Annual retail markets report 2023–24

November 2024

AUSTRALIAN ENERGY REGULATOR

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Executive summary

The Annual retail markets report is the AER's most in-depth and comprehensive analysis of the performance of the retail energy markets and energy retailers. The report plays a critical role in highlighting outcomes for consumers and the issues that affect them the most. Insights are used to inform policy design and target compliance and enforcement priorities. Importantly, the report reflects the AER's ongoing commitment to ensure energy consumers are better off, now and in the future.

Our analysis focuses on the jurisdictions that have adopted the National Energy Customer Framework (NECF) – the ACT, NSW, Queensland, South Australia and Tasmania, with Victorian data included in relation to pricing and affordability.

Data in this report was submitted by authorised retailers according to AER (Retail Law) Performance Reporting Procedures and Guidelines and collected from jurisdictional ombudsmen and our own consumer and stakeholder engagement programs. Pricing analysis presented utilises an estimation of annual bill costs and offers displayed on both the Energy Made Easy and the Victorian Energy Compare websites.

Key insights

Over the past year, broader economic conditions and cost of living issues have been challenging for energy consumers and the retail energy market. Governments have provided support with rebates and concessions, which have assisted with affordability. However, many households have struggled with energy debt, and more have reached out to their retailers for help to pay their energy bills and manage energy debt. Retailers responded by providing customers with support, including access to hardship programs and payment plans. However, this support is not always effective. Of particular concern is the decline in the proportion of customers successfully exiting hardship programs, which is now at a 5-year low.

Some retail energy markets are showing gradual signs of improved competitiveness. However, over the past year we have also seen the volumes of calls and complaints to retailers and jurisdictional ombudsmen increase significantly. It is also clear more can be done to ensure customers are accessing the best plan available, vulnerable consumers are protected and retailers provide effective support to those experiencing payment difficulties.

These results underscore the importance of our *Towards energy equity* strategy. This strategy aims to improve support for consumers experiencing vulnerability and the way the market operates to boost consumer outcomes. It is part of our commitment to ensuring people get what they need from Australia's energy system.

Summary of results

Market structure and activity

Over the past year there have been gradual signs of improvement in the competitiveness of the retail energy market across jurisdictions.

- While the largest retailers continue to hold sizeable market share, the gradual shift of both electricity and gas customers to smaller retailers continued in 2023–24.
- The NSW electricity market continued to show signs of a decrease in market concentration, while South East Queensland remains less concentrated than other regions. Indicators show South Australia is a highly concentrated market.
- Gas markets in NSW, South East Queensland and South Australia have continued to decrease in concentration. However, they are still considered highly concentrated markets.
- Single retailers dominate both the ACT and Tasmanian retail energy markets.
- Compared to the previous year, quarterly switching rates increased for electricity across all jurisdictions except the ACT.
- Periodical spikes in switching were evident and may reflect increases in retail energy prices being announced in that quarter, which triggers consumers to engage and switch retailers to find a better deal.
- Our analysis from 2022–23 and 2023–24 shows retailers change market offer prices in response to changes in the underlying cost of electricity, which are primarily driven by changes in the wholesale market. Of particular interest is the size of market offer discounts appears inversely correlated with the movement seen in the wholesale electricity price. That is, when wholesale costs increase, retailers typically recoup this through the upper end of the range of market offers, not the lower end and lower priced offers have remained in the retail market throughout wholesale market turbulence.

It is important that households and small businesses are able switch to a better offer if one is available. In October 2023 we launched a new version of our free and independent Energy Made Easy comparison website and it now provides 3 simple options for consumers to find and compare plans and includes easy-to-read information about a range of topical energy issues. We are developing a roadmap to support continuous improvements to this service.

We encourage businesses to develop new products, services and business models that provide benefit to consumers and businesses and increase competition in the retail energy market. The Energy Innovation Toolkit is an interactive website and online portal that provides information on the regulatory regime and aims to reduce barriers for new energy business models.

Pricing and affordability

Energy prices rose in 2023–24, while affordability improved for low-income households due to government support.

- By the end of 2023–24, the median market offer prices for electricity increased by between 4% and 16% across regions compared to the prior year.
- Retail gas prices continued to fluctuate with changes varying across jurisdictions. Market offers in South Australia, the ACT and NSW increased 12%, 8% and 2% respectively, while Queensland recorded a decrease of between 2% and 7%. Victoria varied between -1% to 2%.

- Energy affordability improved for many households in 2023–24 due to increased government support. These rebates and concessions shielded low-income and those average income households who received them from energy price rises, so they spent proportionally less of their income on energy bills compared to the previous year. However, those households who were not eligible for the assistance had less cushioning from price rises.

Our Better Bills Guideline came into effect from 30 September 2023. This new guideline establishes requirements on retailers intended to make it easier for customers to understand billing information. The guideline sets out design principles and a tiered approach to billing information to ensure consumers can easily access information. It also requires retailers to let their customers know if they could be on a better plan, inform them about government rebates and concessions and provides information about Energy Made Easy.

Payment difficulties and hardship

The proportion of consumers holding energy debt has remained steady over the past year, while the number receiving support increased. However, there is evidence this support may not be effective for many consumers.

- The proportion of customers with energy debt older than 90 days (excluding hardship customers) held steady at 2.9%. However, their average debt grew by 16% to $1,148, driven by increases in South Australia, NSW and Queensland. It is important to note that around one-third of these customers are neither on payment plans nor in hardship programs. Therefore, those customers may not be getting the assistance they need.
- The proportion of small business customers holding an energy debt increased from 3% to 3.4% in 2023–24, though average debt among this cohort reduced from $2,451 to $2,363.
- The proportion of residential electricity customers on payment plans increased from 1.7% to 1.8% in 2023–24 for electricity customers, while gas was stable at 1%.
- The proportion of both electricity and gas customers in hardship programs increased – electricity up to 1.9% of customers and gas to 1.3%. While it is good that customers are reaching out to their retailer for help, average debt on entry to a hardship program increased by 23.7% to $1,476 for electricity and by 33.5% to $736 for gas. This indicates that more customers are entering hardship programs with younger, but higher levels of average debt than they were in the previous 12-month period. However, it is notable that most entering hardship programs remain those who have debts of less than $500.
- There has been a shift in the way customers engage with their retailer to access assistance – the proportion of electricity customers instigating entry to hardship programs (as distinct from retailer referred) increased 9 percentage points to 53% in 2023–24. The upward trend was similar for gas customers.
- The proportion of customers that successfully exited energy retailers' hardship programs in 2023–24 was 26.3% for electricity customers and 20.1% for gas customers. This indicates that hardship programs may not be fully effective in helping customers with their payment difficulties. Customers are continuing to accrue debt while in the programs and a large number are being excluded for non-payment.

- The overall proportion of residential disconnections continued to decrease and were at a 5-year low in 2023–24 – down from 0.38% to 0.23% for electricity and 0.29% to 0.17% for gas.

This data shows that energy debt and hardship has remained a persistent problem despite regulatory protections, government investment in concessions and rebates and the hardship and support programs offered by retailers. In November 2023 the Energy and Climate Change Ministerial Council (ECMC) agreed to progress work on the 'Game changer' package of reforms the AER proposed in collaboration with stakeholders. This year's retail report indicates these reforms are needed more than ever.

In addition, we are currently conducting a review of the payment difficulties protections in the National Energy Customer Framework. For this review we have drawn extensively on consultation with stakeholders, consumer research and analysis to consider whether improvements can be made so consumers experiencing payment difficulty are proactively identified, engaged early and receive effective, tailored assistance.

Customer service

2023–24 saw the volume of calls, response times and complaints to some retailers increase. Alongside these results, complaints to ombudsmen have also risen substantially.

- The total number of calls made to retailers increased by 9.7% to 10.8 million – the primary driver of this increase was a 34% increase in calls to small retailers and a higher number of calls to a small number of large retailers who had upgraded customer service platforms.
- Average call answering times were higher – 7 minutes for Tier 1 or primary regional retailers and 3 minutes for Tier 2 retailers.
- Complaints received by retailers were 24% higher, with 60% of these billing related issues.
- Complaints referred to the energy ombudsman schemes also grew significantly – up 45% to 37,182. Similar to complaints to retailers, billing related complaints were the most common, followed by those related to marketing.

In August 2024 we released our updated Retail performance reporting procedures and guidelines, which will be implemented in July 2025. These changes expand the performance metrics retailers submit and will give us greater visibility and a deeper understanding on what is influencing customer experience and outcomes. This will improve our ability to monitor the retail markets and identify where we can collectively improve outcomes for energy consumers.

Background

Under the National Energy Retail Law (Retail Law) and National Energy Retail Rules (NERR), the AER is responsible for reporting on the performance of the retail energy market and energy businesses.

In accordance with Part 10 of the NERR, our Annual retail markets report 2023–24 provides comprehensive analysis and insights in relation to a range of key performance metrics. This includes the number and market share of active retailers, (including the proportion of customers on market and standing contracts), switching, energy affordability, customer service, customer complaints, handling of customers experiencing payment difficulties and disconnections.

Objectives

Our report helps guide our understanding of consumer outcomes and experiences, outcomes for consumers and the issues that impact them the most. It provides critical insights to inform the public, policy makers and the wider industry on how the market is delivering for consumers and importantly reflects the AER's ongoing commitment to ensure energy customers' interests are at the forefront of a dynamically evolving energy market.

Our report also delivers against our strategic objectives and initiatives – including the *Towards energy equity strategy*, which aims to, among other things, improve support for consumers experiencing vulnerability, improve the way the market operates and prioritise and target actions to address or prevent consumer harm.

Updated Retail performance reporting procedures and guidelines

Over 2023–24 we reviewed the *Retail performance reporting procedures and guidelines* (the Guidelines) to ensure the data submitted to us by retailers enables us to continue to effectively monitor the retail market and consumer outcomes.

In August 2024 we released our final updated Guidelines that include changes to existing indicators related to debt, tariff and meter types, prepayment meters, call centre and complaint metrics and other priority areas of interest to the AER relating to embedded networks, life support customers and customers affected by family violence.

The new and revised indicators will be implemented from 1 July 2025 and reported in the 2025–26 annual report.

Methodology

Our analysis in this report is based on a number of quantitative and qualitative data sources detailed below.

Our analysis focuses on the jurisdictions that have adopted the National Energy Customer Framework (NECF) – the ACT, NSW, Queensland, South Australia and Tasmania. Victorian data is included in Chapter 2 in relation to pricing and affordability.

Aggregation of retailers into groups

We classify retailers into the following 3 groups for the purposes of analysis and comparison:

- Tier 1 – includes Origin Energy, AGL and EnergyAustralia, which collectively service the majority of retail customers in New South Wales (NSW), South Australia and South East Queensland.
- Tier 2 retailers: all other retailers. These range from small retailers to larger retailers such as Alinta Energy and Red Energy.
- Primary regional retailers are Ergon Energy in Queensland, ActewAGL in the Australian Capital Territory (ACT) and Aurora Energy in Tasmania. Each largely operate within only one distribution area and are subject to differing forms of price regulation.

Retail performance data

Retailer performance data (indicators) presented in this report was submitted by authorised retailers in the manner and form required by the AER (Retail Law) Performance Reporting Procedures and Guidelines, Version 3 (April 2018) and includes retail contract information, complaints, customers experiencing payment difficulties and hardship indicators.

We clean and analyse the data submitted to produce schedules containing data from all retailers across the jurisdictions that have adopted the National Energy Customer Framework (NECF) – New South Wales (NSW), Queensland, South Australia (SA), Tasmania and the Australian Capital Territory (ACT). These data schedules are published quarterly on our website.

Pricing and affordability methodology

Our pricing and affordability analysis provides an indication of energy costs per household. The analysis is based on average energy use for residential customers on single rate tariffs, examines electricity costs over time in each electricity distribution network and highlights the median and range of standing and market offer prices.

Bill costs are based on available offers displayed over time on our price comparison websites Energy Made Easy and the Victorian Energy Compare website. 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.

For pricing analysis, the AER estimates annual bill costs for market and standing 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.

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. However, 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.

Our measures of energy affordability for each distribution area, based on:

- annual market and standing offer bill costs
- concessions and rebates offered by governments
- household income.

Other data sources

Jurisdictional ombudsman schemes

Complaints data is also collected from all relevant jurisdictional ombudsman schemes. 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.

Ombudsman schemes offer an alternative complaint resolution option for customers who are unable to bring their complaint to a satisfactory conclusion with their energy retailers. Energy ombudsman schemes are generally funded by the energy industry.

AER consumer research and stakeholder engagement

Across 2023–24 we have undertaken a number of consumer research projects and stakeholder engagement activities. Feedback from these has been included throughout this report as they provide an important consumer perspective that has been used to inform policies and reviews and develop our First Nations framework and consumer strategy.

For this report, and as input into various initiatives to achieve the objectives of our *Towards energy equity strategy*, we commissioned consumer research to explore how consumers pay their energy bills, the actions they take to meet their payment obligations, and the extent to which they engage with energy retailers. This research outcomes provide the AER with an understanding of the emerging trends in payment and credit products and how these are used to pay energy bills.

Results presented in this report are based on a sample of n=1,648 respondents aged 18 years or older connected to the energy grid (electricity and/or gas) and responsible for energy bill payments. Quotas were set to ensure a nationally representative households across NSW, Victoria, Queensland, South Australia, Tasmania, and ACT. The data was weighted on gender, age and state to the most recent ABS Census data. Questions from the Households, Income and Labour Survey[1] (HILDA) research were used to measure and report on financial stress.

Consultation with retailers

We engaged with retailers to obtain further insight in the trends observed in the retail performance data provided quarterly to the AER. Additionally, to further clarify data or

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1 University of Melbourne, HILDA Survey, accessed 25 November 2024.

observations we sought feedback from retailers to determine if other factors that could have influenced variations or outcomes.

Appendices

Appendices to this report includes tables of data and supplementary information. Additional explanatory information related to pricing methodology, source data tables, such as detail description of concessions and rebates, and maps of distribution networks are also provided.

1 Market overview

Customer numbers

RESIDENTIAL

Electricity	Gas
6,895,249	2,328,101

SMALL BUSINESS

Electricity	Gas
666,355	76,950

Tier 1 market share

RESIDENTIAL

Electricity	Gas
62.5%	77.7%

SMALL BUSINESS

Electricity	Gas
59.3%	88.5%

Customer on market contracts

RESIDENTIAL

Electricity	Gas
79.7%	90.7%

SMALL BUSINESS

Electricity	Gas
65.3%	81.6%

Key findings

- From 2019–20 to 2023–24, Tier 1 retailers have continued to lose market share to Tier 2 retailers across residential and small and large business markets. Despite these reductions Tier 1 retailers still hold the majority of market share.
- Tier 2 retailers continue to have a considerably larger proportion of their residential and small business customers on market contracts compared with Tier 1 retailers.
- In 2023–24, there were 4 new retailer authorisations and no Retailer of Last Resort events.
- Some retail energy markets show signs of enhanced competition, when considering level of concentration and the trend of more customers moving to smaller Tier 2 retailers.
- Despite quarterly fluctuations, switching rates remained consistent across jurisdictions.
- Newer retailers have tended to have a greater focus on innovation, with product offerings related to consumer energy resource, including batteries, Virtual Power Plants and peer to peer trading.

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[2]
- customers switching between retailers (includes Victorian data).

Understanding these elements allows the AER to assess the competitiveness of the retail energy market across each jurisdiction. The factors used in assessing competition are:

- entry and exit of sellers in the market
- exercise of choice by consumers in the market
- differentiated products and services
- customer switching behaviour
- innovation and consumer energy resources.[3]

When combined, these factors provide an indication of market competitiveness. A competitive retail energy market is important for customers because it allows them more choice in products and retailers. These choices afford customers the opportunity to switch if they are not satisfied with the prices, products or service being provided by their current retailer. Switching products or retailers could lead to lower prices and better service levels for customers.

2 The AER assumed responsibility for Retailer of Last Resort events in Victoria on 21 May 2024.

3 Consumer energy resources (CER) are resources that generate or store electricity that can alter demand in response to external signals. CER includes rooftop solar, batteries and electric vehicle chargers.

1.1 Market structure

The AER categorises retailers as Tier 1 retailers, Tier 2 retailers or primary regional retailers.

We categorise retailers as:

Tier 1 retailers: Origin Energy, AGL and EnergyAustralia, which collectively service the majority of retail customers in New South Wales (NSW), South Australia and South East Queensland.

Tier 2 retailers: all other retailers. These 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 operate within only one distribution area and are subject to differing forms of price regulation.

Analysis throughout this chapter focuses 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 2023–24, there were 68 authorised electricity retailers, 52 of which were active retailers[4] selling electricity to 6,895,249 residential customers.

From 2019–20 to 2023–24, Tier 1 and primary regional retailers lost 2.9% market share as their customers switched to Tier 2 retailers.

Tier 2 retailers now supply around 22% of residential customers, up from a base of 19.2% in 2019–20 (Figure 1.1).

[4] Authorised electricity retailers that do not have any customers are not deemed as active retailers and are excluded from this count.

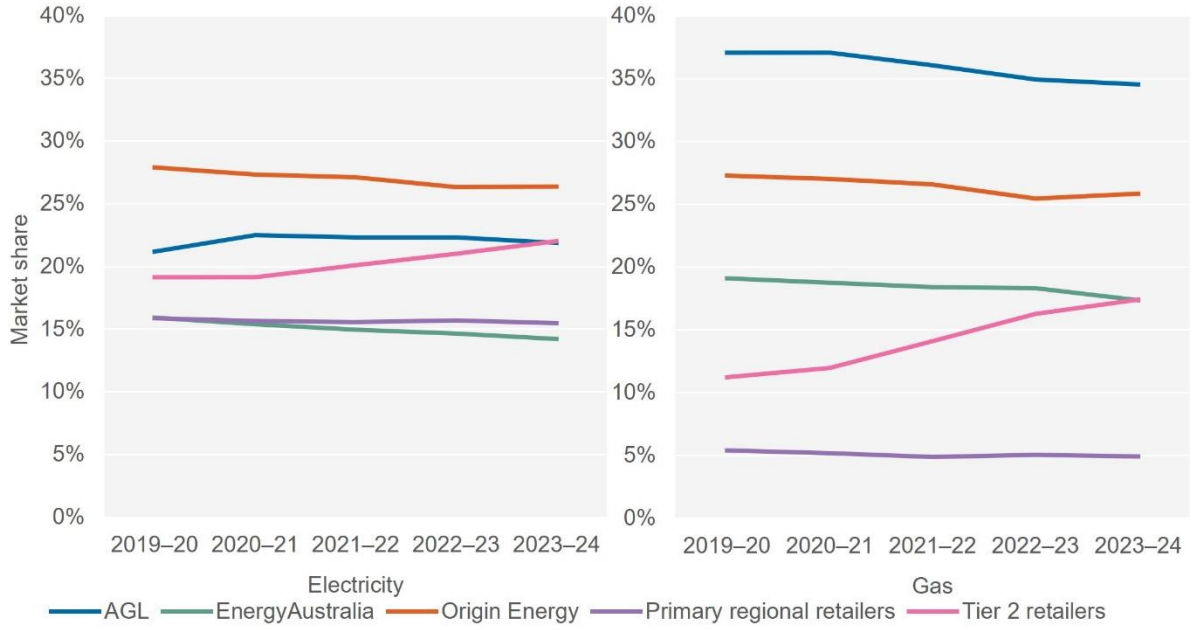
In 2023–24 in the residential gas market, there were 21 authorised gas retailers. 17 of the retailers were active retailers[5] selling gas to 2,328,101 residential customers. This was up from 2,210,511 customers in 2019–20, which is a growth rate of 5.3%.

Tier 2 retailers continued to gain market share from Tier 1 and primary regional retailers, reaching 17.4% in 2023–24, up from 11.2% in 2019–20.

In aggregate, the market share of Tier 1 and primary regional retailers has decreased by 6.1% since 2019–20.

Since 2019–20, several Tier 2 retailers have notably increased the number of residential electricity customers they serve; these retailers include the Altogether Group, Energy Locals, GloBird Energy, Nectr Energy and OVO Energy.

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 2023–24 retail performance data.

Table 1.1 and Table 1.2 show the percentage change in customer numbers of the Tier 1 retailers and primary regional retailers between 2019–20 and 2023–24. They also show their market shares in each jurisdiction as at June 2024, for both residential electricity and gas markets.

Movement in residential electricity customer numbers between 2019–20 and 2023–24 differed across jurisdictions (Table 1.1). As illustrated in Figure 1.1, while most of these large retailers lost market share nationally, the decline has been gradual as the size of these retailers has not caused a significant impact on their market share.

5 Authorised gas retailers who do not have any customers are not deemed as active retailers and are excluded from this count.

Over 2023–24, Tier 1 retailers held 73% of market share in NSW and South Australia and 50% in Queensland. In the ACT and Tasmania, the primary regional retailer accounted for 73% and 93% respectively.

Table 1.1 Change in residential electricity customer numbers, 2019–20 to 2023–24 and market share as at June 2024

Category	AGL	EnergyAustralia	Origin Energy	Primary regional retailers
ACT				
Market share	–	4%	17%	73%
Change in customer numbers	–	4%	21%	2%
NSW				
Market share	23%	24%	27%	1%
Change in customer numbers	7%	−7%	-5%	38%
Queensland				
Market share (South East Queensland)	26%	7%	39%	–
Change in customer numbers	17%	−5%	1%	–
Market share (Ergon Energy)	–	–	–	100%
Change in customer numbers (Ergon Energy)	–	–	–	3%
South Australia				
Market share	37%	7%	29%	-
Change in customer numbers	3%	4%	12%	-
Tasmania				
Market share	–	–	–	93%
Change in customer numbers	–	–	–	−2%

Source: AER, Schedule 2 – Quarter 4 2023–24 retail performance data, Sheet: 'Res Elec Cust#s & Mkt Contr'.

In the residential gas market, from 2019–20 to 2023–24 all large retailers recorded a decline in customer numbers in at least one jurisdiction they operated in. However, they still held 77.7% of market share, down from 83.4% in 2019–20.

Table 1.2 Change in residential gas customer numbers, 2019–20 to 2023–24 and market share as at June 2024

Category	AGL	EnergyAustralia	Origin Energy	Primary regional retailers
ACT				
Market share	–	4%	16%	75%
Change in customer numbers	–	3%	3%	−5%
NSW				
Market share	38%	24%	20%	1%
Change in customer numbers	−4%	−4%	2%	3%
Queensland				
Market share	38%	–	45%	–
Change in customer numbers	−1%	–	−8%	–
South Australia				
Market share	30%	8%	40%	–
Change in customer numbers	8%	−8%	–	–

Source: AER, Schedule 2 – Quarter 4 2023–24 retail performance data, Sheet: 'Res Gas Cust#s & Mkt Contr'.

1.1.2 Market concentration has reduced in NSW but is stable in South East Qld and SA

The Herfindahl–Hirschman Index (HHI) is a measure of market concentration. A decrease in the HHI over time indicates a decrease in market concentration and may indicate the development of a more competitive market. A decrease in the HHI over time indicates a decrease in market concentration and may indicate the development of a more competitive market.

From 2019–20 through to 2023–24:

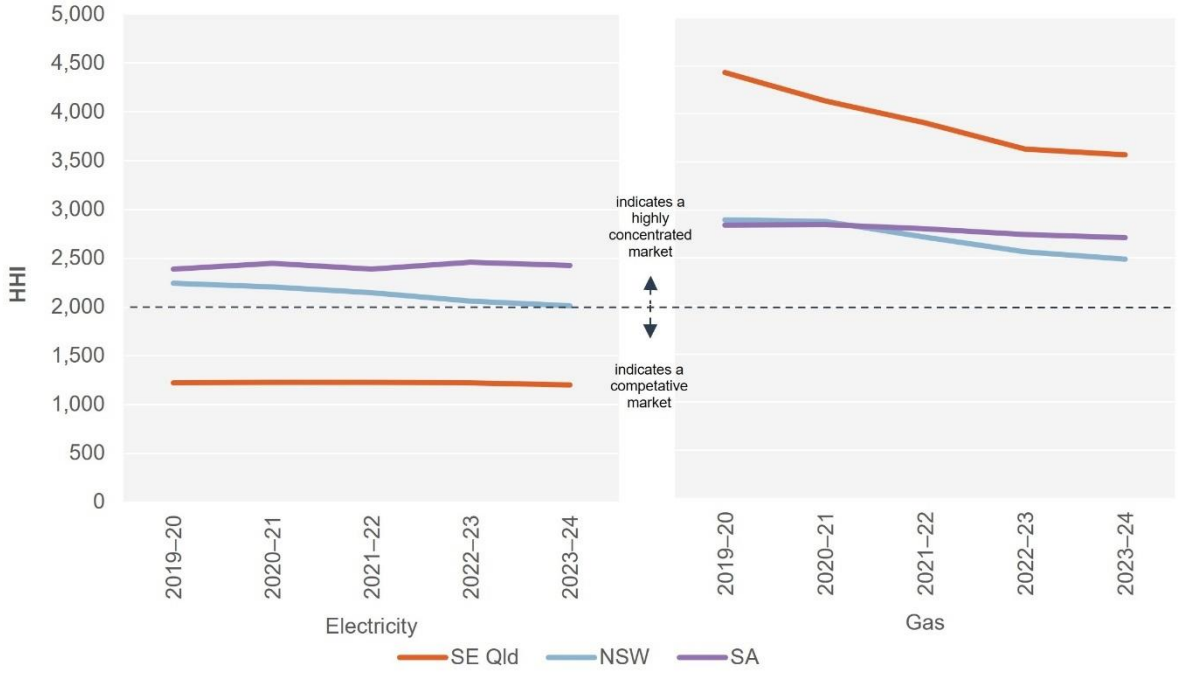
- the NSW electricity market continues to show signs of a decrease in market concentration

- South Australian indicates as being a highly concentrated market
- South East Queensland[6] indicates a less concentrated market
- gas markets in South East Queensland, NSW and South Australia have continued to decrease in concentration but they are still considered highly concentrated, particularly in South East Queensland (Figure 1.2).

The ACT and Tasmania are not shown on Figure 1.2 as both markets are dominated by a single retailer (ActewAGL in the ACT and Aurora Energy in Tasmania) so the HHI values are higher and would distort the scale. For these markets, there has been a decline in the HHI value (that is, improving competition) from 2018–19 to 2022–23 of:

- residential electricity market – from 6,540 to 5,698 in the ACT and from 9,716 to 8,736 in Tasmania
- residential gas market – from 6,650 to 5,875 in the ACT.

Figure 1.2 HHI for the electricity and gas residential markets



Note: Data as at 30 June each year.
Source: Electricity – AER, Schedule 2 – Quarter 4 2023–24 retail performance data. Market concentration calculated as per HHI methodology.

Across NSW and South East Queensland residential electricity markets, market concentration decreased from 2019–20 through to 2023–24. While there was a decrease in South Australia over the past year, market concentration increased, albeit slightly, between 2019–20 and 2023–24.

6 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.

In the residential gas market, all jurisdictions experienced a decrease in market concentration from 2019–20 to 2023–24.

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

The retail framework provides for two types of contracts, standard and market.

Every retailer must have a standing offer. Customers have the right to ask for one and their current retailer must place them on it if requested. Standing offers are usually more expensive than a market offer. Customers may be on standard retail contracts because they have never switched, have moved in without setting up an energy plan or by choice as they may wish to take advantage of the safety net contract terms and prices.

In contrast, retailers set terms and conditions for market contracts. Prices can change throughout the year (depending on contract terms), discounts and other incentives may apply and market offers are typically more competitive. Market offers are priced in comparison to a reference price in DMO regions, and it is not uncommon for a retailer to offer large discounts off this regulated reference price to attract customers onto market contracts.

A common national customer framework (the NECF) applies across all of the ACT, NSW, Queensland, South Australia and Tasmania. However, each jurisdiction has different types of price regulation. 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 to reflect the fact that its regulated prices are set to be similar to those in the South East Queensland competitive market under the Queensland Government's uniform tariff policy.

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 is an electricity price 'safety net' protecting consumers from unjustifiably high prices, while also allowing retailers to recover reasonable costs. It is the maximum price an electricity retailer can charge standing offer customers. The DMO price for each region also acts as a reference price for comparing residential and small business electricity offers. When advertising or promoting an offer, retailers must show the price of the offer in comparison to the DMO.

The proportion of customers on market contracts is an indicator of market competition. A high proportion indicates more customers are engaging in the market and are motivated by potentially cheaper/better deals, retailer product innovation or conditions that better suit their needs. An increase in customers on market contracts should result in lower prices for customers across retailers and jurisdictions. However, there will also be some customers on expired market contracts that may not be on the best offer, including some which are priced near or above the DMO reference price.[7]

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7 *ACCC Inquiry in the National Electricity Market December 2023 Report.* https://www.accc.gov.au/system/files/accc-inquiry-national-electricity-market-december-2023-report_0.pdf

This demonstrates 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 standing and market offers to reflect their costs and competitive strategies. These pricing strategies and outcomes are another indicator of competition and are explored further in chapter 2.

Electricity

As shown in Figure 1.3, between 2019–20 and 2023–24 the overall number of residential customers on electricity market contracts continued to increase. While the number of customers on a market contract has generally increased, as previously stated, Tier 1 retailers' market share has declined while the market share of Tier 2 retailers has gradually increased. This may indicate that Tier 2 retailers offer better terms to customers and are gaining market share as a result. This is explored further in chapter 2.

The proportion of Tier 1 customers on market contracts is lower on average than for Tier 2 retailers. This may be because of the position held by Tier 1 retailers as incumbents from the time that retail contestability was introduced. This position as incumbents also allows Tier 1 retailers to retain customers who have never taken up a market contract on standard contracts.

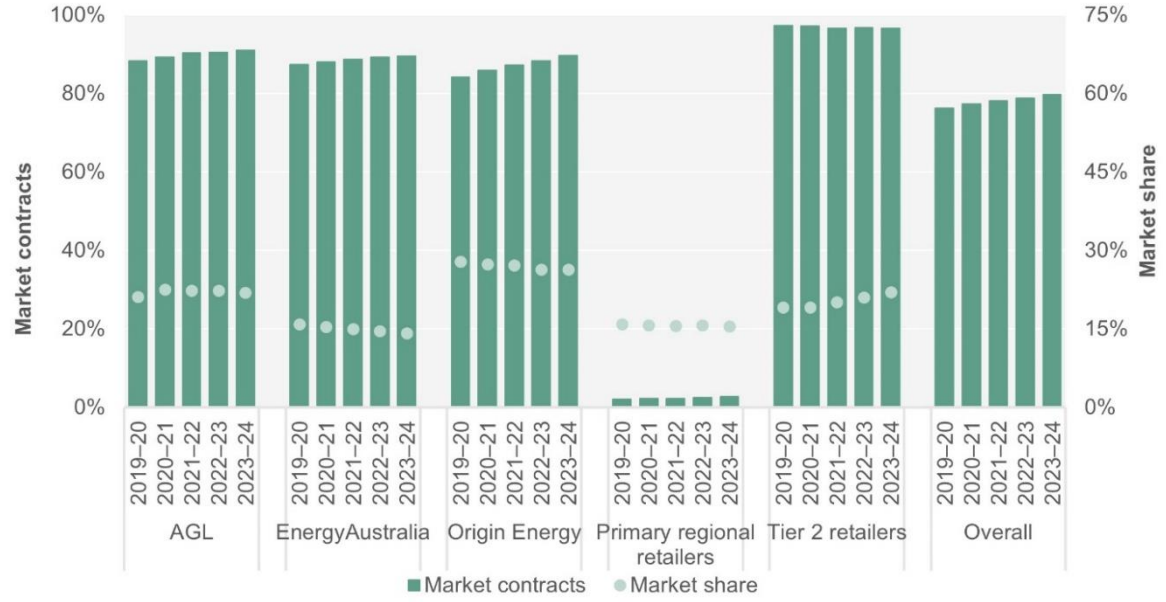
As primary regional retailers operate in areas with limited retail competition and price regulation, most of their customers remain on standing offers. For example, Ergon Energy only offer regulated standard contracts across the geography they serve, as such, they had no customers on market contracts in 2023–24.

The proportion of Tier 2 retailers' customers on market contracts remained consistent at 96.6% in 2023–24. Tier 1 retailers all experienced increases over the past 5 years:

- Origin Energy continued to increase the proportion of customers on market contracts from 84.1% to 89.7%
- AGL mirrored this progression moving from 88.3% to 90.9%
- EnergyAustralia had an increase from 87.3% to 89.5%.

While the number of customers on a market contract has generally increased, as previously stated, Tier 1 retailers' market share has declined while the market share of Tier 2 retailers has gradually increased. This may indicate that Tier 2 retailers offer better terms to customers and are gaining market share as a result. This is explored further in chapter 2.

Figure 1.3 Residential electricity customers on market contracts by retailer

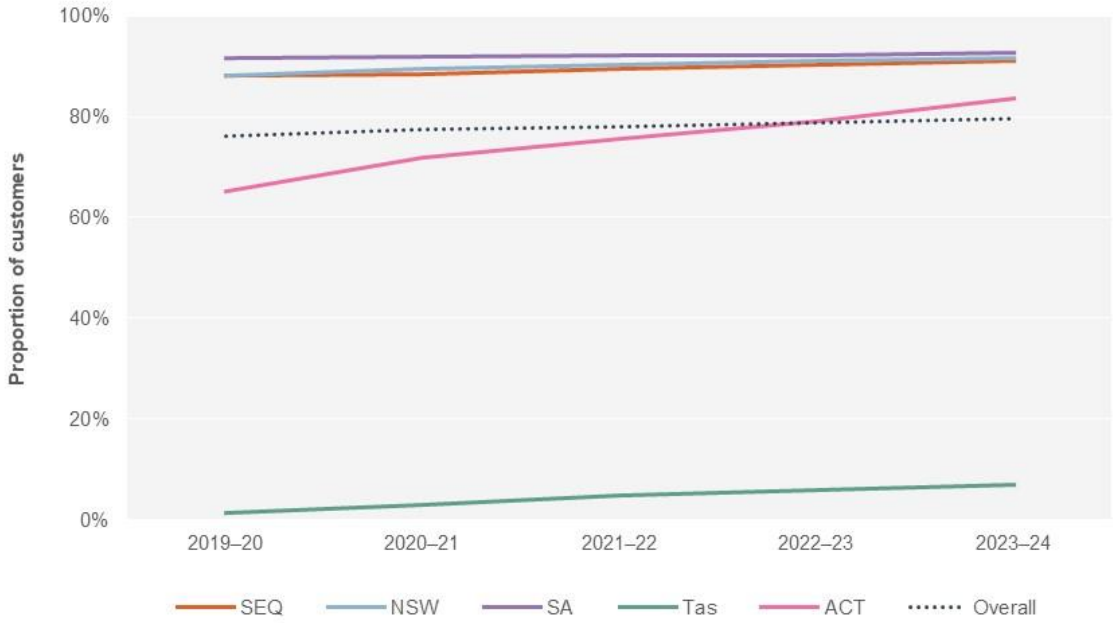


Note: Data as at 30 June each year.
Source: Electricity – AER, Schedule 2 – Quarter 4 2023–24 retail performance data.

Comparing residential electricity customers on market contracts across jurisdictions, NSW and South Australia have been consistently higher (Figure 1.4).

NSW, South Australia and South East Queensland are considered more competitive markets than the ACT or Tasmania and the large number of customers on market contracts confirms this view. The upward trend of customers on market contracts in the ACT over the past 5 years was driven by the primary regional retailer ActewAGL facing greater competition from new market entrants (see section 1.1.2).

Figure 1.4 Residential electricity customers on market contracts by state/territory



Note: Data as at 30 June each year. The proportion of customers on standard contracts os higher where there is a primary regional retailer - regional Queensland, the ACT and Tasmania. But as Ergon Energy offers only standard contracts, it has been excluded from this chart.

Source: Electricity – AER, Schedule 2 – Quarter 4 2023–24 retail performance data.

Gas

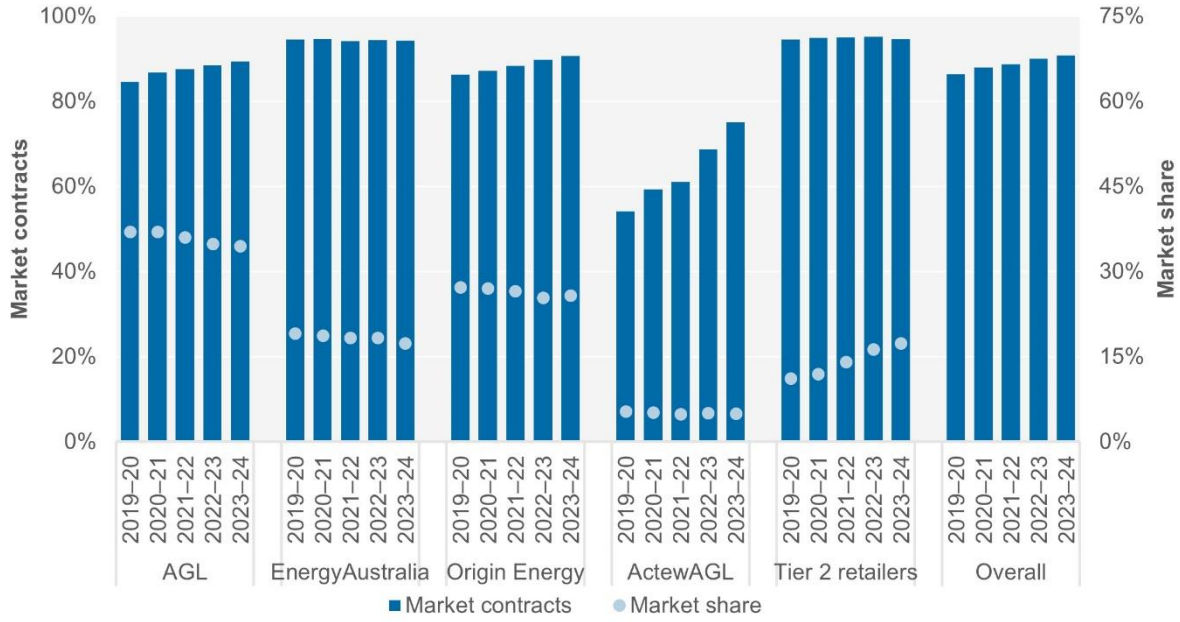
In the residential gas market, ActewAGL (the only primary regional gas retailer in the ACT), AGL, Origin Energy and Tier 2 retailers all continued the upward trend of higher proportions of customers on market contracts (Figure 1.5). EnergyAustralia's proportion of customers on market contracts remained stable but it is notably 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. This may reflect this retailer seeking to maintain customer numbers as new retailers enter the ACT gas market.

There are no other notable trends occurring in the residential gas market and for this reason we have not included a gas chart comparative to Figure 1.4.

Figure 1.5 Residential gas customers on market contracts by retailer



Note: Data as at 30 June each year.
Source: Electricity – AER, Schedule 2 – Quarter 4 2023–24 retail performance data.

1.1.4 Most Tier 1 and primary regional retailers have grown their share of small business energy market

In 2023–24 there were 65 authorised retailers in the small business electricity market, of which 48 were active selling electricity to 666,355 small business customers.

Primary regional retailers have steadily gained market share since 2019–20.

Tier 2 retailers saw an increase in market share of 1.1% to 18% of small business electricity customers in 2023–24 (Figure 1.6).

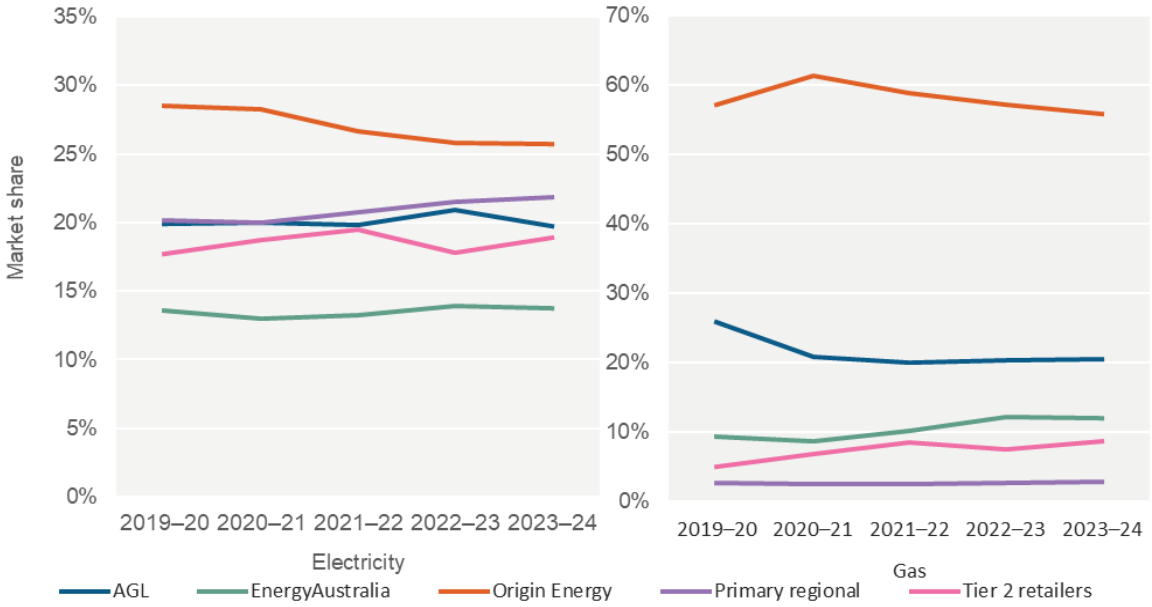
In 2023–24 there were 18 authorised retailers in the small business gas market, with 16 actively selling to 76,950 customers.

The number of small business gas customers has declined to 76,950 in 2023–24 from a peak of 84,794 customers in 2021–22.

Only the ACT has increased the number of small business gas numbers it serves by 10%, whilst NSW is down 8%, Qld is down 12% and SA remained stable.

Tier 2 retailers have increased market share from 4.9% in 2019–20 to 8.8% in 2023–24 (Figure 1.7).

Figure 1.6 Market share of small business customers by retailer



Note: Data as at 30 June each year.
Source: Electricity – AER, Schedule 2 – Quarter 4 2023–24 retail performance data.

1.1.5 Proportion of small business customers on market contracts decreased

Small business electricity customers are less likely to be on a market offer than residential customers, with around 66% on a market offer compared with around 78% for residential electricity customers (Figure 1.5 and Figure 1.7).

Figure 1.7 Small business electricity customers on market contracts by retailer

Note: Data as at 30 June each year.
Source: Electricity – AER, Schedule 2 – Quarter 4 2023–24 retail performance data.

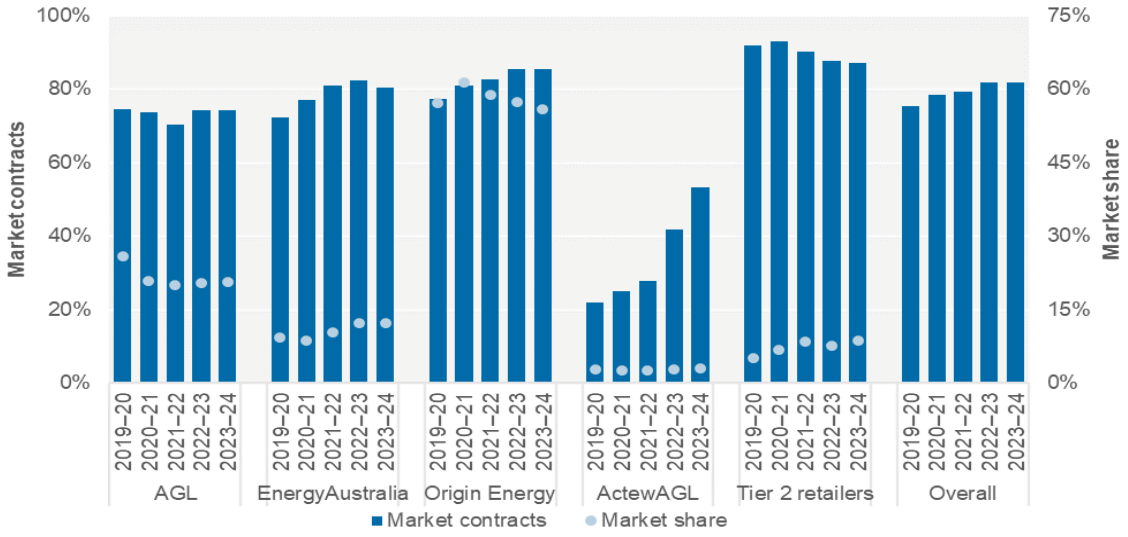
Figure 1.8 shows that the proportion of small business gas customers on market contracts remained constant in 2023–24. However, there has been an upward trend since 2019–20.

Over the past 5 years ActewAGL has increased the proportion of its customers on a market contract, up from 21.9% to 53.0%. However, its market share has remained 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 continued to decline over the past 4 years.

Only EnergyAustralia has seen an upward trend in market share over the past 5 years, with the other Tier 1 retailers each experiencing declines.

Figure 1.8 Small business gas customers on market contracts by retailer



Note: Data as at 30 June each year.
Source: Electricity – AER, Schedule 2 – Quarter 4 2023–24 retail performance data.

1.1.6 Tier 1 retailers serving large customers continue to lose market share

Electricity

In 2023–24, there were 59 authorised electricity retailers, of which 47 were actively selling electricity to 53,657 large customers.[8]

Over the past 5 years, in relation to the electricity market for large customers:

- AGL and EnergyAustralia have experienced declines in market share since 2019–20 – down 4.7% and 5.9% respectively
- Tier 2 retailers have maintained growth in market share (despite a slight decline in 2021–22) increasing from 19.6% in 2019–20 to 32.3% in 2023–24 (Figure 1.9).

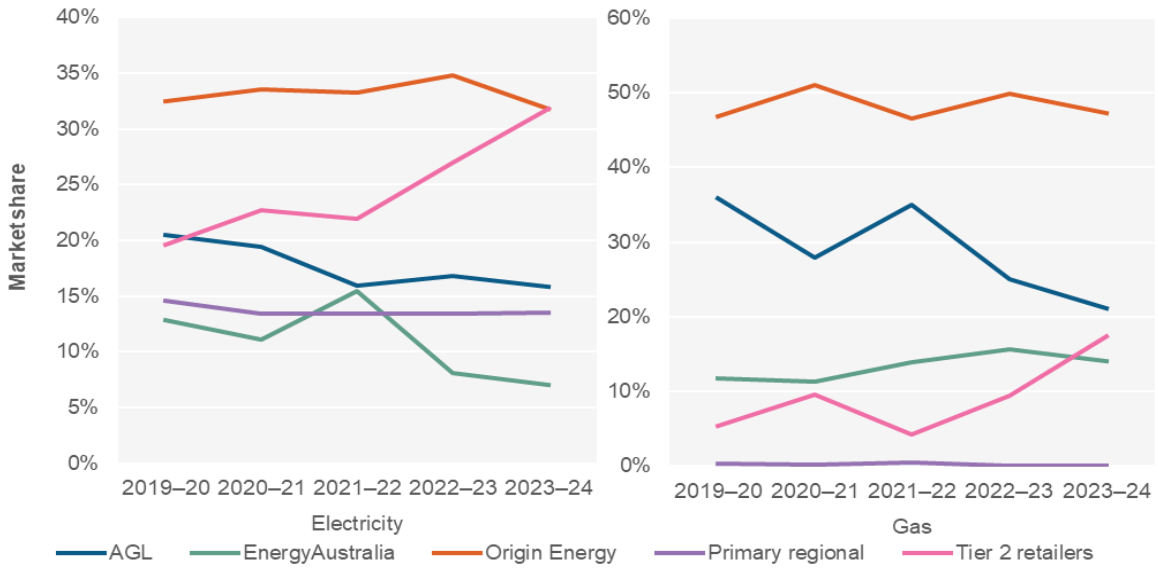
Gas

In the gas market, there were 12 authorised gas retailers, 11 of which were active gas retailers selling to 5,227 large customers in 2022–23.

Following a substantial 9.9% decrease in market share in 2022–23, AGL experienced a further 3.9% decrease in 2023–24 to 21.1%, down from 35.9% in 2019–20.

Tier 2 retailers have significantly increased their market share from 5.3% in 2019–20 to 17.4% in 2023–24.

Figure 1.9 Market share of large customers by retailer



Note: ActewAGL is the only primary regional retailer in the gas market. Data as at 30 June each year.
Source: Electricity – AER, Schedule 2 – Quarter 4 2023–24 retail performance data.

[8] A large customer is a business customer who consumes energy at business premises at or above the upper consumption threshold – 100 megawatt hours per annum for electricity or 1 terajoule per annum for gas, as per the National Energy Retail Regulations – unless otherwise specified in the regulations in force in the relevant jurisdiction.

1.2 Market activity

1.2.1 Retailer of Last Resort

To ensure energy consumers continue to receive power supply, the AER administers a scheme to transition customers to a new gas or electricity 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 and the AER has certain responsibilities, including registering and publishing default and additional RoLRs, appointing designated RoLRs in relation to RoLR events and making RoLR cost recovery scheme determinations.

The AER assumed responsibility for retailer of last resort arrangements in Victoria on 30 July 2024 under the *National Energy Retail Law (Victoria) Act 2024*.

There were no RoLR events in 2023–24.

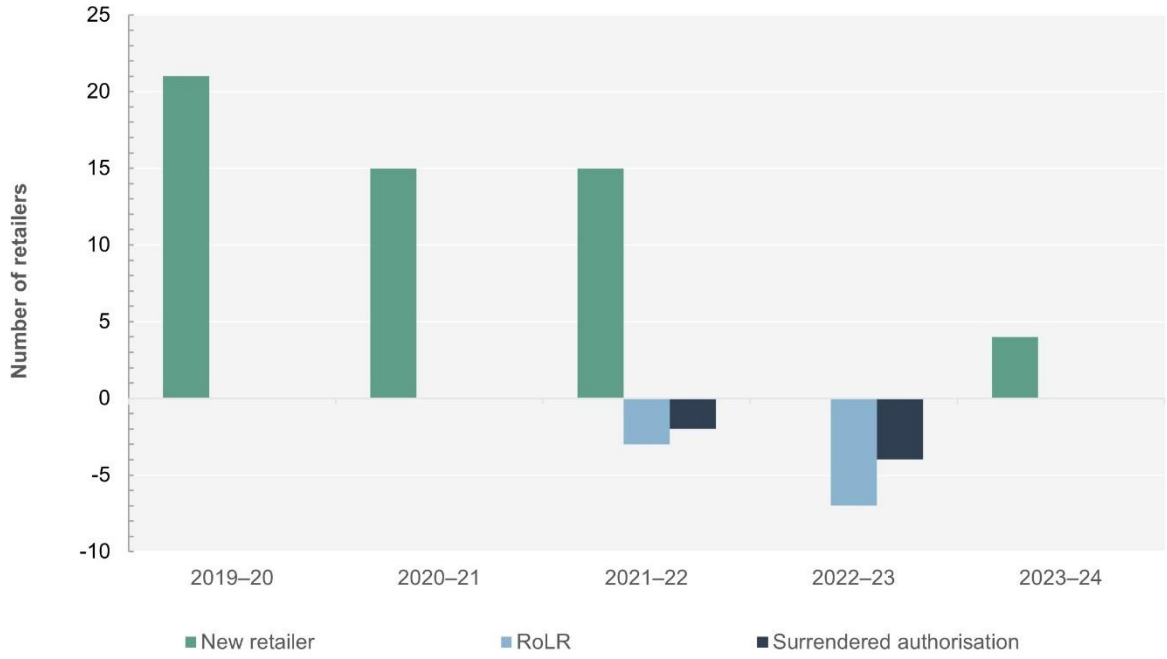
1.2.2 New retailer authorisations approved in 2023–24

In 2023–24, 4 new retailer authorisations were approved:

- ERC Energy Pty Ltd
- Tesla Energy Ventures Australia Pty Ltd
- Flo Energy Australia Pty Ltd
- Solstice Energy Pty Ltd.

Figure 1.10 identifies the number of new retailers, retailers that had their authorisations revoked and those that have surrendered their authorisation since 2019–20.

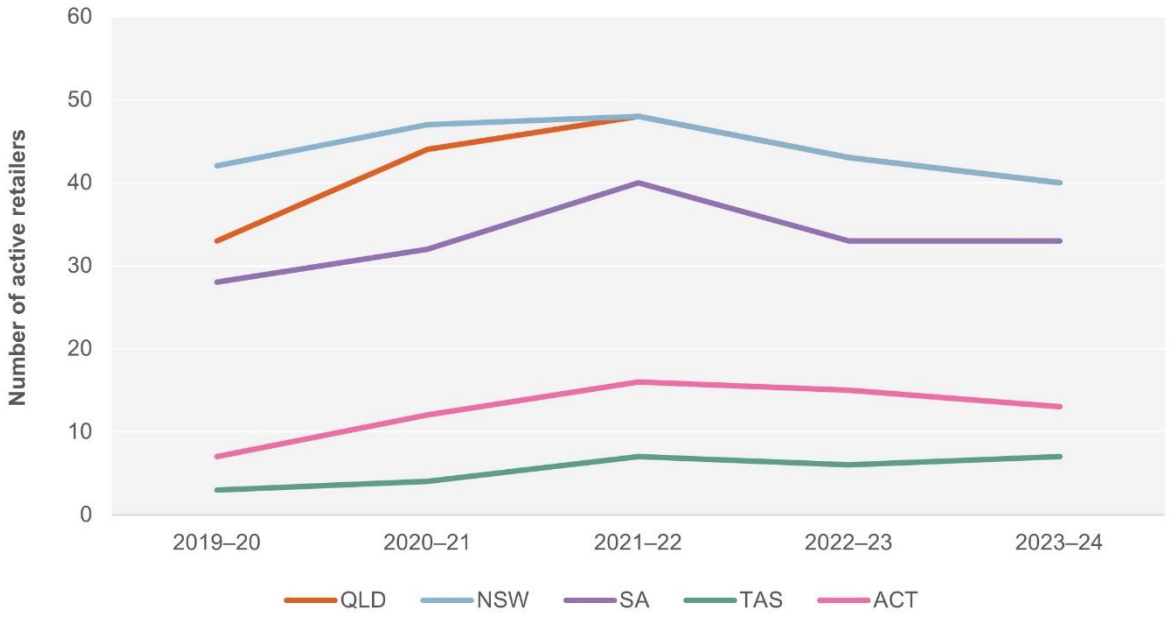
Figure 1.10 New retailer authorisations, RoLR notices issued and surrendered authorisations



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

Figure 1.11 shows that the number of active electricity retailers varies 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.

Figure 1.11 Number of active residential electricity retailers by state/territory



Note: Data as at 30 June each year.
Source: Electricity – AER, Schedule 2 – Quarter 4 2023–24 retail performance data

1.2.3 Innovation and consumer energy resources

Over the last few years, many of the new retailers authorised to sell energy into the market have sought to differentiate themselves through innovative business practices and product offerings including:

- Leasing batteries and solar, making renewable technology accessible to customers that cannot afford upfront costs of renewables.
- Bundling batteries and solar with energy plans, providing convenience to customers looking to purchase consumer energy resources (CER). These offers can subsidise or amortise the upfront cost of batteries and solar through the usage charges.
- Virtual Power Plant plans, where the retailer uses batteries to arbitrage energy prices (charging when electricity is cheap or negative pricing, discharging when electricity is expensive) can contribute to the stabilisation of the grid. Revenue from these activities can subsidise the energy costs for the consumer.
- Peer to Peer community trading, where customers with excess solar generation or battery storage can trade with other members of their community.
- Wholesale pass-through tariffs, offers that incentivise uptake of CER by introducing price signals for customers that can manage their load and generation. Customers are rewarded when feeding into the grid during periods of demand and drawing from the grid during periods of low demand.

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

The rate at which customers switch between energy retailers is an 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.

There may be other factors that influence the rate of switching across regions, such as:

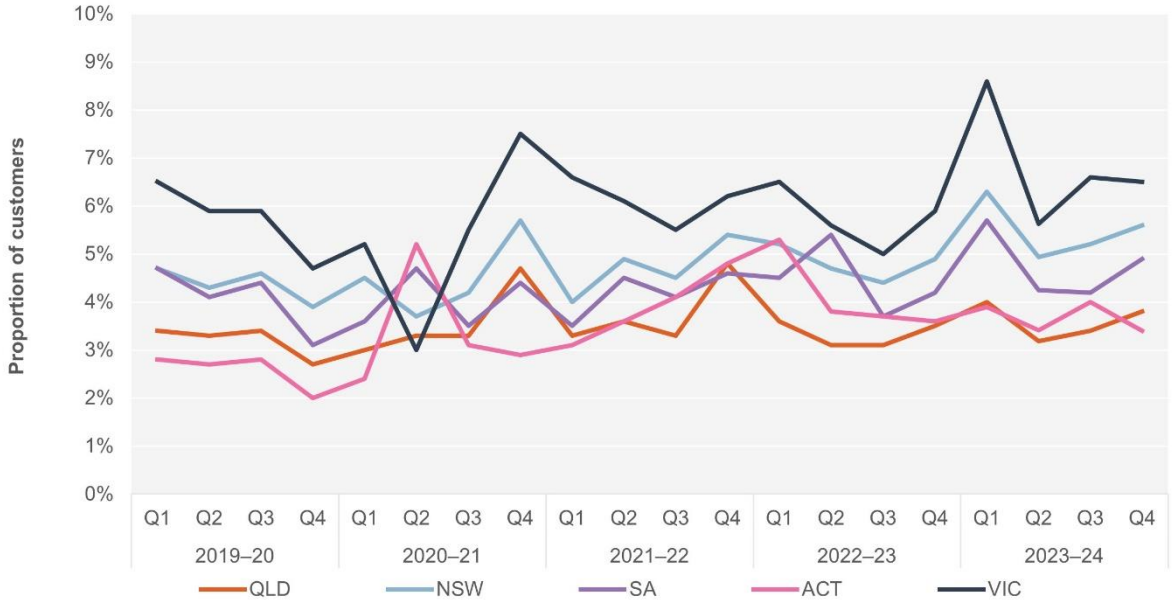
- legislative changes[9] aimed at improving the switching process, providing customers with faster access to the better prices and products
- new retailers entering the market offering differentiated products
- customer switching based on media coverage of high energy prices
- initiative and campaigns to entice customers to compare their current energy bills with other offers in the market (typically via an official[10] or commercial comparator website).

Across all jurisdictions, quarterly electricity switching rates have continued to vary since 2019–20. Victoria's average quarterly switching rate of 6% is higher than the average switching rate of 4.4%. Spikes observed in certain periods (most recently Q1 2023–24) may be a result increases in retail energy prices being announced in that quarter, which then triggers consumers to engage and switch retailers to find a better deal (Figure 1.12).

9 AEMC, National Energy Retail Amendment (Reducing Customers' Switching Times) Rule Dec 2019 No. 2.

10 Including government-operated websites Energy Made Easy and Victorian Energy Compare.

Figure 1.12 Electricity quarterly switching rate between retailers

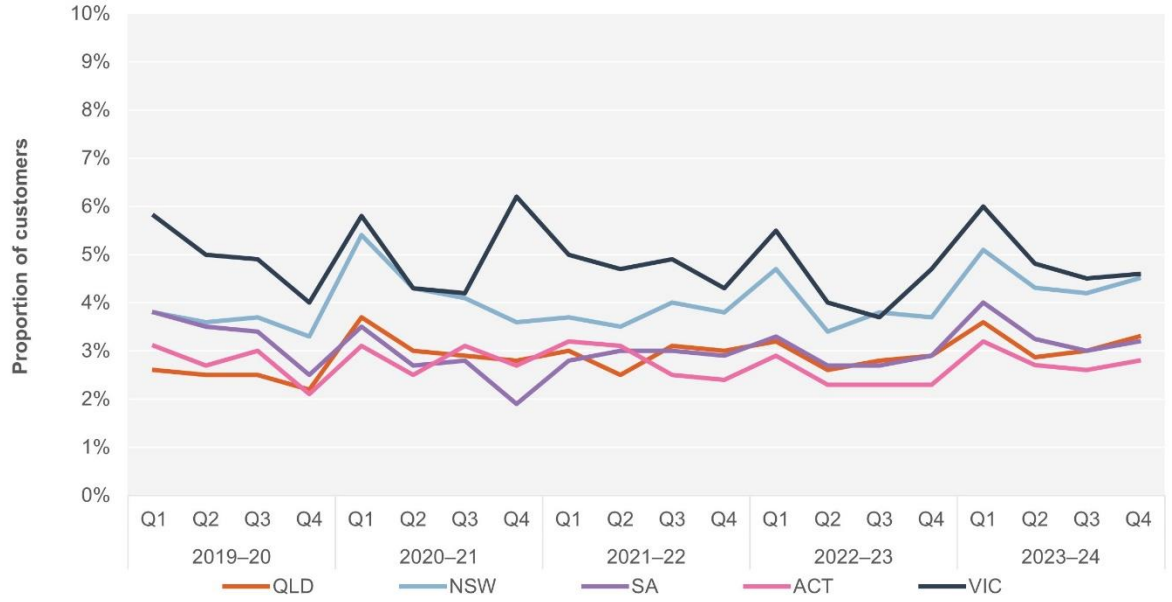


Note: Data as at 30 June each year. AEMO do not publish data for Tasmania as part of their National Electricity Market monthly retail transfer statistics.
Source: Electricity – AER, Schedule 2 – Quarter 4 2023–24 retail performance data.

Gas switching rates followed a similar trend to that of electricity, in that quarter 4 increases also occur. Again, Victoria leads with an average quarterly switching rate of 4.8% since 2019–20 against an average of 3.5% across all jurisdictions (Figure 1.13).

Gas quarterly switching rates may be more stable than electricity because gas is considered a secondary energy source and consumers may often choose to bundle their gas and electricity provider together. This may result in consumers only switching gas retailer if they also switch electricity retailer.

Figure 1.13 Gas quarterly switching rate between retailers



Note: Data as at 30 June each year.
Source: Electricity – AER, Schedule 2 – Quarter 4 2023–24 retail performance data

Energy Made Easy

We encourage households and small businesses to compare their energy bills using our free and independent Energy Made Easy comparison website and make a switch to a better offer if one is available.

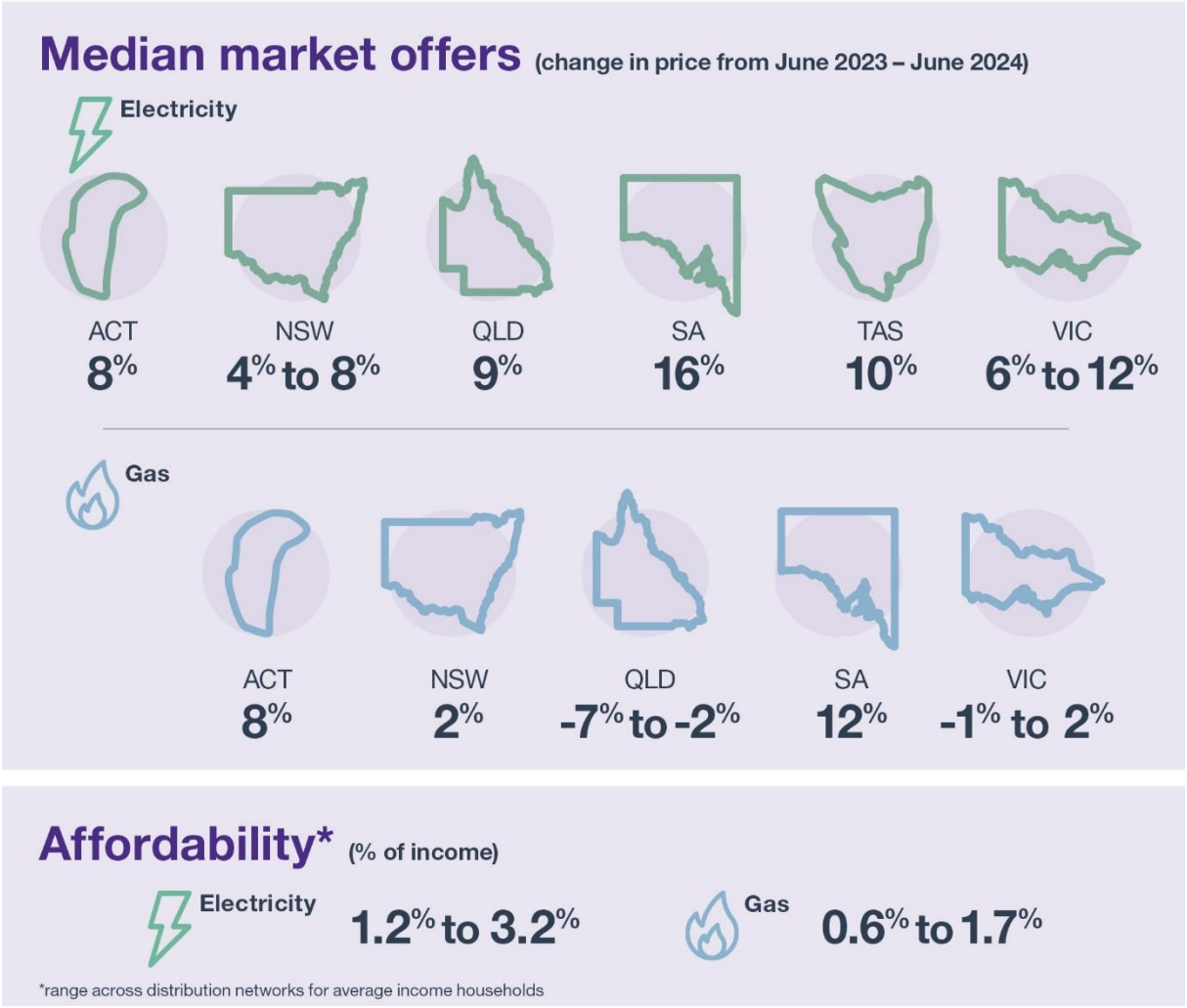
Between January and September 2024, Energy Made Easy was visited more than 2.6 million times, with over 900,000 completing an energy search to compare retail offers. The website also includes easy-to-read information about a range of topical energy issues, including energy efficiency, energy contracts and bills, and consumer rights.

We launched a new version of Energy Made Easy in October 2023 and the website now includes 3 simple options for consumers to find and compare plans:

- Using their NMI number for a personalised plan comparison.
- Choosing the 30-second Quick Compare journey.
- Manually inputting information from their energy bill.

We are currently developing a roadmap to support continuous improvements to the website and actively use social media to encourage consumers to understand the benefits of being energy-savvy and regularly comparing offers.

2 Pricing


Median market offers (change in price from June 2023 – June 2024)
Electricity
ACT
8%
NSW
4% to 8%
QLD
9%
SA
16%
TAS
10%
VIC
6% to 12%
Gas
ACT
8%
NSW
2%
QLD
-7% to -2%
SA
12%
VIC
-1% to 2%
Affordability* (% of income)
Electricity
1.2% to 3.2%
Gas
0.6% to 1.7%
*range across distribution networks for average income households

Key findings

- After broadly increasing across all jurisdictions in 2023–24, residential electricity prices decreased from July to September 2024 across most distribution networks.
- Residential gas prices continued to fluctuate in 2023–24 and early 2024–25; increases were recorded in some regions, with falls in others.
- Over much of 2023–24 the gap between median market offers and standing offers widened in many electricity and gas distribution networks. This demonstrates that customers have the opportunity to save by switching.
- Electricity affordability improved for many households in 2023–24 due to increased government support. These rebates and concessions shielded eligible low-income households and those average income households who received them from electricity price rises, so they spent proportionally less of their income on energy bills compared to the previous year. However, those households who were not eligible for the assistance had less cushioning from price rises.
- Gas affordability was generally less affordable in South Australia, while NSW and the ACT remained relatively level and Queensland showed some improvement. Victorian households spent the highest proportion of their annual income on gas, while Queensland households spent the least.
- Customers are encouraged to regularly use Energy Made Easy and Victorian Energy Compare to check if they are on the best available energy deal for their needs and circumstances.

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

When navigating the retail market, people's lived experience of dealing with energy prices differ markedly. Customers pay different prices for energy depending on where they live, what network infrastructure is required for supply 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. This indicates 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, there may be challenges and barriers for some customers experiencing vulnerability to shop around to achieve a better price outcome.

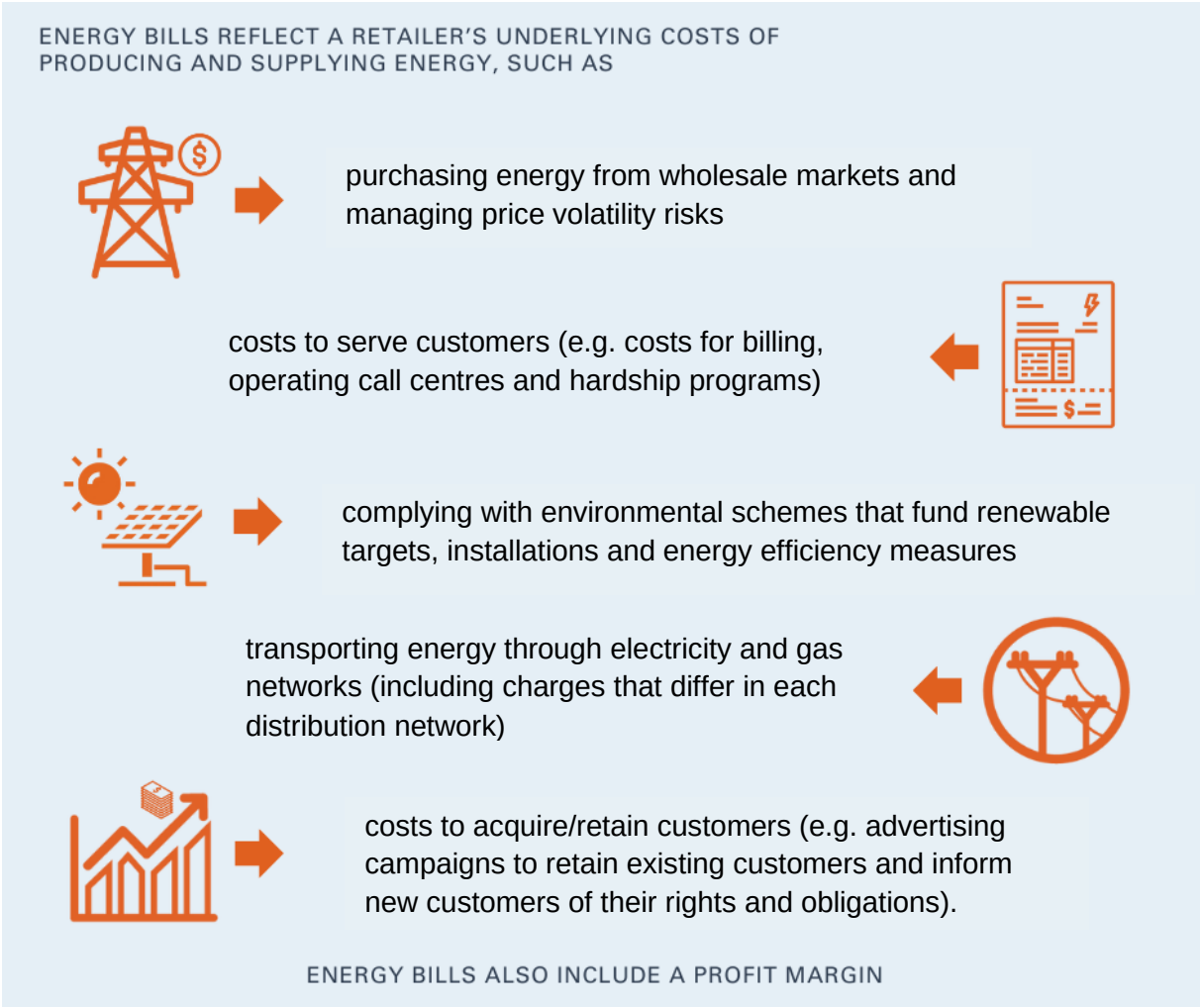
The amount of energy a customer uses is another key factor in energy bill costs. Our analysis is based on energy use by an average customer in each electricity and gas distribution network. Therefore, it does not represent all customers. Households consume different amounts of energy depending on:

- 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 higher (or lower) energy costs than presented in this report.

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

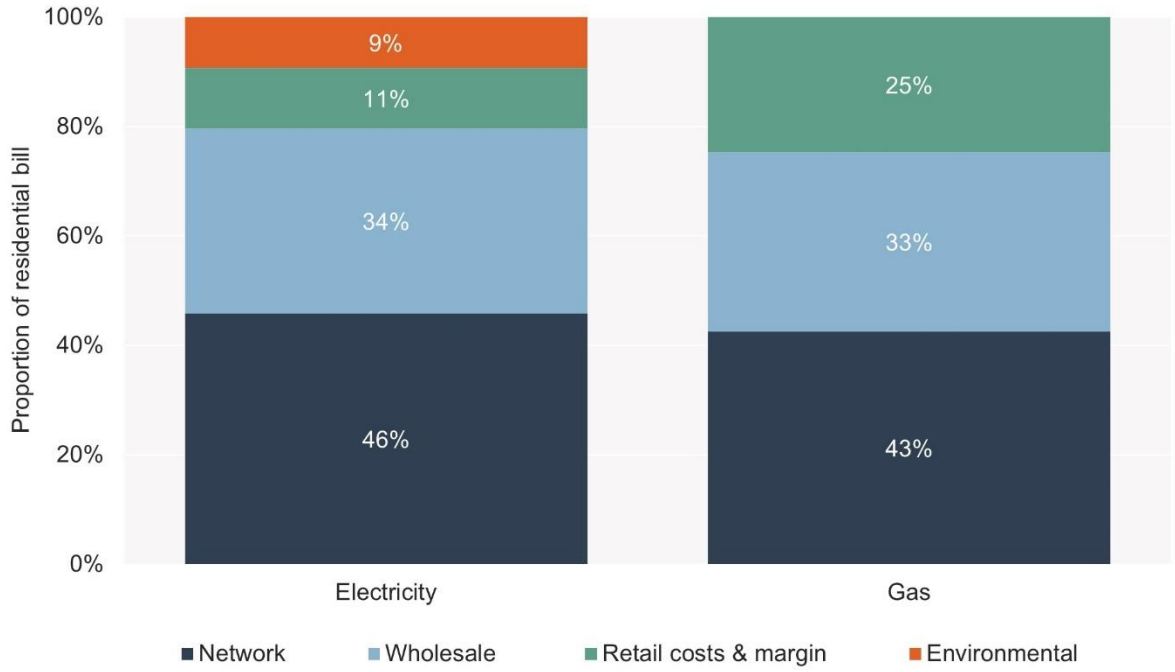
2.1 Energy cost update



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.

Figure 2.1 Composition of residential electricity and gas bills 2023–24



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.

Results presented in the following sections provide an indication of energy costs per household in 2023–24 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 standing and market offer prices.

Bill cost calculations are taken from 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.

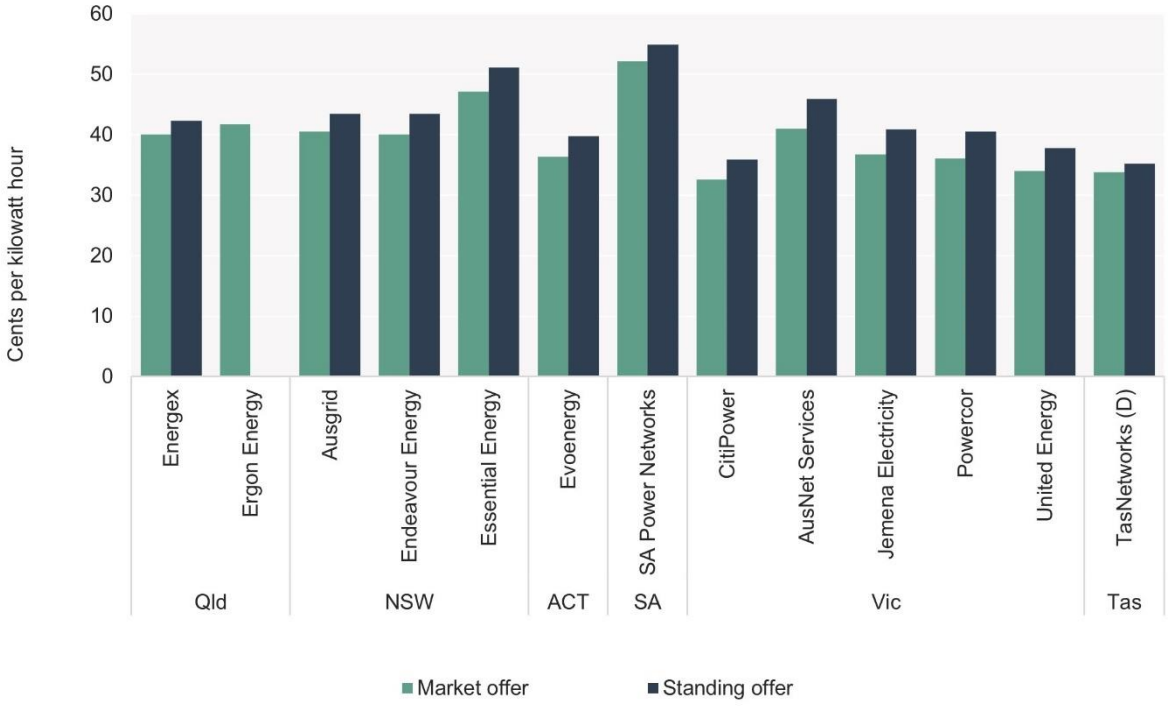
2.1.1 Residential electricity prices

A comparison of median electricity costs in each major electricity distribution network[11] on a cents per kilowatt hour (kWh) basis shows standing offer prices are typically higher than

[11] 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.

those for market offers in normal market conditions.[12] As in previous years, South Australia also has one of the higher wholesale costs, and typically network costs are also above the NEM average. In jurisdictions with multiple electricity distribution networks, such as NSW and Victoria, electricity prices are typically higher in networks that service rural customers. Essential Energy and AusNet Services, which provide service to regional and rural customers, reflect higher costs than capital city distribution networks.

Figure 2.2 Residential electricity median market and standing offer prices



Note: Offer data as at September 2024. Based on single rate offers for residential customers and average consumption in each electricity distribution network for 2023–24. 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 from 2020–21 to 2023–24 was analysed for each distribution zone (Figures 2.3 to 2.8). If there are multiple distribution zones within a jurisdiction, a representative distribution zone has been chosen and the chart for that distribution zone is included within this chapter. All the charts from each electricity distribution zone in the 5 NECF regions and Victoria are shown in Appendix 7. The median standing offer for each distribution zone has been included for comparison.

Figures 2.3 to 2.8 display the range of offers between the 10th percentile and the 90th percentile (the bottom and top 10% of market offers have been excluded), covering around 80% of market offers and eliminates outliers that may not be representative of what is

[12] 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 (that other retailers are not able to access).

generally available to customers. Any price comparisons are based on the lowest or highest offers in this range.

Pricing trends are presented by analysing the daily movement of:

- the median market offer, which shows the typical mid-priced offer available and provides a reasonable proxy of the price paid by customers at a given time
- the standing offer, which shows the prices paid by customers that are typically not engaged in seeking better priced market offers
- the best market offer, which takes the median price for each distribution network if only considering each retailer's 'best offer' – this seeks to demonstrates the prices paid by customers who actively engage their retailer for a better offer.

The minimum offer, which is displayed on the chart, is not used in this pricing analysis because it is generally not representative of what is available to most electricity consumers – 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 East Queensland and the VDO in Victoria, standing offers broadly follow this price. This can be seen in the step jumps in the median standing offer, which is reset in July each year.

The pricing analysis is based on actual usage data supplied by distribution networks. 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.

For this electricity pricing analysis all calculations are based on the annual bill cost, and cost and saving amounts have been rounded to the nearest $10.

Residential electricity prices rose in 2023–24 compared with 2022–23

In jurisdictions covered by the DMO, the median standing offer rose between 21% and 24%. Most of the price change occurred early in 2023–24 as the standing offers followed the DMO. Comparatively, in Victoria, which publishes its own VDO, the standing offer price rose in distribution zones between 22% and 28% (Figures 2.3 to 2.8).

Median market offer prices from June 2023 to June 2024 increased between 4% and 16% across all distribution networks. However, standing offers increased significantly more than median market offers, widening the gap between these two offer types. This contrasts with 2022–23, where the median market offer aligned more closely with the median standing offer. The divergence between the median market and standing offers in 2023–24 demonstrate that customers on default or standard contracts could achieve greater savings by switching to a more competitive offer in the market.

By June 2024, a customer could save between 6% and 15% ($150 to $400) by moving from a standing offer to the median market offer in DMO regions and 17% to 19% ($270 to $380) across Victorian distribution networks.

The range from highest to lowest market offer progressively widened in DMO and Victorian distribution networks over 2023–24. This reflects a reduction in concentration of market offers published at similar price points. For example, in Ausgrid, the difference between

market offers in the highest range (90th percentile) and lowest range (10th percentile) was close to $380 in July 2023. By June 2024 this difference had widened to $490 (Figure 2.3) showing that offers in that market were less concentrated.

For some offers priced above the median standing offers (and the DMO), retailers have structured their offers to apply a lower price per kWh on consumption levels that closely align to the DMO model annual usage[13] and 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'[14] used in this report is higher than DMO model annual usage.

Early 2024–25 residential electricity prices are lower

On 1 July 2024 regulated price caps of standing offers decreased in most jurisdictions. In DMO regions, the cap fell in South Australia by 2.2% and in NSW by 0.2% to 0.9% but increased in South East Queensland (Energex) by 4.9%. The Victorian Default Offers fell by approximately 6%[15] across its network regions. Regional Queensland (Ergon Energy), the ACT and Tasmania are subject to price regulation and are not subject to the DMO. All experienced price increases in their regulated price in 2023–24.

From July to September 2024 median market offer prices fell by 1% to 4% in DMO distribution networks and 2% to 4% across Victorian distribution networks.

A customer moving from a standing offer to the median market offer for selected retailers in September 2024 could have reduced their annual electricity costs by 9% ($200) in the ACT, between 7% and 10% ($150 to $255) in NSW, 9% ($230) in South East Queensland, 5% ($120) in South Australia, and between 10% and 11% ($140 to $300) in Victoria.

Analysis also indicates that customers moving from the median offer to the best offer available from their current retailer could also achieve savings. In September 2024, switching to a more competitive offer from their current retailer, as defined by moving from the median market offer to the representative 'best' market offer, could reduce costs by 9% to 11% ($190 to $220) in NSW, by 5% ($110) in South East Queensland, by 3% ($70) in South Australia and by 0.5% to 3% in Victoria (up to $40).

One of the elements of the Better Bills Guideline requires that the bill includes an applicable 'Better Offer' message and information regarding Energy Made Easy. The messaging is intended to encourage consumers to review their current plan and switch to the best plans available (either with their current retailer or a competitor).

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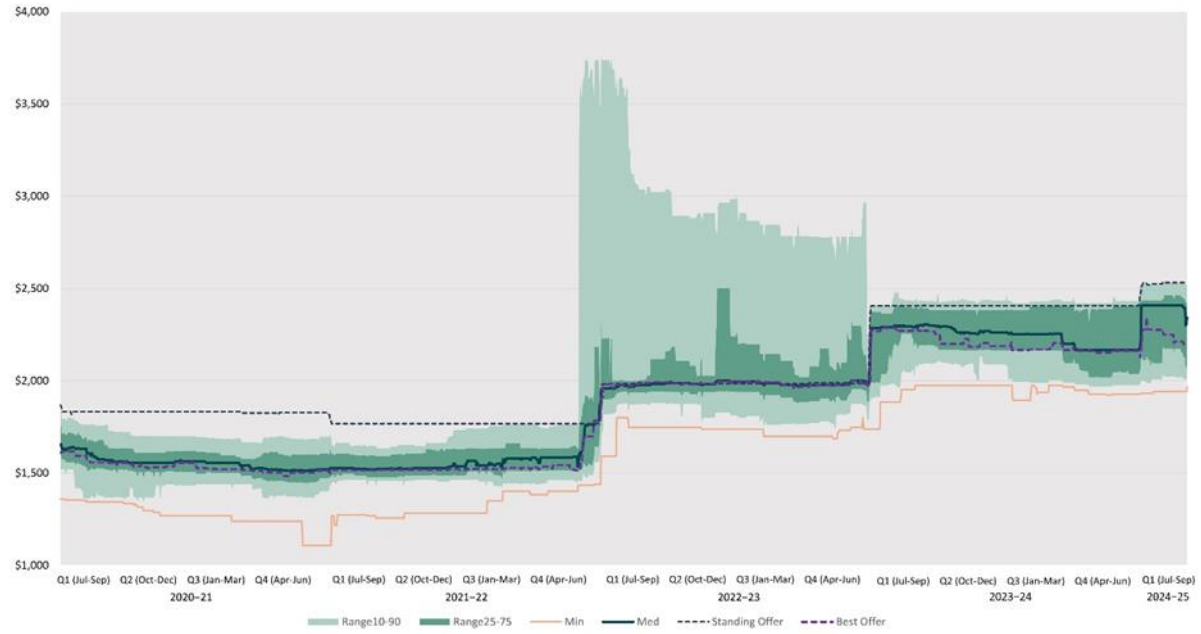
13 *Competition and Consumer (Industry Code—Electricity Retail) Regulations 2019* s16(1)(a)(i). AER, Default market offer price 2024–25 – Final Determination, Appendix C – Legislative Instrument.

14 See Appendix 2: Pricing and affordability methodology.

15 Essential Services Commission, Victorian Default Offer price review 2024–25.

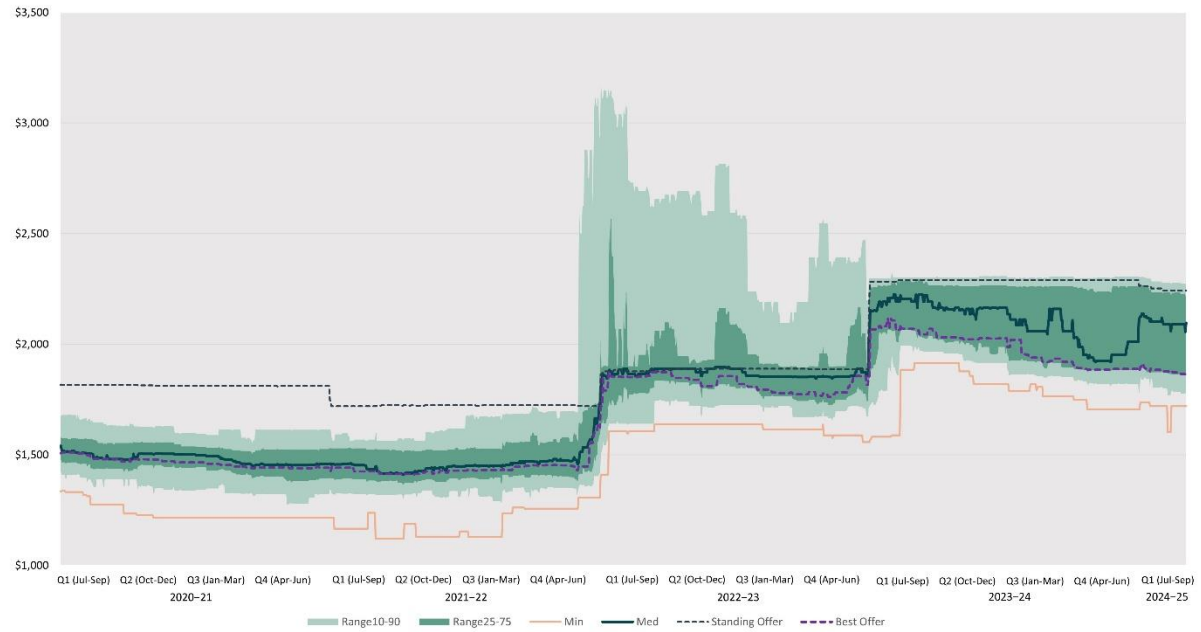
Figure 2.3 Market offers – Energex (Qld) – electricity



Note: Based on single rate offers for residential customers and average consumption in each electricity distribution network. Average consumption for 2023–24 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.

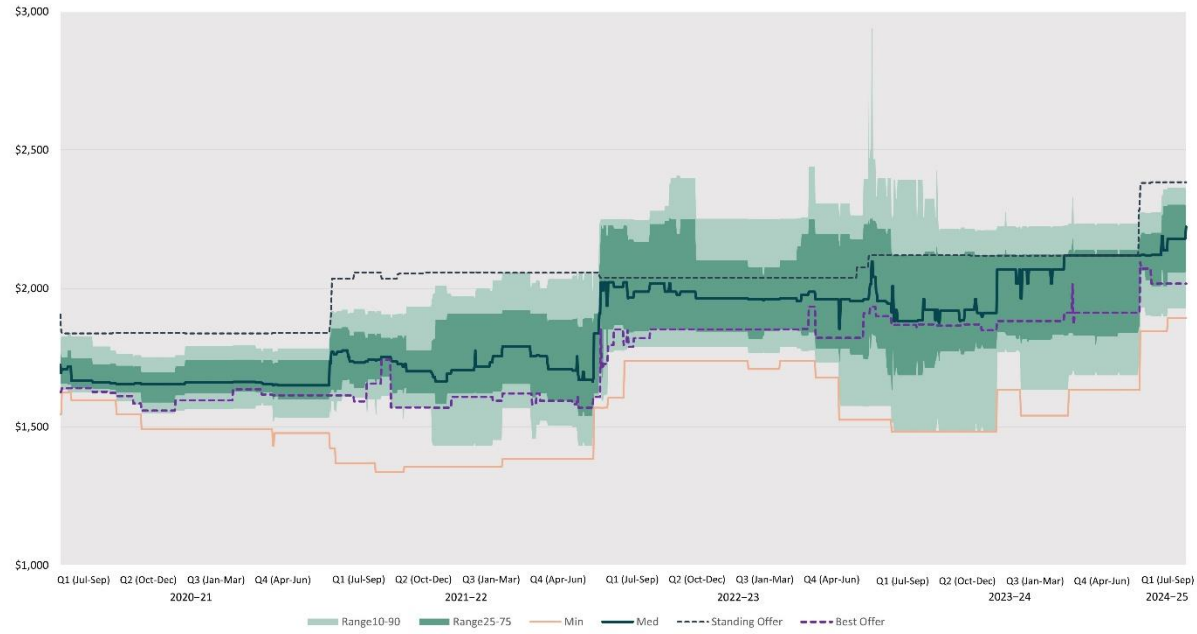
Figure 2.4 Market offers – Ausgrid (NSW) – electricity



Note: Ausgrid has been chosen as representative of NSW. Charts for other distribution zones in NSW are included in Appendix 7. 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 2023–24 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.

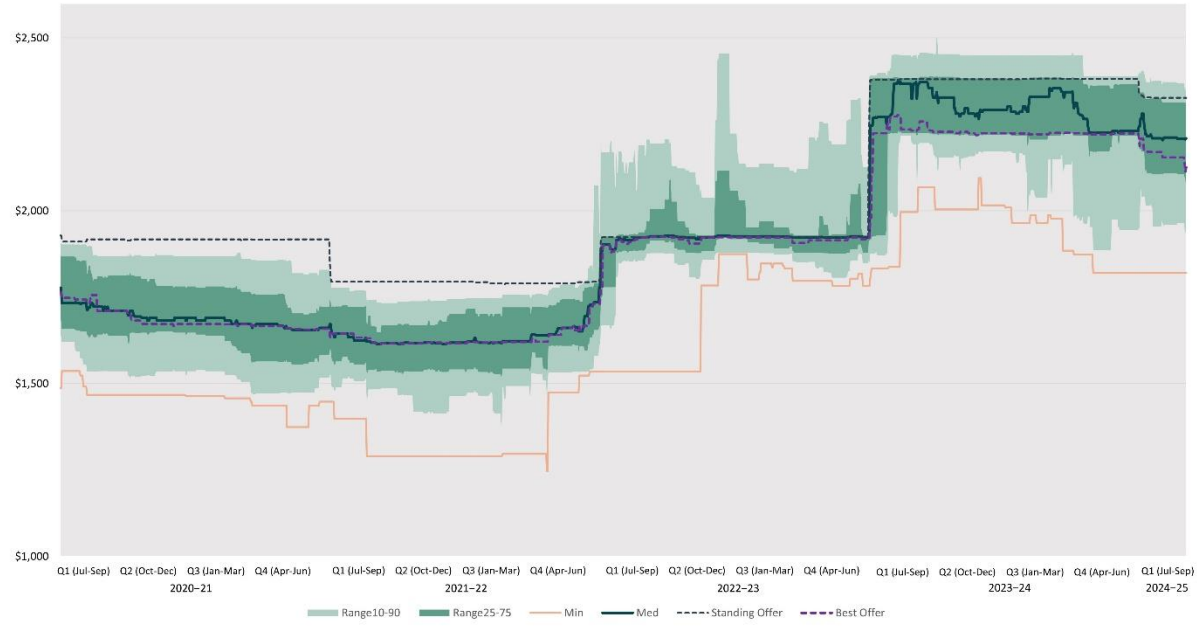
Figure 2.5 Market offers – Evoenergy (ACT) – electricity



Note: Based on single rate offers for residential customers and average consumption in each electricity distribution network. Average consumption for 2023–24 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.

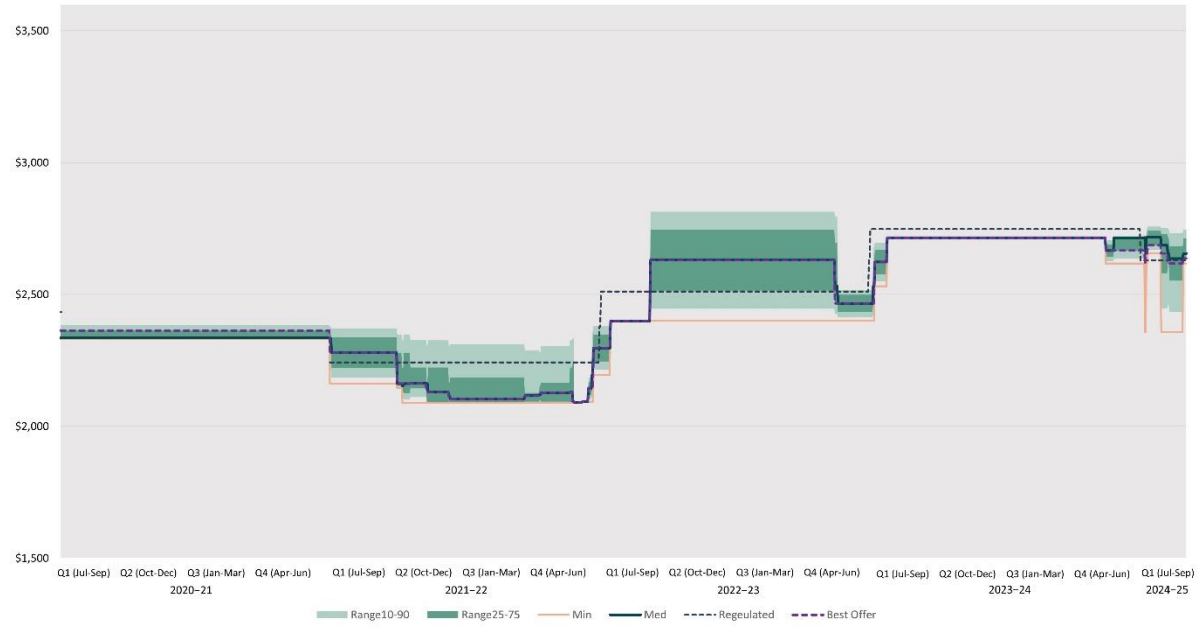
Figure 2.6 Market offers – SA Power Networks (SA) – electricity



Note: Based on single rate offers for residential customers and average consumption in each electricity distribution network. Average consumption for 2023–24 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.

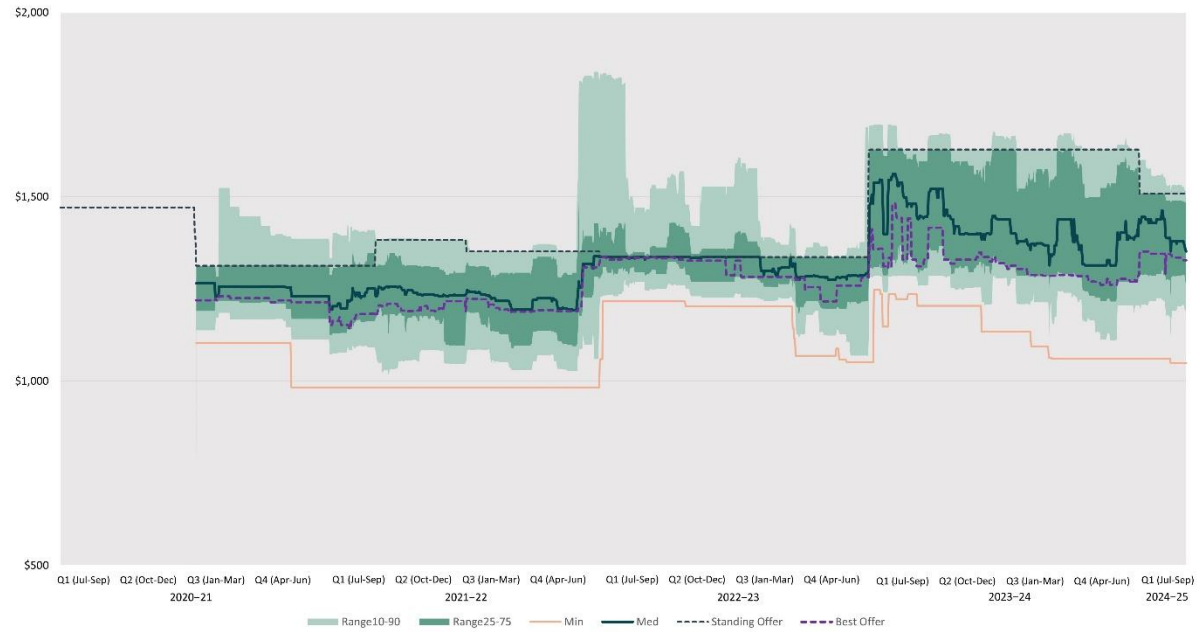
Figure 2.7 Market offers – TasNetworks (Tas) – electricity



Note: Based on single rate offers for residential customers and average consumption in each electricity distribution network. Average consumption for 2023–24 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 2.8 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 7. 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 2023–24 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.

Pricing analysis in DMO regions

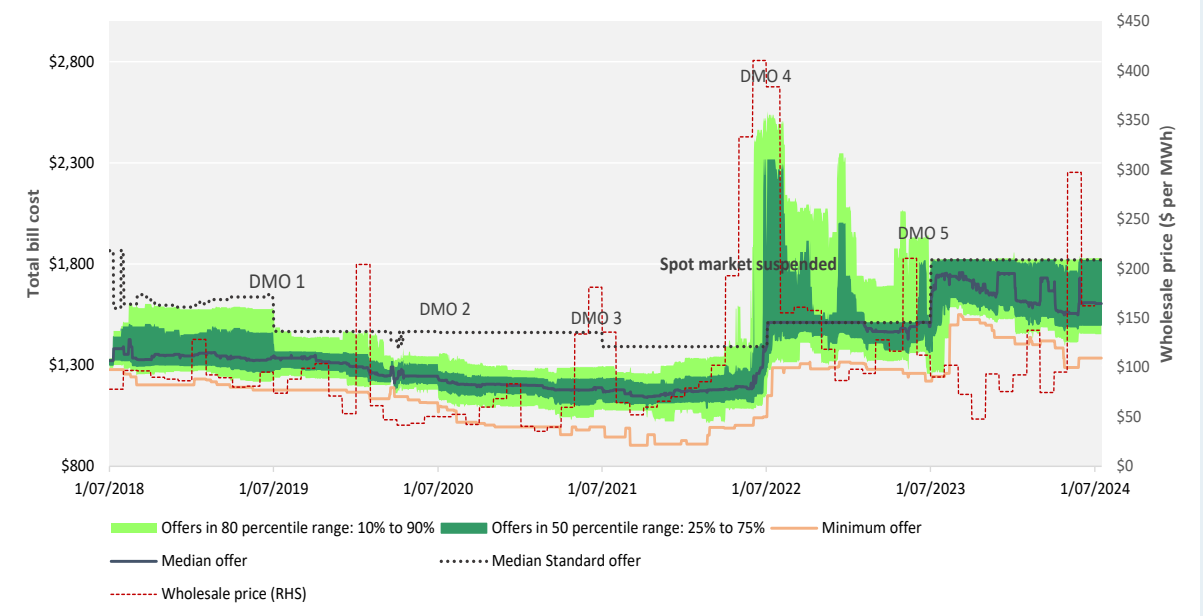
Changes in market offers by retailer tier since introduction of DMO

When the Default Market Offer (DMO) was introduced, the variability in pricing of offers reduced because unjustifiably high standing offers were capped by the DMO. Offer pricing for Tier 1 and Tier 2 remained grouped at similar price levels until extreme volatility was experienced in the wholesale market. During the 2021–22 and 2022–23 financial years, Tier 2 retailers began to provide much higher priced offers. For Tier 1 retailers, the price of offers increased slightly (reflecting increased DMO prices) but remained largely concentrated at a relatively lower level.

The availability of extremely high and low priced offers from Tier 2 retailers indicates these businesses are more exposed than Tier 1 retailers to changes in market conditions, such as changes in wholesale energy costs. In these volatile market conditions, it was observed that some smaller retailers reported introducing higher-priced offers to incentivise their own customers to move to another retailer, thereby reducing the total customer load they would need to hedge against, with the goal of reducing exposure to wholesale market costs.

As highlighted in Figure A Tier 2 retailers in the Ausgrid distribution region, responded to high wholesale prices throughout 2022 by shifting a number of market offers above the median standing offer price.

Figure A Market offer spread, Ausgrid



There is a correlation between wholesale price and market offers

From DMO 4 (2022–23) onwards, different outcomes were observed as the DMO price, and spread of market offers, increased, largely driven by increased risk in wholesale markets. During DMO 4 there were a large number of market offers above the DMO and the median market offer was at the same level as the DMO. For DMO 5 (2023–24) the median market offer decreased back below the DMO, despite the spread of market offers remaining up to the DMO.

Since the introduction of the DMO, market offers have responded to changes in the underlying cost of electricity, mostly driven by changes to wholesale market outcomes. The DMO's annual recalculation appears to influence changes in market offers above the median (i.e. it does not impact market offers below the median), while the underlying cost of electricity influences the entire spectrum of market offers dynamically.

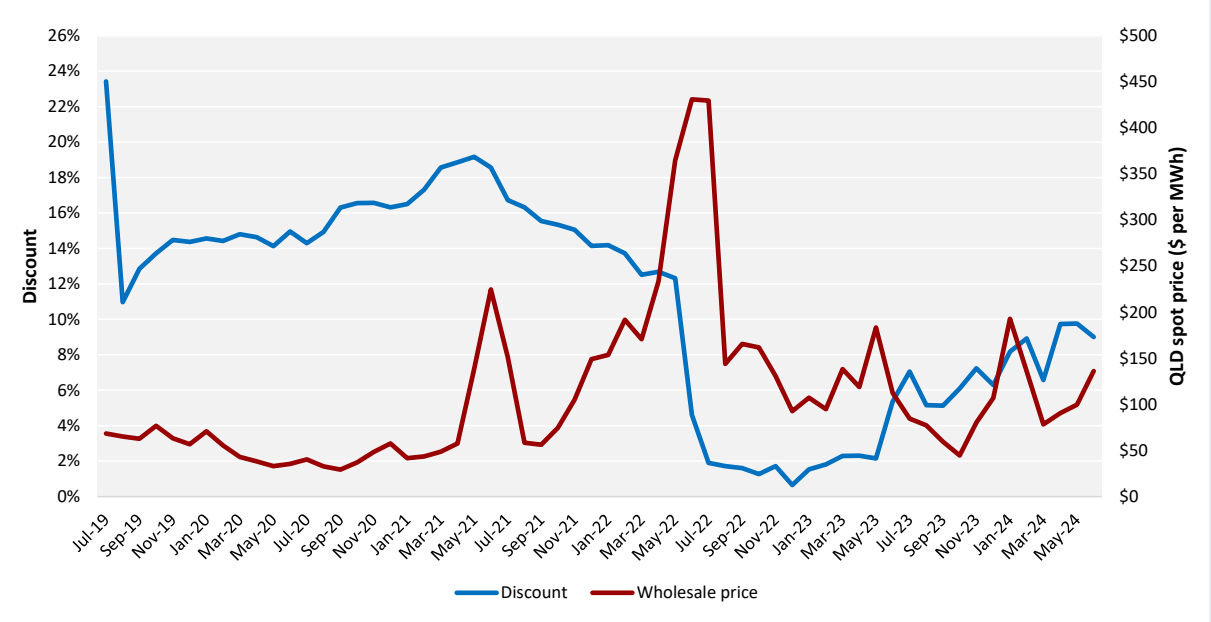
The size of market offer discounts compared with the DMO has been inversely correlated with the movement seen in the wholesale electricity price.

When wholesale costs increase, retailers typically recoup this through the upper end of the range of market offers, not the lower end. There is no evidence to suggest retailers have responded to the DMO by reducing the number of lower priced market offers.

Market offer prices above the DMO, during volatile wholesale conditions were largely driven by smaller retailers adjusting their offers. The offer pricing of Tier 1 retailers did not change significantly during that time. .

This is demonstrated in Figure B.

Figure B Correlation of median market offer discount with wholesale price, Energex



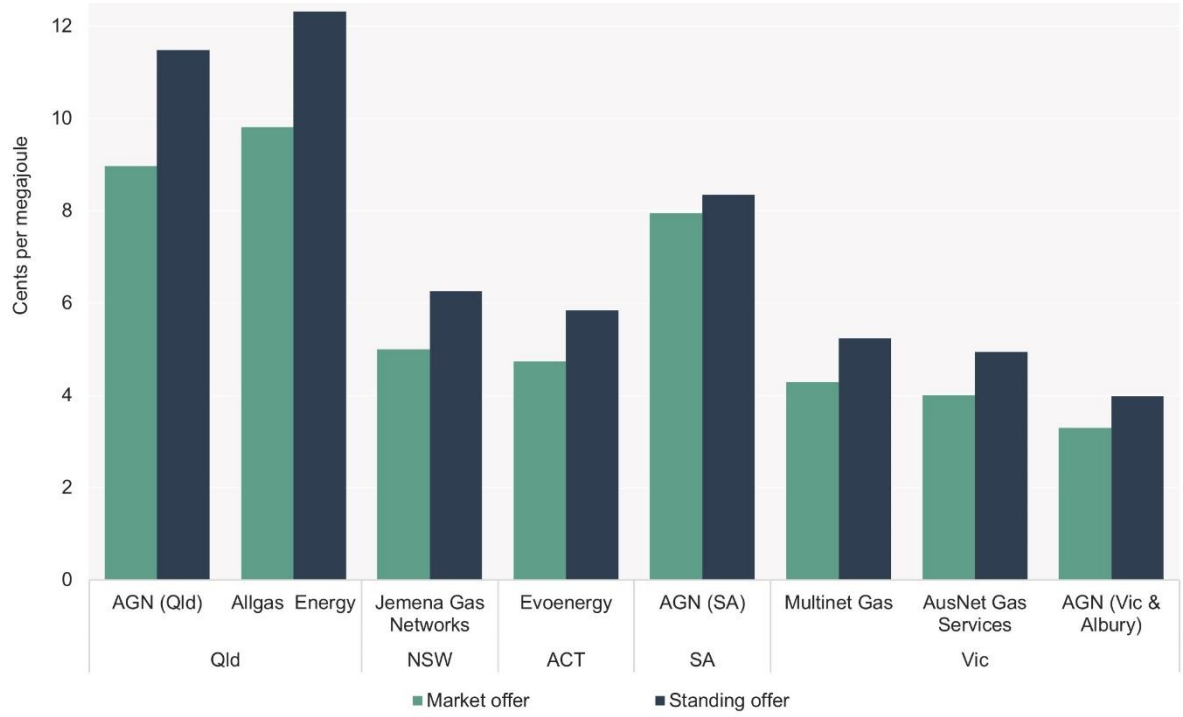
Note: Discount refers to the difference between the maximum standing offer available in the Energex distribution region and the median market offer in the same region. The wholesale price is the monthly volume weighted average spot price in Queensland.

2.1.2 Residential gas prices

We analysed and compared median gas prices in each major gas distribution network on a cents per megajoule (MJ) basis in September 2024. Gas prices are lowest per unit in Victoria, partly due to the relatively high number of residential gas customers in Victoria, which creates savings due to economies of scale in pipeline network costs (Figure 2.9).

Household usage of gas in Victoria is higher than other states, so 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 the total annual household 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).

Figure 2.9 Residential gas median market and standing offer prices



Note: Offer data as at September 2024. 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 is based on RIN responses except in Queensland where consumption is 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 from 2020–21 to 2023–24 for each jurisdiction. If there are multiple distribution zones within a jurisdiction, a representative distribution zone has been chosen and the chart for that distribution zone is included within this report. All the charts from each gas distribution zone are provided in Appendix 7. The median standing offer for each distribution zone has been included for comparison.

The charts display the range of offers between the 10th and 90th percentiles (the bottom 10% and top 10% of market offers have been excluded), covering 80% of market offers and excluding 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 in the chart to provide continuity with previous reports. However, it is not used in this pricing analysis.

For this gas pricing analysis all calculations are based on the annual bill cost, and cost and saving amounts have been rounded to the nearest $10.

Residential gas prices fluctuated in 2023–24

Gas price trends have been uneven across gas distribution networks in 2023–24. The median market gas offer increased 12% in South Australia, 8% in the ACT and by 2% for Jemena in NSW. In contrast, prices fell by 2% to 7% in Queensland. In Victoria the price variation ranged between -1% and 2% (Figures 2.10 to 2.14).

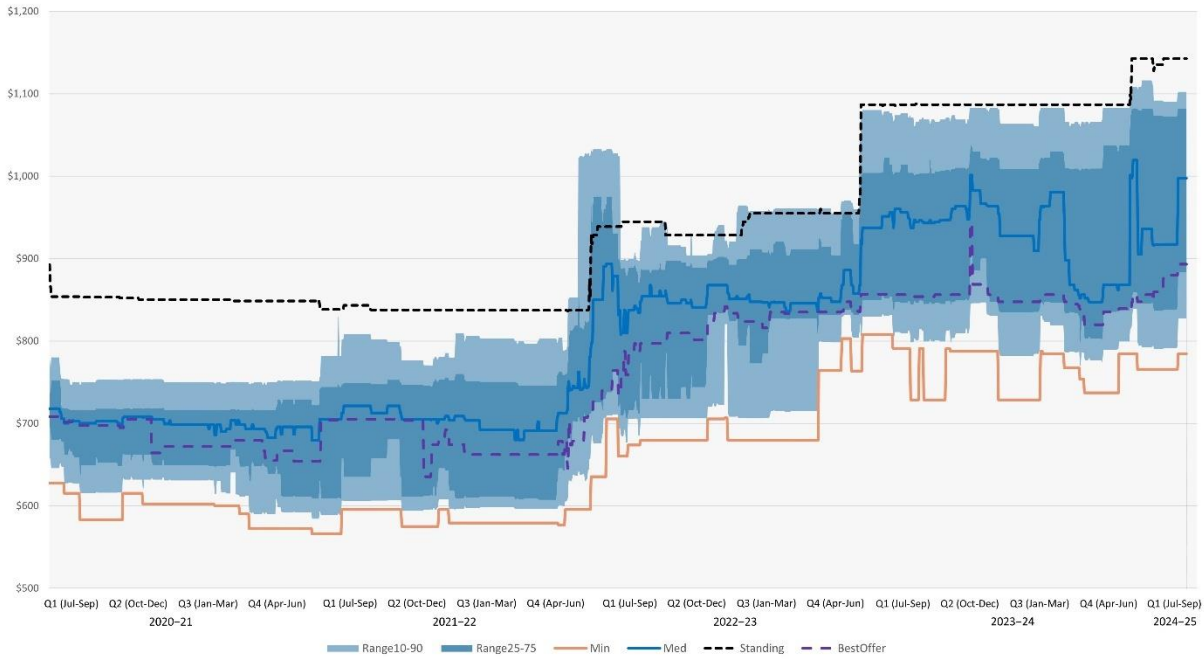
Movements in wholesale gas prices were the primary reason for gas retail price increases. In 2022 international coal and gas prices climbed rapidly, driven by factors including the war in Ukraine, domestic fuel supply concerns and plant outages. These factors combined with domestic supply challenges, such as generation outages, fuel access problems and high winter demand, resulted in an ‘energy squeeze’ that contributed to higher wholesale and retail prices.

Residential gas price trends remain inconsistent in early 2024–25

Between June 2024 and September 2024, the median market offer prices rose by 9% in the ACT, 6% in NSW and between 4% and 6% in Victoria. Opposite trends were observed in other gas distribution networks – the median market offer price fell for AGN in Queensland by 6% and South Australia by 5%.

Savings are available for customers who move from a standing to a market offer. A typical customer moving from a standing offer to the median market offer in September 2024 could have reduced their annual gas costs by 20% ($230) in NSW, by 20% ($180) in Queensland and by 14% ($170) in South Australia. Potential savings were greater in the ACT, where a shift from the standing to the median market offer could reduce gas costs by 17% ($280), and in Victoria, where a shift to the median market offer could save between 14% to 17% ($260 to $360) depending on the distribution zone.

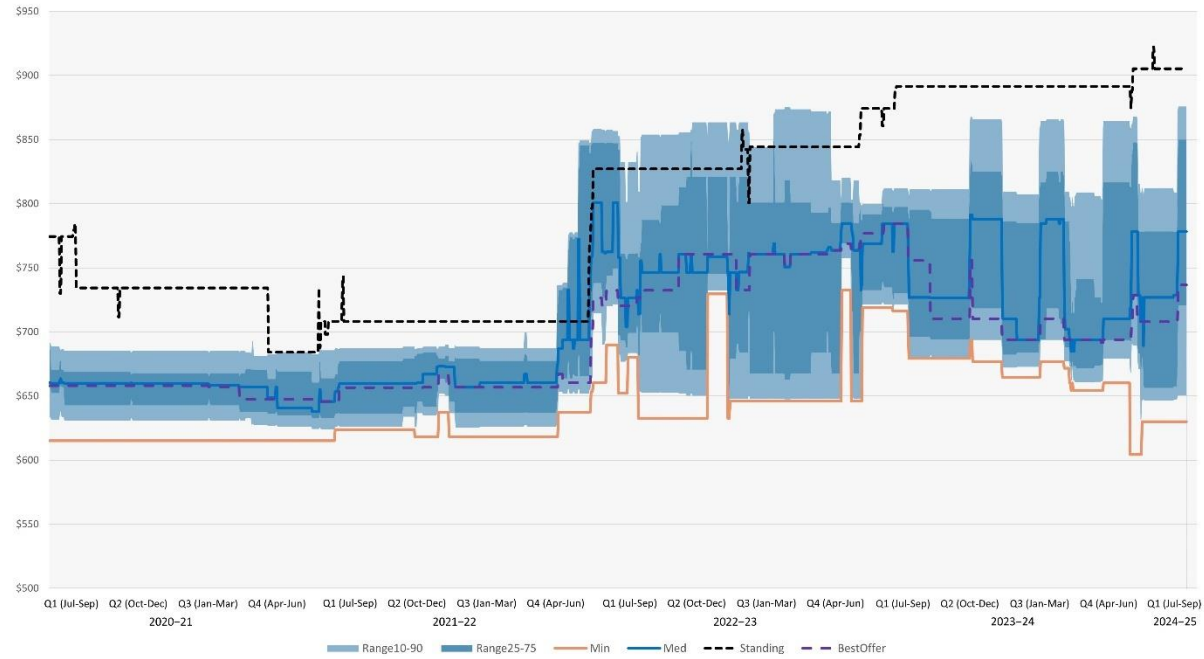
Figure 2.10 Market offers – Jemena Gas (NSW) – gas



Note: Based on single rate offers for residential customers and average consumption in each gas distribution network. Average consumption for 2023–24 has been applied to all periods. Some offers listed may not be available to all customers in a gas distribution network.

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

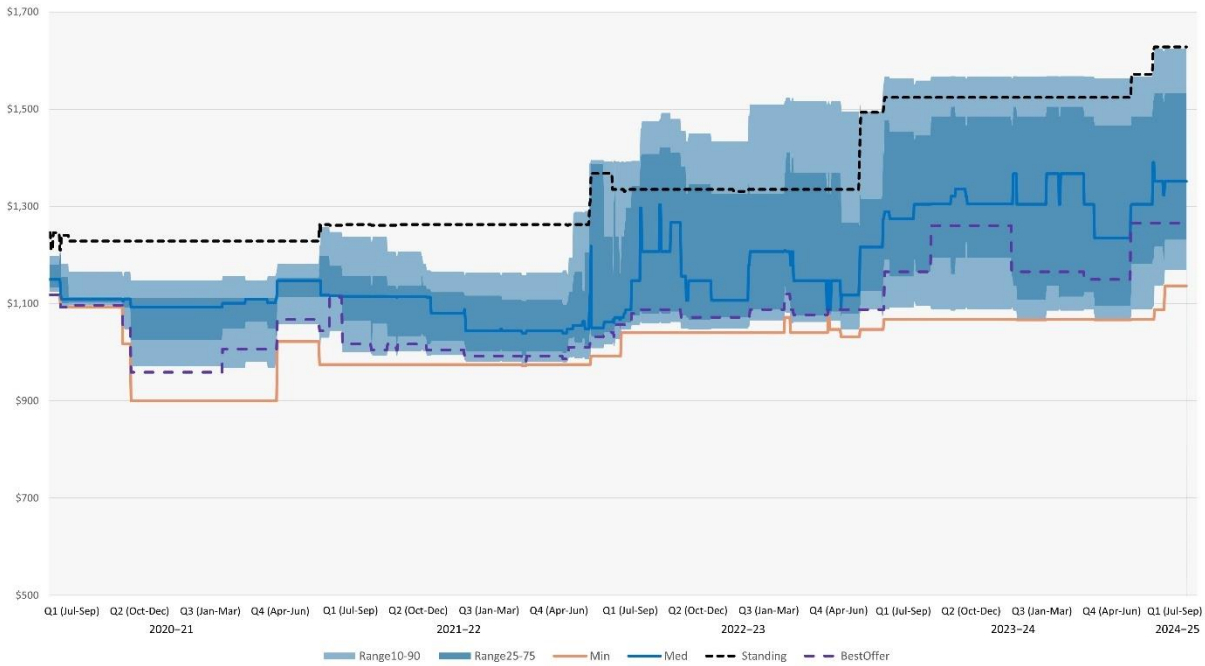
Figure 2.11 Market offers – Allgas Energy (Qld) – gas



Note: Based on single rate offers for residential customers and average consumption in each gas distribution network. Average consumption for 2023–24 has been applied to all periods. Some offers listed may not be available to all customers in a gas distribution network.

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

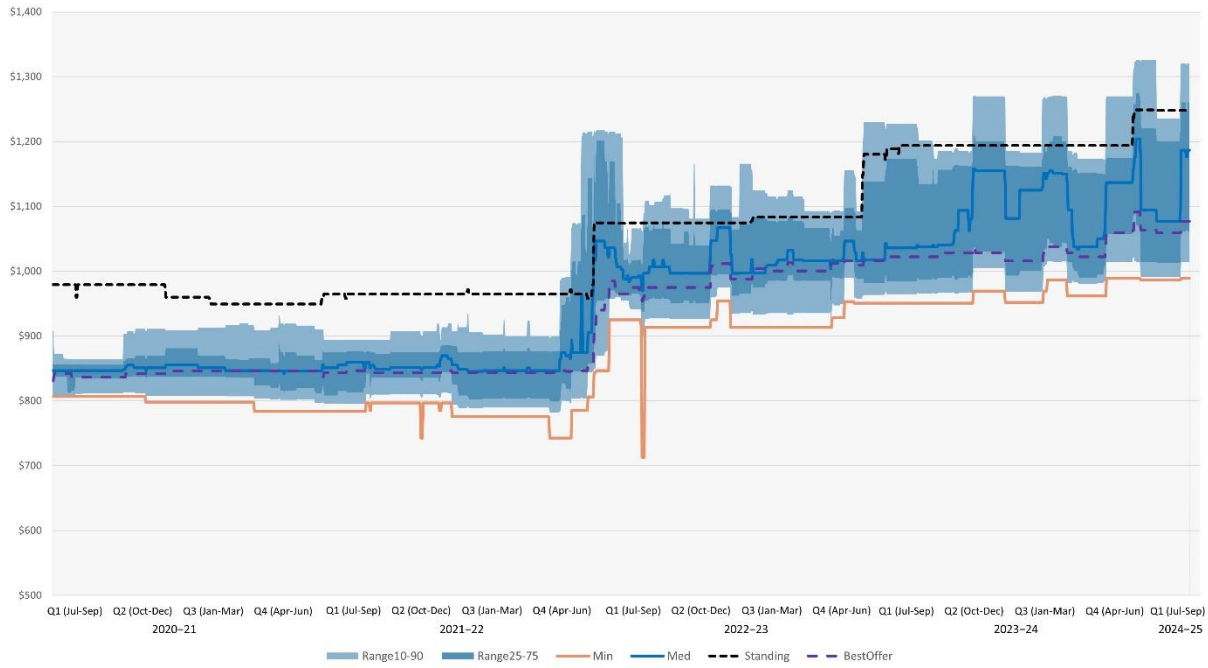
Figure 2.12 Market offers – Evoenergy Gas (ACT) – gas



Note: Based on single rate offers for residential customers and average consumption in each gas distribution network. Average consumption for 2023–24 has been applied to all periods. Some offers listed may not be available to all customers in a gas distribution network.

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

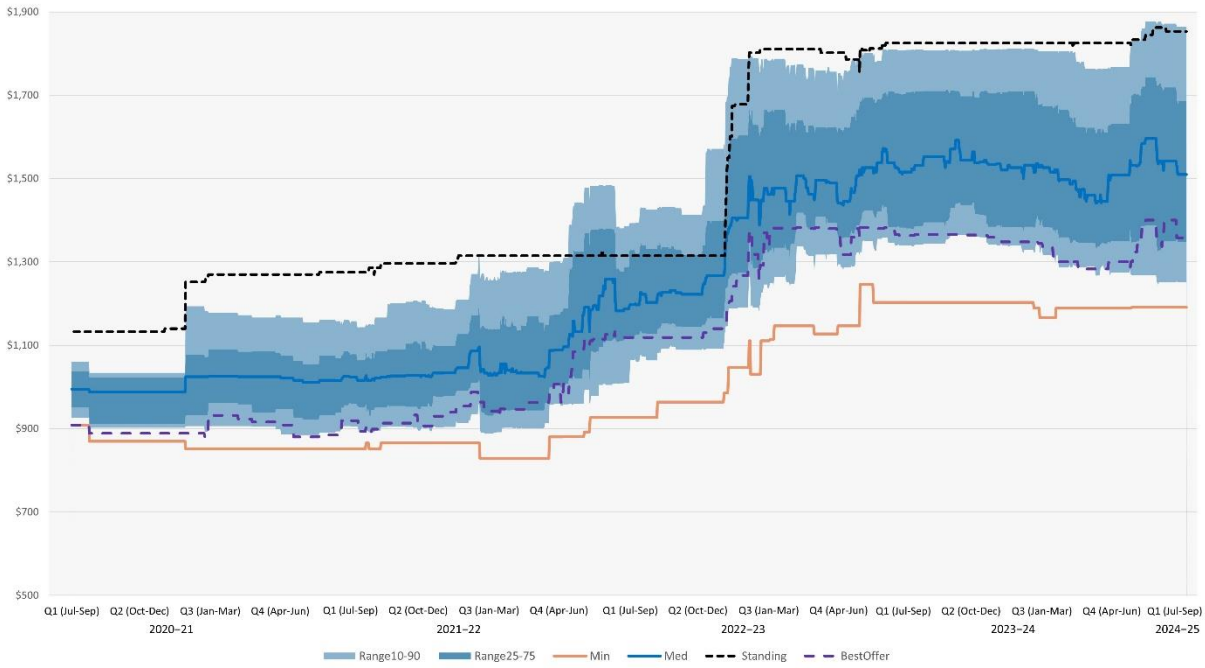
Figure 2.13 Market offers – AGN (SA) – gas



Note: Based on single rate offers for residential customers and average consumption in each gas distribution network. Average consumption for 2023–24 has been applied to all periods. Some offers listed may not be available to all customers in a gas 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 7. 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 2023–24 has been applied to all periods. Some offers listed may not be available to all customers in a gas distribution network.

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

2.2 Energy affordability

Energy bills are a considerable cost-of-living issue for households. Reforms to improve affordability have focused on:

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 the proportion of income spent on energy.

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

annual energy charges (based on average usage)

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

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

The analysis covers broad affordability trends over the past 5 years. 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 during the COVID-19 pandemic. Income shifts are difficult to quantify because household incomes would have fallen in those that experienced job losses or reduced work hours but increased in those households that received additional government assistance during the pandemic.

Energy use

Usage charges represent the largest component of energy bills for most households.[16] Therefore, a customer's energy use can impact on 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).[17] 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, driven by climate (with greater heating requirements than in some jurisdictions) and the low penetration of household gas. Conversely, most households in Victoria have both electricity and gas connections,[18] resulting in the lowest average household electricity consumption.[19]

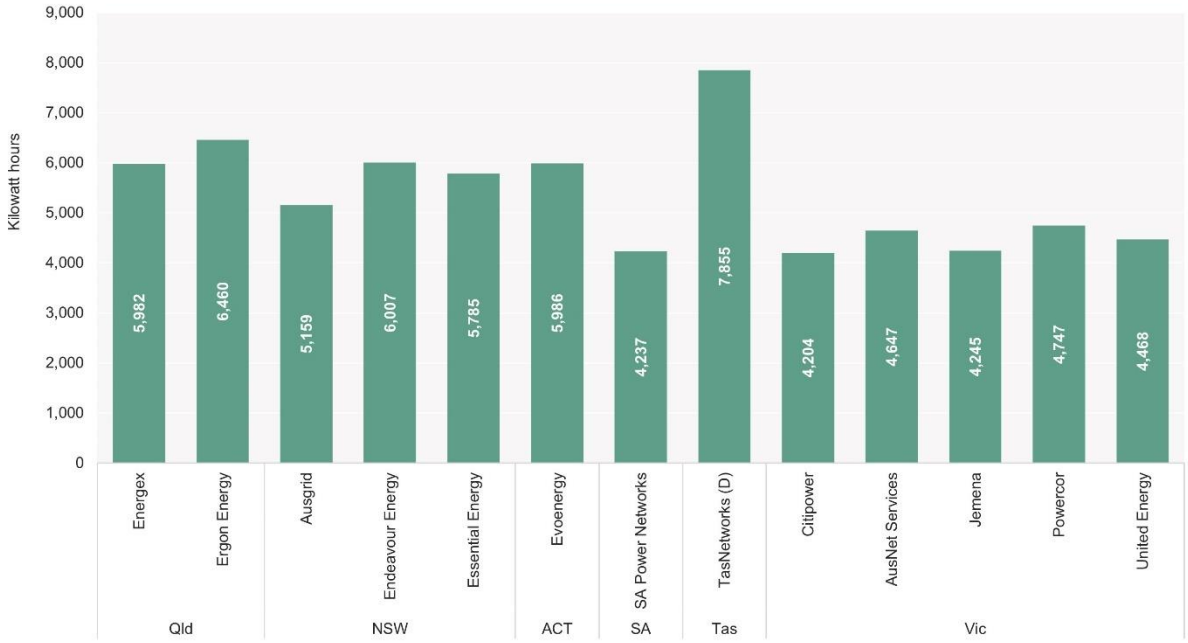
16 Most energy offers include usage charges as well as a fixed supply charge. Some offers also include membership fees or additional charges for metering.

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

18 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, Australian Energy Regulator, December 2021, accessed 25 November 2024.

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

Figure 2.15 Average annual household electricity usage



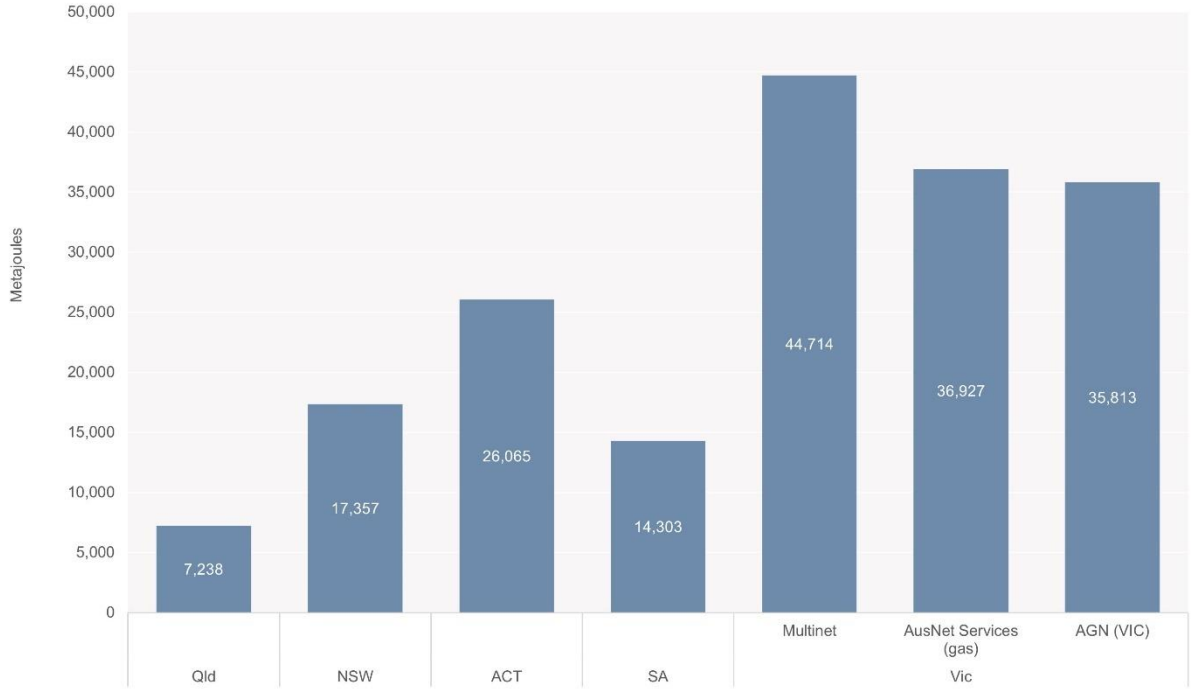
Note: Data for 2023–24.
Source: Economic Benchmarking RIN responses.

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 (such as Victoria and the ACT) tend to use the most gas, while those in Queensland use the least gas due to the warmer climate (Figure 2.16).

Except for Queensland, we estimated average annual residential gas use in each gas distribution network based on data provided by network businesses on the volume of gas supplied to customers through the networks. Queensland gas consumption estimates are based on a consumption benchmark report prepared for the AER in 2020.[20]

[20] Frontier Economics, Report to the AER – Residential energy consumption benchmarks, 2020, accessed 25 November 2024. Queensland gas usage data is not reported via the Economic Benchmarking RIN responses and the Frontier Economics data is utilised in its place.

Figure 2.16 Average annual household gas usage



Note: Data for 2023–24.

Source: AER analysis using offer data from Energy Made Easy and Victorian Energy Compare. Consumption is based on RIN responses except in Queensland where consumption is based on Frontier Economics, Report to the AER – Residential energy consumption benchmarks.

Energy charges

We sourced electricity and gas offers available in June of each year from 2019–20 to 2024–25 from the Energy Made Easy website for NSW, Queensland, South Australia, Tasmania and the ACT. 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[21] in most jurisdictions. Future reports may be expanded to evaluate other tariff types such as cost reflective, 'time-of-use' tariffs as some customers move away for flat-rate offers.

We estimated annual bills for each offer by applying our usage assumptions to the usage charges for each offer and then adding fixed supply charges and any other ongoing fees. Both market and standing offers are included in the analysis.

Where appropriate, we adjusted annual bills to account for relevant government concessions and rebates. This analysis factors in most generally available rebates and not all low-income households will have access to these rebates, and some households will have access to other rebates that are not included in this analysis.

Income

Annual income is a key element in the assessment of affordability of essential services such as energy. Annual income represents the income available to households to pay for goods

21 Appendix 2 provides a detailed outline on how offers are selected for the pricing and affordability analysis.

and services after income taxes, levies and surcharges. Where available we use Australian Bureau of Statistics (ABS) data on household annual income[22] and present this data as averages for all households and low-income households. All income analysis is calculated based on a households' income provided by the ABS.[23]

Average income varies across jurisdictions. However, the variation is less pronounced among low-income households. The average annual income for low-income households in 2023–24 was $35,000 to $41,000 across all jurisdictions, except the ACT where it was $54,000. Average income across all households in 2023–24 ranged from $88,000 in Tasmania to $134,000 in the ACT. Higher average incomes in the ACT contributed to better energy affordability outcomes in that jurisdiction.

Rebates and concessions

Since 1 July 2023, the Australian Government has partnered with state and territory governments to provide electricity bill relief for eligible households and small businesses through the Energy Bill Relief Fund.[24]

The rebates available in 2023-24 had a broader range of eligibility criteria than many existing concessions and rebates and included those who qualify for Family Tax Benefit Parts A and B. Our analysis of affordability for average income households is not reflective of those households in this group who were eligible for and received these rebates.

For the analysis of the energy affordability for low-income households, we have also factored in any relevant energy rebates and concessions provided by state and territory governments. 2023–24 energy concessions and rebates used in the affordability analysis is outlined in Appendix 8.

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 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 average income households to provide an indication of affordability more broadly and provide context to the low-income household analysis.

For this electricity and gas affordability analysis, cost and saving amounts have been rounded to the nearest $10.

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22 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 the Consumer Price Index (CPI) and Wage Price Index (WPI) to adjust the ABS income data.

23 See Appendix 2 for detailed description of income methodology.

24 DCCEEW, Rebates and assistance, Department of Climate Change, Energy, the Environment and Water, accessed 25 November 2024.

Electricity affordability improved for low-income customers in 2023–24

Due to the availability of cost-of-living rebates, electricity affordability for low-income households improved across most jurisdictions in 2023–24 compared with the previous year.

Figures 2.17 to 2.20 set out the results for each region. These include typically available concessions and rebates for low-income households. However, for average income households we have only applied the $550 rebate made available to all electricity customers in the Energex area. This led to a decrease in the percentage of annual household income spent on electricity by average income customers in that region. Customers in the Ergon Energy distribution area also received this rebate, but feedback from Ergon Energy indicated that much of the value of the rebate may have been absorbed by increased electricity usage due to the unusually hot summer. There are limitations in seeing this effect in our analysis because a single annual benchmark energy consumption for each distribution region is used to calculate annual bill cost.

The broader eligibility requirements for the Commonwealth Energy Bill Relief payments meant that at least some average-income households would have benefitted. While not reflected in the charts below, this would have led to those who received the payments having a similar improvement in affordability to low-income households.

Most rebates are one-off or only available for a set time period, meaning households receiving these time-limited rebates will experience electricity price rises when the rebates finish.

Overall, Victoria remains the most affordable jurisdiction for electricity in 2023–24. This largely stems from relatively low electricity use linked to high gas penetration. 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, primarily due to a colder climate and the low penetration of gas.

In NSW, electricity in the regional and rural[25] Essential Energy distribution network remains less affordable than the predominantly urban Ausgrid distribution network.

This trend is similar in Queensland where, based on estimated costs, electricity in the regional Ergon Energy distribution network[26] is less affordable than for Energex, which serves South East Queensland. Ergon Energy is the only distribution network where the percentage of annual low household income that is spent on electricity has increased.

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

In many 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 2023–24 low-income households on the median market offer spent from 2.3%

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

26 Ergon Energy does not have a market offer. For completeness, the regulated price has been used as a proxy because it represents what customers are paying.

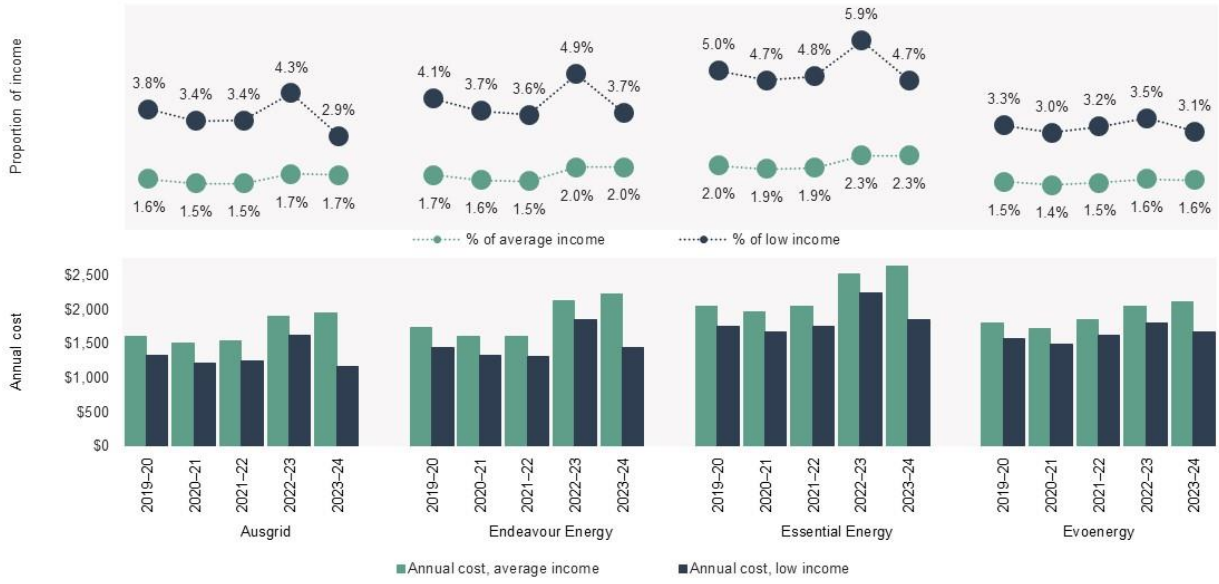
(CitiPower in Victoria) to 5.5% (TasNetworks (D) in Tasmania). In comparison, the average-income household spent between 1.2% (CitiPower in Victoria) and 3.2% (TasNetworks (D) in Tasmania).

Figure 2.17 Electricity costs as a proportion of income 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 (AER). Consumption estimates based on Economic Benchmarking RINs. Income data are unpublished ABS estimates of household annual income.

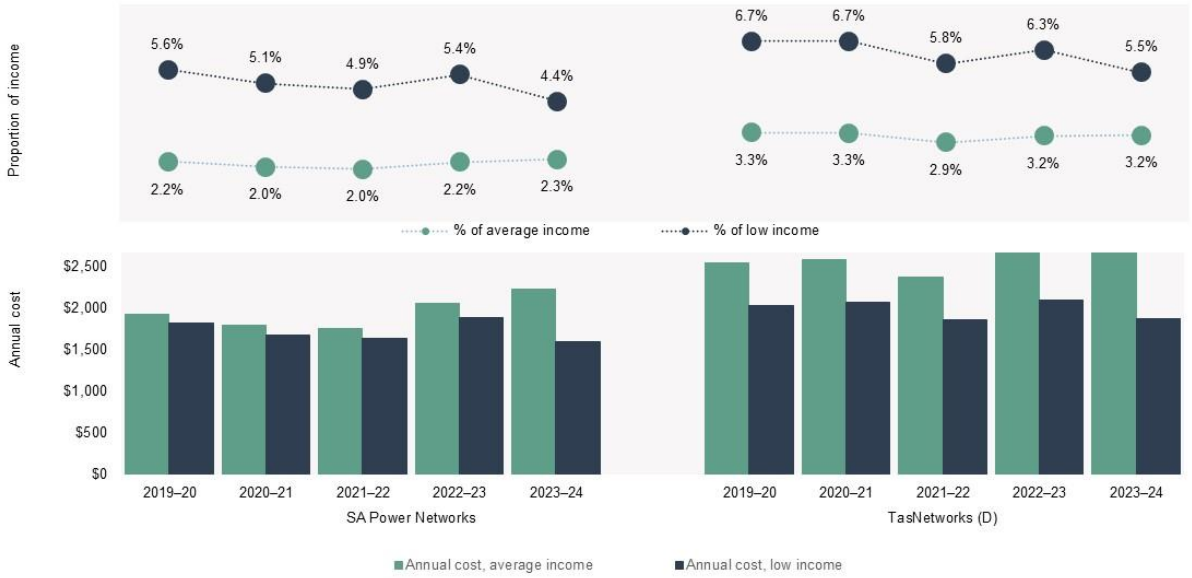
Figure 2.18 Electricity costs as a proportion of income for low and average-income households – NSW and ACT



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.

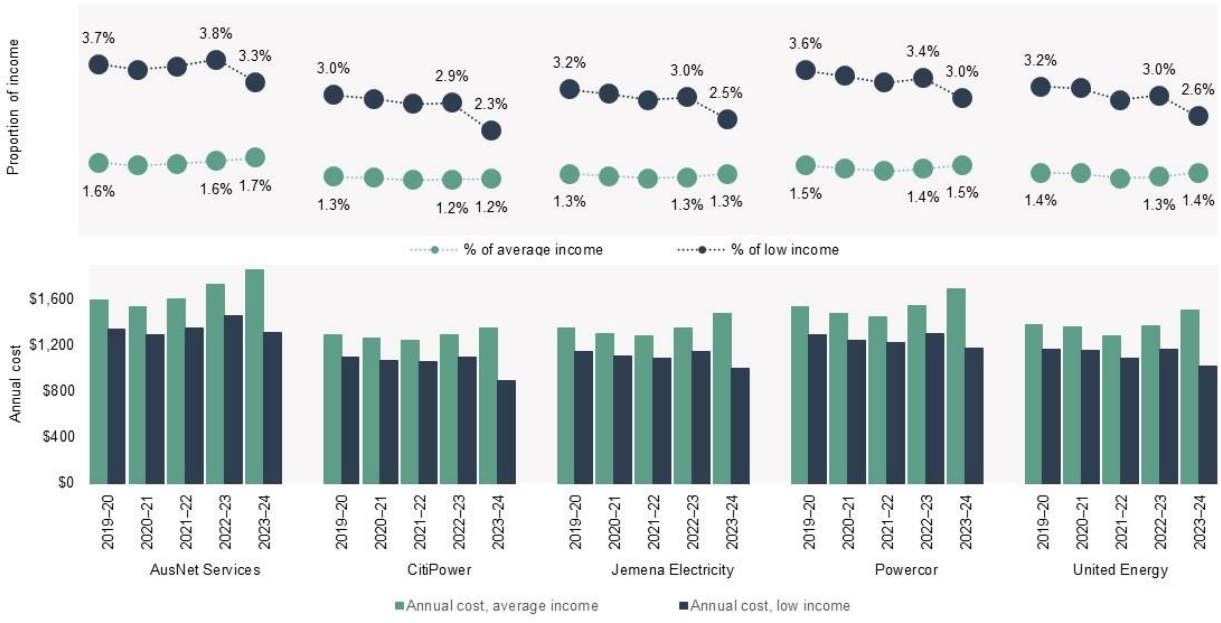
Figure 2.19 Electricity costs as a proportion of income for low and average-income households – South Australia and Tasmania



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.

Figure 2.20 Electricity costs as a proportion of income 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, in 2023–24 estimated costs for customers on standing electricity offers were more expensive than estimated costs for customers on market offers in all jurisdictions (Figure 2.21). Only a small number of customers are on standing offers in most jurisdictions. However, if these are low-income households, they will be the most affected by affordability issues.

Reforms over the past 3 to 4 years have focused on encouraging customers to move from standing offers to cheaper market offers. These reforms include requirements on retailers to inform customers before any change in energy charges or when moving a customer from a market offer to a standing 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.[27] This extended to other regions outside Victoria with the commencement of the Better Bill Guidelines in September 2023 (more information follows).

Better Bills Guideline

Our Better Bills Guideline applies in NSW, Queensland, South Australia, the ACT and Tasmania. The Guideline establishes a set of design principles that must be applied holistically when producing bills, including the inclusion of an applicable 'Better Offer' message and information regarding Energy Made Easy. The messaging is intended to encourage consumers to review their current plan and switch to the best plans available. The Guideline was fully implemented in 30 September 2023.[28]

We assessed retailers' compliance with Better Bills Guideline and published industry guidance on our expectations in October 2024. Compliance with the Better Bills Guideline will continue to be a focus area for the AER in 2024-2025 under the AER's Compliance and Enforcement Priority 2, particularly in relation to the Better Offer message.

We know from consumer research and stakeholder feedback that having an accurate Better Offer message on small customer bills is critical, particularly given the ongoing cost of living concerns. We also understand that clear and simple energy bills can build consumer trust in their retailer and help customers make more confident decisions in the energy market.

We are continuing to undertake research to better understand how the Better Offer and Energy Made Easy messages are being received by customers to assess the effectiveness of the Guideline. These findings will be used alongside a cost analysis and implementation review to identify potential opportunities to further increase consumer confidence and improve bills comprehension.

Customers may achieve savings by switching from a standing to a market offer; these savings vary across distribution networks. For example, in NSW, low-income households would save 1% of annual income ($340 to $400) by switching offers, whereas in South Australia the benefit for changing offers is only 0.4% of income ($150).

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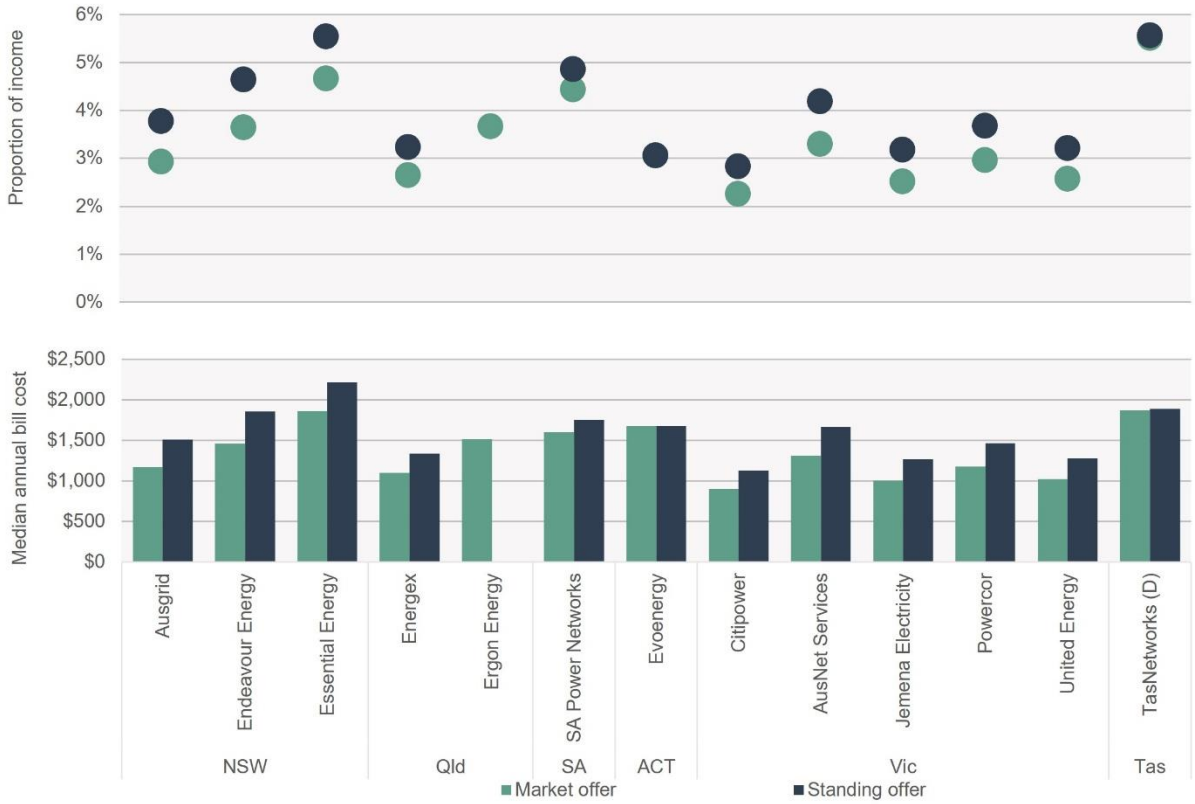
27 ESC, Victorian Energy Market Update – June 2021, Essential Services Commission, June 2021, accessed 25 November 2024.

28 AER, Better Bills Guideline – Version 2, Australian Energy Regulator, 30 January 2023, accessed 25 November 2024.

In Victoria, although prices were lower than other jurisdictions, switching from a standing offer to a market offer still provided savings. Across the 5 Victorian electricity distribution networks, low-income households could save between $220 (CitiPower) and $350 (AusNet Services) a year by switching from the median standing offer to the lowest market offer.

Figure 2.21 Electricity costs for low-income households on a median market and standing offer in 2023–24



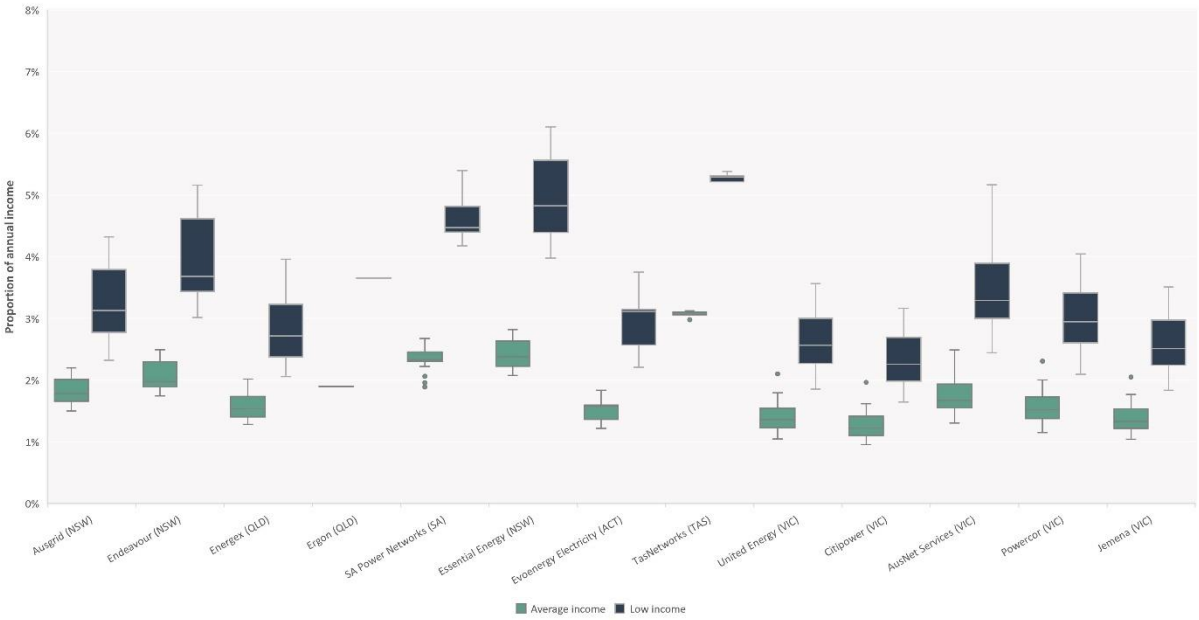
Note: Based on offers for residential customers in each jurisdiction. Average household consumption for the year ending June of each period was used in annual bill calculations. Percentage of income figures refer to mean annual income of all and low-income households. Due to a different regulatory framework, 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 in 2022–23. This has dropped to 6% in 2023–24.

Market offers tend to cluster around the median, with some outliers significantly above the median (Figure 2.22). These offers are a continuation of the market volatility that occurred in 2022. It is concerning that retail customers, particularly low-income householders, on these offers would spend a high proportion of their income on electricity.

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 for customer fluctuated across jurisdictions

Gas is least affordable for customers in Victoria, followed by South Australia. In comparison, customers in NSW, Queensland and the ACT pay a lower percentage of their income to meet gas costs, making it more affordable.

In 2023–24 gas became less affordable in South Australia and the ACT, as the proportion of household annual income typically spent on gas increased. Gas affordability remained unchanged in NSW and it became more affordable in Victoria and Queensland.

For an average-income household, the proportion of household annual income spent on gas in 2023–24 ranged from 0.6% in Queensland, 0.8% in NSW, 0.9% in the ACT, 1.2% in South Australia up to 1.7% in Victoria.

Low-income households spent 1.7% of their income on gas in Queensland and up to 4.4% in Victoria (Multinet Gas).

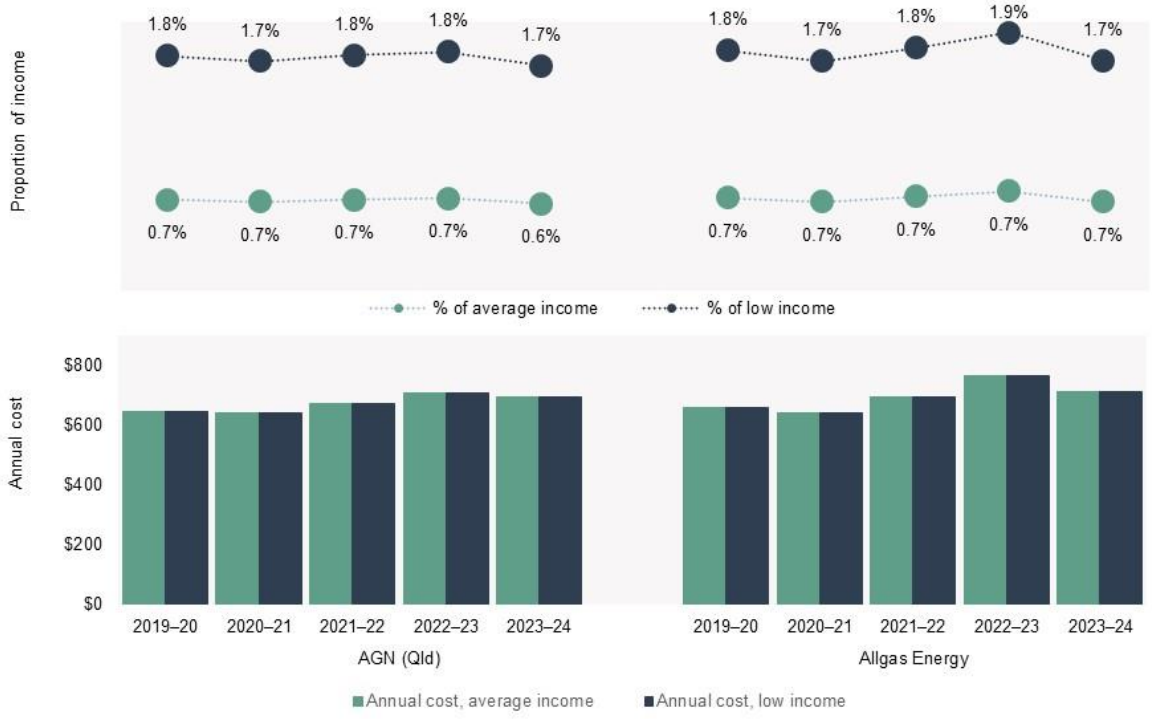
The median estimated cost of gas increased across most distribution networks. South Australia experienced a 12% rise in median bills from the previous year, with smaller increases observed in the ACT (8%) and NSW (2%), while median gas bills fell by to up to 7% in Queensland.

Across the jurisdictions, Victorian households paid the highest proportion of their annual income on gas bills. This is largely because households in Victoria used more gas than those

in other jurisdictions. For ACT households, higher annual gas costs were partly offset by higher average incomes. On average, Queensland households used the least gas at 7,238 MJ per year and spent the least on their gas bills, despite gas prices being the highest on a per unit basis.

Figures 2.23, 2.24 and 2.25 show analysis of market and standing offers for gas for both low-income and average-income households from 2019–20 to 2023–24. The charts also show the percentage of household income spent on gas by households. 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.

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.

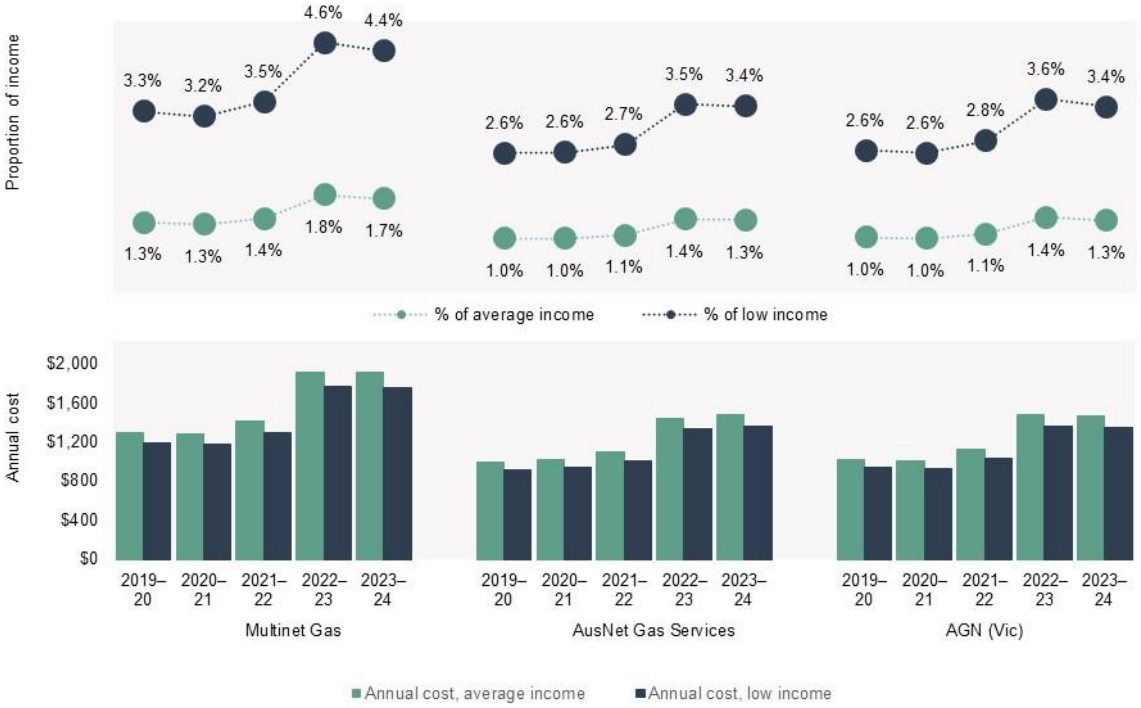
Source: Offer data from Energy Made Easy. Income data are unpublished ABS estimates of household annual income. Consumption based on Frontier Economics, Report to the AER – Residential energy consumption benchmarks.

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 Economic Benchmarking RIN responses.

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.

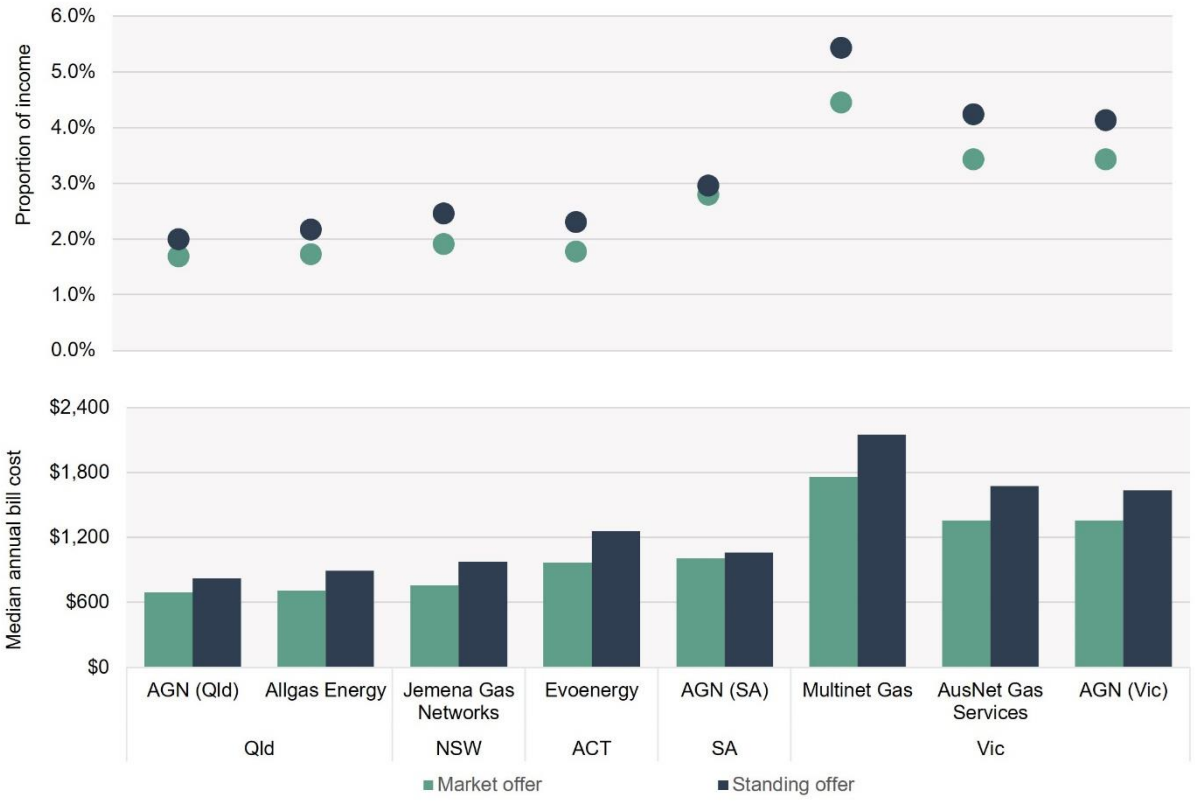
Source: Offer data from Energy Made Easy and Victorian Energy Compare. Income data are unpublished ABS estimates of household annual income. Consumption based on Economic Benchmarking RIN responses.

Range of gas costs and affordability for low-income households

Gas standing offers remained higher than gas market offers across all jurisdictions. Figure 2.26 shows median annual gas costs for market and standing offers as an annual dollar figure and a proportion of annual income in 2023–24.

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 gas in Victoria being the least affordable (as discussed in section 2.2.2).

Figure 2.26 Gas costs for low-income households on a median market and standing 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 and on Economic Benchmarking RIN responses.

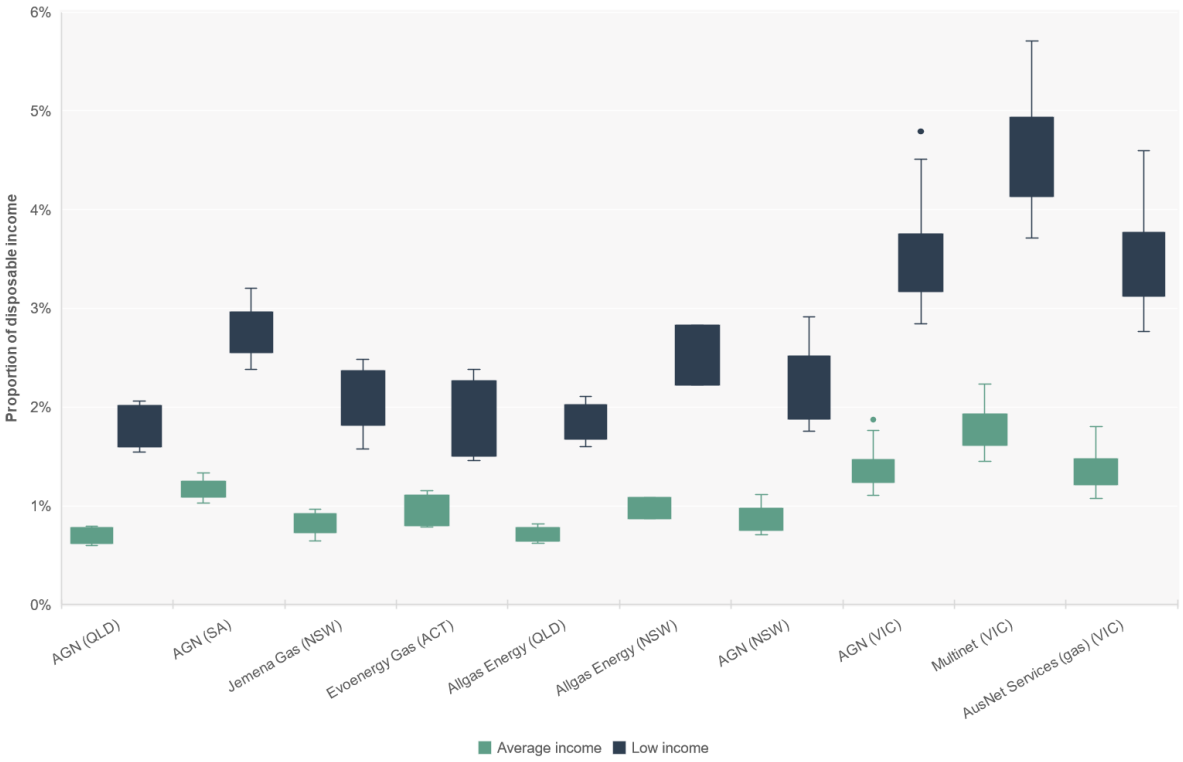
In switching from the median standing offer to the median market offer, low-income households could save up to 1% of their annual income, depending on their gas distribution network. For NSW households, moving from the median standing offer to the median market offer would save $220.

Victorian households can make the greatest savings by switching – for example, moving from the median standing offer to the median market offer, Victorians can save up to 1% of

their annual income. For low-income customers, this is a saving of around $280 to $390 per year based on average gas usage.

Victoria had the largest spread of offers in 2023–24, with some offers significantly higher than the median. Some low-income households may have paid up to 6% of their annual income on gas if they were on these offers (Figure 2.27).

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 and on Economic Benchmarking RIN responses.

2.2.3 Concessions and rebates

Commonwealth, state and territory governments provide energy bill payment assistance through targeted energy concessions for eligible customers. These are typically available for low-income earners. However, not all lower-income earners receive these forms of assistance and, in some cases, they may be available to some average income households.

Figures 2.28 and 2.29 compare concession and rebate payments to low-income households in 2023–24 to the announced rebates[29] and concessions[30] for 2024–25, including the general energy bill rebate. Low-income households benefit because rebates reduce the proportion of income required to meet their electricity cost. However, the benefit for low-income earners in

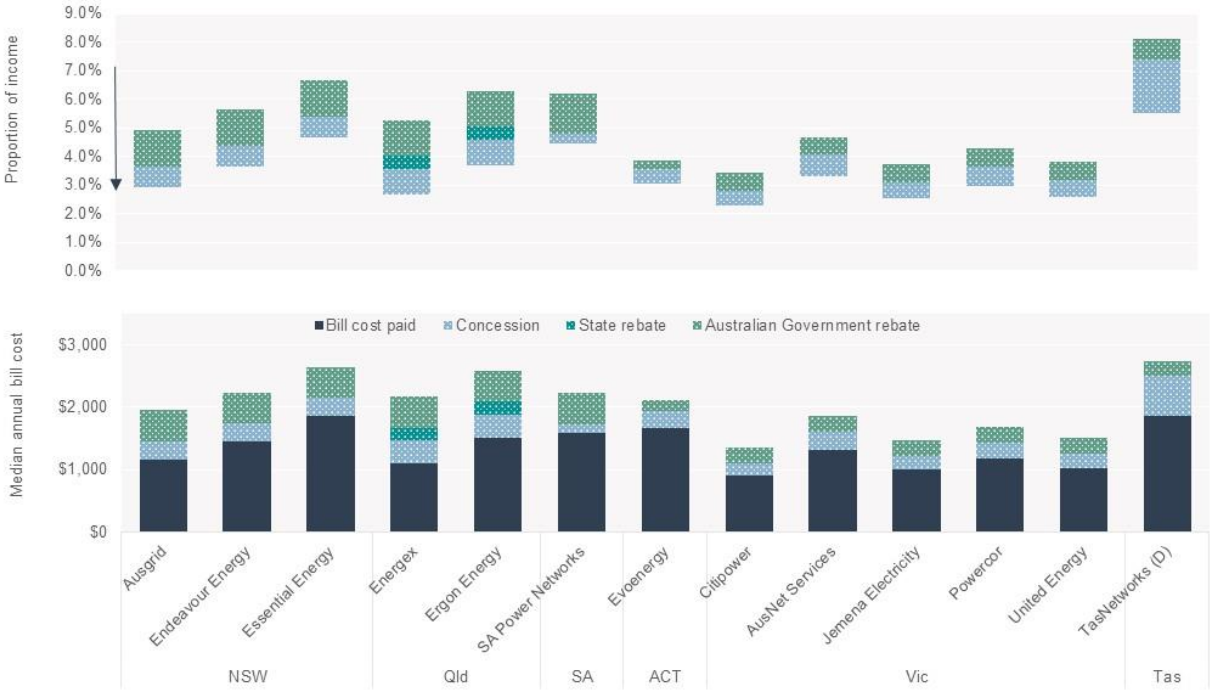
[29] DCCEEW, Energy Bill Relief Fund 2024-25, DCCEEW, November 2024

[30] For the purpose of this Low-income electricity analysis in Figure 2.28, concessions available in 2023-24 included

2024–25 may be less than that for 2023–24 in NSW and South Australia as the higher, more targeted rebate of $500 is replaced by a more generally available $300 rebate.

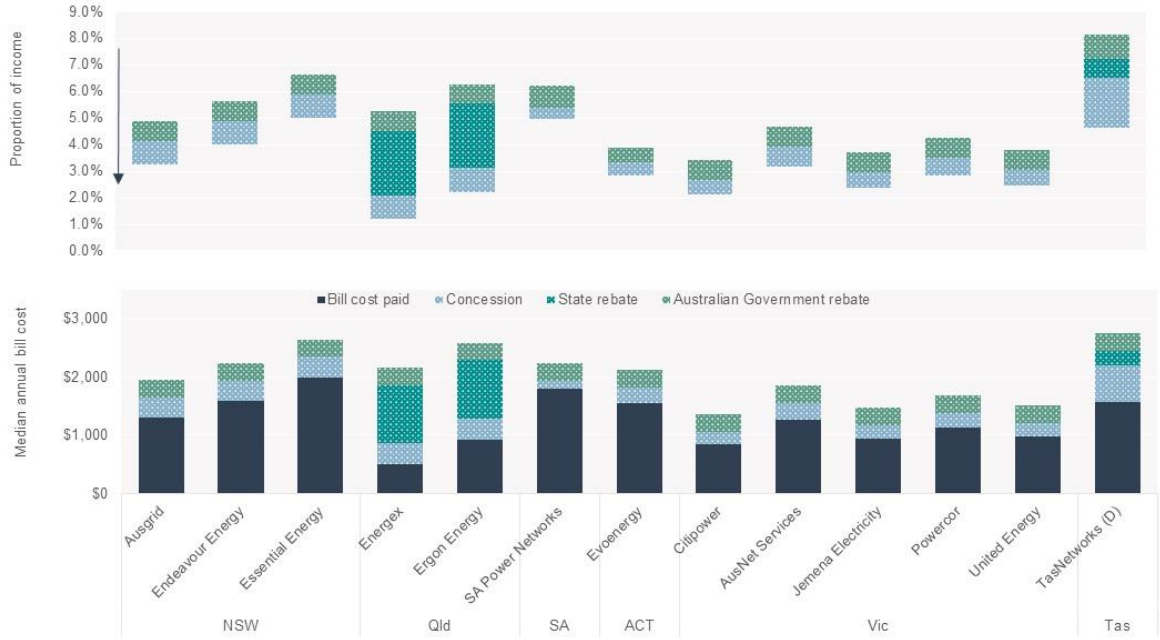
In 2023–24 rebates reduced the amount low-income households needed to spend on their electricity bills, saving between 0.3% (ACT) and 1.7% (Queensland) of their income. In 2024–25 the savings from rebates for low-income households will increase to between 0.5% and 3.2% of income. In addition, other households will be expected to save around 0.3% of income due to the $300 Australian Government energy bill rebate, and Queenslanders are expected to save 1.2%.

Figure 2.28 Low-income electricity customer who received rebates and concessions, 2023–24



Note: Consumption estimates are based on 2023–24 figures to allow direct comparison between rebates.
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. Energy rebate and concession information sourced from public government websites.

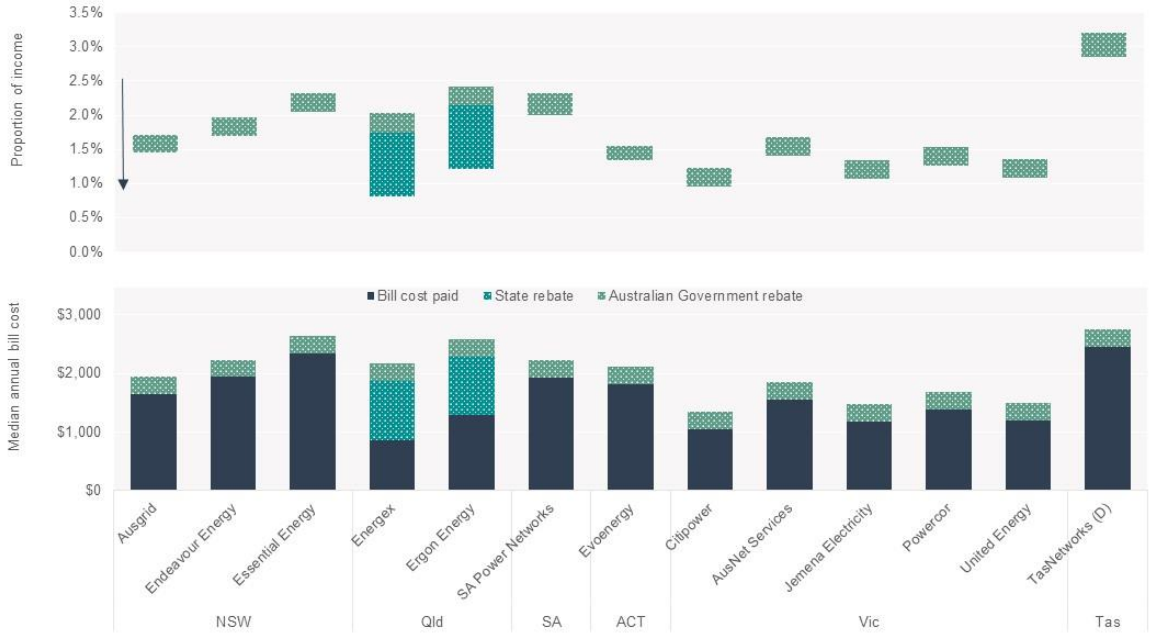
Figure 2.29 Low-income electricity customer receiving projected rebates and concessions, 2024–25



Note: All offer data and consumption estimates are based on 2023–24 figures to allow direct comparison between rebates.

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. 2024-25 Energy rebate and concession information sourced from public government websites.

Figure 2.30 Average-income electricity customer receiving projected rebates, 2024–25



Note: All offer data and consumption estimates are based on 2023–24 figures to allow direct comparison between rebates.

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. Energy rebate and concession information sourced from public government websites.

3 Payment difficulties and hardship

Customer debt (excludes hardship customers)

RESIDENTIAL

2.9% of customers in debt

$1,148 average energy debt

SMALL BUSINESS

3.4% of customers in debt

$2,363 average energy debt

Disconnections

RESIDENTIAL

Electricity: **15,624** 0.2% of customers

Gas: **3,886** 0.2% of customers

SMALL BUSINESS

Electricity: **1,148** 0.2% of customers

Gas: **205** 0.3% of customers

RESIDENTIAL PAYMENT PLANS

Electricity: **125,873** 1.8% of customers

Gas: **23,165** 1.0% of customers

RESIDENTIAL CREDIT COLLECTION

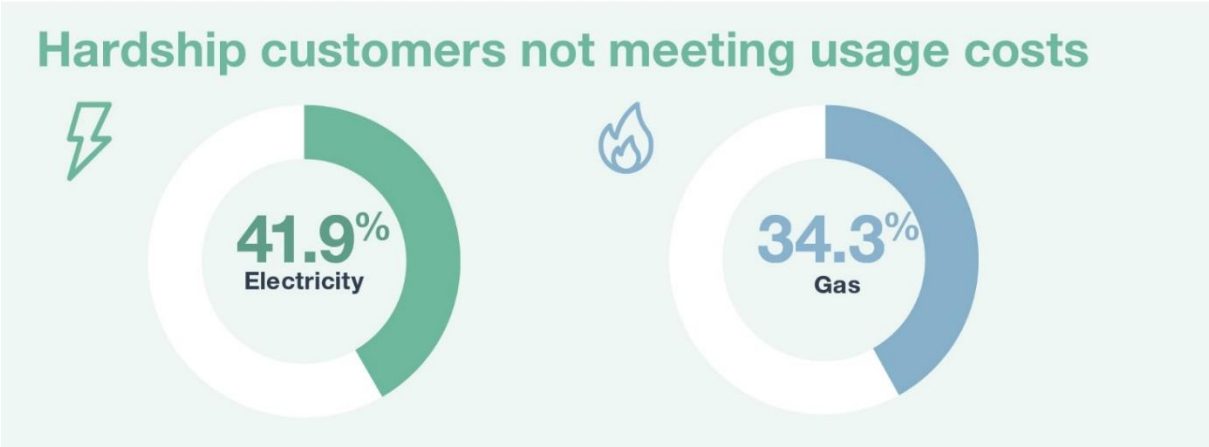
Electricity: **138,974** 2.0% of customers

Gas: **36,602** 1.6% of customers

RESIDENTIAL CONCESSIONS

Electricity: **1,699,307** 24.6% of customers

Gas: **306,667** 13.2% of customers



Key findings

- Overall, the proportion of residential customers with energy debt of 90 days or over has remained stable at 2.9%. The level of debt held by residential customers has increase by 16% to $1,148.
- Customers are increasingly seeking support from their energy retailer. The proportion of electricity customers on payment plans has increased to the highest levels in 5 years at 1.8%. Through 2023–24 the number of residential electricity customers accessing hardship programs increased to 131,736 from 95,634 in 2022–23.
- Additionally, it was also observed that many customers are entering hardship programs with higher levels of debt, with average debt increasing to $1,476. However, there remains a large proportion of customers entering with debt less than $500, 46.7% for electricity and 62% for gas.
- Increased use of payment plans and hardship programs can be a positive sign that customers are accessing help. However, there are many customers still experiencing challenges when on a hardship program as only 26% of customers successfully completed the program.
- Disconnections fell to their lowest rate in more than 5 years, 0.23%.[31]

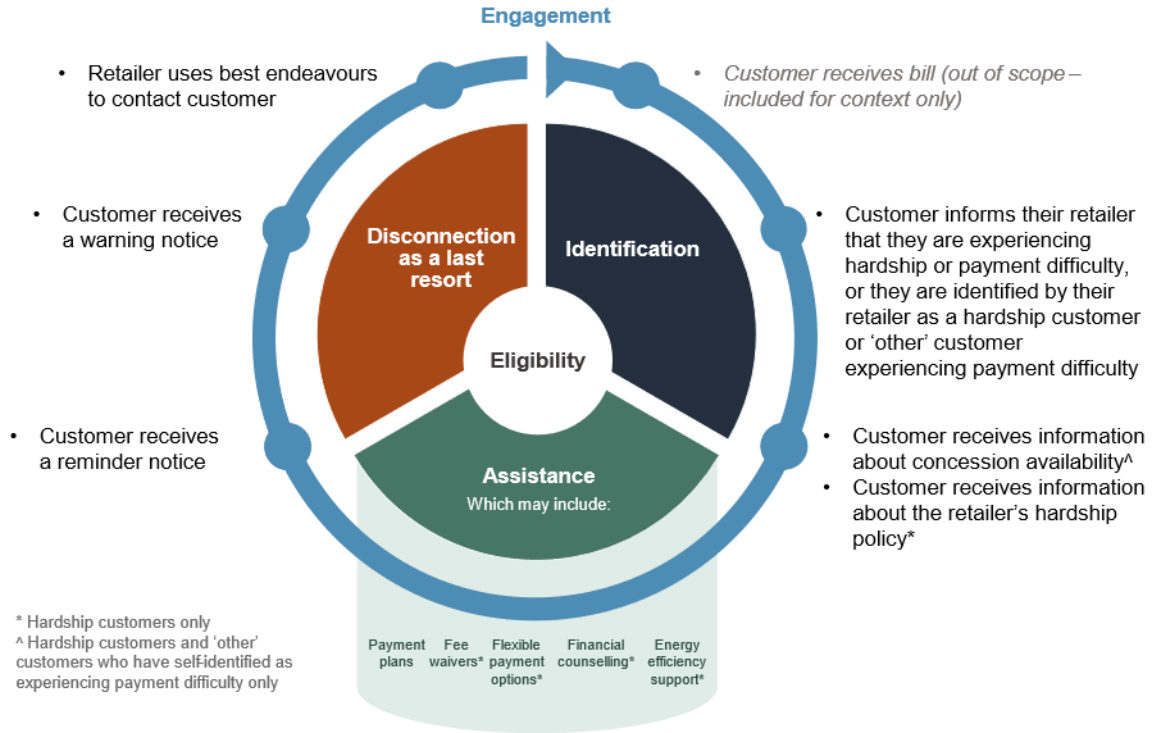
[31] Out with COVID-19 period when disconnections were, in certain geographies, suspended.

The National Energy Customer Framework, a suite of legal instruments that regulate the sale and supply of electricity and gas to retail customers, contains the AER's Customer Hardship Policy Guideline to assist customers that are struggling with energy debts or are experiencing hardship. Key components of these Guidelines include the following requirements for retailers:

- Identification of hardship – retailers must have clear processes to identify customers who may be experiencing hardship.
- Early intervention – retailers must respond promptly to customers who are experiencing hardship.
- Flexible payment arrangements – retailers must offer payment plans tailored to individual customer circumstances.
- Hardship programs – which can encompass emergency relief, financial counselling and assistance with improving energy efficiency to reduce bills.
- Disconnection protections – retailers must have strict policies to minimise disconnections for hardship customers and provide adequate notice before disconnecting.

3.1 Debt journey

Not all customers will require assistance in paying their energy bills. However, if they do, the journey for those customers, type of support offered and outcomes are illustrated in the debt journey diagram below.



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.[32] 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 plan[33] 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 may include 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.[34][35]

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32 AER, Game changer: A package of reforms to improve outcomes for consumers in energy hardship, Australian Energy Regulator, November 2023, p. 1.

33 National Energy Retail Law, Division 7, Section 50.

34 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.

35 National Energy Retail Law, Division 6, Section 43–44.

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 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.[36]

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.

3.2 Energy debt

The AER's Performance Reporting Procedures and Guidelines define energy debt as electricity and gas charges that are outstanding for 90 days or more. 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.

3.2.1 Residential energy debt stabilised in 2023–24

The proportion of residential customers with energy debt in 2023–24 remained largely consistent with the previous year at 2.9%. There were 2 exceptions: the ACT, where customers with debt 90 days or older increased from 2.7% to 3.2%, and in Tasmania those

[36] 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.

with debt fell from 5.7% to 4.9%. Tasmania remained the jurisdiction with the highest proportion of residential customers in energy debt.

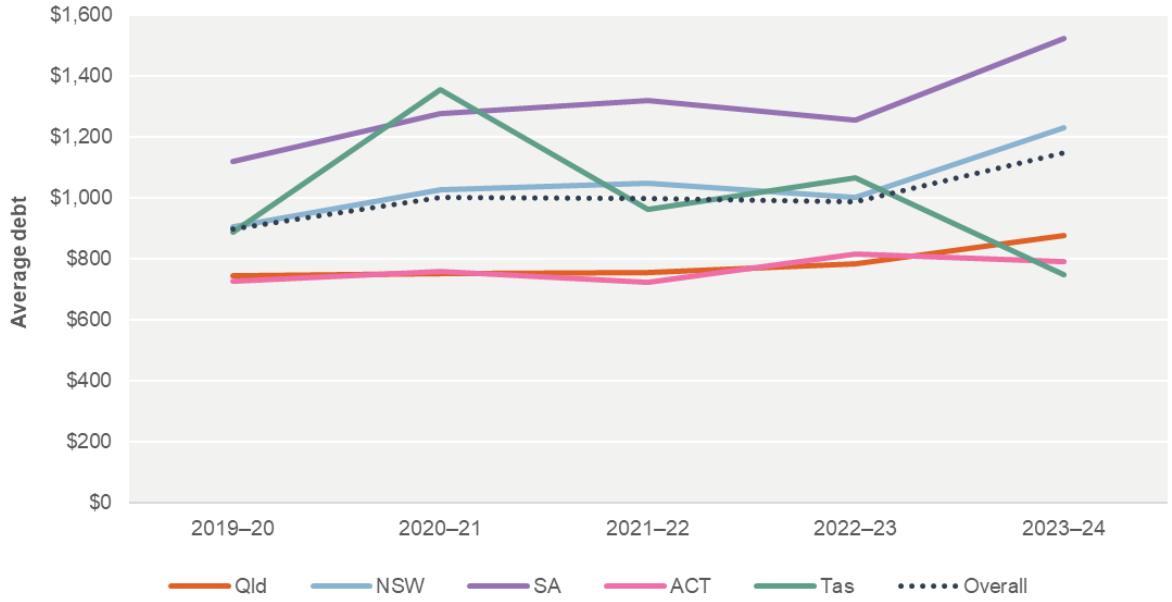
Figure 3.1 Residential customers with energy debt by state/territory

Note: Excludes debt of customers on hardship programs. Data as at 30 June each year.
Source: AER, Schedule 3 – Quarter 4 2023–24 retail performance data; Schedule 2 – Quarter 4 2023–24 retail performance data.

While the proportion of customers in debt remained stable, the overall value of residential energy debt for those holding debt outstanding by 90 days or greater increased by 16% in 2023–24 up to $1,148 (Figure 3.2). This rise was driven by increases across nearly all of the NECF jurisdictions, except the ACT which decreased by 2.7%. As did Tasmania, where average residential energy debt fell 30%. Aurora Energy confirmed a proportion of this reduction can be attributed to state and Australian Government rebates[37] and increased proactive credit management. South Australia has had the highest levels of average residential energy debt for the past 3 financial years.

[37] Energy Bill Relief Fund 2024-25, which provides Australian households with a $300 rebate on electricity bills, is not factor in this analysis because retail performance metrics evaluated in this report fall in the 2023–24 financial year or prior periods.

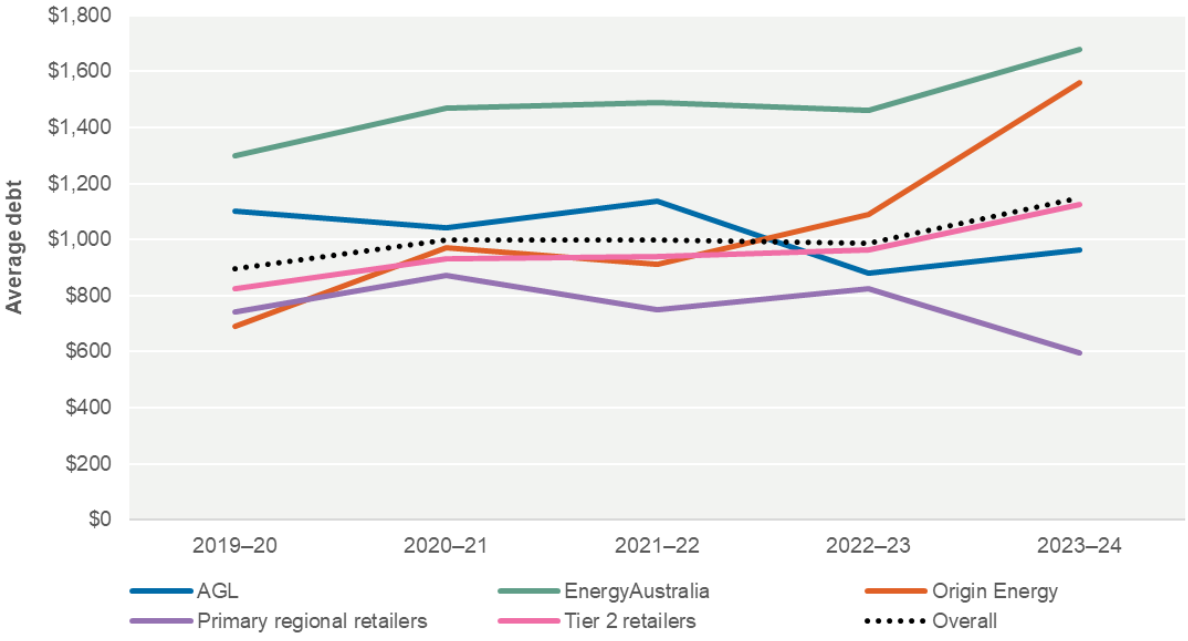
Figure 3.2 Average debt of residential customers by state/territory



Note: Excludes debt of customers on hardship programs. Data as at 30 June each year.
Source: AER, Schedule 3 – Quarter 4 2023–24 retail performance data.

The rise in the average debt of residential energy customers was driven by an increase in debt across all retailers, except primary regional retailers, whose residential customer energy debt fell in 2023–24. Ergon Energy, one of Queensland's largest primary retailers, confirmed that its migration of customers to a new debt management platform caused some debt to be 're-aged' to zero days overdue. Origin Energy's residential customer energy debt jumped by 43%, while EnergyAustralia's average debt, which has consistently been the largest among all retailer categories, increased by 15%.

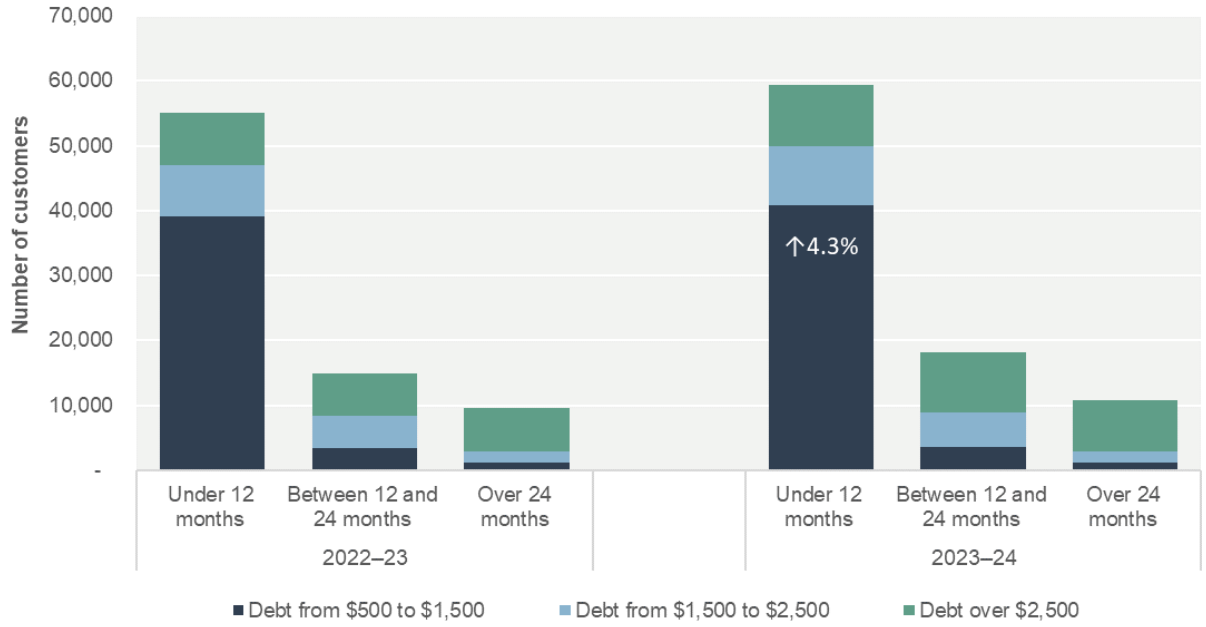
Figure 3.3 Average debt of residential customers by retailer



Note: Excludes debt of customers on hardship programs. Data as at 30 June each year.
Source: AER, Schedule 3 – Quarter 4 2023–24 retail performance data.

We also collect data on the proportion of customers holding debt for long periods of time and the average value of those debts. In 2023–24, we observed a 17% rise in the number of customers with debts greater than $2,500 that are outstanding by both 12 months or less and more than 24 months. We also saw a 41% increase in debts greater than $2,500 that are between 12 and 24 months old. This trend is consistent with the overall increase in customers with energy debt over the past 12 months. Feedback from retailers is that more customers are struggling financially due to rising energy prices and the cost of living.

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 2023–24 retail performance data.

Consumer research

Energy bills - Methods of payment and financial stress

We commissioned consumer research to explore the methods of payment and actions taken by consumers to pay their energy bills. Specifically, we sought to explore how energy consumers experiencing financial stress are managing their energy bills and if they had utilised any high-cost credit products to meet their obligations.

The results presented below are based on an online survey with n=1,6861 consumers connected to the energy grid (electricity and/or gas) across New South Wales, Victoria, Queensland, South Australia, Tasmania, and ACT:

- When asked how they had paid their utility bills over the past 6 months, consumers commonly reported using a debit card (47%) or credit card (28%). However, small proportions cited having used a high-cost credit or payment product, including buy now pay later arrangements (6%), wage advance (3%) and pay day loans (3%).
- Almost 1 in 4 reported they are currently or have previously used an instalment plan to smooth their energy bill payments.
- Survey respondents classified as being financially stressed[38] who also reported they were unable to pay an electricity or gas bill on time in the past year most commonly took the following steps:
    - Cut back in areas of essential spending – 47%.
    - Cut back in areas of optional spending – 41%.
    - Set up a plan to smooth energy bill – 36%.
    - Used less energy – 35%.
    - Contacted my energy company for assistance – 33%.
    - Got on a repayment plan, support / assistance program with energy company – 31%.
    - Talked to family and friends – 27%.
    - Sought additional work or income – 21%.

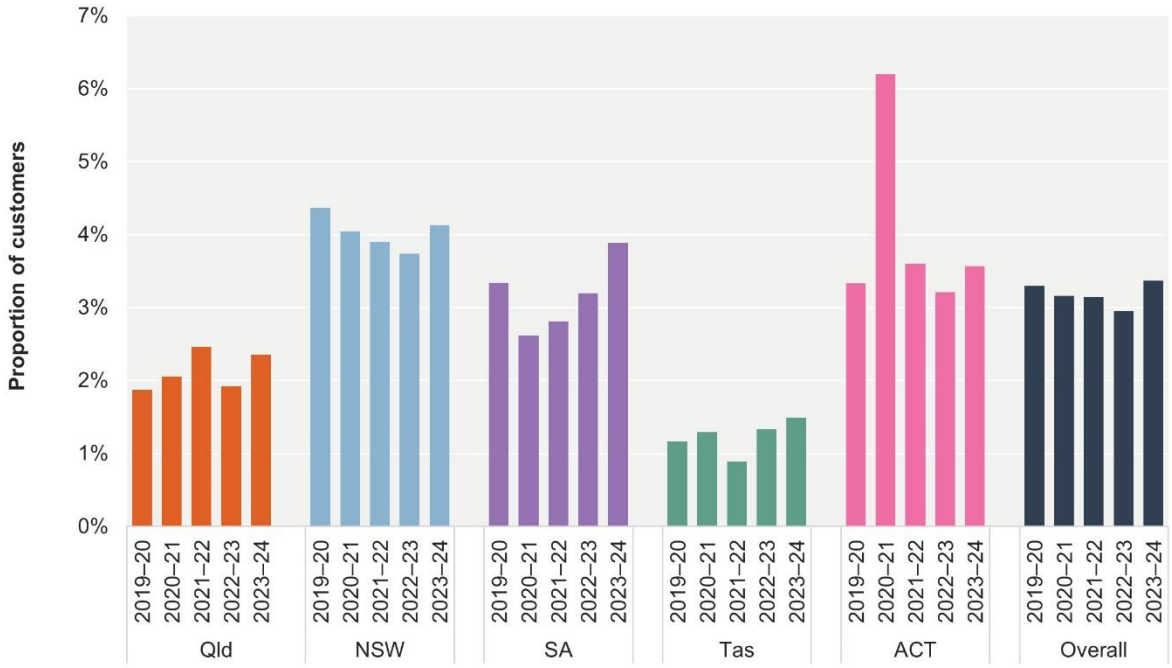
Use of high-cost credit options is not visible to energy retailers and cannot be used to identify customers who may require payment support. In addition, only one third of those who had used these products had contacted their retailer for assistance, which suggests that many customers experiencing difficulty are not getting the support they need.

[38] See: https://melbourneinstitute.unimelb.edu.au/hilda People are classified as financially stress if they reported no to the following question 'Could you access $2,000 now if an unexpected expense came up?'

3.2.2 Small business energy debt has increased

The overall proportion of small business customers with energy debt increased slightly over the past 12 months to 3.4% (Figure 3.5), reflecting an increase in every jurisdiction and reversing a previously downward trend. NSW remains the jurisdiction with the highest proportion of small business customers with energy debt (4.1%) and recorded an increase in small business customer energy debt in 2023–24 after 3 consecutive periods of decline.

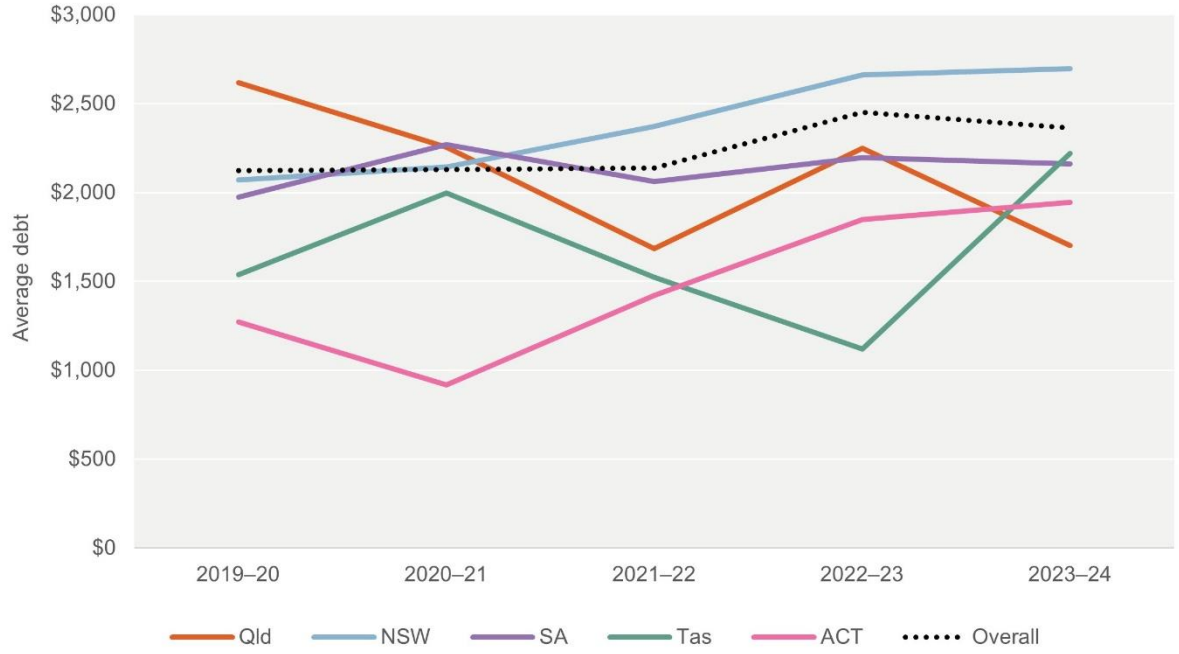
Figure 3.5 Small business customers with energy debt by state/territory



Note: Excludes debt of customers on hardship programs. Data as at 30 June each year.
Source: AER, Schedule 3 – Quarter 4 2023–24 retail performance data; Schedule 2 – Quarter 4 2023–24 retail performance data.

Overall, average energy debt for small business customers increased to $2,363 from $2,451 in 2022–23. NSW and ACT increased slightly with Tasmania increasing to $2,221 from $1,118 in 2022–23 (Figure 3.6). Average debt across small businesses in Queensland decreased to $1,701 from $2,250 in 2022–23.

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 2023–24 retail performance data.

3.3 Payment plans

Payment plans are intended to allow customers to repay their energy debt in affordable, regular instalments. This support option can be made available outside of hardship programs. Retailers must offer a payment plan to a residential customer if the customer informs the retailer that they are experiencing payment difficulties or if the retailer otherwise believes the customer is experiencing payment difficulties.

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.

3.3.1 Residential payment plan numbers have increased

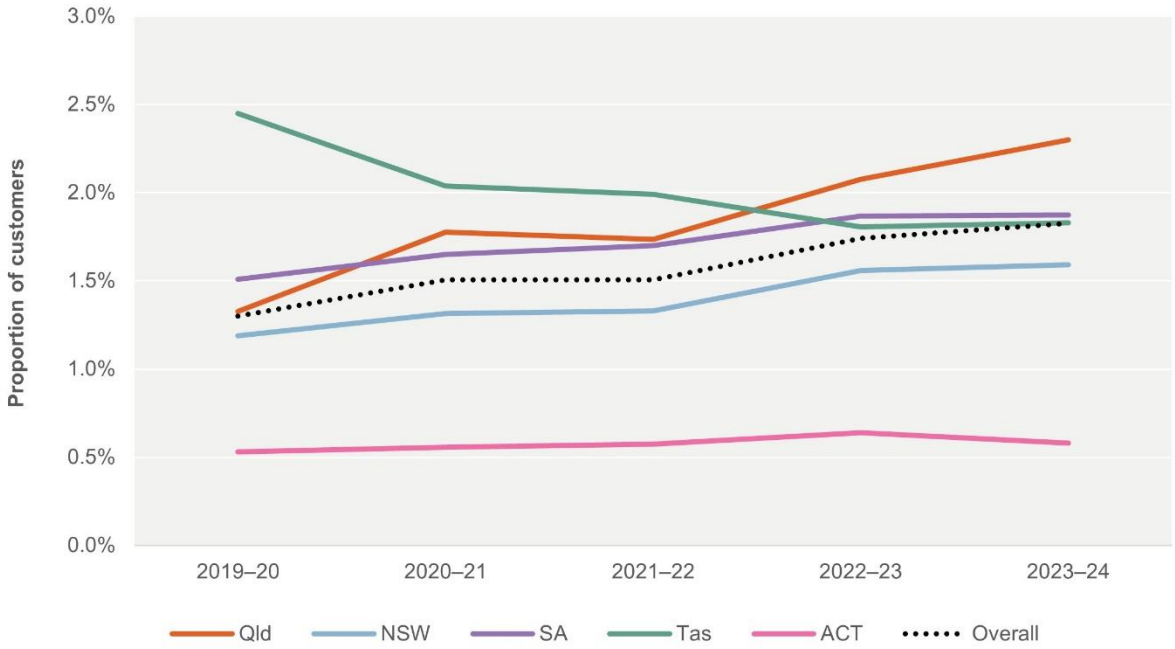
Electricity

The proportion of residential electricity customers being placed on payment plans is now at a 5-year high at 1.8% (Figure 3.7) By jurisdiction, Queensland continued to have the highest proportion of residential electricity customers (2.3%) on a payment plan.

Electricity customers of primary regional retailers remained the highest proportion of electricity customers on payment plans in 2023–24 (Figure 3.9) at 3.3%. This increase was predominantly driven by Ergon Energy, who noted that metrics related to debt and payment plans were influenced by their recent customer migration to a new software platform.

AGL, Origin Energy and EnergyAustralia recorded modest decreases in the proportion of customers on payment plans.

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



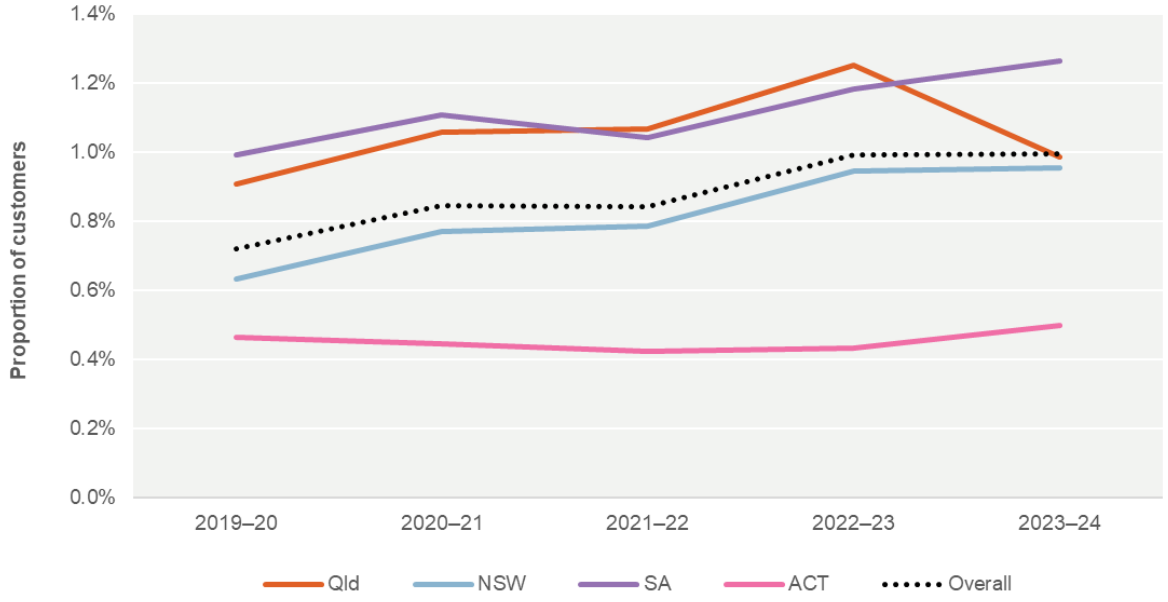
Note: Data as at 30 June each year. Data for previous years is unavailable for this indicator.
Source: AER, Schedule 3 – Quarter 4 2023–24 retail performance data.

Gas

The overall proportion of gas customers on payment plans remained stable in 2023–24, with a decrease to 1% from 1.3% in 2022–23 in Queensland (Figure 3.8).

The proportion of gas customers on payment plans is lower than electricity customers across all jurisdictions. This reflects that electricity bills typically make up a higher proportion of a customer's expenditure and gas is typically a secondary fuel source.

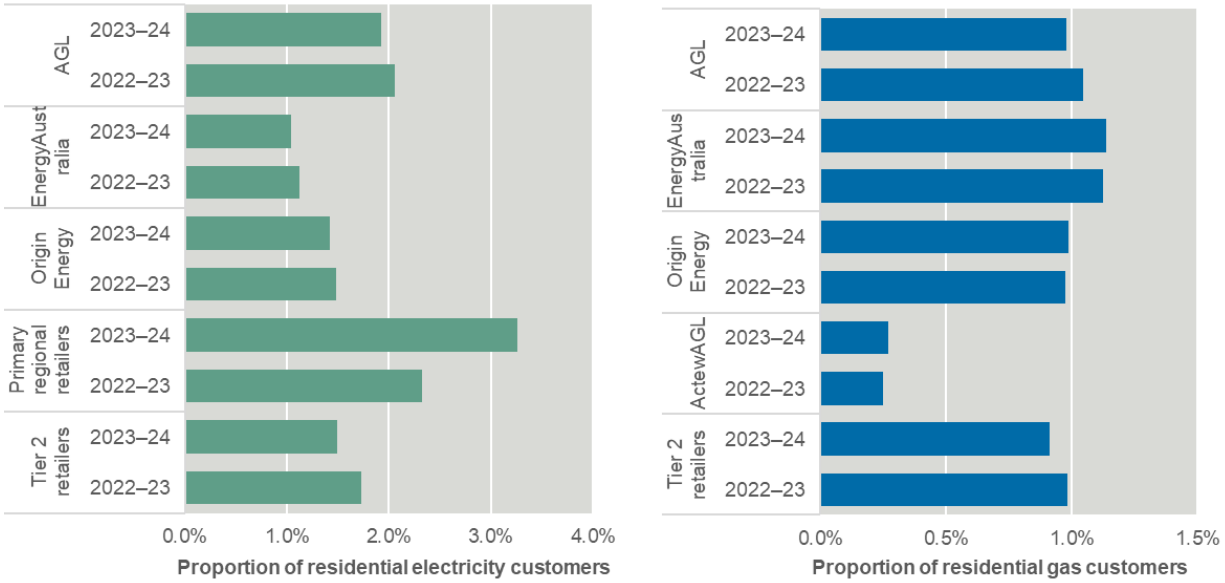
Figure 3.8 Residential gas customers on payment plans by state/territory



Note: Data as at 30 June each year. Data for previous years is unavailable for this indicator.
Source: AER, Schedule 3 – Quarter 4 2023–24 retail performance data.

The proportion of gas customers placed on payment plans remained largely stable across all retailers.

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 2023–24 retail performance data.

3.3.2 Proportion of cancelled payment plans increased in 2023–24

Energy retailers often offer payment plans to customers who are unable to pay their bills in full. These plans allow customers to spread out their payments over time, making them more manageable. However, these payment plans can be cancelled if customers fail to make their payments on time.

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. This may reflect the extent to which individual circumstances are causing customers to seek ongoing assistance.

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. Payment plans should be designed to be sustainable and affordable, otherwise a customer is unlikely to be able to make the required payments and successfully complete the plan.[39]

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

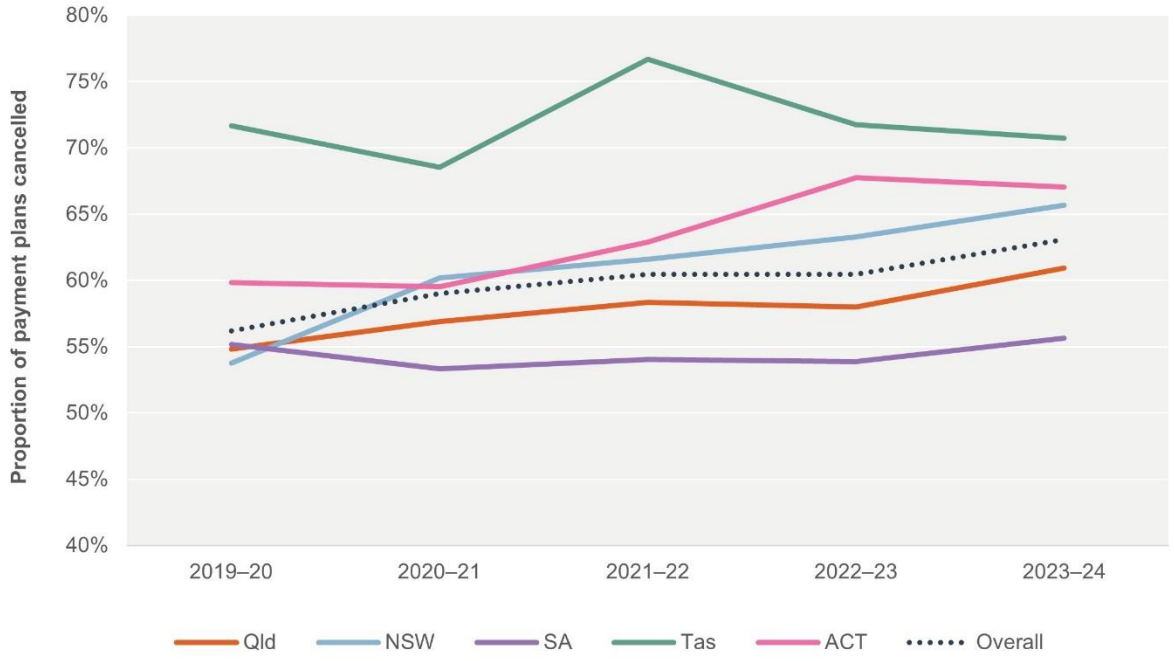
[39] AER, Sustainable payment plans framework, Australian Energy Regulator, 11 July 2016, pp. 1-3.

disconnected from supply by their retailer or have a credit default recorded against their name if they are unable to make their required payments.

Electricity

The percentage of electricity payment plans cancelled reached a 5-year high of 63% in 2023–24, up from 60.5% in 2022–23 (Figure 3.10). While Tasmania reported the biggest decrease in relation to this measure, it remained the jurisdiction with the highest percentage (71%) of payment plans cancelled.

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

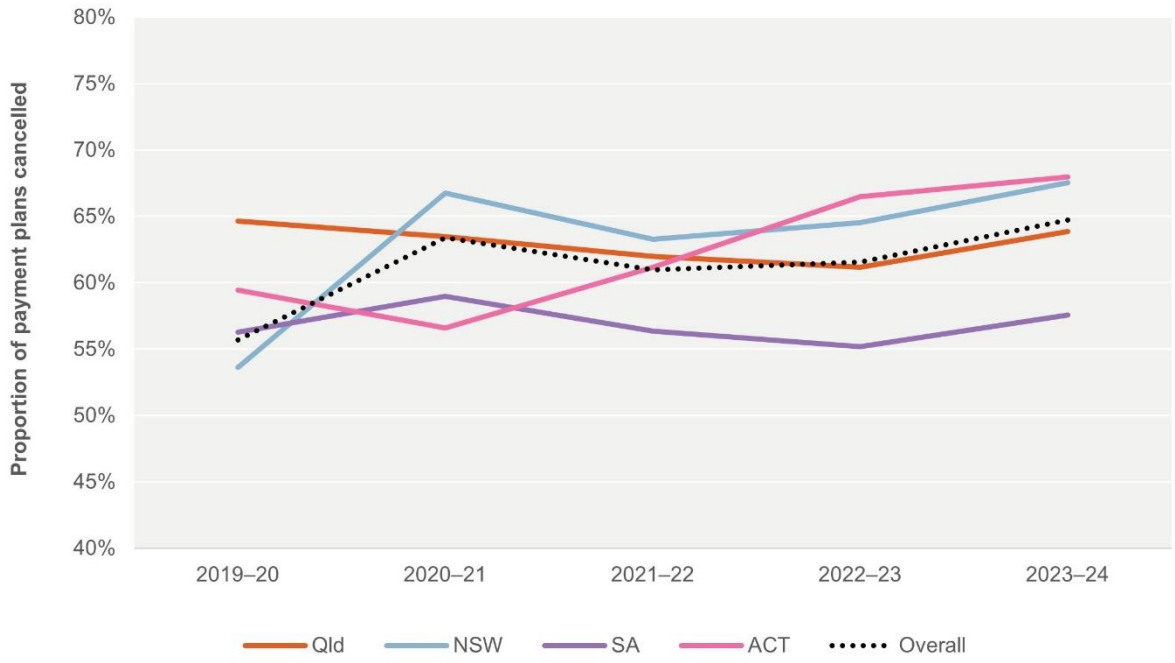


Note: Data as at 30 June each year. Data for previous years is unavailable for this indicator.
Source: AER, Schedule 3 – Quarter 4 2023–24 retail performance data.

Gas

The percentage of gas payment plans cancelled increased in every jurisdiction in 2023–24 to reach a 5-year high of 65% (Figure 3.11). The ACT remained the jurisdiction with the highest proportion of gas payment plans cancelled at 68%.

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 2023–24 retail performance data.

3.4 Hardship programs

The AER's Customer Hardship Policy Guideline[40] states that energy retailers are responsible for taking early action to identify customers in hardship. 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 section delves deeper into these trends and analyses the key hardship indicators presented in Table 3.1.

Table 3.1 Summary of key hardship indicators

Indicator	Electricity			Gas		
	Number of customers / $ value	% change since 2022–23	% of customers	Number of customers / $ value	% change since 2022–23	% of customers
Customers on hardship programs	131,746	37.8%	1.9%	29,975	43.4%	1.3%
Customers entering due to instigation by retailer	66,993	8.9%	45.3%	15,558	23.2%	39.5%
Average debt of hardship customers	$1,687	−4.3%	NA	$812	−4.9%	NA

[40] AER, Customer hardship policy guideline, Australian Energy Regulator, 29 March 2019, para 31(a).

Indicator	Electricity			Gas		
	Number of customers / $ value	% change since 2022–23	% of customers	Number of customers / $ value	% change since 2022–23	% of customers
Average debt on entry to hardship program	$1,476	23.7%	NA	$736	33.5%	NA
Customers entering hardship with less than $500 debt	50,639	40.7%	46.7%	17,194	44.7%	62.0%
Customers entering hardship with debt less than 6 months old	50,487	45.4%	53.6%	9,489	39.2%	43.4%
Customers with repayment plan less than usage costs	55,161	64.0%	41.9%	10,291	45.1%	34.3%
Hardship customers receiving energy concessions	68,936	29.0%	52.3%	10,403	41.9%	34.7%
Customers successfully exiting hardship programs	24,638	–2.3%	26.3%	5,136	−0.7%	20.1%
Customers excluded from hardship due to non-payment	45,137	49.2%	69.1%	15,587	55.0%	81.3%

Note: NA: Not available.

3.4.1 Number of customers on hardship programs has increased since 2021–22

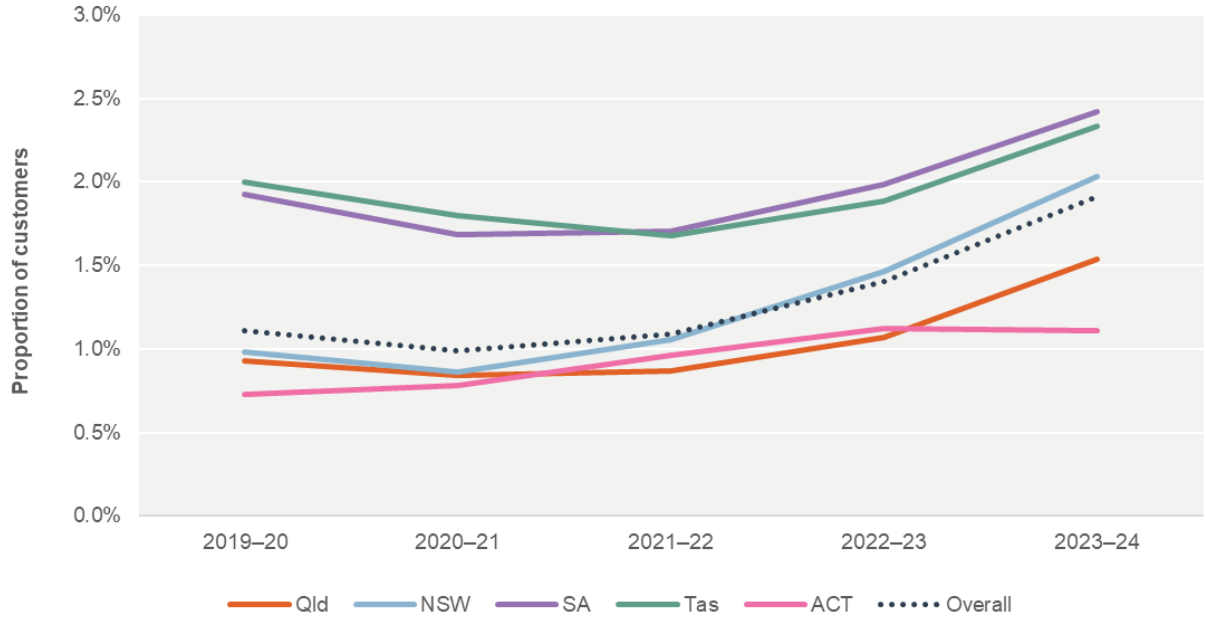
The proportion of electricity and gas customers on hardship programs continued to increase in 2023–24, reflecting ongoing nationwide cost-of-living pressures and rising electricity prices.

Electricity

The overall proportion of electricity customers on hardship programs is at its highest level in the past 5 years, as shown in Figure 3.12. Every jurisdiction except the ACT saw an increase on the previous period, resulting in an overall increase of 38% to 1.9% of all electricity customers.

Since 2021–22 South Australia has overtaken Tasmania to be the jurisdiction with the highest proportion of electricity customers on hardship programs. In 2023–24 this rose to 2.4%. The ACT had the lowest proportion of electricity customers on hardship programs, at 1.1% and was the only jurisdiction to experience a small decline in customer hardship since the previous financial year.

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



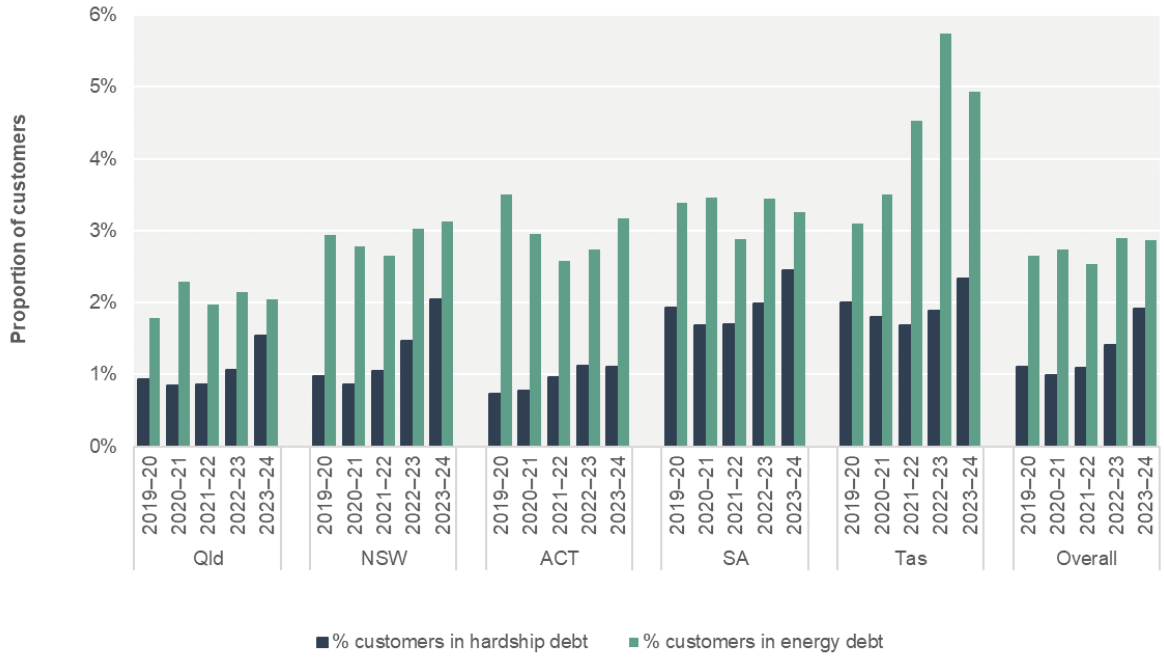
Note: Data as at 30 June each year.
Source: AER, Schedule 4 – Quarter 4 2023–24 retail performance data.

In 2023–24 the gap between the proportion of residential electricity customers on hardship programs and the proportion of customers with energy debt narrowed to the smallest levels in the past 5 financial years, as shown in Figure 3.13. The narrowing gap indicates that more electricity customers are being placed on hardship programs and offered the additional support these programs provide.

Queensland remained the jurisdiction with the lowest proportion of customers in both energy debt and on hardship programs, with the gap between them also being the smallest.

Tasmania continued to have the highest proportion of customers (4.93%) in energy debt and the largest gap between the proportion of customers in energy debt and on hardship programs, which has broadly increased over the past 5 years.

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



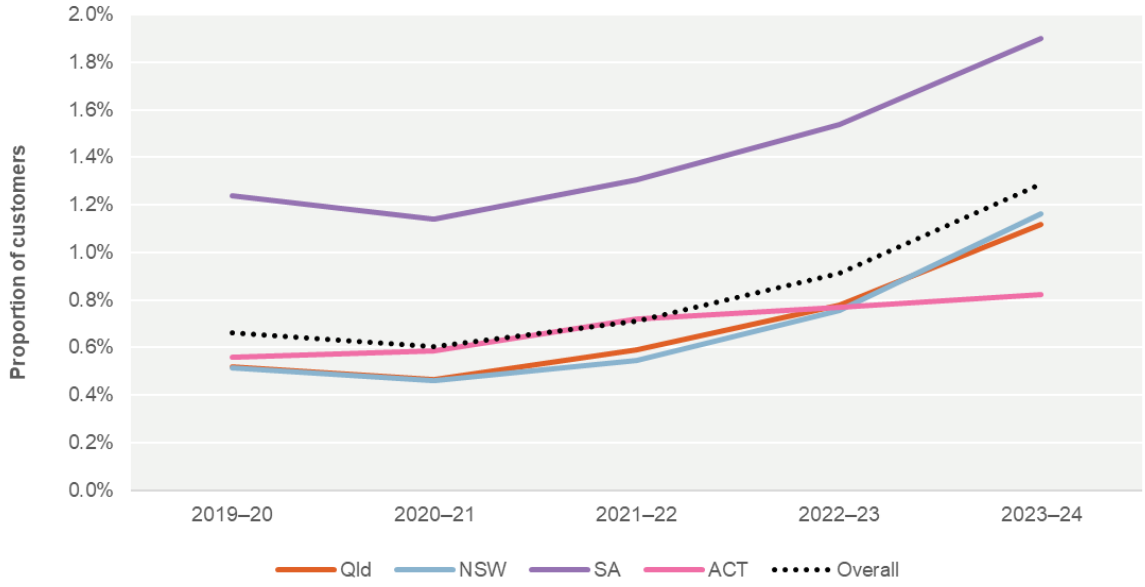
Note: Data as at 30 June each year.
Source: AER, Schedule 4 – Quarter 4 2023–24 retail performance data; Schedule 3 – Quarter 4 2023–24 retail performance data; Schedule 2 – Quarter 4 2023–24 retail performance data.

Gas

The proportion of residential gas customers on hardship programs increased in all jurisdictions over the past 12 months. South Australia has the largest proportion of gas customers on hardship programs at 1.90%, which continued to be a substantially higher proportion than NSW, Queensland and the ACT.

This increase suggests that more customers are being afforded support via their gas retailer's hardship program.

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 2023–24 retail performance data.

3.4.2 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.

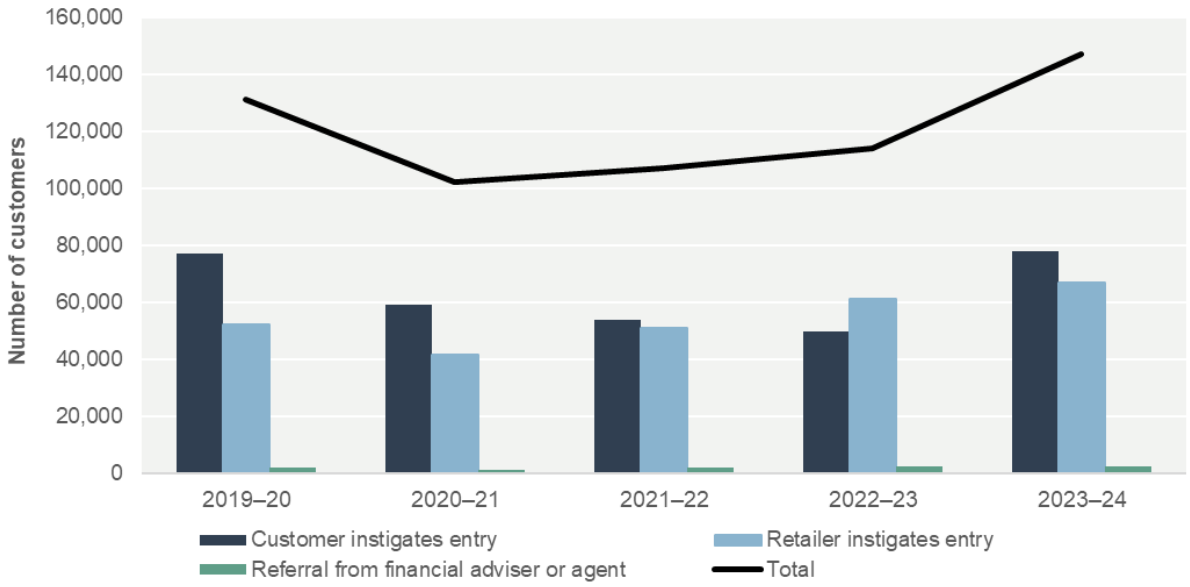
The number of electricity and gas customers entering hardship programs has risen each year since 2020–21 (Figure 3.15 and Figure 3.16).

There are 3 methods by which a customer may enter a hardship program:

- A customer that self-identifies as being in hardship can request to join their retailer's hardship program.
- An energy retailer can actively identify customers who may be in hardship and refer them to their hardship program.
- A financial counsellor can refer an electricity customer to a hardship program, although this only occurs for a very small proportion of customers.

In 2023–24 the number of electricity customers instigating entry to hardship programs increased for the first time since 2019, from 44% to 53% of the total number of customers entering a hardship program. Conversely, the proportion of customers entering hardship due to retailers instigating entry has fallen for the first time from 54% to 45%, reversing the previous 4-year trend.

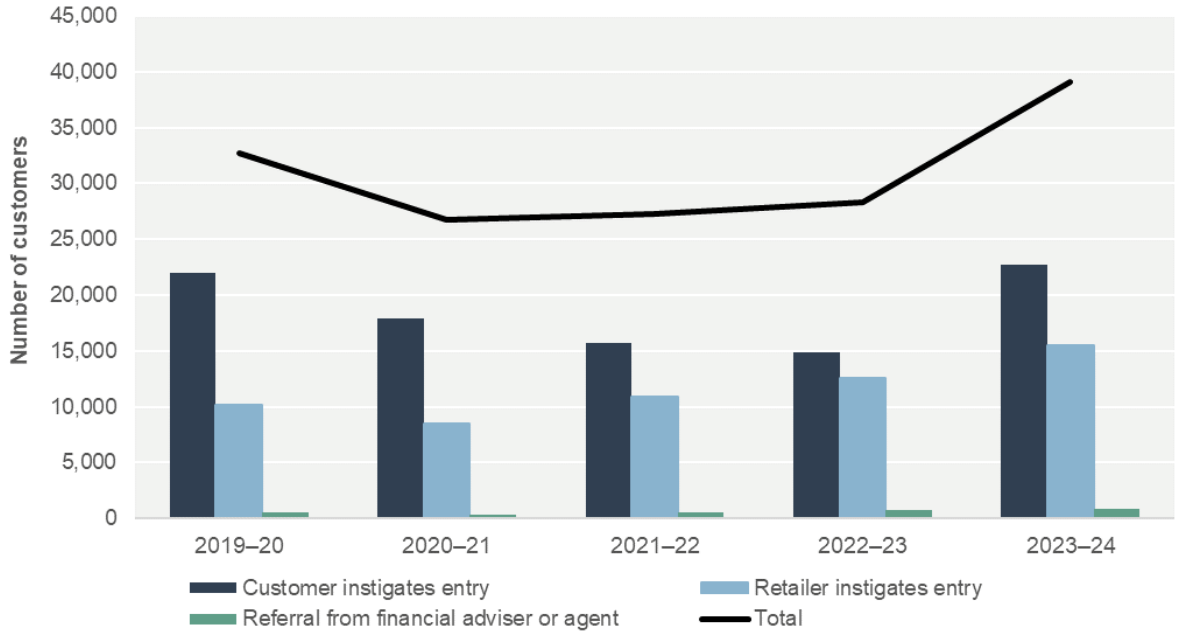
Figure 3.15 Reason for entering a hardship program – residential electricity customers



Note: Data as at 30 June each year.
Source: AER, Schedule 4 – Quarter 4 2023–24 retail performance data.

While the number of gas customers entering hardship programs has risen to a 5-year high, customers instigating entry remains the main method for entry to a hardship program. The proportion of customers entering hardship through customer instigation was 58% (Figure 3.16), the highest proportion in the past 4 years.

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

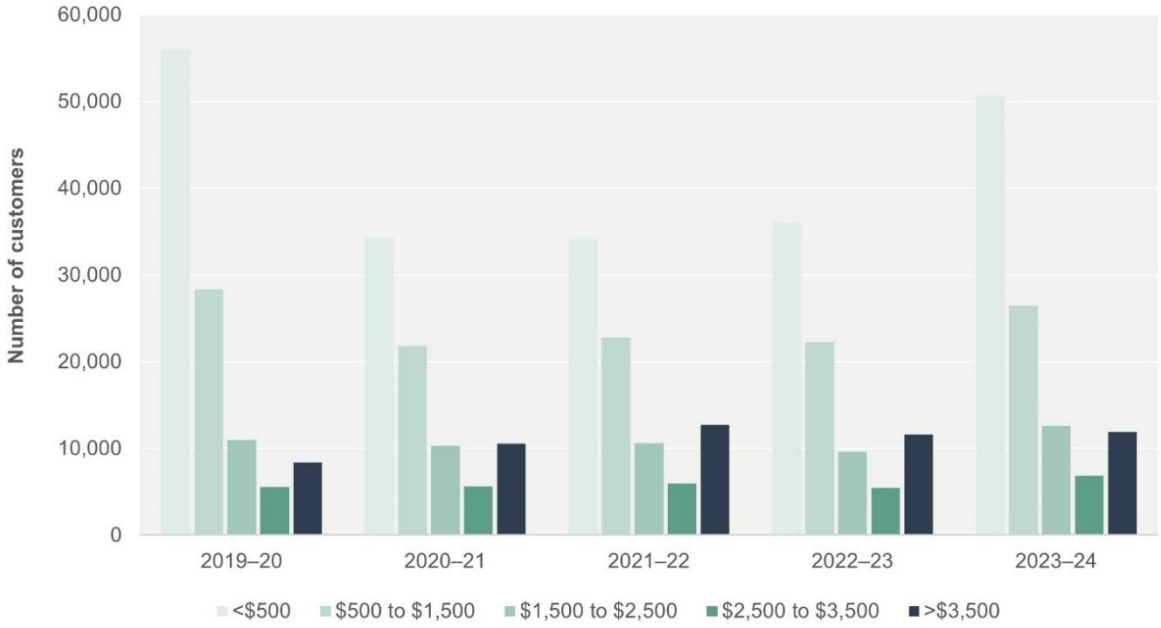


Note: Data as at 30 June each year.
Source: AER, Schedule 4 – Quarter 4 2023–24 retail performance data.

3.4.3 Debt levels on entry to hardship programs remained stable

Since 2019–20, the AER has collected data from retailers on the level of debt held by customers entering hardship programs in 5 ranges. Over the past 3 years, the proportions at each level of debt have remained relatively consistent, except for the sharp increase in customer entering with debts less than $500 (Figure 3.17).

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

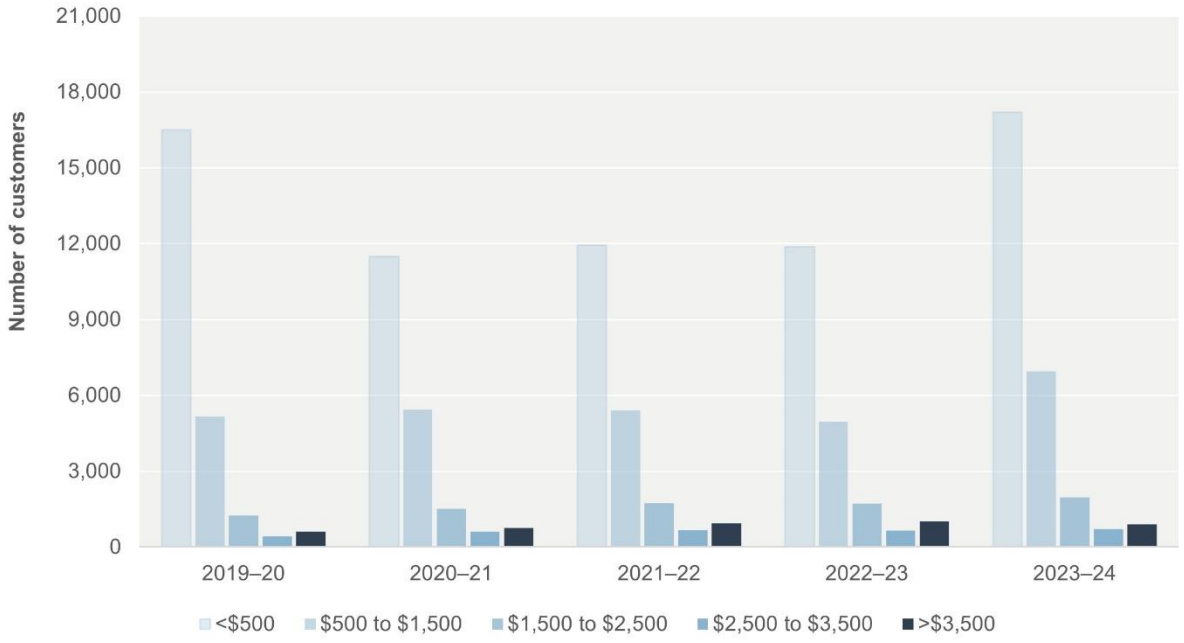


Note: Data as at 30 June each year.
Source: AER, Schedule 4 – Quarter 4 2023–24 retail performance data.

Gas

In the past year a higher proportion of residential gas customers entered hardship with lower debt compared with residential electricity customers. In 2023–24, 62% 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).

Figure 3.18 Level 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 2023–24 retail performance data.

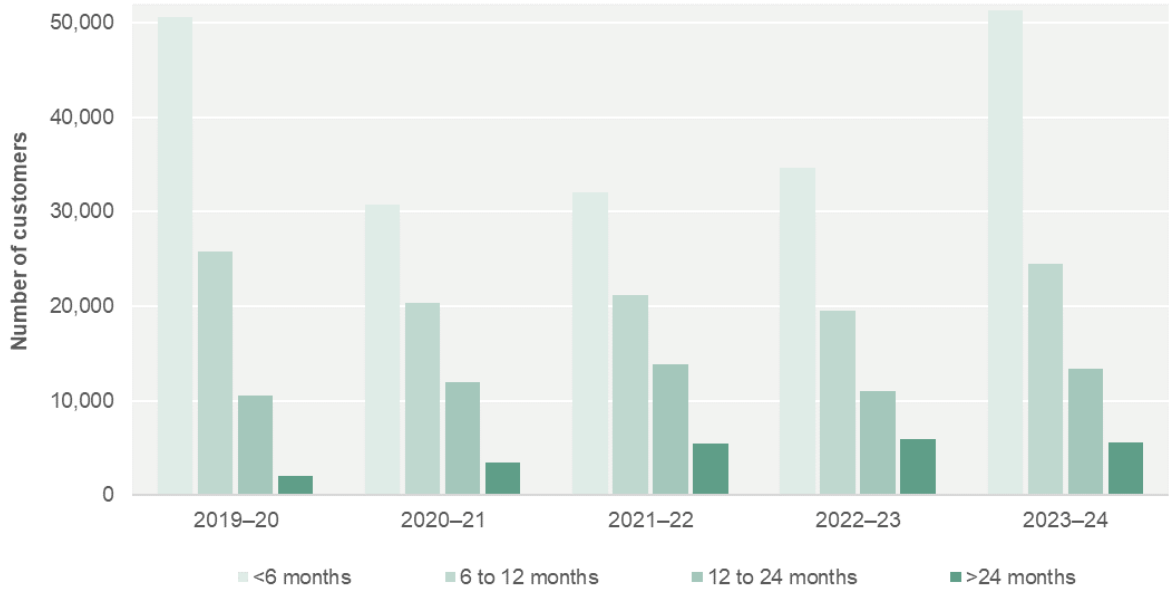
3.4.4 Age of debt on entry to hardship programs has decreased

The age of a customer's oldest debt on entry to a hardship program, for both residential electricity and gas customers, decreased compared with 2022–23. This aligns with the number of customers entering hardship with lower levels of debt.

Electricity

The proportion of residential electricity customers entering hardship with a debt less than 6 months old increased from 49% to 54% (Figure 3.19). In addition, while the overall number of hardship customers has increased over the past year, the proportion of customers with debts greater than 24 months decreased slightly. This indicates that customers may be getting help sooner.

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

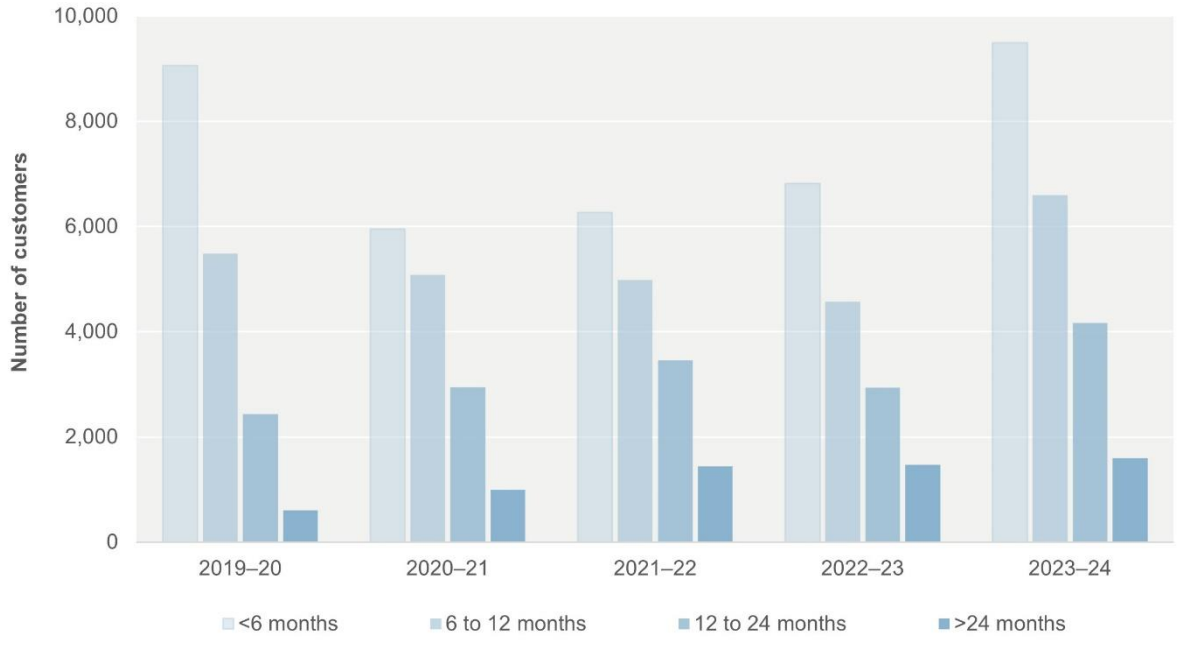


Note: Data as at 30 June each year.
Source: AER, Schedule 4 – Quarter 4 2023–24 retail performance data.

Gas

While overall residential gas customer debt has risen, there has been no change in the proportion of those debts (Figure 3.20) – 43% of debt is still less than 6 months old, which is same as last period.

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 2023–24 retail performance data.

3.4.5 Average debt for hardship customers has decreased

Electricity

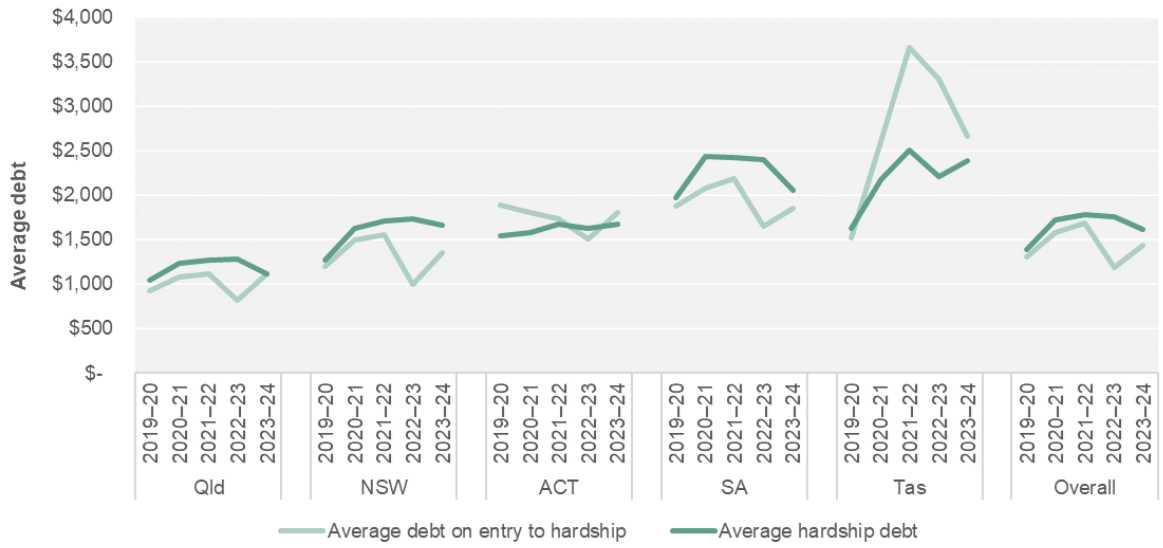
For electricity customers, average debt on entry into a hardship program jumped by 23.7% to $1,476. Consequently, customers are accruing debt at a faster rate outside of hardship programs (Figure 3.21).

The average debt of customers on hardship programs has decreased by 4.3% to $1,687 primarily driven by decreases in South Australia and Queensland.

The average debt on entry to a hardship program increased in all jurisdictions except Tasmania. However, Tasmania continues to have the highest average debt on entry at $2,667, albeit having experienced a substantial fall from the 2022–23 average of $3,305.

Aurora Energy confirmed that it has implemented a debt forgiveness program to assist eligible hardship customers waiving debt older than 12 months.

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 2023–24 retail performance data.

Gas

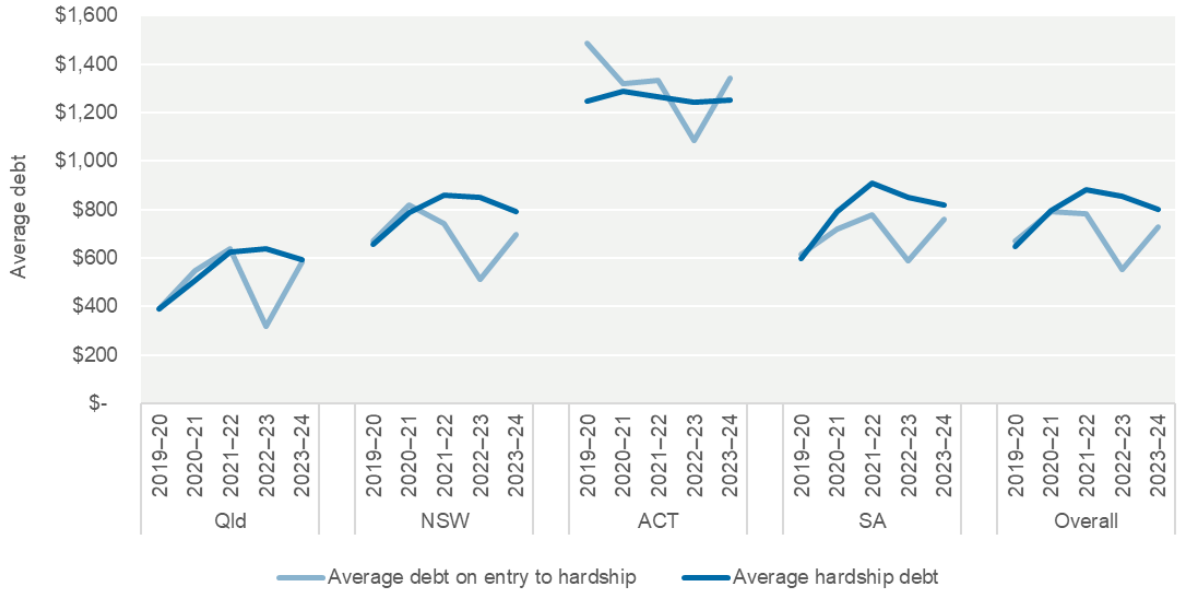
Average debt of gas customers on hardship programs continued to decline in 2023–24 (Figure 3.22).

ACT levels of average hardship debt and average debt on entry into a hardship program remained higher than those in NSW, Queensland and South Australia, as it has been over the past 5 financial years.

All 3 states experienced a modest decrease in average hardship debt, and gas customers in all jurisdictions (including the ACT) saw a notable uptake in average debt on entry into a hardship program.

Queensland gas customers continued to have the lowest overall debt of all jurisdictions, as has been the case throughout the past 5 years.

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



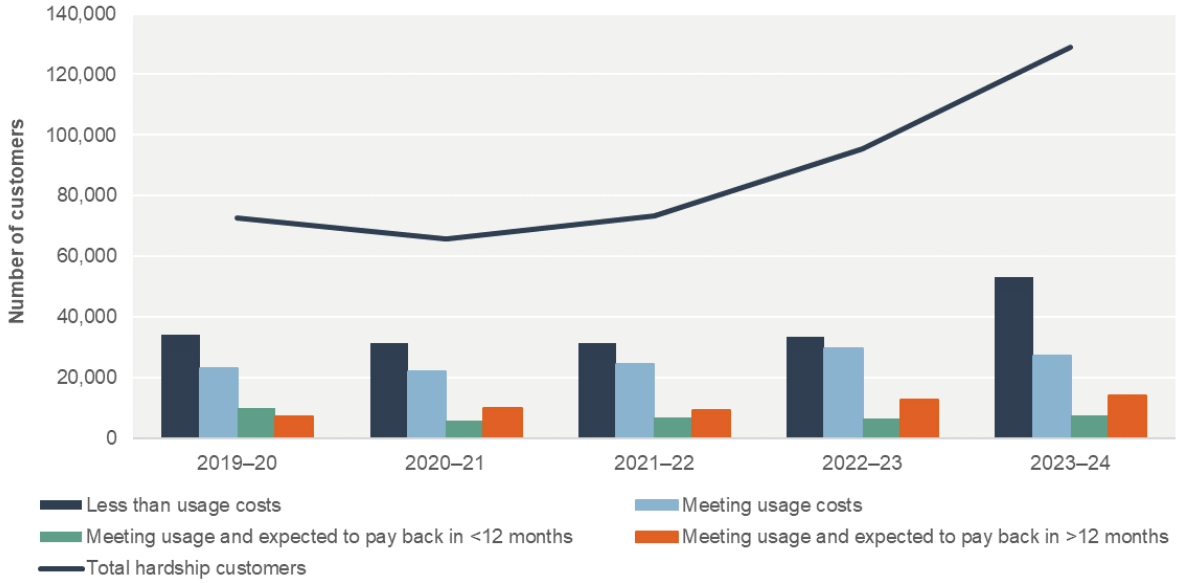
Note: Data as at 30 June each year.
Source: AER, Schedule 4 – Quarter 4 2023–24 retail performance data.

3.4.6 Less hardship customers meeting usage costs

Electricity

There was a rise in electricity customers on hardship programs in 2023–24 with 42% of these customers not meeting their electricity usage costs. Energy retailers stated that rising cost-of-living pressures and electricity prices were contributing factors to this measurement.

Figure 3.23 Hardship customers repayment plan types – electricity

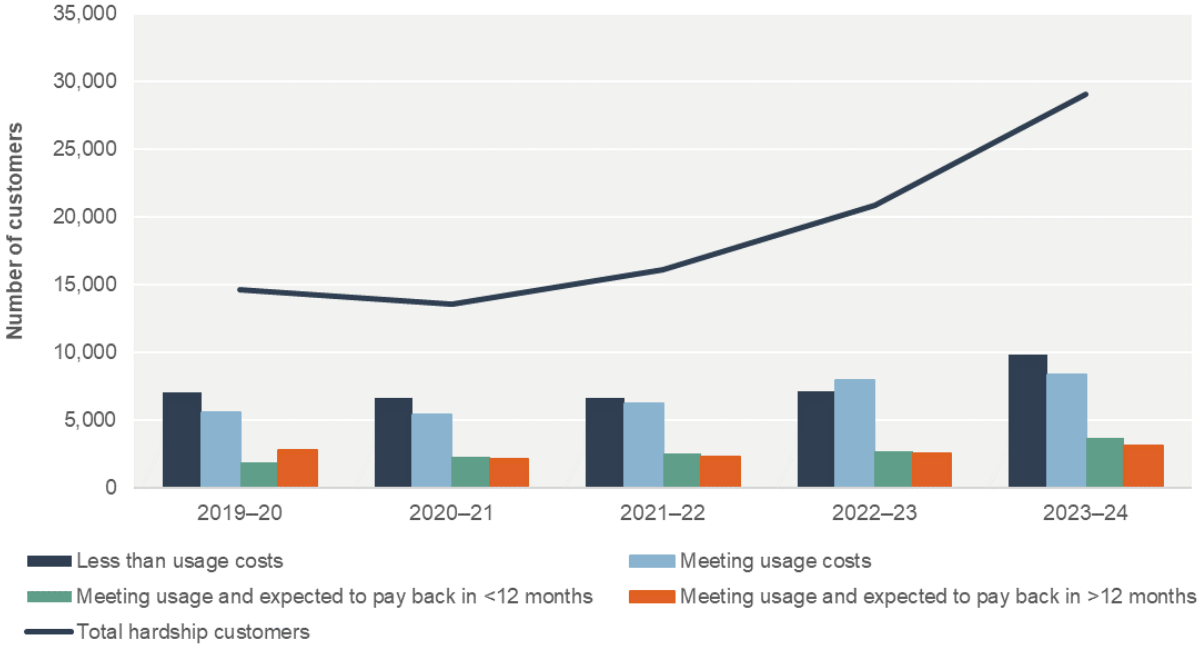


Note: Data as at 30 June each year.
Source: AER, Schedule 4 – Quarter 4 2023–24 retail performance data.

Gas

There was a 43% increase in the number of gas customers on hardship programs in 2023–24 compared with last year. The proportion of gas hardship customers with repayment plans meeting their usage costs declined to 28% from 38% in 2022–23 (Figure 3.24).

Figure 3.24 Hardship customers repayment plan types – gas



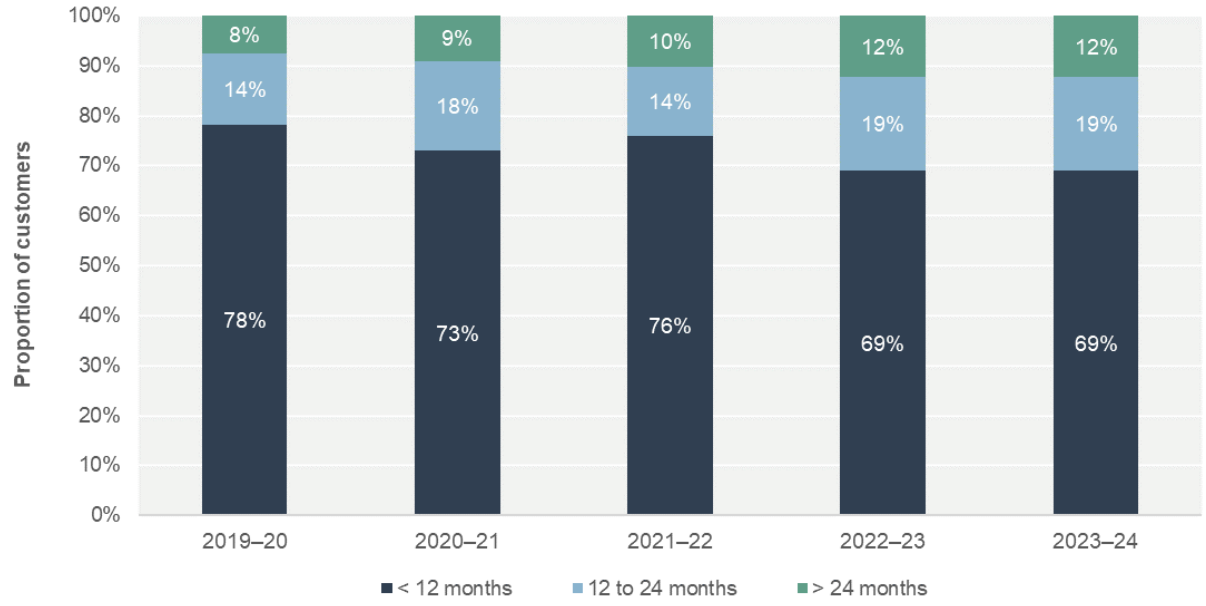
Note: Data as at 30 June each year.
Source: AER, Schedule 4 – Quarter 4 2023–24 retail performance data.

3.4.7 Length of hardship programs remained the same

Electricity

The 2023–24 financial year saw no change in the length of electricity customers on hardship programs. 7 in 10 (69%) of electricity hardship customers have been on a hardship program for less than 12 months. The proportion of customers on hardship programs for more than 2 years remained at 12%.

Figure 3.25 Length of hardship program – electricity

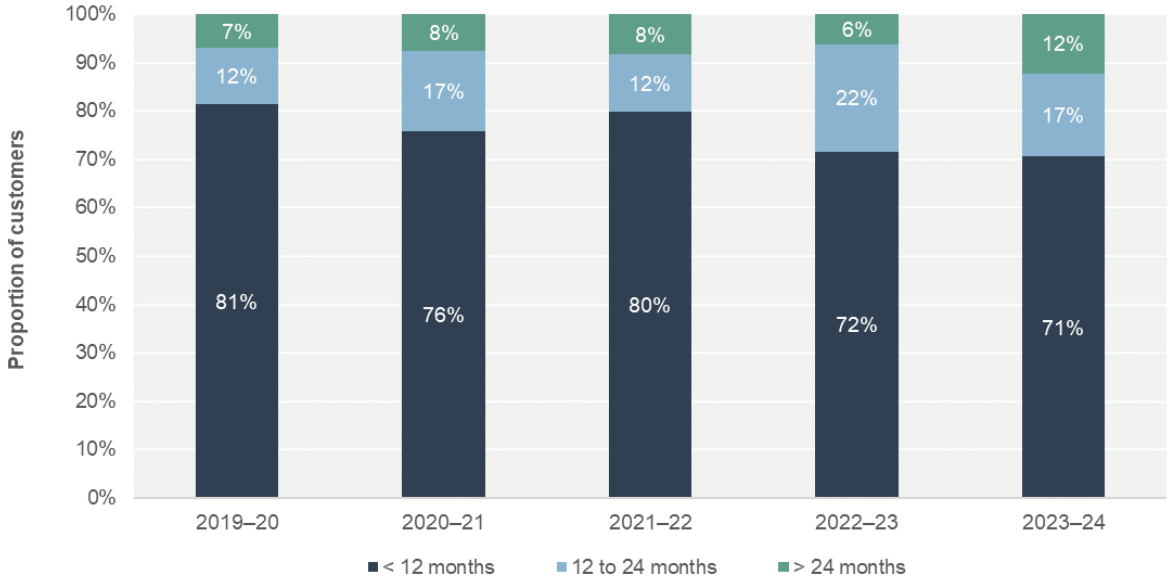


Note: Data as at 30 June each year.
Source: AER, Schedule 4 – Quarter 4 2023–24 retail performance data.

Gas

The proportion of gas customers on hardship programs longer than 24 months doubled in 2023–24 to 12%, while the proportion of customers who were on a hardship program from 12 to 24 months fell by a similar amount to 17%.

Figure 3.26 Length of hardship program – gas



Note: Data as at 30 June each year.
Source: AER, Schedule 4 – Quarter 4 2023–24 retail performance data.

3.4.8 More electricity than gas hardship customers receiving concessions

Overall, the proportion of electricity hardship customers eligible to receive an energy concession decreased slightly in all jurisdictions in 2023–24, but gas did not change substantially.

Tasmania continues to have the highest proportion of electricity hardship customers eligible to receive concessions at 66%, while South Australia has the lowest proportion at 38%.

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 2023–24 retail performance data.

ASSISTANCE OFFERED TO HARDSHIP CUSTOMERS

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

1. processes to identify residential customers experiencing payment difficulties due to hardship
2. processes for early response to assist hardship customers
3. flexible payment options, such as Centrepay
4. processes to identify government concession programs and financial counselling services, and to notify hardship customers of these benefits
5. an outline of the programs the retailer may use to assist hardship customers
6. processes to review the appropriateness of a hardship customer's contract
7. 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, as collected by the AER from energy retailers. Notably, many of these indicators are close to 0% and have been over the past several years.

Table 3.2 Hardship customers receiving assistance

Type of assistance	Electricity			Gas		
	2021–22	2022–23	2023–24	2021–22	2022–23	2023–24
Incentive payments or discounts	43.4%	47.4%	38.8%	64.8%	56.6%	51.3%
Transferred to a different retail market contract	24.7%	18.1%	16.8%	27.7%	8.6%	17.1%
Debt reductions	6.0%	4.0%	2.2%	6.0%	2.7%	1.8%
Rebate that they were not otherwise receiving	7.9%	6.8%	10.7%	10.5%	8.6%	8.9%
Transferral from a standard retail contract to a market retail contract	0.5%	0.3%	0.3%	0.7%	0.3%	0.4%
Concession that they were not otherwise receiving	3.3%	2.9%	3.5%	1.6%	1.8%	2.2%

Type of assistance	Electricity			Gas		
	2021–22	2022–23	2023–24	2021–22	2022–23	2023–24
Reimbursement/credit of lost pay on time discount	0.4%	0.8%	0.5%	0.1%	0.4%	0.9%
Onsite energy audits completed by the retailer	0.3%	0.4%	0.0%	0.0%	0.1%	0.0%
Reimbursement/credit of late payment fees	0.2%	0.2%	0.1%	0.4%	0.0%	0.1%
New appliances through appliance replacement programs	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Note: Data as at 30 June each year.
Source: AER, Schedule 4 – Quarter 4 2023–24 retail performance data, Sheet: 'Hardship Assist - Elec'; Schedule 4 – Quarter 4 2023–24 retail performance data, Sheet: 'Hardship Assist - Gas'.

Consumer research

Assistance provided by retailers to those experiencing payment difficulty

Our consumer research indicates that just over one quarter (27%) of customers have sought assistance from their energy retailer. Of this cohort, just over half (55%) rated this assistance as very helpful.

Among customers that reported being currently in an assistance program with their energy retailer, the key support measures included:

Put me on an affordable repayment plan – 45%

Put me on a cheaper plan – 25%

Helped me access / sign up for a government concession or rebate – 24%

Helped me pay back faster with matched payments / discounts – 19%

Gave me a break from debt repayments for a while – 17%

Helped me upgrade to a more energy efficient appliance - 17%

Reduced the amount / gave me a discount on what I owed 18%

Gave me personalised energy efficiency advice – 16%

Refunded fees I had already paid – 12%

Of concern, just over one quarter (27%) reported having been put on a repayment plan, but the payments were/are too high.

3.4.9 The number of hardship customers unsuccessfully exiting programs has increased

A successful exit from a hardship program in Australia typically occurs when the customer:

- successfully completes the entire hardship program as outlined in the agreed terms
- the customer exits the program with the explicit consent and agreement of the retailer, or
- the customer enters into a new payment plan or flexible payment arrangement that is mutually agreed on by both the customer and the retailer.

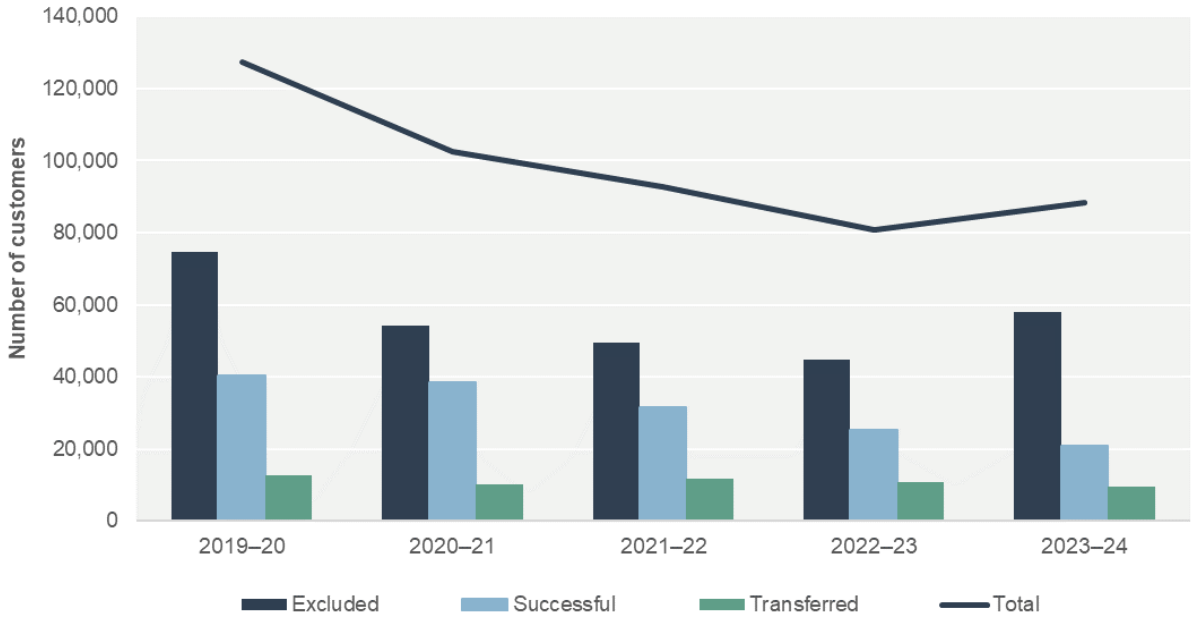
However, not all customers successfully complete hardship programs. Common reasons for unsuccessful exits include non-compliance, retailer termination and customer termination.

Electricity

The number of electricity hardship customers exiting hardship programs increased for the first time in 5 years in 2023–24. Around two-thirds of customers exited hardship programs due to exclusion, up from 55% the previous year.

The percentage of residential electricity customers that successfully completed hardship programs has fallen year-on-year for the past 4 consecutive financial years and is now at a 5-year low of 26%.

Figure 3.28 Customers exiting hardship programs – electricity



Note: Data as at 30 June each year.
Source: AER, Schedule 4 – Quarter 4 2023–24 retail performance data.

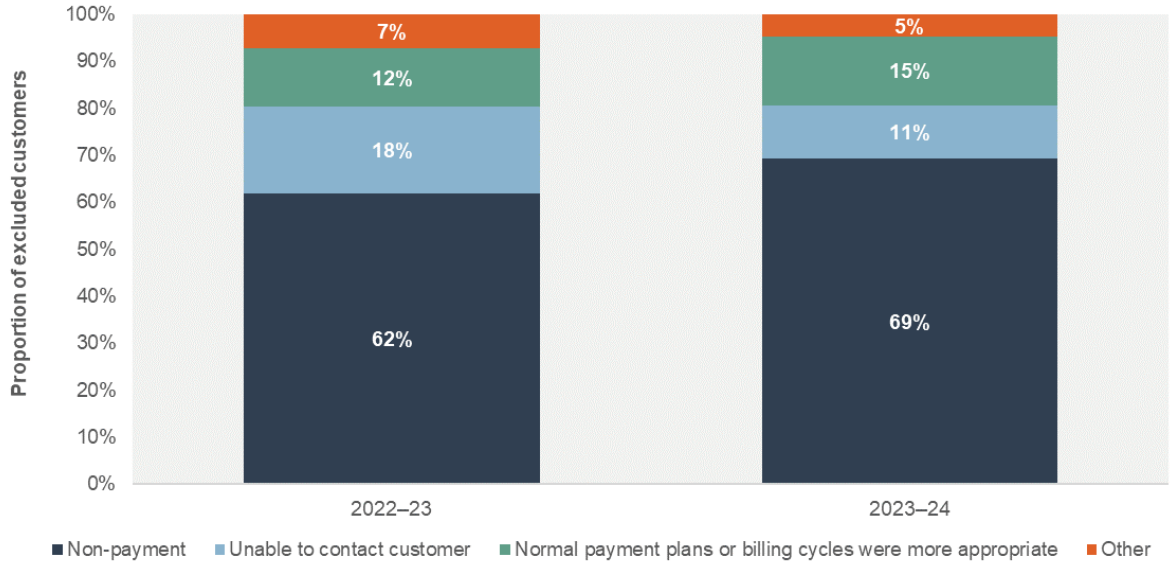
Retailers are required to submit data about customers who were excluded from accessing a hardship program. In addition to customers who were removed from a hardship program for any reason other than successfully completing the hardship program, this data also includes customers who were not accepted onto a hardship program. For electricity customers, the primary reason (69%) for exclusion from accessing a hardship program in 2023–24 was not

having met their agreed payment schedules. A further 15% of customers could be supported by a regular payment plan or billing cycle (Figure 3.29).

The decline in residential electricity customer hardship completion rates could be attributed to a variety of factors, including:

- rising living costs, including inflationary pressures on other household expenses
- insufficient assistance – if the available hardship programs are not sufficient to address the needs of customers, completion rates may decline.

Figure 3.29 Reasons electricity customers were excluded from hardship programs

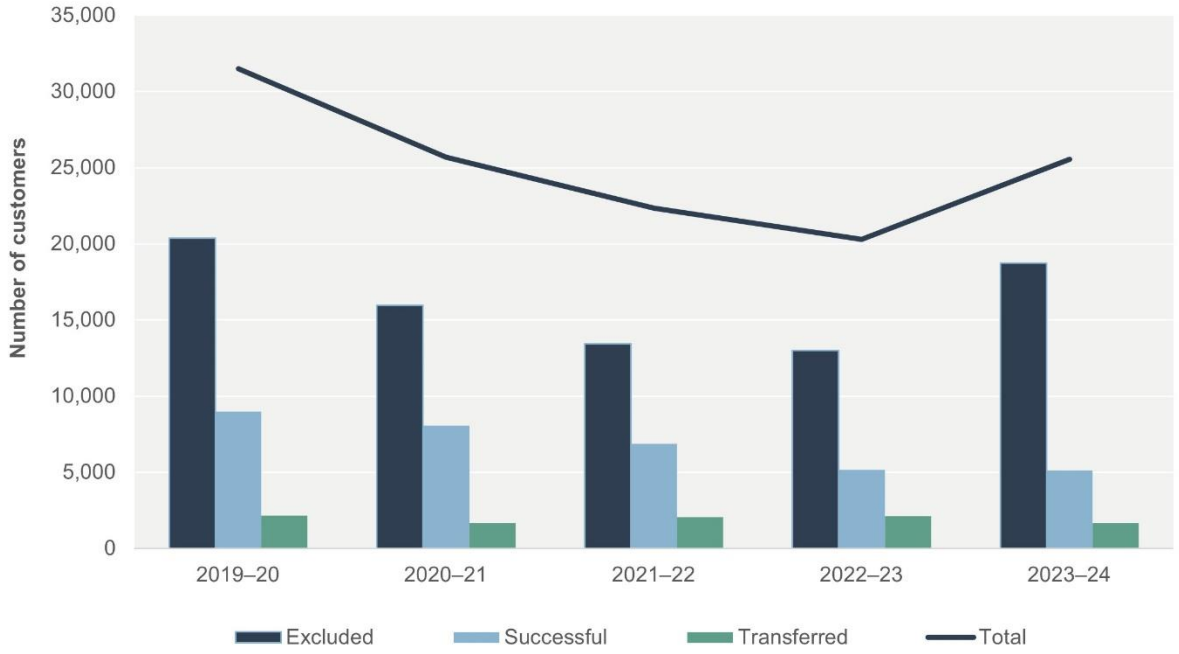


Note: Data as at 30 June each year.
Source: AER, Schedule 4 – Quarter 4 2023–24 retail performance data.

Gas

The number of gas hardship customers exiting hardship programs also increased for the first time in 5 years. The primary reason for exiting was also exclusion, which accounted for over three-quarters of all gas customer hardship program exits. The proportion of customers that successfully completed hardship programs in 2023–24 fell to 20%.

Figure 3.30 Customers exiting hardship programs – gas

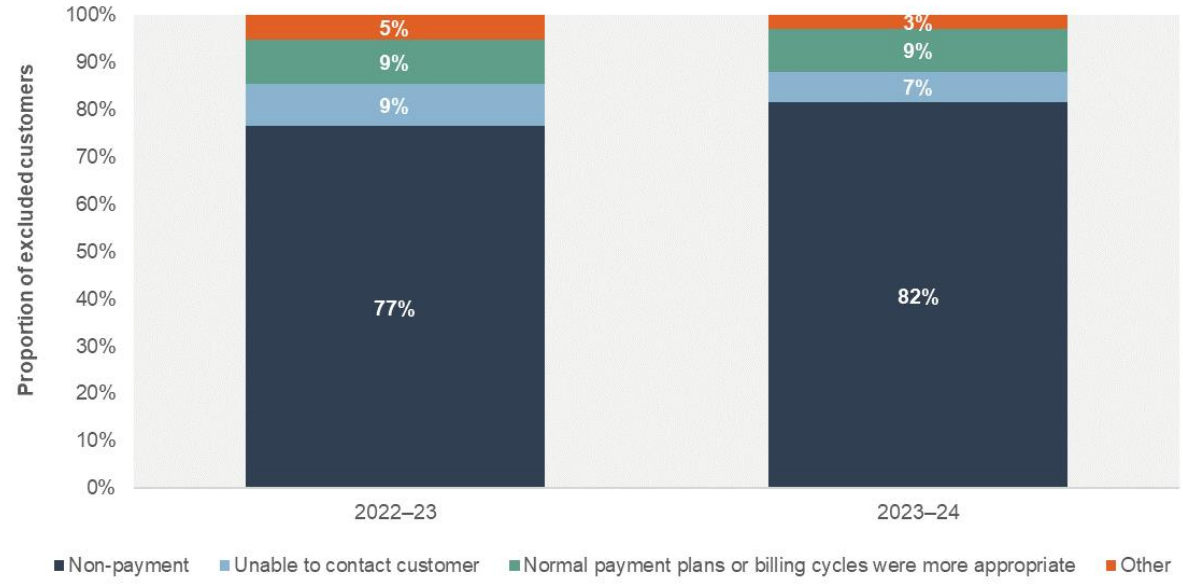


Note: Data as at 30 June each year.
Source: AER, Schedule 4 – Quarter 4 2023–24 retail performance data.

The primary reason for gas customers being excluded from accessing a hardship program was due to non-payment, which rose from 77% in 2022–23 to 81% this year (Figure 3.31). The proportion of customers unable to be contacted by their retailer fell from 9% to 7%.

The percentage of residential gas customers that successfully completed their hardship program in 2023–24 was at a 5-year low of 20%, likely due to similar economic factors as previously stated.

Figure 3.31 Reasons gas customers were excluded from hardship programs



Note: Data as at 30 June each year.
Source: AER, Schedule 4 – Quarter 4 2023–24 retail performance data.

3.5 Concessions

Energy concessions are financial assistance provided to residential customers who are struggling to pay their energy bills. This assistance is typically administrated by energy retailers but can also include direct government payments.

One of our key proposals in our suite of 'Game Changer' reforms is to improve concession and rebate systems to ensure all customers entitled to receive a concession, do receive that concession.[41]

For the purposes of our analysis, a valid energy concession must reduce the amount paid for residential energy. To qualify for energy concessions, customers generally need to hold a valid government-issued concession card, such as a Pensioner Concession Card. However, specific eligibility criteria may vary between jurisdictions.

For the purposes of our analysis, concessions must generally be available to lower-income customers, including those eligible for the Low Income Health Care Card.

Payments are the primary focus, but other forms of government financial support are available to help with energy costs. These include one-off rebates or general funding for customers. While concession data provides valuable insights into the number of customers receiving financial assistance, it may not capture the full extent of energy bill struggles. Additional data, such as the number of customers disconnected due to unpaid bills, is needed for a more comprehensive understanding.

The proportion of Australian households eligible for energy concessions has fluctuated over time and trends may be influenced by factors such as changes in eligibility criteria, the introduction (or withdrawal) of government support programs, economic conditions, the cost of living and average energy prices.

In 2023–24, there was no substantial shift in concession usage for electricity customers across NSW, Queensland, South Australia, Tasmania and the ACT. Tasmania and Queensland continued to have higher proportions of eligible electricity customers than other jurisdictions, consistent with findings in section 2.2.2 that Tasmania was the least affordable jurisdiction for both average-income and low-income households.

This trend was similar for residential gas customers in NSW, Queensland and the ACT. However, in South Australia, concessions for residential gas customers fell to 1.8%.

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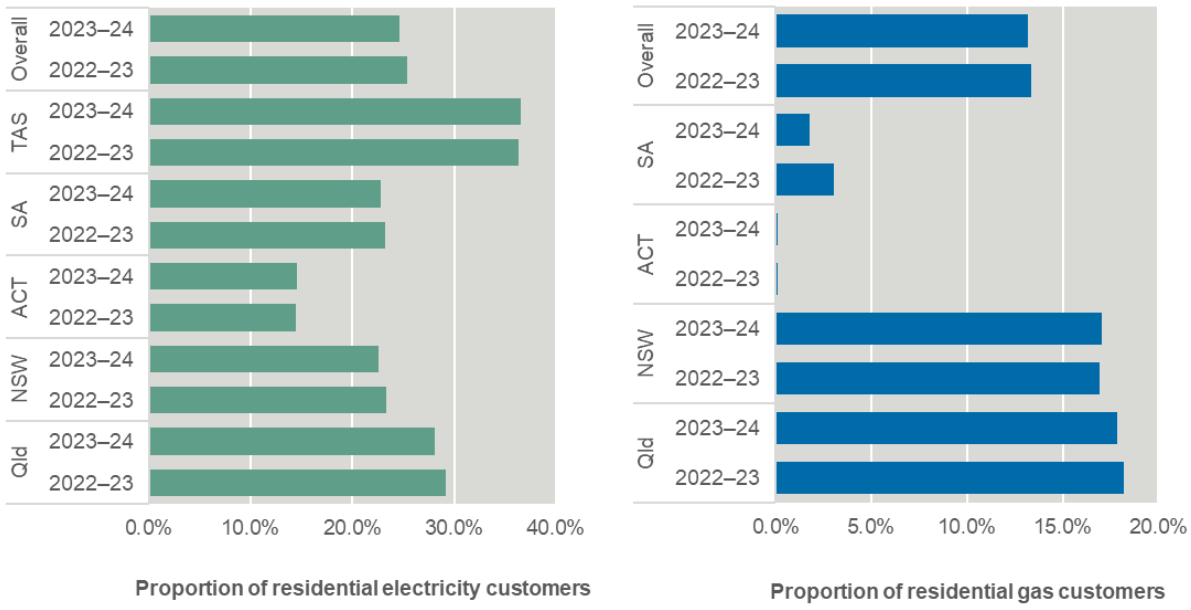
41 Refer to AER, Game changer report - November 2023, Australian Energy Regulator, accessed 25 November 2024, section 4.1.

Figure 3.32 Proportion of electricity and gas customers receiving an energy concession by jurisdiction, 2023–24



Note: Data as at 30 June each year.
Source: AER, Schedule 3 – Quarter 4 2023–24 retail performance data

3.6 Disconnections and reconnections

As a last resort option, retailers may disconnect customers who are unable to pay their energy bills. 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.[42]

Under the Rules, disconnection is not permitted in certain circumstances, such as when a customer's premises are registered as requiring life support equipment, a customer on a hardship program is meeting their payment obligations or a customer's debt is below $300.

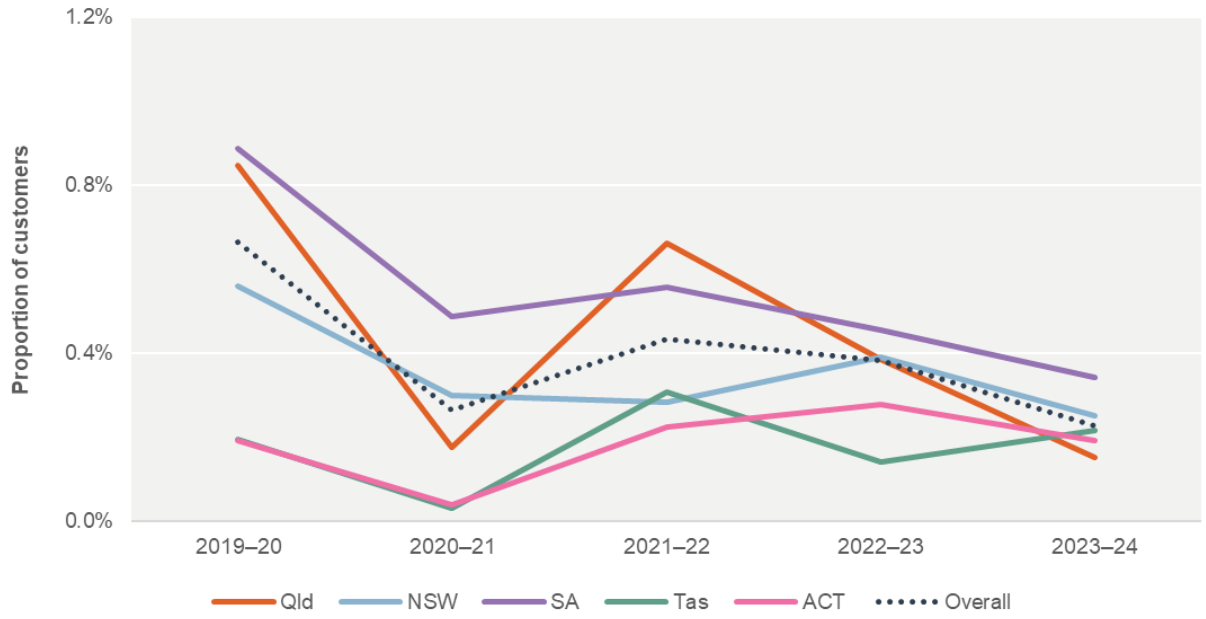
3.6.1 Residential electricity disconnections decreased

The disconnection rate has historically been used as a metric for both energy affordability and customer debt management. Due to the impact of COVID-19, disconnections dropped between 2019–20 and 2020–21. The subsequent decrease between 2021–22 to 2023–24 was primarily due to Ergon Energy's moratorium on disconnections. This moratorium was driven by Ergon Energy upgrading their customer service platform.

South Australia's disconnection rate remained the highest in 2023–24, at 0.34%, which reflects the state's relatively high energy prices.

42 National Energy Retail Rules, Part 6 De-energisation (or disconnection) of premises—small customers.

Figure 3.33 Annual residential electricity disconnections as a proportion of customers by jurisdiction

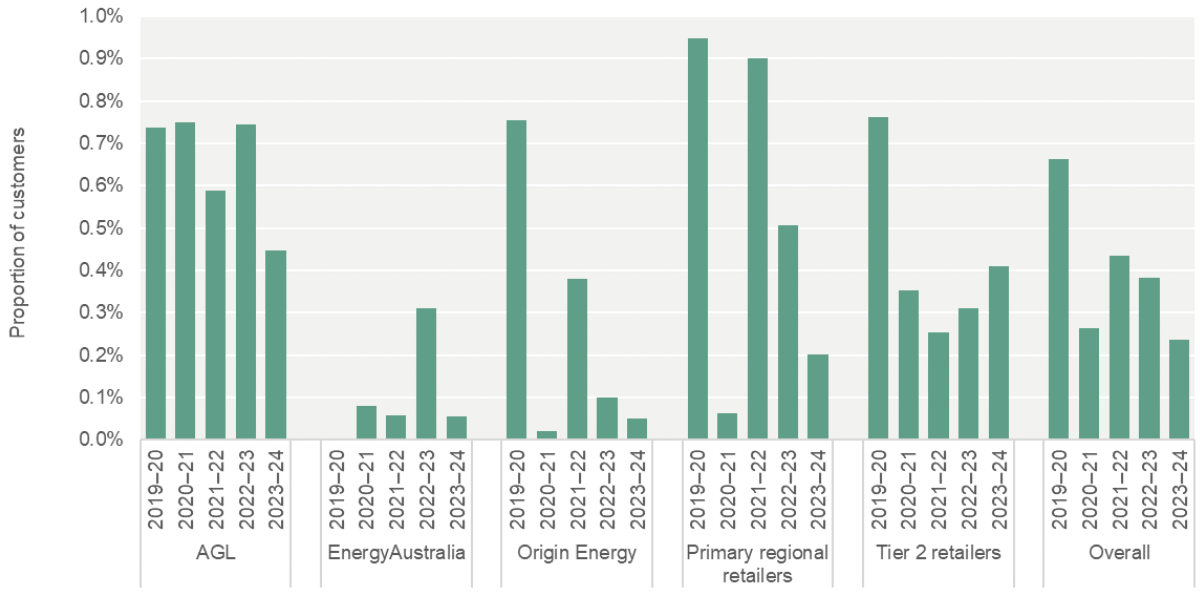


Source: AER, Schedule 3 – Q4 2023–24 retail performance data.

The overall proportion of customers disconnected continued to decrease in 2023–24, despite an increase in Tier 2 retailer disconnections. Ergon Energy continued to drive the decrease in total primary regional disconnections, which fell from 0.51% to 0.20%, as part of its moratorium on debt disconnections in the 2023–24 period.

All Tier 1 retailers experienced sizable but varying decreases in disconnections when compared to the previous year.

Figure 3.34 Annual residential electricity disconnections as a proportion of customers by retailer category

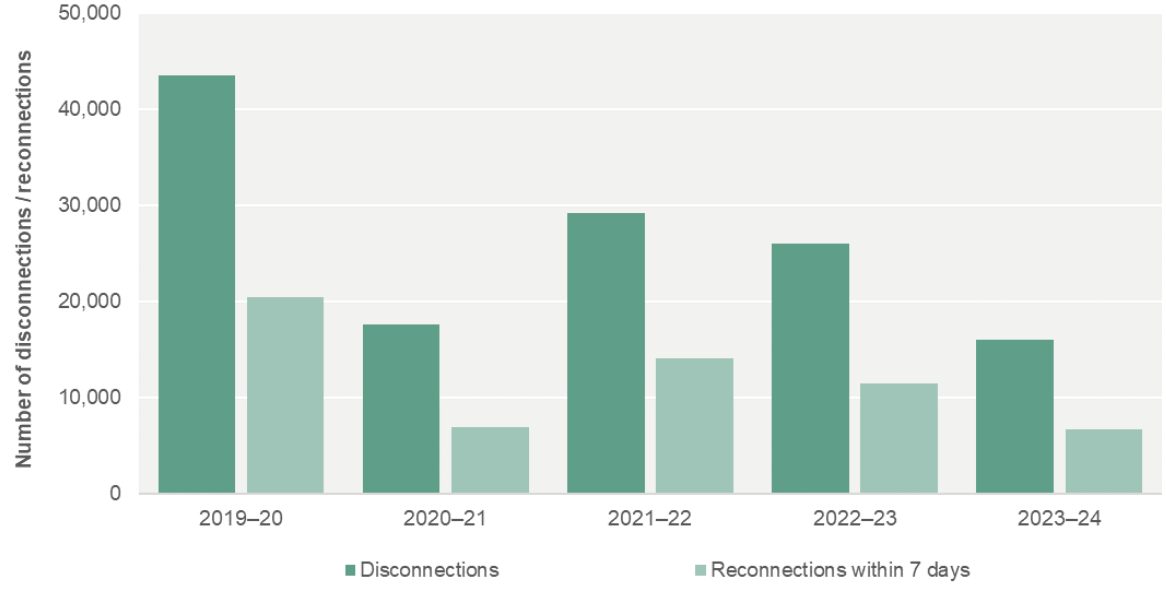


Source: AER, Schedule 3 – Q4 2023–24 retail performance data; Schedule 2 – Q4 2023–24 retail performance data.

3.6.2 Residential electricity reconnections within 7 days decreased

The AER collects data on the number of electricity customers reconnected by the same retailer and at the same address within 7 days of disconnection. This figure is typically less than half of all disconnections. In 2023–24 this proportion fell for the third consecutive year, from 44% to 42% (Figure 3.35).

Figure 3.35 Annual number of residential electricity disconnections and reconnections

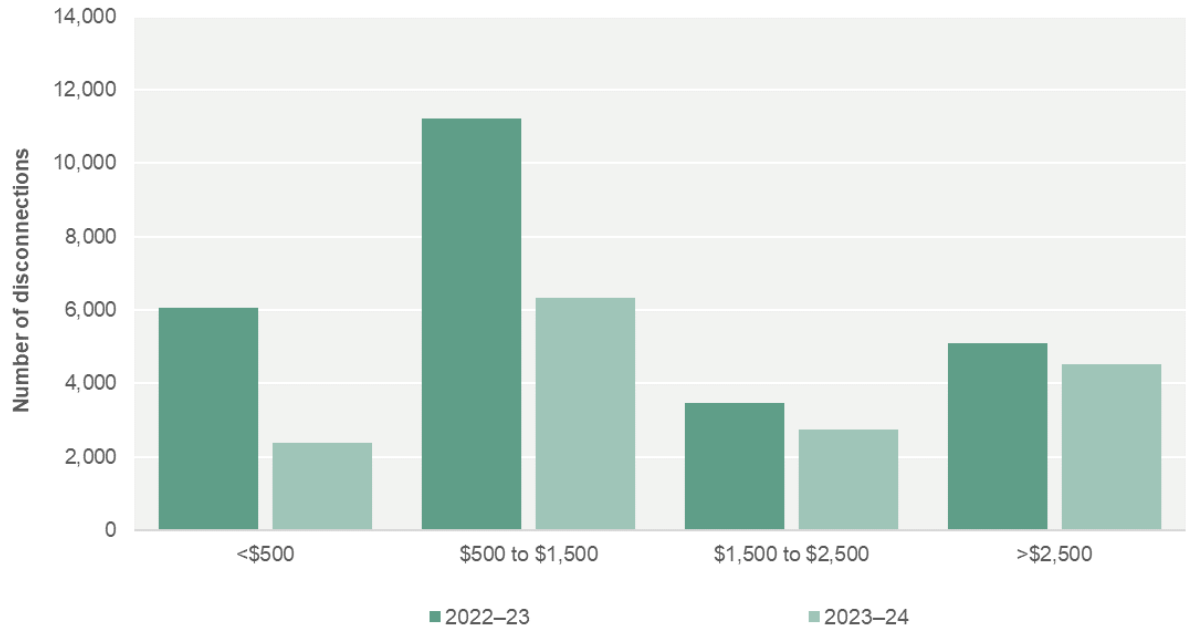


Source: AER, Schedule 3 – Q4 2023–24 retail performance data.

3.6.3 Debt levels for disconnected residential electricity customers decreased

In 2023–24 the overall debt levels for residential electricity customer disconnections fell substantially, with 66% fewer disconnections for customers with debts of less than $500 and 11% fewer disconnections for customers whose debt exceeded $2,500.

Figure 3.36 Amount of debt at disconnection – residential electricity customers



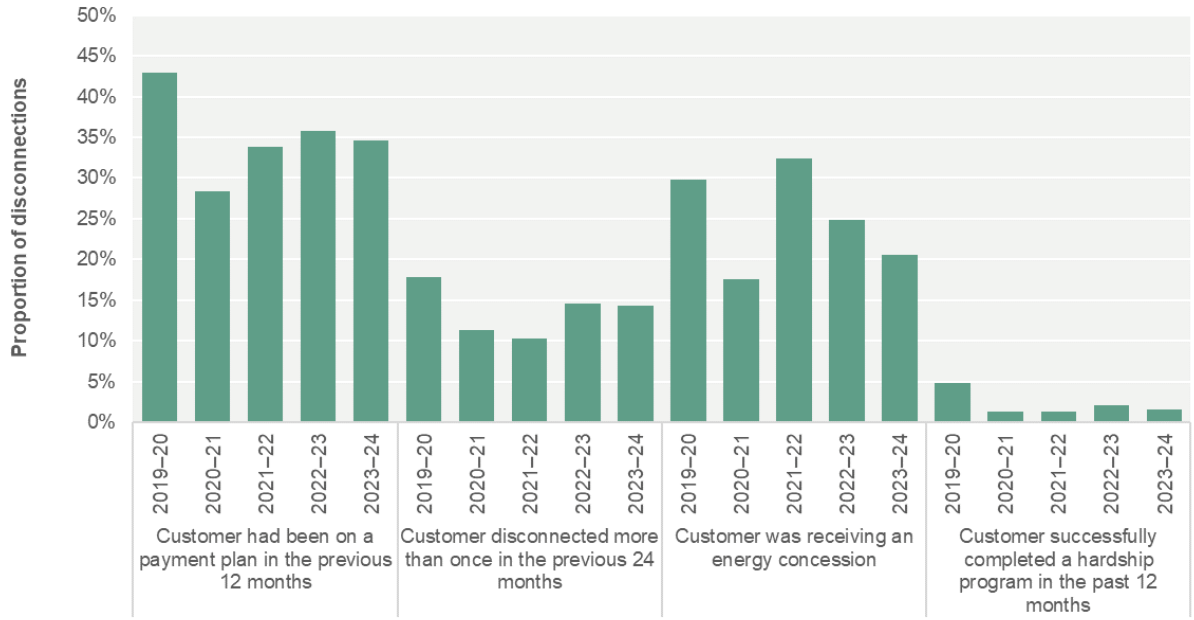
Source: AER, Schedule 3 – Q4 2023–24 retail performance data.

3.6.4 Customer profiles of disconnected electricity customers did not change substantially

In 2023–24 approximately 4 percentage points fewer disconnected customers were receiving energy concessions than in the previous financial year. Otherwise, the overall customer profiles of disconnected electricity customers did not change substantially.

Of all disconnected electricity customers, 36% were on a payment plan in the preceding 12 months. This remained the most common type of disconnected electricity customer in 2023–24.

Figure 3.37 Residential electricity disconnection customer profiles

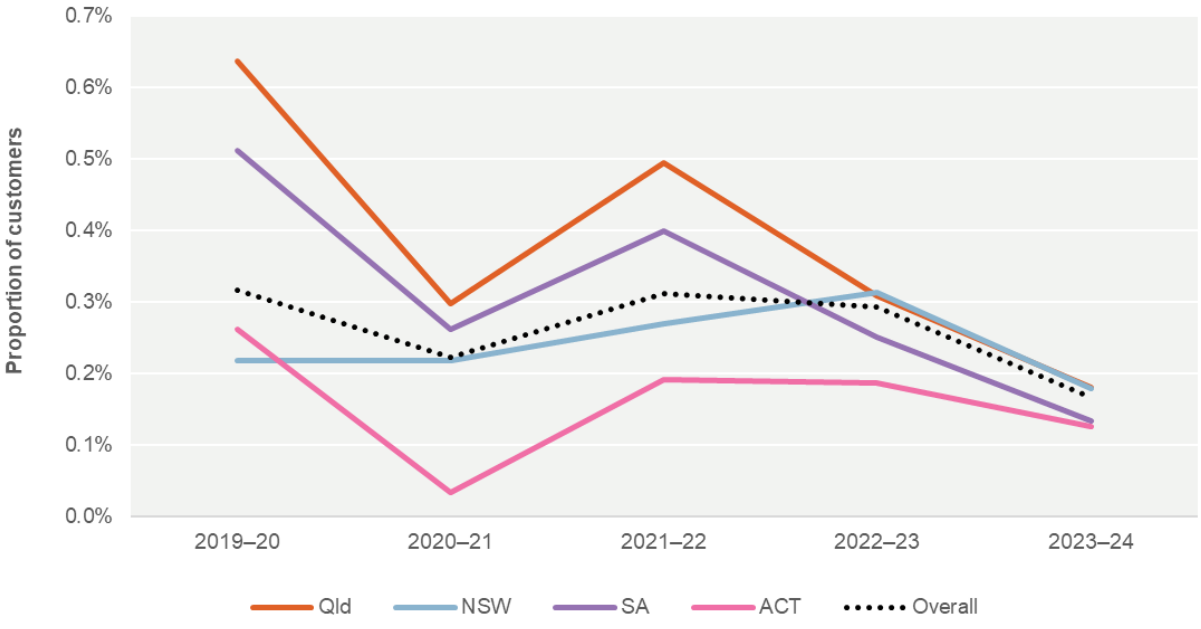


Source: AER, Schedule 3 – Q4 2023–24 retail performance data.

3.6.5 Residential gas disconnections continued to fall

Gas customer disconnections and reconnections historically track those for electricity customers. In 2023–24 the number of residential gas disconnections fell in Queensland, NSW, South Australia and the ACT by 42%.

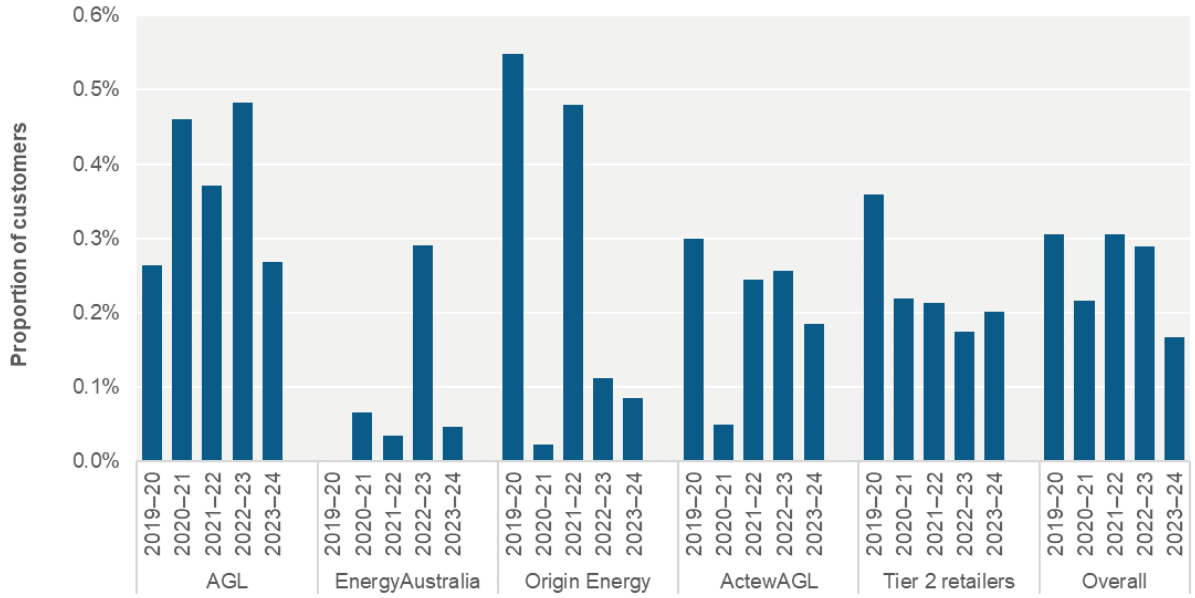
Figure 3.38 Annual residential gas disconnections as a proportion of customers by jurisdiction



Source: AER, Schedule 3 – Q4 2023–24 retail performance data.

Overall, the decline in residential gas disconnections was driven by AGL and Energy Australia, in contrast with the previous financial year's sharp increases. AGL and Energy Australia's gas customer disconnections dropped by 44% and 84%, respectively.

Figure 3.39 Annual residential gas disconnections as a proportion of customers by retailer category



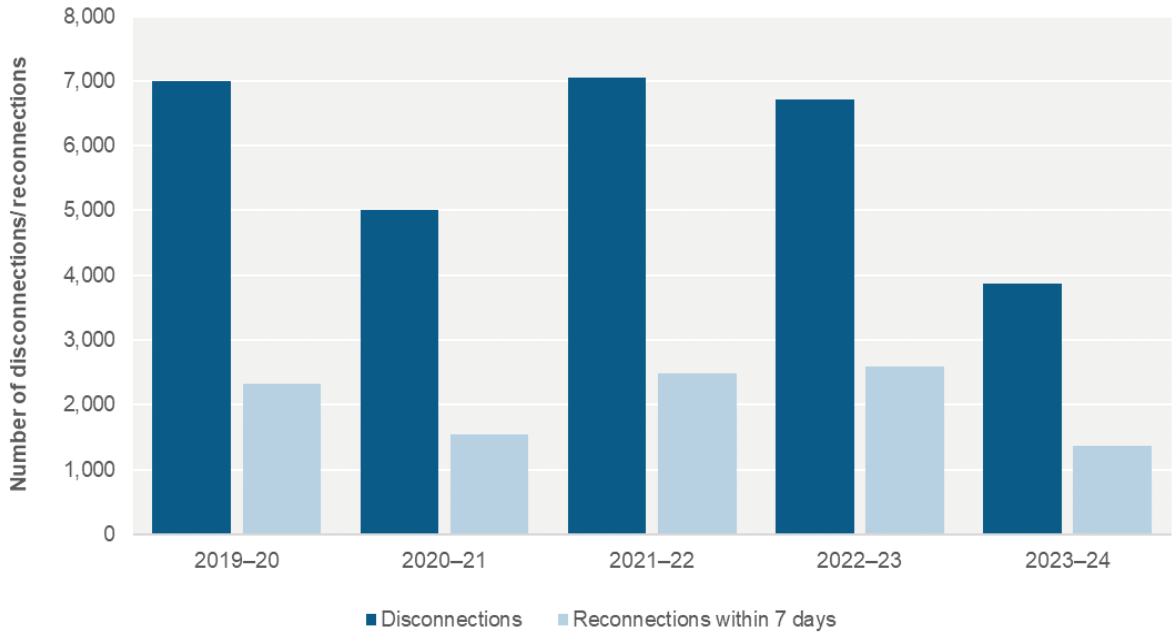
Note: In Tasmania, residential gas retailers (Aurora Energy and Tas Gas) are licensed by the Office of the Tasmanian Economic Regulator (OTTER), rather than being authorised by the AER, and Queensland's primary regional retailer Ergon Energy does not sell reticulated gas. As a result, ActewAGL is the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

Source: AER, Schedule 3 – Q4 2023–24 retail performance data; Schedule 2 – Q4 2023–24 retail performance data.

3.6.6 Residential gas reconnections within 7 days remained steady

Around one-third of residential gas customers are reconnected within 7 days. This remained the case in 2023–24, when approximately 35% of disconnected residential gas customers were reconnected within 7 days. This figure was largely unchanged from previous financial years.

Figure 3.40 Residential gas disconnections and reconnections by year

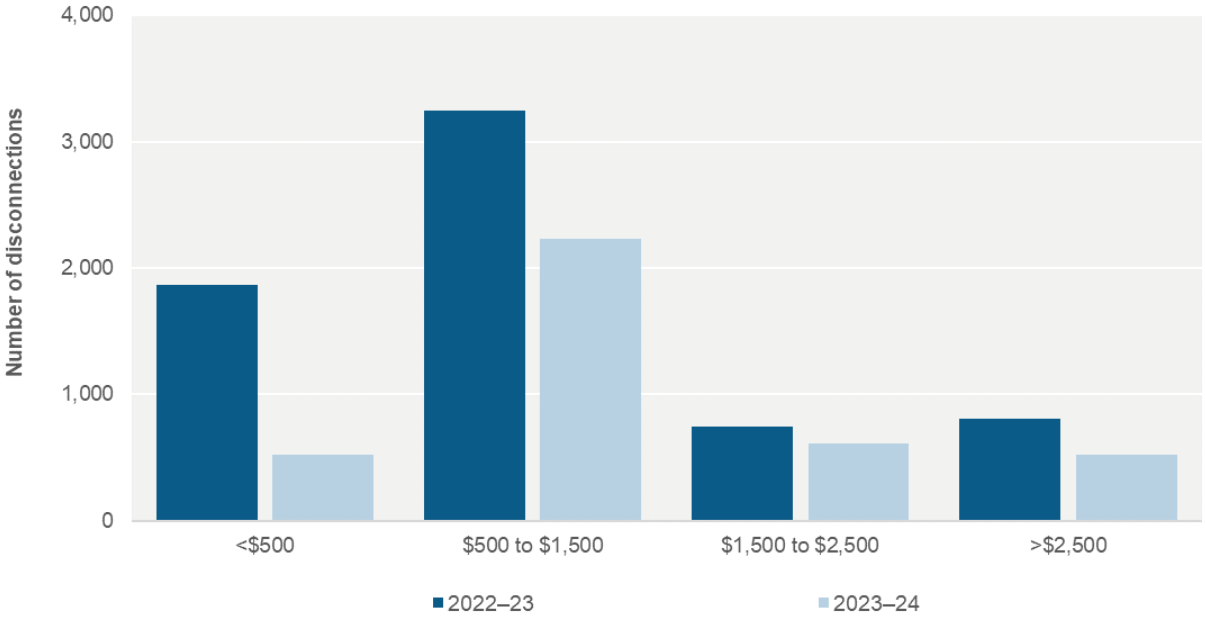


Source: AER, Schedule 3 – Q4 2023–24 retail performance data.

3.6.7 Most debt levels for disconnected residential gas customers have decreased

The number of residential gas customers disconnected with debt declined consistent with the overall decrease in gas customer disconnections. As with residential electricity customers, this decrease may be related to concessions or rebates being applied at the time of disconnection, as well as increased customer engagement with retailers.

Figure 3.41 Amount of debt at disconnection – residential gas customers



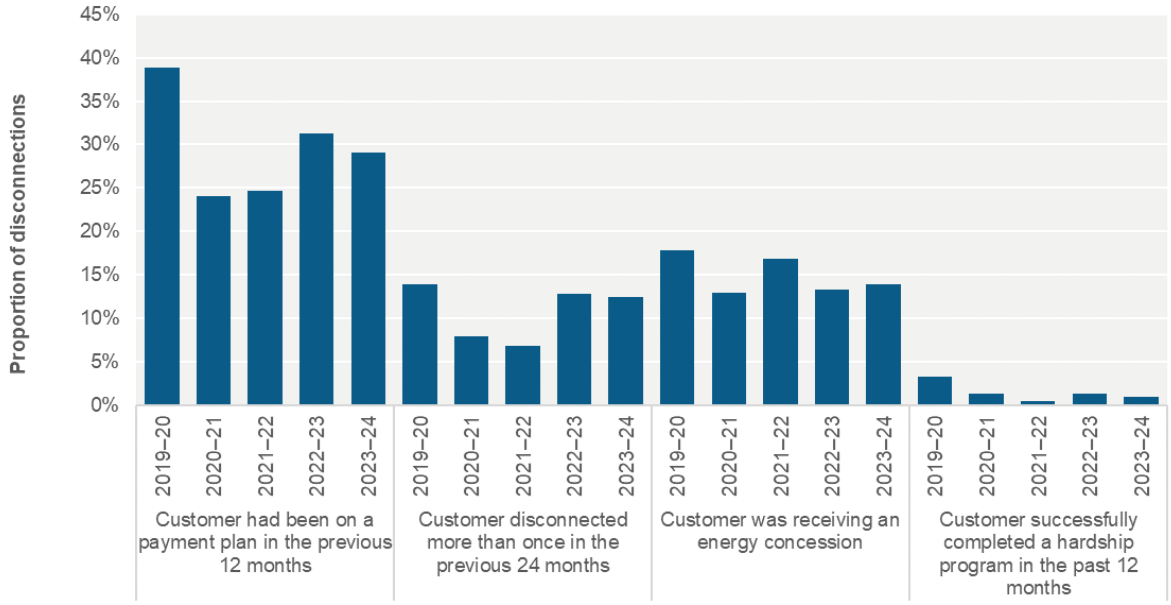
Source: AER, Schedule 3 – Q4 2023–24 retail performance data.

3.6.8 Customer profiles for disconnected gas customers did not change substantially

In 2023–24 the most common disconnected gas customer was one that had been on a payment plan within the past 12 months, consistent with previous periods. This customer profile accounted for 29% of all disconnected gas customers.

The proportion of residential gas customers disconnected while receiving an energy concession, had either completed a hardship program within the last 12 months or had been disconnected more than once in the preceding 24 months did not change substantially.

Figure 3.42 Residential gas disconnection by customer profile



Source: AER, Schedule 3 – Q4 2023–24 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,[43] which includes retailer guidance on how to engage with residential customers when tailoring payment plans and ensures that all eligible rebates and concession are applied.

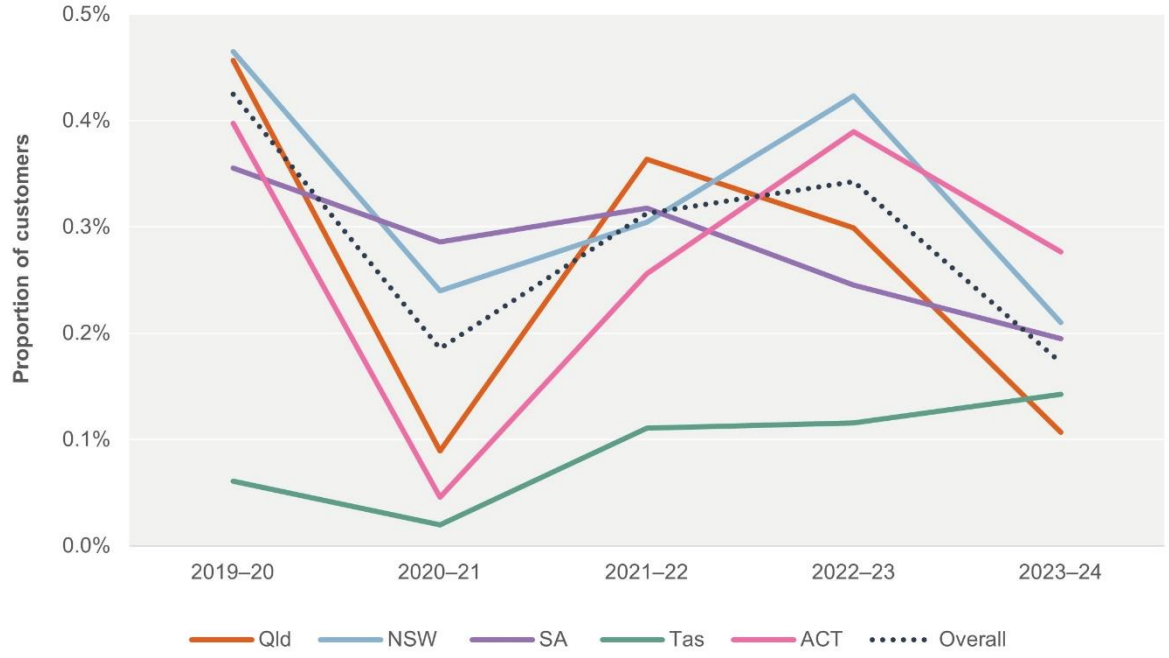
3.6.9 Small business disconnections decreased for electricity customers

Small business electricity customer disconnections decreased by 48% to 0.17% in 2023–24, driven by drops in NSW, Queensland, South Australia and the ACT. Both NSW and South Australia recorded the lowest small business electricity disconnections since 2019–20.

[43] For more information see AER's Sustainable Payment Plan Framework, Australian Energy Regulator, 11 July 2024, accessed 25 November 2024.

Tasmanian's small business electricity customer disconnection rate has more than doubled over the past 5 financial years, from 0.06% in 2019–20 to 0.14% in 2023–24.

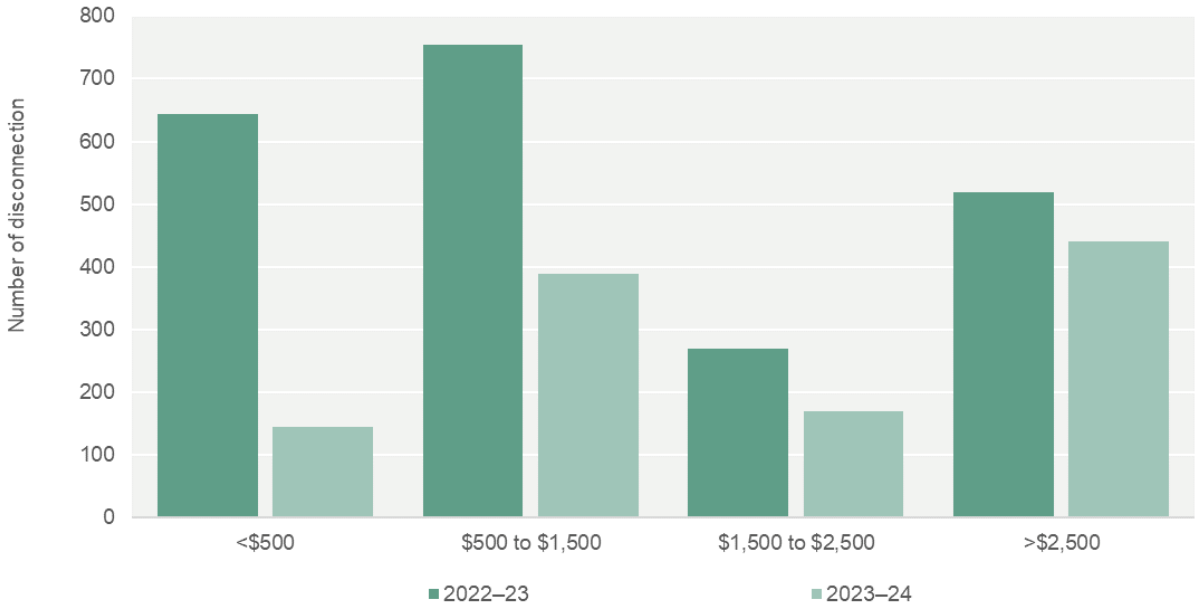
Figure 3.43 Small business electricity disconnections by state/territory



Source: AER, Schedule 3 – Q4 2023–24 retail performance data.

Similarly, the number of small business electricity customers disconnected with debt decreased by 48% to 1,144 customers in 2023–24. This was driven by the substantial decline in in small business electricity customers with less than $1,500 debt.

Figure 3.44 Amount of debt at disconnection – small business electricity customers

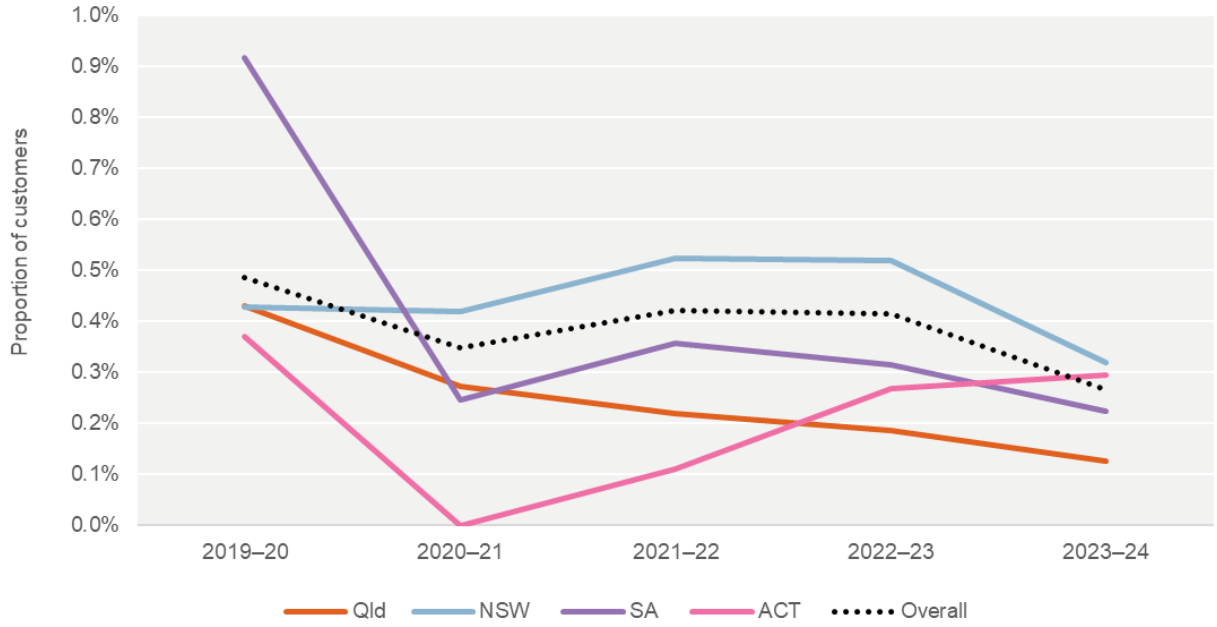


Source: AER, Schedule 3 – Q4 2023–24 retail performance data.

3.6.10 Small business disconnections decreased for gas customers

In South Australia, NSW and Queensland, small business gas customer disconnections fell by 38% overall, to the lowest levels since 2019–20. In the ACT, small business gas disconnections have increased year on year since 2020–21 to 0.30% in 2023–24.

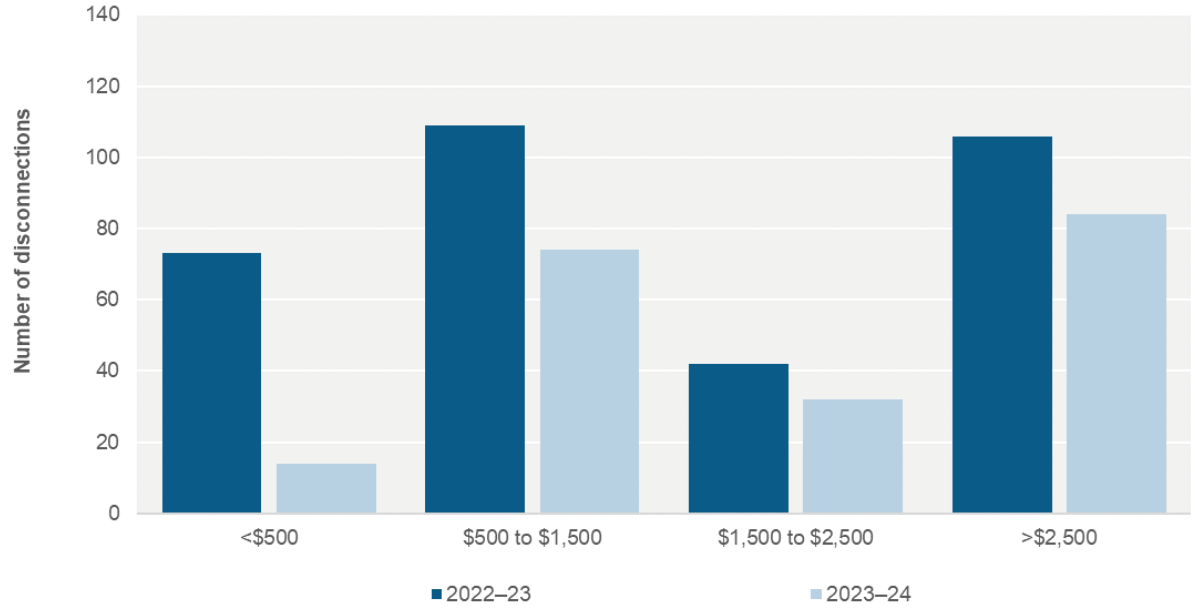
Figure 3.45 Small business gas disconnections by state/territory



Source: AER, Schedule 3 – Q4 2023–24 retail performance data.

Commensurate with the drop in small business gas customers disconnections, small business gas customer disconnections for customers with debt also fell across the board in 2023–24, from 330 customers to 204. Across the 3 states and the ACT, the proportion of small business gas customers disconnected with more than $1,500 of debt was similar to the proportion for those with less than $1,500 of debt.

Figure 3.46 Small business gas customers' debt at disconnection



Source: AER, Schedule 3 – Q4 2023–24 retail performance data.

3.7 Credit collection and credit defaults

3.7.1 Credit collections remained stable in most jurisdictions

Retailers may refer customers to a credit collection agency for debt recovery when they are unable to collect outstanding payments. This is typically the final stage in the debt collection process, where they are no longer a customer of that retailer and no longer receiving bills.

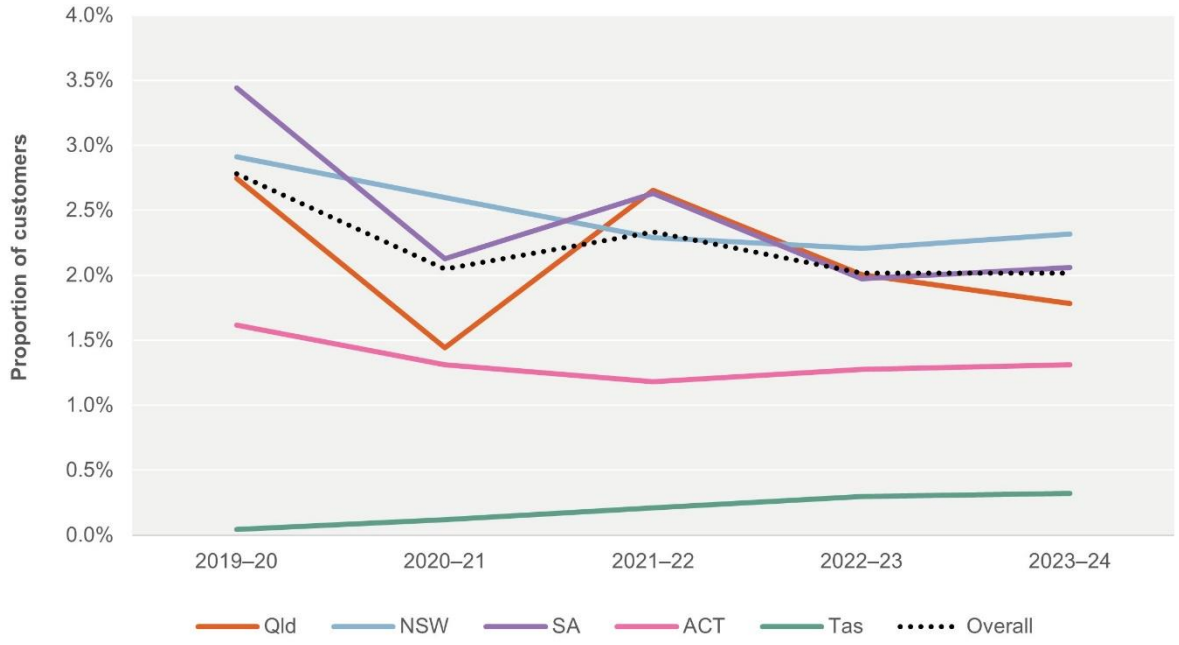
When a customer's debt is referred to a collection agency, it can have serious consequences, such as adverse impacts to their credit score, potential legal action and even garnishments of wages and bank accounts.

To avoid reaching this stage, retailers can implement proactive measures to prevent and manage customer debt. These include offering flexible payment options, providing clear and timely communication with customers and establishing a fair and transparent debt collection process.

Electricity

In 2023–24 the proportion of residential electricity customers referred to credit collection agencies was 2% – the same as the previous year (Figure 3.47). Across NSW, Queensland, South Australia, Tasmania and the ACT, approximately 139,000 electricity customers were referred to credit collection; nearly 58% of these customers were living in NSW. Credit collection referrals increased in all jurisdictions except Queensland, where referrals fell by 11%.

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

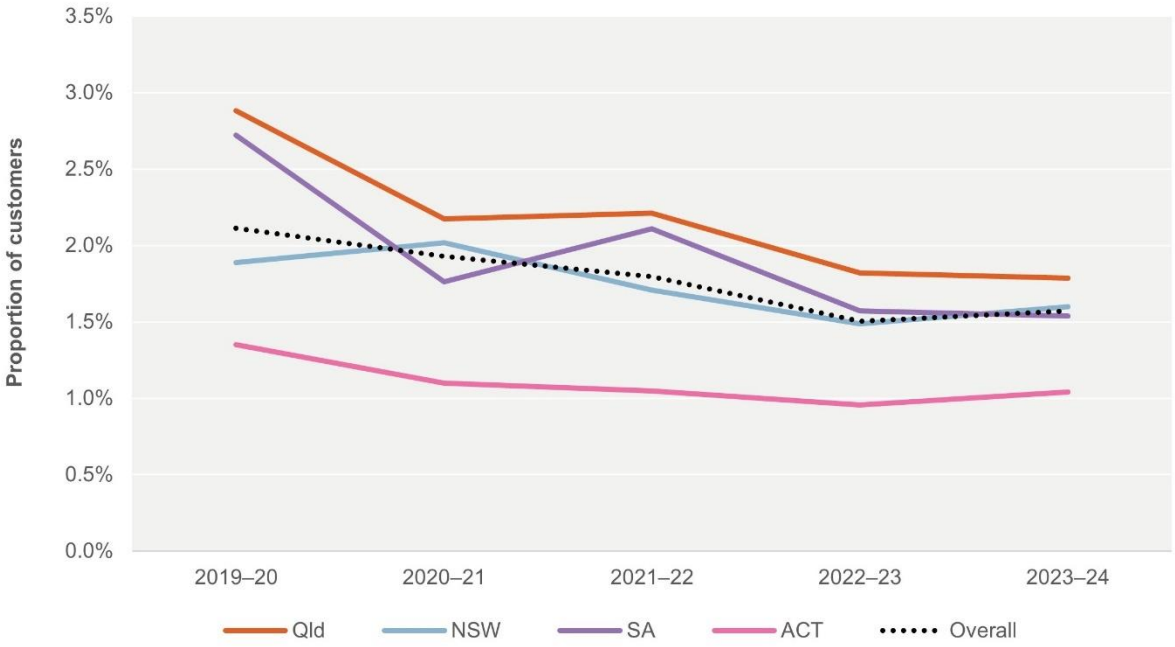


Note: The AER does not collect credit collection data for small businesses.
Source: AER, Schedule 3 – Q4 2023–24 retail performance data; Schedule 2 – Q4 2023–24 retail performance data.

Gas

The proportion of residential gas customers referred to credit collection agencies remained largely stable across all jurisdictions. In 2023–24 approximately 36,600 residential gas customers were referred, with two-thirds of these customers residing in NSW.

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.
Source: AER, Schedule 3 – Q4 2023–24 retail performance data; Schedule 2 – Q4 2023–24 retail performance data.

3.7.2 Credit defaults continued to decline in 2023–24

Credit defaults refer to instances where residential customers have defaulted on debts owed to retailers. This occurs after the customer has been referred to a credit collection agency or an internal collection process for debt recovery.

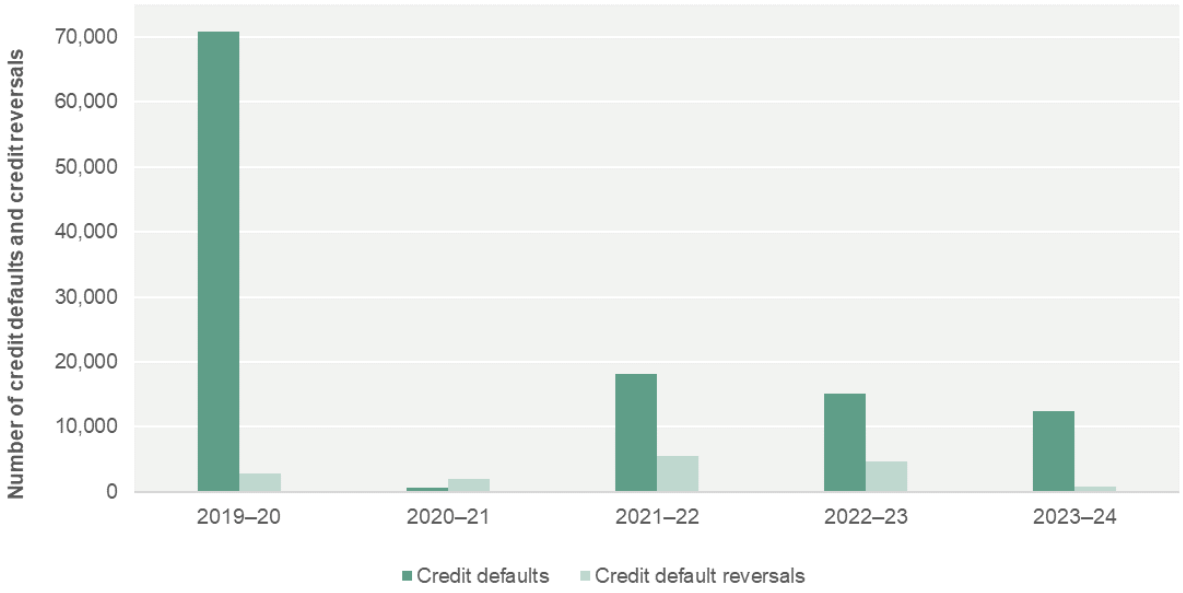
Credit defaults can have a more significant negative impact on a customer than simply being referred to a credit collection agency. A credit default remains on a customer's record for 5 years and is viewed unfavourably by many credit providers. It indicates that the customer has failed to repay a previous debt, increasing the perceived risk associated with that customer as a future applicant.

A credit default may also prevent a customer from accessing low-cost market contracts, leading to higher costs and exacerbating their already vulnerable financial situation. This can also affect their future borrowing capacity and access to products and services that require a good credit history.

Electricity

The number of residential electricity customer credit defaults decreased by 18% in 2023–24, from 15,154 to 12,446, following a 17% decrease in 2022–23. Credit default reversals fell from 4,744 in 2022–23 to 850, a decrease of 82% from the previous period.

Figure 3.49 Residential electricity customers credit defaults and credit default reversals

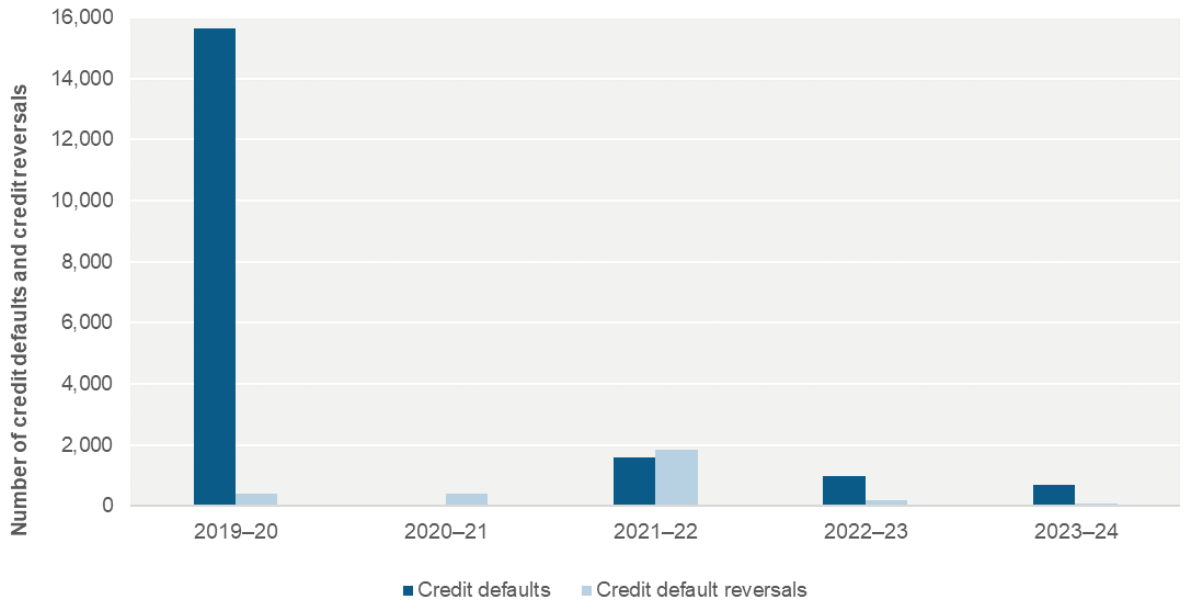


Note: The AER does not collect credit default or credit reversal data for small businesses. The high number of credit default reversals in 2021–22 was due to ActewAGL, which had over 4,000 credit reversals due to an error on customer letters regarding legal references.
Source: AER, Schedule 3 – Q4 2023–24 retail performance data.

Gas

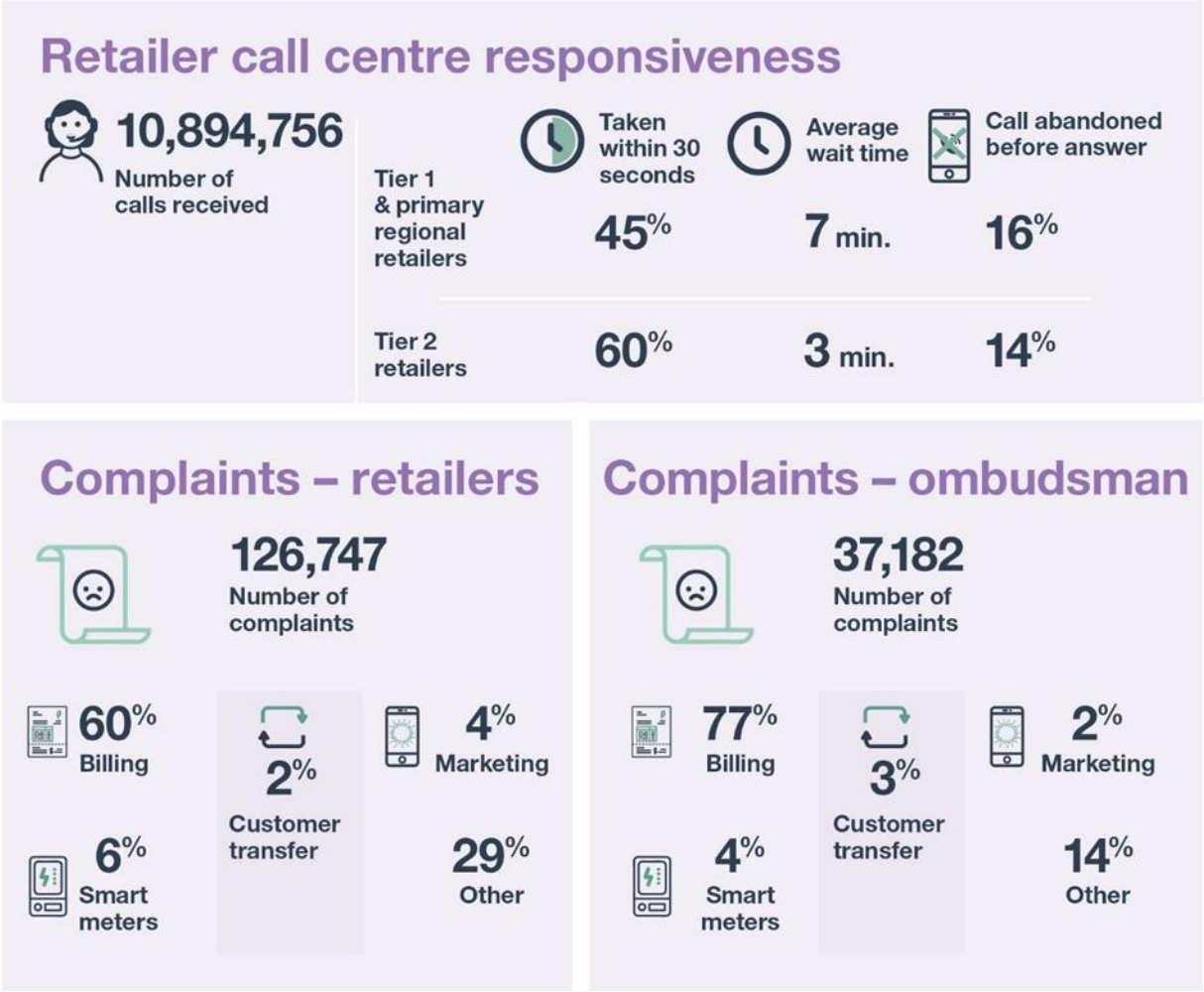
Gas customers followed a similar trend to electricity customers for both credit defaults and credit default reversals. In 2023–24 gas customer credit defaults fell by 29% and credit default reversals fell by 59% compared with 2022–23.

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.
Source: AER, Schedule 3 – Q4 2023–24 retail performance data.

4 Customer service



Key findings

- In total retailers received 10,894,756 calls in 2023–24, 9.7% higher than reported in 2022–23.
- The average time taken for a customer to be answered when calling a Tier 1 or primary regional retailer was 7 minutes. Customers calling Tier 2 retailers were answered in an average of 3 minutes.
- In 2023–24 energy retailers received a total of 126,747 complaints, representing a 24% increase from the previous 12 months.
- Ombudsman complaints increased from 25,588 to 37,182, representing at 45% increase.

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 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.

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. installation delays or reading issues

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

To assess retailers' performance in relation to customer service we examine 2 groups of indicators, call centre responsiveness and customer complaints, those raised with the retailer and those referred to an ombudsman for resolution.

Energy ombudsman schemes receive, investigate and facilitate the resolution of customer complaints about electricity and gas companies. Complaints data is also collected from all relevant jurisdictional ombudsman schemes and is used to identify the volume and type of complaints a retailer did not resolve to customers' satisfaction. Customers may escalate their

complaint to an energy ombudsman scheme for a variety of reasons, including dissatisfaction with a suggested resolution or a lack of a timely response.

Energy ombudsman schemes are generally funded by the energy industry, with the funding typically consisting of a fixed fee for each participating organisation and additional fees based on the number of enquiries or complaints lodged against each organisation.[44] Alternatively, some ombudsman scheme funding is based on the number of customers of the participating organisations.[45]

Each quarter energy retailers are obligated to report on the number and type of complaints received, as well as how quickly they respond to enquiries or complaints. The AER has recently updated its retail Guidelines[46] (effective 1 July 2025) to improve visibility of retail performance reporting metrics, including obtaining more refined reporting on the nature of billing complaints and how many customers contact their retailer through digital mediums, such as a web portal. These enhancements are intended to provide greater clarity on the causes of customer dissatisfaction and provide more transparency on how customers interact with their retailer.

4.1 Call centre responsiveness

We assess energy retailers' performance on key call centre responsiveness indicators – calls taken within 30 seconds, average wait time (seconds) and percentage of calls abandoned before being answered (Table 4.1).

Table 4.1 Retailer call centre responsiveness rating system

Rating	Calls answered within 30 seconds (%)		Average wait time (sec)		Calls abandoned before being answered (%)	
Best	**80%**	or more	**30**	secs or less	**5%**	or less
Range	**79%** **51%**	range	**31** **59**	range	**6%** **9%**	range
Lowest	**50%**	or less	**60**	secs or more	**10%**	or more

Over the past year, the total number of calls made to retailers increased by 9.7% to 10,894,756 in 2023–24. The increase in calls to Tier 2 retailers, was the primary driver – up 34% and to some extent related to the higher number of customers served by this group, in particular Energy Locals, OVO Energy and Red Energy (Table 4.2).

While Tier 1 and primary regional retailers overall recorded a smaller increase of 2%, Ergon Energy reported a 41% higher call volume compared with the previous 12 months. The

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44 See EWON, Our funding, Energy & Water Ombudsman NSW, and EWOQ, Who needs to join EWOQ, Energy & Water Ombudsman Queensland, accessed 25 November 2024.

45 See EWOV, Joining EWOV, Energy and Water Ombudsman Victoria, accessed 25 November 2024.

46 AER, Retail performance reporting procedures and guidelines (2024 update), Australian Energy Regulator, 10 July 2023.

implementation of a new customer billing system directly contributed to this increase in call volumes. As did an increase in calls from customers seeking assistance with their bills, which was driven by a combination of increased electricity use over a long, hot summer and higher retail tariff prices.

4.1.1 Calls answered within 30 seconds

Overall retailers reported a 7% increase in the number of calls answered within 30 seconds compared with the previous 12 months. This improvement was particularly evident for Tier 1 retailers Origin Energy (up 15%) and Energy Australia (up 9%). Tier 2 retailers Sumo Energy (up 57%) and Nectr Energy (up 27%) also reported notable improvements (Table 4.2).

4.1.2 Average wait times

Average wait times across all Tier 1 and primary regional retailers worsened – down from 3.2 minutes in 2022–23 to 6.7 minutes in 2023–24. Ergon Energy reported the most significant increase in average wait time up on average 22.5 minutes, from 14.2 to 36.7 minutes. Ergon Energy have attributed aspects of this increase to the implementation of a new billing system, high summer bills and the temporary removal of online self-serve systems. Ergon Energy's wait time returned to an average of around 7 minutes at the end of Quarter 1 2024–25 (Table 4.2).

Average wait times across all Tier 2 retailers also worsened – from 2.6 minutes in 2022–23 to 3.2 minutes in 2023–24, with the main contributors being Tango Energy from 2.2 to 8.7 minutes and Red Energy from 4.9 to 6.9 minutes. Tango Energy attributed this increase to the transitioning of a proportion call centre resources to an offshore provider and calls relating to its competitive price position. Red Energy attributed their increase in wait times to a large volume of price change related contacts.

As referenced in chapter 1, Tier 2 retailers have been progressively increasing their customer numbers over the past several years, such increases typically necessitate additional investment in appropriate customer management systems. A delay or lack of appropriate investment may lead to deteriorating customer service levels, including longer average wait times, an increase in the abandoned call rates and more customer complaints.

4.1.3 Calls abandoned

The proportion of calls abandoned before being answered for Tier 1 and primary regional retailers worsened by 2%. This was primarily driven by Ergon Energy as of the 1,112,892 calls made to the retailer in 2023–24, 47% were abandoned before being answered (Table 4.2).

For Tier 2 retailers, calls abandoned before being answered also worsened, from 11% in 2022–23 to 14% in 2023–24. Most notably, Energy Locals reported that 41% of 108,700 customer calls and GloBird Energy 28% of 75,390 calls were abandoned before being answered. GloBird attributed this increase to customers being unaware of a new self-service facility and abandoning calls after being provided this information.

Retailers that submitted 'zero' returns, in that, they currently have no customers are excluded from Table 4.2

Table 4.2 Retailer call responsiveness

Retailer	Calls taken within 30 seconds (%)		Average wait time (sec)		Calls abandoned before answer (%)	
	2022–23	2023–24	2022–23	2023–24	2022–23	2023–24
Tier 1 and primary regional retailers						
ActewAGL	60%	49%	83	157	6%	10%
AGL	69%	68%	62	116	4%	6%
Aurora Energy	28%	25%	348	371	18%	15%
EnergyAustralia	61%	70%	216	139	10%	4%
Ergon Energy	11%	8%	850	2,200	16%	47%
Origin Energy	23%	38%	86	41	29%	15%
Tier 2 retailers						
1st Energy	67%	76%	58	49	5%	4%
Alinta Energy	70%	65%	96	99	4%	5%
Altogether Group	16%	9%	44	168	16%	10%
Amber Electric	100%	100%	–	–	–	–
Ampol Energy	93%	90%	10	21	4%	1%
Apex Energy	90%	92%	11	11	2%	3%
Arc Energy	95%	87%	17	27	3%	3%
Blue NRG	77%	94%	22	58	8%	8%
CovaU	91%	89%	21	–	2%	2%
CPE Mascot	52%	63%	65	56	12%	6%
Diamond Energy	100%	100%	–	–	3%	8%
Discover Energy	41%	84%	62	19	26%	3%
Dodo	60%	53%	236	206	14%	10%
Energy Locals	56%	59%	110	92	27%	41%
Evergy	83%	64%	13	11	15%	20%
Future X Power	96%	90%	7	17	3%	2%
GEE Power & Gas	80%	94%	57	16	4%	3%
GloBird Energy	63%	65%	215	306	25%	28%
Glowpower	85%	93%	33	21	14%	3%

Retailer	Calls taken within 30 seconds (%)		Average wait time (sec)		Calls abandoned before answer (%)	
	2022–23	2023–24	2022–23	2023–24	2022–23	2023–24
Humenergy	83%	72%	27	29	3%	28%
Localvolts	100%	1%	15	–	50%	23%
Lumo Energy	60%	72%	80	46	6%	4%
Maximum Energy	96%	100%	12	1	13%	100%
Metered Energy	94%	84%	124	147	2%	1%
Microgrid Power	68%	76%	40	39	–	0%
Momentum Energy	72%	66%	53	72	3%	4%
Nectr Energy	36%	63%	164	42	28%	18%
Next Business Energy	83%	83%	17	18	1%	0%
OVO Energy	71%	95%	32	47	35%	17%
PowerHub	68%	74%	26	22	11%	1%
Powershop	52%	60%	142	68	13%	7%
Real Utilities	80%	78%	48	55	4%	4%
Red Energy	37%	34%	293	412	18%	24%
Savant Energy	82%	92%	3	6	6%	1%
Shell Energy (now known as ENGIE)	85%	88%	19	18	2%	2%
Simply Energy	64%	72%	84	85	7%	5%
Smart Energy	95%	95%	17	17	2%	3%
Starcorp Energy	100%	92%	5	3	–	8%
Sumo Power	19%	76%	145	176	16%	10%
Sustainable Savings	100%	95%	6	9	–	5%
Tango Energy	69%	46%	132	522	9%	19%
Tas Gas	–	60%	–	10	–	2%
Telstra Energy Retail	30%	103%	7	18	3%	16%
The Embedded Networks Company	76%	90%	54	20	4%	2%
Winenergy	53%	63%	68	57	6%	7%

Source: AER, Schedule 3 – Q4 2023–24 retail performance data.

4.2 Complaints

In 2023–24, the total number of complaints received by retailers from residential customers rose by 24% – from 102,154 to 126,747 (Figure 4.1). The increase was primarily driven by billing-related complaints, up 27% from 59,886 to 75,960. Retailers attributed higher volumes of complaints to price increases, cost-of-living and affordability challenges, and the implementation and consolidation of new customer service platforms.

We will be monitoring closely complaint performance in the first quarter of 2024–25 to confirm that this is not a long-term trend, noting an increase in complaints often occurs through this period due to price changes. New retail Guidelines will come into force on 1 July 2025, which will also provide deeper insights into the drivers of complaints.

While complaints about smart meters are proportionally very low, they significantly increased over the past 12 months, up 69% from 4,392 to 7,405. It will be important to monitor this metric over the next few years given the AMEC's determination to accelerate smart meter deployment to achieve universal uptake by 2030.

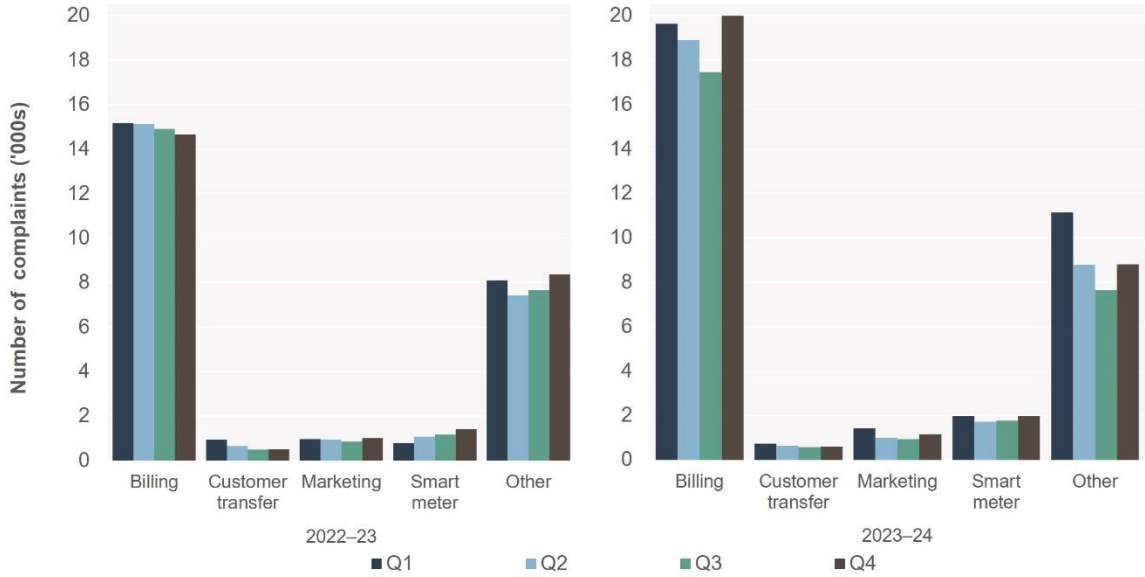
The increases in complaints varied by the type of retailer – Tier 1 and primary regional retailers were 27% higher while Tier 2 were up 17%.

In relation to Tier 1 and primary regional retailers, compared with the previous 12 months:

- Origin Energy's complaints rose from 34,942 to 51,879 (48%) in 2023–24.
- Ergon Energy complaints increased from 4,869 to 6,051 (24%).
- Energy Australia's complaint volumes rose from 20,028 to 22,431 (12%).
- Complaint volumes decreased for AGL from 6,614 to 5,635 (15%) and ActewAGL from 1,248 1,206 (3%).

Tier 2 retailers collectively reported a 17% increase in complaint volumes, 92% of which can be attributed to Alinta Energy, Lumo Energy and Simply Energy. A number of Tier 2 retailers attributed some of this increase to increasing customer numbers and enhancements in complaint reporting protocols.

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 2023–24 retail performance data.

4.2.1 Ombudsman complaints

In 2023–24 less than 1% of customers made a complaint to their energy retailer and, overall, 29% of these complaints were referred to an ombudsman scheme for assistance.

The proportion of complaints escalated to an energy ombudsman scheme increased from 22% in 2022–23 to 29% in 2023–24.

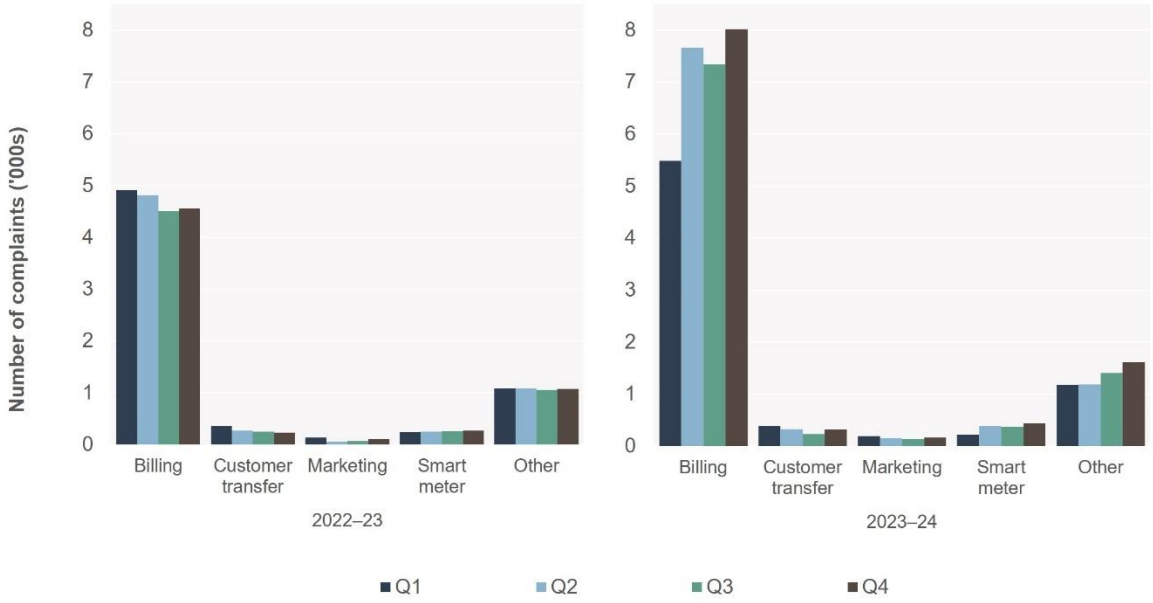
Data received from each ombudsman scheme displays the number of complaints made by customers that could not be resolved by their retailer and required a referral to an ombudsman scheme (Figure 4.3).

The overall volume of ombudsman complaints was up 45% from 25,588 to 37,182 in 2023–24. This increase was primarily driven by a rise in billing complaints from 18,790 to 28,506 (52%). All other ombudsman complaint categories also increased – marketing complaints up from 363 to 635 (75%), smart meter complaints increasing from 1,017 to 1,404 (38%) and customer transfer complaints rising from 1,113 to 1,249 (12%). It should be noted that these 3 categories account for only 9% of the total number of ombudsman complaints.

It is generally accepted that most customers expect a timely response when they reach out to a retailer for support, and or unresponsive customer service is a key driver of customer dissatisfaction.

Lack of communication from a retailer may lead to confusion or frustration and may give customers a sense they are not valued. Hence, customers may consider the need to escalate their concerns to an ombudsman scheme.

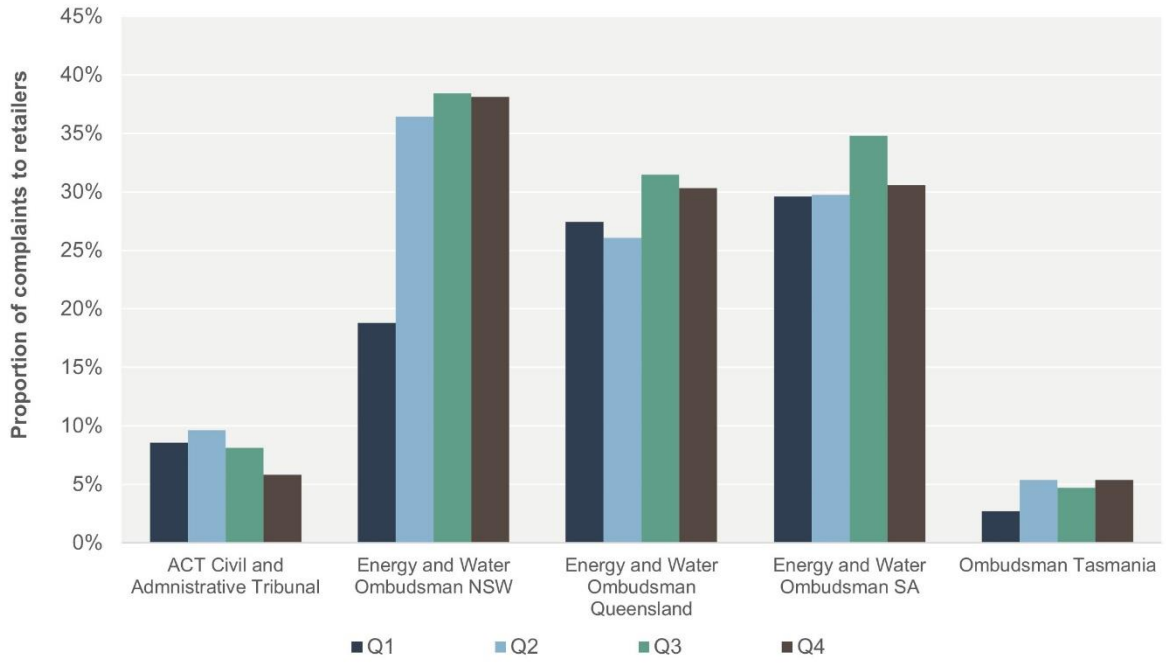
Figure 4.2 Ombudsman complaints as a proportion of residential complaints made to retailers



There was some variation by jurisdiction. Complaints referred to ombudsmen accounted for a relatively small 5% of retailer complaints in the ACT and Tasmania, while over 30% of complaints across NSW, Queensland and South Australia were escalated (Figure 4.3).

The low number of complaints referred to ombudsman schemes in the ACT and Tasmania may indicate more effective complaint management protocols are in place by retailers operating in these states. However, it could also be the case that customers in these jurisdictions are less aware of this option than those in NSW, Queensland and South Australia.

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: 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.

4.2.2 Complaints and ombudsman complaints by retailer

Table 4.3 provides the number of customer complaints to retailers and the number of complaints progressed to the relevant ombudsman scheme for each retailer for the previous 2 financial years (Table 4.3).

The number of ombudsmen complaints made to Tier 1 and primary regional retailers collectively increased by 56% in 2023–24 – Ergon Energy increasing by 329%, Aurora by 139%, AGL 58%, and Origin Energy was up 47%.

As stated earlier, a low proportion of complaints referred to an ombudsman scheme may indicate a retailer operates an effective complaint management process. Conversely, a high proportion of complaint referrals to an ombudsman scheme is an indication that a retailer may not be resolving complaints effectively.

The collective number of ombudsmen complaints made to Tier 1 and primary regional retailers increased by 56% in 2023–24 – Aurora Energy and Ergon Energy increasing by 139% and 329% respectively, AGL was 58%, whilst Origin Energy increased by 47%.

Contributing factors to these increases include changes made to the AER's Better Bills guidelines, call wait times and the implementation and consolidation of new customer service platforms.

AGL reported 5,635 complaints in 2023–24 and registered 7,736 ombudsman complaints in the same period. We are continuing our inquiries with AGL to understand this inconsistency.

Table 4.3 Complaints to retailers and ombudsman

Retailer	Complaints to the retailer (number)		As a proportion of customers	Complaints to the ombudsman (number)		As a proportion of retailer complaints
	2022–23	2023–24	2023–24	2022–23	2023–24	2023–24
Tier 1 and primary regional retailers						
ActewAGL	1,248	1,206	0%	177	209	17%
AGL	6,614	5,635	0%	4,910	7,736	137%
Aurora Energy	6,727	7,525	3%	117	280	4%
EnergyAustralia	20,028	22,431	2%	4,221	5,753	26%
Ergon Energy	4,869	6,051	1%	493	2,116	35%
Origin Energy	34,942	51,879	2%	6,336	9,327	18%
Tier 2 retailers						
1st Energy	416	627	2%	148	195	31%
Alinta Energy	4,584	6,137	1%	2,536	2,401	39%
Altogether Group	228	463	2%	20	42	9%
Amber Electric	49	172	1%	32	234	136%
Ampol Energy	0	56	1%	0	10	18%
Apex Energy	34	1	0%	2	0	0%
Arc Energy	66	117	1%	49	84	72%
Blue NRG	232	171	2%	66	65	38%
CleanPeak Energy	0	0	0%	4	2	0%
CovaU	1,003	79	0%	267	137	173%
CPE Mascot	41	11	2%	0	0	0%
Diamond Energy	35	51	0%	31	48	94%
Discover Energy	649	71	11%	374	166	234%
Dodo	1,265	1,765	2%	718	841	48%
Electricity in a Box	7	14	0%	5	1	7%
Elysian Energy	0	0	0%	140	21	0%
Energy Locals	308	856	1%	210	362	42%
Enova Energy	0	0	0%	13	6	0%

Retailer	Complaints to the retailer (number)		As a proportion of customers	Complaints to the ombudsman (number)		As a proportion of retailer complaints
	2022–23	2023–24	2023–24	2022–23	2023–24	2023–24
Evergy	2	7	0%	19	12	171%
Future X Power	30	1	1%	41	6	600%
GEE Power & Gas	13	6	14%	9	5	83%
GloBird Energy	274	684	1%	144	287	42%
GlowPower	20	0	0%	30	10	0%
Humenergy	48	41	1%	16	33	80%
iGENO	0	0	0%	2	0	0%
Locality Planning Energy	65	0	0%	84	100	0%
Lumo Energy	2,633	3,371	4%	298	352	10%
Maximum Energy	3	1	1%	0	2	200%
Metered Energy	95	157	1%	55	69	44%
Microgrid Power	4	4	1%	4	4	100%
Mojo Power	462	0	0%	36	15	0%
Momentum Energy	1,422	2,163	7%	120	178	8%
Nectr Energy	216	404	1%	126	202	50%
Next Business Energy	112	101	1%	31	47	47%
OC Energy	0	0	0%	1	1	0%
OVO Energy	438	463	1%	81	461	100%
People Energy	12	0	0%	2	0	0%
Pooled Energy	0	0	0%	1	1	0%
Power Club	0	0	0%	5	1	0%
Powerdirect	95	0	0%	56	13	0%
PowerHub	29	11	1%	0	1	9%
Powershop	367	353	0%	220	361	102%
Progressive Green	0	0	0%	0	2	0%
Qenergy	263	0	0%	42	9	0%
Radian Energy	0	0	0%	1	0	0%

Retailer	Complaints to the retailer (number)		As a proportion of customers	Complaints to the ombudsman (number)		As a proportion of retailer complaints
	2022–23	2023–24	2023–24	2022–23	2023–24	2023–24
Real Utilities	3	137	5%	5	9	7%
ReAmped Energy	115	94	0%	163	65	69%
Red Energy	12,341	11,743	2%	949	1,588	14%
Sanctuary Energy	0	0	0%	1	1	0%
Savant Energy	61	42	1%	5	17	40%
Shell Energy	0	2	0%	5	8	400%
Simply Energy	5,781	8,867	4%	1,527	2,174	25%
Smart Energy	30	2	66.7%	27	27	1,350%
Social Energy	0	0	0%	12	3	0%
Starcorp Energy	0	0	0%	0	2	0%
Sumo Power	315	583	1%	411	783	134%
Tango Energy	75	120	1%	100	162	135%
Tas Gas	0	2	1%	0	1	50%
Telstra Energy Retail	4	0	0%	0	0	0%
The Embedded Networks Company	3	9	1%	2	12	133%
Winenergy	16	144	1%	59	119	83%
ZEN Energy	0	0	0%	0	3	0%

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 2023–24 retail performance data, Sheet: 'Complaints All'.

Appendices

Appendix 1: Continued decrease in use of prepayment meters

There are currently no residential customers in Tasmania who 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-disconnections[47] that occurred over the past few years.

In 2023–24 the number of customers with PAYG decreased from previous years to zero. PAYG in Tasmania have been gradually phased out since late 2018. In 2019, Aurora Energy began a large project to exchange customer electricity meters to new Type 4 (Advanced) meters with expected completion of this work in 2026.

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

Date	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	-	-	-
2023–24	-	-	-	-

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

[47] 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 standing 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 standing offer bill costs
- concessions offered to those who may experience financial hardship
- household 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 regions.

Table A2.1: Average annual electricity use

Jurisdiction	Distribution area	Average annual electricity usage per customer (kWh)				
		2019–20	2020–21	2021–22	2022–23	2023–24
Queensland	Energex	5,808	5,782	5,709	5,864	5,982
	Ergon Energy	6,167	6,305	6,499	6,524	6,460
NSW	Ausgrid	5,472	5,406	5,517	5,345	5,159
	Endeavour	6,096	6,029	5,921	5,931	6,007
	Essential	6,014	6,088	6,170	6,044	5,785
ACT	Evoenergy	6,372	6,370	6,499	6,343	5,986
South Australia	SA Power	4,606	4,662	4,526	4,583	4,237
Victoria	AusNet Services	4,731	4,701	4,805	4,728	4,647
	CitiPower	4,494	4,362	4,351	4,308	4,204
	Jemena	4,475	4,355	4,365	4,352	4,245
	Powercor	5,161	5,036	4,980	4,892	4,747
	United Energy	4,740	4,662	4,617	4,525	4,468
Tasmania	TasNetworks	8,202	8,478	8,393	8,427	7,855

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

Gas

The AER analysis is based on the average household gas use for each major distribution area (except Queensland) 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 gas use for all residential users and total residential customer numbers. This data is collected on a financial year basis for all regions (except Queensland) .

Queensland gas consumption estimates are based on a consumption benchmark report prepared for the AER in 2020.[48]

[48] Frontier Economics, Report to the AER – Residential energy consumption benchmarks, 2020, accessed 25 November 2024. Queensland gas usage data is not reported via the Economic Benchmarking RIN responses and the Frontier Economics data is utilised in its place.

Table A2.2: Annual gas use

Jurisdiction/ Distribution area	Annual gas usage per customer (MJ)
Queensland	7238
NSW	17,357
ACT	26,065
South Australia	14,303
Victoria (Multinet)	44,714
Victoria (AusNet Services)	36,827
Victoria (AGN)	35,813

Source: Economic benchmarking regulatory information notice (RIN) responses provided by network businesses to the AER. For Queensland: 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.switchon.vic.gov.au).

The ARE's analysis is based on all unique generally available offers in each distribution area at June 2020, June 2021, June 2022, June 2023 and June 2024. 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.

In some cases, where a retailer had a large number of similar offers that skewed the analysis and masked the pricing trends a single representative offer was chosen so the analysis would better reflect the retail market.

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.

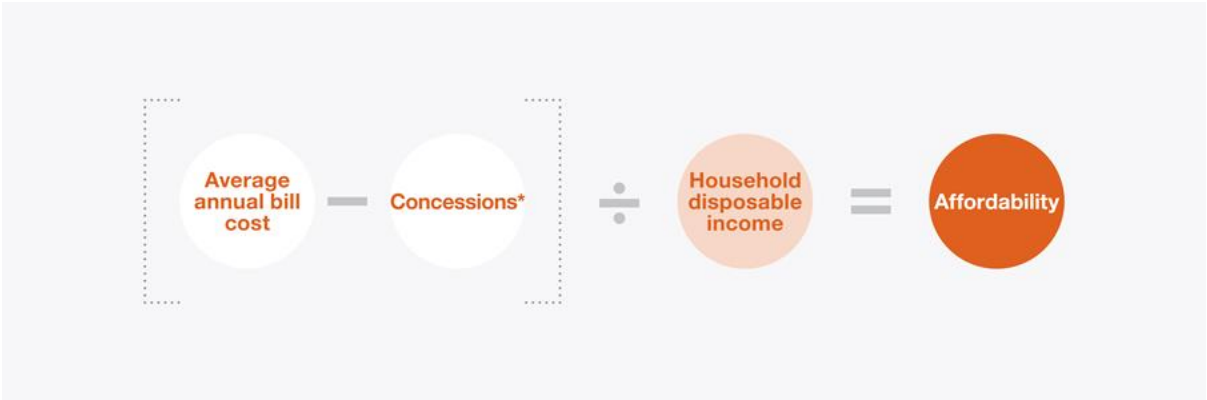
Gas

For analysis of trends in prices and analysis of the cost impact on households, gas 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 gas use to identify costs on a per unit basis.

Affordability

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

Figure A2.2: Components of affordability analysis



* For low income households this figure includes concessions and rebates available to these households. For average income households this figure will only include rebates that are generally available.

Energy concessions and rebates

The annual bill calculation is adjusted to account for the benefit of any concessions and rebates that are applicable. For the analysis of low-income households, this adjustment will include any relevant energy concessions in each region and any rebates that have been provided. For other households this adjustment will only include rebates that are generally

available to all energy consumers. 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 as well as any rebates that are generally available, or available to low-income households. 2023–24 energy concessions and rebates used in the affordability analysis is outlined in Appendix 8.

Household income

Household 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 to 2023–24 has been extrapolated income by inflating 2019–20 income (table A2.4 based on the wage price index.

Low-income households

The equivalised household income data has been used to identify low-income households. This measure reflects a household's purchasing power, as it considers 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 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 income.

Table A2.4: Household income

Jurisdiction	Household type	2019–20	2020–21	2021–22	2022–23	2023–24
Queensland	Low-income households	36,764	37,343	38,253	39,632	41,480
	Average household	95,160	96,659	99,015	102,584	107,367
NSW	Low-income households	35,464	35,996	36,875	38,100	39,671
	Average household	101,660	103,186	105,705	109,216	113,719
ACT	Low-income households	48,308	49,003	50,248	51,895	53,907
	Average household	120,276	122,007	125,105	129,206	134,217
South Australia	Low-income households	32,292	32,797	33,494	34,672	36,043
	Average household	86,268	87,617	89,480	92,627	96,289

Jurisdiction	Household type	2019–20	2020–21	2021–22	2022–23	2023–24
Victoria	Low-income households	35,776	36,306	37,153	38,424	39,801
	Average household	99,632	101,107	103,467	107,007	110,842
Tasmania	Low-income households	30,472	31,038	31,920	33,119	34,680
	Average household	77,220	78,653	80,889	83,927	87,883

Source: Unpublished ABS estimates of household income

Appendix 3: South Australian service standards have declined

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 from Monday to Friday.

Retailers must report to the AER on 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 33 active retailers in South Australia, there were 7 retailers that failed to respond to 95% of written enquiries within 5 business days. 19 retailers failed to answer 85% of telephone enquiries within 30 seconds in 2023–24. Reasons provided for failure to meet the targets included higher numbers of calls received than projected and system issues.

Table A3.1: South Australian service standards

Retailer	Percentage of written enquiries responded to within five business days			Percentage of telephone enquiries answered within 30 seconds		
	2021–22	2022–23	2023–24	2021–22	2022–23	2023–24
1st Energy	66	100	100	95	67	76
AGL	62	88	98	98	70	70
Alinta Energy	80	97	97	95	71	71
Amber Electric	100	99	43	92	100	100
Blue NRG ^	80	100	98	91	77	94
CovaU	95	100	100	100	91	88
CPE Mascot	76	80	95	82	52	81
Diamond Energy	100	100	100	100	100	95
Discover Energy	48	96	97	77	78	84
Dodo Power & Gas	67	96	93	95	60	58
Energy Locals	62	96	75	90	49	34
EnergyAustralia	52	96	98	97	64	71
Future X Power	91	100	100	100	100	100

Retailer	Percentage of written enquiries responded to within five business days			Percentage of telephone enquiries answered within 30 seconds		
	2021–22	2022–23	2023–24	2021–22	2022–23	2023–24
Globird Energy	62	99	98	99	70	70
Glowpower	95	0	100	95	0	96
Localvolts	100	100	100	100	100	0
Lumo Energy	73	98	98	99	60	72
Maximum Energy	100	100	0	100	96	0
Momentum Energy	73	99	99	95	74	70
MTA Energy ^	100	100	99	100	100	95
Nectr Energy	39	99	93	96	46	65
Next Business Energy	82	97	95	98	83	83
Origin Energy	87	33	45	94	90	92
OVO Energy	90	94	100	100	74	86
PowerHub	86	100	100	100	68	74
Powershop	57	96	96	97	52	60
ReAmped Energy ^	100	83	83	95	100	100
Red Energy	74	98	98	97	73	68
Savant Energy	71	100	96	100	82	92
Shell Energy	90	100	100	100	85	88
Simply Energy	80	100	100	-	70	72
Sumo Power	27	100	100	100	38	94
Sustainable Savings	100	100	100	100	100	95
Tango Energy/Pacific Blue	55	100	48	100	74	60
Telstra Energy	100	100	100	100	67	96
Winenergy	57	60	100	70	51	63
Zen Energy ^	100	100	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 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

- 113,198 calls were made to Energex's fault line in 2023–24 down from 232,735 in the previous year. Ergon Energy also experienced a reduction in calls to their fault line, with 111,663 call received in 2023–24, down from 322,344 in the previous year.
- Energex reported 185 instances when it failed to attend appointments. Ergon Energy reported 159.
- Energex reported 12 wrongful disconnections, as did Ergon.
- Energex paid $1,738,108 in unplanned interruption duration guaranteed service level (GSL) compensation with Ergon Energy paying $1,021,884.

Table A4.1 Queensland electricity distribution networks performance 2023–24

Performance metric	Energex	Ergon Energy
Customers		
Average number of customers	1,583,071	742,633
Customer service		
Calls to call centre fault line	113,198	111,663

Performance metric	Energex	Ergon Energy
Complaints		
Total complaints received	4,680	3,928
Appointments		
Total number of appointments	36,577	21,072
Failure to attend appointments on time	185	159
Compensation paid	$11,470	$9,858
Connections		
Number of new connections	22,349	7,059
Connections not provided by agreed date	1,239	27
Compensation paid for late connections	$492,652	$9,362
Reconnections		
Total reconnections	165,446	64,672
Reconnections not completed by agreed date	22	3
Compensation paid	$3,286	$248
Wrongful disconnections		
Number of wrongful disconnection payments	12	12
Compensation paid ($155 per reported breach)	$1,860	$1,860
Faulty streetlights		
Number of total streetlights	351,756	154,872
Street lights – average monthly number ‘out’	612	318
Street lights – not repaired by ‘fix by’ date	403	2,698
Street lights – average number of days to repair	9	27
Compensation paid	-	-
Planned interruptions		
Number of planned interruptions	13,369	16,201
Number of occasions where there was insufficient notice to residential customers	281	711
Compensation paid for insufficient notice to residential customers	$8,711	$22,041
Number of occasions where there was insufficient notice to small business customers	24	178
Compensation paid for insufficient notice to small business customers	$1,848	$13,706
Unplanned interruption duration GSL		

Performance metric	Energex	Ergon Energy
Instances where unplanned interruption breached interruption duration standards	14,017	8,241
Total amount of compensation paid for duration of supply interruptions exceeding threshold	$1,738,108	$1,021,884
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	0.8	-
Urban	60.3	130.6
Short rural	141.5	278.2
Long rural	-	813.9
Whole network	88.2	286.5
System average interruption frequency index (SAIFI) (number) after removing excluded events		
CBD	0.0	-
Urban	0.6	1.2
Short rural	1.2	2.2
Long rural	-	4.2
Whole network	0.8	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

- Both Ausgrid and Essential Energy experienced a slight increase in the total number of customers they serve. Endeavour Energy experienced a slight decrease.
- The number of complaints received by all distribution networks remained steady.

Table A4.2 NSW electricity distribution networks performance 2023–24

Performance metric	Ausgrid	Endeavour Energy	Essential Energy
Customers			
Average number of customers	1,798,534	1,113,298	956,776
Customer service			

Performance metric	Ausgrid	Endeavour Energy	Essential Energy
Calls to call centre fault line	100,527	119,506	161,718
Complaints			
Total complaints received	5,129	1,538	1,469
Connections			
Number of new connections	-	-	8,467
Connections not provided by agreed date	-	-	-
Compensation paid for late connections	-	-	-
Faulty streetlights			
Number of total streetlights	259,365	238,898	166,058
Street lights – average monthly number ‘out’	1,142	1,398	625
Street lights – not repaired by ‘fix by’ date	272	1,425	410
Street lights – average number of days to repair	-	5	6
Compensation paid	$500	$1,200	$5,739
Unplanned interruption duration GSL			
Instances where unplanned interruption breached interruption duration standards	321	288	2
Total amount of compensation paid for duration of supply interruptions exceeding threshold	$25,680	$960	$160
Unplanned interruption frequency GSL			
Instances where unplanned interruption breached interruption frequency standards	1	3,511	1
Total amount of compensation paid for frequency of supply interruptions exceeding threshold	$80	-	$80
System average interruption duration index (SAIDI) (minutes) after removing excluded events			
CBD	35.1	-	-
Urban	57.4	48.2	68.9
Short rural	115.9	127.9	185.3
Long rural	694.8	814.1	466.0
Whole network	69.1	73.6	205.7
System average interruption frequency index (SAIFI) (number) after removing excluded events			
CBD	0.1	-	-
Urban	0.5	0.5	0.8
Short rural	0.9	1.0	1.5

Performance metric	Ausgrid	Endeavour Energy	Essential Energy
Long rural	3.1	3.2	2.6
Whole network	0.6	0.6	1.5

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

ACT

- Evoenergy experienced a slight increase in the number of customers it serves.
- There was only 1 instance of wrongful disconnection in 2023–24.

Table A4.3 ACT electricity distribution network performance 2023–24

Performance metric	Evoenergy
Customers	
Average number of customers	225,476
Customer service	
Calls to call centre fault line	13,311
Complaints	
Total complaints received	73
Number of GSL payments in relation to responding to complaints	0
Compensation paid in relation to responding to complaints	0
Connections	
Number of new connections	2,380
Number of GSL payments in relation to customer connection times	150
Compensation paid in relation to customer connection times	$33,360
Wrongful disconnections	
Number of GSL payments in relation to wrongful disconnection	1
Compensation paid in relation to wrongful disconnection	$100
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	-
Compensation paid in relation to planned interruptions	-

Performance metric	Evoenergy
Unplanned interruption duration GSL	
Number of GSL payments in relation to unplanned sustained interruption >12 hours	123
Compensation paid in relation to unplanned sustained interruption >12 hours	$9,840
Number of GSL payments in relation to the total duration of interruptions	42
Compensation paid in relation to the total duration of interruptions	$6,700
System average interruption duration index (SAIDI) (minutes) after removing excluded events	
CBD	0.0
Urban	37.9
Short rural	58.6
Long rural	0.0
Whole network	45.2
System average interruption frequency index (SAIFI) (number) after removing excluded events	
CBD	0.0
Urban	0.5
Short rural	0.7
Long rural	-
Whole network	0.6

Source: AER.

South Australia

- The number of customers served by SA Power Networks increased slightly through 2023–24.
- SA Power Networks paid almost $4,000,000 in u**nplanned interruption duration guaranteed service level** compensation in 2023–24.

Table A4.4 South Australia electricity distribution network performance 2023–24

Performance metric	SA Power Networks
Customers	
Average number of customers	937,017
Customer service	
Calls to call centre fault line	59,399
Complaints	
Total complaints received	2,608
Connections	
Number of new connections	6,722
Connections not provided by agreed date	365
Compensation paid for late connections	$107,185
Faulty street lights – metropolitan	
Number of street lights	171,300
Number of street light ‘outs’ during period	25,704
Average number of business days to repair	12
Number of street lights not repaired within 5 business days	9,176
Compensation paid	$545,375
Faulty street lights – country areas	
Number of street lights	49,268
Number of street light ‘outs’ during period	4,144
Average number of business days to repair	6
Number of street lights not repaired within 10 business days	479
Compensation paid	$15,800
Unplanned interruption duration GSL	
Total annual duration of supply interruptions > 20 and <= 30 hours	16,849
Total annual duration of supply interruptions > 20 and < = 30 hours compensation	$1,684,900
Total annual duration of supply interruptions > 30 and <= 60 hours	10,299

Performance metric	SA Power Networks
Total annual duration of supply interruptions > 30 and <= 60 hours compensation	$1,544,850
Total annual duration of supply interruption > 60 hours	2,297
Total annual duration of supply interruption > 60 hours compensation	$689,100
Unplanned interruption frequency GSL	
Number of annual supply interruptions > 9 interruptions	754
Number of annual supply interruptions > 9 interruptions compensation	$75,400
System average interruption duration index (SAIDI) (minutes) after removing excluded events	
CBD	14.0
Urban	90.1
Short rural	197.5
Long rural	334.2
Whole network	142.1
System average interruption frequency index (SAIFI) after removing excluded events	
CBD	0.1
Urban	0.8
Short rural	1.3
Long rural	1.6
Whole network	1.0

Source: AER.

Tasmania

- TasNetworks experienced a slight increase in the number of customers they serve through 2023–24.
- TasNetworks paid over $2,000,000 in unplanned interruption (duration and frequency) guaranteed service level compensation in 2023–24.

Table A4.5 Tasmania electricity distribution network performance 2023–24

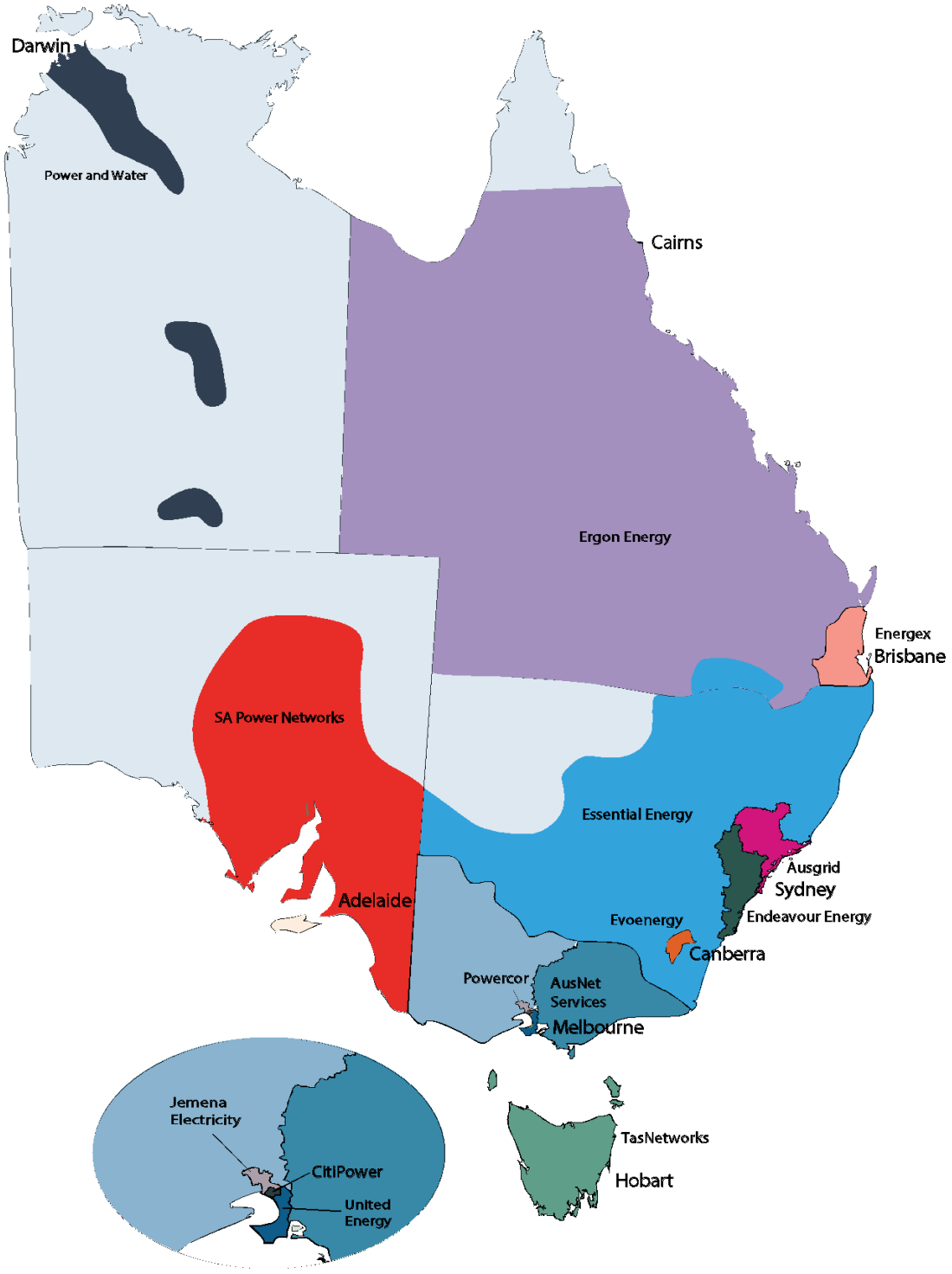
Performance metric	TasNetworks
Customers	
Average number of customers	307,118
Customer service	
Calls to call centre fault line	28,909
Complaints	
Total complaints received	613
Connections	
Number of new connections	1,904
Connections not meeting customers' expectations	209
Compensation paid for connections not meeting customers' expectations	$4,740
Faulty streetlights	
Number of Street Lights	54,872
Street lights – average monthly number 'out'	242
Street lights – not repaired by 'fix by' date	1,512
Street lights – average number of days to repair	15
Compensation paid	-
Unplanned interruption duration GSL	
Number of payments made for unplanned interruption breaching Interruption Duration Standard	16,986
Unplanned interruption breaching Interruption Frequency Standard compensation	$1,625,520
Unplanned interruption frequency GSL	
Number of payments made for unplanned interruption breaching Interruption Frequency Standard	4,667
Unplanned interruption breaching Interruption Frequency Standard compensation	$373,360
System average interruption duration index (SAIDI) (minutes) after removing excluded events	
Critical infrastructure	4.7

Performance metric	TasNetworks
High density commercial	98.1
Urban	57.8
High density rural	271.6
Low density rural	475.0
Whole network	181.5
System average interruption frequency index (SAIFI) (number) after removing excluded events	
Critical infrastructure	0.0
High density commercial	1.1
Urban	0.6
High density rural	2.6
Low density rural	3.5
Whole network	1.7

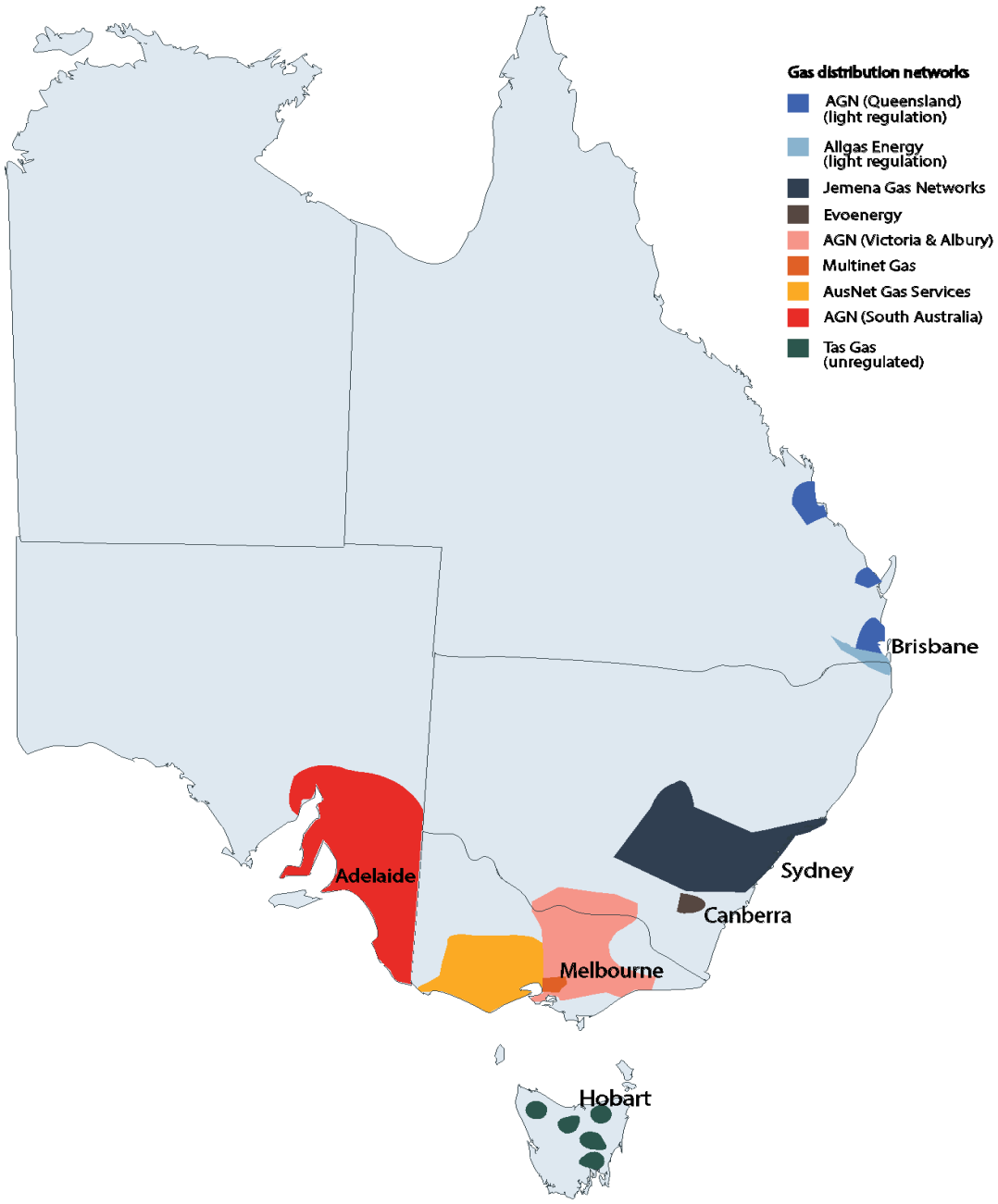
Note: *The reconnections and street light reporting requirements were removed in the amended Electricity supply industry performance and information reporting guideline June 2021, because TasNetworks do not provide customer charter payments for reconnections or street light guarantees.

Source: AER.

Appendix 5: Map of electricity distribution zones

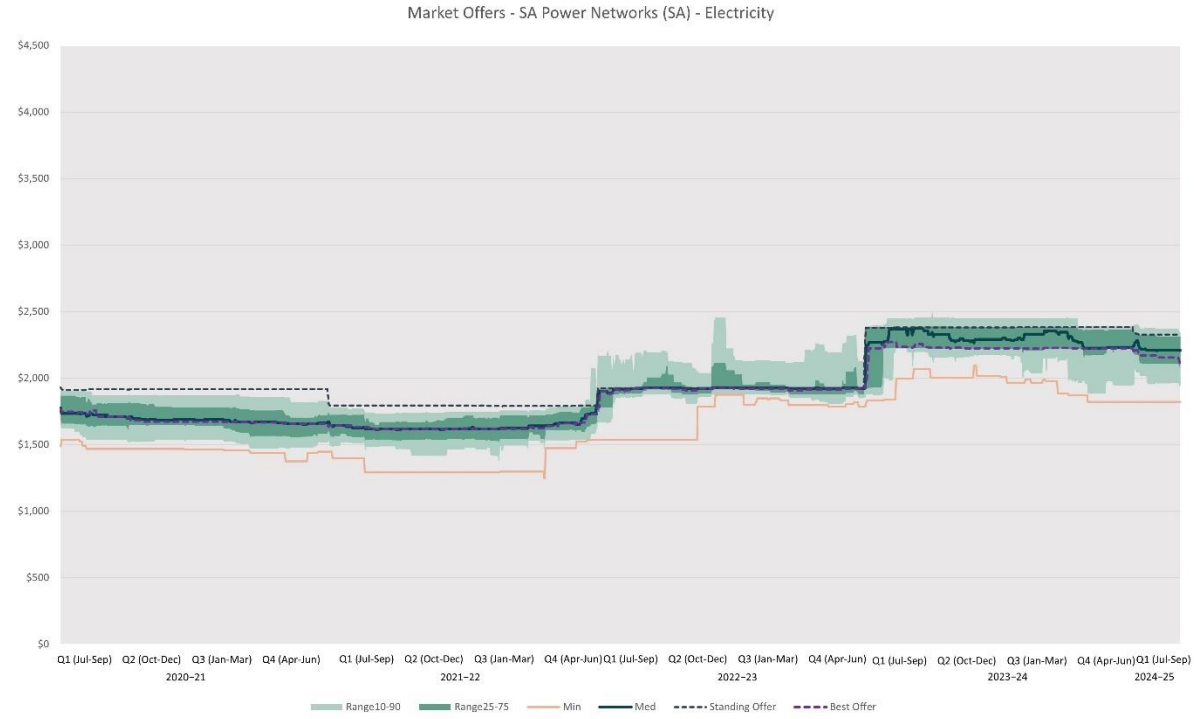


Appendix 6: Map of gas distribution networks

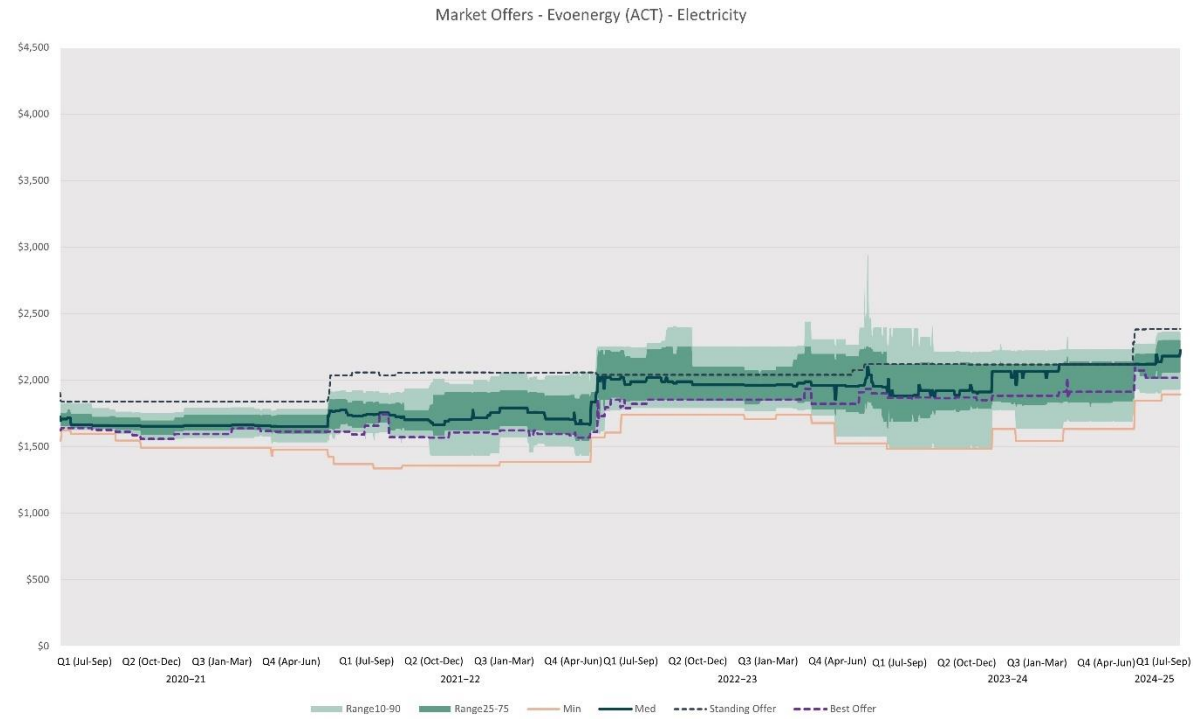


Appendix 7: Median market offer charts

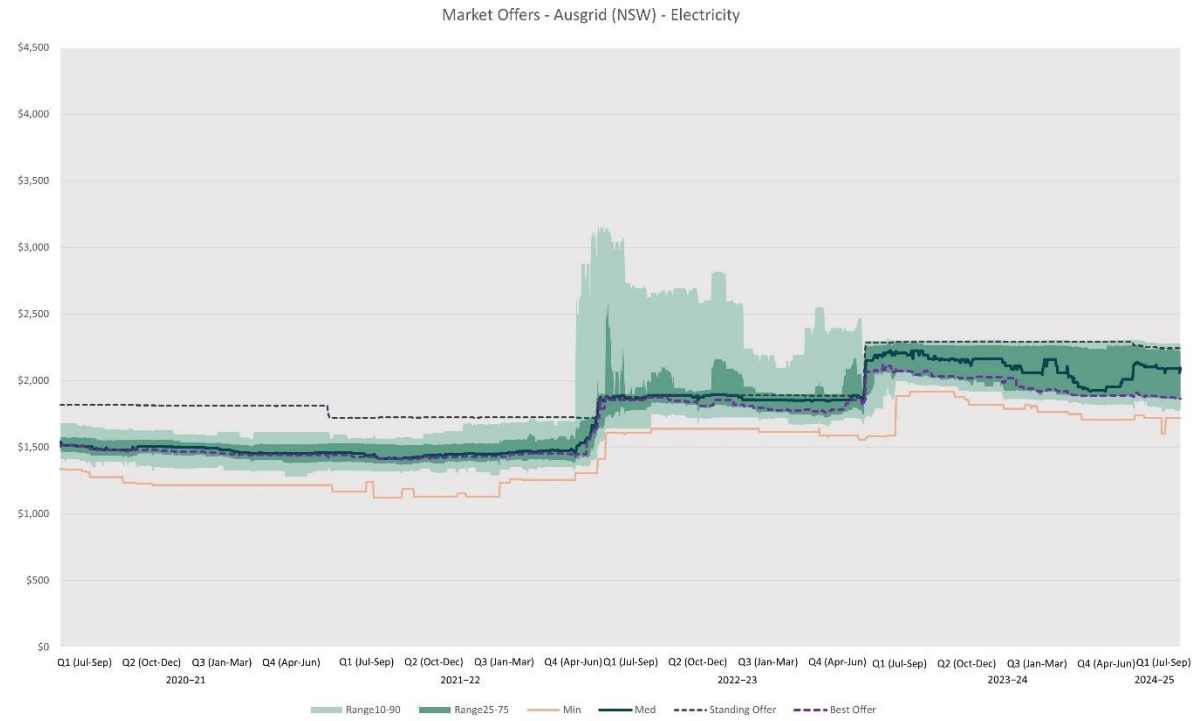
SA Power Networks (SA) – electricity



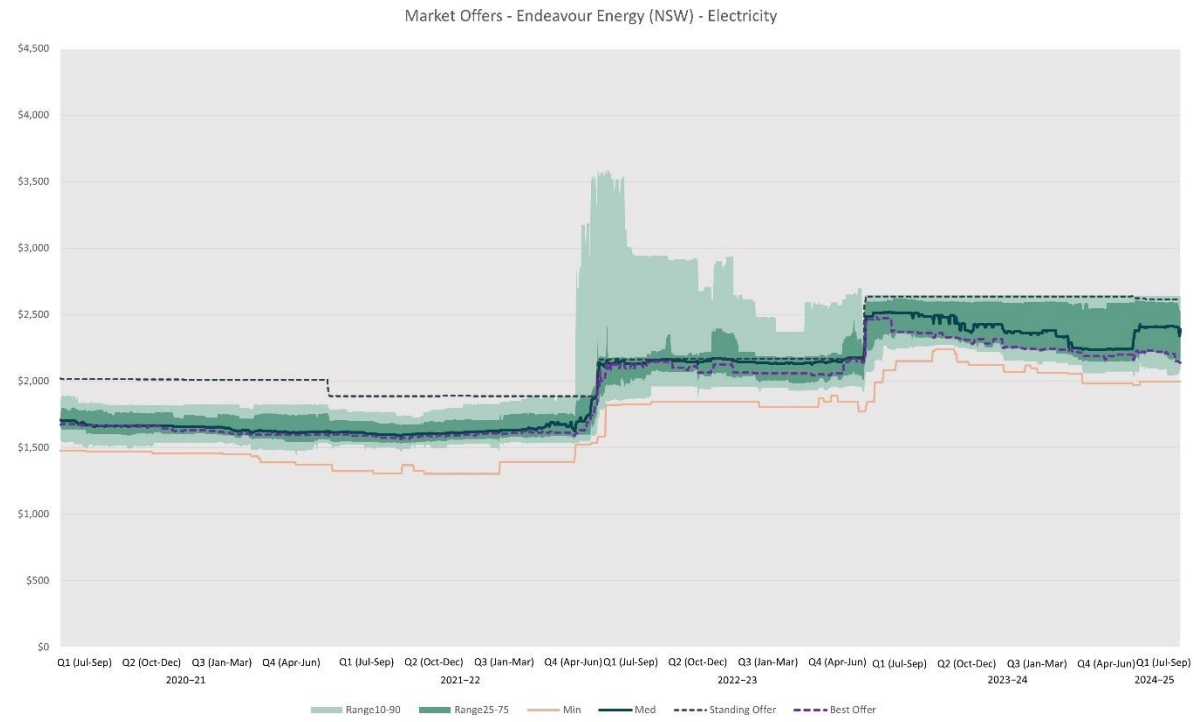
Evoenergy (ACT) – electricity



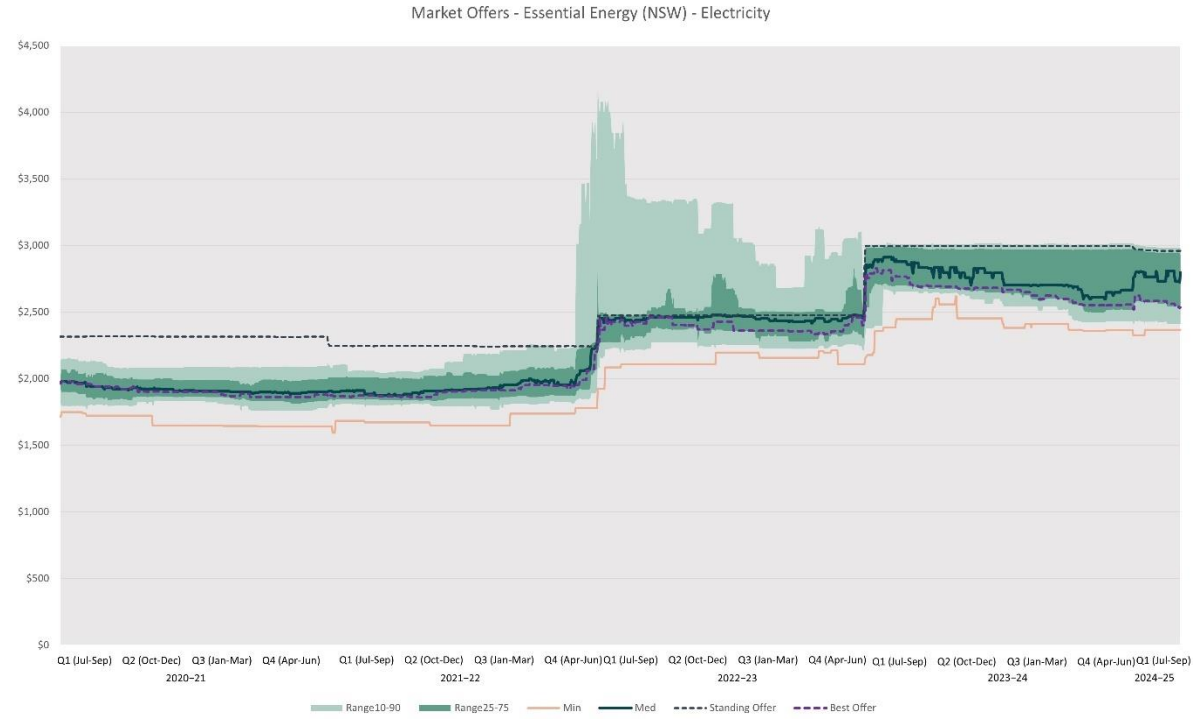
Ausgrid (NSW) – electricity



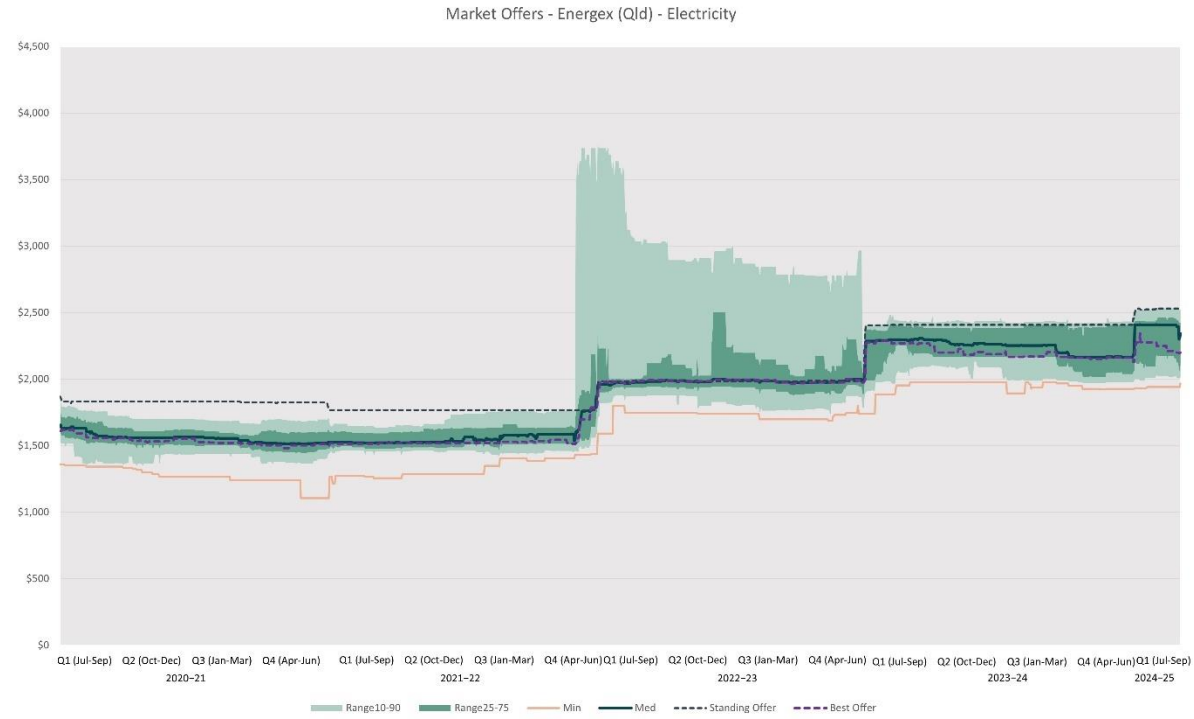
Endeavour Energy (NSW) – electricity



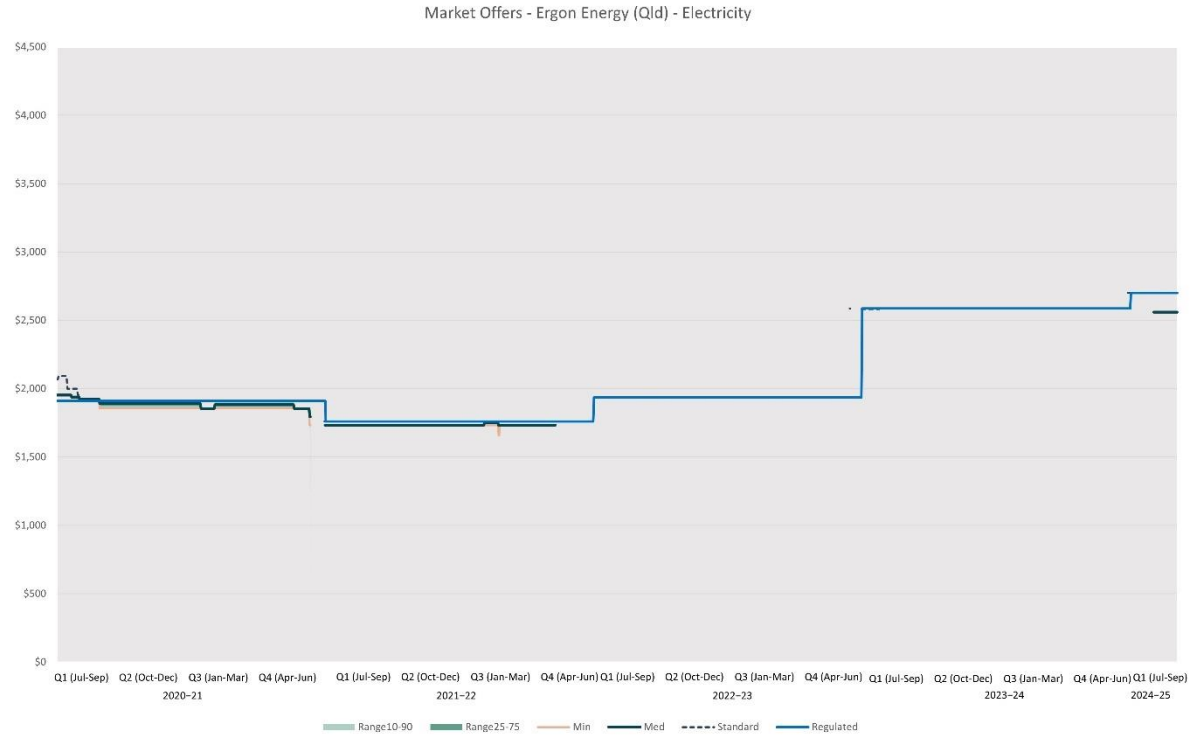
Essential Energy (NSW) – electricity



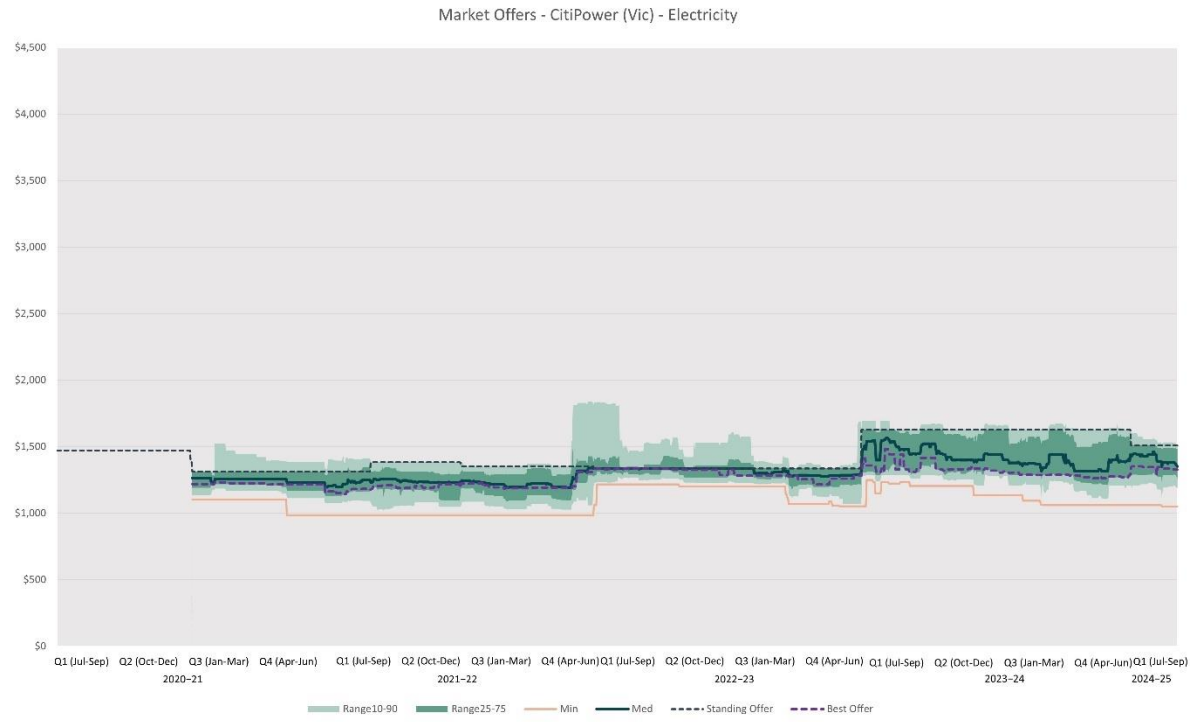
Energex (Qld) – electricity



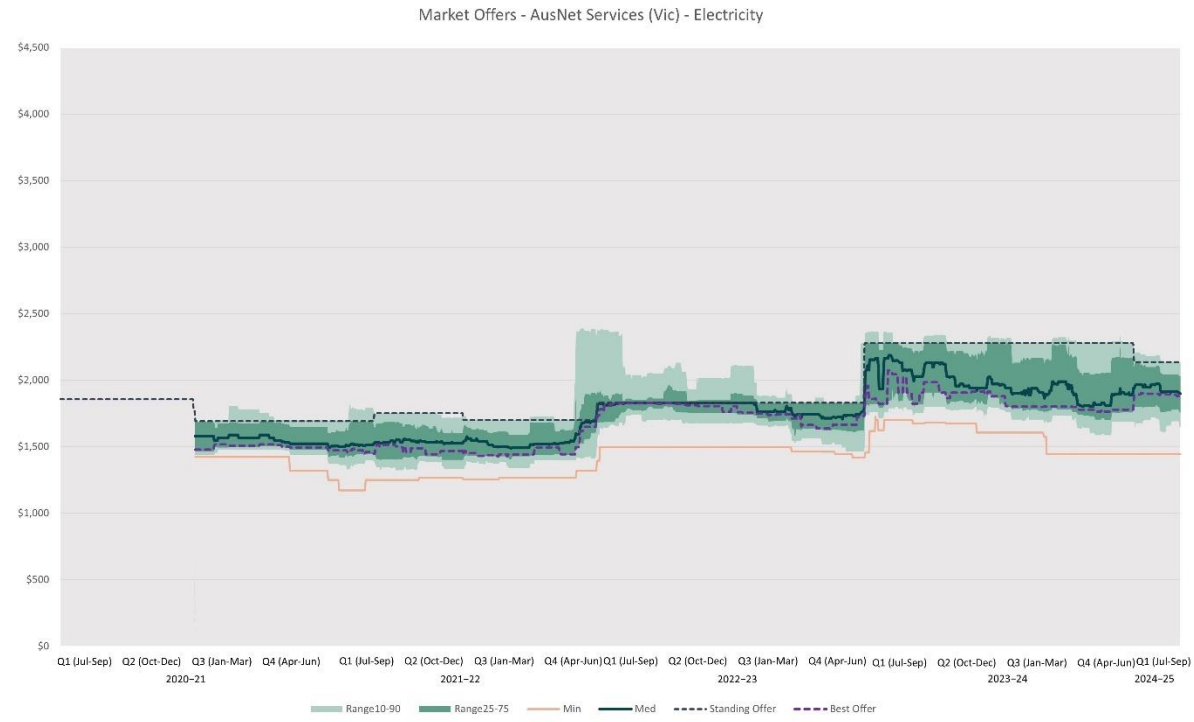
Ergon Energy (Qld) – electricity



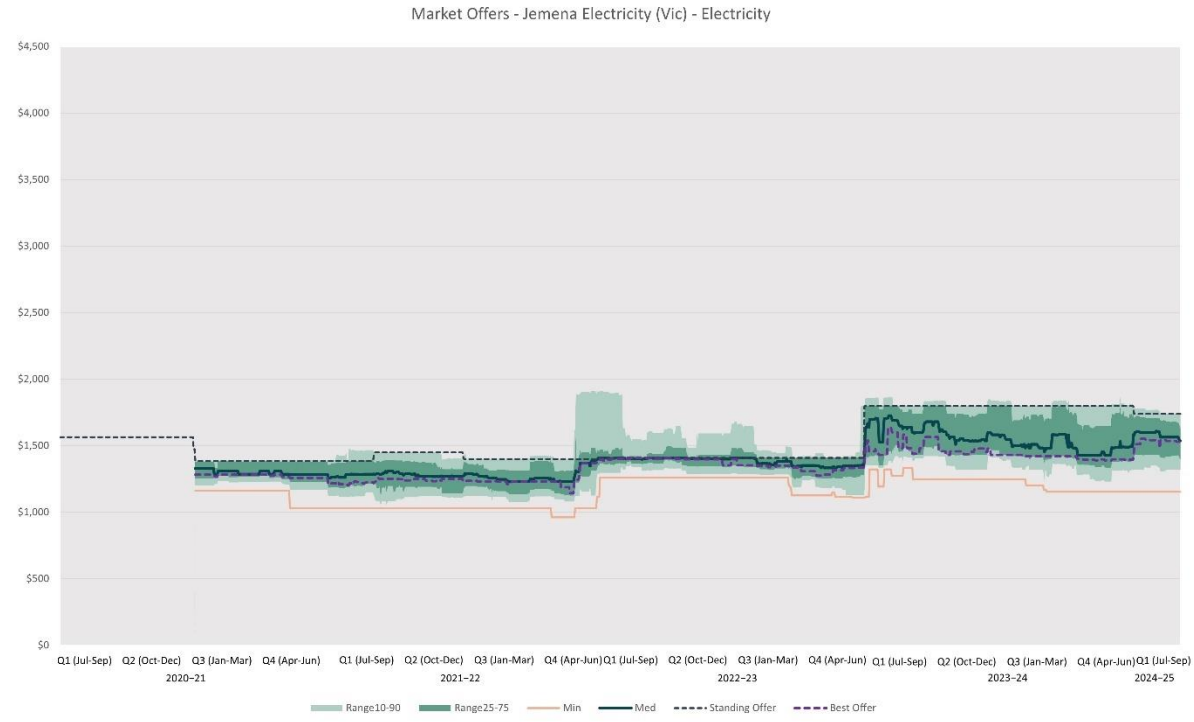
CitiPower (Vic) – electricity



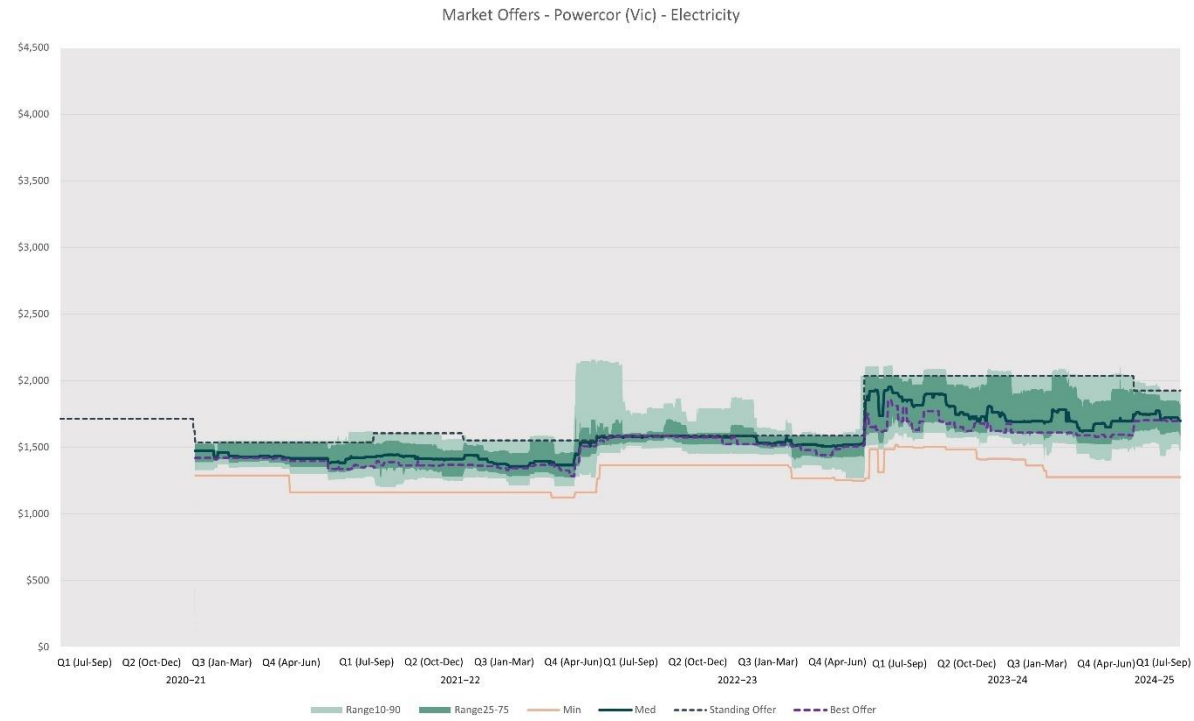
AusNet Services (Vic) – electricity



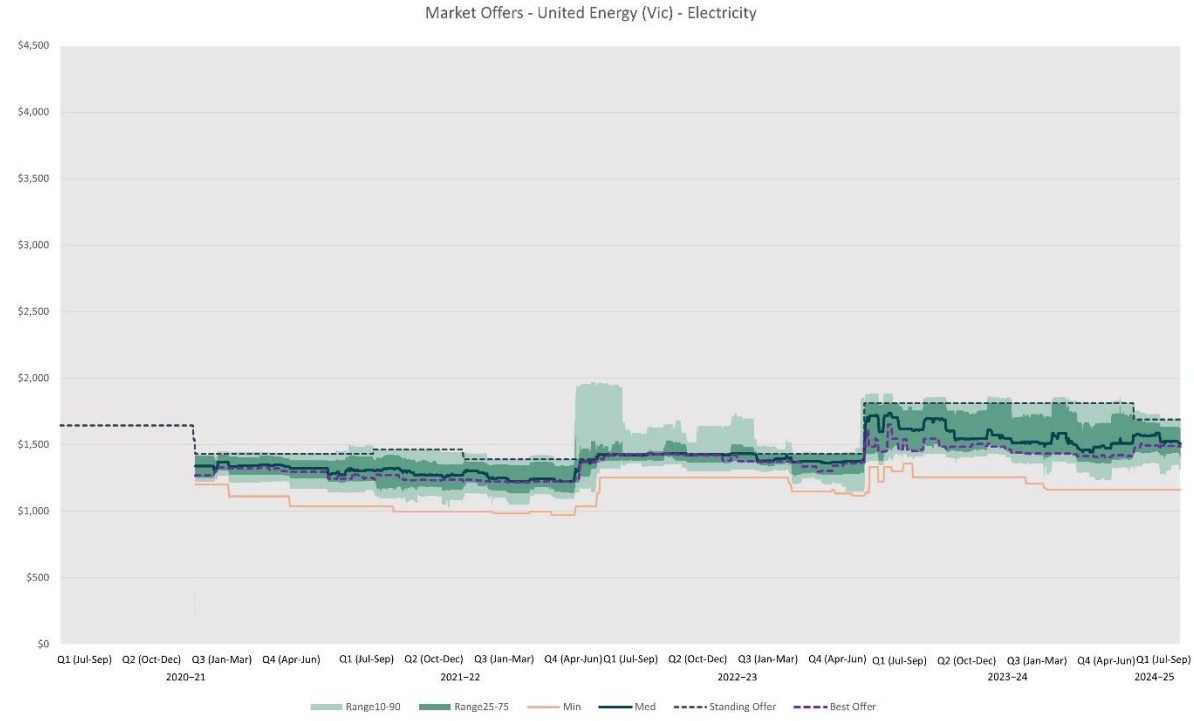
Jemena Electricity (Vic) – electricity



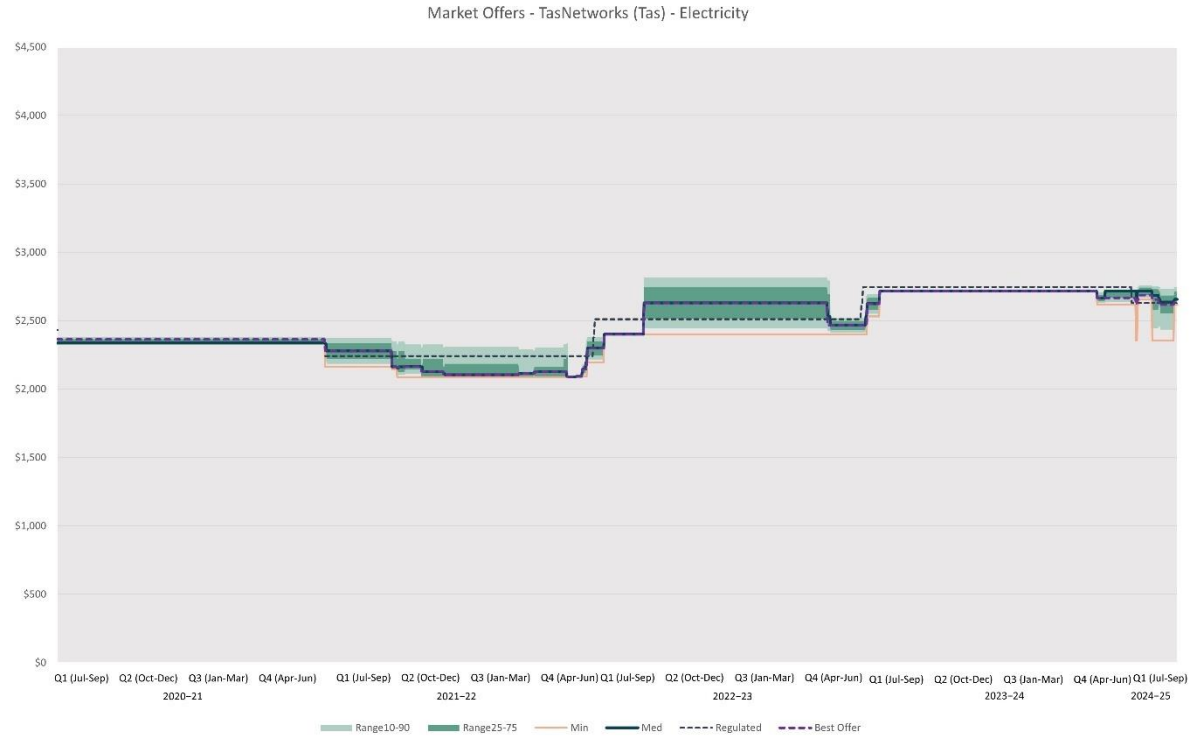
Powercor (Vic) – electricity



United Energy (Vic) – electricity

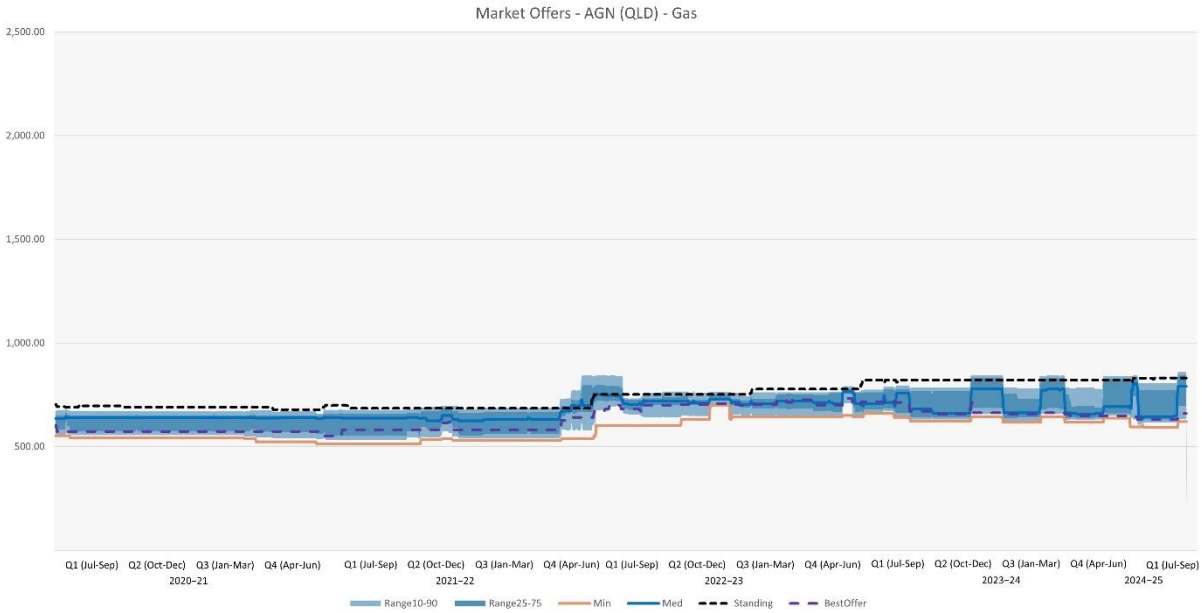


TasNetworks (Tas) – electricity

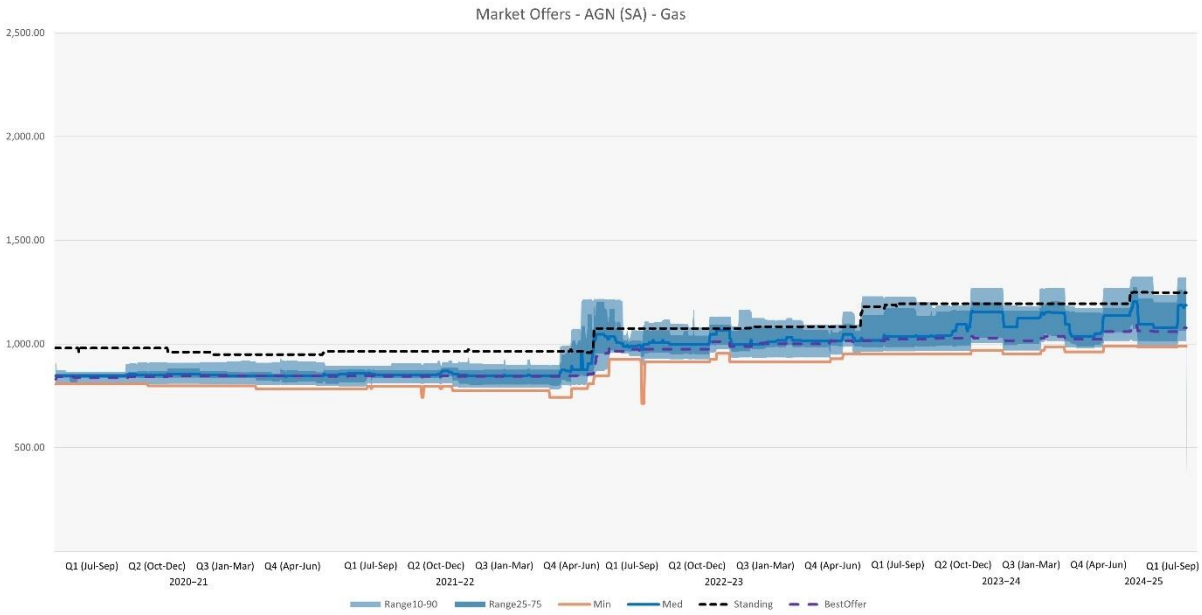


The regulated price has been used instead of the standing offer because this is more representative of the actual bill cost.

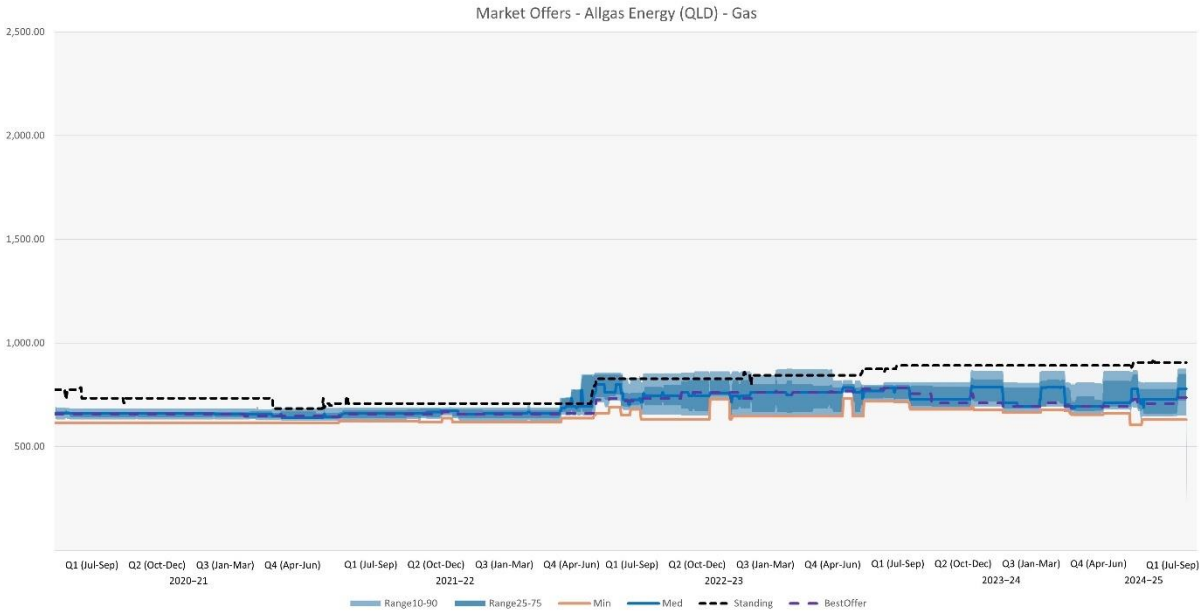
AGN (Qld) – gas



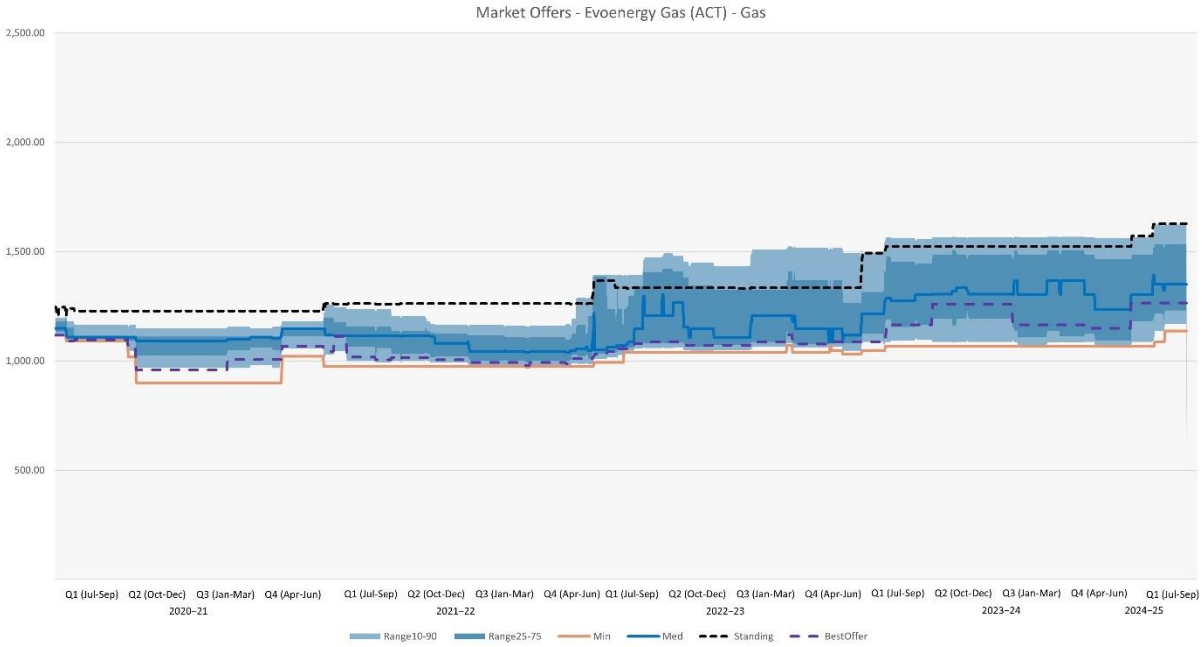
AGN (SA) – gas



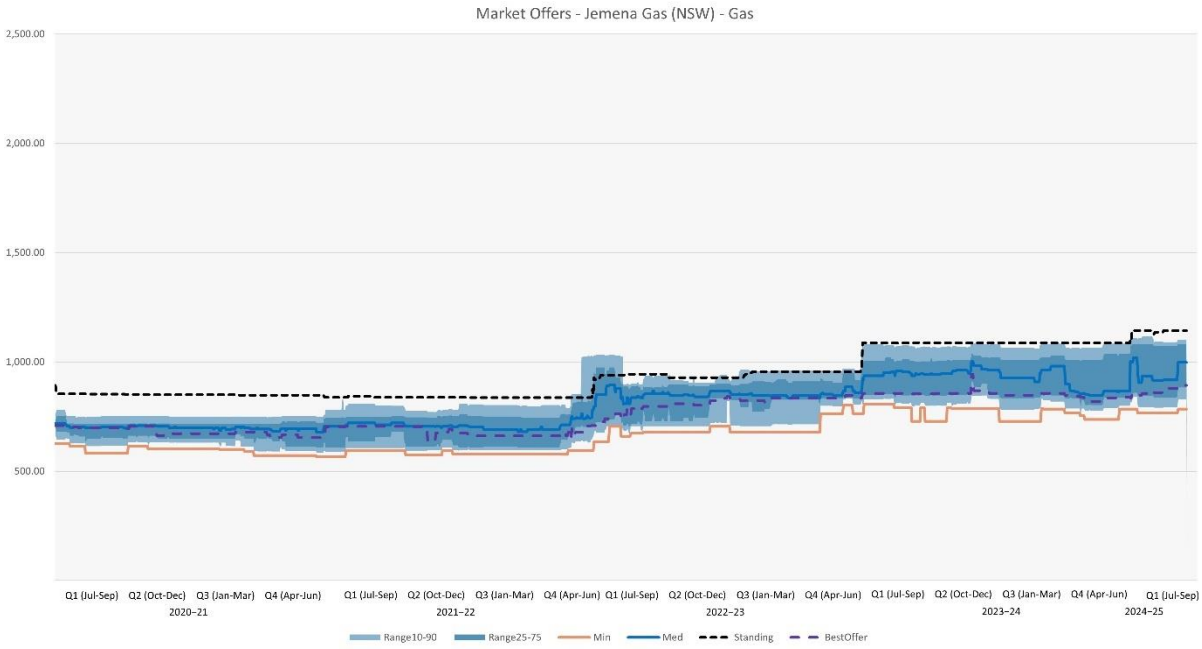
Allgas Energy (Qld) – gas



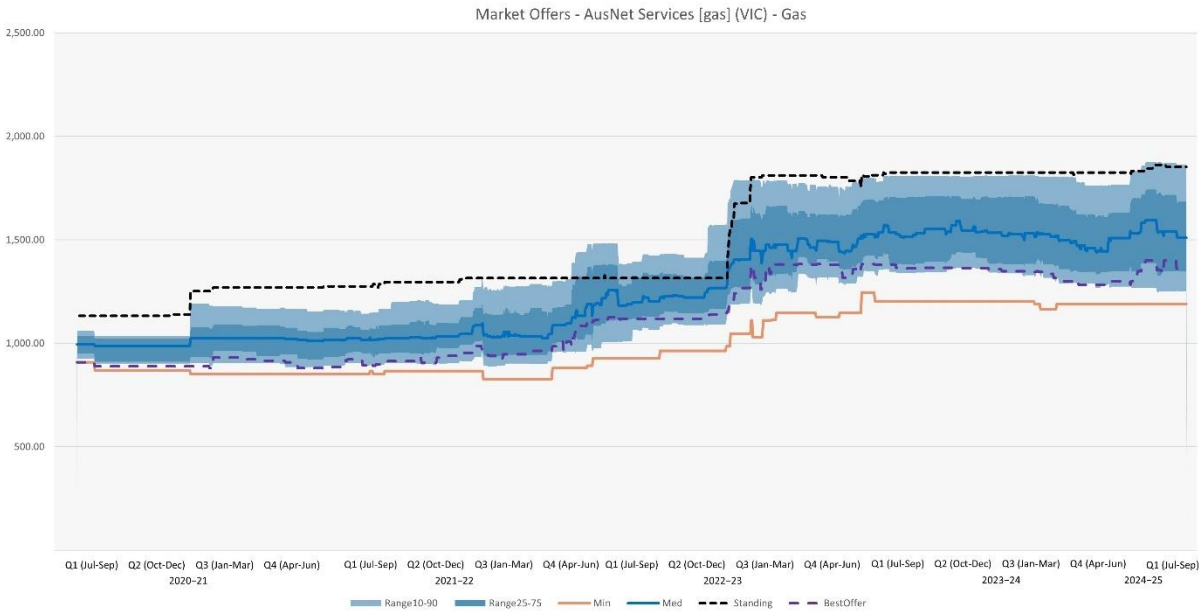
Evoenergy Gas (ACT) – gas



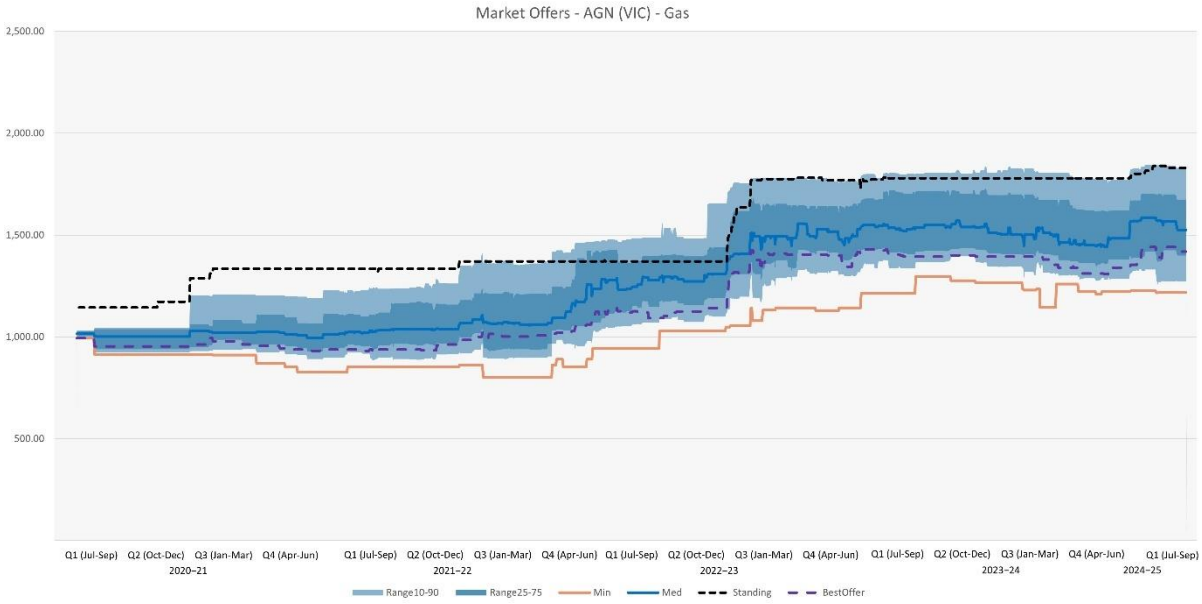
Jemena Gas (NSW) – gas



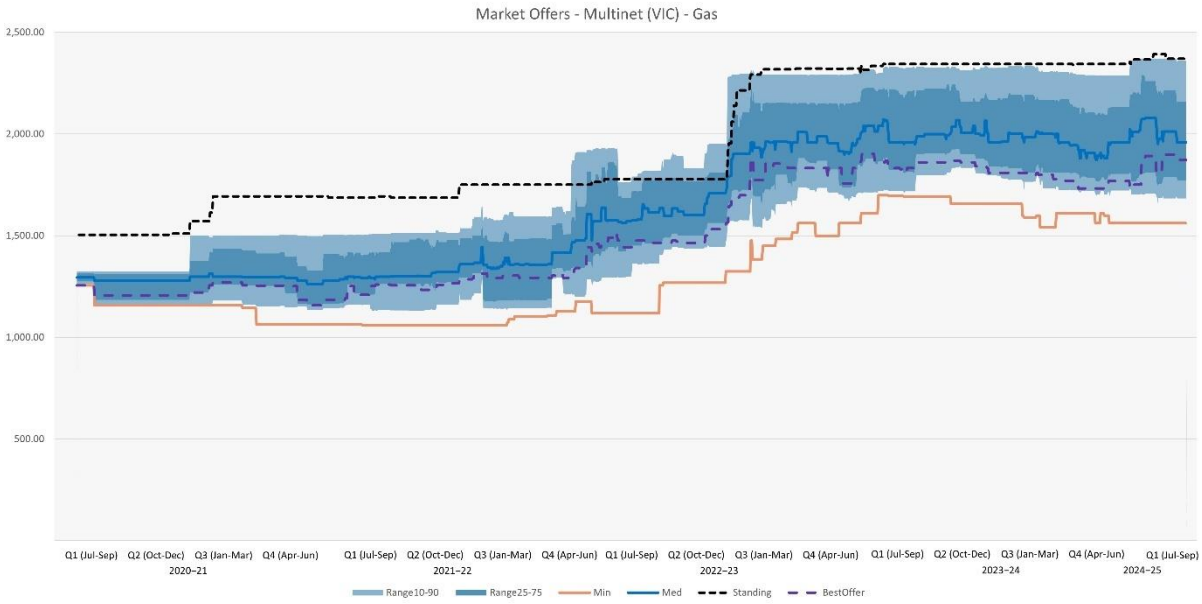
AusNet Services [gas] (Vic) – gas



AGN (Vic) – gas



Multinet (Vic) – gas



Appendix 8: Concessions and rebates

Summary

For the analysis of the annual bill calculation, the cost of the bill is adjusted to account for the benefit that any relevant energy concessions or rebates delivers in each jurisdiction. State and territory governments administer energy concessions or rebates to provide financial assistance to individuals, including those who are elderly, those with a disability and low-income households. Energy concessions and rebates available in 2023–24 is outlined in the tables below and arranged by state.

Some energy concessions or rebates are not restricted to one utility/bill type. In these cases, the concession or rebate will be apportioned across both electricity and gas. The value shown in the tables below reflect the values used in our affordability analysis.

Definition of energy concessions and rebates

Energy concessions are ongoing assistance payments provided to those holding a concessions card, such as, pensioners, veterans, or low-income households. These concessions can be fixed or percentage based and may be applicable to several bill types, such as electricity, gas, and water. In our analysis, we have only included concessions that would be accessible to most low-income households.

Rebates are generally one-off payments (but can be spread over time) to assist with general cost of living pressures. These may be state or Australian Government based but are generally administrated by the states. Rebates can apply specifically to low-income households or be distributed across the wider population. The energy concession and rebate figures used in this report have been sourced from public government websites in different jurisdictions and reflect the best information available at the time. These government websites are updated periodically and may no longer match the figures used in this report.

The energy concessions and rebates information outlined in Tables A9.1 and A9.2 are provided solely to demonstrate which concessions and rebates have been used in the affordability analysis in this report. This should not be taken to be a complete list of energy concessions and rebates available to customers.

Concessions and rebates breakdown

Table A9.1 Concessions 2023–24

Concessions	Electricity	Gas
Queensland		
Electricity Rebate[49] (annual $372.20 concession on electricity bills)	$372.20	-
New South Wales		
Low Income Household Rebate (Electricity) (annual credit of up to $350.00 applied to electricity bill – calculated daily)	$350.00	-
NSW Gas Rebate (annual credit of up to $110.00 applied to gas bill – calculated daily)	-	$110.00
Australian Capital Territory		
Utilities Concession ($750.00 direct deposit for electricity, gas, and water bills)	$250.00	$250.00
South Australia		
Energy Bill Concessions ($263.15 direct deposit for electricity and gas bills)	$131.58	$131.58
Tasmania		
Annual Electricity Concession [50] (electricity rebate of 172.434 cents per day)	$631.11	-
Victoria		
Annual Electricity Concession [51] (17.5% off electricity bills after the first $171.60)	17.5% off	-

49 Queensland: Promoted with the label of “Electricity and Gas Rebate”. However, gas concession figures are not calculated within this analysis as the limited eligibility requirements do not represent the typical low-income consumer demographic.

50 Tasmania: Annual Electricity Concession provides a daily discount of 172.434 cents per day, with the maximum yearly discount (during the 2023–24 period) of $631.11.

51 Victoria: The 2023–24 Annual Electricity Concession and Winter Gas Concession are both calculated as a percentage discount of the electricity and gas utility bills. The concession does not apply to the first $171.60 of the annual electricity bill, and the first $62.40 of the gas bill throughout the 6 months winter period between May and October.

Concessions	Electricity	Gas
Winter Gas Concession [51] (winter months – 17.5% off after the first $62.40)	-	17.5% off

Table A9.2 Rebates 2023–24

Rebates	Electricity	Gas
Queensland		
Cost of Living Rebate [52] ($700 credit to electricity bills for low-income households)	$700.00	-
Cost of Living Rebate ($550 credit to electricity bills for all other Queensland households)	$550.00	-
New South Wales		
National Energy Bill Relief Payment [53] ($500.00 credit applied to electricity bills - administered by New South Wales)	$500.00	-
Australian Capital Territory		
Utilities Concession. Electricity, gas, and water rebate (one off direct deposit payment of $50.00)	$16.67	$16.67
National Energy Bill Relief Payment [53] ($175.00 credit applied to electricity bills - administered by Australian Capital Territory)	$175.00	-
South Australia		
National Energy Bill Relief Payment [53] ($500.00 credit applied to electricity bills - administered by South Australia)	$500.00	-
Tasmania		
National Energy Bill Relief Payment [53] ($250.00 credit applied to electricity bills - administered by Tasmania)	$250.00	-

52 Queensland: Queensland rolled the $500.00 Australian Government National Energy Bill Relief Payment into the $700.00 low-income Cost of Living Rebate.

53 Nationally: The 2023–24 National Energy Bill Relief Payment was an Australian Government cost of living rebate administered by each state or territory for low-income households.

Rebates	Electricity	Gas
Victoria		
National Energy Bill Relief Payment [53] ($250.00 credit applied to electricity bills - administered by Victoria)	$250.00	-