IPART Independent Pricing and Regulatory Tribunal | NSW

Monitoring the NSW retail gas market 2021-22

Information Paper

November 2022

Energy »

Tribunal Members

The Tribunal members for this review are:

Carmel Donnelly PSM, Chair
Deborah Cope
Sandra Gamble

Enquiries regarding this document should be directed to a staff member:

Jessica Robinson (02) 9290 8405

The Independent Pricing and Regulatory Tribunal

IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from IPART's website.

Acknowledgment of Country

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.

Contents

1 Monitoring the NSW retail gas market 2021-22

This information paper provides our findings on how competition has developed over 2021-22 for the retail gas market in NSW.

This monitoring report is being written at a time of increased volatility in the gas market, linked to the war in Ukraine which has increased international gas prices by creating a gas shortage. This has forced the domestic price upwards as domestic gas consumers compete with export volumes. The Australian Competition and Consumer Commission's (ACCC) Gas inquiry July 2022 interim report[1] predicts a significant risk of a gas shortfall in 2023 of about 56 PJ, which is approximately 10% of domestic consumption in eastern states.[2] The Commonwealth Government is also currently reviewing its mechanisms for ensuring adequate domestic supply, including triggering the Australian Domestic Gas Security Mechanism (ADGSM) for 2023.[a3]

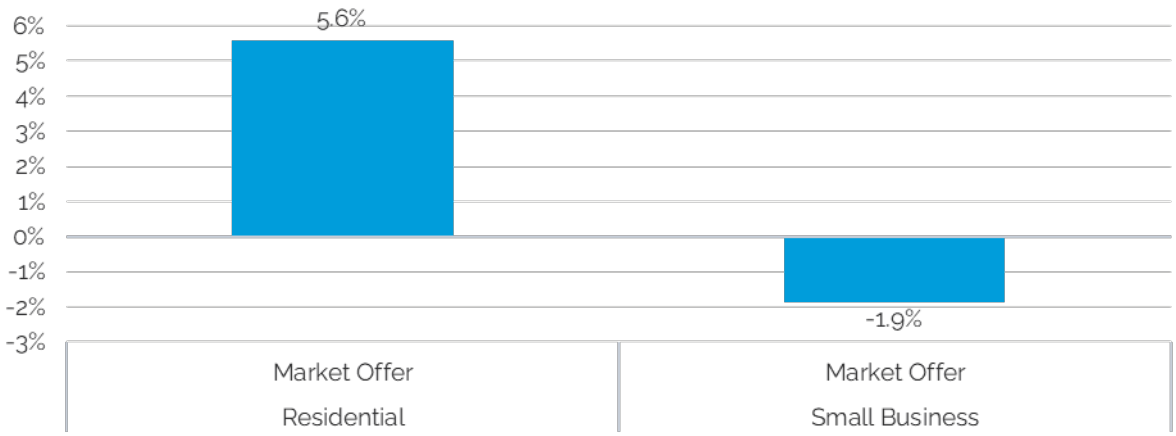
These factors have had a significant effect on the retail gas market and generated significant public and stakeholder interest. However, many of the resulting impacts in the retail market have only emerged after the 2021-22 financial year. We analysed data from Energy Made Easy (EME) to investigate price changes over the 2021-22 year and in early 2022-23 (up to August 2022).

Over the year to June 2022, we found that median market offer prices in the Jemena network (home to about 96% of NSW small gas customers[4] [b]) increased moderately (by around 6%) for residential customers and decreased slightly (by around 2%) for small business customers (Figure 1.1).

[a] The Australian Domestic Gas Security Mechanism (ADGSM) is in place to ensure there is a sufficient supply of natural gas to meet the forecast needs of energy users within Australia. It enables the Minister for Resources to apply export controls based on whether a gas shortage is determined, in consultation with industry.

[b] The AER Schedule 2 Q3 2021-22 Retail Energy Performance Data indicates there are about 1.56 million small gas customers in NSW.

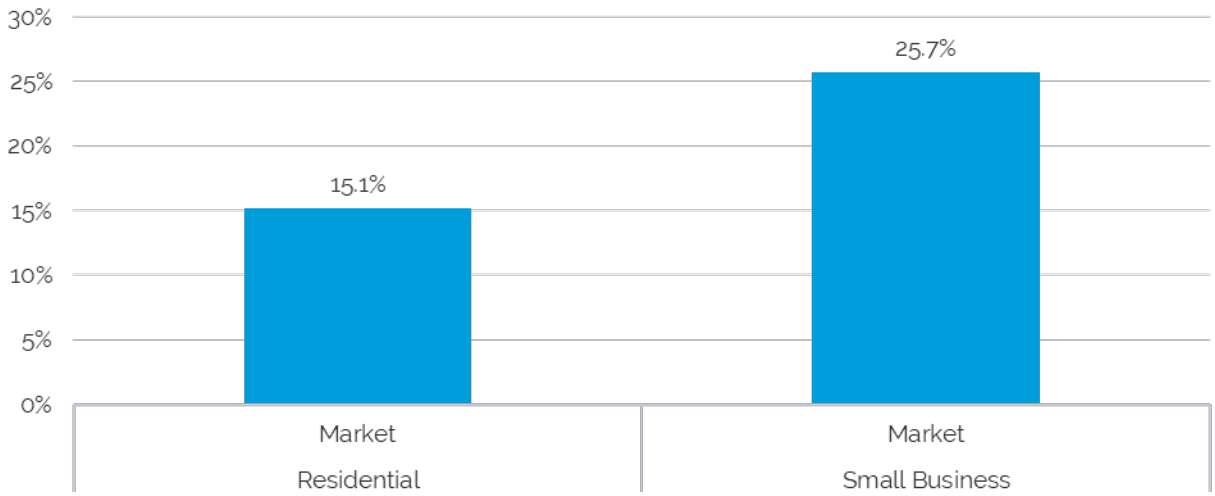
Figure 1.1 Changes in the median market offer price in the Jemena network from June 2021 to June 2022



Note: Based on 24.4 GJ purchased annually for residential customers, 250 GJ for small business customers.
Source: IPART analysis of data from Energy Made Easy, accessed June 2022.

Similar to our findings in the retail electricity market, we found much stronger price increases in early 2022-23. From June to August 2022, the median market offer in the Jemena network increased by around 15% for residential customers and around 26% for small business customers (Figure 1.2).

Figure 1.2 Changes in the median market offer in the Jemena network between June 2022 and August 2022



Note: Based on 24.4 GJ purchased annually for residential, 250 GJ for small business
Source: IPART analysis of data from Energy Made Easy, accessed August 2022.

In the year up to June 2022, residential and small business market offers prices increased in all regional areas except for residential offers in Tweed. For regions that saw price increases, the minimum increase in residential offers was about 1% in Tamworth and the maximum increase was about 9% in Murray Valley (See Figure 3.11). For small business customers, the minimum increase was just slightly above zero in Queanbeyan and 16% in Tweed (see Figure 3.13). For both residential and small business offers, more significant price rises were seen in all regional areas between June 2022 and August 2022 (see Figure 3.12 and Figure 3.14). There are some regional networks where price rises in 2021-22 exceeded those in 2022-23.

At the time of this monitoring report, we have access to the AER retail market performance data up until March 2022. Much of the wholesale market volatility that started around June 2022 is not captured in our assessment of competition in the retail gas market. However, our analysis of retail offers and retailer numbers from Energy Made Easy (EME) includes data up until August 2022. As of June 2022, the number of competitors in the gas retail market increased slightly from 11 to 12 in the Jemena network (metro) as a result of Powershop entering the market.[c] In August 2022, CovaU expanded into smaller regional areas (Wagga Wagga and Tamworth) while they previously only operated in the Jemena network.

Overall, the trend of increasing competition in the market continued in 2021-22. The market share of smaller retailers continued to increase, a slightly greater proportion of customers were on market offers and the total number of complaints to the Energy & Water Ombudsman NSW (EWON) decreased.

Table 1.1 Indicators of competition

	2017-18	2018-19	2019-20	2020-21	2021-22
Market structure					
Number of retailers	7	8	12	11	12
Market share of small retailers	6%	8%	10%	11%	13%
Customer engagement					
% of customers on market offers	86%	87%	88%	89%	90%
Customer switching rates	14%	15%	14%	15%	14%
Customer outcomes					
Customer satisfaction	64%	60%	70%	74%	73%
Complaints to EWON	4,881	4,197	3,007	2,954	2,665

Source: IPART analysis

[c] The number of retailers in the market is defined as the number of retailers at a certain point time in a specified month that are providing offers. EME documentation defines a published offer as a "generally available plan that is active/available and visible on the website". The number of retailers will differ from the AER retail performance data due to the different way in which mergers are accounted for e.g., AER treats ActewAGL and AGL separately but they are combined by EME.

2 Overview of the gas market

The gas industry on the east coast of Australia has undergone a structural change over the last decade, with gas exports starting in 2015. The Queensland-based LNG export industry has increased the demand for gas and linked east coast gas prices to international prices.

The main components of the gas supply chain are:

- **Gas production** – Gas wells and coal seam gas wells source natural gas and ship to a processing plant to meet technical specifications. NSW produces little of its own gas, so is highly dependent on gas from other states. The new Port Kembla LNG import terminal is currently under construction and could supply 75% of NSW's gas demand from 2023.[5]
- **Gas transmission** – High pressure pipelines transport gas to large industrial customers, LNG plants, gas powered electricity generators and city gates.
- **Gas distribution** – At city gates, gas pressure is lowered and injected into local distribution networks for transport to customers. There are 6 authorised natural gas network operators in NSW.
- **Gas retailers** – Buy gas from producers and pipeline capacity from gas transmission and distribution businesses to supply gas to residential and business customers.

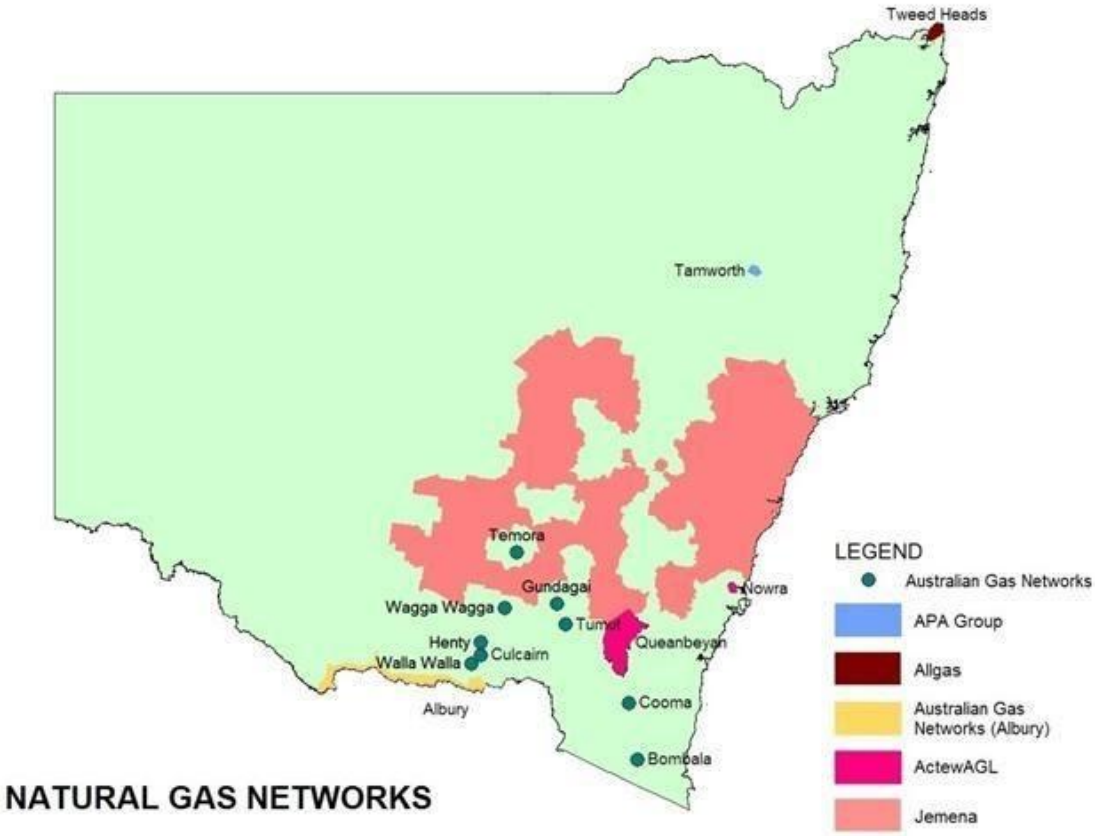
Retailers buy wholesale gas from 2 markets. Most is purchased from producers under confidential bilateral gas supply agreements. Traditionally these agreements have locked in prices and terms and conditions for long periods (15-20 years). However more recently there has been a trend to shorter contracts. The other market for wholesale gas is the spot market, which is mainly used by retailers to balance their contract positions.

There are 6 authorised natural gas network operators in NSW and the distribution networks are shown in Figure 2.1 below.

Consumption of gas by residential and small business customers in NSW represents 44% (50 PJ) of total gas consumption in NSW (114 PJ).[6] The largest use of gas in NSW is for industrial purposes in manufacturing, mining and agriculture.

Around 96% of residential and small business gas consumers (about 1.5 million) in NSW are located in Jemena's gas distribution network area.[7] There are far fewer consumers in regional gas network areas. The largest of these regional networks are the Australian Gas Network (AGN) Wagga Wagga (around 24,000 customers) and AGN Albury areas (around 28,000) customers.[8]

Figure 2.1 Natural gas distribution networks in NSW



Source: NSW Government, Gas network operators, accessed 22 August 2022.

3 Retailer behaviour and outcomes

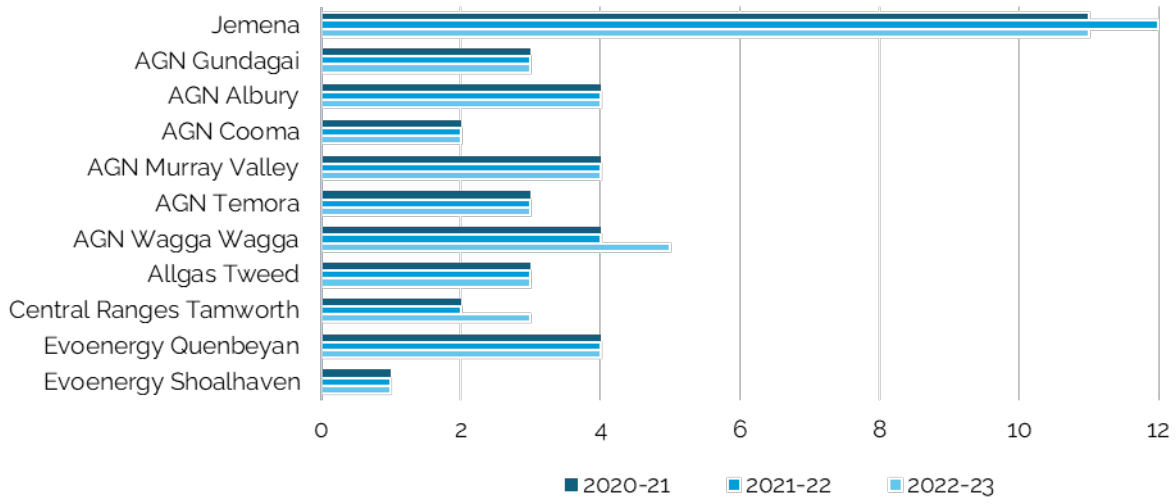
3.1 A new retailer in the Jemena network and one retailer expands regional operations in 2021-22

Potential retailers entering the NSW gas market need to be able to access wholesale gas and pipeline capacity to move gas from its source to major population centres. This requires them to separately negotiate gas supply agreements for wholesale gas, and for capacity on transmission and distribution pipelines. These factors make entering the retail gas market relatively more difficult than the retail electricity market where retailers can readily purchase wholesale electricity from the NEM and access network services without the need to contract capacity.

The number of retailers in the NSW gas market increased from 11 to 12 in the Jemena network (metro) in 2021-22, as a result of Powershop entering the retail gas market. The market share of the 'Big 3' retailers continues to dominate at about 87%. However, there has been a slight increase in the market share for small retailers (see Figure 3.2).

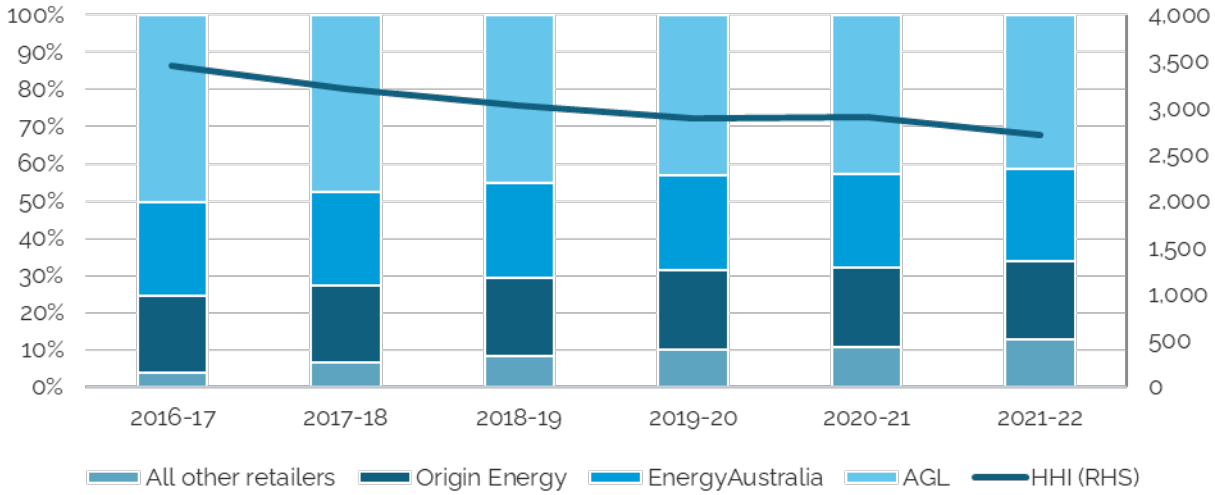
In regional areas, CovaU expanded its operations to Tamworth and Wagga Wagga in August 2022 (see Figure 3.1).

Figure 3.1 Number of active retailers by network area



Source: IPART analysis of data in Energy Made Easy, accessed August 2022.

Figure 3.2 Market share and HHI in the small gas customers market in NSW



Notes: Market share is calculated as the proportion of total customers in the NSW gas market
Source: AER, Schedule 2 - Q3 2021-22 Retail Energy Performance Data, June 2022.

The retail gas market in 2021-22 was highly concentrated as measured by the Herfindahl-Hirschman Index (HHI) at 2,715 (an index greater than 2,500 generally indicates a highly concentrated market) (See Box 3.1). However, this is a decrease in the HHI (meaning a less concentrated market) from the previous year of 2,901. This continues a longer-term trend of decreasing market concentration, in line with the increasing market share of smaller retailers (see Figure 3.2). The analysis of competition among retailers should be revisited once the data for Q4 2021-22 becomes available, and at a future time when the recent impact of prices shocks in the gas market are visible in the data.

Box 3.1 The Herfindahl-Hirschman Index (HHI)

The HHI is a common measure of market concentration. The results can range from close to zero for a highly competitive market, to 10,000 which represents a monopoly market.

The information below assists interpretation of the result:

- The ACCC considers a post-merger industry with a HHI of 2,000 or less is less likely to raise competition concerns (used when considering the impact of mergers).
- An ACCC review of the mobile telecommunications market found a HHI of around: – 3,100 for mobile services – 3,500 for fixed broadband services – 4,500 for fixed voice services.
- The United States Department of Justice and Federal Trade Commission considers market concentrations below 1,500 are competitive and above 2,500 are highly concentrated.

Source: ACCC, Merger Guidelines 2008, updated 2017, p 35; ACCC, Communications Sector Market Study Final Report, April 2018, p 23; U.S. Department of Justice and the Federal Trade Commission, Horizontal Merger Guidelines, 19 August 2010, p 19.

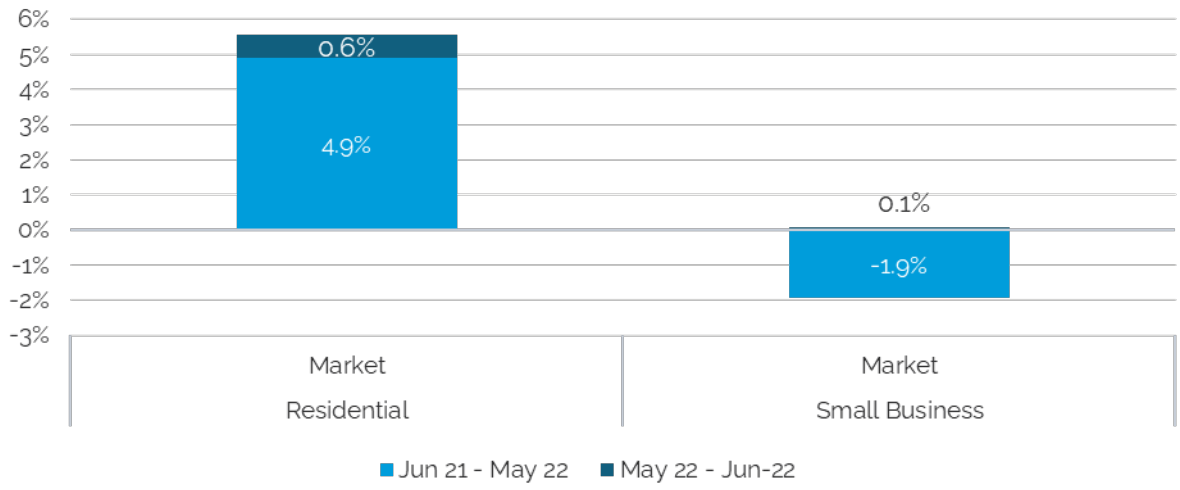
3.2 Offer prices have increased for small customers in the Jemena network

We assessed annual price changes over 2021-22 using the median standing offers and median market offers available on the Australian Government's EME website. This provides an indication of changes in prices generally available in the market.

However, changes in offers available in the market may not represent the price changes that consumers have experienced over the same period. Only around 15% of consumers switch between retailers each year (see Section 4.1). We do not have information on the proportion of customers on different offers, and offers may not reflect actual bills where consumption varies.

We found that between June 2021 and May 2022, the median market offer in the Jemena network (home to roughly 96% of NSW small gas customers) increased by almost 5% for residential customers and decreased by about 2% for small business customers. Between May 2022 and June 2022, there was a very slight further rise of about 1% for residential customers while small business offers hardly changed (see Figure 3.3). This represents a reversal of the trend in the previous year (2020-21) for residential customers which saw a 6% drop in the median market offer price.[9]

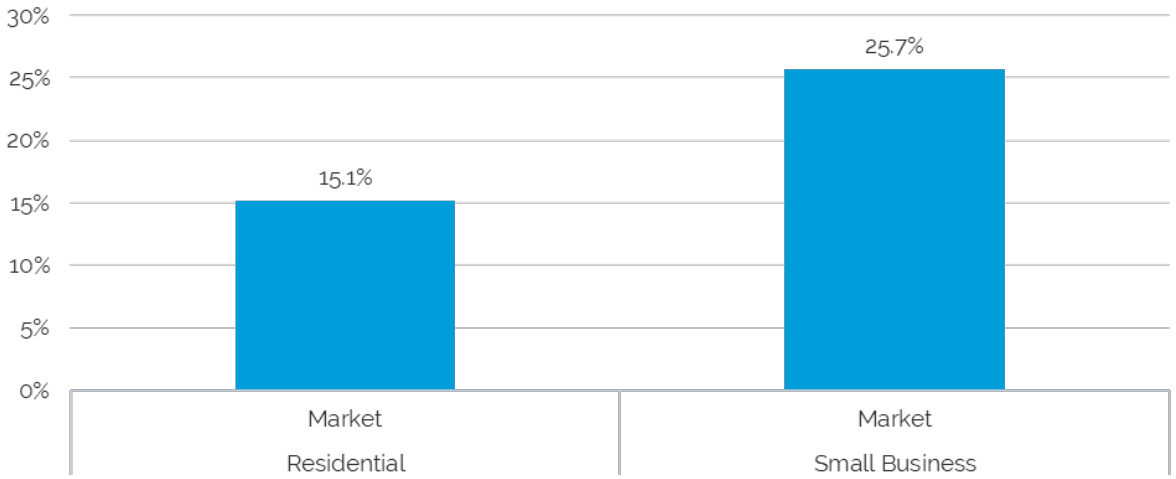
Figure 3.3 Changes in market offers in the Jemena network in the year to 2021-22 (24.4 GJ for residential, 250 GJ for small business)



Note: Jun 21 – May 22 is calculated as the percentage change in the median offer price from June 2021 to May 2022. May 22 – Jun 22 is calculated as the percentage change in the median offer price from May 2022 to June 2022. This is intended to demonstrate relative prices changes at different points in the year. Light blue and dark blue figures cannot be added to measure offer price changes from June 2021 to June 2022.
Source: IPART analysis of data in Energy Made Easy, accessed August 2022.

However, the strongest impact observable from EME data occurred after the end of financial year 2021-22. Following unprecedented peaks in gas spot prices, the median market offer in the Jemena network increased by 15% for residential customers and about 26% for small business customers between June 2022 and August 2022 (see Figure 3.4).

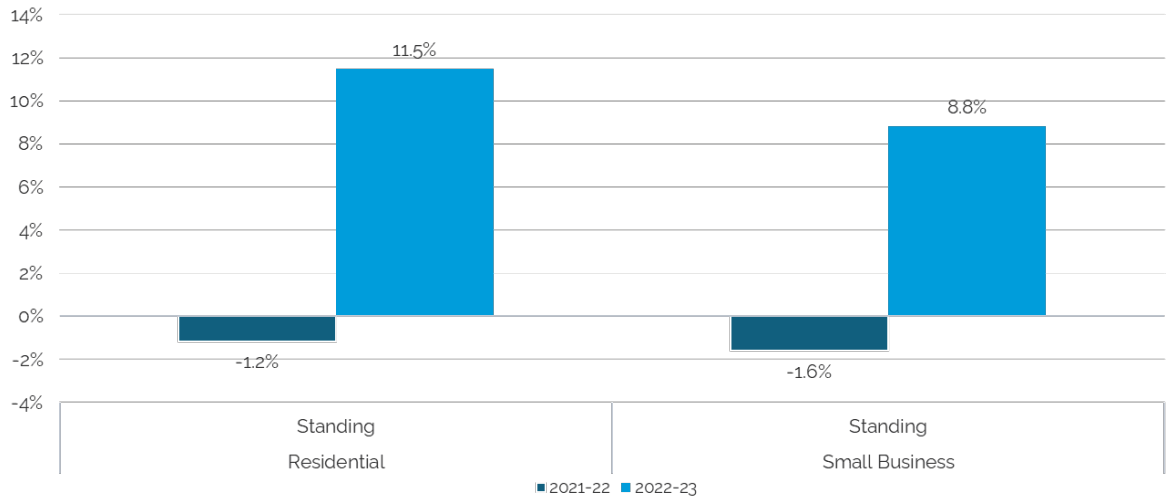
Figure 3.4 Changes in market offers in the Jemena network between June and August 2022 (24.4 GJ for residential, 250 GJ for small business)



Source: IPART analysis of data in Energy Made Easy, accessed August 2022.

We also examined standing offers during the same periods. Between June 2021 to June 2022, the median standing offers for residential and small business customers decreased by around 1% to 2% respectively. Between June 2022 and August 2022, the median standing offer in the Jemena network increased by around 12% for residential customers and around 9% for small business customers (see Figure 3.5).

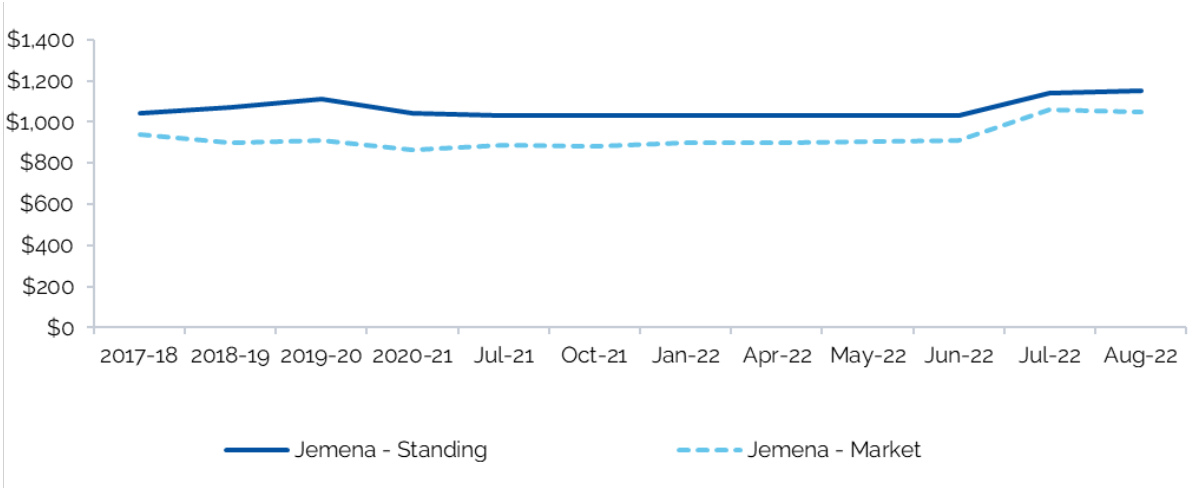
Figure 3.5 Changes in standing offers in the Jemena network: 2021-22 to 2022-23 (24.4 GJ)



Note: 2021-22 is based on May 2021 – June 22 data, 2022-23 is based on June 2022 – August 22 data,
Source: IPART analysis of data in Energy Made Easy, accessed August 2022.

The annual residential bill based on the median market and standing offers are shown in Figure 3.6. In nominal terms, the annual bill based on median market offer increased around 15% from $909 in June 2022 to $1,047 in August 2022.

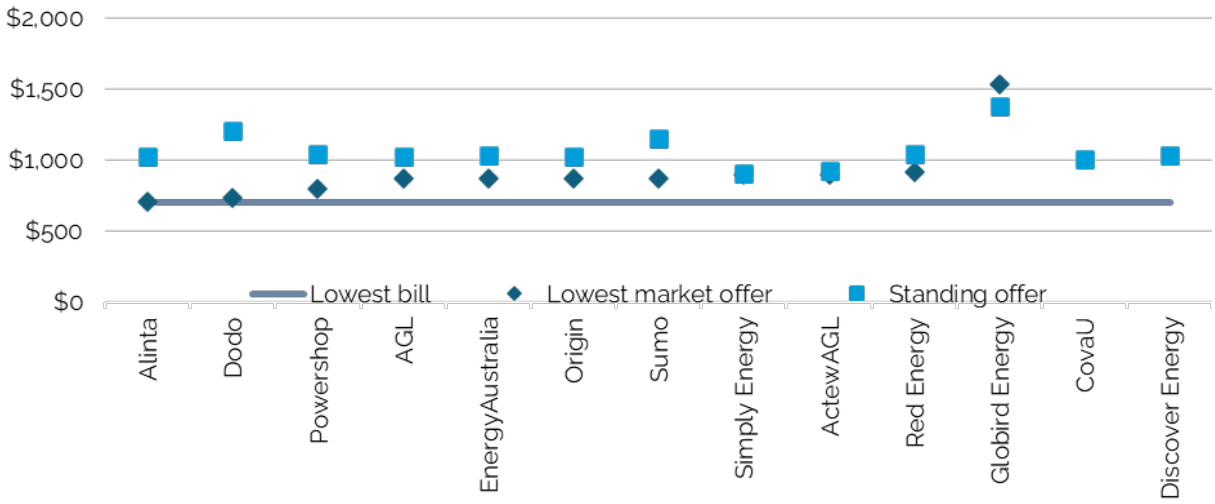
Figure 3.6 Residential annual bills based on offers in Jemena network – June 2018 to Aug 2022 (24.4 GJ, including GST, $nominal)



Source: IPART analysis of data in Energy Made Easy, accessed August 2022.

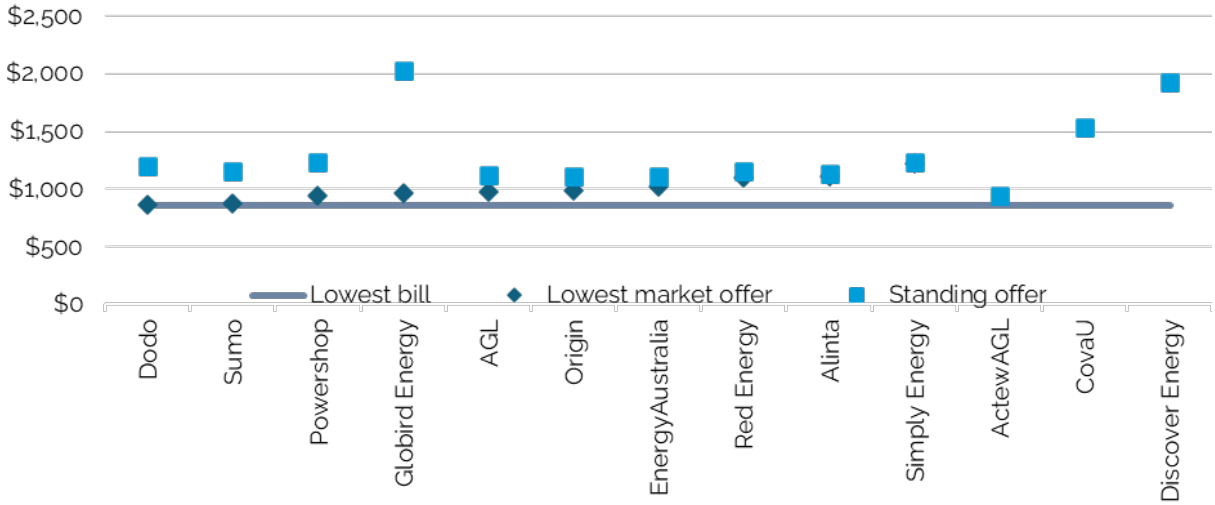
For residential customers in the Jemena network, the difference between a retailer's lowest market offer bill and standing offer averaged about 20% in August 2022 and about 18% in June 2022, which is significantly smaller than the gap in June 2021 (about 34%[10]). Figure 3.7 and Figure 3.8 show the lowest residential market offer and standing offer bill of each retailer, for June 2022 and August 2022 respectively.

Figure 3.7 Residential lowest and standing offer annual bill by retailer – Jemena network – June 2022 (24.4GJ, incl. GST)



Notes: Lowest bill refers to bills based on lowest market offers. There are 13 retailers listed compared to Table 1 which lists 12 retailers as AGL and ActewAGL offers are separated in this chart.
Source: IPART analysis of data in Energy Made Easy, accessed August 2022.

Figure 3.8 Residential annual lowest and standing offer annual bill by retailer Jemena network – Aug 2022 (24.4 GJ, including GST)



Notes: Lowest bill refers to bills based on lowest market offers. There are 13 retailers listed compared to Table 1 which lists 12 retailers as AGL and ActewAGL offers are separated in this chart.
Source: IPART analysis of data in Energy Made Easy, accessed August 2022.

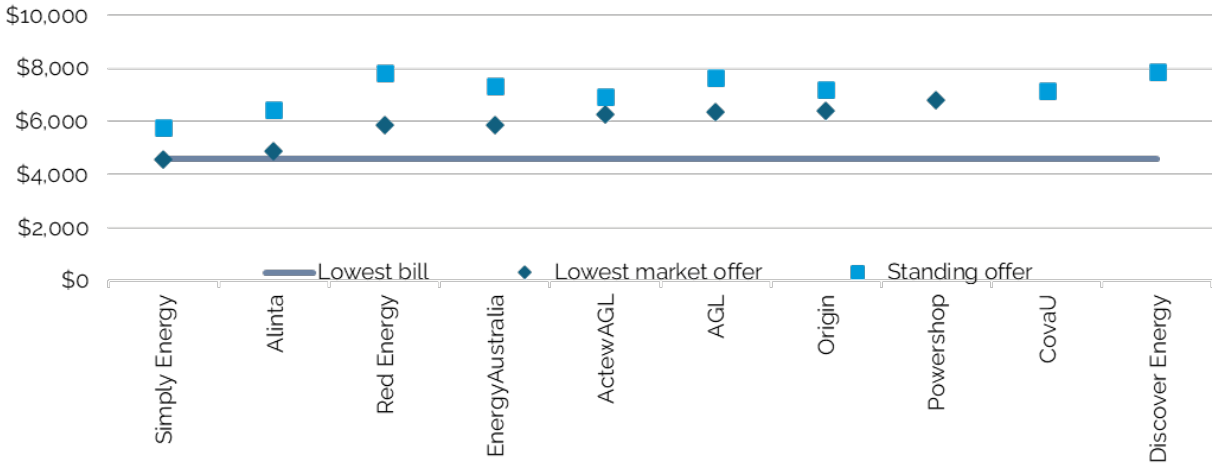
Furthermore, between June 2022 and August 2022, the lowest market offers for residential customers increased by 15.3% on average, whereas the median standing offer increased by 11.6% over the same period.

In June 2022, a residential customer on the median standing offer could save around $331 per year by switching to the lowest market offer available.

For small business customers in the Jemena network, the average spread between a retailer's lowest market offer bill and standing offer decreased from around 20% in June 2022 to around 11% in August 2022. Figure 3.9 and Figure 3.10 show the lowest small business market offer and standing offer bill of each retailer, for June 2022 and August 2022 respectively.

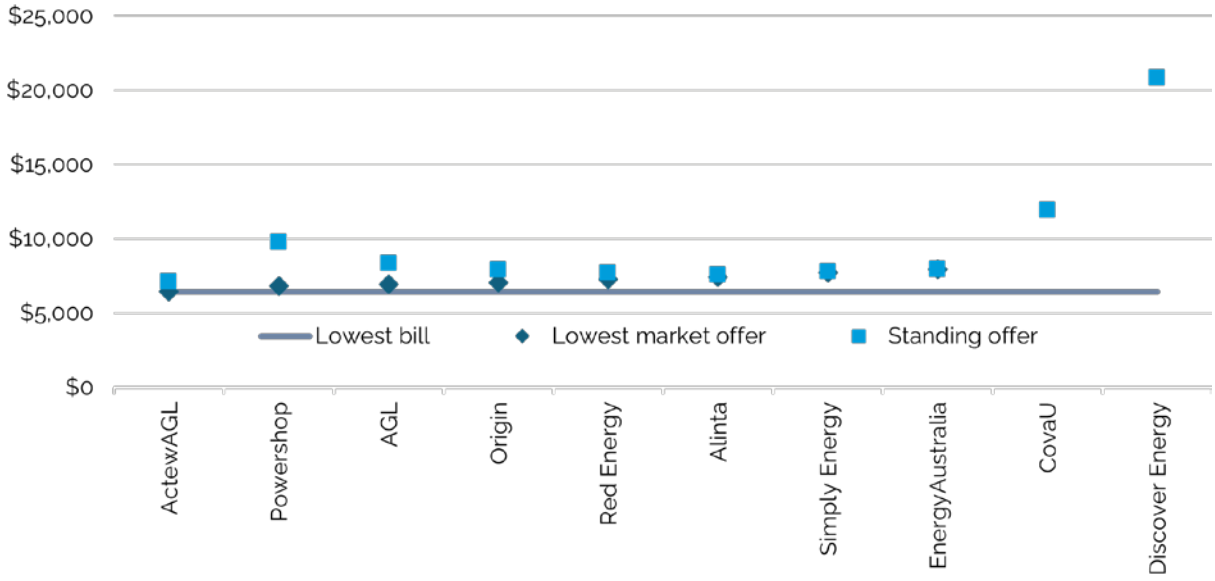
Between June 2022 and August 2022, the lowest market offers for small business customers increased by 25.4% on average, whereas the median standing offer increased by 9.7% during the same time period. In June 2022, small business customer on the median standing offer could save around $2,655 per year by switching to the lowest market offer available.

Figure 3.9 Small business annual lowest and standing offer bills by retailer Jemena network – June 2022



Note: 250GJ, including GST
Source: IPART analysis of data in Energy Made Easy, accessed August 2022. Note: Lowest bill refers to bills based on lowest market offers.

Figure 3.10 Small business annual lowest and standing offer bills by retailer Jemena network – August 2022

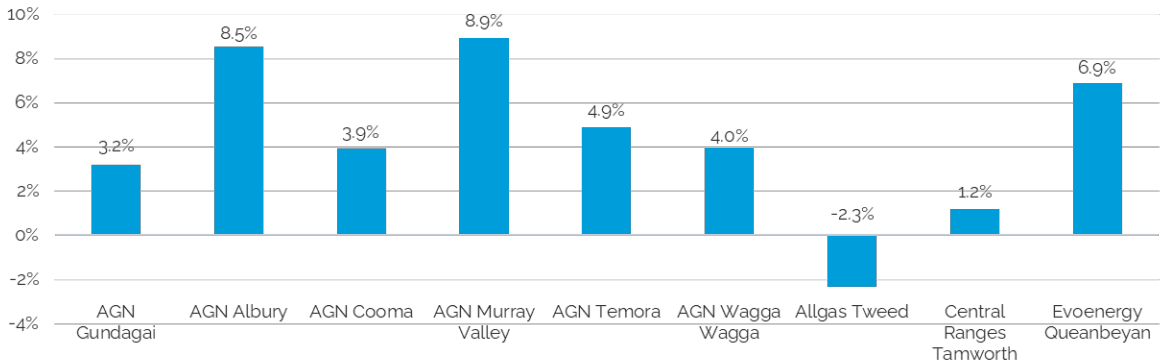


Note: 250GJ, including GST
Source: IPART analysis of data in Energy Made Easy, accessed August 2022. Note: Lowest bill refers to bills based on lowest market offers.

3.3 Residential prices have increased in most regional areas over 2021-22

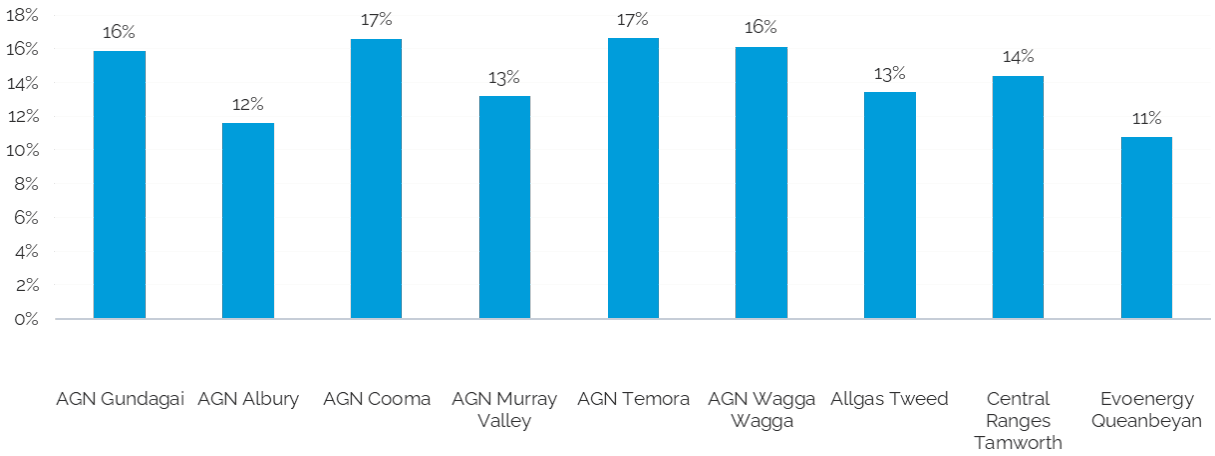
Market offers prices also increased in all regional areas except for Tweed, in the year up to June 2022. For regions with price increases, the minimum increase was just 1% in Tamworth and the maximum increase was about 9% in Murray Valley (See Figure 3.11). More significant price rises were seen in all regional areas between June 2022 and August 2022 with a minimum increase of 11% in Queanbeyan and a maximum of 17% in Cooma and Temora. (See Figure 3.12)

Figure 3.11 Price changes based on offers in regional areas for residential customers June 2021 to June 2022 – market offers



Note: Based on 24.4GJ, including GST
Source: IPART analysis of data in Energy Made Easy, accessed August 2022.

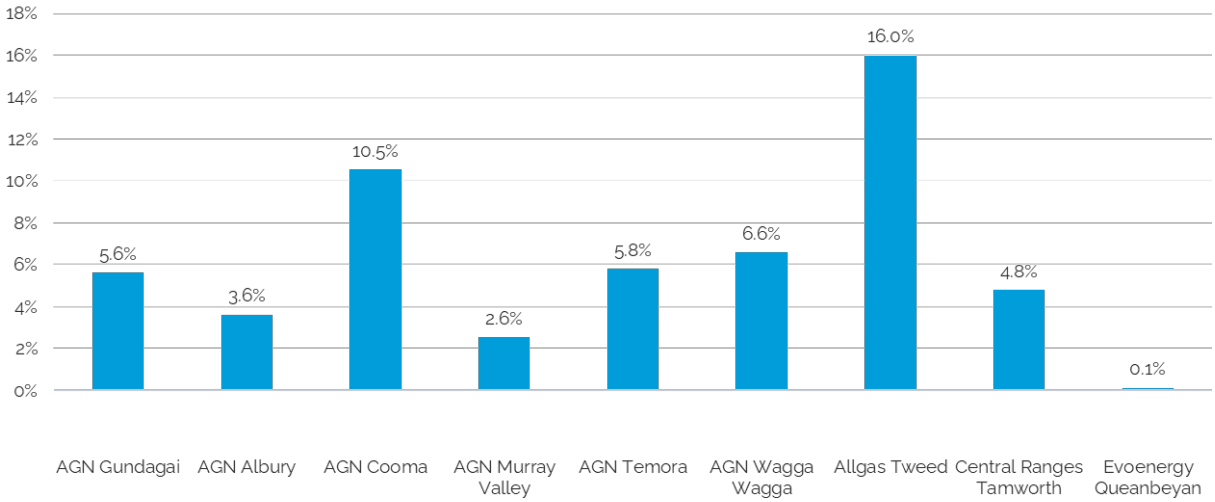
Figure 3.12 Price changes based on offers in regional areas for residential customers June 2022 to August 2022 - market offers



Note: Based on 24.4GJ, including GST
Source: IPART analysis of data in Energy Made Easy, accessed August 2022.

For small business market offers, prices increased in all regional areas by varying amounts. In the year up to June 2022, median offers increased by a minimum of just above zero (0.1%) in Queanbeyan and a maximum amount of 16% in Tweed. This is in contrast to residential market offers in Tweed where the median offer slightly decreased during the same period (see Figure 3.13).

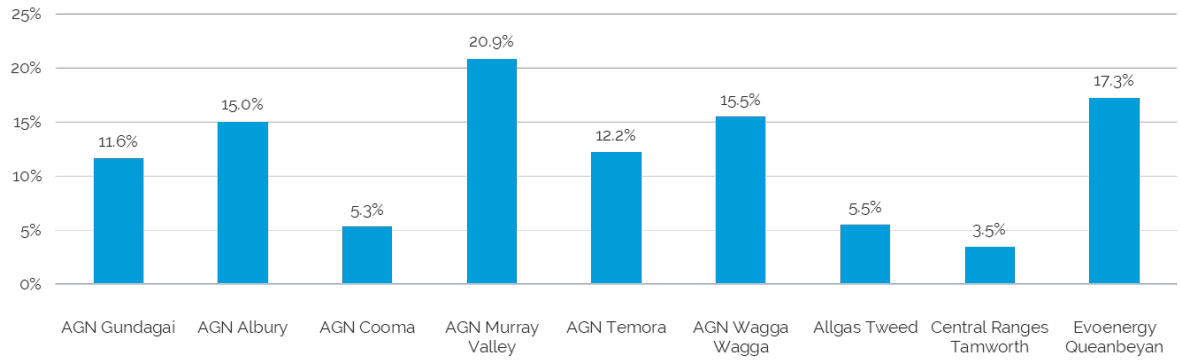
Figure 3.13 Price changes based on offers in regional areas for small business customers June 2021 to June 2022 – market offers (250GJ, including GST)



Source: IPART analysis of data in Energy Made Easy, accessed August 2022.

More significant price increases were seen between June 2022 and August 2022. The median market offer increased by a minimum of around 4% in Tamworth and a maximum of around 21% in Murray Valley (see Figure 3.14). In Tamworth, Cooma and Tweed, prices increased by a greater percentage between June 2021 and June 2022 than they did between June 2022 and August 2022.

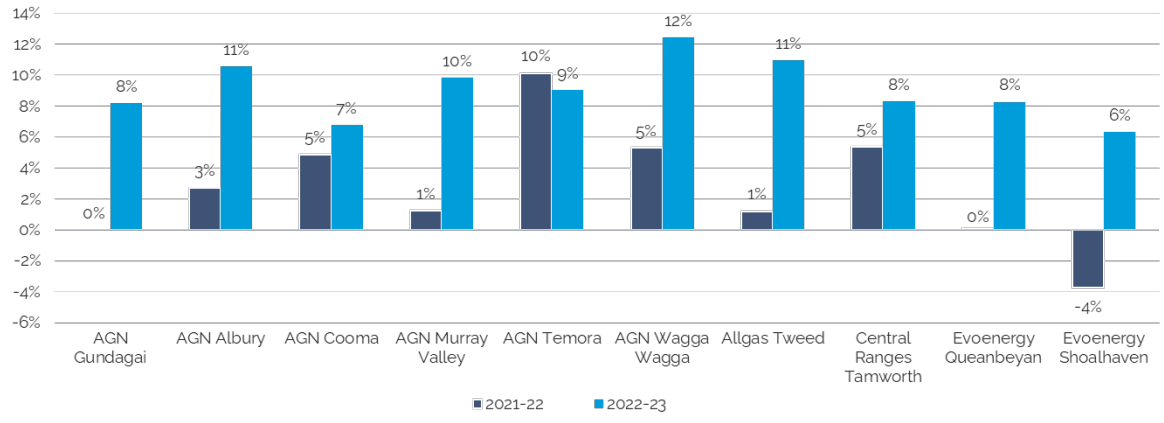
Figure 3.14 Price changes based on offers in regional areas for small business customers June 2022 to August 2022 – market offers (250GJ, including GST)



Source: IPART analysis of data in Energy Made Easy, accessed August 2022.

For standing offers, the increase in the median residential offer in 2022-23 (measured up to August 2022) ranged between 6-12%, depending on the region. Temora was the only region where the median price changes in standing offer increased by a greater amount in 2021-22 to 2022-23 (see Figure 3.15).

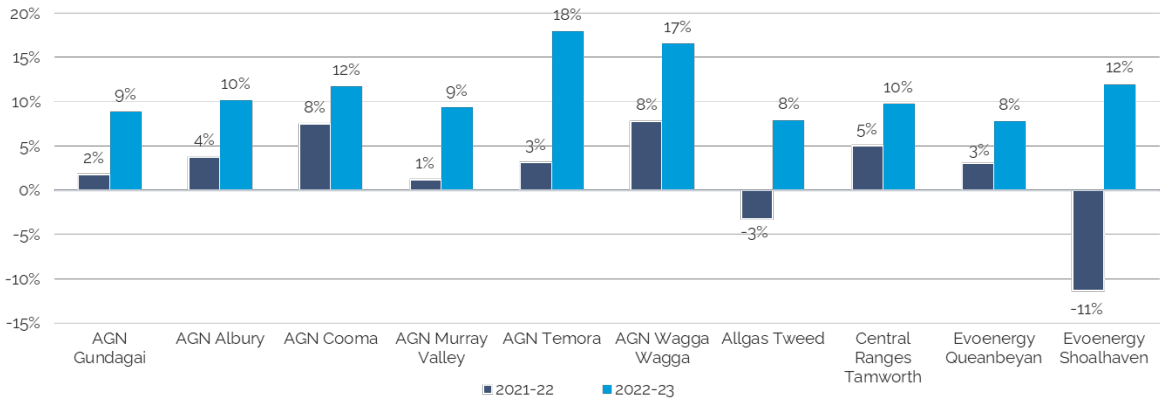
Figure 3.15 Price changes based on offers in regional areas for residential customers 2021-22 to 2022-23 – standing offers (24.4 GJ, including GST)



Note: 2021-22 is based on May 21–June 2022 data, 2022-23 is based on June 22–August 2022 data,
Source: IPART analysis of data in Energy Made Easy, accessed August 2022.

For standing offers, the increase in the median offer for small business customers in 2022-23 was smallest in Tweed and Queanbeyan (8%) and largest in Temora (18%) (see Figure 3.16).

Figure 3.16 Price changes based on offers in regional areas for small business customers 2021-22 to 2022-23 – standing offers (250GJ, including GST)



Note: 2021-22 is based on May 21–June 2022 data, 2022-23 is based on June 22–August 2022 data,
Source: IPART analysis of data in Energy Made Easy, accessed August 2022.

3.4 Bills for rebate customers were mostly down in 2021 compared to the previous year

We also assessed changes in bills using publicly available (aggregated) billing data provided by retailers to the NSW Government for the NSW Energy Rebate Program.[11]

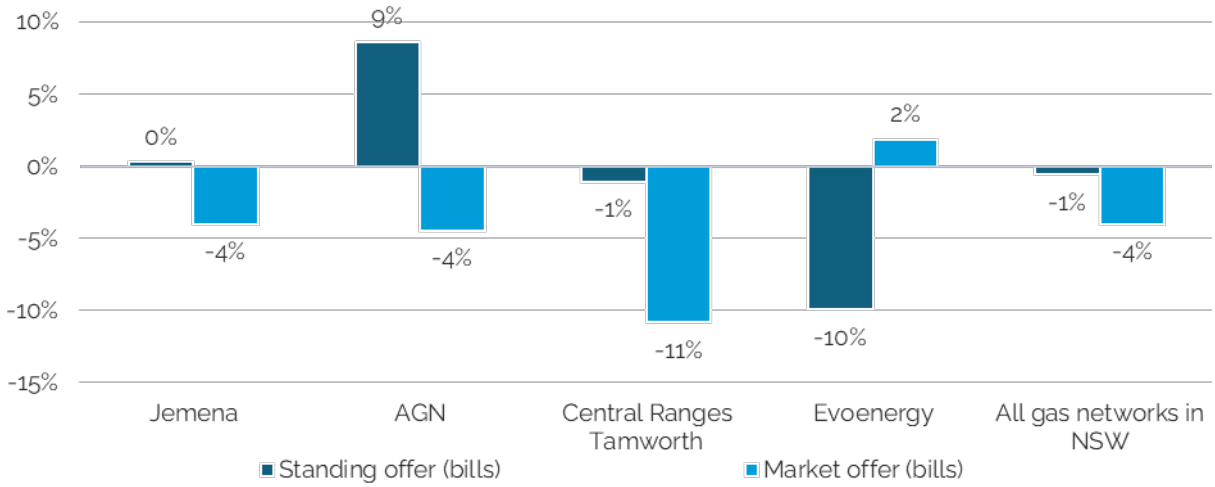
Residential gas customers in NSW who hold a health care card, Pensioner Concession Card, Department of Veterans' Affair Gold Card or are a recipient of the Family Tax Benefit can receive a rebate on their gas bill as part of the NSW Energy rebate program.[12] About 19% of residential gas customers in NSW currently receive a rebate, which is stable compared to the previous year. Around 89% of rebate customers are located in the Jemena's network region.[13] The network with the highest proportion of rebate customers was AGN where 29% of total customers received a rebate.

The latest available information published by the Department of Planning, Industry and Environment is for the first half of 2021-22. We compared them against the first half of 2020-21 to examine the annual change in bills for these customers (Figure 3.17).

We found that:

- Market offers bills decreased in all areas except for the Evoenergy area (Queanbeyan and Shoalhaven), where they increased by 2%.
- In the AGN network, standing offer bills increased significantly from the previous year despite market offer bills decreasing. The opposite was seen in the Evoenergy network where standing offer bills decreased significantly while market offer bills increased modestly.

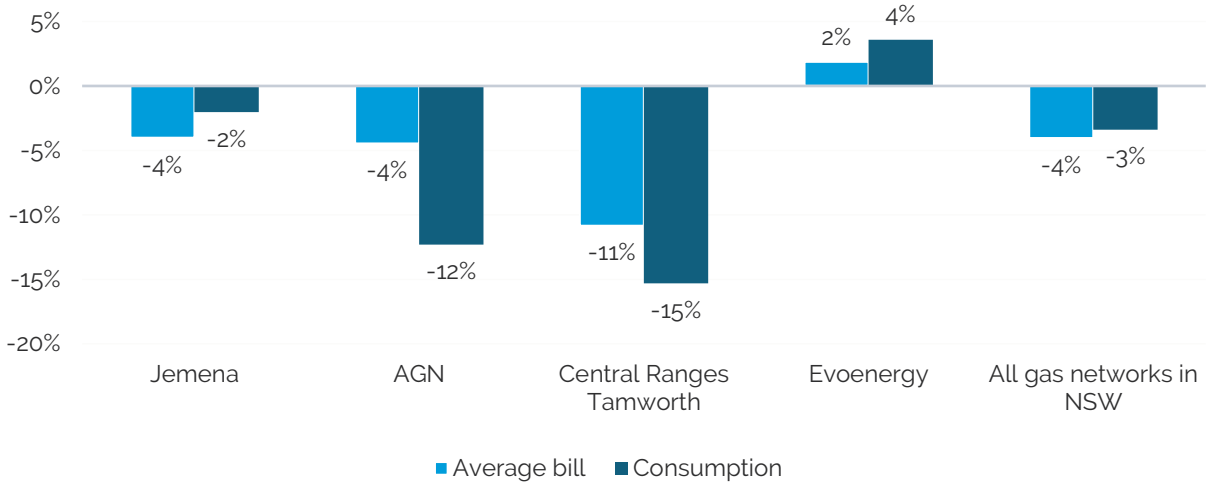
Figure 3.17 Average bill changes for residential gas rebate customers (Jul-Dec 2020 to Jul-Dec 2021)



Note: AGN includes Gundagai, Albury, Cooma, Murray Valley, Temora and Wagga Wagga. Evoenergy includes Queanbeyan and Shoalhaven.
Source: NSW Government, Social Programs for energy code retailer reporting, accessed 19 October 2022.

Figure 3.18 compares the changes in bills for customers on market offers from the chart above with changes in consumption. It shows that the bill reductions for these customers were largely driven by falling consumption.

Figure 3.18: Changes in average gas bills and consumption for residential gas rebate customers on market offers (Jul-Dec 2020 to Jul-Dec 2021)



Note: AGN includes Gundagai, Albury, Cooma, Murray Valley, Temora and Wagga Wagga. Evoenergy includes Queanbeyan and Shoalhaven.
Source: NSW Government, Social Programs for energy code retailer reporting, accessed 19 October 2022.

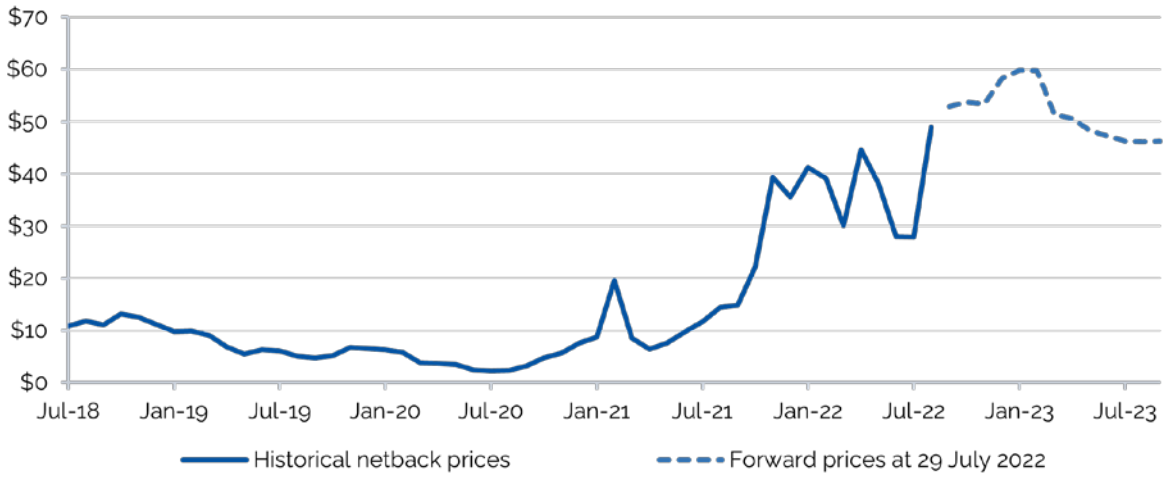
3.5 Costs have been increasing over 2021-22

To assess the costs of gas retailing over 2021-22 we have referred to the ACCC's monitoring of gas wholesale contracts for NSW retailers and retailer margins as part of its Gas Inquiry. This inquiry uses data only up to February 2022. We have also observed changes in gas network prices from the AER and gas distributor's websites.

Overall, costs have been relatively stable in 2021-22. We found that:

- For **wholesale costs** (which comprise around one-third of a typical customer gas bill):
  - The prices offered by retailers under gas supply agreements for supply in the 2022 calendar year were about $6-9/GJ on average.[14] This is lower than the 2021 calendar year (range was between $8-13/GJ).[15]
  - However, retailers that have gas supply agreements where prices are index-linked (e.g. Asian LNG spot prices or Brent Crude Oil) would have faced increasing wholesale costs in the second half of 2021-22. The ACCC publishes the LNG netback price series[d, 16] based on Asian LNG spot prices to improve the transparency of gas prices in the east coast market. It shows that prices increased dramatically at the start of 2021-22 (see Figure 3.19).

Figure 3.19 ACCC LNG netback prices – as at August 2022 ($/GJ)



Source: ACCC, LNG netback price series, accessed August 2022.

[d] The LNG netback price is calculated by taking the price that could be received for LNG (Asian LNG spot prices) and subtracting or 'netting back' the costs incurred by the supplier to convert the gas to LNG and ship it to the destination port. The LNG netback price represents the price that a gas supplier would expect to receive from a domestic buyer to be indifferent between selling the gas to the domestic buy and exporting it.

- For **network costs** (which comprise around half of a typical customer's gas bill):
  - The ACCC's July 2022 report shows that gas transmission costs (firm forward haul prices) had generally increased in line with inflation since July 2021. Specifically, prices on the Moomba to Sydney Pipeline, Eastern Gas Pipeline (EGP) and the Culcairn to Sydney Pipeline either decreased or increased by no more than 3.5% over July 2021 to January 2022.[17]
  - Distribution costs increased by less than inflation in most areas, with decreases in Jemena's distribution charges decreasing retail gas bills for an average coastal residential customer by $5 (0.8%) and average small business customer by $26 (0.6%).[18]
- In the current context of wholesale market volatility and high prices, this can put pressure on the ability of retailers to buy hedges on forward markets. Where hedging instruments are very expensive, this can mean that unexpected additional load (for example, in the case of a Retailer of Last Resort (RoLR) event) is quite challenging to manage for retailers.[e]

Previously, the ACCC found that major retailers in eastern states were achieving high average margins, and that these were largely due to legacy gas supply agreements entered into before 2010 at prices of $3-4/GJ. However, it has since found that a large portion of these legacy agreements were beginning to expire and would contribute to less than 20% of retailers' gas portfolios from 2021 onwards. It also found that the major retailers' average commodity costs increased from around $4/GJ in 2015 to around $6.50/GJ in 2018.[19] As major retailers recontract for supply at recent market prices their profit margins are likely to fall further.[f]

[e] There was 1 gas RoLR event in 2021-22 when Weston Energy was suspended from the gas market – however, this did not affect any small customers as its customer base only included large gas customers.[e]

[f] For example, Origin Energy's Annual Report for 2021 attributes part of its underlying profit decreasing by $705 million (or 69%) to factors including roll-off of legacy contracts and higher gas supply costs. Origin Energy, Full year results 2021, August 2021, p 6. AGL also made similar comments in its Annual Report 2021, p 6.

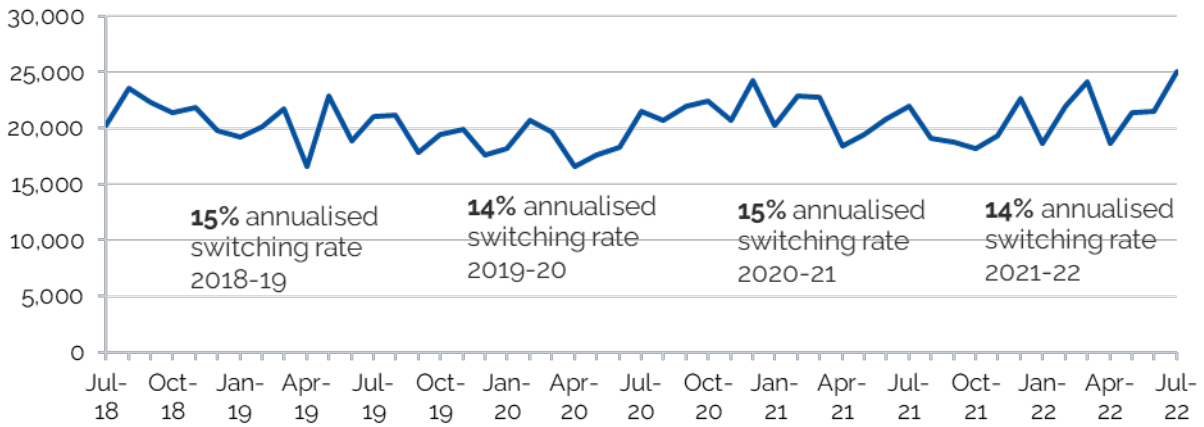
4 Consumer behaviour and outcomes

This section discusses our findings on consumer behaviour in the retail gas market in 2021-22, and consumer perceptions on market outcomes.

4.1 Switching between retailers is broadly consistent with previous years

The level of switching in NSW in 2021-22 was similar to previous years. The proportion of small customers that switched as a proportion of total small customers was 14% in 2021-22 (see Figure 4.1) and has been around this level over the past 4 years.

Figure 4.1 Number of gas consumers switching each month

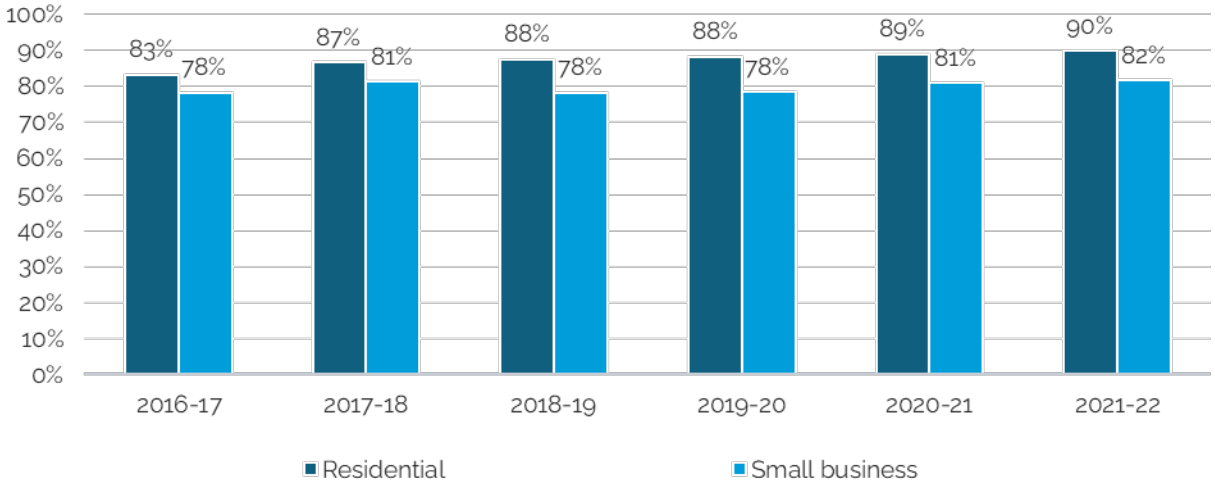


Source: AEMO, Gas monthly retail transfer statistics, July 2022, accessed August 2022.

4.2 More gas customers moving onto market offers

As small gas customers switch between offers, an increasing proportion are moving from standing offers onto market offers. The proportion of residential and small business customers on market contracts are generally increasing each year (see Figure 4.2).

Figure 4.2 Proportion of small gas customers on market contracts



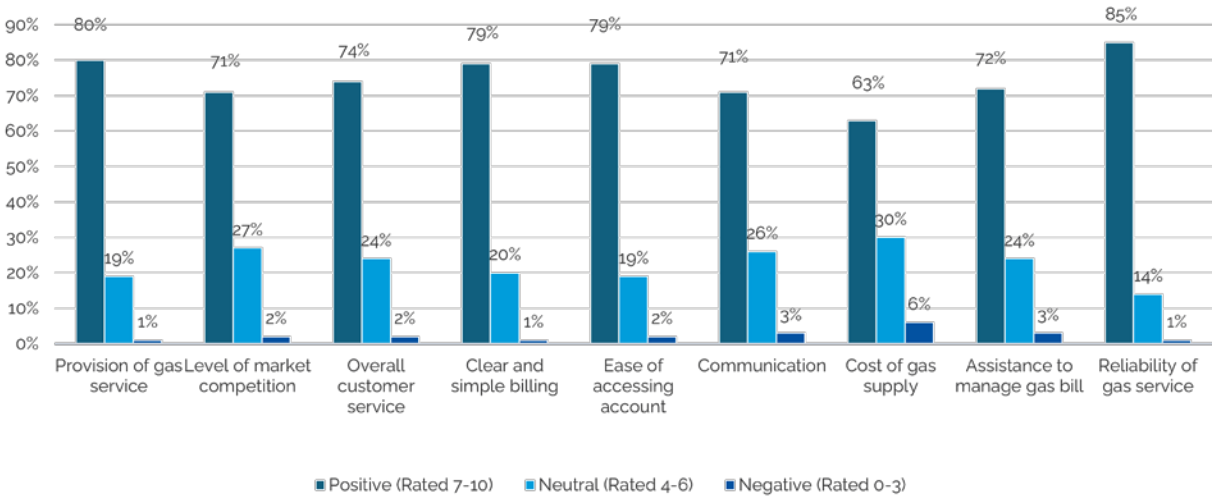
Source: AER, Schedule 2 - Q3 2021-22 Retail Energy Performance Data, June 2022.

4.3 Gas customers have reported similar or slightly increased satisfaction with their service

Energy Consumers Australia (the ECA) conducts sentiment surveys assessing the attitudes and activity of residential and small business energy consumers across Australia. The June 2022 survey of NSW gas customers found that:

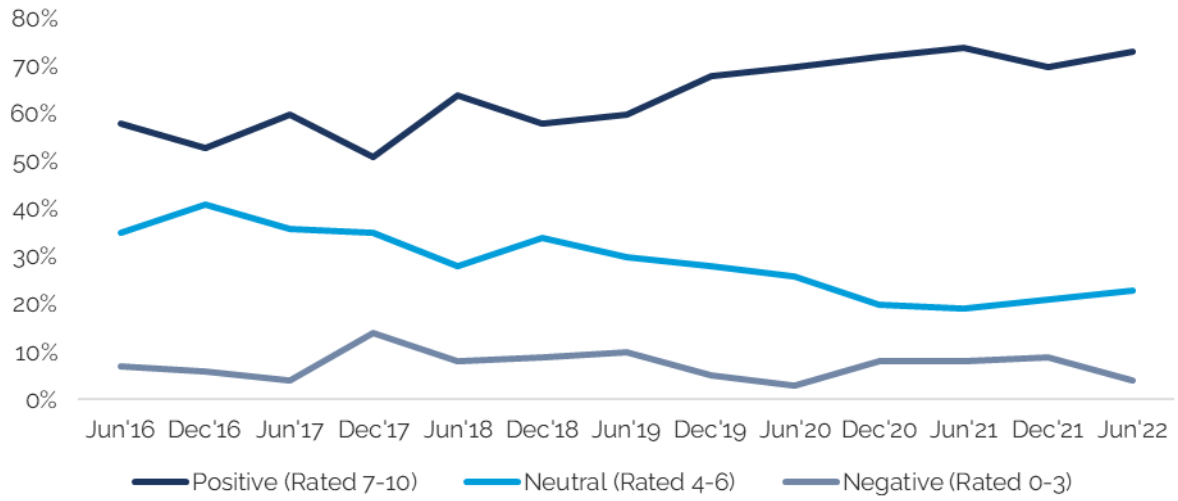
- 73% are satisfied with the value for money of their gas service (down 1 percentage point from the previous year) (see Figure 4.4).
- 85% are satisfied with the reliability of their service (same as the previous year) (see Figure 4.3)
- 80% are satisfied with the provision of their gas services (up 2 percentage points from the previous year) (see Figure 4.5).

Figure 4.3 Household satisfaction with gas services in NSW



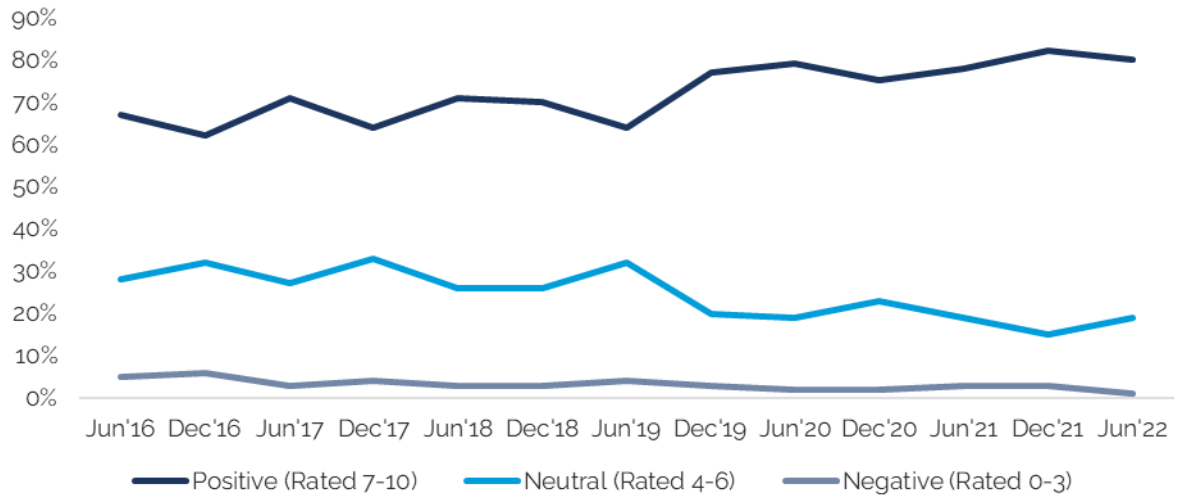
Source: Energy Consumers Australia, Sentiment survey, Jun 2022, accessed August 2022.

Figure 4.4 NSW consumer satisfaction with Gas retailer products and services - value for money (June 2022)



Source: Energy Consumers Australia, Sentiment survey, Jun 2022, accessed August 2022. Sample size of n = 230 for Jun 2022 survey.
Q: How would you rate the overall value for money of the products and services provided by your gas retailer in the past 6 months?

Figure 4.5 NSW consumer satisfaction with Gas retailer products and services – provision of gas services (June 2022)

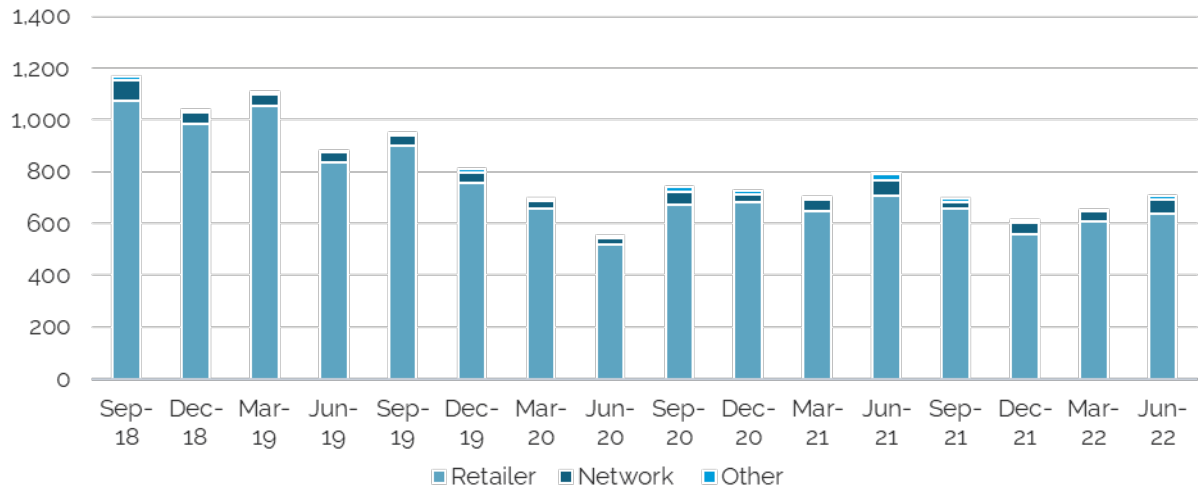


Source: Energy Consumers Australia, Sentiment survey, Jun 2022, accessed August 2022. Sample size of n = 200 for Jun 2022 survey.
Q: How satisfied are you with the following elements of your gas service over the past 6 months?

4.4 Gas complaints have been trending down over the past few years

EWON publishes quarterly statistics on the number of complaints received about electricity, gas and water services. Over the past few years, the number of gas complaints has trended down (see Figure 4.6) and 2021-2022 has seen the lowest number of complaints on record (2,665 compared with 2,954 in the previous year). Most complaints relate to retailers and are about billing and customer service.

Figure 4.6 Quarterly number of gas complaints reported by EWON



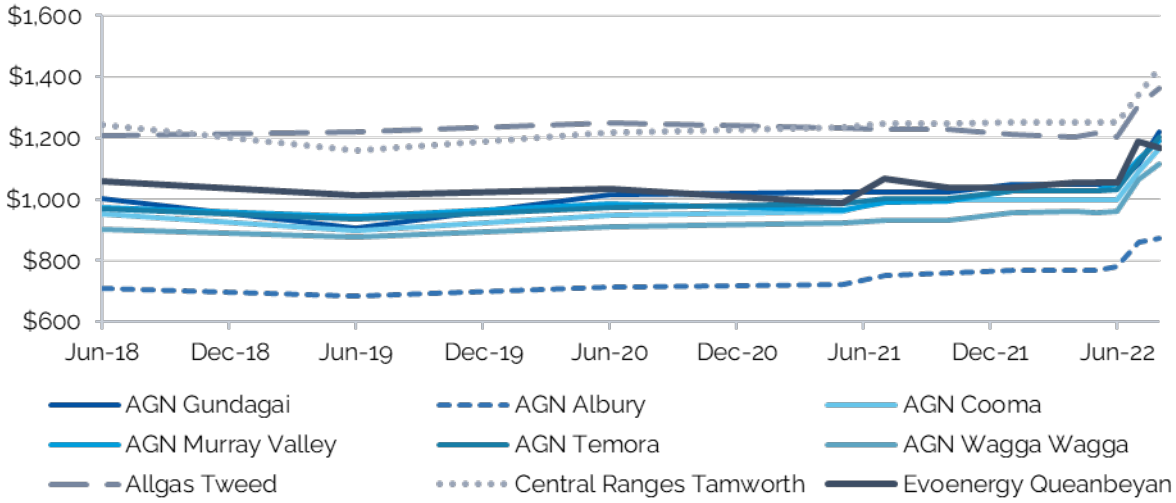
Source: EWON, EWON Insights, September 2018 to June 2022, accessed August 2022.

Appendices

A Retail offers in regional areas

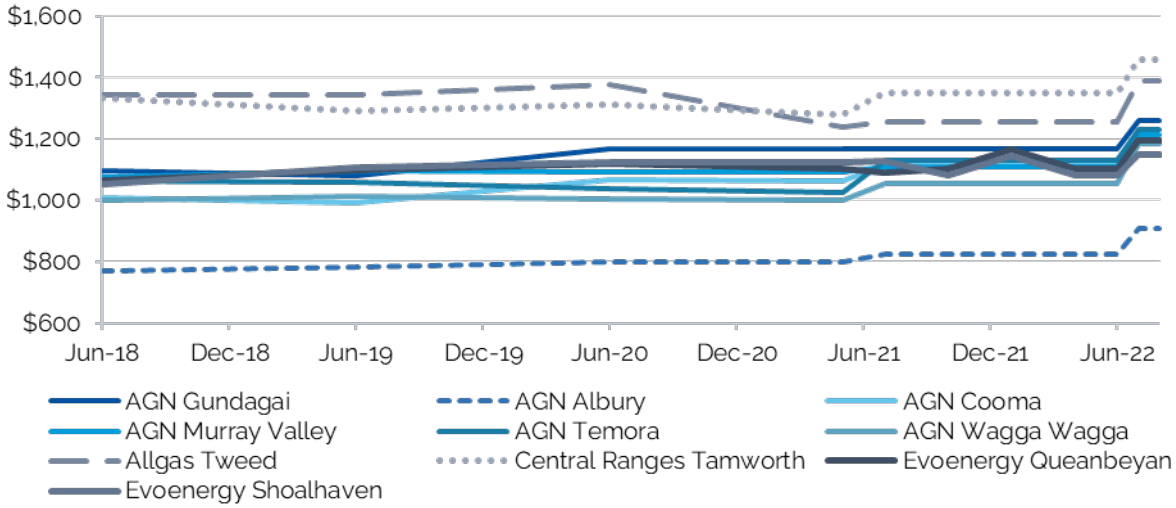
The following charts provide the median market and standing offers for residential and small business customers in regional areas from June 2018 to August 2022.

Figure A.1 Median market offer bills in regional areas for residential customers June 2018 to August 2022



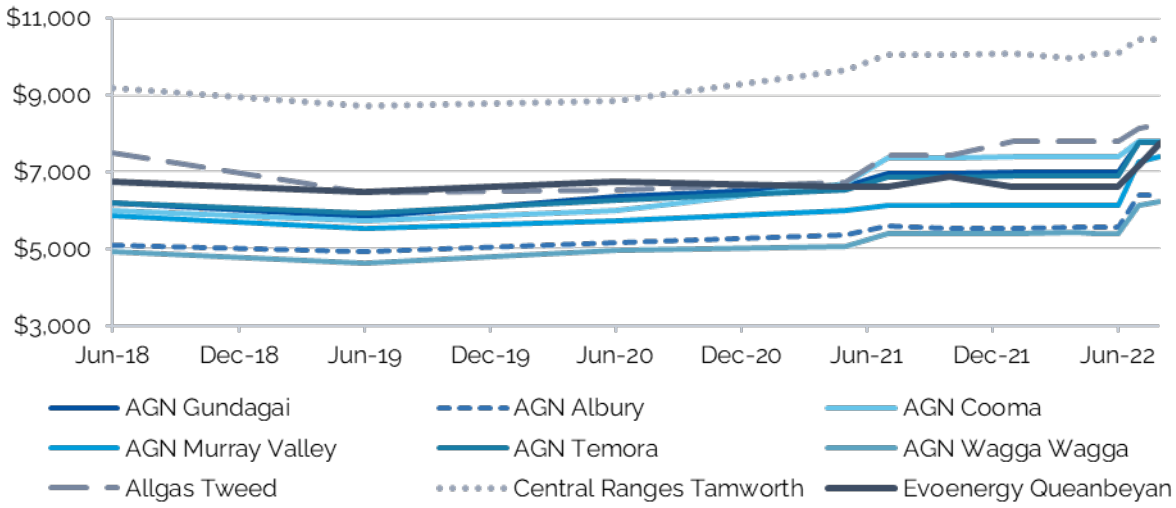
Note: 24.4 GJ, including GST, $nominal
Source: IPART analysis of data in Energy Made Easy, accessed August 2022.

Figure A.2 Median standing offer bills in regional areas for residential customers June 2018 to August 2022



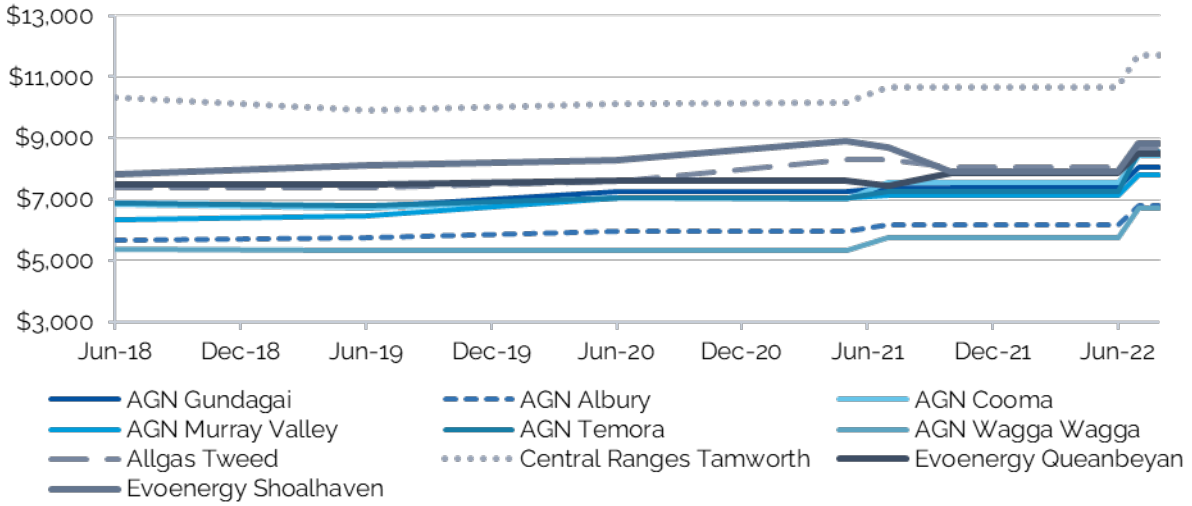
Note: 24.4 GJ, including GST, $nominal
Source: IPART analysis of data in Energy Made Easy, accessed August 2022.

Figure A.3 Median market offer bills in regional areas for small business customers June 2018 to August 2022



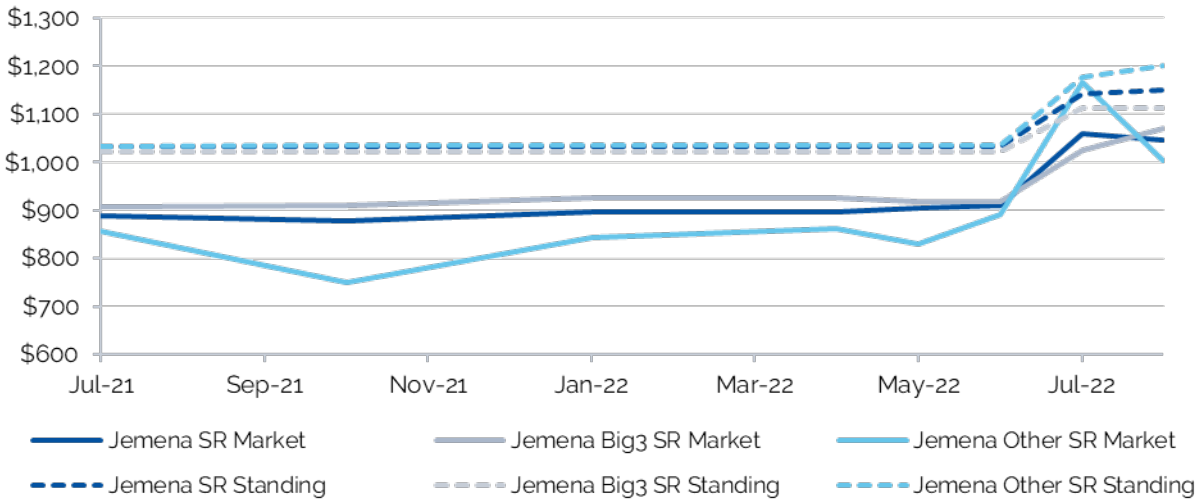
Note: 250GJ, including GST, $nominal
Source: IPART analysis of data in Energy Made Easy, accessed August 2022.

Figure A.4 Median standing offer bills in regional areas for small business customers June 2018 to August 2022



Note: 250GJ, including GST, $nominal
Source: IPART analysis of data in Energy Made Easy, accessed August 2022.

Figure A.5 Annual residential gas bills for median offers by all retailers, big 3 and other retailers, by offer type in the Jemena network



Note: based on 24.4GJ of gas purchased, including GST, $nominal
Source: IPART analysis of data in Energy Made Easy, accessed August 2022.

1 ACCC, Gas inquiry July 2022 interim report, p 9.
2 AEMO Gas Annual Consumption Total.
3 Department of Industry, Science and Resources Australian Domestic Gas Security Mechanism.
4 Jemena, Jemena Gas Network customer numbers.
5 DISER, National Gas Infrastructure Plan – Interim report, May 2022, p 7; Ausindenergy
6 AEMO, Gas Annual Consumption Total.
7 Jemena, Jemena Gas Network customer numbers, accessed 29 August 2022.
8 For customer numbers see AER 'Wagga Wagga – gas distribution network' and AEMC, 'NSW: AGN Albury Gas Distribution Network
9 IPART, Monitoring the NSW retail gas market 2020-21, November 2021, p 6
10 IPART, Information Paper - Monitoring the NSW retail gas market 2020-21, October 2021, p 7.
11 NSW Government, Social programs for energy code retailer reporting requirements – NSW Energy Rebates, accessed October 2022
12 NSW Government, Apply for the Gas Rebate (retail customers), accessed October 2022.
13 NSW Government, Social programs for energy code retailer reporting requirements – NSW Energy Rebates, July – December 2021, excel workbook, Table 7, accessed October 2022.
14 ACCC, Gas inquiry 2017-2025, Interim report, July 2021, p 34.
15 ACCC, Gas Inquiry 2017-2025, Interim Report, July 2020, p 53.
16 ACCC, Gas inquiry 2017-2025 LNG netback price series.
17 ACCC, Gas Inquiry 2017-2025, Interim Report, July 2022, p 71.
18 AER, Jemena Gas Networks revenue decision 2020-25, June 2020, p 12.
19 ACCC, Gas inquiry 2017-2025, Interim report, January 2020, pp 121 - 124.

ISBN 978-1-76049-621-0