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### **Review of the Effectiveness of Competition in Gas and Electricity Retail Markets – Victoria Issues Paper**

Thank you for the opportunity to comment upon the AEMC's *Review of the Effectiveness of Competition in Gas and Electricity Retail Markets – Victoria Issues Paper*.

International comparative analysis shows Victoria to be the most competitive energy market, on the basis of customer transfer activity, in the world.<sup>1</sup> Whilst transfer rates may not be the sole measure of effective competition, it would be extraordinary if this level of competitive activity was not indicative of an effectively competitive market. The supporting case is further strengthened by the continued entry of new retailers, many of them small start-up operations, and declining market of incumbents in their former franchise areas. If the review fails to find that Victoria is effectively competitive, no other Australian jurisdiction, or indeed any jurisdiction in the world, would be likely to do so.

The most recent comprehensive review of the effectiveness of retail competition in the Victorian retail energy market was completed by the Victorian Essential Services Commission (VESC) in June 2004. The VESC found competition to be effective for customers consuming more than 6MWh of electricity or 150 GJ of gas annually, representing approximately 40% of the small customer market. The only reason for expressing a reservation regarding competition among lower consumption consumers was that standing offer tariffs at the time were set at levels which rendered many such customers as unprofitable, and thus less likely to be targeted by competing retailers.

It is ironic that the one feature of the market which prevented the full emergence of effective competition, retail price regulation, was recommended for retention on the basis that the market was not yet effectively competitive.

Three years later the competitive market in Victoria has continued to develop at an accelerating pace, aided primarily by a fall in wholesale energy costs which has allowed standing offer tariffs generally to transition to cost-reflective levels.

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<sup>1</sup> First Data Utilities (2006), *World Energy Market Rankings*, December 2006. See <http://www.firstdatautilities.com/customer-switching/>

This has been accompanied by world-record levels of customer transfer activity, and entry of many start-up energy companies that have rapidly established significant market share. Relative to the levels recorded in 2004, and the status of all other energy markets in the world, the Victorian energy market is well beyond the thresholds required for an effectively competitive market. The only threat to that position is the continued imposition of government-set price controls.

Detailed comments on the Issues Paper are provided below, with responses to the questions raised by the Commission provided in the appendix.

#### *4.1 Market structure, entry and expansion*

The 2004 VESC review included a detailed review of the structure of the Victorian energy market, which concluded that "*the structure of the electricity and gas retail markets is broadly consistent with the requirements of effective competition.*"<sup>2</sup> The finding was based upon the observed levels of:

- New retailer market entry
- Declining market share of incumbent retailers
- Increasing proportion of customers on a market contract

Since 2004 each of these measures has demonstrated an accelerated rate of growth, consistent with an effectively competitive market. Eight additional retailers have entered the market since 2004. Unlike the pre-2004 market entry, which was largely from established government-owned interstate retailers, the new retailers are all small start up operations confirming low barriers to market entry. The new retailers have also been successful in establishing market share, with the proportion of electricity customers supplied by a retailer other than one of the three incumbents increasing four-fold since 2004, the proportion of gas customers six-fold. Finally, the proportion of customers on a market contract has grown from 17% (electricity) and 14% (gas) to over 60%, accelerated by the customer retention strategies of the incumbents.

There is also evidence that local retailers are constrained by participants, including by other incumbent retailers competing outside their former franchise areas. In November 2006 the VESC reviewed the range of market offers generally available. It was not surprising to anyone observing the Victorian market that the review found that "*retailers tended to offer competitive offers at a discount against the standing contract, together with some other benefits or inducements to the customer.*"<sup>3</sup> Of course, the level of discounting is a function of the cost-reflectivity of standing-offer tariffs. Nevertheless, discounting is evidence that competition is placing constraints on local retailers. If it were not for the aggressive customer acquisition and retention campaigns of the incumbent retailers, they would be in danger of losing their entire Victorian customer base within 4-5 years.

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<sup>2</sup> Essential Services Commission, *Special Investigation: Review of Effectiveness of Retail Competition and Consumer Safety Net in Gas and Electricity, Background Report*, 22 June 2004, p. 48.

<sup>3</sup> Essential Services Commission, *Energy Retail Business Comparative Performance Report for the 2005-06 Financial Year*, November 2006, p 11.

Overall, the Victorian energy market is characterised by structural features well beyond the minimum requirements expected from an effectively competitive market, including increased rate of new retailers entry, declining incumbent market share, unprecedented rates of customer transfer, and a range of non-price and price discounted offers.

#### *4.2 Independent rivalry and retailer behaviour*

Evidence of rivalrous behaviour is consistent with an effectively competitive market. In energy markets the clearest indicator of rivalrous behaviour is the measure of its success, namely the rate of customer transfers. Energy is a low-cost commodity, whereby the dominant motivation for change is generally created by the acquiring retailer. This was confirmed by the findings of a South Australian study commissioned by ESCOSA which found only 10-12% of customers had contacted a retailer regarding available offers.<sup>4</sup> Given that most customers transfer to another retailer as a result of a retailer-imitated marketing contact, high rates of customer transfer activity must reflect aggressive marketing activity.

On this dimension Victoria is a world leader. The June 2006 World Energy Market Rankings, published by First Data Utilities and VaasaEMG, ranked Victoria as equal first, among thirty-two jurisdictions, as the "*hottest energy retail market in the world*," based on customer switching rates:<sup>5</sup>

*Down under in Australia, the state of Victoria has fast become a hotspot of energy retail competition. Following several years of competitive supply to commercial and industrial customers, Victoria introduced full retail competition for electricity and gas in 2002 and it has exhibited increased customer switching year-on-year, reaching 21 per cent in 2005. Strong competition from out-of-state incumbents and new start-up energy retailers have contributed to this dramatic level of switch activity, along with the introduction of lifestyle products and affinity programs cleverly targeted at niche customer segments, and the availability of effective websites where customers can compare suppliers' prices.*

Since the study was conducted the rate of customer transfer activity has continued to increase, with annualised electricity transfers in the 25-30% range, and gas in the 20-25% range, over the past six months. These transfer rates reflect the outcome of large scale mass-market advertising campaigns undertaken by incumbent and some new entrant retailers, supported by ongoing high levels of direct marketing activity by all participants.

The AEMC has also raised the issue of marketing behavior on this dimension. However, to the extent that a retailer undertakes anti-competitive or misleading marketing activity, it is operating outside the parameters of generic consumer protection legislation (Trade Practices Act & Fair Trading Act). This is a

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<sup>4</sup> McGregor Tan Research, *Monitoring the Development of Energy Retail Competition – Residents* February 2006, p. 10.

<sup>5</sup> First Data Utilities, *World Energy Market Rankings*, December 2006.

compliance issue, not related to the effectiveness of competition. If a retailer is in breach of these obligations, the relevant regulator should take action.

Nevertheless, the Victorian energy market is characterised high standards of market conduct. In the second half of 2006, EWOV received 665 electricity cases related to marketing activities. The number of potential breaches is a sub-set of this amount as the number of cases includes general enquiries and complaints which were satisfactorily resolved. Over the same period approximately 300,000 customer transfers were completed, representing, based on industry averages, approximately 2.1 million customer contacts. This represents less than one EWOV case (of which potential compliance breaches are a sub-set) for every 3000 marketing contacts.

### *Customer Choice*

As identified by the Commission, evaluating the effectiveness of competition should focus on three key issues, also identified by KPMG in their discussion paper, *The Effectiveness of Competition and Retail Price Regulation*:<sup>6</sup>

- Customers are aware they have choice
- Customer know how to exercise choice and it is easy to do so
- Choice are being made available to them

The Victorian energy market was assessed as effectively competitive on these criteria in 2004, and the case is even stronger today. With regard to the first indicator, whilst survey data will provide a precise measure of awareness, it is likely that any customers who are still not aware they have choice are simply not receptive to hearing that message. On the issue of knowledge and simplicity of making a choice, it is inconceivable that customers would be making choices in record numbers if it did not reflect a high level of understanding how choice is exercised and the ease of doing so. On this dimension behaviour is likely to be a better indicator than reported opinion. Finally, the increasing number of competing retailers, and the range of market offers identified in the 2006 VESC study, confirms that increased choice is being made available to consumers.

The remaining issues canvassed by the Commission are more descriptive than evaluative. Many of the questions are addressed by the world-record rate of customer transfers, reflecting high levels of customer awareness and confidence in making an informed choice. Whilst others will provide an interesting insight to the market, such as what motivates a customer to switch retailers, they are not relevant to the effectiveness of competition.

### *Price and service quality issues*

The difficulty faced by governments and regulators attempting to replicate efficient markets is self-evident, demonstrated by the collapse of command economies, and in Australia by the economic benefits of national competition policy. The impact on competition of regulatory error in the setting of regulated pricing during the early years of Victorian FRC, and in New South Wales on an

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<sup>6</sup> KPMG, *The Effectiveness of Competition and Retail Energy Price Regulation - A discussion paper prepared by KPMG for the Electricity Retailers Association of Australia*, December 2003, p. 4. See [http://www.eraa.com.au/db\\_uploads/KPMGPublicReport1-EffectivenessofCompPricereg.pdf](http://www.eraa.com.au/db_uploads/KPMGPublicReport1-EffectivenessofCompPricereg.pdf).

ongoing basis, is further evidence of the risks of relying on governments and regulators to identify efficient cost benchmarks.

Providing structural barriers are low, and regulated prices are set at cost-reflective levels, the market will ensure that products are reflective of the efficient long-run cost of supply. It is important to note that the level of discounting in the market is only relative to the level of the standing offer tariff, such that in the absence of accurate assessment of the costs of providing that offer, which again is problematic for a regulator to assess, the level of discounting provides no information on the effectiveness of competition. The relevant factor is simply that discounts on the standing offer are available.

With regard to the type of offers that are available, the market is characterised by generic products based on meter-type, available to customers irrespective of other consumption or demographic characteristics. Product diversity is reflected in the variety of price, non-price, dual-fuel, and green products available. Further innovation is constrained by the commodity nature of the product and a regulatory framework that restricts variation of the minimum terms and conditions to just a few clauses.

#### *The role and impact of regulation*

Victoria is universally acknowledged as imposing the most onerous and costly regulatory framework in Australia. In part this reflects Victoria's position the red tape capital of Australia<sup>7</sup> and one of the first jurisdictions to commence FRC, but also a failure to implement the reforms recommended in the 2004 competition review, and the continued imposition of new regulation in the absence of any cost-benefit analysis.

As a comparative measure, the chart below shows the number of pages of retail energy regulation imposed across the States. Victoria has three times the number of pages of regulation as Queensland, the most recent and efficient regulatory framework established. As an example, credit management obligations are imposed in other jurisdictions through a single regulatory instrument, such as the Retail Code. By contrast, credit management obligations in Victoria are detailed in the Retail Code, as well as in Guideline 1/4 - Credit Assessment, Wrongful Disconnection Operating Procedures, and Guideline 21 - Energy Retailers' Financial Hardship Policies.

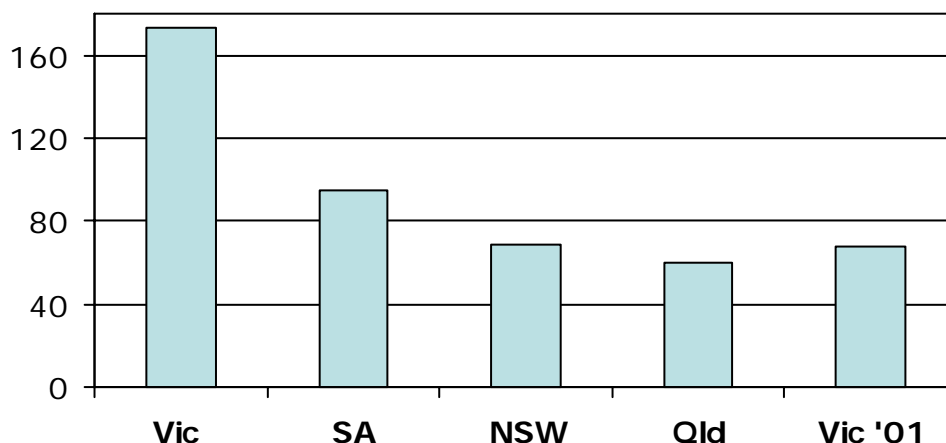
On the Victorian Government's own estimates compliance costs should represent approximately 3.6% of total costs.<sup>8</sup> Assuming Queensland represents best-practice, the additional cost of the Victorian regime is \$6.84 per account, based on a total cost-to-serve estimate of \$95 per customer. Across 4 million customer accounts (gas & electricity) the additional cost in Victoria is \$27 million per annum. This is a significant cost imposed on Victorian consumers, with no evaluation, such as through a Regulatory Impact Statement process, as to whether the benefits of the additional regulatory burden outweigh these costs.

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<sup>7</sup> Senator Michael Ronaldson, "Ronaldson Releases 2006 Red Tape Shame File" sourced from the Parliamentary Library Analysis, Parliament of Australia, calculated from in force acts and regulations as at December 2006 - January 2007.

<sup>8</sup> Victorian Government, *Reducing the Regulatory Burden*, 2006, p. 4

**Figure 1 - Pages of Retail Energy Regulation by State, 2007**



The potential for regulatory reform was acknowledged in the 2004 VESC's competition review which recommended a number of legislative and regulatory reforms to the Victorian framework. As detailed below, of the six recommendations with a retailer cost impact, five were intended to lower the regulatory burden. However, the only legal/regulatory reform undertaken was the sole recommendation that actually increased the regulatory burden.

**Table 1 – Response to the VESC 2004 Review of the Effectiveness of Retail Competition**

ESC Recommendation	Impact on Retailer Costs	Implemented
Reduce the safety net for retail gas customers to 1 TJ	↓	×
Enable customers with multiple supply points to be available for aggregated supply outside the regulatory safety net	↓	×
A further comprehensive review of the competitive retail market in 2006 to examine the need for any ongoing regulation	↓	×
By 1 July 2005 develop and implement a new retail code reflecting the fundamental provisions that are to apply to small business	↓	×
Remove the Market Code of Conduct from Commission administration	↓	×
Introduce licence requirements for retailer to provide standard offer information to customers	↑	✓

This response has been symptomatic of the Victorian approach in recent years, under which the regulatory burden has continued to increase, as shown by the growth in retail regulation from 2001 to 2007 in Figure 1. It is also in contrast to the Victorian government's *Reducing the Regulatory Burden* initiative, which commits to a 15% reduction in regulation by 2010 and that any new regulatory burden would be offset by a reduction.<sup>9</sup> However, since 2004 additional regulation has been imposed in areas of performance reporting, price disclosure, bulk hot water, early termination fees, disconnection procedures, hardship policies, and compliance reporting, whilst no compensatory cuts to the regulatory burden have been implemented. The continued introduction of new regulation has been particularly concerning given that whilst Victoria has committed to a transition to the national framework, it has increased the level of inconsistency with arrangements in other jurisdictions. By contrast, other states have largely frozen their regulatory frameworks so as to minimise the imposition of unnecessary short-term costs.

The Victorian Government has made a virtue of the state's regulatory burden, claiming that it has provided the environment in which customers have felt the necessary security in which to transfer at world-record rates. However, this does not acknowledge that South Australia has also experienced an internationally high level of customer transfers, but has done so with a significantly lower-cost regulatory framework with no evidence of a diminution of consumer rights. In other words, the benefits of Victorian FRC have been mitigated by the imposition of additional regulatory obligations which other governments and regulators have not regarded as necessary, allowing South Australia consumers to enjoy the benefits of a competitive energy market at a lower cost than Victorian consumers.

#### *Vulnerable Customers*

Vulnerability is a subjective measure that can be applied in a number of differing contexts. In the context of assessing the effectiveness of competition its only relevance is whether some customer types are being actively excluded from the competitive market. However, the only explanation for actively excluding a particular customer type is that regulated tariffs do not cover the costs of supplying that particular customer, whether defined on the basis of tariff type, level of consumption or credit worthiness. In such cases retailers will not be able to compete with the regulated price, and therefore will not make market offers available. For example, many new entrant retailers did not make market offers available to off-peak customers during the early years of FRC because the standing offer off-peak tariffs were set below cost.

Vulnerability is often associated with affordability or capacity to pay. In a market economy prices are set at efficient levels through the competitive market. As citizens, through our elected governments, we must decide which citizens require financial support to effectively participate in that society, and the level of the support required. The cost of energy, representing just 3% of average household expenditure, is a relatively small component in these considerations, compared to

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<sup>9</sup> Ibid.

food and housing which each represent 16-17%.<sup>10</sup> Long-term vulnerability with respect to meeting energy payments must reflect a broader vulnerability with respect to all cost of living expenses.

Once a community decision is made regarding the level of income required to provide a reasonable standard of living, and thus the level of income support required to achieve that level, the continued prevalence of citizens unable to meet their financial obligations on a long-term basis must reflect one of two scenarios;

- the citizen is funding commitments above what the community believes is reasonably supported by community financial assistance, or
- the level of that community financial assistance is insufficient to support a reasonable standard of living.

A caricature of the first scenario is a dual six-figure income household, with large mortgage, prestige cars, holiday house, regular overseas travel etc. Any vulnerability, outside some traumatic event, must be regarded as the outcome of the household's lifestyle choice. This is an extreme example and easy to characterise as a lifestyle that should not be supported, but the level at which the line is drawn on vulnerability as the result of lifestyle choice is contentious, and must be determined collectively by society. The second scenario raises the issue of whether government support is sufficient to fund a reasonable standard of living for its citizens. Again, this is a broader question for society as a whole to determine.

Nevertheless, retailers recognise their appropriate role in assisting customers. Short term difficulties arise through the periodic nature of customer accounts, with the potential for seasonal variation, and through the retrospective billing approach. In response, retailers provide an extensive range of customer support programs, as part of voluntary hardship programs, initiated prior to the imposition of specified obligations under government legislation. The TRUenergy Hardship Assistance Program includes the following features;<sup>11</sup>

- A Customer Welfare team that provides individual case management
- Capacity to Pay assessments
- Flexible instalment plans
- Energy bill smoothing through our Dual Fuel product
- Energy efficiency advice and in-home audits
- Considering advice from and referring energy hardship customers to financial counsellors
- Providing details of and assistance with the Utility Relief Grant Scheme
- Undertaking field visits to customers in danger of being disconnected
- Targeted debt relief
- Discretionary Appliance Replacement program
- Providing community education and prevention programs

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<sup>10</sup> Australian Bureau of Statistics, *6530.0 - Household Expenditure Survey, Australia: Summary of Results, 2003-04 (Reissue)*, p. 12.

<sup>11</sup> See [http://www.truenergy.com.au/downloads/Hardship\\_Policy.pdf](http://www.truenergy.com.au/downloads/Hardship_Policy.pdf)



- Identifying energy consumption problems
- Achieving ongoing energy efficiency improvements
- Providing targeted debt relief
- Disconnection prevention program

Disconnection data shows that private-sector retailers, operating in a competitive market, have been more successful in dealing with affordability and access to supply issues than the previous government-owned monopolies. Disconnection rates peaked in the mid 1990s, and have generally been 3-4 times lower in the competitive market.<sup>12</sup>

### *Summary*

In 2004 the Victorian energy market was assessed by the VESC as effectively competitive, with the exception of low consumption customers supplied at below cost on their standing offer tariffs. Since 2004, the level of competitive activity has increased substantially. The continued entry of new retailers, declining market shares of incumbents in the former franchise areas, and world-record rates of customer transfers, are all indicators which confirm low barriers to entry, the key requirement for effective competition. If Victoria is not considered effectively competitive it is unlikely that any jurisdiction anywhere in the world, let alone Australia, would meet the required criteria.

The greatest threat to effective competition is the retention of retail price regulation. It was the setting of standing offer tariffs below cost-reflective levels that rendered low consumption customers unprofitable in the 2004 review. Whilst wholesale market stability in the intervening years has facilitated the transitioning of standing offer tariffs to cost-reflective levels, recent market instability again raises the danger of governments setting retail prices below cost-reflective levels. This not only impacts the level of retail competition, but the market signals required to secure future energy supplies.

Please contact me on (03) 8628 1122 if you require additional information.

Yours sincerely,

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<sup>12</sup> Essential Services Commission, Energy Retail Business Comparative Performance Report for the 2005-06 Financial Year, November 2006, p 49. See; <http://www.esc.vic.gov.au/NR/rdonlyres/FC6BA2EA-8582-4488-AE3F-B1C0AA89C26B/0/EnergyRetailBusinesses.pdf>

## Appendix – Responses to Issues for Comment

	<b>Issue</b>	<b>Response</b>
1	Are the structural conditions sufficient to support an effectively competitive market?	Yes, as evidenced by the growing number of retailers, their expanding customer base, and the declining market share of incumbents in their former franchise areas.
2	Is there any evidence that incumbent retailers are not constrained by participants?	No. were it not for their retaliatory action, incumbents would lose their entire customer base within 4-5 years.
3	Are there barriers to entry that impact on effective competition?	No. The continued entry of small start-up retailers shows that there are no material barriers to entry.
4	Are there barriers to expansion or exit that impact on effective competition?	No, as evidence by the rapidly expanding customer base of the new retailers.
5	Are the barriers such that retailers are not influenced by the threat of new entry?	This is question is not relevant, as the entry of new retailers has demonstrated low barriers to entry.
6	What does the level and extent of marketing indicate about the level of competition?	The impact of marketing is appropriately measured by its success, namely the level of customer transfer activity. On this dimension Victoria is a world-leader.
7	What do the types of marketing indicate about the level of competition?	Marketing strategies are developed in accordance with each respective retailer's business model, with the market determining the success of each approach. What is important is that choices are being made available to consumers.
8	Is there evidence of anti-competitive or misleading marketing activity?	This is a compliance issue, on which the Victorian energy market has an excellent record. EWOV market conduct cases represent less than 1 in every 3000 marketing contacts, with the number of potential breaches a sub-set of that amount.
9	What evidence is there of customers seeking or obtaining market offers?	The clearest evidence is the world-record rate of customer transfers, which represent customers acting upon offers either made or sought at an unprecedented rate.
10	Are customers switching retailers to take advantage of competitive market offers?	There are many potential motivations for accepting a market offer. The key factor is that offers are available, and are being accepted.
11	Is there sufficient awareness about the existence of competition and market offers?	Given the level of competitive activity it is unlikely that a further increase in awareness is possible.
12	Are customers able to effectively evaluate and search for market offer information such that they can make an informed choice?	The level of customer transfer activity indicates a high level of confidence among Victorian consumers regarding their energy purchase decisions.

13	Are there differences in customer choice and participation across customer groups?	The market is characterised by generic offers based on tariff-type, not any social group characteristic. Any potential differences in participation will reflect consumer behaviour, not the marketing behaviour of retailers.
14	What motivates a customer to switch retailer?	There are many potential motivations for accepting a market offer. The key factor is that offers are available, and are being accepted.
15	Does the option of receiving dual fuel supply from a retailer influence customer choice?	For some customers, yes.
16	Are there any barriers to a customer switching?	Only the high cost of special reads, and the service levels of distributors in completing those reads.
17	What impact do non-price offers have on customer behaviour?	There are many potential motivations for accepting a market offer. The key factor is that offers are available, and are being accepted.
18	What is the relationship between customer switching and marketing activity?	Due to the low cost of energy, and the commodity nature of the product, the overwhelming majority of market contracts are retailer initiated, whereby customer switching is the outcome of a retailer contact.
19	What evidence is there of price competition, for example, are prices reflective of the efficient long run costs of supply?	The VESC 2006 Performance Report confirms evidence of price discounting. Only the market can determine the efficient long-run cost of supply. This is the rationale for National Competition Policy and the establishment of a competitive retail market.
20	What types of competitive offerings are being made available to customers, and is there evidence of new types of offers being made to customers over a range of customer classes?	A feature of the market is the broad-based marketing strategies of many retailers, making generic market offers available to all consumers. Products are generally discount, green or non-price offering. The level of innovation is constrained by the regulatory framework and the nature of the product. There is also a trade-off between innovation and simplicity with respect to tariff structures, whereby customers have demonstrated a preference for simplicity.
21	Do retailers clearly and accurately communicate information to customers about their market offers?	Retailers have an incentive to accurately communicate offers to consumers, and the levels of customer transfers indicate that consumers have confidence in the information they receive.
22	Have the consumer safety net arrangements been effective in ensuring access to supply in Victoria?	The rate of customer disconnection peaked in the 1990s under the government owned monopolies, and has generally been 3-4 times lower in the competitive market. This is not an outcome of the consumer safety net, but rather the voluntary customer assistance measures developed by retailers that extend well beyond those previously provided by the State Government.
23	What are the benefits of the consumer safety net arrangements	A regulatory framework is necessary for the efficient operation of the market. However the Victorian framework extends well beyond the minimum level

		required to protect consumers and facilitate the competitive market.
24	What are the detriments of the consumer safety net arrangements?	The Victorian consumer safety net arrangements impose costs upon consumers, above those imposed in other jurisdictions, with no evidence of any net benefit.
25	Have the consumer safety net arrangements had unforeseen or unintended impacts on the development of competition?	Yes, they have diminished the benefits that would otherwise have been available to all consumers as a result of the competitive market.
26	Other than price, are there differences between the standing offers and the market offers that may impact on the effectiveness of competition?	Competition is restrained by the limited extent to which the minimum terms and conditions of the Retail Code may be varied in a market contract.
27	Which customers are likely to be considered vulnerable customers?	Customers for whom the cost to supply exceed the levels allowed for under the standing offer tariffs.
28	What factors contribute to customer vulnerability	Standing offer tariffs priced below the cost of supply, and inadequate Government financial assistance.
29	Does the structure and operation of market contribute to customer vulnerability?	The continued operation of price regulation has the potential to restrict the making of market offers to those customers for whom the cost of supply exceed the standing offer tariffs. With regard to access to supply, the rate of customer disconnection peaked in the 1990s under the government owned monopolies, and has generally been 3-4 times lower in the competitive market.
30	How does a customer's vulnerability affect their participation in the market?	If the cost to supply is less than the standing offer tariff, the customer is less likely to be able to obtain a market offer.
31	How effectively do retailers identify vulnerable customers and assist them?	Retailer's customer assistance programs extend well beyond those previously available under the government owned monopoly businesses. For example, the rate of customer disconnection peaked in the 1990s under the government owned monopolies, and has generally been 3-4 times lower in the competitive market.
32	Do the existing regulatory policies facilitate participation in the market for vulnerable customers?	Participation in the market is a function of customer choice, in part reflecting the extent to which standing offer tariffs are set at cost reflective levels.
33	Are the existing government and retailer initiatives effective in managing vulnerable customers in a competitive market environment?	Retailer's customer assistance programs extend well beyond those previously available under the government owned monopoly businesses. The rate of customer disconnection peaked in the 1990s under the government owned monopolies, and has generally been 3-4 times lower in the competitive market.