

Monitoring the retail electricity and gas markets in NSW

17 July 2025

IPART has commenced its 2024-25 monitoring report on the retail electricity and gas markets in NSW. Each year, we are required to monitor and report to the Minister for Energy on certain matters including prices, competitive dynamics and the participation of households and small businesses in the NSW retail electricity and gas markets.

This year, we will also report on new energy products and services, including virtual power plants and demand response programs, and the annual bills for the range of retail electricity pricing structures in NSW including flat rate, time of use and demand tariffs.

There are several other reviews into Australia's energy markets that are underway. These include the National Electricity Market Wholesale Settings Review and the Australian Energy Market Commission's Review into Electricity Pricing for a Consumer Driven Future. These reviews aim to ensure the future state of energy markets, products and services, and regulation are fit-for-purpose as we continue the energy transition and move towards the target of net zero emissions by 2050.

In contrast, IPART's retail electricity and gas market monitoring reports focus on the current state of the retail energy markets in NSW. We will assess the state of competition over 2024-25, how consumers are engaging with new products and services, including virtual power plants and demand response programs, and identify whether the NSW retail electricity and gas markets are delivering good consumer outcomes.

We want to hear from you

We are seeking stakeholder submissions until **Friday 22 August 2025**. Hearing views from a wide range of stakeholders is important to us. It helps us better understand the challenges consumers are facing and enables us to focus on the issues that are most relevant.

We want to hear your views on:

- our approach to energy market monitoring
- the experience of consumers who are using new energy products and services, including virtual power plants and demand response programs, and whether they have sufficient information to make decisions about these services
- whether there are emerging issues we should explore in our Energy Market Monitoring reports.

We are inviting feedback from all stakeholders including from consumers and small businesses, consumer advocacy groups, retailers and distribution networks. You can provide a submission with your responses to the questions below and any other information you think is important for us to know.

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders both past and present. We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

What we want to hear about from you

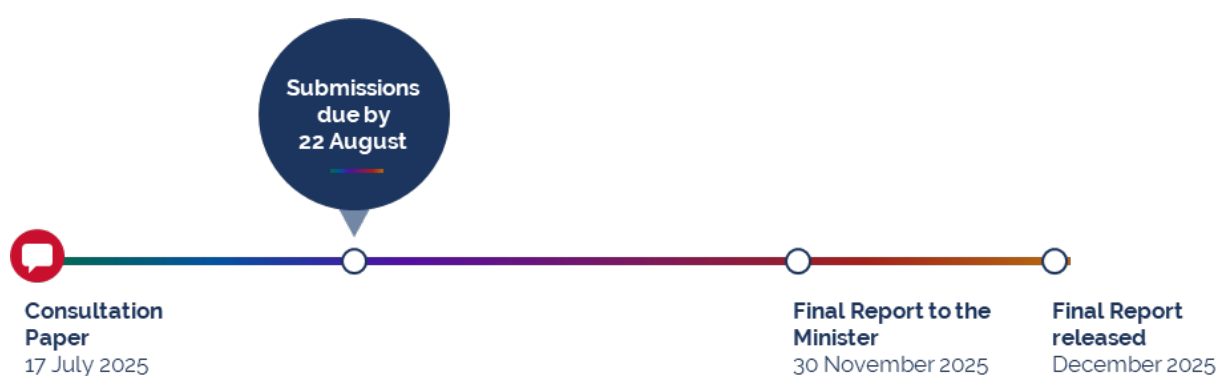
1. In addition to the metrics outlined in [Table 1](#) below, what other analysis should we consider when reporting on pricing, competitive dynamics and consumer participation in the NSW electricity and gas markets?
2. What has been the experience of households and small businesses who have joined or participated in virtual power plants and demand response programs?
3. Do you consider consumers have sufficient information on virtual power plants and demand response programs to make informed decisions about the costs, benefits and whether they should participate?
4. Are there emerging issues in the NSW retail electricity and gas markets that IPART should explore as part of our Energy Market Monitoring Reports?

Have your say

Your input is critical to our review process. You can get involved by making a submission by **22 August 2025**.

[Submit feedback »](#)

Figure 1 Timeline for IPART's 2024-25 Energy Market Monitoring report



If you have questions regarding making a submission, please contact Jonathan Gawthorne by email: Jonathan.Gawthorne@IPART.nsw.gov.au or phone: 02 9019 1910.

Matters we are required to report on and how we will do this

The *National Energy Retail Law (NSW)* specifies the matters we must report on each year and the information we can use. We detail the matters we must report on and how we propose to do this in Table 1.

Table 1 The matters we must report on and how we will do this

Matters we are required to report on	How we will consider and report on these matters
Participation of small customers in each market	<p>We will analyse and report on how consumers are engaging with and switching in the NSW retail electricity and gas markets. We will report on the outcomes for both customers who frequently engage and switch, and those who do not.</p> <p>We will report on metrics including:</p> <ul style="list-style-type: none"> customers' intention to switch and actual switching rates the potential benefits of switching and reported challenges in the switching process customers' perceptions of competition and pricing customers' satisfaction with their current retailer and plan the number of customer complaints and reasons for the complaints consumers' use of NSW Government energy rebate programs trends in the hardship and payment plans for customers experiencing vulnerability customer uptake of smart meters customer uptake of consumer energy resources (CER), including solar and batteries <p>Electricity and gas are essential services. In general, demand side pressure from engaged consumers should result in lower prices and better services for all consumers. However, this has not happened to date, with the lower prices often flowing to a small group of engaged consumers. We are also aware that many consumers have limited time or ability to engage.</p>
Barriers to entry, expansion or exit in each market	<p>We will analyse and report on entry and exit rates, expansion by smaller retailers and those that are not vertically integrated, and trends in market concentration.</p> <p>We will report on metrics including:</p> <ul style="list-style-type: none"> number of retailers entering and exiting the market market share of retailers and measures of concentration number of offers available in the market whether regulatory or non-regulatory factors are barriers to entry or expansion
Whether price movements and product diversity are consistent with a competitive market	<p>We will report on annual bills and trends in prices for the range of offers available. For electricity this includes flat rate tariffs, time of use tariffs and demand tariffs. We will also use consumer survey data to report on how consumers interpret and engage with different pricing structures.</p> <p>We will report on metrics including:</p> <ul style="list-style-type: none"> retail electricity and gas price movements (year-on-year) and longer-term trends the frequency of price increases within 12 months the number of offers (by type of offer) and spread of prices by distribution network the number of consumers on flat rate, time of use and demand tariffs price differences across retailers and by tariff type level of fees and charges changes in cost stack components, including network costs, wholesale costs and retailer costs and margins innovation in products, services and price structures
Price of electricity and gas for small customers in regional areas	<p>We will report on the prices for small consumers in regional areas by:</p> <ul style="list-style-type: none"> comparing the total estimated bill for customers in the Essential Energy network and regional gas networks compared to other distribution networks reporting on bill data for rebate customers, which includes postcode level data
Whether there is a need for a detailed review of retail prices and profit margins	<p>We will consider whether IPART should conduct a detailed review of retail prices and profit margins, based on:</p> <ul style="list-style-type: none"> whether price movements reflect changes in underlying costs, recognising that retailers use a variety of strategies for procuring wholesale electricity the reviews and reporting being undertaken by other regulators
Extent to which retailers are competing to attract and retain customers	<p>We will consider all the factors above, including engagement, satisfaction, switching, supply costs and pricing to assess whether retailers are competing to attract and retain customers.</p>

Reporting on new energy products and services – virtual power plants and demand response programs

Since 1 July 2025, households, small businesses and community organisations have been eligible to receive an upfront discount of around 30% on the cost of installing a battery through the Australian Government's Cheaper Home Battery Scheme.

Households and small businesses in NSW are also able to receive an incentive payment for connecting their battery to a virtual power plant. This incentive payment occurs through the Peak Demand Reduction Scheme. All batteries with a capacity between 2 kWh and 27 kWh that connect to a participating virtual power plant are eligible for the incentive, which can be up to \$1,500. Larger batteries will receive a larger incentive.

The NSW Minister for Energy has asked IPART to continue reporting on new energy products and services, including virtual power plants and demand response programs, in our Energy Market Monitoring reports.

The purpose of this reporting is to:

- provide independent information to households and small businesses on these new energy products and services, to assist them making a decision on whether to participate in these programs
- help the NSW Government determine whether there are appropriate consumer protections and that consumers receive the expected benefits from participants.

Virtual power plants are networks of connected consumer energy resources, such as rooftop solar and batteries, that are aggregated and controlled by a central operator to act like a single, flexible power plant. Combined with demand response programs, which incentivise consumers to reduce their power consumption during periods of high demand, these programs aim to help balance the grid by dynamically adjusting supply and demand.

We want to hear from retailers about the virtual power plant and demand response programs they have on offer, and the benefits of participating for the retailer and the consumer.

We also want to hear from customers about their experience participating in virtual power plant and demand response programs, including the benefits received.

What information we can consider in our Market Monitoring reports

The [National Energy Retail Law \(NSW\)](#) specifies the information we can consider when conducting our review. We are only able to consider:

- information provided by the Australian Energy Market Commission and the Australian Energy Regulator,
- information provided by energy retailers on prices and customer numbers, and
- publicly available information.

This requirement to only consider certain information may limit the analysis that we can undertake on other matters or emerging issues suggested by stakeholders.

Box 1 Key findings and recommendations from our 2023-24 Energy Market Monitoring reports

Last year we found the NSW retail electricity and gas markets were not delivering good outcomes for many residential and small business customers. Retail prices rose sharply over 2022-23 to 2023-24 due to rising wholesale prices (for both electricity and gas) in recent years and higher network and distribution costs.

While better offers were available, many customers in NSW faced difficulties when trying to switch retailer or plan to get a better offer. This was primarily because of complex electricity tariff structures and insufficient or confusing information for both electricity and gas offers.

We also found the NSW retail electricity and gas markets remained concentrated among the 3 largest retailers and that smaller retailers faced barriers to entry and expansion, in particular through challenges in accessing hedging contracts (in the electricity market) or accessing pipeline capacity at affordable prices (in the gas market). If barriers to expansion continue to persist, in the medium term, this may limit competitive pressure on incumbents and choice for consumers.

We did not make recommendations about the NSW retail gas market; however, we made 10 recommendations aimed at improving outcomes for electricity consumers in NSW. These focused on:

- simplifying the switching process and improving the transparency of pricing information on the Energy Made Easy website and in retailers' notifications to their customers. This included increasing the information available on Energy Made Easy to show customers' current plan prices, meter eligibility, and expected bills for new tariff structures like demand tariffs.
- requiring retailers to submit additional information to the AER on 'legacy offers' that aren't available to new customers
- recommending reviews into whether changes are required to protect customers from unjustifiably high prices, given the Default Market Offer does not apply to demand tariff plans, and whether retailers have sufficient access to suitable hedging contracts as coal-fired generators retire.

These recommendations are available in our [2023-24 electricity annual report](#).