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Mr Adam Wilson
Chief Executive Officer
Essential Services Commission of South Australia
GPO Box 2605
Adelaide SA 5001

By email escosa@escosa.sa.gov.au

9 January 2023

Dear Mr Wilson,

Submission to the Essential Services Commission of South Australia (the Commission) Inquiry into Retail Energy Prices

The Energy and Water Ombudsman (SA) Limited (Energy & Water Ombudsman SA) welcomes the opportunity to submit on the Commission's Inquiry into Retail Energy Prices.

Energy & Water Ombudsman SA is an independent energy and water ombudsman scheme in South Australia. It receives, investigates and facilitates the resolution of complaints by customers with regard to (*inter alia*) the connection, supply or sale of electricity, gas or water.

The Commission is conducting this Inquiry "into evidence of, or the potential for, a party (retailer, generator, trading entity or relevant other party) in the electricity industry and/or gas industry to earn or have earned sustained super profits to the financial detriment of South Australian energy consumers, having regard to certain criteria."¹

The following comments relate to the position of some South Australian energy consumers, according to data collected by our Scheme.

Cases received by our Scheme related to Billing have grown to a 3-year-high point over winter 2022. As shown in the figure overleaf, there were over 400 cases per month since August 2022, whereas the average for the preceding two years was closer to 300 cases per month. This trend in Billing cases can be broadly linked to increased pressure and attention to the cost of bills, mostly high bills.

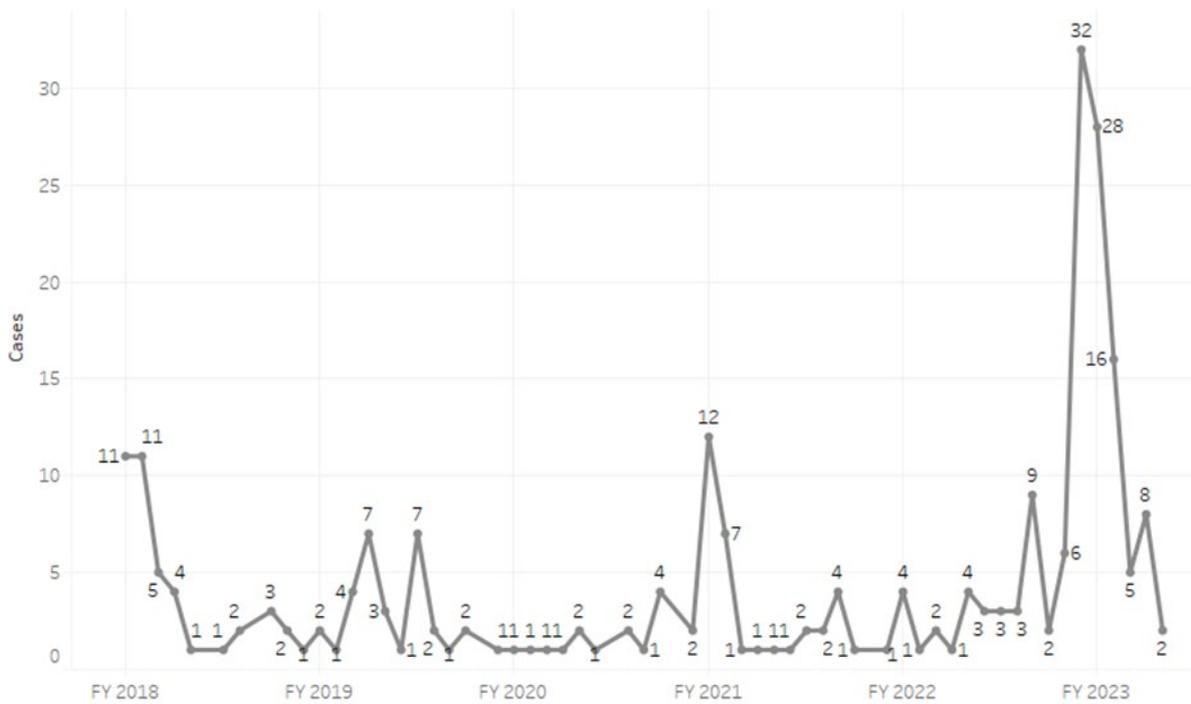
¹ Essential Services Commission of South Australia (2022) Inquiry into retail energy prices at <https://www.escosa.sa.gov.au/projects-and-publications/projects/inquiries/inquiry-into-retail-energy-prices>

Billing Cases - Received each month since July 2017



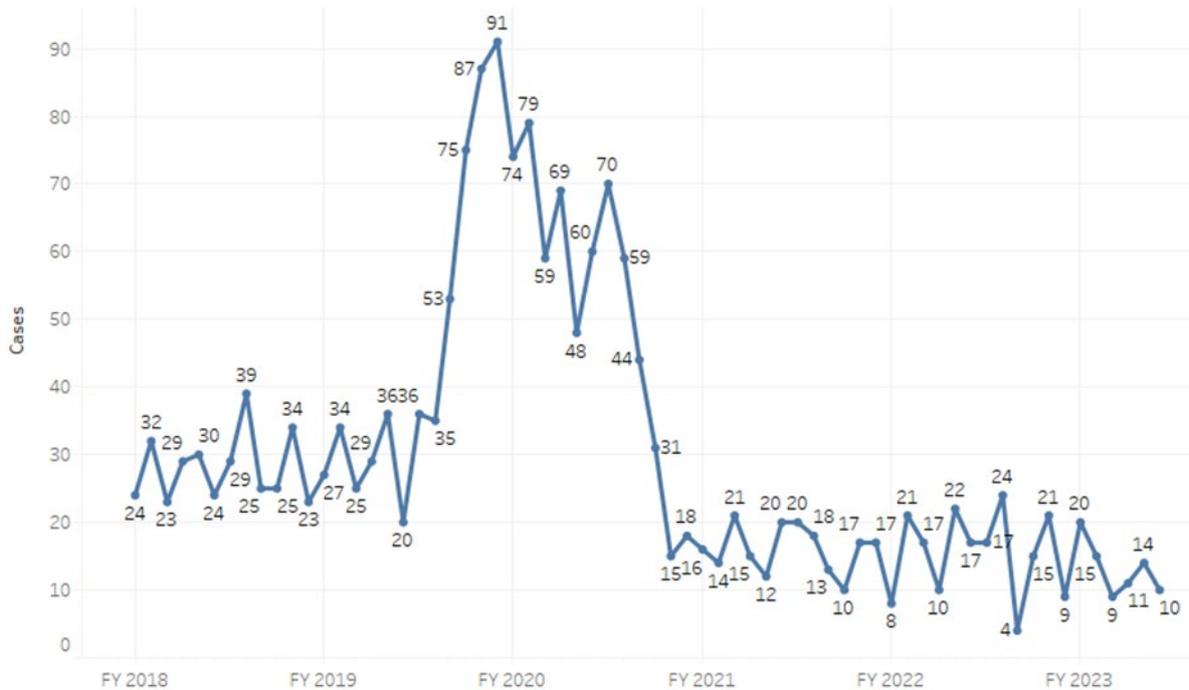
In June to August 2022, Energy & Water Ombudsman SA recorded a spike in Pricing Enquiries, which are not within the Scheme’s jurisdiction. This appears to coincide with major energy retailers notifying their customers of increased prices for energy (refer to figure below).

Pricing Enquiries (Out of Jurisdiction) - Received each month since July 2017



The below chart shows cases received each month which had recorded the issue of Payment Difficulties.

Cases with Issue of Payment Difficulties - Received each month since July 2017



Prior to January 2019, on average Energy & Water Ombudsman SA received just under 30 cases related to Payment Difficulties per month. From January 2019 onwards, there was a two-year period of elevated cases of this type, peaking in the middle of 2019, which was often linked to disconnections due to non-payment. Coinciding with the COVID-19 pandemic restrictions in Australia, and the Australian Energy Regulator (AER) enforcing restrictions on disconnections, the number of these cases reduced significantly from May 2022 onwards.

Since the AER lifted its Statement of Expectations at the end of June 2021, Payment Difficulty cases have remained at historically low levels averaging about 15 cases per month. This is despite recent growth in electricity and gas prices in the market.

One factor that could be contributing to the low number of Payment Difficulty cases is the ongoing historical low unemployment rate in South Australia since mid-2021.

SA Unemployment Rate by month - since July 2019 (source: ABS Labour Force Survey, not-seasonally adjusted)



Source: <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release>

Should you require further information or have any enquiries in relation to this submission, please contact me at [REDACTED].

Yours sincerely

[REDACTED]

Jo De Silva
Policy and Communications Manager