricity and gas customers eligible to receive an energy concession slightly decreased in

3 Payment difficulties and hardship

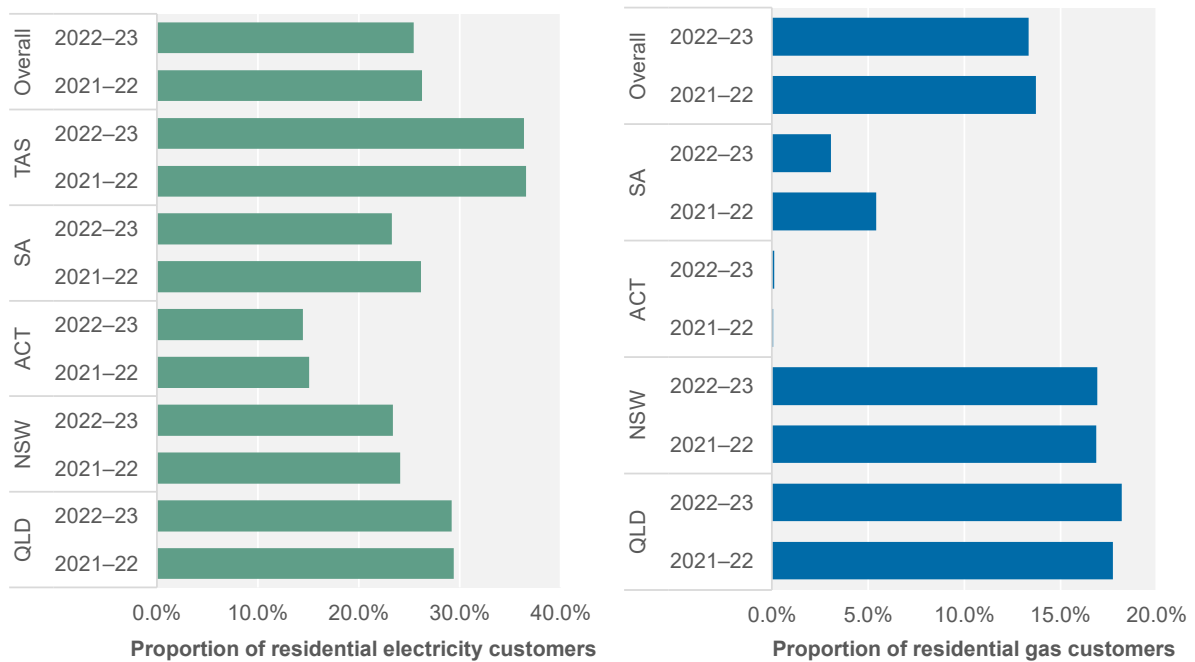
all jurisdictions (most noticeably in South Australia), despite declining levels of energy affordability observed in Chapter 2.

For electricity customers, the proportion of customers eligible to receive a concession overall decreased in 2022–23 from 26% to 25%. Tasmania and Queensland continued to have higher proportions of eligible electricity customers than other jurisdictions. This is consistent with findings in section 2.2.2 that Tasmania was the least affordable jurisdiction for both average-income and low-income households.

For gas customers, 13% of customers across all jurisdictions were eligible to receive a concession in 2022–23, with Queensland holding the highest proportion of eligible customers.

While not an explicit measure of retailer performance, this concession data highlights that despite the increase in customers with lived experience of payment difficulties, we observed a lower proportion of customers eligible to receive financial assistance through an energy concession in 2022–23.

Figure 3.32 Electricity and gas residential customers entitled to receive an energy concession by state/territory



Note: Data as at 30 June each year.

Source: AER, Schedule 3 – Quarter 4 2022–23 retail performance data

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3.5 Disconnections and reconnections

Retailers may disconnect customers who are unable to pay their energy bills as a last resort option. Payment assistance (payment plans and hardship programs) should be offered before a disconnection, which should only happen after the retailer has adhered to the strict processes set out in the National Energy Retail Rules.²²

3.5.1 Residential electricity disconnections decreased

Historically, the rate of disconnections reflected retailers' effectiveness in helping customers manage debt, while ensuring they continued to receive energy supply. It also indicated energy affordability, since non-payment and subsequent disconnection for non-payment was the likely outcome of a customer's inability to meet energy costs.

After an increase in disconnections in 2021–22, when retailers recommenced pre-COVID debt management practices, in 2022–23 disconnections decreased by 10.8% (from 29,219 to 26,601). This was due to retailers choosing to pause disconnections after the flood events in NSW and southern Queensland and a general move to place more customers onto a payment plan or hardship program. Government supports²³ and bill relief packages in place over the second half of 2022 in Queensland and Tasmania have likely been another factor that helped reduce disconnections in these states, considering that many customers at risk of disconnection were pushed below the disconnection threshold.

Most jurisdictions continued to see a decline in the proportion of disconnections, except NSW and the ACT, where the proportion of disconnections increased (Figure 3.33). This may be attributed to a return to normal retailer practices following the natural disaster led pauses earlier in the year.

South Australia's disconnection rate was the highest in 2022–23. Its historical high rate of disconnections continues to reaffirm our understanding that South Australia is one of the least affordable jurisdictions.

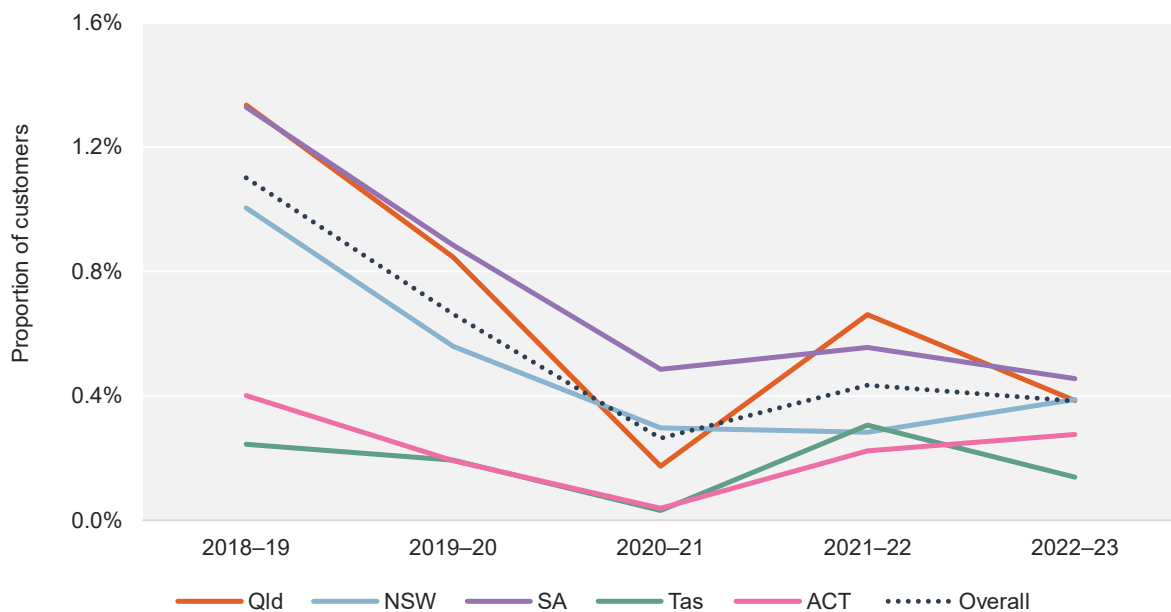
In 2022–23, Tasmania and the ACT continued to have the lowest proportion of customers disconnected (reaching pre-COVID-19 levels). The overall low rate may reflect a higher degree of retail market regulation in both these jurisdictions, as well as the ACT demonstrating better energy affordability.

²² National Energy Retail Rules, [Part 6 De-energisation \(or disconnection\) of premises—small customers](#).

²³ The Queensland Government's \$175 rebate from 1 August 2022 and the Tasmanian Government's \$180 Winter Bill Buster Package from 1 August 2022.

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Figure 3.33 Residential electricity disconnections by state/territory



Source: AER, Schedule 3 – Q4 2022–23 retail performance data.

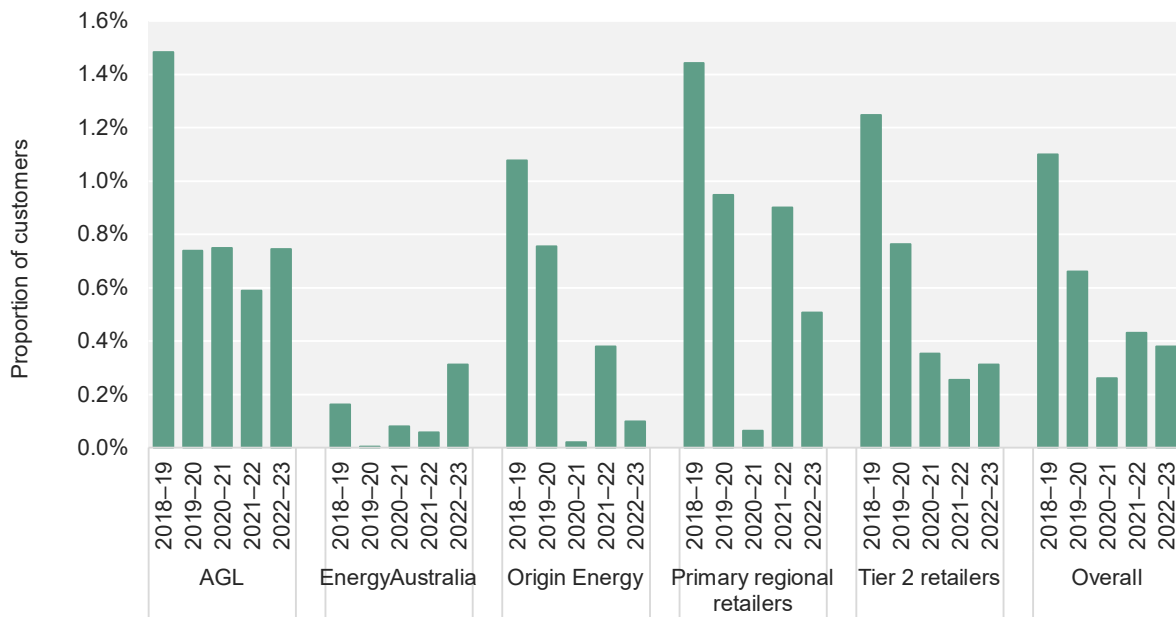
The national proportion of disconnections decreased in 2022–23, despite most retailer disconnections having increased, excluding primary regional retailers and Origin Energy (Figure 3.34).

Most retailer disconnections have remained below pre-COVID levels. Given the AER’s decision to archive the Statement of Expectations in 2021, it is encouraging to see that disconnection rates have not increased to those higher levels witnessed.

The proportion of primary regional retailer disconnections decreased in 2022–23 from 0.90% to 0.51%. This decrease was driven by Ergon Energy, with their annual proportion of customers disconnected decreasing from 1.33% to 0.74%. Similarly, Origin Energy disconnections decreased in 2022–23 from 0.38% to 0.10% due to a business decision to pause disconnections as they transitioned to a new billing software package. Origin Energy aimed to avoid new customers who were being transferred to the new billing system from being mistakenly disconnected.

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Figure 3.34 Residential electricity disconnections by retailer



Source: AER, Schedule 3 – Q4 2022–23 retail performance data; Schedule 2 – Q4 2022–23 retail performance data.

3.5.2 Residential electricity reconnections within 7 days decreased

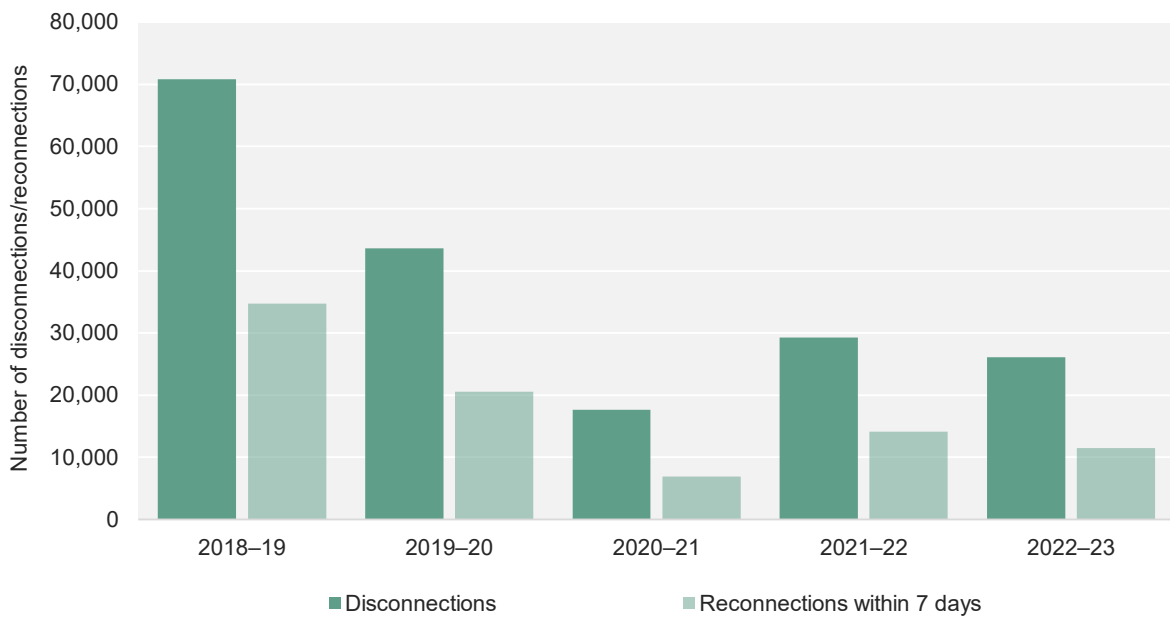
Disconnected customers may be reconnected. The AER collects data on the number of customers reconnected by the same retailer and at the same address within 7 days of disconnection.

Historically, less than half of disconnected customers have been reconnected. In 2022–23 this proportion of customers was down from 48% to 44% (Figure 3.35).

Timely reconnection ensures that customers are not without energy for long periods of time.

3 Payment difficulties and hardship

Figure 3.35 Residential electricity disconnections and reconnections

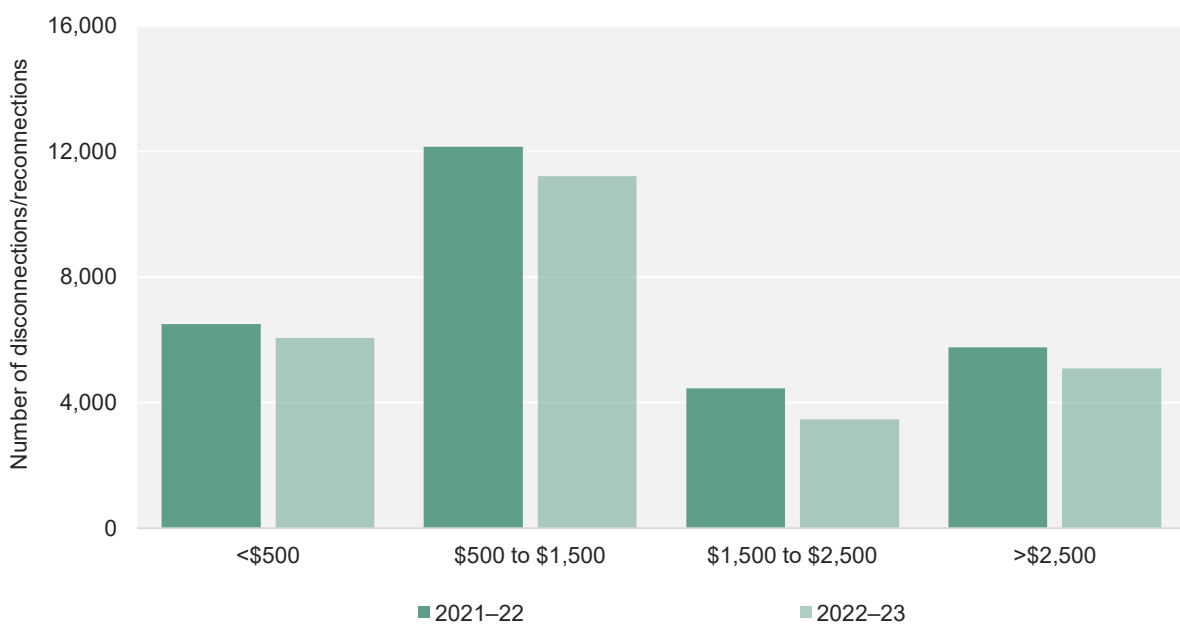


Source: AER, Schedule 3 – Q4 2022-23 retail performance data.

3.5.3 Debt levels for disconnected residential electricity customers decreased

In line with the overall decrease in the number of residential electricity customers disconnected in 2022-23, the number of customers with debt at the time of disconnection has also decreased by a similar percentage. In 2022-23, only 0.9% of customers disconnected were reported as 'not having a debt at the time of disconnection'. During 2022-23, all debt levels of those customers with debt at the time of disconnection had a similar proportion to 2021-22 (Figure 3.36).

Figure 3.36 Residential electricity customers' debt at disconnection



Source: AER, Schedule 3 – Q4 2022-23 retail performance data.

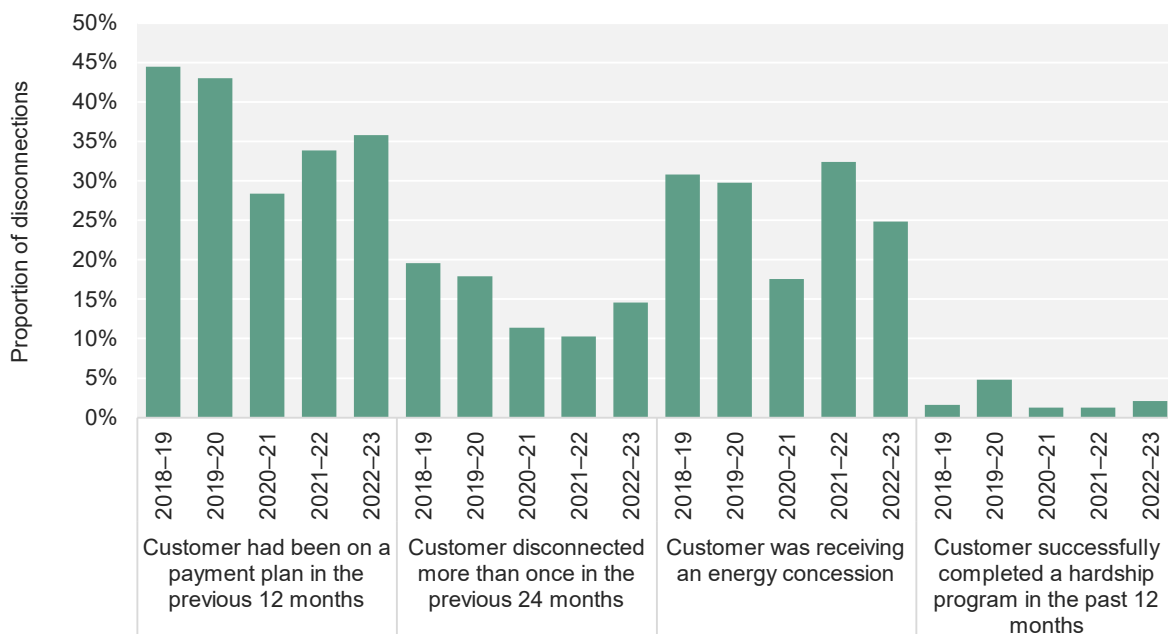
3 Payment difficulties and hardship

3.5.4 Customer profiles for disconnected electricity customers remain steady

The cost-of-living impacts in 2022–23 may be reflected in customer profiles at electricity disconnection. In 2022–23, there has been increased rates of disconnection for customers on a payment plan in the previous 12 months, customers disconnected more than once in the past 24 months and customers who successfully completed a hardship program in the past 12 months (Figure 3.37).

The proportion of customers disconnected while eligible to receive an energy concession decreased in 2022–23 from 32% to 25%. This may be due to an increase in engagement with forms of payment assistance and retailers better supporting this category of customers before they get to a disconnection outcome.

Figure 3.37 Residential electricity disconnection by customer profile



Source: AER, Schedule 3 – Q4 2022–23 retail performance data.

3.5.5 Residential gas disconnections decreased

Gas disconnections and reconnection trends historically are similar to those for electricity.

Like the disconnection rates in residential electricity, residential gas disconnections across most jurisdictions decreased in 2022–23 by 4.8%, with a total of 6,705 customers disconnected (Figure 3.38).

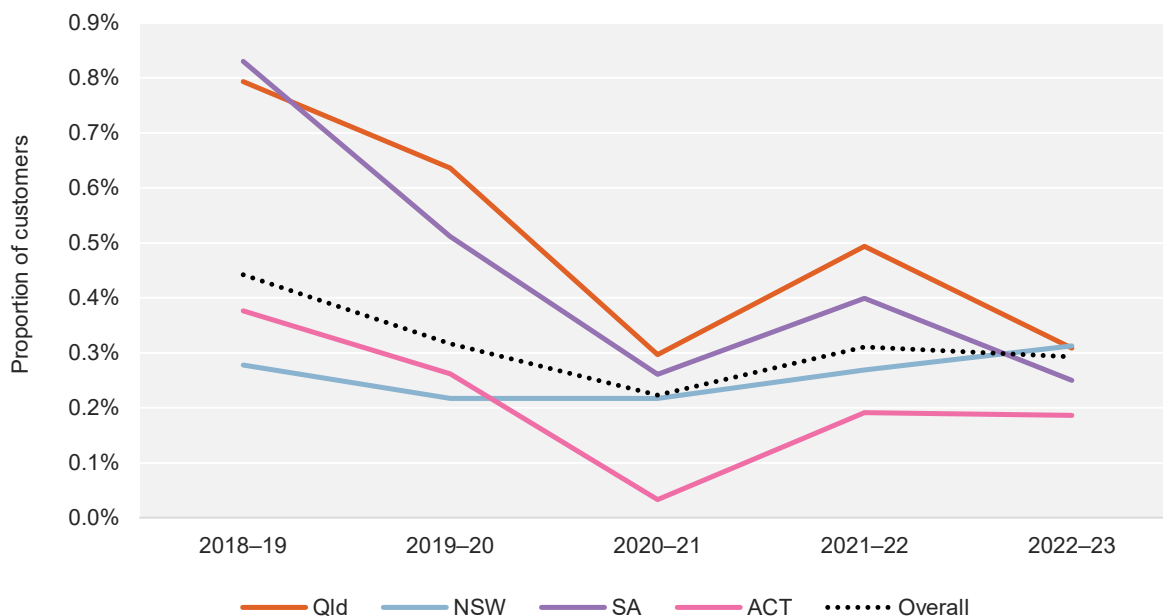
However, NSW had an increase in 2022–23 from 0.27% to 0.31% (703 customers disconnected). This was driven by AGL and EnergyAustralia, and offset by a slight decline in Origin Energy disconnections. Similar to residential electricity customers, this may be the result of a return to normal practices following the natural disaster led pauses earlier in the year.

The proportion of gas customer disconnections in Queensland and South Australia decreased by 0.31 percentage points and 0.25 percentage points, respectively. This reflects

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the lower energy affordability in South Australia and that gas is mostly a secondary fuel source in both these jurisdictions.

Figure 3.38 Residential gas disconnections by state/territory



Source: AER, Schedule 3 – Q4 2022–23 retail performance data.

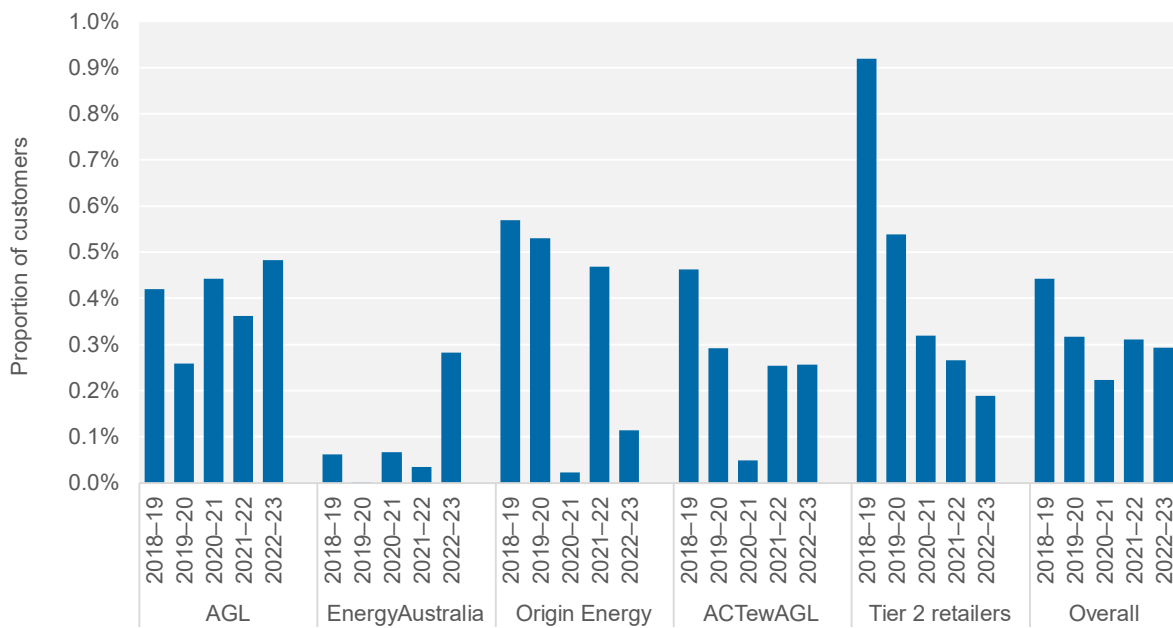
Overall, residential gas disconnections declined (Figure 3.39). This was mainly driven by the actions of Origin Energy and Tier 2 retailers. The big drop in disconnections by Origin Energy (similar to residential electricity disconnections) is due to the business decision to pause disconnections last year.

In contrast, AGL and EnergyAustralia had a material increase in the number of disconnections, which could be due to a resumption of disconnection practices in NSW. Their national proportion of disconnections were 0.28 percentage points and 0.48 percentage points, respectively, while ActewAGL remained similar to 2021–22.

The percentage of residential gas disconnections remained lower than electricity disconnections because electricity is considered the primary energy source for customers.

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Figure 3.39 Residential gas disconnections by retailer



Note: In Tasmania, residential gas retailers (Aurora Energy and Tas Gas) are licensed by the Office of the Tasmanian Economic Regulator (OTTER), rather than being authorised by the AER, and Queensland’s primary regional retailer Ergon Energy does not sell reticulated gas. As a result, ActewAGL is the only primary regional retailer that is required to provide data on retail gas customers to the AER.

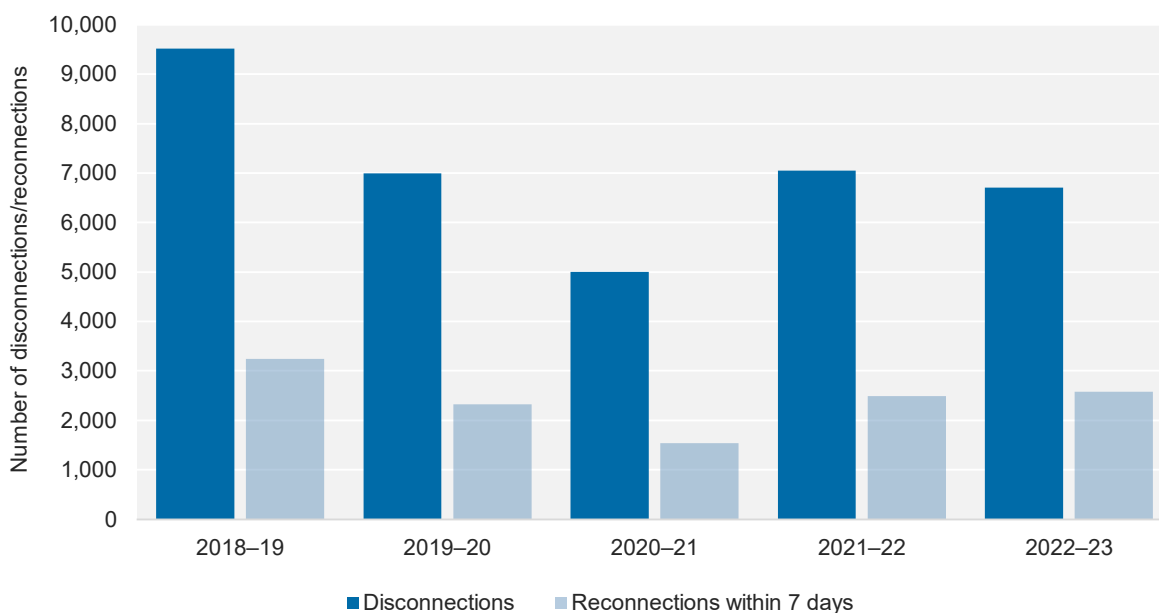
Source: AER, Schedule 3 – Q4 2022–23 retail performance data; Schedule 2 – Q4 2022–23 retail performance data.

3.5.6 Residential gas reconnections within 7 days slightly increased

Historically, approximately half of residential electricity customers are reconnected within 7 days. However, only one-third of residential gas customers are reconnected within the same period. This ratio for residential gas customers was maintained until 2022–23, when the rate increased from 35.3% to 38.5% despite a reduced number of disconnections (Figure 3.40).

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Figure 3.40 Residential gas disconnections and reconnections



Source: AER, Schedule 3 – Q4 2022-23 retail performance data.

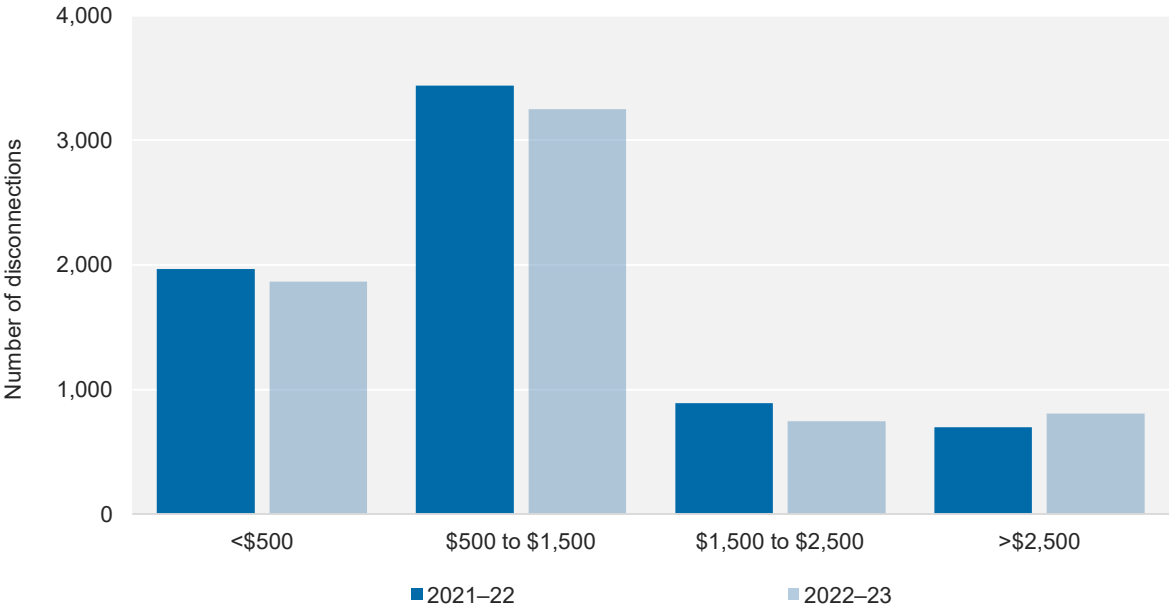
3.5.7 Most debt levels for disconnected residential gas customers have decreased

In line with the overall decrease in the number of residential gas customers disconnected in 2022-23, customers with debt at the time of disconnection also decreased by a similar percentage (Figure 3.41). Like residential electricity customers, this decrease is likely linked to concessions or rebates being applied at the time of disconnection, as well as increased customer/retailer engagement to place customers onto a payment plan or hardship program earlier, before being in a position of disconnection.

However, the number of customers disconnected with debt greater than \$2,500 increased by 16% in 2022-23. This increase appears to be linked to the overall increases in gas disconnections in NSW discussed at the beginning of this section.

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Figure 3.41 Residential gas customers' debt at disconnection



Source: AER, Schedule 3 – Q4 2022-23 retail performance data’.

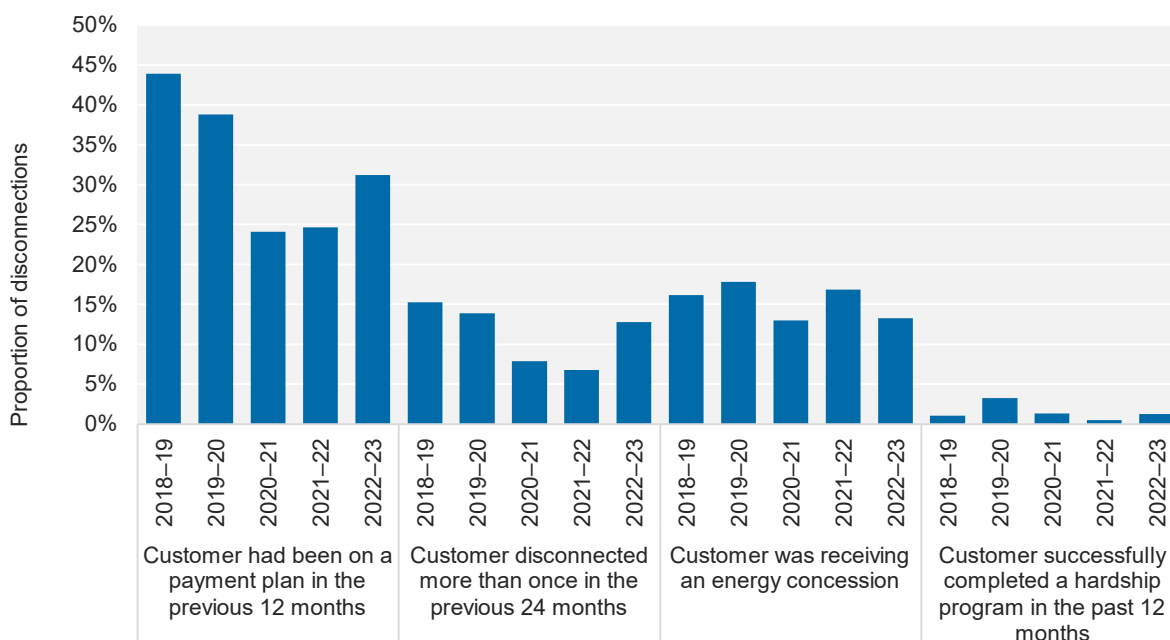
3.5.8 Customer profiles for disconnected gas customers changed slightly

Similar to electricity, gas customer profiles at disconnection may reflect the cost-of-living impacts in 2022-23. In 2022-23 there was an increase in customers placed on a payment plan, an increase in customers disconnected more than once and an increase in customers successfully completing a hardship program (Figure 3.42).

The proportion of customers disconnected while receiving an energy concession dropped to 13% from 17% in 2021-22.

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Figure 3.42 Residential gas disconnection by customer profile



Source: AER, Schedule 3 – Q4 2022–23 retail performance data.

We continue to encourage all retailers to improve their engagement with residential electricity and gas customers to avoid disconnection. This could include innovating their engagement approaches to achieve more positive outcomes with customers or using the AER’s [Sustainable Payment Plan Framework](#),²⁴ which includes retailer guidance on how to engage with residential customers when tailoring payment plans.

3.5.9 Small business disconnections increased for electricity customers

In 2022–23 the proportion of small business electricity customers disconnected increased slightly compared with the previous year. While Queensland and South Australia had a decline in the proportion of small business electricity customers disconnected, NSW, the ACT and Tasmania had increases. This brought the national average up to 0.34% from 0.31% in 2021–22 (Figure 3.43).

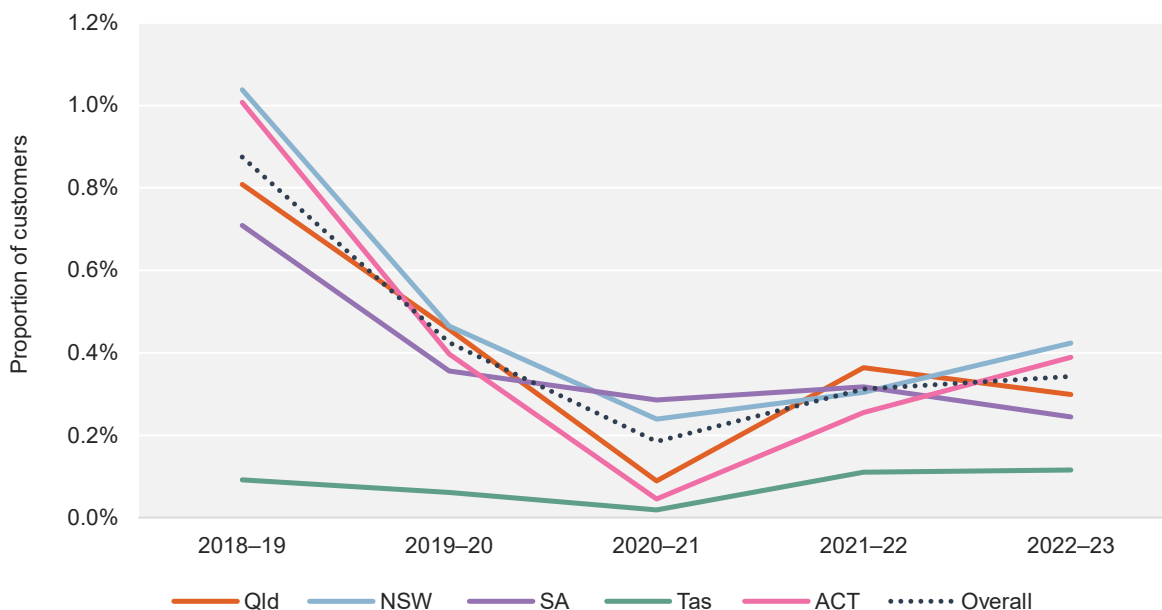
The proportion of South Australian small business electricity customers disconnected has fallen below Queensland, NSW and the ACT. NSW now has the highest proportion of small business electricity disconnections across the jurisdictions, at 0.42% of customers.

The proportion of small business electricity disconnections in Tasmania continued to be the lowest despite a marginal increase compared with 2021–22.

²⁴ See more information on the [Sustainable Payment Plan Framework](#).

3 Payment difficulties and hardship

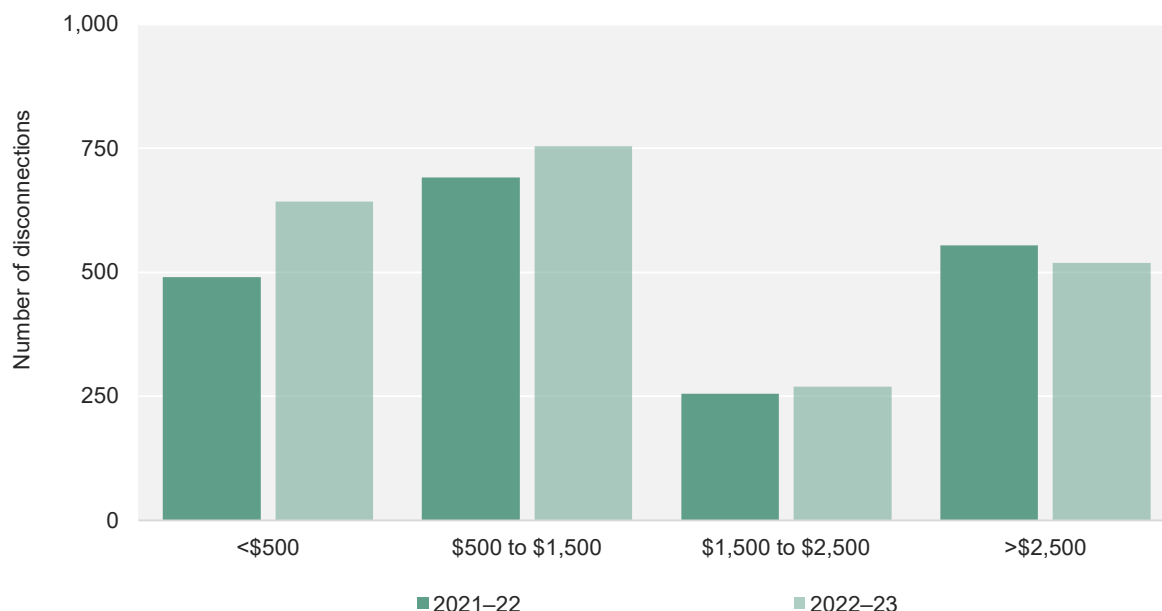
Figure 3.43 Small business electricity disconnections by state/territory



Source: AER, Schedule 3 – Q4 2022–23 retail performance data.

The number of small business electricity customers with debt increased by 10% in 2022–23 to 2,186 customers (Figure 3.44). This was likely driven by the number of small business electricity customers with less than \$2,500 debt, which in aggregate increased from 1,436 to 1,667 customers, up 16%. Those customers with more than \$2,500 debt decreased by 6%.

Figure 3.44 Small business electricity customers' debt at disconnection



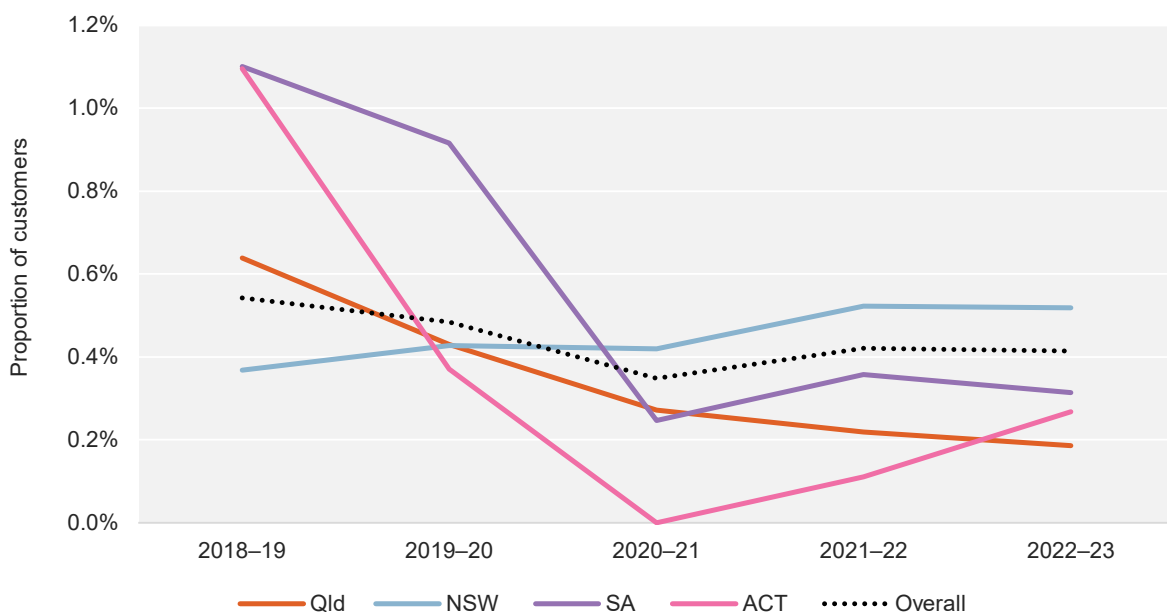
Source: AER, Schedule 3 – Q4 2022–23 retail performance data.

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3.5.10 Small business disconnections slightly decreased for gas customers

Small business gas disconnections have generally decreased, excluding in the ACT where it increased to 0.27% from 0.11% in the previous year (Figure 3.45). Small business gas is a very small market segment, with only 332 disconnections in 2022–23. This was a marginal decline from 357 in 2021–22.

Figure 3.45 Small business gas disconnections by state/territory



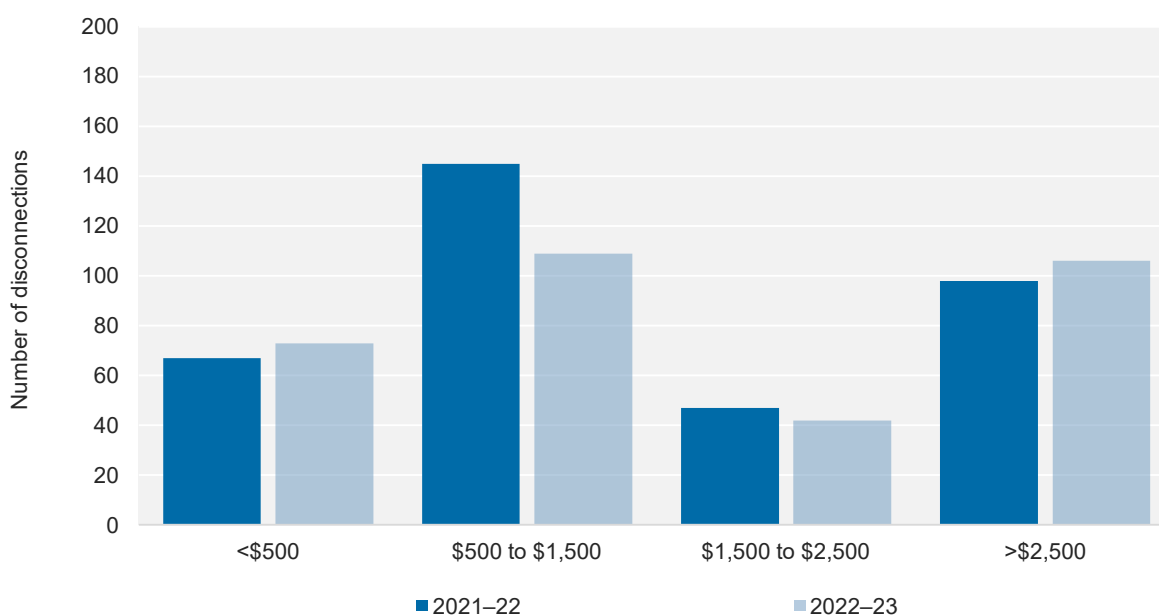
Source: AER, Schedule 3 – Q4 2022–23 retail performance data.

In contrast to the number of small business electricity customers with debt, the total number of gas customers with debt decreased in 2022–23 by 8% to 330 customers (Figure 3.46). However, for this group, the number of customers with debt at disconnection of less than \$500 increased by 9% and the number of customers with debt at disconnection greater than \$2,500 increased by 8%. The increases in these brackets were offset by a large reduction in the number of customers with debt of \$500 to \$1,500 and \$1,500 to \$2,500 (of 25% and 11%, respectively).

Combined, the debt brackets between \$500 and up to \$2,500 now represent 46% of small business gas customers with debt on disconnection, which is down from 54% in 2021–22.

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Figure 3.46 Small business gas customers' debt at disconnection



Source: AER, Schedule 3 – Q4 2022-23 retail performance data.

We continue to encourage all retailers to work with their small business electricity and gas customers to avoid disconnection, including through using the AER's [Sustainable Payment Plan Framework](#),²⁵ which includes retailer guidance on how to engage with small businesses when tailoring payment plans.

3.6 Credit collection and credit defaults

3.6.1 Credit collections decreased in most jurisdictions

Retailers may refer customers to a credit collection agency for debt recovery when the retailer cannot recover a customer's debt. This is the final stage for a customer facing payment difficulties, where the customer may hold a current and active account or a closed account with retailer debt. Commonly, customers are no longer being billed by the retailer at this stage.

Nationally, in 2022-23 the proportion of residential electricity customers referred to credit collection agencies was 2% compared with 2.3% in the previous year (Figure 3.47). During 2022-23, 19,950 less electricity customers were referred to credit collection, down 12.7% compared with 2021-22. There were declines in most jurisdictions, which supports the greater customer/retailer engagement theme in assisting customers onto a payment plan or hardship program, rather than letting the customer get to a credit collection outcome.

Historically, South Australia has had the highest proportion of electricity customers referred to credit collection agencies. However, in 2022-23 South Australia and Queensland both reported decreases in the number and proportion of residential electricity customers referred to a credit collection agency and are now at the overall average proportion of 2%. The

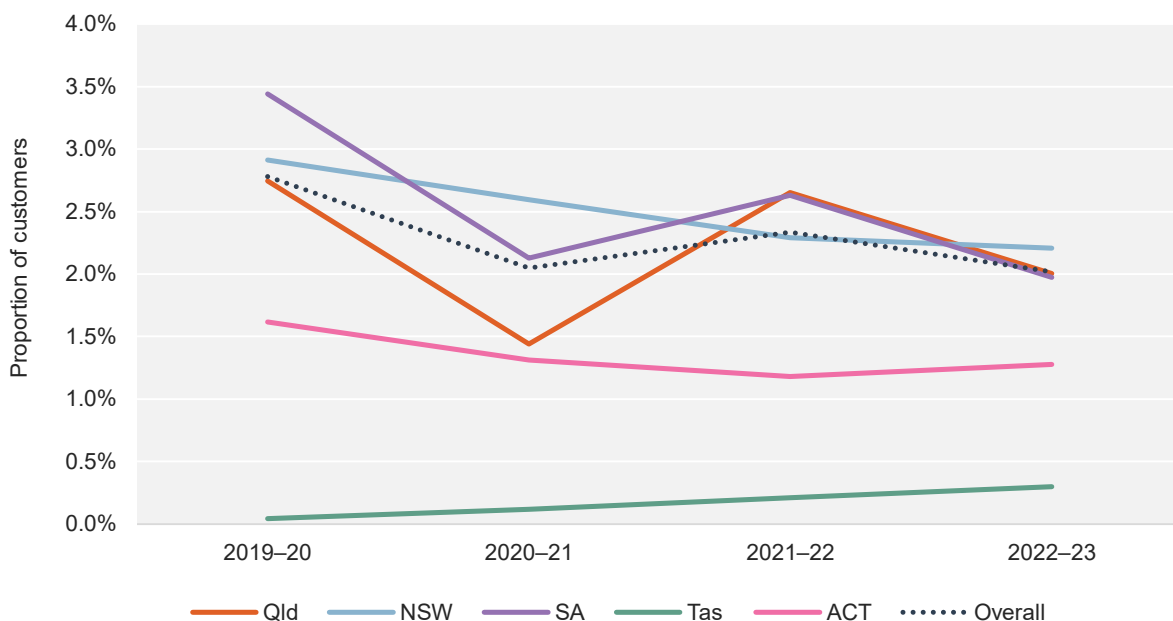
²⁵ See more information on the [Sustainable Payment Plan Framework](#).

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highest proportion of electricity customers referred to credit collection agencies was in NSW at 2.2%; however, this is still lower in terms of number and proportion of customers than in 2020–21.

The ACT and Tasmania both had a small increase in the number and proportion of customers referred to a credit collection agency; however, this is from a very small customer base. The low rate and slight increase of credit collection referrals in Tasmania were driven by Aurora Energy. Historically, Aurora Energy has not referred customers to credit agencies because it has preferred to manage credit collection internally. However, it has had an increase in referrals in recent years. The slight increase in the ACT in the number and proportion of customer referrals is associated with the entrance of new retailers and an increase in referrals from the 2 largest retailers.

Figure 3.47 Residential electricity customers referred to credit collection agencies by state/territory

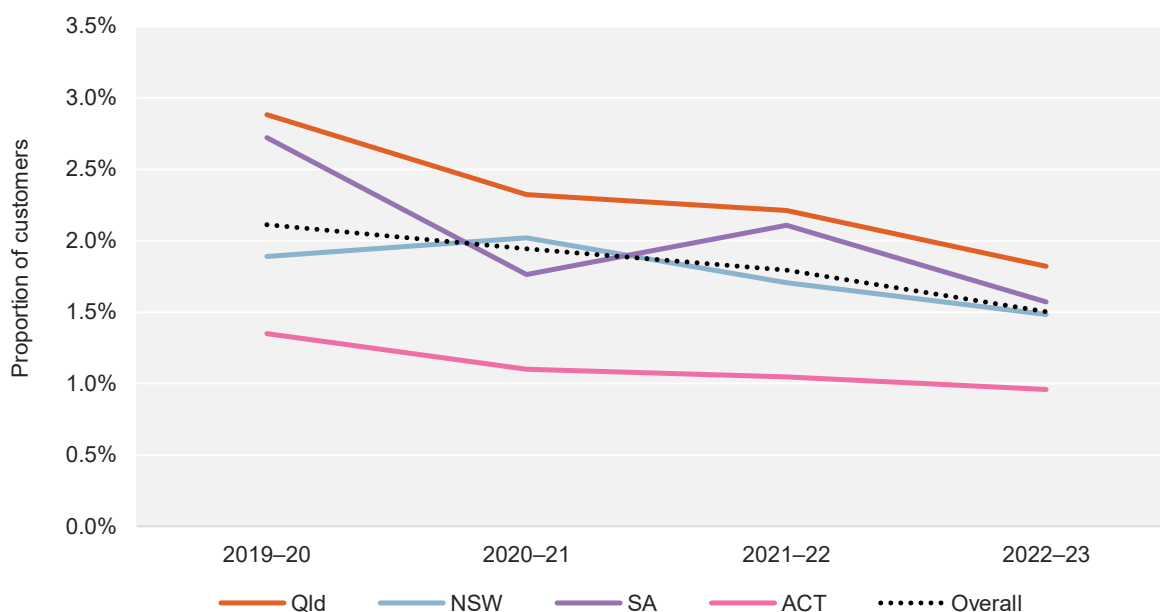


Note: The AER does not collect credit collection data for small businesses. Credit collection indicators have only been reported by retailers for residential customers since September 2019, resulting in 4 years of data. Source: AER, Schedule 3 – Q4 2022–23 retail performance data; Schedule 2 – Q4 2022–23 retail performance data.

Following a similar trend to electricity, the proportion of residential gas customers referred to credit collections agencies decreased in 2022–23 to 1.5% compared with 1.8% in 2021–22 (Figure 3.48). During 2022–23, 6,241 less gas customers were referred to a credit agency (down 15.4%). All jurisdictions experienced a decline.

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Figure 3.48 Proportion of residential gas customers referred to credit collection agencies by state/territory



Note: The AER does not collect credit collection data for small businesses. Credit collection indicators have only been reported by retailers for residential customers since September 2019, resulting in 4 years of data.

Source: AER, Schedule 3 – Q4 2022–23 retail performance data; Schedule 2 – Q4 2022–23 retail performance data.

3.6.2 Credit defaults decreased in 2022–23

Credit defaults refer to current or previous residential customers who had a credit default applied against their name for debt associated with the retailer. This is after the customer had been referred to a credit collection agency or an internal credit collection process, for the purposes of debt recovery.

Credit defaults can have a greater negative effect on a customer than solely being referred to a credit collection agency. A credit default applied against a customer will remain on record for 5 years and is viewed unfavourably by many credit providers. It shows that the customer has failed to pay off a past debt, increasing the level of risk associated with that customer as an applicant.

In addition, a credit default may mean that a customer cannot access low-cost market contracts and may result in them paying more (compounding their vulnerable experience, financial hardship and need for assistance) and being placed on a standard retail contract. It may also impact a customer's financial borrowing power and other services that require a good credit history outside of the energy market.

The number of electricity customers with a credit default decreased in 2022–23 by 17% (to 4,744 customers) (Figure 3.49).

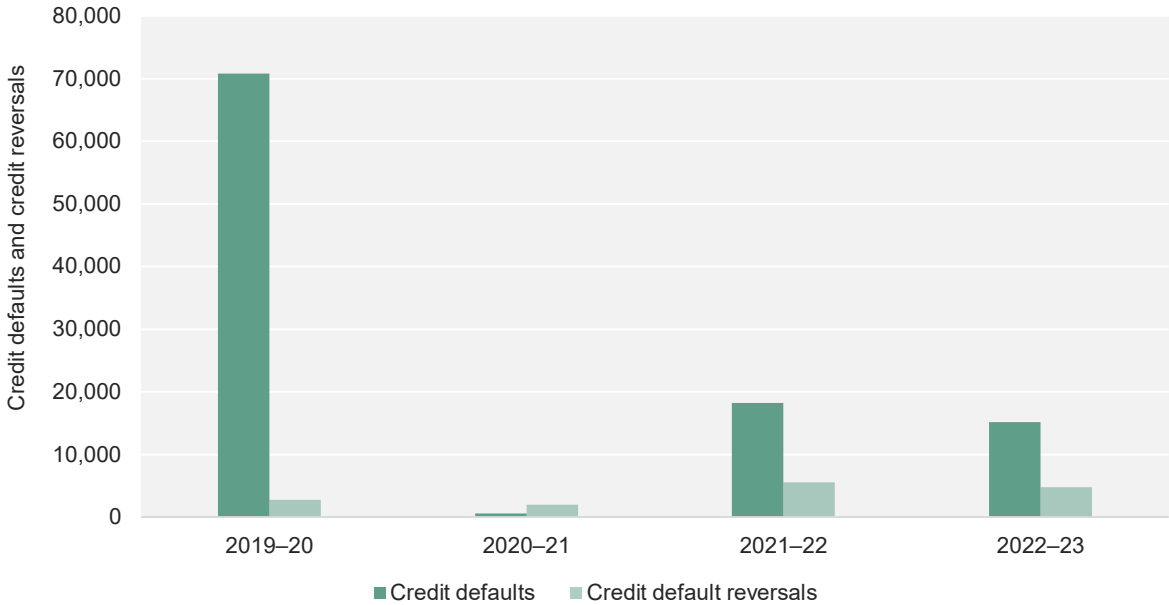
This may indicate greater customer/retailer engagement to provide assistance and that retailers are continuing to protect customers with lived experience of financial difficulty against credit defaults. This is supported by the increases in the number of customers on payment plans and entering hardship programs compared with 2021–22 (discussed above).

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Before the COVID-19 pandemic, the level of credit defaults of residential electricity customers peaked in the April to June 2019 quarter at 35,221. There were then minimal credit defaulted customers in the second half of 2019–20 and in 2020–21, coinciding with our Statement of Expectations that required retailers to defer all credit defaults.

In the April to June 2023 quarter, there were 3,424 credit default reversals associated with Ergon Energy. They were removed from credit default because Ergon Energy’s collection agency was unable to provide evidence that customers were issued the correct notices before credit defaults were listed. It was explained by the agency that there was a problem with their archives, which made notices un retrievable. Based on that information, Ergon Energy decided to remove the credit defaults (i.e. credit default reversal). This has resulted in the significant difference in the reporting metric.

Figure 3.49 Residential electricity customers credit defaults and credit default reversals



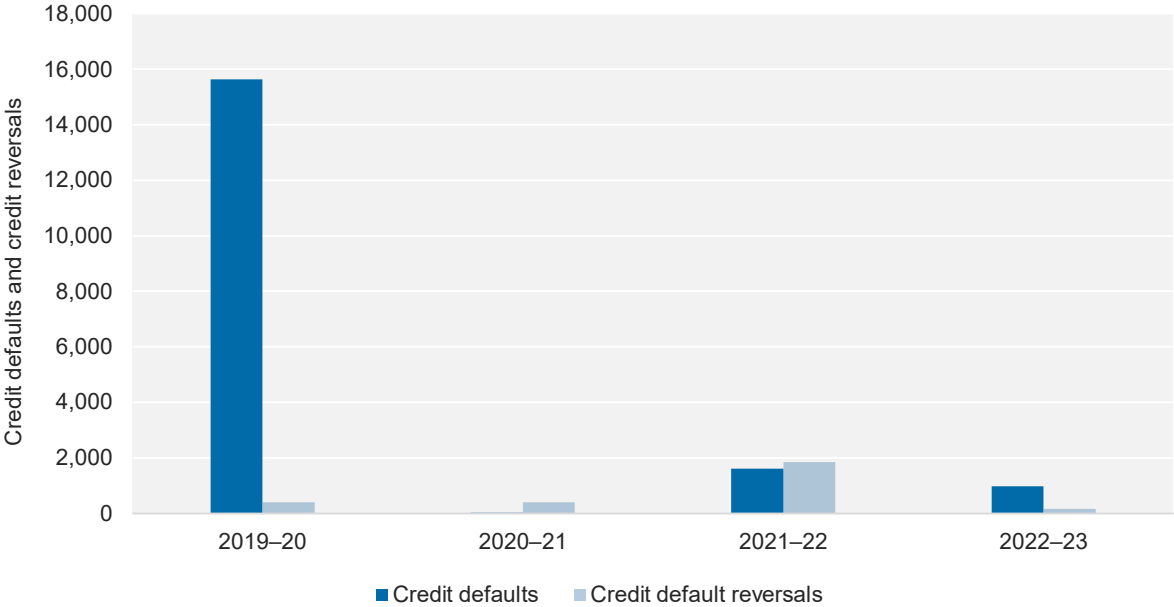
Note: The AER does not collect credit default or credit reversal data for small businesses. Credit default and credit reversal indicators have only been reported by retailers for residential customers since September 2019, resulting in 4 years of data. The high number of credit default reversals in 2021–22 was due to ActewAGL, which had over 4,000 credit reversals due to an error on customer letters regarding legal references.

Source: AER, Schedule 3 – Q4 2022–23 retail performance data.

Gas customers followed a similar trend to electricity customers for both credit defaults and credit default reversals. The decrease in credit default reversals in 2022–23 follows a large increase in 2021–22 (from 405 to 1,850), when ActewAGL had over 1,500 credit default reversals due to an error on customer letters regarding legal references (Figure 3.50).

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Figure 3.50 Residential gas customers credit defaults and credit default reversals



Note: The AER does not collect credit default or credit reversal data for small businesses. Credit default and credit reversal indicators have only been reported by retailers for residential customers since September 2019, resulting in 4 years of data.

Source: AER, Schedule 3 – Q4 2022-23 retail performance data.

4 Customer service

Complaints – retailers



108,692
Number of complaints

59%
Billing

3%
Customer transfer

4%
Marketing

4%
Smart meters

Customer transfer

31%
Other

Complaints – ombudsman



25,559
Number of complaints

73%
Billing

4%
Customer transfer

1%
Marketing

4%
Smart meters

Customer transfer

17%
Other

Retailer call centre responsiveness



9,929,221
Number of calls received



Taken within 30 seconds

Tier 1 & primary regional retailers **39%**



Average wait time

274 sec.



Call abandoned before answer

18%

Tier 2 retailers **56%**

61 sec.

11%

Key findings

- The number of customer complaints to retailers rose in 2022–23 by 14%, with the distribution of complaint categories remaining similar to 2021–22.
- Nationally, there were no major changes to call centre responsiveness indicators in 2022–23.

Customers may contact their retailer for various reasons, including billing enquiries, payment assistance, seeking better deals or to lodge a complaint. A high level of retailer customer service should help give customers confidence that their needs are being considered and met where possible. It may also be a deciding factor for a customer considering which retailer to choose for their energy plan.

To assess retailer customer service, we examine 2 groups of indicators focused on customer complaints and call centre responsiveness.

4 Customer service

Each quarter retailers report on the number and type of complaints received as well as how quickly they respond to enquiries or complaints.

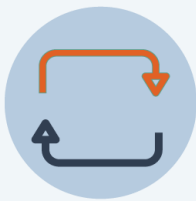
Complaint data is categorised as:



Billing – e.g. pricing, billing errors, payment arrangements and debt recovery practices



Energy marketing – e.g. sales practices, advertising, contract terms and misleading conduct



Customer transfer – e.g. timeliness of transfer, disruption of supply due to transfer and billing problems directly associated with a transfer



Smart meters – e.g. anything related to metering contestability

Other – e.g. anything not covered by the other categories

Complaints data is also collected from all relevant jurisdictional ombudsmen. This data is useful for identifying the number of complaints (and type of complaints) that a retailer did not promptly resolve, leading to a customer engaging with an ombudsman for further assistance.

4.1 Complaints

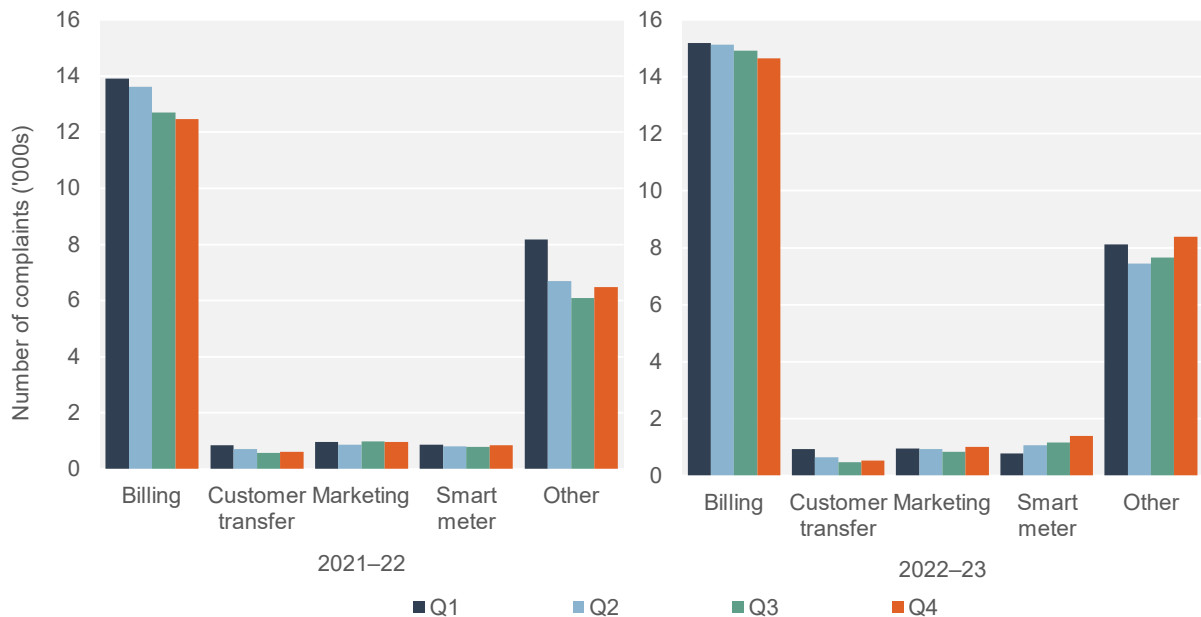
In 2022–23 the total number of residential complaints to retailers rose by 14% (Figure 4.1). This growth in the number of complaints was primarily driven by billing concerns as well as other complaint categories. During 2022–23, the category with the highest increase was smart meter complaints, increasing by 33%.

Tasmania was the only jurisdiction that had a decline in residential complaints (of 25%) and had one of the lowest numbers of total complaints compared with other jurisdictions. Combined across all relevant jurisdictions, the proportion of residential customers making

4 Customer service

complaints has decreased from 3% of total customers in 2018–19 to 1.5% in 2022–23. For each year within this period, billing concerns accounted for more than half of all complaints made to retailers.

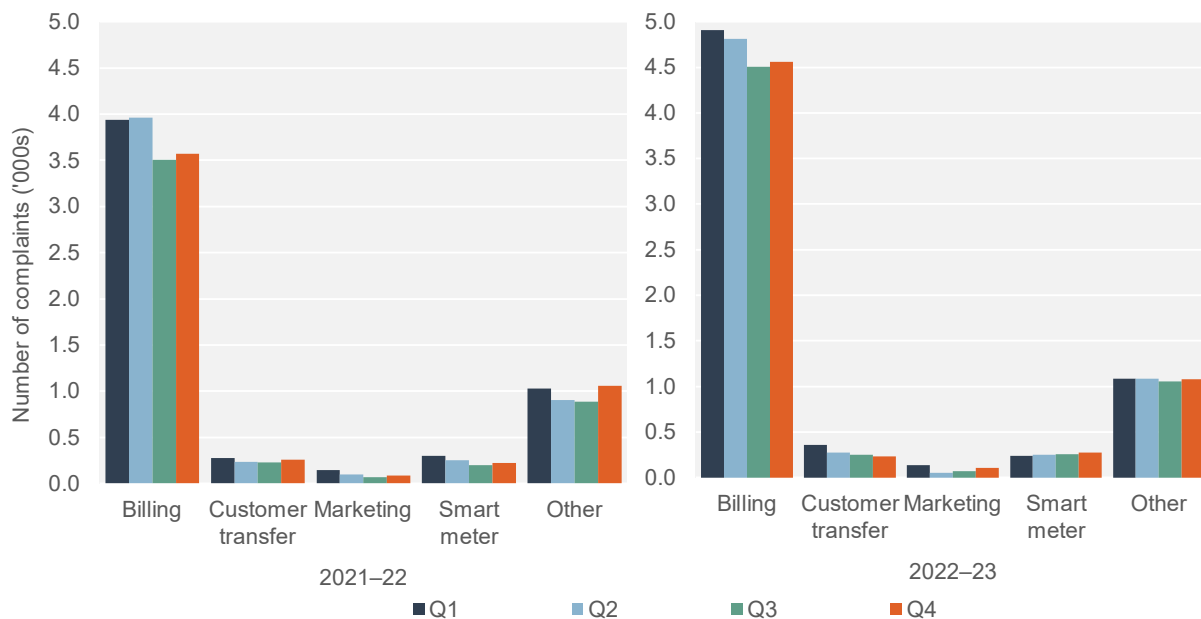
Figure 4.1 Residential customer complaints made to retailers by complaint category



Note: Includes customers in Queensland, NSW, the ACT, South Australia and Tasmania.
Source: AER, Schedule 3 – Q4 2022–23 retail performance data.

The complaints made to retailers that evolved into ombudsmen complaints increased in 2022–23 by 21% (Figure 4.2). This increase was driven by billing concerns, which represented around 70% of all complaints received every quarter in 2022–23.

Figure 4.2 Residential customer complaints made to ombudsmen by complaint category



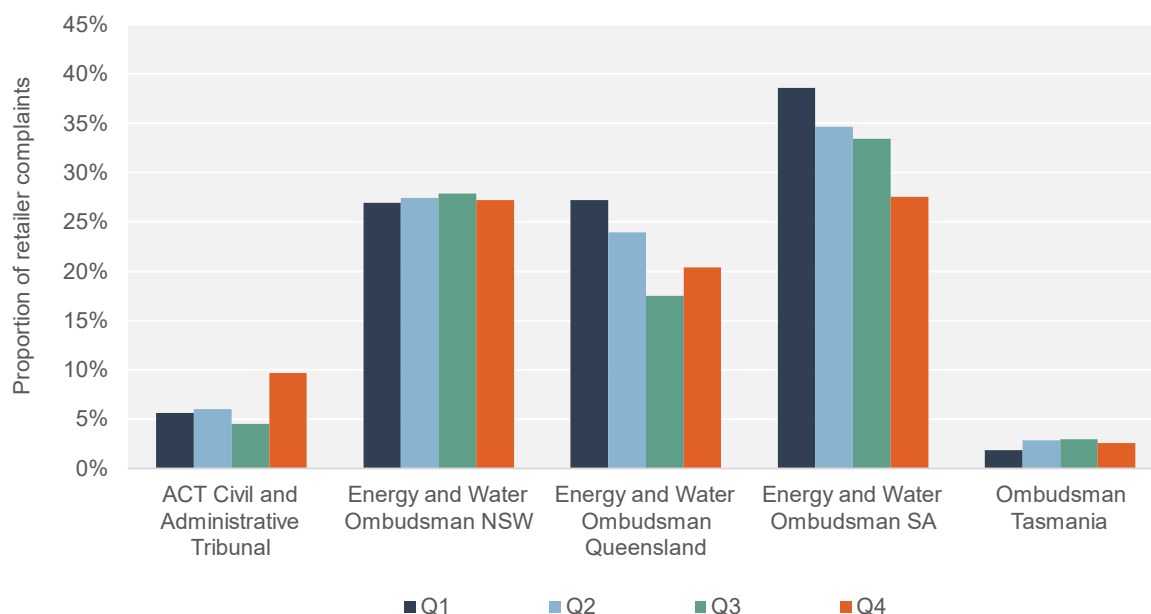
Note: Includes customers in Queensland, NSW, the ACT, South Australia and Tasmania.
Source: The ACT Civil and Administrative Tribunal, Energy and Water Ombudsman NSW, Energy and Water Ombudsman Queensland, Energy and Water Ombudsman SA, Energy and Water Ombudsman Tasmania.

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Data received from each jurisdictional ombudsman highlights the number of complaints made by customers that could not be resolved by a retailer and required further assistance (Figure 4.3). When compared with total complaints made to retailers, the ombudsman data across jurisdictions in Q4 highlighted that customers turning to ombudsmen accounted for around 3% of retailer complaints in Tasmania and up to 28% of retailer complaints in South Australia.

The low number of complaints progressed to the ombudsman in Tasmania implies that there was a high level of first call resolution of customer complaints.

Figure 4.3 Ombudsman complaints as a proportion of residential complaints made to retailers



Note: Includes customers in Queensland, NSW, the ACT, South Australia and Tasmania.

Source: AER, Schedule 3 – Q4 2022–23 retail performance data; The ACT Civil and Administrative Tribunal, Energy and Water Ombudsman NSW, Energy and Water Ombudsman Queensland, Energy and Water Ombudsman SA, Energy and Water Ombudsman Tasmania.

Across the industry, around 1% of customers complain to their retailer and an average of 22% of these complaints are referred to an ombudsman for assistance. Across all retailers, a broad range of outcomes stem from the complaints made.

We compare the number of complaints to retailers with the number of complaints progressed by customers to the relevant ombudsman, which provides an indication of a retailer's service performance across the previous 2 financial years (Table 4.1).

A high proportion of escalations to an ombudsman provides a strong indication that a retailer may not be resolving complaints effectively. Conversely, a low proportion of complaints escalated to an ombudsman suggests a retailer may have effective dispute resolution processes in place.

Overall, the number of complaints raised directly with retailers (including residential and small business for both electricity and gas) increased by 10% in 2022–23 and the number of complaints raised with ombudsmen increased by 20%.

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Complaints made to Origin Energy increased by 65% in 2022–23. This was the highest increase of this indicator of all major retailers. This increase is primarily a reflection of higher energy costs and Origin Energy’s transition to a new operating system model, which impacted call performance as they adjust their internal capacity during this process.

Complaints made to AGL decreased by 32% in 2022–23. This maintains a steady decrease in complaints for AGL since 2018–19. Despite this decrease, 74% of all complaints made to AGL were progressed to an ombudsman, the highest of all major retailers.

Table 4.1 Complaints to retailers and ombudsman

Retailer	Complaints to the retailer		Complaints as a % of customers	Complaints to the ombudsman		% of retailer complaints
	2021–22	2022–23	2022–23	2021–22	2022–23	2022–23
Major retailers						
ActewAGL	1,515	1,248	0%	215	177	14%
AGL	9,660	6,614	0%	4,445	4,910	74%
Aurora Energy	8,950	6,727	2%	137	117	2%
EnergyAustralia	18,615	20,028	1%	3,337	4,221	21%
Ergon Energy	3,663	4,869	1%	494	493	10%
Origin Energy	21,238	34,942	1%	5,522	6,336	18%
Tier 2 retailers						
1st Energy	832	416	1%	169	148	36%
Alinta Energy	6,090	4,584	1%	1,838	2,536	55%
Altogether Group	126	228	1%	10	20	9%
amaysim Energy	0	0	0%	0	0	0%
Amber Electric	54	49	1%	11	32	65%
Apex Energy	0	34	4%	1	2	6%
Arc Energy	57	66	1%	50	49	74%
Blue NRG	197	232	4%	66	66	28%
Bright Spark Power	1	0	0%	3	0	0%
CleanPeak Energy	0	0	0%	0	4	0%
CovaU	988	1,003	7%	180	267	27%
CPE Mascot	27	41	8%	0	0	0%
Diamond Energy	19	35	0%	25	31	89%
Discover Energy	232	649	55%	36	374	58%
Dodo	1,267	1,265	1%	492	718	57%
Electricity in a Box	22	7	5%	4	5	71%
Elysian Energy	76	0	0%	140	140	0%
Energy Locals	412	308	1%	256	210	68%
Enova Energy	83	0	0%	20	13	0%
Everg	14	2	0%	23	19	950%

4 Customer service

Retailer	Complaints to the retailer		Complaints as a % of customers	Complaints to the ombudsman		% of retailer complaints
	2021–22	2022–23	2022–23	2021–22	2022–23	2022–23
Future X Power	110	30	16%	29	41	137%
GEE Power & Gas	4	13	5%	13	9	69%
GloBird Energy	125	274	1%	59	144	53%
GlowPower	19	20	43%	21	30	150%
Humenergy	100	48	2%	13	16	33%
iGENO	0	0	0%	0	2	0%
Locality Planning Energy	54	65	0%	51	84	129%
Lumo Energy	1,625	2,633	4%	232	298	11%
Maximum Energy	0	3	3%	0	0	0%
Metered Energy	179	95	0%	19	55	58%
Microgrid Power	0	4	1%	0	4	100%
Mojo Power	1,117	462	0%	61	36	8%
Momentum Energy	915	1,422	5%	139	120	8%
Nectr Energy	125	216	1%	47	126	58%
Next Business Energy	76	112	1%	9	31	28%
OC Energy	0	0	0%	0	1	0%
OVO Energy	159	438	2%	22	81	18%
People Energy	25	12	0%	1	2	17%
Pooled Energy	123	0	0%	8	1	0%
Power Club	107	0	0%	18	5	0%
Powerdirect	319	95	0%	162	56	59%
PowerHub	10	29	3%	0	0	0%
Powershop	252	367	0%	111	220	60%
Qenergy	257	263	0%	38	42	16%
Radian Energy	12	0	0%	4	1	0%
Real Utilities	1	3	0%	2	5	167%
ReAmped Energy	218	115	6%	266	163	142%
Red Energy	11,453	12,341	2%	729	949	8%
Sanctuary Energy	0	0	0%	0	1	0%
Savant Energy	26	61	1%	16	5	8%
Shell Energy	0	0	0%	8	5	0%
Simply Energy	3,706	5,781	3%	1,292	1,527	26%
Smart Energy	16	30	167%	6	27	90%
Social Energy	8	0	0%	12	12	0%
Sumo Power	219	315	1%	222	411	130%
Tango Energy	49	75	1%	44	100	133%

4 Customer service

Retailer	Complaints to the retailer		Complaints as a % of customers	Complaints to the ombudsman		% of retailer complaints
	2021–22	2022–23	2022–23	2021–22	2022–23	2022–23
Telstra Energy Retail	0	4	3%	0	0	0%
The Embedded Networks Company	7	3	0%	5	2	67%
Winenergy	61	16	0%	58	59	369%
National total	104,565	115,419	1%	21,328	25,676	22%

Note: Elysian Energy, Mojo Power, Mojo Power East (trading as People Energy), QEnergy, Sanctuary Energy, Power Club and Social Energy had their authorisations revoked from the wholesale market in 2022–23, with the AER initiating the RoLR process. Proportional figures have been rounded to the nearest whole number. Ombudsmen staff may raise multiple complaints in their complaint-handling database to effectively manage each issue or element of a customer's complaint. As such, these numbers may not align with total complaint numbers reported by retailers. Complaint-counting methodology may vary by ombudsman, which can lead to variances between retailers based on the jurisdictions in which their customer base is located. Data as at 30 June each year.

Source: The ACT Civil and Administrative Tribunal, Energy and Water Ombudsman NSW, Energy and Water Ombudsman Queensland, Energy and Water Ombudsman SA, Energy and Water Ombudsman Tasmania; AER, Schedule 3 – Q4 2022–23 retail performance data, Sheet: 'Complaints All'.

4.2 Call centre responsiveness

We use a rating system to provide an overview of retailers' performance in relation to our call centre responsiveness indicators (Table 4.2).

Table 4.2 Retailer call centre responsiveness rating system

Indicator	Best	Within range	Poor
Calls taken within 30 seconds	80% or more	79% to 51% range	50% or less
Average wait time	30 secs or less	31 to 59 range	60 secs or more
Calls abandoned before answer	5% or less	6% to 9% range	10% or more

The table groups retailers by:

- Tier 1 and primary regional retailers – includes AGL, Origin Energy, EnergyAustralia, ActewAGL, Aurora Energy and Ergon Energy
- Tier 2 retailers – all retailers not included in the 'major retailers' category.

Nationally, call centre responsiveness indicators have not changed significantly in 2022–23 (Table 4.3). Overall, retailers saw a general decrease in calls taken within 30 seconds, an increase in calls abandoned before being answered and similar average wait time as last year. Alternative contact methods such as 'online chat' are being made more available by many retailers, meaning the number of calls may reduce as customers opt to make contact via an alternative method. Many retailers also offer a 'call back' service rather than waiting on hold, which may help to improve average wait times.

4 Customer service

The total number of calls made to a retailer increased by 2% in 2022–23. The number of calls received by Tier 1 and primary regional retailers increased by 9%, compared with the number of calls received by Tier 2 retailers, which decreased by 16%.

All Tier 1 and primary regional retailers' average customer call wait times were 62 seconds or longer in 2022–23 (remaining in the 'poor' rating). For all Tier 2 retailers, 21 were able to meet the 'best' rating, down from 23 in 2021–22.

For calls abandoned before answer, the results were mixed across all retailers. AGL was the only Tier 1 and primary regional retailer in the 'best' category, with ActewAGL remaining in the 'within range' category and the remaining 4 Tier 1 and primary regional retailers in the 'poor' category.

Some Tier 2 retailers saw broad improvements in 2022–23, with the number of retailers achieving a 'best' rating increasing from 18 to 21 and the number of retailers achieving a 'poor' rating decreasing from 18 to 16.

Table 4.3 Retailer call responsiveness

Retailer	Calls taken within 30 seconds (%)		Average wait time (seconds)		Calls abandoned before answer (%)	
	2021–22	2022–23	2021–22	2022–23	2021–22	2022–23
Tier 1 and primary regional retailers						
ActewAGL	56%	60%	141	83	7%	6%
AGL	60%	69%	85	62	7%	4%
Aurora Energy	47%	28%	158	348	14%	18%
EnergyAustralia	50%	61%	308	216	12%	10%
Ergon Energy	20%	11%	545	850	13%	16%
Origin Energy	53%	23%	135	86	8%	29%
Tier 2 retailers						
1st Energy	66%	67%	66	58	6%	5%
Alinta Energy	57%	70%	102	96	6%	4%
Altogether Group	25%	16%	49	44	16%	16%
Amber Electric	100%	100%	-	-	-	-
Ampol Energy	-	93%	-	10	-	4%
Apex Energy	97%	90%	12	11	1%	2%
Arc Energy	83%	95%	21	17	2%	3%
Blue NRG	81%	77%	11	22	13%	8%
Bright Spark Power	98%	-	10	-	3%	-
CovaU	95%	91%	12	21	1%	2%
CPE Mascot	-	52%	-	65	-	12%
Diamond Energy	100%	100%	-	-	-	3%
Discover Energy	53%	41%	100	62	24%	26%
Dodo	65%	60%	361	236	8%	14%

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Retailer	Calls taken within 30 seconds (%)		Average wait time (seconds)		Calls abandoned before answer (%)	
	2021–22	2022–23	2021–22	2022–23	2021–22	2022–23
Electricity in a Box	77%	95%	60	13	4%	5%
Elysian Energy	36%	-	273	-	16%	-
Energy Locals	40%	56%	78	110	28%	27%
Evergy	85%	83%	12	13	14%	15%
Future X Power	91%	96%	12	7	1%	3%
GEE Power & Gas	79%	80%	51	57	5%	4%
GloBird Energy	58%	63%	156	215	17%	25%
Glowpower	90%	85%	35	33	10%	14%
Humenergy	89%	83%	26	27	7%	3%
Locality Planning Energy	45%	24%	72	42	6%	5%
Localvolts	100%	100%	10	15	-	50%
Lumo Energy	73%	60%	51	80	3%	6%
Maximum Energy	85%	96%	44	12	23%	13%
Metered Energy	91%	94%	18	124	3%	2%
Microgrid Power	39%	68%	38	40	100%	-
Mojo Power	86%	-	5	-	8%	-
Momentum Energy	69%	72%	57	53	3%	3%
MTA Energy	100%	-	1	-	100%	-
Nectr Energy	29%	36%	256	164	27%	28%
Next Business Energy	82%	83%	17	17	1%	1%
OVO Energy	91%	71%	27	32	9%	35%
People Energy	82%	-	6	-	6%	-
Powerdirect	55%	84%	195	17	11%	3%
PowerHub	86%	68%	17	26	4%	11%
Powershop	57%	52%	97	142	8%	13%
Progressive Green	-	100%	-	30	-	-
Qenergy	84%	-	6	-	8%	-
Radian Energy	74%	-	65	-	14%	-
Real Utilities	80%	80%	56	48	6%	4%
Red Energy	36%	37%	272	293	17%	18%
Savant Energy	71%	82%	7	3	3%	6%
Shell Energy	90%	85%	16	19	2%	2%
Simply Energy	75%	64%	41	84	2%	7%
Smart Energy	82%	95%	67	17	3%	2%
Social Energy	46%	-	47	-	22%	-
Starcorp Energy	-	100%	-	5	-	-

4 Customer service

Retailer	Calls taken within 30 seconds (%)		Average wait time (seconds)		Calls abandoned before answer (%)	
	2021–22	2022–23	2021–22	2022–23	2021–22	2022–23
Sumo Power	26%	19%	151	145	10%	16%
Sustainable Savings	100%	100%	15	6	-	-
Tango Energy	57%	69%	165	132	10%	9%
Telstra Energy Retail	82%	30%	27	7	6%	3%
The Embedded Networks Company	84%	76%	29	54	2%	4%
Winenergy	57%	53%	59	68	5%	6%
ZEN Energy	100%	-	1	-	-	-

Notes: Ampol Energy, CPE Mascot, Progressive Green and Starcorp Energy reported customers for the first time in 2022–23. Elysian Energy, Mojo Power (including Mojo Power East), Qenergy, Sanctuary Energy, Power Club and Social Energy were suspended from the wholesale market in 2022–23 and the AER appointed a new retailer under the RoLR scheme. OC Energy's call centre data is included in the reporting for its parent company, Origin Energy. Data as at 30 June each year.

Source: AER.

5 Appendices

Appendix 1: Prepayment meters

A small number of residential customers in Tasmania have electricity prepayment meters (PAYG) installed. Table A1.1 shows the number of customers using PAYG (as at the end of June each year), as well as the number and length of self-disconnections²⁶ that occurred over the past few years.

In 2022–23 the number of customers with PAYG decreased from previous years. PAYG in Tasmania have been gradually phased out since late 2018. During 2019, Aurora Energy conducted a large project to switch customers to newer smart meters. A small number of PAYG remain, which will be decommissioned in the future.

Table A1.1 Disconnection of customers using prepayment PAYG meters in Tasmania

Year	PAYG customers	PAYG systems capable of detecting and reporting self-disconnections	Self-disconnection events	Average duration of self-disconnection events
2012–13	33,158	4,662	1,068	237
2013–14	30,640	7,194	2,069	290
2014–15	29,612	8,902	2,632	327
2015–16	26,670	10,854	3,098	246
2016–17	23,641	10,911	3,232	262
2017–18	21,076	10,841	2,915	252
2018–19	10,599	4,589	2,493	221
2019–20	26	-	430	146
2020–21	10	-	-	-
2021–22	6	-	-	-
2022–23	4	-	-	-

Source: AER, Schedule 3 – Quarter 4 2022–23 retail performance data, Sheet: 'Prepayment Meters'.

²⁶ Self-disconnection means an interruption to the supply of energy because a prepayment meter system has no credit (including emergency credit) available.

Appendix 2: Pricing and affordability methodology

For pricing analysis, the AER estimates annual bill costs for market and standard offers within each jurisdiction using a range and median of offers. These are comprised of:

- average annual household electricity and gas use in each major distribution area
- retail electricity and gas offers in each major distribution area.

We measure energy affordability for each distribution area, based on:

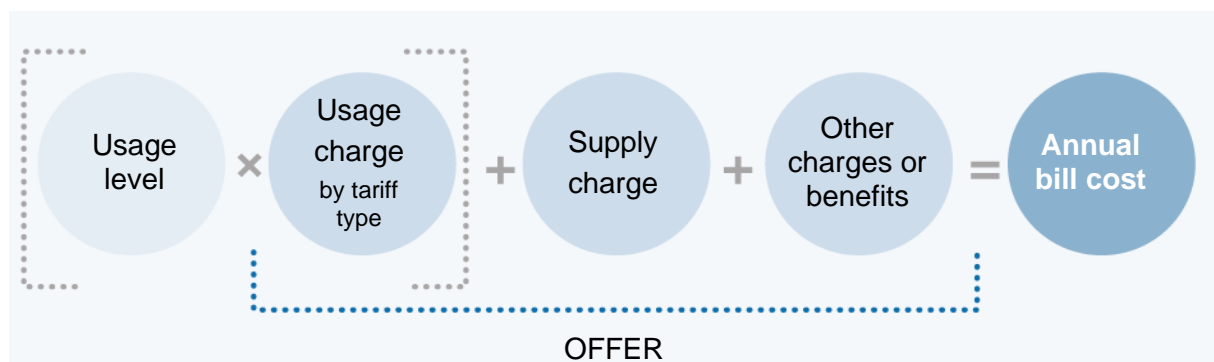
- annual market and standard offer bill costs
- concessions offered to those who may experience financial hardship
- household disposable income.

These inputs are outlined in more detail below.

Annual bill cost

The calculation of an annual bill cost is comprised of several components including usage levels, usage charges, supply charges, and other fees such as membership or metering fees. Figure A2.1 disaggregates these components and highlights the components that feed into a retailer's offer.

Figure A2.1 Components of retail annual bill costs



Energy use

The sources for estimating energy use vary across electricity and gas, due to the differing availability of public information. The levels of electricity and gas use applied in our analysis can be found in Tables A2.1 and A2.2.

Electricity

The AER analysis is based on the average household electricity use for each major distribution area in each year. This is sourced from information provided by distribution network businesses in response to Regulatory Information Notices (RIN) issued by the AER. This data includes the total electricity use for all residential users (including through controlled loads), and total residential customer numbers. This data is collected on a financial year basis for all jurisdictions.

Table A2.1 Average annual electricity use

Jurisdiction	Distribution area	Average annual electricity usage per customer (kWh)				
		2018–19	2019–20	2020–21	2021–22	2022–23
Queensland	Energex	5,712	5,808	5,782	5,709	5,864
	Ergon Energy	5,838	6,167	6,305	6,499	6,524
NSW	Ausgrid	5,513	5,472	5,406	5,517	5,345
	Endeavour Energy	6,346	6,096	6,029	5,921	5,931
	Essential Energy	6,093	6,014	6,088	6,170	6,044
ACT	Evoenergy	6,588	6,372	6,370	6,499	6,343
South Australia	SA Power Networks	4,671	4,606	4,662	4,526	4,583
Victoria	AusNet	4,612	4,731	4,701	4,351	4,728
	CitiPower	4,351	4,494	4,362	4,805	4,308
	Jemena	4,162	4,475	4,355	4,365	4,352
	Powercor	4,967	5,161	5,036	4,980	4,892
	United Energy	4,541	4,740	4,662	4,617	,4525
Tasmania	TasNetworks	7,975	8,202	8,478	8,393	8,427

Source: Economic benchmarking regulatory information notice (RIN) responses provided by network businesses to the AER.

Gas

The AER sources average gas use estimates for each jurisdiction from a 2020 bill benchmarking survey conducted by Frontier Economics on behalf of the AER. These surveys are completed every 3 years. The average use for a jurisdiction is applied to all distribution areas in that jurisdiction.

Table A2.2 Annual gas use

Annual gas usage per customer (MJ)				
Queensland	NSW	ACT	South Australia	Victoria
7,238	18,384	34,927	16,199	49,799

Source: Frontier Economics to the AER, Residential energy consumption benchmarks, December 2020.

Energy offers

Offer details are collected for both electricity and gas from our energy price comparison website, EnergyMadeEasy (www.energymadeeasy.gov.au). For Victoria, the AER collected tariff details from the Department of Environment, Land, Water and Planning, based on

information submitted by retailers to the Victorian Energy Compare website (<https://compare.energy.vic.gov.au/>).

The AER's analysis is based on all unique generally available offers in each distribution area at June 2019, June 2020, June 2021, June 2022 and June 2023. The AER only considers single rate offers, which represent the most common offer type that energy customers are on. The offer details are filtered to remove those with additional elements above an accessible, energy-only basic offer. For example, offers with a solar/green component and offers that have specific eligibility criteria are removed.

Annual bill calculation

The energy use estimates in Tables A2.1 and A2.2 are used to calculate an annual bill cost for each single rate offer. The range of offers illustrates the price spread between the highest and lowest offer in each distribution area. The median (rather than a simple average) is used to ensure the analysis is not skewed by a small number of very cheap or very expensive offers.

The annual bill estimates include key conditional discounts offered by energy retailers (such as discounts for paying on time or paying by direct debit) but exclude discounts for bundling, dual fuel offers or actions unrelated to energy consumption (such as 'refer a friend' rewards). The value of non-cash incentives is also excluded. Fees or credits that customers cannot avoid in the first year of a contract (such as sign-on, membership or metering fees, or loyalty bonuses) are included in the annual bill calculation.

Seasonal pricing is taken into account when calculating the annual bills but assumes a consistent level of energy use throughout the year.

Electricity

In this report 2 types of analysis are undertaken in electricity.

For analysis of trends in prices, electricity use is kept constant for the time series by applying the figures for the latest year for each distribution area. The annual bill is divided by average electricity use to identify costs on a per unit basis. This analysis isolates the effect of changes in retailer offers on annual bills.

For analysis of the cost impact on households, the electricity use data is varied across each year of the time series. This gives a better sense of what consumers actually pay for their annual bills in each distribution area.

The AER recognises that basing the analysis on total electricity use (including electricity used by controlled loads) will tend to overestimate the annual cost of electricity when applied to single rate offers. This is because it does not reflect that in practice some electricity use is charged at a lower controlled load rate.

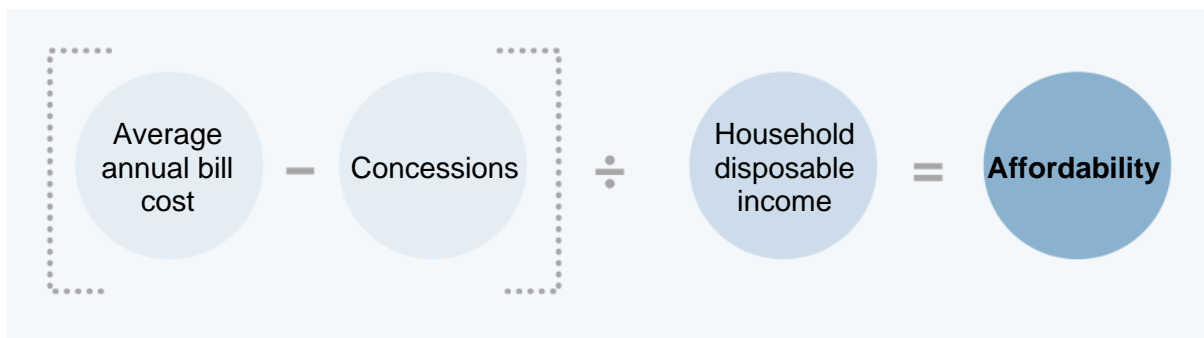
Gas

The AER does not have a data source for the change in gas usage across years; all of the analysis uses a consistent gas use estimate across the time series.

Affordability

To obtain an estimate of affordability we calculate annual bill costs as a proportion of household disposable income for average and low-income households for each jurisdiction. Figure A2.2 illustrates this calculation.

Figure A2.2 Components of affordability analysis



Note: Concessions are only applied to annual bill costs for low-income households.

Concessions for low-income households

For the analysis of low-income households, the annual bill calculation is adjusted to account for the benefit of any relevant energy concessions in each jurisdiction. State and territory governments administer concessions to provide financial assistance to individuals, including people who are elderly, have a disability, are low-income earners or are experiencing disadvantage. The value of all concessions that are available to households on the basis of low income are included. Concessions available in 2021–22 are outlined in Table A2.3.

Table A2.3 Energy concessions in 2022–23

Jurisdiction	Electricity	Gas
Queensland	\$372	\$87
NSW	\$285	\$110
ACT	\$250	\$250
South Australia	\$169	\$169
Victoria	17.5% off after the first \$172	17.5% off after the first \$62*
Tasmania	\$629	na

* Gas discount only applies for usage in the period 1 May to 31 October.

Note: Where concession value differs by household characteristics, we have applied the lower value. For broader 'cost of living' concessions that apply in South Australia and the ACT, we have applied one third of the total concession value to electricity, and one third to gas (assuming the remaining one third is applied to other utilities or household expenses).

Source: State and territory government websites.

Household disposable income

Household disposable income best represents the remaining income (after income tax, the Medicare levy and the Medicare levy surcharge are deducted) available to households for expenditure on goods and services, including electricity and gas bills.

This data is collected every 2 years by the Australian Bureau of Statistics (ABS) and is most recently available is for the reference periods 2017–18 and 2019–20. The estimated income levels for 2018–19 is based on the midpoint between these data sets. Data for 2020–21 and 2021–22 has been extrapolated income by inflating 2019–20 income (Table A2.4). Low-income household data is inflated based on the consumer price index. Average household data is inflated based on the wage price index. This difference in approach reflects the main source of income for each group (government assistance and wages, respectively).

Low-income households

The equivalised household disposable income data has been used to identify low-income households. This measure reflects a household's purchasing power because it accounts for the household's ability to share resources and enables better comparisons between different size households.

Low-income households in each state and territory are represented by using an adjusted lowest equivalised income quintile. This comprises the average income of the lowest 2 deciles, excluding the first and second percentiles.

For the identified households, the un-equivalised household disposable income is used as the basis for our affordability analysis.

The average household

The AER represents the income of all households by the 'all person' value (the average across all quintiles) of un-equivalised household disposable income.

Table A2.4 Household disposable income (\$)

Jurisdiction	Household type	2018–19	2019–20	2020–21	2021–22	2022–23
Queensland	Low-income	34,944	36,764	37,521	39,536	42,443
	Average household	91,078	95,160	96,659	99,015	102,584
NSW	Low-income	34,658	35,464	35,997	37,406	40,071
	Average household	101,088	101,660	103,186	105,705	109,216
ACT	Low-income	45,604	48,308	49,321	51,728	55,054
	Average household	116,142	120,276	122,007	125,105	129,206
South Australia	Low-income	32,058	32,292	32,776	34,179	36,880
	Average household	84,370	86,268	87,617	89,480	92,627
Victoria	Low-income	35,412	35,776	36,290	37,748	40,379
	Average household	96,148	99,632	101,107	103,467	107,007
Tasmania	Low-income	30,732	30,472	31,023	32,559	34,890
	Average household	77,194	77,220	78,653	80,889	83,927

Source: Unpublished ABS estimates of household disposable income

Appendix 3: South Australian service standards

Clause 7 of the National Energy Retail (Local Provisions) Regulations imposes minimum service standards on retailers selling energy to small customers in South Australia. The service standards require retailers to use best endeavours to respond to 95% of written enquiries within 5 business days and to answer 85% of telephone calls within 30 seconds between 8 am and 6 pm, Monday to Friday.

Retailers must report to the AER their compliance with these standards and give reasons for any non-compliance as well as information on strategies to improve compliance in the future.

Of the 40 active retailers in South Australia, 29 retailers failed to respond to 95% of written enquiries within 5 business days, down from 32 retailers in 2021–22. Similar to 2021–22, 4 retailers failed to answer 85% of telephone enquiries within 30 seconds in 2022–23. Reasons provided for failure to meet the targets included higher numbers of calls received than projected and system issues.

Six retailers met both service standards with 100% response rate for 2 consecutive years: Diamond Energy, Future X Power, Localvolts, MTA Energy, Sustainable Saving and Zen Energy.

Table A3.1 South Australian service standards

Retailer	Percentage of written enquiries responded to within 5 business days			Percentage of telephone enquiries answered within 30 seconds		
	2020–21	2021–22	2022–23	2020–21	2021–22	2022–23
1st Energy	75	66	67	95	95	100
AGL	63	62	70	85	98	88
Alinta Energy	94	80	71	99	95	97
amaysim Energy [^]	86	-	-	-	-	-
Amber Electric	-	100	100	-	92	99
Blue NRG	64	80	77	80	91	100
CleanPeak Energy	85	-	-	99	-	-
Cogent Energy	100	-	-	100	-	-
CovaU	91	95	91	100	100	100
CPE Mascot	44	76	52	65	82	80
Delta Electricity	-	-	-	-	-	-
Diamond Energy	100	100	100	100	100	100
Discover Energy	97	48	78	100	77	96
Dodo	48	67	60	95	95	96
Elysian Energy [^]	90	60	-	100	98	-
Energy Locals	54	62	49	75	90	96
EnergyAustralia	70	52	64	100	97	96
Future X Power	100	91	100	100	100	100

Retailer	Percentage of written enquiries responded to within 5 business days			Percentage of telephone enquiries answered within 30 seconds		
	2020–21	2021–22	2022–23	2020–21	2021–22	2022–23
Globird Energy	59	62	70	99	99	99
Glowpower	-	95	-	-	95	-
Iberdrola Australia [^]	100	-	-	100	-	-
Localvolts	-	100	100	-	100	100
Lumo Energy	84	4	60	99	99	98
Maximum Energy	-	100	96	-	100	100
Mojo Power [^]	68	86	-	100	100	-
Momentum Energy	80	73	74	96	95	99
MTA Energy	100	100	100	100	100	100
Nectr Energy	49	39	46	100	96	99
Next Business Energy	88	82	83	100	98	97
Origin Energy	89	87	90	95	94	33
OVO Energy	86	90	74	100	100	94
People Energy [^]	100	82	-	100	100	-
Power Club [^]	60	-	-	97	-	-
Powerdirect [^]	67	55	84	85	98	88
PowerHub	86	86	68	100	100	100
Powershop	57	57	52	99	97	96
QEnergy [^]	67	84	-	100	100	-
ReAmped Energy	100	100	100	96	95	83
Red Energy	80	74	73	97	97	98
Savant Energy	98	71	82	100	100	100
Shell Energy	95	90	85	100	100	100
Simply Energy	72	80	70	85	-	100
Social Energy [^]	-	100	-	-	70	-
Sumo Power	-	27	38	-	100	100
Sustainable Savings	100	100	100	100	100	100
Tango Energy	80	55	74	100	100	100
Telstra Energy Retail	-	100	67	-	100	100
Winenergy	53	57	51	75	70	60
Zen Energy	-	100	100	-	100	100

Note: [^] no longer trading in South Australia.
Source: AER.

Appendix 4: Distribution network performance

Section 285 of the National Energy Retail Law specifies that a retail market performance report must include (among other things) a report on the performance of distribution network service standards and associated guaranteed service level (GSL) schemes. The Retail Law defines distribution network service standards as service standards imposed on distribution networks by or under energy laws, including, for example, service standards relating to:

- the frequency and duration of supply interruptions
- the timely notice of planned interruptions
- the quality of supply (excluding frequency) for electricity (including voltage variations)
- wrongful de-energisation (disconnection)
- timeframes for de-energisation and re-energisation (reconnection)
- being on time for appointments
- response time for fault calls
- the provision of fault information.

A number of service standards are set by the individual jurisdictions and therefore differ between states and territories. The following tables summarise distribution networks' performance against their respective jurisdictional service standards and GSL schemes.

Distribution network performance by jurisdiction

Queensland

- Both distribution networks had a reduction in the number of calls to call centre fault line (Energex 348,818 to 232,735) (Ergon 392,498 to 322,344).
- Energex reported 11 wrongful disconnections, down slightly from 17 in the previous year, while Ergon Energy reported 14, down from 23.
- Energex reported 106 instances in failing to attend appointments on time, down from 128 in the previous year. Ergon Energy reported 182 instances, up from 76.
- Energex had a large decrease in instances of failing to provide a new connection by the agreed date in 2022–23, while Ergon Energy remained at the same number. For both distribution networks, late connections accounted for less than 1% of total new connections.
- Energex paid around \$329,000 in compensation for breaches of the interruption duration GSL, which was down from around \$466,000 paid in the previous year. Ergon paid around \$1,272,300, up from \$750,000 paid in the previous year.
- Both distribution networks had a large increase in the number of planned interruptions during 2022–23, although the number of occasions where insufficient notice was provided to customers remained at similar levels.

Table A4.1 Queensland electricity distribution networks performance 2022–23

Performance metric	Energex	Ergon Energy
Customers		
Average number of customers	1,566,056	739,922
Customer service		
Calls to call centre fault line	232,735	322,344
Complaints		
Total complaints received	5,674	5,129
Appointments		
Failure to attend appointments on time	106	182
Compensation paid	\$6,572	\$11,284
Connections		
Number of new connections	22,902	7,718
Connections not provided by agreed date	207	5
Compensation paid for late connections	\$57,660	\$992
Reconnections		
Total reconnections	170,850	89,431
Reconnections not completed by agreed date	14	9
Compensation paid	\$2,976	\$1,922
Wrongful disconnections		
Number of wrongful disconnection payments	11	14
Compensation paid (\$155 per reported breach)	\$1,705	\$2,170
Faulty streetlights		
Number of total streetlights	347,590	152,321
Street lights – average monthly number 'out'	603	433
Street lights – not repaired by 'fix by' date	287	3,602
Street lights – average number of days to repair	17	24
Compensation paid	-	-
Planned interruptions		
Number of planned interruptions	14,880	18,592
Number of occasions where there was insufficient notice to residential customers	360	528
Compensation paid for insufficient notice to residential customers	\$11,160	\$16,368

Performance metric	Energex	Ergon Energy
Number of occasions where there was insufficient notice to small business customers	53	92
Compensation paid for insufficient notice to small business customers	\$4,035	\$7,084
Unplanned interruption duration GSL		
Instances where unplanned interruption breached interruption duration standards	2,654	10,261
Total amount of compensation paid for duration of supply interruptions exceeding threshold	\$329,096	\$1,272,364
Unplanned interruption frequency GSL		
Instances where unplanned interruption breached interruption frequency standards	-	-
Total amount of compensation paid for frequency of supply interruptions exceeding threshold	-	-
System average interruption duration index (SAIDI) (minutes) after removing excluded events		
CBD	1.5	-
Urban	54.2	108.2
Short rural	108.5	283.5
Long rural	-	761.9
Whole network	72.3	278.5
System average interruption frequency index (SAIFI) (number) after removing excluded events		
CBD	0.0	-
Urban	0.5	1.1
Short rural	0.9	2.3
Long rural	-	4.4
Whole network	0.7	2.1

Note: The GSL payment amounts for Energex and Ergon are outlined in the Electricity Distribution Network Code, published by the Queensland Competition Authority, p. 7, <http://www.qca.org.au/project/retailers-and-distributors/electricity-distribution-network-code/>

Source: AER.

NSW

- All 3 distribution networks recorded decreases in the number of calls received to their call centre fault line.
- The number of overall complaints received by Ausgrid and Essential Energy decreased compared with the prior year. Endeavour Energy had an increase in the overall number of complaints received.
- All 3 distribution networks recorded decreases in the average monthly number of streetlight faults compared with the past year.

Table A4.2 NSW electricity distribution networks performance 2022–23

Performance metric	Ausgrid	Endeavour Energy	Essential Energy
Customers			
Average number of customers	1,790,344	1,118,851	948,225
Customer service			
Calls to call centre fault line	105,402	119,066	164,590
Complaints			
Total complaints received	5,094	1,670	1,791
Connections			
Number of new connections	635	-	9,019
Connections not provided by agreed date	0	0	0
Compensation paid for late connections	0	0	0
Faulty streetlights			
Number of total streetlights	258,472	242,033	167,894
Street lights – average monthly number ‘out’	1,491	1,850	1,552
Street lights – not repaired by ‘fix by’ date	336	10,379	1,317
Street lights – average number of days to repair	-	15	6
Compensation paid	\$900	\$4,775	\$3,200
Unplanned interruption duration GSL			
Instances where unplanned interruption breached interruption duration standards	-	4,434	-
Total amount of compensation paid for duration of supply interruptions exceeding threshold	-	\$800	-
Unplanned interruption frequency GSL			
Instances where unplanned interruption breached interruption frequency standards	-	50	-

Performance metric	Ausgrid	Endeavour Energy	Essential Energy
Total amount of compensation paid for frequency of supply interruptions exceeding threshold	-	0	-
System average interruption duration index (SAIDI) (minutes) after removing excluded events			
CBD	11.7	-	-
Urban	53.0	54.4	77.8
Short rural	91.9	127.6	202.7
Long rural	909.4	1,087.5	496.1
Whole network	59.6	77.3	222.2
System average interruption frequency index (SAIFI) (number) after removing excluded events			
CBD	0.0	-	-
Urban	0.5	0.5	0.9
Short rural	0.8	1.0	1.6
Long rural	3.0	4.0	2.6
Whole network	0.5	0.7	1.6

Note: Instances and compensation paid related to unplanned interruption duration and frequency not provided from Ausgrid and Essential Energy.

Source: AER.

ACT

- Evoenergy reported 439 instances of failing to provide a new connection by the agreed date in 2022–23, up from 3 instances the previous year. The compensation paid in relation to customer connection times increased from \$180 to \$105,540.
- There were 45 instances of wrongful disconnection in 2022–23, resulting in \$4,500 in compensation being paid. This is an increase compared with 2021–22 when only 3 instances were recorded with \$300 in compensation paid.
- There were 70 occasions when Evoenergy failed to provide sufficient notice of a planned interruption, down from 101 in 2021–22.
- There were 475 instances when Evoenergy customers experienced an unplanned interruption that was not restored within 12 hours. This was down from the 897 instances that were recorded in the previous year.

Table A4.3 ACT electricity distribution network performance 2022–23

Performance metric	Evoenergy
Customers	
Average number of customers	221,430
Customer service	
Calls to call centre fault line	20,079
Complaints	
Total complaints received	212
Number of GSL payments in relation to responding to complaints	26
Compensation paid in relation to responding to complaints	\$250
Connections	
Number of new connections	3,179
Number of GSL payments in relation to customer connection times	439
Compensation paid in relation to customer connection times	\$105,540
Wrongful disconnections	
Number of GSL payments in relation to wrongful disconnection	45
Compensation paid in relation to wrongful disconnection	\$4,500
Response to faults	
Number of GSL payments in relation to the response time to notification of a fault	-
Compensation paid in relation to the response time to notification of a fault	-
Planned interruptions	
Number of GSL payments in relation to notice of planned interruption	70

Performance metric	Evoenergy
Compensation paid in relation to planned interruptions	\$3,500
Unplanned interruption duration GSL	
Number of GSL payments in relation to unplanned sustained interruption >12 hours	475
Compensation paid in relation to unplanned sustained interruption >12 hours	\$38,000
Number of GSL payments in relation to the total duration of interruptions	189
Compensation paid in relation to the total duration of interruptions	\$26,200
System average interruption duration index (SAIDI) (minutes) after removing excluded events	
CBD	-
Urban	29.4
Short rural	60.4
Long rural	-
Whole network	40.4
System average interruption frequency index (SAIFI) (number)	
CBD	-
Urban	0.5
Short rural	0.9
Long rural	-
Whole network	0.6

Source: AER.

South Australia

- SA Power Networks reported 323 new connections not provided by the agreed date, this is up from 236 in the previous year. This is despite a decrease in the total number of new connections provided by SA Power Networks.
- The total number of supply interruptions that exceeded the duration thresholds increased from 19,887 in 2021–22 to 91,604 in 2022–23.
- SA Power Networks paid \$14,728,900 in compensation for supply interruptions that exceeded the duration or frequency thresholds. This represented an increase from \$2,414,400 the previous year.

Table A4.4 South Australia electricity distribution network performance 2022–23

Performance metric	SA Power Networks
Customers	
Average number of customers	927,485
Customer service	
Calls to call centre fault line	72,092
Complaints	
Total complaints received	3,291
Connections	
Number of new connections	7,012
Connections not provided by agreed date	323
Compensation paid for late connections	\$97,630
Faulty street lights – metropolitan	
Number of street lights	173,151
Number of street light 'outs' during period	21,620
Average number of business days to repair	22
Number of street lights not repaired within 5 business days	3,729
Compensation paid	\$358,850
Faulty street lights – country areas	
Number of street lights	50,073
Number of street light 'outs' during period	3,437
Average number of business days to repair	21
Number of street lights not repaired within 10 business days	301
Compensation paid	\$12,625

Performance metric	SA Power Networks
Unplanned interruption duration GSL	
Total annual duration of supply interruptions > 20 and < 30 hours	30,255
Total annual duration of supply interruptions > 20 and < 30 hours compensation	\$3,025,500
Total annual duration of supply interruptions > 30 and < 60 hours	45,190
Total annual duration of supply interruptions > 30 and < 60 hours compensation	\$6,778,500
Total annual duration of supply interruption > 60 hours	16,159
Total annual duration of supply interruption > 60 hours compensation	\$4,847,700
Unplanned interruption frequency GSL	
Number of annual supply interruptions > 9 interruptions	772
Number of annual supply interruptions > 9 interruptions compensation	\$77,200
System average interruption duration index (SAIDI) (minutes) after removing excluded events	
CBD	13.0
Urban	102.2
Short rural	180.2
Long rural	299.1
Whole network	142.7
System average interruption frequency index (SAIFI) (number)	
CBD	0.2
Urban	0.9
Short rural	1.2
Long rural	1.4
Whole network	1.0

Source: AER.

Tasmania

- TasNetworks reported that 124 new connections were not completed by the agreed date, down from 208 the previous year, while \$12,450 was paid in compensation to customers for those connections not completed by the agreed date. This was down from \$19,680 the previous year.
- TasNetworks reported 27,319 instances of breaches of the interruption duration standard, up from 9,508 instances in 2021–22. This resulted in \$2,937,120 of compensation being paid, up from \$989,440.
- TasNetworks reported 2,957 instances of breaches to the interruption frequency standard, up from 1,241 in 2021–22. This resulted in \$236,560 of compensation being paid, up from \$99,280.

Table A4.5 Tasmania electricity distribution network performance 2022–23

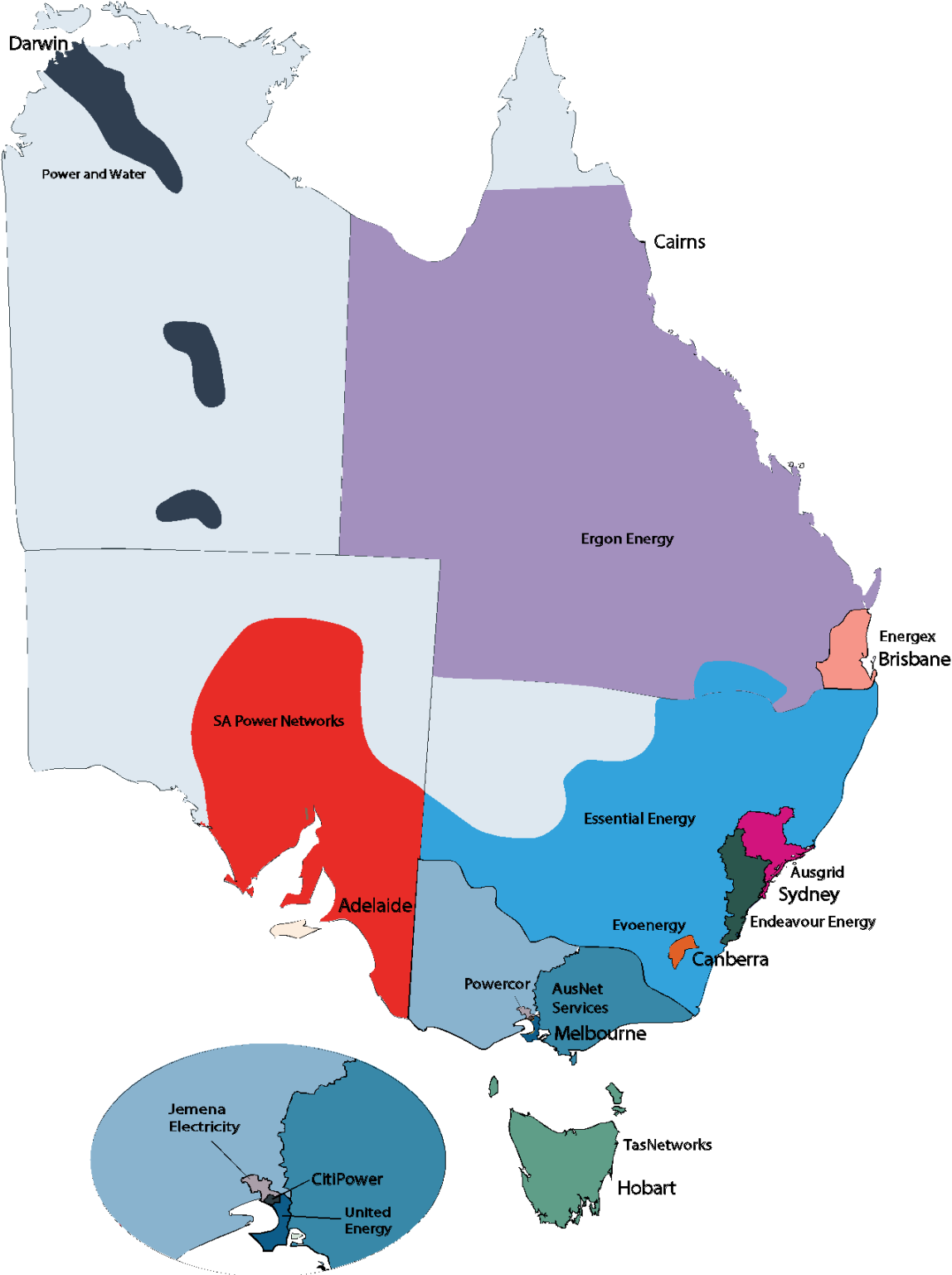
Performance metric	TasNetworks
Customers	
Average number of customers	301,553
Customer service	
Calls to call centre fault line	28,608
Complaints	
Total complaints received	738
Connections	
Number of new connections	2,348
Connections not meeting customers expectations	124
Compensation paid for connections not meeting customers expectations	\$12,450
Faulty streetlights	
Number of Street Lights	52,825
Street lights – average monthly number ‘out’	253
Street lights – not repaired by ‘fix by’ date	1,376
Street lights – average number of days to repair	10
Compensation paid	-
Unplanned interruption duration GSL	
Number of payments made for unplanned interruption breaching Interruption Duration Standard	27,319
Unplanned interruption breaching Interruption Frequency Standard compensation	\$2,937,120

Performance metric	TasNetworks
Unplanned interruption frequency GSL	
Number of payments made for unplanned interruption breaching Interruption Frequency Standard	2,957
Unplanned interruption breaching Interruption Frequency Standard compensation	\$236,560
System average interruption duration index (SAIDI) (minutes) after removing excluded events	
Critical infrastructure	2.0
High density commercial	28.0
Urban	75.2
High density rural	256.8
Low density rural	436.1
Whole network	157.9
System average interruption frequency index (SAIFI) (number)	
Critical infrastructure	0.0
High density commercial	0.3
Urban	0.9
High density rural	2.5
Low density rural	3.4
Whole network	1.6

Note: *The reconnections and street light reporting requirements were removed in the amended [Electricity supply industry performance and information reporting guideline June 2021](#), because Tasnetworks do not provide customer charter payments for reconnections or street light guarantees.

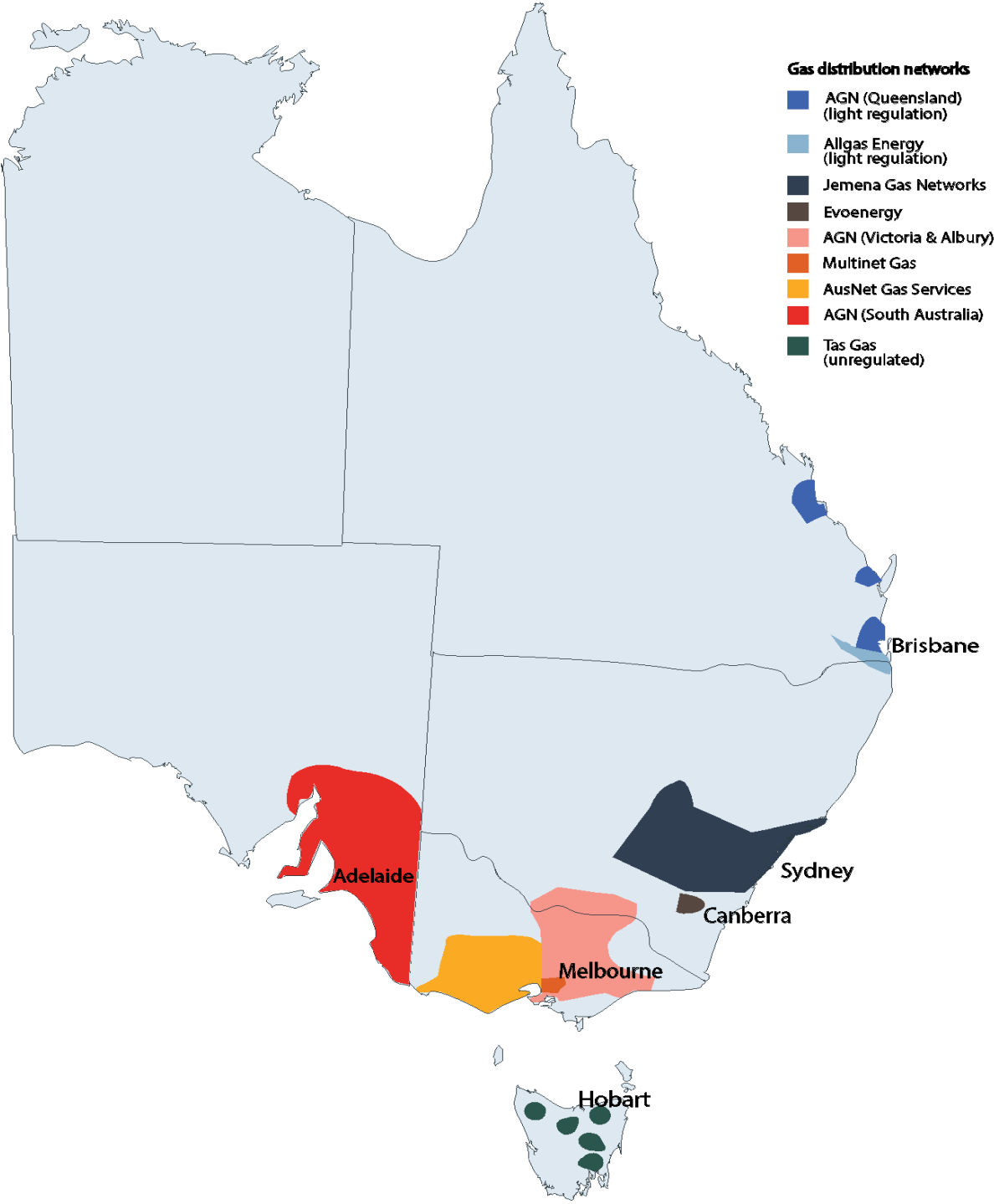
Source: AER.

Appendix 5: Map of electricity distribution networks



Source: AER.

Appendix 6: Map of gas distribution networks



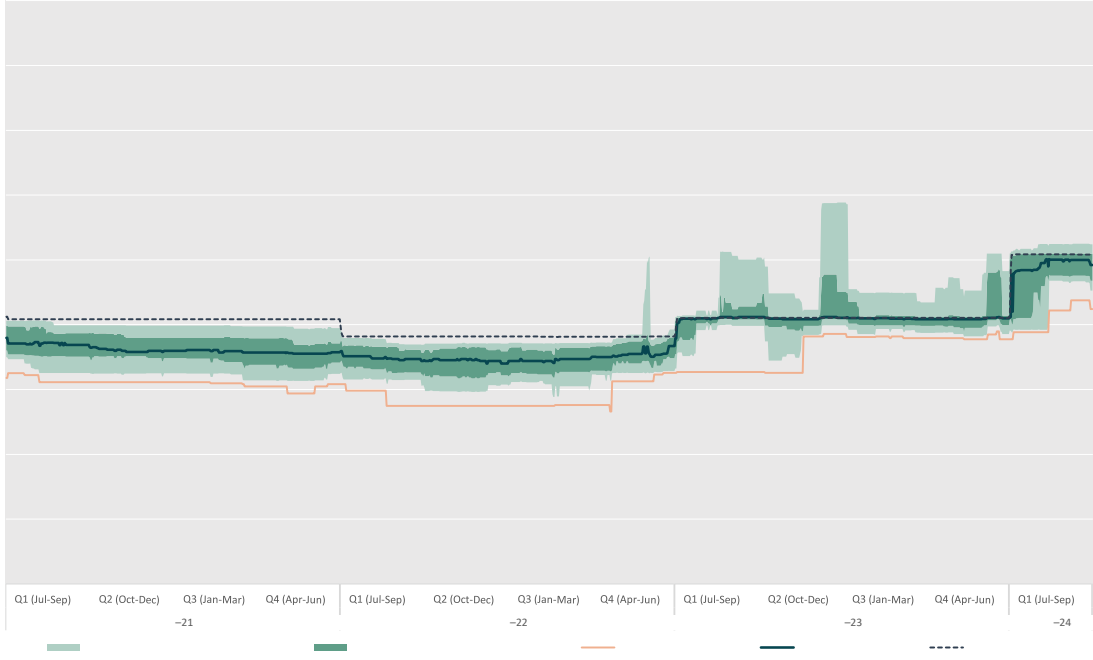
Source: AER.

Appendix 7: Distribution of low-income household maps

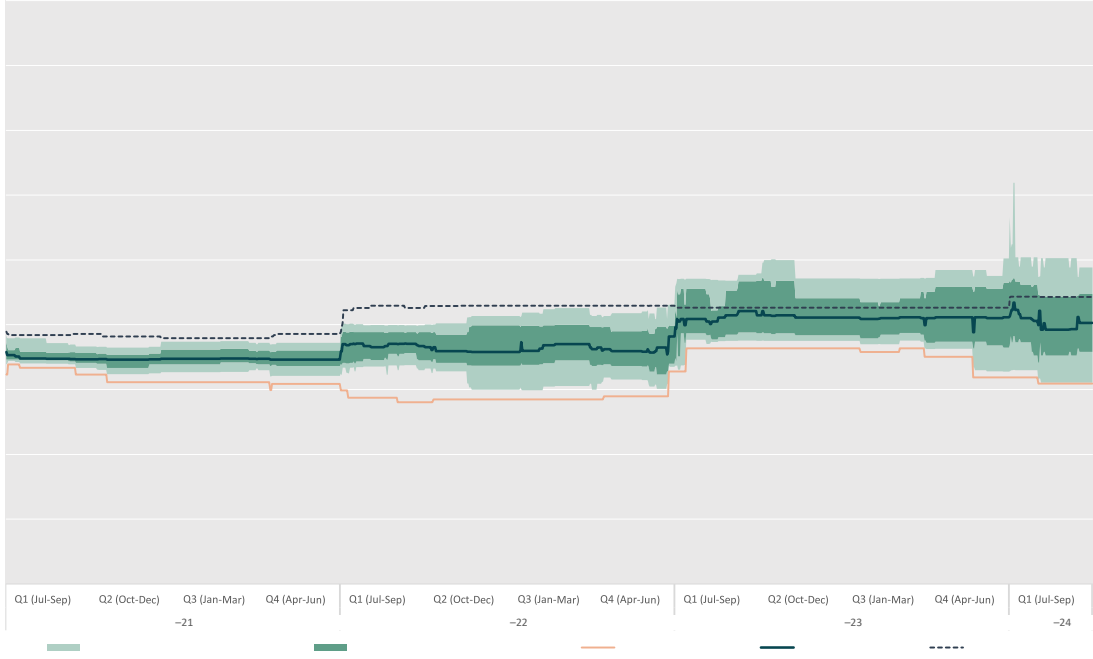
These maps are available with this report on the AER website under [Annual Retail Market Report 2022–23](#).

Appendix 8: Median market offer charts

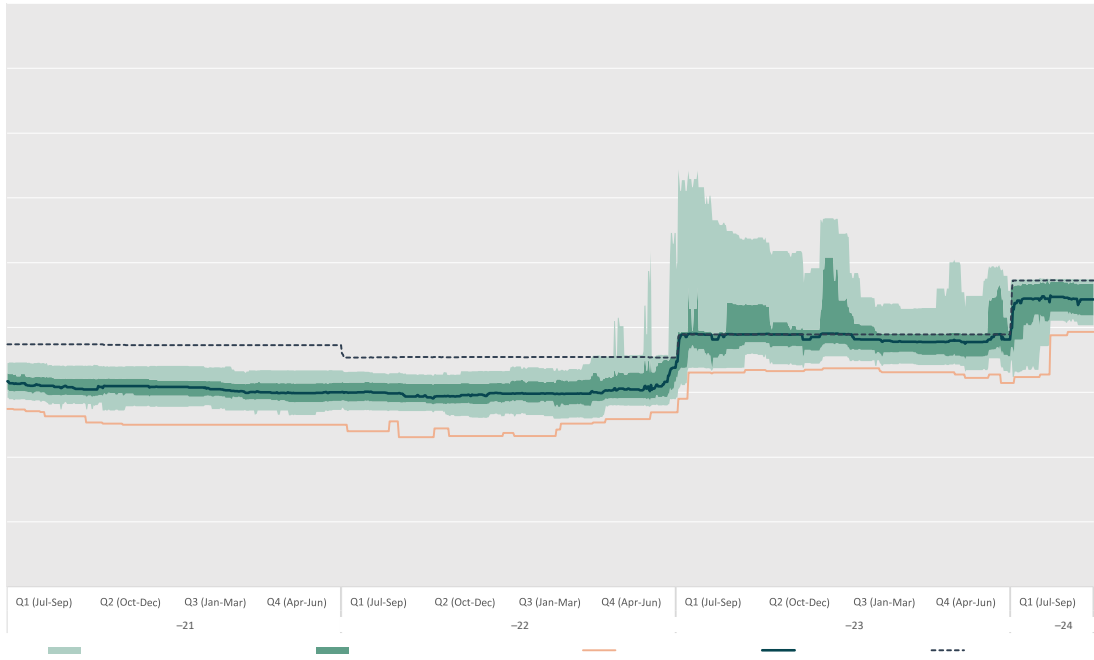
SA Power Networks (SA) – electricity



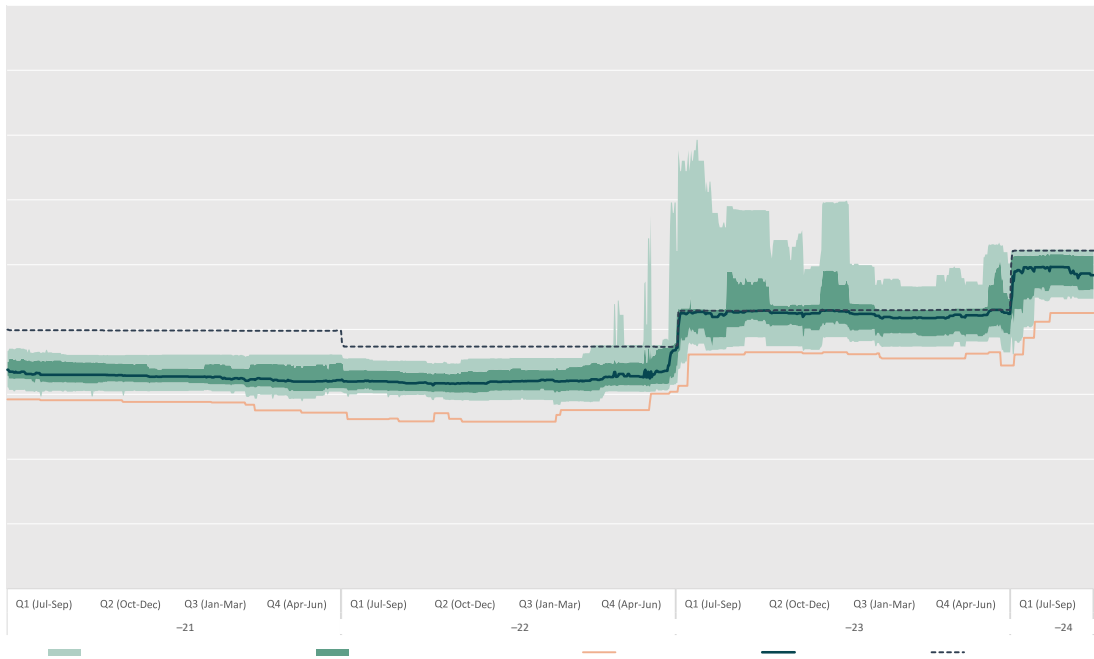
Evoenergy (ACT) – electricity



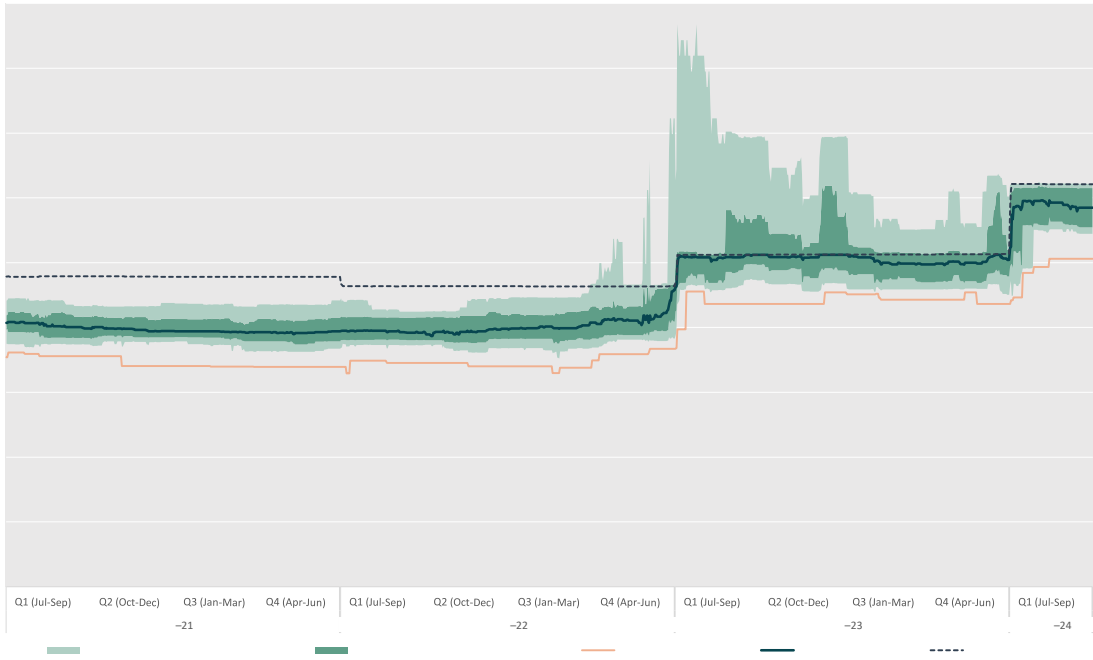
Ausgrid (NSW) – electricity



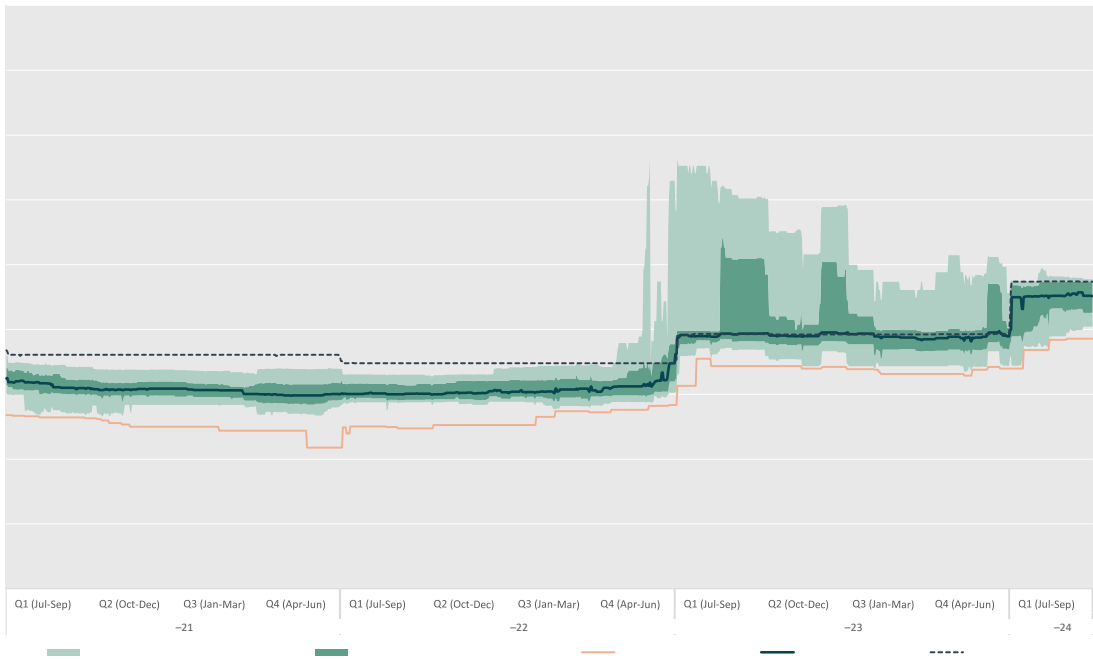
Endeavour Energy (NSW) – electricity



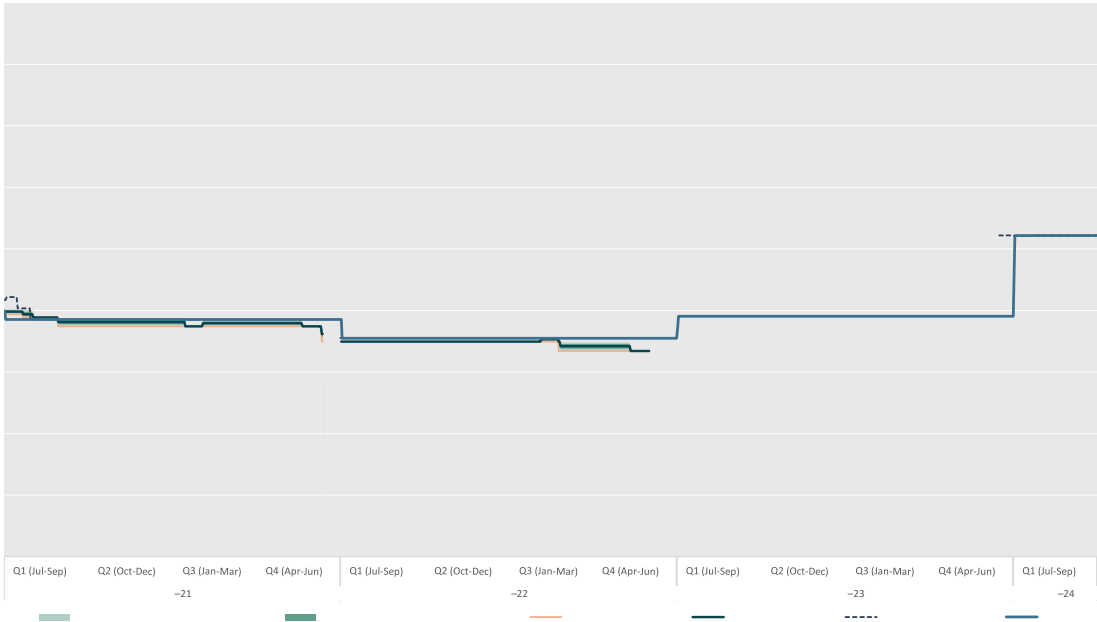
Essential Energy (NSW) – electricity



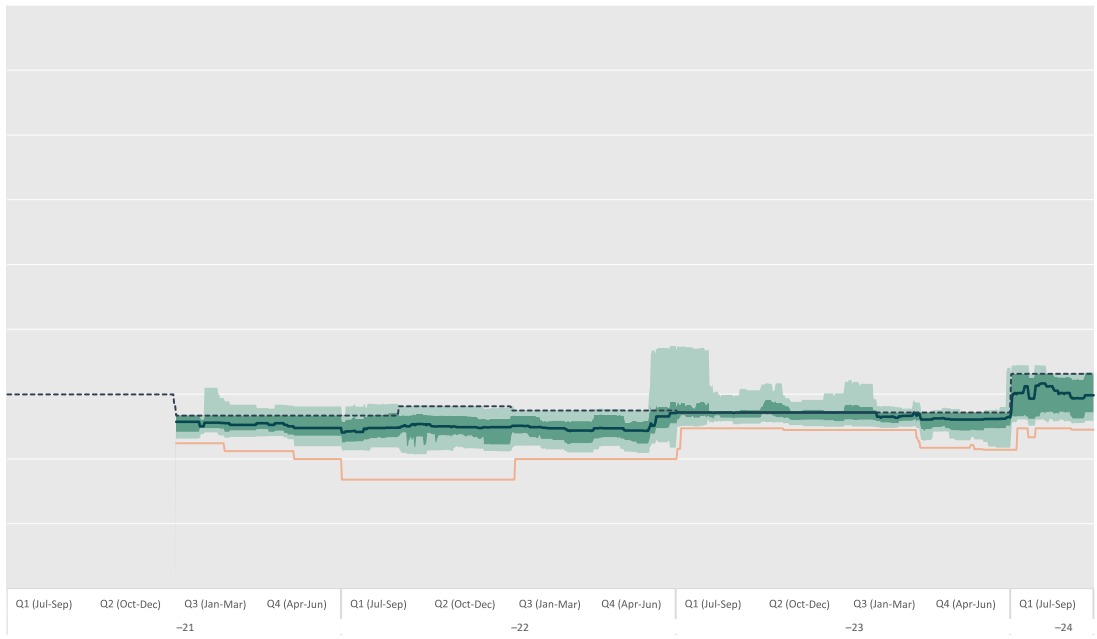
Energex (Qld) – electricity



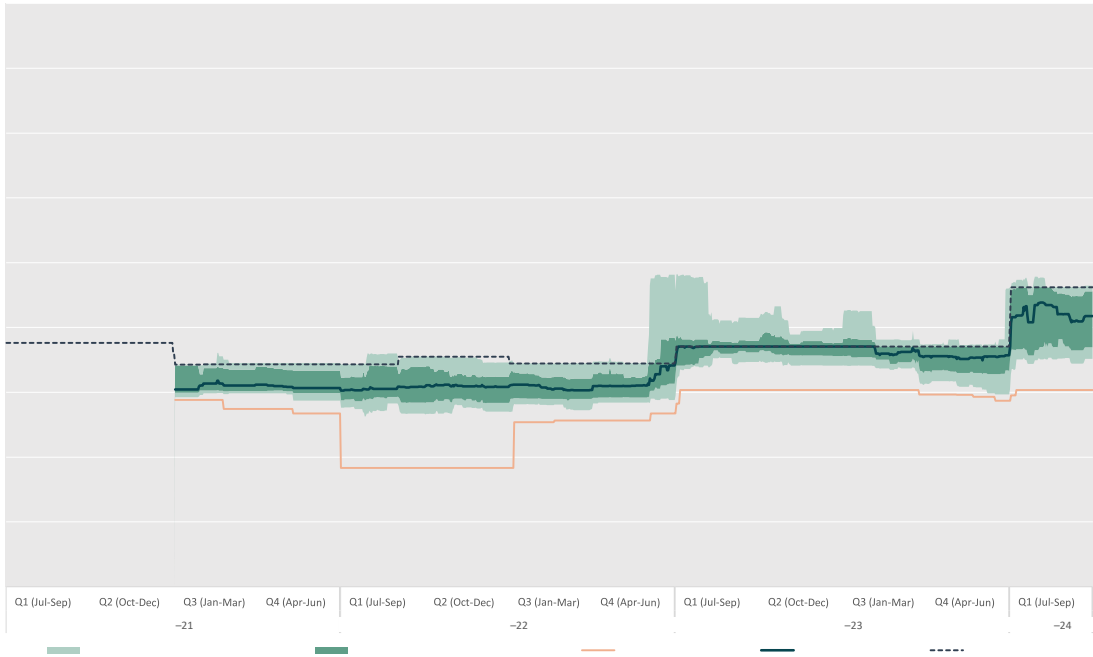
Ergon Energy (Qld) – electricity



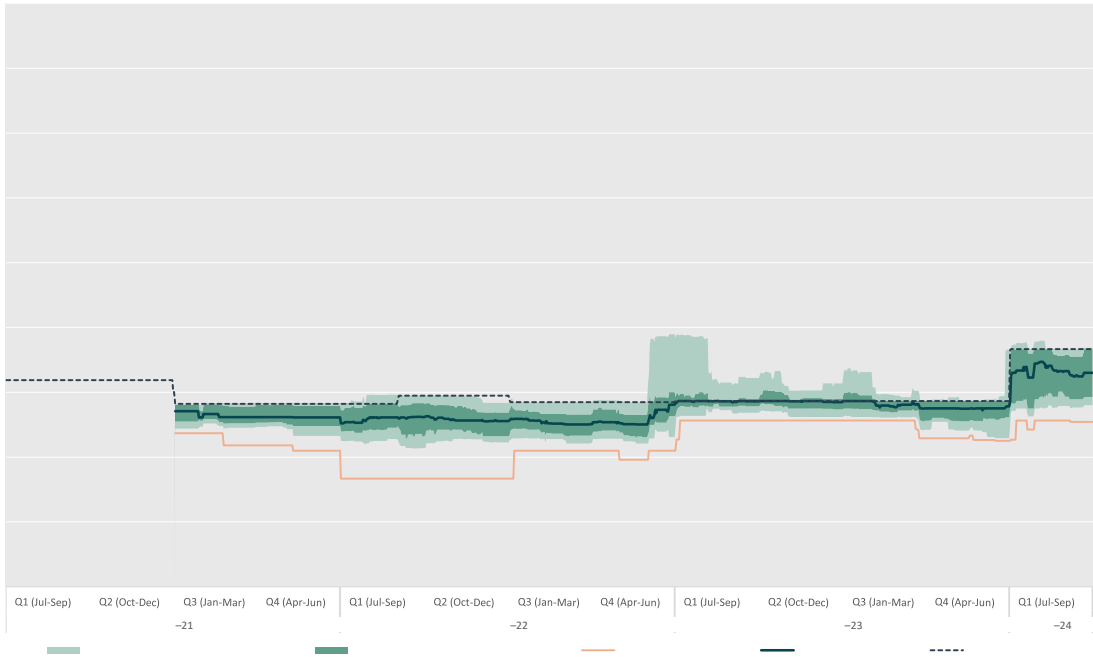
CitiPower (Vic) – electricity



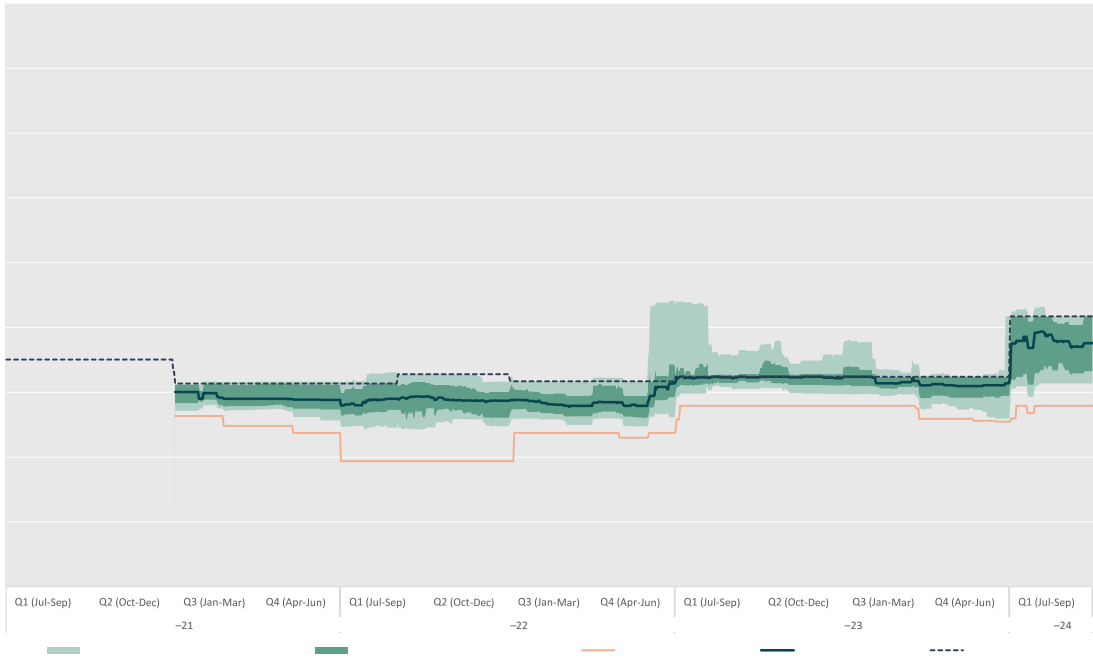
AusNet Services (Vic) – electricity



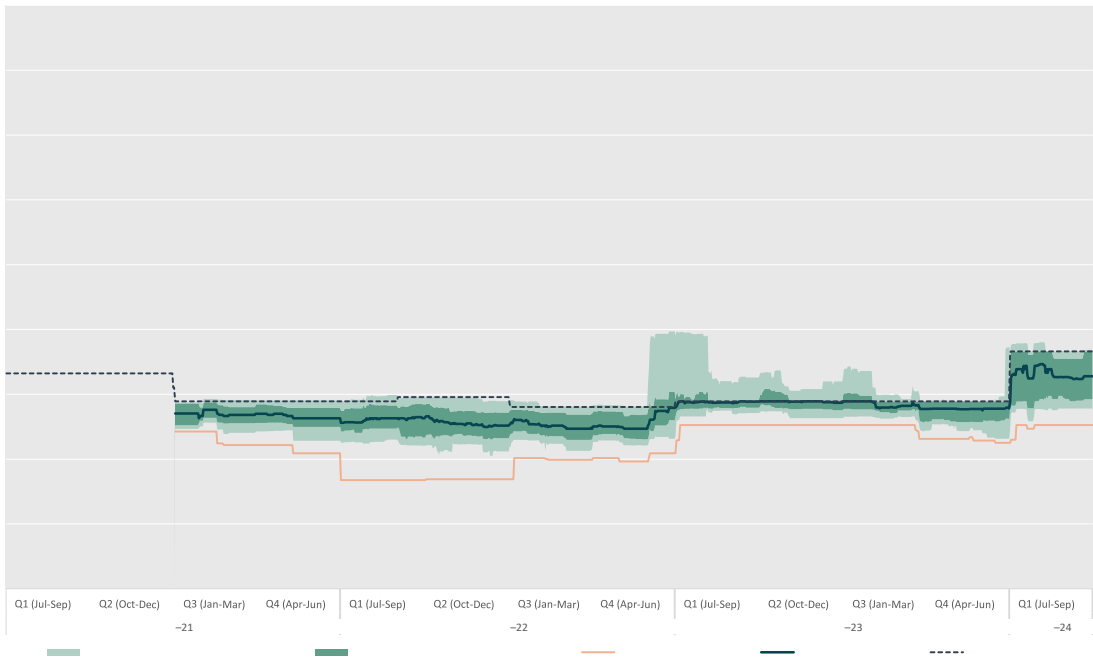
Jemena Electricity (Vic) – electricity



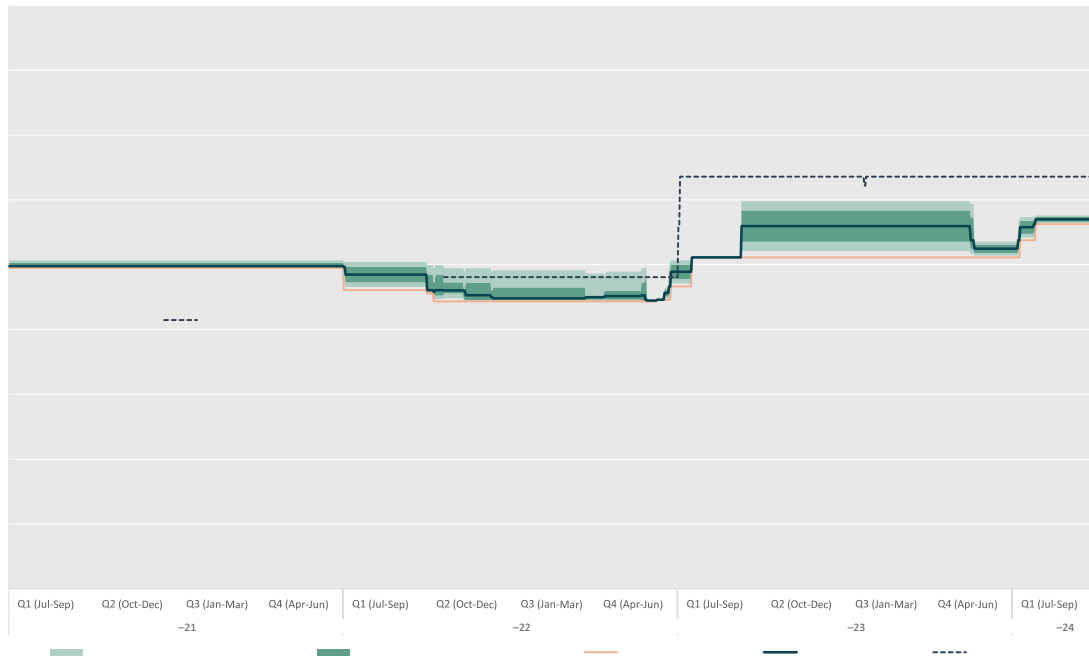
Powercor (Vic) – electricity



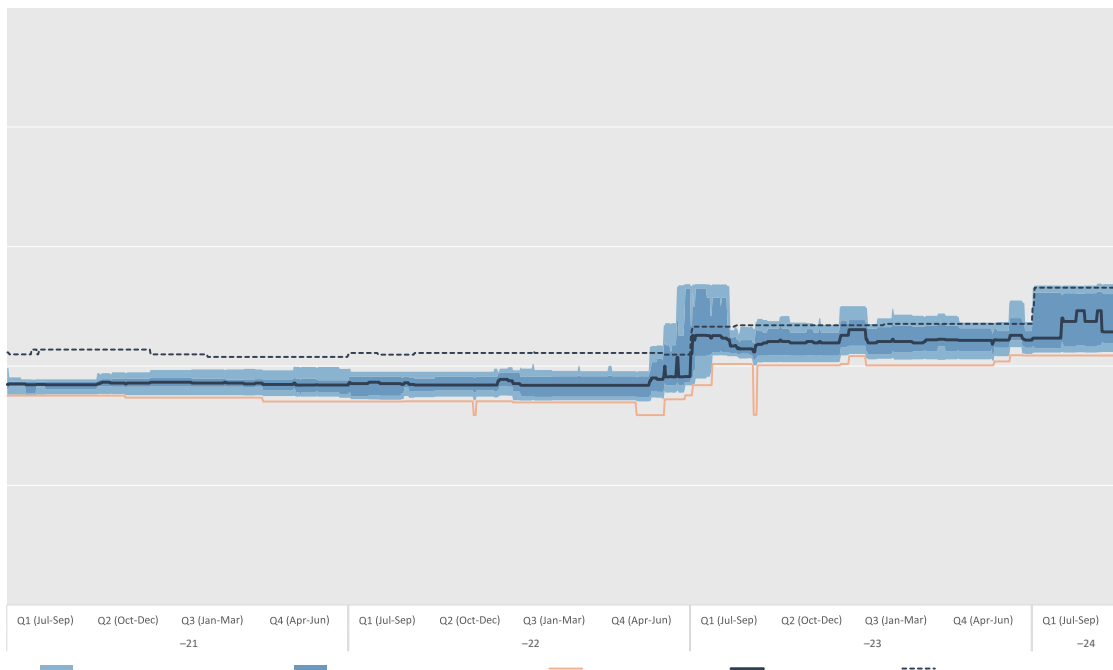
United Energy (Vic) – electricity



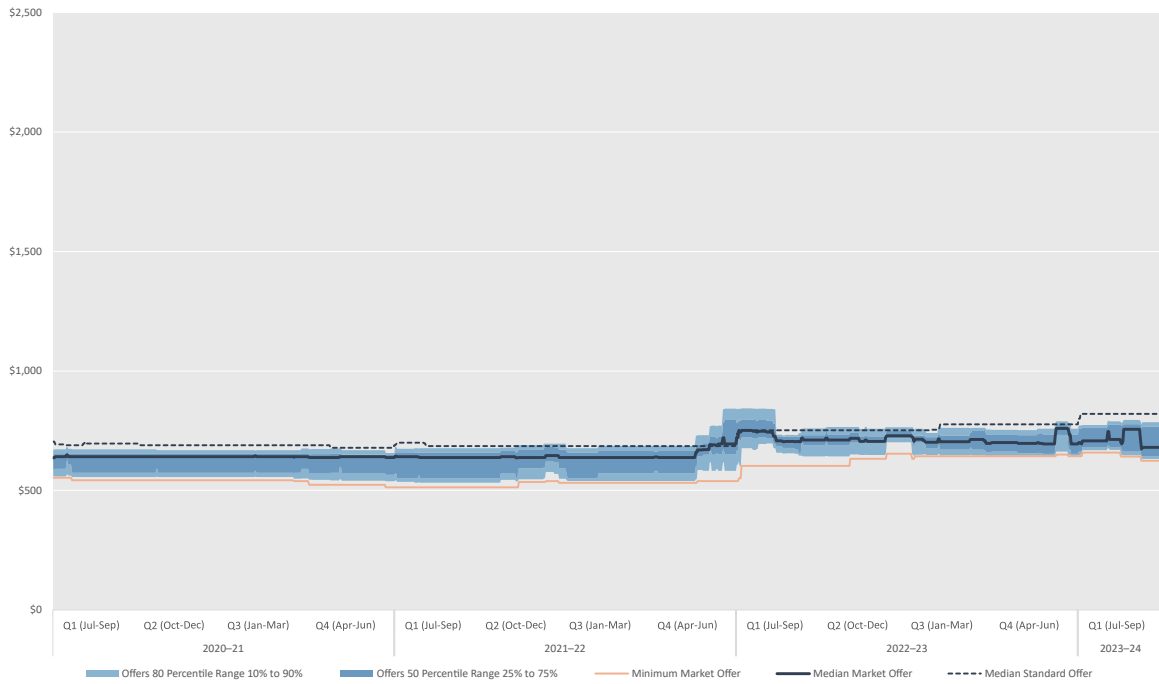
TasNetworks (Tas) – electricity



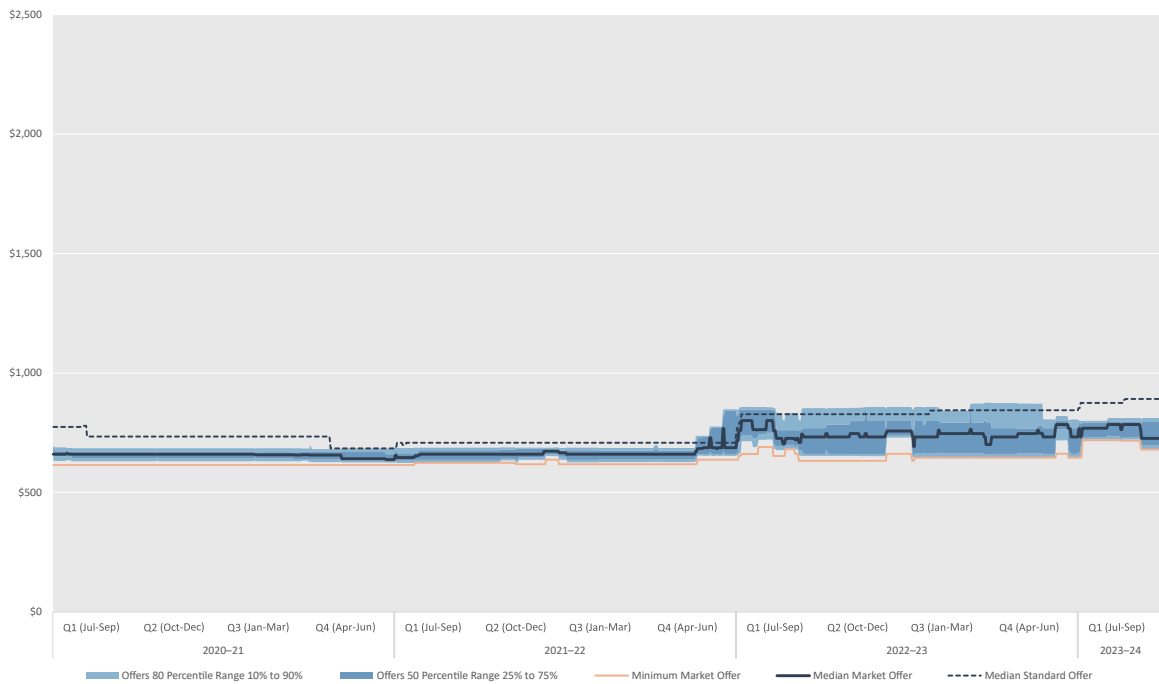
AGN (SA) – gas



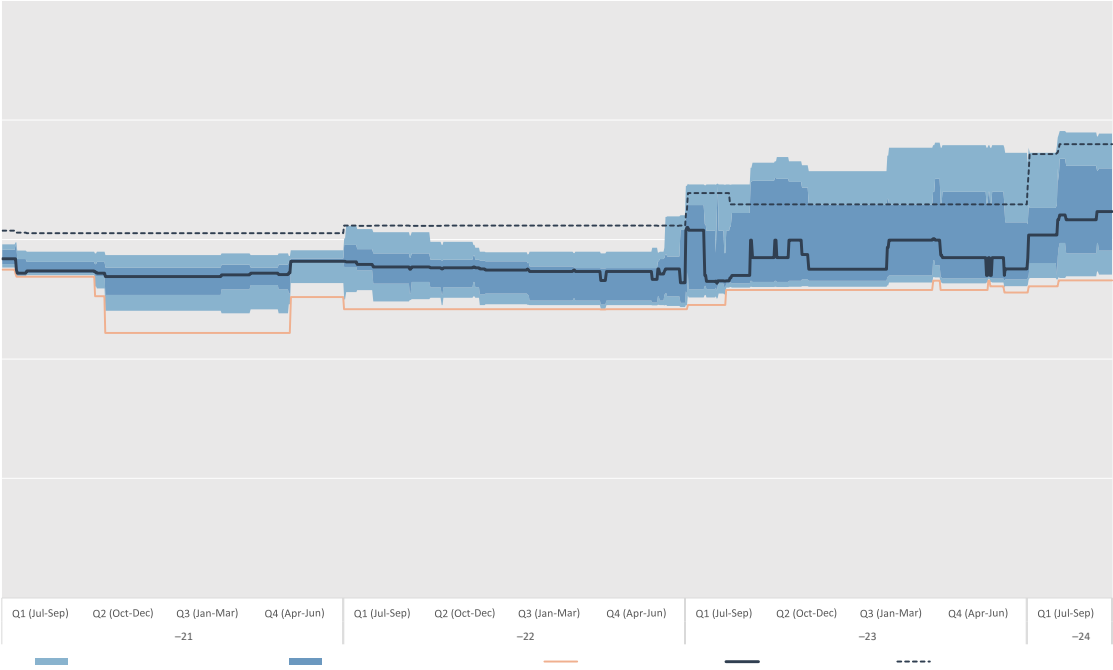
AGN (Qld) – gas



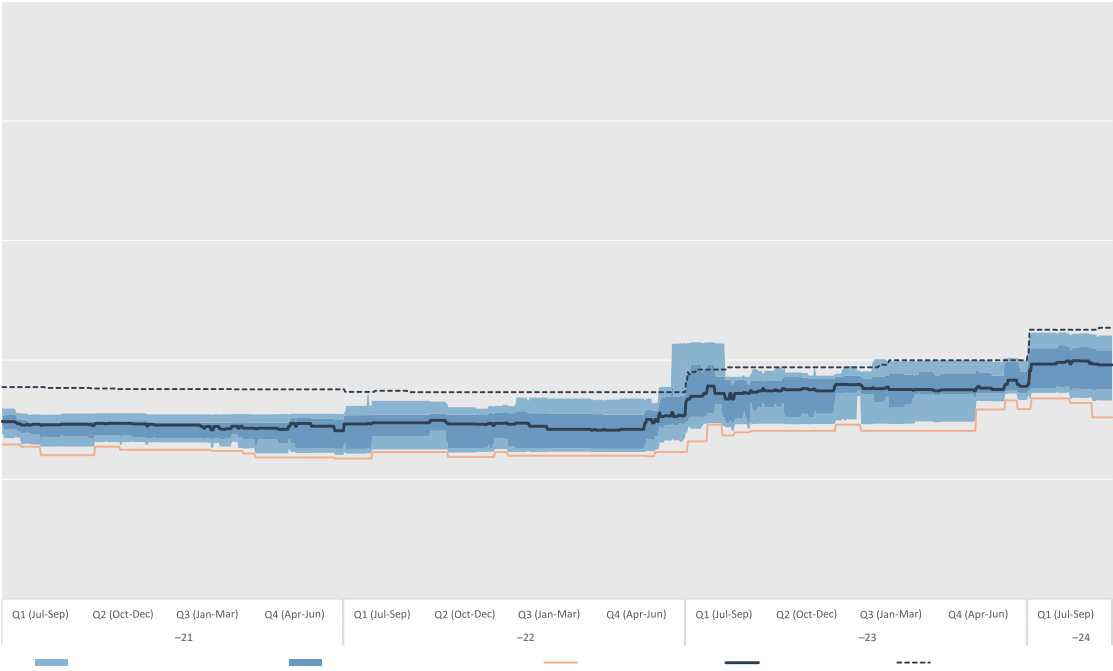
Allgas Energy (Qld) – gas



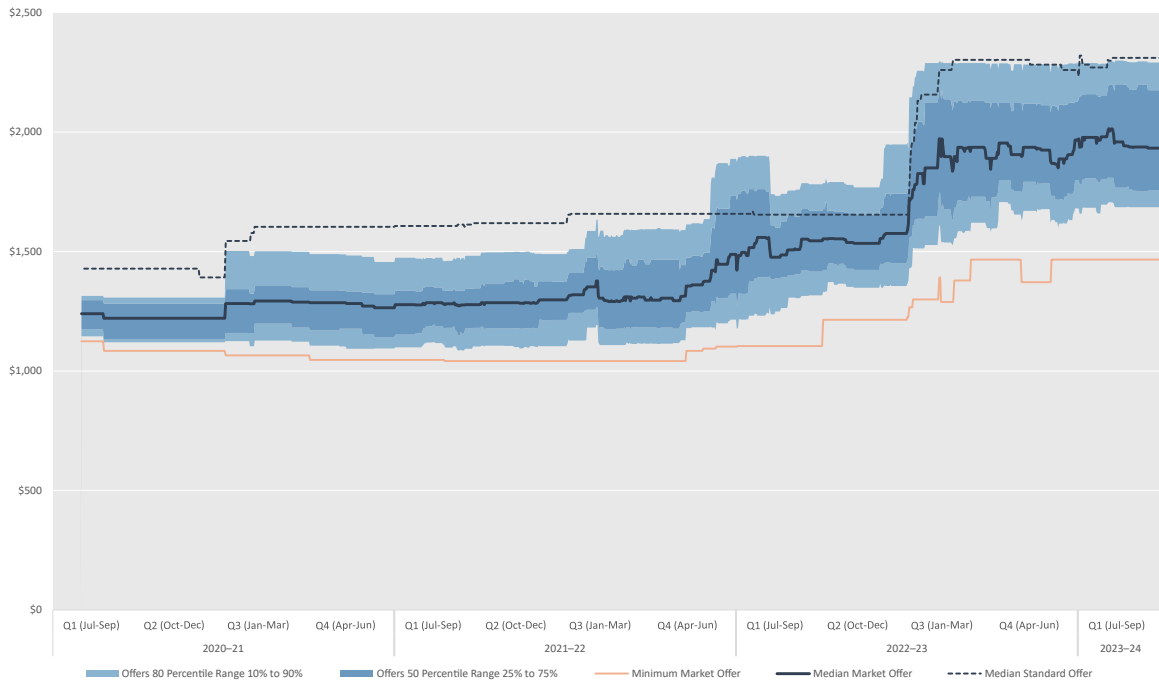
Evoenergy (ACT) – gas



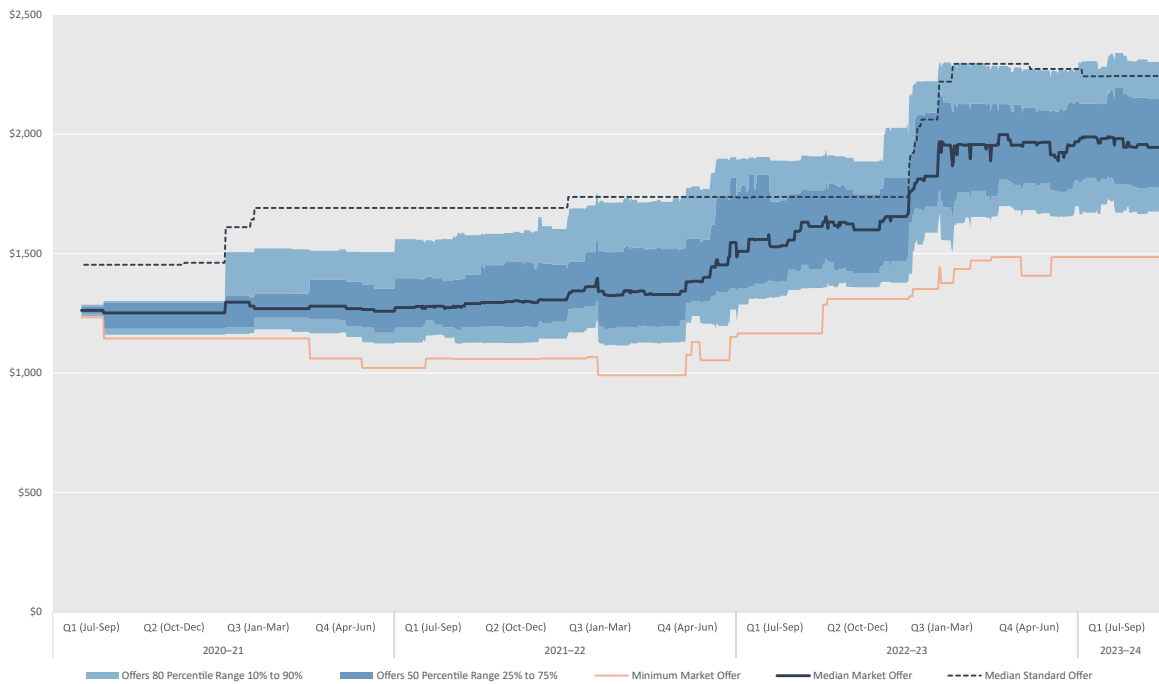
Jemena Gas (NSW) – gas



AusNet Services (Vic) – gas



AGN (Vic) – gas



Multinet (Vic) – gas

