

Latest report shows energy discounts still don't guarantee lower bills

28 June 2018

Electricity and gas

Energy companies continue to offer big discounts that don't necessarily translate to lower bills according to the latest report on the Victorian energy market.

The quarterly market update from the Essential Services Commission shows despite the practice being called into question, retailers are offering even larger discounts even though this doesn't guarantee lower prices for consumers.

In July 2017, the average discount for electricity usage was 29 per cent. By June 2018, the average discount has increased to 33 per cent.

Essential Services Commission chair Ron Ben-David says little appears to have been done to reduce the confusion of offers faced by customers.

"It's been more than a year since we first showed how confusing and indeed meaningless these discounts can be.

"When a 40 per cent discount from one retailer can result in an annual bill that is about the same as a bill with no discount from another retailer, it's clear the market has a problem," he said.

Dr Ben-David says while the report shows a rise in customer disconnections in the year to date, there

are signs energy retailers are stepping in earlier to help customers who are having trouble paying their bills.

“More customers with large debts are being put on more realistic payment plans.

“This is an encouraging sign ahead of our new payment difficulties framework coming into effect at the start of next year,” he said.

The latest report shows:

- disconnections increased by 11 per cent over the previous quarter and were 22 per cent higher than at the same time last year
- there has been a significant drop in the number of customers having their gas bills estimated with a 25 per cent reduction when compared to the same time last year.

[View the full energy market report.](#)

Table 1 Residential disconnections per financial year quarter (electricity and gas)

Financial year	Quarter 1: July to September	Quarter 2: October to December	Quarter 3: January to March	Quarter 4: April to June
2016-17	9,182	10,635	12,679	13,587
2017-18	13,848	12,156	13,540 (11% increase from previous quarter)	-

Table 2 Cumulative residential disconnections between financial year quarters 1 to 3 (electricity and gas)

Financial year	Quarter 1 to 3: July to March
2016-17	32,496
2017-18	39,544 (22% increase compared to the total of quarters 1 to 3 in 2016-17)

Table 3 Total estimated residential gas bills between financial year quarters 1 to 3

Financial year	Quarter 1 to 3: July to March
2016-17	642,758
2017-18	480,617 (25% reduction compared to the total of quarters 1 to 3 in 2016-17)

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