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INDEPENDENT PRICING AND REGULATORY
TRIBUNAL
OF NEW SOUTH WALES

Media Release

Energy Consumers Recognising Electricity and Gas Competition

An Independent Pricing and Regulatory Tribunal (IPART) study has revealed that up to one-in-five households approached by electricity and gas retailers are changing suppliers to save on power bills.

The study of more than 2600 consumers in Sydney, the Blue Mountains and the Illawarra found that around one-in-four households has been approached to change gas and electricity suppliers.

Of those, 21% of electricity customers changed suppliers while 14% of gas customers made the switch. But more than 50% are happy with their existing suppliers. High energy users are more likely to accept competitive offers.

Around three-quarters of respondents were aware that under the competitive retail energy market they can change electricity suppliers - more than 77% of gas customers knew they could change supplier, compared with 74% of electricity consumers.

The main reason for change is to save on bills - 74% of electricity users and 52% of gas customers said they switched because they were offered cheaper tariffs, while 32% said the main reason was the benefit of a combined gas and electricity bill.

The research also shows that air conditioners are one of the major contributors to high domestic power usage. Households with an air conditioner on average used 26% more electricity per capita.

The survey, conducted for IPART by Taverner Research, focused on the relationship between household characteristics and electricity and gas usage.

Key findings from the study include:

- Not surprisingly, households with more people and more energy-using appliances tended to use more energy;
- High energy users also tended to have a higher household income and to live in a house rather than a unit; they are more likely to be receptive to competitive offers;
- 57% of Integral Energy customers have an air conditioner, compared with 35% of EnergyAustralia's customers;
- Households with an air conditioner used on average 26% more electricity per capita than those without air conditioning;
- Households with both electricity and gas used on average 30% less electricity than electricity-only customers and had lower unit energy costs;
- 15% of households have had financial difficulty paying their electricity bill and 8% have had difficulty paying their gas bill over the last three years. Close to half of these customers discussed the problem with their supplier, with nearly all of them offered help.

IPART used the survey in making its recently-released decisions on electricity distribution tariffs and regulated retail tariffs in NSW.

"The survey gave us a better understanding of household energy-use patterns and the factors which influence those patterns," said IPART Acting Chairman, Mr James Cox. "This information highlights progress made in energy competition reform and the positive affect it is having on customers bills."

"One area where there's clearly room for more consumer awareness is the assistance energy utilities can offer to households having difficulty paying their electricity bills.

"While 15 per cent of households said they had financial difficulty paying bills over the last three years, only half of them had discussed the problem with their supplier. Nearly all customers who approached their supplier for help said it was offered - most customers had the due date on their bill extended, while others were allowed to pay the bill in instalments."

The full Tribunal Research Paper is available on the Tribunal's website at www.ipart.nsw.gov.au

Further information: Mr James Cox Ph: (02) 9290 8411

Notes:

What distribution and retail prices does the Tribunal regulate?

The Tribunal regulates the tariffs for the network distribution component of electricity charges that all customers pay. Electricity distributors, or Distribution Network Service Providers (DNSPs), are businesses that own low voltage electricity distribution networks used to carry electricity from the high voltage transmission lines to end customers. The DNSPs in NSW are also energy retailers. They are EnergyAustralia, Integral Energy and Country Energy and Australian Inland Energy and Water, all of which are owned by the NSW Government. (Transmission networks are regulated by the ACCC. Wholesale electricity prices are unregulated).

The Tribunal also regulates the default retail electricity tariffs for small (consumption under 160MWh p.a.) customers who have not entered into a contract with a retailer in the competitive electricity market. Small retail customers have been able to choose their electricity retailer since 1 January 2002.