

# SOUTH AUSTRALIAN ENERGY RETAIL OFFER PRICES

## MINISTERIAL REPORT 2015

August 2015



## Enquiries

### **South Australian Energy Retail Offer Prices: Ministerial Report 2015**

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The Essential Services Commission of South Australia is an independent statutory authority with functions in a range of essential services including water, sewerage, electricity, gas, rail and maritime services, and also has a general advisory function on economic matters. For more information, please visit [www.escosa.sa.gov.au](http://www.escosa.sa.gov.au)

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## GLOSSARY OF TERMS

<b>AER</b>	Australian Energy Regulator ( <a href="http://www.aer.gov.au">www.aer.gov.au</a> )
<b>Commission</b>	Essential Services Commission of South Australia
<b>Designated Retailer</b>	Under clause 2 of the National Energy Retail Law, a 'Designated Retailer' is defined as, in the case where there is: (a) no existing connection – the local area retailer; and (b) an existing connection – the financially responsible retailer for the premises.
<b>GST</b>	Goods and Services Tax
<b>kWh</b>	Kilowatt hour
<b>Market Offer</b>	Any retail electricity or gas offer that is not a Standing Offer
<b>Minister</b>	Minister for Mineral Resources and Energy
<b>Ministerial Report (Report)</b>	Annual report required by Electricity (General) Regulations 2012, regulation 12 and the Gas Regulations 2012, regulation 6
<b>MJ</b>	Megajoule
<b>MWh</b>	Megawatt-hour
<b>NECF</b>	National Energy Customer Framework
<b>NERL</b>	<i>National Energy Retail Law (South Australia) Act 2011</i>
<b>NERL retailers</b>	Energy retailers authorised to sell electricity to customers under the <i>National Energy Retail Law (South Australia) Act 2011</i>
<b>R-FiT</b>	Retailer-paid component of the solar feed-in tariff
<b>Report</b>	The third Ministerial Report
<b>Simple Average</b>	The mean of a group of numbers, which gives equal weight to each individual number within the group.
<b>Standing Offer</b>	Standing Offers are those which an energy retailer must make available to customers for which it is a Designated Retailer.

## EXECUTIVE SUMMARY

The Essential Services Commission of South Australia (**Commission**) is responsible for providing to the Minister for Mineral Resources and Energy (**Minister**) an annual Ministerial Report (**Report**) on the comparison of electricity and gas retail offer prices for South Australian residential and small business customers. This is the Commission's third annual Report.

In making those comparisons, the Commission applies an "annual bill" approach, using set levels of consumption by customers, to monitor energy retail offer prices in South Australia. The key observations set out in this report are based on energy retail offer prices that were available to residential and small business customers in South Australia between 30 June 2014 and 30 June 2015. This provides a snapshot of energy retail offers available in the market at a particular time. However, it must be recognised that market conditions are dynamic and therefore caution should be exercised when trying to draw definite conclusions on price movements from the analysis in this Report.

The Commission's key observations of energy retail offer price movements over the twelve months to 30 June 2015 are set out below.

### ***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.

### ***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](http://www.energymadeeasy.gov.au)) to compare all available energy offers.

# 1. INTRODUCTION

The Commission is responsible for providing to the Minister an annual report on the comparison of electricity and gas retail offer prices for South Australian residential and small business customers. This is the Commission's third annual Report.

This Report forms part of an overall pricing and market monitoring regime, introduced by the South Australian Government when energy retail prices were deregulated from 1 February 2013.<sup>1</sup> Under that regime, the Government of South Australia (through the Minister) has the role of collecting and gathering market information, including through reports provided by the Commission, the Australian Energy Market Operator and the AER, to inform itself of the state of the market and of the need to review or amend regulatory controls.

Regulation 12(2) of the *Electricity (General) Regulations 2012* and Regulation 6(2) of the *Gas Regulations 2012 (Regulations)* require the Commission to provide to the Minister, by 31 August each year, a report on energy retail prices that were generally available to classes of small customers in South Australia in the preceding financial year.<sup>2</sup>

The Report must include:

- ▲ the range of retail "Standing Offer" prices generally available to small customers<sup>3</sup>
- ▲ the range of retail "Market Offer" prices generally available to small customers
- ▲ the difference between average retail "Standing Offer" prices and retail "Market Offer" prices generally available to small customers
- ▲ any other matter required by the Minister.<sup>4</sup>

To report on those matters, this Report uses an "annual bill" with a set level of consumption as a benchmark to ensure that any movements in annual bills can be attributed to price movements and not to changes in energy usage.<sup>5</sup>

Movements in annual bills for residential and small business electricity customers are presented in Tables 2-1 and 2-2 respectively. Annual bill movements for residential and small business gas customers are presented in Tables 3-1 and 3-2 respectively. Additional commentary on annual bill movements is also provided as necessary in this Report.

Annexures C, D, E and F provide a full data set of estimated annual bills for residential and small business electricity and gas customers on the highest-priced Market Offer, lowest-priced Market Offer, Standing Offer, and the simple average Market Offer bill for each retailer.

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<sup>1</sup> This date coincided with the implementation of the *National Energy Customer Framework (NECF)* in South Australia, which transferred most South Australian energy retail regulatory functions to the AER.

<sup>2</sup> Extracts of the Regulations are contained in Annexure A.

<sup>3</sup> Small customers are those electricity customers using less than 160MWh of electricity annually and gas customers using less than 1 TJ of gas annually, through a single connection point.

<sup>4</sup> No additional matters have been specified by the Minister for the purposes of this Ministerial Pricing Report.

<sup>5</sup> Details and limitations of the assumptions that underpin the analysis are discussed in Annexure B.

## 1.1 Energy retailers included in this Report

This Report provides information on offers available from energy retailers to South Australian residential and small business customers authorised under the *National Energy Retail Law (South Australia) Act 2011 (NERL)*. The AER administers retailer authorisations.

Table 1-1 shows that there were 16 authorised retailers actively retailing energy to small customers in South Australia at 30 June 2015.

**Table 1-1: Authorised NERL retailers (at 30 June 2015)**

RETAILER	SELLING ELECTRICITY TO:		SELLING GAS TO:	
	Residential	Small Business	Residential	Small Business
AGL Energy	✓	✓	✓	✓
Alinta Energy	✓		✓	
Diamond Energy	✓	✓		
EnergyAustralia	✓	✓	✓	✓
ERM Power		✓		
Lumo Energy	✓	✓		
M2 Energy (Commander)	✓	✓		
M2 Energy (Dodo)	✓			
Momentum Energy	✓	✓		
Origin Energy	✓	✓	✓	✓
Pacific Hydro	✓	✓		
Powerdirect	✓	✓		
QEnergy	✓	✓		
Red Energy	✓	✓		
Sanctuary Energy	✓			
Simply Energy	✓	✓	✓	



## 1.2 Types of energy offers

Energy retailers offer consumers two types of energy offers – Standing Offers and Market Offers.

### 1.2.1 Standing Offers

Each retailer authorised to sell electricity under the NERL must publish retail “Standing Offer” prices. The Standing Offer is an element of the *National Energy Customer Framework (NECF)*, arising under the NERL. A retailer is required to make a Standing Offer available to small customers on request.

The NERL prohibits retailers from changing the terms of their Standing Offers more frequently than every 6 months. In practice, they are often only changed annually. These offers are commonly marketed as the offer against which Market Offer discounts are measured.

### 1.2.2 Market Offers

Retailers generally provide a range of Market Offers; these must contain a minimum set of terms and conditions but may also include other terms and conditions. These offers can vary from contract to contract (for example, discounts, different payment options, fixed contract terms and various other fees and charges).

Retailers are free to change their Market Offers at any time.

## 1.3 Energy retail price information reported

This Report compares annual electricity and gas bills for small customers on Standing Offers and Market Offers at 30 June 2014 and 30 June 2015. The Commission’s analysis includes:

- ▲ **Overall annual bill changes** – changes in Standing Offer and Market Offer annual bills (averaged across all retailers<sup>6</sup>)
- ▲ **Individual retailer annual bill changes** – changes in Standing Offer and Market Offer annual bills for each retailer
- ▲ **Differences between Standing Offers and Market Offers** – highlights the potential discounts that Market Offers provide relative to Standing Offers for each retailer, and the potentially higher discounts that customers might have saved had they switched to the lowest-priced Market Offer available in the market.

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<sup>6</sup> This is a simple (or unweighted) overall average determined by averaging each individual retailer’s portfolio of relevant offers and then averaging all those individual retailers’ results. Note that the results are not weighted by the number of offers a retailer presents, nor in any other way.

## *1.4 Additional information reported*

The annual average bills presented in this report are based on peak rates only. The following retailer price information are also provided in this report:

- ▲ Retailer Feed-in Tariffs (Annexure G)
- ▲ Off-Peak Controlled Load offers (Annexure H)
- ▲ Green energy options (Annexure I)

## 2. ELECTRICITY RETAIL OFFER PRICES

### **Key Observations:**

#### For residential customers

- ▲ Average annual electricity Standing Offer and Market Offer prices fell by one per cent and five per cent respectively between 30 June 2014 and 30 June 2015.
- ▲ Residential Market Offers were generally priced at a discount to Standing Offers. The discount between a retailer's Standing Offer and average Market Offer ranged from seven per cent to 17 per cent.
- ▲ Residential customers on a Standing Offer could have saved between \$177 and \$440 had they switched to their retailer's lowest-priced Market Offer. Residential customers might have saved up to \$548 had they switched to the lowest-priced Market Offer available in the market.

#### For small business customers

- ▲ Average annual electricity Standing Offer prices increased by one per cent, while average annual Market Offer prices fell by two per cent between 30 June 2014 and 30 June 2015.
- ▲ Small business Market Offers were generally priced at a discount to Standing Offers. The discount between a retailer's Standing Offer and average Market Offer ranged from four per cent to 19 per cent.
- ▲ Small business customers on a Standing Offer could have saved between \$181 and \$958 had they switched to their retailer's lowest-priced Market Offer. Small business customers might have saved up to \$1,387 had they switched to the lowest-priced Market Offer available in the market.

There are considerable price differences between the Standing Offer and the range of Market Offers provided by each electricity retailer. The analysis in subsequent sections is specific to the representative electricity small customer, therefore all figures are indicative. Actual pricing outcomes will depend on the amount of electricity consumed, retail prices and the terms and conditions of a customer's electricity retail contract.

## 2.1 Residential electricity retail offer prices

Figure 2-1 shows the average annual bill for a residential electricity customer, based on available Standing and Market Offer prices between 30 June 2014 and 30 June 2015.

It shows that there were reductions in both the average Standing Offer and Market Offer bills. However, the fall in the average Market Offer bill of five per cent (\$84) exceeded the one per cent fall (\$25) in the average Standing Offer bill. This increased the discount between the two types of offers from \$175 to \$234.

**Figure 2-1: Average annual electricity bills for residential customers (\$nominal)**



Table 2-1 shows the change in estimated annual Standing Offer and lowest-priced Market Offer bills for each retailer between 30 June 2014 and 30 June 2015. Annexure C provides a full data set of estimated annual bills for residential electricity customers on the highest-priced Market Offer, lowest-priced Market Offer, Standing Offer, and the simple average Market Offer bill for each retailer.

**Table 2-1: Comparison of estimated annual bills for residential electricity customers (\$nominal)**

RETAILER	STANDING OFFER			LOWEST-PRICED MARKET OFFER			DIFFERENCE BETWEEN STANDING OFFER AND LOWEST-PRICED MARKET OFFER	
	30 JUNE 14	30 JUNE 15	% CHANGE	30 JUNE 14	30 JUNE 15	% CHANGE	30 JUNE 14	30 JUNE 15
AGL	\$ 1,946	\$ 1,973	+ 1.4%	\$ 1,782	\$ 1,699	- 4.7%	-\$ 164	-\$ 275
Alinta Energy	\$ 2,050	\$ 2,022	- 1.4%	\$ 1,787	\$ 1,688	- 5.5%	-\$ 263	-\$ 334
Diamond Energy	\$ 2,018	\$ 1,964	- 2.7%	\$ 1,791	\$ 1,787	- 0.2%	-\$ 227	-\$ 177
EnergyAustralia	\$ 2,054	\$ 2,143	+ 4.3%	\$ 1,790	\$ 1,703	- 4.9%	-\$ 264	-\$ 440
Lumo Energy	\$ 2,013	\$ 2,018	+ 0.2%	\$ 1,897	\$ 1,615	- 14.8%	-\$ 116	-\$ 402
M2 Energy (Commander)	-	\$ 2,076	N/A	-	\$ 1,716	N/A	-	-\$ 360
M2 Energy (Dodo)	\$ 1,986	\$ 1,982	- 0.2%	\$ 1,641	\$ 1,641	-	-\$ 345	-\$ 341
Momentum Energy	\$ 2,178	\$ 2,061	- 5.3%	\$ 1,996	\$ 1,645	- 17.6%	-\$ 181	-\$ 417
Origin Energy	\$ 2,075	\$ 2,094	+ 0.9%	\$ 1,810	\$ 1,782	- 1.6%	-\$ 265	-\$ 313
Pacific Hydro	\$ 2,169	\$ 2,163	- 0.3%	\$ 1,889	\$ 1,880	- 0.5%	-\$ 280	-\$ 282
Powerdirect	\$ 1,987	\$ 2,009	+ 1.1%	\$ 1,762	\$ 1,749	- 0.8%	-\$ 224	-\$ 260
QEnergy	\$ 1,948	\$ 1,939	- 0.4%	\$ 1,780	-	N/A	-\$ 168	-
Red Energy	\$ 2,017	\$ 1,941	- 3.7%	\$ 1,821	\$ 1,747	- 4.0%	-\$ 196	-\$ 194
Sanctuary Energy	\$ 2,210	\$ 1,936	- 12.4%	\$ 1,895	-	N/A	-\$ 315	-
Simply Energy	\$ 2,023	\$ 2,022	-	\$ 1,759	\$ 1,707	- 3.0%	-\$ 263	-\$ 315
<b>Simple Average</b>	<b>\$ 2,048</b>	<b>\$ 2,023</b>	<b>- 1.2%</b>	<b>\$ 1,814</b>	<b>\$ 1,720</b>	<b>- 5.2%</b>	<b>-\$ 234</b>	<b>-\$ 303</b>

The Commission's analysis of estimated annual residential electricity bills<sup>7</sup> at 30 June 2014 and 30 June 2015 indicates:

- ▲ **Reductions in both residential electricity retail Standing Offer and Market Offer prices** – eight out of the 15 electricity retailers reduced their retail Standing Offer prices. At 30 June 2015, Sanctuary Energy had the cheapest Standing Offer annual bill at \$1,936 and Pacific Hydro had the highest Standing Offer annual bill at \$2,163.

Retailers also reduced the majority of their retail Market Offer prices. The reductions in the simple average of Market Offers by retailer ranged from 0.5 per cent (Pacific Hydro) to 14.9 per cent (Momentum Energy). At 30 June 2015, Lumo Energy had the lowest-priced Market Offer annual bill at \$1,615 and Origin Energy had the highest-priced Market Offer annual bill at \$2,094.

- ▲ **Residential electricity Market Offers were generally priced at a discount to Standing Offers** – the discount between a retailer's Standing Offer and average Market Offer ranged from seven per cent (Powerdirect and Red Energy) to 17 per cent (Alinta Energy, M2 Energy (Commander and Dodo) and Momentum Energy). Residential customers could therefore save by moving from the Standing Offer to a Market Offer.

Residential customers on a Standing Offer could have saved between \$177 (Diamond Energy) and \$440 (EnergyAustralia) had they switched to their retailer's lowest-priced Market Offer. There was scope for greater savings by switching to the lowest-priced Market Offer available in the market – for example, a residential customer could have saved \$548 by switching from the highest-priced Standing Offer (Pacific Hydro at \$2,163) to the lowest-priced Market Offer (Lumo Energy at \$1,615).

- ▲ **There was considerable price difference between retailers' residential electricity Market Offers** – 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 price differences between Market Offers.

At 30 June 2015, the largest price difference was found across EnergyAustralia's Market Offers, where the estimated annual bill on different Market Offers was between \$1,703 and \$2,023 (a spread of \$320).

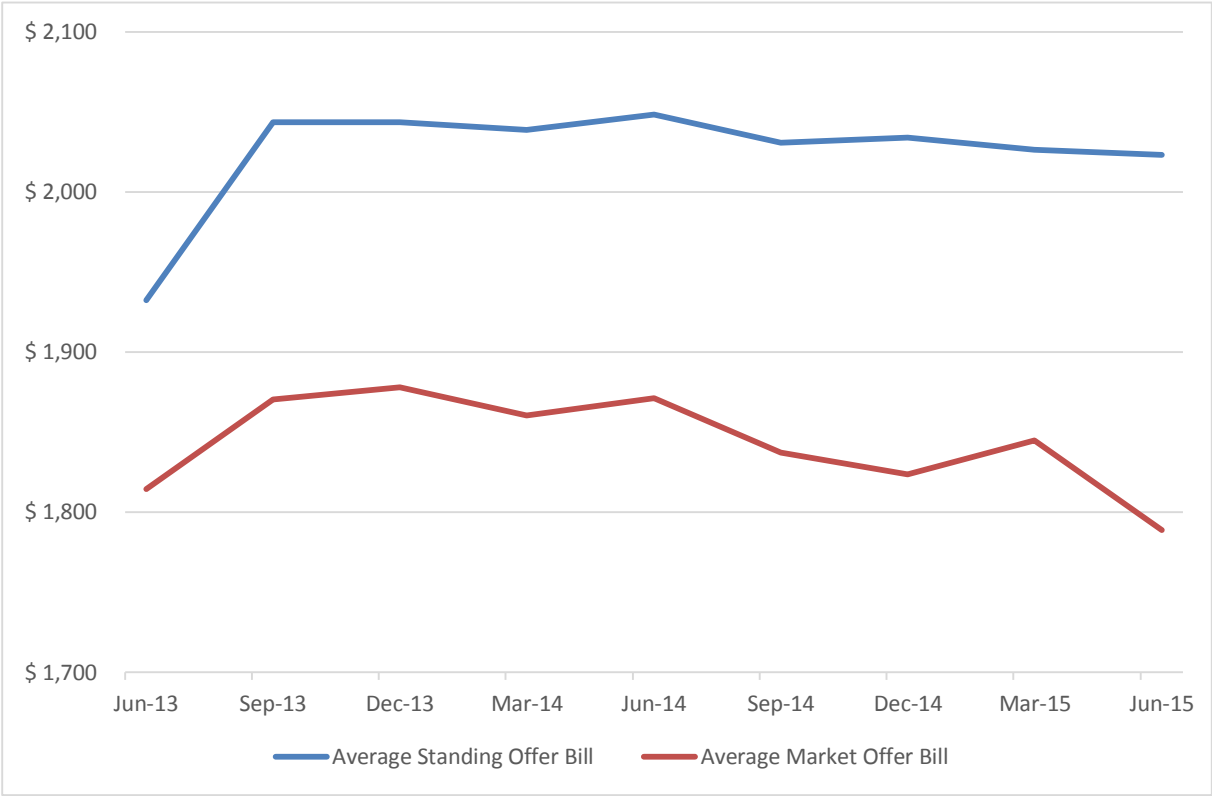
There was no price difference between the lowest-priced and highest-priced Market Offers offered by Alinta Energy, M2 Energy (Commander and Dodo), Pacific Hydro, QEnergy and Sanctuary Energy. Most of these retailers only offered a single Market Offer.

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<sup>7</sup> Refer Table 2-1 and Annexure C.

Figure 2-2 shows the movement of annual residential electricity Standing Offer and Market Offer bills between 30 June 2013 and 30 June 2015. It shows that the average annual Standing Offer bill has increased by 4.7 per cent (an increase of 2.3 per cent per annum), and that the average annual Market Offer bill decreased by 1.4 per cent (a decline of 0.7 per cent per annum) over the period. The average discount between Standing Offers and Market Offers increased from \$118 to \$234 over the two years.

**Figure 2-2: Movements in the average annual electricity Standing and Market Offer bills for residential customers (\$nominal)**



## 2.2 Small business electricity retail offer prices

Figure 2-3 shows the average annual bill for a small business electricity customer, based on available Standing and Market Offer prices at 30 June 2014 and 30 June 2015.

It shows that while the average annual Standing Offer bill increased by one per cent (\$48), the average annual Market Offer bill reduced by two per cent (\$74). The discount between the two types of offers increased from \$313 to \$435.

**Figure 2-3: Average annual electricity bill for small business customer (\$nominal)**

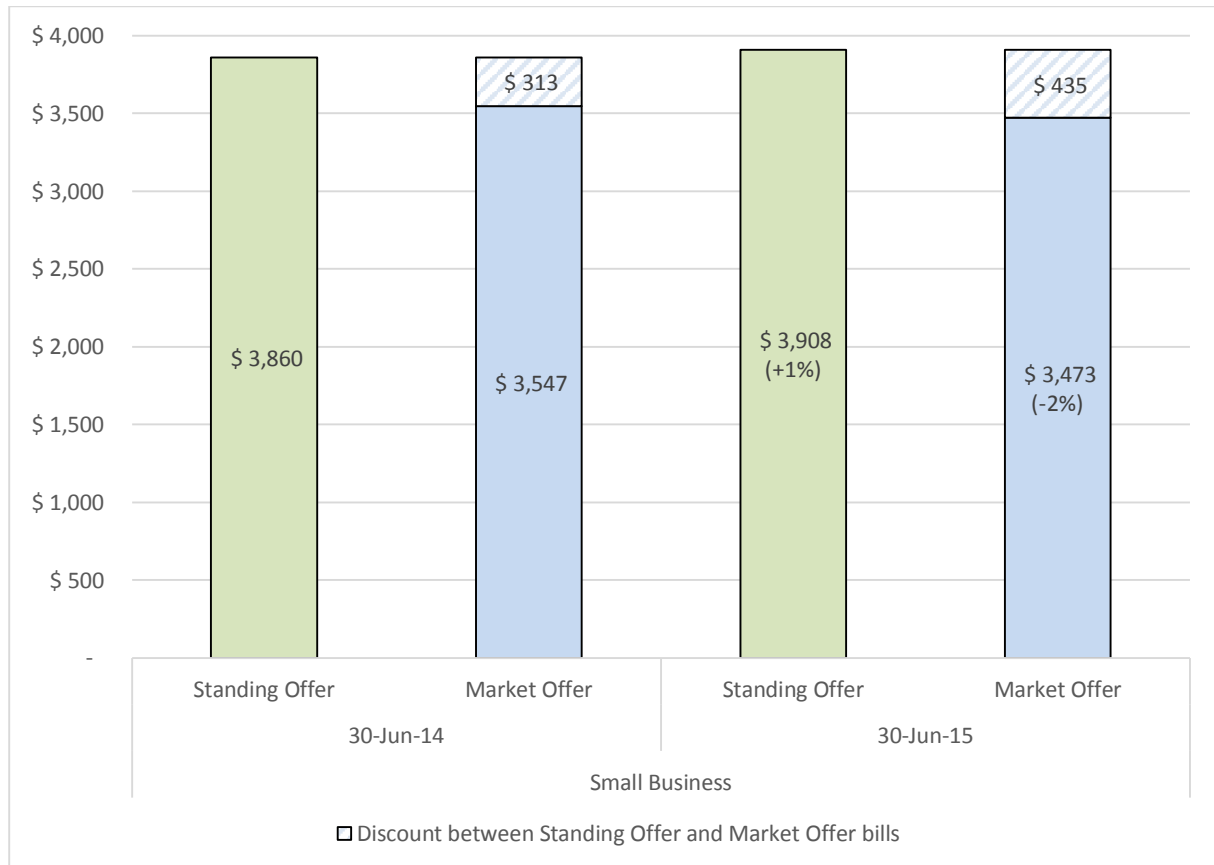


Table 2-2 shows the change in the estimated annual small business electricity Standing Offer and the lowest-priced Market Offer bills for each retailer between 30 June 2014 and 30 June 2015. Annexure D provides a full data set of estimated annual bills for small business electricity customers on the highest-priced Market Offer, lowest-priced Market Offer, Standing Offer, and the simple average Market Offer bill for each retailer.



**Table 2-2: Comparison of estimated annual bills for small business electricity customers (\$nominal)**

RETAILER	STANDING OFFER			LOWEST-PRICED MARKET OFFER			DIFFERENCE BETWEEN STANDING OFFER AND LOWEST-PRICED MARKET OFFER	
	30 JUNE 14	30 JUNE 15	% CHANGE	30 JUNE 14	30 JUNE 15	% CHANGE	30 JUNE 14	30 JUNE 15
AGL	\$ 3,668	\$ 3,724	+ 1.5%	\$ 3,270	\$ 3,136	- 4.1%	-\$ 397	-\$ 588
Alinta Energy	\$ 3,855	\$ 3,923	+ 1.8%	-	-	N/A	-	-
Diamond Energy	\$ 4,068	\$ 4,194	+ 3.1%	\$ 3,461	\$ 4,013	+ 16.0%	-\$ 608	-\$ 181
EnergyAustralia	\$ 4,110	\$ 4,338	+ 5.5%	\$ 3,499	\$ 3,531	+ 0.9%	-\$ 611	-\$ 807
ERM Power Retail Pty Ltd	\$ 3,798	\$ 3,556	- 6.4%	\$ 3,586	\$ 3,305	- 7.8%	-\$ 212	-\$ 251
Lumo Energy	\$ 3,500	\$ 3,909	+ 11.7%	\$ 3,623	\$ 2,951	- 18.6%	\$ 122	-\$ 958
M2 Energy (Commander)	\$ 4,034	\$ 4,022	- 0.3%	\$ 3,284	\$ 3,277	- 0.2%	-\$ 750	-\$ 745
Momentum Energy	\$ 3,836	\$ 3,900	+ 1.7%	\$ 3,375	\$ 3,107	- 7.9%	-\$ 461	-\$ 793
Origin Energy	\$ 3,909	\$ 3,960	+ 1.3%	\$ 3,321	\$ 3,287	- 1.0%	-\$ 587	-\$ 673
Pacific Hydro	\$ 3,770	\$ 3,764	- 0.2%	\$ 3,279	\$ 3,302	+ 0.7%	-\$ 491	-\$ 461
Powerdirect	\$ 4,000	\$ 4,070	+ 1.7%	\$ 3,329	\$ 3,338	+ 0.2%	-\$ 671	-\$ 733
QEnergy	\$ 3,723	\$ 3,707	- 0.4%	\$ 3,168	-	N/A	-\$ 554	-
Red Energy	\$ 3,869	\$ 3,722	- 3.8%	\$ 3,482	\$ 3,349	- 3.8%	-\$ 387	-\$ 372
Simply Energy	\$ 3,897	\$ 3,917	+ 0.5%	\$ 3,393	\$ 3,188	- 6.0%	-\$ 504	-\$ 730
<b>Simple Average</b>	<b>\$ 3,860</b>	<b>\$ 3,908</b>	<b>+ 1.2%</b>	<b>\$ 3,390</b>	<b>\$ 3,315</b>	<b>- 2.2%</b>	<b>-\$ 470</b>	<b>-\$ 592</b>

The Commission's analysis of estimated annual small business electricity bills<sup>8</sup> at 30 June 2014 and 30 June 2015 indicates:

- ▲ ***Small business electricity retail Standing Offer prices increased, but retail Market Offer prices fell*** – nine out of the 14 electricity retailers increased their retail Standing Offer prices. The increase ranged from 0.5 per cent (Simply Energy) to 11.7 per cent (Lumo Energy). The remaining five retailers reduced their retail Standing Offer prices, with the reductions ranging from 0.2 per cent (Pacific Hydro) to 6.4 per cent (ERM Power Retail). At 30 June 2015, ERM Power Retail had the cheapest Standing Offer annual bill at \$3,556 and EnergyAustralia had the highest Standing Offer annual bill at \$4,338.

Retailers also reduced the majority of their retail Market Offer prices. The reductions in the simple average of Market Offers by retailer ranged from 0.2 per cent (M2 Energy (Commander)) to 15.3 per cent (Lumo Energy). At 30 June 2015, Lumo Energy had the lowest-priced Market Offer annual bill at \$2,951 and EnergyAustralia had the highest-priced Market Offer annual bill at \$4,053.

- ▲ ***Small business electricity Market Offers were generally priced at a discount to Standing Offers*** – the discount between a retailer's Standing Offer and average Market Offer ranged from four per cent (Diamond Energy) to 19 per cent (M2 Energy (Commander)) and Simply Energy). Small business electricity customers could therefore save by moving from the Standing Offer to a Market Offer.

Small business customers on a Standing Offer could have saved between \$181 (Diamond Energy) and \$958 (Lumo Energy) had they switched to their retailer's lowest-priced Market Offer. There was scope for greater savings by switching to the lowest-priced Market Offer available in the market – for example, a small business customer could have saved \$1,387 by switching from the highest-priced Standing Offer (EnergyAustralia at \$4,338) to the lowest-priced Market Offer (Lumo Energy at \$2,951).

- ▲ ***There was considerable price differentiation between small business electricity Market Offers*** – 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 price differences between Market Offers. Small business electricity customers can pay varying prices depending upon the contract selected, highlighting the importance of selecting the most suitable contract for their particular circumstances.

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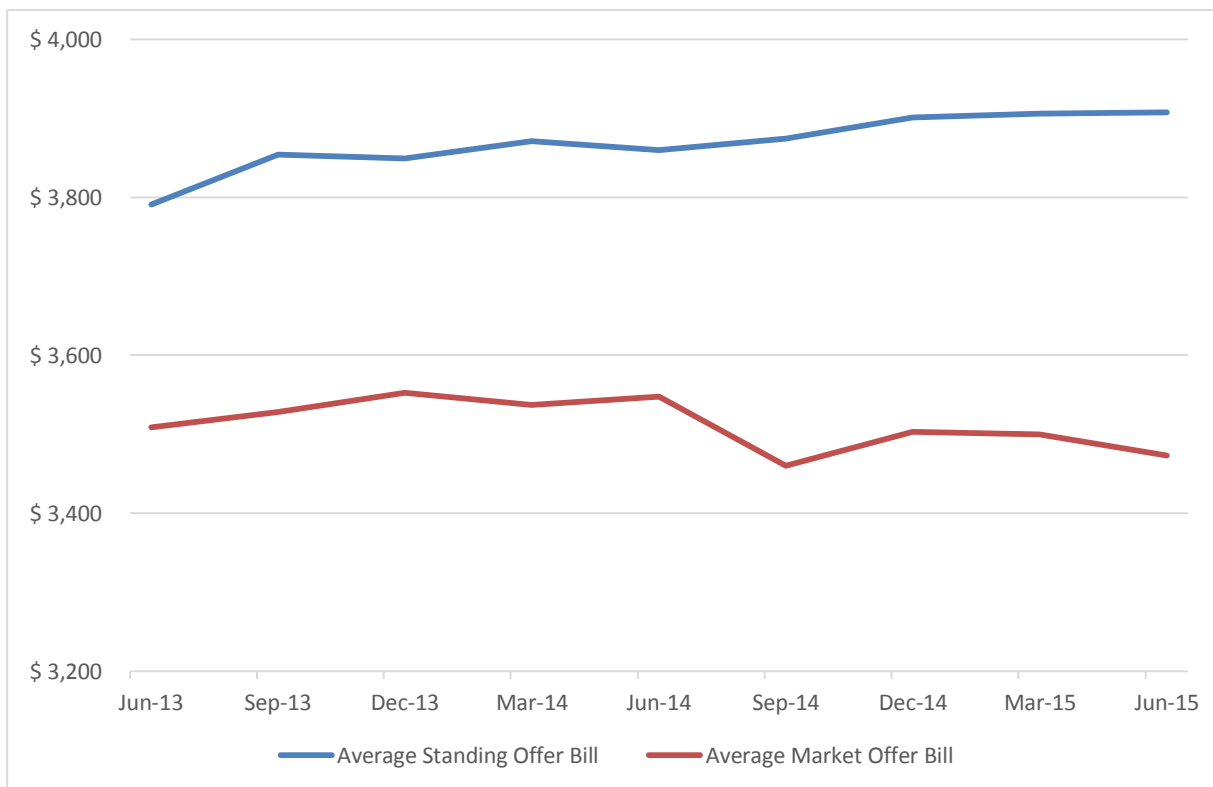
<sup>8</sup> Refer Table 2-2 and Annexure D.

At 30 June 2015, the largest price difference was found across Lumo Energy’s Market Offers, where the estimated annual bill on different contracts was between \$2,951 and \$3,658 (a spread of \$707).

There was no price difference between the lowest-priced and highest-priced Market Offers offered by Diamond Energy, M2 Energy (Commander), Pacific Hydro, QEnergy and Simply Energy. Most of these retailers only offered one small business electricity Market Offer.

Figure 2-4 shows the movement of annual small business electricity Standing Offer and Market Offer bills between 30 June 2013 and 30 June 2015. It shows that the average annual Standing Offer bill has increased by 3.1 per cent (an increase of 1.5 per cent per annum), and that the average annual Market Offer bill has decreased by 1.0 per cent (a decline of 0.5 per cent per annum) over the period. The average discount between Standing Offers and Market Offers increased from \$282 to \$435 over the two years.

**Figure 2-4: Movements in the average annual electricity Standing and Market Offer bills for small business customers (\$nominal)**



### 3. GAS RETAIL OFFER PRICES

#### **Key Observations:**

##### For residential customers

- ▲ Average annual gas Standing Offer and Market Offer prices increased by seven per cent and three per cent respectively between 30 June 2014 and 30 June 2015.
- ▲ Residential Market Offers were generally priced at a discount to Standing Offers but the extent of discounting was less than that observed for residential electricity Market Offers. The discount between a retailer's Standing Offer and average Market Offer ranged from seven per cent to 11 per cent.
- ▲ Residential 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 might have saved up to \$274 had they switched to the lowest-priced Market Offer available in the market.

##### For small business customers

- ▲ Average annual gas Standing Offer and Market Offer prices increased by nine per cent and six per cent respectively between 30 June 2014 and 30 June 2015.
- ▲ Small business Market Offers were generally priced at a discount to Standing Offers but the extent of discounting was less than that observed for small business electricity Market Offers. The discount between a retailer's Standing Offer and average Market Offer ranged from two per cent to 13 per cent.
- ▲ Small business customers on a Standing Offer could have saved between \$356 and \$1,186 had they switched to their retailer's lowest-priced Market Offer. Small business customers might have saved up to \$1,321 had they switched to the lowest-priced Market Offer available in the market.

There are five distinct gas supply areas in South Australia, with different prices applying in each area. While all retailers are required to have Standing Offers available in each region, it has historically been the case that only Origin Energy actively marketed to regions outside of Adelaide.

The analysis in subsequent sections is specific to the representative small gas customer, therefore all figures are indicative. Actual pricing outcomes will depend on the amount of gas consumed and the prices, terms and conditions of a customer's gas contract.

### 3.1 Residential gas retail offer prices

Figure 3-1 shows the average annual bill for a residential gas customer, based on available Standing and Market Offer prices at 30 June 2014 and 30 June 2015.

It shows that there were increases in both the average annual Standing Offer and Market Offer bills. However, the increase in the average Standing Offer bill of seven per cent (\$79) exceeded the three per cent increase (\$34) in the average Market Offer bill. This increased the discount between the two types of offers from \$41 to \$86.

**Figure 3-1: Average annual gas bill for Metropolitan residential customers (\$nominal)**



Table 3-1 shows the change in the estimated annual residential gas Standing Offer and lowest-priced Market Offer bills in the Metropolitan region for each retailer between 30 June 2014 and 30 June 2015. Table 3-2 shows the change in the estimated annual residential gas Standing Offer bills in non-Metropolitan regions for each retailer. Annexure E provides a full data set of estimated annual bills for residential gas customers on the highest-priced Market Offer, lowest-priced Market Offer, Standing Offer, and the simple average Market Offer bill for each retailer.

**Table 3-1: Comparison of estimated annual bills for Metropolitan residential gas customers (\$nominal)**

RETAILER	STANDING OFFER			LOWEST-PRICED MARKET OFFER			DIFFERENCE BETWEEN STANDING OFFER AND LOWEST-PRICED MARKET OFFER	
	30 JUNE 14	30 JUNE 15	% CHANGE	30 JUNE 14	30 JUNE 15	% CHANGE	30 JUNE 14	30 JUNE 15
<b>AGL</b>	\$ 1,030	\$ 1,087	+ 5.6%	\$ 954	\$ 974	+ 2.1%	-\$ 76	-\$ 113
<b>Alinta Energy</b>	\$ 1,073	\$ 1,153	+ 7.5%	-	\$ 1,066	N/A	-	-\$ 87
<b>EnergyAustralia</b>	\$ 1,134	\$ 1,248	+ 10.0%	\$ 1,028	\$ 1,020	- 0.8%	-\$ 106	-\$ 228
<b>Origin Energy</b>	\$ 1,013	\$ 1,110	+ 9.7%	\$ 939	\$ 983	+ 4.8%	-\$ 74	-\$ 127
<b>Simply Energy</b>	\$ 1,059	\$ 1,104	+ 4.3%	\$ 1,059	-	N/A	-	-
<b>Simple Average</b>	<b>\$ 1,062</b>	<b>\$ 1,141</b>	<b>+ 7.4%</b>	<b>\$ 995</b>	<b>\$ 1,011</b>	<b>+ 1.6%</b>	<b>-\$ 67</b>	<b>-\$ 130</b>

**Table 3-2: Comparison of estimated annual bills for non-Metropolitan residential gas customers (\$nominal)**

REGION	RETAILER	STANDING OFFER		
		30 JUNE 14	30 JUNE 15	% CHANGE
Mount Gambier	AGL	\$1,043	\$1,087	+ 4.2%
	EnergyAustralia	\$1,134	\$1,248	+ 10.1%
	Origin Energy	\$1,024	\$1,110	+ 8.4%
	Simply Energy	\$1,059	\$1,104	+ 4.2%
	<b>Simple Average</b>	<b>\$1,065</b>	<b>\$1,137</b>	<b>+ 6.8%</b>
Port Pirie	AGL	\$1,042	\$1,087	+ 4.3%
	EnergyAustralia	\$1,134	\$1,248	+ 10.1%
	Origin Energy	\$1,023	\$1,110	+ 8.5%
	Simply Energy	\$1,059	\$1,104	+ 4.2%
	<b>Simple Average</b>	<b>\$1,065</b>	<b>\$1,137</b>	<b>+ 6.8%</b>
Riverland	AGL	\$1,050	\$1,087	+ 3.5%
	EnergyAustralia	\$1,134	\$1,248	+ 10.1%
	Origin Energy	\$1,030	\$1,110	+ 7.8%
	Simply Energy	\$1,059	\$1,104	+ 4.2%
	<b>Simple Average</b>	<b>\$1,068</b>	<b>\$1,137</b>	<b>+ 6.5%</b>
Whyalla	AGL	\$1,043	\$1,087	+ 4.2%
	EnergyAustralia	\$1,134	\$1,248	+ 10.1%
	Origin Energy	\$1,024	\$1,110	+ 8.4%
	Simply Energy	\$1,059	\$1,104	+ 4.2%
	<b>Simple Average</b>	<b>\$1,065</b>	<b>\$1,137</b>	<b>+ 6.8%</b>

The Commission's analysis of estimated annual residential gas bills<sup>9</sup> at 30 June 2014 and 30 June 2015 indicates:

- ▲ ***Retailers were offering the same residential gas retail Standing Offer prices to both Metropolitan and non-Metropolitan customers*** – at 30 June 2015, four of the five gas retailers operating in South Australia were offering the same retail Standing Offer prices to their Metropolitan and non-Metropolitan residential gas customers. Only two gas retailers (EnergyAustralia and Simply Energy) were doing so at 30 June 2014.

Alinta Energy does not retail gas to small customers in the non-Metropolitan regions.

- ▲ ***Increases in both residential gas retail Standing Offer and Market Offer prices*** – all five gas retailers have increased their retail Standing Offer prices. The increase ranged from 4.3 per cent (Simply Energy) to 10 per cent (EnergyAustralia). At 30 June 2015, AGL had the cheapest Standing Offer annual bill at \$1,087 and EnergyAustralia had the highest Standing Offer annual bill at \$1,248.

Retailers also increased the majority of their retail Market Offer prices. The increases in the simple average of all Market Offers by retailer ranged from 3.1 per cent (EnergyAustralia) to 5.8 per cent (Origin Energy). At 30 June 2015, AGL had the lowest-priced Market Offer annual bill at \$974 and EnergyAustralia had the highest-priced Market Offer annual bill at \$1,173.

- ▲ ***Residential gas Market Offers were generally priced at a discount to Standing Offers but the extent of discounting was less than that observed for residential electricity Market Offers*** – the discount between a retailer's Standing Offer and average Market Offer for the Metropolitan region ranged from seven per cent (AGL and Origin Energy) to 11 per cent (EnergyAustralia). Residential gas customers could therefore save by moving from the Standing Offer to a Market Offer.

Residential gas customers on a Standing Offer could have saved between \$87 (Alinta Energy) and \$228 (EnergyAustralia) had they switched to their retailer's lowest-priced Market Offer. There was scope for greater savings by switching to the lowest-priced Market Offer available in the market – for example, a residential customer could have saved \$274 by switching from the highest-priced Standing Offer (EnergyAustralia at \$1,248) to the lowest-priced Market Offer (AGL at \$974).

- ▲ ***There was considerable price difference between residential gas Market Offers, but the extent of price differences was less than that observed for residential electricity Market Offers*** – at 30 June 2015, the largest price difference was found across EnergyAustralia's Market Offers, where the estimated annual bill on different contracts was between \$1,020 and \$1,173 (a spread of \$153).

There was no price difference across Alinta Energy's Market Offers as it only offered one residential gas Market Offer.

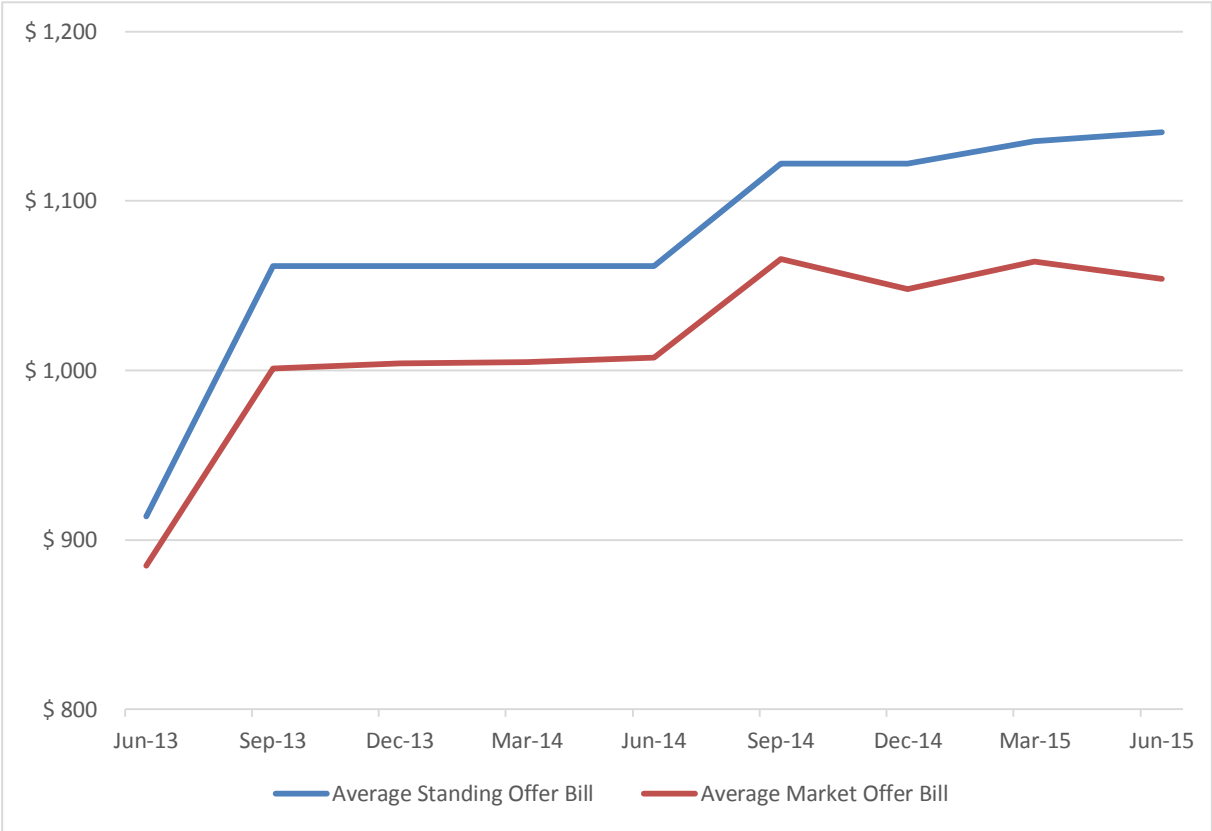
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<sup>9</sup> Refer Tables 3-2 and 3-3 and Annexure E.



Figure 3-2 shows the movement of annual Metropolitan residential gas Standing Offer and Market Offer bills between 30 June 2013 and 30 June 2015. It shows that the average annual Standing Offer bill increased by 24.8 per cent (an increase of 11.7 per cent per annum), and that the average annual Market Offer bill increased by 19.2 per cent (an increase of 9.2 per cent per annum) over the period. The average discount between Standing Offers and Market Offers increased from \$29 to \$86 over the two years.

**Figure 3-2: Movements in the average annual gas Standing and Market Offer bills for Metropolitan residential customers (\$nominal)**



### 3.2 Small business gas retail offer prices

Figure 3-3 shows the average annual bill for a small business gas customer, based on available Standing and Market Offer prices at 30 June 2014 and 30 June 2015.

It shows that there were increases in both the average annual Standing Offer and Market Offer bills. However, the increase in the average Standing Offer bill of nine per cent (\$484) exceeded the six per cent increase (\$323) in the average Market Offer bill. This increased the discount between the two types of offers from \$188 to \$349.

**Figure 3-3: Average annual gas bills for Metropolitan small business customers (\$nominal)**

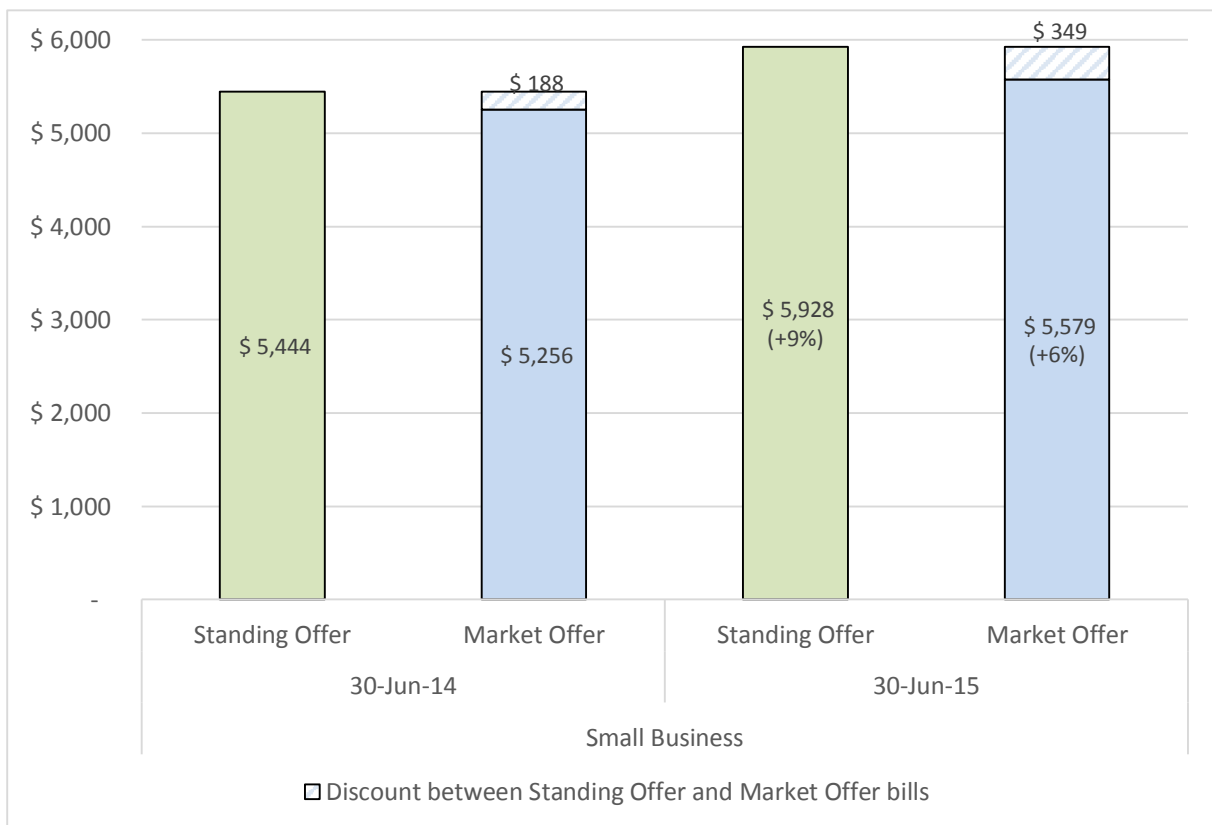


Table 3-3 shows the change in the estimated annual small business gas Standing Offer and lowest-priced Market Offer annual bills for each retailer between 30 June 2014 and 30 June 2015. Annexure F provides a full data set of estimated annual bills for small business gas customers on the highest-priced Market Offer, lowest-priced Market Offer, Standing Offer, and the simple average Market Offer bill for each retailer.

**Table 3-3: Comparison of estimated annual bills for Metropolitan small business gas customers (\$nominal)<sup>10</sup>**

RETAILER	STANDING OFFER			LOWEST-PRICED MARKET OFFER			DIFFERENCE BETWEEN STANDING OFFER AND LOWEST-PRICED MARKET OFFER	
	30 JUNE 14	30 JUNE 15	% CHANGE	30 JUNE 14	30 JUNE 15	% CHANGE	30 JUNE 14	30 JUNE 15
<b>AGL</b>	\$ 5,332	\$ 5,565	+ 4.4%	\$ 5,088	\$ 5,209	+ 2.4%	-\$ 244	-\$ 356
<b>EnergyAustralia</b>	\$ 5,954	\$ 6,530	+ 9.7%	\$ 5,253	\$ 5,344	+ 1.7%	-\$ 701	-\$ 1,186
<b>Origin Energy</b>	\$ 5,191	\$ 5,953	+ 14.7%	\$ 5,019	\$ 5,298	+ 5.6%	-\$ 172	-\$ 655
<b>Simply Energy</b>	\$ 5,298	\$ 5,664	+ 6.9%	-	-	N/A	-	-
<b>Simple Average</b>	<b>\$ 5,444</b>	<b>\$ 5,928</b>	<b>+ 8.9%</b>	<b>\$ 5,120</b>	<b>\$ 5,284</b>	<b>+ 3.2%</b>	<b>-\$ 324</b>	<b>-\$ 644</b>

<sup>10</sup> Alinta Energy does not offer retail gas to small business customers in South Australia.  
South Australian Energy Retail Offer Prices  
Ministerial Report 2015

The Commission's analysis of estimated annual small business gas bills<sup>11</sup> at 30 June 2014 and 30 June 2015 indicates:

- ▲ ***Increases in both small business gas retail Standing Offer and Market Offer prices*** – all of the four retailers selling gas to small business customers increased their retail Standing Offer prices. The increase ranged from 4.4 per cent (AGL) to 14.7 per cent (Origin Energy). At 30 June 2015, AGL had the cheapest Standing Offer annual bill at \$5,565 and EnergyAustralia had the highest Standing Offer annual bill at \$6,530.

Retailers also increased their small business gas retail Market Offer prices. The increases in the simple average of all Market Offers ranged from 3.2 per cent (EnergyAustralia) to 9.4 per cent (Origin Energy). At 30 June 2015, AGL had the cheapest Market Offer annual bill at \$5,209 and EnergyAustralia had the highest Market Offer annual bill at \$5,993.

- ▲ ***Small business gas Market Offers were generally priced at a discount to Standing Offers but the extent of discounting was less than that observed for small business electricity Market Offers*** – the discount between a retailer's Standing Offer and average Market Offer ranged from two per cent (AGL) to 13 per cent (EnergyAustralia). Small business gas customers could therefore reduce their bills by moving from the Standing Offer to a Market Offer.

Small business gas customers on a Standing Offer could have saved between \$356 (AGL) and \$1,186 (EnergyAustralia) had they switched to their retailer's lowest-priced Market Offer. There was scope for greater savings by switching to the lowest-priced Market Offer available in the market – for example, a small business could have saved \$1,321 by switching from the highest-priced Standing Offer (EnergyAustralia at \$6,530) to the lowest-priced Market Offer (AGL at \$5,209).

- ▲ ***There was considerable price difference between small business gas Market Offers but the extent of price differences was less than that observed for small business electricity Market Offers*** – at 30 June 2015, the largest price difference was found across Origin Energy's Market Offers, where the estimated annual bill on different contracts was between \$5,298 and \$5,953 (a spread of \$655).

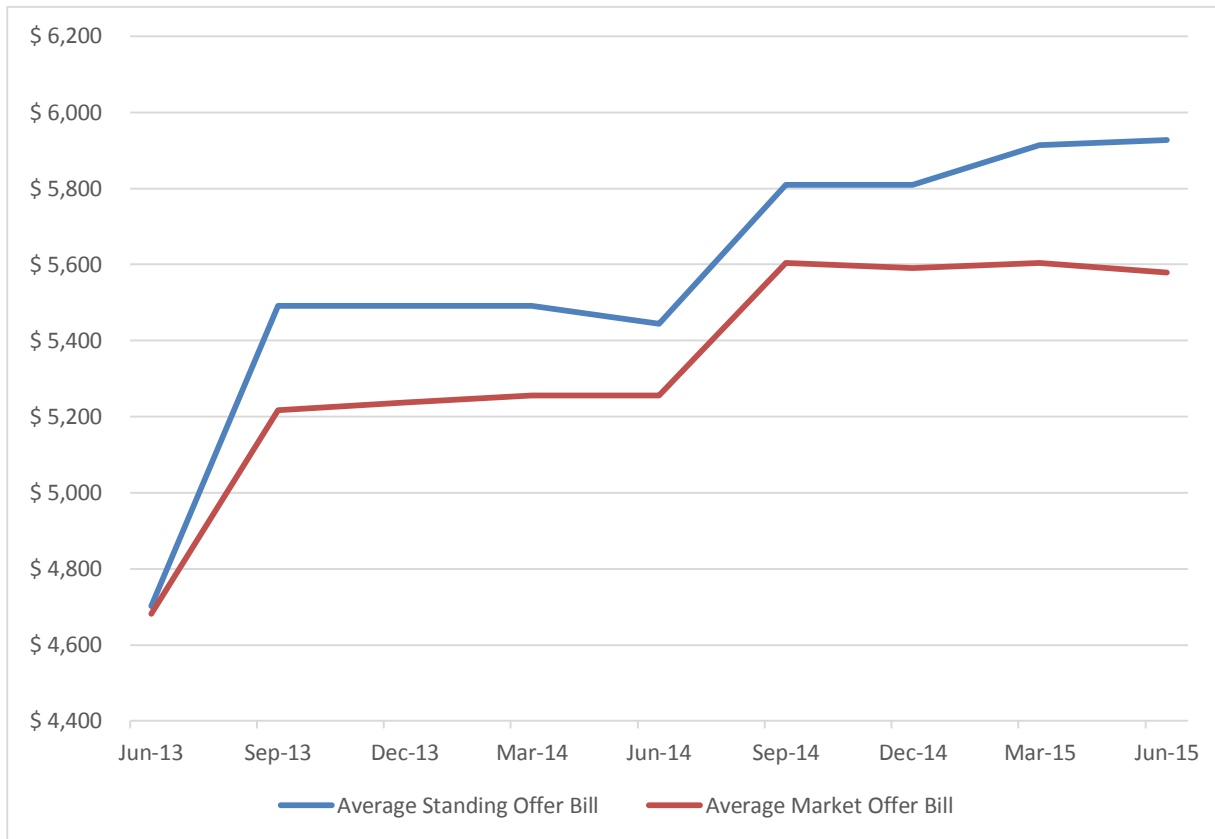
The smallest price difference was found across AGL's Market Offers, where the estimated annual bill on different contracts was between \$5,209 and \$5,830 (a spread of \$621).

Figure 3-4 shows the movement of annual small business gas Standing Offer and Market Offer bills between 30 June 2013 and 30 June 2015. It shows that the average annual Standing Offer bill has increased by 26.1 per cent (an increase of 12.3 per cent per annum), and that the average annual Market Offer bill has increased by 19.2 per cent (an increase of 9.2 per cent per annum) over the period. The average discount between Standing Offers and Market Offers increased from \$20 to \$349 over the two years.

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<sup>11</sup> Refer Table 3-3 and Annexure F.

**Figure 3-4: Movements in the average annual gas Standing and Market Offer bills for Metropolitan small business customers (\$nominal)**



# ANNEXURE A REGULATIONS

## Electricity (General) Regulations 2012

### 12—Functions and powers of Commission

- (1) Pursuant to section 6A of the Act, the Commission has (in addition to the Commission's functions and powers under the Act and the *Essential Services Commission Act 2002*) the following functions and powers:

...

- (c) on or before 31 August in each year, to submit to the Minister and publish on its website a report prepared for the purposes of monitoring prices for the sale of electricity available to a small customer under the *National Energy Retail Law (South Australia)* during the immediately preceding financial year containing the information required by the Minister under subregulation (2).
- (2) The Minister may require the following information for the year to which the report relates to be included in a report prepared under subregulation (1)(c):
- (a) comparisons of standing offer prices of NERL retailers generally available to classes of small customers in South Australia;
- (b) estimates relating to the annual cost to a small customer of electricity supplied to the customer (based on a reasonable estimate of the average annual level of consumption of electricity by a small customer in South Australia) under each standard retail contract of NERL retailers generally available to classes of small customers in South Australia;
- (c) details relating to the difference in annual cost to a small customer of electricity supplied to the customer (based on a reasonable estimate of the average annual level of consumption of electricity by a small customer in South Australia) under market offer prices of NERL retailers generally available to classes of small customers in South Australia compared to the cost to that customer under standing offer prices of NERL retailers generally available to classes of small customers in South Australia;
- (d) such other information as the Minister requires in writing to be included.
- (3) The Minister may require the information referred to in subregulation (2) to be presented in such manner and form as the Minister considers appropriate, including in the form of variations or trends over time.
- (4) In this regulation—

**market offer prices**, **standard retail contract** and **standing offer prices** have the same respective meanings as in the *National Energy Retail Law*.

## 6—Functions and powers of Commission

- (1) Pursuant to section 6A of the Act, the Commission has (in addition to the Commission's functions and powers under the Act and the *Essential Services Commission Act 2002*) the following functions:  
  
...
  - (b) on or before 31 August in each year, to submit to the Minister and publish on its website a report prepared for the purposes of monitoring prices for the sale of gas available to a small customer under the *National Energy Retail Law (South Australia)* during the immediately preceding financial year containing the information required by the Minister under subregulation (2).
- (2) The Minister may require the following information for the year to which the report relates to be included in a report prepared under subregulation (1)(b):
  - (a) comparisons of standing offer prices of NERL retailers generally available to classes of small customers in South Australia;
  - (b) estimates relating to the annual cost to a small customer of gas supplied to the customer (based on a reasonable estimate of the average annual level of consumption of gas by a small customer in South Australia) under each standard retail contract of NERL retailers generally available to classes of small customers in South Australia;
  - (c) details relating to the difference in annual cost to a small customer of gas supplied to the customer (based on a reasonable estimate of the average annual level of consumption of gas by a small customer in South Australia) under market offer prices of NERL retailers generally available to classes of small customers in South Australia compared to the cost to that customer under standing offer prices of NERL retailers generally available to classes of small customers in South Australia;
  - (d) such other information as the Minister requires in writing to be included.
- (3) The Minister may require the information referred to in subregulation (2) to be presented in such manner and form as the Minister considers appropriate, including in the form of variations or trends over time.
- (4) In this regulation—  
  
***market offer prices, standard retail contract*** and ***standing offer prices*** have the same respective meanings as in the *National Energy Retail Law*.

## ANNEXURE B ASSUMPTIONS AND LIMITATIONS

### B.1 Data sources

Electricity and gas pricing data have been sourced from the database that underlies the AER's *Energy Made Easy* online price comparison service,<sup>12</sup> supplemented or confirmed with information from retailers (either directly or from retailers' websites and price fact sheets).

All "open" and "available" Standing Offer and Market Offer data were downloaded from the *Energy Made Easy* website (or as otherwise indicated) on, or as near as possible to, the last business day of each quarter.

As this analysis takes a snapshot of the market at a particular time, the conclusions drawn in this Report only apply to the market at the end of June for 2014 and 2015. Current offers are available on the AER's *Energy Made Easy* website.

### B.2 Energy 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 energy consumption profiles assumed below.

Annual bill estimates reflecting individual offers for electricity and gas are analysed separately.

#### B.2.1 Timing of analysis

This Report has adopted a 'point in time' approach to the analysis of energy retail offer prices; where comparisons are made between time periods. Only those offers available on a particular date (that is, the last day of the period under review) are included in the analysis, as opposed to including all offers which might have been available throughout the period of review.

#### B.2.2 Contract timing assumptions

For the purposes of calculating annual bills, it is assumed that a customer enters into a contract based upon the terms, conditions and retail offer prices that applied on the final business day of the quarter, and will have taken advantage of all discounts and cash incentives available at that time.

All retail offer prices and values are quoted in nominal terms and have not been adjusted for inflation.

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<sup>12</sup> The AER's energy price comparison service can be accessed at: [www.energymadeeasy.gov.au](http://www.energymadeeasy.gov.au).



### *B.2.3 Single-rate and two-rate offers*

Electricity offers may include either single-rate or two-rate<sup>13</sup> contract offerings. However, the analysis of estimated annual bills focuses only on peak rates and does not include off peak consumption.

### *B.2.4 Average values*

All averages quoted in this Report are simple (unweighted) averages. The results are not weighted by the number of offers a retailer presents nor in any other way.

Where relevant, the simple (or unweighted) overall average is determined using the following two-step process:

1. calculate the simple average of each individual retailer's portfolio of relevant offers
2. calculate the simple average of all of the individual retailers' averaged results (that is, the results from step 1).

## *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 assumed for **electricity** customers is:

- ▲ for residential customers: **5,000** kWh
- ▲ for small business customers: **10,000** kWh.

These annual average consumption profiles are generally consistent with the average historical consumption of electricity by small customers in South Australia, and are consistent with the average consumption figures used in previous Ministerial Pricing Reports. These profiles, however, are based on small customers' consumption behaviour that was evident prior to the recent considerable growth of solar roof-top photovoltaic (**PV**) generation, the continuing penetration of energy efficient appliances, changing customer behaviour and lower demand resulting from slower economic growth. The combination of these factors has contributed to an overall reduction in demand since these historical averages were originally determined. The Commission has retained these consumption profiles to provide consistency of reporting on annual bills over time.

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<sup>13</sup> "Two-rate" offers include daily tariffs that reflect both normal "peak" consumption tariffs as well as "off-peak" consumption tariffs known as off-peak controlled load.

## *B.5 Gas consumption profiles*

The annual consumption assumed for **gas** customers is:

- ▲ for residential customers: **21,000** MJ
- ▲ for small business customers: **190,000** MJ.

These annual average consumption profiles are generally consistent with the average historical consumption of gas by small customers in South Australia, and are consistent with the average consumption figures used in previous Ministerial Pricing Reports. The Commission has retained these consumption profiles to provide consistency of reporting on annual bills over time.

## *B.6 Number of days in the period*

For this analysis, as in previous reports, the simplifying assumptions of a 365 day year and equal quarters (of 91.25 days) is used.

## *B.7 Dual fuel offers*

Offers that combine both electricity and gas products (referred to as “dual fuel” offers) are not included in the analysis, as it is not possible to attribute discounts and incentives separately to one product; that is, to either a gas or electricity product.

## *B.8 Small business time-of-use tariffs*

Time-of-use tariffs are excluded from this analysis.

## *B.9 Maximum demand tariffs*

Maximum demand tariffs are excluded from this analysis.

## *B.10 Treatment of discounts/benefits*

Electricity and gas retail contracts contain various price and non-price aspects. In estimating annual energy 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 energy retailers are incorporated into the annual bill estimates
- ▲ 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.11 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.12 Green energy options*

Customers can choose to add an accredited “GreenPower” renewable energy component to Market Offers, ranging from the equivalent of 10% to 100% 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.

The analysis of the green energy component of Market Offers is limited to a comparison of the additional cost of adding various “green” energy options to individual Market Offers.<sup>14</sup>

### *B.13 Feed-in tariffs*

Some customers may also receive Retailer Feed-In Tariffs (**R-FIT**) from their retailer in addition to those payable by SA Power Networks for energy exported from eligible roof-top solar PV generators. Estimated annual bill information is limited to consumption tariffs and, therefore, excludes potential R-FIT benefits.

Notwithstanding the above, a listing of the various R-FIT payments made by retailers is provided in Annexure G.

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<sup>14</sup> Refer to Annexure I of this report.

## ANNEXURE C      COMPARISON OF ESTIMATED ANNUAL BILLS FOR RESIDENTIAL ELECTRICITY CUSTOMERS (\$NOMINAL)

RETAILER	30 JUNE 2014				30 JUNE 2015			
	STANDING OFFER	AVERAGE MARKET OFFER	LOWEST-PRICED MARKET OFFER	HIGHEST-PRICED MARKET OFFER	STANDING OFFER	AVERAGE MARKET OFFER	LOWEST-PRICED MARKET OFFER	HIGHEST-PRICED MARKET OFFER
AGL	\$ 1,946	\$ 1,833	\$ 1,782	\$ 1,870	\$ 1,973	\$ 1,768	\$ 1,699	\$ 1,857
Alinta Energy	\$ 2,050	\$ 1,787	\$ 1,787	\$ 1,787	\$ 2,022	\$ 1,688	\$ 1,688	\$ 1,688
Diamond Energy	\$ 2,018	\$ 1,791	\$ 1,791	\$ 1,791	\$ 1,964	\$ 1,817	\$ 1,787	\$ 1,846
EnergyAustralia	\$ 2,054	\$ 1,904	\$ 1,790	\$ 2,005	\$ 2,143	\$ 1,850	\$ 1,703	\$ 2,023
Lumo Energy	\$ 2,013	\$ 2,045	\$ 1,897	\$ 2,156	\$ 2,018	\$ 1,742	\$ 1,615	\$ 1,836
M2 Energy (Commander)	-	-	-	-	\$ 2,076	\$ 1,716	\$ 1,716	\$ 1,716
M2 Energy (Dodo)	\$ 1,986	\$ 1,641	\$ 1,641	\$ 1,641	\$ 1,982	\$ 1,641	\$ 1,641	\$ 1,641
Momentum Energy	\$ 2,178	\$ 2,002	\$ 1,996	\$ 2,007	\$ 2,061	\$ 1,703	\$ 1,645	\$ 1,786
Origin Energy	\$ 2,075	\$ 1,972	\$ 1,810	\$ 2,115	\$ 2,094	\$ 1,903	\$ 1,782	\$ 2,094
Pacific Hydro	\$ 2,169	\$ 1,889	\$ 1,889	\$ 1,889	\$ 2,163	\$ 1,880	\$ 1,880	\$ 1,880
Powerdirect	\$ 1,987	\$ 1,842	\$ 1,762	\$ 1,915	\$ 2,009	\$ 1,865	\$ 1,749	\$ 1,957
QEnergy	\$ 1,948	\$ 1,822	\$ 1,780	\$ 1,864	\$ 1,939	-	-	-
Red Energy	\$ 2,017	\$ 1,892	\$ 1,821	\$ 1,963	\$ 1,941	\$ 1,815	\$ 1,747	\$ 1,883
Sanctuary Energy	\$ 2,210	\$ 1,895	\$ 1,895	\$ 1,895	\$ 1,936	-	-	-
Simply Energy	\$ 2,023	\$ 1,910	\$ 1,759	\$ 2,335	\$ 2,022	\$ 1,866	\$ 1,707	\$ 2,025
<b>Simple Average</b>	<b>\$ 2,048</b>	<b>\$ 1,873</b>	<b>\$ 1,814</b>	<b>\$ 1,945</b>	<b>\$ 2,023</b>	<b>\$ 1,789</b>	<b>\$ 1,720</b>	<b>\$ 1,864</b>

## ANNEXURE D COMPARISON OF ESTIMATED ANNUAL BILLS FOR SMALL BUSINESS ELECTRICITY CUSTOMERS (\$NOMINAL)

RETAILER	30 JUNE 2014				30 JUNE 2015			
	STANDING OFFER	AVERAGE MARKET OFFER	LOWEST-PRICED MARKET OFFER	HIGHEST-PRICED MARKET OFFER	STANDING OFFER	AVERAGE MARKET OFFER	LOWEST-PRICED MARKET OFFER	HIGHEST-PRICED MARKET OFFER
AGL	\$ 3,668	\$ 3,455	\$ 3,270	\$ 3,547	\$ 3,724	\$ 3,340	\$ 3,136	\$ 3,589
Alinta Energy	\$ 3,855	-	-	-	\$ 3,923	-	-	-
Diamond Energy	\$ 4,068	\$ 3,461	\$ 3,461	\$ 3,461	\$ 4,194	\$ 4,013	\$ 4,013	\$ 4,013
EnergyAustralia	\$ 4,110	\$ 3,760	\$ 3,499	\$ 3,960	\$ 4,338	\$ 3,770	\$ 3,531	\$ 4,053
ERM Power Retail Pty Ltd	\$ 3,798	\$ 3,654	\$ 3,586	\$ 3,721	\$ 3,556	\$ 3,396	\$ 3,305	\$ 3,487
Lumo Energy	\$ 3,500	\$ 3,902	\$ 3,623	\$ 4,181	\$ 3,909	\$ 3,304	\$ 2,951	\$ 3,658
M2 Energy (Commander)	\$ 4,034	\$ 3,284	\$ 3,284	\$ 3,284	\$ 4,022	\$ 3,277	\$ 3,277	\$ 3,277
Momentum Energy	\$ 3,836	\$ 3,475	\$ 3,375	\$ 3,576	\$ 3,900	\$ 3,292	\$ 3,107	\$ 3,506
Origin Energy	\$ 3,909	\$ 3,630	\$ 3,321	\$ 3,909	\$ 3,960	\$ 3,596	\$ 3,287	\$ 3,960
Pacific Hydro	\$ 3,770	\$ 3,279	\$ 3,279	\$ 3,279	\$ 3,764	\$ 3,302	\$ 3,302	\$ 3,302
Powerdirect	\$ 4,000	\$ 3,682	\$ 3,329	\$ 3,873	\$ 4,070	\$ 3,718	\$ 3,338	\$ 3,924
QEnergy	\$ 3,723	\$ 3,255	\$ 3,168	\$ 3,342	\$ 3,707	-	-	-
Red Energy	\$ 3,869	\$ 3,617	\$ 3,482	\$ 3,753	\$ 3,722	\$ 3,480	\$ 3,349	\$ 3,610
Simply Energy	\$ 3,897	\$ 3,659	\$ 3,393	\$ 4,079	\$ 3,917	\$ 3,188	\$ 3,188	\$ 3,188
<b>Simple Average</b>	<b>\$ 3,860</b>	<b>\$ 3,547</b>	<b>\$ 3,390</b>	<b>\$ 3,690</b>	<b>\$ 3,908</b>	<b>\$ 3,473</b>	<b>\$ 3,315</b>	<b>\$ 3,631</b>

## ANNEXURE E

## COMPARISON OF ESTIMATED ANNUAL BILLS FOR METROPOLITAN RESIDENTIAL GAS CUSTOMERS (\$NOMINAL)

RETAILER	30 JUNE 2014				30 JUNE 2015			
	STANDING OFFER	AVERAGE MARKET OFFER	LOWEST-PRICED MARKET OFFER	HIGHEST-PRICED MARKET OFFER	STANDING OFFER	AVERAGE MARKET OFFER	LOWEST-PRICED MARKET OFFER	HIGHEST-PRICED MARKET OFFER
AGL	\$ 1,030	\$ 972	\$ 954	\$ 984	\$ 1,087	\$ 1,010	\$ 974	\$ 1,102
Alinta Energy	\$ 1,073	-	-	-	\$ 1,153	\$ 1,066	\$ 1,066	\$ 1,066
EnergyAustralia	\$ 1,134	\$ 1,080	\$ 1,028	\$ 1,110	\$ 1,248	\$ 1,113	\$ 1,020	\$ 1,173
Origin Energy	\$ 1,013	\$ 971	\$ 939	\$ 1,023	\$ 1,110	\$ 1,028	\$ 983	\$ 1,110
Simply Energy	\$ 1,059	\$ 1,059	\$ 1,059	\$ 1,059	\$ 1,104	-	-	-
Simple Average	\$ 1,062	\$ 1,020	\$ 995	\$ 1,044	\$ 1,141	\$ 1,054	\$ 1,011	\$ 1,113

## ANNEXURE F

COMPARISON OF ESTIMATED ANNUAL BILLS FOR METROPOLITAN  
SMALL BUSINESS GAS CUSTOMERS

RETAILER	30 JUNE 2014				30 JUNE 2015			
	STANDING OFFER	AVERAGE MARKET OFFER	LOWEST-PRICED MARKET OFFER	HIGHEST-PRICED MARKET OFFER	STANDING OFFER	AVERAGE MARKET OFFER	LOWEST-PRICED MARKET OFFER	HIGHEST-PRICED MARKET OFFER
<b>AGL</b>	\$ 5,332	\$ 5,136	\$ 5,088	\$ 5,185	\$ 5,565	\$ 5,450	\$ 5,209	\$ 5,830
<b>Alinta Energy</b>	\$ 5,954	\$ 5,501	\$ 5,253	\$ 5,804	\$ 6,530	\$ 5,675	\$ 5,344	\$ 5,993
<b>EnergyAustralia</b>	\$ 5,191	\$ 5,131	\$ 5,019	\$ 5,243	\$ 5,953	\$ 5,611	\$ 5,298	\$ 5,953
<b>Origin Energy</b>	\$ 5,298	-	-	-	\$ 5,664	-	-	-
<b>Simply Energy</b>	\$ 5,444	\$ 5,256	\$ 5,120	\$ 5,411	\$ 5,928	\$ 5,579	\$ 5,284	\$ 5,925
<b>Simple Average</b>	<b>\$ 5,332</b>	<b>\$ 5,136</b>	<b>\$ 5,088</b>	<b>\$ 5,185</b>	<b>\$ 5,565</b>	<b>\$ 5,450</b>	<b>\$ 5,209</b>	<b>\$ 5,830</b>

## ANNEXURE G RETAILER FEED-IN TARIFFS (R-FIT)

Residential and small business customers can receive a R-FiT from their retailer for the electricity exported to the grid by their solar PV generators.

In December 2014, the Commission made a price determination to set the minimum value of the R-FiT payable from 1 January 2015 at 5.3c/kWh. The minimum R-FiT is binding on retailers, although they can choose to offer higher amounts.

Table G-1 shows the R-FiT amounts paid by retailers. Nine electricity retailers that were actively marketing to solar PV customers were paying above the minimum R-FiT value at 30 June 2015. Four retailers were making the minimum R-FiT payments, and three retailers (Pacific Hydro, QEnergy and Red Energy) were not actively marketing to solar PV customers at the end of June 2015.

**Table G-1: R-FiT amounts paid by electricity retailers (cents/kWh, GST exclusive)**

RETAILER	31 DECEMBER 2014	31 MARCH 2015	30 JUNE 2015
AGL	8.0	8.0	8.0
Alinta Energy	6.0	6.0	6.0
Diamond Energy	6.0	8.0	8.0
EnergyAustralia	7.6	5.3	5.3
ERM Power Retail Pty Ltd	6.0	6.0	6.0
Lumo Energy	7.6	7.6	7.6
M2 Energy (Commander)	6.0	6.0	6.0
M2 Energy (Dodo)	6.0	6.0	6.0
Momentum Energy	6.0	5.3	5.3
Origin Energy	7.6	5.3	5.3
Pacific Hydro	6.0	5.3	5.3
Powerdirect	8.0	8.0	8.0
QEnergy	6.0	5.3	5.3
Red Energy	6.0	5.3	5.3
Sanctuary Energy	6.0	5.3	5.3
Simply Energy	7.6	6.2	6.2

Note: While QEnergy, Pacific Hydro and Red Energy do not actively market to solar PV customers, they are still obliged to pay minimum R-FiT value of 5.3c/kWh to their solar PV customers.



## ANNEXURE H OFF-PEAK CONTROLLED LOAD OFFERS

Off-Peak Controlled Load (**OPCL**) offers include an off-peak tariff at a lower rate than the peak rate. This is mainly utilised by residential customers with electric hot water services, who wish to heat their water overnight at a cheaper rate.

Table H-1 and Table H-2 compare the controlled load tariffs (first tier only) for residential and small business Standing Offers. Typical consumption<sup>15</sup> is well within the quantities allowed in the first tier for all offers (approximately 2,000 kWh per quarter).

**Table H-1: Comparison of residential Standing Offer OPCL tier one tariffs (cents/kWh, GST inclusive)**

RETAILER	30 JUNE 2014	30 JUNE 2015	% CHANGE
AGL	13.80	14.64	+ 6.1%
Alinta Energy	15.74	15.04	- 4.5%
Diamond Energy	16.50	13.15	- 20.3%
EnergyAustralia	15.30	16.20	+ 5.9%
Lumo Energy	14.65	14.15	- 3.4%
M2 Energy (Commander)	16.50	15.68	- 5.0%
M2 Energy (Dodo)	N/A	15.07	N/A
Momentum Energy	16.55	19.06	+ 15.2%
Origin Energy	16.13	15.25	- 5.5%
Pacific Hydro	17.52	19.15	+ 9.3%
Powerdirect	14.84	15.74	+ 6.1%
QEnergy	13.80	13.74	- 0.4%
Red Energy	17.40	N/A	N/A
Sanctuary Energy	15.97	15.50	- 2.9%

<sup>15</sup> Typical consumption is around 2,500 kWh per year, Source: SA Power Networks, email correspondence, 23 July 2014.

**Table H-2: Comparison of small business Standing Offer OPCL tier one tariffs (cents/kWh, GST inclusive)**

<b>RETAILER</b>	<b>30 JUNE 2014</b>	<b>30 JUNE 2015</b>	<b>% CHANGE</b>
<b>AGL</b>	13.80	13.98	+ 1.3%
<b>Alinta Energy</b>	19.20	15.04	- 21.7%
<b>Diamond Energy</b>	14.65	16.15	+ 10.2%
<b>EnergyAustralia</b>	15.30	16.20	+ 5.9%
<b>ERM Power Retail Pty Ltd</b>	18.67	18.12	- 3.0%
<b>Lumo Energy</b>	N/A	N/A	N/A
<b>M2 Energy (Commander)</b>	15.20	14.41	- 5.2%
<b>M2 Energy (Dodo)</b>	N/A	15.07	N/A
<b>Momentum Energy</b>	16.55	19.06	+ 15.2%
<b>Origin Energy</b>	14.87	15.25	+ 2.5%
<b>Pacific Hydro</b>	15.82	17.30	+ 9.4%
<b>Powerdirect</b>	14.84	15.74	+ 6.1%
<b>QEnergy</b>	13.46	N/A	N/A
<b>Red Energy</b>	17.40	N/A	N/A
<b>Simply Energy</b>	15.71	15.79	+ 0.5%

## ANNEXURE I GREEN ENERGY OPTIONS

At 30 June 2015, eight of the 16 electricity retailers were offering renewable energy (“green energy”) options. Those options ranged from 10 per cent to 100 per cent, and are approved under the National GreenPower Accreditation Program. The remaining eight retailers did not offer any green energy options

Most retailers offer green energy options for an additional cost to their existing Market Offers. The only exception was Lumo Energy where the cost of 10 per cent green energy was embedded within its electricity tariffs. In the absence of a comparable Market Offer from Lumo Energy without this green energy component, the Commission was unable to isolate the cost (or premium) for the green energy component.

The additional costs for green energy remain unchanged in the twelve months to 30 June 2015 for all but one retailer. Origin Energy has increased the additional cost for a 100 per cent green energy option by 29 per cent. At the same time, it reduced the additional cost for a 50 per cent green energy option by 35 per cent, and maintained the additional cost for a 25 per cent green energy option.

M2 Energy (Dodo) began offering a 100 per cent green energy option, and Simply Energy ceased offering a 100 per cent green energy Market Offer in the year. Origin Energy also withdrew its green energy gas offer in the year.

A summary of the green energy Market Offers available at 30 June 2014 and 30 June 2015 is set out in Tables I-1 and I-2 below.

**Table I-1: The additional annual costs of green energy options for residential electricity  
Market Offers (GST inclusive)**

RETAILER	GREEN POWER COMPONENT	ADDITIONAL COST 30 JUNE 2014	ADDITIONAL COST 30 JUNE 2015	COMMENTS
AGL	10%	\$57	\$57	
	20%	\$94	\$94	
	100%	\$275	\$275	
EnergyAustralia	10%	\$26	\$ 26	
	20%	\$52	\$ 52	
	100%	\$260	\$ 260	
Lumo Energy	10%	\$33	-	Green energy charges are incorporated into the usage rates
M2 Energy (Dodo)	10%	\$33	\$33	
	100%	N/A	\$330	
Origin Energy	25%	\$52	\$52	
	50%	\$77	\$50	
	100%	\$154	\$199	
Powerdirect	10%	\$51	\$51	
	20%	\$103	\$103	
	25%	\$128	\$128	
	50%	\$257	\$257	
	75%	\$385	\$385	
	100%	\$514	\$514	

RETAILER	GREEN POWER COMPONENT	ADDITIONAL COST 30 JUNE 2014	ADDITIONAL COST 30 JUNE 2015	COMMENTS
QEnergy	10%	\$33	\$33	
	50%	\$165	\$165	
	100%	\$330	\$330	
Red Energy	100%	\$292	\$292	
Simply Energy	10%	-	-	At no additional cost
	100%	\$275	N/A	Offer withdrawn
Alinta Energy	0%	N/A	N/A	No green options offered
Diamond Energy	0%	N/A	N/A	No green options offered
ERM Power	0%	N/A	N/A	No green options offered
M2 Energy (Commander)	0%	N/A	N/A	No green options offered
Momentum Energy	0%	N/A	N/A	No green options offered
Pacific Hydro	0%	N/A	N/A	No green options offered
Sanctuary Energy	0%	N/A	N/A	No green options offered

**Table I-2: The additional annual costs of green energy options for residential gas Market Offers (GST inclusive)**

RETAILER	GREENPOWER COMPONENT	ADDITIONAL COST 30 JUNE 2014	ADDITIONAL COST 30 JUNE 2015	COMMENTS
Origin	100%	\$52.00	N/A	Offer withdrawn



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