

OFFICIAL



Energy Retail Price Offers Comparison Report 2020-21 (Executive Summary)

Report to the Minister for Energy and Mining

August 2021

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 2020-21 Report compares electricity and gas retail price offers available to South Australian residential and small business customers at 30 June 2020 and 30 June 2021.

The Report provides a snapshot of energy retail price offers available in the market over the twelve month period to 30 June 2021. In doing so, it applies an annual bill approach, using set levels of customer consumption, to monitor energy retail price offers in South Australia. The Commission has utilised the same consumption profiles since 2012, to provide consistency of reporting on annual bills over time.¹ Historical Energy Retail Price Offers Comparison Reports are available on the Commission's website.

This Report does not consider recent electricity and gas price movements which may have occurred from 1 July 2021, or the determination made by the Australian Energy Regulator (**AER**) on Default Market Offer (**DMO**) electricity prices to apply from that date.²

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 2021.

- ▶ Average residential annual electricity retail Standing Offer and Market Offer prices fell by 5.9 percent and 7.0 percent respectively over the 12 months to 30 June 2021. This is equivalent to an average annual bill reduction of \$136 for a customer on a Standing Offer contract and a \$145 reduction for a customer on a Market Offer contract. This increased the average discount between the two types of offers from \$207 to \$216.
- ▶ Average small business annual electricity retail Standing Offer and Market Offer prices fell by 8.0 percent and 7.5 percent respectively over the 12 months to 30 June 2021. This is equivalent to an average annual bill reduction of \$380 for a customer on a Standing Offer contract and a \$312 reduction for a customer on a Market Offer contract. This reduced the average discount between the two types of offers from \$600 to \$532.

Average annual gas retail Standing Offer and Market Offer prices for both residential and small business customers generally increased over the 12 months to 30 June 2021.

- ▶ Average residential annual gas retail Standing Offer prices fell by 3.7 percent, but average annual retail Market Offer prices increased by 0.1 percent over the 12 months to 30 June 2021. This is equivalent to an average annual bill reduction of \$44 for a customer on a Standing Offer contract and a \$1 increase for a customer on a Market Offer contract. This reduced the average discount between the two types of offers from \$162 to \$116.

¹ The Commission notes that electricity consumption profiles used in this Report are different to those used by the AER for the purposes of setting the annual DMO prices.

² Further information on the introduction of Default Market Offer from 1 July 2021 can be accessed from the Australian Energy Regulator website at: <https://www.aer.gov.au/retail-markets/guidelines-reviews/retail-electricity-prices-review-determination-of-default-market-offer-prices-2021-22/final-decision>.

- ▶ Average small business annual gas retail Standing Offer and Market Offer prices increased by 0.6 percent and 0.2 percent respectively over the 12 months to 30 June 2021. This is equivalent to an average annual bill increase of \$43 for a customer on a Standing Offer contract and an \$11 increase for a customer on a Market Offer contract. This increased the average discount between the two types of offers from \$604 to \$636.
- ▶ At 30 June 2021, four out of the ten gas retailers were marketing to either some or all of the regions outside of the Adelaide Metropolitan area. 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 2020-21

- ▶ 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 19 percent. For small business customers, it ranged from no discount to 31 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 no discount to 26 percent. For small business customers, it ranged from one percent to 17 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 2021, 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 \$490 per annum had they switched to their retailer's lowest-priced Market Offer.
- ▶ At 30 June 2021, where a retailer discounted a Market Offer against its Standing Offer, residential gas customers on a Standing Offer contract could have saved between \$0 and \$370 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 AER's 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 2021, Retailer Feed-In Tariffs (R-FiTs) ranged from 2.1 cents to 22 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 feed-in solar electricity through offering a R-FiT to solar customers.



The Essential Services Commission
Level 1, 151 Pirie Street Adelaide SA 5000
GPO Box 2605 Adelaide SA 5001
T 08 8463 4444

E escosa@escosa.sa.gov.au | W www.escosa.sa.gov.au