

# ENERGY CONSUMER SENTIMENT RESEARCH

Findings from qualitative research  
conducted in October 2022



# Introduction

The research was designed to explore views of private households and small businesses on the current state of the energy market given the market suspension mid 2022, and the expected (and in some cases experienced) price rises. Exploring concepts such as trust in different market players (providers, governments etc.) as well as broader causes and impacts of the ‘energy crisis’, produced rich insights into how consumers view and understand the energy system and how it works or doesn’t work in their interests.

Qualitative research and forums of this nature are a great opportunity to hear directly from consumers. It provides a platform for personal stories to be told and helps us to understand the lived experience and impact of the energy market inside Australian households and small businesses right now. This research can help guide policy makers, government, industry and researchers in how to deliver a system that works for the people who use it and pay for it.

PLEASE NOTE: Given the limited number of participants involved these findings should be taken as indicative insights into the research topics, not as definitive views of the general population.

# Methodology

**Fieldwork Dates:** **Three online overtime focus groups:**  
11<sup>th</sup> October– 13<sup>th</sup> October 2022  
Approx. 1.5 hours participation

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**Sample:** 20x Small business owners  
20x Financially pressured consumers  
20x General energy consumers

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**Prepared by:** **Essential.**  
RESEARCH

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Our researchers are members of the Research Society.

This research was conducted via an online overtime focus group, which utilises an online discussion board where participants answer several questions over three days.

Three groups were run concurrently, one with each of the three consumer groups of small business owners, financially pressured and general engaged consumers. The sample of each group contained a mix of genders and state locations.

# Sample profile

## State breakdown

VIC 18  
NSW 18  
QLD 12  
WA 6  
SA 2  
NT 0  
TAS 2  
ACT 2

## Gender breakdown

Female 29  
Male 31

### Group 1 – Business Owners

- Main or joint decision maker when choosing energy products and services for a business
- n=10 have mains gas connected to business for heating, hot water or cooking
- Mix of ages and genders



Sole trader n=4



1-50 employees n= 12



100+ employees n= 4

### Group 2 – Financially pressured Energy Consumers

- Main or joint responsibility for paying the electricity bill in their household
- n=10 have mains gas connected to household for heating, hot water or cooking
- Mix of ages and genders
- Have been concerned about, threatened or physically disconnected from their household electricity previously

### Group 3 – General Energy Consumers

- Main or joint responsibility for paying the electricity bill in their household
- n=10 have mains gas connected to household for heating, hot water or cooking
- Mix of ages and genders

# Key findings

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## Key findings

### Recent bill increases and expectations of further rises have convinced consumers that there are underlying problems with the energy system

Households have either experienced or expect to receive higher energy bills. There are concerns continued increases will be unaffordable for many.

From the participants perspective, there are three drivers of price increases which all contribute to a 'broken system'.

- The business practices of energy providers. Confusion about the factors that contributed to the recent energy crisis and the role of providers means consumers are concerned they are being exploited.
- Under-investment in infrastructure. It was widely agreed that political failures in direction and leadership have resulted in an aging system. This has many worried about future outages, and the capacity for efficient energy generation. There has also been a lack of progress in the development of storage capabilities.
- Slow progression of transition to renewables. The transition to renewables has been delayed and Australia is 'playing catch-up' to meet emission commitments. There are concerns that the current scale of renewable sources are nowhere near enough to meet the outgoing fossil fuel capacity. Also, the storage solutions needed to manage the fluctuations in renewable generation are not ready. Consumers are concerned that they will end up paying for this through higher bills and disrupted supply.

### Consumers lack trust in energy providers and governments to put consumers best interests ahead of their own

Consumers believe both energy providers and governments prioritise their self-interests ahead of households. Participants identified a range of interventions that would assist households to manage bills and usage in the short term, engage consumers and secure supply in the medium term, and provide clarity and direction during the transition to renewables in the long term. These steps could build trust and co-operation between governments, providers and consumers.

### Customers are supportive of the transition to renewables although some are concerned about reliability issues and cost

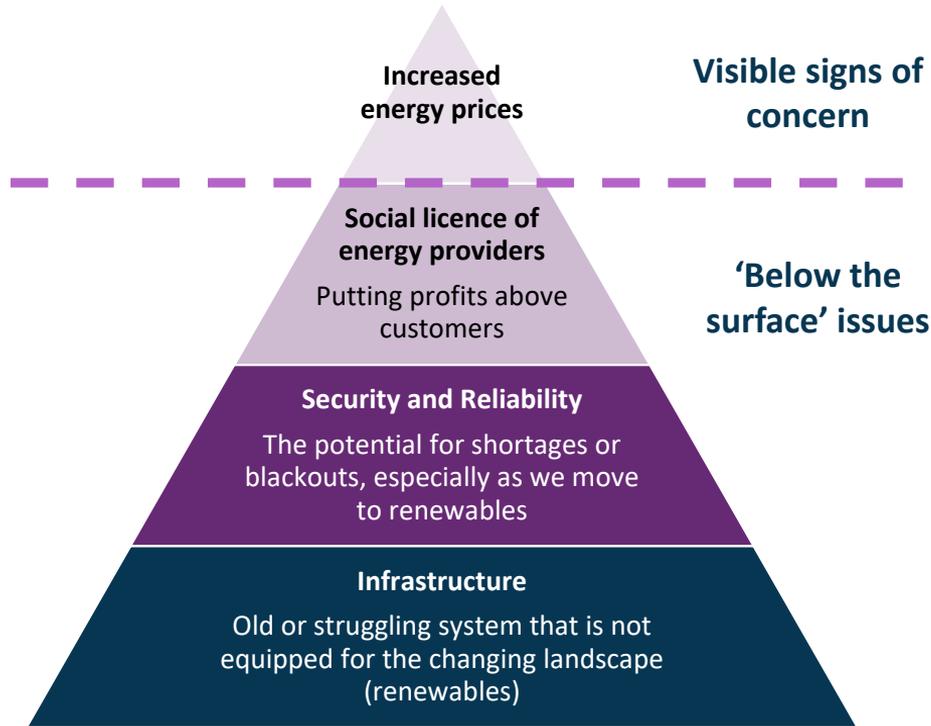
There is strong consensus that Australia is well behind other countries in the transition to renewables, and that this transition should have happened sooner. While consumers agree the transition is necessary and a good thing, some are concerned that this may cause disruptions to reliability and won't necessarily deliver cheaper bills.

# Perceptions on the current state of the energy market

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# Australian consumers are concerned about the state of the energy market, with increased costs a sign of a struggling system



The immediate perception of the Australian energy system is that it is broken and not fit for purpose – either now or in the future.

The significant increase in energy prices is a visible sign of the concerning state of the energy market. Unlike financially pressured consumers, general consumers and small business owners are yet to feel the impact of the price increases, however, all consumers are aware and concerned for the reported impending increases.

This visible sign, however, triggers a broader range of concerns among consumers of what may be going on within the system that is not visible to them. These concerns range from how prices are being set by providers and if price gouging is occurring, to concerns of reliability and the aging infrastructure of our energy system.

## Consumers think the whole supply chain is broken – noting problems in the retail market as a part of the overarching system.

Consumers believe the current energy market is not working well and is in need of an overhaul. Many describe the market as complex, difficult to navigate and understand.

The energy markets doesn't make sense to the average person. How is it that cost has gone up so much, when more and more people are using Solar. Its like they are saying we are using more power than years ago, when a lot of people have solar. The energy market is a joke. We in Melb generally have one choice of distributor, it doesn't matter which retailer you go with , Power is Power from the same source. We pay various companies basically for it. These companies are created to create cost and jobs it seems. Cant see any other reason, where there is more than one retailer, selling exactly the same thing as others, just for all confusing pricing.

*(Male, VIC, 40-49 years, Financially pressured consumer)*

Based only on media reports I have heard in recent months, the energy market is desperately in need of an overhaul. I have heard of spiralling energy bills to consumers and the outlook is not improving which will further add to inflation pressures. There will be a continuous challenge to keep energy costs stay low for a considerable time into the future and it will be an ongoing effort for governments both state and federal to intervene and ensure stable prices.

*(Female, QLD, 30-39 years, General public)*

I feel like there aren't very many options with energy, yes there are different companies but I have previously found their pricing all to be quite similar. Prices are steadily increasing and I can't imagine them ever reducing. I think challenges will be being able to provide enough energy for the growing population whilst being environmentally friendly.

*(Male, ACT, 30-39 years, General public)*

At the moment I think the energy market is driven by greed. Gone are the days that if you stayed with a company you would get a loyalty discount. Unfortunately now us as the consumer need to be constantly on the ball trying to chase a better deal. This is what the company's count on, people being too lazy to check.

*(Male, VIC, 40-49 years, General public)*

## Consumers see the 'energy crisis' as being a whole energy system issue, to which they blame the historical lack of government action and investment

Consumers are disappointed in the lack of planning and investment into the energy system in recent years, seeing this as a government failing. In the eyes of consumers, the government is seen to not have planned or implemented the long term infrastructure updates that are needed for a modern energy system, resulting in our current 'crisis'.

I was aware that our energy system is not as modern as it could/should be and cannot support the demand as well as it can be. [...]When election time comes, there are multiple promises made in the areas of improving the energy system but there are often failures to deliver.

*(Female, NSW, 30-39 years, Business owner)*

Government is responsible for the effective long-term planning of energy supply grids and has been caught out by the lack of effective long-term planning[...] Our investment in the upgrading of energy supply infrastructure has been too little too late.

*(Male, QLD, 60-69 years, General public)*

I felt as though the crisis was due to government failures in anticipating power supplies demands and outsourcing the bulk of the grid to another state.

*(Female, WA, 50-59 years, Financially pressured consumer)*

Government failures - lack of planning and preparation...[and] the age of our energy system/power stations and their limited life are contributors to the crisis.

*(Male, VIC, 60-69 years, Business owner)*

The electricity grid is old and maintaining it has become expensive. The previous government also failed to properly address an issue it knew was coming but did little.

*(Male, ACT, 30-39 years, General public)*

We are still relying on an [energy] system from the past. If the government cared about us it would've done something a long time ago.

*(Female, QLD, 40-49 years, Financially pressured consumer)*

## While a lot of the blame has fallen to government, there is understanding that international factors, as well as general complexity of the market, means there is no silver bullet fix on the horizon

This is a new situation and I think everyone involved is a bit lost on what to do next to fix it. Some things, like the war in Europe, are out of any government's control. I don't have much confidence that higher energy costs are going away any time soon.

*(Female, NSW, 50-59 years, General public)*

I am only somewhat confident that the government will eventually reduce the impact and higher energy costs as we can control how we get our energy, however in the meantime global changes may impact the prices.

*(Female, QLD, 30-39 years, Financially pressured consumer)*

I don't see how a government is able to dictate too much to power companies to reduce or maintain pricing costs.

*(Female, Vic, 50-59 years, Business owner)*

I don't think the government is going to be able to do too much to reduce the prices, I know they say they will but its out of their hands.

*(Male, Vic, 50-59 years, Financially pressured consumer)*

## In addition to government inaction and distrust in retail markets, some consumers also blamed the cold weather and COVID as contributing factors to the 'energy crisis'

Most Australian consumers associate the energy crisis with the short-term disruptions experienced mid-year.

Some consumers also place blame on the covid-19 crisis, believing that more people working from home would be putting strain on the system.

With little knowledge about the exact causes of this issue, some of those unaffected assume the problem has been resolved or was an isolated incident based on high energy usage in winter.

Being the middle of winter there would have been spikes in energy consumption and coupled with a disregard from the previous government to properly address the issue in advance. Spiraling costs was the result.

*(Male, ACT, 30-39 years, General public)*

I think they had a shortage because of a lot of cold weather and rain and Covid causing people to work from home.

*(Male, NSW, 50-59 years, Financially pressured consumer)*

I think it was something to do with cold weather and expectations that a lot of energy would be used at once for heating, overloading the system. I was surprised such a problem could be caused by such a short-lived situation.

*(Female, NSW, 50-59 years, General public)*

# Individual impacts and consumer response to the energy crisis



## Energy consumers feel helpless in the current energy system, with a lack of communication from their providers on the issue

Provider information has been noticeably absent from most energy consumers experience of the energy crisis, with many unaware of what their provider was doing or confused about the reason for the price increases. This lack of communication leads some to question if price gouging could be occurring.

I remember the time they blamed Ukraine and the gas price as most of the Gas was going over seas and there was not enough for domestic use. I got all of this from the news channel, heard nothing from [my energy supplier]

*(Male, VIC, 50-59 years, Financially pressured consumer)*

I do remember hearing about this issue, but I'm not actually sure what was causing it at the time. I assume it was related to out dated infrastructure. Certainly, didn't hear anything from my energy supplier.

*(Female, VIC, 50-59 years, General public)*

I did hear about this issues in the media and from friends and family. Social media also brought it to my attention. Our energy provider did not reach out to us.

*(Female, NSW, 30-39 years, Business owner)*

The media. I do not recall receiving any info from my retailer.

*(Male, QLD, 60-69 years, General public)*

Yes, I remember the events through television news and current affairs. I did not have the energy retailer reach out to me.

*(Male, QLD, 60-69 years, Business owner)*

## Many general energy consumers and small business haven't felt the impacts of the crisis yet, but the predicted sharp increase in cost is of concern

Most have only notice minimal changes to their bill since the crisis began and still find their bills manageable. As a result, these consumers have made minimal changes to their usage behaviours, mostly remembering to turn off lights and appliances when they're not being used.

They are, however, concerned about the future state of their energy bills, with high levels of awareness that prices are likely to increase significantly and in a short period of time.

At the time that this research was conducted predictions of future energy price increases of 30% were widely reported. This was noticed by a majority of participants, with most concerned about their ability to manage this increase in the future due to the fast jump in prices.

I've always been mindful of usage, just even more so now. Switching off appliances at the wall when not using them and making sure the kids turn the lights off when they leave the room.

*(Female, QLD, 30-39 years, General public)*

My energy bill has increased marginally, however it is yet to have an impact on the business.

*(Female, VIC, 30-39 years, Business owner)*

There is no denying that our electricity prices are definitely going up and only today we've been warned that they will be going up further next year by staggering 30%.

*(Female, Vic, 30-39 years, Business owner)*

## Financially pressured consumers are feeling the impact of the crisis more strongly, with many needing to change their behaviour or spending to make energy affordable

Some financially pressured consumers report having to change usage behaviours, such as reducing household heating and cooling, while others are reducing spending or taking up additional employment due to the rising cost of living. These consumers are very concerned for their future energy bills, with the awareness that they will significantly increase in the near future.

I tell the kids to turn things off PCs laptops lights etc. These appear to make little impact on the bill though. So now I'm looking at additional income streams apart from my full time job.

*(Male, NSW, 40-49 years, Financially pressured consumer)*

Despite trying to do everything in my power to bring it down I noticed an increase in the price of the latest electricity bill[...] it means I have to be conscious all the time in calculating the actual cost of power we use every day and to try and budget for it.

*(Female, WA, 50-59 years, Financially pressured consumer)*

Of course my bills has increased. I have made cuts to expenses such as not using the heating/cooling, not eating out as much or getting takeaway coffees etc

*(Male, SA, 40-49 years, Financially pressured consumer)*

We have stopped using the air conditioner and heater throughout most of the year.

*(Female, QLD, 40-49 years, Financially pressured consumer)*

We have all experienced increased energy bills recently. It has made me more careful in using high energy consumption appliances such as electric heaters and spin dryer.

*(Male, NSW, 50-59 years, Financially pressured consumer)*

## With costs rising, energy consumers want to feel more control over their bills

Since the recent increase in prices, most energy consumers are interested in making changes to their behaviour and household appliances to reduce the cost of their bill.

Considering energy efficiency rating when purchasing appliances or switching to efficient lightbulbs are the most common actions being taken.

Energy consumers want to see their providers supporting this with initiatives to help monitor and control their usage, such as smart timers or usage monitors (physical or through a mobile app).

We have changed all our light globes to cheaper to run ones and dim them so its not using as much power. We also installed wall heaters that aren't a huge wattage so we didn't have to run the heat pump as high in winter.

*(Female, TAS, 30-39 years, Financially pressured consumer)*

Providing a mobile app would be a great benefit to manage the household usage of energy and be able to keep an eye on costs.

*(Female, NSW, 60-69 years, General public)*

Having more information on real-time usage could be of benefit as it could help you to assess where and how you are using your energy[...]whether it be through smart appliances or mobile apps with real-time information.

*(Female, VIC, 30-39 years, Business owner)*

## Small business and financially pressured are looking for tailored advice to reduce their energy usage and costs

This information and advice also includes analysing their usage to show where they could make changes, such as identifying inefficient appliances.

To be working in our interest I would appreciate greater customer care in the form of practical suggestions and products that could help us become more energy efficient and to lower costs.

*(Female, NSW, 30-39 years, Business owner)*

[Energy providers should] let customers know when is the best time to use their various electrical equipment ie peak & off peak times. Very few providers are informing customers about peak/off-peak - you would have to look for the information yourself.

*(Male, NSW, 50-59 years, Financially pressured consumer)*

Energy provider should be communicating more about the energy source used by the business and explaining what options and tariffs are available and how to change if needed.

*(Male, QLD, 60-69 years, Business owner)*

Energy providers should be in touch with their customers reviewing their accounts, how things may have changed for them and what better pricing is on offer.

*(Female, VIC, 40-49 years, Business owner)*

It would be good to provide more education to customers on how to reduce their bills[...] For example, ways to be more efficient in heating and cooling your house, how to save power and how to not waste it.

*(Female, WA, 50-59 years, Financially pressured consumer)*

# Consumer trust and the energy system



## Consumers have low levels of trust for the government and energy providers, believing they are focused on their own agenda's rather than energy customers

Energy consumers believe energy providers are mainly focused on their stakeholders and generating profits. While governments are seen to focus on receiving votes at election time, or pleasing large political donors, with benefiting the Australian energy consumers only being a secondary objective.

I do not trust that either work in my best interest. Energy providers charge what they charge because they can. I can choose to pay my bills, or I can choose to get disconnected and look for alternatives, which at present are out of my budget. Don't get me started on government. Most governments are only looking as far down the road as their term in office as any further than that will be someone else's issue. I am sure there are many instances that would contradict what I am saying, but that's the way it seems to me.

*(Male, QLD, 40-49 years, Financially pressure consumer)*

The energy companies only have the interest of shareholders and keeping them happy with profits.

*(Female, VIC, 40-49 years, Business owner)*

I feel the dramatic price increases are not a direct result of energy providers simply jacking up prices, but a more complex problem involving market operators, government, demand and supply. Due to this, I believe energy providers have simply been caught in the middle and have nowhere else to go but to pass on the increase to simply ensure their viability. In saying that, its hard to comment on my trust in the providers as it is a grey area.

*(Male, ACT, 30-39 years, General public)*

I have no trust in either. Both have their own agendas (\$\$) and consumers don't come anywhere near the top of their priority list.

*(Female, QLD, 30-39 years, General public)*

The government get political donations from the major energy providers so they are always looking for something in return.

*(Male, Vic, 40-49 years, General public)*

I do not think they (energy provider) will always work in my best interests because they are a corporate entity and have many stakeholders and making a profit is key to their survival. Making a profit will not always align with the interests of consumers.

*(Male, QLD, 60-69 years, General public)*

## Political historical mismanagement of the energy system has resulted in low levels of trust, with many feeling the government has no plan to address the current issues

Australians lack trust in the governments actions when it comes to the energy system, with many still reflecting on the decision to deregulate and privatise the market.

Investment and planning to support the energy system appears non-existent from the government, with many believing the government doesn't have a plan to support them in the current crisis.

Both levels of government in the past 10-20 years have not always acted in the best interests of consumers[...] Both major political parties basically supported deregulation of the sector in the name of greater efficiency.

*(Male, QLD, 60-69 years, General population)*

I am neutral at the government's ability to mitigate energy prices to sustainable levels as the previous governments too have been promising lower prices and cleaner energy but largely remained dormant.

*(Male, VIC, 30-39 years, Financially pressured consumer)*

I feel the Federal Government 'may' have a plan, but they are still working through it, and they are really burdened down by the former Federal Governments policies and lack of action[...]

I also feel it is too little too late. I have little faith in their ability to reduce the impacts and of maintaining costs at anything like a reasonable level.

*(Male, VIC, 60-69 years, Business owner)*

# A way forward

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## Providing a reliable power supply and good customer support is where energy consumers show trust in their providers

Financially pressured consumers show that having positive customer interactions, such as creating payment plans or support during the covid-19 pandemic, can establish a greater sense of trust in an energy provider. Some participants suggested loyalty schemes (loyalty or on time discounts, and price increase relief payments) are effective ways to demonstrate consumer commitment.

I think they should be offering some sort of rewards, even loyalty rewards to show us they do want us to remain their customers.

*(Female, WA, 50-59 years, Business owner)*

My provider offers the pay on time discount which helps a lot.

*(Male, SA, 30-39 years, General public)*

I have quite a lot of trust in [my energy provider] to work in my best interests as they have helped me work through paying off my high bills. They seem to be patient with customers that are struggling.

*(Female, WA, 50-59 years, Financially pressured consumer)*

Really my only expectations (other than reliability of supply) is to pass on savings from the energy market and reward loyalty.

*(Male, NSW, 40-49 years, Business owner)*

My provider supplies me[...]with a reliable product and most of the time it does not let me down i.e. I am not subjected to blackouts during periods of high usage.

*(Female, NSW, 60-69 years, General public)*

Instead of making us shop round every few months to avoid the loyalty tax and change providers, how about giving incentives for loyalty to the same company eg % of discount based on the years of being with the provider.

*(Female, Vic, 40-49 years, Financially pressured consumer)*

## Subsidies and short-term relief are appreciated, but Australians want to see long term investments in the energy system

Australians appreciate any relief they have receive from the current prices, with many referencing State Government energy rebates, or subsidies (renewable energy or appliance changes). These actions, however, are seen as being short term and having no impact on the broader issues within the system.

Australians are eager to see long term investment from providers and government to improve the energy system and bring forward renewables.

They [governments] do have the ability to provide temporary relief to offset high energy costs but cannot do this indefinitely. What is the longer term plan to tackle this issue? Surely investment into renewables could be dramatically increased.

*(Male, ACT, 30-39 years, General population)*

The government has no plans[...]They need super funds , future fund and governments to invest in new technology. Let's take back the ownership and develop new infrastructure. Even the wind turbines in wind farms are manufactured overseas I believe.

*(Male, NSW, 60-69 years, Business owner)*

It looks like the current government is more willing to explore alternative sources thus not relying on fossil fuel alone. The more alternatives there are, the more likely the price of energy can be stabilise or even come down as we're not dependent on a single source.

*(Male, NSW, 50-59 years, Financially pressured consumer)*

## Energy consumers want to see continued momentum for the transition to renewables

Overall, energy consumers believe Australia needs to push-ahead with the transition from coal, viewing it as being in the best interests of the environment. This is especially true for small business owners, who are more enthusiastic and positive about the transition than household groups.

Australians, however, feel that the inactivity in transitioning from aging energy sources has left us 'playing catch-up' to provide the required generation and storage solutions. This is seen to be a failure of government planning and investment. Commentary suggests that energy consumers have low understating of renewable energy sources and storage, with many questioning how Australia will have energy on days where 'the sun doesn't shine and the wind doesn't blow'.

I think the transition is probably a bit behind where it should be. Whilst it would be good to be further ahead, this can't be done at the risk of our current energy supplies. We need to make sure that any new systems being put in place can provide sufficient supplies before any older systems are phased out. I think there is still a role for fossil resources to play in the medium term. I don't think realistically that we can stop their usage without having a reasonable time frame to change over everything.

*(Female, VIC, 50-59 years, General public)*

It has been too slow, although the technology is expensive and generally unaffordable. We should have been looking at this 10 years ago....Previous government that didn't do anything!

*(Female, VIC, 40-49 years, Business owner)*

I believe the transition to renewables in Australia has been extremely slow! We need to transition faster, before so much damage is done to the environment that it's no longer habitable for us.

*(Male, VIC, 60-69 years, Business owner)*

The transition should have started 10years ago. As a nation we well behind the eight ball. Other nations, like Germany had started installing large field of solar panels many years ago.

*(Male, VIC, 40-49 years, General public)*

## Offsetting emissions is viewed as a short-term fix while developing longer-term energy solutions

Although it is seen as the ideal way to reduce emissions, many see the development of a 100% renewable system as being a long-term strategy. Offsetting is viewed as a temporary solution to reduce emissions in Australia while the renewable system is being developed. For most, these two options were seen as working simultaneously to lower electricity emissions, with offsetting providing the benefits of immediate action while allowing time for innovation and technology development for the future of 100% renewable.

Small business owners, however, are more critical of offsetting – seeing it as an “false accounting” and a means to disguise and divert the impact of carbon emissions without addressing the real problem. For this reason, some small business owners saw offsetting as only resulting in marginal benefits.

In the short term, offsetting emissions is a good way to go about it. In the long term though, new ways to generate renewable energy sources will need to happen.

*(Male, ACT, 30-39 years, General public)*

I believe offsetting is a good and perhaps more cost effective option. Whilst new technology will be developed in the future, offsetting the emissions is a better short term option.

*(Female, VIC, 50-59 years, General public)*

Offsets do not work, they are used just to tick boxes and make it look like the waste and destruction is neutralised.

*(Female, TAS, 50-59 years, Business owner)*

# Essential.

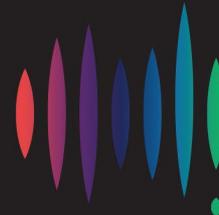
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