



**2014 Aurora Pay As You Go
price comparison report**

(APAYG rates from 19 July 2014)

September 2014

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INTRODUCTION

Aurora Energy offers a prepayment option, Aurora Pay As You Go (APAYG), to residential customers as an alternative to electricity supply via the standard regulated tariffs¹. As of 30 June 2014 APAYG was used by 30 630, or around 14 per cent, of Tasmanian residential customers. Around 46 per cent of APAYG customers receive a Government concession.

APAYG offers time of use pricing, which is currently unavailable to residential customers on standard regulated tariffs. Pricing is set in four time blocks during the day which varies between summer and winter², weekdays and weekends. This allows APAYG customers to alter their electricity usage to take advantage of cheaper rates.

As with customers on the standard regulated tariffs, APAYG is available in three tariffs: OffPeak, Aurora Heating Discount (HydroHeat) and Standard. The tariff selected when converting to APAYG is based on the tariffs already available at the residence.

The APAYG product remains an unregulated product with the Regulator's role restricted to monitoring and reporting on APAYG price movements compared to standard regulated tariffs.

The comparison report is prepared to help customers make an informed choice as to which service offers more value to them. This is the eighth such report published by the Regulator.

It is difficult to make a definitive comparison between APAYG and standard regulated tariffs as the bills for standard regulated tariff customers are calculated on consumption for each tariff over a quarter and APAYG charges vary according to time of use and summer and winter rates.

A comparison, therefore, of costs between customers on standard regulated tariffs and APAYG rates will depend on:

- the tariff mix ie whether they use Light and Power only, Light and Power and Hot Water, HydroHeat or OffPeak;
- whether they use comparatively more electricity in winter or summer, which will relate to the use of electric heating, among other things; and
- the amount of electricity used in the lower priced periods, such as after 8.00 pm in winter or on weekends, rather than the higher priced morning and evening working day periods.

¹ Standard regulated tariffs refer to Standing Offer prices approved by the Regulator from time to time in accordance with the *Aurora Energy Pty Ltd Interim Price-regulated Retail Service Price Determination* (29 July 2013 as amended 6 December 2013 and further amended 28 February 2014).

² Seasons align with Tasmanian Eastern Daylight Time (daylight saving).

OBSERVATIONS

It is important to note that in July 2014, both APAYG and standard regulated tariffs decreased uniformly by 7.8 per cent.

Some general observations can be made based on various assumptions about tariffs, consumption levels and patterns of use, when comparing prices paid by APAYG customers to those paid by customers on standard regulated tariffs:

- APAYG customers on the standard tariffs (Light and Power and Hot Water) may pay \$105 more for low consumption and \$97 more for high consumption per year;
- APAYG concession customers on standard tariffs may pay up to \$56 more for low consumption but \$18 less for high consumption per year;
- APAYG HydroHeat customers (on Light and Power and HydroHeat tariffs) may pay \$101 more for low consumption and \$34 more for high consumption per year.
- APAYG HydroHeat concession customers may pay up to \$62 more for low consumption but four dollars less for high consumption per year;
- APAYG OffPeak customers may pay \$162 more for low consumption and \$50 more for high consumption per year; and
- APAYG OffPeak concession customers may pay from \$69 more for low consumption and \$12 more for high consumption per year.

METHODOLOGY AND ASSUMPTIONS

Methodology

This price comparison is based on the typical customer methodology first established by the Regulator in its information paper *Typical Electricity Customers, March 2006* (updated in May 2014).³ The methodology describes a set of ‘typical customers’ based on consumption patterns and the combination of tariffs from which they are supplied. In estimating costs for typical APAYG customers, a number of assumptions were made to take account of the differences between pricing structures for APAYG as compared to standard regulated tariffs. APAYG rates differ between summer and winter, weekdays and weekends, and time of day.

The consumption profile for concession customers is similar to the consumption profile of non-concession customers, so only one consumption profile has been used in the comparisons.

The comparisons in this report are based on rates for APAYG customers effective from 19 July 2014 and rates for standard regulated tariff customers effective from 1 July 2014.

The Report also compares the prices for APAYG and standard regulated tariff customers entitled to receive a relevant concession. Tariffs and concessions for APAYG and regulated tariffs can be found on the pages 17 and 18 of this report.

Assumptions

The following assumptions have been made in making the comparisons;

- **Seasonal consumption:** The electricity consumption splits in the following table were based on a high-level assessment of the consumption patterns for a typical customer on each of the Standard, HydroHeat or Offpeak tariff mixes.

	Summer : Winter consumption		
	Low	Medium	High
Standard	50:50	50:50	40:60
HydroHeat	50:50	40:60	30:70
OffPeak	n/a	40:60	30:70

³ Available on the Regulator’s website: www.economicregulator.tas.gov.au.

- 40:60 indicates that 40 per cent of energy consumption occurs during the summer months and the remaining 60 per cent occurs during the winter months;
 - 30:70 indicates that 30 per cent of energy consumption occurs during the summer months and the remaining 70 per cent occurs during the winter months; and
 - 50:50 indicates that consumption is spread evenly throughout the year.
- **Relative consumption depending on day of the week:** It has been assumed that the level of consumption is not dependent on the day of the week. While different domestic factors could give rise to different consumption patterns, it has been assumed that the differences are minimal.
 - **Daily profile of energy consumption:** The daily consumption profile is based on data provided by Aurora Energy for APAYG customers in 2009-10. More recent data from Aurora shows the profile has not materially changed since 2009-10. The profile differs between the summer and winter months, as well as between weekdays and weekends. The proportion of consumption in each price band is shown below as a percentage of total usage (summer and winter):

	Monday - Friday				Saturday and Sunday			
	6:30 am - 11 am	11am - 4:30 pm	4:30 pm - 10:30 pm	10:30 pm - 6:30 am	6:30 am - 11:00 am	11am - 4:30 pm	4:30 pm - 10:30 pm	10:30 pm - 6:30 am
Summer	16%	17%	24%	15%	6%	8%	9%	6%
Winter	15%	14%	18%	24%	5%	7%	7%	10%

- **Typical annual consumption and splits** between tariffs are taken from the *Typical Electricity Customers, May 2014* Information Paper.⁴

The sensitivity to assumptions has been tested by changing the ratio of usage between seasons, between Tariff 31 (residential light and power) and Tariff 41 (hot water) and the relative amounts used on weekdays and weekends. This testing resulted in small changes in annual costs.

- **Aurora tariffs:** the following tariffs have been used in comparisons:
 - Tariff 31 – Residential light and power;
 - Tariff 41 – Hot water supply systems;
 - Tariff 42 – HydroHeat (residential hot water and space heating); and
 - Tariff 61 – OffPeak.

⁴ Available on the Regulator’s website: www.economicregulator.tas.gov.au

FORTNIGHTLY COMPARISONS

The comparisons in this section are based on APAYG and standard regulated tariff customers and do not allow for any concessions.

Table 1: Fortnightly cost for low, medium and high consumption standard tariff customers (Tariff 31 – Light and Power and Tariff 41 - Hot Water)⁵

	Low		Medium		High	
	Summer	Winter	Summer	Winter	Summer	Winter
Regulated tariff	\$42	\$42	\$65	\$65	\$81	\$114
APAYG	\$46	\$45	\$69	\$68	\$86	\$117
Difference	\$4	\$3	\$4	\$3	\$5	\$3

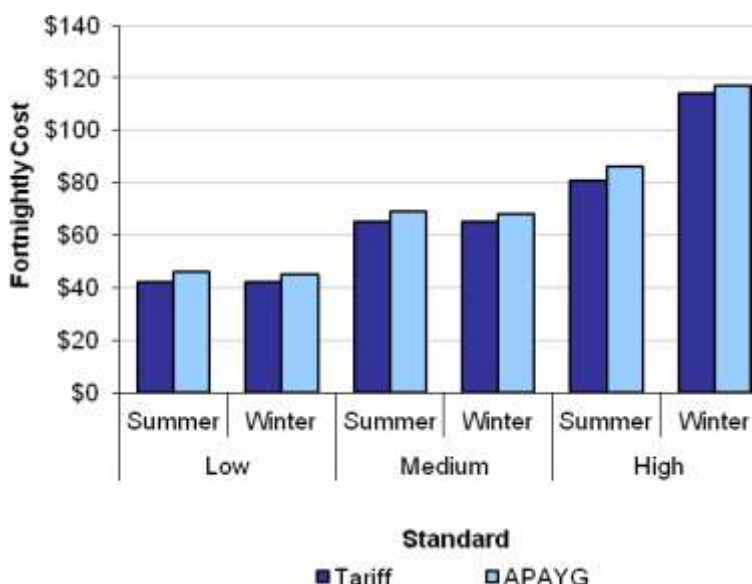


Table 1 shows that the fortnightly cost is around the same for APAYG standard customers and customers on the standard regulated tariff. Under low, medium and high consumption scenarios, there is less than five dollars per fortnight difference in the price between the two sets of customers. As found in previous comparisons, the difference between the fortnightly cost of APAYG and the standard regulated tariff is less in winter than in summer. High consumption customers who use proportionately more electricity in winter than in summer can expect to pay three dollars per fortnight more on APAYG.

⁵ See last page of this report for tariff details.

Table 2: Fortnightly cost for low, medium and high consumption HydroHeat customers (Tariff 31 and Tariff 42)

	Low		Medium		High	
	Summer	Winter	Summer	Winter	Summer	Winter
Regulated tariff	\$50	\$50	\$63	\$87	\$73	\$150
APAYG	\$56	\$51	\$71	\$86	\$81	\$144
Difference	\$6	\$1	\$8	-\$1	\$8	-\$6

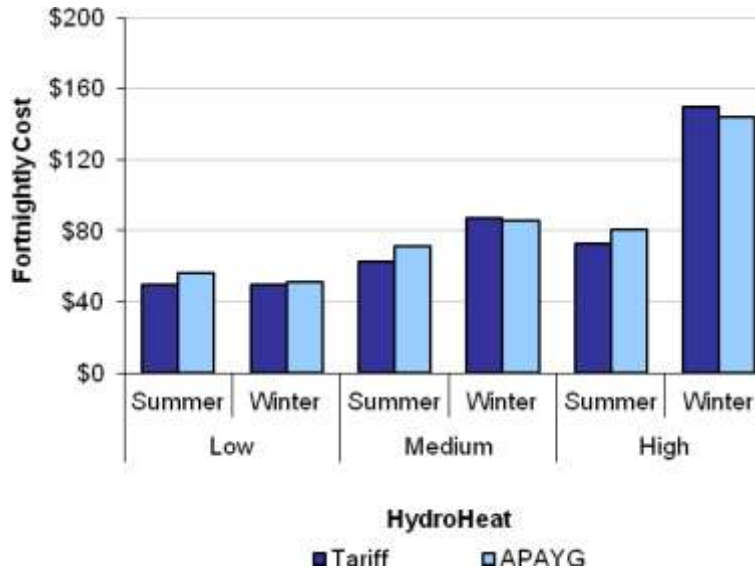


Table 2 shows that APAYG HydroHeat customers generally pay more per fortnight than customers on standard regulated tariffs in summer, but pay the same or less per fortnight in winter. APAYG HydroHeat customers with medium and high consumption pay one dollar and six dollars less respectively per fortnight in winter compared to customers on the standard regulated tariffs for HydroHeat.

Table 3: Fortnightly cost for OffPeak customers

	Tariff 31/61		Tariff 31/41/61		Tariff 31/42/61	
	Summer	Winter	Summer	Winter	Summer	Winter
Regulated tariff	\$54	\$74	\$57	\$109	\$62	\$122
APAYG	\$61	\$79	\$62	\$115	\$69	\$119
Difference	\$7	\$5	\$5	\$6	\$7	-\$3

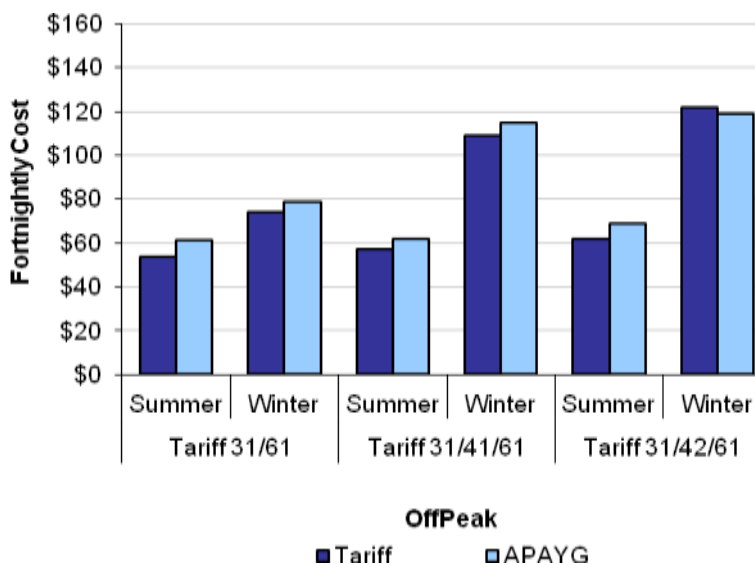


Table 3 shows that APAYG OffPeak customers generally pay more per fortnight compared to those on the standard regulated tariffs for OffPeak, particularly during summer.

FORTNIGHTLY COMPARISONS – CONCESSION CUSTOMERS

The comparisons in this section are based on APAYG and standard regulated tariff customers, with the relevant concessions applied.

Table 4: Fortnightly cost for low, medium and high consumption standard tariff concession customers (Tariff 31 and Tariff 41)⁶

	Low		Medium		High	
	Summer	Winter	Summer	Winter	Summer	Winter
Regulated tariff	\$24	\$24	\$47	\$47	\$63	\$96
APAYG	\$28	\$25	\$51	\$46	\$67	\$91
Difference	\$4	\$1	\$4	-\$1	\$4	-\$5

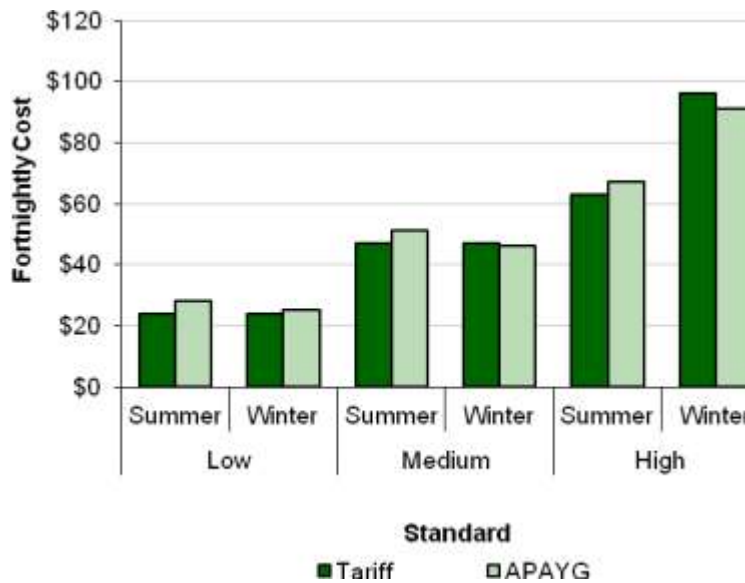


Table 4 shows that in summer, Standard APAYG concession customers across all levels of consumption pay four dollars per fortnight more than concession customers on the standard regulated tariff. In winter, Standard APAYG concession customers with low consumption pay one dollar more per fortnight than concession customers on the standard regulated tariff. Those with medium usage levels pay one dollar less, with high consumption customers saving up to five dollars per fortnight on APAYG.

⁶ See last page of this report for tariff details.

Table 5: Fortnightly cost for low, medium and high consumption HydroHeat concession customers (Tariff 31 and Tariff 42)

	Low		Medium		High	
	Summer	Winter	Summer	Winter	Summer	Winter
Regulated tariff	\$32	\$32	\$46	\$70	\$55	\$132
APAYG	\$37	\$32	\$52	\$67	\$62	\$125
Difference	\$5	\$0	\$6	-\$3	\$7	-\$7

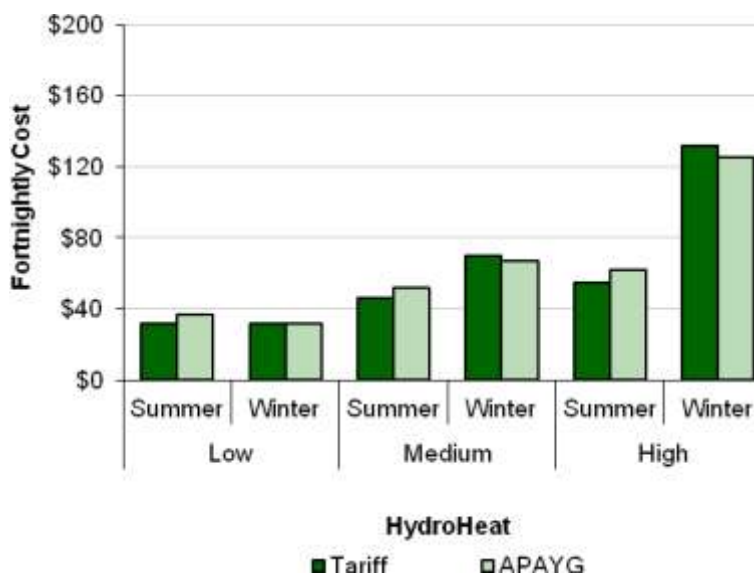


Table 5 shows that in winter, APAYG HydroHeat concession customers generally pay less per fortnight than concession customers on standard regulated tariffs across all consumption levels. In summer, APAYG HydroHeat concession customers will pay between five and seven dollars more per fortnight.

High consumption APAYG HydroHeat customers with a concession may pay up to seven dollars less per fortnight in winter. This mirrors the findings from the previous comparison report, where winter APAYG HydroHeat fortnightly costs were also lower for APAYG customers than for customers on standard regulated tariffs.

Table 6: Fortnightly cost for OffPeak concession customers

	Tariff 31/61		Tariff 31/41/61		Tariff 31/42/61	
	Summer	Winter	Summer	Winter	Summer	Winter
Regulated tariff	\$37	\$56	\$39	\$91	\$45	\$104
APAYG	\$43	\$56	\$43	\$88	\$49	\$100
Difference	\$6	\$0	\$4	-\$3	\$4	-\$4

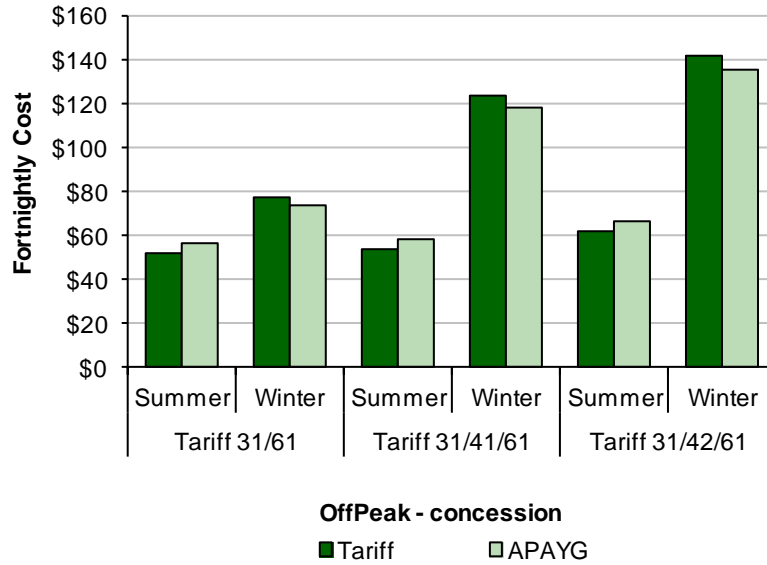


Table 6 shows that for OffPeak customers with a concession, the fortnightly cost is higher for APAYG customers compared to those on the standard regulated tariffs in summer, while in winter, the opposite is true. APAYG OffPeak concession customers that consume proportionally more electricity in the winter months can expect to pay up to four dollars less per fortnight than customers on the standard regulated tariffs during winter.

ANNUAL COMPARISONS

Table 7: Annual cost for low, medium and high consumption standard tariff customers (Tariff 31 and Tariff 41)

	Low (3 475 kWh pa)	Medium (6 405 kWh pa)	High (10 578 kWh pa)
Regulated tariff	\$1 084	\$1 687	\$2 532
APAYG	\$1 189	\$1 785	\$2 629
Difference	\$105	\$98	\$97
Regulated tariff - concession	\$ 626	\$1 229	\$2 074
APAYG - concession	\$ 682	\$1 257	\$2 056
Difference - concession	\$56	\$28	-\$18



Table 7 shows that Standard APAYG customers who are not entitled to a concession pay between \$97 and \$105 more per year than customers on standard regulated tariffs, depending on their consumption level. For households with 'medium' consumption, the difference between APAYG and the regulated tariff is \$98 per year, or under just \$25 per quarter.

Concession customers may pay between \$18 less and \$56 more over the course of the year on Standard APAYG, depending on the level of consumption and proportion of winter usage. Concession customers with low consumption will pay around \$56 per year more on APAYG.

Table 8: Annual cost for low, medium and high consumption HydroHeat customers (Tariff 31 and Tariff 42)

	Low (4 811 kWh pa)	Medium (8 310 kWh pa)	High (13 285 kWh pa)
Regulated tariff	\$1 302	\$1 956	\$2 893
APAYG	\$1 402	\$2 039	\$2 927
Difference	\$101	\$82	\$34
Regulated tariff - concession	\$ 844	\$1 499	\$2 435
APAYG - concession	\$ 906	\$1 543	\$2 431
Difference - concession	\$62	\$44	-\$4

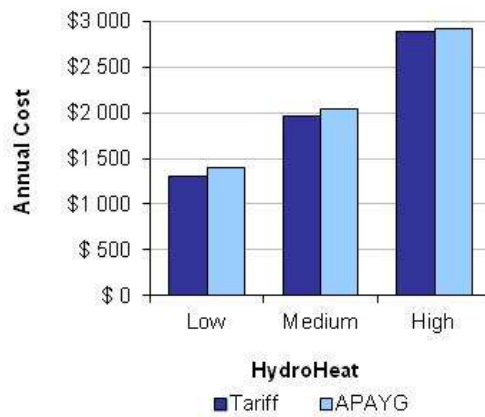


Table 8 shows annual costs for HydroHeat customers on APAYG compared to those on standard regulated tariffs, with and without concessions applied. Over the course of a year, HydroHeat customers may pay between \$34 and \$101 more on APAYG than those on the standard regulated tariffs.

For concession customers, HydroHeat APAYG customers generally pay more over the year than those on the standard regulated tariffs, apart from high consumption customers who pay around the same amount.

On average, APAYG HydroHeat customers may pay up to \$72 more per year while those with a concession may pay up to \$34 more per year on APAYG, depending on the level of consumption.

Table 9: Annual cost for OffPeak customers

	Tariff 31/61 (6 726 kWh pa)	Tariff 31/41/61 (9 133 kWh pa)	Tariff 31/42/61 (10 623 kWh pa)
Regulated tariff	\$1 664	\$2 152	\$2 390
APAYG	\$1 826	\$2 300	\$2 440
Difference	\$162	\$148	\$50
Regulated tariff - concession	\$1 206	\$1 694	\$1 932
APAYG - concession	\$1 276	\$1 708	\$1 944
Difference - concession	\$69	\$13	\$12

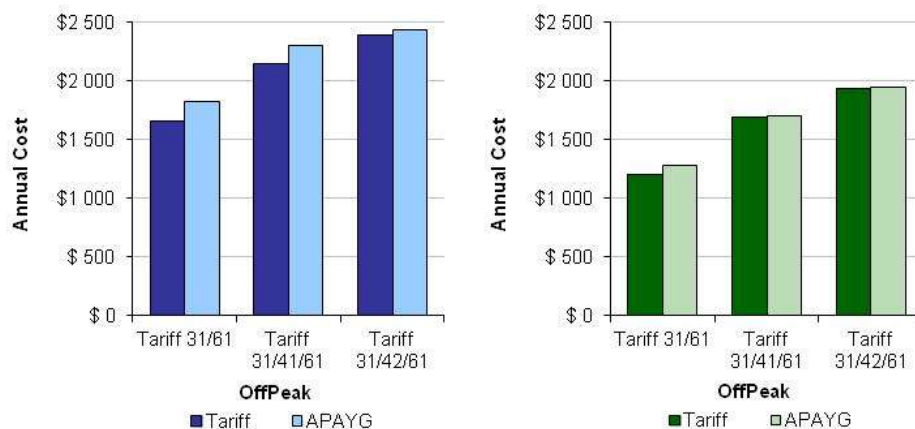


Table 9 shows annual costs for OffPeak customers on APAYG compared to those on standard regulated tariffs, with and without the relevant concessions.

Over the course of a year, OffPeak customers pay \$50 to \$162 more on APAYG than those on the standard regulated tariffs, depending on the level of consumption.

Over the course of a year, OffPeak customers with a concession pay \$12 to \$69 more on APAYG than those on the standard regulated tariffs, depending on the level of consumption.

Overall, the comparisons show that over the course of a year, those who are not concession customers generally pay more on APAYG than on the regulated tariffs, although the difference may only be a few dollars per fortnight. However, APAYG customers with the ability to modify their usage can take advantage of low winter rates to reduce their annual bills and bring them into line with the regulated tariffs.

APAYG RATES AND CHARGES: AS AT 19 JULY 2014

The following rates⁷ with the exception of those in **bold** apply to all Aurora Pay As You Go customers. The rates in **bold** apply only to concession card holders.

Summer (c/kWh)		6.30am – 11.00am	11.00am – 4.30pm	4.30pm – 10.30pm	10.30pm – 6.30am
APAYG Standard	Mon – Fri	25.86	20.13	25.86	11.74
	Sat - Sun	20.13	20.13	20.13	11.74
APAYG HydroHeat	Mon – Fri	25.35	19.73	25.35	11.47
	Sat - Sun	19.73	19.73	19.73	11.47
APAYG OffPeak	Mon – Fri	25.86	20.13	25.86	11.74
	Sat - Sun	20.13	20.13	20.13	11.74

Winter (c/kWh)		6.30am – 11.00am	11.00am – 4.00pm	4.00pm – 8.00pm	8.00pm – 6.30am			
APAYG Standard	Mon – Fri	25.90	20.80	18.41	20.80	14.82	16.43	
	Sat - Sun	18.41	20.80	18.41	20.80	18.41	20.80	14.82
APAYG HydroHeat	Mon – Fri	21.21	21.21	14.82	14.82			
	Sat - Sun	21.21	21.21	14.82	14.82			
APAYG OffPeak	Mon – Fri	25.90	20.80	18.41	20.80	12.46	15.19	
	Sat - Sun	18.41	20.80	18.41	20.80	18.41	20.80	12.46

Prices are inclusive of GST.

APAYG Fixed charges (c/day)

		Non-concession	Concession
APAYG	Standard	132.36	n/a
APAYG	HydroHeat	131.05	n/a
APAYG	OffPeak	136.22	n/a

n/a – not applicable. There is no daily standing charge for concession card holders.

⁷ Aurora's APAYG tariff schedule is available at: www.auroraenergy.com.au

STANDARD REGULATED TARIFFS: AS AT 1 JULY 2014

Tariff		Fixed charges (cents per day)	Energy (all kWh) (cents per kWh)	Conditions⁸
Tariff 31	Residential light and power	87.677	24.717	
Tariff 41	Hot water supply systems	16.981	14.907	This tariff applies only in association with Tariff 31
Tariff 42	HydroHeat (Residential hot water and space heating)	16.981	14.907	This tariff applies only in association with Tariff 31
Tariff 61	OffPeak with afternoon boost	21.519	11.303	This tariff applies only in association with Tariff 31
Tariff 62	OffPeak, night period only	21.519	12.001	This tariff applies only in association with Tariff 31
Concession		125.71 cents per day (from 1 July 2014) ⁹ Annual Rebate capped at \$458.84		

Prices are inclusive of GST.

⁸ For full tariff conditions, see Aurora's approved electricity tariff schedule, available at: www.auroraenergy.com.au

⁹ Concession details are available from: http://www.concessions.tas.gov.au/concessions/electricity_and_heating