



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

**September 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 1 July 2014.

AGL, Energy Australia and Origin Energy did not publish all of their revised prices until 3 July 2014, 5 July 2014 and 15 September 2014 respectively due to the uncertainty surrounding the repeal of the *Clean Energy Act 2011* (Cwlth).

The Regulator understands that, in accordance with the Australian Consumer and Competition Commission's requirements in terms of the benefits of the repeal of the Carbon Pricing Mechanism (CPM) being passed onto consumers; the effective date for price changes in these instances has been backdated to 1 July 2014. For example, in Victoria, clause 2.2 of the Essential Services Commission's Final Decision Paper, *Variations to Standing Offer Tariffs Following the Removal of the Carbon Price* (July 2014) permitted retailers to backdate retail prices to 1 July 2014 to coincide with the effective date of the removal of the CPM.

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 July 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:

- 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

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

<sup>2</sup> Business customers that consume up to 150 MWh per annum can enter a market contract or remain on a regulated tariff.

- 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.

# 1 INTRODUCTION

This Report provides an overview of the pricing environment in both the electricity and gas retail markets for the second half of the 2014 calendar year, updating information presented in the *Comparison of 2014 Australian Standing Offer Energy Prices Report*, March 2014.

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 as at 1 July 2014. The electricity section also compares prices paid by small business customers.

The natural gas section compares prices prevailing in Tasmania and mainland jurisdictions for both residential and business consumers as at 1 July 2014.

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>

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



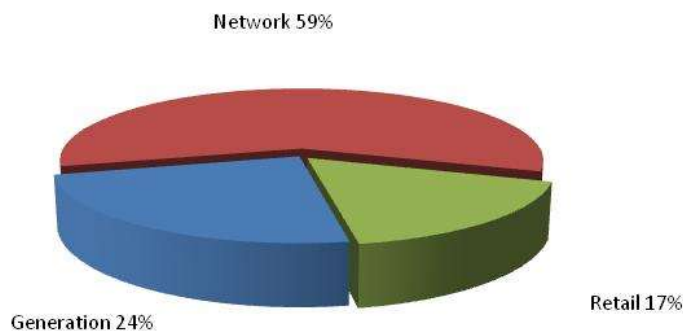


## 2 ELECTRICITY

Electricity prices decreased in all jurisdictions retrospectively from 1 July 2014 due to the repeal of the CPM on 17 July 2014. The decreases were offset by increases in other electricity cost components. For example, in Tasmania the carbon price decrease was offset by higher network costs, whilst in Queensland, retail electricity prices for a household are expected to increase by five per cent from 1 July 2014 due, in the main, to a 66 per cent increase in the daily service charge.

As of 1 July 2014, all customers on mainland Tasmania have the option of entering into a market retail contract with Aurora or another retailer. At the time of writing, there were no retailers, other than Aurora Energy, offering to sell electricity to residential customers. Additionally, it is understood that Aurora Energy has not offered market contracts for residential customers, so all residential customers in Tasmania pay regulated prices for electricity.

**Figure 2.1 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

As at 1 July 2014, for the average Tasmanian customer on a regulated tariff the breakdown (in costs and, therefore, the respective contributions to retail prices) is approximately 24 per cent for the cost of generation, 59 per cent for the network, and 17 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.

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<sup>4</sup> Percentages have been based on the regulated tariffs (ie Standing offer prices) approved by the Regulator for 2014-15 and 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 relatively colder weather which results in a higher space heating load. However, against this Tasmania has a relatively high number of wood heaters and comparatively less demand for air conditioning.
- 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.

It is 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 (details of these tariff combinations are outlined in Appendix 1), 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 Appendix 1.

Figure 2.2 shows the range of costs per unit consumption (cents per kWh) for common residential tariffs across Australia (shaded area) applying from 1 July 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 1 July 2014 – normalised consumption**

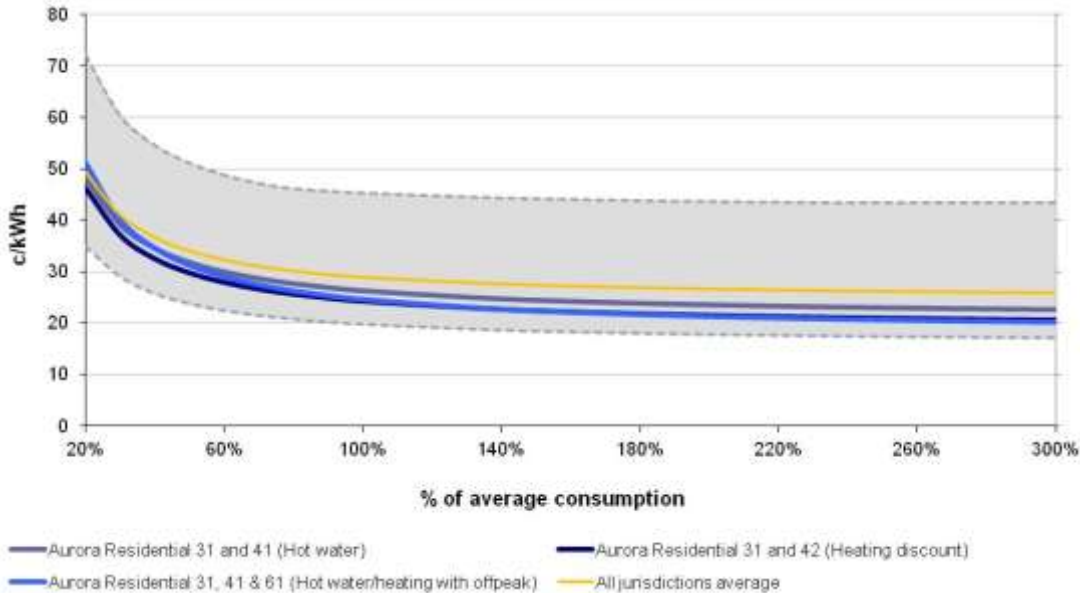


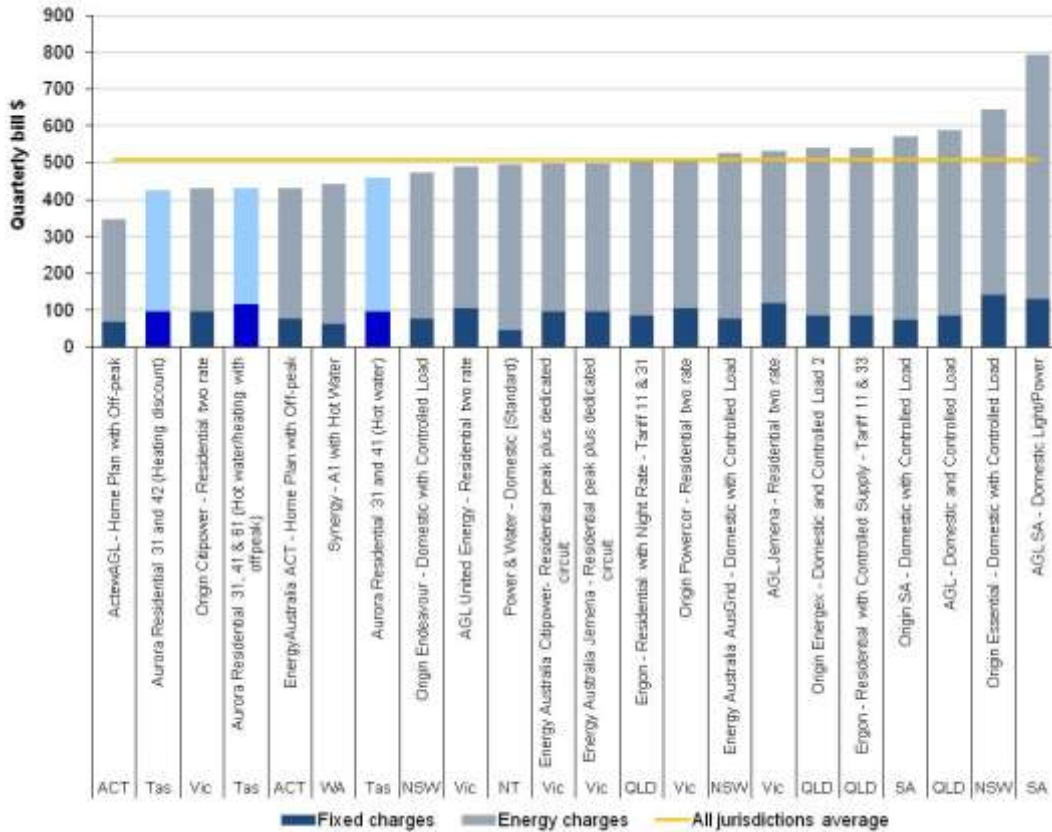
Figure 2.2 illustrates that for Tasmanian residential tariff customers with low consumption, that is, at around 50 per cent of the Tasmanian State average consumption, the average cost of their electricity is between 29.8 cents per kWh and 31.8 cents per kWh, which is in the low range of prices experienced across Australia. High consumption customers, at 200 per cent of the Tasmanian State average consumption, pay an average of between 21.3 cents per kWh and 23.5 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, 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 explains why the difference in the unit price between tariff combinations 31/41 and 31/42 becomes greater as consumption increases.

In summary, the decreases in Tasmanian electricity prices on 1 January 2014 and 1 July 2014 have resulted in Tasmanian residential energy prices which continue to be below the national average at low, medium and high levels of consumption.

Figure 2.3 shows the calculated quarterly bill for selected tariffs from 1 July 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 1 July 2014 – fixed and variable (consumption-related) charges at 7 000 kWh per annum**



Households in Tasmania consuming 7 000 kWh of electricity per annum, are paying below the national average. 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 17 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 2014 (unchanged 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.

<sup>6</sup> Tasmanian concessions are indexed to retail tariffs for the relevant period. When prices decreased on 1 January 2014 and again on 1 July 2014, the concession remained at July 2013 levels rather than decreasing in line with the reduction in regulated electricity prices.

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 1 July 2014. Consumption has been normalised on the basis of percentage of average consumption, by jurisdiction.

**Figure 2.4 Average residential cost per kWh from 1 July 2014 – normalised consumption – concession customers**

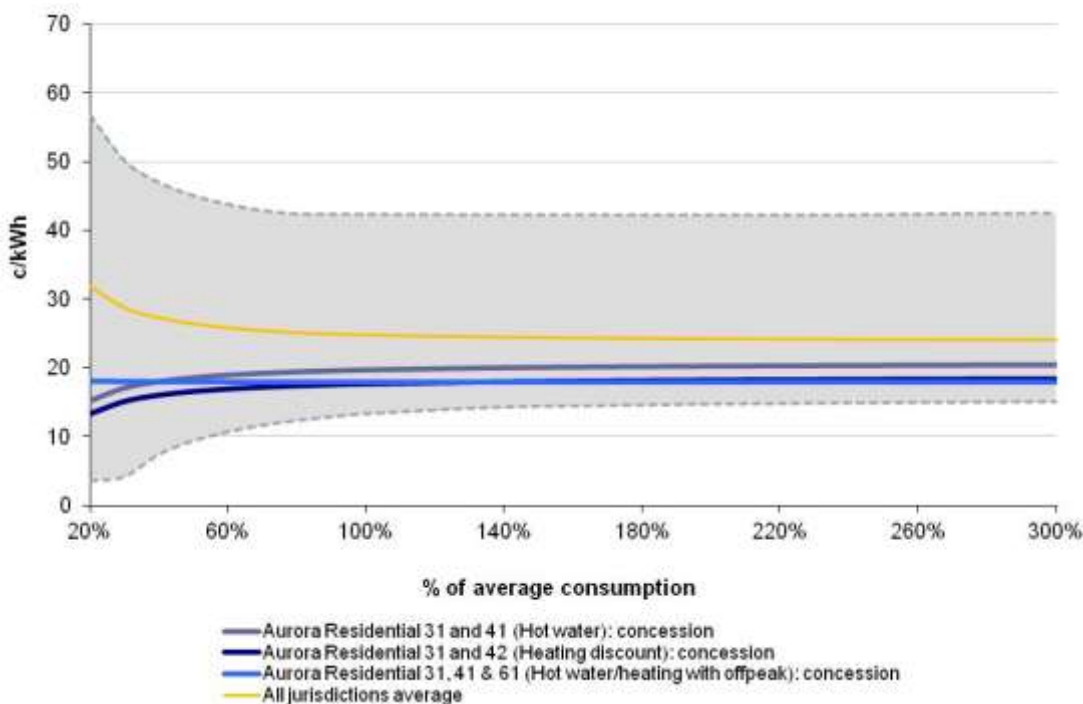


Figure 2.4 illustrates the effect the Tasmanian concession has on reducing the impact of the fixed charge component of the tariffs, thereby flattening the curve at the low end of consumption and reducing prices. As such, Tasmanian concession customers experience electricity costs that are in the low-range 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 both January 2014 and July 2014 has reduced electricity costs for Tasmanian concession customers meaning prices remain in the low-range in 2014 compared to 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 18.00 and 19.15 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 access to price information) between jurisdictions. All business customers are now contestable in Tasmania, New South Wales, Victoria and the Australian Capital Territory but have standing offer tariffs and/or other regulated fallback 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, 1 MWh per annum to 50 MWh per annum.

Figure 2.5 illustrates that Tasmanian business customers consuming up to 5 MWh per annum (approximately \$441 per quarter) pay at the rate of around 35.3 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 Typical Electricity Customers*, May 2014.

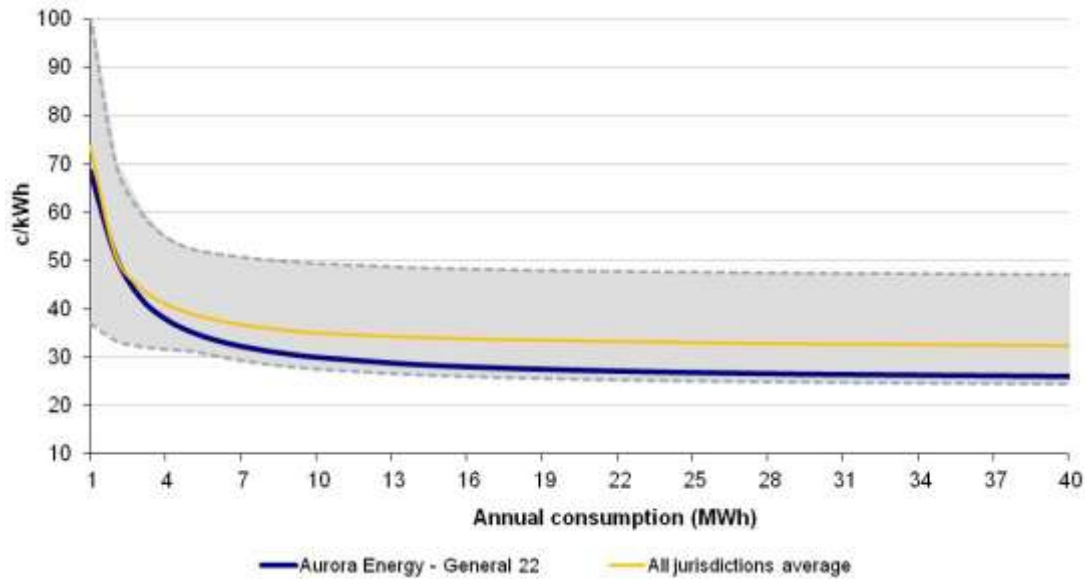
Figure 2.5 also shows the range of prices per unit of consumption (cents per kWh) for common business tariffs available in Australia (shaded) from 1 July 2014, and indicates where Aurora Energy's general business tariff fits within that range. **Note that the scale begins at 10 cents per kWh in Figures 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 1 July 2014, national price range – consumption up to 40 MWh per annum**

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



Tasmanian business customers consuming between 20 MWh of electricity per annum (approximately \$1 369 per quarter) and 40 MWh of electricity per annum (approximately \$2 607 per quarter) pay prices between 27.39 cents per kWh and 26.07 cents per kWh, which is on average 16 per cent lower than the average price available across all jurisdictions.

As discussed in the residential price comparison above, the recent price decreases in Tasmania mean that small business prices remain below the national average.

However as also noted above, 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 regulated business tariffs. On 1 July 2014 Tasmanian business tariffs (including low voltage demand tariffs) decreased by 7.8 per cent.

All Tasmanian business customers are able to negotiate a market contract with their chosen electricity retailer. However, Tasmanian businesses that consume less than 150 MWh 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 thereby imposing 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 July 2014**

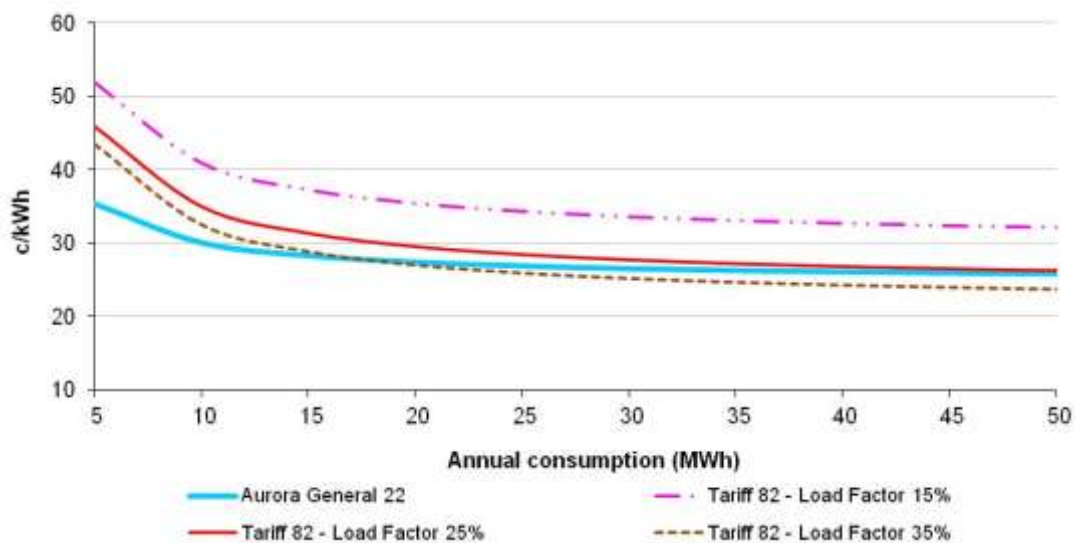


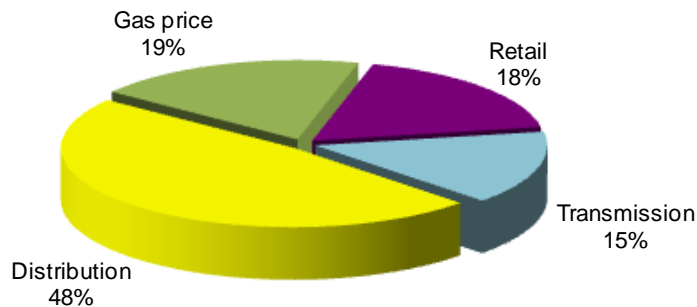
Figure 2.6 illustrates that for annual consumption between 5MWh and 15 MWh, Tasmanian business customers experience a lower cost per consumption unit on Tariff 22 than on Tariff 82 at load factors ranging from 15 to 35 per cent. For consumption over 15 MWh per annum, the price per unit of consumption for Tariff 22 is lower than Tariff 82 at a load factor of 15 and 25 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 1 July 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:

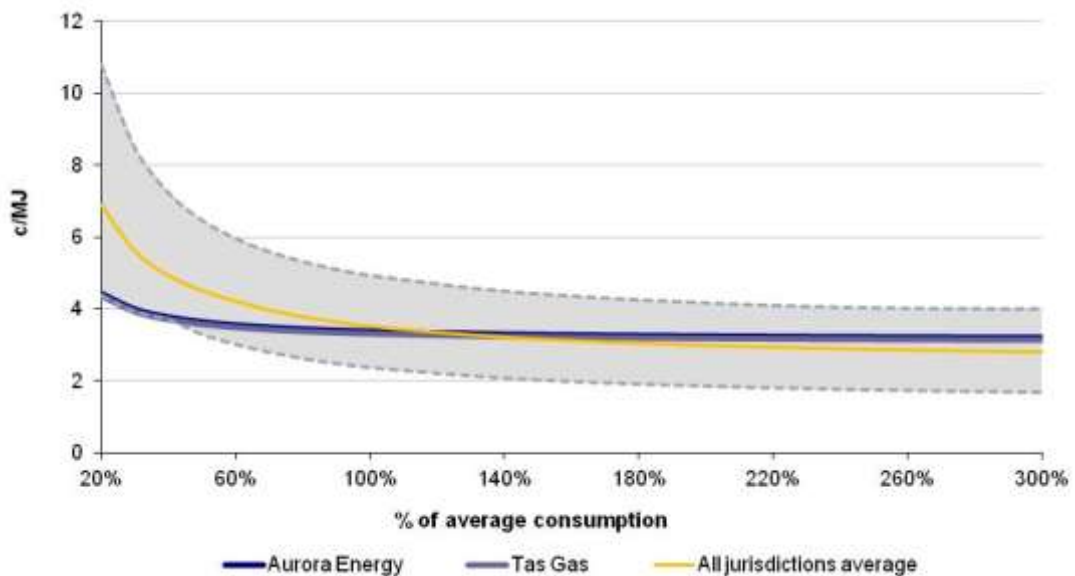
- most mainland companies offer peak and off-peak consumption rates reflecting the fact that those systems are capacity restrained. The two gas retailers operating in Tasmania currently do not have peak and off-peak pricing policies;
- the Tasmanian gas industry is still developing and currently has 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 with 11 978 customers as at 1 July 2014. The average level of consumption for Tasmanian residential customers 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.

A similar approach to that used to develop 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 Average residential natural gas prices per MJ from 1 July 2014 – normalised consumption<sup>8</sup>**



<sup>8</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.

Figure 3.2 shows the range of prices per unit of consumption (cents per megajoule (MJ))<sup>9</sup> for common residential tariffs available in Australia (shaded) from 1 July 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.

Figure 3.2 also 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 4.5 cents per MJ.

At an average level of consumption (around 40 000 MJ per annum in Tasmania), Tasmanian residential customers pay around 3.3 cents per MJ, while Victorian customers pay around 2.0 cents per MJ. At State average levels of consumption, customers in New South Wales pay around 3.3 cents per MJ, customers in Queensland pay around 8.0 cents per MJ and customers in South Australia pay around 4.8 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 21.5 cents per day, compared to other jurisdictions where fixed charges are typically around 61 cents per day.

When prices are compared using 30 000 MJ per annum as standard average consumption across States and Territories, 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 0.3 cents per MJ higher than the national average.

Based on these outcomes, it is therefore apparent that residential customers in Tasmania are paying in the low to mid range of natural gas prices across 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 previous observations.

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<sup>9</sup> 3.6 megajoules (MJ) is equivalent to 1 kWh.

## 3.2 Business

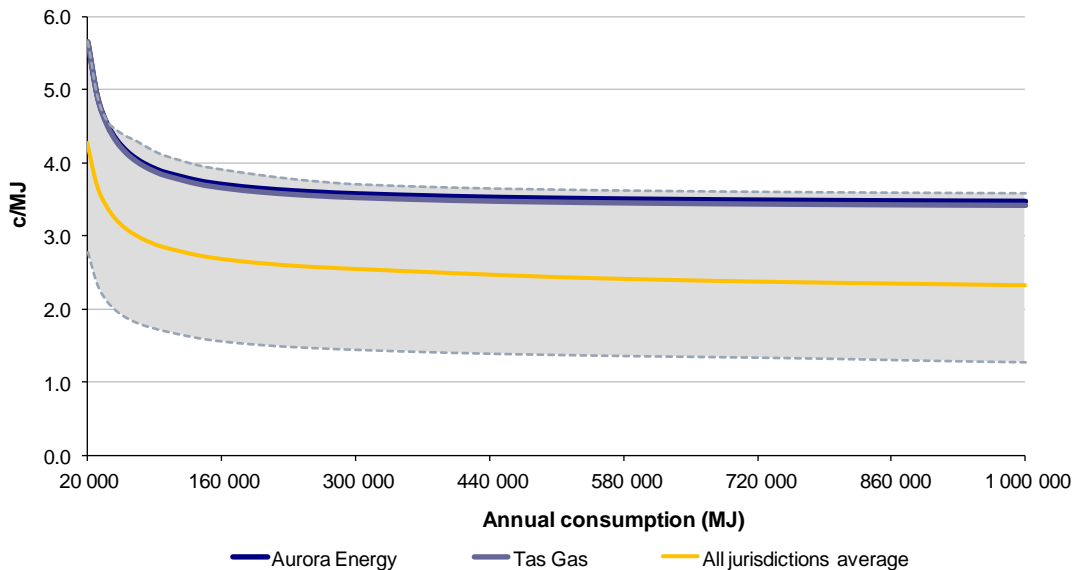
### 3.2.1 Inter-jurisdictional comparisons

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 1 July 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 1 July 2014**



**Figure 3.4 Average business natural gas prices per MJ from 1 July 2014 - consumption up to 200 000 MJ per annum**

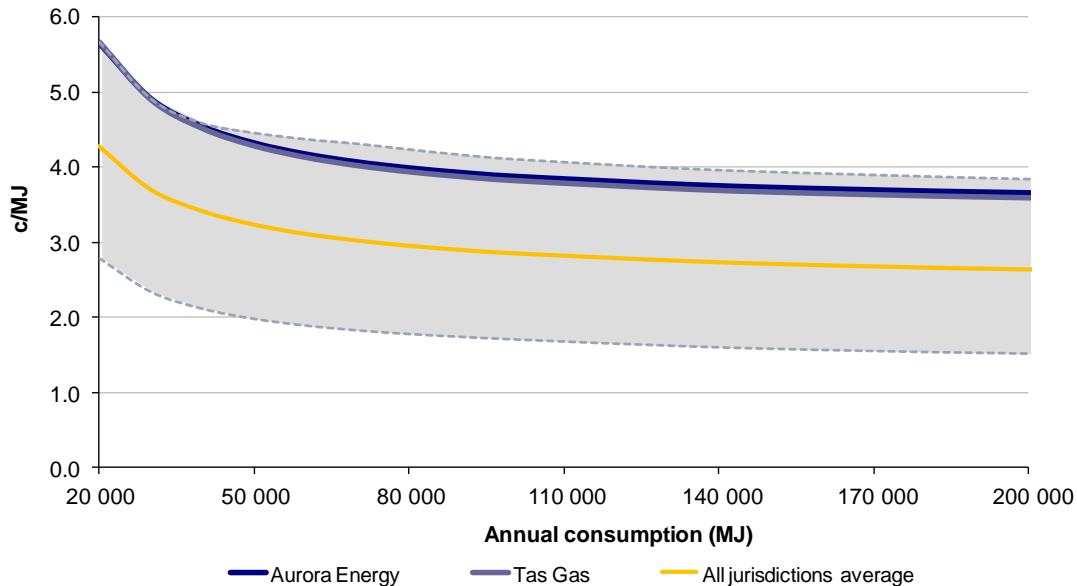


Figure 3.4 concentrates on the low end of consumption to highlight the price curve and the impact of the fixed charge component of the tariffs. At higher consumption levels, the price per unit converges with the marginal energy rate.

Figure 3.4 also shows that for low consumption Tasmanian natural gas business customers (around 50 000 MJ per annum), prices are around 4.3 cents per MJ. Across the rest of Australia, prices at this level of consumption are around 3.2 cents per MJ.

At higher levels of consumption, the Tasmanian natural gas price remains at least one cent per MJ (or 37 per cent) higher than those available in other jurisdictions. This means that a Tasmanian business consuming 200 GJ per annum (ie a small business) may be paying up to \$494 more per quarter for natural gas than a similar mainland business.

Overall, there is still a significant difference between Tasmanian business natural gas prices and the average natural gas price across Australia. Tasmanian prices appear to be amongst the highest natural gas business rates available in Australia, with high use 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<br>41 Hot Water<br>42 HydroHeat<br>61 OffPeak | 1 July 2014    |
| Victoria           | Origin Energy    | Residential two rate   | 1 July 2014    |
|                    | AGL              | Residential two rate   | 1 July 2014    |
|                    | Energy Australia | Residential two rate   | 1 July 2014    |
| New South Wales    | Origin Energy    | Domestic<br>Controlled load                                      | 1 July 2014    |
|                    | Energy Australia | Domestic<br>Controlled load                                      | 1 July 2014    |
| ACT                | ActewAGL         | Home Plan with off peak  | 1 July 2014    |
|                    | Energy Australia | Home Plan with off peak  | 1 July 2014    |
| Queensland         | Ergon            | 11 Residential   | 1 July 2014    |
|                    |                  | 31 Controlled Load (night rate)                                  |                |
|                    |                  | 33 Controlled Load (economy)                                     |                |
|                    | Origin Energy    | Domestic and Controlled Load 2                                   | 1 July 2014    |
|                    | AGL              | Domestic and Controlled Load                                     | 1 July 2014    |
| South Australia    | AGL              | 110 Domestic Light/Power   | 1 July 2014    |
|                    | Origin Energy    | 110 Domestic Light/Power with<br>Controlled Load                 | 1 July 2014    |
| Western Australia  | Synergy/Horizon  | A1 (standard)  | 1 July 2014    |
| Northern Territory | NT Power & Water | Domestic (standard)  | 1 July 2014    |

Typical consumption levels for each state, as shown in Table 2, were obtained from the ESAA.<sup>10</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>11</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>12</sup>

Queensland tariff combinations were drawn from the Integral Energy price fact sheet.<sup>13</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>14</sup>

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

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<sup>10</sup> ESAA, *Energy Gas Australia 2014*

<sup>11</sup> IPART *Fact Sheet – Final Report - Regulated electricity retail tariffs for 1 July 2010 to 30 June 2013*, March 2010

<sup>12</sup> ActewAGL, *Pricing Strategy Statement 2004/05 – 2008/09*, May 2004

<sup>13</sup> Integral Energy Price Fact Sheet, July 2010

<sup>14</sup> Frontier Economics, *Final recommendations - Electricity Retail Market Review – Electricity Tariffs*, January 2009



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

| State/Territory    | Average consumption <sup>15</sup><br>kWh pa | Tariff consumption split  | Source<br>(consumption split)   |
|--------------------|---|---|---|
| Tasmania           | 8 151                                       | Tariff 31 & 41 – 60:40<br>Tariff 31 & 42 – 40:60<br>Tariff 31, 41 & 61 – 40:30:30 | Office of the Tasmanian Energy Regulator – Typical Electricity Customers Information Paper 2010 |
| Victoria           | 5 055                                       | Standard & Off-Peak – 70:30   | St Vincent de Paul Society, Victorian Energy Prices, January 2014 (Tariff Tracking Project)     |
| New South Wales    | 6 226                                       | Standard & Controlled Load/Off-Peak – 82:18                                       | IPART Fact Sheet – Electricity prices to increase for residential and small businesses          |
| ACT                | 6 226                                       | Standard & Off-Peak – 60:40   | ICRC and ACTEWAGL Pricing Strategy Statement  |
| Queensland         | 6 219                                       | Tariff 11 & 31 – 75:25  | Integral Energy Price Fact Sheet – Typical Customers  |
| South Australia    | 5 388                                       | Standard – 75:25 (Summer:Winter)<br>Standard & Off-Peak – 65:35                   | ESCOSA  |
| Western Australia  | 5 442                                       | Standard – 100<br>Standard & Off-Peak – 75:25                                     | Western Australian Office of Energy - Review of Electricity Tariff Arrangements, January 2009   |
| Northern Territory | 9 064                                       | Standard – 100 (no Off-Peak)  | N/A   |

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<sup>15</sup> Electricity Gas Australia 2014, Energy Supply Association Australia

Price curves illustrating concession prices include the concessions outlined below.

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

| <b>Jurisdiction</b> | <b>Concession available</b>  |
|---------------------|--|
| 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 \$338.21 per annum.  |
| Queensland          | Electricity Rebate of \$282.54 per annum.<br>Reticulated Natural Gas Rebate of \$65.58 per annum.  |
| South Australia     | Energy concession of up to \$215 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  | \$1.255 per day off the fixed charge, 8.4 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 July 2014     |
|                    |                  | Demand LV 82               | 1 July 2014     |
| Victoria           | Origin           | Small business             | 1 July 2014     |
|                    | AGL              | Small business             | 1 July 2014     |
|                    | Energy Australia | Business anytime           | 1 July 2014     |
| NSW                | Origin Energy    | Business<br>General Supply | 1 July 2014     |
|                    |                  | Energy Australia           | Business Basics |
| ACT                | ActewAGL         | Business                   | 1 July 2014     |
| Queensland         | Ergon            | General 20                 | 1 July 2014     |
|                    |                  | General 21                 |                 |
| South Australia    | AGL              | General 126                | 1 July 2014     |
| Western Australia  | Synergy/Horizon  | Business L1 & L2           | 1 July 2014     |
| Northern Territory | Power and Water  | Commercial                 | 1 July 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  | 1 July 2014    |
|                 | Tas Gas Retail  | Residential  | 1 July 2014    |
| Victoria        | AGL             | SP AusNet Central 2<br>Envestra Central 1<br>Multinet Main 1<br>Multinet Main 2  | 1 July 2014    |
|                 | Origin Energy   | Envestra North<br>Envestra Central 2<br>Multinet Main 1<br>Multinet Main 2<br>SP AusNet Central 1<br>SP AusNet Central 2 | 1 July 2014    |
|                 | EnergyAustralia | SP AusNet Central 1<br>Envestra Central 2<br>Multinet 1<br>Multinet 2  | 1 July 2014    |
| South Australia | AGL             | Metropolitan Adelaide<br>Mount Gambier   | 1 July 2014    |
|                 | Origin Energy   | Metropolitan Adelaide<br>Mount Gambier<br>Port Pirie   | 1 July 2014    |
| New South Wales | AGL             | Residential  | 1 July 2014    |
|                 | Origin Energy   | Jemena (AGL East)<br>Envestra (Albury)<br>Envestra (Murray Valley)   | 1 July 2014    |
|                 | ActewAGL        | Capital region<br>Queanbeyan<br>Shoalhaven   | 1 July 2014    |

| <b>Jurisdiction</b> | <b>Retailer</b>             | <b>Tariffs used</b>                              | <b>Effective date</b> |
|---------------------|-----------------------------|--|-----------------------|
| Queensland          | AGL Sales<br>(Queensland)   | South East<br>Queensland<br>Brisbane and Ipswich | 1 July 2014           |
|                     | Origin Energy               | Brisbane and Ipswich<br>Northern                 | 1 July 2014           |
| ACT                 | ActewAGL                    | Residential                                      | 1 July 2014           |
| Western Australia   | Alinta                      | Coastal (Metro)<br>Albany<br>Kalgoorlie          | 1 July 2014           |
| Northern Territory  | No information<br>available | No information<br>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.

## Business price comparison – data

For each jurisdiction, general business tariffs were obtained from a selection of major retailers as listed in Table 6. Where there were a number of alternative tariffs the most commonly used was chosen as being most representative for customers in that jurisdiction.

**Table 6: Business tariffs**

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

| <b>Jurisdiction</b> | <b>Retailer</b>          | <b>Tariffs used</b>           | <b>Effective date</b> |
|---------------------|--------------------------|-------------------------------|-----------------------|
| ACT                 | ActewAGL                 |                               | 1 July 2014           |
| Western Australia   | Alinta                   | Metro<br>Albany<br>Kalgoorlie | 1 July 2014           |
| 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.