



NSW Retail Competition Review: consultant reports published

AEMC publishes four consultant reports for the NSW retail review

On 28 February 2013 the AEMC published four consultant reports. These reports relate to retailer interviews and a customer survey that were conducted to inform our review of competition in NSW energy markets. These reports represent only part of the material that will inform our draft report on the state of competition. They are being released to inform debate at a public forum to be held on 20 March 2013 in Sydney.

Scope of the review

The AEMC has been requested to undertake a review and provide advice on the state of competition for small customers of electricity and natural gas in NSW. Small customers include both residential customers and small business customers. Where competition is found to be effective we are to provide advice on implementation strategies for the removal of retail price regulation. Where competition is found to be not effective, we are to provide advice on ways in which it can be improved. The AEMC has also been asked to consider time of use tariffs in relation to their availability, uptake and impact on competition.

Work undertaken by consultants working for the AEMC

The AEMC engaged Roy Morgan to carry out research with small customers of gas and electricity as part of this review. The purpose of this work was to better understand the participation and perception of customers in the NSW retail energy markets. It involved:

- a quantitative survey of 1,000 residential energy customers from across NSW;
- a quantitative survey of 500 small business energy customers from across NSW; and
- four qualitative focus groups with residential and small business customers (these were held in Parramatta and Dubbo).

Separate reports were provided for each of these studies.

In addition to the customer surveys the AEMC engaged Sapere to interview retailers to better understand retailer views of the NSW retail energy market, including whether there are barriers to entering the market. Sixteen retailers were interviewed as well as the Energy Retailers Association and the Energy Supply Association of Australia.

As discussed below, these reports represent only part of the picture of competition in the NSW energy retail markets. The AEMC will consider this information along with submissions and other sources of information to provide an overall assessment of the state of competition in its draft report, due in late May this year. The draft report will also set out our advice on an appropriate path to removing price regulation and/or mechanisms for improving the effectiveness of competition, as required.

Stakeholders will have an opportunity to make written submissions on these four consultant reports during the consultation period on the draft report.

The reports represent only part of the story of competition in the NSW retail energy markets.

They are being released to inform debate at a public forum to be held on 20 March 2013 in Sydney.

Additional information to be considered

In addition to the reports just published, we will be considering other information consistent with the Ministerial Council on Energy criteria for assessing competition set out in the terms of reference and statement of approach for this review. These include trends in prices and retailer profit margins, switching rates between retailers and measures of market concentration. Another important source of information that we will draw on is the evidence provided in submissions to this review.

Consequently, in reviewing these reports, stakeholders should be aware that they are not the only evidence that the AEMC will draw on to inform its views on the state of competition.

Public forum

The AEMC will hold a public forum on the review on 20 March 2013 in Sydney. The consultant reports will inform the debate at the forum. Stakeholders may register for the forum on the AEMC's website.

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