



# Energy Retail Offers Comparison Report 2017-18 (Executive Summary)

Report to the Minister for Energy and Mining

August 2018

## Executive Summary

Under the Electricity Act 1996 and Gas Act 1997, the Essential Services Commission (**Commission**) provides to the Minister for Energy and Mining (**Minister**) an annual Energy Retail Offers Comparison Report. This 2017-18 Report (**Report**) compares electricity and gas retail offer prices available to South Australian residential and small business customers during the period 30 June 2017 to 30 June 2018.

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 recent electricity and gas retail price movements, effective from 1 July 2018. Those price movements will be covered in the 2018-19 Report.

The Commission's key observations of energy retail offer price movements over the 12 months to 30 June 2018 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 18 percent and 14 percent respectively over the 12 months to 30 June 2018. This is equivalent to an average annual bill increase of \$405 for a residential customer on a Standing Offer, and a \$268 increase for a customer on a Market Offer.
- ▶ Average annual small business retail electricity Standing Offer and Market Offer prices increased by 17 percent and 13 percent respectively over the same period. This is equivalent to an average annual bill increase of \$750 for a small business customer on a Standing Offer, and a \$516 increase for a customer on a Market Offer.

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

- ▶ Average annual residential gas retail Standing Offer and Market Offer prices increased by 10 percent and three percent respectively over the 12 months to 30 June 2018. This is equivalent to an average annual bill increase of \$106 for a residential customer on a Standing Offer, and a \$30 increase for a customer on a Market Offer.
- ▶ At 30 June 2018, 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.
- ▶ Average annual small business gas retail Standing Offer and Market Offer prices increased by 12 percent and six percent respectively over the same period. This is equivalent to an average annual bill increase of \$717 for a small business customer on a Standing Offer, and a \$308 increase 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 three percent to 29 percent. For small business customers, the available discount ranged from three percent to 26 percent.
- ▶ While gas retail Market Offers were also generally priced at a discount to 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 six percent to 21 percent. For small business gas customers, the available discount ranged from four percent to 24 percent.

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

- ▶ Energy retailers were differentiating their retail 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 2018, where a retailer discounted a retail Market Offer against its Standing Offer, residential electricity customers on a Standing Offer could have saved between \$92 and \$905 annually had they switched to their retailer's lowest-priced Market Offer.
- ▶ At 30 June 2018, where a retailer discounted a retail Market Offer against its Standing Offer, residential gas customers on a Standing Offer could have saved between \$93 and \$306 had they switched to their retailer's lowest-priced Market Offer.
- ▶ 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](http://www.energymadeeasy.gov.au)) to compare all available energy offers.



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