



Australian  
Competition &  
Consumer  
Commission

# ACCC inquiry into retail electricity supply and pricing

## Issues Paper

31 May 2017

# Contents

The Retail Electricity Pricing Inquiry .....	2
Terms of Reference .....	2
Potential outcomes.....	3
Timetable .....	3
Inquiry background.....	3
Process.....	3
Feedback .....	4
Hearings and forums .....	4
Treatment of information .....	4
The Australian retail electricity industry .....	5
Industry background.....	5
Operation of the NEM.....	5
Other relevant reviews.....	6
Issues for comment.....	7
Issue 1 – prices, costs and profits .....	7
Key components of retail electricity prices .....	7
Changes in retail electricity prices over time.....	9
Vertical integration.....	10
Questions for comment .....	10
Issue 2 – Market structure and nature of competition .....	11
Issue 3 – Customers and their interaction with the market .....	12

# The Retail Electricity Pricing Inquiry

On 27 March 2017 the Treasurer, the Hon Scott Morrison MP, directed the Australian Competition and Consumer Commission (**ACCC**) to hold an inquiry into the retail supply of electricity and the competitiveness of retail electricity markets in the National Electricity Market (**the Inquiry**).

The National Electricity Market (**NEM**) is the wholesale electricity market that covers Queensland, New South Wales (**NSW**), Victoria, South Australia, Tasmania and the Australian Capital Territory (**ACT**).

The Inquiry will look at the drivers of retail electricity prices over time, including factors at all levels of the supply chain that may affect price, and whether there are options to address price impacts on customers. The Inquiry will consider what can be done to improve the experience of customers in acquiring electricity services. The Inquiry will also examine the industry structure, the nature of competition, the representation of prices to customers and any other factors influencing the price of retail electricity services.

The Inquiry will involve broad consultation, including seeking feedback in response to this Issues Paper, requesting information from electricity retailers and holding forums and meetings with stakeholders.

The ACCC must submit a preliminary report to the Treasurer by 27 September 2017 and a final report to the Treasurer by 30 June 2018. The preliminary report and final report will be publicly released.

## Terms of Reference

The Terms of Reference for the Inquiry, as set by the Treasurer, state that matters to be taken into consideration in the Inquiry must include, but not be restricted to:

- i. the key cost components of electricity retail pricing in the NEM and how they have changed over time
- ii. the existence and extent of any barriers to entry, expansion and/or exit in retail electricity markets
- iii. the extent and impact of vertical integration in the NEM
- iv. identifying any regulatory issues, or market participant behaviour or practices that may not be supporting the development of competitive retail markets
- v. the existence of, or potential for, anti-competitive behaviour by market participants and the impact of such behaviour on electricity consumers
- vi. any impediments to consumer choice, including transaction costs, a lack of transparent information, or other factors
- vii. the impact of diverse customer segments, and different levels of consumer behaviour, on electricity retailer behaviour and practices
- viii. the profitability of electricity retailers through time, and the extent to which profits are, or are expected to be, commensurate with risk, and
- ix. all wholesale market price, cost and conduct issues relevant to the Inquiry.

## Potential outcomes

The Inquiry may lead to a range of outcomes, such as:

- findings regarding structural, competitive or behavioural issues in the industry
- recommendations and/or collaborative work with governments and industry to develop solutions to any competition or other trading problems
- ACCC action to address any behaviour in the industry that raises concerns under the *Competition and Consumer Act 2010*
- improved transparency for customers regarding electricity offers and pricing
- increased information about competition, pricing and other practices in the supply chain that may improve customer experiences in buying electricity services.

## Timetable

The dates below are indicative. The ACCC will publish further information with confirmed dates on its website as the Inquiry progresses.

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<b>27 March 2017</b>	Commencement date
<b>31 May 2017</b>	Release of Issues Paper
<b>30 June 2017</b>	Due date for feedback in response to the Issues Paper
<b>Late July – August 2017</b>	Public forums – locations and dates to be confirmed
<b>27 September 2017</b>	Preliminary report to be provided to the Treasurer
<b>30 June 2018</b>	Final report to be provided to the Treasurer

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## Inquiry background

The Inquiry follows recent work undertaken by a number of organisations – including the Australian Energy Market Commission, Energy Consumers Australia and the Grattan Institute – which highlighted recent electricity price increases on the East Coast of Australia. Similar issues were raised in submissions made to the Council of Australian Governments (**COAG**) Independent Review into the Future Security of the National Electricity Market being chaired by Australia’s Chief Scientist, Dr Alan Finkel AO (the **Finkel Review**).

## Process

The ACCC invites written submissions in response to this Issues Paper. The ACCC would also welcome telephone conversations and comments at public forums. The ACCC will also directly contact some market participants to request specific information.

Throughout the Inquiry, the ACCC has the legal power to compel certain information from industry participants where required.

## Feedback

There will be a number of ways for interested parties to provide information to the ACCC as part of the Inquiry. Interested parties may provide comment to the ACCC at various stages of the Inquiry:

- in response to this Issues Paper either in writing, to [retailelectricityinquiry@accc.gov.au](mailto:retailelectricityinquiry@accc.gov.au), or over the phone (contacts provided below). Feedback to the Issues Paper is requested by 30 June 2017
- at public forums held by the ACCC (see below for further detail)
- following release of the ACCC's preliminary report which must be provided to the Treasurer by 27 September 2017.

### ACCC contacts

To make a submission or ask a question about the Inquiry you can email the Inquiry team at [retailelectricityinquiry@accc.gov.au](mailto:retailelectricityinquiry@accc.gov.au). If you would like to provide information over the phone, please contact:

Eva Wong

[eva.wong@accc.gov.au](mailto:eva.wong@accc.gov.au)

03 9658 6530

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03 9658 6467

### Hearings and forums

The ACCC will hold public forums in a number of locations across Australia. The timing and location of these forums will be made available on the ACCC's website.

The ACCC may also hold formal hearings where invited parties provide sworn evidence to the ACCC.

### Treatment of information

The Inquiry is a public process and written feedback will generally be posted on the ACCC website.

The *Competition and Consumer Act 2010* allows interested parties that provide written feedback to the Inquiry to make claims for confidentiality in certain circumstances.

The ACCC can accept a claim of confidentiality from the party if the disclosure of information would damage their competitive position. If the ACCC is satisfied that the confidentiality claim is justified, it must keep that information confidential unless it considers that disclosure of the information is necessary in the public interest.

If the ACCC considers that the confidentiality claim cannot be upheld, the ACCC will provide the parties with an opportunity to withdraw part or all of their feedback. If this information is withdrawn then the ACCC will not take it into account. If a party elects not to withdraw the information then the ACCC may disclose the information publicly. If the ACCC subsequently considers that disclosure of the information that has initially been treated as confidential may

be necessary in the public interest, the ACCC will consult with the party providing the information before any such disclosure is made.

The ACCC invites interested parties, where appropriate, to discuss confidentiality issues further with the ACCC in advance of providing written feedback.

Any information that parties would like to claim confidentiality over should be provided in a separate document and should be clearly marked as “confidential” on every page. Reasons must be provided in support of the claim for confidentiality, so that the ACCC can properly consider whether the claim is justified.

## The Australian retail electricity industry

### Industry background

Electricity generators trade wholesale electricity through the NEM. The NEM is physically linked by a transmission grid and several interconnectors (which allow the transfer of electricity across borders).

Energy retailers are the main customers in the market. Retailers buy wholesale electricity through the NEM and bundle it with network services for sale to residential, commercial and industrial energy users. The NEM supplies electricity to almost 10 million residential and business customers. A small number of large users also directly purchase their electricity requirements via the NEM.

A number of operators in the energy supply chain play a role in bringing retail electricity services to customers:

- **Generators** produce electricity using a range of technologies and then sell it on the wholesale market
- **Network operators** deliver electricity to customers using transmission and distribution networks
- **Retailers** buy electricity on the wholesale market and pay network operators to deliver the electricity to their customers.

The AER publication, [State of the energy market](#), contains further detail on the electricity supply chain.

### Operation of the NEM

A number of government and non-government organisations oversee the delivery of electricity from generators to customers.

The Australian Energy Market Agreement (as amended December 2013)<sup>1</sup> creates the NEM and sets out the legislative and regulatory framework for Australia’s energy markets. The COAG Energy Council sets the direction of energy policy throughout Australia and promotes energy policy reform, including the harmonisation of regulatory arrangements.

The Australian Energy Market Operator (**AEMO**) was established in 2009 and operates the NEM. AEMO is responsible for dispatching the required electricity to meet customer demand.

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<sup>1</sup> The COAG First Ministers made the Australian Energy Market Agreement in 2004. It provides for national legislation that is implemented in each participating state and territory.

The Australian Energy Market Agreement provided for two institutions to oversee Australia's energy market, the Australian Energy Regulator (**AER**) and the Australian Energy Market Commission (**AEMC**).

The AER is the national economic regulator and the body responsible for monitoring and enforcing national energy legislation. It regulates wholesale and retail energy markets, and energy networks everywhere except Western Australia under national energy legislation and rules. The AER also sets the amount of revenue that network operators are allowed to recover. The AER's revenue determination decisions are subject to a limited merits review by the Australian Competition Tribunal.<sup>2</sup>

The AEMC makes and amends the national electricity and energy retail rules. The AEMC also reports to, and conducts independent reviews for, the COAG Energy Council.

There are a number of state and territory agencies that continue to have regulatory functions to varying degrees, including in some cases regulation of retail electricity markets.

### **Other relevant reviews**

As noted above, there are currently a number of reviews being undertaken in relation to the supply of electricity in Australia.

- Independent Review into the Future Security of the National Electricity Market<sup>3</sup>

This review is being chaired by Australia's Chief Scientist, Dr Alan Finkel AO and its purpose is to develop a national reform blueprint to maintain energy security and reliability in the NEM. The review's final report is due to be submitted to COAG in the middle of 2017.
- Victorian Government Review of Electricity and Gas Retail Markets<sup>4</sup>

The purpose of this review is to examine the operation of the Victorian electricity and gas retail markets and provide options to improve outcomes for consumers. The review's final report is due to be submitted to the Minister by 31 May 2017.
- AEMC Retail Competition Review<sup>5</sup>

Each year the AEMC conducts a retail competition review. The purpose of the review is to assess the current state (and possible future development) of competition for residential and small business customers in retail energy markets in all NEM jurisdictions. The final report for the 2017 review is due to be published on 30 June 2017.

The ACCC may consider the findings of these reviews, as well as other public documents and submissions, as part of the Inquiry where they are relevant to the Terms of Reference.

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<sup>2</sup> In certain circumstances a party affected by an AER decision or other interested party may apply for review of the decision by the Australian Competition Tribunal.

<sup>3</sup> Further detail on the Independent Review into the Future Security of the National Electricity Market is available at: <http://www.environment.gov.au/energy/national-electricity-market-review>

<sup>4</sup> Further detail on the Victorian Government's review of electricity and gas retail markets is available at: <https://engage.vic.gov.au/review-electricity-and-gas-retail-markets-victoria>.

<sup>5</sup> Further detail on the 2017 AEMC Retail Competition Review is available at: <http://www.aemc.gov.au/Markets-Reviews-Advice/2017-Retail-Energy-Competition-Review>.

## Issues for comment

The ACCC has identified a number of issues on which it is seeking comment. These are grouped into three high level categories:

- prices, costs and profits in the electricity supply chain
- market structure and nature of competition
- customer interaction with the market.

These categories are very broad and the ACCC does not expect or require all submissions to cover each of these issues in detail. There is also some degree of overlap between these topics. We encourage interested parties to provide information in response to this Issues Paper as they see fit.

The ACCC welcomes any further information or comment on issues that are not identified below but which are relevant to the Inquiry.

In providing responses, please include supporting evidence and data where possible.

### **Signposting of issues relevant to particular audiences**

This Issues Paper seeks feedback on a number of issues. The issues discussed in this paper are a guide and are not exhaustive and the ACCC encourages you to raise other issues relevant to the terms of reference.

However, you do not need to comment on all issues in your feedback. Retail electricity services are relevant to a wide range of audiences, including customers (households, small businesses and larger businesses), electricity retailers and other operators in the electricity supply chain. We have signposted questions where they are targeted at particular audiences to assist interested parties in responding to this Issues Paper.

## **Issue 1 – prices, costs and profits**

This section of the Issues Paper focuses on matters that contribute to retail electricity prices, including the costs actually incurred by retailers and the way that retailers allocate cost and risk.

### **Key components of retail electricity prices**

There are four broad costs contributing to retail electricity prices:

- energy costs, i.e. the costs of acquiring electricity from generators in the wholesale market
- network costs, i.e. the costs of acquiring transmission, distribution and metering services from network operators
- costs of environmental schemes such as the Renewable Energy Target (**RET**)
- retail costs and margins.

The AEMC estimates<sup>6</sup> that a retail bill can be broken down as follows:

- network costs: 40 to 55 per cent
- environmental scheme costs: 5 to 15 per cent

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<sup>6</sup> AEMC, 2016 Residential Electricity Price Trends, 14 December 2016 (<http://www.aemc.gov.au/Markets-Reviews-Advice/2016-Residential-Electricity-Price-Trends#>).



- combined wholesale energy and retail costs: 40 to 50 per cent.

As part of the Inquiry, the ACCC will seek to further break down the combined wholesale energy and retail costs. The ACCC is aware of the work done by other organisations estimating the components of a retail electricity bill.<sup>7</sup>

### ***Energy costs***

Energy costs are the costs of acquiring wholesale electricity. These costs will cover the cost to electricity wholesalers in generating electricity and selling it on the NEM. The wholesale price of electricity is not regulated (although it is constrained within certain cap and floor prices).

Generators make offers to supply quantities of electricity at certain prices throughout the day. NEM prices are volatile and fluctuate throughout the day depending on supply and demand. To manage this price risk, retailers will generally use financial contracts (e.g. hedge contracts) to effectively lock in the price of some or all of their customers' expected electricity consumption. Retailers can choose to enter into hedge contracts either directly with an electricity generator or through the Australian Securities Exchange. Retailers may also manage some of their wholesale market risk by directly investing in generation assets (see vertical integration section below).

### ***Network costs***

Network costs are the costs incurred by network operators to transport electricity (**transmission**) and distribute it to customers (**distribution**).

The revenue that network operators are able to recover from customers is set by the AER in accordance with rules set by the AEMC. These rules allow network operators to recover their efficient costs and an appropriate return.

### ***Environmental scheme costs***

The costs of complying with environmental schemes also impact on the price of retail electricity services. In particular:

- Commonwealth RET

Under the RET, eligible renewable energy generators create certificates based on the amount of electricity they produce. Electricity retailers are required to purchase these certificates to meet annual renewable generation targets.<sup>8</sup>

- State and territory schemes

These schemes include requirements for electricity retailers or network businesses to pay customers for electricity generated by a small-scale renewable energy source, such as solar panels, that is fed into the supply grid (these are referred to as feed-in tariffs). There are also various energy efficiency schemes that operate in each state or territory.

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<sup>7</sup> E.g. Grattan Institute, Price shock: Is the retail electricity market failing consumers?, 13 March 2017 (<https://grattan.edu.au/report/price-shock/>).

<sup>8</sup> *Renewable Energy (Electricity) Act 2000*, ss. 44A, 45.

## Retail costs

In addition to the cost of acquiring wholesale energy and network services, retail costs include:

- costs of operating their businesses and serving existing customers (e.g. billing, credit and customer service)
- costs to acquire and retain customers (e.g. marketing and customer transfer costs)
- costs of complying with regulation such as the National Energy Retail Law or energy codes.

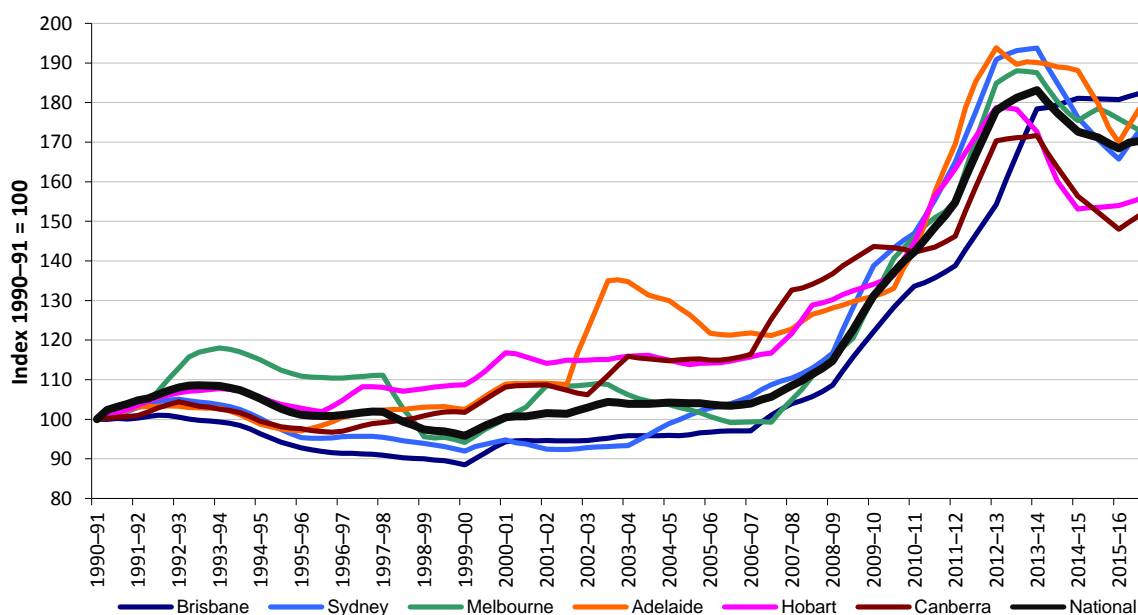
## Retailer margins

On top of the above categories of costs, retailers will seek to obtain a level of return (or 'retail margin') from customers that will account for their costs of capital and provide a return to shareholders. This return may vary significantly across retailers, customer types and jurisdictions.

## Changes in retail electricity prices over time

Figure 1 below shows the movements in energy prices (inflation-adjusted) for metropolitan households since the 1990–91 financial year, based on the electricity component of the consumer price index.

**Figure 1: Retail price index (inflation adjusted) – Australian capital cities**



Note: Consumer price index electricity series, deflated by the consumer price index for all groups.

Source: ABS, Consumer Price Index 6401.0, Australia.

Between 2007–08 and 2012–13, national residential electricity prices increased by approximately 10 per cent each year in real terms. Some of these price increases were driven by escalating network costs as, during this period, network businesses invested heavily in assets to prepare for expected increases in demand.<sup>9</sup> The National Electricity

<sup>9</sup> AER, State of the energy market, 2015.

Rules at the time could also be viewed as contributing to increased network costs given their highly prescriptive nature and limits on the AER's discretion in its assessment of businesses' regulatory proposals. The carbon price also contributed, increasing retail prices by 5–13 per cent in 2012–13 (although the repeal of the carbon price in 2014 saw prices fall).<sup>10</sup> Prices then eased in most jurisdictions until 2014–15 as network costs declined and excess generation capacity suppressed wholesale costs. More recently prices have again trended upwards.

Other factors may also have contributed to higher retail electricity prices. The COAG Energy Council has recently noted that the limited merits review process that applies to certain AER determinations is leading to higher prices. Limited merits review provides a process through which businesses can appeal the AER's decisions, generally with a view to increasing the amount of revenue they can recover from customers. COAG has agreed, in principle, to a package of reforms aimed at increasing the threshold for accessing the process. This package is due to be finalised at the July 2017 meeting of the COAG Energy Council.<sup>11</sup>

## Vertical integration

Some electricity retailers are vertically integrated with generators— these businesses are often referred to as 'gentailers'. The three largest electricity retailers— Origin Energy, EnergyAustralia and AGL— also have a generation business. Snowy Hydro (owned by the Australian, NSW and Victorian governments) and Hydro Tasmania (owned by the Tasmanian government) have both retail and generation operations. The integration of retail and generation operations can provide a benefit to gentailers as it allows them to internally manage the financial risk associated with acquiring wholesale energy from the spot market, reducing the need to participate in hedge markets. However, vertical integration may have a negative impact on competition to the extent that it acts as a barrier to entry and expansion for retailers that do not have generation assets. In some cases, vertical integration can also contribute to market power.

## Questions for comment

Below are a number of questions that interested parties are invited to comment on. The ACCC notes that many of these questions are targeted at electricity retailers and those with a detailed knowledge of the retail electricity market.

In addition to seeking feedback from interested parties, the ACCC will also seek information directly from electricity retailers on the costs that they incur in supplying customers throughout the course of the Inquiry. This may occur through methods including voluntary information requests, formal (compulsory) information requests and/or hearings. The information the ACCC may seek from retailers could include:

- actual data on retail costs and profit margins, including costs associated with attracting and retaining customers
- information relating to the types of risks that retailers face in relation to the supply of electricity.

The ACCC has started to request such information from retailers and this is likely to continue throughout the Inquiry.

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<sup>10</sup> AER, State of the energy market, 2015.

<sup>11</sup> COAG Energy Council, Meeting Communique, 14 December 2016 (<http://www.coagenergycouncil.gov.au/publications/8th-coag-energy-council-meeting-communique>).

The ACCC seeks feedback from all interested parties on:

1. The factors that have been driving the rising costs that electricity retailers have incurred in supplying electricity to customers over time.
2. Any factors that may impact on the future price of retail electricity services.
3. The profits and returns made by electricity retailers.
4. Other industries or jurisdictions that the ACCC could look to in making findings or recommendations.

When providing feedback you may wish to comment on:

- Categories of costs that retailers face in supplying electricity to customers, and the extent to which these contribute to the prices paid by customers.
- Types of data that the ACCC should seek from retailers.
- The impact of vertical integration between electricity generators and retailers on costs (including on the costs of hedging and managing financial risk).
- The impact of the level of liquidity in the contract market on retailer costs.
- Risks involved in supplying electricity to customers and how this impacts on price.
- The existence of economies of scale and scope in retail electricity markets and the impact that these have on retailers' costs.
- Any differences in costs incurred by retailers in servicing different types of customers.
- The impact of new and emerging generation technologies on retailer costs and retail electricity prices.
- Whether the introduction of retail competition has resulted in increased costs for retailers (e.g. costs incurred in competing for customers), and what costs retailers have reduced since the introduction of competition.
- The impact of regulatory differences between states and territories on achieving greater economies of scale.

In the relevant jurisdictions, what impact the removal of price regulations (e.g. a price cap or regulated 'base rate') has had on prices and retailer behaviour.

## Issue 2 – Market structure and nature of competition

This section of the Issues Paper focuses on the current level of competition between retail electricity suppliers and the likely level of competition in the future.

Effective competition between retailers is essential to ensuring that customers are delivered positive outcomes in terms of price and service standards.

Prior to the 1990s, Australian energy markets comprised vertically integrated, government-owned monopolies. Various state and territory regulations restricted new energy retailers from entering the market and customers did not have a choice of energy retailer.

Retail energy markets began to change in 2002 when Victoria and New South Wales became fully contestable. Over time remaining NEM jurisdictions have opened up retail energy markets to competition, to various degrees. At present there are only a small number of electricity retailers operating in Tasmania, the ACT and regional Queensland.

Retail prices are no longer regulated in Victoria, NSW, South Australia and South East Queensland. However, price regulation still exists in Tasmania, the ACT and regional Queensland.

The ACCC seeks feedback from all interested parties on:

5. The ways that electricity retailers currently compete.
6. The level of competition between electricity retailers in each NEM area and distribution area within each NEM area.
7. Any impediments to competition between electricity retailers.

When providing feedback you may wish to comment on:

- The market shares of electricity retailers in each distribution area.
- The way that electricity offers are marketed and the use of discounting to attract customers.
- Any differences in offers to different customer groups (e.g. regional and rural customers).
- The key considerations for customers in choosing an electricity provider.
- Strategies used by retailers to retain and attract customers.
- The extent to which privately run comparator services are influencing competition.
- The extent to which price regulation impacts on effective competition.
- The proportion of customers without effective access to choice of retailer or offer (e.g. customers in embedded electricity networks).
- Evidence on the extent of switching between retailers by customers, and the barriers to switching.
- Any barriers to entry, expansion or exit and the extent to which these barriers differ between NEM areas, including economies of scale and scope, fixed costs, access to risk management products, and any regulatory barriers.
- The extent to which vertical integration between generators and retailers impacts on the ability of retailers with little or no generation interests to compete.

The existence of, or potential for, anti-competitive conduct by market participants, including collusive conduct and misuse of market power.

The ACCC notes that questions 5 and 6 are targeted at all industry participants. Question 7 is targeted at existing electricity retailers and those that are interested in entering the retail electricity market.

### **Issue 3 – Customers and their interaction with the market**

The ability of customers to make informed choices about the contracts that they are entering into and the options available to them is essential to a functioning and competitive retail electricity market. In order for the competition benefits outlined above to be achieved, customers must be able to engage with the market to understand offers and choose the service that best suits their needs.

A number of recent papers have noted low customer understanding of retail electricity offers, including discounting and contract structure, low levels of customer engagement and trust and low awareness of where to find information, including of government-run price comparison websites. The level of engagement, understanding and awareness differs

between customer type (e.g. households versus businesses) and then within each type of category (e.g. vulnerable customers versus other customers or small (non-residential) customers versus large users).

On 1 January 2017, there were more than 4300 generally available offers<sup>12</sup> throughout the NEM. The number of offers available can make it difficult for customers to identify and compare all available offers and make a decision about their electricity service. There are a number of government initiatives operating to increase customer awareness and understanding of energy offers, e.g. the AER's [Energy Made Easy website](#) and the [Victorian Energy Compare website](#) (as well as various commercial websites offering similar services). However, the AEMC has highlighted in its Retail Competition Review reports that there is a low customer awareness of such government run comparator websites. The AEMC has also found that those who used these websites to investigate their options were significantly more aware of the choices available to them and also more confident they could find the right information to choose a suitable energy plan.<sup>13</sup>

Awareness and access to information about electricity offers alone does not enable customers to make fully informed decisions. The complexity of offers themselves and the marketing of offers, in particular the use of discounts may make it difficult for customers to understand which offer will best suit their needs.

Having access to historical data regarding electricity usage can help consumers to choose an appropriate electricity offer. As part of the Inquiry, we will consider whether there is adequate access to such data and whether there are other impediments to customers being able to use such data to make informed choices.

Changes to the National Electricity Rules in 2014 mean customers can access their electricity consumption data from their electricity retailer and distributor and can also authorise access to their data for third parties. Retailers and distributors are subject to minimum standards on the format, timing and cost for delivery of that usage data to the customer or their authorised representative.

In addition, the more recent AEMC rule change *Expanding competition in metering and related services*, which commences on 1 December 2017, supports the roll-out of advanced metering technology. Such technology can give consumers better access to usage information and price signals that can then inform when they use electricity and so manage the costs of those decisions. The rule change also establishes a framework for the commercial provision of electricity consumption data to parties that provide services, such as mobile phone applications, that show near real time usage and cost information.

While steps have been, and continue to be, taken to increase customers' access to their electricity consumption data, it has been noted that there may still be practical difficulties for them in using this data to make good choices.<sup>14</sup>

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<sup>12</sup> This is the sum of generally available offers for electricity or dual fuel customers shown on Energy Made Easy and Victorian Energy Compare websites. Only 'generally available' offers are required to be published on those sites. Retailers also offer 'non generally available' offers such as family and friends offers, or those exclusive to members of a particular association or club (for example). In some cases, retailers have as many non-generally available offers as they do generally available, so the actual number of offers in the market could be significantly higher than 4300.

<sup>13</sup> AEMC, 2016 Retail Competition Review, final report, 30 June 2016, piii (<http://www.aemc.gov.au/Markets-Reviews-Advice/2016-Retail-Competition-Review>).

<sup>14</sup> In its final report into Data Availability and Use, the Productivity Commission notes that while "consumers can see some of their [energy] data, the degree of difficulty in translating this to any useful action is high." Productivity Commission, Data Availability and Use, final report, 8 May 2017, p. 195 (<http://www.pc.gov.au/inquiries/completed/data-access#report>).

The ACCC is interested in exploring:

- the extent to which customers are currently able to make informed choices about electricity, including the ability of customers to understand and compare electricity offers
- differences between and within different customer groups
- any impediments to informed decision making (such as low energy literacy)
- ways that customer decision making and outcomes could be improved
- how electricity usage data is, and can be, provided to and used by customers to enable them to better engage with the retail electricity market
- practices of retailers that affect customers' ability to participate in the market from confusing or misleading marketing to impediments to switch
- the ways that customer experience may impact on competitive outcomes.

The ACCC seeks feedback from all interested parties on:

8. Any impediments that customers face in choosing a retail electricity service and any differences between customer types and NEM areas.
9. How customers' ability to make informed choices about electricity can be improved.

When providing feedback you may wish to comment on:

- The complexity of retail electricity offers and the way that they are presented.
- The structure and content of retail electricity bills.
- Relative importance of price and non-price terms.
- The way that time limited discount offers are presented and the impact on customer understanding.
- Reasons why customers do not consider switching or choose to remain with their existing electricity retailer.
- The effect of bundling electricity plans with other services.
- The adequacy of the level of information available to customers and way this is presented.
- Any misleading or deceptive conduct or other unfair trading practices that occur in the retail electricity markets, including through price comparator websites.
- Price comparator tools and in particular the role and effectiveness of government run price comparator websites.
- Tools and/or technology that will assist customers to determine the most appropriate offer for them and the benefits that flow from these, e.g. smart meters.
- Particular issues that vulnerable customers face in dealing with electricity retailers.

While this section of the paper focuses on household and small business customers, the ACCC welcomes views on issues that other customer types face. All interested parties are welcome to respond to these questions, however, they are targeted at customers and customer groups.