



# **AER Market Performance**

## **Quarterly Retail Performance Report Q1 2018-19 Summary**

January 2019

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# AER Retail Market Performance Quarterly Reporting: Quarter 1 2018-19

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

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

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

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

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

## **1. Customer numbers – market share**

The electricity retail market continues to remain fairly concentrated with 68% of residential and 64% of small business electricity customers remaining with Tier 1 retailers. This trend holds true throughout all market segments, and gas continues to be more concentrated than electricity across all segments.

The five year trend shows a decrease in the market share of Tier 1 retailers as customers continue to move to Tier 2 retailers for electricity and gas. This trend continues in Q1 2018-19.

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

Figure 1.1

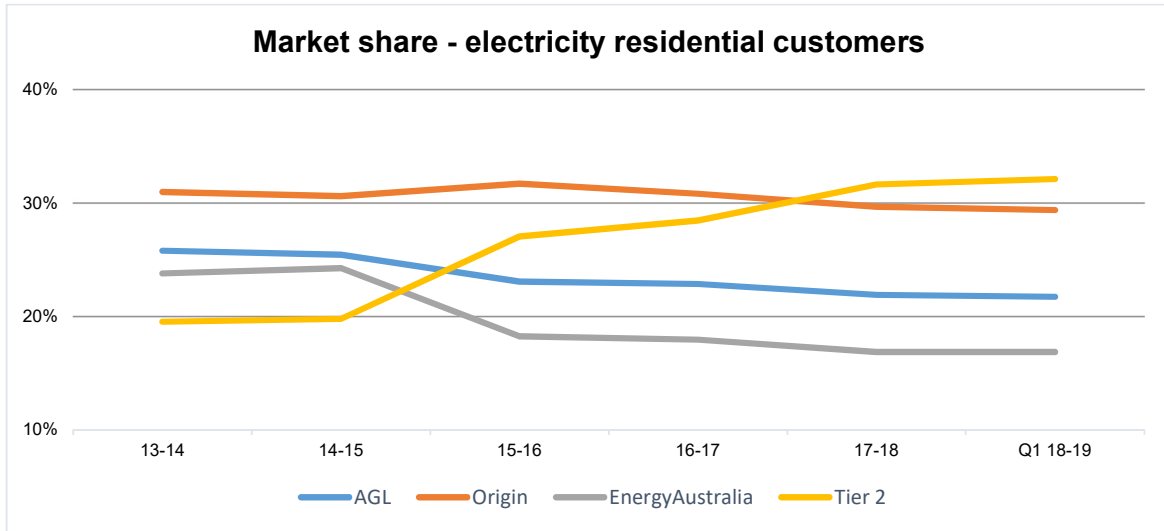
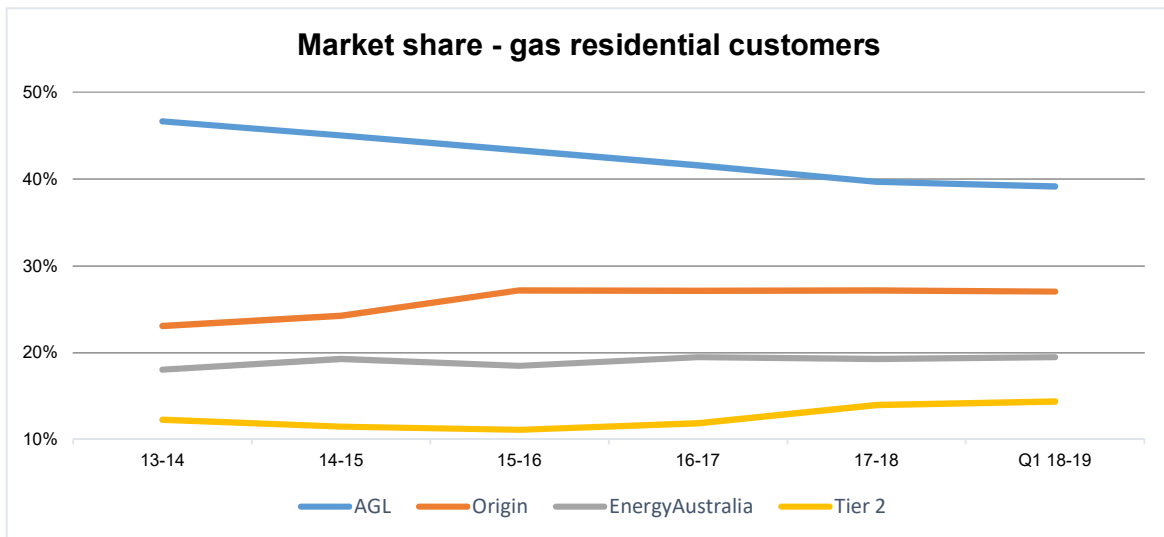


Figure 1.2



## 2. Market contracts

The number of electricity and gas residential and small business customers on market contracts continues to increase, except for electricity in Tasmania. Electricity prices are regulated in Tasmania and there are limited contract available to customers.

The rate of residential electricity customers on market contracts has grown to a total of 74% in Q1 2018-19. The highest rate of customers moving onto market contracts were residential customers in the ACT. More than half of residential electricity customers and 70% of electricity small business customers remain on standard contracts in the ACT.

Gas customers across both residential and small business segments are more likely to be on a market contract than electricity customers. Over the past five years more and more residential

gas customers are moving onto market contracts, rising from 71% in 2013-14 to 84% in Q1 2018-19.

Figure 2.1

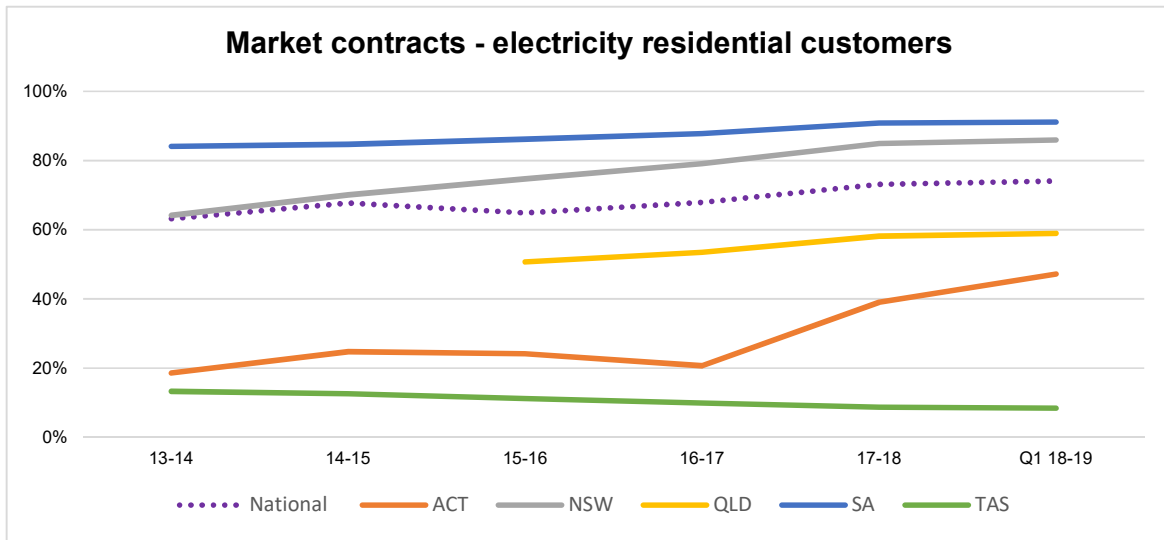
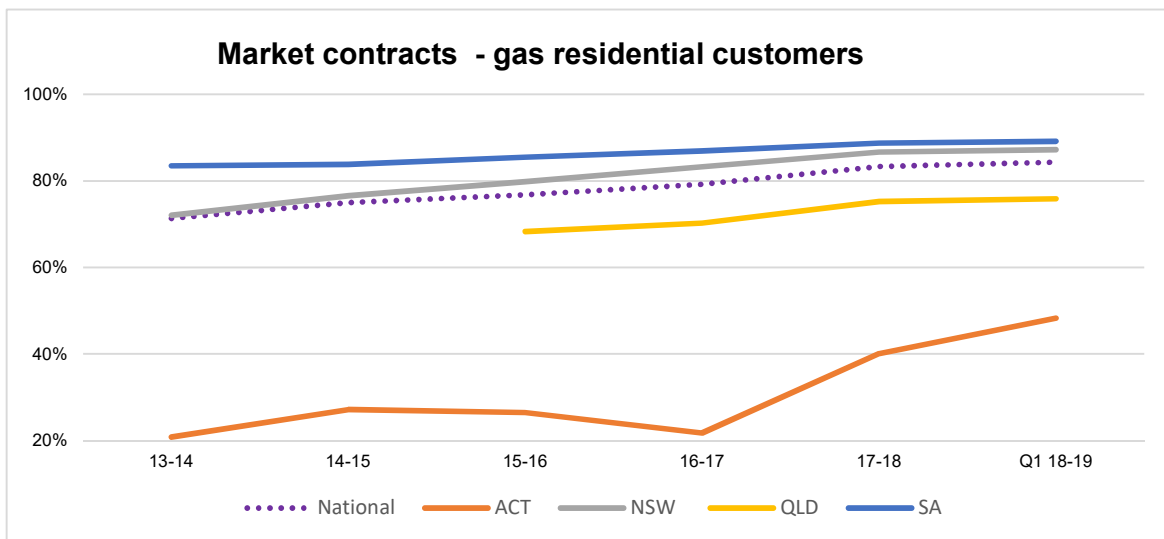


Figure 2.2



### 3. Complaints

Complaints as a percentage of customer numbers<sup>2</sup> is used to compare complaint rates across jurisdictions. Complaints for residential and small business customers have slightly increased. Due to the seasonal nature of complaints, comparisons are most useful between like quarters.

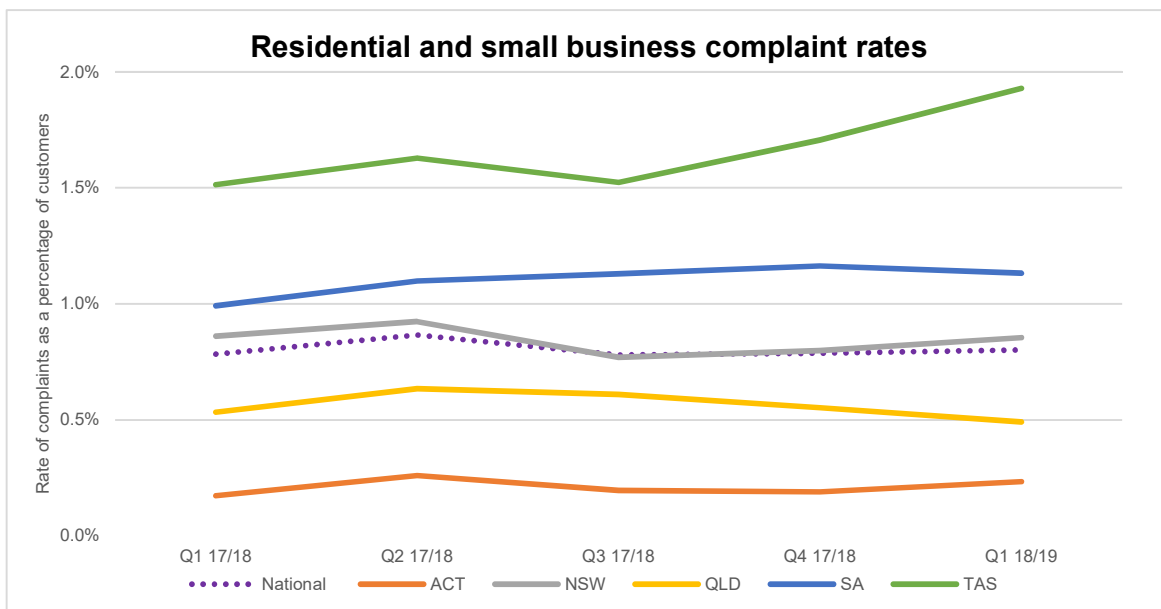
Over the last five quarters, the rate of complaints customers peaked in Q2 2017-18. This may have been caused by price rises that typically occur in July, and high winter bills being received.

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

The rate of complaints made by customers has generally increased in Tasmania. In South Australia the rate of complaints also grew steadily across 2017-18 until decreasing in Q1 2018-19.

Customers in Tasmania continue to have the highest rate of complaints across the jurisdictions, followed by South Australia. The ACT has the lowest rate of complaints across all quarters.

Figure 3.1



#### 4. Customer debt

Average residential non hardship debt increased across all jurisdictions for gas and electricity. The national average debt from Q1 2017-18 to Q1 2018-19 increased \$259 for electricity, and \$87 for gas.

The largest increase for electricity and gas non hardship debt was in South Australia, with electricity non hardship debt increasing by \$429 and by \$143 for gas customers.

The smallest increases in non hardship debt in the same period were in Tasmania with a \$22 increase for electricity customers, and in Queensland with a \$19 increase for gas customers.

Conversely, debt at entry to a hardship program and average debt for participants of a hardship program has decreased across all jurisdictions.

Between Q1 2017-18 and Q1 2018-19 electricity debt on entry dropped by \$79 and average hardship debt by \$151. For gas customers in hardship, debt on entry fell by \$102 and average hardship debt by \$86.

Figure 4.1

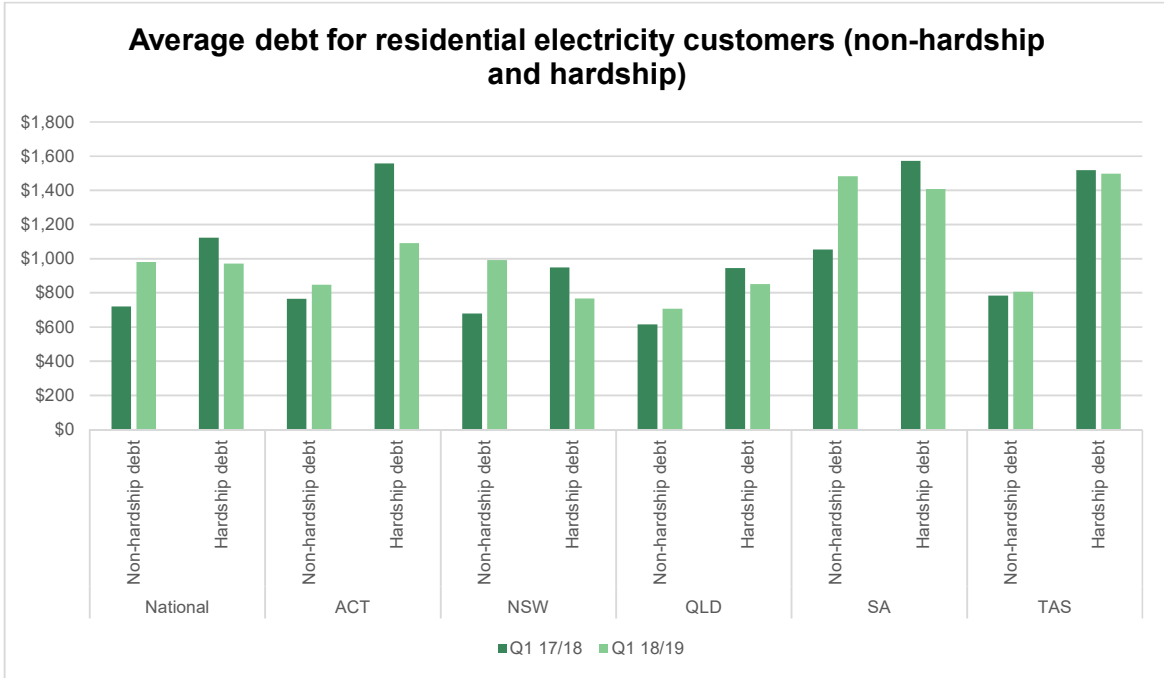
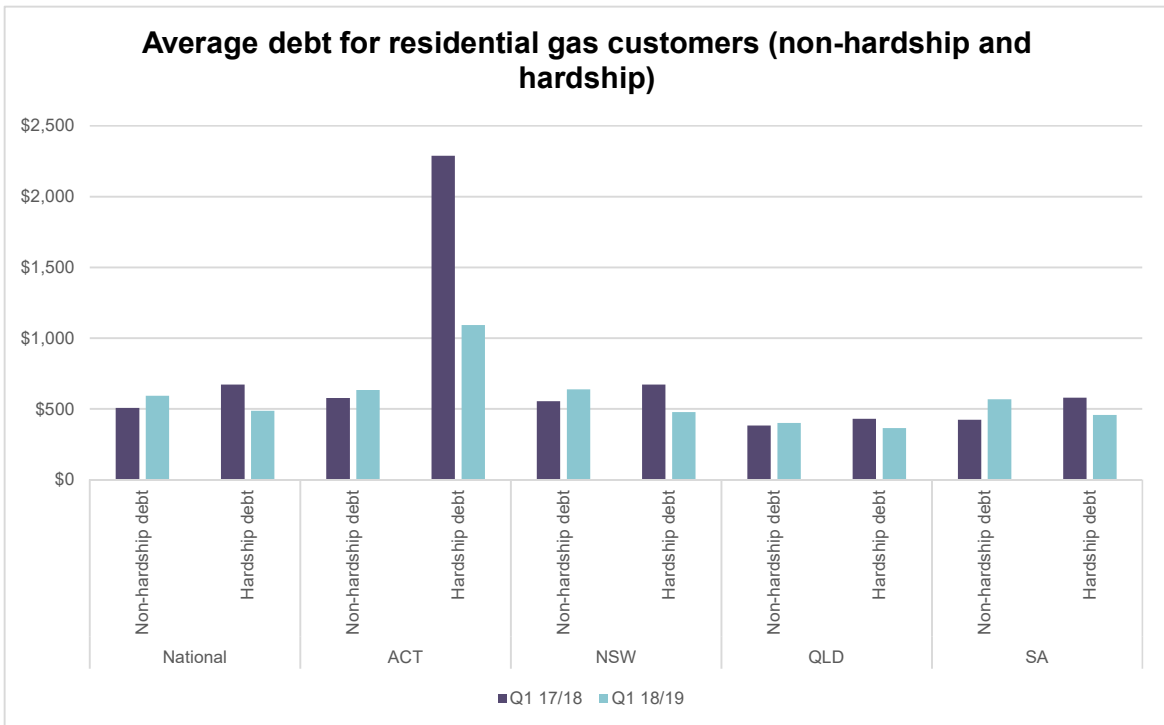


Figure 4.2



Small business debt increased across most jurisdictions, except in the ACT for both gas and electricity, and gas debt in Queensland. Between Q1 2017-18 and Q1 2018-19, small business debt increased by \$495 for electricity and \$157 for gas on a national basis. The largest increases were in NSW with an increase in small business electricity debt of \$583 and gas debt

of \$296. The largest decreases in small business debt was in the ACT, where electricity debt decreased by \$400 and gas debt decreased by \$1310.

## 5. Payment plans

Customers are put on payment plans when they have trouble paying their bills.

Gas and electricity payment plan trends mirror each other quite closely, although gas customers are less likely to be on payment plans than electricity customers. The percentage of customers on payment plans for both gas and electricity have generally decreased since Q1 2017-18.

The number of customers with payment plans cancelled in electricity remains high, increasing from 43% in Q1 2017-18 to 50% this quarter. Customers in Queensland and the ACT continue to experience the highest rates of cancelled payment plans.

The number of cancelled gas payment plans follows the same trend as electricity. Cancellations for gas payment plans have increased from 36% in Q1 2017-18 to 43% in Q1 2018-19.

Figure 5.1

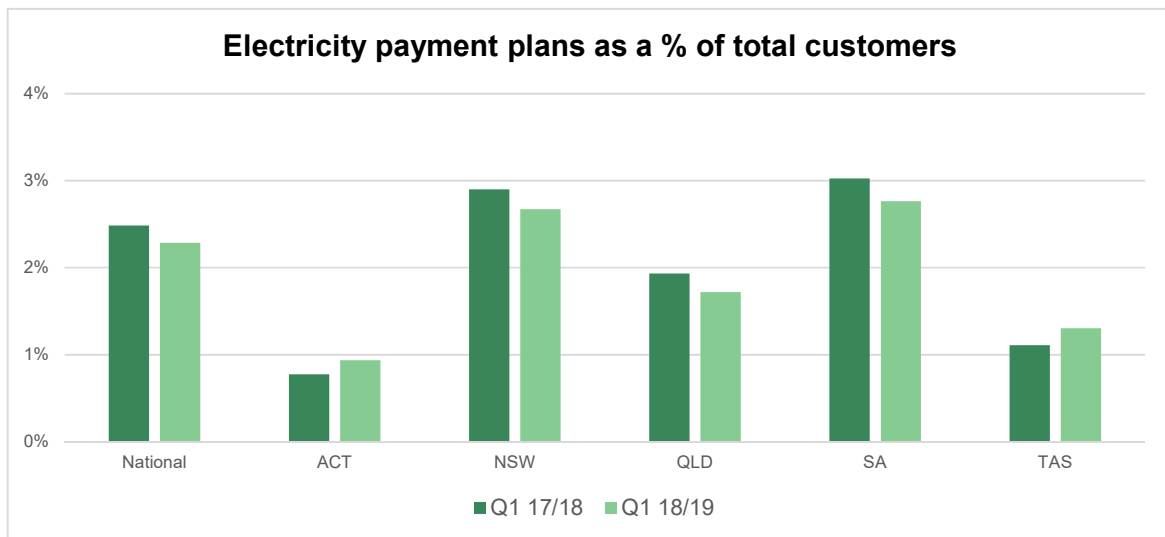




Figure 5.2

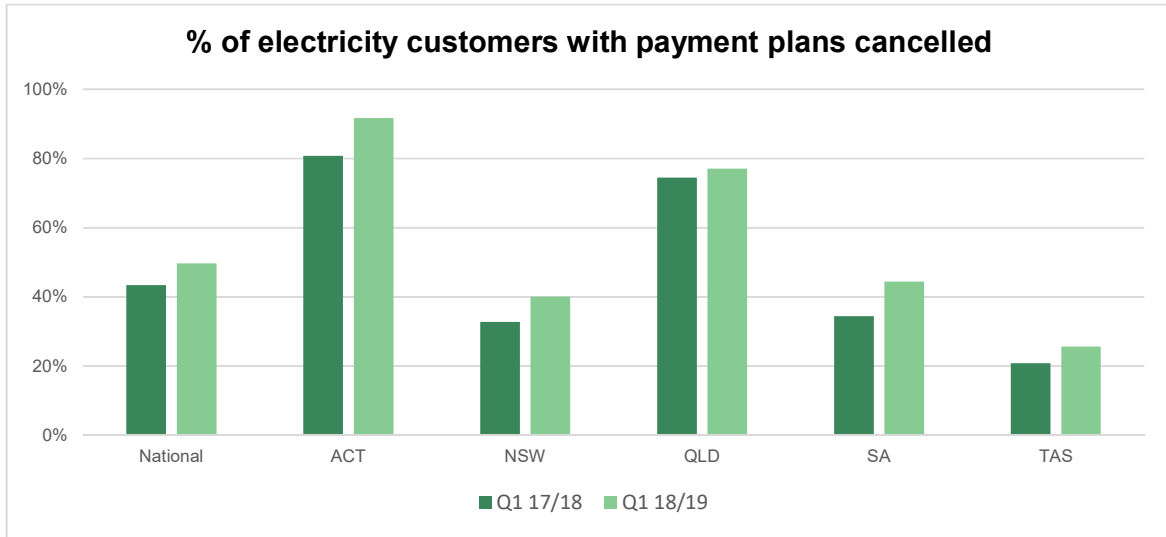


Figure 5.3

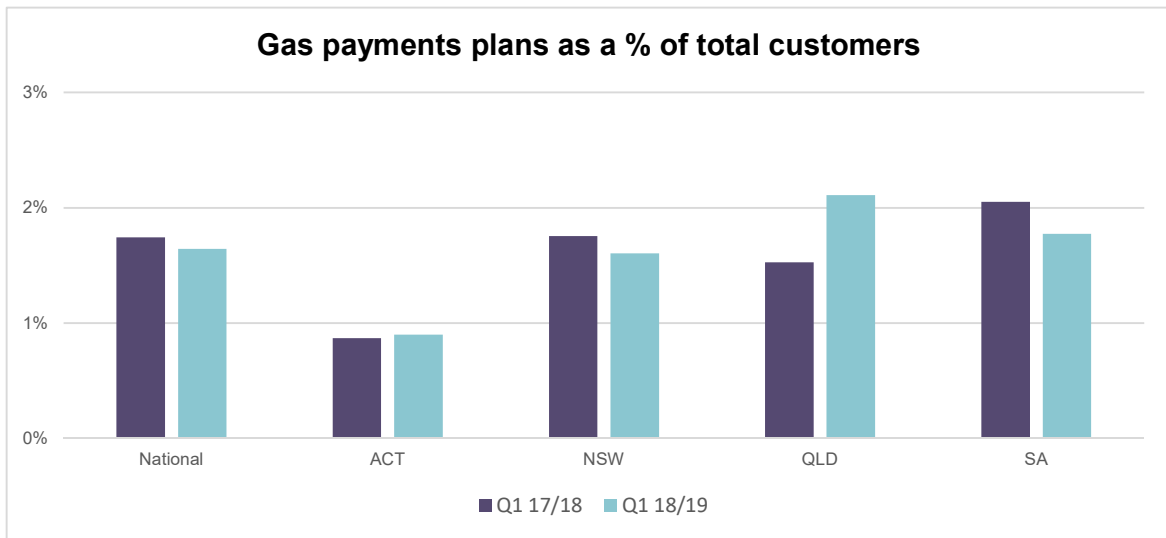
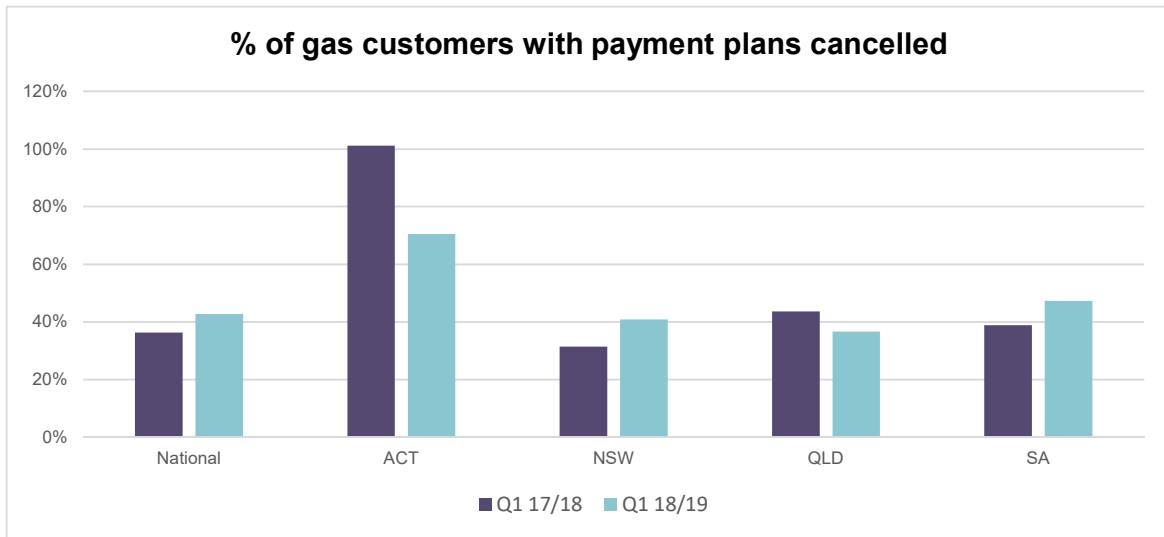


Figure 5.4



## 6. Hardship

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

The number of customers on hardship programs in electricity has increased by over 7 500 customers (or by 12%) over the last year.

Comparing Q1 2018-19 to Q1 2017-18, 401 or 60% more customers in the ACT were placed on hardship programs. The ACT experienced the highest increase in customers being placed on a hardship program, followed by Tasmania and NSW.

Gas hardship rates were steady across all jurisdictions except for the ACT, where the hardship rate increased 0.1% from Q1 2017-18 to Q1 2018-19.

Successful completion rates of hardship programs decreased this quarter compared with Q1 2017-18. The rate of electricity customers successfully completing a hardship program has dropped from 24% to 23% and for gas customers from 19% to 16% when comparing Q1 2018-19 to the same time the previous year.

Figure 6.1

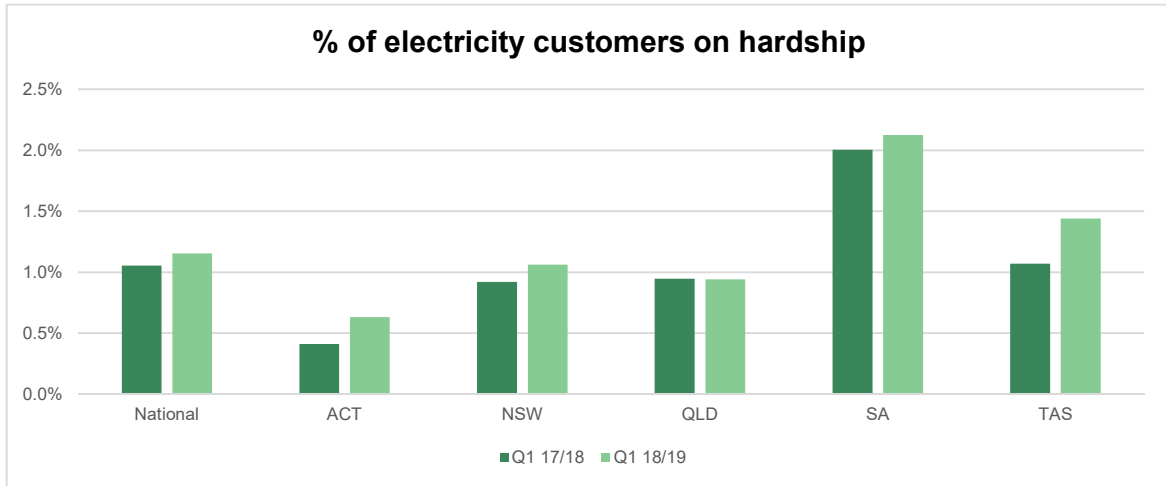


Figure 6.2

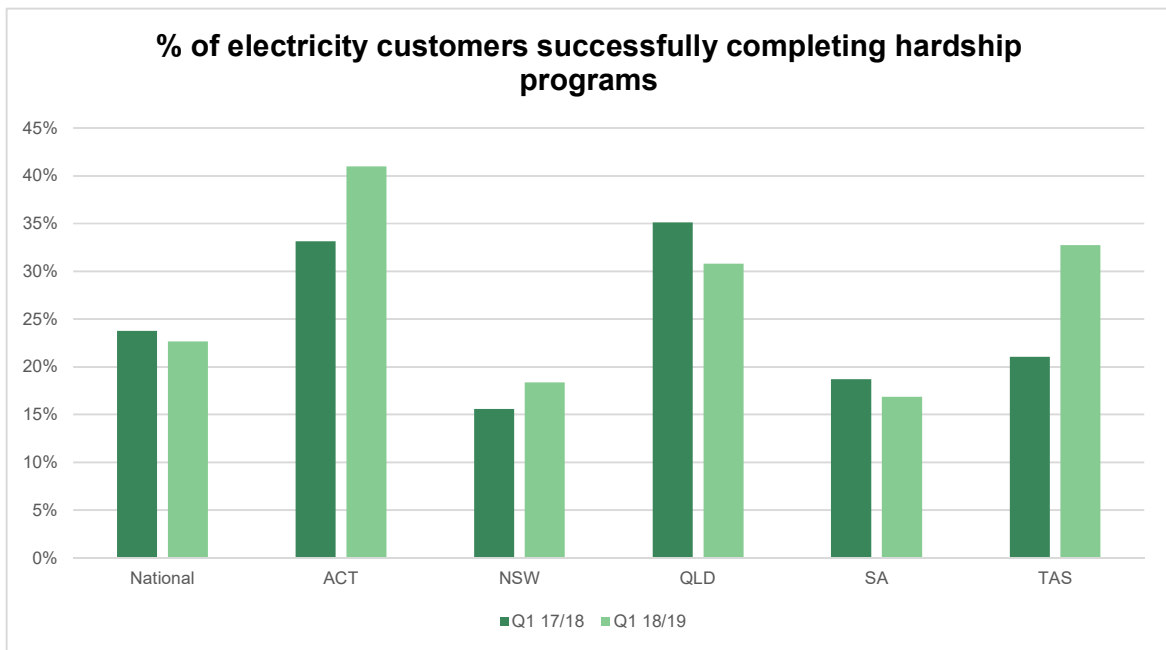


Figure 6.3

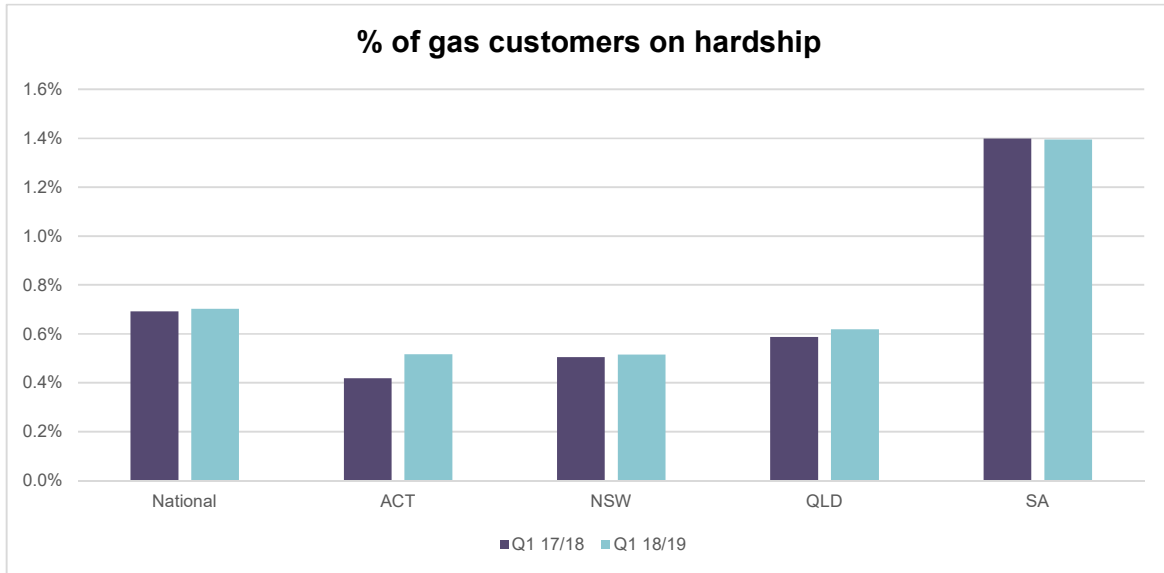
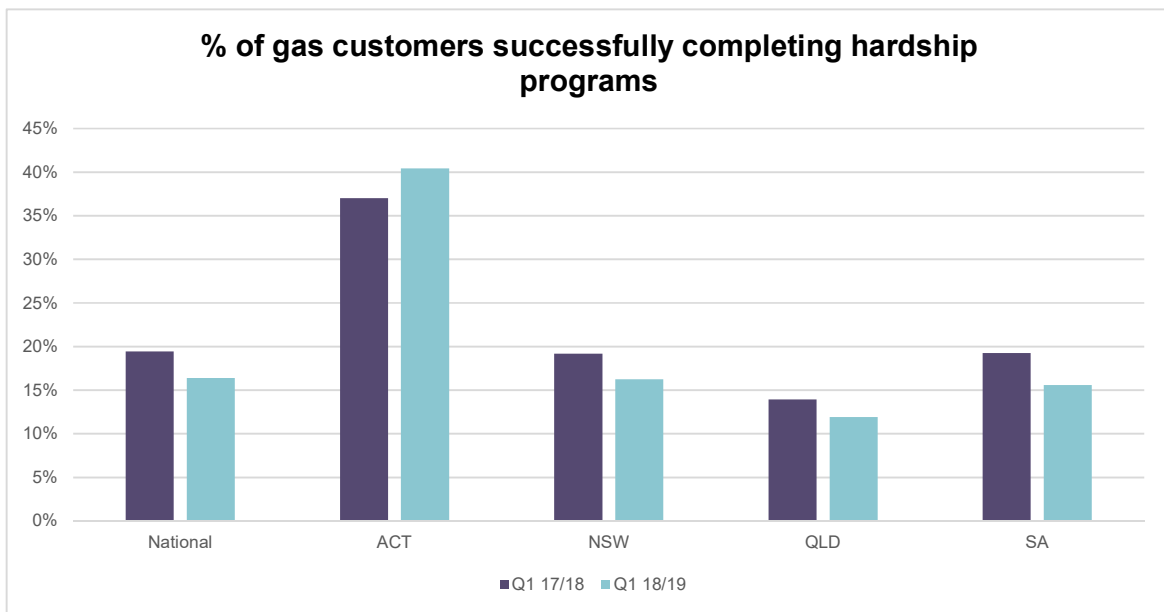


Figure 6.4



## 7. Residential disconnections

Total residential electricity disconnections (non-payment) have increased from 0.29% of all customers in Q1 2017-18 to 0.33% in Q1 2018-19. All jurisdictions have experienced an increase in the rate of electricity disconnections over this period except for Tasmania where electricity disconnections dropped by 46 disconnections (from 0.09% to 0.07%). Tasmania continues to have the lowest rate of residential disconnections.

Gas residential disconnections over the past five quarters slightly decreased, dropping from 0.13% in Q1 2017-18 to 0.12% in Q1 2017-18. The rate of gas disconnections in Queensland increased by 98 disconnections, from 0.18% to 0.23% across the same period.

Figure 7.1

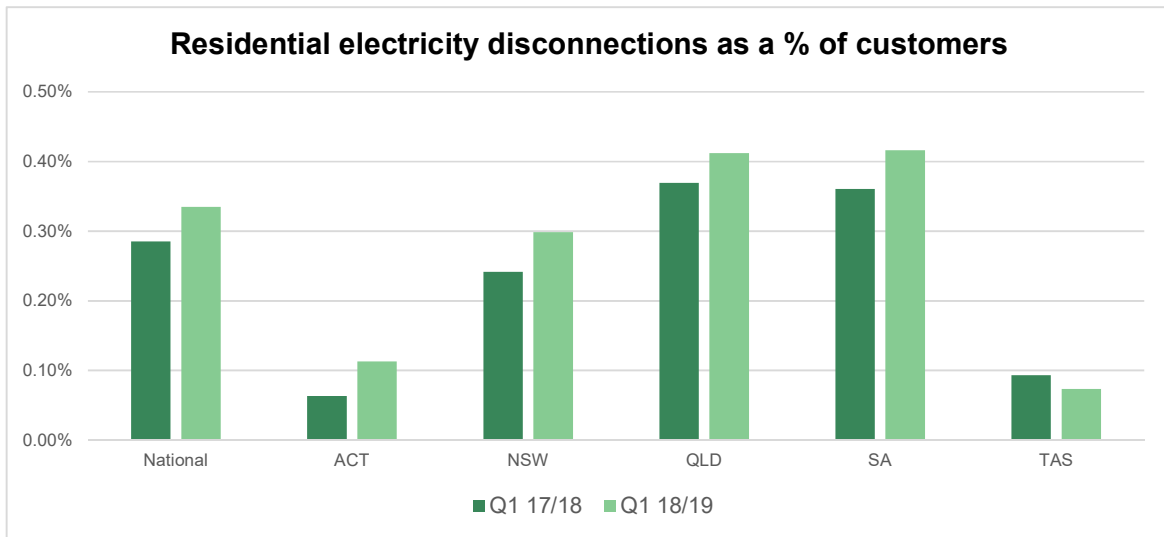
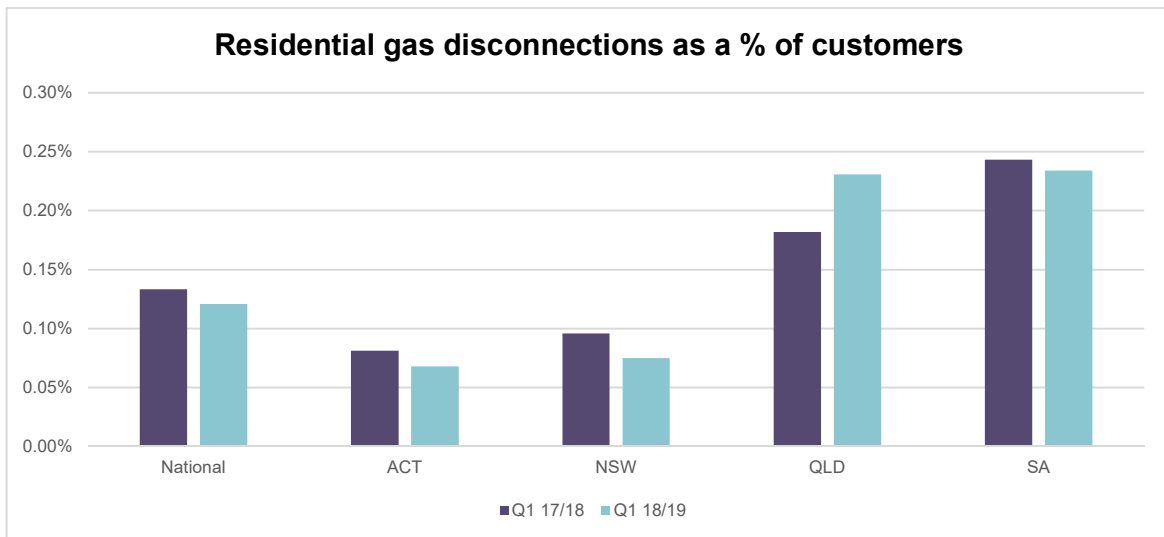


Figure 7.2



Small business electricity disconnections (non-payment) are up from 1 411 in Q1 2017-18 to 1 684 in Q1 2018-19, and gas disconnections are down (dropping from 182 to 102). Electricity small business disconnections rose in all jurisdictions when comparing this quarter to the same time last year. Gas disconnections increased in all jurisdictions except for QLD, when comparing Q1 2018-19 to Q1 2017-18.