



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

**March 2006**

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## GLOSSARY OF TERMS

<b>ABS</b>	Australian Bureau of Statistics
<b>THE COMMISSION</b>	Essential Services Commission of South Australia
<b>THE CONSULTANT</b>	McGregor Tan Research
<b>ELECTRICITY ACT</b>	<i>Electricity Act 1996</i>
<b>ESCOSA</b>	Essential Services Commission of South Australia
<b>ESC ACT</b>	<i>Essential Services Commission Act 2002</i>
<b>ESCV</b>	Essential Services Commission of Victoria
<b>ETR</b>	Electricity Transfer Rebate
<b>FINAL DECISION PAPER</b>	Refers to “Monitoring the Development of Energy Retail Competition in South Australia, Final Decision”, September 2004
<b>FRC</b>	Full Retail Contestability
<b>FRMP</b>	Financially Responsible Market Participant
<b>GAS ACT</b>	<i>Gas Act 1997</i>
<b>HES</b>	ABS Household Expenditure Survey
<b>kWh</b>	kilo watt hour, which is the equivalent of 1,000 watts of electricity for one hour
<b>MARKET CONTRACT</b>	Refers to contracts (other than standing contracts) on terms and conditions agreed or negotiated with the customer
<b>MIRN</b>	Meter Identification Registration Number (gas)
<b>MSATS</b>	Market Settlement & Transfer Solution, which is a system that is operated by NEMMCO to fulfil its obligations under the National Electricity Rules
<b>MWh</b>	Mega Watt hours, which is the equivalent of 1,000 kWh
<b>NEM</b>	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>
<b>NILS</b>	National Institute of Labour Studies
<b>NMI</b>	National Metering Identifier (electricity)
<b>NEMMCO</b>	National Electricity Market Management Company Limited
<b>REMCo</b>	Retail Energy Market Company Ltd
<b>SA</b>	South Australia
<b>SIHC</b>	ABS Survey of Income and Housing Costs
<b>SMALL BUSINESS CUSTOMER</b>	Refers to a small customer other than a residential customer
<b>SMALL CUSTOMER</b>	Refers to a customer with an annual electricity consumption of less than 160 MWh, or annual gas consumption of less than 1TJ
<b>STANDING CONTRACTS</b>	Refers to the regulated contract (price, terms and conditions) which a declared retailer (AGL SA for electricity; Origin Energy for gas) must offer to a small customer on request (refer section 36AA of the Electricity Act; section 34A of the Gas Act)

<b>STATISTICAL REPORT</b>	refers to the FRC Monitoring Statistical Reports published by the Commission from time to time and available on the Commission's website at <a href="http://www.escosa.sa.gov.au/site/page.cfm?u=105">www.escosa.sa.gov.au/site/page.cfm?u=105</a> . For example, refer to "Monitoring the Development of Energy Retail Competition in South Australia, Statistical Report", September 2005 and this March 2006 report
<b>SMALL ELECTRICITY CUSTOMER</b>	refers to a customer with annual electricity consumption of less than 160MWh
<b>SMALL GAS CUSTOMER</b>	refers to a customer with annual gas consumption of less than 1TJ
<b>TJ</b>	Terajoule
<b>Vic</b>	Victoria
<b>WA</b>	Western Australia



# 1 INTRODUCTION

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This March 2006 FRC Monitoring Statistical Report is the eighth 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 fourth 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 [www.escosa.sa.gov.au/site/page.cfm?u=105](http://www.escosa.sa.gov.au/site/page.cfm?u=105).

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.

In addition to these six-monthly substantive energy FRC Monitoring Statistical Reports, the Commission commenced routinely publishing electricity and gas transfer statistics on a monthly basis from February 2005.<sup>1,2</sup>

This March 2006 Statistical Report 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 operating in the

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<sup>1</sup> For example, refer “Completed Small Customer Electricity & Gas Transfers to Market Contracts, Schedule”, February 2006, ([www.escosa.sa.gov.au/site/page.cfm?u=105&c=46](http://www.escosa.sa.gov.au/site/page.cfm?u=105&c=46)).

<sup>2</sup> As outlined below in this report, the transfer statistics reported are the number of transfers to market contracts, which require AGL SA (for electricity) and Origin (for gas) to report on the number of their standing contract customers that move to market contracts with them.



SA small customer<sup>3</sup> retail market, and the number of small customers transferring from standing contracts<sup>4</sup> to market contracts<sup>5</sup>. In relation to the publishing of customer transfer 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 the results of a telephone survey undertaken of South Australian small (electricity and gas) customers during late January/early February 2006. 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 looks at potential impacts of electricity and gas retail competition on low-income consumers and reports in more detail the component of the small customer survey work outlined in Section 3 that is relevant to low-income customers. This section also reports on an update of one of the National Institute of Labour Studies' (NILS) hardship and changes in income measures.

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

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<sup>3</sup> Small Customer refers to all residential customers and those business customers with an annual consumption of less than 160MWh (electricity) and 1TJ (gas).

<sup>4</sup> 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.

<sup>5</sup> 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).



## 2 INDICATORS OF COMPETITION

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This section provides an update of the regularly published customer transfer statistics, along with the number of licensed retailers.

**Key points:**

- ▲ *There are currently sixteen (16) electricity retailers and five (5) gas retailers licensed to operate in South Australia.*
- ▲ *At least nine (9) retailers are currently marketing and selling electricity to small customers in SA. Four (4) of these retailers are also marketing and selling gas to small customers in SA.*
- ▲ *There continues to be a high degree of transfer activity in the SA energy retail market, with the number of completed gross transfers equivalent to just over 50% of the small electricity customer base of 755,000 and 43% of the small gas customer base of 370,000.*
- ▲ *At the end of February 2006, there were a further 14,000 (or 2%) small customer electricity transfers in progress, with a further 16,000 (or 4%) of gas transfers in progress.*

### 2.1 Number of SA Licensed Electricity Retailers

Since 11 October 1999, the Commission (formerly the SAIIR<sup>6</sup>) 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 shows the number of retailers licensed to operate in the SA electricity industry as at 31 March 2006, and thus indicates the current available pool of licensed electricity retailers in SA.

Table A.1 (Appendix A) provides details on the history of entry and exit of electricity retailers since October 1999.

Since publication of the September 2005 Statistical Report, the following licences have been issued:

- ▲ On 25 October 2005, the Commission issued an electricity retail licence to Momentum Energy Pty Ltd.
- ▲ On 3 February 2006, the Commission issued an electricity retail licence to Red Energy Pty Ltd.

It is understood that Momentum Energy intends retailing predominantly to small customers, whilst Red Energy intends to retail electricity to all classes of customers.

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<sup>6</sup> The Commission commenced operation in September 2002 replacing the SA Independent Industry Regulator (SAIIR). The Commission is the same body corporate as the SAIIR.



**Table 1: Retailers Licensed to Operate in the SA Energy Supply Industry  
(as at March 2006)**

RETAILER	ELECTRICITY	GAS
AGL SA	✓	✓
Aurora Energy	✓	✗
Country Energy	✓	✗
Energex Retail	✓	✗
EA-IPR Retail Partnership	✓	✓
EnergyAustralia	✓	✗
Ergon Energy	✓	✗
International Power (Retail)	✓	✗
Momentum Energy	✓	✗
NRG Flinders	✓	✗
Origin Energy	✓	✓
Powerdirect	✓	✗
Red Energy	✓	✗
South Australia Electricity	✓	✓
TRUenergy	✓	✓
TRUenergy Yallourn	✓	✗
<b>Total</b>	<b>16</b>	<b>5</b>

In addition, the Commission has approved an application for an electricity licence from Jackgreen (International) Pty Ltd. However, a licence is only issued on payment of the relevant licence fee and as no fees were received prior to the publication of this report, Jackgreen has not yet been licensed by the Commission to retail electricity in SA.

As indicated in previous Statistical Reports, care needs to be exercised in comparing the number of licensed retailers over time (refer Table A.1). 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 customers.<sup>7</sup>

As at the end of February 2006, there were at least nine active retailers in the SA small electricity customer retail market. Table 2 provides the number of retailers actively operating in the SA small electricity customer retail market (including tier 1 retailer AGL SA), at indicated dates.

<sup>7</sup> During February 2006, there were thirteen active SA licensed retailers (i.e. had SA customers) of the sixteen licensed, nine of which were actively selling to small customers (based on NEMMCO MSATS system and information available to the Commission).

**Table 2: Number of Licensed Electricity Retailers Active in the SA Small Customer Market <sup>(i)</sup>**

AS AT DATE	RETAILERS	NUMBER
November 2003	AGL SA, Origin Energy Electricity and TXU Electricity (SPI Electricity)	3
November 2004	AGL SA, EnergyAustralia, Origin Energy Electricity, Powerdirect and SPI Electricity	5
November 2005	AGL SA, Country Energy, EA-IPR Retail Partnership <sup>(iv)</sup> , Origin Energy Electricity, Powerdirect and TRUenergy	6
February 2006	AGL SA, Aurora Energy, Country Energy, EA-IPR Retail Partnership, Momentum Energy, Origin Energy Electricity, Powerdirect, South Australia Electricity and TRUenergy	9

(i) Source: Commission. Refer to Table A.1 for detailed notes on individual retailers.

## **2.2 Number of SA Licensed Gas Retailers**

From 1 July 2003, the Commission assumed certain regulatory functions in relation to the SA 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 (above) also shows the number of retailers licensed to operate in the SA gas supply industry as at 31 March 2006, and thus indicates the current available pool of licensed gas retailers in SA.

Table A.2 provides details on the history of entry and exit of gas retailers since July 2003.

Since the publication of the September 2005 Statistical Report, the only change in SA retail gas licence holders has been the surrendering of EnergyAustralia's gas retail licence, in January 2006.

On 13 December 2005, EnergyAustralia advised the Commission that as a consequence of the establishment of the EA-IP Retail Partnership under the licence granted to EnergyAustralia Pty Ltd and IPower Pty Ltd on 15 June 2005, the EA-IP Retail Partnership now supplies all gas customers that EnergyAustralia previously supplied in South Australia. EnergyAustralia therefore sought to surrender its licence, as it had no need to retain its existing SA gas retail licence. On 30 January 2006, pursuant to section 31(3) of the Gas Act, the Commission agreed to the surrender of EnergyAustralia's gas retail licence with immediate effect.

As suggested in relation to electricity licences, care needs to be exercised in comparing the number of licensed retailers over time (refer Table A.2). Whilst the number of SA gas retail licences has decreased from the six reported in the September 2005 Statistical Report, EnergyAustralia has transferred customers to the EA-IPR Retail Partnership, and consequently surrendered its individual retail licence.

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. Not all the current licensed retailers listed in Table 1 have SA



customers.<sup>8</sup> At this time, four gas retailers (AGL SA, Origin Energy, TRUenergy and EA-IPR Retail Partnership<sup>9</sup>) are actively marketing and selling gas to small SA customers. There are three retailers actively marketing and selling gas to large SA customers.

Table 3 provides the number of retailers actively operating in the SA small gas customer retail market (including incumbent Origin Energy), at indicated dates.

In addition, the Commission has approved an application for a gas licence from Jackgreen (International) Pty Ltd. However, a licence is only issued on payment of the relevant licence fee and as no fees were received prior to the publication of this report, Jackgreen has not yet been licensed by the Commission to retail gas in SA.

**Table 3: Number of Licensed Gas Retailers Active in the SA Small Customer Market <sup>(i)</sup>**

AS AT DATE	RETAILERS	NUMBER
November 2004	AGL SA, EnergyAustralia, Origin Energy Retail, and SPI Electricity	4
November 2005	AGL SA, EA-IPR Retail Partnership, Origin Energy Retail and TRUenergy	4
February 2006	AGL SA, EA-IPR Retail Partnership, Origin Energy Retail and TRUenergy	4

(i) Source: Commission. Refer to Table A.2 for detailed notes on individual retailers.

### **2.3 Number of Transfers to Market Contracts for Electricity**

Figure 1 and Table B.1 (Appendix B) provide the number of completed small customer transfers to a market contract for electricity, either with AGL SA or an alternative retailer, for the 38 months (3 years, 2 months) to 28 February 2006.

Figure 1 shows the monthly and cumulative total of completed small electricity customer transfers, with Table B.1 providing the underlying data. As at the end of February 2006, there had been around 397,000 small customer gross completed transfers, equivalent to 53% of the small customer base of 755,000.

<sup>8</sup> During February 2005, there were at least four active SA licensed retailers (i.e. had SA customers) of the five licensed at that time, all four of which were actively selling to small customers (based on REMCo reports and information available to the Commission).

<sup>9</sup> Hereafter EA-IPR Retail Partnership may be referred to EnergyAustralia for ease of reference.

**Figure 1: Number of Completed Small Electricity Customer Retail Transfers  
South Australia: 2003 to 2006**

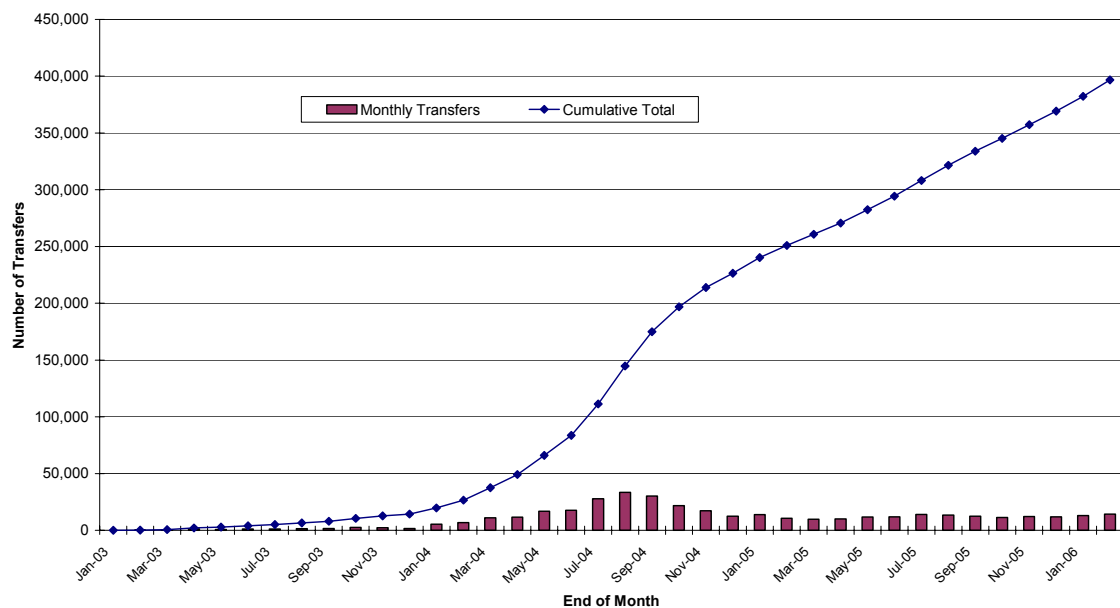


Table B.1 provides the detailed data on monthly transfers since the commencement of FRC in the SA electricity retail market, in the same format as used for the regularly published monthly Schedule.

For calendar year 2005, the number of completed monthly transfers of small customers to market electricity contracts averaged around 12,000 per month, a level of monthly transfers equivalent to 1.6% of the small electricity customer base of 755,000. The pace of customer transfers has commenced in 2006 at a similar level. This is half the pace of transfers experienced over the period May 2004 to November 2004, when monthly transfers averaged 24,000 per month (monthly 3.2% of customer base). However, the latter higher rate of transfers was influenced by the State Government's \$50 Electricity Transfer Rebate (ETR) offer, which ended on 13 August 2004.

The current rate of transfers to electricity market contracts is still much higher than that recorded during the first year following the commencement of FRC in the SA electricity market. Monthly transfers averaged 1,700 per month (monthly 0.2% of customer base) during the last six months of 2003, and even lower transfer rates in the first six months following FRC commencement.

This aggregated transfer data combines NEMMCO<sup>10</sup> 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

<sup>10</sup> 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).

from an AGL SA standing contract to one of AGL SA's market contracts). The combination of the AGL SA and NEMMCO data shows the overall extent to which customers are exercising choice in moving to market contracts.

Since the September 2005 Statistical Report, an internal review has been undertaken of the treatment of the MSATS Change Reason codes in the monthly transfer statistics provided by NEMMCO. NEMMCO provides the total number of transfer related changes made in MSATS during the month and until recently this has been taken to represent the number of transfers that occurred during the month. However, some of the changes undertaken during a month relate to error corrections, which if included as transfers risks some double counting of transfers. The NEMMCO data was reviewed over the period August 2004 - the month from which NEMMCO commenced reporting detailed error code data - until the end of January 2006.

In addition, NEMMCO records the number of transfers to AGL SA from other retailers and these are included as a component of the total level of transfers reported by NEMMCO. However, not all these transfers would be to market contracts with AGL SA, with many involving transfers to standing contracts. Whilst some adjustment has been made in the past, the approach to adjusting (discounting) some of the total transfers to AGL SA has also been reviewed.

The result of the review of the electricity transfer data is that the total level of gross customer transfers previously reported<sup>11</sup> as at the end of January 2006 has been revised down by 1,012, from 383,329 to 382,317, equivalent to 0.13% of the small customer base of 755,000.

It is important to note that the transfer figures provided in Figure 1 and Table B.1 represent completed transfers and that at any time there are usually a considerable number of transfers in progress.<sup>12</sup> Around 14,000 small customer transfers were in progress at the end of February 2006, equivalent to a further 1.9% of the small customer base.

Customer switching can be defined in a number of ways, as follows:<sup>13</sup>

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

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<sup>11</sup> Refer to February 2006 "Completed Small Customer Electricity & Gas Transfers to Market Contracts Schedule".

<sup>12</sup> 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.

<sup>13</sup> 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](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](http://www.esc.vic.gov.au/apps/page/user/pdf/FinalReportBackgroundFRC_June2004.pdf)).

The term switching tends to be used in relation to 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). The Commission does not currently report on the level of switching on this basis, however, it is exploring doing this from the next report.

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 be less able to be used as an indicator of the percentage of the small customer base no longer on standing contracts. To date the gross transfer figures have been compared to (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.

Since the March 2005 Statistical Report, the Commission has published an additional statistic in these six monthly Statistical Reports - the total number of small SA electricity market contracts existing at a particular point in time. This comprises the total number of market contracts held by non-AGL SA 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 (i.e. gross transfers and numbers on market contracts) will improve the usefulness of the transfer information published.

As at the end of December 2005, there were around 324,000 small customer electricity market contracts (all SA retailers combined), indicating that around 43% of the small electricity customer base of 755,000 held market contracts at that time.<sup>14</sup> This compares with the gross transfer figure (revised) at the same date of around 369,000, or 49% (refer Table B.1).

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 (45,000) as the level of churn (extent to which customers are continuing to change retailers) that is occurring. As discussed in the March 2005 Statistical Report, these transfer statistics include a number of transfers related to what is termed "move-ins".<sup>15</sup>

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<sup>14</sup> It is more precise to say that there were 324,000 NMIs covered by market contracts, with the potential for an individual premise to have more than one NMI. The base of 755,000 is the small customer number reported by retailers, but at the end of December 2005 there were around 781,000 small customer NMIs recorded for SA. However, if the retailer numbers were not used (i.e. the base of 781,000 used instead) then the percentage on market contracts would be 41.5% rather than 42.9%. 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.

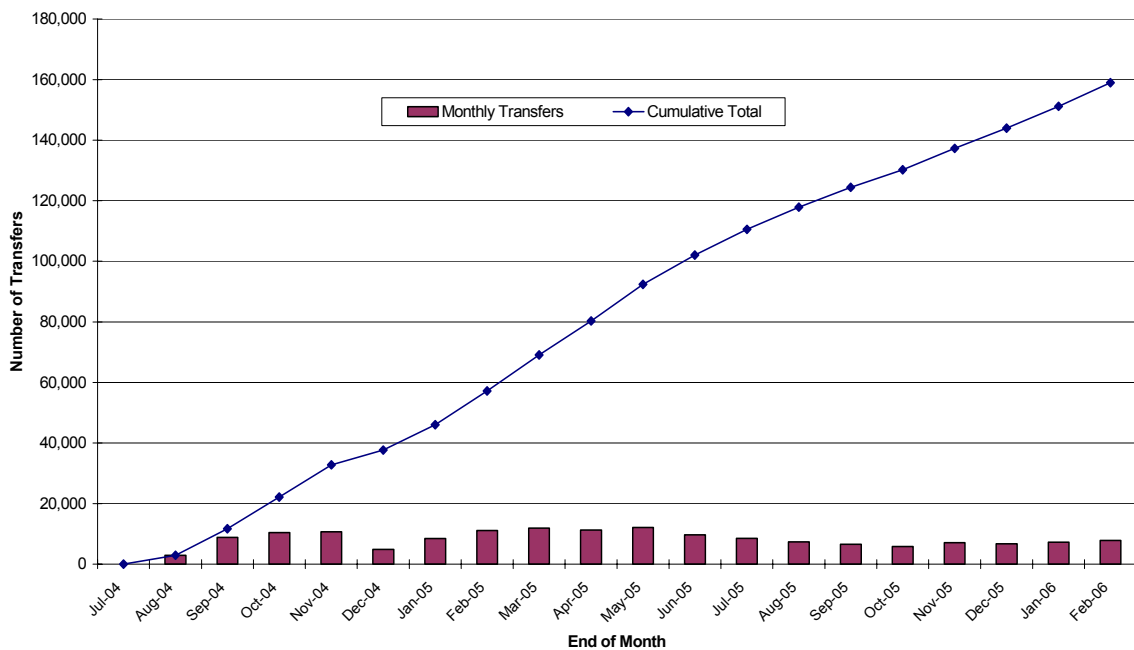
<sup>15</sup> By way of example, if a customer with retailer 1 shifts house and moves into premises where retailer 2 is the responsible retailer and the customer then signs a new contract with retailer 1 to maintain the previous relationship, then MSATS will treat this as a transfer. In terms of a NMI-based 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.

## 2.4 Number of Transfers to Market Contracts for Gas

Figure 2 and Table B.2 provide the number of completed small customer transfers to a market contract for gas, either with Origin Energy or an alternative retailer, for the 19 months to 28 February 2006.<sup>16</sup>

Figure 2 shows the monthly and cumulative total of completed small gas customer transfers, with Table B.2 providing the underlying data. As at the end of February 2006, there had been around 159,000 small customer completed transfers, equivalent to around 43% of the small customer base of 370,000.

**Figure 2: Number of Completed Small Gas Customer Retail Transfers  
South Australia: 2004 to 2006**



This aggregated transfer data combines REMCo<sup>17</sup> 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.

Apart from the slower activity previously reported for December 2004 and January 2005, the strong start in the number of completed small gas customer transfers experienced after the

<sup>16</sup> Whilst gas FRC commenced on 28 July 2004, August 2004 is taken as the first month for monitoring purposes.

<sup>17</sup> 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.



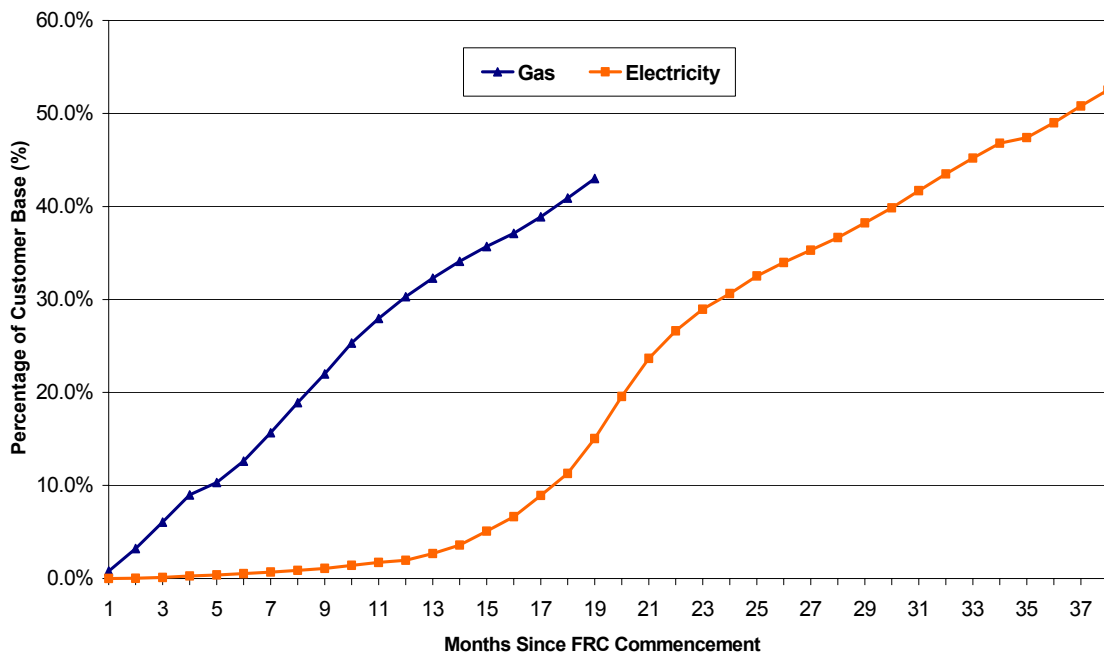
commencement of gas FRC was maintained up until May 2005, falling away since then, but still maintaining a monthly transfer level of around 7,500 per month (transfer rate of around 2% per month).

As indicated in Table B.2, after 19 months gross small customer gas transfers as a percentage of customer base was 43%. After 19 months of electricity FRC, the equivalent gross transfers as a percentage of customer base was 15% (July 2004). It was not until August 2005 (32 months after electricity FRC), that the percentage of gross electricity transfers reached the equivalent 43%.

As this demonstrates, the level of activity in the gas retail market to date 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. However, as indicated in section 5 of this report, the potential savings from moving to a market contract for gas appear more modest than those available from taking out an electricity market contract.

Figure 3 plots together the cumulative total of electricity and gas gross transfers since the commencement of FRC in both industries, as a means of comparing the rate of change occurring in each industry. This provides a clear indication of the relatively greater pace of gas transfers to market contracts.

**Figure 3: Comparison of the Rate of Small Customer Transfers Since FRC Commencement South Australia: Electricity & Gas**



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 progress.<sup>18</sup> Around 16,000 small customer gas transfers were in progress at the end of February 2006, representing a further 4.4% of the small customer base.

As at the end of December 2005, there were around 113,000 small customer gas market contracts (all SA retailers combined), indicating that around 30% of the small gas customer base of 370,000 held market contracts at that time.<sup>19</sup> This compares with the gross transfer figure at the same date of around 144,000, or 39% (refer Table B.2).

For similar reasons to those outlined above in relation to electricity transfers, caution should be exercised in interpreting the difference between these figures (31,000) as the level of churn (extent to which customers are continuing to change retailers) that is occurring.

## **2.5 General Indicators of Activity**

The September 2005 Statistical Report provided a review of the performance of NMI Discovery and MIRN Discovery as a lead indicator of transfer activity. This review concluded that:

- ▲ there was a close relationship in movements between completed electricity transfers and the number of NMI Discoveries, with trend movements in completed transfers perhaps lagging NMI Discovery by one to two months;
- ▲ NMI Discovery is a recognised indicator and it indicates the overall level of activity in the market, and as a result the level of NMI Discovery would be reported in future Statistical Reports;<sup>20</sup>
- ▲ the relationship between MIRN Discovery and completed gas transfers is less obvious than for the electricity equivalent;
- ▲ MIRN Discovery would be reported in future Statistical Reports, with MIRN Discovery to be reported for at least the next 12 months to be reviewed again at the end of this period.

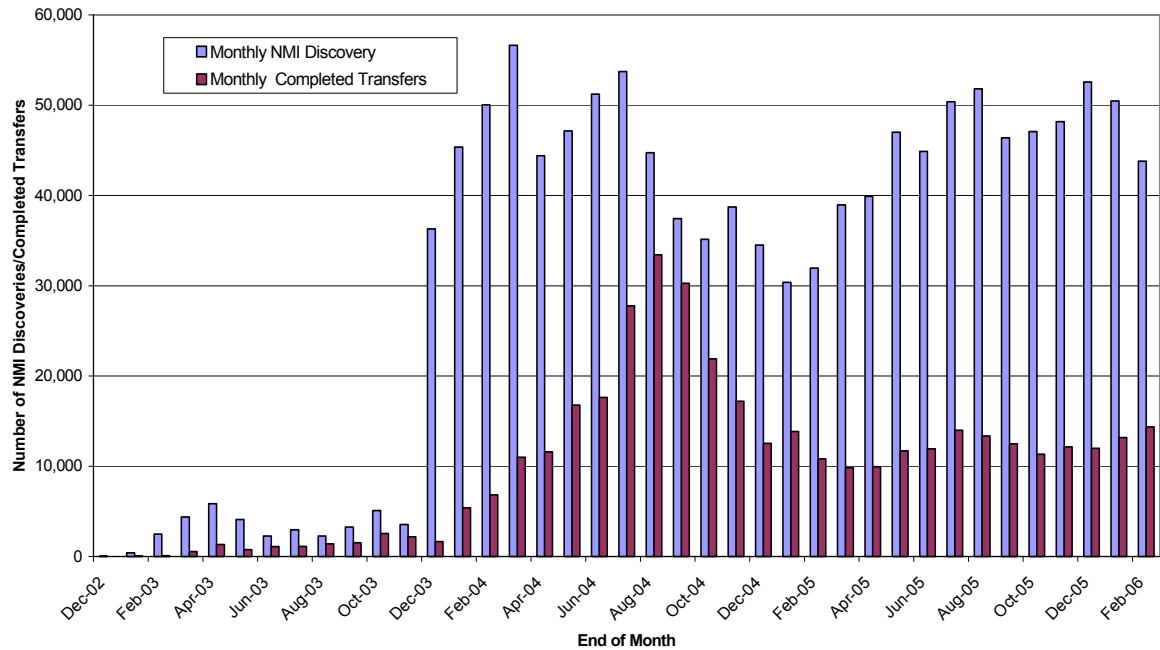
Figure 4 shows a plot of completed small electricity customer transfers against NMI Discovery data, on a monthly basis. Figure 5 provides a similar graph for gas.

<sup>18</sup> 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.

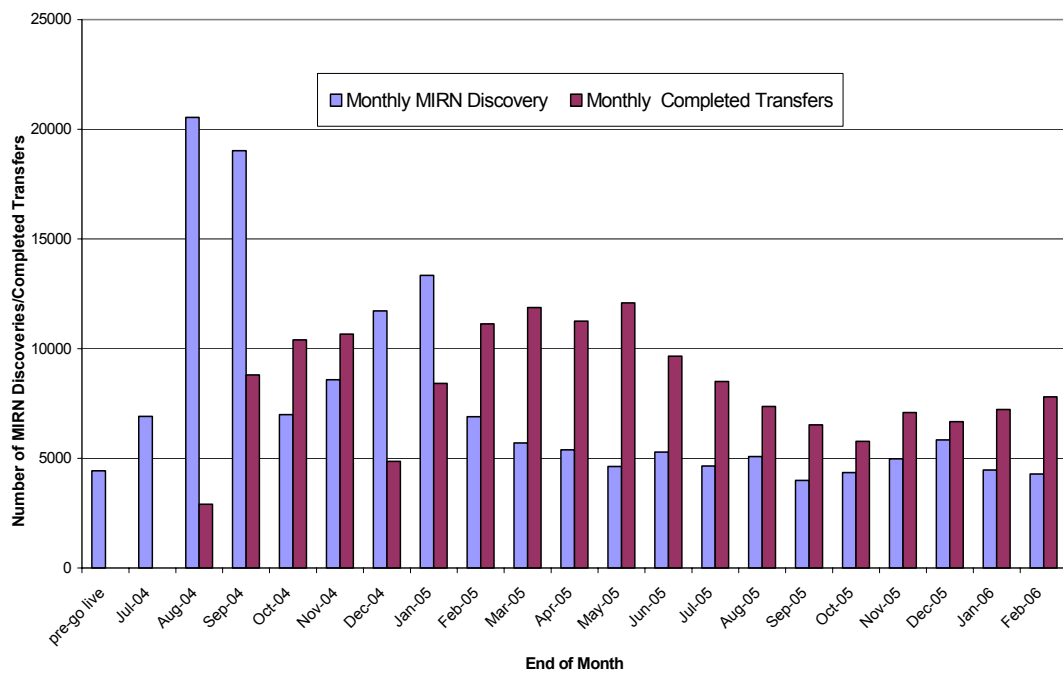
<sup>19</sup> It is more precise to say that there were 113,000 MIRNs covered by market contracts, with the potential for an individual premise to have more than one MIRN. The base of 370,000 is the small customer number reported by retailers, but at the end of December 2005 there were around 366,000 small customer MIRNs recorded for SA. However, if the retailer numbers were not used (i.e. the base of 366,000 used instead) then the percentage on market contracts would be 30.8% rather than 30.4%. 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.

<sup>20</sup> Some caution is required, however, in that it is understood that some retailers use the NMI Discovery process for reporting purposes in addition to its use for discovery of NMI details.

**Figure 4: Number of Completed Small Electricity Customer Retail Transfers  
Plotted Against the Number of NMI Discoveries  
South Australia: 2002 to 2006**



**Figure 5: Number of Completed Small Gas Customer Retail Transfers  
Plotted Against the Number of MIRN Discoveries  
South Australia: 2004 to 2006**





### 3 SMALL CUSTOMER SURVEY RESULTS

This section reports on the key findings from the 2006 small customer survey, and where possible, are compared with the 2004 and 2003 small customer survey findings to provide an historical overview, tracking the responses since the first survey of September 2003.

#### **Key Points:**

- ▲ *As expected, more residents (41%) indicated that they had taken out an electricity market contract, compared to the 28% recorded in the 2004 survey, demonstrating continued growth. A similar result was recorded for small business respondents (42%, compared with 18% in the 2004 survey).*
- ▲ *The number of residential respondents that indicated they had taken out a gas market contract doubled at 32%, up from 15% in 2004. The number of small business respondents indicating they had taken out a gas market contract also nearly doubled at 19%, up from 10% in 2004.*
- ▲ *An overwhelming majority of both residential and small business respondents considered the transfer process to be easy.*
- ▲ *The number of residential and small business respondents aware that they could choose their electricity and gas retailers has levelled out, after the significant increase demonstrated in the 2004 survey.*
- ▲ *Price continues to be rated as the main driver in people's decision to move to a market contract.*
- ▲ *Of those respondents who had contacted their retailer in the last 12 months, a reasonably high level of satisfaction was recorded for both the timeliness of response and the assistance provided.*
- ▲ *There were continued relatively low levels of perceived experience with inappropriate marketing behaviour from energy retailers.*

#### **3.1 Background**

McGregor Tan Research (the Consultant) was commissioned in December 2005 to undertake a telephone survey of small customers, both residential and small business, which was conducted in February 2006.<sup>21</sup>

The Commission has conducted a series of telephone interviews since September 2003 to monitor the development of Full Retail Contestability (FRC) in the SA energy market.

The first survey - conducted in September 2003 - addressed only the electricity market, as at this time gas was not open to FRC. The survey covered awareness of the ability to choose electricity retailers; whether an offer had been received from a retailer; whether switching of retailers had occurred; and any future switching intentions.

<sup>21</sup> The residential and small business interviews were conducted over the period 31<sup>st</sup> January to 13<sup>th</sup> February 2006.

The second survey - conducted in September 2004 - targeted both electricity and gas consumers for the first time. While at that time electricity FRC had been in operation for nearly two years, gas FRC was still in its infancy, having only been operational since July 2004. At that time, the survey was broadened to cover customer awareness; market offers received; customers switching retailers and intentions to switch retailers; ability to understand offers received and reasons for declining any offers; and availability of appropriate information. Copies of these previous reports are available on the Commission's website.<sup>22</sup>

This third survey benefits from consumers having more familiarity and experience with FRC due to electricity and gas retail competition (at the time of the survey) having been in operation for around 3 years (electricity) and 18 months (gas), respectively. The questions were largely the same as those in the 2004 survey, with the addition of a 'dual fuel' question, and a customer satisfaction question.

The 2006 telephone survey comprised:

- ▲ A residential survey with a random sample of 1211 households, comprising 808 metropolitan Adelaide and 403 regional households, with key demographics being household income levels, fuel expenditure (gas and/or electricity) and customer location; and
- ▲ A survey of small business customers with a random sample of 410, comprising 253 metropolitan Adelaide and 157 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 gas.

Copies of the McGregor Tan Research reports, which provide the detailed results, are available on the Commission's website.<sup>23</sup>

As outlined in section 1 of this report, the development of the SA energy retail market is 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.

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<sup>22</sup> Copies of previous reports can be located on the Commission's website ([www.escosa.sa.gov.au/site/page.cfm?u=105](http://www.escosa.sa.gov.au/site/page.cfm?u=105)).

<sup>23</sup> Refer McGregor Tan Research, 2006 (February), "Monitoring the Development of Energy Retail Competition – Residents" and McGregor Tan Research, 2006 (February), "Monitoring the Development of Energy Retail Competition –Business", available on the Commission's website ([www.escosa.sa.gov.au/site/page.cfm?u=105](http://www.escosa.sa.gov.au/site/page.cfm?u=105)).

The following summary results are grouped under the relevant FRC competition monitoring indicator, noting that not all the competition indicators rely on survey data.

Variances relating to responses recorded for low-income residential customer groupings are reported separately in Section 4.1.

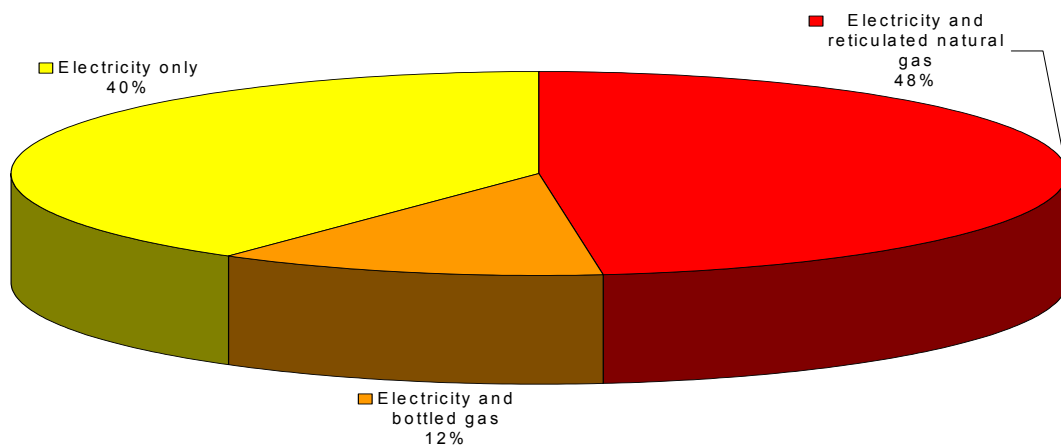
The Consultant has provided the Commission with a copy of the entire database for the 2006 survey in electronic format. The intention is that the Commission will undertake further analysis of key areas of the survey and report the results in future Statistical Reports.

### 3.2 Residential

This section focuses on reporting the key findings from the residential component of the 2006 small customer survey. The survey identified the following energy combinations in the households of survey respondents:

- ▲ Electricity and reticulated natural gas (48%, n=579<sup>24</sup>)
- ▲ Electricity only (40%, n=484)
- ▲ Electricity and bottled gas (12%, n=148)

**Figure 6: Energy Combinations - Residential**

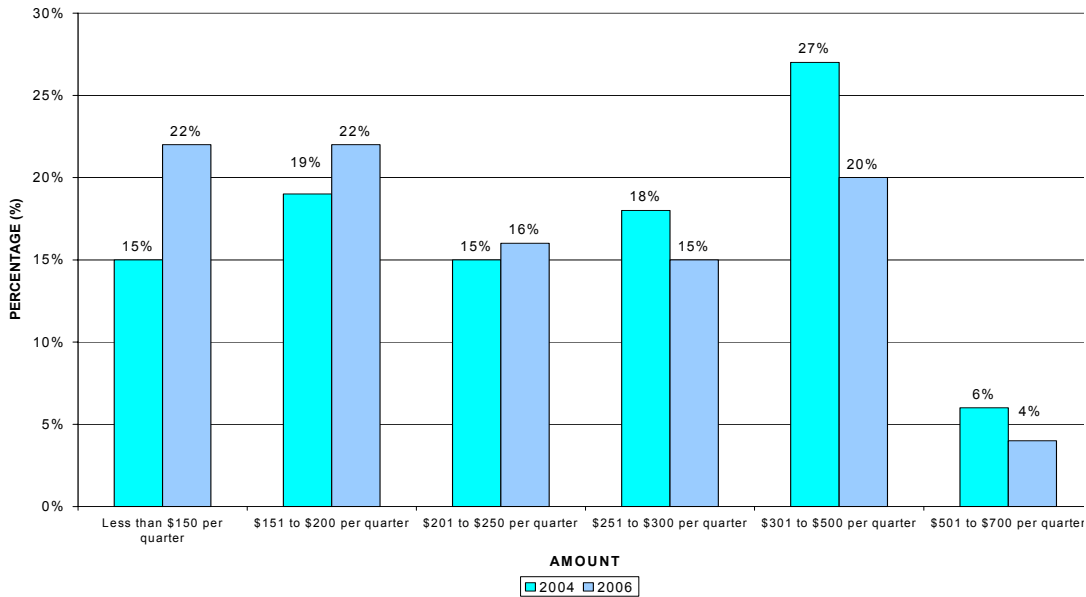


Using a broad definition of 'dual fuel' as the one retailer providing both electricity and gas - regardless of the nature of the associated contractual arrangements - of respondents with both electricity and reticulated gas, 56% (n=323), indicated they had the same retailer for both fuel types.<sup>25</sup>

<sup>24</sup> n=579 indicates the number of respondents identifying this fuel combination. Such notation is used throughout this report to identify the number of responses received to a particular question.

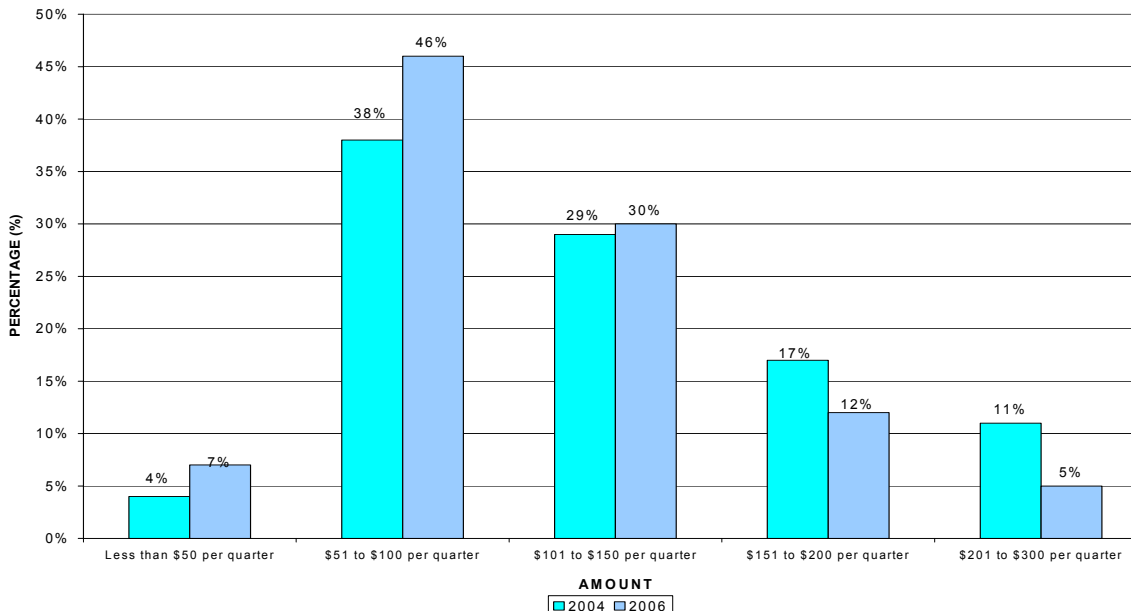
<sup>25</sup> These figures refer to the 48%, n=579 of respondents with electricity and reticulated natural gas. This indicates that 27% of residential small electricity customers had dual fuel contracts as defined.

**Figure 7: Electricity Bills - Residential**



There was a relatively even spread across all the chosen bill bands for electricity (Figure 7). However, there were 76% (n=398) of gas customers indicating that their quarterly gas bills were in a range from \$51 to \$150 per quarter (Figure 8).<sup>26</sup> Care needs to be exercised in drawing conclusions from any differences between surveys, given that the 2004 survey was conducted in winter, while the 2006 survey was conducted in summer.<sup>27</sup>

**Figure 8: Gas Bills – Residential**



<sup>26</sup> The average quarterly bill bands for electricity ranged from less than \$150 per quarter to more than \$700 per quarter (with no responses recorded in the last band). The average quarterly bill bands for gas ranged from less than \$50 per quarter to more than \$300 per quarter (with no responses recorded in the last band).

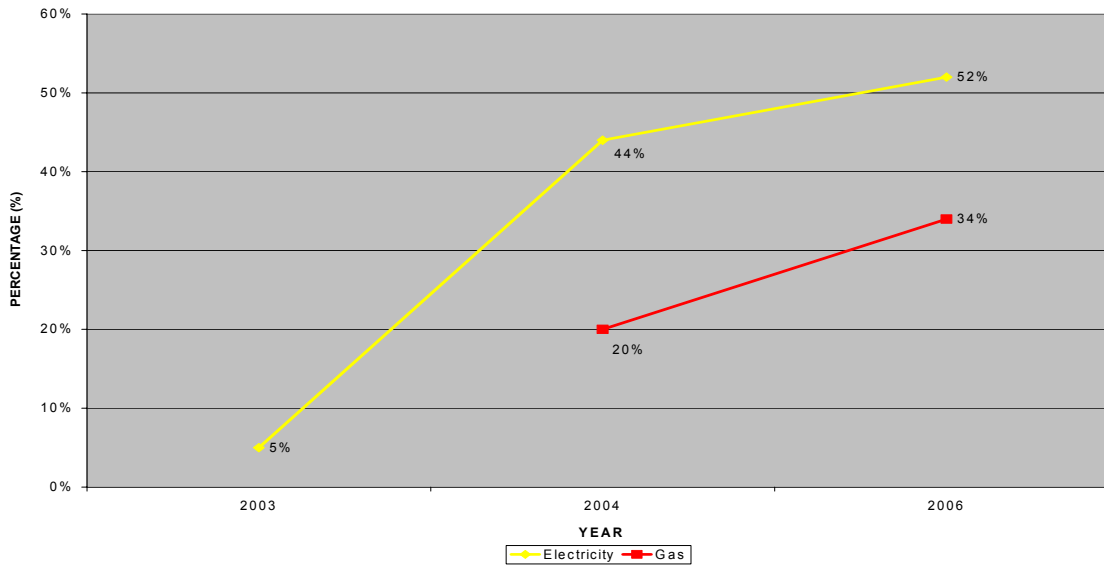
<sup>27</sup> Survey respondents were asked details of expenditure in terms of 'current approximate average consumption of electricity as represented by your average quarterly bill', and similarly for gas.



### 3.2.1 Degree of Customer Switching (Competition Indicator 2)

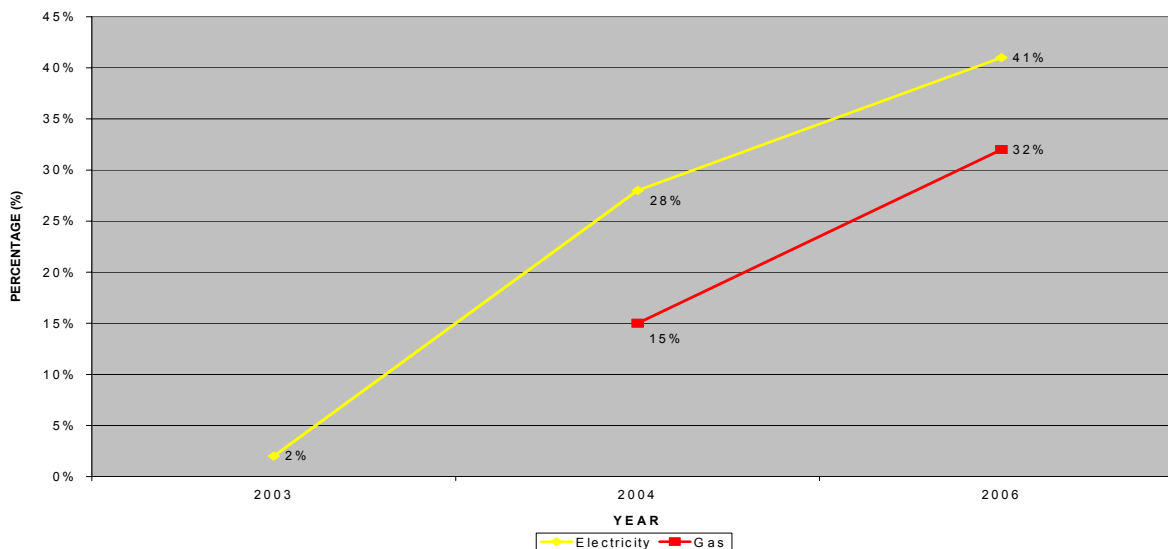
The proportion of respondents receiving an electricity offer of contract continued to increase in 2006 at 52% (n=625), up from 44% in 2004 and 5% in 2003 (Figure 9). The proportion of gas respondents receiving an offer of contract also increased to 34% (n=197), up from 20% in 2004.

**Figure 9: Received an Offer of Contract - Residential**



The number of residential respondents that had taken out an electricity market contract continued to increase on the results of 2004 and 2003 (Figure 10). The number of residential respondents with reticulated gas that had taken out a market contract more than doubled on 2004 results, indicating a significant level of initial activity in the gas retail market.

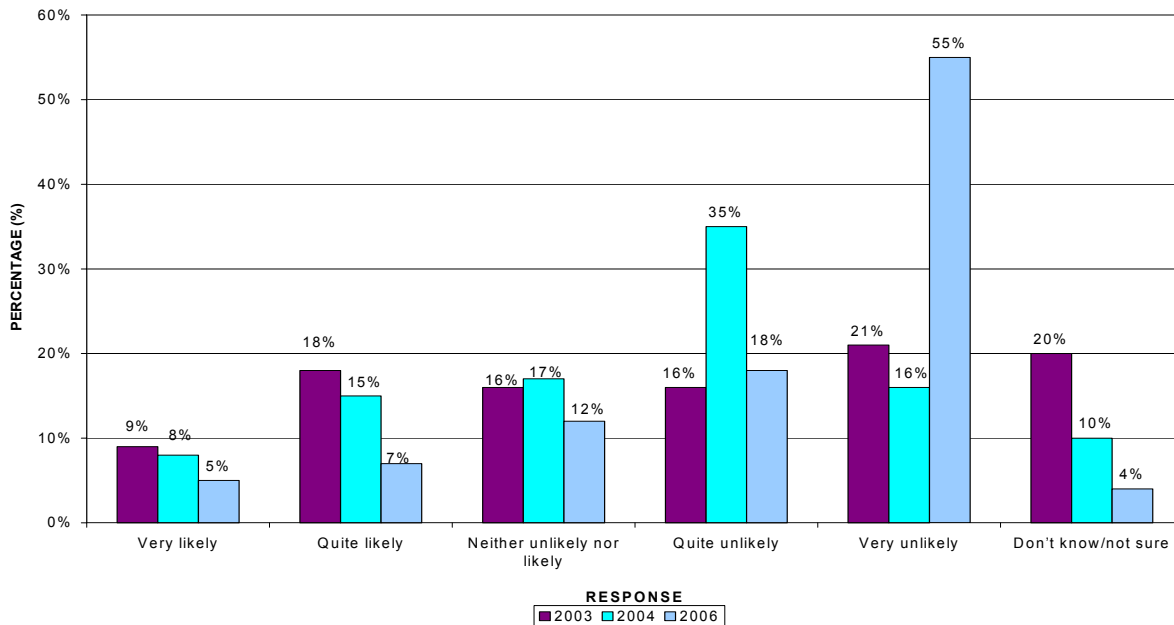
**Figure 10: Taken out a Market Contract - Residential**



Section 2 of this report suggested that as at the end of December 2005, around 43% of small electricity customers and 30% of small gas customers held market contracts. The Consultant's 95% confidence margin table (Appendix 3 of the McGregor Tan Report) indicates a possible range of  $\pm 3\%$  for electricity and  $\pm 5\%$  for gas, indicating that the actual value of customers with electricity contracts in the 2006 survey should lie in the range of 38% to 44% for electricity, and 27% to 37% for gas (Figure 10).

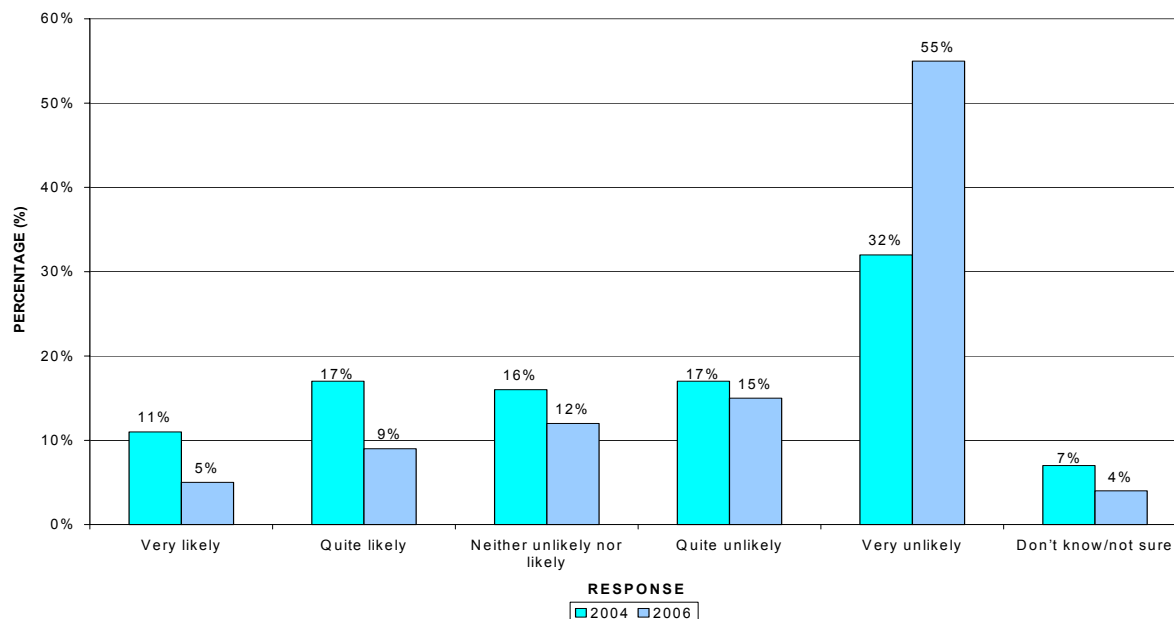
Thus it appears that the 2006 survey results are consistent with the Commission's understanding of the number of small customers on market contracts (noting that the term 'small customers' covers both residential and small business).

**Figure 11: Likelihood of Taking Out an Electricity Market Contract in the Next 12 Months - Residential**



There has been a marked increase in the number of respondents (73%, n=882) unlikely to take out an electricity market contract in the next 12 months (Figure 11). A similar trend was found in gas, with 70% (n=404) of respondents unlikely to take out a market contract in the next 12 months - compared with 49% in 2004 (Figure 12).

**Figure 12: Likelihood of Taking Out a Gas Market Contract in the Next 12 Months - Residential**



This may represent an inevitable outcome of more consumers being on market contracts and the associated terms of their existing contracts.<sup>28</sup> These results may also reflect some inertia to change, or ‘churn’ retailers.

For those respondents that had not taken out a market contract, Table 4 reports the main reasons given for not doing so, for both electricity and gas respondents:

**Table 4: Main Reasons for Not Taking Out a Market Contract<sup>(1)</sup>**

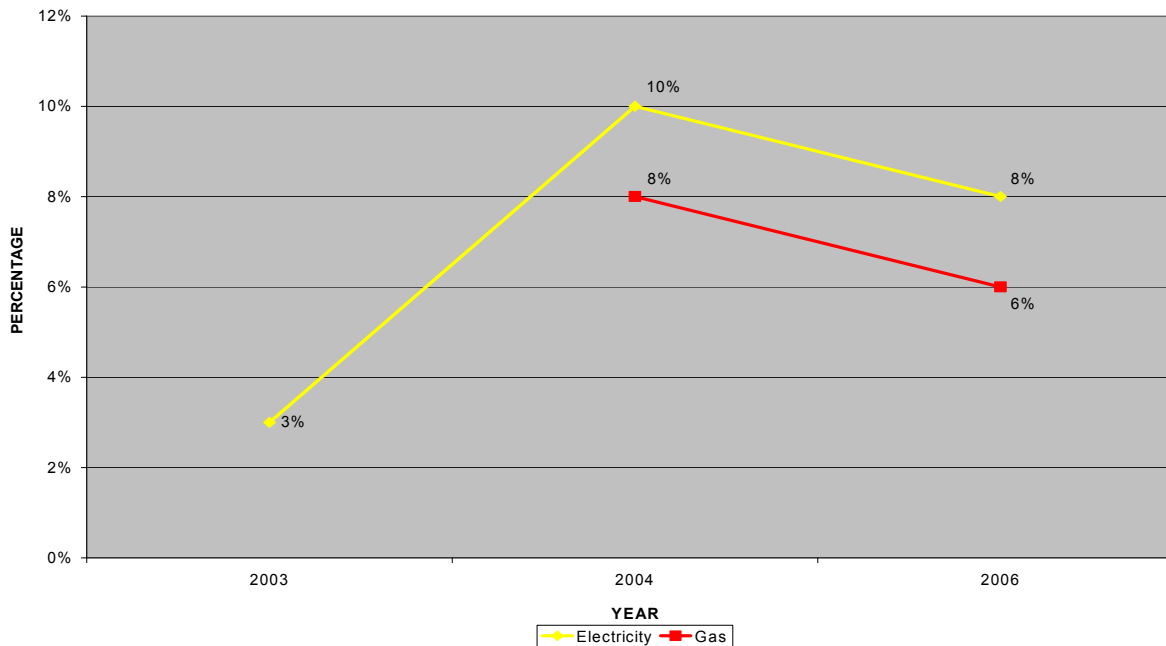
INFORMATION SOURCE	ELECTRICITY (%)		GAS (%)	
	2006	2004	2006	2004
Happy with current retailer	53%	32%	50%	36%
Insufficient information	12%	19%	5%	19%
Waiting for better offers	4%	9%	2%	9%
Inadequate potential savings	3%	6%	3%	5%
Lack of confidence in the new retailer	2%	3%	1%	3%
Concern with transfer process	3%	2%	2%	2%
Other	20%	23%	44%	21%
Don't know/not sure	14%	17%	5%	15%
Number of Respondents	719	865	393	500

Note: (1) Need not sum to 100% as multiple responses allowed.

<sup>28</sup> The specific wording of the survey question was “In the next twelve months, how likely is it that you will take out a contract with your current electricity/gas supplier or switch to another electricity/gas retailer?”

For both fuel types, the majority of respondents who had not taken out a contract were happy with their current retailer at 53% for electricity and 50% for gas, both representing a substantial increase on the 2004 responses at 32% and 36%, respectively.

**Figure 13: Approached Retailer About Taking Out a Market Contract**



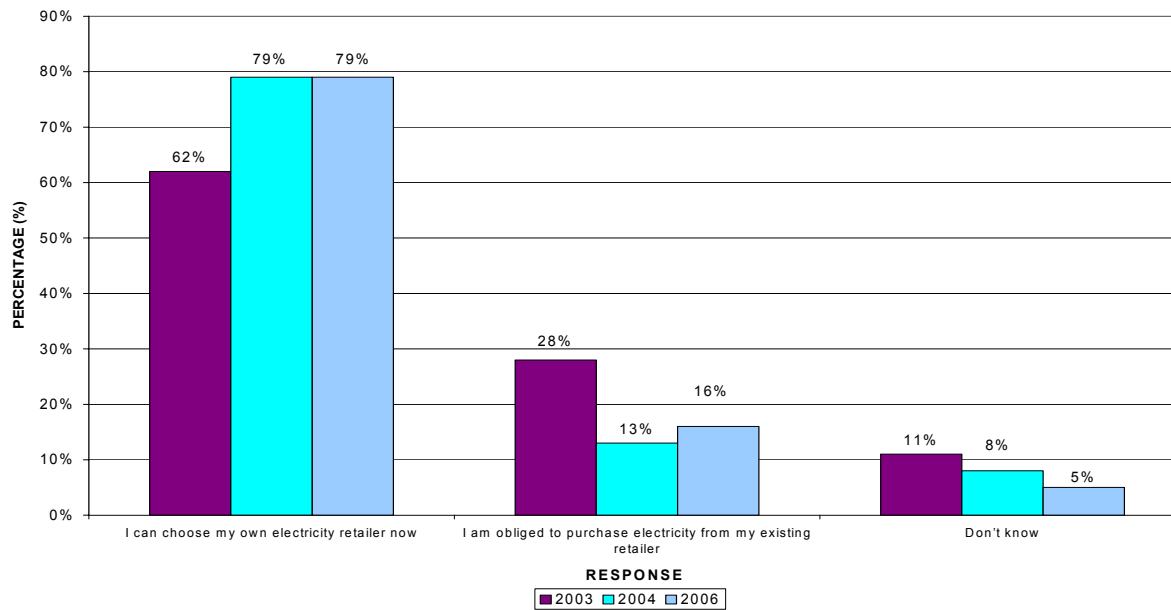
The incidence of residential electricity respondents approaching a retailer to ask about buying electricity remained low (8%), while for gas the incidence was slightly lower at 6% (Figure 13).

Of those residential electricity and gas respondents who had approached a retailer, only 4% of electricity respondents were refused by the retailer, with 6% of gas respondents refused.

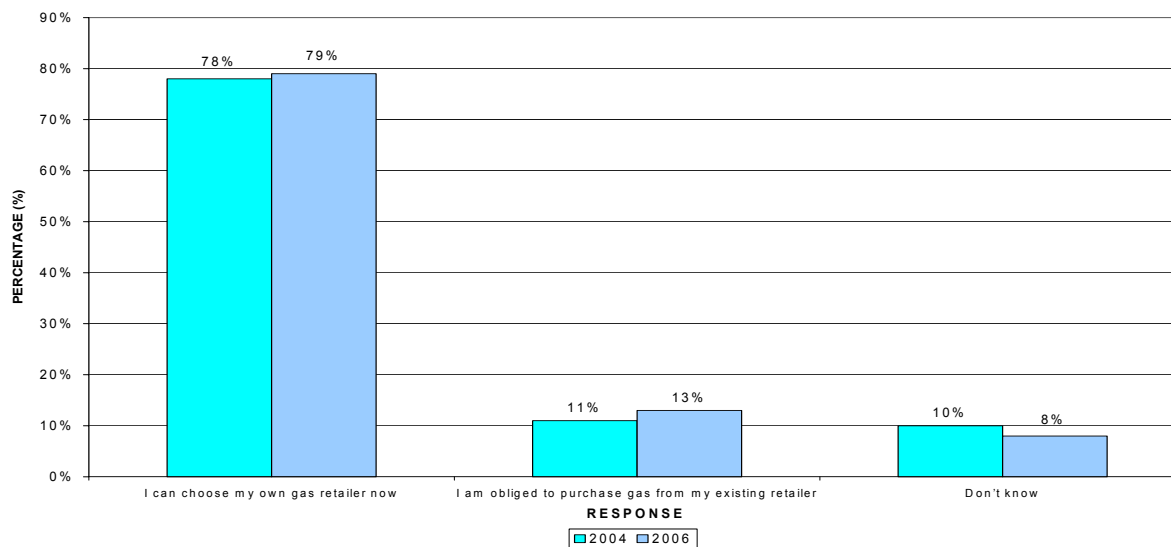
### 3.2.2 Information Asymmetries (Competition Indicator 4)

The number of respondents aware of their ability to choose their electricity retailer remained steady at 79% (n=959), after the significant increase that occurred in 2004 (Figure 14). Residential gas respondents demonstrated a similarly high level of awareness at 79% (n=458) (Figure 15).

**Figure 14: Awareness of Ability to Choose Electricity Retailer - Residential**

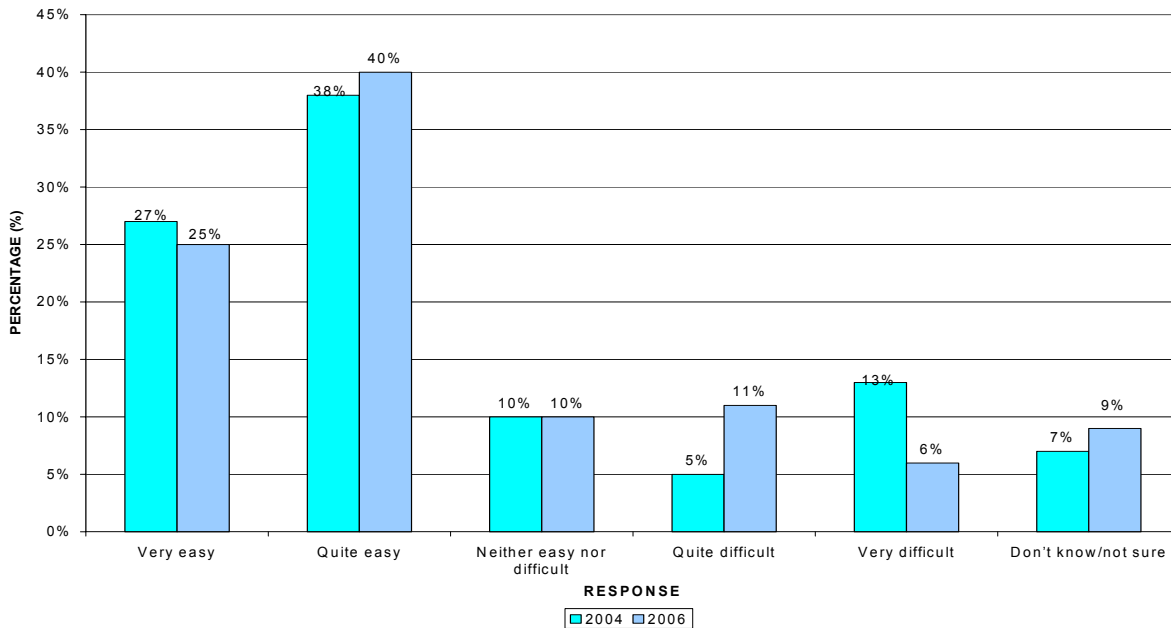


**Figure 15: Awareness of Ability to Choose Gas Retailer - Residential**

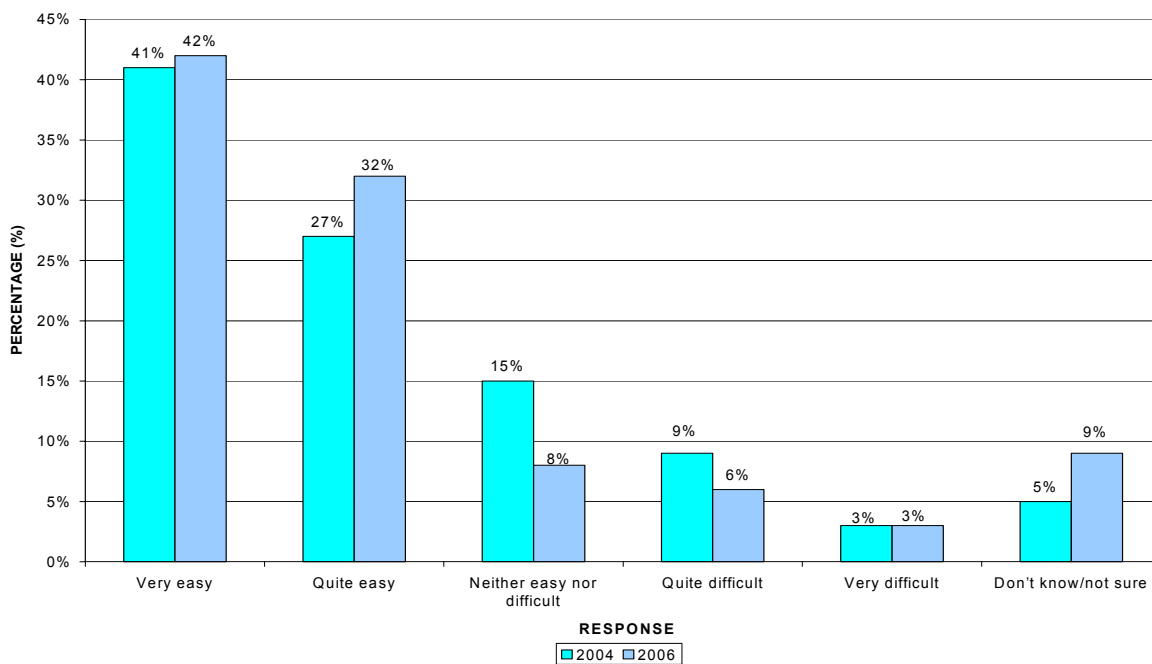


About two thirds (65%, n= 405) of those residential electricity respondents that had received an offer indicated that the offer was easy to understand - unchanged from the overall 65% reported in 2004 (Figure 16). A slightly higher overall response rate was received for gas, with 74% (n=145) of residential gas respondents who had received an offer indicating that it was easy to understand - up from 68% in 2004 (Figure 17).

**Figure 16: Ease of Understanding Electricity Offer - Residential**



**Figure 17: Ease of Understanding Gas Offer - Residential**



Of those electricity respondents that had taken out a market contract, the overwhelming majority (88%, n=434) considered the transfer process to be either quite easy or very easy - similar to results in the 2004 survey at 85%. Residential gas respondents indicated similar experiences, with 90% (n=167) indicating that the transfer process was easy - up 10% since 2004 (80%).

A relatively small proportion of residential electricity respondents, (13%, n=161) indicated that they had looked for information to assist them in making a decision about moving to a market contract with an electricity supplier. An even smaller proportion (7%, n=43) of residential gas respondents indicated that they had looked for such information. Table 5 reports the sources of the information obtained, for both electricity and gas respondents:

**Table 5: Sources of Information<sup>(1)</sup>**

INFORMATION SOURCE	ELECTRICITY (%)		GAS (%)	
	2006	2004	2006	2004
The retailer	24%	26%	33%	36%
Representatives of the retailer	16%	13%	7%	4%
Advertisements	29%	35%	23%	29%
The Internet	24%	14%	28%	18%
Friends/family/work colleagues	9%	13%	14%	13%
Other	11%	21%	14%	16%
Don't know/not sure	3%	1%	5%	2%
Number of Respondents	161	185	43	45

Note: (1) Need not sum to 100% as multiple responses allowed

Those respondents who sought information were likely to look for this information from retailers, representatives of the retailers, advertisements or the Internet.

Of these residential electricity respondents who had sought information, 81% (n=131) considered the information to be easy to obtain. Gas respondents provided a similar response at 77% (n=33).

When asked how easy it was to understand the information and compare offers, more than half (55%, n=89) of the electricity respondents who had sought information considered it was either quite easy or very easy. For gas respondents, a higher proportion, (60%, n=26) considered it was either quite easy or very easy.

There were a relatively high proportion (75%, n=121) of these electricity respondents who indicated that they were able to obtain sufficient information to make an informed choice. The comparable figure for gas was 72% (n=31).

Only 22% (n=272) of the total residents surveyed indicated that they were aware of the availability of independent assistance - such as the Commission's Electricity Price Comparison Service - to help in making energy decisions. This compares with the 2004 survey result of 24%.

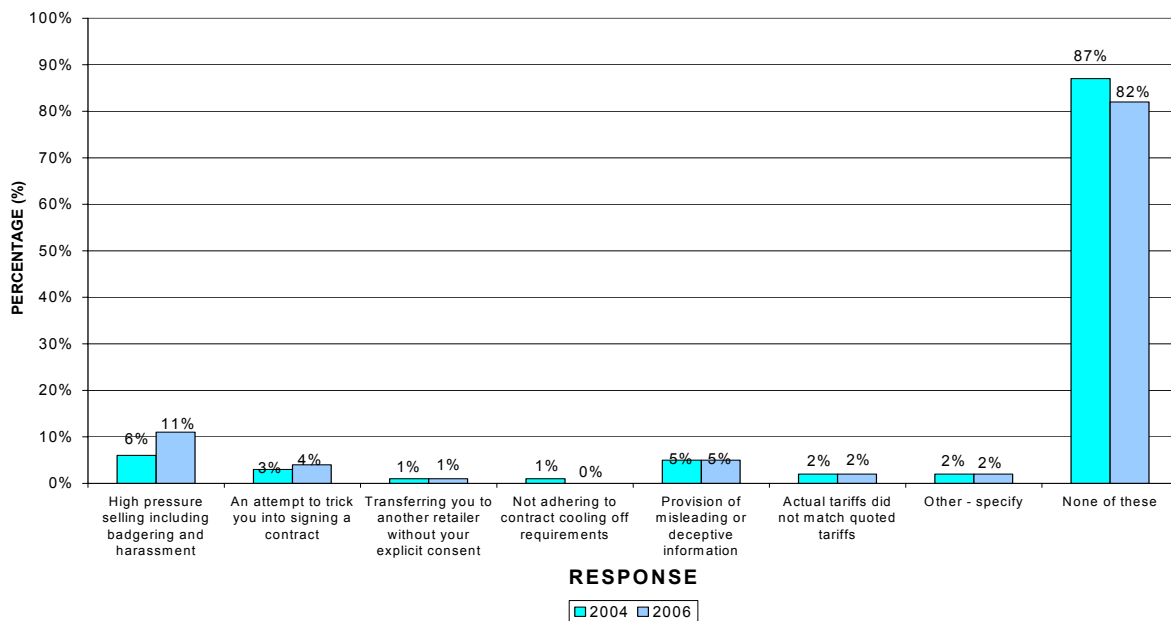
The Commission notes this relatively low level of awareness, however, a number of developments may have an impact in this area in the future. Section 5 of this report provides details of the Commission's development of an Energy Consumer Toolkit website. In addition, details relating to customers' ability to obtain advice through the

Commission about reducing energy consumption and energy consumer choices will soon be included on all energy bills issued in SA.

There was a high level of agreement that the current format of electricity bills is easy to understand (average rating of 4.2 out of 5).<sup>29</sup> There was a lower level of agreement with the statement that the information contained in electricity bills enables comparisons with other retailers' offers (average rating of 3.4 out of 5). Similar results were achieved for gas of 4.4 and 3.7 respectively.

When respondents were read a number of statements relating to perceived inappropriate market behaviour from energy retailers, a significant majority (82%, n=993) of the total residents surveyed indicated that they felt they had not experienced any of this behaviour in the previous 12 months, compared with 87% in 2004 (Figure 18). With the exception of an increase in 'high pressure selling including badgering and harassment', the results remained largely unchanged since the 2004 survey.

**Figure 18: Marketing Conduct - Residential**



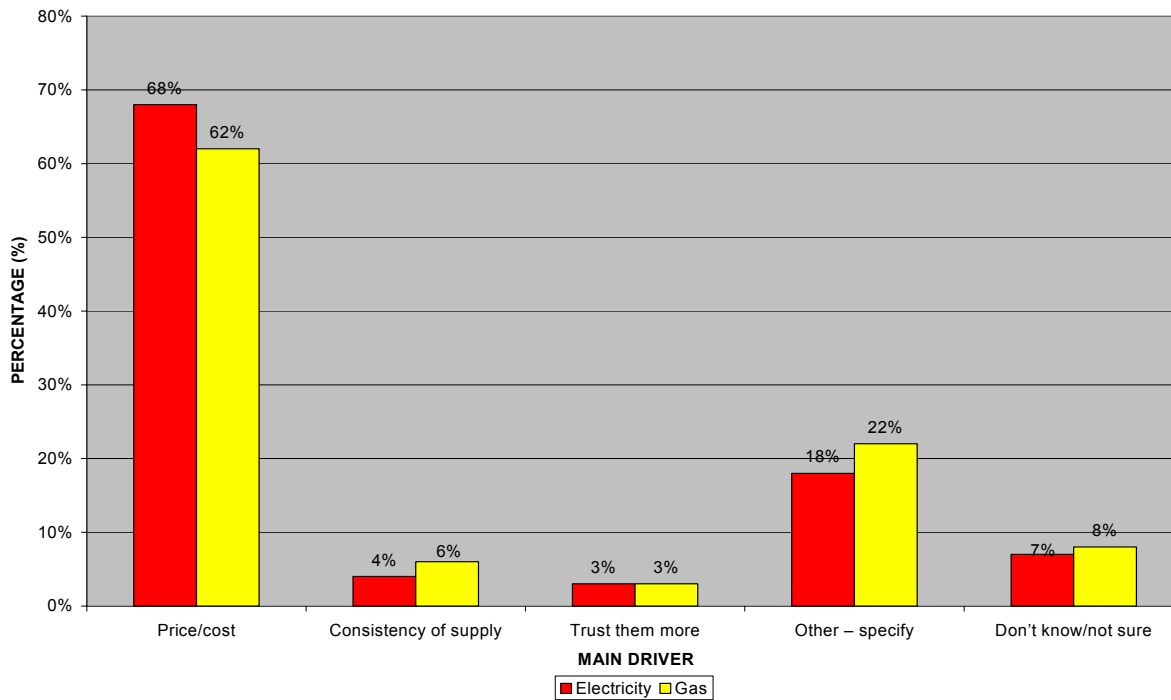
### 3.2.3 Price/Service Mix (Competition Indicator 5)

For both electricity and gas, price was the main driver in the decision to switch retailers at 68% (n=334) and 62% (n=115), respectively (Figure 19).

<sup>29</sup> It is generally considered that an average rating of 3.5 represents a reasonably high level of satisfaction, 4.0 a very high level of satisfaction, and 4.5 and above an extremely high level of satisfaction.



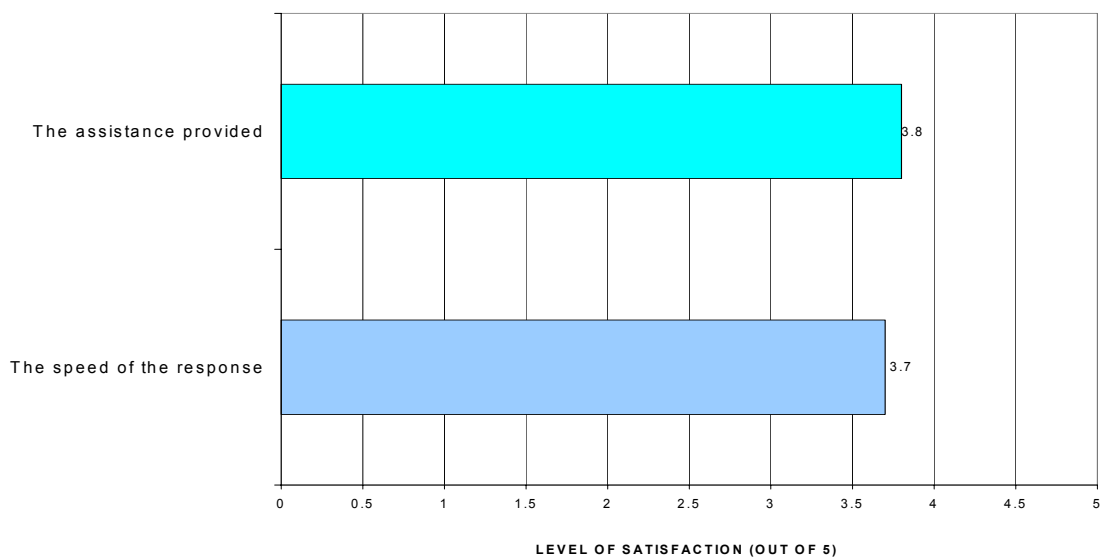
**Figure 19: Main Driver in Decision to Switch Retailer - Residential**



For the first time in 2006, respondents were asked two 'service' based questions relating to contact with their retailer. Respondents were read two statements relating to the customer service received from their retailer and asked to rate - on a scale of 1 to 5, where 5 is very satisfied and 1 is very dissatisfied – their level of satisfaction. Only 27% (n= 324) had contacted their retailer in the past 12 months.

On this basis, a reasonably high level of satisfaction was recorded for both the timeliness of responses, and the assistance provided (Figure 20).

**Figure 20: Customer Satisfaction - Residential**

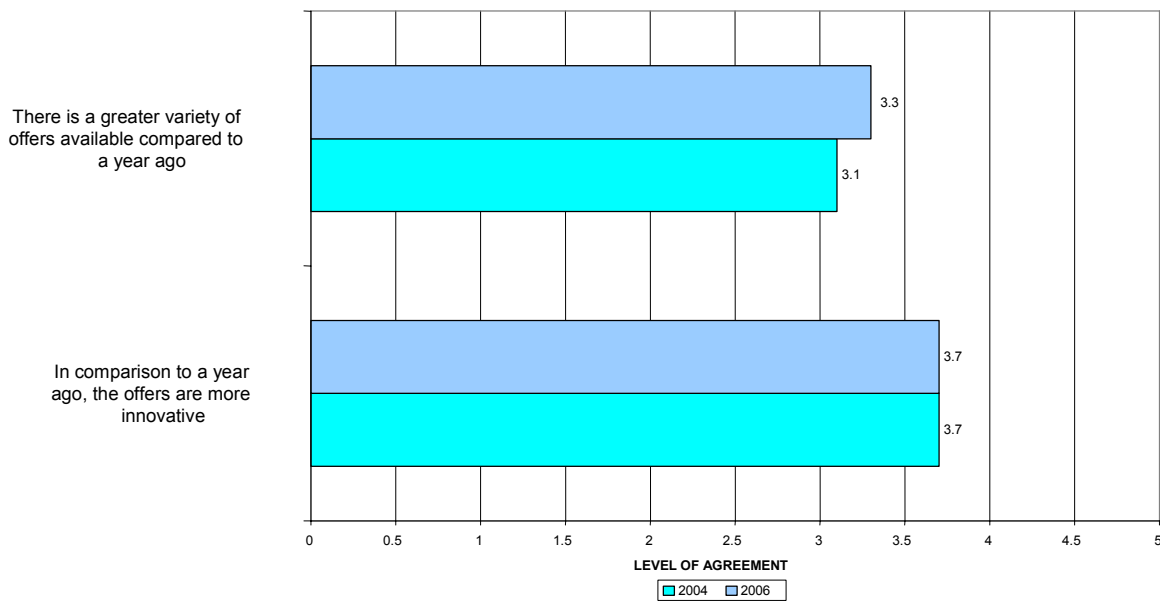


### 3.2.4 Innovation (Competition Indicator 7)

All residential respondents were read two statements relating to the variety and innovation of electricity and gas offers and asked to rate their response on a scale of 1 to 5 (where 5 is strongly agree and 1 is strongly disagree).

On this basis, there was a reasonably high level of agreement that there is a greater variety of offers available compared to a year ago (average rating of 3.3). In relation to offers of a year ago being more innovative, there was an average rating of 3.7 indicating a reasonably high level of agreement among respondents (Figure 21).

**Figure 21: Variety and Innovation - Residential**



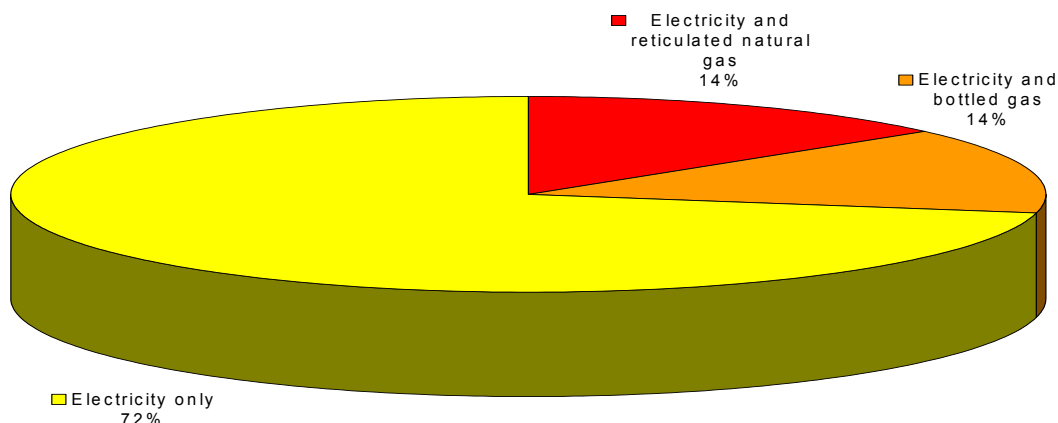
### 3.3 Small Business

This section focuses on reporting the key findings from the small business component of the 2006 small customer survey. As with residential consumers, the summary results are grouped under the relevant FRC competition monitoring indicators.

When the 410 small business respondents were asked what energy combinations they had, the following combinations were identified:

- ▲ Electricity only (72%, n=295)
- ▲ Electricity and reticulated natural gas (14%, n=58)
- ▲ Electricity and bottled gas (14%, n=57)

Figure 22: Energy Combinations – Small Business

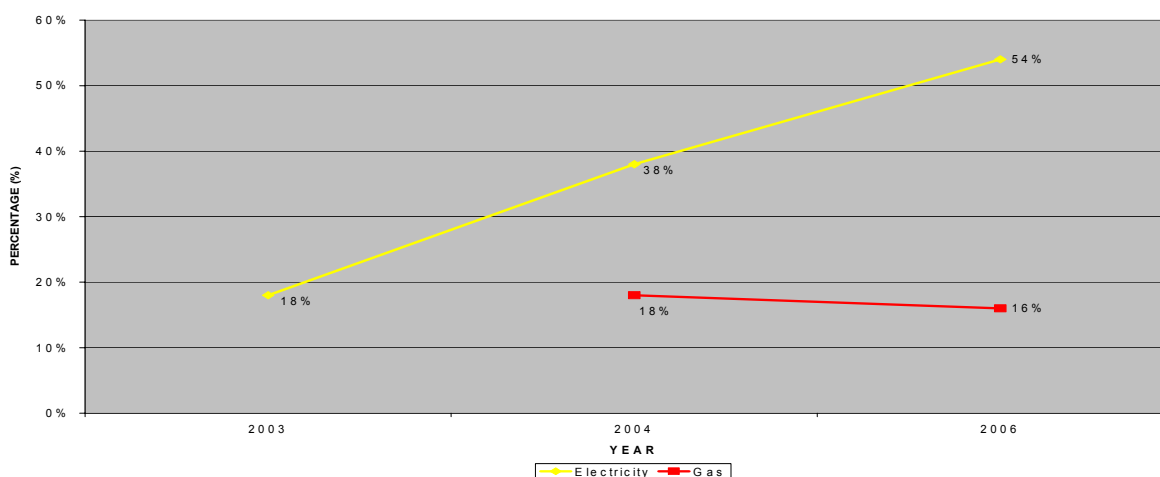


Of the 58 small business respondents indicating they had both electricity and reticulated gas in their businesses, 35% (n=20) currently purchased both electricity and gas from the same retailer. It should be noted that since only a relatively small number (58) of small businesses had gas, care should be taken in interpreting the survey results in this area.

### 3.3.1 Degree of Customer Switching (Competition Indicator 2)

The proportion of small business respondents receiving an offer of an electricity market contract continued to increase in 2006 at 54% (n=221), up from 38% in 2004 and 18% in 2003 (Figure 23). There was a slight decrease in the number of gas small business respondents receiving an offer of contract at 16% (n=9), down from 18% in 2004.<sup>30</sup>

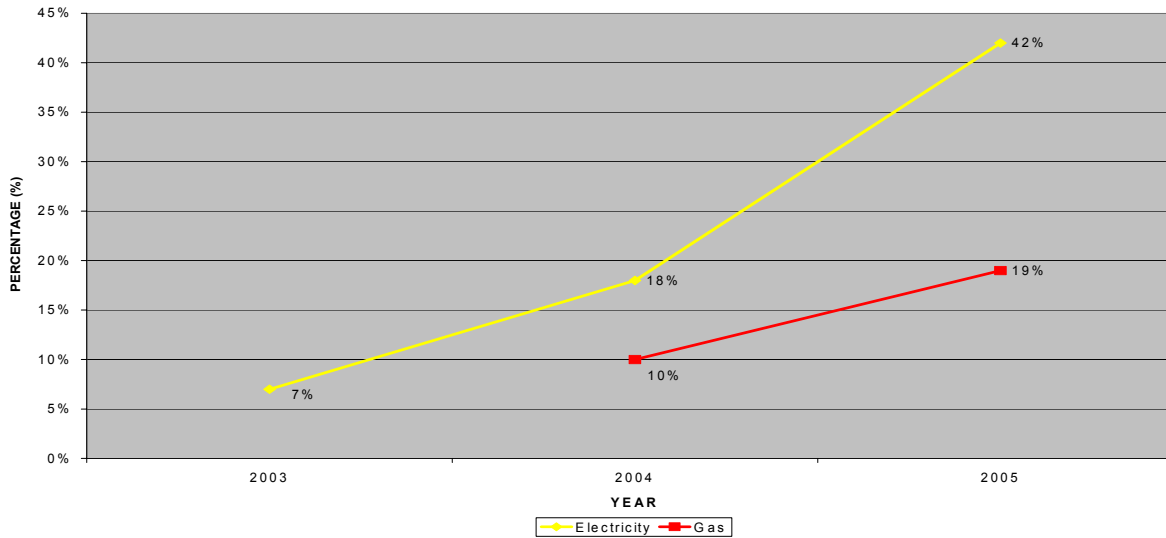
Figure 23: Received an Offer of Contract – Small Business



<sup>30</sup> The Consultant's 95% confidence margin table (Appendix 3) indicates a possible range of  $\pm 14\%$  for a small sample of 58. Thus the 2006 result of 16% gas respondents receiving an offer of a contract falls within a range of 2% to 30%. Consequently, the population percentage could potentially be 30%, double the 16% reported above. Hence caution needs to be exercised when attempting to interpret the size of any change from the 2004 survey.

There was a sharp increase in the number of small business electricity respondents that had taken out a market contract at 42% (n=173) - double that in 2004 at 18% and up significantly from the 7% in 2003 (Figure 24). This trend was also demonstrated with those small business respondents connected to reticulated natural gas, 19% (n=11) - double that in 2004 at 10%.<sup>31</sup>

**Figure 24: Taken Out a Market Contract – Small Business**

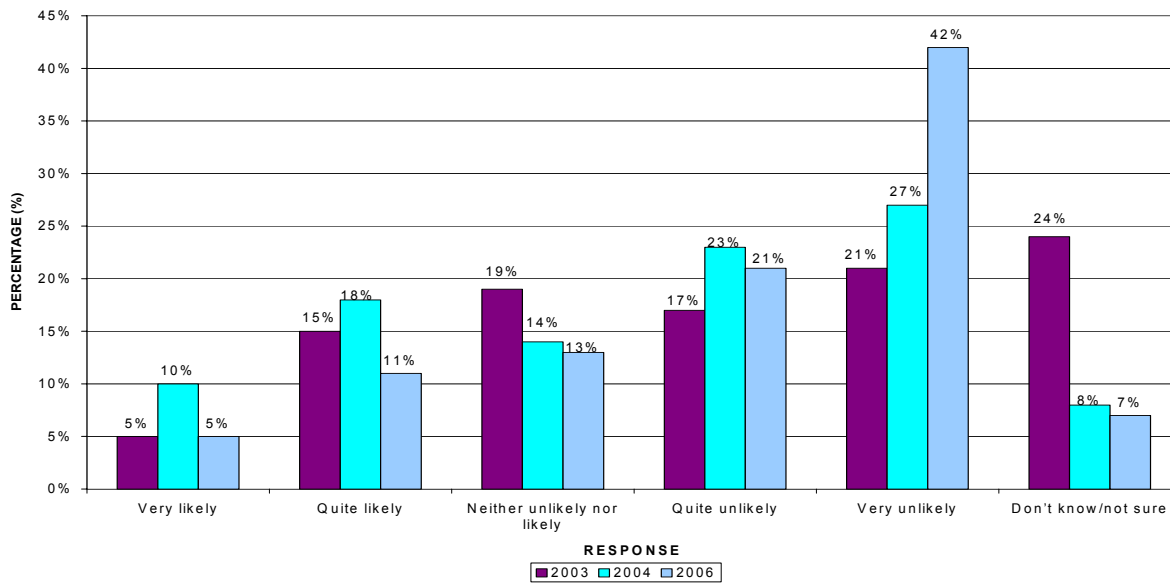


A high proportion (64%, n=261) of small business electricity respondents indicated that they were unlikely to take out a contract with an electricity retailer in the next 12 months - compared with the 49% in 2004, and the 38% recorded in 2003 (Figure 25). For gas, 66% (n=38) of respondents indicated that they were unlikely to take out a gas contract in the next 12 months - up from the 56% in 2004 (Figure 26).

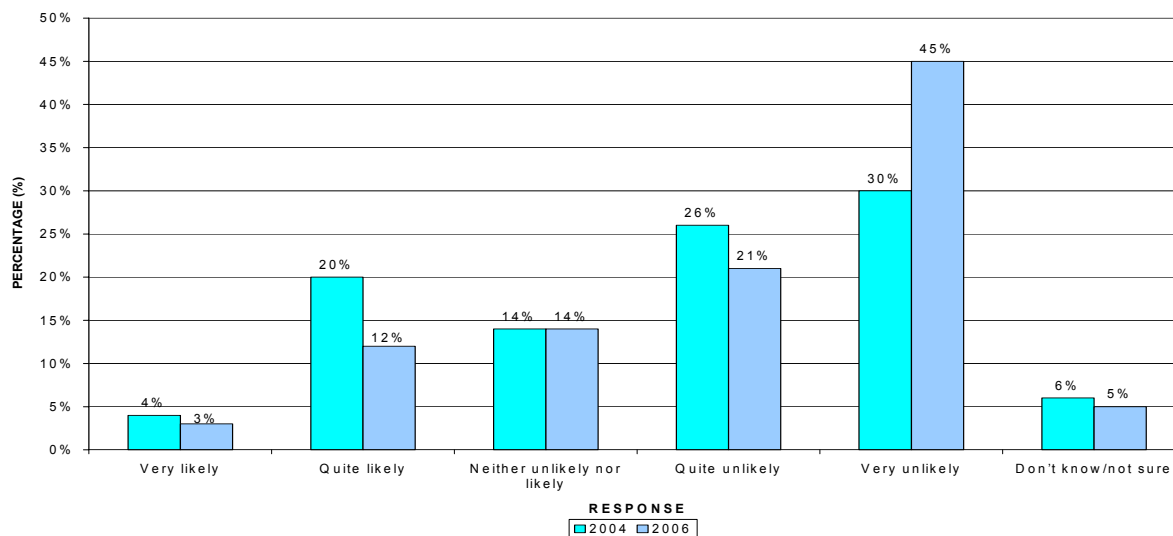
This is not necessarily an indication of poor competition in the SA energy market, rather, as with residential respondents, this may be an inevitable consequence of a high proportion of small business consumers already having market contracts.

<sup>31</sup> As discussed above, the small business gas results reflect the findings from the relatively small sample of 58 businesses that used reticulated natural gas in their businesses.

**Figure 25: Likelihood of Taking Out an Electricity Market Contract in the Next 12 Months – Small Business**



**Figure 26: Likelihood of Taking Out a Gas Market Contract in the Next 12 Months – Small Business**



For those that had not taken out a contract, Table 6 reports the main reasons given for not doing so, for both electricity and gas respondents:

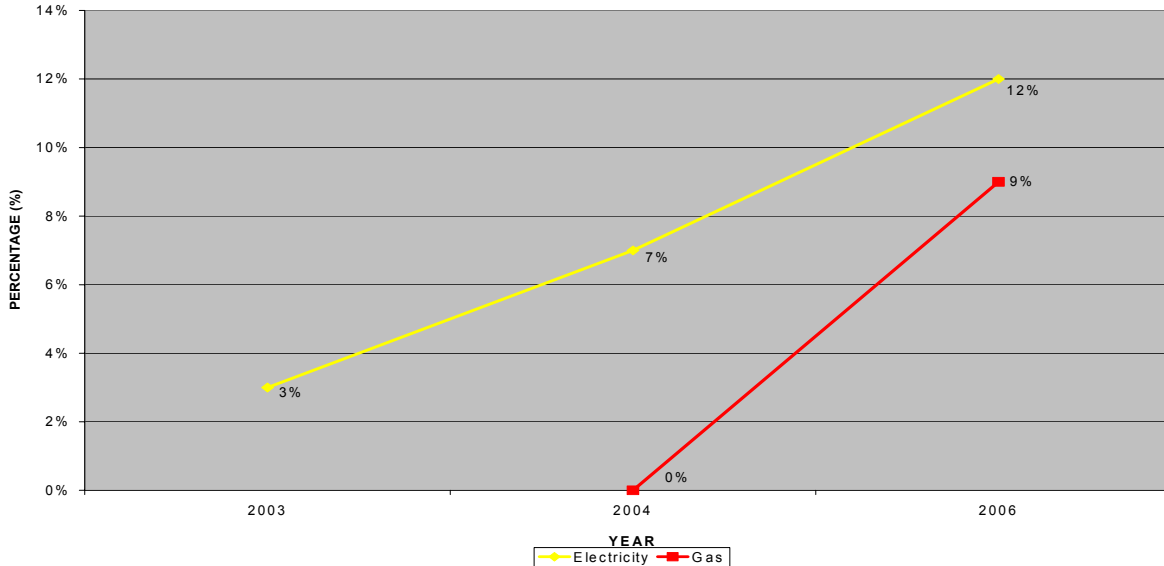
**Table 6: Main Reasons for Not Taking Out a Contract<sup>(1)</sup>**

INFORMATION SOURCE	ELECTRICITY (%)		GAS (%)	
	2006	2004	2006	2004
Happy with current retailer	38%	29%	36%	44%
Insufficient information	11%	22%	17%	7%
Waiting for better offers	8%	7%	11%	4%
Inadequate potential savings	12%	9%	9%	16%
Lack of confidence in the new retailer	6%	2%	2%	0%
Concern with transfer process	2%	3%	2%	0%
Other	33%	19%	36%	22%
Don't know/not sure	7%	23%	6%	16%
Number of Respondents	237	331	47	45

Note: (1) Need not sum to 100% as multiple responses allowed.

For both fuel types, the majority of respondents who had not taken out a contract were happy with their current retailer, at 38% for electricity and 36% for gas.

**Figure 27: Approached Retailer About Taking Out a Market Contract – Small Business**



The incidence of business electricity respondents approaching a retailer to ask about buying electricity remained low at 12% (n=48), although continued to increase from previous surveys (Figure 27). An increase in the incidence of business gas respondents approaching a retailer increased to 9% (n=5), up from 0% in 2004.

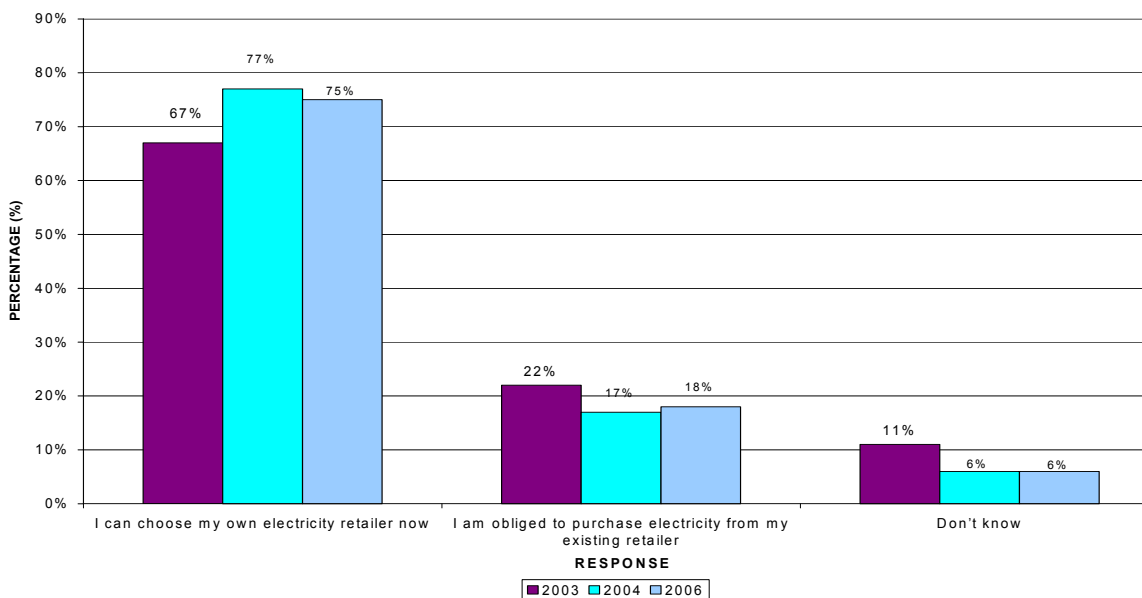
There was a slight decrease in the number of business electricity respondents who were refused by the retailer after having approached them at 10% (n=5), down from

11% in 2004. As with the 2004 results, none of the gas businesses surveyed were refused by the retailer.

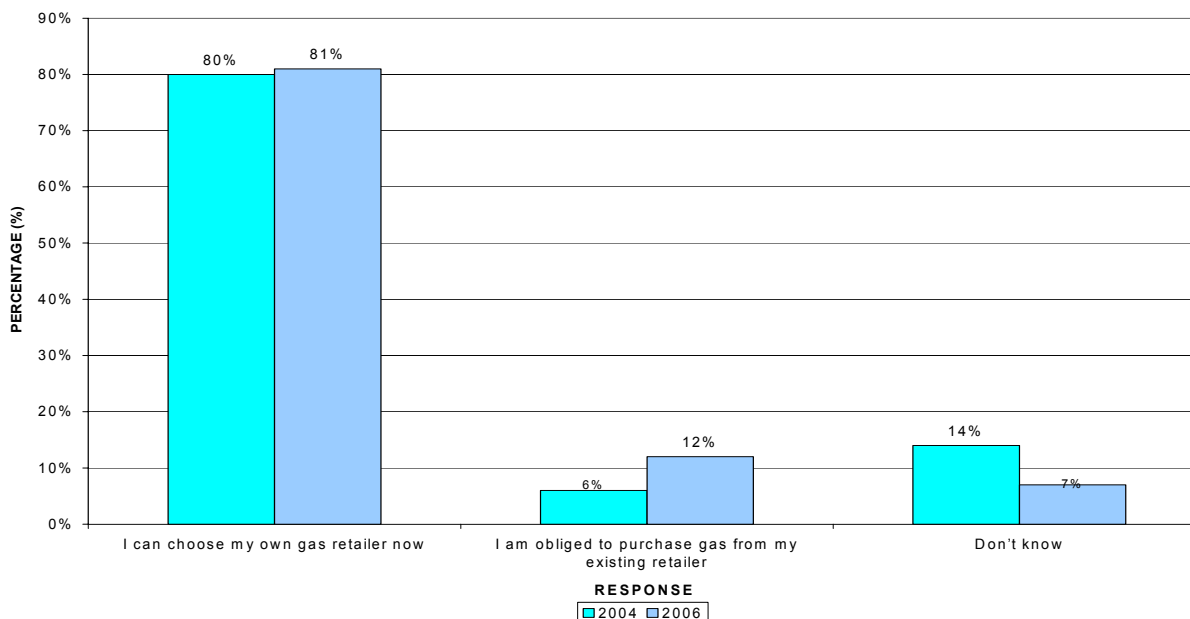
### 3.3.2 Information Asymmetries (Competition Indicator 4)

The number of respondents aware of their ability to choose their electricity retailer decreased slightly (although not at a statistically significant level) at 75% (n=309) (Figure 28). Gas respondents indicated a slightly higher level of awareness 81% (n=47) (Figure 29).

**Figure 28: Awareness of Ability to Choose Electricity Retailer – Small Business**

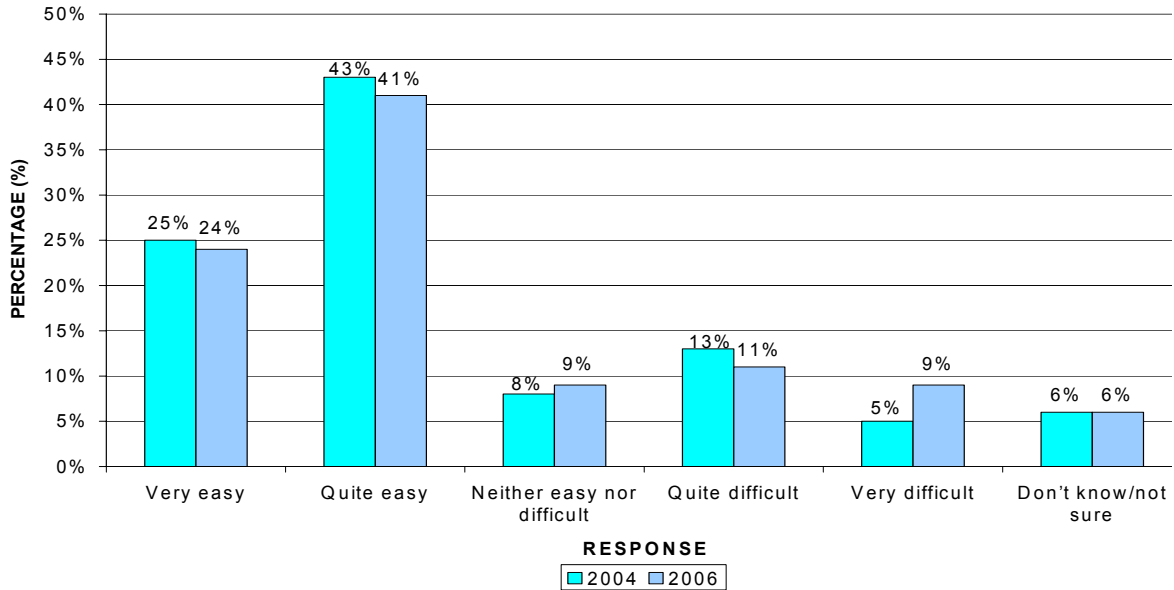


**Figure 29: Awareness of Ability to Choose Gas Retailer – Small Business**

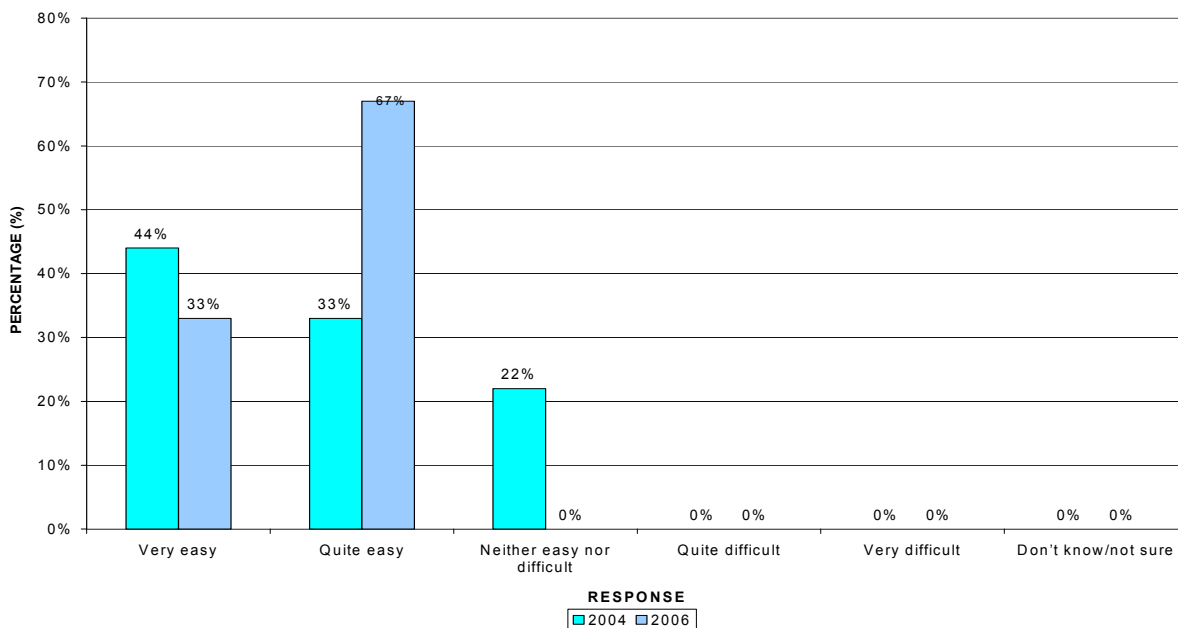


More than two thirds (64%, n=142) of those small business electricity respondents that had received an offer indicated that the offer was easy to understand, compared to 68% in 2004 (Figure 30). Of those few small business gas respondents that had received an offer, 100%, n=9 indicated that it was either very easy or easy to understand, up from 78% in 2004 (Figure 31).

**Figure 30: Ease of Understanding Electricity Offer – Small Business**



**Figure 31: Ease of Understanding Gas Offer – Small Business**



Of those electricity respondents that had taken out a market contract, a significant majority (83%, n=143) considered the transfer process to be either quite easy or very easy; compared to 80% in 2004. For gas, 73% (n=8) of the small number who had



taken out contracts indicated that the transfer process was easy, compared to 80% in 2004.

A relatively small proportion of small business electricity respondents (14%, n=56) indicated that they had looked for information to assist them in making a decision about moving to a market contract with an electricity supplier. An even smaller proportion (5%, n=3) of business gas respondents indicated that they had looked for such information.

Table 7 reports the sources of this information for both electricity and gas respondents:

**Table 7: Sources of Information<sup>(1)</sup>**

INFORMATION SOURCE	ELECTRICITY (%)		GAS (%)	
	2006	2004	2006	2004
The retailer	18%	24%	100%	0%
Representatives of the retailer	18%	12%	0%	0%
Advertisements	5%	20%	0%	0%
The Internet	38%	20%	33%	50%
Friends/family/work colleagues	11%	6%	0%	0%
Other	38%	37%	0%	50%
Don't know/not sure	2%	2%	0%	0%
Number of Respondents	56	49	3	2

Note: (1) Need not sum to 100% as multiple responses allowed.

Those respondents who sought information were likely to look for this information from retailers, representatives of the retailers, or the Internet.

Of these small business electricity respondents who had sought information, 73% (n=41) considered the information to be easy to obtain. All (100%, n=3) of the gas respondents considered the information was easy to obtain. However, given the very low numbers of gas respondents it is hard to draw any meaningful conclusions from these results.

When asked how easy was it to understand the information and compare offers, half (50%, n=28) of these electricity respondents considered it was either quite easy or very easy. There was a relatively high proportion (73%, n=41) of these electricity respondents who indicated that they were able to obtain sufficient information to make an informed choice; up from 61% in 2004.

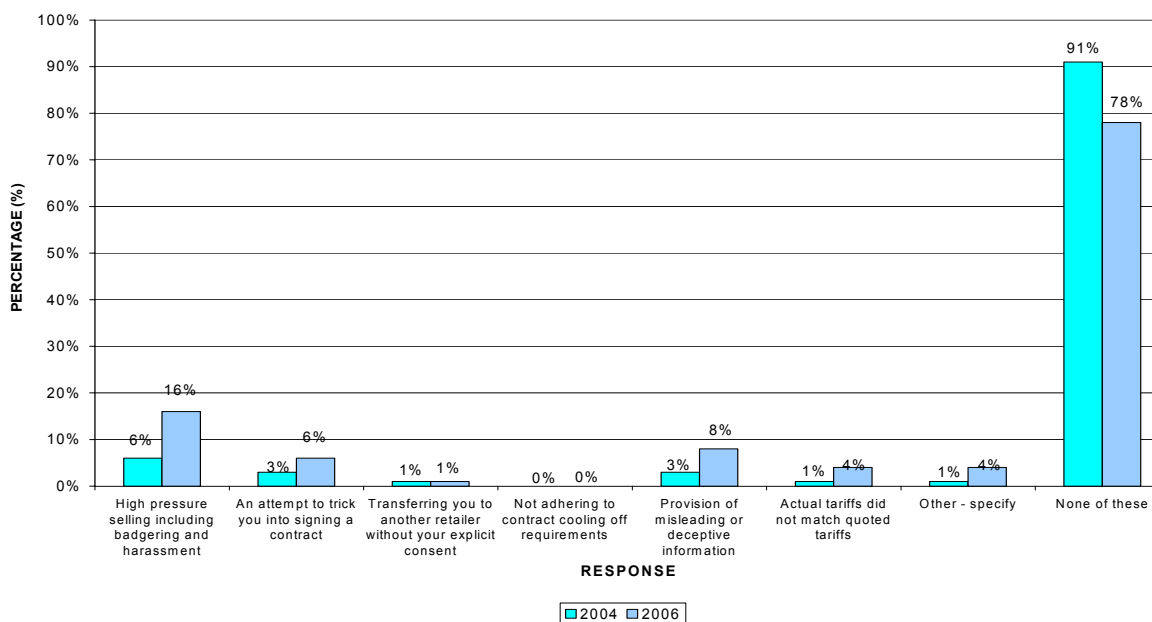
Only 19% (n=78) of the total small business respondents surveyed indicated that they were aware of the availability of independent assistance to help in making energy decisions.<sup>32</sup>

There was a high level of agreement that the current format of electricity bills is easy to understand (average rating of 4.2 out of 5). There was a lower level of agreement with the statement that the information contained in electricity bills enables comparisons with other retailers' offers (average rating of 3.5 out of 5). Similar results were achieved for gas at 4.4 and 3.8, respectively.<sup>33</sup>

When read a number of statements relating to perceived inappropriate marketing behaviour from energy retailers, the majority (78%, n=319) of the total small businesses surveyed indicated that they felt they had not experienced any of this behaviour in the previous 12 months - an increase (in those experiencing such behaviour) on the 91% recorded in 2004 (figure 32).

A small proportion of small businesses indicated that they had experienced a number of these types of behaviour, e.g. high pressure selling including badgering and harassment (16%, n=65), up from 6% in 2004; provision of misleading or deceptive information (8%, n=33), up from 3% in 2004; and attempts to trick people into signing a contract (6%, n=26), up from 3% in 2004.

**Figure 32: Marketing Conduct – Small Business**



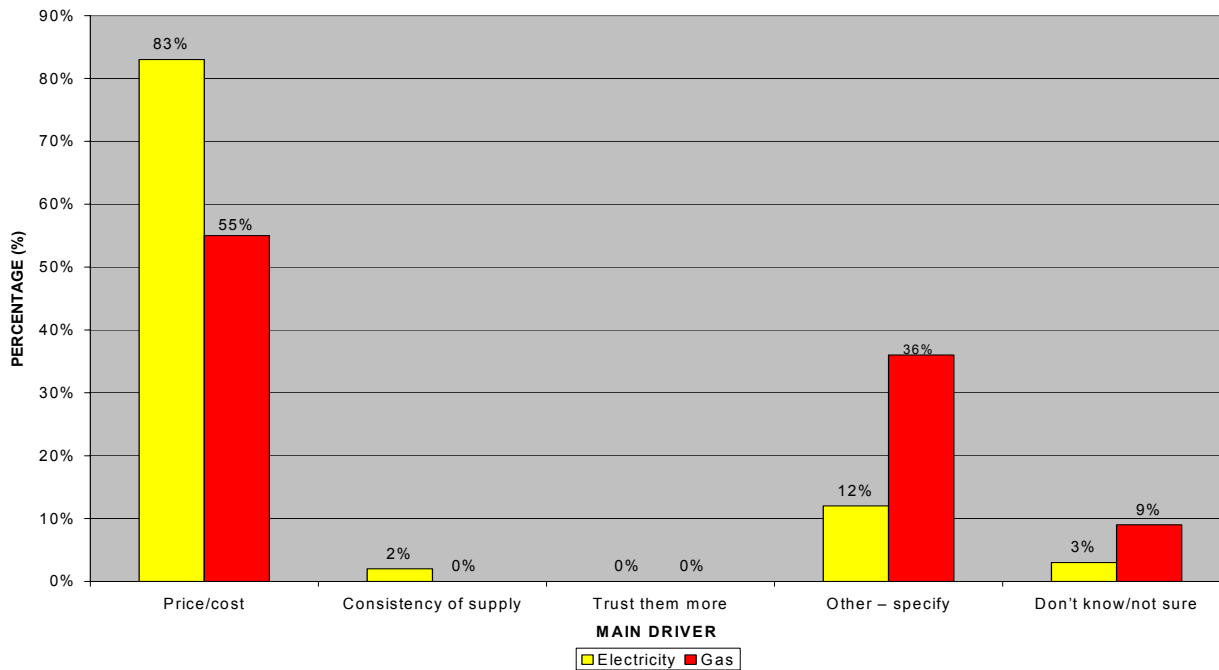
<sup>32</sup> The Commission's estimator will soon include a section to assist small business customers in making energy offer comparisons.

<sup>33</sup> It is generally considered that an average rating of 3.5 represents a reasonably high level of satisfaction, 4.0 a very high level of satisfaction, and 4.5 and above an extremely high level of satisfaction.

### 3.3.3 Price/Service Mix (Competition Indicator 5)

For both electricity and gas, price was the main driver in the decision to switch retailers at 83% (n=144) and 55% (n=6), respectively.

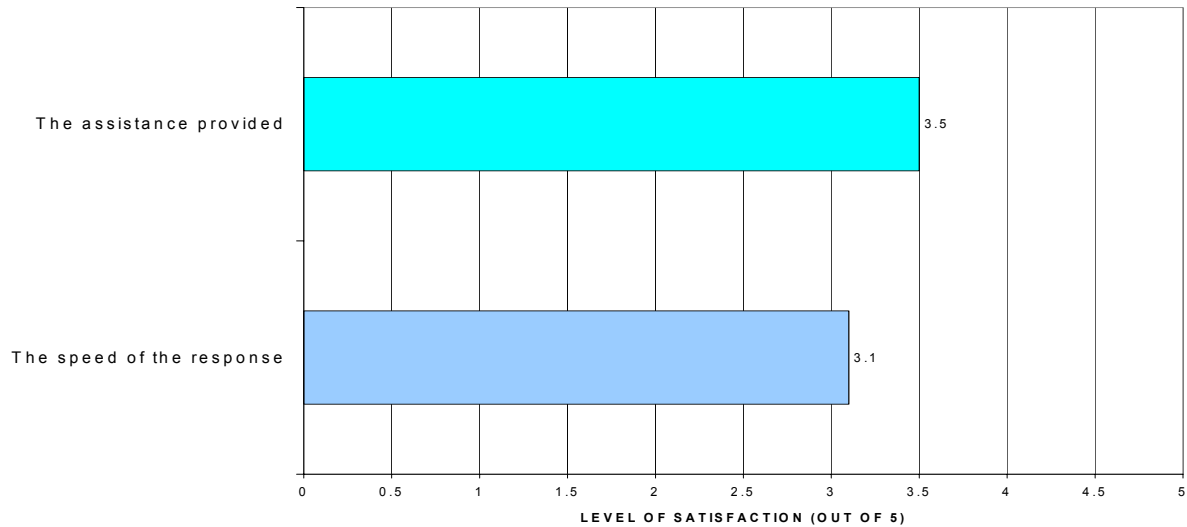
**Figure 33: Main Driver in Decision to Switch Retailer – Small Business**



For the first time in 2006, all respondents were asked two ‘service’ based questions. Respondents were read two statements relating to the customer service received from their retailer and asked to rate on a scale of 1 to 5 - where 5 is very satisfied and 1 is very dissatisfied - their level of satisfaction. About one quarter (26%, n=105) had contacted their retailer in the past 12 months.

On this basis, a reasonably high level of satisfaction was recorded for both the timeliness of responses, and the assistance provided.

**Figure 34: Customer Satisfaction – Small Business**

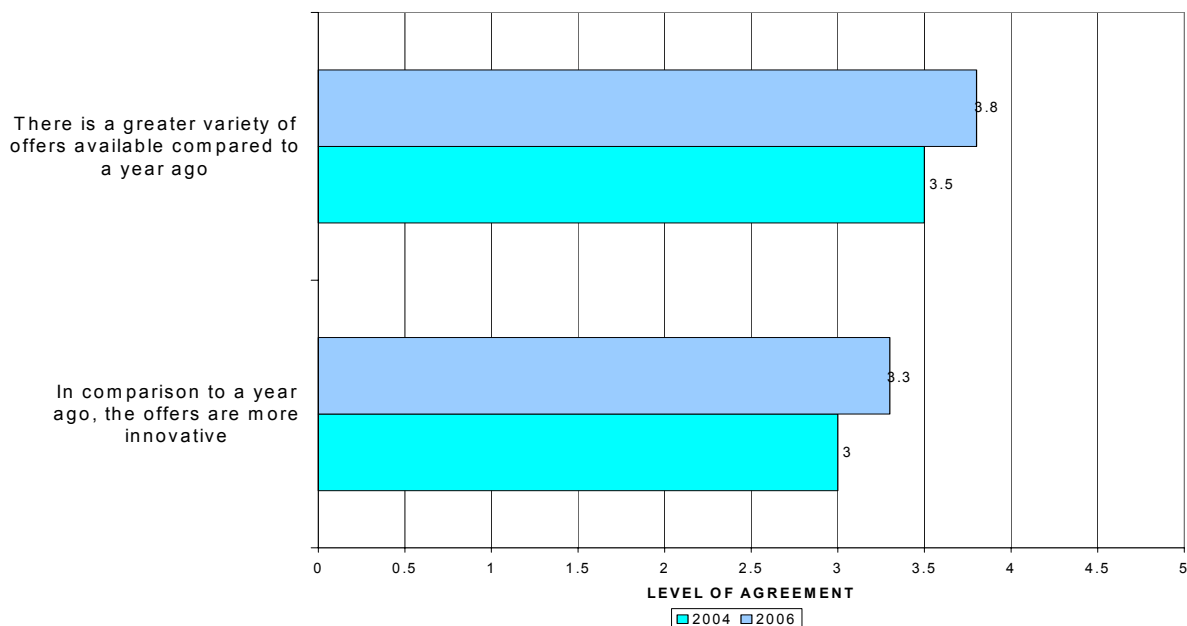


### 3.3.4 Innovation (Competition Indicator 7)

All small business respondents were read two statements relating to the variety and innovation of electricity and gas offers and asked to rate their response on a scale of 1 to 5 (where 5 is strongly agree and 1 is strongly disagree).

On this basis, there was a reasonably high level of agreement that there is a greater variety of offers available compared to a year ago (average rating of 3.8, up from 3.5 in 2004). In relation to offers of a year ago being more innovative, there was an average rating of 3.3 (3.0 in 2004), indicating a reasonably high level of agreement among respondents.

**Figure 35: Variety and Innovation – Small Business**



## 4 LOW-INCOME CONSUMERS

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This section looks at potential impacts of electricity and gas retail competition on low-income consumers and reports in more detail the component of the small customer survey work outlined in Section 3 relevant to low-income customers. This section also reports the results of an update undertaken of one of the National Institute of Labour Studies' (NILS) hardship and changes in income measures.

**Key points:**

- ▲ *The 2006 small customer survey indicated that the defined Low Income Segment residential respondents:*
  - *were less likely to be aware of the ability to choose an energy retailer*
  - *were less likely to take out an electricity market contract in the next 12 months*
  - *were less likely to cite price as the main driver in the decision to change electricity retailers*
  - *recorded differences to the overall survey group in other areas, but the differences were not statistically significant.*
  
- ▲ *In comparison with the 2006 small customer survey, for defined Low Income Segment residential respondents, the previously reported 2004 survey showed:*
  - *no statistically significant difference in awareness of the ability to choose an energy retailer*
  - *more likely to have received an individual offer of an energy market contract*
  - *more likely to have taken out an energy market contract*
  - *were also less likely to take out a market contract for both gas and electricity in the next 12 months.*

### 4.1 Small Customer Survey

Section 3 reported on the results of the survey of residential and small business customers, which was commissioned by the Commission and undertaken by McGregor Tan Research (the Consultant) in January/February 2006.

As indicated in section 3, this section reports on the survey results for residential respondents by income level groupings, concentrating on those aspects where the experience of low-income respondents with FRC differed significantly from the responses from the survey group as a whole, particularly in terms of statistically significant variances from the overall survey responses.

This type of analysis has been conducted and reported on in previous Statistical Reports, in relation to earlier small customer surveys. The November 2003 Statistical Report reviewed the results of the September 2003 survey by income level of residential respondent, showing some variances in results for those respondents earning less than \$15,000 p.a., namely:

- ▲ a significantly lower level of awareness of ability to choose their electricity retailer (47% compared with 62% for the overall sample).
- ▲ the incidence of being unlikely to take out a market contract in the next 12 months was higher (51%) compared with 36% for the overall sample, (possibly as a result of their lower level of awareness).

In relation to customers receiving electricity pension concessions:

- ▲ there was a lower incidence of these respondents indicating that they would be likely to take out a market contract (19% compared with 27% for the overall sample).

The September 2004 Statistical Report reviewed the results of the August 2004 survey by income level of residential respondent. The August 2004 survey defined a specific Low Income Segment for residents who met the following criteria:

- ▲ 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.
- ▲ 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.;
- ▲ a range of gross household income bands (starting with under \$15,000 p.a. and \$15,001 to \$25,000 p.a.); and
- ▲ those respondents receiving the electricity pension concession.

In the 2004 small customer survey, respondents in the Low Income Segment (50% electricity, 24% gas) were more likely to have received an offer of a market contract compared with the overall survey group (44% electricity, 20% gas). Low Income Segment respondents (37% electricity, 23% gas) were more likely to have taken out a market contract compared with the overall survey group (28% electricity, 15% gas).

Other results from the 2004 small customer survey showed that Low Income Segment respondents (59% electricity, 55% gas) were more unlikely to take out a market contract in the next 12 months compared with the overall survey group (51% electricity, 49% gas). Low Income Segment respondents (38%) were more likely to state that they were happy with their current retailer as a reason for not taking out an electricity contract compared with the overall survey group (32%).

The March 2005 Statistical Report presented the results of some additional analysis undertaken on the residential component of the 2004 small customer survey. 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. This additional analysis excluded the criteria of the respondent being a pensioner (i.e. receiving the energy pension concession), and the range of gross income bands from the Low Income Segment definition, so as to avoid double counting.

The additional analysis undertaken on the 2004 small customer survey suggested that there was no evidence of discrimination occurring in the access of low-income electricity customers to market contracts. However, it appeared 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.

The analysis presented in this section for the 2006 small customer survey uses the definition for the Low Income Segment as applied in the March 2005 Statistical Report (i.e. excludes the criteria of the respondent being a pensioner, with separate analysis by pensioner possible).

The results of the 2006 small customer survey show that the Low Income Segment respondents:

- ▲ were less likely to be aware of the ability to choose their energy retailer (73% electricity, 74% gas) compared with the overall survey group (79% electricity, gas 79%) . However, there was no statistically significant difference between these respondent groups in the 2004 small customer survey<sup>34</sup>;
- ▲ appeared to be as likely<sup>35</sup> to have received an individual offer of a market contract (49% electricity, 33% gas) compared with overall survey group (52% electricity, 34% gas). For the 2004 small customer survey, the difference was statistically significant, with the Low Income Segment more likely to have received an individual offer of an energy market contract than the overall survey group. The 2004 small customer survey result is likely to be due to the State Government's \$50 Electricity Transfer Rebate offer, which ended on 13 August 2004;
- ▲ generally appeared to be as likely to find market contract offers as easy to understand (65% electricity, 67% gas), compared with overall survey group (65% electricity, 74% gas). This was also the case for the 2004 small customer survey;
- ▲ appeared to be as likely have taken out a market contract (43% electricity, 32% gas) compared with overall survey group (41% electricity, 32% gas). For the 2004 small customer survey, the difference was statistically significant, with the Low Income Segment more likely to have taken out an energy market contract than the overall survey group. The 2004 small customer survey result is likely to be due to the State Government's \$50 Electricity Transfer Rebate offer, which ended on 13 August 2004;

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<sup>34</sup> Note, that as indicated above, there is a difference in the Low Income Segment definition used between the two surveys.

<sup>35</sup> References to 'appeared as likely' indicate that there was no statistically significant difference between the two respondent groups compared.

- ▲ considered price as less of a main driver in their decision to change electricity retailers (Low Income Segment 60%, compared with overall survey group 68%), with consistency of supply rated higher than the overall survey group (Low Income Segment 7%, compared with overall survey group 4%), even though retailers have no control over consistency of supply as it is a network responsibility. This pattern was not replicated for gas and the electricity response is likely to have been strongly influenced by outages experienced during the heatwave of 19 to 22 January 2006. This question was not asked in the 2004 small customer survey;
- ▲ were more likely to cite 'don't know/not sure' as the reason for not taking out an electricity contract (Low Income Segment 20%, compared with overall survey group 14%) and slightly less likely<sup>36</sup> to cite 'due to insufficient information', 'concern with the process' or because 'hadn't been offered a contract'. Low Income Segment gas respondents were slightly more likely to cite 'happy with current retailer' (low income segment 56%, compared with overall survey group 50%). For the 2004 small customer survey the only differences were that electricity respondents were more likely to cite that they were 'happy with current retailer' as a reason for not taking out a market contract, and both gas and electricity slightly less likely to not take out a market contract due to 'insufficient information';
- ▲ were more unlikely to take out a market contract with their existing electricity retailer or switch to another electricity retailer in the next 12 months (Low Income Segment 78%, compared with overall survey group 73%).<sup>37</sup> There was no such statistically significant difference for gas, although Low Income Segment gas respondents were more likely to indicate 'don't know/ not sure', but the number of respondents in this category were small (low income segment 8%, compared with overall survey group 4%). For the 2004 small customer survey, Low Income Segment respondents were more unlikely (compared with overall survey group) to take out a market contract for both gas and electricity;
- ▲ whilst slightly less likely to have looked for information to assist in making a decision to move to an electricity market contract (Low Income Segment 11%, compared with overall survey group 13%), they were more likely to have relied on friends, family or work colleagues for this information (Low Income Segment 21%, compared with overall survey group 9%). However, the Low Income Segment respondents were more likely to answer no to the information being important in making the decision to switch retailers (Low Income Segment 26%, compared with overall survey group 14%). There was no significant difference between the Low Income Segment and overall survey group responses for gas. There were also no significant differences identified in this area for the 2004 small customer survey, apart from Low Income Segment respondents slightly less likely to source information from a retailer or the internet for an electricity market contract;

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<sup>36</sup> References to 'slightly less likely' mean that whilst the difference was statistically significant, it was at a lower degree of significance than 99% (i.e. 90% or 95%).



- ▲ appeared as unlikely (84%) to have (perceived) experienced inappropriate marketing conduct from energy retailers compared with overall survey group (82%). There was no statistically significant difference between these respondent groups in the 2004 small customer survey; and
- ▲ appeared as likely (20%) to be aware of independent assistance to help in making energy decisions compared with overall survey group (22%), although slightly more likely to respond 'don't know/ not sure'. A similar result was reported for the 2004 small customer survey.

In relation to the 2006 small customer survey, relative to the overall survey group, Low Income Segment respondents were:

- ▲ more likely to be electricity-only households (low income segment 46%, compared with overall survey group 40%);
- ▲ more likely to be located in regional areas (low income segment 38%, compared with overall survey group 33%);
- ▲ more likely to be single and living on their own (low income segment 44%, compared with overall survey group 24%), or single with dependent children (low income segment 8%, compared with overall survey group 6%), but less likely to live with partner/spouse without dependent children (low income segment 34%, compared with overall survey group 40%) or be a household of two adults with dependent children (low income segment 9%, compared with overall survey group 25%);
- ▲ more likely to receive a State Government energy concession (low income segment 81%, compared with overall survey group 39%);
- ▲ more likely to be female (low income segment 68%, compared with overall survey group 60%); and
- ▲ less likely to be in paid employment (low income segment 16%, compared with overall survey group 49%).

As indicated in section 3, the Consultant has provided the Commission with a copy of the entire database for the survey and the intention is that the Commission will undertake further analysis and report the results in future Statistical Reports.

## ***4.2 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 and March 2005 Statistical Reports, the National Institute of Labour Studies (NILS)<sup>38</sup> recommended that a 'hardship' baseline be established showing:

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<sup>38</sup> 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](http://www.escosa.sa.gov.au/resources/documents/021031-R-FuelPoverty_NILSFinalReport.pdf)).

- ▲ 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; and
- ▲ 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 Report.<sup>39</sup>

The ABS has released results of the 2003/04 Household Expenditure Survey (HES) and the Commission is due to receive a report from NILS updating its indicators shortly. A report on the NILS’ findings, along with a copy of the NILS’ report, will be released separately to this report in coming months.

In lieu of the NILS update, 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 graph<sup>40</sup> which plotted movements in the index of adjustments to weekly allowances and pensions over the period 1998/99 (year of the then latest available HES) to 2003/04<sup>41</sup>, and 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 numbers.<sup>42</sup> This allows a proxy for changes in income and prices to be monitored.

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 is 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.

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<sup>39</sup> 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>).

<sup>40</sup> Refer Figure 2, p43 of the September 2004 FRC Monitoring Statistical Report.

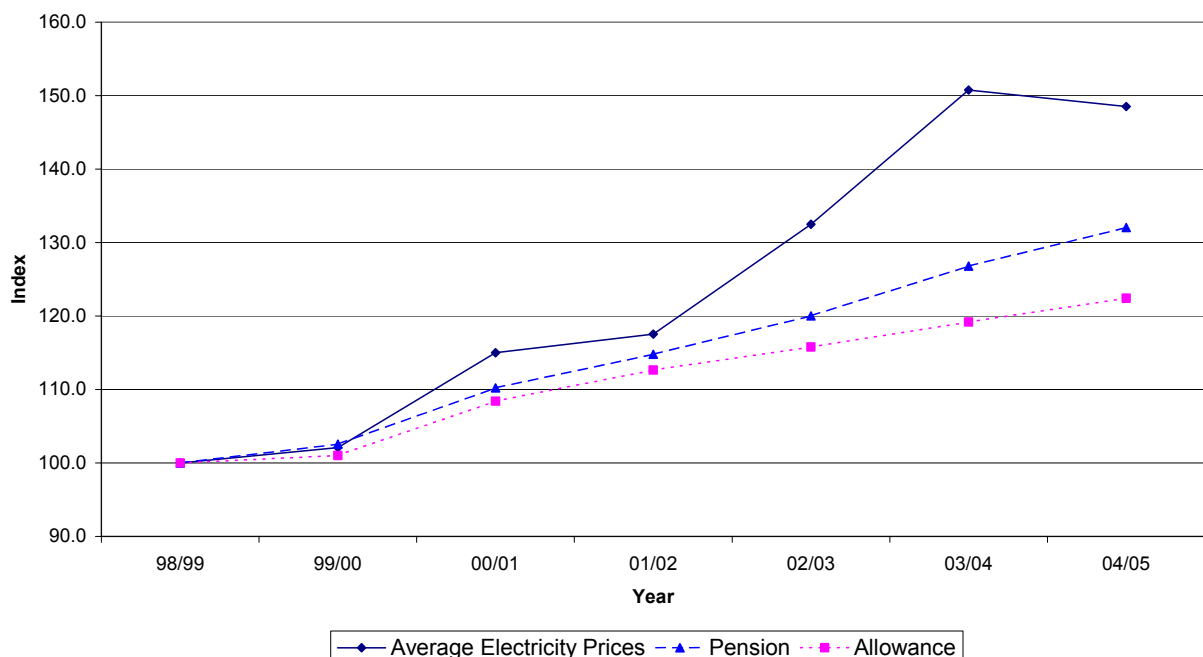
<sup>41</sup> Derived from the February 2004 NILS report. The ‘allowance’ relates to the over 21 years old single unemployment benefit and sickness benefit, with the ‘pension’ the applicable rate for the single age pension. The September index adjustment is used in determining the value for the relevant 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).

<sup>42</sup> 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.

Figure 36 reproduces Figure 2 of the September 2004 Statistical Report with the data updated to include 2004/05. However, the allowance and pension index lines in Figure 36 have been adjusted to incorporate the SA Government Energy Concession as a supplementary allowance (e.g. the \$120 energy concession applying in 2004/05 is converted to a weekly equivalent and added to the Commonwealth payments). This allows the effect of the change in the annual energy concession from \$70 to \$120 (that occurred from 1 January 2004) to be incorporated into the Figure through the payment indices.

The State Government's Electricity Transfer Rebate (\$50) payment to pensioners and self-funded retirees has not been incorporated into the payments indices, as not all pensioners received this payment (i.e. the payment was only received by those that took out a market contract for electricity). Also, the State Government's one-off energy payment of \$150 to pensioners and self-funded retirees (announced in the May 2005 State Budget) is not included, as it is expected that most of the payments associated with this benefit will be made in the 2005/06 financial year, and hence should be incorporated when the equivalent of Figure 36 is updated for 2005/06.

**Figure 36: SA Electricity Price Movements  
Against Weekly Allowances and Pension Movements – Index<sup>(i)</sup>  
(base 1998/99 – nominal dollars)**



Source: February 2004 NILS report (Pension and Allowance rates updated) and retailer statistical returns provided to the Commission, along with some Commission analysis. Pension rates (based on single, standard rate) Allowance (over 21 years single unemployment benefit and sickness benefit) updated from [www.facs.gov.au/guide/ssguide/52.htm](http://www.facs.gov.au/guide/ssguide/52.htm).

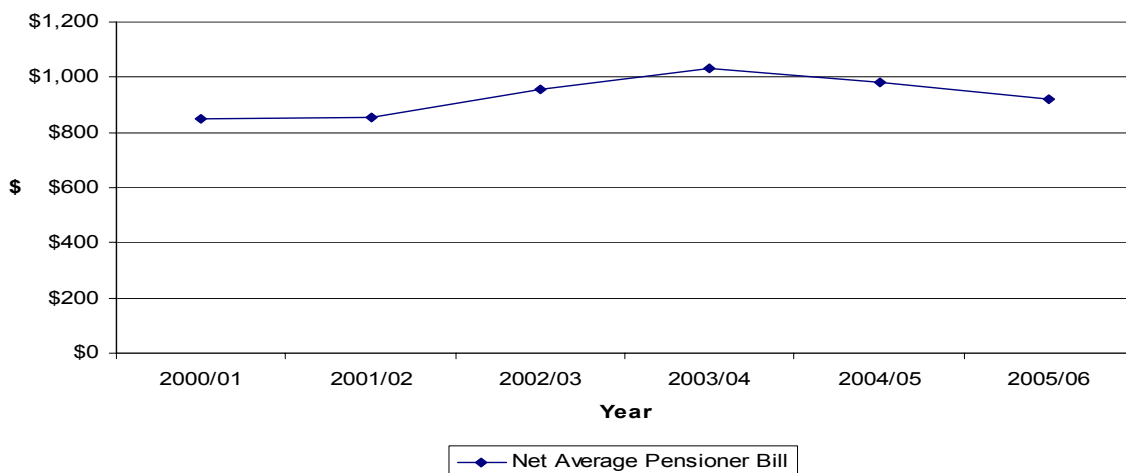
Note: (i) The electricity price index is net of the SA Government's electricity pensioner concession (i.e. the price is derived on the basis of the actual bills paid by customers). As calculated, the average price is technically a measure of average revenue per kWh (i.e. revenue divided by sales). The electricity price index shows the movement in average prices for all residential customers, not just those on pensions or allowances.

Figure 36 indicates that there was some improvement in 2004/05, with a decline in the average electricity price (drop in price index line) corresponding with continuing increases in

the level of Commonwealth payments and the first full year of the State Government's increased Energy Concession (increases in cash transfer payments index lines).<sup>43</sup>

As suggested in the 2004/05 Annual Performance Report-Retail, for 2005/06 the combined effect of the electricity distribution and retail price determinations will be real reductions in standing contract prices, relative to the consumer price index (CPI).<sup>44</sup> This, combined with discounts on offer through market contracts, should see a further downward trend in average real prices in 2005/06. Also, together with normal indexed changes in payments, the one-off \$150 payment to pensioners and self-funded retirees referred to above will improve the financial position of these groups during 2005/06.

**Figure 37: SA Electricity Bill Less Energy Concession<sup>(i)</sup>  
Annual Electricity Consumption of 5,000 kWh  
(base 2005/06 – real dollars)**



Note: (i) The SA Electricity Bill is based on AGL SA Standing Contract tariffs for a consumption of 5,000 kWh p.a., from which the SA energy concession is deducted. The 2005/06 CPI has been estimated at 2.5%, using the 2005/06 forecast provided in the State Budget 2005-06 (page 8.3).

Another approach is to monitor changes in average bills for a constant level of consumption at Standing Contract rates, less the State Government's energy concession (currently \$120 p.a.). This allows changes to be monitored in prices, without the impacts of changes in consumption. Deducting the Energy Concession indicates what a pensioner or beneficiary might be paying (at the defined consumption level, with a level of 5,000 kWh p.a. chosen), and also enables the impact of changes in the level of the concession to be monitored.<sup>45</sup>

<sup>43</sup> Over the period 2001/02 to 2004/05 the real average residential bill (\$2004/05) increased from \$950 to \$1,018 (\$70). Section 5.4 of this report indicates potential savings from taking out a market contract of around 9% in March 2006, equivalent to \$90 on the 2004/05 average bill (savings on electricity Standing Contract rates with annual consumption of 5,000 kWh peak-only (\$980), as used in the price comparisons undertaken in section 5.4). Together with access to the Government's electricity concession increase (\$50), this indicates potential 'offsets' to the Standing Contract rates of around \$140. Although, this result is influenced by the relatively low level of consumption that occurred in 2004/05, impacting on the level of the average 2004/05 bill.

<sup>44</sup> '2004-05 Annual Performance Report, Performance of South Australian Energy Retail Market', November 2005, p33, available on the Commission's website ([www.escosa.sa.gov.au/site/page.cfm?u=27&c=47](http://www.escosa.sa.gov.au/site/page.cfm?u=27&c=47)).

<sup>45</sup> From 1 January 2004 the annual electricity pensioner concession increased by \$50, from \$70 to \$120 p.a.

Figure 37 does not take account of any savings that could be achieved through taking out a market contract. Also, the State Government's one-off energy payment of \$150 to pensioners and self-funded retirees has not been deducted, so that Figure 37 only incorporates changes in the regular energy concession.

Consistent with the pattern in Figure 36, from Figure 37 it can be seen there was some improvement in 2004/05, with a decline in the average bill calculated, with a further improvement to occur in 2005/06.




## 5 ELECTRICITY PRICE COMPARISONS

As indicated by the findings of the 2006 small customer survey (refer Section 3 of this report), price remains a key factor in the decision to switch retailers. This section reports on available independent price comparison services, retailer information disclosure requirements, and provides an indication of the potential savings from moving to a market contract.

**Key points:**

- ▲ *Energy Consumer Toolkit Website operational from the end of March 2006.*
- ▲ *Potential savings available in moving to an electricity market contract are of the order of 9%, whilst potential savings in moving to a gas market contract are around 3%.*

### 5.1 Commission Price Comparison Services

As reported in previous Statistical Reports, the Commission has developed the Estimator web-based price comparison service for residential electricity and gas retail offers, to assist customers to compare market offers.<sup>46</sup> This easy, user-friendly application is available from the link on the home page of the Commission's website [www.escosa.sa.gov.au](http://www.escosa.sa.gov.au), by clicking on the  icon.

The Commission also manages a free-call (1800 226 100) energy retail telephone information service, which provides callers with access to information about retail competition, energy contracts with retailers, metering, and consumer protection.

With the Estimator, 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.

Work is being undertaken by the Commission to expand the Estimator to handle small business market offers.

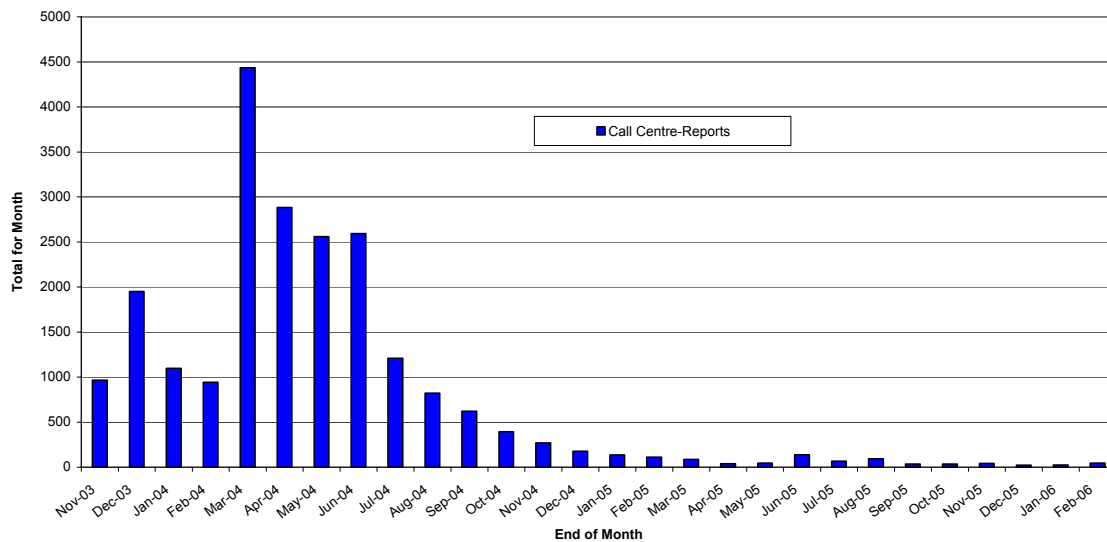
Both the Estimator and telephone information service appear to have been well patronised at varying times. Figure 38 shows the number of price comparison reports issued as a result of consumers using the telephone information service, since its commencement in November 2003 until the end of February 2006 (totalling around 22,000).

The number of price comparison reports issued has declined markedly in recent times, and consequently, the Commission took over the service from the call-centre operated by the

<sup>46</sup> For a detailed discussion, refer to publication "Monitoring the Development of Electricity Retail Competition in South Australia, Statistical Report", November 2003, section 5, ([www.escosa.sa.gov.au/webdata/resources/files/031121-R-MonERCompStatRpt\\_Nov.pdf](http://www.escosa.sa.gov.au/webdata/resources/files/031121-R-MonERCompStatRpt_Nov.pdf)).

Department of Administrative and Information Services on 4 April 2005, in order to reduce the costs of providing this service. The Commission intends to continue this service in its current form, mainly to meet the needs of people without access to the Internet.

**Figure 38: Number of Price Comparison Reports Issued 2003 to 2006**



As advised in the March 2005 Statistical Report, reliable Estimator website ‘hit’ count data was not available from November 2004. Over the last six months of that period for which website hit data was available (May to October 2004), the average monthly Estimator hit count was 840. Recently, reliable data has once again become available and the Estimator hit count for February 2006 was 573, with the average for the six months of September 2005 to February 2006 being 550.

## 5.2 ESCOSA Energy Consumer Toolkit Website

The Final Report of the Review of the ESC Act, issued by the Department of Treasury and Finance in December 2005, recommended that “... ESCOSA should expand its website content to include an ongoing presence devoted to consumer information and assistance”.<sup>47</sup> As a result of that recommendation, work has been undertaken to develop a separate area of the existing Commission site dedicated to providing information to energy consumers.

The “Energy Consumer Toolkit” website became operational at the end of March 2006 and can be accessed via the Commission’s main website, or directly at <http://www.escosa.sa.gov.au/goto/energytoolkit>.

The intention is that this site will provide users with information to enable them to make an informed decision about their energy contract. It includes information such as:

<sup>47</sup> Government of South Australia, Department of Treasury and Finance, “Review of Essential Services Commission Act 2002, Final Report”, December 2005, available at [www.treasury.sa.gov.au](http://www.treasury.sa.gov.au).



- ▲ the types of energy contracts that are available;
- ▲ what to do if customers want to change their energy retailer or energy contract;
- ▲ what to do if customers are changing their home or office premises; and
- ▲ what to do if customers have a complaint that has not been resolved by their retailer.

### **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 energy offers with greater ease. An Energy Price Disclosure Code was formulated and released in January 2005, to have effect on and from 1 January 2005.<sup>48</sup> 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 (excluding off peak hot water) and estimated annual cost of 1.5 MWh 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).

The Commission has recently checked the websites of retailers actively selling to SA small customers (refer Tables 2 and 3 of this report) and, as was the case in the check undertaken in August 2005, found that each retailer is publishing factsheets, although they are not always easy to locate on retailer websites.

Whilst the Commission considers that the price factsheets required under the SA Energy Price Disclosure Code can provide useful comparative information, it is important that customers be able to readily access such information. It is noted that clause 3.3.2 of the Commission's Ports Industry Guideline No.1 requires that "(a) *Regulated Operator* must publish its price information kit on a readily accessible part of its website ...".<sup>49</sup> The ESCV approach is to require that a specified retailer provide a link on the home page of their internet site, to enable customers to easily access product information.<sup>50</sup> The Commission

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<sup>48</sup> 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 ([www.escosa.sa.gov.au/webdata/resources/files/041223-D\\_EnergyPriceDisclosureCode.pdf](http://www.escosa.sa.gov.au/webdata/resources/files/041223-D_EnergyPriceDisclosureCode.pdf)).

<sup>49</sup> Refer "Ports Industry Guideline No.1, Access Price Information", January 2005, ([www.escosa.sa.gov.au/webdata/resources/files/041207-D-PortsGuideline1.pdf](http://www.escosa.sa.gov.au/webdata/resources/files/041207-D-PortsGuideline1.pdf)).

<sup>50</sup> Refer "Final Decision: Publication of Price and Service Information by Energy Retailers on the Internet", August 2005, Essential Services Commission of Victoria (ESCV), [www.esc.vic.gov.au/attachmentviewer4075.html](http://www.esc.vic.gov.au/attachmentviewer4075.html) and "Guideline No.19, Energy Products Disclosure Electricity and Gas, Issue 1", August 2005 [www.esc.vic.gov.au/attachmentviewer4076.html](http://www.esc.vic.gov.au/attachmentviewer4076.html). In the recent ESCOSA review, this approach was being adopted by Aurora and South Australia Electricity in relation to the SA Fact Sheets.



will consider whether a clause along these lines should be inserted into the Energy Price Disclosure Code at the next review of the Code.

#### **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 and 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 analysis was updated in the March 2005 and September 2005 Statistical Reports with a further update, in Table 8.

The analysis in Table 8 factors in direct debit and loyalty rebates on offer. Any other rebates available have not been incorporated and represent potential additional savings.<sup>51</sup> The price comparison deals only with the price components of retail energy contracts. It does not deal with non-cash rewards; like vouchers or discounts on other products or services. These other items should be taken into account in assessing the full benefits of alternative offers. The level of exit fees that may exist with particular contracts is also not considered. Accordingly, the analysis presented in this section should be considered a guide only to the level of potential savings available, with the primary purpose of the analysis being to indicate that there are potential benefits to consumers in seeking out market contract offers.

Comparing the March 2006 and September 2005 results in Table 8 shows no change in the level of potential savings available over this period.

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<sup>51</sup> 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. The level of loyalty rebate used is that applying to the first anniversary of the contract, noting that for some contracts the level of annual loyalty rebate increases over the term of the contract.

**Table 8: Potential Savings from Moving to a Market Contract**

STATISTICAL REPORT	POTENTIAL SAVINGS <sup>(i)</sup>	
	5,000 kWh P.A. No Hot Water (\$)	5,000 kWh P.A. Including Hot Water (\$)
May 2004 Statistical Report <sup>(ii)</sup>	7.9%	6.1%
September 2004 Statistical Report <sup>(iii)</sup>	7.2%	6.9%
March 2005 Statistical Report <sup>(iv)</sup>	8.4%	10.4%
September 2005 Statistical Report <sup>(v)</sup>	9.3%	9.6%
March 2006 Statistical Report <sup>(vi)</sup>	9.3%	9.6%

- (i) An assumption of 26.5%<sup>52</sup> summer consumption and 73.5% non-summer consumption has been made to deal with summer tariffs<sup>53</sup>.
- (ii) Assessment used market contract rates on offer from AGL SA, Origin Energy, 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 Energy, 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 Energy, TXU, EnergyAustralia and Country Energy, as at 24 March 2005, using the Commission's Estimator package.
- (v) Assessment used market contract rates on offer from AGL SA, Origin Energy, TRUenergy, EA-IPR Retail Partnership and Country Energy, as at 6 September 2005, using the Commission's Estimator package.
- (vi) Assessment used market contract rates on offer from AGL SA, Origin Energy, TRUenergy, EA-IPR Retail Partnership, Country Energy, South Australia Electricity and Momentum Energy as at 8 March 2006, using the Commission's Estimator package, available on the Commission's website (refer section 5.1 of this report).

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 9.3% (\$96 p.a.) on their annual electricity bill by taking out the cheapest available market contract. Including off-peak hot water provides potential savings of 9.6% (\$81).

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 residential gas consumption of 24,700 MJ was assumed<sup>54</sup>, 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 2.7% (\$15) on the equivalent standing contract price, which is slightly

<sup>52</sup> 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](http://www.escosa.sa.gov.au).

<sup>53</sup> 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.

<sup>54</sup> 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 reported for residential customers in 2003/04. This level of consumption has continued to be used in order to compare potential savings over time for the same consumption base. The average annual gas consumption recorded for residential customers in 2004/05 was 21,700 MJ. On this basis, the potential saving would be 2.9%; higher as the fixed \$ rebate that drives the saving is over a lower base standing contract cost.



higher than the 2.3% (\$13) potential saving reported in the September 2005 Statistical Report (as at 6 September 2005).<sup>55</sup>

This is a marked reduction from the potential gas market contract savings reported in the March 2005 Statistical Report of 7.6% (as at 14 March 2005). However, the March 2005 Statistical Report noted that some gas market contracts were withdrawn from offer in April 2005 and that the level of savings reported would no longer be available.

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, or other types of offers).

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<sup>55</sup> The recent assessment reported above used market contracts on offer as at 8 March 2006, for metropolitan Adelaide region.

## APPENDIX A-NUMBER OF LICENSED SA RETAILERS

This Appendix provides details on the history of entry and exit of licensed:

- ▲ electricity retailers since October 1999; and
- ▲ gas retailers since July 2003.

**Table A.1: Number of Licensed South Australian Electricity Retailers<sup>(i)</sup>**

AS AT DATE	RETAILERS <sup>(ii)</sup>	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 <sup>(iii)</sup>	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 <sup>(iii)</sup>	12
November 2001	ActewAGL Retail, AGL SA, CitiPower, Country Energy, Energex Retail, NRG Flinders, Origin Energy Electricity, Tarong Energy, TXU Electricity and Yallourn Energy <sup>(iii)</sup>	10
November 2002	ActewAGL Retail, AGL SA, CitiPower, Country Energy, Energex Retail, NRG Flinders, Origin Energy Electricity, Tarong Energy, TXU Electricity and Yallourn Energy <sup>(iii)</sup>	10
November 2003	ActewAGL Retail, AGL SA, Australian Energy Services <sup>(iv)</sup> , Country Energy, Energex Retail, EnergyAustralia, NRG Flinders, Origin Energy Electricity, Tarong Energy, TXU Electricity (SPI Electricity) and Yallourn Energy <sup>(iii)</sup>	11
November 2004	AGL SA, Aurora Energy, Country Energy, Energex Retail, EnergyAustralia, International Power (Retail), NRG Flinders, Origin Energy Electricity, Powerdirect <sup>(iv)</sup> , SPI Electricity <sup>(v)</sup> and Yallourn Energy <sup>(iii)</sup>	11
November 2005	AGL SA, Aurora Energy, Country Energy, Energex Retail, EnergyAustralia, EA-IPR Retail Partnership <sup>(vi)</sup> , Ergon Energy <sup>(vii)</sup> , International Power (Retail), Momentum Energy <sup>(ix)</sup> , NRG Flinders, Origin Energy Electricity, Powerdirect <sup>(iv)</sup> , South Australia Electricity <sup>(viii)</sup> , TRUenergy <sup>(v)</sup> and Yallourn Energy <sup>(iii)</sup>	15
March 2006	AGL SA, Aurora Energy, Country Energy, Energex Retail, EnergyAustralia, EA-IPR Retail Partnership <sup>(vi)</sup> , Ergon Energy <sup>(vii)</sup> , International Power (Retail), Momentum Energy <sup>(ix)</sup> , NRG Flinders, Origin Energy Electricity, Powerdirect <sup>(iv)</sup> , Red Energy <sup>(x)</sup> , South Australia Electricity <sup>(viii)</sup> , TRUenergy <sup>(v)</sup> and TRUenergy Yallourn <sup>(iii)</sup>	16

- (i) Source: Commission. Refer [www.escosa.sa.gov.au/webdata/resources/files/060207-O-ElectricityLicenseeTable.pdf](http://www.escosa.sa.gov.au/webdata/resources/files/060207-O-ElectricityLicenseeTable.pdf).
- (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. Yallourn Energy Pty Ltd changed its name to TRUenergy Yallourn Pty Ltd on 15 June 2005.
- (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 would continue to trade as Powerdirect.
- (v) TXU Electricity Pty Ltd changed its name to SPI Electricity Pty Ltd on 13 August 2004 and licence subsequently transferred to SPI Retail Pty Ltd on 15 April 2005. SPI Retail Pty Ltd changed name to CLP Australia Retail Pty Ltd on 2 June 2005, which subsequently changed its name to TRUenergy Pty Ltd on 15 June 2005.
- (vi) Partnership comprising EnergyAustralia Pty Ltd and IPower Pty Ltd, with EnergyAustralia and International Power (Retail) Pty Ltd continuing to individually hold SA licences. The EA-IPR Retail Partnership was issued with a licence on 15 June 2005 and commenced retailing from 1 July 2005.
- (vii) Ergon Energy Pty Ltd was issued with a licence on 1 July 2005. It had surrendered an earlier licence on 5 October 2000.
- (viii) South Australia Electricity Pty Ltd was issued with a licence on 21 September 2005.
- (ix) Momentum Energy Pty Ltd was issued with a licence on 25 October 2005.
- (x) Red Energy Pty Ltd was issued with a licence on 3 February 2006.

**Table A.2: Number of Licensed South Australian Gas Retailers<sup>(i)</sup>**

<b>AS AT DATE</b>	<b>RETAILERS<sup>(ii)</sup></b>	<b>NUMBER</b>
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, Origin Energy Retail, Terra Gas Trader and SPI Electricity <sup>(iii)</sup>	5
November 2005	AGL SA, EnergyAustralia <sup>(iv)</sup> , EA-IPR Retail Partnership <sup>(v)</sup> , Origin Energy Retail, South Australia Electricity <sup>(vi)</sup> and TRUenergy <sup>(iii)</sup>	6
March 2006	AGL SA, EA-IPR Retail Partnership <sup>(v)</sup> , Origin Energy Retail, South Australia Electricity and TRUenergy <sup>(iii)</sup>	5

- (i) Source: Commission. Refer [www.escosa.sa.gov.au/webdata/resources/files/060215-O-GasLicenseeTable.pdf](http://www.escosa.sa.gov.au/webdata/resources/files/060215-O-GasLicenseeTable.pdf) 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) TXU Electricity Pty Ltd changed its name to SPI Electricity Pty Ltd on 13 August 2004 and licence subsequently transferred to SPI Retail Pty Ltd on 15 April 2005. SPI Retail Pty Ltd changed name to CLP Australia Retail Pty Ltd on 2 June 2005, which subsequently changed its name to TRUenergy Pty Ltd on 15 June 2005.
- (iv) EnergyAustralia's gas retail licence was surrendered on 30 January 2006.
- (v) Partnership comprising EnergyAustralia Pty Ltd and IPower Pty Ltd. The EA-IPR Retail Partnership was issued with a licence on 15 June 2005 and commenced retailing from 1 July 2005.
- (vi) South Australia Electricity Pty Ltd was issued with a licence on 21 September 2005.

## **APPENDIX B- SMALL CUSTOMER TRANSFER STATISTICS**

This Appendix provides the detailed monthly retail small customer transfers up until the end of February 2006, in the format provided in the monthly customer transfer schedules published by the Commission.

**Table B.1: Number of Completed Small Electricity Customer Retail Transfers  
South Australia <sup>(i)</sup>  
(January 2003 to February 2006)**

MONTH	NUMBER <sup>(ii)</sup>	CUMULATIVE TOTAL <sup>(ii)</sup>	PERCENTAGE OF CUSTOMER BASE <sup>(iii)</sup> %
<b><u>2003</u></b>			
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%
<b>Sub-total</b>	<b>14,362</b>		
<b><u>2004 <sup>(iv)</sup></u></b>			
January	5,393	19,755	2.7%
February	6,833	26,588	3.6%
March <sup>(v)</sup>	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	33,367	144,749	19.6%
September	30,217	174,966	23.6%
October	21,841	196,807	26.6%
November	17,141	213,948	28.9%
December	12,466	226,414	30.6%
<b>Sub-total</b>	<b>212,052</b>		

<b>2005</b>			
January	13,813	240,227	32.5%
February	10,719	250,946	33.9%
March <sup>(v)</sup>	9,776	260,722	35.2%
April	9,941	270,663	36.6%
May	11,695	282,358	38.2%
June	11,893	294,251	39.8%
July	13,939	308,190	41.6%
August	13,310	321,500	43.4%
September	12,457	333,957	45.1%
October	11,272	345,229	45.7%
November	12,063	357,292	47.3%
December	11,925	369,217	48.9%
<b>Sub-total</b>	<b>142,803</b>		
<b>2006</b>			
January	13,100	382,317	50.6%
February	14,350	396,667	52.5%
<b>Sub-total</b>	<b>27,450</b>		
<b>Total</b>	<b>396,667</b>		

Notes:

- (i) Source: NEMMCO, AGL SA.
- (ii) Numbers relate to completed transfers only. The transfer statistics refer to the number of completed small customer transfers to a market contract for electricity, either with AGL SA or an alternative retailer.
- (iii) Calculated on a SA small electricity, 740,000 up until October 2005. From November 2005 calculated on a revised small electricity customer base of 755,000 (see '2004-05 Annual Performance Report, Performance of South Australian Energy Retail Market', November 2005, Table 7, p24, available on the Commission's website at [www.escosa.sa.gov.au](http://www.escosa.sa.gov.au)).
- (iv) Revisions were made to the 2004 data in the March 2005 Statistical Report, refer [http://www.escosa.sa.gov.au/resources/documents/050406-R-MarFRCMonStatsReport\\_Final.pdf](http://www.escosa.sa.gov.au/resources/documents/050406-R-MarFRCMonStatsReport_Final.pdf)
- (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.



**Table B.2: Number of Completed Small Gas Customer Retail Transfers  
South Australia <sup>(i)</sup>  
(July 2004 to February 2006)**

MONTH	NUMBER <sup>(ii)</sup>	CUMULATIVE TOTAL <sup>(ii)</sup>	PERCENTAGE OF CUSTOMER BASE <sup>(iii)</sup> %
<b>2004</b>			
July <sup>(iv)</sup>	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%
<b>Sub-total</b>	<b>37,634</b>		
<b>2005 <sup>(v)</sup></b>			
January	8,411	46,045	12.6%
February	11,127	57,172	15.7%
March	11,876	69,048	18.9%
April	11,257	80,305	22.0%
May	12,081	92,386	25.3%
June	9,655	102,041	28.0%
July	8,506	110,547	30.3%
August	7,360	117,907	32.3%
September	6,526	124,433	34.1%
October	5,771	130,204	35.7%
November	7,083	137,287	37.1%
December <sup>(vi)</sup>	6,667	143,954	38.9%
<b>Sub-total</b>	<b>106,320</b>		
<b>2006</b>			
January	7,225	151,179	40.9%
February	7,800	158,979	43.0%
<b>Sub-total</b>	<b>15,025</b>		
<b>Total</b>	<b>158,979</b>		

- 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.  
(iii) Calculated on a SA small gas customer base of 365,000 up until October 2005. From November 2005 calculated on a revised small gas customer base of 370,000 (see '2004-05 Annual Performance Report, Performance of South Australian Energy Retail Market', November 2005, Table 8, p26, available on the Commission's website at [www.escosa.sa.gov.au](http://www.escosa.sa.gov.au)).  
(iv) Note that gas FRC commenced in the last few days of July 2004.  
(v) Note that this schedule incorporates revisions made in earlier schedules for 2005 data, to incorporate revised numbers received by the Commission.  
(vi) Numbers revised upwards from those reported in the February 2006 schedule, to incorporate revised numbers received by the Commission.