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

Methodology Guide

November 2026
(Version 1.1)

November 2026
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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 and gas prices available to small customers across Australian jurisdictions as required by section 10C of the *Electricity Supply Industry Act 1995*.[1]

The report compares annual bills and prices for electricity and gas offered by Tasmanian retailers to bills under similar tariffs offered in mainland Australia, using prices current at 1 September for that year.

For mainland Australian 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.

This guide details the methodology used by the Regulator in preparing the report.

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 it to energy customers. The NEM operates in Queensland, New South Wales, the Australian Capital Territory, Victoria, South Australia and Tasmania. These jurisdictions are referred to as “NEM jurisdictions” in the report.

The NEM is managed by several bodies, most notably by the Australian Energy Market Operator (AEMO) and the Australian Energy Regulator (AER). 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.

While the NEM is regulated by the AER, the maximum prices for small customers vary by jurisdiction and are set by independent regulators through

[1] The definition of a small customer varies across Australian jurisdictions, from up to 100 MWh per year in the Australian Capital Territory to up to 160 MWh per year in South Australia. In this 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.

default market offers and standing offer tariffs. Collectively, these are referred to in the report as regulated tariffs.

The Northern Territory and Western Australia are not part of the NEM and the prices are set by the state and territory governments. These prices have been excluded from the regulated-tariff comparison but are included to determine the representative tariff for the all-tariff comparison.

1.2 Tasmanian Electricity Market

Multiple electricity retailers supply electricity to small customers in mainland Tasmania. Although regulated tariffs are only provided by Aurora Energy, the tariffs offered by competing electricity retailers tend to closely align with the Tasmanian regulated tariff prices.

Electricity on the Bass Strait Islands is supplied to small customers by Hydro Tasmania through its wholly-owned subsidiary Momentum Energy.

Each year Aurora Energy and Hydro Tasmania must submit pricing proposals to the Regulator for approval. Once approved, the maximum prices are set for the next 12 months.

In contrast, market offers are not price regulated and prices can be changed by retailers at any time, subject to providing notice to customers.

1.3 Electricity tariff comparisons

The report compares annual bills between Tasmania and mainland Australia using a median tariff for each jurisdiction at typical Tasmanian customer consumption levels for general usage and 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 residential concession customers, where annual bills for each jurisdiction and Tasmanian retailers are reduced by concessions or rebates available in that jurisdiction.

The report includes regulated-tariff comparisons and all-tariff comparisons for each customer and tariff class. The regulated-tariff comparison includes regulated tariffs only, while the all-tariff comparison includes all regulated tariffs and market offers.

1.3.1 Limitations of tariff comparisons

Caution should be exercised when comparing estimated annual bills with those presented in previous reports as there are several factors that affect comparisons between jurisdictions. These include:

- **Comparability with previous reports**: Estimated annual bills may not be directly comparable with those presented in previous reports. Annual bills based on the median tariff may be volatile in jurisdictions with only a small number of tariffs, as the selected median tariff may change from year to year. Periodic revisions to typical customer consumption levels can also affect comparability over time.
- **Differences in controlled load tariffs**: Controlled load tariffs vary across jurisdictions and retailers. These differences include the appliances and heating systems that are permitted to use electricity under controlled load tariffs. Many controlled load tariffs offered by retailers in mainland Australia also restrict consumption to specified periods during the day, while others allow consumption throughout the day.
- **Differences in tariff structures**: Some tariffs apply different energy prices once a specified consumption threshold has been reached. For time-of-use tariffs, peak and off-peak periods vary between tariffs, including across weekdays and weekends. Some tariffs also include shoulder or solar-soak periods. For the purposes of the report, solar-soak periods were classified as shoulder periods.
- **Differences in customer usage levels**: Electricity usage levels for households and businesses vary significantly across Australia. Residential electricity usage in Tasmania is generally higher than typical usage levels in mainland Australia, reflecting Tasmania's colder winter climate and the lower availability of natural gas for space heating, water heating and cooking in comparison to mainland regions.
- **Allocation between general usage and controlled load tariffs**: For customers with both general usage and controlled load tariffs, the share of consumption assigned to each tariff can vary significantly. For Tasmanian households, a higher share of total consumption is generally supplied under controlled load tariffs than for mainland Australian households, largely due to Tasmania's greater reliance on electricity rather than gas for heating.

1.4 Tasmanian Gas Market

Aurora Energy and Solstice Energy are the only retailers that offer reticulated natural gas to small customers in Tasmania. Each offers one residential tariff and one business tariff. The report compares the annual bills under the two Tasmanian tariffs with the average annual bill and range of annual bills calculated for other Australian 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 the Regulator's website.

The typical consumption levels used in this report reflect differences in electricity use by tariff and concession status (Table 2.1). For each distribution area, retailers' tariffs most comparable to Tasmania's regulated tariffs were selected. Tariffs with identical prices but different sign-up methods were treated as a single tariff, while tariffs subject to special eligibility conditions, such as solar ownership or club membership, were excluded.

Table 2.1 Typical residential customer annual electricity consumption

Tariff	Concession status	Assumed annual 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

Residential consumption profiles were prepared for each distribution area to estimate the proportion of electricity consumed at different usage rates (Table 2.2). General usage and controlled load profiles were based on the estimated split between those uses. Time-of-use profiles were calculated by applying the peak, shoulder and off-peak periods set by each distribution network to publicly available half-hourly residential consumption data for the ACT and the distribution areas covered by the Default Market Offer (DMO). The published usage proportions from the 2026-27 Victorian Default Offer were used for the Victorian time-of-use profiles.[2] [3] [4]

An average profile of the DMO distribution areas was used as a proxy for Queensland Ergon, Western Australia and the Northern Territory as suitable half-hourly data was not available for these distribution areas.

[2] ACT Government, Utilities (Representative Consumption) Determination 2026 (No 1), May 2026, pages 2 to 3.

[3] Australian Energy Regulator, 2026-27 Default Market Offer: Final Determination, May 2026, pages 109 to 114.

[4] Essential Services Commission, Victorian Default Offer 2026-27 Final Decision Paper, May 2026, page 82.

Table 2.2 Assumed residential general usage/controlled load and time-of-use consumption profiles by distribution area

	Residential general and controlled load		Residential time-of-use		
Distribution area	General usage	Controlled load	Peak	Off-peak	Shoulder
ACT	72%	28%	29%	30%	41%
NSW Ausgrid	66%	34%	22%	78%	
NSW Endeavour	69%	31%	16%	66%	17%
NSW Essential Energy	70%	30%	13%	48%	39%
SA	69%	31%	51%	21%	27%
VIC AusNet	67%	33%	29%	53%	18%
VIC CitiPower	67%	33%	29%	53%	18%
VIC Jemena	67%	33%	29%	53%	18%
VIC Powercor	67%	33%	29%	53%	18%
VIC United Energy	67%	33%	29%	53%	18%
BSI	100%				
TAS	44%	56%	30%	70%	
NT	100%		74%	26%	
QLD Energex	71%	29%	29%	24%	47%
QLD Ergon	69%	31%	29%	22%	49%
WA	100%		33%	41%	26%

Note: values may not sum due to rounding.

2.2 Business tariffs

2.2.1 Typical customer consumption

The annual consumption for an Australian small business was assumed to be 10 000 kWh, consistent with consumption levels used to report regulated offers by the AER, Victoria's Essential Services Commission (ESC) and the ACT Independent Competition and Regulatory Commission (Table 2.3).[5] [6] [7]

By comparison, median consumption by Tasmanian small business customers is estimated to be 3 717 kWh per year on the general usage tariff and 11 622 kWh on the time-of-use tariff.

Table 2.3 Typical business customer annual electricity consumption

Tariff	Location	Assumed annual consumption
General usage	Australia	10 000 kWh
	Tasmania	3 717 kWh
Time-of-use	Tasmania	11 622 kWh

5 Australian Energy Regulator, 2026-27 Default Market Offer: Final Determination, May 2026, page 109.

6 Essential Services Commission, Victorian Default Offer 2026-27 Final Decision Paper, May 2026, page 2.

7 Independent Competition and Regulatory Commission, Retail electricity price investigation 2024-27, May 2024, page 68.

2.2.2 Consumption profiles

Business consumption profiles were prepared for each distribution area to estimate the proportion of electricity consumed at different usage periods (Table 2.4). Time-of-use profiles were calculated by applying the peak, shoulder and off-peak periods set by each distribution network to publicly available half-hourly business consumption data for the distribution areas covered by the DMO.[8] [9]

An average profile of the DMO distribution areas was used as a proxy for the ACT, Queensland Ergon, Western Australia and the Northern Territory as suitable half-hourly data was not available for these distribution areas.

Table 2.4 Assumed business time-of-use consumption profiles by distribution area

Distribution area	Peak	Off-peak	Shoulder
ACT	38%	48%	14%
NSW Ausgrid	12%	88%	
NSW Endeavour	12%	65%	23%
NSW Essential Energy	9%	49%	42%
SA	8%	52%	40%
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	66%	34%	
QLD Energex	9%	13%	79%
QLD Ergon	9%	12%	79%
WA	49%	51%	

Note: values may not sum due to rounding.

2.3 Annual bills

The consumption information used in this report reflects 2024-25 data provided by Aurora Energy using the methodology in the Regulator's *Typical Electricity Customers in Tasmania 2025* report (Table 2.5).

Table 2.5 Tasmanian typical electricity customer annual usage and consumption profile by tariff and customer group

Customer groups	Usage (kWh)	Consumption profile
Residential		
General usage and 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	

[8] Australian Energy Regulator, 2026-27 Default Market Offer: Final Determination, May 2026, pages 111 to 115.

[9] Essential Services Commission, Victorian Default Offer 2026-27 Final Decision Paper, May 2026, page 83.

Customer groups	Usage (kWh)	Consumption profile
General usage and 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		
Usage - peak time	6 354	54.7%
Usage - off-peak time	3 194	27.5%
Usage - shoulder time	2 074	17.8%
Total usage	11 622	

Note: values may not sum due to rounding.

The Regulator estimated the annual bill for each tariff and customer group in each distribution area using consumption levels representative of Tasmanian customers. For each jurisdiction and customer group, the tariff producing the median bill was selected as the median tariff. Where there was an even number of tariffs, the lower of the two middle tariffs was selected; where only one tariff was available, it was treated as the median tariff.

Annual consumption by Tasmanian non-concession residential customers on general usage and controlled load tariffs is generally substantially higher than consumption in mainland jurisdictions. This has been attributed to Tasmania's greater heating requirements and limited access to natural gas. Tasmanian residential customers on time-of-use tariffs also generally consume more electricity than residential customers on the mainland.

For small businesses, the median 2024-25 consumption was 3 717 kWh on Aurora Energy's Tariff 22 and 11 622 kWh on Tariff 94. The relatively low consumption on Tariff 22 reflects the large number of customers with very low usage. In comparison, the AER and ESC use annual consumption of 10 000 kWh when reporting small-business tariff outcomes.

Consequently, business general usage bills were calculated at the relevant Tasmanian consumption level and at 10 000 kWh. Business time-of-use bills are presented at the Tasmanian consumption level of 11 622 kWh because the 10 000 kWh consumption level is sufficiently close that presenting both results would provide limited additional insight. The residential consumption profiles in Table 2.2 and business time-of-use consumption profiles in Table 2.4 were applied at each total consumption level.

3 Methodology: Gas

Tasmania's natural gas market is very small compared with natural gas markets in other jurisdictions and is not price regulated. The report compares tariffs for small customers offered by Tasmania's two licensed gas retailers, Aurora Energy and Solstice Energy, with those offered by major gas retailers across Australia.

The report compares bills for residential and business customers with an annual gas consumption of less than one terajoule or 1 000 000 megajoules (MJ). Only general usage tariffs are compared, as this is the only gas tariff type available in Tasmania. For each jurisdiction, prices are compared using the average annual bill across all relevant tariffs, calculated using typical Tasmanian customer consumption.

3.1 Consumption

Gas consumption is less complex to compare across jurisdictions than electricity consumption because fewer tariff options are available, particularly in Tasmania. However, information on Tasmanian residential and business gas consumption is limited. The analysis therefore assumes annual consumption of 36 870 MJ for residential customers and 473 000 MJ for business customers.[10] [11]

3.2 Annual bills

Annual gas bills were compared through a three-part process. First, annual bills were estimated for each tariff using consumption levels typical of Tasmanian customers. Second, an average usage price per MJ was calculated for each tariff by dividing the annual variable charge component, excluding daily supply charges, by total consumption. Finally, the average daily charge and average energy price for each mainland jurisdiction were calculated across all selected gas tariffs offered in that jurisdiction.

Some Victorian gas tariffs have seasonal prices. Residential monthly consumption is assumed to be three times higher in peak or winter months than in off-peak or non-winter months, while business consumption is assumed to be twice as high.

[10] Frontier Economics, Residential energy consumption benchmarks, December 2020, page 53.

[11] Goanna Energy Consulting, Tasmanian Gas Market - Building the Pipeline to Opportunities, August 2016, page 38.

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