VICTORIAN

Energy Market

REPORT

SEPTEMBER 2023

Victorian consumers missing out on potential savings

Economic analysis of prices in the Victorian retail energy market

Energy in Victoria

ESSENTIAL SERVICES COMMISSION

Acknowledgement

We acknowledge the Traditional Owners of the lands and waterways on which we work and live.

We acknowledge all Aboriginal and Torres Strait Islander communities, and pay our respects to Elders past and present.

As the First Peoples of this land, belonging to one of the world's oldest living cultures, we recognise and value their knowledge, and ongoing role in shaping and enriching the story of Victoria.

An appropriate citation for this paper is:

Essential Services Commission 2023, *Victorian Energy Market Report: September 2023*, 26 September

The Victorian Energy Market Report meets our reporting obligations under section 10AA(a) and 10AAB of the *Essential Services Commission Act 2001*; sections 39A and 109A(3) of the *Electricity Industry Act 2000*; sections 47 and 223(3) of the *Gas Industry Act 2001*; and section 67(1) of the *Victorian Energy Efficiency Target Act 2007*.

Contents

Chairperson's foreword

Many Victorians are currently facing rising costs of living. Our report shows that the median residential electricity offer price increased 23 per cent between June 2023 and August 2023 after staying mostly flat over 2022–23. The median residential gas offer price rose by 15 per cent over 2022–23.

It's more important than ever that Victorians are informed and empowered to navigate the energy market with confidence. We want Victorian consumers to be aware of the support that is available.[1]

There are simple actions Victorians can take straight away to save on their energy bills, starting with making sure they are on their retailer's best offer. Only one in two Victorian households were on their retailer's best electricity offer on average in 2022–23. By switching to their retailer's best offer, around 28 per cent of Victorian households could have saved at least $100 per year on their electricity bills. Of residential electricity consumers who could have saved over $100 per year, some could have saved a lot more.

Residential customers could have saved an estimated total of $191 million on electricity bills and $89 million on gas bills if they were on their retailer's best offer.

While energy prices have increased, consumers can still find competitive offers in the market. The free and independent Victorian Energy Compare government website can help consumers find the best value offer.[2]

Our analysis shows the gap between the highest and lowest priced electricity offer is the largest it has been in the past three years. Gas offers are similar, with significant differences between the cheapest and most expensive options.

This quarter we released a series of consumer resources, including animated videos and fact sheets in various languages, to inform Victorian embedded network customers of their rights and protections. Embedded network customers are also protected by the Victorian Default Offer, which is the maximum that these customers can be charged.

The commission continues to hold regulated energy businesses to account and uphold the rights and protections of Victorian energy consumers, including those experiencing vulnerability. Additionally, our compliance and enforcement priorities for 2023–24 includes a focus on consumer protections when navigating the market. This includes regular best offer messages and sufficient notice of price or contract changes.

AusNet and Jemena paid $835,000 in penalties for allegedly failing to give notice of planned power interruptions to life-support customers and other distributor obligations.

We initiated the Retailer of Last Resort process for QEnergy Limited and Mojo Power East Pty Ltd in June 2023. This involved transferring approximately 8,000 customers to other retailers in Victoria to provide continued energy supply for these customers.

We will continue to use our full suite of regulatory tools to support and promote energy retailer compliance with critical safeguards in place to protect Victorian energy consumers.

And I urge Victorians to regularly review their energy bills and seek out the best value offers. If you're having trouble staying on top of your bills, reach out to your energy retailer today to access the bill payment assistance you are entitled to under Victorian energy rules.

Kate Symons
Chairperson and Commissioner

1 See the Victorian Energy Market Report June 2023 for more information on government support for eligible consumers.
2 See the Victoria Energy Compare website.

Victorian consumers missing out on potential savings

Residential consumers could have saved a total of $191 million in electricity bills and $89 million in gas bills if they were on their retailer's best offer and achieved the savings their retailer estimated.

Victorians could save on energy bills by switching to their retailer's best offer.[1]

Twenty-eight per cent of Victorian residential electricity consumers could have saved over $100 per year from being on their retailer's current best offer. While 17 per cent of Victorian gas consumers could have saved $100 or more.[2]

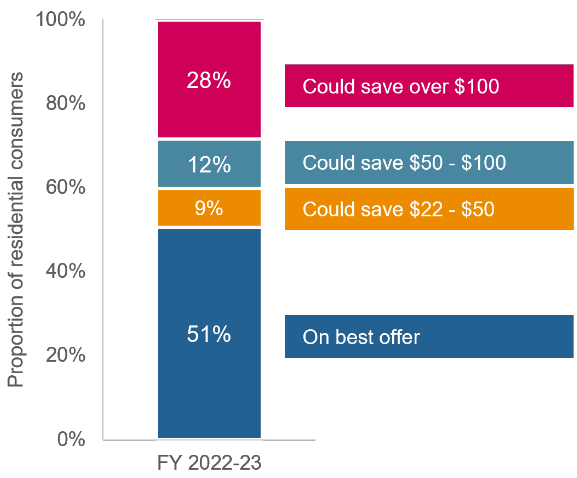
Of residential electricity consumers who could have saved over $100 per year, some could have saved a lot more. Around six per cent could have saved between $250 and $400 per year. While a further six per cent could have saved over $400 per year.

Residential consumers could have saved a total of $191 million in electricity bills and $89 million in gas bills if they were on their retailer's best offer and achieved the savings their retailer estimated.[3]

The potential savings are based on the market equilibrium over 2022–23. It assumes that consumer usage and retailer pricing strategies remain unchanged.

Over the long run however, if all consumers were on their retailer's best offer, this could lead to a new equilibrium with new retailer prices.

Figure 1: Share of Victorian residential electricity consumers, by saving amount from being on the best offer in 2022–23



Source: Compliance and Performance Reporting Guideline (CPRG) data[4]

1 The retailer's best offer, as referred to in this report, is the 'deemed best offer'. Further details on the deemed best offer are available in the pop-out box "What is a deemed best offer?" on the following page.

2 Data collected between July 2022 and June 2023 shows that approximately 38 per cent of all residential consumers receive this message each month. The sample is large, representative, and covers consumers from all retailers.

3 We estimated the total savings for all consumers based on the proportion of consumers who received the best offer message in 2022–23. The annual saving is the difference between the annual total cost of the current plan minus annual total cost of the deemed best offer. To calculate the overall savings, we considered the number of consumers falling within each saving bracket (e.g., $22 – $50; $50 – $100, $100 – $150; $150 – $200 and so forth, up to over $400) and the minimum value of each saving bracket.

4 See the Commission's website for more detail on the Compliance and Performance Reporting Guideline (CPRG) data.

Figure 1 shows that one in two Victorian residential electricity consumers were on their retailer's best offer. While 70 per cent of residential gas consumers were on their retailer's best offer.

Around 64 per cent of small-to-medium enterprises were on their retailer's best electricity offer, 72 per cent were on the best gas offer (see Appendix 1).

What is a deemed best offer?

The deemed best offer (or simply, its best offer) is typically a retailer's cheapest generally available offer and does not account for one-off gifts or sign-up credits.

Retailers must tell customers on the front page of their bill whether they're on the best energy plan and how much they could save by switching – at least quarterly for electricity bills, and at least every four months for gas bills.[5] Retailer's don't use the phrase best offer on consumer bills, instead they refer to this in a box that says, 'could you save money on another plan?'.

Retailers determine the deemed best offer by reviewing a customer's past electricity or gas usage. The retailer then compares what the customer pays on their current offer with their deemed best offer.

Large retailers have the lowest proportion of residential consumers on their best offer

The best offer policy took effect on 1 July 2019. Since then, the proportion of large retailer residential electricity customers on their retailer's best offer has mostly remained under 50 per cent.[6]

Figure 2 shows that large electricity retailers had the lowest proportion (42 per cent) of residential consumers on their best offer in 2022–23.

Small retailers had a higher proportion, 65 per cent, on their best offer. Medium retailers had 71 per cent on their best offer.

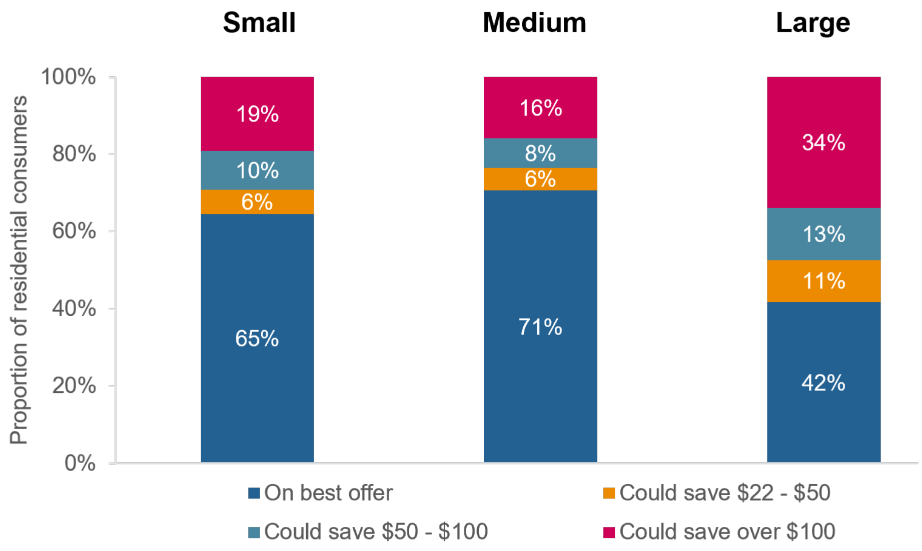
Previous commission research from November 2021 found a strong consumer preference for large energy retailers.[7] It found that large retailer's customers appear loyal, such customers are sometimes referred to as 'sticky'.

Sticky customers search less for lower-priced electricity or gas offers with their current retailer or others, repurchasing the same product.

Large retailers appear to have a higher proportion of sticky customers, which may partly explain why they have the lowest proportion of residential consumers on their best offer.

[5] For more detail on deemed best offer message requirements, refer to clauses 108–112 of the Energy Retail Code of Practice.
[6] Energy retailers' size is determined by their market share in terms of consumers served in the relevant market (e.g., residential electricity). Large retailers (e.g., Origin Energy) have over five per cent market share, medium retailers (e.g., Alinta) have between one per cent and five per cent market share, and small retailers have less than one per cent market share.
[7] Essential Services Commission 2021, Victorian energy market report: 2020–21, 29 November 2021.

Figure 2: Share of residential electricity consumers on the retailer's best offer in 2022–23, by retailer size



Source: CPRG data

Why are consumers not on their retailer's best offer?

The best offer policy aims to lower the cost of searching for, and switching to, a cheaper offer. There are several reasons why half of consumers were not on their retailer's best offer.[8]

Some consumers don't look at their bill

Most retailers provide an option for consumers to pay their bills automatically via direct debit.

Consumers often choose this payment option for convenience. However, for some consumers, this may mean they don't look at their bill and do not see the best offer.

Bill information can be complex

Some consumers have difficulty picking the best offer information from their bill and understanding the actions required to switch.

This is because energy bills can contain complex information with many numbers. For example, figures relating to energy usage, total cost, account numbers and contact numbers.

This complexity can be overwhelming for consumers, causing them to not pay attention to all the details provided on their bills.

The commission's work on 'best offer' messaging

We are developing a guideline to improve the appearance and wording of retailers' best offer messages.[9]

The guidelines will help retailers meet the best offer message requirements, making it clearer and easier for consumers to compare and switch to a cheaper plan.

8 In this section, we focus on consumer behaviour as the basis for explaining why many consumers were not on the retailer's best offer. Retailer pricing strategies may also be driving the proportion of consumers on their retailer's best offer. For example, frequent introduction of new offers by active retailers, the recontracting process, and contracts rolling over after expiration. In addition, it is possible that some offers are available for a short period, which means they are no longer available by the time consumers receive the best offer message.

9 See the commission's website for more information about the Best Offer messaging compliance program.

High perceived cost of switching

The best offer message lowers search costs by telling the consumer about a cheaper offer. However, some consumers may decide that the savings do not outweigh the perceived switching costs.

Switching costs refer to the time and effort required to switch to the best offer. This may include:

- clicking a link
- visiting the retailer's website
- calling the retailer.

Consumers weigh up the potential savings from switching to their retailer's best offer with the actual or perceived costs of switching.

Many retailers allow customers to switch to the best offer online. This should lower the actual switching costs for many consumers if they are aware that they can do so and take the time to navigate retailers' online switching links.

Additionally, consumers may think that switching plans will incur a cost, such as an exit fee. However, no retailer had an exit fee as a condition in their generally available offers in 2022–23.[10]

Energy bills a lower priority

Energy bills are potentially low on the hierarchy of priorities and less of a focus compared with larger and more urgent financial matters.

We commissioned Honeycomb in 2021 to conduct research to better understand the barriers to consumer engagement with energy retailers and energy plans.[11]

Results show that the top prioritised payments for Victorians are mortgage and rent, followed by household essentials and lifestyle expenses such as food, transportation and entertainment.

Energy bills are less of a focus and only increased in priority for those without mortgages or dependents or when consumers experience bill shock.[12]

Consumers may be risk averse

Consumers may not want to switch to a plan with lower expected bills to avoid change, even if it means accepting higher variation in their bills.

For example, consumers content with their longstanding electricity plan may be reluctant to switch due to the need to assess details and variations in new electricity plans.

Consumer preferences vary and risk-averse individuals may opt for plans with higher expected bills but more certainty over those with lower expected bills but more variability.

Other excluded benefits

The classification of the retailer's best offer does not consider certain types of benefits. For example, one-off gifts or sign-up credits.

The retailer's best offer may include attached conditions such as paperless bills or direct debit payment.

Some consumers are happy with their current plan and might decide the savings do not justify switching based on their preferences for non-financial aspects of a retailer's offer.

Future work on 'best offer' messaging

Over the coming year, the Commission plans to focus on increasing public awareness of the ease of switching to the best offer, and the substantial savings that may be available. This effort will be in conjunction with government, the community sector and Energy and Water Ombudsman Victoria.

[10] Retailers can only impose an exit fee on fixed-term contracts. See section 40D of the Electricity Industry Act for more details.
[11] See the Commission's website for more details of the research.
[12] Given rising energy prices, electricity bills may have become a higher priority in recent times. The rapid run-up in energy prices we have seen may have also led to bill shocks for many consumers.

Economic analysis of prices and competition in Victorian retail energy markets

The Essential Services Commission regularly monitors and reports on the competition and efficiency of the Victorian retail energy market. This is even more important as recent energy price increases have put added pressure on consumers amidst rising living costs.

This article examines 2022–23 nominal retail energy offer prices using data from the Victorian Energy Compare website.[13]

The difference between the highest and lowest priced offer was higher than in recent years. This highlights the substantial benefit for consumers using Victorian Energy Compare to find their best value offer.

The median residential electricity offer increased 23 per cent between June and August 2023

The median residential electricity offer was $1,563 in August 2023.[14] This is an increase of 23 per cent or $293 from June 2023.

Most offer prices moved higher in July 2023. Retail prices increased in response to a price shock in the wholesale market in 2022. Retailers of all sizes increased their offers in July 2023, but large and medium retailers increased by more than small retailers.

The difference between the highest and lowest priced offers was higher than in recent years. This highlights the substantial benefit for consumers using Victorian Energy Compare to find their best value offer.[15]

Electricity offers are offers from energy retailers with varying pricing structures and benefits. They may include a discount or conditional benefits. The commission does not set the prices for these offers. Any reference to prices is to offer prices unless otherwise specified.

[13] Our analysis also uses Compliance and Performance Reporting Guideline (CPRG) data from June 2023.

[14] This is a representative bill based on a residential consumer using 4,000kWh over a year. We use the representative bill to simplify the many elements of a bill: usage charge, supply charge, discounts, etc. This makes it easier to compare offers. The calculation is based on the median offer with flat rate tariffs available in August 2023. This means conditional offers, such as solar only offers have been excluded. Readers should consider the results of our analysis in the context of increasing general price inflation. Annual trimmed mean inflation was 5.6 per cent in July 2023 according to the Australian Bureau of Statistics' latest data.

[15] See the Victorian Government's Victoria Energy Compare website for more information.

Electricity offer prices increased

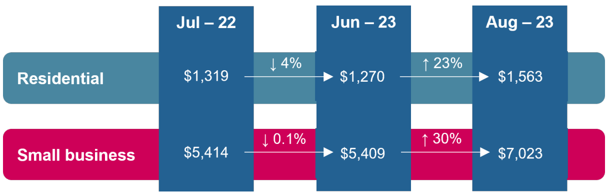
Electricity offers for residential and small business consumers increased over the past year. Most of the increase was in the past two months from June 2023. Before this, offer prices were flat or slightly decreasing.

The median electricity offer price for residential consumers increased 23 per cent between June 2023 and August 2023.

The median offer price for small business consumers rose 30 per cent over the same period (Figure 3).[16]

The median offer price for residential electricity consumers in August 2023 was nine per cent below the Victorian Default Offer 2023–24 level.[17]

Figure 3: Change in median electricity offer price (Jemena)[18]



Source: Victoria Energy Compare

Large, medium, and small retailers all increased their offer prices in July 2023

Figure 4 shows that residential offer prices were mostly flat or had slightly decreased from July 2022 to June 2023.

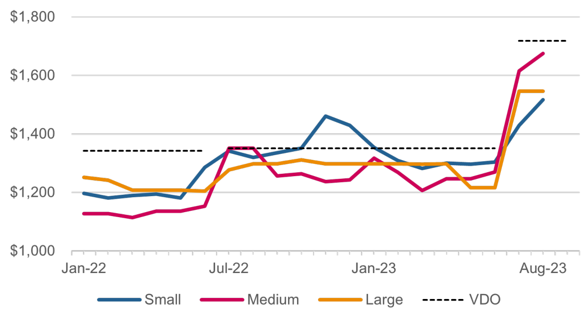
Then, retailers of all sizes increased their median offer price in July 2023.

The price increase from June 2023 to August 2023 for large and medium retailers were 27 and 32 per cent respectively. Electricity offer prices from small retailers increased 16 per cent over the same period.

The increase in the median offer price for small retailers was less than increases for large and medium retailers. This is because of higher offer prices in June 2023 and lower prices in August 2023. This means small retailers offered more competitive prices than large and medium retailers in August 2023.

In contrast, large and medium-sized retailers previously had lower median offer prices than small retailers over 2022–23. The median small business offer for all retailer sizes was at the Victorian Default Offer level for the past year (Appendix 3, Figure 5).

Figure 4: Median annual residential electricity offer price, by retailer size (Jemena)

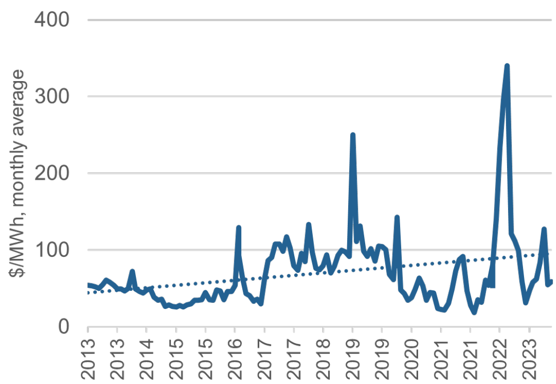


Source: Victoria Energy Compare

Wholesale costs driving price increases

Offer price increases from June 2023 reflected high wholesale electricity prices from the middle of 2022. Figure 5 shows that wholesale electricity spot prices reached $340 per MWh in July 2022. This is around 33 per cent higher than the previous high and 300 to 400 per cent higher than the average for the past decade.

Figure 5: Wholesale electricity spot prices in Victoria



Source: Australian Energy Market Operator

Retailers generally purchase wholesale electricity between 24 and 12 months before issuing an offer. This can create a lag between price changes in the wholesale market and retail offer price changes.

16 We use the representative small business annual consumption of 20,000 kWh.

17 The Victorian Default Offer is a regulated price for consumers who are unable or unwilling to engage in the retail market. See Commission's website for more details.

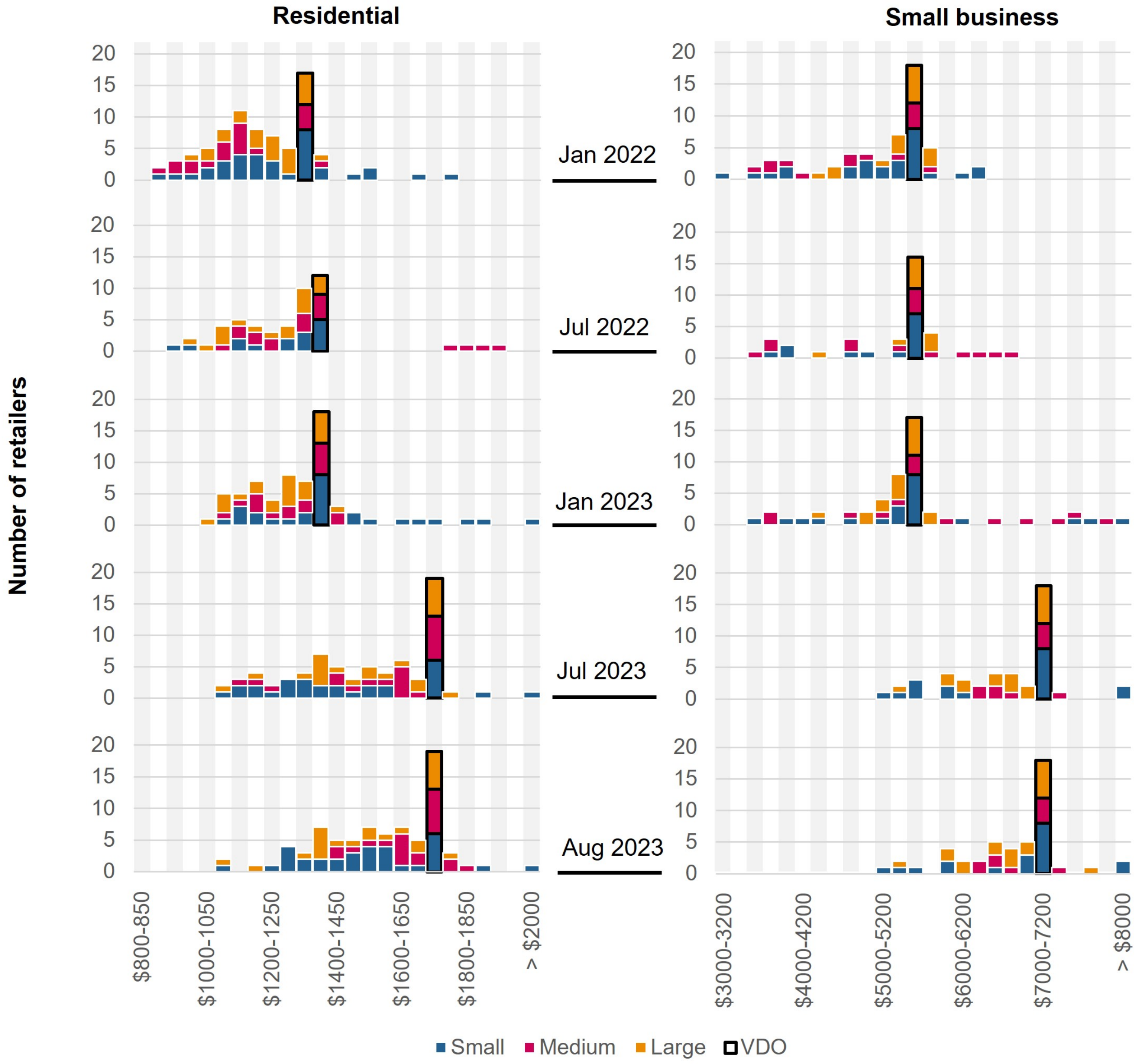
18 There are five electricity distribution zones in Victoria, including Citipower, Jemena, United, Powercor and AusNet. Offer prices vary across these areas. In line with previous reports, we present analyses for the Jemena distribution zone as it is representative of a mix of suburban and country areas and other distribution zones. Charts presenting offer prices in other distribution zones are included in Appendix 4.

Large potential savings for consumers who search

While electricity prices have increased, there were offers at or below the Victorian Default Offer level in 2022–23.

This means Victorian consumers could benefit significantly from using the Victorian Energy Compare website to find the most competitive offer.

Figure 6: Electricity offer dispersion count, by retailer size (Jemena)



Source: Victoria Energy Compare and CPRG data

Offer price dispersion highest in years

Most offer prices moved higher in July 2023, but some retailers were still competing at or below the Victorian Default Offer 2022–23 level.

This has increased price dispersion, which can be measured by the difference between offers at the tenth and ninetieth percentiles.[19]

The difference between offers at the tenth and the ninetieth percentile was about $361 in August 2023.[20] The difference was $296 in July 2022.

Higher dispersion in prices means larger potential savings are available to consumers who shop around.

Figure 6 shows the change in offer dispersion between January 2022 and August 2023 by counting the number of offers from small, medium and large retailers within $50 bins.

Large and small retailers were competing in most offer price bins in August 2023, including the lowest. While medium retailers only had offers in the mid to high price bins.

Why do we see such dispersion in prices within and across retailers?

There is an established economic literature that show theoretically and empirically how consumer search costs explain price dispersion.[21]

Economic theories that explain price dispersion have two types of consumers: *searchers* and *non-searchers*. The non-searchers have higher search costs and do not see the lowest prices in a market. Searchers actively shop around to secure deals.

While there are substantial savings by searching for the lowest priced energy offer, many consumers may not search (i.e., are "non-searchers") and therefore will not see those offers.

This again highlights the substantial benefit of using Victorian Energy Compare to save on "search costs" and find the best value offer.[22] This online tool is designed to help consumers more easily find the lowest priced offer that meets their preferences.

Small and medium retailers returning to the market

The number of offers were lower in July 2022. This is particularly clear when comparing the July 2022 dispersion panel in Figure 6 to the January 2022 panel. This reduction in the number of offers was potentially in response to volatility in wholesale prices.

The reduction in offers was most prominent for small and medium retailers and at lower prices.

Figure 6 shows that small and medium retailers returned to the market in July 2023. They were also competing at lower price points relative to the Victorian Default Offer compared to July 2022.

Lower wholesale futures prices and retailer's varying approach to hedging might explain the price dispersion increase in 2023

Retailers use futures contracts to manage the risk associated with volatile wholesale electricity prices. Some retailers minimise risk by purchasing close to 100 per cent of customers' electricity usage 12 months before issuing offers. Minimising this risk is costly, however, as it entails paying a premium through a futures contract.

In contrast, other retailers may accept more risk with volatile wholesale electricity prices, and not pre-purchase as much electricity before making offers to consumers. While riskier, this allows a retailer to offer lower electricity prices since they do not pay premiums for reducing their risk.

To the extent that electricity retailers differ in how they manage wholesale electricity price volatility, this will imply a higher degree of price dispersion. This is particularly true in times of high wholesale price volatility (i.e., as in 2022–23).

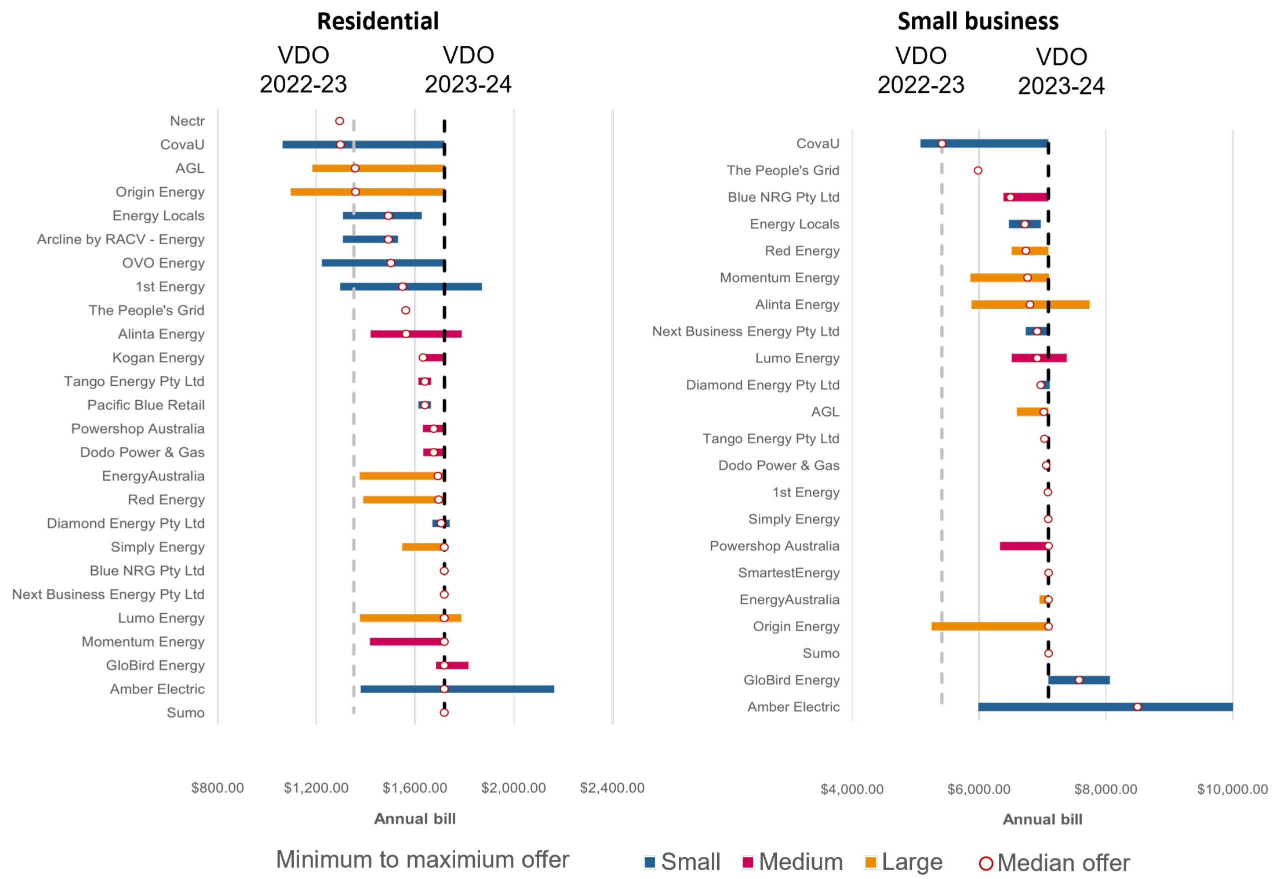
[19] Calculating the difference between the tenth and ninetieth percentiles is a more robust representation of the range of offers than using the absolute minimum and maximum. This approach helps to avoid misleading outcomes as the influence of potential outliers is reduced.
[20] Figure 6 shows that the highest residential electricity offer was higher than the 2023–24 Victorian Default Offer, while the lowest residential electricity offer fell below it.
[21] Price dispersion for identical products is a feature of many markets including petrol, supermarkets, mortgages, or superannuation. See Stigler (1961), Salop and Stiglitz (1977), and Burdett and Judd (1983).
[22] See the Victorian Government's Victoria Energy Compare website for more information.

Offer dispersion by retailer

Figure 7 shows there were 26 retailers with residential electricity offers in August 2023 and 22 retailers with small business offers. Despite offer price increases due to rising wholesale costs, lower-priced options were still available in the market, highlighting competitive pressure.

Seven retailers in the residential market and two in the small business market offered a median offer price at least 10 per cent below the 2023–24 Victorian Default Offer.[23]

Figure 7: Electricity offers by retailer in August 2023 (Jemena)



Source: Victoria Energy Compare

[23] Consumers paying more than the Victorian Default Offer level can request the Victorian Default Offer price. All retailers must provide the Victorian Default Offer upon request. Nonetheless, retailers retain the ability to advertise offer contracts which may be below or above the Victorian Default Offer.

Why are there offers below the Victorian Default Offer?

The Victorian Default Offer is a simple, trusted and reasonably priced electricity option for consumers unable or unwilling to engage in the electricity retail market.

The Victorian Default Offer tariffs are based on the efficient costs of the sale of electricity by a retailer. We review retailers' costs each year to establish a set of cost benchmarks that we use to calculate the Victorian Default Offer tariffs.

So if the Victorian Default Offer is based on efficient costs, why are there offers below the Victorian Default Offer? Reasons might include:

Different retailers have different cost structures. For example, most retailers enter contracts to lock in their wholesale electricity costs one to two years in advance to manage risk associated with wholesale cost volatility. Some retailers lock in their costs further in advance, some lock them in later, and some only lock in some of their costs. In setting our benchmark for the Victorian Default Offer, we assume retailers lock in their wholesale costs roughly a year in advance. Retailers that took a different approach and locked in their wholesale costs before May 2022, or did not lock in their wholesale costs, could face lower wholesale electricity costs than the Victorian Default Offer benchmark. This means that some retailers might have temporary cost advantages relative to their competitors which allow them to price below the Victorian Default Offer.

Costs for new customers may currently be lower than costs for existing customers. The Victorian Default Offer wholesale electricity cost benchmark reflects an electricity retailer's typical strategy to lock in their costs for their existing consumer base. However, the cost of locking in wholesale electricity is now lower than last year (when most retailers were entering into contracts to cover their existing consumers' usage). This means that wholesale electricity costs for new consumers are lower than the costs retailers have already incurred for their existing consumer base. Retailers might be offering lower prices to new consumers to reflect this dynamic.

Retailers might accept losses short term to acquire customers. Often firms offer products or services at a loss in the short term to acquire consumers. Retailers may be willing to accept losses in the short term to grow their consumer bases in a manner that will allow them to find cost efficiencies which will lead to higher profits in the future. This behaviour of offering discounts to initially attract consumers is consistent with economic theories of competition in markets with consumer switching costs (i.e., like retail electricity markets).[24]

[24] See Klemperer (1987) for example.

The median residential gas offer increased 15 per cent over 2022–23

The median residential gas offer was $2,046 in June 2023. This is 15 per cent higher or $316 more than in July 2022.[25]

The median small business gas offer was $16,060 in June 2023. This is 29 per cent higher or $3,461 more than in July 2022.

This trend upwards has continued into August 2023. The median residential and small business gas offer in August 2023 was $2,128 and $16,966, respectively.

Gas offers are offers from energy retailers with varying pricing structures and benefits. They may include a discount or conditional benefits. Any reference to prices is to offer prices unless otherwise specified.

The median gas offer was relatively flat between January 2020 and January 2022 for both residential and small business markets (Figure 8). Since then, retailers of all sizes have increased their gas offer prices (See Appendix 3, Figure 6 for more detail).

Price dispersion was high for both residential and small business gas offers. This again highlights the substantial benefit for consumers to shop around.

Figure 8: Median annual gas offer (Australian Gas Networks)[26]

Source: Victoria Energy Compare

Large retailers are more active than small and medium retailers in the gas market

The price dispersion panels in Figure 9 show that residential and small business gas offer prices moved higher from January 2022 to August 2023.

There were more retailers offering prices that were higher than $2,500 per year for residential consumers between July 2022 and August 2023 (see Figure 9).

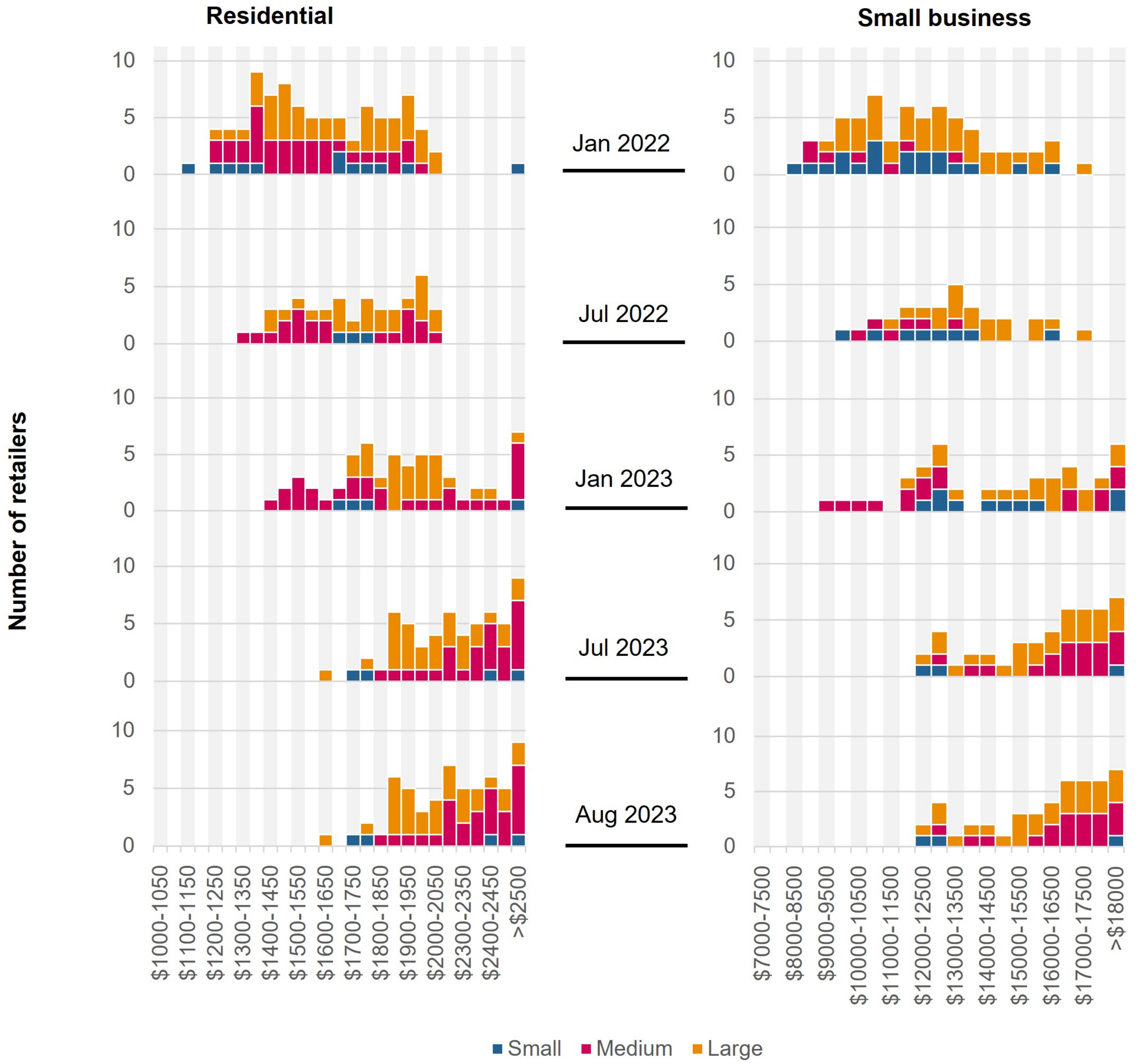
Large retailers were more active in the residential gas market. They were represented in each price bin from the lowest to the highest. There were only a few small retailers in the residential gas market, and most medium retailers tended to offer higher offer prices.

While small retailers were more active in the small business gas market, small retailers had very few offers from July 2023.

[25] We assume an average residential consumer in Victoria uses 54,400 kJ/year and an average small business uses 500,000 kJ/year.

[26] There are three gas distribution zones in Victoria, including Australian Gas Networks, Multinet, and Ausnet Services. Offer prices vary across these areas. In this report, we present analyses for the Australian Gas Networks distribution zone. Charts presenting offer prices in other distribution zones are included in Appendix 5.

Figure 9: Gas offers, by retailer size in August 2023 (Australian Gas Networks).



Source: Victoria Energy Compare and CPRG data

High offer price dispersion

Price dispersion for residential gas offers, measured by the difference between the tenth and ninetieth percentile, was $615 in August 2023 (see Figure 9). It was $6,762 for small business gas offers.

The high price dispersion indicates potential benefits for consumers willing to shop around.

Figure 10 presents the minimum, maximum, and median gas offer price for each retailer. It also shows that there were 16 retailers with residential gas offers in August 2023 and 10 retailers with small business offers.

Figure 10: Gas offer dispersion count, by retailer (Australian Gas Networks).

Source: Victoria Energy Compare

Wholesale gas price increases driving the increase in retail gas offer prices

Retail gas offer price increases were primarily driven by the international gas wholesale market's price increases.

The volatility in gas prices prompted the Australian Energy Market Operator to implement an administered price cap on 30 May 2022.[27]

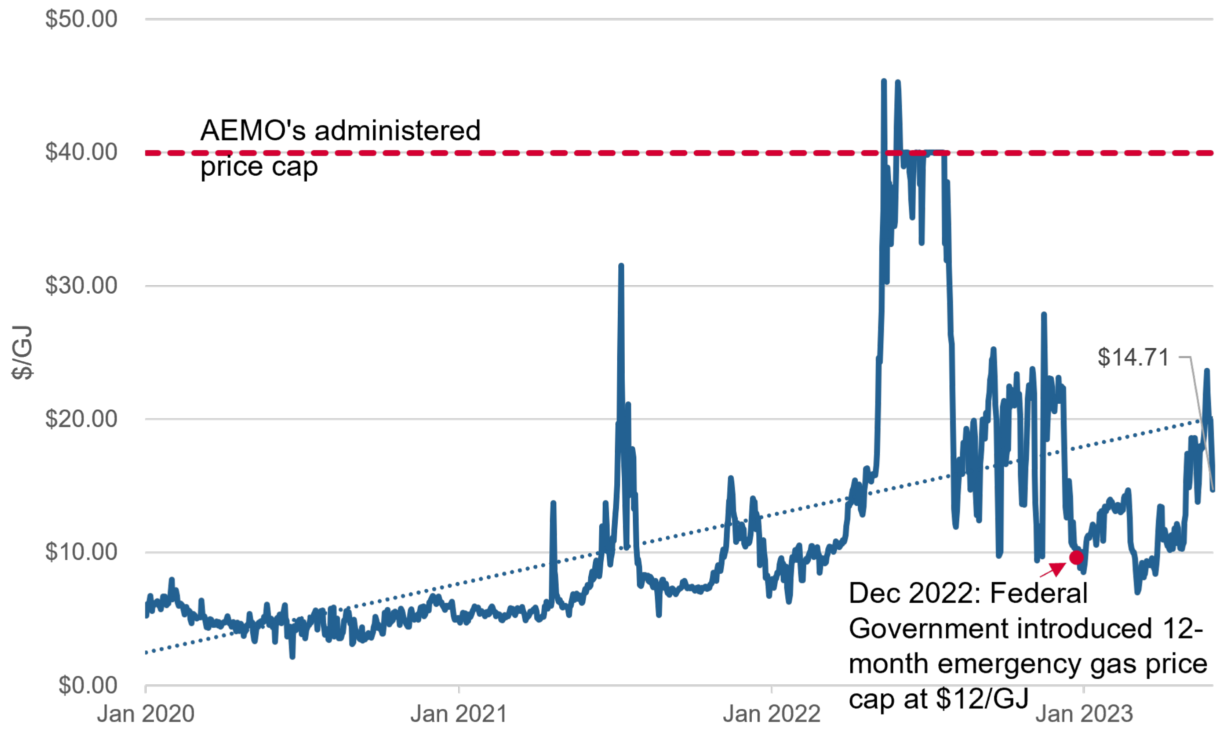
The Australian Government also set a 12-month emergency price cap set at $12 per GJ, taking effect from 23 December 2022.[28]

Wholesale gas prices have tripled since 2020, increasing from $5 per GJ to $15 per GJ (Figure 11).

[27] The Australian Energy Market Operator's administered gas price cap is set at $40/GJ. Gas prices for the Victorian Declared Wholesale Gas Market (DWGM) was capped after reaching cumulative high price thresholds in Victoria on 30 May 2022. The cap remained until the cumulative price fell and remained below the threshold for a day. See AEMO's website for latest market notices.

[28] The Australian government introduced the temporary price cap of $12/GJ applied to new domestic wholesale gas contracts by east coast producers over a 12-month period starting from 23rd December 2022. The price cap might be extended through to mid-2025. Regulated gas producers and their affiliates can apply for a price cap exemption. One of the exemptions is for small producers who supply only the domestic market. See ACCC's website for more details on gas price cap.

Figure 11: Wholesale gas prices in Victoria – Victorian Declared Wholesale Gas Market



Source: Australian Energy Market Operator

Energy in Victoria

- Compliance and enforcement activities
- More customers experiencing payment difficulty
- Disconnections for non-payment
- Market entry and exit
- Reports and reviews

April - June 2023

Energy in Victoria

April – June 2023

Customers experiencing payment difficulty

5 per cent more electricity and 13 per cent more gas residential customers access tailored assistance across 2022 – 23, compared to 2021 – 22

37 per cent increase in the number of Utility Relief Grants applications in July 2022 – June 2023

Compliance and enforcement

Penalty notices issued to Ausnet Electricity Services and Jemena Electricity Networks (VIC)

Over $835,000 penalties paid in total

Disconnections

2,669 residential electricity customers were disconnected for non-payment across the quarter

17 per cent fewer electricity disconnections and 16 per cent fewer gas disconnections in 2022 – 23 compared to 2021 – 22

Market entry and exit

2 Retailer of Last Resort events. 8,000 electricity customers were transferred

1 electricity and 1 gas retail licences issued
1 electricity retail licence revoked

164 electricity licence exemptions registered

Reports and reviews

We are developing the Land Access Code of Practice, to be released by end of 2023

We are reviewing the Gas Distribution System Code of Practice and will publish the draft decision in October 2023

Broader compliance and enforcement activities

Compliance and enforcement priorities for 2023–24

Our statutory compliance and enforcement functions are vital to achieving outcomes in all areas where the commission has a regulatory role.

We use our compliance and enforcement powers in the public interest. We act to protect consumers – especially those experiencing vulnerability – to deter future non-compliance, to ensure non-compliant businesses do not benefit from their conduct, and to enhance trust in the market.

Each year, we set energy compliance and enforcement priorities to reflect specific areas of focus for regulated energy businesses to deliver better outcomes for Victorian energy consumers. In July, we released the commission's energy compliance and enforcement priorities for 2023–24.

Figure 1: Compliance and Enforcement Priorities 2023–24

Payment Difficulty Framework	Our framework ensures that energy retailers assist customers who may be experiencing difficulty paying their bills. We will focus on making sure that customers are given practical assistance to reduce their energy usage and access the Utility Relief Grant Scheme.
Wrongful disconnections	As electricity and gas are essential services, consumers should only ever be disconnected by an energy retailer as a last resort.
Helping customers navigate the energy market	We are helping customers to engage confidently in the energy market by ensuring they receive clear information to make informed decisions. Retailers must obtain explicit informed consent from customers and provide customers with regular best offer messages and adequate notice about price or contract changes.
Protecting customers experiencing vulnerability	Our enduring priority is to help all Victorians experiencing vulnerability to access essential services, especially those who are affected by family violence or rely on energy for life support.

In response to cost-of-living pressures, our work is focused on making sure energy companies are acting in the best interest of consumers.

Our priorities focus on ensuring Victorians in payment difficulty can access the protections they are entitled to, and that a customer should only ever be disconnected by their retailer as a measure of last resort. It is also critical that customers can engage confidently in the energy market and receive transparent pricing information from their retailer, as required under our energy rules.

Lastly, an enduring priority at the commission is helping customers experiencing vulnerability to access essential services, such as those who rely on energy for life support or are affected by family violence.

Consumer resources for embedded network customers

To inform Victorians about their rights and protections as an embedded network customer, we released new consumer resources, including an animated video and multi-language consumer fact sheets.[1]

In Victoria, the maximum amount residential and small business embedded network customers can be charged for electricity is capped. Energy sellers cannot charge customers any more than the Victorian Default Offer, which is set annually by the commission.

The Victorian Default Offer was introduced in 2019 to replace standing offers set by electricity companies. It is a simple, trusted, reasonably priced electricity standing offer set independently by the commission. In 2020, the Victorian Default Offer was adopted as the maximum price exempt sellers could charge residential and small business customers in embedded networks.

As part of the commission's energy compliance and enforcement activities in 2022–23, we monitored exempt sellers' fees and charges to ensure they are accurate and do not exceed the Victorian Default Offer.

Penalty notices issued to AusNet for allegedly failing to notify customers, including a life support customer, of a planned interruption

In April 2023, AusNet Electricity Services Pty Ltd (AusNet) paid over $40,000 in penalties for allegedly failing to notify four customers, including a customer registered with AusNet as requiring life-support equipment, of a planned power interruption in Wodonga in June 2022.[2]

Our rules protecting life-support customers are amongst the most important that we administer, and supporting consumers who are experiencing vulnerability is a compliance and enforcement priority. We monitor energy businesses conduct to ensure that life-support related consumer protections are being provided to Victorian consumers.

AusNet reported to us, under the Victorian energy breach reporting framework, that it had failed to give the life-support customer notice of the planned power interruption.

On further investigation, we identified that AusNet had allegedly failed to notify another three customers affected by the planned power interruption.

The Electricity Distribution Code of Practice requires energy distribution businesses like AusNet to give customers at least four business days' notice, in writing, of planned interruptions to electricity supply.

Penalty notices issued to Jemena for allegedly failing to comply with multiple life support obligations, and failing to notify customers of a planned interruption

In June 2023, Jemena Electricity Networks (Vic) Limited paid over $795,000 in penalties for allegedly failing to comply with five separate obligations (including life-support obligations) within a seven-month period, affecting 13 life-support customers and 30 non-life support customers.

The Electricity Distribution Code of Practice includes obligations on energy distribution businesses once a customer has advised that a person at their premises requires life-support equipment.

1 See Commission's website for more information on embedded networks.

2 The penalty notice amount for a contravention in that period was limited to 56 penalty units. The penalty notice amount is now significantly larger, at 200 penalty units (currently $36,984). Any penalty notices for equivalent contraventions in the future will attract these higher penalty amounts.

We alleged that Jemena engaged in conduct whereby it failed to:

- notify a life-support customer and non-life support customers of a planned interruption,
- notify retailers that some customers required life-support equipment within required timeframes
- send a customer required information about their life-support registration within required timeframes.

These rules protect energy consumers. They particularly protect consumers experiencing vulnerability such as customers relying on power for life-support equipment.

We will continue to take action when we uncover evidence that energy businesses contravene such important consumer protections.

Compensation for customers who received late price change notifications

We received a complaint from a customer about Pacific Blue Retail (formerly Tango Energy) for a late price change notification. The customer was notified, via mail, of a price change, two days after it had already taken effect.

Although the commission is not a dispute resolution agency (this role is carried out by the Energy and Water Ombudsman Victoria), we do take action when we suspect broader non-compliance. In this case, we made enquiries with Pacific Blue Retail to investigate the reported issue.

Our enquiries resulted in Pacific Blue Retail finding that 85 customers had received a price change notification outside the required timeframe. Pacific Blue Retail informed each customer about the mistake and provided a $50 credit as compensation. They have implemented system improvements to prevent such issues in the future.

According to the Energy Retail Code of Practice, retailers must give customers at least five business days' notice before a price change. This rule applies to all customers, even those who receive notifications by mail.

Retailers are responsible for making sure their notifications are sent early enough to account for delivery time by Australia Post.

Voltage performance by Victoria's energy distribution businesses

This quarter we have continued to monitor the voltage performance of Victorian electricity distributors.

Maintaining steady and compliant voltage levels is important for energy consumers. Electricity distributors are required to maintain voltages within certain levels. This is to ensure quality of supply to consumers and to reduce adverse effects on household appliances and solar panel output.

Electricity distributors in Victoria are required to report to the commission on their voltage performance on a quarterly basis. We regularly publish a visual summary of voltage data trends on our website, including data on over-voltage, under-voltage and the factors that impact a distributors ability to achieve compliance.

We will continue to monitor and engage with distributors regarding their functional compliance with voltage performance data.

A distributor is compliant with voltage performance obligations if it achieves 'functional compliance', a measurement where up to one per cent of measurements below 216 volts, and up to one per cent of measurement above 253 volts are maintained across at least 95 per cent of a distributor's customer base.

Functional compliance is represented in the below figures by the horizontal red line.

Figure 2: Percentage of NMIs above 253V for more than 1 per cent of the time (over-voltage)

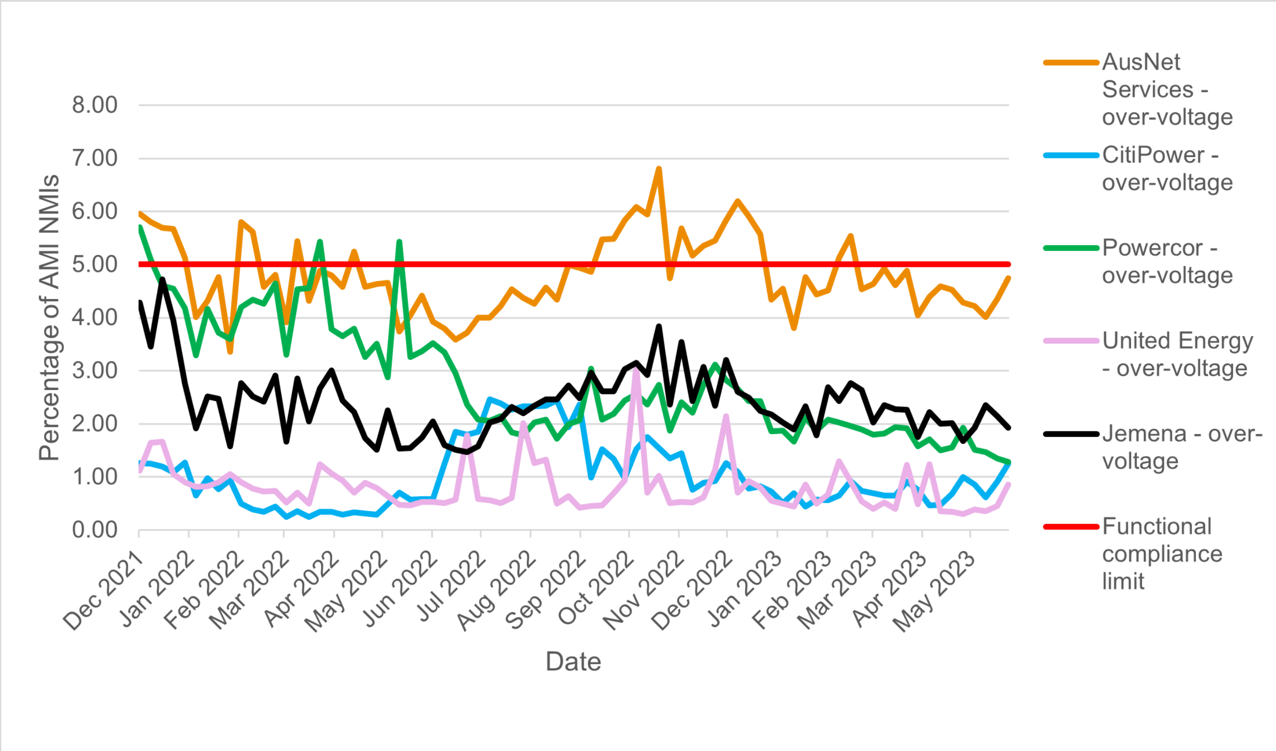
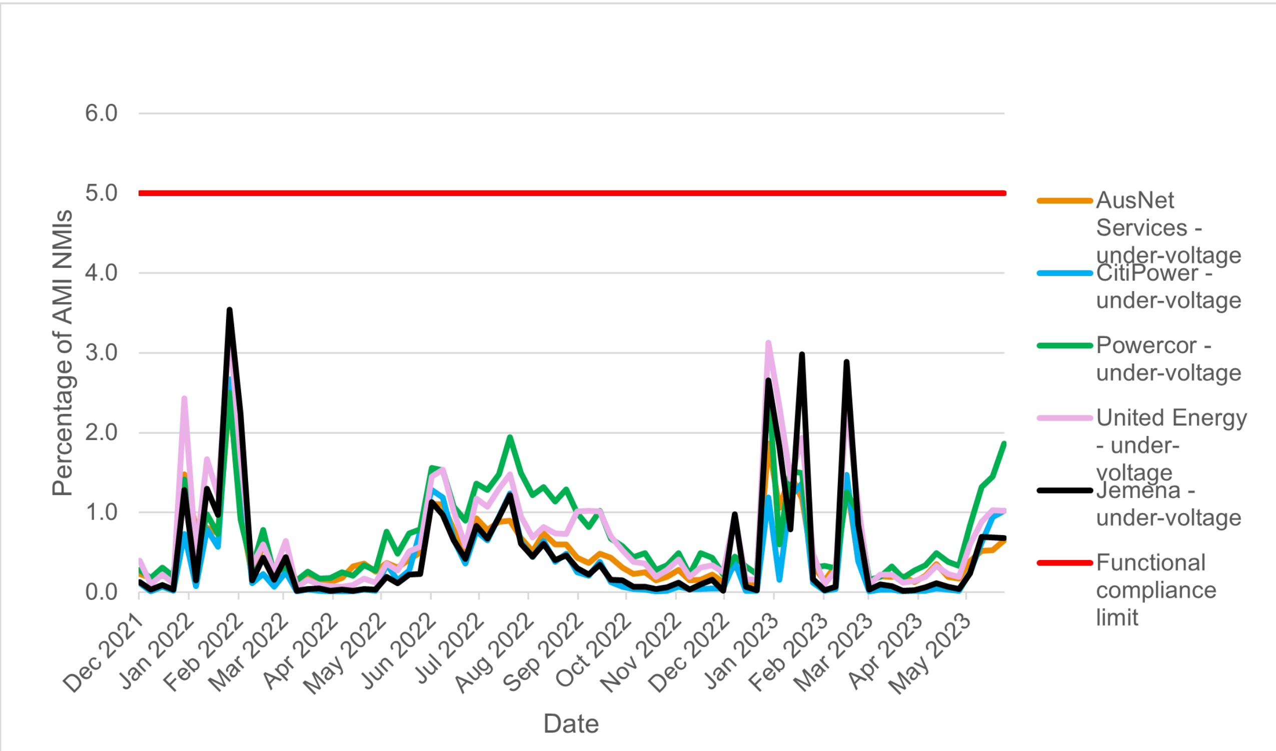


Figure 3: Percentage of NMIs below 216V for more than 1 per cent of the time (under-voltage)



Focus on wrongful disconnections

Wrongful disconnections are a compliance and enforcement priority for the commission. Electricity and gas are essential services. An energy retailer should only ever disconnect a consumer as a last resort.

Losing access to power can cause inconvenience, distress and impacts on health and wellbeing. When energy retailers wrongfully disconnect a customer, they must report it to us. Data about wrongful disconnections can be found in Table 1 in Appendix 6.

Reviewing retailers' disconnection processes

We aim to see a reduction in the number of customers wrongfully disconnected. As outlined in the previous Victorian Energy Market Report, we directed three retailers to conduct compliance reviews of specific disconnection processes. The retailers were selected based on the data we hold about their compliance history with respect to the most common types of wrongful disconnections we see.

Compliance reviews are one of the tools we have that allow us to gain a better understanding of an energy businesses processes and actions. In these compliance reviews, we are focusing on the root causes of wrongful disconnections and seeking to identify opportunities to prevent future breaches. If any non-compliance is identified, then we may take further action in line with our compliance and enforcement policy.

The compliance reviews have been taking place throughout the quarter. We intend to publicise the findings from the compliance reviews by the end of the year so that all retailers can benefit from the learnings.

A compliance review is a tailored review of a licensee's processes and actions. The licensee must appoint an independent reviewer, approved by the commission, to conduct the review.

More customers experiencing payment difficulty

More electricity and gas customers accessed tailored assistance in 2022–23 than any financial year since the commencement of the Payment Difficulty Framework (see Figure 4).

The number of customers receiving tailored assistance increased by 5 per cent for electricity and 13 per cent for gas across 2022–23, compared to 2021–22 (see Figure 4). This is despite a small decrease in customers accessing tailored assistance between April to June 2023 for both electricity and gas.

At the end of June 2023, 66,224 residential electricity customers and 55,348 gas customers were receiving tailored assistance (Figure 37 in Appendix 7).

In addition to more customers receiving help, their average arrears also increased – by one per cent for electricity and four per cent for gas in 2022–23 (see Figure 5).

With rising costs of living, it is vital that retailers comply with their obligations to support customers.

There are always opportunities for retailers to continuously improve how they support customers. The commission continues to monitor retailers' support for customers experiencing payment difficulty and take action where retailers do not meet their obligations (see Enforcement Action on page 24).

Figure 4: Average number of customers accessing tailored assistance per month, by fuel[3]

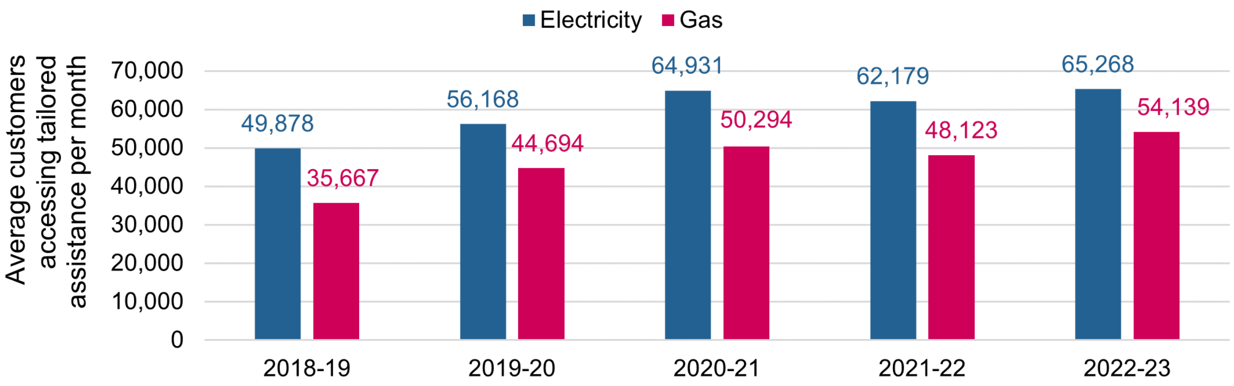
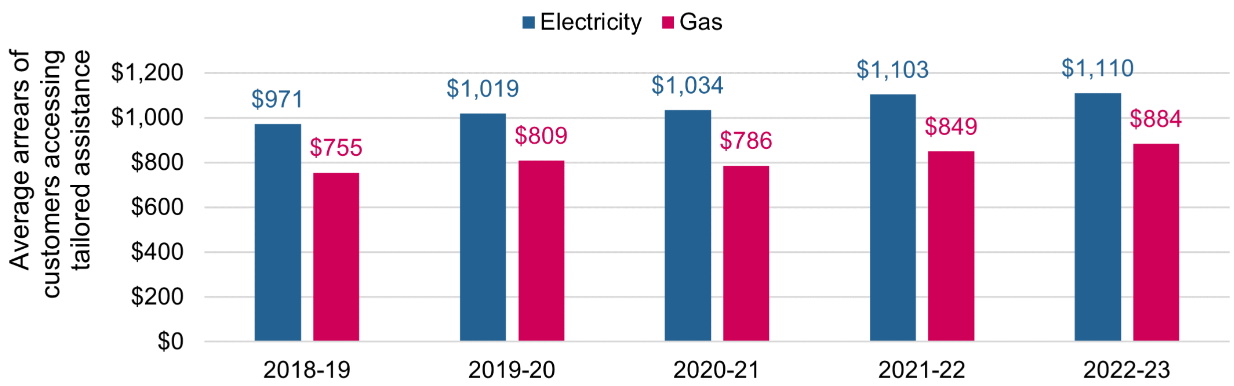
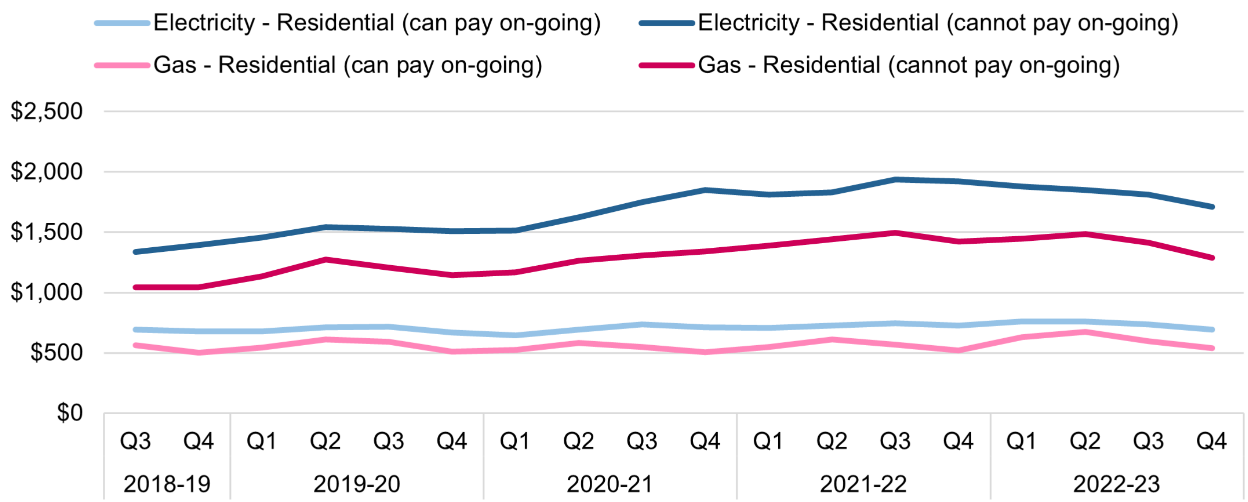


Figure 5: Average arrears of customers accessing tailored assistance[4]



3 These figures are the averages across all months of each financial year.
4 These figures are the averages across all months of each financial year and have not been adjusted for inflation.

Figure 6: Average arrears of customers accessing tailored assistance[5]



More customers are receiving government grants to help pay overdue energy bills

Utility Relief Grants

Energy retailers submitted more Utility Relief Grant applications (to the Department of Families, Fairness and Housing) in 2022–23 compared to 2021–22. This aligns with the increase in electricity and gas customers receiving retailer assistance in 2022–23.

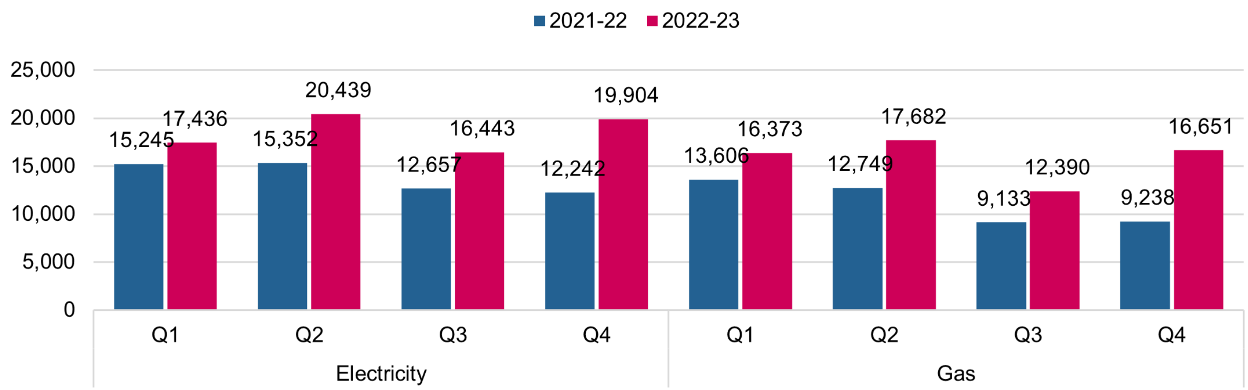
Energy retailers submitted 137,318 Utility Relief Grant applications for their electricity and gas customers between July 2022 to June 2023. This is a 37 per cent increase compared to the previous year (100,222 applications submitted from July 2021 to June 2022) (see Figure 7).

As more customers request assistance from retailers, the commissions expects retailers to comply with Payment Difficulty Framework obligations, and to provide the necessary information and support to their customers about government and non-government assistance (including Utility Relief Grants).

Retailers must help customers apply for Utility Relief Grants

A retailer must provide practical assistance for tailored assistance customers who may be eligible for a Utility Relief Grant. This includes helping their customer to complete and submit their form.

Figure 7: Utility Relief Grant applications completed and submitted



5 These figures are the averages across all months in financial quarter and have not been adjusted for inflation.

More Utility Relief Grants approved

There were 24 per cent more Utility Relief Grants approved and credited into customers' accounts between July 2022 and June 2023, compared to the same time last year (114,836 between July 2022 to June 2023, compared to 92,811 between July 2021 to June 2022). This is a 21 per cent increase for electricity, and 27 per cent increase for gas.

The total value of grants to customers also increased – by nine per cent for electricity and 21 per cent for gas compared to 2021–22 (see Figure 9).

The average grant credited to each customer was lower. The average grant for each customer was $356 for electricity and $329 for gas, compared to $395 for electricity and $346 for gas in 2021–22.

Figure 8: Utility Relief Grant applications approved

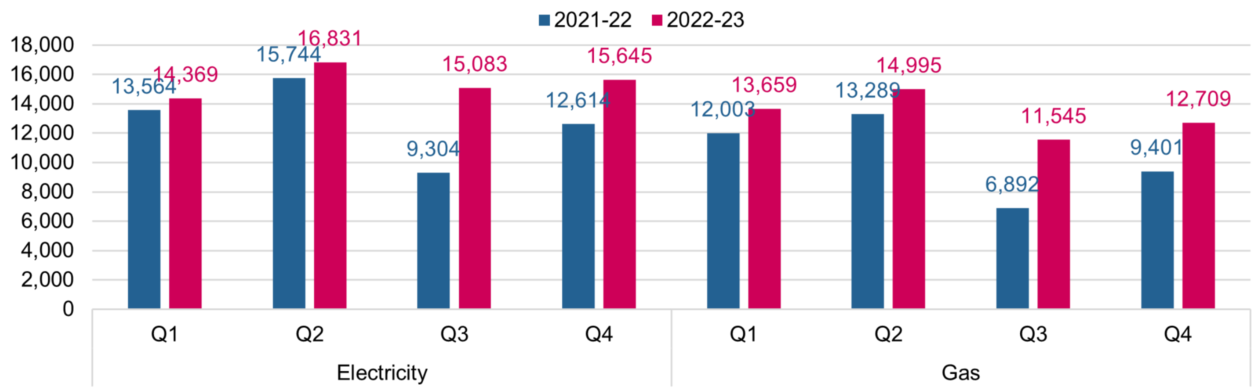


Figure 9: Utility Relief Grant amount paid

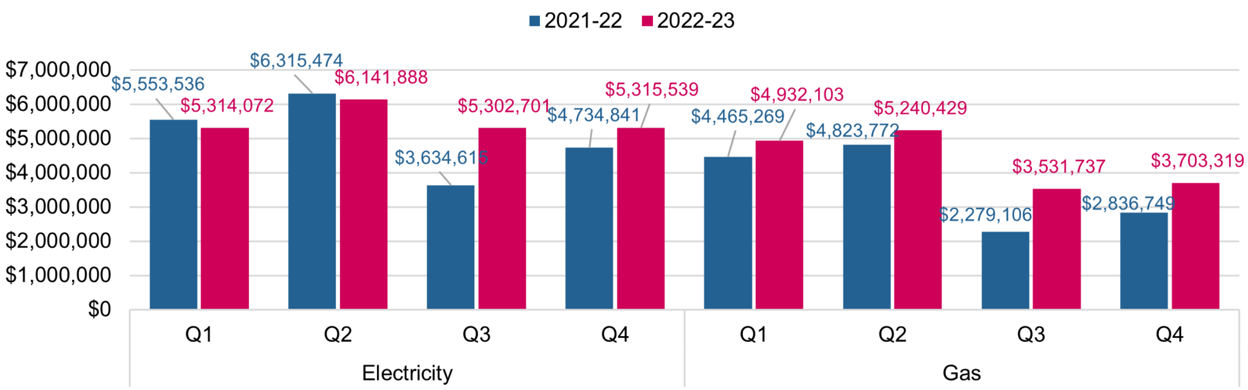
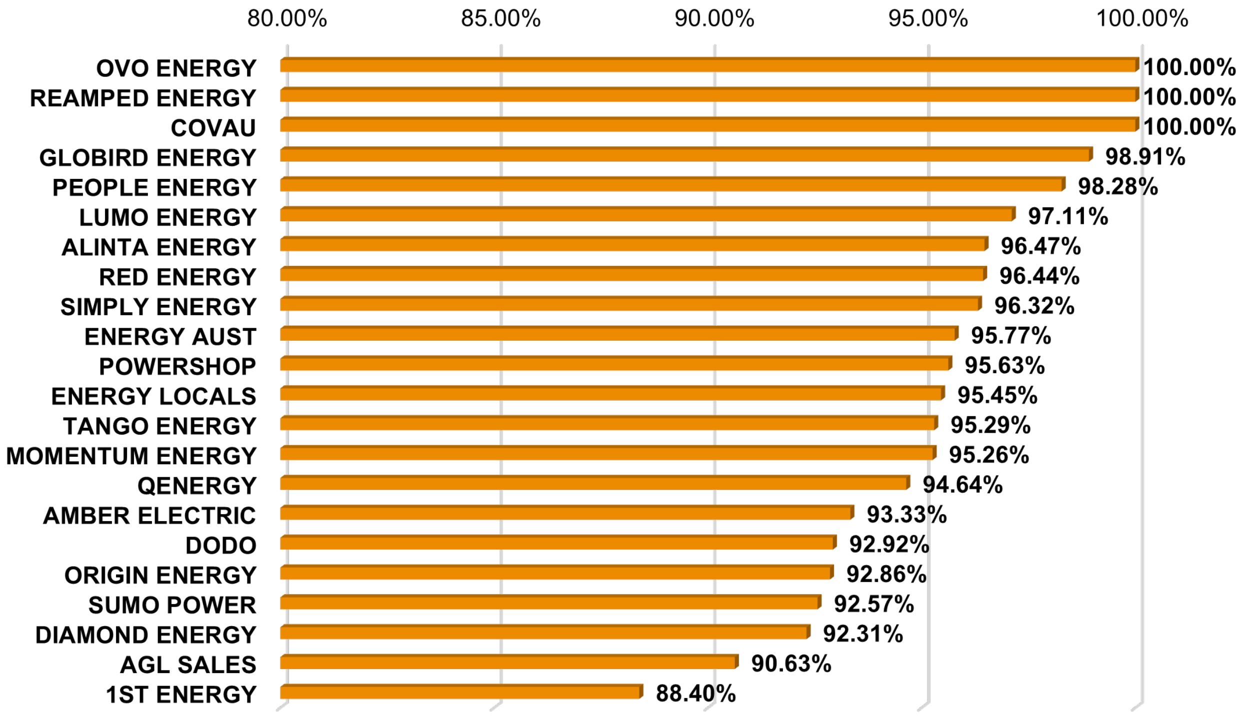


Figure 10: Percentage of completed Utility Relief Grants approved (electricity)



Disconnections for non-payment

We strongly encourage customers and retailers to engage early and effectively where a customer appears at risk of disconnection for non-payment.

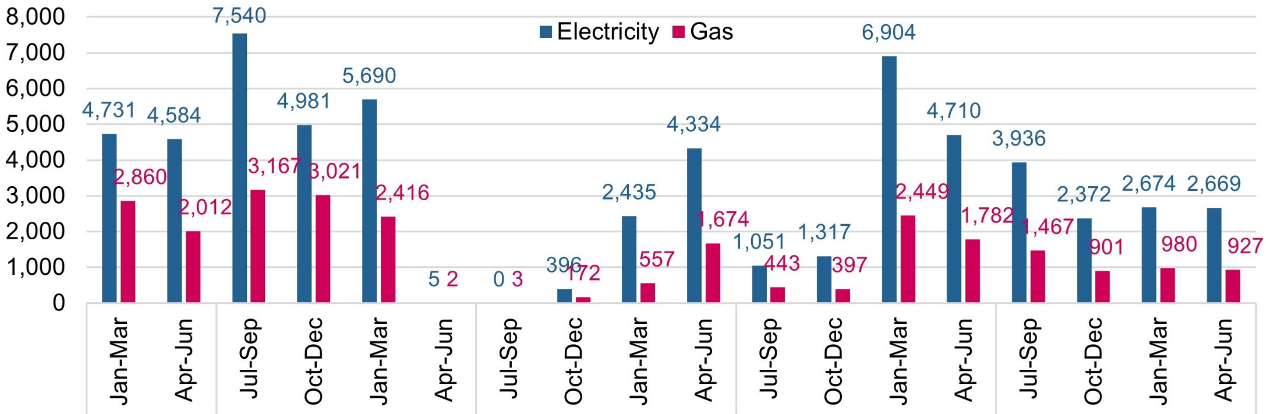
Customers receiving assistance from a retailer are protected from being disconnected.

There were fewer residential customers disconnected for non-payment in 2022–23 compared to 2021–22.

There were 17 per cent less electricity disconnections and 16 per cent less gas disconnections in 2022–23 compared to 2021–22. This was despite a small increase in disconnections for non-payment between April to June 2023 (see Figure 11).

The commission continues to monitor disconnection trends and engage directly with energy businesses where we have concerns about their disconnection processes.

Figure 11: Number of residential disconnections for non-payment, by quarter



Market entry and exit

Our role in licensing energy businesses

The commission grants licences to energy businesses to operate in the Victorian energy market. This includes licensing:

- electricity and gas retailers
- electricity generators
- electricity and gas distributors
- electricity transmission companies.

Distribution, transmission and generation licences

The commission did not grant any generation, distribution or transmission licences between April and June 2023.

Energy retail licences

We granted Ampol Energy (Retail) Pty Ltd electricity and gas retail licences to sell to small, medium and large customers in Victoria on 12 April 2023.

Licence variations and revocations

We revoked Powerdirect Pty Ltd's electricity retail licence. This revocation was by agreement and took effect on 4 April 2023.

We also varied the following licences by agreement with the licensee:

- Tango Energy Pty Ltd electricity and gas retail licences.
- ReAmped Energy Pty Ltd electricity and gas retail licences.
- Mortlake South Wind Farm Ltd's electricity generation and sale licence
- Murra Warra Project Co Pty Ltd electricity generation licence and Murra Warra II Project Co Pty Ltd electricity generation and sale licence.

By request of the licensee, we also approved the transfer of the electricity retail licence from Iberdrola Australia Holdings Pty Ltd to Iberdrola Australia Energy Markets Pty Ltd.

Retailer of Last Resort events

The commission administers the Retailer of Last Resort scheme in Victoria. The scheme protects Victorian energy consumers when their energy retailer goes out of business. Customers are transferred from the failed retailer to a 'Retailer of Last Resort' to make sure that their energy supply continues.

On 16 June 2023 and 21 June 2023, we initiated the retailer of last resort process for QEnergy Limited (QEnergy) and Mojo Power East Pty Ltd (Mojo Power East), respectively. Approximately 4,000 QEnergy customers and 4,000 Mojo Power East customers were automatically transferred to other retailers in Victoria.

QEnergy and Mojo Power East are part of the ION Holdings group. On 15 June 2023, receivers were appointed for the ION Holdings group of companies. The Australian Energy Market Operator (AEMO) suspended QEnergy and Mojo Power East from the National Electricity Market on 16 June 2023 and 21 June 2023, respectively, for failing to comply with requirements under the National Electricity Rules.

Regulatory sandboxing

Victoria's regulatory sandboxing framework for the energy market commenced on 1 June 2022. The framework:

- enables innovators to trial new products and services in a controlled setting for a time-limited period
- helps inform future changes to the energy rules on a more permanent basis.

We work closely with the Australia Energy Regulator (AER) to respond to Victorian enquiries received through the Innovation Enquiry Service.[6]

The Innovation Enquiry Service is part of the Energy Innovation Toolkit. The toolkit is a free service the AER offers in collaboration with the Australian Energy Market Commission, AEMO, the Australian Renewable Energy Agency, and the commission. The toolkit helps potential new market participants understand energy regulation, explore options to launch their energy business under current frameworks, and get clear guidance.

We have not received any trial waiver applications since the framework commenced. However, we have provided information and assistance to persons with enquiries about products and services that related to the regulatory sandbox framework.

[6] See the Australian Government's website for more information about the Energy Innovation Toolkit.

Electricity licence exemptions

We administer the General Exemption Order 2022. The General Exemption Order 2022 took effect on 1 January 2023 (replacing the General Exemption Order 2017). The order exempts a range of persons from needing to have an electricity licence in Victoria.

Many exemptions must be registered with us. These include exemptions for selling and supplying electricity in embedded networks. We registered 164 electricity licence exemptions between 1 April 2023 and 30 June 2023.

Reports and reviews

Victorian Default Offer price determination 2023–24

Our final decision for the 2023–24 Victorian Default Offer resulted in an increase of 25 per cent in the average annual electricity bill for residential and small business consumers on the flat Victorian Default Offer.

The change in prices was due to significant increases in wholesale electricity costs. It reflected a year of price volatility in energy markets, which made it more expensive for energy companies to buy and supply electricity across Australia. The changes to the Victorian Default Offer tariffs came into effect on 1 July 2023.

Developing a Land Access Code of Practice

We are developing an enforceable Land Access Code of Practice that electricity transmission companies must follow when using their legal powers to access private land in Victoria. The code will give landowners protection and support effective engagement between communities and transmission companies accessing land. These enforceable obligations aim to make access to private land more transparent and hold transmission companies to account.

After releasing the draft code of practice in June 2023, we conducted a second online public forum on 17 July 2023. The first public forum had taken place in December 2022.

Stakeholders provided feedback on the draft Land Access Code of Practice and their concerns regarding land access.

We will release the final code of practice later this year.

Reviewing the Gas Distribution System Code of Practice

We are supporting the energy system to transition to net-zero emissions by updating our gas code to make it fit for purpose. In particular, our review considered recent policy developments relating to natural gas use and the Victorian gas network.

The Gas Distribution System Code of Practice sets out consumer protections and obligations gas distributors must follow in operating distribution systems in Victoria.

We held a stakeholder information session on 20 April 2023. Consultation closed on 4 May 2023.

We will release the draft decision in October 2023.

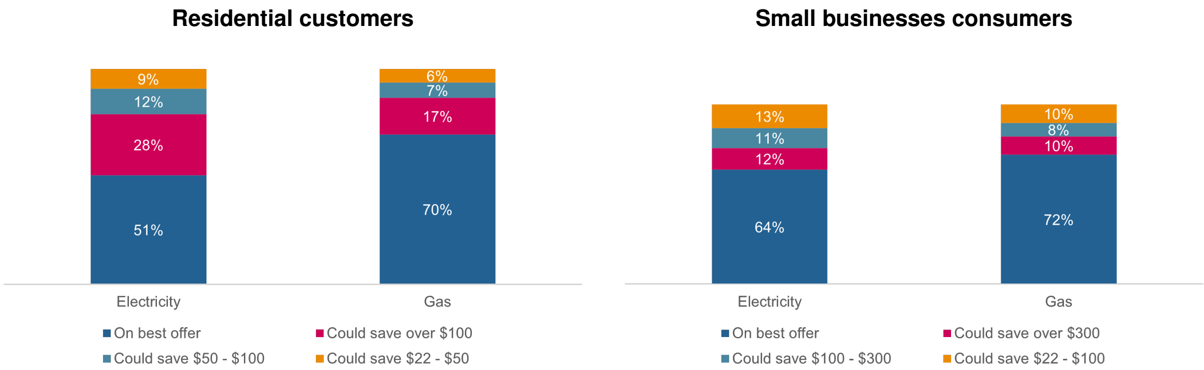
Appendix

- Victorian consumers missing out on potential savings

Appendix 1. Savings by switching to the retailer's best offer for small business consumers

Sixty-four per cent of small business electricity consumers and 72 per cent of small business gas consumers were on the retailer's best offer (Figure 1). Switching to the best offer from the same retailer could save at least $300 per year on electricity and gas bills for 12 per cent and 10 per cent of Victorian small businesses, respectively.

Figure 1: Savings by switching to the retailer's best offer



Source: CPRG data

Appendix

- Economic analysis of prices and competition in Victorian retail energy markets

Appendix 2. Analysis of prices paid data and Compliance and Performance Reporting Guideline data

This section discusses additional insights derived from our analysis of prices paid data and Compliance and Performance Reporting Guideline (CPRG) data.

Electricity bills based on prices paid data were largely flat to December 2022

In addition to our analysis on current offer price data, we investigated the most recent prices paid data between July 2021 and December 2022. Considering the volatility in wholesale markets last year, this data offers insights into actual prices paid from existing consumers.

There were modest changes to the median annual bill paid by consumers between July and December 2022.

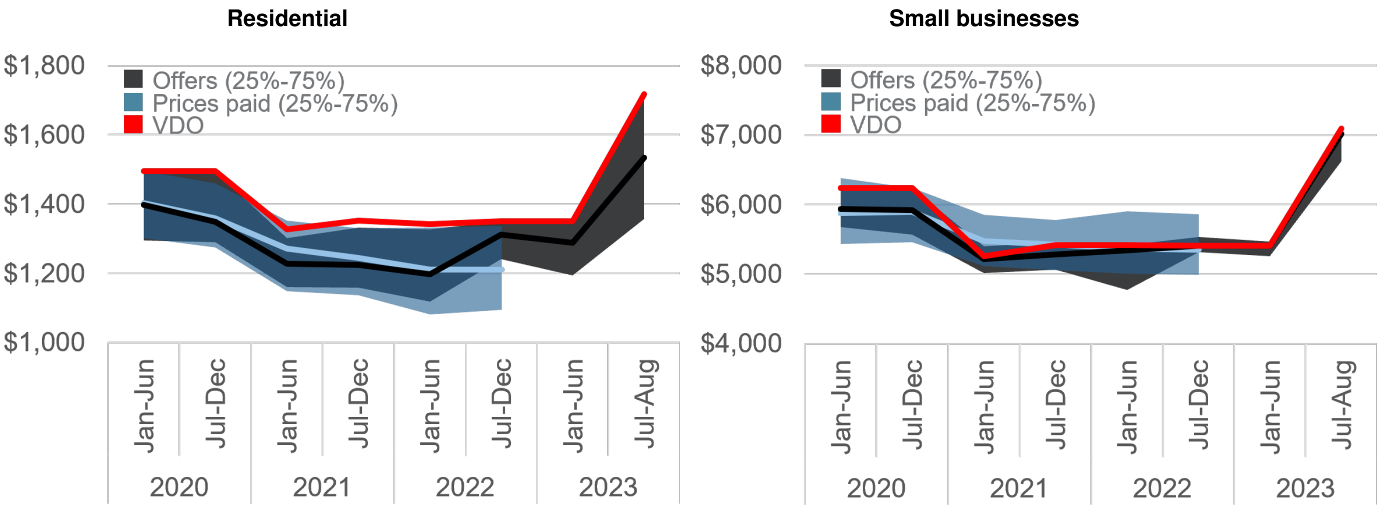
Offer prices – prices for currently available plans in the market.

Prices paid – actual prices paid by customers, based on historical billing information collected from retailers. These may include historical contracts that consumers signed up in previous years, or negotiated contracts that consumers secured by shopping around.

Figure 2 shows that the median annual bill paid by residential consumers was approximately $1,211 between July and December 2022. There were also modest changes to the prices paid by small business consumers. The median annual bill paid by small business consumers was approximately $5,347 between July and December 2022. They also show that offer prices are a reasonable leading indicator for the actual prices paid by consumers.

As such, while data to December 2022 does not show any bill increases, we anticipate an increase in consumer bills in 2023. A report published by the ACCC reflects this view, reporting that bills likely began increasing in 2023.[1]

Figure 2: Median annual electricity offers and prices paid (Jemena)



The number of consumers on the Victorian Default Offer is increasing, but the price gap to market offers is lower

Most residential consumers are on market offers, but an increasing proportion of consumers are on the Victorian Default Offer (VDO).

Figure 3a shows that 13.6 per cent of consumers were on the VDO in 2022–23. This is up from 11.9 percent in 2021–22.

[1] See the ACCC report for more information.

There was also an increasing proportion of small business consumers on the VDO. Approximately 20 per cent of small business consumers were on the VDO in 2022–23. This is up from around 17 per cent in 2021–22.

Large retailers are driving the increase of consumers on the VDO. Figure 3b shows the number of VDO customers with large retailers increased significantly post 2019–20.

Among large retailers, the proportion of Victorian Default Offer customers grew by an average of 45.7 per cent per year between 2019–20 and 2022–23.

In contrast, the proportion of VDO customers with small and medium sized retailers grew by 29 per cent per year in the same period. There are two factors that may explain the increasing proportion of customers on the VDO.

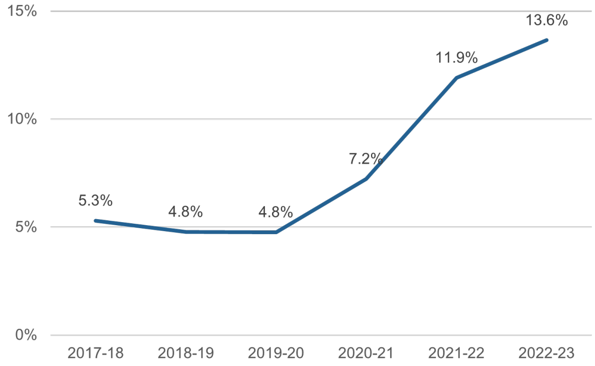
First, if customers on fixed-term contracts do not provide explicit informed consent to switch to another offer at the end of their contract, retailers must roll them onto the VDO.

Second, there was convergence in what consumers on market and Victorian Default offers are paying for their electricity. Figure 3c shows the difference between what consumers on market and Victorian Default offers are paying using actual prices paid data.

The price gap was $371 per year for residential consumers in 2017–18. This difference was $112 between July and December 2022.

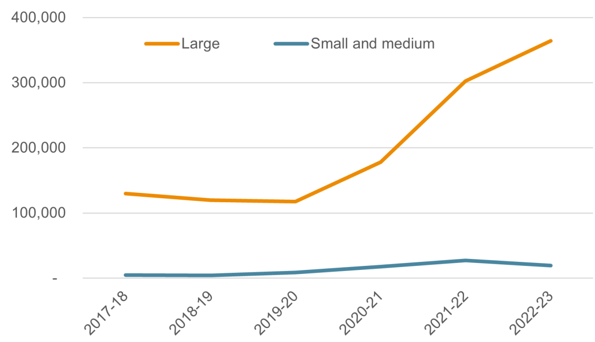
Figure 3: Annual median electricity bill for residential customers compared to VDO

(a) Proportion of consumers on the VDO



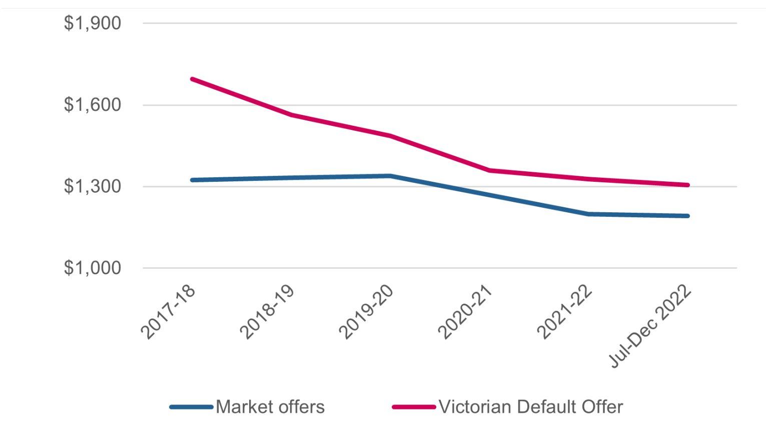
Source: CPRG data

(b) Number of consumers on the VDO, by retailer size



Source: Retailer performance indicators from CPRG data

(c) Median annual residential bill, by offer type



Source: ACCC billing data

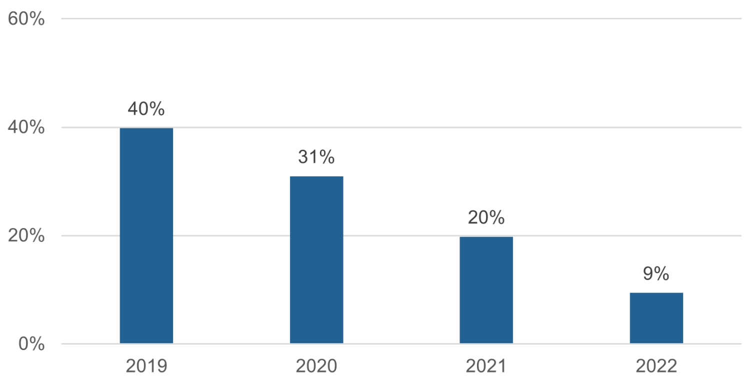
Consumers on legacy contracts with conditional pay-on-time discounts continue to fall

A cap on conditional pay-on-time discounts was introduced in July 2020. The pay-on-time discount cap was introduced to limit the penalties faced by consumers who fail to meet offer conditions. However, the cap only applies to market retail contracts on or after 1 July 2020. 'Legacy' contracts are market retail contracts from before the cap's introduction.

Around nine per cent of consumers are still on legacy contracts with conditional pay-on-time discounts greater than five per cent. This is down from 20 per cent in 2021 and 31 per cent in 2020.

Figure 4 shows the proportion of retail electricity consumers on legacy contracts with conditional pay-on-time discounts greater than five per cent. This is based on actual prices paid data.

Figure 4: Legacy contract consumers with conditional pay-on-time discounts greater than five per cent



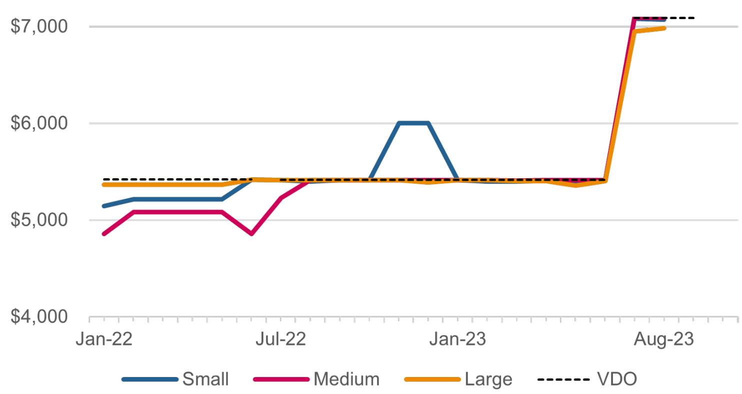
Source: ACCC billing data

Appendix 3. Median offer price trends by retailer size

Small business electricity offer price trends by retailer size

Figure 5 shows that large, medium and small retailers also increased their small business median offer prices in August 2023. Small business median offer prices have been at or slightly below the Victorian Default Offer level for the past year.

Figure 5: Median annual small business electricity offer price, by retailer size (Jemena)

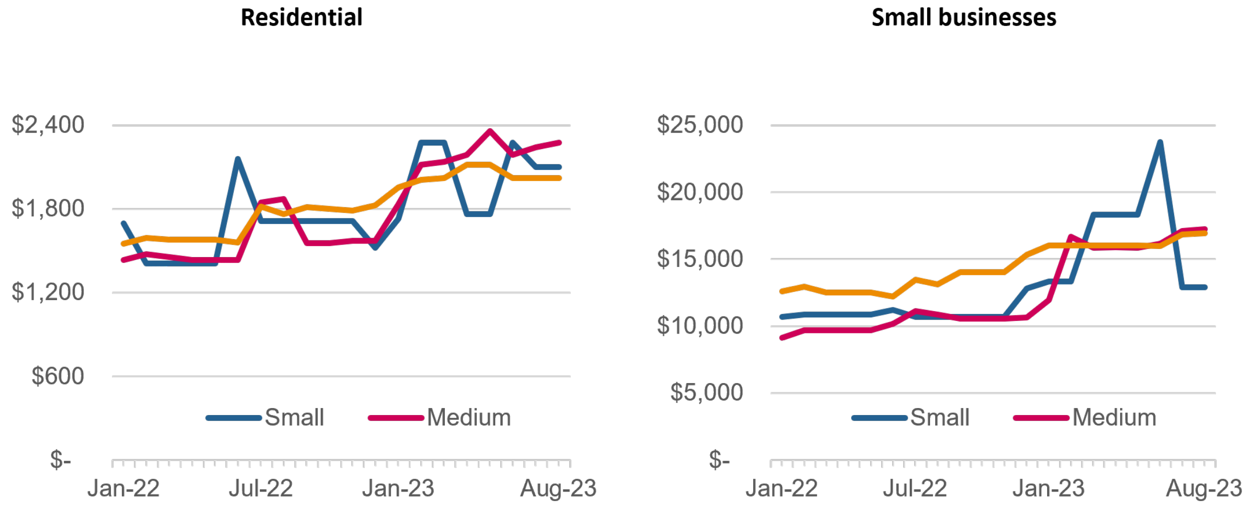


Source: Victoria Energy Compare data

Gas offer price trends by retailer size

Figure 6 shows that large, medium and small retailers increased their gas offer prices between July 2022 and August 2023. In August 2023, large retailers offered the cheapest gas plan in the residential market while small retailers offered the cheapest gas plan in the small business market.

Figure 6: Median annual gas offer price, by retailer size (Australian Gas Networks)



Source: Victoria Energy Compare data

Appendix 4. Electricity figures of all distribution zones in Victoria

Ausnet Services

Figure 7: Change in median electricity offer price (AusNet Services)

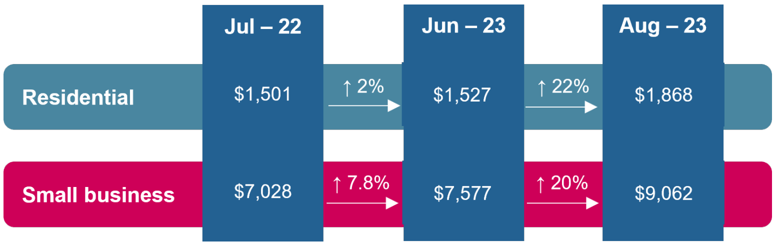


Figure 8: Median annual electricity offers and prices paid (AusNet Services)

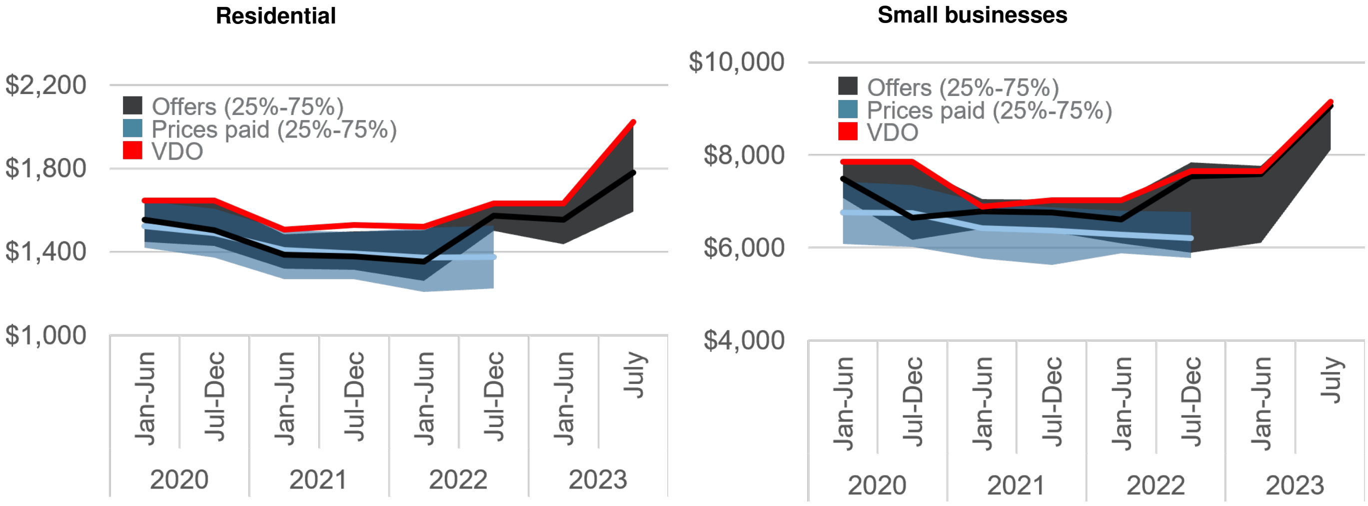


Figure 9: Median annual electricity offer price, by retailer size (AusNet Services)

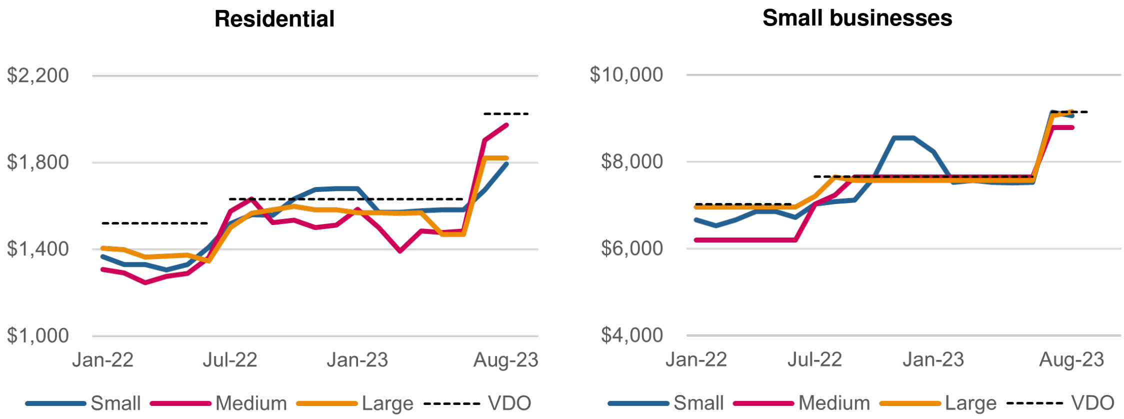


Figure 10: Electricity offer dispersion count, by retailer size (AusNet Services)

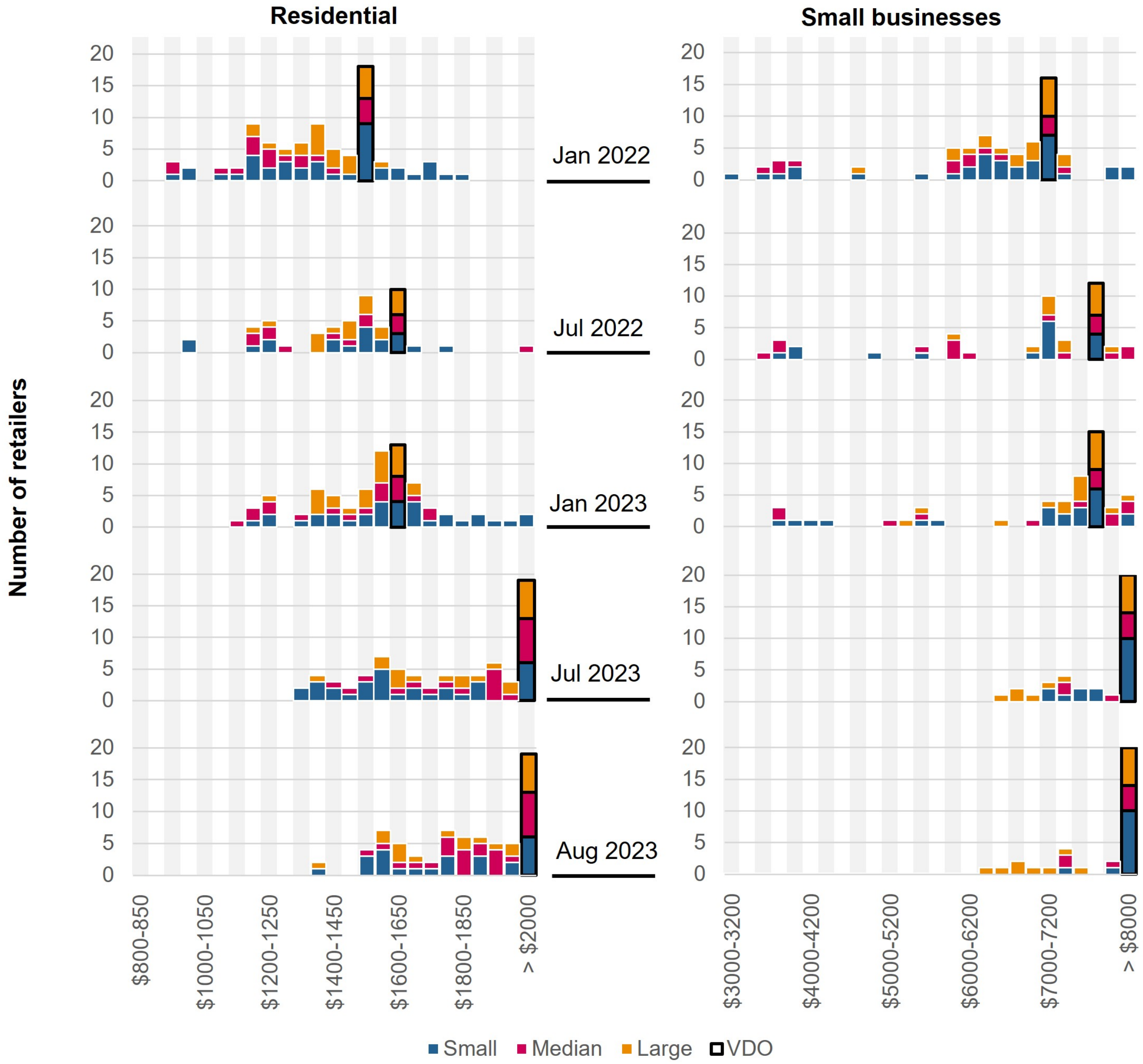
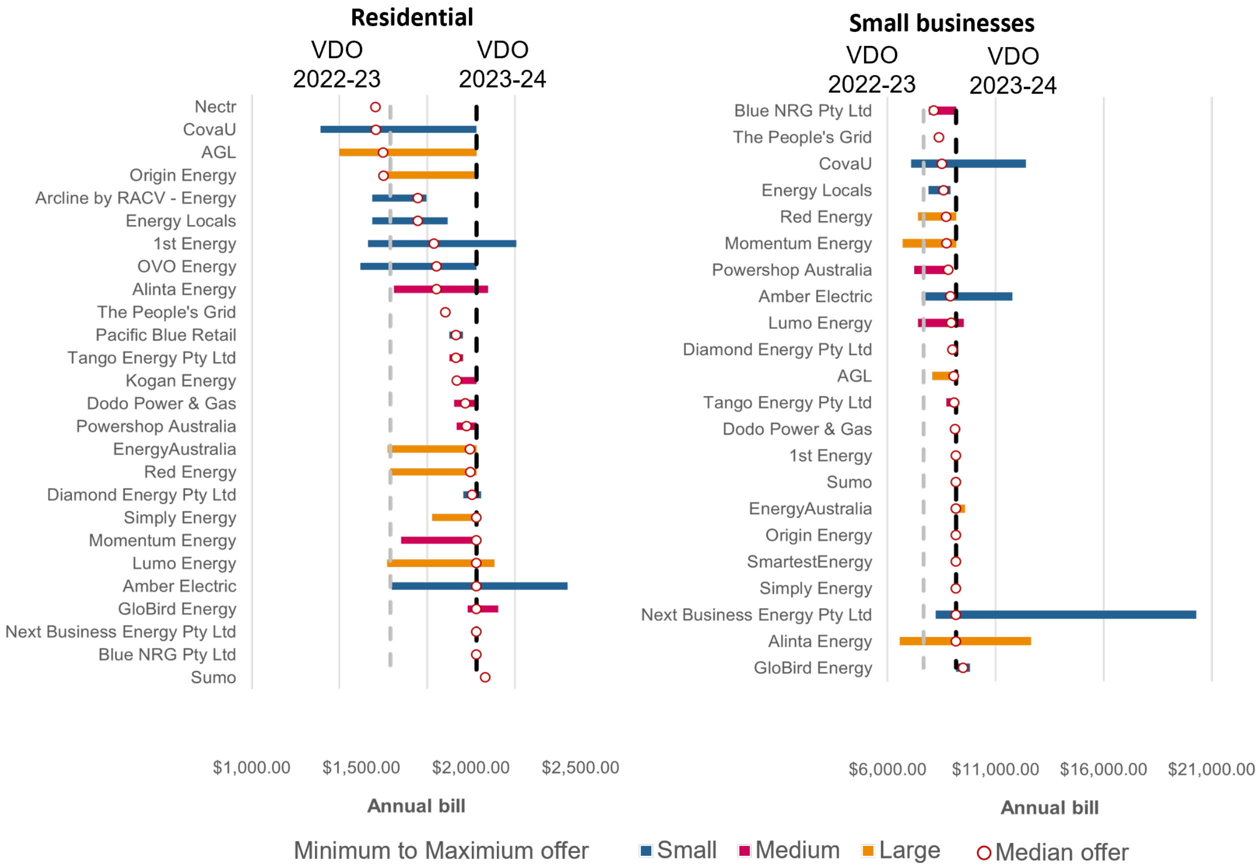


Figure 11: Electricity offers, by retailer in August 2023 (AusNet Services)



CitiPower

Figure 12: Change in median electricity offer price (CitiPower)

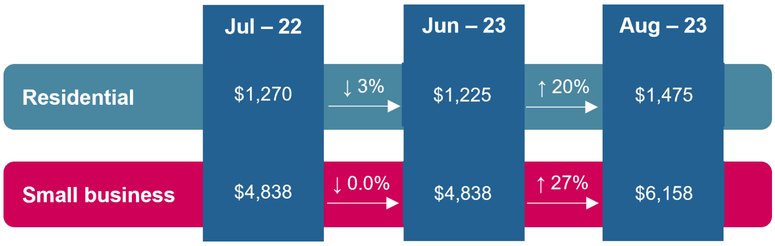


Figure 13: Median annual electricity offers and prices paid (CitiPower)

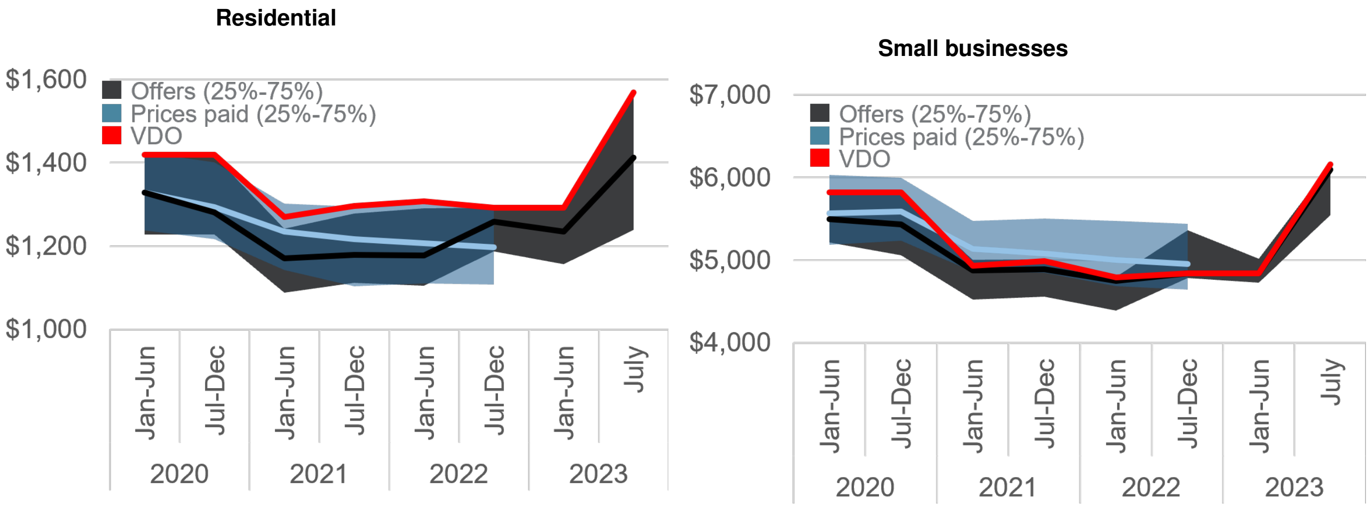


Figure 14: Median annual electricity offer price, by retailer size (CitiPower)

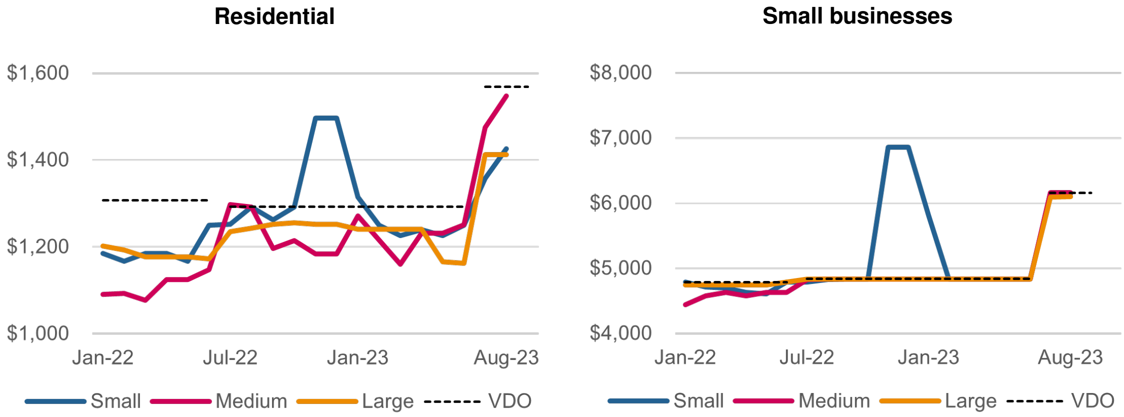


Figure 15: Electricity offer dispersion count, by retailer size (CitiPower)

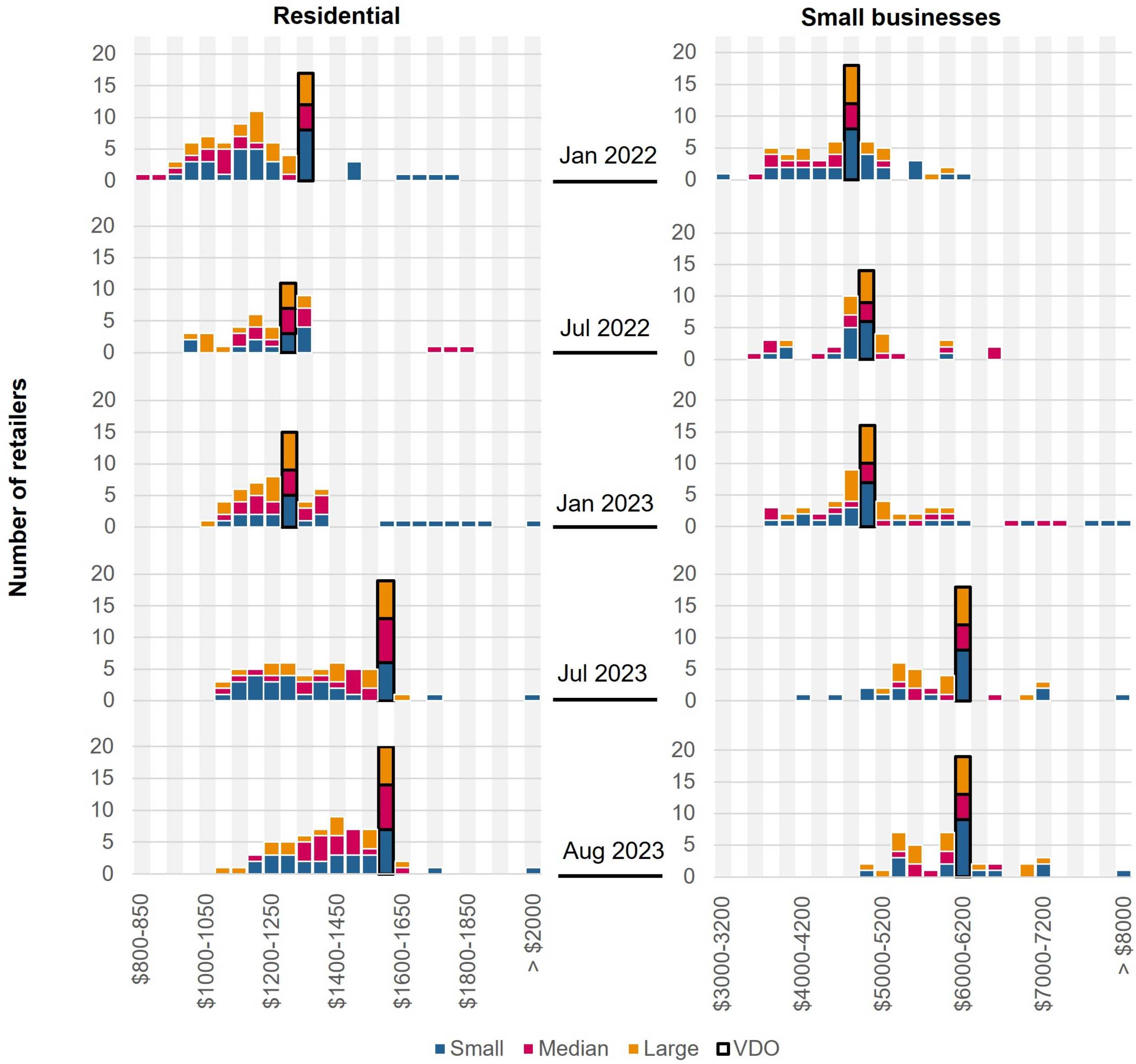
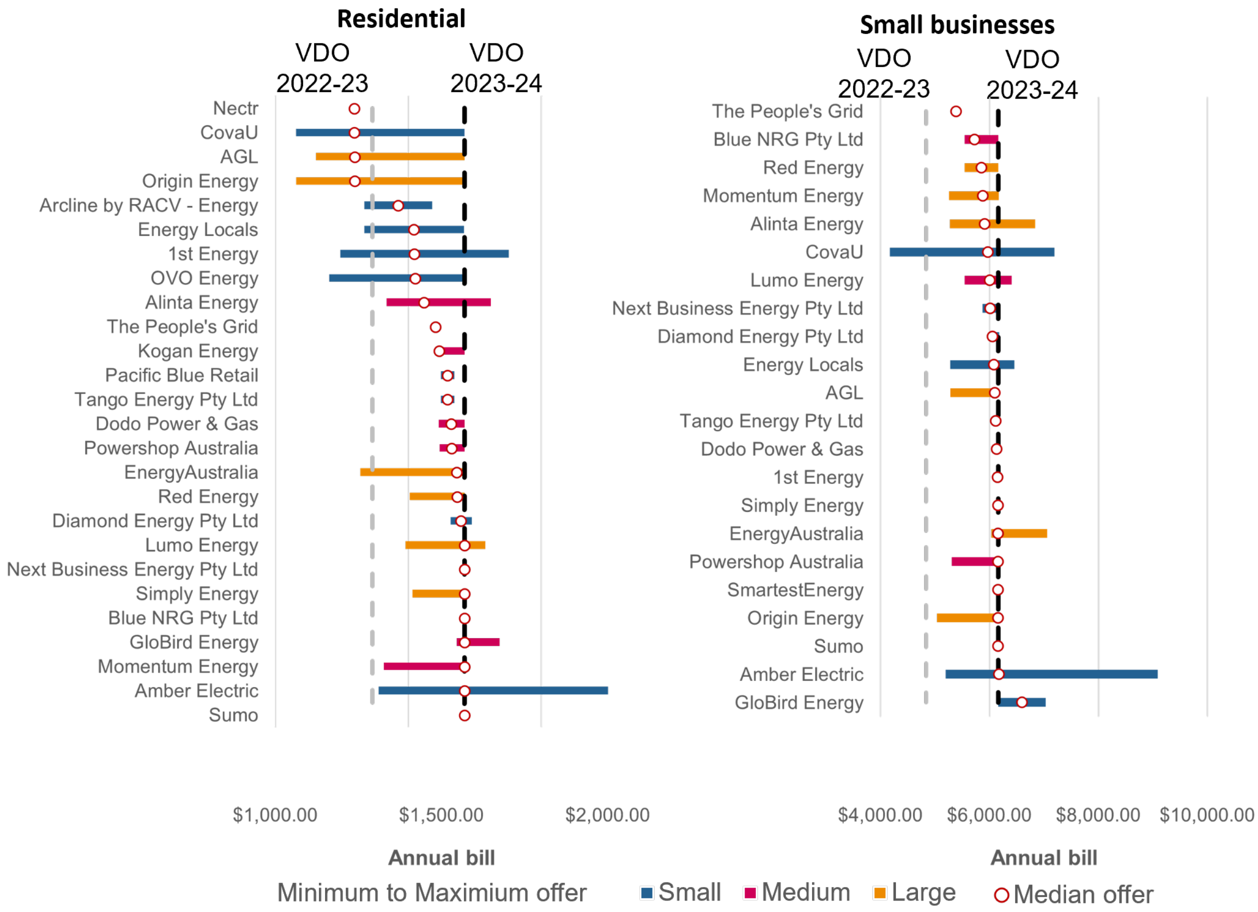


Figure 16: Electricity offers, by retailer in August 2023 (CitiPower)



Powercor

Figure 17: Change in median electricity offer price (Powercor)

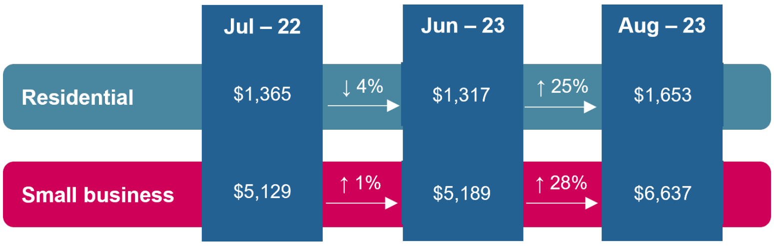


Figure 18: Median annual electricity offers and prices paid (Powercor)

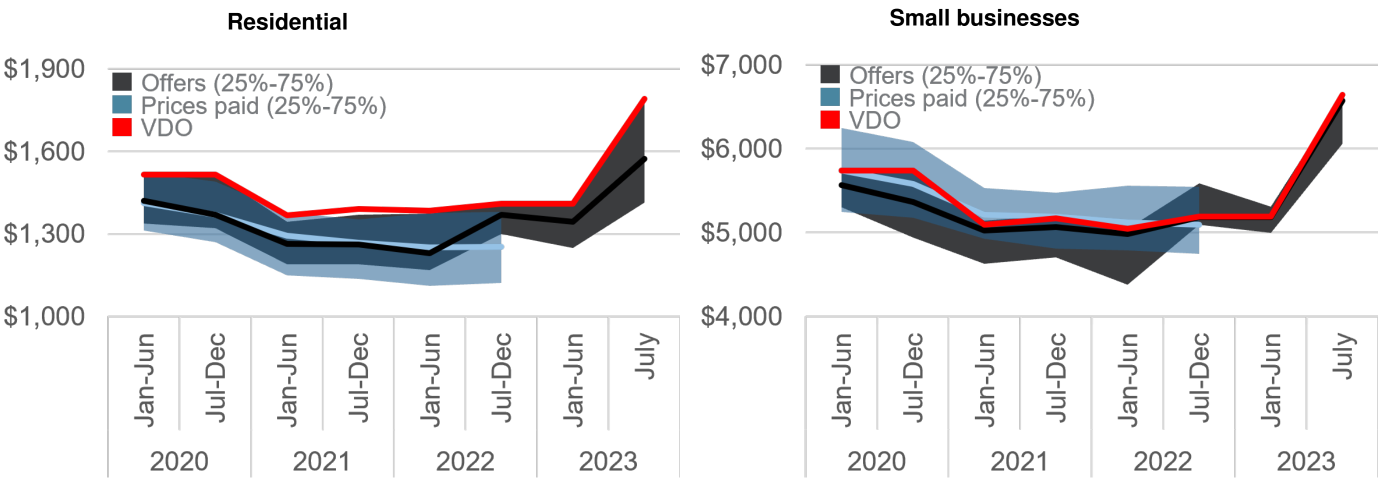


Figure 19: Median annual electricity offer price, by retailer size (Powercor)

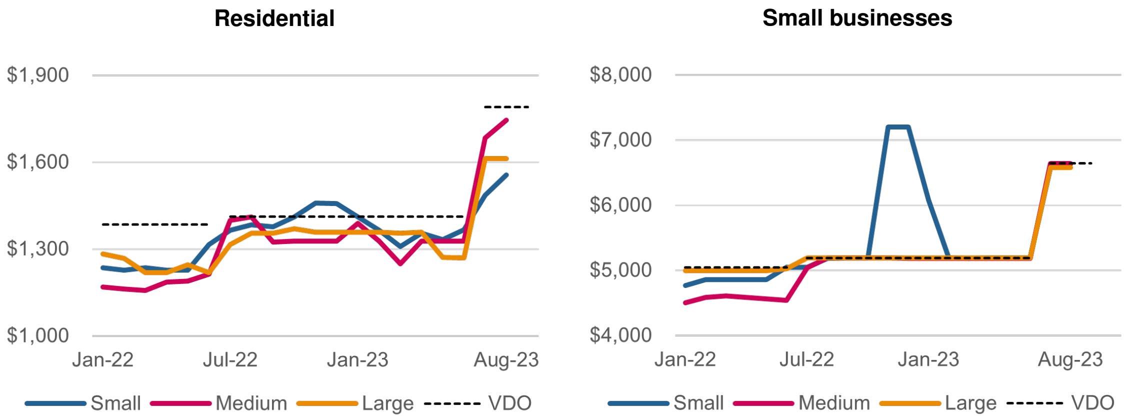


Figure 20: Electricity offer dispersion count, by retailer size (Powercor)

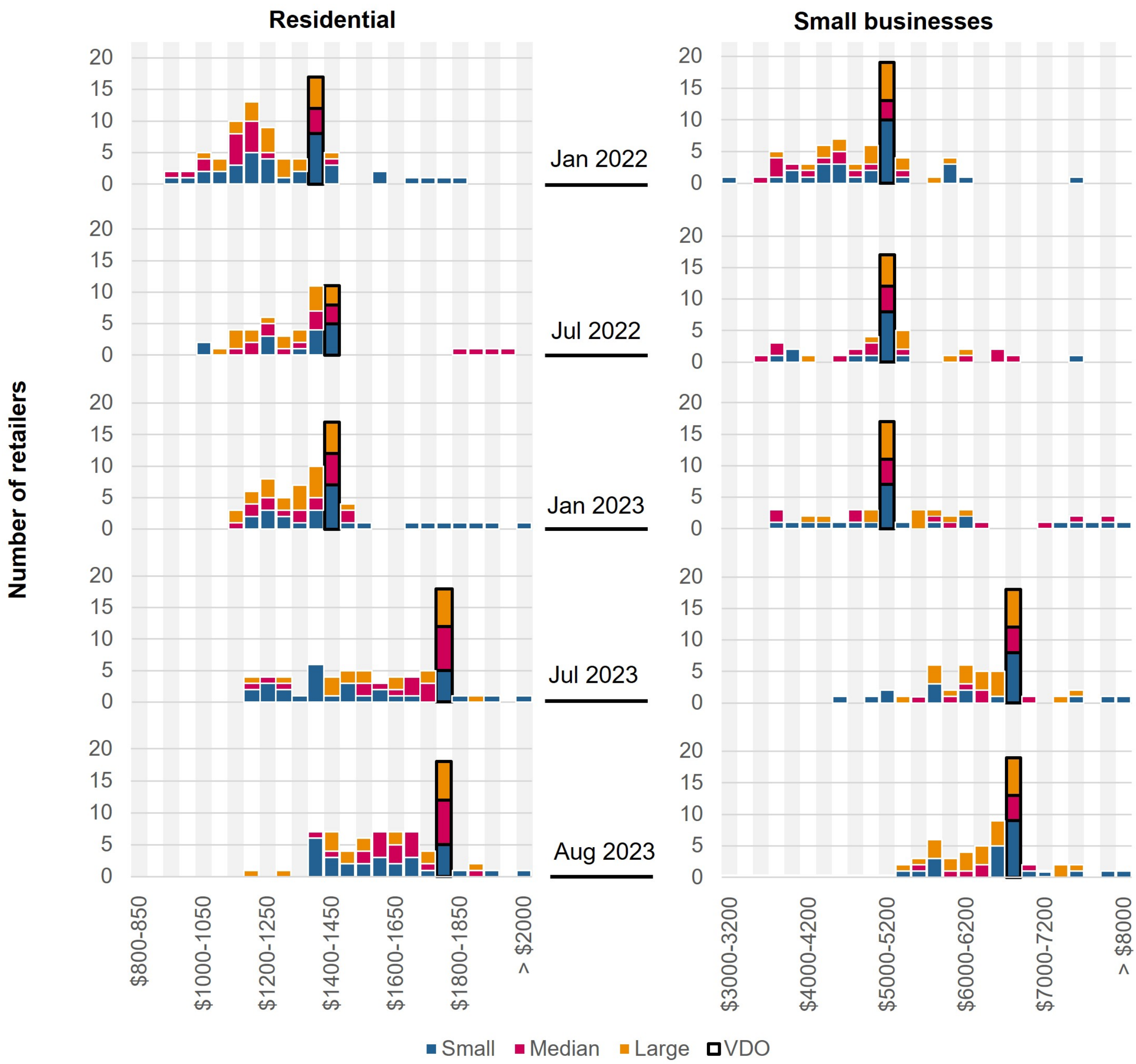
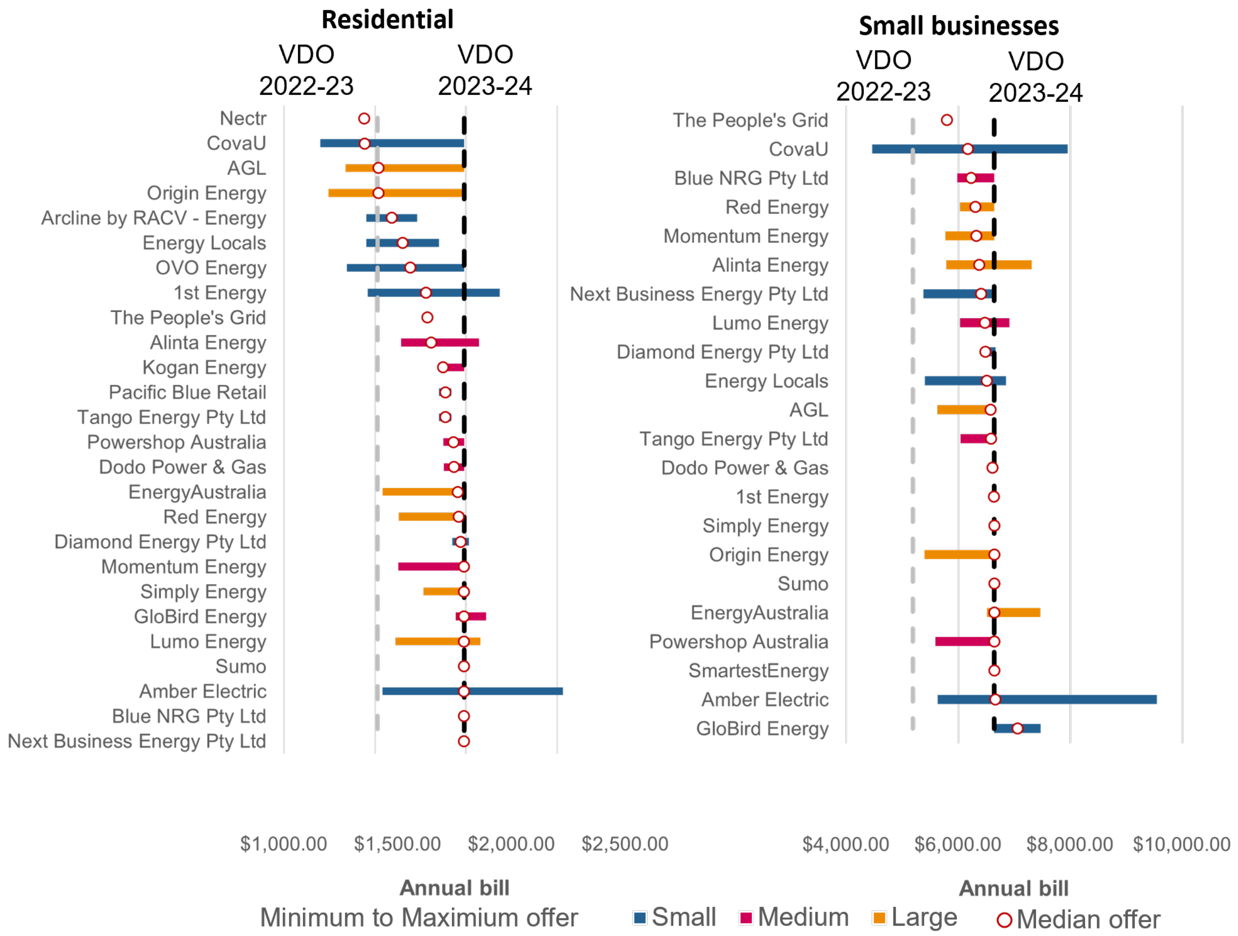


Figure 21: Electricity offers, by retailer in August 2023 (Powercor)



United Energy

Figure 22: Change in median electricity offer price (United Energy)

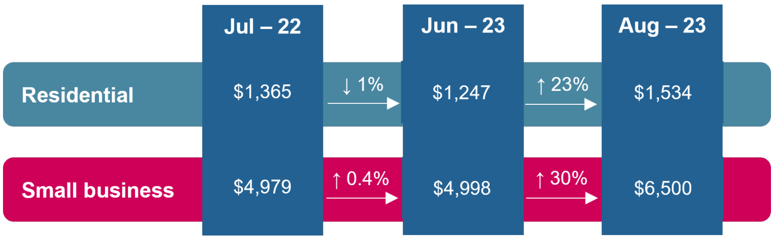


Figure 23: Median annual electricity offers and prices paid (United Energy)

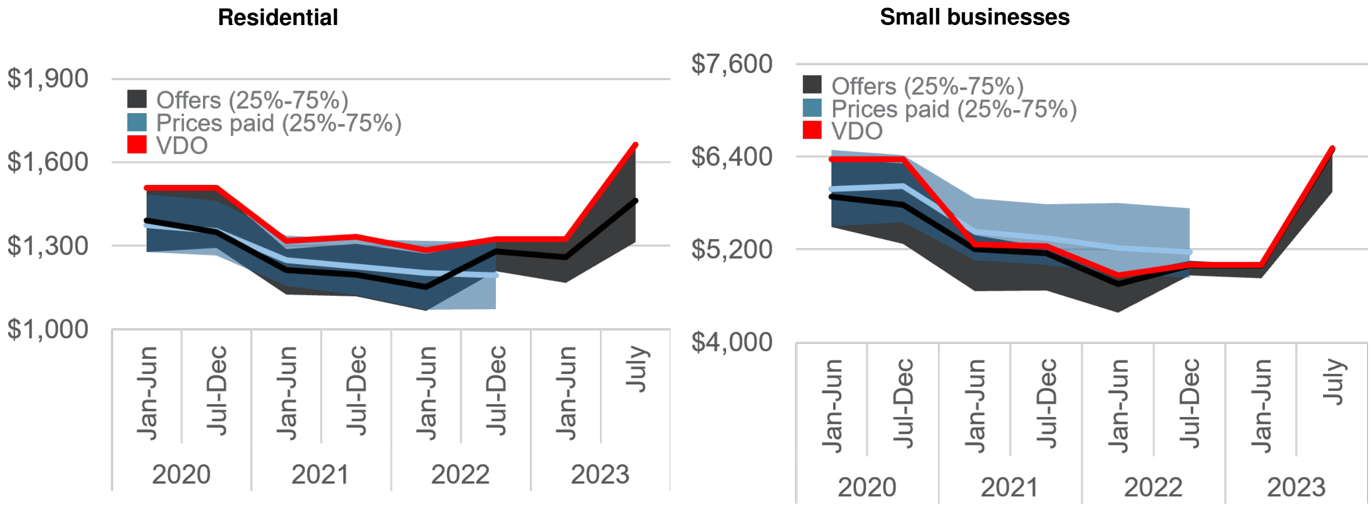


Figure 24: Median annual electricity offer price, by retailer size (United Energy)

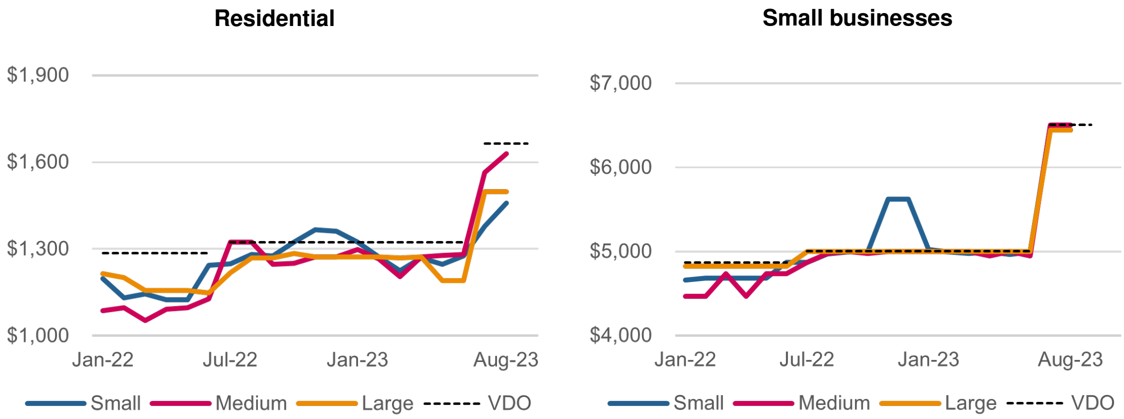


Figure 25: Electricity offer dispersion count by retailer size (United Energy)

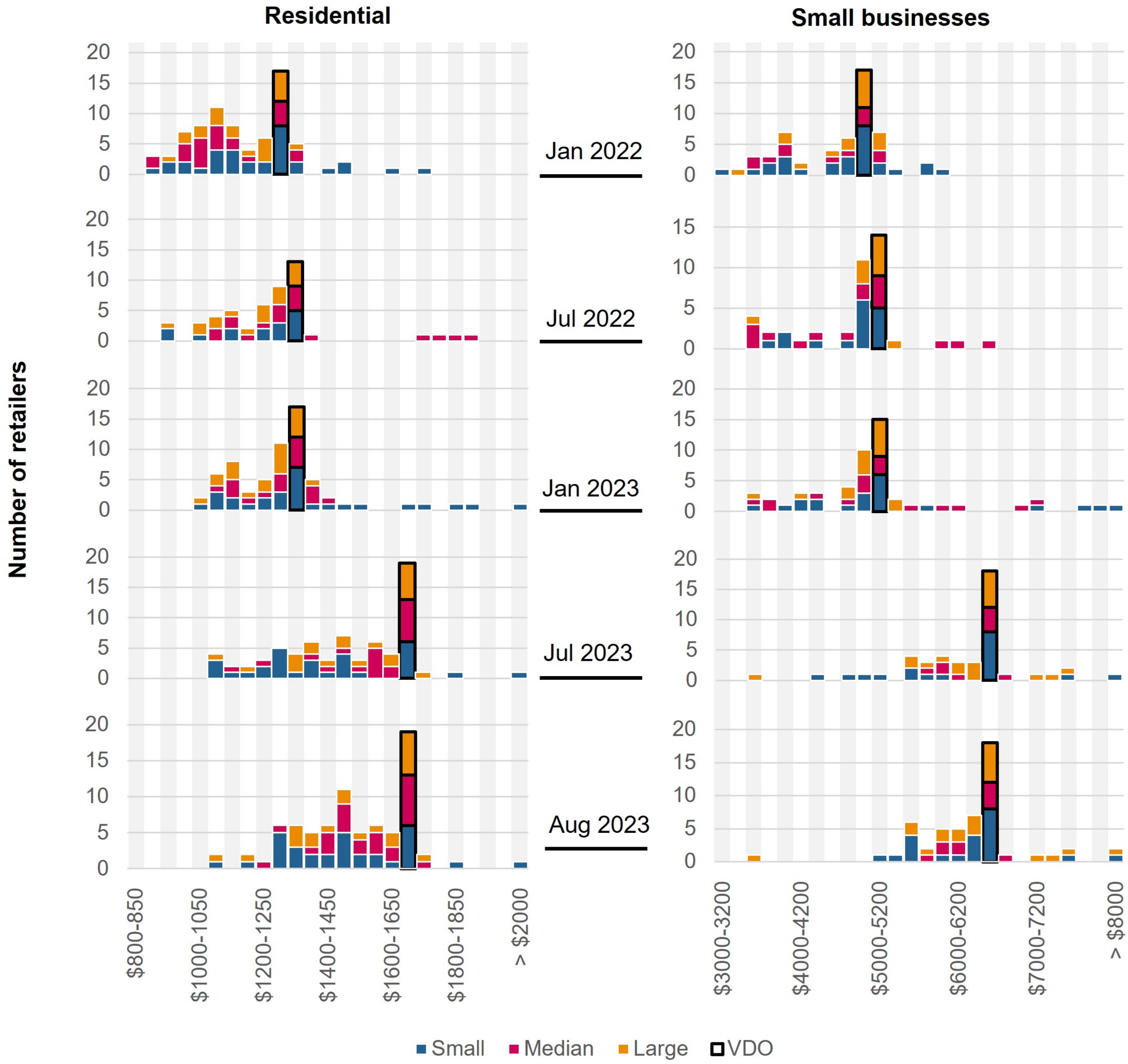
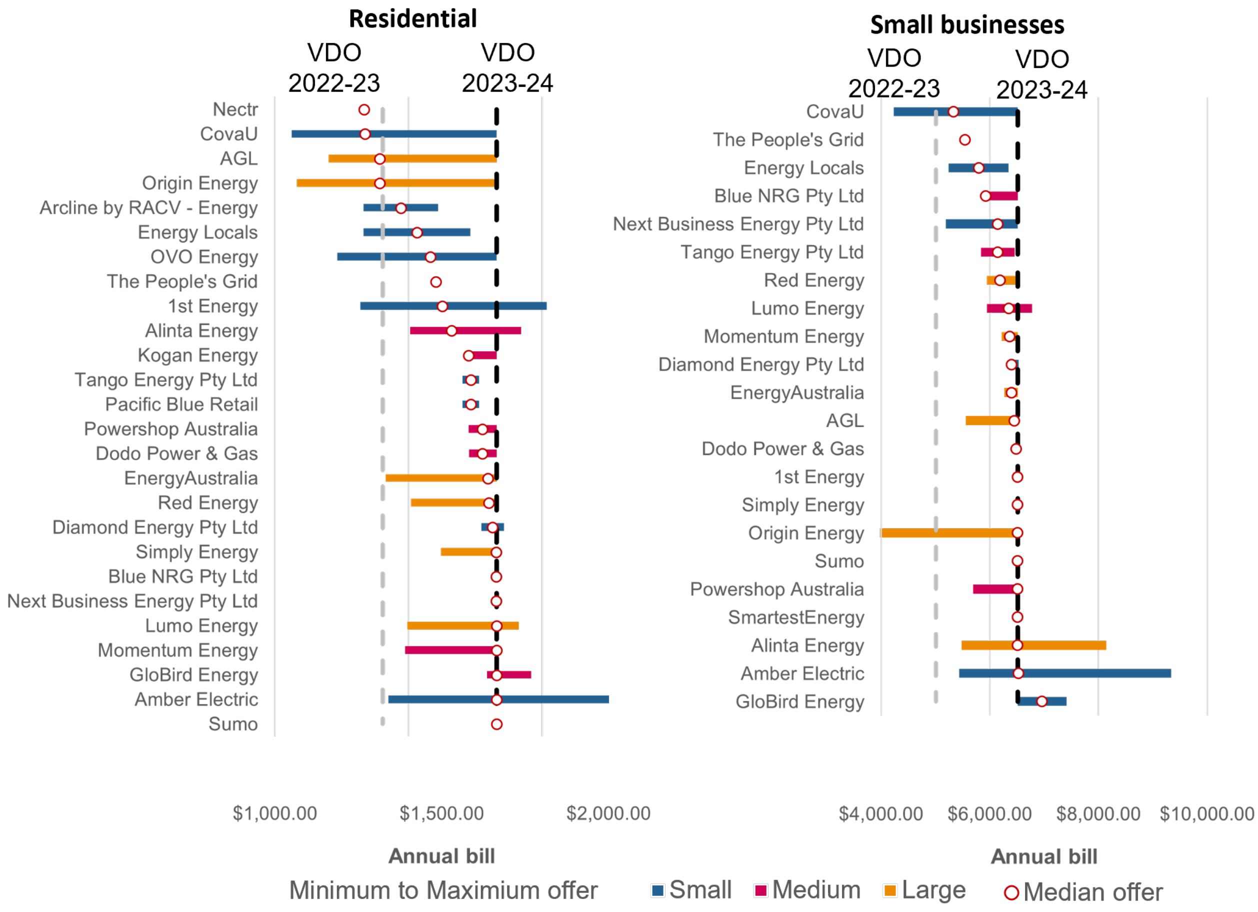


Figure 26: Electricity offers by retailer in August 2023 (United Energy)



Appendix 5. Gas figures of all distribution zones in Victoria

AusNet Services

Figure 27: Median annual gas offer (AusNet Services)

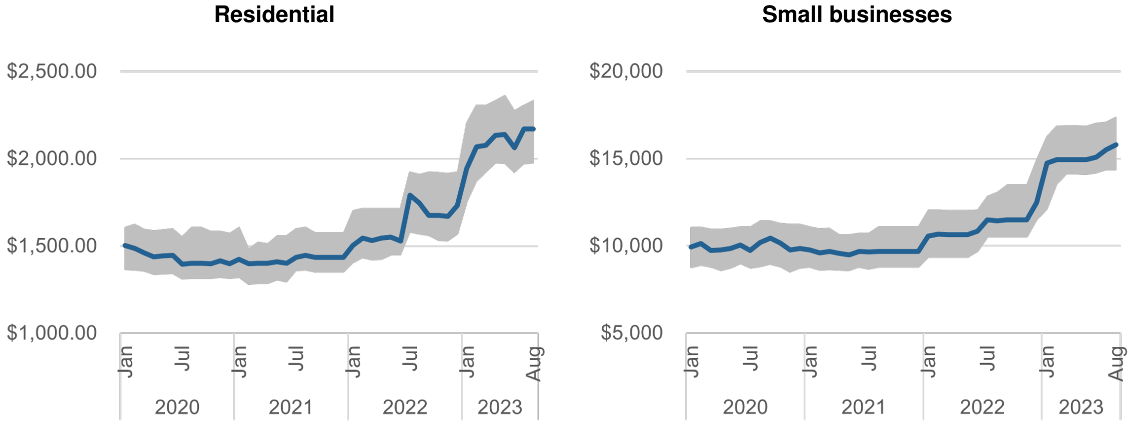


Figure 28: Median annual gas offer price, by retailer size (AusNet Services)

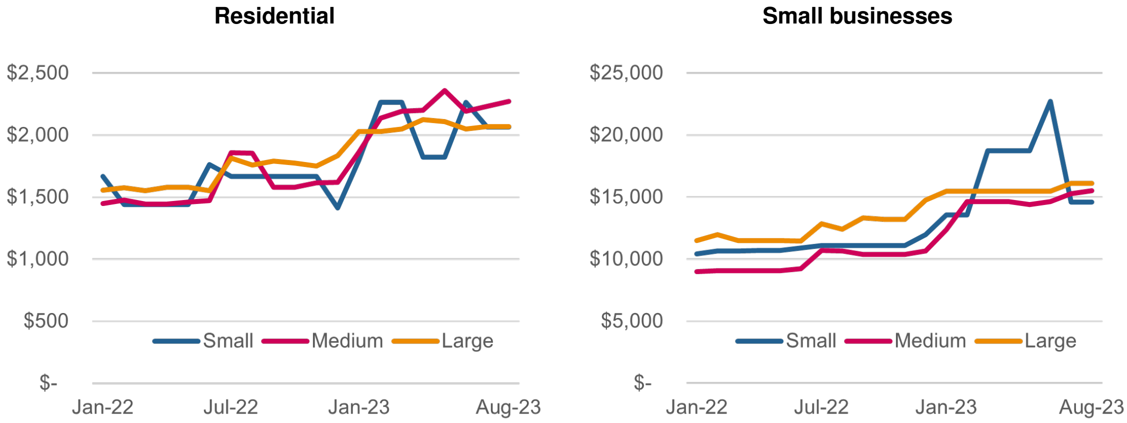


Figure 29: Gas offer dispersion count by retailer size (AusNet Services)

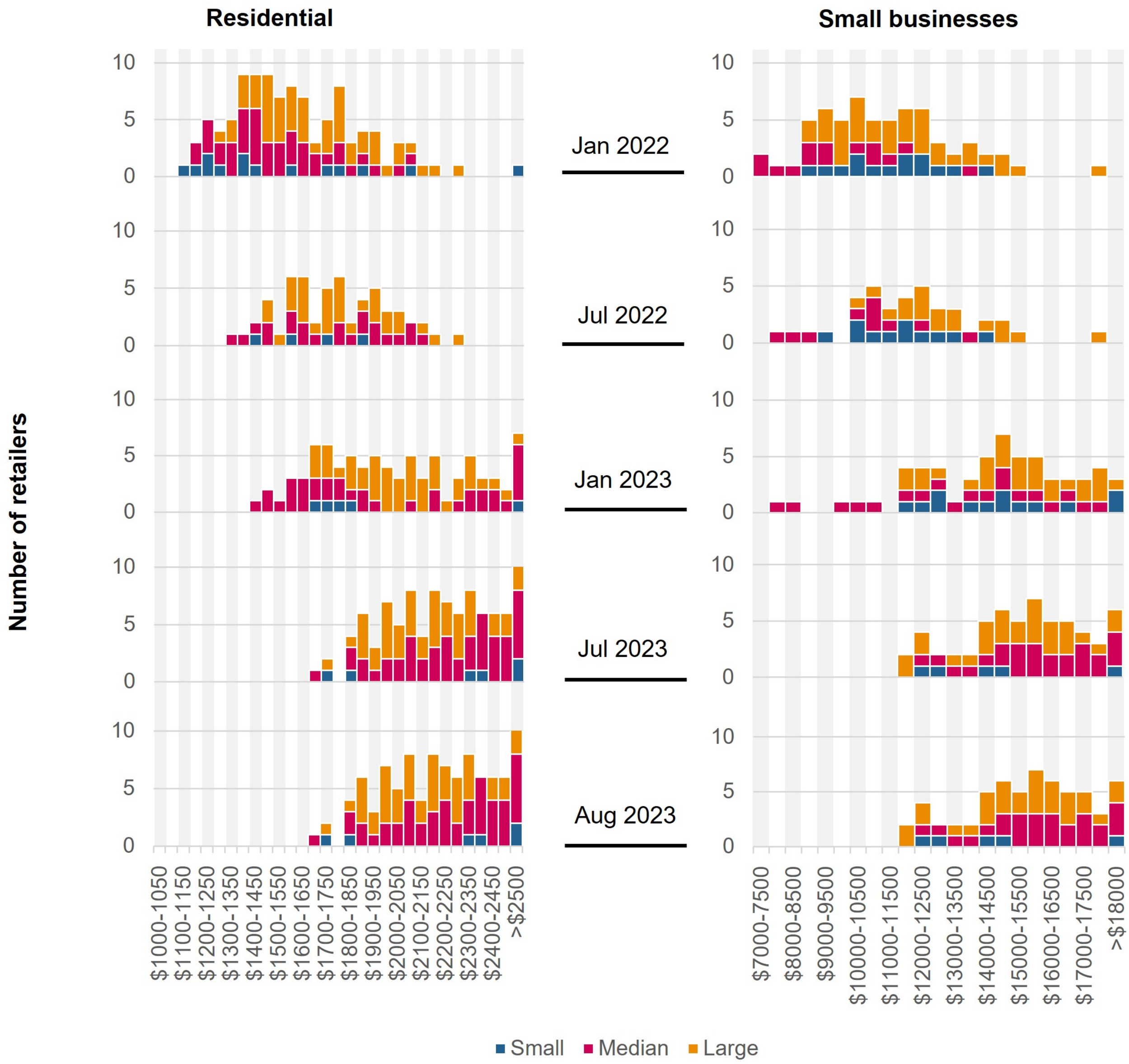
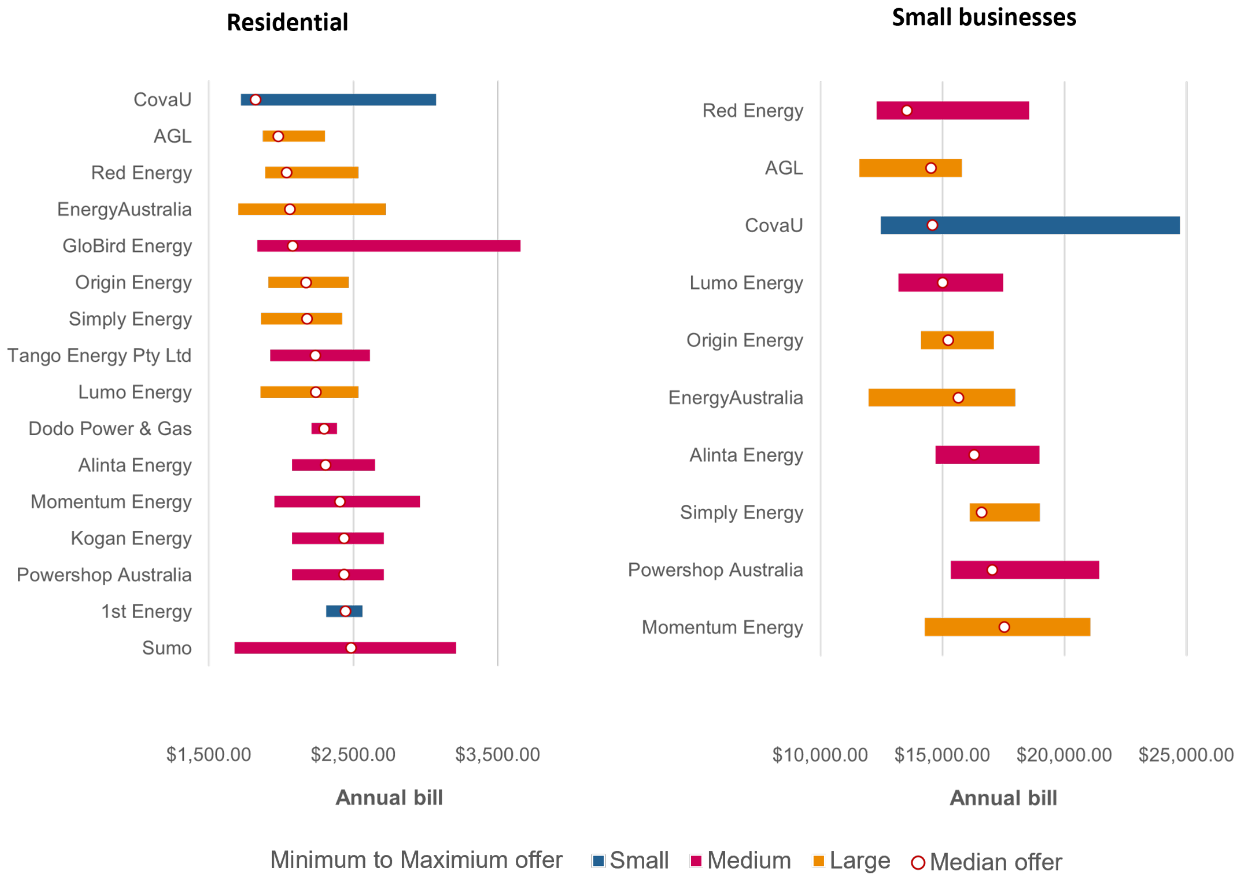


Figure 30: Gas offers by retailer in August 2023 (AusNet Services)



Multinet

Figure 31: Median annual gas offer (Multinet)

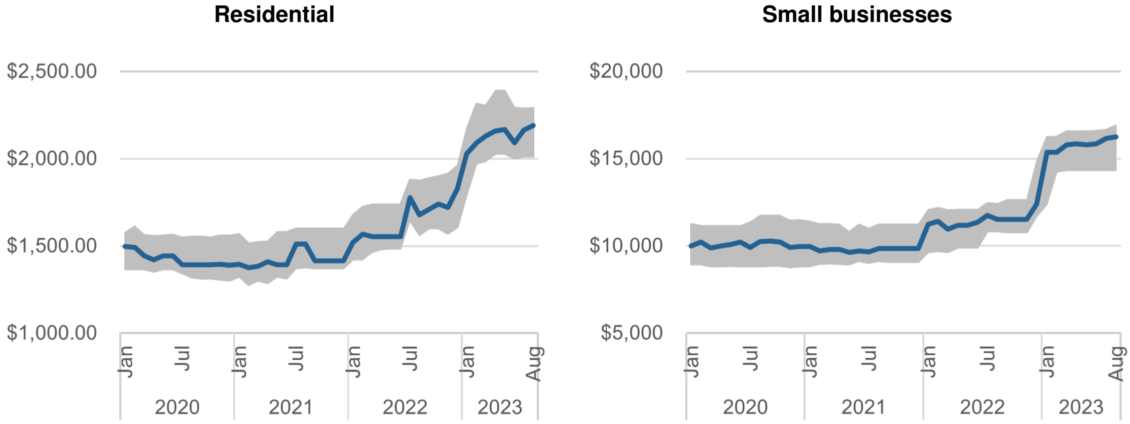


Figure 32: Median annual gas offer price, by retailer size (Multinet)

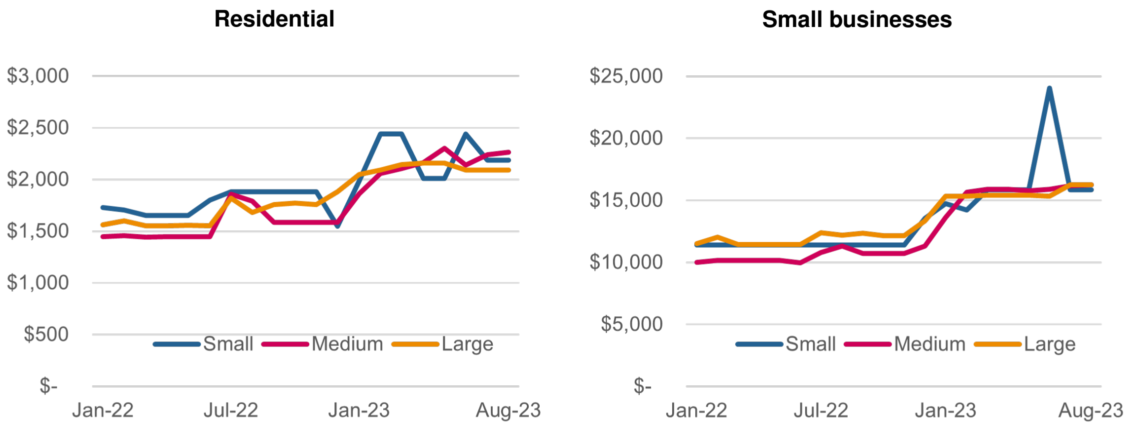


Figure 33: Gas offer dispersion count by retailer size (Multinet)

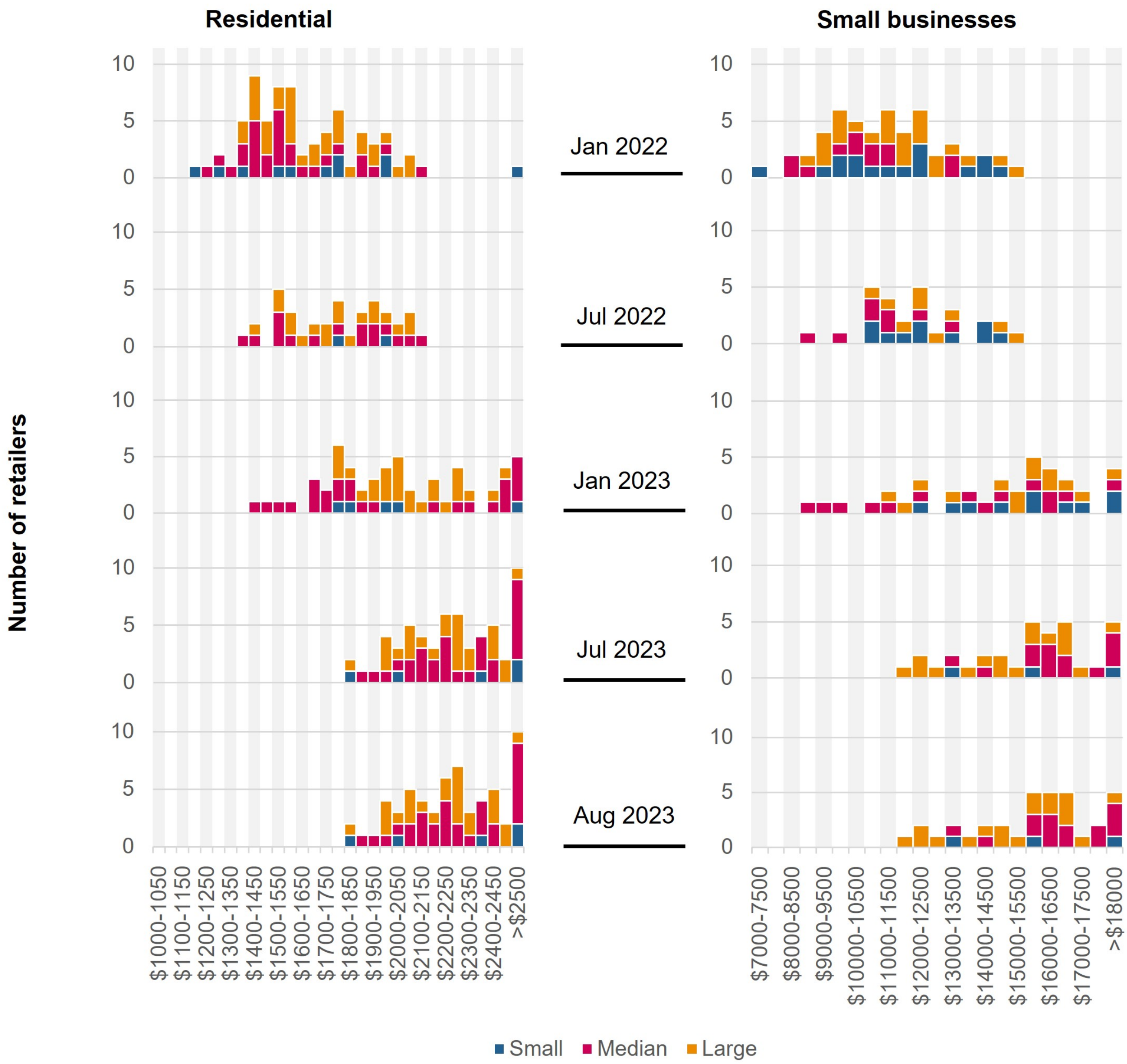
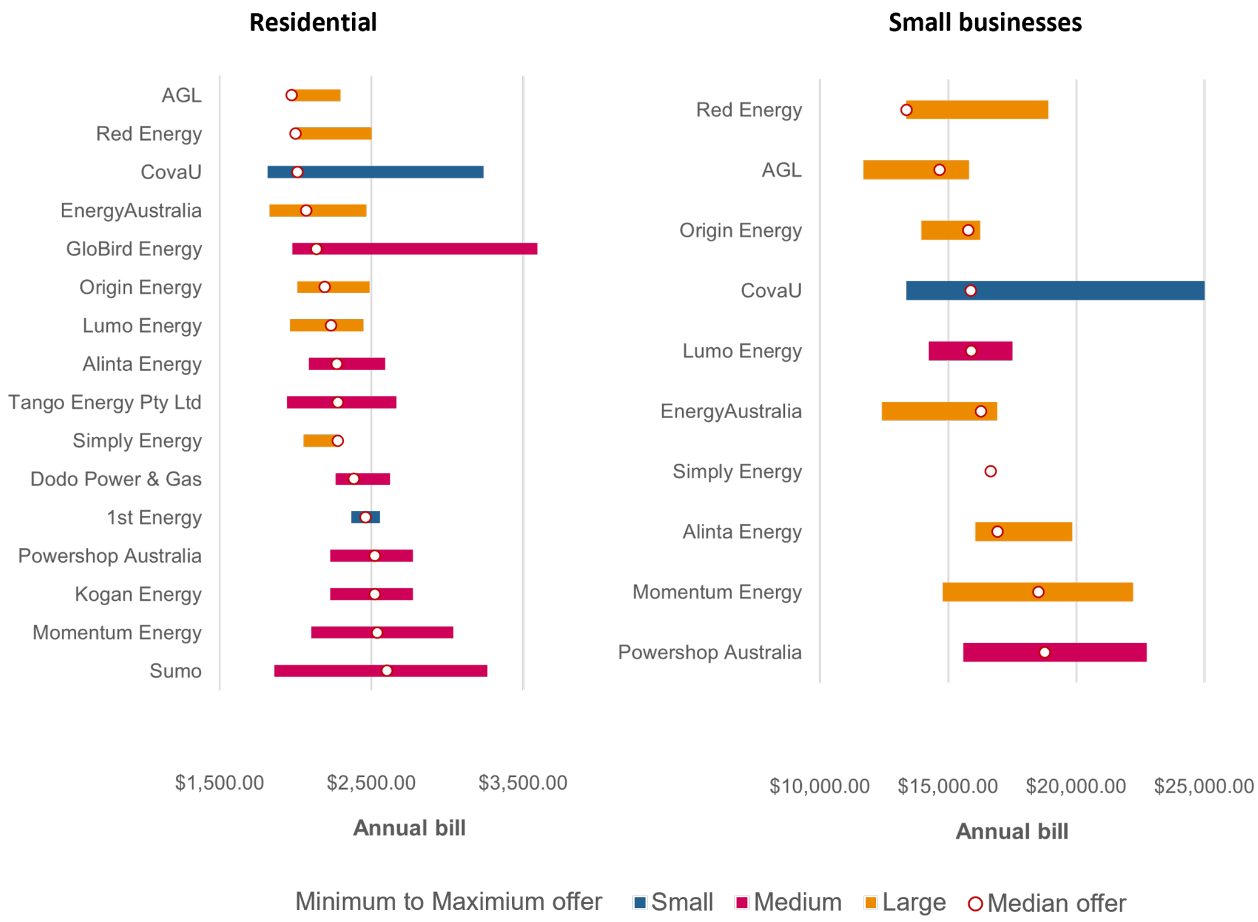


Figure 34: Gas offers by retailer in August 2023 (Multinet)



Appendix

- Energy in Victoria

Appendix 6. Summary statistics on wrongful disconnections

The tables below provide summary statistics on the number of customers affected by and the amount of compensation paid in relation to self-reported wrongful disconnections. [2]

Table 1: Number of customers affected by self-reported wrongful disconnections by retailers

Total customers affected		
Retailer	**January to March 2023**	**April to June 2023**
AGL Sales Pty Ltd	9	1
Alinta Energy Retail Sales Pty Ltd	1	
Amber Electric Pty Ltd	2	
M2 Energy Pty Ltd (Dodo)	1	5
EnergyAustralia Pty Ltd	3	7
Origin Energy Electricity Limited Origin Energy (Vic) Pty Limited	2	
OVO Energy Pty Ltd	1	
Powershop Australia Pty Limited		1
Red Energy		3
IPower Pty Limited & IPower 2 Pty Limited (Simply Energy)	3	5
Sumo Power Pty Ltd	5	
Total	**27**	**22**

Table 2: Compensation paid in relation to self-reported wrongful disconnections

Total wrongful disconnections amount paid		
Retailer	**January to March 2023**	**April to June 2023**
AGL Sales Pty Ltd	$4,972	$5,941
Alinta Energy Retail Sales Pty Ltd	$1,000	
Amber Electric Pty Ltd	$150	
M2 Energy Pty Ltd (Dodo)	$9,060	$13,880
EnergyAustralia Pty Ltd	$7,081	$7,693
Origin Energy Electricity Limited Origin Energy (Vic) Pty Limited	$3,536	
OVO Energy Pty Ltd	$3,439	
Powershop Australia Pty Limited		$10
Red Energy		$228
IPower Pty Limited & IPower 2 Pty Limited (Simply Energy)	$1,684	$4,982
Sumo Power Pty Ltd	$12,354	
Total	**$42,976**	**$32,734**

[2] This data represents the current figures as at 20 July 2023 for wrongful disconnection payments made to customers between January 2023 and June 2023. Figures may have changed for previous periods as a result of ongoing reporting by retailers in respect of prior periods and associated reconciliation of data. It excludes wrongful disconnections disputes referred to us by EWOV.

Appendix 7. More customers experiencing payment difficulty and disconnections for non-payment

The tables and figures below provide supplementary information for the sections on 'More customers experiencing payment difficulty' and 'Disconnections for non-payment'. The following data is sourced from the Compliance and Reporting Guideline submissions from energy retailers.

Table 3: Residential disconnections for non-payment by monthly averages[3]

	Monthly average				Average per month			
	2019	2020	2021	2022	Jul–Sep 2022	Oct–Dec 2022	Jan–Mar 2023	Apr–Jun 2023
Electricity	1,820	508	761	1,494	1,312	791	891	890
Gas	922	216	256	550	491	300	327	309

Table 4: Residential Tailored Assistance customers, as at 30 June 2023

	Electricity		Gas	
	Residential tailored assistance customers	% of residential electricity customers	Residential tailored assistance customers	% of residential gas customers
Can pay ongoing usage	43,251	1.5	34,698	1.6
Cannot pay ongoing usage	22,973	0.8	20,650	1.0
Total	**66,224**	**2.4**	**55,348**	**2.6**

Table 5: Average arrears of residential Tailored Assistance customers, as at 30 June 2023

	Electricity		Gas	
	Avg arrears of residential tailored assistance customers	% increase from 2021 – 22 monthly average	Avg arrears of residential tailored assistance customers	% change from 2021 – 22 monthly average
Can pay ongoing usage	$689	-5%	$558	-0.6%
Cannot pay ongoing usage	$1,637	-13%	$1,249	-13%
Total	**$1,018**	**-7.8%**	**$816**	**-3.9%**

3 The monthly average includes months where no disconnections occurred during the restriction periods of the coronavirus pandemic.

Figure 35: Residential disconnections for non-payment by month, 2021 and 2023[4]

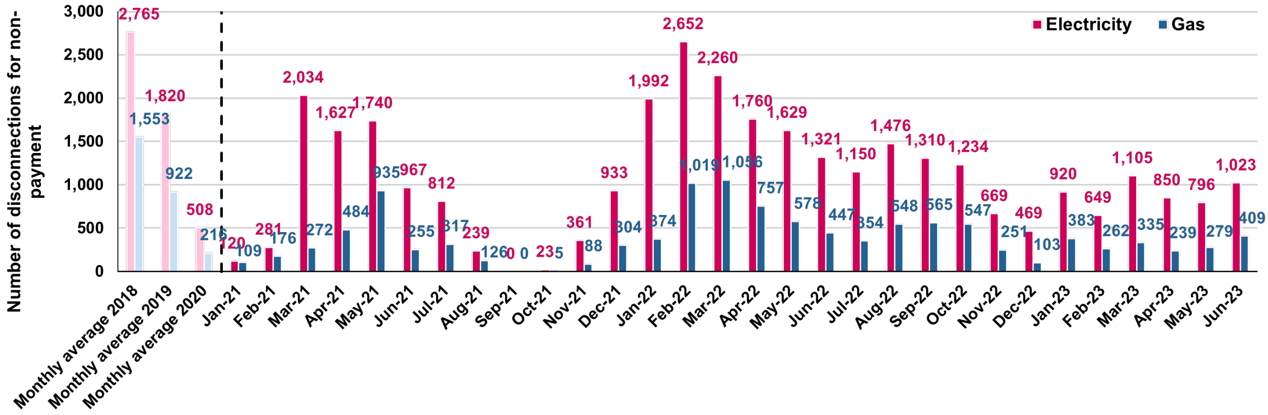


Figure 36: Residential disconnections for non-payment by year, 2018 to 2023[5]

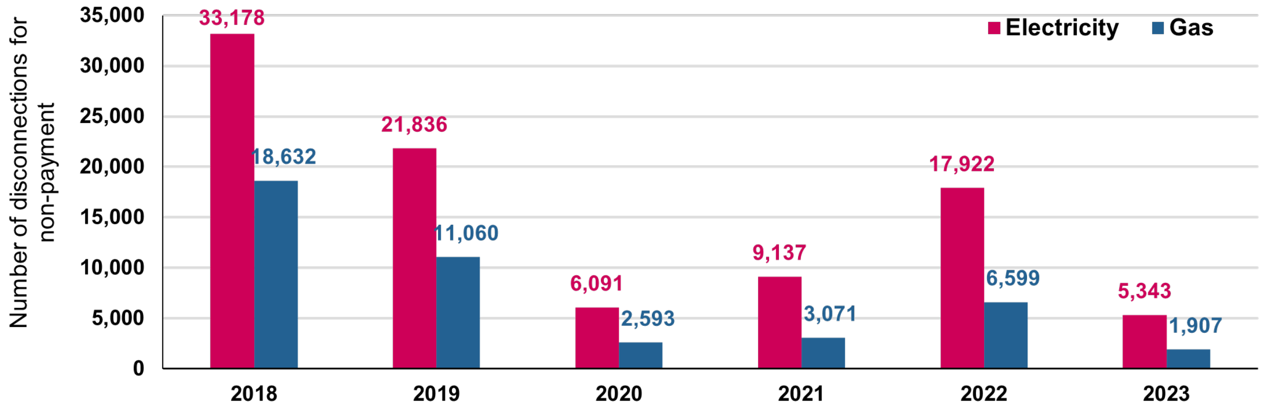
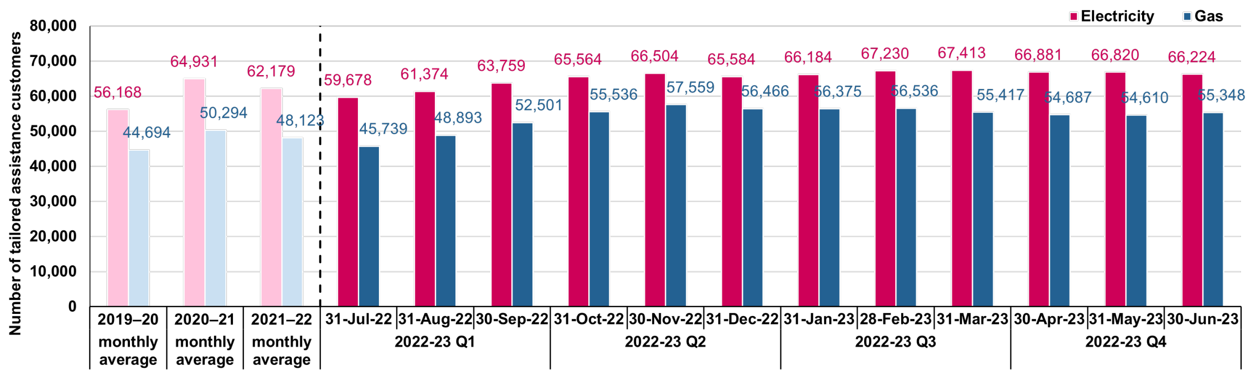


Figure 37: Residential customers receiving tailored assistance (total)



4 The monthly average includes months where no disconnections occurred during the restriction periods of the coronavirus pandemic.
5 2023 only includes data from the period January to June 2023.

Figure 38: Residential customers receiving tailored assistance (can pay ongoing usage)

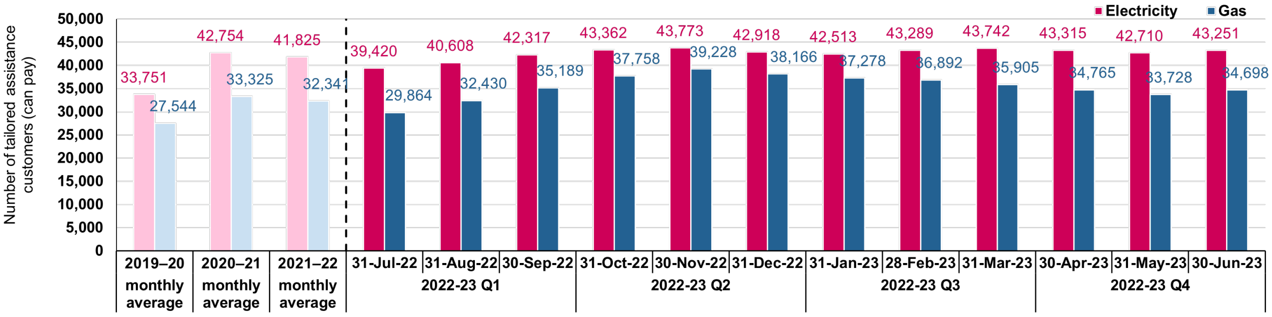


Figure 39: Residential customers receiving tailored assistance (cannot pay ongoing usage)

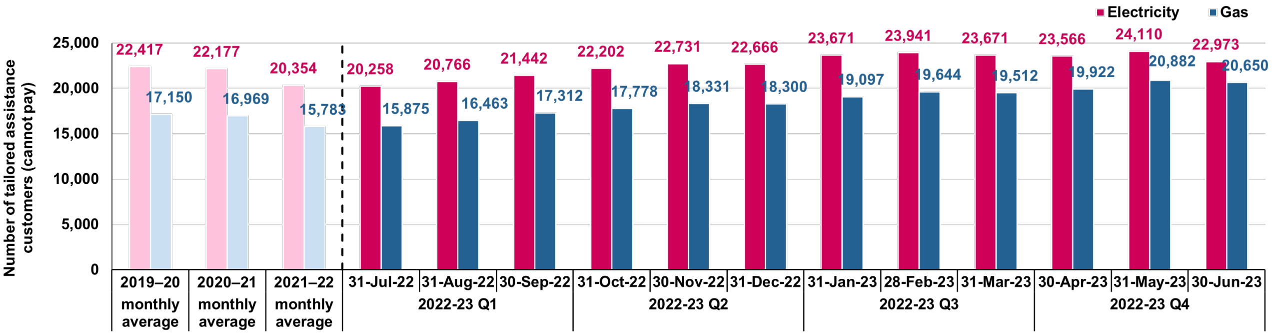


Figure 40: Average arrears for residential customers receiving tailored assistance (total)

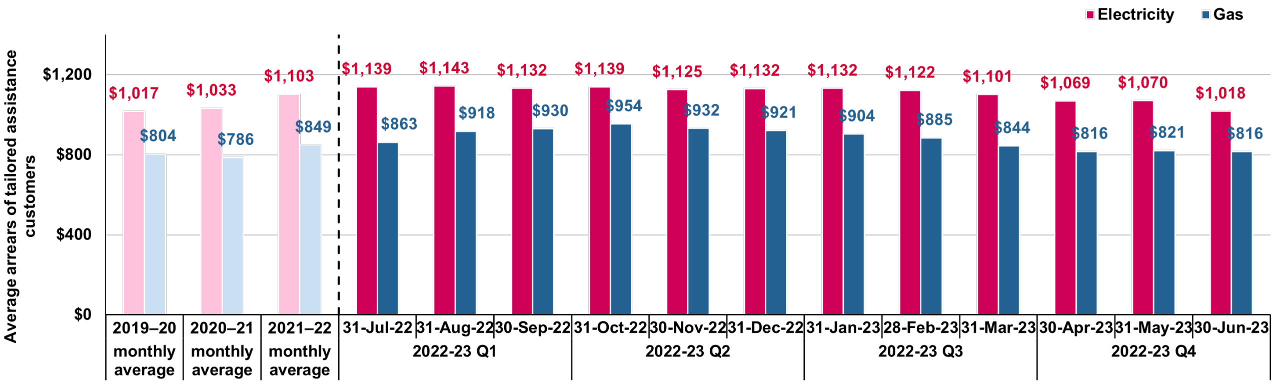


Figure 41: Average arrears for residential customers receiving tailored assistance (can pay ongoing usage)

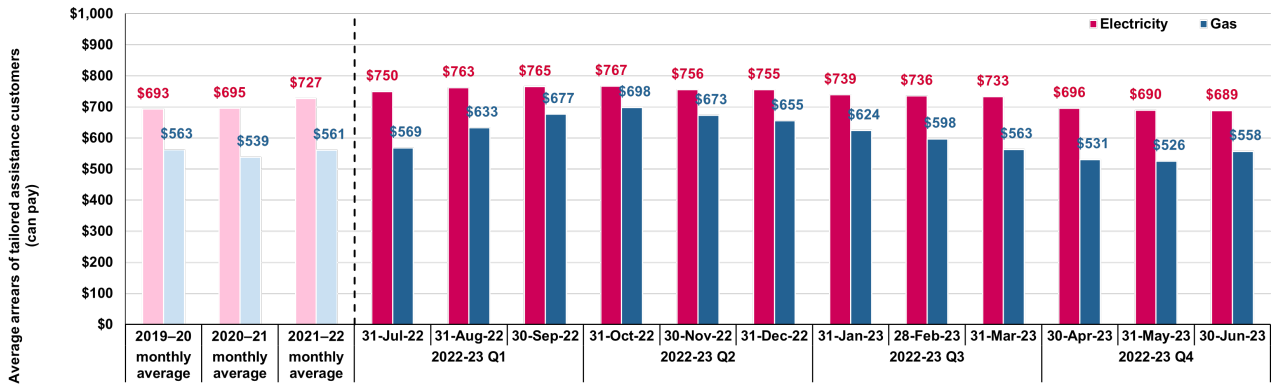


Figure 42: Average arrears for residential customers receiving tailored assistance (cannot pay ongoing usage)