

APAYG Price Comparison Report 2018

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1.1 Introduction

Section 10C of the *Electricity Supply Act 1995* requires the Tasmanian Economic Regulator (Regulator) to compare, on an annual basis, the prices of Aurora Energy's prepayment products, Aurora Pay As You Go (APAYG) (Standard, Heating and Off-Peak), with the prices of Aurora Energy's standing offer products.

This Report compares Aurora Energy's 2018-19 regulated (standing offer) prices effective 1 July 2018 and its APAYG prices effective 23 July 2018. All APAYG and regulated prices for 2018-19 have increased by 2.05 per cent relative to 2017-18.

The aim of this Report is to help customers choose the most appropriate Aurora Energy product for their circumstances. Based on the comparisons in this Report, standing offer tariffs provide customers with savings compared to APAYG products.

The number of APAYG customers has been steadily declining. As at 30 June 2018, there were 21 076 APAYG customers, 2 565 fewer than the same time last year. Over recent years, Aurora Energy has not allowed customers to have new APAYG meters installed. This is because the technology used for APAYG products is reaching the end of its functional life. However, Aurora Energy will continue to provide the APAYG products in their current form until an alternative product becomes available. The Regulator understands that, during 2019, Aurora Energy intends releasing an alternative product with similar features to the current APAYG products.

Previously, within 30 days of Aurora Energy's notice of price changes, an APAYG customer could choose to change from an APAYG product to a standing offer product without charge. However, since the current APAYG product has a limited life, APAYG customers can now request a change from a current APAYG product, without charge, at any time.

1.2 Method

Apart from being a prepayment product, APAYG products have Time-of-Use (ToU) pricing. Aurora Energy's Tariff 93 (T93) is the only residential ToU standing offer product available. To compare the ToU products, the Regulator uses an assumed customer usage profile that remains constant to account for differences between:

- a) APAYG rates, which vary based not only on the time of day but also between summer and winter and between weekdays and weekends; and
- b) T93 rates, which also vary based on the time of day and between weekdays and weekends.

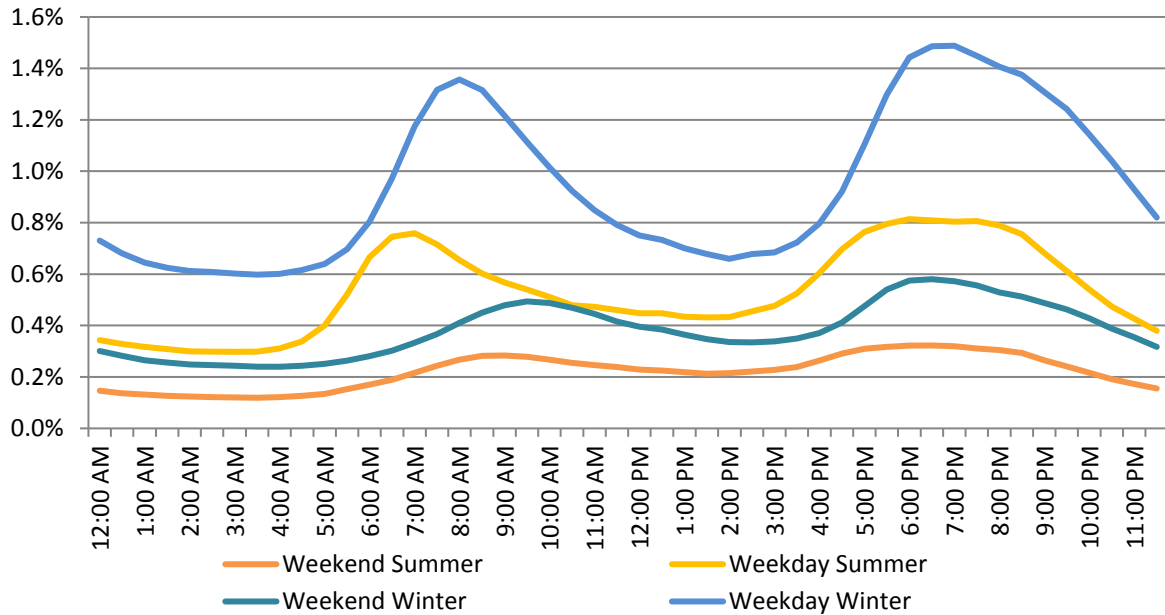
No new information about APAYG customers' usage patterns or their total usage has become available since the release of the 2017 Report. The Regulator has therefore used the same usage averages for each APAYG product from the 2017 Report as reproduced in Table 1.

Table 1 APAYG average usage assumptions (kWh)

APAYG product	
Heating	5 877
Heating (Concession)	7 910
OffPeak	7 372
OffPeak (Concession)	7 136
Standard	6 920
Standard (Concession)	6 824

The 2017 Report used a customer usage profile based on the Australian Energy Market Operator's (AEMO) data. However, AEMO's data included commercial customer usage information. For this Report, the Regulator has used a customer usage profile provided by TasNetworks (Chart 1).

Chart 1 Customer usage profile



TasNetworks' usage profile doesn't include commercial customer information and is based on ToU data for the 12 months ending 30 April 2018 from 505 residential customers participating in TasNetworks' emPOWERing You Trial.¹ The 505 customers in the emPOWERing You Trial used an average of 8 898 kWh with median usage of 8 449 kWh.

1.3 APAYG and Tariff 93 comparison

Using the customer usage profile (Chart1), APAYG average usage (Table 1) and the relevant price schedules (Attachment 1), Tables 2 and 3 compare estimated expenditure for APAYG products and T93 for residential customers and residential customers with a concession discount respectively.

Table 2 Comparison between APAYG products and T93 (\$)

Product	Annual Fixed	Estimated expenditure		Total	Difference
		Summer Usage	Winter Usage		
APAYG Heating	525	685	1041	2 251	6%
T93	384	630	1110	2 124	
APAYG OffPeak	546	601	1005	2 152	14%
T93	384	542	955	1 880	
APAYG Standard	530	564	967	2 061	15%
T93	384	508	896	1 788	

Based on the comparison in Table 2, assuming an APAYG customer's usage profile remained unchanged, T93 may provide customers with savings compared to each of the APAYG products.

¹ <https://www.tasnetworks.com.au/customer-engagement/tariff-reform/empoweringyou/>

Table 3 Comparison between APAYG products and T93 for concession customers (\$)

Product	Estimated expenditure			Concession Discount	Total	Difference
	Annual Fixed	Summer Usage	Winter Usage			
APAYG Heating	0	632	960		1 592	7%
T93	384	581	1 024	-504	1 485	
APAYG OffPeak	0	581	880		1 461	10%
T93	384	524	924	-504	1 328	
APAYG Standard	0	556	885		1 441	14%
T93	384	501	884	-504	1 265	

Based on the comparison in Table 3, assuming an APAYG customer's usage profile remained unchanged, T93 may provide concession customers with savings compared to each of the APAYG products.

1.4 APAYG, Tariff 93 and Typical Customer comparison

The 2017 Report compared each APAYG product only to T93. However, T93 is not the only alternative if a customer chooses to move to a standing offer product. Most Tasmanian residential customers have Tariff 31 Residential Light & Power Anytime (T31) and Tariff 41 Heating and Hot Water (T41) connections.

In addition to this Report, the Regulator also publishes *Comparison of Australian Standing Offer Energy Prices* Reports that compare Aurora Energy's standing offer tariffs with those available across Australia. In those reports the Regulator uses a Typical Customer medium usage for both T31 and T41, which are reproduced in Table 4.

Table 4 Typical Customer with medium usage for T31 and T41 (kWh)

	T31	T41	Total
Residential	3 400	4 100	7 500
Residential (Concession)	2 900	3 500	6 400

The Typical Customer usage totals, which are based on median usage values, are lower than the averages used in the comparisons in Table 2 and Table 3. However, using the totals in Table 4 allows the Regulator to compare APAYG products to not only T93 but also T31 and T41.

Using the customer usage profile (Chart 1), Typical Customer median usage (Table 4) and the relevant price schedules (Attachment 1), Tables 5 and 6 compare estimated expenditure for APAYG products, T93 and a Typical Customer for residential customers and residential customers with a concession discount respectively.

Table 5 Comparison between APAYG products, T93 and Typical Customers with 7 500 kWh usage (\$)

Product	Estimated expenditure			Total	Difference
	Annual Fixed	Summer Usage	Winter Usage		
T93	384	551	971	1 906	
Typical Customer	410	580	1 022	2 012	6%
APAYG Standard	530	611	1 048	2 189	15%
APAYG Heating	525	599	911	2 035	7%
APAYG OffPeak	546	611	1 023	2 179	14%

Assuming a customer's usage profile remained unchanged, based on the comparison in Table 5, T93 may provide customers with savings compared to customers using APAYG products and Typical Customers with T31 and T41 connections.

Table 6 Comparison between APAYG products, T93 and Typical Customers with 6 400 kWh usage and concession discounts (\$)

Product	Estimated expenditure			Concession Discount	Total	Difference
	Annual Fixed	Summer Usage	Winter Usage			
T93	384	470	829	- 504	1 179	
Typical Customer	410	495	872	- 504	1 273	8%
APAYG Standard	0	522	830	0	1 352	15%
APAYG Heating	0	511	777	0	1 288	9%
APAYG OffPeak	0	522	789	0	1 311	11%

Based on the comparison in Table 6, T93 may provide concession customers with savings compared to concession customers using APAYG products and a Typical Customer with a concession with T31 and T41 connections.

Customers with ToU products may be able to modify their electricity use, which could alter the outcome of the analysis presented in this Report. However, without knowing an individual customer's usage profile, there is no way to calculate the actual difference between expenditure on the various Aurora Energy products.

Attachment 1

Daily Charge (cents)		Summer usage charges (c/kWh)				Winter usages charge (c/kWh)				
		6:30-11:00	11:00-16:30	16:30-22:30	22:30-6:30	6:30-11:00	11:00-16:00	16:00-20:00	20:00-6:30	
Heating	140.95	Monday to Friday	27.83	21.67	27.83	12.58	23.28	23.28	16.27	16.27
		Weekend	21.67	21.67	21.67	12.58	23.28	23.28	16.27	16.27
OffPeak	146.51	Monday to Friday	28.39	22.08	28.39	12.89	28.44	22.84	22.84	16.67
		Weekend	22.08	22.08	22.08	12.89	22.84	22.84	22.84	16.67
OffPeak (Concession)		Monday to Friday	28.39	22.08	28.39	12.89	28.44	22.84	20.21	13.67
		Weekend	22.08	22.08	22.08	12.89	20.21	20.21	20.21	13.67
Standard	142.30	Monday to Friday	28.39	22.08	28.39	12.89	28.44	22.84	22.84	18.03
		Weekend	22.08	22.08	22.08	12.89	22.84	22.84	22.84	18.03
Standard (Concession)		Monday to Friday	28.39	22.08	28.39	12.89	28.44	22.84	20.21	16.27
		Weekend	22.08	22.08	22.08	12.89	20.21	20.21	20.21	16.27

Daily Charge (cents)		Usage charges (c/kWh)				
		7:00-10:00	10:00-16:00	16:00-21:00	21:00-7:00	
T93	105.133	Monday to Friday	31.948	14.876	31.948	14.876
		Weekend	14.876	14.876	14.876	14.876
T41	17.646	17.164				
T31	94.636	26.431				
Concession discount	137.98					

