



Retail Electricity Pricing Inquiry public forum - Sydney

This document is not a verbatim record of the forum but a summary of the issues raised by forum attendees.
The views and opinions expressed are those of the attendees and do not reflect the ACCC's views or position on the issues summarised here.

Monday 14 August 2017, 5:00pm – 7:00pm
Radisson Hotel and Suites
72 Liverpool Street, Sydney, NSW

Attendees

Australian Competition and Consumer Commission

Delia Rickard, Deputy Chair

Roger Featherston, Commissioner

Jim Cox, ACCC Associate Commissioner, AER Board Member

ACCC staff: Baethan Mullen, Romina Bognolo, Geoff Dellar, Niels Stecher

Interested parties

Approximately 40 interested parties attended the forum.

Introduction

Commissioner Roger Featherston welcomed attendees and outlined the purpose of the forum. Attendees were informed that the matters discussed at the forum would be recorded for the ACCC's purposes, but the ACCC would not produce a transcript.

Baethan Mullen, General Manager, Retail Electricity Pricing Inquiry, gave an update on the inquiry and an overview of submissions. A summary of submissions is available on the [ACCC website](#).

Jonathon Hunyor, Public Interest Advocacy Centre, outlined the concerns the Public Interest Advocacy Centre has found through its Energy and Water Consumer and Advocacy program. Mr Hunyor noted the most recent round of price rises and winter consumption would create some of the highest bills yet for consumers and would cause payment difficulties for customers who had not experienced this previously.

Mr Hunyor noted a number of issues the Public Interest Advocacy Centre would like the ACCC to address to improve market performance and reduce prices for consumers. These include targeted and resourced support frameworks for hardship customers, reform to the wholesale market to improve competition, efficient and transparent decision-making in network regulation, improved access to distributed generation and demand management, improved policies to support energy efficiency and effective competition in the retail market to assist customers make informed decisions.

Baethan Mullen noted the presence of representatives from the Energy and Water Ombudsman of New South Wales that would be able to assist with individual complaints or disputes.

Commissioner Roger Featherston invited the attendees to contribute comments in response to the topics of interest to the Inquiry.

Summary of issues

Attendees discussed the following issues at the forum.

Price increases and impact on electricity customers

- The recent price increases have made it difficult for people to afford their electricity bills. Customers are rationing their consumption or changing their living arrangements.
- High bills are causing stress and concern across customer groups and customers from all walks of life.
- Bill increases are higher than reported and some bill components have increased by up to 40 per cent. Customer engagement with retailers to understand bills and the cost increases is time consuming and often unsuccessful.
- Retail prices do not reflect variations in network charges and this reduces incentives for customers to select time of use tariff options. Some customers may only discover this after making a choice or investing in other solutions. This is leading to reduced faith in the market.
- Electricity is an essential service. The ACCC should review support and protections for vulnerable customers to ensure these programs are delivering the appropriate assistance.
- Electricity prices are affecting the international competitiveness of export industries and have an indirect impact on food and grocery prices.
- Delayed or missing customer bills are creating affordability concerns for customers as they receive bills for extended periods. Resolving these issues is time consuming and difficult. Missing bills also expose customers to late fees.

Transparency around offers and bills

- Electricity offers are numerous and complex. This complexity makes it difficult for customers to make an accurate comparison.
- It is difficult for customers to find the underlying supply and consumption rates for each offer. Customers want to see this information quickly.

- Customers have shown an interest in a single comparison rate similar to that used in the United Kingdom. However, different network tariffs will make it difficult to produce a single accurate rate. Customers have experience with this concept from the financial market and trust it.
- Customer information around price changes needs to be improved.

Competition and Innovation

- The largest retailers dominate the retail market. Is this a competitive market and if so, are the benefits of competition being passed on to consumers?
- There seems to be little evidence of innovation in the market despite technical advancements such as solar, batteries, and smart devices.
- Easier access to smart meter data would allow third parties to provide customers with simple accurate comparisons at little or no cost.
- Customers should be able to compare offers and switch between offers and retailers through the same portal to reduce customer drop off during the switching process.
- Consumers dedicate little time to comparing electricity offers. What time they do spend should focus on analysing comparative offers, making a decision and acting on that decision.
- Comparison sites and web portals may not be the best method to encourage customer switching and broker services may encourage more consumers to engage with the market.

Comparison Sites

- The current government websites make comparing offers a slow and difficult process. Improvements to useability would make comparison quicker and easier. Online chat and telephone assistance would improve usability.
- A comparison site should allow users to make a simple comparison that provides information quickly, with a more detailed option for more engaged customers.
- Comparisons should include estimates for solar and improve offer display by simplifying multiple offers from single retailers with little obvious difference between the offers.

Other Issues

- The gold plating of networks has been identified as a cause of retail price increases. The networks should not be able to recover capital costs through price increases.
- Networks are including congestion charging in their pricing, but there is no network congestion.
- The reduction of solar feed in tariffs has reduced the benefit of installing the systems.

Commissioner Featherston closed the forum by inviting attendees to contact the ACCC separately if they had further comments to contribute. He invited attendees to remain for discussions with ACCC staff.