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Energy Retail Price Offers Comparison Report 2022-23 (Executive Summary)

Report to the Minister for Energy and Mining

August 2023

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 2022-23 Report compares electricity and gas retail price offers available to South Australian residential and small business customers at 30 June 2022 and 30 June 2023.

The Report provides a snapshot of energy retail price offers available in the market over the twelve month period to 30 June 2023. 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 2023, 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 prices and Market Offer prices increased for both residential and small business customers over the 12 months to 30 June 2023

- ▶ Average residential annual electricity retail Standing Offer prices and Market Offer prices increased by 12.6 percent and 8.3 percent respectively over the 12 months to 30 June 2023. This is equivalent to an average annual bill increase of \$250 for a customer on a Standing Offer contract and a \$169 increase for a customer on a Market Offer contract. As at 30 June 2023 average Market Offer prices represented a \$27 discount to average Standing Offer prices (this compares to a \$54 premium at 30 June 2022).
- ▶ Average small business annual electricity retail Standing Offer prices and Market Offer prices increased by 9.8 percent and 16.5 percent respectively over the 12 months to 30 June 2023. This is equivalent to an average annual bill increase of \$411 for a customer on a Standing Offer contract and a \$647 increase for a customer on a Market Offer contract. This reduced the average discount between the two types of offers from \$251 to \$15.

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 2023

- ▶ Average residential annual gas retail Standing Offer and Market Offer prices increased by 23.8 percent and 9.9 percent respectively over the 12 months to 30 June 2023. This is equivalent to an average annual bill increase of \$281 for a customer on a Standing Offer contract and a \$113 increase for a customer on a Market Offer contract. This increased the average discount between the two types of offers from \$37 to \$205.

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 DMO from 1 July 2023 can be accessed from the AER website at: <https://www.aer.gov.au/retail-markets/guidelines-reviews/default-market-offer-prices-2023%E2%80%9324>.

- ▶ Average small business annual gas retail Standing Offer and Market Offer prices increased by 18.5 percent and 32.8 percent respectively over the 12 months to 30 June 2023. This is equivalent to an average annual bill increase of \$1,281 for a customer on a Standing Offer contract and an \$2,051 increase for a customer on a Market Offer contract.
- ▶ At 30 June 2023, four out of the nine 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 its metropolitan and non-metropolitan residential customers.

Not all retailers had Market Offers available priced at a discount to its Standing Offer in 2022-23

- ▶ 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 1 percent to 21 percent. For small business customers, it ranged from 1 percent to 27 percent.
- ▶ Eight retailers advertising both Standing Offers and Market Offers for residential and small business customers offered no discounted Market Offers and six of those retailers set all Market Offers at a higher price compared to its Standing Offer. For residential customers, the increase ranged from 17 percent to 22 percent. For small business customers, the increase ranged from 7 percent to 29 percent.
- ▶ Gas retail Market Offers were generally priced at a discount to Standing Offers. For residential customers, the discount between a retailer's Standing Offer and its average Market Offer ranged from 2 percent to 44 percent. For small business customers, it ranged from 2 percent to 23 percent; however, two retailers had average Market Offers priced at a premium to their Standing Offers.

Customers can save by shopping around for a better energy retail price offer although to a lesser extent than in the previous year

- ▶ 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 2023, where a retailer discounted a Market Offer against its Standing Offer, residential electricity customers on a Standing Offer contract could have saved between \$50 and \$570 per annum had they switched to their retailer's lowest-priced Market Offer. However, some retailers did not have a lower priced Market Offer available when compared with its Standing Offer.
- ▶ At 30 June 2023, where a retailer discounted a Market Offer against its Standing Offer, residential gas customers on a Standing Offer contract could have saved between \$50 and \$1,010 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 2023, Retailer Feed-In Tariffs (R-FiTs) ranged from zero cents to 15 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.



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