Outlook

RE: Joint Select Committee on Energy Matters: Additional matters taken on notice

From Long, Kirstan [redacted]
Date Tue 1/04/2025 10:59 AM
To Energy Matters <energymatters@parliament.tas.gov.au>; Bounds, Glenn [redacted]; Patterson, Tristan [redacted]

1 attachment (1,019 KB)
Q2 2024 25 Retail Performance Reporting 1.pdf;

Good morning Kiah,

Please find attached a copy of the Australian Energy Regulator's Quarterly Retail Performance Report for October-December 2024.

With regard to the question taken on notice:

- Figure 3 (page 8) shows a decline in the proportion of Tasmania residential customers in energy debt from December 2023 to December 2024.
- Figure 4 (page 8) shows a decline in the Tasmanian average energy debt from December 2023 to December 2024 and an increase in the overall energy debt [NEM jurisdictions] over the same period. Commentary to Figure 4 indicates that the "average energy debt in Tasmania declined by $147 (17 per cent) over the past year, but increased in all other jurisdictions".
- Figure 9 (page 11) shows a decline in the Tasmanian average electricity hardship debt and average electricity debt at time of entry to hardship programs and an increase in the overall average [NEM jurisdictions] for these metrics from December 2023 to December 2024. Commentary to Figure 9 indicates that "Tasmania was the only jurisdiction that did not record an increase in average hardship debt levels and debt on entry to hardship over the past year. This result was driven by Aurora Energy's ongoing program to write off debt for customers with over $2,000 of debt."

Kind regards,

Kirstan

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Quarterly retail performance report

October – December 2024

Q2 2024–25

March 2025

AUSTRALIAN ENERGY REGULATOR

Australian Government

Overview of AER's retail performance report

Report purpose

- This report aims to:
  - help stakeholders understand how energy retailers are delivering outcomes under the National Energy Customer Framework that are in the long-term interest of energy consumers
  - assist policymakers, consumer advocates, market participants and other key parties to deliver stronger consumer outcomes in response to emerging opportunities and risks.

Report focus

- This report focuses on key outcomes and trends affecting energy consumers and energy retail markets.
- Our report includes:
  - energy prices
  - customers facing payment difficulty, including debt, payment plans and hardship programs
  - disconnection of customers for non-payment of energy bills
  - customer complaints
  - market share.

Regions covered

- Jurisdictions covered by the National Energy Retail Law and the Retail Rules:
  - NSW
  - Queensland
  - South Australia
  - Tasmania
  - ACT.

Timeframe

- This report presents analysis for **Q2 2024–25, October to December 2024.** Comparisons are made based on the same quarter in the previous year and for the last 4 quarters.
- Corresponding schedules (data tables) are published alongside this report and available in Excel.
- Previous annual and quarterly report schedules are also available.

Retail market at a glance

October to December 2024 (as at 31 December 2024) bps: basis points

Customer numbers

RESIDENTIAL

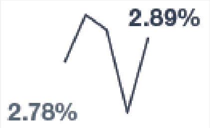
6,943,888
Electricity

2,339,086
Gas

Customer debt (excludes hardship customers)

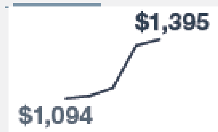
RESIDENTIAL

2.89%
of customers in debt



Up 11 bps on Oct–Dec 2023

$1,395
average energy debt



Up $301 on Oct–Dec 2023

Residential payment plans

Electricity

93,610
1.35% of customers

Down 13,299 on Oct–Dec 2023

Gas

27,670
1.18% of customers

Up 637 on Oct–Dec 2023

Residential disconnections

Electricity

3,957
0.06% of customers

Up 1,521 on Oct–Dec 2023

Gas

1,184
0.05% of customers

Up 675 on Oct–Dec 2023

Residential credit collection

Electricity

21,607
0.31% of customers

Down 13,381 on Oct–Dec 2023

Gas

8,165
0.35% of customers

Down 1,165 on Oct–Dec 2023

Residential hardship

Electricity

1.60%
of customers on hardship programs

Down 9 bps on Oct–Dec 2023

$1,947
average hardship debt

Up $262 on Oct–Dec 2023

Gas

1.18%
of customers on hardship programs

Up 1 bps on Oct–Dec 2023

$859
average hardship debt

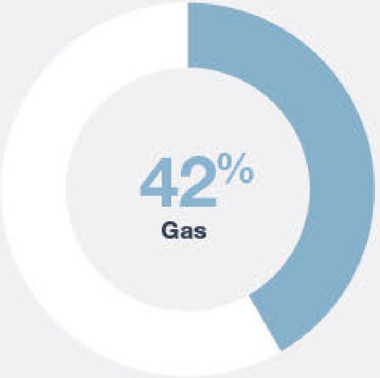
Up $47 on Oct–Dec 2023

Hardship customers not meeting usage costs

Electricity

Up 1068 bps on Oct–Dec 2023

Gas



Up 830 bps on Oct–Dec 2023

Key insights – October to December 2024

1. **Hardship programs need to do more to support customers experiencing payment difficulty to get back on track.**

   The average debt of customers on hardship programs and debt on entry to these programs has continued to increase. While being on a hardship program provides customers experiencing payment difficulty with protection, programs could be improved. We are heartened by the AEMC's proposed rule change relating to the support provided to people experiencing hardship. The rule change progresses solutions put forward in our Game changer reforms.

2. **Complaints have declined since the previous quarter but remain higher than they were in the same period last year.**

   The number of customer complaints has dropped from the peak recorded in July to September 2024, with most remaining related to billing issues such as price queries, billing errors, payment arrangements and debt recovery practices. We will be closely monitoring these customer service metrics over the forthcoming reporting periods to identify declining customer service standards.

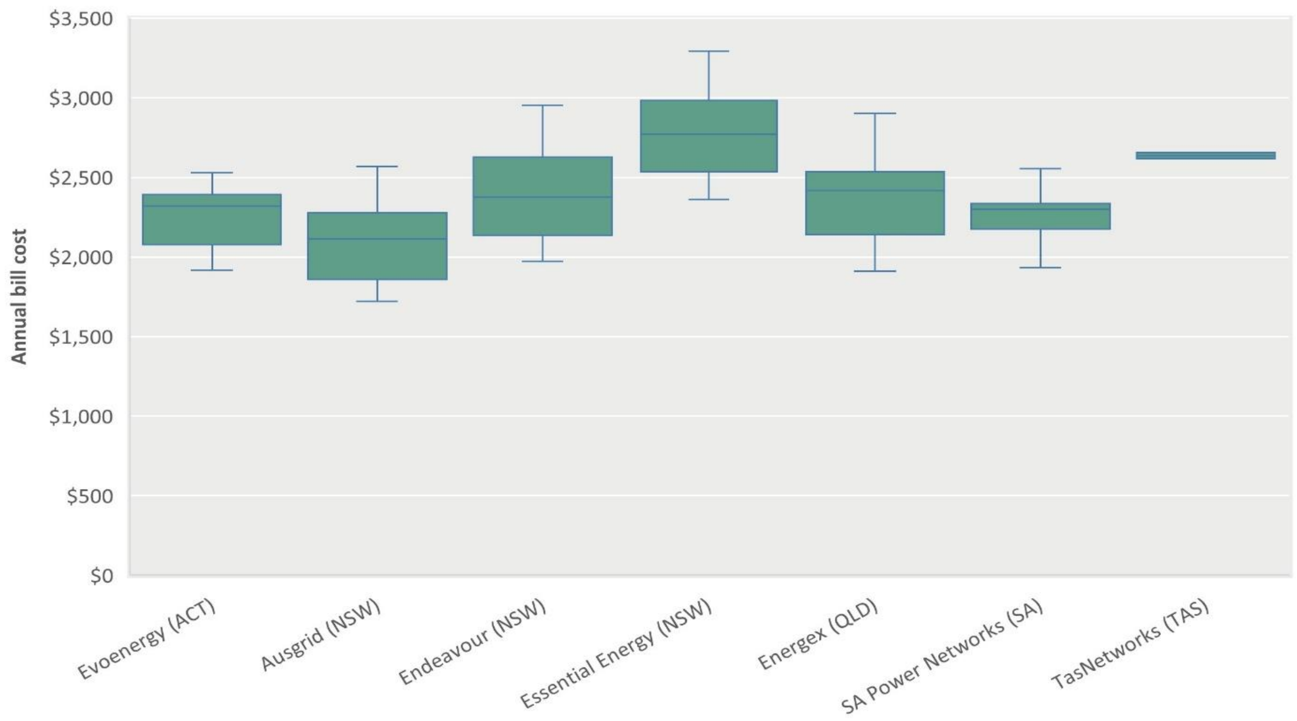
3. **Tier 2 retailers have continued to grow their market share.**

   The continued growth of Tier 2 retailers signals increased competition in the retail energy market. Our new policy-led sandboxing approach to testing and trialling new products is intended to further encourage innovation and competition. We are particularly interested in new products that deliver benefit to consumers and the wider energy market.

Electricity median market offers have declined since DMO 6 came into effect

- Median market offers across the DMO regions fell between 1% and 4% from the beginning of July until 31 December 2025.
- For non-DMO regions, Evoenergy was up 9% while TasNetworks' regulated prices fell 3% during the first 6 months of 2024–25.
- Analysis of market offers presented in Figure 1 indicates customers can achieve savings by shopping around and switching to a new provider for a lower offer.
- Preliminary analysis of prices at 1 February 2025 indicates the gradual decline in prices from mid-2024 has continued.

Figure 1 Range of retail electricity market offers by distribution zone, as at 31 December 2024

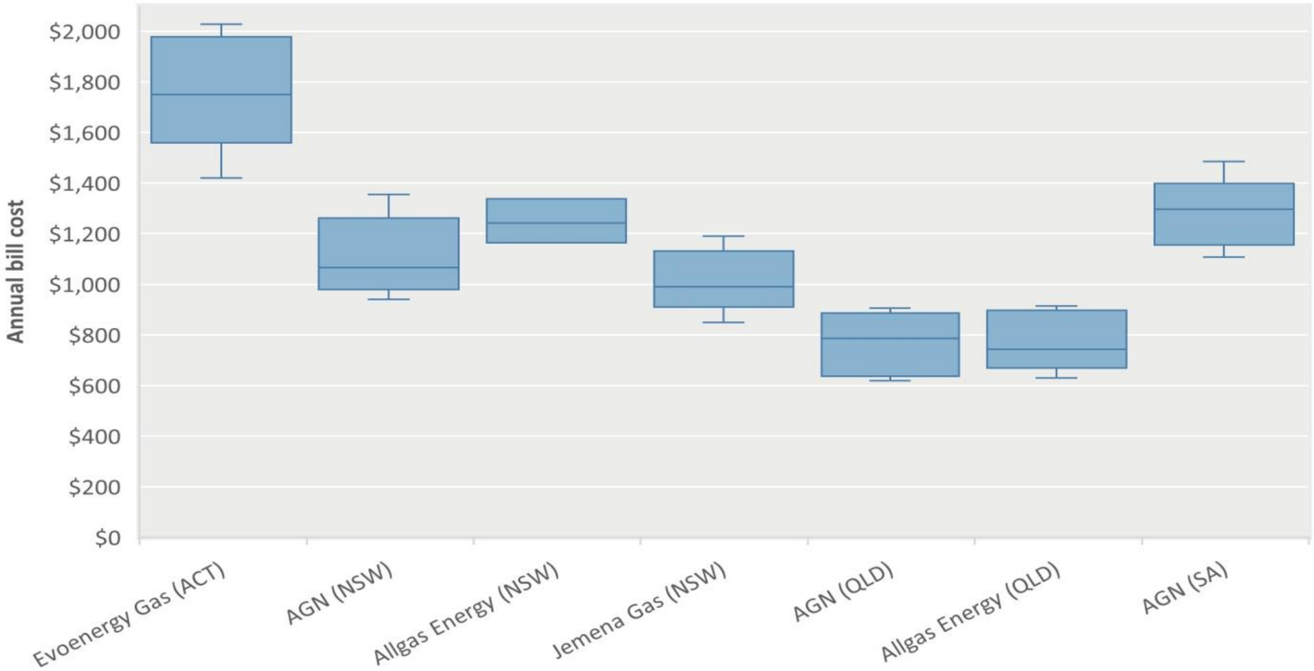


Note: Pricing data is based on prices as at 31 December 2024. Boxes present interquartile range covering 50% of available offers. A few offers are significantly higher than the median price. However, these represent a very small number of offers in the market, so we have removed these outliers from the chart. The regulated price has been used as a proxy of the market offer for TasNetworks. This analysis does not include Victorian offers.
Source: AER analysis using offer data from Energy Made Easy.

Gas median market offers decreased across most jurisdictions

- In the first 2 quarters of 2024–25, median market offers for gas declined between 1% and 4% in Queensland, SA and NSW distribution zones. Conversely, Evoenergy recorded a 9% increase in the same period.
- At 31 December 2024, a large proportion of gas market offers were priced near the median offer in each distribution zone.
- As with electricity, the spread of market offers shows savings are available to customers if they shop around.

Figure 2 Range of retail gas market offers by distribution zone, as at 31 December 2024



Note: Pricing data is based on prices as at 31 December 2024. Boxes present interquartile range covering 50% of available offers. A few offers are significantly higher than the median price. However, these represent a very small number of offers in the market, so we have removed these outliers from the chart. This analysis does not include Victorian offers.
Source: AER analysis using offer data from Energy Made Easy.

Residential energy debt increased in most jurisdictions over the past year

- Over the past 12 months (Q2 2023–24 to Q2 2024–25), the proportion of customers with energy debt increased from 2.8% to 2.9% and average residential energy debt increased by $301 (27.5%).
- Average energy debt declined in Tasmania by $147 (17%) over the past year, but it increased in all other jurisdictions:
  - Queensland up $469 (48.1%)
  - SA up $383 (28.7%)
  - NSW up $286 (25.5%)
  - ACT up $121 (15.5%)
- In Queensland, while average debt increased, the proportion of customers in energy debt remained steady at 1.6%.

Figure 3 Proportion of residential customers in energy debt by jurisdiction

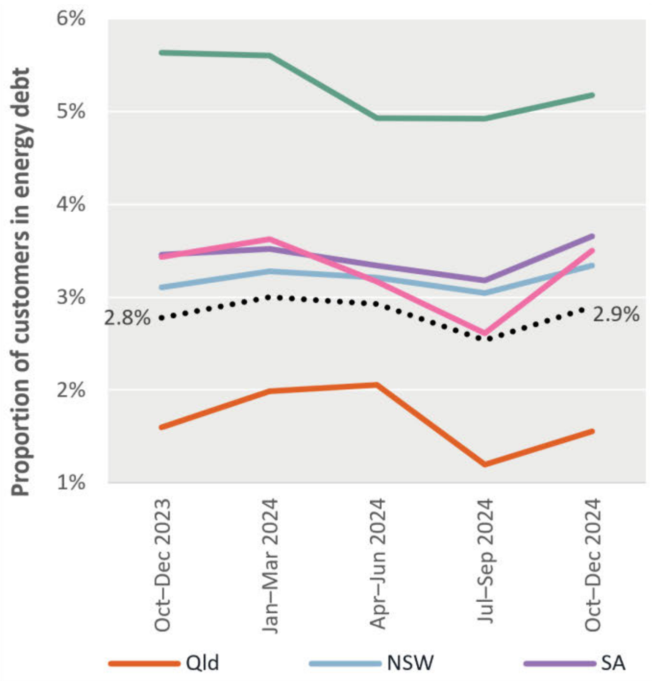
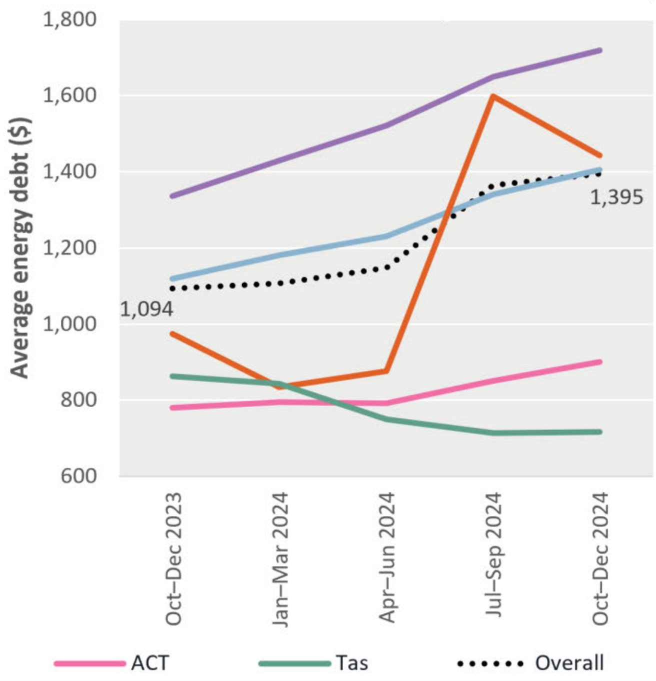


Figure 4 Average energy debt by jurisdiction



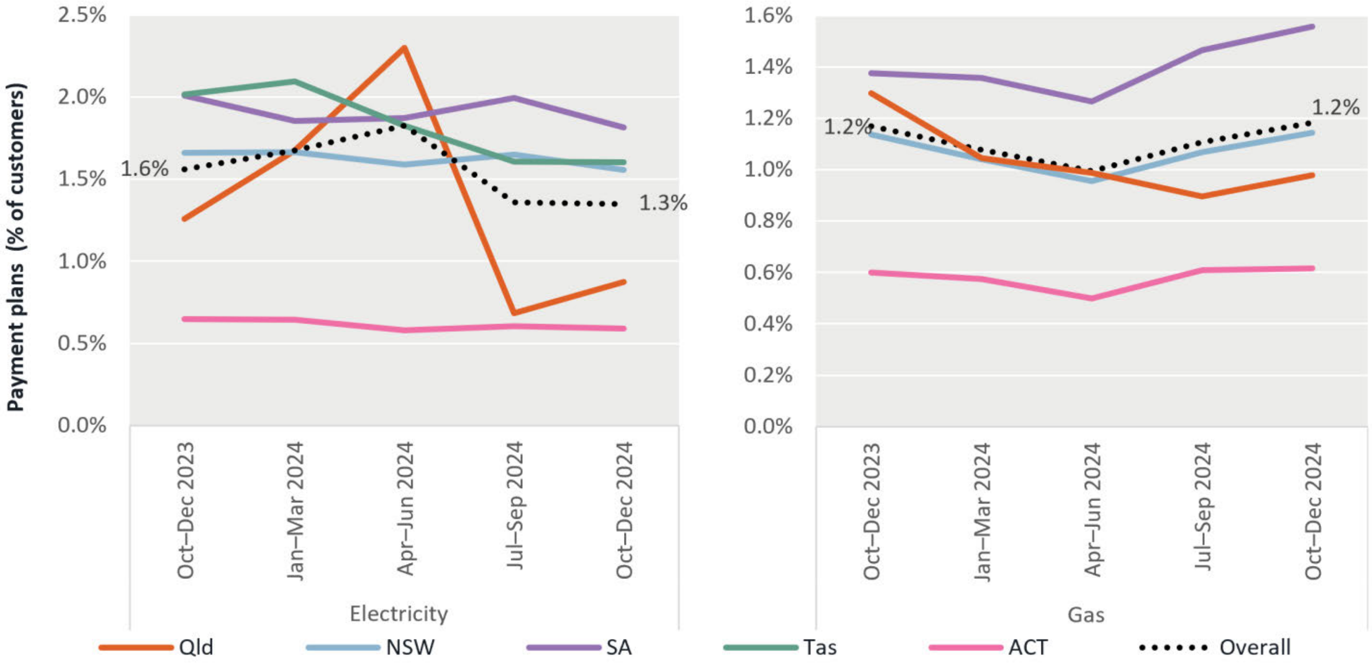
Source: AER, Schedule 3 – Retail Performance Data Q2 2024–25.

Payment plans decreased for residential electricity customers

- Over the past 12 months, the proportion of residential customers on electricity payment plans decreased from 1.6% to 1.3%.
- The steep decline recorded in Queensland, from 2.3% in Q4 to 0.7% in Q1, is attributed to the Queensland Government’s cost-of-living rebate.
- The overall proportion of residential customers on a gas payment plan was 1.2%, consistent with the same time last year.

Figure 5 Proportion of residential electricity customers on payment plans

Figure 6 Proportion of residential gas customers on payment plans



Source: AER, Schedule 3 – Retail Performance Data Q2 2024–25.

Electricity customers on hardship programs decreased in most jurisdictions over the past year; gas held steady

- The proportion of residential electricity customers accessing hardship programs decreased over the past 12 months – down from 1.7% in Q2 2023–24 to 1.6% in Q2 2024–25.
- Retailers indicated that government rebates contributed to the decrease in residential electricity customers accessing hardship programs.
- The overall proportion of gas customers on hardship programs has remained steady at 1.2%.

Figure 7 Proportion of residential electricity customers on hardship programs

Figure 8 Proportion of residential gas customers on hardship programs

Source: AER, Schedule 4 – Retail Performance Data Q2 2024–25.

Average hardship debt was higher in most jurisdictions compared with the previous year

- Overall, the average debt of customers on hardship programs has increased over the past 12 months – up 15.6% from $1,685 to $1,947.
- The average debt on entry to hardship programs increased in the past year by 50.5%, from $1,085 to $1,633.
- Tasmania was the only jurisdiction that did not record an increase in average hardship debt levels and debt on entry to hardship over the past year. This result was driven by Aurora Energy's ongoing program to write off debt for customers with over $2,000 of debt.

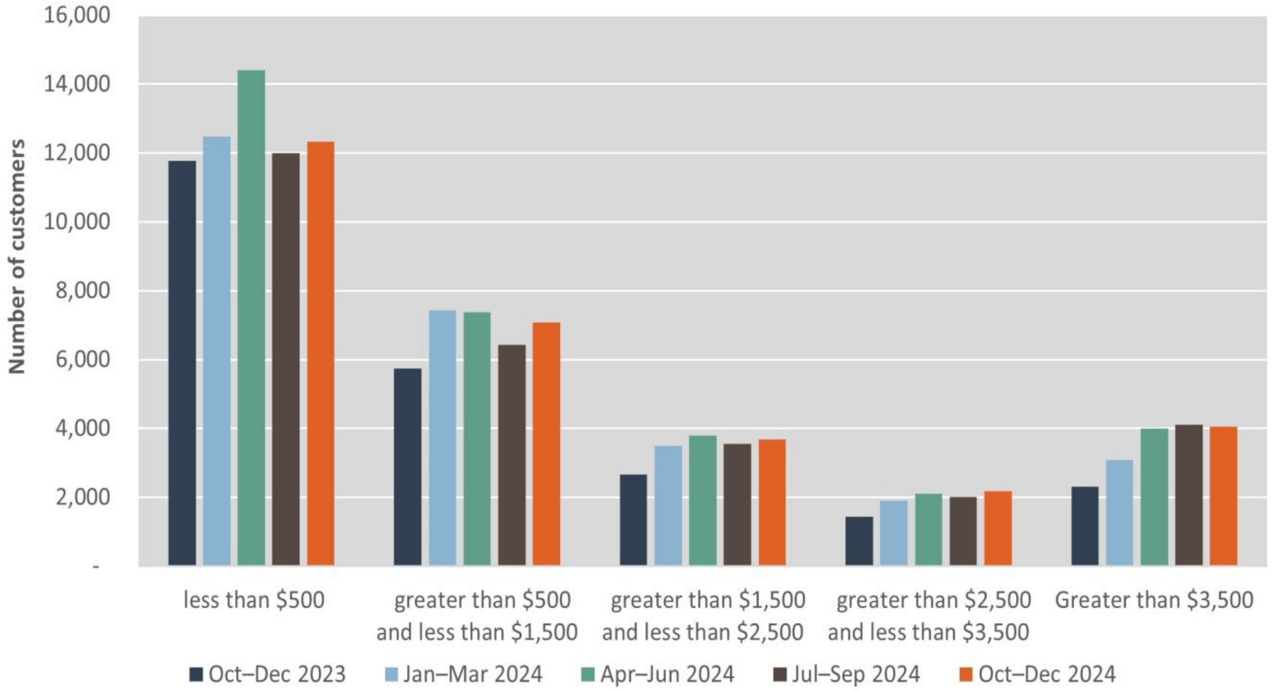
Figure 9 Average electricity hardship debt and average electricity debt at time of entry to hardship programs

Source: AER, Schedule 4 – Retail Performance Data Q2 2024–25.

More customers are entering hardship with higher levels of debt

- The number of customers entering hardship programs with a debt increased over the past 12 months.
- Most customers entering a hardship program have a debt of more than $500.
- Some retailers indicated they are implementing programs to re-engage with customers requiring ongoing payment assistance, which has resulted in customers with larger debts being reinstated into hardship programs.

Figure 10 Value of debt on entry to hardship programs



Source: AER, Schedule 4 – Retail Performance Data Q2 2024–25.

Credit collections for residential electricity and gas have declined over the past year

- Overall, 0.31% of residential electricity customers were referred to external credit collection agencies this quarter, which is lower than the 0.51% for the same period last year.
- 0.35% of residential gas customers were referred to external credit collection agencies this quarter, down from 0.40% for the same period last year.
- Large retailers attributed the reduction to an increased focus on customer engagement and a decrease in disconnection activities.

Figure 11 Proportion of residential electricity customers referred to credit collection

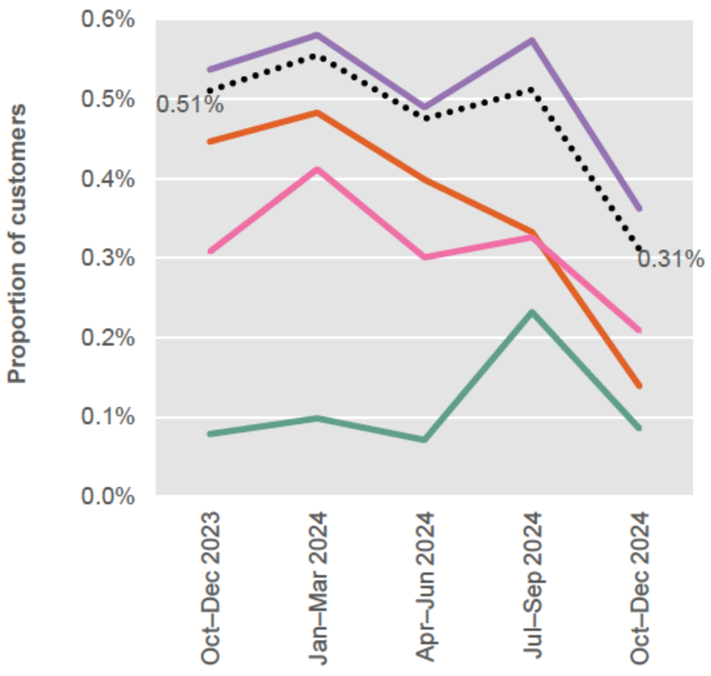


Figure 12 Proportion of residential gas customers referred to credit collection

Source: AER, Schedule 3 – Retail Performance Data Q2 2024–25.

Disconnections are higher than the same time last year

- Overall, residential electricity disconnections were higher than the same period last year – up from 0.04% to 0.06%.
- With the exception of Tasmania, gas disconnections rates were higher in every jurisdiction than in the same period last year.
- Energy retailers attributed the decline in the disconnection rate from the previous quarter to protection given to customers across the Christmas–New Year period.

Figure 13 Proportion of residential electricity customers disconnected

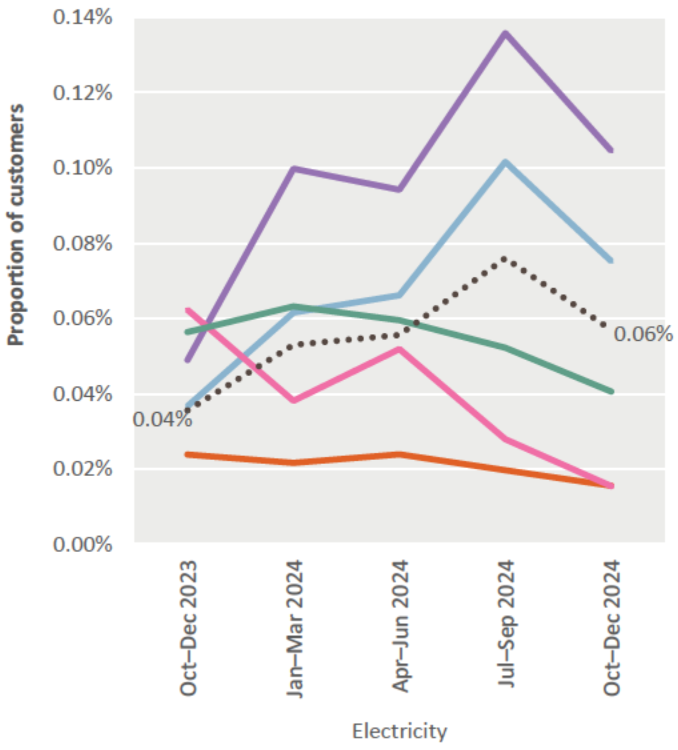
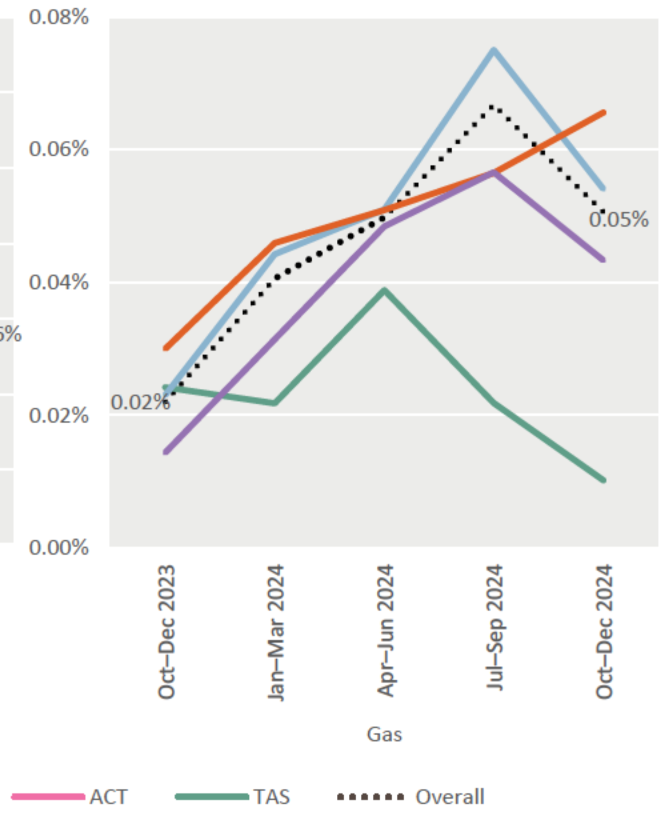


Figure 14 Proportion of residential gas customers disconnected

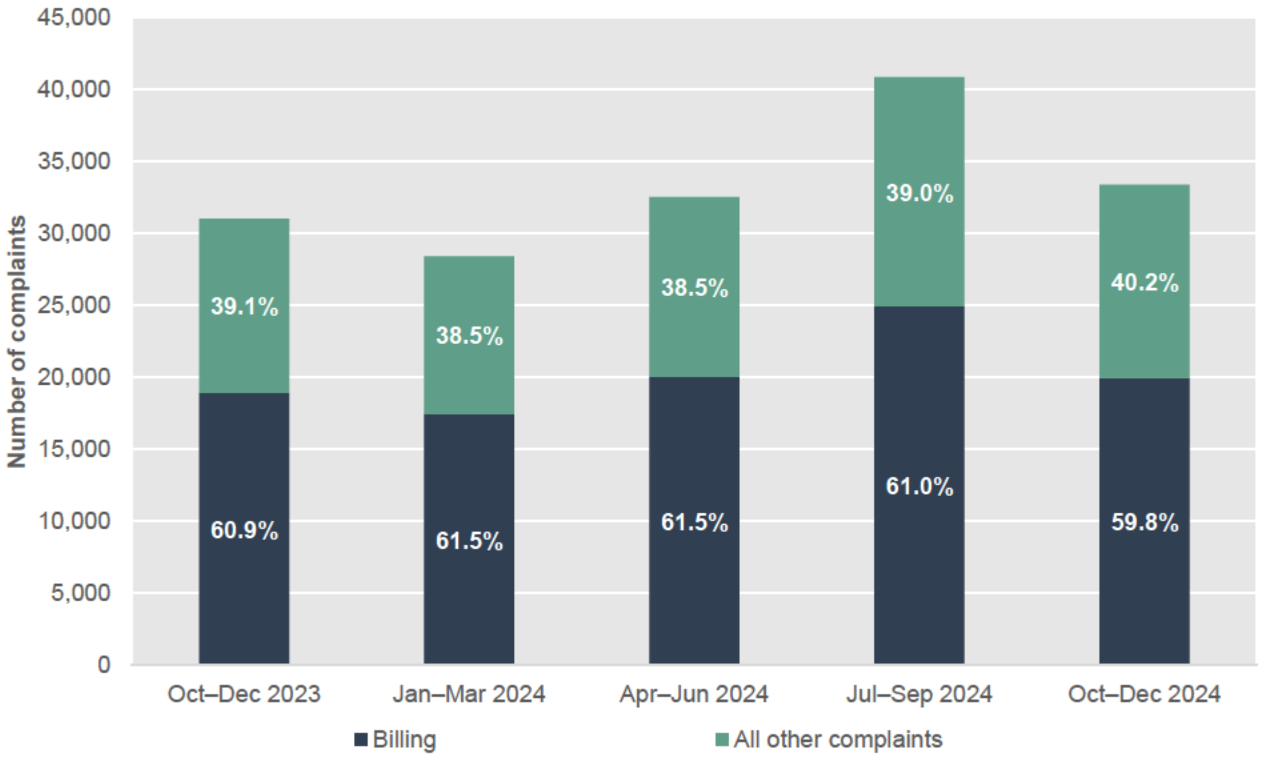


Source: AER, Schedule 3 – Retail Performance Data Q2 2024–25.

Complaints have declined from last quarter but remain higher than the same period last year

- While the total number of electricity customer complaints declined by 17.3% over the past quarter – down from 43,644 to 36,073 – they remain higher than recorded in the same period last year.
- The proportion of complaints relating to billing has remained steady. Billing complaints include price queries, billing errors and payment arrangements.

Figure 15 Number and type of electricity customer complaints

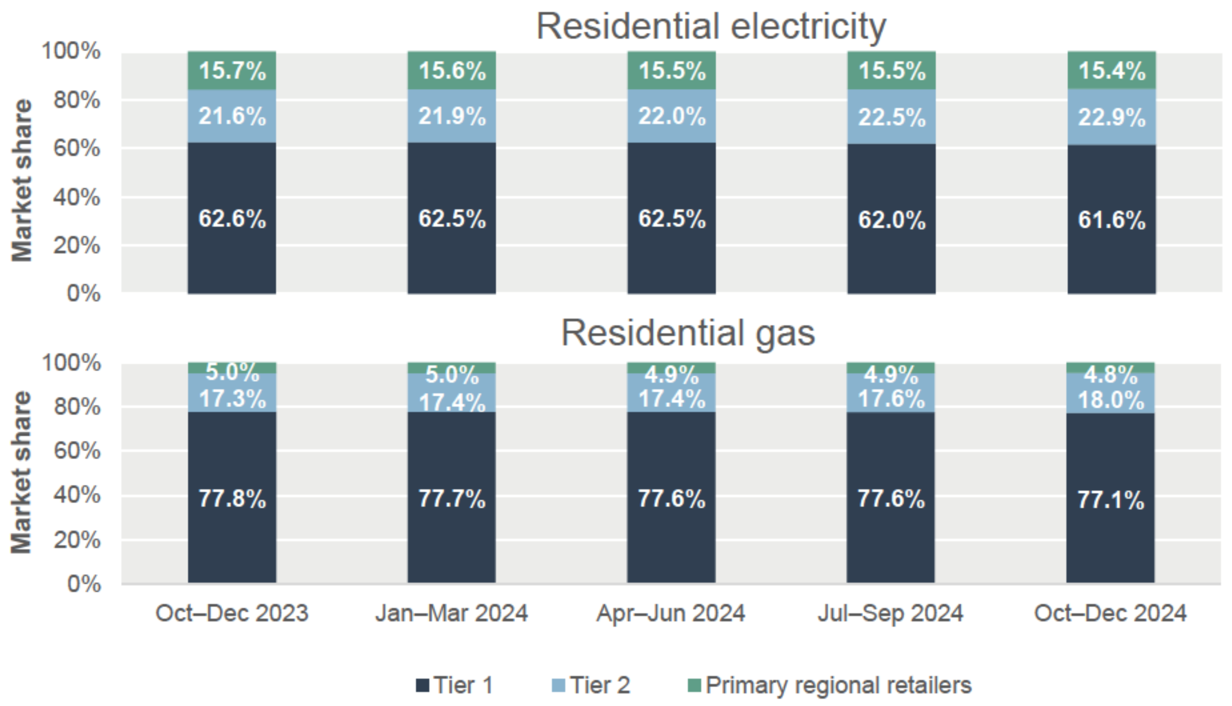


Source: AER, Schedule 3 – Retail Performance Data Q2 2024–25.

Tier 2 retailers have continued to increase their market share

- The market share of Tier 1 retailers across the residential electricity market and gas markets continues to decline, while Tier 2 retailers' share continues to increase.
- Several smaller Tier 2 retailers are growing at a significant annual rate, driven by innovative product offers and intense marketing activities.

Figure 16 Residential market share by Tier 1, Tier 2 and primary regional retailers



Source: AER, Schedule 2 – Retail Performance Data Q2 2024–25.

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