Comparison of Electricity and Gas Prices Available to Small Customers in Australia

Methodology Guideline

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1 Background

Each year the Tasmanian Economic Regulator prepares the *Comparison of Electricity and Gas Prices Available to Small Customers in Australia* Report (the Report) comparing electricity prices available to small customers[1] across Australian jurisdictions as required by section 10C of the *Electricity Supply Industry Act 1995*.

This guideline details the methodology used by the Regulator in preparing the Report.

The Report compares annual electricity bills and electricity prices offered by Tasmanian retailers with bills under similar tariffs offered in mainland Australia, using electricity prices current as 1 September for that year. For mainland Australia jurisdictions, only retailers with more than 10 per cent of the combined residential and small business market share in each jurisdiction are included in the Report.

To enable bills to be compared, it is assumed that prices under all included tariffs apply for a 12-month period.

The Report considers both regulated standing offer prices and market offer prices and excludes any market retail contracts that have special terms and conditions for joining, as these are not available to all customers.

1.1 National Electricity Market

The physical electricity market, known as the National Electricity Market (NEM), is a wholesale spot market for selling electricity and transporting to energy customers. The NEM is managed by several bodies, but most notably, by the Australian Energy Market Operator (AEMO) and the Australian Energy Regulator (AER). The AEMO operates the NEM and coordinates the dispatch process to ensure supply meets demand instantaneously, and the AER ensures compliance with the NEM market rules and monitors performance.

The NEM operates in Tasmania, New South Wales, Victoria, Queensland, South Australia and the ACT. These jurisdictions are referred to as “NEM jurisdictions” in the Report. While the NEM is regulated nationally by the AER, within each NEM jurisdiction, the regulated standing offer prices are set by independent regulators. Since the Northern Territory and Western Australia are not part of the NEM and their regulated standing offer prices are set by their governments rather than by an independent regulator, the Report

1 The definition of a small customer varies across Australian jurisdictions, from up to 100 MWh per year in Victoria to up to 160 MWh per year in South Australia. In the Report, a small customer is a residential or business customer consuming less than 150 MWh of electricity annually, consistent with the consumption threshold for Tasmania.

excludes these non-NEM jurisdictions when ranking regulated tariffs. Nonetheless, all jurisdictions have been included when comparing the jurisdictional median for all tariffs, as these include both regulated standing offer prices and market offer prices.

1.2 Tasmanian Electricity Market

A small number of retailers operate in Tasmania. The only regulated tariffs are offered by Aurora Energy, but Tasmanian market offers tend to closely mirror the Tasmanian regulated tariff prices.

In Tasmania, Aurora Energy and Hydro Tasmania (for the Bass Strait Islands) must submit their proposed regulated prices for the coming 12 months to the Regulator for approval. Once approved, these prices remain in place for the duration of the 12-month period. Market offer prices by contrast, are unregulated and can be changed by retailers at any time, including within a 12-month period, once retailers give notice to customers of the price change.

1.3 Tariff comparisons

To compare Tasmanian electricity prices with those offered in the mainland, the Report illustrates estimated annual bills using a median tariff for each jurisdiction at typical Tasmanian customer consumption levels for general usage/controlled load (hot water and heating) and time-of-use tariffs for residential and small business electricity customers.

A median tariff is a tariff that produces an annual electricity bill for a given consumption level that is ranked in the middle of all the annual bills from all tariffs of a specific type in that jurisdiction. This includes regulated tariffs and tariffs offered under market contracts.

The median tariffs and annual bills for each mainland jurisdiction are compared to those available to Tasmanian customers at the same consumption levels. The same comparisons are presented for concession residential electricity customers, where annual bills for each jurisdiction and Tasmanian retailers are reduced by concessions or rebates available in that jurisdiction. All residential and business tariffs for concession and non-concession customers had the $150 Energy Bill Relief Fund applied to their annual bill.

The median regulated tariffs from each jurisdiction are also compared to the Tasmanian regulated tariffs using the same method.

There are several issues to consider in making meaningful comparisons of prices and annual electricity bills across Australia. Firstly, caution should be exercised when comparing estimated average annual bills to those presented in previous reports. The presentation of annual bills based on a median tariff may result in volatility for jurisdictions with only a small number of tariffs, due to the likelihood of the selected median tariff changing from year-to-year. Further, periodic revisions to typical customer consumption levels means that estimated average annual bills may not be directly comparable to those presented in previous reports. Secondly, in the case of controlled load tariffs for example, there are differences in the appliances and heating systems that are permitted to use electricity under these tariffs. In addition, many controlled load tariffs offered by retailers in mainland Australia only allow consumption at specified periods during the day, while other tariffs allow consumption over the entire day.

Some tariffs have different energy prices once a specified level of consumption has been reached. In the case of time-of-use tariffs, the hours for peak and off-peak periods vary from tariff to tariff during both weekdays and the weekend, and some tariffs include a shoulder period.

More importantly, electricity usage levels for households and businesses vary significantly across Australia. The usage levels for residential customers in Tasmania, for example, are generally higher than typical usage levels in mainland Australia due to Tasmania having the coldest average temperature in the winter months. There is also greater availability of natural gas for space heating, water heating and cooking in many regions of mainland Australia.

In the case of general usage and controlled load tariffs, the share of usage between these two tariffs can vary significantly. Again, for Tasmanian households, the share of all consumption under the controlled load tariff is generally much higher than for mainland Australian households, due largely to the greater requirements for electricity for heating instead of gas.

1.4 Tasmanian Gas Market

Aurora Energy and Solstice Energy are the only Tasmanian retailers that offer reticulated natural gas to small residential and business customers. The Report compares their tariffs to median tariffs and the range of annual bills in other jurisdictions.

2 Methodology: Electricity

2.1 Residential tariffs

2.1.1 Typical customer consumption

Typical Tasmanian consumption levels are drawn from the Regulator's *Typical Electricity Customers in Tasmania - 2025* report, which is available on Regulator's website.

The use of a variety of typical consumption levels recognises that those on general usage/controlled load tariffs tend to use different amounts of electricity to those on time-of-use tariffs, and concession customers tend to use less energy than non-concession customers.

Table 2.1 Typical residential customer consumption profiles for electricity

Tariff	Concession	Annual assumed consumption
General usage/ controlled load	Non-concession	7 796 kWh
	Concession	6 515 kWh
Time-of-use	Non-concession	8 108 kWh
	Concession	7 687 kWh

2.1.2 Consumption profiles

For each retailer, tariffs similar to Tasmania's regulated tariffs were selected and assigned against the relevant distribution areas[2] in each jurisdiction. Tariffs with the same prices but different sign-up methods are considered as a single tariff and tariffs with special terms and conditions, such as owning solar panels or membership of a club, are excluded.

For residential customers in the distribution areas covered by the AER's Default Market Offer Price Determination (New South Wales, South Australia and Energex in Queensland), half hourly disaggregated consumption data has been used to allocate a specified level of total annual consumption across each half hour period. This data is sourced from the AER's 2025-26 Default Market Offer Price Determination.

For Victoria, the consumption profile data is sourced from the Essential Services Commission's Victorian Default Offer Price Determination for 2025-26.[3]

2 A distribution area is an area serviced by a single distributor.

3 ESC - Victorian Default Offer Price Determination 2024-25.

For the ACT, the data used are from the Independent Consumer and Regulatory Commission's 2020-2024 retail electricity price investigation.[4]

For the remaining mainland distribution areas (Western Australia, the Northern Territory and Queensland Ergon), the consumption profiles for general usage and controlled load tariffs have been estimated using the average of the consumption data from New South Wales, South Australia, the ACT, Victoria and Queensland Energex.

The shares of electricity consumption under a general usage tariff and a controlled load tariff vary across Australia. For time-of-use tariffs, the hours classed as peak, off-peak and, in some cases, shoulder vary as do the consumption shares during these periods. The breakdown of consumption by tariff and time periods in different jurisdictions is necessary to estimate annual electricity bills for a set of electricity prices.

The consumption data for time-of-use tariffs have been estimated using the average half-hourly electricity consumption data from the Default Market Offer report and the relevant different peak, off-peak and shoulder time periods in those distribution areas, in order to estimate a proportion of electricity consumed under different usage rates.

For each distribution area, for time-of-use network tariffs offered to retailers, the distributor sets the hours, days and duration of the time periods. While retailers have the discretion to set alternative hours, days and durations of the time periods for their retail tariffs, the retailers included in this Report tend to adopt the time periods set by the distributors.

The hours, days and duration of the time periods in each distribution area vary significantly across and between jurisdictions. For example, peak time periods in Tasmania are 7am to 10am and 4pm to 9pm during weekdays and the rest are off-peak time periods. In contrast, peak time periods in South Australia are 6am to 10am and 3pm to 1am, the off-peak time period is 1am to 6am and the rest are shoulder time periods. As such, 58 per cent of time in South Australia is classified as peak period while in Tasmania 24 per cent of time is clarified as peak period.

For Tasmania, the typical Tasmanian customer consumption profiles are used to calculate the bills under time-of-use tariffs.

Table 2.2 shows the percentages of a year that are the peak, off-peak and shoulder time periods for each distribution area.

4 ICRC Final Report: Retail Electricity Price Investigation 2020 - 24, page 114.

Table 2.2 Proportion of year for residential time-of-use tariffs by distribution areas

Distribution areas	Peak	Off-peak	Shoulder
ACT	21%	38%	42%
NSW Ausgrid	10%	38%	52%
NSW Endeavour	29%	38%	33%
NSW Essential Energy	9%	55%	36%
SA	58%	21%	21%
VIC Ausnet	25%	75%	
VIC Citipower	25%	75%	
VIC Jemena	25%	75%	
VIC Powercor	25%	75%	
VIC United Energy	25%	75%	
TAS	24%	76%	
NT	50%	50%	
QLD Energex	12%	38%	51%
QLD Ergon	7%	93%	
WA	25%	25%	50%

After factoring in half hourly consumption, the consumption data used in estimating annual bills for different distribution areas are shown in Table 2.3.

Table 2.3 Assumed consumption profiles under residential general usage/controlled load tariffs and residential time-of-use tariff by distribution areas

	Residential general and controlled load		Residential time-of-use		
Distribution areas	General usage	Controlled load	Peak	Off-peak	Shoulder
ACT	72%	28%	29%	30%	41%
NSW Ausgrid	71%	29%	13%	32%	55%
NSW Endeavour	70%	30%	34%	32%	34%
NSW Essential Energy	70%	30%	12%	53%	36%
SA	70%	30%	62%	17%	21%
VIC Ausnet	67%	33%	33%	67%	
VIC Citipower	67%	33%	33%	67%	
VIC Jemena	67%	33%	33%	67%	
VIC Powercor	67%	33%	33%	67%	
VIC United Energy	67%	33%	33%	67%	
BSI	100%				
TAS	44%	56%	30%	70%	
NT	100%		50%	50%	
QLD Energex	70%	30%	16%	27%	56%
QLD Ergon	70%	30%	27%	29%	44%
WA	100%		31%	24%	44%

2.2 Business tariffs

2.2.1 Typical customer consumption

The average Australian small business consumption is estimated to be 20 000 kWh per annum, based on the average consumption for small businesses in selected NEM areas. This estimate was produced by Jacobs for the AEMO in 2017[5]. The AER and several state and territory regulators base their pricing decisions on consumption at this level.

By contrast, the typical Tasmanian small business consumption is estimated to be 3 717 kWh per annum, which is the median 2024-25 consumption for Aurora Energy's business customers on the general usage tariff. This consumption level is exceptionally low by national standards.

Tasmanian business customers on time-of-use tariffs have a typical consumption level of 11 622 kWh.

Table 2.4 Typical business customer consumption profiles for electricity

Tariff	Consumption	Annual assumed consumption
General usage	Australian	20 000 kWh
	Tasmanian	3 717 kWh
Time-of-use	Australian	20 000 kWh
	Tasmanian	11 622 kWh

2.2.2 Consumption profiles

Similar to residential time-of-use tariffs, there are significant variations in the time periods at which peak, off-peak and shoulder energy prices are available to business customers across jurisdictions. Unlike residential time-of-use tariffs, business time-of-use tariffs are not regulated by the AER, so there are no consumption profiles available for business customers in New South Wales, South Australia and the Energex distribution area in Queensland.

There are only two jurisdictions where business time-of-use consumption profiles are available: Tasmania, as provided in the Regulator's *Typical Electricity Customers in Tasmania 2025* report; and Victoria, as set out in the Essential Services Commission's Victorian Default Offer Price Determination for 2024-25.

In Tasmania, the regulated business time-of-use tariff (Tariff 94) is a three-rate tariff that offers different energy prices for peak time periods, off-peak time periods and shoulder time periods.

[5] Sourced from Jacobs Australia's *Retail electricity price history and project trends*, AEMO, 21 September 2017.

In Victoria, the regulated business time-of-use tariffs are two-rate tariffs that offer different energy prices for peak time periods and off-peak time periods.

For customers on time-of-use tariffs, the amount consumed during peak, off-peak and shoulder time periods over a year depends, in part, on the percentage of a year when peak, off-peak and shoulder energy prices apply.

While the time periods that peak energy rates apply across jurisdictions and between residential and business tariffs vary, the share of their total electricity consumed during the peak time periods is consistently greater than the relative share of peak time periods in a year.

For example, for business time-of-use customers in Tasmania, while 44.6 per cent of a year comprises peak time periods, 53.4 per cent of total annual consumption occurs during peak time periods. For each hour in the peak time period, consumption is therefore around 120 per cent of the yearly average rate of hourly consumption. A consumption multiple of 1.2 applies in this case and is used as the peak consumption multiple for all three-rate time-of-use tariffs.

For business time-of-use customers in Victoria, peak consumption is 1.37 times the peak time period’s share over a year. This number is used as the peak consumption multiple for all two-rate time-of-use tariffs.

For all other jurisdictions:

- the percentage of peak consumption is estimated by multiplying the percentage of a year that is peak time period in a distribution area with the peak consumption multiple (1.2 for three-rate time-of-use tariffs or 1.37 for two-rate time-of-use tariffs);
- the percentage of shoulder consumption (if there are shoulder time periods in a distribution area) is the percentage of a year that is shoulder time period; and
- the percentage of off-peak consumption is what remains after subtracting the estimated peak consumption and shoulder consumption from 100 per cent.

Following this process, the consumption profile estimated for each distribution area, including for Tasmania and Victoria, are presented in Table 2.5.

Table 2.5 Assumed consumption profiles under business time-of-use tariff by distribution areas

Distribution areas	Peak	Off-peak	Shoulder
ACT	36%	49%	15%
NSW Ausgrid	14%	53%	33%
NSW Endeavour	25%	51%	24%
NSW Essential Energy	18%	24%	58%
SA	8%	52%	39%
VIC Ausnet	49%	51%	
VIC Citipower	49%	51%	
VIC Jemena	49%	51%	
VIC Powercor	49%	51%	
VIC United Energy	49%	51%	
TAS	55%	27%	18%
NT	69%	32%	
QLD Energex	20%	24%	56%
QLD Ergon	18%	26%	56%
WA	57%	43%	

2.3 Annual bills

For customers in Tasmania, the consumption data presented in Table 2.6 use data for 2024-25 provided by Aurora Energy using the methodology in the Regulator's *Typical Electricity Customers in Tasmania 2025* report.

Table 2.6 Tasmanian typical electricity customer annual usage and consumption profile by tariff and customer group

	Customer groups	Usage (kWh)	Consumption profile
Residential	General usage / controlled load: Non-concession		
	Usage - Tariff 31 (general usage)	3 447	44.2%
	Usage - Tariff 41 (controlled load	4 349	55.8%
	Total usage	7 796	
	General usage / controlled load: Concession		
	Usage - Tariff 31 (general usage)	2 869	44.0%
	Usage - Tariff 41 (controlled load)	3 646	56.0%
	Total usage	6 515	
	Time-of-use: Non-concession		
	Usage - peak time	2 471	30.5%
	Usage - off-peak time	5 636	69.5%
	Total usage	8 108	
	Time-of-use: Concession		
	Usage - peak time	2 298	29.9%
	Usage - off-peak time	5 388	70.1%
	Total usage	7 687	
Business	General usage	3 717	
	Time-of-use	11 622	

The Regulator then estimated, for each tariff and in each distribution area, the total annual bill for each customer group, based on the consumption levels for typical electricity customers in Tasmania on that tariff.

For each jurisdiction, and for each customer group, the estimated bills were ranked in order to identify the tariff with the median annual bill, referred to in the Report as the median tariff. In some jurisdictions and for some types of tariffs, there was only one distribution area and only one tariff in that distribution area, which was classed as the median tariff. Where there was an even number of tariffs, the median tariff was the middle tariff with the lower annual bill.

Annual consumption by non-concession residential customers on general usage/controlled load tariffs is generally substantially higher in Tasmania than in mainland jurisdictions. This has been attributed to the higher heating needs in Tasmania combined with a lack of access to natural gas. This was also the case for non-concession residential customers on a time-of-use tariff.

For Aurora Energy’s Tariff 22 (business general usage tariff), median annual consumption was 3 717 kWh for small businesses in 2024-25. This is much lower than average consumption across Australia and reflects a very large number of small businesses with very low consumption. The AER, Essential Services Commission and Independent Competition and Regulatory Commission based their pricing decisions on tariffs for business customers on consumption of 20 000 kWh per annum, which is around the average consumption across Australia for small businesses.

For Aurora Energy’s Tariff 94 (business time-of-use tariff), median annual consumption was 11 622 kWh for small businesses in 2024-25, significantly higher than the median annual consumption for small businesses on general usage tariff.

To address these differences, the price and bill comparisons for general usage and time-of-use tariffs available to small business customers have been prepared using both the Tasmanian annual consumption, and the larger annual consumption of 20 000 kWh.

In the case of the general usage/controlled load tariffs and for time-of-use tariffs, the consumption allocations as shown in Table 2.2 and Table 2.3 were applied for all total consumption levels.

3 Methodology: Gas

The Report only considers small residential and commercial customers, which are defined as those who consume less than one terajoule (TJ) of gas per annum.

Only tariffs offered by major gas retailers are included in the Report, namely ActewAGL, AGL, Alinta Energy, Aurora Energy, EnergyAustralia, Simply Energy, Solstice Energy and Origin Energy. From these retailers, only comparator general usage tariffs are used as this is the only type of gas tariff offered in Tasmania.

The natural gas market in Tasmania is very small compared to other jurisdictions. There are only two licensed gas retailers in Tasmania that sell to small customers, Aurora Energy and Solstice Energy, each offering a single residential tariff and a single business tariff. Tasmanian gas prices are unregulated.

Gas prices are compared using average annual bills for each jurisdiction. Average annual bills are determined by calculating the average of bills under all tariffs for that jurisdiction at the typical Tasmanian customer consumption level.

3.1 Consumption

Tasmanian consumption levels for gas are less complex than for electricity, due to the significant difference in available options, specifically in Tasmania. The residential consumption estimate is sourced from the 2017 Gas Price Trends Review[6], and the business consumption estimate from the 2016 Tasmanian Gas Prices Report[7].

Table 3.1 Typical customer consumption profiles for gas

Customer	Annual assumed consumption
Residential	30 000 MJ
Business	473 000 MJ

6 Gas Price Trends Review 2017 by Oakley Greenwood commissioned by COAG Energy Council, Page 247.

7 Tasmanian Gas Market - Building the Pipeline to Opportunities, prepared by the Tasmanian Small Business Council, August 2016, Page 38.

3.2 Annual bills

The first step in calculating the average price for each jurisdiction is to estimate the annual bills under each tariff using consumption levels for typical Tasmanian customers.

The second step in calculating prices is to estimate an average energy price per MJ, for each tariff, by dividing the annual energy bill component (excluding daily charges) by total consumption, which produces a single energy price for that tariff.

The third step is to calculate the average daily charge and average energy price for each mainland jurisdiction from all the selected gas tariffs offered in that jurisdiction. For Tasmania, the prices from Aurora Energy and Solstice Energy are presented separately.

In Victoria and New South Wales, some gas tariffs have a set of energy prices for peak/winter months and another set of energy prices for off-peak/non-winter months. For residential tariffs, monthly consumption in winter months is assumed to be three times the level in non-winter months. For business tariffs, monthly consumption in winter months is assumed to be twice the level in non-winter months.

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