

## Media release

Tuesday, 17 October 2017

### NSW RETAIL ELECTRICITY PRICES AT 2013-14 LEVELS

The Independent Pricing and Regulatory Tribunal (IPART) has found that NSW consumers are paying around the same prices for electricity today as they did prior to retail price deregulation in 2014.

In its review of retail electricity prices in NSW, IPART has found that the average 14% increase in electricity prices for residential customers in July this year is being driven by rapidly increasing wholesale costs. However, these rising costs have been largely offset by decreases in network charges over the previous two years.

The net result is that on average, residential customers are paying 2% more for electricity since 2013-14 for using the same amount of electricity. This is a real decrease in prices of 5% (once CPI is accounted for).

IPART Chair Dr Peter Boxall said the findings are in contrast to the increases in prices in the 5 years leading up to 2013-14<sup>1</sup> which were driven by increases in network charges.

“The July 2017 electricity price increases were the result of increases in the costs of wholesale (generating) electricity, primarily driven by reductions in wholesale market capacity,” Dr Boxall said.

“But since 2013-14, competition in the retail market has continued to develop. The number of brands competing in the market has risen from 15 to 26; the market share of smaller retailers has increased from 7% to 13% and the number of small customers on market offers has risen from 63% to 77%.”

The market provides more choice for consumers and potentially significant savings, but further improvements could be made so it is easier for the 23% of customers who are still on standing offers to shop around.

“These customers are paying around 25% more than customers who have switched to a better deal and they are paying about 10% more than what they were paying five years ago.”

Dr Boxall said retailers, governments and third parties should focus on facilitating increased customer engagement in the retail market to further enhance competition, and in particular ensuring that vulnerable and hardship customers are not paying more than they need to.

IPART is seeking feedback on ways to facilitate increased customer engagement, including enhancing and promoting the AER’s energymadeeasy web comparison tool so that customers are better able to compare offers (including customers with solar panels) and

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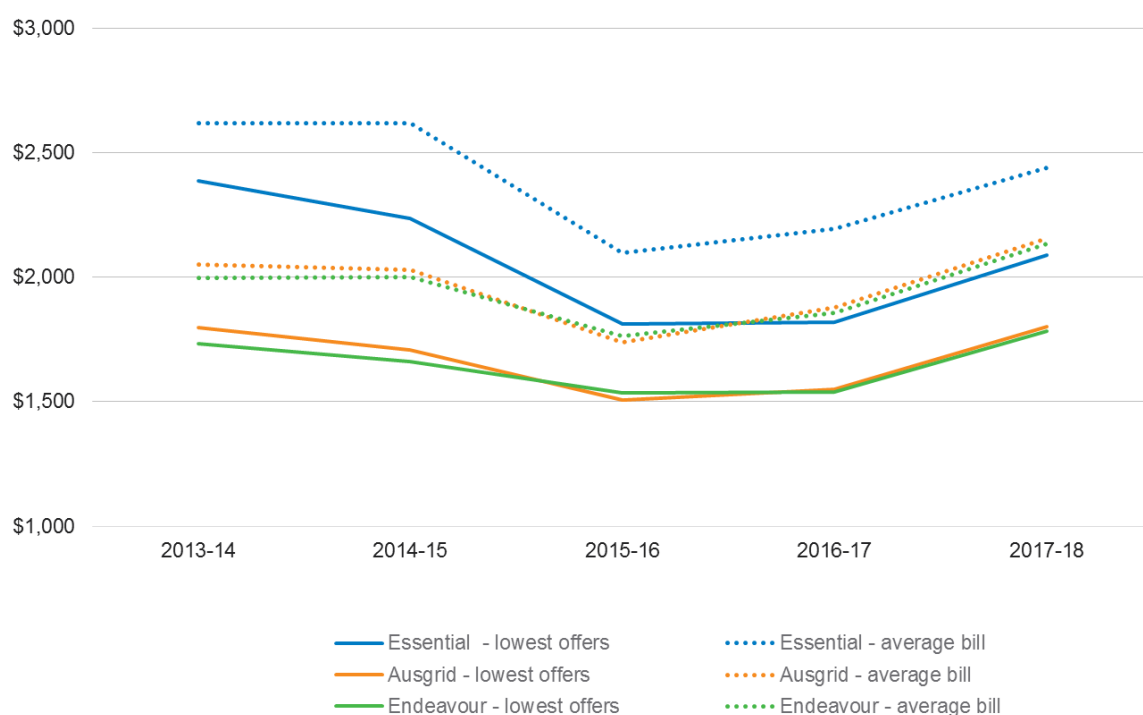
<sup>1</sup> NSW electricity prices increased 45% between 2007-2008 and 2016-17 according to the ACCC’s preliminary report for its retail electricity pricing inquiry released 16 October 2017.

giving people better access to their energy consumption data so that third party providers can help customers find the best deal for them.

We are also recommending that the NSW Government investigate the most efficient method to provide electricity customers in residential caravan parks improved consumer protections because these customers are not able to choose their retailer.

IPART's draft report on the *Review of the performance and competitiveness of the retail electricity market in NSW 2016-17* is available at [ipart.nsw.gov.au](http://ipart.nsw.gov.au). Submissions on the draft findings and recommendations will be received until 7 November 2017. IPART will provide a final report to the NSW Minister for Resources, Energy and Utilities later that month.

### **Change in average residential customer bills and the lowest offers by network area (6,500 kWh, nominal, GST-inclusive)**



**Note:** Lowest offers based on the average bottom three offers in the market.

*Note to Editors: IPART has been responsible for monitoring the performance and competitiveness of the retail electricity market in NSW for small customers since prices were deregulated in 2014. As such, this report looks exclusively at the period from 2013-14 to 2017-18 in NSW for residential and small business customers. The report does not include large energy users. Responsibility for monitoring retail gas markets commenced on 1 July 2017 and IPART will deliver its first report on the performance of the gas market in 2017-18 by 30 November 2018.*