



Energy

Energy Retail Offers Comparison Report 2015-16

Report to the Minister for Mineral Resources and Energy

August 2016

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Glossary of terms

Term	Description
AER	Australian Energy Regulator (www.aer.gov.au)
Commission	Essential Services Commission established under the Essential Services Commission Act 2002
Designated Retailer	Under clause 2 of the National Energy Retail Law, a 'Designated Retailer' is defined as, in the case where there is: (a) no existing connection – the local area retailer; and (b) an existing connection – the financially responsible retailer for the premises
Electricity customer	The annual consumption assumed for electricity customers is: ▶ for residential customers: 5,000 kWh ▶ for small business customers: 10,000 kWh
Gas customer	The annual consumption assumed for gas customers is: ▶ for residential customers: 21,000 MJ ▶ for small business customers: 190,000 MJ
GST	Goods and Services Tax
kWh	Kilowatt hour
Market Offer	Any retail electricity or gas offer that is not a Standing Offer
Minister	Minister for Mineral Resources and Energy
Energy Retail Offers Comparison Report (Report)	Annual report required by Electricity (General) Regulations 2012, Regulation 12 and the Gas Regulations 2012, Regulation 6 (refer Annexure A)
MJ	Megajoule
MWh	Megawatt-hour
NECF	National Energy Customer Framework
NERL	National Energy Retail Law (South Australia) Act 2011
NERL retailers	Energy retailers authorised to sell electricity to customers under the National Energy Retail Law (South Australia) Act 2011
R-FiT	Retailer-paid component of the solar feed-in tariff

Report	The fourth Energy Retail Offers Comparison Report
Simple Average	The mean of a group of numbers, which gives equal weight to each individual number within the group
Standing Offer	Standing Offers are those which an energy retailer must make available to customers for which it is a Designated Retailer

Executive summary

Under the Electricity Act 1996 and Gas Act 1997, the Essential Services Commission (**Commission**) provides to the Minister for Mineral Resources and Energy (**Minister**) an annual Energy Retail Offers Comparison Report (**Report**). This Report compares electricity and gas retail offer prices available to South Australian residential and small business customers during the financial year 30 June 2015 to 30 June 2016.

This Report therefore provides a snapshot of energy retail offers available in the market at a particular time. In doing so, it applies an 'annual bill' approach, using set levels of customer consumption, to monitor energy retail offer prices in South Australia.

This Report does not cover the recent electricity price rises and gas price reductions, effective from 1 July 2016. Those price movements will be covered in the 2016-17 Report.

On 22 June 2016, the Commission was asked by the South Australian Government to provide independent advice on whether the electricity price rises attributable to AGL, EnergyAustralia and Origin Energy were justifiable.¹ The Commission will report to the South Australian Government on that matter separately.

The Commission's key observations of energy retail offer price movements over the 12 months to 30 June 2016 are set out below.

Annual electricity retail offer prices have generally fallen over the past 12 months

- ▶ Average annual residential electricity retail Standing Offer and Market Offer prices fell by five percent and one percent respectively over the 12 months to 30 June 2016. This is equivalent to an average annual bill reduction of \$101 for a residential customer on a Standing Offer, and a \$22 reduction for a customer on a Market Offer.
- ▶ Average annual small business retail electricity Standing Offer and Market Offer prices fell by five percent and three percent respectively over the same period. This is equivalent to an average annual bill reduction of \$202 for a small business customer on a Standing Offer, and a \$102 reduction for a customer on a Market Offer.

Annual gas retail offer prices have increased over the past 12 months

- ▶ Average annual residential gas retail Standing Offer and Market Offer prices increased by two percent and three percent respectively over the 12 months to 30 June 2016. This is equivalent to an average annual bill increase of \$27 for a residential customer on a Standing Offer, and a \$33 increase for a customer on a Market Offer.
- ▶ Average annual small business gas retail Standing Offer and Market Offer prices increased by seven percent and five percent respectively over the same period. This is equivalent to an average annual bill increase of \$402 for a small business customer on a Standing Offer, and a \$286 increase for a customer on a Market Offer.

¹ <http://www.premier.sa.gov.au/index.php/tom-koutsantonis-news-releases/737-escosa-to-assess-south-australia-s-electricity-prices>.

Market Offers were generally priced at a discount to Standing Offers

- ▶ There was a wide range of discounts between electricity retail Standing Offers and Market Offers. For residential customers, the discount between a retailer's Standing Offer and average Market Offer ranged from two percent to 22 percent. For small business customers, the available discount ranged from three percent to 19 percent.
- ▶ While gas retail Market Offers were also priced at a discount to retail Standing Offers, the extent of discounting is lower for gas than for electricity. For residential gas customers, the discount between a retailer's Standing Offer and their average Market Offer ranged from six percent to 10 percent. For small business gas customers, the available discount ranged from five percent to 10 percent.

Customers can save by shopping around for a better energy retail offer

- ▶ Energy retailers were differentiating their Market Offers in a variety of ways (for example, through retail prices, discounts, fees and charges, contract duration and sign-up incentives) resulting in annual bill differences between Market Offers. However, the extent of differentiation is less in gas than for electricity.
- ▶ At 30 June 2016, residential electricity customers on a Standing Offer could have saved between \$6 and \$476 annually had they switched to their retailer's lowest-priced Market Offer. Residential customers could have saved up to \$694 annually had they switched to the lowest-priced Market Offer available in the market.
- ▶ At 30 June 2016, residential gas customers on a Standing Offer could have saved between \$106 and \$159 had they switched to their retailer's lowest-priced Market Offer. Residential customers could have saved up to \$256 had they switched to the lowest-priced Market Offer available in the market.
- ▶ With the range of energy retail offers available, customers can save by shopping around for a better offer. Customers can either change their energy retailer or find a better offer with their current energy retailer. Customers can make use of the Australian Energy Regulator's (AER) Energy Made Easy online service (www.energymadeeasy.gov.au) to compare all available energy offers.

1 Introduction

Under the Electricity Act 1996 and Gas Act 1997, the Essential Services Commission (**Commission**) is responsible for providing to the Minister for Mineral Resources and Energy (**Minister**) an annual Energy Retail Offers Comparison Report (**Report**) for South Australian residential and small business customers. This is the fourth annual Report under those Acts.²

This Report forms part of an overall pricing and market monitoring regime, introduced by the South Australian Government when energy retail prices were deregulated (1 February 2013).³ Under that regime, the South Australian Government (through the Minister) has the role of collecting and gathering market information, including through reports provided by the Commission, the Australian Energy Market Operator and the Australian Energy Regulator (**AER**), to inform itself of the state of the market and of the need to review or amend regulatory controls.

The Report must include:

- ▶ the range of retail 'Standing Offer' prices generally available to small customers⁴
- ▶ the range of retail 'Market Offer' prices generally available to small customers
- ▶ the difference between average retail 'Standing Offer' prices and retail 'Market Offer' prices generally available to small customers, and
- ▶ any other matter required by the Minister.⁵

The key observations set out in this Report are based on energy retail offer prices that were available to residential and small business customers in South Australia between 30 June 2015 and 30 June 2016.

To report on those matters, this Report uses an 'annual bill', with a set level of consumption as a benchmark, to ensure that any movements in annual bills can be attributed to price movements and not to changes in energy usage. The full set of details and assumptions that underpin the analysis are discussed in Annexure B.

Movements in annual bills for residential and small business electricity customers are presented in Tables 2-1 and 2-2 respectively. Annual bill movements for residential and small business gas customers are presented in Tables 3-1 and 3-2 respectively. Additional commentary on annual bill movements is also provided as necessary in this Report.

Annexures C, D, E and F provide a full data set of estimated annual bills for residential and small business electricity and gas customers on the highest-priced Market Offer, lowest-priced Market Offer, Standing Offer, and the simple average Market Offer bill for each retailer.

² Regulation 12(2) of the Electricity (General) Regulations 2012 and Regulation 6(2) of the Gas Regulations 2012 (Regulations) require the Commission to provide to the Minister, by 31 August each year, a report on energy retail prices that were generally available to classes of small customers in South Australia in the preceding financial year. Extracts of the Regulations are contained in Annexure A.

³ This date coincided with the implementation of the National Energy Customer Framework in South Australia, which transferred most South Australian energy retail regulatory functions to the AER.

⁴ Small customers are those electricity customers using less than 160 MWh of electricity annually and gas customers using less than 1 TJ of gas annually, through a single connection point.

⁵ No additional matters have been specified by the Minister for the purposes of this Report.

This Report does not cover the recent electricity price rises and gas price reductions, effective from 1 July 2016. Those price rises will be covered in the 2016-17 Report next year.

On 22 June 2016, the Commission was asked by the South Australian Government to provide independent advice on whether the electricity price rises attributable to AGL, EnergyAustralia and Origin Energy were justifiable. The Commission will report to the South Australian Government on that matter separately.

1.1 Energy retailers included in this Report

This Report provides information on offers available from energy retailers to South Australian residential and small business customers authorised under the National Energy Retail Law (South Australia) Act 2011 (NERL). The AER administers retailer authorisations.

Table 1-1 shows that there were 18 authorised retailers actively retailing energy to small customers in South Australia at 30 June 2016. Both Click Energy and Urth Energy commenced their energy retail operations in South Australia in 2015-16.

Table 1-1: Authorised NERL retailers (at 30 June 2016)

Retailer	Selling electricity to		Selling gas to	
	Residential	Small Business	Residential	Small Business
AGL Energy	✓	✓	✓	✓
Alinta Energy	✓		✓	
Click Energy	✓	✓		
Diamond Energy	✓	✓		
EnergyAustralia	✓	✓	✓	✓
ERM Power		✓		
Lumo Energy	✓	✓		
M2 Energy (Commander)	✓	✓		
M2 Energy (Dodo)	✓			
Momentum Energy	✓	✓		
Origin Energy	✓	✓	✓	✓
Pacific Hydro	✓	✓		
Powerdirect	✓	✓		
QEnergy	✓	✓		
Red Energy	✓	✓		
Sanctuary Energy	✓			
Simply Energy	✓	✓	✓	
Urth Energy	✓	✓		

1.2 Types of energy offers

Energy retailers offer consumers two types of energy retail offers – Standing Offers and Market Offers.

1.2.1 Standing Offers

Each retailer authorised to sell electricity under the NERL must publish retail 'Standing Offer' prices. The Standing Offer is an element of the National Energy Customer Framework (NECF), arising under the NERL. A retailer is required to make a Standing Offer available to small customers on request.

The NERL prohibits retailers from changing the terms of their Standing Offers more frequently than every six months. In practice, they are often only changed annually. These offers are commonly marketed as the offer against which Market Offer discounts are measured.

1.2.2 Market Offers

Retailers generally provide a range of Market Offers; these must contain a minimum set of terms and conditions but may also include other terms and conditions. These offers can vary from contract to contract (for example, discounts, different payment options, fixed contract terms and various other fees and charges).

Retailers are free to change their Market Offers at any time.

1.3 Energy retail price information reported

This Report compares annual electricity and gas bills for small customers on Standing Offers and Market Offers at 30 June 2015 and 30 June 2016. The Commission's analysis includes:

- ▶ **Overall annual bill changes** – changes in Standing Offer and Market Offer annual bills (averaged across all retailers)⁶
- ▶ **Individual retailer annual bill changes** – changes in Standing Offer and Market Offer annual bills for each retailer, and
- ▶ **Differences between Standing Offers and Market Offers** – highlights the potential discounts that Market Offers provide relative to Standing Offers for each retailer, and the potentially higher discounts that customers might have saved had they switched to the lowest-priced Market Offer available in the market.

1.4 Additional information reported

The annual average bills presented in this report are based on peak rates only. The following retailer price information are also provided in this report:

- ▶ Retailer Feed-in Tariffs (Annexure G)
- ▶ Off-Peak Controlled Load offers (Annexure H), and
- ▶ Green energy options (Annexure I).

⁶ This is a simple (or unweighted) overall average determined by averaging each individual retailer's portfolio of relevant offers and then averaging all those individual retailers' results. Note that the results are not weighted by the number of offers a retailer presents, nor in any other way.

2 Electricity retail offer prices

Key observations

For residential customers

- ▶ Average annual electricity retail Standing Offer and Market Offer prices fell by five percent and one percent respectively over the 12 months to 30 June 2016.
- ▶ Residential Market Offers were generally priced at a discount to Standing Offers. The discount between a retailer's Standing Offer and average Market Offer ranged from two percent to 22 percent.
- ▶ Residential customers on a Standing Offer could have saved between \$6 and \$476 had they switched to their retailer's lowest-priced Market Offer. Residential customers might have saved up to \$694 had they switched to the lowest-priced Market Offer available in the market.

For small business customers

- ▶ Average annual electricity retail Standing Offer and Market Offer prices fell by five percent and three percent respectively over the 12 months to 30 June 2016.
- ▶ Small business Market Offers were generally priced at a discount to Standing Offers. The discount between a retailer's Standing Offer and average Market Offer ranged from three percent to 19 percent.
- ▶ Small business customers on a Standing Offer could have saved between \$116 and \$933 had they switched to their retailer's lowest-priced Market Offer. Small business customers might have saved up to \$1,412 had they switched to the lowest-priced Market Offer available in the market.

There was a wide range of discounts between the Standing Offer and the range of Market Offers provided by each electricity retailer. The analysis in subsequent sections utilises an assumed consumption profile for a representative electricity small customer, therefore all figures are indicative. Actual pricing outcomes for individual customers will depend on the amount of electricity consumed, retail prices and the terms and conditions of the customer's retail contract.

2.1 Residential electricity retail offer prices

Figure 2-1 shows the average annual bill for a residential electricity customer, based on available retail Standing and Market Offer prices between 30 June 2015 and 30 June 2016.

It shows that there were reductions in both the average Standing Offer and Market Offer bills. However, the fall in the average Standing Offer bill of five percent (\$101) exceeded the one percent fall (\$22) in the average Market Offer bill. This reduced the discount between the two types of offers from \$234 to \$155.

Figure 2-1: Average annual electricity bills for residential customers (\$nominal)

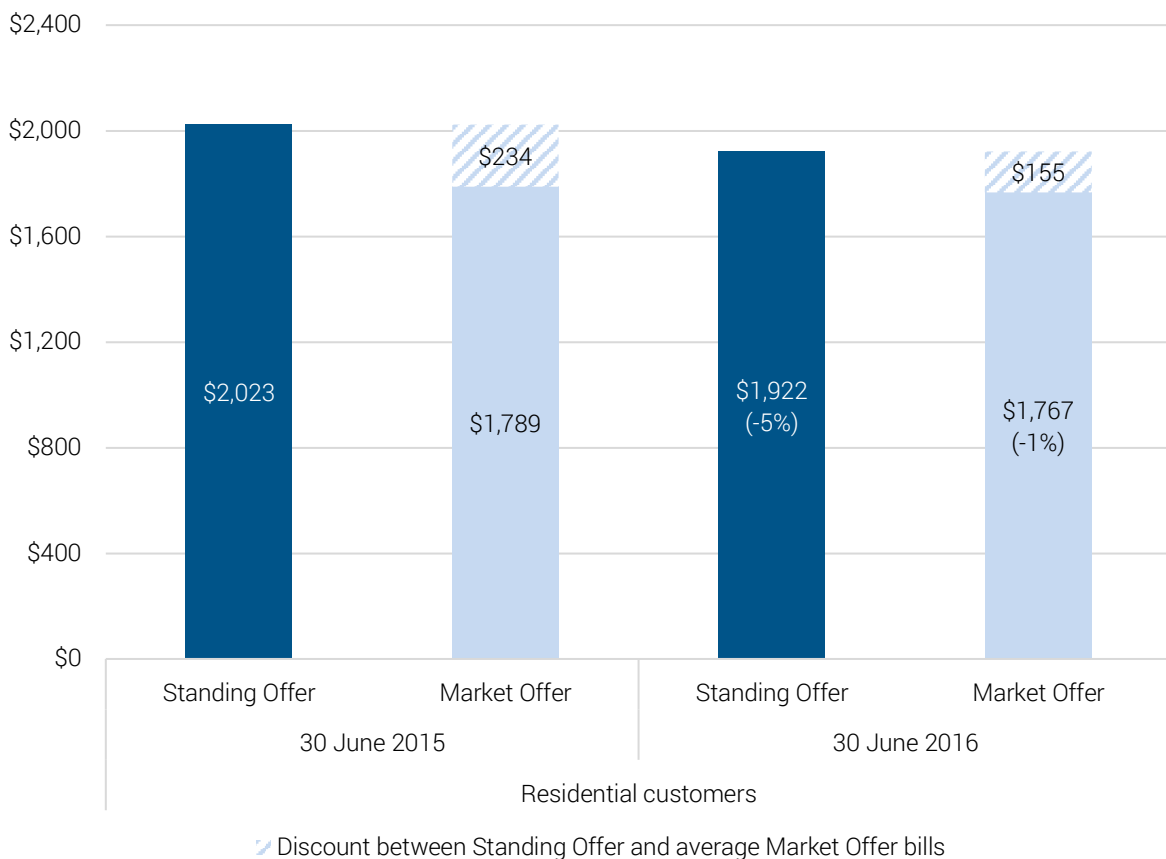


Table 2-1 shows the change in estimated annual Standing Offer and lowest-priced Market Offer bills for each retailer between 30 June 2015 and 30 June 2016. Annexure C provides a full data set of estimated annual bills for residential electricity customers on the highest-priced Market Offer, lowest-priced Market Offer, Standing Offer, and the simple average Market Offer bill for each retailer.

Table 2-1: Comparison of estimated annual bills for residential electricity customers (\$nominal)

Retailer	Standing Offer			Lowest-priced Market Offer			Difference between Standing Offer and lowest-priced Market Offer	
	30 June 2015	30 June 2016	% change	30 June 2015	30 June 2016	% change	30 June 2015	30 June 2016
AGL	\$1,973	\$1,808	-8%	\$1,699	\$1,637	-4%	\$275	\$171
Alinta Energy	\$2,022	\$1,860	-8%	\$1,688	\$1,543	-9%	\$334	\$317
Click Energy	-	\$1,919	-	-	\$1,631	-	-	\$288
Diamond Energy	\$1,964	\$1,731	-12%	\$1,787	\$1,627	-9%	\$177	\$104
EnergyAustralia	\$2,143	\$1,998	-7%	\$1,703	\$1,591	-7%	\$440	\$407
Lumo Energy	\$2,018	\$1,836	-9%	\$1,615	\$1,830	13%	\$402	\$6
M2 Energy (Commander)	\$2,076	\$2,102	1%	\$1,716	\$1,738	1%	\$360	\$364
M2 Energy (Dodo)	\$1,982	\$2,185	10%	\$1,641	\$1,709	4%	\$341	\$476
Momentum Energy	\$2,061	\$1,949	-5%	\$1,645	\$1,883	14%	\$417	\$66
Origin Energy	\$2,094	\$1,918	-8%	\$1,782	\$1,623	-9%	\$313	\$295
Pacific Hydro	\$2,163	\$2,163	-	\$1,880	-	-	\$282	-
Powerdirect	\$2,009	\$1,828	-9%	\$1,749	\$1,673	-4%	\$260	\$155
QEnergy	\$1,939	\$1,815	-6%	-	\$1,884	-	-	-\$69
Red Energy	\$1,941	\$1,797	-7%	\$1,747	\$1,872	7%	\$194	-\$75
Sanctuary Energy	\$1,936	\$1,936	-	-	-	-	-	-
Simply Energy	\$2,022	\$1,873	-7%	\$1,707	\$1,491	-13%	\$315	\$382
Urth Energy	-	\$1,953	-	-	\$1,786	-	-	\$167
Simple average	\$2,023	\$1,922	-5%	\$1,720	\$1,701	-1%	\$316	\$246

The Commission's analysis of estimated annual residential electricity bills⁷ at 30 June 2015 and 30 June 2016 indicates:

- ▶ **Reductions in the majority of residential electricity retail Standing Offer and Market Offer prices** – Eleven out of the 17 electricity retailers reduced their retail Standing Offer prices. The reductions ranged from five percent (Momentum Energy) to 12 percent (Diamond Energy). At 30 June 2016, Diamond Energy had the lowest-priced Standing Offer annual bill at \$1,731 and M2 Energy (Dodo) had the highest-priced Standing Offer annual bill at \$2,185.

The reductions in the simple average of Market Offers by retailers ranged from six percent (AGL) to 10 percent (EnergyAustralia and Powerdirect). At 30 June 2016, Simply Energy had the lowest-priced Market Offer annual bill at \$1,491 and Click Energy had the highest-priced Market Offer annual bill at \$2,084.

- ▶ **Residential electricity Market Offers were generally priced at a discount to Standing Offers** – the discount between a retailer's Standing Offer and average Market Offer ranged from two percent (Momentum Energy) to 22 percent M2 Energy (Dodo). Residential customers could therefore save by moving from the Standing Offer to a Market Offer.

Residential customers on a Standing Offer could have saved between \$6 (Lumo Energy) and \$476 (M2 Energy (Dodo)) had they switched to their retailer's lowest-priced Market Offer. There was scope for greater savings by switching to the lowest-priced Market Offer available in the market – for example, a residential customer could have saved \$694 by switching from the highest-priced Standing Offer (M2 Energy (Dodo) at \$2,185) to the lowest-priced Market Offer (Simply Energy at \$1,491).

- ▶ **There was a range of price difference between retailers' residential electricity Market Offers** – retailers were differentiating their Market Offers in a variety of ways (for example, through retail prices, discounts, fees and charges, contract duration and sign-up incentives) resulting in price differences between Market Offers.

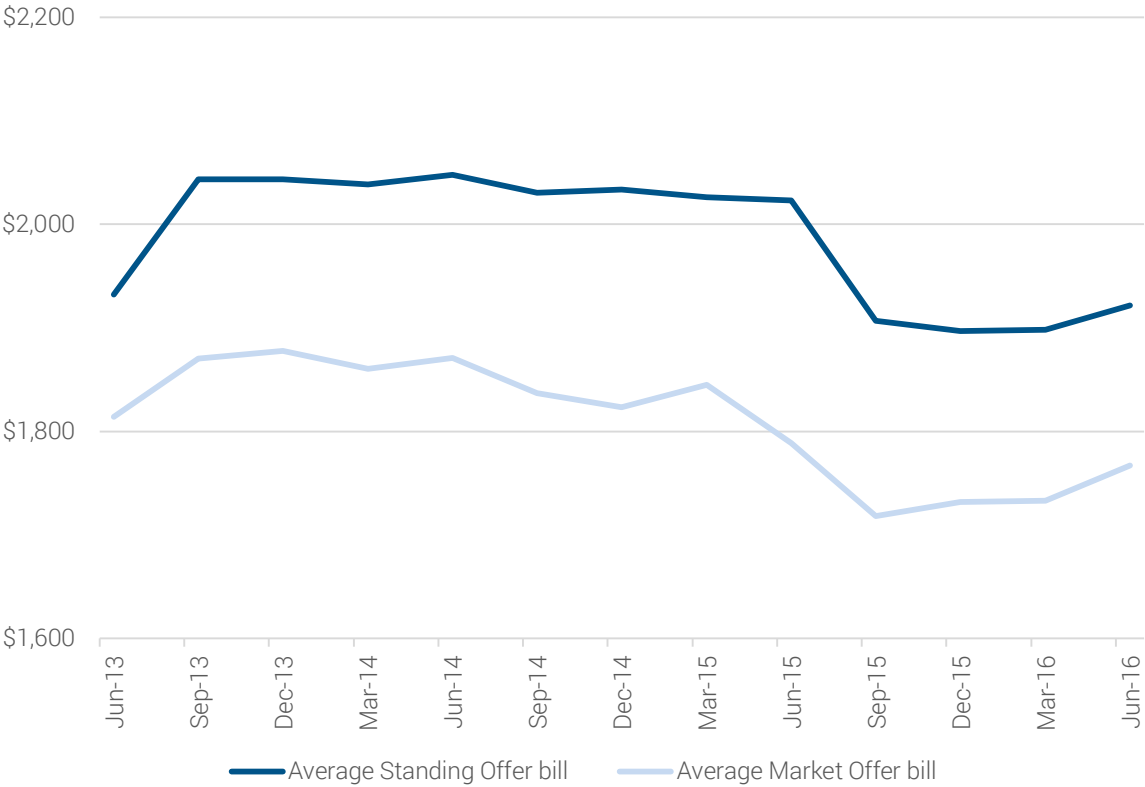
At 30 June 2016, the largest price difference was found across Click Energy's Market Offers, where the estimated annual bill on different Market Offers was between \$1,631 and \$2,084 (a spread of \$453).

There was no price difference between the lowest-priced and highest-priced Market Offers offered by Alinta Energy, M2 Energy (Commander and Dodo), Pacific Hydro, QEnergy and Urth Energy. Most of these retailers only offered a single residential electricity Market Offer.

⁷ Refer Table 2-1 and Annexure C.

Figure 2-2 shows the movement of annual residential electricity Standing Offer and Market Offer bills between 30 June 2013 and 30 June 2016. It shows that the annual Standing Offer bill has decreased by 0.5 percent (a decline of 0.2 percent per annum), and that the average annual Market Offer bill has decreased by 2.6 percent (a decline of 0.9 percent per annum) over the period. The average discount between Standing Offers and Market Offers has increased from \$118 to \$155 over the three years.

Figure 2-2: Movements in the average annual electricity Standing and Market Offer bills for residential customers (\$nominal)



2.2 Small business electricity retail offer prices

Figure 2-3 shows the average annual bill for a small business electricity customer, based on available retail Standing and Market Offer prices at 30 June 2015 and 30 June 2016.

It shows that there were reductions in both the average Standing Offer and Market Offer bills. However, the fall in the average Standing Offer bill of five percent (\$202) exceeded the three percent fall (\$102) in the average Market Offer bill. This reduced the discount between the two types of offers from \$435 to \$334.

Figure 2-3: Average annual electricity bill for small business customer (\$nominal)



Table 2-2 shows the change in the estimated annual small business electricity Standing Offer and the lowest-priced Market Offer bills for each retailer between 30 June 2015 and 30 June 2016. Annexure D provides a full data set of estimated annual bills for small business electricity customers on the highest-priced Market Offer, lowest-priced Market Offer, Standing Offer, and the simple average Market Offer bill for each retailer.

Table 2-2: Comparison of estimated annual bills for small business electricity customers (\$nominal)

Retailer	Standing Offer			Lowest-priced Market Offer			Difference between Standing Offer and lowest-priced Market Offer	
	30 June 2015	30 June 2016	% change	30 June 2015	30 June 2016	% change	30 June 2015	30 June 2016
AGL	\$3,724	\$3,723	0%	\$3,136	\$3,137	0%	\$588	\$586
Alinta Energy	\$3,923	\$3,934	0%	-	-	-	-	-
Click Energy	-	\$3,774	-	-	\$3,510	-	-	\$264
Diamond Energy	\$4,194	\$3,276	-22%	\$4,013	\$3,080	-23%	\$181	\$196
EnergyAustralia	\$4,338	\$3,974	-8%	\$3,531	\$3,112	-12%	\$807	\$862
ERM Power Retail Pty Ltd	\$3,556	\$3,558	0%	\$3,305	\$3,740	13%	\$251	-\$182
Lumo Energy	\$3,909	\$3,588	-8%	\$2,951	\$3,385	15%	\$958	\$203
M2 Energy (Commander)	\$4,022	\$4,173	4%	\$3,277	\$3,399	4%	\$745	\$774
Momentum Energy	\$3,900	\$3,694	-5%	\$3,107	\$2,761	-11%	\$793	\$933
Origin Energy	\$3,960	\$3,666	-7%	\$3,287	\$2,989	-9%	\$673	\$677
Pacific Hydro	\$3,764	\$3,781	0%	\$3,302	-	-	\$461	-
Powerdirect	\$4,070	\$4,015	-1%	\$3,338	\$3,456	4%	\$733	\$559
QEnergy	\$3,707	\$3,429	-7%	-	-	-	-	-
Red Energy	\$3,722	\$3,578	-4%	\$3,349	\$3,462	3%	\$372	\$116
Simply Energy	\$3,917	\$3,578	-9%	\$3,188	\$3,266	2%	\$730	\$312
Urth Energy	-	\$3,546	-	-	\$3,219	-	-	\$327
Simple average	\$3,908	\$3,705	-5%	\$3,315	\$3,270	-1%	\$608	\$484

The Commission's analysis of estimated annual small business electricity bills⁸ at 30 June 2015 and 30 June 2016 indicates:

- ▶ **Reductions in the majority of small business electricity retail Standing Offer and Market Offer prices** – nine out of the 16 electricity retailers reduced their retail Standing Offer prices. The reductions ranged from one percent (Powerdirect) to 22 percent (Diamond Energy). At 30 June 2016, Diamond Energy had the lowest-priced Standing Offer annual bill at \$3,276 and M2 Energy (Commander) had the highest-priced Standing Offer annual bill at \$4,173.

The reductions in the simple average of Market Offers by retailer ranged from two percent (Momentum Energy) to 22 percent (Diamond Energy). At 30 June 2016, Momentum Energy had the lowest-priced Market Offer annual bill at \$2,761 and ERM Power Retail had the highest-priced Market Offer annual bill at \$3,740.

- ▶ **Small business electricity Market Offers were generally priced at a discount to Standing Offers** – the discount between a retailer's Standing Offer and average Market Offer ranged from three percent (Lumo Energy) to 19 percent (M2 Energy (Commander)). Small business electricity customers could therefore save by moving from the Standing Offer to a Market Offer.

Small business customers on a Standing Offer could have saved between \$116 (Red Energy) and \$933 (Momentum Energy) had they switched to their retailer's lowest-priced Market Offer. There was scope for greater savings by switching to the lowest-priced Market Offer available in the market – for example, a small business customer could have saved \$1,412 by switching from the highest-priced Standing Offer (M2 Energy (Commander) at \$4,173) to the lowest-priced Market Offer (Momentum Energy at \$2,761).

- ▶ **There was a range of price difference between small business electricity Market Offers** – retailers were differentiating their Market Offers in a variety of ways (for example, through retail prices, discounts, fees and charges, contract duration and sign-up incentives) resulting in price differences between Market Offers. Small business electricity customers can pay varying retail prices depending upon the contract selected, highlighting the importance of selecting the most suitable contract for their particular circumstances.

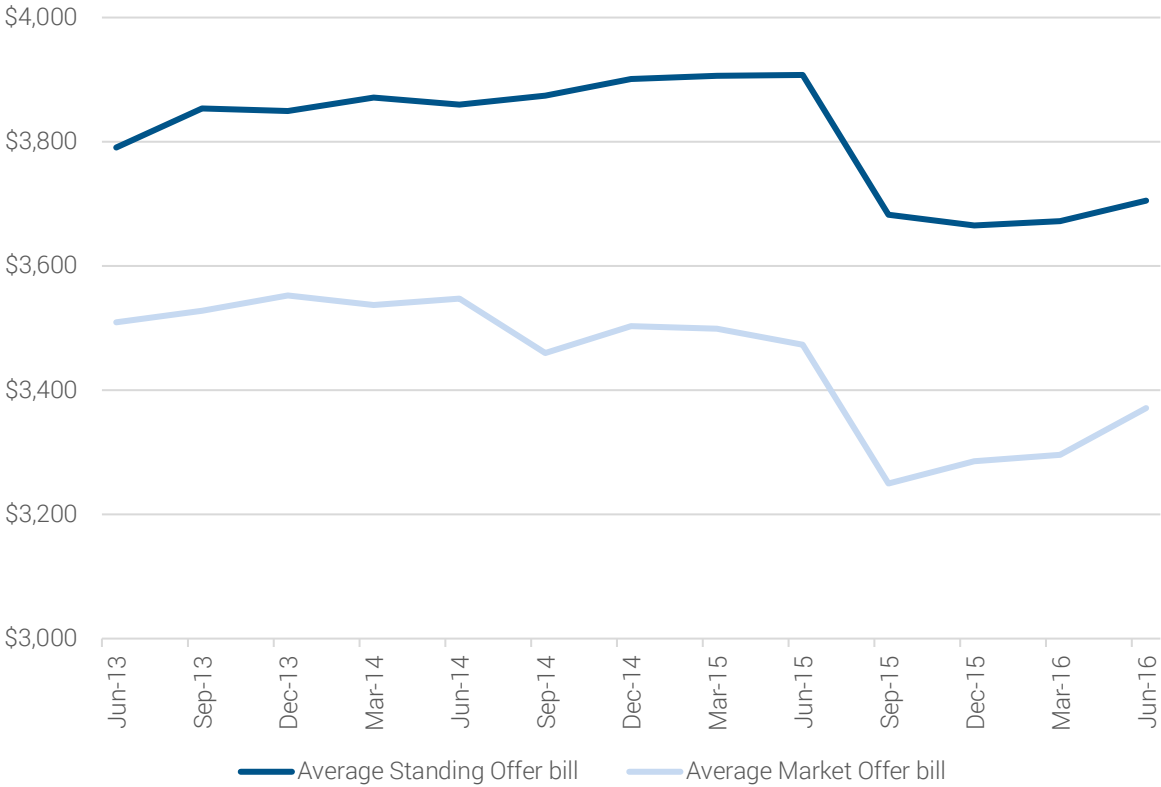
At 30 June 2016, the largest price difference was found across Momentum Energy's Market Offers, where the estimated annual bill on different Market Offers was between \$2,761 and \$3,694 (a spread of \$933).

There was no price difference between the lowest-priced and highest-priced Market Offers offered by Click Energy, ERM Power Retail, M2 Energy (Commander) and Simply Energy. Most of these retailers only offered a single small business electricity Market Offer.

⁸ Refer Table 2-2 and Annexure D.

Figure 2-4 shows the movement of annual small business electricity Standing Offer and Market Offer bills between 30 June 2013 and 30 June 2016. It shows that the annual Standing Offer bill has decreased by 2.2 percent (a decline of 0.8 percent per annum), and that the average annual Market Offer bill has decreased 3.9 percent (a decline of 1.3 percent per annum) over the period. The average discount between Standing Offers and Market Offers has increased from \$282 to \$334 over the three years.

Figure 2-4: Movements in the average annual electricity Standing and Market Offer bills for small business customers (\$nominal)



3 Gas retail offer prices

Key observations

For residential customers

- ▶ Average annual gas retail Standing Offer and Market Offer prices increased by two percent and three percent respectively over the 12 months to 30 June 2016.
- ▶ Residential Market Offers were generally priced at a discount to Standing Offers but the extent of discounting was less than that observed for residential electricity Market Offers. The discount between a retailer's Standing Offer and average Market Offer ranged from six percent to 10 percent.
- ▶ Residential customers on a Standing Offer could have saved between \$106 and \$159 had they switched to their retailer's lowest-priced Market Offer. Residential customers might have saved up to \$256 had they switched to the lowest-priced Market Offer available in the market.

For small business customers

- ▶ Average annual gas retail Standing Offer and Market Offer prices increased by seven percent and five percent respectively over the 12 months to 30 June 2016.
- ▶ Small business Market Offers were generally priced at a discount to Standing Offers but the extent of discounting was less than that observed for small business electricity Market Offers. The discount between a retailer's Standing Offer and average Market Offer ranged from five percent to ten percent.
- ▶ Small business customers on a Standing Offer could have saved between \$472 and \$1,043 had they switched to their retailer's lowest-priced Market Offer. Small business customers might have saved up to \$1,043 had they switched to the lowest-priced Market Offer available in the market.

There are five distinct gas supply areas in South Australia. Origin Energy is currently the only gas retailer actively marketing to regions outside of Adelaide.

There was a wide range of discounts between the Standing Offer and the range of Market Offers provided by each gas retailer. The analysis in subsequent sections utilises an assumed consumption profile for a representative gas small customer, therefore all figures are indicative. Actual pricing outcomes for individual customers will depend on the amount of gas consumed, retail prices and the terms and conditions of the customer's retail contract.

3.1 Residential gas retail offer prices

Figure 3-1 shows the average annual bill for a residential gas customer, based on available retail Standing and Market Offer prices at 30 June 2015 and 30 June 2016.

It shows that there were increases in both the average annual Standing Offer and Market Offer bills. However, the increase in the average Market Offer bill of three percent (\$33) exceeded the two percent increase (\$27) in the average Standing Offer bill. This reduced the discount between the two types of offers from \$86 to \$80.

Figure 3-1: Average annual gas bill for Metropolitan residential customers (\$nominal)

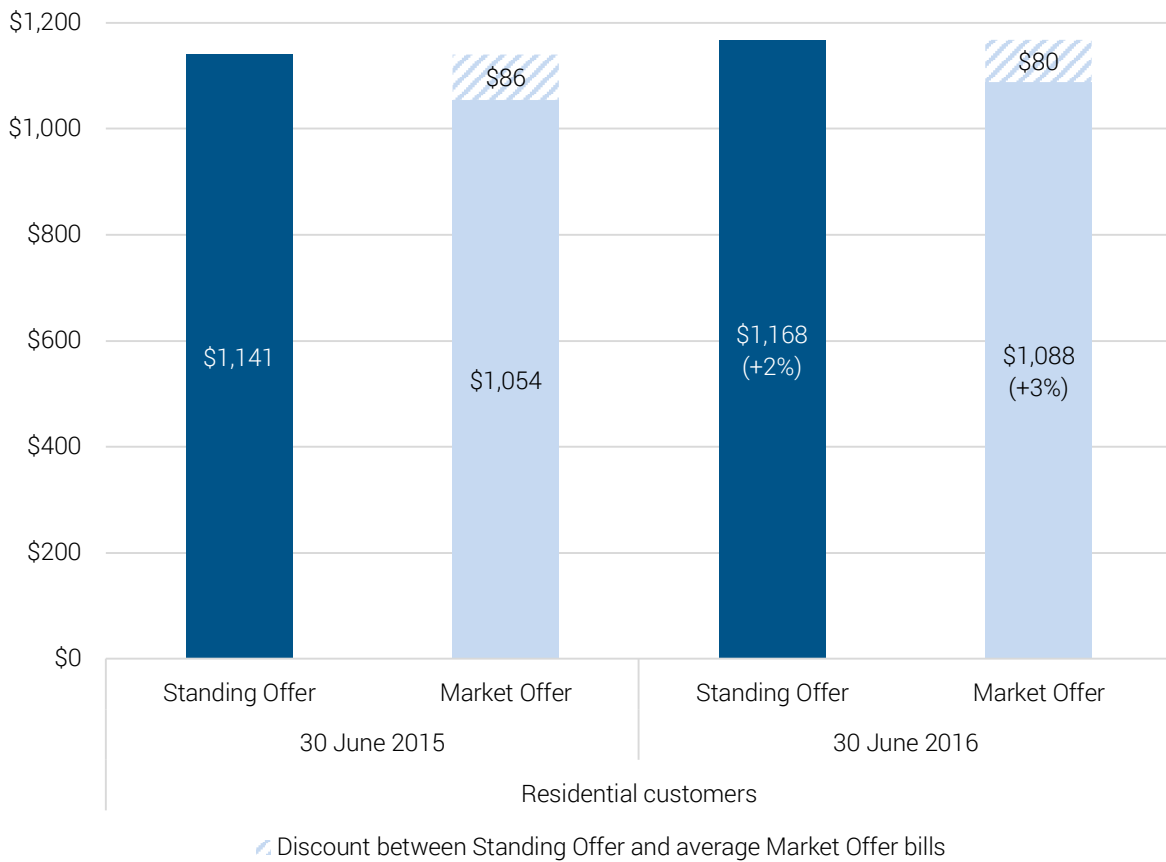


Table 3-1 shows the change in the estimated annual residential gas Standing Offer and lowest-priced Market Offer bills in the Metropolitan region for each retailer between 30 June 2015 and 30 June 2016. Table 3-2 shows the change in the estimated annual residential gas Standing Offer bills in non-Metropolitan regions for each retailer. Annexure E provides a full data set of estimated annual bills for Metropolitan residential gas customers on the highest-priced Market Offer, lowest-priced Market Offer, Standing Offer, and the simple average Market Offer bill for each retailer.

Table 3-1: Comparison of estimated annual bills for Metropolitan residential gas customers (\$nominal)

Retailer	Standing Offer			Lowest-priced Market Offer			Difference between Standing Offer and lowest-priced Market Offer	
	30 June 2015	30 June 2016	% change	30 June 2015	30 June 2016	% change	30 June 2015	30 June 2016
AGL Energy	\$1,087	\$1,130	4%	\$974	\$1,000	3%	\$113	\$130
Alinta Energy ⁹	\$1,153	-	-	\$1,066	-	-	\$87	-
EnergyAustralia	\$1,248	\$1,256	1%	\$1,020	\$1,097	8%	\$228	\$159
Origin Energy	\$1,110	\$1,153	4%	\$983	\$1,047	7%	\$127	\$106
Simply Energy	\$1,104	\$1,131	2%	-	-	-	-	-
Simple average	\$1,140	\$1,168	2%	\$1,011	\$1,048	4%	\$139	\$132

⁹ At 30 June 2016, Alinta Energy only offered gas as part of their dual fuel product with electricity.

Table 3-2: Comparison of estimated annual bills for non-Metropolitan residential gas customers (\$nominal)

Region	Retailer	Standing Offer		
		30 June 2015	30 June 2016	% change
Mount Gambier	AGL	\$1,087	-	-
	EnergyAustralia	\$1,248	-	-
	Origin Energy	\$1,110	\$1,153	4%
	Simply Energy	\$1,104	-	-
	Simple average	\$1,137	\$1,153	1%
Port Pirie	AGL	\$1,087	-	-
	EnergyAustralia	\$1,248	-	-
	Origin Energy	\$1,110	\$1,153	4%
	Simply Energy	\$1,104	-	-
	Simple Average	\$1,137	\$1,153	1%
Riverland	AGL	\$1,087	-	-
	EnergyAustralia	\$1,248	-	-
	Origin Energy	\$1,110	\$1,153	4%
	Simply Energy	\$1,104	-	-
	Simple Average	\$1,137	\$1,153	1%
Whyalla	AGL	\$1,087	-	-
	EnergyAustralia	\$1,248	-	-
	Origin Energy	\$1,110	\$1,153	4%
	Simply Energy	\$1,104	-	-
	Simple Average	\$1,137	\$1,153	1%

Note: Standing Offer prices were not available for AGL, EnergyAustralia and Simply Energy because they have ceased marketing to non-Metropolitan residential gas customers

The Commission's analysis of estimated annual residential gas bills¹⁰ at 30 June 2015 and 30 June 2016 indicates:

- ▶ **Origin Energy was offering Metropolitan and non-Metropolitan residential gas customers the same retail prices** – at 30 June 2016, only Origin Energy actively marketed to regions outside of Adelaide. There were four gas retailers (AGL, EnergyAustralia, Origin Energy and Simply Energy) doing so at 30 June 2015. Origin Energy offered the same gas retail Standing Offer prices to their Metropolitan and non-Metropolitan residential customers.
- ▶ **Increases in both residential gas retail Standing Offer and Market Offer prices** – all four gas retailers increased their retail Standing Offer prices. The increase ranged from one percent (EnergyAustralia) to four percent (AGL and Origin Energy). At 30 June 2016, AGL had the lowest-priced Standing Offer annual bill at \$1,130 and EnergyAustralia had the highest-priced Standing Offer annual bill at \$1,256.

The increases in the simple average of all Market Offers by retailer ranged from one percent (AGL) to six percent (Origin Energy). At 30 June 2016, AGL had the lowest-priced Market Offer annual bill at \$1,000 and EnergyAustralia had the highest-priced Market Offer annual bill at \$1,220.

- ▶ **Residential gas Market Offers were generally priced at a discount to Standing Offers but the extent of discounting was less than that observed for residential electricity Market Offers** – the discount between a retailer's Standing Offer and average Market Offer for the Metropolitan region ranged from six percent (Origin Energy) to ten percent (AGL). Residential gas customers could therefore save by moving from the Standing Offer to a Market Offer.

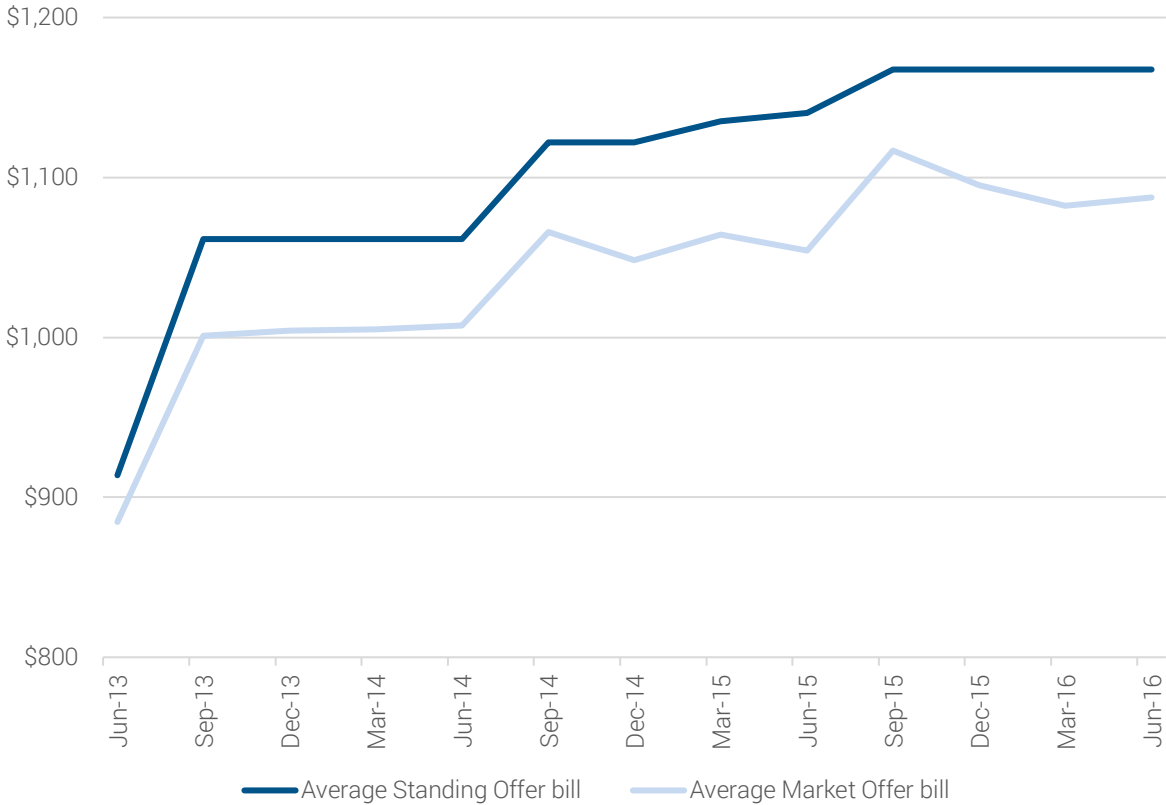
Residential gas customers on a Standing Offer could have saved between \$106 (Origin Energy) and \$159 (EnergyAustralia) had they switched to their retailer's lowest-priced Market Offer. There was scope for greater savings by switching to the lowest-priced Market Offer available in the market – for example, a residential customer could have saved \$256 by switching from the highest-priced Standing Offer (EnergyAustralia at \$1,256) to the lowest-priced Market Offer (AGL at \$1,000).

- ▶ **There was a range of price difference between residential gas Market Offers, but the extent of price differentiation was less than that observed for residential electricity Market Offers** – at 30 June 2016, the largest price difference was found across EnergyAustralia's Market Offers, where the estimated annual bill on different Market Offers was between \$1,097 and \$1,220 (a spread of \$123).

¹⁰ Refer Tables 3-2 and 3-3 and Annexure E.

Figure 3-2 shows the movement of annual Metropolitan residential gas Standing Offer and Market Offer bills between 30 June 2013 and 30 June 2016. It shows that the average annual Standing Offer bill increased by 27.8 percent (an increase of 8.5 percent per annum), and that the average annual Market Offer bill increased by 22.9 percent (an increase of 7.1 percent per annum) over the period. The average discount between Standing Offers and Market Offers has increased from \$29 to \$80 over the three years.

Figure 3-2: Movements in the average annual gas Standing and Market Offer bills for Metropolitan residential customers (\$nominal)



3.2 Small business gas retail offer prices

Figure 3-3 shows the average annual bill for a small business gas customer, based on available retail Standing and Market Offer prices at 30 June 2015 and 30 June 2016.

It shows that there were increases in both the average annual Standing Offer and Market Offer bills. However, the increase in the average Standing Offer bill of seven percent (\$402) exceeded the five percent increase (\$286) in the average Market Offer bill. This increased the discount between the two types of offers from \$349 to \$465.

Figure 3-3: Average annual gas bills for Metropolitan small business customers (\$nominal)

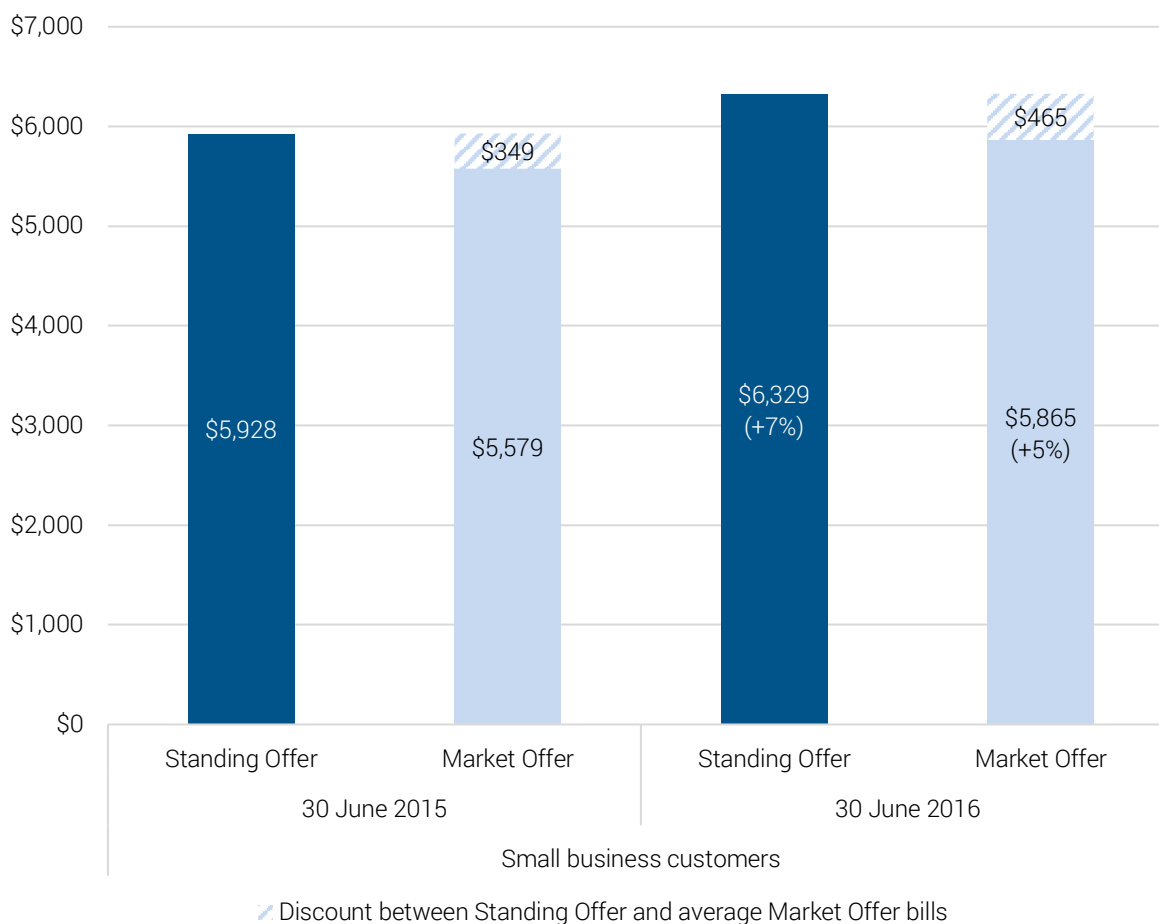


Table 3-3 shows the change in the estimated annual small business gas Standing Offer and lowest-priced Market Offer annual bills for each retailer between 30 June 2015 and 30 June 2016. Annexure F provides a full data set of estimated annual bills for small business gas customers on the highest-priced Market Offer, lowest-priced Market Offer, Standing Offer, and the simple average Market Offer bill for each retailer.

Table 3-3: Comparison of estimated annual bills for Metropolitan small business gas customers (\$nominal)¹¹

Retailer	Standing Offer			Lowest-priced Market Offer			Difference between Standing Offer and lowest-priced Market Offer	
	30 June 2015	30 June 2016	% change	30 June 2015	30 June 2016	% change	30 June 2015	30 June 2016
AGL Energy	\$5,565	\$5,983	8%	\$5,209	\$5,490	5%	\$356	\$493
EnergyAustralia	\$6,530	\$6,511	0%	\$5,344	\$5,468	2%	\$1,186	\$1,043
Origin Energy	\$5,953	\$6,378	7%	\$5,298	\$5,906	11%	\$655	\$472
Simply Energy	\$5,664	\$6,446	14%	-	-	-	-	-
Simple average	\$5,928	\$6,329	7%	\$5,284	\$5,621	6%	\$732	\$669

¹¹ Alinta Energy does not offer retail gas to small business customers in South Australia.

The Commission's analysis of estimated annual small business gas bills¹² at 30 June 2015 and 30 June 2016 indicates:

- ▶ **Increases in the majority of small business gas retail Standing Offer and Market Offer prices** – three out of the four gas retailers increased their small business retail Standing Offer prices. The increase ranged from seven percent (Origin Energy) to 14 percent (Simply Energy). At 30 June 2016, AGL had the lowest-priced Standing Offer annual bill at \$5,983 and EnergyAustralia had the highest-priced Standing Offer annual bill at \$6,511.

The increases in the simple average of all Market Offers ranged from four percent (AGL and EnergyAustralia) to eight percent (Origin Energy). At 30 June 2016, EnergyAustralia had the lowest-priced Market Offer annual bill at \$5,468 and Origin Energy had the highest-priced Market Offer annual bill at \$6,378.

- ▶ **Small business gas Market Offers were generally priced at a discount to Standing Offers but the extent of discounting was less than that observed for small business electricity Market Offers** – the discount between a retailer's Standing Offer and average Market Offer ranged from five percent (Origin Energy) to 10 percent (EnergyAustralia). Small business gas customers could therefore reduce their bills by moving from the Standing Offer to a Market Offer.

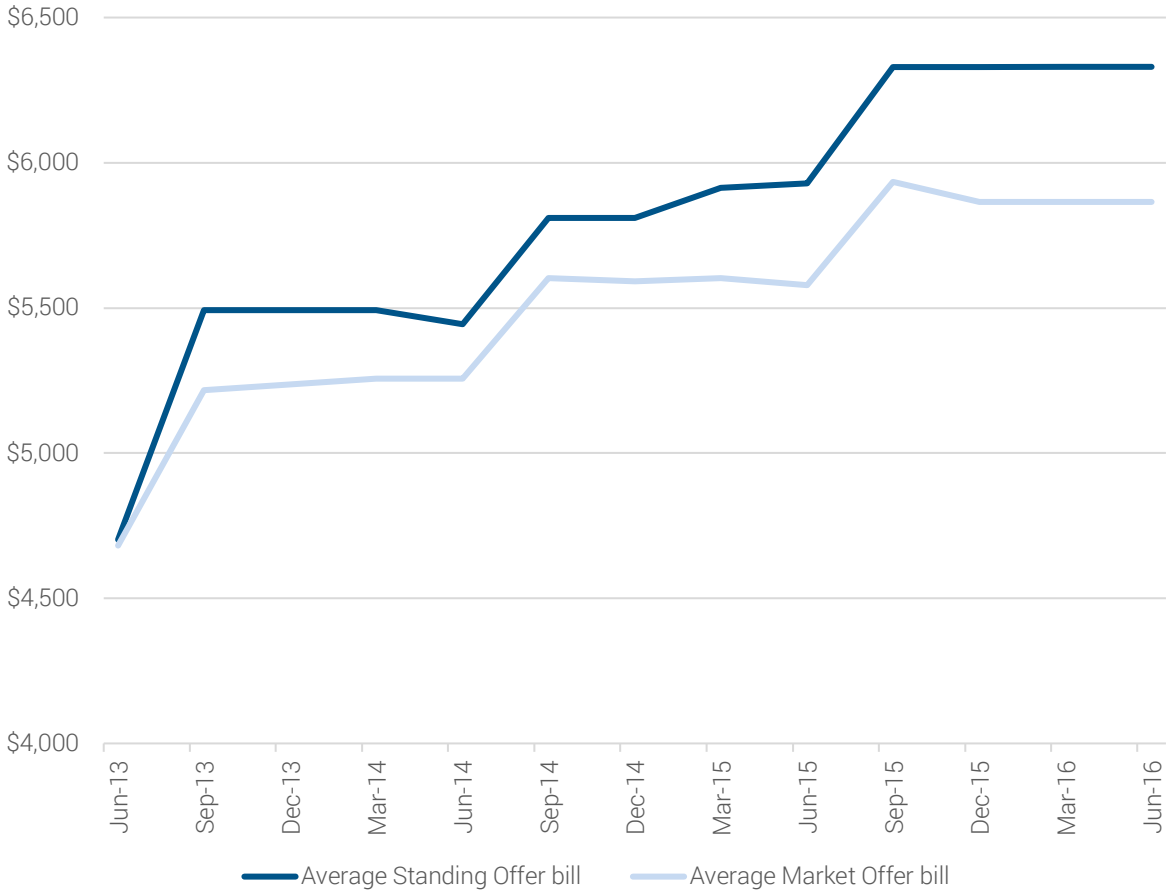
Small business gas customers on a Standing Offer could have saved between \$472 (Origin Energy) and \$1,043 (EnergyAustralia) had they switched to their retailer's lowest-priced Market Offer.

- ▶ **There was a range of price difference between small business gas Market Offers but the extent of price differentiation was less than that observed for small business electricity Market Offers** – at 30 June 2015, the largest price difference was found across EnergyAustralia's Market Offers, where the estimated annual bill on different Market Offers was between \$5,468 and \$6,321 (a spread of \$853).

¹² Refer Table 3-3 and Annexure F.

Figure 3-4 shows the movement of annual small business gas Standing Offer and Market Offer bills between 30 June 2013 and 30 June 2016. It shows that the average annual Standing Offer bill has increased by 34.6 percent (an increase of 10.4 percent per annum), and that the average annual Market Offer bill has increased by 25.3 percent (an increase of 7.8 percent per annum) over the period. The average discount between Standing Offers and Market Offers has increased from \$20 to \$465 over the three years.

Figure 3-4: Movements in the average annual gas Standing and Market Offer bills for Metropolitan small business customers (\$nominal)



Annexure A Regulations

Electricity (General) Regulations 2012

12—Functions and powers of Commission

- (1) Pursuant to section 6A of the Act, the Commission has (in addition to the Commission's functions and powers under the Act and the *Essential Services Commission Act 2002*) the following functions and powers:
- ...
- (c) on or before 31 August in each year, to submit to the Minister and publish on its website a report prepared for the purposes of monitoring prices for the sale of electricity available to a small customer under the *National Energy Retail Law (South Australia)* during the immediately preceding financial year containing the information required by the Minister under subregulation (2).
- (2) The Minister may require the following information for the year to which the report relates to be included in a report prepared under subregulation (1)(c):
- (a) comparisons of standing offer prices of NERL retailers generally available to classes of small customers in South Australia;
- (b) estimates relating to the annual cost to a small customer of electricity supplied to the customer (based on a reasonable estimate of the average annual level of consumption of electricity by a small customer in South Australia) under each standard retail contract of NERL retailers generally available to classes of small customers in South Australia;
- (c) details relating to the difference in annual cost to a small customer of electricity supplied to the customer (based on a reasonable estimate of the average annual level of consumption of electricity by a small customer in South Australia) under market offer prices of NERL retailers generally available to classes of small customers in South Australia compared to the cost to that customer under standing offer prices of NERL retailers generally available to classes of small customers in South Australia;
- (d) such other information as the Minister requires in writing to be included.
- (3) The Minister may require the information referred to in subregulation (2) to be presented in such manner and form as the Minister considers appropriate, including in the form of variations or trends over time.
- (4) In this regulation—
- market offer prices, standard retail contract*** and ***standing offer prices*** have the same respective meanings as in the *National Energy Retail Law*.

Gas Regulations 2012

6—Functions and powers of Commission

- (1) Pursuant to section 6A of the Act, the Commission has (in addition to the Commission's functions and powers under the Act and the *Essential Services Commission Act 2002*) the following functions:
 - ...
 - (b) on or before 31 August in each year, to submit to the Minister and publish on its website a report prepared for the purposes of monitoring prices for the sale of gas available to a small customer under the *National Energy Retail Law (South Australia)* during the immediately preceding financial year containing the information required by the Minister under subregulation (2).
- (2) The Minister may require the following information for the year to which the report relates to be included in a report prepared under subregulation (1)(b):
 - (a) comparisons of standing offer prices of NERL retailers generally available to classes of small customers in South Australia;
 - (b) estimates relating to the annual cost to a small customer of gas supplied to the customer (based on a reasonable estimate of the average annual level of consumption of gas by a small customer in South Australia) under each standard retail contract of NERL retailers generally available to classes of small customers in South Australia;
 - (c) details relating to the difference in annual cost to a small customer of gas supplied to the customer (based on a reasonable estimate of the average annual level of consumption of gas by a small customer in South Australia) under market offer prices of NERL retailers generally available to classes of small customers in South Australia compared to the cost to that customer under standing offer prices of NERL retailers generally available to classes of small customers in South Australia;
 - (d) such other information as the Minister requires in writing to be included.
- (3) The Minister may require the information referred to in subregulation (2) to be presented in such manner and form as the Minister considers appropriate, including in the form of variations or trends over time.
- (4) In this regulation—
market offer prices, **standard retail contract** and **standing offer prices** have the same respective meanings as in the *National Energy Retail Law*.

Annexure B Assumptions and limitations

B.1 Data sources

Electricity and gas pricing data have been sourced from the database that underlies the AER's *Energy Made Easy* online price comparison service,¹³ supplemented or confirmed with information from retailers (either directly or from retailers' websites and price fact sheets).

All 'open' and 'available' Standing Offer and Market Offer data were downloaded from the *Energy Made Easy* website (or as otherwise indicated) on, or as near as possible to, the last business day of each quarter.

As this analysis takes a snapshot of the market at a particular time, the conclusions drawn in this Report only apply to the market at the end of June for 2015 and 2016. Current offers are available on the AER's *Energy Made Easy* website.

B.2 Energy product analysis methodology

In this Report, annual bill estimates were determined from the individual tariff information schedules contained in each retailer's offers, based on the energy consumption profiles assumed below.

Annual bill estimates reflecting individual offers for electricity and gas are analysed separately.

B.2.1 Timing of analysis

This Report has adopted a 'point in time' approach to the analysis of energy retail offer prices; where comparisons are made between time periods. Only those offers available on a particular date (that is, the last day of the period under review) are included in the analysis, as opposed to including all offers which might have been available throughout the period of review.

B.2.2 Contract timing assumptions

For the purposes of calculating annual bills, it is assumed that a customer enters into a contract based upon the terms, conditions and retail offer prices that applied on the final business day of the quarter, and will have taken advantage of all discounts and cash incentives available at that time.

All retail offer prices and values are quoted in nominal terms and have not been adjusted for inflation.

B.2.3 Single-rate and two-rate offers

Electricity offers may include either single-rate or two-rate¹⁴ contract offerings. However, the analysis of estimated annual bills focuses only on peak rates and does not include off peak consumption.

B.2.4 Average values

All averages quoted in this Report are simple (unweighted) averages. The results are not weighted by the number of offers a retailer presents nor in any other way.

Where relevant, the simple (or unweighted) overall average is determined using the following two-step process:

¹³ The AER's energy price comparison service can be accessed at: www.energymadeeasy.gov.au.

¹⁴ 'Two-rate' offers include daily tariffs that reflect both normal 'peak' consumption tariffs as well as 'off-peak' consumption tariffs known as off-peak controlled load.

1. calculate the simple average of each individual retailer's portfolio of relevant offers, and
2. calculate the simple average of all of the individual retailers' averaged results (that is, the results from step 1).

B.3 Annual bills are GST-inclusive

All retail offer prices, tariffs and calculated annual bills in this Report are quoted inclusive of Goods and Services Tax (GST) unless otherwise specified.

B.4 Electricity consumption profiles

The annual consumption assumed for **electricity** customers is:

- ▶ for residential customers: **5,000 kWh**
- ▶ for small business customers: **10,000 kWh**.

These annual average consumption profiles are generally consistent with the average historical consumption of electricity by small customers in South Australia, and are consistent with the average consumption figures used in previous Ministerial Pricing Reports. These profiles, however, are based on small customers' consumption behaviour that was evident prior to the growth of solar roof-top photovoltaic (PV) generation, the continuing penetration of energy efficient appliances, changing customer behaviour and lower demand. The combination of these factors has contributed to an overall reduction in demand since these historical averages were originally determined. However, the Commission has retained these consumption profiles to provide consistency of reporting on annual bills over time.

B.5 Gas consumption profiles

The annual consumption assumed for **gas** customers is:

- ▶ for residential customers: **21,000 MJ**
- ▶ for small business customers: **190,000 MJ**.

These annual average consumption profiles are generally consistent with the average historical consumption of gas by small customers in South Australia, and are consistent with the average consumption figures used in previous Reports. The Commission has retained these consumption profiles to provide consistency of reporting on annual bills over time.

B.6 Number of days in the period

For this analysis, as in previous reports, the simplifying assumptions of a 365 day year and equal quarters (of 91.25 days) is used.

B.7 Dual fuel offers

Offers that combine both electricity and gas products (referred to as 'dual fuel' offers) are not included in the analysis, except to the extent that it can be easily attributed to either a gas or electricity product.

B.8 Small business time-of-use tariffs

Time-of-use tariffs are excluded from this analysis.

B.9 Maximum demand tariffs

Maximum demand tariffs are excluded from this analysis.

B.10 Treatment of discounts/benefits

Electricity and gas retail contracts contain various price and non-price aspects. In estimating annual energy bills, the Commission has used the following approach:

- ▶ all price discounts (for example, discounts for direct debit payment, payment of bills on time, cash rebates) offered by energy retailers are incorporated into the annual bill estimates
- ▶ any non-cash benefits offered (for example, restricted product or service vouchers) that have not been quantified are not incorporated into the annual bill estimates.

Cash rebates and cash equivalent discounts, for this Report, are deducted from the post-GST calculation of the final annual bill, as they are inclusive of GST.

B.11 Treatment of fees and charges

Account establishment fees, credit card fees and other similar fees charged by retailers have been excluded from the annual bill estimates. Early termination fees have also been excluded.

B.12 Green energy options

Customers can choose to add an accredited 'GreenPower' renewable energy component to Market Offers, ranging from the equivalent of 10 per cent to 100 per cent of the energy consumed.

The analysis of estimated annual bills does not include the additional cost of any green energy component. Green energy has only been included if the Market Offer indicates that it is supplied at no additional cost.

The analysis of the green energy component of Market Offers is limited to a comparison of the additional cost of adding various 'green energy' options to individual Market Offers.¹⁵

B.13 Feed-in tariffs

Some customers may also receive Retailer Feed-In Tariffs (**R-FiT**) from their retailer in addition to those payable by SA Power Networks for energy exported from eligible roof-top solar PV generators. Estimated annual bill information is limited to consumption tariffs and, therefore, excludes potential R-FiT benefits.

Notwithstanding the above, a listing of the various R-FiT payments made by retailers is provided in Annexure G.

¹⁵ Refer to Annexure I of this report.

Annexure C

Comparison of estimated annual bills for residential electricity customers (\$nominal)

Retailer	30 June 2015				30 June 2016			
	Standing Offer	Average Market Offer	Lowest-priced Market Offer	Highest-priced Market Offer	Standing Offer	Average Market Offer	Lowest-priced Market Offer	Highest-priced Market Offer
AGL	\$1,973	\$1,768	\$1,699	\$1,857	\$1,808	\$1,656	\$1,637	\$1,668
Alinta Energy	\$2,022	\$1,688	\$1,688	\$1,688	\$1,860	\$1,543	\$1,543	\$1,543
Click Energy	-	-	-	-	\$1,919	\$1,883	\$1,631	\$2,084
Diamond Energy	\$1,964	\$1,817	\$1,787	\$1,846	\$1,731	\$1,662	\$1,627	\$1,731
EnergyAustralia	\$2,143	\$1,850	\$1,703	\$2,023	\$1,998	\$1,670	\$1,591	\$1,741
Lumo Energy	\$2,018	\$1,742	\$1,615	\$1,836	\$1,836	\$1,947	\$1,830	\$2,080
M2 Energy (Commander)	\$2,076	\$1,716	\$1,716	\$1,716	\$2,102	\$1,738	\$1,738	\$1,738
M2 Energy (Dodo)	\$1,982	\$1,641	\$1,641	\$1,641	\$2,185	\$1,709	\$1,709	\$1,709
Momentum Energy	\$2,061	\$1,703	\$1,645	\$1,786	\$1,949	\$1,918	\$1,883	\$1,949
Origin Energy	\$2,094	\$1,903	\$1,782	\$2,094	\$1,918	\$1,761	\$1,623	\$2,021
Pacific Hydro	\$2,163	\$1,880	\$1,880	\$1,880	\$2,163	-	-	-
Powerdirect	\$2,009	\$1,865	\$1,749	\$1,957	\$1,828	\$1,681	\$1,673	\$1,688
QEnergy	\$1,939	-	-	-	\$1,815	\$1,884	\$1,884	\$1,884
Red Energy	\$1,941	\$1,815	\$1,747	\$1,883	\$1,797	\$1,945	\$1,872	\$2,017
Sanctuary Energy	\$1,936	-	-	-	\$1,936	-	-	-
Simply Energy	\$2,022	\$1,866	\$1,707	\$2,025	\$1,873	\$1,723	\$1,491	\$1,886
Urth Energy	-	-	-	-	\$1,953	\$1,786	\$1,786	\$1,786
Simple average	\$2,023	\$1,789	\$1,720	\$1,864	\$1,922	\$1,767	\$1,701	\$1,835

Annexure D

Comparison of estimated annual bills for small business electricity customers (\$nominal)

Retailer	30 June 2015				30 June 2016			
	Standing Offer	Average Market Offer	Lowest-priced Market Offer	Highest-priced Market Offer	Standing Offer	Average Market Offer	Lowest-priced Market Offer	Highest-priced Market Offer
AGL	\$3,724	\$3,340	\$3,136	\$3,589	\$3,723	\$3,172	\$3,137	\$3,206
Alinta Energy	\$3,923	-	-	-	\$3,934	-	-	-
Click Energy	-	-	-	-	\$3,774	\$3,510	\$3,510	\$3,510
Diamond Energy	\$4,194	\$4,013	\$4,013	\$4,013	\$3,276	\$3,145	\$3,080	\$3,276
EnergyAustralia	\$4,338	\$3,770	\$3,531	\$4,053	\$3,974	\$3,275	\$3,112	\$3,424
ERM Power Retail Pty Ltd	\$3,556	\$3,396	\$3,305	\$3,487	\$3,558	\$3,740	\$3,740	\$3,740
Lumo Energy	\$3,909	\$3,304	\$2,951	\$3,658	\$3,588	\$3,464	\$3,385	\$3,543
M2 Energy (Commander)	\$4,022	\$3,277	\$3,277	\$3,277	\$4,173	\$3,399	\$3,399	\$3,399
Momentum Energy	\$3,900	\$3,292	\$3,107	\$3,506	\$3,694	\$3,213	\$2,761	\$3,694
Origin Energy	\$3,960	\$3,596	\$3,287	\$3,960	\$3,666	\$3,215	\$2,989	\$3,666
Pacific Hydro	\$3,764	\$3,302	\$3,302	\$3,302	\$3,781	-	-	-
Powerdirect	\$4,070	\$3,718	\$3,338	\$3,924	\$4,015	\$3,508	\$3,456	\$3,559
QEnergy	\$3,707	-	-	-	\$3,429	-	-	-
Red Energy	\$3,722	\$3,480	\$3,349	\$3,610	\$3,578	\$3,597	\$3,462	\$3,731
Simply Energy	\$3,917	\$3,188	\$3,188	\$3,188	\$3,578	\$3,266	\$3,266	\$3,266
Urth Energy	-	-	-	-	\$3,546	\$3,325	\$3,219	\$3,431
Simple average	\$3,908	\$3,473	\$3,315	\$3,631	\$3,705	\$3,371	\$3,270	\$3,496

Annexure E

Comparison of estimated annual bills for Metropolitan residential gas customers (\$nominal)

Retailer	30 June 2015				30 June 2016			
	Standing Offer	Average Market Offer	Lowest-priced Market Offer	Highest-priced Market Offer	Standing Offer	Average Market Offer	Lowest-priced Market Offer	Highest-priced Market Offer
AGL Energy	\$1,087	\$1,010	\$974	\$1,102	\$1,130	\$1,016	\$1,000	\$1,029
Alinta Energy	\$1,153	\$1,066	\$1,066	\$1,066	-	-	-	-
EnergyAustralia	\$1,248	\$1,113	\$1,020	\$1,173	\$1,256	\$1,159	\$1,097	\$1,220
Origin Energy	\$1,110	\$1,028	\$983	\$1,110	\$1,153	\$1,088	\$1,047	\$1,153
Simply Energy	\$1,104	-	-	-	\$1,131	-	-	-
Simple average	\$1,140	\$1,054	\$1,011	\$1,113	\$1,168	\$1,088	\$1,048	\$1,134

Annexure F

Comparison of estimated annual bills for Metropolitan small business gas customers (\$nominal)

Retailer	30 June 2015				30 June 2016			
	Standing Offer	Average Market Offer	Lowest-priced Market Offer	Highest-priced Market Offer	Standing Offer	Average Market Offer	Lowest-priced Market Offer	Highest-priced Market Offer
AGL Energy	\$5,565	\$5,450	\$5,209	\$5,830	\$5,983	\$5,646	\$5,490	\$5,841
EnergyAustralia	\$6,530	\$5,675	\$5,344	\$5,993	\$6,511	\$5,885	\$5,468	\$6,321
Origin Energy	\$5,953	\$5,611	\$5,298	\$5,953	\$6,378	\$6,063	\$5,906	\$6,378
Simply Energy	\$5,664	-	-	-	\$6,446	-	-	-
Simple average	\$5,928	\$5,579	\$5,284	\$5,925	\$6,329	\$5,865	\$5,621	\$6,180

Annexure G Retailer feed-in tariffs (R-FiT)

Residential and small business customers can receive a R-FiT from their retailer for the electricity exported to the grid by their solar PV generators.

In December 2015, the Commission made a price determination to set the minimum value of the R-FiT payable from 1 January 2016 at 6.8 cents per kWh. The minimum R-FiT is binding on retailers, although they can choose to offer higher amounts.

Table G-1 shows the R-FiT amounts paid by retailers. Seven electricity retailers were paying above the minimum R-FiT value at 30 June 2016. Seven retailers were making the minimum R-FiT payments, and four retailers (Pacific Hydro, QEnergy, Red Energy and Sanctuary Energy) were not actively marketing to solar PV customers at the end of June 2016.

Table G-1: R-FiT amounts paid by electricity retailers (cents per kWh, GST exclusive) (\$nominal)

Retailer	30 June 2015	31 December 2015	30 June 2016
AGL Energy	8.00	5.30	6.80
Alinta Energy	9.80	6.00	6.80
Click Energy	N/A	N/A	8.00 or 12.00
Diamond Energy	8.00	8.00	8.00
EnergyAustralia	5.30	5.30	6.80
ERM Power Retail Pty Ltd	6.00	6.00	6.80
Lumo Energy	7.60	7.60	7.00
M2 Energy (Commander)	6.00	7.00	7.00
M2 Energy (Dodo)	6.00	7.00	7.00
Momentum Energy	5.30	5.30	6.80
Origin Energy	5.30	5.30	6.80
Pacific Hydro	5.30	5.30	6.80
Powerdirect	8.00	8.00	8.00
QEnergy	5.30	5.30	6.80
Red Energy	5.30	5.30	6.80
Sanctuary Energy	5.30	5.30	6.80
Simply Energy	6.20	6.20	6.80
Urth Energy	N/A	N/A	6.80 or 10.00

Note: While QEnergy, Pacific Hydro, Red Energy and Sanctuary Energy do not actively market to solar PV customers, they are still obliged to pay minimum R-FiT value of 6.8 cents per kWh to their solar PV customers.

Annexure H Off-peak controlled load offers

Off-Peak Controlled Load (OPCL) offers include an off-peak tariff at a lower rate than the peak rate. This is mainly utilised by residential customers with electric hot water services, who wish to heat their water overnight at a cheaper rate.

Table H-1 and Table H-2 compare the controlled load tariffs (first tier only) for residential and small business Standing Offers. Typical consumption¹⁶ is well within the quantities allowed in the first tier for all offers (approximately 2,000 kWh per quarter).

Table H-1: Comparison of residential Standing Offer OPCL tier one tariffs (cents per kWh, GST inclusive) (\$nominal)

Retailer	30 June 2015	30 June 2016	% change
AGL Energy	14.64	14.64	-
Alinta Energy	15.04	15.65	4%
Click Energy	-	22.22	-
Diamond Energy	13.15	14.03	7%
EnergyAustralia	16.20	15.83	-2%
M2 Energy (Commander)	14.41	17.71	23%
M2 Energy (Dodo)	15.07	17.82	18%
Momentum Energy	19.06	20.98	10%
Lumo Energy	-	12.76	-
Origin Energy	15.25	15.65	3%
Pacific Hydro	19.15	19.15	-
Powerdirect	15.74	15.74	-
QEnergy	13.74	13.73	-
Red Energy	-	16.89	-
Sanctuary Energy	15.50	15.50	-
Simply Energy	-	14.75	-
Urth Energy	-	14.85	-

¹⁶ Typical consumption is around 2,500 kWh per year, Source: SA Power Networks, email correspondence, 23 July 2014.

Table H-2: Comparison of small business Standing Offer OPCL tier one tariffs (cents per kWh, GST inclusive) (\$nominal)

Retailer	30 June 2015	30 June 2016	% change
AGL	13.98	14.64	5%
Alinta Energy	15.04	15.04	-
Click Energy	-	22.22	-
Diamond Energy	16.15	14.03	-13%
EnergyAustralia	16.20	15.83	-2%
ERM Power Retail Pty Ltd	18.12	18.12	-
Lumo Energy	-	17.82	-
M2 Energy (Commander)	14.41	17.71	23%
Momentum Energy	19.06	20.99	10%
Origin Energy	15.25	15.65	3%
Pacific Hydro	17.30	17.30	-
Powerdirect	15.74	15.74	-
QEnergy	-	13.73	-
Red Energy	-	16.89	-
Simply Energy	15.79	14.75	-
Urth Energy	-	14.30	-

Annexure I Green energy options

At 30 June 2016, 11 of the 18 electricity retailers were offering renewable energy ('green energy') options. Those options ranged from 10 percent to 100 percent, and are approved under the National GreenPower Accreditation Program. The remaining seven retailers did not offer any green energy options

Most retailers offer green energy options for an additional cost to their existing Market Offers. The only exceptions were Click Energy and Lumo Energy where the cost of green energy was embedded within its electricity tariffs.

A summary of the green energy Market Offers available at 30 June 2015 and 30 June 2016 is set out in Tables I-1 and I-2 below.

Table I-1: Additional annual costs of green energy options for residential electricity Market Offers (GST inclusive) (\$nominal)

Retailer	Green Power Component	Additional cost 30 June 2015	Additional cost 30 June 2016	Comments
AGL	10%	\$57	\$57	
	20%	\$94	\$94	
	100%	\$275	\$275	
Click Energy	25%	-	-	Green energy charges are incorporated into the usage rates
Diamond Energy	20%	N/A	\$55	
	50%	N/A	\$138	
	100%	N/A	\$275	
M2 Energy (Dodo)	10%	N/A	\$50	
	100%	N/A	\$495	
EnergyAustralia	10%	\$26	\$28	
	20%	\$52	\$55	
	100%	\$260	\$275	
Lumo Energy	10%	-	-	Green energy charges are incorporated into the usage rates

Table I-1: Additional annual costs of green energy options for residential electricity Market Offers (GST inclusive)
(\$nominal) (continued)

Retailer	Green Power Component	Additional cost 30 June 2015	Additional cost 30 June 2016	Comments
M2 Energy (Dodo)	10%	\$33	-	
	100%	\$330	-	
Origin Energy	25%	\$52	\$104	
	50%	\$50	\$141	
	100%	\$199	\$281	
Powerdirect	10%	\$51	\$51	
	20%	\$103	\$103	
	25%	\$128	\$128	
	50%	\$257	\$257	
	75%	\$385	\$385	
	100%	\$514	\$514	
QEnergy	10%	-	\$33	
	20%	-	\$165	
	100%	-	\$330	
Red Energy	100%	-	\$292	



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