



Date: 18 September 2012

Committee Secretary  
Senate Select Committee on Electricity Prices  
PO Box 6100  
Parliament House  
Canberra ACT 2600

## ***Attachments to Submission No. 36 Senate Select Committee on Electricity Prices***

By email: [electricityprices.sen@aph.gov.au](mailto:electricityprices.sen@aph.gov.au)

The St Vincent de Paul Society has previously analysed energy prices, including electricity prices, in Victoria, New South Wales, Queensland and South Australia which are contained in several reports. These reports detail electricity prices for at least the last financial year (July 2011-July 2012) in each of those States.

We now provide the reports as attachments to our submission:

1. Victorian Energy Prices from July 2011-January 2012;
2. Victorian Energy Prices from January 2012-July 2012;
3. New South Wales Energy Prices from July 2011-July 2012;
4. Queensland Energy Prices from July 2009-July 2012; and
5. South Australian Energy Prices from July 2009-July 2012.

We would also like to draw the Committee's attention to excel Workbooks that the St Vincent de Paul Society has previously prepared for Electricity Standing Offers and Electricity Market Offers in Victoria, New South Wales, Queensland and South Australia. The Workbooks can be accessed at the following link:

- <http://www.vinnies.org.au/energy>

These Workbooks may be useful to the Committee as they include comparisons of electricity prices by different energy providers and include, among other things, peak charges, fixed charges, discounts, termination fees, late payment fees etc.

We trust that these may be of assistance to the Committee.



St Vincent de Paul Society  
*good works*

## **Victorian Energy Prices July 2011 – January 2012**

### **An update-report on the Victorian Tariff-Tracking Project**

May Mauseth Johnston  
January 2012

**Disclaimer**

The energy offers, tariffs and bill calculations presented in this report and associated workbooks should be used as a general guide only and should not be relied upon. The workbooks are not an appropriate substitute for obtaining an offer from an energy retailer. The information presented in this report and the workbooks is not provided as financial advice. While we have taken great care to ensure accuracy of the information provided in this report and the workbooks, they are suitable for use only as a research and advocacy tool. We do not accept any legal responsibility for errors or inaccuracies. The St Vincent de Paul Society and Alviss Consulting Pty Ltd do not accept liability for any action taken based on the information provided in this report or the associated workbooks or for any loss, economic or otherwise, suffered as a result of reliance on the information presented. If you would like to obtain information about energy offers available to you as a customer, go to the Essential Services Commission's website [www.yourchoice.vic.gov.au](http://www.yourchoice.vic.gov.au) or contact the energy retailers directly.

Victorian Energy Prices July 2011 – January 2012  
An update-report on the Victorian Tariff-Tracking Project  
by May Mauseth Johnston for the St Vincent de Paul Society

**May Mauseth Johnston, January 2012**  
**Alviss Consulting Pty Ltd**  
ABN 43147408624

St Vincent de Paul Society  
Locked Bag 4800, Box Hill, VIC 3128  
[www.vinnies.org.au](http://www.vinnies.org.au)

## **Acknowledgements**

The Society of St Vincent de Paul is grateful for the funding provided by the **Consumer Advocacy Panel** to update the Victorian Tariff-Tracking tool. The views and interpretations expressed in this paper are those of the author (or organisation) and do not necessarily represent the views of the Consumer Advocacy Panel.

## **The Victorian Tariff-Tracking Project**

To date, this project has tracked electricity and gas tariffs in Victoria from July 2008 (retail price deregulation took effect on January 1 2009) to January 2012, and developed a spreadsheet based tool that allows consumer advocates to build on the initial analysis and continue to track changes as they occur.

We have developed four workbooks that allow the user to enter consumption levels and analyse household bills for gas and electricity standing offers from July 2008 to January 2012, as well as published electricity and gas market offers as of July 2010 and January 2012.

Workbook 1: Electricity standing offers July 2008-January 2012

Workbook 2: Gas standing offers July 2008- January 2012

Workbook 3: Electricity market offers as of July 2010 and January 2012

Workbook 4: Gas market offers as of July 2010 and January 2012

The four workbooks can be accessed at the St Vincent de Paul Society Victoria's website: [www.vinnies.org.au](http://www.vinnies.org.au)



## Table of content

<b>Acknowledgements</b>	
<b>The Victorian Tariff-Tracking Project</b>	
<b>1. Changes to the standing offers from July 2011 to January 2012</b>	<b>4</b>
<b>1.1 Electricity standing offers</b>	<b>4</b>
1.1.1 AGL's electricity standing offers	4
1.1.2 Origin's electricity standing offers	6
1.1.3 Tru's electricity standing offers	7
<b>1.2 Gas standing offers</b>	<b>9</b>
1.2.1 AGL's electricity standing offers	10
1.2.2 Origin's electricity standing offers	10
1.2.3 Tru's electricity standing offers	11
<b>2. Market offers</b>	<b>12</b>
<b>2.1 Electricity market offers</b>	<b>12</b>
2.1.1 Difference between market offers and standing offers	13
<b>2.2 Gas market offers</b>	<b>16</b>
<b>3. Changes to the supply charge</b>	<b>19</b>
<b>3.1 Supply charge as proportion of bill – household examples</b>	<b>21</b>
<b>4. Total cost of energy by area</b>	<b>29</b>
4.1 Inner city, inner North and Eastern suburbs	30
4.2 Inner West, outer North and North Western suburbs	31
4.3 South Eastern suburbs and Mornington Peninsula	32
4.4 Outer Western suburbs and Western Victoria	33
4.5 Outer Northern and Eastern suburbs Eastern Victoria	34
<b>Appendix 1: Electricity standing offers (as annual bills) from 2008-2012</b>	<b>36</b>

## 1. Changes to the standing offers from July 2011 to January 2012<sup>1</sup>

- All of the three incumbent retailers (AGL, Origin and Tru) gazetted new standing offers (electricity and gas) that resulted in price increases in January 2012.
- The size of the increases varies significantly between retailers as well as distribution network/gas zones.
- From July 2011 to January 2012, the increase in annual electricity bills for average consumption households (4800kWh) on standing offers vary from \$70 (Origin customers in Citipower's area) to \$180 (AGL customers in SP Ausnet's area).

### 1.1 Electricity standing offers

This section analyses changes to the electricity standing offers from July 2011 to January 2012 by network area.<sup>2</sup> There are five network businesses in Victoria: Powercor and SP Ausnet distributing electricity to rural and regional Victoria and Citipower, Jemena and United Energy.

As in the previous Tariff-Tracking reports (July 2010, January 2011), the bill calculations in this report have assumed an average consumption of 4800kWh per annum for households on the single rate.<sup>3</sup> These are generally households connected to mains gas and therefore have a lower consumption than all-electric households. For all-electric households, which are predominantly in rural areas, the bill calculations have assumed an average consumption of 7000kWh per annum. The rates used in the calculations are those for the controlled load offers and a split of 70% peak and 30% off-peak has been assumed.

#### 1.1.1 AGL's electricity standing offers

Chart 1 below shows that:

- Average consumption households on AGL's standing offer will experience an annual increase of between \$110-180 in electricity costs. These are annual increases of approximately:
  - \$110 for average consumption households in Citipower's area
  - \$150 for average consumption households in Powercor's area
  - \$180 for average consumption households in SP Ausnet's area
  - \$115 for average consumption households in Jemena's area
  - \$125 for average consumption households in United Energy's area

---

<sup>1</sup> Calculations based on the incumbent retailer's single rate standing offer and a household consumption of 4800kWh per annum. In Powercor and SP Ausnet's area, second calculation is based on household consumption of 7000kWh per annum (30% off-peak) at the rate of the incumbent retailer's standing offer for the controlled load tariff. For gas, calculations based on the incumbent retailer's standing offer and a household consumption of 63,000Mj per annum.

<sup>2</sup> See the first Tariff-Tracking report, *Victorian Energy Prices July 2008-July 2010*, for an analysis of standing offers from July 2008-10. The report is available at: <http://vinnies.org.au/reports-vic>

<sup>3</sup> Consumption levels do vary between network areas but we believe 4800kWh and 7000kWh per annum are appropriate benchmarks to analyse tariff changes and bill impacts for Victorian households.

- AGL customers in Outer North-Eastern suburbs and Eastern Victoria (SP Ausnet's network area) are experiencing the greatest increases.

**Chart 1 Changes to AGL's single rate standing offers from July 11 to January 2012 (inc GST)**

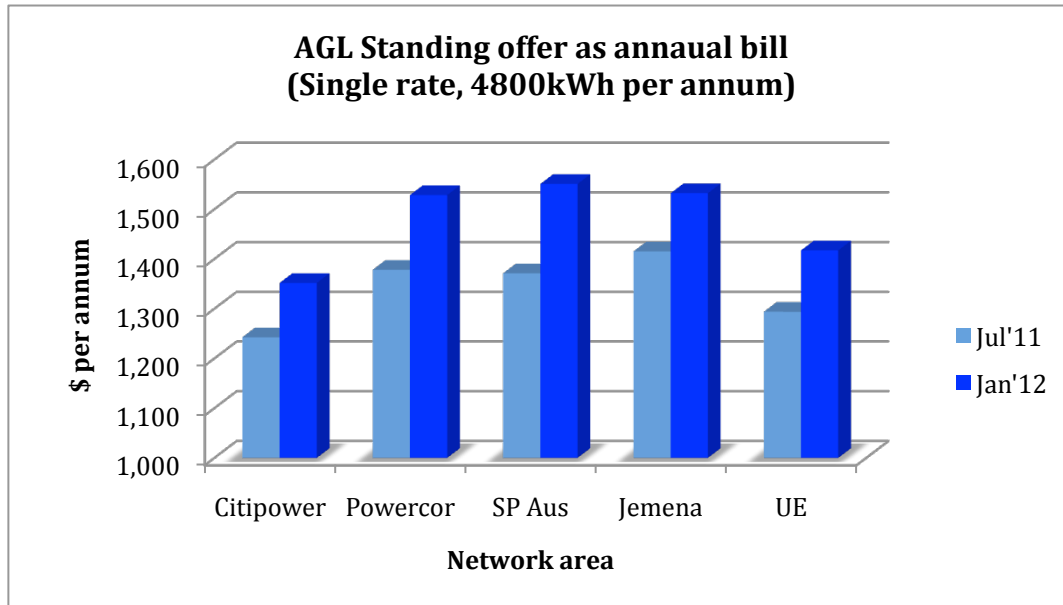
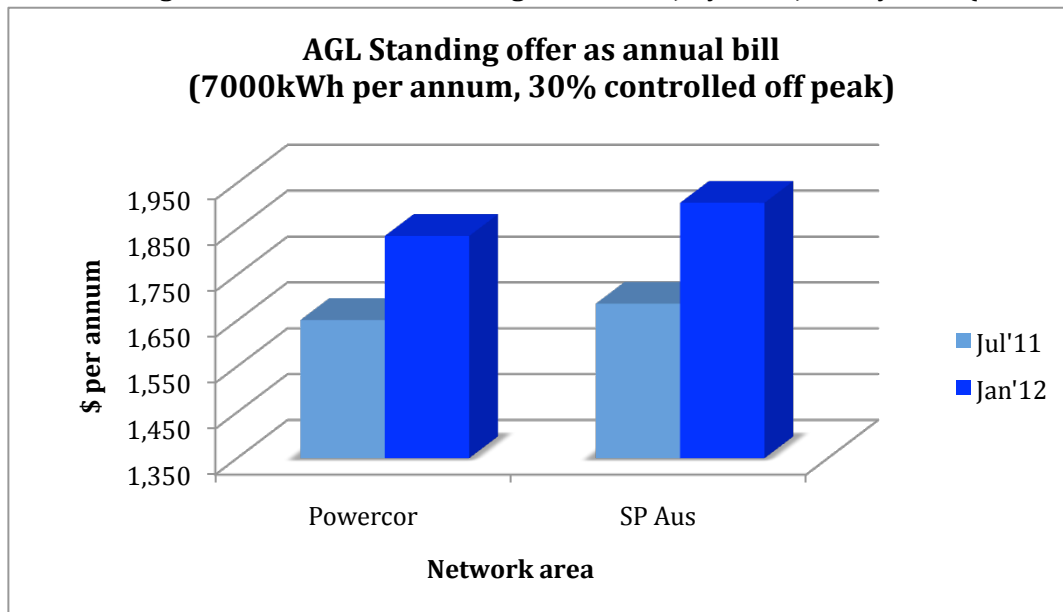


Chart 2 below shows that:

- All electric households (with average consumption) in Powercor and SP Ausnet's areas on AGL's standing offer are experiencing an annual increase of approximately \$180 (Powercor) or \$220 (SP Ausnet).

**Chart 2 Changes to AGL's two rate standing offers from July 11 to January 2012 (inc GST)**



### 1.1.2 Origin's electricity standing offers

Chart 3 below shows that:

- Average consumption households on Origin's standing offer are experiencing an annual increase of between \$70-130 in electricity costs. These are annual increases of approximately:
  - \$70 for average consumption households in Citipower's area
  - \$120 for average consumption households in Powercor's area
  - \$130 for average consumption households in SP Ausnet's area
  - \$100 for average consumption households in Jemena's area
  - \$110 for average consumption households in United Energy's area
- Origin customers in the Outer North-Eastern suburbs and Eastern Victoria (SP Ausnet's network area) are experiencing the greatest increases.

**Chart 3 Changes to Origin's single rate standing offers from July 11 to January 2012 (inc GST)**

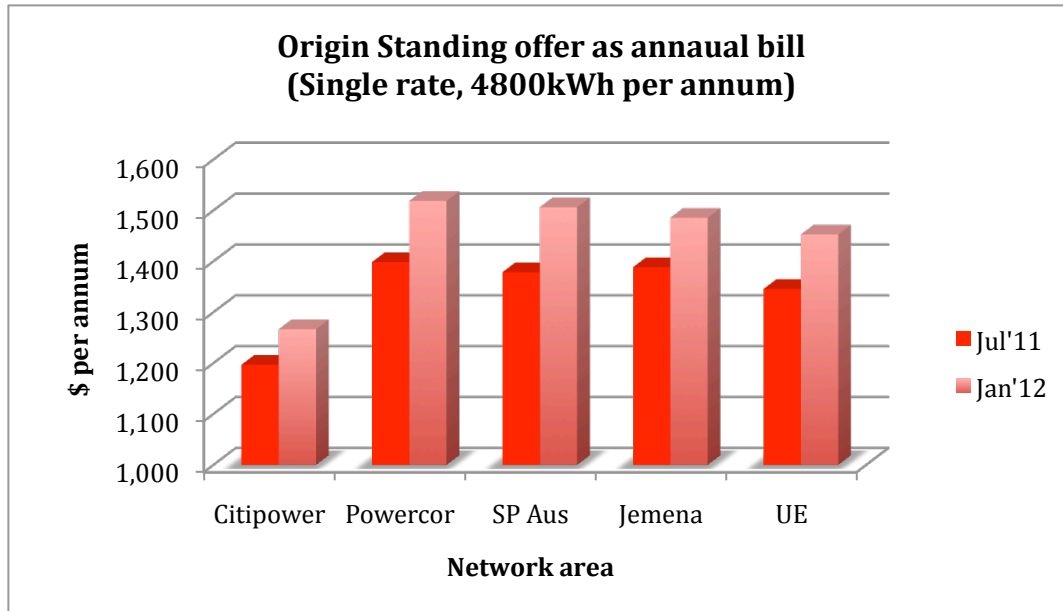
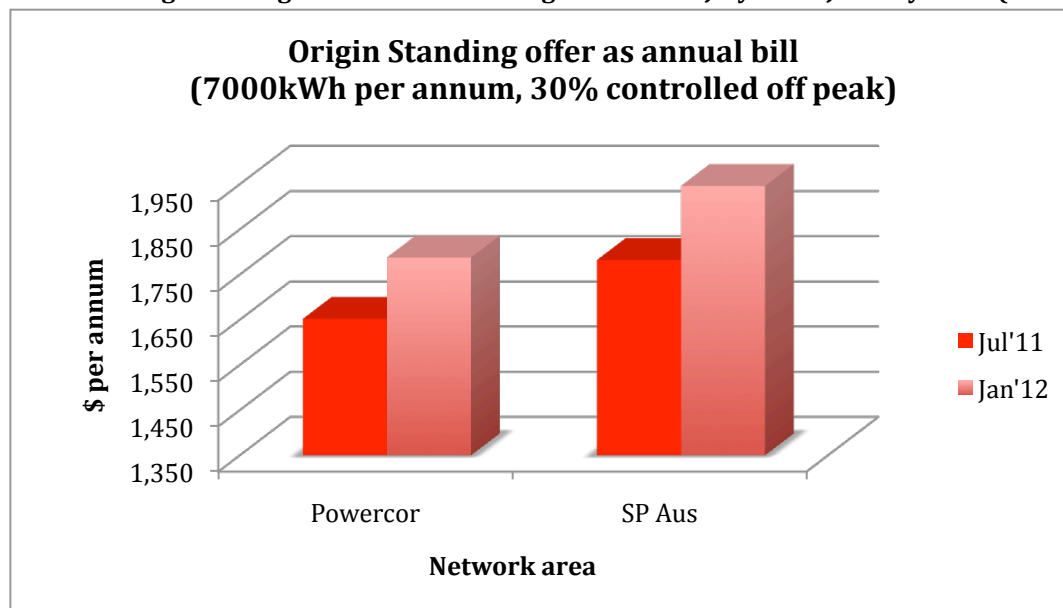


Chart 4 below shows that:

- All electric households (with average consumption) in Powercor and SP Ausnet's areas on Origin's standing offer are experiencing an annual increase of approximately \$135 (Powercor) or \$165 (SP Ausnet).

**Chart 4 Changes to Origin's two rate standing offers from July 11 to January 2012 (inc GST)**



### 1.1.3 Tru's electricity standing offers

Chart 5 below shows that:

- Average consumption households on Tru's standing offer are experiencing an annual increase of between \$90-155 in electricity costs. These are annual increases of approximately:
  - \$110 for average consumption households in Citipower's area
  - \$120 for average consumption households in Powercor's area
  - \$155 for average consumption households in SP Ausnet's area
  - \$90 for average consumption households in Jemena's area
  - \$100 for average consumption households in United Energy's area
- Tru Energy customers in the Outer North-Eastern suburbs and Eastern Victoria (SP Ausnet's network area) are experiencing the greatest increases.

**Chart 5 Changes to Tru's single rate standing offers from July 11 to January 2012 (inc GST)**

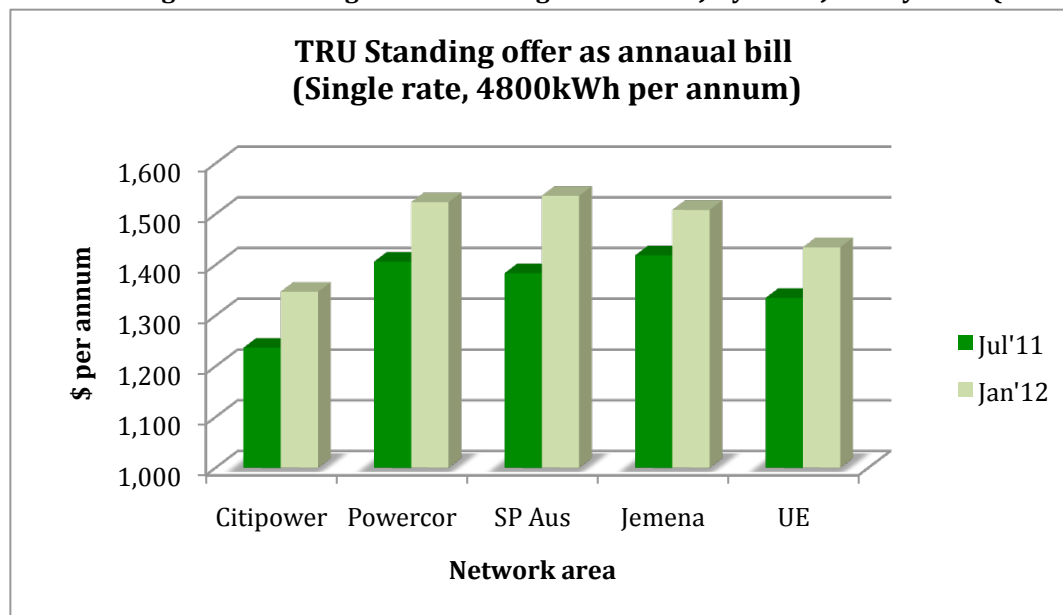
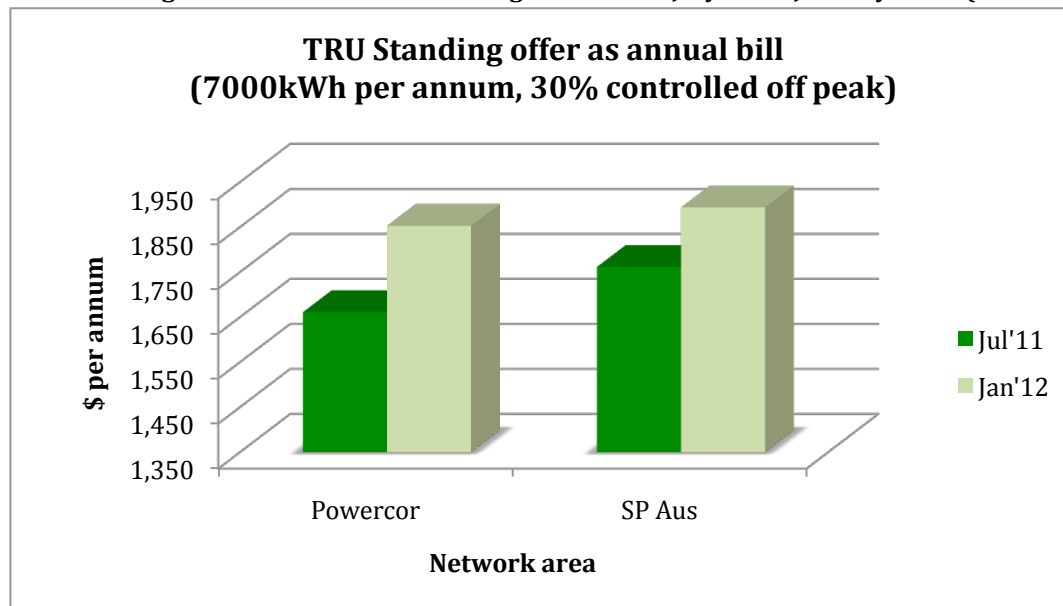


Chart 6 below shows that:

- All electric households (with average consumption) in Powercor and SP Ausnet's areas on Tru's standing offer are experiencing an annual increase of approximately \$130 (Powercor) or \$190 (SP Ausnet).

**Chart 6 Changes to Tru's two rate standing offers from July 11 to January 2012 (inc GST)**

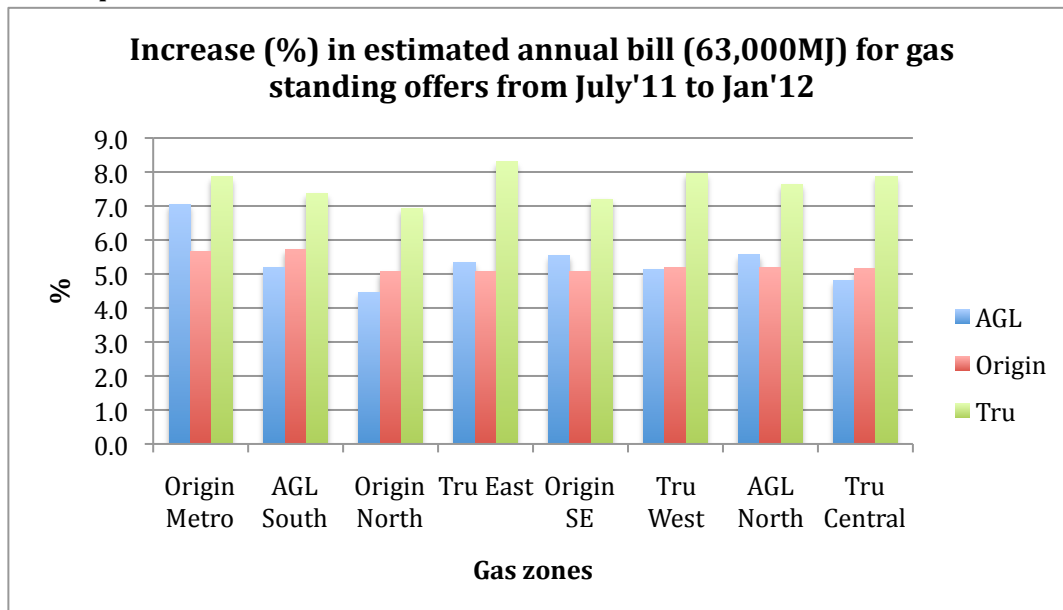


## 1.2 Gas standing offers

There are three gas distributors and eight main gas zones. The distributors are Multinet, Envestra and SP Ausnet and the gas zones are: Origin Metro, AGL South, Origin North, TRU East, Origin South East, TRU West, AGL North and TRU Central. The names of the gas zones derive from when AGL, Origin and TRU were energy retailers with designated areas. These three retailers are not distribution businesses and they are not involved in setting the distribution charges in these areas. The companies' names are merely used as a descriptor for the various gas zones that Multinet, Envestra and SP Ausnet distribute gas to. There are also some smaller rural zones (such as Mildura) that are not included in the Tariff-Tracking tool.

- The January 2012 increases in gas bills for customers on AGL, Origin or TRU's standing offer vary significantly between retailers and somewhat between the gas zones.
- Chart 7 below shows that the estimated annual bill increase for an average consumption household (63,000Mj per annum) will be greatest for Tru customers (approximately 7-8%). AGL and Origin customers will on average experience increases of around 5-6%.
- In the AGL South gas zone (Multinet), some of the retailers continue to apply a winter peak price to 6 months of the year (May to October inclusive) while others apply winter peak rates to 4 months of the year (June to September inclusive). AGL, Origin and Lumo Energy all operate with a 6 month peak price while Tru, Australian Power & Gas, and Simply Energy have a 4 month long peak price period.

**Chart 7 Estimated annual bill increases (%) for standing offer customers with average consumption**

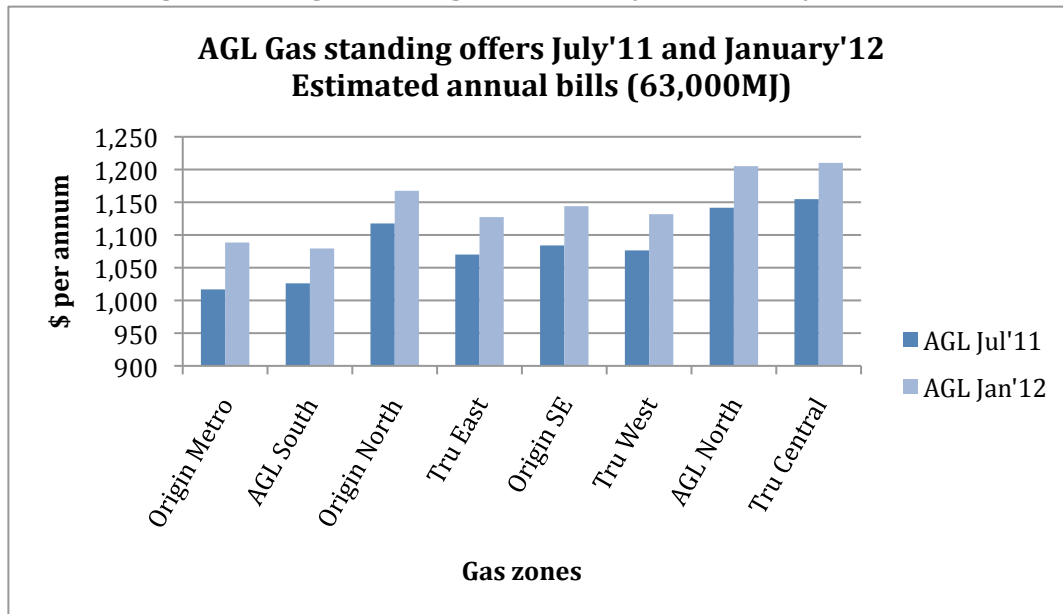


### 1.2.1 AGL's gas standing offers

Chart 8 below shows that:

- Average consumption households on AGL's standing offer will experience an annual increase of between \$50-70 in gas costs.
- AGL customers in the inner Eastern suburbs (the Origin Metro zone) will see the greatest increases.

Chart 8 Changes to AGL's gas standing offer from July 11 to January 2012



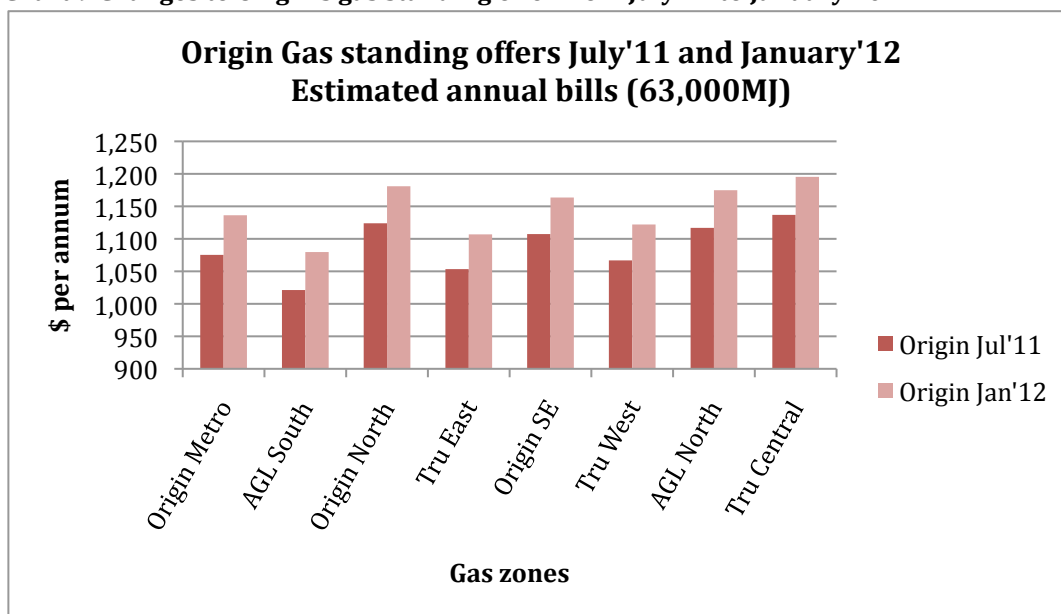
### 1.2.2 Origin's gas standing offers

Chart 9 below shows that:

- Average consumption households on Origin's standing offer will experience an annual increase of between \$50-60 in gas costs.
- Origin customers in the inner Eastern suburbs as well as in the Bayside area and outer South Eastern suburbs (the Origin Metro and AGL South zones) will see slightly greater increases than customers in other areas.



Chart 9 Changes to Origin's gas standing offer from July 11 to January 2012

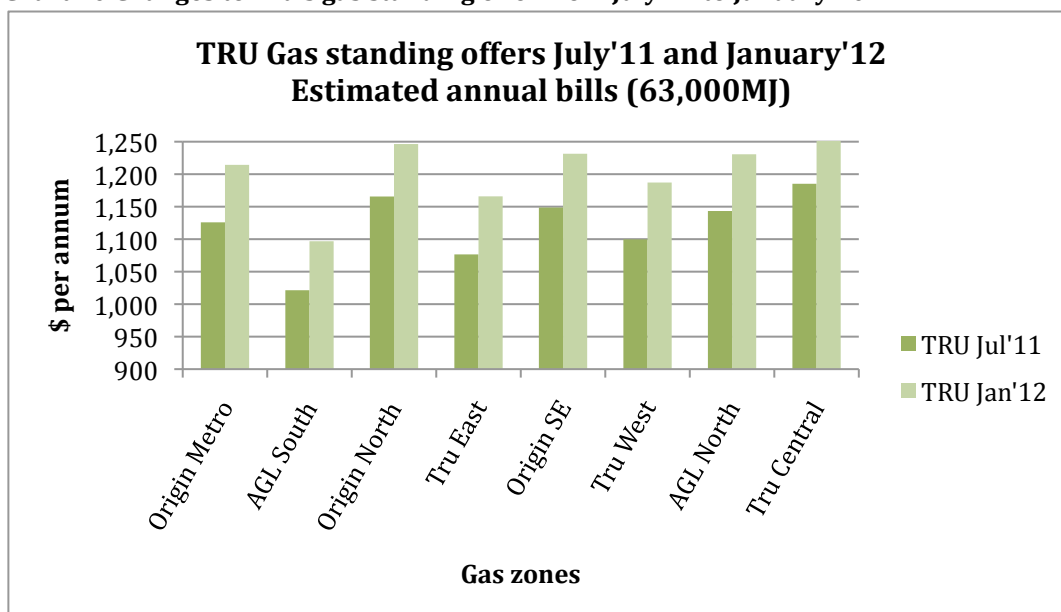


### 1.2.3 Tru's gas standing offers

Chart 10 below shows that:

- Average consumption households on Tru's standing offer will experience an annual increase of between \$75-95 in gas costs.
- Tru customers in the Outer Western suburbs, Geelong and Bellarine Peninsula (the Tru Central zone) will see the greatest increases.

Chart 10 Changes to Tru's gas standing offer from July 11 to January 2012



## 2. Market offers

Broadly speaking, market offers are discounted standing offers. Consumers can generally get a discount on their usage charges and/or a discount on their bill if they pay by the due date. In exchange for these discounts most market offers have a minimum contract term. When there is an increase to a retailer's standing offer, its market offer rates typically increase by the same proportion.

That said, increasing energy costs mean that more and more households find it necessary to look for a better deal. In addition to being motivated by cost pressures, percentage based market offer discounts become more substantial as bills go up.

### 2.1 Electricity market offers January 2012

Table 1 below shows additional discounts applicable to the electricity retailers' published market offer rates. Some of the retailers have multiple market offers and may offer higher discounts than those listed here. However, if the discount is higher the length of the contract term is generally longer. Most of the retailers apply these discounts to their standing offer rates while a couple of retailers have different market offer rates that these discounts apply to.

**Table 1 Electricity market offer features post January 2012<sup>4</sup>**

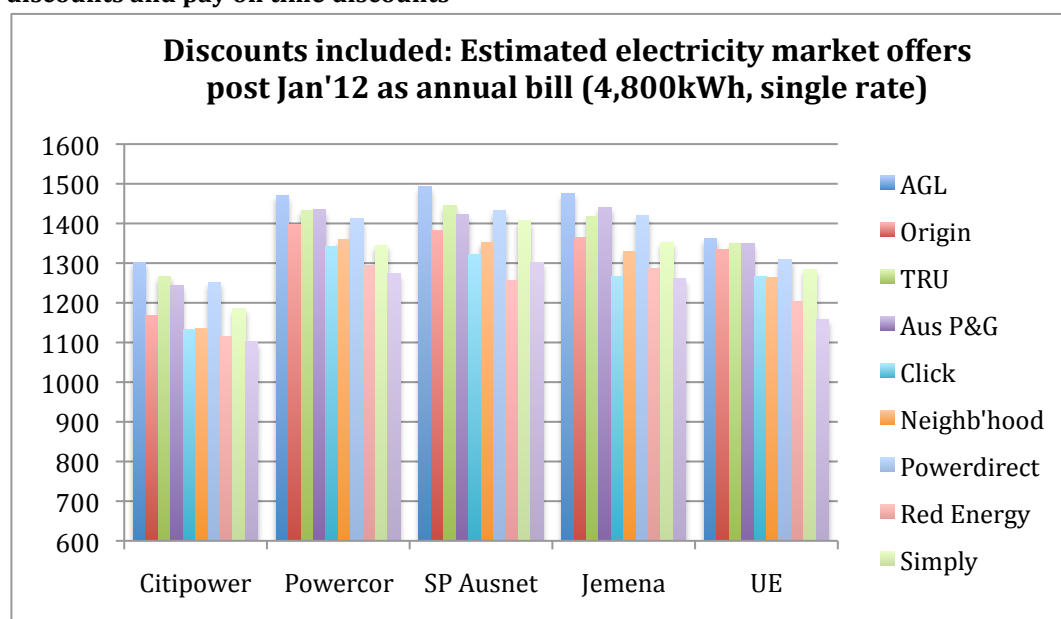
	Discounts	Fixed term	Early Termination Fee	Pay on time discounts	Other (bonuses, incentives)
AGL	5% off usage	2 years	\$50-75	no	yes
Origin	8% off usage	1 year	\$22	2% off usage	yes
Tru	3% off bill	1 year	no	3% off bill	no
Aus P&G	no	no	no	5% off bill	no
Click	no	no	no	7% off bill	yes
Neighb'hood	no	no	no	10% off bill	yes
Powerdirect	10%off usage	3 years	\$20	no	yes
Red	no	no	no	5% off bill	yes
Simply	no	2 years	\$20	12%off usage	no
Lumo	no	2 years	\$80-157.50	13% off bill	yes

Chart 11 below shows estimated annual bills (including GST) for market offers in each network area. The annual bills include the discounts (as well as pay on time discounts) listed in table 1.<sup>5</sup> It shows that for average consumption households (4800kWh) the annual bill may vary by \$200 depending on the market offer they are on. It should be stressed, however, that the majority of these discounts are conditional on bills being paid on time and households with cash-flow issues thus may find themselves unable to achieve the annual bills estimated for some of the best offers included in this chart.

<sup>4</sup> These offers are conditions published on the retailers' websites in the first week of January 2012. Previously the Tariff-Tracking tool has chosen the offers listed on the ESC's 'Your Choice' website but as the website has not been recently updated we were unable to continue basing our analysis on information provided by the website.

<sup>5</sup> Discounts have been applied to consumption and/or total bill as per offers listed in the table (excluding GST).

**Chart 11 Estimated annual bills (inc GST) for Market Offers post January 2012 including discounts and pay on time discounts**



To be consistent with the methodology of the original tariff-tracking tool (released in July 2010) our intention has always been to use the ESC's YourChoice website to identify changes to published market offers and source information from the attached price and product information statements (PPIS). However, similarly to January 2011, the ESC has not updated its website and our analysis would be too unreliable if we sourced our information from the website. These market offers have thus been sourced from individual retailers' websites but we stress that some retailers have more accurate and updated websites than others, and we are concerned that some of these offers may no longer be available or have recently changed.

As the legislation requires retailers to post at least one market offer on the ESC's website and regulation is in place to ensure that the retailers' make price and product information statements readily available on their website, we are discouraged that consumers' ability to access information is this poor three years after price deregulation took effect. It is crucial for Victorian consumers who seek to compare offers and switch to a better energy contract that the ESC update the 'Your Choice' website in a timely and accurate manner. We thus strongly recommend that the Victorian Government immediately ensure that the ESC, or an alternative organisation, is adequately resourced to provide this information.

#### **2.1.1 Difference between market offers and standing offers**

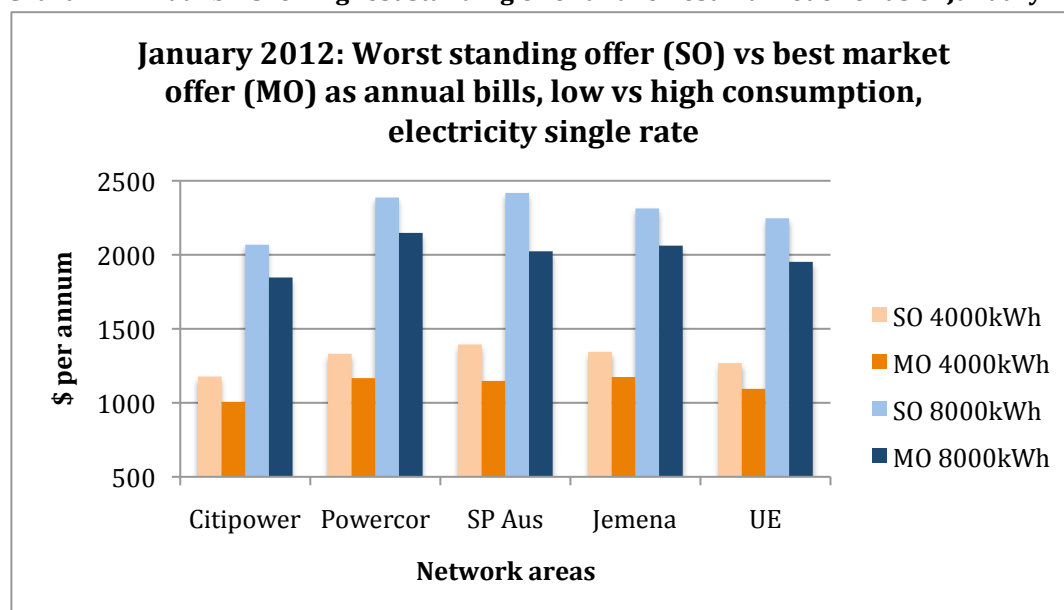
Chart 12 below shows the difference in annual bills between the single best market offer and the single worst standing offer in each of the network areas for both high and low consumption households.<sup>6</sup> Households using 8000kWh per annum on the worst standing offers can save between \$220 - 390 per annum if

<sup>6</sup> The annual bill calculations for these market offers do *not* include additional discounts, pay on time discounts or other bonuses.

switching to the best published market offer (depending on their network area). Low consumption households (4000kWh) can save up to \$250 per annum (in SP Ausnet's network) if they are currently on the worst standing offer.<sup>7</sup> Importantly, it is the difference between individual retailers' offers that creates the possibility of significant savings if switching from a standing offer to a market offer. Customers choosing to stay with the same retailer but change to a market offer are unlikely to experience annual savings as large as these.

In the first Victorian Tariff-Tracking report (July 2010) the analysis found that households using 8000kWh per annum on the worst standing offer could save between \$350 - 550 per annum if they switched to the best published market offer. Low consumption households (4000kWh) could save up to \$300 per annum if they were on the worst standing offer. As such, the saving from switching from a standing offer to a market offer is less in January 2012 than it was in July 2010. One reason for this is that more retailers have large additional discounts (albeit often conditional on bills being paid on time) in January 2012 than they did in July 2010. Still, considering the large increases to annual bills since July 2010 the potential percentage based saving households can expect to achieve is now considerably less than it was two and a half years ago.<sup>8</sup>

**Chart 12 Annual bills for highest standing offer and lowest market offer as of January 2012**



Differences between the best market offer and the worst standing offer will change somewhat throughout the year. Firstly, retailers may change the market offer rate at any time (although customers must receive notification). Secondly, and more importantly, all of the retailers do not gazette new standing offers at the exactly same time. A majority of retailers do introduce new standing offers in January but others come into effect in February. One retailer adjusted its market offer in December 2011 but is unable to gazette new standing offers due

<sup>7</sup> We reiterate our concerns about the accuracy of all the market offers as this potential saving may be lower if just one of the retailers has forgotten to adjust the rates on their website. See discussion under section 2.1.

<sup>8</sup> See appendix 1 for increases in electricity prices from 2008-2012.

as standing offers must remain unchanged for a minimum of 6 months. This retailer, which last gazetted in late August 2011, is unlikely to have many standing offer customers and when it decided to increase its market offer rates in December 2011, its market offer rates effectively became higher than its standing offer rates.<sup>9</sup>

When legislation was introduced prior to the deregulation of retail prices in January 2009, it stipulated that retailers *may* change their standing offer prices every six months. In the beginning this legislation did not create an issue as all retailers gazetted more or less at the same time in order to have standing offers in place in January 2009. Since then, however, some retailers have chosen to gazette at different times every year. We can only speculate whether some retailers first delayed their gazettes in order to watch the price setting of their competitors. The legislation however, as it currently stands, allows for this to occur. Table 2 shows when the various retailers have gazetted electricity standing offers since January 2009.

**Table 2 Electricity standing offer gazettes since January 2009**

Tariffs took effect		Retailer	Date gazetted		Gazette number
2-Feb	2012	Red	30-Dec	2011	G52
2-Feb	2012	Simply	30-Dec	2011	G52
2-Feb	2012	Australian P&G	30-Dec	2011	G52
2-Feb	2012	Neighbourhood	20-Dec	2011	S419
2-Feb	2012	Powerdirect	2-Dec	2011	G48
2-Jan	2012	TRU	2-Dec	2011	G48
2-Jan	2012	Lumo Energy	2-Dec	2011	G48
2-Jan	2012	Origin	2-Dec	2011	G48
2-Jan	2012	AGL	2-Dec	2011	G48
31-Jul	2011	TRU	1-Jul	2011	G26
25-Mar	2011	Click	25-Feb	2011	G8
8-Feb	2011	Red	8-Jan	2011	S5
7-Feb	2011	Neighbourhood	7-Jan	2011	G1
31-Jan	2011	Simply	31-Dec	2010	S520
2-Feb	2011	Australian P&G	31-Dec	2010	G52
1-Feb	2011	Energy Australia	30-Dec	2010	S515
24-Jan	2011	TRU	14-Dec	2010	S491
2-Jan	2011	AGL	3-Dec	2010	S483
2-Jan	2011	Powerdirect	3-Dec	2010	S483
2-Jan	2011	Lumo Energy	2-Dec	2010	S481
2-Jan	2011	Origin	2-Dec	2010	S479
26-Jul	2010	Simply	25-Jun	2010	S243
25-May	2010	TRU	24-Apr	2010	S144
16-Apr	2010	Country Energy	12-Mar	2010	G10
20-Mar	2010	Click	19-Feb	2010	G7
6-Feb	2010	Neighbourhood	25-Dec	2009	G52
5-Feb	2010	Australian P&G	5-Jan	2010	S2
25-Jan	2010	Red	25-Dec	2009	G52
23-Jan	2010	Simply	23-Dec	2009	S482

<sup>9</sup> The 6 month minimum timeframe between gazetting standing offers means that this retailer can first gazette new standing offers in late February 2010.

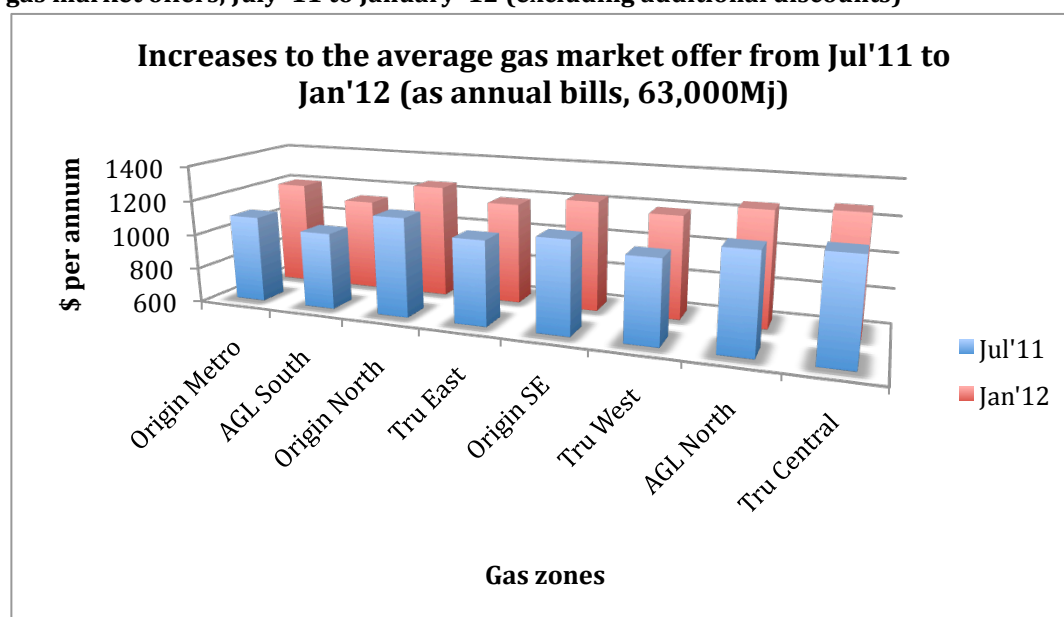
15-Jan	2010	Energy Australia	15-Dec	2009	\$464
3-Jan	2010	Victoria Electricity	3-Dec	2009	\$442
2-Jan	2010	Origin	2-Dec	2009	\$438
2-Jan	2010	AGL	2-Dec	2009	\$436
2-Jan	2010	Powerdirect	2-Dec	2009	\$436
4-Nov	2009	TRU	3-Oct	2009	\$342
20-Jul	2009	Neighbourhood	19-Jun	2009	G25
2-Jul	2009	Simply	2-Jun	2009	\$161
2-Jul	2009	Australian P&G	2-Jun	2009	\$160
2-Jul	2009	Energy Australia	29-May	2009	G22
13-Jan	2009	Victoria Electricity	16-Dec	2008	\$370
9-Jan	2009	Neighbourhood	9-Dec	2008	\$352
5-Jan	2009	Click	6-Dec	2008	\$350
5-Jan	2009	Red	5-Dec	2008	\$337
2-Jan	2009	Country	6-Dec	2008	\$351
2-Jan	2009	Energy Australia	5-Dec	2008	G49
2-Jan	2009	AGL	2-Dec	2008	\$328
2-Jan	2009	Powerdirect	2-Dec	2008	\$328
2-Jan	2009	Origin	2-Dec	2008	\$327
2-Jan	2009	TRU	2-Dec	2008	\$325
2-Jan	2009	Simply	2-Dec	2008	\$330
2-Jan	2009	Australian P&G	2-Dec	2008	\$329

As discussed above, the individual retailers' market offers largely mirror their gazetted standing offers. That is, they are generally comprised of the same tariff shapes and tariff rates but include additional discounts, bonuses or other incentives. It is thus important that the retailers' price setting occur independently and we recommend that the government changes the legislation to stipulate two specific dates every year when the retailers may change their standing offers (i.e. 1 January and 1 July). This would ensure that the retailers price the standing offer independently of each other (as they will continue to be able to publish new market offers throughout the year) as well as improve the 'competition by comparison' aspect of the energy retail market. Competition by comparison is currently declining, or even failing, in the Victorian energy retail market. The regulator is not able to provide the public with up to date information about energy prices, and analysis such as the one presented in this report is of limited usefulness for consumers wanting to identify the best offer available to them. By only allowing the retailers to change the standing offer at two set dates per annum, commentators and the media can become effective and specific sources of information to the public, and the competitiveness of the market may improve.

## 2.2 Gas market offers

The average gas market offer has increased by \$85-115 for a typical consumption household since July 2011, which is between 7-11% depending on the gas zone. Chart 13 below shows the increases as annual bills for each gas zone. The greatest increase is in the Tru West gas zone and the lowest increase is in the Origin North zone. Note that the bill calculations used in chart 13 do not include additional discounts.

**Chart 13 Difference in annual bill (63,000Mj consumption) between average (all retailers) gas market offers, July '11 to January '12 (excluding additional discounts)**



As with electricity, gas market offers include additional discounts. The majority of these discounts are now conditional on the consumer paying the bill by the due date. Table 3 below shows additional discounts applicable to the gas retailers' published market offer rates.

**Table 3 Gas market offer features post January 2012<sup>10</sup>**

	Discounts	Fixed term	Early Termination Fee	Pay on time discounts	Other (bonuses, incentives)
AGL	5% off usage	2 years	\$50-75	no	yes
Origin	5% off usage	1 year	\$22	2% off usage	no
Tru	3% off bill	3 year	\$22	3% off bill	no
Aus P&G <sup>^</sup>	no	no	no	5% off bill	no
Simply <sup>^</sup>	no	2 years	\$20	12% off usage	no
Lumo <sup>^</sup>	no	2 years	\$100	10% off bill	no

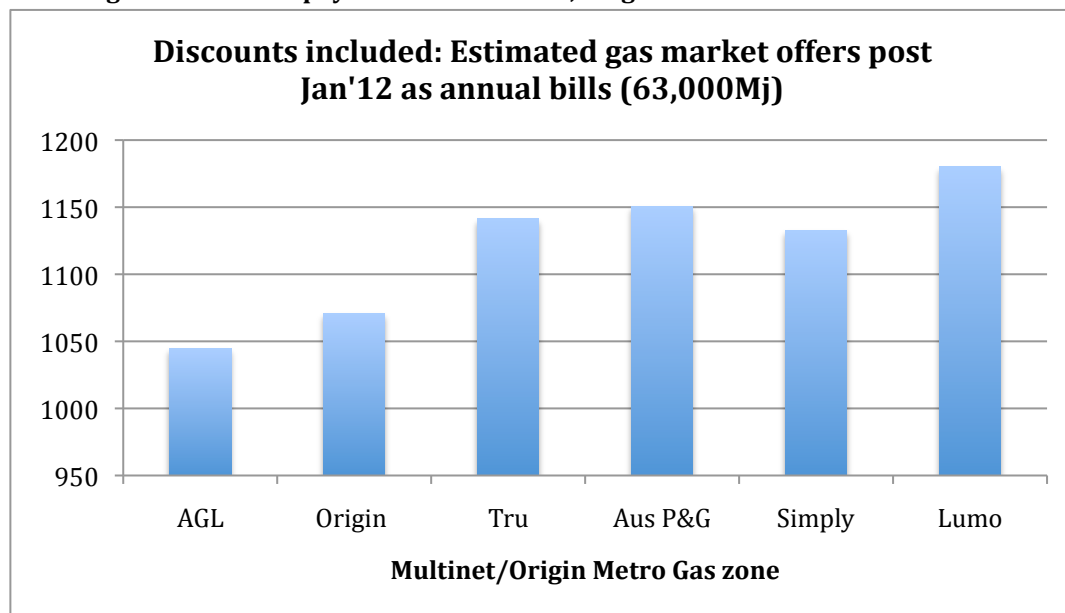
<sup>^</sup> Gas offer only available in conjunction with electricity offer

Chart 14 below shows estimated annual bills (incl GST) for market offers in the Origin Metro gas zone. The annual bills include the discounts (as well as pay on time discounts) listed in table 3.<sup>11</sup> It shows that for average consumption households (63,000Mj) the annual bill may vary by as much as \$180 between the best and worst market offer in the Origin Metro zone.

<sup>10</sup> These offers are conditions published on the retailers' websites in the first week of January 2012. Previously the Tariff-Tracking tool has chosen the offers listed on the ESC's 'Your Choice' website but as the website has not been recently updated we were unable to continue basing our analysis on information provided by the website.

<sup>11</sup> Discounts have been applied to consumption and/or total bill as per offers listed in the table (excluding GST).

**Chart 14 Estimated annual bills (incl GST) for gas market offers post January 2012 including discounts and pay on time discounts, Origin Metro zone**





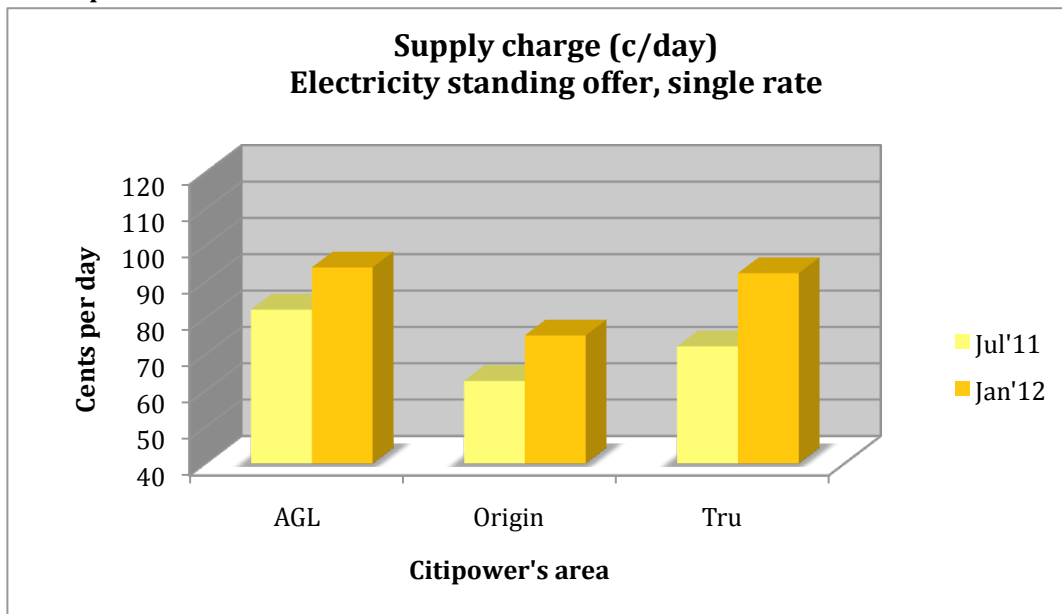
### 3. Changes to the supply charge

The supply charge is a fixed daily charge that is paid in addition to the consumption charges for electricity used. The supply charge varies significantly between retailers and whilst a high fixed charge generally indicates lower consumption charges, it is crucial that consumers are aware of the supply charge in order to choose energy offers that best suit their usage level. Low consumption households should look for energy offers with a low fixed daily charge.<sup>12</sup>

Charts 15 to 19 below show that:

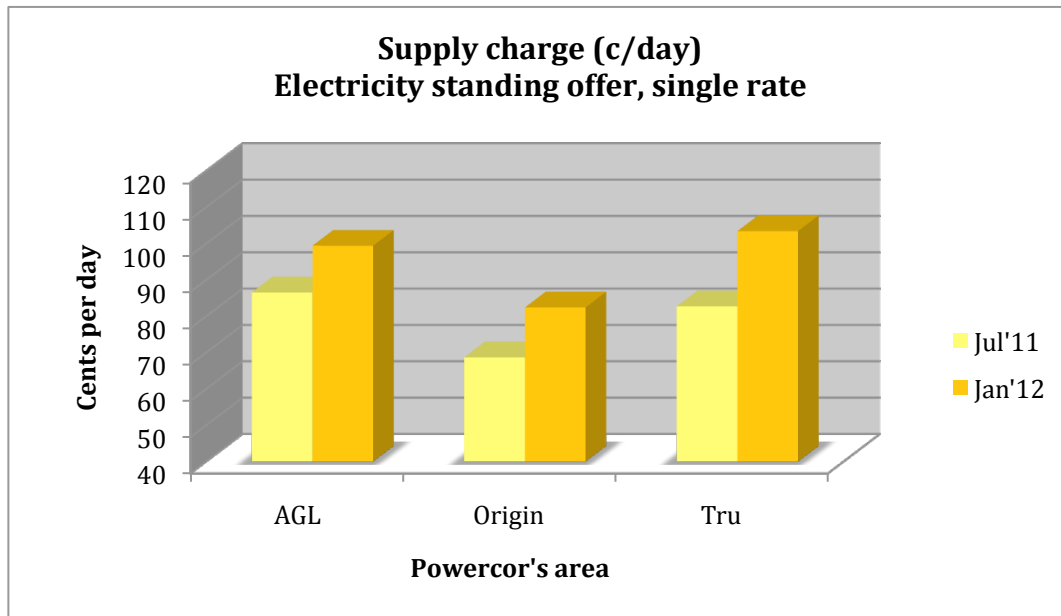
- AGL continues to have the highest supply charge for its electricity standing offers across all network areas.
- Although their supply charge is less than AGL's, Tru has the greatest supply charge increases of the three incumbent retailers in January 2012.
- Tru's daily supply charge has increased by more than 20 cents (that amounts to an increase of more than \$70 per annum) in Citipower, Powercor and United Energy's network areas.
- Origin continues to have the lowest supply charge of the three incumbent retailers across all network areas.
- AGL customers in the North West and Western suburbs (Jemena's network area) continue to pay the greatest supply charge, now reaching over \$400 per annum (\$1.11 per day) for single rate electricity customers.

**Chart 15 Changes to the supply charge (standing offers) from July 11 to January 2012 in the Citipower network**

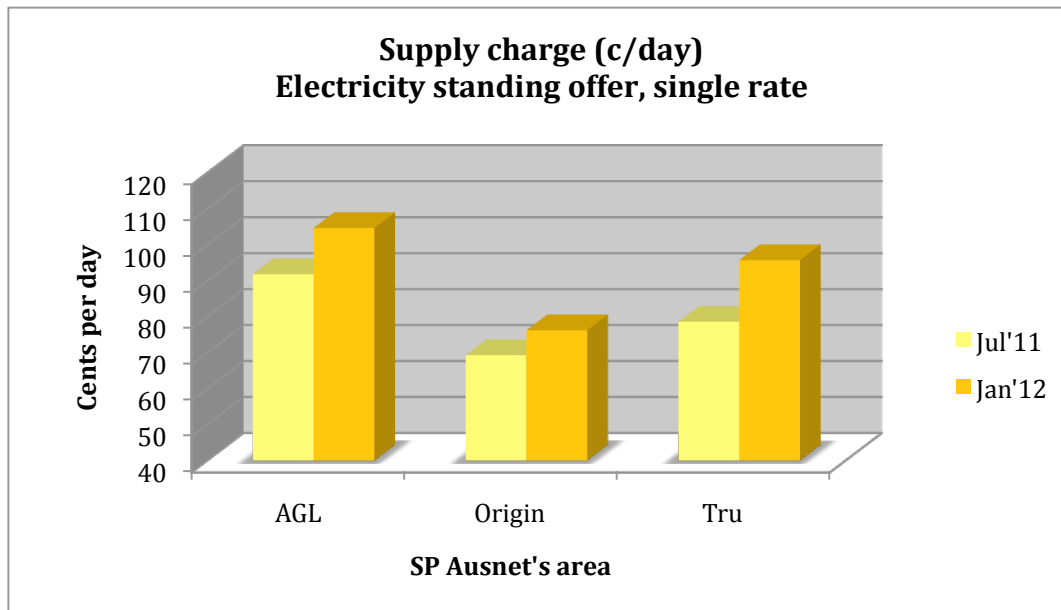


<sup>12</sup> SVDP, *Victorian Energy Prices July 2008-July 2010*, May Mauseth Johnston, July 10, p 33

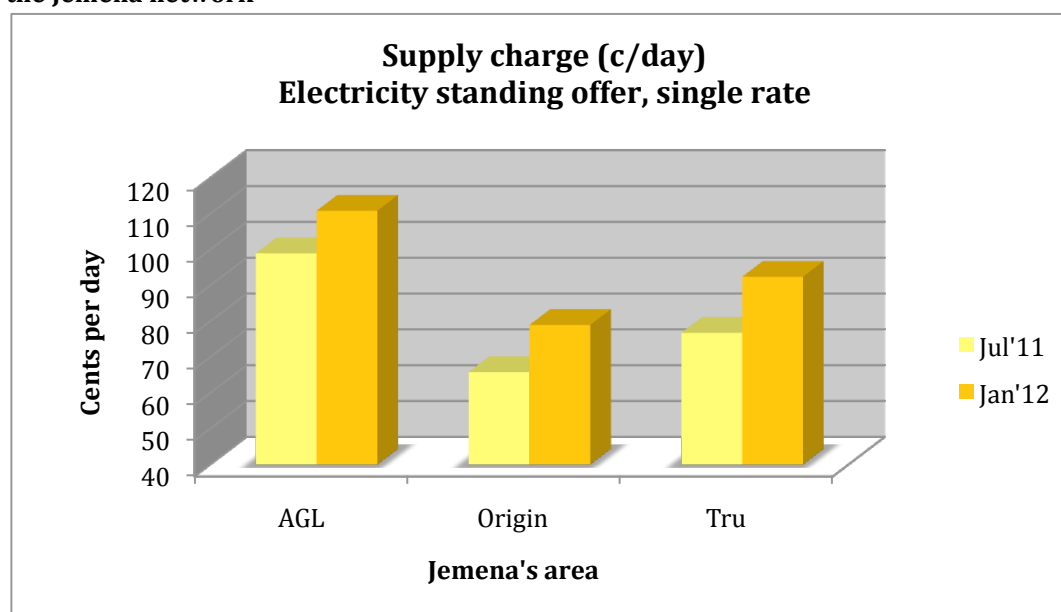
**Chart 16 Changes to the supply charge (standing offers) from July 11 to January 2012 in the Powercor network**



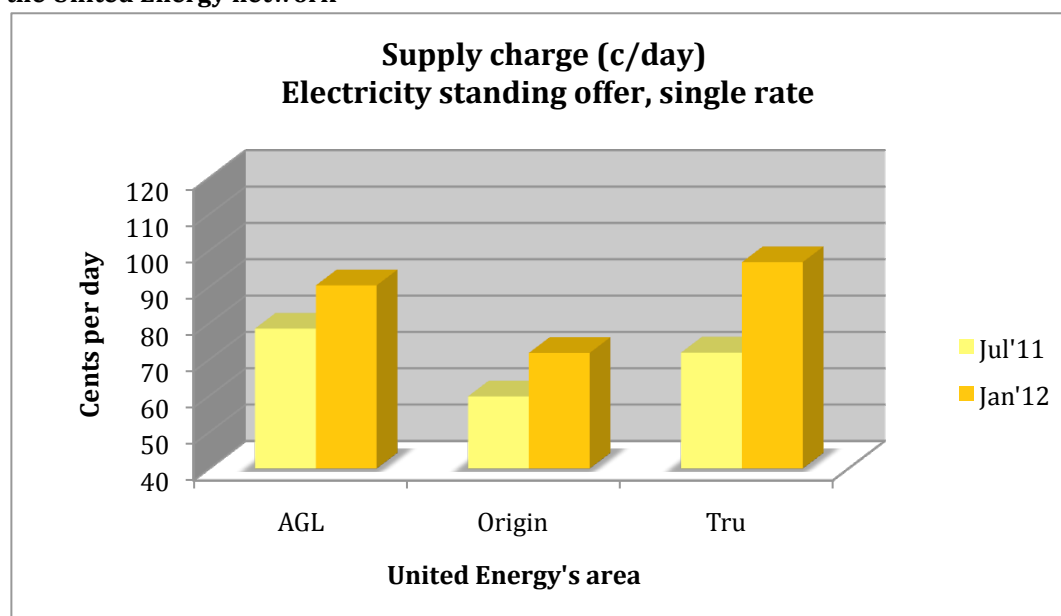
**Chart 17 Changes to the supply charge (standing offers) from July 11 to January 2012 in the SP Ausnet network**



**Chart 18 Changes to the supply charge (standing offers) from July 11 to January 2012 in the Jemena network**



**Chart 19 Changes to the supply charge (standing offers) from July 11 to January 2012 in the United Energy network**



### 3.1 Supply charge as proportion of bill – household examples

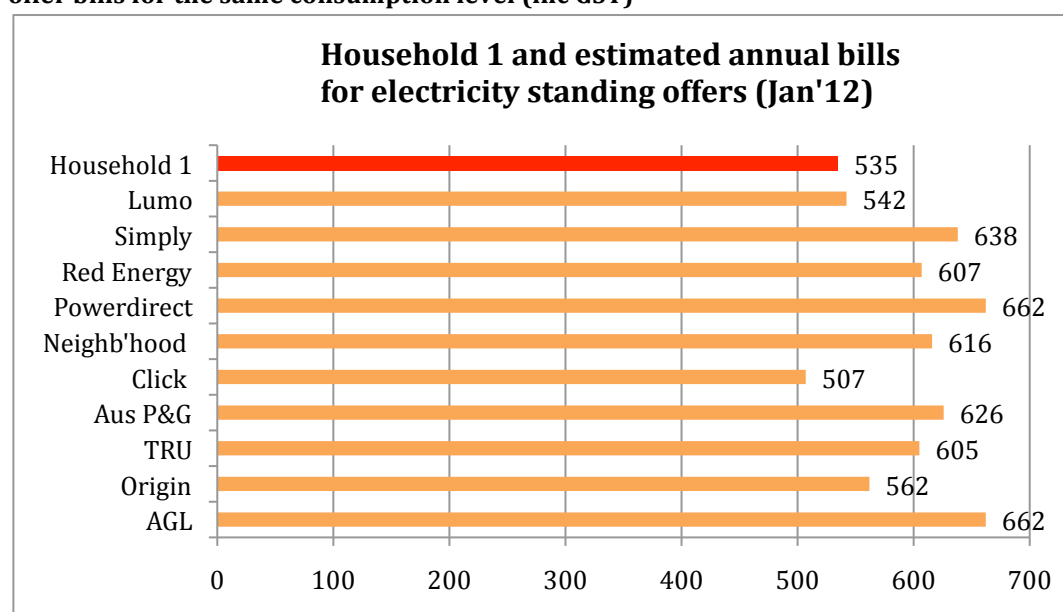
This section examines the energy bills of four Victorian households with the aim of highlighting how individual households' consumption levels and patterns mean that different retailers are more suitable for them. The four households that have volunteered their energy bills for examination vary in consumption levels, fuel mix and tariff types. All four households have entered into market contracts with additional discounts and the charts (below) comparing the households' annual bills to the various standing offers include discounts stipulated in their contracts.

### Household 1: Small house in Melbourne's inner west

Residents	1 adult, full time employed
Fuel sources	Electricity and gas
Cooling	Fan
Heating	Gas
Hot water system	Gas
Electricity tariff type	Single rate
Electricity network	Jemena
Gas zone	SP Ausnet/AGL North
Current electricity contract	Origin market offer
Current gas contract	Origin market offer
Annual electricity consumption	1,100kWh
Annual gas consumption	24,660MJ

If *household 1* were on an electricity standing offer, the annual bill could be as low as \$510 and as high as \$660, depending on the retailer (see chart 20 below). However, it must be noted that if Click decides to gazette new standing offers at the end of February 2012, the difference between the highest and lowest annual bill may be reduced to \$120.

**Chart 20 Estimated annual electricity bill for Household 1 in 2012 compared to standing offer bills for the same consumption level (inc GST)**



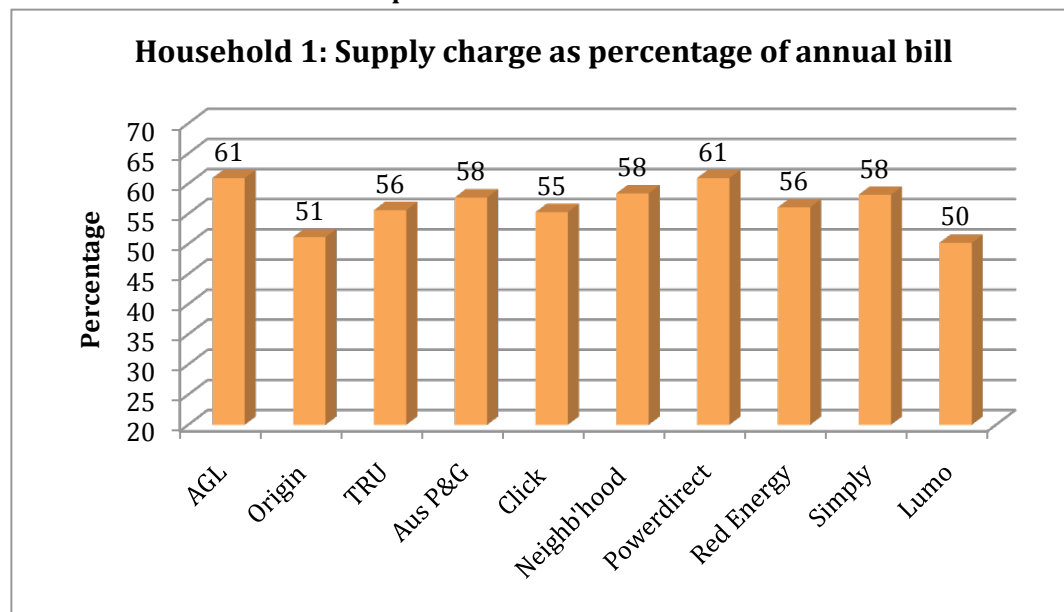
*Household 1* is currently on Origin's market offer and receives a 10% discount on all consumption. His estimated annual bill is thus \$535 per annum.<sup>13</sup>

As *household 1* has very low electricity consumption the fixed supply charge should be his first assessment criteria when choosing a retail offer. Chart 21 below shows that Origin, Click and Lumo's standing offers contain the lowest fixed supply charge (as a proportion of the annual bill) for a household with this consumption level and as such *household 1* has made a good decision in choosing

<sup>13</sup> This figure is GST inclusive but calculation is based on a 10% discount on all consumption excluding GST.

its retailer. Nonetheless, the supply charge alone would make up more than 50% of Household 1's annual electricity bill. *Household 1* may therefore wish to look for a market offer that includes a discount on total bill rather than consumption only. Furthermore, he needs to remember that on the Origin market offer the 10% discount on consumption ceases after 12 months and he should thus contact them to receive a new discount or switch to another retailer.

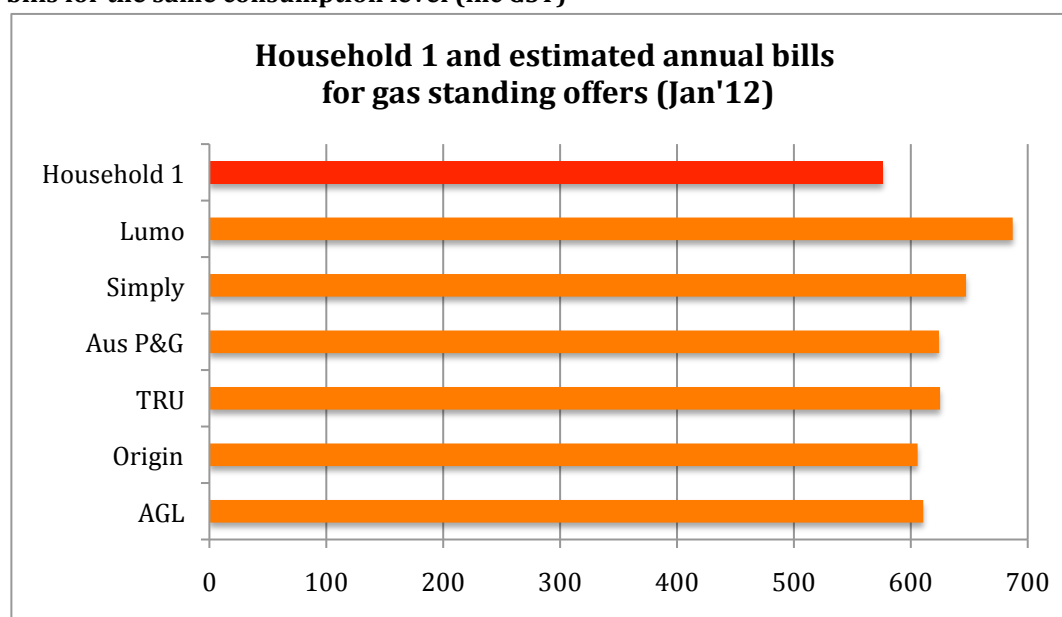
**Chart 21 Supply charge as proportion of annual electricity bill (standing offer) Jan'12 based on household 1's consumption level**



*Household 1* is also connected to reticulated gas and if *household 1* were on a gas standing offer, the annual bill could be as low as \$605 and as high as \$690, depending on the retailer (see chart 22 below). Again, *household 1* has made a good decision by choosing Origin's market offer, which includes a 7% discount on usage.<sup>14</sup> It is however somewhat more difficult for a household to identify suitable gas offers than electricity offers. The supply charges do not vary to the extent they do for electricity offers (the supply charge proportion for the annual bills shown in chart 22, are between 29-32%). In the SP Ausnet/AGL North gas zone that *household 1* resides within, AGL actually has a lower consumption charge than Origin (for the first block of the winter peak) but as Origin operates with a declining block tariff where the second, cheaper, block kicks in after 3500MJ consumed per billing cycle, a lower consumption household may be slightly better off on this offer than AGL's declining 2<sup>nd</sup> block that kicks in after 6000MJ have been used (per billing cycle).

<sup>14</sup> Annual bill for Household 1 is estimated to be \$576 including Origin's 7% discount on consumption (exc GST).

**Chart 22 Estimated annual gas bill for Household 1 in 2012 compared to standing offer bills for the same consumption level (inc GST)**

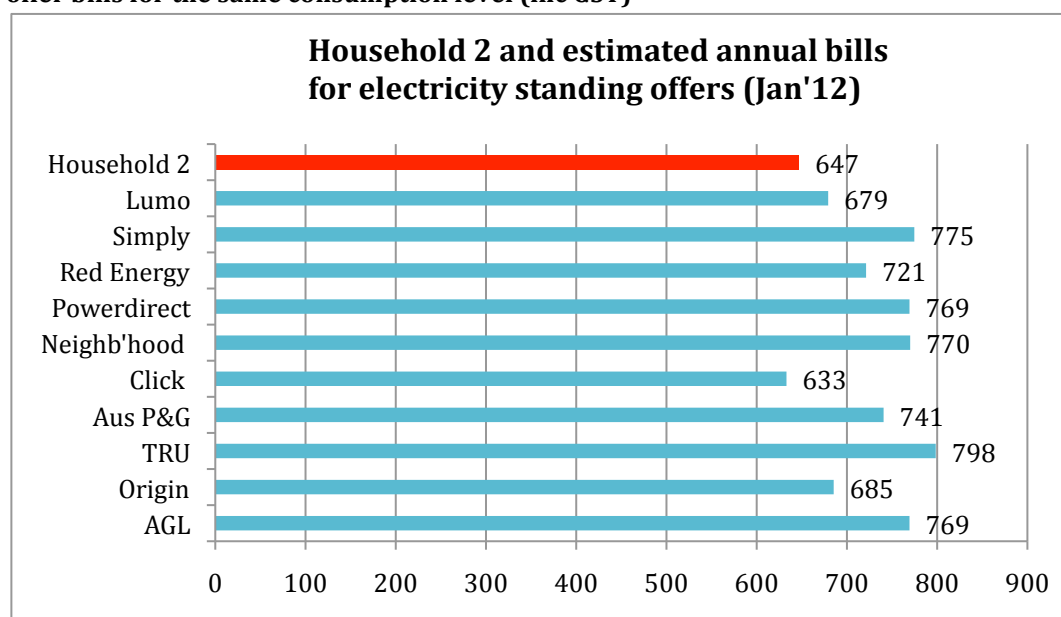


### **Household 2: Unit in Northern Victoria**

Residents	1 adult, full time employed
Fuel sources	Electricity only
Cooling	Fan
Heating	Electric
Hot water system	Electric
Electricity tariff type	Two rate (controlled off-peak)
Electricity network	Powercor
Current electricity contract	Click market offer
Annual electricity consumption	2370kWh
Off-peak proportion	65%

If *household 2* were on an electricity standing offer, the annual bill could be as low as \$630 and as high as \$800, depending on the retailer (see chart 23 below). Again, note that if Click decides to gazette new standing offers at the end of February 2012, the difference between the highest and lowest annual bill may only be \$120.

**Chart 23 Estimated annual electricity bill for Household 2 in 2012 compared to standing offer bills for the same consumption level (inc GST)**



*Household 2* is currently on a market offer with Click Energy. This means that he is currently on one of the lower rates available for his consumption pattern, which is overall low consumption and a high proportion of off-peak load. In addition, *household 2* receives a 7% rebate if he pays the bills on time. It should be noted, however, that Click adjusted its market offer rates in December 2011 and as such its market offer would now produce an annual bill of \$647 (including the 7% pay on time discount) for *household 2*.<sup>15</sup>

### Household 3: House in the western suburbs

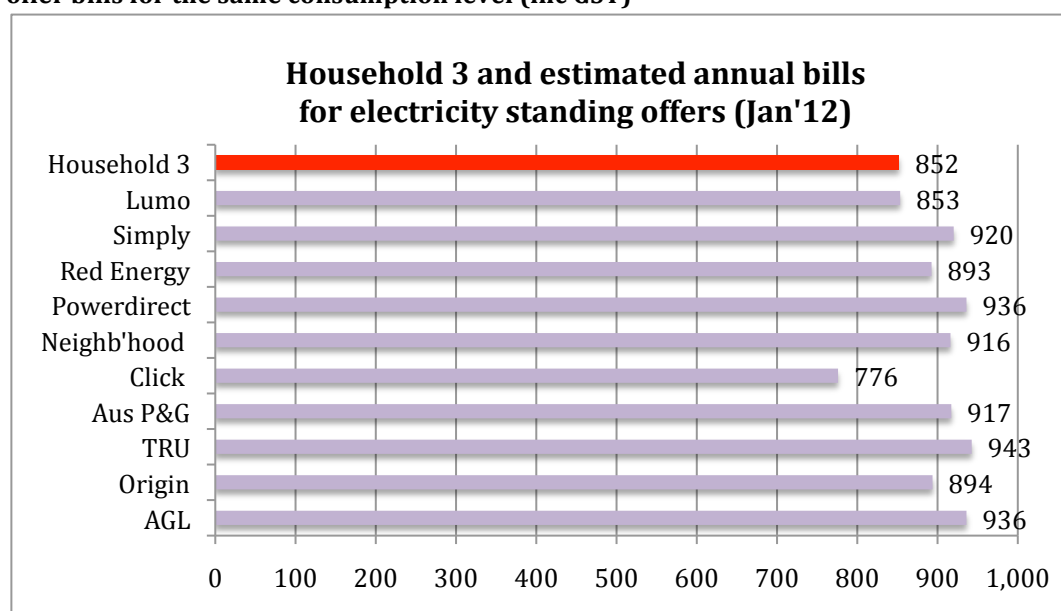
Residents	1 adult (full time employed) and 2 children (school age)
Fuel sources	Electricity and gas
Cooling	Evaporative cooling
Heating	Gas
Hot water system	Gas
Electricity tariff type	Single rate
Electricity network	Powercor
Current electricity contract	Origin market offer
Annual electricity consumption	2,373kWh

If *household 3* were on an electricity standing offer, the annual bill could be as low as \$780 and as high as \$945, depending on the retailer (see chart 24 below). Again, note that if Click decides to gazette new standing offers at the end of February 2012, the difference between the highest and lowest annual bill may only be \$100. *Household 3* is currently on Origin's market offer which means that they're on one of the better offers available to them. Their current Origin offer includes a 7% discount off the consumption charges but as their fixed supply

<sup>15</sup> See discussion regarding the introduction of fixed dates for gazetting standing offers in section 2.1.1 above

charges alone amount to \$300 per annum, *household 3* may want to consider switching to a retailer that offers a discount off the total bill rather than usage only, especially if they know they always manage to pay the bills by the date due.<sup>16</sup>

**Chart 24 Estimated annual electricity bill for Household 3 in 2012 compared to standing offer bills for the same consumption level (inc GST)**



#### **Household 4: House in the southeastern suburbs**

Residents	2 adult (1 full time and 1 part time employed)
Fuel sources	Electricity and gas
Cooling	Air-conditioning
Heating	Gas
Hot water system	Gas
Electricity tariff type	Single rate
Electricity network	United Energy
Current electricity contract	AGL market offer
Annual electricity consumption	8,160kWh

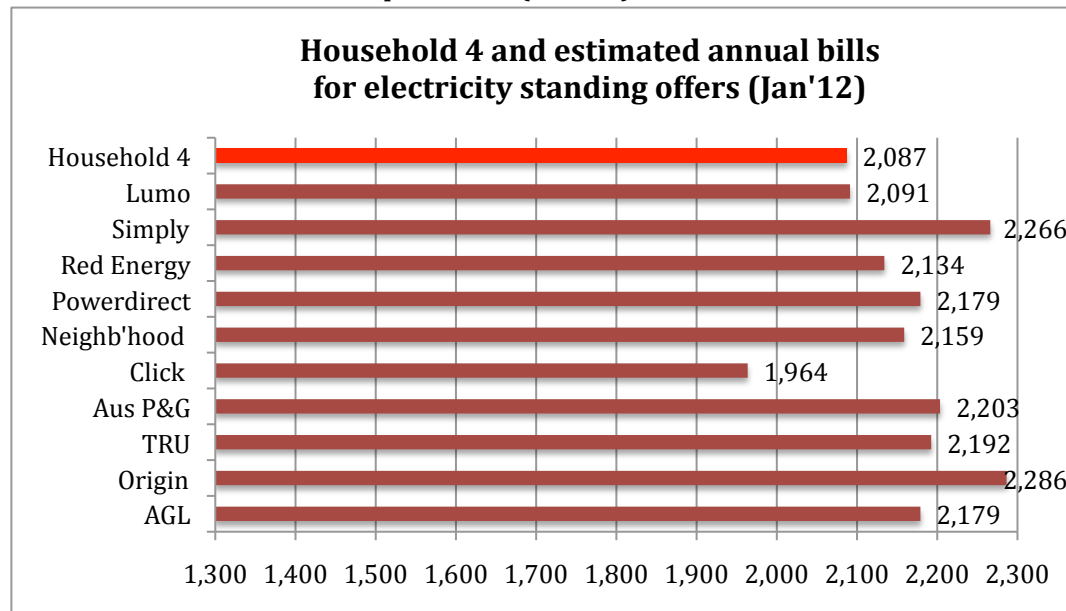
*Household 4* has significantly higher electricity consumption than the three other households. A low supply charge is thus not the most important factor for this household to consider when choosing an energy retailer. If *household 4* were on an electricity standing offer, the annual bill could be as low as \$1,965 and as high as \$2,285, depending on the retailer (see chart 25 below). Again, note that if Click decides to gazette new standing offers at the end of February 2012, the difference between the highest and lowest annual bill may become approximately \$200. The household's decision to enter into an AGL market offer is quite suitable for their consumption level. The market offer also comprises of an additional 5% discount on consumption and for a household consuming 8,160kWh per annum, this discount amounts to an annual saving of

<sup>16</sup> Annual bill for Household 3 is estimated to be \$582 including Origin's 7% discount on consumption (exc GST).



approximately \$84.<sup>17</sup> Low consumption *households 1 and 3* above, found that the Origin offers, with their lower supply charges, were more suitable for them while *household 4* would receive a higher annual bill if they went with Origin than what they currently pay with AGL.

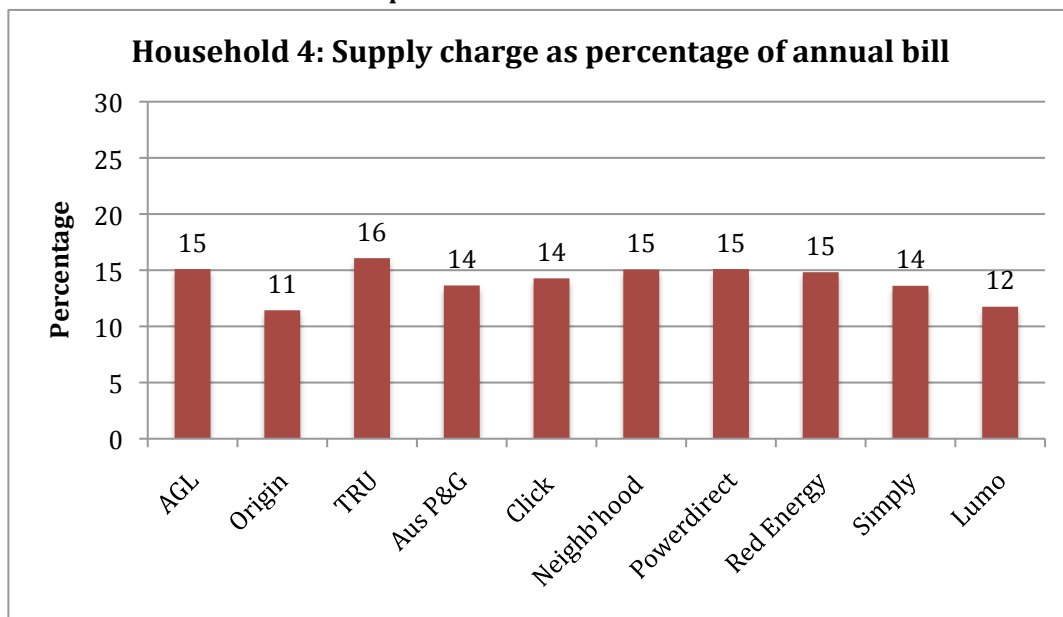
**Chart 25 Estimated annual electricity bill for Household 4 in 2012 compared to standing offer bills for the same consumption level (inc GST)**



Naturally, a smaller proportion of the annual bill goes to cover the supply charge for high consumption households such as *household 4*. Chart 26 below shows that *household 4* can expect that approximately 15% of their annual electricity bill goes towards the fixed supply charge. This is in stark contrast to *household 1* (above), where the supply charge account for more than 50% of the annual electricity bill.

<sup>17</sup> The annual bill of \$2087 includes AGL's 5% discount off the usage component (excluding GST) of the annual bill for this consumption level.

**Chart 26 Supply charge as proportion of annual electricity bill (standing offer) Jan'12 based on household 4's consumption level**



#### 4. Total cost of energy by area

The analysis presented in this report shows that some areas have experienced higher price increases than others over the last 6 months.<sup>18</sup> As approximately 60% of Victorian households are connected to both electricity and gas, it is important to analyse whether there are areas that have experienced high increases in both electricity and gas prices, and conversely, whether there are areas where the increases in electricity and gas prices are at the lower end. Such analysis allows for a more detailed understanding of the total energy costs faced by households across Victoria.<sup>19</sup>

**Table 4 Electricity standing offer price increases (average) by area July 2011 – January 2012**

Area	Annul bill increase since July 2011	Percentage increase
Inner city and Eastern suburbs (Citipower)	\$95	8%
Outer Western suburbs and Western Victoria (Powercor)	\$130 or \$170*	9.5% or 10.5%*
Outer Northern and Eastern suburbs and Eastern Victoria (SP Ausnet)	\$155 or \$170*	11% or 10%*
Inner West and Northern suburbs (Jemena)	\$100	7%
Outer South Eastern suburbs and Mornington Peninsula (United Energy)	\$110	8.5%

\* For all-electric households with peak/off-peak (controlled load) rates

**Table 5 Gas standing offer price increases (average) by area July 2011 – January 2012**

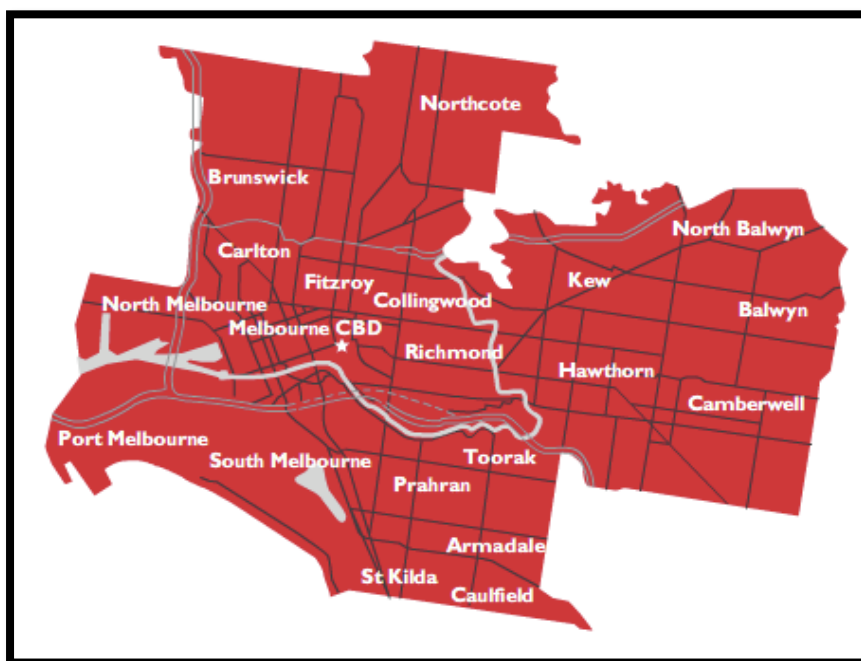
Area	Annul bill increase since July 2011	Percentage increase
Eastern and South Eastern suburbs (Origin Metro zone)	\$75	7%
Bayside and outer South Eastern suburbs (AGL South zone)	\$60	6%
Northern and North Eastern Victoria (Origin North zone)	\$65	5.5%
CBD, inner city and North Eastern suburbs (TRU East zone)	\$70	6%
Frankston, Mornington Peninsula and Gippsland (Origin South East zone)	\$65	6%
Macedon Ranges, Bendigo, Ballarat and Western Victoria (TRU West zone)	\$65	6%

<sup>18</sup> See the first Tariff-Tracking report, *Victorian Energy Prices July 2008-July 2010*, for an analysis of total cost of energy by area from July 2008-10. The report is available at: <http://vinnies.org.au/reports-vic>

<sup>19</sup> The figures in tables 4 and 5 are based on the incumbent retailers' average standing offer for electricity and gas customers for dual fuel households using 4800kWh and 63,000Mj per annum, and all-electric households using 7000kWh (thereof 30% off-peak). To calculate the increases we have used the average of the incumbent retailers' standing offer rates rather than the average of all standing offers. This was done because the vast majority of customers on the standing offer are with the incumbents (AGL, Origin and Tru). Furthermore, as discussed above, market offers do generally reflect the increases to the standing offers.

Western and North Western suburbs (AGL North zone)	\$70	6%
Outer Western suburbs, Geelong and Bellarine Peninsula (TRU Central zone)	\$70	6%

#### 4.1 Inner city, inner North and Eastern suburbs



Source: Citipower

The electricity standing offer has on average increased by \$95 for average consumption households (4800kWh) over the last 6 months for households in this area. Households in the TRU East gas zone (CBD and inner North) have experienced an increase in gas prices of approximately \$70 over the same period.

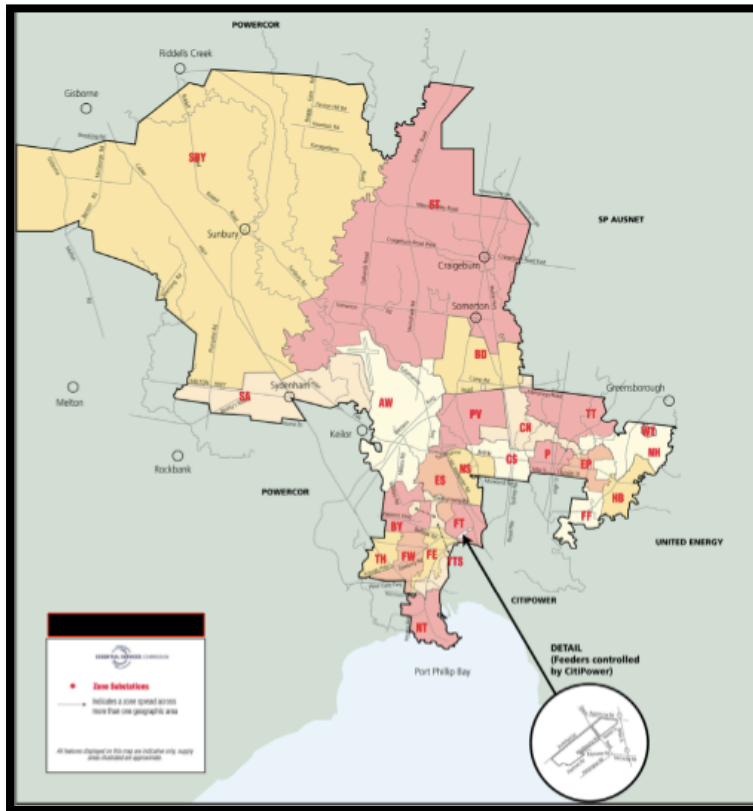
- Households with an average consumption of electricity and gas in Melbourne (CBD), Brunswick, Carlton, Fitzroy, Northcote, Richmond and Collingwood have typically experienced an increase in *energy costs* of \$165 since July 2011.<sup>20</sup>
- Households with an average consumption of electricity and gas in the inner Eastern suburbs of Kew, Hawthorn, Camberwell and Balwyn, and the inner South East areas of South Yarra, Prahran, Armadale, Toorak and Caulfield, have typically experienced an increase in *energy costs* of \$170 since July 2011.<sup>21</sup>

<sup>20</sup> These are households in Citipower's electricity distribution network and Envestra's TRU East gas zone.

<sup>21</sup> These are households in Citipower's electricity distribution network and Multinet's Origin Metro gas zone.

- Households with an average consumption of electricity and gas in the inner city bayside suburbs of St Kilda, Port Melbourne, Albert Park and South Melbourne have typically experienced an increase in *energy costs* of \$160 since July 2011.<sup>22</sup>

#### 4.2 Inner West and North Western Suburbs



Source: Essential Services Commission

The electricity standing offer has on average increased by \$100 for average consumption households (4800kWh) over the last 6 months for customers in this area. Households in the AGL North gas zone (Western and North Western suburbs) have experienced an increase in gas prices of approximately \$70 over the same period.

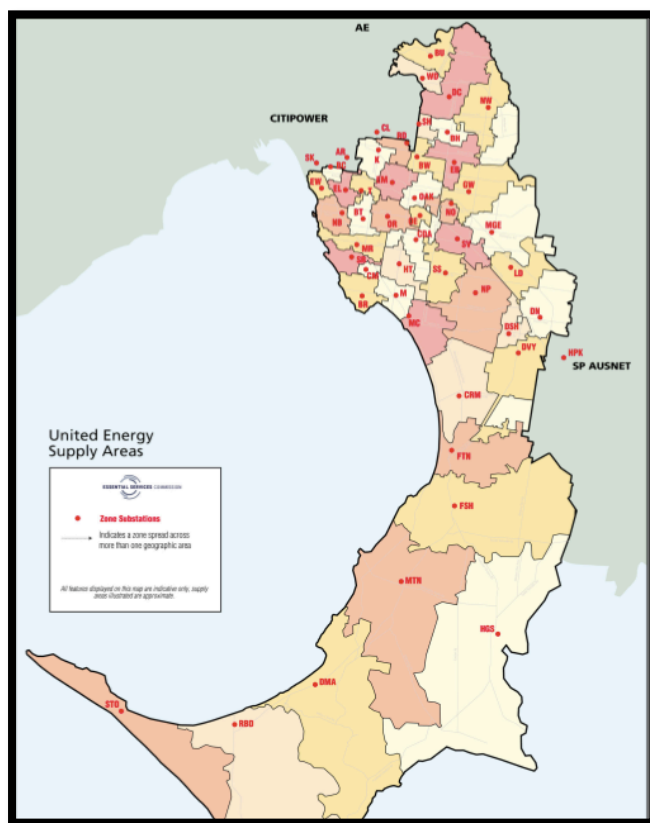
- Households with an average consumption of electricity and gas in Footscray, Yarraville, Williamstown, Flemington, Moonee Ponds, Broadmeadows, Coolaroo, Braybrook and Sydenham have typically experienced an increase in *energy costs* of \$170 since July 2011.<sup>23</sup>
- Households with an average consumption of electricity and gas in Heidelberg, Fairfield, Ivanhoe, Bundoora, Thomastown, Preston,

<sup>22</sup> These are households in Citipower's electricity distribution network and Multinet's AGL South gas zone.

<sup>23</sup> These are households in Jemena's electricity distribution network and SP Ausnet's AGL North gas zone.

Reservoir have typically experienced an increase in *energy costs* of \$170 since July 2011.<sup>24</sup>

#### 4.3 South Eastern suburbs and Mornington Peninsula



Source: Essential Services Commission

The electricity standing offer has on average increased by approximately \$110 for average consumption households (4800kWh) over the last 6 months for customers in this area. Households in the Origin South East gas zone (Mornington Peninsula and outer South Eastern suburbs) have experienced an increase in gas prices of approximately \$65 over the same period.

- Households with an average consumption of electricity and gas in the bayside suburbs of Elwood, Elsternwick, Brighton, Sandringham, Beaumaris, Chelsea and South Eastern Suburbs of Bentleigh, Moorabbin, Springvale, Noble Park, Keysborough have typically experienced an increase in *energy costs* of \$175 since July 2011.<sup>25</sup>
- Households with an average consumption of electricity and gas in the suburbs of Seaford and Frankston and on the Mornington Peninsula have

<sup>24</sup> These are households in Jemena's electricity distribution network and Envestra's TRU East gas zone.

<sup>25</sup> These are households in United Energy's electricity distribution network and Multinet's AGL South gas zone.

typically experienced an increase in *energy costs* of \$170 since July 2011.<sup>26</sup>

- Households with an average consumption of electricity and gas in the Eastern suburbs of Bulleen, Templestowe, Box Hill, Doncaster, Mitcham, Vermont, Glen Waverly and Chadstone have typically experienced an increase in *energy costs* of \$185 since July 2011.<sup>27</sup>

#### 4.4 Outer Western suburbs and Western Victoria



Source: Powercor

All-electric households in this area would have typically experienced an electricity price increase of \$170 over the last 6 months (based on average consumption of 7000kWh).<sup>28</sup> For dual fuel households the electricity standing offer has on average increased by approximately \$130 over the last 6 months (based on average consumption of 4800kWh). Total *energy cost* increases since July 2011 for dual fuel households in the Western region typically amount to:

- \$200 for average consumption households in Hoppers Crossing, Werribee, Geelong region and on the Bellarine peninsula.<sup>29</sup>

<sup>26</sup> These are households in United Energy's electricity distribution network and Envestra's Origin South East gas zone.

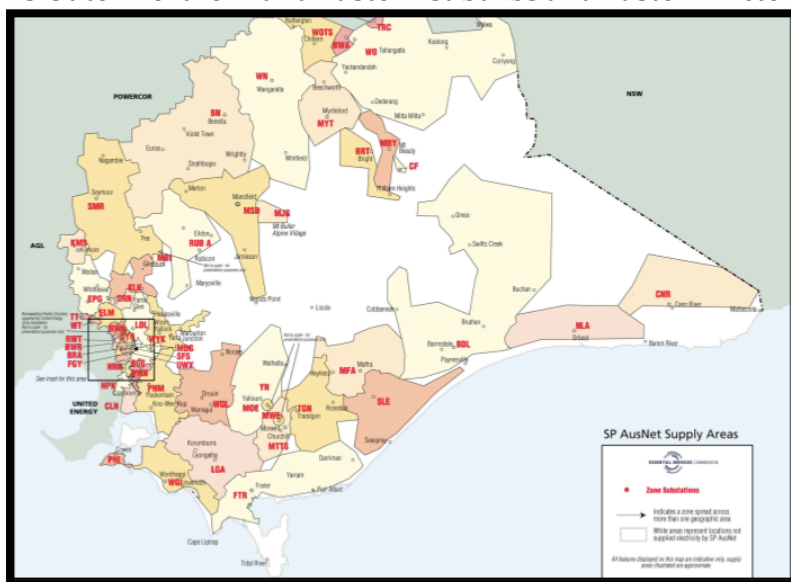
<sup>27</sup> These are households in United Energy's electricity distribution network and Multinet's Origin Metro gas zone.

<sup>28</sup> Based on the average electricity standing offer for households taking controlled load off-peak (annual consumption of 7000 kWh, 70% peak and 30% off-peak).

<sup>29</sup> These are households in Powercor's electricity distribution network and SP Ausnet's TRU Central gas zone.

- \$195 for average consumption households in Macedon, Kyneton, Ballarat, Colac, Warrnambool, Portland, Hamilton, Horsham, Ararat and Daylesford.<sup>30</sup>
- \$190 for average consumption households in Northern Victorian towns such as Echuca, Shepparton and Heathcote.<sup>31</sup>

#### 4.5 Outer Northern and Eastern suburbs and Eastern Victoria



Source: Essential Services Commission

All-electric households in this area would have typically experienced an electricity price increase of \$170 over the last 6 months (based on average consumption of 7000kWh).<sup>32</sup> For dual fuel households the electricity standing offer has on average increased by \$155 over the last 6 months (based on average consumption of 4800kWh). Total *energy cost* increases since July 2011 for dual fuel households in the Eastern Victoria region typically amount to:

- \$230 for average consumption households in the Outer Northern and Eastern suburbs of Warrandyte, Ringwood, Chirnside Park and the area around Mount Dandenong.<sup>33</sup>
- \$215 for average consumption households in Kilmore, Seymour, Violet Town, Nagambie, Wangaratta, Chiltern and Wodonga.<sup>34</sup>

<sup>30</sup> These are households in Powercor's electricity distribution network and SP Ausnet's TRU West gas zone.

<sup>31</sup> These are households in Powercor's electricity distribution network and Envestra's Origin North gas zone.

<sup>32</sup> Based on the average electricity standing offer for households taking controlled load off-peak (annual consumption of 7000 kWh, 70% peak and 30% off-peak).

<sup>33</sup> These are households in SP Ausnet's electricity distribution network and Multinet's Origin Metro gas zone.

<sup>34</sup> These are households in SP Ausnet's electricity distribution network and Envestra's Origin North gas zone.



- \$215 for average consumption households in the LaTrobe Valley and Sale in the Gippsland region.<sup>35</sup>

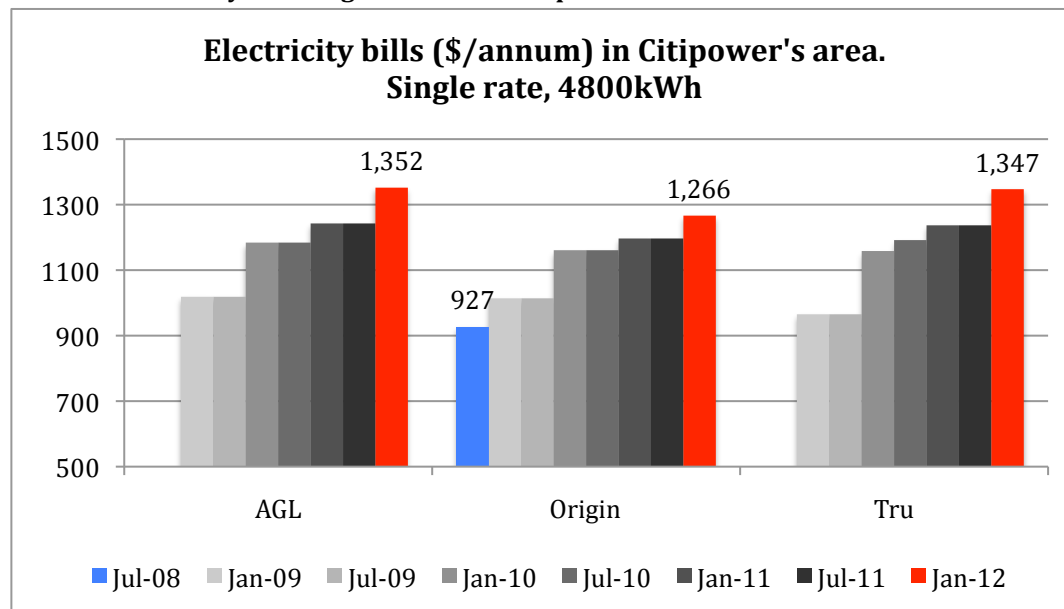
---

<sup>35</sup> These are households in SP Ausnet's electricity distribution network and Envestra's Origin South East gas zone.

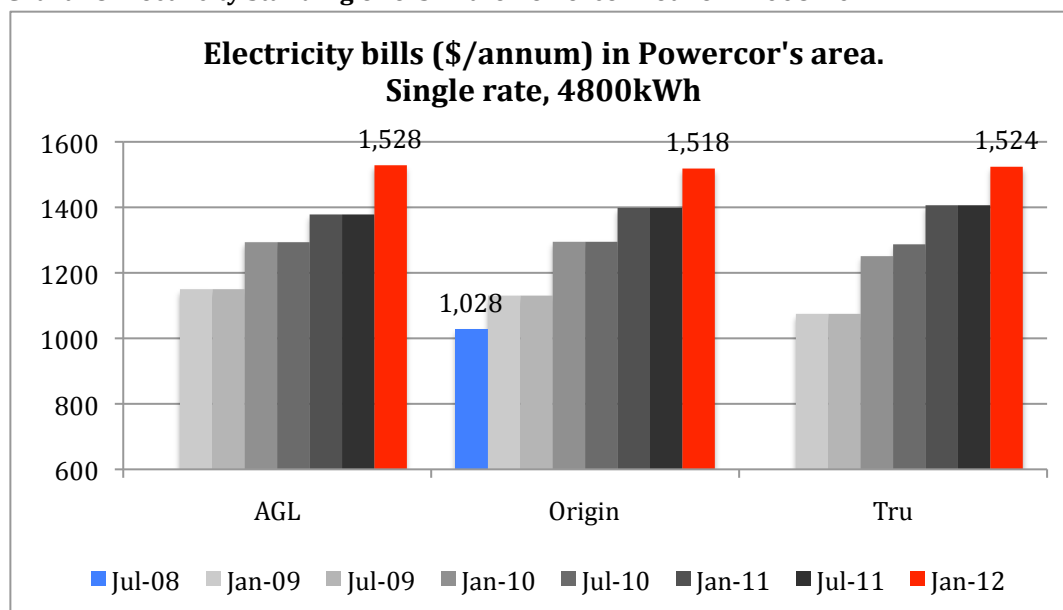
## Appendix 1: Electricity standing offers (as annual bills) from 2008-2012

Since the introduction of full retail competition in the Victorian energy retail market in 2002, we have had standing offers and market offers. However, prior to 1 January 2009 only the incumbent retailers (AGL, Origin and TRU) had standing offers and there was only one standing offer for each distribution patch (see blue columns in the charts below). Prior to 2009 the Victorian Government regulated the price and shape of standing offers. Since January 2009 all retailers (with a minimum number of customers) have been obliged to gazette standing offers to be valid for a minimum of six months. The retailers themselves determine the price and shape of the standing and the market offers. A customer that has not signed a market contract since 2002 will currently be on the standing offer. Charts 27 - 31 below show the increases to the annual bill for AGL, Origin and TRU's standing offers (single rate) for average consumption household in each of the five network areas.

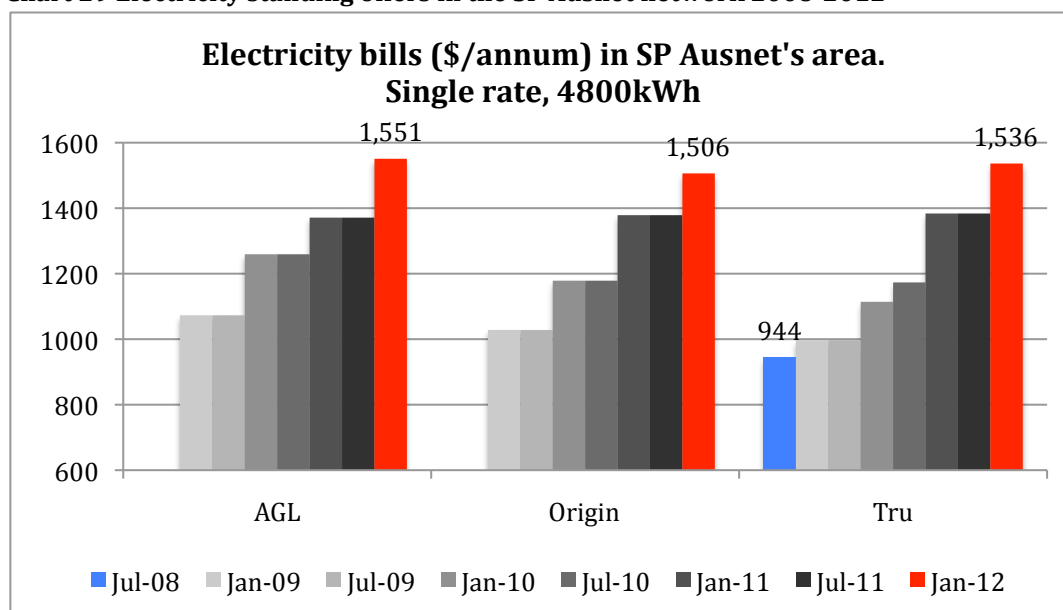
Chart 27 Electricity standing offers in the Citipower network 2008-2012



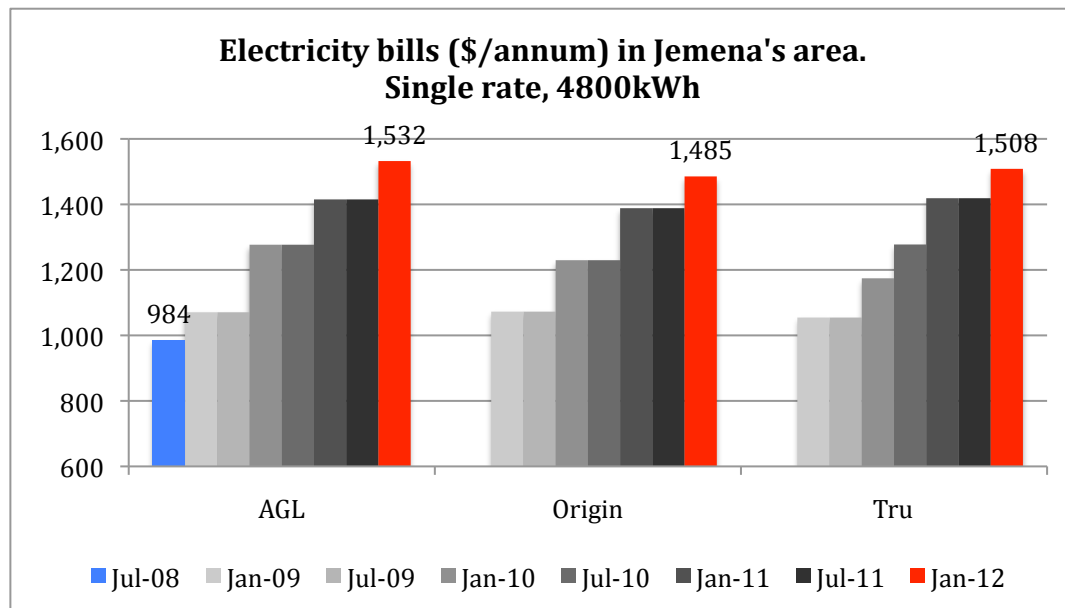
**Chart 28 Electricity standing offers in the Powercor network 2008-2012**



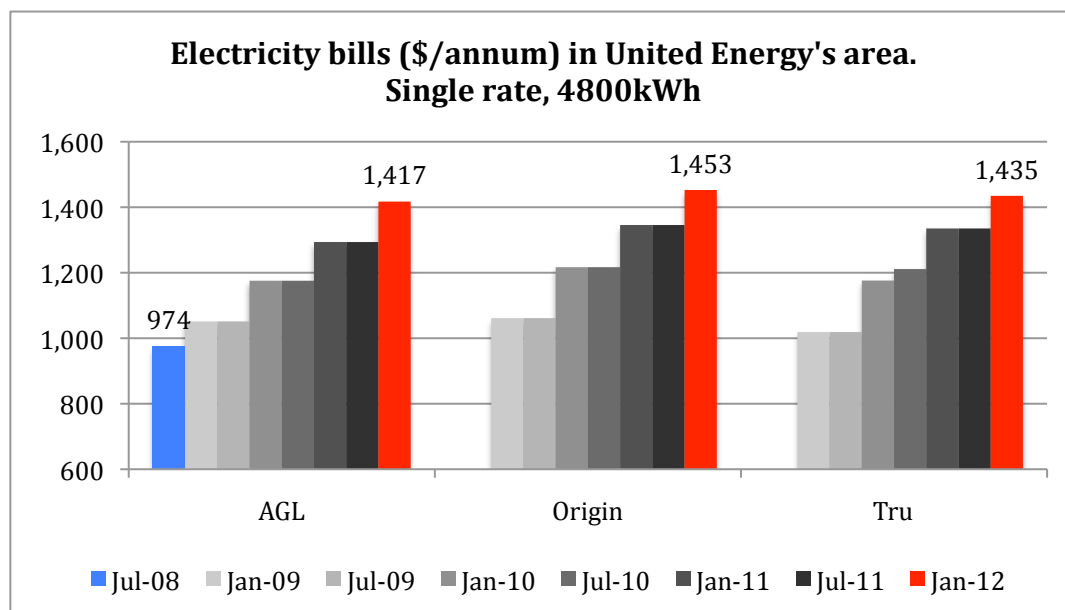
**Chart 29 Electricity standing offers in the SP Ausnet network 2008-2012**




**Chart 30 Electricity standing offers in the Jemena network 2008-2012**



**Chart 31 Electricity standing offers in the United Energy network 2008-2012**





# **Victorian Energy Prices January - July 2012**

**May Mauseth Johnston  
July 2012**



**St Vincent de Paul Society**  
*good works*

**Disclaimer**

The energy offers, tariffs and bill calculations presented in this report and associated workbooks should be used as a general guide only and should not be relied upon. The workbooks are not an appropriate substitute for obtaining an offer from an energy retailer. The information presented in this report and the workbooks is not provided as financial advice. While we have taken great care to ensure accuracy of the information provided in this report and the workbooks, they are suitable for use only as a research and advocacy tool. We do not accept any legal responsibility for errors or inaccuracies. The St Vincent de Paul Society and Alviss Consulting Pty Ltd do not accept liability for any action taken based on the information provided in this report or the associated workbooks or for any loss, economic or otherwise, suffered as a result of reliance on the information presented. If you would like to obtain information about energy offers available to you as a customer, go to the Essential Services Commission's website [www.yourchoice.vic.gov.au](http://www.yourchoice.vic.gov.au) or contact the energy retailers directly.

Victorian Energy Prices January 2012 – July 2012  
An update-report on the Victorian Tariff-Tracking Project  
by May Mauseth Johnston for the St Vincent de Paul Society

**May Mauseth Johnston, July 2012**  
**Alviss Consulting Pty Ltd**  
ABN 43147408624

**© St Vincent de Paul Society and Alviss Consulting Pty Ltd**

This work is copyright. Apart from any use permitted under the Copyright Act 1968 (Ctw), no parts may be adapted, reproduced, copied, stored, distributed, published or put to commercial use without prior written permission from the St Vincent de Paul Society.

St Vincent de Paul Society  
Locked Bag 4800, Box Hill, VIC 3128  
[www.vinnies.org.au](http://www.vinnies.org.au)

## **Acknowledgements**

The St Vincent de Paul Society is grateful for the funding provided by the **Consumer Advocacy Panel** to update the Victorian Tariff-Tracking tool. The views and interpretations expressed in this paper are those of the author (or organisation) and do not necessarily represent the views of the Consumer Advocacy Panel.

## **The Victorian Tariff-Tracking Project**

To date, this project has tracked electricity and gas tariffs in Victoria from July 2008 (retail price deregulation took effect on January 1 2009) to July 2012, and developed a spreadsheet based tool that allows consumer advocates to build on the initial analysis and continue to track changes as they occur.

We have developed four workbooks that allow the user to enter consumption levels and analyse household bills for gas and electricity standing offers from July 2008 to July 2012, as well as published electricity and gas market offers as of July 2010 and July 2012.

Workbook 1: Electricity standing offers July 2008-July 2012

Workbook 2: Gas standing offers July 2008- July 2012

Workbook 3: Electricity market offers July 2010 to July 2012

Workbook 4: Gas market offers July 2010 to July 2012

The four workbooks can be accessed at the St Vincent de Paul Society Victoria's website: [www.vinnies.org.au/energy](http://www.vinnies.org.au/energy)

## **Table of content**

### **Acknowledgements**

### **The Victorian Tariff-Tracking Project**

<b>1. Changes to the standing offers from January to July 2012</b>	<b>4</b>
<b>1.1 Electricity standing offers</b>	<b>4</b>
1.1.1 AGL's electricity standing offers	4
1.1.2 Origin's electricity standing offers	6
1.1.3 Tru's electricity standing offers	8
<b>1.2 Gas standing offers</b>	<b>9</b>
1.2.1 AGL's electricity standing offers	10
1.2.2 Origin's electricity standing offers	11
1.2.3 Tru's electricity standing offers	12
<b>2. Market offers</b>	<b>13</b>
<b>2.1 Electricity market offers</b>	<b>13</b>
2.1.1 Difference between market offers and standing offers	15
<b>2.2 Gas market offers</b>	<b>17</b>
<b>3. Changes to the supply charge</b>	<b>19</b>
<b>4. Total cost of energy by area</b>	<b>22</b>
4.1 Inner city, inner North and Eastern suburbs	23
4.2 Inner West, outer North and North Western suburbs	24
4.3 South Eastern suburbs and Mornington Peninsula	25
4.4 Outer Western suburbs and Western Victoria	26
4.5 Outer Northern and Eastern suburbs Eastern Victoria	27
<b>4. Network charges 2008 - 2012</b>	<b>29</b>
<b>Appendix 1: Energy standing offers (as annual bills) from 2008-2012</b>	<b>34</b>
<b>Appendix 2: Electricity market offer features</b>	<b>40</b>



## 1. Changes to the standing offers from January to July 2012<sup>1</sup>

- All of the three incumbent retailers (AGL, Origin and Tru) gazetted new standing offers (electricity and gas) that resulted in price increases in July 2012.
- The size of the increases varies significantly between retailers as well as distribution network/gas zones.
- Tru has the lowest standing offer increases for average consumption households (4800kWh) in July 2012 (approximately \$120 to the annual cost)
- From January to July 2012, the increase in annual electricity bills for average consumption households (4800kWh) on standing offers are greatest for AGL and Origin customers in Powercor's area (an annual bill increase of approximately \$215).

### 1.1 Electricity standing offers

This section analyses changes to the electricity standing offers from January to July 2012 by network area.<sup>2</sup> There are five network businesses in Victoria: Powercor and SP Ausnet distributing electricity to rural and regional Victoria and Citipower, Jemena and United Energy.

As in the previous Tariff-Tracking reports (July 2010, January 2011, January 2012), the bill calculations in this report have assumed an average consumption of 4800kWh per annum for households on the single rate.<sup>3</sup> These are generally households connected to mains gas and therefore have a lower consumption than all- electric households. For all-electric households, which are predominantly in rural areas, the bill calculations have assumed an average consumption of 7000kWh per annum. The rates used in the calculations are those for the controlled load offers and a split of 70% peak and 30% off-peak has been assumed.

#### 1.1.1 AGL's electricity standing offers

Chart 1 below shows that:

- Average consumption households on AGL's standing offer will experience an annual increase of between \$195-215 in electricity costs. These are annual increases of approximately:
  - \$200 for average consumption households in Citipower's area
  - \$215 for average consumption households in Powercor's area
  - \$210 for average consumption households in SP Ausnet's area

---

<sup>1</sup> Calculations based on the incumbent retailer's single rate standing offer and a household consumption of 4800kWh per annum. In Powercor and SP Ausnet's area, second calculation is based on household consumption of 7000kWh per annum (30% off-peak) at the rate of the incumbent retailer's standing offer for the controlled load tariff. For gas, calculations based on the incumbent retailer's standing offer and a household consumption of 63,000Mj per annum.

<sup>2</sup> See the first Tariff-Tracking report, *Victorian Energy Prices July 2008-July 2010*, for an analysis of standing offers from July 2008-10. The report is available at: <http://vinnies.org.au/reports-vic>

<sup>3</sup> Consumption levels do vary between network areas but we believe 4800kWh and 7000kWh per annum are appropriate benchmarks to analyse tariff changes and bill impacts for Victorian households.

- \$200 for average consumption households in Jemena's area
- \$195 for average consumption households in United Energy's area
- AGL customers in Outer North-Eastern suburbs and Eastern Victoria (SP Ausnet's network area) are again experiencing the greatest increases.<sup>4</sup>

**Chart 1 Changes to AGL's standing offers (as annual bills, inc GST) from January to July 2012 - Calculations based on single rate tariff and annual consumption of 4800kWh**

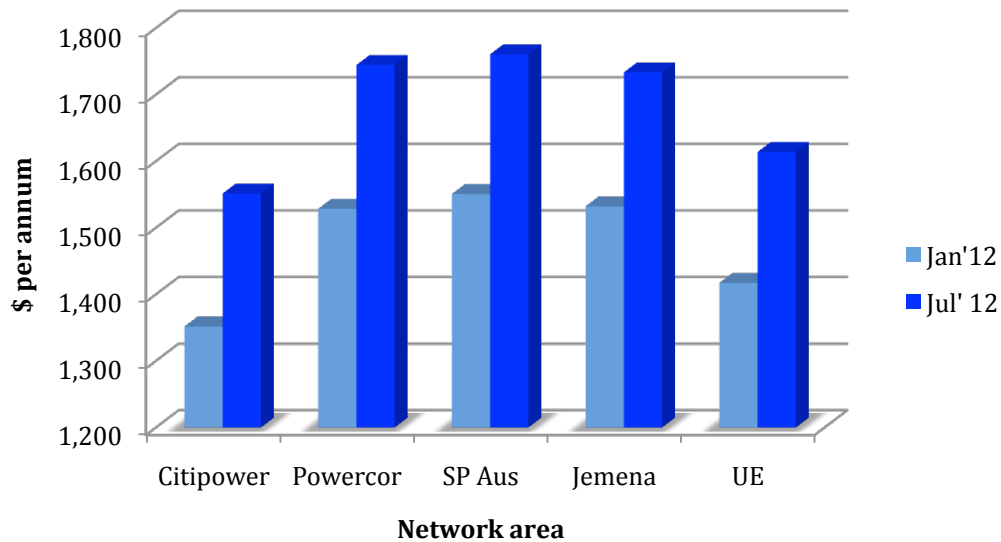
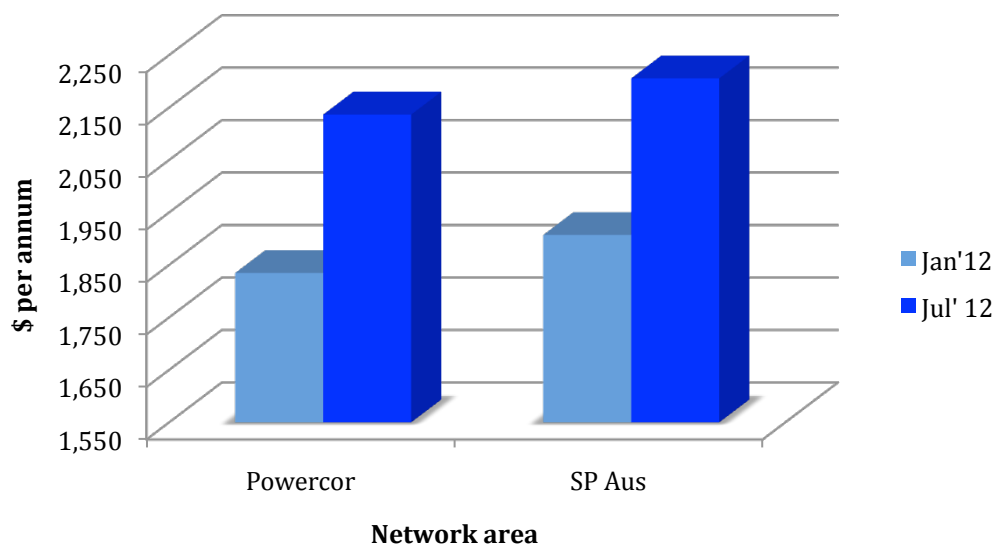


Chart 2 below shows that:

- All electric households (with average consumption) in Powercor and SP Ausnet's areas on AGL's standing offer are experiencing an annual bill increase of approximately \$300.

<sup>4</sup> AGL customers in this network area also experienced the greatest increases in January 2012.

**Chart 2 Changes to AGL's standing offers (as annual bills, inc GST) from January to July 2012 - Calculations based on two rate-rate tariff and annual consumption of 7000kWh (30% off-peak)**



#### 1.1.2 Origin's electricity standing offers

Chart 3 below shows that:

- Average consumption households on Origin's standing offer are experiencing an annual increase of between \$180-215 in electricity costs. These are annual increases of approximately:
  - \$180 for average consumption households in Citipower's area
  - \$210 for average consumption households in Powercor's area
  - \$215 for average consumption households in SP Ausnet's area
  - \$205 for average consumption households in Jemena's area
  - \$200 for average consumption households in United Energy's area
- Origin customers in the Outer North-Eastern suburbs and Eastern Victoria (SP Ausnet's network area) are experiencing the greatest increases.

**Chart 3 Changes to Origin's standing offers (as annual bills, inc GST) from January to July 2012 - Calculations based on single rate tariff and annual consumption of 4800kWh**

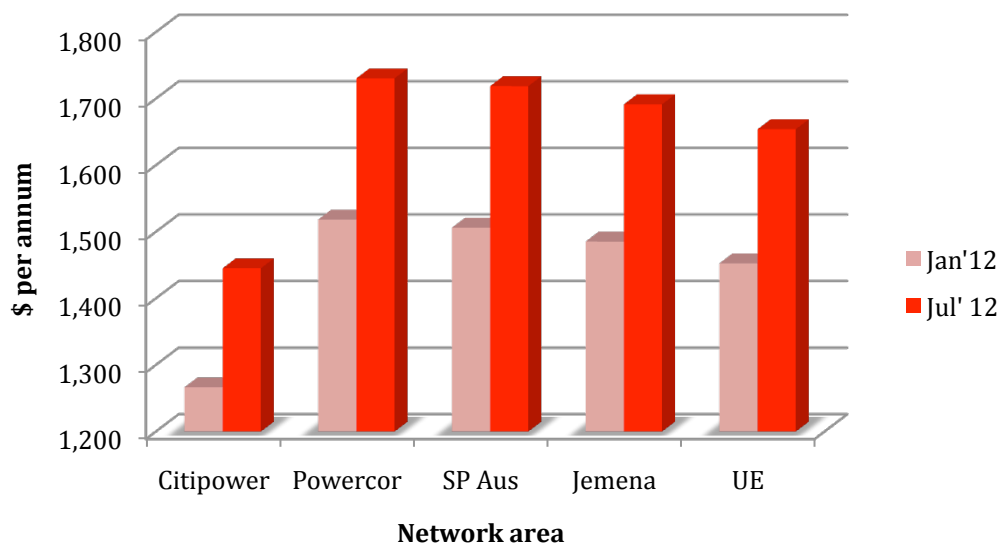
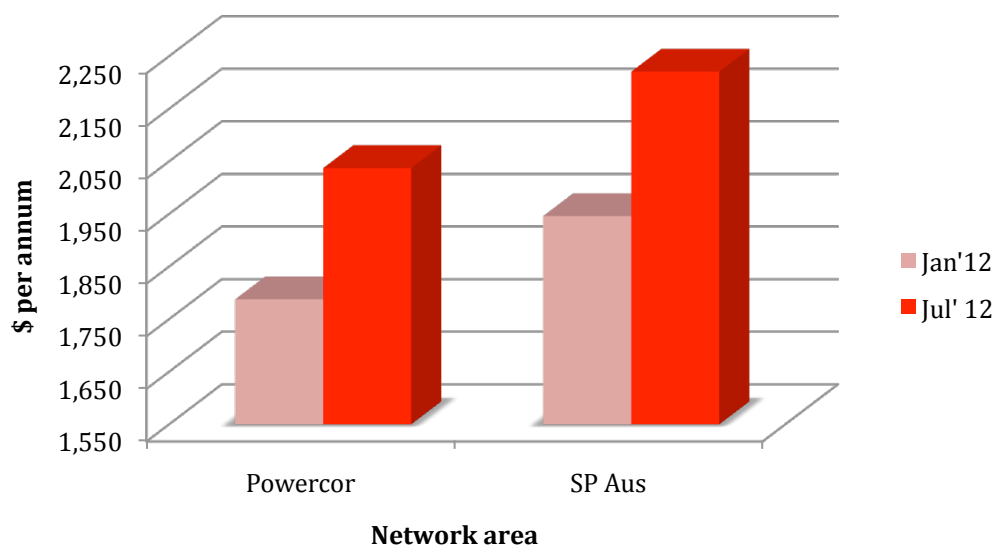


Chart 4 below shows that:

- All electric households (with average consumption) in Powercor and SP Ausnet's areas on Origin's standing offer are experiencing an annual increase of approximately \$250 (Powercor) or \$275 (SP Ausnet).

**Chart 4 Changes to Origin's standing offers (as annual bills, inc GST) from January to July 2012 - Calculations based on two rate-rate tariff and annual consumption of 7000kWh (30% off-peak)**



### 1.1.3 Tru's electricity standing offers

Chart 5 below shows that:

- Average consumption households on Tru's standing offer are experiencing an annual increase of between \$120-125 in electricity costs. These are annual increases of approximately:
  - \$120 for average consumption households in SP Ausnet, Jemena, United Energy and Citipower's area
  - \$125 for average consumption households in Powercor's area
- Tru Energy's July 2012 increases are thus pretty much the same for average consumption households across all network areas.

**Chart 5 Changes to Tru's standing offers (as annual bills, inc GST) from January to July 2012 - Calculations based on single rate tariff and annual consumption of 4800kWh**

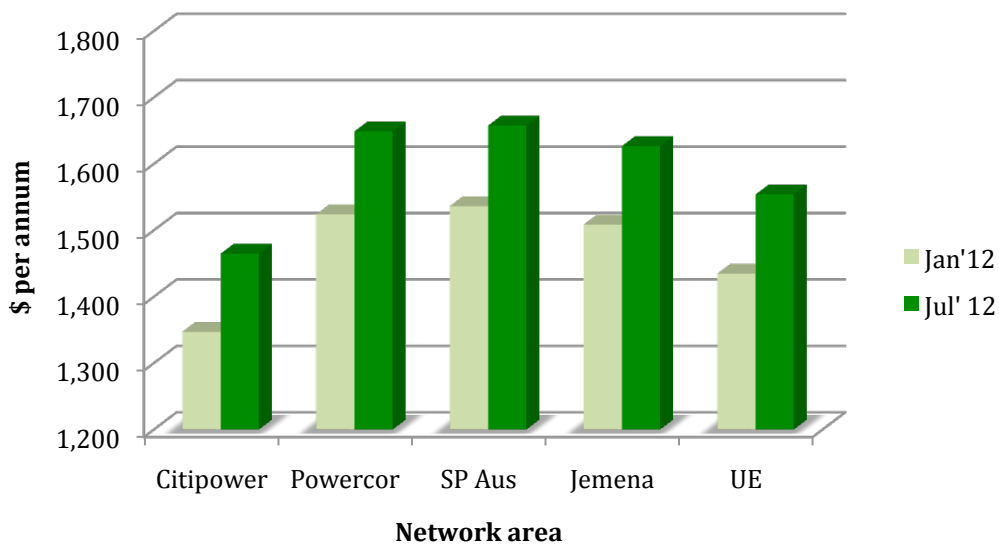
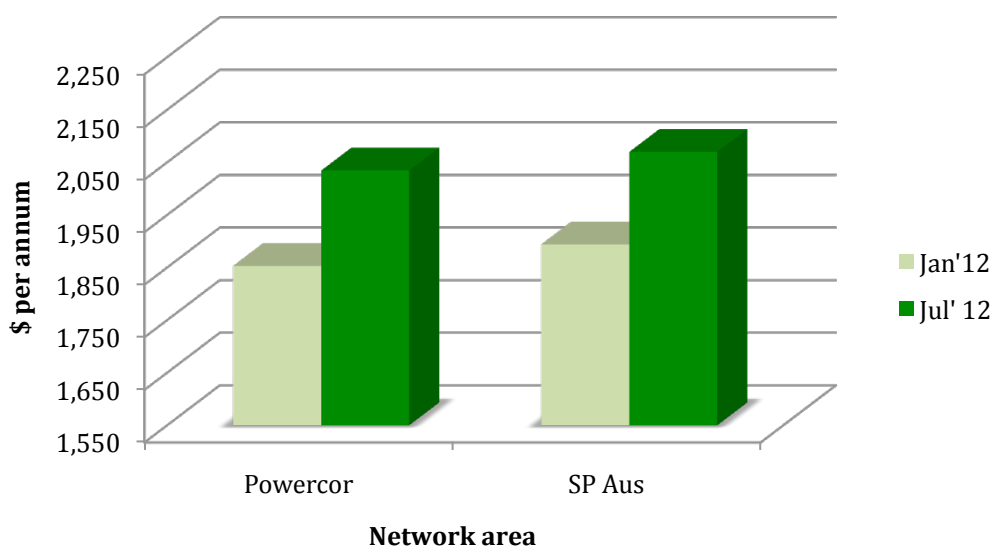


Chart 6 below shows that:

- All electric households (with average consumption) in Powercor and SP Ausnet's areas on Tru's standing offer are experiencing an annual increase of approximately \$175 (Powercor) or \$180 (SP Ausnet).

**Chart 6 Changes to Tru's standing offers (as annual bills, inc GST) from January to July 2012 - Calculations based on two rate-rate tariff and annual consumption of 7000kWh (30% off-peak)**

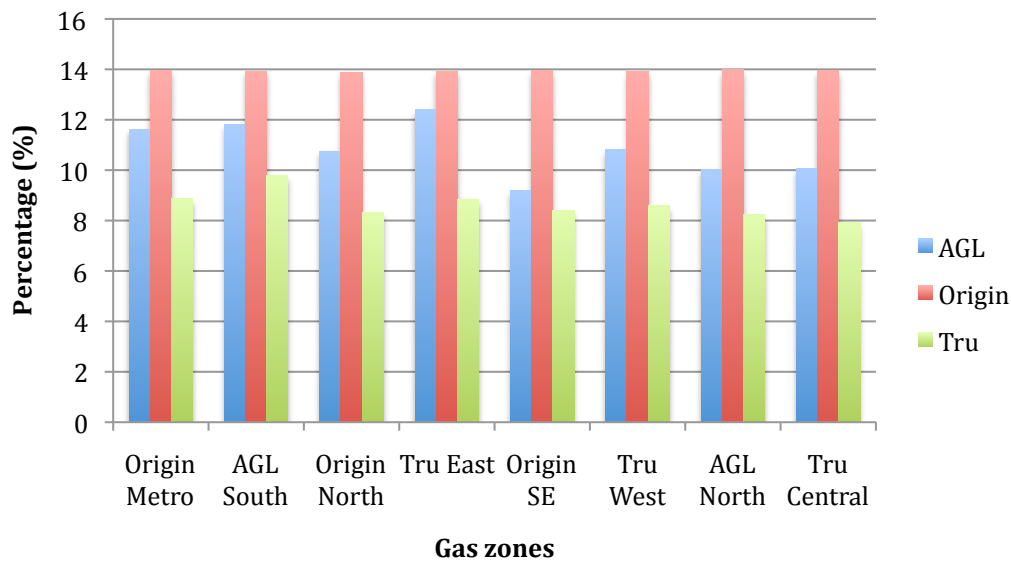


## 1.2 Gas standing offers

There are three gas distributors and eight main gas zones. The distributors are Multinet, Envestra and SP Ausnet and the gas zones are: Origin Metro, AGL South, Origin North, TRU East, Origin South East, TRU West, AGL North and TRU Central. The names of the gas zones derive from when AGL, Origin and TRU were energy retailers with designated areas. These three retailers are not distribution businesses and they are not involved in setting the distribution charges in these areas. The companies' names are merely used as a descriptor for the various gas zones that Multinet, Envestra and SP Ausnet distribute gas to. There are also some smaller rural zones (such as Mildura) that are not included in the Tariff-Tracking tool.

- The July 2012 increases in gas bills for customers on AGL, Origin or TRU's standing offer vary significantly between retailers and somewhat between the gas zones.
- Chart 7 below shows that the estimated annual bill increase for an average consumption household (63,000Mj per annum) will be greatest for Origin customers (approximately 14%).
- In the AGL South gas zone (Multinet), some of the retailers continue to apply a winter peak price to 6 months of the year (May to October inclusive) while others apply winter peak rates to 4 months of the year (June to September inclusive). AGL, Origin, Lumo and Red Energy all operate with a 6 month peak price while Tru, Australian Power & Gas, and Simply Energy have a 4 month long peak price period.

**Chart 7 Estimated increases (%) to annual bills for standing offer customers with average consumption (63,000MJ per annum) from January to July 2012**

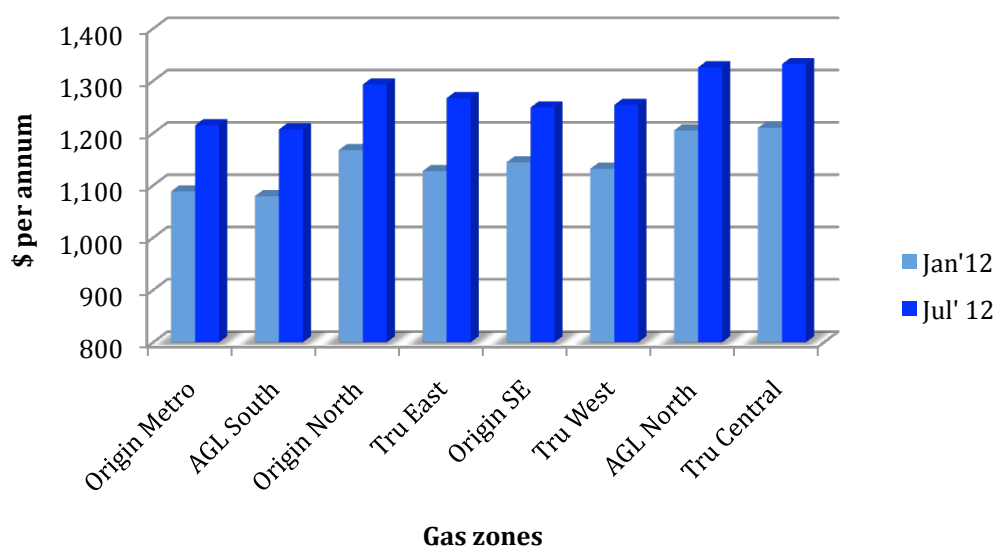


### 1.2.1 AGL's gas standing offers

Chart 8 below shows that:

- Average consumption households on AGL's standing offer will experience an annual increase of between \$105-\$140 in gas costs.
- AGL customers in the CBD, inner city and North Eastern suburbs (the Tru East zone) will see the greatest increases.

**Chart 8 Changes to AGL's gas standing offers (as annual bills, inc GST) from January to July 2012 - Calculations based on annual consumption of 63,000Mj**

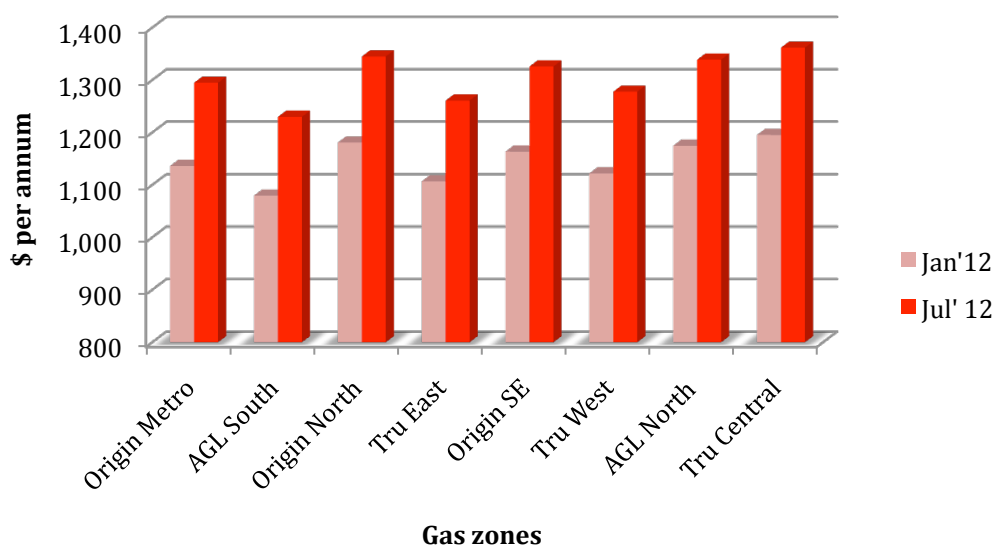


### 1.2.2 Origin's gas standing offers

Chart 9 below shows that:

- Average consumption households on Origin's standing offer will experience an annual increase of between \$150-\$170 in gas costs.
- Origin customers in the Western and North Western suburbs, inner Eastern suburbs as well as in the Outer Western suburbs, Geelong and Bellarine Peninsula (the AGL North and Tru Central zones) will see slightly greater increases than customers in other areas.

**Chart 9 Changes to Origin's gas standing offers (as annual bills, inc GST) from January to July 2012 - Calculations based on annual consumption of 63,000Mj**



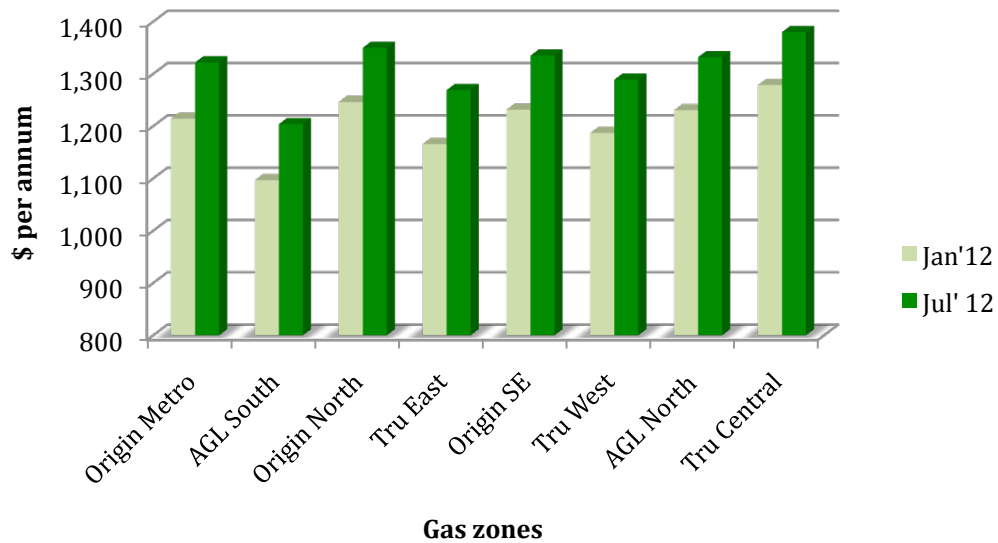


### 1.2.3 Tru's gas standing offers

Chart 10 below shows that:

- Average consumption households on Tru's standing offer will experience an annual increase of between \$100-\$105 in gas costs.

**Chart 10 Changes to Tru's gas standing offers (as annual bills, inc GST) from January to July 2012 - Calculations based on annual consumption of 63,000Mj**



## 2. Market offers

Broadly speaking, market offers are discounted standing offers. Consumers can generally get a discount on their usage charges and/or a discount on their bill if they pay by the due date. In exchange for these discounts most market offers have a minimum contract term. When there is an increase to a retailer's standing offer, its market offer rates typically increase by the same proportion.

That said, increasing energy costs mean that more and more households find it necessary to look for a better deal. In addition to being motivated by cost pressures, percentage based market offer discounts become more substantial as bills go up.

There are retailers operating in Victoria that have not been included in this analysis. The reasons for this vary but one retailer, for example, has gazetted standing offers without posting retail market offers on their own website nor the ESC's website (which they are not required to do until they reach a minimum customer number threshold). Other retailers, like Alinta, has market offers but their website currently states that they are not yet offering contracts to residential customers in Victoria. Energy Australia is another retailer with offers on the ESC website, but as Tru Energy acquired Energy Australia last year and it remains unclear whether their offers are available to customers not currently with Energy Australia, we have not included their offers in this analysis. Appendix 2 contains a more comprehensive list of electricity market offers in Victoria and includes retailers such as Alinta, Dodo, Momentum and Energy Australia.

### 2.1 Electricity market offers July 2012<sup>5</sup>

Table 1 below shows additional discounts applicable to the electricity retailers' published market offer rates. Some of the retailers have multiple market offers and may offer higher discounts than those listed here (see appendix 2). However, if the discount is higher the length of the contract term is generally longer. Most of the retailers apply these discounts to their standing offer rates while a couple of retailers have different market offer rates that these discounts apply to.

---

<sup>5</sup> The market offers were collected during the first week of July 2012. Market offers posted by retailer later than 6 July 2012 may differ from those included in this analysis.

**Table 1 Electricity market offer features post July 2012<sup>6</sup>**

	<b>Discounts</b>	<b>Fixed term</b>	<b>Early Termination Fee</b>	<b>Pay on time discounts</b>	<b>Other (bonuses, incentives)</b>
AGL	15% off usage	3 years	\$75-25	no	yes
Origin <sup>^</sup>	8% off usage	1 year	\$22	2% off consumption	yes
Tru	3% off bill	3 years	\$22	3% off bill	no
Aus P&G	no	3 years	\$88-22	14% off usage	no
Click <sup>^^</sup>	no	no	no	7% off bill	yes
Neighb'hood	no	2 years	\$50	15% off usage	yes
Powerdirect	10% off usage	3 years	\$20	no	yes
Red <sup>^^^</sup>	no	no	no	10% off bill	yes
Simply	no	2 years	\$20	14% off usage	no
Lumo	no	2 years	\$157.50-80	13% off bill	yes

<sup>^</sup> Origin's offer includes a further 1% off consumption rates if bills are paid by direct debit and 1% off electricity consumption if customer signs up for gas.

<sup>^^</sup> Click's pay on time discount only available for customers receiving bills electronically.

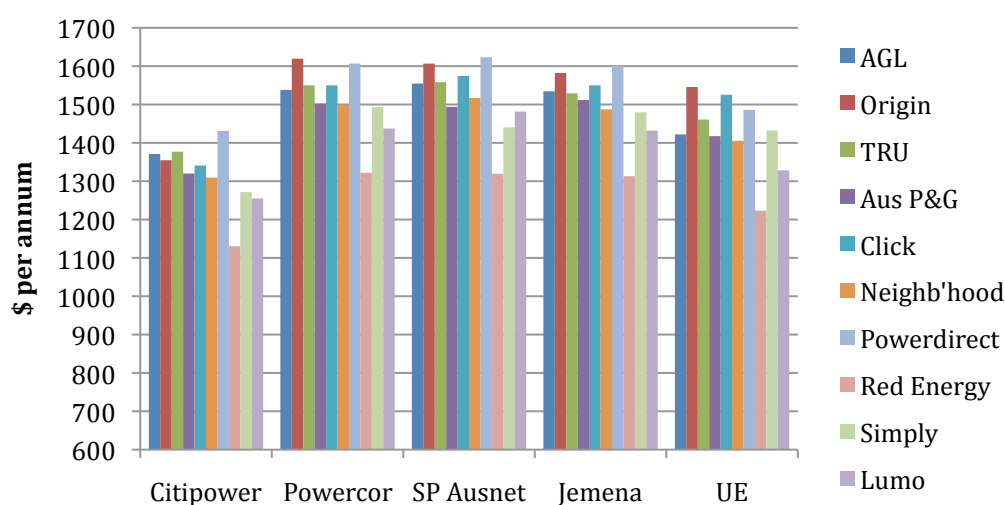
<sup>^^^</sup> Red's offer includes a price guarantee until 1 January 2013 but offer only available until 31 August 2012 (according to its website).

Chart 11 below shows estimated annual bills (including GST) for market offers in each network area. The annual bills include the discounts (as well as pay on time discounts) listed in table 1.<sup>7</sup> It shows that for average consumption households (4800kWh) the annual bill may vary by over \$300 depending on the market offer they are on. It should be stressed, however, that the majority of these discounts are conditional on bills being paid on time and households with cash-flow issues thus may find themselves unable to achieve the annual bills estimated for some of the best offers included in this chart.

<sup>6</sup> These offers are conditions either published on the retailers' websites or on the ESC's 'Your Choice' website in the first week of July 2012 (for those cases where new Price and Product Information Statements have been posted). See appendix 2 for a more comprehensive list of electricity market offer features.

<sup>7</sup> Discounts (excluding GST) have been applied to consumption and/or total bill as per offers listed in the table.

**Chart 11 Estimated annual bills (incl GST) for electricity market offers post July 2012 including discounts and pay on time discounts - Households consuming 4,800kWh per annum (single rate)**



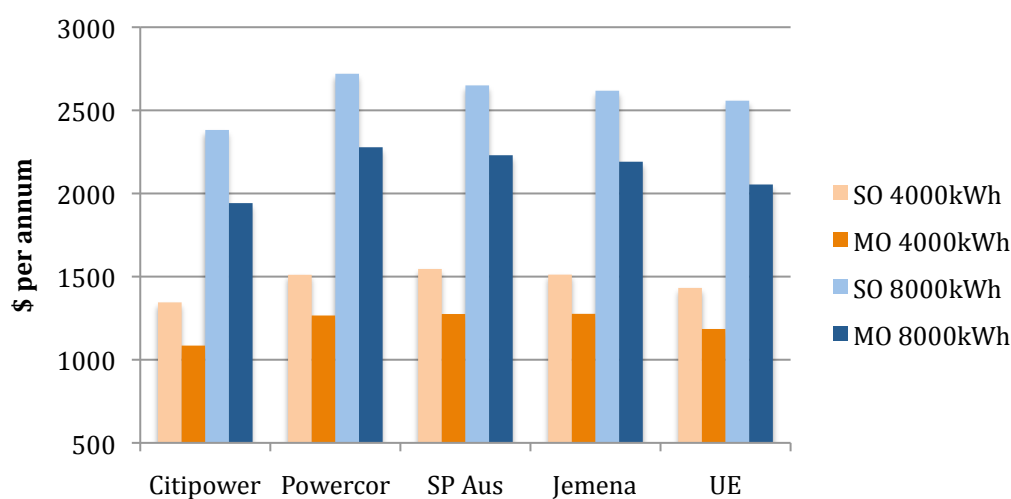
### 2.1.1 Difference between market offers and standing offers

Chart 12 below shows the difference in annual bills between the single best market offer and the single worst standing offer in each of the network areas for both high and low consumption households.<sup>8</sup> Households using 8000kWh per annum on the worst standing offers can save between \$420 - 500 per annum if switching to the best published market offer (depending on their network area). Low consumption households (4000kWh) can save up to \$270 per annum (in SP Ausnet's network) if they are currently on the worst standing offer.<sup>9</sup> Importantly, it is the difference between individual retailers' offers that creates the possibility of significant savings if switching from a standing offer to a market offer. Customers choosing to stay with the same retailer but change to a market offer are unlikely to experience annual savings as large as these.

<sup>8</sup> The annual bill calculations for these market offers do *not* include additional discounts, pay on time discounts or other bonuses.

<sup>9</sup> We reiterate our concerns about the accuracy of all the market offers as this potential saving may be lower if just one of the retailers has forgotten to adjust the rates on their website. Furthermore, some retailers may decide to wait until August before they adjust their market offer rates.

**Chart 12 Annual electricity bills (based on July'12 rates) for highest standing offer (SO) and lowest market offer (MO) for households using 4,000kWh and 8,000kWh per annum (single rate)<sup>10</sup>**



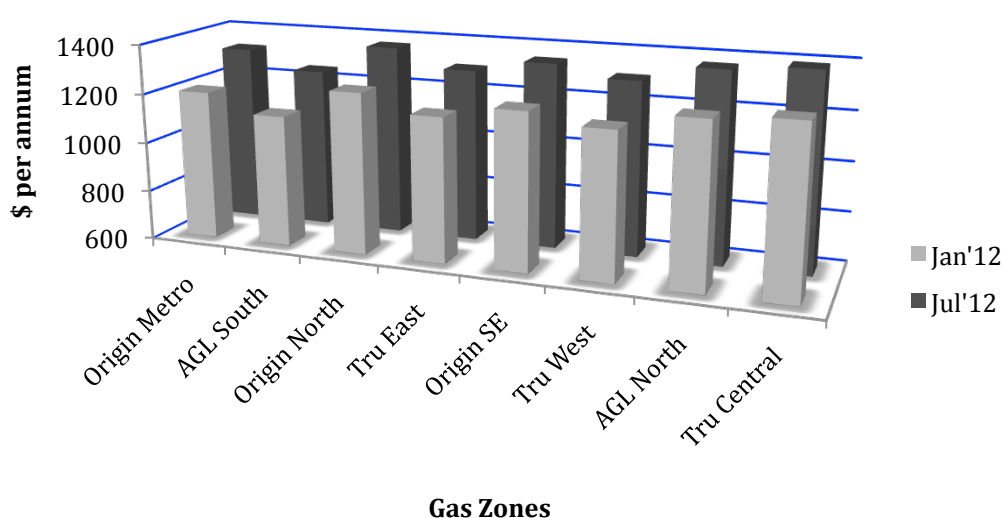
Differences between the best market offer and the worst standing offer will change somewhat throughout the year. Firstly, retailers may change the market offer rate at any time (although customers must receive notification). Secondly, and more importantly, all of the retailers do not gazette new standing offers at the exactly same time but the gazettal of new standing offers typically signals changes to market offers as well.

<sup>10</sup> The annual bill calculations for these market offers do *not* include additional discounts, pay on time discounts or other bonuses.

## 2.2 Gas market offers<sup>11</sup>

The average gas market offer has increased by \$115-120 for a typical consumption household since January 2012, which is between 9-11% depending on the gas zone. Chart 13 below shows the increases as annual bills for each gas zone. The greatest increase is in the Origin North gas zone. Note that the bill calculations used in chart 13 do not include additional discounts.

**Chart 13 Difference in annual bill (63,000Mj consumption) between average (all retailers) gas market offers (excluding additional discounts) - January '12 to July'12**



As with electricity, gas market offers include additional discounts. The majority of these discounts are now conditional on the consumer paying the bill by the due date. Table 2 below shows additional discounts applicable to the gas retailers' published market offer rates.

**Table 2 Gas market offer features post July 2012<sup>12</sup>**

	Discounts	Fixed term	Early Termination Fee	Pay on time discounts	Other (bonuses, incentives)
AGL	10% off usage	2 years	\$50-75	no	yes
Origin <sup>^</sup>	8% off usage	1 year	\$22	yes <sup>^</sup>	no
Tru	3% off bill	3 years	\$22	3% off bill	no
Aus P&G	no	no	no	5% off bill	no
Simply	no	2 years	no	14% off usage	no
Lumo	no	2 years	\$20	14% off bill	no
Red	no	2 years	\$80	13% off usage	yes

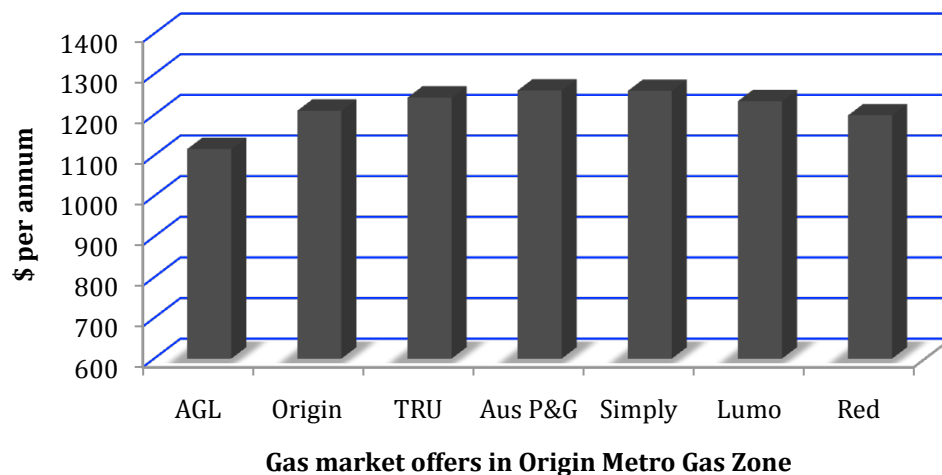
<sup>^</sup> Origin's product information statement includes up to 4% additional discount for pay on time, direct debit and dual fuel contracts. Not included here, as it does not specify proportion of discount for each of the contract features.

<sup>11</sup> The market offers were collected during the first week of July 2012. Market offers posted by retailer later than 6 July 2012 may differ from those included in this analysis.

<sup>12</sup> These offers are conditions either published on the retailers' websites or on the ESC's 'Your Choice' website in the first week of July 2012 (for those cases where new Price and Product Information Statements have been posted).

Chart 14 below shows estimated annual bills (incl GST) for market offers in the Origin Metro gas zone. The annual bills include the discounts (as well as pay on time discounts) listed in table 3.<sup>13</sup> It shows that for average consumption households (63,000Mj) the annual bill may vary by as much as \$145 between the best and worst market offer in the Origin Metro zone.

**Chart 14 Estimated annual bills (incl GST) for gas market offers post July 2012 including discounts and pay on time discounts - Households consuming 63,000Mj per annum in Origin Metro zone**



<sup>13</sup> Discounts (excluding GST) have been applied to consumption and/or total bill as per offers listed in the table.

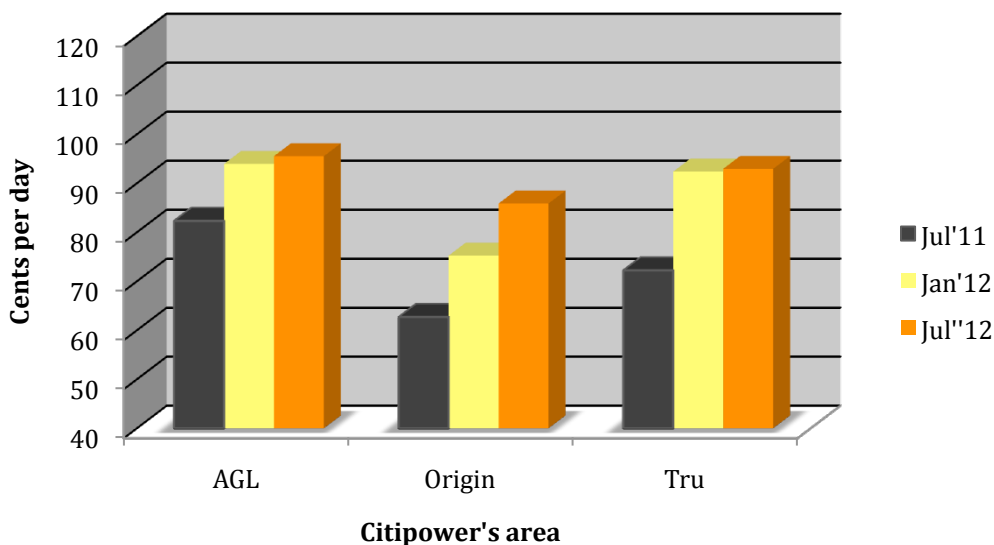
### 3. Changes to the supply charge

The supply charge is a fixed daily charge that is paid in addition to the consumption charges for electricity used. The supply charge varies significantly between retailers and whilst a high fixed charge generally indicates lower consumption charges, it is crucial that consumers are aware of the supply charge in order to choose energy offers that best suit their usage level. Low consumption households should look for energy offers with a low fixed daily charge.<sup>14</sup>

Charts 15 to 19 below show that:

- AGL continues to have the highest supply charge for its electricity standing offers in most network areas. Tru, however, has now the highest supply charge in Powercor's area.
- Although their supply charge is significantly lower than Tru and AGL's, Origin has the greatest supply charge increases of the three incumbent retailers in July 2012.
- Compared to their supply charge increases in January 2012, AGL and Tru have very modest increases from July 2012.
- Origin continues to have the lowest supply charge of the three incumbent retailers across all network areas.

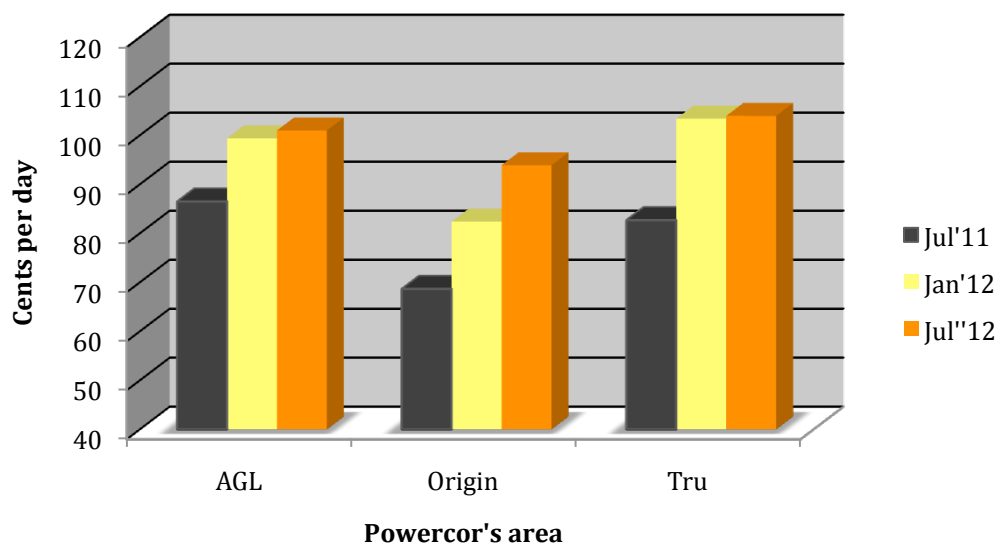
**Chart 15 Changes to the electricity supply charge (c/day) for standing offers (single rate, inc GST) from July 2011 to July 2012 in the Citipower network**



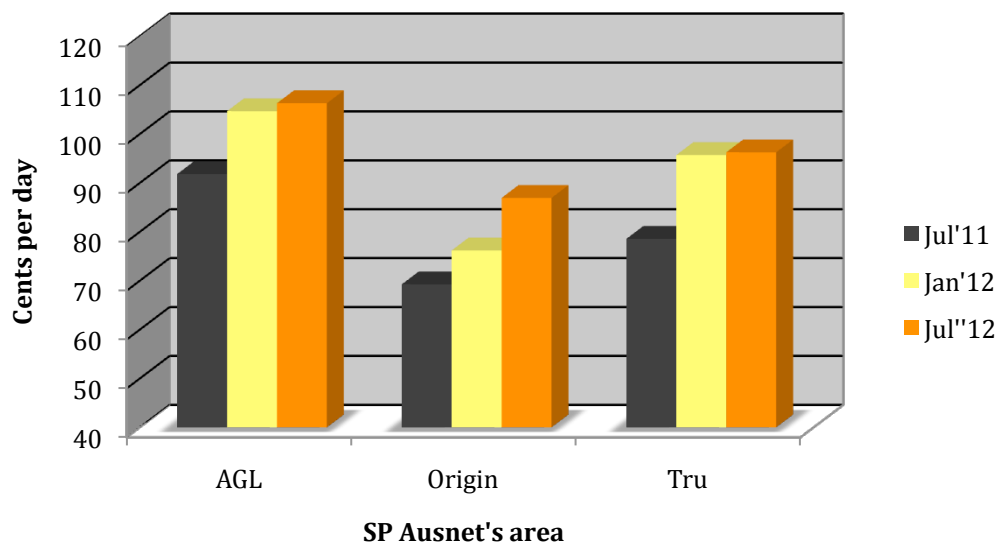
<sup>14</sup> SVDP, *Victorian Energy Prices July 2008-July 2010*, May Mauseth Johnston, July 10, p 33



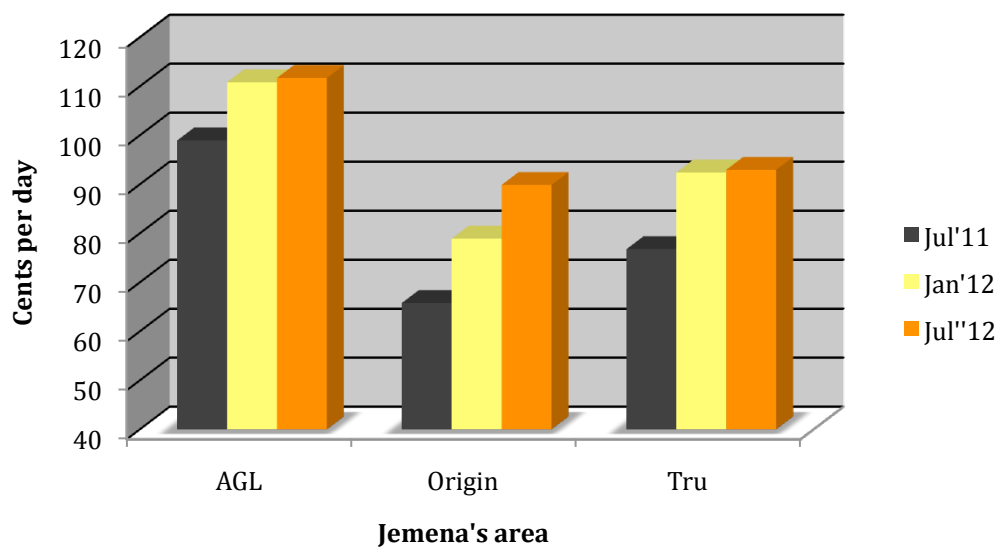
**Chart 16 Changes to the electricity supply charge (c/day) for standing offers (single rate, inc GST) from July 2011 to July 2012 in the Powercor network**



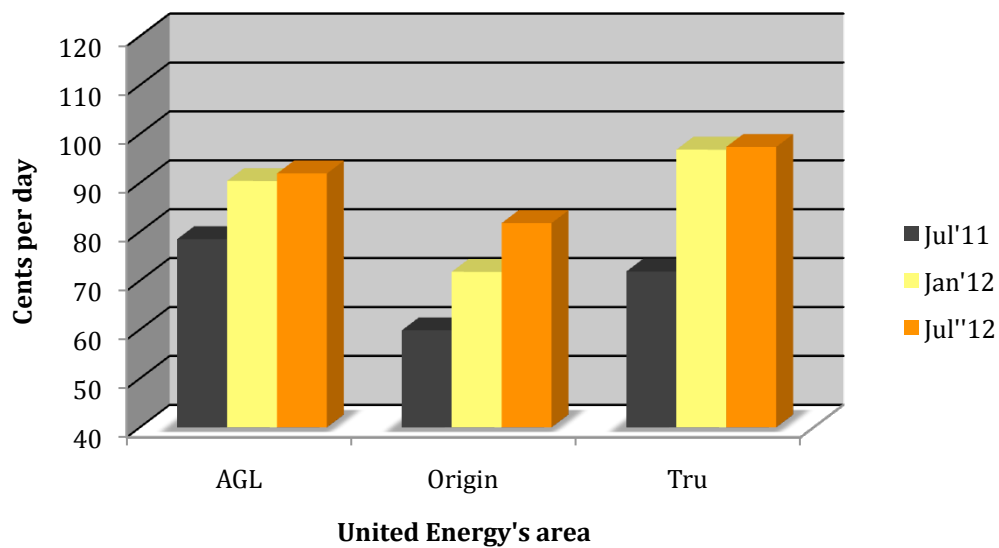
**Chart 17 Changes to the electricity supply charge (c/day) for standing offers (single rate, inc GST) from July 2011 to July 2012 in the SP Ausnet network**



**Chart 18 Changes to the electricity supply charge (c/day) for standing offers (single rate, inc GST) from July 2011 to July 2012 in the Jemena network**



**Chart 19 Changes to the electricity supply charge (c/day) for standing offers (single rate, inc GST) from July 2011 to July 2012 in the United Energy network**



#### 4. Total cost of energy by area

The analysis presented in this report shows that some areas have experienced higher price increases than others over the last 6 months.<sup>15</sup> As approximately 60% of Victorian households are connected to both electricity and gas, it is important to analyse whether there are areas that have experienced high increases in both electricity and gas prices, and conversely, whether there are areas where the increases in electricity and gas prices are at the lower end. Such analysis allows for a more detailed understanding of the total energy costs faced by households across Victoria.<sup>16</sup>

**Table 3 Electricity standing offer price increases (average) by area January to July 2012**

Area	Annul bill increase since January 2011	Percentage increase
Inner city and Eastern suburbs (Citipower)	\$165	13%
Outer Western suburbs and Western Victoria (Powercor)	\$184	12%
	\$244*	13%*
Outer Northern and Eastern suburbs and Eastern Victoria (SP Ausnet)	\$181	12%
	\$250*	13%*
Inner West and Northern suburbs (Jemena)	\$175	12%
Outer South Eastern suburbs and Mornington Peninsula (United Energy)	\$172	12%

\* For all-electric households with peak/off-peak (controlled load) rates

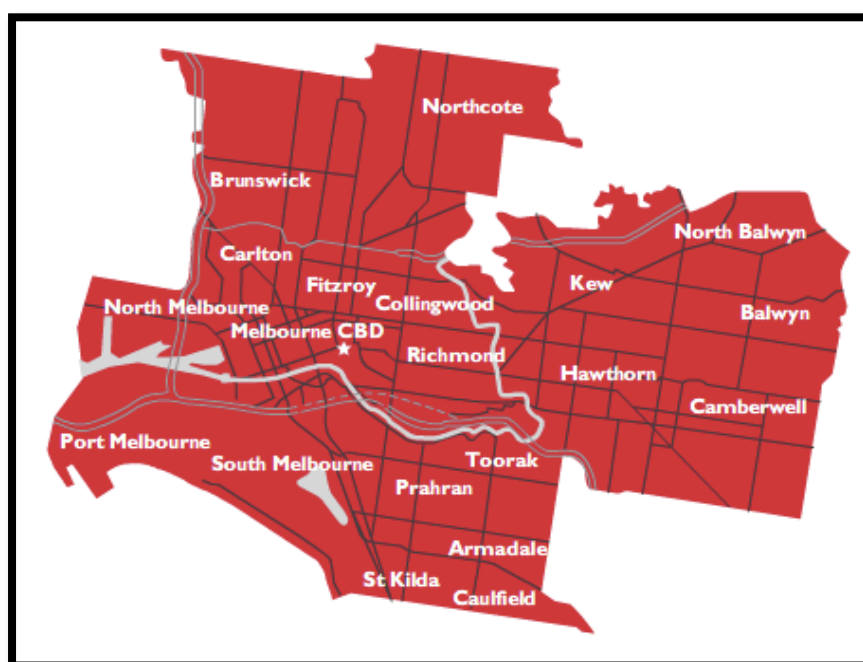
<sup>15</sup> See the first Tariff-Tracking report, *Victorian Energy Prices July 2008-July 2010*, for an analysis of total cost of energy by area from July 2008-10. The report is available at: <http://vinnies.org.au/reports-vic>

<sup>16</sup> The figures in tables 3 and 4 are based on the incumbent retailers' average standing offer for electricity and gas customers for dual fuel households using 4800kWh and 63,000Mj per annum, and all-electric households using 7000kWh (thereof 30% off-peak). To calculate the increases we have used the average of the incumbent retailers' standing offer rates rather than the average of all standing offers. This was done because the vast majority of customers on the standing offer are with the incumbents (AGL, Origin and Tru). Furthermore, as discussed above, market offers do generally reflect the increases to the standing offers.

**Table 4 Gas standing offer price increases (average) by area January to July 2012**

Area	Annul bill increase since January 2012	Percentage increase
Eastern and South Eastern suburbs (Origin Metro zone)	\$130	11%
Bayside and outer South Eastern suburbs (AGL South zone)	\$130	12%
Northern and North Eastern Victoria (Origin North zone)	\$130	11%
CBD, inner city and North Eastern suburbs (TRU East zone)	\$130	12%
Frankston, Mornington Peninsula and Gippsland (Origin South East zone)	\$125	11%
Macedon Ranges, Bendigo, Ballarat and Western Victoria (TRU West zone)	\$125	11%
Western and North Western suburbs (AGL North zone)	\$130	11%
Outer Western suburbs, Geelong and Bellarine Peninsula (TRU Central zone)	\$130	11%

#### 4.1 Inner city, inner North and Eastern suburbs

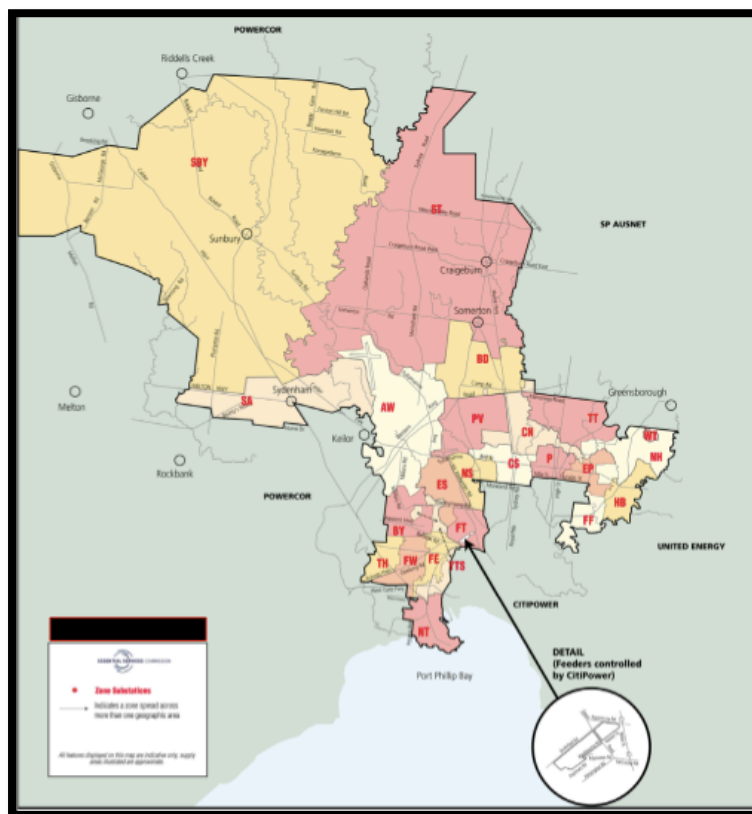


Source: Citipower

The electricity standing offer has on average increased by \$165 for average consumption households (4800kWh) over the last 6 months for households in this area. Households in the TRU East gas zone (CBD and inner North) have experienced an increase in gas prices of approximately \$130 over the same period.

- Households with an average consumption of electricity and gas in Melbourne (CBD), Brunswick, Carlton, Fitzroy, Northcote, Richmond and Collingwood have typically experienced an increase in *energy costs* of \$295 since July 2011.<sup>17</sup>
- Households with an average consumption of electricity and gas in the inner Eastern suburbs of Kew, Hawthorn, Camberwell and Balwyn, and the inner South East areas of South Yarra, Prahran, Armadale, Toorak and Caulfield, have also typically experienced an increase in *energy costs* of \$195 since July 2011.<sup>18</sup>
- Likewise, households with an average consumption of electricity and gas in the inner city bayside suburbs of St Kilda, Port Melbourne, Albert Park and South Melbourne have typically experienced an increase in *energy costs* of \$195 since July 2011.<sup>19</sup>

## 4.2 Inner West and North Western Suburbs



Source: Essential Services Commission

<sup>17</sup> These are households in Citipower's electricity distribution network and Envestra's TRU East gas zone.

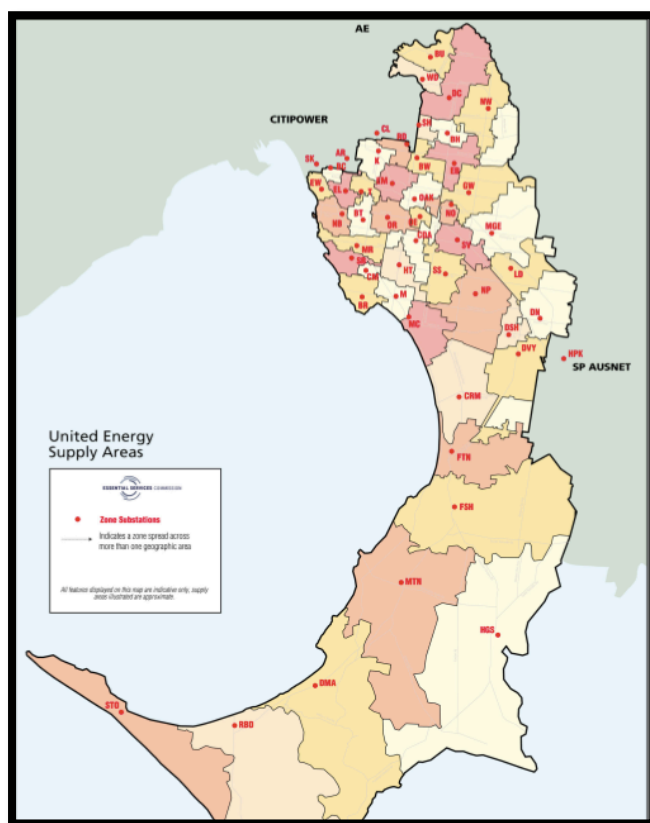
<sup>18</sup> These are households in Citipower's electricity distribution network and Multinet's Origin Metro gas zone.

<sup>19</sup> These are households in Citipower's electricity distribution network and Multinet's AGL South gas zone.

The electricity standing offer has on average increased by \$175 for average consumption households (4800kWh) over the last 6 months for customers in this area. Households in the AGL North gas zone (Western and North Western suburbs) have experienced an increase in gas prices of approximately \$130 over the same period.

- Households with an average consumption of electricity and gas in Footscray, Yarraville, Williamstown, Flemington, Moonee Ponds, Broadmeadows, Coolaroo, Braybrook and Sydenham have typically experienced an increase in *energy costs* of \$305 since July 2011.<sup>20</sup>
- Households with an average consumption of electricity and gas in Heidelberg, Fairfield, Ivanhoe, Bundoora, Thomastown, Preston, Reservoir have also typically experienced an increase in *energy costs* of \$305 since July 2011.<sup>21</sup>

#### 4.3 South Eastern suburbs and Mornington Peninsula



Source: Essential Services Commission

The electricity standing offer has on average increased by approximately \$170 for average consumption households (4800kWh) over the last 6 months for

<sup>20</sup> These are households in Jemena's electricity distribution network and SP Ausnet's AGL North gas zone.

<sup>21</sup> These are households in Jemena's electricity distribution network and Envestra's TRU East gas zone.

customers in this area. Households in the Origin South East gas zone (Mornington Peninsula and outer South Eastern suburbs) have experienced an increase in gas prices of approximately \$125 over the same period.

- Households with an average consumption of electricity and gas in the bayside suburbs of Elwood, Elsternwick, Brighton, Sandringham, Beaumaris, Chelsea and South Eastern Suburbs of Bentleigh, Moorabbin, Springvale, Noble Park, Keysborough have typically experienced an increase in *energy costs* of \$300 since July 2011.<sup>22</sup>
- Households with an average consumption of electricity and gas in the suburbs of Seaford and Frankston and on the Mornington Peninsula have typically experienced an increase in *energy costs* of \$295 since July 2011.<sup>23</sup>
- Households with an average consumption of electricity and gas in the Eastern suburbs of Bulleen, Templestowe, Box Hill, Doncaster, Mitcham, Vermont, Glen Waverly and Chadstone have typically experienced an increase in *energy costs* of \$300 since July 2011.<sup>24</sup>

#### 4.4 Outer Western suburbs and Western Victoria



Source: Powercor

<sup>22</sup> These are households in United Energy's electricity distribution network and Multinet's AGL South gas zone.

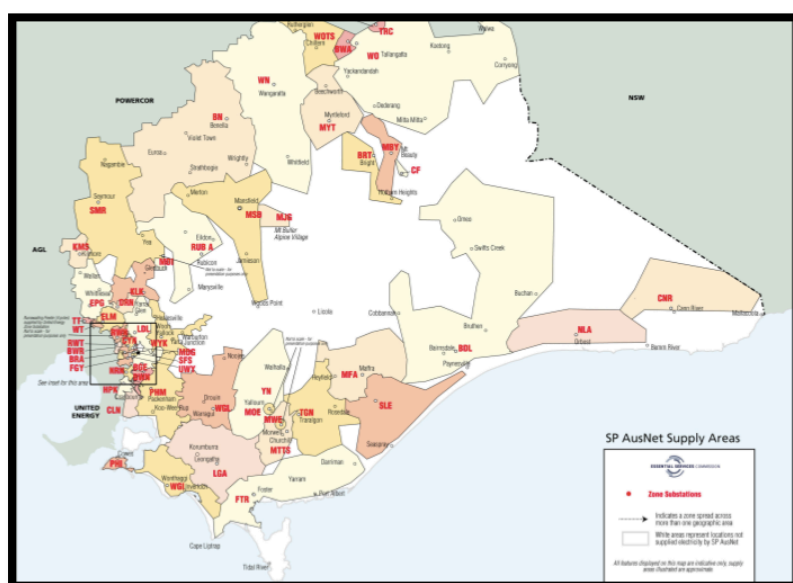
<sup>23</sup> These are households in United Energy's electricity distribution network and Envestra's Origin South East gas zone.

<sup>24</sup> These are households in United Energy's electricity distribution network and Multinet's Origin Metro gas zone.

All-electric households in this area would have typically experienced an electricity price increase of \$250 over the last 6 months (based on average consumption of 7000kWh).<sup>25</sup> For dual fuel households the electricity standing offer has on average increased by approximately \$185 over the last 6 months (based on average consumption of 4800kWh). Total *energy cost* increases since July 2011 for dual fuel households in the Western region typically amount to:

- \$315 for average consumption households in Hoppers Crossing, Werribee, Geelong region and on the Bellarine peninsula.<sup>26</sup>
- \$310 for average consumption households in Macedon, Kyneton, Ballarat, Colac, Warrnambool, Portland, Hamilton, Horsham, Ararat and Daylesford.<sup>27</sup>
- \$315 for average consumption households in Northern Victorian towns such as Echuca, Shepparton and Heathcote.<sup>28</sup>

#### 4.5 Outer Northern and Eastern suburbs and Eastern Victoria



Source: Essential Services Commission

All-electric households in this area would have typically experienced an electricity price increase of \$250 over the last 6 months (based on average

<sup>25</sup> Based on the average electricity standing offer for households taking controlled load off-peak (annual consumption of 7000 kWh, 70% peak and 30% off-peak).

<sup>26</sup> These are households in Powercor's electricity distribution network and SP Ausnet's TRU Central gas zone.

<sup>27</sup> These are households in Powercor's electricity distribution network and SP Ausnet's TRU West gas zone.

<sup>28</sup> These are households in Powercor's electricity distribution network and Envestra's Origin North gas zone.



consumption of 7000kWh).<sup>29</sup> For dual fuel households the electricity standing offer has on average increased by \$180 over the last 6 months (based on average consumption of 4800kWh). Total *energy cost* increases since July 2011 for dual fuel households in the Eastern Victoria region typically amount to:

- \$310 for average consumption households in the Outer Northern and Eastern suburbs of Warrandyte, Ringwood, Chirnside Park and the area around Mount Dandenong.<sup>30</sup>
- \$310 for average consumption households in Kilmore, Seymour, Violet Town, Nagambie, Wangaratta, Chiltern and Wodonga.<sup>31</sup>
- \$305 for average consumption households in the LaTrobe Valley and Sale in the Gippsland region.<sup>32</sup>

---

<sup>29</sup> Based on the average electricity standing offer for households taking controlled load off-peak (annual consumption of 7000 kWh, 70% peak and 30% off-peak).

<sup>30</sup> These are households in SP Ausnet's electricity distribution network and Multinet's Origin Metro gas zone.

<sup>31</sup> These are households in SP Ausnet's electricity distribution network and Envestra's Origin North gas zone.

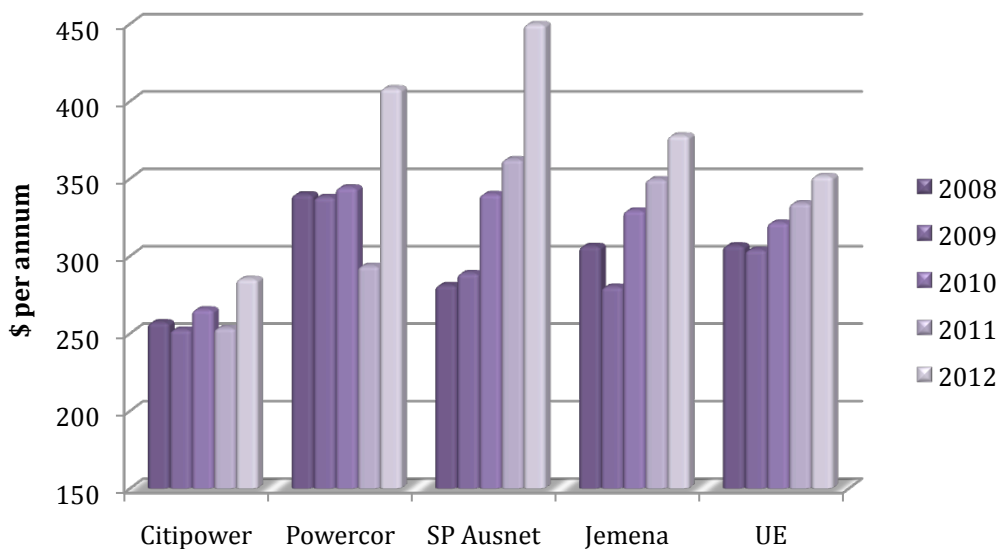
<sup>32</sup> These are households in SP Ausnet's electricity distribution network and Envestra's Origin South East gas zone.

## 5. Electricity network charges 2008 - 2012

The Victorian electricity networks introduce new Network Use of System (NUOS) charges as of 1 January every year. These NUOS charges comprise of Transmission Use of System (TUOS) and Distribution Use of System (DUOS) and the retailers can, and generally will, build changes to the NUOS (in relation to both shape and price) into their retail tariffs.<sup>33</sup>

The charts presented in this section show that while the NUOS charges have increased for average consumption households over the last 4 years, network charges as proportion of total bill have actually decreased since July 2008.

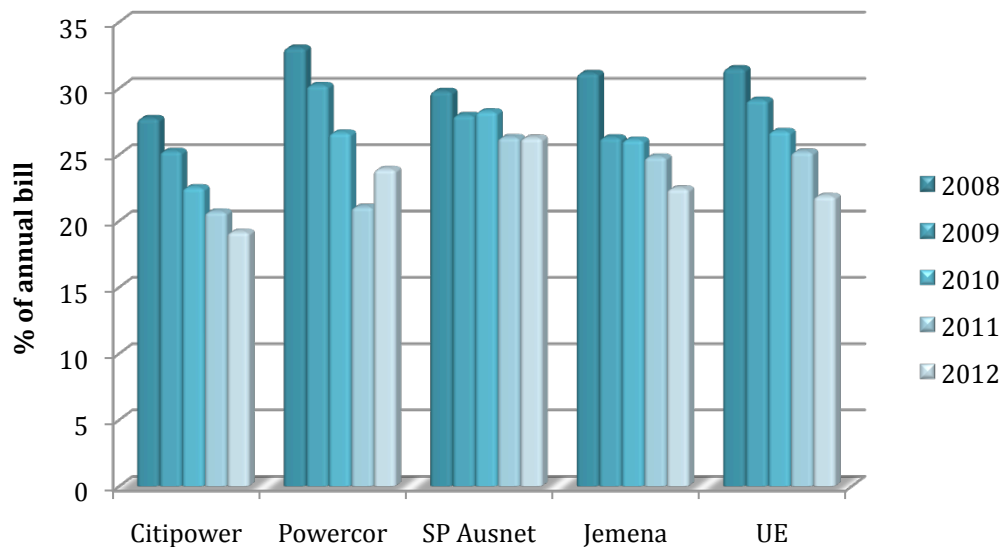
**Chart 20 NUOS charges as annual cost to residential consumers from 2008 to 2012, all networks (based on single rate, 4800kWh per annum, GST exclusive)<sup>34</sup>**



<sup>33</sup> Note that NUOS charges do not include smart metering costs.

<sup>34</sup> The annual NUOS charges have been calculated by allocating 1200kWh per quarter (again based on annual consumption of 4800kWh) to the step charges stipulated in the NUOS. The annual NUOS cost also includes fixed charges. Note that as United Energy's NUOS charges the last three years have been seasonal tariffs, the United Energy consumption used in these calculations is thus based on a proportional allocation of a 5 month summer tariff and a 7 month non-summer (off-peak) rate.

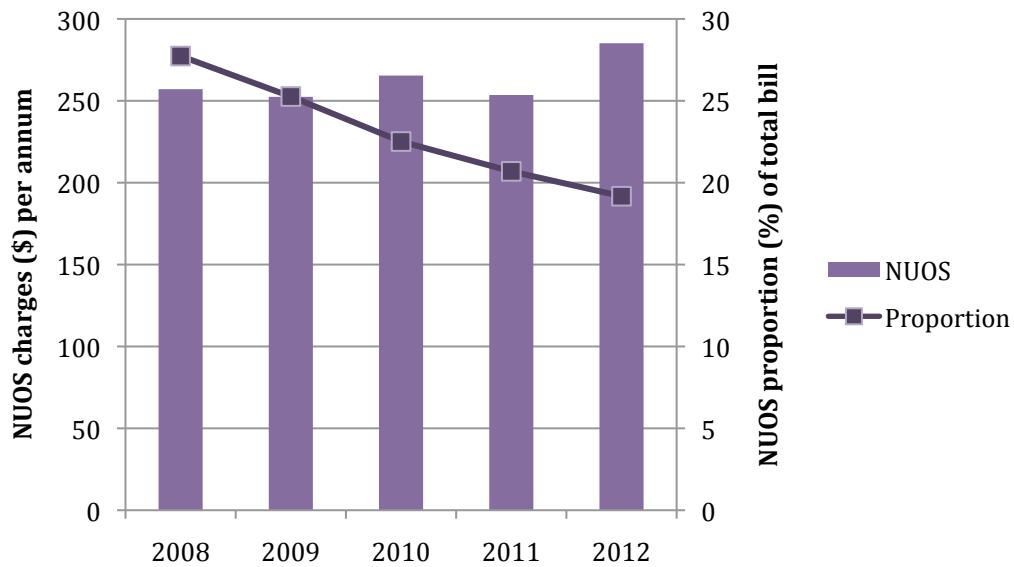
**Chart 21 NUOS charges as proportion of annual bill from 2008 to 2012, all networks (based on average single rate standing offer, 4,800kWh per annum, GST exclusive)<sup>35</sup>**



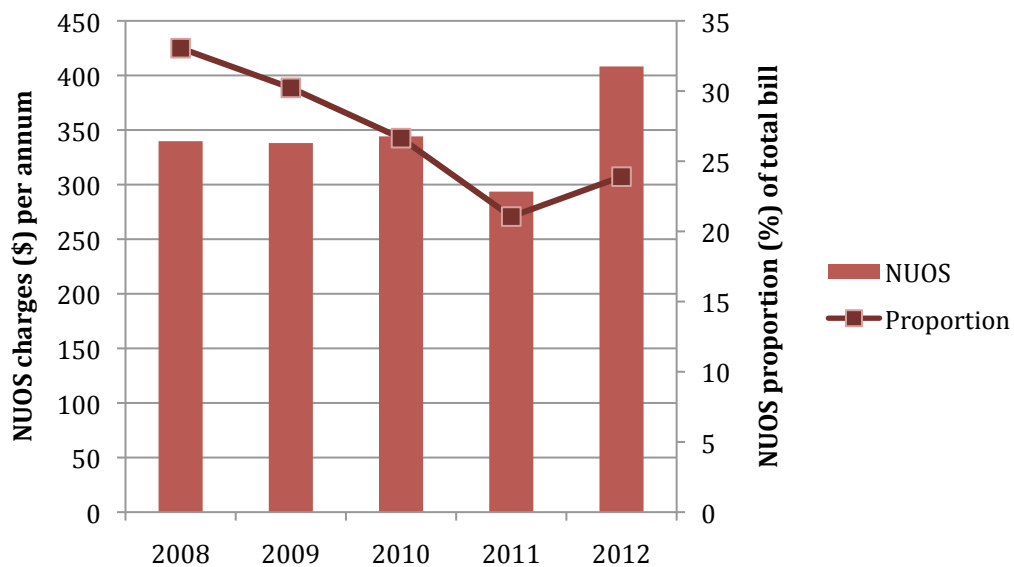
Charts 22-26 below show NUOS charges as annual cost (columns) and as proportion of annual bill (line) for each of the network areas. The methodology used for these calculations is the same as for charts 20-21 above.

<sup>35</sup> The NUOS proportion of total bill has been calculated using annual NUOS cost calculations (see footnote 31) and the average of the three incumbents retailers' standing offers as of July every year (from 2008 to 2012), presented as annual bills for households using 4800kWh per annum (single rate) across the five distribution areas. As there was only one standing offer per network/metering type in July 2008, the 2008 "average" is based on the incumbent retailer's standing offer.

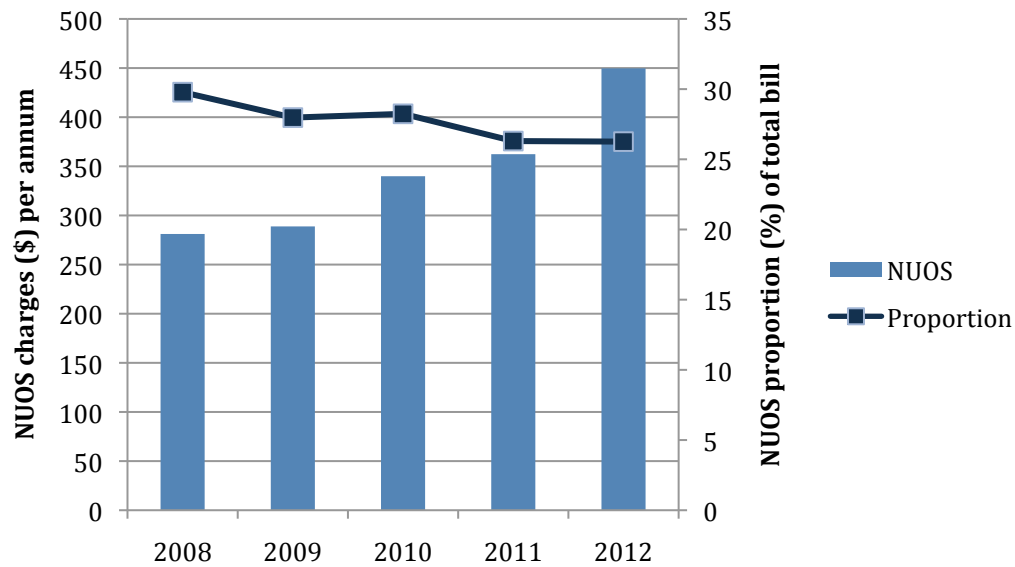
**Chart 22 Citipower's NUOS charges and proportion of total bill (based on average single rate standing offer, 4800kWh per annum, GST inclusive)**



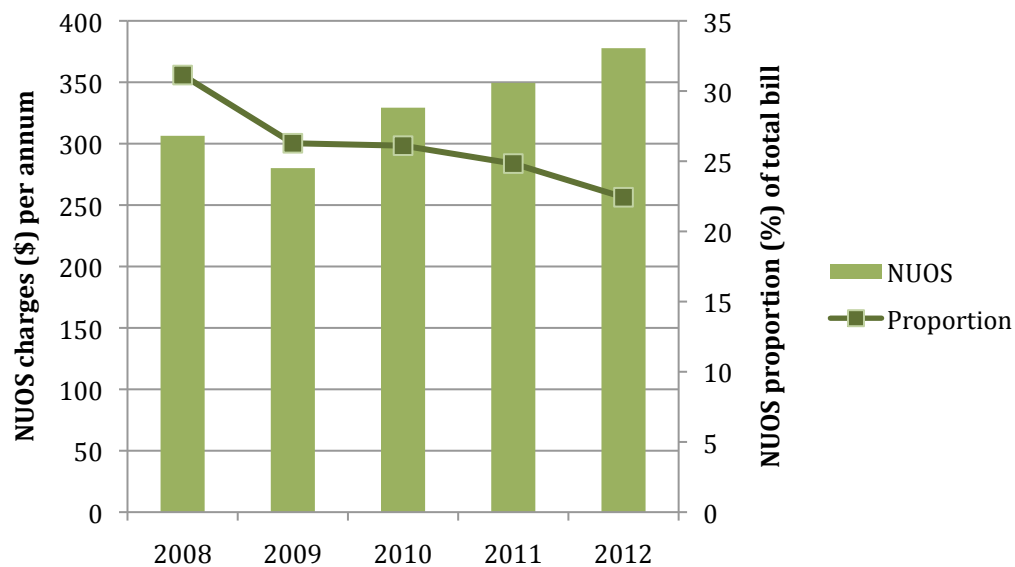
**Chart 23 Powercor's NUOS charges and proportion of total bill (based on average single rate standing offer, 4800kWh per annum, GST inclusive)**



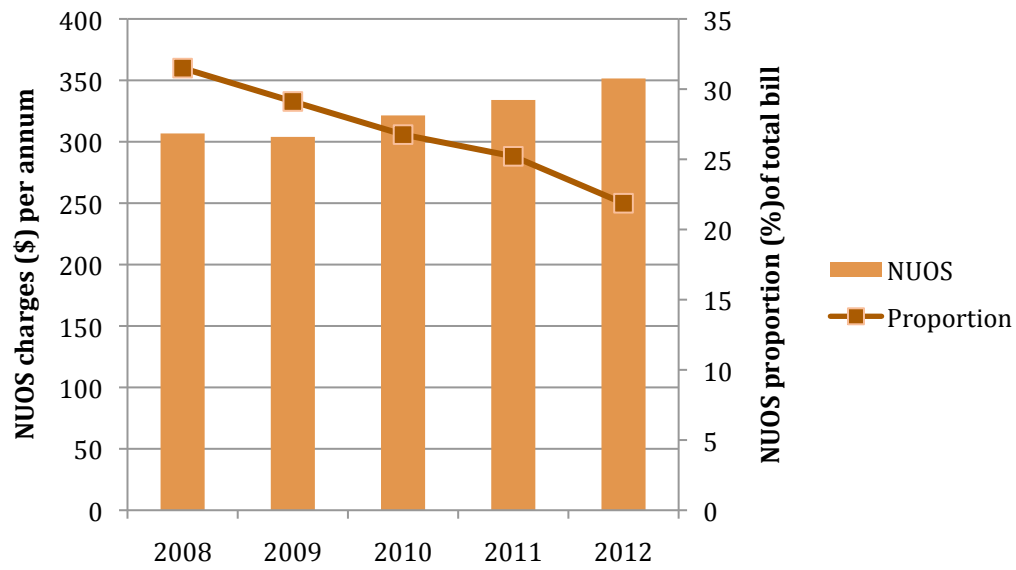
**Chart 24 SP Ausnet's NUOS charges and proportion of total bill (based on average single rate standing offer, 4800kWh per annum, GST inclusive)**



**Chart 25 Jemena's NUOS charges and proportion of total bill (based on average single rate standing offer, 4800kWh per annum, GST inclusive)**



**Chart 26 United Energy's NUOS charges and proportion of total bill (based on average single rate standing offer, 4800kWh per annum, GST inclusive)**



## Appendix 1: Energy standing offers (as annual bills) from 2008-2012

Since the introduction of full retail competition in the Victorian energy retail market in 2002, we have had standing offers and market offers. However, prior to 1 January 2009 only the incumbent retailers (AGL, Origin and TRU) had standing offers and there was only one standing offer for each distribution patch. Prior to 2009 the Victorian Government regulated the price and shape of standing offers. Since January 2009 all retailers (with a minimum number of customers) have been obliged to gazette standing offers to be valid for a minimum of six months. The retailers themselves determine the price and shape of the standing and the market offers. A customer that has not signed a market contract since 2002 will currently be on the standing offer.

Table A and B show average increases to the annual bill for electricity and gas standing offers over the last 4 years (since regulated prices in July 2008) for dual fuel households consuming 4800kWh/63000Mj per annum.<sup>36</sup> Table A also shows increases for all electric households consuming 7000kWh (thereof 30% controlled off-peak load) per annum in Powercor and SP Ausnet's areas.

**Table A. increases to annual electricity bills since July 2008 (single rate, 4800kWh and two rate, 7000kWh with 30% controlled load)**

Area	Annul bill increase since July 2008	Percentage increase
Inner city and Eastern suburbs (Citipower)	\$560	60%
Outer Western suburbs and Western Victoria (Powercor)	\$680	66%
	\$815*	65%*
Outer Northern and Eastern suburbs and Eastern Victoria (SP Ausnet)	\$770	81%
	\$910*	73%*
Inner West and Northern suburbs (Jemena)	\$700	71%
Outer South Eastern suburbs and Mornington Peninsula (United Energy)	\$635	65%

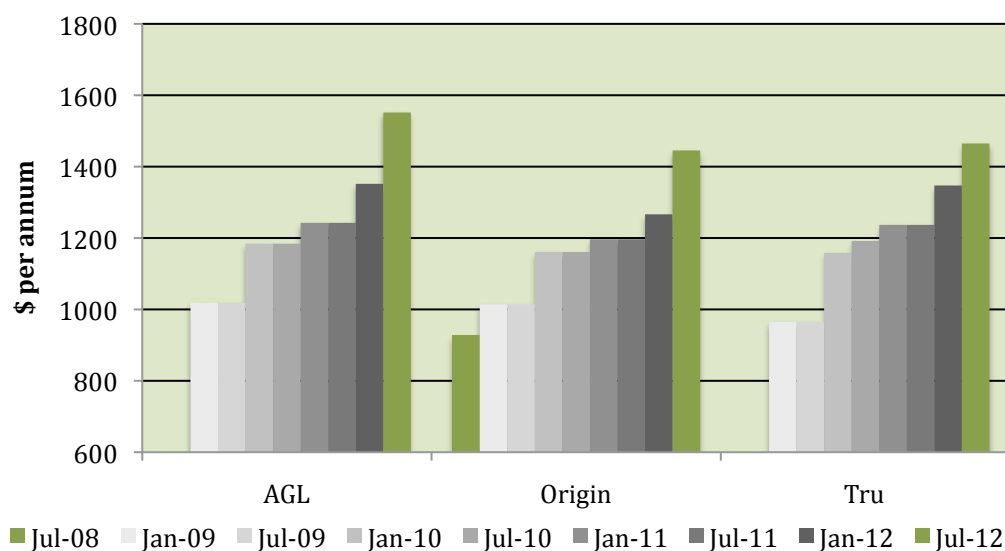
\* For all-electric households with peak/off-peak (controlled load) rates

<sup>36</sup> In July 2008 there was only one standing offer in each network area (per metering type)/gas zone. The calculations in these tables are based on this offer compared to the average of the *three incumbents' standing offers* in July 2012.

**Table B. increases to annual gas bills since July 2008 (63,000Mj)**

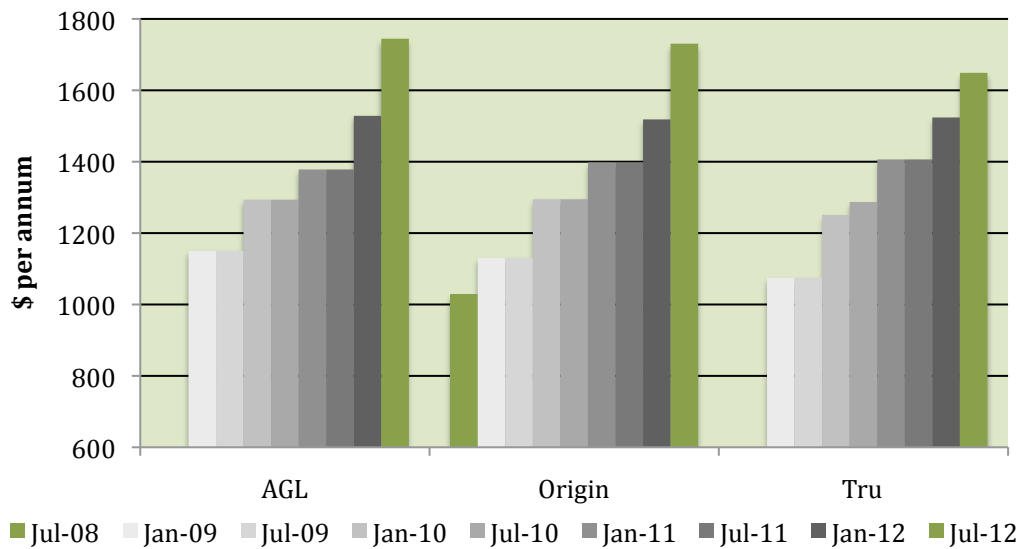
Area	Annul bill increase since July 2008	Percentage increase
Eastern and South Eastern suburbs (Origin Metro zone)	\$415	48%
Bayside and outer South Eastern suburbs (AGL South zone)	\$420	52%
Northern and North Eastern Victoria (Origin North zone)	\$405	44%
CBD, inner city and North Eastern suburbs (TRU East zone)	\$430	51%
Frankston, Mornington Peninsula and Gippsland (Origin South East zone)	\$405	45%
Macedon Ranges, Bendigo, Ballarat and Western Victoria (TRU West zone)	\$415	49%
Western and North Western suburbs (AGL North zone)	\$450	51%
Outer Western suburbs, Geelong and Bellarine Peninsula (TRU Central zone)	\$440	48%

Charts A to G below show six monthly increases to the annual bill for AGL, Origin and TRU's standing offers (single rate) for average consumption household in each of the five network areas over the last four years, as well as increases for all electric households (with controlled load) in Powercor and SP Ausnet's areas.

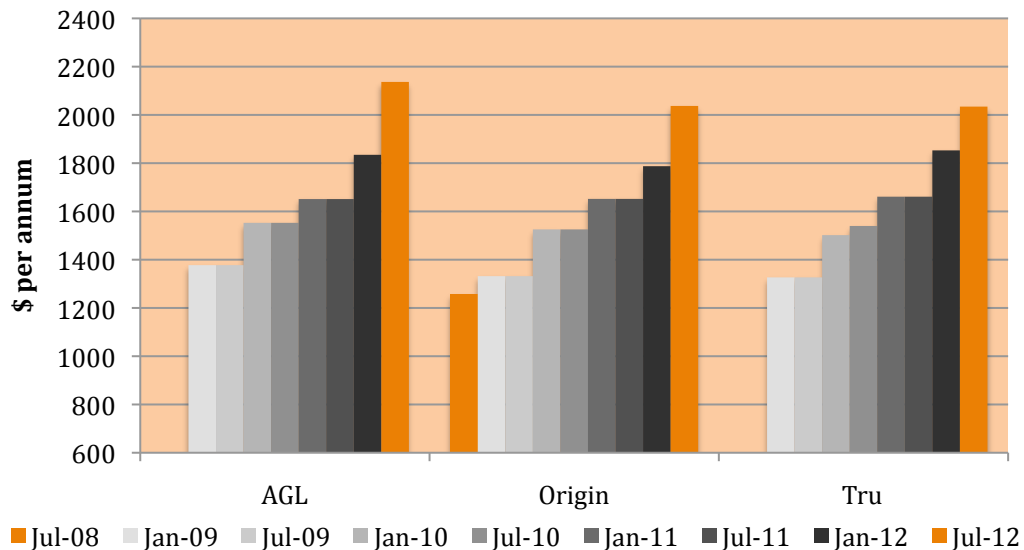
**Chart A. Citipower Network: Electricity standing offers (\$/annum, GST inclusive) July 2008- July 2012, based on single rate and 4800kWh**



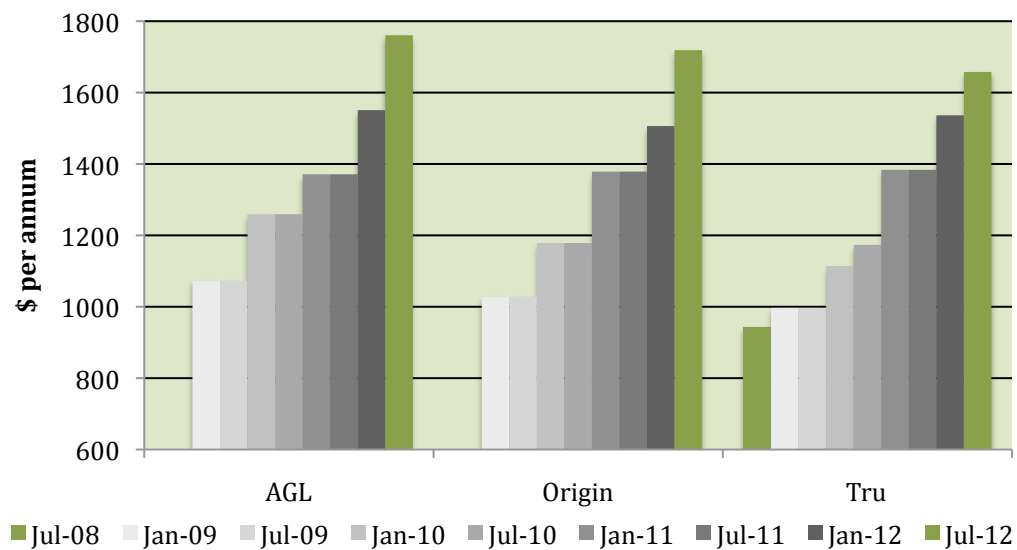
**Chart B. Powercor network: Electricity standing offers (\$/annum, GST inclusive)  
July 2008- July 2012, based on single rate and 4800kWh**



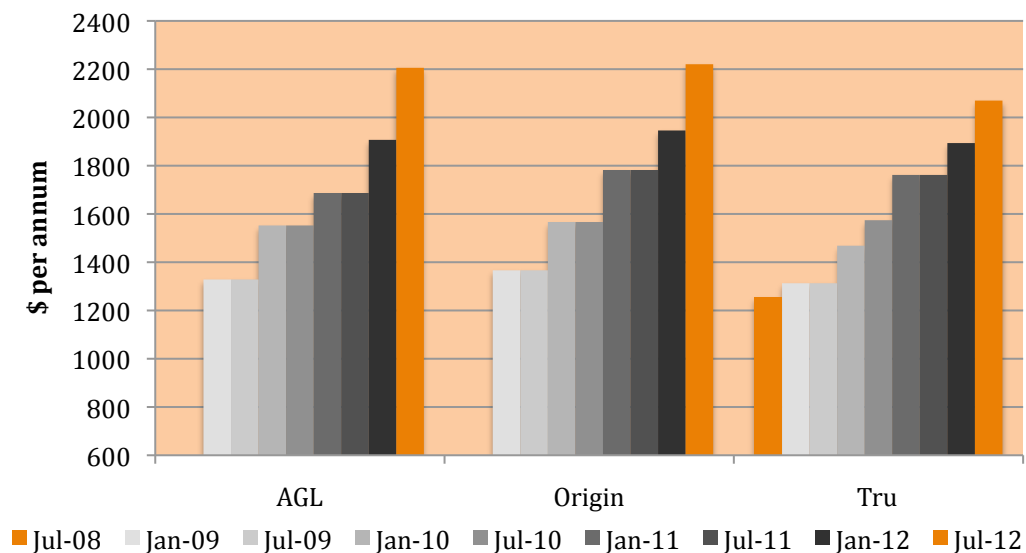
**Chart C. Powercor network: Electricity standing offers (\$/annum, GST inclusive)  
July 2008- July 2012, based on two rate/controlled load and 7000kWh (30% off-peak)**



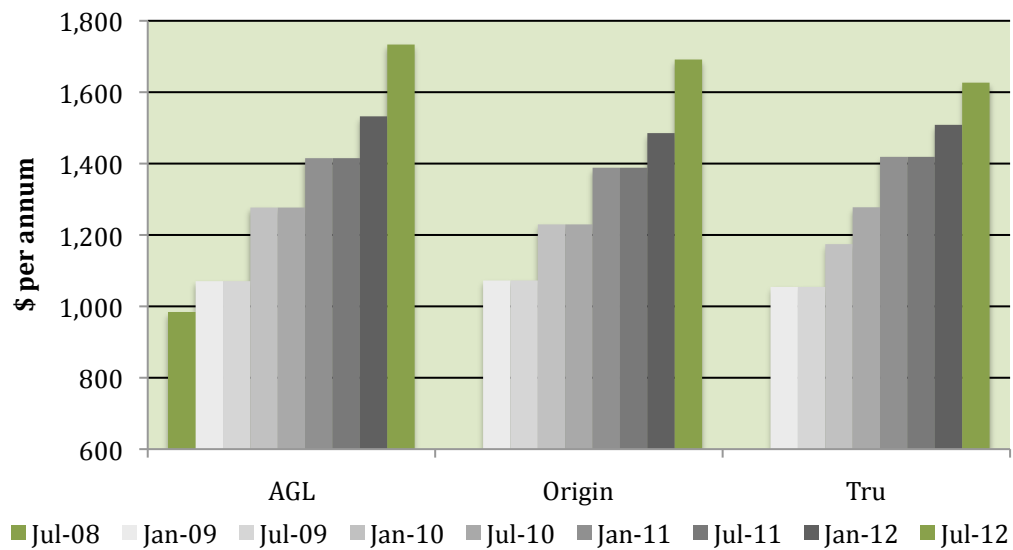
**Chart D. SP Ausnet network: Electricity standing offers (\$/annum, GST inclusive)  
July 2008- July 2012, based on single rate and 4800kWh**



**Chart E. SP Ausnet network: Electricity standing offers (\$/annum, GST inclusive)  
July 2008- July 2012, based on two rate/controlled load and 7000kWh (30% off-peak)**



**Chart F. Jemena network: Electricity standing offers (\$/annum, GST inclusive) July 2008- July 2012, based on single rate and 4800kWh**



**Chart G. United Energy network: Electricity standing offers (\$/annum, GST inclusive) July 2008- July 2012, based on single rate and 4800kWh**

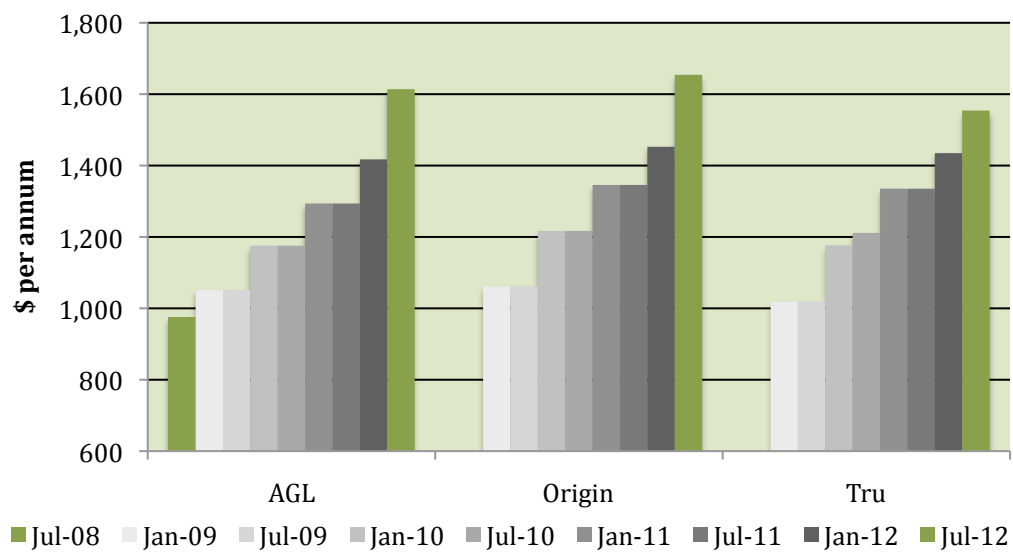
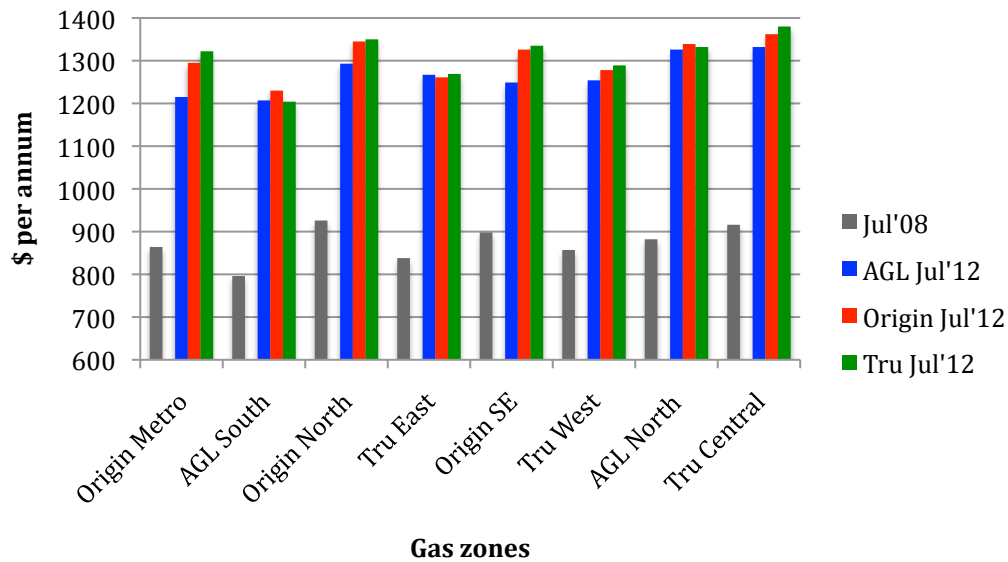


Chart H shows gas standing offer in July 2008 (as annual bill for household consuming 63,000Mj) compared to AGL, Origin and Tru's standing offers that took effect in July 2012.

**Chart H. Gas standing offers as annual bills from July 2008 to July 2012 (63,000Mj per annum, GST inclusive**



## Appendix 2: Electricity market offer features

Retailer	Product	Features
AGL	Advantage 12	12% discount (usage) 24 month contract Early termination fee AGL shop voucher
	Advantage 15	15% discount (usage) 36 month contract Early termination fee AGL shop voucher
Origin	Daily Saver 8%	8% discount (usage) 2% pay on time discount (usage) 1% direct debit discount (usage) 1% discount (usage) if signing up for Origin gas contract. 12 month contract Early termination fee
	Flexi choice	No discount No fixed contract No early termination fee
	One month free	A rebate valued at a month's average consumption cost credited to account after 1 year of bills being paid on time. 1% direct debit discount (usage) 24 month contract Early termination fee
	Rate freeze	1% direct debit discount (usage) 24 month contract Early termination fee Note: This offer has a higher supply charge than the other contracts.
Tru	Go easy	3% pay on time discount (bill) 12 month contract Early termination fee
	Go for more	3% discount off bill 3% pay on time discount (bill) 36 month contract Early termination fee
Aus P&G	Simplicity Plus	5% pay on time discount (bill) No fixed contract No early termination fee
	Smart Saver 10 Starter	10% pay on time discount (usage) 12 month contract Early termination fee
	Smart Saver 14	14% pay on time discount (usage) 24 month contract Early termination fee
Click	Click easy	7% pay on time discount (bill - for on-line billing only) Heat Shield – upon using more than 500kWh of peak rate electricity per month

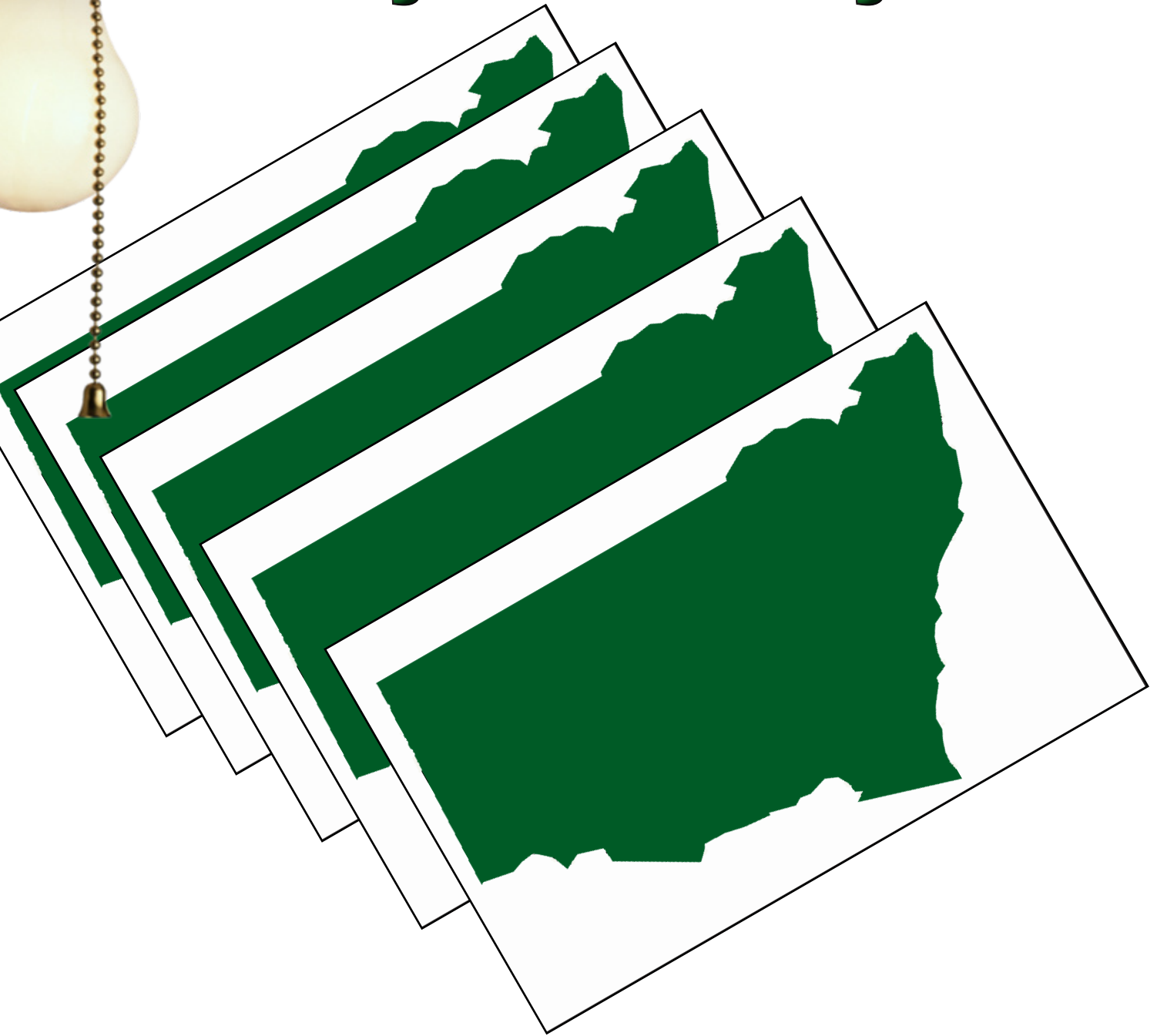
		customer receives a 5% discount on peak rate consumption above that threshold. No fixed contract No early termination fee
	Click early	Monthly payment of \$110 in advance (to be reconciled against actual usage every quarter) 9% pay on time discount (bill - for on-line billing only) Heat Shield – upon using more than 500kWh of peak rate electricity per month customer receives a 5% discount on peak rate consumption above that threshold. No fixed contract No early termination fee
<b>Neighbourhood</b>	10%	10% pay on time discount (bill) No fixed contract No early termination fee
	12%	12% pay on time discount (bill) 24 month contract Early termination fee \$30 sign up credit
	15%	15% pay on time discount (usage) 24 month contract Early termination fee \$30 sign up credit
<b>Powerdirect</b>	Residential 10% offer	10% discount (usage) 36 month contract Early termination fee \$20 account credit for direct debit agreement
<b>Red Energy^^</b>	Easy Saver	5% pay on time discount (bill) No fixed contract No early termination fee Price certainty (no rate increases until 1 January 2013 but offer only available until 31 August 2012)
	Living Energy Saver	10% pay on time discount (bill) 24 month contract Early termination fee Price certainty (no rate increases until 1 January 2013 but offer only available until 31 August 2012)
<b>Simply Energy</b>	Simply energy	No discounts No fixed contract No early termination fee
	Simply save	14% combined pay on time and direct debit discount (usage) 24 month contract Early termination fee
<b>Lumo</b>	Lumo Express	No discounts 24 month contract Early termination fee

		Rewards program
	Lumo Life 10	10% pay on time discount (bill) 24 month contract Early termination fee
	Lumo Advantage	13% pay on time discount (bill) 24 month contract Early termination fee
<b>Alinta</b>	Fair go – flexi saver 7	7% pay on time discount (usage) No fixed contract No early termination fee
<b>Momentum</b>	SmilePower	Renewable energy Choice between 12, 24 and 36 month contract Early termination fee
<b>Energy Australia</b>	10% Discount	10% discount (bill) 24 month contract Early termination fee
<b>Dodo</b>	No term contract	10% pay on time discount (usage) No fixed contract No early termination fee
	12 month contract	20% pay on time discount (usage) 12 month contract Early termination fee

^ Red's offer includes a price guarantee until 1 January 2013 but offer only available until 31 August 2012 (according to its website).



# **NSW Energy Prices July 2011 - July 2012**



**May Mauseth Johnston  
August 2012**



**St Vincent de Paul Society**  
*good works*



**Disclaimer**

The energy offers, tariffs and bill calculations presented in this report and associated workbooks should be used as a general guide only and should not be relied upon. The workbooks are not an appropriate substitute for obtaining an offer from an energy retailer. The information presented in this report and the workbooks is not provided as financial advice. While we have taken great care to ensure accuracy of the information provided in this report and the workbooks, they are suitable for use only as a research and advocacy tool. We do not accept any legal responsibility for errors or inaccuracies. The St Vincent de Paul Society and Alviss Consulting Pty Ltd do not accept liability for any action taken based on the information provided in this report or the associated workbooks or for any loss, economic or otherwise, suffered as a result of reliance on the information presented. If you would like to obtain information about energy offers available to you as a customer, go to IPART's "My Energy Offers" website or contact the energy retailers directly.

New South Wales Energy Prices July 2011 – July 2012  
An Update report on the NSW Tariff-Tracking Project  
by May Mauseth Johnston

**May Mauseth Johnston, August 2012**  
**Alviss Consulting Pty Ltd**  
ABN 43147408624

**© St Vincent de Paul Society and Alviss Consulting Pty Ltd**

This work is copyright. Apart from any use permitted under the Copyright Act 1968 (Ctw), no parts may be adapted, reproduced, copied, stored, distributed, published or put to commercial use without prior written permission from the St Vincent de Paul Society.

**Acknowledgements**

This project was funded by a research grant from the Consumer Advocacy Panel ([www.advocacypanel.com.au](http://www.advocacypanel.com.au)) as part of its grants process for consumer advocacy projects and research projects for the benefit of consumers of electricity and natural gas.

The views expressed in this document do not necessarily reflect the views of the Consumer Advocacy Panel or the Australian Energy Market Commission.

## **Table of Contents**

<b>Acknowledgements</b>	<b>2</b>
<b>The NSW Tariff-Tracking Project: purpose and outputs</b>	<b>4</b>
<b>1. Energy price changes from July 2011 to July 2012</b>	<b>5</b>
<b>2. Regulated vs. market offers July 2012</b>	<b>11</b>
3.1 Regulated electricity vs. market offers July 2012	11
3.2 Regulated gas vs. market offers July 2012	21
<b>3. Changes to the supply charge</b>	<b>24</b>
<b>4. Total cost of energy by area</b>	<b>27</b>
4.1 Inner Sydney, Northern Sydney, Swansea, Newcastle, Maitland, Cessnock Singleton and Upper Hunter	27
4.2 Western Sydney, Wollongong, Blue Mountains, Lithgow, Kandos, Moss Vale, Nowra, Ulladulla	28
4.3 Rural and Regional NSW	29
<b>Appendix 1: Electricity market offer features</b>	<b>31</b>
<b>Appendix 2: SCER comments on this report and our responses</b>	<b>33</b>

## **The NSW Tariff-Tracking Project: purpose and outputs**

There is limited knowledge and understanding in the community of the various energy tariffs available, how they are changing, and how tariff changes impact on households' energy bills and energy affordability more broadly.

Under retail price regulation arrangements, tariff tracking and tariff analysis are not usually prioritised activities amongst advocates and consumer representatives. In a deregulated environment, however, it will become increasingly evident that advocates, as well as consumers themselves, need improved awareness and understanding of changing tariff offers – both in terms of changes to price as well as changes to tariff shapes. As the Australian Energy Market Commission (AEMC) has been tasked to evaluate the effectiveness of competition in NSW in 2012, the NSW Tariff-Tracking tool is well timed for two reasons: Firstly, consumer representatives can utilise the tool to inform the effectiveness of competition review in itself. Secondly, if the AEMC finds competition to be effective and recommends the removal of retail price regulation, the tool will allow for 'before and after' comparisons.

Only by improving this awareness and understanding can we ensure that the regulatory framework (for example, in relation to price information and disclosure) is adequate, and promote a competitive retail market. Furthermore, this increased knowledge will allow for close monitoring of the impact price and tariff changes have on households' bills and the affordability of this essential service.

This project has tracked electricity and gas tariffs in NSW from July 2009 to July 2012, and developed a spreadsheet-based tool that allows consumer advocates to build on the initial analysis and continue to track changes as they occur.<sup>1</sup> The first report for the NSW Tariff-Tracking project was published in August 2011 and this up-date report focuses on price changes that have occurred over the last year.

We have developed four workbooks that allow the user to enter consumption levels and analyse household bills for NSW gas and electricity offers. The four workbooks available at [www.vinnies.org.au/energy](http://www.vinnies.org.au/energy) are:

Workbook 1: Regulated electricity offers July 2008-July 2012<sup>2</sup>

Workbook 2: Regulated gas offers July 2009-July 2012

Workbook 3: Electricity market offers July 2011 and 2012

Workbook 4: Gas market offers July 2011 and 2012

---

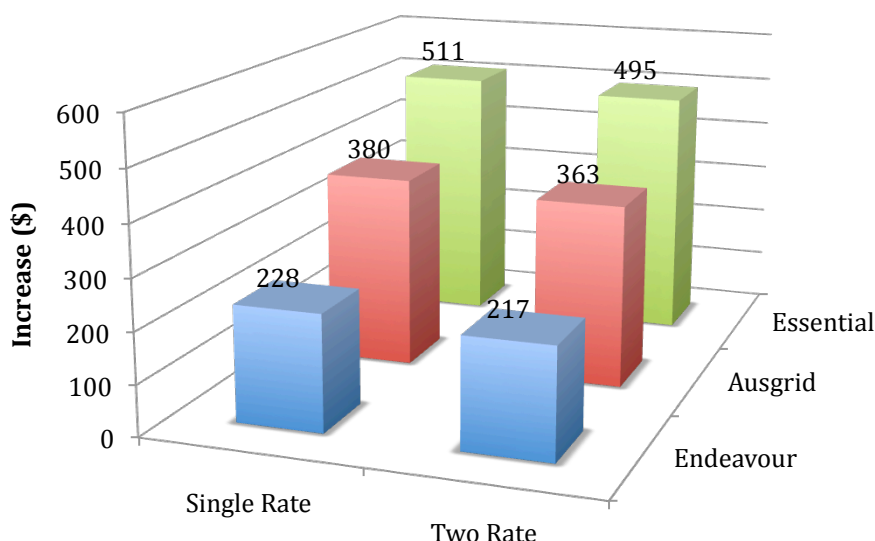
<sup>1</sup> The regulated electricity offers workbook also contains the 2008 rates.

<sup>2</sup> All market offers are published offers and do not include special offers that retailers market through door-knocking campaigns or brokers. We use the IPART website as well as the retailers own website to collect market offer for the Tariff-Tracking tool. If the retailer has more than one market offer we use the one IPART has estimated to produce the lowest annual bill. The Tariff-Tracking tool does not include any additional discounts or bonuses but key market offer features are listed in the spreadsheets. This report contains analysis of some of those features.

## 1. Energy price changes from July 2011 to July 2012<sup>3</sup>

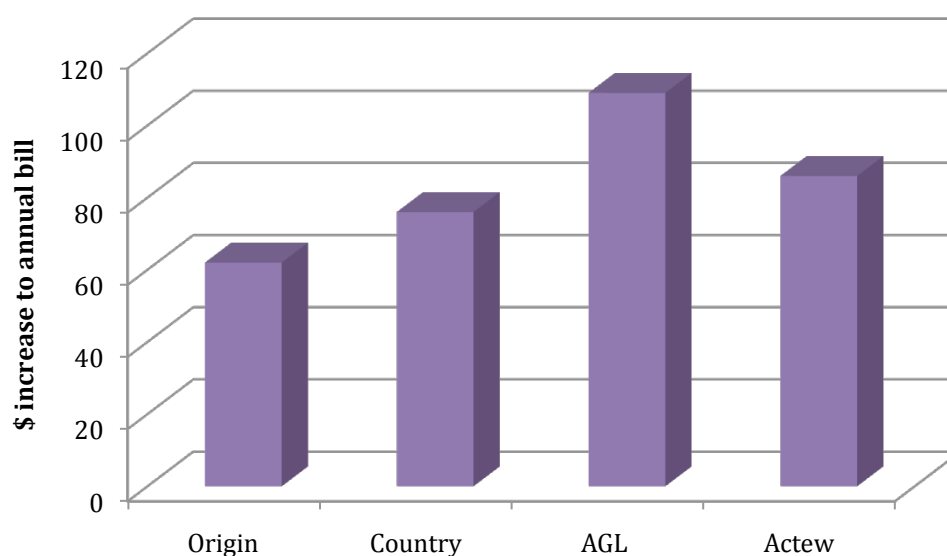
- Households' annual electricity costs have typically increased by between \$200-\$500 since July 2011 but there are significant differences between the network areas. See chart 1 below.
- Annual energy bills (electricity and gas) for dual fuel Sydney households with average consumption have increased by more than \$480 since July 2011. See chart 1 and 2 below.
- Annual electricity bills for all-electric Sydney households with average consumption have increased by around \$360 since July 2011.
- Households in Sydney (Jemena/AGL gas zone) and Goulburn, Boroowa, Yass and Young (ActewAGL gas zone) are facing the greatest gas price increases. The annual gas bill for average consumption households in these areas has increased by approximately \$110.
- None of the electricity and gas market offers contain published rates (prior to discounts) below the regulated offers. Two retailers have published electricity and gas market offer rates above the regulated offers (prior to discounts).

**Chart 1** Increases (\$) to the annual cost of electricity from July 2011-2012 (based on 7,200kWh per annum for single rate and 8,000kWh for two rate, thereof 30% controlled off-peak 1 load)



<sup>3</sup> These calculations are based on increases to the regulated offer for single rate electricity customers using 7,200kWh per annum, increases to the regulated offer for controlled load electricity customers (typically all-electric households) using 8,000kWh per annum (thereof 30% off-peak) and increases to the regulated offer for gas customers using 24,000Mj per annum.

**Chart 2** Increases to the annual cost of gas from July 2011 to July 2012 for households using 24,000Mj per annum<sup>4</sup>



There are four supply areas for regulated gas offers in NSW. The four standard retailers are AGL, Country Energy, ActewAGL and Origin Energy. Country Energy has six pricing zones, ActewAGL has three and Origin has two.

**Table 1** Gas supply areas in NSW

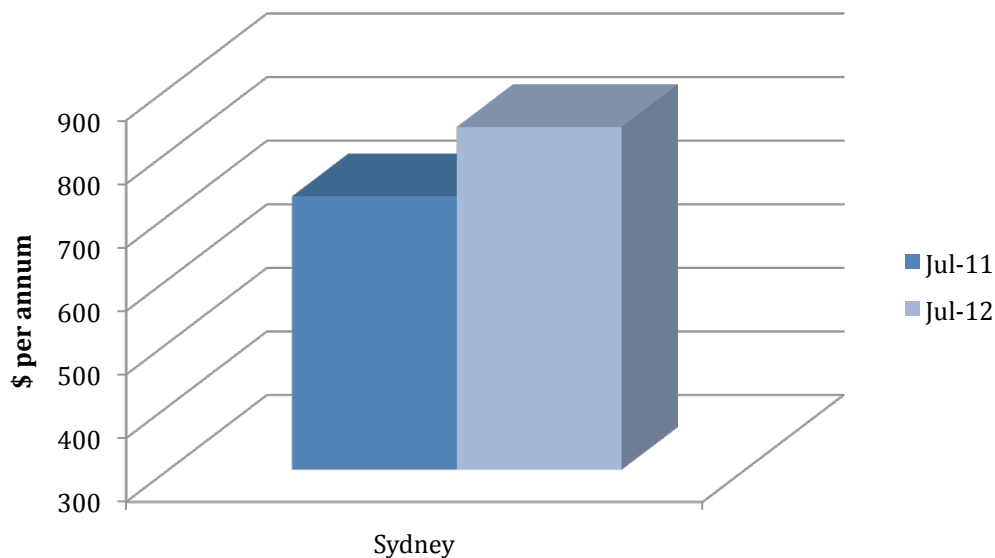
NSW Gas Zones	
AGL	Sydney, Newcastle, Wollongong, Blue Mountains
Country Energy	Cooma and Bombala
	Holbrook, Henty, Culcairn and Walla Walla
	Temora
	Tumut and Gundagai
	Tamworth
ActewAGL	Boroowa, Goulburn, Yass and Young
	Queanbeyan and Bundgendore
	Shoalhaven
Origin	Albury, Moama and Jindera
	Murray Valley Towns

The difference between winter and summer consumption will vary significantly from household to household (depending primarily upon usage of gas space heating). The charts below do not adjust for increased winter consumption but assume consistent consumption levels throughout the year and, for seasonal tariffs, the winter/summer prices have been allocated according to the

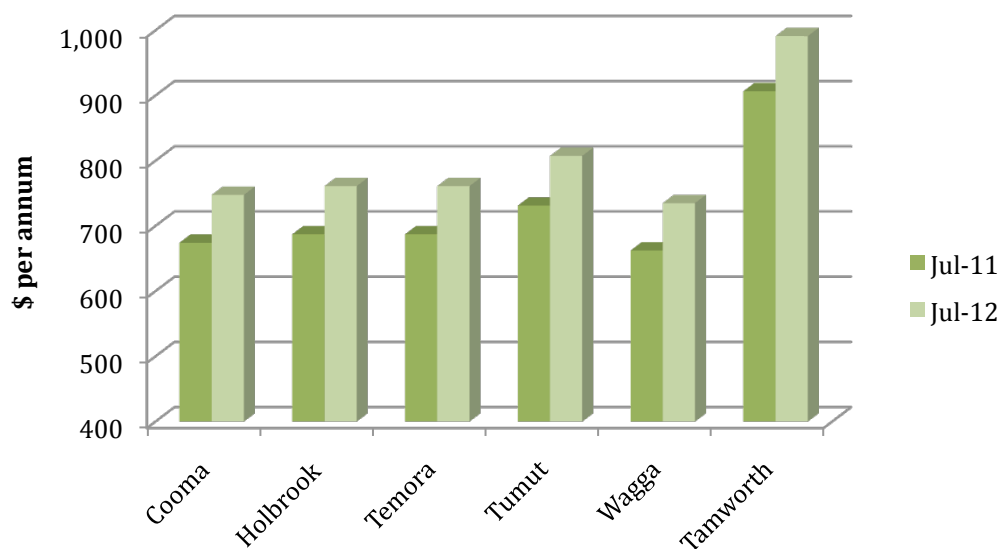
<sup>4</sup> Based on increases to the regulated offer for gas customers using 24,000Mj per annum. For Essential, Origin and ActewAGL, the increases are based on the average increases of regulated offers in those gas areas.

timeframes to which they apply, e.g. 4 months winter peak (33.33% of the year) and 8 months summer off-peak (66.66% of the year). Because of the seasonality of gas consumption and gas tariffs the annual bill calculations presented in this report are indicative only, and their primary purpose is to track changes over time and analyse differences between distribution areas. The charts below have assumed an average annual consumption of 24,000Mj per annum.

**Chart 3** Estimated annual bills for regulated gas offers in Jemena/AGL's area, July 2011 and July 2012 (24,000Mj per annum, inc GST)

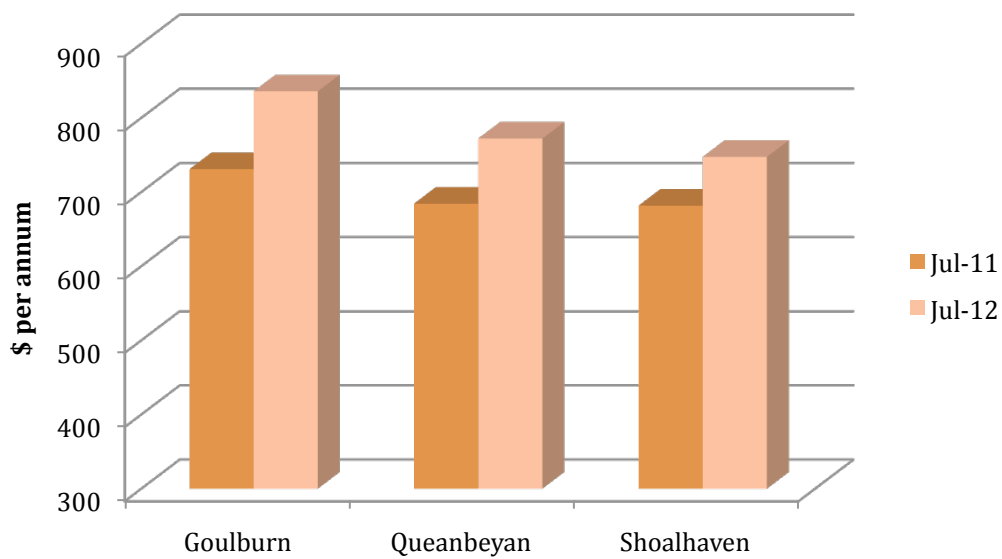


**Chart 4** Estimated annual bills for regulated gas offers in Country Energy's area, July 2011 and July 2012 (24,000Mj per annum, inc GST)<sup>5</sup>



<sup>5</sup> Note: The Cooma zone includes Bombala. The Holbrook zone includes Henty, Culcairn and Walla Walla. The Tumut zone includes Gundagai. The Wagga Wagga zone includes Uranquity.

**Chart 5** Estimated annual bills for regulated gas offers in ActewAGL's area, July 2011 and July 2012 (24,000Mj per annum, inc GST)<sup>6</sup>



**Chart 6** Estimated annual bills for regulated gas offers in Origin's area, July 2011 and July 2012 (24,000Mj per annum, inc GST)<sup>7</sup>

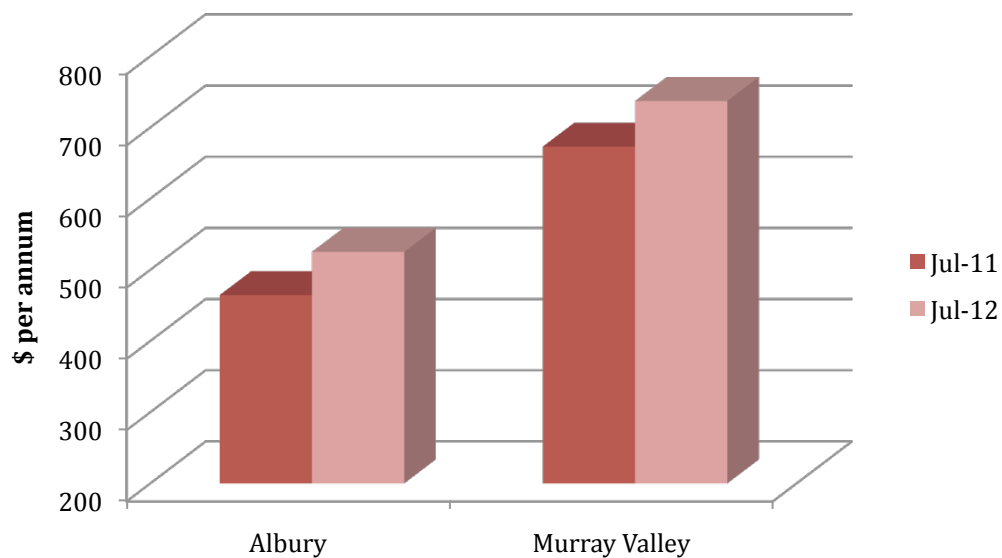


Table 2 and 3 below highlight some of the price trends for NSW electricity and gas offers. For more detailed information about the areas and differences in energy price increases see section 4.

<sup>6</sup> Note: The Goulburn zone includes Boorowa, Yass and Young. The Queanbeyan zone includes Bungendore.

<sup>7</sup> Note: The Albury zone includes Moama and Jindera. The Murray Valley zone covers Murray Valley towns.



**Table 2** Electricity price increases by area July 2011 – July 2012<sup>8</sup>

Area	Increase to annual bill since July 2012		Percentage increase
	Single rate	Two rate <sup>^</sup>	
<b>Inner Sydney, the Central Coast up to Newcastle, and inland areas such as Maitland, Cessnock, Singleton and Upper Hunter (Ausgrid)</b>	\$380	\$365	22%
<b>Western Sydney, most of the Illawara Coast, the Blue Mountains and inland towns such as Lithgow and Kandos (Endeavour Energy)</b>	\$230	\$215	12%
<b>Most of rural and regional NSW - from north of Port Stephens and Murrundi, south of Batemans Bay and east of Lithgow (Essential Energy)</b>	\$510	\$495	21%

<sup>^</sup> For all-electric households with peak/off-peak (controlled load) rates

<sup>8</sup> Based on household consumption of 7,200kWh per annum at the rate of the regulated retail offer for the single rate tariff. The second calculation is based on household consumption of 8,000kWh per annum at the rate of the regulated retail offer for the controlled load tariff.

**Table 3** Gas price increases (average) by area July 2011 – July 2012<sup>9</sup>

<b>Area</b>	<b>Increase to annual bill since July 2012</b>	<b>Percentage increase</b>
<b>Sydney, Newcastle, Wollongong, Blue Mountains (AGL)</b>	\$110	15%
<b>Cooma and Bombala (Country Energy)</b>	\$75	11%
<b>Holbrook, Henty, Culcairn and Walla (Country Energy)</b>	\$75	11%
<b>Temora (Country Energy)</b>	\$75	11%
<b>Tumut and Gundagai (Country Energy)</b>	\$75	10%
<b>Wagga Wagga and Uranquity (Country Energy)</b>	\$75	11%
<b>Tamworth (Country Energy)</b>	\$85	9%
<b>Boroowa, Goulburn, Yass and Young (ActewAGL)</b>	\$105	14%
<b>Queanbeyan and Bundgondore (ActewAGL)</b>	\$90	13%
<b>Shoalhaven (ActewAGL)</b>	\$65	10%
<b>Albury, Moama and Jindera (Origin)</b>	\$60	13%
<b>Murray Valley Towns (Origin)</b>	\$65	10%

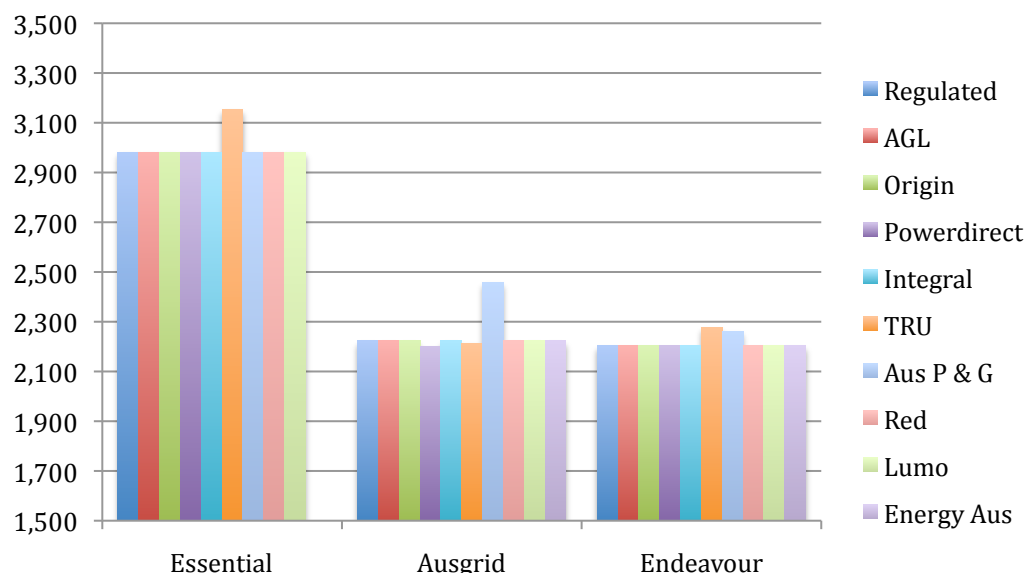
<sup>9</sup> Based on the regulated gas rates for customers using 24,000Mj per annum.

## 2. Regulated vs. market offers July 2012

### 2.1 Electricity: Regulated vs. market offers July 2012

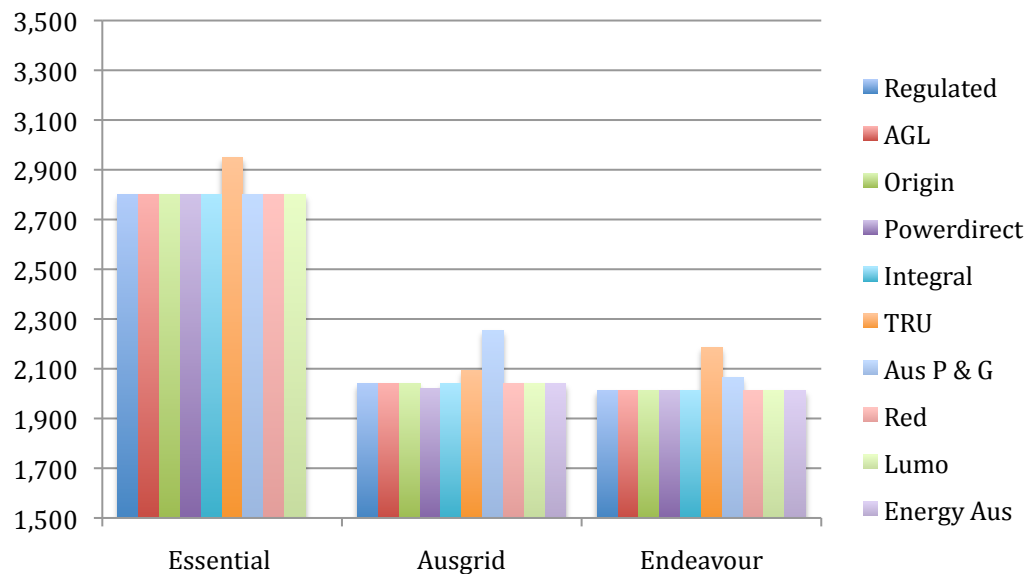
Charts 7 and 8 below show that households using 7,200kWh per annum will have an annual electricity bill of between \$2200 and \$3000 (depending on network area) and all-electric households using 8,000kWh per annum (and thereof 30% controlled off-peak) will have an annual bill of between \$2000 and \$2800. Furthermore, charts 7 and 8 show that none of the retailers have market offer rates below the regulated rates. They do offer additional discounts but their published rates are not lower.<sup>10</sup> Tru and Australian Power and Gas both have market offer rates (discounts excluded) that produce higher annual bills for typical consumption households than the regulated rates.

**Chart 7** Electricity offers post July 2012 as annual bills – Market offer discounts not included, Single rate, 7,200kWh (GST inc)



<sup>10</sup> The annual bill for Powerdirect's market offer in AusGrid's area is slightly less than the regulated rates for this consumption level. This is because Powerdirect only applies one step-increase (after 1,750 kWh per quarter) while the regulated rates apply two step-increases (first 1,000kWh and next 1,000 kWh). Powerdirect's rate for consumption above the first block is thus lower than the regulated rates for 'balance' but higher than the regulated rate for the 2<sup>nd</sup> consumption block. Tru's market offer also has only one step-increase (same as Powerdirect's), but Tru has adjusted the supply charge rather than the consumption rates.

**Chart 8** Electricity offers post July 2012 as annual bills – Market offer discounts not included, Two-rate, 8,000kWh thereof 30% controlled off-peak 1 (GST inc)

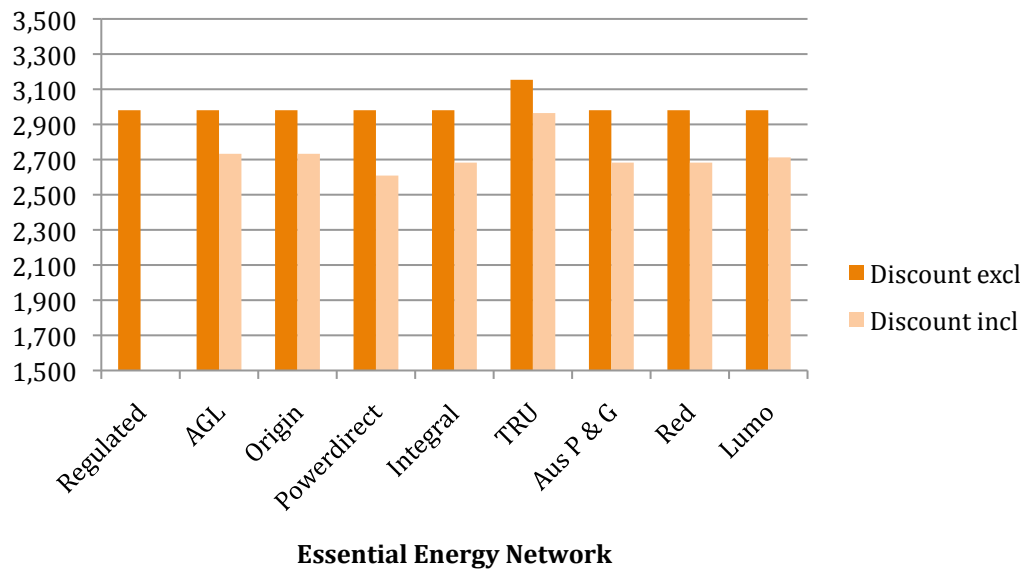


As stated above, the calculations for the market offers in Charts 7 and 8, are based on their rates only (cost per kWh and fixed charges) and do not include other market offer features such as discounts on consumption rates, vouchers, sign-up credits, loyalty bonuses and discounts if bills are paid on time.

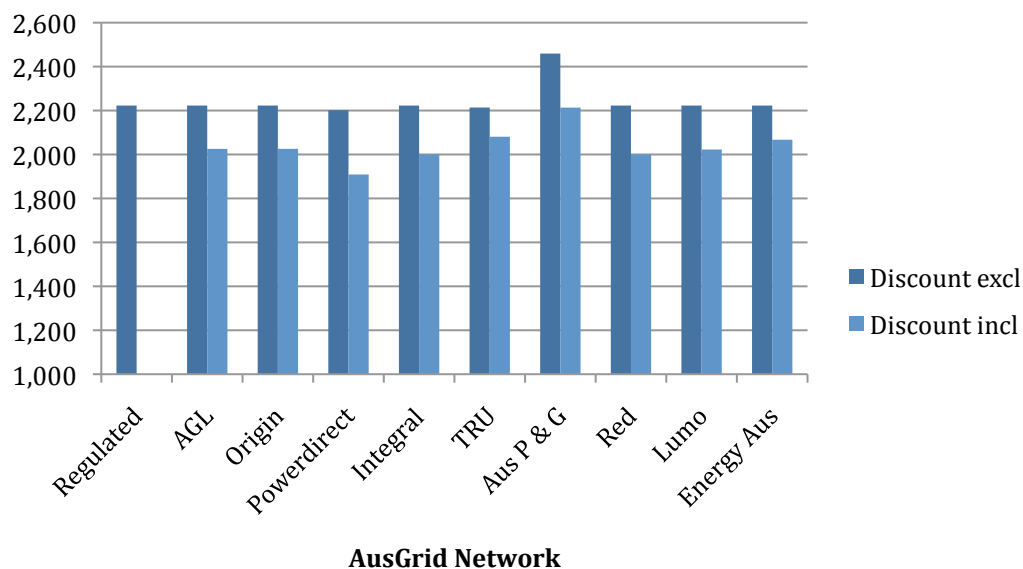
Consumers assessing market offers should take these additional features into account as well as being aware of contract conditions such as late payment fees, the length of the contract and fees for exiting the contract early.

Charts 9-11 below show the difference in annual bill between regulated offer and market offers excluding discounts (to the left) and market offers inclusive of discounts (to the right) for each of the three network areas.

**Chart 9** Annual bills excluding vs. including discounts. Electricity offers in Essential/Country network area post July 2012 as annual bills, Single rate, 7,200kWh (GST inc).<sup>11</sup>



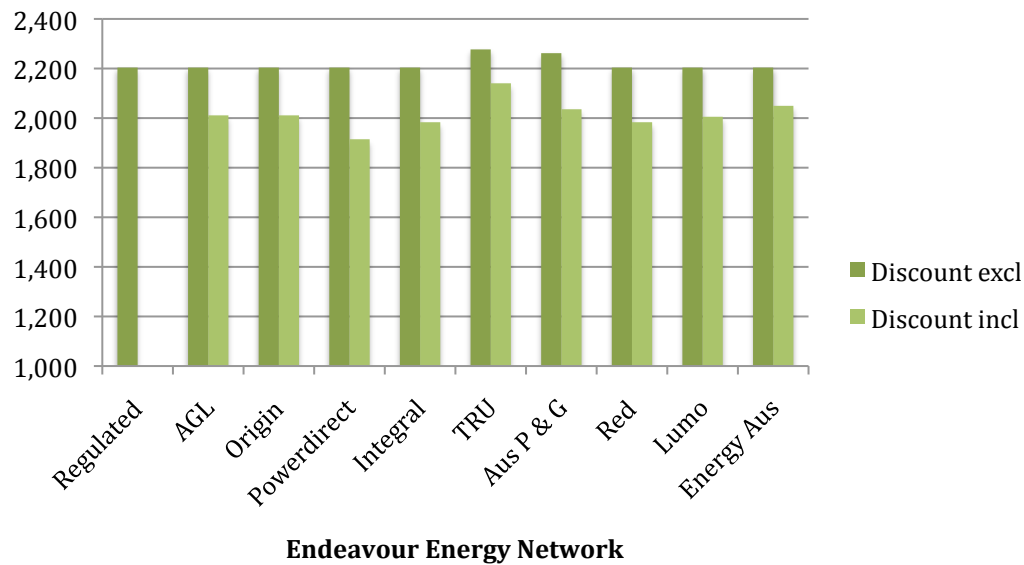
**Chart 10** Annual bills excluding vs. including discounts. Electricity offers in AusGrid/Energy Australia network area post July 2012 as annual bills, Single rate, 7,200kWh (GST inc).<sup>12</sup>



<sup>11</sup> Calculations include discounts off usage or bill as well as pay on time discounts off usage or bill.

<sup>12</sup> Calculations include discounts off usage or bill as well as pay on time discounts off usage or bill.

**Chart 11** Annual bills excluding vs. including discounts. Electricity offers in Endeavour/Integral network area post July 2012 as annual bills, Single rate, 7,200kWh (GST inc).<sup>13</sup>



The discounts (including pay on time discounts) used to estimate annual bills for Charts 9-11 above are shown in table 4 below. Table 4 also shows other contract terms and features, such as early termination fees, associated with these market offers. Some of the retailers have multiple market offers and may offer higher discounts than those listed here (see appendix 1). However, if the discount is higher the length of the contract term is generally longer, and vice versa.

<sup>13</sup> Calculations include discounts off usage or bill as well as pay on time discounts off usage or bill.

**Table 4** Published electricity market offers taking effect after July 2012: Key additional features and contract conditions

	<b>Discounts</b>	<b>Fixed term</b>	<b>Early Termination Fee</b>	<b>Late Payment Fee</b>	<b>Pay on time discounts</b>	<b>Other</b>
AGL <sup>^</sup>	10% off usage	3 years	Up to \$75	\$14	No	Yes
Origin <sup>^^</sup>	8% off usage	1 year	\$70	\$12	2% off consumption	Yes
Tru	3% off bill	3 years	Up to \$90	No	3% off bill	No
Aus P&G	No	3 years	Up to \$88	\$10	10% off usage	No
Energy Australia*	7% off bill	2 years	Up to \$50	\$12	No	No
Integral	10% off bill	2 years	Up to \$95	\$7	No	No
Powerdirect**	15% off usage	3 years	Up to \$48	\$14	No	Yes
Red	No	2 years	Up to \$95	No	10% off bill	Yes
Lumo***	No	2 years	Up to \$75	No***	9% off bill	Yes

<sup>^</sup> AGL's Advantage 10 offer currently includes a \$175 account credit.

<sup>^^</sup> Origin's offer includes a further 1% off consumption rates if bills are paid by direct debit and 1% off electricity consumption if customer signs up for gas.

\* Energy Australia's offer is not available to customers in Essential/Country network.

\*\* Powerdirect's discount on usage does not include controlled off-peak.

\*\*\* Lumo's Price and product information statement does not stipulate the early termination fee amount (the \$75 figure is based on previous statements) nor does it state whether late payment fees apply.

Note: Examples of other features include loyalty bonuses, credits to the account upon commencing a contract and shop vouchers.

As most retailers tend to apply the same rates as the regulated rates to their market offer and then offer discounts, it is important that customers are aware that some of these discounts are conditional upon bills being paid on time. In practise, this means that the electricity market is more competitive for the segment of customers who typically pay on time – i.e. this group of customers have a higher number of competitively priced retail offers available to them. Pay on time discounts combined with late payment fees, means that NSW households can be significantly penalised for late payment. Or conversely, NSW households can be significantly rewarded for prompt payment. It does, however, highlight an issue that negatively impacts on households with cash-flow problems.

**Table 5** Electricity offers taking affect after July 2012: Difference (\$) in annual bill between paying all bills on time vs. paying all bills late (based on 7,200kWh per annum, single rate, 4 bills per annum)

	<b>Ausgrid</b>	<b>Endeavour</b>	<b>Essential</b>
<b>Regulated Offer</b>	\$30	\$30	\$30
<b>AGL</b>	\$56	\$56	\$56
<b>Origin</b>	\$84	\$83	\$93
<b>Powerdirect</b>	\$56	\$56	\$56
<b>Integral</b>	\$28	\$28	\$28
<b>Tru</b>	\$60	\$62	\$86
<b>Australian P&amp;G</b>	\$264	\$246	\$311
<b>Red</b>	\$202	\$200	\$271
<b>Lumo*</b>	\$182	\$180	\$244
<b>Energy Aus**</b>	\$48	\$48	N/A

\* Lumo's offer does not stipulate whether late payment fees apply and these calculations do not include a late payment fee for Lumo.

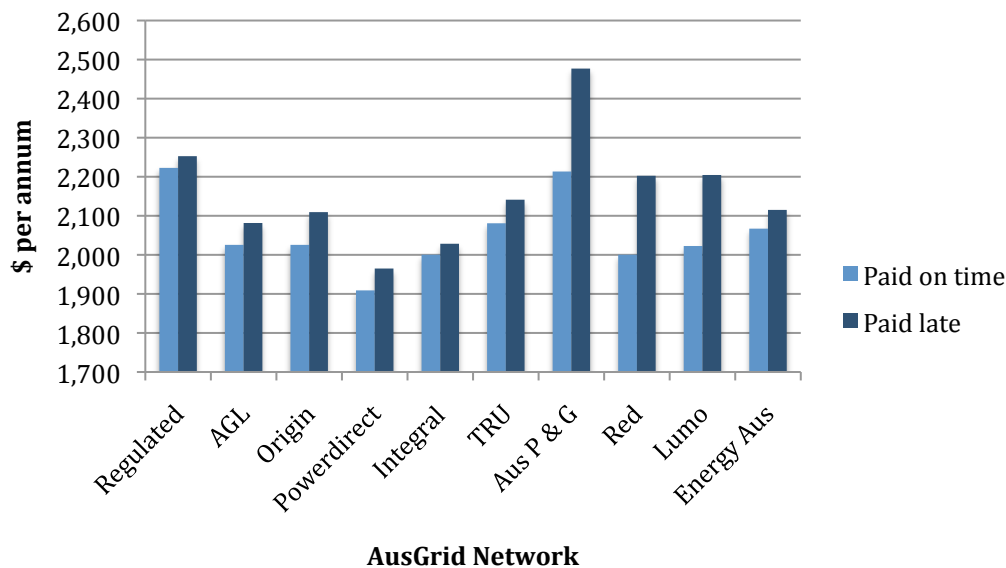
\*\*Energy Australia does not offer market contracts to customers in Essential/Country area.

Table 5 above shows that paying late can become very expensive on some market offers. Households with Australian Power and Gas (in Essential Energy's area), for example, would be \$311 worse off if they pay late compared to paying on time. The difference for Australian Power and Gas is large because the market contract includes a significant pay on time discount as well as late payment fees.

Chart 12 below shows the estimated annual electricity bill for customers that always pay on time and for those who always pay late, for published electricity offers in the Ausgrid network area.



**Chart 12** AusGrid network area: Estimated annual bill for customers that pay on time vs. pay late, electricity offers as of July 2012, Single rate, 7200kWh (GST inc)<sup>14</sup>



Households always able to pay their electricity bills by the due date can save significantly by switching from the regulated offer to a market offer. By switching from the regulated offer to Powerdirect's market offer a typical consumption household may save \$300 per annum. AGL, Integral and Origin have offers that could shave approximately \$200 off the annual bill (by switching from the regulated offer) if always paid on time.

Households with cash-flow problems, and thus late paying bills, are not always able to achieve the same savings by switching from the regulated offer to a market offer. Indeed, in the case of Australian Power and Gas, customers paying late will be significantly worse off on their market offer compared to regulated offer. Powerdirect's market offer will produce the greatest saving for late paying customers looking to switch, with an estimated annual saving of \$290 for a typical consumption household. Integral's market offer would produce a saving of approximately \$220 for the same household.

<sup>14</sup> Annual bill calculation includes discounts, pay on time discounts and late payment fees as per energy offer. Note: Lumo's offer does not stipulate whether late payment fees apply and these calculations do not include a late payment fee for Lumo.

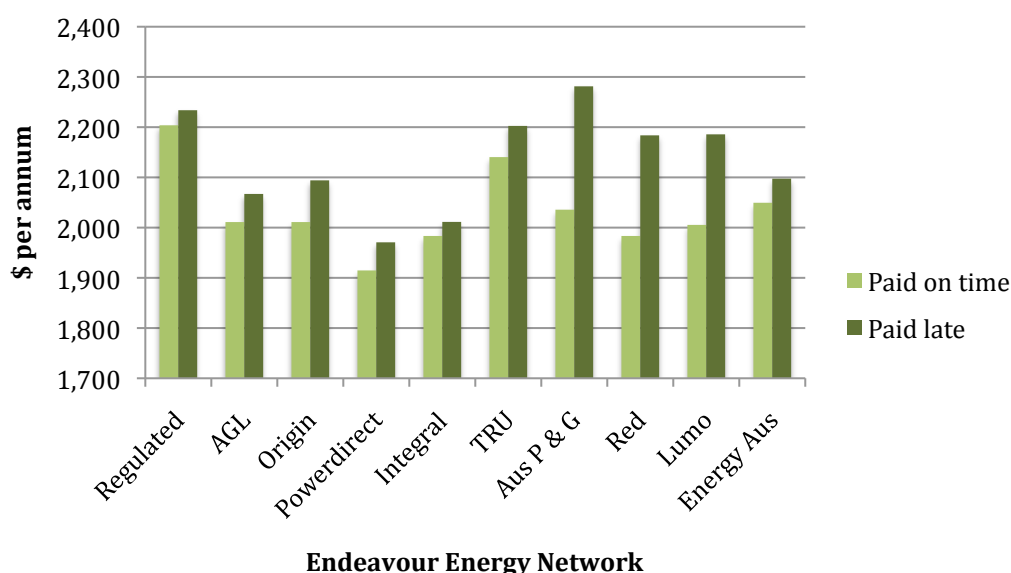
**Table 6** Potential annual savings (\$) by switching from regulated offer to market offer in Ausgrid's network area (based on 7,200kWh per annum, single rate, 4 bills per annum)

<b>AUSGRID Network Area</b>	<b>Paid on time</b>	<b>Paid late</b>
<b>AGL</b>	\$237	\$211
<b>Origin</b>	\$197	\$143
<b>Powerdirect</b>	\$314	\$288
<b>Integral</b>	\$222	\$224
<b>Tru</b>	\$142	\$111
<b>Australian P&amp;G</b>	\$9	<b>-\$224</b>
<b>Red</b>	\$222	\$50
<b>Lumo*</b>	\$200	\$48
<b>Energy Australia</b>	\$156	\$138

\* Lumo's offer does not stipulate whether late payment fees apply and these calculations do not include a late payment fee for Lumo.

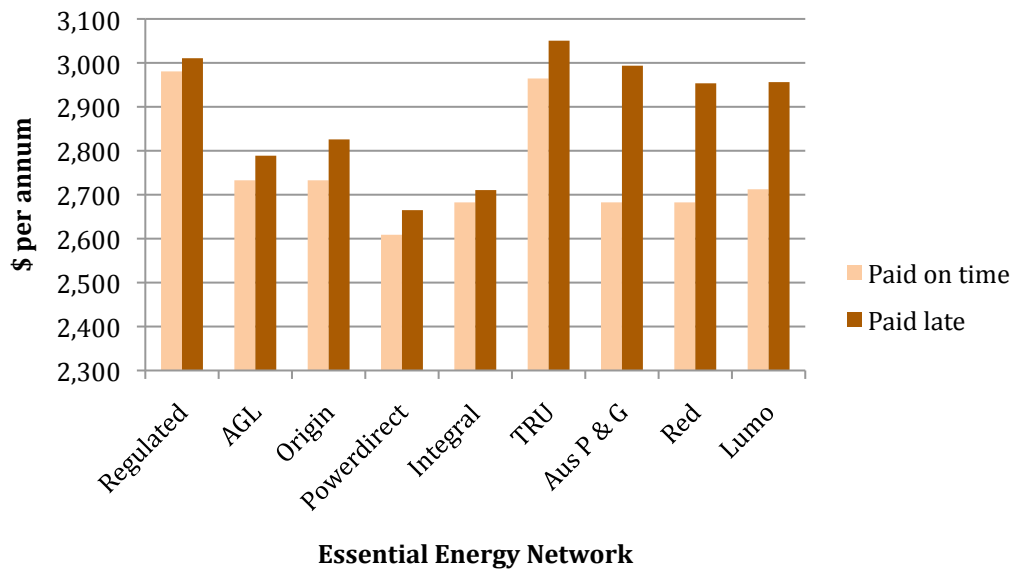
Charts 13 and 14 show a similar story for Endeavour and Essential Energy's network areas. It is however worth noting Tru's offers in Essential's area (Chart 14). Tru's market offer, including discounts, amounts to nearly the same annual bill as the regulated offer for customers who pay on time. Furthermore, Tru's market offer is higher than the regulated offer if customers pay late, even though Tru does not charge late payment fees.

**Chart 13** Endeavour Energy network area: Estimated annual bill for customers that pay on time vs. pay late, electricity offers post July 2012 as annual bills, Single rate, 7,200kWh (GST inc)<sup>15</sup>



<sup>15</sup> Annual bill calculation includes discounts, pay on time discounts and late payment fees as per energy offer. Note: Lumo's offer does not stipulate whether late payment fees apply and these calculations do not include a late payment fee for Lumo.

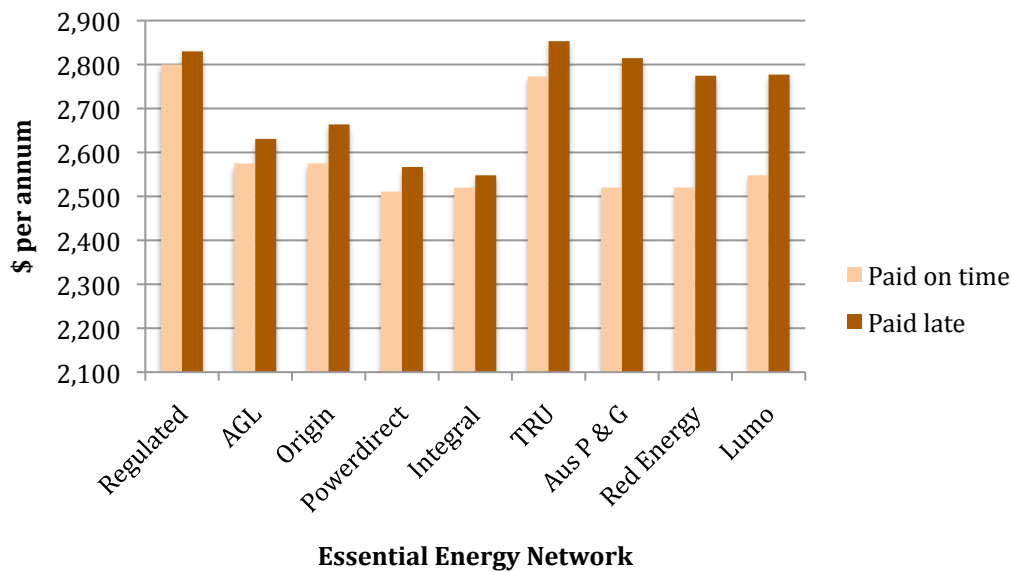
**Chart 14** Essential Energy network area: Estimated annual bill for customers that pay on time vs. pay late, electricity offers post July 2012 as annual bills, Single rate, 7,200kWh (GST inc)<sup>16</sup>



The majority of households in Essential's network area does not have access to reticulated gas and are as such they more likely to have higher electricity consumption as well as using a two-rate meter that allows for controlled off-peak load. As with the chart above, chart 15 below shows the estimated annual electricity bill for customers that always pay on time and customers who do not for published electricity offers in Essential's network area. These calculations, however, are based on two-rate offers and households using 8,000kWh per annum (thereof 30% off-peak).

<sup>16</sup> Annual bill calculation includes discounts, pay on time discounts and late payment fees as per energy offer. Note: Lumo's offer does not stipulate whether late payment fees apply and these calculations do not include a late payment fee for Lumo.

**Chart 15** Essential/Country Energy: Estimated annual bill for customers that pay on time vs. pay late, Two rate with controlled load (8,000kWh per annum, 30% off-peak1), inc GST<sup>17</sup>



Typical consumption households currently on the regulated rates can potentially save over \$280 per annum by switching to one of the better market offers, if they always pay their bills on time. Customers who do *not* usually pay their bills on time, will save the most by switching to Powerdirect and the least by switching to Tru, Australian Power and Gas, Lumo and Red Energy.

**Table 7** Potential annual savings (\$) by switching from regulated offer to market offer in Essential/Country Energy's network area (based on 8,000kWh per annum, inc 30% off-peak 1, 4 bills per annum)

Essential Network Area	Paid on time	Paid late
AGL	\$225	\$199
Origin	\$225	\$166
Powerdirect	\$289	\$263
Integral <sup>^</sup>	\$280	\$282
Tru	\$27	<b>\$-23</b>
Australian P&G	\$280	\$15
Red	\$280	\$55
Lumo <sup>^^</sup>	\$252	\$53

<sup>^</sup> As Integral is owned by Origin, we assume new market contract customers in Essential's area would be offered a contract with Origin rather than Integral.

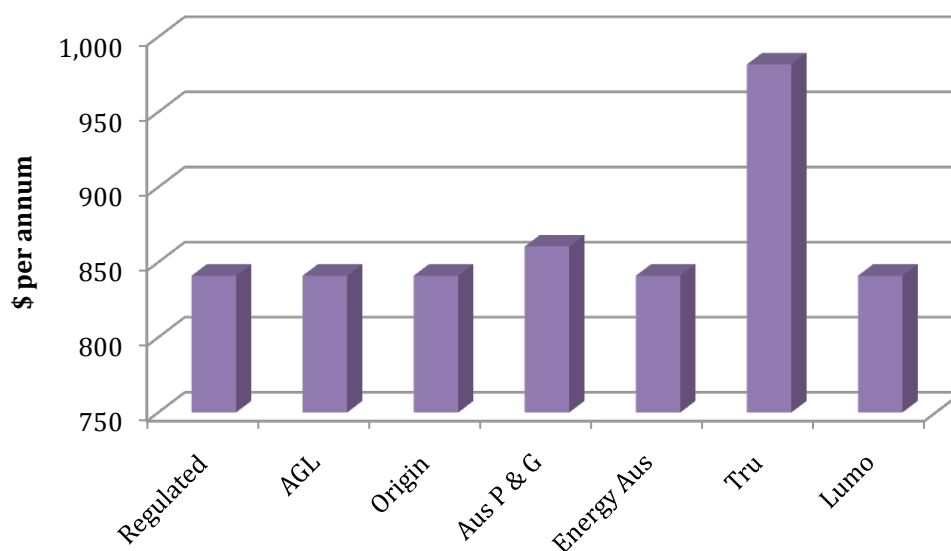
<sup>^^</sup> Lumo's offer does not stipulate whether late payment fees apply and these calculations do not include a late payment fee for Lumo.

<sup>17</sup> Annual bill calculation includes discounts, pay on time discounts and late payment fees as per energy offer. Note: 1) Powerdirect's discount has only been applied to 70% of consumption as it does not offer discounts on controlled load and 2) Lumo's offer does not stipulate whether late payment fees apply and these calculations do not include a late payment fee for Lumo.

## 2.2 Gas: Regulated vs. market offers July 2012

There are relatively few gas market offers available in NSW and the only area where there is more than two offers (most non-metropolitan areas only have the regulated offer) is Sydney (Jemena/AGL gas zone). As such, this analysis only comprises regulated vs. market offers in the greater Sydney area. Chart 16 below shows that market offer rates (prior to additional discounts) are the same, or above, the regulated rates.

**Chart 16** Gas offers in Jemena/AGL zone as annual bills, July 2012 (24,000Mj per annum, inc GST)



However, the calculations for the market offers include their rates only (cost per MJ and fixed charges) and do not include other market offer features such as discounts on consumption rates, vouchers, sign-up credits, loyalty bonuses and discounts if bills are paid on time. As such, consumers assessing market offers should take these additional features into account as well as being aware of contract conditions such as late payment fees, the length of the contract and fees for exiting the contract early.

**Table 8** Published gas market offers in Jemena/AGL gas zone as of July 2012: Key additional features and contract conditions

	Discounts	Fixed term	Early Termination Fee	Late Payment Fee	Pay on time discounts	Other
AGL	10% off usage	3 years	Up to \$75	\$12.80	No	Yes
Origin <sup>^</sup>	7% off usage	1 year	\$70	\$12	2% off consumption	Yes
Aus P&G	No	3 years	Up to \$88	\$10	10% off usage	No
Energy Australia	7% off bill	2 years	Up to \$50	\$12	No	No
Tru	3% off bill	3 years	Up to \$90	No	3% off bill	No
Lumo <sup>^^</sup>	No	2 years	Up to \$75	No <sup>^^</sup>	9% off bill	Yes

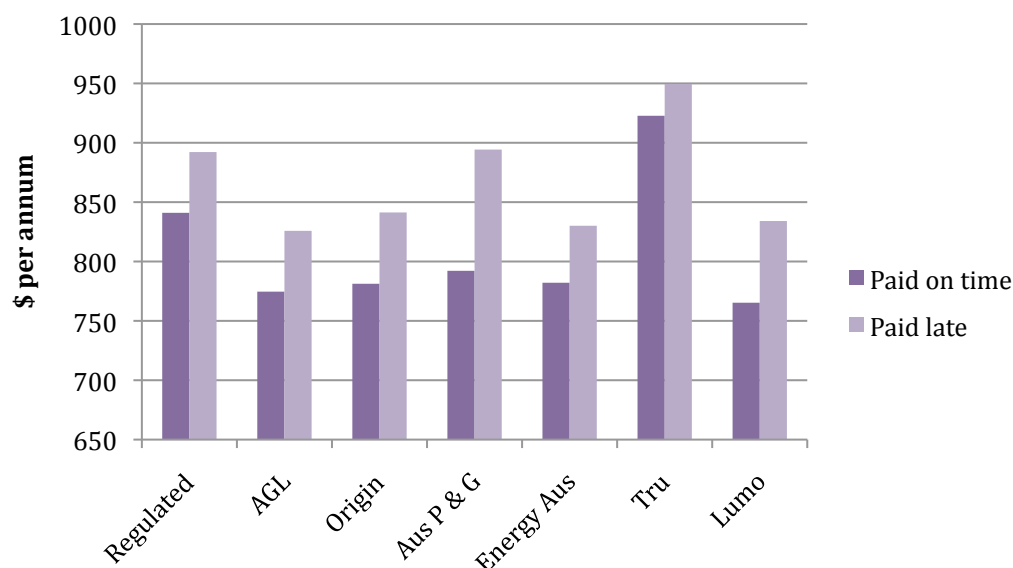
<sup>^</sup> Origin's offer includes a further 1% off consumption rates if bills are paid by direct debit and 1% off electricity consumption if customer signs up for gas.

<sup>^^</sup> Lumo's Price and product information statement does not stipulate the early termination fee amount (the \$75 figure is based on previous statements) nor does it state whether late payment fees apply.

Note: Examples of other features include loyalty bonuses, credits to the account upon commencing a contract and shop vouchers.

Chart 17 below shows the estimated annual gas bill for customers that always pay on time and customers who always pay late for published gas offers in the Jemena/AGL gas zone.

**Chart 17** Gas offers in Jemena/AGL area: Estimated annual bill for customers that pay on time vs. pay late (based on 24,000Mj and 4 bills per annum, inc GST)<sup>18</sup>



<sup>18</sup> Annual bill calculation includes discounts, pay on time discounts and late payment fees as per energy offer. Note: Lumo's offer does not stipulate whether late payment fees apply and these calculations do not include a late payment fee for Lumo.

Sydney (Jemena/AGL zone) households can reduce their gas bills by switching from the regulated offer to a market offer. As long as they do not switch to Tru (Tru's market offer rates are higher than the regulated rates), average consumption households that always pay on time can save between \$50-\$75 per annum by switching to a market contract. Late paying customers may save approximately \$65 by annum by switching to a market contract but these households may be worse off if they switch to Australian Power and Gas (in addition to Tru).

**Table 9** Potential annual savings (\$) by switching from regulated offer to market offer in the Jemena/AGL gas zone (based on 24,000Mj, 4 bills per annum)

<b>Jemena/AGL Gas Zone</b>	<b>Paid on time</b>	<b>Paid late</b>
<b>AGL</b>	\$66	\$66
<b>Origin</b>	\$60	\$51
<b>Australian P&amp;G</b>	\$49	<b>-\$2</b>
<b>Energy Australia<sup>^</sup></b>	\$59	\$62
<b>Tru<sup>^</sup></b>	<b>-\$82</b>	<b>-\$57</b>
<b>Lumo<sup>^^</sup></b>	\$76	\$58

<sup>^</sup> As Energy Australia is owned by Tru, it is currently unclear whether new market contract customers would be offered a contract based on Energy Australia or Tru's rates.

<sup>^^</sup> Lumo's offer does not stipulate whether late payment fees apply and these calculations do not include a late payment fee for Lumo.

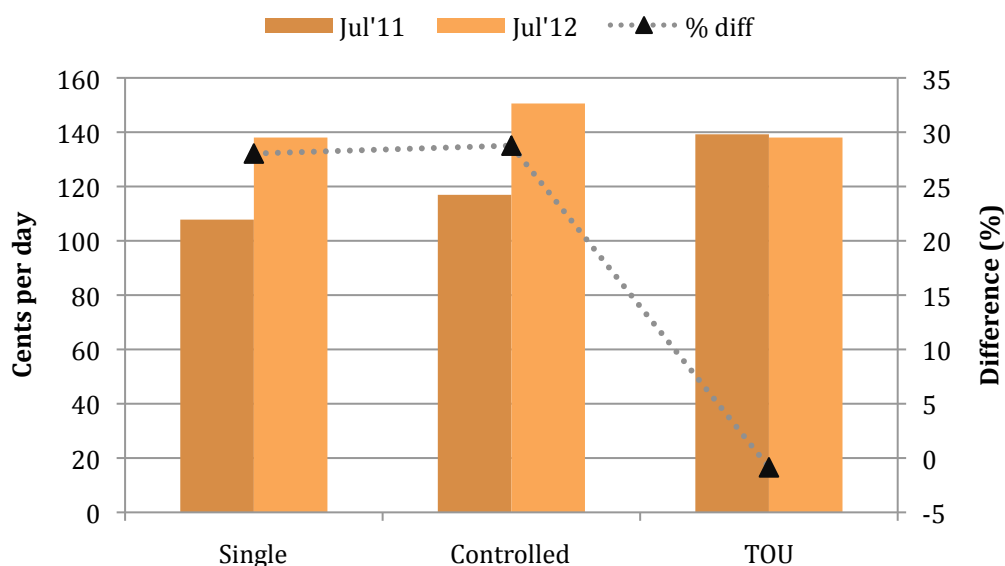
### 3. Changes to the supply charges

The supply charge is a fixed daily charge that is paid in addition to the consumption charges for electricity used. The supply charge varies significantly between network areas and metering type. The supply charge for single rate meters is typically the lowest and TOU meters the highest (with the exception of Essential Energy's area). Charts 18-20 below show the difference in the supply charge for single rate, controlled off-peak (or two-rate) and Time of Use (TOU) meters.

As of July 2012 the supply charge for regulated offers in Essential Energy's network is approximately 138 cents a day for single rate, 150 cents for two-rate (controlled off-peak) and 138 cents for TOU. As two-rate/controlled load is a common metering type for households in Essential's network area, a large proportion of customers in country NSW now pay almost \$550 per annum in fixed supply charges. That is almost 30% more than what the fixed supply charge for two-rate/controlled load customers was one year ago.

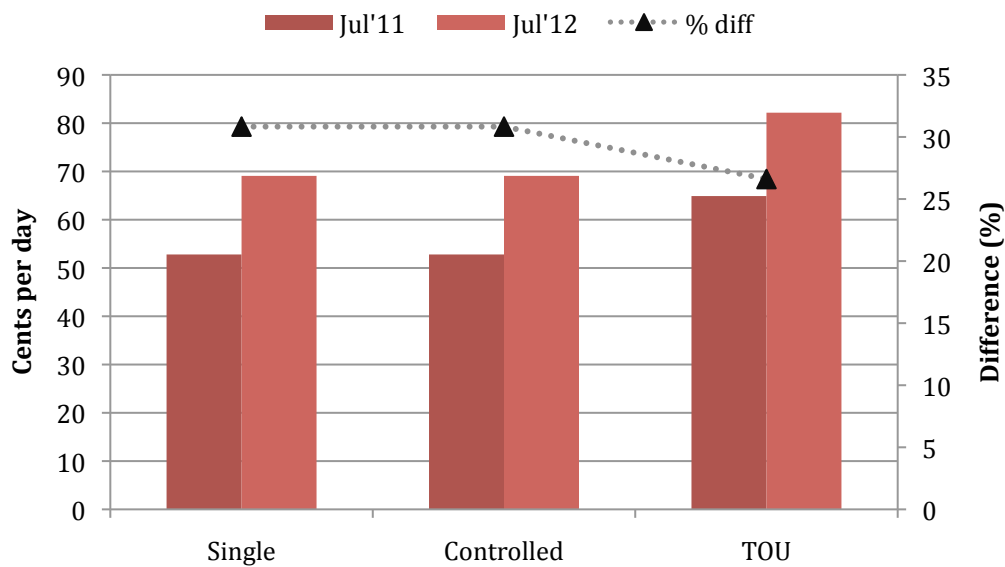
For customers in Ausgrid's network area, it is 69 cents a day for single rate and two rate customers, and 82 cents for TOU. Customers in Endeavour Energy's area pay 76 cents a day for single rate, 81 for two rate and 98 cents for TOU.

**Chart 18** Essential Energy network area, supply charges by meter type, regulated electricity offers, July 2011 –July 2012 (c/day) and percentage difference from July 2011 to July 2012

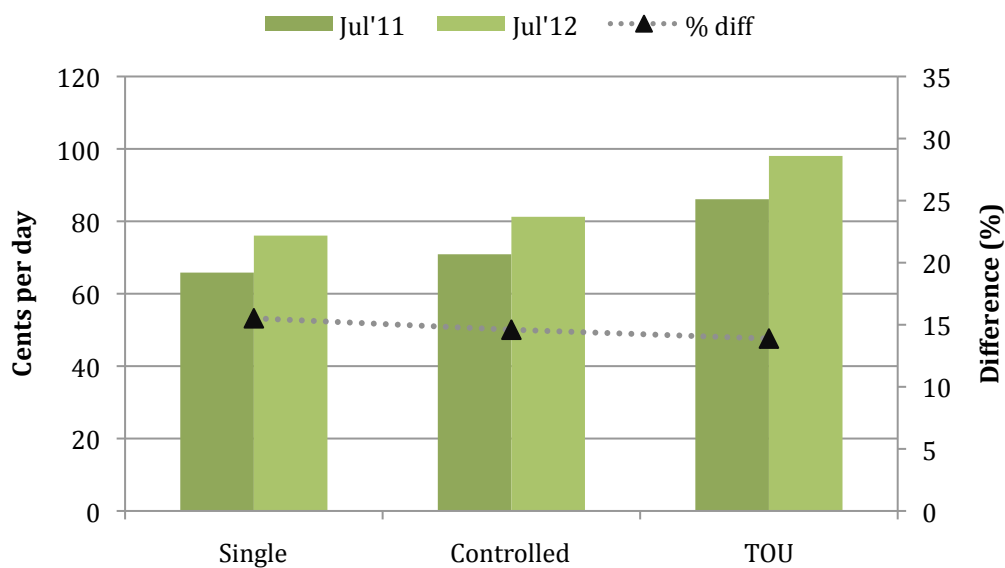




**Chart 19** AusGrid network area, supply charges by meter type, regulated electricity offers, July 2011 –July 2012 (c/day) and percentage difference from July 2011 to July 2012



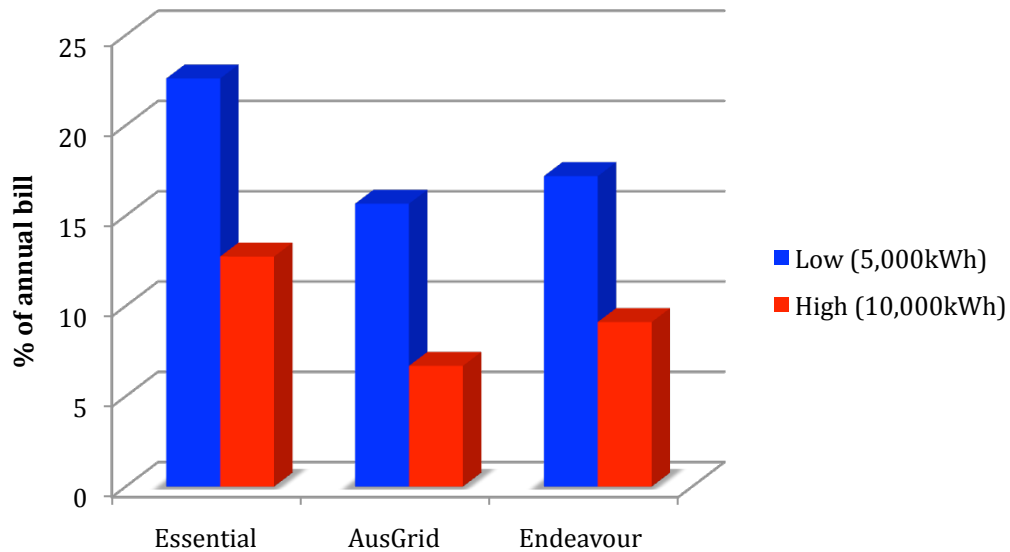
**Chart 20** Endeavour Energy network area, supply charges by meter type, regulated electricity offers, July 2011 –July 2012 (c/day) and percentage difference from July 2011 to July 2012



High supply charges result in low consumption households paying a proportionally higher cost per unit of energy than high consumption households. This has significant equity implications as some customer classes characterised by low and fixed income also use less electricity than the NSW average. Pensioners make up one of these lower consumption groups.

Chart 21 below shows the difference between households consuming 5,000kWh per annum (blue bar) and households consuming 10,000kWh per annum (red bar) when it comes to the proportion of the annual electricity bill that goes to cover fixed supply charges. Fixed charges would make up between 16-23% of the annual electricity bill for low consumption household. A high consumption household on the other hand, would pay between 7-13% of their annual bill in fixed charges.

**Chart 21** Supply charge as proportion (%) of annual electricity bills for high and low consumption households, Regulated offers July 2012, single rate



#### 4. Total cost of energy by area

The analysis presented in this report shows that some areas have experienced higher price increases than others. Households in Essential Energy's network area, for example, have seen the greatest electricity price increases since July 2011. The greatest increases in gas prices since July 2011 have occurred in the Jemena/AGL gas zone and in ActewAGL's Goulburn, Boorowa, Yass and Young zone. As approximately 30% of NSW households are connected to both electricity and gas, it is important to analyse whether there are areas that have experienced high increases in both electricity and gas prices, and conversely, whether there are areas where the increases in electricity and gas prices are at the lower end. Such analysis allows for a more detailed understanding of the total energy costs faced by households across NSW.

##### 4.1 Inner Sydney, Northern Sydney, Swansea, Newcastle, Maitland, Cessnock Singleton and Upper Hunter



Source: [www.ausgrid.com.au](http://www.ausgrid.com.au)

In this area, the regulated electricity offer has increased by \$380 per annum for average consumption households (7,200kWh) since July 2011. Households in the Jemena/AGL gas zone have experienced an increase in gas prices of approximately \$110 over the same period.<sup>19</sup>

- Dual fuel households with an average consumption of electricity and gas in inner and Eastern Sydney, Sydney's North, Swansea and Newcastle

have typically experienced an increase in *energy* costs of \$490 since July 2011.<sup>20</sup>

- All-electric households in Sydney, Newcastle, Maitland, Singleton, Muswellbrook and the Upper Hunter have typically experienced an increase in *electricity* costs of \$365 since July 2011.<sup>21</sup>

#### 4.2 Western Sydney, Wollongong, Blue Mountains, Lithgow, Kandos, Moss Vale, Nowra, Ulladulla



Source: [www.endeavourenergy.com.au](http://www.endeavourenergy.com.au)

In this area, the regulated electricity offer has increased by \$230 for average consumption households (7,200kWh) since July 2011. Households in the

<sup>20</sup> These are households in Ausgrid's electricity distribution network and Jemena/AGL's gas zone.

<sup>21</sup> These are households on a two-rate (controlled load) tariff in Ausgrid's electricity distribution network.

Jemena/AGL gas zone have experienced an increase in gas prices of approximately \$110 over the same period.<sup>22</sup>

- Dual fuel households with an average consumption of electricity and gas in Western Sydney, Wollongong, Blue Mountains and Lithgow have typically experienced an increase in *energy* costs of \$340 since July 2011.<sup>23</sup>
- Dual fuel households in Nowra/Shoalhaven have typically experienced an increase in *energy* costs of \$295 since July 2011.<sup>24</sup>
- All-electric households in Western Sydney, Wollongong, Blue Mountains, Lithgow, Kandos, Moss Vale, Nowra and Ulladulla have typically experienced an increase in *electricity* costs of \$215 since July 2011.<sup>25</sup>

#### 4.3 Rural and Regional NSW



Source: Country Energy, Annual Report 2009-10

In this area, the regulated electricity offer has increased by \$510 for average consumption households (7,200kWh) since July 2011. For all-electric

<sup>22</sup> These are households in Endeavour's electricity distribution network and Jemena gas zone.

<sup>23</sup> These are households in Endeavour Energy's electricity distribution network and Jemena/AGL's gas zone.

<sup>24</sup> These are households in Endeavour Energy's electricity distribution network and ActewAGL's gas zone.

<sup>25</sup> These are households on a two-rate (controlled load) tariff in Endeavour Energy's electricity distribution network.

households (8,000kWh, 30% controlled off peak) the regulated electricity offer has increased by \$495 since July 2011.

- Dual fuel households with an average consumption of electricity and gas in Bathurst, Orange, Dubbo and Parkes have typically experienced an increase in *energy* costs of \$620 since July 2011.<sup>26</sup>
- Dual fuel households in Goulburn, Boorowa, Yass and Young have typically experienced an increase in *energy* costs of \$615 since July 2011.<sup>27</sup>
- Dual fuel households in Queanbeyan and Bungendore have typically experienced an increase in *energy* costs of \$600 since July 2011.<sup>28</sup>
- Dual fuel households in Temora, Wagga Wagga, Holbrook, Henty, Cudal, Walla Walla, Cooma and Bombala have typically experienced an increase in *energy* costs of \$585 since July 2011.<sup>29</sup>
- Dual fuel households in Tamworth have typically experienced an increase in *energy* costs of \$595 since July 2011.<sup>30</sup>
- Dual fuel households in Albury, Jindera and Moama have typically experienced an increase in *energy* costs of \$570 since July 2011.<sup>31</sup>
- Dual fuel households located in Murray Valley towns have typically experienced an increase in *energy* costs of \$575 since July 2011.<sup>32</sup>
- All-electric households in Griffith, Bourke, Walgett, Narrabri, Moree, Glen Innes, Armidale, Taree, Coffs Harbour, Grafton and Lismore have typically experienced an increase in *electricity* costs of \$495 since July 2009.<sup>33</sup>

---

<sup>26</sup> These are households in Essential Energy's electricity distribution network and Jemena/AGL's gas zone.

<sup>27</sup> These are households in Essential Energy's electricity distribution network and ActewAGL's gas zone.

<sup>28</sup> These are households in Endeavour Energy's electricity distribution network and ActewAGL's gas zone.

<sup>29</sup> These are households in Essential Energy's electricity distribution network and Country Energy's gas zone.

<sup>30</sup> These are households in Essential Energy's electricity distribution network and Essential/Country Energy's gas zone.

<sup>31</sup> These are households in Essential Energy's electricity network and Origin's gas zone.

<sup>32</sup> These are households in Essential Energy's electricity network and Origin's gas zone.

<sup>33</sup> These are households on a two-rate (controlled load) tariff in Essential Energy's electricity distribution network.

## Appendix 1: Electricity market offer features

Retailer	Product	Features
AGL	Advantage 10	10% discount (usage) 36 month contract Early termination fee AGL shop voucher
	Advantage 10 + \$175	10% discount (usage) 36 month contract Early termination fee \$175 account credit AGL shop voucher
Origin	Daily Saver 8%	8% discount (usage) 2% pay on time discount (usage) 1% direct debit discount (usage) 1% discount (usage) if signing up for Origin gas contract. 12 month contract Early termination fee
	Flexi choice	No discount No fixed contract No early termination fee
	One month free	A rebate valued at a month's average consumption cost credited to account after 1 year of bills being paid on time. 1% direct debit discount (usage) 24 month contract Early termination fee
	Rate freeze	1% direct debit discount (usage) 24 month contract Early termination fee Note: This offer has a higher supply charge than the other contracts.
Tru	Go easy	3% pay on time discount (bill) 12 month contract Early termination fee
	Go for more	3% discount off bill 3% pay on time discount (bill) 36 month contract Early termination fee
Aus P&G	Smart Saver 6	6% pay on time discount (usage) 12 month contract Early termination fee
	Smart Saver 10	10% pay on time discount (usage) 32 month contract Early termination fee
Powerdirect	Residential 15% offer	15% discount (peak usage, not applicable for controlled load) 36 month contract Early termination fee

		\$20 account credit for direct debit agreement
<b>Red Energy</b>	Living Energy Saver	10% pay on time discount (bill) 24 month contract Early termination fee
<b>Integral</b>	INhome Easy Saver	10% discount (bill) 24 month contract Early termination fee
<b>Lumo<sup>^</sup></b>	Lumo Advantage	9% pay on time discount (bill) 24 month contract Early termination fee
<b>Momentum</b>	SmilePower	Renewable energy Choice between 12, 24 and 36 month contract Early termination fee
<b>Energy Australia<sup>^^</sup></b>	7% Discount	7% discount (bill) 24 month contract Early termination fee
	Rate Fix	24 month contract Early termination fee
<b>Dodo</b>	5%	5% pay on time discount (usage) No fixed contract No early termination fee
	10%	10% pay on time discount (usage) 12 month contract Early termination fee

<sup>^</sup> Lumo's offer vary between website search and Product information statement. Website states 10% discount while statement states 9%. Furthermore, none of the information sources stipulate the early termination fee amount or whether late payment fees apply.

<sup>^^</sup> Energy Australia's offers are not available to customers in Essential energy's network area.



## Appendix 2: SCER comments on this report and our responses

The Consumer Advocacy Panel funded this project and in accordance with the funding agreement, the report and the associated workbooks were circulated to the Standing Council on Energy and Resources (SCER) Secretariat prior to being released. The SCER's NSW representatives provided three comments on the report, and as per funding agreement, our explanation for why we reject these proposals are outlined below.<sup>34</sup>

### 1. SCER proposal

Concerns about providing analysis of retail market offers that exclude discounts. In NSW competition occurs primarily about the level of discounting, most of which is off the regulated price. Charts 7 and 8 of the report which purport to compare bills but really are comparing the tariffs (but do not include the discounts) imply that the competitive market offers few monetary benefits ie all of the offers are the same). If we are thinking about bills that customers pay then it's important to include the discounts.

#### Our explanation:

The purpose of these charts is not just to compare estimated annual bills based on tariff rates. As stated above the charts on page 11:

“Furthermore, charts 7 and 8 show that none of the retailers have market offer rates below the regulated rates. They do offer additional discounts but their published rates are not lower. Tru and Australian Power and Gas both have market offer rates (discounts excluded) that produce higher annual bills for typical consumption households than the regulated rates”.

These charts have been included to show that competition in NSW is still primarily about the level of discounting off the regulated rate (as also shown in the July 2011 report). This may change in the future (as it has in other jurisdictions) and charts similar to charts 7 and 8 will then be useful to demonstrate the impact the difference in tariff rates has on the annual bill for a specific consumption level.

### 2. SCER Proposal

In relation to paying on time, the report notes that the discounts are larger for those customers that pay on time, concluding that the electricity market is more competitive for those customers that pay on time. The level of discounting does not necessarily indicate the level of competition for different customer groups. Customers that pay on time/late are cheaper/more expensive to serve and the difference in discounts may reflect this difference in cost.

#### Our explanation:

The report does *not* conclude that the market is more competitive for customers that pay on time *because* a discount is higher. On page 15 the report states:

---

<sup>34</sup> The SCER proposals listed in this appendix were received by email on 21 August 2012.

“In practise, this means that the electricity market is more competitive for the segment of customers who typically pay on time – i.e. this group of customers have a higher number of competitively priced retail offers available to them.”

As NSW market offers may include both pay on time discounts and late payment fees (that are higher than those applied to the regulated offer), it is important that late paying customers looking to switch to a market offer are aware that the potential saving may be substantially less than it first appears.

Finally, while we agree that customers paying late are more expensive to serve and that this is the rationale for the late payment fees, we do not believe the pay on time discounts are, or should be, about cost reflectivity. Retailers are of course free to determine their own pricing strategies and we understand that retailers may wish to offer pay on time discounts only (indeed, it may be a sensible strategy for 2<sup>nd</sup> tier retailers building up their customer base). The late payment fees, on the other hand, are about reflecting the cost of serving late paying customers. It is therefore discouraging to observe a retail market where late payment fees on market offers are higher than those applied to the regulated offer.

### **3. SCER Proposal**

Potential for the increases in dual fuel bills to be overstated as it seems they have added an average electricity customer bill to an average gas customer bill

#### **Our explanation:**

We have not added the electricity bill for all-electric households to the gas bill. We have added the electricity bill for single rate customers (typically dual-fuel households or all-electric apartments) with an average consumption to the gas bill in order to estimate increases to energy costs for dual fuel households.

The methodology is referenced throughout the report, the footnote attached to the headline of Section 1, for example, states:

“These calculations are based on increases to the regulated offer for single rate electricity customers using 7,200kWh per annum, increases to the regulated offer for controlled load electricity customers (typically all-electric households) using 8,000kWh per annum (thereof 30% off-peak) and increases to the regulated offer for gas customers using 24,000Mj per annum.”

We are however keen to stress that it would be impossible to determine the NSW average without knowing the exact consumption level for each metering type in each network area, as well as the number of households on each metering type, and this report does not purport to do so. A key objective of the Tariff-Tracking project is to analyse changes to energy tariffs and estimate bill impacts for households (based on a typical, or common, consumption level), as we believe this form of analysis provides households and consumer representatives with more meaningful information about energy prices than the statistical average for NSW. In addition, we encourage readers with an interest in energy prices and

analysis to use the 4 workbooks where bills can be estimated based on any assumption the user may wish to make in regards to consumption levels and peak/off-peak proportions.



St Vincent de Paul Society  
*good works*

# **Queensland Energy Prices July 2009 – July 2012**

## **A report on the Queensland Tariff-Tracking Project**

May Mauseth Johnston  
August 2012

**Disclaimer**

The energy offers, tariffs and bill calculations presented in this report and associated workbooks should be used as a general guide only and should not be relied upon. The workbooks are not an appropriate substitute for obtaining an offer from an energy retailer. The information presented in this report and the workbooks is not provided as financial advice. While we have taken great care to ensure accuracy of the information provided in this report and the workbooks, they are suitable for use only as a research and advocacy tool. We do not accept any legal responsibility for errors or inaccuracies. The St Vincent de Paul Society and Alviss Consulting Pty Ltd do not accept liability for any action taken based on the information provided in this report or the associated workbooks or for any loss, economic or otherwise, suffered as a result of reliance on the information presented. If you would like to obtain information about energy offers available to you as a customer, go to the Queensland Competition Authority's (QCA) 'Price Comparator' website or contact the energy retailers directly.

Queensland Energy Prices July 2009 – July 2012  
A Report from the Queensland Tariff-Tracking Project  
by May Mauseth Johnston

**May Mauseth Johnston, August 2012**  
**Alviss Consulting Pty Ltd**  
ABN 43147408624

**© St Vincent de Paul Society and Alviss Consulting Pty Ltd**

This work is copyright. Apart from any use permitted under the Copyright Act 1968 (Ctw), no parts may be adapted, reproduced, copied, stored, distributed, published or put to commercial use without prior written permission from the St Vincent de Paul Society.

[www.vinnies.org.au/energy](http://www.vinnies.org.au/energy)

**Acknowledgements**

This project was funded by a research grant from the Consumer Advocacy Panel ([www.advocacypanel.com.au](http://www.advocacypanel.com.au)) as part of its grants process for consumer advocacy projects and research projects for the benefit of consumers of electricity and natural gas.

The views expressed in this document do not necessarily reflect the views of the Consumer Advocacy Panel or the Australian Energy Market Commission.

## **Table of Contents**

<b>Acknowledgements</b>	<b>2</b>
<b>1. Introduction and overview</b>	<b>4</b>
<b>2. Energy price changes from July 2009 to July 2012</b>	<b>10</b>
<b>3. Regulated vs. market offers post July 2012</b>	<b>13</b>
3.1 Regulated electricity vs. market offers post July 2012	13
3.2 Gas market offers post July 2012	19
<b>4. Supply charges</b>	<b>22</b>
4.1 Electricity supply charges	22
4.2 Gas supply charges	23
<b>5. Time of Use (TOU) tariffs</b>	<b>25</b>
<b>Appendix 1: Electricity market offer features</b>	<b>27</b>

## 1. Introduction and overview

### **The Queensland Tariff-Tracking Project: purpose and outputs**

There is limited knowledge and understanding in the community of the various energy tariffs available, how they are changing, and how tariff changes impact on households' energy bills and energy affordability more broadly.

Under retail price regulation arrangements, tariff tracking and tariff analysis are not usually prioritised activities amongst advocates and consumer representatives. In a deregulated environment however, it will become increasingly evident that advocates, as well as consumers themselves, need improved awareness and understanding of changing tariff offers: both in terms of changes to price as well as changes to tariff shapes. As the Australian Energy Market Commission (AEMC) has been tasked to evaluate the effectiveness of competition in Queensland in 2013, the Queensland Tariff-Tracking tool is well timed for two reasons: Firstly, consumer representatives can utilise the tool to inform the effectiveness of competition review in itself. Secondly, if the AEMC finds competition to be effective and recommends the removal of retail price regulation, the tool will allow for 'before and after' comparisons.

Only by improving this awareness and understanding can we ensure that the regulatory framework (for example, in relation to price information and disclosure) is adequate, and promote a competitive retail market. Furthermore, this increased knowledge will allow for close monitoring of the impact price and tariff changes have on households' bills and the affordability of this essential service.

This project has tracked electricity and gas tariffs in Queensland from July 2009 to July 2012, and developed a spreadsheet-based tool that allows consumer advocates to build on the initial analysis and continue to track changes as they occur.

We have developed four workbooks that allow the user to enter consumption levels and analyse household bills for regulated gas and electricity offers from July 2009 to July 2012, as well as current published electricity and gas market offers post the price reset in July 2012.<sup>1</sup>

Workbook 1: Regulated electricity offers July 2009-July 2012

Workbook 2: Standard gas retail offers July 2009-July 2012<sup>2</sup>

Workbook 3: Electricity market offers post July 2012

Workbook 4: Gas market offers post July 2012

---

<sup>1</sup> All market offers are published offers and do not include special offers that retailers market through door-knocking champagnes or brokers. We use the retailers' own websites to collect market offer for the Tariff-Tracking tool. If the retailer has more than one market offer we use the offer that produces the lowest annual bill. The Tariff-Tracking tool does not include any additional discounts or bonuses but key market offer features are listed in the spreadsheets. This report contains analysis of some of those features.

<sup>2</sup> Note: Queensland does not have regulated gas offers.



The four workbooks can be accessed at the St Vincent de Paul Society's website: [www.vinnies.org.au/energy](http://www.vinnies.org.au/energy)

This report presents some of the key findings produced by the Tariff-Tracking tool to date.

### **Energy bill analysis and factors influencing price**

When analysing the impact tariff changes have on households' energy bills it is important to be mindful of the various cost components bills are made up of (the bill stack), as well as demand side characteristics such as consumption levels and patterns, and how all these factors may influence the cost of energy.

Firstly, domestic energy bills are made up of three key components: generation costs, network costs and retail costs. According to 2010/11 data from the Australian Energy Regulator (AER), generation costs (wholesale costs) amount to 38% of a household electricity bill, the regulated network cost is 49% and retail services are 9% in Queensland. The remaining 4% are green scheme costs.<sup>3</sup> With the introduction of the carbon price on 1 July 2012 however, the proportion of these components would have changed slightly to allow for a 9% carbon tax component. The regulated electricity network costs include transmission use of system charge and distribution use of system charge, as well as the cost of meters and meter reads and other ancillary services. The role of retailers is to manage the risk of the wholesale market and thus offer energy products suitable to households. All these components influence changes to energy costs and households bills. For example: generation costs vary according to fuel sources used and supply and demand; transmission and distribution costs can go up due to approved network upgrades; retail costs or pricing strategies will be influenced by how well the retailer has managed risk (i.e. their hedging contracts) and effectiveness of competition and other cost inputs the retailers have to manage. As some retailers are also involved in energy generation ('gen-tailers') and others are not, generation activities (or lack thereof) may also influence their pricing strategies.

Secondly, as the tariff-tracking tool allows the user to nominate consumption level as well as peak/off-peak proportions where relevant, it is important to be mindful of the significant difference between households' consumption level and usage pattern. However the tool allows the user to analyse bill impacts based on their own assumptions or the type of household they have in mind. For the analysis presented in this report we have assumed a typical household consumption of 20,000Mj per annum for gas and 6,000kWh (tariff 11) for dual-fuel households. For all-electric households, we have assumed 8,000kWh per annum (single rate/tariff 11) and for households on a two-rate tariff (tariff 31 or 33) we use the same consumption level but allocate 15% to the off-peak rate.

---

<sup>3</sup> AER, *State of the Energy Market 2011*, table 4.2, p 110

## **Overview**

It is well known that electricity prices have increased in Queensland in recent years. A key reason for these increases has been the increase in electricity network costs. Since 2009 the annual electricity bill for average consumption households has gone up by between \$515-\$540, or 35%. However, there are some savings to be made if customers are able and willing to identify and switch to a better market offer.

Both the number of households connected to gas and gas consumption is relatively low in Queensland, and it may therefore be expected that competition levels are lower in the gas retail market than electricity. Since 2009 the annual bill for average consumption gas customers has gone up by approximately \$260-\$315. Gas customers who are able to switch to market offers may achieve a modest saving to their annual bill.

None of the published market offers have rates below the regulated rates (and one retailer even has higher market rates than the regulated offer). However market offers generally include discounts and other benefits. Consumers should look for additional discounts on consumption or for payment of bills on time, as well as rebates and welcome credits offered as part of market contracts, and consider whether these are likely to provide further benefit. Just the same, consumers must be aware of market offer contract conditions such as lock-in periods and early termination fees. Typically, market contracts require a 2 year commitment, but some offers do not include a lock-in period while others stipulate 3 years. We would caution against long lock-in periods as individual retailers can rapidly go from being one of the most competitive to one of the most expensive in the market.

The analysis in this report demonstrates that the retail market is more competitive for customers who pay on time than for those who pay late. The use of late payment fees combined with pay on time discounts means that customers on market offers can become severely penalised for paying late, or conversely, well rewarded if paying on time. Average consumption customers on the regulated rate who always pay their bills on time can currently choose between four market offers that all will produce a saving of more than \$200 per annum. For customers unable to pay their bills on time, however, there are no market offers that would produce an annual saving of more than \$200. One electricity retail market offer may even end up costing late paying customers more than the regulated rates.

The analysis in this report also indicates that changes to energy costs over time have resulted in a situation where dual fuel households may be worse off than all-electric households. This is largely due to the gas offers' high fixed supply charges.

Finally, there is a lack of transparency in the Queensland energy retail market. The Queensland Competition Authority's (QCA) Price Comparator calculates annual bills based on the retail offers and some assumptions entered by the user but does not state, nor provide a link to, the actual retail tariff. Furthermore, the

retailers' own price 'fact sheets' for their Queensland offers often do not include the tariff rates or tariff components (and they are not required to). Rather, fact sheets stipulate an estimated annual bill for low, medium and high consumption households. This practice creates four problems.

Firstly, as the information available to actual consumers about retail prices has already been mediated, consumers have to trust that the retailers and/or the QCA calculated the bills correctly. During the course of this project we have come across fact sheets with clear calculation errors. Furthermore, the QCA can of course not consider every user's particular circumstances and the Comparator is intended to be used as a guide only (see disclaimer below). Individual households, on the other hand, may know their particular circumstances very well and should thus be able to access price information that they can use to make an informed choice.

"The Price Comparator program is intended for use as a guide only. It provides general information without considering the user's particular circumstances.

When using the Price Comparator and considering the results calculated by the program, users must decide at their own risk whether these are relevant to their circumstances. There are likely to be qualifications and exceptions as to how the estimated results apply to the user.

The information contained in the Price Comparator does not constitute advice. The Queensland Competition Authority takes no responsibility for any loss incurred as a result of reliance on the information or program of this web site."<sup>4</sup>

Secondly, consumers searching for a better offer may be unable to estimate whether a specific offer is better or worse for them. The retailers' fact sheets do not specify components such as fixed and variable charges. The QCA comparator does request information such as number of bills, what season the bills best represent, consumption etc. However, it is a lot of information to enter in order to compare offers in a market where almost all retailers offer the same rates and then apply various percentage based discounts.

Thirdly, if the intention is to have an energy *market*, it is necessary to ensure that consumers are educated and equipped to participate in the market. Kilowatt-hours and Mega-joules are units of measurements just like kilograms. It is thus puzzling how the Queensland Government and regulator seems to believe that Queenslanders must only receive information in a format of 'estimated dollar amount per annum'.

Fourth, and finally, this "hiding" of actual tariff rates makes it difficult for consumer advocates and others to scrutinise prices and market developments. As full retail competition is in place, the Government should ensure that tariff

---

<sup>4</sup> [www.qca.org.au/comparator/report.cfm#](http://www.qca.org.au/comparator/report.cfm#)

and price information is readily available to anyone that may wish to analyse price trends – market analysis and commentary by non-government bodies can improve competition by comparison and consumer awareness. As gas offers are not regulated, it is nearly impossible for a Queensland gas customer to access a competitor's gas tariff rates without engaging directly with the retailer.<sup>5</sup> Currently the QCA website states that: "The Gas Supply Act as amended for the introduction of Full Retail Competition (FRC), requires that the Queensland Competition Authority publish the standard retail contract terms (including prices) received from gas retailers"<sup>6</sup>, however when we contacted the QCA to obtain the retailers' actual tariffs we were told that they only receive the gas rates for the purpose of the Comparator site and are therefore unable to circulate them.<sup>7</sup>

The screenshot below shows how the gas offers are presented on the comparator site, that is with no specification of consumption blocks or fixed versus variable charges.<sup>8</sup>

### Estimate of Annual Energy Costs

[Use of the Price Comparator is subject to the terms and conditions of the Authority's Disclaimer](#)

[Print Report](#) 

Retailer and Tariff Offer	Estimated Annual Cost	Potential Saving	Additional Benefits	Select Current Contract
<b>Gas Tariffs</b>				
AGL - Advantage 10 - Nth Brisbane & Ipswich	\$433		\$50 AGL voucher at AGL Assist	<input type="radio"/>
AGL - Advantage 5 - Nth Brisbane & Ipswich	\$442		\$50 voucher at AGL Assist	<input type="radio"/>
AGL - Freedom 3 - Nth Brisbane & Ipswich	\$442		\$50 voucher at AGL Assist	<input type="radio"/>

### Gas Consumption

Estimated Total Use 4,010.99 MJ

#### Please note that:

- 'Additional Benefits' that offer a cost saving have not been allowed for in the price comparisons.
- Details of any additional benefits should be obtained from the relevant retailer. Some of these benefits may be "one-off" offers.
- The length of market contracts may vary. Contracts for two or three years are common. Check with the retailer on the length of the contract offered.
- Environmental attributes associated with retail offers are not warranted by the Queensland Competition Authority.
- The Community Ambulance Cover levy has not been accounted for in the price comparisons.
- Other fees, such as connection, early contract termination or account establishment fees, are not included in the price comparisons. Please refer to the retailer for these details.
- Pensioner rebates and hardship allowances are not included in the price comparisons above.
- Retail offers listed above may not be available where you live.
- All efforts are made to keep the Price Comparator up to date. However, recent changes to offers from retailers may not be reflected above.

To enter new data please click [Here](#)

For help with the Price Comparator, please consult the [Introduction](#) and [Instructions](#)

The other information source available to consumers, as well as consumer representatives, is of course the retailers' own websites. However, as the focus is again on estimated annual bills rather than tariff rates, it is impossible to conduct

<sup>5</sup> Australian Power and Gas is the exception as they publish their tariff together with annual bill estimates.

<sup>6</sup> [www.qca.org.au/gas-retail/contract\\_terms/](http://www.qca.org.au/gas-retail/contract_terms/)

<sup>7</sup> Email exchange on 8 August 2012

<sup>8</sup> Screenshot taken on 8 August 2012

any meaningful analysis or detailed comparison based on the Queensland pricing fact sheets. The screenshot below (of AGL’s Advantage 10 offer) is included as an example of information presented in price fact sheets.<sup>9</sup>

Estimated annual gas costs	South Brisbane, Gold Coast, Toowoomba and Oakey areas	Brisbane North and Ipswich areas
5 GJ (consumed over 12 months)	\$507.80	\$466.51
10 GJ (consumed over 12 months)	\$633.32	\$633.82
15 GJ (consumed over 12 months)	\$751.67	\$789.37

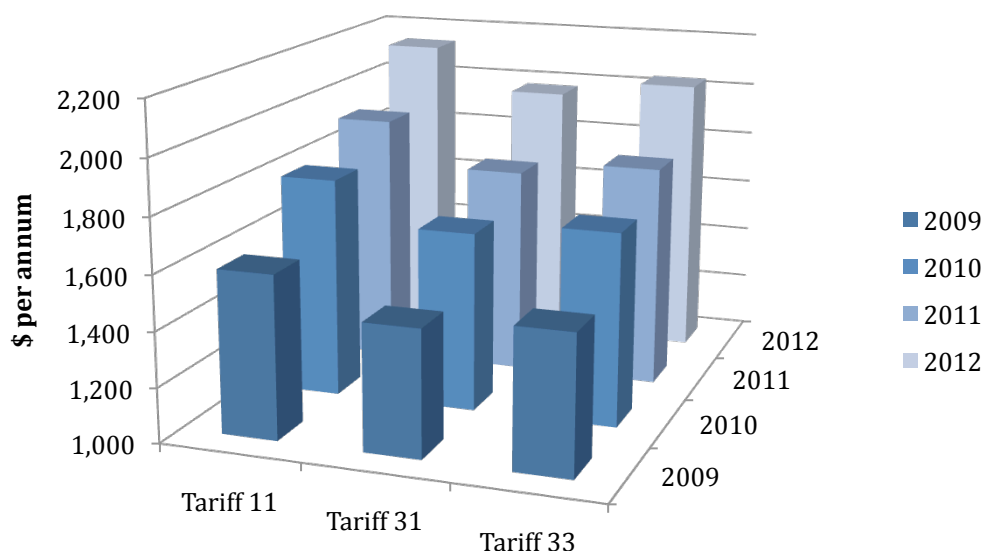
<sup>9</sup> Screenshot from AGL’s website on 8 August 2012. Note, the annual bill amounts calculated by QCA and AGL are not supposed to be the same. The QCA search was based on 1GJ over 91 autumn days while AGL has estimated annual bills for 5, 10 and 15GJ.

## 2. Energy price changes from July 2009 to July 2012

In terms of general trends, the tariff analysis has found that:<sup>10</sup>

- Households' annual electricity costs have typically increased by between \$515-\$540 (or 35%) since July 2009, depending on metering type. See chart 1 below.
- Annual energy bills (electricity and gas) for dual fuel households in South Brisbane, Gold Coast, Toowoomba and Oakey with average consumption have increased by around \$635 since 2009. See chart 4 below.
- Annual energy bills (electricity and gas) for dual fuel households in North Brisbane and Ipswich with average consumption have increased around \$655 since 2009. See chart 4 below.
- Annual electricity bills for all-electric households (on tariff 31 or 33) with average consumption have increased by around \$515-\$535.
- None of the electricity and gas market offers have published rates (not including discounts) that are lower than the regulated offers.<sup>11</sup> One retailer has market offer rates that are higher than the regulated offers.

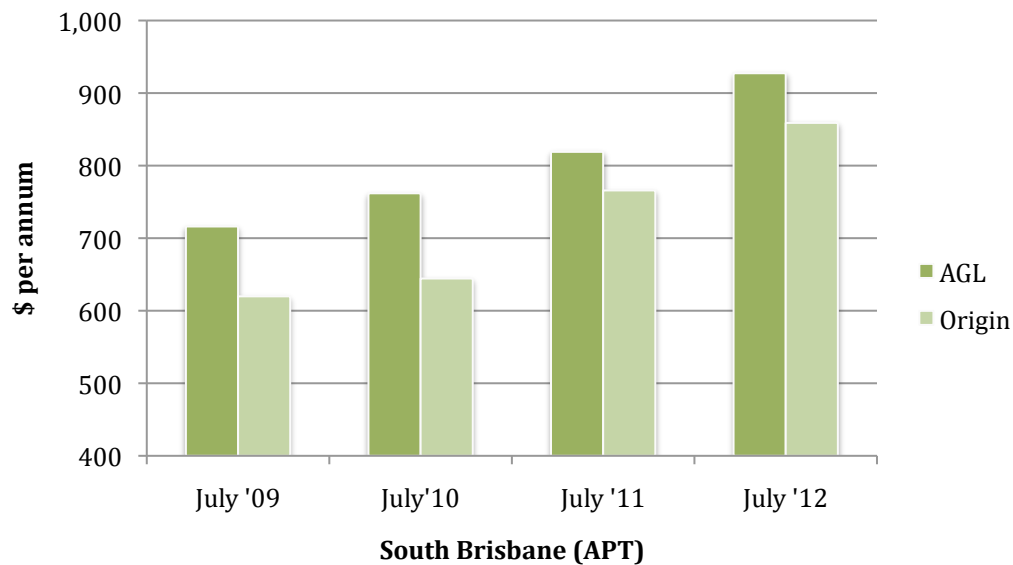
**Chart 1** Annual electricity bills from 2009-2012, 8,000kWh per annum (thereof 15% off peak for tariff 31 and 33)



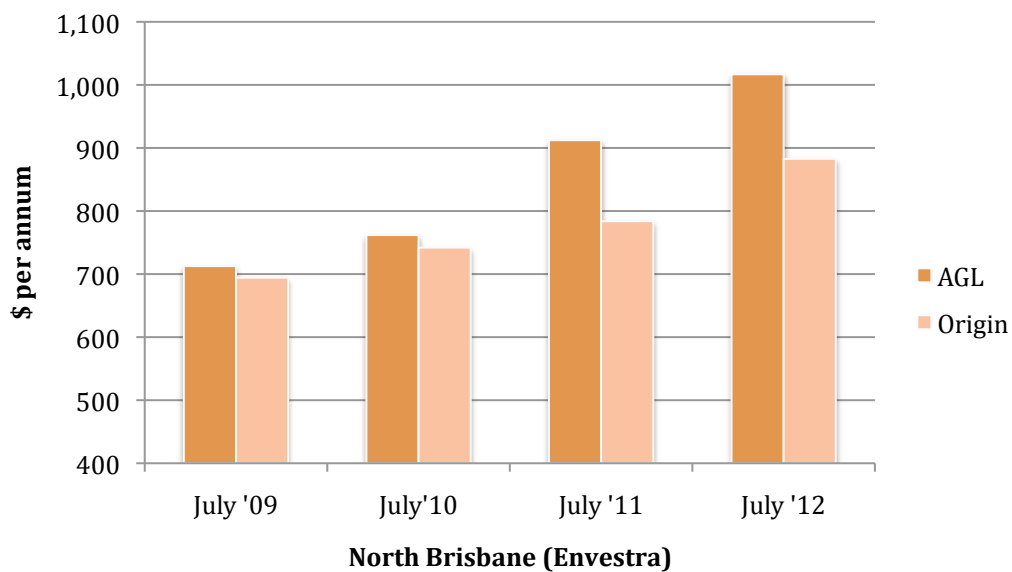
<sup>10</sup> These calculations are based the regulated offer for all-electric households using 8,000kWh per annum (thereof 15% off-peak for customers on tariff 31 or 33), the average increases to gas offers based on customers using 20,000Mj per annum and the regulated offer for Tariff 11 for dual-fuel households using 6,000kWh per annum.

<sup>11</sup> Based on regulated and market offer rates for Tariffs 11, 31 and 33.

**Chart 2** Annual gas bills from 2009-2012, 20,000Mj. South Brisbane & South Queensland<sup>12</sup>



**Chart 3** Annual gas bills from 2009-2012, 20,000Mj. North Brisbane & Ipswich<sup>13</sup>



<sup>12</sup> AGL and Origin's standard rates and customers using 20,000Mj per annum. Note: Origin's offer takes effect on 13 August 2012.

<sup>13</sup> AGL and Origin's standard rates and customers using 20,000Mj per annum. Note: Origin's offer takes effect on 13 August 2012.

**Chart 4** Annual electricity and gas bills for dual fuel households from 2009-2012, Based on 6,000kWh and 20,000Mj. Gas zones are APT (South Brisbane & South Queensland) and Envestra (North Brisbane & Ipswich)<sup>14</sup>

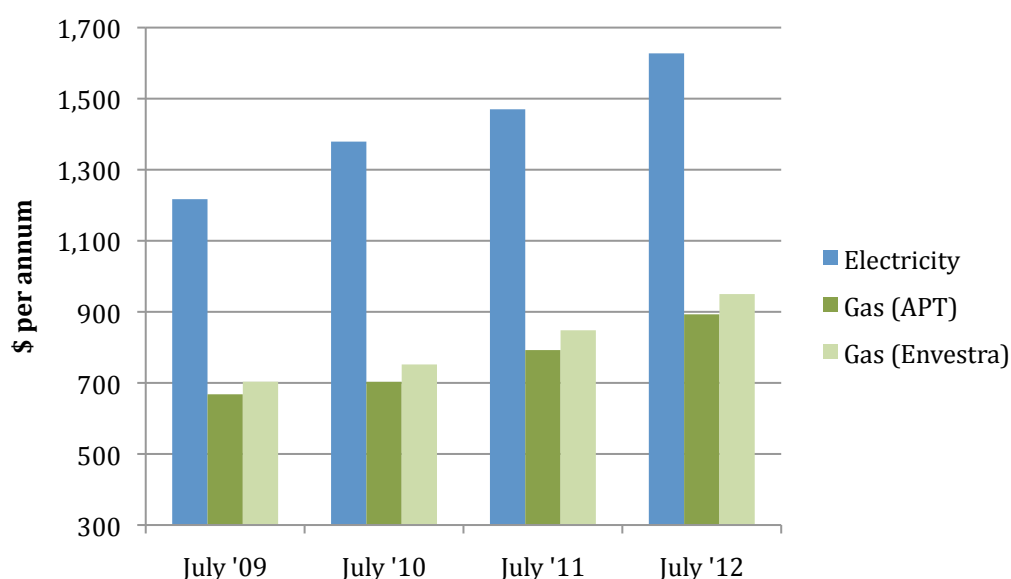


Table 1 and 2 below highlight some of the price trends for Queensland electricity and gas offers.

**Table 1** Electricity price increases by tariff type July 2009 – July 2012<sup>15</sup>

	Tariff 11	Tariff 31	Tariff 33
<b>\$ Increase</b>	\$540	\$515	\$535
<b>% Increase</b>	35%	35%	35%

**Table 2** Gas price increases (average) by area July 2009 – July 2012<sup>16</sup>

	APT – South Brisbane, Gold Coast, Toowoomba & Oakey	Envestra – North Brisbane & Ipswich
<b>\$ Increase</b>	\$225	\$245
<b>% Increase</b>	34%	35%

<sup>14</sup> Based on the regulated rate for tariff 11 and customers using 6,000kWh per annum, and the average gas rates (AGL and Origin) and customers using 20,000Mj per annum. Note: Origin's offer takes effect on 13 August 2012.

<sup>15</sup> Based on household consumption of 8,000kWh per annum at the rate of the regulated retail offer for tariff 11. The second and third calculations are based on household consumption of 8,000kWh per annum (thereof 15% off-peak) at the rate of the regulated retail offer for tariff 31 and 33.

<sup>16</sup> Based on the average gas rates (AGL and Origin) and customers using 20,000Mj per annum. Note: Origin's offer takes effect on 13 August 2012.



### 3. Regulated vs. market offers post July 2012

According to AER's State of the Energy Market report 2011, Origin and AGL are the leading retailers of electricity and gas in Queensland. There are currently 12 retailers actively retailing electricity to residential consumers and 3 retailing gas.<sup>17</sup> However, it must be noted that some retailers hold more than one licence. Ergon Energy's retail business, which supplies rural and regional customers, is owned by the Queensland Government and is not allowed to compete for new customers.

Since the introduction of full retail competition in the Queensland energy retail market in 2007, households have increasingly been able to choose between regulated offers and market offers. According to the Queensland Competition Authority (QCA), 44% of small electricity customers (less than 100MWh per annum) are on market contracts.<sup>18</sup> A customer that has not signed a market contract since July 2007 will currently be on the standing offer. While the retailers set the gas retail offers, the QCA determines the price for the standard electricity retail contract. However, the Australian Energy Market Commission (AEMC) has been tasked to review the effectiveness of competition in Queensland in 2013 to determine whether it will recommend the removal of electricity retail price regulation to the Queensland Government. The retailers themselves determine the price and shape of the electricity market offers.

#### 3.1 Electricity: Regulated vs. market offers post July 2011

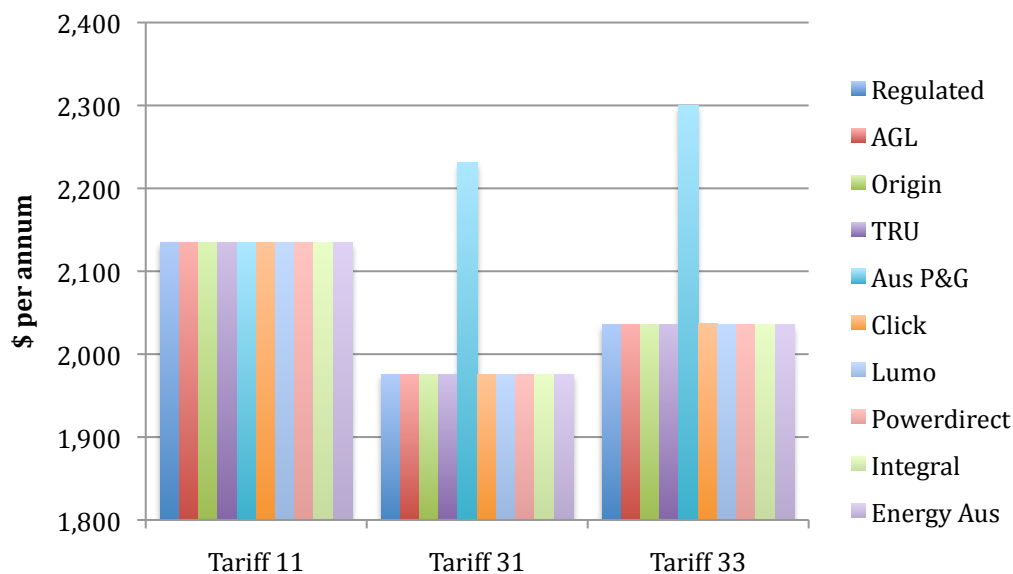
Chart 5 below shows that households using 8,000kWh per annum will typically have an annual electricity bill of between \$2,000 and \$2,100. Furthermore, it shows that none of the retailers have market offer rates below the regulated rates (when calculated as annual bills), noting that this chart is based on rates prior to additional discounts. Australian Power and Gas' offer produces a higher bill for customers with off-peak metering, compared to the regulated offer and other market offers.

---

<sup>17</sup> QCA, *Market and non-market customers*, March Quarter 2012 and AER, *State of the Energy Market* 2011, p 104

<sup>18</sup> Note that this figure will include both households and small businesses. QCA, *Market and non-market customers*, March Quarter 2012

**Chart 5** Electricity offers as annual bills, July 2012, 8,000kWh per annum (thereof 15% off peak for tariff 31 and 33) GST inclusive

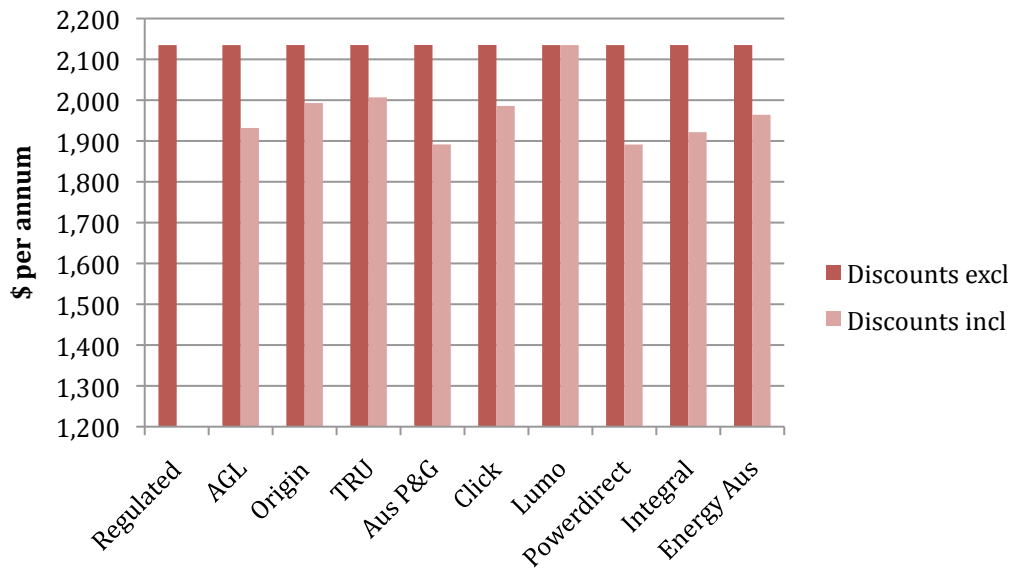


As stated above, the calculations for the market offers in Chart 5, is based on their rates only (cost per kWh and fixed charges) and do not include other market offer features such as discounts on consumption rates, vouchers, sign-up credits, loyalty bonuses and discounts if bills are paid on time.

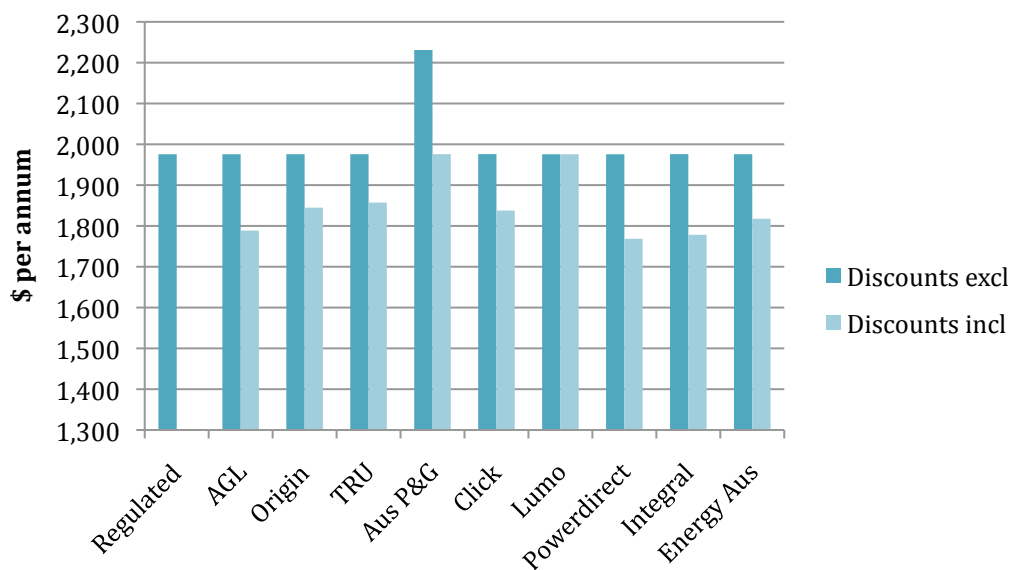
Consumers assessing market offers should take these additional features into account as well as being aware of contract conditions such as late payment fees, the length of the contract and fees for exiting the contract early.

Chart 6-8 below show the difference in annual bill between regulated offer and market offers excluding discounts (to the left) and market offers inclusive of discounts (to the right) for tariff 11, 31 and 33. A household switching from the regulated rate (Tariff 11) to Powerdirect or Australian Power and Gas' market offers may save \$245 per annum (Chart 6). Customers with off-peak consumption may see greatest savings if switching from the regulated rate to AGL, Powerdirect or Integral's market offers (Chart 7-8).

**Chart 6** Tariff 11: Annual bills excluding vs. including discounts as of July 2012 (8,000kWh per annum, including GST).<sup>19</sup>



**Chart 7** Tariff 31: Annual bills excluding vs. including discounts as of July 2012 (8,000kWh per annum, 15% off-peak, including GST).<sup>20</sup>

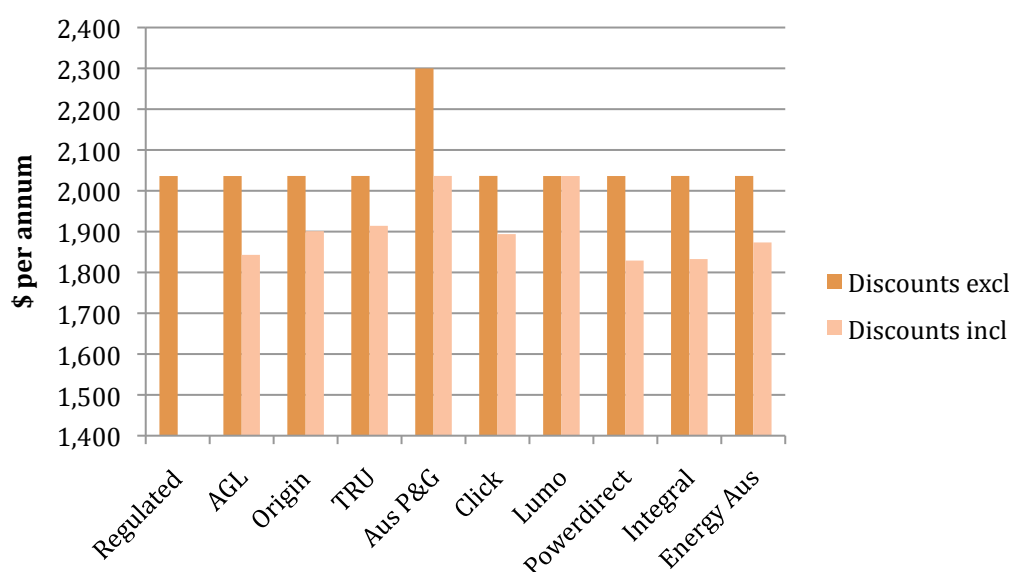


<sup>19</sup> Calculations include discounts off usage or bill as well as pay on time discounts off usage or bill.

<sup>20</sup> Calculations include discounts off usage or bill as well as pay on time discounts off usage or bill.

Note: Powerdirect's discount has only been applied to 85% of consumption as it does not offer discounts on controlled load

**Chart 8** Tariff 33: Annual bills excluding vs. including discounts as of July 2012 (8,000kWh per annum, 15% off-peak, including GST).<sup>21</sup>



The discounts (including pay on time discounts) used to estimate annual bills for Charts 6-8 above are shown in table 3 below. Table 3 also shows other contract terms and features, such as early termination fees, associated with these market offers. Some of the retailers have multiple market offers and may offer higher discounts than those listed here (see appendix 1). However, if the discount is higher the length of the contract term is generally longer, and vice versa.

<sup>21</sup> Calculations include discounts off usage or bill as well as pay on time discounts off usage or bill. Note: Powerdirect's discount has only been applied to 85% of consumption as it does not offer discounts on controlled load

**Table 3** Published electricity market offers taking effect July 2012: Key additional features and contract conditions

	Discounts	Fixed term	Early Termination Fee	Late Payment Fee	Pay on time discounts	Other
AGL	10% off usage	2 years	Up to \$75	\$14	No	Yes
Origin <sup>^</sup>	5% off usage	1 year	\$70	\$12	2% off consumption	Yes
Tru	3% off bill	3 years	Up to \$90	No	3% off bill	No
Aus P&G	No	3 years	Up to \$88	\$10	12% off usage	No
Click	No	No	No	No	7% off bill	Yes
Lumo <sup>^^</sup>	No	Yes <sup>^^</sup>	Up to \$163	No <sup>^^</sup>	No	Yes
Powerdirect <sup>*</sup>	12% off usage	3 years	Up to \$48	\$14	No	Yes
Integral <sup>**</sup>	10% off bill	3 years	\$50	\$9.10	No	No
Energy Australia	8% off bill	2 years	\$50	\$12	No	No

<sup>^</sup> Origin's offer includes a further 1% off consumption rates if bills are paid by direct debit and 1% off electricity consumption if customer signs up for gas.

<sup>^^</sup> Lumo's Price and Product information statement does not stipulate the length of the contract term nor does it state whether late payment fees apply (for the analysis in this report, it has been assumed that they do not apply late payment fees).

<sup>\*</sup> Powerdirect's discount on usage does not include controlled off-peak.

<sup>\*\*</sup> Integral's Price and Product information statement does not mention discount. The 10% is based on information available at the QCA's price comparison site.

Note: Examples of other features include loyalty bonuses, credits to the account upon commencing a contract and shop vouchers.

As most retailers tend to apply the same rates as the regulated rates to their market offer and then offer discounts, it is important that customers are aware that some of these discounts are conditional upon bills being paid on time. In practise, this means that the electricity market is more competitive for the segment of customers who typically pay on time – i.e. this group of customers have a higher number of competitively priced retail offers available to them. Pay on time discounts combined with late payment fees on market offers, means that Queensland households can be significantly penalised for late payment. Or conversely, Queensland households can be significantly rewarded for prompt payment. It does, however, highlight an issue that negatively impacts on households with cash-flow problems.

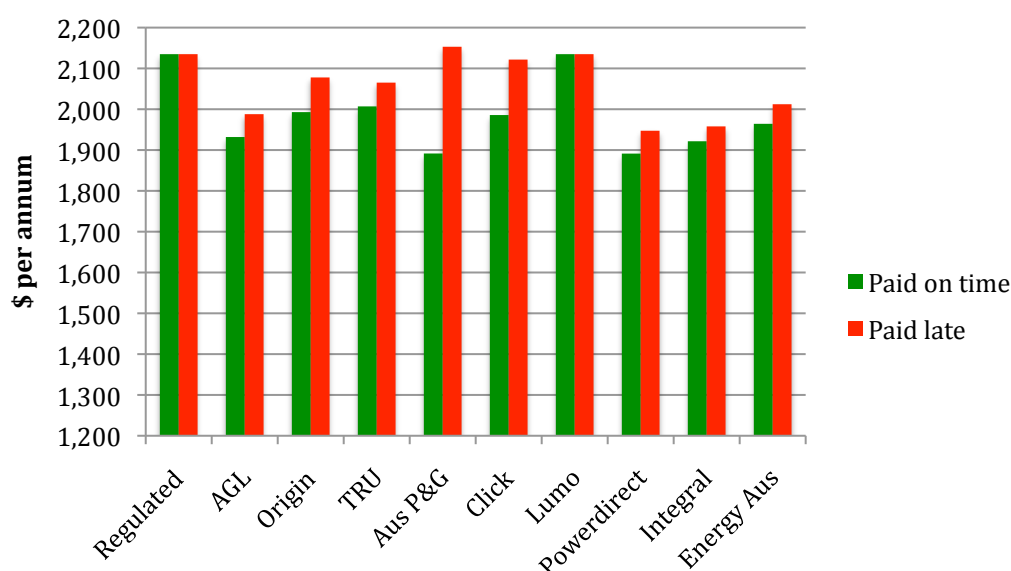
**Table 4** Electricity offers taking affect July 2012: Difference (\$) in annual bill between paying all bills on time vs. paying all bills late (based on 8,000kWh per annum, 15% off-peak for tariff 31 and 33, 4 bills per annum)

	<b>Tariff 11</b>	<b>Tariff 31</b>	<b>Tariff 33</b>
<b>Regulated Offer</b>	\$0	\$0	\$0
<b>AGL</b>	\$56	\$56	\$56
<b>Origin</b>	\$85	\$82	\$83
<b>Tru</b>	\$58	\$54	\$56
<b>Australian P&amp;G</b>	\$261	\$272	\$279
<b>Click</b>	\$136	\$126	\$130
<b>Lumo*</b>	\$0	\$0	\$0
<b>Powerdirect</b>	\$56	\$56	\$56
<b>Integral</b>	\$36	\$36	\$36
<b>Energy Australia</b>	\$48	\$48	\$48

\* Lumo's offer does not stipulate whether late payment fees apply and these calculations do not include a late payment fee for Lumo.

Table 4 above shows that paying late can become very expensive on some market offers. Households with Australian Power and Gas, for example, would be \$260-280 worse off if they pay late compared to paying on time. The difference for Australian Power and Gas is large because the market contract includes a significant pay on time discount as well as late payment fees. Chart 9 below shows the estimated annual electricity bill (tariff 11) for customers that always pay on time and for those who always pay late.

**Chart 9** Tariff 11: Estimated annual bill for customers that pay on time vs. pay late, electricity offers as of July 2012, 8,000kWh per annum (GST inc)<sup>22</sup>



<sup>22</sup> Annual bill calculation includes discounts, pay on time discounts and late payment fees as per energy offer. Note: Lumo's offer does not stipulate whether late payment fees apply and these calculations do not include a late payment fee for Lumo.

Households always able to pay their electricity bills by the due date can save significantly by switching from the regulated offer to a market offer. By switching from the regulated offer to Powerdirect or Australian Power and Gas' market offers a typical consumption household may save \$245 per annum. AGL and Integral have offers that could shave just over \$200 off the annual bill (by switching from the regulated offer) if always paid on time.

Households with cash-flow problems and thus late paying bills are not able to achieve the same savings to electricity costs by switching from the regulated offer to a market offer. Indeed, in the case of Australian Power and Gas, customers paying late will be worse off on their market offer compared to the regulated offer. Powerdirect's market offer will produce the greatest saving for late paying customers looking to switch, with an estimated annual saving of \$190 for a typical consumption household. Integral's market offer would produce a saving of approximately \$180 for the same household.

**Table 5** Tariff 11: Potential annual savings (\$) by switching from regulated offer to market (based on 8,000kWh per annum, GST inclusive)

<b>Tariff 11</b>	<b>Paid on time</b>	<b>Paid late</b>
<b>AGL</b>	\$203	\$147
<b>Origin</b>	\$142	\$57
<b>Tru</b>	\$128	\$70
<b>Australian P&amp;G</b>	\$243	<b>-\$18</b>
<b>Click</b>	\$149	\$13
<b>Lumo*</b>	\$0	\$0
<b>Powerdirect</b>	\$244	\$188
<b>Integral</b>	\$213	\$177
<b>Energy Australia</b>	\$171	\$123

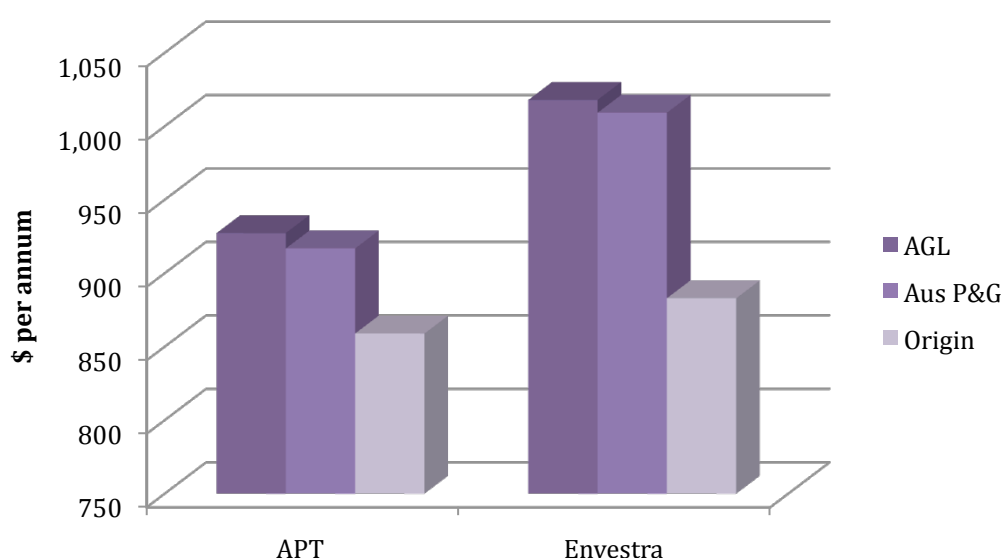
\* Lumo's offer does not stipulate whether late payment fees apply and these calculations do not include a late payment fee for Lumo.

### 3.2 Gas market offers post July 2012

There are no regulated gas offers in Queensland and only Origin, AGL and Australian Power and Gas have gas market offers for residential consumers. As only North Brisbane (including Ipswich) and South Brisbane (including Gold Coast, Toowoomba, Oakey) have more than one market offer, this analysis only comprises market offers in these two areas.<sup>23</sup> Chart 10 below shows that there is very little difference in AGL and Australian Power and Gas' market offer rates (prior to additional discounts) in both the APT (Brisbane South) and the Envestra (Brisbane North) zones. Origin's offer, on the other hand, is approximately \$130 less per annum for households with this consumption level (in the Envestra zone).

<sup>23</sup> Gas customers in Rockhampton, Gladstone, Bundaberg, Maryborough and Hervey Bay only have access to Origin's market offers.

**Chart 10** Gas offers as annual bills, Post July 2012 (20,000Mj per annum)<sup>24</sup>



However, the calculations for the market offers in Chart 10 include their rates only (cost per MJ and fixed charges) and do not include other market offer features such as discounts on consumption rates, vouchers, sign-up credits, loyalty bonuses and discounts if bills are paid on time. As such, consumers assessing market offers should take these additional features into account as well as being aware of contract conditions such as late payment fees, the length of the contract and fees for exiting the contract early.

**Table 6** Published gas market offers in the APT and Envestra gas zones as of July 2012: Key additional features and contract conditions

	Discounts	Fixed term	Early Termination Fee	Late Payment Fee	Pay on time discounts	Other
AGL	10% off usage	2 years	Up to \$75	\$14	No	Yes
Aus P&G	No	3 years	Up to \$88	\$10	12% off usage	No
Origin <sup>^</sup>	2% off usage	1 year	\$70	\$12	2% off usage	Yes

<sup>^</sup> Origin's offer includes a further 1% off consumption rates if bills are paid by direct debit and 1% off electricity consumption if customer signs up for electricity.

Note: Examples of other features include loyalty bonuses, credits to the account upon commencing a contract and shop vouchers.

The discounts (including pay on time discounts) used to estimate annual bills for Charts 11-12 below are shown in table 6 above. Table 3 also shows other contract terms and features, such as early termination fees, associated with these market offers.

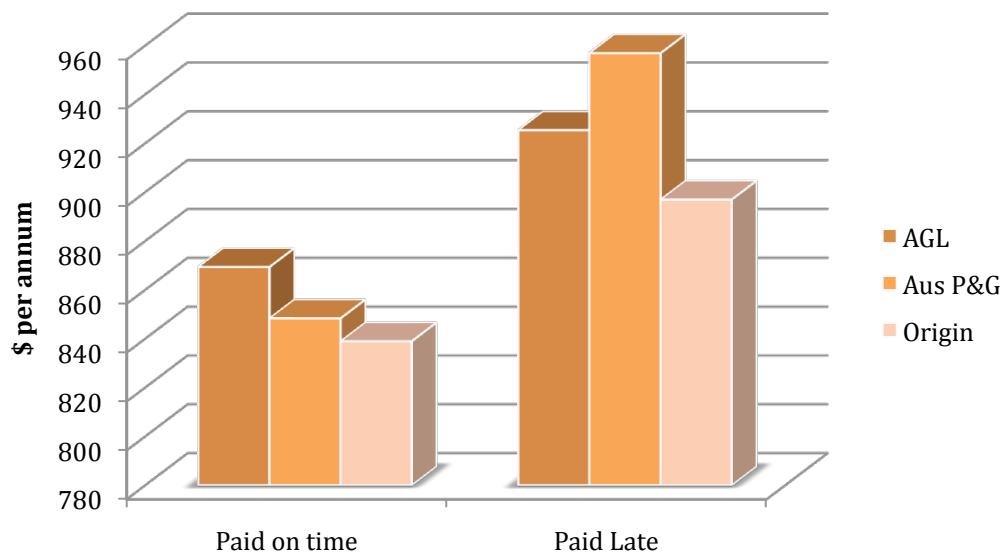
Charts 11-12 below show the estimated annual gas bill for customers that always pay on time and customers who do not for published gas offers in the APT and

<sup>24</sup> Note: Origin's offer takes effect on 13 August 2012

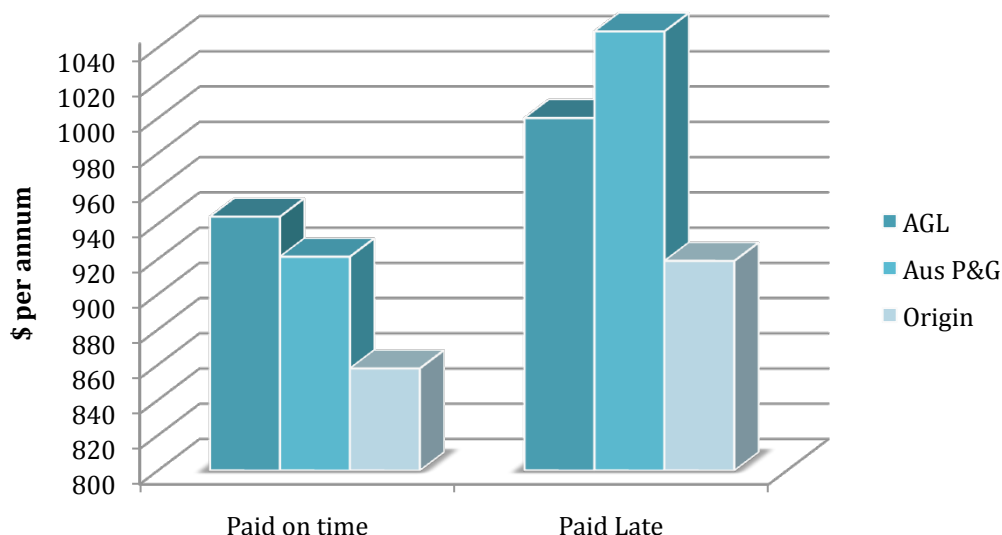


Envestra gas zones. They show that customers who always pay on time may pay \$20 less per annum if with Australian Power and Gas rather than AGL. However, customers who always pay late may pay up to \$50 less if with AGL rather than Australian Power and Gas. Nonetheless, based on this consumption level, all households, whether they pay late or on time, would be better off on Origin's market offer.

**Chart 11** APT gas zone: Estimated annual bills for customers that pay on time vs. pay late, gas offers as of July 2012 (20,000Mj, GST inc)<sup>25</sup>



**Chart 12** Envestra gas zone: Estimated annual bills for customers that pay on time vs. pay late, gas offers as of July 2012 (20,000Mj, GST inc)<sup>26</sup>



<sup>25</sup> Annual bill calculation includes discounts, pay on time discounts and late payment fees as per energy offer. Note: Origin's offer takes effect on 13 August 2012.

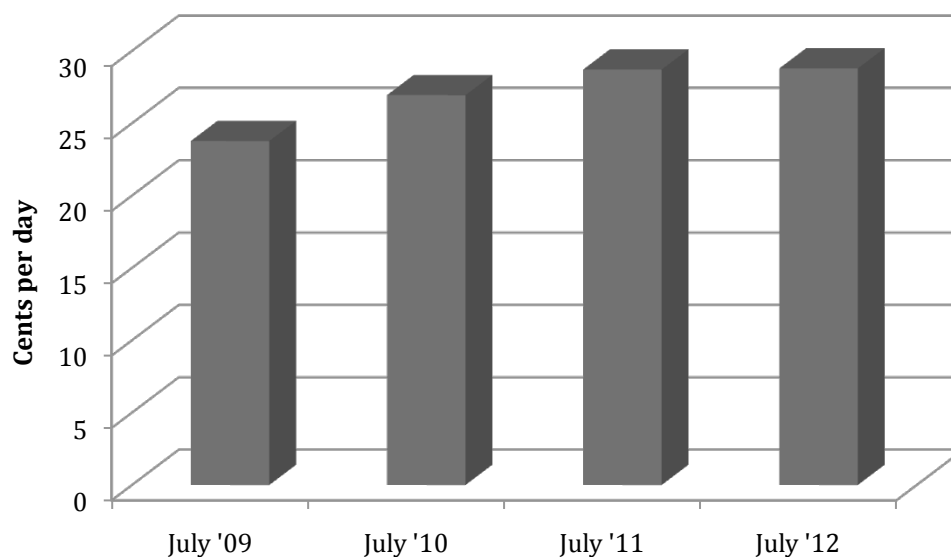
<sup>26</sup> Annual bill calculation includes discounts, pay on time discounts and late payment fees as per energy offer. Note: Origin's offer takes effect on 13 August 2012.

## 4. Supply charges

### 4.1 Electricity supply charges

The supply charge is a fixed daily charge that is paid in addition to the consumption charges for electricity used. In Queensland the supply charge for single rate electricity customers (tariff 11) has only increased by 5% since July 2009.<sup>27</sup> Chart 13 below shows the increases to the daily supply charge from July 2009 to July 2012.

**Chart 13** Daily supply charge, Tariff 11, regulated electricity offers, 2009-12

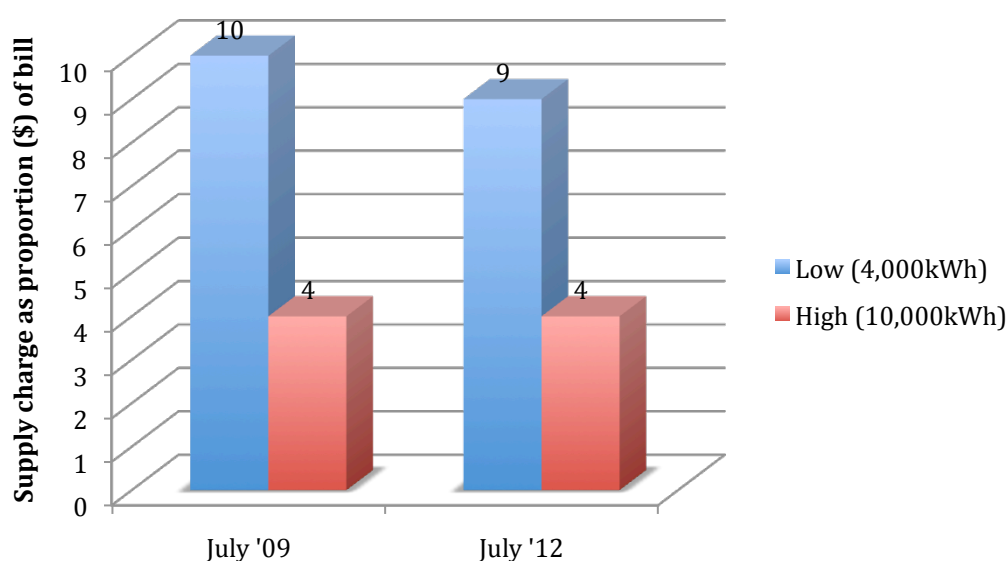


High supply charges, compared to consumption charges, result in low consumption households paying a proportionally higher cost per unit of energy than high consumption households. This has significant equity implications as some customer classes characterised by low and fixed income also use less electricity than the Queensland average. Pensioners make up one of these lower consumption groups.

Chart 14 below shows the difference between households consuming 4,000kWh per annum (blue bar) and households consuming 10,000kWh per annum (red bar) when it comes to the proportion of the annual electricity bill that goes to cover fixed supply charges. The fixed supply charge is 9% of the annual electricity bill for a low consumption household. A high consumption household on the other hand, would pay 4% of their annual bill in fixed charges. However, as also illustrated by chart 14, the fixed charge as proportion of total bill has remained almost unchanged since July 2009.

<sup>27</sup> This is a very low increase compared to other jurisdictions. In South Australia, for example, the fixed supply charge increased by 60% over the same period.

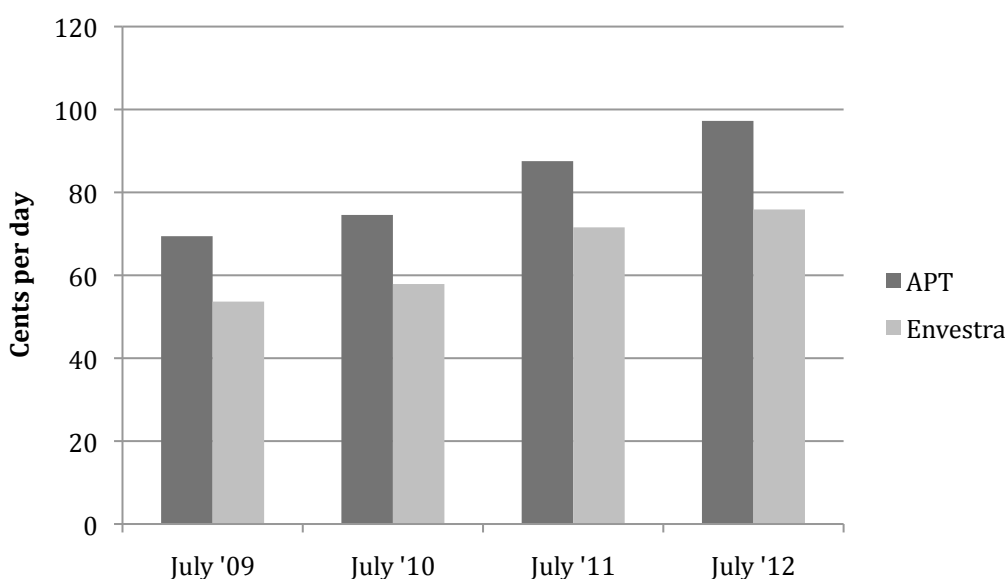
**Chart 14** Supply charge as proportion of annual bill, July 2009 and July 2012



## 4.2 Gas supply charges

The average gas supply charge, at just over 97 cents/day in the APT distribution area and 75.5 cents/day in the Envestra zone (based on AGL and Origin's standard offer), is significantly higher than the electricity supply charge. This effectively means that South Brisbane households (APT zone) pay \$350 per annum in order to be connected to natural gas. The gas supply charges have increased by around 40% in the Envestra and APT distribution areas since 2009. Chart 15 below shows increases to the gas supply charge from July 2009 to July 2012 for both gas zones.

**Chart 15** Gas supply charges from 2009 to 2012, Cents per day<sup>28</sup>



<sup>28</sup> Based on the average gas supply charge (AGL and Origin). Note: Origin's rates take effect on 13 August 2012.

The average domestic gas consumption in Queensland is relatively low and as such the supply charges do comprise a significant proportion of the annual gas bill.<sup>29</sup> For households consuming 20,000Mj per annum in the APT gas zone, the supply charge makes up 38-41% of the annual bill, depending on the retailer. In the Envestra zone, the supply charge makes up 27-31% of the annual bill (for the same consumption level).

---

<sup>29</sup> We have assumed typical residential annual gas consumption in Queensland to be 20,000Mj per annum while in Victoria we base it on 63,000Mj.

## 5. Time of Use (TOU) tariffs

From July 2012 a voluntary Time of Use (TOU) tariff (tariff 12) has been introduced for residential electricity consumers in Queensland.

The table below shows that Tariff 12's off-peak rate applies to approximately half of the time and the peak rate for usage between 4-8pm on weekdays is only allocated to 12% of the time. While the TOU peak rate is 13c/kWh more than Tariff 11 the off peak rate is 10c/kWh less than Tariff 11. However, the greatest impact on households moving from Tariff 11 to the TOU tariff would be the significant increase in fixed supply charges. Households on Tariff 11 will pay an annual fixed supply charge of approximately \$105 while households on the TOU tariff (Tariff 12) will pay \$315 per annum. The difference in the supply charge may deter many households from voluntarily moving on to the TOU tariff.

**Table 7** TOU tariffs: Tariff rates applied to number of hours per week and percentage of a week<sup>30</sup>

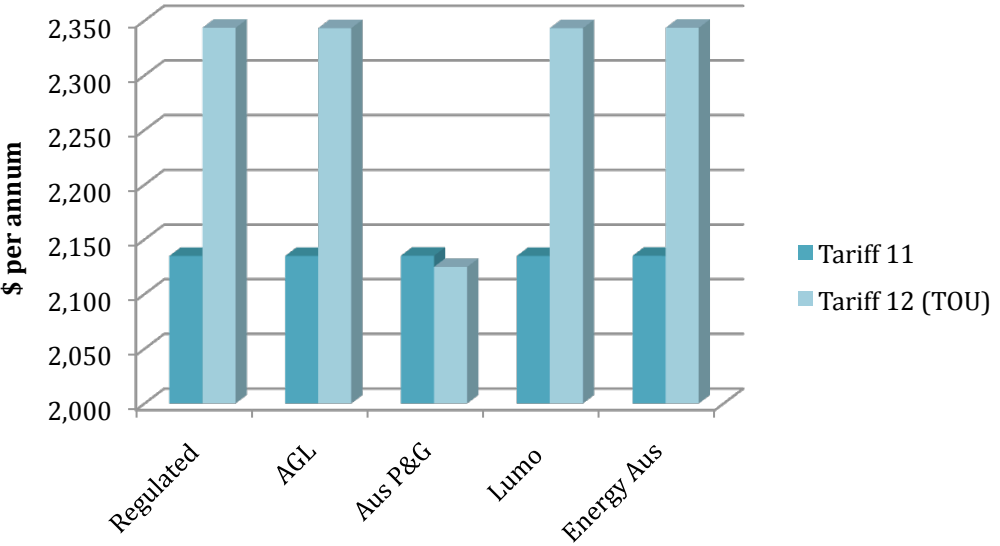
<b>Tariff 12</b>	<b>Hours per week</b>	<b>Percentage</b>
<b>Peak</b>	20	12%
<b>Shoulder</b>	63	37%
<b>Off-peak</b>	85	51%

Chart 16 below shows estimated annual bills for typical consumption households (8,000kWh) on Tariff 11 and Tariff 12 for retailers that have published TOU market offers as of July 2012. As stated above, it is the significant difference in the supply charge that may result in much higher bills for households on Tariff 12. Curiously, Australian Power and Gas has applied a slightly lower supply charge to their TOU market offer than to Tariff 11 and households with a suitable consumption pattern may benefit from moving to Australian Power and Gas' TOU offer.<sup>31</sup>

<sup>30</sup> This is an indicative week only as it does not include public holidays. Peak is from 4-8pm on weekdays, shoulder is from 7am-4pm and 8pm -10pm on weekdays as well as 8am-10pm on weekends, and off-peak is every day from 10pm-7am.

<sup>31</sup> Customers that do want to switch to Australian Power and Gas' TOU offer should confirm that the supply charge stated on their offer actually is correct.

**Chart 16** Estimated annual bills for Tariff 11 vs. Tariff 12, 8,000kWh per annum (assumed 20% peak, 55% shoulder and 25% off peak for Tariff 12)



## Appendix 1: Electricity market offer features

Retailer	Product	Features
AGL	Advantage 10	10% discount (usage) 24 month contract Early termination fee AGL shop voucher
	Advantage 5	5% discount (usage) 24 month contract Early termination fee AGL shop voucher
	Freedom	No discount No fixed contract No early termination fee
Origin	Daily Saver 5%	5% discount (usage) 2% pay on time discount (usage) 1% direct debit discount (usage) 1% discount (usage) if signing up for Origin gas contract. 12 month contract Early termination fee
	Flexi choice	No discount No fixed contract No early termination fee
	One month free	A rebate valued at a month's average consumption cost credited to account after 1 year of bills being paid on time. 1% direct debit discount (usage) 24 month contract Early termination fee
Tru	Go easy	3% pay on time discount (bill) 12 month contract Early termination fee
	Go for more	3% discount off bill 3% pay on time discount (bill) 36 month contract Early termination fee
Australian P&G	Smart Saver 8%	8% pay on time discount (bill) 12 month contract Early termination fee
	Smart Saver 12%	12% pay on time discount (bill) 12 month contract Early termination fee
Powerdirect	Residential 12% offer	12% discount (peak usage, not applicable for controlled load) 36 month contract Early termination fee \$20 account credit for direct debit agreement
Click	Click Easy	7% pay on time discount (bill - for on-line billing only) No fixed contract

		No early termination fee
	Click Early	Monthly payment of \$110 in advance (to be reconciled against actual usage every quarter) 9% pay on time discount (bill - for on-line billing only) No fixed contract No early termination fee
<b>Energy Aus</b>	8%	8% discount (bill) 24 month contract Early termination fee
<b>Integral</b>	INhome Easy	10% discount (bill) 36 month contract Early termination fee
<b>Lumo</b>	Velocity/express	No discounts 24 month contract Early termination fee Point earning arrangements
<b>Dodo</b>	5%	5% pay on time discount (usage) No fixed contract No early termination fee
	10%	10% pay on time discount (usage) 12 month contract Early termination fee





# **South Australian Energy Prices July 2009 - July 2012**



**May Mauseth Johnston  
August 2012**



**St Vincent de Paul Society**  
*good works*

**Disclaimer**

The energy offers, tariffs and bill calculations presented in this report and associated workbooks should be used as a general guide only and should not be relied upon. The workbooks are not an appropriate substitute for obtaining an offer from an energy retailer. The information presented in this report and the workbooks is not provided as financial advice. While we have taken great care to ensure accuracy of the information provided in this report and the workbooks, they are suitable for use only as a research and advocacy tool. We do not accept any legal responsibility for errors or inaccuracies. The St Vincent de Paul Society and Alviss Consulting Pty Ltd do not accept liability for any action taken based on the information provided in this report or the associated workbooks or for any loss, economic or otherwise, suffered as a result of reliance on the information presented. If you would like to obtain information about energy offers available to you as a customer, go to ESCOSA's 'Estimator' website or contact the energy retailers directly.

South Australian Energy Prices July 2009 – July 2012  
A Report from the South Australian Tariff-Tracking Project  
by May Mauseth Johnston

**May Mauseth Johnston, August 2012**  
**Alviss Consulting Pty Ltd**  
ABN 43147408624

**© St Vincent de Paul Society and Alviss Consulting Pty Ltd**

This work is copyright. Apart from any use permitted under the Copyright Act 1968 (Ctw), no parts may be adapted, reproduced, copied, stored, distributed, published or put to commercial use without prior written permission from the St Vincent de Paul Society.

[www.vinnies.org.au/energy](http://www.vinnies.org.au/energy)

**Acknowledgements**

This project was funded by a research grant from the Consumer Advocacy Panel ([www.advocacypanel.com.au](http://www.advocacypanel.com.au)) as part of its grants process for consumer advocacy projects and research projects for the benefit of consumers of electricity and natural gas.

The views expressed in this document do not necessarily reflect the views of the Consumer Advocacy Panel or the Australian Energy Market Commission.

## **Table of Contents**

<b>Acknowledgements</b>	<b>2</b>
<b>1. Introduction and recommendations</b>	<b>4</b>
<b>2. Energy price changes from July 2009 to July 2012</b>	<b>8</b>
<b>3. Regulated vs. market offers post July 2012</b>	<b>10</b>
3.1 Regulated electricity vs. market offers post July 2012	12
3.2 Regulated gas vs. market offers post July 2012	16
<b>4. Supply charges</b>	<b>18</b>
4.1 Electricity supply charges	18
4.2 Gas supply charges	19
<b>Appendix 1: Electricity market offer features</b>	<b>21</b>

## 1. Introduction and overview

### **The SA Tariff-Tracking Project: purpose and outputs**

There is limited knowledge and understanding in the community of the various energy tariffs available, how they are changing, and how tariff changes impact on households' energy bills and energy affordability more broadly.

Under retail price regulation arrangements, tariff tracking and tariff analysis are not usually prioritised activities amongst advocates and consumer representatives. In a deregulated environment however, it will become increasingly evident that advocates, as well as consumers themselves, need improved awareness and understanding of changing tariff offers: both in terms of changes to price as well as changes to tariff shapes. As the Australian Energy Market Commission (AEMC) has been tasked to evaluate the effectiveness of competition in SA in 2015, the SA Tariff-Tracking tool is well timed for two reasons. Firstly, consumer representatives can utilise the tool to inform the effectiveness of competition review in itself. Secondly, if the AEMC finds competition to be effective and recommends the removal of retail price regulation, the tool will allow for 'before and after' comparisons.

Only by improving this awareness and understanding can we ensure that the regulatory framework (for example, in relation to price information and disclosure) is adequate, and promote a competitive retail market. Furthermore, this increased knowledge will allow for close monitoring of the impact price and tariff changes have on households' bills, and the affordability of this essential service.

This project has tracked electricity and gas tariffs in South Australia from July 2009 to July 2012, and developed a spreadsheet-based tool that allows consumer advocates to build on the initial analysis and continue to track changes as they occur.

We have developed four workbooks that allow the user to enter consumption levels and analyse household bills for regulated gas and electricity offers from July 2009 to July 2012, as well as current published electricity and gas market offers post the price reset in July 2012.<sup>1</sup>

Workbook 1: Regulated electricity offers July 2009-July 2012

Workbook 2: Regulated gas offers July 2009-July 2012

Workbook 3: Electricity market offers post July 2012

Workbook 4: Gas market offers post July 2012

---

<sup>1</sup> All market offers are published offers and do not include special offers that retailers market through door-knocking campaigns or brokers. We use the ESCOSA Estimator website as well as the retailers own websites to collect market offer for the Tariff-Tracking tool. If the retailer has more than one market offer we use the one ESCOSA has estimated to produce the lowest annual bill. The Tariff-Tracking tool does not include any additional discounts or bonuses but key market offer features are listed in the spreadsheets. This report contains analysis of some of those features.

The four workbooks can be accessed at the St Vincent de Paul Society's website: [www.vinnies.org.au/energy](http://www.vinnies.org.au/energy)

This report presents some of the key findings produced by the Tariff-Tracking tool to date.

### **Energy bill analysis and factors influencing price**

When analysing the impact tariff changes have on households' energy bills it is important to be mindful of the various cost components bills are made up of (the bill stack), as well as demand side characteristics such as consumption levels and patterns, and how all these factors may influence the cost of energy.

Firstly, domestic energy bills are made up of three key components: generation costs, network costs and retail costs. According to 2010/11 data from the Australian Energy Regulator (AER), generation costs (wholesale costs) amount to 42% of a household electricity bill, the regulated network cost is 41% and retail services are 12% in South Australia. The remaining 5% are green scheme costs.<sup>2</sup> With the introduction of the carbon price on 1 July 2012 however, the proportion of these components would have changed slightly to allow for a 9% carbon tax component. For gas, the network cost is 63%, retail costs and margin are 15% and wholesale costs are 22% of the total bill.<sup>3</sup> The regulated electricity network costs include transmission use of system charge and distribution use of system charge, as well as the cost of meters, meter reads and other ancillary services. The role of retailers is to manage the risk of the wholesale market and thus offer energy products suitable to households. All these components influence changes to energy costs and households bills. For example: generation costs vary according to fuel sources used and supply and demand; transmission and distribution costs can go up due to approved network upgrades; retail costs or pricing strategies will be influenced by how well the retailer has managed risk (i.e. their hedging contracts) and effectiveness of competition and other cost inputs the retailers have to manage. As some retailers are also involved in energy generation ('gen-tailers') and others are not, generation activities (or lack thereof) may also influence their pricing strategies.

Secondly, as the tariff-tracking tool allows the user to nominate consumption level as well as peak/off-peak proportions where relevant, it is important to be mindful of the significant difference between households' consumption level and usage pattern. Gas bills are particularly difficult to estimate as household consumption is highly seasonal. However the tool allows the user to analyse bill impacts based on their own assumptions or the type of household they have in mind. For the analysis presented in this report we have assumed a typical household consumption of 21,000Mj per annum for gas, 6,000kWh per annum in electricity consumption for dual fuel households on a single rate tariff, and

---

<sup>2</sup> AER, *State of the Energy market 2011*, table 4.2, p 110

<sup>3</sup> Calculated based on figure 2 in ESCOSA, 2010/11 Annual Performance Report – Pricing Fact Sheet at [www.escosa.sa.gov.au/library/111118-EnergyPriceIncrease-FactSheet.pdf](http://www.escosa.sa.gov.au/library/111118-EnergyPriceIncrease-FactSheet.pdf). Note: the gas bill stack would also have changed somewhat after the introduction of the carbon tax in July 2012.

7,500kWh per annum for all-electric households on a two rate tariff (thereof 20% off-peak) for customers with controlled load.<sup>4</sup>

### **Overview**

It is well known that electricity prices have increased significantly in South Australia in recent years. A key reason for these increases has been the increase in electricity network costs. Since 2009 the annual electricity bill for average consumption households has gone up by between \$900-\$1000, or 60%. However, there are some significant savings to be made if customers are able and willing to identify and switch to a better market offer.

The average gas consumption for households in South Australia is relatively low and the gas penetration is just over 50%. As such, it may not be surprising that the level of competition appears to be lower in the gas retail market. Since 2009 the annual bill for average consumption gas customers has gone up by approximately \$260. Gas customers who are able to switch to market offers may achieve a modest saving to their annual bill.

The published electricity market offer rates are quite similar to the regulated rates but they do generally include discounts and other benefits. Consumers should look for additional discounts on consumption or for payment of bills on time, as well as rebates and welcome credits offered as part of market contracts, and consider whether these are likely to provide further benefit. Just the same, consumers must be aware of market offer contract conditions such as lock-in periods and early termination fees. Typically, market contracts require a 2 year commitment, but some offers do not include a lock-in period while others stipulate 3 years. We would caution against long lock-in periods as individual retailers can rapidly go from being one of the most competitive to one of the most expensive in the market.

The analysis in this report demonstrates that the retail market is more competitive for customers who pay on time than for those who pay late. The use of late payment fees combined with pay on time discounts means that customers on market offers can become severely penalised for paying late, or conversely, well rewarded if paying on time. Customers on the regulated rate who struggle to pay their electricity bills on time, may save less than \$100 per annum if switching to a market offer. Three out of the seven market offers analysed for this report produced annual savings of well under \$100 for late paying customers with average consumption.

In the gas retail market, average consumption households currently on the regulated rate can save approximately \$65 per annum by switching to AGL or Origin's market offers. Curiously, a household with a typical consumption of 21,000Mj who switches from the regulated offer to Tru's gas market offer, would end up paying the same as the regulated rate even after a 7% discount (thereof

---

<sup>4</sup> Gas and single rate consumption is based on a mix of ESCOSA figures (see ESCOSA, 2010/11 Annual Performance Report – Pricing Fact Sheet), retailers' fact sheets and our estimates. Note, however, that the Tariff-Tracking tool (the workbooks) is designed so users can insert their own consumption levels.

3% for paying on time) has been applied. Considering that this offer is a 3 year contract and with an early termination fee of up to \$90, this is clearly not a good offer.

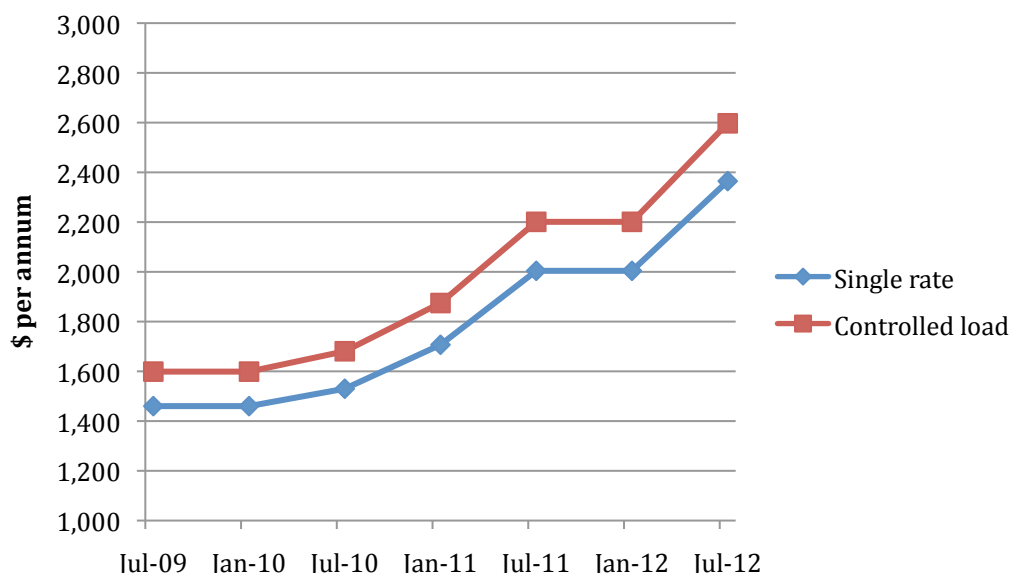


## 2. Energy price changes from July 2009 to July 2012

In terms of general trends, the tariff analysis has found that:<sup>5</sup>

- Households' annual electricity costs have typically increased by between \$900-\$1,000 since July 2009. See chart 1 below.
- Annual energy bills (electricity and gas) for dual fuel households with average consumption have increased by approximately than \$1,160 since 2009. See chart 1 and 2 below.
- Annual electricity bills for all-electric households with average consumption have increased by around \$1,000.
- There are electricity market offers with published rates (prior to further discounts) that are lower than the regulated offers and households. By switching from the regulated electricity offer to a market offer, typical consumption households may save as much as \$350 per annum.
- None of the gas market offers have published rates (not including discounts) that are lower than the regulated offers. Two retailers have gas market offer rates that are higher than the regulated offers.

**Chart 1** Increases to the annual cost of regulated electricity offers from 2009-2011, Based on annual consumption level of 6,000kWh for single rate and 7,500kWh per annum (thereof 20% controlled load), GST inclusive



<sup>5</sup> These calculations are based on increases in the regulated offer for single rate electricity customers using 6,000kWh per annum, increases in the regulated offer for controlled load electricity customers (typically all-electric households) using 7,500kWh per annum (thereof 20% off-peak) and the increase in the regulated offer for gas customers using 21,000Mj per annum.

**Chart 2** Increases to the annual cost of gas Standing Offers from 2009-2012, 21,000Mj per annum, GST inclusive

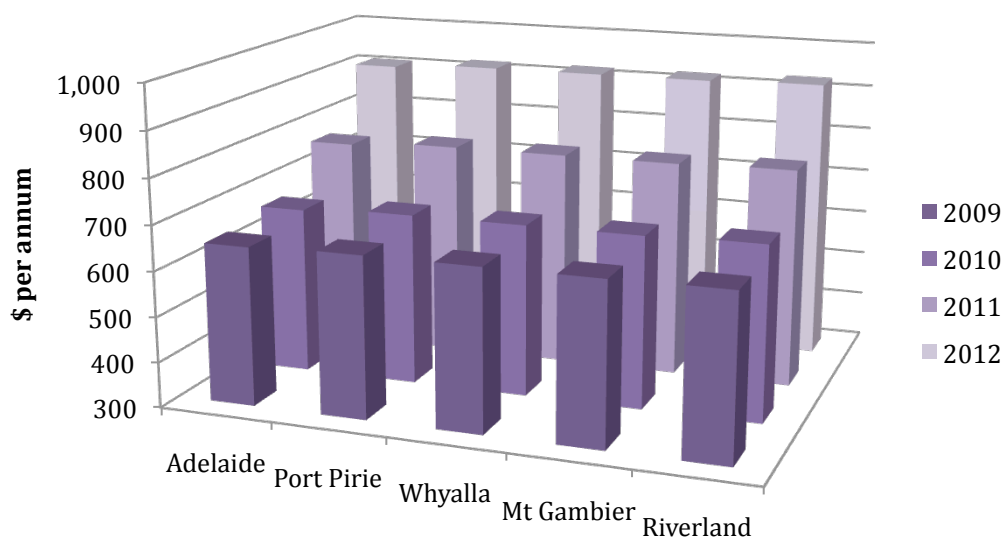


Table 1 and 2 below highlight some of the price trends for electricity and gas offers available across South Australia.

**Table 1** Electricity price increases by tariff type July 2009 – July 2012<sup>6</sup>

	Single rate (6,000kWh)	Two rate (7,500kWh, 20% controlled load)
<b>\$ Increase</b>	\$905	\$1000
<b>% Increase</b>	62%	62%

**Table 2** Gas price increases (average) by area July 2009 – July 2012<sup>7</sup>

	Adelaide	Port Pirie	Whyalla	Mt Gambier	Riverland
<b>\$ Increase</b>	\$260	\$265	\$265	\$265	\$265
<b>% Increase</b>	40%	40%	40%	40%	40%

<sup>6</sup> Single rate calculations are based on household consumption of 6,000kWh per annum at the rate of the regulated retail offers. The two-rate calculations are based on household consumption of 7,500kWh per annum (thereof 20% controlled off-peak load) at the rate of the regulated retail offers.

<sup>7</sup> Based on the regulated gas rates for customers using 21,000Mj per annum.

### 3. Regulated vs. market offers post July 2012

According to the Essential Services Commission South Australia (ESCOSA), South Australia has 10 active electricity retailers and 4 gas retailers supplying energy to small consumers.<sup>8</sup> In the electricity market, the host retailer AGL supplies approximately 50% of the small consumers (thereof half on AGL market contracts). The four largest retailers, AGL, Origin, Tru and Simply Energy, have a combined market share of 90%. In the gas market, the host retailer Origin supplies approximately 50% of small consumers (thereof half on Origin market contracts).<sup>9</sup>

Since the introduction of full retail competition in the South Australian energy retail market in 2003 (electricity) and 2004 (gas), households have increasingly been able to choose between regulated offers and market offers. According to ESCOSA figures, around 75% of South Australian electricity and gas customers are still on market contracts.<sup>10</sup> A customer who has not signed a market contract since 2003/04 will currently be on the standing offer. ESCOSA still determines the price of the standing offer contracts. However, the Australian Energy Market Commission (AEMC) has been tasked to again review the effectiveness of competition in South Australia in 2015 to determine whether it will recommend the removal of retail price regulation to the South Australian Government. The price and shape of the market offers are determined by the retailers themselves.

Charts 3 and 4 below show the trend in residential customer numbers (for electricity and gas) between the host retailer and the three largest 2<sup>nd</sup> tier retailers since FRC was introduced. Initially both host retailers (AGL for electricity and Origin for gas) lost significant market share to 2<sup>nd</sup> tier retailers but this trend started to flatten out from 2007.<sup>11</sup>

---

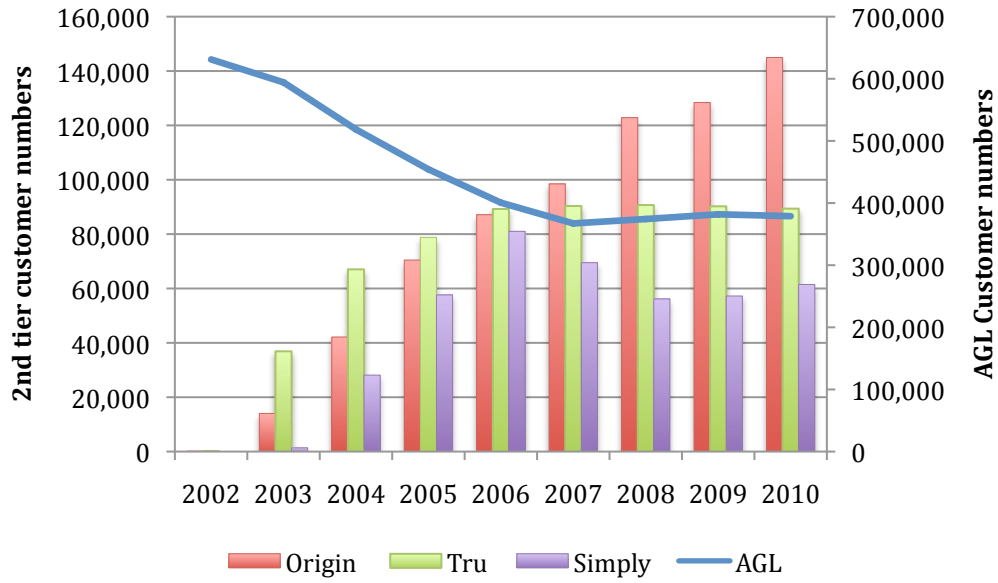
<sup>8</sup> ESCOSA, Performance of the South Australian retail energy market 2010/11 at [www.escosa.sa.gov.au/library/111118-EnergyRetail-ReportCard\\_2010-11.pdf](http://www.escosa.sa.gov.au/library/111118-EnergyRetail-ReportCard_2010-11.pdf)

<sup>9</sup> AER, *State of the Energy Market 2011*, p 106 and ESCOSA, Performance of the South Australian retail energy market 2010/11

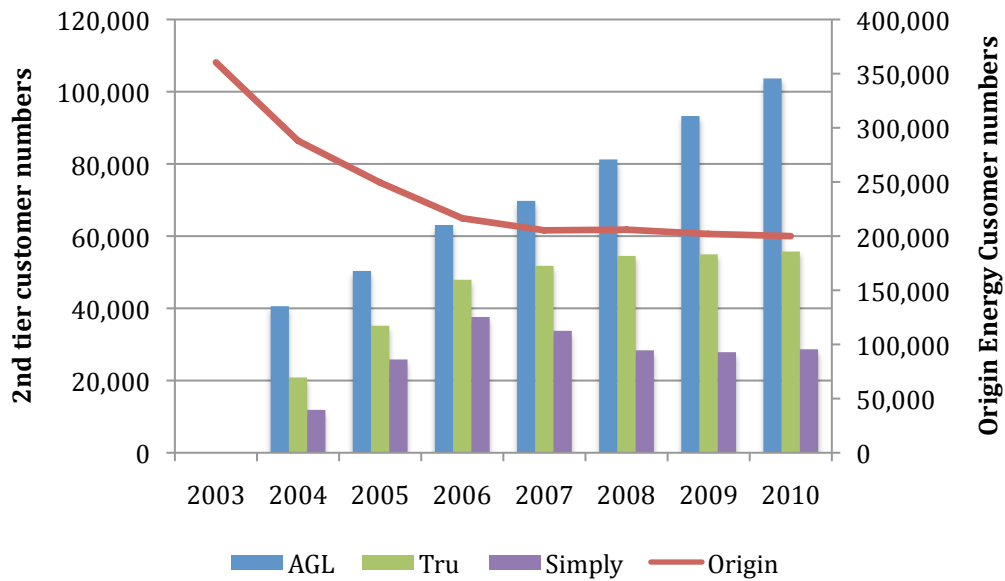
<sup>10</sup> ESCOSA, Performance of the South Australian retail energy market 2010/11

<sup>11</sup> Customer numbers recorded as at 30 June each year. These charts are based on numbers presented in ESCOSA workbook: Statistical appendix – time series data for retail performance data at [www.escosa.sa.gov.au/electricity-overview/market-information/energy-performance-monitoring/annual-performance-report-2010-11-sa-energy-supply-industry.aspx](http://www.escosa.sa.gov.au/electricity-overview/market-information/energy-performance-monitoring/annual-performance-report-2010-11-sa-energy-supply-industry.aspx)

**Chart 3** Host retailer (AGL) vs. 2<sup>nd</sup> tier residential electricity customer numbers



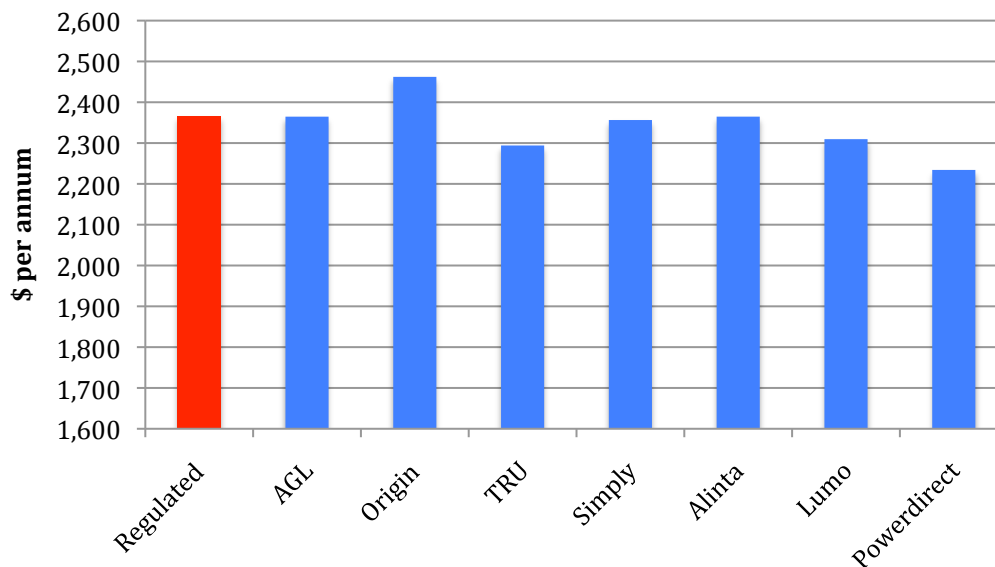
**Chart 4** Host retailer (Origin) vs. 2<sup>nd</sup> tier residential gas customer numbers



### 3.1 Electricity: Regulated vs. market offers post July 2012

Chart 5 below shows that households using 6,000kWh per annum (single rate) will have an annual electricity bill of between \$2,200 and \$2,400. Furthermore, chart 5 shows that some of the retailers have market offer rates below the regulated rates (when calculated as annual bills), noting that this chart is based on rates prior to additional discounts.

**Chart 5** Electricity offers as annual bills, post July'12, Single rate, not including discounts, 6,000kWh per annum (GST inc)<sup>12</sup>



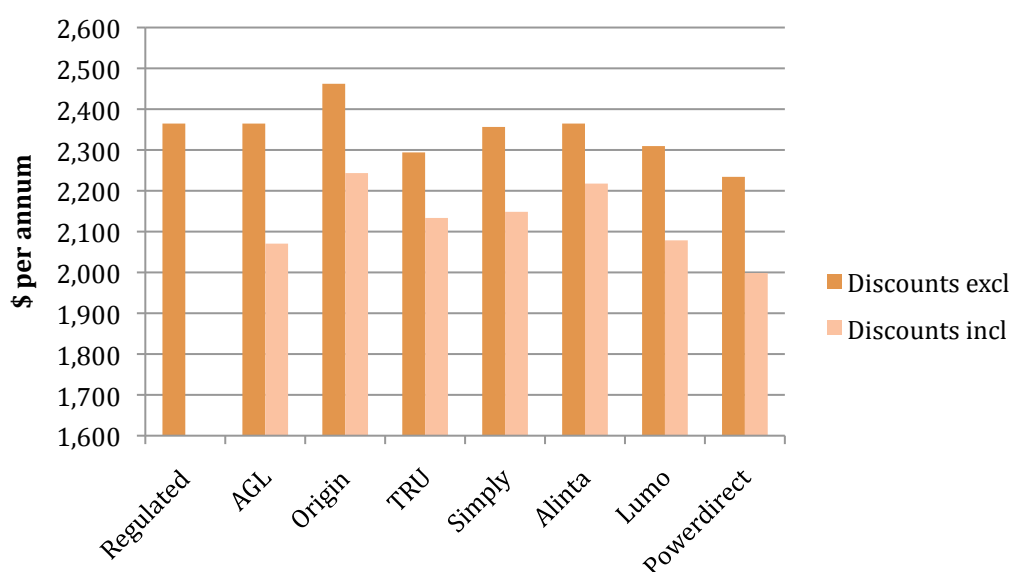
As stated above, the calculations for the market offers in Chart 5, is based on their rates only (cost per kWh and fixed charges) and do not include other market offer features such as discounts on consumption rates, vouchers, sign-up credits, loyalty bonuses and discounts if bills are paid on time.

Consumers assessing market offers should take these additional features into account as well as being aware of contract conditions such as late payment fees, the length of the contract and fees for exiting the contract early.

Chart 6 below show the difference in annual bill between regulated offer and market offers excluding discounts (to the left) and market offers inclusive of discounts (to the right). A household switching from the regulated rate to Powerdirect's market offer may save \$350 per annum.

<sup>12</sup> Note: Powerdirect's offer was published on 1 August 2012

**Chart 6** Annual bills excluding vs. including discounts. Electricity offers post July 2012 as annual bills, Single rate, 6,000kWh (GST inc).<sup>13</sup>



The discounts (including pay on time discounts) used to estimate annual bills for Chart 6 above are shown in table 3 below. Table 3 also shows other contract terms and features, such as early termination fees, associated with these market offers. Some of the retailers have multiple market offers and may offer higher discounts than those listed here (see appendix 1). However, if the discount is higher the length of the contract term is generally longer, and vice versa.

**Table 3** Published electricity market offers taking effect after July 2012: Key additional features and contract conditions

	Discounts	Fixed term	Early Termination Fee	Late Payment Fee	Pay on time discounts	Other
AGL	14% off usage	3 years	Up to \$75	\$14	No	Yes
Origin <sup>^</sup>	8% off usage	1 year	\$70	\$12	2% off consumption	Yes
Tru	4% off bill	3 years	Up to \$90	No	3% off bill	No
Simply	No	2 years	Up to \$95	No	10% off usage	No
Alinta	NO	No	No	No	7% off usage	No
Lumo <sup>^^</sup>	No	2 years	\$80	No <sup>^^</sup>	10% off bill	No
Powerdirect <sup>*</sup>	12% off usage	3 years	\$48	\$14	No	No

<sup>^</sup> Origin's offer includes a further 1% off consumption rates if bills are paid by direct debit and 1% off electricity consumption if customer signs up for gas.

<sup>^^</sup> Lumo's Price Fact sheet does not stipulate whether late payment fees apply.

<sup>\*\*</sup> Powerdirect's discount on usage does not include controlled off-peak.

Note: Examples of other features include loyalty bonuses, credits to the account upon commencing a contract and shop vouchers.

<sup>13</sup> Calculations include discounts off usage or bill as well as pay on time discounts off usage or bill.

As most retailers tend to apply the same rates as the regulated rates to their market offer and then offer discounts, it is important that customers are aware that some of these discounts are conditional upon bills being paid on time. In practise, this means that the electricity market is more competitive for the segment of customers who typically pay on time – i.e. this group of customers have a higher number of competitively priced retail offers available to them. Pay on time discounts combined with late payment fees, means that South Australian households can be significantly penalised for late payment. Or conversely, South Australian households can be significantly rewarded for prompt payment. It does, however, highlight an issue that negatively impacts on households with cash-flow problems.

**Table 4** Electricity offers taking affect after July 2012: Difference (\$) in annual bill between paying all bills on time vs. paying all bills late (based on 6,000kWh per annum, single rate, 4 bills per annum)

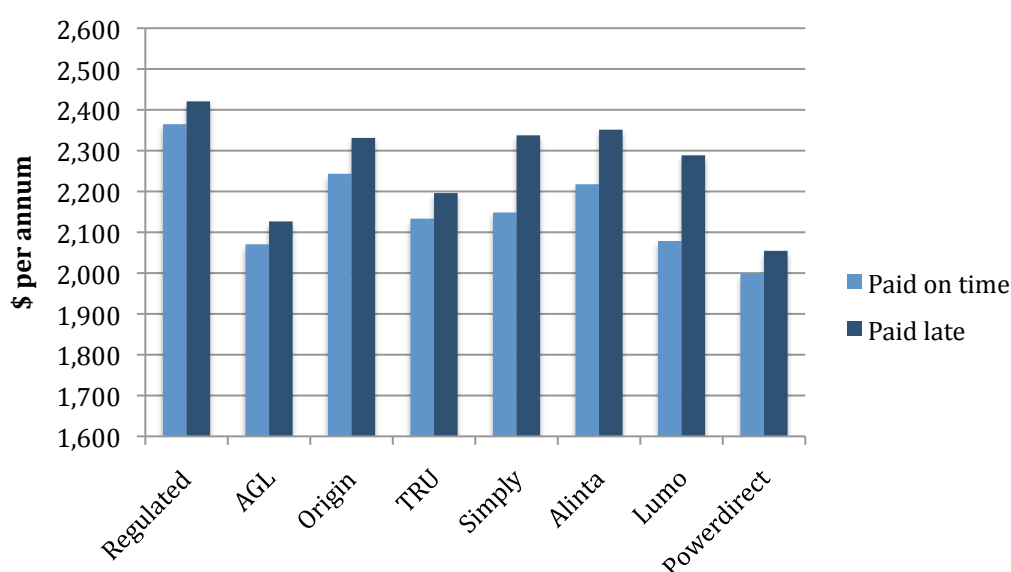
	Single rate, 6000kWh per annum
<b>Regulated Offer</b>	\$56
<b>AGL</b>	\$56
<b>Origin</b>	\$88
<b>Tru</b>	\$63
<b>Simply</b>	\$189
<b>Alinta</b>	\$134
<b>Lumo*</b>	\$210
<b>Powerdirect</b>	\$56

\* Lumo's offer does not stipulate whether late payment fees apply and these calculations do not include a late payment fee for Lumo.

Table 4 above shows that paying late can become very expensive on some market offers. Households with Simply or Lumo, for example, could be between \$190-\$210 worse off if they pay late compared to paying on time.

Chart 7 below shows the estimated annual electricity bill for customers that always pay on time and for those who always pay late, for published electricity offers.

**Chart 7** Estimated annual bill for customers that pay on time vs. pay late, electricity offers as of July 2012, Single rate, 6,000kWh (GST inc)<sup>14</sup>



Households always able to pay their electricity bills by the due date can save significantly by switching from the regulated offer to a market offer. By switching from the regulated offer to Powerdirect's market offer a typical consumption household may save \$365 per annum. Lumo and AGL have offers that could shave approximately \$290 off the annual bill (by switching from the regulated offer) if always paid on time.

Households with cash-flow problems, and thus late paying bills, are not always able to achieve the same savings by switching from the regulated offer to a market offer. Powerdirect's market offer will produce the greatest saving for late paying customers looking to switch, with an estimated annual saving of \$360 for a typical consumption household. AGL's market offer would produce a saving of approximately \$290 for the same household.

**Table 5** Potential annual savings (\$) by switching from regulated offer to market offer (based on 6,000kWh per annum, single rate, 4 bills per annum)

	Paid on time	Paid late
<b>AGL</b>	\$294	\$294
<b>Origin</b>	\$121	\$90
<b>Tru</b>	\$231	\$225
<b>Simply</b>	\$216	\$83
<b>Alinta</b>	\$147	\$69
<b>Lumo*</b>	\$286	\$132
<b>Powerdirect</b>	\$366	\$366

\* Lumo's offer does not stipulate whether late payment fees apply and these calculations do not include a late payment fee for Lumo.

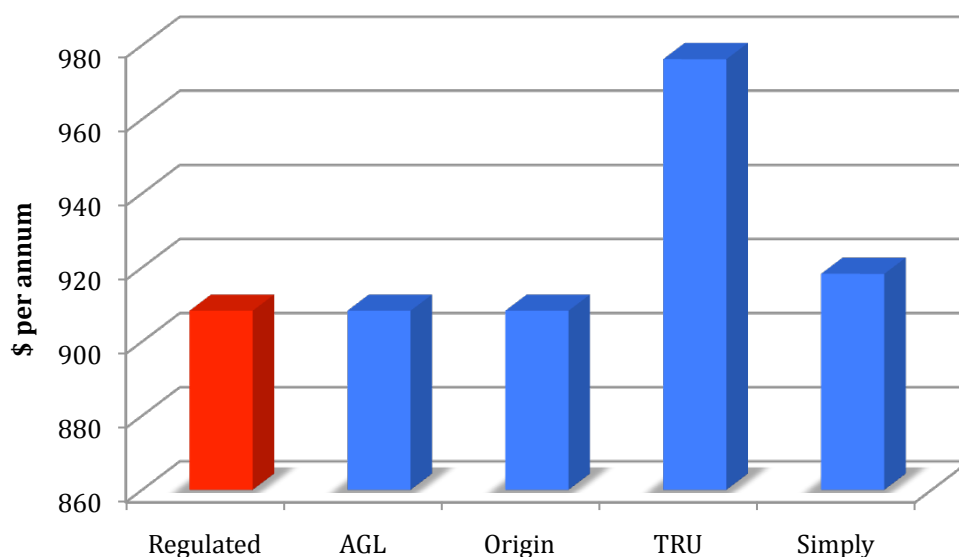
<sup>14</sup> Annual bill calculation includes discounts, pay on time discounts and late payment fees as per energy offer. Note: Lumo's offer does not stipulate whether late payment fees apply and these calculations do not include a late payment fee for Lumo.



### 3.2 Gas: Regulated vs. market offers post July 2012

There are very few gas market offers in South Australia and the only area where there is more than one market offer is the Adelaide area (households in the other areas only have access to Origin's market offer). As such, the below analysis only comprises regulated vs. market offers in the greater Adelaide area. Chart 8 below shows that market offer rates (excluding additional discounts) are either the same or more than the regulated offer.

**Chart 8** Gas offers post July'12, as annual bills (21,000Mj per annum)



However, the calculations for the market offers include their rates only (cost per MJ and fixed charges) and do not include other market offer features such as discounts on consumption rates, vouchers, sign-up credits, loyalty bonuses and discounts if bills are paid on time. As such, consumers assessing market offers should take these additional features into account as well as being aware of contract conditions such as late payment fees, the length of the contract and fees for exiting the contract early.

**Table 6** Published gas market offers in the Adelaide gas zone as of July 2012: Key additional features and contract conditions

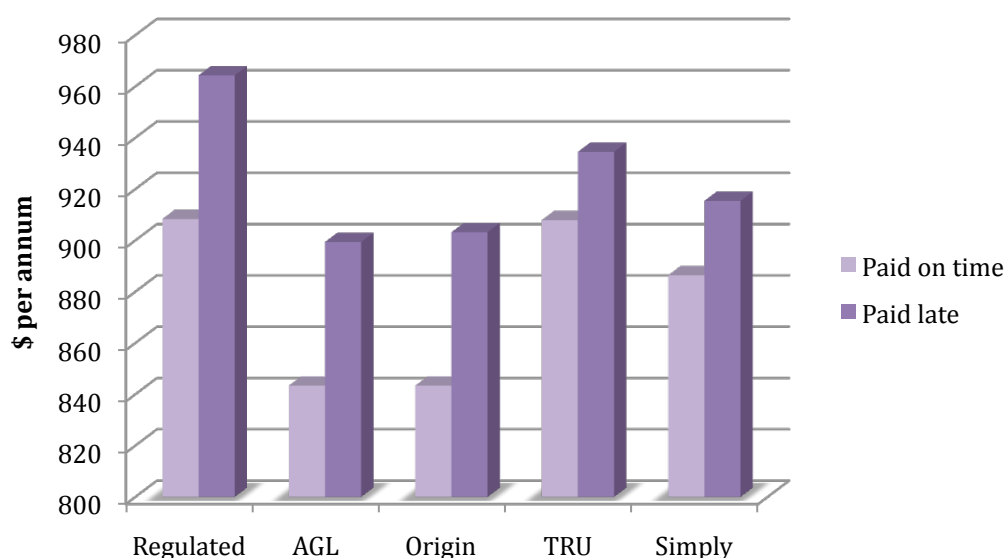
	Discounts	Fixed term	Early Termination Fee	Late Payment Fee	Pay on time discounts	Other
AGL	10% off usage	2 years	Up to \$75	\$14	No	Yes
Origin^	8% off usage	1 year	\$70	\$12	2% off usage	Yes
Tru	4% off bill	3 years	Up to \$90	No	3% off bill	No
Simply	No	2 years	Up to \$95	No	5% off usage	Yes

^ Origin's offer includes a further 1% off consumption rates if bills are paid by direct debit and 1% off electricity consumption if customer signs up for gas.

Note: Examples of other features include loyalty bonuses, credits to the account upon commencing a contract and shop vouchers.

Chart 9 below shows the estimated annual gas bill for customers that always pay on time and customers who do not for published gas offers in the Envestra/Adelaide zone.

**Chart 9** Gas offers in the Adelaide area: Estimated annual bill for customers that pay on time vs pay late, Based on 21,000Mj and 4 bills per annum, GST incl



Adelaide households can reduce their gas bills by switching from the regulated offer to a market offer as long as they do not switch to Tru (as their market offer rates are higher than the regulated rates). Both AGL and Origin's market offers will produce an annual saving of approximately \$60-65. Late paying customers may make the same savings by switching to AGL or Origin. Curiously, customers paying late will achieve a greater saving than those paying on time if switching to Tru or Simply (although still less compared to AGL and Origin). This occurs because Tru and Simply do not apply late payment fees while the regulated offer does.

**Table 7** Potential annual savings (\$) by switching from regulated offer to market offer in the Adelaide gas zone (based on 21,000Mj, 4 bills per annum)

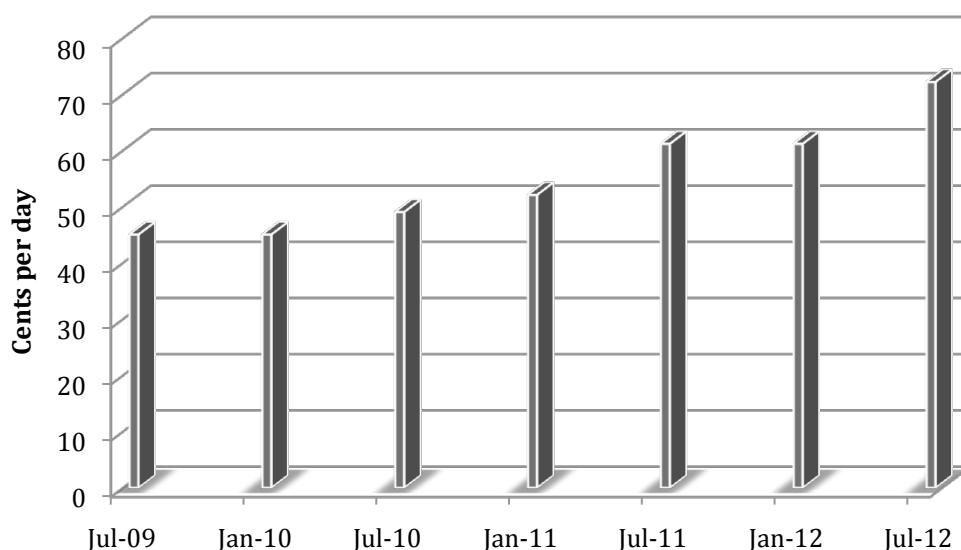
Adelaide Gas Zone	Paid on time	Paid late
AGL	\$65	\$65
Origin	\$65	\$61
Tru	\$0	\$30
Simply	\$22	\$49

## 4. Supply charges

### 4.1 Electricity supply charges

The supply charge is a fixed daily charge that is paid in addition to the consumption charges for electricity used. In South Australia the supply charge for single rate electricity customers has increased by 60% since July 2009. Chart 10 below shows the increases to the daily supply charge from July 2009 to July 2012.

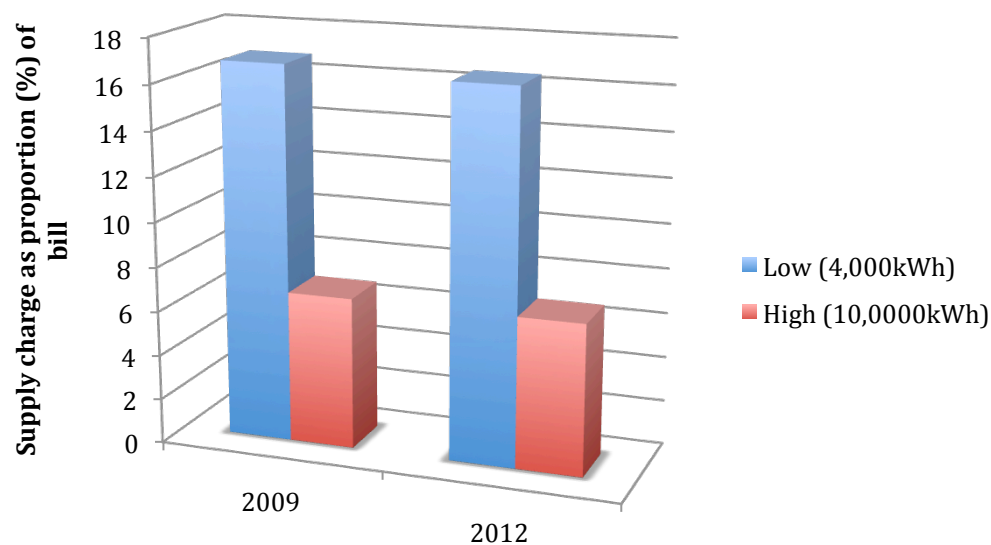
**Chart 10** Daily supply charge, Single rate, regulated electricity offers, 2009-12



High supply charges result in low consumption households paying a proportionally higher cost per unit of energy than high consumption households. This has significant equity implications as some customer classes characterised by low and fixed income also use less electricity than the South Australian average. Pensioners make up one of these lower consumption groups.

Chart 11 below shows the difference between households consuming 4,000kWh per annum (blue bar) and households consuming 10,000kWh per annum (red bar) when it comes to the proportion of the annual electricity bill that goes to cover fixed supply charges. The fixed supply charge is 17% of the annual electricity bill for a low consumption household. A high consumption household on the other hand, would pay 7% of their annual bill in fixed charges. However, as also illustrated by chart 11, the fixed charge as proportion of total bill has remained unchanged since July 2009.

**Chart 11** Supply charge as proportion of annual bill, July 2009 and July 2012

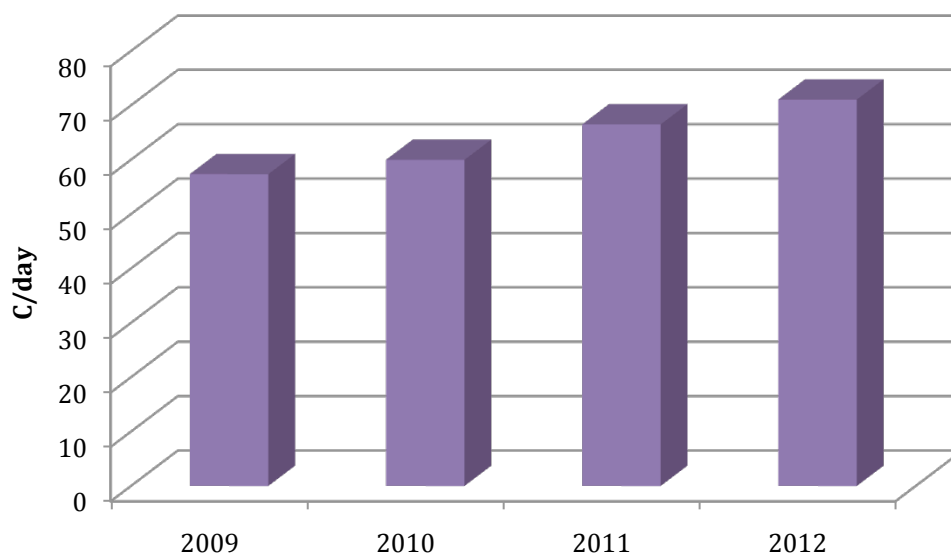


## 6.2 Gas supply charges

The gas supply charge, at just over 71 cents/day (across all gas zones), is now almost as high as the electricity supply charge. This effectively means that South Australian households pay \$260 per annum in order to be connected to natural gas. However, as the gas supply charge was higher than the electricity supply charge in July 2009, the increase over the three last years has been smaller at 24%.

Chart 12 below shows increases to the regulated gas supply charge from July 2009 to July 2012 for all gas zones.

**Chart 12** Gas supply charges from 2009 to 2012, cents per day



The average domestic gas consumption in South Australia is relatively low and as such the supply charges do comprise a significant proportion of the annual gas bill.<sup>15</sup> For households consuming 21,000Mj per annum, the supply charge makes up 28% of the annual bill (regulated offers, July 2012). Furthermore, the gas market offers either have the same fixed supply charge as the regulated offer or higher. For example, Tru's market offer in the Adelaide gas zone contains a daily supply charge of 84.7 cents, 13 cents more per day (or almost \$50 more per annum) than the regulated offer.

---

<sup>15</sup> We have assumed typical residential annual gas consumption in South Australia to be 21,000Mj per annum while in Victoria we base it on 63,000Mj.

## Appendix 1: Electricity market offer features

Retailer	Product	Features
AGL	Advantage 12	12% discount (usage) 24 month contract Early termination fee AGL shop voucher
	Advantage 10	10% discount (usage) 24 month contract Early termination fee AGL shop voucher
	Advantage 5	5% discount (usage) 24 month contract Early termination fee AGL shop voucher
	Freedom	No discount No fixed contract No early termination fee
Origin	Daily Saver 8%	8% discount (usage) 2% pay on time discount (usage) 1% direct debit discount (usage) 1% discount (usage) if signing up for Origin gas contract. 12 month contract Early termination fee
	Flexi choice	No discount No fixed contract No early termination fee
	One month free	A rebate valued at a month's average consumption cost credited to account after 1 year of bills being paid on time. 1% direct debit discount (usage) 24 month contract Early termination fee
	Rate freeze	1% direct debit discount (usage) 24 month contract Early termination fee Note: This offer has a higher supply charge than the other contracts.
Tru	Go easy	3% pay on time discount (bill) 12 month contract Early termination fee
	Go for more	4% discount off bill 3% pay on time discount (bill) 36 month contract Early termination fee
Alinta	Fair Go Flexi	7% pay on time discount (bill) No fixed contract No early termination fee
Powerdirect	Residential 12% offer	12% discount (peak usage, not applicable for controlled load)

		36 month contract Early termination fee \$20 account credit for direct debit agreement
<b>Red Energy</b>	Living Energy Saver	10% pay on time discount (usage) 24 month contract Early termination fee
<b>Simply</b>	Simply Save	10% discount (bill) 24 month contract Early termination fee
<b>Lumo</b>	Lumo Advantage	10% pay on time discount (bill) 24 month contract Early termination fee
<b>Momentum</b>	SmilePower	Renewable energy Choice between 12, 24 and 36 month contract Early termination fee