



South Australian Energy Retail Offer Prices Ministerial Report 2015

The Essential Services Commission of South Australia provides an annual energy retail pricing report to the Minister for Mineral Resources and Energy. The 2015 report sets out information on energy retail price offerings which were available to residential and small business customers during the previous financial year. A copy of the report is available at www.escosa.sa.gov.au.

KEY OBSERVATIONS

Annual electricity retail offer prices have generally fallen over the past 12 months

- ▲ Average annual residential electricity Standing Offer and Market Offer prices fell by one per cent and five per cent respectively over the twelve months to 30 June 2015.
- ▲ This is equivalent to an average annual bill reduction of \$25 for a residential customer on a Standing Offer, and an \$84 reduction for a customer on a Market Offer.
- ▲ While the average annual small business electricity Standing Offer prices increased by one per cent, the average annual small business Market Offer bill fell by two per cent over the same period.
- ▲ This is equivalent to an average annual bill increase of \$48 for a small business customer on a Standing Offer, and a \$74 reduction for a customer on a Market Offer.

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

- ▲ Average annual residential gas Standing Offer and Market Offer prices increased by seven per cent and three per cent respectively over the twelve months to 30 June 2015.
- ▲ This is equivalent to an average annual bill increase of \$79 for a residential customer on a Standing Offer, and a \$34 increase for a customer on a Market Offer.

- ▲ Average annual small business gas Standing Offer and Market Offer prices increased by nine per cent and six per cent respectively over the same period.
- ▲ This is equivalent to an average annual bill increase of \$484 for a small business customer on a Standing Offer, and a \$323 increase for a customer on a Market Offer.

Market Offers were generally priced at a discount to Standing Offers

- ▲ There were considerable discounts between electricity Standing Offers and Market Offers. For residential customers, the discount between a retailer's Standing Offer and average Market Offer ranged from seven per cent to 17 per cent. For small business customers, the available discount ranged from four per cent to 19 per cent.
- ▲ While gas retail Market Offers were also priced at a discount to retail Standing Offers, the extent of discounting is 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 seven per cent to 11 per cent. For small business gas customers, the available discount ranged from two per cent to 13 per cent.



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Customers can save by shopping around for a better energy offer

- ▲ Energy retailers were differentiating their Market Offers in a variety of ways (for example, through prices, discounts, fees and charges, contract duration and sign-up incentives) resulting in considerable annual bill differences between Market Offers. However, the extent of difference is less in gas than for electricity.
- ▲ At 30 June 2015, residential electricity customers on a Standing Offer could have saved between \$177 and \$440 annually had they switched to their retailer's lowest-priced Market Offer. Residential customers could have saved up to \$548 annually had they switched to the lowest-priced Market Offer available in the market.
- ▲ At 30 June 2015, residential gas customers on a Standing Offer could have saved between \$87 and \$228 had they switched to their retailer's lowest-priced Market Offer. Residential customers could have saved up to \$274 had they switched to the lowest-priced Market Offer available in the market.
- ▲ With the range of offers available, customers can save by shopping around for a better energy 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.

CONTEXT

This Report forms part of an overall pricing and market monitoring regime, introduced by the South Australian Government when energy retail prices were deregulated on 1 February 2013. That regime permits the Government to inform itself, as the policy-maker, of the need to review or amend regulatory controls in the energy retail market for small customers.

BASIS OF OBSERVATIONS

In preparing the Report, the Commission has used price information provided by the AER's *Energy Made Easy* price comparison website, and information sourced directly from energy retailers' websites.

In order to explain estimated average annual costs, and to ensure that changes in energy usage do not distort pricing impacts, the Commission utilised an annual bill approach, using consumption estimates that are fixed from year to year.

The report presents its observations separately in relation to both residential and small business customers.

FURTHER INFORMATION

If you have any questions or would like to discuss any matter relating to the South Australian Energy Retail Offer Prices: Ministerial Pricing Report 2015, please contact the Commission on 08 8463 4444.

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