

2019-2020

# Victorian Energy Market Report



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Electricity and gas market prices stabilised over 2019–20.

Around 12,000 customers each week contacted their retailer during the pandemic for assistance with paying their bills.

Disconnections for non-payment ceased from mid-April, to provide support for energy customers during the pandemic.

This fifth annual Victorian energy market report outlines new rules being rolled out to rebuild Victoria's confidence in the energy retail market.



## From the chairperson



### Kate Symons

#### Chairperson

Kate was appointed chairperson of the Essential Services Commission in September 2019 after three years as a part-time commissioner. As a lawyer with qualifications in public administration and corporate governance, Kate brings particular expertise in risk, compliance and governance.

Kate has a passion for ensuring customer experiences are considered at every step of the regulatory process.

This edition of the Victorian Energy Market Report looks at the actions we took to help build trust in the market, the performance of energy businesses and energy prices.

### Energy customers are being supported during the pandemic

Since the start of the pandemic, we regularly engaged with our stakeholders to understand the experience of Victorian customers.

We hosted six roundtables attended by leaders from the community and the energy industry. For the first time, we collected weekly data from retailers to monitor the effect of the pandemic on customers.

In a positive sign for Victorians, no residential or small business customers were disconnected for not paying their bills between April and June 2020.

Our energy rules require retailers to assist customers experiencing payment difficulty,

which is particularly important for customers facing restrictions during the pandemic.

Despite the challenging circumstances facing the community, we are pleased to see the energy sector responding to calls for help.

By 30 June 2020, close to fifty thousand Victorian households were receiving assistance with their electricity bills. We also saw 50,417 applications for utility relief grants being approved – a 73 per cent increase compared to last year.

Retailers also voluntarily offered help to 3,314 small business customers for paying their bills, and we introduced new rules to continue this support until March 2021.

Prior to the pandemic, there were also encouraging signs that our energy rules were helping customers in payment difficulty. Almost half of customers receiving assistance were able to successfully complete their payment plans, and household disconnection levels are at the lowest since 2008–09.



## Building the trust of energy customers

To build the trust of Victorian energy customers, it is important we hold businesses to account.

As Victoria's energy regulator, we will use our powers and tools to act to protect customers where necessary.

In 2019–20, we issued penalty notices to four energy companies totalling \$2,080,000 in penalties.

Over half of these penalties were for retailers allegedly signing up a customer without their explicit informed consent. We also issued a penalty notices totalling \$900,000 on a retailer for allegedly failing to inform vulnerable customers of overcharges.

We resolved eight disconnection disputes referred to us by the ombudsman, resulting in six customers being compensated a total of \$101,440 for being wrongfully disconnected.

We also issued 82 warning letters to energy retailers and distributors for failing to notify customers of planned outages, protections for life support customers, and requirements to obtain the explicit informed consent of customers when selling energy.

## A clearer and simpler energy market

This year we continued to introduce new rules to help make the retail energy market clearer and fairer.

Our new reforms mean that retailers can only increase prices once a year, and discounts have been made clearer. We also updated the price of the Victorian Default Offer.

By 30 June 2020, we found that extremely high-priced electricity offers have been removed from the market, and residential energy prices have stabilised. Energy offers appear to be clearer and simpler, with one in two electricity offers being simple offers without any confusing discounts.

These are early indications of increased transparency and fairness for Victorian customers in the energy market.

This year we have also supported new entrants into the market by issuing 12 new energy licences, including licences that add 746 MW of generation capacity for Victoria.

We remain actively working to provide Victorian customers an energy market that delivers real outcomes.

We will continue monitoring the performance and behaviour of energy businesses, assess the competitiveness of the market, and take decisive action when customers are not protected.

**Kate Symons**

**Commissioner and Chairperson**

# Key Findings 2019-20

## Energy prices



**\$587**

the difference

between the cheapest and most expensive market offer over one year

**RESIDENTIAL ELECTRICITY**

Between  
**-1% to 4%**

change in the median estimated annual bill for market offers in 2019-20 (depending on distribution zone)

**55%**

proportion of market offers **without discount conditions**



**RESIDENTIAL GAS (MELBOURNE)**

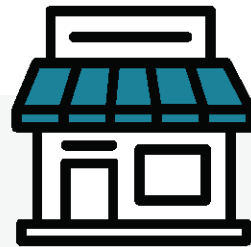
**\$439**

the difference

between the cheapest and most expensive market offer over one year

Between  
**-1% to 1%**

change in the median estimated annual bill for market offers in Melbourne in 2019-20 (depending on distribution zone)



**SMALL BUSINESS GAS (MELBOURNE)**

**\$1,663**

the minimum difference

between the cheapest market offer and the cheapest standing offer over one year

Between  
**-1% to 3%**

change in the median estimated annual bill for market offers in Melbourne in 2019-20 (depending on distribution zone)

# Customers experiencing payment difficulty

## GAS



**49%**

proportion of gas customers who successfully resolve their payment difficulties

**4,579**

number of residential and small business customers **enquiring about assistance per week** between April and June

**35,353**

number of gas customers **receiving tailored assistance** on 30 June 2020

## ELECTRICITY



**8,308**

number of residential and small business customers **enquiring about assistance per week** between April and June 2020

**49,764**

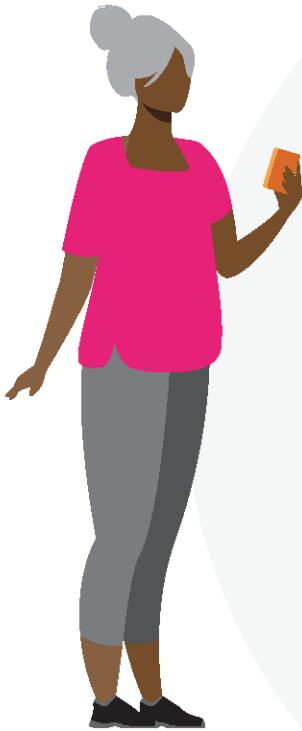
number of electricity customers **receiving tailored assistance** on 30 June 2020



# Disconnections and compliance with the energy rules

## DISCONNECTIONS

### ELECTRICITY & GAS



**26,822**

number of residential energy customer **disconnections for non-payment**, the lowest since 2008–09

**ZERO**

customers **disconnected for non-payment** between mid-April and June 2020

**\$756,446**

amount paid to customers who were wrongfully disconnected

**495**

customers who were wrongfully disconnected

## COMPLIANCE WITH ENERGY RULES



**\$2,080,000**

penalties paid by **retailers**





# Licensing, customer service and complaints

## CUSTOMER SERVICE

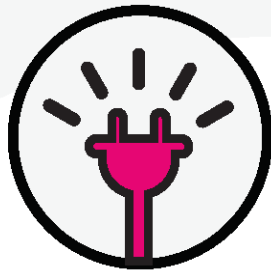


**2.3**  
complaints  
per 100 electricity  
residential customers

**1.8**  
complaints  
per 100 gas  
residential customers



**6** new generation  
licences with 746MW  
of total capacity



**2** electricity  
retail licences



**1** wholesale  
electricity  
licence



**2** gas retail  
licences

## LICENSING

**12 energy  
licences  
issued**



**1** electricity  
transmission  
licence



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An overview of  
the energy market



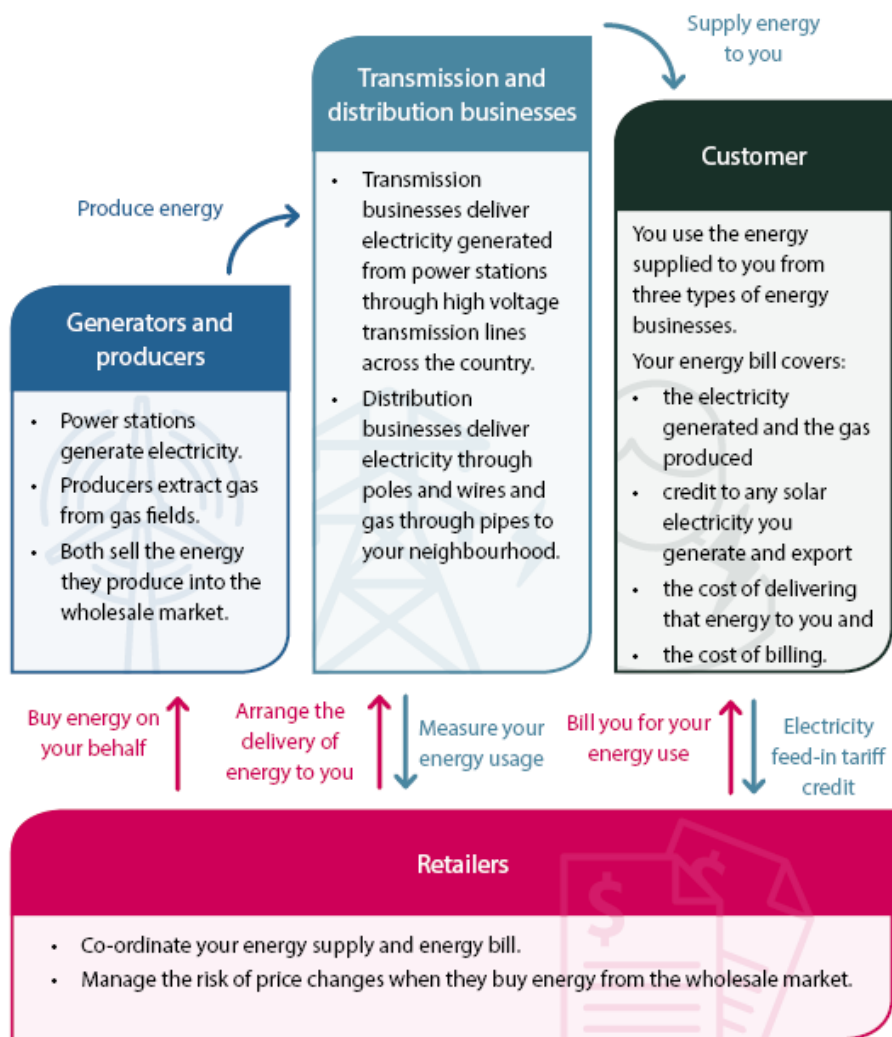


## How is my energy supplied?

Your electricity and gas are supplied by three different types of energy businesses: generators and producers, transmitters and distributors, and energy retailers.

The figure below shows how different energy businesses interact to provide you with energy.

Figure 1 - An illustration of how energy is supplied to you



## **Generators and producers**

In Victoria, most of the energy we use is generated or produced at a large-scale and then distributed through electricity networks or gas pipelines to your home or business.

Electricity is mainly produced by power stations from sources including coal, wind, sun, water and gas.

Large-scale generators are required to operate with a licence in Victoria, unless exempt under the rules. Licensed generators can generate and sell electricity directly to energy retailers through the wholesale electricity market.

Increasingly, customers are generating their own electricity through solar panels or even small-scale wind turbines. According to the Clean Energy Regulator, there are more than 487,000 small-scale solar PV installations in Victoria, as of 31 August 2020.

Gas is extracted by producers who sell it through the wholesale market or bilateral contracts. The gas is transported through transmission and distribution pipelines to homes and businesses.

## **Transmission and distribution businesses**

Energy is supplied to your home by a different business to the one that bills you for energy. The businesses that deliver your energy through pipes, poles and wires are called distributors.

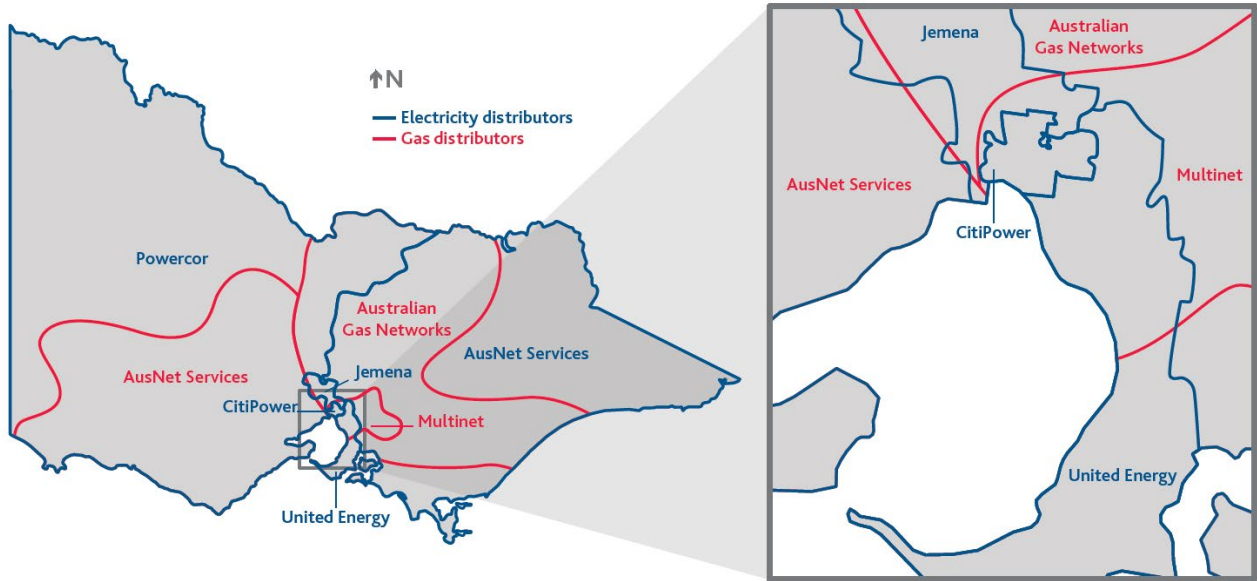
Distributors measure the amount of energy each customer uses and passes that on to the retailers.

They charge your retailer for the cost of delivering energy to your home. Retailers use this information to calculate and issue your bill.

There are five electricity distributors and three gas distributors that own and operate the energy network in Victoria. These distributors operate in different parts of the state.



Figure 2 - Electricity and gas distribution areas in Victoria



You can find out who your electricity distributor is by visiting <https://www.energy.vic.gov.au/electricity/electricity-distributors> or checking your electricity bill. You can also find your gas distributor on your latest gas bill.

## Retailers

Retailers coordinate your energy supply and energy payment.

In 2019–20, depending on where you live in Victoria, you can expect to have up to 24 licensed electricity retailers and 15 licensed gas retailers competing to sell you energy (residential and small business customers).

You have been able to choose your electricity and gas retailer since 2002.

The price your retailer charges you includes:

- the wholesale cost of energy where retailers estimate how much they expect to pay for wholesale energy (accounting for changes in the price of wholesale energy over time)
- the cost of delivering it to you – they calculate how much it costs to deliver

energy to their customers (the cost of distribution)

- the cost of renewable energy and energy efficiency schemes
- the retailer’s cost of billing, marketing and customer service, as well as their profit margin.



### Embedded networks

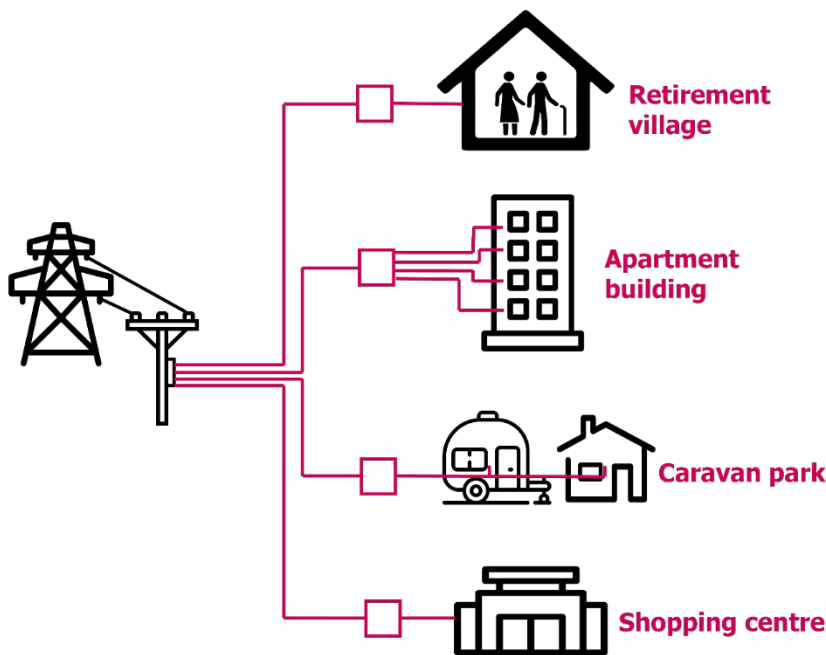
Embedded electricity networks are private networks found in buildings and premises like apartment buildings, shopping centres, caravan parks, retirement villages and residential parks.

The commission is responsible for registering persons selling or distributing electricity in Victorian embedded networks. The commission is also responsible for establishing protections for customers living in embedded networks. During 2019–20 we

registered over 290 embedded networks that supply over 48,000 customers. This brings the total embedded networks registered with us, on 1 October 2020, to 1,913, supplying electricity to 177,703 customers.

If you occupy one of these premises, you may be supplied electricity by the embedded network operators. Embedded network operators buy electricity in bulk through a ‘gate’ meter and then sell or supply it to individual customers within the embedded network.

Figure 3 - Types of embedded networks





### **New guide for embedded networks**

Around 70 embedded networks, industry peak bodies and other stakeholders met on Tuesday 12 October 2020 for the launch of a new guide to help embedded networks understand their obligations to consumers.

Chaired by commissioner Simon Corden, attendees heard from energy executive director Sarah McDowell on the role the commission plays in regulating embedded networks.

The Energy and Water Ombudsman (Victoria), Cynthia Gebert, also presented on their role in providing free and independent dispute resolution services for embedded network customers.

The presentations were followed by a question and answer session with participants asking questions about connecting to solar power, how to register as an embedded network, and where to raise complaints.

The new guide was created to help embedded networks comply with their obligations to customers. Obligations include assisting customers experiencing payment difficulties and ensuring electricity prices are no higher than the Victorian default offer.

**For more information on embedded networks is available on our website:**

<https://www.esc.vic.gov.au/electricity-and-gas/electricity-and-gas-licences-and-exemptions/electricity-licensing-exemptions>



# Who can sell or deliver gas and electricity?

In Victoria, businesses supplying energy are generally required to hold a licence issued by the commission. This includes businesses generating electricity, operating power stations and high voltage transmission lines, delivering gas and electricity through pipes and wires, as well as the retailers that sell and bill you for your energy.

## We issued 12 energy licences

In 2019–20, we issued 12 energy licences to businesses operating in Victoria, which included:

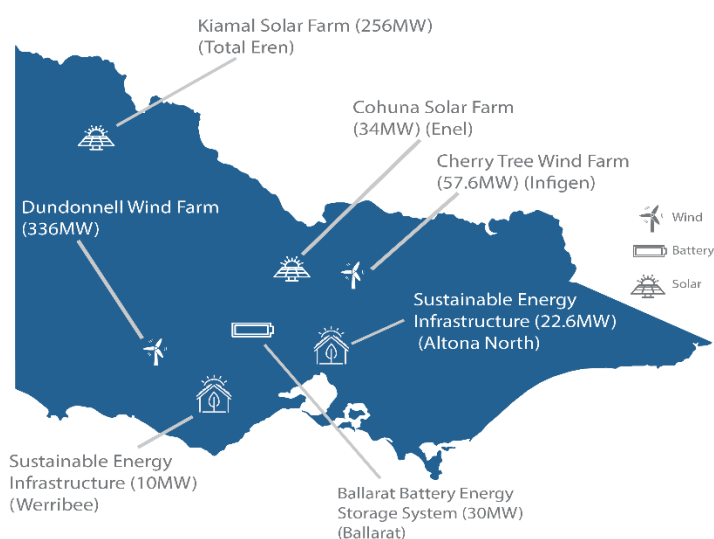
- six new generation licences including two solar farms, two wind farms, one battery and one biogas/natural gas creating over 746 MW of new capacity for the Victorian grid
- two new electricity retail licences (Balance Commodities and Energy, and OVO Energy)
- one electricity wholesale licence (Enel EnergyAustralia)

- two gas retail licences (Energy Locals and OVO Energy)
- one electricity transmission licence (TransGrid Services Pty Ltd).

### Licensing from July 2020

From July 2020, we issued 11 more licences, including three new electricity generation licences, one new electricity transmission licence, five new electricity retail licences, and two new gas retail licences.

Figure 4 - Location of new licences for electricity generation in Victoria in 2019–20



# Performance of energy businesses



23 991	40 477	75 428
(5 506)	(6 952)	(4 861)
(5 506)	(6 952)	(4 861)
(64)	(13 809)	(6 974)
(890)	(4 775)	(2 411)
(4 658)	(890)	(449)
(7)	(837)	(837)
(11 835)	(3 276)	(3 276)
593		



# Which retailers had the greatest changes in customer numbers in 2019–20?

Market share was stable through 2019–20

Energy companies as part of their licence conditions must regularly report to us on how they are performing in Victoria’s energy market. This chapter uses this data to analyse customer growth, complaints and call indicators.

On 30 June 2020, the residential market share for large, medium and small retailers in electricity and gas was similar compared to 30 June 2019.

AGL gained nearly 38,000 residential energy customers – gaining the largest number of customers of all retailers compared to the previous year.

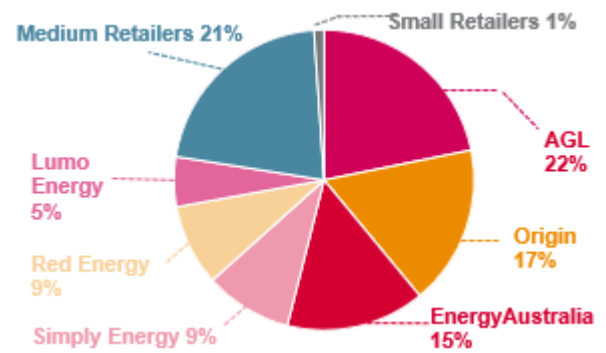
Origin Energy, Momentum Energy, Powershop and GloBird Energy also had increases with each gaining more than 21,000 new residential energy customers.

Newly licensed smaller retailers Elysian Energy and Energy Locals gained between 6,748 and 3,112 residential electricity customers, compared to the 30 June 2019.

Powershop, GloBird Energy and Momentum Energy, all medium retailers, each acquired more than 10,000 residential gas customers compared to the end of June last year.

EnergyAustralia, a large energy retailer, lost the most residential energy customers with over 24,000 residential energy customers changing retailers. This was followed by Alinta Energy who lost over 21,000 energy customers and Sumo lost over 12,000 energy customers.

**Figure 5 - Market share residential electricity customers, by retailer at 30 June 2020**



**Figure 6 - Market share residential gas customers, by retailer at 30 June 2020**

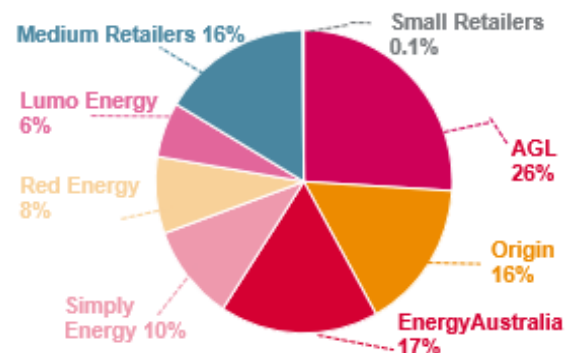




Figure 7 - Change in electricity residential customers, ranked by retailer (by size), at 30 June 2019 and 30 June 2020

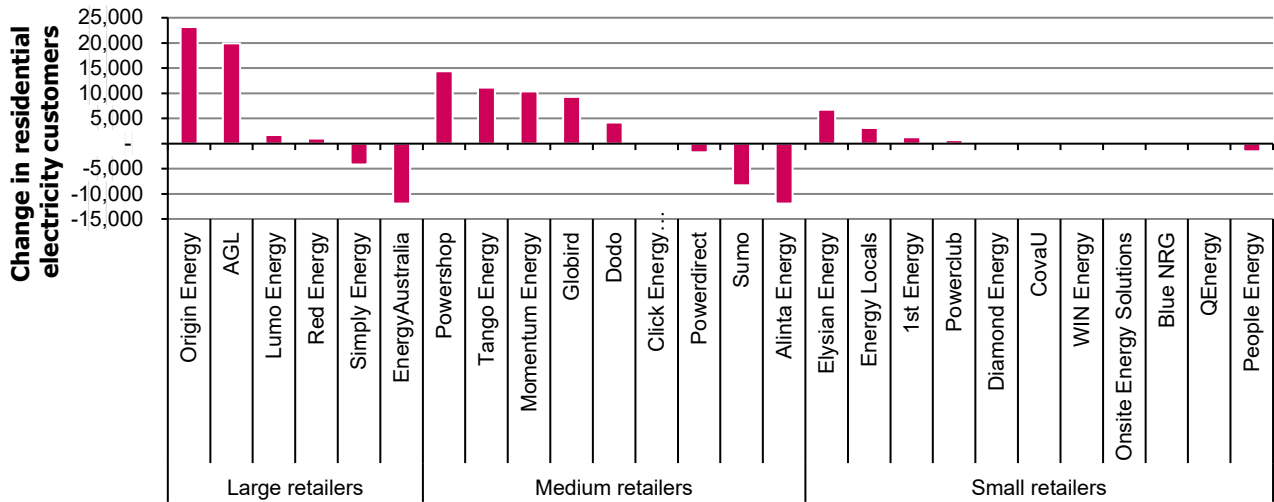


Figure 8 - Change in gas residential customers, ranked by retailer (by size), at 30 June 2019 and 30 June 2020

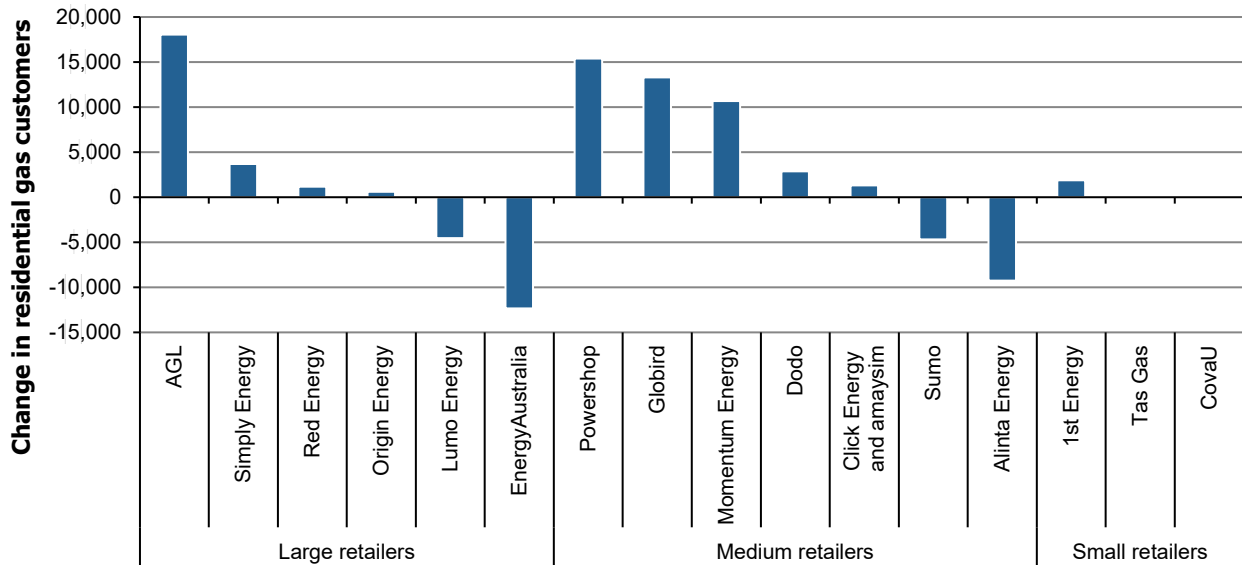




Figure 9 - Change in energy residential customers, ranked by retailer (by size) at 30 June

Retailer	(Electricity (residential))				Gas (residential)				
	30 June 2019	30 June 2020	change	% change	30 June 2019	30 June 2020	change	% change	
Large retailers	AGL	559,576	579,499	19,923	4%	515,385	533,439	18,054	4%
	EnergyAustralia	409,418	397,522	-11,896	-3%	367,349	355,033	-12,316	-3%
	Origin Energy	433,457	456,642	23,185	5%	327,076	327,700	624	0%
	Lumo Energy	141,182	142,863	1,681	1%	125,367	120,841	-4,526	-4%
	Red Energy	231,648	232,638	990	0%	166,918	168,095	1,177	1%
	Simply Energy	254,581	250,439	-4,142	-2%	207,332	211,043	3,711	2%
Medium retailers	Alinta Energy	143,292*	131,382	-11,910	-8%	100,150*	90,902	-9,248	-9%
	Click Energy and amaysim	48,566	48,492	-74	0%	36,415	37,748	1,333	4%
	Dodo	40,251	44,468	4,217	10%	33,753	36,623	2,870	9%
	Momentum Energy	96,434	106,829	10,395	11%	68,121	78,798	10,677	16%
	Powerdirect	32,845	31,097	-1,748	-5%				
	Powershop	63,628	78,004	14,376	23%	23,135	38,512	15,377	66%
	Tango Energy	48,745	59,852	11,107	23%				
	Sumo	40,910	32,601	-8,309	-20%	27,564	22,902	-4,662	-17%
	GloBird Energy	27,061	36,374	9,313	34%	16,534	29,840	13,306	80%
Small retailers	1st Energy	6,118	7,407	1,289	21%		1,885	1,885	
	Blue NRG	33	25	-8	-24%				
	CovaU	336	352	16	5%	328	340	12	4%
	Diamond Energy	3,218	3,396	178	6%				
	ERM Business Energy	0	0	0					
	Next Business Energy	96	96	0	0%				
	People Energy	7,612	6,094	-1,518	-20%				
	QEnergy	533	492	-41	-8%				
	Sun Retail	0	0	0					
	Tas Gas					590	779	189	32%
	WIN Energy	1	2	1	100%				
	Elysian Energy	63	6,811	6,748	10711%				
	Energy Locals	56	3,168	3,112	5557%				
	Powerclub	46	754	708	1539%				
	Onsite Energy Solutions	4	1	-3	-75%				
<b>TOTAL</b>	<b>2,589,710</b>	<b>2,657,300</b>			<b>2,016,017</b>	<b>2,054,480</b>			

The residential customers on 30 June for each year. Figures may not add up precisely due to rounding. Due to updates to contracting entity on customers' contracts at EnergyAustralia Pty Ltd, EnergyAustralia Yallourn customers are now reported in EnergyAustralia (from January 2020).

\* July 2019 data due to an error in the figure that Alinta reported to the Commission for June 2019.



Large size retailers increased slightly on their market share of small business electricity customers

On 30 June 2020, the small business market share for electricity and gas was very similar compared to 30 June 2019.

AGL gained the largest number of small business customers as at the end of June 2020, with over 4,000 small business energy customers signing up to the retailer.

Four other retailers gained more than 300 small business electricity customers. These were Powershop, GloBird Energy and Elysian Energy.

For gas, Origin Energy gained the largest number of small business gas customers with over 2,600 customers.

For electricity, large retailers gained around one per cent of the market share at the expense of medium retailers.

For gas, medium retailers gained one cent of the market share at the expense of large retailers. Small sized retailers remained unchanged in market share for electricity and gas.

Figure 10 - Market share small business electricity customers, by retailer at 30 June 2020

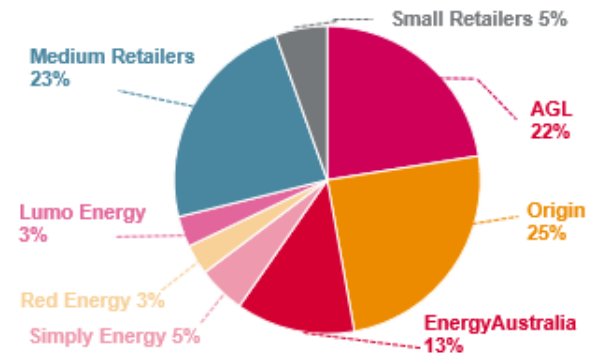


Figure 11 - Market share small business gas customers, by retailer at 30 June 2020

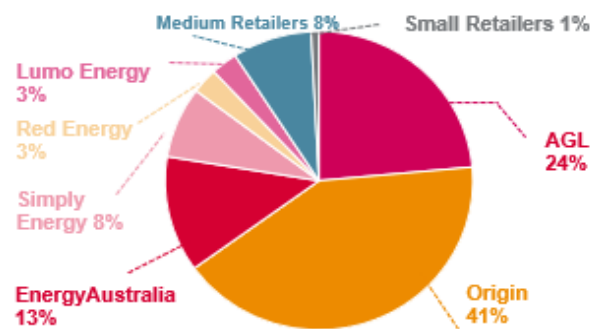




Figure 12 - Change in electricity small business customers, ranked by retailer (by size), at 30 June 2019 and 30 June 2020

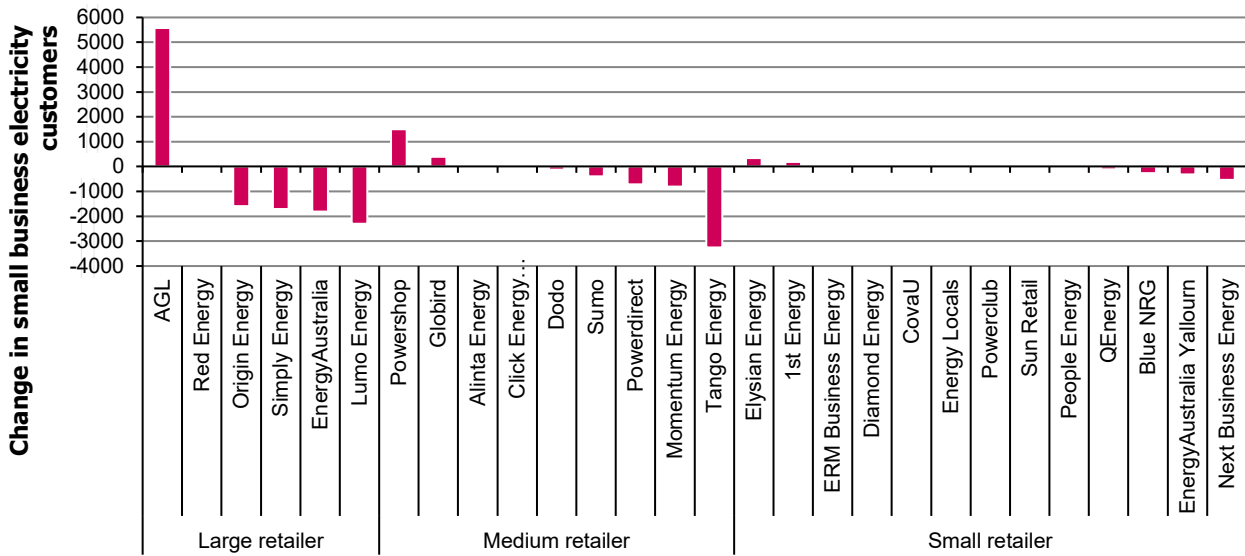


Figure 13 - Change in gas small business customers, ranked by retailer (by size), at 30 June 2019 and 30 June 2020

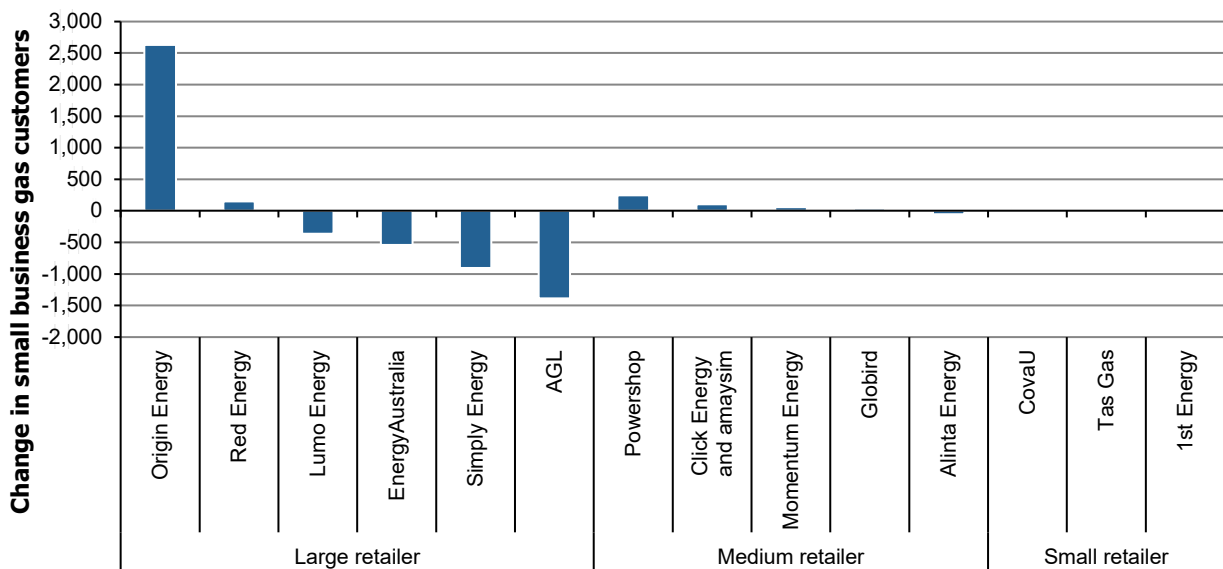




Figure 14 - Change in energy small business customers, ranked by retailer (by size), at 30 June

Retailer	Electricity (small business)				Gas (small business)				
	30 June 2019	30 June 2020	change	% change	30 June 2019	30 June 2020	change	% change	
Large retailers	AGL	56,991	62,556	5,565	10%	16,618	15,228	-1,390	-8%
	EnergyAustralia	36,744	34,926	-1,818	-5%	8,665	8,126	-539	-6%
	Origin Energy	70,184	68,588	-1,596	-2%	24,208	26,839	2,631	11%
	Lumo Energy	11,293	8,988	-2,305	-20%	2,166	1,802	-364	-17%
	Red Energy	8,802	8,812	10	0%	1,630	1,777	147	9%
	Simply Energy	15,686	13,980	-1,706	-11%	5,883	4,976	-907	-15%
Medium retailers	Alinta Energy	15,028*	15,109	81	1%	222*	166	-56	-25%
	Click Energy and amaysim	2,163	2,227	64	3%	479	582	103	22%
	Dodo	1,785	1,663	-122	-7%	0	0	0	
	Momentum Energy	26,053	25,244	-809	-3%	4,062	4,119	57	1%
	Powerdirect	5,754	5,034	-720	-13%				
	Powershop	4,013	5,516	1,503	37%	207	450	243	117%
	Tango Energy	10,387	7,129	-3,258	-31%				
	Sumo	1,620	1,225	-395	-24%	0	0	0	
GloBird	1,423	1,816	393	28%	52	92	40	77%	
Small retailers	1st Energy	775	955	180	23%		1	1	
	Blue NRG	5,617	5,350	-267	-5%				
	CovaU	446	495	49	11%	471	506	35	7%
	Diamond Energy	201	273	72	36%				
	Elysian Energy	19	357	338	1779%				
	Energy Locals	0	45	45					
	EnergyAustralia Yallourn	317	0	-317	-100%		0	0	
	ERM Business Energy	4,412	4,486	74	2%				
	Next Business Energy	2,613	2,072	-541	-21%				
	Onsite Energy Solutions	0	0	0					
	People Energy	272	270	-2	-1%				
	Powerclub	0	16	16					
	Progressive Green Energy	0	0	0					
	QEnergy	1,030	922	-108	-10%				
	Stanwell Corporation	0	0	0					
	Sun Retail	1	0	-1	-100%				
Tas Gas					9	20	11	122%	
<b>TOTAL</b>	<b>283,629</b>	<b>278,054</b>			<b>64,672</b>	<b>64,684</b>	<b>11</b>	<b>122%</b>	

The residential customers on 30 June for each year. Figures may not add up precisely due to rounding. Due to updates to contracting entity on customers' contracts at EnergyAustralia Pty Ltd, EnergyAustralia Yallourn customers are now reported in EnergyAustralia (from January 2020).

\* July 2019 data due to an error in the figure that Alinta reported to the Commission for June 2019.





## Market share for medium retailers has grown over the years

Over the past five years, medium sized retailers have shown more growth in their electricity and gas residential market share compared to large and small retailers.

At the end of June 2020, the residential market share for medium retailers was at 21 per cent for electricity and 16 per cent for gas. This was an increase of eight per cent for electricity and nine per cent for gas compared to their market share in 2015–16.

The increase by medium retailers caused the residential market share for large retailers to decline. At the end of June 2020, large retailers' residential market share was at 78 per cent for electricity and 84 per cent for

gas, a reduction of eight per cent and nine per cent, respectively compared to 2015–16.

Residential market share for small retailers continue to remain a very small portion compared to medium and large retailers.

For small business, medium sized retailers have also shown smaller growth in the electricity and gas market share compared to large and small retailers.

At the end of June 2020, the small business market share for medium retailers was at 23 per cent for electricity and eight per cent for gas, an increase of two per cent and four per cent, respectively compared to 2015–16.

Small retailers have been losing their electricity small business market share, while large retailers have been losing their market share in gas.

**Figure 15 - Residential market share from June 2016 to June 2020**

Fuel type	Retailer size	30/06/2016	30/06/2017	30/06/2018	30/06/2019	30/06/2020
Electricity	Large	86%	84%	82%	78%	78%
	Medium	13%	15%	17%	21%	21%
	Small	1%	1%	1%	1%	1%
Gas	Large	93%	92%	89%	85%	84%
	Medium	7%	8%	11%	15%	16%
	Small	0%	0.01%	0.03%	0.05%	0.1%

**Figure 16 - Small business market share from June 2016 to June 2020**

Fuel type	Retailer size	30/06/2016	30/06/2017	30/06/2018	30/06/2019	30/06/2020
Electricity	Large	70%	71%	74%	71%	71%
	Medium	21%	20%	19%	24%	23%
	Small	9%	9%	7%	5%	5%
Gas	Large	96%	94%	93%	91%	91%
	Medium	4%	6%	7%	8%	8%
	Small	0.3%	0.5%	0.6%	0.7%	0.8%



# How many electricity customers transferred to a different retailer in 2019–20?

We have been collecting customer transfers data from the Australian Energy Market Operator’s market system – ‘Market Settlements and Transfer Solution’ (MSATS) to monitor customer movements from one retailer to another in the National Electricity Market (NEM).

## Completed transfers were down in 2019–20

During 2019–20, 659,653 residential and small business electricity customers connected to a new retailer in Victoria. Ninety-three per cent of these customers switched from one retailer to another, while the remaining 7 per cent moved into a new house.

The total completed transfers in 2019–20 was 21 per cent less compared to the number of transfers in 2018–19. For comparison, there was a one per cent increase in the total customer transfers from 2017–18 to 2018–19.

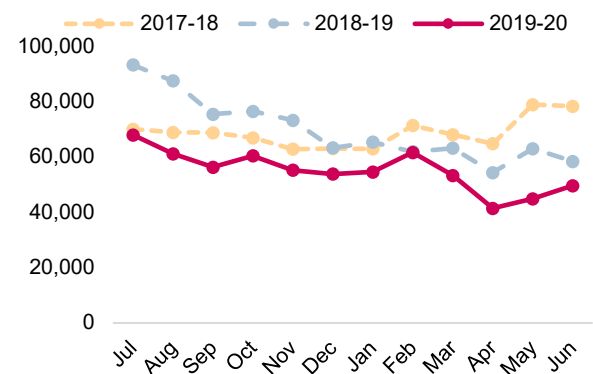
The number of transfers was approximately one-fifth of all residential and small business electricity customers<sup>1</sup>. In 2018–19 and 2019–20, the data showed a downward trend in customer transfers unlike in 2017–18.

Figure 17 - Customer transfers by financial year

Financial year	Total customer transfers	Change (%)
2017–18	824,256	-
2018–19	834,703	+1%
2019–20	659,653	-21%

Data source: AEMO retail transfer statistical data

Figure 18 - Completed transfers each month by financial year



Data source: AEMO retail transfer statistical data

<sup>1</sup> Estimated based on total number of transfers over total number of customers during the year

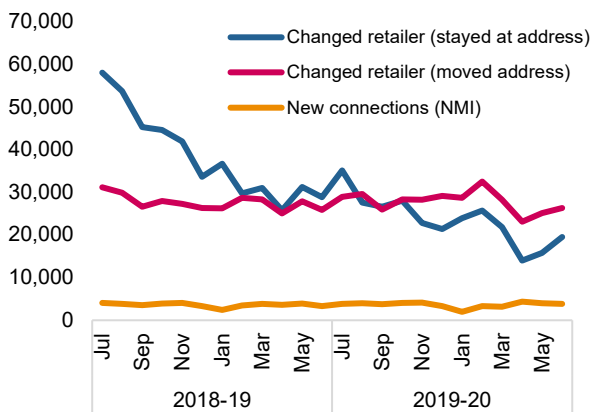


The decline in completed transfers since the start of 2018–19 was mainly driven by customers who stayed at their current addresses were switching retailers less. In 2019–20, the total transfers for this category was 39 per cent lower compared to the previous year.

In contrast, the number of transfers due to customers switching retailers when moving into new addresses remained stable since last year. In 2019–20, the total transfers for this category was one per cent higher compared to the previous year.

By the end of June 2020, there were more completed transfers due to customers moving into new addresses compared to customers who did not move.

Figure 19 - Completed transfers in 2019–20, by customers switching between retailers

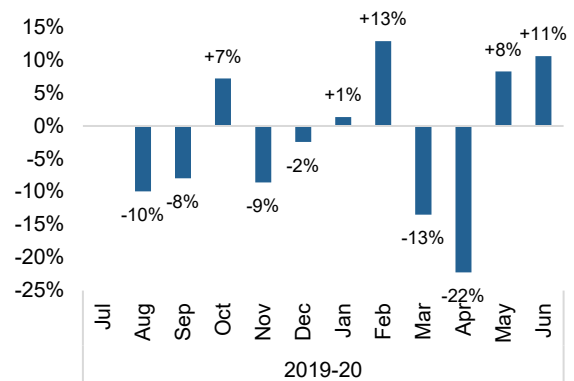


Data source: AEMO retail transfer statistical data

In March 2020, around the beginning of the coronavirus pandemic, the completed transfers decreased significantly. A reduction of 13 per cent between February to March 2020 followed by further reduction of 22 per cent from March to April 2020, before transfer

activities recovering from May 2020. This trend was mostly driven by the reduction in customers switching retailers, including customers who moved in and changed retailers, in March and April 2020.

Figure 20 - Completed transfers month-to-month change in 2019–20



Data source: AEMO retail transfer statistical data



## Electricity customers are still switching to large retailers more<sup>2</sup>

During 2019–20, 69 per cent of the total transfers between retailer sizes was customers from large sized retailers switching to small, medium, or another large retailer. This was followed by transfers from medium retailers at 29 per cent and 2 per cent from small retailers.

Customer transfers into large sized retailers from any retailer size also had the highest proportion at 60 per cent during the financial year. This translates to approximately more than half of electricity customers chose large retailers as their preferred retailers during the year.

**Figure 21 - Customer transfers between retailers in 2019–20**

Customer transfers		To (New retailer size)			
		Small	Medium	Large	All
From (Previous retailer size)	Small	0.1%	1%	2%	<b>2%</b>
	Medium	2%	9%	18%	<b>29%</b>
	Large	2%	25%	41%	<b>69%</b>
	All	<b>4%</b>	<b>35%</b>	<b>60%</b>	<b>100%</b>

Data source: *AEMO retail transfer statistical data*

Transfers from large retailer to another large retailer remained the highest at 41 per cent and transfers from small retailers to another small retailer was the lowest at 0.1 per cent of all transfers.

This data also shows that small and medium retailers had more customers transferring in than leaving, whereas large retailers were losing customers during the year.

The same trend is also true for new connections in the network (new NMIs creation) in 2019–20 where 96 per cent of all new connections was assigned to large retailers, followed by 3.6 per cent to medium, and 0.5 per cent to small retailers.

**Figure 22 - New NMI connections by retailer size**

Financial year	Retailer size		
	Small	Medium	Large
2018–19	1%	3%	96%
2019–20	0.5%	3.6%	95.9%

Data source: *AEMO retail transfer statistical data*

<sup>2</sup> We categorised energy retailers into small, medium, and large retailers, based on their number of electricity residential customers as at 30 June 2020. The transfers

between retailers analysis excludes retailers that operate exclusively on embedded network and business customers only.



### Small and medium retailers had more customers transferring-in than leaving

We also analysed the data on the net change between the number of transfers-in and transfers-out of the retailers to see the customer base growth of each retailer during the year.

Overall small retailers had the highest net gain in customer transfers during 2019–20, with more customers transferring-in than leaving, at 29 per cent. The increase was mainly driven by Elysian Energy, Energy Locals, Powerclub, and 1<sup>st</sup> Energy.

Even during the pandemic between March to June 2020, small retailers continued to have higher gain of customer transfers compared to medium and large retailers. In contrast, small retailers had a loss of seven per cent in 2018–19.

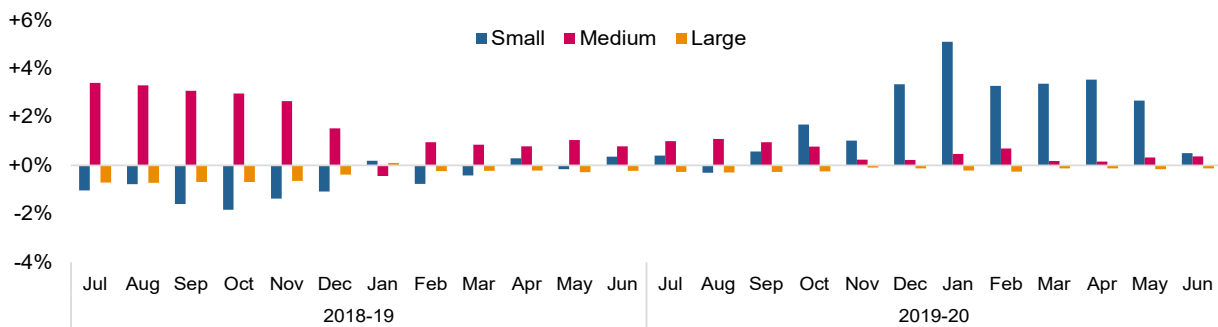
Figure 23 - Customer transfers percentage change by retailer size

Retailer size	Percentage customer gain	
	2018–19	2019–20
Small	-7%	+29%
Medium	+23%	+7%
Large	-5%	-2%

Medium retailers gained only seven per cent in 2019–20 which was mainly driven by Tango Energy, Powershop and GloBird Energy. This was much lower compared to the 23 per cent gain in 2018–19. The trend for medium retailers shows the monthly net gain percentage continued to decrease over time.

Large retailers had a net loss of two per cent of their customer base during the year. AGL, Lumo Energy and Red Energy gained during the year while the other large retailers had more customers leaving. However, the percentage net loss was getting smaller over time for large retailers.

Figure 24 - Customer transfers percentage change by retailer size, per month<sup>3</sup>



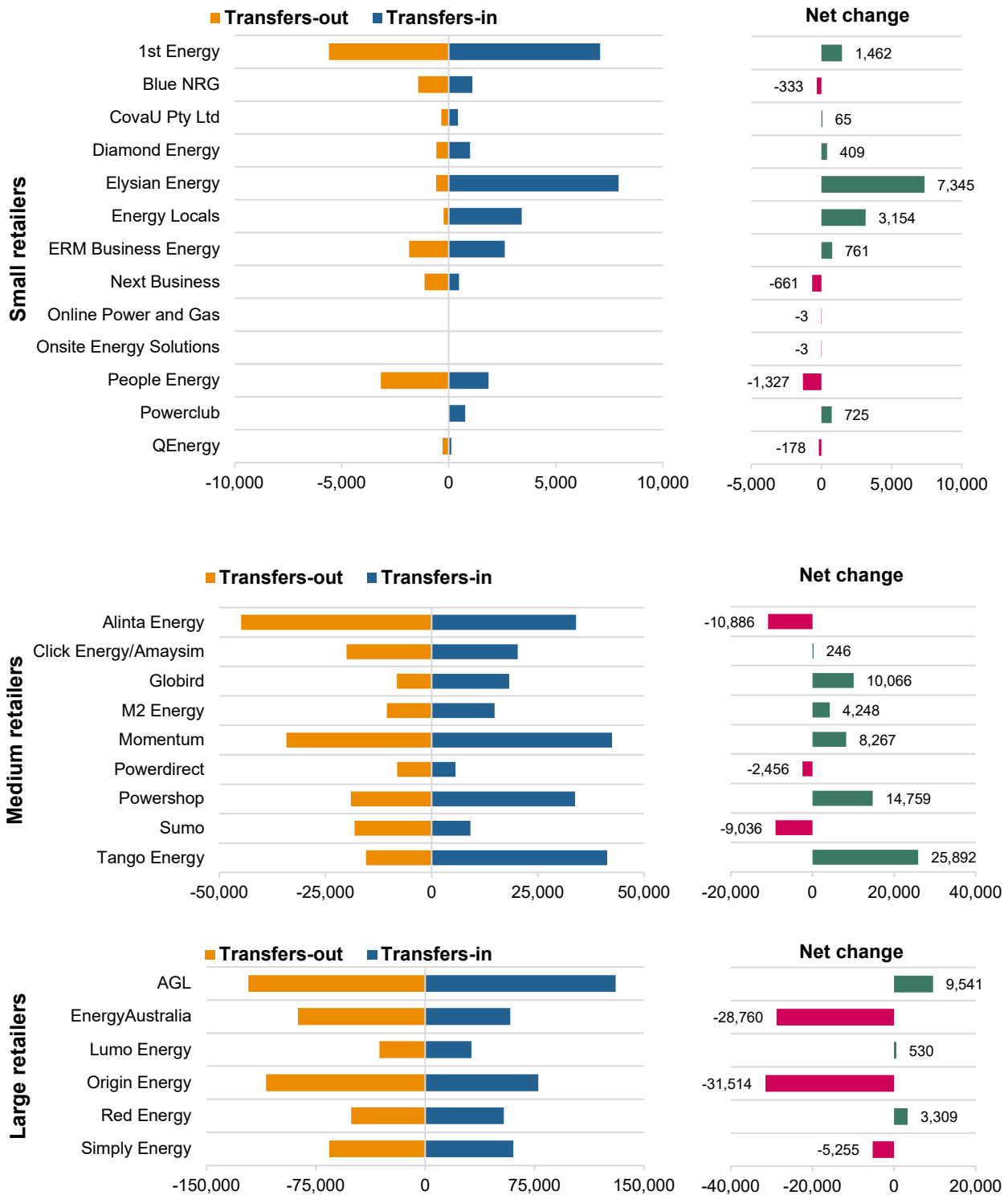
Data source: AEMO retail transfer statistical data and Compliance and Performance Reporting Guideline (CPRG) customers data

<sup>3</sup> The net change is estimated by calculating the difference between transfers-in and transfers-out over total number of customers for each retailer size. The

number of customers at the beginning of each financial year is based on the previous financial year. The total customers number and the net change is rolled to the next month as the new total.



Figure 25 - Customer transfers by retailer throughout 2019–20



Data source: AEMO retail transfer statistical data



## How well did my retailer provide customer service?

Retailers reported that residential and small business energy customers made 103,734 complaints to retailers in 2019–20, a decrease of 18 per cent on 2018–19.

We collect information from retailers about complaints made to them by customers. Retailers tell us how many customers complain to them about:

- billing issues, including overcharging or mistakes on bills
- marketing complaints, including concerns about particular sales tactics
- customer transfer complaints, which could be related to failing to transfer a customer to another retailer within a certain time and
- other complaints, which could be about poor customer service.

### **Residential energy complaints decreased by 17 per cent**

In 2019–20, Victorian residential energy customers made 96,969 complaints to retailers, a decrease of 17 per cent on 2018–19.

This was equivalent to 2.3 complaints for every 100 residential electricity customers and 1.8 complaints for every 100 residential gas customers. This is lower than the 2.8 complaints for every 100 residential electricity

customers and 2.2 for every 100 residential gas customers in 2018–19.

Consistent with the previous year, billing issues were the most common type of complaint. The number of billing complaints fell by 12 per cent and all other categories also decreased.

Simply Energy had the highest number of reported complaints with 6.78 complaints per 100 electricity customers, and 6.86 per 100 gas customers. This is more than double the Victorian average for 2019–20.

For residential electricity, Momentum Energy had the largest increase in complaints per 100 electricity customers with an increase of 105 per cent. In contrast, Diamond Energy had the largest reduction in complaints per 100 electricity customers with a decrease of 87 per cent.

For residential gas, Alinta Energy had the largest increase in complaints per 100 gas customers with an increase of 141 per cent. In contrast, CovaU had the largest reduction in its complaints per 100 gas customers with a decrease of 91 per cent.



Figure 26 - Residential complaints (electricity and gas) to retailers, by type

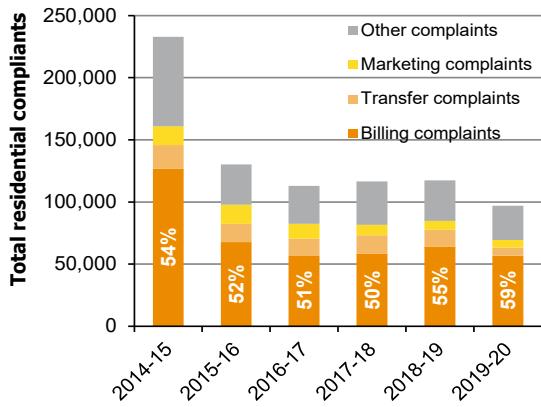


Figure 27 - Residential complaints (electricity and gas) to retailers per 100 customers

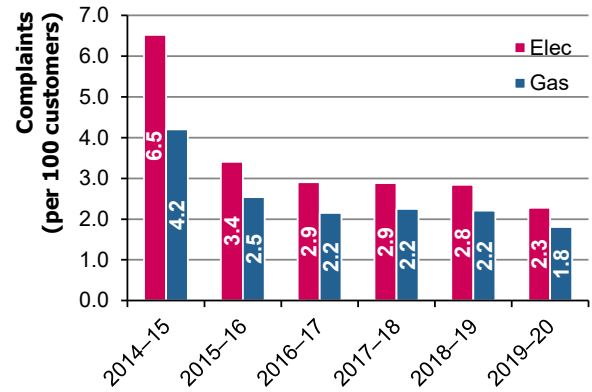


Figure 28 - Residential complaints to retailers per 100 electricity customers

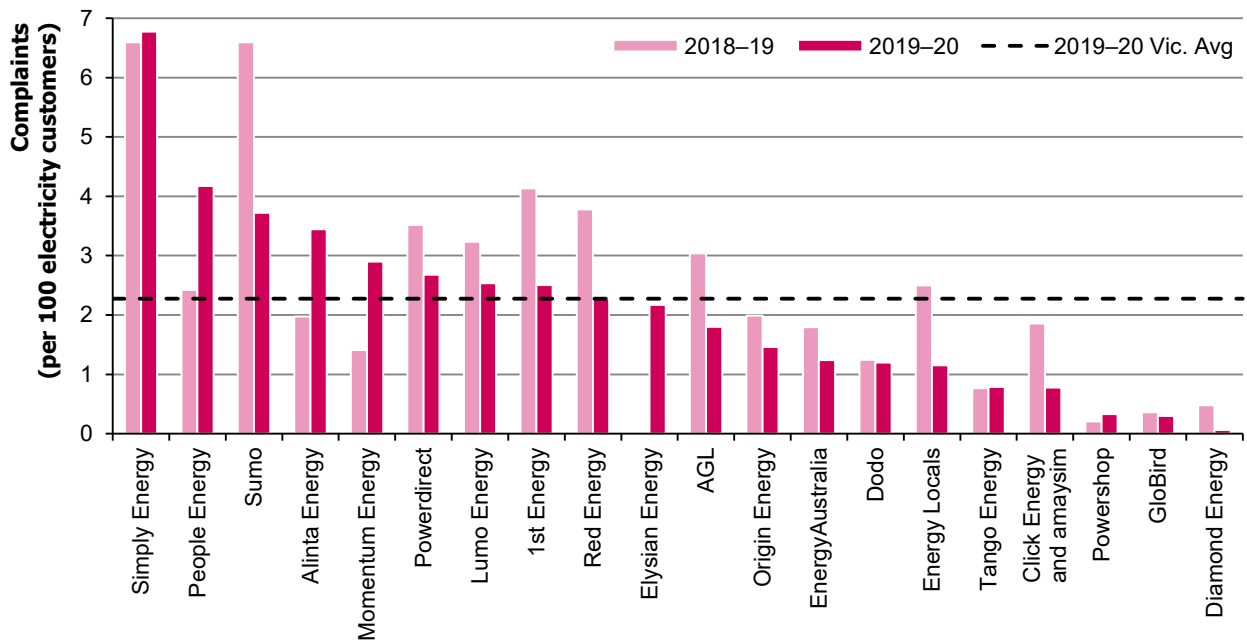


Figure includes only retailers with at least 1,000 residential electricity customers. Powerclub (9.07 per 100 electricity customers), CovaU (1.87 per 100 electricity customers), QEnergy (1.77 per 100 electricity customers), Next Business Energy (0.0 per 100 electricity customers), and Blue NRG (0.0 per 100 electricity customers) were excluded.





Figure 29 - Residential complaints to retailers per 100 gas customers

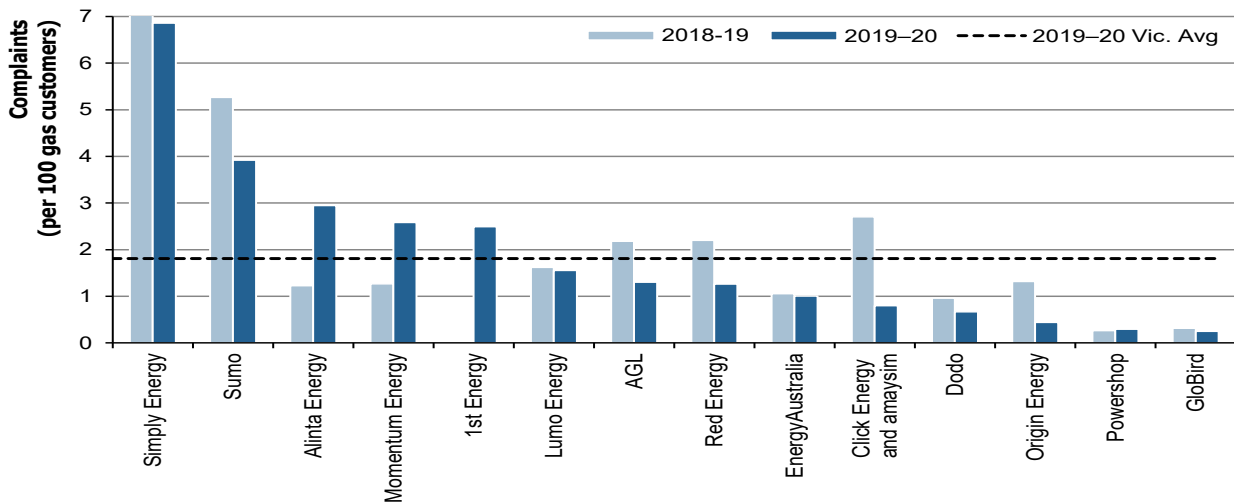


Figure includes only retailers with at least 1,000 residential gas customers. Tas Gas Retail (1.86 per 100 gas customers) and CovaU (0.32 per 100 gas customers) were excluded.

### Small business energy complaints decreased by 27 per cent

Small business energy customers made 6,765 complaints to retailers in 2019–20, a decrease of 27 per cent on 2018–19.

This was equivalent to 2.0 complaints for every 100 residential electricity customers and 1.8 complaints for every 100 residential gas customers. This is slightly less to past years.

Consistent with the previous year, billing issues were the most common type of complaint. The number of billing complaints fell by 23 per cent while all other categories also decreased.

For small business electricity customers, Blue NRG had the largest increase in complaints per 100 electricity customers with an increase of 385 per cent. In contrast, AGL had a

reduction in its complaints per 100 electricity customers with a decrease of 56 per cent.

For small business gas customers, Momentum Energy has the latest increase in complaints per 100 gas customers with an increase of 125 per cent. Where Origin Energy had a reduction in its complaints per 100 gas customers of 58 per cent.

Figure 30 - Small business complaints (electricity and gas) to retailers, by type

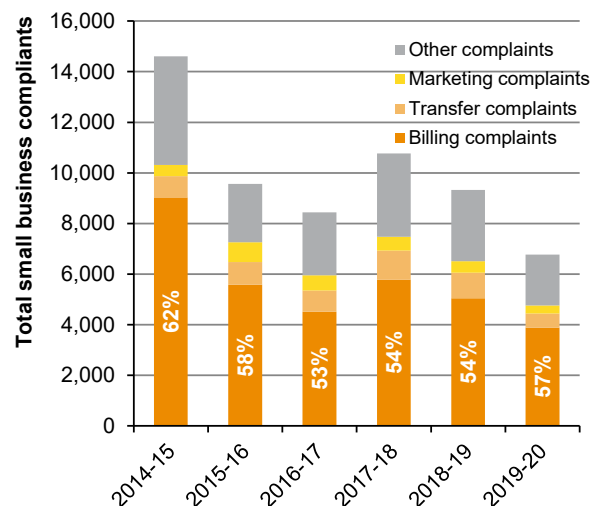
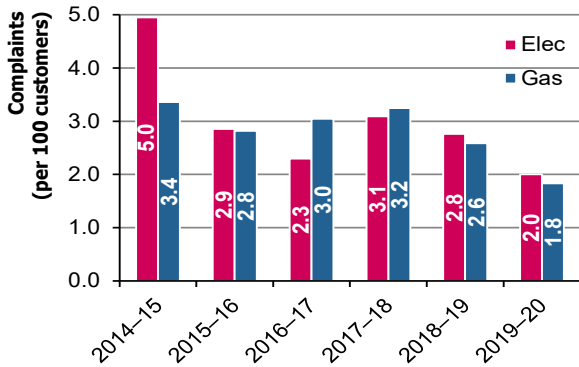




Figure 31 - Small business complaints (electricity and gas) to retailers per 100 customers



### Decrease in calls to retailers in 2019-20

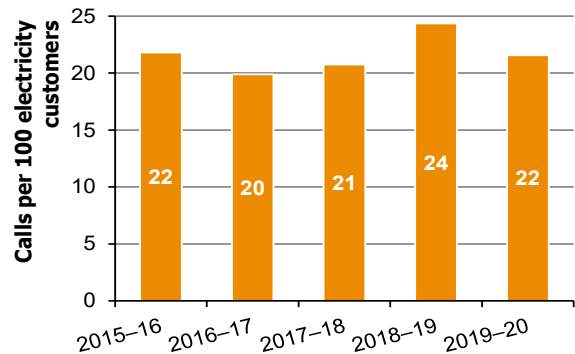
In 2019-20, retailers received an average of 22 calls per 100 electricity customers each month (excluding sales enquiries). This was around 11 per cent decrease in total calls from the previous year.

### Customers waited longer for their calls to be answered

In 2019-20, the number of calls forwarded to an operator decreased 11 per cent and the speed with which these calls were answered did not improve. Customers waited on average 92 seconds for their calls to be answered. This was a rise of a third compared to the waiting times in 2018-19.

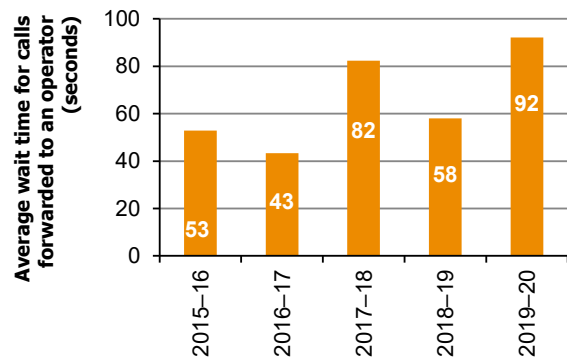
Sumo customers waited the longest time when calling their retailer, waiting over three and a half minutes (215 seconds) before speaking to an operator. However, this was 21 per cent less than 2018-19. Ten other retailers had an average wait time of over 60 seconds.

Figure 32 - Number of calls per 100 electricity customers



The 2018-19 figure has been revised due to some retailers amending their numbers for the period January to June 2019.

Figure 33 - Average customer call wait times in Victoria



The 2018-19 figure has been revised due to some retailers amending their numbers for the period January to June 2019.



Figure 34 - Customer call wait times, by retailer

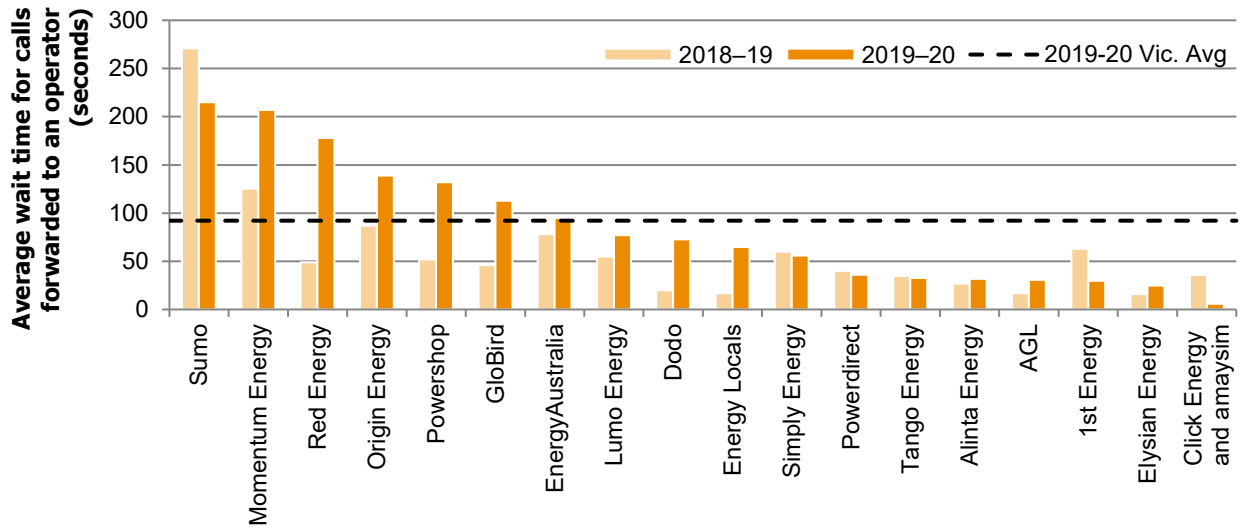


Figure includes only retailers with at least 1,000 residential electricity customers. Powerclub (94 seconds), Next Business Energy (15 seconds), CovaU (10 seconds), Blue NRG (37 seconds) and QEnergy (3 seconds) were excluded.



### Where should I go if I still have concerns or complaints with my energy retailer?

If you have a question about your service, for example, about your energy bill, first contact your retailer.

If you cannot resolve the issue with your retailer, you can contact the Energy and Water Ombudsman Victoria (EWOV) on 1800 500 509. EWOV is an independent and free dispute resolution service. It will only consider an investigation if you have already tried to resolve your complaint with your retailer.

#### Cases and investigations carried out by the Energy and Water Ombudsman (Victoria)

One indicator of the effectiveness of a retailer’s complaints process is the proportion of complaints that are not resolved at the retailer level and subsequently become investigations by EWOV. In 2019–20, EWOV received 18,037 cases related to electricity and gas retailers. EWOV also carried out 3,143 investigations related to disputes involving retail electricity and gas customers. This was a decrease on the previous year with 24,241 cases and 4,019 investigations in 2018–19. The rate of investigations carried out by EWOV varied greatly by retailer, ranging between 0.01 to 0.27 investigations per 100 energy customers.

Powerdirect had the highest rates of investigations for large and medium retailers, at 0.10 investigations per every 100 energy customers respectively. People Energy, a small retailer, had the highest rate of investigations at 0.27.

Figure 35 - Total EWOV investigations per 100 residential energy customers

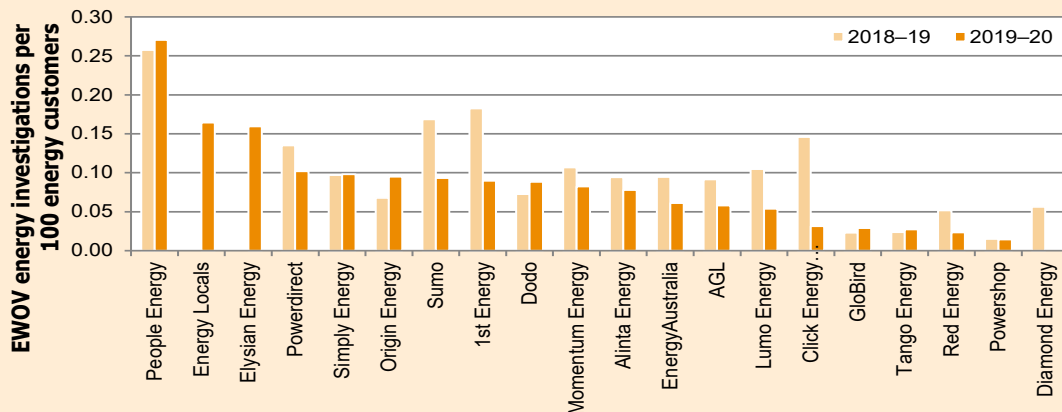


Figure includes only retailers with at least 1,000 residential energy customers in 2019–20. A ‘case’ refers to all customer contacts with EWOV. Each case is registered as either an enquiry or a complaint. An ‘investigation’ is opened where an assisted referral does not resolve a customer’s complaint.



# How reliable is the energy delivered by my distributor?

Distributors are responsible for the reliability of your energy supply.

Your distributor is responsible for supplying energy to you, and that it meets the required quality standards. For example, electricity should be delivered without large variations in voltage that could damage electrical equipment.

The gas distribution network is more reliable than the electricity system, mainly because the pipelines are underground and therefore protected from the weather and other interference. This analysis only focuses on electricity distribution.

Electricity distributors maintain infrastructure such as the poles and wires connecting your property to the grid. They are required to notify you in advance if they plan to shut off your supply. However, you may experience unplanned outages from time to time. When this happens, you may be eligible for a payment from your distribution network.

## Average number of electricity interruptions increased in 2019

There are two measures that are commonly used by electricity distributors to evaluate the reliability of their electricity networks:

- unplanned System Average Interruption Frequency Index (SAIFI) – the number of times electricity supply was interrupted without warning per customer
- unplanned System Average Interruption Duration Index (SAIDI) – the duration of unplanned interruptions per customer.

In 2019, CitiPower and United Energy had fewer electricity supply interruptions per customer compared to the previous year. CitiPower also have the fewest unplanned interruptions per customer compared to the other distributors.

The duration of the interruptions had also increased compared to 2018 for most electricity distributors. CitiPower had the shortest duration of unplanned interruptions per customer. AusNet had an increase in interruptions caused primarily by bushfires and poor weather.

Figure 36 - Number of unplanned electricity interruptions, per customer

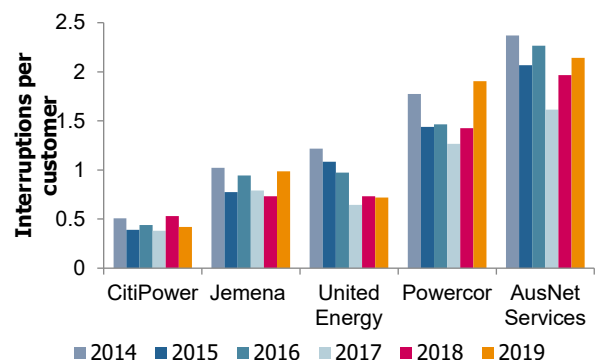
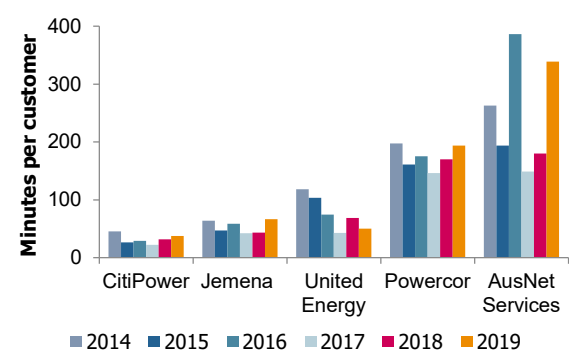


Figure 37 - Duration of unplanned electricity interruptions, per customer





## Guaranteed service level scheme payments to customers increased

We oversee a guaranteed service level scheme that requires distributors to make payments of up to \$360 to individual customers when certain service levels are not met.

The guaranteed service level payments by distributors to electricity customers was around \$15 million in 2019, a 42 per cent increase compared to the payments made in 2018. This increase in payments is reflective of the increase in duration, bushfires and bad weather.



### What should I do if I my electricity supply is disrupted?

You should contact your distributor. Their contact information can be found on your energy bill.

You may be entitled to a payment if:

- you experienced lengthy or repeated gas supply interruptions
- your distributor made an appointment with you and is late or does not show up, or
- your distributor fails to supply energy to you on an agreed day.

Figure 38 - Electricity guaranteed service level payments, by type

Reasons for payment	2014	2015	2016	2017	2018	2019
Late appointments with customers	1,138	49	101	45	58	19
Delay in connecting supply	407	317	1,479	4,982	2,274	1,041
Repeated or lengthy power outages (low reliability of supply)	92,052	79,991	135,110	46,913	80,159	106,839
Faulty streetlights not repaired in time	302	211	648	182	190	121
<b>Total number of payments</b>	<b>93,898</b>	<b>80,568</b>	<b>137,338</b>	<b>52,122</b>	<b>82,681</b>	<b>108,020</b>

Figure 39 - Electricity guaranteed service level payments, total amounts

	2014	2015	2016	2017	2018	2019
<b>Total payments</b>	\$9,272,677	\$8,192,650	\$22,281,980	\$6,455,490	\$10,606,600	\$15,163,995

The total payment in 2016 was significantly higher due to disrupted electricity supply of customers as a result of heavy storms across Victoria in October 2016. The high payment in 2019 was mainly due to electricity disruption caused by a combination of heavy storms, heatwave, and bushfires in early 2019.



### Unaccounted for gas

Unaccounted for gas (UAFG) refers to the difference between the measured quantity of gas entering the gas distribution system from various supply points and the gas delivered to customers. There are various causes for UAFG, including fugitive emissions, metering errors, heating value, data quality and theft.

In Victoria, UAFG is managed via a benchmark process and our Gas Distribution System Code sets benchmarks for each Victorian gas distributor. The code requires gas distributors to use reasonable endeavours so that UAFG is less than their benchmark. Retailers are required to purchase enough gas to cover customer consumption and the actual UAFG. Each year, gas distributors and retailers each reconcile the amount of gas purchased against UAFG benchmarks.

The latest settled data for class B customers are shown in the following table and figures. There is always a lag in the most recently available data to allow for accounts to be settled. The latest completed settled data for our gas network is up to 2017.

Figure 40 - Class B DTS network UAFG percentage, settled data

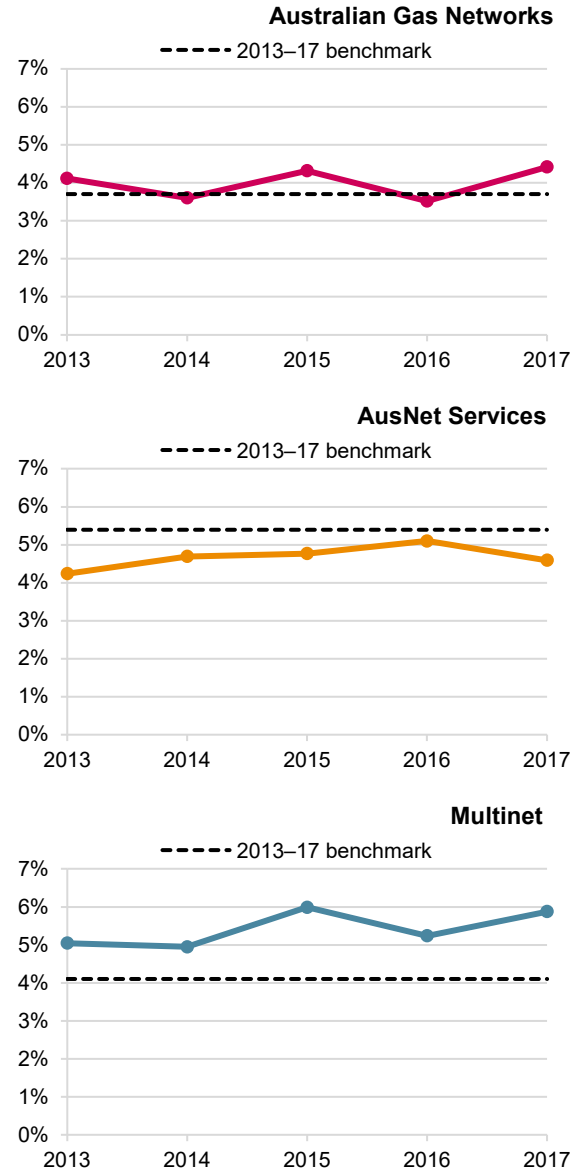


Figure 41 - Class B UAFG for DTS networks, settled data and benchmarks

Distributor	2013–17 benchmark	2013	2014	2015	2016	2017	2018–22 benchmark
AusNet Services	5.4%	4.24%	4.69%	4.77%	5.10%	4.59%	4.6%
Australian Gas Networks	3.7%	4.12%	3.61%	4.32%	3.52%	4.42%	4.0%
Multinet	4.1%	5.05%	4.95%	5.99%	5.24%	5.88%	5.3%

Australian Gas Networks benchmarks are separate for Victoria and Albury, at 4.0% for 2018–22 and 3.7% for 2013–17. Class B customers consume less than 250TJ per annum.

# Complying with the rules







## Are energy businesses following the energy rules?

To build the trust of Victorian energy customers, it is important that energy businesses follow the rules.

### We use a range of tools to act on businesses that breach the rules

As the Victorian energy regulator, we have a range of powers and tools that we can use. We use these powers and will act depending on the severity of the problem and the evidence we collect.

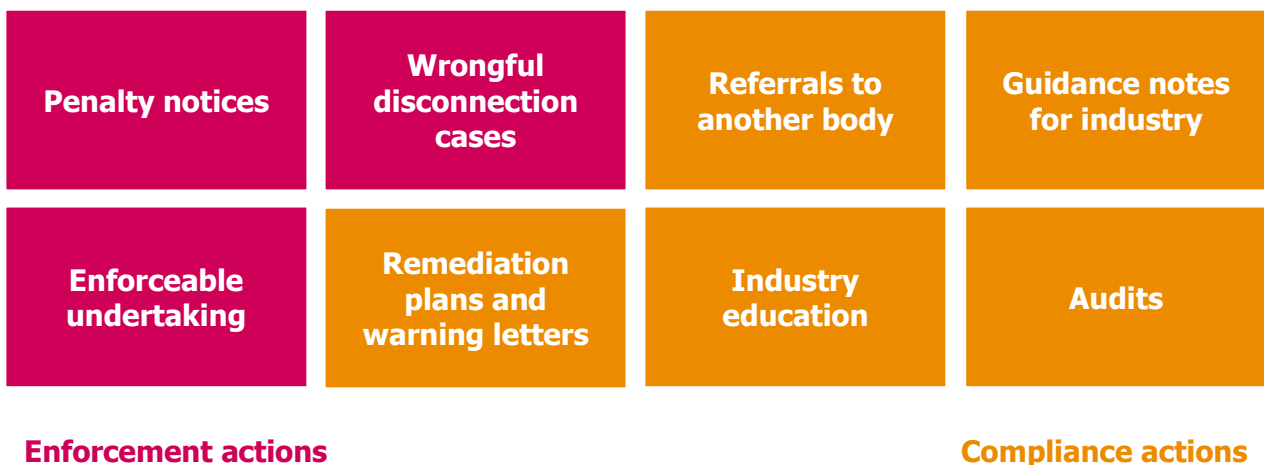
We can take enforcement action on businesses and can issue penalty notices where the commission believes a contravention has occurred, including:

- an energy industry penalty notice of up to \$20,000 per notice
- a wrongful disconnection penalty notice of \$5,000 per notice.

We can also issue enforcement orders or accept enforceable undertakings from energy businesses to take action to address a contravention. If an energy business fails to comply with these actions, the commission can apply to the Supreme Court to take further action. We can also vary the licence conditions of energy businesses or revoke a licence or appoint an administrator if necessary.

We also conduct regular audits and investigate potential breaches in line with our compliance priorities.

Figure 42 - Types of compliance and enforcement actions we can take





### Summary of actions we have taken relating to energy businesses in 2019–20

In 2019–20 we undertook a broad range of actions relating to energy businesses that involved monitoring, audits, education, investigations, and enforcement action.

We issued penalty notices to four retailers totalling \$2,080,000. We also made 8 decisions relating to wrongful disconnections referred to us by the ombudsman, resulting in a total of \$101,440 in compensation paid to customers.

We also used our powers to issue compulsory information gathering notices

under section 37 of the Essential Services Commission Act, which requires energy businesses to produce information to the commission to carry out its functions. Failing to provide that information can lead to criminal charges.

In 2019–20, we issued information gathering notices to five energy businesses, to investigate possible issues of reporting, improper sales, and failing to provide required information to customers.

We also separately issued 57 information gathering notices to relevant retailers to help inform our work in calculating the Victorian Default Offer and to understand the prices that Victorian customers pay for their energy.

Figure 43 - Penalties issued to energy businesses in 2019–20

Retailer	Topic area of alleged breach	Penalty notices	Total penalty amount
Momentum Energy	Allegedly failing to inform consumers experiencing vulnerability of overcharges	60	\$900,000
amaysim	Allegedly fraudulently switching customers without consent	30	\$600,000
Simply Energy	Allegedly switching customers without consent	15	\$300,000
Alinta Energy	Allegedly fraudulently switching customers without consent	14	\$280,000
<b>Total</b>		<b>119</b>	<b>\$2,080,000</b>

Figure 44 - Section 37 notices issued to energy businesses in 2019–20

Energy business	Reason for notice	Notices issued
Retailers and exempt persons	Investigations into possible issues of reporting, improper sales, and failing to provide required information to customers	4
Retailers	To inform our work in calculating the Victorian Default Offer and to understand the prices that Victorian customers pay for their energy.	57



## Complying with the energy rules

We monitor whether energy businesses have complied with their obligations. We gather information from customer complaints and correspondence, and referrals from the Energy and Water Ombudsman Victoria.

We are also notified of potential breaches that are self-reported to us – we received over a thousand self-reported breaches from energy businesses in 2019–20.

We subsequently reviewed the practices of 32 retailers, seven distributors and three embedded networks. This led us to issue 82 warning letters about matters such as explicit informed consent, failure to notify customers

of planned outages, payment difficulties, wrongful disconnections and life support customers. As a result of our actions, retailers have submitted remediation plans or reconsidered its processes to prevent further compliance issues from reoccurring.

We also undertook compliance checks in relation to the hardship policies of three retailers, to make their information more accessible to customers. We have also begun making inquiries on the additional charges within the terms and conditions of retailers' energy offers, to check whether these are fair and comply with the rules.

**Figure 45 - Self-reported breaches by type at 30 June 2020**

Type of self-reported breach	Number of breaches self-reported	
	in 2018–19	in 2019–20
<b>Retailers</b>		
Payment difficulties	3	16
Family violence	N/A	0
Explicit informed consent	117	89
Overcharging	10	8
Embedded networks	0	2
Life support	1	5
Information*	323	194
Sales and sign-up processes	160	139
Service standards	1	109
Other	15	26
<b>Sub-total</b>	<b>630</b>	<b>588</b>
<b>Distributors</b>		
Life support	5	7
Planned outage notifications	350	168
Service standards	1	5
<b>Sub-total</b>	<b>356</b>	<b>180</b>

\* Relates to contents of energy bills, contract information, policy and price disclosure

Note: all potential breaches are only as reported by energy retailers and distributors



## What were the key areas where compliance and enforcement action was needed?

We acted in relation to energy businesses in seven key areas to protect customers and deter future non-compliance. These areas were consistent with the key strategic priority areas we focused on in 2019–20.



### Switching customers without their consent

Retailers are required to obtain your explicit informed consent before they sign you up for an energy contract. Ensuring customers are only transferred when they have provided explicit informed consent is a continuing priority for us, as it is critical to restoring trust in the energy market.

Retailers submitted 89 possible breaches to us relating to this area, and we issued a total of 44 penalties after our investigations. Our actions resulted in energy businesses paying a total of \$1,180,000 in penalties.

Retailers were found not to have correctly disclosed the terms of a contract to a customer during the sign up process or switching the customer without their permission.



In particular, we issued penalty notices to three retailers:

- In December 2019, **Simply Energy** paid \$300,000 in penalties for allegedly switching customers who had expressly stated they did not want to be switched, providing misinformation to customers about rates, and switching customers who had no contact whatsoever with Simply Energy.
- In March 2020, **Alinta Energy** paid penalties totalling \$280,000 for allegedly switching customers to new energy contracts without their consent. Three different groups of sales agents acting on behalf of Alinta Energy engaged in this alleged conduct involving fraudulent behaviour such as impersonating customers in phone calls to sign them onto energy contracts.
- In April 2020, **Amaysim Energy (also trading as Click Energy)** paid penalties totalling \$600,000 after a sales agent allegedly fabricated customers details to sign them up without their consent. Amaysim Energy allegedly proceeded to transfer these customers despite the alleged fraud being spotted due to a high number of sales being processed by the responsible agent.

Explicit informed consent continues to be a priority area for the commission in 2020-21.

### Auditing a previously penalised retailer

1st Energy was assessed by an external auditor to find out if they have improved their systems and processes to obtain the explicit

informed consent of a customer before transferring them. We required 1st Energy to have this audit because 1st energy paid penalties in April 2019 for allegedly transferring a customer without their consent, causing confusion and harm to an elderly Victorian in an aged care home. The external auditor found 1st Energy has improved its systems and processes to:

- verify the sign up of new customers
- verify customer meter numbers and addresses before switching them
- increase its oversight over the training and quality assurance activities of external telemarketing partners.



### Penalty notices and our enforcement powers

We can issue penalty notices where we consider that a contravention has occurred. Penalties include:

- an energy industry penalty notice of up to \$20,000 per notice
- a wrongful disconnection penalty notice of \$5,000 per notice.

We can also issue enforcement orders or accept enforceable undertakings from the energy businesses to take action to address the identified issue.

If an energy business fails to comply with a penalty notice, enforcement order or enforceable undertaking, we can apply to the Supreme Court to take further action.



### Wrongful disconnection of customers

Since energy is an essential service, rules about disconnection are important to protect customers.

Following the commencement of the payment difficulty framework, we have been carefully monitoring where possible non-compliance is occurring, and taking action where necessary.

Our rules require that an energy customer has access to assistance, so that disconnection for not paying a bill is a measure of last resort. This means that before a disconnection can be made for non-payment of energy bills, a retailer must:

- offer assistance to customers to help them get on top of their arrears and lower their ongoing energy costs
- not disconnect a customer when they are engaging with the retailer and receiving payment assistance, and
- provide disconnection warning letters to customers who are not engaging with their retailer, to give the customer an opportunity to receive further assistance.

Wrongful disconnection can also occur if, for example, your retailer does not offer you the required assistance before disconnecting you. If your power is wrongfully disconnected,

then you are entitled to a wrongful disconnection payment of \$500 per day of disconnection.

### Resolving wrongful disconnection disputes

In some cases where the customer and retailer cannot resolve a disconnection dispute, the dispute may be handled by the Energy and Water Ombudsman (Victoria). If the ombudsman and retailer are unable to agree on whether a disconnection was wrongful, the matter may be referred to us for a decision.

In 2019–20, we resolved eight disconnection disputes referred to us, resulting in six cases being wrongful and affected customers being compensated a total of \$101,440. These cases involved Dodo Power & Gas, Lumo Energy, 1st Energy, Red Energy and Simply Energy.

Two of the disconnection disputes referred to us were found not to have involved a wrongful disconnection, including one case each with Alinta Energy and Origin Energy.

The topic of the disconnections disputes are summarised the following figure, and full details about each of the commission's decisions can be found on our website.



**Figure 46 - Wrongful disconnection payment cases referred to the commission between July 2019 and June 2020**

Retailers	Topic of dispute	Outcome	Total compensation amount
1st Energy	Customer not offered payment assistance prior to disconnection	Wrongful	\$16,153
Alinta Energy	Reconnecting customer’s gas supply after being disconnected	Not wrongful	-
Dodo Power & Gas	Compensation amount for being wrongfully disconnected	Wrongful	\$63,030
Lumo Energy	Compensation amount for being wrongfully disconnected (but supply was unlawfully reconnected)	Wrongful	-
Lumo Energy	Unresolved customer complaint when being disconnected	Wrongful	\$18,757
Origin Energy	Customer not provided relevant information on disconnection warning notice	Not wrongful	-
Red Energy	Customer not informed of information about payment plans (but supply was unlawfully reconnected)	Wrongful	\$0
Simply Energy	Unresolved customer complaint when being disconnected	Wrongful	\$3,500

Figures are based on wrongful disconnection payment cases referred by the Energy and Water Ombudsman of Victoria

**Retailers also paid out more than \$750,000 to customers for wrongful disconnections**

If a retailer identifies that it has wrongfully disconnected a customer, this must be reported to us. If compensation is payable, the retailer should pay it to the customer.

In 2019–20, retailers self-reported they had wrongfully disconnected 495 customers, which was more than the 484 customers wrongfully disconnected in 2018–19.

In total, retailers paid \$756,446 to affected customers, 5 per cent lower than the same period in 2018–19.

Compared to the previous year, we note that Momentum Energy and Red Energy have wrongfully disconnected significantly more customers in 2019–20.

We have also observed that some retailers have reported significant decreases in wrongful disconnections in 2019–20, with AGL, EnergyAustralia and Alinta paying out less than half the payments in 2018–19.



Figure 47 - Summary of self-reported wrongful disconnections, Total customers affected per year, by retailer

Retailer	Total customers affected			
	2016–17	2017–18	2018–19	2019–20
AGL	272	118	117	71
Energy Australia	92	76	62	38
Origin Energy	50	47	37	25
Lumo Energy	79	43	27	28
Red Energy	25	35	33	49
Simply Energy	78	38	29	32
Alinta Energy	36	19	36	24
Click Energy and amaysim	9	19	14	-
Dodo & Commander (M2 Energy)	20	2	2	7
Momentum	28	35	71	163
Powerdirect	11	3	2	4
Blue NRG	15	-	7	1
ERM Business Energy	1	-	-	-
Globird	3	-	-	-
Online Power and Gas	4	-	-	-
People Energy	1	-	-	-
QEnergy	1	-	1	-
Sumo Power	1	-	14	21
Powershop Australia	-	12	19	18
1st Energy	-	4	4	-
CovaU	-	41	3	2
Tango (Pacific Hydro)	-	10	6	12
<b>Total</b>	<b>726</b>	<b>502</b>	<b>484</b>	<b>495</b>





Figure 48 - Summary of self-reported wrongful disconnections, Total amount paid during the year, by retailer

Retailer	Total amount paid during the year			
	2016–17	2017–18	2018–19	2019–20
AGL	\$409,763	\$239,233	\$297,650	\$147,191
Energy Australia	\$111,483	\$91,014	\$127,217	\$38,796
Origin Energy	\$101,332	\$48,807	\$34,481	\$30,801
Lumo Energy	\$155,654	\$50,919	\$81,895	\$99,709
Red Energy	\$25,199	\$21,957	\$27,533	\$84,992
Simply Energy	\$83,298	\$54,595	\$45,250	\$38,752
Alinta Energy	\$95,520	\$27,272	\$65,417	\$24,486
Click Energy and amaysim	\$4,111	\$15,619	\$24,180	\$0
Dodo & Commander (M2 Energy)	\$17,967	\$1,704	\$3,346	\$11,886
Momentum	\$5,721	\$40,106	\$46,893	\$253,387
Powerdirect	\$24,100	\$4,575	\$13,164	\$1,783
Blue NRG	\$0	\$0	\$11,043	\$500
ERM Business Energy	\$500	-	-	-
Globird	\$861	-	-	-
Online Power and Gas	\$0	-	-	-
People Energy	\$979	-	-	-
QEnergy	\$1,040	\$0	\$205	\$0
Sumo Power	\$156	\$0	\$2,058	\$5,920
Powershop Australia	-	\$9,063	\$8,062	\$7,769
1st Energy	-	\$3,884	\$4,722	\$0
CovaU	-	\$27,119	\$1,251	\$6,473
Tango (Pacific Hydro)	-	\$2,531	\$2,817	\$4,003
<b>Total</b>	<b>\$1,037,683</b>	<b>\$638,368</b>	<b>\$797,176</b>	<b>\$756,446</b>

Figures may not add up precisely due to rounding. Excludes wrongful disconnections disputes that were referred to us. Zero payments relate to cases that were resolved with no payment, whereas a '-' is where there were no wrongful disconnections.



### **Incorrectly charging customers**

Customers expect to be correctly charged for the energy they use. Customers also expect to be made clearly aware where under or overcharging has occurred.

### **Momentum Energy paid penalties of \$900,000 for allegedly failing to inform consumers experiencing vulnerability of overcharges**

In November 2019, Momentum Energy paid 60 penalty notices totalling \$900,000 for allegedly failing to apply concessions to customers' bills and then not notifying them in a timely way.

Over 2,500 Momentum Energy customers who qualified for concession discounts were allegedly overcharged more than \$203,000 between July 2017 and May 2018.

Momentum Energy also agreed to a court enforceable undertaking which requires it to compensate more than \$23,000 to former customers who were yet to be reimbursed.

Under the state's energy rules, when a customer is overcharged, energy retailers are required to inform them within 10 business days of becoming aware of it. They must then take action to repay or credit the overcharges.

Energy retailers are responsible for returning overcharged amounts to consumers in a timely way.

### **Failing to notify customers of planned outages**

Energy distributors reported 176 breaches during 2019–20, which represents a decrease in breaches compared to the previous year.

In 2019–20, the largest proportion of these breaches were from distributors failing to notify customers of when an outage to their electricity supply was being planned.

In April and May 2019, all 5 energy distributors were issued with penalty notices for allegedly failing to notify customers of planned outages and since that time we have been closely monitoring this conduct.

In 2019–20 there was a 52 per cent decrease in reported breaches relating to planned outage notifications compared to 2018–19.

### **Protecting life support customers**

There were also seven reported breaches that affected customers on life support systems connected to the electricity grid. Ensuring the safety of life support customers is a priority for us.

Reports relating to life support customers are investigated as a top priority and we closely review whether distributors have taken the correct steps for the safety of an affected customer.



### Payment difficulty and family violence protections

We also continue to monitor and promote compliance when retailers support customers in payment difficulty, or protections for customers experiencing family violence.

#### Energy retail industry pulse check

In April 2020, we put the second half of the 2019–20 audit program on hold to focus on ensuring customers experiencing vulnerability are being supported.

We undertook a pulse check on energy retailers to understand the practices that retailers have in place to support consumers experiencing payment difficulties or family violence consistent with our energy rules.

The pulse check found that retailers generally had adequate systems and processes to support customers' experiencing vulnerability.

The pulse check also found retailers sought to comply with the rules through a range of different practices.

To promote consistency in retailer conduct and customer experience, we published guidance notes to educate retailers on:

- when to contact a customer to offer payment assistance
- engaging with customers who have not met their payment plan
- when to consider customers' circumstances
- preventing disconnections of customers receiving assistance.



### New guidance notes on the payment difficulty framework

Since August 2020, we have published six guidance notes for industry to improve protections for customers.

These guidance notes help clarify the following existing rules in the Energy Retail Code:

- De-energisation (or disconnection) of premises—for small customers: cl109(5)(d)
- Clear and unambiguous information or advice for residential customers anticipating or facing payment difficulties: cl89(1)(b)
- Payment arrangements and the written schedule of payments: cl81(5)
- Preventing disconnections of customers receiving assistance under Part 3: cl 116(1)(d)
- Considering customers' circumstances when discontinuing their tailored assistance: cl 83(1), cl 89 (1) (aa) and (a)
- Contacting customers receiving tailored assistance to discuss revising their plan: cl 81(6)
- Contacting customers eligible for tailored assistance: cl 80(2).



### Momentum Energy agrees to compensate disconnected customers over \$500,000

Between January and June 2018, Momentum Energy disconnected 844 customers, but had failed to inform the customers they could be disconnected remotely.

Around 250 of the affected customers were without power for more than a day, while 98 customers (12 per cent) were disconnected for multiple days. Another 34 customers were disconnected for more than two weeks.

In August 2019, Momentum Energy agreed to a court enforceable undertaking which requires it to make compensation payments to affected customers, amounting to a total of \$533,412. It is also required to track and report to the commission on its progress in attempting to reach customers including former customers.

### Use of smart meter data

We required distributors to engage external auditors to check whether they were following their obligations when using customers' smart meter data. The external auditors found distributors were generally compliant with their smart meter data obligations.

On average, only 0.06 per cent of Victorians may be receiving estimated electricity bills each year. Customers are also able to access data on their electricity use from their distributor and upload this into Victorian government's price comparator website, Victorian Energy Compare, to obtain tailored offers for electricity.



### Marketing activities and conduct

Our compliance and enforcement activities regularly identify conduct of retailers that may contravene Australian Consumer Law, such as misleading energy customers through marketing.

The commission is not empowered to pursue contraventions of the Australian Consumer Law directly, but we are committed to taking appropriate action when such concerns arise in the Victorian energy market. This is important to protect and build the trust of Victorian energy customers.

In 2019-2020, we provided 42 referrals and complaints to Consumer Affairs Victoria, relating to providing potentially misleading representations to customers during cold-calls or door-to-door sales, systemic underestimates of bills, and misrepresentations by retailers about the Victorian default offer (such as it mandating increases of market offers).



### Coronavirus pandemic compliance work

During the COVID pandemic, At the beginning of the pandemic, we recognised that due to unemployment growth and restrictions on movement, there was a greater risk of customers not being able to meet bill payments and unfortunately, be subject to family violence. Therefore, we wanted to ensure retailers and distributors systems and processes were ready to support more customers experiencing vulnerability for the first time,

In response, we changed our compliance program to focus our activities towards assessing whether retailers and distributors are supporting customers in need during the pandemic. This included replacing our existing audit program with a pulse check of retailers' payment assistance systems and processes. We also have established targeted work streams focused on monitoring retailers and distributors disconnection practices and responding to potential breaches of our energy rules.



## Priorities for action

### 2020–21

The purpose of our 2020–21 compliance and enforcement work is to build Victorians' trust in the energy market, especially while the community is affected by the coronavirus pandemic.

We are focussed on the following areas when conducting our compliance activities:

- payment difficulty framework
- family violence protections
- wrongful disconnections of customers
- planned interruptions, especially affecting customers with life support equipment
- the transfer of customers without explicit informed consent
- overcharging of consumers experiencing vulnerability, especially affecting those on concession entitlements or in payment difficulty
- embedded networks.

During this time, we will continue our focus on the protections for consumers experiencing vulnerability, and that customers are only disconnected as a measure of last resort according to the rules.

#### **Payment difficulty framework**

Retailers are required to proactively help their customers who are experiencing difficulty paying their bills.

For example, retailers are required to provide information about available payment options, accepting instalment plans, providing

additional time to pay arrears and giving customers information about government assistance such as utility relief grants.

#### **Family violence protections**

From 1 January 2020, energy retailers have been required to implement family violence policies and assist customers affected by family violence.

The rules require retailers to treat customers affected by family violence with care and respect and avoid actions that might endanger the customer. This includes not requiring evidence from family violence affected customers and ensuring confidentiality.

#### **Wrongful disconnection of customers**

Customers who are disconnected from electricity or gas can face significant risks to their welfare. Disconnection for non-payment reasons should only ever be a last resort.

We continue to monitor and analyse the complaints and reports we receive regarding wrongful disconnections, even in circumstances where energy businesses have already admitted wrongdoing and compensated customers, to determine whether enforcement action should be taken.

#### **Planned interruptions (especially life support customers)**

Planned interruptions of energy supply are critical for energy businesses to maintain the safety and reliability of our electricity and gas networks. However, planned outages can still



cause significant disruption to customers, especially during stay-at-home periods and particularly for life support customers.

If adequate notice of planned interruptions is not provided, it can have a significant impact on customers, particularly households and small businesses.

We are also prioritising cases of failing to register life support customers or notifying distributors of updates to the register.

### **Explicit informed consent**

A key component of consumer trust in the energy retail market is to ensure customers are only ever transferred to another retailer or enter a contract after explicitly giving their informed consent.

Energy businesses transferring customers without first obtaining explicit informed consent continues to be an issue of concern. The commission will continue to take strong enforcement action in this area, because of the substantial impact it can have on customers and levels of trust in the market.

### **Overcharging of consumers experiencing vulnerability, especially affecting those on concession entitlements**

If an energy business overcharges a customer, they must take timely action to repay or credit the customer the overcharged amount, even if the customer is no longer with the energy provider. Energy businesses who do not follow the relevant rules and choose to retain overpaid amounts will face

investigation and potential enforcement action.

### **Embedded networks**

Many Victorians buy their electricity through an embedded network. These customers may not be able to easily access the benefits of competition in the retail electricity market in that often they cannot choose their retailer.

While embedded networks may not need to hold a licence to sell electricity, they must register with us and join the Energy and Water Ombudsman Victoria dispute resolution scheme.

Our compliance team prioritises cases relating to embedded networks, including confirming that they are properly registered.



Coronavirus impact on residential and small business customers







## Focussing on customer vulnerability during the pandemic

### Feedback from our community roundtables

Since April 2020, we held six roundtables with the community sector and government organisations to share insights on the effect of the coronavirus pandemic on customers.

We heard that customers are experiencing new and complex forms of vulnerability during the pandemic. This highlights the importance of our continued work in supporting customers through appropriate protections, and further understanding specific areas of need.

We discuss the reflections from our engagement with the Victorian community sector below.

### New forms of vulnerability are emerging

Many customers have lost access to income through unemployment or reduced employment, and this has particularly affected people not eligible for the JobSeeker or JobKeeper payments.

However, it is likely that some customers may experience higher energy bills, with residential energy consumption increased from last year. For more information, please refer to the section “*Has the pandemic changed the way we use our electricity?*” on page 66.

Some consumers are also forced to make difficult choices in meeting essential household expenses, putting their health and well-being at risk. Consumers have used savings, borrowed money or sought early access to superannuation to pay utility bills. Many others are deferring payment of bills, raising concerns of accumulating debt to problematic levels.

This has resulted in more people seeking support for daily needs such as food, household goods, transport, education and utilities (including energy and telecommunications).

In the current circumstances, the community sector is deeply concerned of mental health issues relating to financial hardship and isolation.

### Existing vulnerabilities have increased

People at greater risk are those who experienced marginalisation even before the pandemic, including people on temporary visas, refugees, and those with specific communications needs.

As support services have shifted delivery from telephone and in-person to digital services, barriers for customers with low literacy and limited digital access seeking support have emerged

There are also increased reports of disclosures by women of family violence. The



community sector highlighted particular risks to consumers presenting with family violence being placed in the general ‘coronavirus support’ category, who may not receive the specialised support they require.

### **The importance of improving and raising awareness of customer entitlements**

Calls to community support services have decreased during the pandemic, which may be partly due to temporary government support payments and superannuation withdrawals. But there is a concern that people may not be reaching out for support.

Many consumers who are experiencing vulnerability (particularly those for the first time) are not familiar with their energy rights or eligibility for certain concessions. The community sector stressed the need to widen the reach to consumers and clearly communicate about the assistance available to those facing vulnerability.

In response, we have launched a public campaign to raise awareness of payment assistance for energy customers. We are also delivering education to the energy industry to improve customer engagement to access this support.

We are also concerned of several case studies shared by community support services of businesses pressuring customers to pay more than they can afford, and threatening disconnection or debt collection. We also heard of delays in getting through to business support services and receiving support such as utility relief grants.

We will continue to check the practices of energy businesses and enforce the rules where appropriate. One of our key strategic priority areas for compliance and enforcement is the protections for customers experiencing payment difficulty and wrongful disconnection.

We also look forward to working with the community sector and industry to review our payment difficulty framework, to appropriately support Victorian customers.



### **Future work on the experiences of consumers and post-pandemic recovery**

The impact created by the pandemic is likely to be felt over a long period. The community sector stressed the importance of retailers being cognisant of the diverse challenges faced by consumers and providing empathetic and tailored responses.

There are several research projects by community sector organisations currently underway on the experiences of consumers as the situation unfolds. These initiatives aim to support policy makers and regulators in identifying issues to make informed decisions for a smooth transition into the post-pandemic recovery period.



## Customers sought assistance early in the pandemic

The commission sent voluntary data requests to all retailers since the start of the pandemic to monitor the impact of the coronavirus pandemic on Victorian energy customers, as well as the responses of energy businesses to customers experiencing increased financial distress and uncertainty.

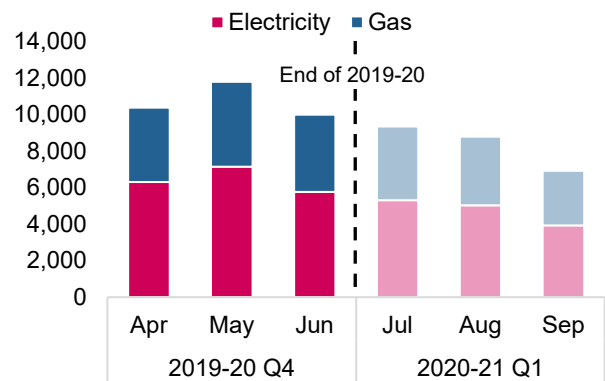
### Around 12,000 customers per week reached out to their retailer about payment plans or assistance

Between April and June 2020, there was an average of 10,795 residential and 2,092 small business customers per week who reached out to their energy companies for assistance.

We saw the highest number of customers enquiring about assistance with their retailers in May 2020, at an average of 11,790 residential and 2,589 small business customers per week.

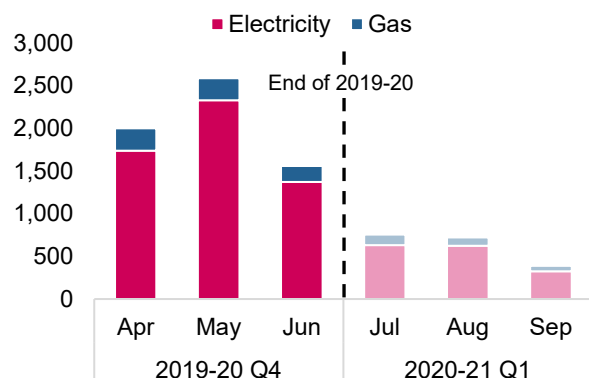
Fewer customers contacted their retailers for assistance in the following month with a 15 per cent reduction of residential and a 40 per cent reduction of small business customers compared to May 2020.

Figure 49 - Weekly average of residential customers enquiring about assistance



Data source: Voluntary retailer weekly coronavirus data collection

Figure 50 - Weekly average of small business customers enquiring about assistance



Data source: Voluntary retailer weekly coronavirus data collectio



### Customers enquiring about payment assistance after June 2020

The average number of residential and small business customers who enquired about assistance with their energy retailers continued to decline between June–September 2020, a reduction of 48 per cent for residential and 80 per cent for small business customers.

### Missed bill payments had been increasing between April and June

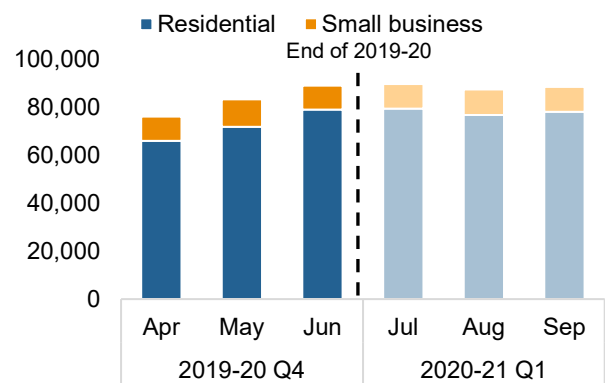
We requested energy retailers to report the number of bills not being paid by their due date, as this measure can be an early indicator of upcoming customer debt. We observed that the number of missed bill payments appears to fluctuate on a weekly basis depending on billing cycles.

Between April and June 2020, the average number of missed bill payments for residential and small business customers combined had been increasing each month. This was mostly driven by more residential customers who missed paying their bills on time.

In June 2020, the average number of missed bills for electricity and gas residential customers was 79,061, which was a 20 per cent increase compared to April.

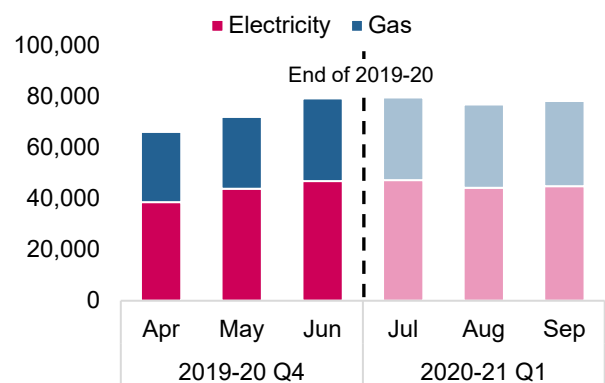
For small business customers, the average missed bill payments fluctuated between April and June. There was an average of 9,875 electricity and gas missed bill payments in June, only a two per cent reduction compared to April.

Figure 51 - Missed bill payments weekly average for residential and small business customers



Data source: Voluntary retailer weekly coronavirus data collection

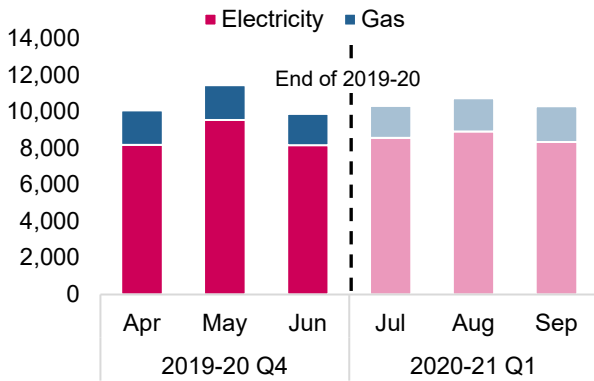
Figure 52 - Missed bill payments weekly average for residential customers by fuel



Data source: Voluntary retailer weekly coronavirus data collection



**Figure 53 - Missed bill payments weekly average for small business customers by fuel**



Data source: Voluntary retailer weekly coronavirus data collection



**Missed bill payments after June 2020**

The average number of missed bill payments for residential customers remained stable with reduction of one per cent between June and September 2020.

Missed bill payments for small business customers continued to show a small fluctuation between June and September 2020.

**Figure 54 - Customer enquiries and missed bill payments summary from the voluntary retailer weekly coronavirus data collection**

Indicator	Electricity			Gas		
	April (30 Mar to 26 Apr)	May (27 Apr to 31 May)	June (01 Jun to 28 Jun)	April (30 Mar to 26 Apr)	May (27 Apr to 31 May)	June (01 Jun to 28 Jun)
<b>Customer enquiries (market-wide)</b>						
Weekly average residential customer calls seeking assistance	6,298	7,134	5,762	4,064	4,656	4,224
Weekly average small business customer calls seeking assistance	1,738	2,332	1,371	265	257	189
<b>Missed bills (market-wide)</b>						
Weekly average residential customers who missed bills	38,535	43,768	46,797	27,432	28,085	32,264
Weekly average small business customers who missed bills	8,192	9,548	8,173	1,876	1,905	1,703

Data source: Voluntary retailer weekly coronavirus data collection



## Supporting customers during the pandemic

Following the government’s introduction of JobSeeker and JobKeeper to support workers and businesses through the coronavirus pandemic, we observed a steady decrease in the number of residential electricity and gas customers receiving tailored assistance.<sup>4</sup> Disconnections also ceased from mid-April.

### Fewer residential customers receiving tailored assistance

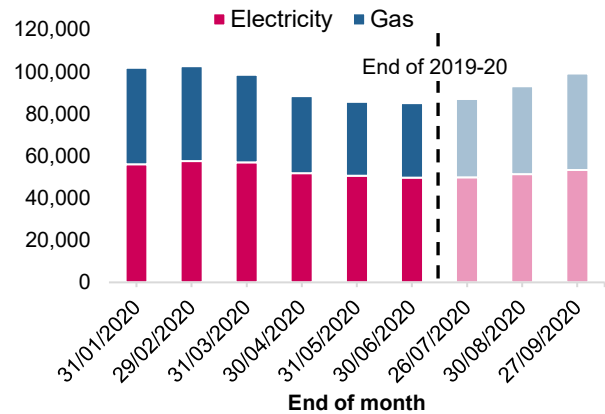
From April 2020 to June 2020, 14 per cent fewer residential customers received tailored assistance compared to the previous three months. This was also six per cent lower than the same period in 2019.

The average arrears for electricity and gas residential customers on tailored assistance had decreased as well between April and June 2020, compared to the previous three months. At the end of June 2020, the combined average arrears for electricity and gas customers was \$872, a seven per cent reduction compared to March.

Retailers also offered payment deferral for their customers during this pandemic and we started monitoring those customers who chose to defer their payments from June 2020. At the end of June, 15,649 residential electricity and gas customers (0.3 per cent of

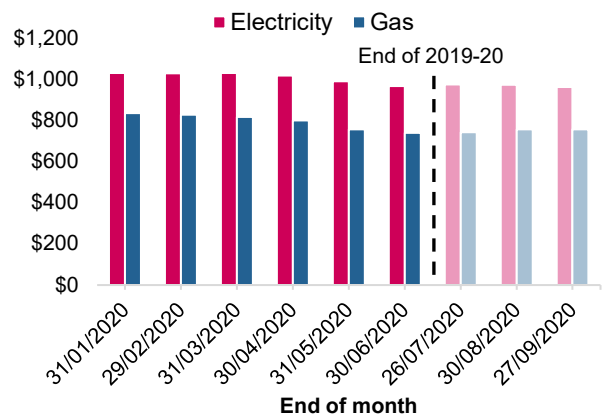
total residential customers) had chosen to defer their bill payments rather than entering a payment plan.

Figure 55 - Residential customers receiving tailored assistance



Data source: Compliance and Performance Reporting Guideline data (Jan to Jun) and retailer weekly coronavirus data (Jul to Sep)

Figure 56 - Average arrears for residential customers receiving tailored assistance



Data source: Voluntary retailer weekly coronavirus data collection

<sup>4</sup> Tailored assistance is available to customers who are in arrears (owe more than \$55 inc. GST) and have been unable to pay their bill. This includes a plan to pay off

your bills (over a period of up to two years), information on your energy use and how to lower it, as well as advice on other assistance available (including energy relief grants and concessions)



### More small business customers receiving payment assistance

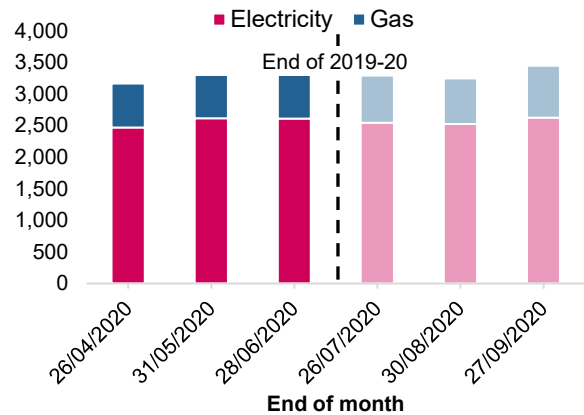
Retailers have been continuously providing payment assistance to small business customers during this pandemic. The commission have also been monitoring the number of small business electricity and gas customers who are receiving assistance and have found this to be steady from April to June.

The number of small business customers receiving payment assistance continued to increase between April and June 2020. At the end of June 2020, there were 3,314 small business customers on payment assistance, a five per cent increase compared to April.

The average arrears for electricity and gas small business customers on payment assistance also continued to increase between April and June 2020. At the end of June 2020, the average level of arrears was \$1,327 for electricity and \$1,648 for gas customers which was a 12 per cent and 45 per cent increase respectively compared to April.

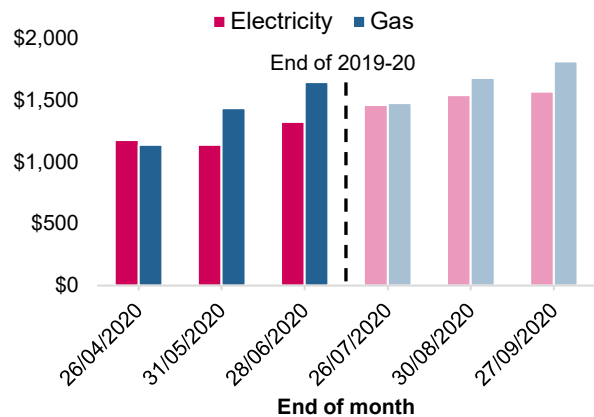
At the end of June, 3,210 small business electricity and gas customers (0.9 per cent of total small business customers) chose to defer their payments rather than entering a payment plan.

Figure 57 - Small business customers receiving payment assistance, per month



Data source: Voluntary retailer weekly coronavirus data collection

Figure 58 - Average arrears for small business customers receiving payment assistance, per month



Data source: Voluntary retailer weekly coronavirus data collection



### Customers receiving assistance after June 2020

Between June–September 2020, there was an increase in the number of residential customers receiving tailored assistance while the average arrears continued to decrease. The number of small business customers receiving payment assistance remained steady, but their average arrears continued to increase.

There are fewer residential and small business customers who deferred their payments and the average amount outstanding had also decreased. This was particularly due to one retailer ending their payment deferral scheme at the end of July.

Figure 59 - Residential customers receiving tailored assistance summary

Indicator	Electricity			Gas		
	As at 30 Apr 2020	As at 31 May 2020	As at 30 Jun 2020	As at 30 Apr 2020	As at 31 May 2020	As at 30 Jun 2020
<b>Residential customers – assistance and arrears</b>						
Number and proportion of Victorian customers receiving tailored assistance – who can pay on-going usage	31,401 1.2%	31,316 1.2%	31,058 1.2%	21,307 1.0%	20,941 1.0%	21,634 1.1%
Number and proportion of Victorian customers receiving tailored assistance – who cannot pay on-going usage	20,515 0.8%	19,384 0.7%	18,706 0.7%	15,215 0.7%	14,132 0.7%	13,719 0.7%
Average arrears and change from previous month (%) – customers receiving payment assistance, and can pay on-going usage	\$695 -	\$661 -5%	\$650 -2%	\$539 -	\$501 -7%	\$491 -2%
Average arrears and change from previous month (%) – customers receiving payment assistance, and cannot pay on-going usage	\$1,513 -	\$1,521 +0.5%	\$1,492 -2%	\$1,164 -	\$1,134 -3%	\$1,133 -0.1%

Data source: Compliance and Performance Reporting Guideline (CPRG) data collection





Figure 60 - Voluntary retailers' weekly coronavirus data summary

Indicator	Electricity			Gas		
	Week ending 26 Apr	Week ending 31 May	Week ending 28 Jun	Week ending 26 Apr	Week ending 31 May	Week ending 28 Jun
<b>Small business customers – assistance and arrears</b>						
Number and proportion of Victorian customers receiving payment assistance	2,471 0.9%	2,618 0.9%	2,614 0.9%	696 1.1%	687 1.1%	700 1.1%
Average arrears and change from previous month (%) – customers receiving payment assistance	\$1,180 -	\$1,141 -3%	\$1,327 +16%	\$1,139 -	\$1,436 +26%	\$1,648 +15%
<b>Customers who deferred payments<sup>5</sup></b>						
Number of residential customers	-	-	8,577	-	-	7,072
Average amount deferred and change from previous month (%) by residential customers	- -	- -	\$610 -	- -	- -	\$442 -
Number of small business customers	-	-	2,310	-	-	908
Average amount deferred and change from previous month (%) by small business customers	- -	- -	\$2,461 -	- -	- -	\$1,623 -

Data source: Voluntary retailer weekly coronavirus data collection

<sup>5</sup> We only started collecting data on customers who chose to defer their payments from June 2020.



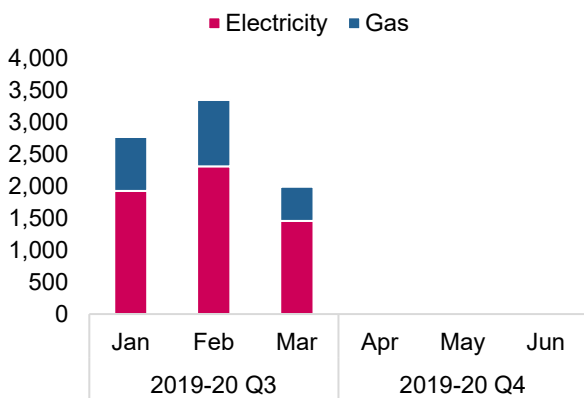
### Disconnections for non-payment ceased from mid-April to end of June 2020

There were five electricity and two gas disconnections for non-payment for residential customers in early April with no further disconnections for non-payment after that.

Disconnections for non-payment for small business customers also stopped from April and there were no disconnections between April–June 2020.

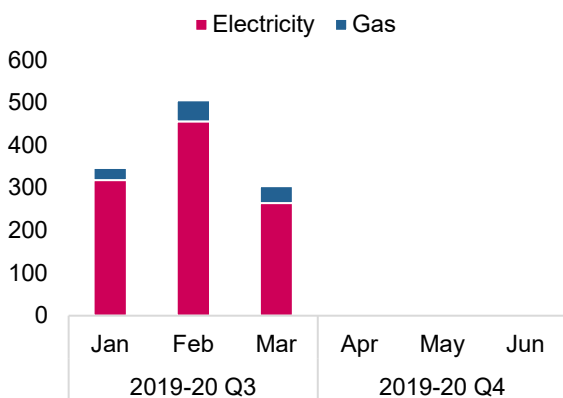
In contrast, there were a total of 8,106 residential and 1,155 small business customers disconnected for non-payment for electricity and gas between January–March 2020.

Figure 61 - Disconnections for non-payment for residential customers



Data source: Compliance and Performance Reporting Guideline (CPRG) data collection

Figure 62 - Disconnections for non-payment for small business customers



Data source: Compliance and Performance Reporting Guideline (CPRG) data collection



#### Further information on the impact of the coronavirus pandemic after June 2020

From mid-July 2020, we requested retailers to provide data on customers with debt who are not on payment or deferral plans to monitor the overall debts customers have. The data shows the number of other customers with arrears remained steady, but the average arrears has gradually been increasing in recent months.

We continue to monitor the impact of the coronavirus pandemic on energy customers and we have been publishing our findings on our website.

Latest information on the impact of coronavirus pandemic on energy customers is available on our website:

<https://www.esc.vic.gov.au/electricity-and-gas/market-performance-and-reporting/energy-customer-support-during-coronavirus-pandemic>



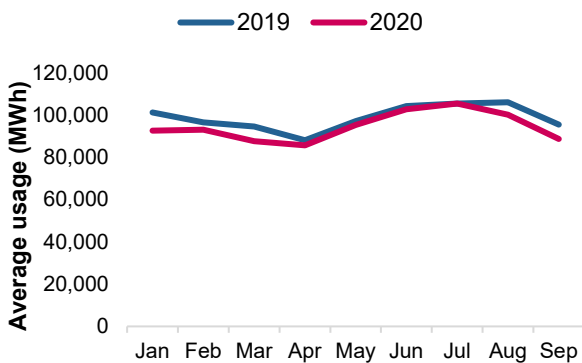
# Has the pandemic changed the way we use our electricity?

The commission has been collecting data on the electricity consumption in Victoria to monitor and understand how the coronavirus pandemic has impacted energy customers’ behaviour in using their electricity

Between January–March 2020, the average electricity usage was already seven per cent lower compared to the same period in 2019 at 91,101 MWh.

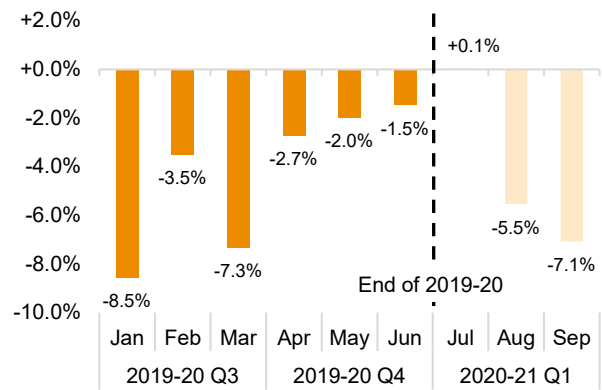
During the lockdown due to the pandemic, the total average electricity usage in Victoria was 94,625 MWh between April–June 2020, which was two per cent lower compared to the same period in 2019.

**Figure 63 - Victoria’s monthly average electricity usage**



Data source: Electricity consumption data from electricity distributors

**Figure 64 - Victoria’s average electricity usage year-on-year percentage change**



Data source: Electricity consumption data from electricity distributors

## Considerable change on electricity usage by customer group

While the combined average electricity usage was only slightly down compared to 2019 between April to June, the electricity usage for each customer group showed a significant change compared to last year.

The average electricity usage for residential customers for the period of April to June 2020 increased by 15 per cent compared to the same period in 2019. At the same time, small business and large customers’ electricity

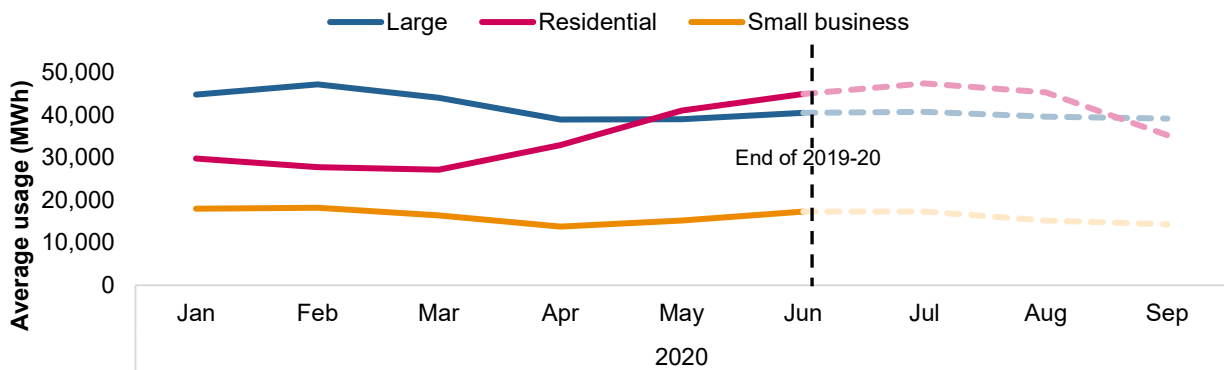


## Coronavirus impact on residential and small business customers

usage decreased by 14 per cent and 11 per cent respectively compared to the same period last year.

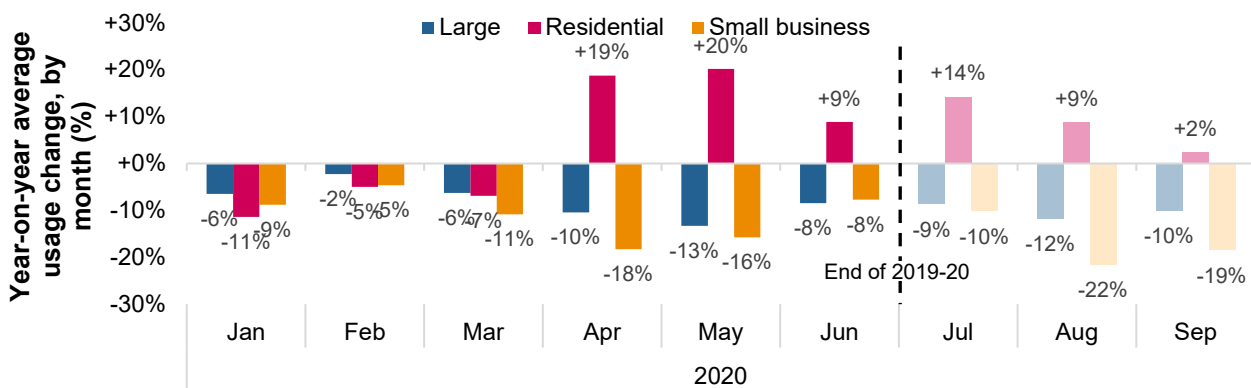
This shows the pandemic has caused a significant impact in the way customers use their electricity. With government restrictions in place, more residential customers were using more electricity at their homes and fewer businesses were operating normally.

**Figure 65 - Victoria's monthly average electricity usage, by customer type**



Data source: Electricity consumption data from electricity distributors

**Figure 66 - Victoria's average electricity usage year-on-year percentage change by customer type, per month**



Data source: Electricity consumption data from electricity distributors



## Payment Difficulties and disconnection





## What do customers experience when facing payment difficulty?

If you find it difficult to pay your energy bill, you can ask for different forms of assistance from your retailer.

Energy companies as part of their licence conditions must regularly report to us on how they are performing in Victoria's energy market. This chapter uses this data to analyse how energy companies are supporting customers experiencing payment difficulty.

### **Fewer customers are accessing standard assistance**

Standard assistance is available to all customers and the aim is to encourage customers to take early action to avoid getting into arrears.

There were 57,387 electricity (2.16 per cent) and 51,269 gas (2.50 per cent) residential customers receiving standard assistance at the end of June 2020. There was a 24 per cent decrease on electricity and a 13 per cent decrease on gas customers compared to the end of June 2019.

Between the end of March and end of June 2020, there was an increase of more than 1,600 electricity (3 per cent growth) and more

than 1,380 gas standard assistance participants (3 per cent growth).

The two largest retailers contributing to this increase was AGL and EnergyAustralia for electricity. For gas, AGL, Lumo Energy and Simply Energy contributed to the increase.

Relative to its customer base, EnergyAustralia had the largest percentage of standard assistance participants for electricity at 4.81 per cent of all electricity customers and gas at 4.72 per cent of all gas customers.

The impact of coronavirus suggests that customers could not commit to a tailored assistance program and arranged other types of payment plans with their retailer like deferring their payments or short-term payment plans. This could explain why the number of standard assistance customers grew during this period due to customers preferring to pay small amounts more frequently, or some customers agreeing with their retailer to defer payments.



Figure 67 - Number of residential customers participating in standard assistance, by end of quarter and year

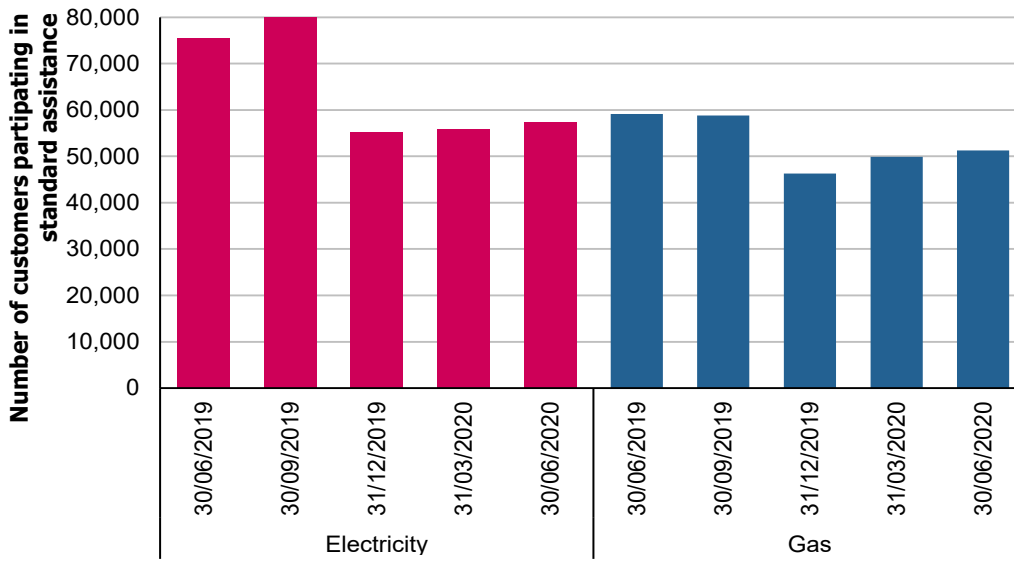


Figure 68 - Number of residential customers participating in standard assistance, by retailer

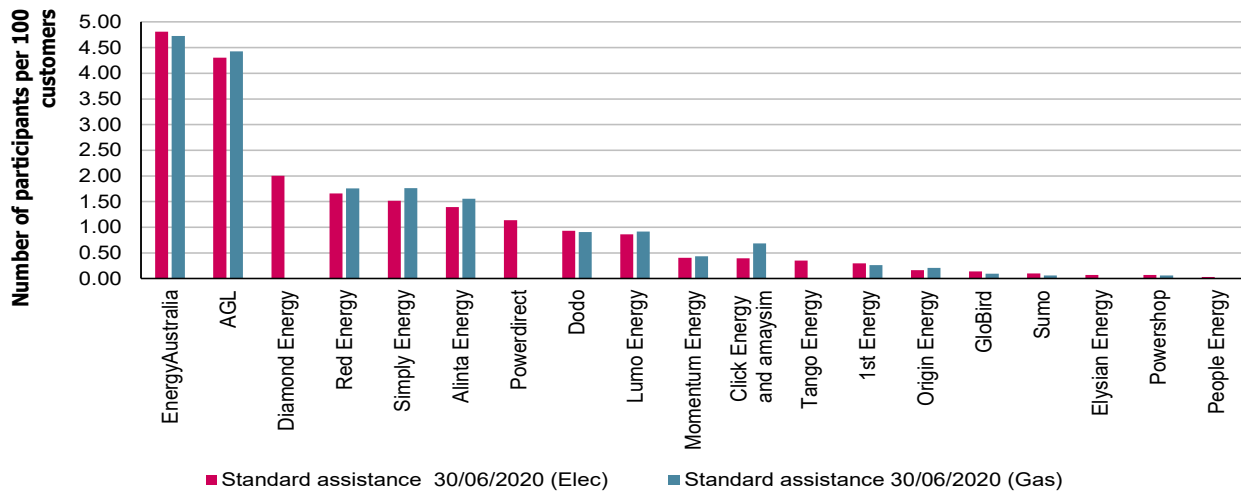


Figure includes only retailers with at least 1,000 residential electricity customers. CovaU was excluded.



### One in two customers who received tailored assistance entered the program with less than \$500 in arrears

The level of customers' arrears before entering assistance can be a leading indicator of how timely the assistance was provided.

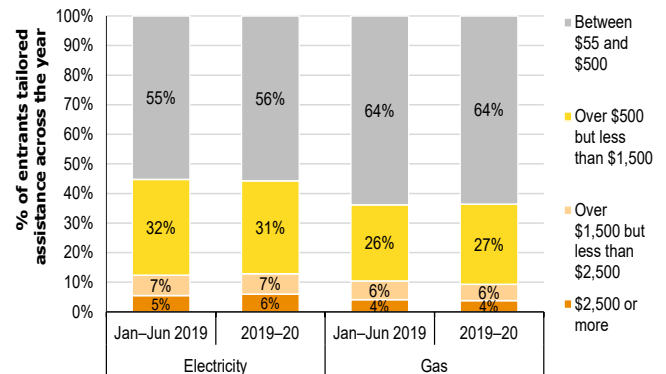
Prior to the commencement of the payment difficulty framework, residential customers were often offered assistance too late, by which time the customer had already accumulated a large amount of debt. Historically, around one third of energy customers entered a hardship program with less than \$500 in arrears.

In 2019–20, 56 per cent of electricity customers and 64 per cent of gas customers entered tailored assistance with less than \$500 in arrears, significantly higher than the during the hardship program.

The proportion of customers receiving tailored assistance with less than \$500 in arrears, remained relatively stable throughout the pandemic.

There are still six per cent of electricity customers and four per cent of gas customers entering tailored assistance with more than \$2,500 in arrears which is the equivalent of nearly two years of unpaid energy bills.

Figure 69 - Participants' electricity and gas debt on entry to tailored assistance



Click energy and amaysim had the highest percentage of electricity and gas customers entering tailored assistance with arrears over \$2,500 – at 26 per cent and 20 per cent of tailored assistance participants, respectively.

QEnergy appeared to have provided more timely assistance to electricity customers, with 82 per cent of tailored assistance participants (32 participants) entering their tailored assistance with less than \$500 in arrears.

Origin Energy appeared to provide most timely access for assistance to gas customers, with 78 per cent of tailored assistance participants (26,521 participants) entering their tailored assistance with less than \$500 in arrears.





Figure 70 - Percentage of participants entering tailored assistance with over \$2,500 in arrears for electricity, by retailer

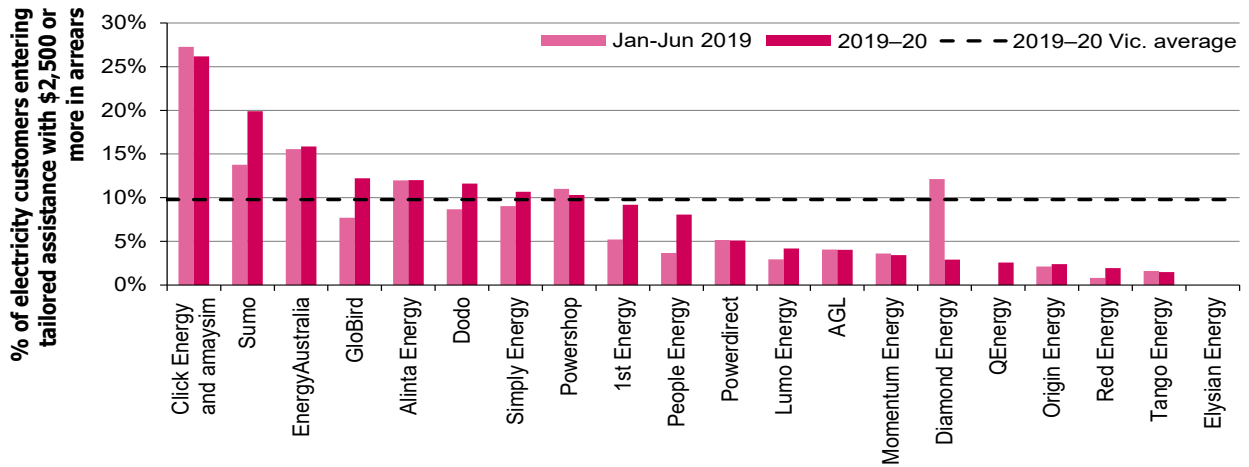


Figure includes only retailers with at least 20 entrants across the 2019-20.

Figure 71 - Percentage of participants entering tailored assistance with over \$2,500 in arrears for gas, by retailer

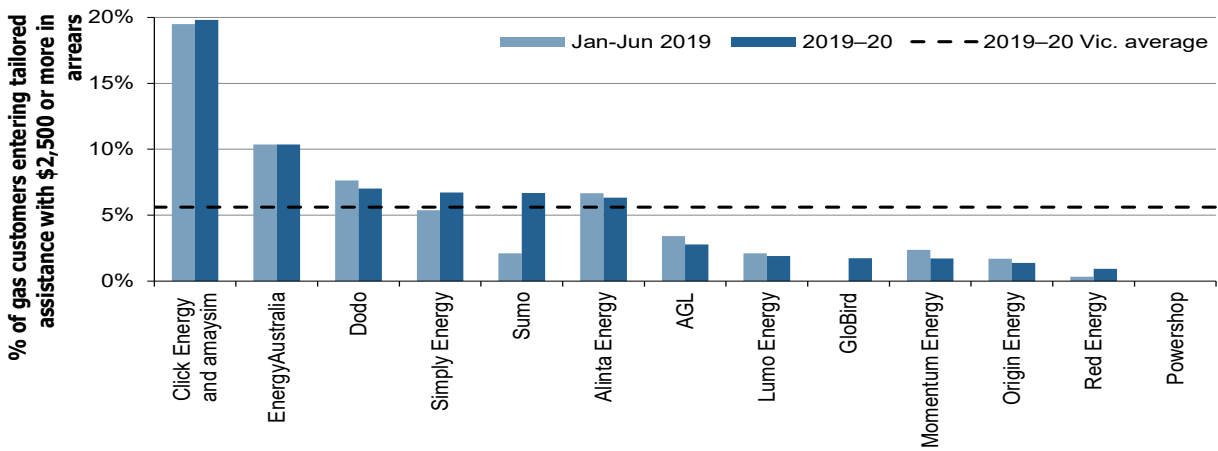


Figure includes only retailers with at least 20 entrants across the 2019-20.



Figure 72 - Percentage of participants entering tailored assistance with less than \$500 in arrears for electricity, by retailer

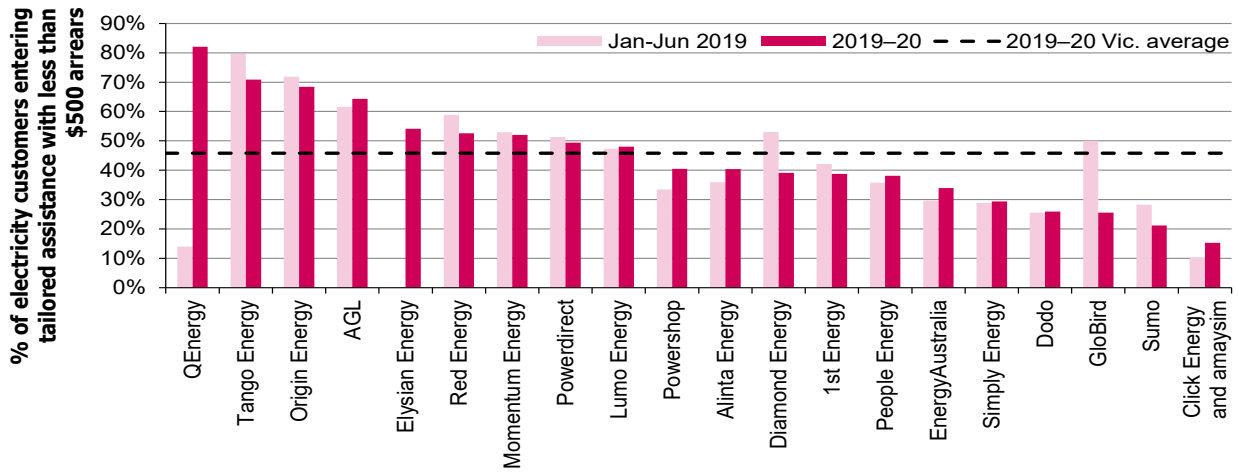


Figure includes only retailers with at least 20 entrants across the 2019-20.

Figure 73 - Percentage of participants entering tailored assistance with less than \$500 in arrears for gas, by retailer

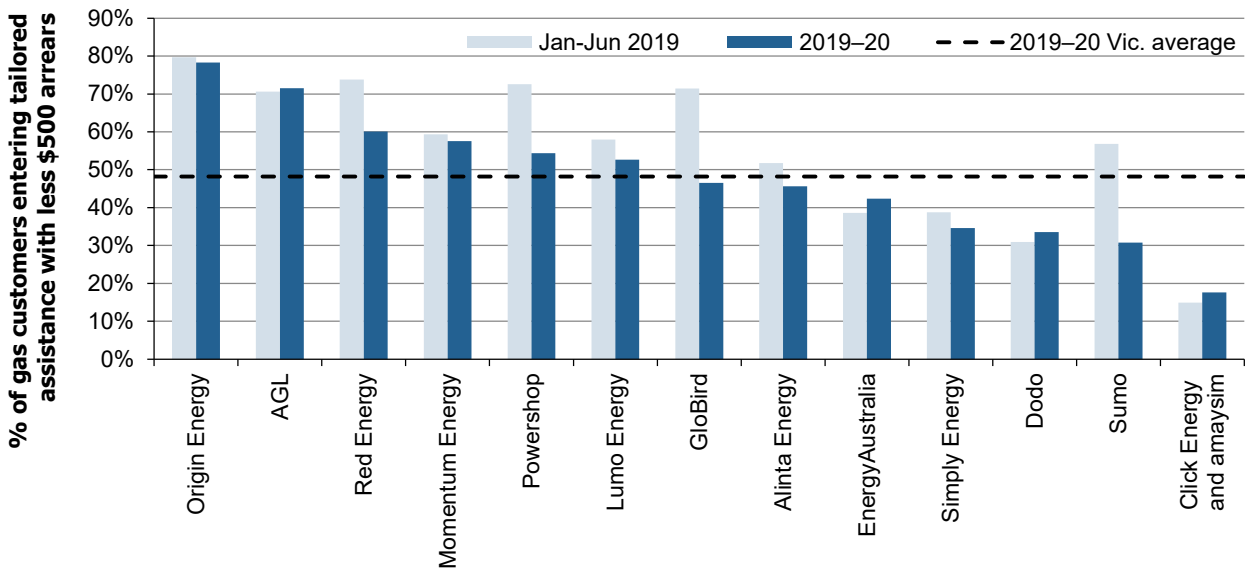


Figure includes only retailers with at least 20 entrants across the 2019-20.



### Customers accessing and entering tailored assistance decreased significantly in last quarter of the financial year

On 30 June 2020, 49,764 electricity customers and 35,353 gas customers were receiving tailored assistance. This was a decrease of seven per cent and three per cent, respectively compared to the previous year.

This represented 1.87 per cent of all Victorian electricity customers and 1.72 per cent of all Victorian gas customers.

This was caused by a large reduction in new entrants during April to June 2020 for both electricity (26 per cent decrease) and gas (29 per cent decrease).

The retailer with the largest percentage of tailored assistance customers relative to its customer base was Momentum Energy for electricity (3.16 per cent) and gas (2.84 per cent).

The retailer with the lowest percentage of tailored assistance customers relative to its customer base was GloBird Energy for electricity (0.05 per cent) and gas (0.04 per cent).

Figure 74 - Number of residential customers participating in tailored assistance, by end of quarter and year

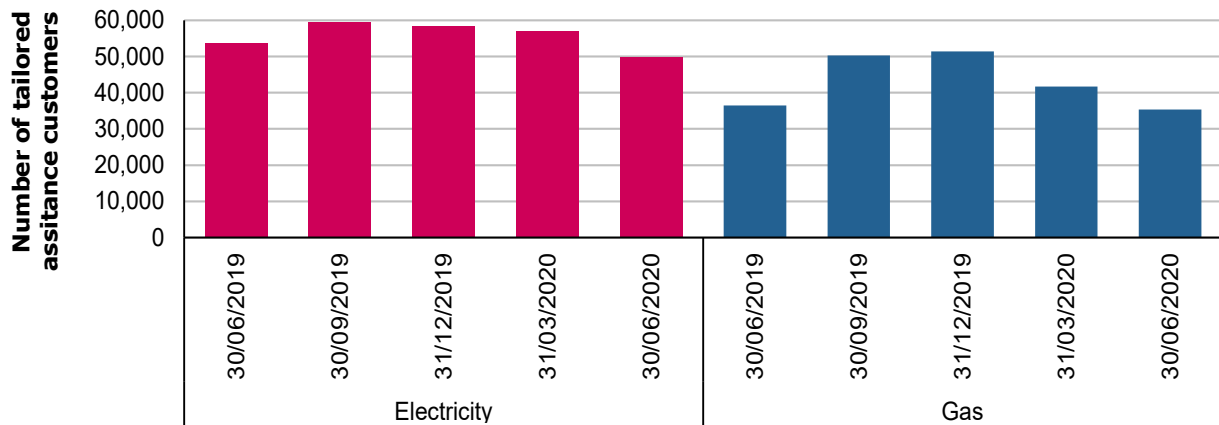




Figure 75 - Number of residential electricity customers participating in tailored assistance, by retailer

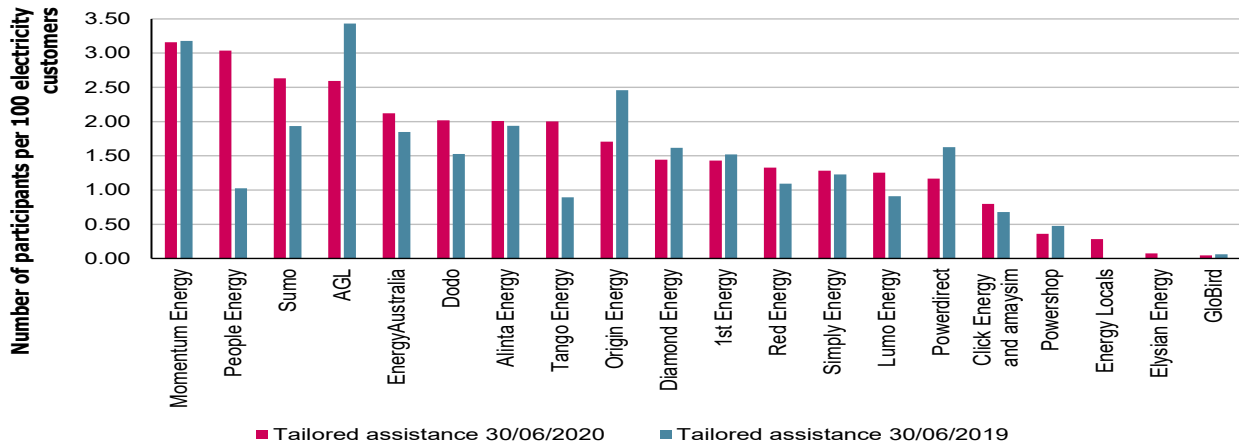


Figure includes only retailers with at least 1,000 residential electricity customers. QEnergy (9.15), CovaU (0.28), Powerclub (0.27), Next Business Energy (0.0) and Blue NRG (0.0) were excluded.

Figure 76 - Number of residential gas customers participating in tailored assistance, by retailer

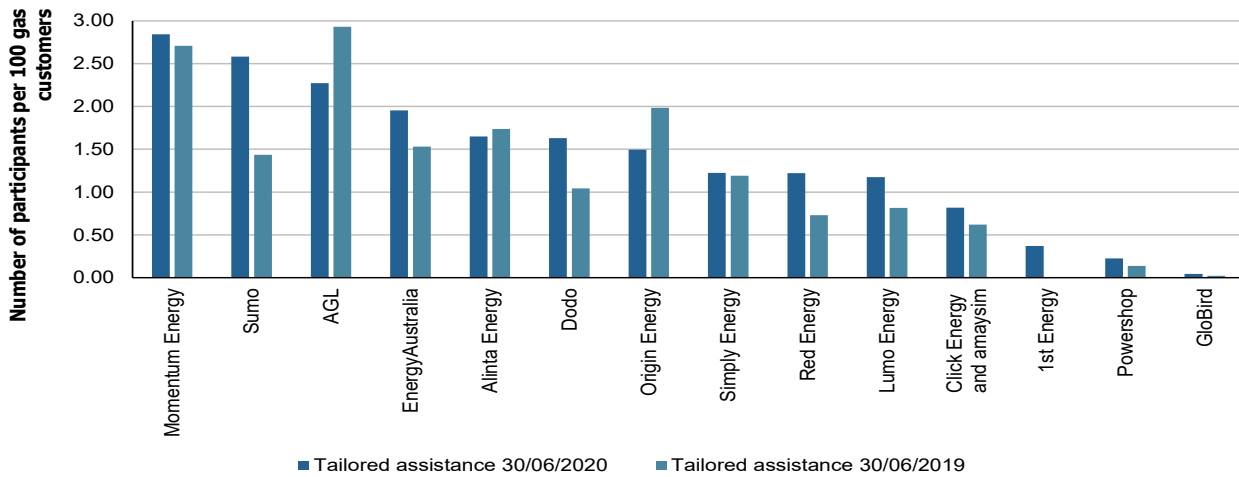


Figure includes only retailers with at least 1,000 residential gas customers. TasGas (0.39) and CovaU (0.29) and were excluded.



### The number of customers receiving tailored assistance that cannot afford their ongoing usage decreased

At the end of June 2020, the number of customers receiving tailored assistance who cannot pay their ongoing energy usage was 18,706 for electricity and 13,719 for gas, a reduction of 17 per cent and 14 per cent respectively, compared to the 30 June 2019.

This trend was driven by large retailers AGL, Origin Energy and Simply Energy.

Figure 77 - Number of residential customers participating in tailored assistance (cannot pay on-going usage)

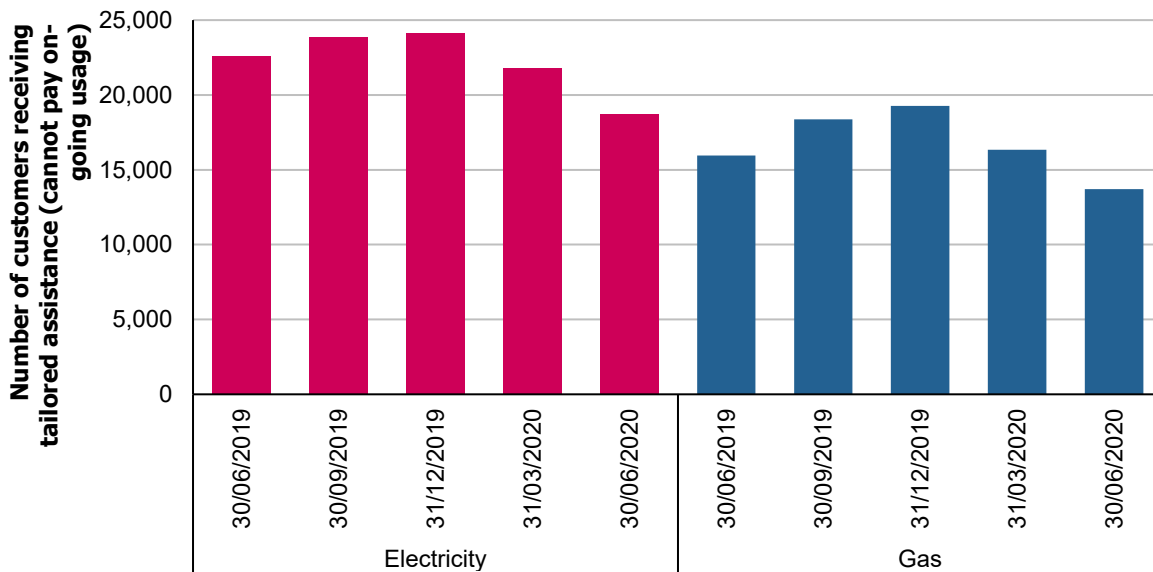




Figure 78 - Number of residential electricity customers participating in tailored assistance who cannot pay on-going usage, by retailer

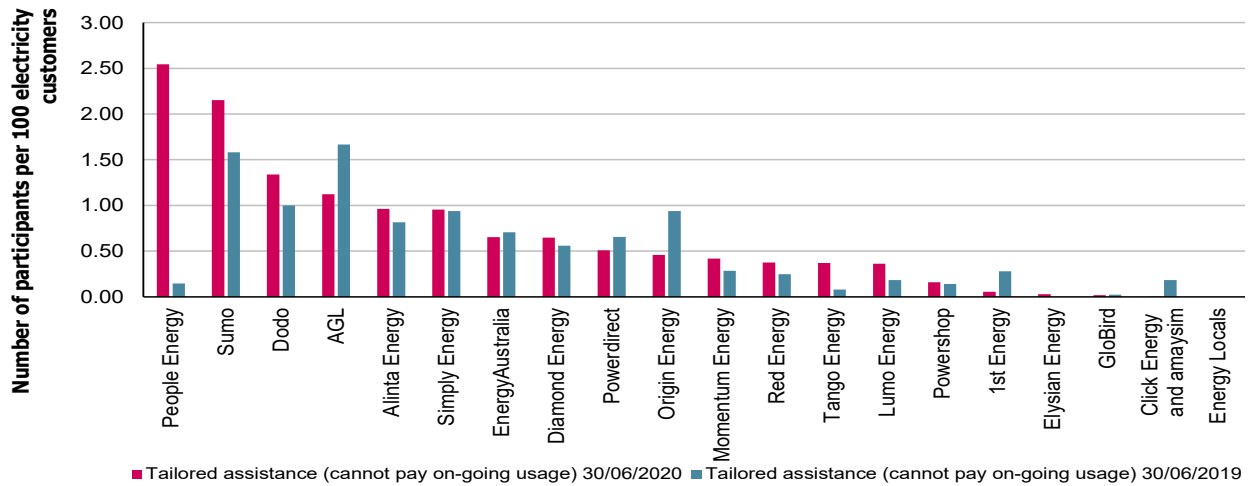


Figure includes only retailers with at least 1,000 residential electricity customers. QEnergy (9.15), CovaU (0.0), Powerclub (0.0), Next Business Energy (0.0) and Blue NRG (0.0) were excluded.

Figure 79 - Number of residential gas customers participating in tailored assistance who cannot pay on-going usage, by retailer

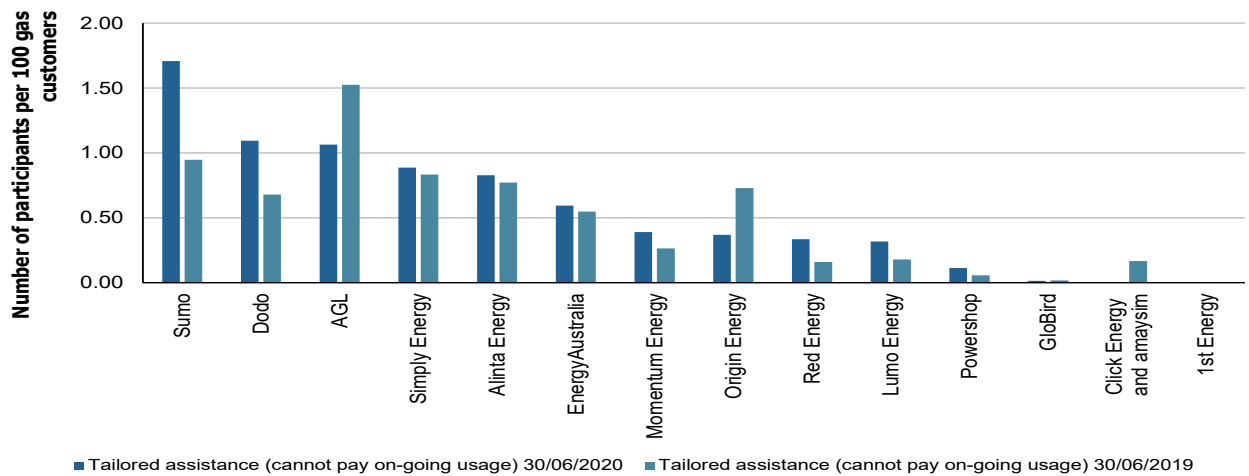


Figure includes only retailers with at least 1,000 residential gas customers. TasGas (0.13) and CovaU (0.0) were excluded.



**The average arrears for customers receiving tailored assistance has increased – driven by customers who cannot afford to pay for their ongoing use**

Overall, the average arrears of participants receiving tailored assistance increased in 2019–20. This increase was driven by tailored assistance customers who could not afford their ongoing energy use.

Electricity customers who could not afford their ongoing use owed an average of \$1,508 this year compared to \$1,367 last year, an increase of ten per cent.

Gas customers who could not afford their ongoing use owed an average of \$1,193 this year compared to \$1,044, an increase of 14 per cent.

Electricity tailored assistance customers had an average arrears of \$1,019 across the year compared to \$971 in the second half of 2018–19, an increase of five per cent.

Gas tailored assistance customers had an average arrears of \$809 across the year compared to \$755 in the second half of 2018–19, an increase of seven per cent.

Under the previous hardship programs, energy customers had an average \$1,443 in debt during 2017–18, and \$1,463 in debt over the first half of 2018–19. This was a combined amount for electricity and gas.

Although the average arrears across the year increased, this amount tends to fluctuate throughout the year based on peak seasons and usage. The total arrears for electricity and gas appeared to peak in October 2019.

At the end of June 2020, Click Energy/amaysim had the highest average arrears for both electricity and gas. This was an increase of 17 per cent for electricity and 18 per cent for gas compared to June 2019.

**Figure 80 - Average debt of tailored assistance participants in Victoria**

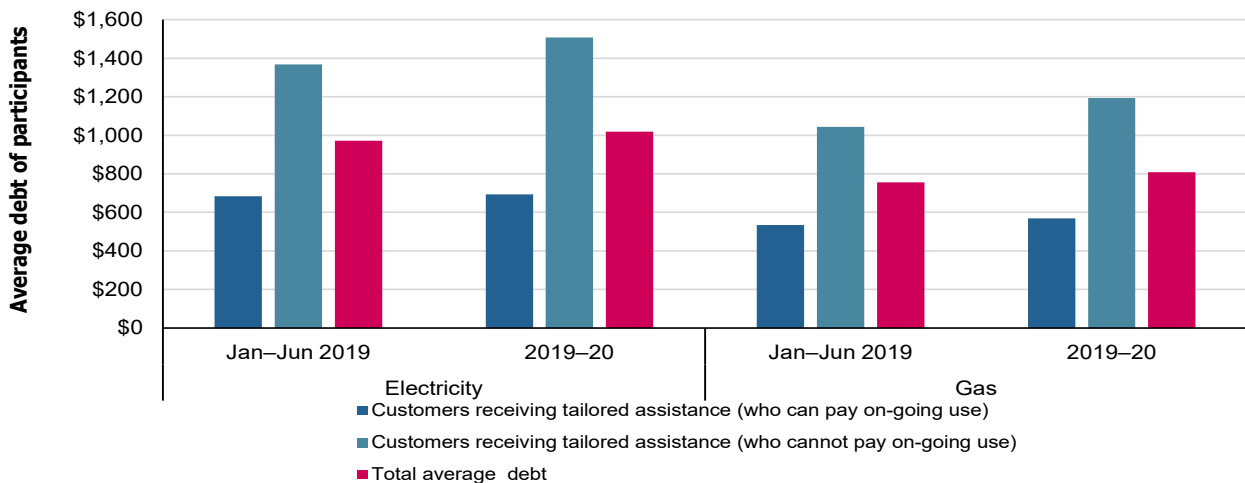




Figure 81 - Average debt of electricity customers receiving tailored assistance, per month

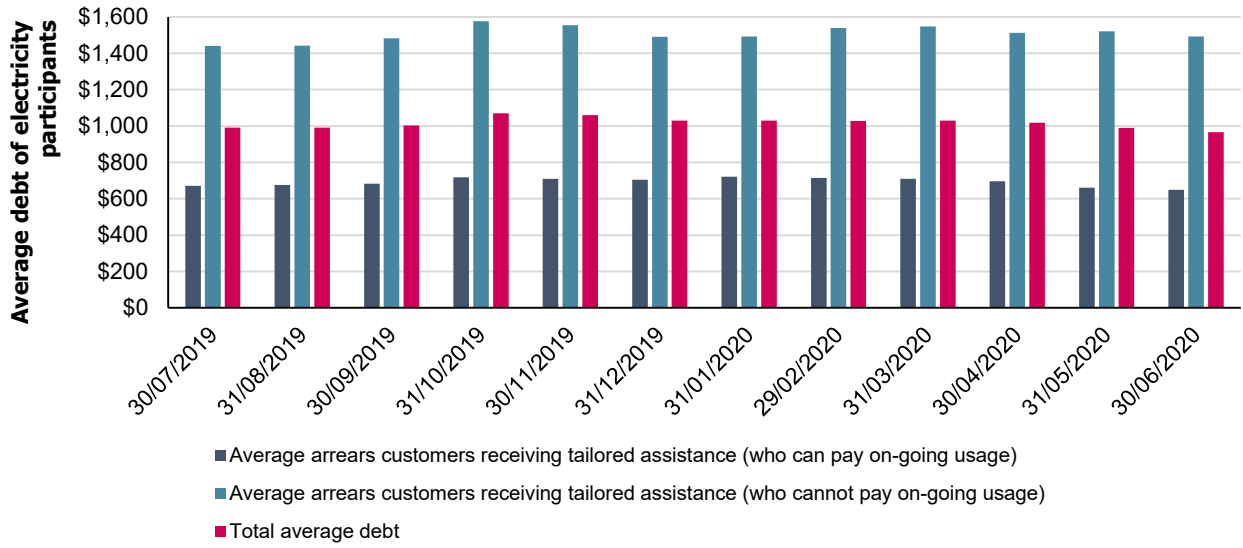


Figure 82 - Average debt of gas customers receiving tailored assistance, per month

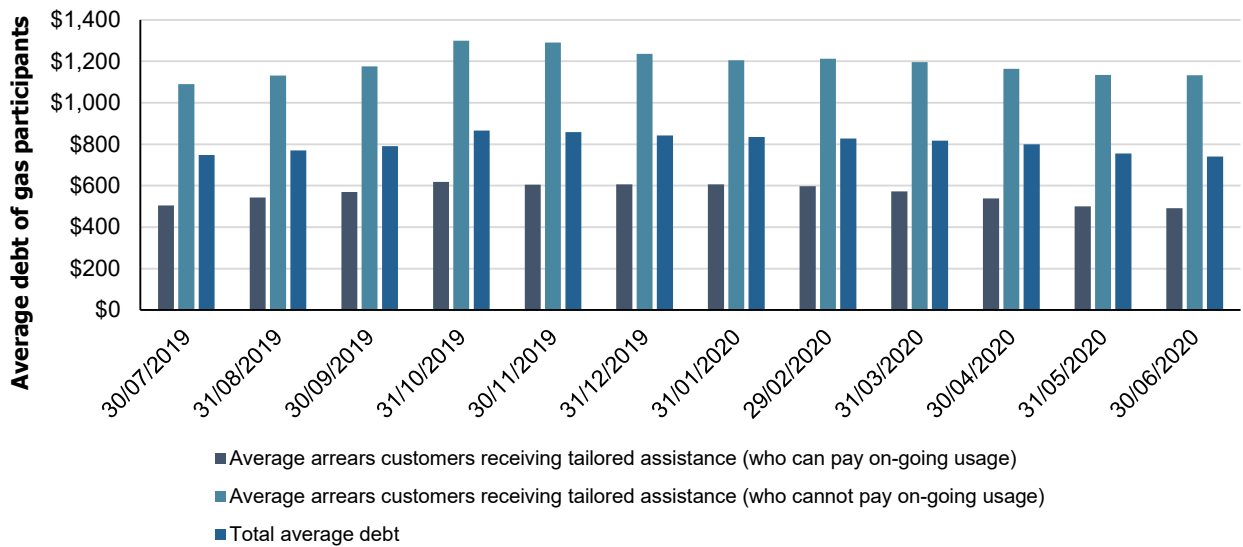






Figure 83 - Average arrears of electricity customers receiving tailored assistance, by year as at 30 June



Figure includes only retailers with at least 1,000 residential electricity customers. CovaU, QEnergy and Powerclub was excluded.

Figure 84 - Average arrears of gas customers receiving tailored assistance, by year as at 30 June

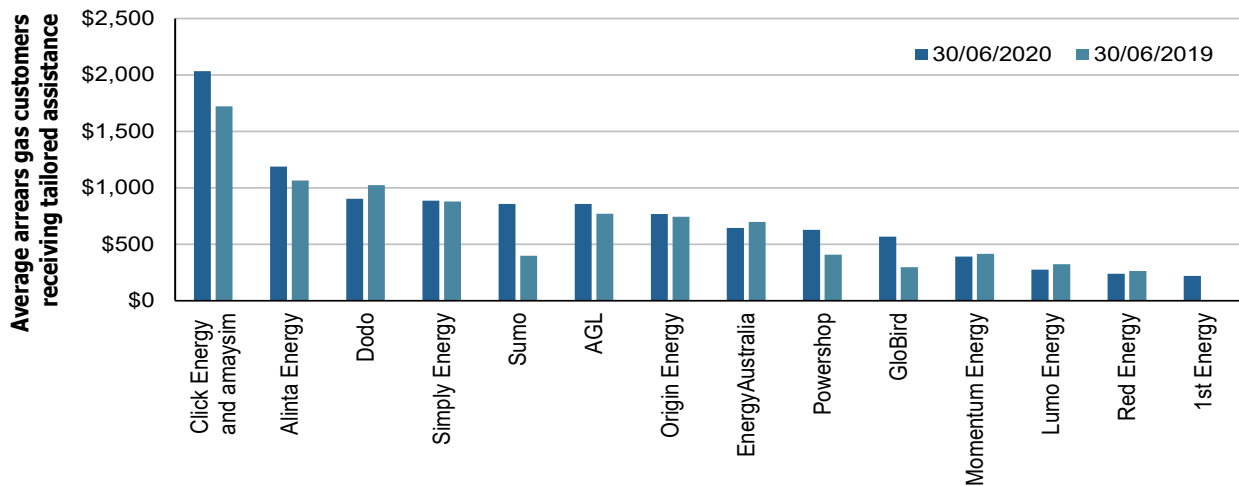


Figure includes only retailers with at least 1,000 residential gas customers. CovaU and Tas Gas was excluded.

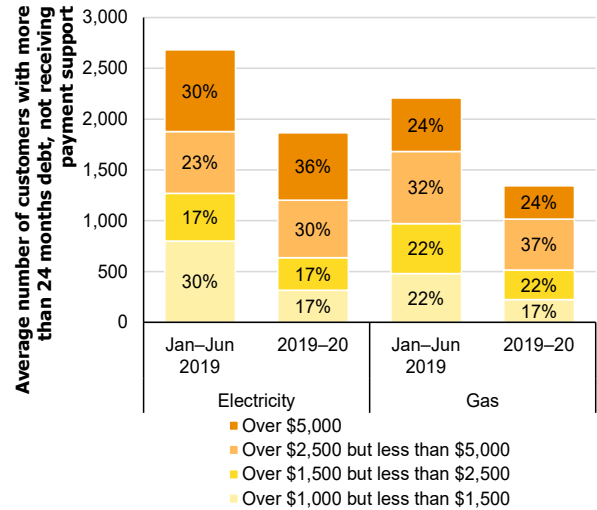


**Fewer customers, who are not receiving assistance, have significant energy debts that have been owed for two years**

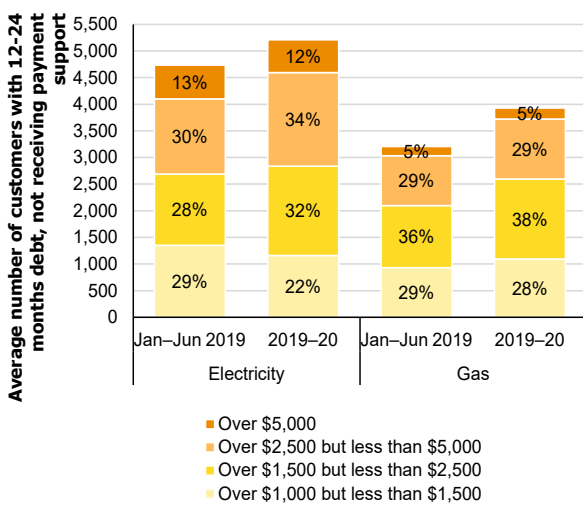
In 2019–20, an average of 12,345 residential energy customers had a debt of over \$1,000 for at least a year who were not receiving tailored assistance. This was a decrease of four per cent from the second half of 2018–19 (January to June 2019). However, arrears aged more than 24 months decreased by 30 per cent for electricity and 39 per cent for gas.

There was an increase in arrears aged between 12 to 24 months of 10 per cent for electricity and 22 per cent for gas compared to 2018–19. This was driven by the arrear categories over \$1,500 but less than \$2,500 and over \$2,500 but less than \$5,000.

**Figure 86 - Average number of tailored assistance participants with aged arrears more than 24 months in Victoria, per year**



**Figure 85 - Average number of tailored assistance participants with aged arrears 12-24 months in Victoria, per year**





### The number of tailored assistance customers who receive energy concessions remained stable

Retailers are required to provide information and advice to their energy customers about any government and non-government assistance, including energy concessions and rebates, that may assist to reduce arrears and on-going usage cost.

At the end of June 2020, 23,866 tailored assistance electricity customers (48 per cent electricity) and 17,372 tailored assistance gas customers (49 per cent gas) were receiving energy concessions. These are similar figures to last year.

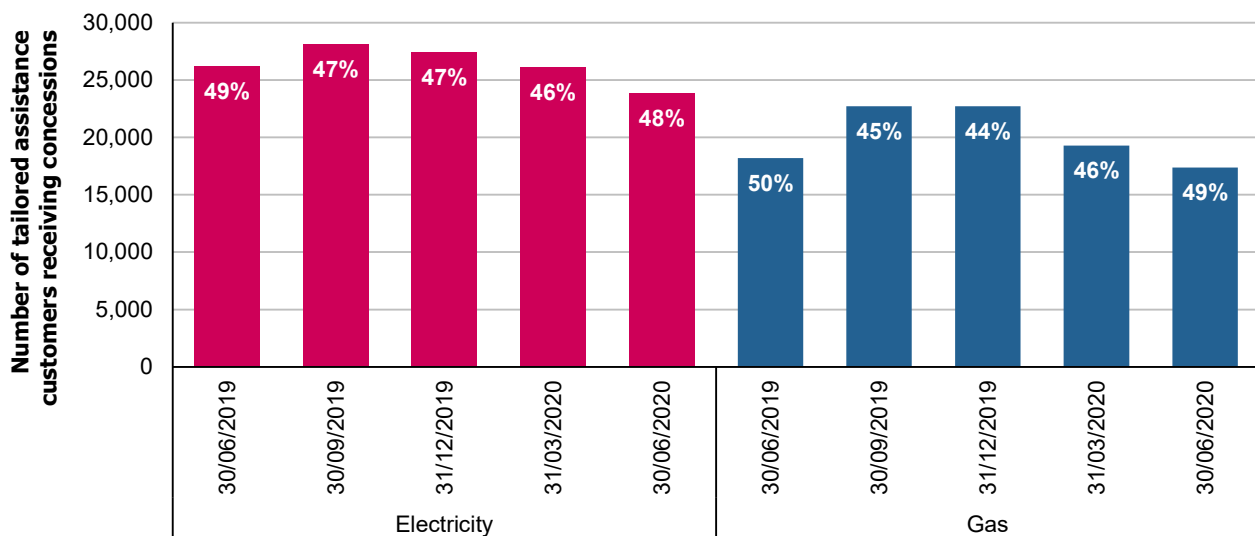
This represents 0.90 per cent of all Victorian electricity customers and 0.85 per cent of all Victorian gas customers.



#### How are concessions applied?

Concessions are offered as a proportion of an eligible customer's bill. Customers experiencing hardship or payment difficulties that are eligible for a concession will be assisted by the retailer through the administrative process.

Figure 87 - Number of residential customers participating in tailored assistance receiving concessions, by end of quarter and year.



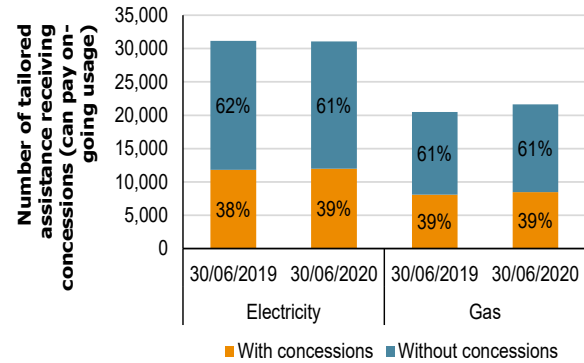


Tailored assistance customers who cannot afford their ongoing energy use were more likely to be receiving energy concessions (63–65 per cent of customers) than tailored assistance customers who can afford their ongoing use (38–39 per cent of customers).

The retailer with the largest percentage of tailored assistance customers receiving concessions, relative to its customer base, was People Energy for electricity (2.0 per cent) and Simply Energy for gas (1.24 per cent).

Similar to the total tailored assistance customers, there was a steady decline at the end of June 2020, of those also receiving energy concessions, compared to the preceding periods (at end of each quarter). The number of customers on tailored assistance receiving concessions who cannot pay for on-going usage had a significant reduction with 1,854 fewer electricity customers (14 per cent decrease) and 1,301 fewer gas customers (13 per cent decrease), compared to the end of March 2020. Large retailers, and in particular AGL, contributed to most of the drop.

**Figure 88 - Number of residential customers participating in tailored assistance receiving concessions who can pay on-going usage, per year**



**Figure 89 - Number of residential customers participating in tailored assistance receiving concessions who cannot pay on-going usage, per year**

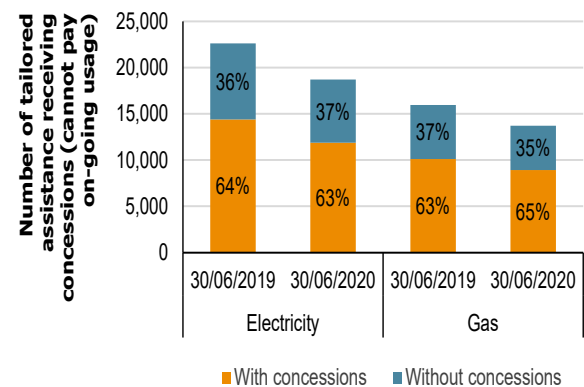




Figure 90 - Number of residential electricity customers participating in tailored assistance receiving concessions, by retailer

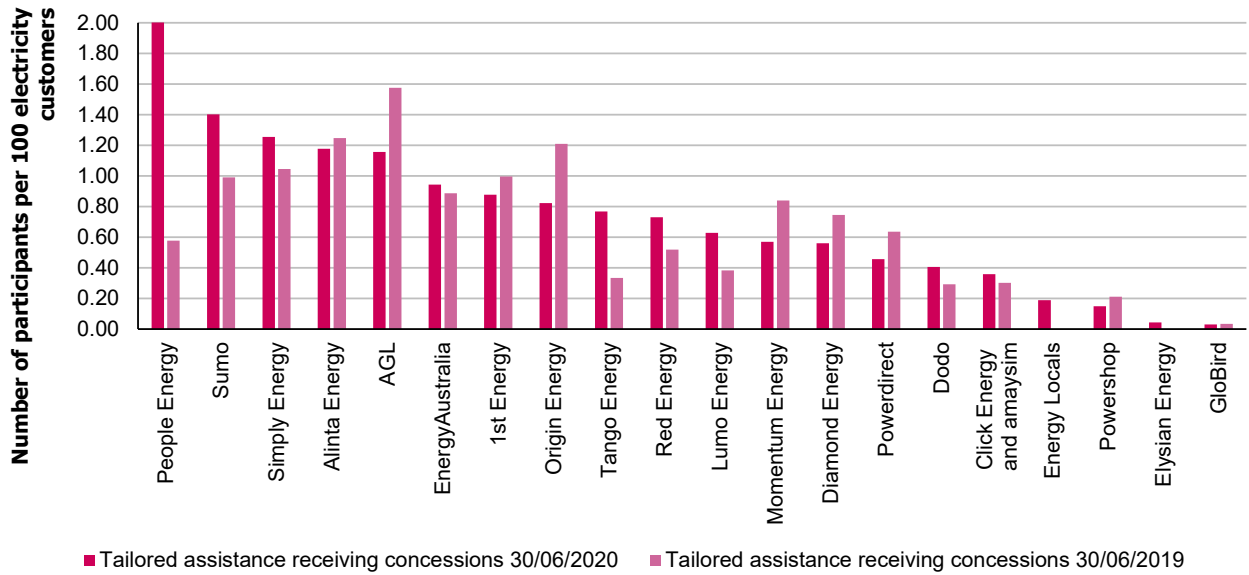


Figure includes only retailers with at least 1,000 residential electricity customers. QEnergy (0.81), CovaU (0.28), Next Business Energy (0.0) and Powerclub (0.0) were excluded.

Figure 91 - Number of residential gas customers participating in tailored assistance receiving concessions, by retailer

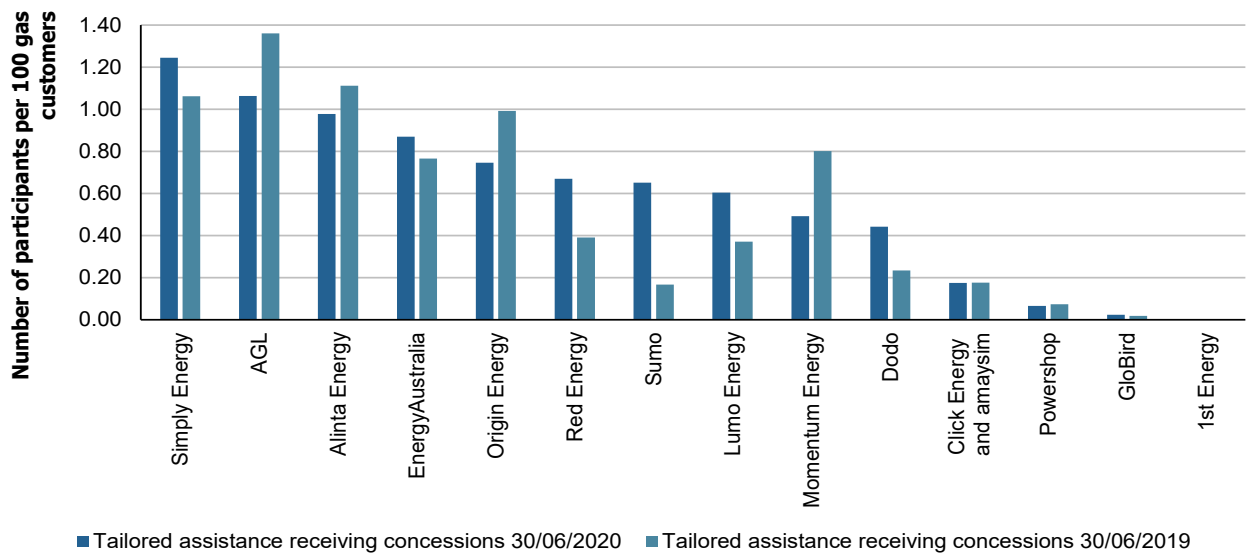


Figure includes only retailers with at least 1,000 residential gas customers. CovaU (0.29) and TasGas (0.26) were excluded.



### Customers exiting tailored assistance continue to have mixed results

Customers receiving tailored assistance continued to have mixed results when exiting tailored assistance. Almost one in two customers who received tailored assistance exited due to not complying with the requirements of their tailored assistance. This was similar to 2018–19 which was at the beginning of the payment difficulty framework.

In 2019–20, 46 per cent electricity and 45 per cent gas customers exited tailored assistance due to not complying with the requirements of their program. A customer can leave tailored assistance for not complying with requirements of their program for reasons such as failing to make agreed payments or failing to keep in contact with their retailer.

Customers exiting tailored assistance due to successfully completing their program increased in 2019–20. Around 47 per cent electricity and 49 per cent gas successfully completed the tailored assistance programs.

Medium retailers had the highest proportion of participants exiting for not complying with the requirements of their program at 51 per cent of all exits.

For gas, medium retailers had the highest proportion participants exiting for not complying with the requirements of their program at 52 per cent of all exits.

Dodo, a medium retailer, had the highest proportion of electricity and gas customers leaving tailored assistance due to not complying at 82 per cent and 83 per cent of all exits respectively.

For electricity, People Energy, a small retailer, had the highest rate of electricity customers exiting tailored assistance due to successfully completing their program at 68 per cent. While for gas, Click Energy/amaysim, a medium retailer, had the highest proportion of successful exits at 67 per cent.

Figure 92 - Breakdown of exits from tailored assistance in Victoria, per year

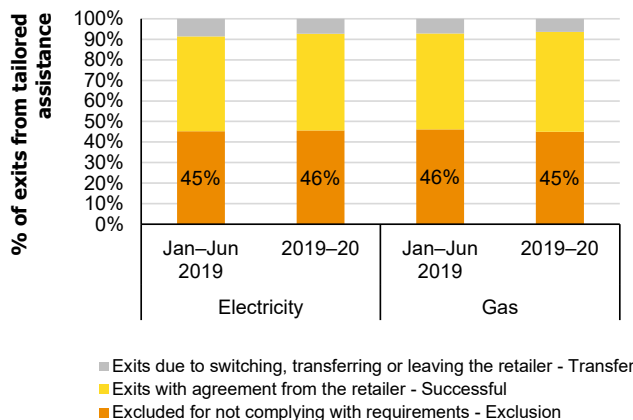




Figure 93 - Exits from tailored assistance in Victoria, by size of retailer

Retailer size		Due to exclusion	Due to agreement	Due to switching
<b>Electricity</b>	Large	45%	50%	6%
	Medium	51%	33%	16%
	Small	45%	25%	30%
	<b>Total</b>	<b>46%</b>	<b>47%</b>	<b>7%</b>
<b>Gas</b>	Large	44%	51%	5%
	Medium	52%	31%	17%
	Small	50%	19%	31%
	<b>Total</b>	<b>45%</b>	<b>49%</b>	<b>6%</b>

Figure 94 - Percentage of electricity tailored assistance customers being excluded



Figure includes only retailers with at least 20 exits across the 2019–20 year. Energy Locals (83 per cent), CovaU (60 per cent), Elysian Energy (0 per cent), and Powerclub (0 per cent) were excluded.

Figure 95 - Percentage of gas tailored assistance customers being excluded

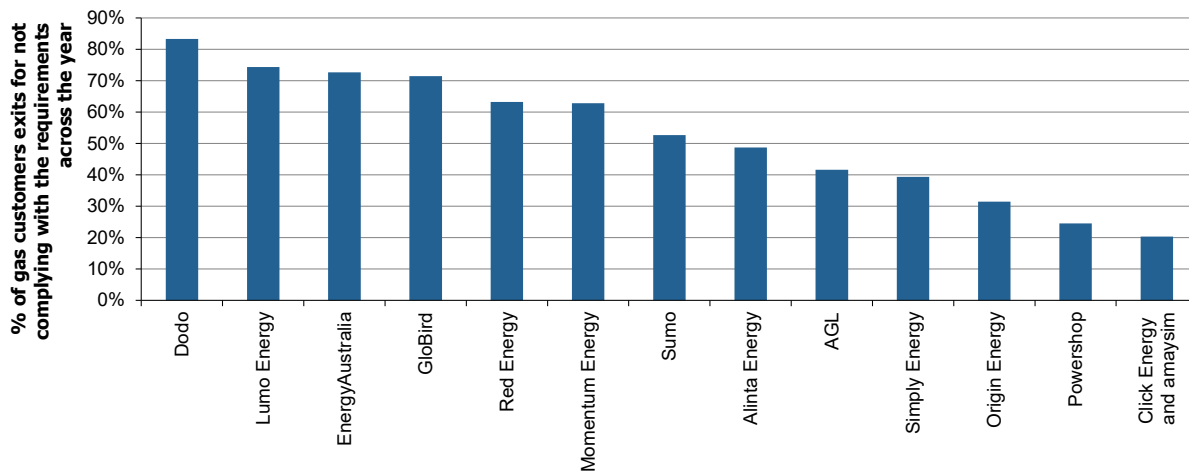


Figure includes only retailers with at least 20 exits across the 2019–20 year. CovaU (88 per cent), TasGas (50 per cent) and 1st Energy (0 per cent) were excluded.



### Fewer customers exited due to not complying with requirements of their program during the pandemic

From April to June 2020, there was a decrease in customers exiting assistance for not complying with the requirements of their program, 38 per cent for electricity and 39 per cent for gas of all exits.

In this period, both large and medium retailers had a large decrease in customers exiting for not complying with the requirements of their program for both electricity and gas tailored assistance compared to the previous three months.

During this same period, a higher proportion of customers exited tailored assistance due to successfully completing their program at 56 per cent for electricity and 55 per cent for gas.

Large and medium retailers had a large increase in the number of tailored assistance customers exiting due to successfully completing their program for electricity compared to the previous three months. Whereas for gas, medium and small retailers had an increase in the number of tailored assistance customers exiting due to successfully completing their program compared to the previous three months.

Figure 96 - Breakdown of exits from tailored assistance 2019–20, by quarters

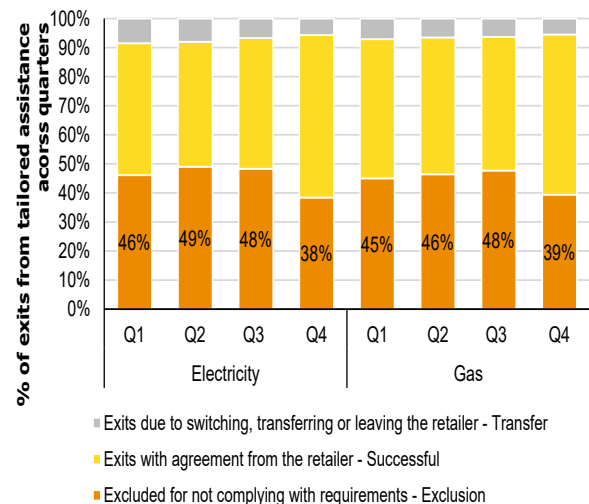


Figure 97 - Breakdown of exits from tailored assistance in Victoria, by quarter and year

Exit from tailored assistance	Jan–Jun 2019	Q1 2019–20	Q2 2019–20	Q3 2019–20	Q4 2019–20	2019–20
<b>Electricity customers</b>						
Exits due to exclusion	45%	46%	49%	48%	38%	46%
Exits due to agreement	46%	45%	43%	45%	56%	47%
Exits due to switching retailer	9%	8%	8%	7%	6%	7%
<b>Gas customers</b>						
Exits due to exclusion	46%	45%	46%	48%	39%	45%
Exits due to agreement	47%	48%	47%	46%	55%	49%
Exits due to switching retailer	7%	7%	6%	6%	5%	6%

Percentage figures have been rounded to the nearest whole number.





### Concessions and utility relief grants

Under the Victorian Government's utility relief grant Scheme, customers such as those with a health or concession card, can receive up to \$650 to help pay for part of their electricity or gas bill in 2019–20. On 1 July 2018, the grant was increased from \$500 to \$650.

In 2019–20, there were 50,417 applications from Victorians for a utility relief grant. This represents a 73 per cent increase in applications from 2018-19.

In total, \$26,042,830 was paid by the Victorian government to help customers pay their bills. This is an increase of 55 per cent from the previous year.

The average grant per customer decreased slightly in 2019–20, to \$531 for electricity customers (9 per cent decrease) and \$498 for gas customers (13 per cent decrease).

We further investigated the 2019–20 monthly Utility Relief Grants and found there was an increase in the number of approved applications from January to May which then decreased in June. The total grant amount and the average grant per customer followed a similar trend.



Figure 98 - Summary of Victorian tailored assistance indicators

	Jan–Jun 2019		Jul 2019–Jun 2020	
	Electricity	Gas	Electricity	Gas
<b>Participants in tailored assistance</b>				
Participants on 30 June - covering ongoing use	31,157	20,474	31,058	21,634
Participants on 30 June - not covering ongoing use	22,615	15,953	18,706	13,719
Participants on 30 June - total receiving tailored assistance	<b>53,772</b>	<b>36,427</b>	<b>49,764</b>	<b>35,353</b>
<b>Proportions of exits from tailored assistance throughout a year</b>				
Participants who exited by successfully completing tailored assistance	46%	47%	47%	49%
Participants excluded from the program for not meeting the requirements of tailored assistance	45%	46%	46%	45%
Participants who transferred retailer, which means they exited their tailored assistance	9%	7%	7%	6%
<b>Average arrears levels per customer</b>				
Average debt of tailored assistance customer across the year (covering ongoing use)	\$684	\$534	\$694	\$569
Average debt of tailored assistance customer across the year (not covering ongoing use)	\$1,367	\$1,044	\$1,508	\$1,193
Average debt of tailored assistance customer across the year (total)	\$971	\$755	\$1,019	\$809
<b>Concession card holders receiving tailored assistance</b>				
Concession participants on 30 June - covering ongoing use	11,807	8,084	11,990	8,457
Concession participants on 30 June - not covering ongoing use	14,392	10,105	11,876	8,915
Concession participants on 30 June - total receiving tailored assistance	26,199	18,189	23,866	17,372
<b>Other indicators</b>				
Customers who previously received standard assistance now receiving tailored assistance (on 30 June)	4,780	3,573	5,399	4,232
Customers receiving practical assistance (on 30 June)	27,807	20,070	37,291	29,707



## How many customers were disconnected?

If you do not engage with your retailer to repay an unpaid amount of your bill, you could risk being disconnected. However, if you are receiving payment assistance from your retailer, you cannot be disconnected.

### Disconnection of energy customers at the lowest levels since 2008–09

In 2019–20, there was a total of 26,822 residential customers disconnected for not paying their energy bills. This was 27 per cent lower than 2018–19 and was the lowest total number of disconnections since 2008–09.

A total of 3,278 small business customers were also disconnected for non-payment,

which was 31 per cent lower than 2018–19 and was the lowest total number of disconnections since 2012–13.

With restrictions related to the coronavirus pandemic in place in Victoria, disconnections of residential customers and small businesses for non-payment ceased from mid-April 2020.

Figure 99 – Total disconnections for non-payment in Victoria

Total disconnections for non-payment		2014–15	2015–16	2016–17	2017–18	2018–19	2019–20
<b>Electricity</b>	Residential	34,418	32,360	28,589	33,824	23,077	18,216
	Small business	4,906	4,319	3,434	4,548	4,225	2,932
<b>Gas</b>	Residential	22,322	24,150	17,494	21,650	13,652	8,606
	Small business	647	700	518	710	531	346

Figure 100 – Disconnections for non-payment, per 100 customers in Victoria

Disconnections per 100 customers for non-payment		2014–15	2015–16	2016–17	2017–18	2018–19	2019–20
<b>Electricity</b>	Residential	1.45	1.34	1.16	1.34	0.89	0.69
	Small business	1.91	1.58	1.23	1.63	1.52	1.05
<b>Gas</b>	Residential	1.21	1.28	0.91	1.11	0.69	0.42
	Small business	1.14	1.14	0.79	1.08	0.82	0.54

Note: Origin Energy were unable to disconnect customers during most of 2016–17 due to system problems.



### Residential electricity disconnections

The number of electricity disconnections in 2019–20 was the lowest since 2010–11.

There was an average of 0.7 disconnections per 100 residential electricity customers for not paying their bills – compared to 0.9 in 2018–19.

In 2019–20, nine retailers had a higher electricity disconnection rate than the Victorian average. Momentum Energy had the highest disconnection rate at 1.6 disconnections per 100 electricity customers. Powershop had lowest rate at 0.08 per 100 electricity customers.

EnergyAustralia, Sumo and Diamond Energy had an annual increase in disconnections per 100 electricity customers for non-payment.

During the pandemic only five electricity residential customers were disconnected for non-payment in early April and no further disconnections after this.

### Residential gas disconnections

The number of gas disconnections in 2019–20 was the lowest since 2007–08.

There was an average of 0.4 disconnections per 100 residential gas customers for not paying their bills – compared to 0.7 in 2018–19.

In 2019–20, six retailers had higher gas disconnection rates than the Victorian average. Momentum Energy had the highest gas disconnection rate, at 1.2 disconnections per 100 residential customers.

Powershop had the lowest rates at 0.03 disconnections per 100 residential customers.

Alinta Energy, Red Energy and Simply Energy had large reductions in disconnections for non-payment per 100 gas customers.

During the pandemic only two gas residential customers were disconnected for non-payment in early April and no further disconnections after this.

Figure 101 - Residential disconnections for non-payment for electricity and gas, accumulating across quarters per year

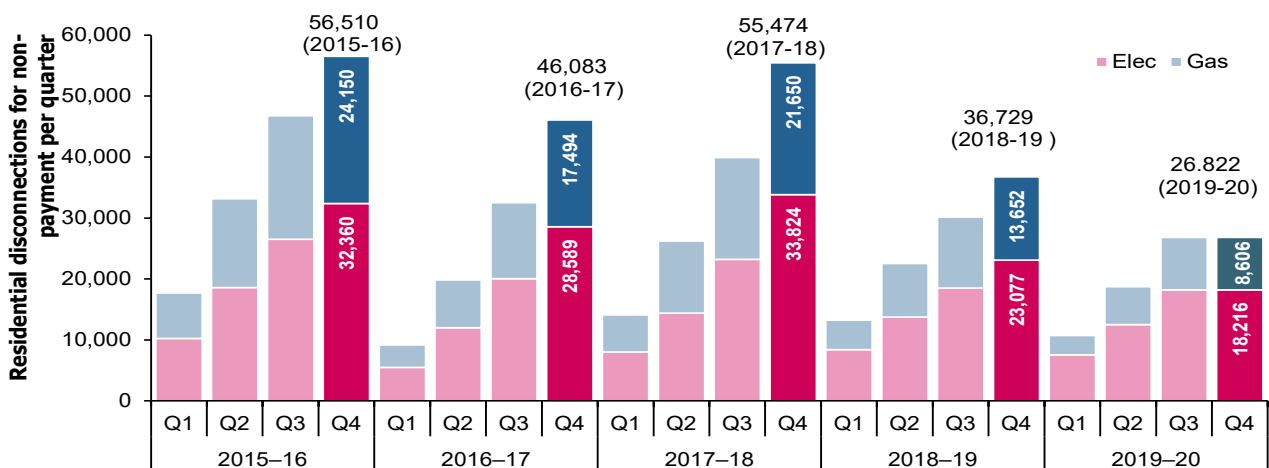




Figure 102 - Electricity disconnections for non-payment per 100 electricity residential customers

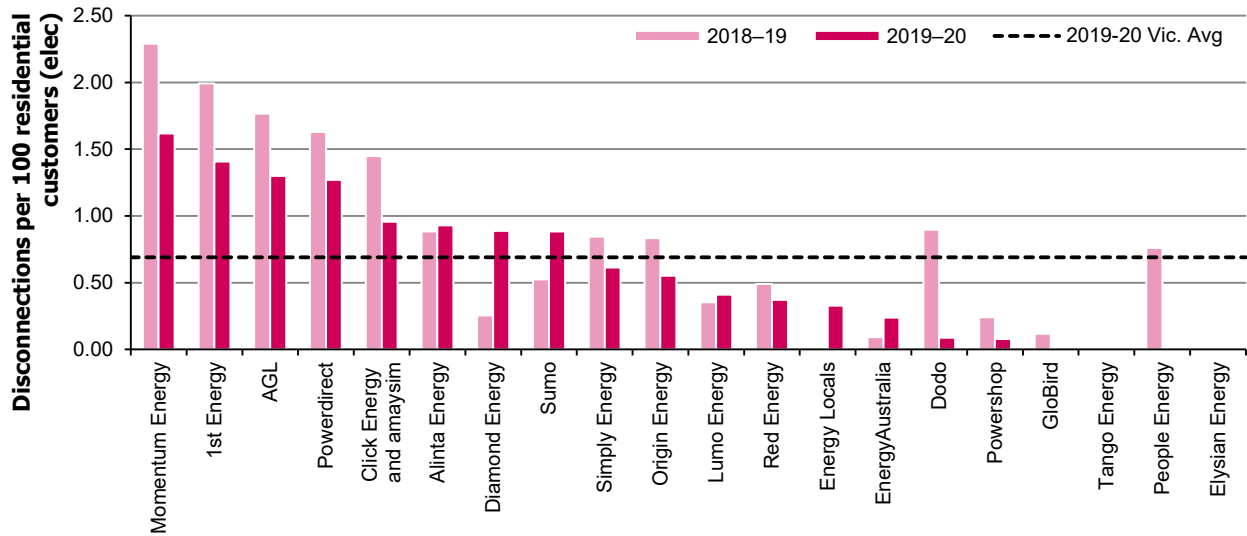


Figure includes only retailers with at least 1,000 residential electricity customers. CovaU (1.25), QEnergy (0.0), Next Business Energy (0.0), Powerclub (0.0) and Blue NRG (0.0) were excluded.

Figure 103 - Gas disconnections for non-payment per 100 gas residential customers

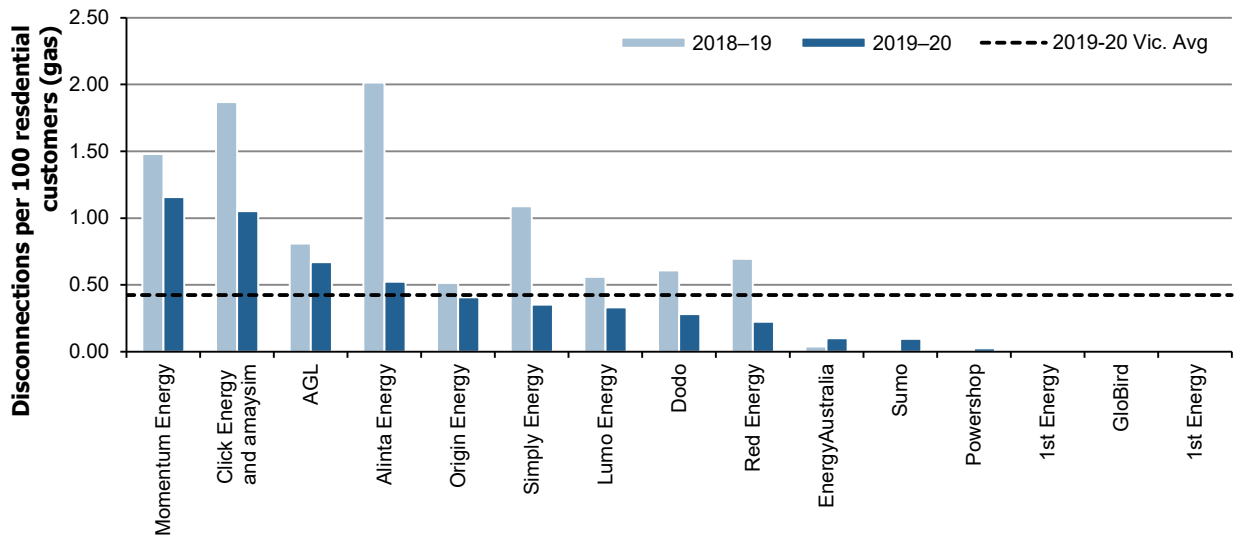


Figure includes only retailers with at least 1,000 residential gas customers. CovaU (1.91) and Tas Gas (0.0) were excluded.



### Small business disconnections

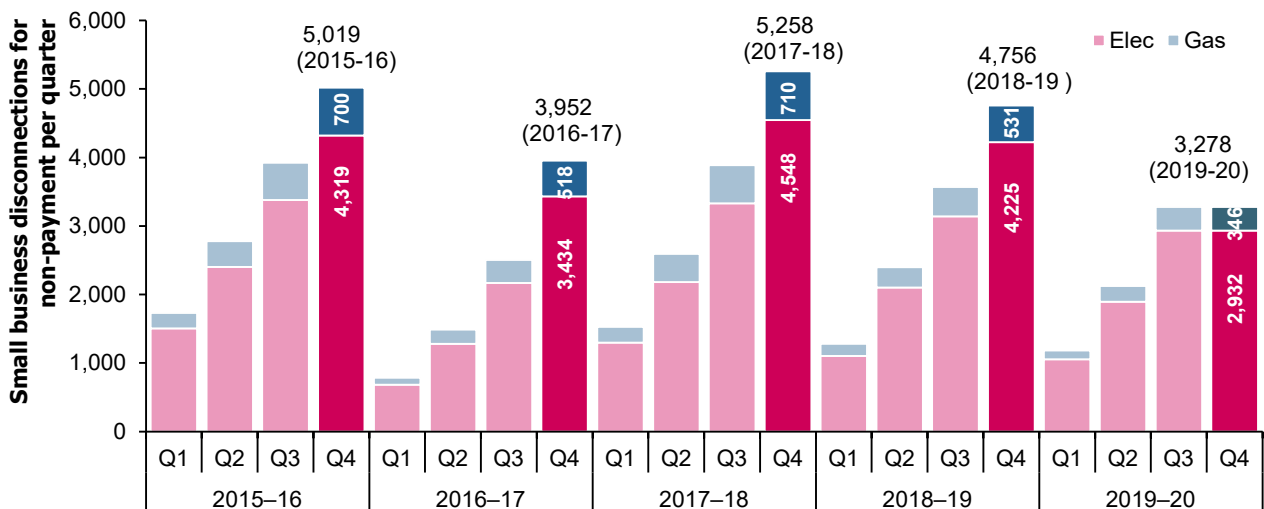
There was an average of 1.05 disconnections per 100 small business electricity customers for not paying their bills – compared to 1.52 in 2018–19.

Alinta Energy had the highest disconnection rate at 2.1 disconnections per 100 small business electricity customers. Powershop had the lowest rate at 0.08 disconnections per 100 small business electricity customers.

For gas, an average of 0.54 disconnections per 100 small business gas customers for not paying their bills – compared to 0.82 in 2018–19.

For small business gas customers, Momentum Energy had the highest rate at 0.73 per 100 small business gas customers and Red Energy had lowest rate at 0.23 per 100 small business gas customers.

Figure 104 - Small business disconnections for non-payment, accumulating across quarters per year





### Most customers disconnected were not recently on a payment assistance program

Since 1 January 2019 we have been collecting further information about customers who are disconnected for non-payment.

In 2019–20, more than 50 per cent of customers who were disconnected for non-payment had not received assistance within the last six months.

Most residential customers who are disconnected for non-payment owe between \$500 and \$1,500 to their retailers. This is consistent for both electricity and gas.

Figure 105 - Proportion of residential customer disconnected for non-payment not receiving assistance

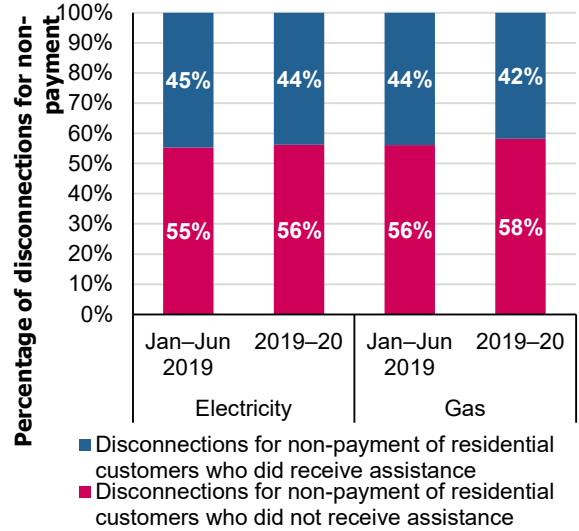
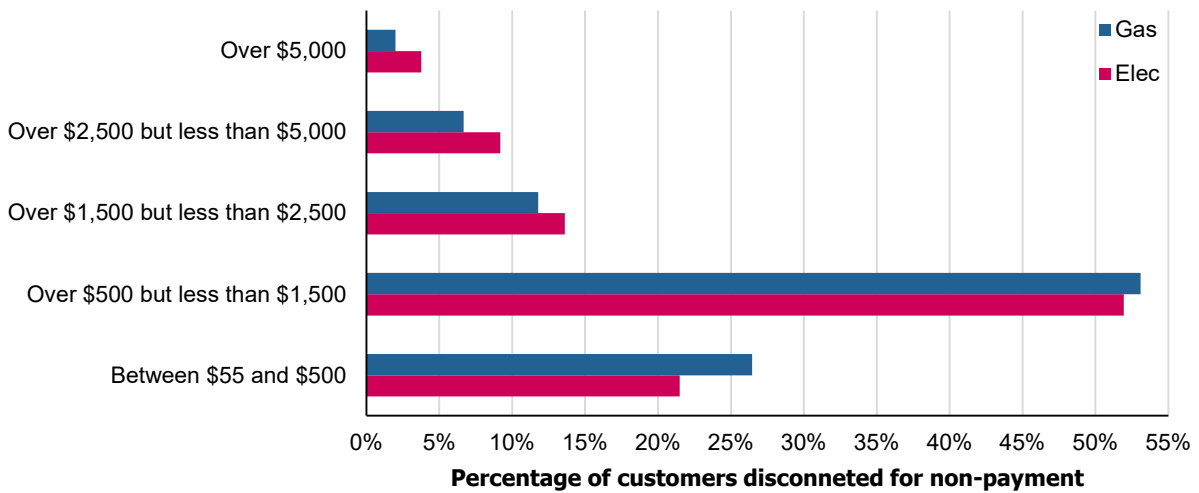


Figure 106 - Arrears of residential customers who are disconnected for non-payment in 2019–20





Regulating the energy  
sector in Victoria







## What rule changes have we made in 2019–20?

We regularly review the Victorian energy rules to promote the long-term interests of Victorian consumers. We made several changes to the energy rules that improve the way in which customers experience the energy market.

### **Ensuring contract periods, practices and variations are clear and fair**

In 2017, an independent review of the Victorian energy market found competition was not working effectively for consumers.

The Victorian Government supported the recommendations made by the review and issued terms of reference to us to deliver many of the reforms.

During 2019–20 we implemented recommendations so that contract periods, practices and variations are clear and fair for customers.

From 1 July 2020:

- retailers are only allowed to increase prices once a year
- any customer signing up to a new offer with a discount, credit or rebate will receive that benefit for the entire duration of their contract
- retailers must advertise electricity offers with reference to the Victorian Default Offer, so customers can compare like with like offers
- pay-on-time discounts will be capped at a level set by the commission, so customers who miss a bill payment will not face a large increase in costs

- retailers must honour pay-on-time discounts for customers receiving tailored assistance who miss a bill payment, and
- retailers must roll customers on fixed-term electricity contracts who do not choose another offer at the end of the contract onto the Victorian Default Offer.

### **Stronger protections for life support customers**

During 2019–20, we updated our electricity and gas codes to strengthen and clarify protections for Victorian customers who require life support equipment. The full protections for electricity customers came into effect on 3 February 2020, and for gas customers on 1 July 2020 (with transitional arrangements for gas until 1 July 2020).

### **Review of our Electricity Distribution Code**

From December 2018 we have been reviewing the Electricity Distribution Code. The first part of this review has focused on the technical standards.

In April 2020 we released our final decision on the technical standards in the electricity distribution code. The final decision will modernise Victoria's energy grid by:

- introducing flexible voltage standards
- compensating for equipment damage



- introducing new distributor reporting requirements
- aligning with current standards and national industry best practice.

The new rules came into effect on 3 April 2020.

### **Limiting back billing periods**

In December 2019, the Victorian Government provided us with terms of reference to reduce the amount of time retailers could back-bill a customer when they are not at fault.

This reform was aimed at protecting customers from receiving excessive bills where they have been undercharged and are not at fault from nine to four months.

In June 2020, we published our final decision to amend both the retail and distribution energy codes to reduce the allowable back-billing period to four months.

The new rule comes into effect on 1 January 2021.



## Key work in 2020–21

### Supporting customers through the pandemic

In August 2020, we released our final decision on measures we are introducing to support customers through the pandemic. From 1 October retailers are required to:

- provide more support in customer utility relief grant applications
- conduct a tariff check for all residential customers receiving tailored assistance, not just those who cannot afford the ongoing cost of their energy
- provide assistance that is reasonable to small businesses that are experiencing financial stress due to the coronavirus pandemic.

The tariff check and small business support will last for six months, while utility relief grant support will be an ongoing obligation.

### Timely electricity connections

In 2018, we were asked by the Victorian Government to provide advice on improving the timeliness of connections in greenfield areas.

Over two years we worked with distributors and the development industry to improve customer service, increase transparency and resourcing about the connections process and review audit practices.

In June 2020, we commenced consultation on further opportunities to improve the electricity connections process and make it sustainable.

The project aims to help people move into their new homes quicker by improving how electricity distributors manage new connections.

In October 2020, we released a directions paper requiring distributors to develop a connections customer service standard in consultation with their customers. The aim of the service standard is to:

- drive continuous improvement and build effective business relationships between distributors and developers and their contractors
- promote accountability and transparency about the times it takes distributors to complete certain stages or steps of the negotiated electricity connections process.

Our final decision is expected to be released in early 2021.

### Electricity distribution code review customer service standards

In May 2020, we released a draft decision proposing customer service standard reforms to modernise and improve communication around planned outages and to make the guaranteed service level scheme reflective of the current service customers are receiving from their distributors.

The final decision was released in November 2020, with the changes taking effect in 2021.



# Energy retail products and prices





## What energy contracts are available in the market?

If you have not changed your energy retailer before, you are likely to be on a standard contract for your energy. If you have changed energy provider in the last year, you are likely to be on a market contract for your energy.

### Standard contracts

If you have not changed energy retailer, you are likely to be on a standard contract. We determine the terms and conditions of a standard contract which are set out in the Energy Retail Code (the code).

If you have a standard contract:

- it will be on-going
- you will not receive discounts for paying your bills on time or for setting up automatic payments
- you can receive quarterly paper bills
- you will have a choice of payment method

### Victorian Default Offer

On 1 July 2019, the Victorian Default Offer (VDO) came into effect and customers on a single rate standing offer were moved onto the VDO price. The commission is responsible for setting the VDO price that a retailer can charge an electricity customer on a single rate standard contract. Previously, these prices were set by retailers at their own discretion and could only be changed at certain times of the year.

All retailers must offer the VDO and it must be the same for all customers on the same distribution network. From 1 January 2020, the commission's role was extended to

regulating multi-rate electricity standard contracts.

The commission does not set the price of gas standard contracts. This price can only be changed at set times of the year and the price of these offers are not regulated.

### Market contracts

If you have changed your energy retailer in the past year, you are likely to have what is called a market contract.

We still set the minimum terms and conditions for market contracts. However, unlike standard contracts, retailers can propose to add other terms and conditions or vary certain minimum standards.

If you choose a market contract, the amount you pay will typically vary according to:

- the length of the contract
- whether there are conditional discounts for paying on-time or using a particular payment method
- whether you want to receive paper bills or choose e-billing
- how often you want to be sent a bill

If you are on a market contract, you will typically pay less for your energy use than if you are on a standard contract, provided you meet the terms and conditions of the contract.



### New energy rules to provide price certainty for customers

Since 1 July 2020, energy retailers are only allowed to increase prices once a year. For many customers, this will happen on a set date one month after network tariff prices change.

Customers on fixed-price contracts will only experience any price increases on the anniversary of their initial fixed-price period expiring.

Retailers must also clearly communicate the time at which prices may change with their customers.



### Default offer extended to Victorians in embedded networks

Embedded electricity networks are private networks found in buildings and premises like apartment buildings, shopping centres, caravan parks, retirement villages and residential parks.

From 1 September 2020, the maximum an embedded network customer can be charged will be the Victorian Default Offer price. This means around 104,000 residential customers and 14,400 small business customers could save hundreds of dollars a year on bills.



### What to expect when signing up to a new retailer

Before an energy retailer can sign you up as a customer, it must provide you with key information about their energy offer.

We have also introduced new rules that require retailers to be upfront about any terms within a contract that could lead you to pay more than you expect.

You are also entitled to change your mind about entering into an energy contract. Soon after you enter into the contract, energy retailers must provide you with written information about your contract. This includes information such as prices, charges, billing and payment arrangements, the commencement date and duration of the contract.

You then have 10 days to consider the contract and may cancel the contract free of charge within that period. You can also cancel your contract at any time and switch to another contract or another retailer. A small exit fee may be charged (up to \$22).



### More electricity and fewer gas customers are on standard contracts

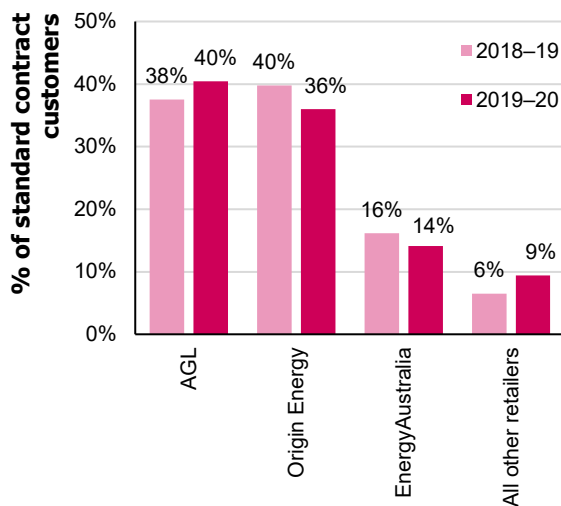
A total of 126,435, approximately five per cent, of residential electricity customers were on standard contracts on 30 June 2020. This represents a two per cent increase from 30 June 2019.

Most electricity customers on standard contracts buy their electricity from AGL, EnergyAustralia or Origin Energy (91 per cent of standard contract customers).

People Energy had the highest proportion of standard contract customers, with one in every six of its electricity customers on standard contracts.

Simply Energy, a large retailer, had the lowest proportion of standard contract electricity customers compared to their overall customer base, at 1 in every 500 of its electricity customers on standard contracts.

Figure 107 - Share of all standard contracts (electricity)



The number of residential gas customers on standard contracts decreased by six per cent.

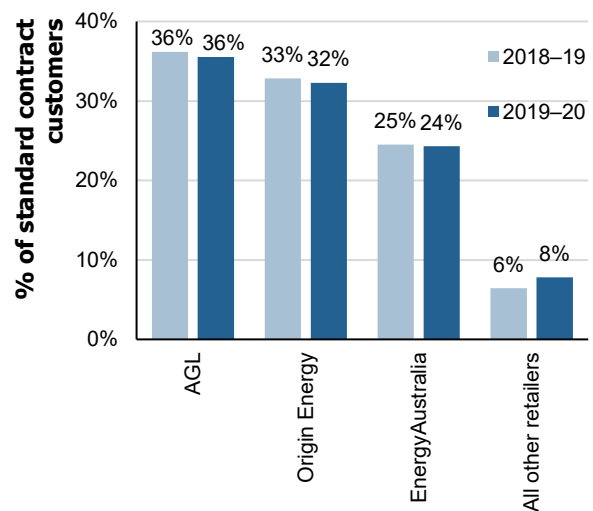
A total of 110,088, approximately five per cent, residential gas customers were on standard contracts on 30 June 2020.

Most gas customers on standard contracts buy their gas from AGL, EnergyAustralia or Origin Energy (92 per cent of all standard offer customers).

Origin Energy had the highest proportion of standard contract customers, at one in eight of its gas customers on standard contracts.

Simply Energy, a large retailer, had the lowest proportion of standard contract gas customers compared to their overall customer base, at 1 in every 500 of its gas customers on standard contracts.

Figure 108 - Share of all standard contracts (gas)





## How are energy offers structured?

### The basic components of an energy offer

An energy bill has two basic charges:

- **usage charge** – the price you pay for every unit of energy you use where electricity is measured in kilowatts hour (kWh) and gas in megajoule (MJ).
- **supply charge** – an amount charged per day to be connected to electricity or gas regardless of the level of your consumption. This charge is the same amount for every day of the year and does not depend on your energy usage.

You may see other charges included in your electricity bill, depending on what type of offer you are on. These could include:

- **Demand charges** – charge associated with the maximum consumption during a defined period in a billing cycle. This is generally incurred between 3pm-9pm.
- **Controlled load** – a charge associated with specific appliances such as hot water, pool heater or a slab heating which runs on a separate circuit and meter. This allows this appliance to generally operate in non-peak period resulting in lower cost.

We recommend talking to your retailer or distributor about what best suits you.

### Different types of usage charges

Unlike your supply charge, the dollar amount you can be charged for each additional unit of energy can vary. The structure of your usage charge is dependent on the type of offer you have taken out with your retailer.

There are three basic forms of usage charges:

- **Flat usage charge (available for electricity and gas)** – this the simplest form of energy usage charge you can be on. You will be charged the same amount for each unit of energy you use, regardless of your total usage or the time of the year you are consuming the energy.
- **Block usage charge (available for electricity and gas)** - this rate will change based on how much energy you use within a defined period, which usually based on your billing period. For example, for the first 1,000 kWh of electricity you use (the first 'block') you may be charged at a certain rate, but you will be charged a different rate once you use more than this. The rate per block is often cheaper the more energy you use.

For gas offers, block usage charges can be seasonal, meaning you can have different block amounts and different charges related to those blocks depending on the season. The usage charges during winter are usually higher





than in summer. Most gas market offers for residential customers are block usage charges.

- **Flexible usage charge (only available for electricity)** - this is the most complicated of the usage charges. The rate you are charged will depend on the time of the day you use electricity (e.g. 9am-10am). Flexible tariffs generally have peak, off-peak and shoulder time periods where different rates are set. Some flexible tariffs can also have more time blocks with corresponding rates.

Figure 109 - Flat usage charge

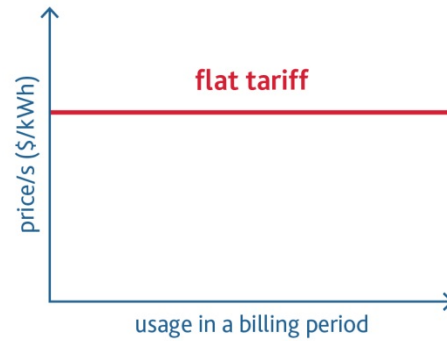


Figure 110 - Block usage charge

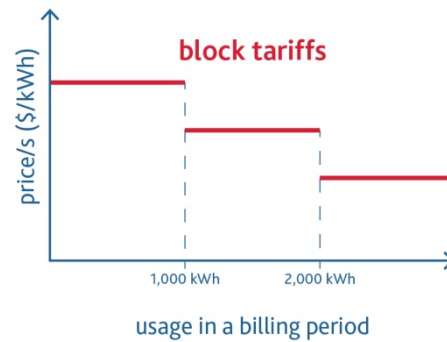
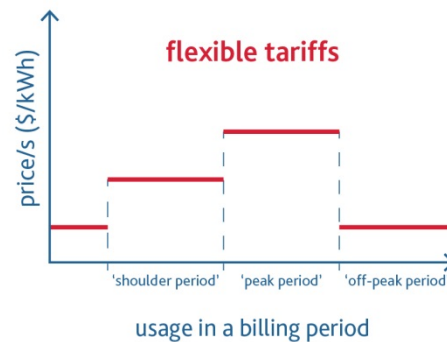


Figure 111 - Flexible usage charge





## Observations on prices and products in the Victorian retail energy market

We report on the type and prices of energy offers that retailers make available to customers. The following chapter provides a discussion on energy prices available to residential and small business customers in 2019–20.

Our key observations are summarised below.

### **Residential electricity**

#### ***Types of offers***

Market offers without discounts are now the most common type of market offer.

Market offers with conditional discounts represent 25 per cent of all market offers on 30 June 2020 compared to 55 per cent on 30 June 2019.

#### ***Estimated price of bills***

The median estimated annual bill of market offers was generally stable.

The cheapest market offer was at least \$281 lower than the VDO. There were still market offers that were more expensive than the VDO.

The cheapest market offer with a guaranteed discount is at least \$100 more than the cheapest market offer without any discounts.

### **Residential gas**

#### ***Types of offers***

Offers without discounts are now the most common type of offer.

In Melbourne, market offers with conditional discounts represent 31 per cent of all market offers on 30 June 2020 compared to 57 per cent on 30 June 2019.

#### ***Estimated price of bills***

The median estimated annual bill of market offers for Melbourne was generally stable.

The median estimated annual bill of standing offers for Melbourne increased, changing by 8% to 10% compared to last year depending on the distribution zone.

In Melbourne, the cheapest market offer is \$180 less than the lowest priced standing offer.

In Melbourne, the cheapest market offer with a guaranteed discount is at least \$50 more than the cheapest market offer without any discounts.



### **Small business electricity**

#### ***Types of offers***

Offers without discounts are now the most common type of offer.

Discounted offers with conditions make up 12 per cent of all market offers, down from over 45 per cent on 30 June 2019.

#### ***Estimated price of bills***

The median estimated annual bill of market offers was generally stable.

The cheapest market offer was at least \$537 lower than the VDO. There were still market offers that were more expensive than the VDO.

### **Small business gas**

#### ***Types of offers***

Offers without discounts are now the most common type of offer.

In Melbourne, discounted offers with conditions make up 22 per cent of all market offers, down from over 50 per cent on 30 June 2019.

#### ***Estimated price of bills***

The median estimated annual bill of market offers for Melbourne was generally stable.

The median estimated annual bill of standing offers for Melbourne was generally stable, changing by -1% to 2% compared to last year depending on the distribution zone.

In Melbourne, the cheapest market offer is \$1,633 less than the lowest priced standing offer.

The cheapest market offer with a guaranteed discount is still the most expensive, at least \$315 more than the cheapest market offer without any discounts



Figure 112 - Estimated annual residential energy bills based on published offers since 2017, for CitiPower (Electricity) and Australian Gas Networks Central (Gas)

	Electricity				Gas			
	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2017	30 June 2018	30 June 2019	30 June 2020
<b>Victorian Default Offer (electricity) / Standard contracts (gas)</b>	\$1,452	\$1,600	\$1,623	\$1,420	\$1,482	\$1,620	\$1,623	\$1,784
(% change from previous year)		10%	1%	-13%		9%	0%	10%
<b>All market offers</b>	\$1,168	\$1,248	\$1,257	\$1,278	\$1,244	\$1,324	\$1,379	\$1,385
(% change from previous year)		7%	1%	2%		6%	4%	0%
<b>Market offers without discounts</b>	\$1,235	\$1,197	\$1,261	\$1,277	\$1,367	\$1,289	\$1,407	\$1,400
(% change from previous year)		-3%	5%	1%		-6%	9%	0%
<b>Guaranteed market offer</b>	\$1,302	\$1,421	\$1,372	\$1,292	\$1,334	\$1,486	\$1,374	\$1,401
(% change from previous year)		9%	-3%	-6%		11%	-8%	2%
Conditional market offers								
<b>Discount market offer (where all discount conditions are met)</b>	\$1,154	\$1,248	\$1,240	\$1,268	\$1,230	\$1,321	\$1,379	\$1,360
(% change from previous year)		8%	-1%	2%		7%	4%	-1%
<b>Discount market offer (where all discount conditions were missed)</b>	\$1,496	\$1,658	\$1,698	\$1,420	\$1,459	\$1,588	\$1,628	\$1,551
(% change from previous year)		11%	2%	-16%		9%	3%	-5%

Data source: commission analysis of Victorian Energy Compare (data query for 6 August 2020). The numbers represented in the table are median annual bill for a given distribution zones. Based on typical residential customer using 4,000 kWh per year for generally available electricity offers (excluding offers with controlled loads) and 54.4 GJ per year for generally available gas offers. The Victorian Default Offer applies to standing offers from 1 July 2019 for electricity. Prior to 1 July 2019 the median annual bills for electricity represent standing offers prices. Figures include GST.



Figure 113 - Estimated annual small business energy bills based on published offers since 2017, for CitiPower (Electricity) and Australian Gas Networks Central (Gas)

	Electricity				Gas			
	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2017	30 June 2018	30 June 2019	30 June 2020
<b>Victorian Default Offer (electricity) / Standard contracts (gas)</b>	\$3,773	\$4,604	\$4,644	\$3,689	\$9,562	\$11,366	\$11,699	\$11,978
(% change from previous year)		22%	1%	-21%		19%	3%	2%
<b>All market offers</b>	\$2,863	\$3,372	\$3,445	\$3,505	\$7,701	\$9,362	\$9,381	\$9,306
(% change from previous year)		18%	2%	2%		22%	0%	-1%
<b>Market offers without discounts</b>	\$3,080	\$3,228	\$3,455	\$3,499	\$8,308	\$9,102	\$9,623	\$9,431
(% change from previous year)		5%	7%	1%		10%	6%	-2%
<b>Guaranteed market offer</b>	\$2,802	\$3,432	\$3,389	\$3,665	\$7,321	\$9,581	\$9,204	\$8,995
(% change from previous year)		23%	-1%	8%		31%	-4%	-2%
Conditional market offers								
<b>Discount market offer (where all discount conditions are met)</b>	\$2,851	\$3,434	\$3,459	\$3,247	\$8,371	\$9,152	\$9,186	\$9,596
(% change from previous year)		20%	1%	-6%		9%	0%	4%
<b>Discount market offer (where all discount conditions were missed)</b>	\$3,561	\$4,298	\$4,339	\$3,690	\$10,086	\$13,031	\$9,633	\$10,377
(% change from previous year)		21%	1%	-15%		29%	-26%	8%

Data source: commission analysis of Victorian Energy Compare (data query for 6 August 2020). The figures represented in the table are median annual bill for a given distribution zones. Based on typical residential customer using 12,000 kWh per year for generally available electricity offers (excluding offers with controlled loads) and 500 GJ per year for generally available gas offers. The Victorian Default Offer applies to standing offers from 1 July 2019 for electricity. Prior to 1 July 2019 the median annual bills for electricity represent standing offers prices. Figures include GST.



## What type of residential electricity offers are available in the market?

Energy offers depend on the distribution zone you are in. You cannot choose your distribution zone or distributor and they are divided based on geography.

In the electricity market there are five electricity distributors:

- Ausnet Services
- Jemena
- CitiPower, Powercor and United Energy<sup>6</sup>

To find out who your electricity distributors is you can check your electricity meter on your premise, check your bill from your energy retailer or check on the Department of Environment, Land, Water and Planning's website:

<https://www.energy.vic.gov.au/electricity/electricity-distributors>



### Where can I look at energy offers?

All retailers are required to publish any offer that is 'generally available' to any customer on the Victorian Government on-line comparison website Victorian Energy Compare.

Victorian Energy Compare is a free, government-owned energy price comparison tool. Each offer on the Victorian Energy Compare website will have a unique offer ID number which you can quote to a retailer when you have decided on an offer that best suits you.

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<sup>6</sup> CitiPower, Powercore and United Energy are all majority owned by the same parent company



## Residential Electricity

### Residential electricity customers had more offers to choose from in 2019–20

The number of market offers available for each distribution zone, on the Victorian Energy Compare website, increased in 2019–20 compared to the previous financial year. As an example, the volume of market offers in the CitiPower distribution zone increased from 89 in 2018–19 to 111 in 2019–20.

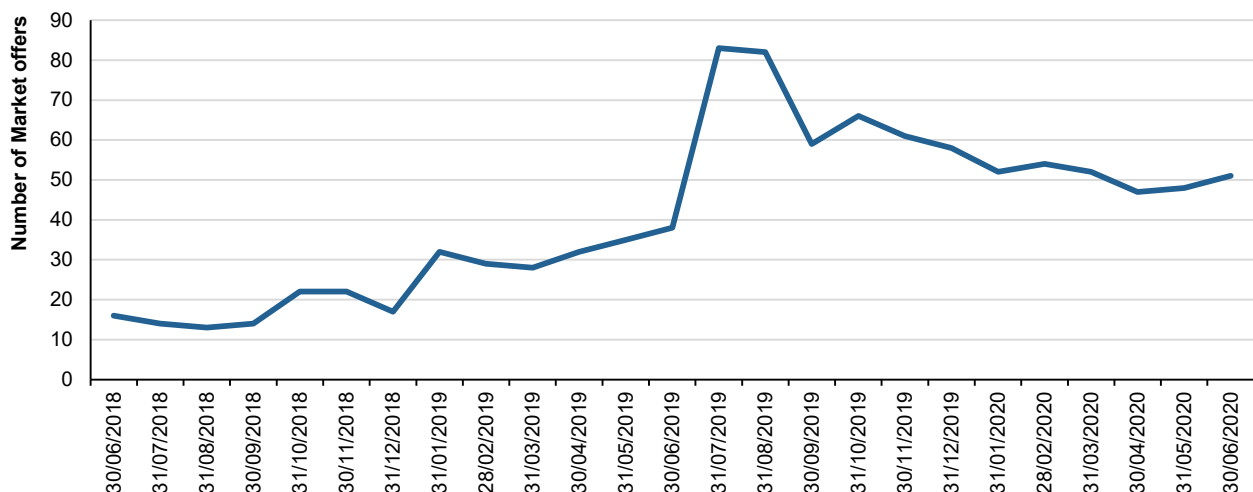
Following the introduction of the Victorian Default Offer (VDO), we saw a spike in the number of market offers made available to Victorians, with more than 140 offers in all distribution zones in July and August. This was an increase of at least 50 market offers within a month for all distribution zones.

Market offers with no discounts have now become the most common type of market offer, making up at least 53 per cent of all market offers in Victoria across all distribution zones.

Figure 114 - Average number of residential electricity market offers

Distributor	2017–18	2018–19	2019–20
AusNet Services	64	82	108
CitiPower	71	89	111
Jemena	65	84	103
Powercor	64	93	117
United Energy	64	83	102

Figure 115 - Number of residential electricity market offers available at the end of each month, for CitiPower





**More residential electricity market offers were published on Victorian Energy Compare in 2019–20 compared to 2018–19**

Throughout the financial year, 2,274 new residential electricity offers were published across all distribution zones, an increase of 45 per cent on the previous financial year.

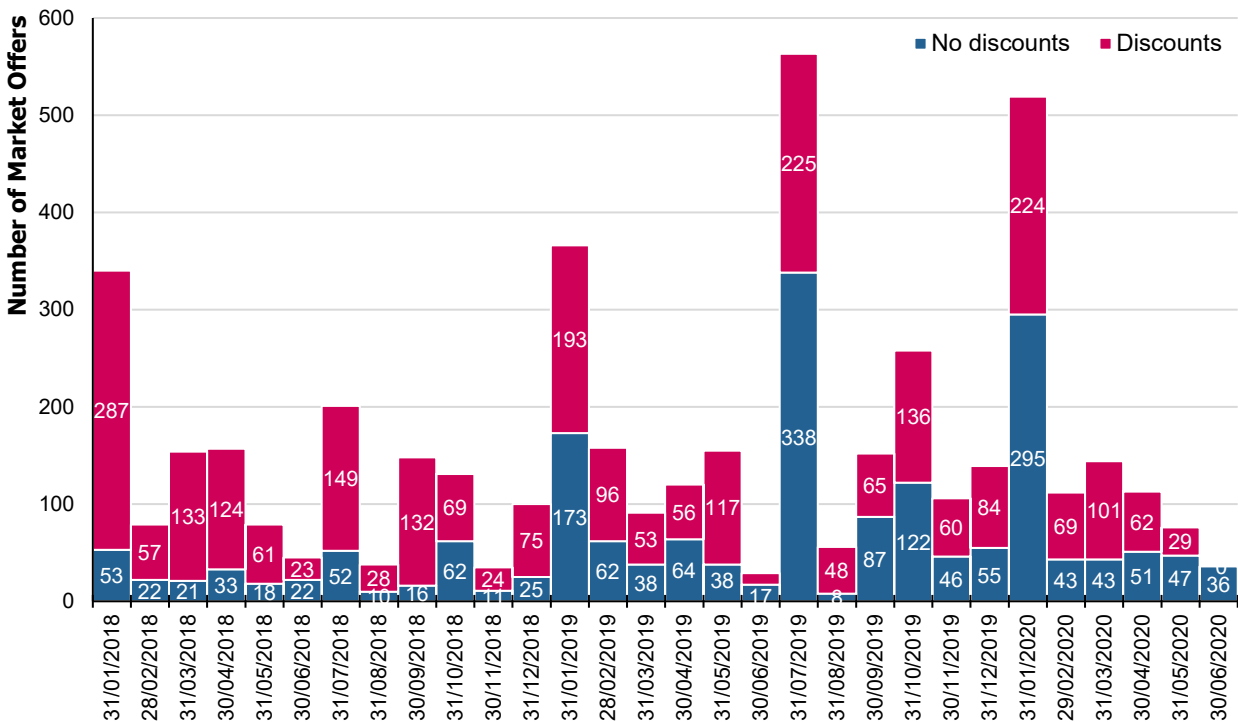
July and January continued to be peak periods for new residential electricity offers.

**Half of new residential electricity offers published in 2019–20 were repeats of existing offers**

Although we have seen an increase in the number of new residential electricity offers published on Victorian Energy Compare, majority of these offers do not result in a different annual bill amount.

Fifty-one per cent of new offers published in the CitiPower distribution zone resulted in the same underlying charges and annual bill as seen in the previous 12 months from the same retailers. This was consistent across all distribution zones.

**Figure 116 - New residential electricity market offers published each month, across all distribution zones**







### The number of residential electricity market offers available with guaranteed discounts doubled in 2019–20

The number of guaranteed discounted market offers available for each distribution zone, on the Victorian Energy Compare website, approximately doubled in 2019–20 compared to the previous year.

For instance, the volume of guaranteed discounted market offers in the CitiPower distribution zone increased from 8 in 2018–19 to 15 in 2019–20.

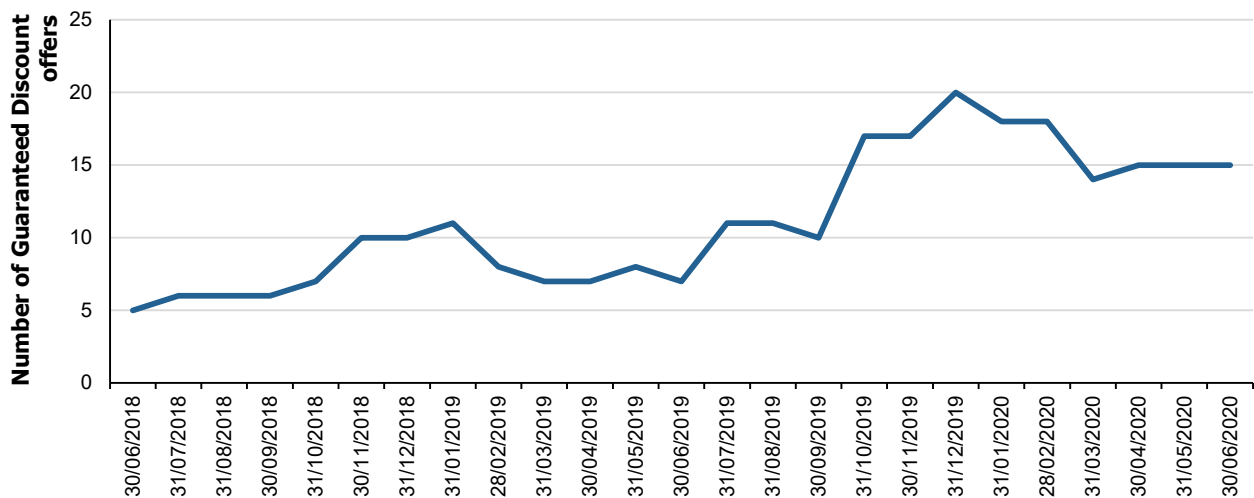
We saw a spike in these available offers in the market, with more than 20 offers within a given distribution zone in December 2019.

**Guaranteed discount** is a discount that a customer receives without needing to do anything.

Figure 117 - Average number of residential electricity market offers with guaranteed discounts

Distributor	2017–18	2018–19	2019–20
AusNet Services	5	6	15
CitiPower	5	8	15
Jemena	6	8	16
Powercor	5	8	15
United Energy	5	6	15

Figure 118 - Number of residential electricity market offers with guaranteed discounts available at the end of each month, for CitiPower





### Market offers with discounts that have conditions used to be the most common residential electricity market offer

The number of residential electricity market offers with conditional discounts available in each distribution zone, on the Victorian Energy Compare website, has reduced in 2019–20 compared to the previous year.

As an example, the volume of market offers with conditional discounts in the CitiPower distribution zone decreased from 55 in 2018–19 to 34 in 2019–20.

Following the introduction of VDO, we saw a significant drop of these offers in all distribution zones in September 2019.

At times during 2018–19, market offers with conditional discounts made up nearly 90 per cent of all discounted residential electricity offers across all distribution zones. This decreased significantly over the last year. In the CitiPower distribution zone, market offers with conditional discounts decreased to 59 per cent of all discount offers.

By 30 June 2020, there were half the amount of conditional discounted offers compared to 30 June 2019.

Figure 119 - Average number of residential electricity market offers with conditional discounts

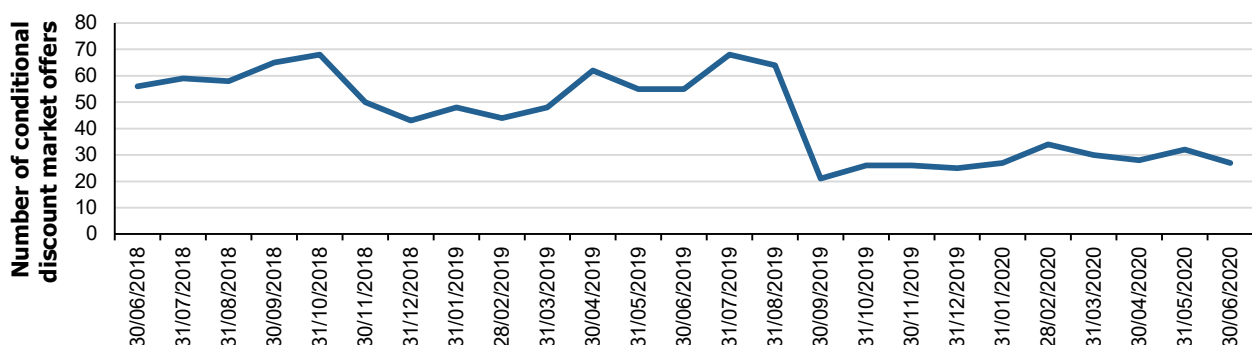
Distributor	2017–18	2018–19	2019–20
AusNet Services	48	51	30
CitiPower	54	55	34
Jemena	50	53	29
Powercor	49	57	36
United Energy	50	52	29

**Conditional discount** is a discount whereby a customer must fulfil a condition to receive the discount (it is dependent).

#### Quick fact: residential electricity

Market offers with conditional discounts represent 25 per cent of all market offers on 30 June 2020 compared to 55 per cent on 30 June 2019, across all distribution zones.

Figure 120 - Number of residential electricity market offers with conditional discounts available at the end of each month, for CitiPower





**Market offers with no discount are now the most common residential electricity market offer**

The volume of undiscounted market offers available for each distribution zone, on the Victorian Energy Compare website, had a considerable increase in 2019–20 compared to the previous year. For instance, the volume of undiscounted market offers in the CitiPower distribution zone increased from 25 in 2018–19 to 59 in 2019–20.

Historically, undiscounted market offers have only accounted for one in four market offers available.

Following the introduction of the VDO, we saw a spike with more than 70 undiscounted market offers in all distribution zones in July and August.

In September 2019, two in three market offers were market offers without discounts.

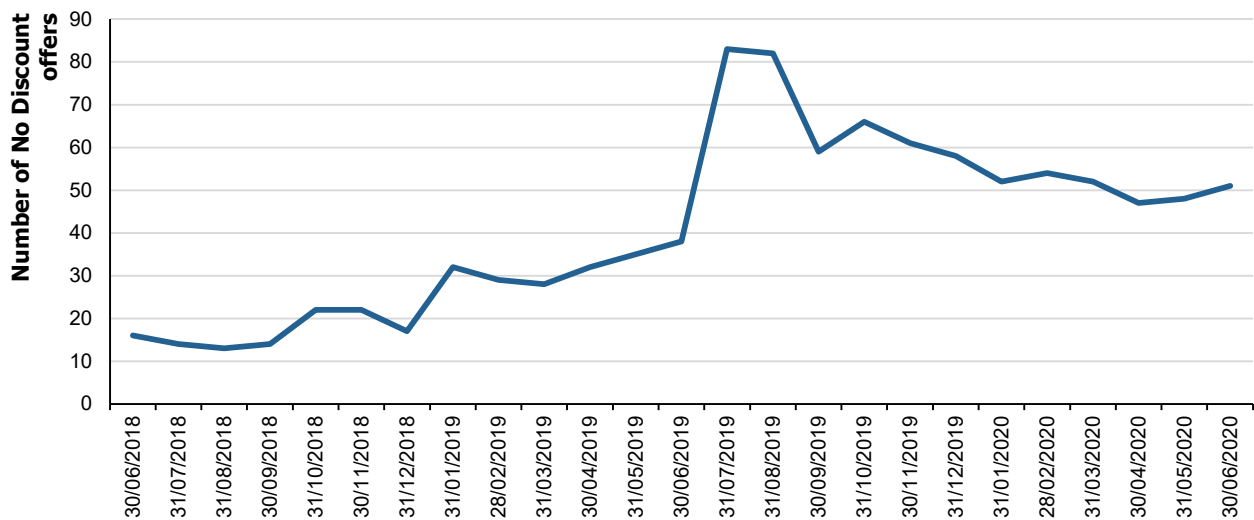
**Figure 121 - Average number of residential electricity market offers with no discount**

Distributor	2017–18	2018–19	2019–20
<b>AusNet Services</b>	10	24	61
<b>CitiPower</b>	12	25	59
<b>Jemena</b>	8	21	56
<b>Powercor</b>	10	26	64
<b>United Energy</b>	9	23	57

**Quick fact: residential electricity**

Market offers with no discounts are now the most common type, with 55 per cent of all market offers on 30 June 2020 compared to 37 per cent on 30 June 2019, across all distribution zones.

**Figure 122 - Number of residential electricity market offers with no discount available at the end of each month, for CitiPower**





**Retailer size – residential electricity market offers with guaranteed discount**

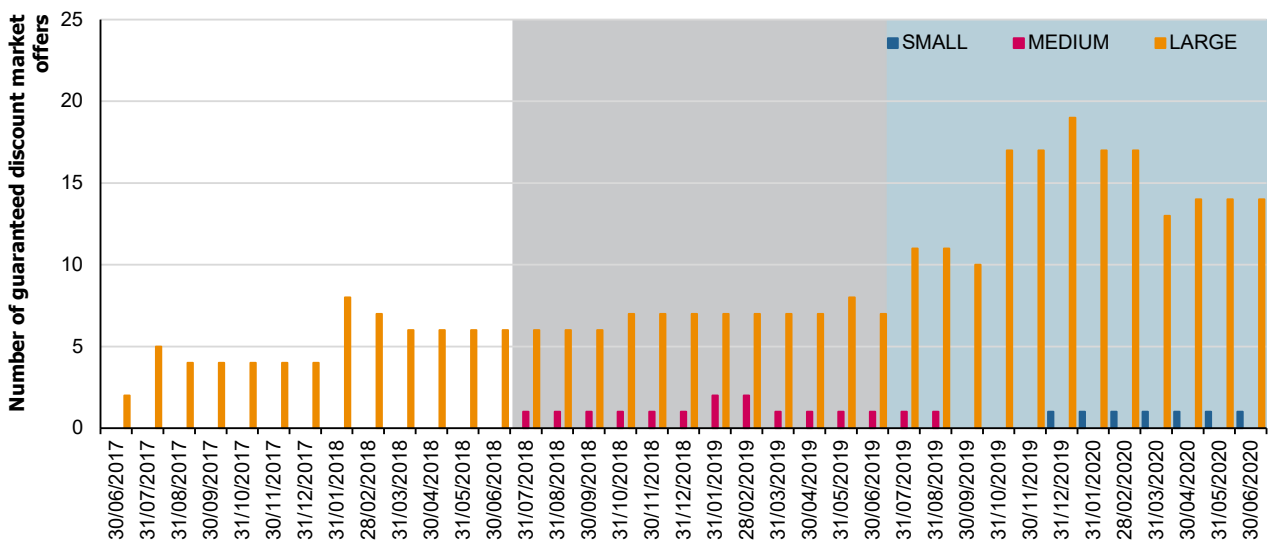
Large retailers have generally been the only type of retailer that offered market offers with guaranteed discounts.

In 2018–19, market offers with guaranteed discounts accounted for one in four of discounted market offers from large retailers in the CitiPower distribution zone. By 30 June 2020, large retailers offered the same number of guaranteed discounted market offers as market offers with conditional discounts.

**Figure 123 - Average number of residential electricity market offers with guaranteed discounts for CitiPower, by retailer size**

Size of retailer	2017–18	2018–19	2019–20
Large	5	6	14
Medium	0	2	0
Small	0	0	1

**Figure 124 - Number of residential electricity market offers with guaranteed discounts available at the end of each month for CitiPower, by retailer size**





### Retailer size – residential electricity market offers with conditional discounts

Over the last two years, large and medium retailers have accounted for at least 85 per cent of market offers with conditions attached to their discounts available in the CitiPower distribution zone.

Large and medium retailers have significantly reduced the number of market offers with conditional discounts available in 2019–20.

The decrease in discounted market offers has been driven by medium retailers. At the end of July 2019, medium retailers had 44 market offers with discount conditions available, and by 30 June 2020 there were only 11.

At the end of July 2019, large retailers had 18 market offers with discount conditions

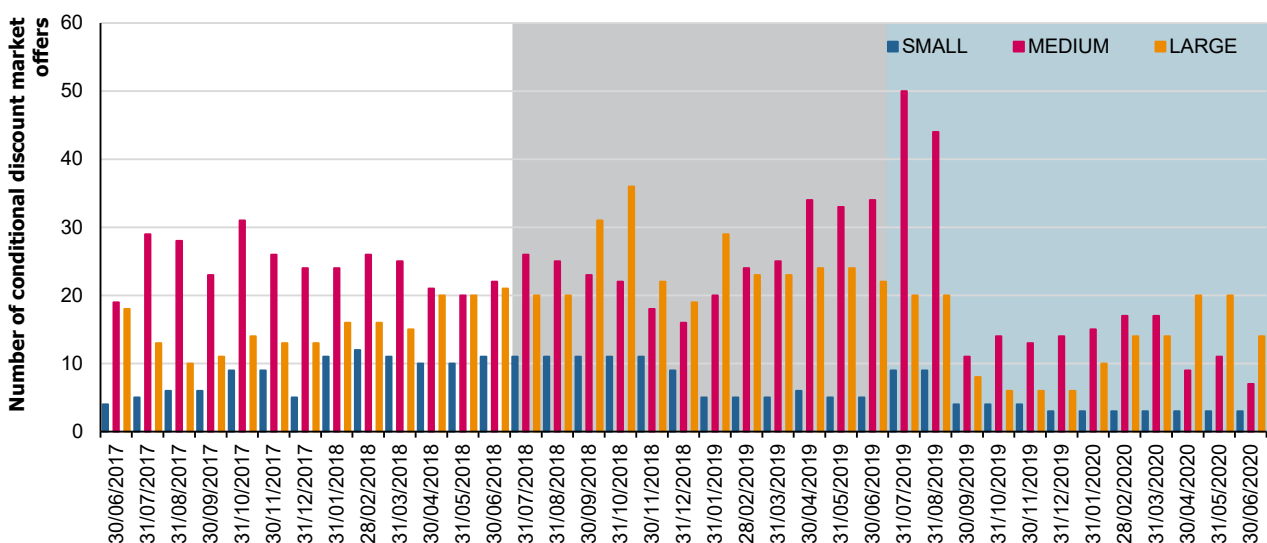
available, which decreased to 3 by October 2019. However, by the end of financial year, large retailers had increased the number of offers with conditional discounts available.

In 2018–19, three in four discounted market offers by large retailers had conditions attached to them and by the end of 2019–20, this reduced to one in every two market offers had conditions attached to them.

**Figure 125 - Average number of residential electricity market offers with conditional discounts for CitiPower, by retailer size**

Size of retailer	2017–18	2018–19	2019–20
Large	16	21	9
Medium	29	25	20
Small	9	8	5

**Figure 126 - Number of residential electricity market offers with conditional discounts available at the end of each month, by retailer size**





**Retailer size – residential electricity market offers with no discount**

At the start of the financial year, retailers of all sizes in the CitiPower distribution zone increased the number of market offers with no discounts available when compared to 2018–19.

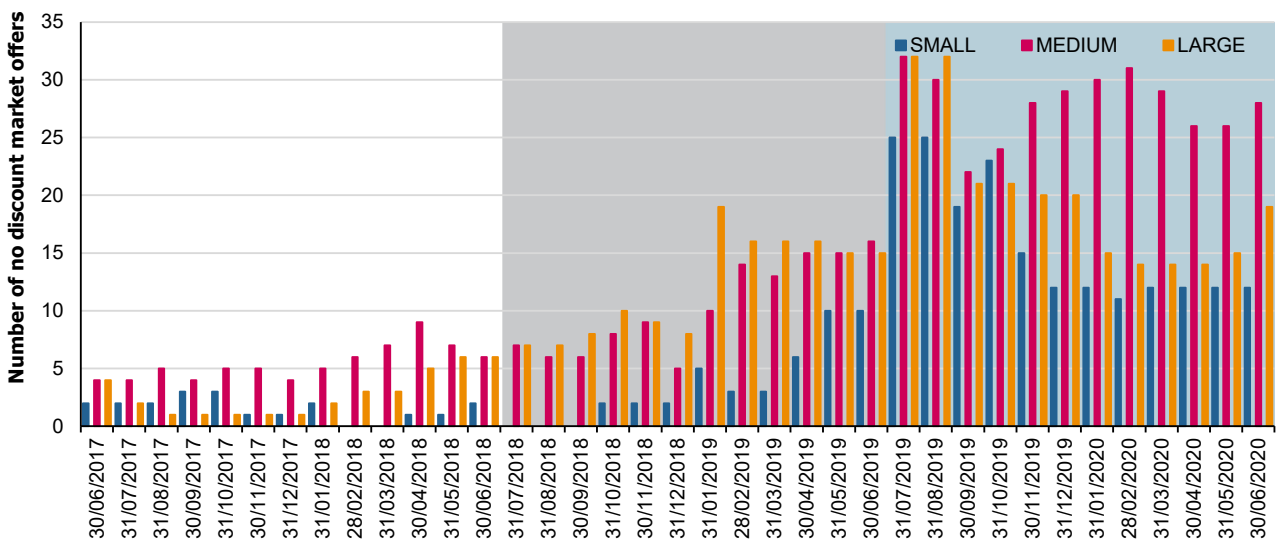
For medium retailers, eight in ten market offers had no discount market offers compared to only three in ten market offers on 30 June 2019.

Large retailers increased their number of no discount market offers to one in every two market offers in July and August 2019 but decreased to one in every three offers afterwards.

**Figure 127 - Average number of residential electricity market offers with no discount for CitiPower, by retailer size**

Size of retailer	2017–18	2018–19	2019–20
Large	2	10	17
Medium	6	10	25
Small	3	4	18

**Figure 128 - Number of residential electricity market offers with no discount available at the end of each month for CitiPower, by retailer size**





# How much do residential electricity offers vary in cost?

For residential customers, we apply an assumption that a typical household uses 4,000 kWh of electricity. This allows us to estimate what a typical residential customer would pay for a year of electricity for offers published on the Victorian Energy Compare website.

There are a range of different products and prices offered by retailers. For the same usage you could pay up to \$588 more for your residential electricity than if you were on the cheapest offer available in the market (this is 45 per cent more for your annual electricity bill).

Even within a retailer you could be paying up to **\$536 more for your electricity compared to the cheapest offer with that same retailer.**

## The median annual cost has increased for residential electricity

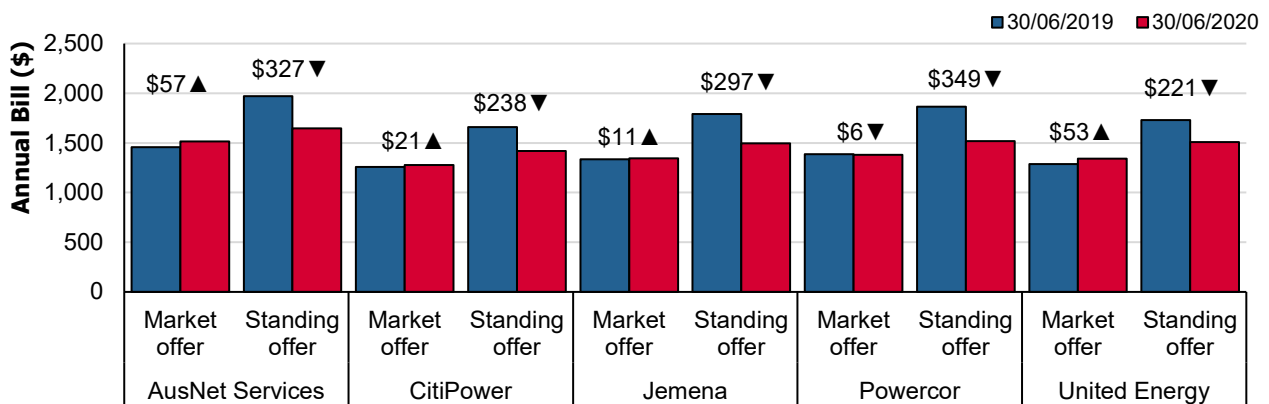
Throughout 2019–20, there was a slight increase, 2 per cent, in the median annual bill of market offers.

For standing offers, the median decreased significantly following the introduction of the Victorian Default Offer.

### Quick fact: residential electricity

Across the five distribution zones there was between -1 and 4 per cent change in the median estimated annual bill for market offers in 2019–20.

Figure 129 - Median annual bill for residential electricity, by distribution zone





**The cheapest residential electricity offer available in each distribution zone increased in price**

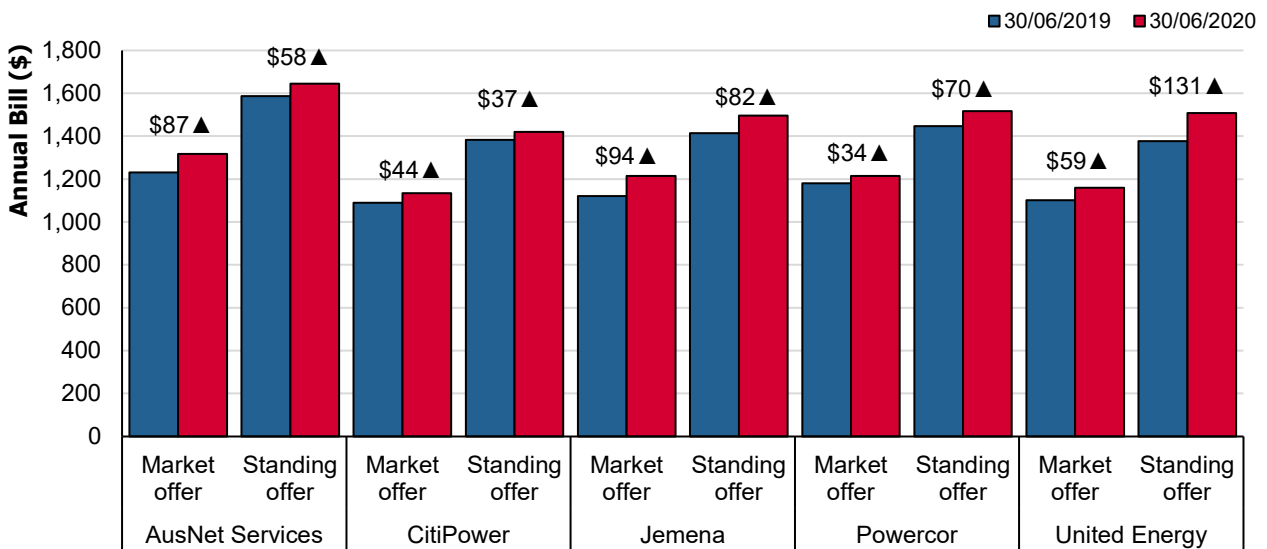
Across each distribution zone, there had been an increase in the cheapest market offer available on 30 June 2020 compared to 30 June 2019. This increase was between 3–7 per cent depending on the distribution zone.

The cheapest market offer was still at least \$281 cheaper than the Victorian Default offer. This will result in a customer paying 23 per cent more for their annual electricity usage than they should be.

On 30 June 2020, the cheapest type of offer based on your usage will also depend on what distribution zone you are in. In the AusNet Services and United Energy distribution zones, the cheapest type of plan based on 4,000 kWh usage was a market offer with conditional discounts. However, the cheapest offer in the CitiPower, Jemena and Powercor distribution zones was a no discount market offer.

The cheapest guaranteed discount market offer is still more expensive than the cheapest no discount market offer by around \$100–150 (8 to 10 per cent more expensive).

**Figure 130 - Lowest annual bill for residential electricity, by distribution zone**







**The variation in annual bills for residential electricity decreased over the year**

With the introduction of the VDO, the price spread across all the different market offers (indicated by the smaller red bar in the figure below) for each distribution zone had decreased.

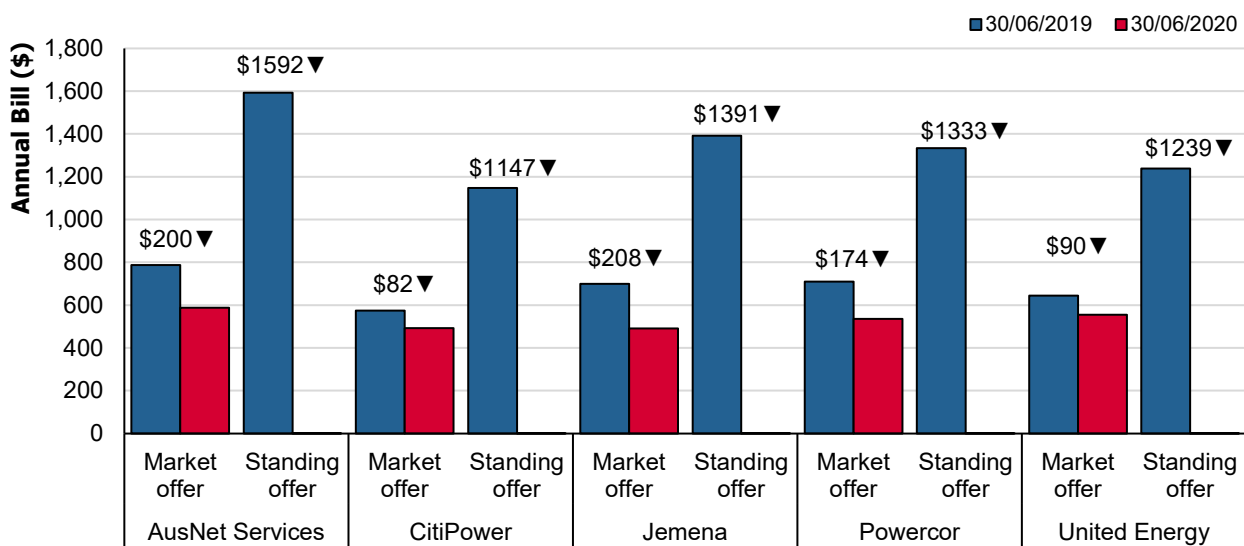
There was a 14–30 per cent reduction in the difference between the cheapest and most expensive market offer between 30 June 2019 and 30 June 2020, depending on the type of market offer.

Prior to the introduction of the VDO, the most expensive standing offers were paying an extra amount equivalent to an additional year’s worth of electricity.

**Figure 131 - Difference between the annual bill of the cheapest and most expensive residential electricity market offer, by distribution zone**

	2019–20		2018–19	
	Min-Max	% difference	Min-max	% difference
<b>AusNet Services</b>	\$588	44.6%	\$788	64.0%
<b>CitiPower</b>	\$493	43.5%	\$575	52.8%
<b>Jemena</b>	\$491	40.4%	\$699	58.7%
<b>Powercor</b>	\$536	44.1%	\$710	60.1%
<b>United Energy</b>	\$555	47.9%	\$644	58.5%

**Figure 132 - Difference between the annual bill of the cheapest and most expensive residential electricity market offer, by distribution zone**





### The overall sizes and the variation of residential electricity discounts decreased

Over the year there had been a significant reduction in the size of discounts attached to residential electricity market offers. This reduces the additional cost to a customer if they were to miss the conditions related to their discount.

The smallest conditional discounts were mostly unchanged over the year. However, the median and largest discounts reduced significantly.

The median cost of not meeting your discount conditions decreased from \$419 to \$101.

The largest cost of not meeting your discounts for residential electricity decreased from \$693 (57 per cent of the total annual bill) to \$227 (19 per cent of the total annual bill).

The largest discount on 30 June 2020 was \$227 (19% of the total annual bill).

#### Quick fact: residential electricity

The median cost of not meeting your discount conditions decreased across Victoria, from \$398 on 30 June 2019 to \$141 on 30 June 2020.

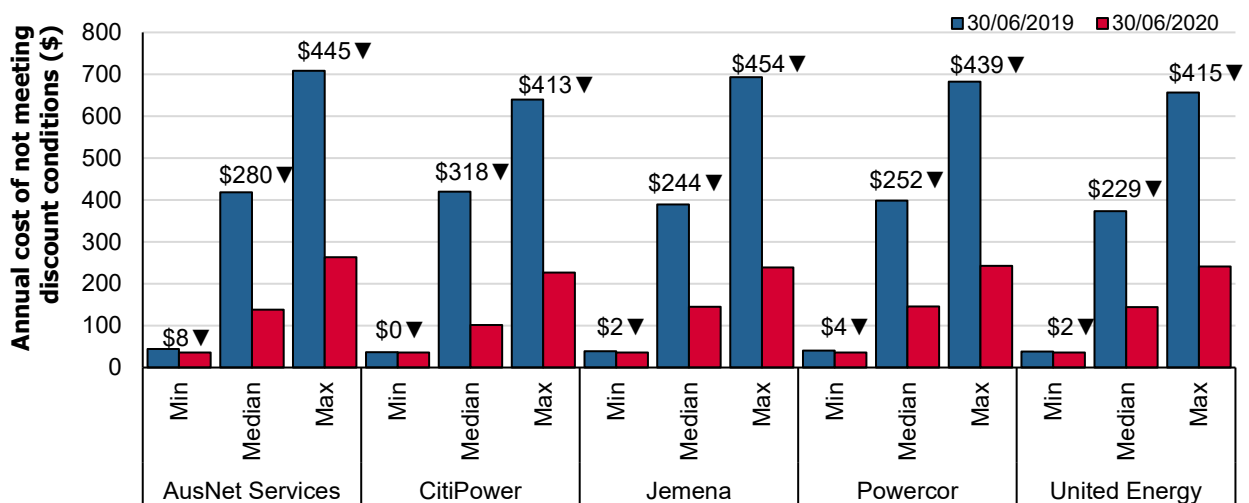
#### Cap on pay-on-time discounts effective from 1 July 2020

From 1 July 2020, if a customer takes a new energy offer with their current or new retailer, their pay-on-time discount will be capped at 3.62 per cent.

This means the cost for customers who miss a bill payment is limited to a reasonable amount.

Retailers must also honour pay-on-time discounts for customers receiving tailored assistance who miss a bill payment.

Figure 133 - Change in minimum, median and maximum cost of not meeting discounts for residential electricity, by distribution zone





### Residential electricity market offers with guaranteed discounts decreased in price but still not the cheapest offers

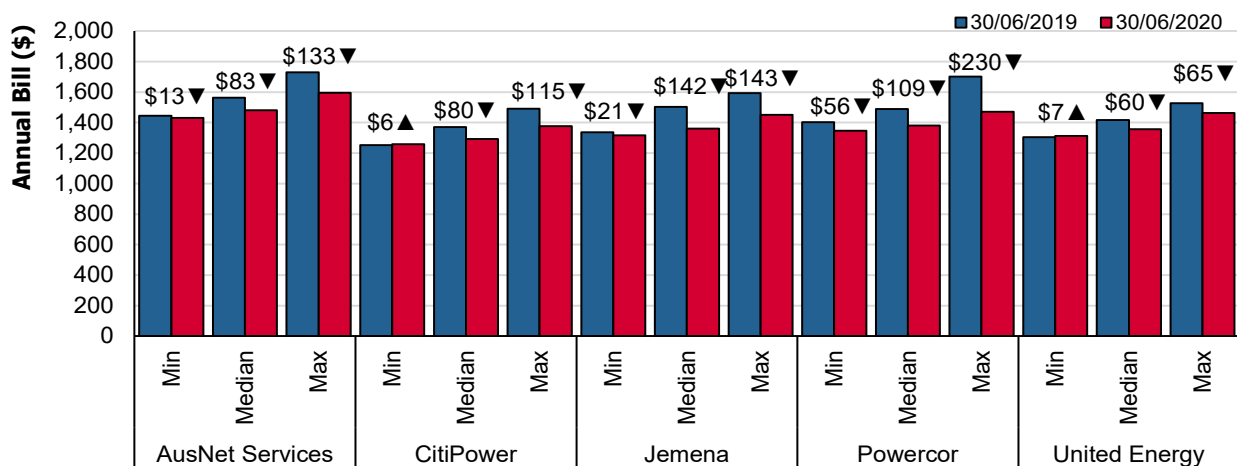
The cheapest market offer with a guaranteed discount was still more expensive than the cheapest undiscounted market offer by around \$100–150.

Over the year there was a decrease in the cheapest and median annual bill for guaranteed discount market offer. The median bill decreased by around 5–10 per cent depending on the distribution zones.

Across all distribution zones, there was 33–58 per cent reduction in the difference between the cheapest and most expensive offer between 30 June 2019 and 30 June 2020.

Prior to 30 June 2019, customers on the most expensive market offers with guaranteed discount were paying around 20 per cent more for their electricity than the cheapest offer no discount market offer. This reduced to around 10 per cent on 30 June 2020.

Figure 134 - Change in minimum, median and maximum annual bill for guaranteed discount market offers for residential electricity, by distribution zone





**The most expensive residential electricity market offers with conditional discounts have been removed from the market**

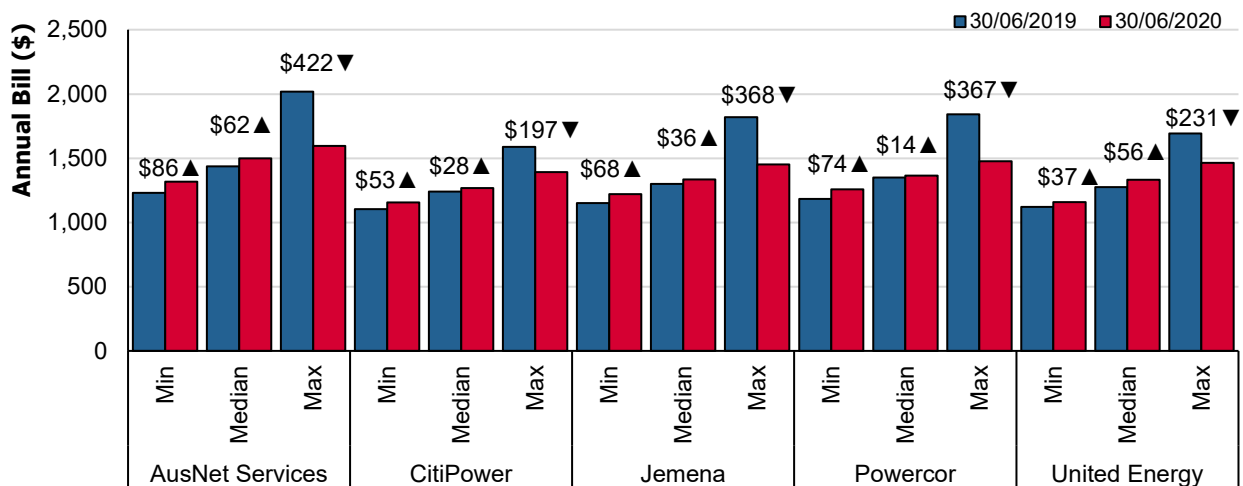
Over the year there was a slight increase in the minimum and median annual bill for a conditional discounted offer when discount conditions are met.

The median bill increased by around 2–6 per cent depending on the distribution zones.

Across the distribution zones, there was 47–67 per cent reduction in the difference between the cheapest and most expensive offer between 30 June 2019 and 30 June 2020.

Prior to 30 June 2019, customers on the most expensive conditional discount market offers were paying over 44 per cent more for their electricity than the cheapest offer conditional discount market offers even when all discount conditions were met. This reduced to around 21 per cent on 30 June 2020.

**Figure 135 - Change in minimum, median and maximum annual bill for market offers with conditional discounts for residential electricity, by distribution zone**





### Residential electricity market offers with no discounts

Throughout 2019–20, there was a slight increase in the median price of market offers with no discount in CBD and eastern Victoria (in AusNet Services, CitPower and United Energy distribution zones).

The median bill increased by around one to four per cent depending on the distribution zones.

While the median annual bill increased, there was a significant reduction in the difference between the cheapest and most expensive offer in all distribution zones.

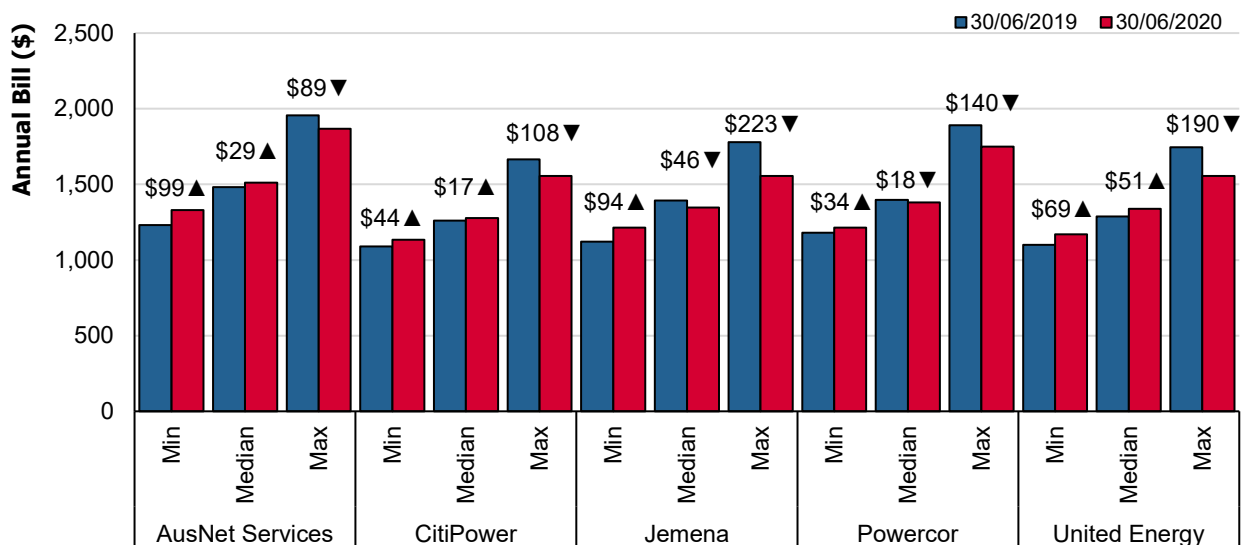
Across the distribution zones there was 25–48 per cent reduction in the difference between the cheapest and most expensive offer between 30 June 2019 and 30 June 2020.

The difference between the cheapest and most expensive market offer without discounts decreased even though there were more offers available.

Prior to 30 June 2019, customers on the most expensive no discount market offers were paying over 53 per cent more for their electricity than the cheapest offer no discount market offer. This reduced to around 37 per cent on 30 June 2020.

Although market offers were generally cheaper than standing offers on 30 June 2020, there were two offers within each distribution zone that were more expensive than the VDO for 4,000 kWh of usage.

Figure 136 - Change in minimum, median and maximum annual bill for residential electricity market offers with no discounts, by distribution zone





### The range of prices for residential electricity market offers

Since the introduction of the VDO, we have seen the lowest price for residential electricity increase slightly while the most expensive offers have been removed from the market. This has decreased the overall spread in offers available in the market.

Most offers in 2019–20 centred on or below the VDO. For instance, in the CitiPower distribution zone with a VDO of \$1,420, small and medium retailers had the cheapest market offers without discounts.

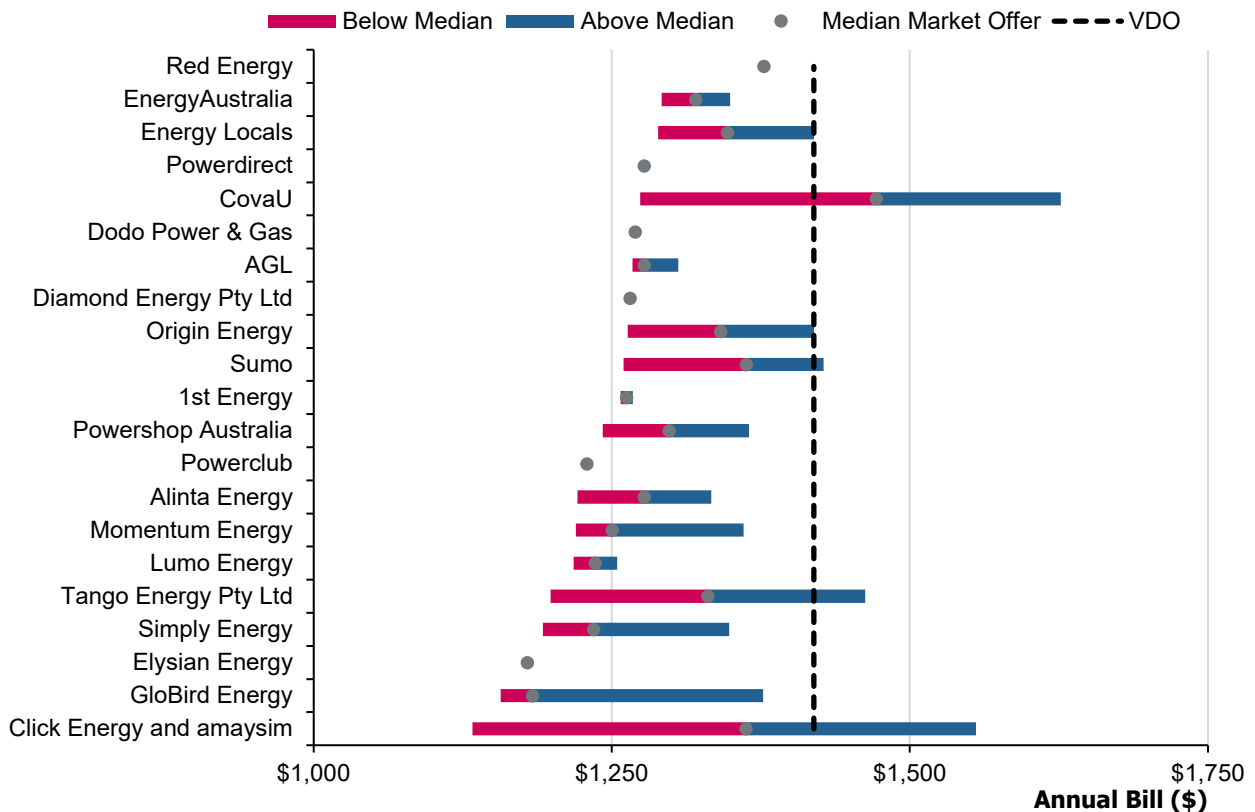
Click Energy and amaysim had the cheapest offers in the market on 30 June 2020, at \$1,133 which was nearly \$300 cheaper than the VDO. The next cheapest offers were with

GloBird Energy and Elysian Energy at \$1,157 and \$1,179 respectively. In other distribution zones, GloBird Energy and Elysian Energy were consistently the cheapest retailers.

Although amaysim had the cheapest market offer on 30 June 2020, they also had the largest gap between their cheapest and most expensive offer at \$422.

CovaU had the most expensive market offer at \$1,626. CovaU, amaysim, Tango Energy and Sumo had a market offer that was more expensive than the VDO. Overall, every retailer had at least one market offer that was cheaper than the VDO.

Figure 137 - Spread of all market offers for residential electricity by retailer, for CitiPower





## What type of residential gas contracts are available in the market?

Gas offers are marketed and offered based on which distribution zone you are in. You cannot choose your zone or distributor and they are divided based on geographical location.

In the gas market there are three gas distributors:

- Australian Gas Networks
- AusNet Services
- Multinet

### **Where can I look at energy offers?**

All retailers are required to publish any offer that is 'generally available' to any customer on the Victorian Government on-line comparison website Victorian Energy Compare.

Victorian Energy Compare is a free, government-owned energy price comparison tool. Each offer on the Victorian Energy compare website will have a unique offer ID number which you can quote to a retailer when you have decided on an offer that best suits you



## Residential Gas

### Residential gas customers had more offers to choose from in 2019–20

The volume of residential gas market offers on the Victorian Energy Compare website increased in both Melbourne and regional Victoria. The only exception was Multinet Gas for Melbourne.

In July there was a large increase in no discount market offers.

From August to December there was a large decrease in the number of market offers available in Melbourne.

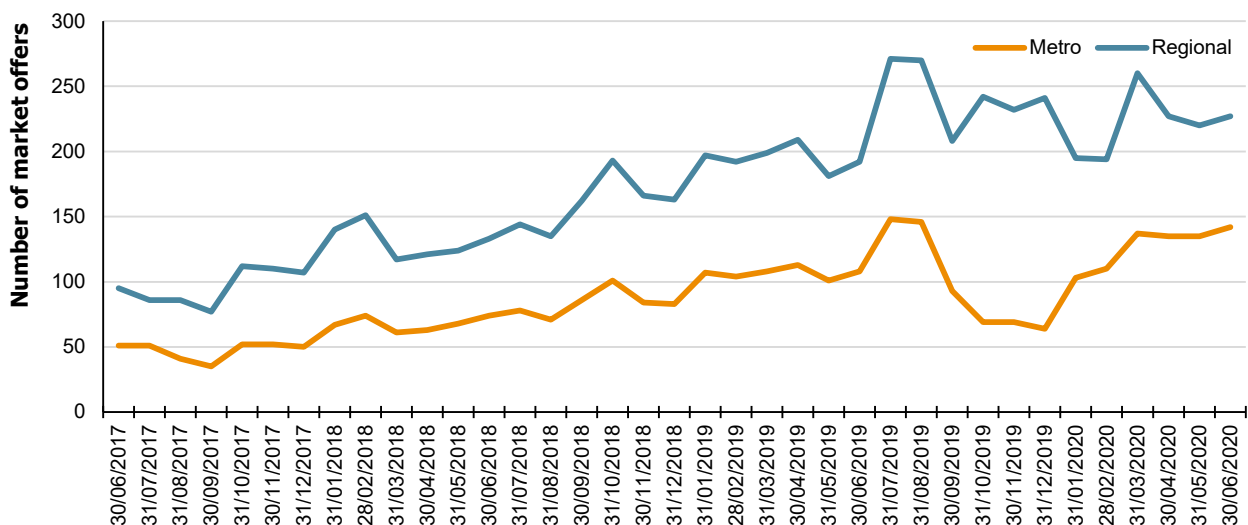
Figure 138 - Average number of residential gas market offers, for Melbourne

Distributor	2017–18	2018–19	2019–20
AusNet Services	52	79	87
Australian Gas Networks	57	95	113
Multinet Gas	61	93	89

Figure 139 - Average number of residential gas market offers, for regional Victoria

Distributor	2017–18	2018–19	2019–20
AusNet Services	88	158	201
Australian Gas Networks	114	178	232
Multinet Gas	33	66	113

Figure 140 - Number of residential gas market offers available at the end of each month, for Australian Gas Networks







**More residential gas offers were published on VEC throughout the year compared to last year, mostly in regional Victoria**

Throughout 2019–20, 3,167 new residential gas offers were published across all distribution zones, an increase of 29 per cent on the previous financial year. This was driven by regional Victoria sub zones where there was an increase of 52 per cent on last financial year.

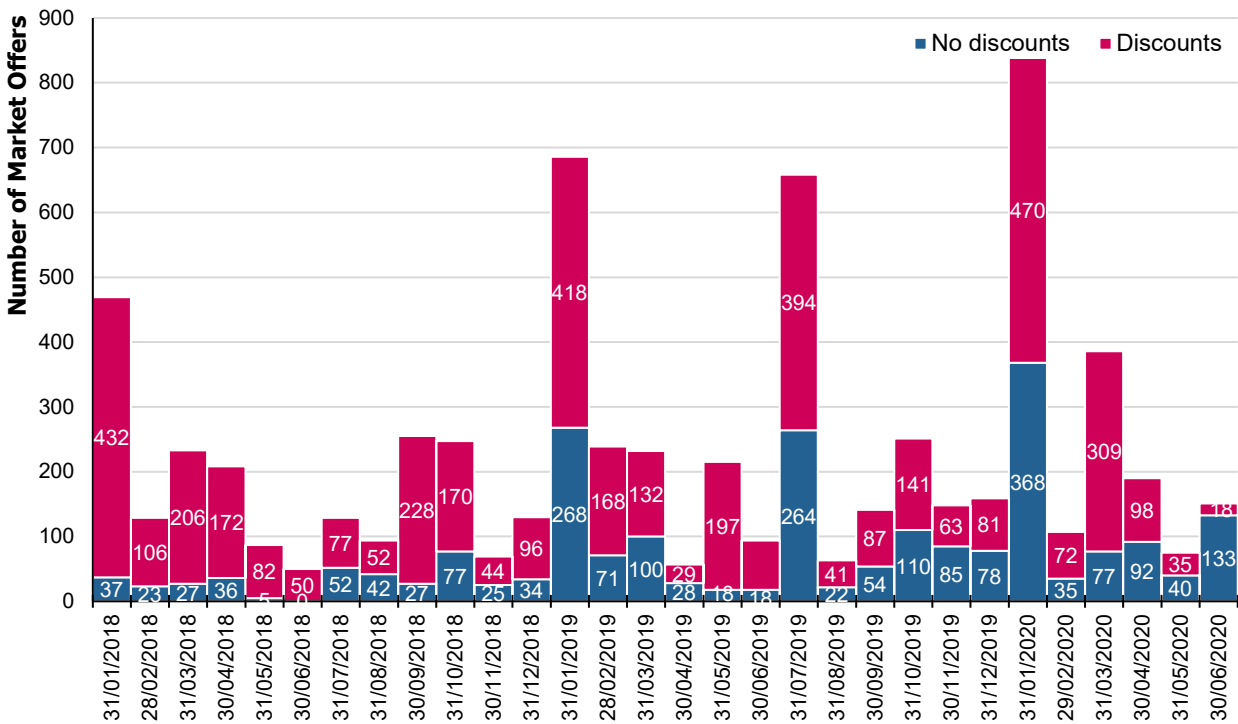
July and January continued to be peak periods for new residential gas offers.

**Half of new residential gas offers published in 2019–20 were repeats of existing offers**

While there was a large increase in the number of new residential gas offers published on Victorian Energy Compare, majority of these offers do not result in a different annual bill amount.

At least 59 per cent of new offers published in Melbourne sub zones, resulted in the same underlying charges and annual bill as seen in the previous 12 months from the same retailer.

**Figure 141 - New residential gas market offers published by month, across all distribution zones**





**The number of residential gas market offers available with guaranteed discounts doubled in 2019–20**

The number of market offers with guaranteed discounts on the Victorian Energy Compare website increased in both Melbourne and regional Victoria.

From July 2019 to March 2020, there was a steady increase in the number of offers available in Melbourne and regional Victoria.

The number of market offers with guaranteed discounts doubled within the financial year across all distribution zones.

For regional Victoria, guaranteed discount market offers became the most common type of discount market offer. This was not the case for Melbourne.

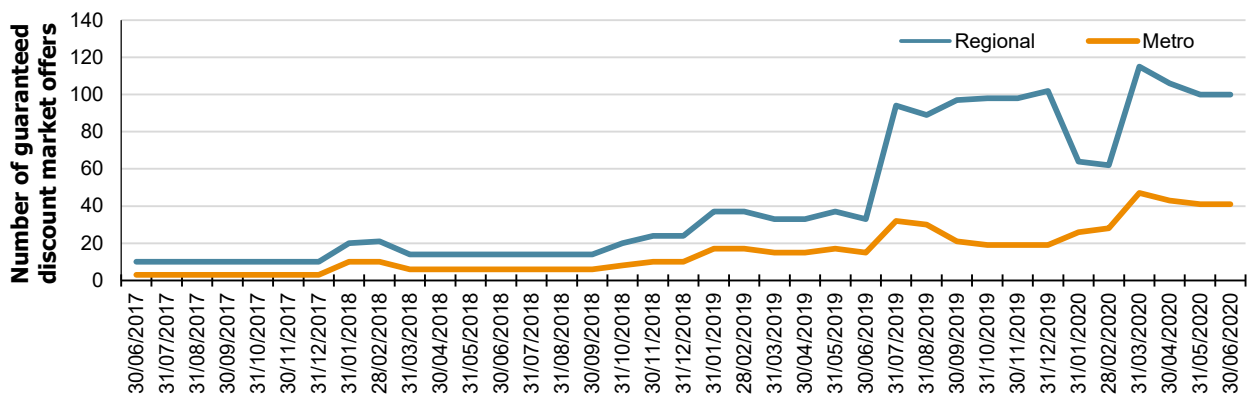
**Figure 142 - Average number of residential gas market offers with guaranteed discounts, for Melbourne**

Distributor	2017–18	2018–19	2019–20
<b>AusNet Services</b>	4	7	15
<b>Australian Gas Networks</b>	5	12	31
<b>Multinet Gas</b>	7	13	26

**Figure 143 - Average number of residential gas market offers with guaranteed discounts, for regional Victoria**

Distributor	2017–18	2018–19	2019–20
<b>AusNet Services</b>	9	18	56
<b>Australian Gas Networks</b>	13	27	94
<b>Multinet Gas</b>	4	10	40

**Figure 144 - Number of residential gas market offers with guaranteed discounts available at the end of each month, for Australian Gas Networks**





**Market offers with discounts that have conditions are still the most common residential gas market offer in Melbourne**

The number of residential gas market offers with conditional discounts on the Victorian Energy Compare website decreased in both Melbourne and regional Victoria.

From August to December, there was a large decrease in the market offers available in all sub zones.

At times during 2018–19, conditional discounted market offers made up more than 80 per cent of all discounted offers.

In Melbourne, conditional discounted offers were the most common type of market offers available by the end of financial year, with 51 per cent of all discounted market offers had conditional discounts. This was not the case for regional Victoria.

**Quick fact: residential gas**

Market offers with conditional discounts represent 31 per cent of all market offers on 30 June 2020 compared to 57 per cent on 30 June 2019, across all Melbourne sub zones.

**Figure 145 - Average number of residential gas market offers with conditional discounts, for Melbourne**

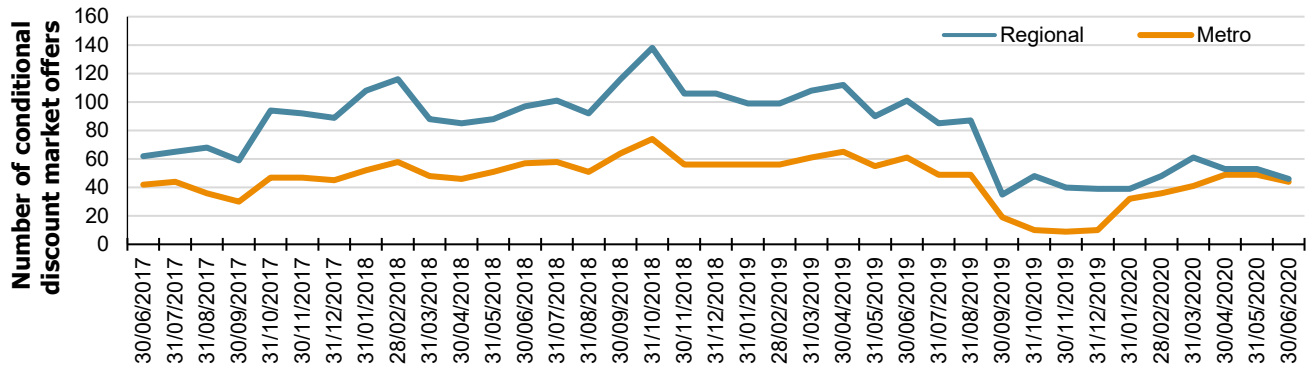
Distributor	2017–18	2018–19	2019–20
<b>AusNet Services</b>	43	52	32
<b>Australian Gas Networks</b>	47	59	33
<b>Multinet Gas</b>	48	57	24

**Figure 146 - Average number of residential gas market offers with conditional discounts, for regional Victoria**

Distributor	2017–18	2018–19	2019–20
<b>AusNet Services</b>	67	96	58
<b>Australian Gas Networks</b>	87	106	53
<b>Multinet Gas</b>	25	38	30



Figure 147 - Number of residential gas market offers with conditional discounts available at the end of each month, for Australian Gas Networks





**The number of residential gas market offers with no discount available doubled in 2019–20**

The volume of market offers with no discount on the Victorian Energy Compare website increased in both Melbourne and regional Victoria.

In July, there was a large increase in the number of no discount market offers available in all sub zones. This was followed by a second peak in offers available in March 2020.

In October and November 2019, no discount offers became the most common type of offers at around 57 per cent of all market offers in Melbourne. This trend reversed in January and February 2020 with discount offers becoming the more dominant offer in the market across all Melbourne sub zones. This was not seen in regional Victoria, from September to December.

By the end of the financial year, there were nearly double the amount of no discount offers in the market, accounting for 40 per cent of all market offers.

**Figure 148 - Average number of residential gas market offers with no discount, for Melbourne**

Distributor	2017–18	2018–19	2019–20
<b>AusNet Services</b>	4	18	39
<b>Australian Gas Networks</b>	5	23	48
<b>Multinet Gas</b>	5	23	39

**Figure 149 - Average number of residential gas market offers with no discount, for regional Victoria**

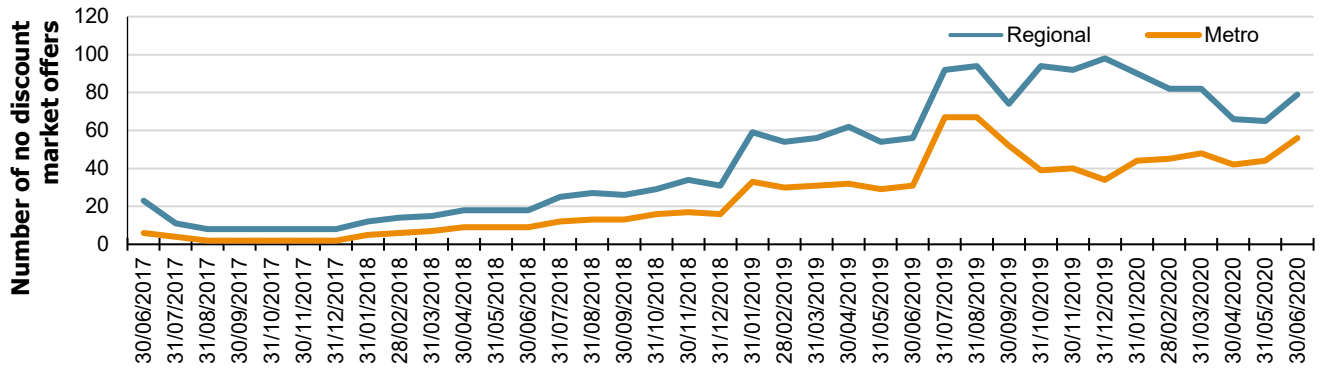
Distributor	2017–18	2018–19	2019–20
<b>AusNet Services</b>	9	39	84
<b>Australian Gas Networks</b>	12	43	84
<b>Multinet Gas</b>	4	18	42

**Quick fact: residential gas**

Market offers without discounts represent 40 per cent of all market offers on 30 June 2020 compared to 29 per cent on 30 June 2019, across all Melbourne sub zones.



Figure 150 - Number of residential gas market offers with no discount available at the end of each month, for Australian Gas Networks





**Retailer size – residential gas market offers with guaranteed discounts**

Large retailers have generally been the only type of retailer that offer guaranteed discounts.

In 2018–19, guaranteed discount market offers accounted for one in three of discounted offers from large retailers in the Australian Gas Networks distribution zone. By the end of 2019–20, guaranteed market offers were the most common type of discount offer from large retailers. This accounted for three in four discounted offers in regional Victoria and one in two for Melbourne.

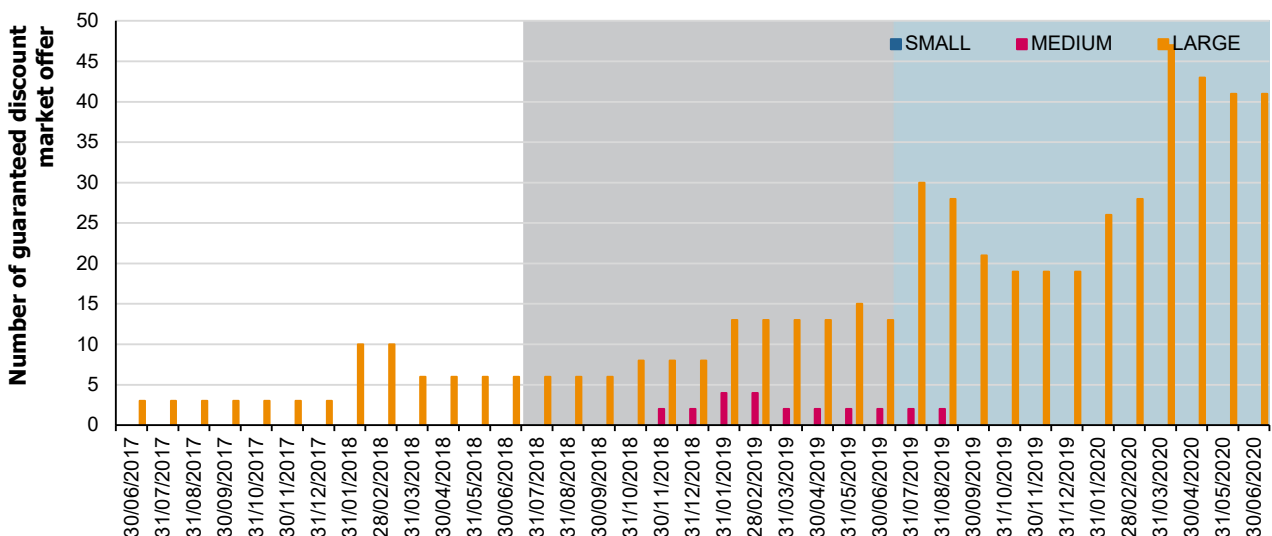
**Figure 151 - Average number of residential gas market offers with guaranteed discounts for Australian Gas Networks Central, by retailer size**

Retailer size	2017–18	2018–19	2019–20
Large	5	10	30
Medium	0	2	0
Small	0	0	0

**Figure 152 - Average number of residential gas market offers with guaranteed discounts for Australian Gas Networks regional Victoria, by retailer size**

Retailer size	2017–18	2018–19	2019–20
Large	13	23	93
Medium	0	3	1
Small	0	0	0

**Figure 153 - Number of residential gas market offers with guaranteed discounts available at the end of each month for Australian Gas Networks Central, by retailer size**





**Retailer size – residential gas market offers with conditional discounts**

For Australian Gas Networks, the decrease in conditional discounted market offers was driven by medium and large retailers in 2019, with the increase by the end of the financial year driven by large retailers.

For medium retailers there was a large reduction in the number of discounted market offers in September 2019. At the start of the financial year, nearly three out of four offers from medium retailer were conditional discounted offers, and by 30 June 2020 only two in ten offers were conditional discounted offer.

Large retailers reintroduced a large amount of discounted market offers in April 2020.

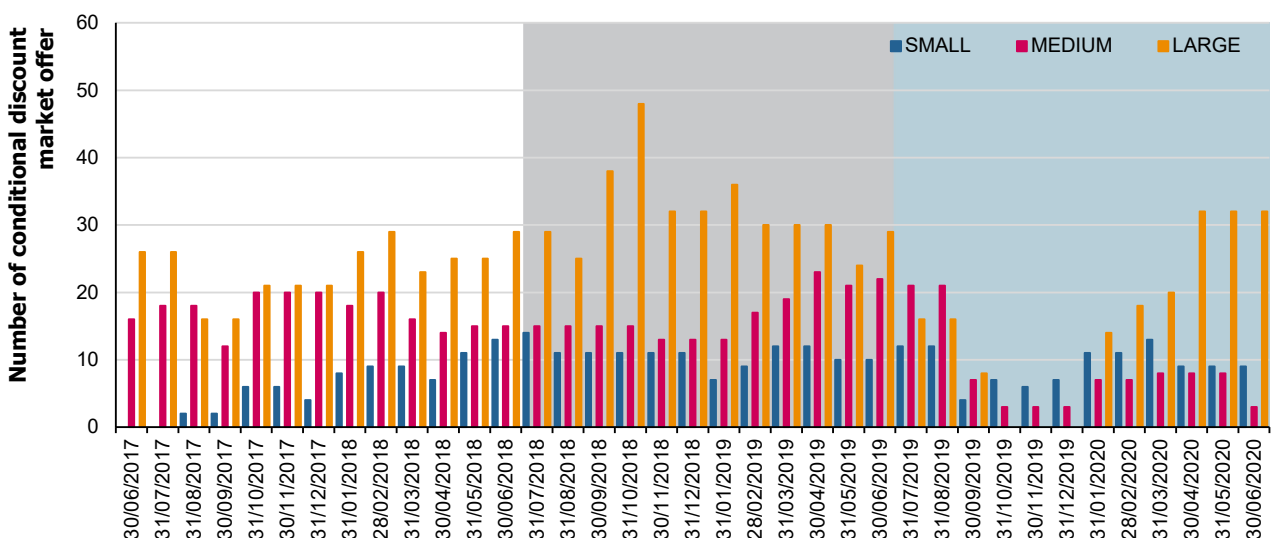
**Figure 154 - Average number of residential gas market offers with conditional discounts for Australian Gas Networks Central, by retailer size**

Retailer size	2017–18	2018–19	2019–20
Large	23	32	16
Medium	17	17	8
Small	6	11	9

**Figure 155 - Average number of residential gas market offers with conditional discounts for Australian Gas Networks regional Victoria, by retailer size**

Retailer size	2017–18	2018–19	2019–20
Large	46	64	25
Medium	30	28	16
Small	11	14	12

**Figure 156 - Number of residential gas market offers with conditional discounts available at the end of each month for Australian Gas Networks Central, by retailer size**







**Retailer size – residential gas market offers with no discount**

At the start of the financial year, retailers of all sizes increased the number of no discount offers available when compared to the end of 2018–19.

In September, offers with no discounts made up more than 50 per cent of market offers across all retailers.

Medium retailers offered mainly no discount market offers, which was the opposite to 2018–19 where 80 per cent of all market offers were discounted market offers.

For small retailers, half of their offers are no discount market offers.

For large retailers, only one in four of their market offers are no discount market offers.

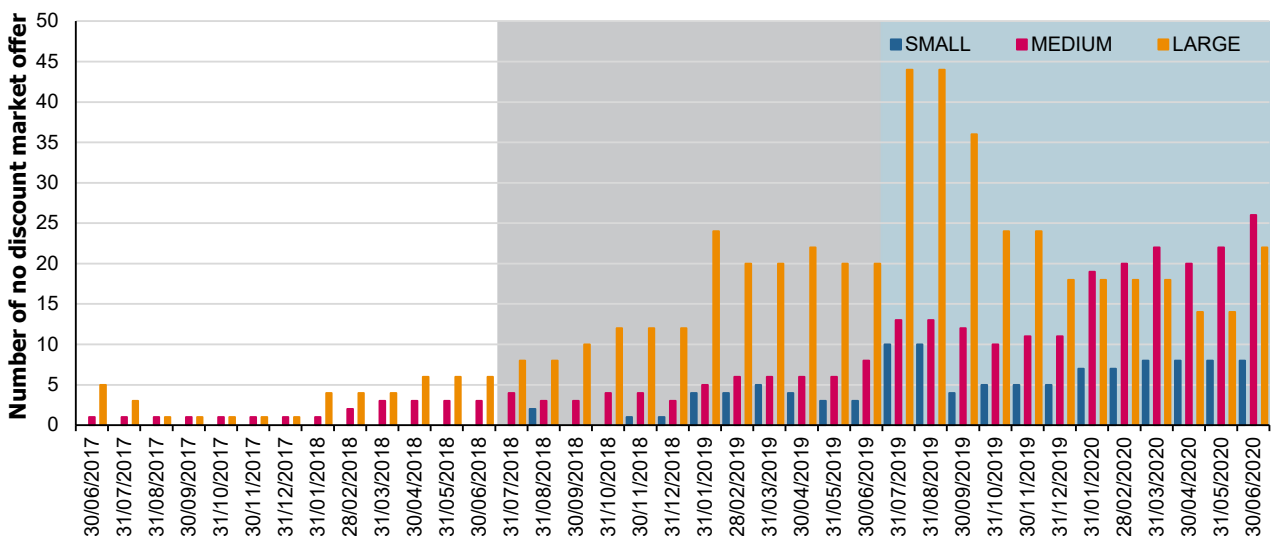
**Figure 157 - Average number of residential gas market offers with no discount Australian Gas Networks Central, by retailer size**

Retailer size	2017–18	2018–19	2019–20
Large	3	16	25
Medium	2	5	17
Small	0	2	7

**Figure 158 - Average number of residential gas market offers with no discount Australian Gas Networks regional Victoria, by retailer size**

Retailer size	2017–18	2018–19	2019–20
Large	8	29	41
Medium	4	10	34
Small	0	4	9

**Figure 159 - Number of residential gas market offers with no discount available at the end of each month for Australian Gas Networks Central, by retailer size**





## How much do residential gas offers vary in cost?

For residential customers, we apply an assumption that a typical residential customer uses 54.4 GJ of gas each year. This allows us to estimate what a typical residential would pay for a year of gas if they were on these published offers

In Melbourne areas, for the same usage you could pay up to \$439 more for your gas than if you were on the cheapest market offer available (39 per cent more for your annual gas bill than the cheapest offer). This difference was even greater in regional areas at \$668 (or 47 per cent more for your annual gas bill than the cheapest offer)

This increased further when we include standing offers as well, up to \$981 more (86 more for your annual gas bill than the cheapest offer). This difference was even greater in regional areas at \$1,229 (104 per

cent more for your annual gas bill than the cheapest offer)

Even within a retailer you could be paying up to \$315 more for your gas compared to the cheapest offer with that same retailer (or 25 per cent more). This difference was even greater in regional areas at \$471 (or 41 per cent)

### Median market offers have been stable in Melbourne and regional areas for residential gas market offers

Throughout 2019–20, median market offer prices had been unchanged in Melbourne areas. There was also a small decrease in median market offers in regional areas.

Median standing offers increased by at least \$126 across the distribution zones.

#### Quick fact: residential gas

In Melbourne, there was between -1 and 1 per cent change in the median estimated annual bill for market offers in 2019–20. Also, standing offers increased by 8 to 10 per cent.

Figure 160 - Median annual bill for residential gas, by distribution zone in Melbourne





### The cheapest market offer for residential gas in Melbourne increased in price

In two of the three distribution zones, there was an increase in the cheapest market offer available on 30 June 2020 compared to 30 June 2019 (indicated by the smaller red bar).

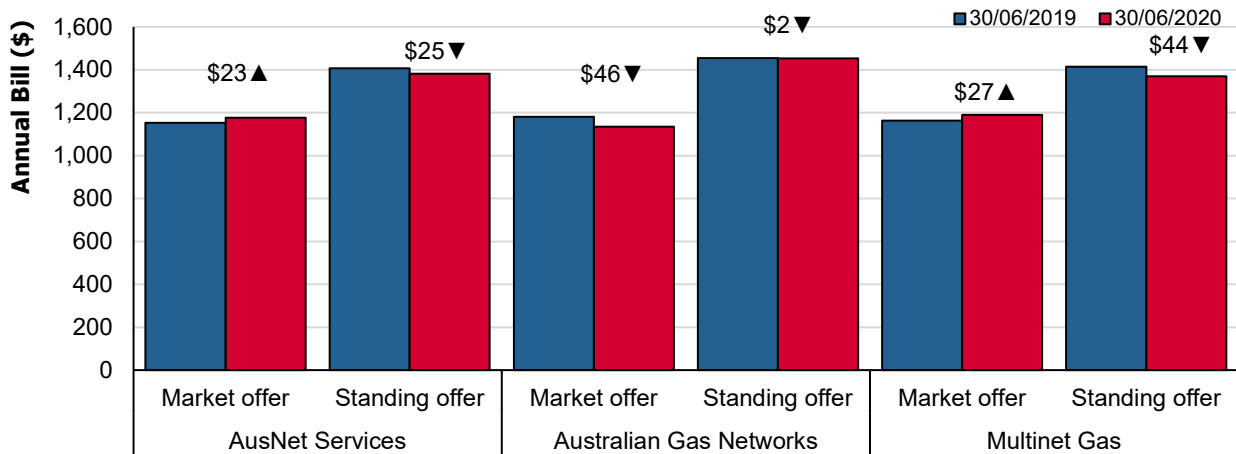
In regional areas, there was a small decrease in minimum prices for all offer types.

In regional areas, the cheapest market offer was at least \$250 cheaper than the cheapest standing offer on 30 June 2020.

In Melbourne areas, the cheapest market offer was at least \$180 cheaper than the cheapest standing offer on 30 June 2020.

The cheapest type of offer based on your usage will also depend on what distribution zone you are in. In the AusNet Services and Multinet Gas distribution zones, the cheapest type of plan based on 54.4GJ usage was a market offer with conditional discounts, whereas the cheapest offer in the Australia Gas Network distribution zone was a market offer with no discounts.

Figure 161 - Lowest annual bill for residential gas, by distribution zone in Melbourne





**The variation in annual bills for residential gas in Melbourne decreased over the year**

Over the last year, the difference between the cheapest and most expensive market offer had decreased in both Melbourne and regional Victoria.

In the AusNet Services and Multinet Gas distribution zones, there was 18–25 per cent reduction in the difference between the

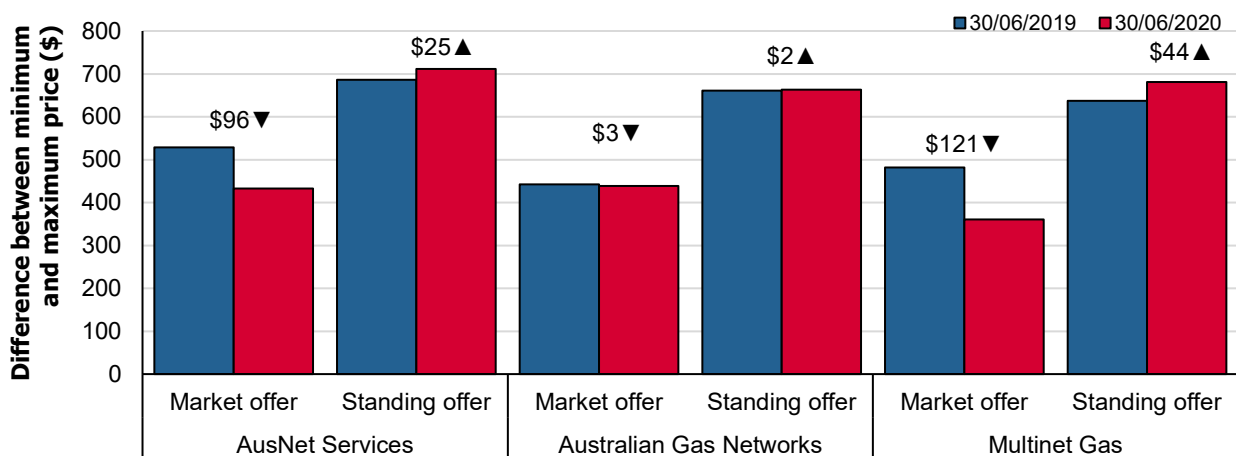
cheapest and most expensive market offer in Melbourne.

Over this period, the difference between the cheapest and most expensive standing offer had increased in both Melbourne and regional Victoria.

**Figure 162 - Difference between the annual bill of the cheapest and most expensive residential gas market offer for Melbourne, by dollar and percentage**

	2019–20		2018–19	
	Min-Max	% difference	Min-max	% difference
<b>AusNet</b>	\$433	36.8%	\$529	45.9%
<b>Australia Gas Network</b>	\$439	38.7%	\$442	37.5%
<b>Multinet Gas</b>	\$361	30.3%	\$482	41.4%

**Figure 163 - Difference between the annual bill of the cheapest and most expensive residential gas market offer, by distribution zone in Melbourne**





### The overall sizes and the variation of residential gas discounts decreased

Over the year, there was a significant reduction in the size of discounts attached to offers. This reduced the additional cost to a customer if they were to miss the discount conditions.

The median cost of not meeting your discount conditions decreased from \$224 to \$178.

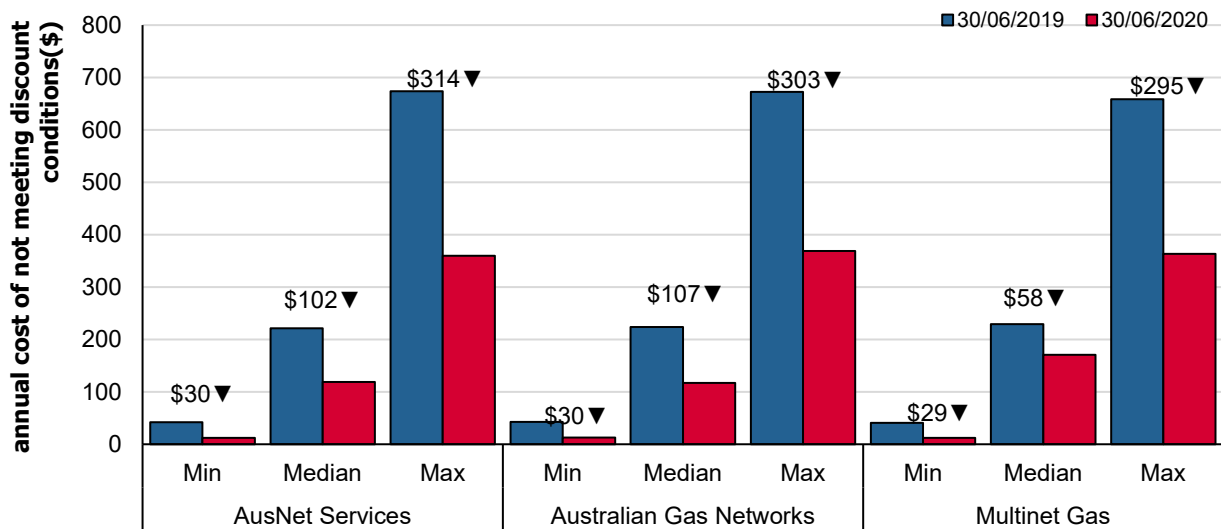
The smallest conditional discounts were largely unchanged over the year. However, the median and largest discounts reduced significantly.

The largest discount on 30 June 2020 was \$674 (or 30 per cent of the total annual bill) compared to \$360 on 30 June 2019 (or 54 per cent of the total annual bill).

#### Quick fact: residential gas

The median cost of not meeting your discount conditions decreased across Victoria, from \$224 on 30 June 2019 to \$178 on 30 June 2020.

Figure 164 - Change in minimum, median and maximum cost of not meeting discounts for residential gas, by distribution zone in Melbourne





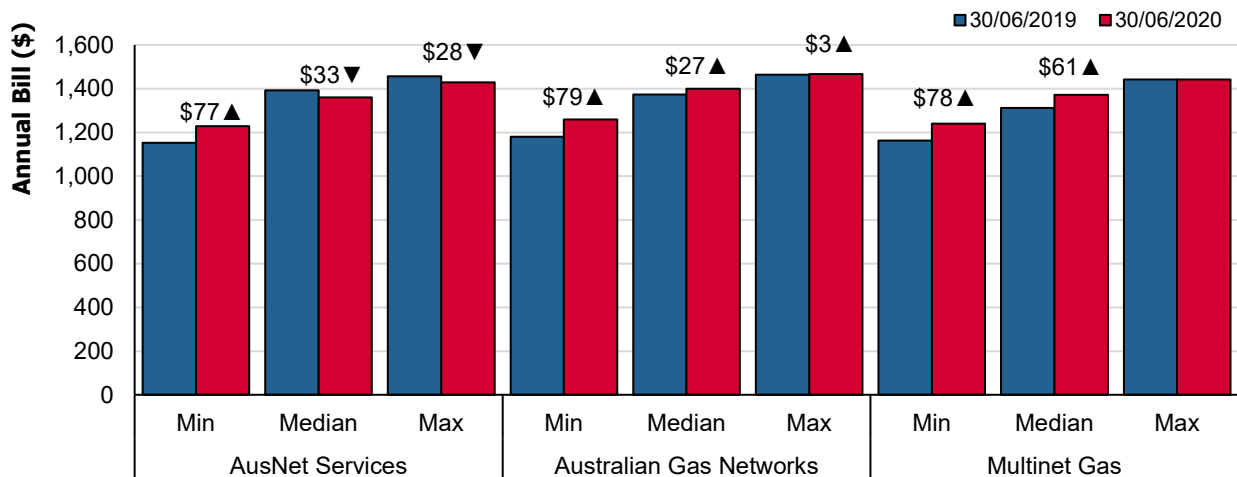
### The cheapest market offer with guaranteed discounts increased in price for residential gas

In 2019–20, there was an increase in the lowest price for guaranteed discount offers across all Melbourne.

In Melbourne, there was a 16 per cent difference between the cheapest and most expensive offer on 30 June 2020. This was a decrease of 28–34 per cent on last year.

The cheapest guaranteed discounted market offer was still more expensive than the cheapest no discount market offers by around \$50–\$130. In the previous year, guaranteed discount market offers were the cheapest offer in two of three distribution zones.

Figure 165 - Change in minimum, median and maximum annual bill for guaranteed discount market offers for residential gas, by distribution zone in Melbourne





**The most expensive residential gas market offers with conditional discounts have been removed from the market**

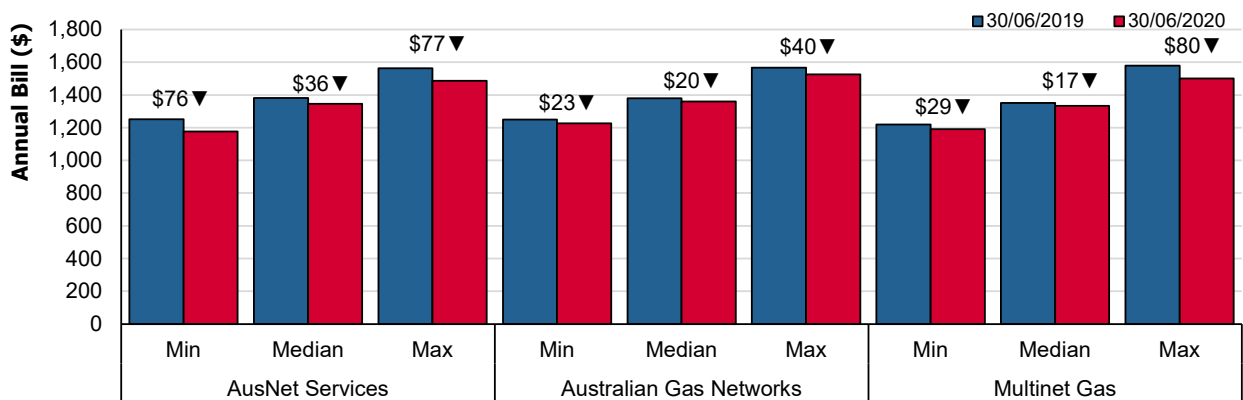
In 2019–20, there was a decrease in the minimum and maximum annual bill for conditional discounted offer in Melbourne.

With the minimum and maximum annual bill decreasing, we saw little to no change in the difference between the cheapest and most expensive offer.

Prior to 30 June 2019, customers on the most expensive conditional discount market offers were paying around 26 per cent more for their gas than the cheapest offer no discount market offer. This was the same on 30 June 2020.

In two of the three gas sub zones in Melbourne, conditional discounted market offers were the cheapest offer on 30 June 2020.

**Figure 166 - Change in minimum, median and maximum annual bill for market offers with conditional discounts for residential gas, by distribution zone in Melbourne**





### Residential gas market offers with no discounts

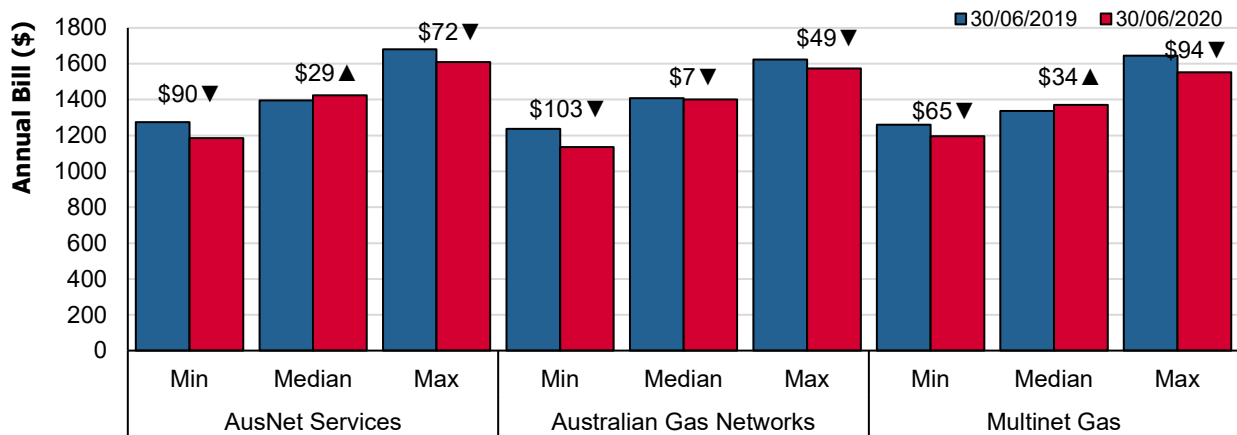
In 2019–20, the minimum price for no discount offers decreased in Melbourne but increased in regional areas.

While the median annual bill had increased, there was a significant reduction in the difference between the cheapest and most expensive offer in all Melbourne zones which caused this.

With a large decrease in the minimum prices compared to the decrease in maximum prices, the overall spread had increased this.

Prior to 30 June 2019, customers on the most expensive no discount market offers were paying around 30 per cent more for their gas than the cheapest offer no discount market offer. This increased to around 35 per cent on 30 June 2020.

Figure 167 - Change in minimum, median and maximum annual bill for residential gas market offers with no discounts, by distribution zone in Melbourne







### The range of prices for residential gas market offers

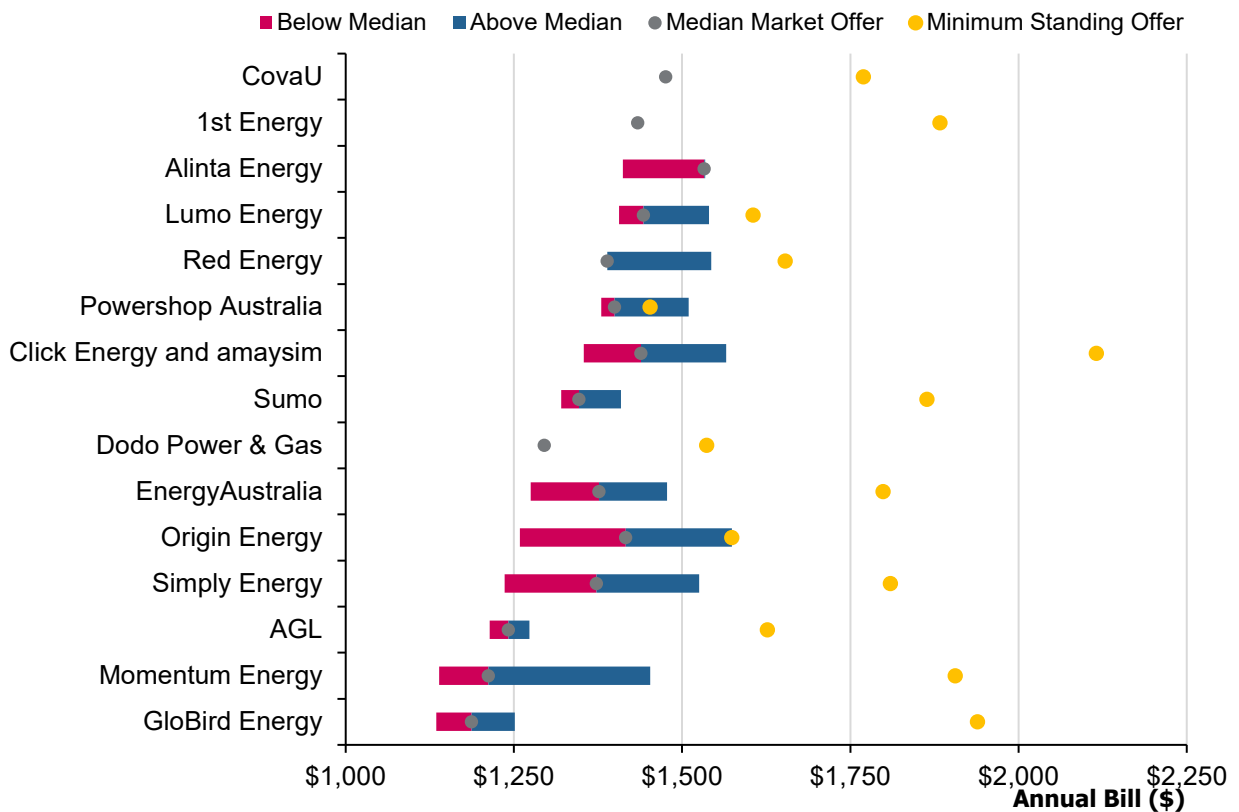
In Australian Gas Networks Melbourne, the difference between the cheapest and most expensive residential gas market offer was \$439. This was smaller than the range found for electricity offers.

GloBird Energy had the cheapest offers in the market on 30 June 2020 at \$1,135, which was nearly \$300 cheaper than the cheapest standing offer available. Momentum Energy and AGL had the next cheapest market offers at \$1,139 and \$1,214, respectively.

GloBird Energy was also the cheapest retailer in the other distribution zones.

Origin Energy had the most expensive market offer at \$1,574, which was over \$300 more expensive than their cheapest market offer available on 30 June 2020. This was the largest difference between cheapest and most expensive offer of all retailers, and over \$100 more expensive than the cheapest standing offers.

Figure 168 - Spread of all market offers for residential gas by retailer, for Australian Gas Networks Central





# What type of small business electricity offers are available in the market?

## The number of offers available to small business electricity customers was unchanged in 2019–20

The volume of market offers available for each distribution zone on the Victorian Energy Compare website had a considerable increase in 2019–20 compared to the previous year.

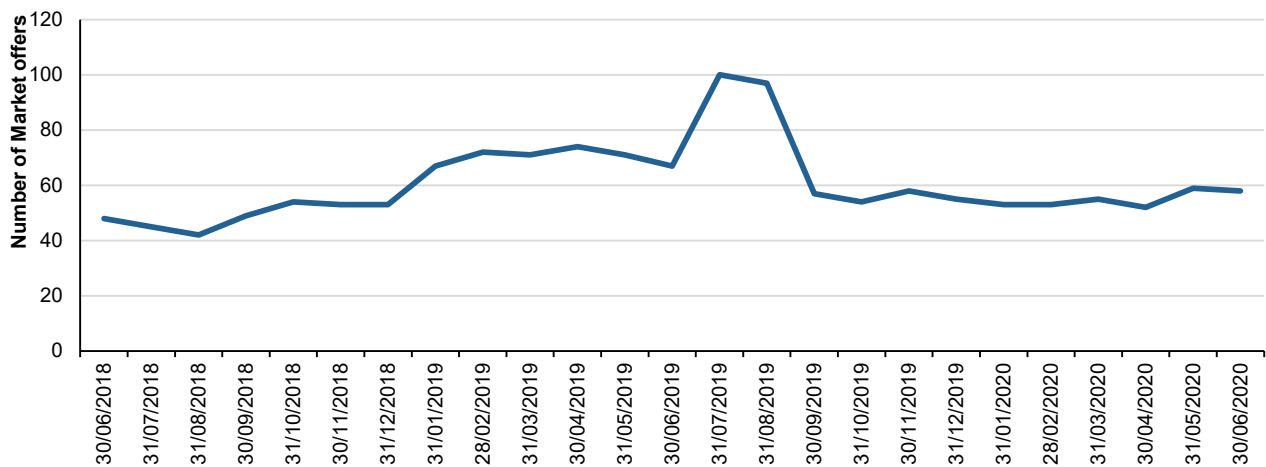
As an example, the volume of market offers in the CitiPower distribution zone increased from 60 in 2018–19 to 63 in 2019–20.

There was a spike in July 2019 drive by a large amount of market offers with no discounts being introduced.

Figure 169 - Average number of small business electricity market offers

Distributor	2017–18	2018–19	2019–20
<b>AusNet Services</b>	45	59	58
<b>CitiPower</b>	46	60	63
<b>Jemena</b>	43	56	59
<b>Powercor</b>	44	58	56
<b>United Energy</b>	43	57	59

Figure 170 - Number of small business electricity market offers available at the end of each month, for CitiPower





### More small business electricity market offers were published on Victorian Energy Compare in 2019–20 compared to 2018–19

Throughout 2019–20, 1,089 new offers were published across all distribution zones, an increase of 30 per cent on the previous financial year.

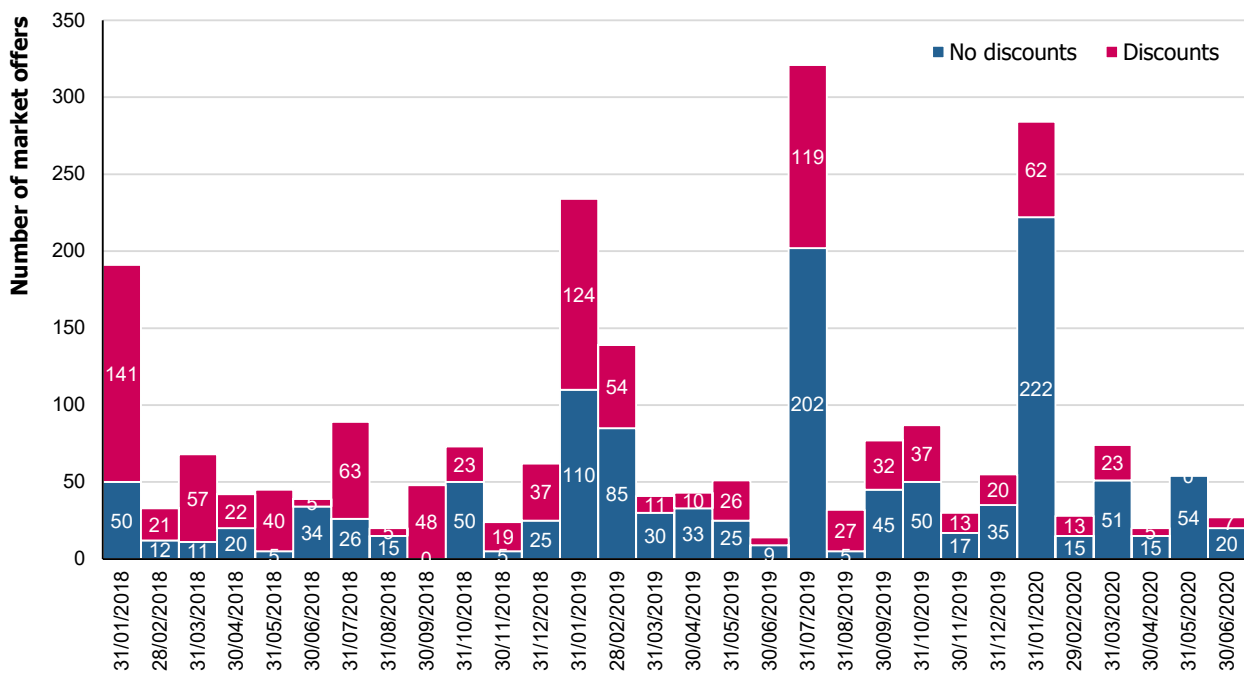
July and January continued to be peak periods for new small business electricity offers.

### Four in ten new small business electricity offers published in 2019–20 were repeats of existing offers

Although we have seen an increase in the number of new small business offers published on VEC, the majority of these offers result in the same annual bill amount.

At least 40 per cent of new offers published across all distribution zones resulted in the same underlying charges and annual bill, as seen in the previous 12 months from the same retailer. This was a decrease across all distribution zones from last year where at 62 per cent of new offered published resulted in the same underlying charges and annual bill.

Figure 171 - New small business electricity market offers published each month, across all distribution zones





**Market offers with no discount are now the most common small business electricity market offer**

There was an increase in the number of market offers throughout the year as discussed above.

This was driven by a large increase in the number of market offers without discounts.

Following the introduction of VDO, we saw a spike in the number of market offers with no discounts across all distribution zones.

In 2018–19, 60 per cent of all market offers were discounted market offers. This decreased significantly in September 2019 to only 37 per cent of all market offers.

In 2018–19, market offers with conditions attached to their discount accounted for 75 per cent of all discounted market offers. By July 30 June 2020 it had reduced to account for 54 per cent of all discounted market offers.

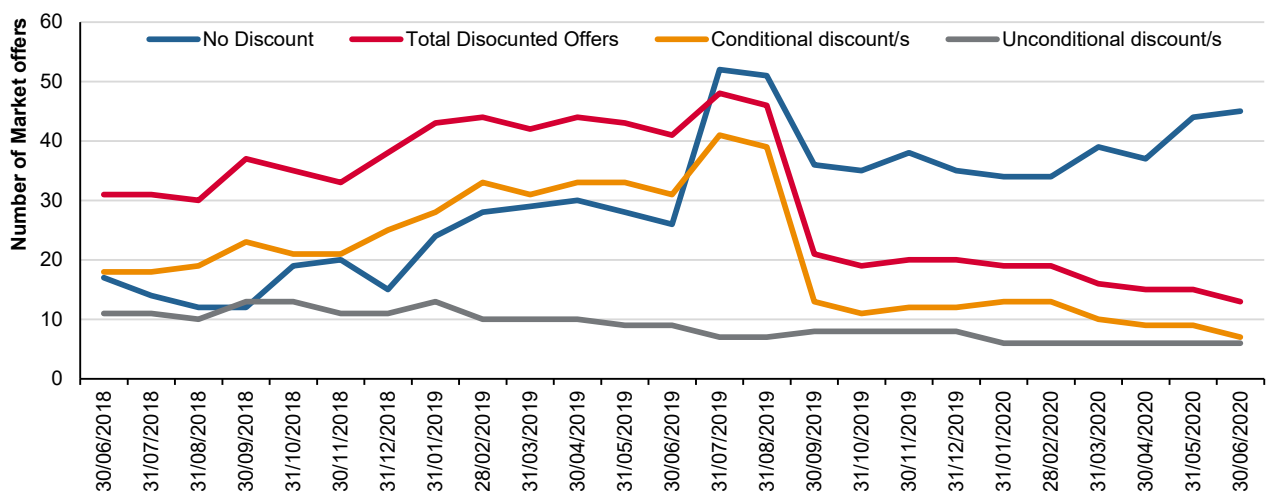
**Figure 172 - Average number of small business electricity market offers by type of offer, for CitiPower**

Distributor	2017–18	2018–19	2019–20
<b>No Discount</b>	14	21	40
<b>Guaranteed discount offers</b>	10	11	7
<b>Conditional discount offers</b>	19	26	16
<b>Total Discount market offers</b>	32	38	23

**Quick fact: small business electricity**

Market offers with conditional discounts represent 12 per cent of all market offers on 30 June 2020 compared to 45 per cent on 30 June 2019, across all distribution zones.

**Figure 173 - Number of small business electricity market offers available at the end of each month, for CitiPower**





# How much do small business electricity offers vary in cost?

For small business customers, we apply an assumption that a typical small business uses 12,000 kWh of electricity. This allows us to estimate what a typical small business customer would pay for a year of electricity.

There are a range of different products and prices offered by retailers. For the same usage you could pay up to \$3,599 more for your electricity than you if you were on the cheapest offer available in the market (this is 107 per cent more for your annual electricity bill) or \$2,137 more than the Victorian Default Offer (VDO).

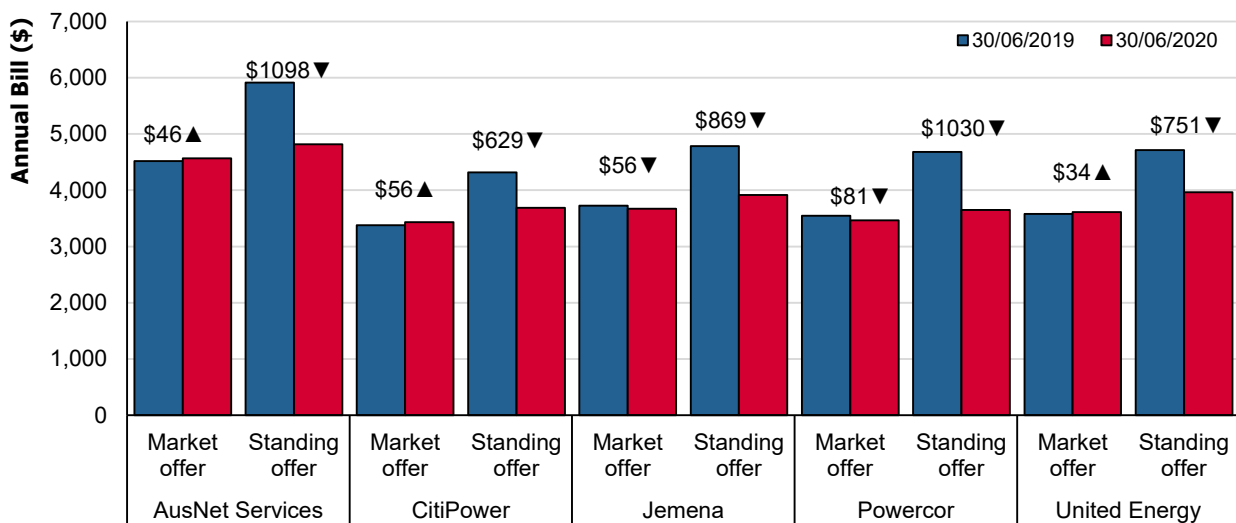
## Median small business electricity offers generally decreased

Throughout 2019–20, there was a slight decrease in the median price of market offers except in the CitiPower and Powercor distribution zones.

With the introduction of the VDO, there was a significant decrease in the median standing offer price across all distribution zones.

**Quick fact: small business electricity**  
Across the five distribution zones, there was between -5 and 3 per cent change in the median estimated annual bill for market offers in 2019–20.

Figure 174 - Median annual bill for small business electricity, by distribution zone





**The cheapest electricity market offer available in inner Melbourne and eastern Victoria decreased**

In inner Melbourne and eastern Victoria distribution zones, we saw a decrease in the minimum prices of at least \$174.

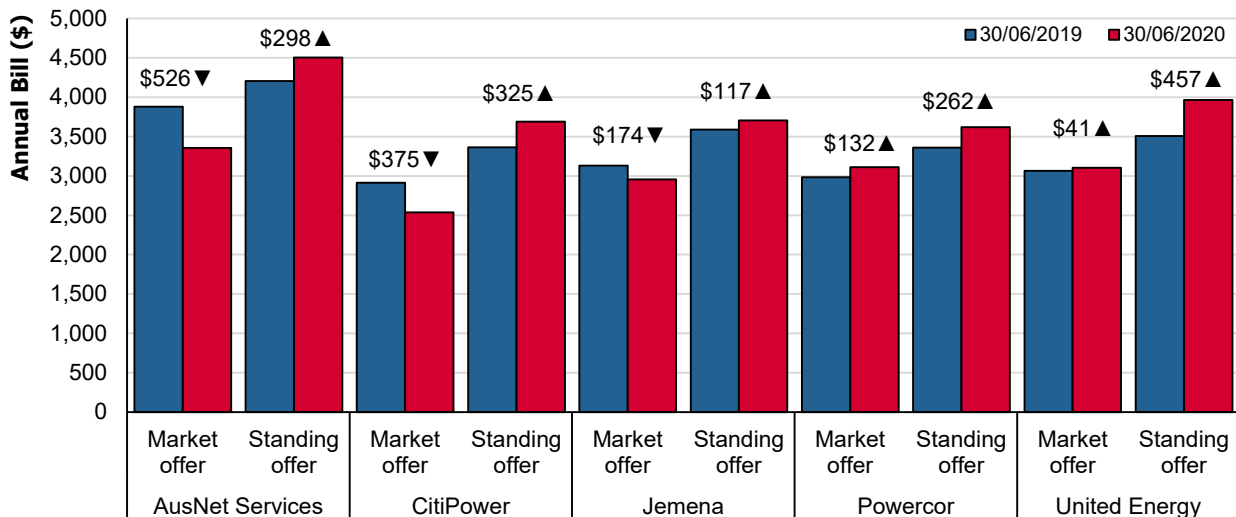
The cheapest market offer was still at least \$537 cheaper than the Victorian Default offer. This could result in a customer paying 17 per cent more for their annual electricity usage than they should be.

The cheapest type of offer based on your usage will also depend on what distribution zone you are in.

In the Powercor and CitiPower distribution zones, the cheapest type of plan based on 12,000 kWh usage was a market offer with conditional discounts, whereas the cheapest offer in the AusNet Services, Jemena and United Energy distribution zones was a no discount market offer.

The difference between the cheapest guaranteed discount market offer and the cheapest no discount market offer doubled in 2019–20. On 30 June 2020, the difference was at least \$500 in all distribution zones except in the Powercor distribution zones (western Victoria).

**Figure 175 - Lowest annual bill for small business electricity, by distribution zone**





**The variation in annual bills for small business electricity offers increased due to the cheapest market offers price decreasing**

The price spread had generally increased for market offers. This was due to the large reduction in the minimum price as discussed in the previous section.

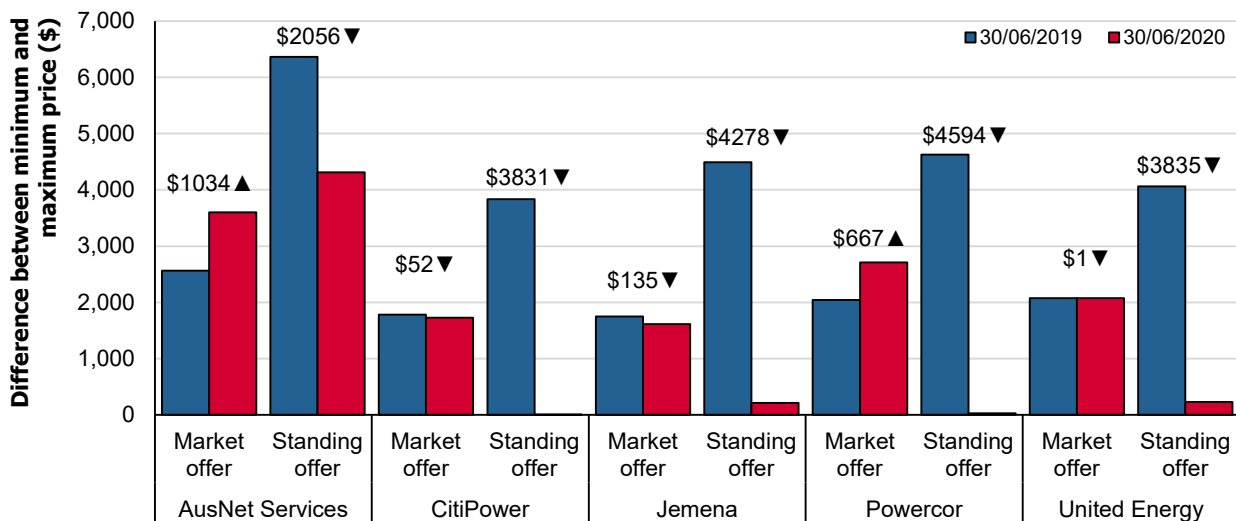
The largest increase was seen in the AusNet and Powercor distribution zones where the difference between the cheapest and most expensive market offer increased by 40 and 33 per cent, respectively.

With the implementation of the VDO we saw the spread of standing offers decrease significantly.

**Figure 176 - Difference between the annual bill of the cheapest and most expensive small business electricity market offer, by distribution zone**

	2019–20		2018–19	
	Min-Max	% difference	Min-max	% difference
<b>AusNet Services</b>	\$3,599	51.8%	\$2,564	39.8%
<b>CitiPower</b>	\$1,729	40.5%	\$1,782	38.0%
<b>Jemena</b>	\$1,612	35.3%	\$1,747	35.3%
<b>Powercor</b>	\$2,711	46.5%	\$2,044	40.7%
<b>United Energy</b>	\$2,073	40.0%	\$2,074	40.4%

**Figure 177 - Difference between the annual bill of the cheapest and most expensive small business electricity market offer, by distribution zone**





**The overall sizes and the variation of discounts decreased for small business electricity offers**

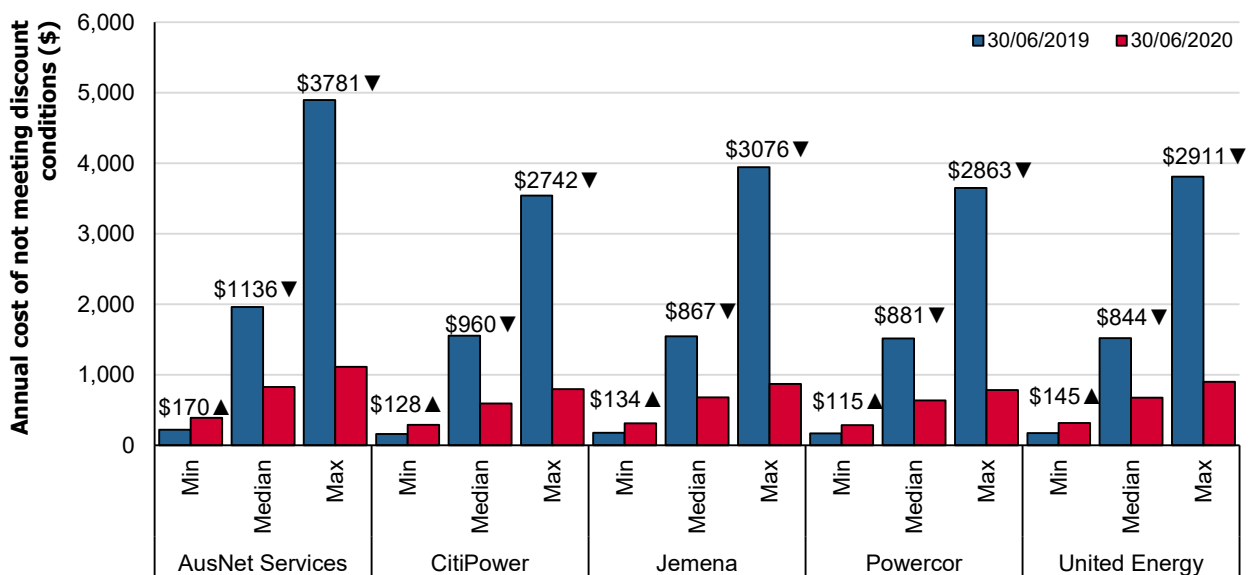
Over the year, there was a significant reduction in the size of discounts attached to offers. This reduced the additional cost to a customer if they were to miss the conditions related to their discount.

The smallest conditional discounts had increased slightly over the year. However, the median and largest discounts had significantly reduced.

The median cost of not meeting your discount conditions decreased from \$1,556 to \$596.

The largest cost of not meeting your discount conditions decreased from \$3,542 (or 68 per cent of the total annual bill) to \$800 (or 16 per cent of the total annual bill)

**Figure 178 - Change in minimum, median and maximum cost of not meeting discounts for small business electricity, by distribution zone**







### The range of prices for small business electricity market offers

Since the introduction of the VDO, we have seen the minimum price of market offers for small business electricity decrease slightly while the most expensive market offers have been removed from the market.

Most offers in 2019–20 centred on or below the VDO. For instance, in the CitiPower distribution zone with a VDO of \$3,689, small and medium retailers continued to have the cheapest market offers.

GloBird Energy had the cheapest offer in the market on 30 June 2020 at \$2,539, which was nearly \$1,110 cheaper than the VDO.

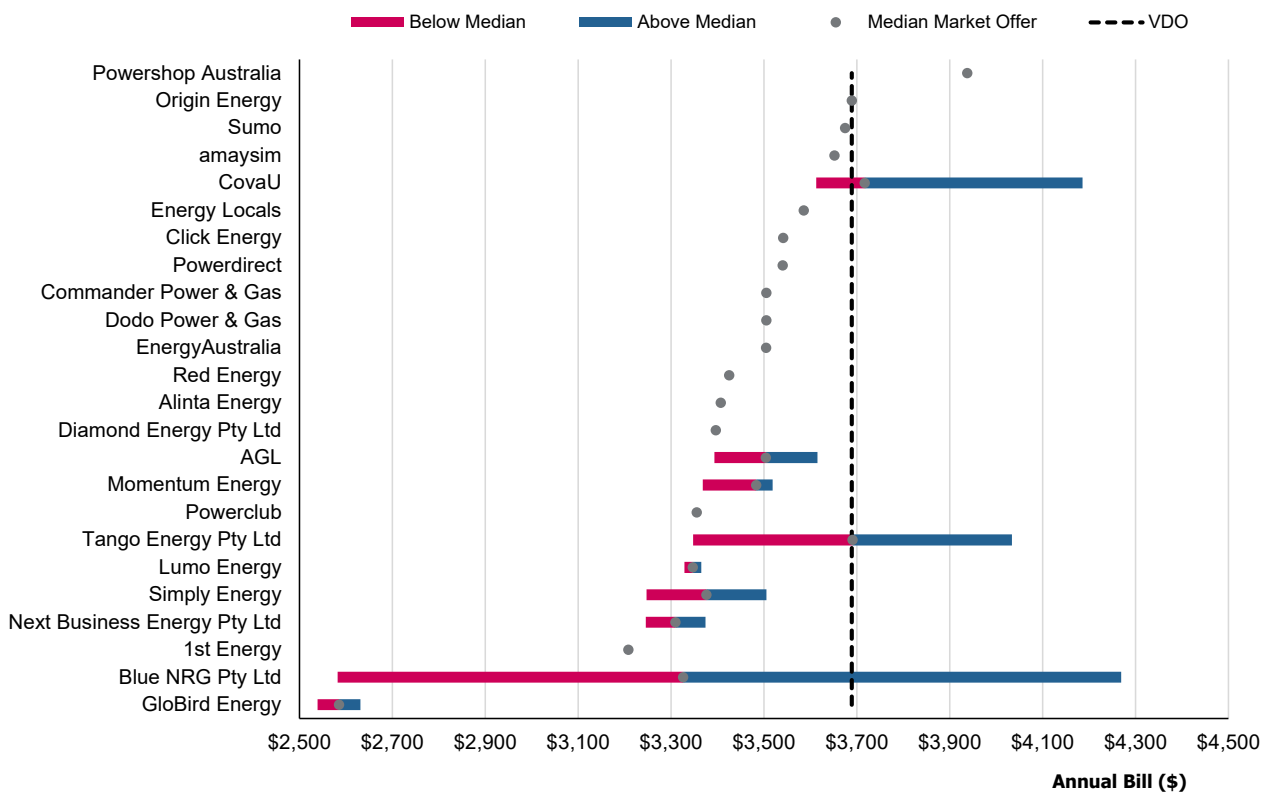
Blue NRG and 1st Energy were the next cheapest at \$2,582 and \$3,208, respectively.

GloBird Energy and Elysian were consistently the cheapest retailers even at different distribution zones.

Blue NRG had the most expensive market offer at \$4,269 which was \$580 more expensive than the VDO.

Powershop was the only retailer that did not have at least one market offer that was cheaper than the VDO.

Figure 179 - Spread of all market offers for small business electricity for CitiPower, by retailer





## What type of small business gas offers are available in the market?

### Small business gas customers in Melbourne had less offers to choose from in 2019–20

The volume of market offers for gas on the Victorian Energy Compare website decreased in Melbourne and was stable in regional Victoria.

In September 2019, there was a large decrease in the number of market offers, which was more evident in Melbourne sub zones.

No discount market offers became the most common type of market offer in 2019–20, making up at least 55 per cent of all market offers in Melbourne and at least 58 per cent in regional Victoria.

Figure 180 - Average number of small business gas market offers for Melbourne

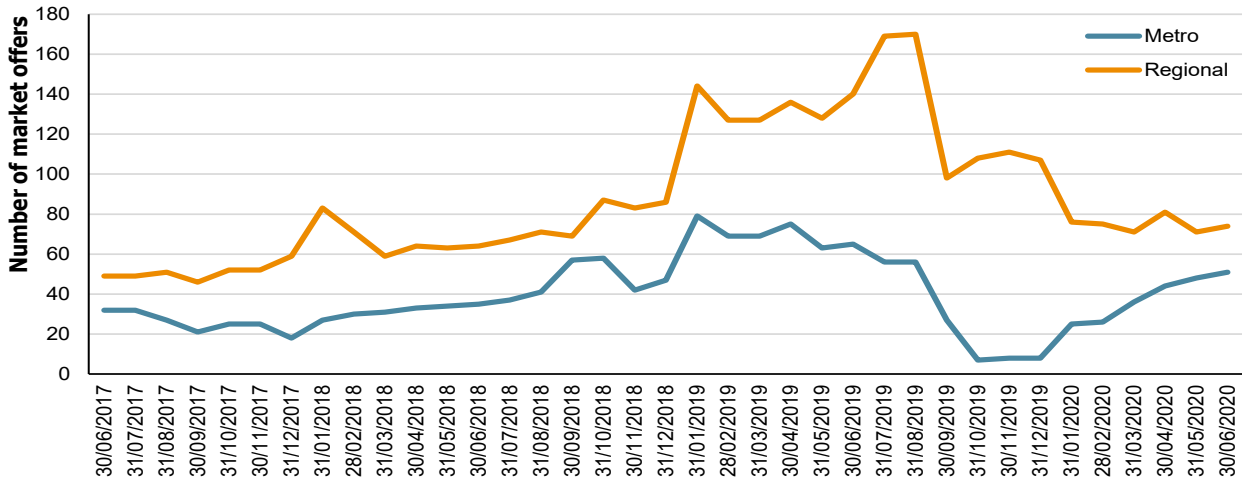
Distributor	2017–18	2018–19	2019–20
<b>AusNet Services</b>	24	47	30
<b>Australian Gas Network</b>	28	59	33
<b>Multinet Gas</b>	27	53	28

Figure 181 - Average number of small business gas market offers for regional Victoria

Distributor	2017–18	2018–19	2019–20
<b>AusNet Services</b>	50	88	93
<b>Australian Gas Network</b>	59	105	101
<b>Multinet Gas</b>	26	44	53



Figure 182 - Number of small business gas market offers available at the end of each month, for Australian Gas Networks





### More small business gas market offers were published on Victorian Energy Compare in 2019–20 compared to 2018–19, mainly in regional Victoria

Throughout the financial year, 1,108 new offers were published across all distribution zones, a decrease of 15 per cent on the previous financial year. This was driven by Melbourne sub zones where there was a decrease of 59 per cent from the previous financial year. In regional Victorian sub zones, there were more offers than last year.

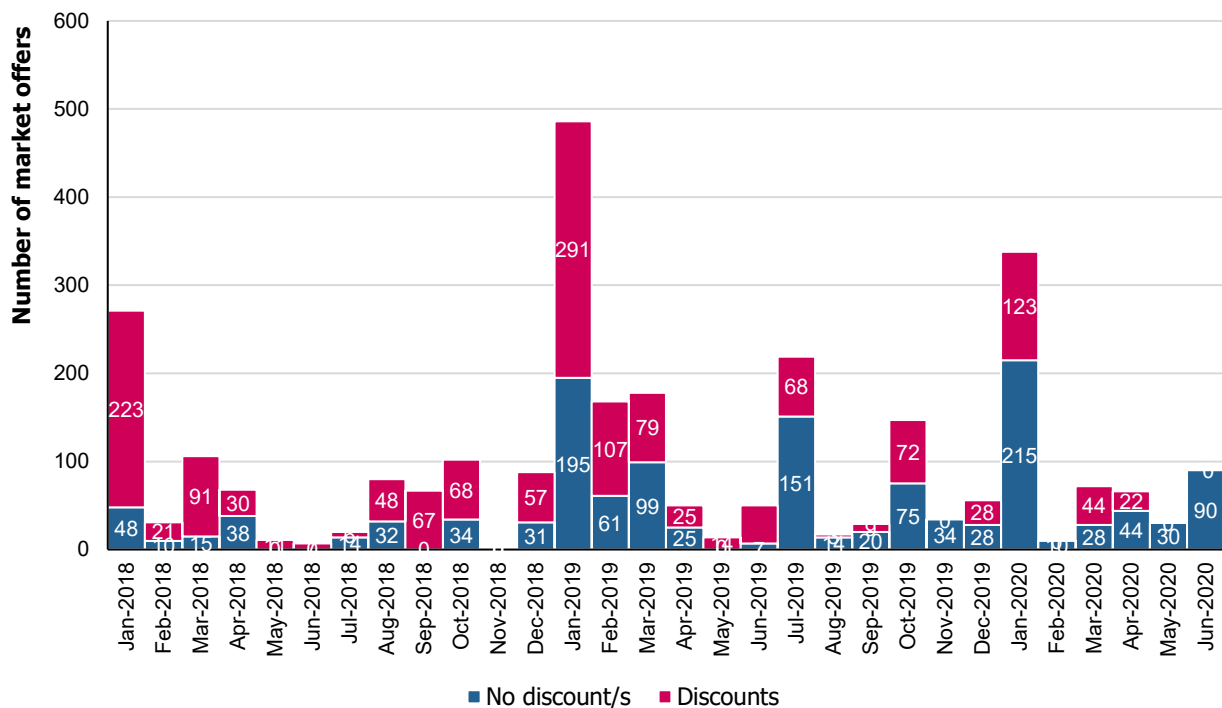
July and January continued to be peak periods for new offers.

### Four in ten new small business gas offers published in 2019–20 were repeats of existing offers

Although we have seen an increase in the number of new offers published on VEC, it is important to look at how many are new offers and result in a different annual bill.

Four in ten new offers published across all distribution zones resulted in the same underlying charges and annual bill as seen in the previous 12 months from the same retailer. This was less than last financial year where six in ten new offers resulted in the same annual bill.

Figure 183 - New small business gas market offers published each month, across all distribution zones





**Market offers with no discount are now the most common small business gas market offer**

There was a decrease in the number of market offers in Melbourne gas sub zones throughout the year, as discussed above.

When analysing this by offer type, this was driven by a large decrease in the number of discount market offers.

In 2018–19, two in three market offers were discounted market offers. This decreased significantly to only one in three market offers at the end of the financial year.

In 2018–19, conditional discount market offers accounted for 75 per cent of all discounted market offers. On 30 June 2020, they account for 61 per cent of all discounted market offer.

The number of conditional discount offers was 67 per cent lower on 30 June 2020 compared to 30 June 2019.

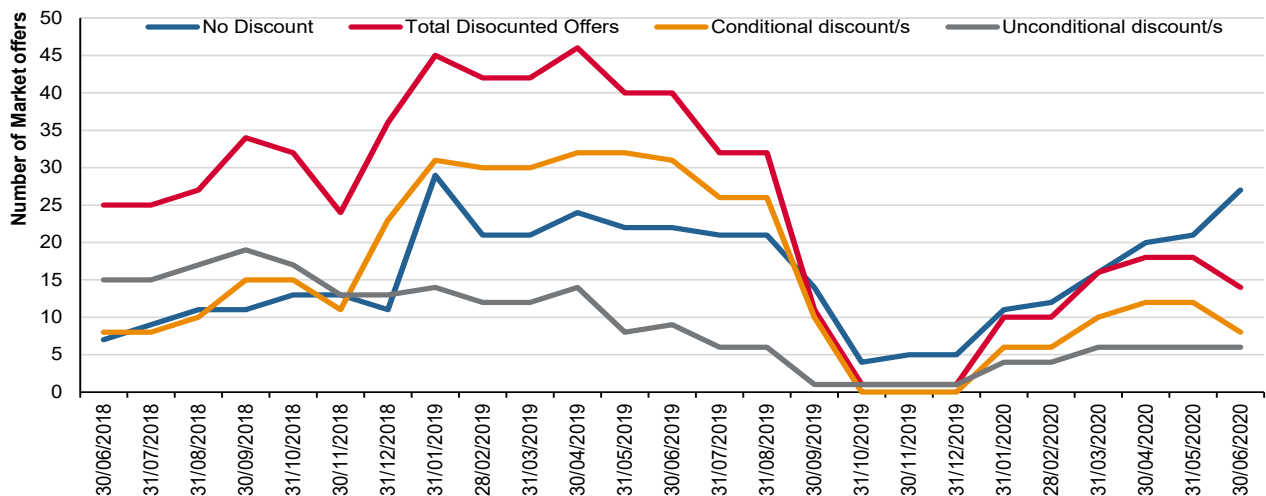
**Figure 184 - Average number of small business gas market offers by type of offer, for Australia Gas Network Central**

Type of offer	2017–18	2018–19	2019–20
No Discount	7	18	18
Guaranteed discount offers	12	16	5
Conditional discount offers	8	24	11
<b>Total Discount market offers</b>	<b>28</b>	<b>59</b>	<b>33</b>

**Quick fact: small business gas**

Market offers with conditional discounts represent 22 per cent of all market offers on 30 June 2020 compared to 50 per cent on 30 June 2019, across all Melbourne sub zones.

**Figure 185 - Number of small business gas market offers available at the end of each month, for Australia Gas Network Central**





## How much do small business gas offers vary in cost?

For small business customers, we apply an assumption that a typical small business uses 500 GJ of gas. This allows us to estimate what a typical small business customer would pay for a year of gas.

For the same usage you could pay up to \$2,820 more for your gas in the Melbourne area than you if you were on the cheapest market offer available (this is 38 per cent more for your annual gas bill). This difference was even greater in regional areas at \$3,981 (or 53 per cent)

This increased further when we include standing offers as well, up to \$6,562 more (or 85 per cent for your annual gas bill). This difference was even greater in regional areas at \$8,134 (or 102 per cent)

Even within a retailer you could be paying up \$5,775 more for your gas compared to the cheapest offer with that same retailer (or 76 per cent more). This difference was even greater in regional areas at \$6,906 (or 75 per cent)

### The median annual cost has generally decreased for small business gas

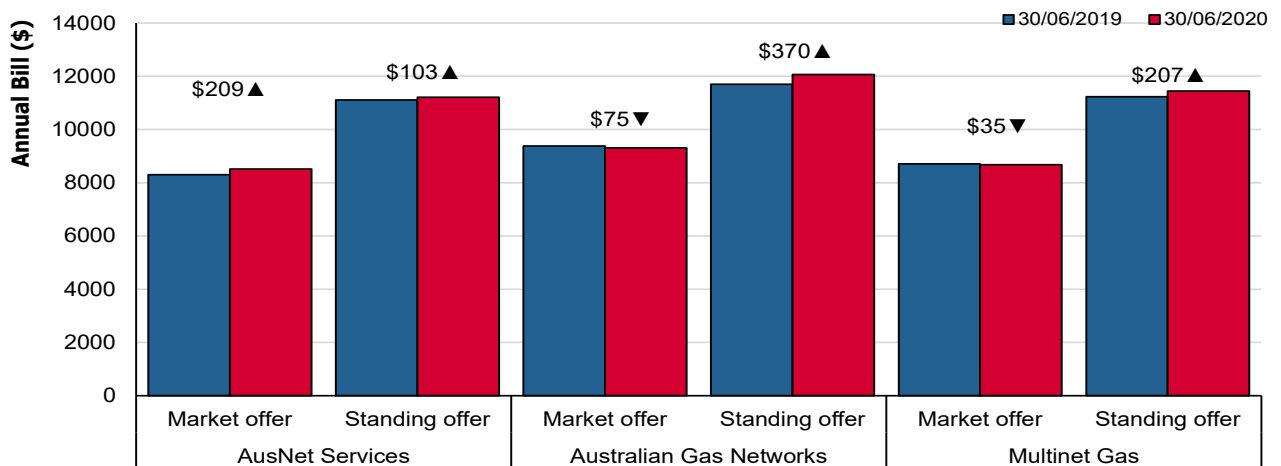
Throughout 2019–20, there was a slight decrease in the median price of market offers in the Melbourne sub zones, except for AusNet Services.

In regional Victoria median prices of market offers increased.

#### Quick fact: small business gas

In Melbourne there was between -1 and 3 per cent change in the median estimated annual bill for market offers in 2019–20. Also, standing offers increased by -1 to 2 per cent.

Figure 186 - Median annual bill for small business gas, for Melbourne





### The cheapest small business gas market offer decreased in Melbourne and regional Victoria

In Melbourne, we saw a decrease in the minimum prices between \$60 to \$518.

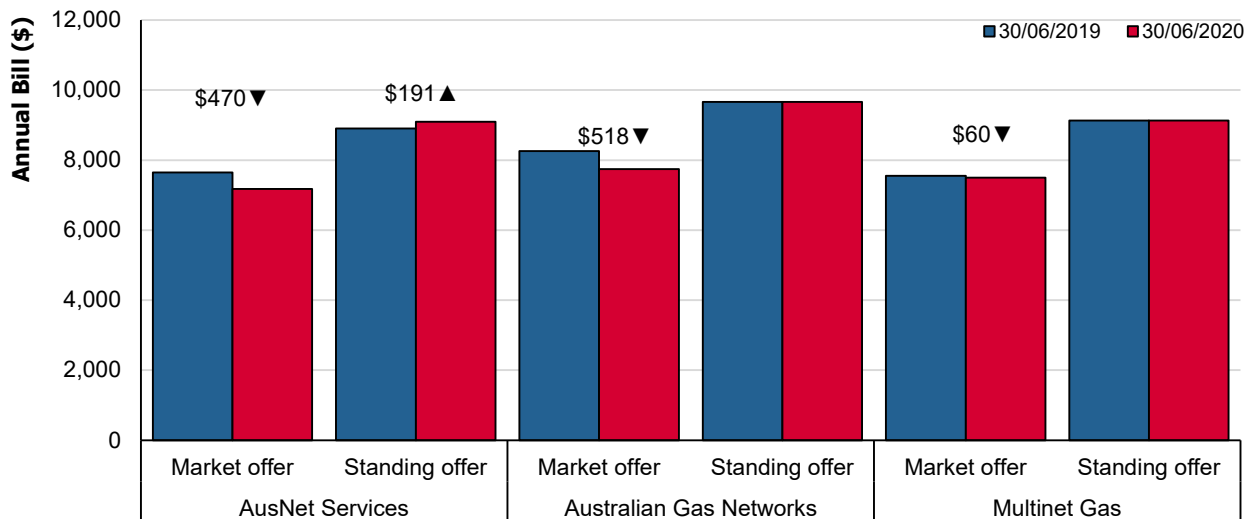
In regional distribution zones, there was a decrease of \$67–\$644 in minimum market offer prices.

The cheapest type of offer based on your usage will also depend on what distribution zone you are in. In Melbourne, no discount market offers were the cheapest type of plan based on 500 GJ, whereas the cheapest offer in regional Victoria was a no discount market offer or conditional discount offers.

In Melbourne, the cheapest guaranteed discount market offer was still more expensive than the cheapest no discount market offer by at least \$315. While in some regional distribution zones these offers were cheaper than no discount market offers.

**Quick fact: small business gas**  
In Melbourne, the minimum difference between the cheapest market offer and the cheapest standing offer was \$1,663.

Figure 187 - Lowest annual bill for small business gas, for Melbourne





**The variation in annual bills for small business gas decreased while the variation for all offers increased**

The price spread in regional Victoria and Melbourne decreased in 2019–20.

In Melbourne, there was 3–24 per cent reduction in the difference between the cheapest and most expensive offer between

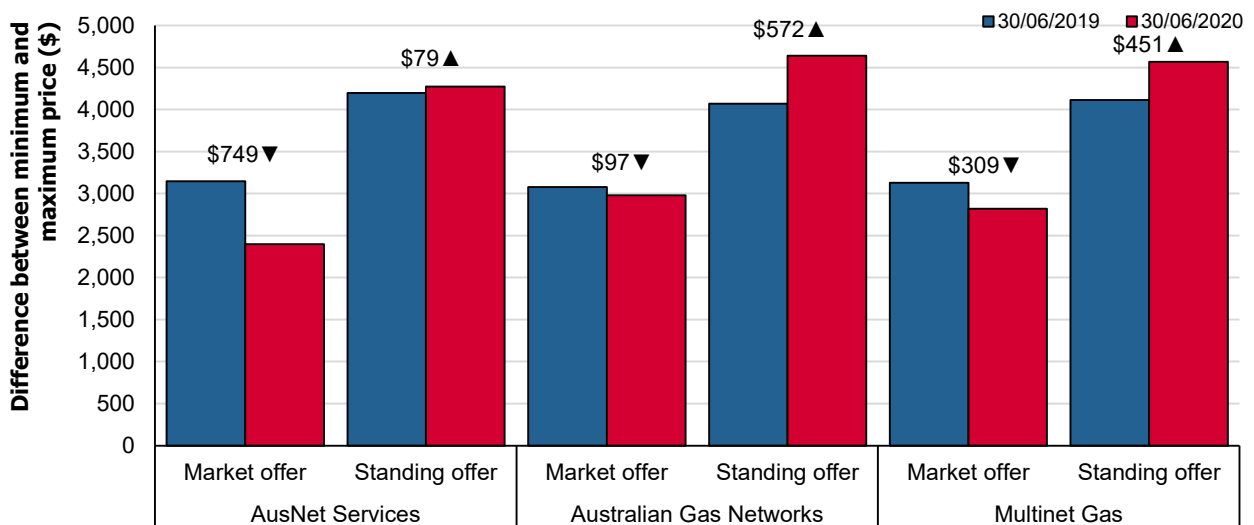
30 June 2019 and 30 June 2020, depending on the type of market offer.

In regional Victoria, there was 10–53 per cent reduction in the difference between the cheapest and most expensive offer between 30 June 2019 and 30 June 2020, depending on the type of market offer.

**Figure 188 - Difference between the annual bill of the cheapest and most expensive small business gas market offer, by distribution zone**

	2019–20		2018–19	
	Min-Max	% difference	Min-max	% difference
<b>AusNet Services</b>	\$2,396	33.4%	\$3,145	41.4%
<b>Australian Gas Network</b>	\$2,980	38.5%	\$3,076	37.3%
<b>Multinet Gas</b>	\$2,820	37.6%	\$3,128	41.4%

**Figure 189 - Difference between the annual bill of the cheapest and most expensive small business gas market offer, for Melbourne**







### The largest discounts in the market decreased for small business gas

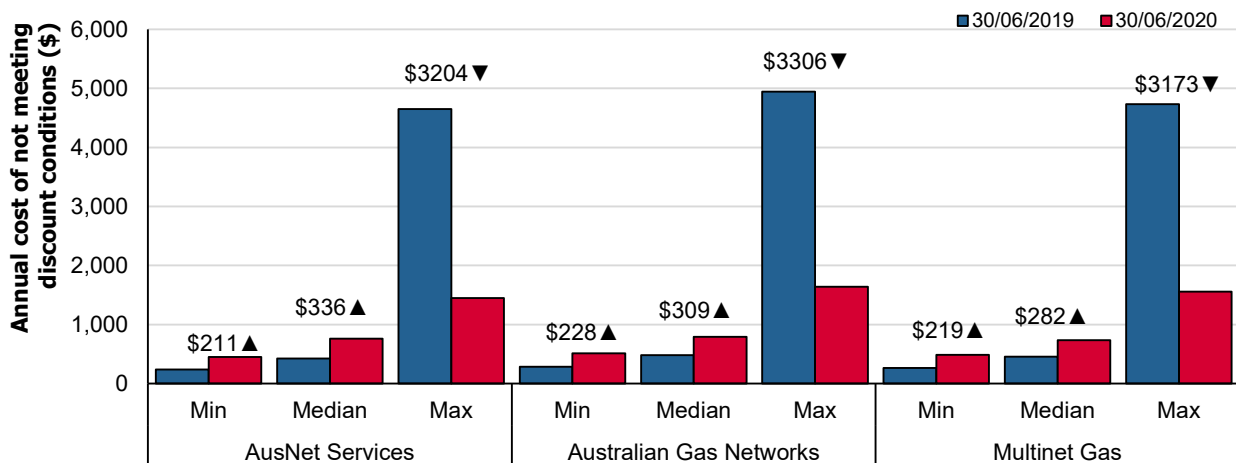
Over the year, there was a significant reduction in the size of the largest discounts in the market. This reduced the additional cost to a customer if they were to miss the conditions related to their discount.

While the most expensive discounts in the market decreased, the smallest and median conditional discounts increased over the year.

The median cost of not meeting your discount conditions increased from \$481 to \$790.

The largest cost of not meeting your discount decreased from \$4,944 (or 57 per cent of the total annual bill) to \$1,638 (or 20 per cent of the total annual bill).

Figure 190 - Change in minimum, median and maximum cost of not meeting discounts for small business gas, for Melbourne





### The range of prices for small business gas market offers

The difference between the cheapest and most expensive market offer was \$2,980.

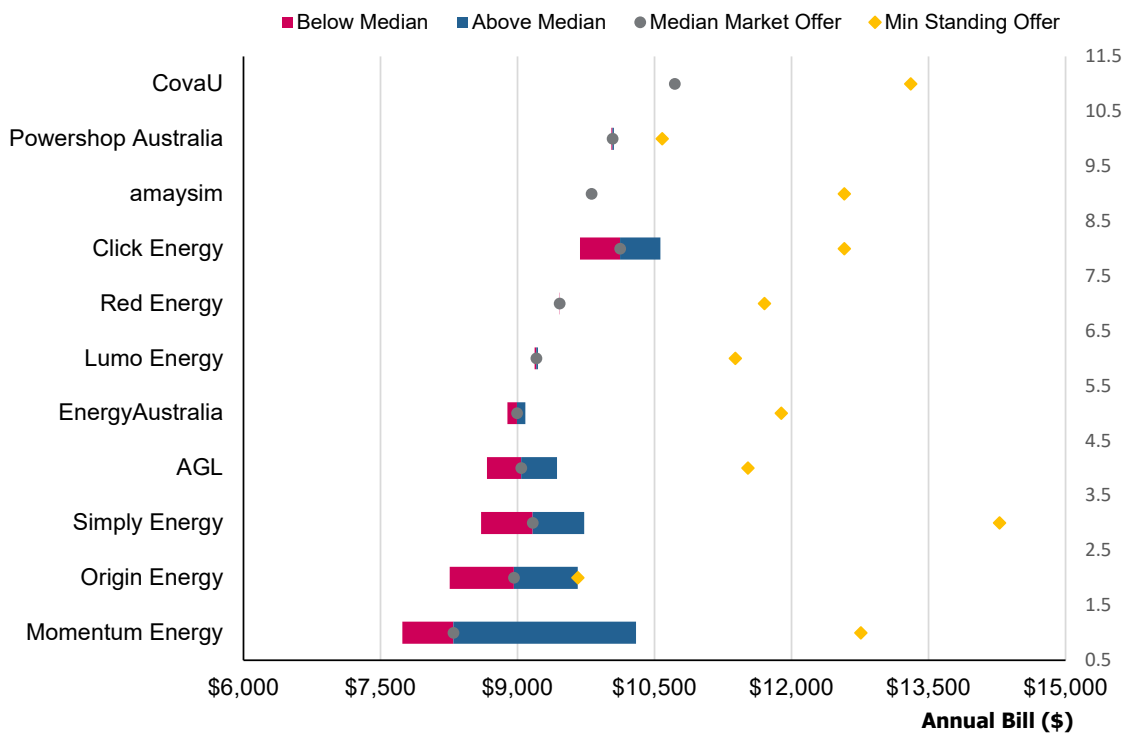
Momentum Energy had the cheapest offers in the market on 30 June 2020 at \$7,740, which was over \$500 cheaper than the next best offer.

Momentum Energy was also the cheapest retailer at different distribution zones.

While Momentum Energy had the cheapest offer, they also had the greatest difference between their cheapest and most expensive offer at \$2,558.

CovaU had the most expensive market offer at \$10,720.

Figure 191 - Spread of all market offers for small business gas by retailer, for Australia Gas Network Central





## Energy retail products and prices