

Comparison of Australian Standing Offer Energy Prices

February 2019

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Introduction

In accordance with section 10C(2)(a) of the *Electricity Supply Industry Act 1995*, the Tasmanian Economic Regulator (Regulator) compares Tasmanian standing offer (regulated) electricity prices, and retail gas prices, with standing offer energy prices in other Australian jurisdictions, twice a year.

This report compares standing offers across Australia with:

- Aurora Energy's standing offer electricity prices (effective 1 July 2018); and
- Aurora Energy's and Tas Gas Retail's gas prices (effective 1 January 2019).

Tasmanian electricity prices remain unchanged from 1 July 2018. However, from 1 January 2019, Aurora Energy and Tas Gas Retail increased their respective gas prices.

The comparisons in this report use standing offers, which are generally the most expensive products available. The comparisons in this report show Tasmanian standing offer electricity prices are amongst the lowest in Australia. In contrast, gas prices in Tasmania are slightly higher than prices in other parts of Australia. This is due, in part, to the relatively small size of Tasmania's gas market.

The Regulator periodically reviews the tariff inputs and assumptions used for the comparisons in this report. There have been no other changes to assumptions or tariffs from the July 2018 report. The Regulator will continue to review the methodology and inputs for these comparisons in preparing future reports.

Electricity price comparisons

Comparing electricity prices across Australian jurisdictions is difficult due to differences in usage, regulation and tariffs offered.

Differences in electricity usage between Tasmania and other parts of Australia are due to climate and the availability of gas as a heating alternative. For the electricity comparisons, the Regulator compares Aurora Energy's tariffs with interstate tariffs, based on Tasmanian Typical Customer medium usage for both residential and small business customers.¹

Electricity prices are regulated in Tasmania, Western Australia, the Northern Territory, parts of Queensland, and the Australian Capital Territory.

However, market contracts are also available in some of these jurisdictions. Most Tasmanian customers are on Aurora Energy's regulated tariffs, whereas many retailers in other parts of Australia offer market based contracts for both residential and business customers.

There are no regulated electricity prices in New South Wales, Victoria, or South Australia, but retailers do offer non-regulated standing offer tariffs. These non-regulated standing offer tariffs are generally the most expensive products and most electricity customers in New South Wales, Victoria and South Australia are on market contracts.²

The Federal Government recently announced that several energy retailers would be offering automatic discounts on their standing offer tariffs in New South Wales, Victoria, South-east Queensland and South Australia effective 1 January 2019.³ Depending on the retailer and eligibility criteria, these new

¹ *Typical Electricity Customers 2017 Report*.

² Australian Energy Regulator (2017), *Annual Report on Compliance & Performance of the Retail Energy Market 2016–17*.

³ <http://www.environment.gov.au/minister/taylor/media-releases/mr20190101.html>

discounts range from seven per cent on usage charges up to 26 per cent off the entire bill for standing offer concession customers.

The comparison uses the following Aurora Energy tariffs:

- Tariff 31 Residential Light & Power Anytime (T31);
- Tariff 41 Heating and Hot Water (T41); and
- Tariff 22 General Business Anytime (T22).

Apart from differences in price regulation, some interstate tariffs are not directly comparable to Aurora Energy's tariffs. Consistent with the July 2018 report, Table 1 shows the assumed usage for both residential and business customers. If an off-peak/controlled load tariff is not available, total usage is assumed to be on a general usage tariff. The list of tariffs with the assumptions applied are included in Appendix 1.

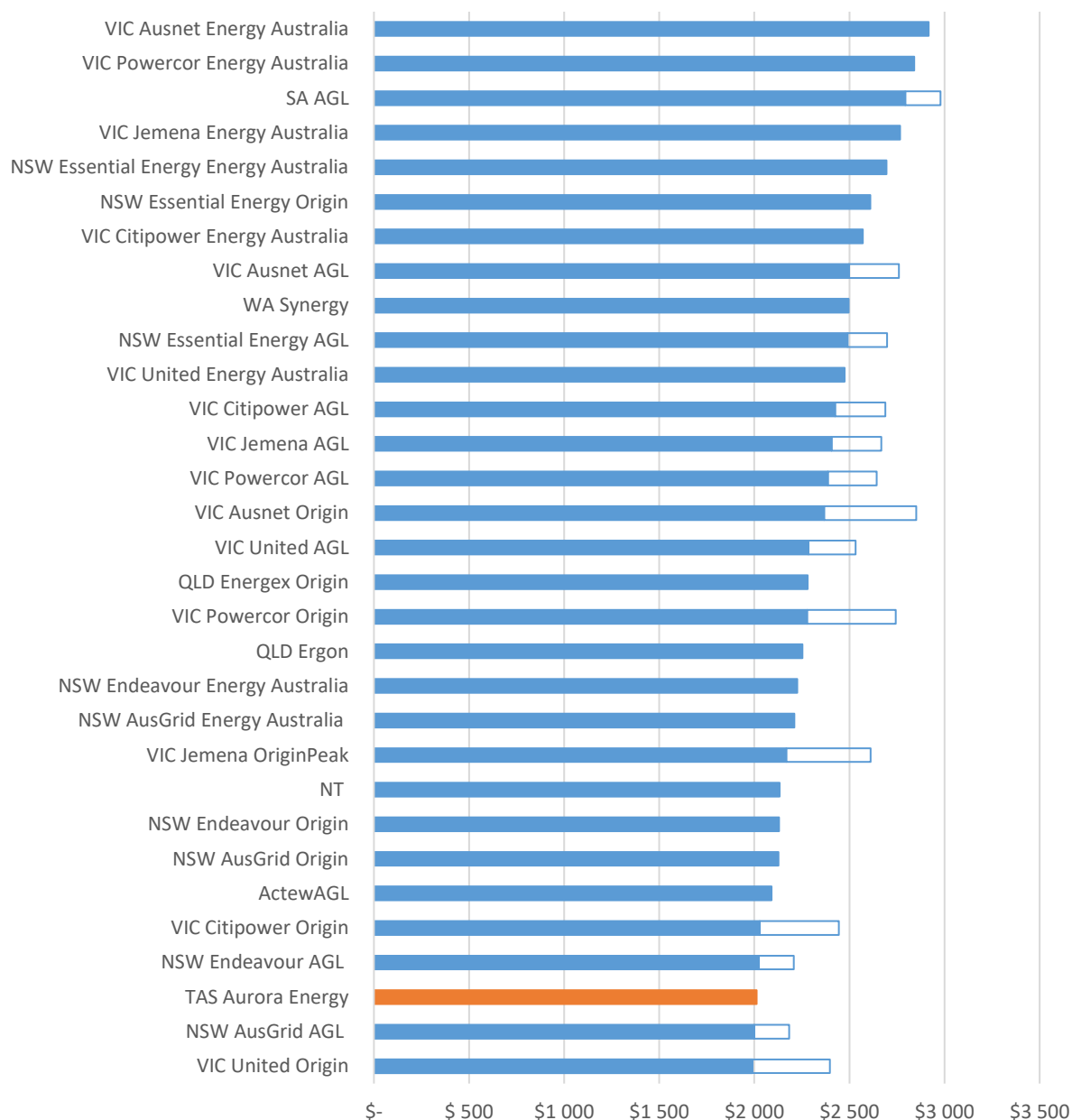
Table 1 Usage assumptions

	Off-peak / Controlled load usage for space heating and hot water	Off-peak / Controlled load usage for hot water only
<i>Residential comparison</i>		
General usage (kWh)	3 400	4 800
Off-peak / Controlled load usage	4 100	2 700
Total usage	7 500	7 500
<i>Residential Concession comparison</i>		
General usage	2 900	4 500
Off-peak / Controlled load usage	3 500	1 900
Total usage	6 400	6 400
<i>Business comparison - Total usage</i>	6 700	

Residential electricity price comparison

Chart 1 compares the annual electricity bill for residential customers with the notional bills for residential customers in other jurisdictions if they were to use the same amount of electricity as a Tasmanian Typical Customer. The white component indicates a price decrease since the July 2018 comparison.

Chart 1 Residential electricity comparison (standing offer prices)



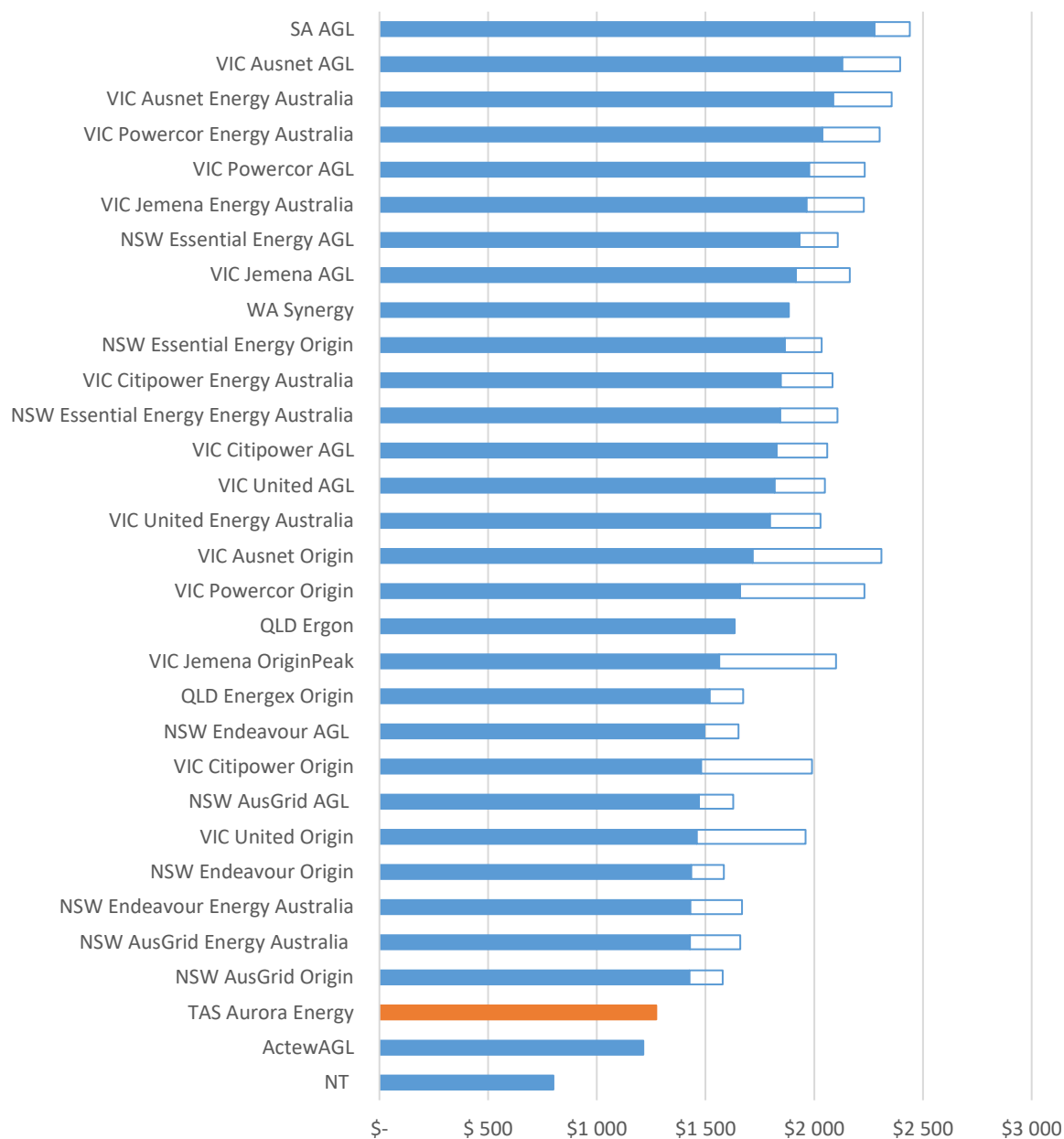
Based on standing offer tariffs and the Typical Customer usage, Aurora Energy's customers' bills are towards the lower end of the comparison. In the July 2018 price comparison report, Aurora Energy was the lowest retailer in the comparison. However, while Aurora Energy's prices have not changed since that time, a number of interstate retailers have reduced their prices effective from 1 January 2019. This has resulted in Aurora Energy being slightly higher in the comparison relative to other retailers.

Additionally, customers in other jurisdictions have lower electricity usage than a Tasmanian Typical Customer. Many customers in other jurisdictions are also likely to be on market contracts, which offer prices that are lower than those offered through standing offer products.

Residential electricity with concession comparison

Chart 2 compares the annual electricity bill for residential customers receiving a concession discount with the notional bills for customers in other jurisdictions if they were to use the same amount of electricity as a Tasmanian Typical Customer. The white component indicates a price decrease since the July 2018 comparison.

Chart 2 Residential electricity comparison (with concession)



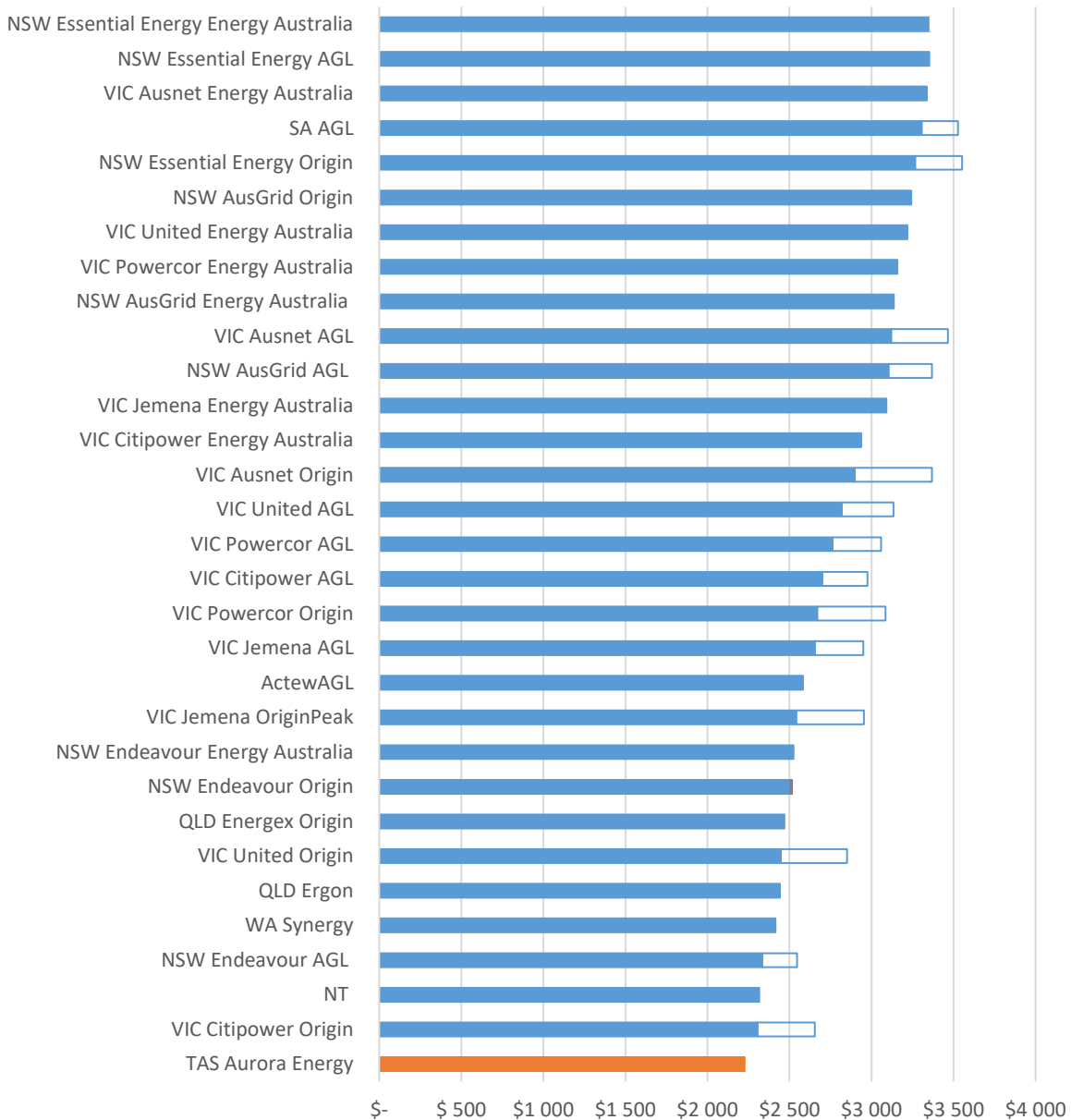
As shown, customers with concession discounts in the Northern Territory are the lowest in the comparison, while those in South Australia are the highest. Aurora Energy customers with a concession are relatively low in the comparison.

The Regulator notes that the current concession discount available in the Australian Capital Territory is a combined utilities discount that relates to electricity, gas, water and sewerage costs. For this comparison, the Regulator has applied the full discount resulting in lower notional bills for Australian Capital Territory customers than would have otherwise been the case.

Business electricity comparison

Chart 3 compares the annual electricity bill for small business customers with the notional bills for customers in other jurisdictions if they were to use the same amount of electricity as a Tasmanian Typical Customer. The white component indicates a price decrease since the July 2018 comparison.

Chart 3 Business electricity comparison



As shown, business customers in Tasmania are currently the lowest of any Australian jurisdiction in the comparison. Business customers in the New South Wales Essential Energy/Origin region are the highest in the comparison. However, many business customers in other jurisdictions are likely to be on market contracts rather than paying standing offer prices.⁴

⁴ Australian Energy Regulator (2017), *Annual Report on Compliance & Performance of the Retail Energy Market 2016–17*.

Gas price comparisons

The Tasmanian gas market is comparatively small compared to other jurisdictions with just 12 993 residential retail customers and 1 035 non-residential/commercial customers (as at 30 June 2018). This means the economies of scale prevalent in most jurisdictions do not exist in Tasmania.

Tasmanian gas prices are unregulated. There are only two Tasmanian reticulated gas retailers, Tas Gas Retail and Aurora Energy, each offering a single residential tariff and a single business tariff.

Links to the gas pricing information used for this comparison are included in Appendix 2.

Residential gas price comparison

The comparison is based on an average Tasmanian residential annual gas usage of 30 000 MJ.⁵ Chart 4 shows the relative annual gas bills across Australian jurisdictions and gas pricing areas. The grey component shows the impact of any price increase since the July 2018 comparison. The white component indicates a price decrease since that comparison.

Residential prices for both Tas Gas Retail and Aurora Energy are slightly higher than most in the comparison. Queensland customers pay considerably more than the average amount at this usage level. However, Queensland gas customers' average usage is much lower than the usage level applied for this comparison.⁶

Business gas price comparison

The comparison is based on the average gas usage by business customers in Tasmania of 430 000 MJ. Chart 5 shows the relative annual gas bills across the different Australian jurisdictions and gas pricing areas. The grey component shows the impact of any price increase since the July 2018 comparison. The white component indicates a price decrease since that comparison.

Tasmanian business gas prices are relatively high when compared to other Australian jurisdictions.

⁵ 3.6 megajoules (MJ) is equivalent to 1 kWh.

⁶ Australian Energy Regulator (2017), *Annual Report on Compliance & Performance of the Retail Energy Market 2016–17*.

Chart 4 Residential gas comparison

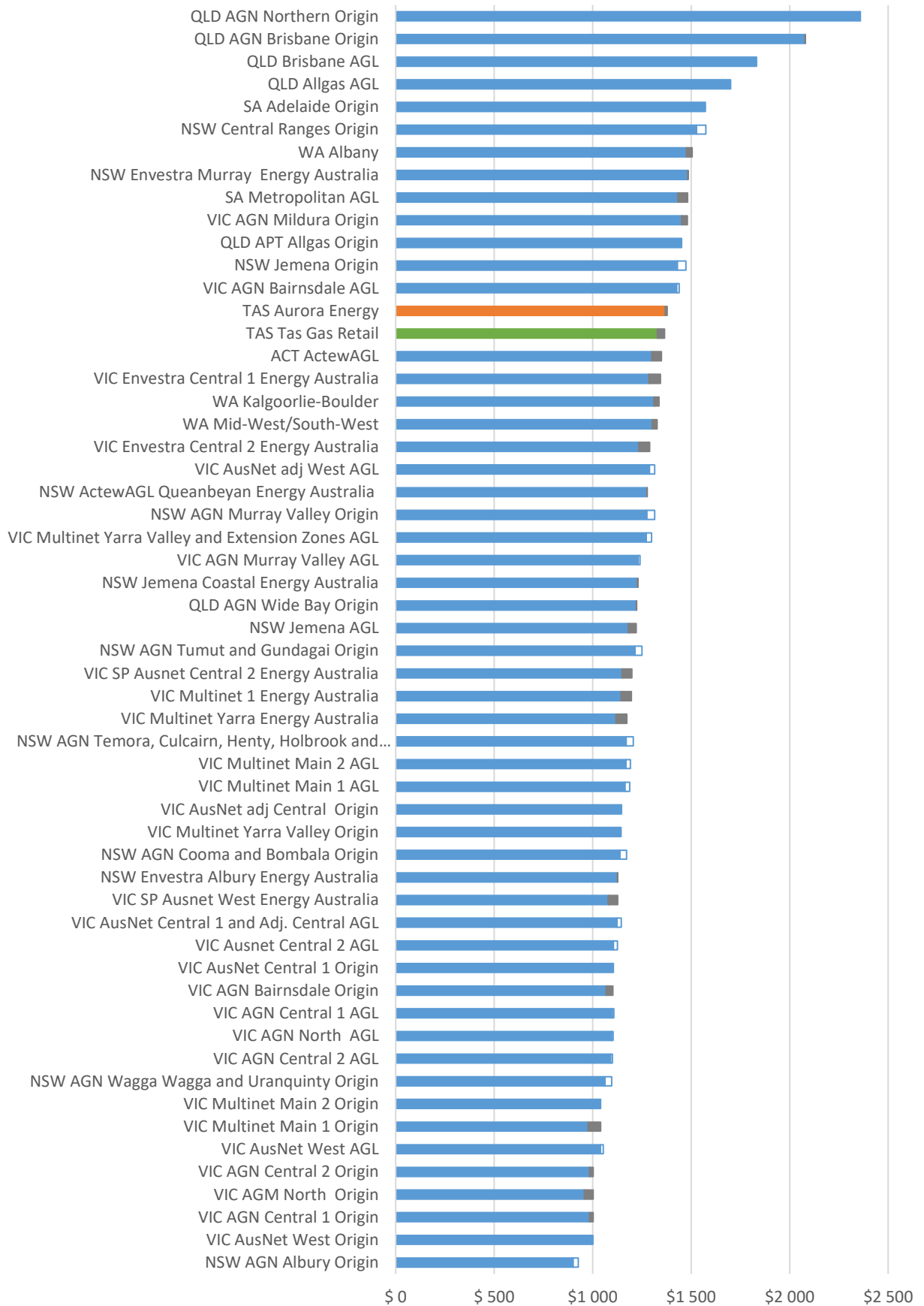
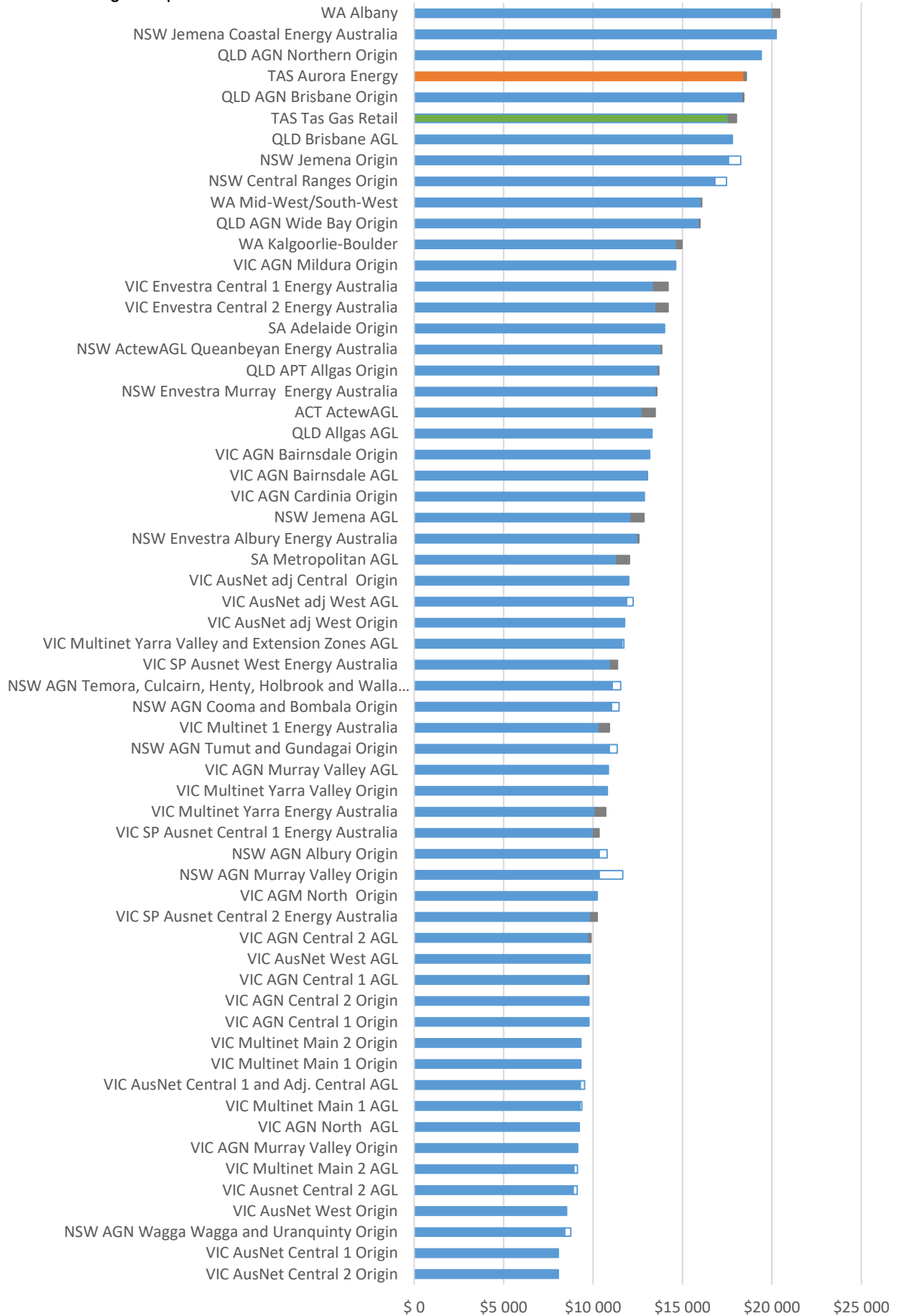


Chart 5 Business gas comparison



Appendix I: Standing offer electricity tariffs used in comparisons

	General Tariff only	General Tariff with Hot water and space heating	General Tariff and Hot water only
<i>Australian Capital Territory</i>			
ActewAGL			✓
<i>New South Wales</i>			
AusGrid AGL		✓	
AusGrid Energy Australia		✓	
AusGrid Origin		✓	
Endeavour AGL		✓	
Endeavour Energy Australia		✓	
Endeavour Origin		✓	
Essential Energy AGL		✓	
Essential Energy Energy Australia		✓	
Essential Energy Origin		✓	
<i>Northern Territory</i>			
Standard	✓		
<i>QLD</i>			
Energex Origin		✓	
Ergon		✓	
<i>South Australia</i>			
AGL			✓
<i>Victoria</i>			
Ausnet AGL	✓		
Ausnet Energy Australia			✓
Ausnet Origin			✓
Citipower AGL	✓		
Citipower Energy Australia			✓
Citipower Origin Peak			✓
Jemena AGL			✓
Jemena Energy Australia			✓
Jemena Origin			✓
Powercor AGL	✓		
Powercor Energy Australia			✓
Powercor Origin			✓
United AGL			✓
United Energy Australia		✓	
United Origin		✓	
<i>Western Australia</i>			
Synergy	✓		

<http://www.actewagl.com.au/Product-and-services/Prices.aspx>

<https://www.agl.com.au/residential/energy-plans/electricity-and-gas-plans/price-and-contract-information/standard-contract-information>

<https://www.auroraenergy.com.au/your-home/electricity/rates-and-charges/standard-electricity-rates-and-charges>

<https://secure.energyaustralia.com.au/EnergyPriceFactSheets/PricingFactSheets.aspx>

<http://www.utilicom.nt.gov.au/Electricity/pricing/Pages/Electricity-Retail-Pricing.aspx>

<https://www.originenergy.com.au/for-home/electricity-and-gas/plans/energy-price-fact-sheets.html?test=t>

<https://www.ergon.com.au/retail/residential/tariffs-and-prices/general-supply-tariffs>

www.treasury.wa.gov.au/Public-Utilities-Office/Business-government-energy-pricing/Electricity-pricing/

Appendix 2: Links to gas pricing information

<http://www.actewagl.com.au/Product-and-services/Prices.aspx>

<https://www.agl.com.au/residential/energy-plans/electricity-and-gas-plans/price-and-contract-information/standard-contract-information>

<https://www.auroraenergy.com.au/your-home/gas/already-with-aurora-gas/rates-and-charges>

<https://www.tasgas.com.au>

<http://www.treasury.wa.gov.au/Public-Utilities-Office/Household-energy-pricing/Gas-pricing/>

<https://secure.energyaustralia.com.au/EnergyPriceFactSheets/PricingFactSheets.aspx>

<https://www.originenergy.com.au/for-home/electricity-and-gas/plans/energy-price-fact-sheets.html?test=t>

Appendix 3: Links to concession information

<http://www.dhs.vic.gov.au/about-the-department/documents-and-resources/reports-publications/victorian-concessions>

http://www.concessions.tas.gov.au/concessions/electricity_and_heating

<http://www.qld.gov.au/community/cost-of-living-support/electricity-gas-rebates/index.html>

<http://www.resourcesandenergy.nsw.gov.au/energy-consumers/financial-assistance/rebates/low-income-household-rebate>

http://www.assistance.act.gov.au/adult/utilities/energy_concession

<https://www.sa.gov.au/topics/care-and-support/financial-support/concessions/energy-bill-concessions>

<https://nt.gov.au/community/seniors/nt-pensioner-and-carer-concession-scheme/concession-amounts>

[http://www.concessions.wa.gov.au/Pages/SearchResults.aspx?Category=Household Bills and Appliances&termId=dd5d08ea-85ad-4818-abe8-42d40becf1cd](http://www.concessions.wa.gov.au/Pages/SearchResults.aspx?Category=Household_Bills_and_Appliances&termId=dd5d08ea-85ad-4818-abe8-42d40becf1cd)

