

Competition in the retail energy market continues to develop

IPART has found that during the year to 30 June 2019, the price of the lowest electricity offers available to residential customers fell by around 4% in the Ausgrid network area, 5% in the Endeavour Energy area and 2% in the Essential Energy area.

The price of the lowest gas offer available to residential customers in the Jemena region covering most of NSW fell by 5%.

Releasing draft reports on the annual review of the performance of energy retail markets in NSW, IPART Chair Dr Paul Paterson said competition is continuing to improve in both the retail electricity and gas markets in NSW.

The market share of the smaller electricity retailers has increased to 16%, up from 8% in 2014 while the small gas retailers now have about 9% of the market, up from 3% in 2014. In addition there are now only 14% of electricity customers and 13% of gas customers on the more expensive standing offers, compared to 37% of electricity and 28% of gas customers in 2014.

IPART also found that competition can benefit customers by encouraging product and service innovations. Retailers are competing for customers by offering products and services such as integrated solar PV and battery storage plans, and bundled energy and internet plans.

Dr Paterson said that residential customers who had moved to a market offer would pay around 23% less for electricity and 18% less for gas than those who had not shopped around for a better deal.

“The most effective way to help reduce electricity and gas bills for those remaining on higher tariffs is to assist them to access lower-priced options,” Dr Paterson said.

“Several measures that encourage customers to engage in the market were implemented in 2018-19, with retailers now informing customers on standing offers that they could save money by switching, and advising customers on market offers when their discount will end”.

The Australian Energy Regulator (AER) has also set a Default Market Offer (DMO), which caps standing offer prices for electricity customers from 1 July 2019. The DMO is also now used as a reference bill against which all market offers must be compared when advertised. Customers can use the NSW Government Energy Switch website to find an offer that best meets their circumstances.

The draft reports are available on IPART’s website. Submissions on the draft findings and recommendations will be received until 1 November 2019. IPART will provide a final report to the NSW Minister for Energy and Environment by 30 November 2019.