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John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
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Contact John Smith
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Dear Mr Pierce



SUBMISSION TO 2015 RETAIL COMPETITION REVIEW – CONSULTATION PAPER

IPART welcomes the opportunity to comment on your Consultation Paper for the 2015 Retail Competition Review.

IPART is the economic regulator of gas prices for small customers in NSW who have not signed a market contract with a licensed retailer. We are also responsible for monitoring competition for small customers in the retail electricity market in NSW following retail price deregulation on 1 July 2014.

The AEMC's competition reviews will provide important information for IPART's role as market monitor. As noted in the Consultation Paper, there is considerable overlap in the work being undertaken by the AEMC, the AER and IPART in retail energy markets in NSW. We look forward to working together to perform these roles efficiently and effectively.

Our response to the questions raised in the Consultation Paper is provided below.

- 1. Will the framework set out in section 3 of this paper enable the AEMC to adequately assess the state of competition in NEM jurisdictions?**

We support the AEMC's proposed framework for the 2015 review and consider that it is appropriate for assessing the level of competition in NEM jurisdictions. The competitive market indicators in this framework are similar to those IPART must consider in monitoring the NSW retail electricity market. We also agree that competition is a process, and conclusions on its effectiveness should not be based on a single point in time.

- 2. Which elements of the 2014 review were of most value that you would like to see repeated in the 2015 review, noting the scope of similar work being undertaken by other organisations?**

We support the continuation of customer and retailer surveys. These surveys provide valuable insights on stakeholder experiences and attitudes towards energy markets and

are the most effective means to assess indicators including customer outcomes in the competitive market.

We note the AEMC's proposal to consider each jurisdiction as a single geographic market with two product markets (electricity and gas). We consider it important that the analysis continue to consider any differences in competition between urban and regional areas.

3. **Were there any issues not considered in the 2014 review that you would like the AEMC to consider in the 2015 review that are within the scope of the terms of reference?**

There are two main areas that we believe would be useful for the AEMC to expand on in the 2015 review. We have outlined these issues below and would welcome the opportunity to discuss further with the AEMC:

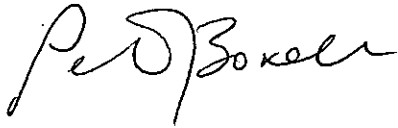
- ▼ **Competition for solar PV customers** - during IPART's annual solar feed-in tariff reviews some stakeholders have submitted that there is less competition for customers with solar PV panels. We note that in the AEMC's 2014 Retail Competition Review, 69% of customers were somewhat or very satisfied with their electricity retailer - and those with solar panels were significantly more likely to be satisfied than those without.¹ In our view it would be useful to extend this work to investigate any difference in satisfaction between groups of solar customers - for example those who are receiving subsidised feed-in tariffs under the NSW Solar Bonus Scheme and those receiving voluntary feed-in tariffs. In addition, we would like to understand whether having solar panels affects the ability to take up a better offer. The 2014 survey found that a large group of customers reported their solar panels as the main barrier from them investigating or taking up another energy company or plan.²
- ▼ **Identifying characteristics of market offers most important for consumers** - the AEMC's surveys found that for some consumers, the amount of information in market offers makes it difficult for them to make decisions. The AEMC's consumer engagement blueprint for NSW recommended changes to make it easier for consumers to compare offers and make choices, for example by simplifying the *EnergyMadeEasy* website. We consider that it would be useful for the AEMC's surveys to identify the characteristics of market offers most important to consumers. Comparison tools like *EnergyMadeEasy* could then focus on these characteristics. Other than prices, these might include the amount of any early termination fee, any upfront inducements and other fees and charges.

¹ AEMC, *2014 Retail Competition Review, Final Report*, 22 August 2014, p 114.

² Newgate Research, *AEMC Consumer Research for Nationwide Review of Competition in Retail Energy Markets*, June 2014, p 134.

Should you or your staff have any questions in relation to this submission, please contact John Smith on (02) 9113 7742.

Yours sincerely

A handwritten signature in black ink that reads "Peter J. Boxall". The signature is written in a cursive style with a large initial "P" and "B".

Peter J. Boxall AO
Chairman