

## **Ausgrid Submission**

IPART review of the performance and competitiveness of the  
retail energy market in NSW

November 2018



1 November 2018

Attn: Ms Jessica Robinson  
IPART  
PO Box K35  
HAYMARKET POST SHOP NSW 1240

Lodged online

Dear Ms Robinson

Ausgrid is pleased to provide this submission to the Independent Pricing and Regulatory Tribunal (IPART) review of the performance and competitiveness of the retail energy market in NSW (the review).

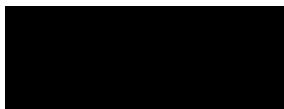
Ausgrid recognises that competition in retail energy markets is likely to drive innovation, improved service delivery, and place downward pressure on energy prices. Ausgrid supports any IPART recommendations that improve customer outcomes in NSW.

Over the past four years, Ausgrid has been transforming its business to reduce costs and provide more affordable network services for our customers. This has reduced network charges for the average residential customer by \$237 in real terms. However, Ausgrid is aware of instances where reductions in network charges have not been passed through to customers. This is unfortunate, and could result in customers paying more than they need to for energy.

Customers should have access to the information that allows them to understand the costs that make up their bill, and that allows them to investigate network tariff options for their meter type. As explained further below, we submit that these aims will be promoted by displaying a customer's network tariff code on the bill.

Should IPART have any questions in relation to this submission, please contact Alexandra Sidorenko, Network Pricing Manager on [REDACTED]

Yours sincerely



Junayd Hollis  
Head of Strategy

# Submission

Ausgrid supports any recommendations that improve customer outcomes in NSW. Customers must have the information they need to make informed choices and manage their energy costs.

This submission raises a number of concerns regarding the transparency of customer bills and the information available to consumers to help them understand the costs that make up their energy bill.

## Network tariff code on energy bills

There are currently no requirements for retailers to reflect the cost of transmission and distribution network charges in their customer retail tariffs, or to display a customer's network tariff code on bills. This means that customers are unable to determine the costs underlying their bills, or investigate network tariff options for their meter type.

Over the past four years, Ausgrid has been transforming its business to reduce costs and provide more affordable network services for our customers. Considerable savings have already been made, with Ausgrid's component of electricity bills coming down, on average, by \$237 (in real terms) for a residential customer since 2014. Further network charge reductions are expected for the five year period from 2019-24.

Despite these reductions, Ausgrid has received reports of retailers not passing distribution network savings on to end customers. Furthermore, we have also received reports of retailers actually informing customers that potential increases in prices are due to changes in network prices offered by Ausgrid, when this was not the case.

For customers that do wish to interrogate the underlying cost drivers in their energy bill, it is very difficult to do so given the way retailers repackage their costs in retail market offers. A consumer can determine the name of their energy retail plan (e.g. 'Energy saver') but without contacting their retailer may not be able to determine their network tariff (e.g. the majority of Ausgrid residential customers are on a flat energy network tariff EA010, the least cost reflective tariff among our tariffs).

Ausgrid submits that retailers should be required to publish on their bills the particular network tariff their customers are on. This information need not be displayed prominently, but should be included on the bill for those customers that wish to investigate the costs that make up their electricity bills. Knowing the network tariff code would enable the customers to investigate network tariff options available for their meter type. This would inform customer's decision to opt into a different cost reflective network tariff, if it is beneficial for a customer to do so.

## **Average network charges by network area**

In section 8 of its draft report, IPART outlines the change in average household electricity bills by network area, based on usage of 5,100 kWh per year. For completeness, we have double checked the numbers shown in Table 8.2. For customers on Ausgrid's non time of use tariff EA010, the estimated network charges for years 2015/16 to 2018/19 are correct, assuming that metering costs are excluded. However, metering charges were separated from Network Use of System (NUOS) charges from 1 July 2015, and metering charges do not appear to have been removed from the average network charges for 2013/14 and 2014/15. Ausgrid staff are ready to help clarify the information in Table 8.2.

It would also be important to review and if required, make a similar adjustment to other NSW distributors' reported charges for 2013/14 and 2014/15, to ensure consistency between distributors.

A scenic photograph of a road at sunset. The road is dark and paved, with a white dashed line on the left side. On the left side of the road, there are large, dark trees. On the right side, there are more trees and a utility pole with power lines. The sky is a mix of blue and orange, indicating sunset. The overall mood is peaceful and serene.

# Thank you

