

Analysis of small business retail energy bills in Australia

Final Report, December 2017

Small and Medium Enterprise (SME)
Retail Tariff Tracker Project

Prepared by Alviss Consulting, with Energy Consumers Australia



Disclaimer

The energy offers, different energy plans (tariffs) and bill calculations presented in this report and associated workbooks should be used as a general guide only and should not be relied upon. The workbooks are not an appropriate substitute for obtaining an offer from an energy retailer. The information presented in this report and the workbooks is not provided as financial advice.

While we have taken great care to ensure accuracy of the information provided in this paper and the workbooks, they are suitable for use only as a research and analysis tool. We do not accept any legal responsibility for errors or inaccuracies. Alviss Consulting Pty Ltd does not accept liability for any action taken based on the information provided in this report or the associated workbooks or for any loss, economic or otherwise, suffered as a result of reliance on the information presented.

If you would like to obtain information about energy offers available to you as a customer, go to the relevant regulator's website or contact the energy retailers directly.

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The Small Business Tariff-Tracking Project: Purpose and outputs

The Small and Medium Enterprise (SME) Retail Tariff Tracker Project is an ongoing project that will evolve based on feedback received and new tariff data being collected.

To date this project has collected and compared small business electricity and gas retail tariffs across Australia and developed a spreadsheet-based tool that allows consumer advocates, and other interested parties, to compare prices and produce their own analysis. Workbooks, which allow the user to enter consumption levels and analyse bills for electricity and gas market offers available to small business customers as of April 2016, April 2017 and October 2017, have been developed for each jurisdiction.¹ While every update of the workbooks will be accompanied by a report, we stress that the workbooks themselves are integral to this project and can be accessed at:

<http://energyconsumersaustralia.com.au/news/category/our-research/>

The analysis presented in this SME Retail Tariff Tracker Project Final Report is based on retail offers available in October 2017 as well as those collected in April 2017 and April 2016. The new consumption levels used for this update report reflect feedback received on the SME Retail Tariff Tracker Project, *Analysis of small business retail energy bills in Australia: Preliminary Report* (October 2017).² Readers interested in more background information about SME energy customers, contract and tariff types may also want to refer to the Preliminary Report.

As we collect more data over time the analysis and reporting will evolve. The project aims to highlight issues and trends in relation to price changes, bill-stacks, supply charges, discounting etc. However, the intention is not to ensure that every report covers all potentially interesting aspects in relation to SME energy prices. Timeliness of the update reports is crucial in order to ensure that SME customers, as well as other stakeholders, have access to up to date information. The timeliness aspect of the SME Retail Tariff Tracker Project also means that the aim is not to explore or explain why changes are occurring. Rather the analysis and the findings should be regarded as a tool to track changes and identify potential issues in the SME energy retail markets. As such the aim of the reports is more to serve as conversation starters rather than proposing solutions to issues identified.

The tariff collection points will continue to be April and October each year. This means that the update report based on April data will be particularly relevant for capturing recent price changes in Victoria (where the major price re-set occurs in January every year) while the update report based on October data will be particularly relevant for analysis of recent price changes in all other jurisdictions.

This report presents some of the key findings produced by the SME Tariff-Tracking tool to date.

¹ All market offers are published offers and do not include special offers that retailers market through special campaigns or brokers. All offers have been sourced from the retailers' websites directly. The offers included in the analysis for this report are listed in Appendix A.

² Available at <http://energyconsumersaustralia.com.au/publication/sme-retail-tariff-tracker-preliminary-report-october-2017/>

1. Key findings

Key findings in this update report on the SME Tariff-Tracking project in regard to bills, price changes, prices-spreads, discounts, supply charges and network charges include:

SME energy bills and price changes

- A jurisdictional comparison of SMEs consuming 20,000 kWh per annum shows that South Australian businesses have the greatest annual electricity bills (\$8,500) and Victorian businesses have the lowest (\$5,850). See section 3.1.
- On average, annual electricity bills for SMEs with this consumption level increased by approximately \$1,000, or 19%, from April 2016 to October 2017. South Australian SMEs, however, have typically experienced an increase of \$2,250, or 36%, per annum during this period. Businesses in Tasmania and the Northern Territory, on the other hand, have had increases well below the national average. See section 3.1.
- A jurisdictional comparison of SMEs consuming 100,000 MJ per annum shows that Tasmanian businesses have the greatest annual gas bills (\$4,300) and Victorian businesses have the lowest (\$1,950). See section 3.2.
- In terms of price changes from April 2016 to October 2017, annual gas bills for SMEs with this consumption level have increased by \$270 (16%) in Victoria, \$310 (10%) in the ACT, \$160 (6%) in NSW, \$200 (6%) in Queensland, and \$140 (3%) in Tasmania. In South Australia prices have decreased slightly (1%) while they have decreased by 16% in WA.³ See section 3.2.

Price-spreads

- The difference between the electricity market offers, the maximum price spread, increased significantly in all jurisdictions in October 2017. As of October 2017 the maximum price spread in the ACT was \$1,445, \$1,925 in South East Queensland and \$2,610 in South Australia. In NSW, the average price spread across the three network areas was \$2,465 while in Victoria the average spread was as high as \$4,800.⁴ See section 3.1.1.
- The price spread for gas also increased significantly in Victoria, NSW and South Australia in October 2017 but it is overall lower than it is for electricity. As of October 2017 the maximum price spread was \$800 in Victoria and approximately \$430 in NSW and South

³ Note that the October 2017 offers for WA include AGL and Origin's market offers. April 2016 is based on Alinta's offer only.

⁴ Based on annual consumption of 20,000 kWh. Note that the price spread typically increases with the number of retailers operating in a market and this analysis based on 5 retail offers in the ACT, 15 retailers in South East Queensland and South Australia, 19 retailers in NSW and 24 retailers in Victoria.

Australia. In Queensland, on the other hand, the maximum price spread was only \$55.⁵ See section 3.2.1.

Additional discounts

- While some retailers offer guaranteed discounts, many market offer discounts are conditional upon bills being paid on time. Additional discounts applied to electricity offers have greatest impact in Victoria, where they reduce a typical annual bill by approximately \$1,400, while they have the least impact in South East Queensland (where the difference is approximately \$540).⁶ See section 3.1.2.
- In relation to gas offers, discounts have greatest impact in Western Australia (reduces an average annual bill by approximately \$700) while they have the least impact in the ACT (approximately \$230).⁷ It should be noted, however, that Western Australia only has three retailers that publish SME market offers and that this discount reflects the 25% discount offered by AGL and 32% discount offered by Origin. Both retailers are relatively new entrants in the WA gas retail market. See section 3.2.2.

Fixed supply charges

- As of October 2017, the average fixed supply charge for Australian SME electricity customers is \$425 per annum. SME customers in NSW, Victoria, the ACT and Queensland, however, pay more than that and NSW has the highest average fixed supply charge at \$615 per annum. See section 3.1.3.
- For gas, the average fixed supply charge for Australian SME customers is \$382 per annum. SME customers in the ACT, South Australia and Tasmania pay supply charges that are higher than the average. In the ACT, where the gas supply charges are highest, SMEs pay \$590 per annum. See section 3.2.3.

⁵ Based on annual consumption of 50,000 MJ and analysis based on 8 retail offers in Victoria, 5 retailers in NSW and South Australia and 2 retailers in Queensland.

⁶ Based on annual consumption of 20,000 kWh and comparing average annual bill based on rates only to average annual bill inclusive of guaranteed and conditional discounts.

⁷ Based on annual consumption of 100,000 MJ and comparing average annual bill based on rates only to average annual bill inclusive of guaranteed and conditional discounts.

Electricity network charges

- The Network Use of System Charges (NUOS) decreased in all NEM jurisdictions except the ACT in October 2017.⁸ As of October 2017, South Australia is the jurisdiction with the highest NUOS charges (\$2,800 for a SME consuming 20,000 kWh per annum) while Tasmanians have the lowest (approximately \$2,180 for the same consumption level).⁹ See section 3.1.4.
- NUOS as proportion of total retail bill has also declined in all jurisdictions. In April 2016 the NUOS proportion of bills was highest in Tasmania (58.9%) while as of October 2017, it is highest in the ACT and NSW (41.8 and 41.6%, respectively). See section 3.1.4.

Jurisdictional analysis

- Section 4 of this report analyses and compares electricity and gas offers available to small business customers in each of the jurisdictions. It compares price spreads (maximum price differences between retail offers), the impact guaranteed and conditional pay on time discounts have on energy bills, and the network cost as proportion of total electricity bills. It also highlights price changes (increases and/or decreases) that have occurred over the previous six months,¹⁰ differences to annual bills (based on assumed consumption levels) between retailers, as well as electricity networks and gas pricing zones within each jurisdiction.
- There are significant differences between the various retailers' bills, use of additional discounts and network charge proportion of bills in most jurisdictions.

⁸ Note that the NUOS charges change on 1 January in Victoria while they change on 1 July in all other jurisdictions.

⁹ Based on annual consumption of 20,000 kWh

¹⁰ As the last data collection of retail offers occurred in October 2017, offers as of October 2017 have been compared to offers as of April 2017 (the previous data collection).

2. Methodology and caveats

2.1 Energy bill analysis and factors influencing price

When analysing the impact tariff changes have on customers' energy bills it is important to be mindful of the various cost components bills are made up of (the bill stack), as well as demand side characteristics such as consumption levels and patterns, and how all these factors may influence the cost of energy.

Firstly, energy bills are made up of three key components: competitive market costs, network costs and 'green scheme' costs. According to the Australian Energy Regulator (AER), the competitive electricity market (wholesale costs, retail costs and retail margins) accounts for 40-50% of small customers' electricity bills, the regulated network cost is 40-55%, and 5-15% are 'green scheme' costs.¹¹ For gas, the wholesale component typically accounts for less than 20% of the total bill, except for in the ACT and Victoria where network costs are lower, and network costs are between 30-70%.¹² According to these figures, the size of the various bill stack components vary significantly between jurisdictions.

The regulated electricity network costs include transmission use of system charge and distribution use of system charge, as well as the cost of meters, meter reads and other ancillary services. The role of retailers is to manage the risk of the wholesale market and thus offer energy products suitable to end-users. All these components influence changes to energy costs and customers' bills. For example: generation costs vary according to fuel sources used, and supply and demand; transmission and distribution costs can go up due to approved network upgrades; retail costs or pricing strategies will be influenced by how well the retailer has managed risk (i.e. their hedging contracts) and effectiveness of competition and other cost inputs the retailers have to manage.

Secondly, as the tariff-tracking tool allows the user to nominate consumption level as well as peak/off-peak proportions where relevant, it is important to be mindful of the significant difference between small businesses' consumption level and usage pattern. Gas bills are particularly difficult to estimate as consumption can be highly seasonal. However, the tool allows the user to analyse bill impacts based on their own assumptions or the type of small business they have in mind.

2.2 Types of businesses and consumption levels

Small business customers are a very heterogeneous customer group in terms of consumption levels, consumption patterns and fuel mix. While households certainly vary in terms of consumption levels and patterns as well, the type of business being conducted can arguably have a much greater impact on consumption, and thus costs. A small office based business largely operating during business hours will have very different consumption levels and usage patterns to a restaurant that is open seven days a week with peak operating hours during the evening.

¹¹ AER, *State of the Energy market 2017*, 127.

¹² *Ibid*, 129.

As part of the small business Tariff-Tracking project, we aim to establish some potential business profiles that can increase understanding of the various energy needs and usage patterns of different, but relatively common, types of small businesses. We therefore hope these reports will trigger interest in the issues pertaining to small business energy customers and start a dialogue amongst stakeholders that will inform this project as well as Energy Consumer Australia’s work more broadly.

2.3 Consumption levels used for this analysis

In order to make a national comparison of electricity and gas bills we have chosen a standard annual consumption level of 20,000 kWh per annum, with the same rate charged for usage all day (which is termed the single rate). For gas we have used a standard annual consumption level of 100 GJ per annum.¹³ The 20,000 kWh electricity consumption is based on a (rounded) average of average consumption for small businesses in various NEM networks by Jacobs Australia for the Australian Energy Market Operator (AEMO) presented in table 1 below. We arrived at the 100 GJ gas consumption after receiving feedback that the previous assumption of 250 GJ was too high for all jurisdictions except Victoria.

Table 1 Estimated average consumption and typical tariff types for selected NEM network areas¹⁴

Jurisdiction	Network	kWh/annum	Common tariff/meter type
NSW	Ausgrid	13,000	EA050 (single rate)
NSW	Endeavour Energy	27,299	N90 (single rate)
VIC	Citipower	36,209	C1G (single rate)
VIC	Powercor	21,674	ND5 (interval tariff)
VIC	Ausnet Services	24,724	NEE12 (single rate)
VIC	Jemena	21,858	A200 (single rate)
VIC	United	23,629	LVM1R (single rate)
QLD	Energex	16,628	8300 (demand tariff)
SA	SAPN	14,262	2 rate (peak/off-peak rate)
TAS	TasNetworks	25,315	TAS22 (single rate)
ACT	Evo Energy (ActewAGL)	32,257	General network (single rate)

Average consumption levels vary significantly between jurisdictions due to factors such as climate and fuel mix. In Victoria, for example, gas penetration is high and this means that many businesses use gas for purposes that Tasmanian businesses, for example, are more likely to use electricity for. Overall, an assumed standard annual electricity consumption of 20,000 kWh is high in NSW’s Ausgrid network, South Australia and South East Queensland (Energex now

¹³ Feedback received on our preliminary report (October 2017) included that previous assumptions used for consumption levels were too high for most networks and that using different consumption levels for the jurisdictions made the analysis unnecessarily confusing.

¹⁴ Table based on Jacobs Australia, *Retail electricity price history and project trends*, AEMO, 21 September 2017 at https://www.aemo.com.au/-/media/Files/Electricity/NEM/Planning_and_Forecasting/EFI/Jacobs-Retail-electricity-price-history-and-projections_Final-Public-Report-June-2017.pdf

part of Energy Queensland), while it is very low for Victoria's Citipower network and the ACT. An assumed standard annual gas consumption of 100 GJ is low for Victoria and the ACT while more representative for other parts of Australia.

In terms of tariff types, the single rate, the tariff type used for this analysis, is the most common for small businesses in all network areas except Energex, Powercor and South Australian Power Network (see table 1). Finally, we would encourage anyone with interest in energy bill analysis of different tariff types and/or consumption levels to use the SME Retail Tariff Tracker Project workbooks available at:

energyconsumersaustralia.com.au/news/category/our-research/

2.4 Bill calculations

Energy offers are made up of numerous rates and charges (i.e. peak rates, off peak rates and supply charges) and in order to compare offers, or prices, we have based the analysis on estimated annual bills for certain consumption levels. Annual bills, inclusive of guaranteed discounts, pay on time discounts and GST, have been calculated for all retail offers.¹⁵ When the report refers to the average bill for a jurisdiction or a network, it refers to the average (arithmetic mean) bill based on all relevant retailers. The average bill is not weighted to reflect individual retailers' customer numbers.

¹⁵ Appendix A contains a list of all offers used for this report.

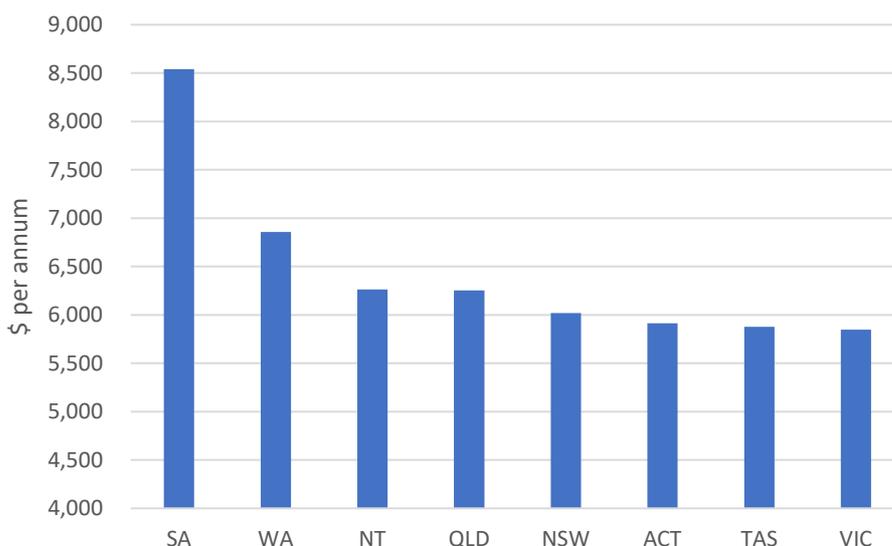
3. National comparison of energy bills

This section analyses and compares electricity and gas offers available to small business customers in Australia, based on available retail offers as of April 2016, April 2017 and October 2017. The analysis highlights changes to energy bills, jurisdictional differences to annual bills (based on assumed consumption levels) as well as electricity networks, differences in the fixed supply charges and the impact guaranteed and conditional pay on time discounts have on energy bills in various areas.¹⁶ It also estimates the size of the network component of electricity bills.

3.1 Electricity bills

Chart 1 shows estimated annual electricity bills for SMEs that consume 20,000 kWh per annum across all states and territories. South Australian businesses with this consumption level will typically have an annual electricity bill of just over \$8,500, while Victorian businesses will pay approximately \$5,850.

Chart 1 Estimated average electricity bill for SMEs using 20,000 kWh (single rate) per annum in each jurisdiction. Offers as of October 2017, GST inclusive.¹⁷



¹⁷ Based on offers available in October 2017. Average market offer (including guaranteed discounts and pay on time discounts) for each network area. For areas without market offers (the Ergon, PWC, Horizon Energy and Western Power networks) the bills are based on the regulated/standing offer.

Chart 2 shows changes to electricity bills from April 2016 to October 2017. It shows that bills increased in all jurisdictions except for the Northern Territory during the period but that the increases vary significantly between jurisdictions.

Chart 2 Estimated average electricity bill for SMEs using 20,000 kWh (single rate) per annum in each jurisdiction as of April 2016, April 2017 and October 2017. GST inclusive.¹⁸

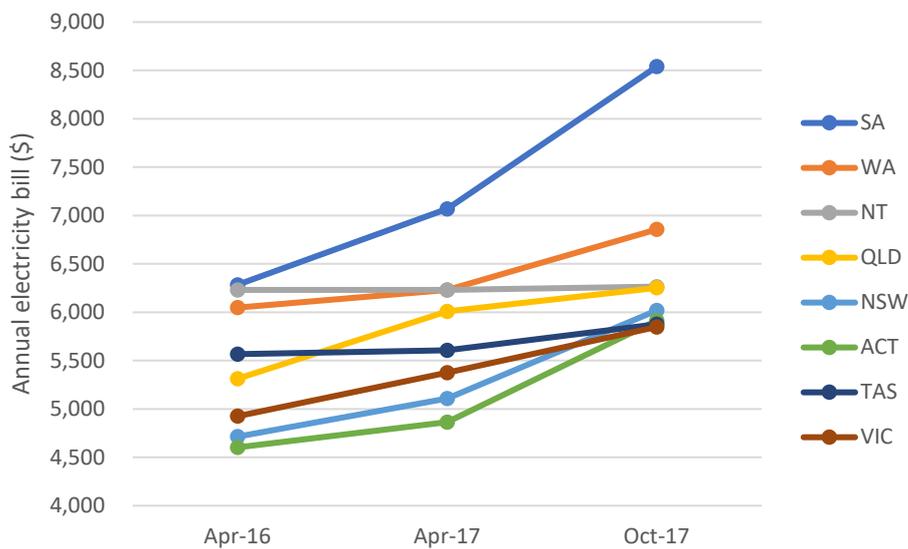
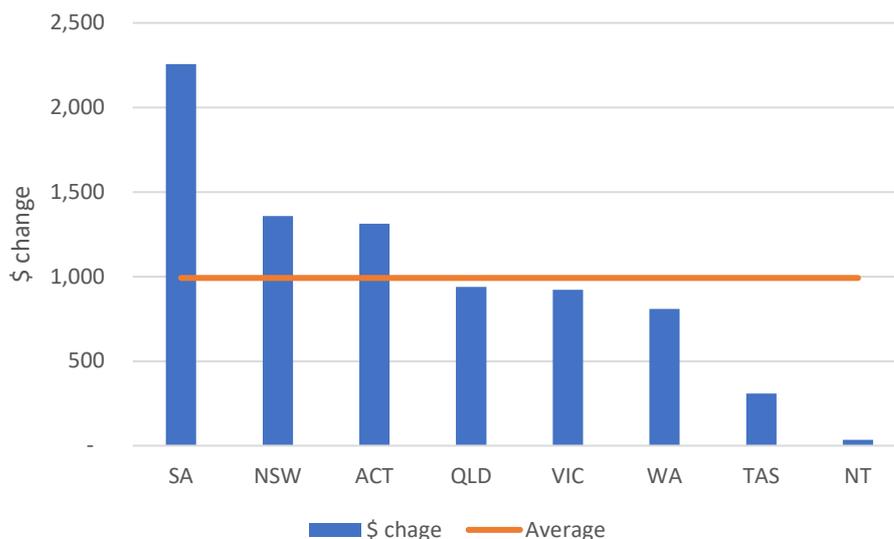


Chart 3 shows \$ change to annual bills from April 2016 to October 2017. South Australian SMEs with this consumption level have typically experienced an increase of \$2,250 per annum during this period while businesses in Tasmania and the Northern Territory have had increases well below the national average.

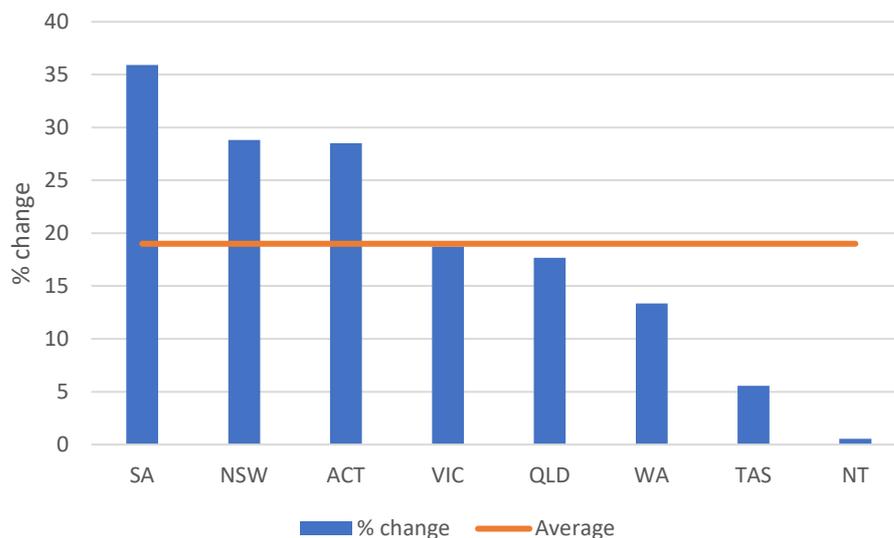
Chart 3 Increases (\$) to average electricity bill for SMEs using 20,000 kWh (single rate) per annum in each jurisdiction from April 2016 to October 2017. GST inclusive



¹⁸ Average market offer (including guaranteed discounts and pay on time discounts) for each network area. For areas without market offers (the Ergon, PWC, Horizon Energy and Western Power networks) the bills are based on the regulated/standing offer.

In terms of percentage increases, chart 4 shows that bills in South Australia typically increased by 36% during this period while Queensland, Western Australia, Tasmania and the Northern Territory had percentage increases below the national average.

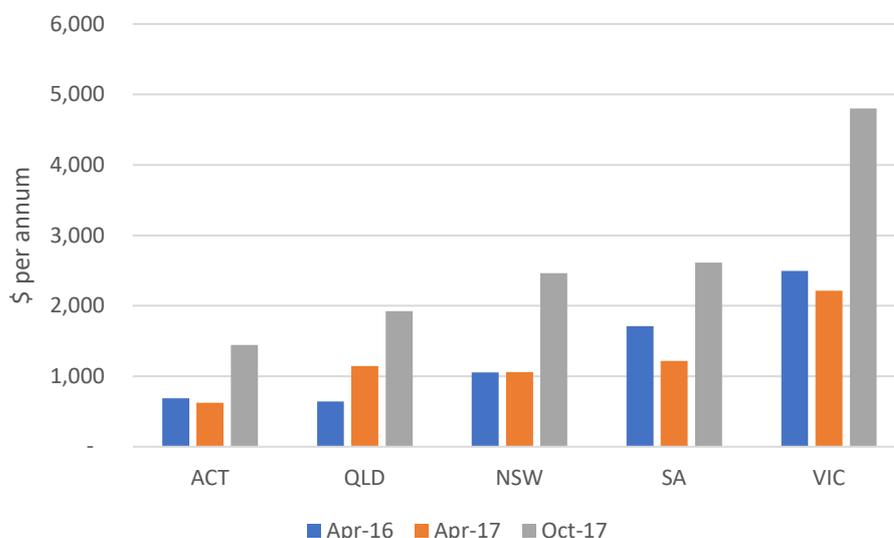
Chart 4 Increases (%) to average electricity bill for SMEs using 20,000 kWh (single rate) per annum in each jurisdiction from April 2016 to October 2017. GST inclusive



3.1.1 Maximum price spread – electricity

The difference between the market offers, the maximum price spread, increased significantly in all jurisdictions in October 2017. The price spread typically increases with the number of retailers operating in a market. As of October 2017, the maximum price spread in the ACT was \$1,445 (based on 5 retailers), \$1,925 in South East Queensland and \$2,610 in South Australia (based on 15 retailers in both jurisdictions). In NSW, the average price spread across the three network areas was \$2,465 (based on 19 retailers) while in Victoria the average spread was as high as \$4,800 (based on 24 retailers). Chart 5 shows maximum price spread in April 2016, April 2017 and October 2017 for all jurisdictions where a number of retailers offer electricity market contracts.

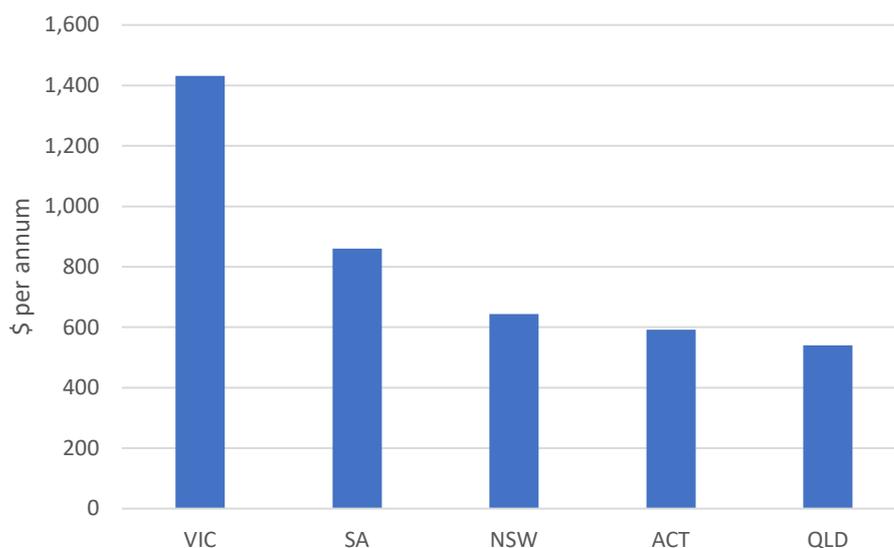
Chart 5 Maximum price spread for electricity market offers (including guaranteed and pay on time discounts) in each jurisdiction as of April 2016, April 2017 and October 2017. Based on SMEs using 20,000 kWh (single rate) per annum, GST inclusive



3.1.2 Additional discounts – electricity

While some retailers offer guaranteed discounts, many market offer discounts are conditional upon bills being paid on time. Chart 6 shows the difference between the average market offer bill excluding guaranteed and conditional discounts, and the average market offer bill inclusive of discounts. It shows that discounts have greatest impact in Victoria (reduces a typical annual bill by approximately \$1,400) while they have the least impact in South East Queensland (approximately \$540).¹⁹

Chart 6 Difference (\$) to average electricity bill inclusive and exclusive of discounts) guaranteed and conditional). Based on SMEs using 20,000 kWh (single rate) per annum, October 2017. GST inclusive

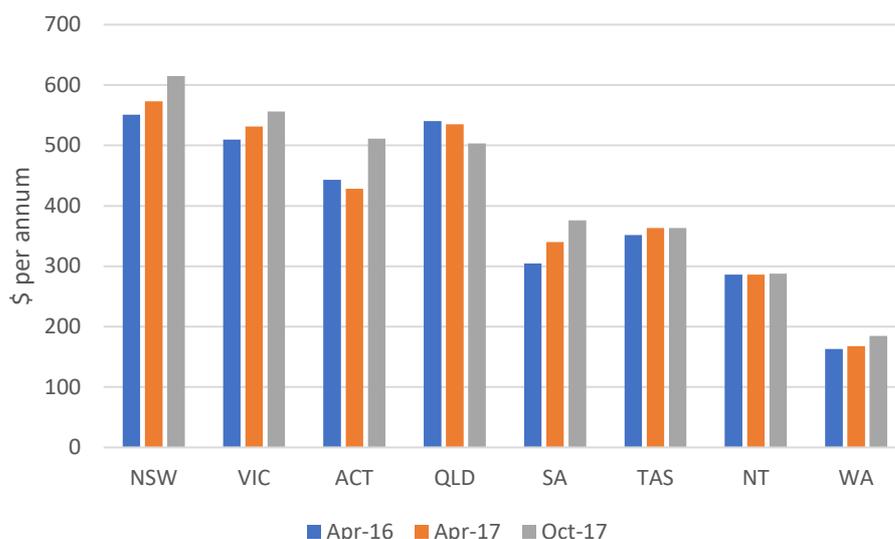


¹⁹ Jurisdictions without or only a few market offers have not been included in this analysis.

3.1.3 Fixed supply charge – electricity

As of October 2017, the average fixed supply charge for Australian SME electricity customers is \$425 per annum. However, SME customers in NSW, Victoria, the ACT and Queensland pay more than that. Chart 7 shows the average annual fixed supply charge for each jurisdiction from April 2016 to October 2017 and demonstrates that it has remained stable in the Northern Territory and Tasmania, decreased in Queensland and increased in all other jurisdictions. South Australian businesses have experienced the greatest increase (approximately 23% since April 2016).

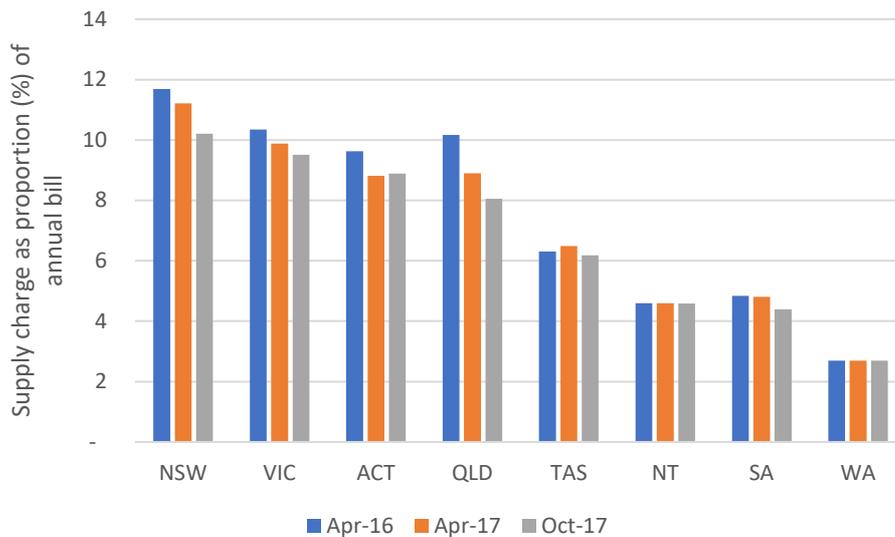
Chart 7 Changes (\$) to average annual electricity supply charge for SMEs on the single rate in each jurisdiction from April 2016 to October 2017. GST inclusive²⁰



The supply charge as proportion of annual bills for SME customers using 20,000 kWh per annum has, however, remained stable or decreased in all jurisdictions over this period. Chart 8 shows average electricity supply charge as proportion of bill in each jurisdiction.

²⁰ Based on the average supply charge for electricity market offers except for in WA, NT, Tasmania and Northern Queensland (Ergon network) where it is based on the regulated rate.

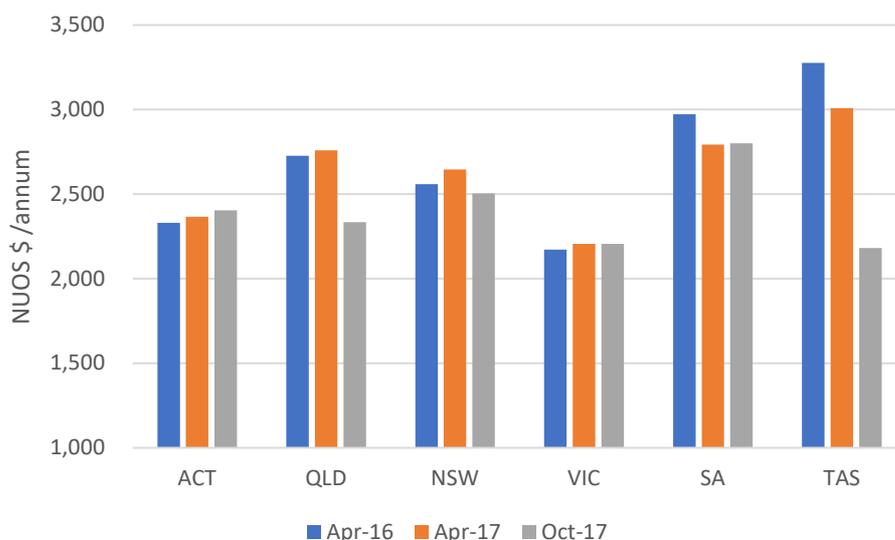
Chart 8 Average annual electricity supply charge as proportion (%) of bill for SMEs using 20,000 kWh per annum (single rate) in each jurisdiction. From April 2016 to October 2017, GST inclusive



3.1.4 Electricity network charges

The Network Use of System Charges (NUOS) decreased in all NEM jurisdictions except the ACT in October 2017.²¹ As of October 2017, South Australia is the jurisdiction with the highest NUOS charges (\$2,800 for a SME consuming 20,000 kWh per annum) while Tasmanians have the lowest (approximately \$2,180 for the same consumption level). By comparison, Tasmania had the highest NUOS charges of all the jurisdictions in April 2016 and April 2017.

Chart 9 Average annual NUOS bill for SMEs using 20,000 kWh (single rate) per annum in each jurisdiction as of April 2016, April 2017 and October 2017. GST exclusive.²²

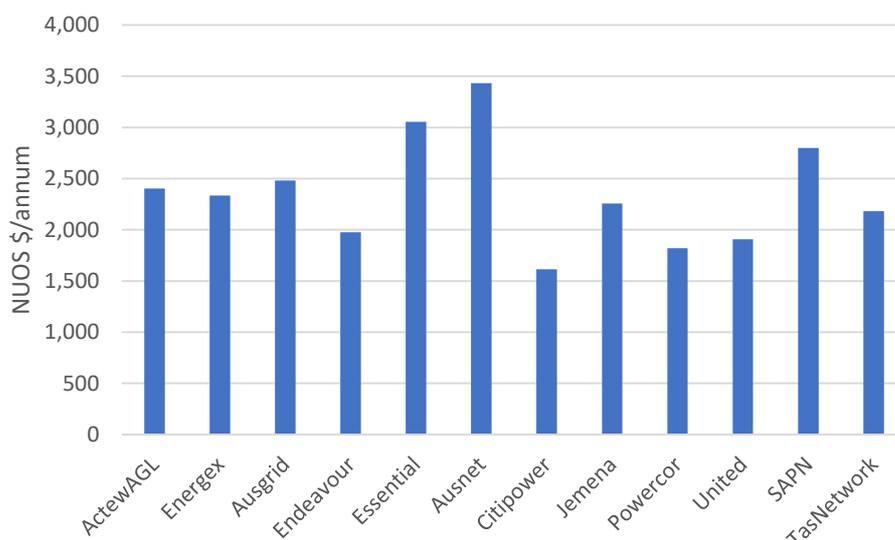


²¹ Note that the NUOS charges change on 1 January in Victoria while they change on 1 July in all other jurisdictions.

²² Queensland is based on Energex network only.

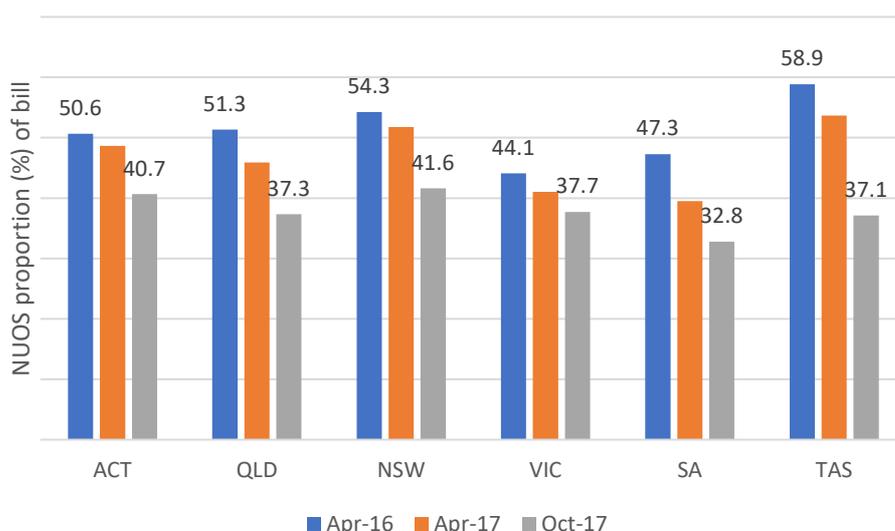
In NSW and Victoria, where there is more than one network area, the state variations in NUOS charges are significant. Large, and predominantly country networks, such as Essential Energy in NSW and Ausnet Services in Victoria have network charges that are greater than that of South Australia. Victoria's Citipower network, on the other hand, is the NEM network with the lowest NUOS charges. See chart 10.

Chart 10 Annual NUOS bill for SMEs using 20,000 kWh (single rate) per annum in each network as of October 2017. GST exclusive.



NUOS as proportion of total retail bill has also declined in all jurisdictions. In April 2016 the NUOS proportion of bills was highest in Tasmania (58.9%) while as of October 2017, it is highest in the ACT and NSW (41.8 and 41.6%, respectively). See chart 11.

Chart 11 NUOS as proportion of total bill for SMEs using 20,000 kWh (single rate) per annum in each jurisdiction as of April 2016, April 2017 and October 2017. Total retail bill is GST inclusive.²³

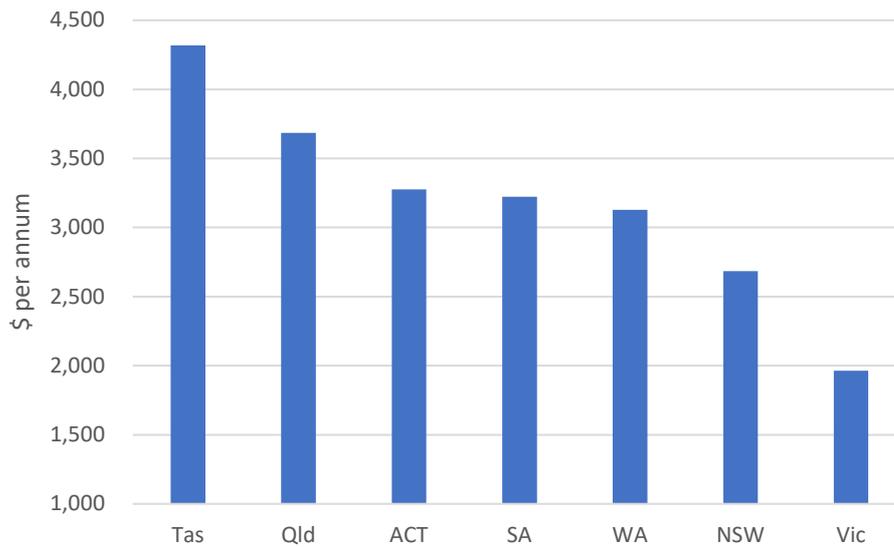


²³ Note that Queensland is based on the Energex network only.

3.2 Gas bills

Chart 12 shows estimated annual gas bills for SMEs that consume 100 GJ per annum across all states and territories. Tasmanian businesses with this consumption level will typically have an annual electricity bill of just over \$4,300, while Victorian businesses will pay approximately \$1,950.

Chart 12 Estimated average gas bill for SMEs using 100 GJ per annum in each jurisdiction. Offers as of October 2017, GST inclusive.²⁴



²⁴ Based on offers available in October 2017. Average market offer (including guaranteed discounts and pay on time discounts). In QLD this is based on offers available in the Brisbane North and the Brisbane South pricing zones, in NSW it is based on offers available in the Sydney/Jemena zone, in Victoria it is based on the eight major gas zones, and in WA it is based on the South West zone. Tasmania and SA only has one pricing zone.

Chart 13 shows changes to gas bills from April 2016 to October 2017. It shows that bills increased in all jurisdictions except for WA and South Australia during the period but that the increases vary significantly between jurisdictions.

Chart 13 Estimated average gas bills for SMEs using 100 GJ per annum in each jurisdiction as of April 2016, April 2017 and October 2017. GST inclusive.²⁵

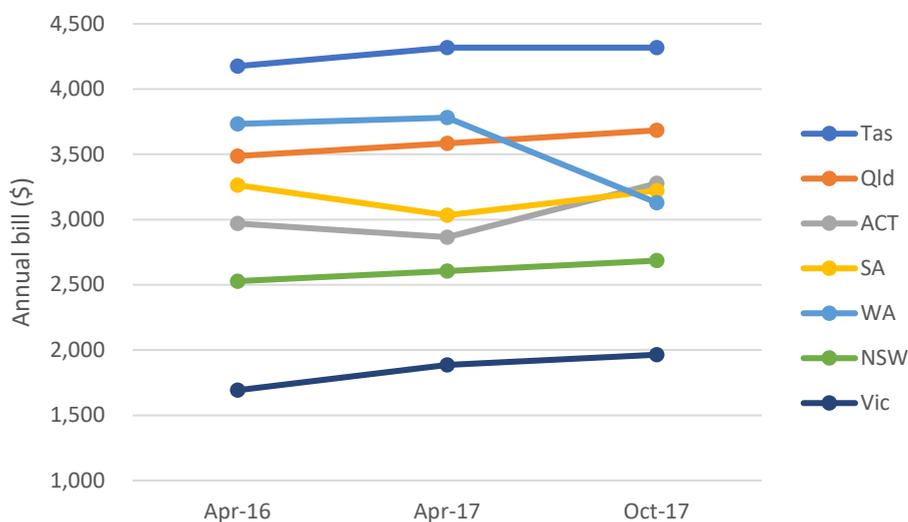
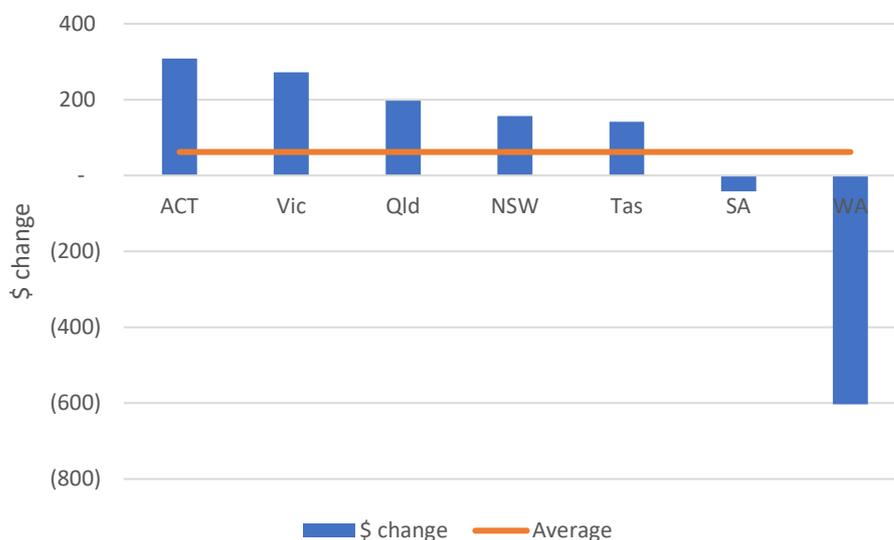


Chart 14 shows \$ change to annual bills from April 2016 to October 2017. SMEs in the ACT have typically experienced an increase of \$300 per annum during this period while businesses in Western Australia have had a price decrease of \$600 per annum.²⁶

Chart 14 Changes (\$) to average gas bill for SMEs using 100 GJ per annum in each jurisdiction from April 2016 to October 2017. GST inclusive



²⁵ Average market offer (including guaranteed discounts and pay on time discounts) for each jurisdiction. In QLD this is based on offers available in the Brisbane North and the Brisbane South pricing zones, in NSW it is based on offers available in the Sydney/Jemena zone, in Victoria it is based on the eight major gas zones, and in WA it is based on the South West zone. Tasmania and SA only has one pricing zone.

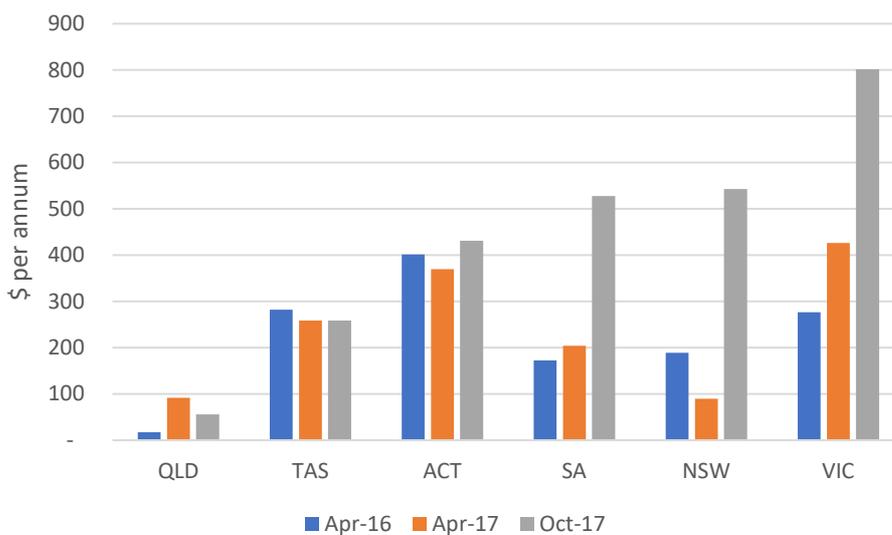
²⁶ Note that the October 2017 offers for WA include AGL and Origin's market offers. April 2016 is based on Alinta's offer only.

In terms of percentage change, gas prices have increased by 16% in Victoria, 10% in the ACT, 6% in NSW and Queensland, and 3% in Tasmania. In South Australia prices have decreased slightly (1%) while they have decreased by 16% in WA.²⁷

3.2.1 Maximum price spread – gas

The difference between the market offers, the maximum price spread, increased significantly in NSW, South Australia and Victoria in October 2017. The price spread typically increases with the number of retailers operating in a market as well as immediately after deregulation.²⁸ As of October 2017 the maximum price spread in Queensland was \$55 and in Tasmania it was \$260 (only 2 retailers operate in each state). In the ACT, which only has 3 retailers, the maximum price spread was \$430. The price spread was around \$540 in South Australia and NSW (both states have 5 retailers). Victoria has the highest price spread (\$800) as well as the most retailers (8). Chart 15 shows maximum price spread in April 2016, April 2017 and October 2017 for all jurisdictions where a number of retailers offer gas market contracts.²⁹

Chart 15 Maximum price spread for gas market offers (including guaranteed and pay on time discounts) in each jurisdiction as of April 2016, April 2017 and October 2017. Based on SMEs using 100 GJ per annum, GST inclusive



3.2.2 Additional discounts – gas

While some retailers offer guaranteed discounts, many market offer discounts are conditional upon bills being paid on time. Chart 16 shows the difference between the average market offer bill excluding guaranteed and conditional discounts, and the average market offer bill inclusive of discounts. It shows that discounts have greatest impact in Western Australia (reduces an average annual bill by approximately \$700) while they have the least impact in the ACT

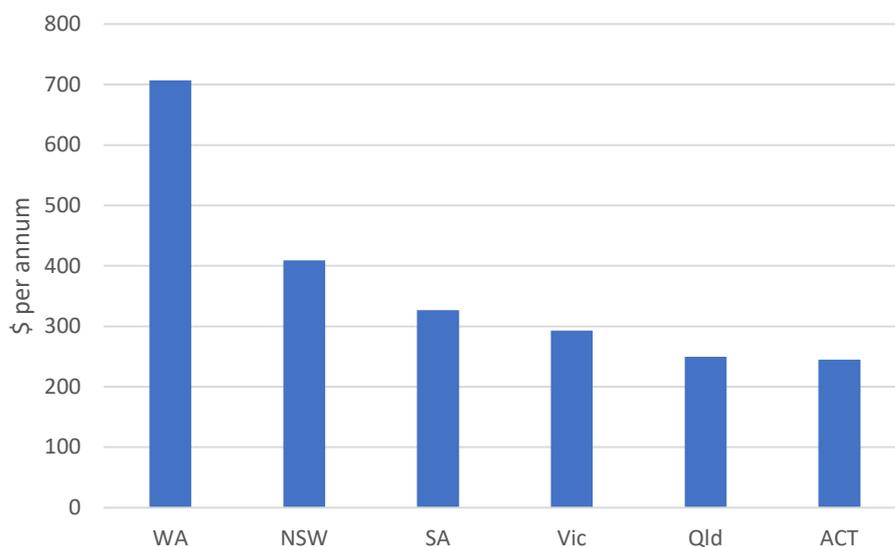
²⁷ Based on price changes from April 2016 to October 2017

²⁸ Note that NSW gas retail prices were deregulated on 1 July 2017.

²⁹ Analysis does not include WA as AGL and Origin are new entrants in the WA gas retail market. As of October 2017, however, the maximum price spread in WA was \$1,260.

(approximately \$230).³⁰ It should be noted, however, that Western Australia only has three retailers that publish SME market offers and that this discount reflects the 25% discount offered by AGL and 32% discount offered by Origin. Both retailers are relatively new entrants in the WA gas retail market.

Chart 16 Difference (\$) to average gas bill inclusive and exclusive of discounts) guaranteed and conditional). Based on SMEs using 100 GJ per annum, October 2017. GST inclusive

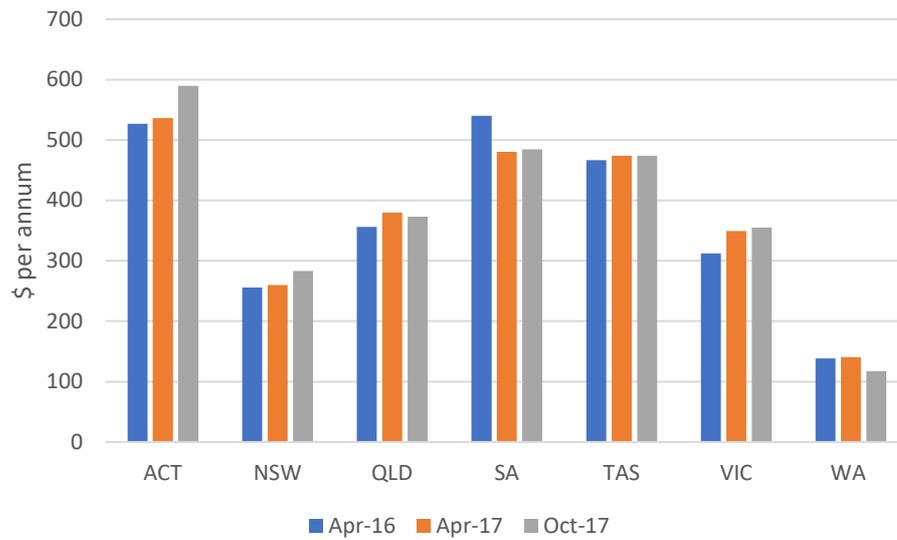


3.2.3 Fixed supply charge – gas

As of October 2017, the average fixed supply charge for Australian SME gas customers is \$382 per annum. However, SME customers in the ACT, South Australia and Tasmania pay more than that. Chart 17 shows the average annual fixed supply charge for each jurisdiction from April 2016 to October 2017 and it shows that it has decreased in Western Australia and South Australia while increasing in all other jurisdictions. Businesses in the ACT, Victoria and NSW have experienced the greatest increases (approximately 11-14% since April 2016).

³⁰ Jurisdictions without or only a few market offers have not been included in this analysis. Tasmania, for example, has two retailers but as neither retailer offer discounts they have not been included in this analysis.

Chart 17 Changes (\$) to average annual gas supply charge for SMEs in each jurisdiction from April 2016 to October 2017. GST inclusive³¹



³¹ Based on the average supply charge for electricity market offers except for in WA, NT, Tasmania and Northern Queensland (Ergon network) where it is based on the regulated rate.

4. Jurisdictional analysis

This section analyses and compares electricity and gas offers available to small business customers in each of the jurisdictions. It compares price spreads (maximum price differences between retail offers), the impact guaranteed and conditional pay on time discounts have on energy bills, and the network cost as proportion of total electricity bills. It also highlights price changes (increases and/or decreases) that have occurred over the previous six months,³² differences to annual bills (based on assumed consumption levels) between retailers, as well as electricity networks and gas pricing zones within each jurisdiction.³³

Consistent with section 3 above, we assume an annual consumption level of 20,000 kWh³⁴ (single rate) for electricity and 100 GJ for gas. We stress that gas consumption varies significantly between jurisdictions and that the 100 GJ consumption level is a low consumption level in Victoria, medium in the ACT and South Australia, and high in Queensland. We note that the workbooks accompanying this report allow users to nominate their own consumption levels and we encourage all stakeholders to access the workbooks at:

<http://energyconsumersaustralia.com.au/news/category/our-research/>

4.1 New South Wales

Electricity retail prices in NSW have been deregulated since 2014. Gas retail prices for customers using less than 1,000 GJ per annum became deregulated in July 2017.

NSW has three electricity networks and several gas pricing zones:

Electricity network and incumbent retailer	Area
Ausgrid (Energy Australia)	Inner Sydney, Northern Sydney, Swansea, Newcastle, Maitland, Cessnock, Singleton and Upper Hunter
Endeavour Energy (Origin)	Western Sydney, Wollongong, Blue Mountains, Lithgow, Kandos, Moss Vale, Nowra, Ulladulla
Essential Energy (Origin)	Rural and Regional NSW

³² As the last data collection of retail offers occurred in October 2017, offers as of October 2017 have been compared to offers as of April 2017 (the previous data collection).

³³ Appendix A contains a list of the various retail offers used for this analysis.

³⁴ This consumption level for electricity is based on the NEM average, see Jacobs Australia, *Retail electricity price history and project trends*, AEMO, 21 September 2017 at https://www.aemo.com.au/-/media/Files/Electricity/NEM/Planning_and_Forecasting/EFI/Jacobs-Retail-electricity-price-history-and-projections_Final-Public-Report-June-2017.pdf

NSW Gas zones and host retailer Jemena/Sydney (AGL) AGN (Origin)	Area
	Sydney, Newcastle, Wollongong, Blue Mountains
	Cooma and Bombala
	Temora, Holbrook, Henty, Culcairn and Walla Walla
	Tumut and Gundagai
	Wagga Wagga and Uranquity
	Albury, Moama and Jindera
	Murray Valley Towns
Central ranges (Origin) Jemena/Capital Region (ActewAGL) Queanbeyan (ActewAGL) Shoalhaven (ActewAGL)	Tamworth
	Boroowa, Goulburn, Yass and Young
	Queanbeyan and Bundgondore
	Shoalhaven

4.1.1 NSW electricity bills October 2017

The bill analysis presented in this report is based on SMEs using 20,000 kWh per annum on a single rate tariff. Research published by AEMO³⁵ shows that small businesses, on average (across the NEM network areas), use approximately 20,000 kWh per annum and we use this average instead of network specific consumption profiles to readily enable comparison between network areas and jurisdictions. According to the AEMO report, average consumption for a small business in the Ausgrid network is 13,000 kWh per annum while the average consumption is 27,266 kWh in the Endeavour Energy network. We also note that the workbooks accompanying this report allow users to nominate their own consumption levels as well as undertaking analysis of different tariff types (2-rate tariffs, time of use tariffs etc.). The workbooks are available at: energyconsumersaustralia.com.au/news/category/our-research/

The price-spread

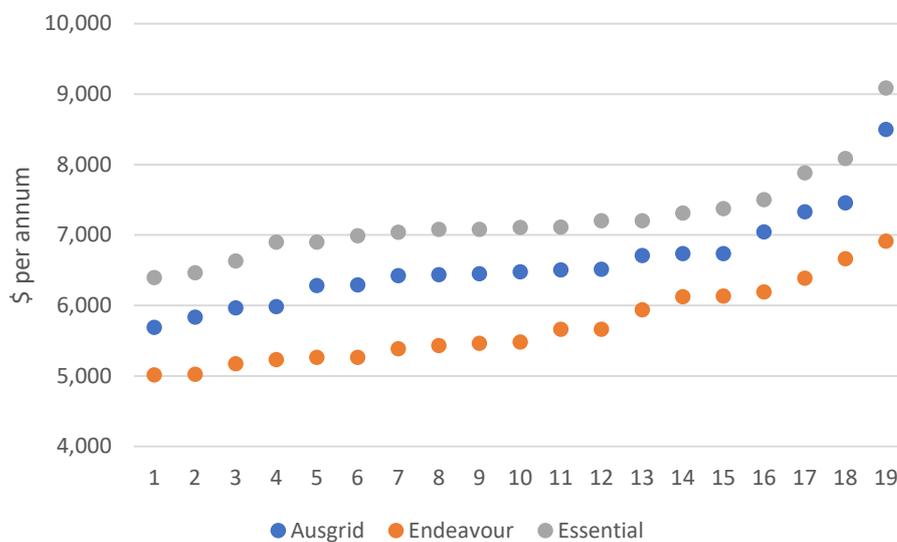
Chart 18 shows annual bills for SMEs consuming 20,000 kWh per annum (single rate) for 19 retailers across the three NSW distribution networks.³⁶ It shows that the typical annual bill for SMEs with his consumption level is between \$5,700 and \$7,230 (depending on network area).

It also shows that prices are highest in the Essential Energy network and lowest in Endeavour Energy. The maximum price spread, however, is greatest in Ausgrid where the difference between the lowest and the highest annual bill is \$2,810. The average maximum price spread for all three networks is almost \$2,465.

³⁵ Jacobs Australia, Retail electricity price history and project trends, AEMO, 21 September 2017 at https://www.aemo.com.au/-/media/Files/Electricity/NEM/Planning_and_Forecasting/EFI/Jacobs-Retail-electricity-price-history-and-projections_Final-Public-Report-June-2017.pdf

³⁶ See appendix A for a list of retail offers included in this analysis. Many retailers have more than one market offer and the rates, conditions, size of discounts as well as discount types (e.g. guaranteed or conditional) may vary between their offers.

Chart 18 The price spread for each of the three NSW distribution networks. Annual bills based on market offers as of October 2017 (including guaranteed discounts and pay on time discounts), 20,000 kWh per annum, single rate and GST inclusive



Figures 1 - 3 below rank the retail offers from lowest to highest annual electricity bills in each of the three network areas.³⁷

Figure 1 Lowest to highest annual bills for market offers in NSW's Ausgrid network (October 2017)



³⁷ These market offers were collected in October 2017 and it should be noted that retailers may change their rates at any time. Bill calculations based on SMEs using 20,000 kWh/annum (single rate). All bills are inclusive of guaranteed and pay on time discounts as well as GST. Additional discounts for customers choosing to pay by direct debit are not included in these bill calculations.



Figure 2 Lowest to highest annual bills for market offers in NSW's Endeavour Energy network (October 2017)





Figure 3 Lowest to highest annual bills for market offers in NSW's Essential Energy network (October 2017)

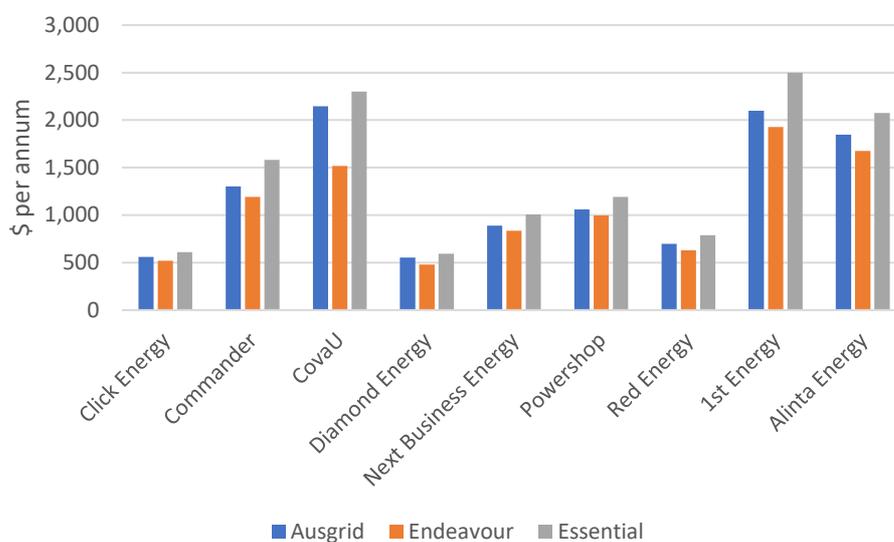


	8. Origin Energy	\$7,079
	9. Energy Australia	\$7,081
	10. Red Energy	\$7,107
	11. ERM Power	\$7,111
	12. AGL	\$7,201
	13. Powerdirect	\$7,201
	14. Powershop	\$7,312
	15. Next Business Energy	\$7,375
	16. 1st Energy	\$7,498
	17. Diamond	\$7,881
	18. Click Energy	\$8,086
	19. Momentum	\$9,085

Additional discounts

Nine of the nineteen retailers operating in NSW offer conditional pay on time discounts and for customers using 20,000kWh per annum the difference to the annual bill if they pay late can be as much as \$2,500 (1st Energy's offer in the Essential Energy network). Other retailers with very high pay conditional discounts are Covau, Alinta and Commander. Chart 19 below shows the difference to annual bills that include guaranteed discounts only compared to annual bills that include conditional discounts (only retailers that offer conditional discounts are included in this chart).

Chart 19 Difference in annual bills based on guaranteed discounts only and conditional discounts in all three NSW network areas. Annual bills based on market offers as of October 2017, 20,000 kWh per annum, single rate and GST inclusive



Charts 20 - 22 show annual bills based on their rates only, inclusive of guaranteed discounts and inclusive of guaranteed as well as pay on time discounts for all three network areas.

Chart 20 Annual bills based on rates, guaranteed discounts and pay on time discounts in NSW's Ausgrid network. Annual bills based on market offers as of October 2017, 20,000 kWh per annum, single rate and GST inclusive

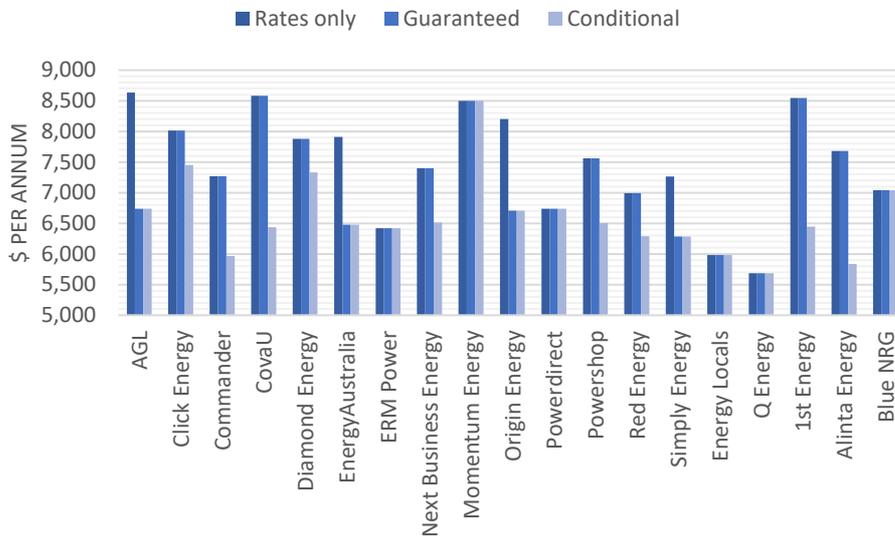


Chart 21 Annual bills based on rates, guaranteed discounts and pay on time discounts in NSW's Endeavour Energy network. Annual bills based on market offers as of October 2017, 20,000 kWh per annum, single rate and GST inclusive

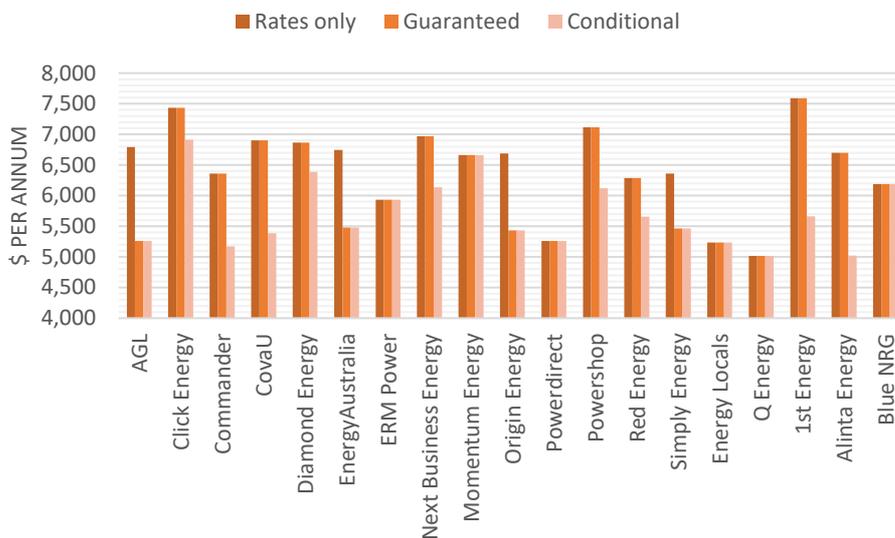
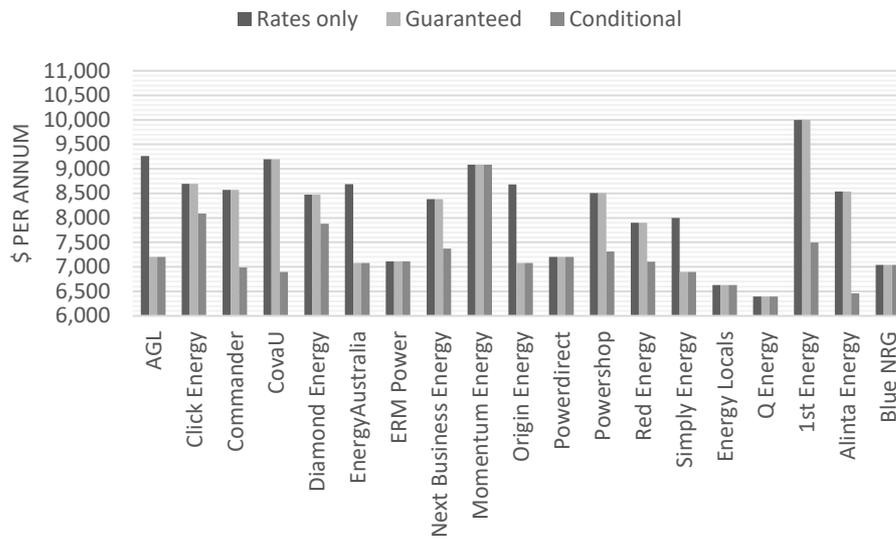


Chart 22 Annual bills based on rates, guaranteed discounts and pay on time discounts in NSW's Essential Energy network. Annual bills based on market offers as of October 2017, 20,000 kWh per annum, single rate and GST inclusive



Network charges

The NSW electricity networks, Ausgrid, Endeavour Energy and Essential Energy, introduce new Network Use of System (NUOS) charges as of 1 July every year. These NUOS charges are approved by the Australian Energy Regulator (AER) and comprise Transmission Use of System (TUOS) and Distribution Use of System (DUOS) as well as other costs such as jurisdictional charges and metering charges. The retailers can, and generally will, build changes to the NUOS (in relation to both shape and price) into their retail tariffs.

The charts presented in this section show that the NUOS proportion of bills varies significantly between retail offers. In the Ausgrid network, for example, the NUOS proportion of the bill for Q Energy's customers is almost 44% while the NUOS only comprises 30% of the total bill for Momentum's customers.

Charts 23 - 25 show annual retail bills (columns) and NUOS as proportion of annual bill (dotted line) for each of the three network areas.

Chart 23 Ausgrid: Annual retail bills (incl. GST) and NUOS as proportion of total bill, October 2017. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum)³⁸

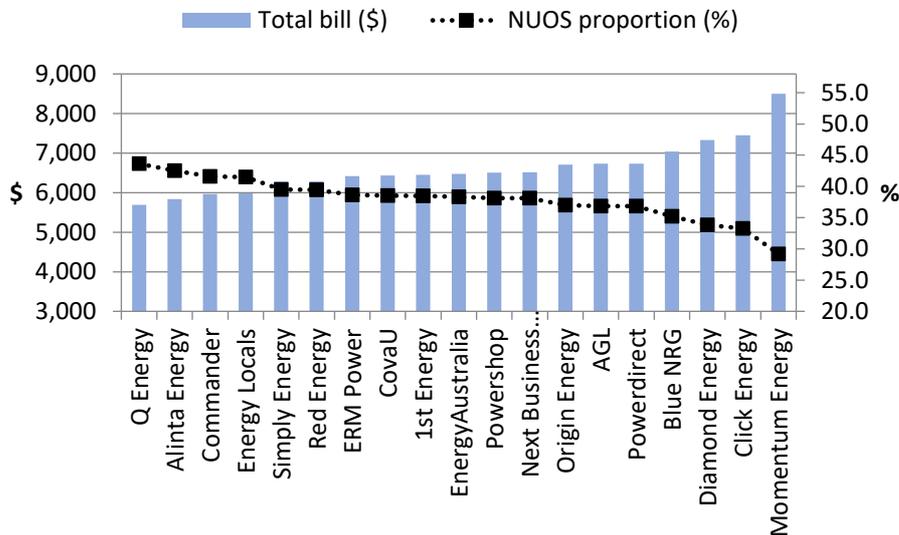
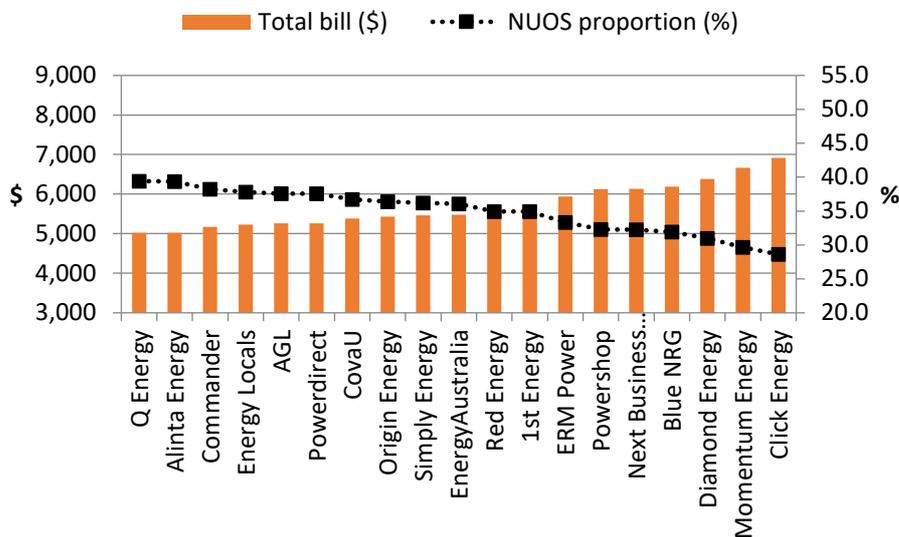


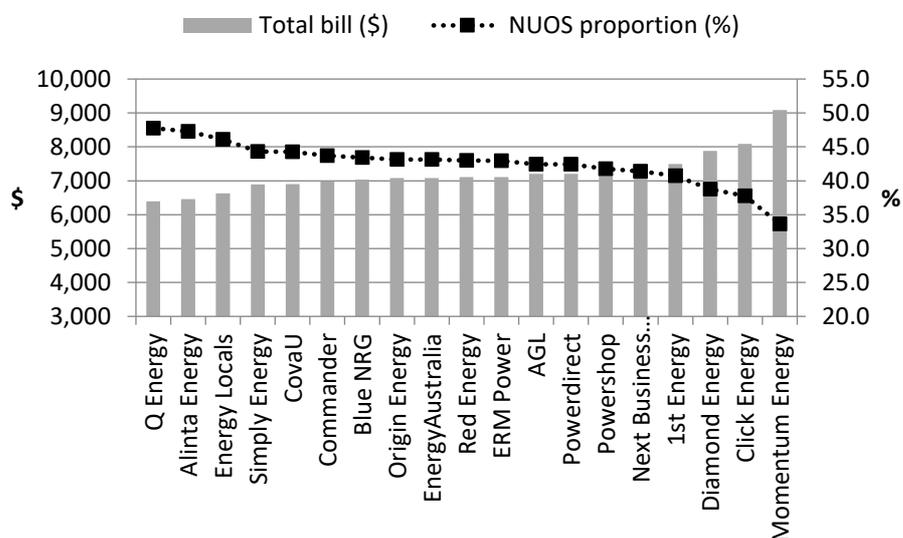
Chart 24 Endeavour Energy: Annual retail bills (incl. GST) and NUOS as proportion of total bill, April 2017. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 50,000 kWh per annum)³⁹



³⁸ Based on market offer rates as of October 2017, presented as annual bills for SMEs using 20,000kWh per annum (single rate). The annual NUOS charges are based on the Ausgrid's charges (tariff EA 050) for the 2017/18 financial year. The NUOS also includes fixed charges.

³⁹ Based on market offer rates as of October 2017, presented as annual bills for SMEs using 20,000kWh per annum (single rate). The annual NUOS charges are based on the Endeavour Energy's charges (tariff N 90) for the 2017/18 financial year. The NUOS also includes fixed charges.

Chart 25 Essential Energy: Annual retail bills (incl. GST) and NUOS as proportion of total bill, April 2017. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 50,000 kWh per annum)⁴⁰



4.1.2 NSW gas bills October 2017

To calculate annual gas bills we have assumed an annual consumption of 100 GJ per annum and a flat consumption over the year (25 GJ per quarter or 16.66 GJ per bi-monthly bill).⁴¹ Small businesses using gas for heating purposes are unlikely to have a flat consumption profile.

The price-spread

The Jemena/AGL (Sydney) gas zone is, unsurprisingly, the area with most gas market offers in NSW. AGL is the incumbent retailer in this area and it therefore offers both regulated and market offer contracts.

The typical annual market offer bill for SMEs consuming 100 GJ per annum is \$2,685 (including discounts). Chart 26 shows annual bills for five retailers in the Jemena/AGL (Sydney) gas zone and that the maximum price spread is approximately \$540 per annum.

⁴⁰ Based on market offer rates as of October 2017, presented as annual bills for SMEs using 20,000kWh per annum (single rate). The annual NUOS charges are based on the Essential's charges (tariff BLNN 1AU) for the 2017/18 financial year. The NUOS also includes fixed charges.

⁴¹ See appendix A for a list of retail offers included in this analysis. Many retailers have more than one market offer and the rates, conditions, size of discounts as well as discount types (e.g. guaranteed or conditional) may vary between their offers.

Chart 26 The price spread in the Jemena/AGL (Sydney) gas zone. Annual bills based on market offers as of October 2017 (including guaranteed discounts and pay on time discounts), 100 GJ per annum and GST inclusive

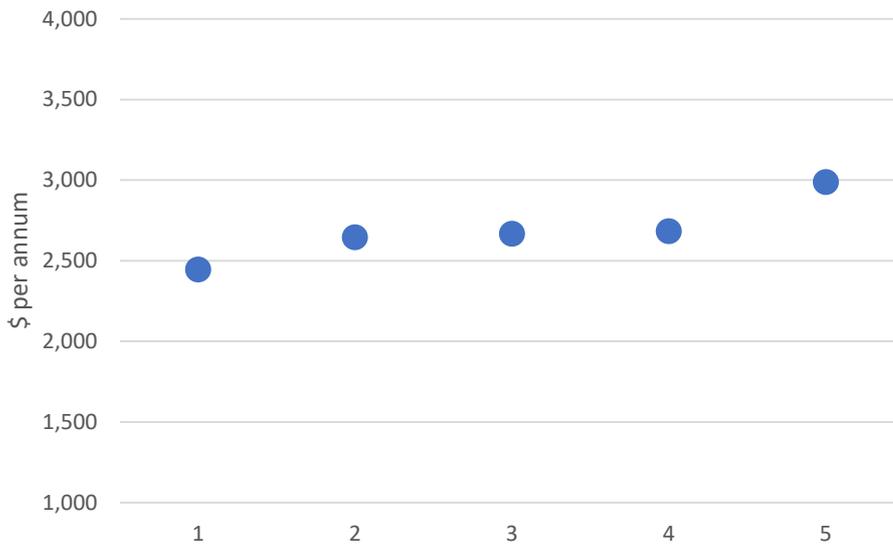
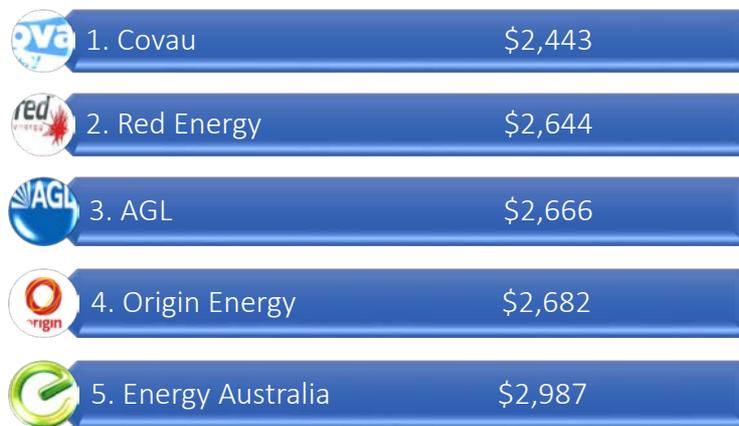


Figure 4 below ranks the retail offers from lowest to highest annual gas bills in the Jemena/Sydney gas zone.

Figure 4 Lowest to highest annual bills (incl GST) for market offers in the Jemena/AGL (Sydney) gas zone (October 2017). Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum ⁴²



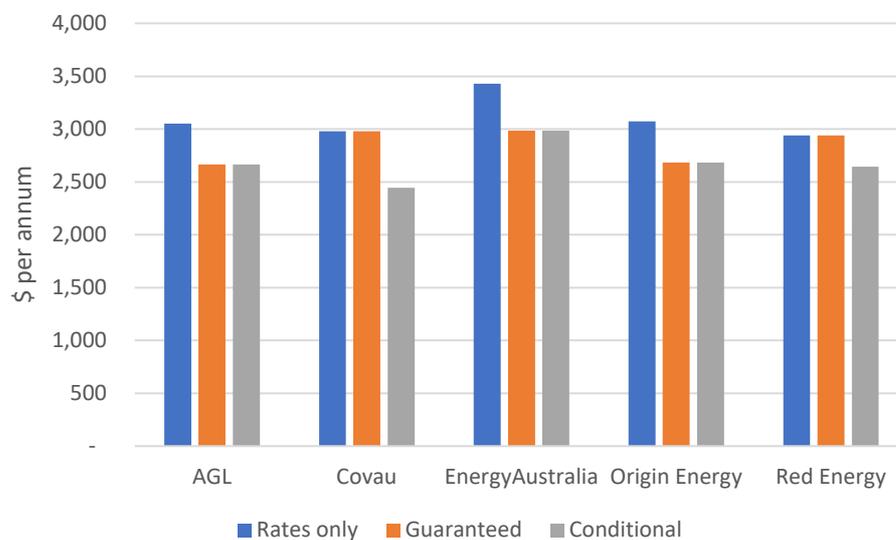
⁴² These market offers were collected in October 2017 and it should be noted that retailers may change their rates at any time. Additional discounts for customers choosing to pay by direct debit are not included in these bill calculations. Note that Red Energy's offer is only available to customers on dual fuel contracts.

Additional discounts

AGL, Energy Australia and Origin offer guaranteed discounts on the consumption rates for a limited period (the benefit period). Covau and Red Energy's discounts, however, are conditional upon bills being paid on time.

Chart 27 shows annual bills based on their rates only, inclusive of guaranteed discounts and inclusive of guaranteed as well as pay on time discounts in the Jemena/AGL (Sydney) gas zone. It shows that AGL is the retailer with the lowest bill based on rates and guaranteed discounts only.

Chart 27 Annual bills based on rates, guaranteed discounts and pay on time discounts in the Jemena/AGL (Sydney) gas zone. Annual bills based on market offers as of October 2017, 100 GJ per annum and GST inclusive

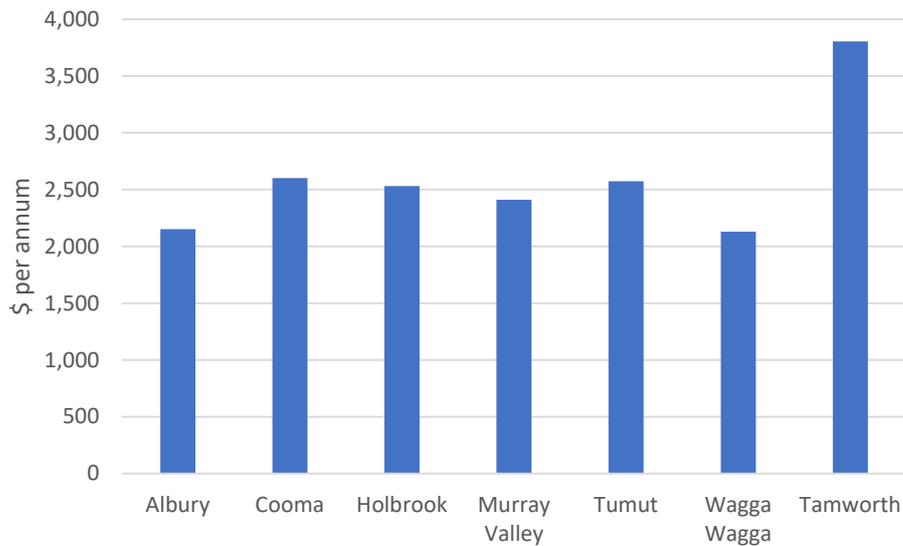


Regional NSW

The Australian Gas Network (AGN) covers six different pricing zones in regional NSW and Origin Energy is the incumbent retailer. Origin Energy is also the incumbent retailer in the Tamworth gas zone. In addition to Origin Energy's market offers, Energy Australia also has offers in two of these price zones.

Chart 28 shows annual bills for Origin's market offers (discounts included) in the AGN pricing zones. Origin's market offers produce annual bills from approximately \$2,130 (in Wagga Wagga) to \$3,800 (Tamworth) for customers consuming 100 GJ per annum. Energy Australia also offers gas market offers in the Albury and Murray Valley gas zones. Energy Australia's offers produce annual bills that are approximately \$375 more than Origin's. Red Energy offers gas to dual fuel businesses in the Tumut and Cooma pricing zones, these gas offers are approximately \$110 less per annum than Origin's.

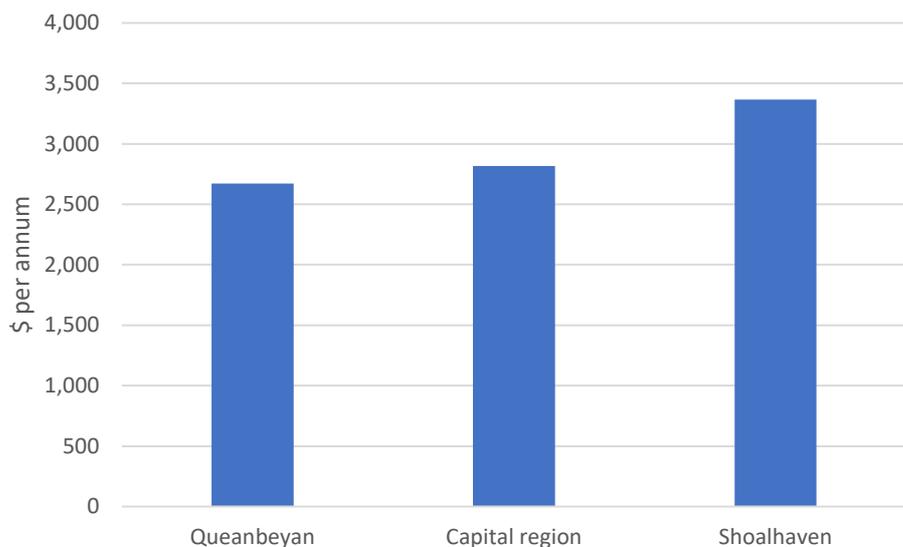
Chart 28 Annual bills based in Origin’s gas zones. Annual bills based on market offers as of October 2017, 100 GJ per annum and GST inclusive



ActewAGL is the host retailer in three pricing zones: The Capital region, Shoalhaven and Queanbeyan. Energy Australia also has market offers in two of these pricing zones.

Chart 29 shows annual bills for ActewAGL’s market offers (discounts included) in these three pricing zones. ActewAGL’s market offers produce annual bills from approximately \$2,670 (in Queanbeyan) to \$2,370 (Shoalhaven) for customers consuming 100 GJ per annum. Energy Australia also offers gas market offers in the Queanbeyan and Capital region gas zones. Energy Australia’s offers produce annual bills that are approximately \$100-150 more than ActewAGL’s.

Chart 29 Annual bills based in ActewAGL’s gas zones. Annual bills based on market offers as of October 2017, 100 GJ per annum and GST inclusive



4.1.3 Changes to energy bills in NSW

This section compares annual energy bills as of October 2017 to annual energy bills as of April 2017. The SME Retail Tariff Tracker Project collects information about energy offers and rates available to small businesses across Australia every six months (in April and October every year) and this section highlights changes (increases or decreases) to annual bills over that six month period.

On average, retail electricity bills for SMEs consuming 20,000 kWh per annum (single rate) increased by 19% in Ausgrid, 17% in Endeavour Energy and 13% in Essential Energy between April 2017 and October 2017. Some retailers' increases were, however, significantly higher than others and one retailer (Energy Locals) actually reduced their prices. Charts 30 - 32 show that Momentum, Click Energy and Diamond introduced the greatest price increases while Energy Locals decreased their prices. ERM Power and Commander's price increases were also substantially lower than average in all three network areas. Charts 30 to 32 below show changes (%) to retailers' bills (columns) as well as average price increase (line) for each network area.

Chart 30 Percentage change: Comparison of April and October 2017 annual electricity bills including guaranteed discounts and pay on time discounts in the Ausgrid network. Annual bills based on market offers as of April and October 2017, 20,000 kWh per annum, single rate and GST inclusive

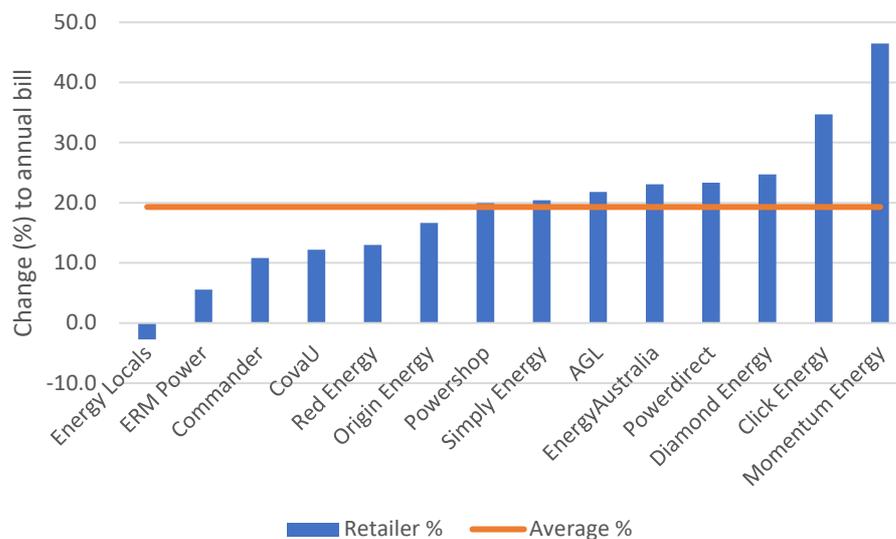


Chart 31 Percentage change: Comparison of April and October 2017 annual electricity bills including guaranteed discounts and pay on time discounts in the Endeavour Energy network. Annual bills based on market offers as of April and October 2017, 20,000 kWh per annum, single rate and GST inclusive

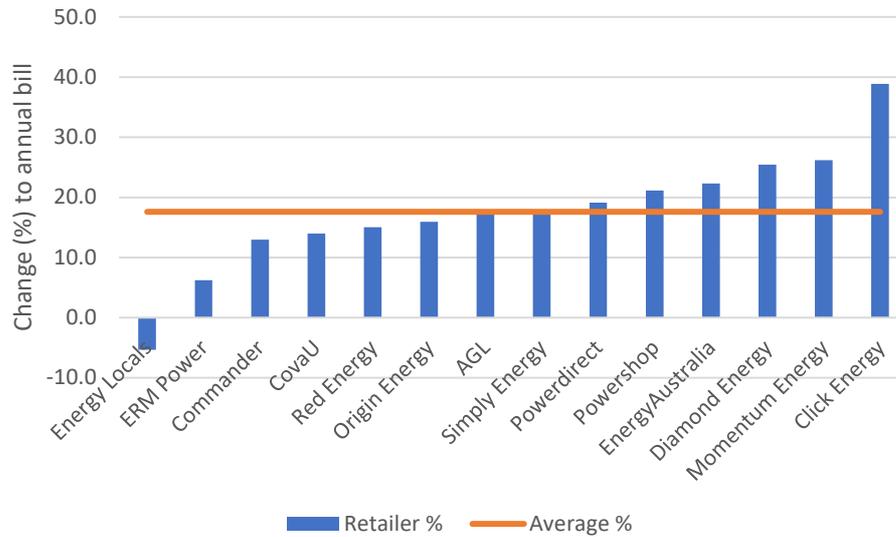
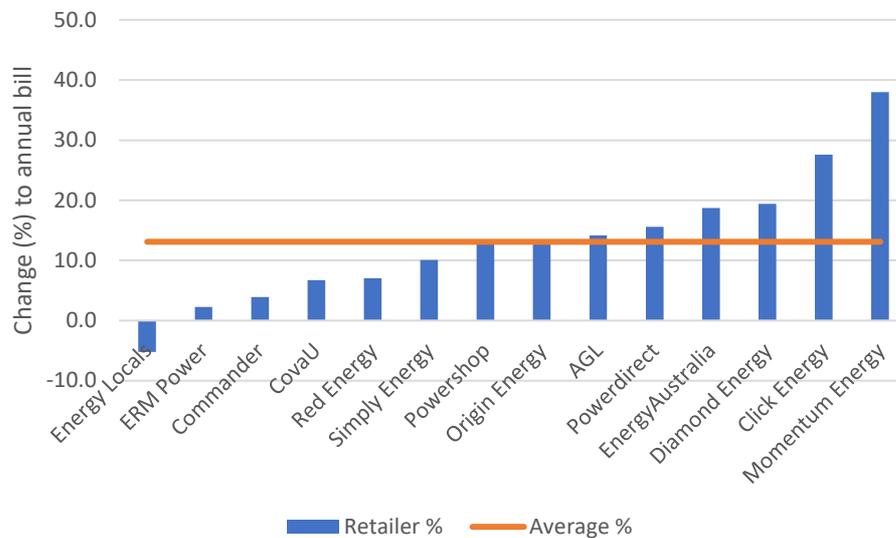
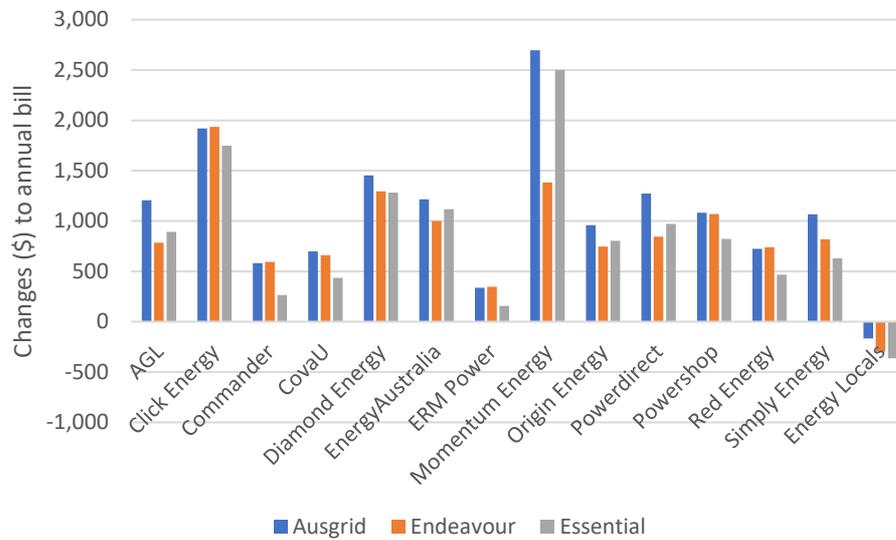


Chart 32 Percentage change: Comparison of April and October 2017 annual electricity bills including guaranteed discounts and pay on time discounts in the Essential Energy network. Annual bills based on market offers as of April and October 2017, 20,000 kWh per annum, single rate and GST inclusive



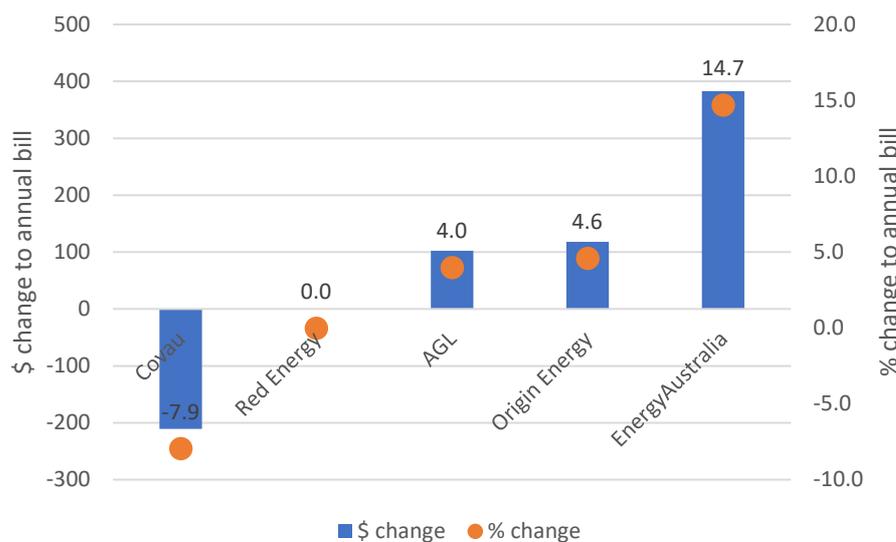
These percentage changes translate into price increases as high as \$2,700 per annum (Momentum customers in the Ausgrid network) and bill reductions of up to \$360 per annum (Energy Locals in Essential Energy) for customers using 20,000 kWh per annum. Chart 33 below shows changes to annual bills (\$) for each retailer in each network area.

Chart 33 Bill change (\$): Comparison of April and October 2017 annual electricity bills including guaranteed discounts and pay on time discounts in the Ausgrid, Endeavour Energy and Essential Energy networks. Annual bills based on market offers as of April and October 2017, 20,000 kWh per annum, single rate and GST inclusive



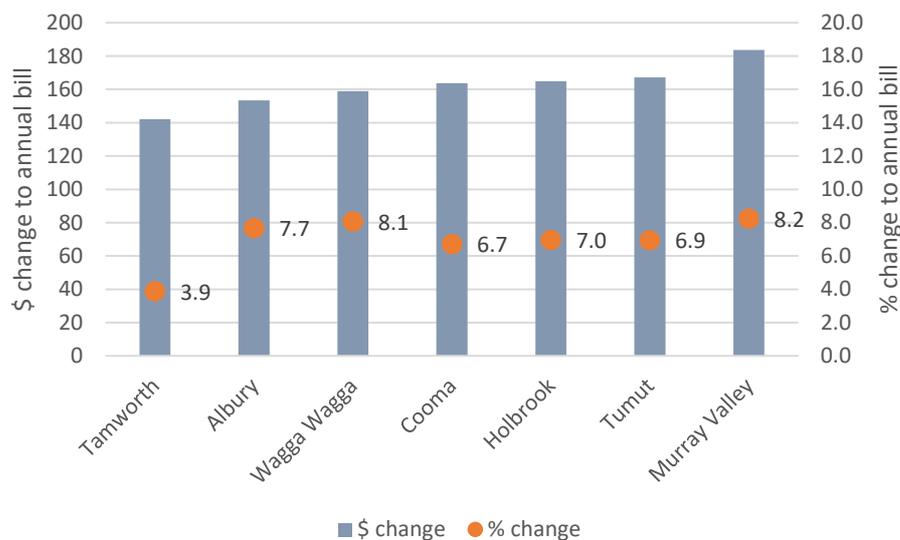
In relation to gas, AGL and Origin have increased their gas prices by around 4% for customers in the Sydney/Jemena pricing zone. Covau has decreased their bills by 7.9% and Red Energy’s bills have remained unchanged. Energy Australia’s bills have changed the most. Energy Australia customers using 100 GJ per annum have had an annual increase of \$380 (almost 15%). Chart 34 below shows increases to annual gas bills as percentage and \$ amount.

Chart 34 Comparison of April and October 2017 annual gas bills including guaranteed discounts and pay on time discounts in the Jemena/Sydney gas zone. Annual bills based on market offers as of April and October 2017, 100 GJ per annum and GST inclusive



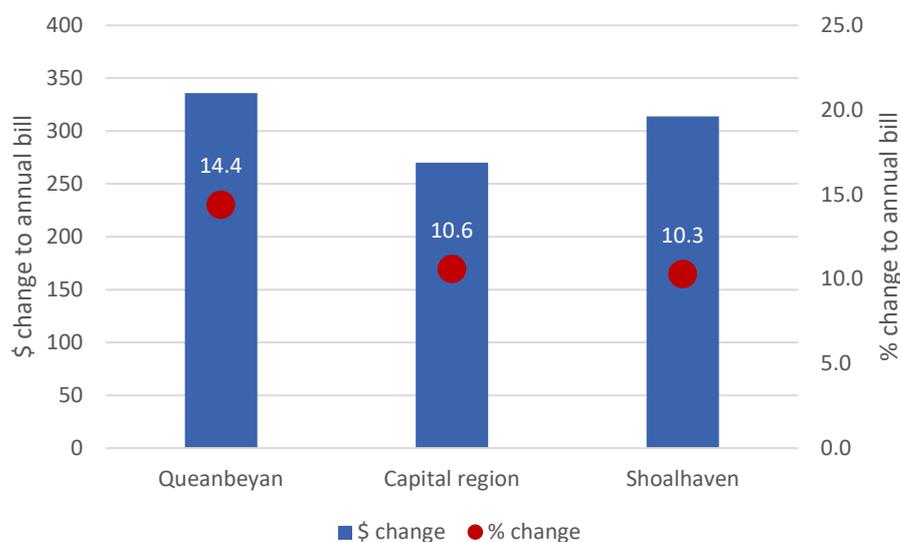
In terms of the many smaller NSW pricing zones, Origin and ActewAGL are the main retailers (although Energy Australia and Red Energy do have offers in some of these zones). Between April and October 2017, prices for Origin’s market offer (Business Saver) increased in all pricing zones.

Chart 35 Comparison of Origin Energy’s April and October 2017 annual gas bills including guaranteed discounts and pay on time discounts in various gas zones. Annual bills based on market offers as of April and October 2017, 100 GJ per annum and GST inclusive



ActewAGL’s prices increased significantly in three pricing zones. ActewAGL customers using 100 GJ per annum in the Queanbeyan area, for example, have had an annual increase of \$340 (14.4%). Chart 36 below shows increases to annual gas bills as percentage and \$ amount.

Chart 36 Comparison of ActewAGL’s April and October 2017 annual gas bills including guaranteed discounts and pay on time discounts in various gas zones. Annual bills based on market offers as of April and October 2017, 100 GJ per annum and GST inclusive



4.2 Victoria

Victorian electricity and gas retail prices have been deregulated since 2009. Victoria has five electricity networks and three gas distributors. There are, however, numerous gas pricing zones in Victoria and only the eight largest zones have been included in this analysis.

Victoria's five electricity networks and eight main gas pricing zones:

Electricity network and incumbent retailer	Area
Citipower (Origin)	Inner city, inner North and Eastern suburbs
Powercor (Origin)	Outer Western suburbs and Western Victoria
Ausnet Services (Energy Australia)	Outer Northern and Eastern suburbs and Eastern Victoria
Jemena (AGL)	Inner West and North Western Suburbs
United Energy (AGL)	South Eastern suburbs and Mornington Peninsula

Gas zones and incumbent retailer	Area
Multinet 1 (Origin)	Eastern and South Eastern suburbs
Multinet 2 (AGL)	Bayside and outer South Eastern suburbs
Ausnet Services Central 1 (Energy Australia)	Outer Western suburbs, Geelong and Bellarine Peninsula
Ausnet Services Central 2 (AGL)	Western and North Western suburbs
Ausnet Services West (Energy Australia)	Macedon Ranges, Bendigo, Ballarat and Western Victoria
AGN Central 1 (Origin)	Frankston, Mornington Peninsula and Gippsland
AGN Central 2 (Energy Australia)	CBD, inner city and North Eastern suburbs
AGN North (Origin)	Northern and North Eastern Victoria

4.2.1 Victorian electricity bills October 2017

The bill analysis presented in this report is based on SMEs using 20,000 kWh per annum on a single rate tariff. Research published by AEMO⁴³ shows that small businesses, on average (across the NEM network areas), use approximately 20,000 kWh per annum and we use this average instead of network specific consumption profiles to readily enable comparison between network areas and jurisdictions. According to the AEMO report, the network specific average consumption for small businesses is:

- 36,209 kWh/annum in Citipower
- 21,674 kWh/annum in Powercor
- 24,724 kWh/annum in Ausnet Services
- 21,858 kWh/annum in Jemena
- 23,629 kWh/annum in United Energy

We also note that the workbooks accompanying this report allow users to nominate their own consumption levels as well as undertaking analysis of different tariff types (2-rate tariffs, time of use tariffs etc.). The workbooks are available at:

<http://energyconsumersaustralia.com.au/news/category/our-research/>

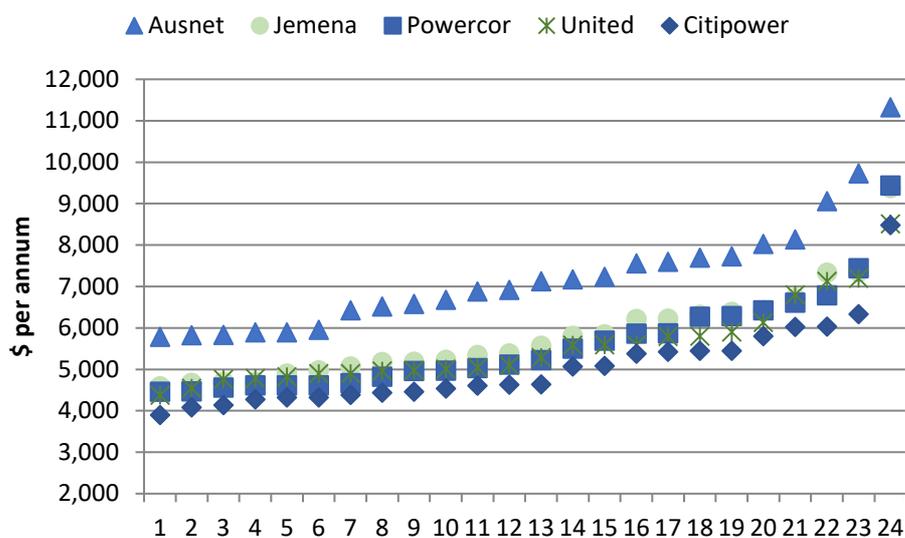
The price-spread

The typical annual bill for SMEs consuming 20,000 kWh per annum (single rate) is between \$5,000 and \$7,200 (depending on network area).⁴⁴ Chart 37 shows annual bills for SMEs consuming 20,000 kWh per annum (single rate) for 24 retailers across the five Victorian distribution networks. It shows that bills are highest in the Ausnet Services network and lowest in Citipower. The maximum price spread is also greatest in the Ausnet Services network where the difference between the lowest and the highest annual bill is just approximately \$5,500. However, as one retailer has significantly higher prices than others, the price spread is reduced to \$4,000 if we exclude this retailer from the analysis.

⁴³ Jacobs Australia, Retail electricity price history and project trends, AEMO, 21 September 2017 at https://www.aemo.com.au/-/media/Files/Electricity/NEM/Planning_and_Forecasting/EFI/Jacobs-Retail-electricity-price-history-and-projections_Final-Public-Report-June-2017.pdf

⁴⁴ See appendix A for a list of retail offers included in this analysis. Many retailers have more than one market offer and the rates, conditions, size of discounts as well as discount types (e.g. guaranteed or conditional) may vary between their offers.

Chart 37 The price spread for each of the five Victorian distribution networks. Annual bills based on market offers as of October 2017 (including guaranteed discounts and pay on time discounts), 20,000 kWh per annum, single rate and GST inclusive



Figures 5 - 9 below rank the retail offers from lowest to highest annual electricity bills in each of the five network areas.⁴⁵

Figure 5 Lowest to highest annual bills (incl GST) for market offers in Victoria’s Citipower network (October 2017), including discounts and pay on time discounts - SMEs consuming 20,000kWh per annum (single rate)



⁴⁵ These market offers were collected in October 2017 and it should be noted that retailers may change their rates at any time. Additional discounts for customers choosing to pay by direct debit are not included in these bill calculations.



Figure 6 Lowest to highest annual bills (incl GST) for market offers in Victoria's Powercor network (October 2017), including discounts and pay on time discounts - SMEs consuming 20,000kWh per annum (single rate)



	5. Powerdirect	\$4,611
	6. Lumo Energy	\$4,613
	7. Covau	\$4,662
	8. Sumo Power	\$4,818
	9. Simply Energy	\$4,955
	10. Energy Australia	\$4,964
	11. Origin Energy	\$5,030
	12. Powershop	\$5,114
	13. Red Energy	\$5,222
	14. ERM Power	\$5,496
	15. Commander	\$5,692
	16. GloBird	\$5,858
	17. Momentum	\$5,868
	18. Blue NRG	\$6,268
	19. Diamond	\$6,282
	20. 1st Energy	\$6,422
	21. People Energy	\$6,609
	22. Click Energy	\$6,780
	23. Dodo	\$7,436
	24. Oline Power and Gas	\$9,433

Figure 7 Lowest to highest annual bills (incl GST) for market offers in Victoria's Ausnet Services network (October 2017), including discounts and pay on time discounts - SMEs consuming 20,000kWh per annum (single rate)





Figure 8 Lowest to highest annual bills (incl GST) for market offers in Victoria's Jemena network (October 2017), including discounts and pay on time discounts - SMEs consuming 20,000kWh per annum (single rate)





Figure 9 Lowest to highest annual bills (incl GST) for market offers in Victoria's United Energy network (October 2017), including discounts and pay on time discounts - SMEs consuming 20,000kWh per annum (single rate)



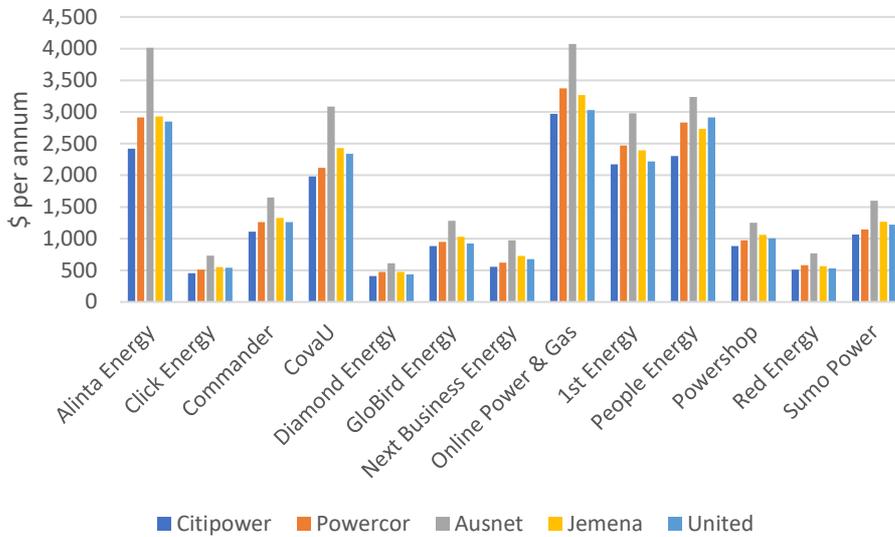


Additional discounts

Thirteen of the 24 retailers operating in Victoria offer conditional pay on time discounts and for customers using 20,000kWh per annum the difference to the annual bill if they pay late can be as much as \$4,070 (Online Power and Gas' offer in the Ausnet Services network). Other retailers with very high pay on time discounts are Covau, 1st Energy, People Energy and Alinta. Chart 38 below shows the difference to annual bills that include guaranteed discounts only compared to annual bills that include pay on time discounts (only retailers that offer conditional discounts are included in this chart).⁴⁶

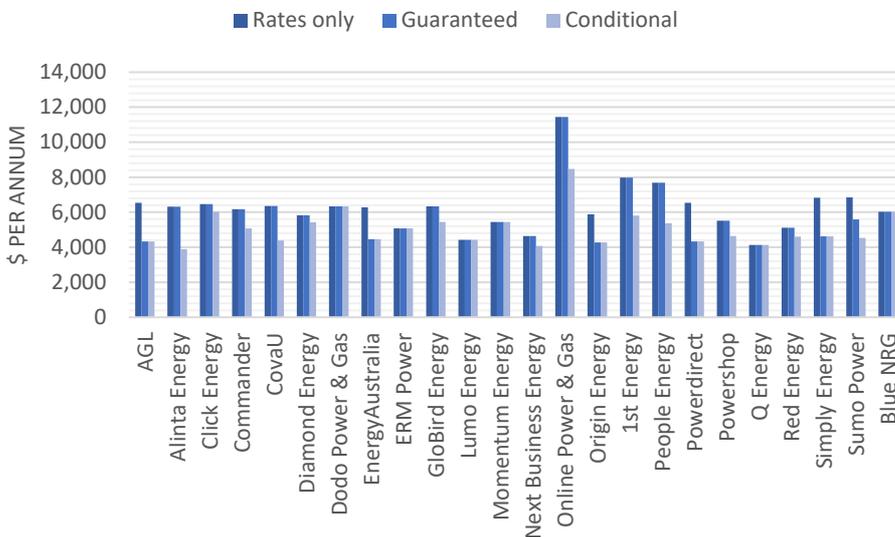
⁴⁶ Note that Powershop's conditional discount is an 'online saver' that is obtained by the customer when logging in (after being prompted by a monthly email) to pay the amount owed.

Chart 38 Difference in annual bills based on guaranteed discounts only and conditional pay on time discounts in all five network areas. Annual bills based on market offers as of October 2017, 20,000 kWh per annum, single rate and GST inclusive



Charts 39 - 43 show annual bills based on their rates only, inclusive of guaranteed discounts and inclusive of guaranteed as well as pay on time discounts for all five network areas.⁴⁷

Chart 39 Annual bills based on rates, guaranteed discounts and pay on time discounts in Victoria's Citipower network. Annual bills based on market offers as of October 2017, 20,000 kWh per annum, single rate and GST inclusive



⁴⁷ Ibid.

Chart 40 Annual bills based on rates, guaranteed discounts and pay on time discounts in Victoria's Powercor network. Annual bills based on market offers as of October 2017, 20,000 kWh per annum, single rate and GST inclusive

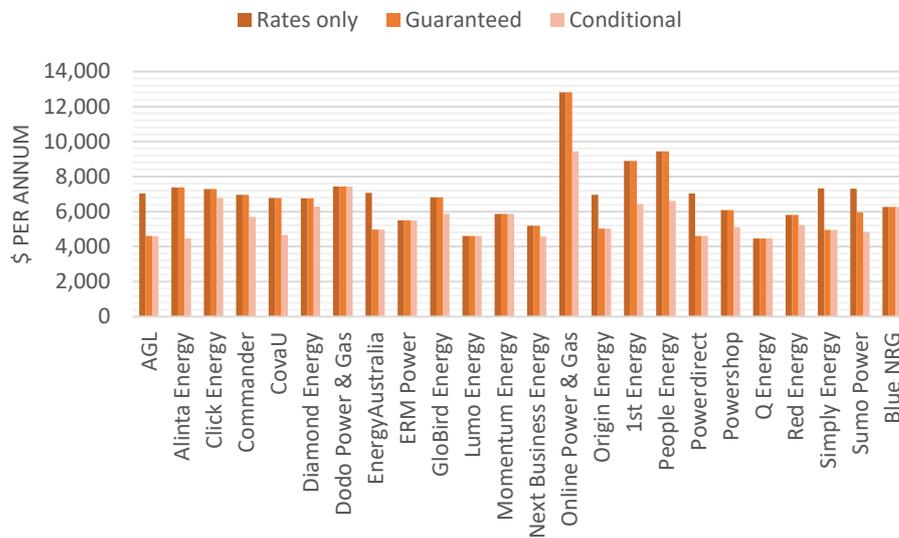


Chart 41 Annual bills based on rates, guaranteed discounts and pay on time discounts in Victoria's Ausnet Services network. Annual bills based on market offers as of October 2017, 20,000 kWh per annum, single rate and GST inclusive

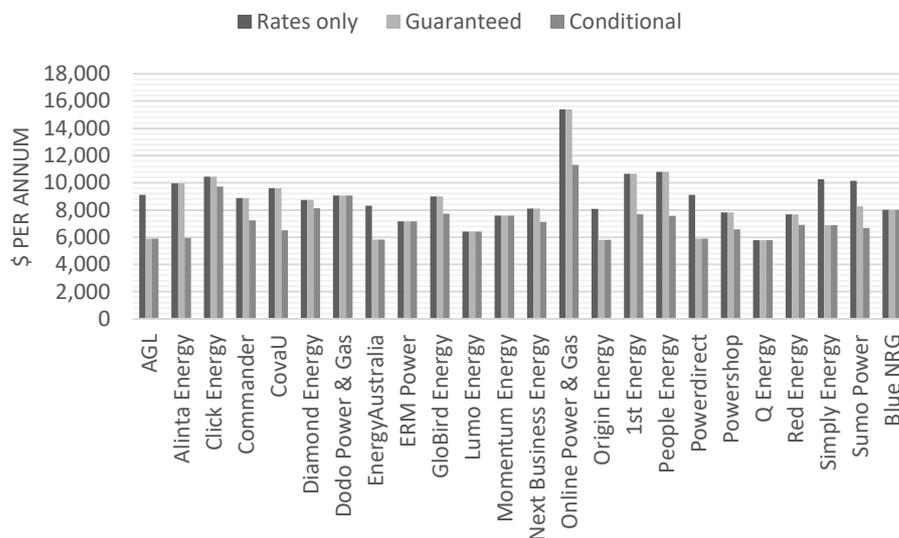


Chart 42 Annual bills based on rates, guaranteed discounts and pay on time discounts in Victoria's Jemena network. Annual bills based on market offers as of October 2017, 20,000 kWh per annum, single rate and GST inclusive

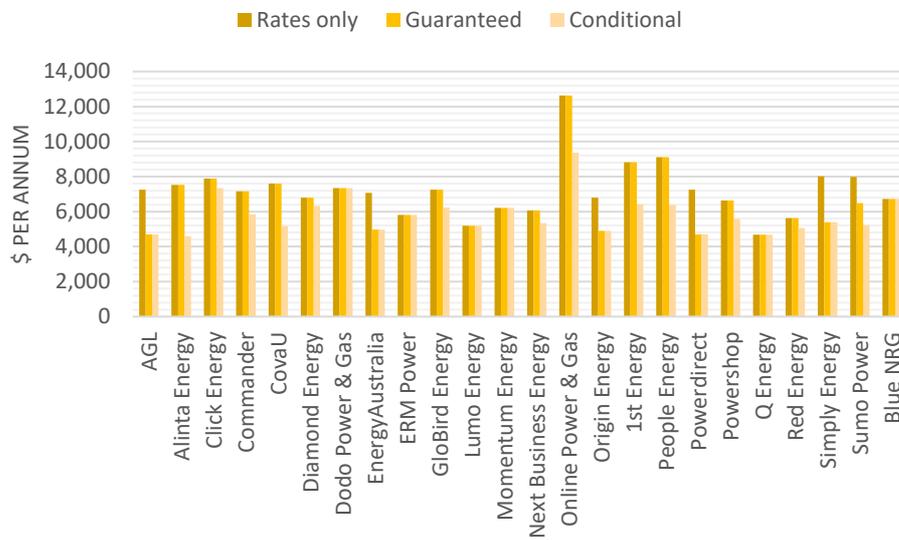
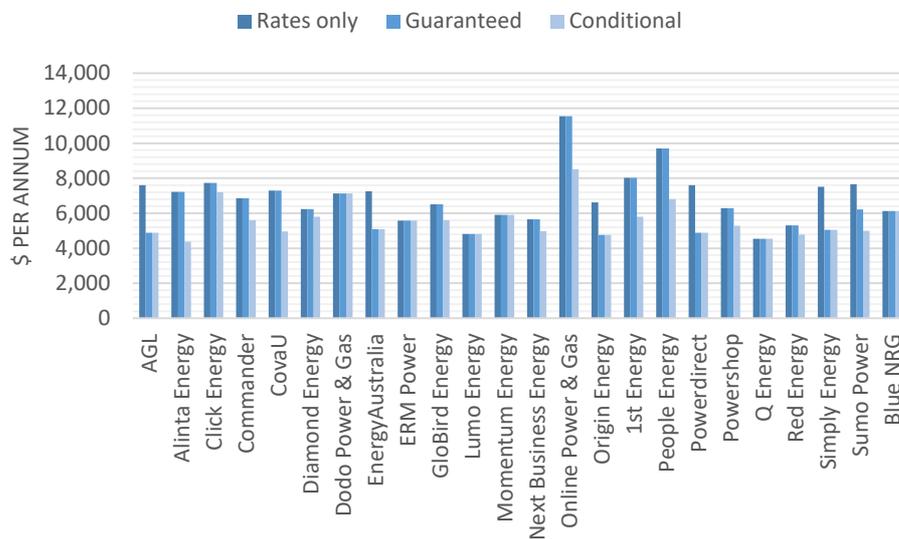


Chart 43 Annual bills based on rates, guaranteed discounts and pay on time discounts in Victoria's United Energy network. Annual bills based on market offers as of October 2017, 20,000 kWh per annum, single rate and GST inclusive



Network charges

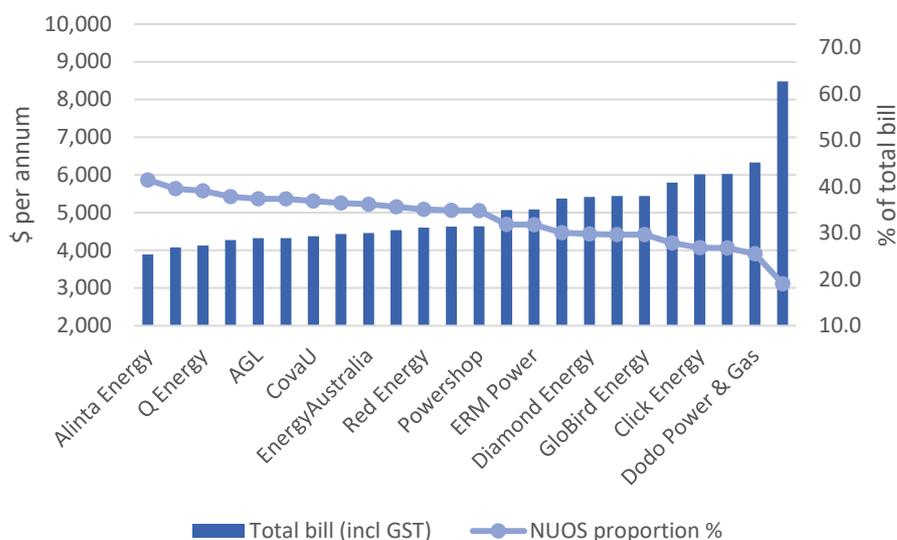
The five Victorian electricity networks (Citipower, Powercor, Ausnet Services, Jemena and United Energy), introduce new Network Use of System (NUOS) charges as of 1 January every year. These NUOS charges are approved by the Australian Energy Regulator (AER) and comprise Transmission Use of System (TUOS) and Distribution Use of System (DUOS) as well as other costs such as jurisdictional charges and metering charges. The retailers can, and generally will, build changes to the NUOS (in relation to both shape and price) into their retail tariffs.

The charts presented in this section show that the NUOS proportion of bills varies significantly between retail offers as well as network areas.

Charts 44 - 48 show annual retail bills (columns) and NUOS as proportion of annual bill (line) for each of the five network areas.

In the Citipower network the NUOS charges account for approximately 40% of Alinta and Next's annual bills while they only make up 19% of Online Power's offer.

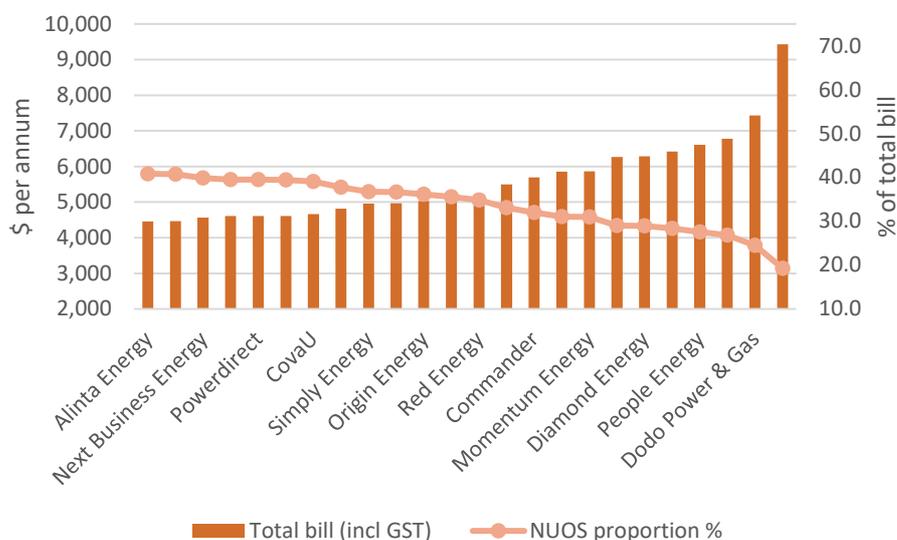
Chart 44 Citipower: Annual retail bills (incl. GST) and NUOS as proportion of total bill, October 2017. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum)⁴⁸



In the Powercor network the NUOS charges account for approximately 40% of Alinta, QEnergy, Next, AGL, Powerdirect and Lumo's annual bills while they only make up 20% of Online's offers.

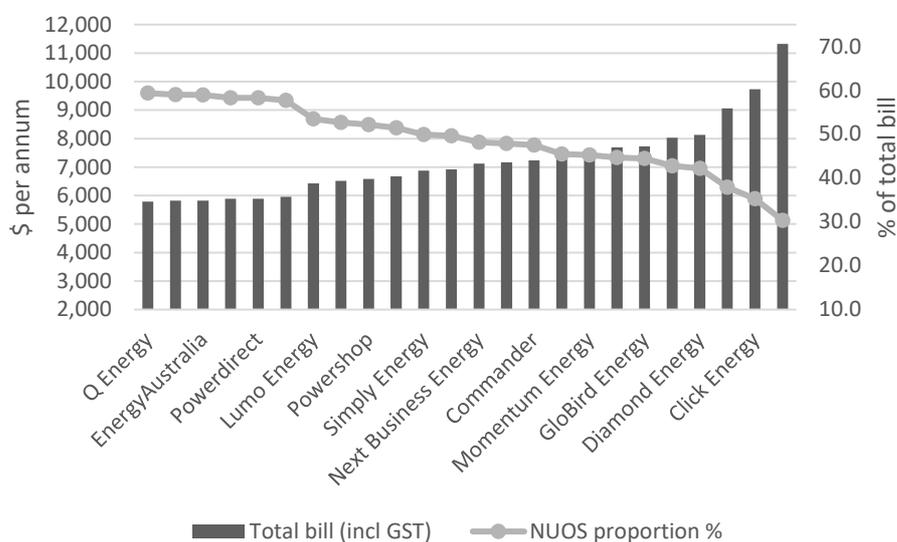
⁴⁸ Based on market offer rates as of October 2017, presented as annual bills for SMEs using 20,000kWh per annum (single rate). The annual NUOS charges are based on the Citipower's charges (tariff C1G) for the 2017 calendar year. The NUOS also includes fixed charges.

Chart 45 Powercor: Annual retail bills (incl. GST) and NUOS as proportion of total bill, October 2017. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum)⁴⁹



In the Ausnet Services network where the NUOS charges are higher, the NUOS charges account for almost 60% of QEnergy and Origin’s annual bills while they only make up 30% of Online’s offer.

Chart 46 Ausnet Services: Annual retail bills (incl. GST) and NUOS as proportion of total bill, October 2017. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum)⁵⁰

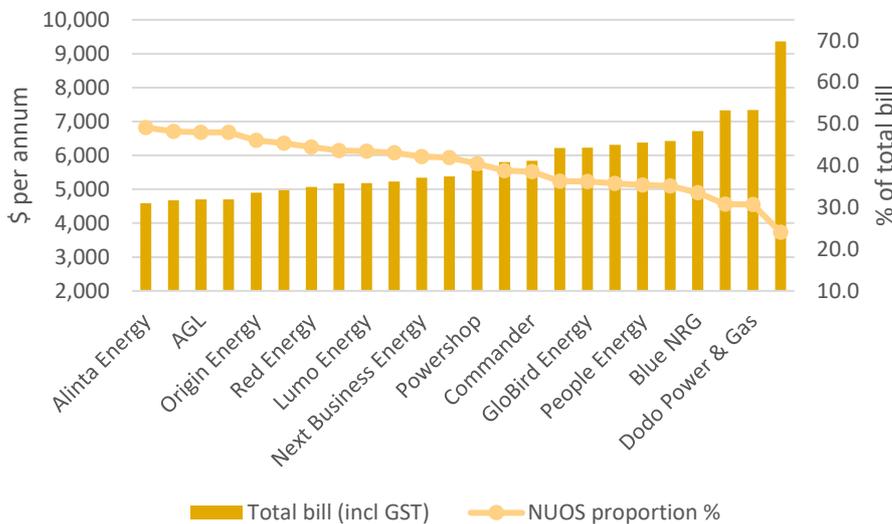


⁴⁹ Based on market offer rates as of October 2017, presented as annual bills for SMEs using 20,000kWh per annum (single rate). The annual NUOS charges are based on the Powercor’s charges (tariff ND1) for the 2017 calendar year. The NUOS also includes fixed charges.

⁵⁰ Based on market offer rates as of October 2017, presented as annual bills for SMEs using 20,000kWh per annum (single rate). The annual NUOS charges are based on the Ausnet Services’ charges (tariff NEE 12) for the 2017 calendar year. The NUOS also includes fixed charges.

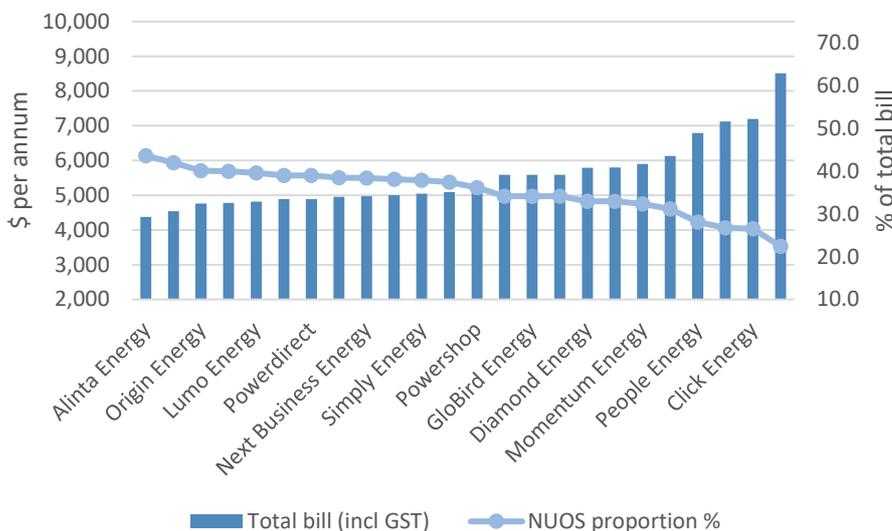
In the Jemena network the NUOS charges account for approximately 50% of Alinta’s annual bills while they only make up 24% of Online’s offer.

Chart 47 Jemena: Annual retail bills (incl. GST) and NUOS as proportion of total bill, October 2017. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum)⁵¹



In the United Energy network the NUOS charges account for almost 44% of Alinta’s offer while they only make up 22% of Online’s offer.

Chart 48 United Energy: Annual retail bills (incl. GST) and NUOS as proportion of total bill, October 2017. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum)⁵²



⁵¹ Based on market offer rates as of October 2017, presented as annual bills for SMEs using 20,000kWh per annum (single rate). The annual NUOS charges are based on the Jemena’s charges (tariff A200) for the 2017 calendar year. The NUOS also includes fixed charges.

⁵² Based on market offer rates as of October 2017, presented as annual bills for SMEs using 20,000kWh per annum (single rate). The annual NUOS charges are based on the United Energy’s charges (tariff LVM 1R) for the 2017 calendar year. The NUOS also includes fixed charges.

4.2.2 Victorian gas bills October 2017

There are eight main pricing zones in Victoria, two in the Multinet network, three in Ausnet Services and three in Australian Gas Networks (AGN).

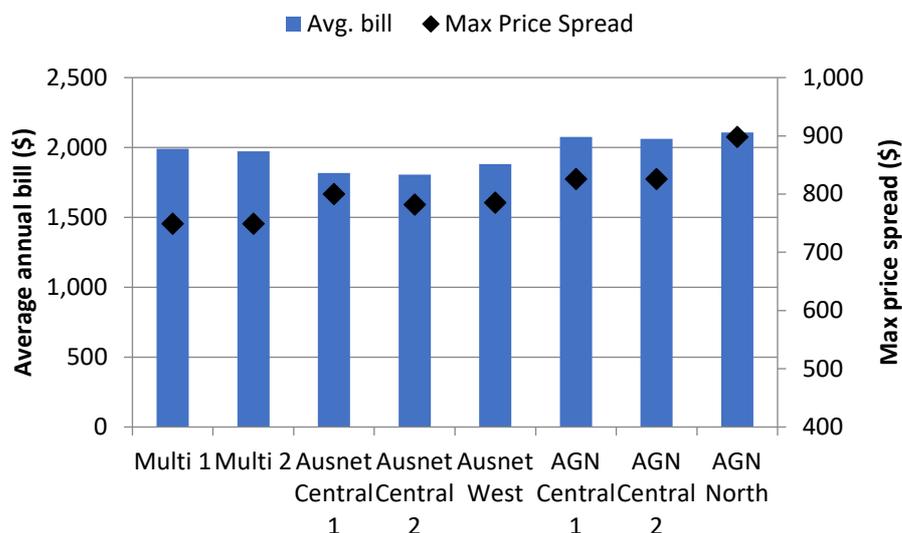
To calculate annual gas bills we have assumed an annual consumption of 100 GJ per annum and a flat consumption over the year (25 GJ per quarter or 16.66 GJ per bi-monthly bill).⁵³ Small businesses using gas for heating purposes are unlikely to have a flat consumption profile and may use more at peak rates (winter months) than what has been calculated here. Furthermore, as Victorian small businesses typically have a higher gas consumption compared to SMEs in other jurisdictions, a 100 GJ annual consumption is a relatively low gas consumption in Victoria.

The price-spread

The typical annual market offer bill for SMEs consuming 100 GJ per annum ranges from \$1,800 (including discounts) in the Ausnet Services Central 2 pricing zone to \$2,100 in the AGN North zone. The maximum price spread is also highest in the AGN North pricing zone where the difference between the highest and lowest annual bill is \$900 per annum. The price spread is lowest in the two Multinet zones (\$750).

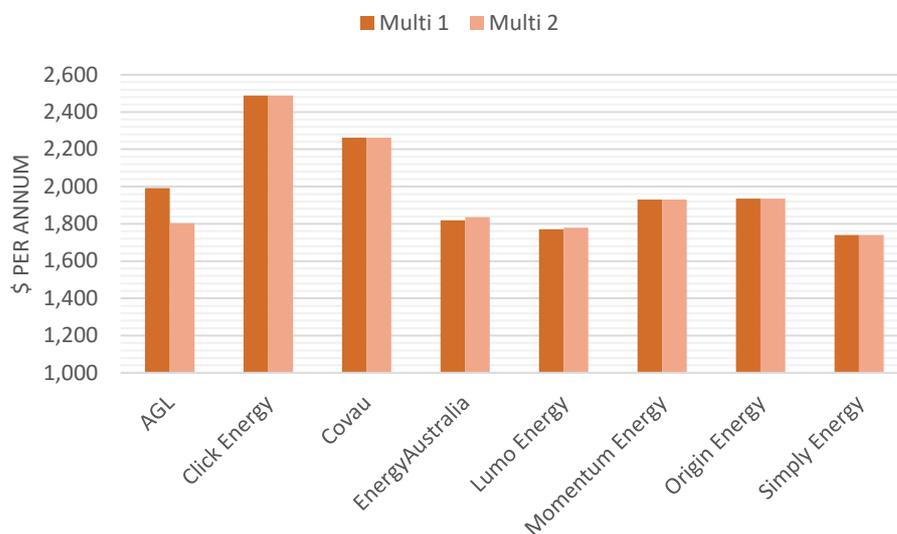
Chart 49 shows the average gas market offer bill for the eight main pricing zone as well as the maximum price spread for each area.

Chart 49 Average annual bills and price spread in the Victorian gas pricing zones. Annual bills based on market offers as of October 2017 (including guaranteed discounts and pay on time discounts), 100 GJ per annum and GST inclusive



⁵³ See appendix A for a list of retail offers included in this analysis. Many retailers have more than one market offer and the rates, conditions, size of discounts as well as discount types (e.g. guaranteed or conditional) may vary between their offers.

Chart 50 shows the retailers' gas market offer bills in the two Multinet pricing zones.⁵⁴
 Chart 50 Annual gas bills in Victoria's Multinet pricing zones. Annual bills based on market offers as of October 2017 (including guaranteed discounts and pay on time discounts), 100 GJ per annum and GST inclusive



Figures 10 - 11 below rank the retail offers from lowest to highest annual gas bills in the two Multinet pricing zones.⁵⁵

Figure 10 Lowest to highest annual bills (incl GST) for market offers in the Multinet 1 gas zone (October 2017). Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum



⁵⁴ Note that Simply, Lumo and Momentum's offers are only available as part of dual fuel contracts.

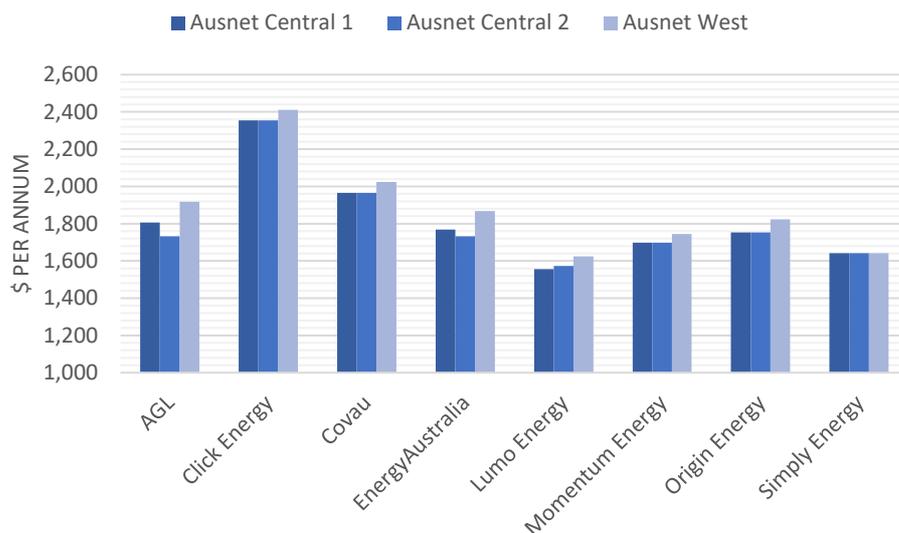
⁵⁵ These market offers were collected in October 2017 and it should be noted that retailers may change their rates at any time. Additional discounts for customers choosing to pay by direct debit are not included in these bill calculations.

Figure 11 Lowest to highest annual bills (incl GST) for market offers in the Multinet 2 gas zone (October 2017). Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum



Chart 51 shows the retailers' gas market offer bills in the three Ausnet Services pricing zones.⁵⁶

Chart 51 Annual gas bills in Victoria's Ausnet Services pricing zones. Annual bills based on market offers as of October 2017 (including guaranteed discounts and pay on time discounts), 100 GJ per annum and GST inclusive



⁵⁶ Note that Simply, Lumo and Momentum's offers are only available as part of dual fuel contracts.

Figures 12 - 14 below rank the retail offers from lowest to highest annual gas bills in the three Ausnet Services pricing zones.⁵⁷

Figure 12 Lowest to highest annual bills (incl GST) for market offers in the Ausnet Services Central 1 gas zone (October 2017). Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum



Figure 13 Lowest to highest annual bills (incl GST) for market offers in the Ausnet Services Central 2 gas zone (October 2017). Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum



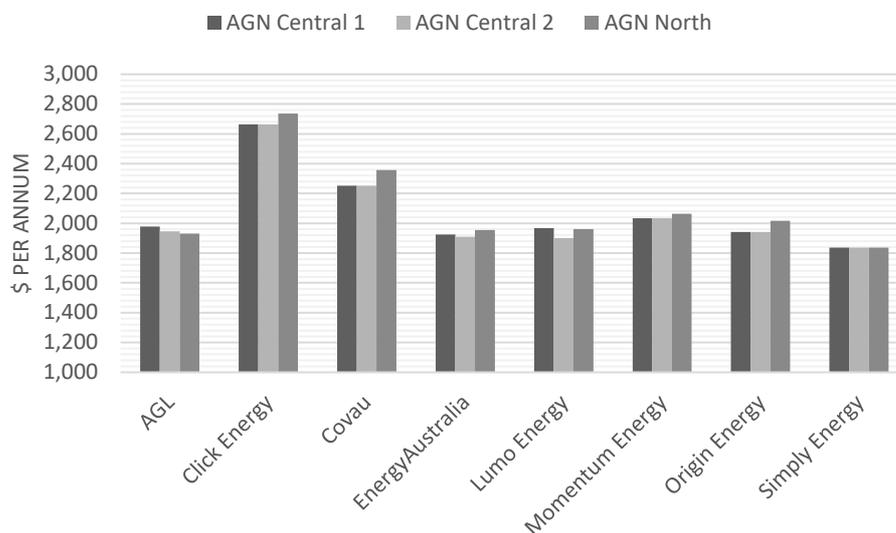
⁵⁷ These market offers were collected in October 2017 and it should be noted that retailers may change their rates at any time. Additional discounts for customers choosing to pay by direct debit are not included in these bill calculations.

Figure 14 Lowest to highest annual bills (incl GST) for market offers in the Ausnet Services West gas zone (October 2017). Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum



Chart 52 shows the retailers' gas market offer bills in the three AGN pricing zones.⁵⁸

Chart 52 Annual gas bills in Victoria's AGN pricing zones. Annual bills based on market offers as of October 2017 (including guaranteed discounts and pay on time discounts), 100 GJ per annum and GST inclusive



⁵⁸ Note that Simply, Lumo and Momentum's offers are only available as part of dual fuel contracts.

Figures 15 - 17 below rank the retail offers from lowest to highest annual gas bills in the three AGN pricing zones.⁵⁹

Figure 15 Lowest to highest annual bills (incl GST) for market offers in the AGN Central 1 gas zone (October 2017). Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum.



Figure 16 Lowest to highest annual bills (incl GST) for market offers in the AGN Central 2 gas zone (October 2017). Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum.



⁵⁹ These market offers were collected in October 2017 and it should be noted that retailers may change their rates at any time. Additional discounts for customers choosing to pay by direct debit are not included in these bill calculations.

Figure 17 Lowest to highest annual bills (incl GST) for market offers in the AGN North gas zone (October 2017). Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum.



Additional discounts

AGL, Energy Australia, Origin and Simply offer guaranteed discounts on the consumption rates for a limited period (the benefit period). Click and Covau's discounts, however, are conditional upon the bills being paid on time. Momentum and Lumo, on the other hand, do not offer any additional discounts.

Charts 53 - 60 show annual bills based on their rates only, inclusive of guaranteed discounts and inclusive of guaranteed as well as pay on time discounts in the each of the eight gas pricing zones.⁶⁰

The charts show that AGL, Energy Australia, Origin and Simply's guaranteed discounts are more than \$250 per annum for customers with this consumption level across all pricing zones. The greatest discounts (\$650) are offered to Simply's customers in the AGN gas zones. Momentum and Lumo, on the other hand, are the two retailers with the consistently lowest base rates.

⁶⁰ Note that Simply, Lumo and Momentum's offers are only available as part of dual fuel contracts.

Chart 53 Annual bills based on rates, guaranteed discounts and pay on time discounts in the Multinet 1 gas zone. Annual bills based on market offers as of October 2017, 100 GJ per annum and GST inclusive

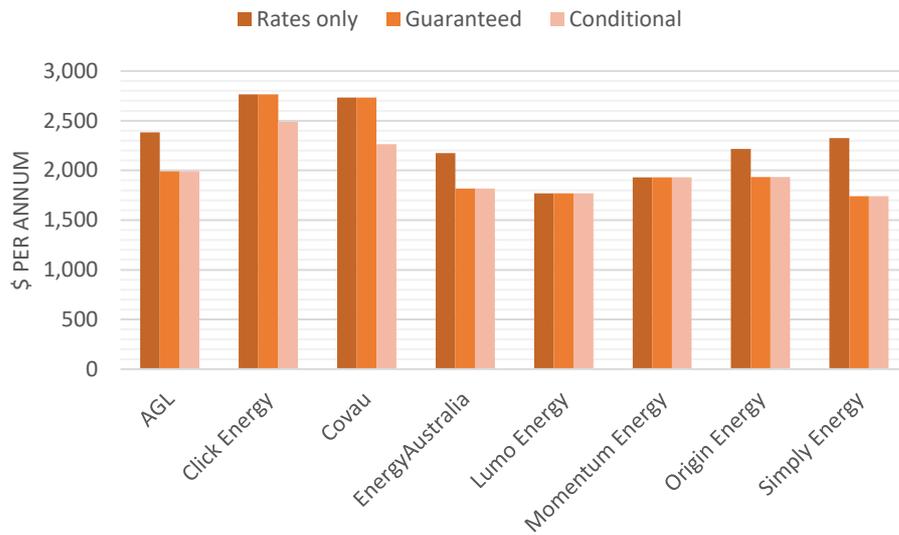


Chart 54 Annual bills based on rates, guaranteed discounts and pay on time discounts in the Multinet 2 gas zone. Annual bills based on market offers as of October 2017, 100 GJ per annum and GST inclusive

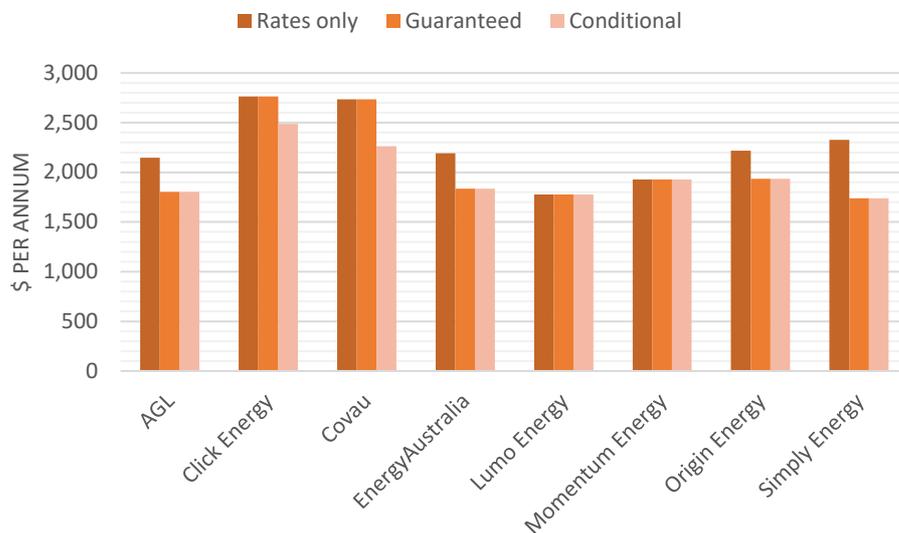


Chart 55 Annual bills based on rates, guaranteed discounts and pay on time discounts in the Ausnet Services Central 1 gas zone. Annual bills based on market offers as of October 2017, 100 GJ per annum and GST inclusive

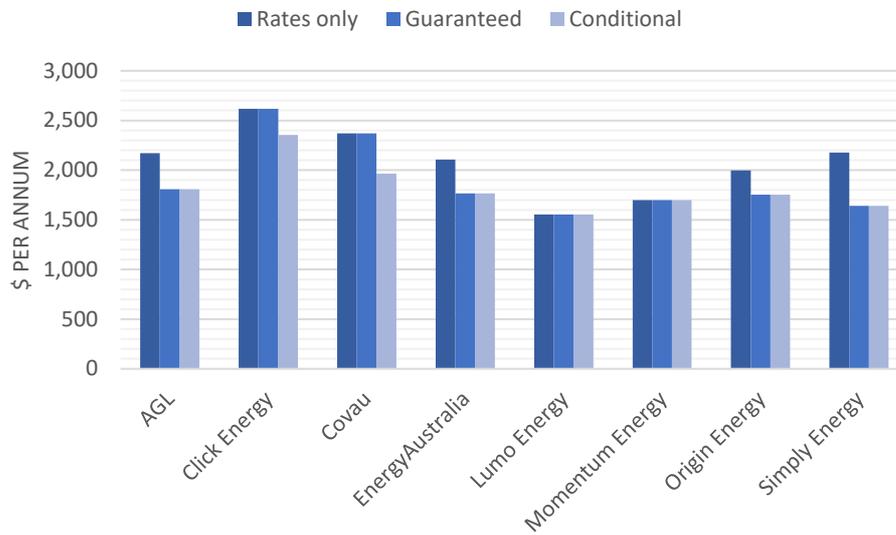


Chart 56 Annual bills based on rates, guaranteed discounts and pay on time discounts in the Ausnet Services Central 2 gas zone. Annual bills based on market offers as of October 2017, 100 GJ per annum and GST inclusive

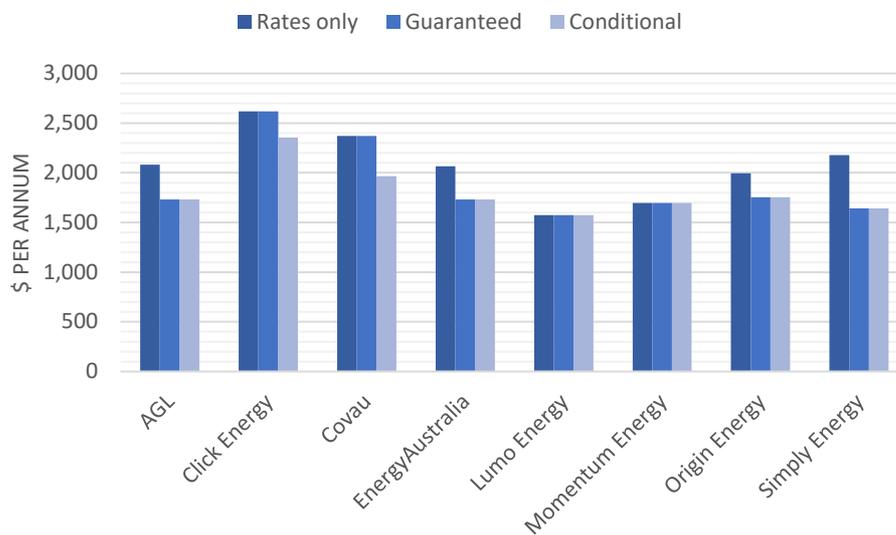


Chart 57 Annual bills based on rates, guaranteed discounts and pay on time discounts in the Ausnet Services West gas zone. Annual bills based on market offers as of October 2017, 100 GJ per annum and GST inclusive

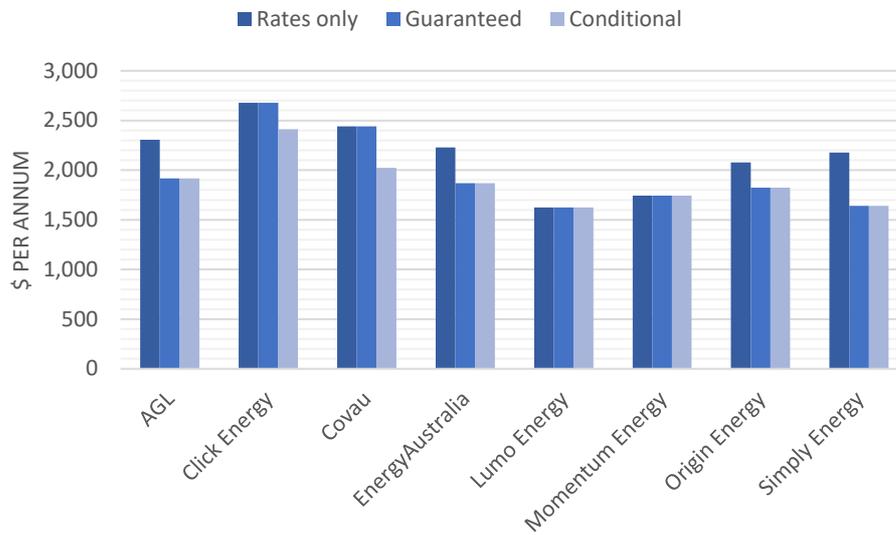


Chart 58 Annual bills based on rates, guaranteed discounts and pay on time discounts in the AGN Central 1 gas zone. Annual bills based on market offers as of October 2017, 100 GJ per annum and GST inclusive

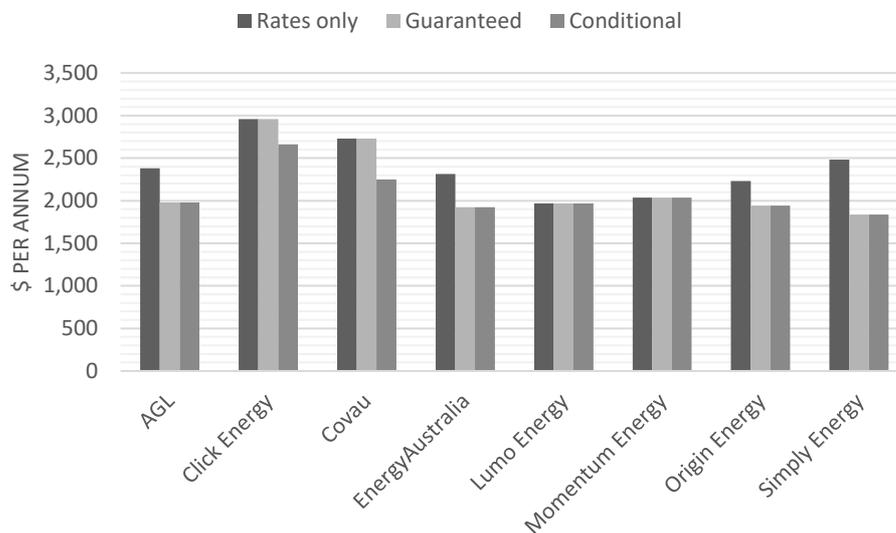


Chart 59 Annual bills based on rates, guaranteed discounts and pay on time discounts in the AGN Central 2 gas zone. Annual bills based on market offers as of October 2017, 100 GJ per annum and GST inclusive

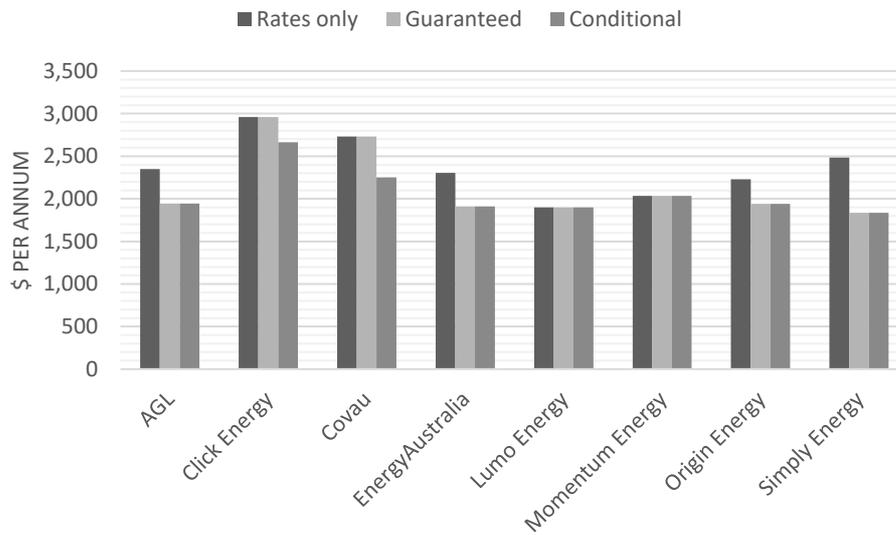
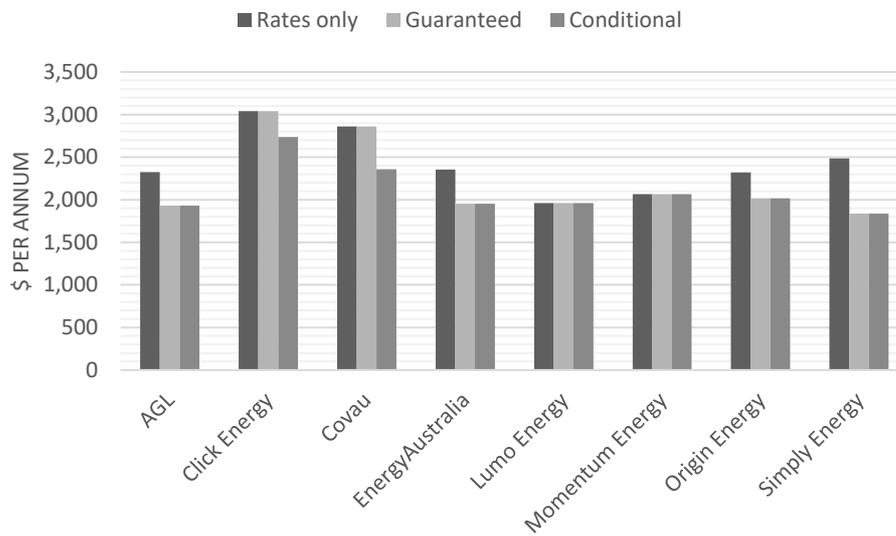


Chart 60 Annual bills based on rates, guaranteed discounts and pay on time discounts in the AGN North gas zone. Annual bills based on market offers as of October 2017, 100 GJ per annum and GST inclusive

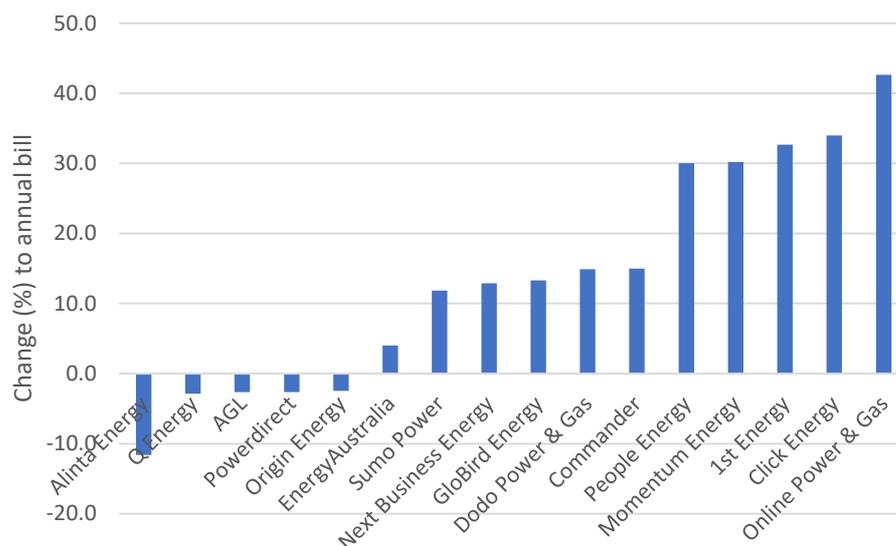


4.2.3 Changes to energy bills in Victoria

This section compares annual energy bills as of October 2017 to annual energy bills as of April 2017. The SME Retail Tariff Tracker Project collects information about energy offers and rates available to small businesses across Australia every six months (in April and October every year) and this section highlights changes (increases or decreases) to annual bills over that six month period.

On average, retail electricity bills for SMEs consuming 20,000 kWh per annum (single rate) increased by around 8-9% in all network areas from April 2017 to October 2017. Some retailers' increases were, however, significantly higher than others and some retailers actually reduced their bills for this consumption level. In the case of eight retailers, prices have remained unchanged.⁶¹ Charts 61 to 65 below show changes (%) to retailers' bills for each network area.⁶²

Chart 61 Percentage change to average annual electricity bills, including guaranteed discounts and pay on time discounts, from April to October 2017 in Citipower's network area. Annual bills based on market offers as of April 2017 and October 2017, 20,000 kWh per annum, single rate and GST inclusive



⁶¹ Note that as Victorian network tariffs changes on 1 January each year (not in July as in other jurisdictions) the major price reset would not have occurred between April and October 2017

⁶² The charts only include retailers that have changed their prices during this period. Covau, Diamond, ERM Power, Lumo, Powershop, Red, Simply and Blue NRG's prices have remained unchanged.

Chart 62 Percentage change to average annual electricity bills, including guaranteed discounts and pay on time discounts, from April to October 2017 in Powercor’s network area. Annual bills based on market offers as of April 2017 and October 2017, 20,000 kWh per annum, single rate and GST inclusive

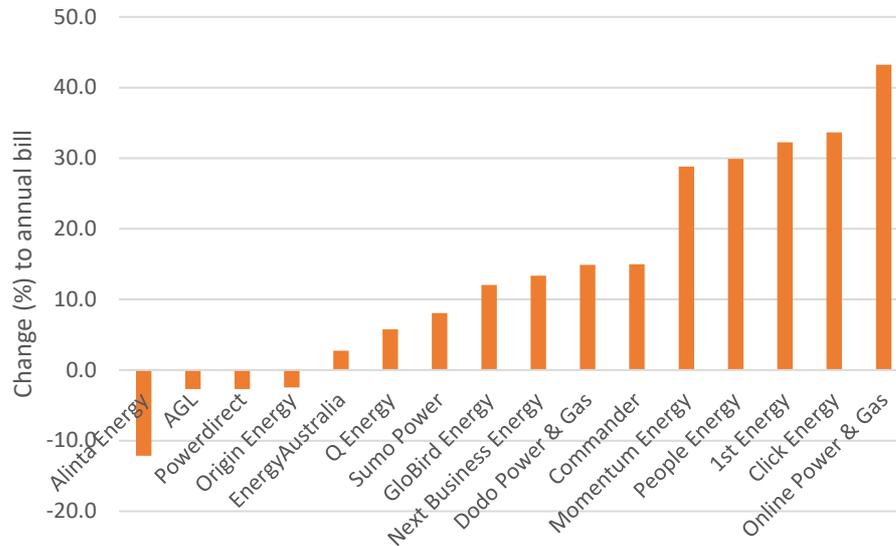


Chart 63 Percentage change to average annual electricity bills, including guaranteed discounts and pay on time discounts, from April to October 2017 in Ausnet Services’ network area. Annual bills based on market offers as of April 2017 and October 2017, 20,000 kWh per annum, single rate and GST inclusive

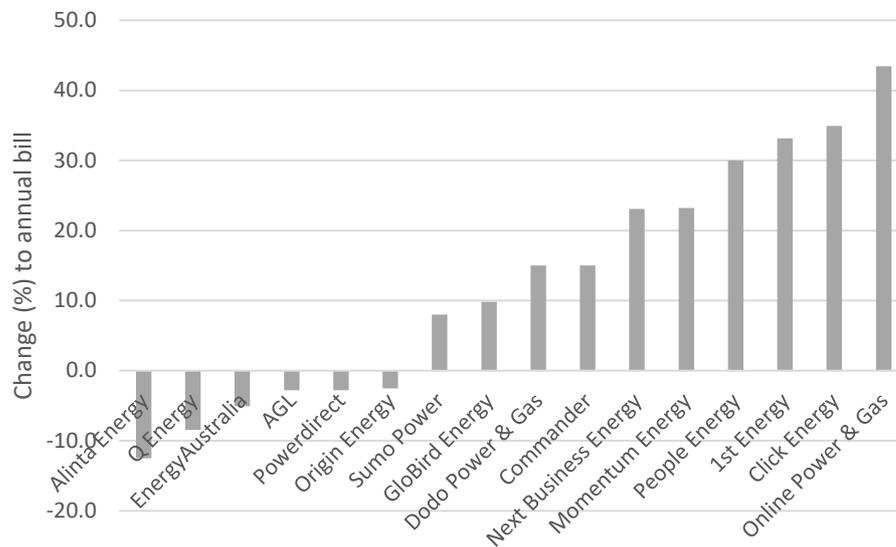


Chart 64 Percentage change to average annual electricity bills, including guaranteed discounts and pay on time discounts, from April to October 2017 in Jemena’s network area. Annual bills based on market offers as of April 2017 and October 2017, 20,000 kWh per annum, single rate and GST inclusive

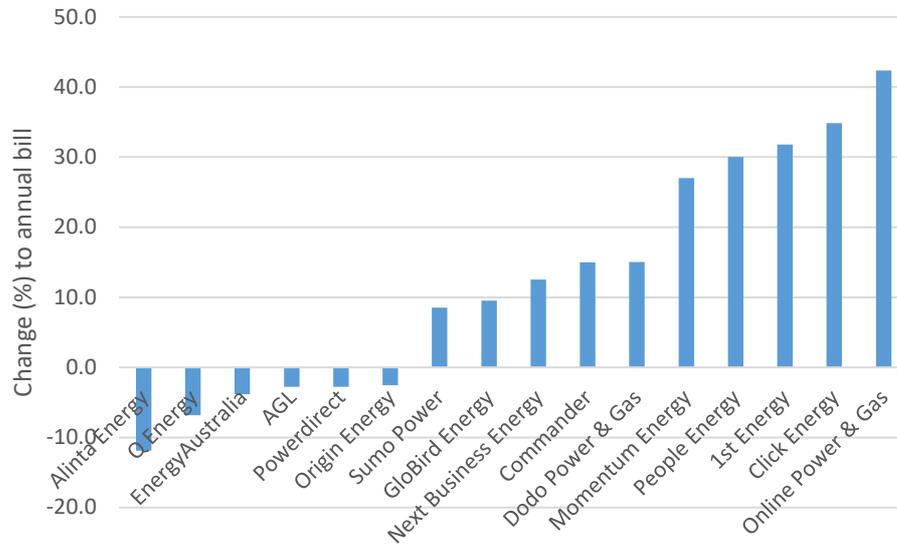
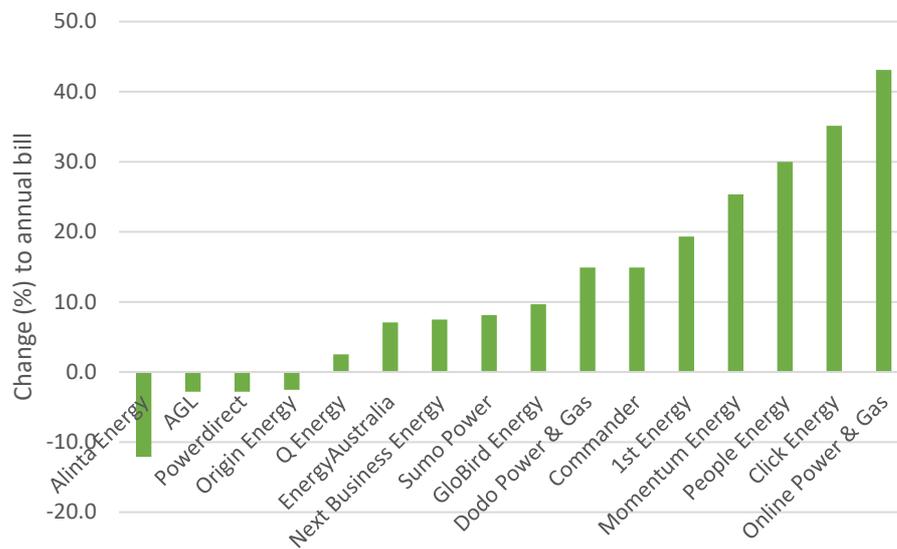


Chart 65 Percentage change to average annual electricity bills, including guaranteed discounts and pay on time discounts, from April to October 2017 in Jemena’s network area. Annual bills based on market offers as of April 2017 and October 2017, 20,000 kWh per annum, single rate and GST inclusive



These percentage changes translate into bill increases as high as \$3,430 per annum (Online in the Ausnet Services network) and price reductions of up to \$850 per annum (Alinta in Ausnet Services) for customers using 20,000 kWh per annum. Table 2 below shows changes to annual bills (\$) for each retailer in each network area.

Table 2 Retailers' changes (\$) to annual electricity bills, including guaranteed discounts and pay on time discounts, from April to October 2017 in Victoria. Annual bills based on market offers as of April 2017 and October 2017, 20,000 kWh per annum, single rate and GST inclusive

	Citipower	Powercor	Ausnet Services	Jemena	United
Click Energy	1526	1707	2519	1894	1871
Commander	662	741	943	762	726
Dodo Power & Gas	821	965	1181	959	924
GloBird Energy	639	631	691	540	493
Momentum Energy	1262	1312	1430	1323	1193
Next Business Energy	466	538	1335	596	347
Online Power & Gas	2534	2847	3427	2789	2563
1st Energy	1428	1566	1914	1549	939
People Energy	1241	1521	1744	1473	1568
Sumo Power	480	359	495	411	375
EnergyAustralia	172	131	-311	-197	337
Q Energy	-122	243	-534	-342	112
Powershop	0	0	0	0	0
Red Energy	0	0	0	0	0
Simply Energy	0	0	0	0	0
CovaU	0	0	0	0	0
Diamond Energy	0	0	0	0	0
Blue NRG	0	0	0	0	0
ERM Power	0	0	0	0	0
Lumo Energy	0	0	0	0	0
AGL	-117	-128	-170	-135	-142
Powerdirect	-117	-128	-170	-135	-142
Origin Energy	-107	-128	-151	-127	-124
Alinta Energy	-511	-616	-849	-618	-602

In relation to gas, Click Energy is the only retailer that changed its offers between April and October 2017. Click's annual gas bills for businesses using 100 GJ per annum have increase by \$740-790 (depending on gas zone) during this period. That equates to a bill increase of 41-48%.

4.3 Queensland

Electricity prices in South East Queensland has been deregulated since July 2016. The Queensland Competition Authority (QCA) does, however, still regulate retail prices for customers of Ergon Energy (Retail). Gas retail prices have been deregulated since 2007.

Queensland has two electricity networks, Energex in South East Queensland and Ergon in Northern and regional Queensland. There is currently no effective retail competition for SME customers in regions supplied by the Ergon Energy network business. Queensland also has four gas pricing zones.

Queensland's two electricity networks and four gas pricing zones:

Electricity network	Area
Energex	South East Queensland
Ergon	Regional and Northern Queensland

Gas zones	Area
Allgas – Brisbane South	South Brisbane, Gold Coast, Toowoomba and Oakey
AGN – Brisbane North	North Brisbane and Ipswich
AGN - Northern	Rockhampton and Gladstone
AGN – Wide Bay	Bundaberg, Maryborough and Hervey Bay

4.3.1 Queensland electricity bills October 2017

The bill analysis presented in this report is based on SMEs using 20,000 kWh per annum on a single rate tariff. Research published by AEMO⁶³ shows that small businesses, on average (across the NEM network areas), use approximately 20,000 kWh per annum and we use this average instead of network specific consumption profiles to readily enable comparison between network areas and jurisdictions. According to the AEMO report, average consumption for a small business in the Energex network is 16,678 kWh per annum. We also note that the workbooks accompanying this report allow users to nominate their own consumption levels as well as undertaking analysis of different tariff types (2-rate tariffs, time of use tariffs etc.). The workbooks are available at: energyconsumersaustralia.com.au/news/category/our-research/

⁶³ Jacobs Australia, Retail electricity price history and project trends, AEMO, 21 September 2017 at https://www.aemo.com.au/-/media/Files/Electricity/NEM/Planning_and_Forecasting/EFI/Jacobs-Retail-electricity-price-history-and-projections_Final-Public-Report-June-2017.pdf

The price-spread

The typical annual bill for SMEs consuming 20,000 kWh per annum (single rate) is approximately \$5,820, including where relevant discounts and pay on time offers.⁶⁴ Chart 66 shows annual bills for fourteen retailers in South East Queensland (Energex network) and that the maximum price spread is approximately \$1,930 per annum.

Chart 66 The price spread in the South East Queensland's Energex distribution network. Annual bills based on market offers as of October 2017 (including guaranteed discounts and pay on time discounts), 20,000 kWh per annum, single rate and GST inclusive

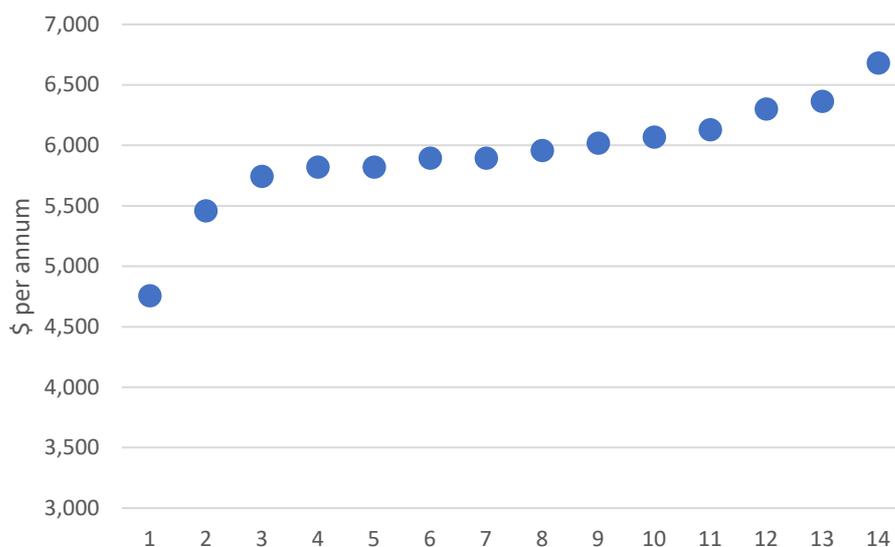
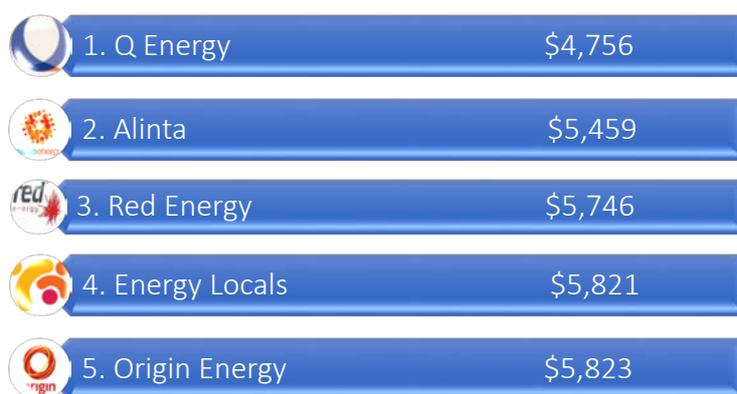


Figure 18 below ranks the retail offers from lowest to highest annual electricity bills.

Figure 18 Lowest to highest annual bills (incl GST) for market offers in Queensland's Energex network (October 2017), including discounts and pay on time discounts - SMEs consuming 20,000kWh per annum (single rate)⁶⁵.



⁶⁴ See appendix A for a list of retail offers included in this analysis. Many retailers have more than one market offer and the rates, conditions, size of discounts as well as discount types (e.g. guaranteed or conditional) may vary between their offers.

⁶⁵ These market offers were collected in October 2017 and it should be noted that retailers may change their rates at any time. Additional discounts for customers choosing to pay by direct debit are not included in these bill calculations.

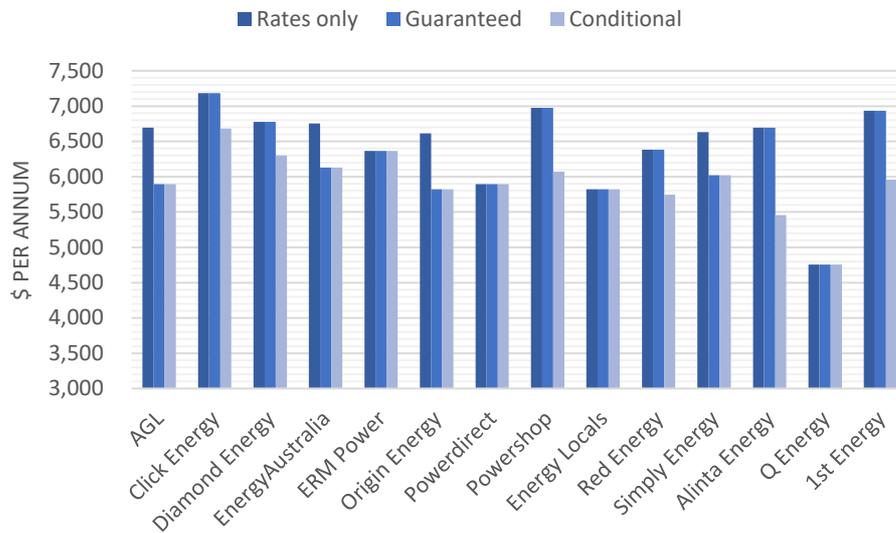
	6. AGL	\$5,896
	7. Powerdirect	\$5,896
	8. 1st Energy	\$5,959
	9. Simply Energy	\$6,020
	10. Powershop	\$6,070
	11. Energy Australia	\$6,130
	12. Diamond	\$6,302
	13. ERM Power	\$6,365
	14. Click Energy	\$6,682

Additional discounts

All retailers except ERM Power, Powerdirect, Energy Locals and QEnergy offer additional discounts. AGL, Energy Australia, Origin and Simply offer guaranteed discounts (for a limited time) while the remaining retailers (Alinta, Click, 1st Energy, Powershop, Diamond and Red Energy) offer additional discounts conditional upon bills being paid on time.⁶⁶ In the case of Alinta, which offers 20% off the usage charges if bills are paid on time, the annual bill for customers (using 20,000 kWh/annum) will be approximately \$1,240 higher if bills are not paid by the due date. Chart 67 shows annual bills based on their rates only, inclusive of guaranteed discounts and inclusive of guaranteed as well as pay on time discount.

⁶⁶ Note that Powershop's conditional discount is an 'online saver' that is obtained by the customer when logging in (after being prompted by a monthly email) to pay the amount owed.

Chart 67 Annual bills based on rates, guaranteed discounts and pay on time discounts in South East Queensland (Energex). Annual bills based on market offers as of October 2017, 20,000 kWh per annum, single rate and GST inclusive



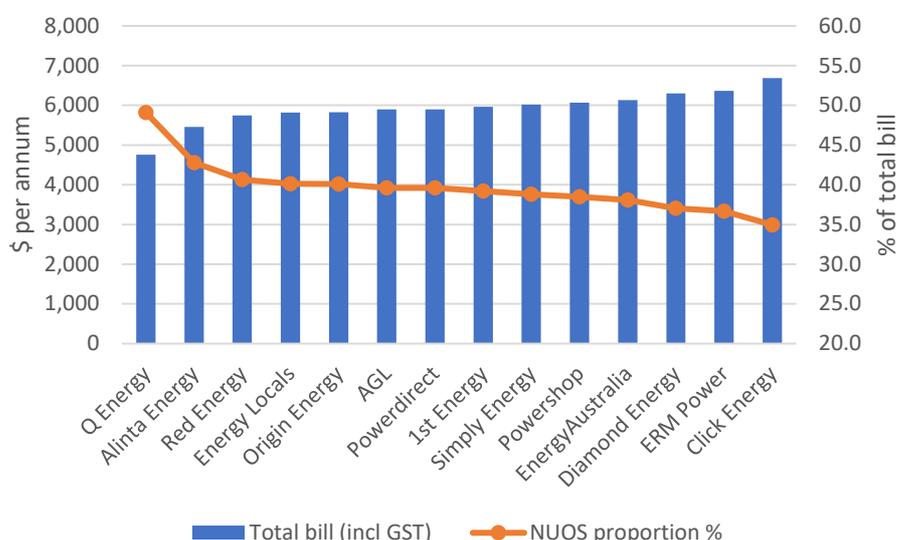
Network charges

The South-East Queensland electricity network, Energex, introduces new Network Use of System (NUOS) charges as of 1 July every year. These NUOS charges are approved by the Australian Energy Regulator (AER) and comprise Transmission Use of System (TUOS) and Distribution Use of System (DUOS) as well as other costs such as jurisdictional charges and metering charges. The retailers can, and generally will, build changes to the NUOS (in relation to both shape and price) into their retail tariffs.

The chart presented in this section shows that the NUOS proportion of bills varies significantly between retail offers. The NUOS proportion of bill for QEnergy is 49% while the NUOS only comprises around 35% of the total bill for Click Energy customers.

Charts 68 shows annual retail bills (columns) and NUOS as proportion of annual bill (line).

Chart 68 South-East Queensland (Energex): Annual retail bills (incl. GST) and NUOS as proportion of total bill, October 2017. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum)⁶⁷



Regional Queensland

There is no effective retail competition in regional and northern Queensland (customers supplied by the Ergon Energy network) and small businesses in this area are therefore charged based on the regulated prices determined by the Queensland Competition Authority. As customers in the Ergon Energy network are generally unable to access discounted market offers by competitive retailers, they may pay more for electricity compared to businesses in South East Queensland.

Chart 69 shows that the average market offer in the Energex network (including discounts) is \$660 less than the regulated offer in the Ergon Energy network for businesses using 20,000 kWh per annum

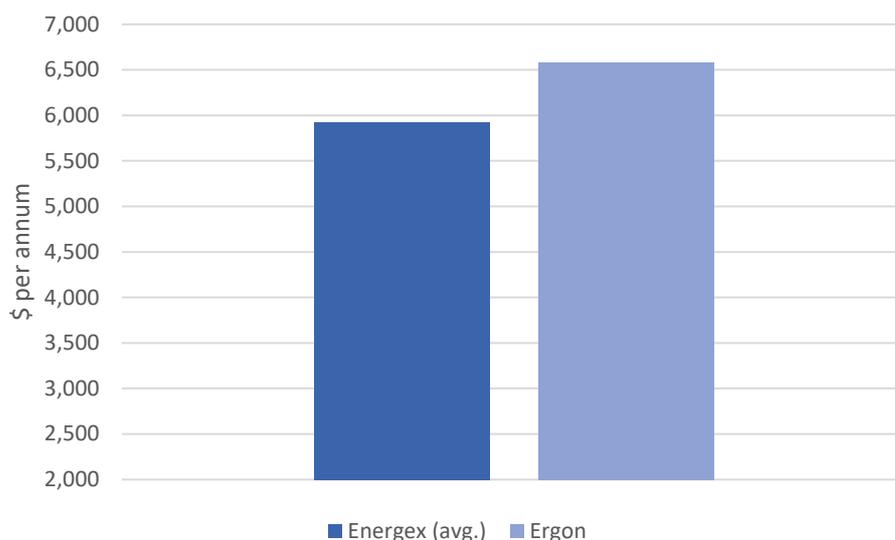
For business customers in South East Queensland who have not entered into a market offer, the standing offer price may be similar or higher than a similar customer in the Ergon Energy network.

The Queensland Competition Authority has published its first market monitoring report for South East Queensland in November 2017.

⁶⁷ Based on market offer rates as of October 2017, presented as annual bills for SMEs using 20,000kWh per annum (single rate). The annual NUOS charges are based on the Energex’s charges (tariff NTC 8500) for the 2017/18 financial year. The NUOS also includes fixed charges.

It is important to note that in determining the regulated retail rates for small customers in regional Queensland, the Queensland Competition Authority are required to use the equivalent Energex network rate, so that customers in regional Queensland pay a similar amount to customers in South East Queensland. The difference in the cost of supply is paid to the Ergon Energy retailer as a community service obligation by the Queensland Government.⁶⁸

Chart 69 Annual bills for the single rate tariff in the Energex and Ergon networks. Annual bills based on the regulated offer (Ergon) and market offers including discounts (Energex) as of October 2017, 20,000 kWh per annum and GST inclusive



4.3.2 Queensland gas bills October 2017

To calculate annual gas bills we have assumed an annual consumption of 100 GJ per annum and a flat consumption over the year (25 GJ per quarter or 16.66 GJ per bi-monthly bill). Small businesses using gas for heating purposes are unlikely to have a flat consumption profile.

The price-spread

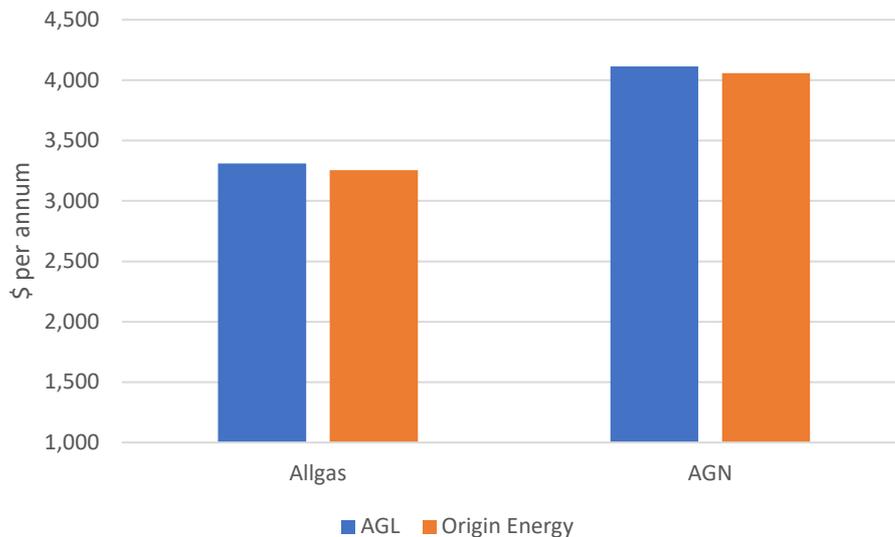
There are two main gas zones in Queensland: the Allgas zone covering South Brisbane, Gold Coast, Toowoomba and Oakey, and the Australian Gas Networks (AGN) zone covering North Brisbane and Ipswich. AGL and Origin have market offers in both areas. AGN also has two other pricing zones: Northern covering Rockhampton and Gladstone, and Wide Bay covering Bundaberg, Maryborough and Hervey Bay. Origin is the only retailer that offers contracts in these two pricing zones. Both AGL and Origin’s offers contain additional guaranteed discounts but no conditional pay on time discounts.

⁶⁸ QCA, *SEQ retail electricity market monitoring: 2016–17*, November 2017

The typical annual market offer bill for SMEs consuming 100 GJ per annum is approximately \$3,280 (including discounts) in the Allgas zone and \$4,090 in the AGN zone.⁶⁹ This is a significant difference for two gas zones that cover neighbouring areas.

Chart 70 shows AGL and Origin’s annual bills for the two pricing zones and the difference between the two retailers’ annual bills is minimal.

Chart 70 AGL and Origin gas bills in Queensland’s Allgas and AGN pricing zones. Annual bills based on market offers as of October 2017 (including guaranteed discounts), 100 GJ per annum and GST inclusive



Figures 19 - 20 below rank the retail offers from lowest to highest annual gas bills in the two main pricing zones.

Figure 19 Lowest to highest annual bills (incl GST) for market offers in the Allgas pricing zone (October 2017). Bills including guaranteed discounts - SMEs consuming 100 GJ per annum⁷⁰



⁶⁹ See appendix A for a list of retail offers included in this analysis. Many retailers have more than one market offer and the rates, conditions, size of discounts as well as discount types (e.g. guaranteed or conditional) may vary between their offers.

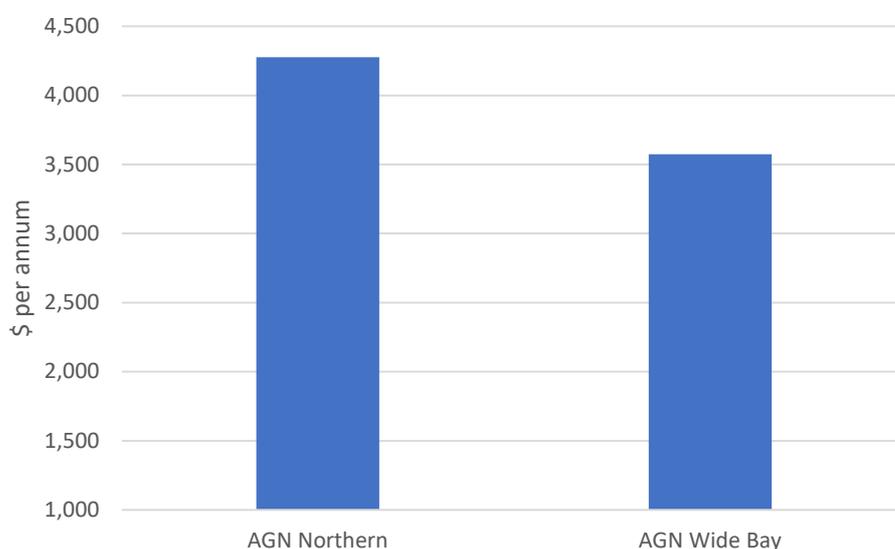
⁷⁰ These market offers were collected in October 2017 and it should be noted that retailers may change their rates at any time.

Figure 20 Lowest to highest annual bills (incl GST) for market offers in the AGN pricing zone (October 2017). Bills including guaranteed discounts - SMEs consuming 100 GJ per annum ⁷¹



In the two smaller AGN pricing zones (Northern and Wide Bay) annual bills for this consumption level amount to approximately \$4,280 and \$3,570 respectively.

Chart 71 Origin gas bills in Queensland's AGN Northern and AGN Wide Bay pricing zones. Annual bills based on market offers as of October 2017 (including guaranteed discounts), 100 GJ per annum and GST inclusive



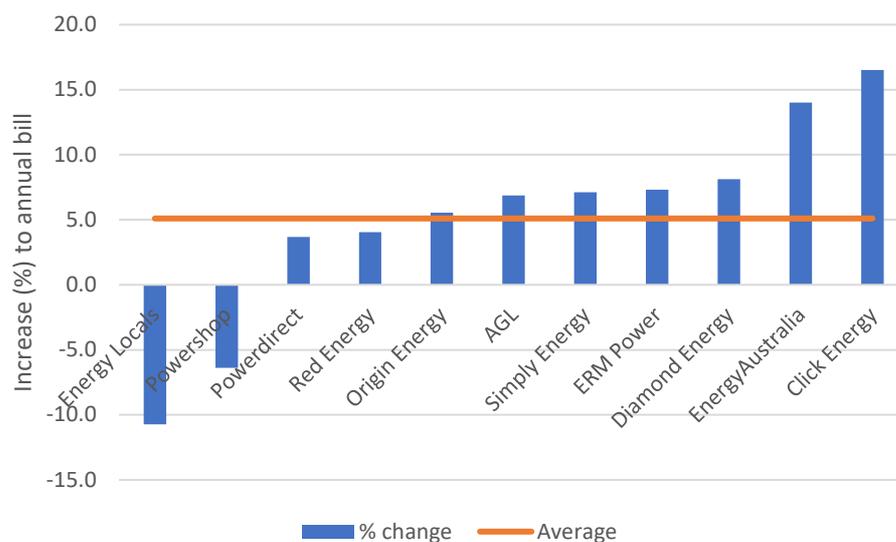
4.3.3 Changes to energy bills in Queensland

This section compares annual energy bills as of October 2017 to annual energy bills as of April 2017. The SME Retail Tariff Tracker Project collects information about energy offers and rates available to small businesses across Australia every six months (in April and October every year) and this section highlights changes (increases or decreases) to annual bills over that six month period.

⁷¹ These market offers were collected in October 2017 and it should be noted that retailers may change their rates at any time.

On average, retail electricity bills for SMEs consuming 20,000 kWh per annum (single rate) increased by 5.1% in the Energex network from April to October 2017.⁷² In Ergon’s network, the regulated price increased by 5.7% for businesses with the same consumption level. Some retailers’ increases in the Energex network were, however, significantly higher than others and two retailers (Energy Locals and Powershop) actually reduced their bills for this consumption level. Click Energy and Energy Australia are the two retailers with the greatest increases (16.5% and 14% respectively). Chart 72 below shows changes (%) to retailers’ bills (columns) as well as average price increase (line) for the Energex network area.⁷³

Chart 72 Percentage change: Comparison of April and October 2017 annual electricity bills including guaranteed discounts and pay on time discounts in the Energex network. Annual bills based on market offers as of April 2017 and October 2017, 20,000 kWh per annum, single rate and GST inclusive

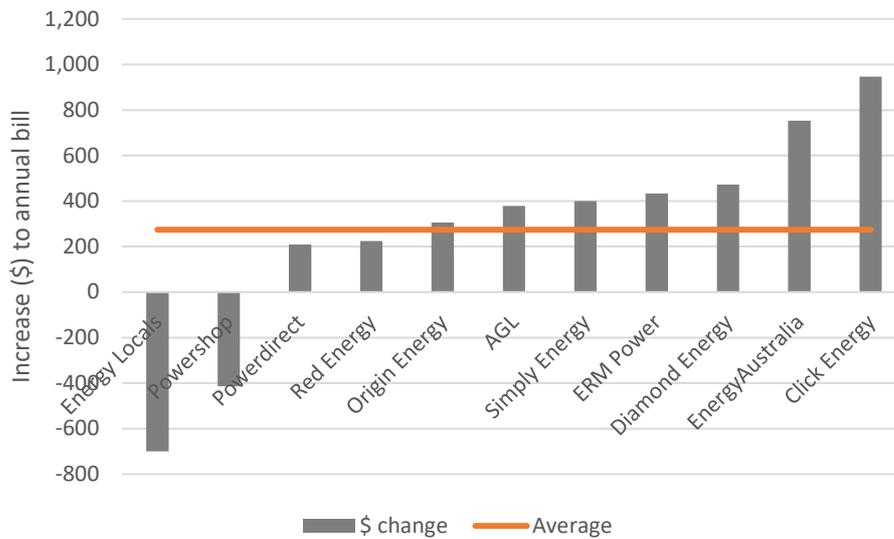


These percentage changes translate into price increases as high as \$950 per annum (Click Energy) customers using 20,000 kWh per annum. Energy Locals annual bill, on the other hand, has decreased by \$700. Chart 73 below shows changes to annual bills (\$) for each retailer in the Energex area.

⁷² Based on market offers inclusive of guaranteed and conditional pay on time discounts

⁷³ Note that some retailers such as Alinta, Q Energy and 1st Energy did not have published offers in Queensland in April 2017. Only retailers with market offers available in both April 2017 and October 2017 have been included in this comparison.

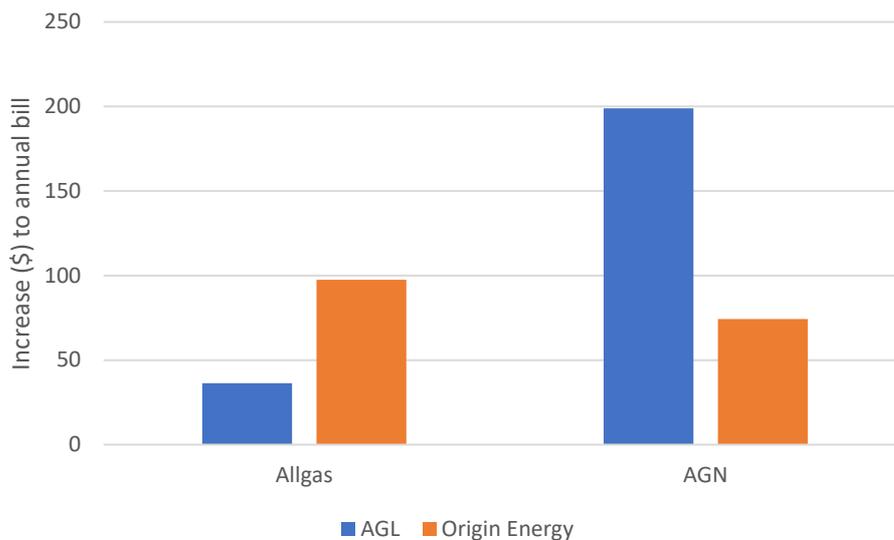
Chart 73 Bill change (\$): Comparison of April and October 2017 annual electricity bills including guaranteed discounts and pay on time discounts in the Energex network. Annual bills based on market offers as of April 2017 and October 2017, 20,000 kWh per annum, single rate and GST inclusive



In relation to gas, both AGL and Origin increased their prices in the South Brisbane Allgas and the North Brisbane AGN zones. In the Allgas zone, Origin introduced the highest price increase (3%) while AGL increased their prices the most (5%) in the AGN gas zone.

In the smaller gas zones, AGN Northern and Wide Bay, Origin's bills have increased slightly (1.5-2%) over this period. Chart 74 below shows increases to annual gas bills in the South Brisbane/Allgas and North Brisbane/AGN zones.

Chart 74 Comparison of April and October 2017 annual gas bills including guaranteed discounts and pay on time discounts in the Allgas and AGN gas zones. Annual bills based on market offers as of April 2017 and October 2017, 100 GJ per annum and GST inclusive



4.4 South Australia

South Australia deregulated electricity and gas retail prices in 2013. SA Power Networks cover the entire state and AGL is the incumbent retailer. In relation to gas, there are several gas pricing zones, but as the incumbent retailer (Origin) does not currently differentiate its offers between these zones, this analysis compares gas offers in the AGN South Australia zone. That said, customers in regional areas such as Mt Gambier, Riverland and Whyalla may only be able to access Origin's market offer.

4.4.1 South Australian electricity bills October 2017

The bill analysis presented in this report is based on SMEs using 20,000 kWh per annum on a single rate tariff. Research published by AEMO⁷⁴ shows that small businesses, on average (across the NEM network areas), use approximately 20,000 kWh per annum and we use this average instead of network specific consumption profiles to readily enable comparison between network areas and jurisdictions. According to the AEMO report, average consumption for a small business in South Australia Power Networks is 14,262 kWh per annum. We also note that the workbooks accompanying this report allow users to nominate their own consumption levels as well as undertaking analysis of different tariff types (2-rate tariffs, time of use tariffs etc.). The workbooks are available at: energyconsumersaustralia.com.au/news/category/our-research/

The price-spread

The typical annual bill for SMEs consuming 20,000 kWh per annum (single rate) is approximately \$8,540.⁷⁵ Chart 75 shows annual bills for fifteen retailers in the SA Power Networks (SAPN) and that the maximum price spread is approximately \$2,610 per annum.

⁷⁴ Jacobs Australia, Retail electricity price history and project trends, AEMO, 21 September 2017 at https://www.aemo.com.au/-/media/Files/Electricity/NEM/Planning_and_Forecasting/EFI/Jacobs-Retail-electricity-price-history-and-projections_Final-Public-Report-June-2017.pdf

⁷⁵ See appendix A for a list of retail offers included in this analysis. Many retailers have more than one market offer and the rates, conditions, size of discounts as well as discount types (e.g. guaranteed or conditional) may vary between their offers.

Chart 75 The price spread in the South Australia’s SAPN distribution network. Annual bills based on market offers as of October 2017 (including guaranteed discounts and pay on time discounts), 20,000 kWh per annum, single rate and GST inclusive

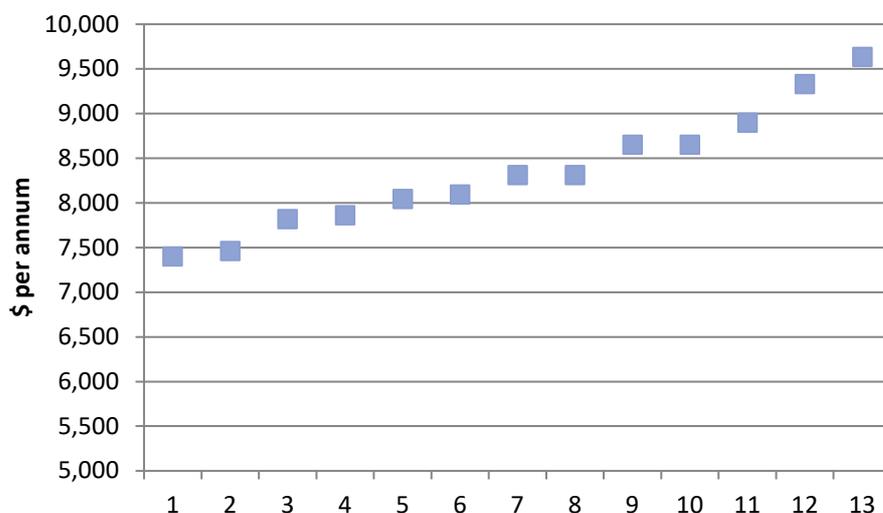


Figure 21 below ranks the retail offers from lowest to highest annual electricity bills.

Figure 21 Lowest to highest annual bills (incl GST) for South Australian market offers in October 2017, including discounts and pay on time discounts - SMEs consuming 20,000kWh per annum (single rate)⁷⁶



⁷⁶ These market offers were collected in October 2017 and it should be noted that retailers may change their rates at any time. Additional discounts for customers choosing to pay by direct debit are not included in these bill calculations.

	11. Energy Australia	\$8,897
	12. Click Energy	\$9,330
	13. Momentum	\$9,633
	14. Blue NRG	\$9,640
	15. ERM Power	\$10,015

Additional discounts

Five of the fifteen retailers operating in South Australia offer conditional pay on time discounts and for customers using 20,000kWh per annum the difference to the annual bill if they pay late can be as much as \$2,750 (Alinta’s offer). Another retailer with a very high pay on time discount is Commander. Chart 76 below shows the difference to annual bills that include guaranteed discounts only compared to annual bills that include pay on time discounts (only retailers that offer pay on time discounts are included in this chart).

Chart 76 Difference in annual bills based on guaranteed discounts only and conditional pay on time discounts in SA Power Networks. Annual bills based on market offers as of October 2017, 20,000 kWh per annum, single rate and GST inclusive

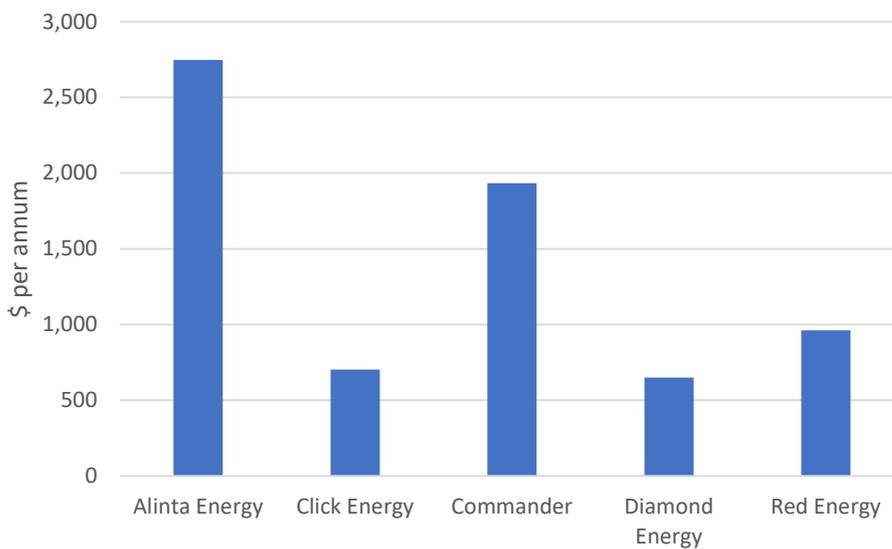
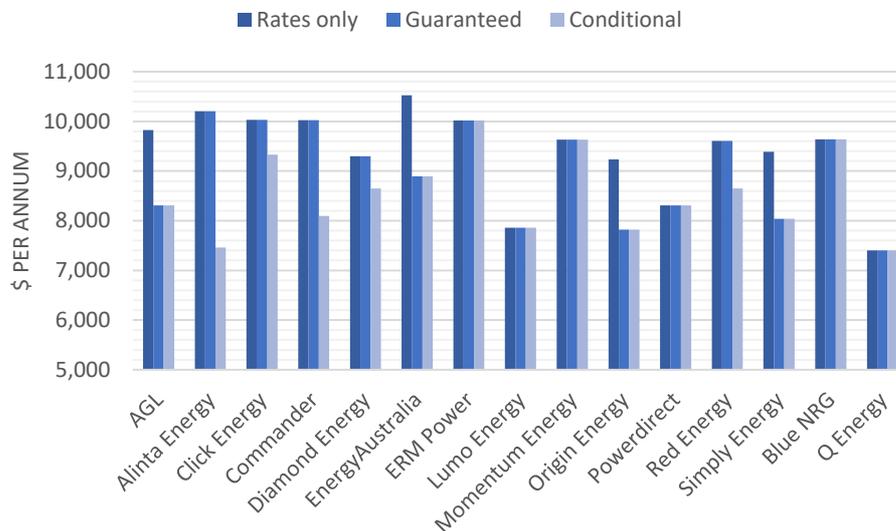


Chart 77 shows annual bills based on their rates only, inclusive of guaranteed discounts and inclusive of guaranteed as well as pay on time discounts.

Chart 77 Annual bills based on rates, guaranteed discounts and pay on time discounts in SA Power Networks. Annual bills based on market offers as of October 2017, 20,000 kWh per annum, single rate and GST inclusive



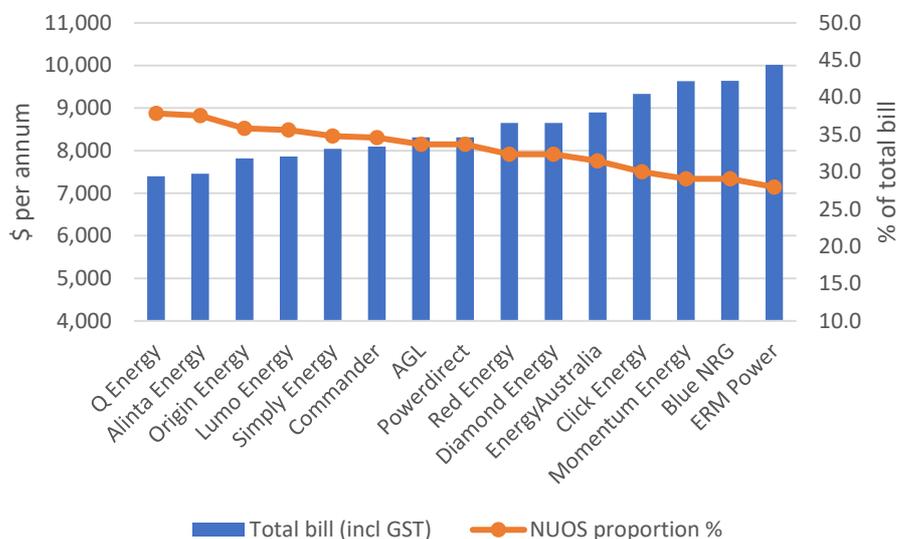
Network charges

The South Australian electricity network, SA Power Networks, introduces new Network Use of System (NUOS) charges as of 1 July every year. These NUOS charges are approved by the Australian Energy Regulator (AER) and comprise Transmission Use of System (TUOS) and Distribution Use of System (DUOS) as well as other costs such as jurisdictional charges and metering charges. The retailers can, and generally will, build changes to the NUOS (in relation to both shape and price) into their retail tariffs.

The chart presented in this section shows that the NUOS proportion of bills varies significantly between retail offers. The NUOS proportion of bill for QEnergy is approximately 38% while the NUOS only comprises 28% of the total bill for ERM Power customers.

Chart 78 shows annual retail bills (columns) and NUOS as proportion of annual bill (line).

Chart 78 South Australia (SAPN): Annual retail bills (incl. GST) and NUOS as proportion of total bill, October 2017. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum)⁷⁷



4.4.2 South Australian gas bills October 2017

To calculate annual gas bills we have assumed an annual consumption of 100 GJ per annum and a flat consumption over the year (25 GJ per quarter or 16.66 GJ per bi-monthly bill). Small businesses using gas for heating purposes are unlikely to have a flat consumption profile.

The price-spread

The typical annual market offer bill for SMEs consuming 100 GJ per annum is \$3,222 (including discounts). Chart 79 shows annual bills for five retailers in South Australia and that the maximum price spread is approximately \$530 per annum.⁷⁸

⁷⁷ Based on market offer rates as of October 2017, presented as annual bills for SMEs using 20,000kWh per annum (single rate). The annual NUOS charges are based on the SAPN's charges for the 2017/18 financial year. The NUOS also includes fixed charges.

⁷⁸ See appendix A for a list of retail offers included in this analysis. Many retailers have more than one market offer and the rates, conditions, size of discounts as well as discount types (e.g. guaranteed or conditional) may vary between their offers.

Chart 79 The price spread in the South Australia. Annual bills based on market offers as of October 2017 (including guaranteed discounts and pay on time discounts), 100 GJ per annum and GST inclusive

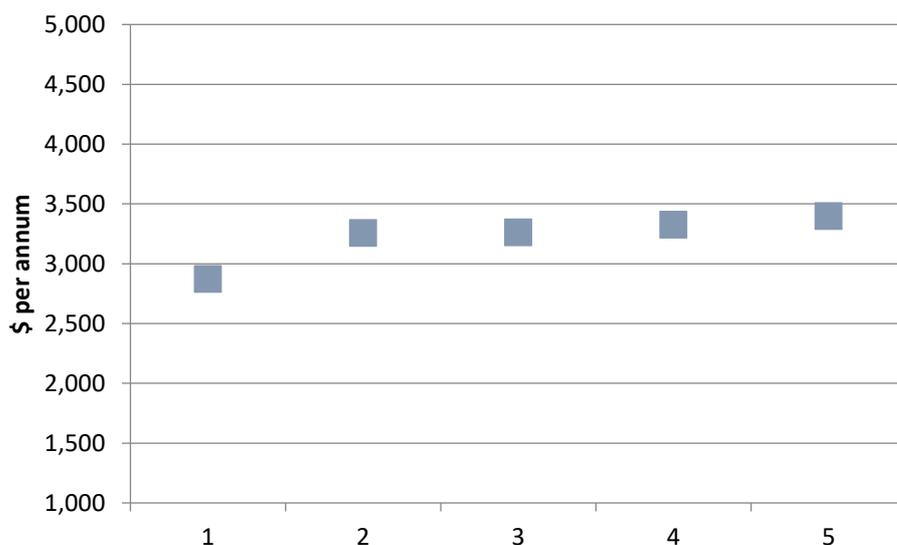
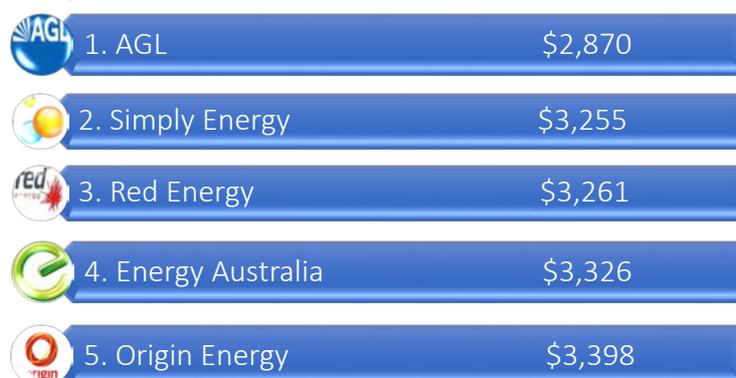


Figure 22 below ranks the retail offers from lowest to highest annual gas bills.

Figure 22 Lowest to highest annual bills (incl GST) for market offers in South Australia (Australian Gas Network), October 2017. Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum ⁷⁹



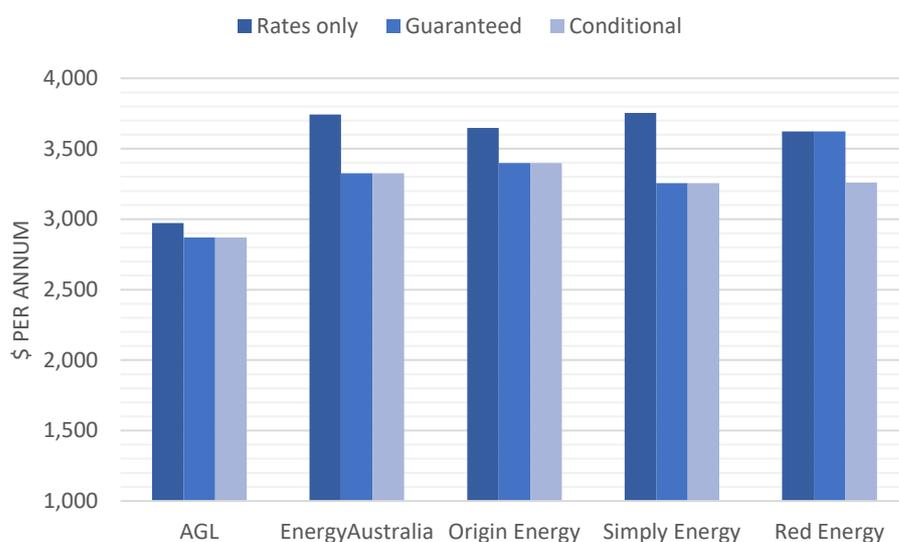
⁷⁹ These market offers were collected in October 2017 and it should be noted that retailers may change their rates at any time. Additional discounts for customers choosing to pay by direct debit are not included in these bill calculations. Note that Red and Simply's offers are only available as a dual fuel contracts.

Additional discounts

All of the retailers, except Red Energy, offer guaranteed discounts on the consumption rates for a limited period (the benefit period). Red Energy offers a 10% discount conditional upon the bill being paid on time.

Chart 80 shows annual bills based on their rates only, inclusive of guaranteed discounts and inclusive of guaranteed as well as pay on time discounts.

Chart 80 Annual bills based on rates, guaranteed and conditional discounts in South Australia (Australian gas Networks). Annual bills based on market offers as of October 2017, 100 GJ per annum and GST inclusive



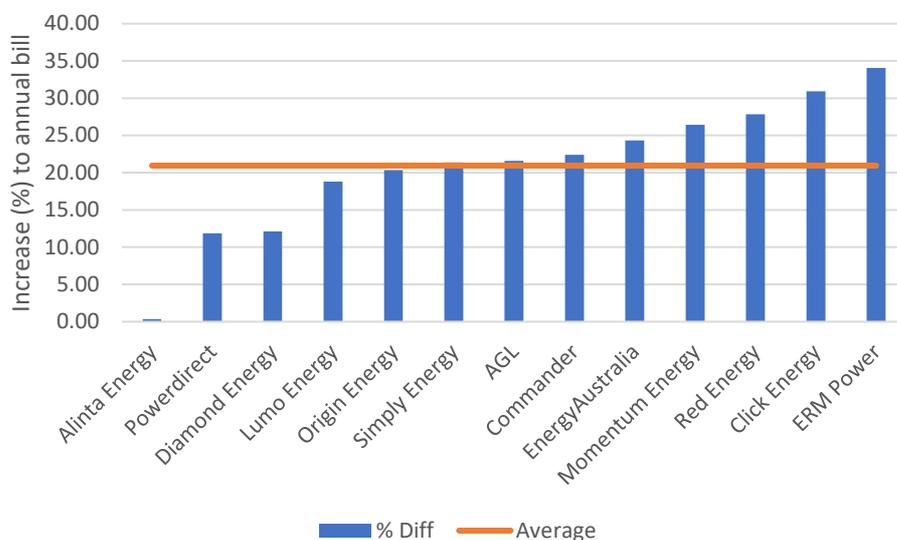
4.4.3 Changes to energy bills in South Australia

This section compares annual energy bills as of October 2017 to annual energy bills as of April 2017. The SME Retail Tariff Tracker Project collects information about energy offers and rates available to small businesses across Australia every six months (in April and October every year) and this section highlights changes (increases or decreases) to annual bills over that six month period.

On average, retail electricity bills for SMEs consuming 20,000 kWh per annum (single rate) increased by 21% in South Australia from April to October 2017. There are, however, significant differences between the retailers' increases, from less than 1% by Alinta Energy to 35% by ERM Power. Chart 81 below shows changes (%) to retailers' bills (columns) as well as average price increase (line) for the South Australian Power Network.⁸⁰

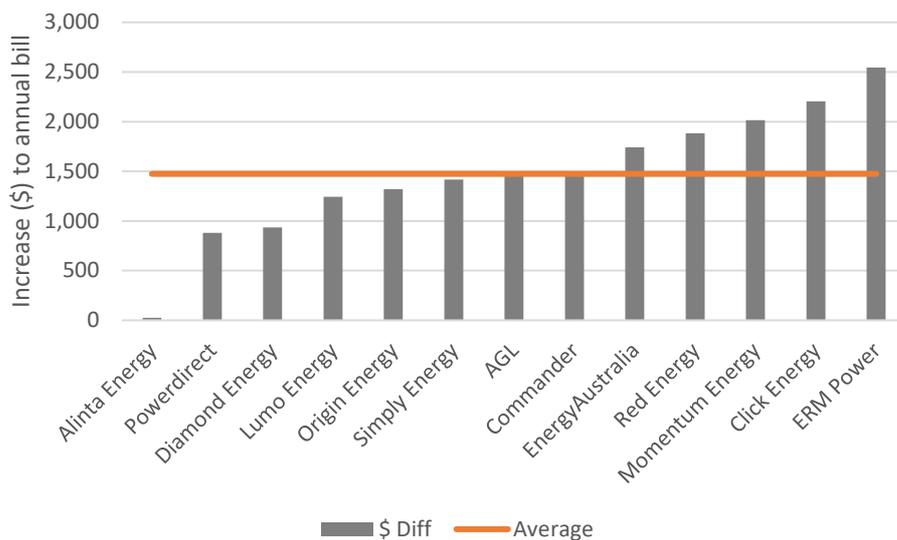
⁸⁰ Note that some retailers such as Blue NRG and Q Energy did not have offers in SA in April 2017. Only retailers with market offers available in both April 2017 and October 2017 have been included in this comparison.

Chart 81 Percentage change: Comparison of April and October 2017 annual electricity bills including guaranteed discounts and pay on time discounts in SAPN. Annual bills based on market offers as of April 2017 and October 2017, 20,000 kWh per annum, single rate and GST inclusive



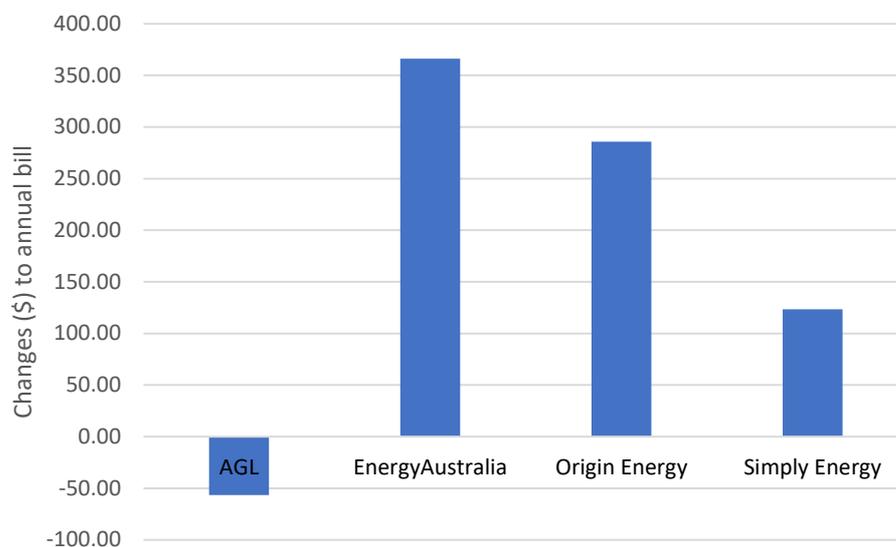
These percentage changes translate into price increases as high as \$2,550 per annum (ERM Power) and as low as \$25 (Alinta) for customers using 20,000 kWh per annum. Chart 82 below shows changes to annual bills (\$) for each retailer in the South Australian Power Network.

Chart 82 Bill change (\$): Comparison of April and October 2017 annual electricity bills including guaranteed discounts and pay on time discounts in SAPN. Annual bills based on market offers as of April 2017 and October 2017, 20,000 kWh per annum, single rate and GST inclusive



In relation to gas, three retailers increased their bills and one retailer (AGL) has introduced a decrease. Energy Australia and Origin introduced the greatest price increases, 12% and 9% respectively. Chart 83 below shows changes to annual gas bills as \$ amount in the Envestra/AGN gas zone.⁸¹

Chart 83 Change (\$) to annual gas bills including guaranteed discounts and pay on time discounts in South Australia. Annual bills based on market offers as of April and October 2017, 100 GJ per annum and GST inclusive



4.5 Tasmania

The Office of the Tasmanian Economic Regulator (OTTER) continues to regulate electricity retail prices for small customers while gas retail prices have been deregulated since reticulated gas first became available in 2007.

Tasmania is comprised of a single electricity network and a single gas pricing zone. Aurora Energy is the incumbent electricity retailer while Aurora Energy and Tas Gas Retail are the gas retailers.

4.5.1 Tasmanian electricity bills October 2017

The bill analysis presented in this report is based on SMEs using 20,000 kWh per annum on a single rate tariff. Research published by AEMO⁸² shows that small businesses, on average (across the NEM network areas), use approximately 20,000 kWh per annum and we use this average instead of network specific consumption profiles to readily enable comparison

⁸¹ Note that Red Energy did not have offers in SA in April 2017. Only retailers with market offers available in both April 2017 and October 2017 have been included in this comparison.

⁸² Jacobs Australia, Retail electricity price history and project trends, AEMO, 21 September 2017 at https://www.aemo.com.au/-/media/Files/Electricity/NEM/Planning_and_Forecasting/EFI/Jacobs-Retail-electricity-price-history-and-projections_Final-Public-Report-June-2017.pdf

between network areas and jurisdictions. According to the AEMO report, average consumption for a small business in TasNetworks is 25,315 kWh per annum.

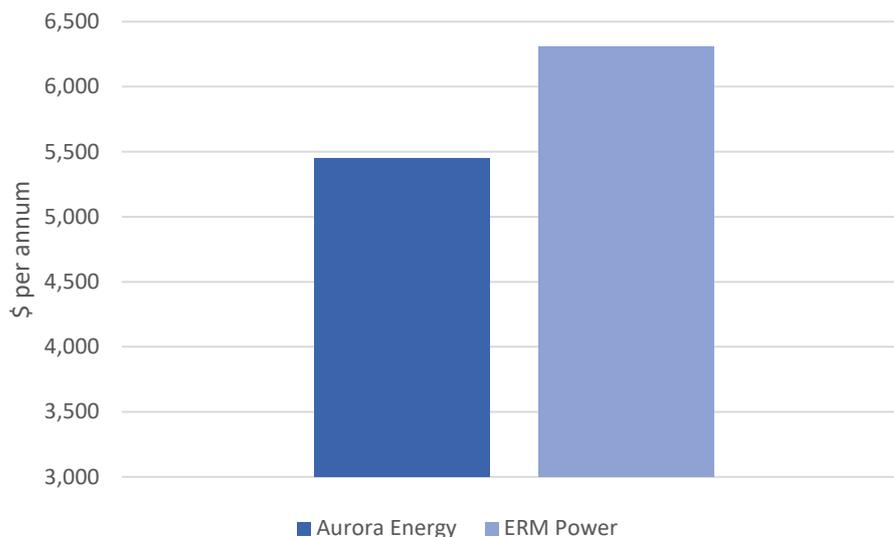
We also note that the workbooks accompanying this report allow users to nominate their own consumption levels as well as undertaking analysis of different tariff types (2-rate tariffs, time of use tariffs etc.). The workbooks are available at: energyconsumersaustralia.com.au/news/category/our-research/

The price-spread

There are currently only two retailers, Aurora Energy and ERM Power, offering electricity products to SME customers in Tasmania. The typical annual bill for SMEs consuming 20,000 kWh per annum (single rate) is approximately \$5,880.⁸³ As of October 2017 ERM Power's market offer produces annual bills that are \$860 more per annum than Aurora Energy's regulated rates.⁸⁴

Chart 84 below shows annual bills for single rate customers on Aurora's regulated rates and ERM Power's market offer.

Chart 84 Annual bills for SME customers in Tasmania (TasNetworks). Annual bills based on market offer/regulated rate as of October 2017, single rate, 20,000 kWh per annum and GST inclusive



⁸³ Based on the average Aurora Energy and ERM Power bills.

⁸⁴ Note that ERM Power may charge an additional metering fee. Their current Price and Product Information Statement stipulates that \$3.03 per meter, per day is charged for each Type 1-4 COMMS meter. Statement available at https://www.ermpower.com.au/wp-content/uploads/2017/07/PFS_20170701_TAS_ADJUST.pdf

Figure 23 below ranks the retail offers from lowest to highest annual electricity bills.

Figure 23 Lowest to highest annual bills (incl GST) for Tasmanian offers in October 2017, SMEs consuming 20,000kWh per annum (single rate)⁸⁵



Network charges

The Tasmanian electricity network, TasNetworks, introduces new Network Use of System (NUOS) charges as of 1 July every year. These NUOS charges are approved by the Australian Energy Regulator (AER) and comprise Transmission Use of System (TUOS) and Distribution Use of System (DUOS) as well as other costs such as jurisdictional charges and metering charges. The retailers can, and generally will, build changes to the NUOS (in relation to both shape and price) into their retail tariffs

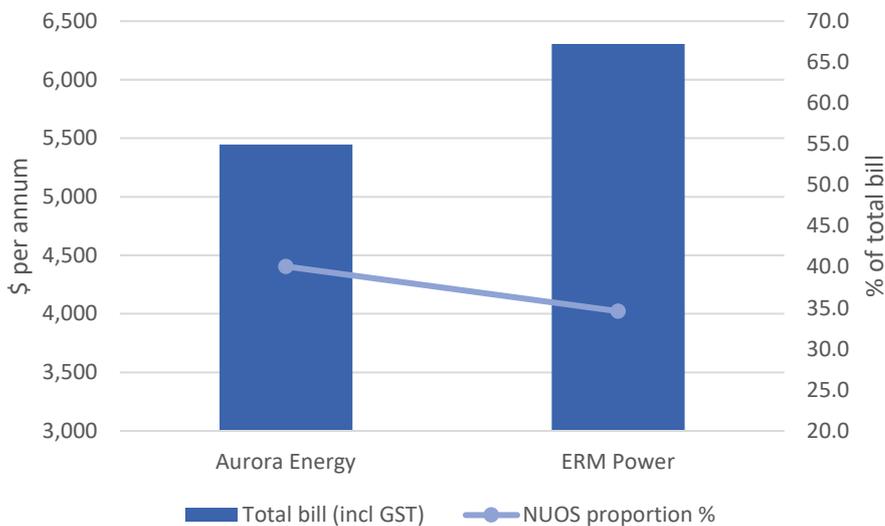
The chart presented in this section shows that the NUOS proportion of bills varies somewhat between Aurora Energy and ERM Power's retail offers. The NUOS proportion equates to 40% for Aurora Energy bills while it is 35% for ERM Power bills.⁸⁶

⁸⁵ These offers were collected in April 2017 and it should be noted that retailers may change their market offer rates at any time. Additional discounts for customers choosing to pay by direct debit are not included in these bill calculations.

⁸⁶ Note that any additional metering charge is not included in these bill calculations.

Charts 85 shows annual retail bills (columns) and NUOS as proportion of annual bill (line).

Chart 85 Tasmania (TasNetworks): Annual retail bills (incl. GST) and NUOS as proportion of total bill, October 2017. Based on single rate offers, 20,000 kWh per annum)⁸⁷



4.5.2 Tasmanian gas bills October 2017

To calculate annual gas bills we have assumed an annual consumption of 100 GJ per annum and a flat consumption over the year (25 GJ per quarter or 16.66 GJ per bi-monthly bill). Small businesses using gas for heating purposes are unlikely to have a flat consumption profile.

There are two retailers, Aurora Energy and Tas Gas Retail, offering market contracts to gas customers in Tasmania and the typical annual bill for a SME customer using 100 GJ per annum is \$4,320. The difference between the two offers is \$260 per annum. Neither Aurora Energy nor Tas Gas Retail offer any additional discounts.

⁸⁷ Based on retail offer rates as October 2017, presented as annual bills for SMEs using 20,000kWh per annum (single rate). The annual NUOS charges are based on the TasNetworks’s charges (tariff Tas 22) for the 2017/18 financial year. The NUOS also includes fixed charges.

Chart 86 Annual gas market offer bills in Tasmania. Annual bills based on market offers as of October 2017, 100 GJ per annum and GST inclusive

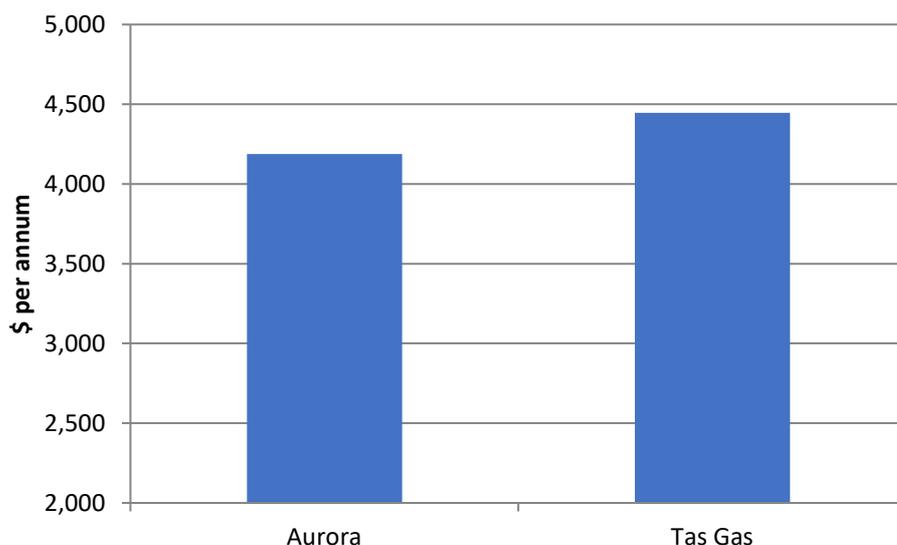


Figure 24 below ranks the retail offers from lowest to highest annual gas bills.

Figure 24 Lowest to highest annual bills (incl GST) for Tasmanian market offers in October 2017 - SMEs consuming 100 GJ per annum⁸⁸



4.5.3 Changes to energy bills in Tasmania

This section compares annual energy bills as of October 2017 to annual energy bills as of April 2017. The SME Retail Tariff Tracker Project collects information about energy offers and rates available to small businesses across Australia every six months (in April and October every year) and this section highlights changes (increases or decreases) to annual bills over that six-month period.

Aurora Energy’s retail electricity bills for SMEs consuming 20,000 kWh per annum (single rate) decreased by 5.7% in Tasmania from April to October 2017. ERM Power, on the other hand, increased their bills by approximately 16%. Chart 87 below shows \$ changes to retailers’ annual bills (columns) as well as % changes (circles).

⁸⁸ These offers were collected in October 2017 and it should be noted that retailers may change their rates at any time.

Chart 87 Changes to annual electricity bills from April to October 2017 in Tasmania. Annual bills based on 20,000 kWh per annum, single rate and GST inclusive



In relation to gas, prices have remained unchanged from April to October 2017 for both retailers (Aurora and TasGas Retail).

4.6 Australian Capital Territory (ACT)

Electricity retail prices in the ACT continue to be regulated by the Independent Competition and Regulatory Commission (ICRC) while gas retail prices have been deregulated since 2002. The regulated electricity rates are currently the same as ActewAGL’s electricity offer.

The ACT is comprised of a single electricity network and a single gas pricing zone. ActewAGL is the incumbent retailer.

4.6.1 ACT electricity bills October 2017

The bill analysis presented in this report is based on SMEs using 20,000 kWh per annum on a single rate tariff. Research published by AEMO⁸⁹ shows that small businesses, on average (across the NEM network areas), use approximately 20,000 kWh per annum and we use this average instead of network specific consumption profiles to readily enable comparison between network areas and jurisdictions. According to the AEMO report, average consumption for a small business in the ActewAGL network is 32,257 kWh per annum. We also note that the workbooks accompanying this report allow users to nominate their own consumption levels as well as undertaking analysis of different tariff types (2-rate tariffs, time of use tariffs etc.). The workbooks are available at: energyconsumersaustralia.com.au/news/category/our-research/

⁸⁹ Jacobs Australia, Retail electricity price history and project trends, AEMO, 21 September 2017 at https://www.aemo.com.au/-/media/Files/Electricity/NEM/Planning_and_Forecasting/EFI/Jacobs-Retail-electricity-price-history-and-projections_Final-Public-Report-June-2017.pdf

The price-spread

The typical annual bill for SMEs consuming 20,000 kWh per annum (single rate) is approximately \$5,915.⁹⁰ Chart 88 shows annual bills for five retailers in the ActewAGL distribution network and that the maximum price spread is \$1,445 per annum.

Chart 88 The price spread in the ACT's ActewAGL distribution network. Annual bills based on market offers as of October 2017 (including guaranteed discounts and pay on time discounts), 20,000 kWh per annum, single rate and GST inclusive

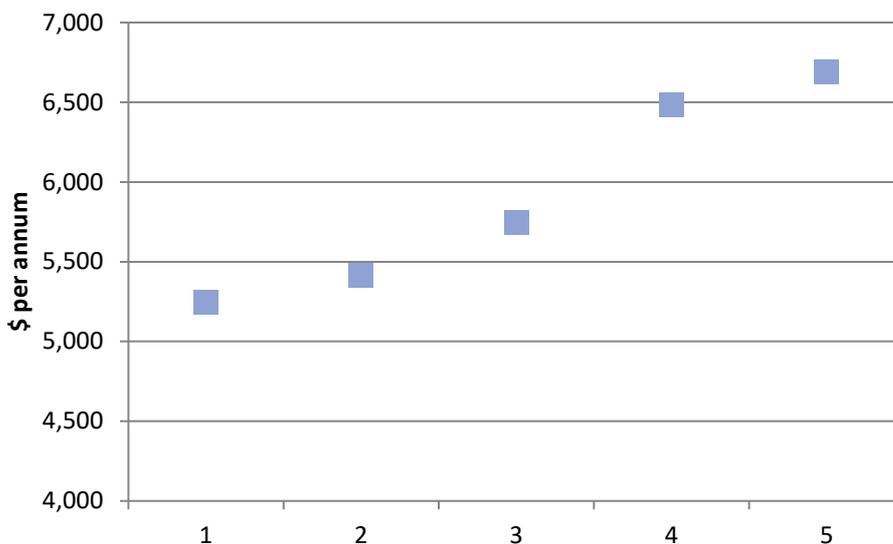
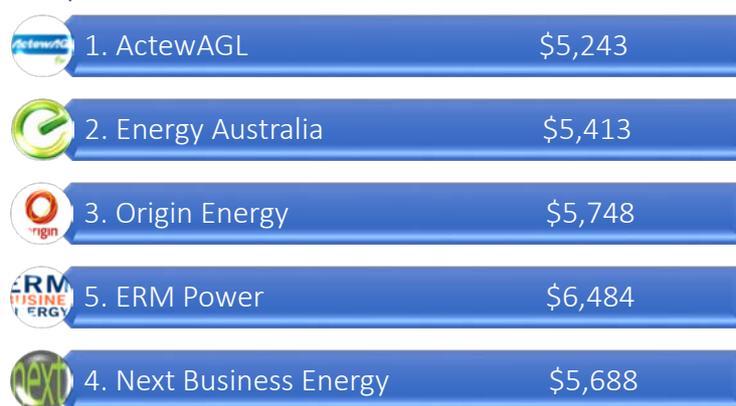


Figure 25 below ranks the retail offers from lowest to highest annual bills.

Figure 25 Lowest to highest annual bills (incl GST) for market offers in ACT's ActewAGL network (October 2017). Bills including guaranteed discounts and pay on time discounts - SMEs consuming 20,000kWh per annum (single rate)⁹¹



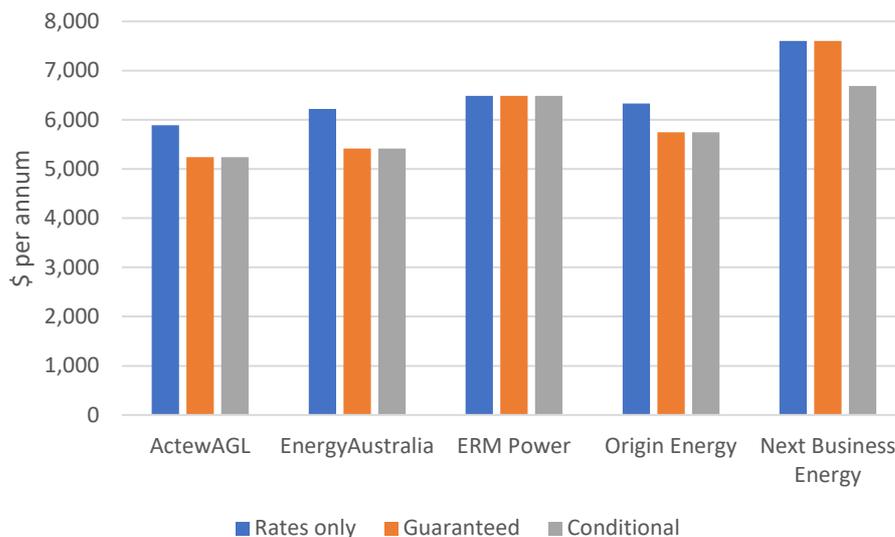
⁹⁰ See appendix A for a list of retail offers included in this analysis. Many retailers have more than one market offer and the rates, conditions, size of discounts as well as discount types (e.g. guaranteed or conditional) may vary between their offers

⁹¹ These market offers were collected in October 2017 and it should be noted that retailers may change their rates at any time. Additional discounts for customers choosing to pay by direct debit are not included in these bill calculations.

Additional discounts

The use of conditional pay on time discounts is not as prevalent in the ACT retail market as in some jurisdictions. Next Business Energy is the only retailer that currently offers a pay on time discount. Three retailers offer guaranteed discounts (for a limited period) while one retailer (ERM Power) does not discount its rates as part of their market offers. Chart 89 shows annual bills based on their rates only, inclusive of guaranteed discounts and inclusive of guaranteed as well as pay on time discounts.

Chart 89 Annual bills based on rates, guaranteed discounts and pay on time discounts in the ACT (ActewAGL). Annual bills based on market offers as of October 2017, 20,000 kWh per annum, single rate and GST inclusive



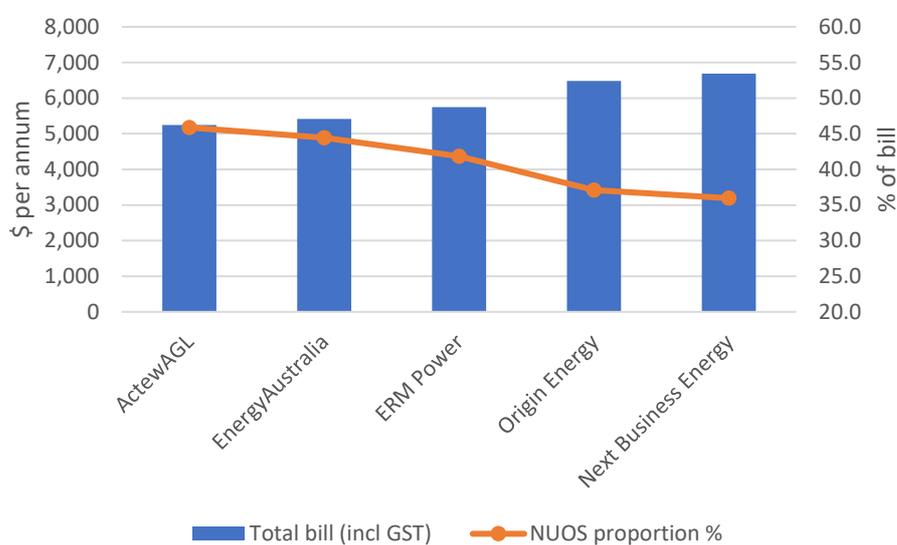
Network charges

The ACT electricity network, ActewAGL, introduces new Network Use of System (NUOS) charges as of 1 July every year. These NUOS charges are approved by the Australian Energy Regulator (AER) and comprise Transmission Use of System (TUOS) and Distribution Use of System (DUOS) as well as other costs such as jurisdictional charges and metering charges. The retailers can, and generally will, build changes to the NUOS (in relation to both shape and price) into their retail tariffs.

The chart presented in this section shows that the NUOS proportion of bills varies between retail offers. For an ActewAGL customer the NUOS proportion is 46% while the NUOS only comprises 36% of the total bill for Next Business Energy customers.

Chart 90 shows annual retail bills (columns) and NUOS as proportion of annual bill (line).

Chart 90 ActewAGL: Annual retail bills (incl. GST) and NUOS as proportion of total bill, October 2017. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum)⁹²



4.6.2 ACT gas bills October 2017

To calculate annual gas bills we have assumed an annual consumption of 100 GJ per annum and a flat consumption over the year (25 GJ per quarter or 16.66 GJ per bi-monthly bill). Small businesses using gas for heating purposes are unlikely to have a flat consumption profile.

The price-spread

The typical annual market offer bill for SMEs consuming 100 GJ per annum is \$3,280 (including discounts). Chart 91 shows annual bills for three retailers in the ACT and that the maximum price spread is approximately \$430 per annum.⁹³

⁹² Based on market offer rates as of October 2017, presented as annual bills for SMEs using 20,000kWh per annum (single rate). The annual NUOS charges are based on the ActewAGL's charges for the 2017/18 financial year. The NUOS also includes fixed charges.

⁹³ See appendix A for a list of retail offers included in this analysis. Many retailers have more than one market offer and the rates, conditions, size of discounts as well as discount types (e.g. guaranteed or conditional) may vary between their offers

Chart 91 The price spread in the ACT. Annual bills based on market offers as of October 2017 (including guaranteed discounts and pay on time discounts), 100 GJ per annum and GST inclusive

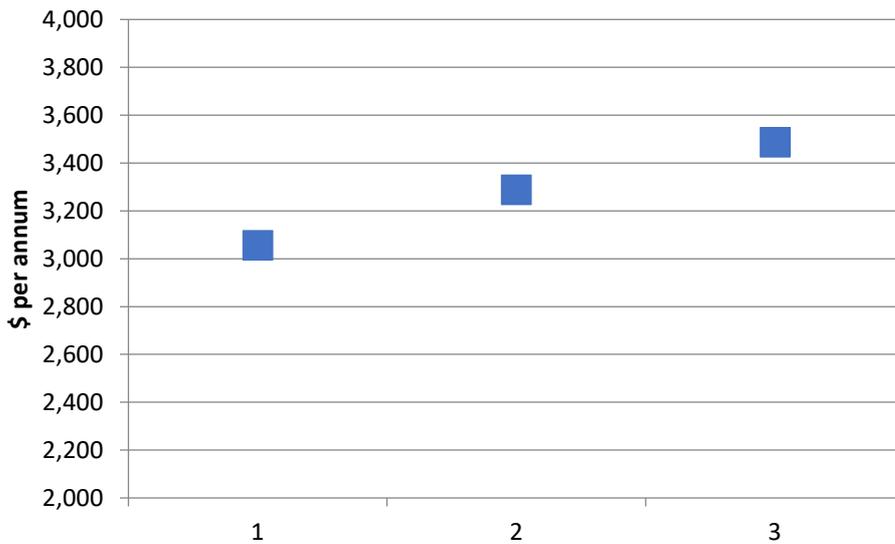
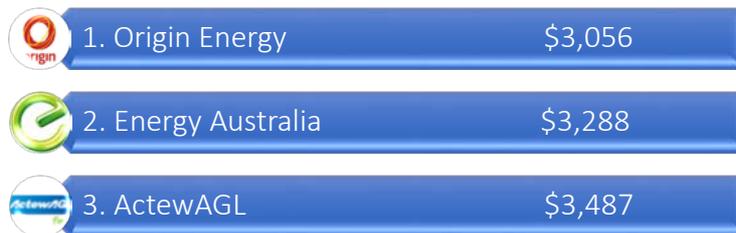


Figure 26 below ranks the retail offers from lowest to highest annual gas bills.

Figure 26 Lowest to highest annual bills (incl GST) for market offers in the ACT (October 2017). Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum⁹⁴

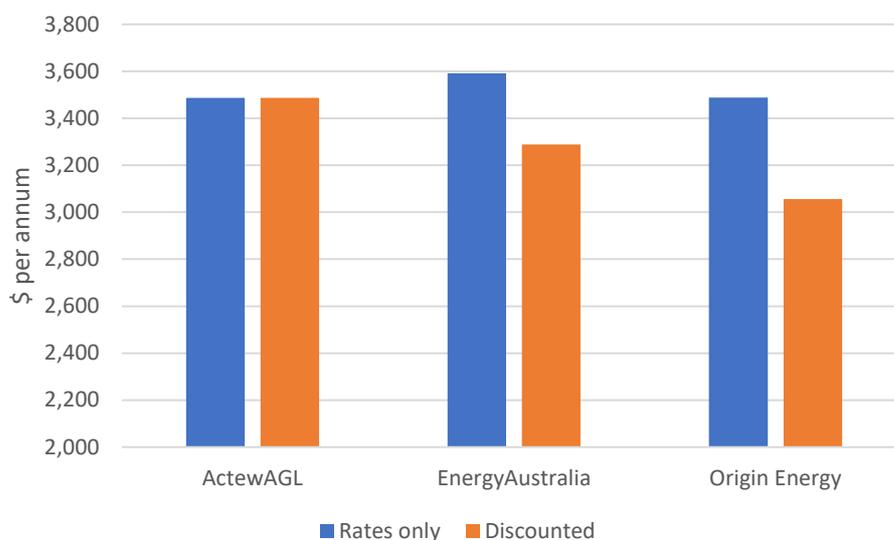


⁹⁴ These market offers were collected in October 2017 and it should be noted that retailers may change their rates at any time. Additional discounts for customers choosing to pay by direct debit are not included in these bill calculations.

Additional discounts

Energy Australia and Origin offers guaranteed discounts on the consumption rates for a limited period (12 months) while ActewAGL does not offer any additional discounts. Chart 92 below shows annual bills based on their rates only and inclusive of guaranteed discounts.

Chart 92 Annual bills based on rates, guaranteed discounts and pay on time discounts in the ACT. Annual bills based on market offers as of October 2017, 100 GJ per annum and GST inclusive



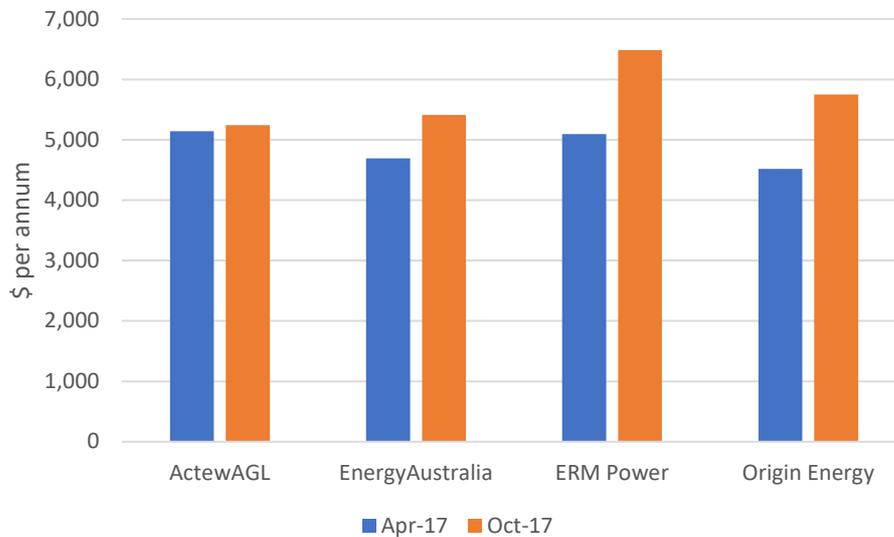
4.6.3 Changes to energy bills in the ACT

This section compares annual energy bills as of October 2017 to annual energy bills as of April 2017. The SME Retail Tariff Tracker Project collects information about energy offers and rates available to small businesses across Australia every six months (in April and October every year) and this section highlights changes (increases or decreases) to annual bills over that six month period.

On average, retail electricity bills for SMEs consuming 20,000 kWh per annum (single rate) increased by 18% between April and October 2017, however some retailers' increases were significantly higher than others. Chart 93 shows that Origin and ERM Power introduced the greatest price increases (27%) while ActewAGL's increase to the annual bill was approximately \$100 (or 2%).⁹⁵ Energy Australia increased their bills by \$720 (15.5%).

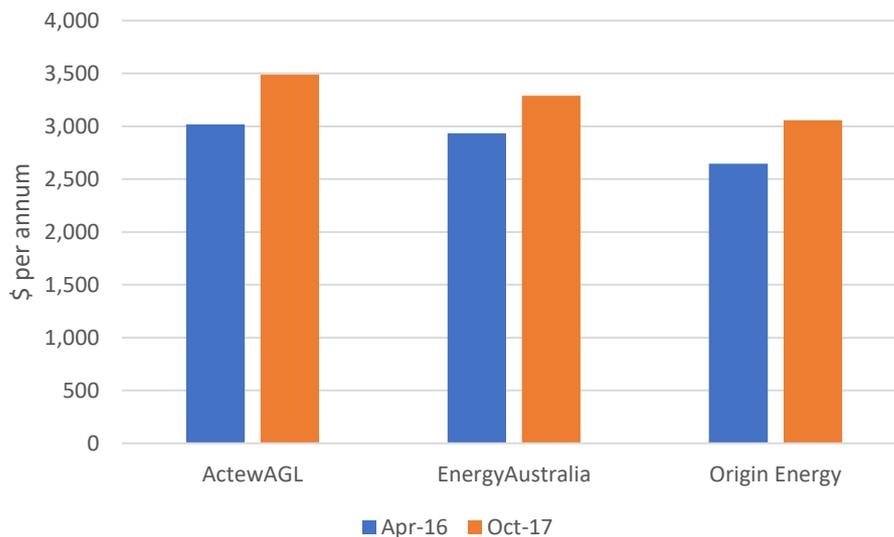
⁹⁵ ActewAGL's regulated rates increased by 14.5% but as the market offer includes a discount, this discount offsets the majority of the increase to the base rate.

Chart 93 Comparison of April and October 2017 annual electricity bills including guaranteed discounts and pay on time discounts in the ACT (ActewAGL). Annual bills based on market offers as of April 2017 and October 2017, 20,000 kWh per annum, single rate and GST inclusive⁹⁶



In relation to gas, all three retailers increased their prices. ActewAGL and Origin introduced the greatest increases (15.5%) while Energy Australia increased their bills by 12%. Chart 94 below shows increase to annual bills for customers using 100 GJ per annum.

Chart 94 Comparison of April and October 2017 annual gas bills including guaranteed discounts and pay on time discounts in the ACT (ActewAGL). Annual bills based on market offers as of April 2017 and October 2017, 100 GJ per annum and GST inclusive



⁹⁶ As Next Business Energy did not have market offers in the ACT in April 2017, the retailer has not been included in this analysis.

4.7 Western Australia and Northern Territory

Electricity prices remain regulated in Western Australia and the Northern Territory. In Western Australia the Minister for Energy also determines a maximum price cap for gas prices.⁹⁷

The Northern Territory has a single electricity network (the Power and Water Corporation) and Jacana Energy is the retailer. In Western Australia there are two electricity networks: Horizon Power and Western Power. Western Power supplies the South West Interconnected System (SWIS) while Horizon Power supplies northern areas and remote communities. In the SWIS area, Synergy is the main retailer but the regulated retail price is the same for customers across Western Australia. In relation to gas, Western Australia has three pricing zones. The main pricing zone covers the South West and two smaller pricing zones cover Albany and Kalgoorlie.

The bill analysis presented in this report is based on SMEs using 20,000 kWh per annum on a single rate tariff. Research published by AEMO⁹⁸ shows that small businesses, on average (across the NEM network areas), use approximately 20,000 kWh per annum and we use this average instead of network specific consumption profiles to readily enable comparison between network areas and jurisdictions. The AEMO report does not cover WA and NT, but average consumption levels in the most comparable networks of Energex and South Australia Power Networks are 16,678 kWh/annum and 14,262 kWh/annum respectively. We also note that the workbooks accompanying this report allow users to nominate their own consumption levels as well as undertaking analysis of different tariff types (2-rate tariffs, time of use tariffs etc.). The workbooks are available at: energyconsumersaustralia.com.au/news/category/our-research/

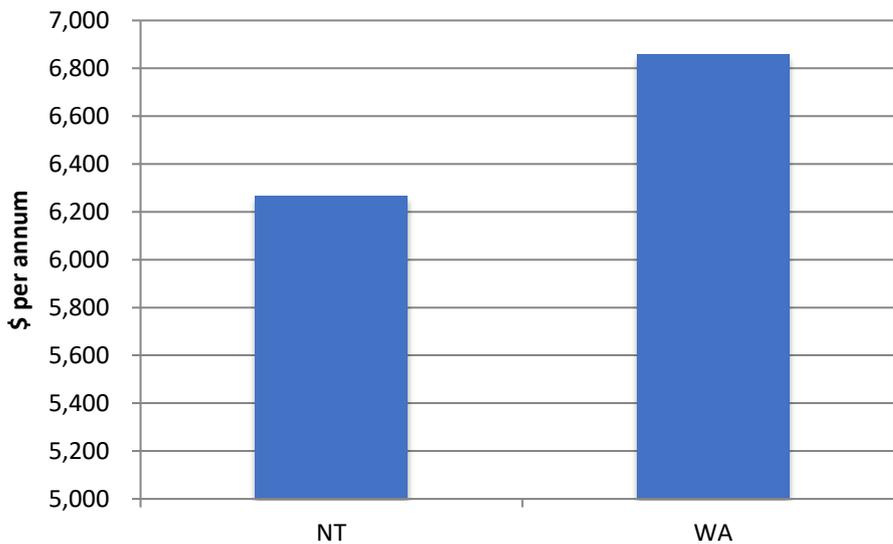
4.7.1 Western Australia and Northern Territory electricity bills October 2017

SMEs using 20,000 kWh per annum (single rate) in the Northern Territory will have an annual bill of \$6,265 while Western Australian businesses will have a somewhat higher bill of around \$6,860. While the fixed daily supply charge is greater in the Northern Territory, the lower price per kWh result in annual bills being \$590 less in the Northern Territory for customers with this consumption level.

⁹⁷ There are no reticulated gas offers for small business customers in the Northern Territory.

⁹⁸ Jacobs Australia, Retail electricity price history and project trends, AEMO, 21 September 2017 at https://www.aemo.com.au/-/media/Files/Electricity/NEM/Planning_and_Forecasting/EFI/Jacobs-Retail-electricity-price-history-and-projections_Final-Public-Report-June-2017.pdf

Chart 95 Annual bills for the single rate tariff in the Northern Territory and Western Australia. Annual bills based on regulated offers as of October 2017, 20,000 kWh per annum and GST inclusive



4.7.2 Western Australian gas bills October 2017

To calculate annual gas bills we have assumed an annual consumption of 100 GJ per annum and a flat consumption over the year (25 GJ per quarter or 16.66 GJ per bi-monthly bill). Small businesses using gas for heating purposes are unlikely to have a flat consumption profile.

AGL and Origin Energy have recently entered the WA gas retail market. Chart 98 below shows annual bills for gas customers in the South West (Perth region). While all three retailers have the same base rates for gas consumption, the daily supply charge and additional discounts vary.⁹⁹ Alinta does not offer an additional discount while AGL and Origin offer 25% and 32% off usage charges during the benefit period. A small business on Alinta's offer can save approximately \$1,260 per annum by switching to Origin's offer.

⁹⁹ Western Australia uses a unit price for gas and 1 unit equals 3.6 Mj. All bill analysis for WA in this report has converted the unit price to the price per Mj. Kleenheat also offers gas contracts to small businesses in WA but as they do not post their business rates on their website (requesting a quote is necessary), we have not included Kleenheat in this analysis.

Chart 96 Annual bills for gas customers the South West (Perth region). Annual bills based on Market offers as of October 2017, 100 GJ per annum and GST inclusive

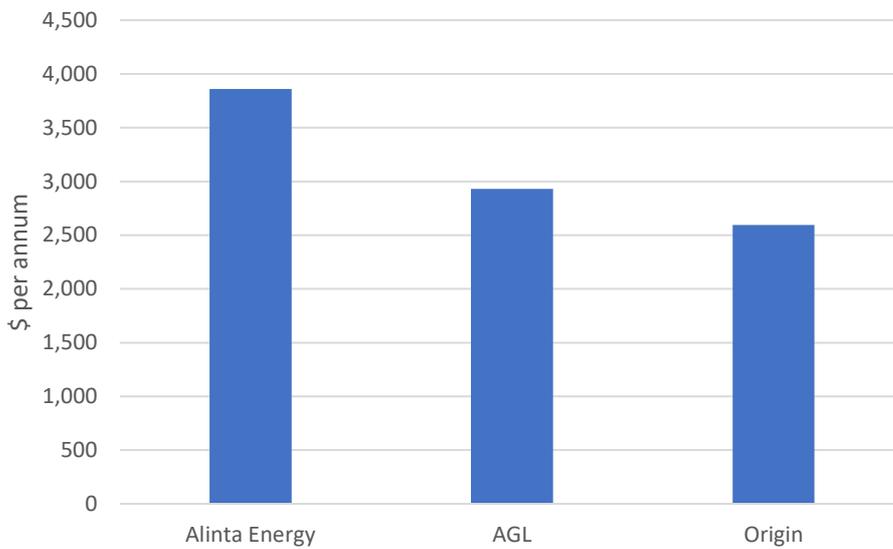


Figure 27 below ranks the retail offers from lowest to highest annual gas bills.

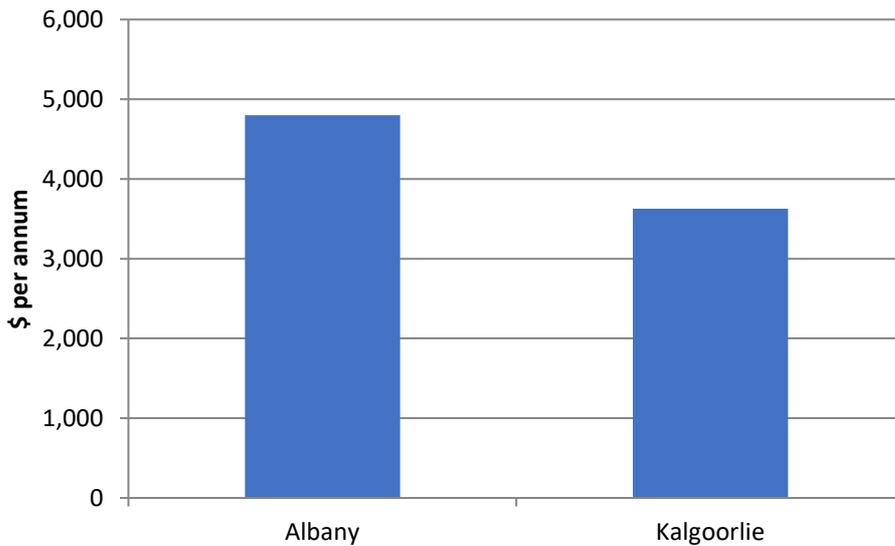
Figure 27 Lowest to highest annual bills (incl GST) for market offers in the South West WA (October 2017). Bills including guaranteed discounts - SMEs consuming 100 GJ per annum¹⁰⁰



Alinta also offers gas retail contracts to SMEs in the Albany and Kalgoorlie pricing zones. Chart 99 below shows that the annual bill for a small business using 100 GJ per annum in Albany will pay approximately \$4,800 per annum and customers in Kalgoorlie will pay around \$3,630.

¹⁰⁰ These market offers were collected in October 2017 and it should be noted that retailers may change their rates at any time. Additional discounts for customers choosing to pay by direct debit are not included in these bill calculations.

Chart 97 Annual bills for gas customers in Alinta and Kargoorlie. Annual bills based on Alinta’s standard tariff as of October 2017, 100 GJ per annum and GST inclusive



4.7.3 Changes to energy bills in WA and NT

This section compares annual energy bills as of October 2017 to annual energy bills as of April 2017. The SME Retail Tariff Tracker Project collects information about energy offers and rates available to small businesses across Australia every six months (in April and October every year) and this section highlights changes (increases or decreases) to annual bills over that six month period.

Electricity bills in the Northern Territory did not change between April 2016 and April 2017. In Western Australia, however, they increased by approximately 10%, or \$630 for a customer using 20,000 kWh per annum.

Gas bills in Western Australia increased slightly in all gas zones. Customers on Alinta’s standard contract in the South West region and Kalgoorlie have had a bill increase of approximately 2%, and in Albany the bills have increased by 3%. Chart 98 below shows \$ increases to annual gas bills for customers on Alinta’s standard contract.¹⁰¹

¹⁰¹ This is based on Alinta’s offers only. While average bills (across all retailers) decreased in South West zone in October 2017 when based on Alinta, AGL and Origin’s offers, Alinta’s prices alone increased slightly.

Chart 98 Comparison of April and October 2017 annual gas bills in Western Australia. Annual bills based on Alinta's offers as of April 2017 and October 2017, 100 GJ per annum and GST inclusive

