



**Comparison of 2012 Australian
Standing Offer Energy Prices**

February 2012

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EXECUTIVE SUMMARY

This Report compares natural gas and electricity prices available to small customers¹ across Australian states under a regulated tariff or standing offer contract, as at 1 January 2012. The Report also examines the prices paid by customers entitled to a concession and, for Tasmanian customers, the extent to which concessions mitigate against price rises. Note that the comparisons are based on January 2012 prices available in Victoria, July 2011 prices available in Tasmania and July/August 2011 prices in New South Wales, South Australia, Queensland, Western Australia, the Australian Capital Territory and the Northern Territory.

The Report shows that for Tasmanian residential customers at January 2012:

- low consumption electricity customers pay prices that are in the mid to high range of residential prices available in Australia, while low consumption customers eligible for a concession pay prices that are comparable with those available in other states;
- low consumption natural gas customers pay prices that are amongst the lowest in the country;
- electricity prices remain in the mid range for customers with average or high consumption, and customers with very high consumption pay prices that are below the national average, although this is largely dependent on the consumption split between various tariffs, such as Hot Water and Light and Power tariffs; and
- electricity customers entitled to receive a concession pay prices in the mid range of those available in Australia.

The Report also shows that from January 2012:

- Tasmanian electricity business customers on regulated tariffs² pay business rates that are competitive with those available in other states;
- Tasmanian business customers with consumption above 20 MWh per year and a high load factor (above 30 per cent) pay a lower rate on the low voltage demand tariff compared to the general business tariff; and
- Commercial gas prices in Tasmania appear to be in the upper band of natural gas business rates available in Australia.

¹ Customers who consume up to 150 MWh per annum.

² Business customers that consume less than 50 MWh per annum are on regulated tariffs. Those that consume between 50 and 150 MWh can enter a market contract or remain on a regulated tariff.

1 INTRODUCTION

This Report provides an overview of the pricing environment in both the electricity and gas retail markets for the first half of 2012, updating information presented in the *Comparison of 2011 Australian Standing Offer Energy Prices Report*, July 2011. The Report reflects:

- standing offer retail tariffs in Victoria from 1 January 2012;
- the regulated electricity tariffs approved by the Tasmanian Economic Regulator for Tasmania from 1 July 2011 for non-contestable customers;
- regulated electricity tariffs in Western Australia, the Australian Capital Territory, Northern Territory, New South Wales and Queensland from 1 July 2011; and
- standing offer retail tariffs in South Australia as at 1 August 2011.

This is the most recent in a series of reports that OTTER produces six monthly to inform electricity and gas consumers.

The electricity section compares prices in Tasmania and mainland states paid by residential customers from 1 January 2012, including a comparison of prices taking into account concessions available in each state. The section also compares prices paid by small business customers from 1 January 2012. A comparison between Tasmanian Aurora Pay As You Go prices and regulated tariffs is available on the website of the Office of the Tasmanian Economic Regulator (OTTER) in a separate paper.³

The natural gas section compares prices prevailing in Tasmania and mainland states for both residential and business consumers from 1 January 2012.

³ OTTER, *2011 Aurora Pay As You Go price comparison report (rates from 1 July 2011)*, July 2011.

2 ELECTRICITY

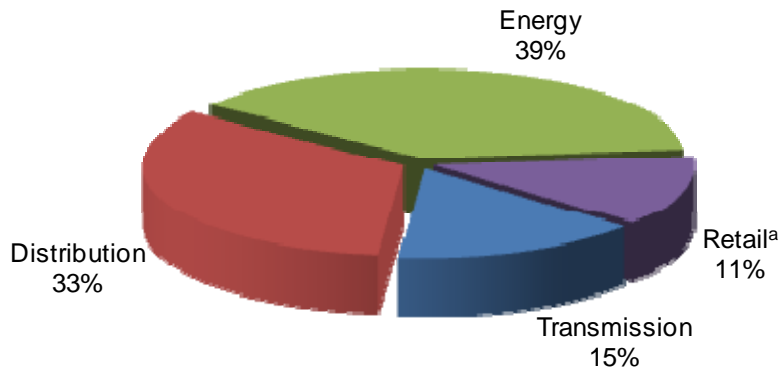
Since the Regulator's last price comparison report in July 2011, only Victorian electricity prices have increased. Typically, the industry reviews and adjusts standard energy charges every six to 12 months.

On 1 January 2012, Victorian standing offer prices increased on average by around 9.2 per cent.

On 10 June 2011 the Regulator approved Aurora Energy's retail tariffs for the period 1 July 2011 to 30 June 2012 in accordance with the Regulator's 2010 Price Determination.⁴ Tasmanian non-contestable customers experienced average price increases of 11 per cent on 1 July 2011. At the time of the 2010 Price Determination, an increase of around 8.7 per cent was projected on 1 July 2012.⁵

The following comparisons use the approved regulated tariffs for Tasmania, Western Australia and the Northern Territory and the approved standing offer prices for the major retailers in Victoria, South Australia, New South Wales and the Australian Capital Territory.

Figure 2.1: Price components of a typical electricity bill⁶



^a Includes costs of Renewable Energy Certificates and Australian Energy Market Operator market charges

For the average customer on a retail tariff, the breakdown in costs is approximately 39 per cent for the cost of energy (generation), 15 per cent for the transmission of electricity, 33 per cent for the distribution of electricity and 11 per cent for the electricity retail service.⁶ These numbers are approximate and differ slightly for each tariff, but give a reasonable indication of the impact that each part of the industry has on a consumer's electricity bill.

⁴ OTTER, *Declared electrical services pricing determination*, October 2010.

⁵ The actual increase will depend on the outcome of the current Australian Energy Regulator (AER) investigation of distribution prices and the impact of the proposed carbon tax on wholesale energy prices.

⁶ Percentages have been rounded to the nearest whole percent.

2.1 Residential

2.1.1 Interstate comparisons

Comparison of interstate electricity prices is not straightforward, and requires consideration of the factors that characterise each market. The prices in each state reflect local cost structures, the nature of the energy market (in particular the take up of natural gas by customers), the regulatory environment and differing weights placed on fixed (daily) charges and variable (consumption-related) charges.

When comparing prices in Tasmania with those of mainland states, the following factors must be taken into account:

- Mainland states, where thermal generation predominates, have a distinct differential between peak and off-peak energy costs reflecting the fact that those systems are capacity constrained. Hence there are relatively cheaper off-peak retail rates compared to those offered by Aurora. The Tasmanian system is energy constrained (that is, constrained by water storage levels). Thus there is less reason for significant differences between peak and off-peak energy prices.
- Due to the comparatively low off-peak rates in the mainland states, off-peak (with or without any-time boost) is the most economical option in those states for electric water heating. There is comparatively less difference between the Aurora any-time hot water rate and the Aurora off-peak rate.
- Tasmanian average residential consumption is higher than that in other states due to the low penetration of natural gas and the colder weather which results in a higher space heating load. However, Tasmania has a high penetration of wood heaters and comparatively little demand for air conditioning, although this is changing.
- Tariff structures differ between states. Most Tasmanian residential tariffs have a higher fixed (daily) charge and a lower variable (consumption-related) rate. Hence for many Tasmanian residential customers, the average incremental energy rates are lower than the equivalent average incremental energy rates in other states.

About six per cent of Tasmanian standard tariff customers take supply under just the Light and Power tariff (Tariff 31), while around 83 per cent take supply under a combination of Light and Power and Hot Water tariffs (Tariff 41 or Tariff 42). Only about 11 per cent take supply under an Off-Peak tariff (Tariff 61 or Tariff 62) either in addition to, or as a substitute for, the Hot Water tariff. By comparison, water heating in parts of the mainland would usually be either gas or electricity at off-peak rates (available at around nine cents per kilowatt hour (kWh) in New South Wales, nine to 13 cents per kWh in Queensland, and 11 to 16 cents per kWh in Victoria) rather than at the standard rate of around 15 cents per kWh hot water rate in Tasmania.

The use of solar hot water heaters has increased dramatically in other states due to government programs that offer incentives for residential customers to install solar and gas-boosted solar hot water systems. In Queensland, the phasing-out of electric hot water systems means that residential customers must choose from gas, solar or heat pump options.

It is therefore difficult to draw conclusions from simple direct comparisons between prices in each state. By looking at publicly available tariffs and calculating resulting prices across a range of consumption levels, it is possible to estimate the range of prices (average cents per kWh) that customers could reasonably expect to pay in each state.

To demonstrate the varying price per unit paid by low and high consumption customers due to the mix between fixed and variable charges, OTTER uses a methodology that produces price curves for a range of commonly used electricity tariff combinations (outlined in the Appendix), plotting average cost per unit of energy against consumption. The average cost is calculated based on the total quarterly bill, including all fixed and variable charges, divided by consumption. The average cost per kWh therefore represents the average price paid per kWh at any given level of consumption. This method takes into account the consumption split between tariffs (ie standard and off-peak) and the average consumption level as well as the different fixed and variable charges in each state.

Importantly, the prices selected are the approved residential standing offer or regulated prices for each state, noting that in states where retail markets are fully contestable, customers may have access to cheaper products than the approved standing offers.⁷ Average residential consumption levels vary between states. Consumption has been 'normalised' to enable comparison of households with similar consumption. This approach identifies the annual average residential electricity use for each state and normalises the range of consumption to between 20 per cent and 300 per cent of average consumption. This allows comparison of 'low' and 'high' consumption customers across states despite the actual consumption of these customers varying considerably (eg a 'low consumption' customer in Tasmania may consume more than a 'low consumption' customer in Western Australia owing to a higher dependence on electricity for necessities such as heating). The variation in average annual residential consumption between states is shown in the Appendix.

Figure 2.2 and Figure 2.3 show the range of costs per unit consumption (cents per kWh) for common residential tariffs across Australia (shaded area) available as at 1 January 2012 and indicate where Tasmania's regulated tariffs sit within that range. **Note that the scale begins at 10 cents per kWh in these figures.**

Figure 2.2 normalises consumption on the basis of percentage of state average residential consumption, while Figure 2.3 shows actual annual consumption on a cents per kWh basis, representing the range of prices available nationally.

⁷ Approved standing offer prices are the default contract prices for customers, in accordance with a price determination made by the Regulator.

Figure 2.2: Average residential electricity cost per kWh as at 1 January 2012 – normalised consumption

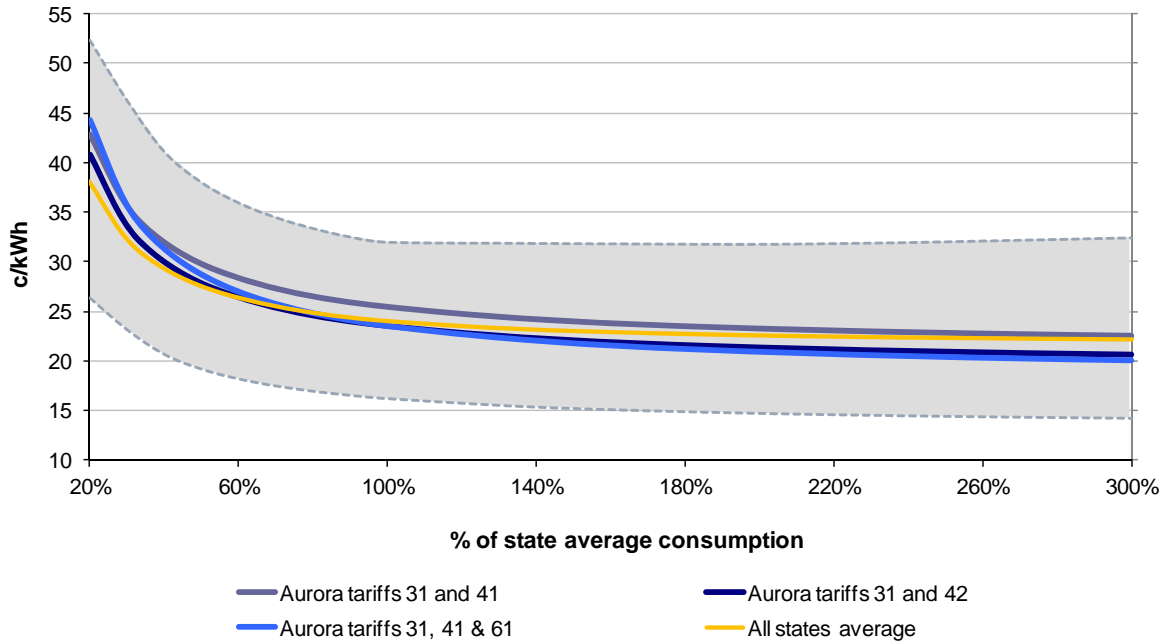


Figure 2.3: Average residential electricity cost per kWh as at 1 January 2012 – actual consumption up to 30 000 kWh per annum, national price range

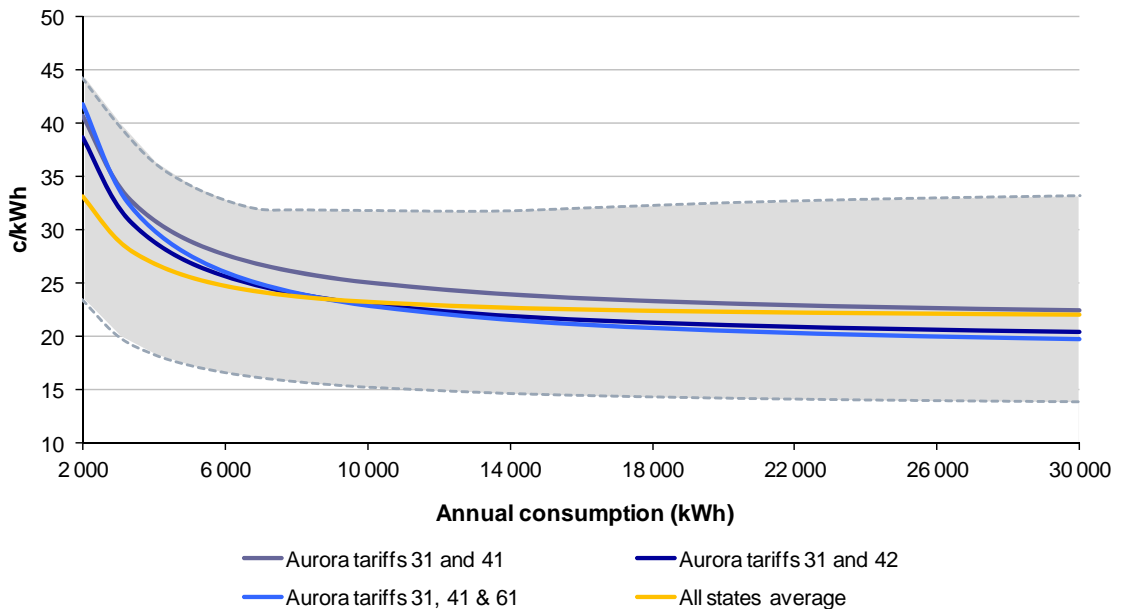
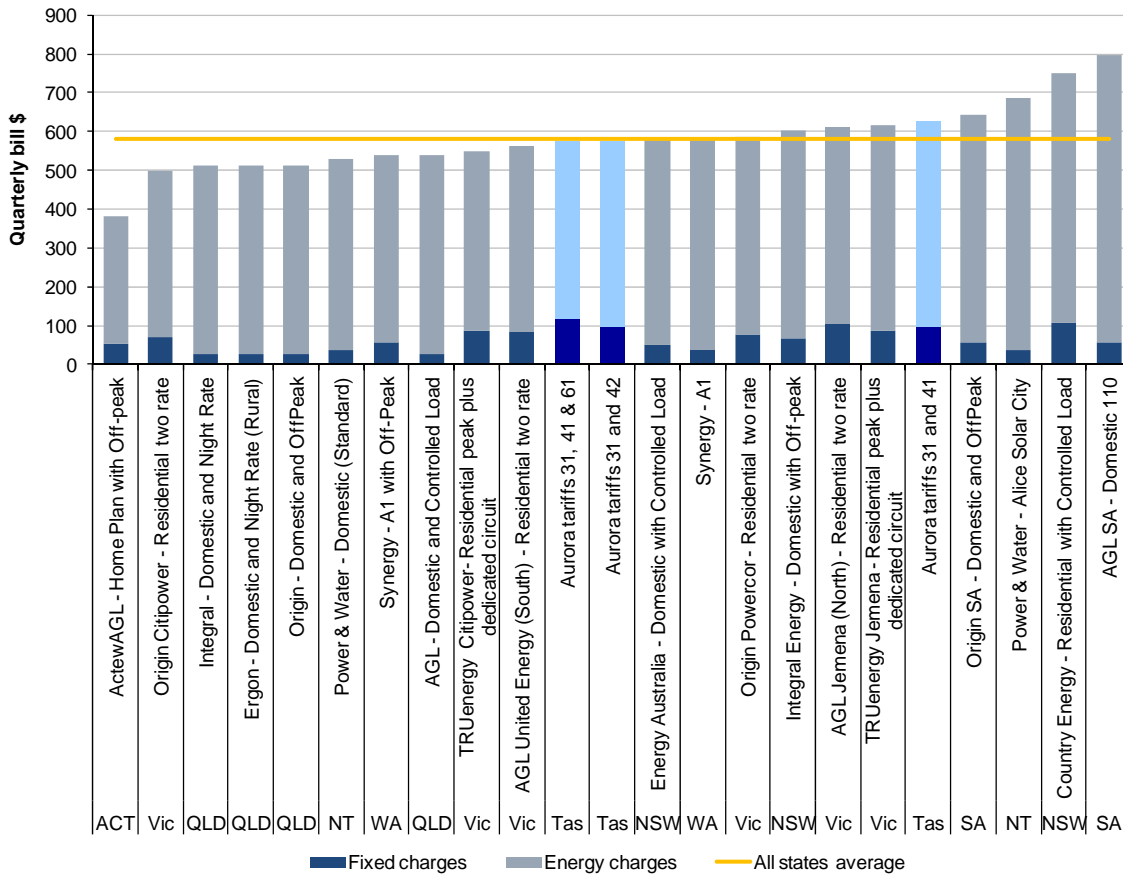


Figure 2.2 and Figure 2.3 illustrate that for Tasmanian residential tariff customers with low consumption, that is, at around 50 per cent of the Tasmanian State average consumption, the average cost for their electricity is between 27.8 cents per kWh and 29.8 cents per kWh, which is in the mid to high range experienced across Australia. High consumption customers, at 200 per cent of the Tasmanian State average consumption, pay an average cost of between 20.9 cents per kWh and 23.3 cents per kWh, which is in the mid range of prices experienced across Australia.

Figure 2.3 particularly demonstrates that at consumption levels below 10 000 kWh per annum, Tasmanian prices are well above the national average (10 per cent higher than average), while at high consumption levels above 10 000 kWh per annum, Tasmanian electricity costs are comparable to the national average. For the typical Tasmanian customer, whose consumption is around 9 055 kWh per annum, electricity costs are around three per cent higher than the national average. However, this is largely dependent on the consumption split between tariffs, as demonstrated by the fact that in this comparison, prices for the tariffs 31 and 41 combination (40:60 split) remain above the national average, even at high consumption levels, while prices for the tariffs 31 and 42 combination (40:60 split) dip below the national average at consumption levels above 10 000 kWh per annum.

Figure 2.4 shows the calculated quarterly bill for selected tariffs from 1 January 2012, for a typical customer consuming 10 000 kWh per annum. It shows that customers in Tasmania, with this level of consumption, are paying the same as, or up to \$45 more per quarter than the national average, depending on their tariff combination. Customers in the Australian Capital Territory, Victoria and Queensland enjoy amongst the lowest quarterly electricity bills at this level of consumption. In Tasmania, the fixed charge component of a customer’s electricity bill at 10 000 kWh per annum is around 18 per cent of the total charges while in other states, the fixed charge component is around ten per cent.

Figure 2.4: Quarterly bill amount from 1 January 2012 – fixed and variable (consumption-related) charges at 10 000 kWh per annum



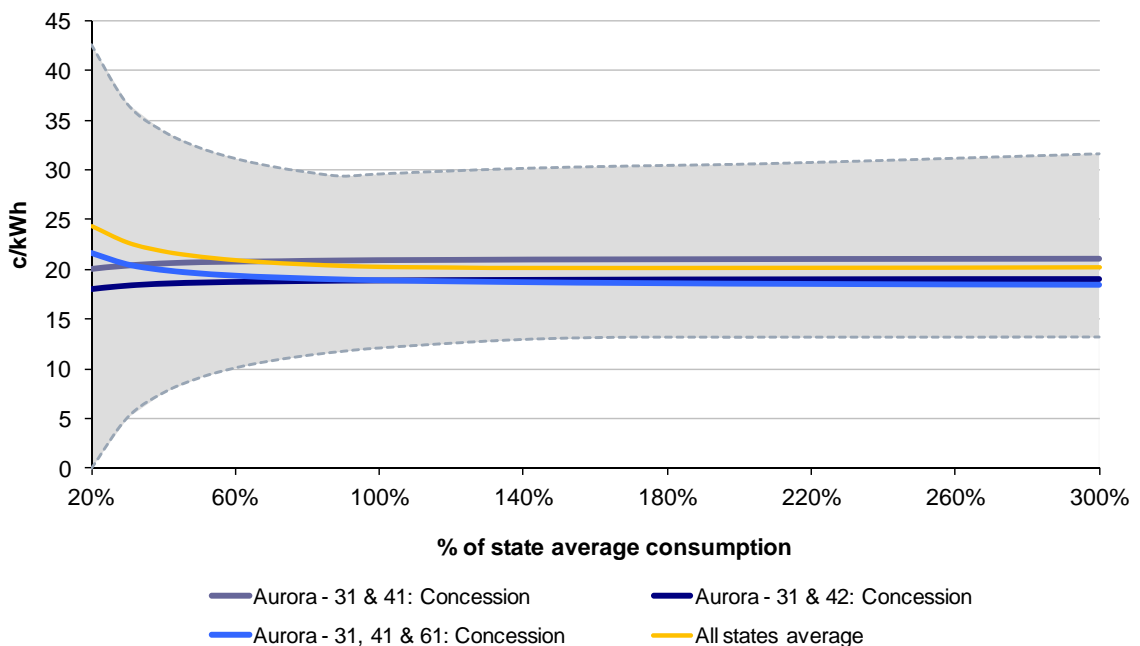
2.1.1.1 Concessions

There are a range of concession schemes available around Australia that provide for reduced electricity charges for pensioners and other concession card holders. From 1 July 2011, Tasmanian Pensioner Concession Card and Health Care Card holders received a rebate of 111.70 cents per day for the fixed charge component of Tariff 31.⁸ This equates to a concession of \$407.71 per annum, which is one of the most generous concessions available in Australia. Eligibility for concessions is generally broader in Tasmania than in other states, with around one in three residential customers receiving the concession. A summary of the concessions available in each state is provided in the Appendix.

Figure 2.5 and Figure 2.6 demonstrate the range of major retailers' standing offer prices available to residential customers across Australia, taking account of any concessions as at 1 January 2012.

Figure 2.5 normalises consumption on the basis of percentage of state average residential consumption, while Figure 2.6 shows annual consumption on a kWh basis.

Figure 2.5: Average residential concession cost per kWh from 1 January 2012 – normalised consumption



⁸ Tasmanian concessions are indexed by the average percentage increase in the retail tariffs for the relevant period.

Figure 2.6: Average residential concession cost per kWh from 1 January 2012 – actual consumption, up to 30 000 kWh per annum

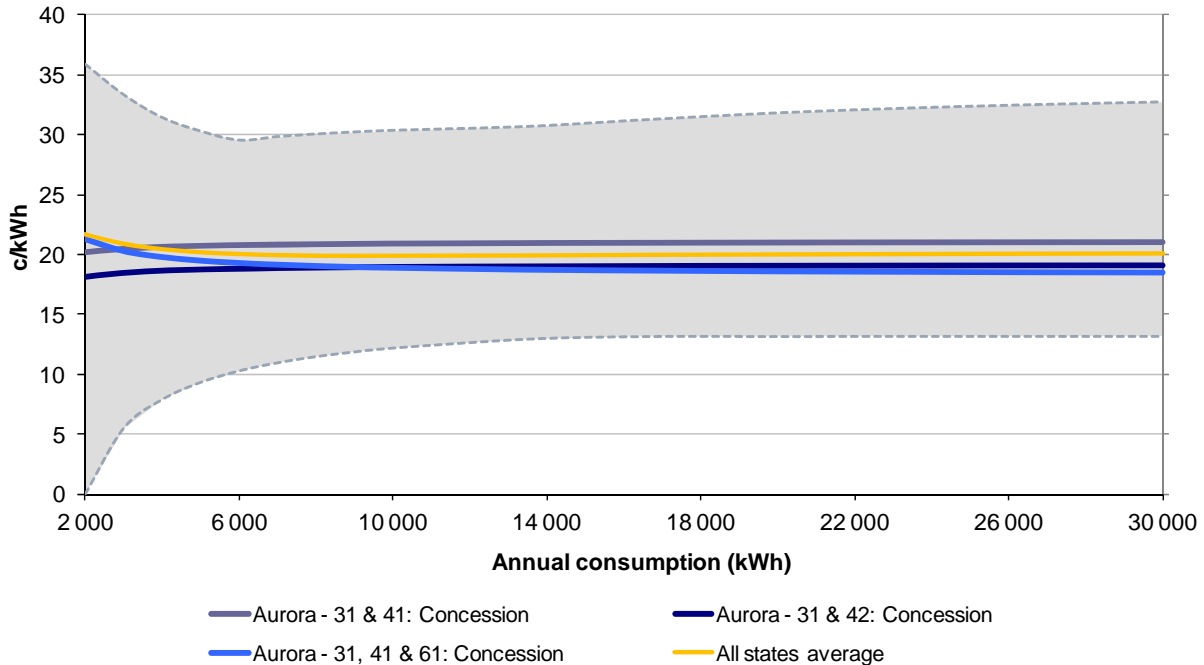


Figure 2.5 and Figure 2.6 illustrate the effect the Tasmanian concession has on reducing the impact of the fixed charge component of the tariffs, thereby flattening the curve at the low end of consumption and reducing prices. As such, Tasmanian concession customers experience electricity costs that are in the mid-range across Australia at consumption levels that are 50 to 200 per cent of state average consumption. Concession customers in the Northern Territory and the Australian Capital Territory enjoy the lowest average electricity prices. For Tasmanian concession customers with average annual consumption, the concession lowers the average price to between 18.9 and 20.9 cents per kWh.

2.2 Business

2.2.1 Interstate comparisons

It is difficult to compare prices for business customers⁹ because of the different stages of contestability (and hence access to price information) between states. All business customers are now contestable in New South Wales, Victoria, South Australia and the Australian Capital Territory but have standing offer tariffs and/or other arrangements in place. Queensland has adopted full retail contestability with some safety net tariffs remaining in place. In 2009, Victoria removed all price caps on retail electricity prices, although retailers are obliged to have standing offers.

Contestable customers may take supply under individual contracts with retailers rather than under published tariffs. There is no public disclosure of current contract

⁹ Business customers who consume up to 150 MWh per annum.

prices. The Energy Supply Association of Australia (ESAA) has ceased to provide estimates of contestable prices due to the difficulty in obtaining contract prices. The following analysis has been undertaken using publicly available tariffs. However as noted, these may not represent the prices actually available under contracts.

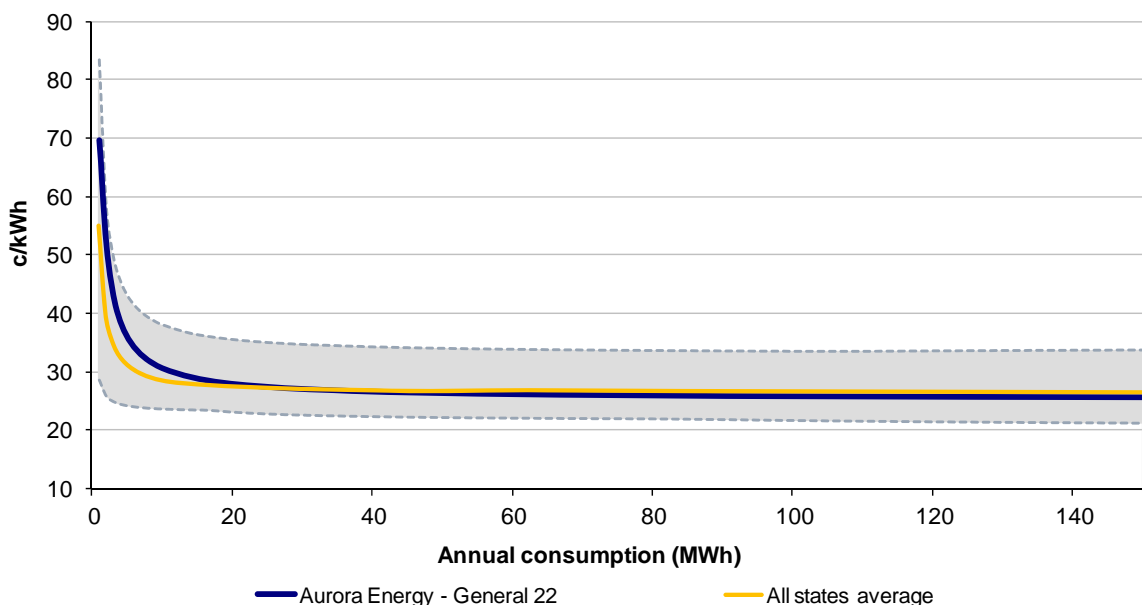
The price curves developed for small business customers follow a similar methodology to that used for residential customers, with the following exceptions:

- consumption was not normalised across states, as there is less variability in the 'typical' business consumption between states, being more a result of the nature of commercial activity rather than local factors; and
- a consumption range was chosen that represents Tasmanian small business customers¹⁰, 1 MWh per annum to 150 MWh per annum.

Figure 2.7 and Figure 2.8 show the range of prices per unit of consumption (cents per kWh) for common business tariffs available in Australia (shaded) from 1 January 2012, and indicates where Aurora Energy's general business tariff fits within that range. **Note that the scale begins at 10 cents per kWh in these figures.**

Figure 2.8 focuses on customers at the low end of consumption to highlight the price curve and the impact of the fixed charge component of the tariffs. At higher consumption levels, the price per unit converges with the marginal energy rate.

Figure 2.7: Average business electricity prices per kWh as at 1 January 2012, national price range - consumption up to 150 MWh per annum



¹⁰ Tasmanian business customers that consume more than 150MWh are contestable and cannot access regulated tariffs.

Figure 2.8: Average business electricity prices per kWh as at 1 January 2012, national price range – consumption up to 40 MWh per annum

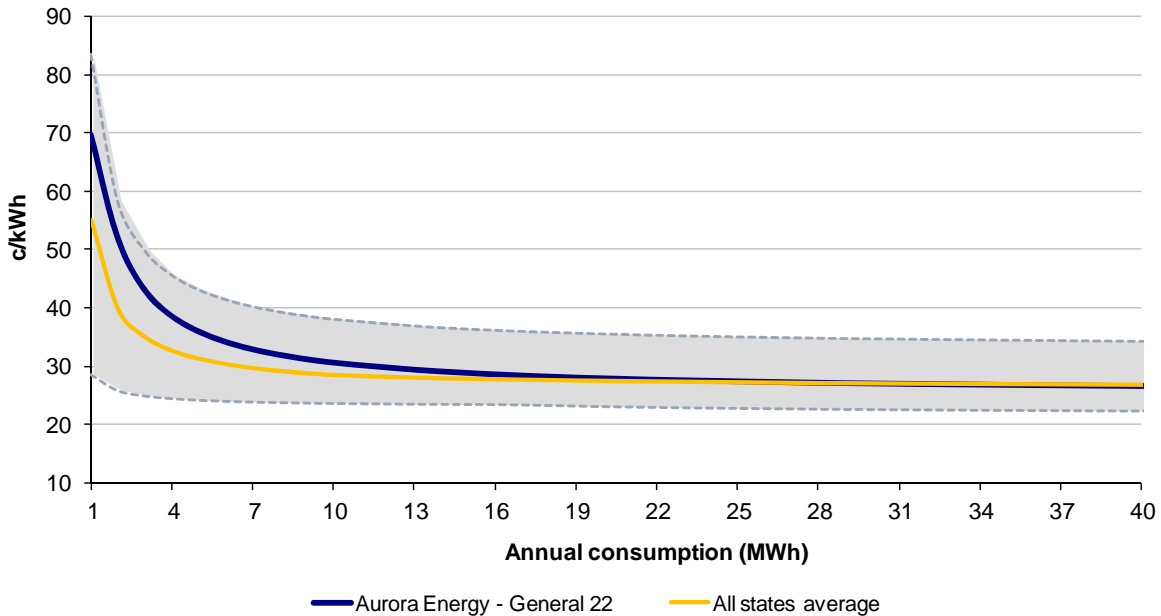


Figure 2.7 shows that at consumption levels between 50 and 150 MWh per year, Tasmanian business customers will pay between 23.0 and 23.6 cents per kWh, a rate that is in the mid-range of prices available nationally.

Figure 2.8 illustrates that Tasmanian business customers consuming up to 5 MWh per annum (approximately \$450 per quarter) pay rates of around 36 cents per kWh. However, very few customers would have this low level of consumption. Business customers that consume between 20 MWh per annum (approximately \$1 390 per quarter) and 40 MWh per annum (approximately \$3 280 per quarter) pay prices between 26 cents per kWh and 28 cents per kWh, which is less than two per cent higher than the average price available across Australia. At higher consumption levels, business customers that have an annual electricity usage of at least 60 MWh pay a rate that is competitive with prices available nationally.

2.2.2 Tasmanian business tariff comparisons

This section examines prices for Tasmanian business customers on the range of available regulated business tariffs. Tariffs used in the comparisons have not changed since 1 July 2011, hence the information presented in this section is unchanged from the previous comparison report.

On 1 July 2011, Tasmanian business customers with electricity consumption above 50 MWh a year became contestable. That is, those customers whose electricity bills are between around \$10 000 and \$40 000 a year, are now able to negotiate a market contract with their chosen electricity retailer. This includes businesses such as bakeries, take-away food outlets, large restaurants, mechanical workshops and medium-sized offices. Unlike other contestable business customers, these customers are still able to access tariffs regulated by the Tasmanian Economic Regulator.

Figure 2.9 and Figure 2.10 show comparative price curves for business tariffs available in Tasmania by showing the range of prices per consumption unit (cents per kWh) of Aurora's Tariff 22 (business general supply) compared to Tariff 82 (industrial low-voltage demand) at various load factors.

The load factor is the ratio of average demand to peak demand, calculated as:

$$\frac{\text{energy (kWh)}}{\text{peak load (kW)} \times \text{period (hours)}}$$

A low load factor means that there is occasionally high peak demand. To service that peak, capacity sits idle for long periods of time and thus imposes higher costs. A high load factor indicates that power usage is constant, resulting in lower costs, relative to a low load factor at the same consumption level.

Figure 2.9 shows consumption up to 50 MWh per annum to accentuate the price curve at low consumption levels. Figure 2.10 shows the price curves for consumption up to 150 MWh per annum.

Figure 2.9: Comparison of Tasmanian business tariff offerings, consumption up to 50 MWh per annum, as at 1 January 2102

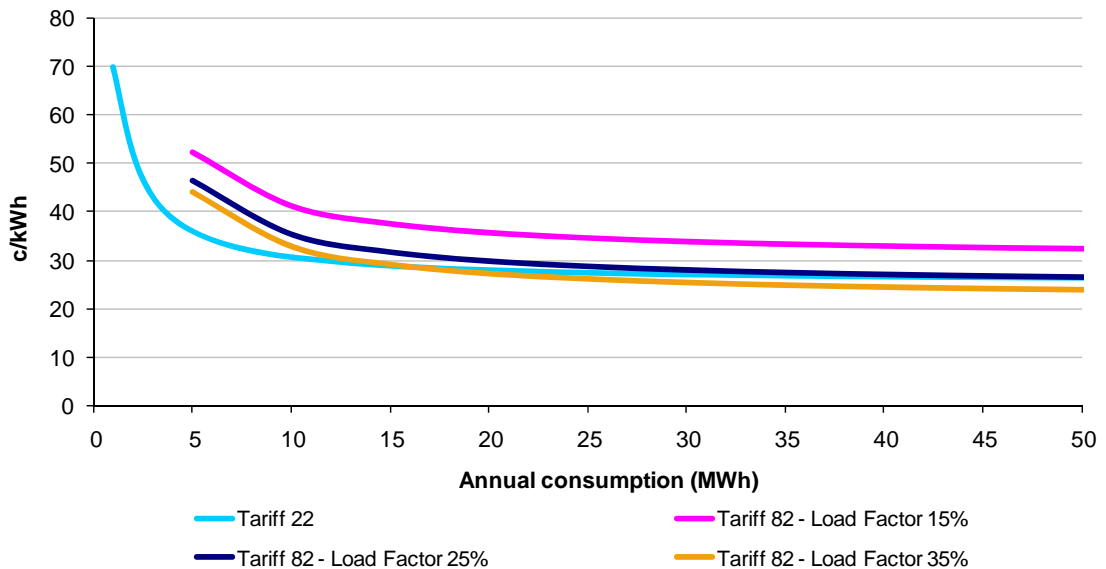


Figure 2.9 illustrates that for annual consumption less than 20 MWh, Tasmanian business customers experience a lower cost per consumption unit on Tariff 22 than on Tariff 82 at load factors ranging from 15 to 35 per cent. For consumption over 20 MWh per annum, the price per unit of consumption for Tariff 22 is lower than Tariff 82 at a load factor of 15 per cent.

Figure 2.10: Comparison of Tasmanian business tariff offerings, consumption up to 150 MWh per annum, as at 1 January 2012

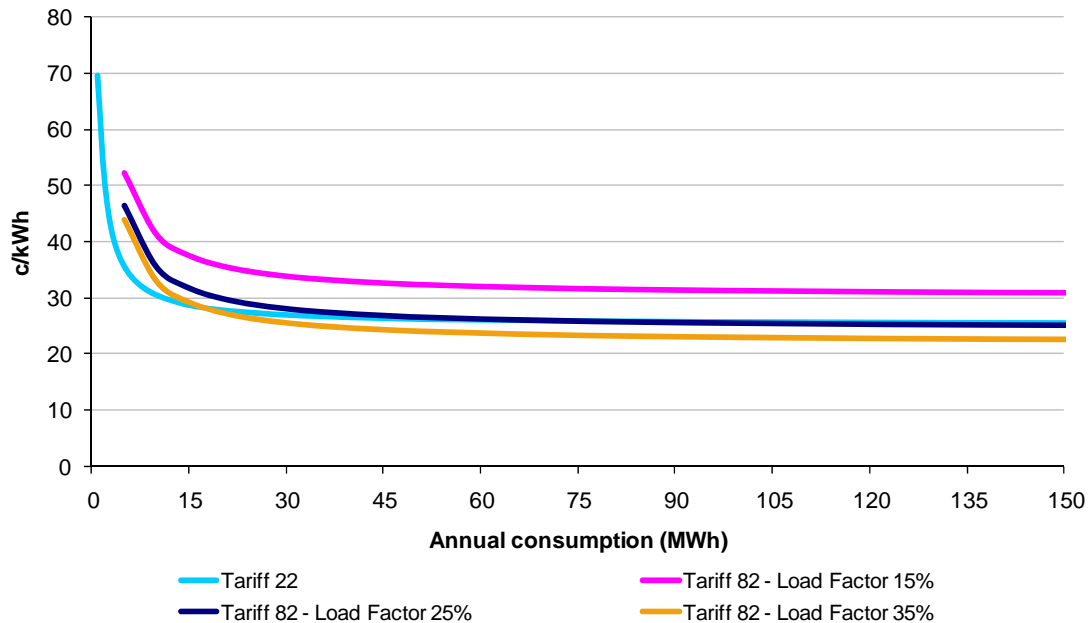


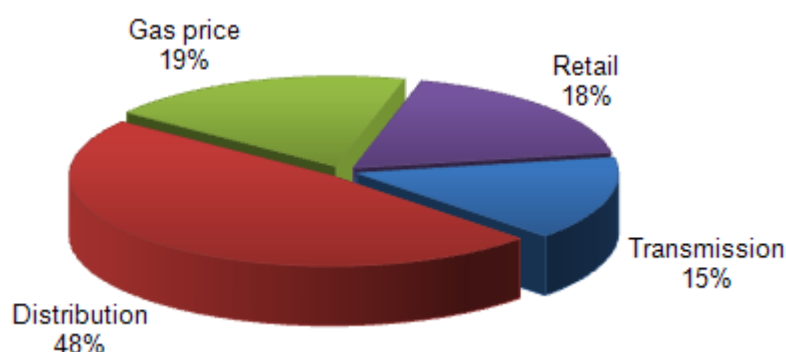
Figure 2.10 shows that business customers on Tariff 82 with a low load factor of 15 to 25 per cent, pay higher prices than those on Tariff 22, for consumption up to 40 MWh per annum. At higher consumption levels, business customers will pay a lower price per unit of energy consumed on Tariff 82 if their load factor is 25 per cent or higher.

This indicates that business customers with constant power usage (load factor above 25 per cent) may save up to 2.5 cents per kWh on a low voltage demand tariff compared to the general tariff. At lower load factors (less than 25 per cent), business customers pay around 5.5 cents less per MWh on Tariff 22 than those on a low voltage demand tariff (Tariff 82).

3 NATURAL GAS

For the average customer on a reticulated natural gas retail tariff, the breakdown of costs is approximately 19 per cent for the cost of the energy (gas price), 15 per cent for transmission of the gas, 48 per cent for gas distribution and 18 per cent for the gas retail service. These numbers are approximate and differ for each tariff, but give a reasonable indication of the impact that each part of the industry has on the customer's final bill.

Figure 3.1: Price components of a typical natural gas bill



The gross retail margin for Tasmanian natural gas retailers of 18 per cent includes the 'cost to serve' component incurred by the retailer. The Tasmanian net retail margin appears to be similar to the net retail margin in Victoria.

The following comparisons use gas tariffs and standing offers available from 1 January 2012. They use Tasmanian tariffs available from 1 January 2012, and Victorian standing offer tariffs valid as at 1 January 2012. Gas prices in South Australia, the Australian Capital Territory, New South Wales, Western Australia and Queensland are current from 26 August 2011. The tariffs used in the comparisons are outlined in Appendix 2.

3.1 Residential

3.1.1 Interstate comparisons

Meaningful comparisons between interstate prices require consideration of the many factors that characterise each market. The prices in each state reflect local cost structures, the balance between natural gas and electricity usage, and the differing weights placed on fixed (daily charges) and variable (consumption-related) charges.

Key variations that impact on comparisons of Tasmanian and mainland prices include:

- Most mainland companies offer peak and off-peak consumption rates reflecting the fact that those systems are capacity restrained. The two gas

retailers operating in Tasmania currently do not have peak and off-peak pricing policies.

- The Tasmanian gas industry is still in its infancy and currently has a small customer base relative to the gas industry in mainland states.
- There are large variations from state to state in consumption levels. This is a result of many factors including climate and the balance between electricity and natural gas usage.

Currently the Tasmanian market for natural gas is small, though popularity is growing. Since 2005-06, the number of natural gas customers in Tasmania has increased dramatically, with around 9 260 customers as at July 2011. Amongst this small customer base, residential customers' average consumption levels are anticipated to be around 40 gigajoule (GJ) per annum. This level of consumption is in the mid-range of most mainland states, being greater than Queensland and Western Australia and considerably less than Victoria and the Australian Capital Territory (ACT), which both have higher natural gas usage due to climate conditions and the balance between electricity and gas usage. As with electricity, there are variations in average residential natural gas consumption levels between states. This is highlighted in Chapter 10 of the *Tasmanian Energy Supply Industry Performance Report 2010-11*.

A similar approach to that used for the electricity price curves has been used for gas comparisons between states. Under this approach, consumption has been normalised to allow comparisons between similar households.

Figure 3.2 and Figure 3.3 show the range of prices per unit of consumption (cents per megajoule (MJ))¹¹ for common residential tariffs available from 1 January 2012 with Tasmania's two active gas retailers separately identified. Figure 3.2 normalises consumption on the basis of percentage of state average residential consumption, while Figure 3.3 shows annual consumption on a per MJ basis, up to 90 gigajoules (GJ)¹² per annum.

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

¹² 1 gigajoule (GJ) is one thousand megajoules (MJ).

Figure 3.2: Average residential natural gas prices per MJ from 1 January 2012 – normalised consumption

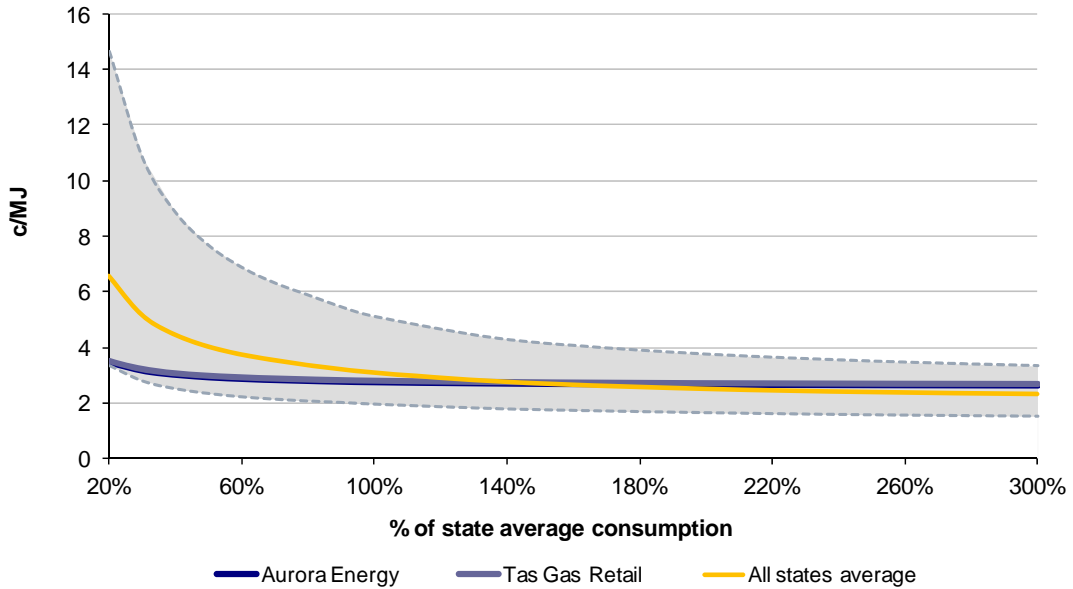


Figure 3.3: Average residential natural gas prices per MJ from 1 January 2012 – actual consumption

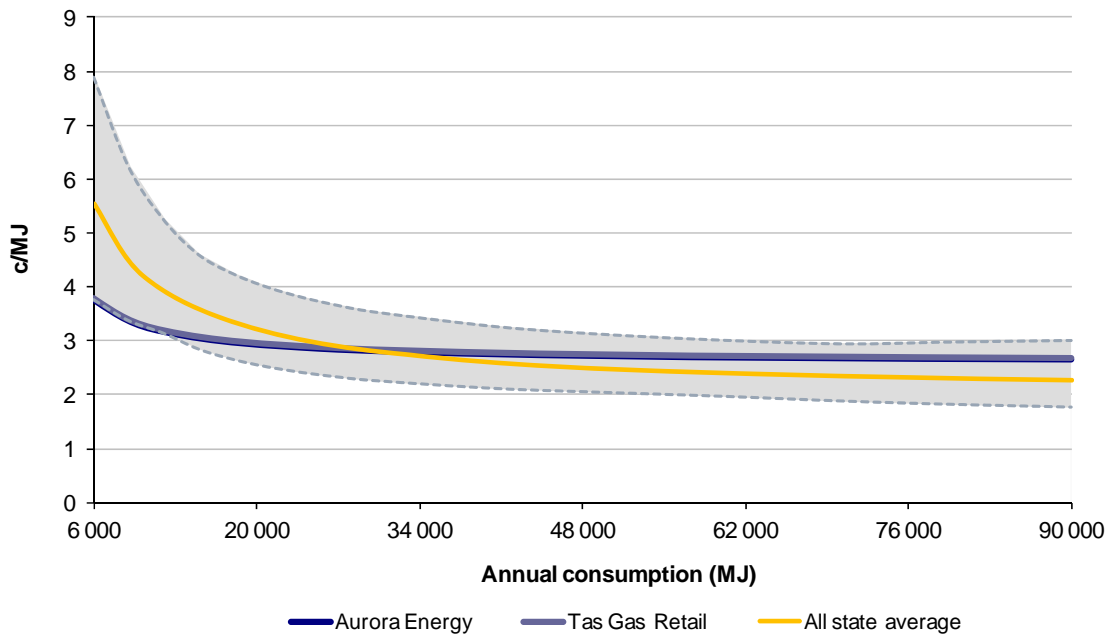


Figure 3.2 and Figure 3.3 both show that low consumption customers in Tasmania, at around 50 per cent of State average consumption, will pay around 2.9 cents per MJ. Tasmanian gas prices are below the national average at consumption levels up to 200 per cent of the State average, and very low consumption customers (up to 18 000 MJ per annum) pay prices that are amongst the lowest in the country. This is largely due to the lower fixed charges in Tasmania which are around 19 cents per day, compared to other states where fixed charges are typically around 60 cents per day.

High consumption customers, at 200 per cent of State average consumption, pay around 2.7 cents per MJ, which is just above the national average. However, in making this comparison, the following assumptions have been made:

- the tariffs chosen are representative of what consumers pay, and do not take into account any discounts or special deals that may be obtainable (particularly dual fuel deals);
- the majority of customers consume close to the typical consumption level; and
- the split between peak and off-peak consumption has been accurately estimated. (It is important to note that electricity peak and off-peak vary by time of day, whilst for natural gas, peak and off-peak is based on the time of year.)

With these assumptions in mind, it is still apparent that Tasmania is paying in the low to mid range of natural gas prices across Australia. This is still the case despite price increases from 1 January 2012. Victoria is the only state to offer lower prices per MJ of natural gas consumed, while Queensland, Western Australian and South Australian customers all pay higher prices for natural gas under this model.

3.2 Business

3.2.1 Interstate comparisons

It is difficult to obtain comparative prices for business customers because of the differing competition arrangements (and hence access to price information) between states. All customers are now contestable in all states and territories with the exception of the Northern Territory. Victoria has removed all price caps on retail gas prices, though retailers are obliged to have standing offers in place. Natural gas retailing in Tasmania has been fully contestable from its inception.

The price curves developed for small business customers use a similar methodology to that used for residential customers, with the exception that consumption was not normalised across states as there is less variability in the 'typical' business consumption between states, being more a result of the nature of the commercial activity than local factors.

Figure 3.4 and Figure 3.5 show the range of prices per unit of consumption (cents per MJ) for common business tariffs available in Australia (shaded) from 1 January 2012.

Figure 3.5 concentrates on the low end of consumption to highlight the price curve and the impact of the fixed charge component of the tariffs. At higher consumption levels, the price per unit converges with the marginal energy rate.

Figure 3.4: Average business natural gas prices per MJ from 1 January 2012

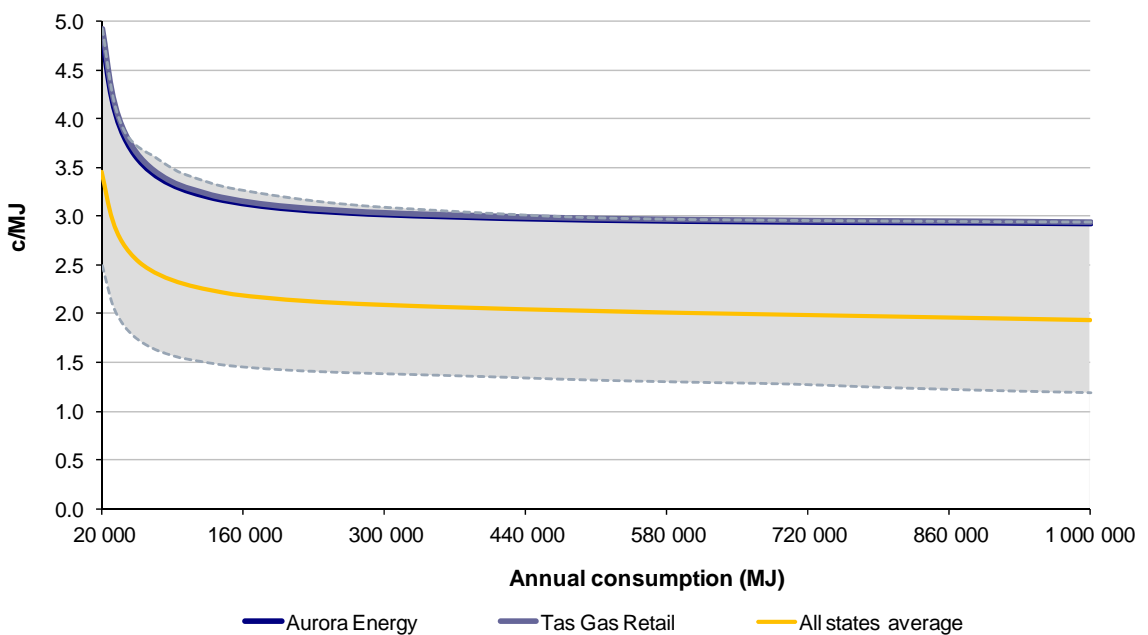


Figure 3.5: Average business natural gas prices per MJ from 1 January 2012 - consumption up to 200 000 MJ per annum

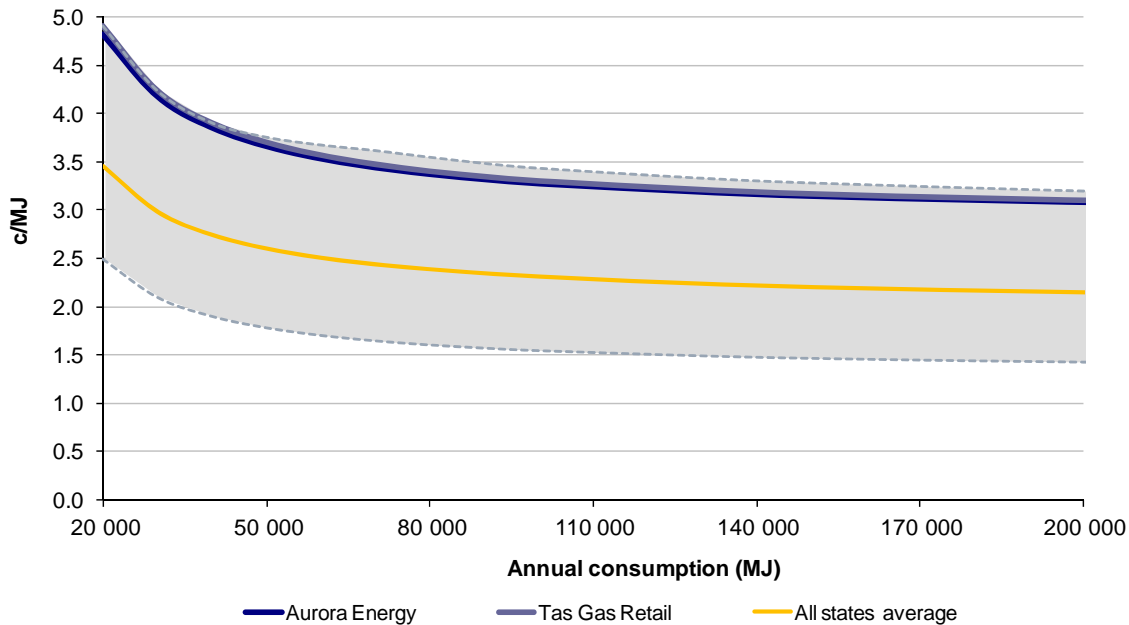


Figure 3.4 and Figure 3.5 show that for low consumption Tasmanian natural gas business customers (around 50 000 MJ per annum), prices are about 3.7 cents per MJ. Across the rest of Australia, prices at this level of consumption are around 2.7 cents per MJ.

High consumption customers, using around 200 GJ per annum, pay rates around 3.1 cents per MJ. Overall, Tasmanian prices appear to be the highest of natural gas business rates available in Australia.

It appears that the recent price increases for Tasmanian natural gas business customers has resulted in prices moving from the upper band of available rates, to the highest. In January 2012, Tasmanian gas prices increased by around 15 per cent, whereas in Victoria, the only other state in which prices have changed since the last comparison report, prices increased on average by around nine per cent.

APPENDIX 1 ELECTRICITY

Residential price comparison – data

For each state, residential tariffs were obtained from a selection of the standing offers of major retailers as listed in Table 1. Where there were a number of alternative tariffs available, the cheapest or most commonly used was chosen as being most representative for customers in that state.

Table 1: Available residential tariffs

State	Retailer	Tariffs used	Effective date
Tasmania	Aurora	31 Light and Power 41 Hot Water 42 HydroHeat 61 OffPeak	1 July 2011
Victoria	Origin Energy	Residential two rate	1 January 2012
	AGL	Residential two rate	
	TRUenergy	Residential two rate	
New South Wales	Country Energy	Residential Controlled load 1	1 July 2011
	Energy Australia	Domestic Controlled load	
	Integral	Domestic Off-peak 1	
ACT	ACTEWAGL	Home Plan	1 July 2011
Queensland	AGL	Domestic Controlled supply	1 July 2011
	Ergon	11 Urban 11 Rural 31 Urban (hot water) 31 Rural (hot water)	
	Integral	11 Urban 31 Urban (hot water)	
	Origin	11 Urban 11 Rural 31 Urban (hot water) 31 Rural (hot water)	
South Australia	AGL	110 Light/Power 116 Off-peak controlled load	1 August 2011
Western Australia	Synergy/Horizon	A1 (standard) B1 (hot water)	1 July 2011
Northern Territory	NT Power & Water	Domestic (standard)	1 July 2011

Typical consumption levels for each state, as shown in Table 2, were obtained from the ESAA.¹³ Tariff combinations, including consumption ratios, were obtained from a variety of sources as shown.

Three tariff combinations were chosen for Tasmania. These combinations account for approximately 90 per cent of residential customers in Tasmania.

In its *Energy retailers comparative performance report – pricing 2009-10*, December 2010, the Essential Services Commission (ESC) observed that a typical Victorian customer on a two-rate residential tariff will have a typical usage pattern of 4 000 kWh peak and 2 500 kWh off-peak consumption per year. This is typical of a customer with no gas supply that has electric hot water or heating that heats over night during the off peak time.

For New South Wales, three typical tariff combinations were drawn from an IPART fact sheet on electricity price increases.¹⁴

For the Australian Capital Territory, the tariff combination was drawn from an ActewAGL pricing strategy statement submitted to the Independent Competition and Regulatory Commission (ICRC).¹⁵

Queensland tariff combinations were drawn from the Integral Energy price fact sheet.¹⁶

In South Australia, advice was received from the Essential Services Commission of South Australia (ESCOSA) as to the typical tariff combinations and consumption split.

In Western Australia, tariff combinations were drawn from a report by Frontier Economics for the Western Australian Office of Energy¹⁷

In the Northern Territory, no off-peak or similar alternative tariff is available.

¹³ ESAA, *Energy Gas Australia 2011*, 2011

¹⁴ IPART *Fact Sheet – Final Report - Regulated electricity retail tariffs for 1 July 2010 to 30 June 2013*, March 2010

¹⁵ ActewAGL, *Pricing Strategy Statement 2004/05 – 2008/09*, May 2004

¹⁶ Integral Energy Price Fact Sheet, July 2010

¹⁷ Frontier Economics, *Final recommendations - Electricity Retail Market Review – Electricity Tariffs*, January 2009

Table 2: Typical consumption levels and tariff consumption split

State	Typical consumption kWh pa	Tariff consumption split	Source (consumption split)
Tasmania	9 055	Tariff 31 & 41 – 60:40 Tariff 31 & 42 – 40:60 Tariff 31, 41 & 61 – 40:30:30	Office of the Tasmanian Energy Regulator – Typical Electricity Customers Information Paper 2010
Victoria	6 500	Standard & Off-Peak – 62:38	ESC Energy retailers comparative performance report – pricing 2009-10
New South Wales	6 975	Standard & Controlled Load/Off-Peak – 82:18	IPART Fact Sheet – Electricity prices to increase for residential and small businesses
ACT	6 975	Standard & Off-Peak – 60:40	ICRC and ACTEWAGL Pricing Strategy Statement
Queensland	7 820	Tariff 11 & 31 – 75:25	Integral Energy Price Fact Sheet – Typical Customers
South Australia	6 285	Standard – 75:25 (Summer:Winter) Standard & Off-Peak – 65:35	ESCOSA
Western Australia	6 000	Standard – 100 Standard & Off-Peak – 75:25	Western Australian Office of Energy - Review of Electricity Tariff Arrangements, January 2009
Northern Territory	9 580	Standard – 100 (no Off-Peak)	N/A

Price curves illustrating concession prices include the concessions outlined in Table 3.

Table 3: Summary of concessions available by state

State	Concession available
Tasmania	111.70 cents per day, all year round (from 1 July 2011) up to a maximum of \$407.71 per annum.
Victoria	17.5 per cent discount all year round (from 1 March 2011).
New South Wales	\$200 Low Income Household Rebate. Rebate paid based on number of days in each billing period (365 days per year).
ACT	Summer rebate of 27.74 cents per day (Nov – May). Winter rebate of 102 cents per day (June – Oct) up to a maximum of \$214.87 per annum.
Queensland	Rebate of \$230 per annum.
South Australia	Rebate of \$150 per annum.
Western Australia	Rebate on supply charge of 38.23 cents per day
Northern Territory	\$1.179 per day off the fixed charge, 4.7 c/kWh off consumption charges, all year round

Business price comparison – data

For each state, general business tariffs were obtained from a selection of major retailers as listed in Table 4. Where there were a number of alternative tariffs, the cheapest or most commonly used was chosen as being most representative for customers in that state.

Table 4: Business tariffs

State	Retailer	Tariffs used	Effective date
Tasmania	Aurora	22 General	1 July 2011
Victoria	Origin	General E	
	AGL	General E	1 January 2012
	TRUenergy	Business anytime	
NSW	Country Energy	Business	
	Energy Australia	General Low Voltage	1 July 2011
	Integral	General Supply	
ACT	ActewAGL	Business	1 July 2011
Queensland	AGL	General 21	
	Ergon	General 20	1 July 2011
	Integral	General 20	
	Origin	General 20	
South Australia	AGL	General 126	1 August 2011
Western Australia	Synergy/Horizon	Business L1	1 July 2011
		Business fifty L3	
Northern Territory	Power and Water	Commercial	1 July 2011

Use of a standard typical business customer across all states and territories in making comparisons reflects that businesses will generally have similar consumption patterns and usage regardless of their location. This, therefore, gives an accurate comparison of differences in price range for each state and territory across a range of consumption levels.

APPENDIX 2 NATURAL GAS

Residential price comparison – data

For each state, residential tariffs were obtained from a selection of the major retailers as listed in Table 5. Where there were a number of alternative tariffs available, the cheapest or most commonly used was chosen as being most representative for customers in that state.

Table 5: Residential tariffs

State	Retailer	Tariffs used	Effective date
Tasmania	Aurora	Residential	1 January 2012
	Tas Gas Retail	Residential	
Victoria	AGL	SP AusNet Central 2 Envestra Central 1 Multinet Main 1	1 January 2012
	Origin Energy	Envestra North Multinet Main 2 Multinet Main 1 SP AusNet Central 2 Envestra Central 2 SP AusNet Central 1	
	TRUenergy	Gas zone 1 Gas zone 2 Gas zone 6 Gas zone 8	
	EnergyAustralia	Envestra Central 1	
South Australia	Origin Energy	Metropolitan Adelaide Mount Gambier Port Pirie Riverland Whyalla	13 August 2011
	AGL	Residential	
New South Wales	AGL	Residential	1 July 2011
	Country Energy	Wagga Wagga and Uranquinty Tumut and Gundagai Henty, Culcairn, Hollbrook and Walla Walla Temora Cooma and Bombala	
	Origin Energy	Albury, Jindera and Moama Murray Valley Towns	

State	Retailer	Tariffs used	Effective date
	ActewAGL	Capital Queanbeyan Shoalhaven	
Queensland	AGL Sales (Queensland)	South East Queensland Brisbane North and Ipswich	1 July 2011 26 August 2011
	Origin Energy	Brisbane North and Ipswich Northern South East Queensland	20 July 2011
ACT	ActewAGL	Residential	1 July 2011
Western Australia	Alinta	Metro Albany Kalgoorlie	1 August 2011
Northern Territory	No information available	No information available	

For tariffs with a combination of peak and off-peak usage, 65 per cent of usage was deemed peak usage whilst the remaining 35 per cent was regarded as off-peak.

Typical consumption levels were then either obtained or estimated as indicated in Table 6.

Table 6: Typical consumption levels

State	Typical consumption levels (GJ pa)	Source
Tasmania	40 GJ	Tas Gas
Victoria	60 GJ	ESC Victoria
South Australia	24 GJ	ESCOSA Issues Paper 2010
New South Wales	20 GJ	IPART Research Report 2010
Queensland	13 GJ	APA Group Queensland
ACT	48 GJ	ICRC Quick stats 2009-10
Western Australia	20 GJ	ESAA
Northern Territory	N/A	Information unavailable

Business price comparison – data

For each state, general business tariffs were obtained from a selection of major retailers as listed in Table 7. Where there were a number of alternative tariffs the most commonly used was chosen as being most representative for customers in that state.

Table 7: Business tariffs

State	Retailer	Tariffs used	Effective date
Tasmania	Aurora	Small business	1 January 2012
	Tas Gas	Commercial rate	
Victoria	AGL	AGL South AGL North Origin Metro	1 January 2012
	Origin Energy	Envestra North Envestra Central 1 SP AusNet Central 2 SP AusNet West SP AusNet Central 1 Murray Valley	
	TRUenergy	Gas zone 1 Gas zone 2 Gas zone 6	
	EnergyAustralia	Envestra Central 1	
South Australia	AGL	Metro Mount Gambier Port Pirie Riverland and Murray Bridge Whyalla	13 August 2011
	Origin	Metropolitan Adelaide Mount Gambier Port Pirie Riverland Whyalla	
New South Wales	ActewAGL	Queanbeyan Capital Shoalhaven	1 July 2011
	AGL		
	Country Energy	Wagga Wagga and Uranquinty Tumut and Gundagai Henty, Culcairn, Hollbrook and Walla Walla Cooma and Bombala	
	Origin Energy	Albury, Jindera and Moama Murray Valley	

State	Retailer	Tariffs used	Effective date
Queensland	AGL Sales (Queensland)	South East Queensland Brisbane North and Ipswich	26 August 2011 1 July 2011
	Origin Energy	Brisbane North and Ipswich Northern South East Queensland	20 July 2011
ACT	ActewAGL		1 July 2011
Western Australia	Alinta	Metro Albany Kalgoorlie	1 August 2011
Northern Territory	No information available	No information available	

The use of a standard typical business customer across all states and territories for price comparisons reflects that businesses will generally have similar consumption patterns and usage regardless of their location. This therefore gives an accurate comparison of differences in price range for each state and territory across a range of consumption levels.