



**Comparison of 2014 Australian  
Standing Offer Energy Prices**

**March 2014**

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## EXECUTIVE SUMMARY

This Report compares natural gas and electricity prices available to small customers<sup>1</sup> across Australian jurisdictions under a regulated tariff or standing offer contract, as at 8 March 2014. The Report also examines the prices paid by customers entitled to a concession and, for Tasmanian customers, the extent to which concessions reduce the impact of price rises.

For Tasmanian residential customers the Report shows that, as of March 2014:

- electricity prices are in the low to mid range of prices available across Australia at typical household levels of consumption;
- customers eligible for a concession pay prices that are below the average of those available in other jurisdictions; and
- natural gas customers pay prices that are competitive with those available in other jurisdictions.

The Report also shows that as of March 2014:

- Tasmanian electricity business customers on regulated electricity tariffs<sup>2</sup> pay business rates that are competitive with those available in other jurisdictions;
- 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 natural gas prices in Tasmania are in the upper band of natural gas business rates available in Australia with Tasmanian customers paying around 50 per cent more per year than their mainland counterparts.

This is the final price comparison prior to the commencement of full retail competition in Tasmania. On 1 July 2014, all customers on mainland Tasmania will have the option of entering into a market retail contract with Aurora or a new entrant retailer. Regulated or standing offer prices will be available for those small customers (who were non-contestable prior to 1 January 2014) choosing not to enter into a market retail contract with one of these retailers.

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<sup>1</sup> Customers who consume up to 150 MWh per annum.

<sup>2</sup> 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 the 2014 calendar year, updating information presented in the *Comparison of 2013 Australian Standing Offer Energy Prices Report*, July 2013. The Report reflects:

- the regulated electricity tariffs approved by the Tasmanian Economic Regulator for Tasmania from 1 January 2014 for small customers;
- regulated electricity tariffs in Northern Territory from 1 January 2014;
- standing offer retail electricity tariffs in Victoria from 10 January 2014;
- regulated electricity tariffs in Western Australia, the Australian Capital Territory, New South Wales and Queensland from 1 July 2013; and
- standing offer retail electricity tariffs in South Australia as at 1 August 2013.

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

The electricity section compares prices in Tasmania and mainland jurisdictions paid by residential customers, including a comparison of prices taking into account concessions available in each jurisdiction. The electricity section also compares prices paid by small business customers. A separate comparison between Tasmanian Aurora Pay As You Go prices and regulated tariffs is available on the Office of the Tasmanian Economic Regulator's (OTTER's) website.<sup>3</sup>

The natural gas section compares prices prevailing in Tasmania and mainland jurisdictions for both residential and business consumers as at 8 March 2014.

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<sup>3</sup> OTTER, *2013 Aurora Pay As You Go price comparison report (rates from 27 July 2013)*, August 2013.

## 2 ELECTRICITY

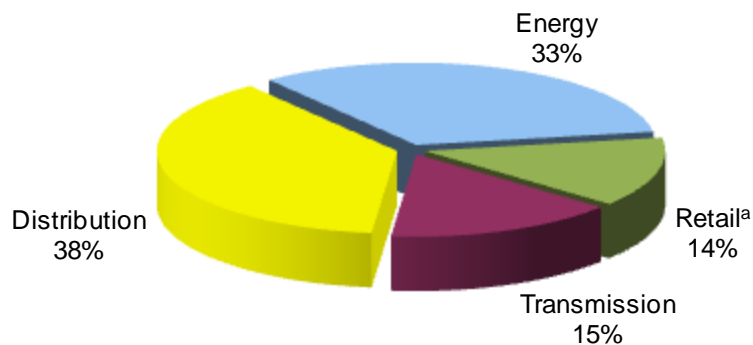
Electricity prices changed in Tasmania, Victoria and the Northern Territory in January 2014. Typically, the industry reviews and adjusts standard energy charges every six to 12 months.

On 23 December 2013 the Tasmanian Economic Regulator approved Aurora Energy's retail tariffs that applied from 1 January 2014 following the Tasmanian Government's decision to defer the sale of Aurora Energy's customers. Aurora Energy will act as the sole retailer in Tasmania until 1 July 2014 when other retailers may enter the Tasmanian retail electricity market. The approved standing offer prices represent a 5.22 per cent price decrease for the six month period ending on 30 June 2014. Regulated standing offer prices apply to all residential customers and small business customers that choose not to enter into a market retail contract.

Higher electricity distribution and meter charges have contributed to price increases in other jurisdictions, with regulated electricity prices in Queensland increasing by around 20 per cent in July 2013 and standing offer prices in Victoria rising by between two and five per cent in January 2014.

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

**Figure 2.1 Price components of a typical electricity bill<sup>4</sup>**



<sup>a</sup> Includes Renewable Energy Target costs of and Australian Energy Market Operator market charges

For the average customer on a retail tariff, the breakdown in costs is approximately 33 per cent for the cost of energy (generation), 15 per cent for the transmission of electricity, 38 per cent for the distribution of electricity and 14 per cent for the electricity retail service. 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.

<sup>4</sup> Percentages have been rounded to the nearest whole percent.

## 2.1 Residential

### 2.1.1 Inter-jurisdictional comparisons

Comparison of inter-jurisdictional electricity prices is not straightforward, and requires consideration of the factors that characterise each market. The prices in each jurisdiction reflect:

- local cost structures;
- the nature of the energy market (in particular the availability and take-up of natural gas);
- the regulatory environment; and
- the differing weighting of fixed (daily) charges and variable (consumption-related) charges.

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

- mainland jurisdictions, 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). There is therefore less reason for significant differences between peak and off-peak energy prices in Tasmania.
- due to the comparatively low off-peak rates in the mainland jurisdictions, off-peak (with or without any-time boost) is the most economical option in those jurisdictions 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 jurisdictions due to the relatively lower availability, and therefore take-up, of natural gas and the colder weather which results in a higher space heating load. However, Tasmania has a relatively high number of wood heaters and comparatively little demand for air conditioning, although this is changing.
- tariff structures differ between jurisdictions. 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 jurisdictions.

The use of solar hot water heaters has increased dramatically in other jurisdictions due to government programs that offer incentives for residential customers to install solar and gas-boosted solar hot water systems.

It is therefore difficult to draw conclusions from simple direct comparisons between prices in each jurisdiction. 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 jurisdiction.

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 jurisdiction.

Importantly, the prices selected are the approved residential standing offer or regulated prices for each jurisdiction, noting that in jurisdictions where retail markets are fully contestable, customers may have access to cheaper products than the approved standing offers.<sup>5</sup> Average residential consumption levels vary between jurisdictions. Consumption has been 'normalised' to enable comparison of households with similar consumption. This approach identifies the annual average residential electricity use for each jurisdiction 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 jurisdictions 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 jurisdictions is shown in the Appendix 1.

Figure 2.2 shows the range of costs per unit consumption (cents per kWh) for common residential tariffs across Australia (shaded area) available as at 10 January 2014 and indicates where Tasmania's regulated tariffs sit within that range. **Note that the scale begins at 10 cents per kWh in this figure.**

Figure 2.2 also shows normalises consumption on the basis of percentage of average residential consumption, by jurisdiction.

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<sup>5</sup> Approved standing offer prices are the default contract prices for customers, in accordance with a price determination made by the relevant Regulator.

**Figure 2.2 Average residential electricity cost per kWh as at 10 January 2014 – normalised consumption**

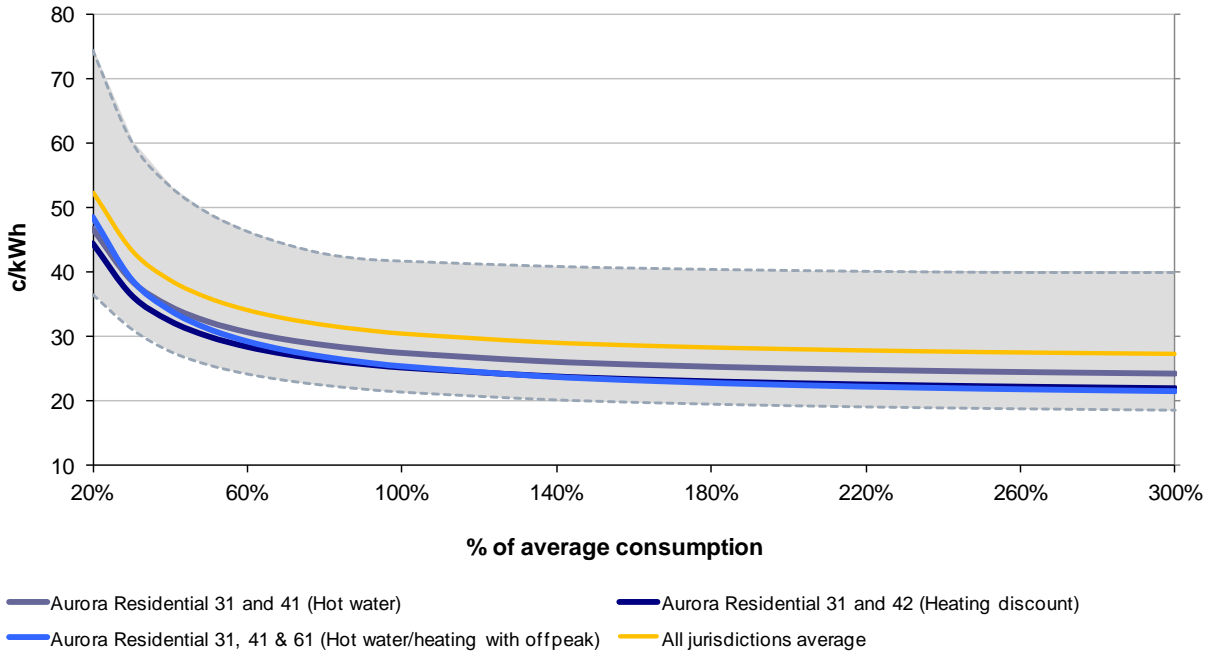


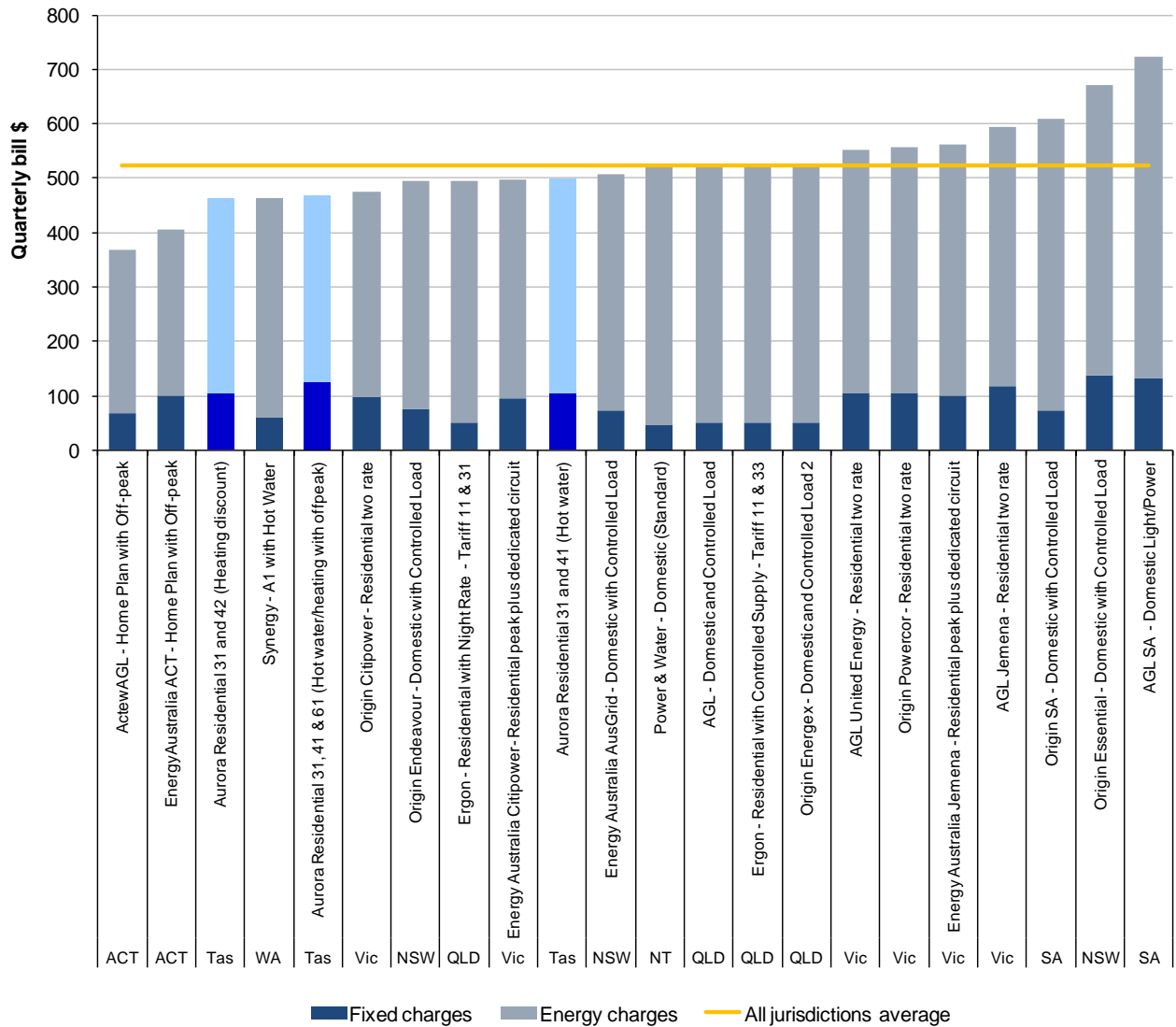
Figure 2.2 illustrates that for Tasmanian residential tariff customers with low consumption, that is, at around 50 per cent of the Tasmanian State average consumption, the average cost of their electricity is between 30.1 cents per kWh and 32.2 cents per kWh, which is in the low range of prices experienced across Australia. High consumption customers, at 200 per cent of the Tasmanian State average consumption, pay an average of between 22.4 cents per kWh and 25 cents per kWh, which is also in the low range of prices experienced across Australia.

More than half of Tasmanian residential customers are on the tariff combination 31 and 42 (residential light and power and heating discount). Typically, customers on this tariff combination use 40 per cent of their usage on general light and power, and 60 per cent of usage on hot water and wired-in heating. Because these customers use proportionally more power on the discounted heating tariff (16.167 c/kWh), they pay electricity costs that are in the low range of prices nationally. In other jurisdictions, customers on a two-rate tariff (that is, residential single rate with controlled load) typically consume proportionally more power on the more expensive general residential tariff (ie the Victorian tariff ratio is 70:30) which increases the overall cost per unit price. Similarly, the typical consumption split of customers in Tasmania with tariff 41 (hot water) is 60:40, which is why the difference in the unit price between tariff combinations 31/41 and 31/42 becomes greater as consumption increases.

In summary, the decrease in Tasmanian electricity prices compared to increases in other jurisdictions in 2013 and 2014 have resulted in Tasmanian residential energy prices which are below the national average at low, medium and high levels of consumption.

Figure 2.3 shows the calculated quarterly bill for selected tariffs from 10 January 2014, for a typical customer consuming 7 000 kWh per annum using the typical tariff consumption splits for each jurisdiction as outlined in Appendix 1.

**Figure 2.3 Quarterly bill amount from 10 January 2014 – fixed and variable (consumption-related) charges at 7 000 kWh per annum**



Households in Tasmania with a typical level of consumption (7 000 kWh per annum), are paying similar quarterly bills to the national average except for those on the combination Tariff 31 and 42 which is up to \$61 less per quarter than the all jurisdiction average. Significant price rises in other jurisdictions (particularly Queensland) has placed Tasmanian prices below the national average as at 10 January 2014. Customers in the Australian Capital Territory enjoy the lowest quarterly electricity bills at this level of consumption, due to a combination of low fixed charges and the low off-peak rate. In Tasmania, the fixed charge component of a customer’s electricity bill at 7 000 kWh per annum is around 24 per cent of the total charges whilst in other jurisdictions, the fixed charge component is around 16 per cent.

### 2.1.1.1 Concessions

There are a range of concession schemes available around Australia that reduce electricity charges for pensioners and other concession card holders. From 1 July 2013, Tasmanian Pensioner Concession Card and Health Care Card holders received a rebate of 125.71 cents per day for the fixed charge component of Tariff 31.<sup>6</sup> This equates to a concession of \$458.84 per annum, which is one of the most generous concessions available in Australia.

Eligibility for concessions is generally broader in Tasmania than in other jurisdictions, with around one in three residential customers receiving the concession. A summary of the concessions available in each jurisdiction is provided in Table 2 of Appendix 1.

Figure 2.4 demonstrate the range of major retailers' standing offer prices available to residential customers across Australia, taking account of any concessions as at 10 January 2014. Consumption has been normalised on the basis of percentage of average consumption, by jurisdiction.

**Figure 2.4 Average residential cost per kWh from 10 January 2014 – normalised consumption – concession customers**

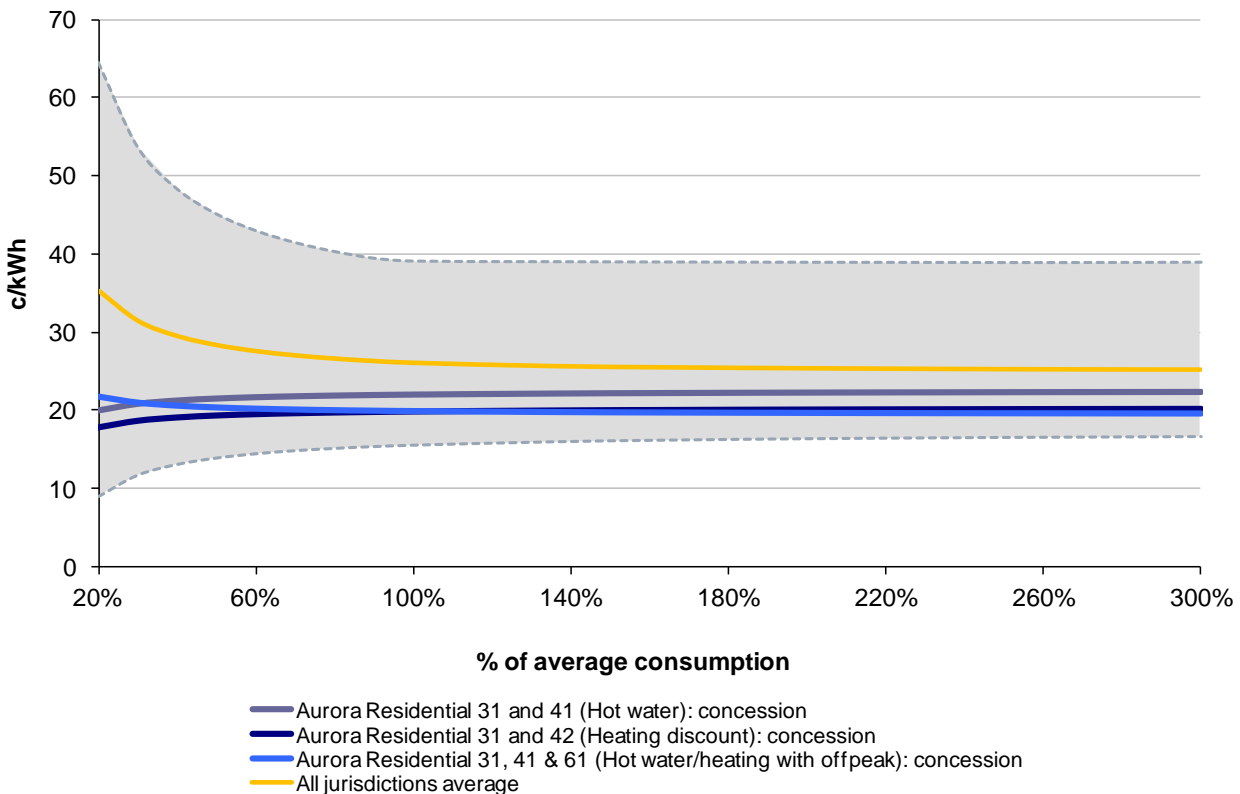


Figure 2.4 illustrates the effect the Tasmanian concession has on reducing the impact of the fixed charge component of the tariffs, thereby flattening the curve at

<sup>6</sup> Tasmanian concessions are indexed to retail tariffs for the relevant period. When prices decreased on 1 January 2014, the concession remained at July 2013 levels rather than decreasing alongside the electricity price.

the low end of consumption and reducing prices. As such, Tasmanian concession customers experience electricity costs that are in the low-range across Australia at consumption levels that are 50 to 200 per cent of average consumption in each jurisdiction.

As observed earlier, the decrease in Tasmanian electricity prices in January 2014 compared to increases in other States and Territories has shifted electricity costs for Tasmanian concession customers from the mid-range of prices in 2013 to the low-range of prices in 2014 in terms of the prices available in other jurisdictions.

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 19.91 and 22.03 cents per kWh.

## **2.2 Business**

### **2.2.1 Inter-jurisdictional comparisons**

It is difficult to compare prices for business customers<sup>7</sup> because of the different stages of contestability (and hence access to price information) between jurisdictions. All business customers are now contestable in New South Wales, Victoria 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 Victoria and South Australia retailers provide standing offer tariffs to customers who are not on market contracts.

Contestable customers may take supply under individual contracts with retailers rather than under published tariffs. Current contract prices are not publicly disclosed. The Energy Supply Association of Australia (ESAA) has ceased providing 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 market 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 jurisdictions, as there is less variability in the 'typical' business consumption between jurisdictions, 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 customers<sup>8</sup>, 1 MWh per annum to 50 MWh per annum.

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<sup>7</sup> Business customers who consume up to 50 MWh per annum.

<sup>8</sup> Tasmanian business customers that consume more than 50MWh are contestable and cannot access regulated tariffs.

Figure 2.5 shows the range of prices per unit of consumption (cents per kWh) for common business tariffs available in Australia (shaded) from 10 January 2014, and indicates where Aurora Energy's general business tariff fits within that range. **Note that the scale begins at 10 cents per kWh in Figures 2.5 and 2.6.**

Figure 2.5 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 2.5 Average business electricity prices per kWh as at 10 January 2014, national price range – consumption up to 40 MWh per annum**

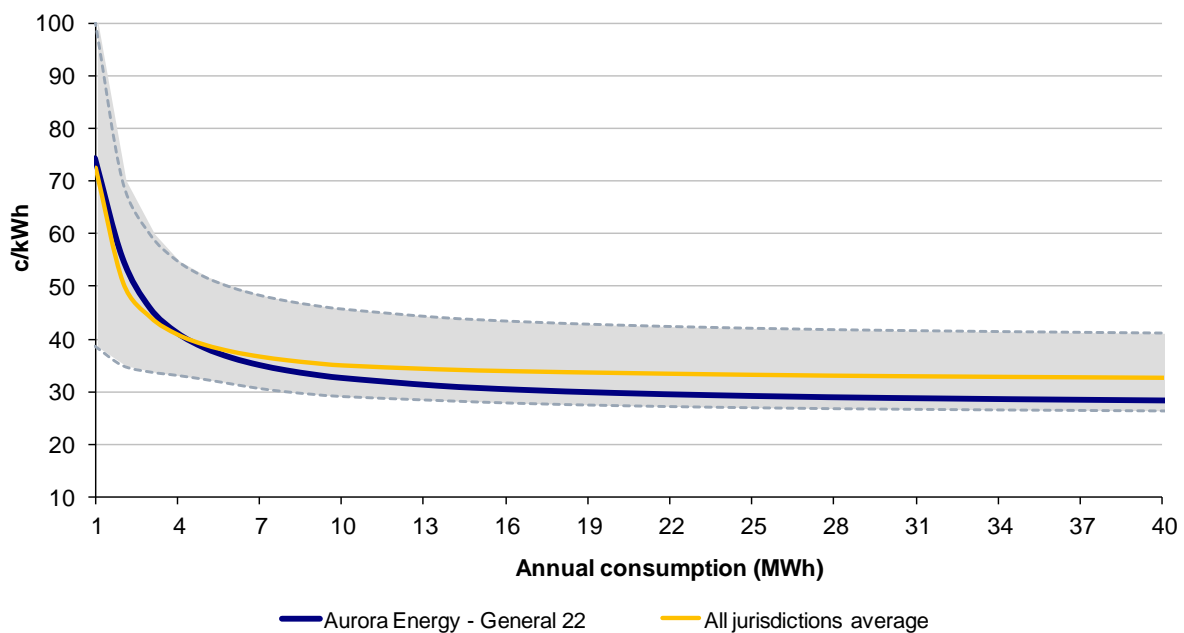


Figure 2.5 illustrates that Tasmanian business customers consuming up to 5 MWh per annum (approximately \$480 per quarter) pay at the rate of around 38 cents per kWh, which is comparable with small business prices around Australia. Around 50 per cent of small business customers on the general tariff 22 have consumption that is around or below this level, which is described as 'medium' to 'low' in OTTER's *Information Paper on Typical Electricity Customers*, September 2010.

Business customers that consume between 20 MWh per annum (approximately \$1 485 per quarter) and 40 MWh per annum (approximately \$2 830 per quarter) pay prices between 29.7 cents per kWh and 28.3 cents per kWh, which is on average 12 per cent lower than the average price available across all jurisdictions.

As discussed in the residential price comparison above, the price decrease in Tasmania, coupled with price increases in other jurisdictions, has placed Tasmanian small business prices below the national average. However as noted, prices available under market contracts can be significantly lower than regulated or standing offer prices, which would alter this result considerably.

### 2.2.2 Tasmanian business tariff comparisons

This section examines prices for Tasmanian business customers on the range of available regulated business tariffs. On 1 January 2014 Tasmanian business tariffs (including low voltage demand tariffs) decreased by 5.2 per cent.

Tasmanian business customers with electricity consumption between 50 MWh and 150 MWh a year have been contestable since 1 July 2011. That is, those customers whose electricity bills are between around \$10 000 and \$40 000 a year, are 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 Economic Regulator.

Figure 2.6 shows 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 at consumption up to 50 MWh per annum.

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

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

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 2.6 Comparison of Tasmanian business tariff offerings, consumption up to 50 MWh per annum, as at 1 January 2014**

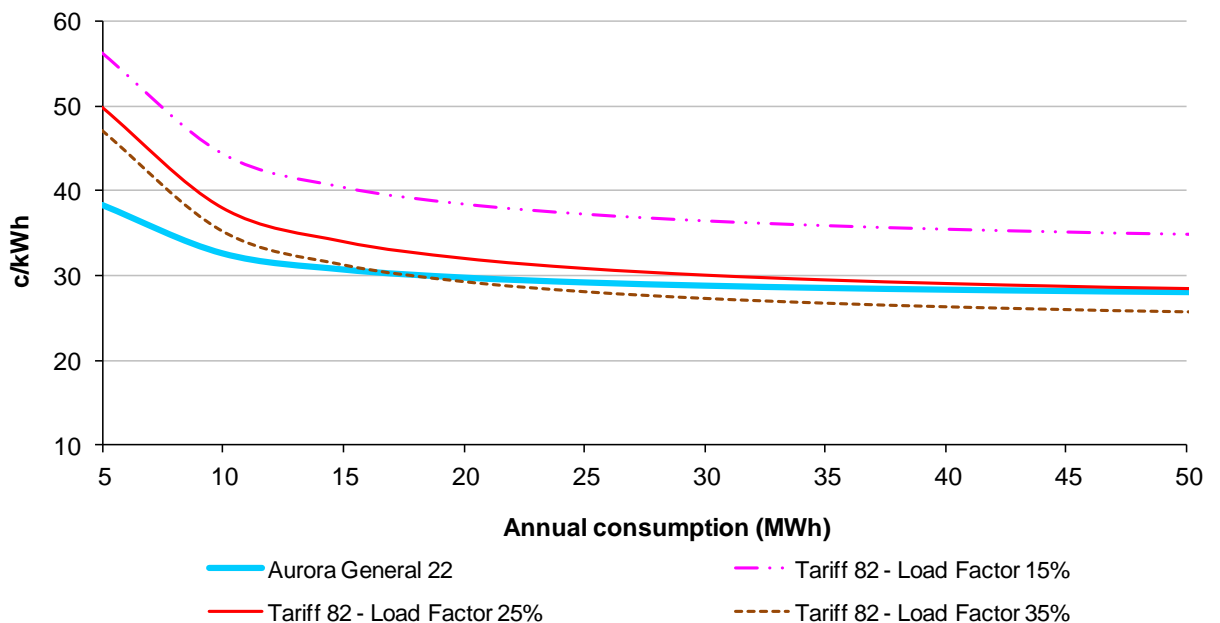


Figure 2.6 illustrates that for annual consumption between 5MWh and 20 MWh, Tasmanian business customers experience a lower cost per consumption unit on Tariff 22 than on Tariff 82 at load factors ranging from 15 to 35 per cent. For consumption over 20 MWh per annum, the price per unit of consumption for Tariff 22 is lower than Tariff 82 at a load factor of 15 per cent.

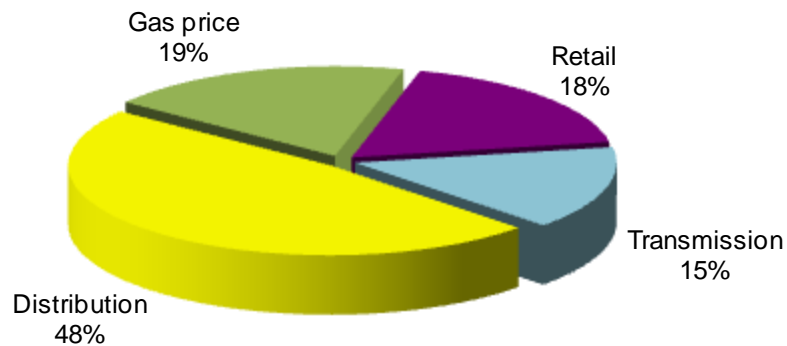
This indicates that business customers with constant power usage (load factor above 25 per cent) may save on a low voltage demand tariff compared to the general tariff, depending on consumption.



## 3 NATURAL GAS

For the average customer on a reticulated natural gas retail price, 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 across Australia as at 8 March 2014. The tariffs used in the comparisons are outlined in Appendix 2.

### 3.1 Residential

#### 3.1.1 Inter-jurisdictional comparisons

Meaningful comparisons between inter-jurisdiction prices require consideration of the many factors that characterise each market. The prices in each jurisdiction 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 factors impacting 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 developing and currently has a small customer base relative to the gas industry in mainland jurisdictions; and
- jurisdictional consumption levels vary widely. This is a result of many factors including climate and the balance between electricity and natural gas availability and consumption.

The current Tasmanian market for natural gas is small, though popularity is growing. The number of natural gas customers in Tasmania has increased steadily over the past few years, with 10 780 customers as at 30 June 2013<sup>9</sup>. Amongst this small customer base, residential customers' average consumption levels are estimated to be around 40 gigajoules (GJ) per annum. This level of consumption is in the mid-range of most mainland jurisdictions, being greater than Queensland and Western Australia but considerably less than Victoria and the Australian Capital Territory (ACT), which both have higher natural gas usage due to climatic conditions and the balance between electricity and gas usage. As with electricity, there are variations in average residential natural gas consumption levels between jurisdictions. The typical residential consumption levels used in the comparisons are outlined in Appendix 2.

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

Figure 3.2 shows the range of prices per unit of consumption (cents per megajoule (MJ))<sup>10</sup> for common residential tariffs available in Australia (shaded) from 8 March 2014 with Tasmania's two active gas retailers separately identified. Figure 3.2 normalises consumption on the basis of percentage of jurisdiction average residential consumption, an overall average price per MJ (mathematic average of prices across all jurisdictions) is identified in the figure.

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<sup>9</sup> *Energy in Tasmania – Performance Report, 2012-13.*

<sup>10</sup> 3.6 megajoules (MJ) is equivalent to 1 kWh.

**Figure 3.2 Average residential natural gas prices per MJ from 8 March 2014 – normalised consumption<sup>11</sup>**

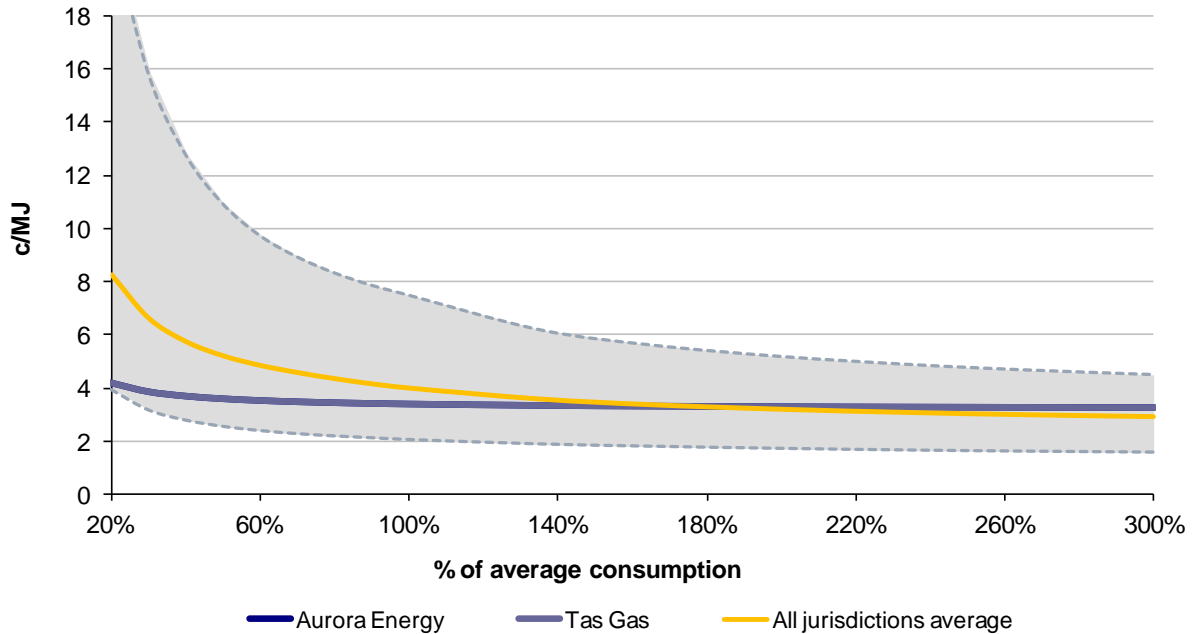


Figure 3.2 shows that low consumption customers in Tasmania, at around 50 per cent of State average consumption, pay around 3.6 cents per MJ, which is well below the national average of around 5.3 cents per MJ.

At an average level of consumption (around 40 000 MJ per annum in Tasmania), Tasmanian residential customers pay around 3.4 cents per MJ, while Victorian customers pay around 2.3 cents per MJ. At State average levels of consumption, customers in New South Wales pay around 3.8 cents per MJ, customers in Queensland pay around 6.4 cents per MJ and customers in South Australia pay around 4.5 cents per MJ.

Tasmanian gas prices remain below the national average at consumption levels up to 150 per cent of the State average (60 000 MJ per annum). This is largely due to the lower fixed charges in Tasmania which are around 21 cents per day, compared to other jurisdictions where fixed charges are typically around 64 cents per day.

When prices are compared using 30 000 MJ per annum as standard average consumption across States and Territories (ie not normalised), Tasmanian residential natural gas prices are competitive with those available across Australia. At higher consumption levels (ie above 60 000 MJ per annum), Tasmanian prices are around 0.5 cents per MJ higher than the national average, which is also heavily influenced by higher prices in Queensland.

With these assumptions in mind, it is therefore apparent that residential customers in Tasmania are paying in the low to mid range of natural gas prices across

<sup>11</sup> Aurora Retail's and Tas Gas Retail's prices are practically identical and appear in Figures 3.2, 3.3 and 3.4 as a single line.

Australia. At low to medium levels of consumption, natural gas prices are lowest in Victoria and New South Wales where there is active retail competition. This outcome remains unchanged from observations made in the price comparison report in July 2013.

## 3.2 Business

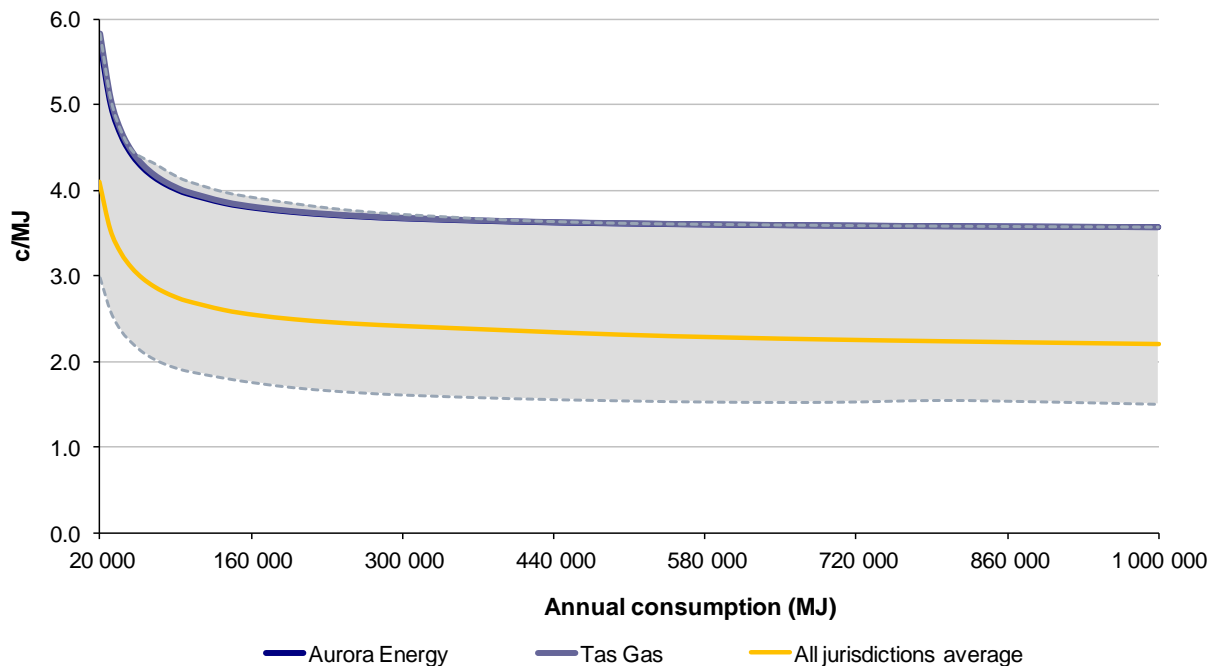
### 3.2.1 Inter-jurisdictional comparisons

All natural gas customers are contestable in all jurisdictions with the exception of the Northern Territory. Victoria no longer has price caps on retail gas prices, although 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 are derived from the use of a similar methodology to that used for residential customers, with the exception that consumption was not normalised across jurisdictions as there is less variability in the 'typical' business consumption between jurisdictions, being more a result of the nature of the commercial activity than local factors.

Figure 3.3 and Figure 3.4 show the range of prices per unit of consumption (cents per MJ) for common business tariffs available in Australia (shaded) from 8 March 2014. An overall average price per MJ (mathematic average of prices across all jurisdictions) is identified in each figure.

**Figure 3.3 Average business natural gas prices per MJ from 8 March 2014**



**Figure 3.4 Average business natural gas prices per MJ from 8 March 2014 - consumption up to 200 000 MJ per annum**

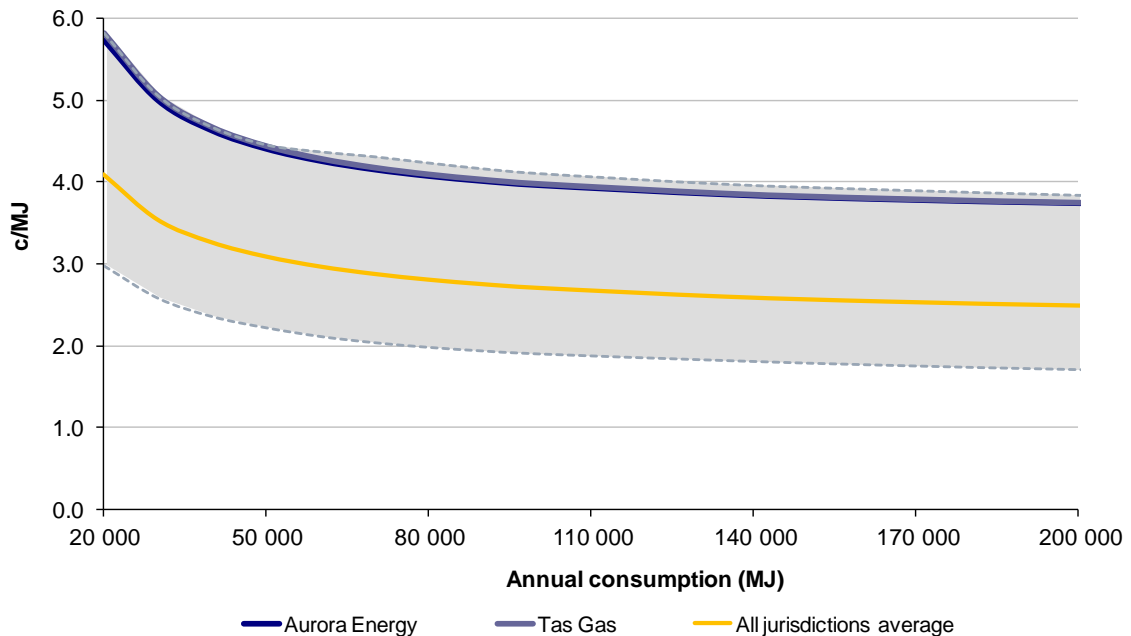


Figure 3.4 concentrates on the low end of consumption to highlight the price curve and the impact of the fixed charge component of the tariffs. At higher consumption levels, the price per unit converges with the marginal energy rate.

Figure 3.4 shows that for low consumption Tasmanian natural gas business customers (around 50 000 MJ per annum), prices are around 4.4 cents per MJ. Across the rest of Australia, prices at this level of consumption are around 3.1 cents per MJ.

At higher levels of consumption, the Tasmanian natural gas price remains at least 1.2 cents per MJ (or 50 per cent) higher than those available in other jurisdictions. This means that businesses consuming 200 GJ per annum (ie a small business) may be paying up to \$570 more per quarter for natural gas.

TasGas increased its commercial natural gas price by around six per cent on 1 March 2014 and Aurora Energy increased its prices by around six per cent on 8 March 2014.

Overall, there is still a significant difference between Tasmanian business prices and the average price across Australia. Tasmanian prices appear to be amongst the highest natural gas business rates available in Australia, with commercial customers paying around 50 per cent more per year than their mainland counterparts.

## APPENDIX 1 ELECTRICITY

### Residential price comparison – data

For each jurisdiction, 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 jurisdiction.

**Table 1: Available residential tariffs**

Jurisdiction	Retailer	Tariffs used	Effective date
Tasmania	Aurora	31 Light and Power 41 Hot Water 42 HydroHeat 61 OffPeak	1 January 2014
Victoria	Origin Energy	Residential two rate	10 January 2014
	AGL	Residential two rate	1 January 2014
	Energy Australia	Residential two rate	1 January 2014
New South Wales	Origin Energy	Domestic Controlled load	1 July 2013
	Energy Australia	Domestic Controlled load	
ACT	ActewAGL	Home Plan with off peak	1 July 2013
	Energy Australia	Home Plan with off peak	1 July 2013
Queensland	Ergon	11 Residential	1 July 2013
		31 Controlled Load (night rate)	
		33 Controlled Load (economy)	
	Origin Energy	Domestic and Controlled Load 2	1 July 2013
	AGL	Domestic and Controlled Load	1 July 2013
South Australia	AGL	110 Domestic Light/Power	1 August 2013
	Origin Energy	110 Domestic Light/Power with Controlled Load	13 January 2014
Western Australia	Synergy/Horizon	A1 (standard)	1 July 2013
Northern Territory	NT Power & Water	Domestic (standard)	1 January 2014

Typical consumption levels for each state, as shown in Table 2, were obtained from the ESAA.<sup>12</sup> 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.<sup>13</sup>

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).<sup>14</sup>

Queensland tariff combinations were drawn from the Integral Energy price fact sheet.<sup>15</sup>

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 Energy<sup>16</sup>

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

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<sup>12</sup> ESAA, *Energy Gas Australia 2013*, 2013

<sup>13</sup> IPART *Fact Sheet – Final Report - Regulated electricity retail tariffs for 1 July 2010 to 30 June 2013*, March 2010

<sup>14</sup> ActewAGL, *Pricing Strategy Statement 2004/05 – 2008/09*, May 2004

<sup>15</sup> Integral Energy Price Fact Sheet, July 2010

<sup>16</sup> Frontier Economics, *Final recommendations - Electricity Retail Market Review – Electricity Tariffs*, January 2009

**Table 2: Typical consumption levels and tariff consumption split**

<b>State/Territory</b>	<b>Typical consumption kWh pa</b>	<b>Tariff consumption split</b>	<b>Source (consumption split)</b>
Tasmania	8 670	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	5 215	Standard & Off-Peak – 70:30	St Vincent de Paul Society, Victorian Energy Prices, January 2014 (Tariff Tracking Project)
New South Wales	6 450	Standard & Controlled Load/Off-Peak – 82:18	IPART Fact Sheet – Electricity prices to increase for residential and small businesses
ACT	6 450	Standard & Off-Peak – 60:40	ICRC and ACTEWAGL Pricing Strategy Statement
Queensland	6 500	Tariff 11 & 31 – 75:25	Integral Energy Price Fact Sheet – Typical Customers
South Australia	5 650	Standard – 75:25 (Summer:Winter) Standard & Off-Peak – 65:35	ESCOSA
Western Australia	5 700	Standard – 100 Standard & Off-Peak – 75:25	Western Australian Office of Energy - Review of Electricity Tariff Arrangements, January 2009
Northern Territory	8 850	Standard – 100 (no Off-Peak)	N/A



Price curves illustrating concession prices include the concessions outlined below.

**Table 3: Summary of concessions available by jurisdiction**

Jurisdiction	Concession available
Tasmania	125.71 cents per day, all year round (from 1 July 2013) up to a maximum of \$458.84 per annum.
Victoria	17.5 per cent discount all year round (from 1 July 2012). Concession does not apply to the first \$171.60 of the annual bill.
New South Wales	\$225 Low Income Household Rebate (2013-14). \$125 Family Energy Rebate. Maximum combined rebate is \$250 per annum.
ACT	Energy concession \$292.82 per annum. Utility concession \$82 additional rebate. Maximum combined rebate (from 1 July 2012) is \$374.82
Queensland	Electricity Rebate of \$282.54 per annum. Reticulated Natural Gas Rebate of \$65.58 per annum.
South Australia	Energy concession of up to \$165 per annum.
Western Australia	\$208 per annum Cost of Living Assistance payment. There are additional concessions available for air conditioning in areas of 'high heat discomfort' and a dependent child rebate, based on the number of children.
Northern Territory	\$1.19 per day off the fixed charge, 5.24 c/kWh off consumption charges, all year round

## Business price comparison – data

For each jurisdiction, 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 jurisdiction.

**Table 4: Business tariffs**

Jurisdiction	Retailer	Tariffs used	Effective date
Tasmania	Aurora	22 General	1 January 2014
		Demand LV 82	1 January 2014
Victoria	Origin	Small business	10 January 2014
	AGL	Small business	1 January 2014
	Energy Australia	Business anytime	1 January 2014
NSW	Origin Energy	Business General Supply	1 July 2013
		Energy Australia	
ACT	ActewAGL	Business	1 July 2013
Queensland	Ergon	General 20	1 July 2013
		General 21	
South Australia	AGL	General 126	1 August 2013
Western Australia	Synergy/Horizon	Business L1 & L2	1 July 2013
Northern Territory	Power and Water	Commercial	1 January 2014

Use of a standard typical business customer across all jurisdictions 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 jurisdiction across a range of consumption levels.

## APPENDIX 2 NATURAL GAS

### Residential price comparison – data

For each jurisdiction, residential tariffs were obtained from a selection of the major retailers as listed in Table 4. 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 jurisdiction.

**Table 5: Residential tariffs**

Jurisdiction	Retailer	Tariffs used	Effective date
Tasmania	Aurora	Residential	8 March 2014
	Tas Gas Retail	Residential	1 March 2014
Victoria	AGL	SP AusNet Central 2 Envestra Central 1 Multinet Main 1 Multinet Main 2	1 January 2014
	Origin Energy	Envestra North Envestra Central 2 Multinet Main 1 Multinet Main 2 SP AusNet Central 2 SP AusNet Central 1	10 January 2014
	EnergyAustralia	SP AusNet Central 1 Envestra Central 2 Multinet 1 Multinet 2	1 January 2014
South Australia	AGL	Metropolitan Adelaide Mount Gambier	1 August 2013
	Origin Energy	Metropolitan Adelaide Mount Gambier Port Pirie	
New South Wales	AGL	Residential	1 July 2013
	Origin Energy	Jemena (AGL East) Envestra (Albury) Envestra (Murray Valley)	
	ActewAGL	Capital region Queanbeyan Shoalhaven	
Queensland	AGL Sales (Queensland)	South East Queensland Brisbane and Ipswich	1 July 2013
	Origin Energy	Brisbane and Ipswich Northern	

Jurisdiction	Retailer	Tariffs used	Effective date
ACT	ActewAGL	Residential	1 July 2013
Western Australia	Alinta	Coastal (Metro) Albany Kalgoorlie	21 May 2013
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/Territory	Typical residential consumption	Source
Tasmania	40 GJ	Tas Gas
Victoria	60 GJ	ESC Victoria
South Australia	24 GJ	ESCOSA Issues Paper 2010
New South Wales	23 GJ	IPART Information Paper July 2012
Queensland	10 GJ	QLD Department of Energy and Water supply 2012
ACT	45 GJ	IPART Fact Sheet July 2013
Western Australia	20 GJ	ESAA
Northern Territory	N/A	Information unavailable

## Business price comparison – data

For each jurisdiction, 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 jurisdiction.

**Table 7: Business tariffs**

Jurisdiction	Retailer	Tariffs used	Effective date
Tasmania	Aurora	Small business	8 March 2014
	Tas Gas	Commercial rate	1 March 2014
Victoria	AGL	Multinet Main 2 SP AusNet Central 1 SP AusNet Central 2	1 January 2014
	Origin Energy	Envestra North Envestra Central 1 SP AusNet Central 2 SP AusNet West SP AusNet Central 1 Murray Valley	10 January 2014
	EnergyAustralia	SP AusNet Central 1 Envestra Central 2 Multinet 2	1 January 2014
South Australia	AGL	Metro Mount Gambier	1 August 2013
	Origin	Metropolitan Adelaide Mount Gambier Port Pirie	
New South Wales	ActewAGL	Queanbeyan Capital Shoalhaven	1 July 2013
	AGL	Small business	
	Country Energy (now owned by Origin Energy)	Wagga Wagga and Uranquinty Tumut and Gundagai Henty, Culcairn, Hollbrook and Walla Walla Cooma and Bombala	
	Origin Energy	Albury Murray Valley	
Queensland	AGL Sales (Queensland)	South East Queensland North Brisbane and Ipswich	1 July 2013
	Origin Energy	Brisbane North and Ipswich South East Queensland	

<b>Jurisdiction</b>	<b>Retailer</b>	<b>Tariffs used</b>	<b>Effective date</b>
ACT	ActewAGL		1 July 2013
Western Australia	Alinta	Metro Albany Kalgoorlie	21 May 2013
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.