

Finding a Better Deal?

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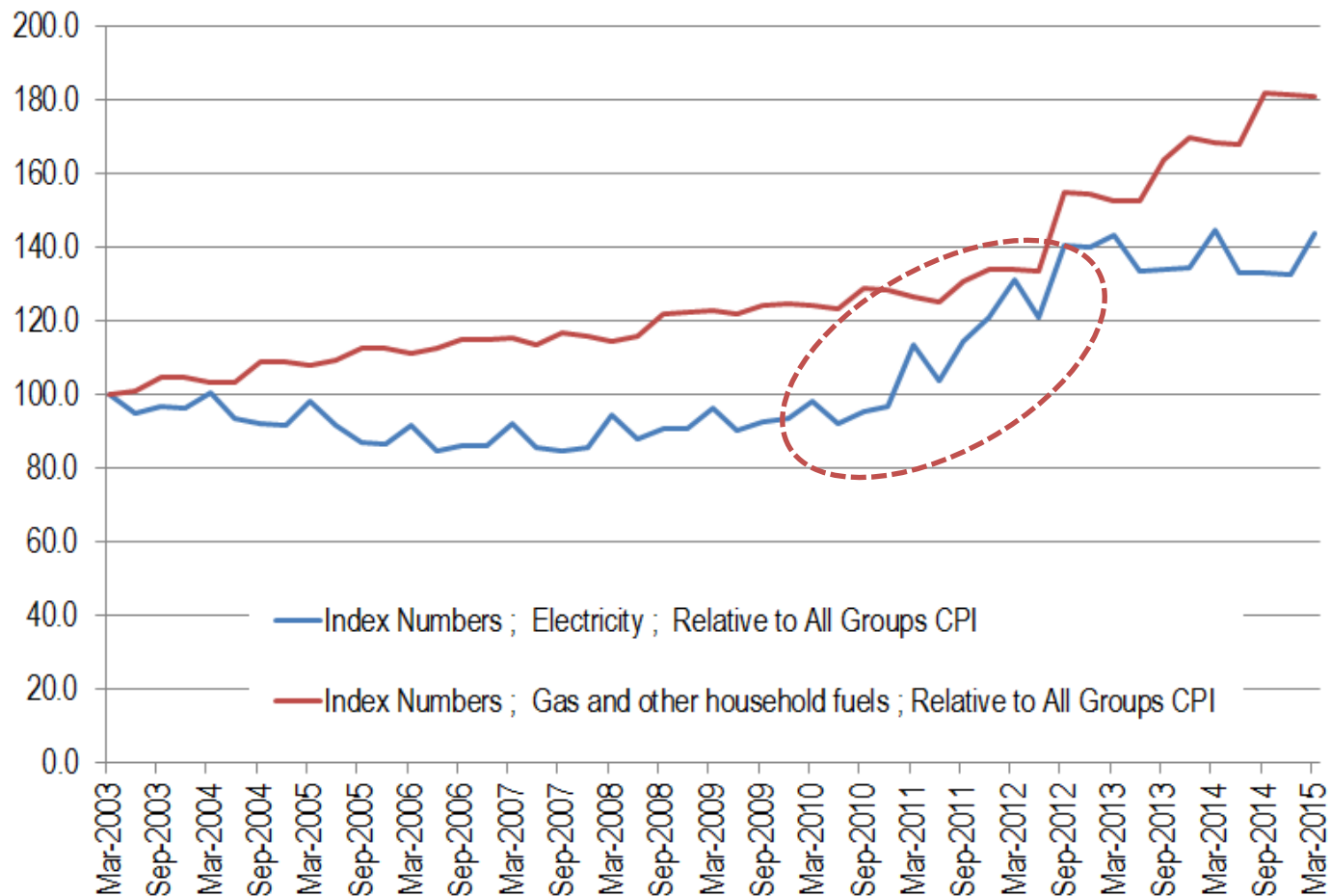
Finding a Better Deal?

- Report published by SACOSS in 2014
www.sacoss.org.au/reports/energy-water
- Inspired by Gavin Dufty (Vinnies):
“Don’t wait until you find the best deal, just find a better deal!”
- Suggests 8 steps to follow when trying to get a better deal on electricity and gas

Step 1

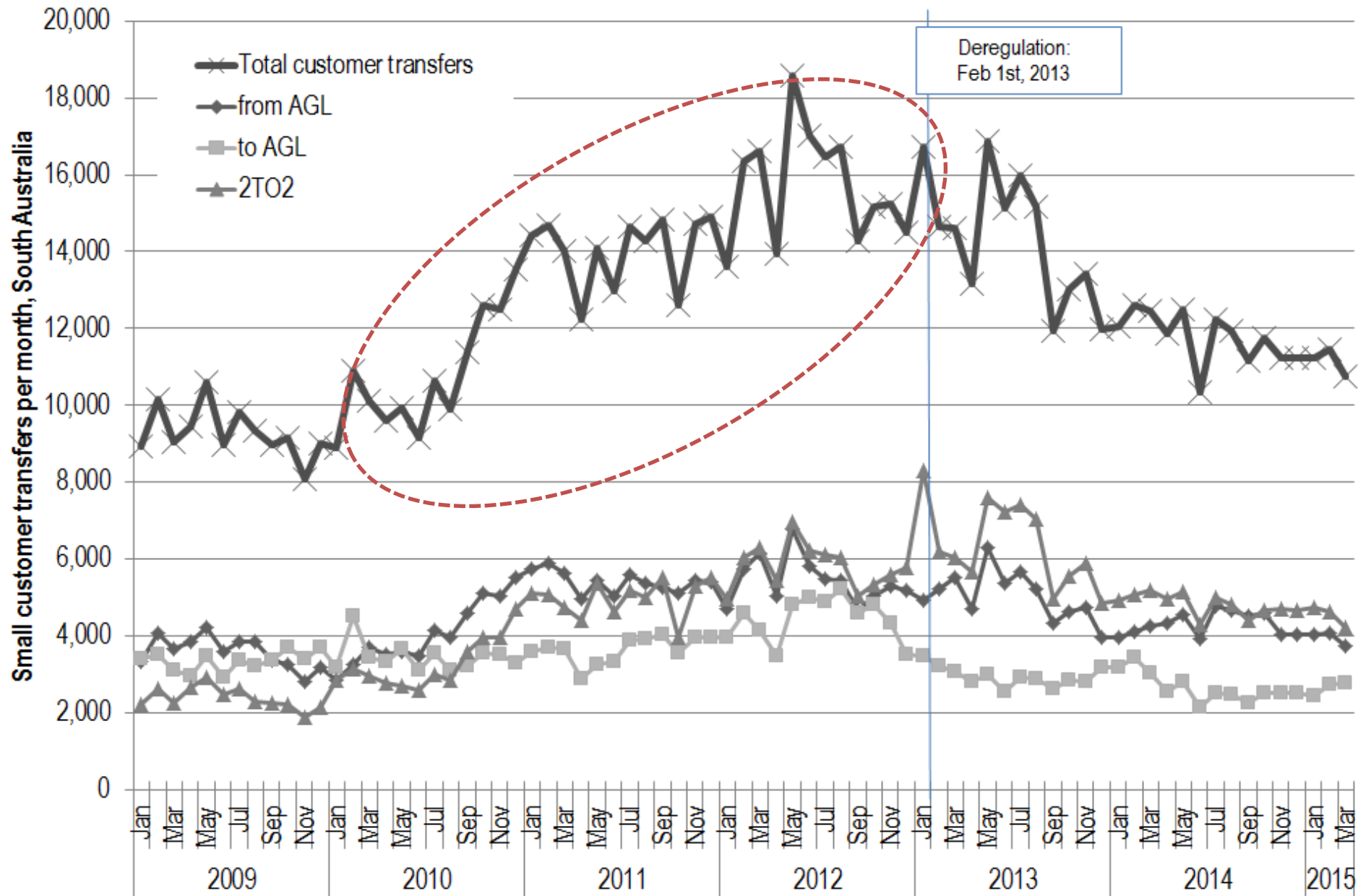
- Don't Panic!
- Don't feel pressured into any contract
- Remember the 10-day cooling off period
- It's a good time to get a better deal:
 - The SA market appears to be quite calm and retail prices have stopped rising
 - Wholesale prices have been less volatile, longer term contracts are being offered to businesses

Residential Price Trends



Source: Australian Bureau of Statistics 6401.0 Consumer Price Index, Australia (March 2015)

Price rises drive switching rates?



Step 2

- Know what deal you are getting now
- Utilities Literacy resources
- Find your last bill (at least)
- Common situation is for customer to have fallen 'out of contract' and to have reverted to a 'default' or 'standing' tariff that is NOT competitive ...

Step 3

- Are you able to pay in full and on time?
- The lowest priced offers are conditional on 'pay on time' discounts
- Be realistic about your capacity to pay
- Consider a payment plan
- Retailers want loyal customers that pay on time ...

Step 4

- Discounts off what?
- Check the discount claims – beware the spin
- If it sounds too good to be true, it probably is
- Around half of the bill is set by regulation so retailers really only have half to compete on

Step 5

- Fixed term or 'no exit fees'?
- There is a genuine cost to retailers of acquisition/retention and so their best prices are often for 2 or 3 year contracts.
- Declining customer switching rates also implies increased focus from retailers on customer retention

Step 6

- Get the best offer from your current retailer
- They don't want you to switch ... you probably don't want to switch either ...
- You may have to push for a better deal
- Don't let them talk about their *standard* marketing discounts off their *standard* contract – ask them to beat the deal you are on now.
- Chip away at them regularly ...

Step 7

- Benchmarking consumption
- Energy Made Easy website has more info
- Main drivers of electricity use are
 - Number of people in the household
 - Whether gas is connected
 - Whether you have a pool or spa
- If you are a relatively high consumer then you should be a more attractive customer to a retailer

Step 8

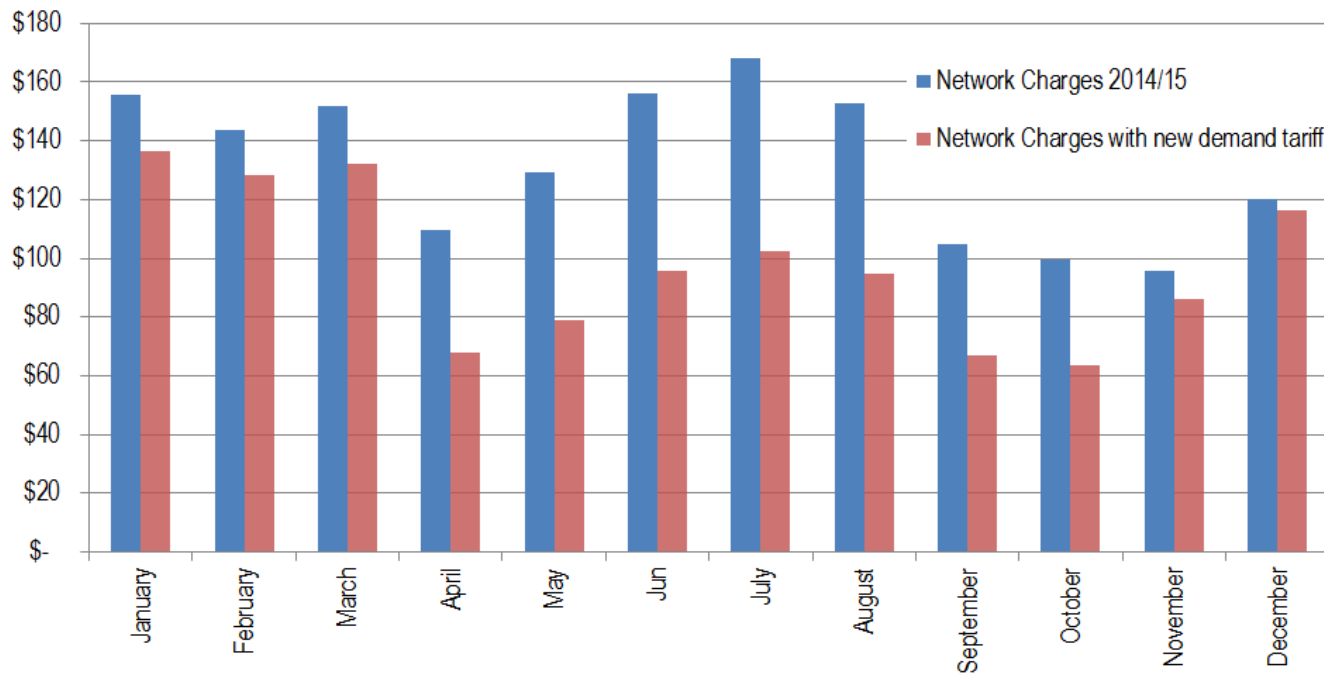
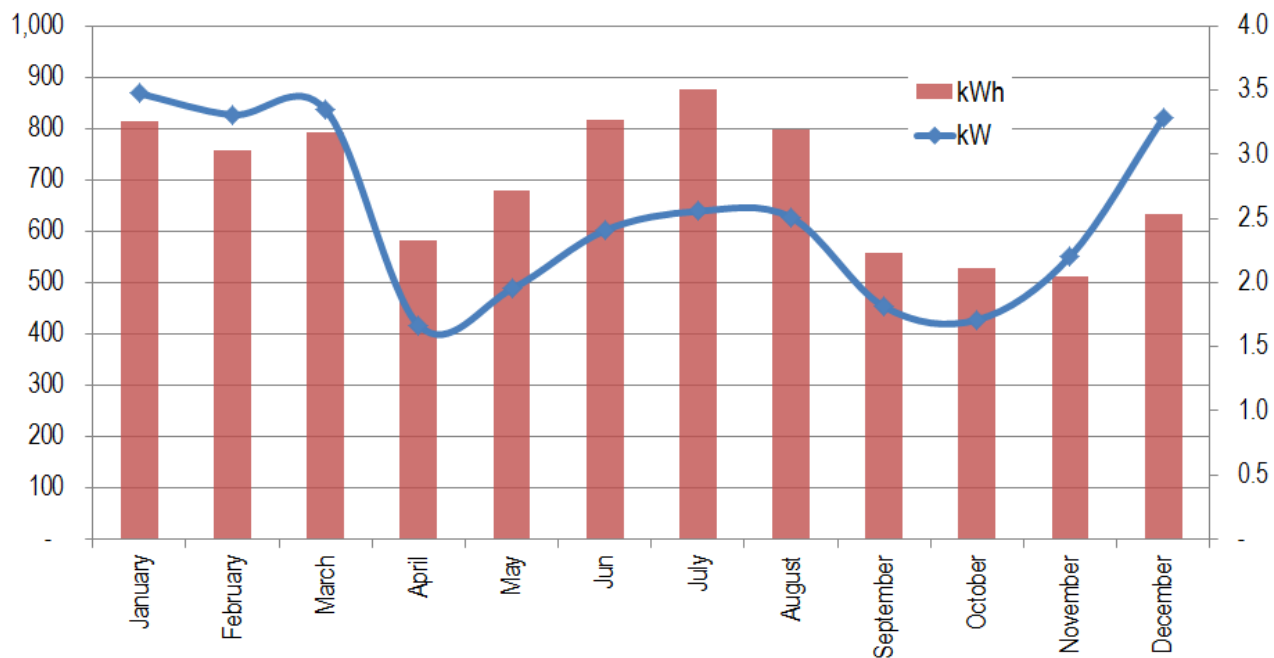
- Shop Around
- www.energymadeeasy.gov.au
- Energy Made Easy allows for comparison by estimated annual cost – for your actual or estimated consumption
- Easier than comparing dodgy discounts and complex tariffs ...

Behind the Meter

- The new frontier of competition:
- Solar with and without storage being sold directly to customers as a 'c/kWh' product
- in direct competition to the 'old energy' model of centralised generation bidding into the compulsory wholesale pool for distribution via the network ...
- Significant growth forecast – expecting 'free electricity' style offers ... but also the big retailers (AGL, Origin ...)
- Raises new consumer protection issues

New tariffs, new meters

- SAPN are introducing a demand tariff for households and small business – mandatory for all new customers from 2017
- Introduces a charge for ‘maximum demand’ in each month. Higher prices for Nov-March.
- More consultation will occur later in 2015
- What will retailers offer on top?
- Example ... SA ave small customer profile



Questions?

