



Energy

Energy Retail Offers Comparison Report 2016-17

Report to the Minister for Mineral Resources and Energy

August 2017

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Glossary of terms

Term	Description
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
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: <ul style="list-style-type: none"> (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: <ul style="list-style-type: none"> ▶ for residential customers: 5,000 kWh ▶ for small business customers: 10,000 kWh
Gas customer	The annual consumption assumed for gas customers is: <ul style="list-style-type: none"> ▶ 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
Report	Annual report required by Electricity (General) Regulations 2012, Regulation 12 and the Gas Regulations 2012, Regulation 6 (refer Annexure A). 2016-17 Energy Retail Offers Comparison Report.
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
OPCL	Off-Peak Controlled Load
PV	photovoltaic

R-FiT	Retailer-paid component of the solar feed-in tariff
Solar Customer	A residential or small business customer using less than 160 MWh of electricity per annum at a connection point, which has a PV unit and complies with the requirements of Division 3AB of the Electricity Act
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. This 2016-17 Report (**Report**) compares electricity and gas retail offer prices available to South Australian residential and small business customers during the period 30 June 2016 to 30 June 2017.

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 and gas price movements, effective from 1 July 2017. Those price movements will be covered in the 2017-18 Report.

The Commission's key observations of energy retail offer price movements over the 12 months to 30 June 2017 are set out below.

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

- ▶ Average annual residential electricity retail Standing Offer and Market Offer prices increased by 14 percent and 12 percent respectively over the 12 months to 30 June 2017. This is equivalent to an average annual bill increase of \$268 for a residential customer on a Standing Offer, and a \$209 increase for a customer on a Market Offer.
- ▶ Average annual small business retail electricity Standing Offer and Market Offer prices increased by 18 percent and 17 percent respectively over the same period. This is equivalent to an average annual bill increase of \$658 for a small business customer on a Standing Offer, and a \$559 increase for a customer on a Market Offer

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

- ▶ Average annual residential gas retail Standing Offer and Market Offer prices fell by nine percent and eight percent respectively over the 12 months to 30 June 2017. This is equivalent to an average annual bill reduction of \$110 for a residential customer on a Standing Offer, and an \$84 reduction for a customer on a Market Offer.
- ▶ Average annual small business gas retail Standing Offer and Market Offer prices fell by nine percent and six percent respectively over the same period. This is equivalent to an average annual bill reduction of \$587 for a small business customer on a Standing Offer, and a \$357 decrease for a customer on a Market Offer.

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 four percent to 24 percent.
- ▶ While gas retail Market Offers were also priced at a discount to retail Standing Offers, the extent of discounting was 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 one percent to nine percent. For small business gas customers, the available discount ranged from four percent to 11 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 tariffs, discounts, fees and charges, contract duration and sign-up incentives) resulting in annual bill differences between Market Offers. However, the extent of differentiation was less in gas than for electricity.
- ▶ At 30 June 2017, where a retailer discounted a Market Offer against its Standing Offer, residential electricity customers on a Standing Offer could have saved between \$23 and \$575 annually had they switched to their retailer's lowest-priced Market Offer. Residential customers could have saved up to \$1,490 annually had they switched to the lowest-priced Market Offer available in the market.
- ▶ At 30 June 2017, residential gas customers on a Standing Offer could have saved between \$85 and \$151 had they switched to their retailer's lowest-priced Market Offer. Residential customers could have saved up to \$216 had they switched to the lowest-priced Market Offer available in the market.
- ▶ Some retailers were offering additional discounts to small customers for dual-fuel energy offers. However, greater savings could have been realised if electricity and gas offers were entered into with separate retailers.
- ▶ 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 fifth annual Report under those Acts.¹

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).² 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 (**AEMO**) 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 customers³
- ▶ 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.⁴

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 2016 and 30 June 2017.

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.

This Report does not cover the recent electricity and gas price movements, effective from 1 July 2017. Those price movements will be covered in the 2017-18 Report.

¹ 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.

² 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.

³ 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.

⁴ No additional matters have been specified by the Minister for the purposes of this Report.

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 19 authorised retailers actively retailing energy to small customers in South Australia at 30 June 2017. One new retailer, BlueNRG, entered the South Australian electricity retail market in 2016-17.

Table 1-1: Authorised NERL retailers (at 30 June 2017)

Retailer	Selling electricity to		Selling gas to	
	Residential	Small business	Residential	Small business
AGL Energy	✓	✓	✓	✓
Alinta Energy	✓			
BlueNRG	✓	✓		
Click Energy	✓	✓		
Diamond Energy	✓	✓		
EnergyAustralia	✓	✓	✓	✓
ERM Power		✓		
Lumo Energy	✓	✓		
M2 Energy (Commander)	✓	✓		
M2 Energy (Dodo)	✓			
Next Business Energy	✓	✓		
Momentum Energy	✓	✓		
Origin Energy	✓	✓	✓	✓
Pacific Hydro	✓	✓		
Powerdirect	✓	✓		
QEnergy	✓	✓		
Red Energy	✓	✓		
Sanctuary Energy	✓			
Simply 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 2016 and 30 June 2017. The Commission's analysis includes:

- ▶ **Overall annual bill changes** – changes in Standing Offer and Market Offer annual bills (averaged across all retailers)⁵
- ▶ **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 is also provided in this Report:

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

⁵ 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.

2 Electricity retail offer prices

Key observations

For residential customers

- ▶ Average annual electricity retail Standing Offer and Market Offer prices increased by 14 percent and 12 percent respectively over the 12 months to 30 June 2017.
- ▶ 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.
- ▶ Where a retailer discounted a Market Offer against its Standing Offer, residential customers on a Standing Offer could have saved between \$23 and \$575 had they switched to their retailer's lowest-priced Market Offer. Residential customers might have saved up to \$1,490 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 increased by 18 percent and 17 percent respectively over the 12 months to 30 June 2017.
- ▶ 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 four percent to 24 percent.
- ▶ Small business customers on a Standing Offer could have saved between \$248 and \$1,497 had they switched to their retailer's lowest-priced Market Offer. Small business customers might have saved up to \$3,062 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 tariffs and the terms and conditions of the customer's retail contract.

As at 31 March 2017, approximately 87 percent of small electricity customers in South Australia were on Market Offers (up from 85 percent as at 30 June 2016) with the remaining 13 percent of those customers on Standing Offers.

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 2016 and 30 June 2017, and the discount between the average Standing Offer and average Market Offer.

It shows that there were increases in both the average Standing Offer and Market Offer bills. However, the increase in the average Standing Offer bill of 14 percent (\$268) exceeded the 12 percent increase (\$209) in the average Market Offer bill. This increased the discount between the two types of offers from \$155 to \$214.

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 2016 and 30 June 2017. 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 2016	30 June 2017	% change	30 June 2016	30 June 2017	% change	30 June 2016	30 June 2017
AGL Energy	\$1,808	\$2,050	13	\$1,637	\$1,803	10	\$171	\$247
Alinta Energy	\$1,860	\$1,933	4	\$1,543	\$1,768	15	\$317	\$165
BlueNRG	-	\$3,199	-	-	\$2,624	-	-	\$575
Click Energy	\$1,919	\$2,321	21	\$1,631	\$1,834	12	\$288	\$487
Diamond Energy	\$1,731	\$2,078	20	\$1,627	\$1,954	20	\$104	\$124
EnergyAustralia	\$1,998	\$2,314	16	\$1,591	\$1,811	14	\$407	\$503
Lumo Energy	\$1,836	\$2,120	15	\$1,830	\$2,097	15	\$6	\$23
M2 Energy (Commander)	\$2,102	\$2,101	0	\$1,738	\$1,738	0	\$364	\$363
M2 Energy (Dodo)	\$2,185	\$2,184	0	\$1,709	\$1,709	0	\$476	\$475
Momentum Energy	\$1,949	\$2,243	15	\$1,883	\$2,243	19	\$66	\$0
Origin Energy	\$1,918	\$2,049	7	\$1,623	\$1,766	9	\$295	\$283
Pacific Hydro	\$2,163	\$2,163	0	-	-	-	-	-
Powerdirect	\$1,828	\$2,043	12	\$1,673	\$1,730	3	\$155	\$313
QEnergy	\$1,815	\$2,297	27	\$1,884	-	-	-\$69	-
Red Energy	\$1,797	\$2,120	18	\$1,872	\$1,871	0	-\$75	\$249
Sanctuary Energy	\$1,936	\$1,936	0	-	-	-	-	-
Simply Energy	\$1,873	\$2,083	11	\$1,491	\$1,809	21	\$382	\$274
Urth Energy	\$1,953	-	-	\$1,786	-	-	\$167	-
Simple average	\$1,922	\$2,190	14%	\$1,701	\$1,911	12%	\$221	\$279

The Commission's analysis of estimated annual residential electricity bills⁶ at 30 June 2016 and 30 June 2017 indicates:

► **Increases in the majority of residential electricity retail Standing Offer and Market Offer prices**

Twelve out of the 18 electricity retailers increased their retail Standing Offer prices. The increases ranged from four percent (Alinta Energy) to 27 percent (QEnergy). At 30 June 2017, Alinta Energy had the lowest-priced Standing Offer annual bill at \$1,933 and BlueNRG had the highest-priced Standing Offer annual bill at \$3,199.

The increases in the simple average of Market Offers by retailers ranged from three percent (Powerdirect) to 23 percent (Alinta Energy). At 30 June 2017, M2 Energy (Dodo) had the lowest-priced Market Offer annual bill at \$1,709 and BlueNRG had the highest-priced Market Offer annual bill at \$2,624.

► **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 (Alinta Energy) to 22 percent M2 Energy (Dodo). Residential customers could therefore save by moving from the Standing Offer to a Market Offer.

Where a retailer discounted a Market Offer against its Standing Offer, residential customers on a Standing Offer could have saved between \$23 (Lumo Energy) and \$575 (BlueNRG) 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 \$1,490 by switching from the highest-priced Standing Offer (BlueNRG at \$3,199) to the lowest-priced Market Offer (M2 Energy (Dodo) at \$1,709).

► **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 tariffs, discounts, fees and charges, contract duration and sign-up incentives) resulting in price differences between Market Offers.

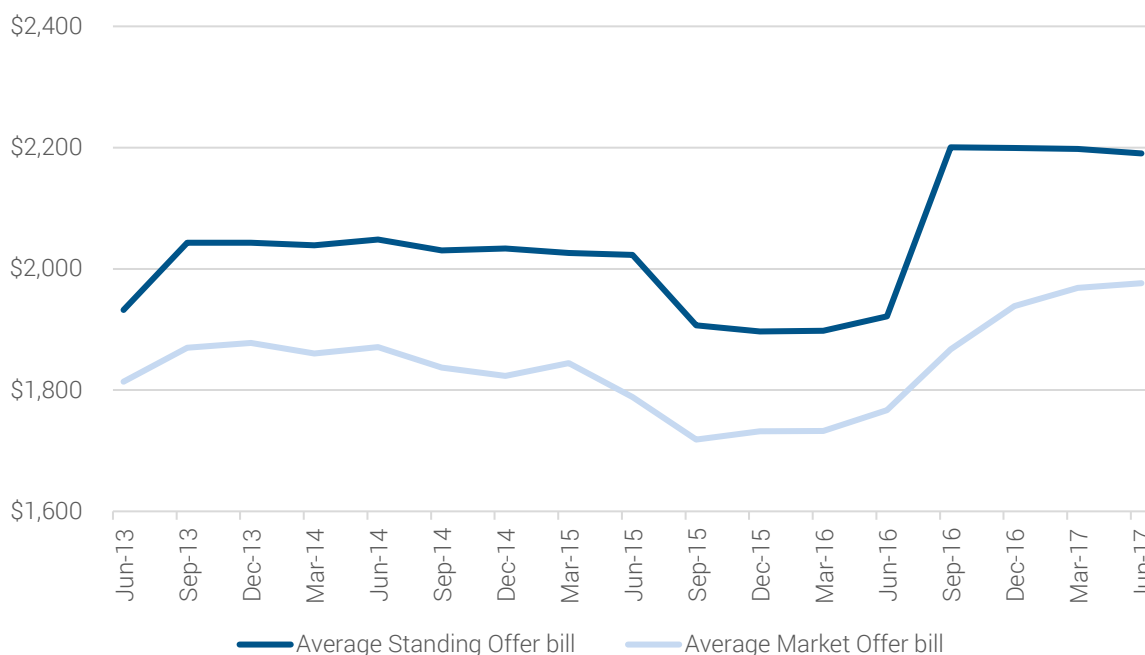
At 30 June 2017, the largest price difference was found across Click Energy's Market Offers, where the estimated annual bill on different Market Offers was between \$2,201 and \$1,834 (a spread of \$367).

There was no price difference between the lowest-priced and highest-priced Market Offers offered by BlueNRG, M2 Energy (Commander and Dodo), Momentum Energy, Powerdirect and Red Energy. Most of these retailers only offered a single residential electricity Market Offer.

⁶ 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 2017. It shows that the annual Standing Offer bill has increased by 13.3 percent (an increase of 3.2 percent per annum), and that the average annual Market Offer bill has increased by 8.9 percent (an increase of 2.2 percent per annum) over the period. The average discount between Standing Offers and Market Offers has increased from \$118 to \$214 over the four 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 Offer and Market Offer prices at 30 June 2016 and 30 June 2017, and the discount between the average Standing Offer and average Market Offer.

It shows that there were increases in both the average Standing Offer and Market Offer bills. However, the increase in the average Standing Offer bill of 18 percent (\$658) exceeded the 17 percent increase (\$559) in the average Market Offer bill. This increased the discount between the two types of offers from \$334 to \$433.

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

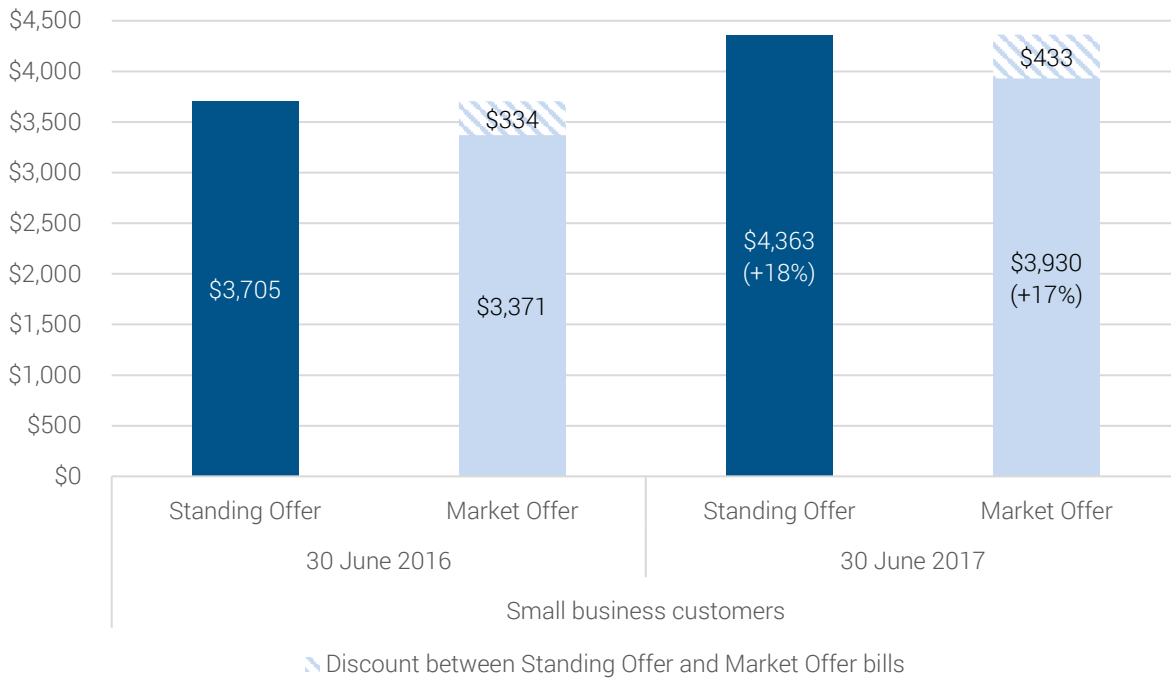


Table 2-2 shows the change in the estimated annual small business electricity Standing Offer and the lowest-priced Market Offer bills for each retailer between 30 June 2016 and 30 June 2017. Annexure D provides a full data set of estimated annual bills for small business electricity customers on the 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 2016	30 June 2017	% change	30 June 2016	30 June 2017	% change	30 June 2016	30 June 2017
AGL Energy	\$3,723	\$4,184	12	\$3,137	\$3,135	0	\$586	\$1,049
Alinta Energy	\$3,934	\$5,056	29	-	\$3,559	-	-	\$1,497
BlueNRG	-	\$6,197	-	-	\$5,022	-	-	\$1,175
Click Energy	\$3,774	\$4,188	11	\$3,510	\$3,739	7	\$264	\$449
Diamond Energy	\$3,276	\$4,127	26	\$3,080	\$3,879	26	\$196	\$248
EnergyAustralia	\$3,974	\$4,616	16	\$3,112	\$3,504	13	\$862	\$1,112
ERM Power Retail Pty Ltd	\$3,558	\$4,529	27	\$3,740	\$5,229	40	(\$182)	(\$700)
Lumo Energy	\$3,588	\$3,922	9	\$3,385	\$4,018	19	\$203	(\$96)
M2 Energy (Commander)	\$4,173	\$4,171	0	\$3,399	\$3,397	0	\$774	\$774
Momentum Energy	\$3,694	\$4,284	16	\$2,761	\$3,366	22	\$933	\$918
Origin Energy	\$3,666	\$4,173	14	\$2,989	\$3,399	14	\$677	\$774
Pacific Hydro	\$3,781	\$3,780	0	-	-	-	-	-
Powerdirect	\$4,015	\$4,505	12	\$3,456	\$3,877	12	\$559	\$628
QEnergy	\$3,429	\$4,123	20	-	-	-	-	-
Red Energy	\$3,578	\$3,922	10	\$3,462	\$3,461	0	\$116	\$461
Simply Energy	\$3,578	\$4,028	13	\$3,266	\$3,471	6	\$312	\$557
Urth Energy	\$3,546	-	-	\$3,219	-	-	\$327	-
Simple average	\$3,705	\$4,363	18%	\$3,270	\$3,790	16%	\$435	\$573

The Commission's analysis of estimated annual small business electricity bills⁷ at 30 June 2016 and 30 June 2017 indicates:

- ▶ **Increases in the majority of small business electricity retail Standing Offer and Market Offer prices**
Thirteen out of the 17 electricity retailers increased their retail Standing Offer prices. The increases ranged from nine percent (Lumo Energy) to 29 percent (Alinta Energy). At 30 June 2017, Pacific Hydro had the lowest-priced Standing Offer annual bill at \$3,780 and BlueNRG had the highest-priced Standing Offer annual bill at \$6,197.

The increases in the simple average of Market Offers by retailer ranged from seven percent (Click Energy) to 40 percent (ERM Power Retail⁸). At 30 June 2017, AGL Energy had the lowest-priced Market Offer annual bill at \$3,135 and ERM Power Retail had the highest-priced Market Offer annual bill at \$5,278.

- ▶ **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 four percent (Diamond Energy) to 24 percent (Alinta Energy). 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 \$248 (Diamond Energy) and \$1,497 (Alinta 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 \$3,062 by switching from the highest-priced Standing Offer (BlueNRG at \$6,197) to the lowest-priced Market Offer (AGL Energy at \$3,135).

- ▶ **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 tariffs, 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 2017, the largest price difference was found across Momentum Energy's Market Offers, where the estimated annual bill on different Market Offers was between \$3,366 and \$4,284 (a spread of \$918).

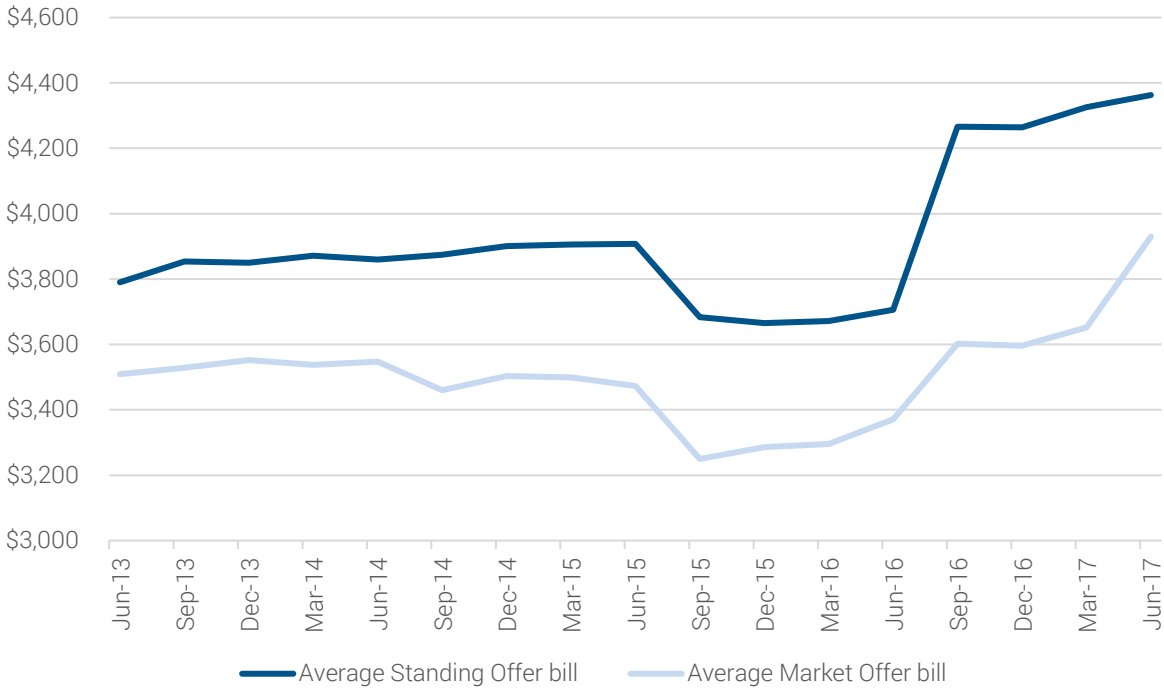
There was no price difference between the lowest-priced and highest-priced Market Offers offered by BlueNRG, Click Energy, M2 Energy (Commander) and Simply Energy. Most of these retailers only offered a single small business electricity Market Offer.

⁷ Refer Table 2-2 and Annexure D.

⁸ This particular ERM Power Retail's Market Offer offered small business customers fixed energy charges until 30 June 2019.

Figure 2-4 shows the movement of annual small business electricity Standing Offer and Market Offer bills between 30 June 2013 and 30 June 2017. It shows that the annual Standing Offer bill has increased by 15.1 percent (an increase of 3.6 percent per annum), and that the average annual Market Offer bill has increased by 12.0 percent (an increase of 2.9 percent per annum) over the period. The average discount between Standing Offers and Market Offers has increased from \$282 to \$433 over the four 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 fell by nine percent and eight percent respectively over the 12 months to 30 June 2017.
- ▶ 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 one percent to nine percent.
- ▶ Residential customers on a Standing Offer could have saved between \$85 and \$151 had they switched to their retailer's lowest-priced Market Offer. Residential customers might have saved up to \$216 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 fell by nine percent and six percent respectively over the 12 months to 30 June 2017.
- ▶ 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 four percent to 11 percent.
- ▶ Small business customers on a Standing Offer could have saved between \$308 and \$953 had they switched to their retailer's lowest-priced Market Offer.

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 metropolitan area.

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 tariffs and the terms and conditions of the customer's retail contract.

As at 31 March 2017, approximately 86 percent of small gas customers in South Australia were on Market Offers (up from 85 percent as at 30 June 2016) with the remaining 14 percent of those customers on Standing Offers.

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 2016 and 30 June 2017, and the discount between the average Standing Offer and average Market Offer.

It shows that there were reductions in both the average annual Standing Offer and Market Offer bills. However, the decrease in the average Standing Offer bill of nine percent (\$110) exceeded the eight percent decrease (\$84) in the average Market Offer bill. This reduced the discount between the two types of offers from \$80 to \$54.

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

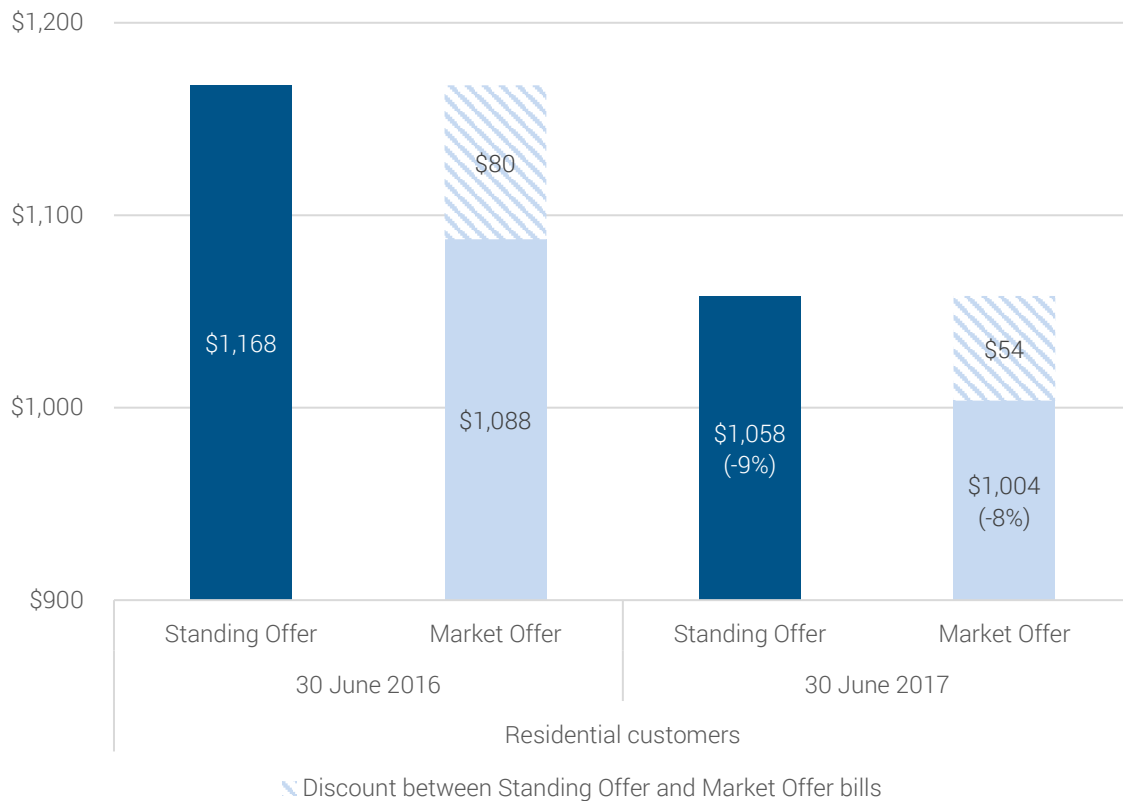


Table 3-1 shows the change in the estimated annual residential gas Standing Offer and lowest-priced Market Offer bills in the metropolitan region for each retailer between 30 June 2016 and 30 June 2017, and the discount between the average Standing Offer and average Market Offer.

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 2016	30 June 2017	% change	30 June 2016	30 June 2017	% change	30 June 2016	30 June 2017
AGL Energy	\$1,130	\$1,003	-11	\$1,000	\$918	-8	\$130	\$85
EnergyAustralia	\$1,256	\$1,134	-10	\$1,097	\$983	-10	\$159	\$151
Origin Energy	\$1,153	\$1,037	-10	\$1,047	\$944	-10	\$106	\$93
Simply Energy	\$1,131	-	-	-	-	-	-	-
Simple average	\$1,168	\$1,058	-9%	\$1,048	\$948	-10%	\$132	\$110

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

Region	Retailer	Standing Offer		
		30 June 2016	30 June 2017	% change
Mount Gambier	AGL Energy	-	-	-
	EnergyAustralia	-	-	-
	Origin Energy	\$1,153	\$1,037	-10
	Simply Energy	-	-	-
	Simple average	\$1,153	\$1,037	-10%
Port Pirie	AGL Energy	-	-	-
	EnergyAustralia	-	-	-
	Origin Energy	\$1,153	\$1,037	-10
	Simply Energy	-	-	-
	Simple Average	\$1,153	\$1,037	-10%
Riverland	AGL Energy	-	-	-
	EnergyAustralia	-	-	-
	Origin Energy	\$1,153	\$1,037	-10
	Simply Energy	-	-	-
	Simple Average	\$1,153	\$1,037	-10%
Whyalla	AGL Energy	-	-	-
	EnergyAustralia	-	-	-
	Origin Energy	\$1,153	\$1,037	-10
	Simply Energy	-	-	-
	Simple Average	\$1,153	\$1,037	-10%

Note: Standing Offer prices were not available for AGL Energy, and EnergyAustralia because they were not marketing to non-metropolitan residential gas customers. Simply Energy provides Standing Offers to non-metropolitan residential gas customers, but only if a customer purchases electricity from Simply Energy. Those conditional offers are therefore excluded from the table above.

The Commission's analysis of estimated annual residential gas bills⁹ at 30 June 2016 and 30 June 2017 indicates:

► **Origin Energy was offering metropolitan and non-metropolitan residential gas customers the same retail prices**

At 30 June 2017, only Origin Energy actively marketed to regions outside of Adelaide. Origin Energy offered the same gas retail Standing Offer prices to their metropolitan and non-metropolitan residential customers.

► **Reductions in both metropolitan residential gas retail Standing Offer and Market Offer prices**

All three of the gas retailers reduced their retail Standing Offer prices.¹⁰ The reductions ranged from 10 percent (EnergyAustralia and Origin Energy) to 11 percent for AGL Energy. At 30 June 2017, AGL Energy had the lowest-priced Standing Offer annual bill at \$1,003 and EnergyAustralia had the highest-priced Standing Offer annual bill at \$1,134.

The reductions in the simple average of all Market Offers by retailer ranged from three percent (AGL Energy) to 11 percent (EnergyAustralia). At 30 June 2017, AGL Energy had the lowest-priced Market Offer annual bill at \$918 and EnergyAustralia had the highest-priced Market Offer annual bill at \$1,101.

► **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 one percent (AGL Energy) to nine percent (EnergyAustralia). 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 \$85 (AGL Energy) and \$151 (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 \$216 by switching from the highest-priced Standing Offer (EnergyAustralia at \$1,134) to the lowest-priced Market Offer (AGL Energy at \$918).

► **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**

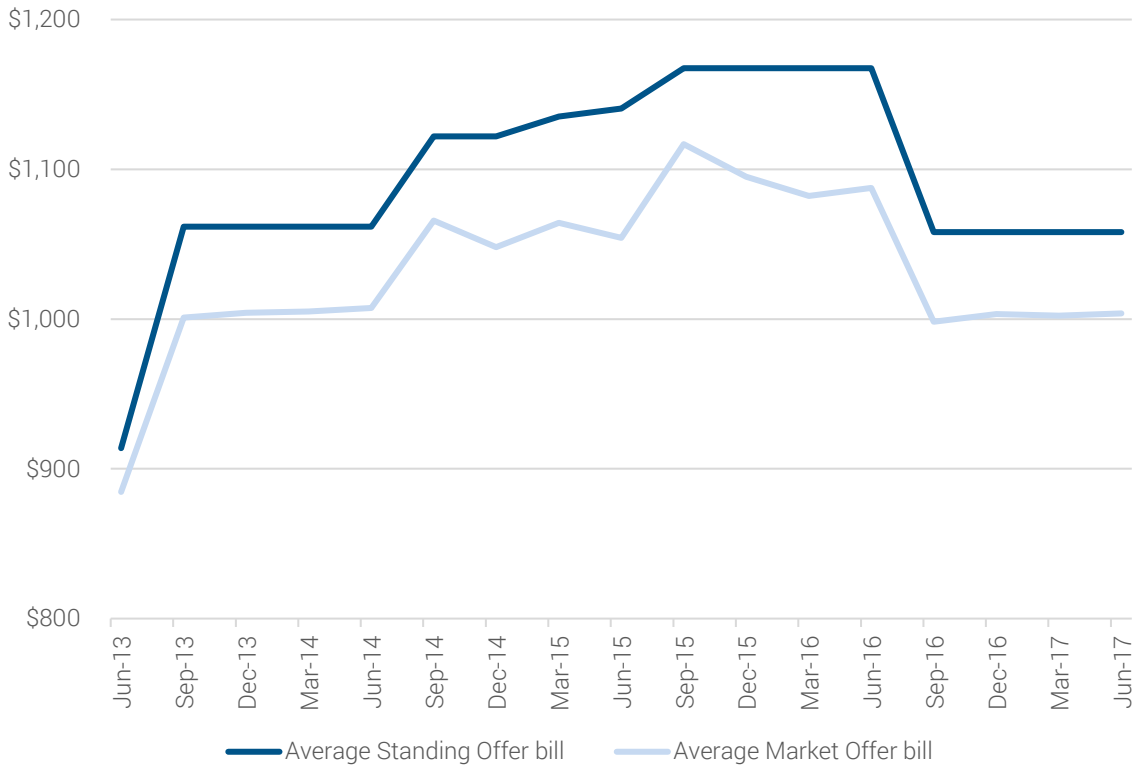
At 30 June 2017, the largest price difference was found across EnergyAustralia's Market Offers, where the estimated annual bill on different Market Offers was between \$983 and \$1,101 (a spread of \$118).

⁹ Refer Tables 3-2 and 3-3 and Annexure E.

¹⁰ Simply Energy were only offering gas Standing Offers and Market Offers to residential customers who took offers for both electricity and gas on 30 June 2017.

Figure 3-2 shows the movement of annual metropolitan residential gas Standing Offer and Market Offer bills between 30 June 2013 and 30 June 2017. It shows that the average annual Standing Offer bill increased by 15.8 percent (an increase of 3.7 percent per annum), and that the average annual Market Offer bill increased by 13.5 percent (an increase of 3.2 percent per annum) over the period. The average discount between Standing Offers and Market Offers has increased from \$29 to \$54 over the four years.

Figure 3-2: Movements in the average annual gas Standing Offer 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 Offer and Market Offer prices at 30 June 2016 and 30 June 2017, and the discount between the average Standing Offer and average Market Offer.

It shows that there were reductions in both the average annual Standing Offer and Market Offer bills. However, the reduction in the average Standing Offer bill of nine percent (\$587) exceeded the six percent decrease (\$357) in the average Market Offer bill. This decreased the discount between the two types of offers from \$465 to \$233.

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

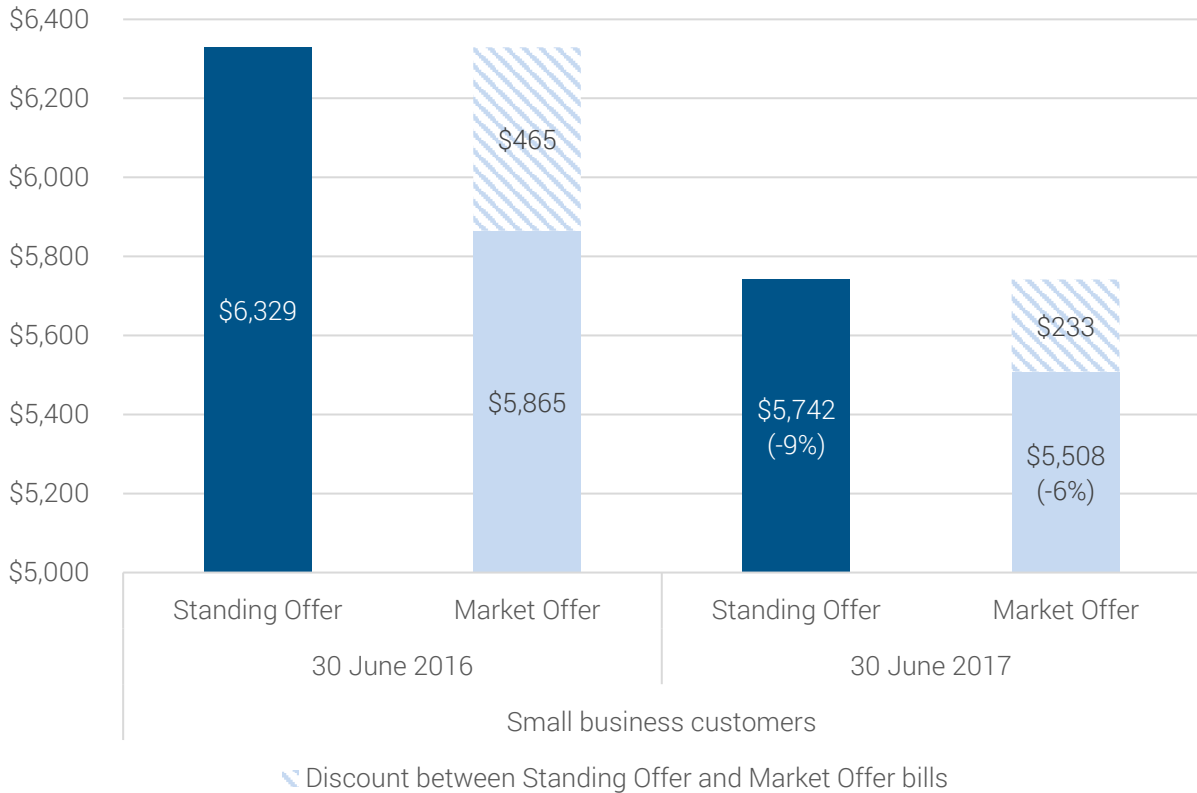


Table 3-3 shows the change in the estimated annual small business gas Standing Offer and lowest-priced Market Offer annual bills for each retailer between 30 June 2016 and 30 June 2017.

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 2016	30 June 2017	% change	30 June 2016	30 June 2017	% change	30 June 2016	30 June 2017
AGL Energy	\$5,983	\$5,362	-10	\$5,490	\$5,054	-8	\$493	\$308
EnergyAustralia	\$6,511	\$5,951	-9	\$5,468	\$4,998	-9	\$1,043	\$953
Origin Energy	\$6,378	\$5,912	-7	\$5,906	\$5,478	-7	\$472	\$434
Simply Energy	\$6,446	-	-	-	-	-	-	-
Simple average	\$6,329	\$5,742	-9%	\$5,621	\$5,177	-8%	\$669	\$565

¹¹ Simply 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 2016 and 30 June 2017 indicates:

► **Reductions in the majority of small business gas retail Standing Offer and Market Offer prices**

All three of the gas retailers reduced their small business retail Standing Offer prices.¹³ The reductions ranged from seven percent (Origin Energy) to 10 percent (AGL Energy). At 30 June 2017, AGL Energy had the lowest-priced Standing Offer annual bill at \$5,362 and EnergyAustralia had the highest-priced Standing Offer annual bill at \$5,951.

The reductions in the simple average of all Market Offers ranged from two percent (AGL Energy) to 10 percent (EnergyAustralia). At 30 June 2017, EnergyAustralia had the lowest-priced Market Offer annual bill at \$4,998 and Origin Energy had the highest-priced Market Offer annual bill at \$5,912.

► **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 four percent (Origin Energy) to 11 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 \$308 (AGL Energy) and \$953 (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**

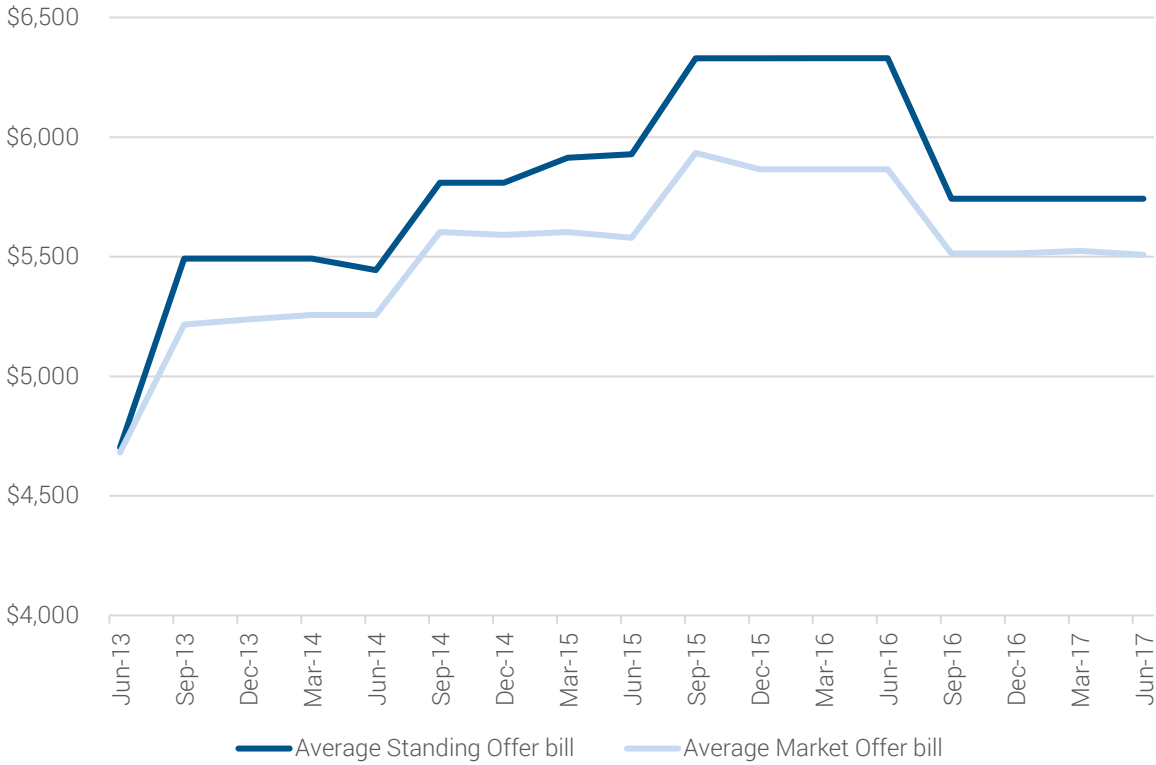
At 30 June 2017, the largest price difference was found across AGL Energy's Market Offers, where the estimated annual bill on different Market Offers was between \$5,054 and \$5,841 (a spread of \$787).

¹² Refer Table 3-3 and Annexure F.

¹³ Simply Energy was not offering any gas Standing Offers and Market Offers to small business customers on 30 June 2017.

Figure 3-4 shows the movement of annual small business gas Standing Offer and Market Offer bills between 30 June 2013 and 30 June 2017. It shows that the average annual Standing Offer bill has increased by 22.1 percent (an increase of 5.1 percent per annum), and that the average annual Market Offer bill has increased by 17.7 percent (an increase of 4.2 percent per annum) over the period. The average discount between Standing Offers and Market Offers has increased from \$20 to \$233 over the four 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

A.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,¹⁴ 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 2016 and 2017. Current offers are available on the AER's Energy Made Easy website.

A.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.

A.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.

A.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.

A.2.3 Single-rate and two-rate offers

Electricity offers may include either single-rate or two-rate¹⁵ contract offerings. However, the analysis of estimated annual bills focuses only on peak rates and does not include off peak consumption.

A.2.4 Average values

All averages quoted in this Report are simple (unweighted) averages.

¹⁴ The AER's energy price comparison service can be accessed at: www.energymadeeasy.gov.au.

¹⁵ '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.

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

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).

A.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.

A.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.

A.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.

A.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.

A.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.

A.8 Small business time-of-use tariffs

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

A.9 Maximum demand tariffs

Maximum demand tariffs are excluded from this analysis.

A.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, and
- ▶ 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.

A.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.

A.12 Green energy options

Customers can choose to add an accredited 'GreenPower' renewable energy component to Market Offers, ranging from the equivalent of 10 percent to 100 percent 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.¹⁶

A.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.

¹⁶ Refer to Annexure I of this report.

Annexure C

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

Retailer	30 June 2016				30 June 2017			
	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	\$1,808	\$1,656	\$1,637	\$1,668	\$2,050	\$1,841	\$1,803	\$1,865
Alinta Energy	\$1,860	\$1,543	\$1,543	\$1,543	\$1,933	\$1,893	\$1,768	\$2,017
BlueNRG	\$0	\$0	\$0	\$0	\$3,199	\$2,624	\$2,624	\$2,624
Click Energy	\$1,919	\$1,883	\$1,631	\$2,084	\$2,321	\$2,040	\$1,834	\$2,201
Diamond Energy	\$1,731	\$1,662	\$1,627	\$1,731	\$2,078	\$1,995	\$1,954	\$2,078
EnergyAustralia	\$1,998	\$1,670	\$1,591	\$1,741	\$2,314	\$1,991	\$1,811	\$2,147
Lumo Energy	\$1,836	\$1,947	\$1,830	\$2,080	\$2,120	\$2,205	\$2,097	\$2,393
M2 Energy (Commander)	\$2,102	\$1,738	\$1,738	\$1,738	\$2,101	\$1,738	\$1,738	\$1,738
M2 Energy (Dodo)	\$2,185	\$1,709	\$1,709	\$1,709	\$2,184	\$1,709	\$1,709	\$1,709
Momentum Energy	\$1,949	\$1,918	\$1,883	\$1,949	\$2,243	\$2,243	\$2,243	\$2,243
Origin Energy	\$1,918	\$1,761	\$1,623	\$2,021	\$2,049	\$1,920	\$1,766	\$2,049
Pacific Hydro	\$2,163	-	-	-	\$2,163	-	-	-
Powerdirect	\$1,828	\$1,681	\$1,673	\$1,688	\$2,043	\$1,730	\$1,730	\$1,730
QEnergy	\$1,815	\$1,884	\$1,884	\$1,884	\$2,297	-	-	-
Red Energy	\$1,797	\$1,945	\$1,872	\$2,017	\$2,120	\$1,871	\$1,871	\$1,871
Sanctuary Energy	\$1,936	-	-	-	\$1,936	-	-	-
Simply Energy	\$1,873	\$1,723	\$1,491	\$1,886	\$2,083	\$1,870	\$1,809	\$1,900
Urth Energy	\$1,953	\$1,786	\$1,786	\$1,786	-	-	-	-
Simple average	\$1,922	\$1,767	\$1,701	\$1,835	\$2,190	\$1,976	\$1,911	\$2,040

Annexure D

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

Retailer	30 June 2016				30 June 2017			
	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	\$3,723	\$3,172	\$3,137	\$3,206	\$4,184	\$3,437	\$3,135	\$3,563
Alinta Energy	\$3,934	-	-	-	\$5,056	\$3,828	\$3,559	\$4,120
BlueNRG	-	-	-	-	\$6,197	\$5,022	\$5,022	\$5,022
Click Energy	\$3,774	\$3,510	\$3,510	\$3,510	\$4,188	\$3,739	\$3,739	\$3,739
Diamond Energy	\$3,276	\$3,145	\$3,080	\$3,276	\$4,127	\$3,962	\$3,879	\$4,127
EnergyAustralia	\$3,974	\$3,275	\$3,112	\$3,424	\$4,616	\$3,841	\$3,504	\$4,332
ERM Power Retail Pty Ltd	\$3,558	\$3,740	\$3,740	\$3,740	\$4,529	\$5,254	\$5,229	\$5,278
Lumo Energy	\$3,588	\$3,464	\$3,385	\$3,543	\$3,922	\$4,042	\$4,018	\$4,065
M2 Energy (Commander)	\$4,173	\$3,399	\$3,399	\$3,399	\$4,171	\$3,397	\$3,397	\$3,397
Momentum Energy	\$3,694	\$3,213	\$2,761	\$3,694	\$4,284	\$3,891	\$3,366	\$4,284
Origin Energy	\$3,666	\$3,215	\$2,989	\$3,666	\$4,173	\$3,670	\$3,399	\$4,173
Pacific Hydro	\$3,781	-	-	-	\$3,780	-	-	-
Powerdirect	\$4,015	\$3,508	\$3,456	\$3,559	\$4,505	\$3,910	\$3,877	\$3,943
QEnergy	\$3,429	-	-	-	\$4,123	-	-	-
Red Energy	\$3,578	\$3,597	\$3,462	\$3,731	\$3,922	\$3,461	\$3,461	\$3,461
Simply Energy	\$3,578	\$3,266	\$3,266	\$3,266	\$4,028	\$3,564	\$3,471	\$3,656
Urth Energy	\$3,546	\$3,325	\$3,219	\$3,431	-	-	-	-
Simple average	\$3,705	\$3,371	\$3,270	\$3,496	\$4,363	\$3,930	\$3,790	\$4,083

Annexure E

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

Retailer	30 June 2016				30 June 2017			
	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	\$1,130	\$1,016	\$1,000	\$1,029	\$1,003	\$989	\$918	\$1,029
EnergyAustralia	\$1,256	\$1,159	\$1,097	\$1,220	\$1,134	\$1,035	\$983	\$1,101
Origin Energy	\$1,153	\$1,088	\$1,047	\$1,153	\$1,037	\$986	\$944	\$1,037
Simply Energy	\$1,131	-	-	-	-	-	-	-
Simple average	\$1,168	\$1,088	\$1,048	\$1,134	\$1,058	\$1,004	\$948	\$1,056

Annexure F

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

Retailer	30 June 2016				30 June 2017			
	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	\$5,983	\$5,646	\$5,490	\$5,841	\$5,362	\$5,537	\$5,054	\$5,841
EnergyAustralia	\$6,511	\$5,885	\$5,468	\$6,321	\$5,951	\$5,293	\$4,998	\$5,778
Origin Energy	\$6,378	\$6,063	\$5,906	\$6,378	\$5,912	\$5,695	\$5,478	\$5,912
Simply Energy	\$6,446	-	-	-	-	-	-	-
Simple average	\$6,329	\$5,865	\$5,621	\$6,180	\$5,742	\$5,508	\$5,177	\$5,844

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

Under the South Australian feed-in tariff scheme, residential and small business customers with a qualifying PV unit are entitled to receive an R-FiT from their retailer for the electricity exported to the grid by their solar PV generators.

In December 2016, the Commission determined that it will not set a minimum amount for the purposes of the R-FiT scheme from 1 January 2017. That decision represented a change from the Commission's past practice of setting a minimum amount.¹⁷ Prior to that, the most recent determination had required retailers to pay eligible solar customers a minimum of 6.8 cents per kWh for electricity exported to the distribution network up to, and including, 31 December 2016.

To ensure retailers recognise the benefit of feed-in electricity and continue to offer an R-FiT to solar PV customers, the Commission implemented an R-FiT monitoring regime.¹⁸ If evidence arises to show that the benefit of feed-in electricity by solar customers is not being recognised by retailers, the Commission may re-set a minimum price for the R-FiT under the Electricity Act 1996.

Because this report only covers energy offers that are publicly available to small customers between the period 1 July 2016 and 30 June 2017, the Commission is separately conducting further analysis to examine the electricity offers that took effect from 1 July 2017. The analysis will examine the recent increase in the South Australian wholesale electricity costs and, in particular, whether or not there has been a corresponding increase in the R-FiTs offered by electricity retailers.

Following that analysis, the Commission will release a fact sheet for the R-FiT in October 2017, to be published on the Commission's website.

Incidence of R-FiT payments

A variety of offerings may be indicative of a competitive market, particularly where there are offers above the minimum amount. However, the Commission stresses that focussing on R-FiT amounts alone does not reveal the full value of a Market Offer to a solar customer; it is equally important to consider the terms and conditions associated with those R-FiT amounts and the purchase price of energy offered by a retailer.

Table G-1 shows the R-FiT amounts paid by retailers before and after the cessation of the minimum R-FiT of 6.8 cents per kWh (as at 31 December 2016 and 30 June 2017). Of the 15 retailers retailing to solar customers, four retailers (Lumo Energy, Origin Energy, Powerdirect and Red Energy) changed their R-FiTs between those two dates. The remaining 11 retailers kept their R-FiTs unchanged. Retailers typically change Market Offer prices (including R-FiTs) once each year, at around 1 July, and it is therefore unsurprising that few changes in R-FiT offers occurred between 31 December 2016 and 30 June 2017.

¹⁷ Essential Services Commission, *Retailer feed-in tariff – Review of regulatory arrangements – Final decision*, 20 December 2016, available at: <http://www.escosa.sa.gov.au/projects-and-publications/projects/electricity/electricity-retailer-feed-in-tariff-review-of-regulatory-arrangements/sa-electricity-retailer-feed-in-tariff-review-of-regulatory-arrangements>.

¹⁸ Essential Services Commission, *Monitoring of Retailer Feed-In Tariffs – Fact sheet*, 28 April 2017, available at: <http://www.escosa.sa.gov.au/projects-and-publications/projects/electricity/electricity-retailer-feed-in-tariff-review-of-regulatory-arrangements/sa-electricity-retailer-feed-in-tariff-review-of-regulatory-arrangements>.

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

Retailer	31 December 2016	30 June 2017
AGL Energy	6.8	6.8
Alinta Energy	6.8	6.8
Click Energy	8.0 to 12	8.0 to 12
Diamond Energy	8	8
EnergyAustralia	8.2	8.2
ERM Power Retail Pty Ltd	6.8	6.8
Lumo Energy	7	7.0 to 16.0
M2 Energy (Commander)	7	7
M2 Energy (Dodo)	7	7
Momentum Energy	6.8	6.8
Origin Energy [^]	6.8 - 10	6.8 - 12
Pacific Hydro [*]	6.8	-
Powerdirect	6.8	6.8 - 8
QEnergy [*]	6.8	-
Red Energy [*]	6.8	16
Sanctuary Energy [*]	6.8	6.8
Simply Energy	6.8	6.8
Urth Energy [#]	6.8 to 20	-

Note: ^{*} While QEnergy, Pacific Hydro, Sanctuary Energy generally do not actively market to residential solar PV customers, they were still obliged to pay the minimum R-FiT value of 6.8 cents per kWh to their solar PV customers up to, and including, 31 December 2016.

[^] Origin Energy also offers 12 cents per kWh, but only to customers who purchase an eligible solar system through Origin Energy.

[#] On 2 February 2017, Urth Energy Pty Limited was suspended from the electricity retail market by AEMO.

Incidence of best priced market offers available to solar customers

Table G-2 and G-3 shows that most retailers were not discriminating between solar and non-solar customers and that the majority of retailers were making their best-priced Market Offer available to solar customers.

For residential customers, 13 out of the 14 retailers retailing to solar customers were making their best-priced Market Offer available to those customers. The only exception was Click Energy, where the best-priced solar Market Offer was \$34 higher than the comparable non-solar Market Offer.

For small business customers, 10 out of the 12 retailers retailing to solar customers were making their best-priced Market Offer available to those customers. AGL Energy's best-priced solar Market Offer was \$428 higher than the comparable non-solar Market Offer. Alinta Energy's best-priced solar Market Offer was \$55 cheaper than the comparable non-solar Market Offer.

Annexure G-2: Retailers' available Market Offers to South Australian residential customers and price difference between best-priced solar and non-solar Market Offers as at 30 June 2017 (GST inclusive) (\$nominal)

Retailer	Available Market Offers	Available solar Market Offers	Best-priced Market Offer	Best-priced solar Market Offer	Price difference
AGL Energy	5	5	\$1,803	\$1,803	\$0
Alinta Energy	4	2	\$1,768	\$1,768	\$0
BlueNRG	1	-	\$2,624	-	-
Click Energy	5	2	\$1,834	\$1,868	\$34
Diamond Energy	3	1	\$1,954	\$1,954	\$0
EnergyAustralia	3	3	\$1,811	\$1,811	\$0
Lumo Energy	3	3	\$2,097	\$2,097	\$0
M2 Energy (Commander)	1	1	\$1,738	\$1,738	\$0
M2 Energy (Dodo)	1	1	\$1,709	\$1,709	\$0
Momentum Energy	4	4	\$2,243	\$2,243	\$0
Origin Energy	8	8	\$1,766	\$1,766	\$0
Pacific Hydro	-	-	-	-	-
Powerdirect	1	1	\$1,730	\$1,730	\$0
QEnergy	-	-	-	-	-
Red Energy	1	1	\$1,871	\$1,871	\$0
Sanctuary Energy	-	-	-	-	-
Simply Energy	6	6	\$1,809	\$1,809	\$0

Annexure G-3: Retailers' available Market Offers to South Australian small business customers and price difference between best-priced solar and non-solar Market Offers as at 30 June 2017 (GST inclusive) (\$nominal)

Retailer	Available Market Offers	Available solar Market Offers	Best-priced Market Offer	Best-priced solar Market Offer	Price difference
AGL Energy	8	2	\$3,135	\$3,563	\$428
Alinta Energy	8	-	\$3,559	\$3,504	(\$55)
BlueNRG	1	-	\$5,022	-	-
Click Energy	1	-	\$3,739	-	-
Diamond Energy	3	1	\$3,879	\$3,879	\$0
EnergyAustralia	3	3	\$3,504	\$3,504	\$0
ERM Power	2	2	\$5,229	\$5,229	\$0
Lumo Energy	2	2	\$4,018	\$4,018	\$0
M2 Energy Commander	1	1	\$3,397	\$3,397	\$0
Momentum Energy	7	7	\$3,366	\$3,366	\$0
Origin Energy	4	4	\$3,399	\$3,399	\$0
Pacific Hydro	-	-	-	-	-
Powerdirect	2	2	\$3,877	\$3,877	\$0
QEnergy	-	-	-	-	-
Red Energy	1	1	\$3,461	\$3,461	\$0
Simply Energy	8	8	\$3,471	\$3,471	\$0

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 consumption¹⁹ 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 2016	30 June 2017	% change
AGL Energy	14.64	16.89	15
Alinta Energy	15.65	22.25	42
BlueNRG		38.50	-
Click Energy	22.22	28.16	27
Diamond Energy	14.03	17.58	25
EnergyAustralia	15.83	16.41	4
Lumo Energy	12.76	17.28	35
M2 Energy (Commander)	17.71	17.71	0
M2 Energy (Dodo)	17.82	17.82	0
Momentum Energy	20.98	27.47	31
Origin Energy	15.65	16.72	7
Pacific Hydro	19.15	19.15	0
Powerdirect	15.74	18.15	15
QEnergy	13.73	-	-
Red Energy	16.89	17.28	2
Sanctuary Energy	15.50	15.50	0
Simply Energy	14.75	22.79	55
Urth Energy	14.85	-	-

¹⁹ 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 2016	30 June 2017	% change
AGL Energy	14.64	16.89	15
Alinta Energy	15.04	21.68	44
BlueNRG		37.13	-
Click Energy	22.22	28.16	27
Diamond Energy	14.03	17.59	25
EnergyAustralia	15.83	16.41	4
ERM Power Retail Pty Ltd	18.12	23.73	31
Lumo Energy	17.82	-	-
M2 Energy (Commander)	17.71	17.71	0
Momentum Energy	20.99	27.47	31
Origin Energy	15.65	16.72	7
Pacific Hydro	17.30	17.30	0
Powerdirect	15.74	18.15	15
QEnergy	13.73	-	-
Red Energy	16.89	19.64	16
Simply Energy	14.75	22.79	55
Urth Energy	14.30	-	-

Annexure I Green energy options

At 30 June 2017, eight of the 19 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 2016 and 30 June 2017 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 2016	Additional cost 30 June 2017	Comments
AGL Energy	10	\$57	\$57	
	20	\$94	\$94	
	100	\$275	\$275	
Click Energy	25	-	-	Green energy charges are incorporated into the usage rates
Diamond Energy	20	\$55	\$55	
	50	\$138	\$138	
	100	\$275	\$275	
M2 Energy (Dodo)	10	\$50	\$50	
	100	\$495	\$495	
EnergyAustralia	10	\$28	\$42	
	20	\$55	\$85	
	100	\$275	\$424	
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 2016	Additional cost 30 June 2017	Comments
Origin Energy	25	\$104	\$104	
	50	\$141	\$141	
	100	\$281	\$281	
Powerdirect	10	\$51	Not being offered	
	20	\$103	Not being offered	
	25	\$128	Not being offered	
	50	\$257	Not being offered	
	75	\$385	Not being offered	
	100	\$514	Not being offered	
QEnergy	10	\$33	-	
	20	\$165	-	
	100	\$330	-	
Red Energy	100	\$292	\$292	



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