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Energy prices moderating but better support needed for consumers

Energy Consumers Australia's CEO Lynne Gallagher said the Australian Energy Market Commission's latest review of the state of the energy retail market is timely, with 2 years having passed since the ACCC's electricity prices review.

Ms Gallagher said prices were a key indicator of the competitiveness of the market and was pleased to see a downward trend from the damaging and unsustainable levels of recent years.

"Rod Sims' report two years ago told us the energy market was largely 'broken' after years of price increases resulting in a 'serious electricity affordability problem'," Ms Gallagher said.

"Prices are heading in the right direction after sustained efforts by governments and regulators to reduce network and other supply chain costs, as well as to repair the price safety-net.

"As prices have moderated, the Energy Consumer Sentiment Survey is showing that consumer satisfaction with energy services has increased, albeit from very low levels, with electricity still trailing other comparable services.

"Consumers are also looking for much more support from their retailers when it comes to managing their energy use."

With prices beginning to fall, Ms Gallagher cautioned against complacency, saying more was needed to return prices to more normal levels at a time when households and small businesses were being impacted by COVID-19.

"In recent months we have seen significant falls in wholesale energy costs, and how quickly and fulsomely retailers to pass these savings through to customers is the next big test for the competitiveness of the market.

"The spike in energy use during the COVID-19 crisis means consumers are facing bill shock and the missing piece of the retail market is the services that help people manage their energy use.

"We would like to see retailers use the available technology to empower consumers. Those who miss this opportunity, also risk losing market share to more innovative competitors – a story that is playing out in the UK.

Ms Gallagher also welcomed the Commission's focus on the need to ensure consumer protections keep pace with the changes that are happening in the market.

"Many households and small businesses who live or operate in apartment buildings or shopping centres are not covered by energy-specific consumer protections. It is timely to consider how these protections should apply.

"Potentially transformative new services like demand response are being held back for small energy consumers because of concerns about whether the consumer protection framework is fit for purpose. It is important that we approach the framework with a view to enabling these services."

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