



Energy Retail Price Comparison Report 2019-20 (Executive Summary)

Report to the Minister for Energy and Mining

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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 Price Offers Comparison Report (**Report**). This 2019-20 Report compares electricity and gas retail price offers available to South Australian residential and small business customers at 30 June 2019 and 30 June 2020.

The Report provides a snapshot of energy retail price offers available in the market over the twelve month period to 30 June 2020. In doing so, it applies an annual bill approach, using set levels of customer consumption, to monitor energy retail price offers in South Australia.

This Report does not consider recent electricity and gas price movements which may have occurred from 1 July 2020, or the determination made by the Australian Energy Regulator (**AER**) on Default Market Offer (**DMO**) electricity prices to apply from that date.¹ The impact of the Default Market Offer on electricity retail Standing Offer and Market Offer prices is monitored through a separate Supplementary Electricity Retail Price Offers Comparison Report published by the Commission pursuant to the *Electricity (General) Regulations 2012*, available on the Commission's website.

Average annual electricity retail Standing Offer and Market Offer prices for both residential and small business customers decreased over the 12 months to 30 June 2020.

- ▶ Average residential annual electricity retail Standing Offer and Market Offer prices fell by 13 percent and four percent respectively over the 12 months to 30 June 2020. This is equivalent to an average annual bill reduction of \$331 for a customer on a Standing Offer contract and a \$96 reduction for a customer on a Market Offer contract. This reduced the average discount between the two types of offers from \$442 to \$207.
- ▶ Average small business annual electricity retail Standing Offer and Market Offer prices fell by six percent and four percent respectively over the 12 months to 30 June 2020. This is equivalent to an average annual bill reduction of \$288 for a customer on a Standing Offer contract and a \$153 reduction for a customer on a Market Offer contract. This reduced the average discount between the two types of offers from \$734 to \$600.

Average annual gas retail Standing Offer and Market Offer prices for both residential and small business customers increased over the 12 months to 30 June 2020.

- ▶ Average residential annual gas retail Standing Offer and Market Offer prices increased by six percent and three percent respectively over the 12 months to 30 June 2020. This is equivalent to an average annual bill increase of \$63 for a customer on a Standing Offer contract and a \$28 increase for a customer on a Market Offer contract. This increased the average discount between the two types of offers from \$126 to \$162.

¹ Further information on the introduction of Default Market Offer from 1 July 2020 can be accessed from the Australian Energy Regulator website at: <https://www.aer.gov.au/retail-markets/retail-guidelines-reviews/retail-electricity-prices-review-determination-of-default-market-offer-prices-2020-21>.

- ▶ Average small business annual gas retail Standing Offer and Market Offer prices increased by four percent and seven percent respectively over the 12 months to 30 June 2020. This is equivalent to an average annual bill increase of \$265 for a customer on a Standing Offer contract and a \$429 increase for a customer on a Market Offer contract. This reduced the average discount between the two types of offers from \$768 to \$604.
- ▶ At 30 June 2020, only three out of the eight gas retailers were marketing to regions outside of Adelaide. Those retailers offered the same gas retail Standing Offer prices to their metropolitan and non-metropolitan residential customers.

Market Offers were generally priced at a discount to Standing Offer prices in 2019-20

- ▶ 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 no discount to 16 percent. For small business customers, it ranged from no discount to 23 percent.
- ▶ Gas retail Market Offers were also generally priced at a discount to Standing Offers. For residential customers, the discount between a retailer's Standing Offer and their average Market Offer ranged from seven percent to 27 percent. For small business customers, it ranged from no discount to 18 percent.

Customers can save by shopping around for a better energy retail price 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 2020, where a retailer discounted a Market Offer against its Standing Offer, residential electricity customers on a Standing Offer contract could have saved between \$20 and \$460 per annum had they switched to their retailer's lowest-priced Market Offer.
- ▶ At 30 June 2020, where a retailer discounted a Market Offer against its Standing Offer, residential gas customers on a Standing Offer contract could have saved between \$90 and \$390 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) to compare all available energy offers.

South Australian solar customers had a choice of offers available to them and electricity retailers were recognising the benefit of fed-in solar electricity

- ▶ At 30 June 2020, Retailer Feed-In Tariffs (R-FiTs) ranged from 5 cents to 23 cents per kWh.
- ▶ The available evidence shows that South Australian solar customers had a choice of offers available to them and were not paying more for electricity than non-solar customers. Further, electricity retailers were recognising the benefit of fed-in solar electricity through offering a R-FiT to solar customers.
- ▶ The Commission will continue to monitor retail offers to solar customers to inform itself on whether or not solar customers can access electricity offers comparable with those of non-solar customers.



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