



Retail competition in NSW

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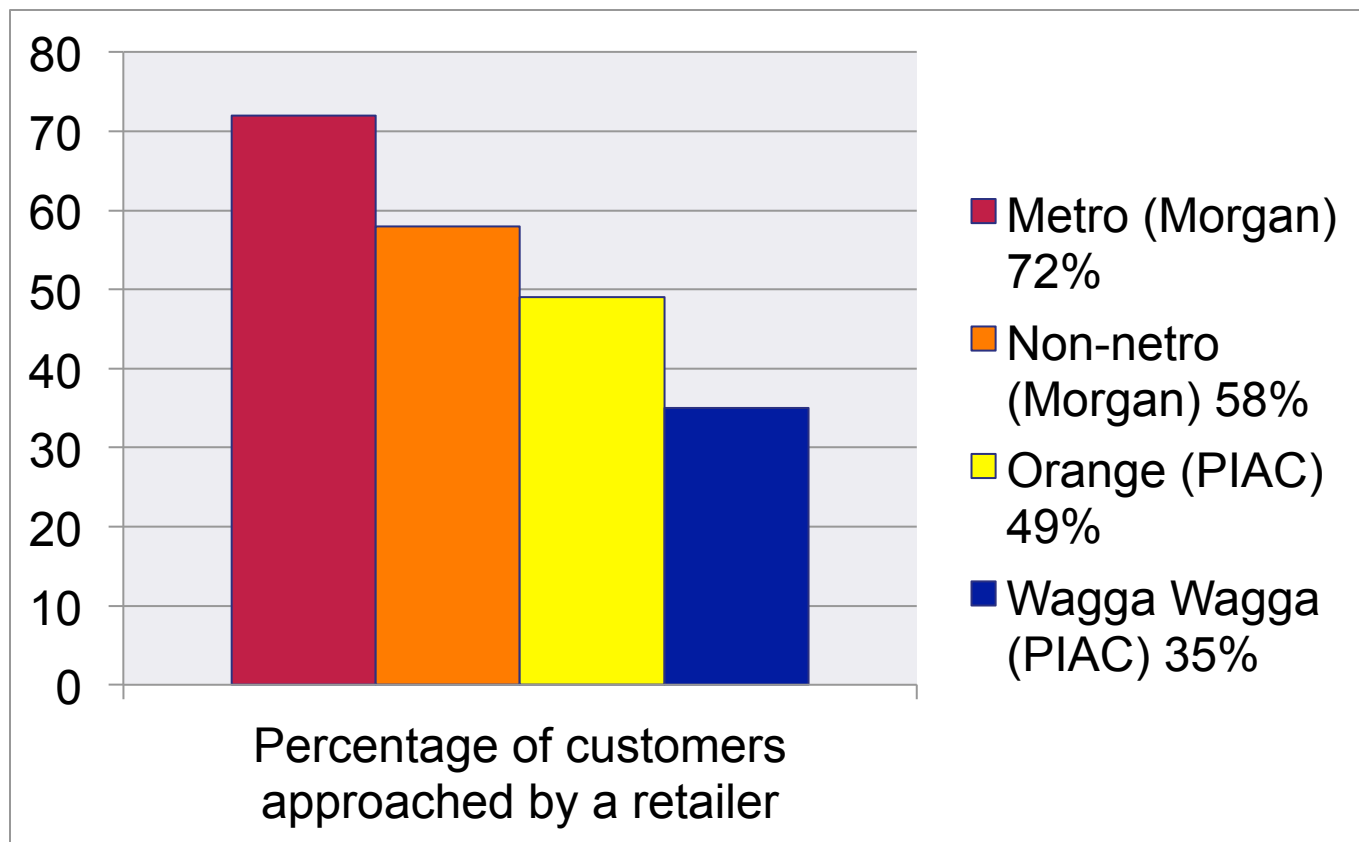
20 March 2012



Overview

- Metropolitan versus regional areas
- Gas versus electricity markets
- Impact of account fees on competition
- Information provision and consumer understanding
- Possible transition to price deregulation.

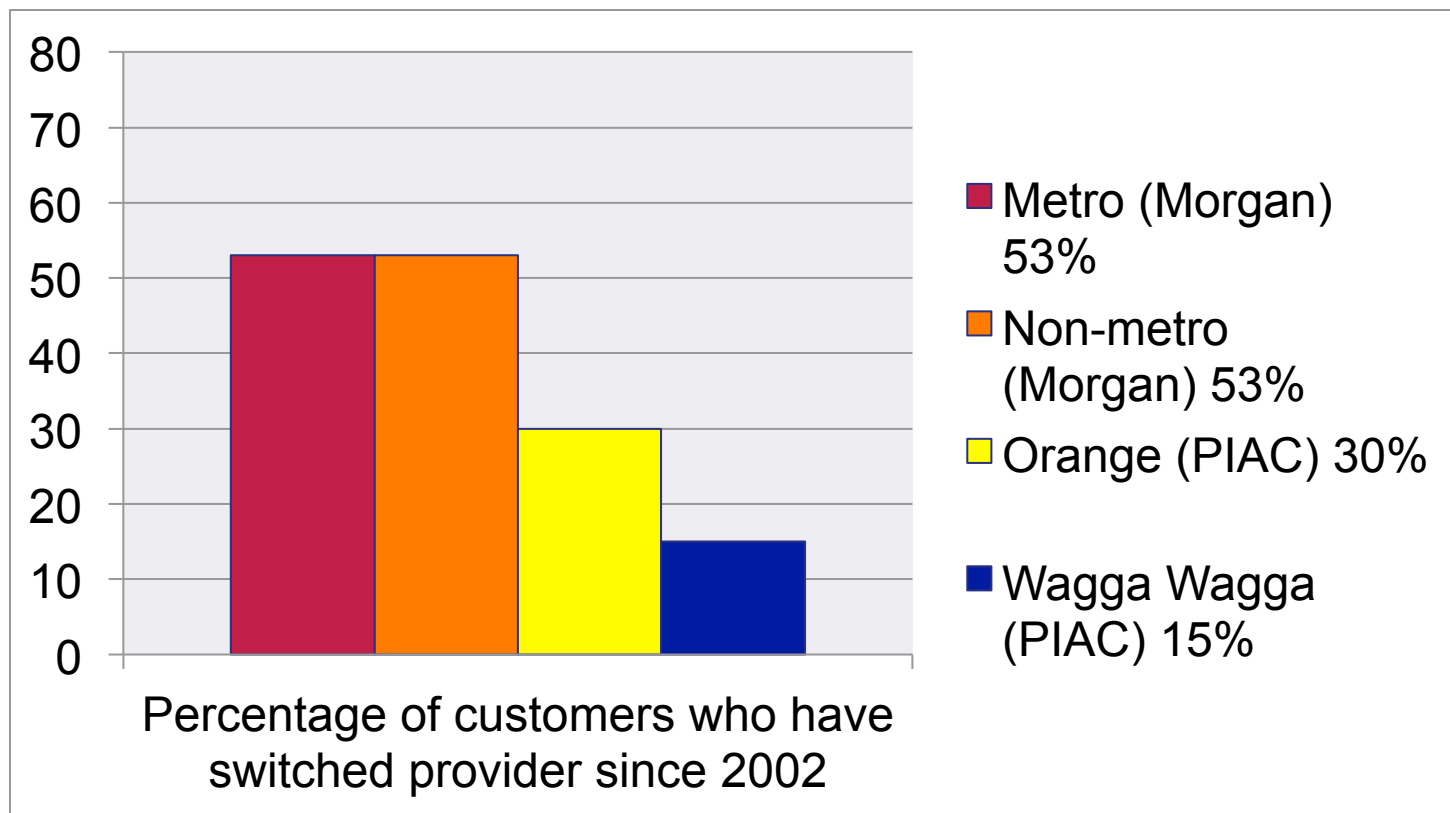
Metropolitan vs regional areas



Figures taken from Morgan survey report p 12, 21; Choice? What Choice? p 45 & 59.



Metropolitan vs regional areas



PIAC recommended a separate examination of competition in the Essential network area.



Gas versus electricity

33% of gas customers have switched since 2002

- 53% of electricity customers

7% of surveyed customers had received more than five approaches about gas

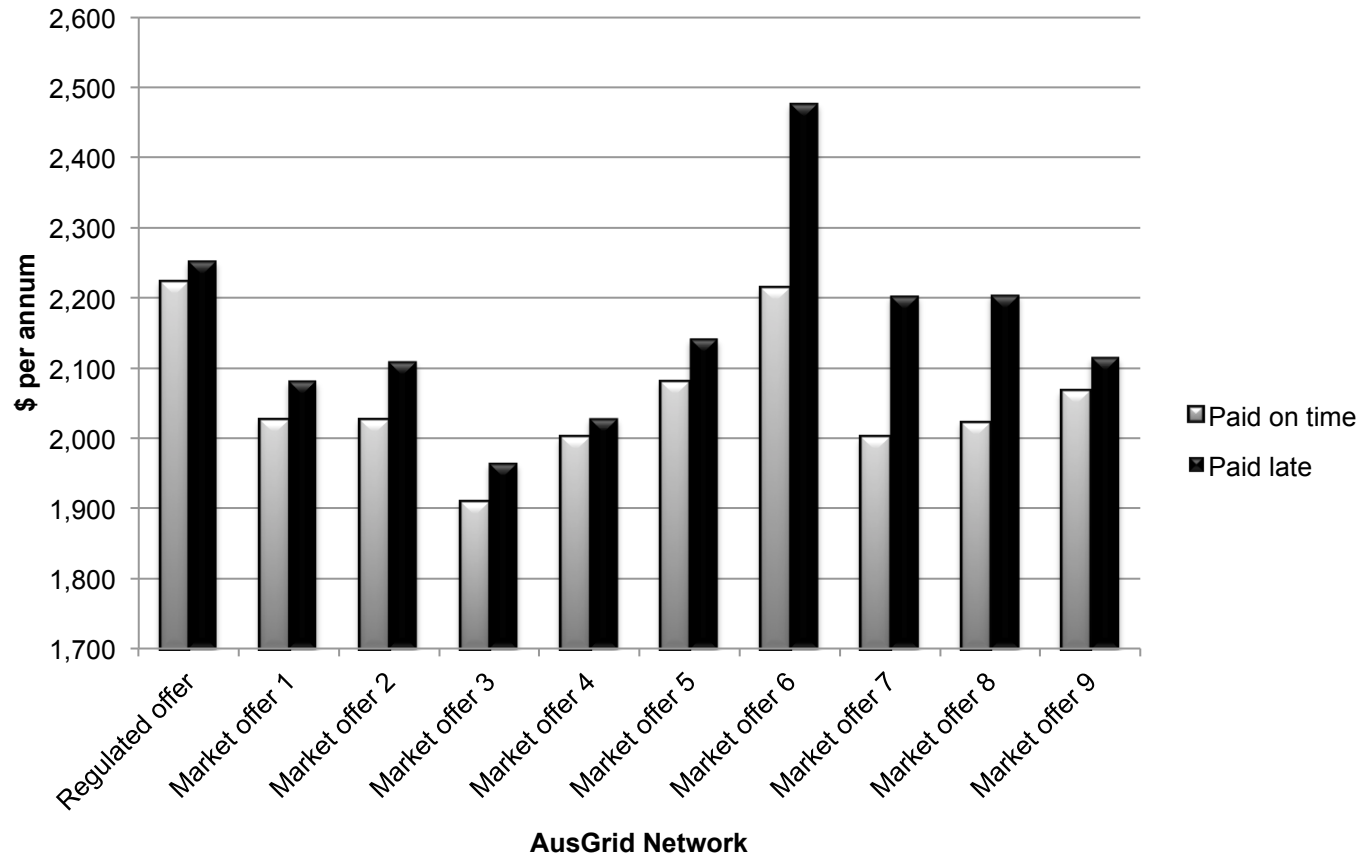
- 15% of electricity customers

17% of gas customers switched to be with the same supplier

- 4% of electricity customers

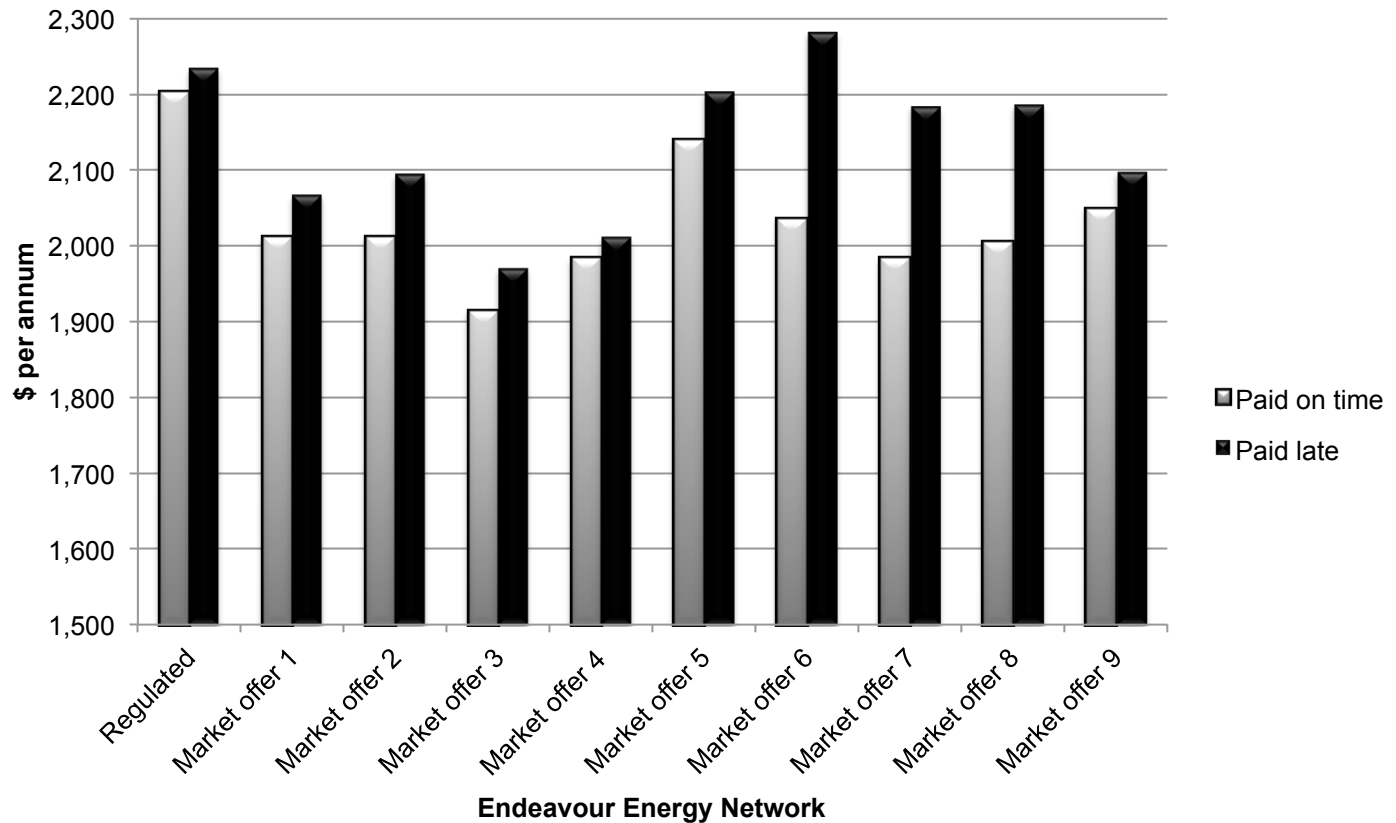
Source: Morgan pp 13, 21 and 24

Greater risk...



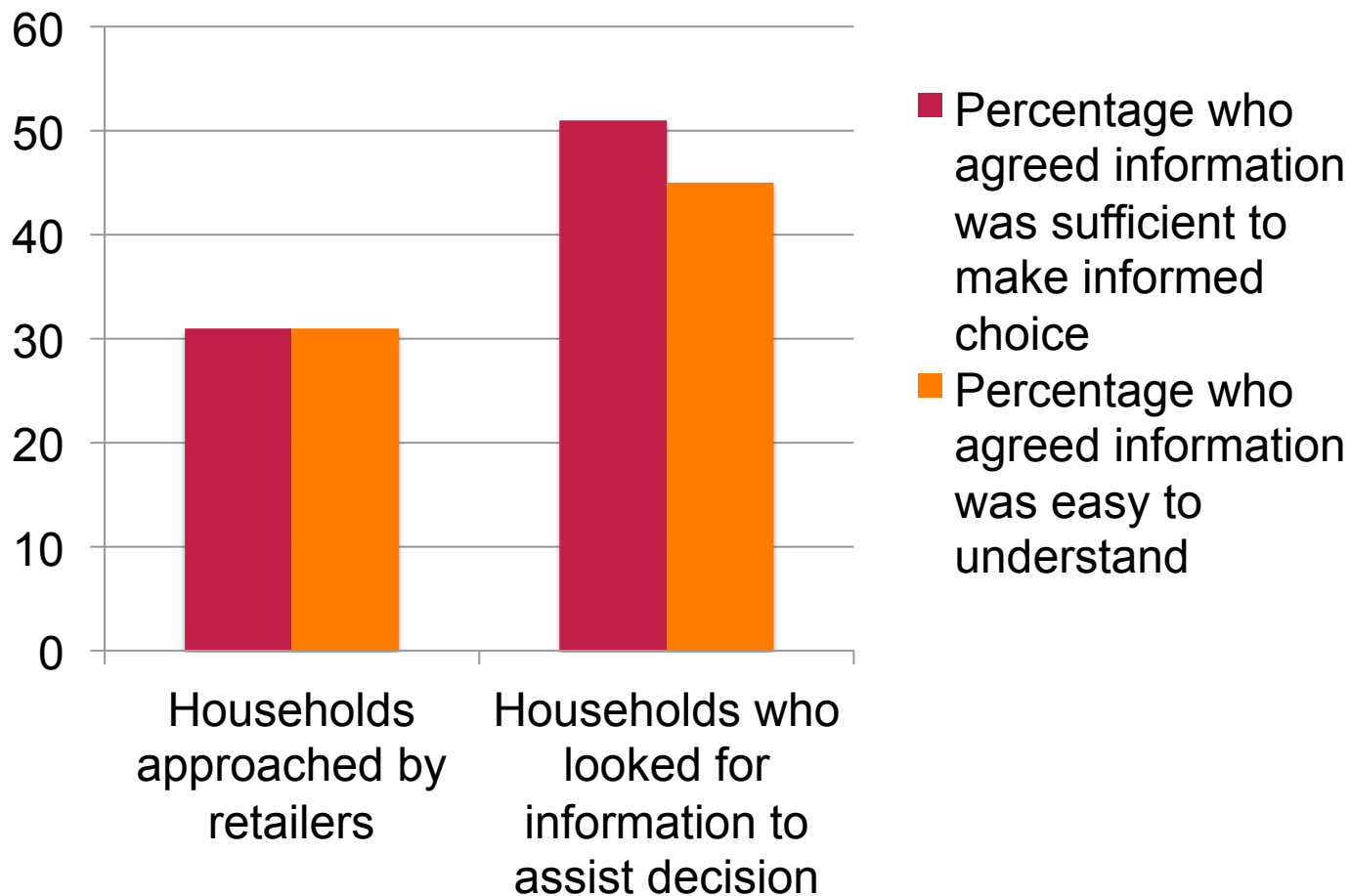
Estimated annual bill for customers that pay on time vs. pay late, electricity offers as of July 2012, single rate, 7200kWh (GST inc) (based on figures compiled by May Mauseth Johnston).

...and greater reward?



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Motivation and satisfaction with information





Effective information is essential

Information is most commonly gathered and distributed online.

What if you're not connected?

What if you don't speak English?

Any deregulation must be accompanied by a targeted information campaign.

PIAC recommends that price deregulation not occur until the campaign has been undertaken and independently assessed as effective.



Path to deregulation: risks and recommendations

PIAC has concerns about the phasing in of competition based on consumption thresholds.

There is the risk that:

- High-consumption users are given the best offers.
- Low-consumption plans are loaded up with fixed charges.
- Customers may move between thresholds.



Thank you

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