

Comparison of Australian Standing Offer Energy Prices July 2018

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Published July 2018

ISBN 978-0-7246-5478-9

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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 Aurora Energy's standing offer electricity prices effective 1 July 2018 and gas prices currently offered by Aurora Energy and Tas Gas Retail.

Since the January 2018 comparison report, Aurora Energy's electricity prices increased by 2.05 per cent, while both Aurora Energy's and Tas Gas Retail's gas prices remain unchanged. There have been a number of price changes in mainland standing offer gas and electricity prices.

The comparisons in this report compare 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. However, there have been no changes to assumptions or tariffs from the January 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 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).

¹ *Typical Electricity Customers 2017 Report*

² Australian Energy Regulator (2017), *Annual Report On Compliance & Performance Of The Retail Energy Market 2016–17*.

Apart from differences in price regulation, some interstate tariffs are not directly comparable to Aurora Energy's tariffs. Consistent with the January 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.

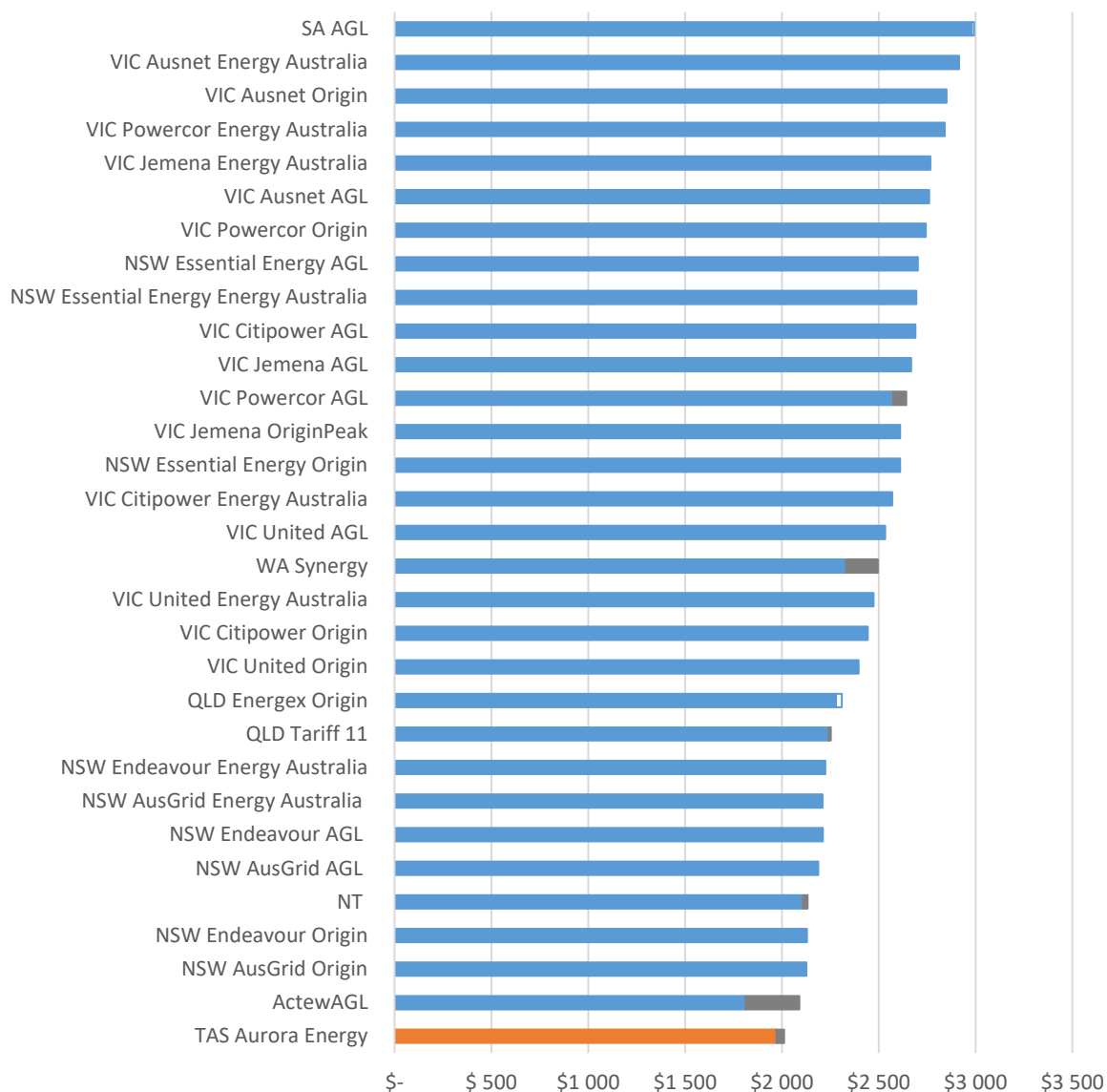
Table 1 Usage assumptions

	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 grey component shows the impact of any price increase since the January 2018 comparison and the white component indicates a price decrease.

Chart 1 Residential electricity comparison (standing offer prices)



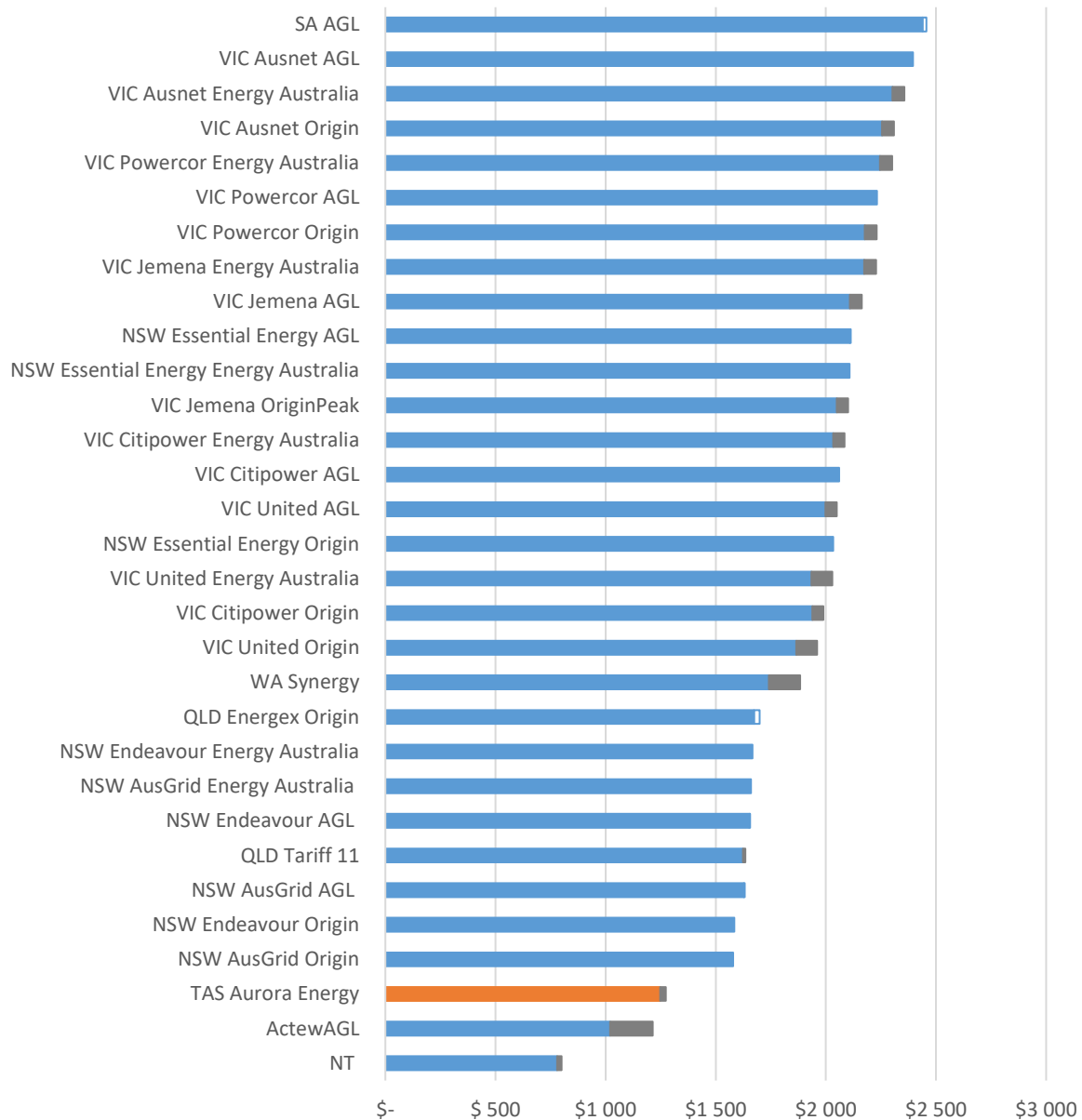
Based on standing offer tariffs and the Typical Customer usage, Tasmanian customers would have the lowest bills in the comparison. However, customers in other jurisdictions have lower electricity usage than a Tasmanian Typical Customer. Moreover, many customers in these jurisdictions are likely to be on market contracts, which may provide discounts below standing offer prices.³

³ Australian Energy Regulator (2017), *Annual Report On Compliance & Performance Of The Retail Energy Market 2016–17*.(Pages 52-86)

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 grey component shows the impact of any price increase since the January 2018 comparison and the white component indicates a price decrease.

Chart 2 Residential electricity comparison (with concession)



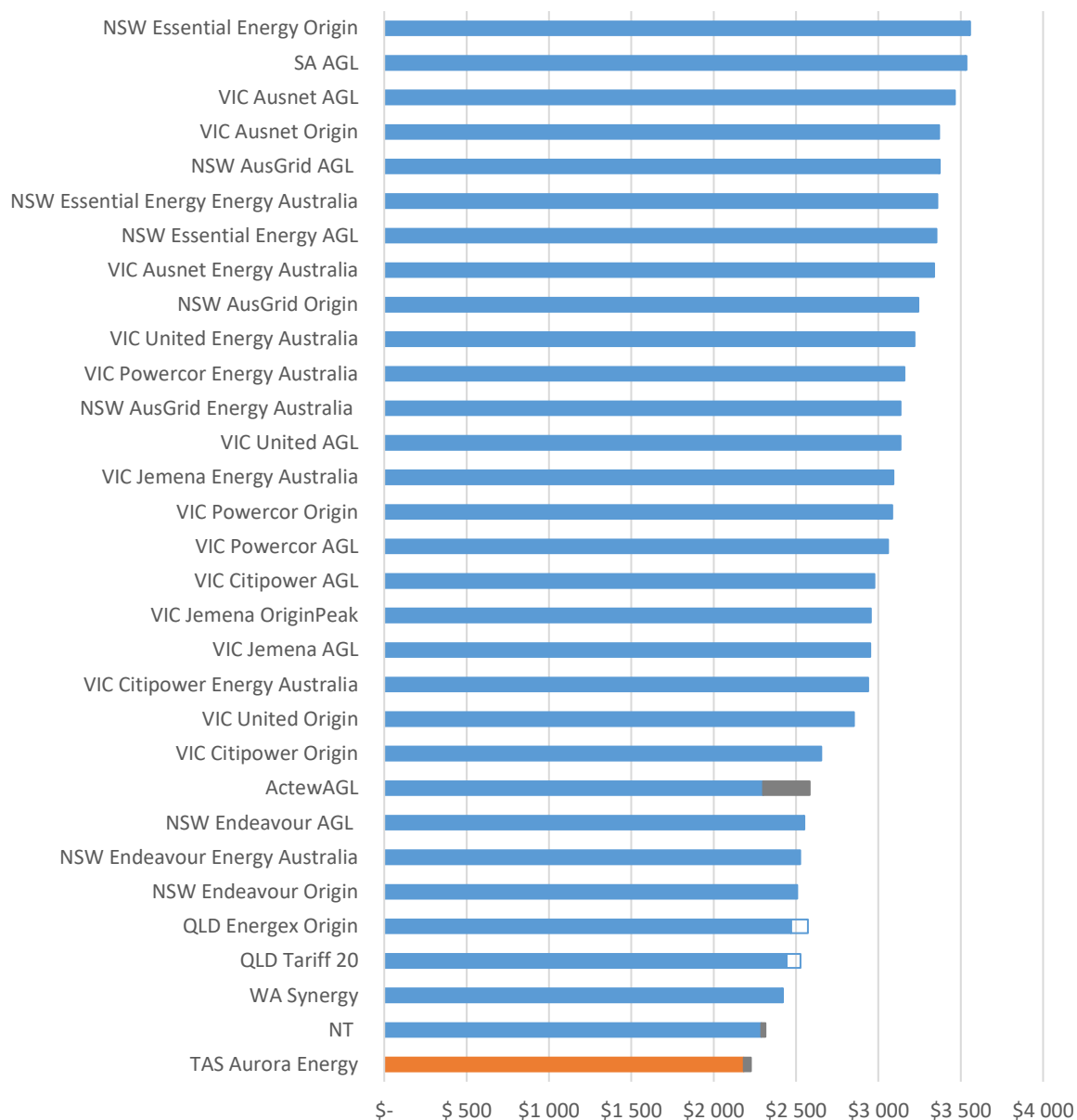
According to the comparison, customers with concession discounts in the Northern Territory pay the lowest annual bills while those in South Australia pay the highest annual bills. Tasmanian Typical Customers with a concession have relatively low bills.

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 to customers' electricity bills resulting in lower 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 grey component shows the impact of any price increase since the January 2018 comparison and the white component indicates a price decrease.

Chart 3 Business electricity comparison



According to the comparison, business customers in Tasmania currently have the lowest annual bills of any Australian jurisdiction. Business customers in the New South Wales Essential Energy/Origin region have the highest annual bills. 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 with just 12 993 residential retail customers and 1 035 non-residential/commercial customers (as at 30 June 2018) compared to other jurisdictions. This means the economies of scale that are prevalent in most jurisdictions do not exist in Tasmania.

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

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 January 2018 comparison and the white component indicates a price decrease.

Residential customers' bills for both Tas Gas Retail and Aurora Energy are slightly higher than most in the comparison. Queensland customers pay considerably more than the average comparison bill 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 January 2018 comparison and the white component indicates a price decrease.

Tasmanian gas customers pay relatively high annual bills when compared to business gas customers in 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 annual cost comparison

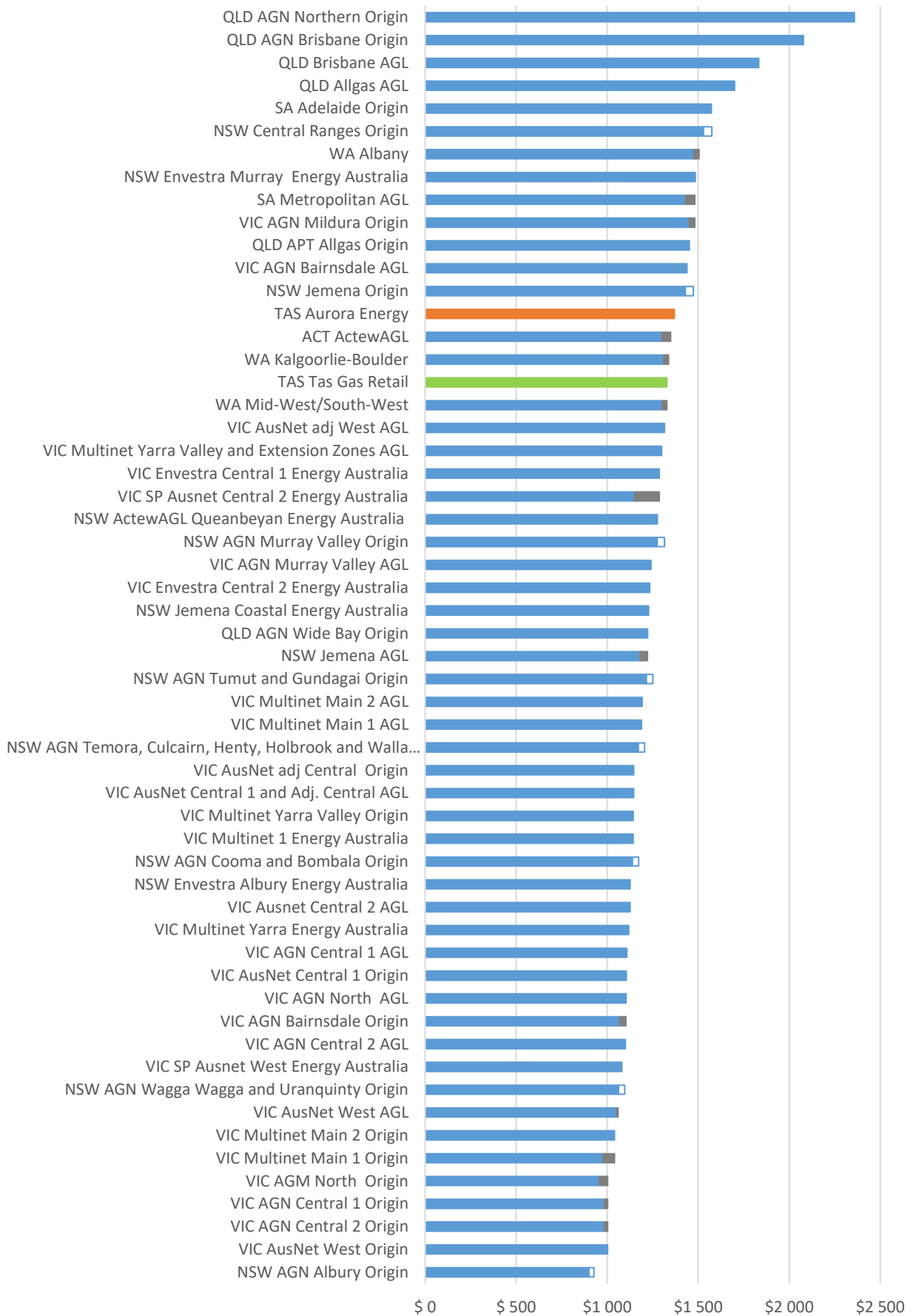
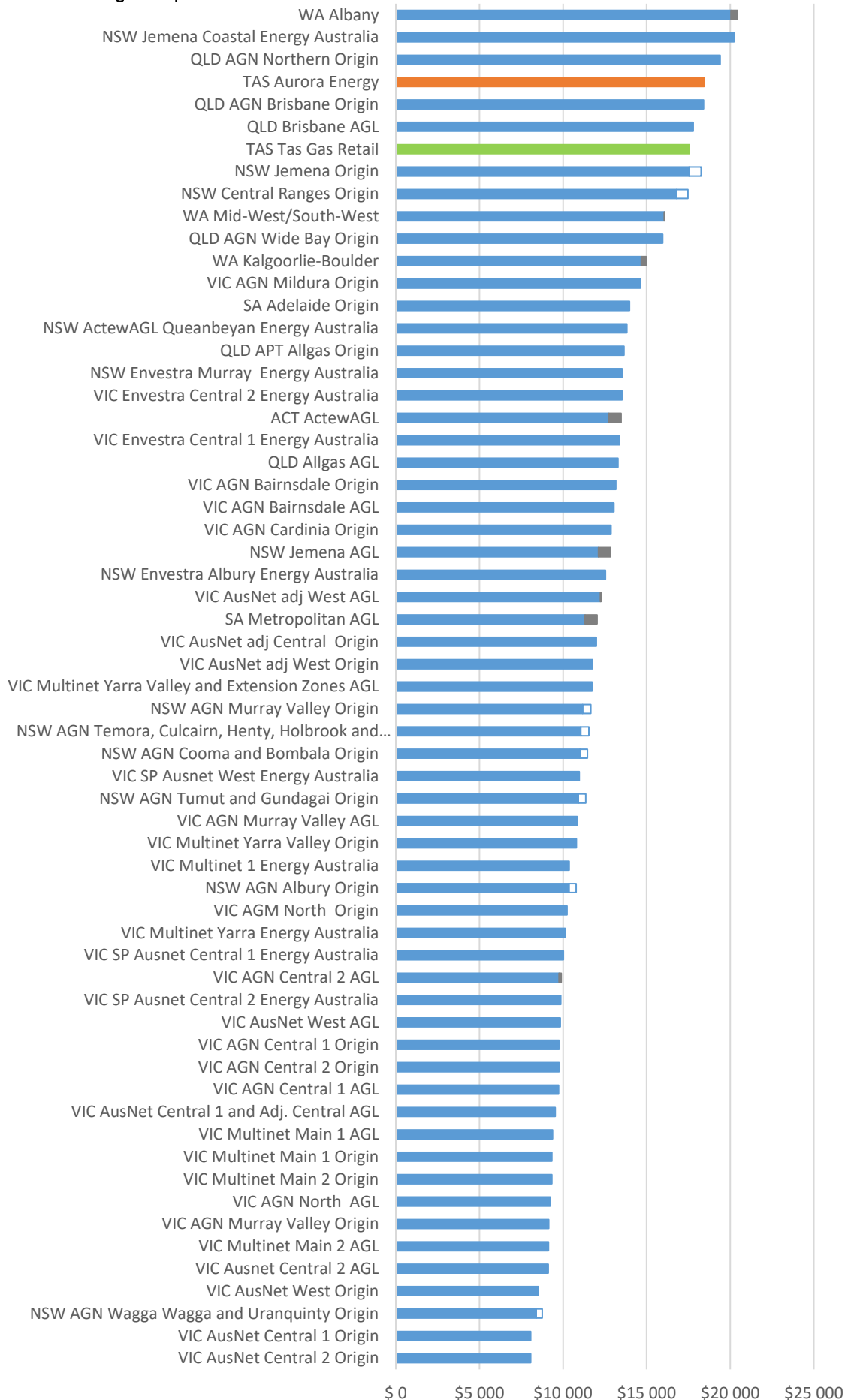


Chart 5 Business gas comparison



Appendix 1: 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>

http://www.treasury.wa.gov.au/Pages/Public_Utilities_Office/Electricity_industry/Electricity_industry.aspx

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/employment-and-finance/financial-support/concessions-and-benefits/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-abeb-42d40becf1cd](http://www.concessions.wa.gov.au/Pages/SearchResults.aspx?Category=Household_Bills_and_Appliances&termId=dd5d08ea-85ad-4818-abeb-42d40becf1cd)

