Review of the Exemptions Framework for Embedded Networks

Research Report

Prepared for the Australian Energy Regulator
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Bastion™ INSIGHTS

Understanding benefits, harms and risks of harms for residential embedded network residential customers

Contents

1. Summary and conclusions

Summary

The AER commissioned Bastion Insights to conduct research to evaluate the nature and quantum of benefits, harms and risks of harm related to energy embedded networks (EN). The study included qualitative and quantitative components to explore and measure whether EN customers experience better or worse outcomes relative to customers in the retail energy market.

- The qualitative stage included an online bulletin board[1] of n=47 EN customers
- The quantitative stage included a 10-minute online survey among a sample of n=182 EN customers and n=531 retail market customers (included to provide a comparison with the EN customers).

Topic	Key findings	Outcomes		
		EN customers are better off than retail market customers…	**EN customers are no different to retail market customers…**	**EN customers are worse off than retail market customers…**
Financial outcomes	**Pricing** • Detailed analysis of embedded network customers' bills shows that four in five would be better off with the best offer available in the market. On balance, those with owners corporation / caravan parks that have not outsourced tend to be at an advantage, while the majority tend to be at a financial disadvantage. • Indicative price data (self-reported by EN and retail market customers) suggest that, on average, there are no significant differences between what embedded network and retail market customers are currently paying for their electricity (potentially because the retail market are not taking advantage of the market opportunities). • Compared to retail market customers, embedded network customers are more likely to have found their first bill to be more than expected (31% vs 21%), but they are much less likely to have compared prices (31% vs 61%), suggesting EN customers base their sentiment on limited market information. **Access to concessions and rebates, and financial support** • Access to concessions / rebates does not significantly differ between customers in embedded networks and those in the retail market (93% who are eligible receive them). Although embedded network customers are less likely to access these directly from the electricity seller itself (52% vs 67%). • The contact customers have with their electricity seller in relation to pricing and financial support does not significantly differ between embedded network and retail market customers. We found no significant differences in the number of contacts relating to pricing / billing or financial difficulties / hardship support, or in their satisfaction with the experience and the outcome of these interactions.	Financially for a minority - e.g. apartment complexes and caravan parks where energy is not sold by a commercial utility provider	The price they pay for their electricity (indicatively) Overall access to concessions and rebates The frequency of contacting their seller about pricing or financial difficulties Satisfaction with the experience and outcome when they contact their seller about pricing and financial difficulty	Financially for a majority than if they had a choice in provider and could access the best offer on the market Experiencing bill shock for their first bill

[1] *An online bulletin board is a private online forum that research participants log into to answer questions and share information, ideas, and opinions via set activities over a number of days.*

Summary c'tnd

Topic	Key findings	Outcomes		
		EN customers are better off than retail market customers…	**EN customers are no different to retail market customers…**	**EN customers are worse off than retail market customers…**
Service quality	Service quality relates to the customer service experienced, as well as experiences related to power outages and disconnections **Connection experience** • Customer satisfaction with the timeliness of connection as well as the overall process is not significantly different across embedded network and retail markets, with around four in five of each customer group satisfied with both. • Sourcing information about the connection process is not as easy for embedded network customers as it is for those in the retail market (69% vs 82% rated it as easy). The qualitative feedback confirmed that many embedded customers didn't know they were moving into an EN site, or the implications of that. **Customer service** • Embedded network customers are less likely to have contacted their electricity seller than those in the retail market (47% vs 61%), particularly for changing plans, power outages and accessing other services, such as solar or EV charging. • While the contact levels differ between embedded network and retail market customers, as was the case with pricing queries, their satisfaction with the interaction and the outcome for other issues is not significantly different across both customer groups. • Ease of understanding their first bill was the same for embedded network and retail market customers – with both being high (80% and 85% rated it easy). • Embedded network customers are less likely to be satisfied with the options provided for paying their bill than retail market customers; although the majority of both customer groups are satisfied with this aspect (70% vs 81% are satisfied). **Power outages** • There are no significant differences in the occurrence of power outages (planned or unplanned) between embedded network and retail market customers (23% vs 30%). • Satisfaction with the way the electricity seller managed the power outage is not significantly different between embedded network and retail market customers (66% vs 72% satisfied).	None	Satisfaction with the connection process Satisfaction with the experience and outcome of their contact with the electricity seller Clarity of billing Experience power outages Satisfaction with the management of the power outage Access to account management tools	Sourcing information about the connection Options provided for paying the bill

Summary c'tnd

Topic	Key findings	Outcomes		
		EN customers are better off than retail market customers…	**EN customers are no different to retail market customers…**	**EN customers are worse off than retail market customers…**
Access to retail offers	Access to retail offers is about customers' awareness and experience of being able to switch suppliers, including the barriers to being able to do so. **Factors considered for retail offer** • The top four considerations when choosing an electricity seller are the same for both customer groups. Pricing and discounts are clearly the most important factor, even more so for those in embedded networks than in the retail market (86% vs 73% rated this in the top 3 most important aspects). **Switching electricity sellers** • Awareness of being able to switch electricity sellers is significantly lower among embedded network customers than those in the retail market (19% vs 60% aware); as is the proportion who have tried switching (15% vs 33%). • Embedded network customers are significantly less likely to have switched electricity sellers (19% vs 68% of those who tried ended up switching). • Having the ability to switch electricity sellers is equally important to embedded network and retail market customers (74% vs 79% rate it as important); as is the likelihood to switch (62% vs 58% likely to switch if they could). However, once aware of the potential costs involved in switching (eg. a new meter and re-wiring), the 62% of embedded network customers likely to switch reduces to 25%. The qualitative feedback was that most would prefer to be in the retail market rather than locked into an embedded network.	None	Pricing / discounts is the most important factor when considering an electricity seller The importance of being able to switch electricity sellers The likelihood to switch sellers if they could	Pricing and discounts are more important to these customers than retail market customers (they feel they are worse off because they can't take advantage of market opportunities) Lower awareness of being able to switch electricity sellers Lower likelihood to switch electricity sellers once they are made aware there would be additional costs
Access to consumer energy resources	Access to consumer energy resources (CER) involves customers' access to and use of these, as well as the perceived importance of these resources. • Embedded network customers reported significantly less access to consumer energy resources than retail market customers (51% vs 29% don't have access to these). While this is likely to reflect the higher incidence of apartments in embedded network sites, comparing those in apartments across both customer cohorts, embedded network customers are still less likely to have access to these resources. • As expected given the difference in access, embedded network customers are also less likely to use these resources. Despite having much less access and usage of these resources, embedded network customers are just as likely as retail market customers to perceive access to rooftop solar panels and electric vehicle charging as important.	None	None	Less access to consumer energy resources Less usage of consumer energy resources Consider access to some of these resources equally important as customers in the retail market

Conclusions

The research suggests that **most electricity customers in an embedded network are not better off than those in the retail market**. There are no areas where these customers receive benefits unique to them, apart from potentially exempt owners corporations and caravan parks, who tend to be at an advantage from a price perspective. Others are supplied by commercial operators and tend to be at a financial disadvantage compared to people on the retail market who can access better offers (if they seek them, which many do not).

While embedded network customers have the right to switch sellers, hardly any know about this possibility, while the reality is **the cost of a new meter and wiring is a major barrier** to doing so and therefore to accessing retail competition. As a whole group, embedded network customers are **not experiencing poorer consumer welfare outcomes**: they are not significantly more disadvantaged in accessing concessions as a group and they do not experience deficient customer service or differences in power outage outcomes. However, a very few people did mention they could not access concessions and rebates.

Embedded network customers are not only unable to take advantages of retail market opportunities, they are also not receiving any significant benefits that could offset the disadvantages of being locked into their electricity seller. **Embedded customers are at a disadvantage to others in the retail market when it comes to access and use of consumer energy resources** that are important to them and may facilitate more affordable or lower emissions energy.

The research has also highlighted an **opportunity for regulation to ensure that prospective buyers and tenants are notified that they will be moving into an embedded network site**, and to provide more information about the connection process, the costs to be expected and ideally the benefits for the customer of such an arrangement (if there are any).

2. Background, objectives and methodology

Project background

The Australian Energy Regulator (AER) commissioned Bastion Insights, an independent market and social research agency, to conduct consumer research to inform a **regulatory review of embedded networks** (EN)[2].

ENs are **private electricity networks** that serve multiple customers within a building or self-contained site. Owners of ENs generally buy electricity in bulk and then on-sell it to customers inside their network. They are common in multiple occupancy developments such as apartment blocks, retirement villages and caravan parks, where EN operators may shoulder the cost of the meters supply, install and management, thereby helping developers to minimise costs.

While EN customers have the right to access retail competition, in practice there are a range of barriers. In some cases, customers may need to install a new meter and wiring, which is very costly. EN customers are also at risk of experiencing monopolistic behaviour, as there are few incentives for EN operators to provide competitive pricing or high levels of service and support.

Several reviews and inquiries over recent years have found that harms can include high pricing, inferior service quality (e.g. lack of access to dispute and complaints mechanisms), poor welfare outcomes (e.g. inability to claim a senior's rebate) and a lack of access to consumer energy resources (e.g. solar and batteries).

To inform any policy response, the AER sought information about the benefits, harms and risks of harms of residential ENs in NSW, South-East QLD, SA, TAS and ACT.

[2] *"Review of the AER exemptions framework for embedded networks" (https://www.aer.gov.au/industry/registers/resources/reviews/review-aer-exemptions-framework-embedded-networks)*

Research objectives

The study aimed to evaluate the nature and quantum of benefits, harms and risks of harm related to embedded networks

Financial outcomes:

- identify the price customers are paying for their energy (e.g. usage and supply charges), and
- the extent to which being in an embedded network affects customers' financial outcomes (e.g. ability to access rebates, concessions or hardship support).

Access to retail offers:

- identify customer awareness of their ability (or not) to switch suppliers,
- the extent to which customers have successfully (or not) attempted to access a retail offer, and
- insights into the barriers, customer experiences and attitudes.

Access to Consumer Energy Resources (CER):

- identify the extent to which customers benefit from CER being installed in the network and see these as valuable.

Service quality:

- identify the extent to which customers experience poor customer service, (e.g. difficulty of contacting support, or complaint/dispute resolution services) or good customer service (e.g. provision of information about rights), and
- any customer experiences of power outages or disconnection and/or difficulty arranging reconnection (following disconnection).

Proximity between EN operators/sellers and customers:

- a unique feature of the exempt energy market is that a customer's energy seller may live in close proximity within the embedded network, creating potential further complications. The research sought to identify the extent to which the nature of the relationship with the seller influences customers' behaviours in regard to their energy service.

Qualitative research methodology

An online bulletin board[3] of n=47 EN customers (all bill payers) was conducted from 20-28 March 2024.

Participants answered questions about:

- The connection process
- Customer service and billing
- Payment difficulties
- Power outages
- Disconnection and reconnection
- Relationship with their seller (if living nearby)
- Satisfaction with pricing
- Switching provider
- Benefits as an owner
- Consumer energy resources
- Quantitative survey – qualitative participants were asked to complete the quantitative survey, a cost-effective way to increase sample size

45 participants also sent through their **latest electricity bill**. The pricing information was collated into an Excel spreadsheet and combined with 44 bills received from quantitative participants.

To take part, participants had to provide their **address**, which was cross-checked against a list of EN sites provided by AER – ensuring only genuine EN customers took part.

Sample frame	n=
Total	**47**
Age	
18-39	27
40-59	16
60+	4
Income	
Under $45,000	3
$45,000 - $89,999	13
$90,000 - $149,999	16
$150,000	14
Prefer not to say	1

	n=
Access to concessions and rebates	
Eligible, but has experienced problems accessing	3
Eligible, and has had no problems accessing	7
Location	
NSW	32
SE QLD	15
Own or rent	
Own	31
Rent	16
Authorised /Exempt	
Authorised	40
Exempt	7

[3] *An online bulletin board is a private online forum that research participants log into to answer questions and share information, ideas, and opinions via set activities over a number of days.*

Quantitative research methodology

An online survey of 10-minutes was completed by retail market and embedded network customers, with final sampling numbers as follows:

- n=182 embedded network (EN) customers
  - n=144 authorised retailer
  - n=31 exempt seller[4]
- n=531 retail market customers

The survey was conducted from 19 March - 15 April 2024.

In addition to thorough data cleaning, we conducted rigorous cross checks of participant addresses against AER's lists of EN sites, to ensure high quality data and confirm that participants were genuine EN customers. This led to the reallocation of many respondents (n=155) who had claimed that they were living in an embedded network but upon checking were in fact retail market customers.

Significant differences

The final total of n=182 EN customers provides us with a margin of error of ±7.3% and the retail market consumers of n=531, provides a very robust margin of error of ±4.3% at the 95% confidence level.

When we compare results **between** the two customer groups however, the margin of error increases, and the difference has to be larger to be significant. The margin of error in this case depends on the percentages being compared, but by way of example, if the percentages being compared are around the 50% mark, the difference needs to be 9% or more to be significant, but if the results being compared are around the 10% or 90% mark, a difference of 6% or more would be significant. **Only differences that are statistically significant are noted in the report.**

The retail market sample was weighted using Australian Bureau of Statistics data to ensure it was representative of the target population.

Pricing data

There are two sources for pricing data included in this report:

- Data provided via uploaded bills for n=89 EN customers (45 from the qual and 44 from the quant)
- Self-reported bill data from the EN (n=116) and retail market (n=193) customers in the quantitative survey (to enable a comparison between the two customer groups).

Sample frame	Embedded Network	Retail Market
	n=	n=
Total	**182**	**531**
Location		
NSW	103	300
QLD	73	131
SA	4	52
TAS	0	34
ACT	2	14
Building type		
Apartment building	149	195
Townhouse	13	36
Retirement village	9	8
House	5	280
Caravan park	3	2
Other	3	10
Own or rent		
Own	95	266
Rent	87	265

Sample frame	Embedded Network	Retail Market
	n=	n=
Total	**182**	**531**
Gender		
Man or male	68	251
Woman or female	114	278
Non-binary / other	0	2
Age		
18-29 years	29	93
30-44 years	81	164
45-59 years	26	117
60+ years	46	157
Income		
Less than $45,000	29	130
$45,000 to less than $90,000	70	187
$90,000 to less than $150,000	45	146
$150,000 or more	38	68
Culturally and Linguistically Diverse (CALD)		
Yes	40	102
No	142	429

[4] *The remaining n=7 were unknown*

3. Financial outcomes

Qualitative feedback suggests that EN customers' satisfaction with pricing is highly variable and often based on guesswork rather than true knowledge of market prices

A few have checked prices using comparators or asked people they believe have more expertise to do it for them. They were either satisfied or dissatisfied depending on the outcomes of their investigation.

However, **most have not compared prices**:

- Many have never really thought about it: their electricity bill is not a priority. This included the person in our qualitative study who pays the least (68% below the DMO[2]) and the person who pays the second most (10% over the DMO), showing that stated satisfaction with price is more likely to be personal rather than fact-based
- Some have asked friends or family how much they pay without putting much thought into all the parameters that should go into a fair comparison e.g. that they get concessions and friends may not… but they compare anyway and are either satisfied or dissatisfied based on that guesswork
- Some base their dissatisfaction on the simple belief that those who can access competition can get better pricing, especially as they see headline offers advertised by retailers e.g. with discounts and other perks such as frequent flyer points. This doesn't mean consumers know how to compare their offer, but this market activity certainly makes them feel like they're missing out on savings

Ultimately, **confusion is high and satisfaction does not always correlate with actual prices paid**:

- Some are dissatisfied with pricing, even if analysis shows they get a good deal e.g. a person in our study who is 57% better off than the DMO
- Some are satisfied as they believe their bills are a fair amount for their consumption e.g. a person in our study who pays exactly the DMO

> *I often compare the pricing with [range of retailers]. I'm quite satisfied as the rates are very competitive. (Owner, 38, Sydney, customer of an exempt seller)*
>
> *I printed my bill and showed my brother who is into looking up prices of electricity companies, etc. He said I have a really good deal with the company I have got the embedded network with. (Renter, 52, Regional NSW, customer of an exempt seller, 33% below DMO)*
>
> *After the increases happened I checked some other providers and found if I was with other providers my rates would have cut to 2/3. (Renter, 32, Sydney, customer of an authorised retailer,12% below DMO)*
>
> *I haven't done a comparison between my current and previous residences, nor have I asked anyone else what they pay. So I think I'm satisfied, but I don't actually have any data to prove that! (Renter, 42, Brisbane, customer of an exempt seller, 68% below the DMO)*
>
> *I don't know and I really should be more savvy in this area but it is one of those things I can't change so I haven't thought to check. (Owner, 39, Brisbane, customer of an authorised retailer)*
>
> *I do not know how this compares, considering I didn't get a choice in supplier and I was never going to be able to change this, I didn't see the point in doing a comparison at the time. (Owner, 36, Brisbane, customer of an authorised retailer)*
>
> *I know our electricity is much cheaper than our friends even though they have solar panels. Our monthly electricity bill is about $35 for the 2 of us in a 2 bed apartment. So you can't argue with that rate! Very happy. (Owner, 63, Brisbane, customer of an authorised retailer, 10% below DMO, concessions)*
>
> *Pricing is paramount for me when selecting an electricity provider. If I had the option to choose my provider, I believe I could likely find a slightly better deal. This is because many providers attract new customers with enticing offers, like welcome credits. However, the potential savings might not be significant enough for me to expend much effort pursuing them. (Owner, 34, Sydney, customer of an authorised retailer)*
>
> *I feel my electricity seems high for a monthly charge. That said, maybe it's because I'm using a dishwasher and dryer which I never used prior. Feels expensive but merely cyclical I guess where it would be more expensive in summer due to air con usage. (Owner, 34, Sydney, customer of an authorised retailer, 7% over the DMO)*
>
> *We pay $0.18/kwh which we think is comparable to independent houses. Having no choice of provider, what did it matter. Hence our desire to sort our own arrangements rather than have the body corporate choose who we MUST USE. (Owner, 64, Brisbane, customer of an authorised retailer, 57% below the DMO)*

High levels of confusion mean that policy decisions are best made using actual pricing rather than stated satisfaction with pricing.

[2] *The DMO is the Default Market Offer, which is the maximum price that electricity retailers can charge customers on a standing offer contract.*

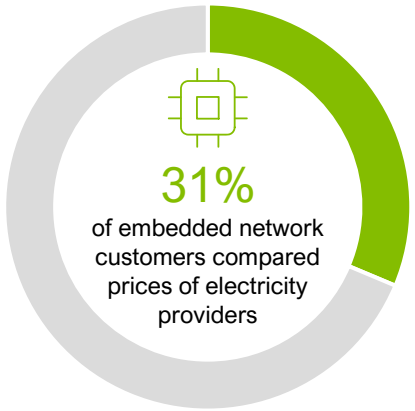
Embedded network customers are more likely to have found their first bill to be higher than expected… but they are less likely to have compared prices

Approximately a third of EN customers found their first bill to be more than expected compared to a fifth of retail market customers. But EN customers are half as likely as retail market customers to have compared offers / prices with other electricity providers when they initially signed up.

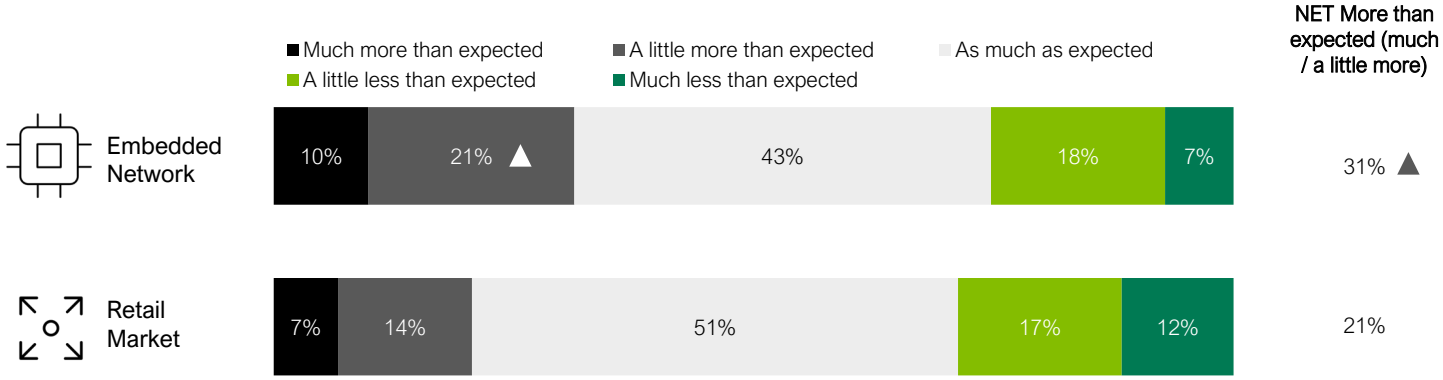
This confirms qualitative findings that many EN customers (69%) base their satisfaction or dissatisfaction on limited market information.

Note that there are no differences between authorised retailers and exempt sellers.

Compared prices of electricity providers



First bill charge compared to expectations



Q15. When you signed up with your current electricity provider, did you compare prices with other offers or with your previous electricity provider [even if you didn't have a choice]?
Q16. Thinking back to your first bill you received with your current electricity provider, how did the bill compare to what you expected? (If it was a while ago, your best memory is fine). Was it…
Base: Embedded Network Customers n=182, Retail Market Customers n=531

▲ Significantly higher at the 95% confidence level

Bill analysis shows most EN customers could do better in the retail market

Wide price variations observed:

- From 68% below the DMO to 16% over – the average is 14% below the DMO
- From 60% below the best offer to 44% over – the average is 10% over the best offer

Despite wide variations, a majority of offers seem to cluster around the DMO:

- 4 in 5 people pay between 16% over the DMO and 20% below the DMO.
- Only 1 in 5 people pay less than 20% below the DMO

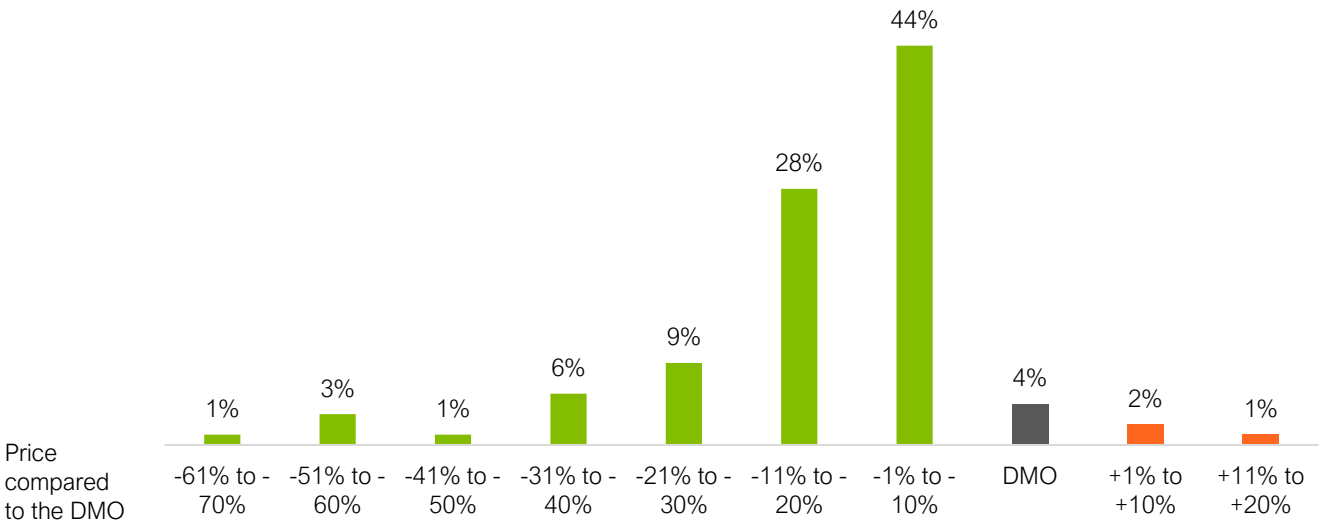
Most would be better off if they had a choice of provider (and took advantage of market offers):

- 4 in 5 people would be better off with the best offer available in their distribution zone.
- This means that 1 in 5 are better off in an EN.

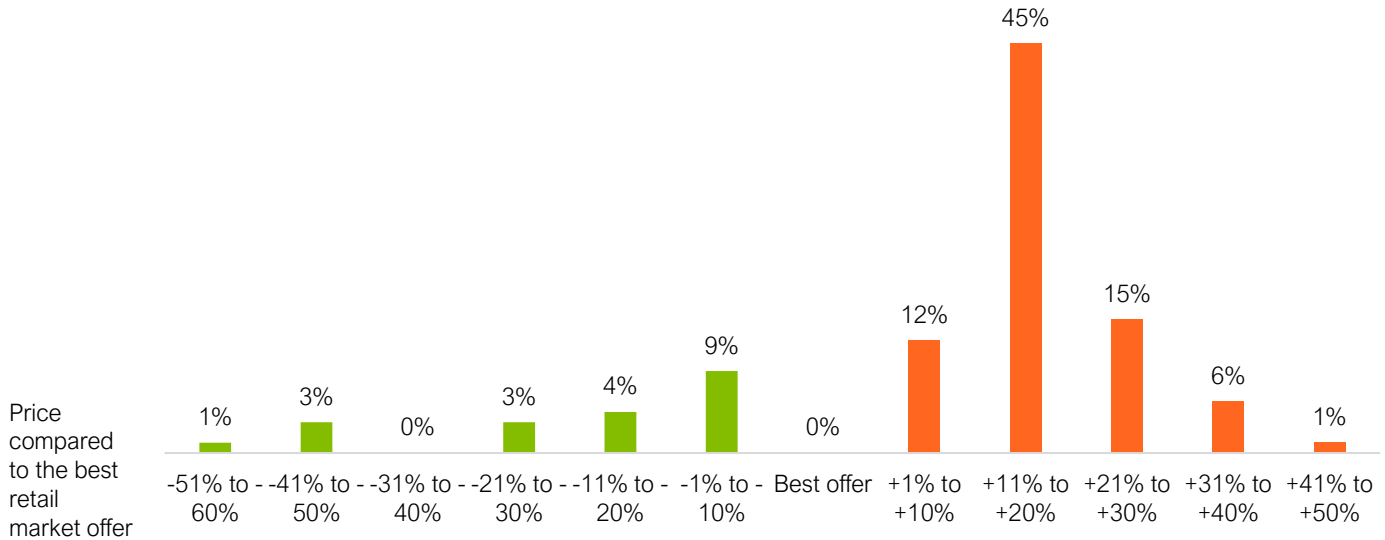
Location does not seem to impact deviation to the DMO

Base: 89 bills provided through both qualitative and quantitative fieldwork.
Best retail market offer found in each distribution zone and for people with controlled load and without on EnergyMadeEasy on 10 April 2024; excluding discounts, special offers and demand charges plans as well any other outliers with restrictive sign-up conditions; including GST.

Percentage of EN offers in each price bracket compared to the DMO



Percentage of EN offers in each price bracket against the best retail market offer



Exempt sellers can be significantly cheaper

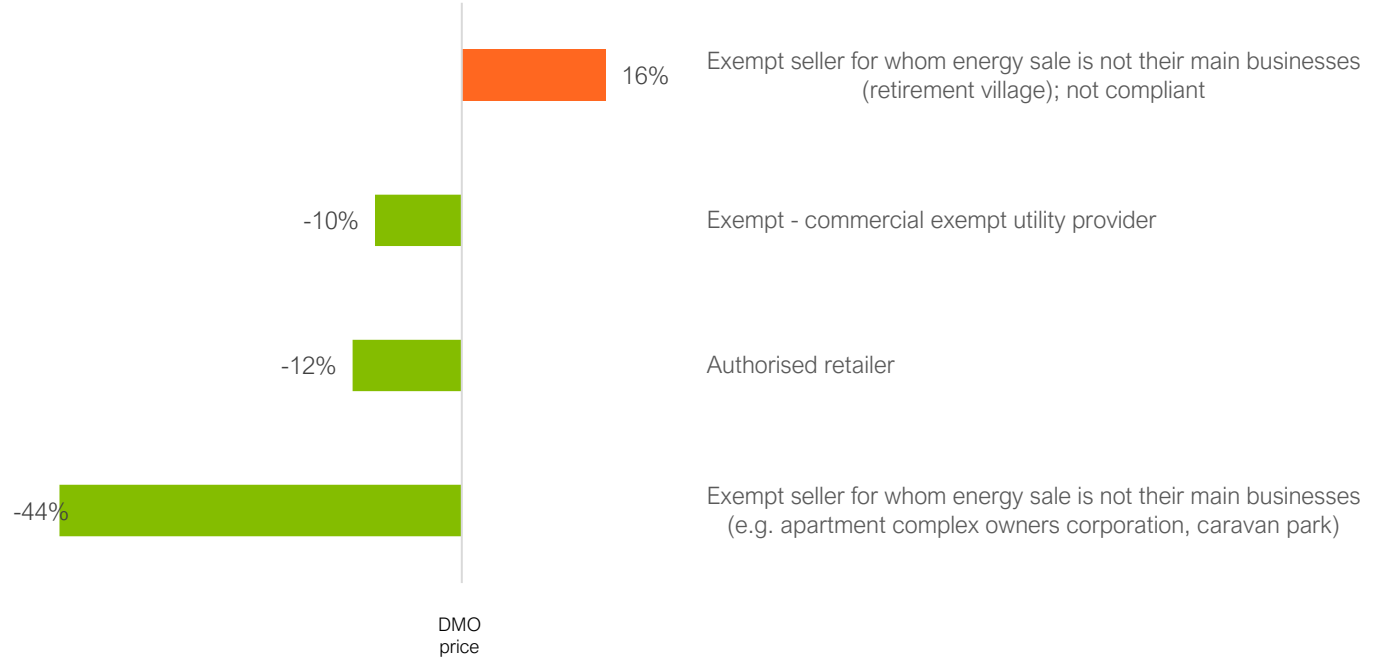
Contrasted situation among exempt sellers:

- Sellers who charge significantly less than the DMO are more likely to be exempt owners corporations or caravan parks(20-68% below the DMO)
- At the opposite end, an exempt retirement village in QLD is priced 16% over the DMO – even if they claim they do not charge a mark-up
- In the middle, exempt commercial utility providers charge under the DMO but only about 5-10% under

Authorised retailers charge about the same as exempt commercial sellers on average:

- Two authorised retailers charge some customers 6-8% over the DMO (but charge other customers below the DMO)
- One authorised retailer is consistently significantly cheaper than the DMO (16-42% below the DMO)
- One authorised retailer sells at exactly the DMO
- Others have widely different prices for different customers e.g. the most popular retailer sells between exactly the DMO and 24% below

Bill data analysis - Average price paid by EN seller type compared to the DMO



Base: 89 bills provided through both qualitative and quantitative fieldwork.

Self-reported price data suggests no significant differences in pricing across EN and retail market customers

The previous two pages showed an analysis of bills provided by EN customers only (retail market customers did not provide their bills), so to be able to compare EN and retail market prices, respondents self-reported their price data on their bills.

Given that bill analysis of EN customers show that about 4 in 5 would be better off with the best offer on the market, it can be surprising to see that retail market customers do not seem to be faring significantly better.

This may be due to retail market customers not taking advantage of market opportunities. In fact, data shows that only 1 in 3 have ever tried switching providers, meaning that 2 in 3 have never tried and are most likely not on the best plan for them (see slide 37).

Indicative annual bill costs based on self-reported plan rates

	Embedded Network	Retail Market
Average annual cost	$2,344	$2,384
Median annual cost	$2,424	$2,381
Smallest annual cost	$906	$877
Highest annual cost	$3,916	$3,798

Assumptions for annual cost calculations:

- *Participants were asked to grab their latest bill and enter rates into a survey form. Some were clearly confused and others did not make the effort to do it seriously. Following data quality checks, 404 responses (i.e. 57%) were deleted. Despite this strong cull, we suspect some of the data would be erroneous as we know consumers can be highly confused by bills. However, confusion would have been the same for EN and retail market customers.*
- *Data fields were not as precise as they are on a bill e.g. the survey didn't ask for shoulder rates, controlled load, demand changes, or whether the rates quoted included GST or not. However, that lack of precision was the same for both EN and retail market customers.*
- *The annual cost is based on annual consumption for average 3-person household according to AER in 2020: 18.71 kWh / day (Residential energy consumption benchmarks, Final report for the Australian Energy Regulator, 9 December 2020, Frontier Economics).*
- *Assuming 50% peak use and 50% off-peak use based on the average we have seen from collected bills.*
- *Note this data is different to the data outlined in the previous two slides which was based on EN customers bills, and therefore is not comparable.*

Q17/18. Please find your latest electricity bill and tell us about the cost of some of the charges, so we can get a sense of what providers are charging customers. Please fill out the information below (it may be on the second page of your bill). Base: Embedded Network Customers n=116, Retail Market Customers n=193

Qual findings indicate that price increases are well communicated to EN customers

Most in our study were **satisfied with price increase communication**. Most mentioned:

- Warnings in writing at least two weeks before the price increase
- Sellers telling them that the increases were in line with DMO increases
- Some were also told how their offer compared to the DMO

Only one person **complained of excessive and regular price increases that were not communicated** prior to receiving their bill. Following those price increases, that person, a retirement village resident, now pays 16% over the DMO.

> *Prices have changed twice I believe. I was issued a notice via email that prices were changing. These have been in line with government changes to pricing controls.(Owner, 44, Sydney, customer of an authorised retailer)*
>
> *Yes. The prices went up at the start of the calendar year. We were sent an email to notify us of the increase. At the time we were told that it was an "across the board" price increase and that it was coming from the government. (Renter, 56, Sydney, customer of an authorised retailer)*
>
> *We've had 2 price changes since we've moved in for electricity - Aug 2022 and Aug 2023. We received an email letter indicating the price change to the all usage tariff and the default market offer comparison saying that they are 13% and 10% cheaper than the reference price. Thermal energy has not changed since we moved in. This has nearly doubled our bill since we moved in. We were given 2 weeks notice each time. (Owner, 30, Sydney, customer of an authorised retailer)*

No particular disadvantage identified with communication of price increases in embedded networks.

Customers in embedded networks eligible to receive concessions and rebates are just as likely to access them as retail market customers

Although embedded network customers are less likely to access these directly from the electricity provider itself

The vast majority of both embedded network and retail market customers who are eligible for government concessions or rebates on their electricity bills, are able to access them, and they are equally likely to do so (93% each).

Those who are eligible but do not currently receive a concession or rebate often attribute this to not being sure about how to organise it or simply not having made time to do it:

"When I first enquired with [exempt seller] it was not possible for them to pass on the concession - I have not looked further into it." – Embedded network

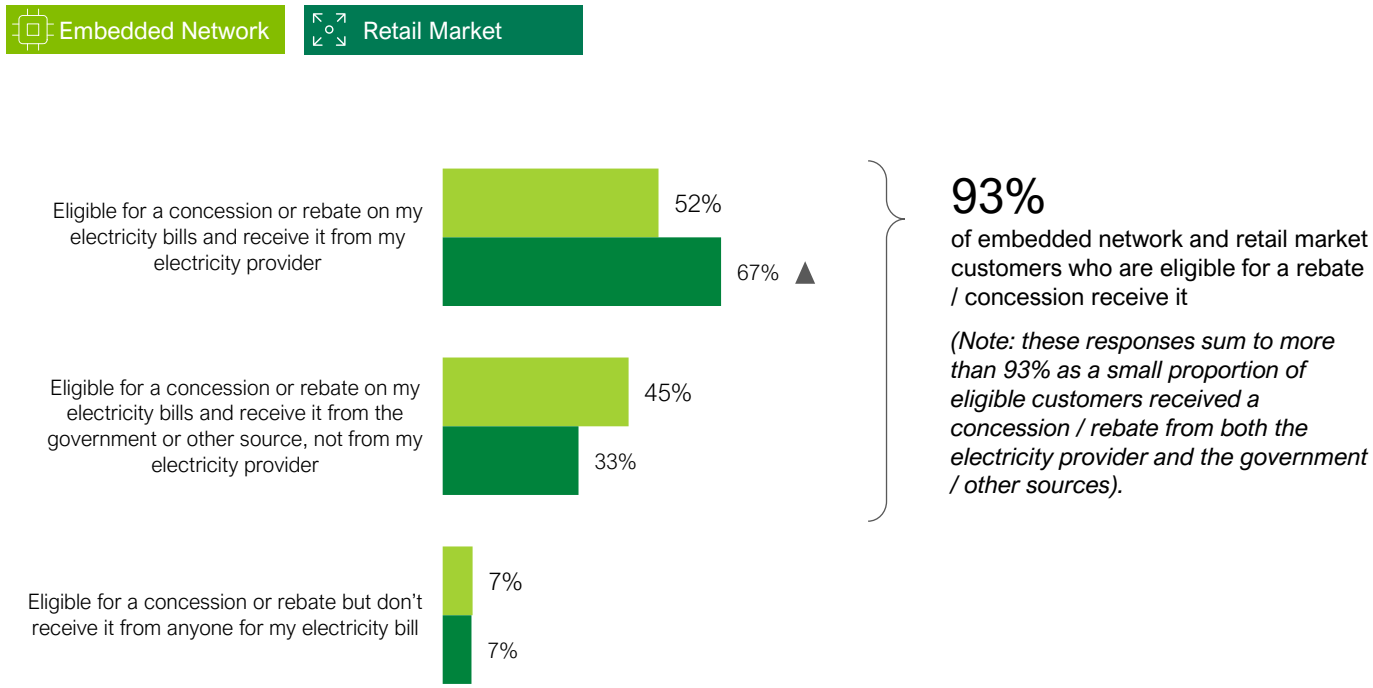
"Company have never told me how to get it, just that I'm eligible." – Embedded network

"Unsure how to organise." – Embedded network

"Because I haven't applied for it yet." – Retail market

"Apparently the DVA gold card can't get discounts on the plan my building is a part of." – Retail market

Concessions and rebates
Among those eligible



93%
of embedded network and retail market customers who are eligible for a rebate / concession receive it

(Note: these responses sum to more than 93% as a small proportion of eligible customers received a concession / rebate from both the electricity provider and the government / other sources).

Q10. Which of the following best describes you in terms of government concessions or rebates on your electricity bills? Base: Embedded Network Customers n=182, Retail Market Customers n=531
Q11. Why don't you receive the concession or rebate you're eligible for? Please provide as much detail as possible. Base: Those eligible for concession or rebate but do not receive it n=24

▲ Significantly higher at the 95% confidence level

Qualitative feedback showed variable concessions and rebates experiences

Most of those eligible for a concession or rebate accessed them easily by simply contacting their provider like they would have if they were part of the retail market.

Some people reported **difficulties** finding out about concessions and rebates and getting together the necessary documentation for them, but these are **not issues specific to embedded networks** e.g. people with life support machines need to get a new medical certificate every time they switch providers, not just EN providers.

A few people reported **difficulties specific to embedded networks**; those with authorised retailers seem to fare better than those with exempt sellers, as they have access to the Ombudsman.

- Lack of communication between the owners corporation and the provider (authorised retailer), leading to a delay in getting a rebate (until the Ombudsman got involved)
- No pensioner / single parent concession applied by exempt seller; no Ombudsman option given to customer

I just called [the exempt seller] and they set it all up for me so it was quite an easy process with no issues at all. (Owner, 38, Brisbane, customer of an authorised retailer)

It was easy to set up. I just phoned them with our concession card number and I think we may have had to send a photocopy as well. Very easy. (Owner, 63, Brisbane, customer of an authorised retailer)

I am on a health care card for low income so I am entitled to a rebate for that. Also my husband uses a CPAP machine so he is entitled to a rebate for that. I am getting one of the concessions and that was pretty easy. The other one hasn't been - the medical one. I have called them about not getting the concession. They haven't been very helpful. They really need the form filled out by the doctor they said. There is nothing they can do until I get this form done. It costs us money to go to the doctor to get the form signed so we keep putting it off. (Renter, 52, Regional NSW, customer of an exempt seller)

The concession we are eligible for is the 'QLD government electricity rebate' through Services Australia. I remember that it wasn't very easy to access. The provider didn't provide any info on it initially, I had just heard it mentioned. When I looked into it, I realised that it had to be done through the provider and not through Services Australia. I then went onto the website and realised there was info on the concession there and a form to be printed out and filled out. It had to be filled out by the real estate (due to being a renter). It would have been easier if I could have just filled out the form ourselves however not sure if this would be possible or not. (Renter, 36, Brisbane, customer of an authorised retailer)

I use a CPAP machine for sleep apnoea which is classed as life support. It was irritating because every time I change provider, I have to get my GP to complete the same paperwork over and over. It is such a waste of time for myself, my GP and the provider when I should simply be able to resubmit the report from my previous provider. (Owner, 45, Sydney, customer of an authorised retailer)

Assessing concessions - was not a real concern. We needed to supply the provider with a copy of front and back of the concession card with expiry date. Fill out a simply form. This has been needed only once and have not been asked to do this again. Rebate - did cause some issues as the provider was blaming the body corporate for not lodging necessary paperwork. The BC were blaming the Provider. This went on for several months and the final response given was embedded network would be the last to receive this as this is the way the rebate works. It was very disappointing the lack of communication and consistency and the management would not return calls or explain. Finally, the ombudsman was engaged, and it was not long before this rebate then appeared on our account/invoice. (Owner, 65, Regional QLD, customer of an authorised retailer)

Pensioner concession card, single parent/part time work. Have requested rebate over the phone with [exempt seller], they told me they don't do that. The [Exempt seller's] response I found deflating and not fair. It does impact our lives as I chose to sit in the dark, turn everything off just to save a few dollars. They did not provide any options or assistance. I do feel like it would be different if given a choice of provider, I would pick one that gives good service, price and pension discount. (Owner, 43, Sydney, customer of an exempt seller)

Some people from the qualitative stage who would access concessions and rebates in the retail market cannot access them in ENs, putting them at a disadvantage (potentially more likely with exempt sellers).

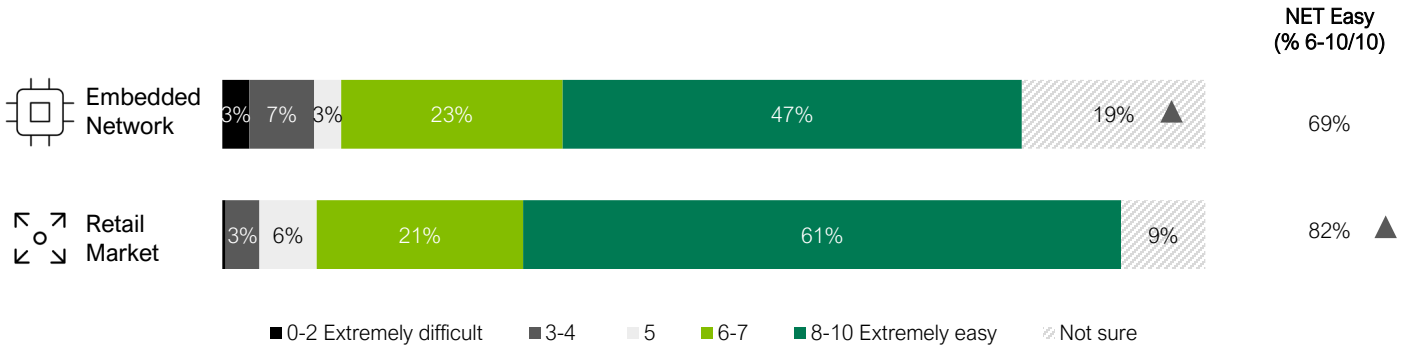
4. Service quality

Provision of information prior to moving into an EN is significantly different – it is not as easy to access as it is for retail market customers

The ease of finding information at the time of connection was significantly lower for embedded network customers than those in the retail market (69% versus 82% respectively).

Embedded network customers are also more likely to be unsure about this aspect of the connection process.

Ease of finding out information about connection



Q12. Thinking back to when you connected the electricity to your current residence, how easy or difficult was finding information about the connection?

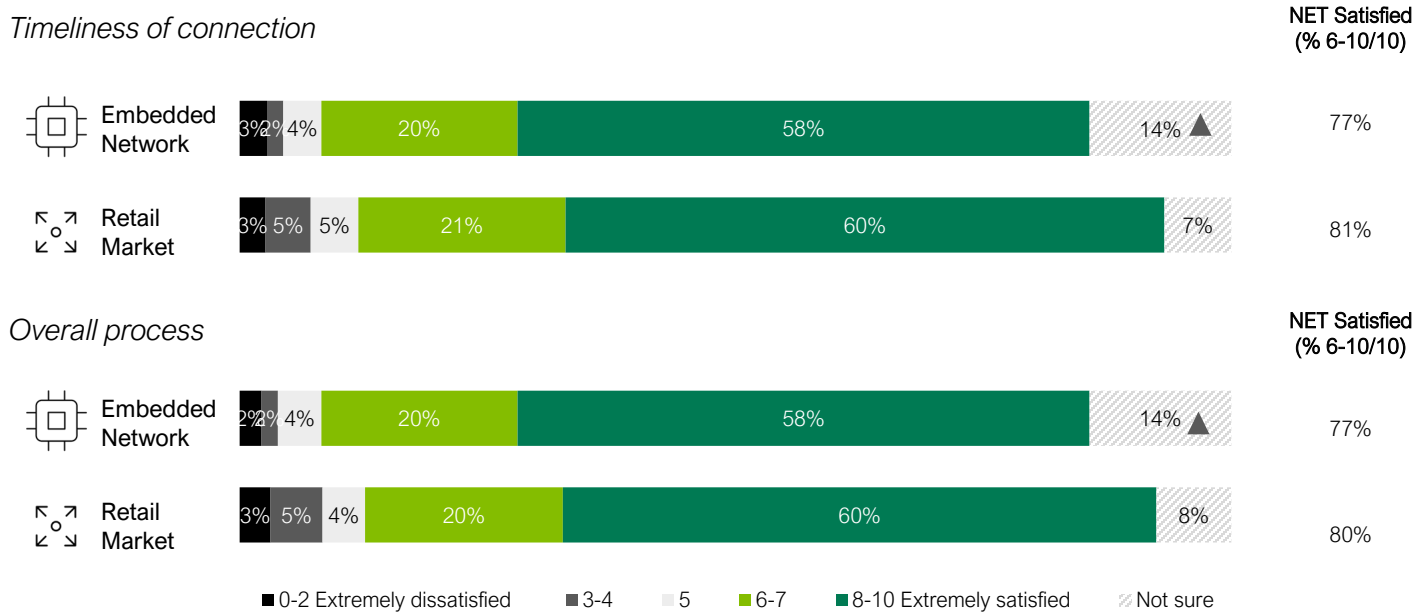
▲ Significantly higher at the 95% confidence level

Satisfaction with the timeliness of connection as well as the overall process is not significantly different across ENs and retail markets

Embedded network customers are just as likely to be satisfied with the timeliness of connection and overall process as retail market customers – and a majority are satisfied.

However, embedded network customers are significantly more likely than those in the retail market to 'not know' about aspects of the connection.

Satisfaction with aspects of the connection



Q13. And how satisfied were you with these aspects of the connection?
Base: Embedded Network Customers n=182, Retail Market Customers n=531

▲ Significantly higher at the 95% confidence level

Qualitative feedback confirms high satisfaction with the connection process, less so provision of information prior to moving in

The connection process was **smooth for most people** and comparable to what they would have experienced in the retail market i.e. they either requested their connection online or over the phone.

Some encountered **minor customer service issues** that could have happened in the retail market:

- An authorised retailer connecting electricity but forgetting to connect gas, resulting in a large bill and a letter of demand 6 months after the move (however, it is possible that the customer was not clear with their provider about connecting gas)
- An incorrect billing address because of a brand new building on a corner block, resulting in double billing (but easily resolved over the phone)
- Someone on a single dwelling estate unable to connect their solar panels to the grid as the transformer is at capacity

EN customers are more likely to **complain about information provision prior to moving** as many did not know they were moving into an EN:

- People buying off the plan were not told by developers
- People buying an established home were not told by the seller / real estate agent
- People signing a lease were not told by the landlord / property manager

As a result, most people **find out one of two ways**:

- As they try to arrange a connection through a retailer, that retailer tells them they cannot service them
- Conversations with building managers then usually help consumers find who to contact for connection

The only issues at the time of connection were due to the billing address being incorrect. Our building is on a corner block, the address was coming up in the system as incorrect. It was easily rectified over the phone, and billing readjusted as they had billed us twice, same name with two different addresses! All was sorted in the end via a few calls. (Owner, 43, Sydney, customer of an exempt seller)

We moved out of our house in Brisbane in August 2020 and into our Gold Coast apartment the same day. We were with [retail market retailer] in the house so I just transferred our new address to them and added the gas. It wasn't until the day before we moved that [retail market retailer] told us they could not access the building. I phoned the building manager and he said it has to be [the authorised retailer]. So I sorted it out straight away. Unfortunately for us, they didn't sign us up with the gas and 6 months later we got a huge bill and a letter of demand! (Owner, 63, Brisbane, customer of an authorised retailer)

Fast forward 4 years now and with all the talk of cost of energy and solar we have some regret. The estate has issues with no more room on the current transformer so first in best dressed for solar and now others are unable to connect even with a battery. So this creates issues as many want to install solar now and are not able to do so. (Owner, 65, Regional QLD, customer of an authorised retailer)

To be honest I wasn't notified about the electrical provider from strata management or even the builder. We received an email directly from [authorised retailer] about welcome to your new home and energy rates so it was a little frustrating there was no control on who the electrical provider was - or at least have a collective vote on which provider to choose. (Owner, 34, Sydney, customer of an authorised retailer)

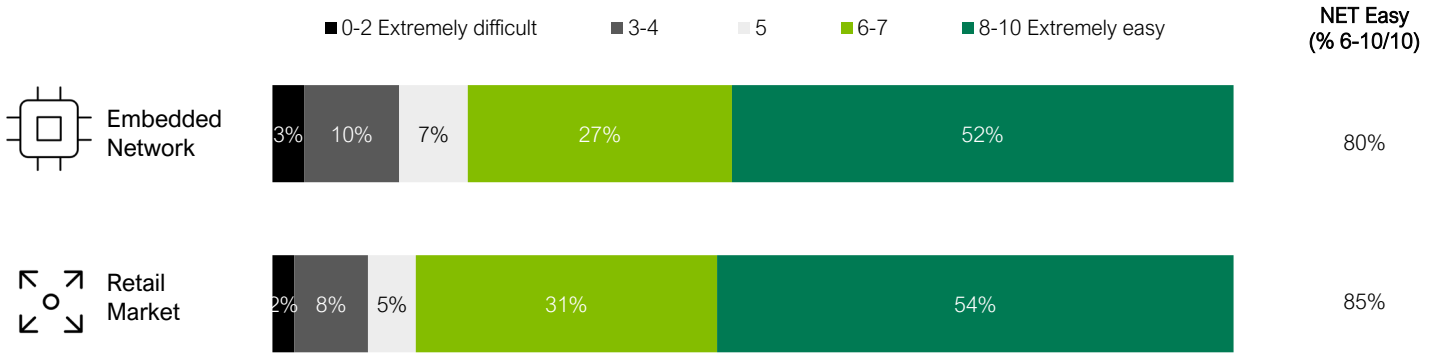
We did find out after trying to shop around for electricity provider of our choice, and was feeling quite shocked about having only one option. I didn't like the fact that we were 'locked' into one company not having the choice felt unfair. At the time of purchase if I had known about an embedded network in the building it would have made me think twice about purchasing. Everyone is entitled to a choice, especially when it comes to shopping around for a better price or service and being locked in and not having a choice left us feeling duped. (Owner, 43, Sydney, customer of an exempt seller)

Opportunity for regulation to ensure that developers, sellers and landlords notify prospective buyers and tenants that they will be moving into an embedded network site and what this means for them.

No difference in ease of understanding first bill between embedded networks and the retail market

Both customers in embedded networks and the retail market largely found it easy to understand their first bill (approximately four in five found them easy to understand).

Ease of understanding first bill



Q17. And how easy or difficult was it to understand your first bill?
Base: Embedded Network Customers n=182, Retail Market Customers n=531

▲ Significantly higher at the 95% confidence level

Qualitative feedback confirms that billing of EN customers seems as clear as that of retail market customers

Most EN customers are satisfied with the clarity of their billing and cannot see a difference with the retail market.

A few people feel their bills are unclear. However, upon inspection of their bills, the research team realised that those bills were similar to other participants' – who themselves were are satisfied. Those comments therefore **suggest low billing literacy** for some people (whether they're EN customers or in the retail market).

Combing through bills, the research team felt they had **most issues with:**

- Those with "demand" charges as it felt unclear what they related to and how customers could adapt their electricity usage to minimise them. Yet, participants themselves did not see any issues with those demand charges as they were not that focused on their billing anyway. And demand charges are a feature of retail markets too, not just ENs.
- Those from exempt sellers, which were correct, but where the layout was sometimes not as professional and navigating them took a little more time.

> *Yes - our bills are super easy to read. The usage is displayed with both a calculation and a bar graph that shows our usage over the last 12 months and this is great. Bill period is very clear and who to contact for information is very clear. (Renter, 36, Brisbane, customer of an authorised retailer)*
>
> *Understanding my bill is not that straight forward and you do need to really look closely and dissect at lot of what is on the 3 pages of the account. Calculating the charges and prices charged is not that straight forward. (Owner, 65, Regional QLD, customer of an authorised retailer)*
>
> *Not easy at all. Very ambiguous and confusing. I have never had so many different rows of daily fees and charges. (Renter, 34, Brisbane, customer of an authorised retailer)*

No strong disadvantage identified with clarity of billing in embedded networks.

Those in our qualitative study who experienced payment difficulties were all satisfied with how their seller handled it

All of those who had forgotten to pay or could not afford to pay a bill on time were **offered extensions**. With some, this was done easily online; with others, it only took a phone call.

One customer had an experience of their power **disconnected without warning** (or at least they claim so – it is possible they missed the warning letter, email, text or call). However, the exempt seller immediately reconnected electricity after a call and a payment of just $1 to the overdue bill. The seller has been very understanding with overdue bills since.

I missed a payment because the bill went to my spam inbox (was the first one after moving in) and my online dashboard did not show any balance owing. When I got the outstanding rates notice I rang the provider – they were understanding and waived the late fee and allowed me to pay when I called them about it. (Owner, 36, Sydney, customer of an authorised retailer)

I did ask once for an extension and found it a positive experience and helpful with empathy, so it did not make me feel bad about approaching them for this request. I was very happy with the way this was handled. (Owner, 65, Regional QLD, customer of an authorised retailer)

Yes I have been late with a payment - I just put off paying because life, however they seem to be quite flexible. They do have a late fee but they do send me messages (via email and sms) to remind of an upcoming bill or that the bill is overdue, and I haven't had to pay any late fees. (Renter, 36, Brisbane, customer of an authorised retailer)

I have been late paying my previous 2 bills (both electricity and gas) due to cost-of-living pressures. On the portal navigating from "Billing and Payment" -> "Special Assistance" -> "Request an Extension", you are able to select the outstanding invoice number and can click an extension date from the popup calendar. Once you have done this it will either accept or decline the request. On each occasion it has accepted the extension request and I have managed to pay them all by the desired extension date (Owner, 45, Sydney, customer of an authorised retailer)

I have been late with this provider and previous providers. All my providers have been very good when it comes to this. They have given me all the options. Nobody has made me feel any worse about not being able to pay my bill on time which I appreciate. The outcome has always been fair. Time to pay, extensions, etc. (Renter, 52, Regional NSW, customer of an exempt seller)

During COVID lockdown, I had forgotten to pay a bill on time. The power was immediately disconnected without a warning! I immediately rang the [exempt seller] and complained, mentioned I have children, and they were very quick to turn it back on sending a technician immediately. I had to pay a small amount immediately just to contribute to overdue bill, they said it could be as little as $1. I paid full amount and electricity was turned back on within the hour from calling. If I have been late with any payments following the first disconnection for nonpayment of bill, the provider will text me or email to remind me of bill and if I could pay towards bill if I could not afford the entire amount, to avoid disconnection happening again. This worked well for me as I couldn't always afford the entire bill at time of the monthly due date, so I was able to keep making contributions to keep my electricity on. The customer service was always friendly and understanding, never intimidating or rude. (Owner, 43, Sydney, customer of an exempt seller)

EN customers in our study were generally satisfied with how sellers handled payment difficulties.

No significant differences between embedded network and retail market customers in number of, or satisfaction with, electricity seller contacts in relation to pricing

Overall, retail market customers are significantly more likely to have contacted their electricity provider than embedded network customers – particularly for matters such as changing plans, power outages and accessing other services.

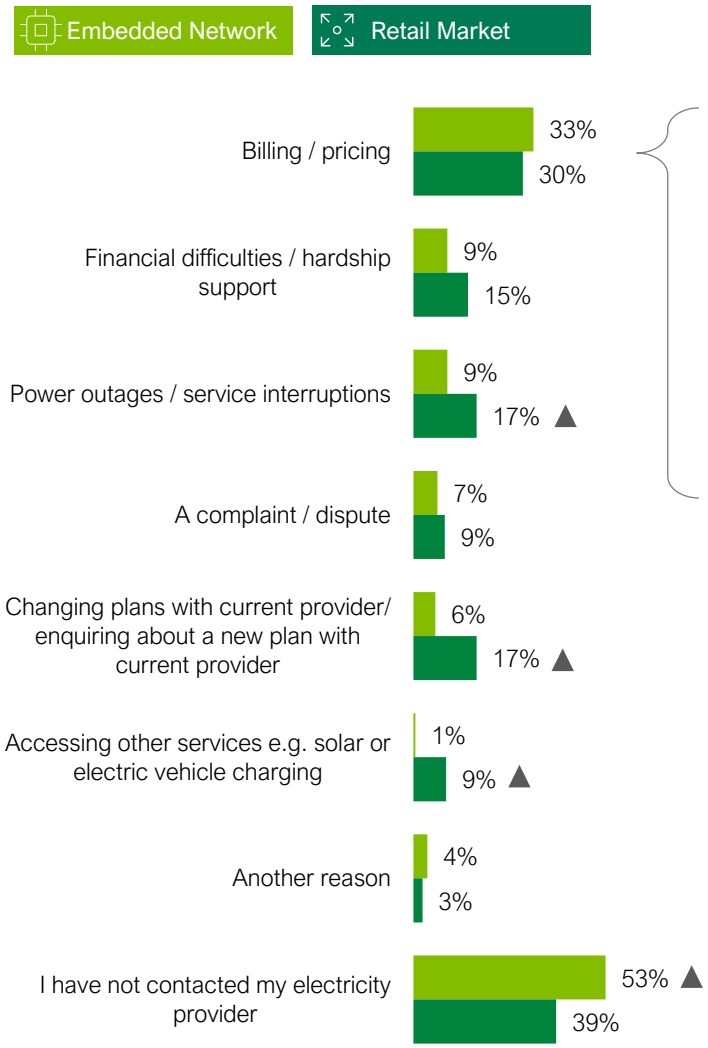
Billing / pricing however is the main reason both customer groups contact their electricity provider, with about a third of customers doing so.

Complaints / disputes from embedded network customers largely stemmed from billing issues, mostly for being charged too much or being wrongly accused of not paying, but also for not receiving regular bills.

"Every bill has been incorrect in their favour. They claim payments were not made when they were and they try to charge late payment fees." – Embedded network customer

"I received a bill for only 13 days instead of the minimum 28 days. When I called to inquire about the reason, I was informed that the technician had taken a reading while in my area on that day, instead of coming on the expected day. I expressed my displeasure as this would lead to a higher bill in the next cycle." – Embedded network customer

Contact with electricity seller



Satisfaction with contact about bills / pricing (% 6-10/10)

Embedded Network	70% satisfied with the interaction / experience	70% satisfied with the outcome / resolution
Retail Market	81% satisfied with the interaction / experience	75% satisfied with the outcome / resolution

No significant differences in satisfaction between EN and retail market customers

Q20. Have you ever contacted your electricity provider for any of the following reasons (apart from when you first connected)? Base: Embedded Network Customers n=182, Retail Market Customers n=531
Q21. Thinking about your contact about [contact type]…How satisfied were you with the following aspects? If you've had more than one contact about this, think about the most recent contact.
Q22. Please tell us about the complaint or dispute, whether it was resolved and why you were satisfied or dissatisfied with the outcome / resolution. Base: If had a complaint/dispute and is an Embedded Network Customer n=12

*Note that due to small base sizes (<n=30), we are unable to chart satisfaction with the interaction other than for Billing / Pricing

▲ Significantly higher at the 95% confidence level

Qualitative feedback suggests that everyday customer service seems on par with the retail market

Most embedded network customers are **satisfied with the level of customer service** they receive:

- Accurate billing and details, no need to contact them
- When contacting them, can get through fast and have issues resolved easily
- Some with smaller providers believe it is easier and faster to contact them (because of local customer service teams) compared to larger providers
- Power outages seem to be handled the same way as in the retail market

A few people did mention **more serious issues but they do not seem to be specific to EN customers:**

- Someone did not receive a bill for 4 months due to a system error and had to request a payment plan when it finally arrived (the provider told them about the Ombudsman and a state government payment assistance program)
- Two people called an authorised retailer several times to understand why their usage fluctuated so much (they suspect billing / meter reading is inaccurate) but were unable to get clear answers. These people were not told about the Ombudsman (but they haven't made a complaint).

I've had worse customer service from [range of authorised sellers]. They are horrible compared to [range of authorised retailers and exempt sellers]. (Owner, 38, Sydney, customer of an exempt seller)

I have had to call our embedded network provider for the power to be turned on. We had a blackout in the area, and I needed to know how long we would be without power. The information received was informative and helpful customer service, the other query was for billing to be changed to email, this was done very easily via a phone call. (Owner, 43, Sydney, customer of an exempt seller)

I have great customer service from my current embedded network electricity provider. The best I have ever had actually. I would definitely stick with this company if I ever left where I currently live. (Renter, 52, Regional NSW, customer of an exempt seller)

I had to contact them as I hadn't received a bill for over 4 months due to a system error. And then received a massive bill afterwards. They didn't have a fix for not receiving bills. They just said you have to wait which was unsatisfactory. I put in a complaint as it wasn't my fault. They didn't send bills for a long time. I was then told about the Ombudsman as well as EAPA. EAPA was of no help as they don't provide vouchers for people in the embedded network. Eventually the only way to resolve the amount was to go on a payment plan. (Owner, 33, Sydney, customer of an authorised retailer)

My experience with customer service has been appalling. I have needed to call them in regards to a power outage as well as bill questions. Both experiences were below satisfactory. For both experiences, the fact that I was part of an embedded network meant that certain details were not available. Eg- I needed to call my strata manager for the power outage and [the authorised retailer] were not able to give me a clear answer in regards to my usage questions. Their statement was that they are undergoing a new system update and can't give any details. (Owner, 30, Regional NSW, customer of an authorised retailer)

Yes I had to contact them because my bill was incorrect. One month it would be $90, second month $300, then $2000+ the next. The reading was completely off. I contacted them via phone initially. Poor customer service and rude. So I resulted to emails but it still has not been resolved. […] My options were to pay it. They can do a monthly pay schedule but essentially, I still need to pay. When I asked them to provide meter readings from their end they dismissed me. No I wasn't given any electricity Ombudsman. (Owner, 35, Sydney, customer of an authorised retailer)

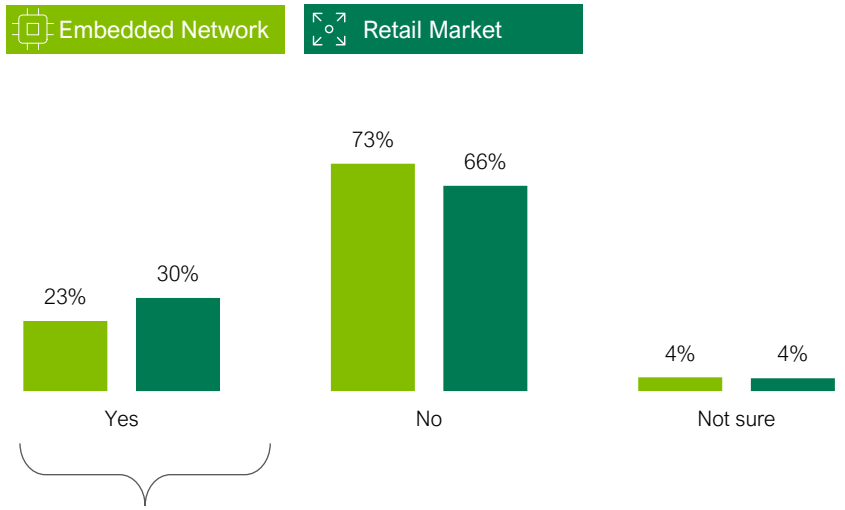
No particular disadvantage identified with customer service in embedded networks. While it can be poor, it is not clear that it is systematically poorer than in the retail market.

Power outages do not differ by customer type – embedded network customers are just as likely to have experienced them and just as satisfied with how they were handled

About a quarter of customers have experienced a power outage, be it planned or unplanned (23% of embedded network customers and 30% of retail market customers).

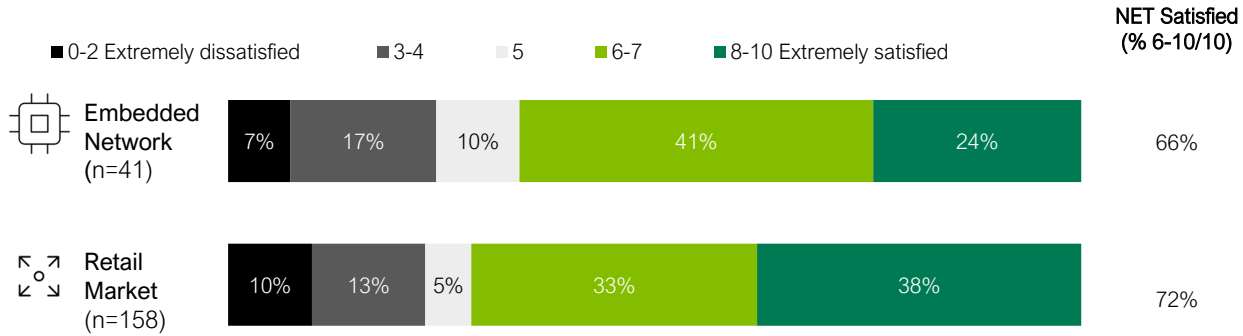
While a majority were satisfied with how the electricity provider handled the outage or disconnection, about a quarter were not (24% of embedded network customers and 23% of retail market customers).

Experience of outages



Satisfaction with provider handling of outage

Among those who experienced an outage



Q33. Have you experienced any planned or unplanned power outages or other types of disconnections (eg. when the bill hasn't been paid) with your current electricity provider?
Base: Embedded Network Customers n=182, Retail Market Customers n=531
Q34. How satisfied were you with how the electricity provider handled the outage or disconnection?
Base: Embedded Network Customers who experienced outage n=41, Retail Market Customers who experienced outage n=158

Embedded network customers are less likely to be satisfied with the options provided for paying their bill, than retail market customers

Although the majority of both customer groups are satisfied with this aspect

While customers were not asked directly about the reasons for their dissatisfaction with the bill payment options, there were some insights provided from both the qualitative and quantitative components related to this topic:

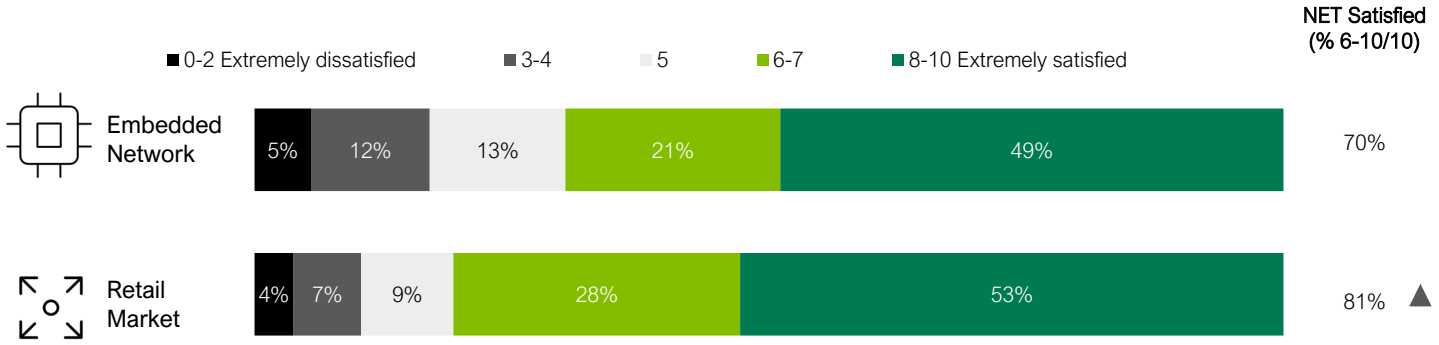
- Having to pay the bill in full when it is due, rather than being able to pay it off in regular instalments as the customer had done in the past.

  "I used to pay ahead in fortnightly instalments with our previous provider, however now I just have to pay the whole bill in full when it's due. This was something very important to me and it's very upsetting that we don't have this anymore." Embedded network (qualitative stage)

- The bill frequency was an issue for some, in particular not having monthly billing available.

  "I'm deeply frustrated by the lack of monthly billing as promised. Despite multiple calls, I haven't received any bills in over 3 months. The recent update on the hot water meter issue lacks clarity and an ETA, leaving me in the dark about when to expect the bill." Embedded network

Satisfaction with bill payment options provided



Q19. How satisfied are you with the options provided by your electricity provider to pay your bill?
Base: Embedded Network Customers n=182, Retail Market Customers n=531

▲ Significantly higher at the 95% confidence level

The qualitative research confirmed that access to account management tools varies widely among EN customers
(although it didn't seek feedback about payment tools specifically)

Most have access to **basic online account management tools** and are satisfied with them.

A few have access to **real-time usage**. Some find it useful to modulate their usage (e.g. turn off some appliances), while others feel they don't need them.

Most of those who can't access real-time usage don't feel they need it, but a few say they would enjoy it.

It seems the **situation is similar to that experienced in the retail market** i.e. with providers offering advanced account management tools and others not.

The website allows me to check my account. I don't believe they offer real time readings but that's not that important as I receive a monthly bill anyway. (Owner, 58, Sydney, customer of an authorised retailer)

There is an online portal that I can log in to manage my account and review my user information. I do not believe I can check my real time consumption. I don't feel like that is a necessary function for me. (Owner, 44, Sydney, customer of an authorised retailer)

They have an app to allow me to manage my account and user information. I can't see real time consumption — this is probably because I do not have a smart meter installed. I don't think it is that important to have it — it will just consume my time and add to my anxiety to what is a fairly easy and manageable process. (Owner, 42, Sydney, customer of an authorised retailer)

I think this would be a great tool if it was available. I am not aware of this service however I would be very interested in having access to this. (Renter, 41, Regional NSW, customer of an authorised retailer)

I can log in and see any outstanding payments and my billing history. I can see my averages (daily usage and spend) and daily usage for each day which I find interesting. (Owner, 36, Sydney, customer of an authorised retailer)

This is the most disappointing thing about our current provider - I used to rely on the real time consumption on our previous provider's website to track electricity and cut down on use of air conditioning etc. toward the end of the bill if it was getting too expensive. I could also track if appliances were using additional energy, ie. if I used the oven or dishwasher, I could see a spike in energy usage to encourage me to minimise use of energy-heavy appliances, but with our new provider, I just have to wait for the bill and hope for the best. (Renter, 28, Brisbane, customer of an authorised retailer)

No particular disadvantage identified with access to account management tools in embedded networks.

5. Access to retail offers

Pricing and discounts are clearly the most important aspects when choosing an electricity provider, and even more so for those in embedded networks

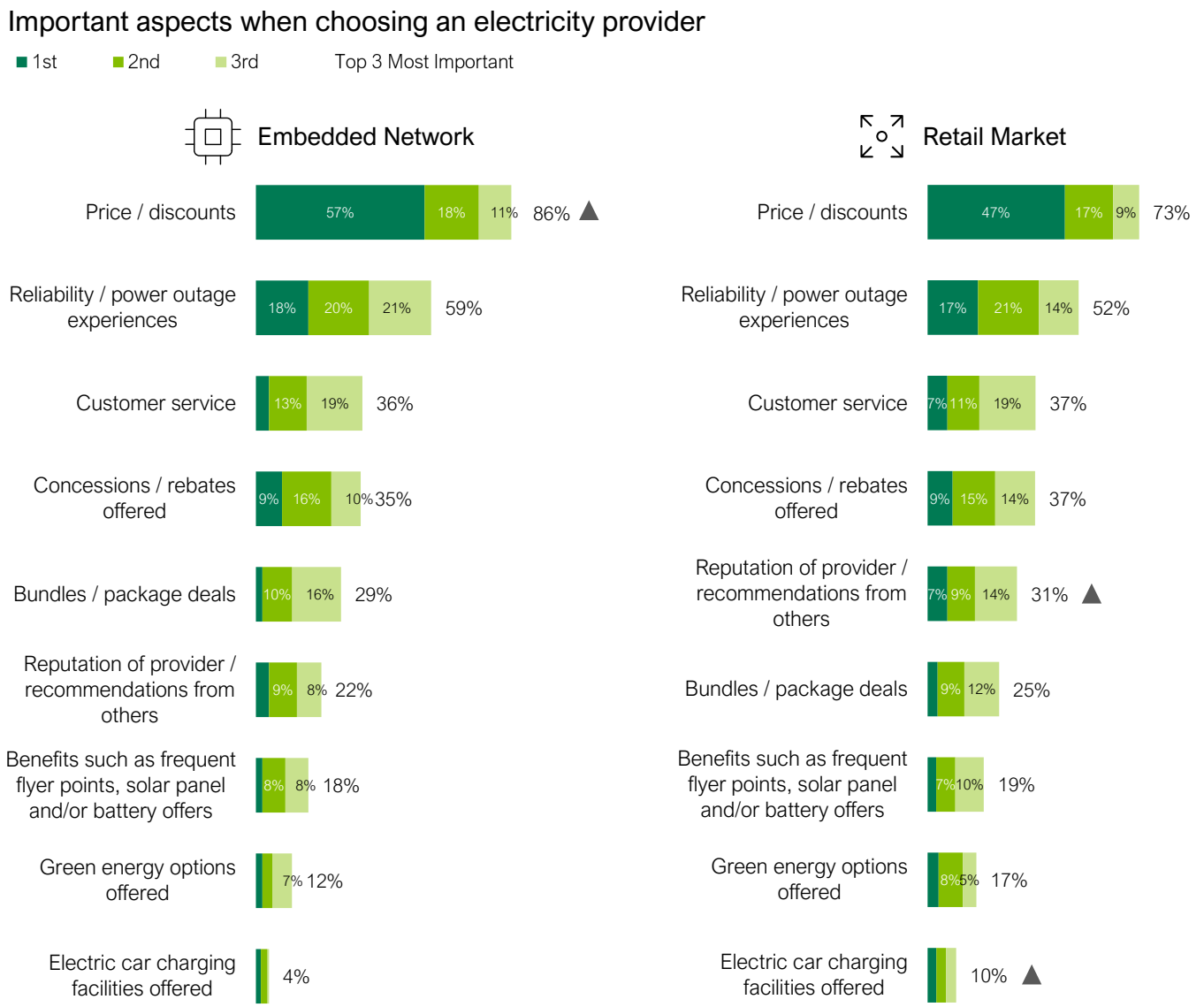
This shows how important being able to take advantage of market opportunities is to EN customers

Reliability / power outage experiences are the next most important aspects of choosing an electricity provider.

The top four considerations when choosing an electricity provider are the same for both customer groups. Beyond that, there were some differences in priorities.

Reputation of provider / recommendations from others is more of an important consideration amongst retail market customers (31% vs. 22% of embedded network customers).

Electric car charging facilities are also more important for retail market customers than embedded network customers (which may be due to more retail market customers living in houses where they can install charging infrastructure), although very few customers consider this to be an important aspect.



Q14. When you were deciding on an electricity provider/If you had a choice of electricity provider] how important [were / would] each of the following aspects be to you? Please rank from 1 to 9, where 1 is the most important and 9 is the least important.
Base: Embedded Network Customers n=182, Retail Market Customers n=531

▲ Significantly higher at the 95% confidence level

Only a small proportion of embedded network customers know that switching is an option and have tried to do so

While a majority of those in the retail market who tried to switch providers ended up doing so

Embedded network customers who had tried to switch but didn't end up doing so attributed this to the fact they are in an embedded network itself (suggesting they only realised they were in an embedded network when trying to compare providers).

"My current provider is the only provider in my building."

"We were informed that the building has their own electricity provider."

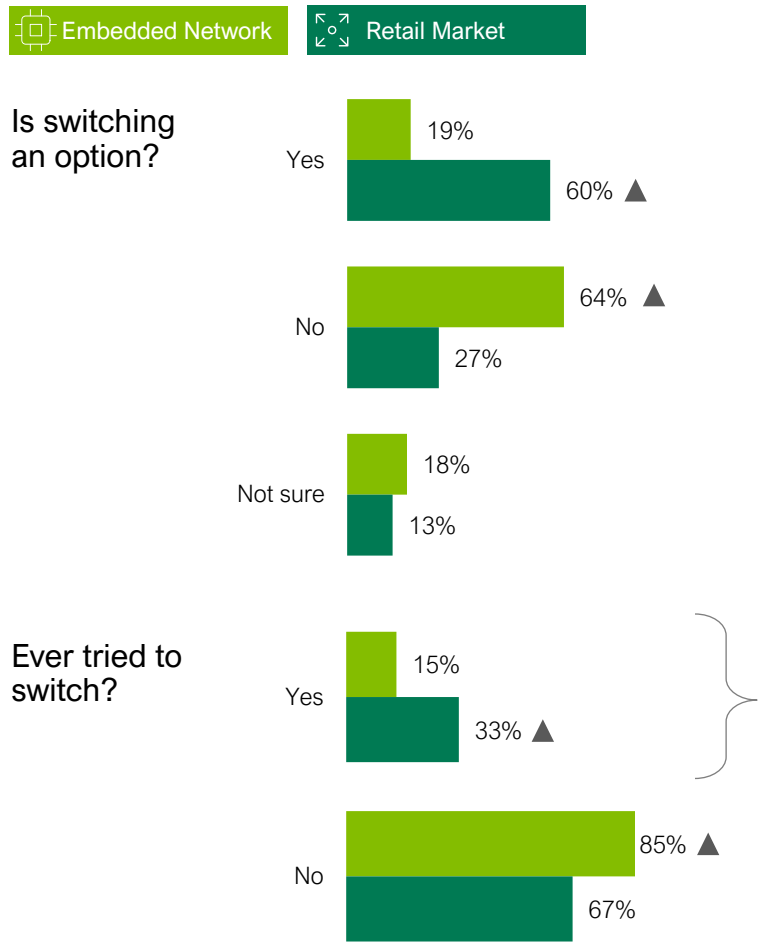
"Embedded electricity for my address is only offered through that one provider."

"Because I got informed that I am part of an embedded network."

Only one customer mentioned the costs involved, suggesting most are unaware of what is involved if they did want to switch.

"Not willing to pay the extra fee to change."

Switching providers



End up switching?
Out of the n=27* EN and n=175 retail market customers who tried….

19% of those living in an embedded network who tried to switch, ended up switching…

vs

68% ▲ of those in the retail market who tried to switch

Q23. Is switching electricity providers an option if you wanted to? Q24. Have you ever tried to switch electricity providers? Base: Embedded Network Customers n=182, Retail Market Customers n=531
Q25. And did you end up switching? Base: Embedded Network Customers that tried switching electricity providers n=27, Retail Market Customers that tried switching electricity providers n=175
Q26. Why didn't you end up switching electricity providers? Base: Embedded Network Customers that tried but didn't end up switching electricity providers n=22

*Note: small sample size, results are indicative only

▲ Significantly higher at the 95% confidence level

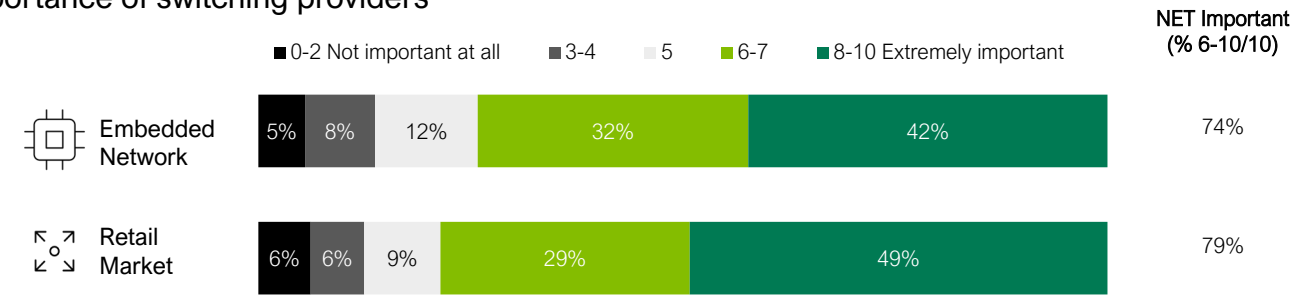
Three in five embedded network customers say they would switch providers if they could

This drops significantly however if they were required to pay to get a new meter and wiring installed

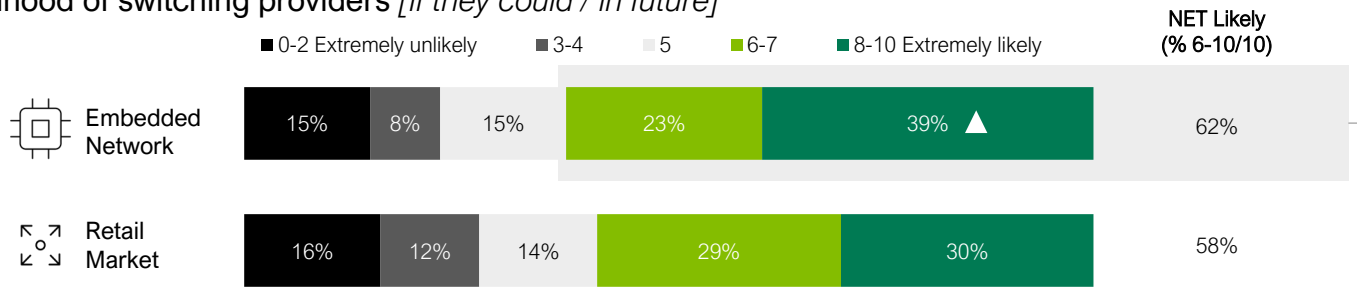
Having the ability to switch electricity providers is important to the majority of consumers and this does not differ by embedded network or retail market customers.

While 62% of embedded network customers claim that they would change providers if they could, only 25% of those initially keen to switch said that they would be likely to do so after learning about the costs involved when it comes to needing a new meter and wiring installed.

Importance of switching providers

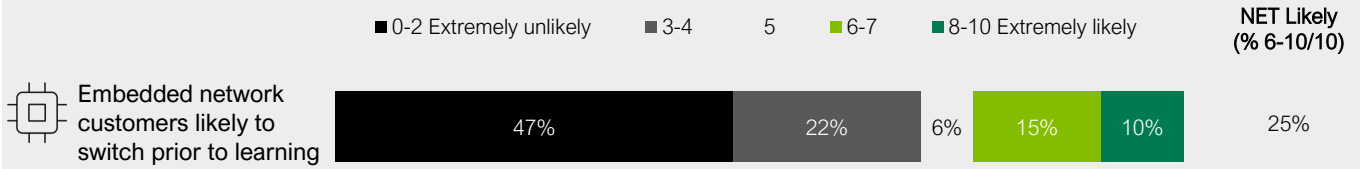


Likelihood of switching providers *[if they could / in future]*



Likelihood of switching providers after learning of the cost of rewiring and new meters

Switching providers is possible in most buildings or sites but it might require you to pay to get a new meter and wiring installed, which could cost hundreds of dollars, or even more depending on the site…



Q27. How important is being able to switch electricity providers to you?
Q28. How likely are you to switch electricity providers in the future [if you could]?
Base: Embedded Network Customers n=182, Retail Market Customers n=531
Q29. Switching providers is possible in most buildings or sites but it might require you to pay to get a new meter and wiring installed, which could cost hundreds of dollars, or even more depending on the site. How likely would you be to do it knowing that? Base: Embedded Network Customers likely to switch prior to knowing about costs n=113

▲ Significantly higher at the 95% confidence level

Qualitative feedback shows that most EN customers want the possibility to switch, independent of whether they get a good deal or not

As most people **did not *choose*** to live in an EN site, they feel they are forced into accepting the EN and are deprived of an essential right. While they would not necessarily switch providers if they could, they would at least prefer to have a choice. The main reason for wanting choice is the possibility of maybe getting a better deal (not so much better customer service).

However, **some do not feel as strongly** about the possibility of switching providers:

- Some are highly satisfied with current pricing and customer service (independent of how their offer actually compares to the DMO).
- For some, electricity supply is just not that important and they like not having to think about it.

Pricing is paramount for me when selecting an electricity provider. If I had the option to choose my provider, I believe I could likely find a slightly better deal. This is because many providers attract new customers with enticing offers, like welcome credits. However, the potential savings might not be significant enough for me to expend much effort pursuing them. (Owner, 34, Sydney, customer of an authorised retailer)

Extremely… as I know I could shop around for a better deal with a higher discount rate. I would be getting the best deal to ease the cost of living and give my bills a bit of relief! Highly likely as I'd do research for the best deal! (Owner, 38, Brisbane, customer of an authorised retailer)

I would 100% be making the switch, but of course I would like to be able to conduct my own research. I would be willing to stay on board if they were significantly cheaper, or provide a specific service, but I'm just not seeing that. (Owner, 25, Regional NSW, customer of an authorised retailer)

I think it's very important that you can switch if you wanted to as the cost of living is increasing and being stuck with the same company is terrible if there are some deals out there that could benefit you. I have done my research and there isn't anyone cheaper for me so that's fine but if there was and I couldn't change I wouldn't be happy. (Renter, 52, Regional NSW, customer of an exempt seller)

A few of us were talking about this a couple of days ago. Most of us agree, it is the best value. I don't think any of us would change suppliers. (Owner, 63, Brisbane, customer of an authorised retailer)

It's not so important now as it's been smooth sailing to date so far. There's no point changing if it's going to cost more to setup and the time required to sort it out. (Renter, 53, Sydney, customer of an authorised retailer)

Most would prefer to be in the retail market rather than locked into an embedded network.

Qualitative feedback also shows that despite wanting to switch, EN customers are highly unlikely to do so if installing new meters and rewiring is required

Almost none in our qualitative study **were aware that they could switch providers** if they installed a new meter and wiring. The few people who knew tended to be those who had discussed it with their owners corporation.

Almost none of the people in our study were keen to **go to the effort of getting a new meter and wiring installed:**

- Renters cannot do it
- Owners believe it would require approval from the owners corporation, which is too time intensive
- Owners also tend to believe it would cost too much and would be too uncertain e.g. rewiring bill could balloon if some problems are encountered during the work

All of us in the apartment building settled on the same day and a lot of people were complaining about the price and how it was way higher than that of previous places they moved from. At our first AGM the embedded provider attended the meeting and wanted us to vote on a 10yr contract, everyone said no we would rather not be in an embedded provider and the strata took it away to see if it was possible. As all the infrastructure was put in by them it would have costed all us owners a fair bit to then be able to go with any provider we wanted and it was not cost effective, however we did negotiate a 15% off discount to electricity and gas usage rates and a 5yr contract in which we would assess again then. We were more satisfied at the daily charge rate then, however still unsatisfied we have no other providers we can compare with. (Owner, 38, Sydney, customer of an authorised retailer)

I believe that it would be too hard to do that as I'd need to get approval from body corporate and they deny every request and as I am a part of a building that is run by body corporate it is much harder to get things approved and I don't think at the moment it's wise spending hundreds of dollars on something that isn't broken or anything like that. (Owner, 38, Brisbane, customer of an authorised retailer)

The upfront cost is a huge deterrent, and the cost won't be recouped for a very long time. The risk versus benefits is not worth all the trouble and headaches. (Renter, 53, Sydney, customer of an authorised retailer)

No way would any of us want to do this. As 90% of our building is over 69, we just couldn't afford to do this. We are staying with what we have. (Owner, 63, Brisbane, customer of an authorised retailer)

It would depend on how long it would take to see the difference financially. short term pain and outlay for long term gain would be enough to make the decision although I am aware there would be a lot of red tape and hands to pass through for approvals before any works and changes could commence which as I have mentioned time is as valuable so it would be a well and carefully thought out cost and benefit analysis in order to determine the outcome. (Owner, 39, Brisbane, customer of an authorised retailer)

With the mention of possibly changing with the need to make modification to meters and wiring at a cost, this would very much put me off the idea of looking into this. I would not likely be able to see the outweigh in benefit unless I was going to live in my apartment for a very long time. I would not currently be planning to live in my current apartment for a number of years more, and likely to look at renting it out at some point. Therefore thinking long term, this would not be worthwhile for me. (Owner, 36, Brisbane, customer of an authorised retailer)

Lack of knowledge about possibility to switch and the cost / uncertainty of installing new metering and wiring infrastructure are the main barriers to switching.

6. Access to consumer energy resources

Retail market customers have greater access to, and have used more, consumer energy resources than embedded network customers

However, the importance of access to solar panels and EV chargers is the same across both customer groups

Electric vehicle charging is the least likely to be used by both embedded network and retail market customers.

Authorised vs exempt embedded network customer results are comparable when it comes to access to consumer energy resources. However, exempt seller customers are significantly more likely to have used such resources (albeit in very small proportions):

- 10% of exempt seller customers have used solar panels, compared to 1% of authorised retailers, and
- 3% of exempt seller customers have used batteries to store electricity, compared to 0% of authorised retailers.

It is worth noting that embedded network customers are significantly more likely to live in apartments than retail market – 82% vs 37% - which is likely to influence access to these resources. Retail market customers not living in apartments drive the higher access numbers among the retail market sample.

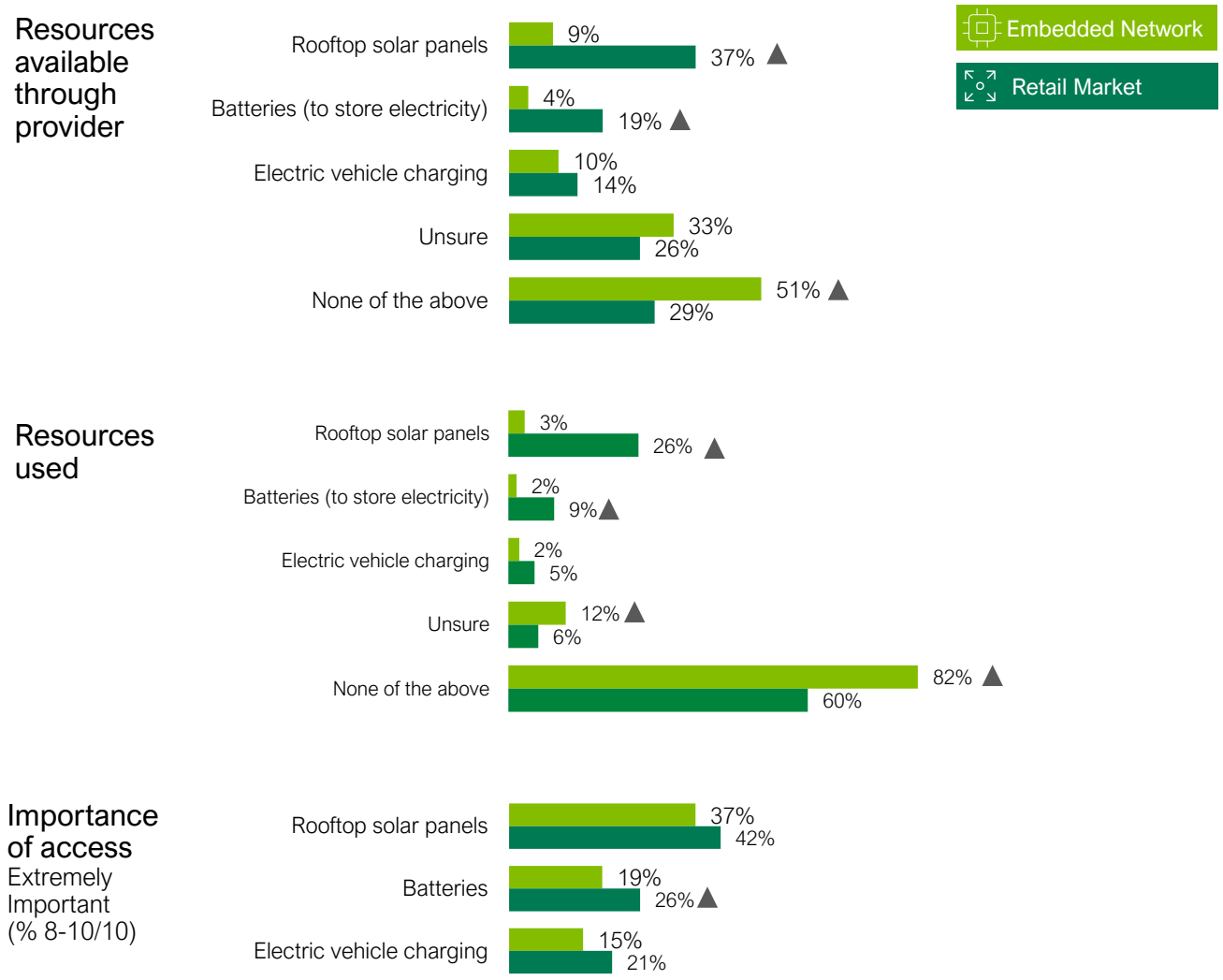
However, retail market customers living in apartments are still significantly more likely to have access to such resources than embedded network customers living in apartments – 12% of embedded network customers living in an apartment have access to at least one of the resources, compared to 34% of retail market customers living in an apartment.

Retail market customers in apartments are significantly more likely to have access to:

- rooftop solar panels (23% vs. 5% of EN customers in an apartment)
- Batteries to store electricity (19% vs. 2% of EN customers in an apartment)

While they're also more likely to have access to EV charging, the difference is not statistically significant (14% vs. 9%).

Access and usage of consumer energy resources



Q30. Which of these are available to you with your current electricity provider?
Q31. And which of these have you used?
Q32. How important is having access to these types of consumer energy resources to you?
Base: Embedded Network Customers n=182, Retail Market Customers n=531

▲ Significantly higher at the 95% confidence level

Access to consumer energy resources seems to be limited by infrastructure more than embedded networks

In our study, most of those embedded network customers living in **apartment buildings** did not have access to consumer energy resources… but believed this was due to the difficulty of installing such resources in a multi-residential building (e.g. getting owners corporation approval, securing financing, finding the space for the equipment), not the embedded network.

- Most don't have access to solar or batteries – or at most, solar panels on the roof are used to power communal areas, not individual apartments.
- Most do not have access to EV charging. While not important for them now, many believe it will be in the future as EVs become more popular.
- A few do have some EV chargers in their building but don't use them themselves (yet).

One person in our study was living on a **single dwellings estate** and had difficulty connecting their solar panels to the grid as the local transformer is at capacity. It is unclear whether this is due to the embedded network or whether this would also happen in the retail market.

> *These features aren't that important at the moment but that is likely to change when I'm looking for a new car in the future. (Owner, 58, Sydney, customer of an authorised retailer)*
>
> *We looked into our b.c. putting in car charging points, but as no one has an electric car, and it costs $thousands, we voted against it. (Owner, 63, Brisbane, customer of an authorised retailer)*
>
> *We have electric vehicle chargers available. It's a good service but I don't drive an EV so haven't used it nor thought much about whether other providers would make it available. I assume so as more EVs hit the road. I have never actually seen a car being charged there even though there are a few Teslas in the building, I believe the rates are very expensive. (Owner, 36, Sydney, customer of an authorised retailer)*
>
> *However, I would certainly consider driving a hybrid or electric vehicle should this become available. Access to solar energy would likely reduce the electricity costs and accordingly, I would appreciate the service. (Owner, 25, Regional NSW, customer of an authorised retailer)*
>
> *I do not believe a different provider would mean being able to access these things. I believe these features would need to be implemented and approved by body corporate, which is unlikely in my building. (Renter, 34, Brisbane, customer of an authorised retailer)*
>
> *We have access to EV charging points. However, we don't use it as we don't have an electric car at this stage. If we had one (planning to in a few years down the line) then yes this would be used definitely. (Owner, 41, Sydney, customer of an authorised retailer)*
>
> *Sadly, with this complex which was built 5 years ago the provision for Solar was badly set up and managed by many. As a result, this community estate has 169 side by side individual town homes of various styles. Built in 3 stages. So, first in were able to install solar. Then the grid was full and until a new transformer is installed at a very big cost, we now have people who desperately want solar but are not able to. Investigations and solutions continue as many have installed spas and electricity bills increased by 50% so are keen to make progress here. (Owner, 65, Regional QLD, customer of an authorised retailer)*

No particular advantage or disadvantage identified with access to consumer energy resources in embedded networks.

7. Proximity between sellers and customers

Sample base too low to make conclusions on the topic of proximity between sellers and customers

Only one person in our study lived near their (exempt) seller, who are managers of a high-end apartment complex. They have never had difficulty with payment and were highly satisfied with the level of customer service – in fact, they believed having direct access is of benefit.

> *We live in an apartment building, with 3 different towers. The electricity providers are our apartment managers. They live in an apartment within our tower. They have a manager's office also within our building. We mainly see them when we need to collect parcels. They are friendly. I believe having them living onsite increases the level of customer service we receive, as it makes them more approachable and accessible. I would be embarrassed to make any petty claims, but feel happy to complain if its justified - e.g. if we had constant power outages. Overall I think we are better off having them close and accessible, and knowing they are impacted also means they will do everything they can to make sure we have a good, consistent, power supply! (Owner, 52, Brisbane, customer of an exempt seller)*

One testimony only is not enough to make conclusions on the topic of proximity between sellers and customers.

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