

# **Retail Competition in the NSW Electricity and Natural Gas Markets: Focus Groups with Residential and Small Business Consumers**

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## **1. EXECUTIVE SUMMARY**

In December 2012, residential and business users of electricity and gas participated in four focus groups in metro and regional New South Wales to discuss the presence or absence of retail competition among electricity and gas retailers in the state. Some of the groups comprised users of electricity and gas services, others only used electricity services. Business participants had to be “small users” as defined by quarterly bill amounts. All residential users were considered small users. In each group, there were people who had switched energy retailers in the past 12 months and others who had not.

Participants thought that retail competition was present in NSW and that companies actively vied for their business. There were no barriers to new entries in the marketplace although larger and well-established companies were seen to have a natural advantage.

Telephone calls and door-knocking constituted the most common means for hearing about the competitors in the marketplace. The internet was also utilised. Some company websites were described as containing too much information about plan alternatives and pricing, making it hard to find useful guides to decision-making. Some participants were also familiar with and had used services such as iSelect and One Big Switch that offered energy company comparisons or consolidated customers into a buying group. Some reservations were voiced about whether these organisations were independent of the utilities.

Switching energy companies was a well understood concept and a familiar practice. There were no barriers to switching except for the judgement that energy contracts imposed penalties or fees for such actions and so created a financial disincentive to switch. It was mentioned, however, that the new energy company might sometimes pay that penalty for the customer or refund it. One of the most commonly expressed positive features and advantages of energy contracts was that they provided meaningful pricing discounts. Some felt that the benefits of the discount though were rapidly minimized by energy price increases. Another important linkage between contracts and pricing was that customers thought switching or the attempt to switch often triggered a lower matching price from the original company. The idea that one had to engage the switching process to flush out a discount, rebate, or lower price displeased the customers.

Because pricing discounts were so linked to contracts, some who do not think they were receiving any special pricing did not think they had an energy contract even though in reality every customer has one.

The high price of electricity dominated the discussion. It was the prime motivation to switch companies and the primary consideration when comparing companies. Customer service and product offerings were much less often mentioned but many respondents complained about customer service experiences such as long phone waits, inexperienced staff, and inadequate/unclear price information on bills.

Customers wanted electricity companies to do more to explain high prices, price increases, and do more to alert/pre-warn people about usage that exceeded the norm (whether due to weather, faulty appliances, or general use). They wanted bills to be more diagnostic (i.e., to show what was causing bills to be inordinately high) and contracts to be written in plainer language. Customers were sceptical that energy companies were on their side because the companies profited from more consumption, not less. Company actions that promoted savings/conservation were viewed as less than sincere, as a result.

The advantage of having gas and electricity with the same company (bundling) was readily understood. Lower prices were frequently mentioned but some expected better efficiencies in customer service when they signed up for bundling (e.g., one point of contact, better handovers of requests for information or assistance).

Several energy-related services or features were not well understood. These included the distinction between market and standard contracts, and the difference between smart metering vs. time-of-use pricing.

Some occasions of sales pressure were described such as unwanted insistence (“not taking ‘no’ for an answer”) and price promises that were not always delivered when customers inspected their bills. Some participants mentioned that their service provider was switched without their awareness or approval. Such events were the exception not the rule. There were no spontaneous mentions of people calling governmental oversight agencies or ombudsman offices at the state or federal level for impartial information about utilities or to report problems.

There were some differences noted between the metro and non-metro groups. The non-metro participants felt their energy choices were somewhat more limited and they were more concerned about the loss of companies they viewed as “local.” The metro and non-metro groups were united by their concern about high electricity prices.

Similarly, there were differences between the residential and business participants. The businesses seemed more confident in their dealing with energy retailers and more understanding of business realities such as inflation and the difficulties of customer service.

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## **2. INTRODUCTION**

### **2.1 Background**

The Australian Energy Market Commission (AEMC) creates rules for the national energy markets and provides policy advice to governmental organizations regarding the development of these markets. The AEMC is empowered by the Australian Energy Market Agreement to carry out reviews of retail competition in the energy markets across the country. The first review was conducted in Victoria in 2007. South Australia and the ACT followed in 2008 and 2010 respectively. The current study of NSW is thus the fourth in the series.

The reviews entail collecting input and commentary from all interested parties, including consumers, businesses, and energy retailers. The overarching goal is to reach a determination about how well competitive forces are in place in the electricity and gas retail markets of the states and territories. Measures used to reach this decision include the assessment of:

- Independent rivalry within the market
- Whether new suppliers can enter the market
- Whether customers think they have choice among energy retailers
- Whether product offerings are diverse and differentiated
- Pricing and profit levels and how they are viewed by customers
- Customer switching behaviour

Based on the findings, the AMEC can recommend courses of action to the Standing Council on Energy and Resources which, broadly defined, take the form of loosening regulation on retail pricing if competition is seen to be sufficiently present or promoting competition if competition is found not to be robust.

### **2.2 Roy Morgan Research's Role**

Roy Morgan Research was commissioned in November 2012 to carry out quantitative and qualitative research with “small customers<sup>1</sup>” of natural gas and/or electricity in New South Wales. Three studies were undertaken:

- A quantitative survey of 1000 residential energy customers across NSW.

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<sup>1</sup> For the purpose of this quantitative and qualitative research, small customers were defined in terms of average quarterly bill for electricity and gas. See Section 4 for more details.

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- A quantitative survey of 500 business energy customers.
- Qualitative focus groups with business and residential energy users of electricity and gas.

Focus groups reveal attitudes held and behaviours undertaken by people as expressed in their own voice. They explore the reasons and motivations behind energy-related actions and beliefs. The focus groups look in depth at a small number of people. The quantitative method complements the qualitative by examining a larger number of people to learn, broadly speaking, what percentage of the population hold various views and engage in certain actions with respect to the energy market.

This report focuses on only the qualitative phase of the study. Separate reports will be issued on the customer and business quantitative surveys. Taken together, the documents provide customer input to the AEMC's review of competition in the retail energy marketplace in NSW.

### **3. RESEARCH OBJECTIVES**

The overall objective of the qualitative research was to learn about the customer's perspective on the service providers of electricity and gas and the use of their services at home or at the place of business. Key themes of the sessions were perceived competition and switching behaviour. That is, is there competition among companies in the state and to what extent do people switch service providers?

Answers to these questions will assist the AEMC with policy recommendations. If there is evidence for effective competition, then any regulations in the market place, such as those bearing on price, would have less justification for being maintained. If, on the other hand, competition is not seen to be present in the retail energy market, then steps might be recommended to foster such competition.

It is important to note that the average customer of electricity and gas is, of course, not an expert on the retail energy market. How they view "independent rivalry," choice, and pricing may not align with the facts within the marketplace or the opinions of experts. While it is useful to categorise their answers as "right" or "wrong" it is equally useful to understand why customers believe what they believe and use the information to develop strategies and programmes to create a better informed customer.



## 4. METHODOLOGY

To investigate the awareness, attitudes, and feelings about retail competition regarding electricity and natural gas, four focus groups were conducted. The table below summarises the structure of the groups and the qualification criteria of the participants.

Users of Electricity and Gas		Users of Electricity Only	
Metro NSW (Parramatta)		Non-metro NSW (Dubbo)	
Residential Users	Business Users	Residential Users	Business Users
Not employed by gas, advertising, electricity, market research companies or government organizations involved in energy policy/regulation	Average quarterly electricity bill of \$10,000 or less and average quarterly gas bill of \$4,250 or less	Not employed by gas, advertising, electricity, market research companies or government organisations involved in energy policy/regulation	Average quarterly electricity bill of \$10,000 or less
Decision maker or shares in decision making for home energy services	Decision maker or shares in decision making for energy services for the business	Decision maker or shares in decision making for home energy services	Decision maker or shares in decision making for energy services for the business

### 4.1 Recruitment / Quotas

Focus group participants were recruited by telephone using a trusted third-party provider of focus group recruitment services. Screening specifications were provided by Roy Morgan Research. A sample screener is provided in Section 6. Recruits were informed that paid discussions groups were being held concerning the natural gas and/or electricity market in NSW<sup>2</sup> and that the session would be recorded for reporting purposes. Ten people were recruited for each two-hour session.

Quotas were set on the composition of the groups:

- Minimum of three “switchers” and three “non-switchers” per group. Switching was defined as changing gas/electricity companies or making enquiries about such changes in the last 12 months.
- No more than half the group members over 50 years of age.
- Minimum of three females and three males such that the gender split did not exceed 7 to 3 in favour of males or females.

<sup>2</sup> During recruitment, if the person asked who the study was for, AEMC was mentioned.

Qualified participants were instructed to bring a recent energy bill with them to the session.

#### 4.2 Incentives

Business participants were paid \$150 and residential participants were paid \$100 at the completion of the session.

#### 4.3 Date and time of field work

Two focus groups were held in Parramatta on 11 December 2012 and two in Dubbo on 12 December 2012. Session times were 6:00 pm - 7:45 pm and 8:00 pm - 9:45 pm.

#### 4.4 Attendance

Though 10 people were recruited per session and reminder calls were made, some chose not to attend for various reasons (illness, last minute scheduling conflicts, etc.) A profile of the final group composition is shown below:

	Users of Electricity and Gas		Users of Electricity Only	
	Metro NSW (Parramatta)		Non-metro NSW (Dubbo)	
	Residential	Business	Residential	Business
<b># attending</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>10</b>
Switchers	5	5	5	3
Non-switchers	5	4	4	7
Males	5	4	4	3
Females	5	5	5	7
Under 50	6	7	4	8
50 and older	4	2	5	2

#### 4.5 Discussion Guide

A focus group moderator's discussion guide was written for each of the four groups in collaboration with the AEMC. Many of the same issues were covered in all the guides with the major differences being the use of the word "business" instead of "you" or the addition of references to natural gas for the two groups where participants used both energy sources. In addition, because the groups contained a mixture of switchers and non-switchers, some of the topics were addressed first to the non-switchers. This enabled answers to be heard about hypotheticals such as "where would you go for information on

switching?” before the actual switchers seeded the discussion with their answers drawing on their actual experiences. A sample moderator’s guide appears in Section 6.

#### **4.6 A Note about Focus Groups Findings**

Qualitative research provides access to the thoughts, attitudes, and feelings of a small sample of people who are qualified to talk about relevant issues. It is best used as a way of hearing the “voice of the people,” as fuel for additional research, or as input to policy reviews. It is not intended to be a precise and definitive measure of what the general population thinks. It should not be taken as providing numerical support for recommendations or courses of action regarding policy, strategy, or product/service changes.

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## 5. FINDINGS

This section presents some of the key learnings from the four focus groups. Sections are headed by *italicized “headlines”* that encapsulate the findings.<sup>3</sup>

### **5.1 The Cost of Utilities: *The price of electricity and how to save money is uppermost on people’s minds***

Discussions about switching and retail competitiveness for NSW electricity and natural gas customers were dominated by the topic of rising electricity prices. Price was the filter through which many of the discussions topics were understood and through which many answers were formulated. A parallel concern about natural gas prices was not apparent so the discussions tended to be focused more on electricity than gas.

*“[Electricity] is a bill, and like any other bill, the bottom line is to get it as low as I can.”*  
(Parramatta business)<sup>4</sup>

*“Look, it’s got to be the bottom line these days, monetary.”*  
(Dubbo residential)

Questions such as “What are you looking for in an electricity company?” which might, in a different context, have generated a rich set of varied comments, were approached almost single-mindedly in terms of money, savings, and lowest price. Questions like “Would you be interested in switching energy suppliers if your bills increase?” were met with a uniform “Of course” because money was such a top-of-mind concern.

### **5.2 Current Service Providers: *Customers use a range of energy providers. This is objective evidence of vigorous retail competition in NSW.***

One objective measure of retail competitiveness is whether all focus group participants were with a single company in a given region for gas or electricity or are they spread

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<sup>3</sup> Note that this section does not precisely follow the order used in the discussion guide as many of the topics were interrelated in the minds of the participants or the findings themselves cut across different focus group discussions. Some important themes appear earlier in the report than their place in the flow of the group discussion.

<sup>4</sup> Many of the longer quotations or exchanges appear centred and in italics. In some cases, they have been condensed or lightly edited for continuity purposes, i.e., due to interruptions, intervening comments, pauses, or distractions. The meaning of the comment has been preserved. Parenthetical information identifies the location of the session (Parramatta/Dubbo) and the composition of the group in which the remark was made (Residential/Business).

among companies. The variety of answers shown below supports the position that retail competitiveness is present.

What <b>electricity</b> company are you with?	Metro NSW (Parramatta)		Non-metro NSW (Dubbo)	
	Residential	Business	Residential	Business
WIN		1		
Origin	4	3		1
AGL	4	1	1	4
Sanctuary		1		
Energy Australia	2	3		
Country Energy			8	4
Integral				1
<b>TOTAL</b>	10	9	9	10

What <b>gas</b> company are you with?	Metro NSW (Parramatta)	
	Residential	Business
Origin	3	2
AGL	7	6
Unknown		1
<b>TOTAL</b>	10	9

<b>Electricity &amp; gas</b> with same company?	Metro NSW (Parramatta)	
	Residential	Business
Yes, AGL	4	1
Yes, Origin	3	2
No	3	6
<b>TOTAL</b>	10	9

No company dominated the lists except perhaps Country Energy in Dubbo for electricity among residential users and AGL for gas among participants in Parramatta. Most people were aware, in some fashion, that there have been mergers or consolidations in the industry.

*“Origin has taken over from Country Energy but Country Energy is a subsidiary, I think.”*  
(Dubbo residential)

*“Origin Energy bought the retail part of Country Energy so they send you the bills now.”*  
(Dubbo business)

There was nothing mentioned that was a barrier to new companies entering the retail marketplace in NSW and competing for a share of the electricity or gas markets. There was however recognition that some companies were better established or had a larger share of the market which gave them a competitive, but fair, advantage.

### **5.3 The Retail Selection Process**

Decisions to use one energy retailer or another were based heavily on monetary factors such as lowest price/the best deal, and incentives/discounts. Other aspects also came into play such as “bigger is better” and legacy. There was also an important thread in the discussion about how “local” the service provider was and whether the trend to mergers reduced competition and choice.

#### ***5.3.1 Retail selection - A decision influenced by “legacy”***

Legacy means that the choice of energy retailer was made back at the time when there was only one company available and the person had decided to stay with them because the account and service was already set up or there was some other tie (“my parents used them”). Those who cited legacy reasons were aware they had a choice but had experienced no reason to change. Most people said that choice entered into NSW about 5-7 years ago. Prior to this time there were no options. People were vague on the impetus for the changes in policy that allowed competition. Some mentioned “government deregulation.”

#### ***5.3.2 The loss of localness and perceived constraints on choice***

While choice and competition were viewed as good things, there was a concern over the loss of “localness” in the retail energy marketplace. People felt that before a merger or takeover a company was more in touch with the local region’s people and concerns. After the corporate activity, the resultant international company lacked that local connection.

*“The reason I went with Country Energy was when you see the country word you know you think this will be good.” (Dubbo residential)*

*“So now they don’t even acknowledge me, drive across the paddock, check all the meters, don’t even come anywhere near me.” (Dubbo residential)*

In this regard, people also cited the closure or reduction in the number of local offices and the exportation of consumer service to offshore call centres. These practices rarely failed to rile people up emotionally and the present sessions were no exception. The ability to “actually walk into the (company’s) office and talk to somebody about a problem” was described as a desirable feature of an energy company’s service that was lost when a company was absorbed into a multinational conglomerate. There was also the adjoining assumption that the employees/management would not be living in the local area and therefore would not know well the local issues bearing on energy usage.

Company mergers were viewed as reducing competition and therefore reducing choice. The merger of Origin and Integral was cited in this regard. No one spoke about a merger leading to a stronger company that combined the best of the two parts.

### ***5.3.3 Perceived emphasis on profit as a sign of anti-competitive influences***

Because the decision to select an energy retailer was so heavily influenced by money issues, participants seemed eager to assign blame whenever events got in the way to thwart attempts to save money. This blame was usually placed on the energy retailer. While retail competition for one’s energy business was seen as operative in NSW, this view was dampened by the attitude that “it’s all about the money. They don’t care about the people. It’s just how much money they can make” (Parramatta Residential). A focus on prices and profit was seen as making companies more alike. Companies were only concerned about making money and so they don’t have the customers’ interests at heart. An informal consumer syllogism could be heard: prices keep on going up --- competition is supposed to keep prices down --- therefore competition is not working as well as it should.

## **5.4 Switching: Options / Factors/ Reasons**

To a great extent, the focus groups engaged the topic of retail competition through a discussion of switching as an idea and as an actual behaviour. By design, some “non-switchers” had previously switched more than 12 months ago and/or had investigated switching so the difference between the opinions and knowledge of the switchers and non-switchers was not always that substantial. Some of the key points are shown below.

### ***5.4.1 Switching means switching companies***

Business and residential customers of electricity and gas believed they could switch energy providers if they wished to. The activities of switching or investigating competitive offers did not strike anyone as new or unusual. It was a plausible idea and familiar behaviour.

For the focus group participants, switching meant changing companies or energy providers. This was the readily volunteered answer.

*“[Switching] is changing who I’m paying the bill to.” (Parramatta business)*

*“I would take it as switching to a different company.” (Parramatta residential)*

The focus group discussions also probed the idea of changing plans or arrangements with a provider. However, most customers considered switching to be between, rather than within, companies. The idea of switching as a changing of plans within a company was a less well understood option and less commonly practiced.

*Moderator: Is it possible to switch electricity service but not switch companies?*

*Respondent: Some of the bills have the same name on them.*

*Respondent: Yes with the dual companies.*

*Moderator: Okay. So what would switching mean if you’re not changing companies?*

*Respondent: Nothing unless you went with somebody like AGL because they’re not affiliated with anyone else but themselves.*

*Respondent: But you can still switch inside a company because they ring you and go well, we’re going to give you a better deal, so you can switch plans but you’re not switching companies. (Dubbo Business)*

While everyone agreed that switching companies was possible, there was some confusion about how companies were related and what the switching really amounted to in practical terms. This confusion was enhanced by the shaky state of understanding about the retail vs. infrastructure distinction. There was a sense that all the companies were the same since everyone was drawing on a common source of electricity.

*Respondent: “Yes but I thought they were shutting Country Energy down and they never did and then I kept saying...”*

*Respondent: No, it’s split. What it is is Origin Energy owns the retail part and Essential Energy – it is now Essential Energy service...*

*Respondent: A change in their names.*

*Respondent: I only know that because we look after the trucks.*

*Respondent: Origin bought the retail part of Country Energy so they send the bills now.*



*Respondent: Yes, Country Energy, they became Essential Energy and they're sort of the same guys and then Origin bought the retail part who we pay our money to."*

*(Dubbo business)*

It may be unreasonable to expect customers to know much precisely about energy infrastructure (i.e., the poles, wires, and pipes) when their engagement with the industry is mainly with the retail "front end." What switching means at a company or industry level was much less important to participants than what the motivations and benefits were for the switch.

#### **5.4.2 Switching is motivated primarily by price**

Overwhelmingly, the reasons for switching centred on price. For some, the trigger was receiving an unexpected large electricity bill. For others, the reason was the possibility or promise of achieving a lower bill triggered by a sales encounter or "word of mouth." Phrases like "the best deal," "saving money," and "getting the best discount" were dominant. For some, the question "What does switching mean to you?" was not taken as a request for a definition but rather as a cue for mentioning the monetary benefits of switching.

*"For us, if it is switching then it has to be a discount." (Parramatta business)*

*Moderator: When I say switching, what is it that I'm talking about?*

*Respondent: Well I assume you are looking for the better deal. (Dubbo residential)*

Switching was rarely motivated by a desire for better customer service, a better array of product offerings, or by simply being fed-up with the provider. However, people were readily annoyed by long waits on the phone and the run-around where calls were passed from one department to another and the problem had to be explained again and again to different company representatives.

Switching was also triggered by the desire to consolidate the electricity and gas service within one company to procure a bundling discount and secondarily to reduce billing paperwork and customer service contacts. This did not always turn out as planned (see section 5.6.1).

#### **5.4.3 Switching was easy for some, not others**

While discussions focused mostly on reasons for switching and what the concept itself meant, occasional comments on the ease or difficulty of the process were offered by participants. Some described it uneventful, just a matter of switching the automatic debiting to a new provider. It was easy particularly if you “do your research.” On the other side, it was described it as a “painful experience” because there was a lot of information to read and a lot of information to supply such as meter numbers, accounts, and addresses of the premises to be switched.

#### **5.4.4 Information sources for switching such as sales calls are both accepted and criticised; no source of information is perfect.**

Door-knockers, telephone calls, and mailings were the primary ways mentioned that energy retailers used to entice customers to switch. Television advertising was less frequently mentioned. When respondents did their own investigations they cited the internet as the prime resource. There were also mentions of the Choice magazine/website and the Whirlpool internet forum site where people can comment on and trade information about many topics including energy services. Company websites were also mentioned although some thought the information was self-serving or not organized particularly well. The comment was made that it was easy to get lost in all the information and price plan options provided on the web. Price comparison services such as iSelect were also mentioned along with the Energy Watch and One Big Switch which was described as a buyer’s group that negotiated a lower price on behalf of members who signed up to the service. Its effectiveness was questioned though:

*Respondent: I registered with the Big Switch and then got the emails. I think it was a conglomerate or they were trying to get a group of people and buying power to switch energy, and something like that.*

*Moderator: How did you hear about this?*

*Respondent: It was a morning show, I remember that.*

*Moderator: So who was behind the Big Switch or who was running it or what is it?*

*Respondent: I saw it on television.*

*Moderator: And you signed up, but nothing came of it?*

*Respondent: Yes, I got all the emails. You could register and there was some date that was approaching that you had to show interest by, but I just went off on my own terms.*

*Moderator: How was it going to benefit you?*

*Respondent: I think lower costs.*

*Moderator: By what process or why?*

*Respondent: By them having at least 20,000 people switch to one company in one go.*

*Respondent: Yes, so the people who were switched they would get a better deal, but everyone has to commit to it to go ahead. (Parramatta business)*

The price comparison services were generally described in favourable terms but some respondents questioned their impartiality noting that the sites did not all quote the same prices for equivalent services or did not offer options from the same set of companies (implying the sites were playing favourites or representing certain companies and not others).

Many people felt inundated by information and offers and did not view door-knockers, telephone calls, or mailings positively. They felt most pressured by sales calls when the person would not go away or take “no” for an answer, or when they are being pushed to sign/agree now before an offer/plan became unavailable. The countervailing view was also offered—that a real person coming to the door was a valuable opportunity to learn about available offers from a knowledgeable company representative.

*Respondent: The door-to-door people are best ones, because they sit there and they compare the prices and tell you on the spot what they can do for you and they'll ring up, they'll make some enquiries while you're there.*

*Respondent: Yes.*

*Respondent: I don't like the door to door.*

*Moderator: Why don't you like them?*

*Respondent: I don't trust them and they could tell you anything and put you on the spot. I just prefer to do my own independent research. (Parramatta business)*

#### **5.4.5 Reasons for not switching centre on being “locked in” as well as satisfaction, inertia, and “time/information” needs.**

Respondents who had not switched providers were generally quite interested in what other companies were offering in terms of prices and many had looked into switching. The leading reason for not switching was contractual obligations. Much lower down on the list were inertia or the complexity of the process (“It’s too much to do.” “I can’t be bothered.” “Haven’t had time to do the research.” “Too much contractual fine print or information to sort through”). No one mentioned that they had not switched because they were strongly satisfied with their current retailer.

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Most electricity contracts were seen as a kind of pressure to stay put or as a barrier to switching. The term “locked-in” was commonly used as if the contract kept the customer in place. The contractual term was mentioned as two years in duration, sometimes one.<sup>5</sup> There was one business participant who mentioned they had a 10 year contract for electricity that was tied in to the installation of solar panelling and a 20% electricity bill discount was achieved by signing such a long-term agreement.

If the energy contract was broken there was a fee or penalty incurred. Participants said that the new company being switched to might pay the penalty for breaking the contract but this was not universally offered, expected, or experienced. Not all saw the need for a contract and some did not think they had a contract with the retailer.

*“Most of the offers require you to be in a contract and at the moment I am not in a contract. I don’t want to be locked in.” (Parramatta Residential)*

The contractual agreement was not all negative though for consumers. The contractual terms were often described as beneficial because they entailed a discount on pricing (usually expressed as a percentage off the regular bill). Some consumers expected more of companies when a contract was signed, for example, special recognition as a loyal customer who was willing to sign on with a company for an extended period of time.

Solar energy tie-ins to electricity service also served as a means for locking people in. People spoke of an electricity price discount or rebate for going solar which they feared would be lost if they switched.

*“We, like probably everybody did the solar and I don’t know if I’m contracted for the rest of my life” (Dubbo residential)*

*“When we put solar on, Country Energy is the energy provider who’s providing us the rebate on electricity so we sort of feel tied to them, contract tied.... (Dubbo residential)*

*Moderator: Can you switch at any time?*

*Respondent: I thought I am locked in for two years.*

*Respondent: Personally I would say there’s a sign of loyalty, if a company is going to offer you a discount for a 12 or 24-month period, you are going to be loyal to that company for that period of time. You are not going to switch during that time and if the company does the right thing, by giving you the appropriate discount, you would not need to switch.*

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<sup>5</sup> Contracts for gas service were not the focus of attention for participants. They were keen to discuss electricity contracts because they yielded a greater monetary savings.

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*Moderator: Anyone not believe you can switch under any circumstances, except for what you have talked about with once you're in a contract-*

*Respondent: -you are locked in-*

*Moderator: -could you break the contract and switch?*

*Respondent: I guess there may be a penalty imposed*

*Respondent: I believe some of the penalties could be quite harsh. (Parramatta residential)*

Many people were disappointed to report that the solar rebate discount had started at 60 cents per kilowatt but was gradually reduced to 20 cents or less.

Some businesses offered a concern about signing contracts that was not mentioned by residential users. If the business moved or closed, a penalty would be incurred for breaking the contract even though the business might have no choice but to relocate. This was seen as a disincentive to signing a contract, in the current economic climate.

A final point about contracts: Some participants reacted to the idea of being “locked-in” to contracts with ideas to put some power or control back in the hands of the customer. Suggestions such as “negotiating” the terms of the contract were mentioned. These included allowing the customer to set the length of the contract so that the terms were not “two years, take it or leave it.” Another idea was allow the customer to enter into a negotiation with the electricity company to set the level of a pricing discount, starting say at a proposal from the customer of 50% and then compromising at 15%. This price negotiation was suggested in the business sessions and was proposed as an empowering step that could be done independent of whether the business had a contract or not.

#### ***5.4.6 Some company actions concerned with switching seem unfair or unethical. Withholding the best price until faced with a switch leads the list.***

What annoyed and perplexed residents and businesses alike was the following experience: they reported being lured into switching by promotions/offers from another energy retailer (e.g., promises of lower prices/discounts) and then this triggered a counteroffer from the original company that matched the new offer. This was a practice that always generated enthusiastic recognition and disdain in the sessions when it was raised. People were annoyed that the original company needed to be faced by the loss of the customer before the better price emerged or the new offer was matched. They wondered why can't the companies just play fair and offer the best prices at the outset? The distaste for these pricing games were so strong and so focused on the pricing aspect that no one actually complained about the time or effort wasted in starting the switching process only to wind up staying with the original company.

*Respondent: My company is actually paying my penalty, because I'd signed another contract [with another company]. They offered me 15% to stay with them, \$100 off my next light bill, and pay for my disconnection, my breaking contract fees.*

*Respondent: They rung me. They had the paperwork in front of them, and she said – who are you going to? I said – the 12% people, she said – I'll give you 15%.*

*(Dubbo Residential)*

*Respondent: [We switched to Origin.] When we were in the cooling off period we got a call from Energy Australia, I think it was last or the second last day of the period. And they said "so we heard you're switching; what can we do to keep you?"*

*Moderator: Oh and they matched the offer?*

*Respondent: And gave us a cash offer of \$150.*

*Respondent: so they thought they'd try to keep us and we stayed with Energy Australia, because we've been with them for a number of years.*

*Moderator: So you ultimately you stayed with the original company and then they offered a much better deal?*

*Respondent: A much better deal, yes.*

*Respondent: Plus cash.*

*Respondent: Yes plus cash up front. (Parramatta Business)*

*"I think it is interesting they can offer you a better deal but they don't until you're jumping up and down." (Dubbo residential).*

#### ***5.4.7 Other unfair/unethical practices were also commonly mentioned: phantom price savings, unauthorised switching***

Related provider practices that displeased participants included:

- Price savings that were mentioned in a sales call or sales visit that never materialized. An example of this was a promised percentage discount on gas pricing for bundling the service with electricity that did not show up on the bill.
- Promised savings from switching that were apparent on bills received early in a contract that were rapidly offset by a price increase.
- Being switched or renewed without being informed adequately.

*"My retailer put me back into another contract when the two years expired. I was not notified." (Parramatta Business)*

*“My husband got a knock at the door. It was someone offering for us to switch. It sounded okay but I wanted to see some evidence; I said send me some information. I don’t believe my husband signed anything. The next thing I know I’m getting a letter saying you’ve switched.” (Parramatta residential)*

*“I was told that if I join another company they would pay the cancellation fee but how do I know they are not going to charge a fee every quarter to get the cancellation fee back. They’ll hide it in something.” (Parramatta Residential)*

*“Well, we switched over to save money but then within 12 months they’re sending you a letter saying they put the prices up.” (Dubbo Business)*

*“If they can offer you a cheaper price, why haven’t they?  
“They should automatically put you on the cheapest.” (Dubbo Business)*

Companies may benefit from a more concerted effort to explain the reason and timing of price increases to customers so there is a better understanding of the savings “promise” they receive in a sales offer. Similarly, to the extent that unauthorized switching is resulting from misunderstandings between sales personnel and the customer, more care may be needed in crafting the nature of the switching agreements and their terms and conditions.

Another disliked practice that was mentioned was brokers who called and represented themselves as employees of an energy retailer when they were not.

*“I got an early termination fee through AGL even though I was staying with AGL and I rang AGL and they said look that wasn’t AGL that phoned you and I said they’re saying they were AGL. They refunded the termination fee.” (Dubbo Business)*

Taken together, these corporate behaviours fostered mistrust and cynicism and undermined other corporate efforts such as brochures and newsletters that offered energy saving tips and promoted conservation. Such bill inserts were described in mainly derogatory terms such as “flowery” and all about “puffing themselves up.” Many customers started with a scepticism that the energy retailer can’t really be on their side, that is, interested in helping them save money, because the companies regularly increased the prices and were, after all, in the business of making money from energy use. Customers cannot readily see why energy conservation actions or energy-saving measures would be in the corporate interest. A few people mentioned “Green Energy” programmes in a positive light but if bill inserts and newsletters are to be taken seriously by customers, companies need, at a minimum, to

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be more transparent, straight-forward, and consistent on pricing messages and practices so that they can be more trusted by customers.

### **5.5 Improving Information Provided by Utilities/ New Ideas**

Armed with a belief that the companies are out to make money first and serve the public second, there is little willingness to give companies the benefit of the doubt on money issues and there is great eagerness to criticise. However, people are eager to share ideas for making information better/clearer/more helpful and for making dealings with the providers more transparent.

Very few participants in the groups think the information on the bills explain prices or price changes very well. They want more clarity, more proactivity on the part of the provider, and more recognition of the customer. More assistance from the companies is desired for reducing energy usage, saving money, and for tracking down the causes of unexpected spikes in the bill.

*“I can’t even understand the contract.”*

*“Make it more everyday layman’s language.”* (Parramatta Residential)

*“My bills are over \$1,000, so over a certain amount and you got a certain percentage off. That should just happen.”* (Dubbo Residential)

*“I would like to see the prices from year to year, see how they went up.”*  
(Parramatta Business)

*“Twenty five years with the same company and there’s no congratulation you’ve been with us a lot of years.”* (Dubbo Residential)

One of the interesting themes in the group discussions is the favourable way in which Telstra is discussed as a model for utilities. The telephone contract is described as easier to understand. Telstra is praised for analysing usage patterns and then informing its customers about price plans that could save money and for just generally staying in touch with customers through calls asking “Are you happy with the service?” An idea from mobile phone services, namely alerting customers when they have nearly reached their standard monthly usage amount, is viewed as helpful.

*“If I want to spend \$59-79, their website (Telstra) will bring up all the plans.”*  
(Parramatta Residential)



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*“I think they can take a leaf from Telstra. When I had an issue converting an internet service, I said to them look I’ve been with you for so many years and he immediately said we won’t charge you for the year, which was \$299.”* (Dubbo Residential)

*“Telstra will send a text message if you are going over your limit.”* (Dubbo residential)

*“I would like to get a notification, like with the mobile phone, for example, if you’re getting to 80% of your complement you get a message saying you’ve reached 80%, and then you cut back on the amount of calls you make. With electricity you’ve got to wait every quarter and you’ve got no idea what your bill is going to be; it’s just a guess. I mean you go around your house turning lights off all day and all night and not using the cooker.”*  
(Parramatta residential)

Some participants mention that independent assessors can be hired to do an energy audit and this is generally viewed as a good thing for those who have used the service or have just heard of it. Some wonder why the energy companies themselves are not offering to do such an audit while others assume it would be a conflict or not in the interest of the energy retailer to find ways for the users to reduce energy consumption.

*“My mum recently has someone come to the house that actually investigated how her electricity was being used..... It’s through the government. He’s an assessor. He said the best thing to do, the best you can save.”* (Parramatta residential)

Customers would also like more compassion. If there is a service brownout or blackout they would like an explanation, an apology and/or compensation. If there is work being done on the lines, they’d like better notification in advance.

## **5.6 Knowledge of Energy Company Offerings**

During the course of the focus groups a number of products or services offered by energy retailers were discussed such as bundling and “time-of-day” pricing.

### **5.6.1 Bundling is mentioned by many and is generally well-liked**

Most people were aware of service bundling and some already had it in place (see Table in section 5.2)<sup>6</sup>. In the context of the discussions, bundling was understood to mean getting electricity and gas service from the same company and receiving a special bundling

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<sup>6</sup> This topic was mostly limited to the Parramatta groups who had both electricity and gas service.

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discount on one or both services. There were no other bundling combinations that were mentioned (for example, adding in internet service, cable television, or water service) but participants voiced enthusiasm for the idea of a greater degree of bundling offers with the expectation of further savings. The convenience with bundling of having just one company to pay the bill to was mentioned.

Bundling offered a paperwork reduction as well as price savings, that is, only one company to deal with. But not everyone viewed all aspects of bundling positively. Some argued that bill payments were actually easier when different companies handled gas and electricity because it was less confusing to have two separate accounts for two distinct services. Regardless, people expected a seamless customer service experience for their gas and electricity questions when they had agreed to bundling but did not always get that outcome.

*“I’ve been with my retailer always, for gas, as far as I can recall – it must have been about 10 years ago I got a call from them saying that if I changed to their electricity eventually one day they’d be able to combine the two bills together and you’d be able to pay it at a better price, and all these years later it still has not happened. I complained just the other day about that. They said it’s not going to happen because they can’t get the two companies to the same price, so I was lied to basically and I’ve always felt bad about that. Moderator: They promised you a combined bill for gas and electricity and you stayed with the same company for both services?”*

*Respondent: Yes. I get discounts on my electricity but I can’t on gas, for some reason.*  
(Parramatta Residential)

*“I call my retailer and say I’ve got a dispute with my gas bill; I am not getting the correct discount, and they say oh, this is not the correct department, I’ve got to transfer you to this department; they transfer the call and they don’t do a warm handover – they do a cold handover and I’ve got to explain the same situation to the next department and then it just goes around in circles, and then I just get referred and I cannot be bothered wasting another half an hour on the phone, trying to ask.”* (Parramatta Residential)

*I don't see it (one bill) as that convenient. I don't mind them different when I am BPaying, if you have got two AGLs, oh which one, you have got to go back to your bill to work out which number is which one. If one is Origin and one is AGL, it is easier actually.*

*Moderator: You think it is easier to have two companies, why is that again?*  
*Respondent: Yes because when you're BPaying you have got a dropdown menu and it has the company and the number but it doesn't say gas or electricity, so if you're with AGL, I was with them both for a while. You had to go get the bill again and look at the number.*  
(Parramatta Business)

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Participants realised that one service person at an energy retailer could not realistically be expected to know everything about electricity and gas just because they, the customers, had a bundled service. They did however expect a smooth, informed handover process from one person to another within the company. This was described as a “warm” handover by a residential participant in Parramatta.

### ***5.6.2 Time-of-day pricing is also well liked but not mentioned as a reason to switch companies; confusion exists with “smart-metering.”***

Time-of-day pricing (also known as time-of-use pricing) was understood as the process whereby an electricity company charged different prices for electricity usage at peak vs. off-peak times of the day. A third “shoulder” time period was less frequently mentioned. Another aspect of the understanding of time-of-day pricing was that certain appliances or systems like hot water heating would be automatically confined to the off-peak time when the prices were lower.

The difference between time-of-day pricing and “smart metering” was not articulated very well by participants. For the most part, smart metering was described with the same terminology as time-of-day pricing: the installation of smart meters meant that time-based pricing would be in place at the home or business. Where people distinguished the two services, the smart metering was tied to the fearful idea that “they (the energy retailer) could decide when to turn off your power.”

*“The smart meter has been in place for quite a few years now. It just gives people an opportunity to wisely use electricity, what suits them best. You can select it from whoever your supplier is; you can ask them ‘I want the smart meter option’ and that’s it.*

*Moderator: What does the smart meter option do?*

*It just charges you a different price based on the time of the day-  
-they would charge a different price in the morning- (Parramatta Residential)*

*“I heard about it on the radio. Most people are scared that the companies have the ability to turn your power off. I think most people are scared.” (Parramatta Business)*

If electricity companies have these products and programmes as corporate growth priorities, much more additional educational information is needed to explain them to customers. The linkages to monetary savings need to be promoted better to customers and more simply stated.

### **5.6.3 Energy contracts and the “retail-infrastructure” distinction: Minimal understanding**

Knowledge of difference types of energy contracts was minimal. No one offered a confident explanation of the difference between standard and market contracts. Most had not ever heard the terms. They were aware of “energy service contracts” and that was the extent of it.

The retail vs. infrastructure distinction was also not grasped well.

*“I don’t really understand the supply chain. I’ve got an idea, like about AusGrid; that’s probably the backbone, supplying all the infrastructure, and then you’ve got the retailers who take a chunk of power from them and then onsell to all of us; I am guessing that is how it works but I don’t really understand it fully.”*

*“I don’t understand just how it is all charged and the kilowatts and all the different charges, and how I can then marry that with what’s being charged.”*

(Parramatta residential)

Perhaps this is not surprising as many people had limited direct dealings with the energy infrastructure operation.

Issues such as contracts, smart-metering, and retail vs. infrastructure led most respondents, business or residential, to say they did not feel particularly well informed about energy companies and energy policies. Yet, they were not resigned to a position of ignorance as if the issues were all too complex. They were hungry for clear information provided by energy companies that would help them to stay informed and help them to make informed choices in the current competitive NSW retail environment.

## **5.7 Comparisons across focus groups**

Some of the points about retail competitiveness in the energy industry that emerged from the focus groups were not confined to any particular session but rather emerged from comparisons across the groups. Comments below cover comparisons of rural to metro, residential to business, and electricity to gas.

### **5.7.1 Rural (Dubbo) vs. metro (Parramatta) differences**

While people in both areas of the state believed they have options when selecting an electricity or gas company, choice was seen as somewhat more limited in the rural region

of the state. The comments about limitations on choice were raised more by residents than businesses in regional NSW. It was not mentioned in metro NSW.

*“I think out here we’re more limited than if you were in the city where people are in your face with all different sorts of media or door-knocking, or letter dropping.”*

(Dubbo residential)

*“It’s hard to know who’s available in our area, being a country area. You can’t also get a provider because you are in a rural area.”* (Dubbo residential)

Country Energy was named as the “original” supplier in the region. As noted earlier, one of the consequences of mergers, namely the loss of a “local” touch, was also a point of difference. Those in Dubbo were more likely to mourn this change.

Those in rural regions also mentioned power blackouts and brownouts more often than in the metro area. People in Dubbo felt that utilities could do a better job when these unusual events happened. For example, they mentioned that letters of explanation or financial compensation would be desirable. The only mention of blackouts in the metro group was in the business session and the participant was much more sympathetic to the utilities difficulties when such large scale, unforeseen problems arise.

### ***5.7.2 Residential vs. business differences***

While business and residential customers were equally vocal about the high prices they paid for energy service and their efforts to reduce costs, there were differences between the groups. Businesses seemed more knowledgeable, not surprisingly, about business type issues like the effects of inflation and the virtues of using a big energy supplier (e.g., a larger, well informed staff). Perhaps as a consequence, their remarks about dealing with energy retailers seemed more confident or assured. They also seemed more self-reliant when comparing companies and gathering information. But they were also more readily annoyed by in-person or telephone sales calls. Businesses, more so than residents, focused on the size or reputation of a company when choosing an energy retailer.

*“If you think of gas, you think of AGL. It’s been around longer than me. I was going to say 100 years.”* (Parramatta business)

A bigger company was also seen as more efficient.

*“We selected Energy Australia and AGL because they are well known bigger players in the marketplace. We thought that [with] their efficiency of service, any problems we had would be addressed quicker.” (Dubbo business)*

Businesses, unlike residential users, cited the scale of their energy consumption as a sort of leverage that was implicitly recognized by energy retailers who would make a “special effort” to keep their business such as assigning an account manager. A residential participant in Dubbo voiced this view when speaking about farms in his work role:

*I mean I do deal a lot with farmers, and so I’m pretty, I’m well aware of the rural situation, and a lot of farmers, because they use a lot of electricity, you know suppliers are very keen to keep them and not let them go. (Dubbo residential)*

Businesses and residential users also differed to some degree on enthusiasm for time-of-day pricing. Companies that are open 9 am – 5 pm did not see the benefit as their offices were usually shut during off-peak hours. Other businesses looked upon it more favourably because they were able to take advantage of the lower prices by conducting washing or cleaning services at off-peak times. Residents were generally aware of and positive about the advantages of running appliance such as a dishwasher later in the day when prices were lower. One resident who was opposed to it felt that it was a confusing programme and it forced her to think about when she was using energy. She preferred a flat rate because it did not penalize her for using energy in the afternoon on weekends “when the kids are home.” Her concerns were fuelled by scepticism that the energy company, in offering a cheaper price, must be hiding something.

### **5.7.3 Electricity vs. gas**

Both electricity and gas were seen as equally open to competition although the leading roles of Country Energy (in Dubbo) and AGL (for gas) were acknowledged. No company was mentioned as hindering or impeding the growth of competitive offerings for electricity or gas in NSW.

For the most part, the residential and business users of electricity and gas did not think about or relate to the retailers in different ways. This was the case whether it was two companies or two parts of one company if service was bundled. Customers were primarily concerned with continuity and reliability of the energy supply and paying the bills. There was some discussion about differences in ease of access to electricity meters vs. gas meters when service staff needed to read the meters but this was a not a major theme.

Because electricity prices were singled out as rising quickly compared to gas, there was greater interest in and discussion about switching electricity companies than gas companies. Events in the news, such as the carbon tax, were mentioned as affecting electricity prices but not gas. One resident in Parramatta thought he was able to get an age related discount for electricity but not for gas. Some described specific benefits of gas over electricity (e.g., for cooking) or mentioned that using gas, as a cheaper energy, helped to keep the overall price paid for energy down.

### **5.8 The Final Word: Questions for the Authorities**

The final section of the focus group discussion, when time allowed, gave participants to opportunity to formulate questions or concerns about energy that they would like answered by the authorities overseeing competition in the electricity and gas markets. The leading question, not surprisingly, was of the form “Why is the cost of electricity going up?”

There were other topics and concerns as well:

- Why isn't there more support for solar?
- Why isn't there more of a focus on the energy needs for the future, say 50 years from now?
- Why can't I get a notification on my mobile (like they do for phone usage) that tells me when I've reached a certain level of energy usage in a month?
- Why can't energy plans be standardised across companies so they can be more easily compared?

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## 6. APPENDICES

### 6.1 Recruitment Screener

Good [Morning/ Afternoon/ Evening]. My name is (SAY NAME) from \_\_\_\_\_.  
We're not selling anything. We're conducting paid discussion groups. May I please speak with a person in the household 18 years or older who's a decision maker or shares in the decision making about the purchase of ENERGY RETAILER services for the home (electricity and gas)? We would like to invite you to participate in an interesting discussion about energy choices in NSW.

[IF ASKS WHO IS IT FOR: Say "The Australian Energy Market Commission"]

All eligible participants who attend will receive **\$100 in cash** as a thank you.

This research will take place as a group discussion on Tuesday evening 11 December in Parramatta. The entire session takes about two hours. Participants in the discussions generally have a fun and interesting time. Food and beverages will be served, free of charge.

**S1. Would you be interested in participating in this group discussion?**

**DO NOT READ OUT**

1 YES

2 NO

IF NOT INTERESTED IN PARTICIPATING (CODE 2 AT S1), SAY:

*"Thank you for your time and assistance."*

I just need to ask you a few questions to see if you qualify for the discussion group.

**S2. Are you, or is anyone in your immediate household, employed by...**

**READ OUT**

1. A gas company
2. An advertising company
3. An electricity company
4. A government organisation involved in energy policy or energy regulation
5. A market research company
6. (Do not read out) None of these

IF ANY CODE 1-5 SELECTED ON S2, SAY: "We're sorry but you do not qualify for the discussion group at this time. Thanks very much for your time."



**S3. For this residence, what types of energy does your household use?****READ OUT**

- 1 Electricity
- 2 Piped Natural Gas (also called Mains Gas)
- 3 Bottled Gas
4. Solar
97. Other (DO NOT READ)
98. DON'T KNOW/NOT SURE/CAN'T SAY (**DO NOT READ OUT**)
99. REFUSED (**DO NOT READ OUT**)

IF CODE 1 **AND** CODE 2 NOT SELECTED, SAY: “Thanks but we need to speak with people who use certain types of energy.” (IN OTHER WORDS, THE PERSON MUST USE ELECTRICITY AND GAS TO QUALIFY).

**Q1. Have you switched electricity or gas companies in the last 12 months?****DO NOT READ OUT**

1. YES
2. NO
98. DON'T KNOW/NOT SURE/CAN'T SAY

**Q2. Have you made enquiries to switch electricity or gas companies in the last 12 months?****DO NOT READ OUT**

1. YES
2. NO
98. DON'T KNOW/NOT SURE/CAN'T SAY

IF code 1 in either Q1 or Q2, assign to “switcher” sub-group

IF code 2 in both Q1 and Q2, assign to “non-switcher” sub-group

If code 98 is used for both Q1 and Q2, assign to “non-switcher” sub-group

If code 98 for one of the questions, assign to sub-group based on the answer that is not code 98.

**QUOTAS**

**THE GROUP OF 10 MUST HAVE 3 SWITCHERS and 3 NON-SWITCHERS. THE OTHER 4 PEOPLE CAN BE EITHER.**

**Q3.** Can you please tell me which age group you fall in? (READ)

1. Under 50 years
2. 50 years or over

**QUOTAS: WE WOULD LIKE NO MORE THAN 50% OF RESPONDENTS TO BE 50 YEARS OR OVER.**

**INTERVIEWER: Please record Sex**

1. Male
2. Female

**QUOTAS: WE WOULD LIKE A GOOD MIX OF MALES AND FEMALES. PLEASE ENSURE WE HAVE AT LEAST 3 MALES AND 3 FEMALES in the group of 10. The other 4 can be males or females.**

**CLOSING TEXT:**

Thank you for agreeing to participate in this study. I just need to ask a few of your details so we can send you a reminder closer to the date.

QNAME: Can I please have your complete name?

PLEASE ENTER FIRST AND LAST NAME


QPHONE1: Is this the most convenient phone number to contact you on regarding the focus groups?

1. YES
2. NO

IF NO, ASK

QPHONE2: What phone number would you like us to contact you on?

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QADDRESS: Can we also have your email address so we can email you the address and map to the venue?

INTERVIEWER NOTE: IF RESPONDENT DOES NOT HAVE AN EMAIL ADDRESS – ASK FOR THEIR HOME ADDRESS AND ENTER IT IN THE BOX BELOW


Please bring your most recent electricity or gas bill to the focus group. We will be talking about the format of the bill and the clarity of information on the bill, not the amount you pay.

The discussion group will be held at **City Groups Room West, Level 4, Perth House, 85 George Street, Parramatta at 6 pm to 7:45 pm on 11 December. Please write these details down.**

The discussion group session is recorded for the purpose of creating a written report. You will not be quoted by name and only the researcher will be given access to the video of the session. Is this ok?

1. YES
2. NO

If no, thank and terminate.

## 6.2 Sample Discussion Guide

### WARM-UP (5-10 minutes, includes intro. above)

As a little warm-up, can you tell me a little about your business? (where it is, what industry)

### ELECTRICITY AND GAS: THE CURRENT SITUATION (10 minutes)

Let's talk about the electricity and gas service at your business currently.

- What company (or companies) are you with?
- Was it a decision on your part? If so, how did you decide on them? Explain.
- For your business, are there any differences between the way you think about or interact with your electricity company compared to the gas company (if same company for both, ask about differences in the product/service)?

### CHOICES/OPTIONS FOR ELECTRICITY and GAS (45 minutes):

In this part of the discussion, I'll be directing some questions to some of you and other questions to all of you.

#### (DIRECT TO NON-SWITCHERS FIRST)

- When we talk about ENERGY RETAILER service at your business, what does "switching" mean to you? (Probe "changing companies" vs. changing existing arrangements with current company")
- Can your business switch electricity (and gas) suppliers if you want? If yes, how did you find that out? Where would you go for info about switching? What sources do you think would be most/least helpful?
  - Has your business been approached by door-knockers? Describe experience.
  - Telephone salespeople.
  - Have you gone to any company websites? Helpful? Easy to use?

- Other sources encountered
  
- Why has your business not switched? What would prompt you to look into switching?
- Would your business be more likely to switch electricity provider or gas provider? Why?
- Do you think it would be rational/logical decision, an emotional/intuitive one, or both? Why? (Do you get different “feelings” from different companies?) [Lower priority]

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**(DIRECT TO SWITCHERS)**

- How did you find out that your business could switch? (Listen for mention of ‘One Big Switch’ style media campaigns and online energy price comparators such as [www.myenergyoffers.nsw.gov.au](http://www.myenergyoffers.nsw.gov.au))
  - Where is your info coming from about switching? What sources have you found most/least helpful? Door-knockers. Information accurate?
  - Telephone salespeople. Information accurate?
  - Company websites? Helpful? Easy to use?
  - Other sources encountered
  
- Why did your business switch (or why is your business thinking about switching)?
  - Do you like the idea of choosing the electricity (or gas) company for the business (i.e., of having that as an option)?
  - What are you looking for in a new electricity (gas) company? (Listen for dual fuel, or same provider reasons) (Also listen for descriptions of offers/rebates; standard vs. market contracts, time of use pricing, single bill/dual fuel).
  - If switched both (or thinking of it): Switch both for the same reasons? Why/ why not?
  - If switched only one (or thinking of it): Why switch that one and not other?
  
- What does switching mean to you? Probe changing companies vs. changing existing arrangements (e.g., different energy products/tariffs/prices with current company)
  
- Is switching for you a rational/logical decision, an emotional/intuitive one, or both? Why? (Do you get different “feelings” from different companies?) [Lower priority question]

**DIRECT TO NON-SWITCHERS:**

**(Ask these questions if the issues have not already emerged from earlier discussions)**

Has the business experienced any pressure to change or not change elec./gas companies? Encounters with anything unfair/shady/unethical? Who would you complain to / report it to? Have you done so?

What do you expect benefits of switching would be/ could be/ should be?

Why /what would trigger or motivate the business to switch companies for gas or electricity?

- What are the barriers to switching, if any? (For triggers listen for/probe awareness of price rises, alternative pricing structures (time of use, fixed vs. variable charges, capped tariffs, tracker tariffs etc, alternative energy sources, energy advice.

**DIRECT TO THE SWITCHERS:**

**(Ask these questions if the issues have not already emerged from earlier discussions)**

- (How) could the provision of information from gas/electric companies be improved? Probe for insufficient information, difficult to understand, unable to compare offers, etc.
- How did the switch go for the business (if you switched)? Happy/satisfied? Specific benefits to you? Did you negotiate a deal with the company? Compare services/prices across competitors?
- When the business switched or enquired about it, did you experience any pressure to change or not change? Encounters with anything unfair/shady/unethical? Who would you complain to / report it to? Have you done so?
- If you are just thinking about switching energy suppliers for the business, what would trigger actual switching? Are you more likely to switch electricity or gas provider, and why?  
What are the benefits of switching that you experienced?

**ASK ALL**

(if not already covered)

- Are there any penalties for switching? What penalties? Expect any problems with switching?



**COMPETITION (10 minutes): ASK ALL**

- Would you say ENERGY RETAILER companies are competing/can compete for your business's electricity (and gas) usage?
- Competing for what exactly? What do you understand competition to mean?
- What companies are competing? Are there electricity (and gas) suppliers/retailers that have recently entered NSW?
- How do you/can you/will you benefit from the competition? What are they offering you to compete with other companies? What appeals to you in the offers? (Discuss rebates/time of energy use discounts/other discounts, incentives, gifts, bundling, etc.)
- Benefits of bundling services within energy areas (elec./gas.) and across areas (energy/telcom. etc)

**OTHER TOPICS (5-10 minutes)**

- Would you consider your business well informed about the energy/electricity companies in NSW? Why?
- Are you familiar with the difference between a standard vs. market contract for electricity (gas)? What is the benefit of one vs. other? Who has them? Why?
- Are there any new products/features/offers available from the electricity (and gas) companies of relevance to your business? Is this because of competition or something else?
- Would you be more/less interested in choosing and possibly changing your energy supplier if the business's energy bills were to increase?

**Comments and Suggestions (5 minutes)**

If you had any suggestions or recommendations to the authorities overseeing competition in the electricity and gas markets, what would they be?

**ELECTRICITY (and gas) BILL (only if all other topics have been exhaustively explored)**

Let's talk about the bill you receive.

- Clarity of information
- Understanding of prices

Appearance of helpful or useful information relating to switching or informing decisions

Thank, distribute payments, and close.