



MONITORING THE DEVELOPMENT OF ENERGY RETAIL COMPETITION IN SOUTH AUSTRALIA STATISTICAL REPORT

March 2005

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GLOSSARY OF TERMS

ATO	Australian Taxation Office
THE COMMISSION	Essential Services Commission of South Australia
THE CONSULTANT	McGregor Tan Research
COTA	Council on the Ageing
ELECTRICITY ACT	<i>Electricity Act 1996</i>
ESCOSA	Essential Services Commission of South Australia
ESCV	Essential Services Commission of Victoria
ETR	Electricity Transfer Rebate
FINAL DECISION PAPER	refers to “Monitoring the Development of Energy Retail Competition in South Australia, Final Decision”, September 2004
FRC	Full Retail Contestability
FRMP	Financially Responsible Market Participant
GAS ACT	<i>Gas Act 1997</i>
HES	ABS Household Expenditure Survey
kWh	kilo watt hour, which is the equivalent of 1,000 watts of electricity for one hour
MARKET CONTRACTS	refers to contracts (other than standing contracts) on terms and conditions agreed or negotiated with the customer
MIRN	Meter Identification Registration Number (gas)
MSATS	Market Settlement & Transfer Solution, which is a system that is operated by NEMMCO to fulfil its obligations under the National Electricity Code
MWh	Mega Watt hours, which is the equivalent of 1,000 kWh
NEM	National Electricity Market, arrangements for which are set out in the National Electricity Law, which is a Schedule to the <i>National Electricity (SA) Act 1996</i>
NILS	National Institute of Labour Studies
NMI	National Metering Identifier (electricity)
NEMMCO	National Electricity Market Management Company Limited
REMCo	Retail Energy Market Company Ltd
SA	South Australia
SIHC	ABS Survey of Income and Housing Costs
STANDING CONTRACTS	refers to those small electricity and/or gas customers who have not entered into a market contract with their retailer of choice. From 1 January 2003, all small electricity customers were effectively deemed to have entered into standing contracts with the incumbent retailer (i.e. AGL SA), which required the retailer to agree to sell electricity to the customer at the retailer’s standing contract price and subject to the retailer’s standing contract terms and conditions. Refer to Section 36AA of the <i>Electricity Act 1996</i> . Similar arrangements exist for small gas customers.

STATISTICAL REPORT	refers to the FRC Monitoring Statistical Reports published by the Commission from time to time and available on the Commission's website at www.escosa.sa.gov.au . For example, refer to "Monitoring the Development of Energy Retail Competition in South Australia, Statistical Report", September 2004 and this March 2005 report
SMALL ELECTRICITY CUSTOMER	refers to a customer with annual electricity consumption of less than 160MWh
SMALL GAS CUSTOMER	refers to a customer with annual gas consumption of less than 1TJ
TJ	Terajoule
Vic	Victoria
WA	Western Australia

1 INTRODUCTION

This March 2005 FRC Monitoring Statistical Report is the sixth in a regular series of Statistical Reports to be published on the development of Full Retail Contestability (FRC) in the South Australian electricity market, and the second report that also reviews the development of the South Australian gas retail market.

On 1 January 2003, the SA electricity retail market became fully contestable. The SA gas retail market became fully contestable on 28 July 2004. This means that there are no longer any direct legal, regulatory or operational impediments in place that prevent an appropriately licensed retailer seeking to sell electricity and/or gas to a SA customer.

During 2003 and 2004, consultation occurred on a number of papers reviewing how best to monitor the development of electricity and gas FRC in SA, which culminated in the release of the Final Decision Paper (“Monitoring the Development of Energy Retail Competition in South Australia, Final Decision”) in September 2004. The Final Decision Paper provides an integrated framework for monitoring the development of competition in the SA electricity and gas (energy) retail markets in the future. Copies of the Final Decision Paper, along with all other Commission reports, are available on the Commission’s website at <http://www.escosa.sa.gov.au/>.

The development of the SA energy retail market will be monitored using the following seven key competition indicators:

- ▲ Indicator 1 – Number of Electricity Retailers
- ▲ Indicator 2 – Customer Switching
- ▲ Indicator 3 – Barriers to Entry
- ▲ Indicator 4 – Information Asymmetries
- ▲ Indicator 5 – Price/Service Mix
- ▲ Indicator 6 – Impacts on Low-Income Groups
- ▲ Indicator 7 – Innovation.

The Commission has decided that it will move to releasing six-monthly substantive energy FRC Monitoring Statistical Reports. The Commission will shortly commence publishing electricity (and gas) small customer transfer statistics on a monthly basis¹.

This March 2005 Statistical Report is the second of the six-monthly substantive energy FRC Monitoring Statistical Reports. It contains some analysis on the development of retail competition (electricity and gas) in SA, along with a report on the regular indicators which provide data on the number of SA licensed retailers, the number of retailers

¹ As outlined below in the report, the transfer statistics reported will be the number of transfers to market contracts, which will require AGL SA (for electricity) and Origin (for gas) to report on the number of their customers that move to market contracts with them.



operating in the SA small customer² retail market, and the number of small customers switching from standing contracts³ to market contracts⁴. In relation to the publishing of customer switching statistics, the Statistical Reports will continue to provide updated statistics and graphs in addition to the monthly reporting of these statistics.

This report is divided into the following sections. Section 2 provides an update of the regularly published customer transfer statistics, along with the number of licensed retailers.

Section 3 presents further analysis of the results of survey work undertaken of SA small (electricity and gas) customers in August 2004, which was reported in detail in the September 2004 Statistical Report⁵. The survey of small customers covered aspects such as awareness of the ability to choose retailers, whether an offer had been received from a retailer, availability of information to assess offers, future switching intentions and experience with the transfer process.

Section 4 reports on an update undertaken of one of the National Institute of Labour Studies' (NILS) hardship and changes in income measures. The additional analysis of the small customer survey results in section 3 of this report also incorporates some additional analysis on the experience of low-income respondents with FRC.

Section 5 reports on the available independent SA energy price comparison services, the finalisation of information disclosure requirements, and the potential savings from moving to SA market contracts for electricity and gas.

Section 6 examines the development of energy FRC interstate and overseas, with the aim of placing SA's current experience in some context.

Finally, section 7 provides an overall summary of this report's findings, along with some brief commentary on the development of energy FRC in SA to date.

² Small Customer refers to all residential customers and those business customers with an annual consumption of less than 160MWh (electricity) and 1TJ (gas).

³ Standing Contracts: from 1 January 2003 all small electricity customers were effectively deemed to have entered into standing contracts with the incumbent retailer (i.e. AGL SA), which required the retailer to agree to sell electricity to the customer at the retailer's standing contract price and subject to the retailer's standing contract terms and conditions. Refer to Section 36AA of the Electricity Act 1996. Similar arrangements exist for small gas customers.

⁴ Market Contract refers to contracts (other than standing contracts) on terms and conditions agreed or negotiated with the customer. They are expected to contain different prices and pricing arrangements to those available under standing contracts (or default contracts).

⁵ Report located at: <http://www.escosa.sa.gov.au/resources/documents/040927-R-SepFRCMon-StatsReport.pdf>, with an Erratum Notice issued located at: <http://www.escosa.sa.gov.au/resources/documents/041001-D-SeptFRCMonRptErratum.pdf>.

2 INDICATORS OF COMPETITION

2.1 Number of SA Licensed Electricity Retailers

Since 11 October 1999, the Commission (formerly the SAIR⁶) has been responsible for administering the licensing regime that applies to South Australian electricity entities, pursuant to Part 3 of the *Electricity Act 1996*.

Table 1 provides the number of electricity retailers licensed to operate in SA as at 31 March 2005, together with the history of entry and exit since October 1999. This statistic indicates the current available pool of licensed electricity retailers in SA.

Table 1: Number of Licensed South Australian Electricity Retailers⁽ⁱ⁾

AS AT DATE	RETAILERS ⁽ⁱⁱ⁾	NUMBER
October 1999	Actew Energy (ActewAGL Retail), Advance Energy, AGL Electricity (AGL SA), Boral Energy Electricity (Origin Energy Electricity), CitiPower, Eastern Energy (TXU Electricity), Energex Retail, EnergyAustralia, Ergon Energy, ETSA Power (AGL South Australia), Flinders Power (NRG Flinders), National Power Australia, North Power (Country Energy), Optima Energy (TXU Electricity) and Yallourn Energy ⁽ⁱⁱⁱ⁾	15
October 2000	ACTEW Retail (ActewAGL Retail), Advance Energy, AGL Electricity (AGL South Australia), AGL SA, CitiPower, Energex Retail, National Power Australia, North Power (Country Energy), NRG Flinders, Origin Energy Electricity, TXU Electricity and Yallourn Energy ⁽ⁱⁱⁱ⁾	12
November 2001	ActewAGL Retail, AGL SA, CitiPower, Country Energy, Energex Retail, NRG Flinders, Origin Energy Electricity, Tarong Energy, TXU Electricity and Yallourn Energy ⁽ⁱⁱⁱ⁾	10
November 2002	ActewAGL Retail, AGL SA, CitiPower, Country Energy, Energex Retail, NRG Flinders, Origin Energy Electricity, Tarong Energy, TXU Electricity and Yallourn Energy ⁽ⁱⁱⁱ⁾	10
November 2003	ActewAGL Retail, AGL SA, Australian Energy Services ^(iv) , Country Energy, Energex Retail, EnergyAustralia, NRG Flinders, Origin Energy Electricity, Tarong Energy, TXU Electricity (SPI Electricity) and Yallourn Energy ⁽ⁱⁱⁱ⁾	11
November 2004	AGL SA, Aurora Energy, Country Energy, Energex Retail, EnergyAustralia, International Power (Retail), NRG Flinders, Origin Energy Electricity, Powerdirect ^(v) , SPI Electricity ^(v) and Yallourn Energy ⁽ⁱⁱⁱ⁾	11
March 2005	AGL SA, Aurora Energy, Country Energy, Energex Retail, EnergyAustralia, International Power (Retail), NRG Flinders, Origin Energy Electricity, Powerdirect ^(v) , SPI Electricity ^(v) and Yallourn Energy ⁽ⁱⁱⁱ⁾	11

(i) Source: Commission. See Commission website for list of current licence holders.

(ii) Prior to 1 January 2003 only AGL SA was licensed to sell electricity to non-contestable customers. From 1 January 2003 there were no restrictions, as all customers became contestable with the commencement of electricity FRC. The companies identified in brackets indicate either the current trading name or a related company.

(iii) Yallourn Energy Pty Ltd trading as AusPower.

(iv) Australian Energy Services Pty Ltd trading as Powerdirect. The Commission was advised on 14 May 2004 that Australian Energy Services Pty Ltd had changed its company name to Powerdirect Pty Ltd and will continue to trade as Powerdirect.

(v) TXU Electricity Pty Ltd changed its name to SPI Electricity Pty Ltd on 13 August 2004, but continues to trade as TXU.

⁶ The Commission commenced operation in September 2002 replacing the SA Independent Industry Regulator (SAIR). The Commission is the same body corporate as the SAIR.



There has been no change in retail electricity licence holders since publication of the September 2004 Statistical Report. However, in a positive development, NSW Government-owned Country Energy, which has been selling to large customers since the early days of contestability in the SA retail market⁷, commenced offering electricity contracts to small customers during March 2005.

Also, some retailers licensed in other jurisdictions have recently expressed interest in commencing operations in SA and the Commission expects to receive one or two applications for new retail licences over the coming months⁸.

As indicated in previous Statistical Reports, care needs to be exercised in comparing the number of licensed retailers over time. A number of licence holders in 1999 and 2000 were either not selling to anyone and eventually surrendered their licences, or the few customers they had were transferred to a related entity, as part of the market settling down process. Also, not all the current licensed retailers listed in Table 1 have SA customers⁹.

The number of retailers currently operating in the small customer electricity market and/or intending to operate in the future would be expected to have an important influence on the prevailing level of competition. At this time, there are six retailers (AGL SA, Origin Energy, TXU, Powerdirect, EnergyAustralia and Country Energy) marketing and selling electricity to small customers located in SA.

2.2 Number of SA Licensed Gas Retailers

From 1 July 2003, the Commission assumed certain regulatory functions in relation to the South Australian gas supply industry, including responsibility for administering the licensing regime that applies to gas entities, pursuant to Part 3 of the *Gas Act 1997*.

Table 2 (below) provides the number of gas retailers licensed to operate in SA as at 31 March 2005, together with the history of entry and exit since July 2003. This statistic indicates the current available pool of licensed gas retailers in SA.

Since the publication of the September 2004 Statistical Report, the only change in SA retail gas licence holders has been the surrendering of Terra Gas Trader's (TGT) retail licence, in February 2005.

On 27 January 2005, TGT advised the Commission that as a consequence of the purchase of TGT by AGL on 12 January 2005, TGT had no need to retain its existing SA

⁷ Following commencement of the National Electricity Market (NEM) in December 1998, there was a staged introduction of contestability, commencing with the largest electricity consumers, with the smallest customers (consuming less than 160 MWh p.a.) becoming contestable on 1 January 2003.

⁸ The Commission received applications from retailer Jack Green (Jackgreen (International) Pty Ltd) early in April 2005 for an electricity and gas retail licence.

⁹ During February 2005, there were nine active SA licensed retailers (i.e. had SA customers) of the eleven licensed, five of which were actively selling to small customers (based on NEMMCO MSATS system and information available to the Commission).

gas retail licence and therefore sought to surrender its licence forthwith under section 31 of the *Gas Act 1997*. TGT advised that it was not retailing gas to any customers in SA.

On 7 February 2005, pursuant to section 31(3) of the Gas Act, the Commission agreed to the surrender of TGT's gas retail licence with immediate effect. TGT continues to supply delivered gas to a number of electricity generators at their power stations in South Australia.

Table 2: Number of Licensed South Australian Gas Retailers⁽ⁱ⁾

AS AT DATE	RETAILERS ⁽ⁱⁱ⁾	NUMBER
July 2003	AGL SA, Origin Energy Retail, Terra Gas Trader and TXU Electricity	4
November 2003	AGL SA, Origin Energy Retail, Terra Gas Trader and TXU Electricity (SPI Electricity)	4
November 2004	AGL SA, EnergyAustralia ⁽ⁱⁱⁱ⁾ , Origin Energy Retail, Terra Gas Trader ^(iv) and SPI Electricity ^(v)	5
March 2005	AGL SA, EnergyAustralia ⁽ⁱⁱⁱ⁾ , Origin Energy Retail and SPI Electricity ^(v)	4

(i) Source: Commission. See Commission website for list of current licence holders.

(ii) Prior to 28 July 2004 only Origin Energy was licensed to sell gas to non-contestable customers. From 28 July 2004 there were no restrictions, as all customers became contestable with the commencement of gas FRC.

(iii) EnergyAustralia was issued with a licence on 30 March 2004.

(iv) Terra Gas Trader's (TGT) retail licence was surrendered on 7 February 2005.

(v) TXU Electricity Pty Ltd changed its name to SPI Electricity Pty Ltd on 13 August 2004, but continues to trade as TXU.

The number of retailers currently operating in the small customer gas retail market and/or intending to operate in the future would be expected to have an important influence on the prevailing level of competition. At this time, all four remaining gas retailers (AGL SA, Origin Energy, TXU and EnergyAustralia) are marketing and selling gas to small customers located in SA.

2.3 Number of Transfers to Market Contracts for Electricity

Table 3 and Figure 1 (below) provide the number of completed small customer transfers to a market contract for electricity, either with AGL SA or an alternative retailer, for the 26 months to 28 February 2005.

**Table 3: Number of Completed Small Electricity Customer Retail Transfers
South Australia⁽ⁱ⁾
(January 2003 to February 2005)**

MONTH	NUMBER ⁽ⁱⁱ⁾	CUMULATIVE TOTAL ⁽ⁱⁱⁱ⁾	PERCENTAGE OF CUSTOMER BASE ⁽ⁱⁱⁱ⁾ %
2003			
January	63	63	-
February	91	154	-
March	549	703	0.1%
April	1,338	2,041	0.3%
May	761	2,802	0.4%
June	1,106	3,908	0.5%
July	1,123	5,031	0.7%
August	1,416	6,447	0.9%
September	1,522	7,969	1.1%
October	2,549	10,518	1.4%
November	2,192	12,710	1.7%
December	1,652	14,362	1.9%
Sub-total	14,362		
2004^(iv)			
January	5,393	19,755	2.7%
February	6,833	26,588	3.6%
March ^(iv)	10,994	37,582	5.1%
April	11,600	49,182	6.6%
May	16,787	65,969	8.9%
June	17,632	83,601	11.3%
July	27,781	111,382	15.1%
August	33,432	144,814	19.6%
September	30,265	175,079	23.7%
October	21,908	196,987	26.6%
November	17,203	214,190	28.9%
December	12,548	226,738	30.6%
Sub-total	212,376		
2005			
January	13,851	240,589	32.5%
February	10,811	251,400	34.0%
Sub-total	24,662		
Total	251,400		

- Note: (i) Source: NEMMCO, AGL SA.
(ii) Numbers relate to completed transfers only. For this report, no audit assurance has been sought on the numbers provided to the Commission.
(iii) Calculated on a SA small customer base of 740,000 (see '2003-04 Annual Performance Report, Performance of Regulated Electricity Businesses', November 2004, Table 3, p29).
(iv) Revisions have been made to 2004 transfers, refer to report for explanation.
(v) The large increase in completed transfers from March 2004 reflects the impact of the State Government's \$50 Electricity Transfer Rebate (ETR) offer, which ended on 13 August 2004.

**Figure 1: Number of Completed Small Electricity Customer Retail Transfers
South Australia: 2003 to 2005**

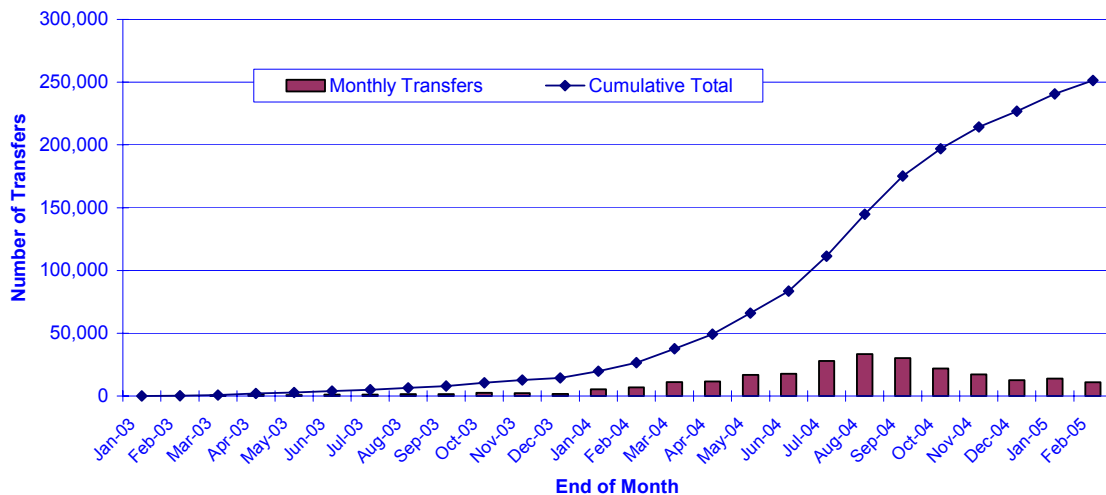


Figure 1 shows the monthly and cumulative total of completed small electricity customer transfers, with Table 3 providing the underlying data. As at the end of February 2005, there had been around 250,000 small customer completed transfers, representing around 34% of the small customer base of 740,000.

As indicated in the February 2005 FRC Monitoring Schedule¹⁰, previous transfer statistics published have included some transfers to standing contracts. The transfer statistics for calendar year 2004 in Figure 1 and Table 3 have been adjusted to remove such transfers. This adjustment resulted in a reduction of 1% in the total number of transfers (as a percentage of the small customer base) recorded until the end of 2004¹¹.

An additional revision of the previously published 2004 data has occurred. As part of the process of AGL SA moving to supply monthly transfer to market contract data on a routine basis to the Commission, AGL SA has moved to source the data directly from its billing system, rather than from its marketing department. To ensure a consistent set of data over time, AGL SA has supplied the Commission with the number of monthly customer transfers sourced from its billing system for calendar year 2004 using the recently developed report.

The customer transfer data previously published for calendar year 2004 has been revised in Table 3 and Figure 1 to incorporate the new data source. There are some differences between the two data sources, with the billing system database identifying transfers later than the marketing database. Also, to the extent that any transfers were cancelled after the cooling off period, then such adjustments would be incorporated into the billing system

¹⁰ Refer to the Commission paper "Completed Small Customer Electricity & Gas Transfers to Market Contracts, Schedule", February 2005. Schedule located on the Commission's website (www.escosa.sa.gov.au), under the FRC Monitoring sub menu.

¹¹ That is, the February 2005 Schedule reported that as at the end of December 2004 the number of transfers as a percentage of the small customer base of 740,000 was 34.9%. Adjusting for this effect alone would have produced a revised figure for December 2004 as 34.2%.

database. This has resulted in a downward revision of 26,000 (3.5% of the 740,000 small electricity customer base) in the number of transfers reported up until 31 December 2004. However, it is expected that some of these transfers will feed into the 2005 transfer figures.

Table 3 shows the marked increase in completed transfers that has occurred since early 2004, with monthly transfers increasing from around 5,000 (January 2004) to a peak of 33,000 (August 2004), and then reducing to a level of around 12,000 since December 2004. This compares with monthly transfer levels of 1,100 to 2,500 during the last six months of 2003, and even lower transfer rates in the first six months following FRC commencement.

It is understood that a significant factor in the marked increase in transfers to market contracts that occurred from March 2004 was due to eligible customers taking advantage of the SA Government's \$50 Electricity Transfer Rebate (ETR) offer, which ended on 13 August 2004. This is supported by the completed transfer data in Table 3, which shows a marked reduction in the number of completed monthly transfers from September 2004 (noting the time taken to process completed transfers).

This aggregated transfer data combines NEMMCO¹² small customer transfer data, with AGL SA data on the number of its customers transferring to market contracts with AGL SA. The NEMMCO data provided from its Market Settlement and Transfer Solution (MSATS) system only records transfers occurring between retailers and not within a retailer (e.g. transfers away from AGL SA as the 'incumbent' retailer, but not those customers who have moved from an AGL SA standing contract to one of AGL SA's market contracts¹³). The combination of the AGL SA and NEMMCO data shows the overall extent to which customers are exercising choice in moving to market contracts.

It is important to note that these figures represent completed transfers and that at any time there are usually a considerable number of transfers in progress¹⁴. Around 10,000 small customer transfers were in progress at the end of February 2005, representing a further 1% of the small customer base.

Customer switching can be defined in a number of ways, as follows¹⁵:

- ▲ gross switching is the proportion of customers who have switched at least once and may include multiple switching;

¹² NEMMCO is the National Electricity Market Management Company Limited, which is responsible for the day-to-day operation and administration of both the power system and the wholesale spot market in the National Electricity Market (NEM).

¹³ In relation to 'greenfield' sites, should a new customer seek to take out a contract with other than the incumbent retailer (1st tier) the customer would be assigned to their chosen retailer. The transfer systems assume that all customers are initially assigned to the 1st tier retailer and then transferred to the other retailer (2nd tier), and thus be recorded as a completed transfer.

¹⁴ Under the MSATS system a transfer to another retailer is not effected until the customer's next scheduled meter read, which can be up to three months after contract sign-up.

¹⁵ Based on definitions contained in Office of Gas and Electricity Markets (Ofgem) publication "Domestic Competitive Market Review 2004—A review document", April 2004, p53(http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/6741_DCMR_publication_Ch_1_to_3.pdf) and Victorian Essential Services Commission (ESCV) publication "Special Investigation: Review of Effectiveness of Retail Competition in Gas and Electricity—Public Draft Report", 30 March 2004, p69 (http://www.esc.vic.gov.au/apps/page/user/pdf/FinalReportBackgroundFRC_June2004.pdf).

- ▲ net switching is the proportion of customers no longer with their incumbent/local retailer (in the case of SA there is only one incumbent/local retailer in this sense, AGL SA) and can measure the loss of market share of the incumbent/local retailer; and
- ▲ multiple switching refers to those customers who have changed retailer more than once and can be an indicator of the extent to which customers are willing to continue to seek savings through switching.

The term switching tends to be used in terms of customers changing retailer, rather than moving to a market contract which could be with the same retailer (in the case of AGL SA standing contract customers moving to market contracts with AGL SA). For data confidentiality reasons, the Commission is not currently in a position to be able to report on the level of switching on this basis, as it has been argued that the publication of data indicating market share could impact on the commercial position of AGL SA¹⁶, as the single incumbent retailer in SA.

Over time, the extent of multiple switching would be expected to increase, as some customers continue to switch retailers in search of the best deal available. Accordingly, the gross transfers as a percentage of the small customer base statistic that has been published to date will increasingly need to be interpreted with care. For example, consider the analogy of 120,000 people attending a three-day event. Some of these people will likely have attended the event on more than one day, so dividing the figure of 120,000 by the State's population would produce a statistic that would need to be interpreted with caution. However, to date the gross transfer figures have been compared (divided by) the small customer base to give some context to the level of transfer activity occurring, given that most people would not be familiar with the total number of small SA electricity customers.

Accordingly, the Commission intends publishing an additional statistic - the total number of small SA electricity market contracts existing at a particular point in time. This would comprise the total number of market contracts held by non-AGL retailers combined with the number of market contracts held by AGL SA. This figure can be divided by the small customer base to provide a reliable estimate of the percentage of small SA electricity customers with a market contract. It is hoped that the provision of both statistics will improve the usefulness of the transfer information published.

As at the end of December 2004, there were around 220,000 small customer electricity market contracts (all SA retailers combined), indicating that around 30% of the small electricity customer base of 740,000 held market contracts at that time¹⁷. This compares with the gross transfer figure at the same date of around 230,000 (refer Table 3 above).

¹⁶ Refer Commission Position Paper "Monitoring the Development of Electricity Retail Competition in South Australia – August 2003", p15. (<http://www.escosa.sa.gov.au/resources/documents/030807-R-MonitorEffectiveERC-PositionPaper.pdf>)

¹⁷ It is more precise to say that there were 220,000 NMIs covered by market contracts, with the potential for an individual premise to have more than one NMI. The base of 740,000 is the small customer number reported by retailers, but at the end of December 2004 there were around 770,000 small customer NMIs recorded for SA. However, if the retailer numbers were not used (i.e. the base of 770,000 used instead) then the percentage on market contracts would be 28.3% rather than 29.6%. Given the difference is not considered material the retailer customer base number has continued to be used, as indicating the number of active customers with the potential to move to market contracts.



As indicated above, multiple transfers would result in a difference between the gross transfer figure and the number of market contracts. However, caution should be exercised in interpreting the difference between these figures (10,000) as the level of churn (extent to which customers are continuing to change retailers) that is occurring. These transfer statistics include a number of transfers related to what is termed “move-ins”.

By way of example, if a customer with retailer 1 shifts house and moves into premises where retailer 2 is the responsible retailer and the customer then signs a new contract with retailer 1 to maintain the previous relationship, then MSATS will treat this as a transfer. In terms of a NMI-based system, then clearly this should be recognised as a transfer (as the retailer financially responsible for the NMI has changed). However, the customer in this example has merely sought to maintain the relationship with their ‘current’ retailer and has not sought to transfer retailers.

Further review and analysis of the transfer data will be undertaken and reported in the September 2005 FRC Monitoring Statistical Report.

2.4 Number of Transfers to Market Contracts for Gas

Table 4 and Figure 2 (below) provide the number of completed small customer transfers to a market contract for gas, either with Origin Energy or an alternative retailer, for the 7 months to 28 February 2005¹⁸.

Figure 2 shows the monthly and cumulative total of completed small gas customer transfers, with Table 4 providing the underlying data. As at the end of February 2005, there had been around 55,000 small customer completed transfers, representing around 15% of the small customer base of 365,000.

The number of completed gas transfers reported for August 2004 has been revised down from the 3,300 reported in the September 2004 Statistical Report.

¹⁸ Whilst gas FRC commenced on 28 July 2004, August 2004 is taken as the first month for monitoring purposes.

**Table 4: Number of Completed Small Gas Customer Retail Transfers
South Australia⁽ⁱ⁾
(July 2004 to February 2005)**

MONTH	NUMBER ⁽ⁱⁱ⁾	CUMULATIVE TOTAL ⁽ⁱⁱ⁾	PERCENTAGE OF CUSTOMER BASE ⁽ⁱⁱⁱ⁾ %
2004			
July	0	0	0.0%
August	2,907	2,907	0.8%
September	8,802	11,709	3.2%
October	10,399	22,108	6.1%
November	10,666	32,774	9.0%
December	4,860	37,634	10.3%
Sub-total	37,634		
2005			
January	7,821	45,455	12.5%
February	10,274	55,729	15.3%
Sub-total	18,095		
Total	55,729		

Note: (i) Source: REMCo, Origin Energy.
(ii) Numbers relate to completed transfers only. The transfer statistics refer to the number of completed small customer transfers to a market contract for gas, either with Origin Energy or an alternative retailer. For this report, no audit assurance has been sought on the numbers provided to the Commission.
(iii) Calculated on a SA small customer base of 365,000 (number revised up from the previously used 340,000, which was based on the '2003-04 Annual Performance Report, Performance of Regulated Gas Businesses', November 2004, Table 3, p21).

**Figure 2: Number of Completed Small Gas Customer Retail Transfers
South Australia: 2004 to 2005**

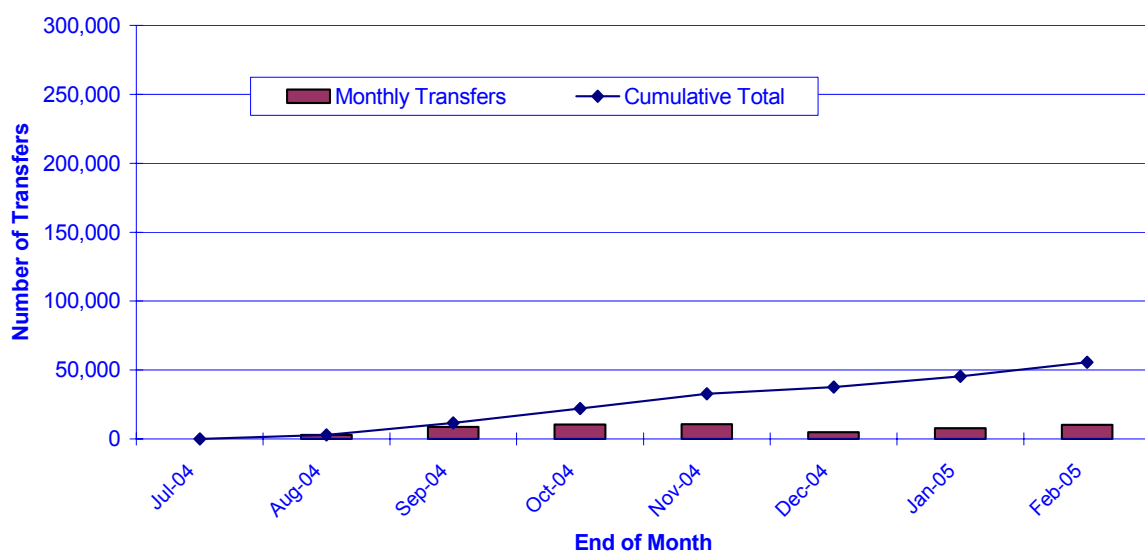




Table 4 shows a strong start in the number of completed small gas customer transfers, so far peaking at 10,600/month in November 2004. Slower activity was recorded in the following two months (December 2004 and January 2005), with activity picking up again in February 2005.

As indicated in Table 4, after 7 months gross small customer gas transfers as a percentage of customer base was 15%. After 7 months of electricity FRC, the equivalent gross transfers as a percentage of customer base was 0.7% (July 2003). It was not until July 2004 (19 months after electricity FRC), that the percentage of gross electricity transfers reached 15%. As this demonstrates, the level of activity in the gas retail market has been much greater than that experienced in the electricity market. This might be expected, given the greater level of public awareness at the time of gas FRC commencement and promotions designed to result in customers having both fuels (gas and electricity) with the same retailer.

This aggregated transfer data combines REMCo¹⁹ small customer transfer data, with Origin Energy data on the number of its customers transferring to market contracts with Origin Energy. The REMCo data only records transfers occurring between retailers and not within a retailer (e.g. transfers away from Origin Energy as the 'incumbent' retailer, but not those customers who have moved from an Origin Energy standing contract to an Origin Energy market contract). The combination of the Origin Energy and REMCo data shows the overall extent to which customers are exercising choice in moving to market contracts. This is the equivalent approach adopted in reporting small electricity customer transfers.

It is important to note that these figures represent completed transfers and that at any time there are usually a considerable number of transfers in progress²⁰. Around 15,000 small customer transfers were in progress at the end of February 2005, representing a further 4% of the small customer base.

Section 2.3 of this paper discussed the adoption of an additional electricity transfer statistic – the total number of small SA electricity market contracts existing at a particular point in time. At this stage of development of the gas retail market in SA, it would not be expected that there would be a large difference in the level of gross transfers and the level of market contracts, as a percentage of the small gas customer base. This is confirmed through data as at 31 December 2004 showing the level of gas market contracts at 10.3% of the small gas customer base, equivalent to the gross transfer rate at that time (refer Table 4).

¹⁹ REMCo was formed by market participants in SA and WA in early 2003 for the purpose of establishing and administering the gas Retail Market Rules (RMR) required to support gas FRC in both States.

²⁰ A transfer to another retailer is not effected until the customer's next scheduled meter read, which can be up to three months after contract sign-up.

2.5 Emerging Issues

On the basis of information available to the Commission, it would appear that the term of some contracts (i.e. the period of operation) has been increasing, as has the level of early termination or exit charges. The Commission intends to monitor this area and include some analysis in the next Statistical Report.

It should be noted that the Energy Retail Code contains some requirements in relation to the levying of termination charges, such that a retailer may only impose an early termination charge if the market contract includes details of the amount or manner of calculation, and then only if the amount of the charge is a genuine reflection of the retailer's associated administrative costs (that is, the amount does not reflect a "penalty")²¹.

2.6 Summary

In summary:

- ▲ There are currently 11 electricity retailers and 4 gas retailers licensed to operate in South Australia.
- ▲ Six retailers are currently marketing and selling electricity to small customers in South Australia. Four of these retailers are also marketing and selling gas to small customers in South Australia.
- ▲ As of 28 February 2005, there had been 250,000 small customer completed transfers to electricity market contracts since commencement of electricity FRC in January 2003, representing 34% of the small customer base of 740,000. A further 10,000 (or 1%) transfers were in progress at that time.
- ▲ As of 28 February 2005, there had been 55,000 small customer completed transfers to gas market contracts since commencement of gas FRC on 28 July 2004, representing 15% of the small customer base of 365,000. A further 15,000 (or 4%) transfers were in progress at that time.

²¹ refer clause 1.6.1(d)(ii) of the Energy Retail Code.

3 SMALL CUSTOMER SURVEY – FURTHER ANALYSIS

The September 2004 FRC Monitoring Statistical Report presented the results of a survey of retailers and a survey of small customers conducted in August 2004.

A short survey of retailers was carried out in August 2004, following a similar survey undertaken in September 2003. The 2004 Retailer Survey sought information on the extent to which the retailer had offered in 2003/04, or would seek to offer in 2004/05, market contracts in identified small customer categories in SA; the nature of any innovative product offerings; and the extent to which 'barriers to entry' to the SA market exist for retailers, which might limit the potential for active competition.

McGregor Tan Research (the Consultant) was commissioned in July 2004 to undertake a telephone survey of small customers, both residential and small business, which was conducted in August 2004²². The broad areas covered in the survey included customer awareness; market offers received; whether customers have switched retailers and intentions to switch retailers; ability to understand offers received and reasons for declining any offers; and availability of appropriate information.

The small customer telephone survey comprised:

- ▲ A residential survey with a random sample of 1201 households, comprising 800 metropolitan Adelaide and 401 regional households, with key demographics being household income levels, fuel expenditure (gas and/or electricity) and customer location.
- ▲ A survey of small business customers with a random sample of 406, comprising 250 metropolitan Adelaide and 156 regional customers, with key demographics being fuel expenditure (gas and/or electricity) and customer location.

Respondents were selected by asking for the main person in the household or business that makes decisions about the purchase of electricity and/or gas²³.

Copies of the McGregor Tan Research reports, which provide the detailed results, are available on the Commission's website²⁴.

It is the Commission's intention to undertake similar retailer and small customer surveys in 2005.

²² The residential interviews were conducted over the period 17th August to 22nd August 2004 and the small business interviews conducted over the period 17th August to 19th August.

²³ This has had the result of tending to skew the survey to having a higher proportion of older people compared to the general South Australian population. For example, those respondents 40+ year old represent 76% of the small customer survey sample, compared to the general South Australian population share of 56% for this group.

²⁴ McGregor Tan Research, 2004 (September), "Monitoring the Development of Energy Retail Competition – Residents" <http://www.escosa.sa.gov.au/resources/documents/040927-R-McGregorTanMonitorERC-Residential.pdf> and McGregor Tan Research, 2004 (September), "Monitoring the Development of Energy Retail Competition –Business", <http://www.escosa.sa.gov.au/resources/documents/040927-R-McGregorTanMonitorERC-Business.pdf> available on the Commission's website at www.escosa.sa.gov.au.



The Consultant has provided the Commission with a copy of the entire database for the survey. Further analysis has been undertaken of key areas of the residential electricity component of the survey, the results of which are reported below.

Consistent with the Final Decision Paper, the 2005 small customer survey questionnaires would be modelled on the questionnaires developed for the 2004 small customer survey. This would enable changes in key areas to be plotted over time and also enable maximum use to be made of the 2004 customer survey database, including further analysis of the small business component.

3.1 Additional Residential Analysis

This section presents the results of some additional analysis undertaken on the residential component of the 2004 small customer survey. The reader is referred to the September 2004 Statistical Report for a detailed report on this component of the survey findings.

This additional analysis explored whether there was any evidence to suggest that particular areas of metropolitan Adelaide, such as less affluent areas, were less likely to have access to electricity market contracts, or faced more issues in obtaining such contracts, relative to other areas.

The Consultant grouped the individual respondent postcodes as follows: Inner North, Inner East, Inner South, Inner West, Outer North, Outer East, Outer South, Outer North West, City, North Adelaide, and Other SA.

The specific questions analysed by these regions for this report, were the number of respondents that:

- ▲ were aware of the ability to choose a retailer;
- ▲ had received an offer of a market contract;
- ▲ found the offer easy to understand;
- ▲ had taken out a market contract;
- ▲ were refused a market contract by a retailer; and
- ▲ were aware of the availability of independent assistance to help in making energy decisions (eg Commission's Estimator service).

The results were further analysed according to a specified definition of low income (Low Income Segment), based on residents meeting the following criteria²⁵:

- ▲ if they were single, their gross household income was \$20,000 or less p.a.
- ▲ if they lived with a partner or spouse, their gross household income was \$25,000 or less p.a.

²⁵ The definition of Low Income contained in the 2004 Consultant's report also included the criteria of the respondent being a pensioner, which has not been adopted in this additional analysis. As a consequence, the total number of Low Income Segment respondents in this additional analysis (458) is 95 lower than the total in the 2004 Consultant's report (553).

- ▲ if they were single adults with a dependent child or children, their gross household income was \$30,000 or less p.a.
- ▲ if they lived in a household with two or more adults with dependent children, their gross household income was \$35,000 or less p.a.

An additional income variable of access to the electricity pensioner concession was also used.

A summary of the key aspects of the findings follows. The detailed cross tabulations performed are provided in Appendix A.

To determine which metropolitan Adelaide regions should be focussed on as areas of relatively low affluence, the small customer survey regions were mapped against mean taxable income by postcode data, available from the Australian Taxation Office (ATO). The most recent ATO data covers the 2001/02 financial year. For the purposes of this analysis, a low-income area was defined arbitrarily as a postcode with a mean taxable income of less than 90% of the state-wide average.

As might be expected, most small customer survey regions contained some low-income areas (postcodes). However, Inner North, Outer North and Outer South regions contained a predominance of low-income postcodes. This is broadly consistent with the 2004 small customer survey findings that showed the Inner North and Outer North regions to contain a significantly higher percentage of respondents who were low-income (relative to the total respondents for those areas). There was also a significantly higher instance of respondents receiving the electricity pensioner concession in those areas.

The September 2004 Statistical Report, in summarising the findings of the 2004 small customer survey for low income residents (refer section 5.1 of that report), reported that those respondents in lower income groups were more likely to have received an offer of an electricity market contract and more likely to have taken out an electricity market contract compared with the overall survey group.

The additional analysis undertaken for this report, using the small customer survey regions, also suggests that there is no evidence of discrimination occurring in the access of low-income electricity customers to market contracts. However, it appears from the results that pensioners in the Inner North and Outer South regions and low-income segment respondents in the Inner North had some difficulty in understanding the electricity market contract offers made.

Some care needs to be taken in interpreting the results provided in Appendix A, given the relatively small sample numbers within each survey region. Also, reference should be made to Appendix 3 of the Consultant's 2004 report, where advice is provided on the level of sampling tolerance that should be employed when interpreting the survey results.

Generally the pensioner and low-income segment responses were similar.

In summary, for those respondents receiving the State Government electricity concession (pensioners) and for those in the low income segment it appears that:

- ▲ a significantly higher proportion in the Outer North region were aware of their ability to choose a retailer, whilst the proportion aware in the Inner North and Outer South was consistent with the overall survey group figures;
- ▲ a significantly higher proportion of Inner North, Outer North and Outer South pensioner respondents had received an offer of an electricity market contract, relative to the overall survey group. This is consistent with the general survey finding that a statistically significant higher number of respondents in the 'Total North' and 'Total South' regions had received an offer and that in general the level of offers to pensioners had been statistically significantly higher than for the overall survey group;
- ▲ a significantly higher proportion in the Outer North region found the offers received easy to understand, whereas the Inner North, and to a less extent the Outer South, found the offers more difficult to understand;
- ▲ a significantly higher proportion in the Outer North region had taken out a market contract, whereas for the Inner North and Outer South regions, whilst the proportion was higher than for the overall survey group, it was consistent with the general proportion taking out a market contract (although for the low-income segment the Outer South also recorded a high proportion of respondents having taken out a market contract);
- ▲ there was little evidence to indicate customers were being refused market contracts on the basis of income, but the overall number of customers refused contracts was very small (5 respondents in total); and
- ▲ for the Inner North, Outer North and Outer South regions awareness of the availability of independent assistance was generally on par with the overall survey group results, but this still meant that two-thirds to three-quarters of respondents were not aware of the existence of such services.

Further analysis could be undertaken of the extent to which respondents received market offers from a number of retailers, to gauge the extent of competition occurring in individual regions.

4 LOW-INCOME CONSUMERS

One measure of the outcome of reform is the extent to which benefits are shared amongst affected parties. The Commission's primary objective is the protection of the long-term interests of SA consumers with respect to the price, quality and reliability of essential services²⁶. The Commission considers it important to monitor the experience of financially disadvantaged consumers in energy retail markets²⁷. Ultimately, it is a matter for the Government and parties other than the Commission to determine how any inequalities that might emerge should be addressed.

The previous section reported the results of additional analysis undertaken on the 2004 small customer survey data, which incorporated some additional analysis on the experience of low-income respondents with FRC.

This section reports on an update undertaken of one of the National Institute of Labour Studies' (NILS) hardship and changes in income measures.

4.1 Impact of Changes in Domestic Fuel Expenditures for Low-Income Consumers

As reported in detail in the November 2003 FRC Monitoring Statistical Report, and as outlined in the September 2004 Statistical Report, NILS²⁸ has recommended that a 'hardship' baseline be established showing:

- ▲ The proportion of households in the bottom 10-50% of the distribution of household disposable income that spend more than 6%, 8% and 10% of income on fuel.
- ▲ The proportion of households in the bottom 10-50% of the distribution of household disposable income that, due to a shortage of money, were unable to heat their home.

The intention is for this baseline to be updated with each new Household Expenditure Survey, and the General Social Survey, conducted by the Australian Bureau of Statistics (ABS). In the period between these surveys being undertaken, changes in income and prices would be monitored annually.

A copy of a further NILS report, titled "Household Energy Expenditure: Measures of Hardship & Changes in Income", was released with the February 2004 Statistical Report²⁹.

²⁶ Refer section 6 of the Essential Services Commission Act 2002.

²⁷ The UK regulator Ofgem (Office of the Gas and Electricity Markets) has stated that it "... places particular weight on ensuring that vulnerable customers are benefiting from supply competition" ("Domestic Gas and Electricity Supply Competition – Recent Developments", Ofgem, 2003 (June), p(i)), in line with statutory duties conferred on Ofgem.

²⁸ National Institute of Labour Studies (NILS), 2002 (October), "Fuel Poverty: A Concept with Power in South Australia?", report prepared for ESCOSA by Professor Sue Richardson and Associate Professor Peter Travers, (http://www.escosa.sa.gov.au/resources/documents/021031-R-FuelPoverty_NILSFinalReport.pdf).

²⁹ National Institute of Labour Studies (NILS), 2004 (February), "Household Energy Expenditure: Measures of Hardship & Changes in Income" (<http://www.escosa.sa.gov.au/resources/documents/040217-R-NILSEnergyReport.pdf>).

As indicated, the NILS baseline information can only be updated periodically. For example, the results of the ABS 2003/04 Household Expenditure Survey are not due to be available until later in 2005.

However, data from the ABS 2002/03 Survey of Income and Housing Costs (SIHC) has become available since the September 2004 FRC Monitoring Statistical Report. Whilst in recent years the SIHC has been an annual survey, from the 2002/03 year it will be conducted biennially.

Although the HES could be considered the key survey for updating the 'hardship' baseline, other surveys such as the SIHC can be used in the meantime to gain at least a partial understanding of change. The NILS February 2004 report noted that the lowest income groups had on average increased their income in real terms by a small amount. This was the case for Australia as a whole, and for SA.

NILS has used the results of the 2002/03 SIHC to update the relevant change in income section of its February 2004 report³⁰, referred to hereafter as the NILS March 2005 Report. The NILS March 2005 Report is being released with this report.

The SIHC is considered the most reliable source of income data in Australia. Of particular interest is that this survey is the first set of results released post-FRC commencement, albeit that electricity FRC, which commenced on 1 January 2003, occurred during the period.

The NILS March 2005 Report discusses movements in average real weekly income³¹ and income share by quintile groups and the low income group (second and third decile group)³², for the period 1994/95 to 2002/03 (\$2002/03). NILS notes that caution should be exercised in comparing figures from year to year given the potential for sampling error to impact the results.

The results of this update for the SIHC show that the low income group has experienced a \$34 (15%) increase in real average weekly income over the 1994/95 to 2002/03 period (\$2002/03). For the two years 2000/01 to 2002/03, the increase in real average weekly income for the low income group was \$10 (4%). This is consistent with the small nominal increase reported for allowances and pensions over the period 2000/01 to 2002/03 in the September 2004 Statistical Report (refer Figure 2 of that report).

Comparing the years 2000/01 and 2002/03, there was only a small increase in the average real residential electricity bill of 0.9%³³. However, this results from the very hot summer in 2000/01 leading to record levels of residential consumption (producing a high

³⁰ National Institute of Labour Studies (NILS), 2005 (March), "Household Energy Expenditure: Measures of Hardship & Changes in Income, Update of February 2004 Report", by Professor Sue Richardson and Associate Professor Peter Travers. This work involved NILS seeking a special data table from the ABS, for the required SA data.

³¹ The income measure is household disposable equivalent weekly income.

³² As identified by NILS in its update report, 'the low income group is routinely identified by the ABS to be the second and third lowest deciles, because the ABS has little faith in the accuracy of income reported by households in the bottom decile'.

³³ Refer Commission report "2003-04 Annual Performance Report-Performance of Regulated Electricity Businesses", November 2004, Figure 3, p32.

base year) and from the large electricity price increases introduced from 1 January 2003 only applying for half of the 2002/03 financial year. The increase in the average real residential electricity bill from 2000/01 to 2003/04 (\$2003/04) was 11.1%.

As indicated below, the rate of increase in residential electricity prices since 2000/01 has significantly exceeded movements in Commonwealth payments to low income groups.

The NILS March 2005 Report also provides information on movements in household income inequality. Whilst for SA there has been some lessening in the level of inequality as measured by the Gini Coefficient over the period 1994/95 to 2002/03, the low income group has not gained (i.e. maintained their income share at 11%). Middle income groups have gained at the expense of the highest income group.

As previously indicated, it is also possible to monitor changes in the level of government cash transfer payments (eg pensions and unemployment and sickness benefits), as a proxy for movement in the level of income for low-income consumers. The September 2004 Statistical Report included a graph³⁴ which plotted movements in the index of adjustments to weekly allowances and pensions over the period 1998/99 (year of latest available HES) to 2003/04³⁵, which in turn updated a similar graph produced in the November 2003 Statistical Report. Also plotted on the graph was the movement in average annual residential electricity prices (c/kWh) over the relevant period, once again expressed in terms of index numbers³⁶.

The average annual residential electricity price is calculated as the total annual residential revenue billed by retailers divided by the total annual residential consumption. This residential revenue should be net of the value of the SA Government's electricity concession received by pensioners and rebates offered with certain market contracts. However, the figure is not net (i.e. does not take account) of the Government's Electricity Transfer Rebate (\$50) payment to pensioners and self-funded retirees (with valid concession card) who took out a market contract for electricity, with the offer closing on 13 August 2004.

Converting the nominal weekly Allowances and Pension movements to \$2002/03, indicates a steady Allowance (-0.02%) and a small real increase of 2% in the Pension over the period 2000/01 to 2001/02. This compares with the 4% increase in average weekly income recorded by the 2002/03 SIHC over this period for the low income group. This gives some confidence in continuing to use weekly Allowances and Pension Movement data to monitor changes in income, in the interim between the major ABS surveys being reported.

³⁴ Refer Figure 2, p43 of the September 2004 FRC Monitoring Statistical Report.

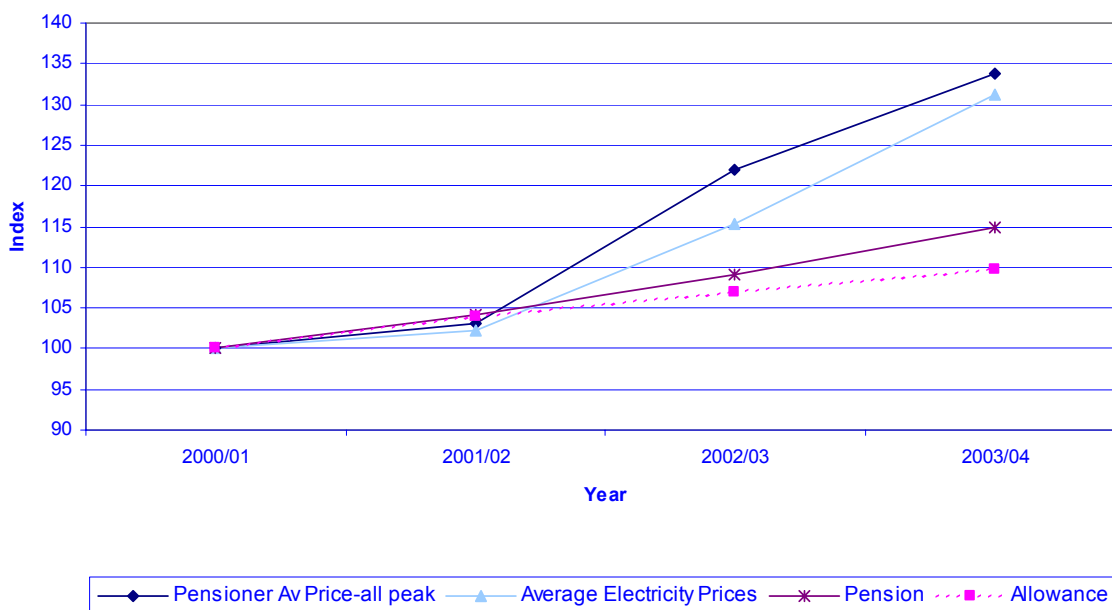
³⁵ Derived from the February 2004 NILS report. The 'allowance' relates to the over 21 years old single unemployment benefit and sickness benefit, with the 'pension' the applicable rate for the single age pension. The September index adjustment is used in determining the value for the relevant financial year (eg the September 1998 figure is used for the financial year 1998/99). The rates are in nominal dollars (i.e. dollars of the day).

³⁶ Derived from retailer returns supplied to the Commission. Average retail electricity price index numbers are based on average nominal retail prices, which are calculated as total annual South Australian residential electricity revenue divided by consumption for the relevant financial year.

The September 2004 Statistical Report indicated that further consideration of appropriate electricity price indices would be undertaken prior to publication of this report. Further, the suggestion was made that it might be appropriate to construct an index line based on electricity tariffs applied to a constant annual consumption level, with the prevailing level of pensioner concession deducted from the annual bills derived on this basis.

Figure 2 of the September 2004 Statistical Report is partly reproduced below as Figure 3, incorporating an additional electricity price index showing movements in average pensioner electricity prices (i.e. net of pensioner concession, and shown as the 'Pensioner Av Price-all peak' line in Figure 3), for a pensioner consuming an average of 6,000 kWh p.a. all at peak rates (i.e. no off-peak hot water), for the period 2000/01 to 2003/04. The index is based on the AGL SA standing contract tariffs less the annual pensioner concession applying in the relevant year.

**Figure 3: SA Electricity Price Movements ⁽ⁱ⁾
Against Weekly Allowances and Pension Movements – Index
(base 1998/99 – nominal dollars)**



Source: February 2004 NILS report and retailer statistical returns provided to the Commission, along with some Commission analysis.

Note: (i) Both electricity price indices are net of the SA Government's electricity pensioner concession.

This additional index may not provide much extra information over the Average Electricity Price index that has previously been used and which is incorporated in Figure 3 (which is also net of the SA Government's electricity pensioner concession, but covers all residential electricity customers and factors in market contract prices³⁷). Caution would need to be exercised in attempting to compare the two average electricity price lines. As

³⁷ As indicated above, the Average Electricity Price index is based on the average annual residential electricity price, which in turn is calculated as the total annual residential revenue billed by retailers divided by the total annual residential consumption. This residential revenue should be net of the value of the Government's electricity concession received by pensioners and rebates offered with certain market contracts.

indicated, the pensioner electricity prices are based on the AGL SA standing contract tariff (less concession) and there are some slight differences in the underlying annual consumption levels. There is also the potential to achieve savings on the Standing Contract tariffs, through taking out a market contract (which will progressively start to influence the Average Electricity Price line).

One possible conclusion that can be drawn from Figure 3 is that increasing the size of the pensioner rebate can have a noticeable impact. During 2003/04 only half of the \$50 increase in the pensioner rebate has been applied, as the increase was introduced halfway during 2003/04. If the full \$50 increase had been applied, then the pensioner electricity price line would have ended slightly below the average electricity price line for 2003/04.

The overall conclusion from the above analysis is that there has been some deterioration in the financial position of vulnerable groups, as a result of the increase in electricity prices over the past couple of years. However, the impact would potentially be significantly less for those low-income customers entering into market contracts and having access to the increase in the Government's electricity concession³⁸.

³⁸ For example, over the period 2001/02 to 2003/04 the real average residential bill (\$2003/04) increased from \$930 to \$1,090 (\$160). Section 5.4 of this report indicates that potential savings from taking out a market contract of around 7% in September 2004, equivalent to \$80 on 2003/04 average bill (although there has been a substantial uptake of market contracts, the impact on the average bill figure will not show until 2004/05). Together with access to half of the Government's electricity increase (\$25), this indicates potential 'savings' of around \$100. For 2004/05, an even better result should be possible, with access to the full \$50 increase for the electricity concession and the indication of potential savings of 10% in taking out a market contract.

5 ELECTRICITY PRICE COMPARISONS

As was indicated by the findings of the 2004 small customer survey (refer September 2004 FRC Monitoring Statistical Report), price is a key factor in the decision to switch retailers. This section reports on available independent price comparison services, the finalisation of information disclosure requirements, and an indication of the potential savings from moving to a market contract for electricity.

5.1 Commission Price Comparison Services

As reported in previous Statistical Reports³⁹, the Commission has developed the following two services to assist customers to compare market offers:

- ▲ Estimator: online price comparison service for residential electricity and gas retail offers. This easy, user-friendly application is available from the link on the home page of the Commission's website <http://www.escosa.sa.gov.au/>:



- ▲ Energy Choice Price Comparison Service: a telephone price comparison service for residential customers (freecall 1800 226 100), which provides callers with a comparison of the estimated annual energy cost under generally available electricity, gas and dual fuel retail contracts, based on the caller's own historical energy use.

The Estimator has been upgraded since the September 2004 Statistical Report, to cover both gas and electricity. Users enter information from their recent energy bills, and are provided with an estimate of their energy costs under electricity and gas standing contracts and under other market contracts available from licensed energy retailers. This allows users to compare retail offers and determine which might be the best for them.

The original Estimator was launched on the Commission's website in April 2003. The free telephone service, "The Electricity Price Comparison Service", was established in November 2003, and became the Energy Choice Price Comparison Service (for gas and electricity customers) in September 2004. A series of fact sheets are also available and can be posted to consumers.

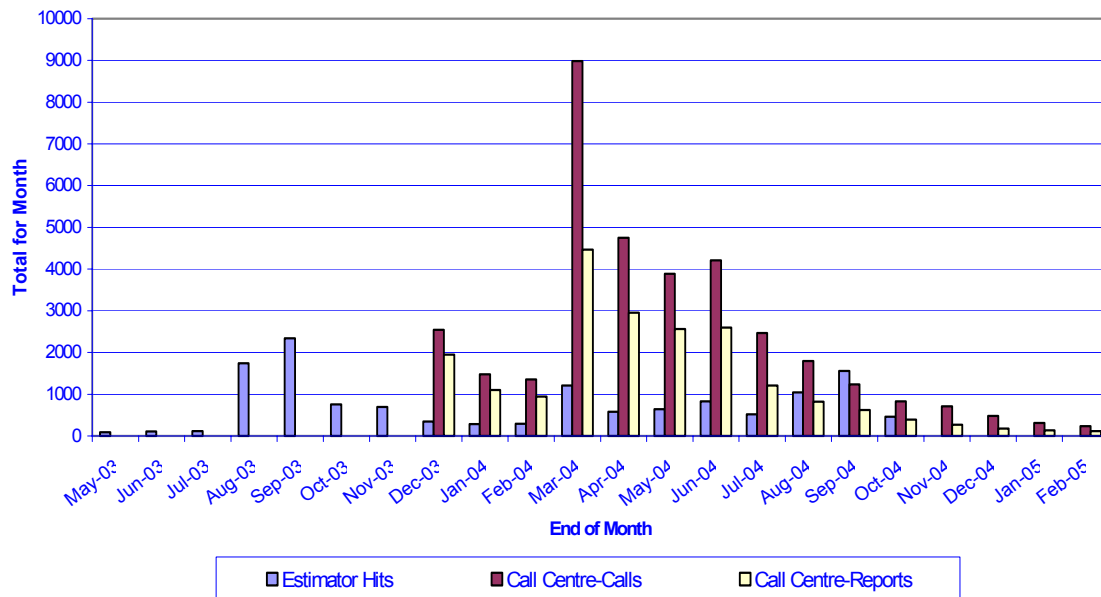
Both these services appear to have been well patronised, although the level of activity has significantly declined since that reported in the September 2004 Statistical Report. Estimator 'hits' from the commencement of the service in April 2003 until the end of October 2004⁴⁰ (totalling around 14,000), and the number of telephone price comparison

³⁹ For a detailed discussion, refer to publication "Monitoring the Development of Electricity Retail Competition in South Australia, Statistical Report", November 2003, section 5, (http://www.escosa.sa.gov.au/resources/documents/031121-R-MonERCompStatRpt_Nov.pdf).

⁴⁰ Note that the August to October 2004 Estimator Hit total is inflated by in-house testing work. The Estimator hit data from November 2004 is not sufficiently reliable to publish.

calls received and price comparison reports issued since the commencement of the service in November 2003 until the end of February 2005 (totalling around 35,000 and 20,000 respectively), are provided in Figure 4 (below).

Figure 4: Number of Estimator Hits, Price Comparison Calls Received and Price Comparison Reports Issued ⁽ⁱ⁾⁽ⁱⁱ⁾ 2003 to 2005



- (i) Source: Commission.
- (ii) Reliable Estimator hit data is not available from November 2004.

5.2 COTA Electricity Market Offers Comparison Service

Previous Statistical Reports have reported on the Commission sponsored Council on the Ageing (COTA) service to assist older energy consumers to understand and compare retail electricity and gas market offers, a service launched in November 2003. The program, which operated through 2004, has now finished.

The program aimed to give older South Australians an increased understanding of energy retail competition, information on understanding energy bills and comparing energy offers, an understanding of consumer rights and greater confidence to choose to move to a market energy contract.

The COTA service’s principal target group for the project was South Australians over 50 years old, who were responsible for energy accounts. COTA provided assistance through information sessions, individual appointments and telephone support.

The Commission reported the results of an interim evaluation, completed by COTA in August 2004, in the September 2004 Statistical Report. As stated in the previous Statistical Report, of those participants that completed the COTA evaluation form, most

found the sessions of use, with 97% of respondents (26% of participants answering the question) rating the sessions as between moderately and highly successful in increasing the participant's confidence in finding and choosing an energy market contract.

In its final report, COTA advises that it assisted nearly 3,500 people through the project, as outlined in Table 5 (below). A copy of the COTA final report is available on the Commission's website⁴¹.

**Table 5: COTA "Comparing Energy Contracts for Older People"
Summary of Statistics ⁽ⁱ⁾**

SERVICE	SESSIONS	NUMBER OF PEOPLE ASSISTED
Bethlehem information sessions	13	620
Sessions held at community groups	10	820
Sessions held in rural areas	16	650
Sessions held in Local Government areas	16	600
Talks by peer educators	8	200
One-on-one contracts information service		75
Telephone Advisory Service ⁽ⁱⁱ⁾		500
Total	64	3,465

Note: (i) Project operated for calendar year 2004.

(ii) Resulted in more than 100 Information Packs being mailed out.

COTA is still receiving some calls and sending out Information Packs. COTA hopes to be able to undertake some translations of the resources into Greek and Italian, which was identified as a need during the program.

5.3 Price Information Disclosure

As advised in previous Statistical Reports, the Commission is required to create an industry code to regulate the provision of price information by retailers to small customers, enabling small customers to compare competing electricity offers with greater ease. Accordingly, an Electricity Price Disclosure Code was made and released in July 2004, with an accompanying Final Decision paper ("Price Information in the Competitive Electricity Market, Final Decision", July 2004).

Since the September 2004 Statistical Report, an Energy Price Disclosure Code was made and released in January 2005, to have effect on and from 1 January 2005⁴². The Energy Price Disclosure Code requires retailers to:

- ▲ clause 1: publish a price factsheet for each market contract that a retailer offers to residential customers, which must include certain information such as: the estimated annual cost for a range of nominated annual electricity consumption levels

⁴¹ COTA National Seniors, 2004 (December), "Comparing Energy Contracts for Older People, Final Report" (<http://www.escosa.sa.gov.au/resources/documents/050112-O-COTAEnergyCostsforOlderPeople.pdf>)

⁴² The Commission issued the Energy Price Disclosure Code pursuant to section 28(1) of the *Essential Services Commission Act 2002*, section 24(2)(d) of the *Electricity Act 1996* and section 26A(2)(d) of the *Gas Act 1997*. A copy of the Code is available on the Commission's website at http://www.escosa.sa.gov.au/resources/documents/041223-D_EnergyPriceDisclosureCode.pdf

(excluding off peak hot water) and estimated annual cost of 1.5MWh of off-peak hot water; the estimated annual cost for a range of nominated annual gas consumption levels; value of any associated rebates; and the level of any establishment and exit fees;

- ▲ clause 2: express prices in any promotional or marketing information as inclusive of GST; and
- ▲ clause 3: provide the Commission with accurate and full information about the market contracts being offered to residential customers, which assists the Commission in maintaining its Estimator service (refer section 5.1 of this report).

5.4 Price Comparisons for Residential Offers

The Commission will continue to review how it might best assist consumers to reap the benefits of any competitive offers. In addition to the services identified above, the Commission has undertaken a review of electricity market contracts on offer for residential customers in previous Statistical Reports, across differing consumption levels, using the information supplied by retailers for use in the Estimator (refer sections 5.1 & 5.3 of this report).

Analysis presented in the November 2003, May 2004 and September 2004 Statistical Reports showed the potential for savings to be achieved across the full range of consumption levels, generally increasing in absolute dollar (\$) terms with increasing levels of consumption. The September 2004 Statistical Report also presented analysis of the level of potential savings from moving to a market contract for a residential customer using a mid-range annual consumption level of 5,000 kWh (with and without off-peak hot water) and compared these with the level of savings at the time of the May 2004 Statistical Report. This report presents an update of this analysis, in Table 6 (below).

The analysis in Table 6 factors in direct debit and loyalty rebates on offer⁴³. Any other rebates available have not been incorporated and represent potential additional savings. The price comparison only deals with the price components of retail energy contracts. It does not deal with non-cash rewards, like vouchers, discounts on other products or services. These other items should be taken into account in assessing the full benefits of alternative offers.

⁴³ Including both the joining rebate and loyalty rebate (where applicable) would over-estimate annual savings, given the loyalty rebate is considered more applicable to the second year of the contract. Also the loyalty rebate is on-going and hence considered more appropriate to use in an annual saving calculation.

Table 6: Improvement in Potential Savings from Moving to a Market Contract

ANNUAL CONSUMPTION (kWh)	POTENTIAL SAVINGS ⁽ⁱ⁾	
	5,000 KWH P.A. NO HOT WATER (\$)	5,000 KWH P.A. INCLUDING HOT WATER (\$)
May 2004 Statistical Report ⁽ⁱⁱ⁾	7.9%	6.1%
September 2004 Statistical Report ⁽ⁱⁱⁱ⁾	7.2%	6.9%
March 2005 Statistical Report ^(iv)	8.4%	10.4%

- (i) An assumption of 26.5%⁴⁴ summer consumption and 73.5% non-summer consumption has been made to deal with summer tariffs⁴⁵.
- (ii) Assessment used market contract rates on offer from AGL SA, Origin, TXU and EnergyAustralia, as at 31 March 2004, using a price estimator model developed by ESCOSA.
- (iii) Assessment used market contract rates on offer from AGL SA, Origin, TXU and EnergyAustralia, as at 25 August 2004, using a price estimator model developed by ESCOSA.
- (iv) Assessment used market contract rates on offer from AGL SA, Origin, TXU, EnergyAustralia and Country Energy, as at 24 March 2005, using the Commission's Estimator package, available on the Commission's website (refer section 5.1 of this report).

As outlined in the September 2004 Statistical Report, between that report and the May 2004 Statistical Report, there had been a small improvement in the level of potential savings from taking out a market contract for the 5,000 kWh mid-range category that included off-peak hot water. However, for all consumption at peak rates (5,000 kWh) there had been a slight decline in the level of potential savings.

Comparing the March 2005 results with the September 2004 results in Table 6 shows an improvement in the level of potential savings across both categories. A residential customer with an annual all peak (i.e. no off-peak hot water) consumption of 5,000 kWh would have the potential to save up to 8.4% (\$91 p.a.) by taking out the cheapest available market contract. This indicates the potential to avoid the 1 January 2005 increase in standing contract rates through having a market contract⁴⁶.

There has been a marked increase in the level of potential savings identified for a residential customer with off-peak hot water. This follows the introduction of a new product by one of the retailers. Comparing the results for the product that achieved the greatest savings in September 2004 shows a potential saving of 7.3% in March 2004, which still represents an improvement on the September 2004 results.

Similar analysis was undertaken to identify potential savings in moving to a gas market contract, using the Commission's on-line Estimator package. An average annual

⁴⁴ Based on load parameters derived in IES report on 'Wholesale Electricity Cost Estimate for Calendar Year 2004 - A Report for the Essential Services Commission of South Australia', October 2003, available at www.escosa.sa.gov.au.

⁴⁵ Seasonal summer tariffs generally cover the period 1 January to 31 March, with winter tariffs comprising the balance of the year (i.e. 1 April to 31 December). Note that the levels of savings identified are not significantly impacted by the assumption employed.

⁴⁶ As a result of the Commission's December 2004 Standing Contract Price Determination, the AGL residential Standing Contract tariffs increased by approximately 1.2% from 1 January 2005.



residential gas consumption of 24,700 MJ was assumed⁴⁷, along with the preparedness of the customer to accept direct debit arrangements and hence be eligible for this rebate. This analysis indicated that, in the metropolitan area, moving to a gas market contract could achieve a potential saving of 7.6% (\$40)⁴⁸ on the equivalent standing contract price.

It is important that each consumer makes their own assessment of potential savings, as the level and pattern of consumption determines the tariffs applied, and a good deal for one consumer might not be for another. Also, as indicated above, this analysis has not modelled all the potential benefits on offer (e.g. does not include vouchers or rebates other than direct debit and loyalty rebates).

⁴⁷ Refer to the Commission's report '2003-04 Annual Performance Report, Performance of Regulated Gas Businesses', November 2004, Table 5, p22, where 24,700 MJ was the average annual gas consumption recorded for residential customers in 2003/04.

⁴⁸ The Commission understands that in early April 2005 some gas market contracts were withdrawn from offer and that this level of savings is not longer available. The assessment reported above used market contracts on offer as at 14 March 2005.

6 INTERSTATE AND OVERSEAS EXPERIENCE

This section compares the experience of small customer transfer activity in the South Australian electricity and gas retail market with the experience interstate and overseas, to place the South Australian experience in context.

6.1 Electricity Transfer Activity Comparisons

Section 2.3 reported that the gross transfer rate⁴⁹ of small customers in the South Australian electricity market as at the end of February 2005 was 34%, some 26 months after electricity FRC was introduced in January 2003.

Electricity FRC commenced in Victoria and NSW in January 2002, and 26 months later (February 2004) the gross transfer rates based on the NEMMCO MSATS small customer transfer statistics⁵⁰ were 15% and 7% respectively⁵¹. Even though these Victorian and NSW statistics only record transfers occurring between retailers and the SA statistics cover this as well as those AGL SA customers switching to market contracts with the incumbent retailer, the comparison still indicates that the SA electricity retail market continues to perform well in terms of the level of transfer activity.

On a more comparable basis, the Victorian Essential Services Commission (ESCV) in its June 2004 retail competition effectiveness review⁵² indicated that by the end of December 2003 (two years after FRC commencement) around 17% of electricity customers had accepted electricity market contracts. As stated in section 2.3 of this report, by the end of February 2005, just over two years since the commencement of electricity FRC in SA, around 30% of small customers had market contracts.

These statistics suggest that at a comparable stage of market development, SA is performing very well in terms of retail market activity.

The November 2003 FRC Monitoring report reproduced a graph prepared by NEMMCO showing small customer one month annualised switch rates⁵³ experienced in Victoria and NSW since FRC was introduced in those States (January 2002), up to May 2003. Using NEMMCO MSATS data, the February 2004 annualised switch rates for Victoria and NSW were 12% and 5% respectively. Noting the difference that the SA statistics also include switching to the incumbent retailer, the February 2005 one-month annualised transfer rate

⁴⁹ That is, total number of customer transfers divided by small customer base of 740,000.

⁵⁰ The switching rates are based on NEMMCO data provided from its Market Settlement and Transfer Solution (MSATS) system. As indicated in Section 2 of this report, this only records transfers occurring between retailers and not within a retailer.

⁵¹ "Special Investigation: Review of Effectiveness of Retail Competition and Consumer Safety Net in Gas and Electricity-Background Report", Essential Services Commission of Victoria (ESCV), 22 June 2004, p14 and p19 states that there are approximately 2.3 million small electricity retail customers in Victoria, of which 87% are residential and 12% small business. The Commission understands that there are approximately 2.8 million small customers in NSW. According to the NEMMCO MSATS data, as at 29 February 2004 the total number of completed electricity small customer transfers was 341,032 for Victoria and 191,703 for NSW.

⁵² op. cit., p16.

⁵³ The '% 1 month annualised (lines)' in Figure 5 of the November 2003 FRC Monitoring report are derived by multiplying the relevant month's completed transfers by 12 and then dividing this by the relevant customer population.

for SA (i.e. a comparable 26 months after commencement of electricity FRC) was around 18%. As predicted in the September 2004 Statistical Report, since the Government's ETR offer ceased on 13 August 2004, the SA one-month annualised rate has dropped back significantly. However, with gas FRC commencing in July 2004, and new retailers indicating interest in operating in the small customer segment, it is anticipated that a high level of activity will be maintained in the SA retail market for some time.

The one-month annualised switch rates for February 2005, for Victoria and NSW were 18% and 6% respectively, indicating that activity has picked up significantly in Victoria over the corresponding February 2004 level of activity.

As previously reported, an Office of the Gas and Electricity Markets (Ofgem) review of the residential gas and electricity market in Great Britain reported that, by the end of 2003, 51% of domestic small customers had switched their electricity retailer at least once⁵⁴. Electricity FRC commenced in Great Britain progressively, with domestic electricity FRC starting in September 1998 and finalised in April 1999. Using the summer of 1999 as the base, Ofgem⁵⁵ shows gross switching rates for electricity of 19% after one year and in excess of 30% after two years.

Ofgem considered that the electricity and gas markets in Great Britain are competitive but not yet mature⁵⁶. Ofgem also considers that UK customers who switch stand to gain a larger share of the benefits of competition than non-switchers⁵⁷.

6.2 Gas Transfer Activity Comparisons

With gas FRC only commencing on 28 July 2004, the gas retail market is at a very early stage of development. However, as indicated in section 2.4 of this report, gas FRC has commenced strongly in SA, with the gross transfer rate⁵⁸ of small customers in the SA gas market as at the end of February 2005 recorded at around 15%, some 7 months after gas FRC was introduced.

The experience of the development of the Victorian gas retail market is that after the first seven months following commencement of FRC, completed transfers represented around 5.3% of Victorian gas customers⁵⁹.

⁵⁴ "Domestic Competitive Market Review 2004 – A review document", prepared by the Office of the Gas and Electricity Markets (Ofgem), UK, April 2004, p56. (http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/6741_DCMR_publication_Ch_1_to_3.pdf) Represents a 'gross switch' estimate.

⁵⁵ op. cit., p57.

⁵⁶ op. cit., p(ii).

⁵⁷ op. cit., p105. (http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/6740_DCMR_publication_Ch_4_to_7_2_.pdf) Reflects decision of UK incumbent retailers to charge lower prices for customers outside their franchise area than in their franchise area, referred to as 'two-tier pricing'. To the extent that standing contract rates remain higher than market contract rates there would appear to be some parallels in the South Australian case, i.e. a need to switch to gain savings.

⁵⁸ That is, total number of customer transfers divided by small customer base of 365,000.

⁵⁹ "Special Investigation: Review of Effectiveness of Retail Competition in Gas & Electricity" Essential Services Commission of Victoria (ESCV) 2004, p27 indicates that there are approximately 1.4 million small gas customers in Victoria. At the end of March 2003 there had been around 74,000 completed transfers for customers with basic meters (source: Vencorp, Gas Market Report, Edition 234, January 2004). Although gas FRC eligibility date was 1 October 2002 (ESCV 2004 op. cit., p27), system problems

As with electricity, even though it is understood that these Victorian statistics only record transfers occurring between retailers and the SA statistics cover this as well as those Origin Energy customers switching to market contracts with the incumbent retailer, the comparison still indicates that the SA gas retail market is performing well in terms of the level of transfer activity.

As previously advised, the ESCV special investigation of the state of energy retail competition in Victoria noted that Victoria has the highest rate of access to natural gas in Australia⁶⁰, which may have some impact on the level of activity experienced in that State. This ESCV investigation also noted that, on gas FRC commencing in Victoria in October 2002, and given the incidence of dual fuel offers, the pace of electricity transfers accelerated, also driving gas transfers to higher levels than seen on the introduction of electricity FRC⁶¹. As indicated in section 2.4 of this report, the level of gas activity to date in SA has significantly exceeded the level of activity in the early stages of the development of the SA electricity retail market.

resulted in delays affecting customer transfers until 26 October 2002 ("Gas Industry Comparative Performance Report 2002", ESCV, June 2003, p13).

⁶⁰ op. cit., p27. The number of gas small customers as a percentage of electricity small customers is around 67% in Victoria, compared with 45% in South Australia.

⁶¹ op. cit., p68.

7 SUMMARY

This report shows that as at the end of February 2005, there had been around 250,000 small customer completed transfers to electricity market contracts in the South Australian electricity retail market. These completed transfers represent 34% of the South Australian small customer base of around 740,000 electricity customers. In addition, around 10,000 small electricity customer transfers were in progress at the end of February 2005, representing a further 1% of the small customer base.

The rate of completed transfers to electricity market contracts has slowed from September 2004, which coincides with the expiry of the Government's Electricity Transfer Rebate (ETR) on 13 August 2004.

FRC has now operated in the South Australian electricity retail market for just over two years. As noted in section 6 of this report, experience interstate suggests that the South Australian retail electricity market continues to develop well in the Australian context.

SA currently has six retailers operating in the small customer electricity retail market, with the expectation of additional retailer(s) commencing operation this year. As indicated in section 5.4 of this report, retailers continue to offer cheaper prices compared to the standing contract rates and so an incentive for customers to take out market contracts exists.

Since the September 2004 Statistical Report, there has been an improvement in the level of potential savings in moving to an electricity market contract for most electricity consumers, with the potential to avoid the 1 January 2005 increases that occurred in standing contract tariffs. For electricity customers with average annual consumption, the potential level of savings is in the order of 8% to 10%.

Gas FRC has commenced strongly since its opening on 28 July 2004, in terms of the number of completed transfers to market contracts. The commencement of gas FRC will enable retailers to compete for dual fuel accounts, potentially being able to pass on some efficiency gains to consumers.

This report shows that as at the end of February 2005, there had been around 55,000 small customer completed transfers to market contracts in the South Australian gas retail market. These completed transfers represent 15% of the South Australian small gas customer base of around 365,000 customers. In addition, around 15,000 small gas customer transfers were in progress at the end of February 2005, representing a further 4% of the small customer base.

The Commission expects to be able to commence reporting monthly electricity and gas customer transfer statistics on its website from mid-April, in accordance with the reporting framework outlined in the September 2004 FRC Monitoring Final Decision paper.

The results of the additional analysis performed on the small customer (residents and small business) survey undertaken in August 2004 confirm the findings of the September



2004 Statistical Report that all sectors of the community appear to have access to electricity market contracts.

The next report in this series is scheduled to be released in September 2005.

APPENDIX A- SMALL CUSTOMER SURVEY TABLES

This Appendix provides the detailed cross tabulations for the additional analysis performed on the 2004 small customer survey database. Refer to section 3 of this report.

The percentage (%) figures should be read down the relevant column. For example, the Total figures at the bottom of each table refer to the total number of respondents providing a 'yes' response to the relevant question. The percentage (%) figures should be read as percentages of the relevant respondent totals (not shown). Of the total 1201 residential respondents, 414 were in receipt of the State Government electricity concession (787 not receiving the concession) and 458 were classified into the Low-Income Segment (743 not classified).

Table A1: Ability to choose a retailer- pensioner concession ⁽¹⁾

REGION	IN RECEIPT OF ELECTRICITY CONCESSION	OTHER	TOTAL
Inner North	34 76%	38 76%	72 76%
Inner East	23 79%	49 83%	72 82%
Inner South	35 83%	84 92%	119 89%
Inner West	38 75%	67 87%	105 82%
Outer North	52 90%	68 88%	120 89%
Outer East	10 91%	27 100%	37 97%
Outer South	31 82%	85 87%	116 85%
Outer North West	9 75%	8 73%	17 74%
City	1 100%	3 75%	4 80%
North Adelaide	1 100%	1 50%	2 67%
Other SA	92 73%	189 65%	281 67%
Total	326 79%	619 79%	945 79%

Note: (1) Provides results for 'awareness of ability to choose electricity retailer', for those respondents receiving a State Government electricity concession vs those not eligible for the concession.

Table A2: Ability to choose a retailer- low income ⁽¹⁾

REGION	LOW INCOME CATEGORY	OTHER	TOTAL
Inner North	35	37	72
	73%	79%	76%
Inner East	20	52	72
	69%	88%	82%
Inner South	35	84	119
	83%	92%	89%
Inner West	39	66	105
	75%	87%	82%
Outer North	59	61	120
	91%	87%	89%
Outer East	11	26	37
	92%	100%	97%
Outer South	37	79	116
	82%	87%	85%
Outer North West	7	10	17
	88%	67%	74%
City	0	4	4
	0%	80%	80%
North Adelaide	0	2	2
	0%	67%	67%
Other SA	107	174	281
	68%	67%	67%
Total	350	595	945
	76%	80%	79%

Note: (1) Provides results for 'awareness of ability to choose electricity retailer', based on low income definition as outlined in section 3.1 of this report.

Table A3: Received offer of electricity contract- pensioner concession ⁽¹⁾

REGION	IN RECEIPT OF ELECTRICITY CONCESSION	OTHER	TOTAL
Inner North	26 58%	22 44%	48 51%
Inner East	18 62%	24 41%	42 48%
Inner South	25 60%	38 42%	63 47%
Inner West	28 55%	32 42%	60 47%
Outer North	36 62%	38 49%	74 55%
Outer East	6 55%	10 37%	16 42%
Outer South	25 66%	47 48%	72 53%
Outer North West	7 58%	3 27%	10 43%
City	0 0%	0 0%	0 0%
North Adelaide	1 100%	1 50%	2 67%
Other SA	57 45%	81 28%	138 33%
Total	229 55%	296 38%	525 44%

Note: (1) Provides results for 'received an offer of an electricity market contract', for those respondents receiving a State Government electricity concession vs those not eligible for the concession.

Table A4: Received offer of electricity contract – low income ⁽¹⁾

REGION	LOW INCOME CATEGORY	OTHER	TOTAL
Inner North	26	22	48
	54%	47%	51%
Inner East	13	29	42
	45%	49%	48%
Inner South	23	40	63
	55%	44%	47%
Inner West	24	36	60
	46%	47%	47%
Outer North	37	37	74
	57%	53%	55%
Outer East	6	10	16
	50%	38%	42%
Outer South	29	43	72
	64%	47%	53%
Outer North West	5	5	10
	63%	33%	43%
City	0	0	0
	0%	0%	0%
North Adelaide	0	2	2
	0%	67%	67%
Other SA	61	77	138
	39%	30%	33%
Total	224	301	525
	49%	41%	44%

Note: (1) Provides results for 'received an offer of an electricity market contract', based on low income definition as outlined in section 3.1 of this report.

Table A5: Found offer easy to understand - pensioner concession ⁽¹⁾

REGION	IN RECEIPT OF ELECTRICITY CONCESSION	OTHER	TOTAL
Inner North	12 46%	12 55%	24 50%
Inner East	11 61%	13 57%	24 57%
Inner South	17 68%	26 84%	43 68%
Inner West	19 68%	27 87%	46 77%
Outer North	30 83%	25 74%	55 74%
Outer East	2 33%	6 67%	8 50%
Outer South	14 56%	32 71%	46 64%
Outer North West	4 57%	1 50%	5 50%
City	0 0%	0 0%	0 0%
North Adelaide	1 100%	1 100%	2 100%
Other SA	40 70%	46 68%	86 62%
Total	150 66%	189 64%	339 65%

Note: (1) Provides results for 'found offer easy to understand', for those respondents receiving a State Government electricity concession vs those not eligible for the concession.

Table A6: Found offer easy to understand - low income ⁽¹⁾

REGION	LOW INCOME CATEGORY	OTHER	TOTAL
Inner North	12	12	24
	46%	55%	50%
Inner East	9	15	24
	69%	52%	57%
Inner South	17	26	43
	74%	65%	68%
Inner West	17	29	46
	71%	81%	77%
Outer North	29	26	55
	78%	70%	74%
Outer East	3	5	8
	50%	50%	50%
Outer South	18	28	46
	62%	65%	64%
Outer North West	3	2	5
	60%	40%	50%
City	0	0	0
	0%	0%	0%
North Adelaide	0	2	2
	0%	100%	100%
Other SA	42	44	86
	69%	57%	62%
Total	150	189	339
	67%	63%	65%

Note: (1) Provides results for 'found offer easy to understand', based on low income definition as outlined in section 3.1 of this report.

Table A7: Had taken out an electricity market contract- pensioner concession ⁽¹⁾

REGION	IN RECEIPT OF ELECTRICITY CONCESSION	OTHER	TOTAL
Inner North	19 42%	8 16%	27 28%
Inner East	15 52%	16 27%	31 35%
Inner South	17 40%	14 15%	31 23%
Inner West	24 47%	14 18%	38 30%
Outer North	32 55%	25 32%	57 42%
Outer East	4 36%	5 19%	9 24%
Outer South	16 42%	29 30%	45 33%
Outer North West	6 50%	2 18%	8 35%
City	0 0%	1 50%	1 20%
North Adelaide	1 100%	0 0%	1 33%
Other SA	48 38%	40 14%	88 21%
Total	182 44%	154 20%	336 28%

Note: (1) Provides results for 'had taken out an electricity market contract', for those respondents receiving a State Government electricity concession vs those not eligible for the concession.

Table A8: Had taken out an electricity market contract - low income ⁽¹⁾

REGION	LOW INCOME CATEGORY	OTHER	TOTAL
Inner North	16	11	27
	33%	23%	28%
Inner East	9	22	31
	31%	37%	35%
Inner South	14	17	31
	33%	19%	23%
Inner West	20	18	38
	38%	24%	30%
Outer North	30	27	57
	46%	39%	42%
Outer East	4	5	9
	33%	19%	24%
Outer South	19	26	45
	42%	29%	33%
Outer North West	3	5	8
	38%	33%	35%
City	0	1	1
	0%	20%	20%
North Adelaide	0	1	1
	0%	33%	33%
Other SA	46	42	88
	29%	16%	21%
Total	161	175	336
	35%	24%	28%

Note: (1) Provides results for 'had taken out an electricity market contract', based on low income definition as outlined in section 3.1 of this report.

Table A9: Refused an electricity market contract- pensioner concession ⁽¹⁾

REGION	IN RECEIPT OF ELECTRICITY CONCESSION	OTHER	TOTAL
Inner North	0 0%	0 0%	0 0%
Inner East	0 0%	1 20%	1 8%
Inner South	0 0%	0 0%	0 0%
Inner West	0 0%	0 0%	0 0%
Outer North	1 11%	0 0%	1 6%
Outer East	0 0%	1 100%	1 50%
Outer South	0 0%	1 10%	1 6%
Outer North West	0 0%	0 0%	0 0%
City	0 0%	0 0%	0 0%
North Adelaide	0 0%	0 0%	0 0%
Other SA	1 8%	0 0%	1 3%
Total	2 4%	3 4%	5 4%

Note: (1) Provides results for 'refused an electricity market contract by the retailer', for those respondents receiving a State Government electricity concession vs those not eligible for the concession.

Table A10: Refused an electricity market contract - low income ⁽¹⁾

REGION	LOW INCOME CATEGORY	OTHER	TOTAL
Inner North	0 0%	0 0%	0 0%
Inner East	0 0%	1 14%	1 8%
Inner South	0 0%	0 0%	0 0%
Inner West	0 0%	0 0%	0 0%
Outer North	0 0%	1 9%	1 6%
Outer East	0 0%	1 100%	1 50%
Outer South	0 0%	1 11%	1 6%
Outer North West	0 0%	0 0%	0 0%
City	0 0%	0 0%	0 0%
North Adelaide	0 0%	0 0%	0 0%
Other SA	1 7%	0 0%	1 3%
Total	1 2%	4 5%	5 4%

Note: (1) Provides results for 'refused an electricity market contract by the retailer', based on low income definition as outlined in section 3.1 of this report.

Table A11: Aware of availability of independent assistance- pensioner concession ⁽¹⁾

REGION	IN RECEIPT OF ELECTRICITY CONCESSION	OTHER	TOTAL
Inner North	14 31%	7 14%	21 22%
Inner East	13 45%	18 31%	31 35%
Inner South	11 26%	19 21%	30 23%
Inner West	19 37%	20 26%	39 30%
Outer North	15 26%	18 23%	33 24%
Outer East	2 18%	10 37%	12 32%
Outer South	13 34%	28 29%	41 30%
Outer North West	5 42%	1 9%	6 26%
City	1 100%	1 50%	2 40%
North Adelaide	0 0%	0 0%	0 0%
Other SA	28 22%	51 18%	79 19%
Total	121 29%	173 22%	294 24%

Note: (1) Provides results for 'awareness of the availability of independent assistance to help in making energy decisions, such as the Commission's Estimator Comparison Service', for those respondents receiving a State Government electricity concession vs those not eligible for the concession.

Table A12: Aware of availability of independent assistance - low income ⁽¹⁾

REGION	LOW INCOME CATEGORY	OTHER	TOTAL
Inner North	10	11	21
	21%	23%	22%
Inner East	8	23	31
	28%	39%	35%
Inner South	7	23	30
	17%	25%	23%
Inner West	16	23	39
	31%	30%	30%
Outer North	17	16	33
	26%	23%	24%
Outer East	1	11	12
	8%	42%	32%
Outer South	13	28	41
	29%	31%	30%
Outer North West	2	4	6
	25%	27%	26%
City	0	2	2
	0%	40%	40%
North Adelaide	0	0	0
	0%	0%	0%
Other SA	33	46	79
	21%	18%	19%
Total	107	187	294
	23%	25%	24%

Note: (1) Provides results for 'awareness of the availability of independent assistance to help in making energy decisions, such as the Commission's Estimator Comparison Service', based on low income definition as outlined in section 3.1 of this report.