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AEMC
REVIEW OF COMPETITION IN THE GAS AND ELECTRICITY RETAIL MARKETS
CONSUMER RESEARCH REPORT

prepared for

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EXECUTIVE SUMMARY

Wallis Consulting Group was commissioned by the Australian Energy Market Commission (AEMC) to conduct a telephone survey of 1,000 domestic households and 500 businesses consuming up to 160MWh per annum of electricity and 5TJ per annum of gas. Interviews were conducted across Victoria in order to assess consumer awareness, engagement, experience and attitudes towards retail competition in the electricity and gas markets. The survey will provide input to the AEMC's review of effectiveness of full retail competition in Victoria.

A separate survey was conducted of the 13 licensed Victorian retailers selling to domestic and small business customers. The findings of that study are reported separately.

The key objectives of the domestic and business customer survey were to gauge the:

- Extent of customers' understanding of available choice.
- Extent to which customers have exercised their choice.
- Quality of the customers' experience in the contestable market.

The main findings from the survey of domestic and business customers are summarised here.

Awareness of full retail competition and alternative retailers

- Consumer awareness of the ability to choose an electricity and gas supplier has risen in comparison to a measure taken in 2004[1]. Now, 94% of domestic and business customers know that they can choose their electricity retailer.
- For gas, 88% of **all** domestic and 89% of **all** business customers know they can choose their gas retailer. This compares to overall awareness levels of 90% in 2004. Of those customers **with gas connected,** 91% of domestic and 95% of business customers are aware of the ability to choose a gas retailer.
- Thirtysix percent (36%) of domestic and 32% of business electricity customers could not name an alternative to their current electricity supplier. Awareness of alternative gas retailers is lower with 52% of domestic and 51% of business customers unable to name another retailer[2]. However, these results are an improvement since 2004.

[1] Essential Services Commission *Report into the effectiveness of full retail competition and safety net measures* . February 2004, Page 11. Prepared by Wallis Consulting Group.

[2] It is important to note that the figures quoted here reflect the companies that customers think they deal with. Past research has shown that they are likely to overstate their association with First Tier retailers (retailers who have been operating in Victoria since before full retail competition) and understate their association and knowledge of other companies who have been licensed to sell electricity since January 2002 and gas since October 2002.

Engagement with retailers and competition

- Predominantly, contact with customers is initiated by retailers and occurs in person - either by face to face contact at the doorstep or through telesales.
- The proportion of customers contacted by retailers in order to sell them electricity or gas has increased relative to 2004. Now 73% of domestic and 72% of business customers have been contacted by an electricity retailer.
- Customer initiated contact amongst electricity customers is at low levels with 10% of domestic and 12% of business customers reporting that they had contacted a retailer seeking a market offer. Contact levels amongst gas customers has stagnated at 6% in both domestic and business segments.
- Customers who contacted retailers did so mostly by telephone or e-mail. Contact by domestic customers was made principally by telephone (76%), e-mail (15%) and personal visits (7%). Businesses exclusively used the telephone.
- Six domestic and 12 business customers (1% and 3% respectively) reported not having been made an offer following contact with a retailer. The reasons they were given included the retailer: couldn't match the current offer; was already providing energy to the customer; the customer did not find the offer of interest; a soft-selling approach had been adopted and it was left to the customers to follow up; and, the product offering was unsuitable.

Rating of market offers

- When asked to rate three specific aspects of the offers made by retailers, domestic and business customers gave them low ratings. On a 10-point scale where 1 meant poor and 10 meant excellent:
  - *the ease of comparing offers* was rated 5.5 by domestic customers and 5.3 by businesses customers,
  - *the ease of understanding the offers* was rated 5.8 and 5.7 respectively; and
  - *how well it matched needs* was rated the highest at 6.1 and 5.6 respectively.

  The first two of these statements (*the ease of comparing offers* and *ease of understanding the offers)* were measured in 2004 and the results were similar.
- Domestic and business customers were of the opinion that there is a *greater variety of offers* available and *that the offers suit their needs* better than they did in comparison to 2004.
- However, customers were evenly divided on whether they thought *offers are easier to understand.* Thirty nine percent (39%) agreed they were easier to understand, 36% disagreed.
- Domestic customers who were contacted by a retailer mainly expected to be offered *lower prices, green energy and discounts for paying on time.* Business

customers were also expecting these, but to a lesser extent. One in ten customers (10% of domestic customers and 11% of business customers) said they did not know what to expect.

Take up of market contracts and agreements

- A high proportion of customers have a market contract or agreement in place for the supply of electricity and gas. Sixty percent (60%) of domestic and 54% of business customers indicated that they are on a market contract for electricity. For those with gas connected, 42% of domestic and 38% of business customers have a market contract for gas.[3]
- The majority of customers with market contracts have switched their electricity retailer - 50% of domestic and 42% of business customers. This compares with 19% of domestic customers and 16% of business customers in 2004.
- A lower proportion of Victorian households and businesses have changed their gas retailer – with 34% of domestic and 32% of business customers having done so. This compares to 2004 when 25% of domestic and 20% of business customers had changed their gas retailer.
- While 19% of domestic electricity customers and 34% of domestic gas customers were motivated to change because they moved house, amongst businesses, a far lower percentage (10% and 11% for electricity and gas respectively) changed because of moving premises.
- Amongst domestic customers *lower prices, green energy* and *the ability to bring gas and electricity* together were the three main reasons given for switching retailer. For business customers on market contracts 58% chose their retailer because of *low prices* and 10% because of *green energy*.
- Forty percent (40%) of domestic customers and 44% of businesses remain on a standing offer for electricity. The reasons provided by respondents for not switching to a market contract included:
    - Just stayed with the same retailer;
    - Couldn’t be bothered;
    - Don’t like signing contacts;
    - Didn’t need to; and
    - Haven’t been approached.

3 Note that the gas results may be under-represented since the questions regarding the existence of a market contract were designed to capture both respondents who had changed their retailer as well as those who had changed their purchasing arrangements. In-depth interviews revealed that consumers were aware of changes to the way in which electricity could be sold (e.g. Green energy) but were not aware of any changes in gas, thus a lower percentage of respondents said that they had changed arrangements relating to purchasing gas than electricity and this may be leading to an underestimate in the prevalence of market contracts for gas.

One in five respondents were unable to give a reason. These responses were investigated further in telephone follow up interviews. The interviews showed that amongst all customers, but particularly amongst those on a standing offer, customers are not motivated to switch as they are not interested in the market. The reason for this relates to the relatively low cost of energy compared with other household and business running costs, a perceived lack of differentiation in product and service offers from retailers, and for a small proportion, a philosophical stance against full retail competition.

- Customers with market contracts in place rated the process of establishing these contracts favourably. Generally, domestic and business customers experienced no problems in *organising the agreement,* with the *length of time it took to put in place* or with *the extent to which their gas or electricity contract met their expectations*. The first two factors were measured in 2004 and ratings have improved significantly in comparison.

Sources of information

- All respondents were asked which sources of information they had used to choose their electricity or gas retailer. The most common response was *none.* Even 24% of domestic customers and 25% of business customers **with a market contract** said they had consulted no sources of information when choosing to switch to a market contract. Of those who had, door-knockers, general information from retailers and telephone calls were mentioned most often.
- The single most helpful source of information to domestic customers was considered to be face to face contact at the door. Businesses felt that information provided by retailers in general, and face to face and telephone contact, in particular, were equally helpful. Nonetheless, 37% of domestic and 45% of business customers said that no source of information was helpful.
- It is worth noting that few respondents mentioned more than one source of information when given the opportunity to name all useful sources. Hence, the results for all sources and the most useful source of information are similar. This result indicates that respondents being made offers are taking them at face value and do not feel the need to obtain additional information.

Switching experience

- Domestic and business customers are significantly more confident in their ability to *choose an energy supplier*, *access the information* they need to do this and *in the transfer process* itself than they were in 2004 – with customers on market contracts being more confident again in their ability. Respondents rated their confidence on a ten point scale from 1 (not at all confident) to 10 (extremely confident). The average scores were around seven (7) customers who reported low confidence were asked how their confidence could be improved. Of the main

responses, four of the five answers related to the provision of more information specifically on *costs and prices - in a format that is easy to understand; about the services provided;* and *about the switching process itself.* Some customers suggested their confidence would improve if they "*knew it was easy to change".*

- Across both the electricity and gas markets, 6% of domestic and 9% of business customers think they are *very likely* to switch retailer in the next 12 months and a further 10% in both market segments thinks they are *somewhat likely* to do so. Nonetheless, the majority have no intention of switching. The main reasons for this are that customers *are happy with their current retailer* and *it is too much hassle.*
- The majority of Victorian customers believe that being able to choose a retailer for gas or electricity is a good thing. Overall, 79% of domestic and 76% of businesses judge choice to be *good*. Both domestic and business customers agree that being able to choose a retailer is good because it:
  - Offers more choice;
  - Offers lower prices;
  - Keeps the market competitive; and
  - Means that change is possible if the customer is dissatisfied with the retailer.

  In both segments, 80% of customers who thought being able to choose a retailer is good, responded they were unlikely to change retailer in the next twelve months.

Summary and conclusions

The findings from the survey are discussed here against the three specific objectives of this survey:

1. To gauge the extent of customers' understanding of available choice

The majority of customers know they can choose their electricity and gas retailer. A high proportion of electricity and gas customers have a market contract in place. However, a high proportion of customers are unable to name an alternative retailer to their current supplier.

2. To gauge the extent to which customers have exercised their choice and the reasons for and against this

The majority of customers have changed retailer or changed their purchasing arrangements. However, of the customers who remain on a standing offer, the. reasons for inertia seem to be underpinned by lack of interest in the market, feeling that there is little benefit in changing, or satisfaction with the current retailer. Lower price is a key reason for switching, yet most customers consider their energy costs to represent a low or moderate proportion of household or business running costs. Nonetheless, the majority supports the principle of being able to choose retailers and the benefits that may accrue.

3. To gauge the quality of the customers' experience in the contestable market

Domestic and business customers are significantly more confident in their ability to choose an energy supplier, access the information they need to do this and in the transfer process itself than they were in 2004 – with customers with market contracts in place being more confident again in their ability. The higher proportion of customers on market contracts who say they are likely to switch suggests that the experience has served to encourage further action rather than suppress it. Their experience has generally been good as the improved ratings for elements of the process of establishing the contract suggest.

There is no evidence that retailers are discriminating against customers overtly on the grounds of age, sex, location, proficiency in English, or socio-economic standing – with the exception that people living in high income households are more likely than others to have a market contract.

In summary, a high proportion of customers are aware of their ability to choose an electricity and gas retailer and have exercised their choice to switch to market contracts. These results have trended upwards since 2004. Those with market contracts in place generally rated the switching process favourably and they are the most likely to consider switching again. There is significant evidence to suggest that activity in the market is being stimulated by retailer action through face to face contact and telemarketing activities. Customers themselves are no more motivated now than three years ago to take action of their own accord. Thus churn in the market would seem to relate to the efforts of retailers rather than the interest of customers themselves. Nonetheless, there is strong support amongst Victorian customers for the ability to choose their electricity and gas arrangements.

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1.0 BACKGROUND AND OBJECTIVES

The Australian Energy Market Commission (AEMC) was established in July 2005 to make the rules that regulate the operation of the wholesale electricity market and electricity transmission networks in the national electricity market (NEM). The AEMC is also responsible for providing policy advice to the Ministerial Council on Energy (MCE).

As part of its advisory role, the AEMC has been directed by the MCE to conduct a review of the effectiveness of competition in the gas and electricity retail markets in each NEM jurisdiction, with the exception of the retail markets in Western Australia – the review in that state will be undertaken by the jurisdictional regulator, the Economic Regulatory Authority (ERA). The AEMC's first review is of the Victorian gas and electricity markets.

The objective of the retail competition reviews is to assess the effectiveness of competition in the electricity and gas retail markets for the purpose of retaining, removing or reintroducing retail energy price controls. The AEMC will be required to assess the effectiveness of competition in the electricity and gas retail markets. Competition will be assessed on the basis of criteria developed by the MCE, namely:

- independent rivalry within the market;
- ability of suppliers to enter the market;
- the exercise of market choice by customers;
- differentiated products and services;
- price and profit margins; and
- customer switching behaviour.

Based on this assessment AEMC will be required to recommend ways to:

- phase out price controls if competition is found to be effective; or
- promote competition where competition is found to be less than effective.

The AEMC commissioned Wallis Consulting Group to conduct surveys of domestic customers, small business customers and Victorian retailers. The aim of undertaking the surveys was to inform the AEMC of a range of customer and retailer issues. With regards to the scope of the project, the target groups are small energy customers being domestic and business customers consuming less than 160MWh of electricity or 5TJ of gas per annum. The review is also to include energy retailers of which there

are 13 listed by the Essential Services Commission as being licensed and active in the residential and business markets as at April 2007[4].

It is important for the AEMC to understand the experience of small energy customers in the retail market in order to assess the effectiveness of competition from the perspective of end use customers. Some of the matters that the AEMC wishes to gain a deeper understanding of include:

- the extent of customers' understanding of available choice;
- the exercise of market choice by small energy customers, and the reasons underlying a customer's choice to switch (or to not switch) energy retailer;
- the quality of the customer's experience in the contestable market; and
- differences in the customer experience broken down by customer type, for example, rural/remote compared to metropolitan, home owner compared to tenant, and "vulnerable" customer classes such as low income earners, the elderly, and consumers from a non-English speaking background.

The AEMC considers that the following factors are likely to be relevant to understanding the experience of small energy consumers:

- customer awareness of competition and choice;
- ease of obtaining, understanding and comparing information;
- extent and type of marketing activity experienced by the consumer;
- extent of offers being sought and made; and
- nature and frequency of customer complaints.

The AEMC considers that a range of factors are relevant to understanding the dynamics of market competition. These include, but are not limited to:

- the number, size and type of contestable customers, and changes in the number and size of those customers over time;
- the number, type and size of competing retailers, and changes in the number and size over time;
- market shares, and changes over time;
- extent and type of marketing activity;
- extent of offers being sought and made;
- the nature and frequency of customer complaints received by retailers;

[4] Essential Services Commission – Energy Facts: Contact Details for Energy Retailers – Current as at April 2007

- evidence of retail prices converging to an efficient long term cost of supply; and
- evidence that differentiated and innovative products and services are being offered to the market.

This report details the findings from a study designed to meet these objectives for domestic and business customers. The results of the retailer study are reported separately.

2.0 METHODOLOGY

The consumer survey consisted of:

- Questionnaire Development;
- Pilot Study;
- Main Study; and
- Follow-up in depth interviews

They were conducted as follows:

2.1.1 Questionnaire development

A single questionnaire was developed for the domestic and business markets covering:

- Customer awareness of competition and choice;
- Ease of obtaining, understanding and comparing information;
- Extent and type of marketing activity experienced by the consumer;
- Extent of offers being sought and made; and
- Customer complaints.

In developing the survey, input was obtained from the Essential Services Commission and key community groups in Victoria. Following this consultation process, the master questionnaire was split into two – one of 15 minutes' duration for the domestic segment and one of 12 minutes' duration for the business segment. At this time, the final sample structure and key analytical groups were agreed.

The two questionnaires were set up on Wallis Consulting Group's Computer Assisted Telephone Interviewing system and subjected to its testing regime.

2.1.2 Pilot study

The pilot study consisted of 20 interviews in each of the domestic and business markets designed to ensure that quotas worked appropriately, screening worked as intended and that respondents understand the questions and answered them as envisaged.

The Pilot Study for both segments was conducted on 20th June 2007.

Business interviewers received a one-hour briefing at 9.30am following which they completed test runs. The 20 business interviews were completed by the close of the shift (4pm). At that time interviewers for the domestic pilot received a similar briefing, attended by AEMC personnel. Domestic interviewing commenced at 5.30pm following interviewers completing their test runs. All interviewing was completed by 8pm. The average length of the interviews was 20 minutes.

2.1.3 Main study

The main study consisted of completing telephone interviews as follows:

- 1,000 telephone interviews with domestic customers chosen at random from electronic directory listings, with quotas placed by location:
  - 500 in Melbourne;
  - 250 in regional centres[5]; and
  - 250 elsewhere in the state (denoted as 'rural' throughout this report)
- 500 interviews with business customers chosen at random from electronic Yellow Pages listings with quotas by location:
  - 300 located in Melbourne
  - 100 in regional centres
  - 100 in rural areas

A briefing session of about one hour occurred prior to the commencement of each study and the commencement of each shift where new interviewers were introduced to the study.

Interviews with domestic consumers averaged 17 minutes' duration, whereas interviews with business consumers were of 14 minutes' duration on average (however up to two minutes of this time was spent in locating the correct respondent i.e. the person making the purchasing decisions).

Business interviewing was completed between 25th June – 4th July 2007 and domestic interviewing from 22nd June – 7th July 2007.

The questionnaires used are appended.

[5] Regional Centres includes Ballarat, Bendigo, Geelong, Mildura, Morwell, Shepparton, Warrnambool, and Wodonga.

2.1.3.1 Follow-up in-depth interviewing program

Following preliminary analysis of the survey data, 12 in-depth interviews with domestic customers and 8 in-depth interviews with business customers were conducted to allow more information to be captured regarding the rationale behind survey responses.

The structure of the interviews for domestic customers was:

- 3 people who contacted an electricity or gas supplier but did not set in place an agreement or contract including some people living in private accommodation and some in rented accommodation;
- 3 people who were contacted by an electricity or gas supplier but did not set in place an agreement or contract - again including people in owned and rented accommodation;
- 3 people who were contacted or contacted an electricity or gas supplier and have a contract in place and think they will switch again; and
- 3 people who were contacted or contacted an electricity or gas supplier and have a contract in place but think they are unlikely to switch again in the next couple of years.

For business customers the eight interviews were:

- 6 businesses on standing offers and differing levels of energy costs as a proportion of total business running costs; and
- 2 businesses on contracts who say that they are very unlikely to switch in the next year for reasons other than that they have a contract in place.

Interviews were conducted from 8^{th} – 10^{th} August, 2007.

Interviews varied greatly in length from 10 minutes to 25 minutes. The Discussion Guideline is appended.

2.1.4 Weighting the data

Data were weighted on the basis of location for both domestic and business customers with the following sample structure achieved:

Table 1. Overall Sample Structure

	Domestic		Business	
	Unweighted n = 1,000 %	Weighted N = 1,869,000 %	Unweighted n = 501 %	Weighted N = 193,907 %
Location:				
▪ Melbourne	50	72	60	69
▪ Regional Centres	25	16	20	7
▪ Rural	25	12	20	24
Energy Usage:				
▪ Electricity only	23	15	40	40
▪ Electricity and Gas	77	85	60	60
Premises:				
▪ Owned / purchasing	83	80	52	56
▪ Rented / leased	16	18	46	42
▪ No reply	1	2	2	2

The sample was structured by location so that responses in regional and rural Victoria could be compared with the city with a reasonable degree of accuracy.

For the domestic sample, the overall sample of 1,000 gives estimates accurate to ± 2-4% at the 95% confidence interval[6]. Total data can be compared with previous studies[7] with a level of accuracy of ± 3–5%. Within the sample, responses from Melbournians can be compared to people living in regional centres or rural areas with an accuracy range of ± 5–8%. Regional responses can be compared with rural responses with a lower degree of accuracy, namely 6–9% at the 95% confidence interval.

The business sample consisted of 501 responses. This data can be compared with previous studies with an accuracy range of ± 4–7%. Melbourne-based businesses can be compared with businesses in regional centres or rural locations with a level of accuracy of ± 7– 11% and regional and rural businesses responses can be compared to a level of accuracy of ± 9–14%.

[6] This means that in 95 out of 100 cases the actual answer will be within 2 – 4 % of the percentage quoted.
[7] ESC, 2001 and 2004.

A full set of detailed tabulations has been prepared for each market. Significance tests have been applied to these. Only results that are significant at the 95% confidence interval are commented on in this report and selected tables have been included, without significance levels shown, to aid legibility. Readers should note that all tables show the actual number of respondents in each category as well as the weighted results on which percentage and average score data are based. The actual number of respondents is used in calculating statistical significance.

The numbers of respondents and weighted profiles of domestic and business customers are shown in Tables 2 and 3.

Table 2. Profile of Domestic Respondents

	Respondents n = 1000	Weighted %
Gender:		
Male	430	44
Female	570	56
Age:		
16 – 39	243	25
40 – 54	318	32
55 - 70	314	30
70+	120	13
Household income:		
< $25,000	222	22*
$25 – 50,000	274	25
$50 – 75,000	221	22
> $75,000	226	25
Refused	57	6
Energy Concession Rate:		
Yes	296	29
No	690	69
Housing:		
Owned / being purchased	825	80
Rented	163	18
Language Spoken at home:		
English	965	95
Other	29	4

** Where percentages do not add to 100 the balance is 'refused' or 'don't know'.*

Table 3. Profiles of Business Respondents

	Respondents n = 501	Weighted %
Electricity Usage:		
< 15 MWh pa	215	48
15 – 40 MWh pa	171	34
40 – 160 MWh pa	115	18
Company size:		
1 – 4	470	84
5 – 19	22	4
20+	5	1
Ownership:		
Owned	260	56
Leased / rented	241	42
Sex of Respondent		
Male	281	54
Female	220	46

** Where percentages do not add to 100 the balance is 'refused' or 'don't know'.*

3.0 DETAILED FINDINGS

The AEMC commissioned Wallis Consulting Group to undertake a survey of 500[8] business and 1,000 residential customers consuming less than 160MWh per annum of electricity and 5TJ per annum of gas. The opinions of the respondents to the survey are discussed in this report.

The questionnaire for the consumer survey was structured to follow a logical process of behavioural change – from being aware of the ability to choose a retailer and market contract, to the extent of contact with retailers, through decisions whether to enter into a market contract or not, the type of experience in the market and intention to be active in the marketplace. Customer attitudes to competition and confidence about particular aspects were also measured.

The survey questionnaire was structured broadly to follow this process and this component of the report is written in the following sections:

- Awareness of full retail competition and alternative retailers (survey questions 1, 2, 3, 4, 5, 6).
- Engagement with retailers and competition. (survey questions 7, 8, 9, 10, 11, 12, 13 18a, 19, 24)
    - Self initiated and retailer initiated contact;
    - Method of contact;
    - Respondents refused an offer;
    - Opinions on competition;
    - Comparability of offers;
    - Variety of offers ; and
    - Expectations about offers.
- Take up of Contracts (survey questions 14, 15, 17, 18, 19, 20)
    - Switched retailer and reasons why;
    - Changed arrangements with existing retailer - internal transfer;
    - Number who took up contracts and why;
    - Reasons why customers did not take up contracts; and
    - Reasons for choosing current retailer;

[8] The survey resulted in 501 small business respondents being surveyed.

- Sources of information (survey questions 18,19, 21)
  - Most helpful source of information.
- Switching experience (survey questions 22, 23, 25, 28, 29, 30)
  - Key aspects of switching experience;
  - Confidence levels;
  - How to increase confidence;
  - Switching intention; and
  - Customer Complaints.

3.1 KNOWLEDGE AND AWARENESS OF FULL RETAIL COMPETITION IN THE VICTORIAN ELECTRICITY AND GAS MARKETS

Respondents were asked whether they were aware of their ability to choose the company they buy electricity and gas from to assess the general awareness of full retail competition. Respondents were then asked to name their retailer(s) and any other retailers they were aware they could buy electricity or gas from.

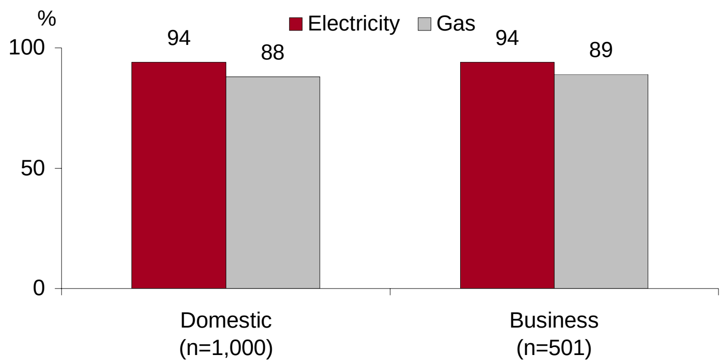
Chart 1 shows that 94% of both domestic and business respondents are aware that they can choose their electricity retailer. This is a small but significant increase on 2004 results[9] as shown in Chart 2. Awareness about competition in electricity has increased from 90% to 94% for both domestic and business respondents.

Slightly lower proportions of all domestic (88%) and all business (89%) customers are aware of their ability to choose a gas retailer as shown in Chart 1.

Chart 3 shows that, of those customers **with gas connected**, 91% of domestic and 95% of business respondents are aware of the ability to choose a gas retailer. There has been a more marked increase in awareness about the ability to choose a gas retailer amongst customers connected to gas. Awareness amongst domestic customers rose 8 percentage points from 83% to 91% and 6 percentage points amongst business customers from 89% to 95%.

Chart 1. Awareness of being able to choose energy supplier

Base: All Customers



[9] Essential Services Commission: Final Report to the Minister. Special Investigation: Review of Effectiveness of retail competition in gas and electricity (22 June 2004). Page 49-50.

TABLE A:

Q1. From January 2002 all households and businesses in Victoria have been able to choose the company they buy electricity from. Were you aware of this?

Base : Total

Domestic	TOTAL	REGION			FUEL USED		AGE OF RESPONDENT				SEX		HOUSEHOLD INCOME				PROPERTY	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	16-39	40-54	55-70	70+	Male	Female	< $25K	$25-50K	$50-75K	> $75K	Rented	Owned
Base	1000	500	250	250	768	232	243	318	314	120	430	570	222	274	221	226	163	825
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Yes…………	94	95	93	91	95	90	91	95	97	93	95	94	93	91	95	98	87	96
No……………	5	5	6	8	4	10	9	5	2	6	5	6	6	9	5	2	13	4
Don't know….	*	-	1	2	*	*	*	-	1	*	*	*	*	1	*	-	*	*

* small base

Q2. And from October 2002 they have also been able to choose the company they buy gas from. Were you aware of this?

Base : Total

Domestic	TOTAL	REGION			FUEL USED		AGE OF RESPONDENT				SEX		HOUSEHOLD INCOME				PROPERTY	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	16-39	40-54	55-70	70+	Male	Female	< $25K	$25-50K	$50-75K	> $75K	Rented	Owned
Base	1000	500	250	250	768	232	243	318	314	120	120	430	222	274	221	226	163	825
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Yes…………	88	89	87	78	91	68	84	89	91	87	90	86	84	82	91	92	78	90
No……………	11	9	11	19	8	28	70	59	41	28	28	74	11	17	8	8	20	9
Don't know….	30	16	7	7	18	13	7	7	10	3	3	10	4	1	1	1	2	2

Q1. From January 2002 all households and businesses in Victoria have been able to choose the company they buy electricity from. Were you aware of this?

Base : Total

Business	TOTAL	REGION			FUEL USED		COMPANY SIZE			OWNERSHIP	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	1-4	5-19	20+	Owned	Lease / Rent
Base	501	301	100	100	202	299	248	196	57	261	231
	%	%	%	%	%	%	%	%	%	%	%
Yes…………	94	94	97	94	94	94	94	94	94	95	93
No……………	6	6	3	6	5	6	6	6	6	4	7
Don't know….	*	*	-	-	1	-	1	-	-	1	-

* small base

Q2. And from October 2002 they have also been able to choose the company they buy gas from. Were you aware of this?

Base : Have gas connected

Business	TOTAL	REGION			FUEL USED		COMPANY SIZE			OWNERSHIP	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	1-4	5-19	20+	Owned	Lease / Rent
Base	501	301	100	100	202	299	248	196	57	261	231
	%	%	%	%	%	%	%	%	%	%	%
Yes…………	89	91	89	82	95	85	88	90	94	88	89
No……………	10	9	7	14	5	13	10	9	6	10	10
Don't know….	1	*	4	3	*	2	2	*	-	1	2

* small base

Chart 2. Awareness of being able to choose electricity supplier

Base: All Customers

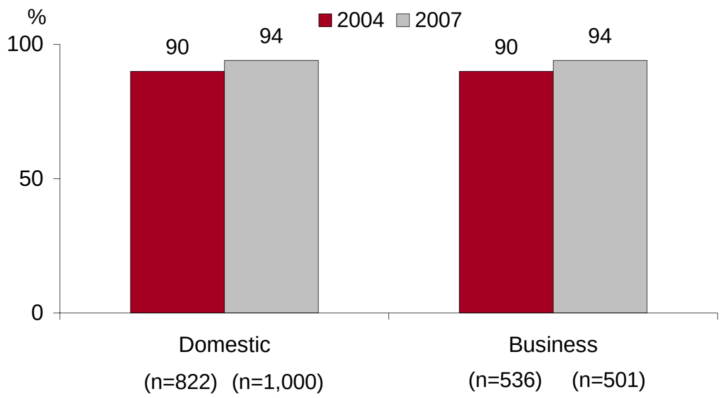
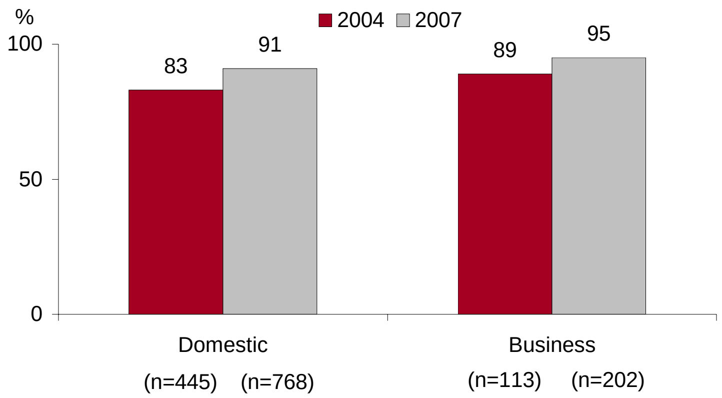


Chart 3. Awareness of being able to choose gas supplier

Base: All Customers with gas connected



Q1. From January 2002 all households and businesses in Victoria have been able to choose the company they buy electricity from. Were you aware of this?

Q2. And from October 2002, they have been also been able to choose the company they buy gas from. Were you aware of this?

The levels of awareness are similar across electricity and gas retail customers.

Table A shows awareness by demographic group. For electricity, the level of awareness is high across all groups. The groups that are significantly more aware of their ability to choose include home owners (96%), those in metropolitan areas (95%) and in the 55-70 age bracket (97%). The lowest level of awareness is amongst

renters (87%), "lower blue collar" workers[10] (89%), rural respondents (91%), those aged 16-39 years (91%) and with a household income between $25-50,000 (91%).

Awareness about competition in gas is lowest amongst the same groups, namely rural Victorians (78%), renters (78%) and lower blue collar workers (73%). One of the reasons that awareness of the ability to choose gas retailers is lower amongst the first two groups is the lower access to reticulated gas outside metropolitan areas.

Domestic customers in rental accommodation reported lower awareness for both electricity and gas. There may be a correlation between retailer contact and awareness of FRC (and will be discussed in section 3.2). Only 39% of renters had been contacted by a gas retailer compared to 47% of home owners, possibly due to the fact that a higher proportion of renters live in units/apartments and are more difficult to access by door knockers. Customers who had been contacted by a retailer for the purposes of selling them energy were more aware of their ability to choose both their electricity retailer (96%) and gas retailer (89%) compared with those who had not been contacted with a sales approach (88% and 82% for electricity and gas respectively.)

The levels of awareness of their ability to choose both electricity and gas are similar across businesses of all types. Businesses most aware of the ability to choose an electricity retailer are those using less the 15MWh/pa (97%) and in regional centres (97%). The lowest level of awareness is amongst businesses using between 40MWh-160 MWh/pa (88%). Businesses most aware of their ability to choose their gas retailer were those located in Melbourne (91%) and with electricity and gas connected (95%).

As is the case for domestic customers, businesses that had been contacted by a retailer trying to sell energy to them were more aware of their ability to choose their electricity (95%) and gas (91%) retailer than those that had not been contacted (90% and 83% for electricity and gas).

A summary of the results by demographic group is presented in Table 4.

[10] Note that the results by social groups is not shown in the tables.

Table 4. Characteristics of customers who are aware of their ability to choose

<table>
<tr><th>Domestic Customers</th><th>Business customers</th></tr>
<tr><td>More likely to be aware of ability to choose electricity:
Household income over $75,000 (98%)
Aged between 40 – 54, (95%) and 55-70, (97%)
Work full time or are retired (96%)
Live in houses that are owned outright or being purchased (96%)
Live in Melbourne (95%)
Have electricity and gas connected (95%)</td><td>More likely to be aware of ability to choose electricity:
Use less than 15MWh/pa electricity (97%)
Operating in regional centres (97%)</td></tr>
<tr><td>More likely to be aware of ability to choose gas:
Household income over $75,000 (92%)
Aged between 40 – 54, (89%) and 55 – 70, (91%)
Live in houses that are owned outright or being purchased (90%)
Work full time or are retired (89%)
Live in Metropolitan areas of the state (largely coinciding with access to reticulated gas) (Melbourne, 89% and other metropolitan, 87%)</td><td>More likely to be aware of ability to choose gas
Electricity and gas connected (95%).
Be located in Melbourne (91%)</td></tr>
</table>

3.1.1 Awareness of electricity and gas retailers

At the time the survey was conducted, 13 retailers were licensed to sell electricity and/or gas in the Victorian marketplace. Three of these, AGL, Origin and TRUenergy had been operating the longest and were operating (either under their current name or by that of one of the companies taken over by them) when the market was opened to full retail competition. They are referred to in this report as First Tier retailers. The other 10 retailers entered the market after it became contestable and are referred to here as Second Tier retailers. Six retailers are licensed to sell both electricity and gas to Victorian customers. They are:

- AGL;
- Australian Power and Gas (APG);
- Energy Australia (EA) (now trading as "Simply Energy");
- Origin;
- TRUenergy; and
- Victoria Electricity Limited (VEL).

Retailers selling only electricity are:

- Click Energy;
- Country Energy (gas licence in progress);
- JackGreen;
- Momentum Energy;
- Neighbourhood Energy;
- Powerdirect (P'Direct)[11]; and
- Red Energy,

Respondents were asked which company currently supplies their gas and electricity and then, to assess awareness of retailers, to name alternative retailers who they thought could supply them. Charts 4 and 6 show the results for electricity retailers and Charts 5 and 7 for gas retailers.

When viewing this information readers should remember that answers to the question of the company currently supplying electricity and gas to respondents adds to 100%, as respondents were asked to name their current supplier only. When asked which companies **could** supply electricity or gas, respondents could name as many retailers

as they could think of, so the total would be expected to exceed 100%. It is worth noting that amongst both domestic and business customers there is still a small contingent who cannot name their current supplier and/or give the name of a company no longer operating in the Victorian retail market (eg Citipower, Pulse or Powercor). Where companies have been taken over by other retailers responses have been re-coded into the current retailers' name. Readers should therefore be aware that the names of retailers that respondents give are top of mind responses and not actual market share figures.

3.1.1.1 Awareness of retailers amongst domestic customers

Awareness of electricity retailers amongst domestic customers is significantly higher for the three First Tier retailers than for any of the Second Tier retailers. Chart 4 shows that the three most frequently named retailers currently supplying domestic customers were Origin (28%), AGL (21%) and TRUenergy (19%). Chart 5 shows that EnergyAustralia (7%), Red Energy (7%) and Victoria Electricity (7%) were the three most frequently named Second Tier retailers currently supplying domestic customers. It is worth noting that 5% of respondents were unable to name their current electricity retailer.

When asked to name a retailer that **could** supply them, the First Tier retailers were most frequently listed by respondents. There is a low level of awareness of the Second Tier Retailers. Only one Second Tier retailer is known to more than 10% of domestic customers as a potential retailer of electricity.

Further, 36% of domestic respondents could not name an alternative retailer. However, this represents an improvement in awareness in comparison with 2004 when half of respondents could not name an alternative retailer[12].

Domestic customers least able to name an alternative electricity supplier were those:

- in rural areas (41%);
- only have electricity connected (47%);
- on a standing offer arrangement (42%);
- not approached by a retailer (52%); or
- aged over 70 and/or retired customers (61% and 49% respectively).

11 Powerdirect, a Second Tier retailer, is owned by AGL but is branded separately.

12 Essential Services Commission: Final Report to Minister: Special Investigation : Review of Effectiveness of retail competition in gas and electricity (22 June 2004). Page 49

In gas, as in electricity, awareness of First Tier retailers by domestic customers is significantly higher than for the Second Tier retailers. Chart 5 shows that Origin (33%), AGL (25%) and TRUenergy (21%) were most frequently listed as supplying customers with gas. EnergyAustralia (7%) and Victoria Electricity (4%) were the most commonly listed of the Second Tier retailers. Similarly to electricity, 6% of customers could not name their gas retailer.

Overall, 52% of domestic respondents are unable to name an alternative gas retailer compared to six in ten in 2004[13]. Awareness of gas retailers by domestic customers is much lower than electricity retailers. Only 10% of domestic customers can recall a Second Tier gas retailer. Further, one of the retailers mentioned is not actively retailing gas. A further 3% mentioned companies not retailing gas or electricity in Victoria.

CHARTS 4 & 5: SUPPLIERS OF ELECTRICITY AND GAS TO THE DOMESTIC MARKET

Chart 4. Suppliers of Electricity to the Domestic Market

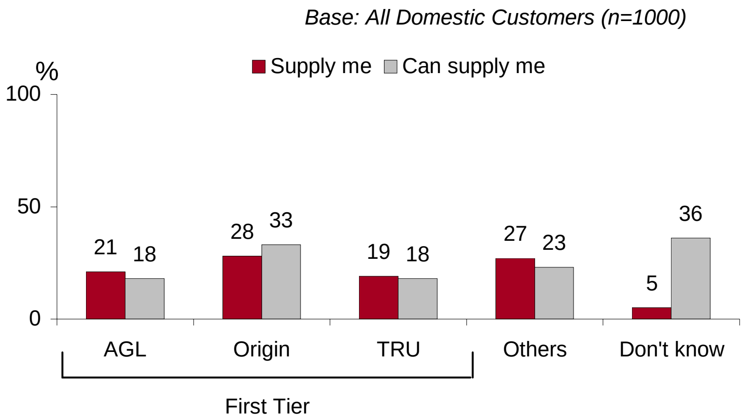


Table 5. Other Suppliers of Electricity to the Domestic Market

%	APG	Country	EA	Momentum	P'Direct	Red Energy	VEL	Others
Supply Me	1	3	7	1	1	7	7	1
Can Supply Me	*	2	2	-	1	12	3	3

* less than 0.5%

Q3. Which company do you buy electricity from at the moment?
Q4. And which other companies do you think you could buy electricity from? Any others?

13 Essential Services Commission: Final Report to Minister: Special Investigation :Review of Effectiveness of retail competition in gas and electricity (22 June 2004). Page 50

Chart 5. Suppliers of Gas to the Domestic Market

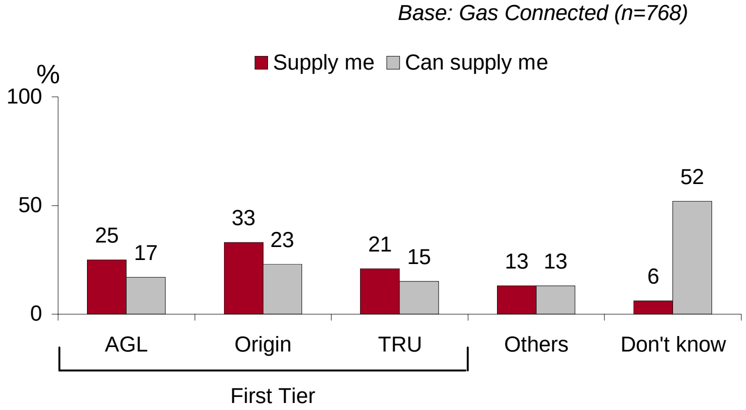


Table 6. Other Suppliers of Gas to the Domestic Market

%	APG	Country	EA	Red Energy	VEL	Others
Supply Me	1	-	7	1	4	1
Can Supply Me	*	1	2	5	2	3

* less than 0.5%

Q5. Which company do you buy gas from at the moment?
Q6. And which other companies do you think you could buy gas from? Any others?

Awareness amongst customers with **contracts in place** has improved in comparison to 2004[14], when four in ten domestic customers could not name an alternative electricity retailer and a half could not name an alternative gas retailer. The figures are now 27% for electricity and 36% for gas.

3.1.1.2 Awareness of retailers amongst business customers

Business respondents, like domestic customers, named more First Tier retailers both as current suppliers and as potential retailers of electricity and gas. This is shown in Charts 6 and 7.

Business customers named Origin (29%), AGL (21%) and TRUenergy (14%) as the retailers supplying them with electricity. Only one Second Tier retailer was mentioned as a current supplier by more than one in ten businesses. Nine per cent of business respondents contacted could not name their retailer.

[14] Essential Services Commission: Final Report to Minister: Special Investigation : Review of Effectiveness of retail competition in gas and electricity (22 June 2004). Page 50

When asked to name potential alternative suppliers, Origin (30%), AGL (18%) and TRUenergy (18%) were most often mentioned. Twenty six percent of respondents named a Second Tier retailer as an alternative supplier. Again, only one Second Tier retailer was named by more than 10% of customers as an alternative electricity supplier.

Business customers are slightly more likely than domestic customers to be able to name an alternative electricity retailer. Businesses least likely to be able to were those on:

- standing offers (41%); and
- those who had not been approached by a retailer (40%).

Of the customers who had gas connected, a low proportion listed Second Tier retailers as supplying them with gas (10%). This is much lower compared to electricity (27%). Of note is that there are fewer gas retailers than electricity retailers. The First Tier retailers were the most commonly named suppliers of gas to businesses with Origin (32%) named by more respondents than AGL (26%) and TRUenergy (19%).

Awareness of alternative gas retailers was low with 51% of business customers unable to name an alternative supplier. Only 7% of responses referred to a non First Tier retailer as a potential alternative supplier. As with responses by domestic customers, some of those named did not supply gas.

Awareness amongst customers who have market **contracts in place** has improved in the business segment in comparison to 2004, where a third of customers with contracts for electricity could not name an alternative electricity retailer and six in ten could not name an alternative gas retailer. The figures have fallen to 24% for electricity and 26% for gas.

CHARTS 6 & 7: SUPPLIERS OF ELECTRICITY AND GAS TO THE BUSINESS MARKET

Chart 6. Suppliers of Electricity to the Business Market

Base: All Business Customers (n=501)

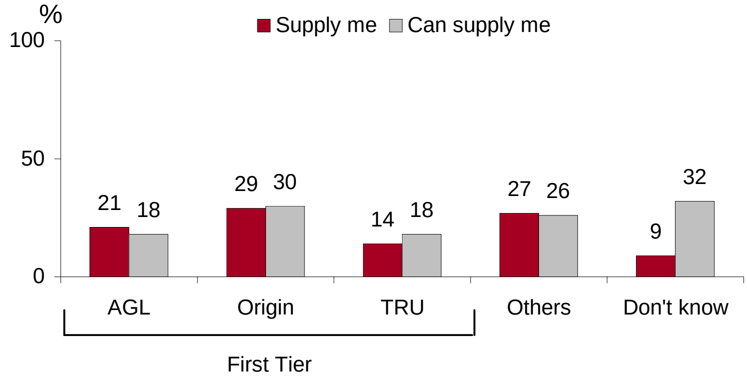


Table 7. Other Suppliers of Electricity to the Business Market

%	Country	EA	Momentum	Powerdirect	Red Energy	VEL	Others
Supply Me	5	4	2	10	3	3	*
Can Supply Me	3	4	2	1	12	4	-

* less than 0.5%

Q3. Which company do you buy electricity from at the moment?
Q4. And which other companies do you think you could buy electricity from? Any others?

Chart 7. Suppliers of Gas to the Business Market

Base: Gas connected (n=202)

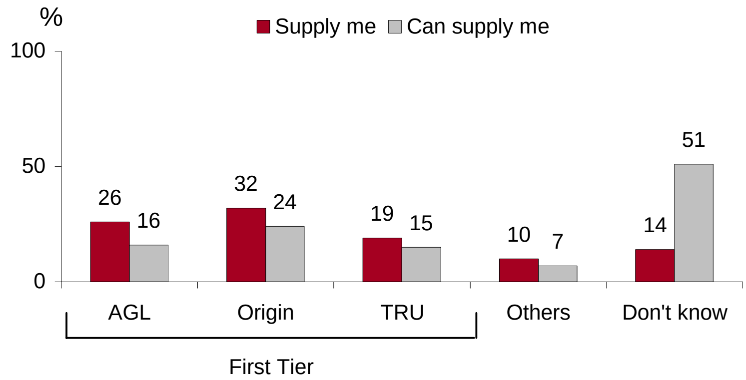


Table 8. Other Suppliers of Gas to the Business Market

%	APG	Country	EA	Red Energy	VEL	Others
Supply Me	2	-	5	1	2	-
Can Supply Me	-	1	1	1	1	3

* less than 0.5%

Q5. Which company do you buy gas from at the moment?
Q6. And which other companies do you think you could buy gas from? Any others?

TABLE B:

Q7. Have ANY electricity companies, including your existing retailer, approached you in an effort to sell you electricity?

Base : Total

Domestic	TOTAL	REGION			FUEL USED		AGE OF RESPONDENT				SEX		HOUSEHOLD INCOME				PROPERTY	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	16-39	40-54	55-70	70+	Male	Female	< $25K	$25-50K	$50-75K	> $75K	Rented	Owned
Base	1000	500	250	250	768	232	243	318	314	120	120	430	222	274	221	226	163	825
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Yes…………...	73	73	79	66	76	62	71	72	79	71	75	72	73	68	76	75	63	76
No……………..	25	25	18	32	23	35	26	26	20	28	23	26	26	29	22	22	35	23
Don't know…..	2	2	2	2	2	3	3	3	1	1	2	2	1	2	2	2	2	2

Q8. Have ANY gas companies, including your existing retailer, approached you in an effort to sell you gas?

Base : Have gas connected

Domestic	TOTAL	REGION			FUEL USED		AGE OF RESPONDENT				SEX		HOUSEHOLD INCOME				PROPERTY	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	16-39	40-54	55-70	70+	Male	Female	< $25K	$25-50K	$50-75K	> $75K	Rented	Owned
Base	768	464	207	97	768	-	196	251	226	90	333	435	162	192	175	190	132	624
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Yes…………...	45	45	46	46	45	-	49	44	46	36	48	42	40	40	45	52	39	47
No……………..	49	49	48	51	49	-	46	46	48	63	45	51	54	55	50	40	53	48
Don't know…..	6	7	6	3	6	-	5	11	5	1	7	6	6	6	5	9	8	5

Q7. Have ANY electricity companies, including your existing retailer, approached you in an effort to sell you electricity?

Base : Total

Business		REGION			FUEL USED		COMPANY SIZE			OWNERSHIP	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	1-4	5-19	20+	Owned	Lease / Rent
Base	501	301	100	100	202	299	248	196	57	261	231
	%	%	%	%	%	%	%	%	%	%	%
Yes……………….	72	73	72	69	81	66	74	72	53	77	65
No…………………	24	24	25	25	15	30	22	26	38	18	33
Don't know……….	4	3	3	6	4	4	4	2	9	5	3

** small base*

Q8. Have ANY gas companies, including your existing retailer, approached you in an effort to sell you gas?

Base : Have gas connected

Business		REGION			FUEL USED		COMPANY SIZE			OWNERSHIP	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	1-4	5-19	20+	Owned	Lease / Rent
Base	202	129	52	21	202	-	98	82	22	120	78
	%	%	%	%	%	%	%	%	%	%	%
Yes……………….	41	37	47	60	41	-	41	37	53	48	27
No…………………	52	55	50	38	52	-	52	57	37	43	71
Don't know……….	7	8	3	2	7	-	7	6	10	9	1

3.2 ENGAGEMENT WITH RETAILERS

Respondents were asked if any companies, including their existing retailer(s) had approached them in an effort to sell them electricity and gas. Respondents were also asked if they had approached a retailer in order to obtain a market offer.

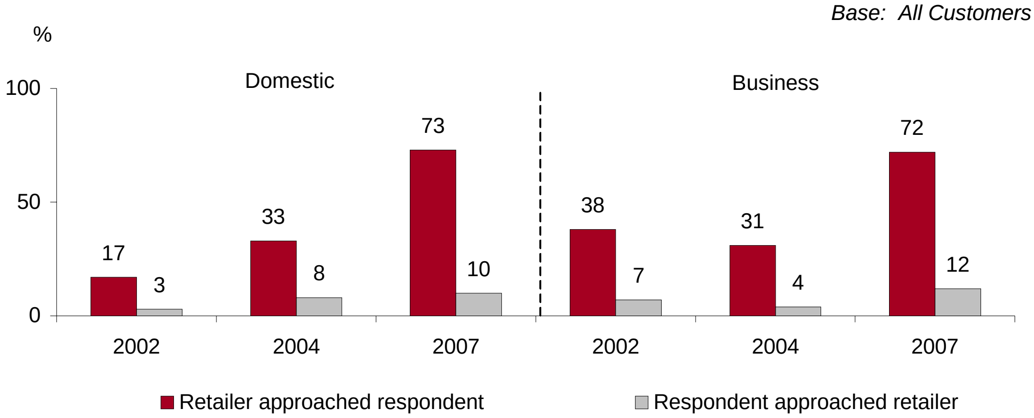
3.2.1 Contacts with electricity retailers

Chart 8 shows that the proportion of both domestic and business customers approached by a retailer with an offer to sell them electricity has been increasing steadily since 2002. By 2007, 73% of domestic respondents and 72% of business respondents had been approached by a retailer in an effort to sell them electricity or electricity and gas. See Table B for full details.

The proportion of customers taking the initiative and making the approach to retailers themselves is low. Customer initiated contact has increased only slightly since 2004. Ten per cent (10%) of domestic respondents and 12% of business respondents approached retailers to ask about buying either or both fuels. See Table C for more details.

Chart 8. Summary of Contact with Electricity Suppliers

Base: All Customers



Q7. Have any electricity companies, including your existing retailer, approached you in an effort to sell you electricity
Q9. Have you approached any companies to ask about buying your electricity from them?

TABLE C:

Q9. Have you approached any companies to ask about buying your electricity from them?

Base : Total

Domestic	TOTAL	REGION			FUEL USED		AGE OF RESPONDENT				SEX		HOUSEHOLD INCOME				PROPERTY	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	16-39	40-54	55-70	70+	Male	Female	< $25K	$25-50K	$50-75K	> $75K	Rented	Owned
Base	1000	500	250	250	768	232	243	318	314	120	430	570	222	274	221	226	163	825
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Yes……………	10	9	14	8	10	10	15	9	9	4	12	8	7	9	8	15	15	9
No……………	90	90	86	92	90	90	84	91	91	96	88	92	93	91	92	85	-	3
Don't know….	3	3	-	-	3	-	1	-	-	-	*	-	-	-	1	-	-	*

** small base*

Q10. Have you approached any companies to ask about buying your gas from them?

Base : Have gas connected

Domestic	TOTAL	REGION			FUEL USED		AGE OF RESPONDENT				SEX		HOUSEHOLD INCOME				PROPERTY	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	16-39	40-54	55-70	70+	Male	Female	< $25K	$25-50K	$50-75K	> $75K	Rented	Owned
Base	768	464	207	97	768	-	196	251	226	90	333	435	162	192	175	190	132	624
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Yes……………	6	5	9	6	6	-	8	8	5	-	5	7	6	5	3	10	7	6
No……………	94	94	91	94	94	-	92	92	95	100	95	93	94	95	97	90	93	94
Don't know….	3	3	-	-	3	-	-	1	-	-	*	-	1	-	-	-	-	*

** small base*

Q9. Have you approached any companies to ask about buying your electricity from them?

Base : Total

Business		REGION			FUEL USED		COMPANY SIZE			OWNERSHIP	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	1-4	5-19	20+	Owned	Lease / Rent
Base	501	301	100	100	202	299	248	196	57	261	231
	%	%	%	%	%	%	%	%	%	%	%
Yes……………	12	11	12	17	13	12	13	14	5	12	13
No……………	88	89	88	83	87	88	87	86	95	88	87

Q10. Have you approached any companies to ask about buying your gas from them?

Base : Have gas connected

Business		REGION			FUEL USED		COMPANY SIZE			OWNERSHIP	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	1-4	5-19	20+	Owned	Lease / Rent
Base	202	129	52	21	202	-	98	82	22	120	78
	%	%	%	%	%	%	%	%	%	%	%
Yes……………	6	6	3	12	6	-	7	7	-	6	8
No……………	94	94	97	88	94	-	93	93	100	94	92

As was the case in 2004, the amount of activity seems consistent in both the domestic and business sectors, however, the types of respondents being approached versus those making an approach are different as shown in the table below.

Table 9. Characteristics of respondents making or receiving an approach

Domestic	Business
More likely to be approached by electricity retailer: • Live in regional areas (79%) • Aged between 55-70 years (79%) • Have gas and electricity connected (76%) • Live in houses that are owned outright or being purchased (76%)	**More likely to be approached by electricity retailer** • Have gas and electricity connected (81%) • Occupy premises that are owned by the business (77%) • Have up to four employees (1-4), 74%
More likely to approach an electricity retailer: • Aged 16 – 39 (15%) • Living in households earning more than $75,000 (15%) • Living in rented accommodation (15%) • Live in regional cities (14%) • Tertiary educated (13%)	**More likely to approach an electricity retailer:** • Say they are likely to switch retailer in next year (22%) • Current retailer is Second Tier (20%) • Located outside metropolitan and regional centres (17%)

The most common forms of retailer approaches to domestic customers were door-knocking (53%), telephone (43%) or by mail (7%). The forms of approach were the same in all parts of the state, however the emphasis was different. In Melbourne, door knocking (56%) was more common than telesales (40%). In regional centres the balance between door-knocking (51%) and telesales (46%) was more even. In rural areas telesales (62%) outweighed door-knocking (30%).

Amongst businesses, the emphasis shifted with telephone (64%) being the principal means of contact by retailers, followed by door-knocking (33%) and then mail (5%). This result was consistent across all types of customer with a greater emphasis on telephone contacts in regional centres (70%) and rural areas (75%).

By contrast, approaches by customers to retailers were predominantly made by telephone (78% domestic, 97% of business) or e-mail (18% domestic, 1% business) with only one in twenty approaches being made in person (5% domestic, 1% business) and very few by mail (1% domestic, 2% business).

Of those customers who had been approached by a retailer, 66% of domestic customers and 62% of business customers had a market contract in place for electricity. This shows the success of retailer activity in gaining customers through contacting them.

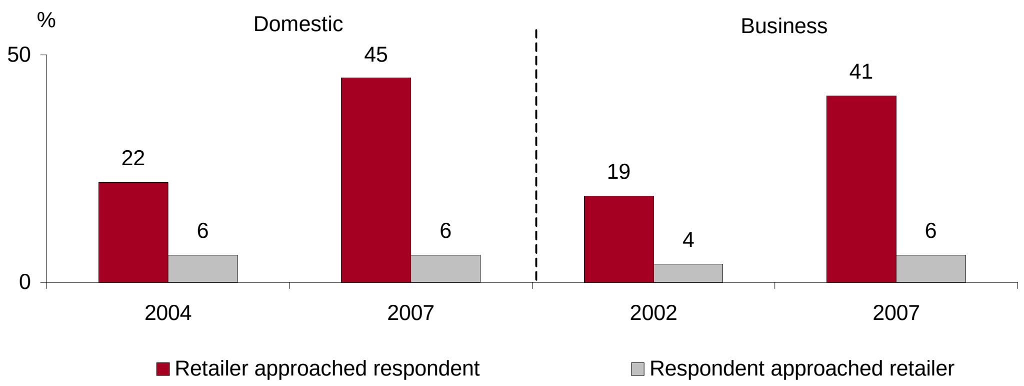
3.2.2 Contact with gas retailers

Chart 9 shows the results for contact with retailers selling gas by customers who have gas connected. Compared to 2004, significantly more respondents were approached by retailers in 2007. However, activity was much lower compared to electricity, with less than half of customers with gas connected having contact with a retailer (45% of domestic and 41% of business customers).

Whereas in 2004 activity was concentrated in Melbourne, there has been more even activity across Victoria recently. Domestic customers most likely to be contacted by a retailer were customers who were living in households earning more than $75,000 (52%), with tertiary level education (50%) and aged under 40 (49%). Businesses of all types were equally likely to be contacted.

Chart 9. Summary of contact with gas suppliers

Base: All Customers with gas connected



Q8. Have any electricity/gas companies, including your existing retailer, approached you in an effort to sell you electricity/gas or asked you to sign a contract for a period of time with them to provide gas to your home/business?

Q10 Have you approached any companies to ask about buying your gas from them?

Unlike the electricity sector, where there has been an increase in the proportion of customers making an approach to a retailer, there has been little change in the proportion of customers approaching a retailer in order to buy gas from them.

There are no significant differences in the types of customers likely to approach a retailer to buy gas, other than that they are more likely to be considering changing their retailer in the next year, and domestic customers are more likely to be living in households earning over $75,000.

The method of approach by gas retailers was very similar to electricity, namely:

- In person (58% domestic, 60% business);
- By telephone (36% domestic, 37% business); and
- By mail (9% domestic, 7% business).

Business customers exclusively (100%) used the telephone to contact potential gas retailers, whereas domestic customers used a variety of contact channels. Chief amongst them was telephone (76%) and, like electricity, they also used e-mail (15%) and personal visits (7%).

As was the case for electricity, sales approaches by retailers are more likely than not to result in a market contract. Sixty percent (60%) of domestic customers and 55% of business customers who were contacted by a retailer had a market contract in place for the supply of gas.

3.2.3 Refusal to make offers

Customers who had been in contact with a retailer about an offer, were asked whether the retailer had refused to make them one. Of these customers, just six (1%) domestic customers and twelve (3%) business customers said that the retailer “refused” to make an offer. However, a third of domestic customers (31%) and one in five business customers (22%) could not recall the outcome of the contact. The small number of people (6 domestic and 12 business) who recalled being refused gave the following reasons including:

- Retailer could not match the current offer;
- Retailer was already providing energy to customer;
- Soft sell by retailer who left information or left it to customer to follow up which they did not do; or
- Unsuitable product offering.

TABLE D:

Q12. Thinking about the offer or offers you received, how…

Base : Received an offer from a retailer

Domestic	TOTAL	REGION			FUEL USED		AGE OF RESPONDENT				SEX		HOUSEHOLD INCOME				PROPERTY	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	16-39	40-54	55-70	70+	Male	Female	< $25K	$25-50K	$50-75K	> $75K	Rented	Owned
Base	537	269	145	123	429	108	130	170	174	61	236	301	117	139	129	129	83	449
	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10
Easy it was to compare the offers to what you already had in place	5.5	5.7	5.2	5.3	5.5	6.0	5.9	4.9	5.4	6.7	5.4	5.7	6.1	5.9	5.0	5.2	6.0	5.4
Easy it was to understand the offers made	5.8	5.9	5.7	5.7	5.8	6.0	6.0	5.6	5.4	6.8	5.8	5.9	6.3	5.8	5.3	5.7	6.2	5.7
Well it matched your needs	6.1	6.1	5.9	5.9	6.1	6.1	6.0	5.9	6.0	6.7	6.1	6.0	6.4	6.2	5.6	6.2	6.4	6.0

Base : Received an offer from a retailer

Business	TOTAL	REGION			FUEL USED		COMPANY SIZE			OWNERSHIP	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	1-4	5-19	20+	Owned	Lease / Rent
Base	278	169	53	56	132	146	138	119	21	160	113
	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10
Easy it was to compare offers to what you already had in place	5.3	5.1	5.6	5.7	4.8	5.7	5.2	5.3	6.3	5.1	5.5
Easy it was to understand the offers made	5.7	5.5	5.8	6.3	5.2	6.2	5.7	5.8	6.1	5.7	5.8
Well it matched your needs	5.6	5.4	5.4	6.3	5.3	5.8	5.5	5.7	6.0	5.5	5.7

- The reasons given by respondents for being refused an offer could not in several cases be attributed to the actions of the retailer. As this quote from an in-depth interview with a business customer who had not switched, demonstrates:

  "I was rung up and offered a deal and they said "actually, you're already on a pretty good deal – not much we can do for you!" and that was it."

3.2.4 Rating of offers

Customers who were contacted and who recalled being made an offer were asked to rate several elements of the offers they received, in particular:

- How easy it was to compare the offers to arrangements already in place;
- How easy the offers were to understand; and
- How well the offers matched their needs.

Table D shows average score data given by domestic and business customers.

Chart 10 below shows that domestic customers rated the *extent to which the offer met their needs* highest amongst the three attributes with an average rating of 6.1; followed by *ease of understanding* 5.8; and *ease of comparing the offer to existing arrangements* at 5.5. A high proportion of customers gave a very low rating (between 1-4) for *ease of comparing the offer to existing arrangements* (32%) and *ease of understanding offers* (29%).

On the question of the extent to which the offer met their needs, 12% of domestic customers did not offer a rating ("don't know").

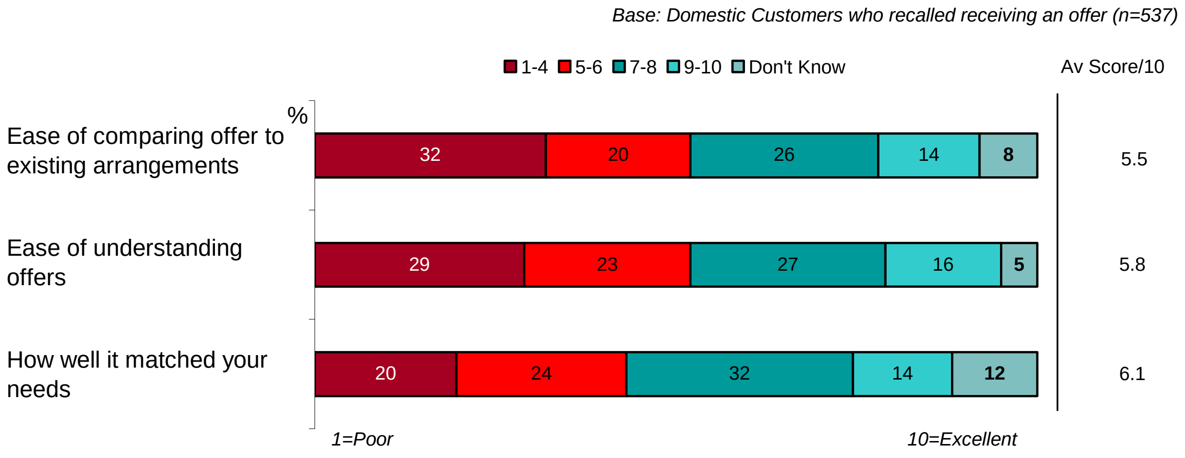
Ratings offered by businesses are slightly lower than those given by domestic customers.

However, given an average score on a 10-point scale is normally around 7, all aspects were below the anticipated average[15]. Further, these scores have not improved in the last three years, with averages of 5.6 and 5.8 being given by domestic customers in 2004 for their ease of *understanding* and *comparing* the offers respectively[16]. Respondents were not asked the extent to which the offer met their needs in 2004.

[15] Most respondents discard the ends of scales (1 and 10) and work in the mid ranges, meaning the mid point becomes 7 – see Chakrapani, C PMRS Archives, 5.

[16] Essential Services Commission – Final Report to the Minister: "Special Investigation: Review of Effectiveness of Retail Competition and Consumer Safety Net in Gas and Electricity. Background Report, 22 June 2004, page 54.

Chart 10. Rating of Offers – Domestic market



Q12. Thinking about the offer or offers you received, I'd like you to rate three things about them. Please use a scale from 1 to 10 where 1 is 'poor' and 10 is 'excellent'. How would you rate. . .?

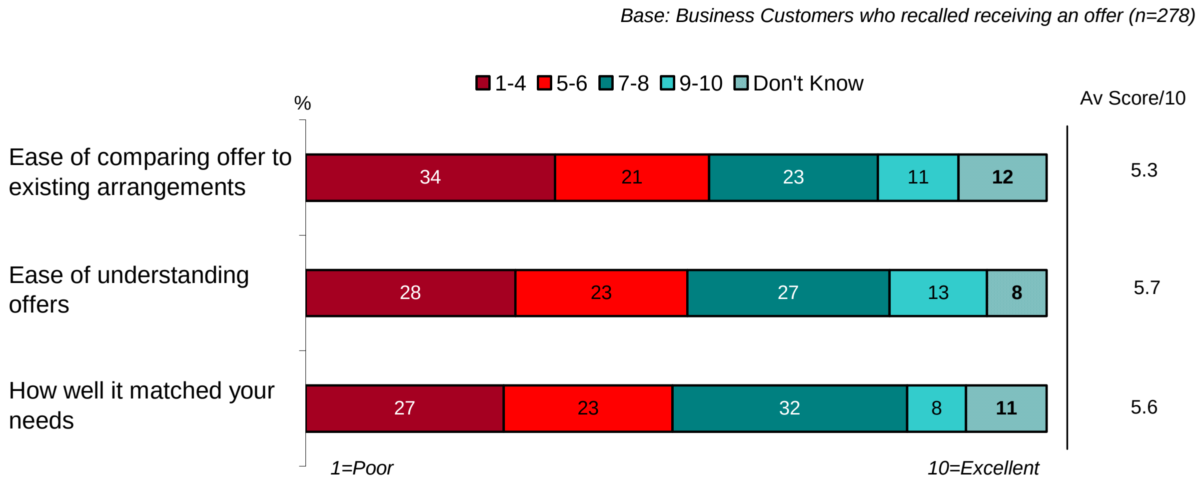
As would be expected, respondents who are on market contracts offered significantly higher ratings than those on standing offers, specifically:

- How well it matched your needs - 6.4 for market contract customers and 5.0 standing offer customers ;
- The ease of understanding the offer - 6.1 for market contract customers and 5.0 for standing offer customers; and
- How easy it was to compare the offer to the one in place - 5.8 for market contract customers and 4.7 for standing offer customers.

Customers of Second Tier retailers also offered higher ratings than customers of First Tier retailers – this is likely to relate to the fact that all Second Tier retail customers are on a market contract.

Chart 11 shows the ratings given by business respondents. They rated the *ease of understanding the offers (5.7)* and the *extent to which the offer met their needs* (5.6) higher than the *ease of comparing the offer to existing arrangements* at 5.3.

Chart 11. Rating of Offers – Business market



Q12. Thinking about the offer or offers you received, I'd like you to rate three things about them. Please use a scale from 1 to 10 where 1 is 'poor' and 10 is 'excellent'. How would you rate. . .?

There were minor differences in the responses of businesses of different types. The only notable difference related to the type of fuel used. Customers with gas and electricity connected offered lower ratings for all elements, that is:

- How well it matched business needs (5.3)
- The ease of understanding the offer (5.2); and
- How easy it was to compare the offer to the one in place (4.8).

Unlike domestic customers, the presence of a market contract or interaction with Second Tier retailers had little effect on business customers' ratings. The only exception was for *how well it matched your needs* where customers in rural Victoria (6.3) and/or with a market contract in place (5.8) were significantly more likely to offer a higher rating.

3.2.5 Comparison of offers

Respondents who had received an offer were asked to compare three aspects of the offer with their perception of these same elements several years ago. Charts 12 and 13 show that respondents are of the opinion that a greater variety of offers is available and that these are better suited to their needs.

Business and domestic customers rated the three elements similarly. Businesses (88%) are more likely than domestic customers (84%) to agree that there is a greater variety of offers available now. These results are an improvement compared to the

2004 results when 83% of domestic and 80% of business considered there was a greater variety in the offers available[17].

A high proportion of customers agree that the *offers suit their needs better than they used to* (44% domestic customers and 45% of business customers). Whereas, 24% of domestic and 27% of business customers disagree. Both segments of the market are equally divided about how easy it is to understand the offers. A similar, proportion (39% of domestic and 40% of business customers) agree that *offers are easier to understand* - as disagree (36% of domestic and 39% of business customers).

In all cases, domestic customers are more likely to agree that all elements have improved if they are aware of their ability to choose a retailer, and have a market contract in place. Business customers of all types offer similar levels of agreement.

Chart 12. Offers now compared with couple of years ago – Domestic

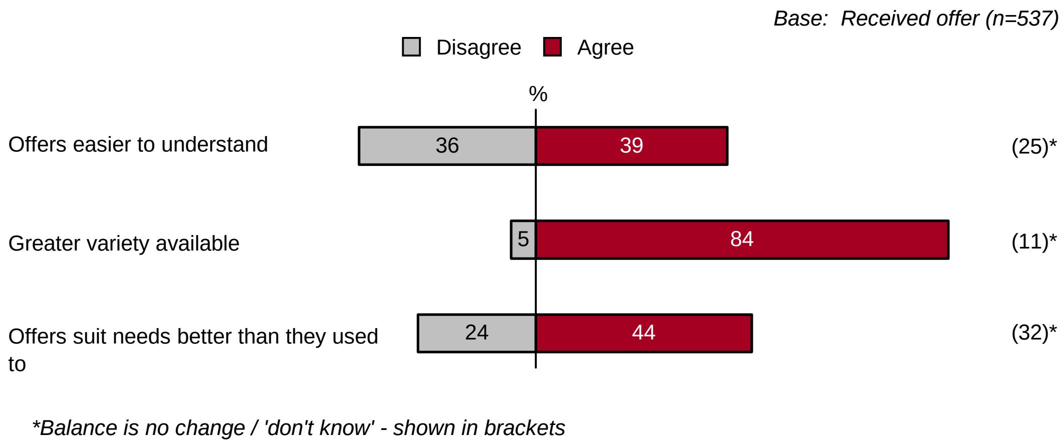
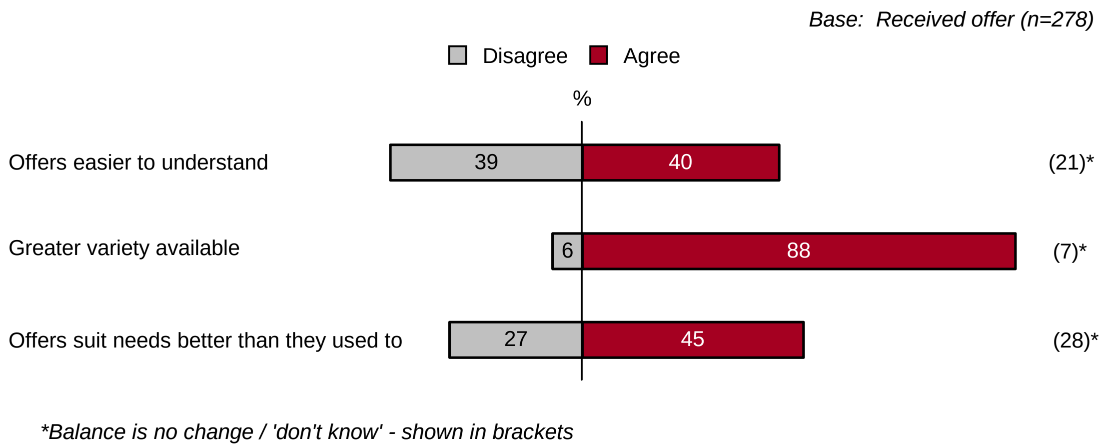


Chart 13. Offers now compared with couple of years ago – Business



Q13. And in comparison to a couple of years ago, do you agree or disagree that...?

17 Ibid page 55.

TABLE E:

Q13a. And what sorts of things are you aware of that electricity and gas retailers offer customers in order to get them to agree to buy electricity and gas from them?

Base : Received an offer from a retailer

Domestic	TOTAL	REGION			FUEL USED		AGE OF RESPONDENT				SEX		HOUSEHOLD INCOME				PROPERTY	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	16-39	40-54	55-70	70+	Male	Female	< $25K	$25-50K	$50-75K	> $75K	Rented	Owned
Base	537	269	145	123	429	108	130	170	174	61	236	301	117	139	129	129	83	449
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Discounts/cheaper gas and electricity	53	52	57	48	52	59	43	52	60	56	56	49	57	63	49	44	49	53
Green energy/deals on green energy	21	23	16	20	23	10	30	21	19	8	19	23	12	20	23	30	19	22
Discounts /deals for paying account on time/ early	10	8	18	15	10	13	16	12	6	7	8	12	8	9	12	10	15	10
Other incentives	10	10	14	7	11	9	7	10	12	13	12	9	7	8	14	11	5	12
Vouchers/gift/ store vouchers	9	10	7	2	10	5	15	13	2	2	5	12	6	10	7	13	11	9
Other discounts deals	7	7	6	8	7	4	9	7	6	1	4	9	3	4	9	10	5	7
Discounts for loyalty	7	8	4	5	8	3	6	10	5	8	10	5	5	6	10	8	9	6
Discounts for combining gas and electricity with one company	6	7	6	2	7	-	8	4	7	7	7	5	5	6	3	11	5	6
Football paraphernalia/ membership/ tickets	4	4	1	3	4	1	4	5	3	-	6	1	2	1	4	7	2	4
Magazine subscriptions	3	3	6	1	4	1	5	5	2	-	3	4	2	5	3	3	1	4
Convenience of one bill for gas and electricity	2	2	3	5	2	1	3	2	2	3	3	2	2	3	2	3	2	2
DVD player /DVD's	2	1	6	3	1	8	4	1	2	2	2	2	4	1	3	1	5	2
Australian company	1	1	1	2	1	1	-	1	1	3	1	2	3	2	-	1	2	1
Flexible billing	1	1	1	-	1	-	1	-	*	2	1	1	-	1	1	1	2	*
Points rewards schemes	*	-	-	1	*	-	*	-	-	-	-	*	-	-	*	-	-	*
Nothing/offered nothing	*	*	-	-	*	-	1	-	-	-	-	*	-	-	-	1	-	*
Other	7	6	7	9	7	6	9	6	6	4	6	7	4	9	3	9	9	6
Don't know	10	10	10	11	9	13	10	5	12	17	10	10	15	10	9	6	11	10

* Small base

3.2.6 Customer expectations

Domestic and business customers were asked to nominate the types of price and non-price incentives offered by retailers in order to get them to agree to buy electricity and/or gas. The answers by key demographic groups are shown in Tables E and F and are summarised in Table 10 below.

Table 10. Elements of offer expected from Retailers

Base: Received an offer	Domestic (n=537) %	Business (n=278) %
Discounts/cheaper gas or electricity	53	50
Green Energy	21	16
Discounts for paying on time or early	10	8
Other incentives	10	16
Vouchers (store and gift)	9	4
Discounts for loyalty	7	3
Other discounts	7	14
Discounts for combining gas and electricity with one company	6	4
Football paraphernalia/memberships	4	0
Magazine subscriptions	3	<0.5
DVD Player	2	0
Convenience of one bill for gas and electricity	2	3
Flexible billing	1	3
Australian company	1	0
Points/Rewards schemes	<0.5	2
Nothing	<0.5	4
Other*	7	6
Don't know	10	11

* None of these were large enough in their own right to show in the table

Q13a. And what sorts of things are you aware of that electricity and gas retailers offer customers in order to get them to agree to buy electricity and gas from them?

Domestic and business customers mainly expect to be offered discounts/lower prices for electricity and/or gas (53% and 50% respectively), *green energy* (21% and 16% respectively*); discounts for paying on time* (10% and 8% respectively) and a range of other discounts and incentives.

Discounts/cheaper gas or electricity was most likely to be mentioned by domestic customers living in households earning $25-50,000 (63%), by those paying the energy concession rate (61%)[18] and by people aged 55-70 (60%). Amongst business customers, those with multiple locations (71%) were the most likely to mention discounts.

[18] Note that this data is not shown in the tables.

TABLE F:

Q13a. And what sorts of things are you aware of that electricity and gas retailers offer customers in order to get them to agree to buy electricity and gas from them?

Base : Received an offer from a retailer

Business	TOTAL	REGION			FUEL USED		COMPANY SIZE			OWNERSHIP	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	16-39	40-54	55-70	Male	Female
Base	278	169	53	56	132	146	138	119	21	160	113
	%	%	%	%	%	%	%	%	%	%	%
Discounts/cheaper gas and electricity	50	47	57	57	50	49	47	57	36	49	48
Other incentives	16	18	17	10	21	11	17	14	19	18	13
Green energy	16	16	9	18	16	15	19	8	21	17	12
Other discounts deals	14	14	8	14	15	12	15	12	5	17	9
Discounts /deals for paying account on time/ early	8	5	8	17	4	11	8	8	5	11	4
Discounts for combining gas and electricity with one company	4	5	2	2	3	6	5	2	5	3	6
Vouchers/gift/ store vouchers	4	5	4	2	5	3	3	7	-	1	8
Convenience of one bill for gas and electricity	3	4	6	3	4	3	3	4	5	3	5
Discounts for loyalty	3	3	5	2	5	2	3	4	-	4	2
Flexible billing	3	3	2	4	2	4	4	2	5	4	3
Points rewards schemes	2	2	3	-	1	2	2	1	3	2	1
Magazine subscriptions	*	*	-	-	1	-	-	1	-	*	-
Nothing/offered nothing	4	4	3	2	1	6	3	4	5	2	7
Other	6	6	8	5	7	5	4	11	5	7	5
Don't know	11	12	13	8	11	12	12	10	10	8	17

* Small base

Green energy was more likely to be mentioned by domestic customers aged under 54 – especially by those aged 16-39 (30%). Businesses of all types were equally likely to mention green energy.

Discounts for paying on time were recalled more by people living in regional centres (18%) and rural areas (15%) than by Melbournians (8%). They were more frequently mentioned by customers of Second Tier retailers (19%) and, therefore, by customers on market contracts (12%)[19]. This offer was also recalled more by 16-39 year olds (16%) compared with older customers. Amongst business customers discounts for paying early or on time had highest recall from those located in rural Victoria (17%) and for customers of Second Tier retailers (15%)[20].

[19] Note that this data is not shown in the tables.
[20] Note that this data is not shown in the tables.

3.3 TAKE UP OF MARKET CONTRACTS AND AGREEMENTS FOR SUPPLY

This section of the report investigates the number of customers who have taken up a market offer or made some changes to their arrangements to purchase electricity and gas and the reasons for choosing these arrangements, as well as the reasons for remaining on a standing offer.

Past research has shown that even customers known to have contracts and agreements in place do not always know that they have them[21]. Thus a series of questions was asked of all respondents designed to ascertain whether or not they had taken steps to set up alternative arrangements to the standing offer and enter a market contract.

Firstly, customers were asked if they had changed their electricity or gas retailer. They were then asked if anything had changed about the way electricity and gas was supplied from their retailers (i.e. green energy, been given a gift or incentive). Those who replied "no" to both questions are considered to be on a standing offer. Those who had replied that something had changed about supply (i.e. green energy) were considered to be on market contracts. Although this method is not perfect, answers to questions about the rationale for entering a market contract or staying on a standing offer investigated in this section suggest that the majority of customers have been identified correctly. Follow up in-depth interviews with gas customers suggested that it is possible that the proportion of customers on market contracts is underestimated because some felt that nothing had changed in the way that gas is sold, whereas customers were aware of initiatives such as green energy for electricity.

3.3.1 Customers who have changed retailer

A half of domestic customers (50%) and four in ten business customers (42%) said that they had changed the retailer that sells them electricity since January 2002. Of customers with gas connected, a third of domestic and business customers (34% and 32% respectively) said they had changed their gas retailer.

While 19% of domestic electricity customers were motivated to change retailer because they moved house, a far higher percentage (34%) of gas customers said this was the reason for change. These customers were much more likely to have contacted a retailer regarding electricity or gas supply than other customers who switched for other reasons.

21 Assessing the Effectiveness of FRC and Safety Net Arrangements – Wallis Consulting Group for Essential Services Commission (2004) (unpublished) – nearly half of customers from sample supplied by retailers comprising customers who had switched to them claimed that they had **not** done so.

Business customers were far less likely to change electricity or gas retailers because of moving business premises, with one in ten customers changing their retailer for this reason (10% and 11% for electricity and gas respectively).

On average, domestic customers who had changed their retailer had changed electricity company 1.5 times since January 2002 and their gas retailer 1.4 times. The average number of changes amongst business customers was slightly lower at 1.4 and 1.3 for electricity and gas respectively. Seven in ten customers had only changed retailer once (66% for domestic and 72% for business for electricity and 71% for domestic and 72% for business for gas).

3.3.2 Customers on a market contract

Across all customers, 26% responded that there had been a change in the way that their electricity retailer sold them electricity. One in seven (16% domestic and 17% business) responded that something had changed about the way they purchased gas.

In order to calculate the proportion of customers on a market contract the following approach was used:

- Market contract customers are identified as those who had either switched their retailer and/or had changed their purchase arrangements or conditions; therefore,
- Standing offer customers were those that had neither switched their retailer nor changed their arrangements for purchasing gas or electricity.

Therefore the figures presented in this section are net figures and are not the sum of those who had switched and those who had changed their conditions of purchase. Further, all customers are connected to electricity but gas contracts are only relevant to those with gas connected. Table G gives an overview of the types of contracts domestic respondents believed they had in place.

TABLE G:

Q14/Q15. Contract Status

Base : Total

Domestic Market - Overview		**TOTAL**	**REGION**			**FUEL USED**		**AGE OF RESPONDENT**				**SEX**		**HOUSEHOLD INCOME**				**PROPERTY**	
			Melb	Region'l Centres	Rural	Gas & Elec.	Elec. Only	16-39	40-54	55-70	70+	Male	Female	< $25K	$25-50K	$50-75K	> $75K	Rented	Owned
	Base	1000	500	250	250	768	232	243	318	314	120	430	570	222	274	221	226	163	825
		%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
ELECTRICITY	Market Contract	60	58	68	58	61	53	65	61	58	51	59	61	55	58	61	66	69	58
	Standing Offer	40	42	32	42	39	47	35	39	42	49	41	39	45	42	39	34	31	42

Base : Gas connected

Domestic - Gas Connected		**TOTAL**	**REGION**			**FUEL USED**		**AGE OF RESPONDENT**				**SEX**		**HOUSEHOLD INCOME**				**PROPERTY**	
			Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	16-39	40-54	55-70	70+	Male	Female	< $25K	$25-50K	$50-75K	> $75K	Rented	Owned
	Base	768	464	207	97	768	-	196	251	226	90	333	435	162	192	175	190	Base : Tota	624
		%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
GAS	Market Contract	42	41	44	42	42	-	45	44	40	32	43	41	29	41	47	47	39	43
	Standing Offer	58	59	56	58	58	-	55	56	60	68	57	59	71	59	53	53	61	57

3.3.2.1 Electricity contracts

In total, six in ten respondents (60% domestic, 54% business) had a contract or agreement in place for the supply of electricity to their home or business. This is shown in Chart 14.

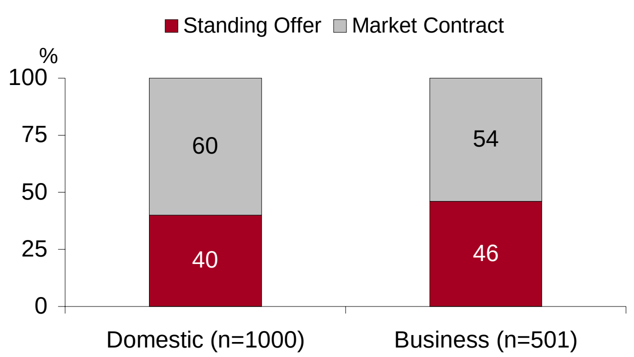
Reference to Table G shows that in comparison to those on standing offers customers with market contracts are significantly more likely to:

- Live in regional centres (68%);
- Live in rented accommodation (69%);
- Live in households earning over $75,000 (66%); and
- Be aged under 40 (65%).

They are also more likely to have received a sales approach by a retailer (66%) and also live in a home with internet access (62%).

Chart 14. Electricity Contracts

Base: All Customers



Q14/Q14c Have you changed the company that sells electricity to your home/business since January 2002? Have you changed anything about the way (retailer) sells electricity to your home/business?

The 40% of domestic customers who have standing offer arrangements in place are significantly more likely than others to:

- Live in Melbourne or rural Victoria (42% in both cases);
- Be unaware that they can choose their electricity retailer (57%);
- Have received no sales approaches by a retailer (58%);
- Be aged over 70 years (49%); and/or
- Be retired (46%).

TABLE H:

Q14/Q15. Contract Status

Base : Total

Business Market - Overview		**TOTAL**	**REGION**			**FUEL USED**		**COMPANY SIZE**			**OWNERSHIP**	
			Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	1-4	5-19	20+	Owned	Lease / Rent
	Base	501	301	100	100	202	299	248	196	57	261	231
		%	%	%	%	%	%	%	%	%	%	%
ELECTRICITY	Market Contract	54	52	52	58	58	51	56	52	36	57	49
	Standing Offer	46	48	48	42	42	49	44	48	64	43	51

Base : Gas connected

Business - Gas connected		**TOTAL**	**REGION**			**FUEL USED**		**COMPANY SIZE**			**OWNERSHIP**	
			Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	1-4	5-19	20+	Owned	Lease / Rent
	Base	202	129	52	21	202	-	248	196	57	261	231
		%	%	%	%	%	%	%	%	%	%	%
GAS	Market Contract	38	40	28	32	38	-	45	28	10	46	23
	Standing Offer	62	60	72	68	62	-	55	72	90	54	77

In comparison to businesses on standing offers, those with market contracts for electricity are significantly more likely to have up to 20 employees (1-4, 56% and 5-19, 52%, versus 20+, 36%) as Table H shows.

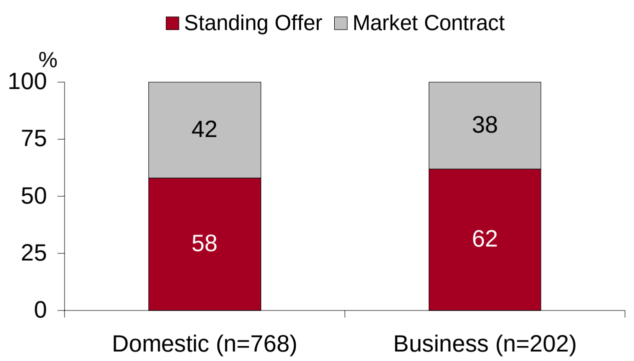
They are also more likely to consider electricity to comprise a high proportion of total business running costs (72%).

3.3.2.2 Gas contracts

Amongst gas customers, 42% of domestic and 38% of business customers have a market contract in place. Customers living in households, earning over $50,000 are significantly more likely than lower income households to have a market contract as Table G shows.

Chart 15. Gas Contracts

Base: Gas Connected



Q15/Q15c Have you changed the company that sells gas to your home/business since January 2002? Have you changed anything about the way (retailer) sells gas to your home/business?

Domestic customers with market contracts are significantly more likely to have received a sales approach from a gas retailer (45%). The same appears true for businesses with market contracts (43%). However the small number of business customers who had gas connected and did not receive a sales approach means that this result is not statistically significant.

Businesses employing 1-4 employees (45%) were significantly more likely to have a market contract for gas, as were companies that own their business premises (46%).

TABLE I:

Q22. How would you rate...?

Base : Have an electricity contract/agreement

Domestic	TOTAL	REGION			FUEL USED		AGE OF RESPONDENT				SEX		HOUSEHOLD INCOME				PROPERTY	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	16-39	40-54	55-70	70+	Male	Female	< $25K	$25-50K	$50-75K	> $75K	Rented	Owned
Base	608	292	171	145	482	126	157	198	185	65	253	355	127	160	136	151	115	486
	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10
The length of time it took to get your agreement in place	7.7	7.7	7.8	7.5	7.7	7.5	8.0	7.5	7.5	8.1	7.5	7.9	7.5	7.8	7.8	7.6	8.0	7.6
How easy it was to organise the agreement	8.3	8.3	8.5	8.0	8.4	8.1	8.4	8.2	8.2	8.9	8.3	8.4	8.3	8.4	8.3	8.3	8.6	8.2
The extent to which the agreement has met your expectations	7.8	7.9	7.6	7.8	7.9	7.6	7.7	7.7	7.9	8.1	7.8	7.8	7.9	8.0	7.6	7.7	7.9	7.8

Base : Have an electricity contract/agreement

Business	TOTAL	REGION			FUEL USED		COMPANY SIZE			OWNERSHIP	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	1-4	5-19	20+	Owned	Lease / Rent
Base	264	153	54	57	116	148	134	109	21	145	113
	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10
The length of time it took to get your agreement in place	7.0	6.8	7.0	7.6	6.9	7.0	7.1	6.5	7.9	7.1	6.8
How easy it was to organise the agreement	7.7	7.6	7.4	8.1	7.8	7.7	7.9	7.1	8.0	7.9	7.3
The extent to which the agreement has met your expectations	6.9	6.7	7.0	7.4	7.1	6.8	6.9	6.8	7.6	7.2	6.4

3.3.2.3 Dual fuel

Eighty five percent (85%) of domestic respondents have gas and electricity connected to their homes. Overall, just over half (52%) of all domestic customers or two thirds (67%) of customers with gas and electricity connected have the same retailer for gas and electricity. Only one in five of these receive a single bill. Respondents from all demographic groups have taken this payment option.

Gas is connected to four in ten businesses (40%). Half (52%) of businesses with gas and electricity connected purchase both electricity and gas from the same retailer. Of these, one in ten, has a single bill.

3.3.3 Switching Experience

In order to gauge the quality of switching experiences, respondents with market contracts were asked to rate:

- How easy it was to organise;
- The length of time it took to put in place; and
- The extent to which it met their expectations.

The first two elements have been asked of respondents in previous research, the third element has not been asked before. None of these questions have been asked about gas contracts specifically in the past. Respondents' ratings for electricity contracts are shown in Charts 16 and 17 and Table I.

Chart 16. Rating of aspects of establishing electricity contract – Domestic

Base: Have electrcity contract

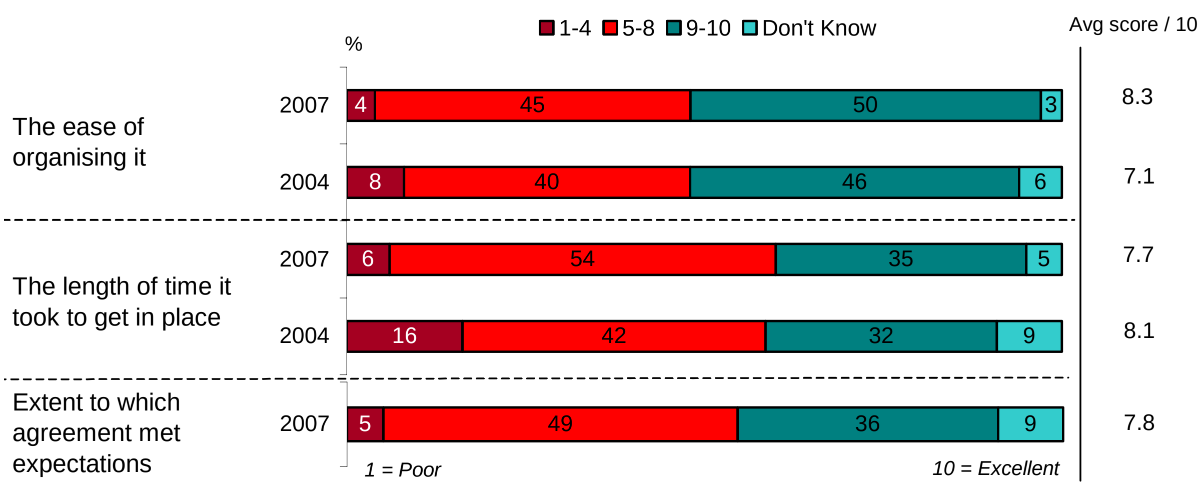
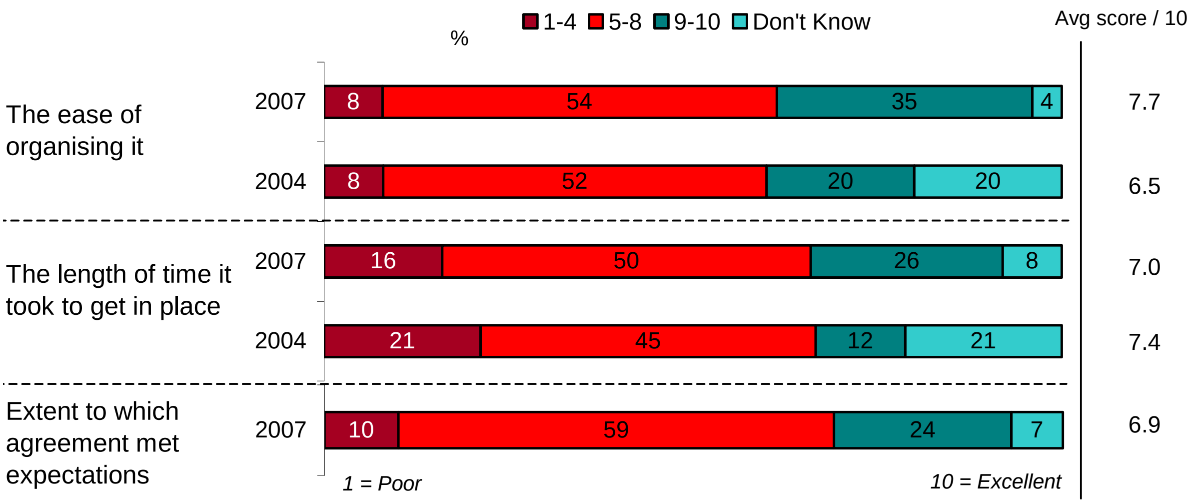


Chart 17. Rating of aspects of establishing electricity contract – Business

Base: Have electricity contract



Q22 How would you rate….?

The overall experience of establishing an electricity contract was rated favourably. The *ease of organising the contract* received an average rating of 8.3 by domestic customers and 7.7 by business customers. Both these ratings are higher than in 2004 and show a marked improvement in the business sector which had previously rated this element at 6.5.

The *length of time it took to put the contract in place* received a slightly lower rating in 2007 compared to 2004 by both domestic and business customers. Domestic respondents rated it 7.7 compared to 8.1 in 2004 and business respondents rated it 7.0 compared to 7.4.

The post-sales experience was gauged by asking respondents the extent to which the agreement *met their expectations*. Domestic respondents gave this a higher rating at 7.8 than business at 6.9.

Customers were asked to give the rationale for their ratings of the *extent to which the agreement met your expectations*. Only 23 domestic and 24 business customers offered a poor rating between 1 and 4. The main reasons they gave were:

- Poor customer service;
- Don't keep their promises (business);
- Too expensive;
- Don't like the contracts;

TABLE J:

Q23. And for your agreement to buy gas. How would you rate…?

Base : Have a gas contract/agreement

Domestic	**TOTAL**	**REGION**			**FUEL USED**		**AGE OF RESPONDENT**				**SEX**		**HOUSEHOLD INCOME**				**PROPERTY**	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	16-39	40-54	55-70	70+	Male	Female	< $25K	$25-50K	$50-75K	> $75K	Rented	Owned
Base	323	191	91	41	323	-	91	112	90	28	143	180	50	79	82	89	53	266
	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10
The length of time it took to get your agreement in place	7.9	7.8	8.2	8.1	7.9	-	7.8	7.7	8.0	8.4	7.9	7.9	7.5	8.1	7.9	7.7	7.9	7.9
How easy it was to organise the agreement	8.3	8.3	8.3	7.9	8.3	-	8.2	8.2	8.2	9.1	8.3	8.2	8.3	8.3	8.1	8.3	8.5	8.2
The extent to which the agreement has met your expectations	8.1	8.1	8.1	8.2	8.1	-	7.9	7.9	8.4	8.6	8.0	8.2	7.9	8.1	8.0	8.0	8.2	8.0

Base : Have a gas contract/agreement

Business	**TOTAL**	**REGION**			**FUEL USED**		**COMPANY SIZE**			**OWNERSHIP**	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	1-4	5-19	20+	Owned	Lease / Rent
Base	68	48	14	6	68	-	43	23	2	52	15
	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10
The length of time it took to get your agreement in place	7.1	6.9	8.0	7.8	7.1	-	7.1	7.2	4.3	7.3	6.3
How easy it was to organise the agreement	7.9	7.9	7.9	8.2	7.9	-	8.2	7.2	6.1	8.1	7.2
The extent to which the agreement has met your expectations	7.4	7.3	8.1	7.6	7.5	-	7.5	7.2	3.7	7.4	7.3

- Billing problems; and
- Don't like the green energy arrangements (domestic).

Excellent ratings of 9 or 10 were given by 212 domestic (9%) and 62 (7%) business customers. They reported the main reasons for rating their agreements thus as being:

- They have experienced no problems;
- They received competitive prices/deals;
- The retailer kept their promises; and
- They have received good customer service.

Nonetheless, the ratings overall are not especially high. This may relate to a lack of understanding and/or interest as explained by this domestic customer on a market contract in a follow up in-depth interview (questions from the interviewer are in brackets):

> *"(Did you understand the contract?) Not really. They told me the rates, they seemed reasonable, but I didn't compare them with anyone else. They sent me lots of paperwork but I didn't read it. They were the first company I called, by the end of the conversation I had signed up. Not sure for how long. I don't take any notice really of energy companies, but I do read the pamphlets when they come to my house – not so much read, as browse through them. (Does that mean you're always thinking of switching?) No, not at all. I'm just bored".*

Customers with gas contracts were asked to rate the same three elements as customers with market contracts for electricity as shown in Charts 18 and 19 and Table J.

Chart 18. Rating of aspects of establishing gas contract – Domestic

Base: Have gas contract

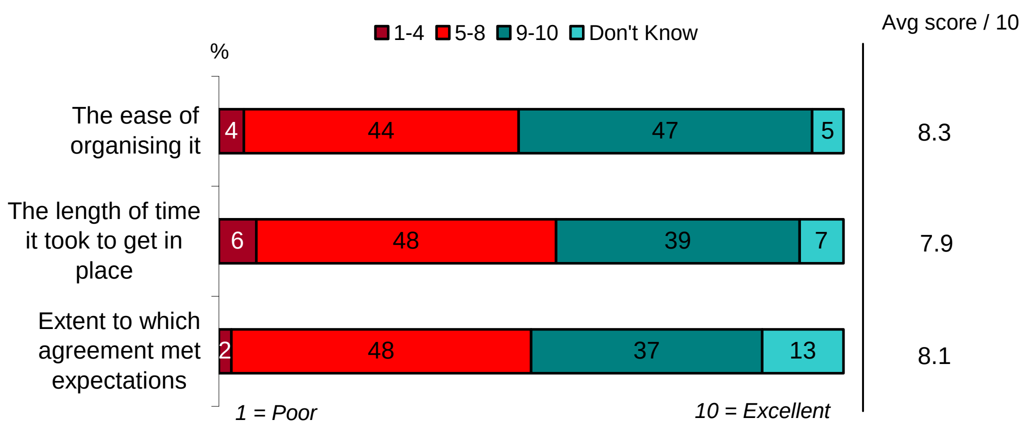
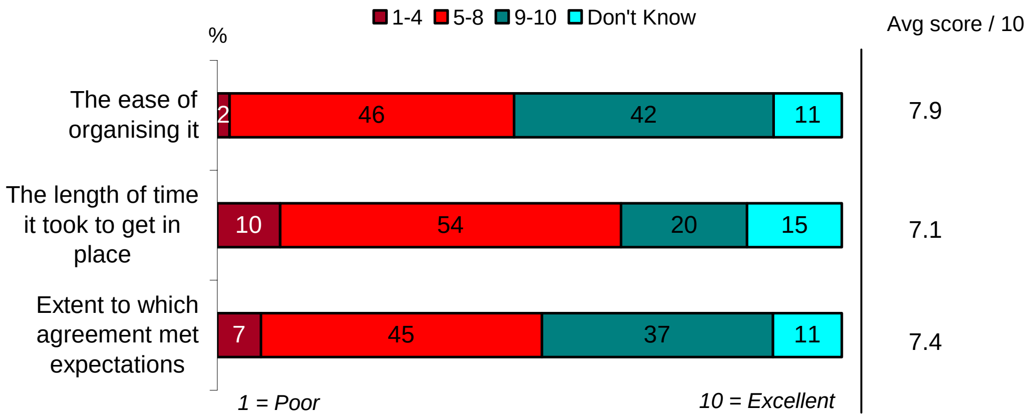


Chart 19. Rating of aspects of establishing gas contract – Business

*Base: Have gas contract**



* Caution - Small base

Q23 And for your agreement to buy gas, how would you rate….?

In gas, as was the case for electricity, the *ease of organising* the agreement received the highest rating. Only seven domestic and five business customers gave this a rating between 1 and 4 – too few to analyse. However their reasons were the same as for electricity, namely, *too expensive, poor customer service, billing issues and broken promises*.

The reasons for awarding excellent scores (9 and 10) were the same as for electricity and these were given by 124 domestic and 23 business customers. It is likely that the same factors matter to customers when entering contracts and agreements irrespective of the type of fuel being purchased including:

- Having promises kept;
- Receiving good/fast service; and
- Not receiving any unexpected surprises (eg higher bills than anticipated).

In summary, being better off for having entered the contract.

3.3.4 Reasons for not changing retailer

Customers who had not changed to another retailer were asked the reasons why. Their unprompted answers are shown in the Table 11 below.

Table 11. Reasons why customers didn't switch their retailer

	Electricity		Gas	
	Domestic (n=461) %	Business (n=268) %	Domestic (n=479) %	Business (n=127) %
Not worth the effort	24	28	21	27
Couldn't be bothered	24	16	24	18
I like the company	21	16	24	18
Happy with current supplier	11	13	9	8
Have a good deal	10	12	8	4
Familiar with them	4	1	4	1
Don't trust new retailers	3	3	3	2
No one approached me	2	5	3	10
Need more information	3	-	3	-

Only responses above 3% in any segment are shown in the table – Don't know and "other" excluded
Q20 Why didn't you switch to another electricity/gas retailer?

The most common responses by respondents who have not switched included not seeing any benefit in doing so; or could not be bothered. Responses were similar from domestic and business customers. Domestic customers - 24% responded that it was not worth the effort and another 24% responded they could not be bothered to switch. The corresponding results for business were 28% (not worth effort) and 16% (could not be bothered). There was a marginally higher level of inertia ("couldn't be bothered) amongst those in white collar employment and living in households earning over $75,000 p.a. The results for gas were similar to electricity.

The two next most common responses related to the relationship with the supplier with respondents saying they *like the company* or are *happy with their current supplier.*

3.3.5 Reasons for remaining on standing offer

Customers who said that they had not changed retailer **or** some aspect of the way in which they buy energy from their retailer(s) were asked why. Their answers are shown in Table 12.

Responses were similar for electricity and gas and for customers of all types. The main response was that the customer simply *stayed with the existing retailer*. However, about one in eight customers said that they *couldn't be bothered* (13% of domestic customers in both energy markets and 8% and 11% of business customers for electricity and gas respectively). Seven percent (7%) of domestic customers said they did not like signing contracts, for electricity or gas. A similar proportion of businesses also dislikes signing contracts at 6% for electricity and 8% for gas.

In the domestic market, one significant difference did emerge. Over a third of people aged under 40 (36%) were unable to offer a reason for why they had not entered into a market contract or agreement with their retailer.

Table 12. Reasons for not entering a market contract

	Electricity		Gas	
	Domestic (n=362) %	Business (n=212) %	Domestic (n=422) %	Business (n=127) %
Just stayed with the same retailer	51	43	45	40
Couldn't be bothered	13	8	13	11
Don't like signing contracts for essential services	7	6	7	8
Didn't need to	6	11	6	9
Haven't been approached	4	7	3	10
Didn't know I could/need more information	2	3	3	3
Contracts for lease different length to energy	2	<0.5	2	<0.5
Been with them for a long time	1	0	<0.5	0
Worried I'd make the wrong choice	1	0	1	0
It would cost more	1	<0.5	1	1
Only if we got a better deal	<0.5	3	1	2
Other	4	1	6	3
Don't know	15	22	20	21

Q17/a Why haven't you entered into an agreement or contract with (supplier) for the supply of electricity/gas to your home/business?

The high proportion of customers who did not feel it worth their while switching prompted follow up in-depth interviews with some to gain a clearer understanding for their lack of enthusiasm for change. They elaborated on the reasons given quantitatively:

> *"I see no difference between the companies, both in price and the services they offer. I don't want to shift and am prepared to drift on because there are no compelling reasons to change and the retailers haven't successfully marketed their differences. I think that changing retailer would be a hassle, I don't have anything to base this on, I just think it could go wrong. Why go through the hassle of changing?" – Domestic customer on standing offer.*

> *"Finding lower cost energy retailers is a low priority for my business as energy consumption only accounts for a low percentage of my business expenditure…I'm satisfied with what I've got – it is reasonably cheap and I've experienced no service difficulties" - Business customer on standing offer.*

> *"I don't feel comfortable going onto a contract with an energy retailer. I don't know why. All other aspects of my life are locked into contracts. I don't see the need for it for power" – Domestic customer on standing offe.r*

> *"I don't want to lock myself in. I don't know what will happen if I move house or state and I don't see why I should be financially penalised, if this is the case. I'm wary of entering fixed contracts with any service provider although I have a fixed term contract with my bank via my home loan and through my phone company – which has got me some savings on internet and phone. Once a contractor has locked you into a contract with a guaranteed monthly payment they are less likely to be interested in offering you good service. I can't see much difference between the (energy) retailers" – Domestic customer on standing offer.*

One business customer gave the following combination of reasons for remaining on a standing offer:

- *Unsolicited visits by salesmen offering general advice and vague savings of 10-20% on what is already a small amount and the perceived intrusiveness of their questioning (asking to see a bill); coupled with*
- *A desire to buy from an Australian company; and*
- *A desire to buy "truly" green energy (e.g. wind or solar) for the business and the inability for any retailers who have approached to meet these requirements.*

Only significant increases in energy costs and/or frequent power cuts would motivate this customer to investigate alternatives.

3.3.6 Reasons for choosing electricity retailer

Table 13 shows the reasons given by customers on market contracts for purchasing electricity from the selected retailer. The most important motivating factor was the offer of lower prices. A significantly higher proportion of business respondents (58%) gave this as the most important factor compared with domestic customers (34%).

The second most important factor was the offer of green energy (14% domestic, 10% business customers). The ability to have electricity and gas supplied by one retailer was the third most important factor for domestic customers entering a market contract (10%) but was much less important for business respondents (3%).

Table 13. Reasons for purchasing electricity from Retailer

	Customers on market contract	
	Domestic (n=608)	Business (n=264)
Lower prices immediately	34	58
Happy with current supplier	8	9
They were the local retailer	5	5
Offered Green Energy	14	10
Could bring gas and electricity together	10	3
I received good service from them	5	6
Was the existing retailer	3	3
I was presented with an offer	7	1
Discount/cheaper	8	-
Familiar with them	4	4
For bonus points	3	2
Australian company	5	3
Easier/more convenient	2	-
Retailer understands my needs	2	-
Gets cheaper the longer I stay	1	-
Flexible billing	1	1
For free gift	3	3
Discount if pay on time	3	-
Saw Ads/Liked them	1	-
Shareholder	-	-
Explained everything	1	-
Only choice	-	-
Cheaper if gas and electricity combined	1	-
Didn't like previous supplier	1	-
Guaranteed price for set period	-	1
Is a multinational	-	1

Only answers above 1% in TOTAL are shown in the table

Q18 What were the main reasons for buying electricity from (Retailer)?

The key reason for entering a market contract was to obtain a lower price immediately. Green energy was also a drawcard to a lower but substantial number of domestic and business customers.

Customers who were on a market contract were asked how these arrangements were put in place:

- seven in ten said they had been contacted by a retailer (63% domestic, 71% business);

- one in give had approached the retailer themselves (21% domestic, 19% business); and
- the balance said *it just happened* (12% domestic, 7% business).

3.3.7 Reasons for choosing has retailer

Customers with mains gas were also asked the reasons why they purchase gas from their retailer, if the retailer was different to their electricity retailer. Only 57 domestic and 19 business respondents fell into this category.

The rationale employed to purchase gas from their retailer was similar to electricity with those on contracts stating that price was the main reason for their choice. Interestingly all customers interviewed in both the domestic and business segments who had different electricity and gas retailers, had a contract in place for the purchase of gas. The majority were contacted by their retailer to set the purchasing arrangements in place. Most of this contact happened by telephone and, to a lesser extent, personal visit.

3.4 SOURCES OF INFORMATION USED TO CHOOSE RETAILER

After being asked the reasons why they chose to switch retailer or not, respondents were asked which sources of information they had used in making their choice. The results are shown in Charts 20 and 21 for electricity customers or those who purchase electricity and gas from the same retailer.

The most common response among customers on market contracts was that they had referred to no sources of information in making their decision (24% domestic, 25% business). The most often cited sources of information by domestic customers were: someone at the door (19%); retailer (12%); and someone phoned (9%). The results for business were: general information from the retailer (12%); someone came to the door (15%); and someone phoned (12%). This result suggests that customers are accepting the offers made to them without further investigation.

Customers were then asked which source they found **most** useful. Chart 22 shows the most useful sources of information sources nominated by domestic respondents on market were door-knocking (13%), information provided by retailers (10%); and phone (7%). Business customers responded that the retailer (9%); door knocker (8%); and someone phoned (8%) were the most useful sources of information. However a high proportion of domestic (37%) and business (45%) customers said that of the sources of information "none" was useful.

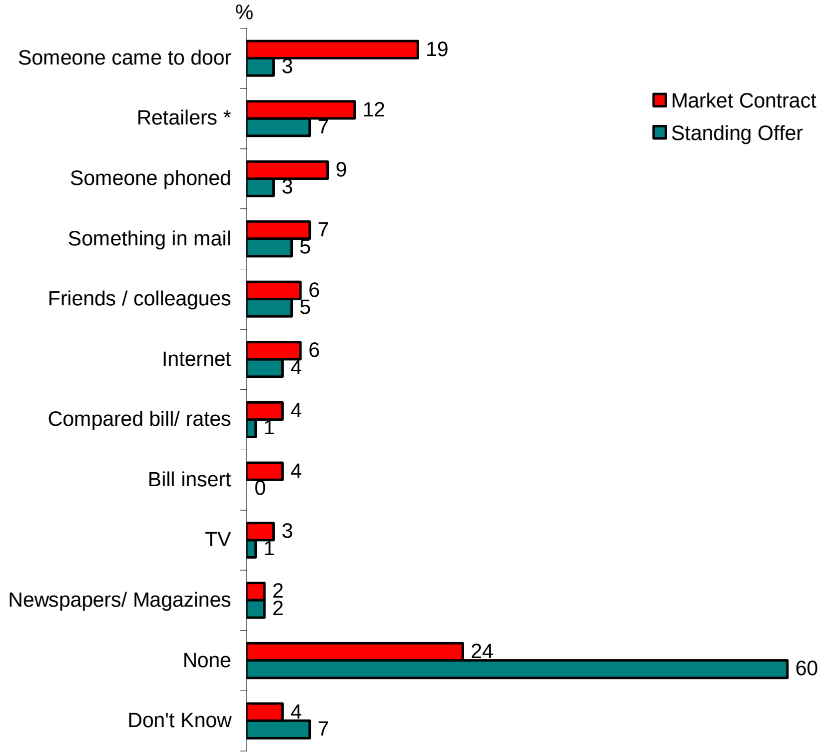
These results would seem to endorse the comment made in a follow up interview and shown here which suggested that the respondent took the offer at face value and did not feel the need to gather any more information.

> *"Why did I choose [retailer]? I don't know really. I don't know anything about this sort of thing. I suppose it's a big brand name – you can trust big brand names. Origin is like the NIKE of energy companies. They're just there. I'm not going to go and find out about it, because I don't really need to…*Domestic Customer on market contract.

Of respondents remaining on standing offers the majority of domestic (60%) and business (71%) customers said that they had referred to no source of information in deciding to remain on a standing offer.

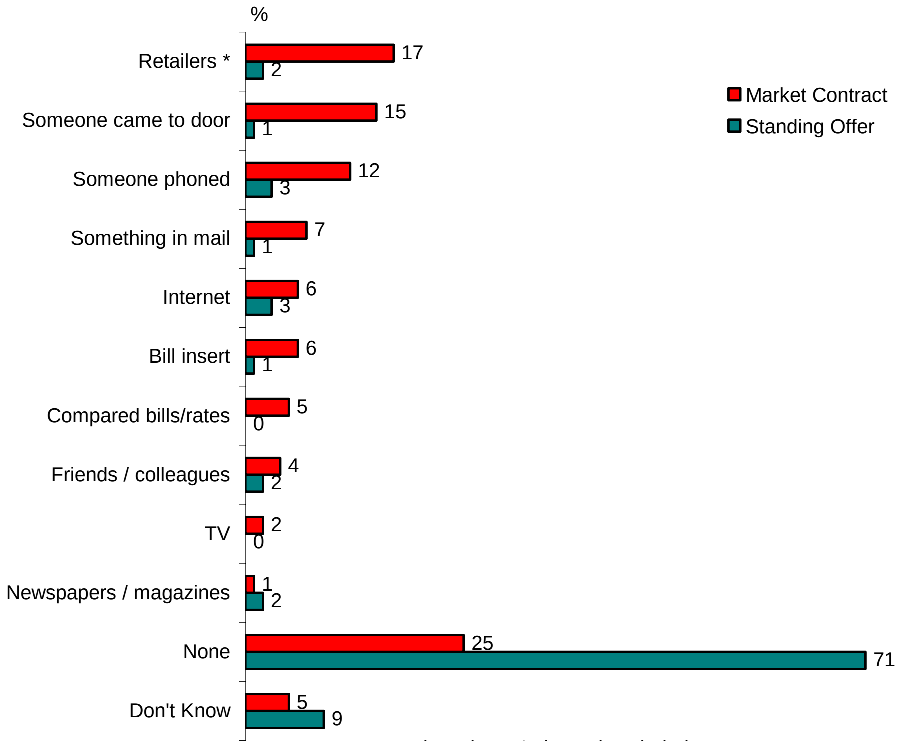
CHARTS 20 & 21: SOURCES OF INFORMATION IN CHOOSING ENERGY RETAILER [22]

Chart 20. Domestic



NB - Responses less than 2% in total excluded

Chart 21. Business



NB - Responses less than 1% in total excluded

Q21 Which sources of information if any did you use to help you decide to buy energy from (retailer)?

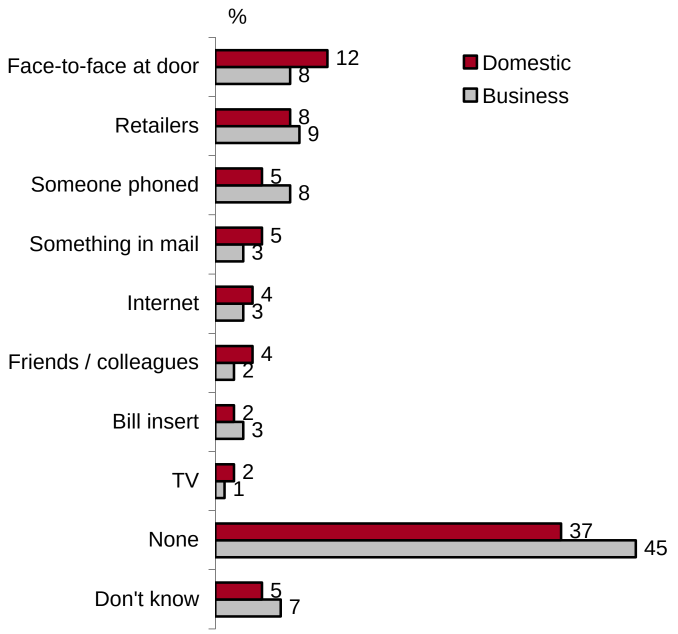
* includes general information from and about retailers

22 Information in shown for respondents with any type of contract.

Respondents who purchased their gas from a different retailer were asked the same questions in relation to gas and the same answers emerged.

Customers were the asked which source they found **most** useful. Chart 22 demonstrates that direct contact with an organisation via the key channels of telephone, mail and face to face contact, all had proponents. Customers of all types answered similarly.

Chart 22. Most useful source of information



NB - Responses less than 1% in total excluded

Q21a Which one of these was the most helpful?

Customers with gas supplied by a different retailer to electricity were also asked to nominate the most useful source of information. Responses were similar, however a higher proportion of both domestic (58%) and business (57%) customers said 'none'.

The ambivalence by customers towards information is demonstrated in the following series of comments:

> *Only once have I been approached by a retailer. It was for gas. He came in and said 'you use this many units – we'll do you a better deal.' I said ' OK' and so I changed gas companies because it was cheaper. I don't know if it is, I don't really look at the bill. What's a unit? I don't know. I don't even remember the name of the retailer!*

> *I don't think there's any other reason to choose (than price) is there? It's different with 'phone companies and banks. There's much more money involved, much more. My power and gas bills aren't much. My phone bills are, my rent is, my credit card and so on.*

> *There's no choice with power. I only know two companies: [retailer] and [retailer]. I see the ads on TV. I see more ads for banks and they educate you about what they offer…I'm always thinking 'maybe I should change banks'. I'm never thinking of changing energy companies. I don't know anything about what they do!"*

This domestic customer, who only 'switched' because he moved interstate, answered as follows when asked why people were averse to change:

> *"I imagine it's because they don't know about them. They (retailers) have no exposure in the media. When you compare to mobile phones for example. They're everywhere. This plan and that plan. You see it all the time. Energy companies just aren't on the map and when they are it's all just branding. Like such and such is an Aussie company. They don't seem to advertise that you have a choice. I never really think I have a choice even though I know I do. I'm not against a free market, I just don't think of it as a free market."*

TABLE K:

Q28. How confident would you say you are...?

Base : Total

Domestic	TOTAL	REGION			FUEL USED		AGE OF RESPONDENT				SEX		HOUSEHOLD INCOME				PROPERTY	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	16-39	40-54	55-70	70+	Male	Female	< $25K	$25-50K	$50-75K	> $75K	Rented	Owned
Base	1000	500	250	250	768	232	243	318	314	120	430	570	222	274	221	226	163	825
	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10
In being able to choose your electricity or gas retailer	7.6	7.7	7.6	7.4	7.7	7.4	7.7	7.4	7.5	8.4	7.7	7.6	7.8	7.6	7.6	7.7	7.9	7.6
In being able to access the information you need	7.1	7.1	7.1	6.9	7.1	6.9	7.1	6.7	7.1	7.8	7.0	7.1	7.2	7.1	6.7	7.3	7.1	7.0
About the process of transferring from your current supplier to another supplier	6.9	6.9	6.9	6.7	6.9	6.6	6.9	6.7	6.9	7.2	7.1	6.7	6.7	6.7	6.9	7.1	6.7	6.9

Base : Total

Business	TOTAL	REGION			FUEL USED		COMPANY SIZE			OWNERSHIP	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	1-4	5-19	20+	Owned	Lease / Rent
Base	501	301	100	100	202	299	248	196	57	261	231
	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10	Av / 10
About the length of time it took to get your agreement in place	7.3	7.3	7.4	7.2	7.0	7.5	7.3	7.1	7.5	7.2	7.4
About how easy it was to organise the agreement	6.5	6.5	6.7	6.3	6.2	6.6	6.5	6.2	7.1	6.3	6.7
About the extent to which the agreement has met your expectations	6.5	6.4	6.5	6.9	6.4	6.6	6.6	6.3	6.7	6.6	6.5

3.5 CONFIDENCE IN THE SWITCHING PROCESS AND LIKELIHOOD TO SWITCH

This series of questions is intended to gauge the level of customer engagement in competition.

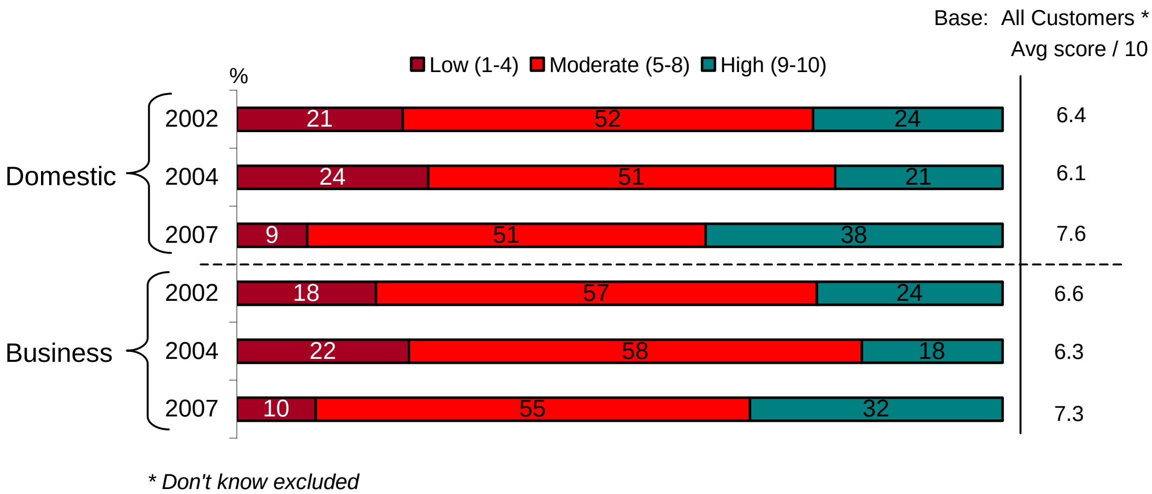
All respondents were asked to rate their confidence in being able to change retailers and their likelihood of switching retailer in the next year. They were also asked where they would go to in order to rectify any problems or complaints they might have.

3.5.1 Confidence in choosing a supplier

Respondents were asked to rate their confidence in choosing and changing an electricity and gas retailer. The same questions were asked in two previous studies completed by the Essential Services Commission[23].

A comparison of the results from 2002 to 2007 are shown in Chart 23. More detailed results are shown in Table K.

Chart 23. Confidence in choosing or changing an Electricity/Gas Retailer



Q28 Using a scale of 1 to 10, where 1 means "not at all confident" and 10 means "extremely confident", how confident would you say you are in being able to choose your electricity (or gas) retailer?

[23] Report into the Effectiveness of FRC and Safety Net Arrangements – Wallis Consulting Group for Essential Services Commission (2004); Assessing the Effectiveness of FRC in the Victorian Electricity Market - Wallis Consulting Group for Essential Services Commission (2002) (unpublished data provided by Essential Services Commission).

TABLE L:

Q29. What would make you feel more confident?

Base : Lacked confidence in either Q28A or Q28B

Domestic	TOTAL	REGION			FUEL USED		AGE OF RESPONDENT				SEX		HOUSEHOLD INCOME				PROPERTY	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	16-39	40-54	55-70	70+	Male	Female	< $25K	$25-50K	$50-75K	> $75K	Rented	Owned
Base	482	238	117	127	362	120	125	157	152	47	197	285	108	135	111	101	78	399
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Information on costs and prices	21	20	22	24	22	16	21	24	18	17	24	18	11	19	34	19	16	22
Information that is easy to understand	19	18	16	22	19	17	19	20	17	18	19	18	16	19	21	17	20	18
Knowing it is easy to change	13	13	10	14	14	9	20	12	11	3	12	13	11	11	13	16	18	11
Information about the services provided	10	9	12	15	10	8	7	14	11	3	9	11	10	9	13	11	8	11
Lower costs	9	9	7	8	9	7	5	7	9	18	10	7	15	10	5	3	11	8
Information about the switching process	9	9	8	10	9	9	10	10	9	1	10	8	3	5	15	10	8	8
Better service	8	8	10	9	9	6	4	11	9	7	9	7	12	5	10	7	9	8
Info in writing/ on the net	7	6	12	3	6	7	7	5	9	5	5	7	4	7	7	8	5	7
Standardised info	5	5	7	6	6	3	6	4	6	5	5	5	3	7	7	6	5	6
More transparency	4	4	8	2	5	1	4	4	5	4	2	5	8	3	3	3	5	4
Don't like contracts	3	3	1	1	3	2	5	4	-	-	3	2	-	1	4	4	3	3
Government regulation and monitoring	3	3	2	3	3	2	2	5	2	-	3	3	2	2	1	4	2	3
Info about the retailer	3	3	2	3	3	1	3	1	4	3	3	3	1	3	2	5	3	3
Image or reputation of the retailers	2	3	1	-	3	1	1	4	1	3	4	1	-	3	3	1	2	2
Other info/ advertising	2	1	2	3	2	1	2	2	2	-	1	2	1	1	3	2	-	2
Independent assessment of companies….	1	2	2	-	2	1	1	1	3	-	2	1	-	-	1	6	1	2
Knowing it was Australian owned	1	1	1	-	1	1	-	1	1	-	1	*	1	1	-	1	2	1
Nothing	14	15	12	7	13	15	9	13	12	31	14	14	18	15	8	14	13	14
Other info/ advertising	5	5	2	8	4	8	4	4	7	2	4	5	6	5	5	5	3	5
Don't know	5	6	6	2	5	7	4	5	8	3	4	7	7	5	6	3	4	6

* Small base

In both the domestic and business segments confidence has increased in the last three years. This tends to reflect greater customer experience with choosing retailers. Results are relatively consistent amongst respondents of all types – the one exception being domestic customers who are with Second Tier retailers. They expressed a slightly higher level of confidence (8.0) than the average.

In both market segments, customers on market contracts (average score 7.9) are more confident than those on standing offers (average score 7.2).

Respondents were also asked similar questions about their confidence in being able to access the information they need and in the transfer process itself.

CHARTS 24 & 25 RATINGS OF CONFIDENCE IN ACCESSING INFORMATION AND TRANSFER PROCESS

Chart 24. Domestic

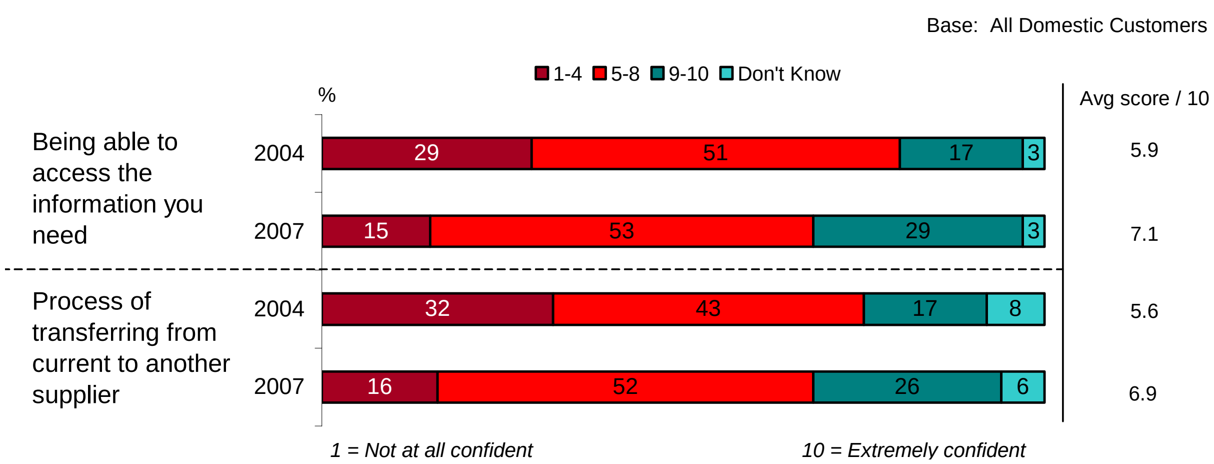
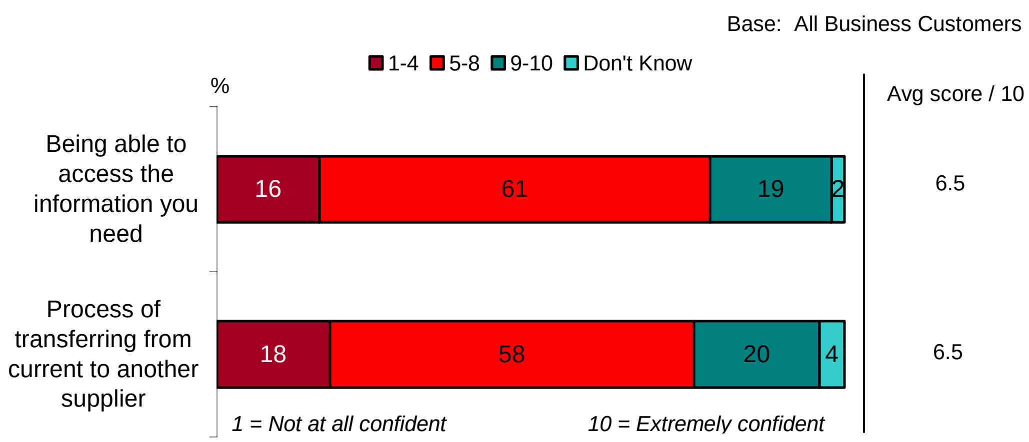


Chart 25. Business



Q28a/b. And how about your confidence in being able to access the information you need/about the process of transferring from your current supplier to another supplier?

TABLE M:

Q29. What would make you feel more confident?

Base : Lacked confidence in either Q28A or Q28B

Business	TOTAL	REGION			FUEL USED		COMPANY SIZE			OWNERSHIP	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	1-4	5-19	20+	Owned	Lease / Rent
Base	501	301	100	100	202	299	248	196	57	261	231
	%	%	%	%	%	%	%	%	%	%	%
Information that is easy to understand	22	22	13	26	23	21	23	21	20	21	23
Information on costs and prices	18	14	16	32	20	17	21	15	2	22	13
Lower costs	11	10	21	9	7	13	11	8	18	12	10
Knowing it is easy to change	10	9	10	12	5	14	10	12	4	10	11
Better service	7	7	17	5	7	7	9	4	5	7	7
Information about the switching process	7	6	3	10	6	7	6	7	15	8	6
Information about the services provided	4	3	1	6	4	3	4	2	4	5	2
Government regulation and monitoring	3	4	-	1	5	2	3	4	3	3	3
More transparency	3	3	4	4	2	4	3	6	-	4	3
Standardised info	3	1	3	7	3	2	2	2	10	4	1
Image or reputation of the retailers	2	2	-	1	2	1	2	-	10	1	3
Info in writing/ on the net	2	1	6	1	3	1	1	2	5	2	2
Reliable supply	2	2	-	4	1	2	3	-	-	4	-
Info about the retailer	1	1	-	4	-	2	1	1	-	-	3
Other info/ advertising	1	1	-	2	1	1	1	1	4	1	1
Nothing	16	19	12	10	16	17	17	16	16	15	19
Other info/ advertising	8	8	5	12	4	11	8	9	7	7	9
Don't know	3	3	4	5	3	4	2	7	-	2	5

As can be seen in Chart 24, confidence amongst domestic customers in being able to access information has increased significantly in the last three years from 5.9 to 7.1. Confidence in the transfer process has also increased from 5.6 to 6.9 demonstrating that customers are becoming more familiar with market processes. This may relate to customers being more aware of competition in general. Businesses rated both factors 6.5.

Confidence levels are similar across customers of all types. Respondents who gave a low confidence rating were asked how they could be made to feel more confident. Tables L and M show the full responses. In summary, the key responses were:

- Information on costs and prices;
- Information that is easy to understand;
- Knowing it is easy to change;
- Information about the services provided; and
- Information on the switching process itself.

The responses are similar to those received in previous years and for both business and domestic customers. Also similar is the presence of a core contingent of some one in seven customers (14% domestic, 16% business) who say that *nothing* can be done to improve their confidence.

This response from a follow up in-depth interview with a domestic customer who had moved from South Australia (SA) to Victoria and chose to buy energy from the same retailer as in SA sheds more light on these ratings:

> *"When we got here (from SA) the real estate agent said 'you need power, here's a list of companies'. Having had a bad experience with being supplied phone company lists by real estate agents I decided to go with Origin, which wasn't on the list…because we had them in SA and I had no problems with them.*
>
> *…I did try to look for price structures that they offered because I thought it might be different in Victoria. I googled "electricity utilities", went to their website, but couldn't find anything about any of them. They did have heaps of useless information, but no simple graph or anything showing me how much their services were. I wasn't going to investigate any further. Couldn't be bothered. I don't care than much about it. If the power is on then the power is on!"*

TABLE N:

Q25/Q25X. NET Likelihood of changing electricity or gas retailer

Base : Total

Domestic	TOTAL	REGION			FUEL USED		AGE OF RESPONDENT				SEX		HOUSEHOLD INCOME				PROPERTY	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	16-39	40-54	55-70	70+	Male	Female	< $25K	$25-50K	$50-75K	> $75K	Rented	Owned
Base	1000	500	250	250	768	232	243	318	314	120	430	570	222	274	221	226	163	825
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
TOTAL: Likely	**16**	**17**	**14**	**13**	**16**	**15**	**28**	**18**	**11**	**3**	**16**	**16**	**11**	**14**	**14**	**23**	**24**	**14**
Very likely	6	6	5	7	6	7	9	7	4	3	5	6	6	4	5	8	9	5
Somewhat likely	10	11	9	6	11	8	19	11	7	-	11	10	5	10	10	15	14	9
Somewhat unlikely	18	17	23	18	18	16	20	19	18	11	17	18	11	22	23	18	15	19
TOTAL: Unlikely	**79**	**77**	**82**	**83**	**78**	**81**	**65**	**79**	**83**	**94**	**77**	**80**	**81**	**82**	**80**	**73**	**68**	**81**
Very unlikely	61	61	59	65	60	65	45	60	65	84	60	62	70	60	57	56	53	63
Depends	5	6	4	4	5	3	7	3	6	3	7	4	8	4	5	4	9	4

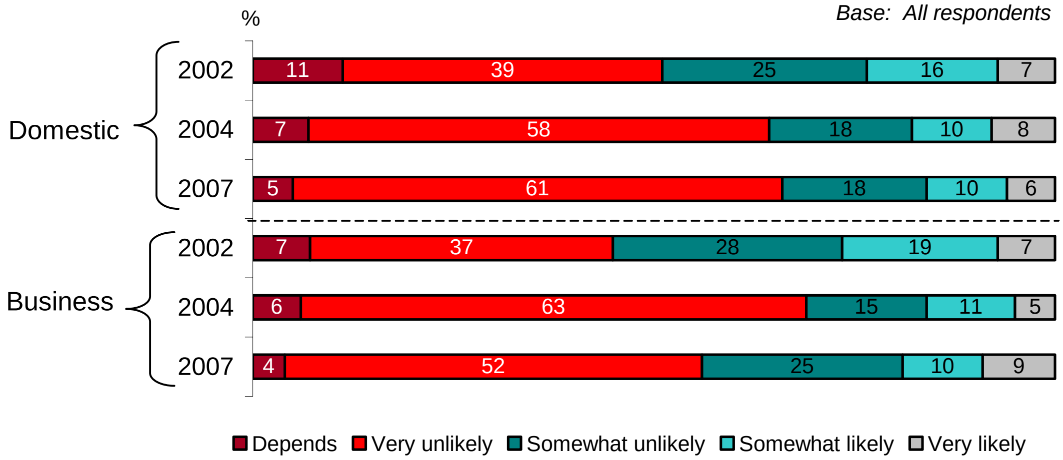
Base : Total

Business	TOTAL	REGION			FUEL USED		COMPANY SIZE			OWNERSHIP	
		Melb'ne	Region'l Centres	Rural	Gas & Elec.	Elec. Only	1-4	5-19	20+	Owned	Lease / Rent
Base	501	301	100	100	202	299	248	196	57	261	231
	%	%	%	%	%	%	%	%	%	%	%
TOTAL: Likely	**19**	**19**	**20**	**18**	**25**	**15**	**20**	**16**	**22**	**18**	**21**
Very likely	9	9	11	7	12	7	9	9	9	7	11
Somewhat likely	10	10	9	11	14	8	11	8	12	10	10
Somewhat unlikely	25	23	28	29	20	28	23	28	27	25	25
TOTAL: Unlikely	**77**	**76**	**78**	**79**	**69**	**81**	**76**	**79**	**72**	**77**	**75**
Very unlikely	52	52	50	50	49	53	52	51	45	52	51
Depends	4	5	2	3	5	4	4	4	6	5	3

3.5.2 Switching intention

Chart 26 shows net switching intention (both electricity and/or gas) in comparison with the situation in 2002 and 2004. After a decrease in the proportion of customers intending to switch between 2002 and 2004, switching intention has stabilised. There is still a contingent of domestic (16%) and business customers (19%) who think they may switch in the next year, however the majority has no intention to switch.

Chart 26. Likelihood to Change Retailers in next 12 months



Q25 How likely are you to change your electricity (or gas) retailer in the next 12 months? Would you say you are. . .?

Customers on market contracts are more likely to switch than those on standing offers. Domestic customers most likely to considering switching are:

- Those already on a contract (presumably they now understand the process and are confident in it);
- People aged under 70 (although the tendency decreases with increasing age);
- People living in households earning over $75,000; and
- People who own or are buying their own homes.

Table N shows more details.

Businesses that are more likely to change if they:

- Already have a contract in place; and
- Have gas and electricity connected.

The reasons for switching reflect the reasons given for entering a market contract – price, and to a lesser extent other benefits over and above price:

> *"It is a nuisance to shop around for competitive prices and I would rather avoid it, but it is necessary from a business perspective. From an energy retailer my number one concern is price and my second concern is to support things I believe in, like "Green Energy" - Business customer who has switched twice and is likely to switch in the next year.*

The reasons given by the majority of domestic customers for being unlikely to change are similar to those given by customers on standing offers, namely:

- Happy with their current retailer; and
- Too much hassle.

> *"I'm happy with the service I'm receiving. I don't like change for the sake of change" – Domestic customer on standing offer, no intention of switching.*

Some said that they are already on a contract and therefore unable to change in the time period specified as demonstrated by this quote from an in-depth interview with a domestic customer who had switched for a $150 loyalty bonus and discounts on restaurants, movies and other services:

> *"What if someone offered me the same incentives and a cheaper price? No. Because I'd have to start my loyalty period all over again. I'm not against change, but I don't seek out other offers. I've got better things to do. Anyway, they're all the same. There's three big players and they don't offer much difference. It's the same with telcos and banks. I wouldn't be interested in changing them either. However, if St George knocked on my door and said they could save me money – of course I'd switch!"*

And this business customer who is on a market contract and is not intending to switch:

> *"I haven't changed my retailer but I have consolidated by gas and electricity accounts. I was offered a 5% discount for doing this and dealing with only one retailer appealed. I don't plan to change retailer nor my bank or telecommunications provider. It's all too hard. ….I don't see much price difference between the retailers and where money is everything, particularly to a business, prices have to be matched by good service."*

3.5.2.1 What would make you switch?

The low proportion of Victorians intending to switch, even amongst those who had switched already, was investigated more fully in follow-up in-depth interviews.

Customers are resistant to change, even those who have made a change, largely on the grounds of:

- Lack of differentiation of the offerings (product, service, price); and
- Inability to see a benefit from change.

For example:

> *"I think the prices offered by the retailers are too similar. I'm more likely to shop around for banks and phones because there is a bigger range of products and prices in these services. Energy is energy, there's so little variation in what can be offered. I'm more interested in using small retailers, particularly if they are Australian owned. I like to encourage diversity in the marketplace" – Domestic customer, middle income earner, has switched once but is unlikely to do so again in next year.*

Most respondents consider the price of energy to be moderate. When asked what proportion energy costs comprised of their total household or business running costs, 57% of domestic and 40% of business customers said these costs were moderate and only 29% of domestic and 13% of business customers said they were high. The balance (12% of domestic and 45% of businesses) said energy costs were a low proportion of total costs.

Some customers thought that sizeable price increases might make them shop around or change retailers and others would be motivated by large discounts. Commonly, respondents talked about 10-20% discounts as being large enough to motivate them. However, for some the price would need to double to make them consider shopping around:

> *"If it was cheaper, I'd change. At least 10%. Power isn't much of an issue here. But I'm not going to change. No one's going to offer me 10% off. They're all the same. All they can offer me is a different letterhead at the top of my bill! So why change? I'm not getting ripped off, I've got no complaints, I'm being treated well. I like competition but that doesn't mean I'll change." Business customer – market contract, not intending to switch again.*

Service was also a motivating factor:

> *"If there was a mistake on my bill and I lost money on it. If they cut me off. It they had a connection and disconnection fee. Otherwise I wouldn't change…If my bill doubled, then I would ring them up. If I wasn't satisfied with the reason I'd change. So, basically, bad service or a negative experience would swing me." – Domestic customer who has switched but does intend to do so again in the next year.*

> *"The only time I'd make an unprompted decision to change is if they couldn't fix a blackout in the time it took to ruin all the food in the fridge. That's my limit, when the meat goes off, I get on the phone!" - Domestic customer who switched for a lower price and green energy following a telesales advance – does not intend to switch in the next year.*

Poor service experiences had also had a negative impact on some customers. Some had changed because of it and were reticent to do so again having found a supplier they were beginning to trust:

> *"I was horrifically overcharged by my previous supplier. They would not help me and they denied all knowledge of the problem when I contacted them. I wouldn't switch retailers again. People are suspicious of changing and nobody is better off with another retailer. They're all the same – they all rip you off" – Domestic customer who has switched and does not intend to do so again in next year.*

> *"I switched because of dissatisfaction with my previous retailer. I wanted to continue paying on a minimum monthly plan – but when my adult children left home they wouldn't allow this to continue. I'd also experienced poor service in other areas like a power blackout that took too long to report through the automatic voice system and a long time to fix the following day. I was very unhappy with the service I received during the changeover period. It went for approximately three months and I was unsure why I was paying some amounts to the retailer. I got a call from an overseas processing centre and had no written information about the contract and no contact number to call…Also I felt I'd been misled over the phone both in terms of how long the process would take and that I'd be able to access the account details although they were in my husband's name – this turned out not to be the case. I am very unlikely to resign my contract when it expires and I'm not willing to enter contracts with other service providers because I don't want to get locked in – it doesn't suit me. Generally I think it's a mistake to be on a contract because there is no flexibility. At my time of life service is the most important thing." – Domestic customer who has switched and does not intend to do so again in the next year.*

Others were motivated to change for other incentives and benefits:

> *"If they gave me a free plasma TV!"* – Domestic customer, standing offer.

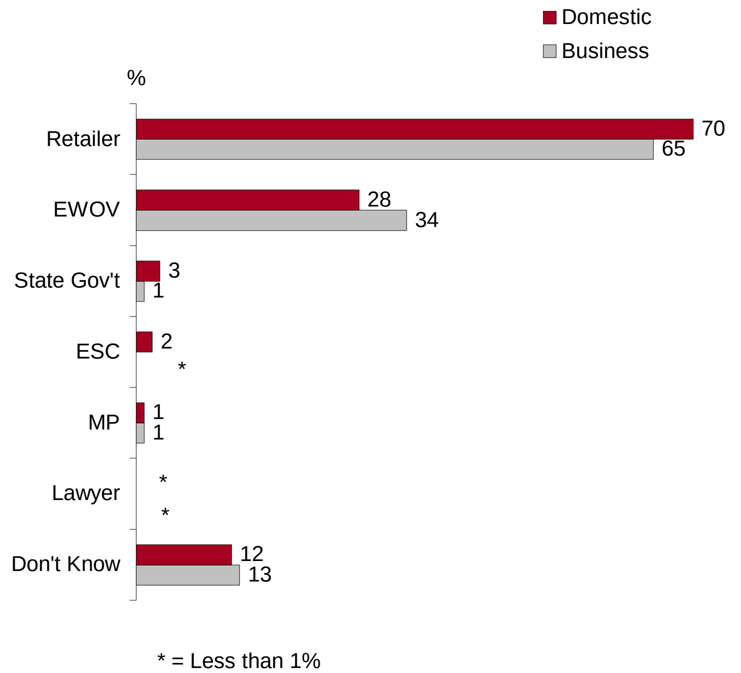
However there is a general lack of interest. In comparison with other household and business running costs, energy is generally a small component. Hence respondents took a greater interest in telco providers, banks and other services:

> *"I'm more willing to shop around for bank and phone deals as I receive more frequent bills from these companies and, I think, there's more competition. I think loyalty is important – I've been with Optus for 12 years" - Business Customer on standing offer, unlikely to switch.*

3.5.3 Where would customers go to complain about their retailer?

Chart 26 shows that business and domestic customers would act very similarly should they wish to make a complaint about their retailer. Over two thirds know to contact their retailer and about one in three named the Energy and Water Ombudsman of Victoria (EWOV). Nonetheless, multiple responses were allowed to this question and one in eight customers (12% domestic, 13% business) did not know what to do. This percentage is exactly the same as reported by the Essential Services Commission in 2004[24].

Chart 27. Organisations Customers would complain to



Q30. If you had a reason to complain about your electricity or gas retailer, who would you go to?

Those least likely to know who to complain to were domestic customers:

- aged over 70; and
- living in households earning below $50,000.

All other customers showed similar levels of understanding.

24 Essential Services Commission: Final Report to the Minister. Special Investigation: Review of Effectiveness of retail competition in gas and electricity (22 June 2004). Page 66.

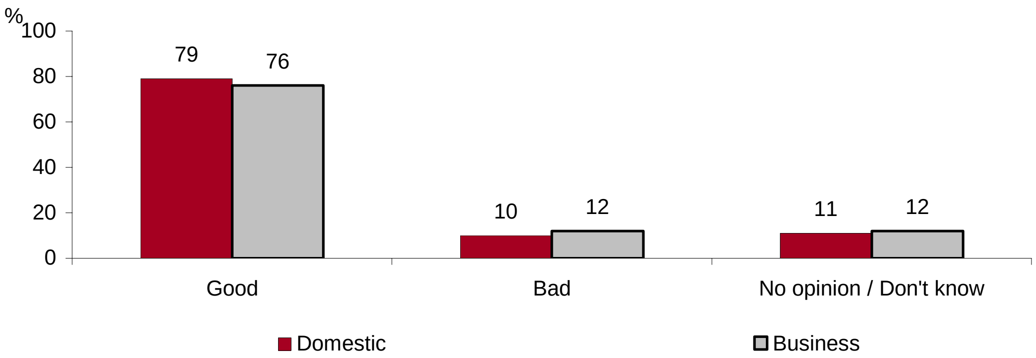
3.6 SUPPORT FOR FULL RETAIL COMPETITION

Respondents were asked their support for full retail competition by asking them whether, taking everything into account, they believed being able to choose their retailer and enter into an agreement to buy energy was good or bad. The results are shown in Chart 28.

The majority of domestic and business customers believe it is a good thing. Seventy nine percent (79%) of domestic customers thought choice was good relative to 10% who did not and 11% who offered no opinion. The results were similar for business customers.

Chart 28. Is choice good or bad?

Base: All respondents



Q24 Taking everything into account, do you believe that being able to enter an agreement to buy energy for your household/business is good or bad?

In the domestic market those most likely to think choice is good are:

- on market contracts (81% of those with contracts for electricity, gas or both);
- aged 16 – 39 (88%); and/or
- living in rented accommodation (86%).

Larger businesses employing over 20 people (95%) and those consuming the highest levels of electricity (40 – 160 MWh/pa) (87%) are the most likely to think it is good amongst the business contingent. The presence of a market contract has no effect on business' opinions.

The reasons given by those saying choice is good are the same in both segments of the market. The most common responses were:

- Competition offers more choice;
- Competition offers cheaper prices;
- Deregulation keeps the market more competitive; and
- It means you can change if dissatisfied.

Across both market segments 80% of those people who said choice was good said they were unlikely to switch retailers in the coming year. These quotes from in-depth interviews with businesses sum up their point of view:

> *"In general, I'm not against change – but not for change's sake. I like competition. I hate monopolies. That's why I left Telstra" – business customer switched once three years ago and does not intend to switch again.*

> *"Energy deregulation has had no particular benefit for my business, but I believe it is beneficial to the broader community" – business customer on standing offer.*

> *I believe that deregulation has been harmful and has only created wealth for companies. Service standards have dropped and bills have risen" – Domestic customer on standing offer.*

Around 10% of domestic customers and 12% of businesses considered choice to be bad. Domestic customers aged between 40 and 54 were the only group in either market segment that was significantly more likely to hold this view (15%).

The main concerns expressed were:

- A belief that the market should not be privatised;
- There is too much choice in general;
- It is confusing;
- There are too many retailers hassling for change;
- Deregulation forces prices up; and
- It is too much of a hassle to change.

A similar proportion of domestic (11%) and business customers (12%) offered no opinion on the question.

3.7 SUMMARY OF MARKET POSITION

The questionnaire for the consumer survey was structured to follow through a logical process of behavioural change – from being aware of the ability to choose a retailer and market contract, to the extent of contact with retailers, though decisions whether to enter into a market contract or not, the type of experience in the market and intention to continuing to be active in the marketplace. Customer attitudes to competition and confidence about particular aspects were also measured

The market has moved in the last three years, however it is motivated by actions taken by retailers rather than customers. For their part, the proportion of customers who are actively engaging in the market place, shopping around and seeking out offers is low. Even the majority of customers who have switched their retailer and have changed their arrangements thus entering a market contract are not keen to switch again.

While retailer activity has increased, this has focussed on door-knocking and telesales activity. The growing number of Australian households that have placed themselves on the Australian Communications and Media Authority's Do Not Call register is also testament to a growing number of Australians who do not want to receive telemarketing/telesales calls, meaning that it will become increasingly difficult for retailers to use this channel in future.

The key findings against the three specific objectives of this survey are as follows.

1. To gauge the extent of customers' understanding of available choice

The majority of customers know they can choose their electricity and gas retailer. A high proportion of electricity and gas customers have a market contract in place. However, a high proportion of customers are unable to name an alternative retailer to their current supplier.

2. To gauge the extent to which customers have exercised their choice and the reasons for and against this

The majority of customers have changed retailer or changed their purchasing arrangements. However, of the customers who remain on a standing offer, the. reasons for inertia seem to be underpinned by lack of interest in the market, feeling that there is little benefit in changing, or satisfaction with the current retailer. Lower price is a key reason for switching, yet most customers consider their energy costs to

represent a low or moderate proportion of household or business running costs. Nonetheless, the majority supports the principle of being able to choose retailers and the benefits that may accrue.

3. To gauge the quality of the customers' experience in the contestable market

Domestic and business customers are significantly more confident in their ability to choose an energy supplier, access the information they need to do this and in the transfer process itself than they were in 2004 – with customers with market contracts in place being more confident again in their ability. The higher proportion of customers on market contracts who say they are likely to switch suggests that the experience has served to encourage further action rather than suppress it. Their experience has generally been good as the improved ratings for elements of the process of establishing the contract suggest.

There is no evidence that retailers are discriminating against customers overtly on the grounds of age, sex, location, proficiency in English, or socio-economic standing – with the exception that people living in high income households are more likely than others to have a market contract.

In summary, a high proportion of customers are aware of their ability to choose an electricity and gas retailer and have exercised their choice to switch to market contracts. These results have trended upwards since 2004. Those with market contracts in place generally rated the switching process favourably and they are the most likely to consider switching again. There is significant evidence to suggest that activity in the market is being stimulated by retailer action through face to face contact and telemarketing activities. Customers themselves are no more motivated now than three years ago to take action of their own accord. Thus churn in the market would seem to relate to the efforts of retailers rather than the interest of customers themselves. Nonetheless, there is strong support amongst Victorian customers for the ability to choose their electricity and gas arrangements.

Appendix A

Questionnaires

AEMC
June 2007 – Assessing Full Retail Competition in the Victorian Energy Market
Domestic Consumer Questionnaire (Final)

<u>Screening and Introduction – General Public – from Electronic Directory Listings</u>

INTRO: Good morning/afternoon/evening. My name is […] from Wallis Consulting Group, a market research company. We're conducting a major **research** study on behalf of a government statutory body called the Australian Energy Market Commission into Victorians' attitudes towards competition in the electricity and gas markets. We are **not** trying to sell you anything.

Please may I speak with the **main person in this household** who makes decisions about the company you buy electricity or gas from?

WHEN PUT THROUGH REINTRODUCE AND SAY…
The survey is confidential and the information you give me will be added to the views of other Victorians and used by the Commission to complete its report to the government on competition. This is due to go to the Minister early next year. Will you take part please; it will take no more than 15 minutes? This call may be monitored for quality control purposes. Is that OK with you?

Yes 1
No .... 2 **MARK ACCORDINGLY**

(IF ASKED) If you would like to check this with the Commission, you may contact Nives Matosin on 02 8296 7834. Alternatively you can find out more about this survey from our website (www.wallisgroup.com.au)

We'd prefer that you answer all the questions, but if there are any that you don't want to answer, that's fine, just let me know.

IF RESPONDENT ASKS ABOUT SAMPLE SOURCE – SAY:

Your telephone number has been chosen at random from an electronic copy of the White

TERMINATE SUITABLY IF RESPONDENT DOES NOT WANT TO PARTICIPATE.

<u>SCREENING SECTION</u>

For this survey, please answer only in terms of the location where you live.

S1. We need to interview certain types of people for this study. Do you or does anyone at that location work for… **(READ OUT)**

A gas company 1
An advertising company 2
An Electricity company 3
In Energy Policy or Energy Regulation 4
In Market Research 5
None of these 6

IF 1-5 CLOSE SUITABLY

ASK ALL

S2 Do you have mains gas connected to your home?

Yes 1
No...2
(Unsure) 3

Domestic Customer Quotas– Assuming Location and income

S3. Location (NOT ASKED)

Melbourne 500
Other urban 200
Regional and rural..300

S4. To make sure I speak to Victorians from all walks of life, could I ask you whether your household income before tax would be roughly …**(READ OUT)**? (A very rough estimate will do)

Less than $25,000... 1
$25,000 - $50,000... 2
$50,000 - $75,000... 3
More than $75,000.. 4
(Refused) .... 5 **Terminate**

CHECK QUOTAS

START MAIN QUESTIONNAIRE
ASK ALL
Awareness

I'm going to start by asking you a few questions about competition in the electricity and gas markets.

Q1. From January **2002** all households and businesses in Victoria have been able to choose the company they buy electricity from. Were you aware of this?

Yes..1
No 2
(Don't know)....................................3
(Refused)..4

Q2. And from October **2002**, they have also been able to choose the company they buy gas from. Were you aware of this?

Yes..1
No 2
(Don't know)....................................3
(Refused)..4

Contact and Offers

Now I'm going to ask you some questions about the electricity and gas companies you know about and have had contact with recently.

Q3. Which company do you buy electricity from at the moment? **(SINGLE RESPONSE)**

Q4. And which **other companies** do you think you **could buy** electricity from?
Any others? **(ACCEPT MULTIPLES)**

(DO NOT READ OUT)

	Q3	Q4
AGL	1	1
Australian Power and Gas	2	2
Click Energy	3	3
Country Energy	4	4
Energy Australia	5	5
JackGreen	6	6
Momentum Energy	7	7
Neighbourhood Energy	8	8
Origin Energy	9	9
Powerdirect	10	10
Red Energy	11	11
TRUenergy	12	12
Victoria electricity	13	13
Other (specify)	14	14
(Don't know)	15	15

GAS CUSTOMERS ONLY
(Ask Q5 if code 1-'Yes' at S2 – Gas customers. All others go to Q7)

Q5. Which company do you buy gas from at the moment? **(SINGLE RESPONSE)**

Q6. And which **other companies** do you think you **could buy** gas from?
Any others? **(ACCEPT MULTIPLES)**

(DO NOT READ OUT)

	Q5	Q6
AGL	1	1
Australian Power and Gas	2	2
Click Energy	3	3
Country Energy	4	4
Energy Australia	5	5
JackGreen	6	6
Momentum Energy	7	7
Neighbourhood Energy	8	8
Origin Energy	9	9
Powerdirect	10	10
Red Energy	11	11
TRUenergy	12	12
Victoria electricity	13	13
Other (specify)	14	14
(Don't know)	15	15

ASK ALL

Q7. Have **ANY** electricity companies, including your existing retailer, approached you in an effort to sell you electricity?

Yes 1
No... 2

(If Q7=1, ask Q7a. All others go to Q8)

Q7a. Thinking about the **LAST** company that contacted you, how did they do this? Was it by… (READ OUT)?

Mail... 1
Telephone 2
By visiting you personally... 3
e-Mail.. 4
Other (DO NOT READ) Specify... 5
Don't know/Can't remember (DO NOT READ).. 6

(If S2-Gas connected, ask Q8. All others go to Q9)

Q8. Have **ANY** gas companies, including your existing retailer, approached you in an effort to sell you gas?

Yes 1
No..2

(If Q8=1, ask Q8a. All others go to Q9)

Q8a. Thinking about the **LAST** company that contacted you, how did they do this? Was it by… (READ OUT)?

Mail... 1
Telephone 2
By visiting you personally... 3
e-Mail.. 4
Other (DO NOT READ) Specify... 5
Don't know/Can't remember (DO NOT READ).. 6

ASK ALL

Q9. Have you approached any companies to ask about buying your electricity from them?

Yes 1
No..2

(If Q9=1, ask Q9a. All others go to Q10)

Q9a. Thinking about the **LAST** electricity retailer that you contacted you, how did you do this? Was it by… (READ OUT)?

Mail... 1
Telephone 2
By visiting their offices.. 3
Visiting their website/e-mail query 4
Other (DO NOT READ) Specify... 5
Don't know/Can't remember (DO NOT READ).. 6

(If S2-Gas connected, ask Q10. All others go to Q11)

Q10. Have you approached any companies to ask about buying your gas from them?

Yes 1
No..2

(If Q10=1, ask Q19a. All others go to Q11)

Q10a. Thinking about the **LAST** gas retailer that you contacted, how did you do this? Was it by… (READ OUT)?

Mail.. 1
Telephone 2
By visiting their offices.. 3
Visiting their website/e-mail query 4
Other (DO NOT READ) Specify.. 5
Don't know/Can't remember (DO NOT READ).. 6

PEOPLE WHO MADE CONTACT OR WERE CONTACTED WITH AN OFFER

(If 'Yes' at Q7, Q8, Q9 or Q10 ASK Q11.)

Q11. Did any of them … (READ OUT)?

Refuse you an offer....................1
Make you an offer 2
Don't know 3

(If code 1 – 'Yes' at Q11, ask Q11a)

Q11a. What reasons were you given for not being made an offer?
(**PROBE FULLY**)

(If 'Yes' at Q7, Q8, Q9 or Q10 AND Code 2 at Q11)

Q12. Thinking about the offer or offers you received, I'd like you to rate three things about them. Please use a scale from 1 to 10 where 1 is **'poor"** and 10 is **'excellent**. How would you rate…?

	Rating
How easy it was to compare the offers to what you already had in place	
How easy it was to understand the offers made	
How well it matched your needs	

Q13. And in comparison to a couple of years ago, do you agree or disagree that …..?

	Agree	**Disagree**	**No Change**	**Don't know**
The offers are easier to understand now	1	2	3	4
There is a greater variety of offers available now	1	2	3	4
The offers suit your needs better than they used to	1	2	3	4

ASK ALL

Q13a And what sorts of things are you aware of that electricity and gas retailers offer customers in order to get them to agree to buy electricity and gas from them?
(**PROBE FULLY**)

Q14. Have you changed the company that sells electricity to your home since January 2002?

Yes 1
No 2
(Don't know) 3

(If Q14 is code 1, ask Q14a. Others to 14c)
Q14a. Did you change electricity companies because you moved to another home premises?

Yes 1
No 2
(Don't know) 3

Q14b. In total, how many times have you switched your electricity retailer since January 2002? **(WRITE IN)**

____

Q14c. Have you changed anything about the way *(say electricity retailer from Q3)* sells electricity to your home? (CLARIFY – have you agreed to pay different rates, buy a different type of electricity, been given a gift or incentive to agree to be supplied electricity by them etc)

Yes 1
No 2
(Don't know) 3

PEOPLE WITH GAS CONNECTED
(ASK IF S2= 1, GAS CONNECTED)
Q15. Have you changed the company that sells gas to your home since October 2002?

Yes 1
No 2
(Don't know) 3

(If Q15 is code 1, ask Q15a. All others go to Q15c)
Q15a. Did you change electricity companies because you moved to another home premises?

Yes 1
No 2
(Don't know) 3

Q15b. In total, how many times have you switched your electricity retailer since October 2002? **(WRITE IN)**

____

Q15c. Have you changed anything about the way *(say gas retailer from Q5)* sells gas to your home? (CLARIFY – have you agreed to pay different rates, buy a different type of electricity, been given a gift or incentive to agree to be supplied electricity by them etc)

Yes 1
No 2
(Don't know) 3

PEOPLE WITHOUT AN AGREEMENT

Q14=2 and Q14C=2 – 'Do not have a market contract for electricity ask Q17.)

Q17. Why haven't you entered an agreement or contract with *(say electricity retailer from Q3)* for the supply of electricity to your home?

Contracts for property lease/energy differ in length..........1
It would cost more..........2
I don't like signing contracts for essential services..........3
Couldn't be bothered..........4
Just stayed with the same retailer..........5
Other (Specify………………….)..........6
(Don't know)..........7

Q15=2 and Q15C=2 – 'Do not have a market contract for gas ask Q17a.)

Q17a. Why haven't you entered an agreement or contract with *(say gas retailer from Q5)* for the supply of gas to your home?

Contracts for property lease/energy differ in length..........1
It would cost more..........2
I don't like signing contracts for essential services..........3
Couldn't be bothered..........4
Just stayed with the same retailer..........5
Other (Specify………………….)..........6
(Don't know)..........7

(ASK ALL – noting word change if electricity and gas from same retailier)

Q18. What were the main reasons for buying electricity/electricity and gas from *(say electricity/gas retailer from Q3/Q5)*?

(DO NOT READ OUT)

I received good service from them..........1
Lower prices immediately..........2
For bonus points/Loyalty rewards..........3
I'm a shareholder..........4
I know someone who works for the company..........5
They explained everything to me..........6
Guaranteed price for a set period..........7
I am happy with my current retailer..........8
My current retailer understands my energy needs..........9
Gets cheaper the longer I stay with them..........10
Could bring gas and electricity together..........11
Saw their ads/ liked them..........12
Offers green energy..........13
Is an Australian company..........14
Is a multi-national company..........15
I was presented with an offer..........16
For the free gift that was offered **(SPECIFY)**..........17
They were the local retailer..........18
Other (**SPECIFY**)..........19
(No answer / None)..........20

Q18a. In order to set up the arrangements to buy electricity/electricity and gas from *(say electricity/gas retailer from Q3/Q5)*, did ….(READ OUT)?

The retailer contact you first or..........1
Did you contact the retailer..........2
Did nothing it just happened..........3
Can't remember (DO NOT READ)..........4
(Don't know)..........5

(If contact made Q18a=1 or 2 ask Q18b)

Q18b. How did they/you do this? Was it by… (READ OUT)?

Mail.. 1
Telephone 2
By visiting you personally.. 3
e-Mail... 4
Other (DO NOT READ) Specify.. 5
Don't know/Can't remember (DO NOT READ)... 6

(If gas connected and electricity and gas with different retailers -Q3≠Q5)

Q19. What were the main reasons for buying gas from (*(say gas retailer from Q5)*?

(DO NOT READ OUT)

I received good service from them... 1
Lower prices immediately.. 2
For bonus points/Loyalty rewards 3
I'm a shareholder 4
I know someone who works for the company.. 5
They explained everything to me 6
Guaranteed price for a set period 7
I am happy with my current retailer... 8
My current retailer understands my energy needs 9
Gets cheaper the longer I stay with them 10
Could bring gas and electricity together.. 11
Saw their ads/ liked them 12
Offers green energy 13
Is an Australian company.. 14
Is a multi-national company 15
I was presented with an offer 16
For the free gift that was offered **(SPECIFY)** 17
Other (**SPECIFY**) 18
(No answer / None).. 19

Q19a. In order to set up the arrangements, to buy gas from *(say electricity/gas retailer from Q5)*, did ….(READ OUT)?

The retailer contact you first or 1
Did you contact the retailer 2
Did nothing it just happened (DO NOT READ).................3
Can't remember (DO NOT READ)...................................4
(Don't know)..5

(If contact made Q19a=1 or 2 ask Q19b)

Q19b. How did they/you do this? Was it by… (READ OUT)?

Mail.. 1
Telephone 2
By visiting you personally.. 3
e-Mail... 4
Other (DO NOT READ) Specify.. 5
Don't know/Can't remember (DO NOT READ)... 6

NON SWITCHERS
ASK IF Q14 =2
Q20 Why didn't you switch to another electricity retailer?

(DO NOT READ OUT)

Not worth the effort	1
Don't know how to contact them	2
I'm a shareholder	3
I/family member works for them	4
I couldn't be bothered changing	4
I like the company	6
Don't trust new retailers	7
They are always changing their name anyway	8
Other (**SPECIFY)**	9
Don't know/no answer	10

ASK IF GAS CONNECTED AND Q15 =2
Q20a Why didn't you switch to another gas retailer?

(DO NOT READ OUT)

Not worth the effort	1
Don't know how to contact them	2
I'm a shareholder	3
I/family member works for them	4
I couldn't be bothered changing	4
I like the company	6
Don't trust new retailers	7
They are always changing their name anyway	8
Other (**SPECIFY)**	9
Don't know/no answer	10

ASK ALL
Q21. Which sources of information if any did you use to help you decide to buy energy from *(say electricity retailer from Q3/Q5)*?
Q21a Which **one** of these was the most helpful

....	22	22a
TV	1	1
Radio	2	2
Retailers	3	3
ESC/Office of the Regulator General	4	4
(State) government	5	5
Local Council	6	6
Got something in the mail	7	7
Internet	8	8
Library	9	9
Saw something in my bill	10	10
Newspapers/magazines	11	11
Someone came to my door	12	12
Someone phoned me	13	13
Friends/colleagues	14	14
None / no reason	15	15
Other (Specify……………)	16	16
Don't know	17	17

ASK IF GAS CONNECTED and S3≠S5

Q21b. Which sources of information if any did you use to help you decide to buy gas from *(say gas retailer from Q5)*?

Q21c Which **one** of these was the most helpful

....	22c	22d
TV	1	1
Radio	2	2
Retailers	3	3
ESC/Office of the Regulator General	4	4
(State) government	5	5
Local Council	6	6
Got something in the mail	7	7
Internet	8	8
Library	9	9
Saw something in my bill	10	10
Newspapers/magazines	11	11
Someone came to my door	12	12
Someone phoned me	13	13
Friends/colleagues	14	14
Other (Specify……………)	15	15
Don't know	16	16

ASK ALL

Q22. I'd like you to think about the agreement you have for buying electricity (electricity and gas) and I'd like you to rate three things about it. Please use a scale of 1 to 10 where 10 means 'excellent' and 1 means 'poor'? How would you rate. . .(READ OUT)?

RANDOM/ROTATE	Rating
The length of time it took to get your agreement in place	
How easy it was to organise the agreement	
The extent to which the agreement has met your expectations	

Q22a. You rated the extent to which your agreement has met your expectations (RATING FROM PART C OF Q22), why did you give it that rating?

ASK IF GAS CONNECTED

Q23. And for your agreement to buy gas. How would you rate. . .(READ OUT)? (Please use the same scale , where 10 means 'excellent' and 1 means 'poor'

RANDOM/ROTATE	Rating
The length of time it took to get your contract / agreement in place	
How easy it was to organise the contract / agreement	
The extent to which the agreement has met your expectations	

Q23a. You rated the extent to which your agreement has met your expectations (RATING FROM PART C OF Q23), why did you give it that rating?

ASK ALL

Q24. Taking everything into account, do you believe that being able to choose your retailer and enter an agreement to buy energy for your household is good or bad …?

Good.. 1
Bad.. 2
No opinion (DO NOT READ) 3
Don't know 4

(If Q24 is codes 1 or 2 ask Q24a. All others go to Q25)

Q24a. Why is this?

ASK ALL

Q25. How likely are you to change your electricity retailer in the next 12 months? Would you say you are..**(READ OUT)**

Very likely.. 1
Somewhat likely 2
Somewhat unlikely 3
Very unlikely.. 4
Depends [**DO NOT READ**] 5

Q25a. Why is this?

Need more information... 1
Costs and prices offered 2
Benefits offered over and above price 3
Already on a contract 4
I'm happy with my current retailer 5
Too much hassle... 6
Other (**SPECIFY)** 7

(If gas connected and electricity and gas with different retailers -Q3≠Q5)

Q25X. How likely are you to change your gas retailer in the next 12 months? Would you say you are..**(READ OUT)**

Very likely.. 1
Somewhat likely 2
Somewhat unlikely 3
Very unlikely.. 4
Depends [**DO NOT READ**] 5

Q25AX. Why is this?

Need more information... 1
Costs and prices offered 2
Benefits offered over and above price 3
Already on a contract 4
I'm happy with my current retailer 5
Too much hassle... 6
Other (**SPECIFY)** 7

(If Q25a OR Q25AX is code 1 – Need more information, ask Q25b)

Q25b What type of information do you need? (PROBE FOR SERVICE, PRICE, ABOUT THE COMPANIES, ETC)

Summary of Opinions on FRC

Now I'd like to ask you a few questions about your feelings towards competition in the electricity and gas markets in Victoria.

Q28. Using a scale of 1 to 10, where 1 means **"not at all confident"** and 10 means **"extremely confident"**, how confident would you say you are in being able to choose your electricity (or gas) retailer?

Not at all confident 1
....2
....3
....4
....5
....6
....7
....8
....9
Extremely confident....................10

Q28a. And how about your confidence in being able to access the information you need. Please use the same scale (IF NECESSARY 1 to 10, where 1 means **"not at all confident"** and 10 means **"extremely confident")**?

Not at all confident 1
....2
....3
....4
....5
....6
....7
....8
....9
Extremely confident....................10

Q28b. How confident are you about the process of transferring from your current supplier to another supplier. Again please use a scale of 1 to 10 (IF NECESSARY 1 means **"not at all confident"** and 10 means **"extremely confident")**?

Not at all confident 1
....2
....3
....4
....5
....6
....7
....8
....9
Extremely confident....................10

(If gave a rating of 6 or less at Q28a - b, ask Q29. All others go to Q30)

Q29. What would make you feel more confident? (**PROBE FULLY**)
(**INTERVIEWER NOTE:** IF RESPONDENT SAYS "MORE INFORMATION", PLEASE FIND OUT MORE OF WHAT – IS IT SERVICE, PRICE, ABOUT THE COMPANIES, ETC)
(DO NOT READ OUT)

Better service 1
Lower costs 2
Information that is easy to understand.....................................3
Information on costs and prices 4
Information about the services provided...................................5
Information about the switching process...................................6
Image or reputation of the retailers 7
Knowing it is easy to change 8
Government regulation and monitoring.....................................9
Nothing 10
Other **(specify)** 11

Problems and Complaints

I just have a quick question to ask you about dealing with complaints and problems.

Q30 If you had a reason to complain **about** your electricity or gas retailer, who would you go to? (DO NOT PROMPT)

Retailer/Supplier... 1
Energy and Water Ombudsman Vic (EWOV)............ 2
State Government 3
MP... 4
Lawyer... 5
Other (**specify**………).. 6
(Don't know).. 7

Demographics - domestic

Finally, just a few more questions to help us analyse the results of the survey.

D1. Which of the following age groups do you fall into…? **(READ OUT)**

16 – 18 1
19 – 24 2
25 – 39 3
40 – 54 4
55 – 70 5
Over 70 6
(Refused) 7

D2. What is the highest level of education you have completed? **(DO NOT READ OUT)**

Primary... 1
Secondary... 2
Trade.. 3
Tertiary or higher.. 4
(Refused) 5

D3. Are you currently…**(READ OUT - ACCEPT MULTIPLES)**

Working full time.. 1
Working part time.. 2
Studying full time... 3
Studying part time 4
Undertaking home duties 5
Retired... 6
Unemployed and looking for work, or 7
Something else (**SPECIFY**) 8

(If D3 is code 1 or 2 – 'Working', ask D4. All others go to D5)
D4. What is your main occupation?

(**RECORD VERBATIM** ___________________________)

D5. How often do you pay your electricity bills?

Every quarter.. 1
Every month 2
With a payment book when I can 3
Other (specify).. 4

D6. Approximately what is your average electricity bill? Would you say that it would be...(**READ OUT**)

[**Interviewer Note**: Most customers receive bills quarterly, some receive monthly bills. Please calculate back to a **quarterly** figure. We are interested in regular bills not total annual spend]

Under $250 (0-5 MWh) 1
$251 - $625 (5-12 MWh)..2
$626 - $1,900 (12-40 MWh)...3
Over $1,900 (40 + MWh) 4
(Don't Know) 5

(If code 1 – Yes gas connected at S2, ask D7.)
D7. How often do you pay your gas bill?

Every month 1
Every two months.. 2
Quarterly 3
With a payment book when I can 4
Other (specify).. 5
Don't Know... 6

IF gas and electricity supplied by same company (Q3= Q5)`

D7a Do you receive a single bill with electricity and gas on it together?

Yes one bill for both 1
No two bills one for each............................... 2
Don't know 3

D8. And what would your average gas bill be? Would you say that it would be...(**READ OUT**) [Interviewer Note: Most customers received gas bills every two months, some receive monthly bills. Please calculate back to a **two-monthly** figure. We are interested in the regular bill, not total spend per annum.]

Under $150 (<60 GJ) 1
$151 - $350 (60 – 150 GJ)..2
Over $350 (>150 GJ) 3
(Don't Know) 4

D9. Do you have any other sources of energy except electricity and gas in your home that could provide heating, lighting, cooling or cooking facilities?

Yes 1
No... 2
(Unsure) 3

D10. Thinking of all the costs associated with running this household, do you think your electricity (and gas) bills account for a high, low or moderate proportion of the total costs?

High..1
Low...2
Moderate 3
(Don't know) 4

D11. Do you pay the energy concession rate or the full rate shown on the bill?

Energy Concession Rate 1
Full Rate.. 2
(Don't know) - (ask them to check their last bill)........ 3

D12. Is the place you are living in. . .**(READ OUT)**?

Rented.. 1
Owned or being purchased by you .... 2 **(GO TO D13)**
(Don't know/Refused).................................... 3 **(GO TO D13)**

D12a. Is that public housing? [Formerly referred to as housing commission]

Yes 1
No... 2
(Don't know) 3

D13. Do you have easy access to the internet?

Yes 1
No...2
(Don't know/Refused) 3

D14. Were you born in Australia or overseas?

Australia ....1 **(GO TO D15)**
Overseas...................................2
(Don't know/Refused) ....3 **(GO TO D15)**

D14a How long have you lived in Australia?

Less than 5 years........................1
5 – 10 years 2
More than 10 years 3
(Refused) 4

D15. What language do you usually speak at home?

English 1
Other (**specify**…..)....................2

D16. POSTCODE – RECORDS AUTOMATICALLY

____

D17. RECORD GENDER AUTOMATICALLY

Male..1
Female 2

Thanks
Do you have any other comments you'd like to make about any of the topics we've been discussing?

Yes – (**RECORD VERBATIM ____________________________**)

Closing Statements - All

Thank you very much for your time. Your views count and on behalf of the Australian Energy Market Commission and Wallis Consulting Group, I'm very glad you made them known. In case you missed it, my name is …... We will keep your name and phone number together with your survey answers for about three weeks. After we have processed the information, we will remove your contact details and will no longer be able to identify your own responses. For quality control purposes, 10% of my work is checked. Please may I have/confirm your first name in case we need to call you back for this purpose?

We plan to conduct some more detailed interviews with some people in the next month or so. Participation is totally voluntary and confidential. We would pay you an incentive for participating. It might involve a longer telephone interview, a face to face interview in a place that is convenient to you or attending a group discussion session. May we re-contact you for this purpose?

Yes 1
No.. 2 Thank and close
Don't know .... 3 Thank and close

IF YES
We will need to keep your contact details on file for about two months for this purpose. Is that OK?

CONTACT DETAILS:

If you have any queries you can call the Australian Market and Social Research Society's free survey line on 1300 364 830.

Screening and Introduction – General Public – from Electronic Directory Listings

INTRO: Good morning/afternoon/evening. My name is […] from Wallis Consulting Group, a market research company. We're conducting a major **research** study on behalf of a government statutory body called the Australian Energy Market Commission into Victorians' attitudes towards competition in the electricity and gas markets. We are **not** trying to sell you anything.

Please may I speak with the **main person in this business** who makes decisions about the company you buy electricity or gas from?

WHEN PUT THROUGH REINTRODUCE AND SAY…
The survey is confidential and the information you give me will be added to the views of other Victorians and used by the Commission to complete its report to the government on competition. This is due to go to the Minister early next year. Will you take part please; it will take no more than 15 minutes? This call may be monitored for quality control purposes. Is that OK with you?

Yes 1
No... 2 **MARK ACCORDINGLY**

(IF ASKED) If you would like to check this with the Commission, you may contact Nives Matosin on 02 8296 7834). Alternatively you can find out more about this survey from our website (www.wallisgroup.com.au)

We'd prefer that you answer all the questions, but if there are any that you don't want to answer, that's fine, just let me know.

IF RESPONDENT ASKS ABOUT SAMPLE SOURCE – SAY:

Your telephone number has been chosen at random from an electronic copy of the Yellow Pages.

TERMINATE SUITABLY IF RESPONDENT DOES NOT WANT TO PARTICIPATE.

SCREENING SECTION

For this survey, please answer only in terms of the location where your business is located.

S1. We need to interview certain types of people for this study. Do you or does anyone at that location work for… **(READ OUT)**

A gas company 1
An advertising company 2
An Electricity company 3
In Energy Policy or Energy Regulation............ 4
In Market Research 5
None of these 6

IF 1-5 CLOSE SUITABLY

ASK ALL

S2 Do you have mains gas connected to your business?

Yes 1
No...2
(Unsure) 3

Business Customer Quotas– assuming location and relative importance of energy spend
ELECTRICITY SPEND

S3. Location (NOT ASKED)

Melbourne 300
Other urban 100
Regional and rural...100

S4. How often do you pay your electricity bills?

Every quarter.. 1
Every month 2
With a payment book when I can 3
Other (specify)... 4

S5. Approximately what is your average electricity bill? Would you say that it would be...(**READ OUT**)

[Interviewer: Note most business customers receive bills monthly. Check that this is the case as quotas are worked out on this basis]

0 - $200 (0 – 15MWh pa) 1
$200 -$500 (15 – 40MWh pa) 2
$500 - $1,000 (40 – 80MWh pa) 3
$1,000 - $1,700 (80 – 160MWh pa) 4
$1,700 or more (>160MWh pa)..................... 5
(Don't Know) 6

GAS SPEND

(If code S2=1 Yes gas connected at S2, ask S6, others to S8)

S6. How often do you pay your gas bill?

Every month 1
Every two months.. 2
With a payment book when I can 3
Every quarter (DO NOT READ).................... 4
Other (specify)... 5

S7. And what would your average gas bill be? Would you say that it would be...(**READ OUT**)

[Interviewer: Note most customers receive gas bills monthly, check this is the case as quotas are worked out on this basis]

Under $120 (<150 GJ) 1
$121 - $625 (151 – 1,000 GJ)...2
$626 - $830 (1,000 – 10,000 GJ)....................................3
Over $830 (>10,000 GJ) 4
(Don't Know) 5

ASK IF GAS AND ELECTRICITY

S8. Do you receive separate bills for gas and electricity?

Yes 1
No..2
(Don't know) 3

S9. Thinking of **all** the costs associated with running this business, do you think your energy bills account for a high, low or moderate proportion of the total costs?

High 1
Low...2
Moderate 3
(Don't know) 4

CHECK QUOTAS

START MAIN QUESTIONNAIRE
ASK ALL
Awareness

I'm going to start by asking you a few questions about competition in the electricity and gas markets.

Q1. From January **2002** all households and businesses in Victoria have been able to choose the company they buy electricity from. Were you aware of this?

Yes...1
No 2
(Don't know)...................................3
(Refused) 4

Q2. And from October **2002**, they have also been able to choose the company they buy gas from. Were you aware of this?

Yes...1
No 2
(Don't know)...................................3
(Refused) 4

Contact and Offers

Now I'm going to ask you some questions about the electricity and gas companies you know about and have had contact with recently.

Q3. Which company do you buy electricity from at the moment? **(SINGLE RESPONSE)**

Q4. And which **other companies** do you think you **could buy** electricity from?
Any others? **(ACCEPT MULTIPLES)**

(DO NOT READ OUT)

	Q3	Q4
AGL	1	1
Australian Power and Gas	2	2
Click Energy	3	3
Country Energy	4	4
Energy Australia	5	5
JackGreen	6	6
Momentum Energy	7	7
Neighbourhood Energy	8	8
Origin Energy	9	9
Powerdirect	10	10
Red Energy	11	11
TRUenergy	12	12
Victoria electricity	13	13
Other (specify)	14	14
(Don't know)	15	15

GAS CUSTOMERS ONLY
(Ask Q5 if code 1-'Yes' at S2 – Gas customers. All others go to Q7)

Q5. Which company do you buy gas from at the moment? **(SINGLE RESPONSE)**

Q6. And which **other companies** do you think you **could buy** gas from?
Any others? **(ACCEPT MULTIPLES)**

(DO NOT READ OUT)

	Q5	Q6
AGL	1	1
Australian Power and Gas	2	2
Click Energy	3	3
Country Energy	4	4
Energy Australia	5	5
JackGreen	6	6
Momentum Energy	7	7
Neighbourhood Energy	8	8
Origin Energy	9	9
Powerdirect	10	10
Red Energy	11	11
TRUenergy	12	12
Victoria electricity	13	13
Other (specify)	14	14
(Don't know)	15	15

ASK ALL

Q7. Have **ANY** electricity companies, including your existing retailer, approached you in an effort to sell you electricity?

Yes 1
No 2

(If Q7=1, ask Q7a. All others go to Q8)

Q7a. Thinking about the **LAST** company that contacted you, how did they do this? Was it by… (READ OUT)?

Mail 1
Telephone 2
By visiting you personally 3
e-Mail 4
Other (DO NOT READ) Specify 5
Don't know/Can't remember (DO NOT READ) 6

(If S2-Gas connected, ask Q8. All others go to Q9)

Q8. Have **ANY** gas companies, including your existing retailer, approached you in an effort to sell you gas?

Yes 1
No 2

(If Q8=1, ask Q8a. All others go to Q9)

Q8a. Thinking about the **LAST** company that contacted you, how did they do this? Was it by… (READ OUT)?

Mail 1
Telephone 2
By visiting you personally 3
e-Mail 4
Other (DO NOT READ) Specify 5
Don't know/Can't remember (DO NOT READ) 6

ASK ALL

Q9. Have you approached any companies to ask about buying your electricity from them?

Yes 1
No 2

(If Q9=1, ask Q9a. All others go to Q10)

Q9a. Thinking about the **LAST** electricity retailer that you contacted you, how did you do this? Was it by… (READ OUT)?

Mail 1
Telephone 2
By visiting their offices 3
Visiting their website/e-mail query 4
Other (DO NOT READ) Specify 5
Don't know/Can't remember (DO NOT READ) 6

(If S2-Gas connected, ask Q10. All others go to Q11)

Q10. Have you approached any companies to ask about buying your gas from them?

Yes 1
No 2

(If Q10=1, ask Q10a. All others go to Q11)

Q10a. Thinking about the **LAST** gas retailer that you contacted, how did you do this? Was it by… (READ OUT)?

Mail.. 1
Telephone 2
By visiting their offices.............................. 3
Visiting their website/e-mail query 4
Other (DO NOT READ) Specify................. 5
Don't know/Can't remember (DO NOT READ)........ 6

PEOPLE WHO MADE CONTACT OR WERE CONTACTED WITH AN OFFER

(If 'Yes' at Q7, Q8, Q9 or Q10 ASK Q11)

Q11. Did any of them…(READ OUT)?

Refuse you an offer....................1
Make you an offer 2
Don't know 3

(If code 1 – 'Yes' at Q11, ask Q11a.)

Q11a. What reasons were you given for not being made an offer?
(**PROBE FULLY**)

(If 'Yes' at Q7, Q8, Q9 or Q10 ASK Q11 AND made an offer – Q11 code 1)

Q12. Thinking about the offer or offers you received, I'd like you to rate three things about them. Please use a scale from 1 to 10 where 1 is **'poor"** and 10 is **'excellent**. How would you rate…?

	Rating
How easy it was to compare the offers to what you already had in place	
How easy it was to understand the offers made	
How well it matched your needs	

Q13. And in comparison to a couple of years ago, do you agree or disagree that …..?

	Agree	**Disagree**	**No Change**	**Don't know**
The offers are easier to understand now	1	2	3	4
There is a greater variety of offers available now	1	2	3	4
The offers suit your needs better than they used to	1	2	3	4

ASK ALL

Q13a What sorts of things are you aware of that electricity and gas retailers offer customers in order to get them to agree to buy electricity and gas from them?
(**PROBE FULLY**)

Q14. Have you changed the company that sells electricity to your business since January 2002?

Yes 1
No 2
(Don't know) 3

(If Q14 is code 1, ask Q14a. All others go to Q14c)
Q14a. Did you change electricity companies because you moved to another business premises?

Yes 1
No 2
(Don't know) 3

Q14b. In total, how many times have you switched your electricity retailer since January 2002? **(WRITE IN)**

ASK ALL
Q14c. Have you changed anything about the way *(say electricity retailer from Q3)* sells electricity to your business? (CLARIFY – have you agreed to pay different rates, buy a different type of electricity, been given a gift or incentive to agree to be supplied electricity by them etc)

Yes 1
No 2
(Don't know) 3

PEOPLE WITH GAS CONNECTED
(ASK IF S2= 1, GAS CONNECTED)
Q15. Have you changed the company that sells gas to your business since October 2002?

Yes 1
No 2
(Don't know) 3

(If Q15 is code 1, ask Q15a. All others go to Q17)
Q15a. Did you change electricity companies because you moved to another business premises?

Yes 1
No 2
(Don't know) 3

Q15b. In total, how many times have you switched your electricity retailer since October 2002? **(WRITE IN)**

Q15c. Have you changed anything about the way *(say gas retailer from Q5)* sells gas to your business? (CLARIFY – have you agreed to pay different rates, buy a different type of electricity, been given a gift or incentive to agree to be supplied electricity by them etc)

Yes 1
No 2
(Don't know) 3

PEOPLE WITHOUT AN AGREEMENT

Q14=2 and Q14C=2 – 'Do not have a market contract for electricity ask Q17.)

Q17. Why haven't you entered an agreement or contract with *(say electricity retailer from Q3)* for the supply of electricity to your business?

Contracts for property lease/energy differ in length..........1
It would cost more..2
I don't like signing contracts for essential services...........3
Couldn't be bothered..4
Just stayed with the same retailer....................................5
Other (Specify………………….).......................................6
(Don't know)..7

Q15=2 and Q15C=2 – 'Do not have a market contract for gas ask Q17a.)

Q17a. Why haven't you entered an agreement or contract with *(say gas retailer from Q5)* for the supply of gas to your business?

Contracts for property lease/energy differ in length..........1
It would cost more..2
I don't like signing contracts for essential services...........3
Couldn't be bothered..4
Just stayed with the same retailer....................................5
Other (Specify………………….).......................................6
(Don't know)..7

Q18. What were the main reasons for buying electricity/electricity and gas from *(say electricity/gas retailer from Q3/Q5)*?

(DO NOT READ OUT)

I received good service from them.. 1
Lower prices immediately... 2
For bonus points/Loyalty rewards.. 3
I'm a shareholder 4
I know someone who works for the company.. 5
They explained everything to me 6
Guaranteed price for a set period 7
I am happy with my current retailer.. 8
My current retailer understands my energy needs 9
Gets cheaper the longer I stay with them 10
Could bring gas and electricity together... 11
Saw their ads/ liked them 12
Offers green energy 13
Is an Australian company... 14
Is a multi-national company 15
I was presented with an offer 16
For the free gift that was offered **(SPECIFY)** 17
Other (**SPECIFY**) 18
(No answer / None)... 19

Q18a. In order to set up the arrangements to buy electricity/electricity and gas from *(say electricity/gas retailer from Q3/Q5)*, did ….(READ OUT)?

The retailer contact you first or 1
Did you contact the retailer 2
Did nothing it just happened 3
Can't remember (DO NOT READ)....................................4
(Don't know)..5

(If contact made Q18a=1 or 2 ask Q18b)

Q18b. How did they/you do this? Was it by… (READ OUT)?

Mail.. 1
Telephone 2
By visiting you personally.. 3
e-Mail... 4
Other (DO NOT READ) Specify... 5
Don't know/Can't remember (DO NOT READ).. 6

IF GAS CONNECTED

Q19. What were the main reasons for buying gas from *(say gas retailer from Q5)*?

(DO NOT READ OUT)

I received good service from them 1
Lower prices immediately.. 2
For bonus points/Loyalty rewards 3
I'm a shareholder 4
I know someone who works for the company.. 5
They explained everything to me 6
Guaranteed price for a set period 7
I am happy with my current retailer... 8
My current retailer understands my energy needs 9
Gets cheaper the longer I stay with them 10
Could bring gas and electricity together.. 11
Saw their ads/ liked them 12
Offers green energy 13
Is an Australian company.. 14
Is a multi-national company 15
I was presented with an offer 16
For the free gift that was offered **(SPECIFY)** 17
Other (**SPECIFY**) 18
(No answer / None).. 19

Q19a. In order to set up the arrangements, to buy gas from *(say electricity/gas retailer from Q5)*, did ….(READ OUT)?

The retailer contact you first or 1
Did you contact the retailer 2
Did nothing it just happened (DO NOT READ).................3
Can't remember (DO NOT READ)...................................4
(Don't know) 5

(If contact made Q19a=1 or 2 ask Q19b)

Q19b. How did they/you do this? Was it by… (READ OUT)?

Mail.. 1
Telephone 2
By visiting you personally.. 3
e-Mail... 4
Other (DO NOT READ) Specify... 5
Don't know/Can't remember (DO NOT READ).. 6

NON SWITCHERS
ASK IF Q14 =2

Q20 Why didn't you switch to another electricity retailer?

(DO NOT READ OUT)

Not worth the effort	1
Don't know how to contact them	2
I'm a shareholder	3
I/family member works for them	4
I couldn't be bothered changing	4
I like the company	6
Don't trust new retailers	7
They are always changing their name anyway	8
Other (**SPECIFY)**	9
Don't know/no answer	10

ASK IF GAS CONNECTED AND Q15 =2

Q20a Why didn't you switch to another gas retailer?

(DO NOT READ OUT)

Not worth the effort	1
Don't know how to contact them	2
I'm a shareholder	3
I/family member works for them	4
I couldn't be bothered changing	4
I like the company	6
Don't trust new retailers	7
They are always changing their name anyway	8
Other (**SPECIFY)**	9
Don't know/no answer	10

ASK those with electricity and electricity and gas from same retailer

Q21. Which sources of information if any did you use to help you decide to buy energy from *(say electricity retailer from Q3/Q5)*?

Q21a Which **one** of these was the most helpful

....	22	22a
TV	1	1
Radio	2	2
Retailers	3	3
ESC/Office of the Regulator General	4	4
(State) government	5	5
Local Council	6	6
Got something in the mail	7	7
Internet	8	8
Library	9	9
Saw something in my bill	10	10
Newspapers/magazines	11	11
Someone came to my door	12	12
Someone phoned me	13	13
Friends/colleagues	14	14
None / no reason	15	15
Other (Specify……………)	16	16
Don't know	17	17

ASK IF GAS CONNECTED and retailer different to electricity

Q21b. Which sources of information if any did you use to help you decide to buy gas from *(say gas retailer from Q5)*?

Q21c Which **one** of these was the most helpful

....	22c	22d
TV	1	1
Radio	2	2
Retailers	3	3
ESC/Office of the Regulator General	4	4
(State) government	5	5
Local Council	6	6
Got something in the mail	7	7
Internet	8	8
Library	9	9
Saw something in my bill	10	10
Newspapers/magazines	11	11
Someone came to my door	12	12
Someone phoned me	13	13
Friends/colleagues	14	14
None / no reason	15	15
Other (Specify……………)	16	16
Don't know	17	17

ASK ALL

Q22. I'd like you to think about the agreement you have for buying electricity (electricity and gas) and I'd like you to rate three things about it. Please use a scale of 1 to 10 where 10 means 'excellent' and 1 means 'poor'? How would you rate. . .(READ OUT)?

RANDOM/ROTATE	**Rating**
The length of time it took to get your agreement in place	
How easy it was to organise the agreement	
The extent to which the agreement has met your expectations	

Q22a. You rated the extent to which your agreement has met your expectations (RATING FROM PART C OF Q22), why did you give it that rating?

ASK IF GAS CONNECTED

Q23. And for your agreement to buy gas. How would you rate. . .(READ OUT)? (Please use the same scale , where 10 means 'excellent' and 1 means 'poor'

RANDOM/ROTATE	**Rating**
The length of time it took to get your contract / agreement in place	
How easy it was to organise the contract / agreement	
The extent to which the agreement has met your expectations	

Q23a. You rated the extent to which your agreement has met your expectations (RATING FROM PART C OF Q23), why did you give it that rating?

ASK ALL

Q24. Taking everything into account, do you believe that being able to choose your retailer and enter an agreement to buy energy for your business is good or bad …?

Good.. 1
Bad.. 2
No opinion (DO NOT READ) 3
Don't know 4

(If Q24 is codes 1 or 2 ask Q24a. All others go to Q25)

Q24a. Why is this?

ASK ALL

Q25. How likely are you to change your electricity retailer in the next 12 months? Would you say you are..**(READ OUT)**

Very likely.. 1
Somewhat likely 2
Somewhat unlikely 3
Very unlikely.. 4
Depends [**DO NOT READ**] 5

Q25a. Why is this?

Need more information.. 1
Costs and prices offered 2
Benefits offered over and above price 3
Already on a contract 4
I'm happy with my current retailer 5
Too much hassle.. 6
Other (**SPECIFY)** 7

(If gas connected and electricity and gas with different retailers -Q3≠Q5)

Q25X. How likely are you to change your gas retailer in the next 12 months? Would you say you are..**(READ OUT)**

Very likely.. 1
Somewhat likely 2
Somewhat unlikely 3
Very unlikely.. 4
Depends [**DO NOT READ**] 5

Q25AX. Why is this?

Need more information.. 1
Costs and prices offered 2
Benefits offered over and above price 3
Already on a contract 4
I'm happy with my current retailer 5
Too much hassle.. 6
Other (**SPECIFY)** 7

(If Q25a OR Q25AX is code 1 – Need more information, ask Q25b)

Q25b What type of information do you need? (PROBE FOR SERVICE, PRICE, ABOUT THE COMPANIES, ETC)

Summary of Opinions on FRC

Now I'd like to ask you a few questions about your feelings towards competition in the electricity and gas markets in Victoria.

Q28. Using a scale of 1 to 10, where 1 means **"not at all confident"** and 10 means **"extremely confident"**, how confident would you say you are in being able to choose your electricity (or gas) retailer?

Not at all confident 1
....2
....3
....4
....5
....6
....7
....8
....9
Extremely confident....................10

Q28a. And how about your confidence in being able to access the information you need. Please use the same scale (IF NECESSARY 1 to 10, where 1 means **"not at all confident"** and 10 means **"extremely confident")**?

Not at all confident 1
....2
....3
....4
....5
....6
....7
....8
....9
Extremely confident....................10

Q28b. How confident are you about the process of transferring from your current supplier to another supplier. Again please use a scale of 1 to 10 (IF NECESSARY 1 means **"not at all confident"** and 10 means **"extremely confident")**?

Not at all confident 1
....2
....3
....4
....5
....6
....7
....8
....9
Extremely confident....................10

(If gave a rating of 6 or less at Q28a - b, ask Q29. All others go to Q30)

Q29. What would make you feel more confident? (**PROBE FULLY**)
(**INTERVIEWER NOTE:** IF RESPONDENT SAYS "MORE INFORMATION", PLEASE FIND OUT MORE OF WHAT – IS IT SERVICE, PRICE, ABOUT THE COMPANIES, ETC)
(DO NOT READ OUT)

Better service 1
Lower costs 2
Information that is easy to understand.......................................3
Information on costs and prices 4
Information about the services provided 5
Information about the switching process...................................6
Image or reputation of the retailers 7
Knowing it is easy to change 8
Government regulation and monitoring.....................................9
Nothing 10
Other **(specify)** 11

Problems and Complaints

I just have a quick question to ask you about dealing with complaints and problems.

Q30 If you had a reason to complain **about** your electricity or gas retailer, who would you go to? (DO NOT PROMPT)

Retailer/Supplier.. 1
Energy and Water Ombudsman Vic (EWOV)............ 2
State Government 3
MP 4
Lawyer... 5
Other (**specify**………)... 6
(Don't know)... 7

Demographics - Business

Finally, just a few more questions to help us analyse the results of the survey.

D1. How many people work at this location?

(RECORD: ______________________________)

D2. How many people work for the entire company?

(RECORD: ______________________________)

(If D1≠D2, ask D3. All others go to D4)

D3. Is the location you are speaking from Head Office or a branch or subsidiary office?

Head Office 1
Branch 2
Other (**specify**…..)... 3

D4. Does this business own, lease or rent these premises…?

Own 1
Lease 2
Rent 3
Other (**specify**…..) 4
(Don't know) 5

D5. Do you have access to the internet at this business …?

Yes 1
No 2
Don't know 3

D6 What is the main kind of business or service carried out at your location?

RECORD FULLY AS OTHER SPECIFY, UNLESS CERTAIN OF CODE
SINGLE RESPONSE:

Agriculture, forestry, fishing 1
Mining 2
Manufacturing 3
Electricity, gas and water supply 4
Construction 5
Wholesaling 6
Retailing 7
Accommodation, cafes, restaurants 8
Transport and storage 9
Communication Services 10
Finance and insurance 11
Property and business services 12
Local, state or federal government administration 13
Education 14
Health and community services 15
Cultural and recreational services 16
Personal and other services. 17
Other Specify 18

D7. POSTCODE – RECORDS AUTOMATICALLY

____

Thanks

Do you have any other comments you'd like to make about any of the topics we've been discussing?

Yes – (**RECORD VERBATIM ____________________________**)

Closing Statements - All

Thank you very much for your time. Your views count and on behalf of the Australian Energy Market Commission and Wallis Consulting Group, I'm very glad you made them known. In case you missed it, my name is …... We will keep your name and phone number together with your survey answers for about three weeks. After we have processed the information, we will remove your contact details and will no longer be able to identify your own responses. For quality control purposes, 10% of my work is checked. Please may I have/confirm your first name in case we need to call you back for this purpose?

We plan to conduct some more detailed interviews with some people in the next month or so. Participation is totally voluntary and confidential. We would pay you an incentive for participating. It might involve a longer telephone interview, a face to face interview in a place that is convenient to you or attending a group discussion session. May we re-contact you for this purpose?

Yes	1	
No	2	Thank and close
Don't know	3	Thank and close

IF YES

We will need to keep your contact details on file for about two months for this purpose. Is that OK?

CONTACT DETAILS:

If you have any queries you can call the Australian Market and Social Research Society's free survey line on 1300 364 830.

Appendix B

Discussion Guideline

WALLIS CONSULTING GROUP PTY LTD
(inc. in Victoria)
25 KING STREET MELBOURNE 3000 VICTORIA
TELEPHONE (03) 9621 1066 FAX (03) 9621 1919
A.B.N. 76 105 146 174
E-mail: wallis@wallisgroup.com.au

AEMC
Discussion Guideline WG 3325
Consumer – telephone depths

1. Introduction/ Recruitment (2 minutes)

Hello, I'm (XXXX) from Wallis Consulting Group. Please may I speak with (YYY)? When put through or as required…You/YYY kindly took part in a survey on energy for the Australian Energy Market Commission and agreed to take part in more research if needed. I'm calling to see if you'd be willing to talk in more detail about your experiences in purchasing energy and gas. The interview will take about half an hour and we'll send you a Coles gift voucher to the value of $30 as a thank you for your time and efforts. When would be a good time to talk?

2. Views towards FRC (10 minutes)

In the interview you told us that you knew that you could:

- choose your gas/electricity retailer
- that you had approached/been approached by a retailer to get an offer for purchasing gas/electricity; and
- that you had/did not have an agreement in place for an energy retailer to provide electricity/gas; and
- that you were likely/unlikely to change your retailer in the next year

Testing customer inertia

Lead in: We are interested in finding out what would make electricity and gas customers more willing to change retailers.

- I'd like you tell me how interested you are in being able to choose your electricity/gas supplier? (why?)
- How interested are you in choosing your electricity/gas retailer in comparison with:
  - Telephone company – fixed line/mobile
  - Bank
  - Insurance company

- What would make you take a greater interest/care more about choosing?
- Would you take a greater interest in choosing a retailer if the price of your electricity and gas rose significantly? What would you do?
- Would you take more interest if you were offered contracts with different types of price and payment structures/ green energy/ gas and electricity bundled together?
- Would you take a greater interest in choosing a retailer if the price for electricity depended on what time of day you used electricity (e.g. like more off-peak pricing) [trying to find out whether customers would be more engaged if prices were more innovative and varied]
  - If yes, how much information about how much energy you used would you need in order to be attracted to more varied types of pricing (i.e. real time information or information with your bill?)
- Does the fact that the Government is involved in regulating some parts of electricity and gas retailing (ie obligation to supply, prices for customers who haven't switched to a market contract) affect your level of interest in choosing a retailer?
- If you were approached by a retailer that you weren't familiar with, how interested would you be in their offer compared to retailers that you knew? Why?
  - Are you concerned about retailers going out of business when considering your supply of energy?
- Are there differences between the products offered by retailers? What happens when a new product is introduced, do you expect the others to offer it too? Why/why not? How do you respond to new product/service offerings?

Ask customers who haven't switched/don't have a contract, but do think choice is good:

- You think that choice is good, but you haven't changed your retailer. Why is this?
- Is there anything that would motivate you to change your electricity/gas retailer?

3. Service experiences – with contracts (5 minutes)

We are interested in finding out about the type of experience you had when dealing with retailers and how things could be improved.

- You said you have an agreement for the supply of electricity/gas. Please could you tell me how did you decide to enter into that agreement?
- What did you think about the information given to you or that you got in order to make your decision.
  - What was it, what was the most helpful?

- [Explore both the quantity (too much or too little) and the quality (confusing, irrelevant, useful) of information provided].

- How could information, or the way it is provided, be more helpful?
- How much effort are you willing to put into searching, shopping around and comparing the full costs and benefits of offers?
- What made you switch or change your arrangements?
- What are the positive things about your switching experience?

For those who are not happy with their arrangements:

- What is it about the agreement that does not meet your expectations?
  - If the respondent says price, then ask – Do you think the price has gone up or down and by how much. How does it compare to what they were told by the retailer.
  - Do you think you are worse off?
  - If other than price, did you understand what you were buying? If not, why was this? If you did, why didn't it live up to your expectations? (eg was it a case of being tempted by up front incentives and finding out the REAL long term cost from experience?
- Was there anything about the switching process that you were not happy about? (time it took to change over retailers?).
- How has this affected your views about being able to choose a retailer?
- What could have been done to improve your experience? Do you think it is good to be able to choose an energy retailer?

4. Switching behaviour (5 minutes)

- You said you are not likely to switch your retailer again? Why not?
- What things would make you switch?

Close and take down address details for sending incentive.

JVS – 7/8/07