

Customers stick to big energy, even when they might find a better deal elsewhere

A new report into the Victorian energy market shows customers tend to stick with bigger retailers, perhaps putting perceptions about reliability of supply and better customer service ahead of price.

The findings of economic analysis and research into customer preferences is featured in the Essential Services Commission's 2020–21 [Victorian energy market report](#) released today.

The report shows some Victorian energy consumers may be missing out on cheaper energy deals due to loyalty to the larger retailers, and small and medium retailers could drive competition by focusing more on customer experience.

Commission chairperson Kate Symons says building consumer confidence and trust in the market may be the solution to driving more competition in the market.

“Having all energy retailers compete on what customers tell us is their main concern – price – is important but building trust by competing on customer experience may also help drive competition and lower prices,” she said.

The report shows that since 2017, the median large retailer's offer has been consistently priced above the small and medium retailers median offer (see p.9). It also shows unfounded concerns about reliability of supply might push customers to stick with larger retailers.

The report details the commission's enforcement activities over the past year where it's acted against energy companies for behaviour that undermined trust in the market.

Commissioner Symons says increasing enforcement capacity and preparing for legislative reform that will modernise the commission's regulatory toolkit has been a priority for the past year.

“Since 2018, energy businesses have paid more than \$13 million in penalty notices for alleged contraventions of Victoria's energy laws,” she said.

The report also looks at support provided to consumers during the coronavirus pandemic under Victoria's nation-leading [payment difficulty framework](#). The [implementation of the framework is currently being reviewed](#).

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