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Electricity

Supplementary Electricity Retail Price Offers Comparison Report 2020

Report to the Minister for Energy and Mining

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Glossary of terms

Term	Description
Commission	Essential Services Commission established under the <i>Essential Services Commission Act 2002</i>
Default Market Offer	The maximum price set by the Australian Energy Regulator for standing offers
Designated Retailer	Under clause 2 of the National Energy Retail Law, a 'Designated Retailer' for a small customer's premises is: <ul style="list-style-type: none"> (a) in the case where there is no existing connection – the local area retailer, or (b) in the case where there is 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 with controlled load: 6,000 kWh per annum (general usage of 4,200 kWh per annum and controlled load usage of 1,800 kWh per annum) ▶ for residential customers without controlled load: 4,000 kWh per annum ▶ for residential customers with solar photovoltaics without controlled load: 4,000 kWh per annum ▶ for small business customers without controlled load: 20,000 kWh per annum and 100,000 kWh per annum
GST	Goods and Services Tax
kWh	Kilowatt hour
Market Offer	Any retail electricity offer that is not a Standing Offer
Minister	South Australian Minister for Energy and Mining
MJ	Megajoule
MWh	Megawatt hour
National Energy Retail Law	<i>National Energy Retail Law (South Australia) Act 2011</i>
NERL retailers	Energy retailers authorised to sell electricity and/or gas to customers under the <i>National Energy Retail Law (South Australia) Act 2011</i>
PV	Photovoltaic
Report	This Supplementary Electricity Retail Price Offers Comparison Report requested by the Minister for Energy and Mining pursuant to section 12 of the <i>Electricity (General) Regulations 2012</i>

Term	Description
R-FIT	Retailer-paid component of the solar feed-in tariff
Retailers	NERL retailers selling electricity in South Australia as at 30 June 2020 and/or 31 October 2020
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 <i>Electricity Act 1996</i>
Standing Offer	Standing Offers are the default offer contracts which an energy retailer must make available to customers for which it is a Designated Retailer
Weighted average	Calculation that is weighted by the number of customers on each retail electricity offer, as reported by electricity retailers

Executive summary

The Essential Services Commission (**Commission**) is a statutory authority established as an independent economic regulator and advisory body under the *Essential Services Commission Act 2002* (**ESC Act**).

The Commission has economic regulatory responsibility in the water, sewerage, electricity, gas, rail and maritime services, and a general advisory function on regulatory and economic matters. The ESC Act and various industry Acts together provide the Commission with those regulatory and advisory powers and functions.

Under the ESC Act the Commission has the primary objective of:

'... protection of the long term interests of South Australian consumers with respect to the price, quality and reliability of essential services'

In September 2019, the Commission received an information request from the South Australian Minister for Energy and Mining (**Minister**) to produce an annual Supplementary Electricity Retail Price Offers Comparison Report (**Report**) pursuant to the *Electricity (General) Regulations 2012*. The information request is in addition to the Energy Retail Price Offers Comparison Report prepared annually by the Commission under the *Electricity Act 1996* and *Gas Act 1997*.

This Report is the second Report published by the Commission, completing the Minister's information request. The purpose of that request was to allow the Minister to obtain information and data from the Commission, which the Minister could use, in combination with other information, to assess the policy and market outcomes of the Default Market Offer (**DMO**). The information request advised that after this Report, the South Australian Government will assess the need for ongoing reporting.

The information request requires the Commission to examine the prices for the sale of electricity in South Australia following the introduction of the DMO by the Australian Energy Regulator (**AER**) on 1 July 2019, by considering the prices of electricity retail Standing Offers and Market Offers for residential and small business customers and relevant customer numbers on these prices.

The DMO is an annual maximum reference price set by the AER and is designed to make it easier for residential and small business customers to compare energy plans across different electricity retailers as retailers must compare all offers against the reference price.

The observations set out in this Report are based on electricity retail offer prices that were publicly available to residential and small business customers in South Australia on 30 June 2020 and/or on 31 October 2020. Electricity retail offers not publicly available on these dates and the associated number of customers on those offers are therefore excluded from the analysis.

The Commission estimates that the proportion of electricity customers analysed in the Report is approximately 24 percent for residential customers, and 15 percent for small business customers, of the respective total customer base in South Australia. All data, tables and figures presented in the Report are therefore only specific to these subsets of customers.

The remaining 76 percent of residential customers and 85 percent of small business customers were on electricity retail offers that were not publicly available on 30 June 2020 and/or on 31 October 2020. Therefore, this Report does not comment on pricing outcomes for these customers.

The key retail electricity pricing outcomes are summarised in Table 1.

Table 1: Key retail electricity pricing outcomes 30 June 2020 to 31 October 2020

Customer types	Average retail price change (percentage)		
	Standing Offer	Market Offer	Default Market Offer
Residential customers with controlled load (assuming annual general usage of 4,200 kWh and annual controlled load usage of 1,800 kWh)	-7	-7	-7
Residential customers without controlled load (assuming general usage of 4,000 kWh)	-5	-5	-6
Residential customers with solar photovoltaics without controlled load (assuming general usage of 4,000 kWh)	-5	-5	-6
Small business customers without controlled load (assuming annual general usage of 20,000 kWh)	-9	-8	-9
Small business customers without controlled load (assuming annual general usage of 100,000 kWh)	-9	-8	-9

Analysis carried out by the Commission on the data provided by electricity retailers operating in South Australia also indicates the following:

- ▶ Retailers increased the range of electricity retail offer prices available as at 30 June 2020 and 31 October 2020, compared to corresponding dates in 2019.
- ▶ The extent of discounting between the average retail Standing Offer price and the DMO 2020-21 price has widened at 31 October 2020. The majority of retailers had previously set their retail Standing Offer prices either at or just below the DMO 2019-20 price as at 31 October 2019.
- ▶ The majority of residential and small business electricity retail Market Offers were priced below the DMO 2020-21 price as at 31 October 2020. Both the price range and available discounts had also generally increased, when compared to retail Market Offers publicly available on 30 June 2020.
- ▶ For residential customers, the proportion of customers on retail Standing Offers was broadly unchanged. In terms of the distribution of customers across price bands, the majority of customers were on the lower annual bill price bands for both retail Market and Standing Offers.
- ▶ For small business customers, there was an increase in the proportion of customers on retail Market Offers. In terms of the distribution of customers across price bands, the majority of customers were on the lower annual bill price bands for both retail Market and Standing Offers.

Although it is too early to draw any enduring conclusions about the impact of the DMO price on electricity retail prices in South Australia, there is evidence of growing price and product competition (as evidenced by the increased range of retail electricity offers and discounts as at 31 October 2020 compared to 31 October 2019). The impact of the DMO on the South Australian electricity retail market should become clearer over a longer period of time.

Further, the Commission expects that electricity retailers will continue to structure their electricity retail offers and prices in response to other factors such as competition and business requirements and not solely the DMO.

1 Introduction

Pursuant to the regulations issued under the *Electricity Act 1996*, the South Australian Minister for Energy and Mining (**Minister**) has requested the Essential Services Commission (**Commission**) provide a Supplementary Electricity Retail Price Offers Comparison Report (**Report**) for South Australian residential and small business customers.

This Report is the second Report published by the Commission, completing the Minister's information request. The information request advised that after this Report, the South Australian Government will assess the need for ongoing reporting.

This Report examines the prices for the sale of electricity following the establishment of the Default Market Offer (**DMO**) 2020-21 by the Australian Energy Regulator (**AER**) to take effect from 1 July 2020, and is in addition to the Energy Retail Price Offers Comparison Report, which is provided annually to the Minister by the Commission.

The DMO is an annual maximum reference price set by the AER for each electricity distribution zone in New South Wales, South Australia and South East Queensland, pursuant to Part 3 of the *Competition and Consumer (Industry Code – Electricity Retail) Regulations 2019*.¹ The DMO is designed to make it easier for residential and small business customers to compare energy plans across different electricity retailers as retailers must compare all offers against the reference price.

This Report forms part of an overall pricing and market monitoring regime, introduced by the South Australian Government, to inform itself of the state of the market and of the need to review or amend regulatory controls. 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, Australian Energy Market Commission and the AER.

The request from the Minister requires that the following information is included in the Report for the purposes of monitoring prices for the sale of electricity by relevant customer types (refer Annexure A):

- ▶ Electricity market retail contract (as defined by the *National Energy Retail Law (South Australia) Act 2011 (NERL)*) prices and the relevant customer numbers on these prices.
- ▶ Electricity standard retail contract (as defined by the NERL) prices and the relevant customer numbers on these prices.

The Commission has not been requested to provide insights pertaining to the information provided in this Report, other than providing observations on 'if' and 'how' electricity retail offer prices have changed annually following the introduction of the DMO on 1 July 2019.

The observations set out in this Report are based on electricity retail offer prices that were publicly available to residential and small business customers in South Australia on 30 June 2020 and/or on 31 October 2020. It therefore excludes retail offer prices not offered publicly on these dates.

The Commission estimates that the proportion of electricity customers analysed in the Report is approximately 24 percent for residential customers, and 15 percent for small business customers, of the respective total customer base in South Australia. All data, tables and figures presented in the Report are therefore only specific to these subsets of customers.

¹ Refer: <https://www.aer.gov.au/news-release/aer-issues-default-market-offer-decision>.

The remaining 76 percent of residential customers and 85 percent of small business customers were on electricity retail offers that were not publicly available on 30 June 2020 and/or on 31 October 2020.

To report on changes in electricity retail offer prices and ensure that any changes in annual bills can be attributed to price movements and not to changes in electricity usage, this Report uses an annual bill with a set level of consumption.

The annual consumptions assumed for electricity customers are:

- ▶ **residential customers with controlled load:** 6,000 kWh per annum (general usage of 4,200 kWh per annum and controlled load usage of 1,800 kWh per annum)
- ▶ **residential customers without controlled load:** 4,000 kWh per annum
- ▶ **residential customers with solar photovoltaics without controlled load:** 4,000 kWh per annum, and
- ▶ **small business customers without controlled load:** 20,000 kWh and 100,000 kWh per annum.²

Customer numbers on contracts within the scope of this Report have also been collected from retailers. Based on this information, weighted average prices for customers on retail Market Offers and Standing Offers have been calculated.

The full set of limitations and assumptions that underpin the analysis are discussed in Annexure B.

This Report contains information based on data that were provided by electricity retailers operating in South Australia to the Commission on a commercial-in-confidence basis. Some sections of this Report therefore provide observations on movements in electricity retail offer prices and customer numbers at an aggregated level. This Report was prepared using the best available information provided to, or sourced by, the Commission.

1.1 Types of electricity offers

Electricity retailers offer consumers three types of electricity retail offers – Default Market Offer, Standing Offers and Market Offers.

1.1.1 Default Market Offer

The DMO price is the maximum price, set annually by the AER for each electricity distribution zone in New South Wales, South Australia and South East Queensland, that an electricity retailer can charge small business and residential customers on retail Standing Offer contracts. The DMO is designed to make it easier for customers to compare energy plans across different providers by designating the DMO as the 'reference price' with which all NERL retailers must compare their publicly available retail electricity offers.

The annual DMO price is based on a set amount of electricity usage. Retailers can set different rates for their Standing Offer contracts, as long as they do not exceed the annual DMO price for that consumption level. Individuals' bills will depend on how much electricity they use, where they live and their retailer.

² Analysis of two consumption levels are included in this report for small business customers without controlled load.

1.1.2 Standing Offers

Each retailer authorised to sell electricity under the NERL must publish retail Standing Offer prices. A retailer is required to make a retail Standing Offer available to small business and residential customers on request – for example, where a customer does not want to sign up to a retail Market Offer.

The Law prohibits retailers from changing the terms of their retail Standing Offers more frequently than every six months. In practice, they are generally only changed annually.

Electricity retailers are free to set supply and usage charges for their retail Standing Offers as long as the total bill is equal to or less than the DMO price.

1.1.3 Market Offers

Retailers generally provide a range of retail Market Offers, which must contain a minimum set of terms and conditions but may also include additional terms and conditions. These offers can vary between contracts and can include discounts, different payment options, fixed contract terms, and various other fees and charges.

The DMO does not limit the prices charged to customers on retail Market Offers. Retailers are also free to change their Market Offers at any time.

1.2 Electricity retailers included in this Report

This Report includes only those retailers which had electricity retail offer prices that were available to residential and small business customers in South Australia as at 30 June 2020 and/or 31 October 2020.

Table 2: Retailers with electricity retail offers on 30 June 2020 and/or 31 October 2020

Retailer	Offering retail Electricity Retail Offers on 30 June 2020		Offering retail Electricity Retail Offers on 31 October 2020	
	Residential	Small Business	Residential	Small Business
AGL	✓	✓	✓	✓
Alinta Energy	✓	✓	✓	✓
BlueNRG		✓	✓	✓
Commander Power & Gas	✓	✓	✓	✓
Diamond Energy	✓	✓	✓	✓
Discover Energy	✓			
DoDo Power and Gas	✓		✓	
Elysian Energy	✓	✓		
Energy Locals	✓	✓	✓	✓
EnergyAustralia	✓	✓	✓	✓
GloBird Energy	✓		✓	
Lumo Energy	✓	✓	✓	✓
Mojo Power	✓		✓	
Momentum Energy			✓	✓
Origin Energy	✓	✓	✓	✓
OVO Energy	✓		✓	
Powerclub			✓	✓
Powerdirect	✓	✓	✓	✓

Retailer	Offering retail Electricity Retail Offers on 30 June 2020		Offering retail Electricity Retail Offers on 31 October 2020	
	Residential	Small Business	Residential	Small Business
Powershop	✓	✓	✓	✓
QEnergy	✓		✓	
ReAmped Energy	✓		✓	✓
Red Energy	✓	✓	✓	✓
Simply Energy	✓	✓	✓	✓

1.3 Electricity retail price information reported

This Report compares annual electricity bills for small business and residential customers on retail Standing Offers and Market Offers at 30 June 2020 and/or at 31 October 2020. The Commission's analysis includes:

- ▶ **overall bill changes** – changes in weighted average retail Standing Offer and retail Market Offer annual bills, and the range of offers publicly available,
- ▶ **changes in the distribution of customer numbers** – number of customers on retail Standing Offer and retail Market Offers, split by annual bill bands, and
- ▶ **disaggregated bill changes** – changes in the retail Standing Offer and lowest-priced retail Market Offer annual bills, by electricity retailer.

1.4 Limitations of analysis

This Report examines prices of electricity retail Standing Offers and Market Offers, before and after the Default Market Offer Prices 2020-21 established by the AER to take effect from 1 July 2020. To assess the impact, the Commission sought data directly from electricity retailers operating in South Australia. Limitations of the analysis include:

- ▶ Observations are based on electricity retail offer prices publicly available to residential and small business customers in South Australia on 30 June 2020 and/or on 31 October 2020. Electricity retail offers not available on these dates and the associated number of customers on those offers are excluded from the analysis.
- ▶ The Commission estimates that the proportion of electricity customers analysed in the Report is approximately 24 percent (for residential customers) and 15 percent (for small business customers) of the respective total customer base in South Australia. All data presented in the Report are therefore only specific to these subsets of customers.
- ▶ The range of retail Standing Offer and Market Offer prices refers to offers that were made publicly available by electricity retailers to residential and small business customers on 30 June 2020 and/or on 31 October 2020. It does not necessarily refer to the uptake of those offers by customers.
- ▶ To the extent possible, the Commission has sought to verify the accuracy of the submitted data against data that it currently collects as part of the Commission's ongoing monitoring of energy retail prices in South Australia and data published on the AER's EnergyMadeEasy website and retailers' websites. However, the analysis in this Report is still reliant on the accuracy of the data submitted by electricity retailers.

- ▶ The DMO was introduced on 1 July 2019. It may therefore be too early to draw any enduring conclusions about the impact of the DMO on the South Australian electricity retail market and customer behaviour from the observations in this Report. The impact that the DMO will have on the South Australian electricity retail market is likely to become clearer over a longer period of time.

2 Residential customer types

There was a wide range of discounts between the retail Standing Offer and the range of Market Offers provided by each electricity retailer. The observations in subsequent sections of the Report utilise an assumed consumption profile for a representative electricity residential customer, therefore all figures are indicative.

The annual consumption profiles assumed for electricity residential customers are:

- ▶ **residential customers with controlled load:** 6,000 kWh per annum (general usage of 4,200 kWh per annum and controlled load usage of 1,800 kWh per annum)
- ▶ **residential customers without controlled load:** 4,000 kWh per annum, and
- ▶ **residential customers with solar photovoltaics without controlled load:** 4,000 kWh per annum.

Due to differences in the type of residential customers (for example, whether or not the customer has accessibility to controlled load tariffs or solar photovoltaics), the customer base for each consumption profile is different.

Actual billing 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.

Based on the latest figures available on the AER's website, approximately 92 percent of electricity residential customers in South Australia were on retail Market Offers on 30 September 2020 with the remaining eight percent of those customers on retail Standing Offers. These percentage figures relate to the total number of electricity residential customers in South Australia.

The analysis presented in the subsequent sections only relates to the number of electricity residential customers in South Australia that were reported by electricity retailers to be on publicly available electricity retail offers on 30 June 2020 and/or 31 October 2020.

2.1 Residential customers with controlled load (assuming annual general usage of 4,200 kWh and annual controlled load usage of 1,800 kWh)

Figure 1 shows the weighted average annual residential electricity retail bill for a residential customer as at 30 June 2020 and/or 31 October 2020, and the range of publicly available retail Standing Offers and Market Offers with controlled load tariffs on those dates.

Both the weighted average annual residential retail Standing Offer and Market Offer bills decreased by seven percent over the four months to 31 October 2020. These reductions were consistent with the seven percent reduction in the DMO 2020-21 price. Retailers have generally responded by setting their retail Standing Offer prices either at or below the DMO price. The difference between the lowest and highest residential electricity retail Market Offers available also reduced from \$605 to \$490 over the four months to 31 October 2020.

Electricity retailers were pricing their retail Market Offers at or below the DMO price. The DMO does not limit the prices charged to customers on retail Market Offers.

Figure 1: Weighted average annual electricity retail bills with controlled load tariffs for residential customers (assuming annual general usage of 4,200 kWh and annual controlled load usage of 1,800 kWh) (\$nominal)

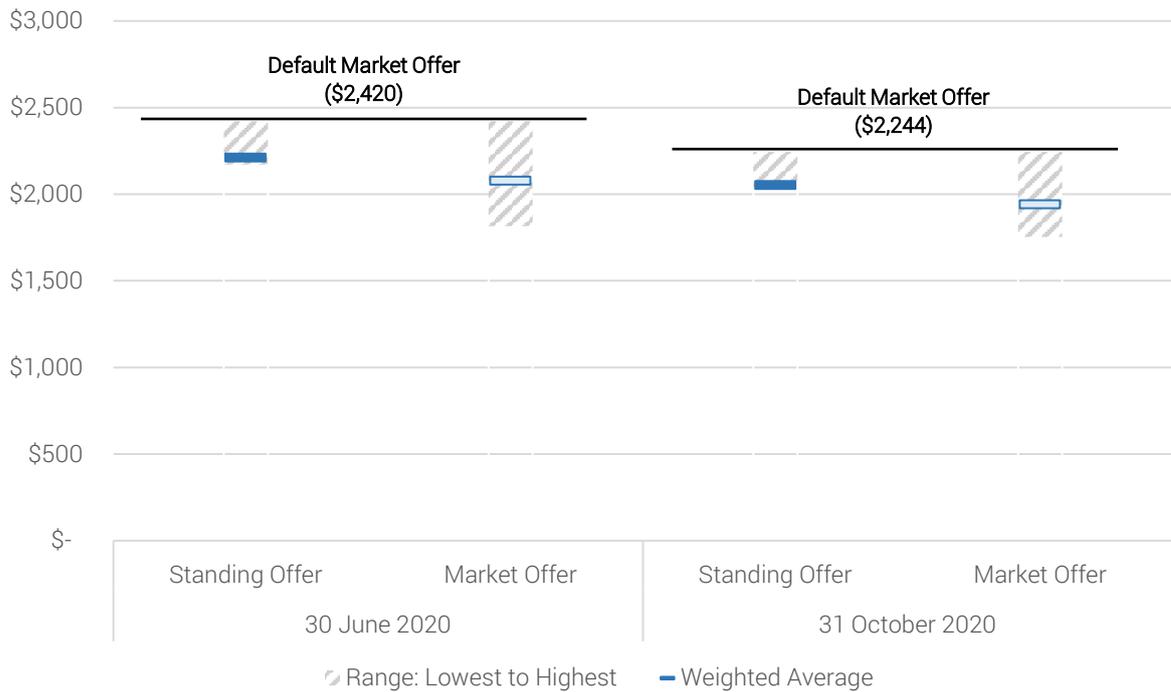


Figure 2 shows the number of residential customers on publicly available retail Standing Offers and Market Offers with controlled load tariffs, split by annual bill price bands as at 30 June 2020 and/or 31 October 2020.

Figure 2: Number of residential customers on electricity retail Standing Offers and Market Offers with controlled load tariffs, split by annual bill price bands (assuming annual general usage of 4,200 kWh and annual controlled load usage of 1,800 kWh) (\$nominal)



Between the two periods, there was a one percentage point shift in the number of residential customers on retail Market Offers with controlled load tariffs to retail Standing Offers. As at 31 October 2020, more residential customers were on retail Market Offers (67 percent) than on Standing Offers (33 percent).

In terms of the distribution of customers across price bands, the majority of residential customers were on the lower annual bill price bands for both retail Market and Standing Offers. However, some customers remained on the higher annual bill price bands despite falls in both the weighted average annual residential retail Market Offer and Standing Offer bills.

Table 3 shows that most electricity retailers have responded to the DMO 2020-21 price by reducing the prices of their residential retail Standing Offers with controlled load tariffs. As at 31 October 2020, the price reductions ranged from 2.2 percent (Diamond Energy) to 12.4 percent (Powershop Australia). Some retailers left their retail Standing Offer prices unchanged, possibly because they responded earlier in June in anticipation of the annual DMO price changes from 1 July 2020.

Although the majority of retail Market Offers were priced below the retail Standing Offers, the range of the available discount between the prices of retailers' retail Standing Offer and lowest-priced retail Market Offers has increased. Since the DMO 2020-21 price was set, the spread of the available discount has increased from 18 percentage points (ranging from one percent to 19 percent as at 30 June 2020) to 20 percentage points (ranging from one percent to 21 percent) as at 31 October 2020).

Of the 21 electricity retailers, nine retailers reduced their lowest-priced retail Market Offers, with the price reductions ranging from 0.2 percent (Origin Energy) to 17.7 percent (Energy Locals). One retailer (Globird Energy) increased its lowest-priced Market Offer by one percent and six other retailers kept their lowest-priced retail Market Offers unchanged.

Table 3: Annual bill movements in residential retail Standing Offers and lowest-priced retail Market Offers with controlled load tariffs, at 30 June 2020 compared to 31 October 2020, by retailer (assuming annual general usage of 4,200 kWh and annual controlled load usage of 1,800 kWh) (\$nominal)

Retailer	Standing offer			Lowest-priced Market Offer		
	30-Jun-20	31-Oct-20	Change (percentage)	30-Jun-20	31-Oct-20	Change (percentage)
AGL	\$2,199	\$2,040	-7.3	\$1,913	\$1,754	-8.3
Alinta Energy	\$2,420	\$2,235	-7.6	\$2,169	\$2,169	0.0
Commander Power and Gas	\$2,244	\$2,244	0.0	\$2,214	\$2,214	0.0
Diamond Energy	\$2,294	\$2,243	-2.2	\$2,168	\$2,168	0.0
Discover Energy	-	\$2,244	-	\$2,160	\$1,820	-15.7
Dodo Power and Gas	\$2,244	\$2,244	0.0	\$2,214	\$2,214	0.0
Elysian Energy	\$2,240	-	-	\$2,166	-	-
Energy Locals	-	-	-	\$2,413	\$1,985	-17.7
EnergyAustralia	\$2,420	\$2,244	-7.3	\$2,274	\$2,006	-11.8
Globird Energy	-	-	-	\$1,865	\$1,884	1.0
Lumo Energy	\$2,419	\$2,244	-7.3	\$2,133	\$2,133	0.0
Mojo Power	\$2,172	\$2,244	3.3	-	-	-
Momentum Energy	-	\$2,180	-	-	\$2,051	-
Origin Energy	\$2,393	\$2,238	-6.5	\$1,930	\$1,926	-0.2
OVO Energy	-	-	-	\$2,046	\$1,886	-7.8
Powerclub	-	-	-	-	\$1,767	-
Powerdirect	-	-	-	\$1,815	\$1,815	0.0
Powershop Australia	\$2,419	\$2,118	-12.4	\$2,103	\$1,814	-13.8
QEnergy	\$2,244	\$2,244	0.0	-	-	-
ReAmped Energy	\$2,347	\$2,222	-5.3	\$2,010	\$1,761	-12.4
Red Energy	\$2,419	\$2,244	-	\$2,269	\$2,244	-1.1

2.2 Residential customers without controlled load (assuming general usage of 4,000 kWh)

Figure 3 shows the weighted average annual residential electricity retail bill for a residential customer as at 30 June 2020 and/or 31 October 2020, and the range of publicly available retail Standing Offers and Market Offers with controlled load tariffs on those dates.

Both the weighted average annual residential retail Standing Offer and Market Offer bills decreased by five percent over the four months to 31 October 2020. These reductions were lower than the six percent reduction in the DMO 2020-21 price. Retailers have generally responded by setting their retail Standing Offer prices either at or below the DMO price. The difference between the lowest and highest residential electricity retail Market Offers available also increased from \$459 to \$526 over the four months to 31 October 2020.

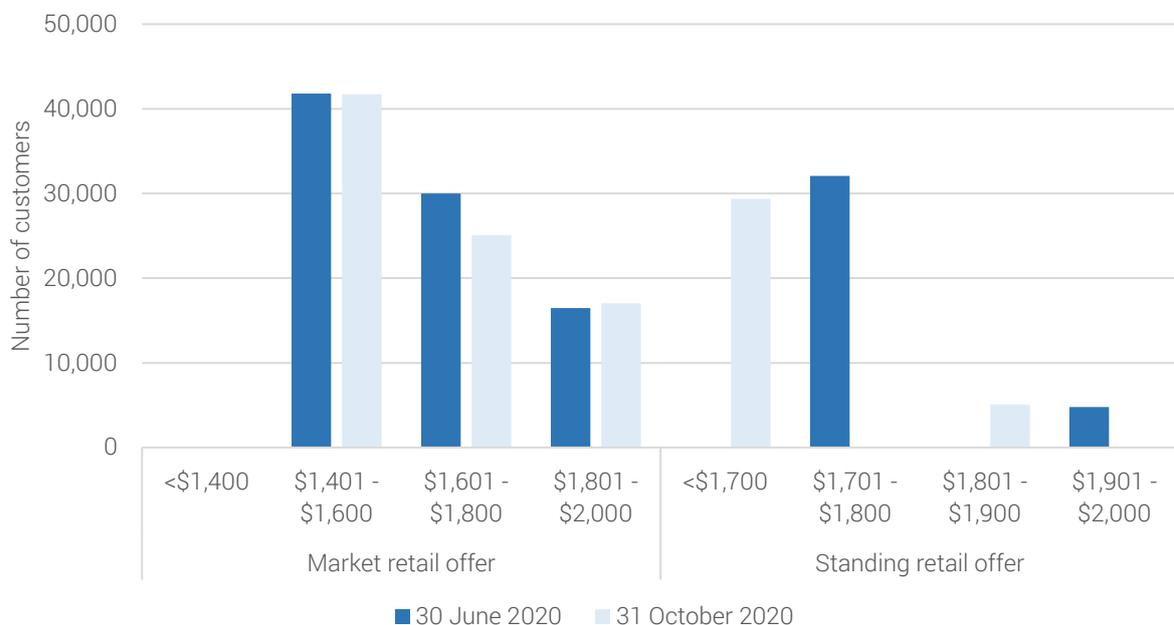
Electricity retailers were pricing their retail Market Offers at or below the DMO price. The DMO does not limit the prices charged to customers on retail Market Offers.

Figure 3: Weighted average annual electricity retail bills without controlled load tariffs for residential customers (assuming annual general usage of 4,000 kWh) (\$nominal)



Figure 4 shows the number of residential customers on publicly available retail Standing Offers and Market Offers without controlled load tariffs, split by annual bill price bands as at 30 June 2020 and/or 31 October 2020.

Figure 4: Number of residential customers on electricity retail Standing Offers and Market Offers without controlled load tariffs, split by annual bill price bands (assuming annual general usage of 4,000 kWh) (\$nominal)



Between the two periods, the proportion of residential customers on publicly available retail Market Offers and Standing Offers remain unchanged. As at 31 October 2020, more residential customers were on retail Market Offers (71 percent) than on Standing Offers (29 percent).

In terms of the distribution of customers across price bands, the majority of residential customers were on the lower annual bill price bands for both retail Market and Standing Offers. However, some customers were still on the higher annual bill price bands despite falls in both the weighted average annual residential Market Offer and Standing Offer bills.

Table 4 shows that most electricity retailers have responded to the DMO 2020-21 price by reducing the prices of their residential retail Standing Offers without controlled load tariffs. As at 31 October 2020, the price reductions ranged from 0.4 percent (Diamond Energy) to 5.8 percent (Lumo Energy and Red Energy). Some retailers left their retail Standing Offer prices unchanged, possibly because they responded earlier in June in anticipation of annual DMO changes from 1 July 2020.

Although the majority of retail Market Offers were priced below the retail Standing Offers, the range of the available discount between the prices of retailers' retail Standing Offers and lowest-priced retail Market Offers has increased. Since the DMO 2020-21 price was set, the spread of the available discount has increased from 16 percentage points (ranging from two percent to 18 percent as at 30 June 2020) to 23 percentage points (ranging from zero percent to 23 percent as at 31 October 2020).

Of the 20 electricity retailers, eight retailers reduced their lowest-priced retail Market Offers, with the price reductions ranging from 2.3 percent (Origin Energy) to 29.6 percent (Energy Locals). One retailer (Red Energy) increased its lowest-priced Market Offers by 0.8 percent and six other retailers kept their lowest-priced retail Market Offers unchanged.

Table 4: Annual bill movements in residential retail Standing Offers and lowest-priced retail Market Offers without controlled load tariffs, at 30 June 2020 compared to 31 October 2020, by retailer (assuming annual general usage of 4,000 kWh) (\$nominal)

Retailer	Standing offer			Lowest-priced Market Offer		
	30-Jun-20	31-Oct-20	Change (percentage)	30-Jun-20	31-Oct-20	Change (percentage)
AGL	\$1,764	\$1,665	-5.6	\$1,534	\$1,432	-6.7
Alinta Energy	\$1,941	\$1,831	-5.7	\$1,766	\$1,766	0.0
Commander Power and Gas	\$1,828	\$1,828	0.0	\$1,783	\$1,783	0.0
Diamond Energy	\$1,813	\$1,805	-0.4	\$1,704	\$1,704	0.0
Discover Energy	-	\$1,832	-	\$1,635	\$1,452	-11.2
Dodo Power and Gas	\$1,828	\$1,828	0.0	\$1,783	\$1,783	0.0
Elysian Energy	\$1,776	-	-	\$1,710	-	-
Energy Locals	-	-	-	\$1,856	\$1,306	-29.6
EnergyAustralia	\$1,941	\$1,832	-5.6	\$1,821	\$1,612	-11.5
Lumo Energy	\$1,940	\$1,828	-5.8	\$1,693	\$1,693	0.0
Mojo Power	\$1,777	\$1,763	-0.8	-	-	-
Momentum Energy	-	\$1,832	-	-	\$1,679	-
Origin Energy	\$1,930	\$1,832	-5.1	\$1,576	\$1,539	-2.3
OVO Energy	-	-	-	\$1,612	\$1,455	-9.7
Powerclub	-	-	-	-	\$1,375	-
Powerdirect	-	-	-	\$1,482	\$1,482	0.0
QEnergy	\$1,933	\$1,832	-5.2	-	-	-
ReAmped Energy	\$1,931	\$1,822	-5.6	\$1,584	\$1,406	-11.3
Red Energy	\$1,940	\$1,828	-5.8	\$1,814	\$1,828	0.8
Simply Energy	\$1,665	\$1,665	0.0	\$1,542	\$1,489	-3.4

2.3 Residential customers with solar photovoltaics without controlled load (assuming general usage of 4,000 kWh)

Figure 5 shows the weighted average annual residential electricity bill for a solar residential customer as at 30 June 2020 and/or 31 October 2020, and the range of publicly available retail solar Standing Offers and Market Offers without controlled load tariffs on those dates. The analysis of this customer group does not take into account the benefits of solar feed-in tariffs and is strictly a comparison of retail electricity offers publicly available to residential solar customers assuming general usage of 4,000 kWh.

Both the weighted average annual residential retail Standing Offer and Market Offer bills decreased by five percent over the four months to 31 October 2020. These reductions were lower than the six percent reduction in the DMO 2020-21 price. Retailers have generally responded by setting their retail Standing Offer prices either at or below the DMO price. The difference between the lowest and highest residential electricity retail Market Offers available also increased from \$459 to \$526 over the four months to 31 October 2020.

Electricity retailers were pricing their retail Market Offers at or below the DMO price. The DMO does not limit the prices charged to customers on retail Market Offers.

Figure 5: Weighted average annual electricity retail bills without controlled load tariffs for solar residential customers (assuming annual general usage of 4,000 kWh) (\$nominal)

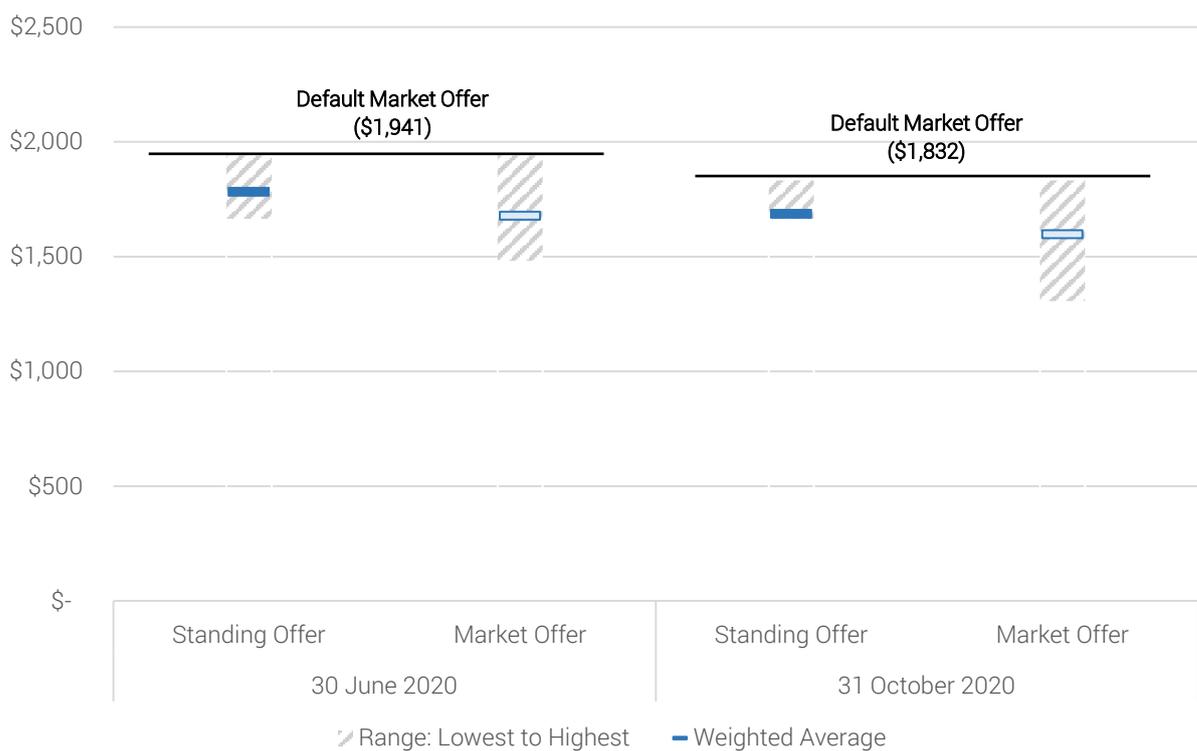
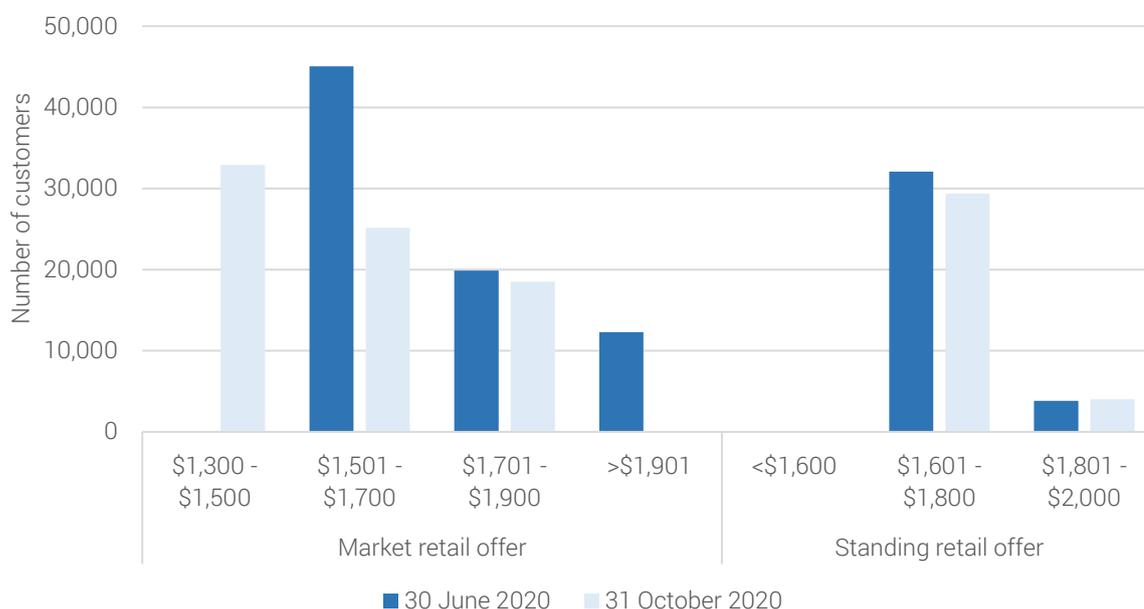


Figure 6 shows the number of residential customers on publicly available retail solar Standing and Market Offers without controlled load tariffs, split by annual bill price bands as at 30 June 2020 and/or 31 October 2020.

Figure 6: Number of residential customers on electricity retail solar Standing Offers and Market Offers without controlled load tariffs, split by annual bill price bands (assuming annual general usage of 4,000 kWh) (\$nominal)



Between the two periods, there was a two percentage point shift in the number residential customers on retail solar Standing Offers without controlled load tariffs to retail solar Market Offers. As at 31 October 2020, more residential customers were on retail Market Offers (68 percent) than on Standing Offers (32 percent).

In terms of the distribution of customers across price bands, the majority of residential customers on retail Market Offers were on the lower annual bill price bands whereas customers on retail Standing Offers tended to be concentrated in the middle annual bill price band. However, some customers were still on the higher annual bill price bands despite falls in both the weighted average annual residential Market Offer and Standing Offer bills.

Table 5 shows that most electricity retailers have responded to the DMO 2020-21 price by reducing the prices of their residential retail solar Standing Offers without controlled load tariffs. As at 31 October 2020, the price reductions ranged from 0.8 percent (Mojo Power) to 5.8 percent (Lumo Energy and Red Energy). Some retailers left their retail Standing Offer prices unchanged, possibly because they responded earlier in June in anticipation of annual DMO changes from 1 July 2020.

Although the majority of retail solar Market Offers were priced below the retail solar Standing Offer prices, the range of the available discount between the prices of retailers' retail solar Standing Offer and lowest-priced retail solar Market Offers has increased. Since the introduction of the DMO, the spread of the available discount has increased from 16 percentage points (ranging from two percent to 18 percent as at 30 June 2020) to 23 percentage points (ranging from zero percent to 23 percent as at 31 October 2020).

Of the 20 electricity retailers, eight retailers reduced their lowest-priced retail solar Market Offers, with the price reductions ranging from 2.3 percent (Origin Energy) to 29.6 percent (Energy Locals). One retailer (Red Energy) increased its lowest-priced solar Market Offers by 0.8 percent and six other retailers kept their lowest-priced retail solar Market Offers unchanged.

Table 5: Annual bill movements in residential retail solar Standing Offers and lowest-priced retail Market Offers without controlled load tariffs, at 30 June 2020 compared to 31 October 2020, by retailer (assuming annual general usage of 4,000 kWh) (\$nominal)

Retailer	Standing offer			Lowest-priced Market Offer		
	30-Jun-20	31-Oct-20	Change (percentage)	30-Jun-20	31-Oct-20	Change (percentage)
AGL	\$1,764	\$1,665	-5.6	\$1,534	\$1,432	-6.7
Alinta Energy	\$1,941	\$1,831	-5.7	\$1,766	\$1,766	0.0
Commander Power and Gas	\$1,828	\$1,828	0.0	\$1,783	\$1,783	0.0
Diamond Energy	-	\$1,832	-	\$1,704	\$1,704	0.0
Discover Energy	-	-	-	\$1,635	\$1,452	-11.2
Dodo Power and Gas	\$1,828	\$1,828	0.0	\$1,783	\$1,783	0.0
Elysian Energy	\$1,776	-	-	\$1,710	-	-
Energy Locals	-	-	-	\$1,856	\$1,306	-29.6
EnergyAustralia	\$1,941	\$1,832	-5.6	\$1,821	\$1,612	-11.5
Lumo Energy	\$1,940	\$1,828	-5.8	\$1,693	\$1,693	0.0
Mojo Power	\$1,777	\$1,763	-0.8	-	-	-
Momentum Energy	-	\$1,832	-	-	\$1,679	-
Origin Energy	\$1,930	\$1,832	-5.1	\$1,576	\$1,539	-2.3
OVO Energy	-	-	-	\$1,612	\$1,455	-9.7
Powerclub	-	-	-	-	\$1,375	-
Powerdirect	-	-	-	\$1,482	\$1,482	0.0
QEnergy	\$1,933	\$1,832	-5.2	-	-	-
ReAmped Energy	\$1,931	\$1,822	-5.6	\$1,584	\$1,406	-11.3
Red Energy	\$1,940	\$1,828	-5.8	\$1,814	\$1,828	0.8
Simply Energy	\$1,665	\$1,665	0.0	\$1,542	\$1,489	-3.4

Some solar residential customers may also receive a Retailer Feed-In Tariff (**R-FIT**) from their electricity retailer for energy exported from eligible roof-top solar photovoltaic generators, in addition to those payable by SA Power Networks. Payments received for energy exports provide a financial benefit to customers and reduce their energy bills.

Although the Minister's information request does not require the Commission to consider the financial benefits of solar exports in the analysis, a summary of available R-FIT payments is provided below. Table 6 shows the amount of R-FIT payments offered by retailers to their solar residential customer as at 30 June 2020 and/or 31 October 2020.

Table 6: Retailer-paid component of the solar feed-in tariff amounts paid by electricity retailers
(cents per kWh, GST exclusive) (\$nominal)

Retailer	30 June 2020	31 October 2020
AGL	14.2 to 18.0	12.4 to 16.0
Alinta Energy	9.5	9.5
Commander Power and Gas	11.6	11.6
Diamond Energy	12.0	10.2
Discover Energy	6.0	6.0 to 11.5
Dodo Power and Gas	11.6	11.6
Elysian Energy	9.6	-
Energy Locals	15.5 to 16.0	8.0 to 10.0
EnergyAustralia	11.5	11.5
Globird Energy	3.0	3.0
Lumo Energy	15.0 to 16.0	11.5 to 12.0
Mojo Power	7.0	10.0
Momentum Energy	-	7.0
Origin Energy	10.0 to 23.0	8.0 to 25.0
OVO Energy	8.0	8.0
Powerclub		5.3
Powerdirect	12.0 to 14.0	12.0
QEnergy	8.0	8.0
ReAmped Energy	5.0 to 8.0	8.0
Red Energy	14.2 to 16.0	11.5
Simply Energy	10.0 to 15.0	10.0

3 Small business customer types

There was a wide range of discounts between the retail Standing Offer and the range of retail Market Offers provided by each electricity retailer. The observations in subsequent sections utilise an assumed consumption profile for a representative electricity small business customer, therefore all figures are indicative.

The annual consumption profiles assumed for electricity small business customers are:

- ▶ customers without controlled load: 20,000 kWh per annum, and
- ▶ customers without controlled load: 100,000 kWh per annum.

Because there are no differences in the type of customers (for example, whether the customer has accessibility to controlled load tariffs or solar photovoltaics), the customer base for each consumption profile is the same.

Actual billing 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.

Based on the latest figures available on the AER's website, approximately 85 percent of electricity small business customers in South Australia were on retail Market Offers on 30 September 2020 with the remaining 15 percent of those customers on retail Standing Offers. These percentage figures relate to the total number of electricity small business customers in South Australia.

The analysis presented in the subsequent sections below only relates to the number of small business customers in South Australia that were reported by electricity retailers to be on publicly available electricity retail offers without controlled load on 30 June 2020 and/or 31 October 2020.

3.1 Small business customers without controlled load (assuming annual general usage of 20,000 kWh)

Figure 7 shows the weighted average annual small business electricity bill for a small business customer as at 30 June 2019 and/or 31 October 2020, and the range of publicly available retail Standing Offers and Market Offers without controlled load tariffs on those dates.

The weighted average annual small business retail Standing Offer and Market Offer bills decreased by nine percent and eight percent respectively over the four months to 31 October 2020. The reductions were generally consistent with the nine percent reduction in the DMO 2020-21 price. Retailers have generally responded by setting their retail Standing Offer prices either at or below the DMO price. The difference between the lowest and highest small business electricity retail Market Offers available also reduced from \$2,553 to \$2,246 over the four months to 31 October 2020.

Electricity retailers were pricing their retail Market Offers at or below the DMO. The DMO does not limit the prices charged to customers on Market Offers.

Figure 7: Weighted average annual electricity retail bill without controlled load tariffs for small business customers (assuming annual general usage of 20,000 kWh) (\$nominal)

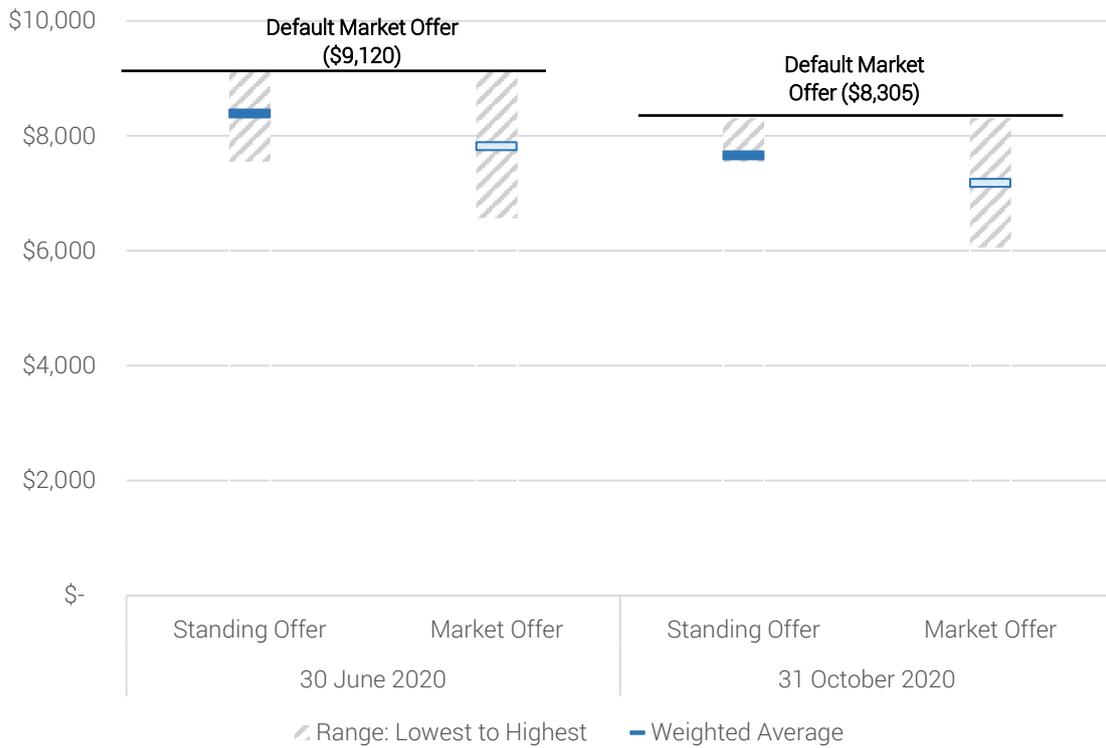
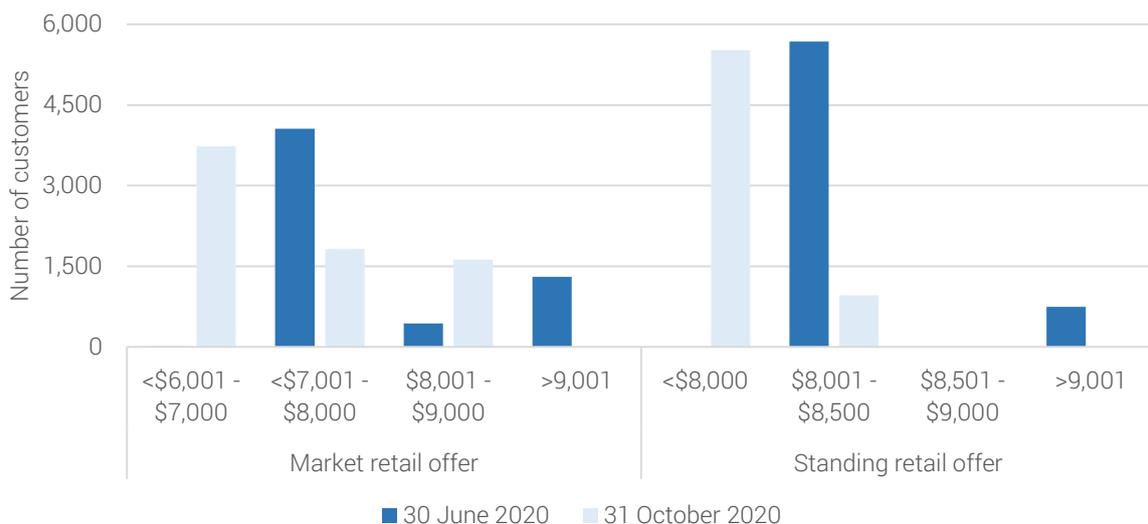


Figure 8 shows the number of small business customers on publicly available retail Standing Offers and Market Offers without controlled load tariffs, split by annual bill price bands as at 30 June 2020 and/or 31 October 2020.

Figure 8: Number of small business customers on retail Standing Offers and Market Offers without controlled load tariffs, split by annual bill price bands (assuming annual general usage of 20,000 kWh) (\$nominal)



Between the two periods, there was a shift of six percentage points in the number of small business customers on publicly available retail Standing Offers without controlled load tariffs to retail Market Offers. As at 31 October 2020, more small business customers were on retail Market Offers (53 percent) than retail Standing Offers (47 percent).

In terms of the distribution of customers across price bands, the majority of small business customers were on the lower annual bill price bands for both retail Market and Standing Offers. However, some customers were still on the higher annual bill price bands despite falls in both the weighted average annual small business Market Offer and Standing Offer bills.

Table 7 shows that most electricity retailers have responded to the DMO 2020-21 price by reducing the prices of their small business retail Standing Offers without controlled load tariffs. As at 31 October 2020, the price reductions ranged from 5.1 percent (Origin Energy) to 13.2 percent (Powershop Australia). Some retailers left their retail Standing Offer prices unchanged, possibly because they responded earlier in June in anticipation of annual DMO changes from 1 July 2020.

Although the majority of retail Market Offers were priced below the retail Standing Offer, the range of the available discount between the prices of retailers' retail Standing Offer and lowest-priced retail Market Offers has increased. Since the DMO 2020-21 price was set, the spread of the available discount has increased from 12 percentage points (ranging from five percent to 17 percent as at 30 June 2020) to 23 percentage points (ranging from one percent to 24 percent as at 31 October 2020).

Of the 17 electricity retailers, six retailers reduced their lowest-priced retail Market Offers, with the price reductions ranging from 1.7 percent (Powershop Australia) to 21.5 percent (Energy Locals). One retailer (Simply Energy) increased its lowest-priced Market Offers by 19.8 percent and five other retailers kept their lowest-priced retail Market Offers unchanged.

Table 7: Annual bill movements in small business retail Standing Offers and lowest-priced retail Market Offers without controlled load tariffs, at 30 June 2020 compared to 31 October 2020, by retailer (assuming annual general usage of 20,000 kWh) (\$nominal)

Retailer	Standing offer			Lowest-priced Market Offer		
	30-Jun-20	31-Oct-20	Change (percentage)	30-Jun-20	31-Oct-20	Change (percentage)
AGL	\$8,289	\$7,549	-8.9	\$7,127	\$6,416	-10.0
Alinta Energy	\$9,119	\$8,303	-9.0	\$7,837	\$7,513	-4.1
Blue NRG	\$8,286	-	-	-	\$6,559	-
Commander Power and Gas	\$8,304	\$8,304	0.0	\$7,810	\$7,810	0.0
Diamond Energy	\$9,084	\$8,232	-9.4	\$8,176	\$8,176	0.0
Elysian Energy	\$8,286	-	-	-	-	-
Energy Locals	-	-	-	\$7,722	\$6,059	-21.5
EnergyAustralia	\$9,120	\$8,305	-8.9	\$8,664	\$8,056	-7.0
Lumo Energy	\$9,118	\$8,302	-9.0	\$7,801	\$7,801	0.0
Momentum Energy	-	\$8,229	-	-	\$7,162	-
Origin Energy	\$8,333	\$7,909	-5.1	\$7,288	\$6,327	-13.2
Powerdirect	-	-	-	\$6,567	\$6,567	0.0
Powershop Australia	\$9,118	\$7,919	-13.2	\$7,572	\$7,443	-1.7
QEnergy	-	\$8,304	-	-	-	-
ReAmped Energy	-	\$8,301	-	-	\$6,269	-
Red Energy	-	-	-	\$8,072	\$8,072	0.0
Simply Energy	\$7,550	\$7,550	0.0	\$6,719	\$8,052	19.8

3.2 Small business customers without controlled load consuming (assuming annual general usage of 100,000 kWh)

Figure 9 shows the weighted average annual small business electricity retail bill for a small business customer as at 30 June 2020 and/or 31 October 2020, and the range of publicly available retail Standing Offers and Market Offers without controlled load tariffs on those dates.

Both the weighted average annual small business retail Standing Offer and Market Offer bills decreased by nine percent over the four months to 31 October 2020. The difference between the lowest and highest small business electricity retail Market Offers available also narrowed from \$12,450 to \$10,947 over the four months to 31 October 2020.

The AER does not set a DMO for small business customers without controlled load consuming 100,000 kWh per annum.

Figure 9: Weighted average annual electricity retail bills without controlled load tariffs for small business customers (assuming annual general usage of 100,000 kWh) (\$nominal)



Figure 10 shows the number of small business customers on publicly available retail Standing Offers and Market Offers without controlled load tariffs, split by annual bill price bands as at 30 June 2020 and/or 31 October 2020.

Figure 10: Number of small business customers on retail Standing Offers and Market Offers without controlled load tariffs, split by annual bill price bands (assuming annual general usage of 100,000 kWh) (\$nominal)



Between the two periods, there was a shift of six percentage points in the number of small business customers on publicly available retail Standing Offers without controlled load tariffs to retail Market Offers. As at 31 October 2020, more customers on business customers were on retail Market Offers (53 percent) than retail Standing Offers (47 percent).

In terms of the distribution of customers across price bands, the majority of customers were on the lower annual bill price bands for both retail Market and Standing Offers. However, some customers were still on the higher annual bill price bands despite falls in both the weighted average annual small business Market Offer and Standing Offer bills.

Table 8 shows that most electricity retailers have reduced the prices of their small business retail Standing Offers without controlled load tariffs. As at 31 October 2020, the price reductions ranged from 5.1 percent (Origin Energy) to 13.2 percent (Powershop Australia). Some other retailers left their retail Standing Offer prices unchanged, possibly because they responded earlier in June in anticipation of annual DMO changes from 1 July 2020.

Although the majority of retail Market Offers were priced below the retail Standing Offer prices, the range of the available discount between the prices of retailers' retail Standing Offer and lowest-priced retail Market Offers has increased. Since the introduction of the DMO, the spread of the available discount has increased from 12 percentage points (ranging from five percent to 17 percent as at 30 June 2020) to 24 percentage points (ranging from one percent to 25 percent as at 31 October 2020).

Of the 17 electricity retailers, six retailers reduced their lowest-priced retail Market Offers, with the price reductions ranging from 2.5 percent (Powershop Australia) to 20.8 percent (Energy Locals). One retailer (Simply Energy) increased its lowest-priced Market Offers by 20.8 percent and with five other retailers kept their lowest-priced retail Market Offers unchanged.

Table 8: Price movements in small business retail Standing Offers and lowest-priced retail Market Offers without controlled load tariffs, at 30 June 2020 compared to 31 October 2020, by retailer (assuming annual general usage of 100,000 kWh) (\$nominal)

Retailer	Standing offer			Lowest-priced Market Offer		
	30-Jun-20	31-Oct-20	Change (percentage)	30-Jun-20	31-Oct-20	Change (percentage)
AGL	\$40,145	\$36,445	-9.2	\$34,519	\$30,976	-10.3
Alinta Energy	\$44,143	\$40,062	-9.2	\$37,730	\$36,113	-4.3
Blue NRG	\$37,414	-	-	-	\$31,348	-
Commander Power and Gas	\$39,984	\$39,984	0.0	\$37,514	\$37,514	0.0
Diamond Energy	\$44,244	\$40,136	-9.3	\$39,820	\$39,820	0.0
Elysian Energy	\$38,976	-	-	-	-	-
Energy Locals	-	-	-	\$36,922	\$29,259	-20.8
EnergyAustralia	\$44,026	\$39,951	-9.3	\$41,825	\$38,752	-7.3
Lumo Energy	\$44,022	\$39,614	-10.0	\$37,625	\$37,625	0.0
Momentum Energy	-	\$39,453	-	-	\$33,850	-
Origin Energy	\$40,348	\$38,292	-5.1	\$35,286	\$30,633	-13.2
Powerdirect	-	-	-	\$31,703	\$31,703	0.0
Powershop Australia	\$43,518	\$37,655	-13.5	\$36,295	\$35,395	-2.5
QEnergy	-	\$39,808	-	-	-	-
ReAmped Energy	-	\$39,981	-	-	\$29,853	-
Red Energy	-	-	-	\$38,960	\$38,960	0.0
Simply Energy	\$36,406	\$36,406	0.0	\$32,401	\$39,138	20.8

Annexure A Minister for Energy and Mining's information request

**Hon Dan
van Holst Pellekaan MP**



MEM19V0837

Mr Adam Wilson
Chief Executive Officer
Essential Services Commission of South Australia
GPO Box 2605
ADELAIDE SA 5001

Request under Part 12 of the Electricity (General) Regulations 2012

Dear Mr Wilson *Adam*

As you would be aware the South Australian Government is committed to reducing consumer's electricity bills.

A significant new policy has recently commenced in relation to the retailing of electricity. The Commonwealth Government has implemented a Default Market Offer in the electricity retail market, with the policy applying from 1 July 2019.

The South Australian Government has expressed concern that the policy will have unintended consequences. For this reason the South Australian Government considers it imperative that independent, local monitoring of electricity prices is undertaken.

I therefore request, under the Electricity (General) Regulations 2012 part 12(d), that the Commission provides additional electricity price monitoring, as specified in Attachment A, as part of the Commission's Energy Retail Offers Comparison Reporting requirement.

I note that the legislation requires the Commission to submit their report on or before August each year. I would appreciate if the Commission could provide a report covering the matters outlined in Attachment A by 31 March 2020, and a subsequent report by 31 March 2021. At this point the Government will assess the need for ongoing reporting.

I request that the Commission continue to provide its current standard reporting in its August Energy Retail Offers Comparison Reports.

Minister for Energy and Mining
Level 17, 25 Grenfell Street Adelaide SA 5000 | GPO Box 974 Adelaide SA 5001 | DX 114
Tel +61 8 8226 1300 | Email dem.ministervhp@sa.gov.au | ABN 83 524 915 929



The South Australian Government thanks the Commission for its continued dedication to the protection of the long-term interests of South Australian consumers.

Should you have any questions in relation to this matter, please contact Ms Rebecca Knights, Director - Energy Policy and Projects, Energy and Technical Regulation Division, Department for Energy and Mining on (08) 8429 3185.

Yours sincerely



Hon Dan van Holst Pellekaan MP
MINISTER FOR ENERGY AND MINING

9 / 9 / 2019

Attachment A: Information Request pursuant to section 12 of the Electricity (General) Regulations 2012

INFORMATION REQUEST

This information request is pursuant to section 12 of the Electricity (General) Regulations 2012.

In addition to the current information ESCOSA presents in their Energy Retail Offers Comparison Report, in accordance with section 12(2)(d) of the Electricity (General) Regulations 2012, the following additional information should be included in supplementary reports prepared for the purposes of monitoring prices for the sale of electricity:

- Electricity *market retail contract* (as defined by the National Energy Retail Law) prices and the relevant customer numbers on these contracts.
- Electricity *standard retail contract* (as defined by the National Energy Retail Law) prices and the relevant customer numbers on these contracts.

The presentation of all standing offer and market offer prices and market and standard retail contract prices must also include presentation by customer type and on consumption levels for each relevant customer type as determined by the AER's Final Benchmark Consumption Levels (i.e. a 4,000kWh p.a residential consumer without controlled load).

Relevant customer types are:

- residential customers with controlled load (assuming 6,000 kWh p.a);
- residential customers without controlled load (assuming 4,000 kWh p.a);
- residential customers with solar photovoltaics without controlled load (assuming 4,000 kWh p.a);
- small business customers without controlled load (assuming 20,000 kWh p.a); and
- small business customers without controlled load with consumption of 100MWh per annum.

In accordance with 12(3) of the Electricity (General) Regulations 2012 I request a report providing this new information by 31 March 2020. The report should include a comparison of this information from 30 June 2019 to 31 October 2019.

A further report, providing an update on this information, is also requested by 31 March 2021.

The reports will be prepared using the best available information provided to, or sourced by, the Commission (as determined by the Commission).

These supplementary reports are requested in addition to the Commission's Energy Retail Offers Comparison Report, which currently reports for residential customers consuming 5,000 kWh p.a and small businesses consuming 10,000 kWh p.a. This information should continue to be provided as is currently the case.

Annexure B Assumptions and limitations

B.1 Data sources

Electricity pricing data have been sourced directly from the electricity retailers.

All 'open' and 'available' Standing Offer and Market Offer data were provided by the electricity retailers including customer numbers on those offers. Some retailers have claimed confidentiality over the customer number data submitted on the basis that the information is commercially sensitive. Accordingly, when reporting on customer numbers, the report aggregates retailers and retailer offers.

As this analysis takes a snapshot of the market at a particular time, the conclusions drawn in this Report only apply to the market on 30 June 2020 and/or 31 October 2020. The report does not include offers that were publicly available outside of these two dates.

Current offers are available on the Australian Energy Regulator's Energy Made Easy website.

B.2 Electricity 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 electricity consumption profiles assumed below at B.4.

B2.1 Timing of analysis

This Report has adopted a 'point in time' approach to the analysis of electricity retail offer prices, where comparisons are made at particular dates. Only those offers publicly available on a particular date (that is, 30 June 2020 and/or 31 October 2020) are included in the analysis, as opposed to including all offers that which might have been available between the two dates.

B2.2 Time-of-use

The DMO set by the AER does not cover electricity retail offers with either time-of-use or demand tariffs. Accordingly, all time-of-use/demand offers have been excluded from the Report.

B2.3 Customer numbers

This Report only relates to customers on electricity offers publicly available to South Australian electricity customers as at 30 June 2020 and/or at 31 October 2020. All information that relates to customers on offers that fall outside of those dates are therefore excluded.

Accordingly, the analysis contained in this Report only relates to a subset of the overall electricity retail market. For example, it excludes customers on electricity retail offers that were not publicly available to new customers on 30 June 2020 and/or 31 October 2020.

The Commission estimates that the proportion of electricity customers analysed in this Report is approximately 24 percent (for residential customers) and 15 percent (for small business customers) of the respective total customer base in South Australia.

A customer who receives two accounts, for example for different properties, is counted twice.

B2.4 Average values

All averages quoted in this Report are weighted averages.

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 profiles for electricity customers analysed are:

- ▶ residential customers with controlled load: 6,000 kWh (general usage of 4,200 kWh per annum and controlled load usage of 1,800 kWh per annum)
- ▶ residential customers without controlled load: 4,000 kWh per annum
- ▶ residential customers with solar photovoltaics without controlled load: 4,000 kWh per annum
- ▶ small business customers without controlled load: 20,000 kWh per annum, and
- ▶ small business customers without controlled load: 100 MWh per annum.

These annual average consumption profiles are specified in the Minister's information request and are largely consistent with those used by the AER to set the DMO.

These consumption profile assumptions are different to those used by the Commission in the annual energy retail price offers comparison reports it also provides to the Minister.

B.5 Treatment of discounts/benefits

Electricity retail contracts contain various price and non-price aspects. In estimating annual electricity 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 electricity 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.

B.6 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.7 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



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