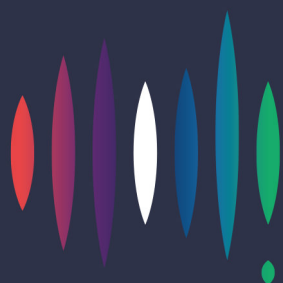
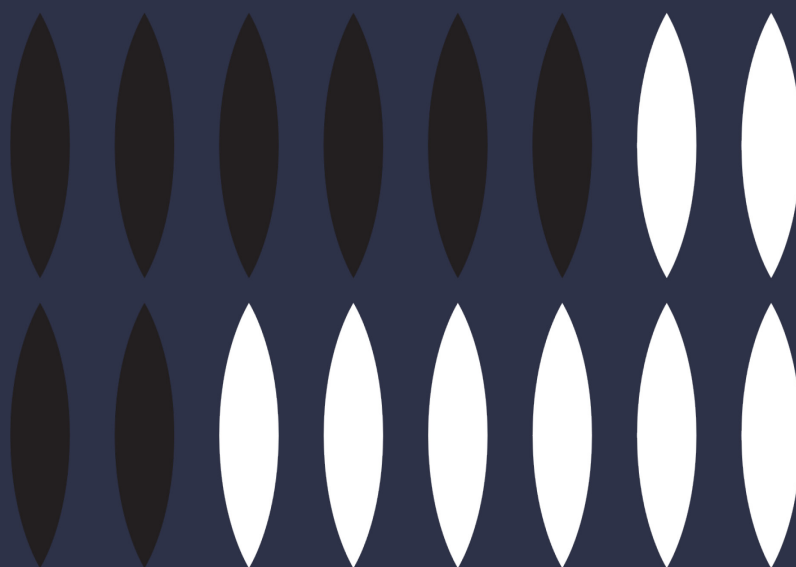


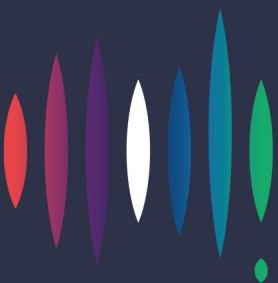
# Energy Consumer Sentiment Survey

## Key findings for households

June 2017



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AUSTRALIA**



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## Energy Consumers Australia tracks consumer and small business sentiment to inform energy market and policy development

The Energy Consumer Sentiment Survey is a long-term project for Energy Consumers Australia. It is designed to provide information on household and small business consumer sentiment with a focus on the three key areas of satisfaction, confidence and activity.

As the survey is undertaken every six months it tracks changes in sentiment over time and detect trends which can inform energy market and policy development in the long-term interests of consumers.

This is the third national survey which asks consumers about their views on energy markets and what they are doing to manage their energy usage and costs. The survey of 2019 households and 280 small businesses took place between 30 March 2017 and 6 April 2017. The first survey took place in 30 March 2016 and 14 April 2016, for which results were reported in July 2016. The second survey took place between 25 August and 5 September 2016, with the results reported in December 2016.

This is the first survey for which we have reported trends, comparing results reported in this June 2017 report, with the results for the same period last year reported in July 2016. At this early stage, it appears that there may be a seasonal effect for the winter billing period in consumer satisfaction, particularly in value for money and reliability of electricity services.

This survey is also the first survey for which we have collected the postcode of survey respondents. This means that from this survey onwards we will be able to report results for South East Queensland.

The responses to this June 2017 survey may have been influenced by a number of “top-of-mind” events in energy markets, that occurred leading up to and including summer. These include:

- the closure of Hazelwood power station in Victoria which was announced in November 2016, and the subsequent significant increases in retail prices in Victoria from 1 January 2017 which ranged from 6.1% to 10.5% (according to the Australian Energy Regulator’s State of the Energy Market May 2017 report);
- heatwaves and extreme weather over summer resulted in unexpected power outages and load shedding, most frequently, and with significant impacts, in South Australia, in Perth and South West regions of Western Australia and in northern Queensland from Tropical Cyclone Debbie;
- announcements of reviews and government plans to address long-term power system security, problems with gas availability for Australian consumers and two major retail energy market reviews - an Independent Panel in Victoria, and the Australian Competition and Consumer Commission; and
- an increasing recognition in the community of the potential for future increases in electricity and gas prices for consumers as Australia transitions towards zero emissions.

## Key findings for households

In this report, we summarise the key findings for households. Detailed information on the full results is available in the Essential Research Report, June 2017.

1. Households generally are more satisfied with the level of competition in their area and overall with their energy services in June 2017, compared with the same period a year earlier, with the significant exception of households in South Australia. The factors contributing to higher overall levels of satisfaction are higher satisfaction with customer service and billing for both electricity and gas. These factors are also related to households' increased willingness to recommend their retailer.
2. Households continue to rank the value for money of other like services such as banking, mobile phones and internet significantly above the value for money of electricity. Households remain relatively more satisfied with the value for money of gas, compared with electricity and other services such as mobile phones, internet and banking. There is a significant increase in the value for money of gas services reported by households in the ACT, up from a low base.
3. There are significant falls in households' satisfaction with electricity reliability in South Australia and Western Australia, which are offset by increases in satisfaction with reliability in New South Wales, Victoria and the ACT to leave the national average unchanged. However, confidence in the future reliability of the power supply has fallen, particularly in Victoria and South Australia.
4. Households continue to lack confidence that the market is working in their interest, compared with the same period a year earlier. They remain confident in their abilities to make choices about energy products and services, but are less confident that there is enough easily understood information and tools for them to manage their energy use and costs.
5. Around half of households that say they have never switched retailer or plan, although this varies by jurisdiction. In jurisdictions where consumers are likely to have a choice of retailer a majority of consumers continue to look into switching, and switching rates are high particularly in New South Wales and Victoria. For households, the most significant reason for switching is dissatisfaction with value for money.

## Consumer satisfaction

### Satisfaction of households

Consumers are asked in the survey to rank their level of satisfaction with value for money of products and services provided by their electricity and gas retailer, the quality of customer service, billing and account options (such as monthly billing), and reliability.

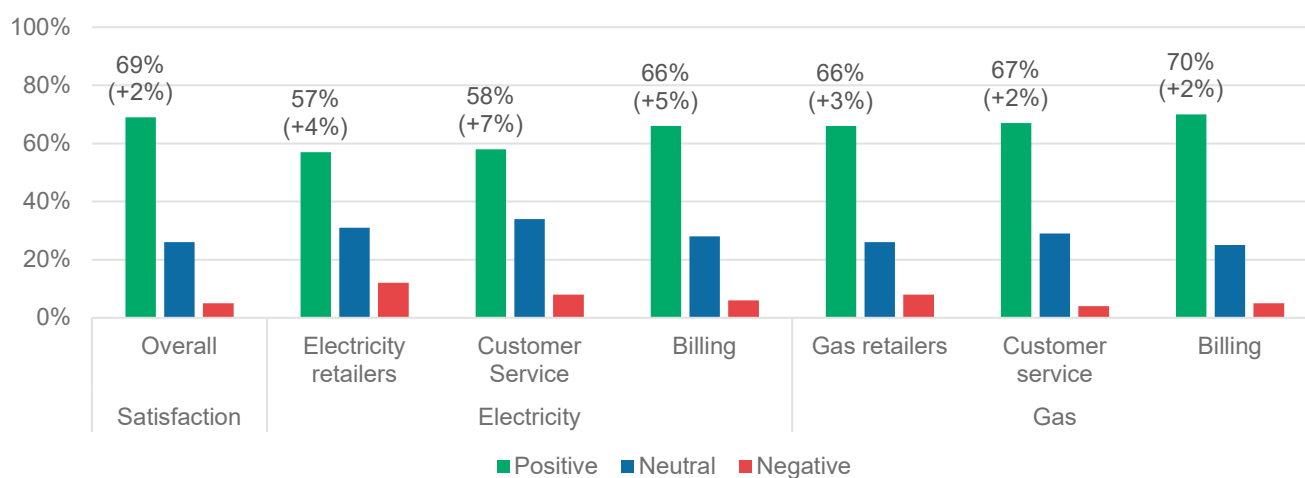
Based on analysis, some measures of satisfaction can be generally related to the service provided by a household's retailer, while other measures can be more a reflection of the state of the market.

However, significant changes in the state of the market, such as the experience of power outages in South Australia can also impact on overall satisfaction. Measures that relate to the state of the market are satisfaction with competition, the value for money and reliability (both outages and the time off power supply).

Measures related to satisfaction with current retailers are shown in Figure 1. Relatively high levels of satisfaction with customer service and billing, for both electricity and gas services, are the main factors underpinning the relatively high overall satisfaction of households in energy markets, and the willingness of households to recommend their current electricity or gas retailer.

Household satisfaction for these measures was higher in June 2017, compared with the same period a year earlier.

**Figure 1: Household's satisfaction with retailer measures, June 2017**



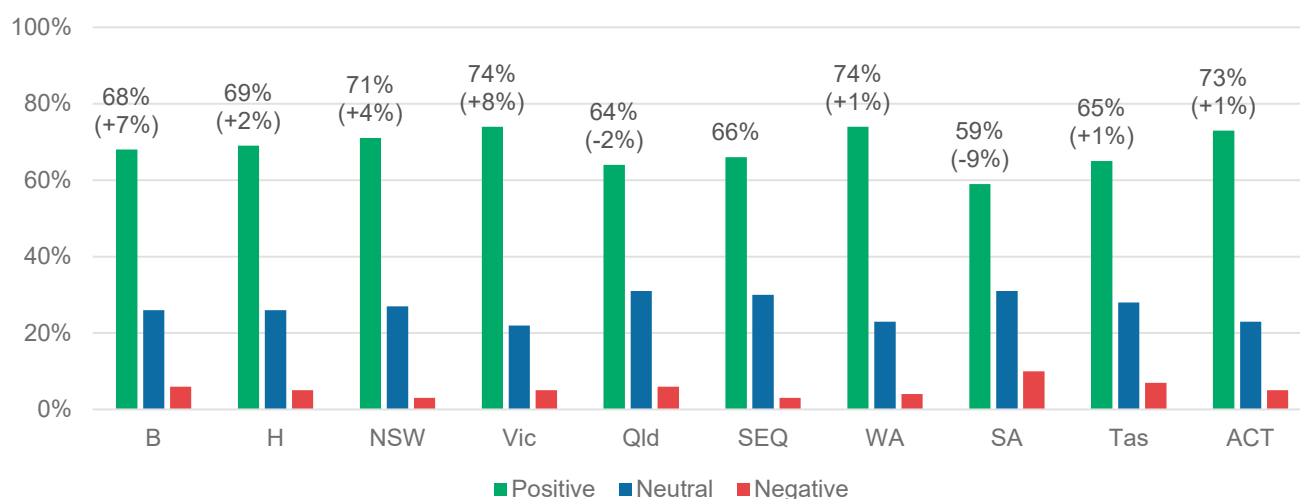
Satisfaction with customer service and billing of electricity services is higher in June 2017 in all states and the ACT compared with the same period a year earlier. On a national average basis, household satisfaction with customer service is 58% in June 2017 (+7%), compared with the same period a year earlier while household satisfaction with billing options is 66%, up 5%.

Satisfaction with customer service and billing of gas services is higher in June 2017 in almost all states and the ACT compared with the same period a year earlier. On a national average basis, household satisfaction with customer service is 67% in June 2017 (+2%), compared with the same period a year earlier while household satisfaction with billing options for their gas service is 70%, up 2%. The exceptions are small falls in New South Wales for both customer service and billing and in South Australia for customer service.

### Overall satisfaction

Consumers are telling us in this survey that overall, they are satisfied with energy services. The proportion of households (H in Figure 2) positively rating their satisfaction with energy services on a national average basis is 69%. This compares with 68% for small business (B as shown in Figure 2).<sup>1</sup>

**Figure 2: Overall satisfaction of households with energy services, June 2017**



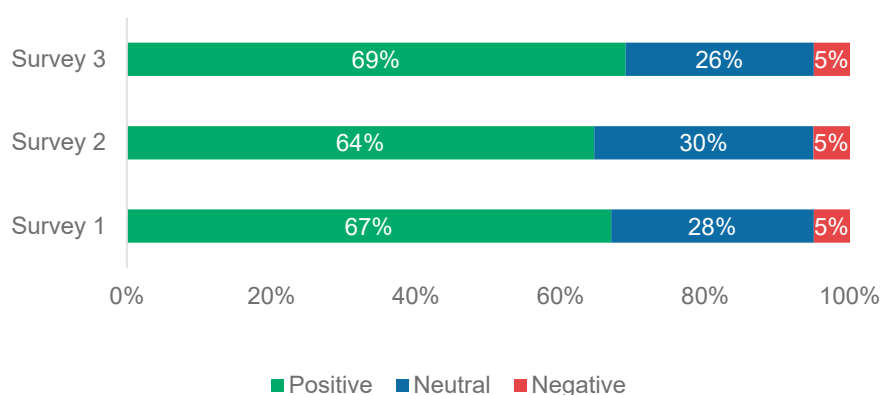
*How satisfied are you with the provision of your electricity and gas services overall over the last 6 months?*

<sup>1</sup> Care needs to be taken with interpreting the small business results in this survey because of the small sample size of 300, which only permits reporting on a national average basis.

### Trends in overall satisfaction of households

On a national average basis, the proportion of households positively rating their satisfaction with their energy in the June 2017 survey is only slightly higher than the 67% reported in the July 2016 survey.

**Figure 3: Overall satisfaction of households with energy services, July 2016 – June 2017**



The most significant changes in overall satisfaction between July 2016 and June 2017 are in Victoria (+8%) and in South Australia (–9%).

At the same time, households' willingness to recommend their electricity and gas retailer rose by 4% and 3% respectively.

Households are more positive about recommending their electricity retailer, if their electricity and gas are provided by the same retailer rather than separate retailers. Households are more positive about recommending their gas retailer, if their electricity and gas are provided by different retailers.

### Satisfaction with the level of competition

Around half of all households are satisfied with the level of competition on a national average basis in June 2017, up 9% compared with the same period a year earlier.

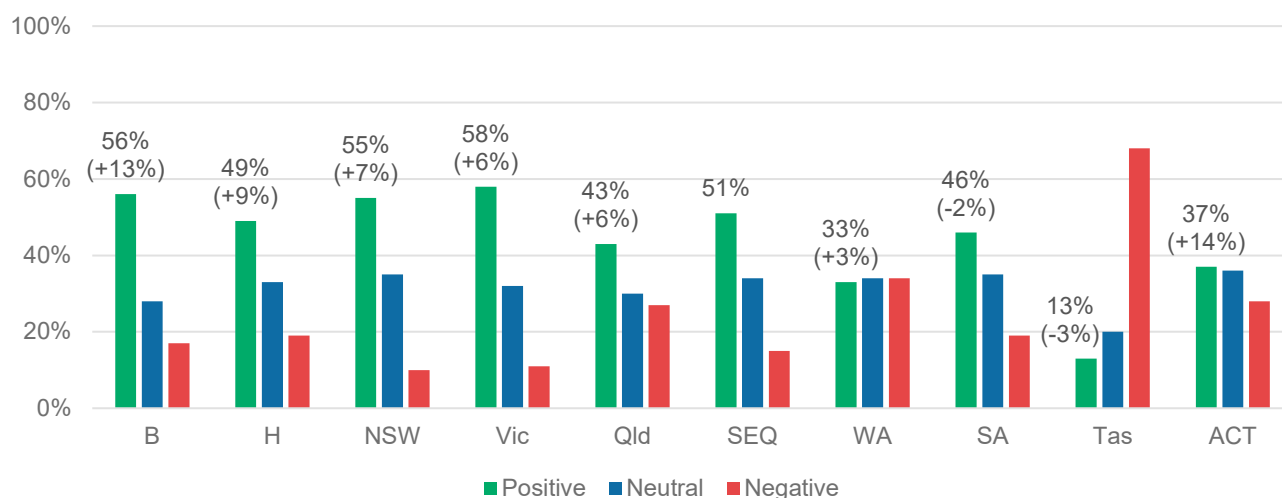
Households are much more likely to be satisfied with the level of competition in jurisdictions where retail prices are no longer regulated.

The highest levels of satisfaction with competition are reported in Victoria and New South Wales, followed by South Australia and Queensland (where prices remain regulated outside of South East Queensland). Retail electricity prices have been deregulated in South East Queensland since 1 July 2016, while retail gas prices in New South Wales are to be deregulated from 1 July 2017.

In these four states, household satisfaction with competition averaged 52% in June 2017, up 5% from July 2016. Households in these states are also relatively likely to say the market is working in their interests and/or that it could provide value for money in the longer term.

Consumers in Western Australia, Tasmania and the ACT are the least likely to say that the market is working in their interests or that they expect better value for money in the long term (noting that there remains limited or no competition in these jurisdictions).

**Figure 4: Satisfaction with the level of competition, June 2017**

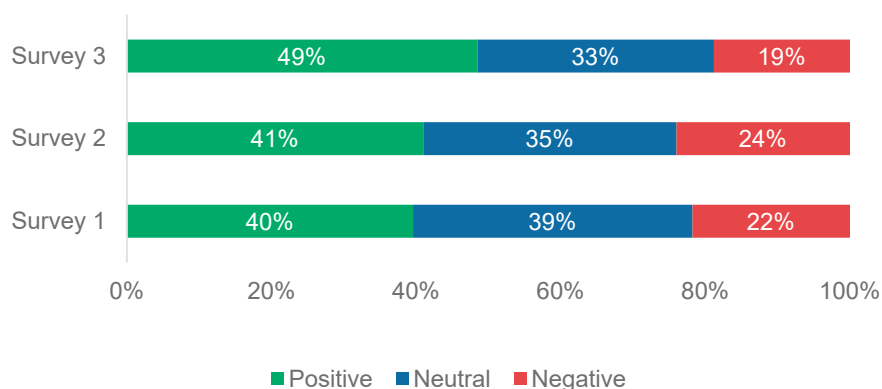


*How satisfied are you with the level of competition in the energy market in your area?*

#### Trends in satisfaction of households with the level of competition

In those jurisdictions in which there is both retail contestability and deregulated electricity prices, satisfaction with the level of competition rose between July 2016 and June 2017 rose in New South Wales (+7%), Victoria (+6%), Queensland (+6%) and fell in South Australia (-2%). In the ACT, where there are new market entrants, satisfaction with competition rose by 14%.

**Figure 5: Satisfaction of households with the level of competition, July 2016 – June 2017**





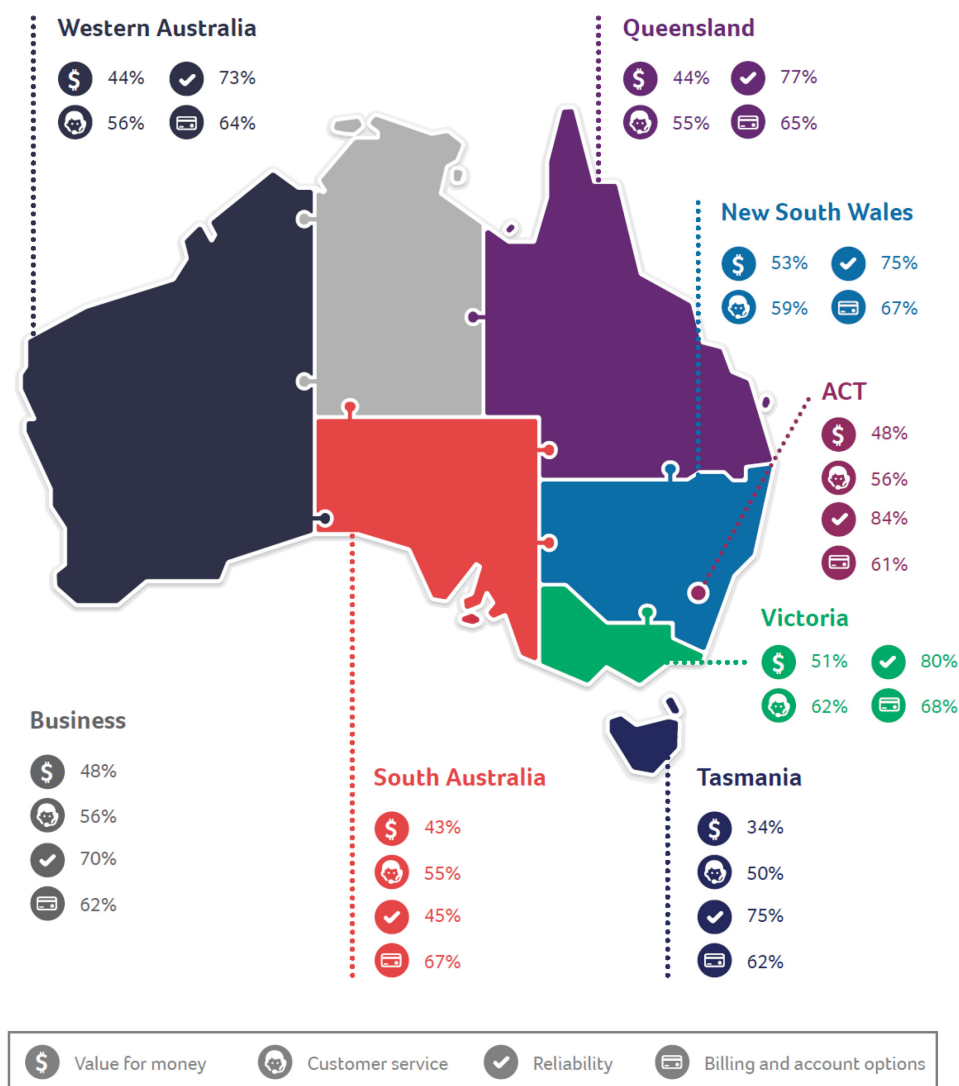
**Consumer satisfaction with electricity services, June 2017**

Measures of household satisfaction with electricity services vary from jurisdiction to jurisdiction. Satisfaction with customer service and billing are the highest in Victoria, noting that the satisfaction of Tasmanian households with billing and account options is as high as Victoria.

Satisfaction with the value for money is highest in New South Wales, while satisfaction with reliability is the highest in Victoria.

**Figure 6: Household satisfaction with electricity services, June 2017**

# Electricity



### Consumer satisfaction with gas services, June 2017

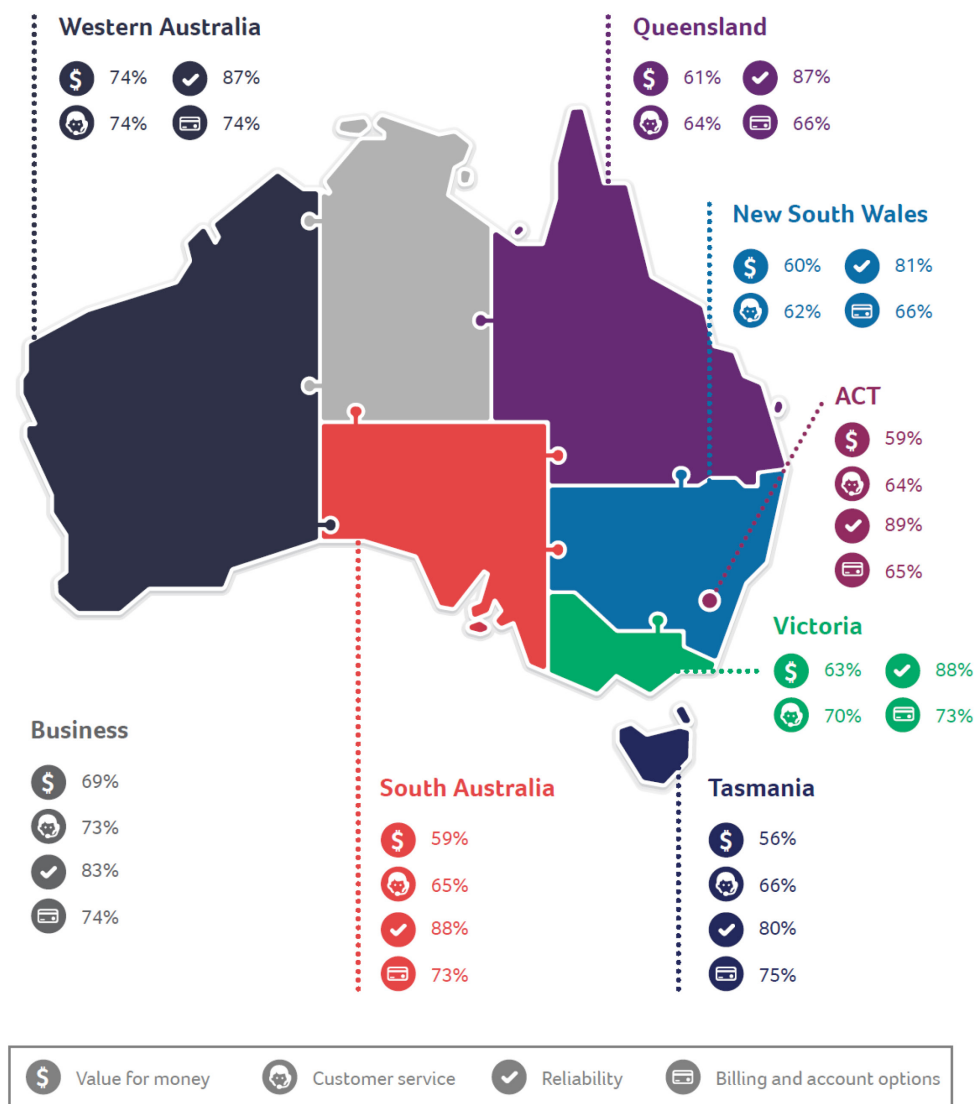
Measures of household satisfaction with gas services vary from jurisdiction to jurisdiction. Satisfaction with customer service is highest in Western Australia, while satisfaction with billing is the highest in Tasmania.

Satisfaction with the value for money is highest in Western Australia, while satisfaction with reliability is the highest in Western Australia and Queensland.

Figure 7: Household satisfaction with gas services, June 2017



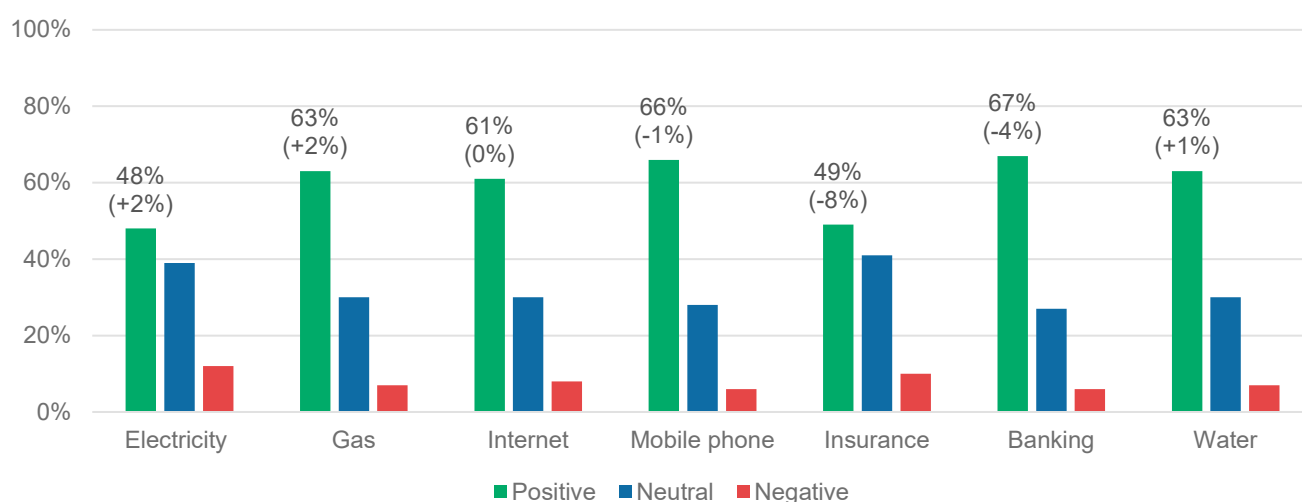
## Gas



### Consumer satisfaction with value for money

When compared with the value for money of a range of other services, households are telling us that the value for money of their electricity on a national average basis is significantly less than for other services, except insurance.

**Figure 8: Households' value for money of all services, June 2017**

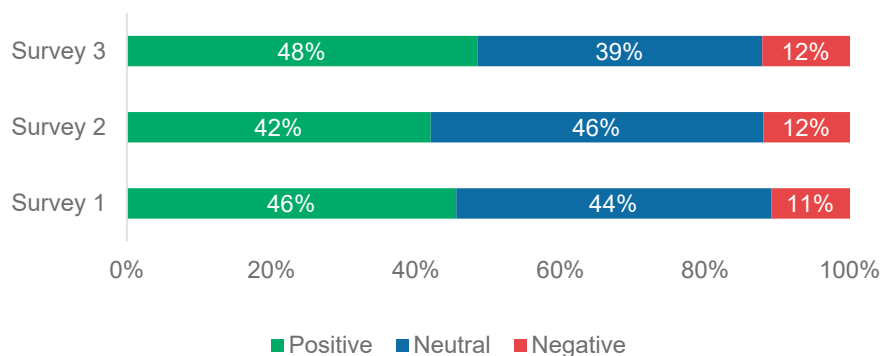


*How would you rate the overall value for money of the products and services provided by your service provider in the following areas, in the past 6 months?*

### Trends in the value for money of electricity services

The value for money of electricity services rose by 2 % between July 2016 and June 2017. The most significant change was a fall in the value for money of electricity services in Tasmania, up 5% compared with the same period a year earlier.

Compared with the July 2016 survey, households' satisfaction with the value for money of insurance (-8%) and banking services (-4%) is lower in June 2017 than in the same period a year earlier while the value for money of internet, mobile phone and water services is largely unchanged.

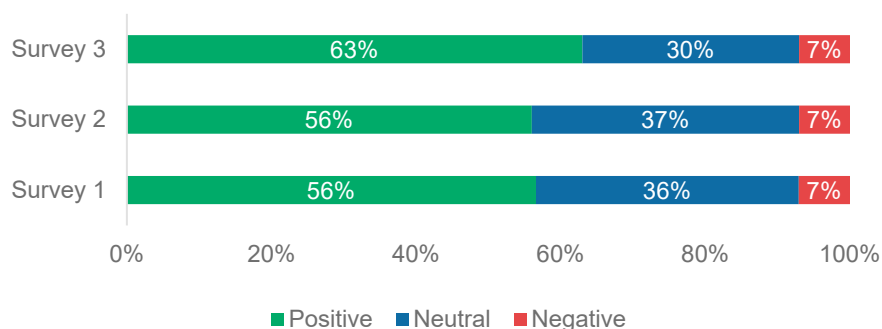
**Figure 9: Households' value for money of electricity services, July 2016 – June 2017**

*How would you rate the overall value for money of the products and services provided by your electricity company in the past 6 months?*

#### **Trends in the value for money of gas services**

Comparing the results from this June 2017 survey with the July 2016 survey, household satisfaction with the value for money of gas services rose by 7%.

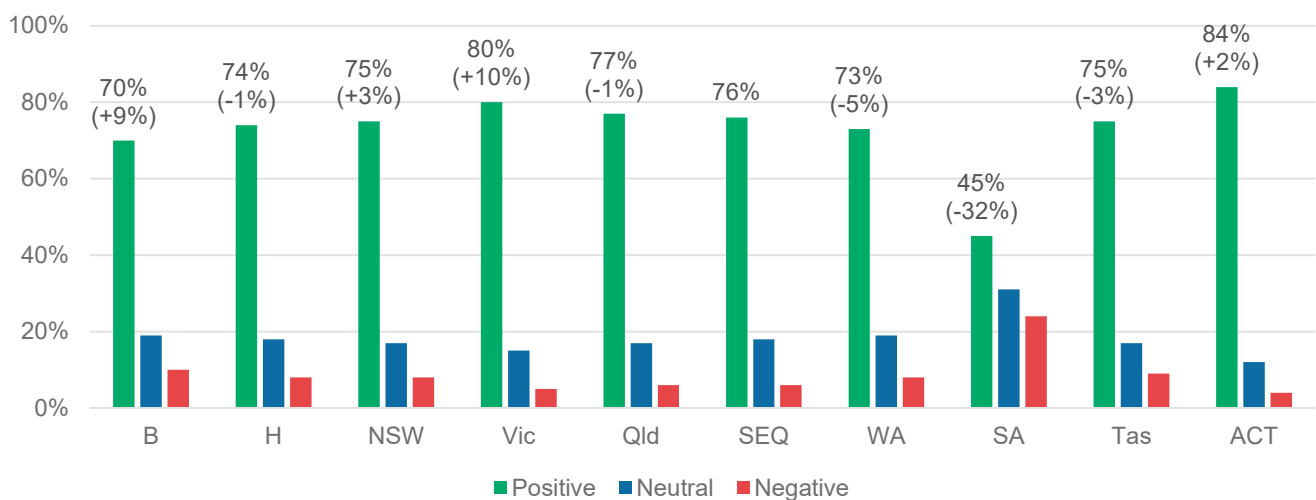
This is largely due to a significant increase in the households' value for money of gas services in all jurisdictions except South Australia where it was unchanged. The most significant increases were in the ACT (+16%) up from a low base and in Western Australia (+8%) where satisfaction is the highest nationally.

**Figure 10: Households' value for money of gas services, July 2016 – June 2017**

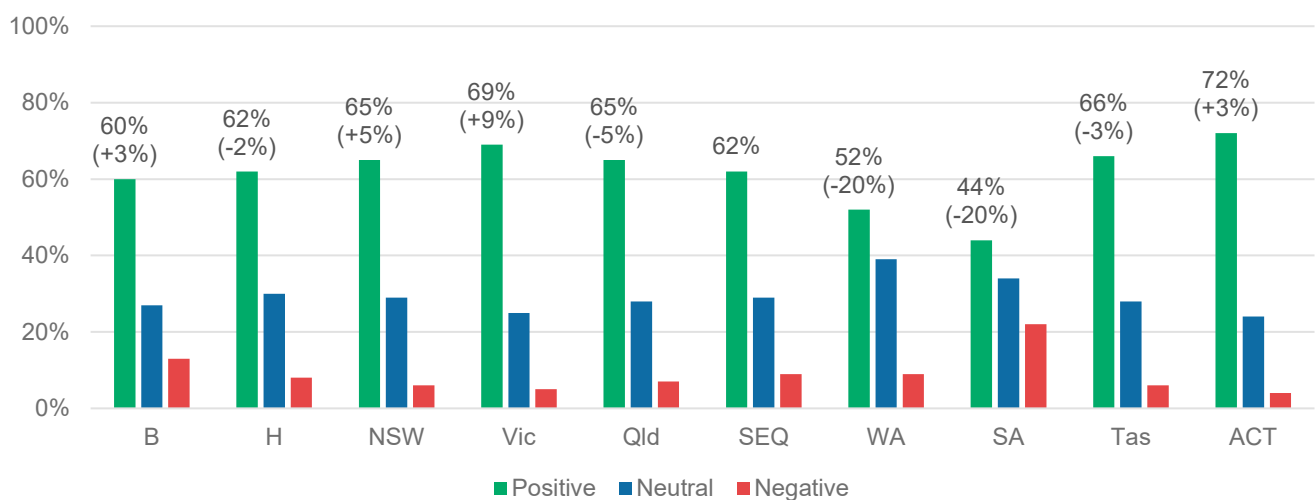
*How would you rate the overall value for money of the products and services provided by your gas company in the past 6 months?*

**Consumer satisfaction with the reliability of their power supply**

Households are relatively highly satisfied with the number of electricity supply outages in June 2017, but are less satisfied with the time off power supply on a national average basis.

**Figure 11: Households' satisfaction with number of electricity outages, June 2017**

*How satisfied are you with the number of times you've had loss of power, blackout or other faults with your electricity supply in the past 6 months?*

**Figure 12: Households' satisfaction with duration of electricity outages, June 2017**

*If you have had power outages, blackouts or faults in the past 6 months, how satisfied are you with the time it took to resolve the issue?*

### Trends in satisfaction with electricity supply reliability

The national averages disguise significant differences between the states and the ACT. South Australian households are the least satisfied of all households with the number of outages and time off power supply, followed by Western Australia households who are also not satisfied with the time off power supply.

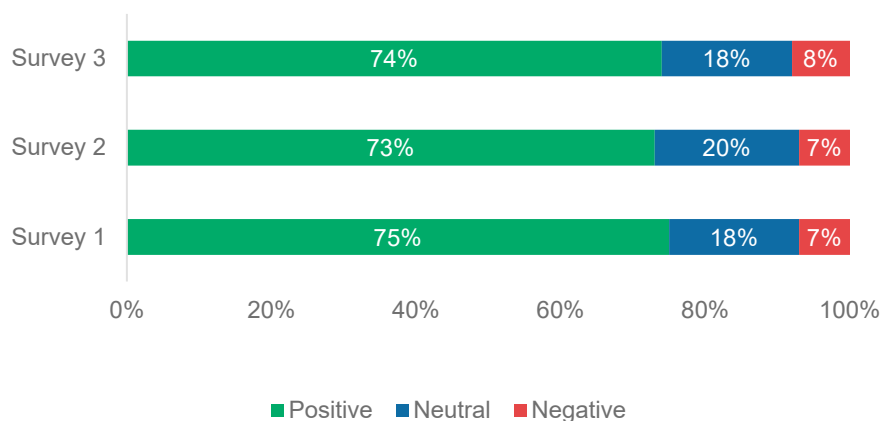
Household satisfaction with the reliability of the electricity supply appears to have been impacted by recent extreme weather events, including outages and load shedding events over summer.

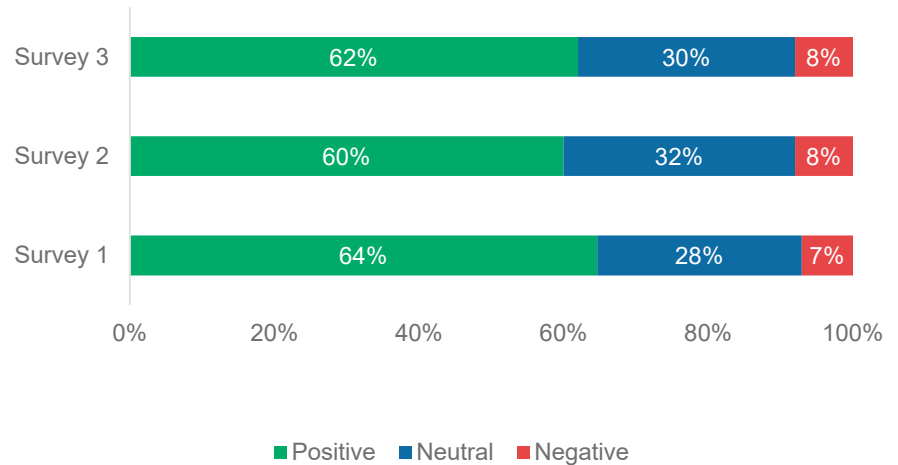
Satisfaction with reliability rose between July 2016 and June 2017, in New South Wales, Victoria and the ACT. We expect that this may be because in these states unexpected outages were avoided over summer, as consumers and large energy users reduced their usage at critical times.

Satisfaction with reliability, both the incidence of outages and the time off power supply fell in South Australia, Western Australia, Queensland and Tasmania. The most significant changes are falls in households' satisfaction in South Australia with the number of outages (–32%) and time off power supply (–20%), and falls in satisfaction with the time of power supply of Western Australian households (–20%).

The increases in some states are offset by falls in others, so that between July 2016 and June 2017 there is only a small change in satisfaction with electricity reliability on a national average basis (–1% for the number of outages, and –2% for the time off power supply).

**Figure 13: Households' satisfaction with number of electricity outages, July 2016 – June 2017**

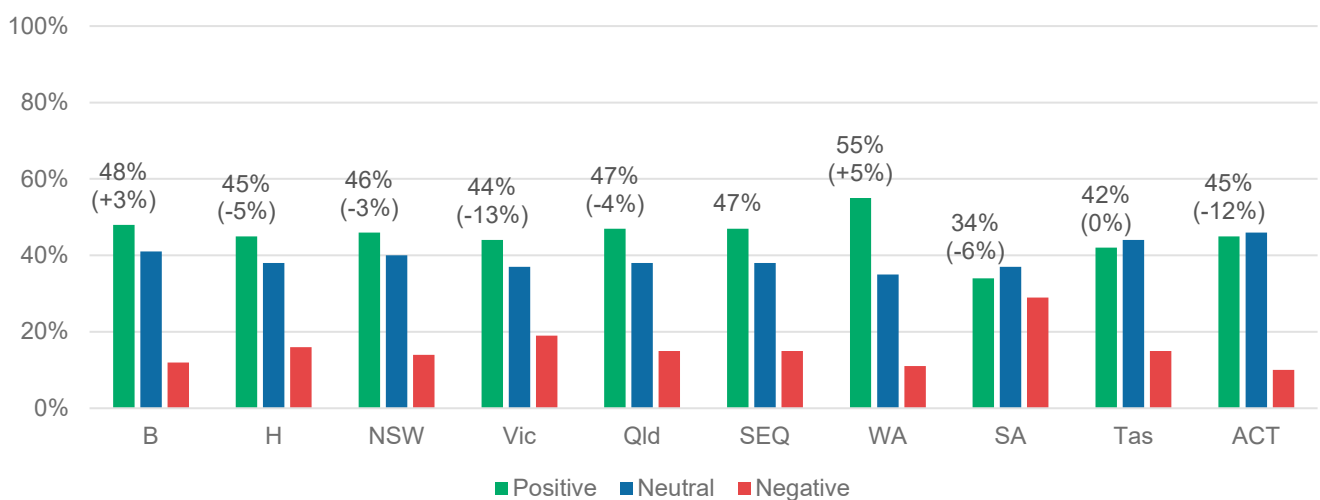


**Figure 14: Households' satisfaction with duration of electricity outages, July 2016 – June 2017**

## Consumer confidence

### Confidence in future reliability

Households' confidence in the future reliability of the power supply in June 2017 appears to have been impacted by the recent experience of loss of power supply, and the ensuing debate about how to improve future resilience and system security.

**Figure 15: Households' confidence in future reliability, June 2017**

*How confident are you that the market will provide better outcomes for you in 5 years, in terms of reliability of the power supply?*

On a national average basis, households are telling us that in June 2017 only 45% are confident that the reliability of the power supply will be better in 5 years' time, down 5% from July 2016.

### Trends in confidence in future reliability

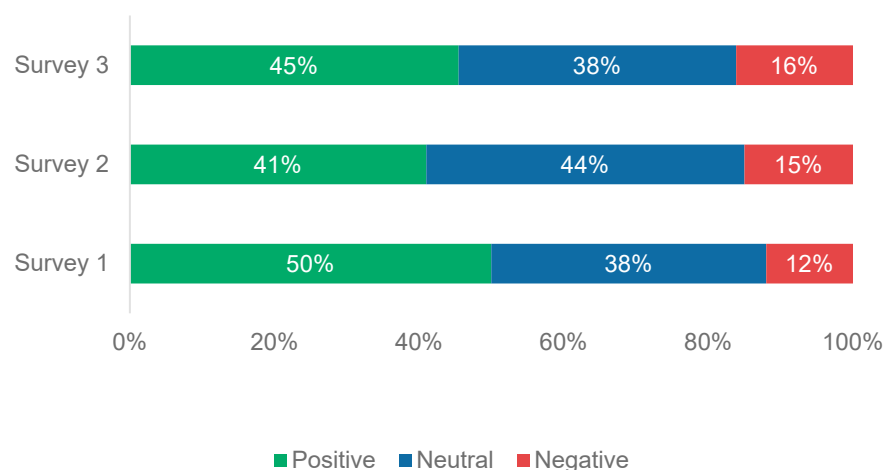
Households in South Australia are the least confident in the future reliability of the power supply in June 2017. Only Western Australian households are more confident about the future reliability of the power supply in June 2017 compared with the same period a year earlier.

The most significant falls in confidence since July 2016 are in Victoria (–13%), which may be related to the closure of the Hazelwood Power Station, the ACT (–12%) and in South Australia (–6%).

Important initiatives to address future electricity reliability and costs have been announced, and include the following initiatives.

- The New South Wales Government's *Energy Security Task Force*.
- The Victorian Government's *Modernising Victoria's Energy Grid*.
- The Queensland Government's *Powering Queensland Plan*.
- The West Australian Government's *Electricity Market Review*.
- The South Australian Government's *South Australia Power Plan*.
- The Tasmanian Government's, the *Energy Security Taskforce*.
- The ACT Government's commitment to renewable and demand response initiatives.
- The Australian Government's *Snowy Hydro 2.0 Feasibility Study* and the *Independent Review into the Future Security of the National Electricity Market*.
- The Australian Energy Market Operator (AEMO) initiatives to improve resilience in the South Australian and Victorian markets.
- The Australian Energy Market Commission's *System Security Review*.

**Figure 16: Households' confidence in future reliability, July 2016 – June 2017**





### Consumer uptake of technology and future intentions

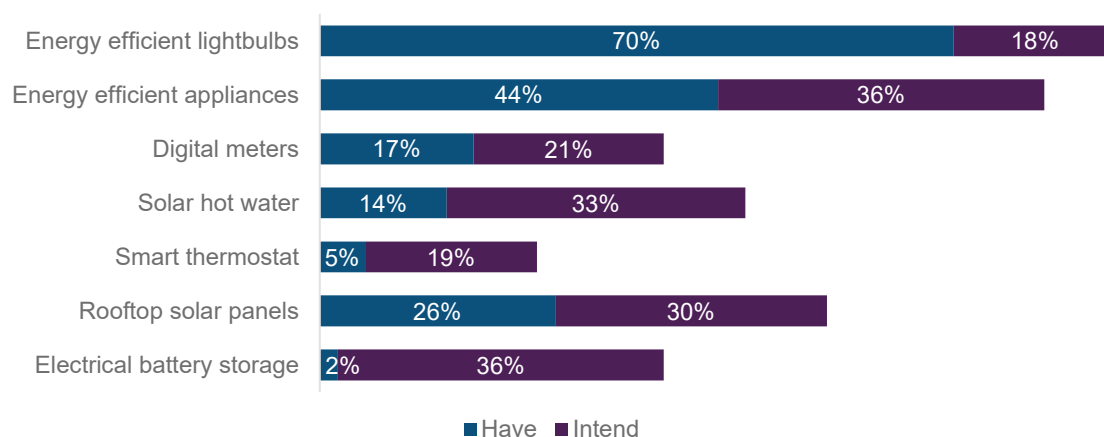
Consumers are looking to energy management technologies to manage their electricity costs, and to reduce their dependence on the grid.

In this survey, most households have energy efficient lighting, with less than half reporting they have energy efficient appliances.

On a national average basis, around one quarter of households in this survey have rooftop solar panels, and 14% of households have installed solar hot water systems to manage their electricity costs.

Further, a significant proportion of households are telling us that they are considering installing rooftop solar and solar hot water systems in the next five years. While few households already have battery storage, there is a significant proportion who tell us they will consider taking up battery storage in the next five years.

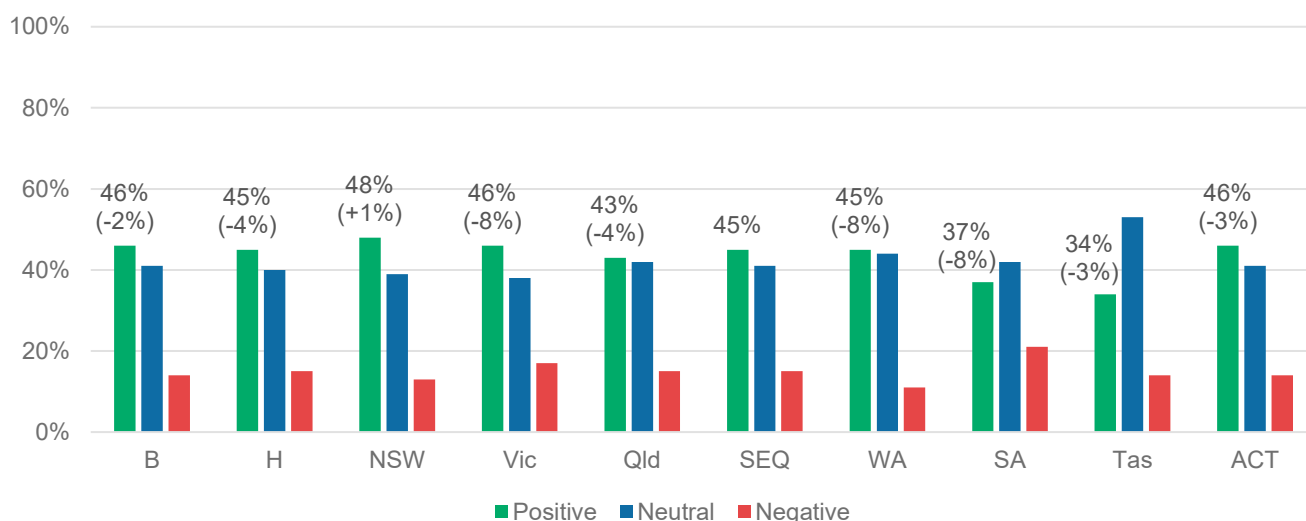
**Figure 17: Technology uptake and intentions by households, June 2017**



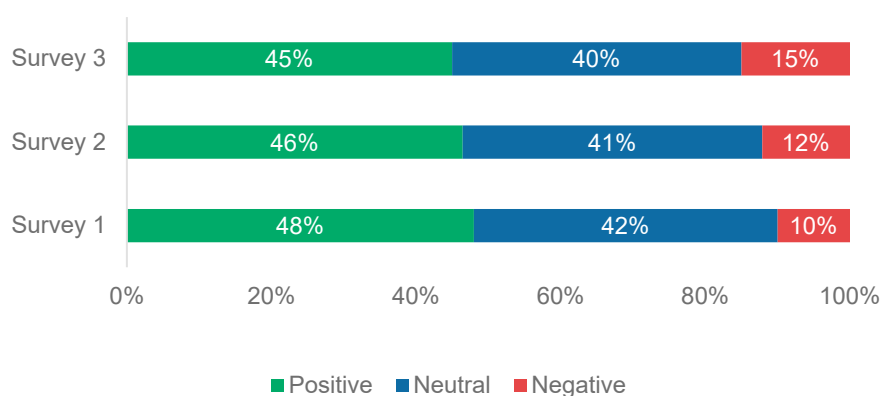
### Consumer confidence in future advances in technology

A significant proportion of households (45% on a national average basis) are confident in June 2017 that future advances in technology could enable them to manage energy costs, although this has fallen by 3% compared with the same period a year earlier.

There are differences between the States and the ACT, with confidence the lowest in South Australia and Tasmania in June 2017. The most significant falls in consumer confidence in future technology were in Victoria (-8%), Western Australia (-8%) and South Australia (-8%).

**Figure 18: Households' confidence in advances in technology, June 2017**

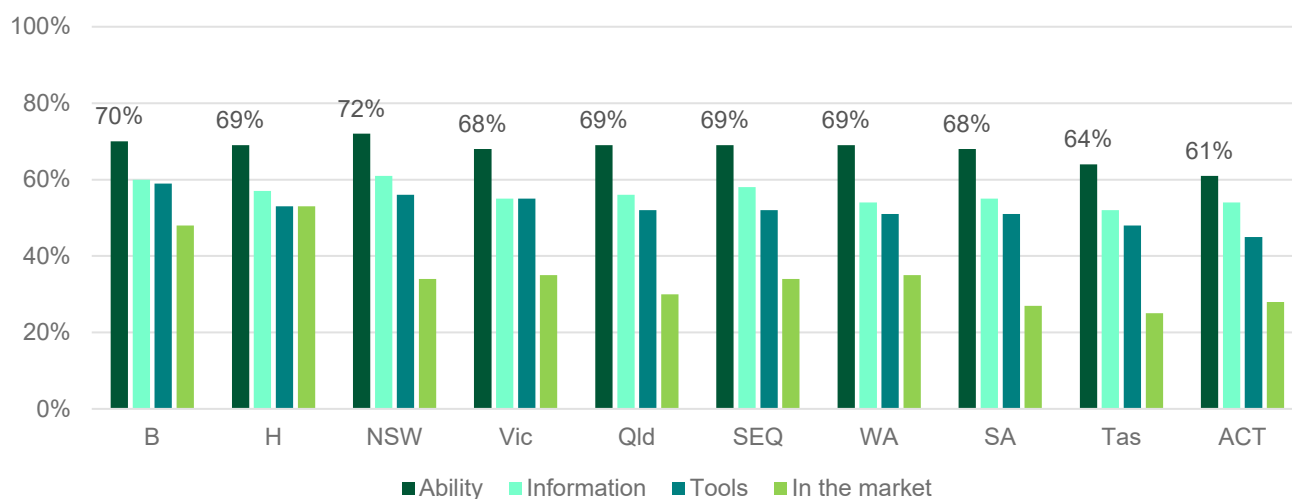
*How confident are you that energy market will provide better outcomes for you in 5 years, in terms of technological advances to manage your energy supply and costs?*

**Figure 19: Households' confidence in advances in technology, July 2016 – June 2017**

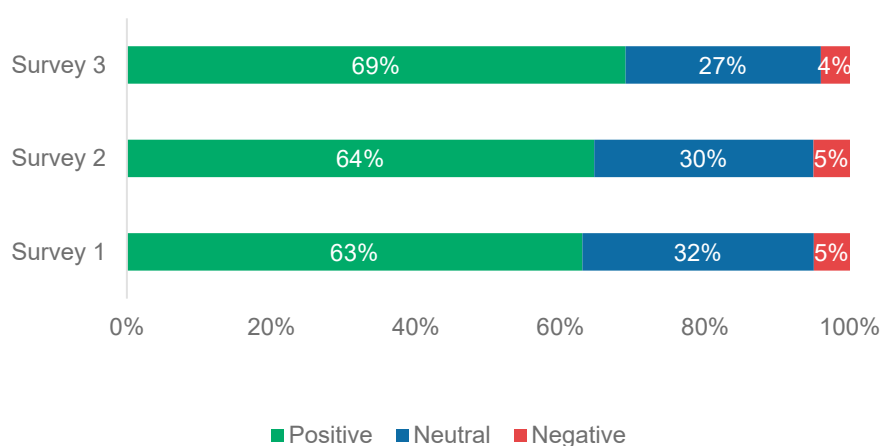
### Consumer confidence in managing their energy costs

Consumers tell us that they are confident in their own abilities to choose the energy products and services that are right for them. However, they are less confident that there is enough easily available information or tools for them to make decisions about energy products and services.

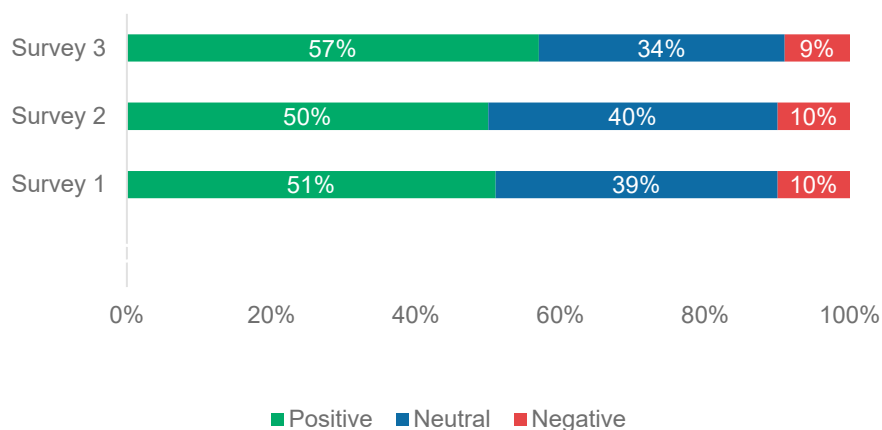
Households are relatively more confident in their abilities to make choices in jurisdictions where there is greater retail competition, and least confident in Western Australia, Tasmania and the ACT.

**Figure 20: Households' confidence in managing their energy costs, June 2017****Trends in consumer confidence**

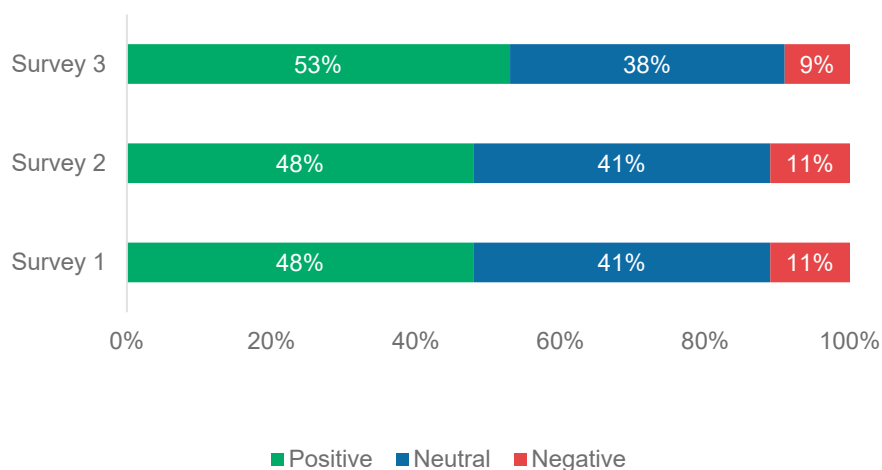
On national average basis households are becoming more confident in their abilities, information and tools to manage their energy use in June 2017 compared with the same period a year earlier.

**Figure 21: Households' confidence in ability to make choices, July 2016 – June 2017**

*How confident do you feel in your ability to make choices about energy products and services?*

**Figure 22: Households' confidence in availability of enough easily understood information, July 2016 – June 2017**

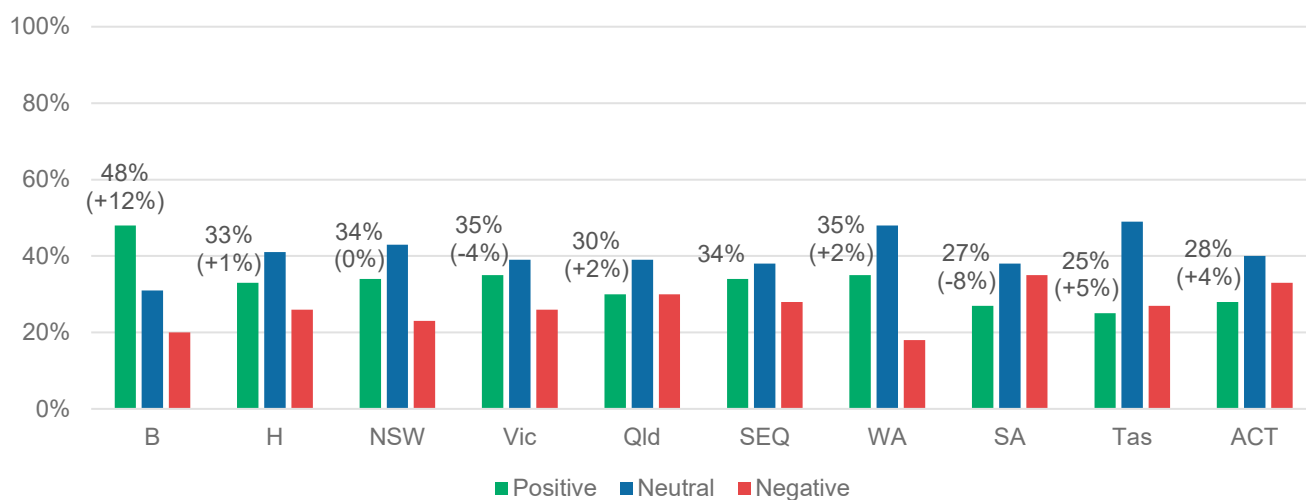
*How confident do you feel that there is enough easily understood information available to you to make decisions about energy products and services?*

**Figure 23: Households' confidence in availability of tools, June 2017 – July 2016**

*How confident are you that you have the tools and assistance you need to manage your energy use and costs?*

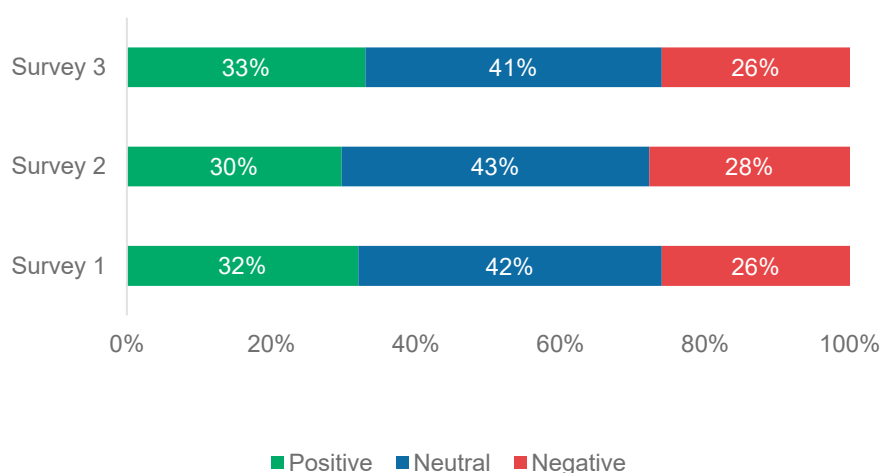
### Consumer confidence in the market

Households in June 2017 are still not confident that the overall market is working in their long-term interests, which is only a slight increase (+1%) compared with the same period a year earlier.

**Figure 24: Households' confidence in the market, June 2017**

*How confident are you that the overall market is working in your long-term interests?*

The most significant positive changes in households' confidence are in Tasmania (+5%), the ACT (+4%), while households' confidence that the market is working in their interests has fallen in South Australia (-8%) and Victoria (-4%).

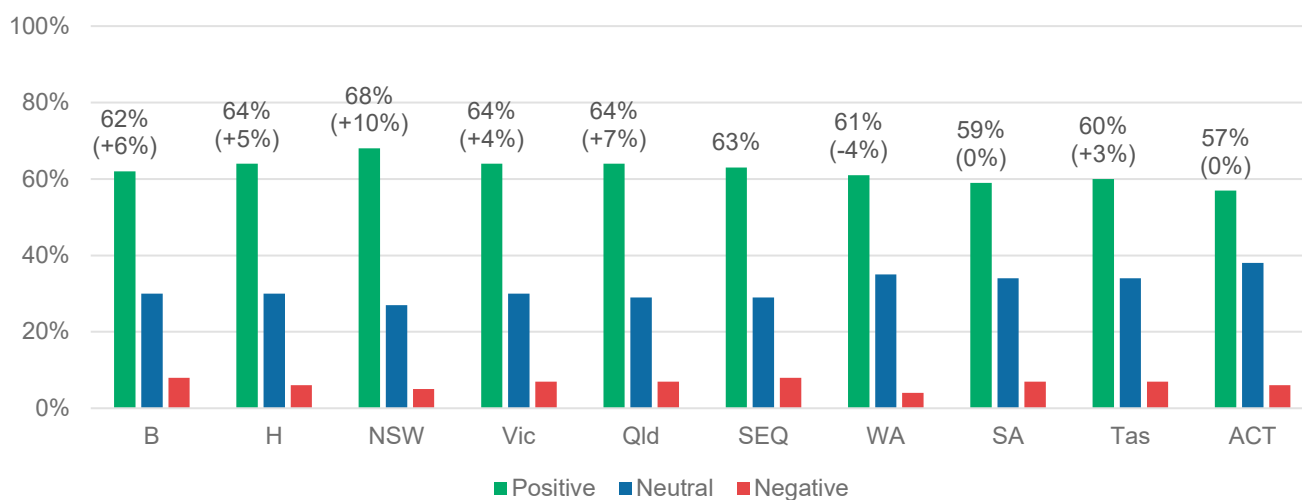
**Figure 25: Households' confidence in the market, July 2016 – July 2017**

### Confidence in dispute resolution

Households are telling us that they are relatively confident that their problems can be resolved through their energy company or through third party dispute resolution. On a national average basis, 64% of households are confident that their problems could be resolved in June 2017, which is 5% higher compared with the same period a year earlier.

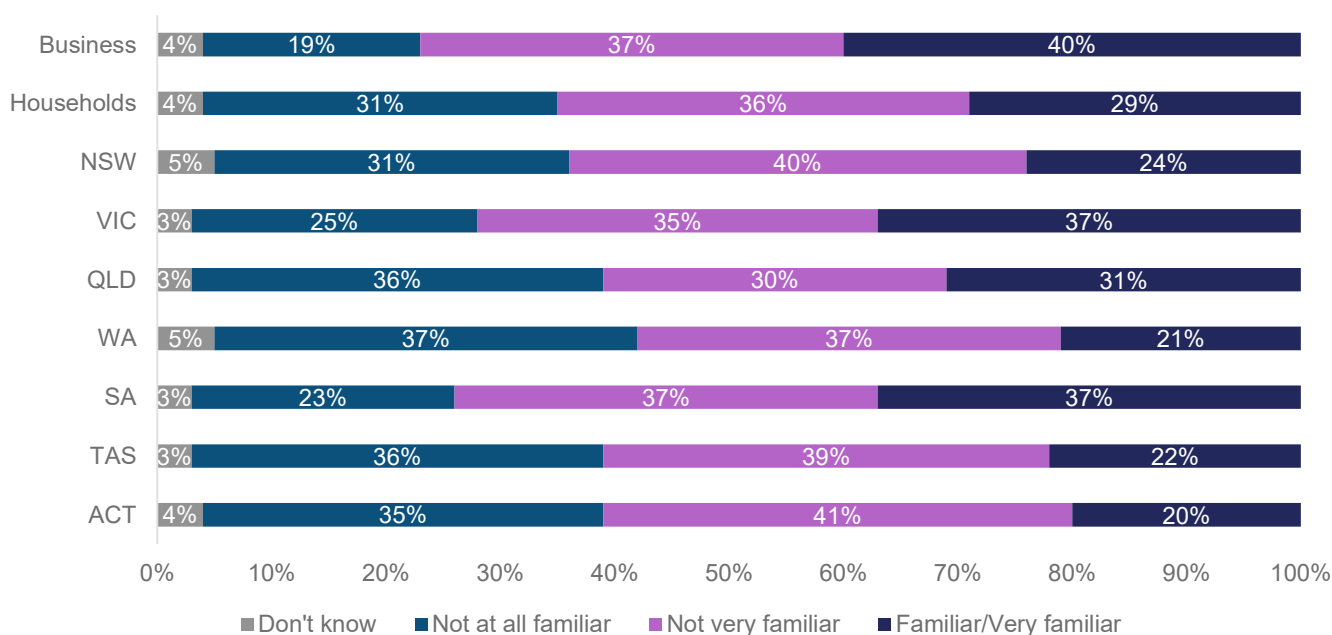
The most significant changes in confidence in June 2017, compared with the same period a year earlier, are increases in New South Wales (+10%) and Queensland (+7%), and Victoria (+4%), with a fall in Western Australia (-4%).

**Figure 26: Confidence in ability to have problems resolved, June 2017**



*How confident are you in your ability to get a problem with your energy services resolved through your energy company or a third party?*

**Figure 27: Familiarity with Ombudsmen services, June 2017**



On a national average basis, in June 2017 29% of households are very familiar, or familiar that there are Ombudsman services available to deal with energy matters.

## Consumer choices

### Households choosing to change energy providers or plans

Consumers are asked in this survey whether they have ever switched energy providers or plans, and whether they considered switching in the last 3 years, and whether they intend to switch within the next year.

### Households that have never switched

On a national average basis, 55% of households are telling us in June 2017 that they have never switched their energy provider or plan, which is comparable to the 52% reported for the same period a year earlier.

However, there are significant differences between jurisdictions, in June 2017, as shown in Figure 28.

In States where most households are likely to have a choice of retailer, the proportion of households that have never switched is lower, for example in Victoria (36%), South Australia (43%) and New South Wales (42%). For the first time in June 2017, we are able to report results for South East Queensland, where 53% of consumers are telling us they have never switched (compared with 59% for the whole of Queensland).

### Trends in households switching in the last 3 years

In June 2017, in those jurisdictions where most consumers now have a choice of retailer, on average 58% of households reported they had looked into switching their energy retailer or plan in the last 3 years, while 21% actually switched (see Figure 29).<sup>2</sup>

Switching rates in June 2017 are highest in Victoria and New South Wales (25%), compared with South Australia (18%) and Queensland (12%).<sup>3</sup> Switching rates were higher in South East Queensland (17%) in June 2017 than for Queensland as a whole. These rates are largely unchanged from the same period a year earlier.

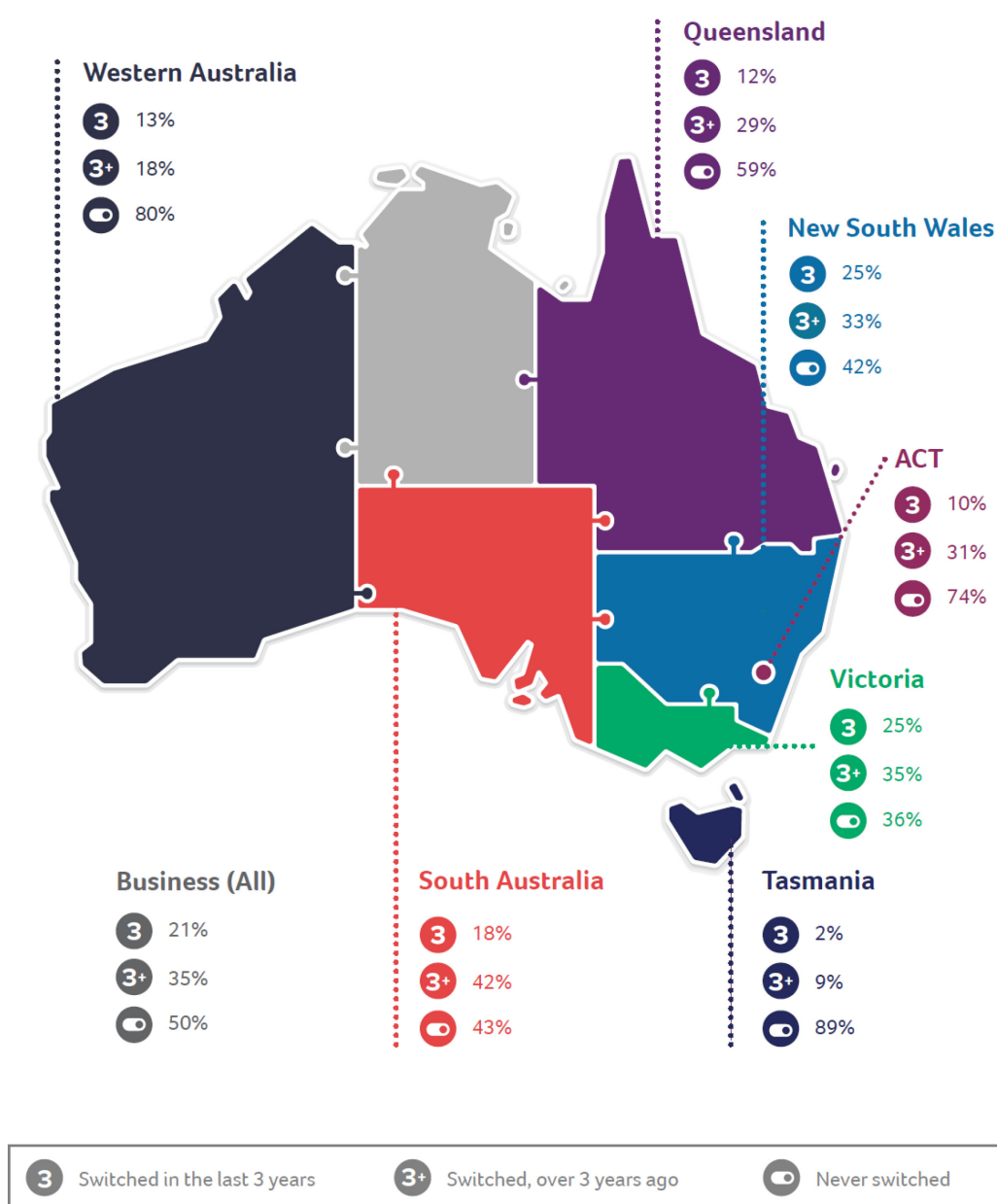
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<sup>2</sup> This self-reported average switching rates for households are higher than the survey results for switching retailers reported by the Australian Energy Market Commission (AEMC) of 15% for electricity and 14% for gas (which also includes the ACT).

<sup>3</sup> These rates are comparable to those reported by the Australian Energy Regulator in the State of the Energy market, May 2017

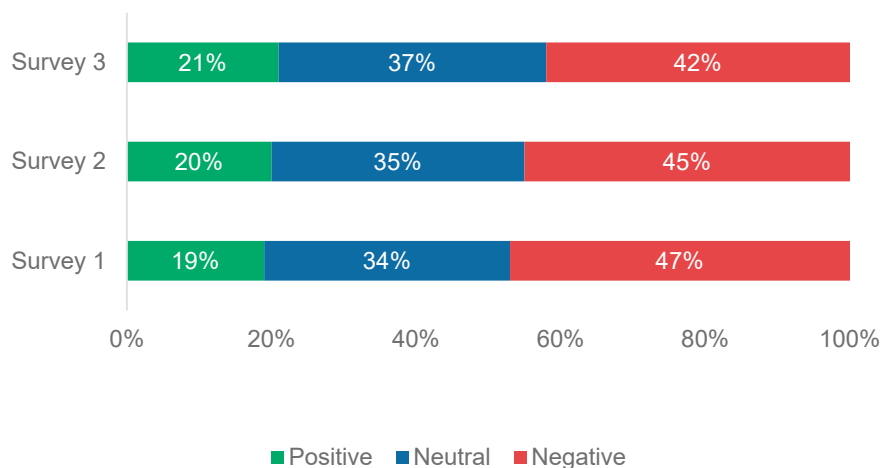
Figure 28: Household switching rates, June 2017

## Switching



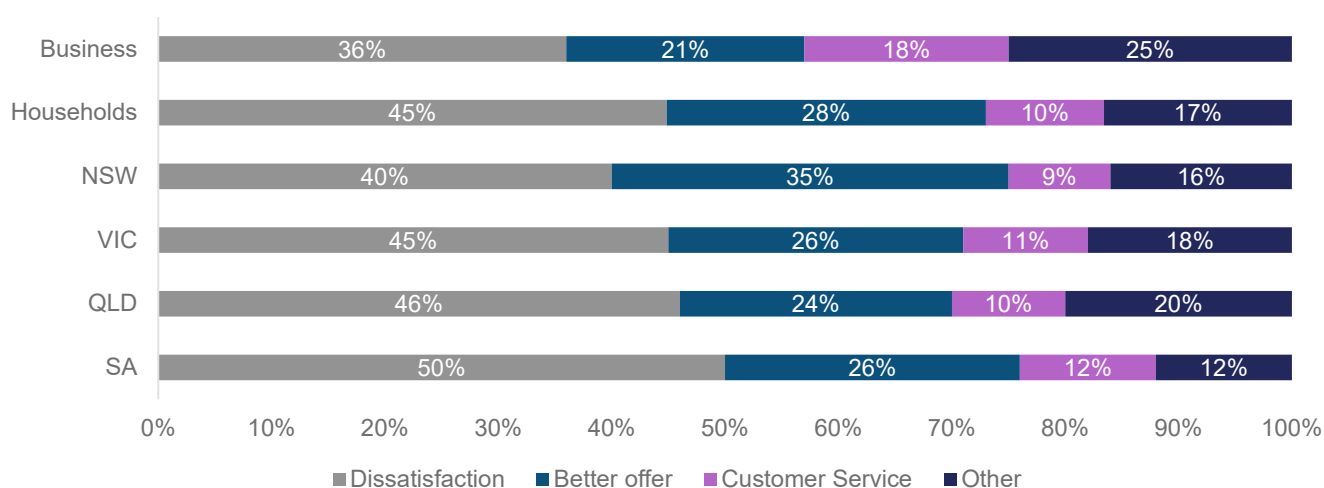


**Figure 29: Households switching in last 3 years, July 2016 – June 2017 (average NSW, Victoria, Queensland, South Australia)**



The main reasons households gave for switching were dissatisfaction with the value for money, that they had found a better deal and poor customer service (see Figure 30).

**Figure 30: Households' reasons for switching, June 2017**



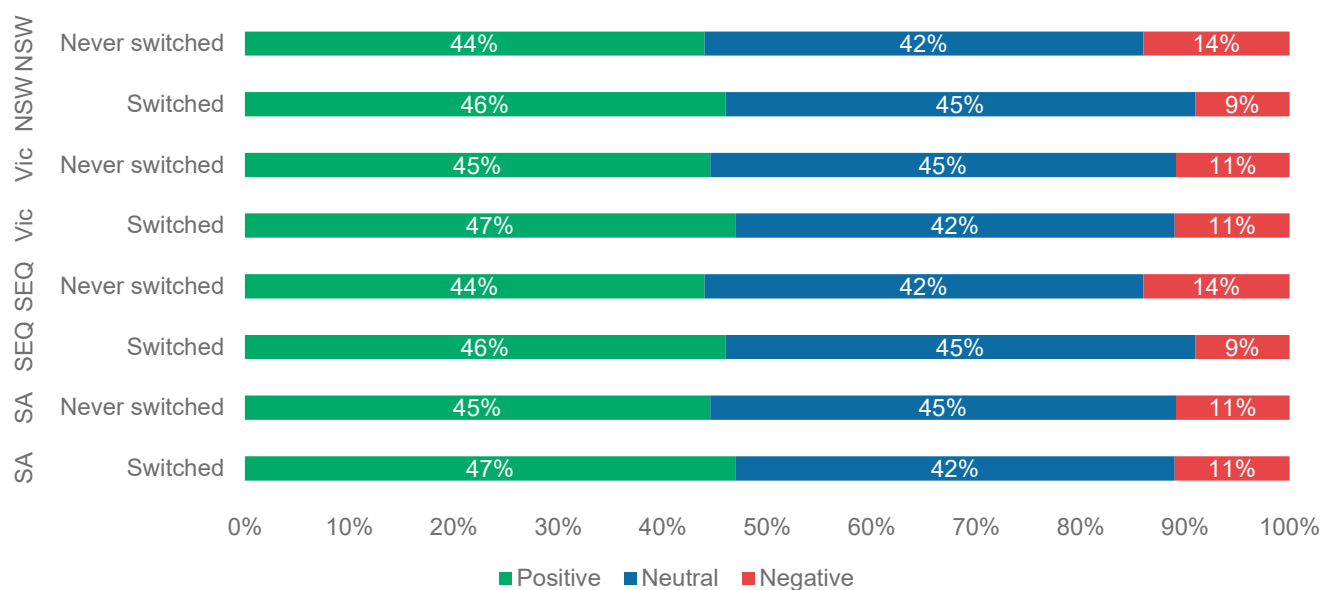
Detailed statistical analysis of the results for the three surveys consistently show that the households that are likely to switch are those that are more confident in their abilities and are dissatisfied with their current energy service.

While the relatively high switching rates in New South Wales and Victoria are associated with dissatisfaction with the value for money, there is no statistically significant difference in the satisfaction with value for money of households that have switched than those that have never switched (see Figure 31).

In Victoria, the proportion of households that are dissatisfied with the value for money is the same across both groups in June 2017, with a similar pattern in South Australia.

In New South Wales households that switch are slightly less dissatisfied than those that never switch with a similar pattern in South East Queensland).

**Figure 31: Comparison of value for money, June 2017**



### Further information

The Essential Research Report, June 2017, the survey data and the questionnaire are available on the Energy Consumers Australia's website. Contact Lynne Gallagher on 02 9220 5516 or by email [lynne.gallagher@energyconsumersaustralia.com.au](mailto:lynne.gallagher@energyconsumersaustralia.com.au) if you have questions or for more information.

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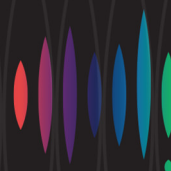
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