

# **Analysis of small business retail energy bills in Australia**

Final Report, June 2018

## **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.

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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 is an ongoing project that will evolve based on feedback received and new retail 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, October 2017 and April 2018, have been developed for each jurisdiction.<sup>1</sup> 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 report is based on retail offers available in April 2018 as well as those collected in October 2017, April 2017 and April 2016. The consumption levels of 20,000 kilowatt hours for annual electricity consumption and 100 gigajoules for annual gas consumption used for comparing changes in annual bills in this update report reflect feedback received on the SME Retail Tariff-Tracker: Preliminary Report (October 2017) and are consistent with those used for the previous update-report (December 2017).<sup>2</sup> 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 Tariff Tracking 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.

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<sup>1</sup> 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.

<sup>2</sup> 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 ANNUAL PRICE CHANGES

- A jurisdictional comparison of SMEs consuming 20,000 kWh per annum shows that South Australian businesses continue to have the greatest annual electricity bills (\$8,650) while Tasmanian businesses now have the lowest (\$5,500). See section 3.1.
- On average, nationally, annual electricity bills for SMEs with this consumption level increased by approximately \$610 or 10% between April 2017 and April 2018. The highest increase in annual electricity bills are in South Australia and the ACT (22%) while prices decreased in Tasmania (-2%).<sup>3</sup> See section 3.1.
- A jurisdictional comparison of SMEs consuming 100,000 MJ per annum shows that Tasmanian businesses continue have the greatest annual gas bills (\$4,430) and Victorian businesses have the lowest (\$2,210). See section 3.2.
- On average, nationally, annual gas bills for SMEs with this consumption level, increased by approximately \$85 or 4% between April 2017 and April 2018. Annual gas bills for SMEs with this consumption level have increased by \$410 (14%) in the ACT, \$320 (17%) in Victoria, \$220 (7%) in South Australia and \$100-110 (3-4%) in Queensland, NSW and Tasmania. In WA gas prices have decreased (-18%). See section 3.2.

## PRICE-SPREADS

- The difference between the electricity market offers, the maximum price spread, continued to increase in most jurisdictions, compared with the same period a year ago. As of April 2018, the maximum price spread in the ACT was \$1,445, \$2,560 in South Australia and \$2,640 in NSW. In South East Queensland, the average price spread was \$2,655 while in Victoria the maximum price spread was as high as \$3,345.<sup>4</sup> See section 3.1.1.
- The price spread for gas increased in NSW, the ACT, South Australia and Victoria, compared with the same period a year ago, while it decreased in Queensland and Tasmania. As of April 2018 the maximum price spread was \$670 in Victoria, approximately \$630 in South Australia, \$430 in the ACT and \$385 in NSW. In Queensland and Tasmania, on the other hand, the maximum price spread was \$55 and \$40 respectively.<sup>5</sup> 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 the greatest impact in Victoria, where they reduce a typical annual bill by approximately \$1,420, while they have the least impact in South East Queensland (where the difference is approximately \$530).<sup>6</sup> See section 3.1.2.
- In relation to gas offers, discounts have greatest impact in Western Australia (reduces an average

<sup>3</sup> There are only two electricity retailers in Tasmania (Aurora Energy and ERM Energy) and this price decrease reflects ERM Energy adjusting down their rates during this period.

<sup>4</sup> 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, 16 retailers South Australia, 1715 retailers in South East Queensland, 21 and South Australia, 19 retailers in NSW and 2524 retailers in Victoria.

<sup>5</sup> Based on annual consumption of 100,000 MJ and analysis based on 8 retail offers in Victoria, 5 retailers in NSW and South Australia and 2 retailers in Queensland. Analysis does not include WA as AGL and Origin are new entrants in the WA gas retail market. As of April 2018, however, the maximum price spread in WA was \$1,260.

<sup>6</sup> 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.

annual bill by approximately \$700) while they have the least impact in the ACT (approximately \$245).<sup>7</sup> 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 April 2018, fixed supply charges had increased in all jurisdictions except Queensland (where it decreased) and Tasmania (where it remained flat) compared with the same period a year ago. Fixed supply charges are \$619 in NSW (increase of 8%), \$543 in Victoria (increase of 2%), \$512 in the ACT (increase of 19%) and \$503 in Queensland (decrease of -6%). Fixed supply charges as a proportion of the annual bill are currently highest in NSW (10%) and lowest in Western Australia (3%). See section 3.1.3.
- For gas, there are significant differences between jurisdictions. Compared with the same period a year ago, the most significant increases in fixed supply charges were in the ACT (an increase of 10% to \$590) and NSW (an increase of 13% to \$293). There were smaller increases in Victoria (6% to \$370), South Australia (1% to \$485) and Tasmania (1% to \$480), while fixed supply charges decreased in Western Australia (-34% to \$93) and Queensland (-2% to \$373). Fixed supply charges as a proportion of the annual bill are highest in the ACT (18%) and lowest in Western Australia (3%). See section 3.2.3.

## ELECTRICITY NETWORK CHARGES

- Compared with the same period a year ago, the Network Use of System Charges (NUOS) decreased in all NEM jurisdictions, except the ACT (where it increased by 2%) and South Australia (where it remained flat). As of April 2018, South Australia is the jurisdiction with the highest NUOS charges (\$2,800 for a SME consuming 20,000 kWh per annum) while Victoria (a decrease of 2% compared with the same period a year ago) and Tasmania (a decrease of 27% compared with the same period a year ago) have the lowest (approximately \$2,180 for the same consumption level).<sup>8</sup> Queensland NUOS charges also declined significantly compared with the same period a year ago (15%). See section 3.1.4.
- Since April 2016 (when this SME Retail Tariff Tracker project commenced) there has been a trend decline in NUOS as proportion of the total retail bill in all jurisdictions. In April 2018 the NUOS proportion of bills was highest in the ACT and Tasmania (40.7 and 39.7%, 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,<sup>9</sup> 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 across jurisdictions.

<sup>7</sup> 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.

<sup>8</sup> Based on annual consumption of 20,000 kWh.

<sup>9</sup> As the last data collection of retail offers occurred in April 2018, offers as of April 2018 have been compared to offers as of October 2018 (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.<sup>10</sup> 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%.<sup>11</sup> 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.

As part of the small business SME Retail Tariff Tracker 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.<sup>12</sup> The 20,000 kWh electricity consumption is based on a (rounded) average of average

<sup>10</sup> AER, State of the Energy market 2017, 127.

<sup>11</sup> Ibid, 129.

<sup>12</sup> 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.

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.

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), 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.

**Table 1 - Estimated average consumption and typical tariff types for selected NEM network areas<sup>13</sup>**

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

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 small business SME Retail Tariff Tracker project workbooks available at: <http://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.<sup>14</sup> 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.

<sup>13</sup> 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](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)

Note that Powercor has advised that their most common small business tariff is the ND1 (single rate) and not ND5 as per Table 1.

<sup>14</sup> 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, October 2017 and April 2018. 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. It also estimates the size of the network component of electricity bills. As the electricity Network Use of System (NUOS) charges change on 1 January in Victoria and on 1 July in all other jurisdictions, the April data, and associated report, will typically reveal recent price changes in Victoria while the October data (and report) will highlight major price changes in the other jurisdictions. That said, there are minor changes to most of the competitive energy retail markets throughout the year, and the six-monthly update approach ensures that both major and minor price resets in each jurisdiction are covered.

#### 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 \$8,650, while Tasmanian businesses will pay approximately \$5,500.

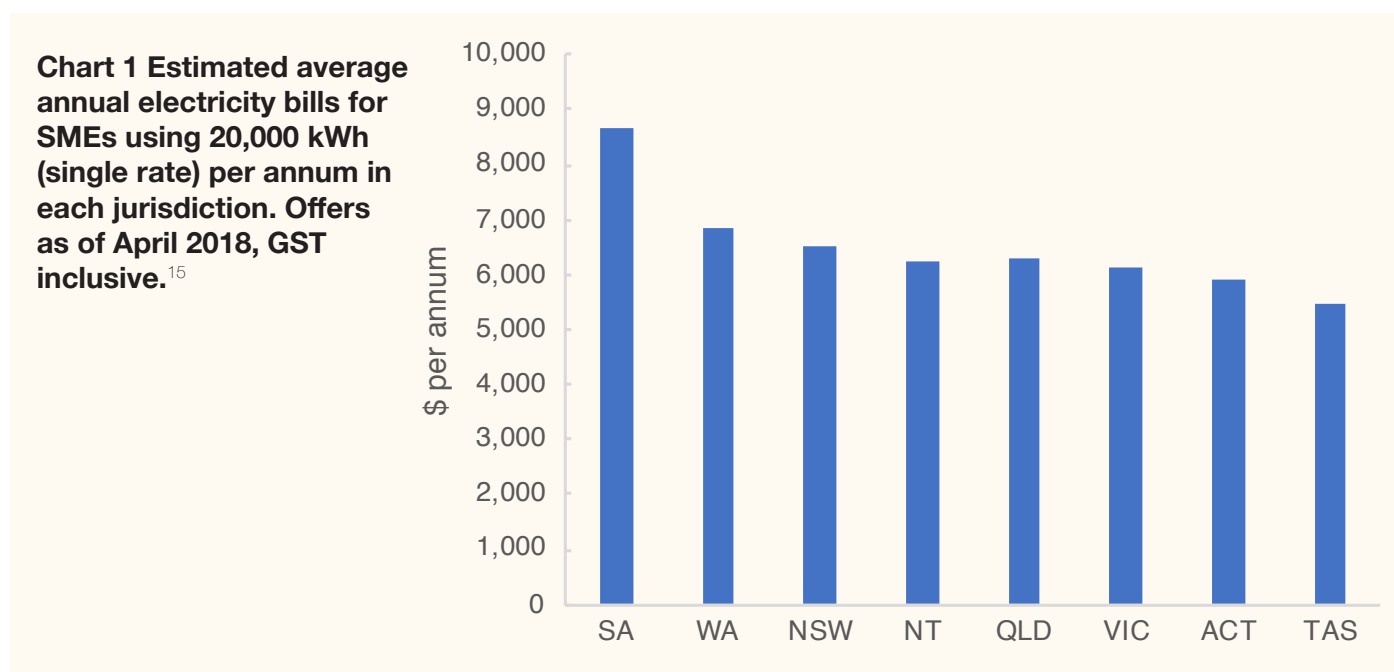


Chart 2 shows changes to electricity bills from April 2016 to April 2018. It shows that bills increased in all jurisdictions except for Tasmania during the period but that the increases vary significantly between jurisdictions.

<sup>15</sup> Based on offers available in April 2018. Average market offer (including guaranteed discounts and pay on time discounts) for each network area. For areas without market offers (the Ergon Energy, PWC, Horizon Energy and Western Power networks) the bills are based on the regulated/standing offer.

**Chart 2 Trend estimated average annual electricity bills for SMEs using 20,000 kWh (single rate) per annum in each jurisdiction since April 2016. GST inclusive.<sup>16</sup>**

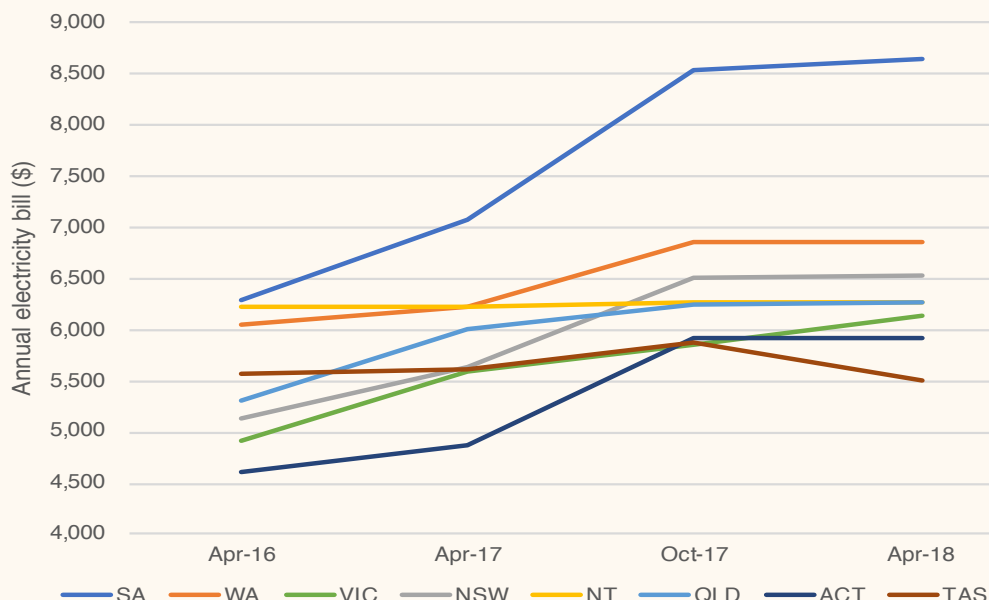
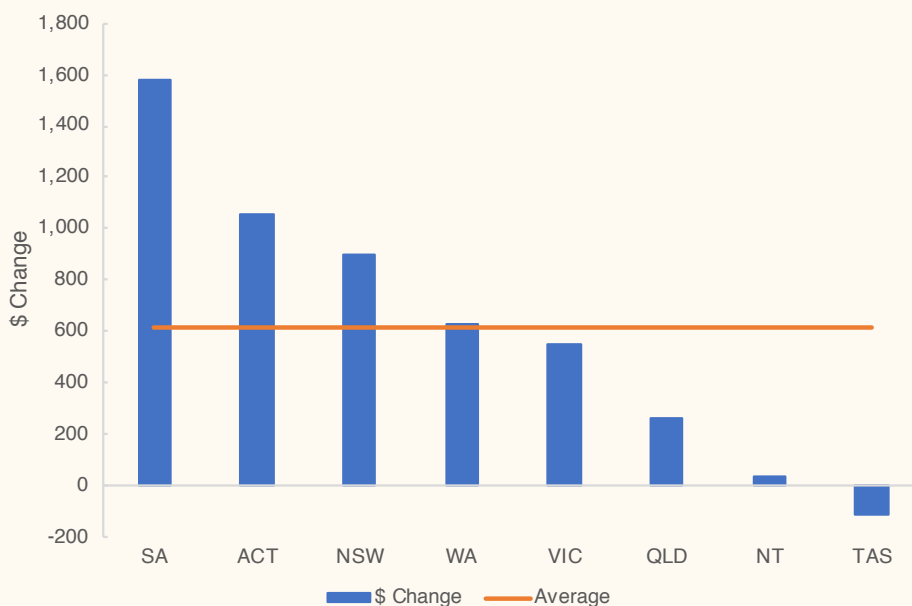


Chart 3 shows \$ changes to annual bills between April and April 2018. On average, nationally, annual electricity bills for SMEs with this consumption level increased by approximately \$610 or 10% between April 2017 and April 2018. The highest increase in annual electricity bills are in South Australia (\$1,575) while businesses in Tasmania had decreases (\$110).<sup>17</sup>

**Chart 3 Increases (\$) in average annual electricity bills for SMEs using 20,000 kWh (single rate) per annum in each jurisdiction from April 2017 to April 2018. GST inclusive.**

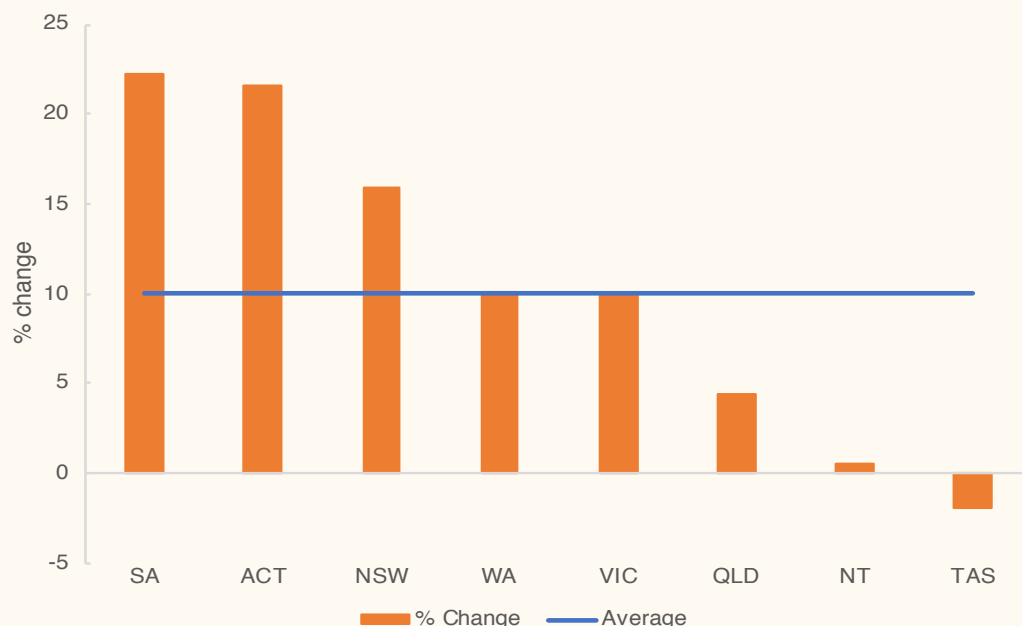


In terms of percentage increases, Chart 4 shows that bills in Victoria and Western Australia had average increases 10% during this period while South Australian and ACT bills increased by 22%. In Tasmania, bills decreased by -2%.

<sup>16</sup> Average market offer (including guaranteed discounts and pay on time discounts) for each network area. For areas without market offers (the Ergon Energy, PWC, Horizon Energy and Western Power networks) the bills are based on the regulated/standing offer.

<sup>17</sup> Note that these price changes may differ from the overall averages in the jurisdictional analyses (section 4 below). This is because the average bill in this section is based on all retailers offering retail contracts as of April 2017 and April 2018 while the jurisdictional analyses also compare retailers that had offers in both April 2017 and April 2018. There are only two electricity retailers in Tasmania (Aurora Energy and ERM Energy) and this price decrease is the retailer average.

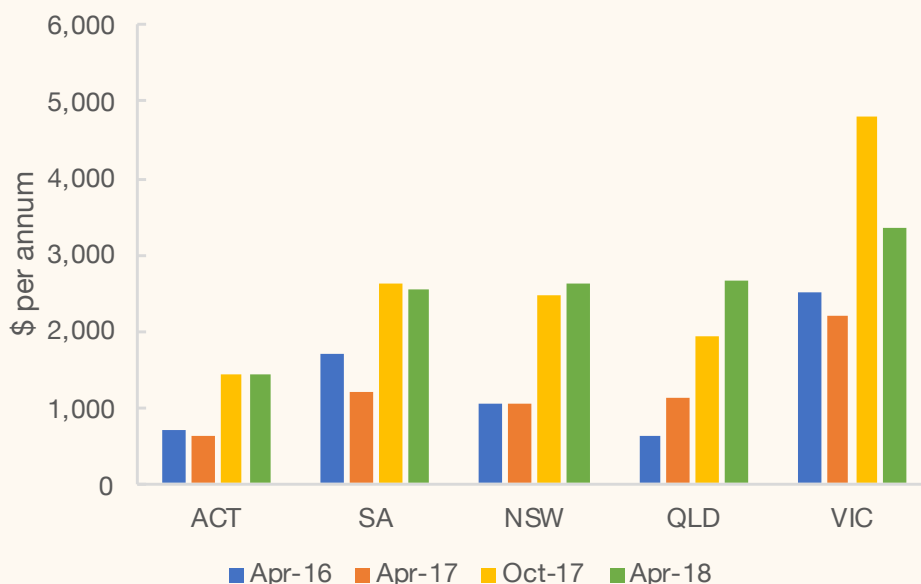
**Chart 4 Increases (%) in average electricity bills for SMEs using 20,000 kWh (single rate) per annum in each jurisdiction from April 2017 to April 2018. GST inclusive.**



### 3.1.1 Maximum price spread – electricity

The difference between the market offers, the maximum price spread, continues to increase in most jurisdictions. The maximum price spread typically increases with the number of retailers operating in a market. In April 2018 the maximum price spread in the ACT was \$1,445 (based on 5 retailers), \$2,560 in South Australia (based on 16 retailers) and \$1,650 in South East Queensland (based on 17 retailers). In NSW, the average price spread across the three network areas was \$2,640 (based on 21 retailers) while in Victoria the average spread was as high as \$3,345 (based on 25 retailers). The price spread in Victoria has, however, decreased since October 2017. Chart 5 shows the trend in the maximum price spread since April 2016 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 since April 2016. Based on SMEs using 20,000 kWh (single rate) per annum, GST inclusive.**

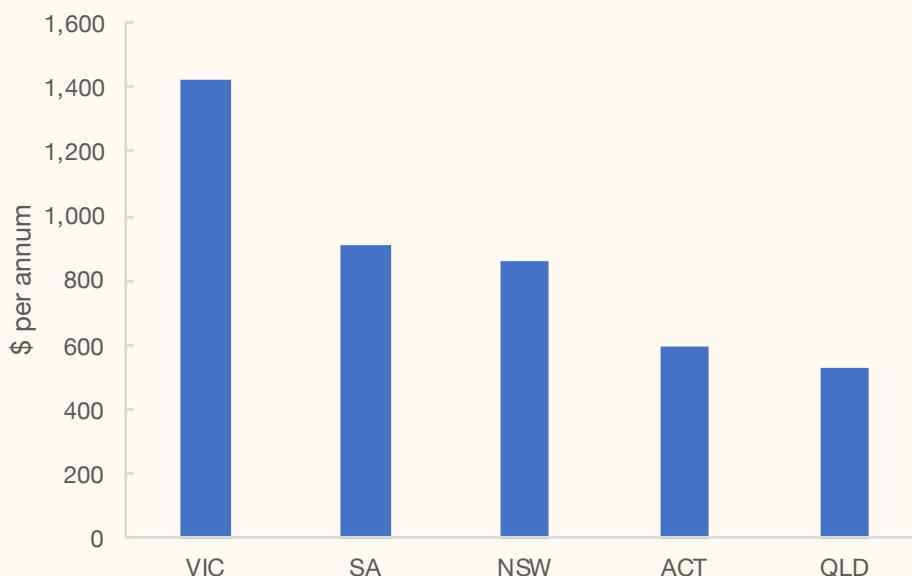


### 3.1.2 Additional discounts – electricity

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 the greatest impact in Victoria (reduces a typical annual bill by approximately \$1,420)

while they have the least impact in South East Queensland (approximately \$530).<sup>18</sup>

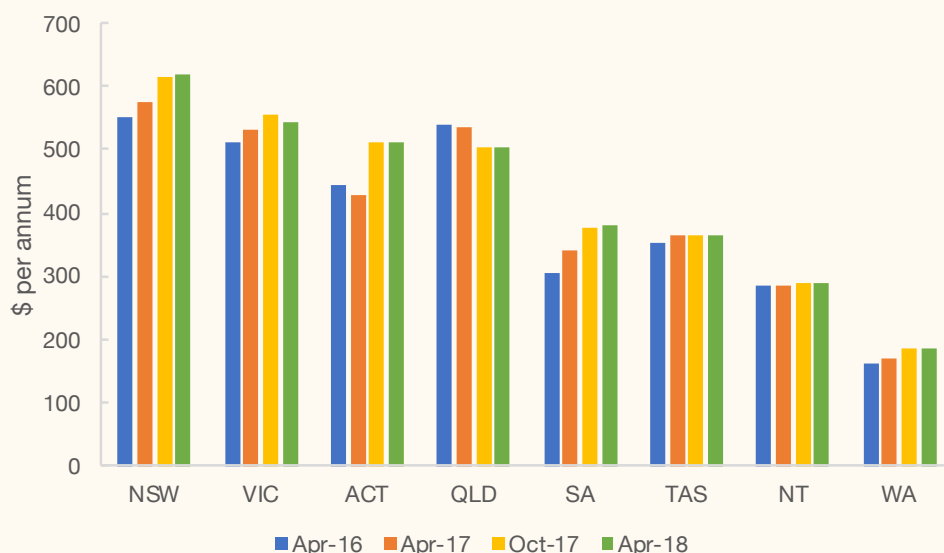
**Chart 6 Difference (\$) in annual electricity bills inclusive and exclusive of discounts) guaranteed and conditional). Based on SMEs using 20,000 kWh (single rate) per annum, April 2018. GST inclusive.**



### 3.1.3 Fixed supply charge – electricity

As of April 2018 fixed supply charges had increased in all jurisdictions except Queensland (where it decreased) and Tasmania (where it remained flat) compared with the same period a year ago. Fixed supply charges are \$619 in NSW (increase of 8%), \$543 in Victoria (increase of 2%), \$512 in the ACT (increase of 19%) and \$503 in Queensland (decrease of -6%). Fixed supply charges as a proportion of the annual bill are currently highest in NSW (10%) and lowest in Western Australia (3%).

**Chart 7 Trend in average annual electricity supply charge (\$) for SMEs on the single rate in each jurisdiction from April 2016 to April 2018. GST inclusive.**<sup>19</sup>

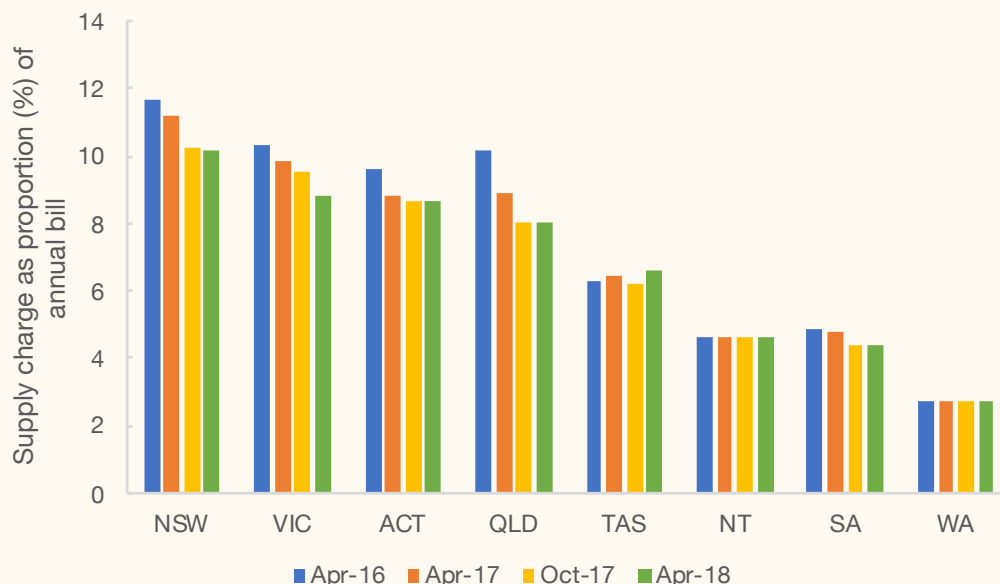


The supply charge as proportion of annual bills for SME customers using 20,000 kWh per annum has, however, remained stable or decreased in most jurisdictions over this period (Tasmania is the exception). Chart 8 shows the trend in the average electricity supply charge as proportion of bill in each jurisdiction.

<sup>18</sup> Jurisdictions without or only a few market offers have not been included in this analysis.

<sup>19</sup> Based on the average annual supply charge for electricity market offers except for in WA, NT, Tasmania and Northern Queensland (Ergon Energy network) where it is based on the regulated rate.

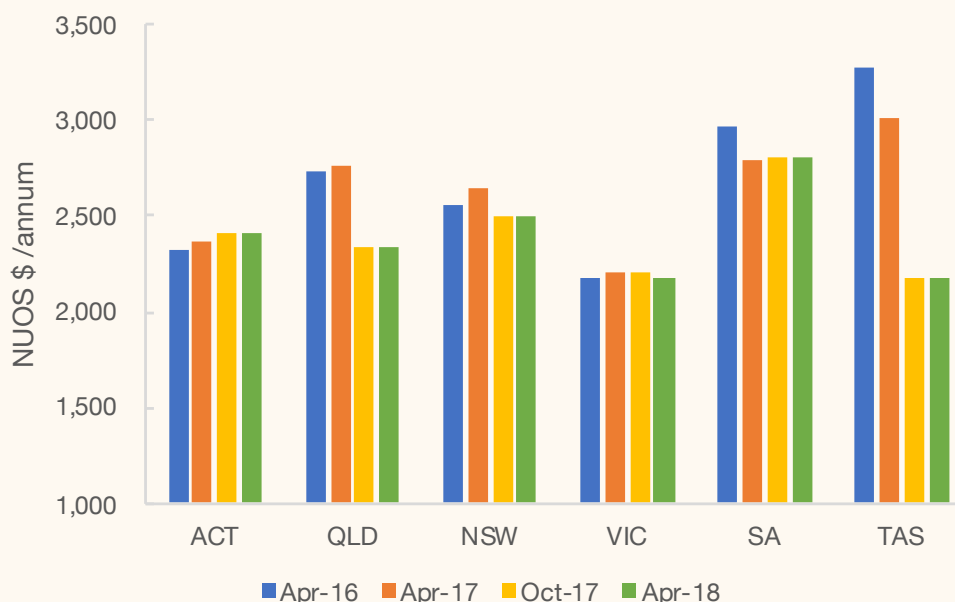
**Chart 8 Trend in average annual electricity supply charge as proportion (%) of bill for SMEs using 20,000 kWh per annum (single rate) in each jurisdiction from April 2016 to April 2018. GST inclusive.**



### 3.1.4 Electricity network charges

Compared with the same period a year ago, the Network Use of System Charges (NUOS) decreased in all NEM jurisdictions, except the ACT (where it increased by 2%) and South Australia (where it remained flat). As of April 2018, South Australia is the jurisdiction with the highest NUOS charges (\$2,800 for a SME consuming 20,000 kWh per annum) while Victoria (a decrease of 2% compared with the same period a year ago) and Tasmania (a decrease of 27% compared with the same period a year ago) have the lowest (approximately \$2,180 for the same consumption level).<sup>20</sup> Queensland NUOS charges also declined significantly compared with the same period a year ago (15%). See section 3.1.4.

**Chart 9 Trend in the average annual NUOS bill for SMEs using 20,000 kWh (single rate) per annum in each jurisdiction since April 2016. GST exclusive.<sup>21</sup>**

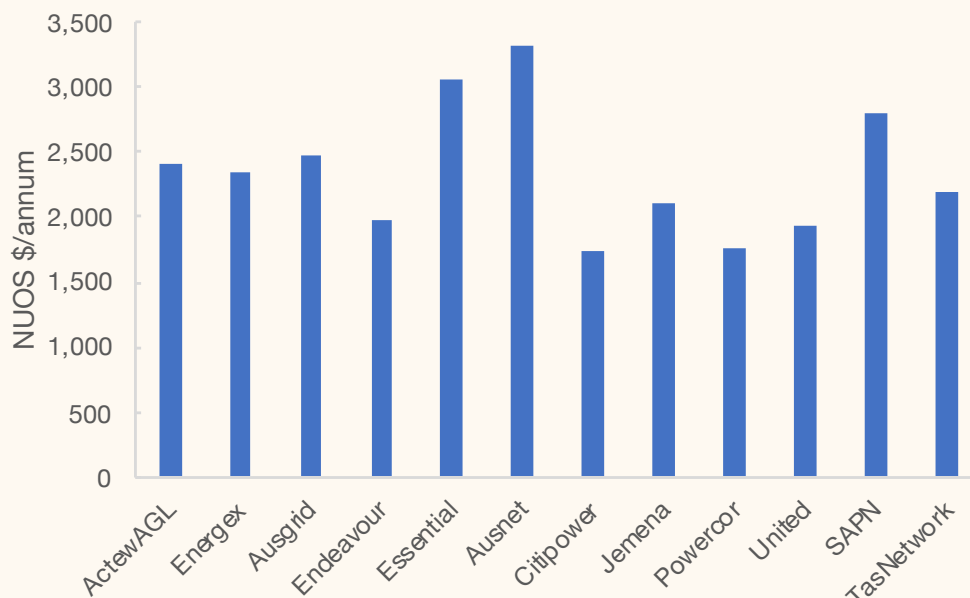


In NSW and Victoria, where there is more than one network area, the state variations in NUOS charges are significant. Large, and predominantly country networks, such as Essential Energy in NSW and Ausnet Services in Victoria have network charges that are greater than that of the South Australia Power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

<sup>20</sup> Based on annual consumption of 20,000 kWh.

<sup>21</sup> Queensland is based on Energex network only.

**Chart 10 Annual NUOS bill for SMEs using 20,000 kWh (single rate) per annum in each network as of April 2018. GST exclusive.**



Since April 2016 (when this SME Retail Tariff Tracker project commenced) there has been a trend decline in NUOS as proportion of the total retail bill in all jurisdictions. In April 2018 the NUOS proportion of bills was highest in the ACT and Tasmania (40.7 and 39.7%, respectively). See Chart 11.

**Chart 11 NUOS as proportion of total annual electricity bill for SMEs using 20,000 kWh (single rate) per annum in each jurisdiction since April 2016. Total retail bill is GST inclusive.<sup>22</sup>**



### 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 have an annual electricity bill of just under \$4,430, though this is understood to be a high level of use for a typical SME in Tasmania (with many using less). For this level of consumption Victorian businesses will pay approximately \$2,210.

<sup>22</sup> Note that Queensland is based on the Energex network only.



**Chart 12 Estimated average annual gas bill for SMEs using 100 GJ per annum in each jurisdiction. Offers as of April 2018, GST inclusive.<sup>23</sup>**

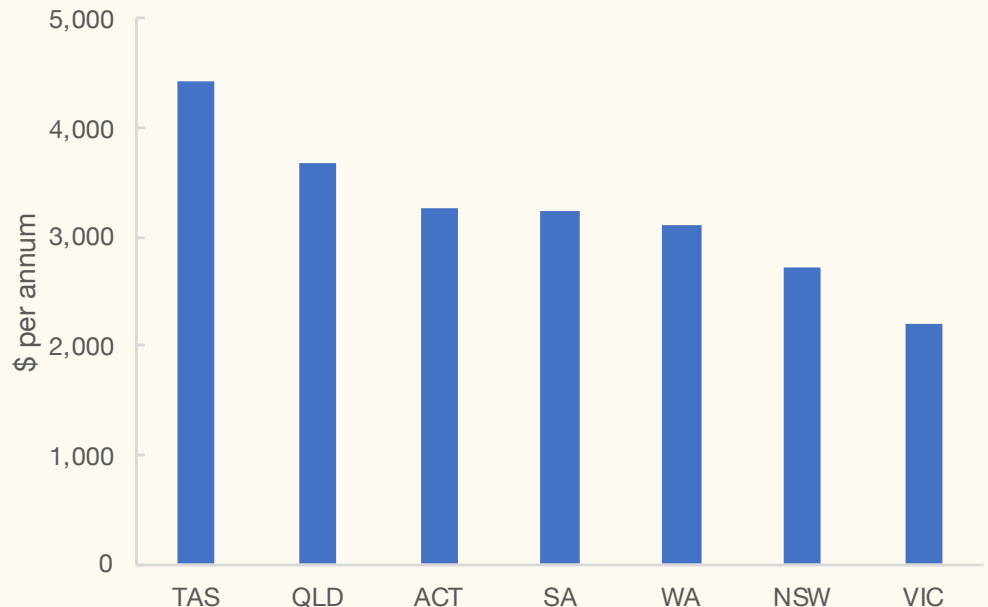


Chart 13 shows the trend in annual gas bills from April 2016 to April 2018. It shows that bills increased in all jurisdictions except for WA and South Australia during the period but that the increases vary significantly between jurisdictions.

**Chart 13 Estimated average annual gas bills for SMEs using 100 GJ per annum in each jurisdiction since April 2016. GST inclusive.<sup>24</sup>**

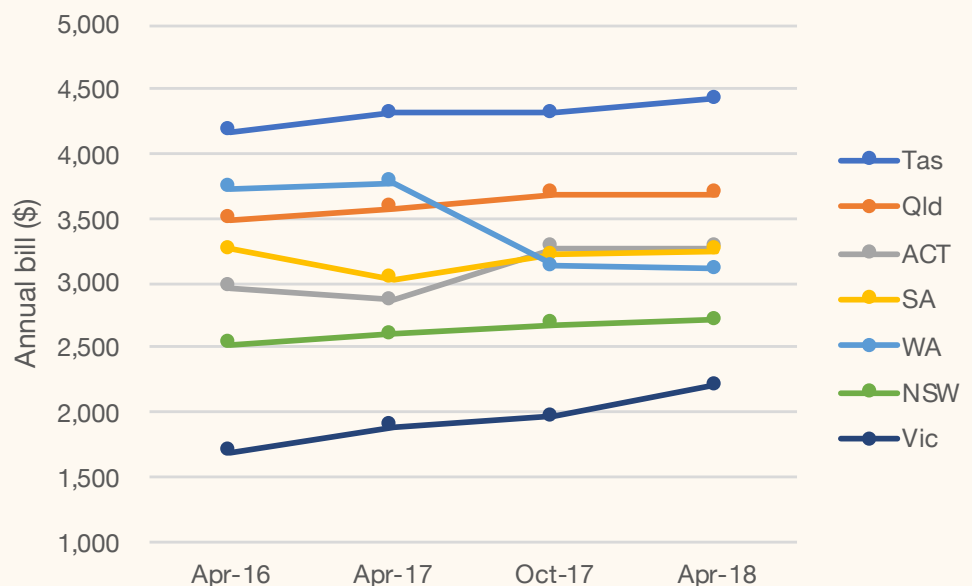


Chart 14 shows \$ change to annual bills from April 2017 to April 2018. On average, nationally, annual gas bills for SMEs using 100 GJ per annum, increased by approximately \$85 or 4% between April 2017 and April 2018. Annual gas bills for SMEs with this consumption level have increased by \$410 (14%) in the ACT, \$320 (17%) in Victoria, \$220 (7%) in South Australia and \$100-110 (3-4%) in Queensland, NSW and Tasmania. In WA gas prices have decreased (-18%).

<sup>23</sup> Based on offers available in April 2018. 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.

<sup>24</sup> 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 have one pricing zone.

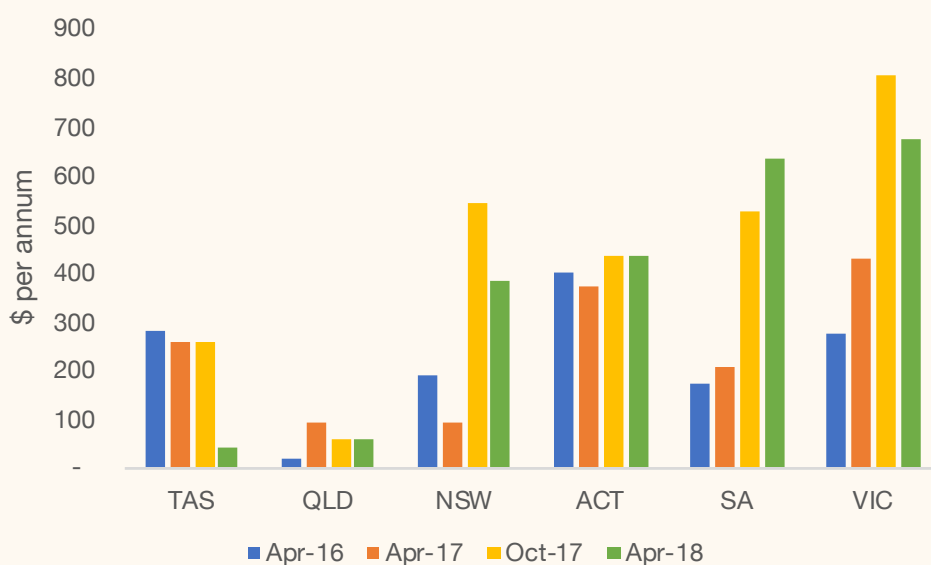
**Chart 14 Changes (\$) to average annual gas bill for SMEs using 100 GJ per annum in each jurisdiction from April 2017 to April 2018. GST inclusive.**



### 3.2.1 Maximum price spread – gas

The difference between the market offers, the maximum price spread, for gas increased in NSW, the ACT, South Australia and Victoria, compared with the same period a year ago, while it decreased in Queensland and Tasmania. The price spread typically increases with the number of retailers operating in a market as well as immediately after deregulation.<sup>25</sup> As of April 2018 the maximum price spread was \$670 in Victoria (currently 8 gas retailers), approximately \$630 in South Australia (with 5 gas retailers), \$430 in the ACT (which has only 3 retailers) and \$385 in NSW (with 5 gas retailers). In Queensland and Tasmania (where there are only 2 gas retailers in these states), the maximum price spread was \$55 and \$40 respectively.<sup>26</sup> Chart 15 shows the trend in the maximum price spread since April 2016 for all jurisdictions where a number of retailers offer gas market contracts.<sup>27</sup>

**Chart 15 Trend in the maximum price spread for gas market offers (including guaranteed and pay on time discounts) in each jurisdiction since of April 2016 based on SMEs using 100 GJ per annum. GST inclusive.**



<sup>25</sup> Note that NSW gas retail prices were deregulated on 1 July 2017.

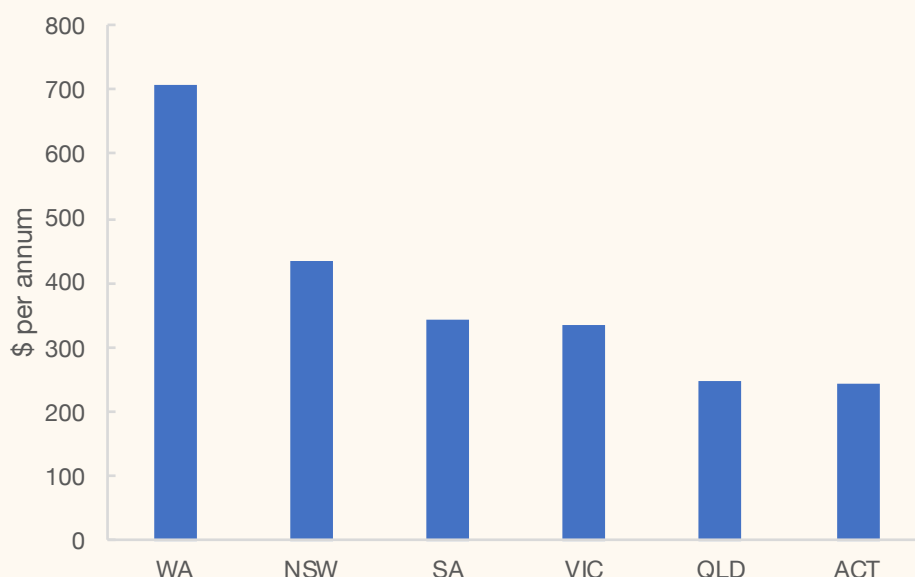
<sup>26</sup> Based on annual consumption of 100,000 MJ and analysis based on 8 retail offers in Victoria, 5 retailers in NSW and South Australia and 2 retailers in Queensland. Analysis does not include WA as AGL and Origin are new entrants in the WA gas retail market. As of April 2018, however, the maximum price spread in WA was \$1,260.

<sup>27</sup> Analysis does not include WA as AGL and Origin are new entrants in the WA gas retail market. As of April 2018, however, the maximum price spread in WA was \$1,260.

### 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 (approximately \$245).<sup>28</sup> 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 annual gas bill inclusive and exclusive of discounts) guaranteed and conditional), based on SMEs using 100 GJ per annum, April 2018. GST inclusive.**

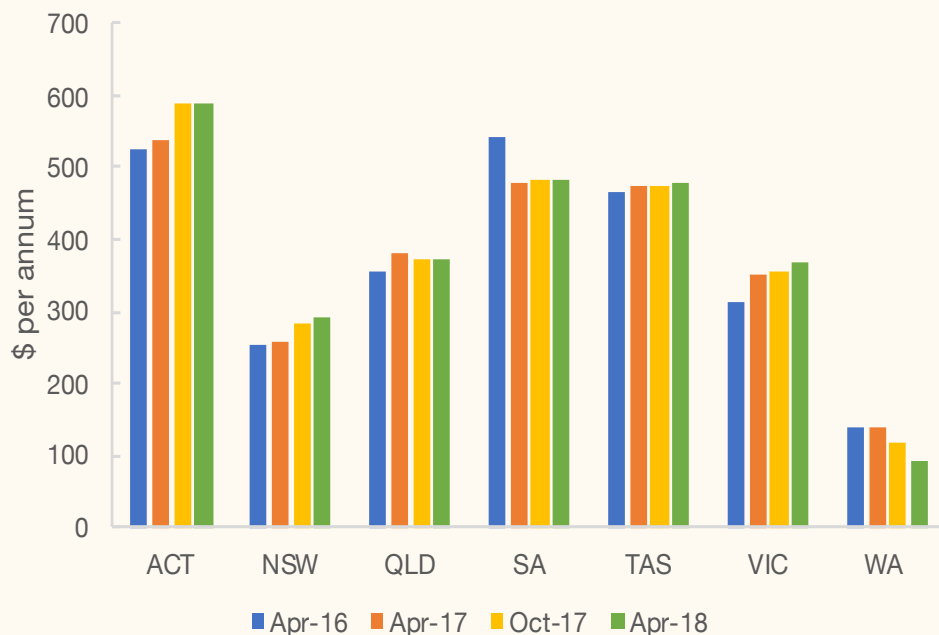


### 3.2.3 Fixed supply charge – gas

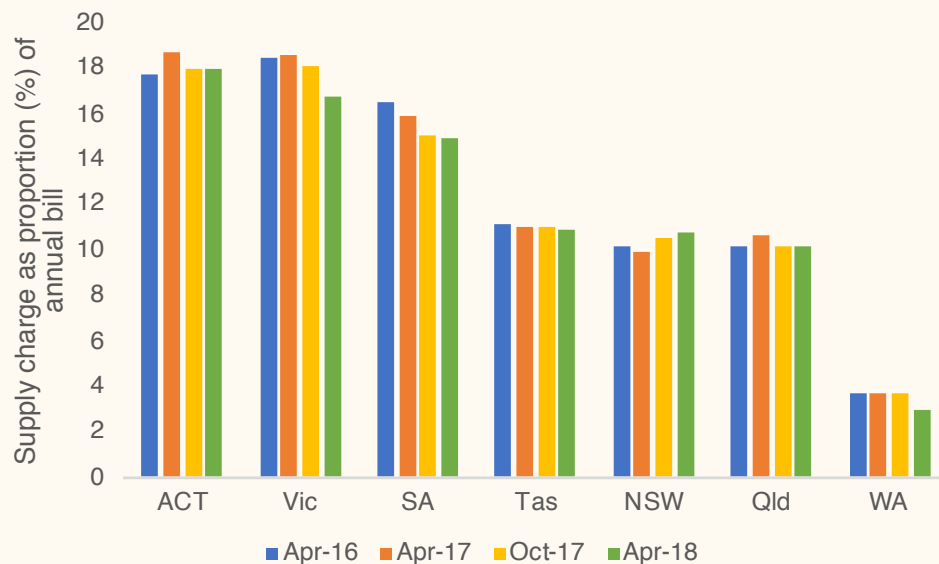
For gas, there are significant differences between jurisdictions. Compared with the same period a year ago, the most significant increases in fixed supply charges were in the ACT (an increase of 10% to \$590) and NSW (an increase of 13% to \$293). There were smaller increases in Victoria (6% to \$370), South Australia (1% to \$485) and Tasmania (1% to \$480), while fixed supply charges decreased in Western Australia (-34% to \$93) and Queensland (-2% to \$373). Fixed supply charges as a proportion of the annual bill are highest in the ACT (18%) and lowest in Western Australia (3%).

<sup>28</sup> 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 Trend in average annual gas supply charge (\$)** for SMEs in each jurisdiction since April 2016. GST inclusive.<sup>29</sup>



**Chart 18 Trend in average annual gas supply charge as proportion (%) of bill for SMEs using 100 GJ per annum in each jurisdiction from April 2016 to April 2018. GST inclusive.**



<sup>29</sup> Based on the average supply charge for electricity market offers except for in WA, NT, Tasmania and Northern Queensland (Ergon Energy 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 both a six month and twelve month period to April 2018,<sup>30</sup> differences to annual bills (based on assumed consumption levels) between retailers, as well as electricity networks and gas pricing zones within each jurisdiction.<sup>31</sup>

Consistent with section 3 above, we assume an annual consumption level of 20,000 kWh<sup>32</sup> (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
NSW Gas zones and host retailer	Area
Jemena/Sydney (AGL)	Sydney, Newcastle, Wollongong, Blue Mountains
AGN (Origin)	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)	Tamworth
Jemena/Capital Region (ActewAGL)	Boroowa, Goulburn, Yass and Young
Queanbeyan (ActewAGL)	Queanbeyan and Bundgondore
Shoalhaven (ActewAGL)	Shoalhaven

<sup>30</sup> As the last data collection of retail offers occurred in April 2018, offers as of April 2018 have been compared to offers in October 2017 (the previous data collection), and the trend over the twelve months since April 2017. As the electricity Network Use of System (NUOS) charges change on 1 January in Victoria and on 1 July in all other jurisdictions, the April data, and associated report, will typically reveal recent price changes in Victoria while the October data (and report) will highlight major price changes in the other jurisdictions.

<sup>31</sup> Appendix A contains a list of the various retail offers used for this analysis.

<sup>32</sup> 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](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)

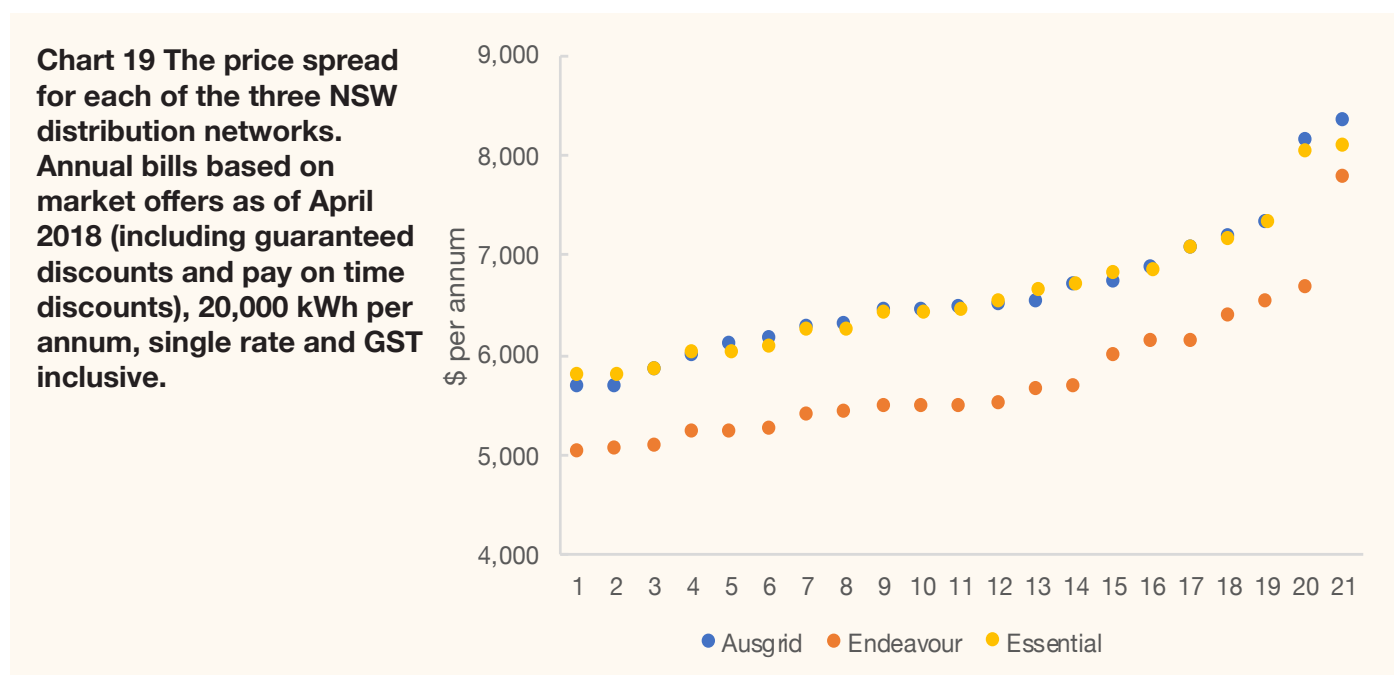
### 4.1.1 NSW electricity bills April 2018

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 AEMO<sup>33</sup> 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: <http://energyconsumersaustralia.com.au/news/category/our-research/>

#### **The price-spread**

Chart 19 shows annual bills for SMEs consuming 20,000 kWh per annum (single rate) for 21 retailers across the three NSW distribution networks.<sup>34</sup> It shows that the typical annual bill for SMEs with this consumption level is between \$5,740 and \$6,610 (depending on network area).

It also shows that prices are highest, as well as similar, in the Essential Energy and Ausgrid networks and lowest in Endeavour Energy. The maximum price spread, however, is greatest in Endeavour Energy where the difference between the lowest and the highest annual bill is \$2,740. The average maximum price spread for all three networks is approximately \$2,560.



Figures 1 - 3 below rank the retail offers from lowest to highest annual electricity bills in each of the three network areas.<sup>35</sup>

<sup>33</sup> 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](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)

<sup>34</sup> 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.

<sup>35</sup> These market offers were collected in April 2018 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 1 Lowest to highest annual bills for market offers in NSW's **Ausgrid network** (April 2018)

	Lumo Energy	\$5,664
	QEnergy	\$5,688
	Alinta Energy	\$5,835
	Energy Locals	\$5,981
	BlueNRG	\$6,101
	ERM Power	\$6,148
	Simply Energy	\$6,283
	Red Energy	\$6,292
	CovaU	\$6,436
	1st Energy	\$6,448
	Energy Australia	\$6,475
	Powershop	\$6,505
	Next Business Energy	\$6,513
	Origin Energy	\$6,709
	Powerdirect	\$6,736
	Commander Electricity	\$6,879
	AGL	\$7,053
	Amaysim	\$7,180
	Diamond Energy	\$7,330
	Click Energy	\$8,153
	Momentum Energy	\$8,327

Figure 2 - Lowest to highest annual bills for market offers in NSW's **Endeavour Energy network** (April 2018)











































	Alinta Energy	\$5,021
	QEnergy	\$5,066
	Lumo Energy	\$5,081
	BlueNRG	\$5,220
	Energy Locals	\$5,232
	Powerdirect	\$5,261
	CovaU	\$5,384
	Origin Energy	\$5,431
	Simply Energy	\$5,464
	Energy Australia	\$5,481
	ERM Power	\$5,491
	AGL	\$5,516
	Red Energy	\$5,659
	1st Energy	\$5,663
	Commander Electricity	\$5,975
	Powershop	\$6,121
	Next Business Energy	\$6,134
	Diamond Energy	\$6,386
	Momentum Energy	\$6,528
	Amaysim	\$6,658
	Click Energy	\$7,764

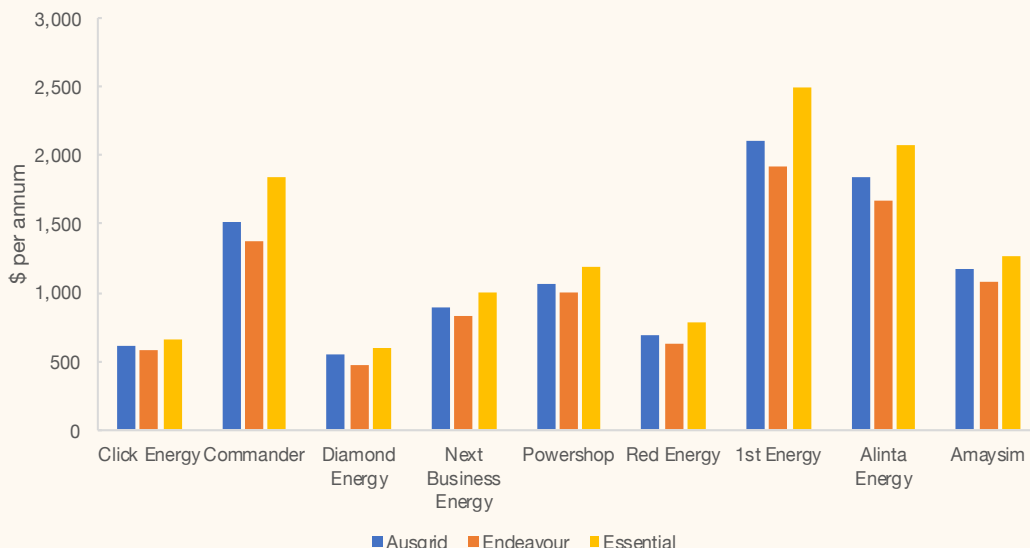
Figure 3 Lowest to highest annual bills for market offers in NSW's **Essential Energy network** (April 2018)

	QEnergy	\$5,813
	Lumo Energy	\$5,816
	Alinta Energy	\$5,874
	Energy Locals	\$6,026
	BlueNRG	\$6,043
	ERM Power	\$6,079
	Simply Energy	\$6,269
	CovaU	\$6,270
	Origin Energy	\$6,435
	Energy Australia	\$6,437
	Red Energy	\$6,461
	Powerdirect	\$6,547
	Powershop	\$6,647
	Next Business Energy	\$6,704
	1st Energy	\$6,817
	AGL	\$6,859
	Amaysim	\$7,081
	Diamond Energy	\$7,164
	Commander Electricity	\$7,333
	Click Energy	\$8,040
	Momentum Energy	\$8,094

## Additional discounts

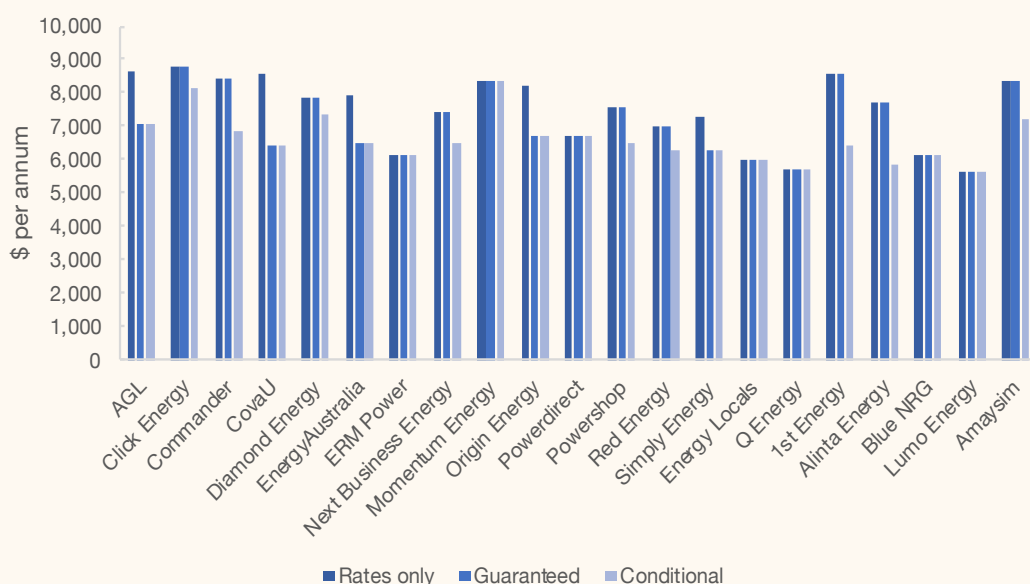
Nine of the twenty-one retailers operating in NSW offer conditional pay on time discounts and for customers using 20,000kWh per annum the difference to the annual bill if they pay late can be as much as \$2,500 (1<sup>st</sup> Energy's offer in the Essential Energy network). Other retailers with very high pay conditional discounts are Alinta and Commander. Chart 20 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 20 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 April 2018, 20,000 kWh per annum, single rate and GST inclusive.**

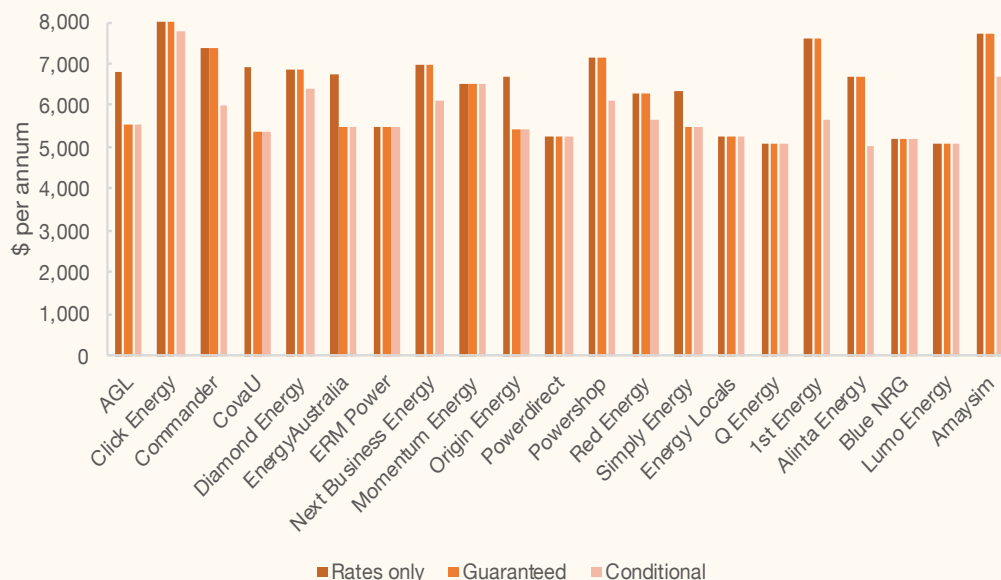


Charts 21 - 23 show annual bills based on their rates only, inclusive of guaranteed discounts and inclusive of guaranteed as well as pay on time discounts for all three network areas.

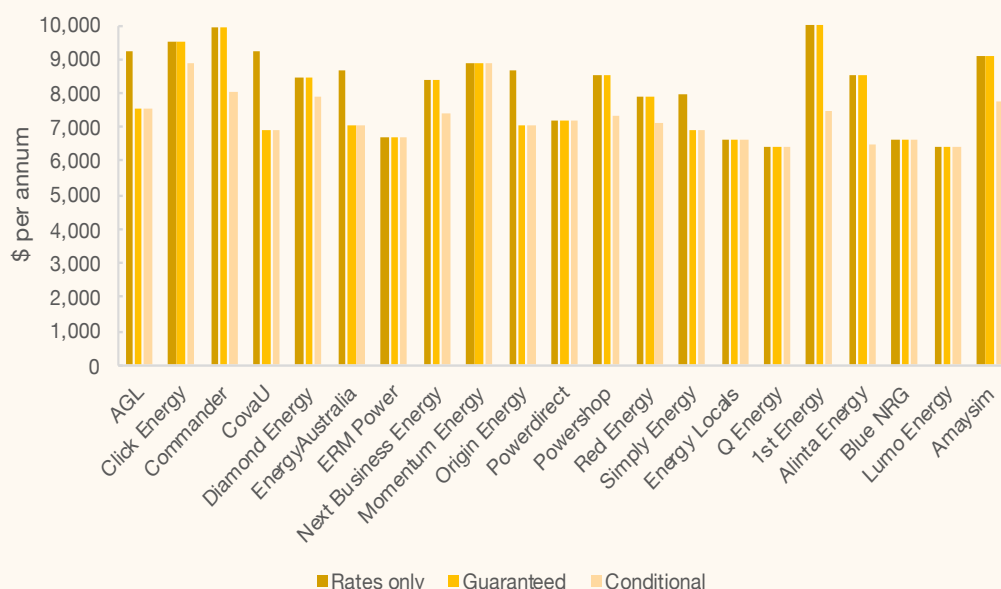
**Chart 21 Annual bills based on rates, guaranteed discounts and pay on time discounts in NSW's Ausgrid network. Annual bills based on market offers as of April 2018, 20,000 kWh per annum, single rate and GST inclusive.**



**Chart 22 Annual bills based on rates, guaranteed discounts and pay on time discounts in NSW's Endeavour Energy network. Annual bills based on market offers as of April 2018, 20,000 kWh per annum, single rate and GST inclusive.**



**Chart 23 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 April 2018, 20,000 kWh per annum, single rate and GST inclusive.**



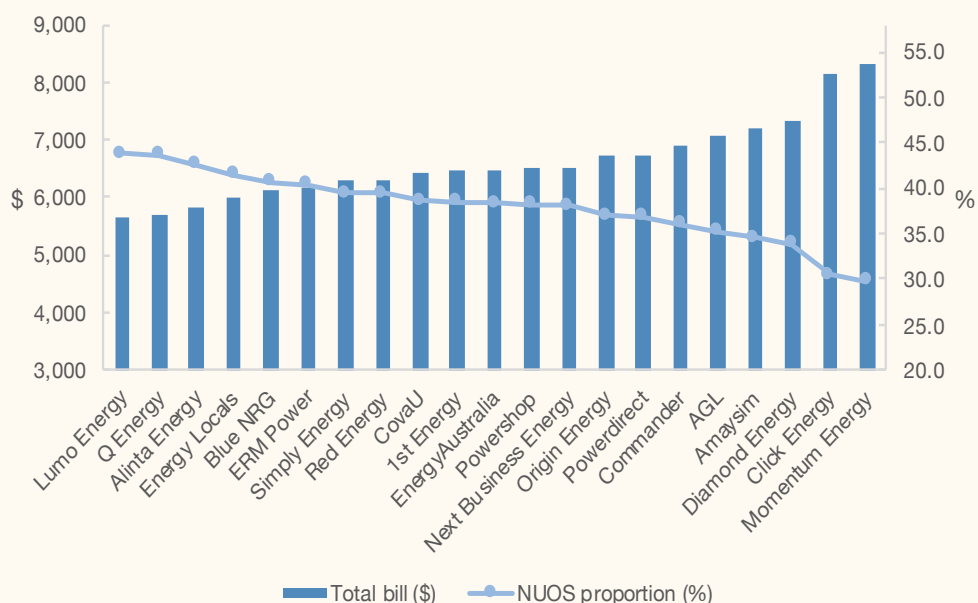
## Network charges

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.

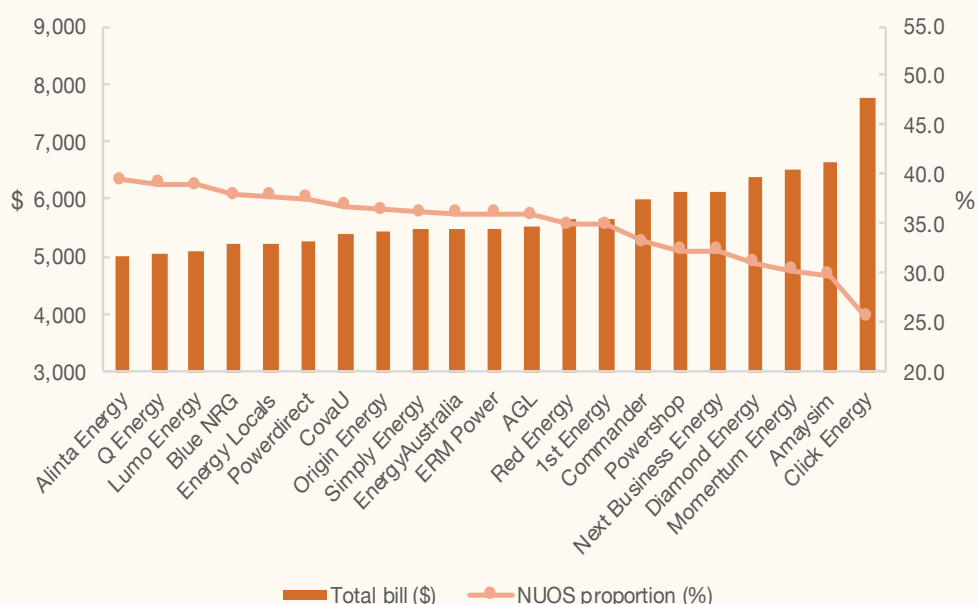
The charts presented in this section show that the NUOS proportion of bills varies significantly between retail offers. In the Ausgrid network, for example, the NUOS proportion of the bill for Lumo and Q Energy's customers is almost 44% while the NUOS only comprises 30% of the total bill for Momentum's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

Charts 24 - 26 show annual retail bills (columns) and NUOS as proportion of annual bill (dotted line) for each of the three network areas.

**Chart 24 Ausgrid:**  
Annual retail bills (incl. GST) and NUOS as proportion of total bill, April 2018. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum).<sup>36</sup>



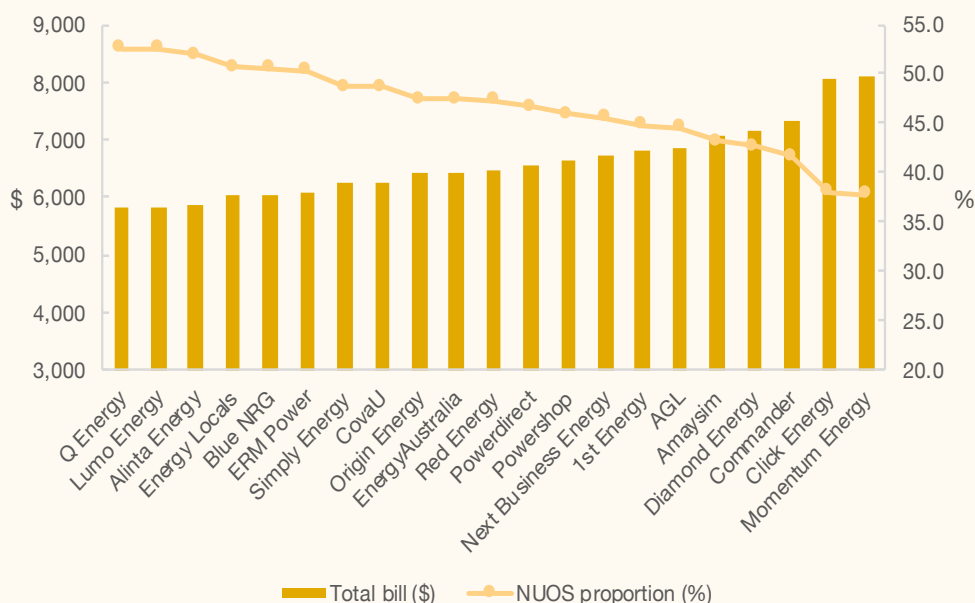
**Chart 25 Endeavour Energy:** Annual retail bills (incl. GST) and NUOS as proportion of total bill, April 2018. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 50,000 kWh per annum).<sup>37</sup>



<sup>36</sup> Based on market offer rates as of April 2018, 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.

<sup>37</sup> Based on market offer rates as of April 2018, 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 26 Essential Energy: Annual retail bills (incl. GST) and NUOS as proportion of total bill, April 2018. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 50,000 kWh per annum).<sup>38</sup>**



#### 4.1.2 NSW gas bills April 2018

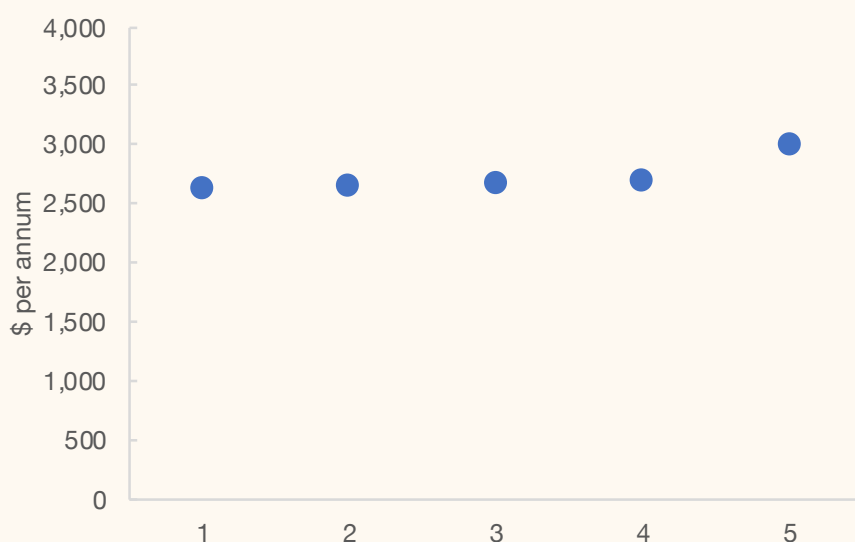
To calculate annual gas bills we have assumed an annual consumption of 100 GJ per annum and a flat consumption over the year (25 GJ per quarter or 16.66 GJ per bi-monthly bill).<sup>39</sup> Small businesses using gas for heating purposes are unlikely to have a flat consumption profile.

##### 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 \$2,715 (including discounts). Chart 27 shows annual bills for five retailers in the Jemena/AGL (Sydney) gas zone and that the maximum price spread is approximately \$385 per annum.


**Chart 27 The price spread in the Jemena/AGL (Sydney) gas zone. Annual bills based on market offers as of April 2018 (including guaranteed discounts and pay on time discounts), 100 GJ per annum and GST inclusive.**



<sup>38</sup> Based on market offer rates as of April 2018, presented as annual bills for SMEs using 20,000kWh per annum (single rate). The annual NUOS charges are based on the Essential Energy's charges (tariff BLNN 1AU) for the 2017/18 financial year. The NUOS also includes fixed charges.

<sup>39</sup> 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.

Figure 4 below ranks the retail offers from lowest to highest annual gas bills in the Jemena/Sydney gas zone.<sup>40</sup>

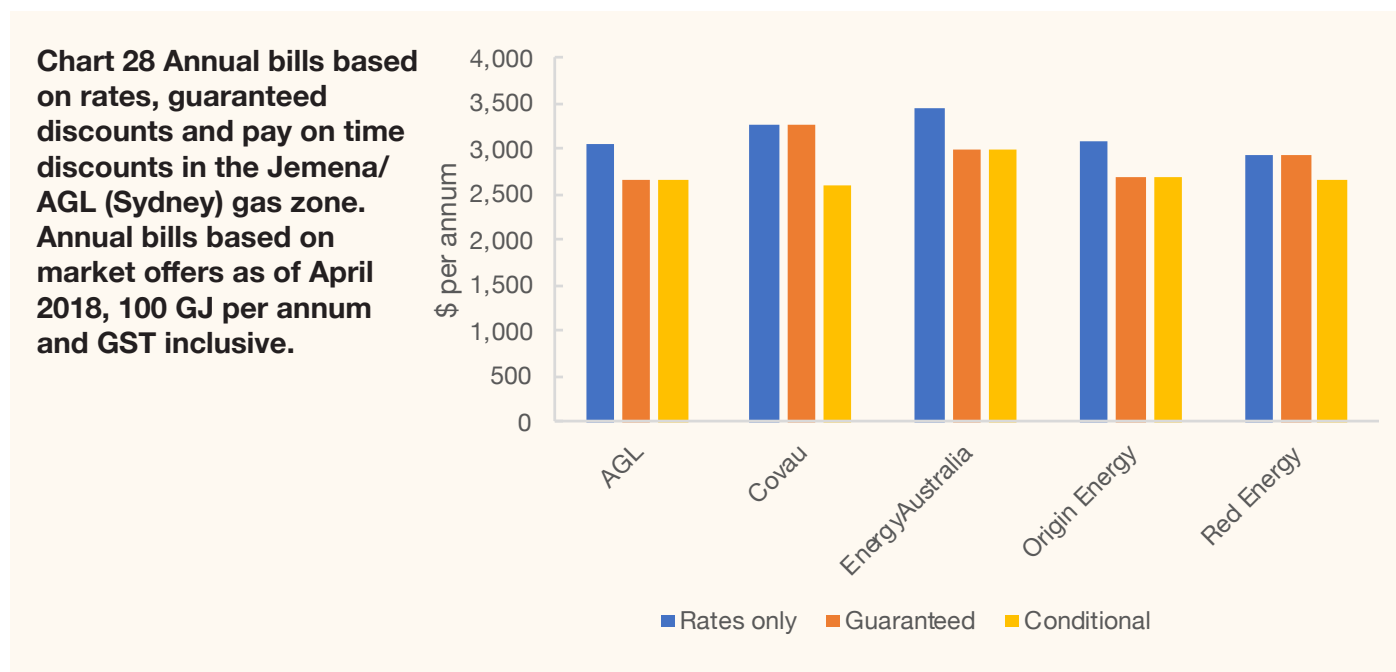
	Covau	\$2,603
	Red Energy	\$2,644
	AGL	\$2,666
	Origin Energy	\$2,682
	Energy Australia	\$2,987

**Figure 4 Lowest to highest annual bills (incl GST) for market offers in the Jemena/AGL (Sydney) gas zone (April 2018). Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum.**

### 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 28 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.



### 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.

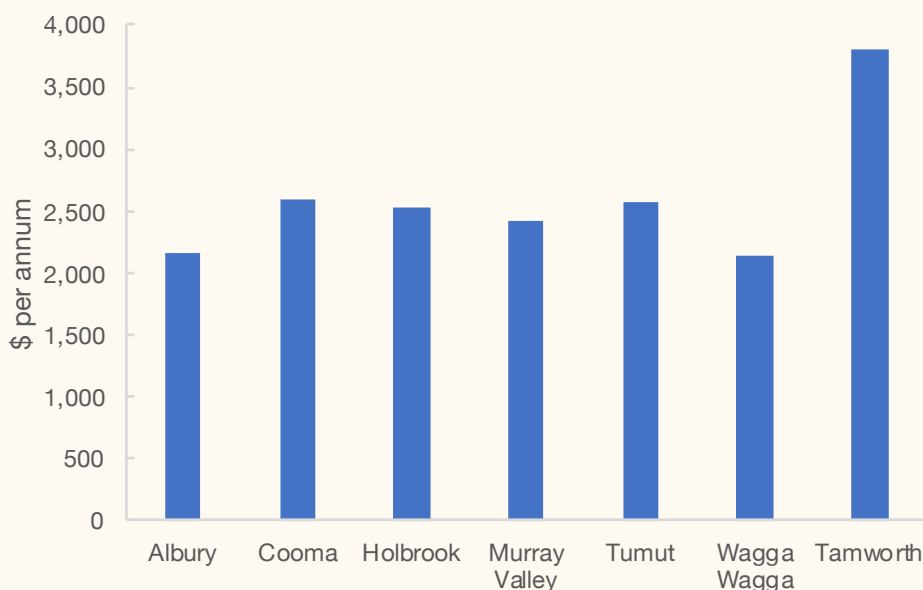
Chart 29 shows annual bills for Origin's market offers (discounts included) in the AGN pricing zones. Origin's market offers produce annual bills from approximately \$2,130 (in Wagga Wagga) to \$3,800 (Tamworth) for customers consuming 100 GJ per annum. Energy Australia also offers gas market

<sup>40</sup> These market offers were collected in April 2018 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.



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.

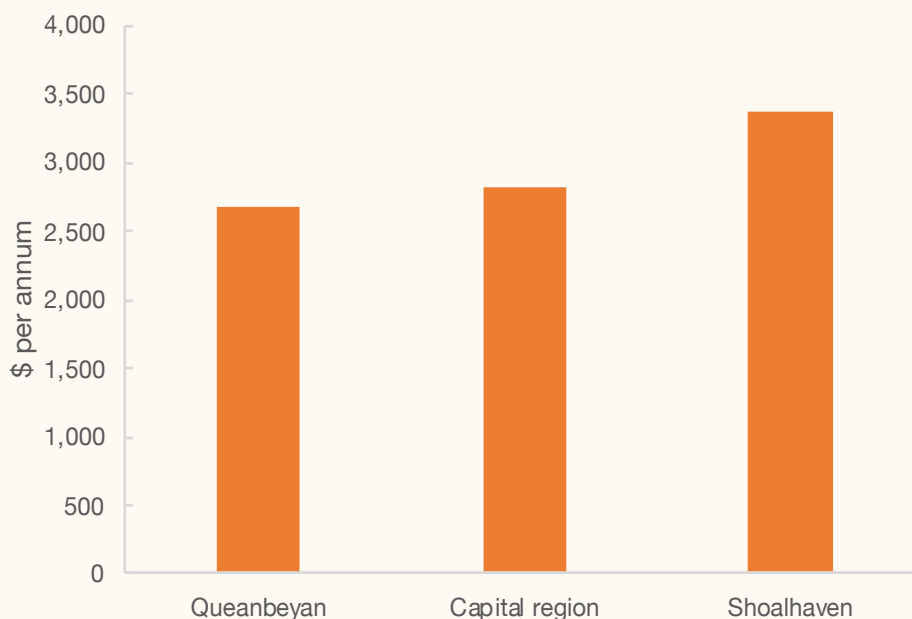
**Chart 29 Annual bills based in Origin's gas zones. Annual bills based on market offers as of April 2018, 100 GJ per annum and GST inclusive.**



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 30 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 30 Annual bills based in ActewAGL's gas zones. Annual bills based on market offers as of April 2018, 100 GJ per annum and GST inclusive.**

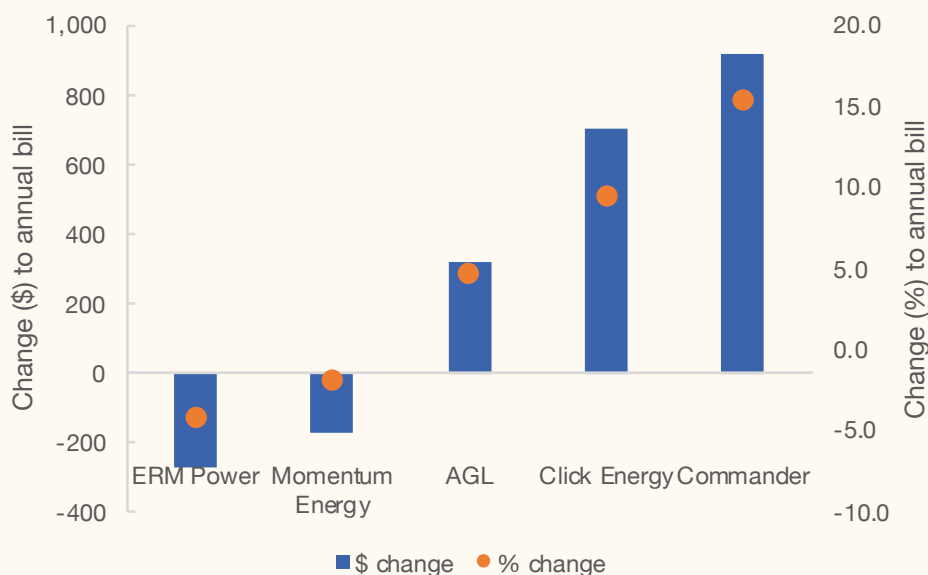


### 4.1.3 Trends in energy bills in NSW

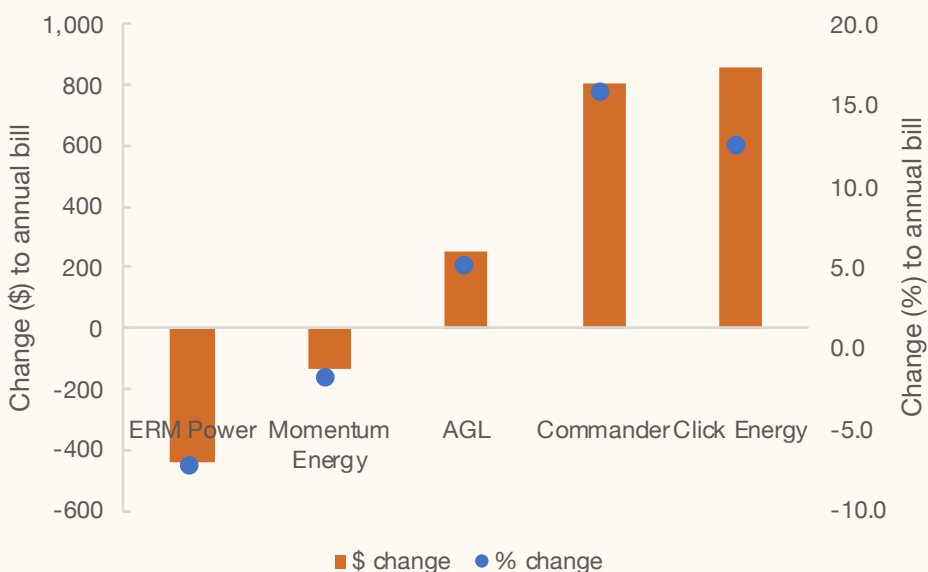
The SME Retail Tariff Tracker project collects information about energy offers and rates available to small businesses across Australia every six months (in April and October every year) and this section highlights changes (increases or decreases) to annual bills over that six month period, as well as the trend over the twelve months to April 2018.<sup>41</sup>

As NSW electricity prices have not had an underlying price reset, such as new network tariffs taking effect, during this period, only five retailers have changed their offers (rates, discounts or both). The annual bills for AGL, Click Energy and Commander have increased while ERM Power and Momentum's have decreased. Charts 31 to 33 below show changes (\$) to the five retailers' bills (columns) as well as percentage changes (marker) for each network area.

**Chart 31 Ausgrid network bill changes: Comparison of October 2017 and April 2018 annual electricity bills including guaranteed discounts and pay on time discounts in the Ausgrid network. Annual bills based on market offers, 20,000 kWh per annum, single rate and GST inclusive.**

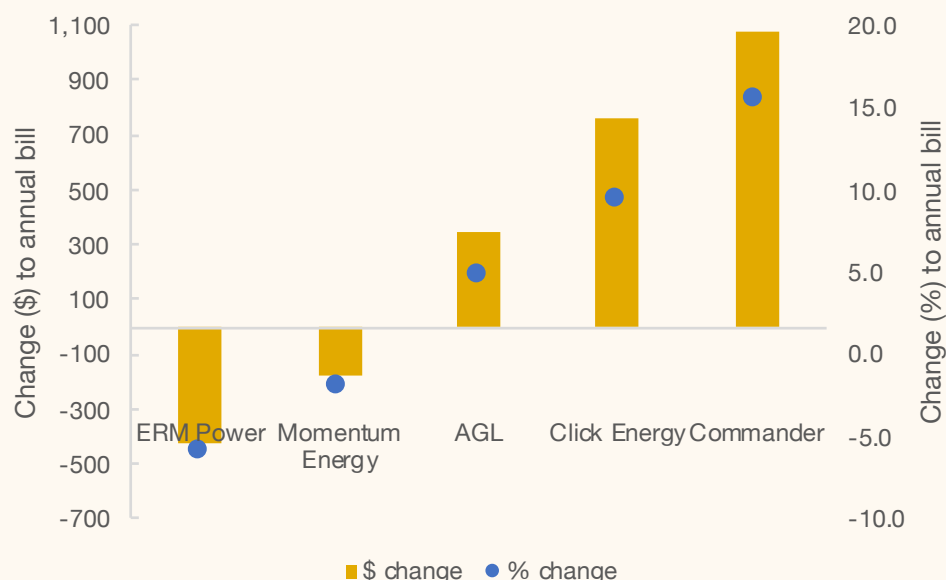


**Chart 32 Endeavour Energy bill changes: Comparison of October 2017 and April 2018 annual electricity bills including guaranteed discounts and pay on time discounts in the Endeavour Energy network. Annual bills based on market offers, 20,000 kWh per annum, single rate and GST inclusive.**



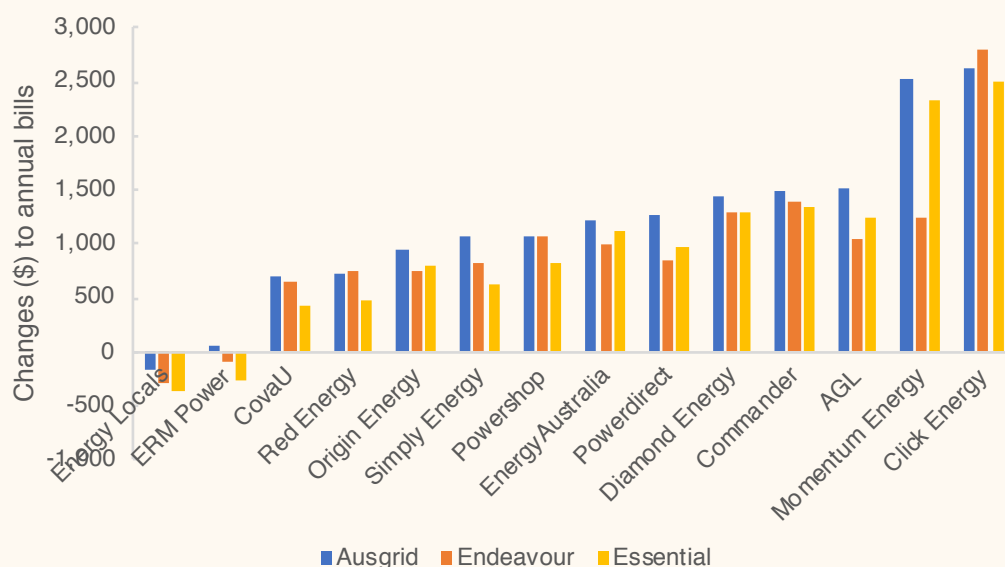
<sup>41</sup> Note that these price changes may differ from the overall averages in the national comparison (section 3 above). This is because the average bill in this section is based on retailers offering retail contracts as of both October 2017 and April 2018 while the national comparison includes retailers all retailers offering retail contracts as of October 2017 and April 2018. For example; Amaysim, being a new retailer, would be included in the April 2018 average bill data used for national comparison but not in this more detailed jurisdictional analysis (as they did not have any offers in October 2017).

**Chart 33 Essential Energy bill changes: Comparison of October 2017 and April 2018 annual electricity bills including guaranteed discounts and pay on time discounts in the Essential Energy network. Annual bills based on market offers, 20,000 kWh per annum, single rate and GST inclusive.**



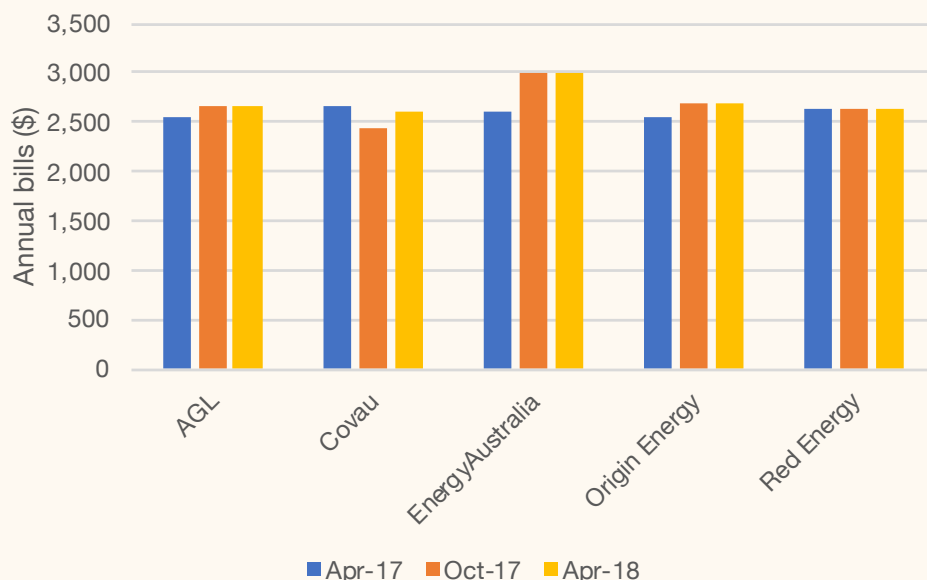
In terms of changes to electricity offers since April 2017, however, a majority of the retailers have increased the annual bills by \$1,000 or more for businesses with this consumption level. Chart 34 below shows changes to annual bills (\$) for each retailer in each network area from April 2017 to April 2018.

**Chart 34 Bill change (\$): Comparison of April 2017 and April 2018 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 2017 and April 2018, 20,000 kWh per annum, single rate and GST inclusive.**



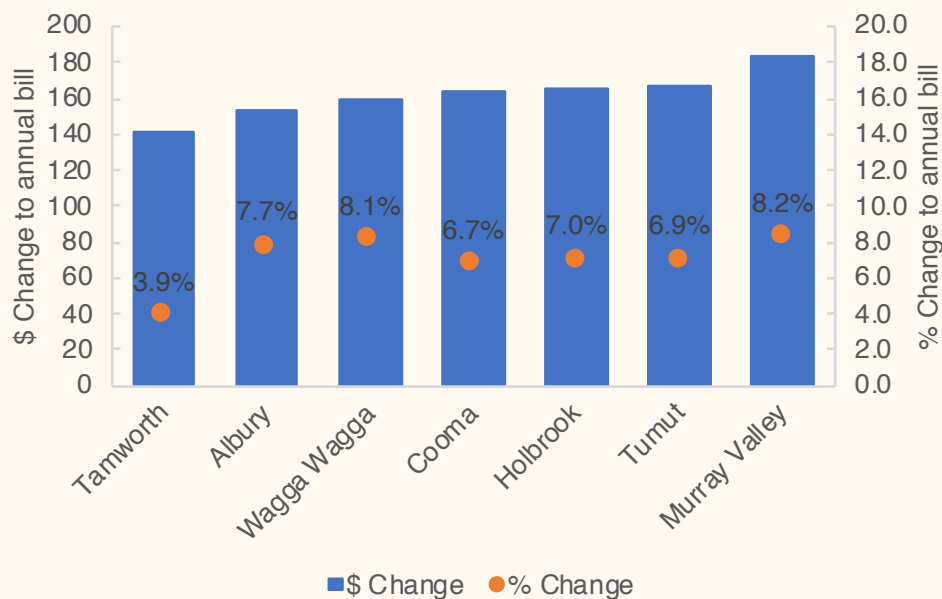
In relation to gas, only Covau, in the Sydney/Jemena pricing zone, has changed its gas offer since October 2017. Covau has increased their bills by 6.5% OR \$160 per annum for a business using 100 GJ per annum. However, as Covau decreased their prices from April 2016 to October 2017, their current offer produces a lower annual bill (-2.1%) compared to one year ago (April 2017). By comparison, AGL and Origin's bills increased by 4-5% over the year and Energy Australia increased by a significant 14.7%. Red Energy has not changed its offer since April 2017. Chart 35 below shows increases to annual gas bills as percentage and \$ amount from April 2017 to April 2018 in the Sydney/Jemena pricing zone.

**Chart 35 Annual gas bills since April 2017, including guaranteed discounts and pay on time discounts, in the Jemena/Sydney gas zone. Annual bills based on market offers, 100 GJ per annum and GST inclusive.**



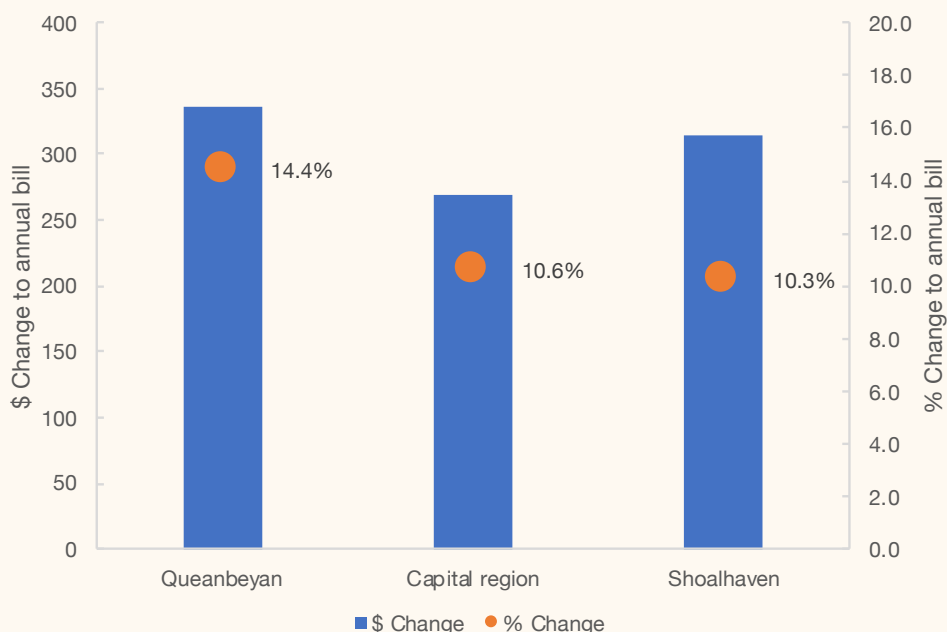
In terms of the many smaller NSW pricing zones, Origin and ActewAGL are the main retailers (although Energy Australia and Red Energy do have offers in some of these zones). Between October 2017 and April 2018, ActewAGL and Origin's market offers (Business Saver) remained unchanged in all pricing zones. See Chart 36.

**Chart 36 Comparison of Origin Energy's annual gas bills including guaranteed discounts and pay on time discounts in various gas zones from April 2017 to April 2018. Annual bills based on market offers as of April 2017 and April 2018, 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 37 below shows increases to annual gas bills as percentage and \$ amount.

**Chart 37 Comparison of ActewAGL's annual gas bills including guaranteed discounts and pay on time discounts in various gas zones from April 2017 to April 2018. Annual bills based on market offers as of April 2017 and April 2018, 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 April 2018

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 AEMO<sup>42</sup> 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

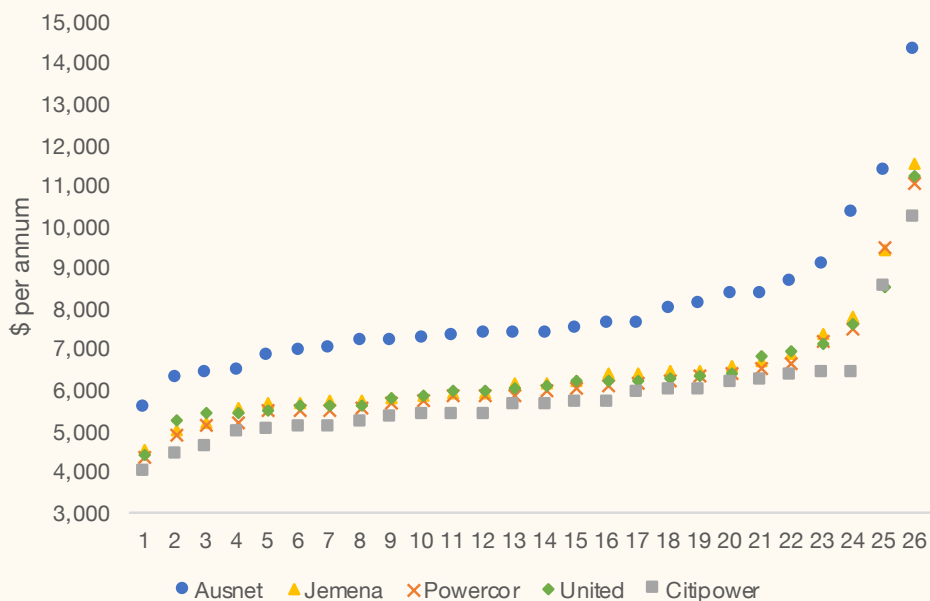
We also note that the workbooks accompanying this report allow users to nominate their own consumption levels as well as undertaking analysis of different tariff types (2-rate tariffs, time of use tariffs etc.). The workbooks are available at:

<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 \$5,400 and \$7,400 (depending on network area).<sup>43</sup> Chart 38 shows annual bills for SMEs consuming 20,000 kWh per annum (single rate) for 25 retailers across the five Victorian distribution networks. It shows that bills are highest in the Ausnet Services network and lowest in Citipower and that the offers in Jemena, Powercor and United Energy network areas are quite similar. 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 \$4,760.

**Chart 38 The price spread for each of the five Victorian distribution networks. Annual bills based on market offers as of April 2018 (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<sup>44</sup>

<sup>42</sup> 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](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)

<sup>43</sup> 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.

<sup>44</sup> These market offers were collected in April 2018 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 5 Lowest to highest annual bills (incl GST) for market offers in Victoria's **Citipower network** (April 2018) including discounts and pay on time discounts - SMEs consuming 20,000kWh per annum (single rate)
























	Alinta Energy	\$3,949
	Tango Energy	\$4,417
	QEnergy	\$4,422
	Amaysim	\$4,571
	Powerdirect	\$4,917
	BlueNRG	\$4,983
	Commander Electricity	\$5,069
	ERM Power	\$5,082
	Sumo Power	\$5,204
	CovaU	\$5,320
	Energy Australia	\$5,334
	People Energy	\$5,375
	Origin Energy	\$5,375
	AGL	\$5,599
	Red Energy	\$5,602
	Powershop	\$5,639
	Lumo Energy	\$5,682
	Simply Energy	\$5,887
	1st Energy	\$5,962
	Next Business Energy	\$5,967
	Diamond Energy	\$6,122
	GloBird	\$6,183
	Dodo Power & Gas	\$6,330
	Momentum Energy	\$6,355
	Click Energy	\$6,356

Figure 6 Lowest to highest annual bills (incl GST) for market offers in Victoria's **Powercor network** (April 2018) including discounts and pay on time discounts - SMEs consuming 20,000kWh per annum (single rate)







	Alinta Energy	\$4,352
	Tango Energy	\$4,887
	QEnergy	\$4,888
	Powerdirect	\$5,126
	Amaysim	\$5,153
	BlueNRG	\$5,465
	Sumo Power	\$5,490
	ERM Power	\$5,496
	CovaU	\$5,537
	Lumo Energy	\$5,674
	Commander Electricity	\$5,692
	Energy Australia	\$5,812
	Red Energy	\$5,849
	AGL	\$5,852
	Powershop	\$5,974
	1st Energy	\$6,005
	Simply Energy	\$6,057
	Next Business Energy	\$6,117
	GloBird	\$6,183
	Origin Energy	\$6,340
	Diamond Energy	\$6,370
	Momentum Energy	\$6,480
	People Energy	\$6,609
	Click Energy	\$7,159
	Dodo Power & Gas	\$7,436

Figure 7 Lowest to highest annual bills (incl GST) for market offers in Victoria's **Ausnet Services** (April 2018), including discounts and pay on time discounts - SMEs consuming 20,000kWh per annum (single rate)


























	Alinta Energy	\$5,514
	QEnergy	\$6,041
	Tango Energy	\$6,235
	Powerdirect	\$6,360
	Energy Australia	\$6,437
	Red Energy	\$6,792
	Lumo Energy	\$6,930
	CovaU	\$7,012
	BlueNRG	\$7,162
	ERM Power	\$7,171
	Commander Electricity	\$7,231
	AGL	\$7,292
	Powershop	\$7,325
	Amaysim	\$7,330
	Origin Energy	\$7,348
	Sumo Power	\$7,466
	People Energy	\$7,557
	1st Energy	\$7,598
	Simply Energy	\$7,924
	Next Business Energy	\$8,044
	Diamond Energy	\$8,298
	GloBird	\$8,326
	Momentum Energy	\$8,606
	Dodo	\$9,058
	Click Energy	\$10,276

Figure 8 Lowest to highest annual bills (incl GST) for market offers in Victoria's **Jemena network** (April 2018) including discounts and pay on time discounts - SMEs consuming 20,000kWh per annum (single rate)

















































	Alinta Energy	\$4,489
	Powerdirect	\$5,018
	QEnergy	\$5,031
	Tango Energy	\$5,199
	Amaysim	\$5,533
	CovaU	\$5,641
	BlueNRG	\$5,671
	Energy Australia	\$5,724
	AGL	\$5,744
	ERM Power	\$5,806
	Commander Electricity	\$5,840
	Red Energy	\$5,877
	Sumo Power	\$5,913
	Lumo Energy	\$6,121
	Powershop	\$6,149
	Origin Energy	\$6,182
	1st Energy	\$6,360
	People Energy	\$6,380
	Simply Energy	\$6,438
	Next Business Energy	\$6,446
	GloBird	\$6,552
	Diamond Energy	\$6,680
	Momentum Energy	\$6,867
	Dodo	\$7,343
	Click Energy	\$7,745

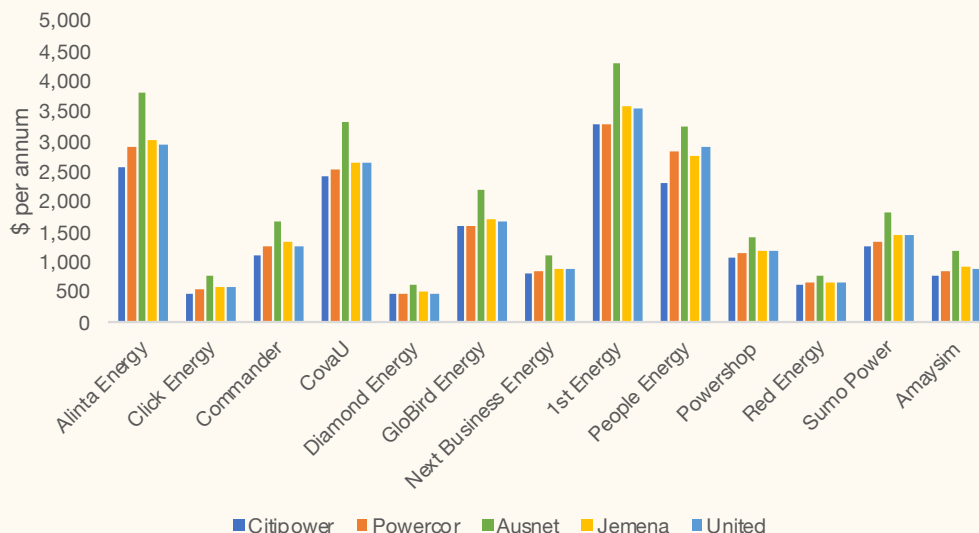
Figure 9 Lowest to highest annual bills (incl GST) for market offers in Victoria's **United Energy network** (April 2018) including discounts and pay on time discounts - SMEs consuming 20,000kWh per annum (single rate)

	Alinta Energy	\$4,384
	QEnergy	\$4,927
	Tango Energy	\$5,249
	Powerdirect	\$5,391
	Amaysim	\$5,423
	BlueNRG	\$5,501
	ERM Power	\$5,586
	Commander Electricity	\$5,591
	CovaU	\$5,615
	Sumo Power	\$5,003
	Red Energy	\$5,823
	Lumo Energy	\$5,970
	Energy Australia	\$5,988
	Origin Energy	\$6,010
	Powershop	\$6,074
	AGL	\$6,183
	GloBird	\$6,187
	Simply Energy	\$6,229
	1st Energy	\$6,270
	Diamond Energy	\$6,304
	Next Business Energy	\$6,358
	People Energy	\$6,796
	Momentum Energy	\$6,929
	Dodo	\$7,125
	Click Energy	\$7,599

## Additional discounts

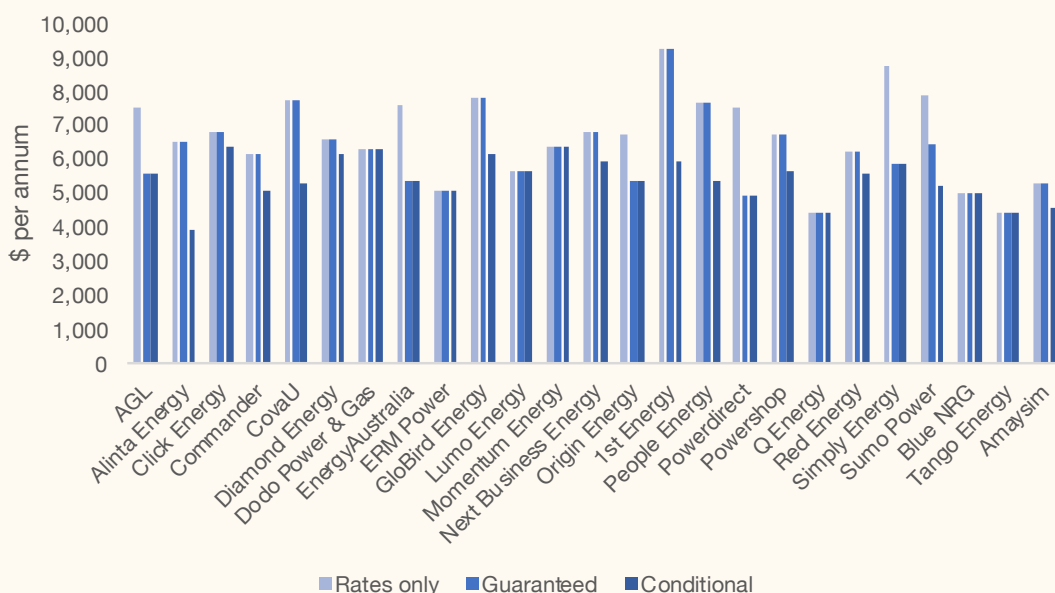
Thirteen of the 25 retailers operating in Victoria offer conditional pay on time discounts and for customers using 20,000kWh per annum the difference to the annual bill if they pay late can be as much as \$4,310 (1st Energy's offer in the Ausnet Services network). Other retailers with very high pay on time discounts are Covau, People Energy and Alinta. Chart 39 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).<sup>45</sup>

**Chart 39 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 April 2018, 20,000 kWh per annum, single rate and GST inclusive.**



Charts 40 - 44 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.<sup>46</sup>

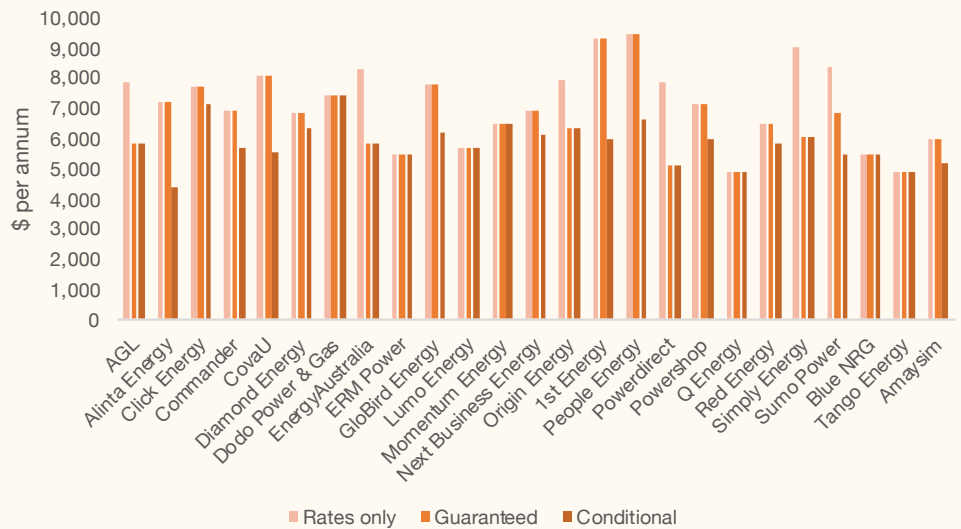
**Chart 40 Annual bills based on rates, guaranteed discounts and pay on time discounts in Victoria's Citipower network. Annual bills based on market offers as of April 2018, 20,000 kWh per annum, single rate and GST inclusive.**



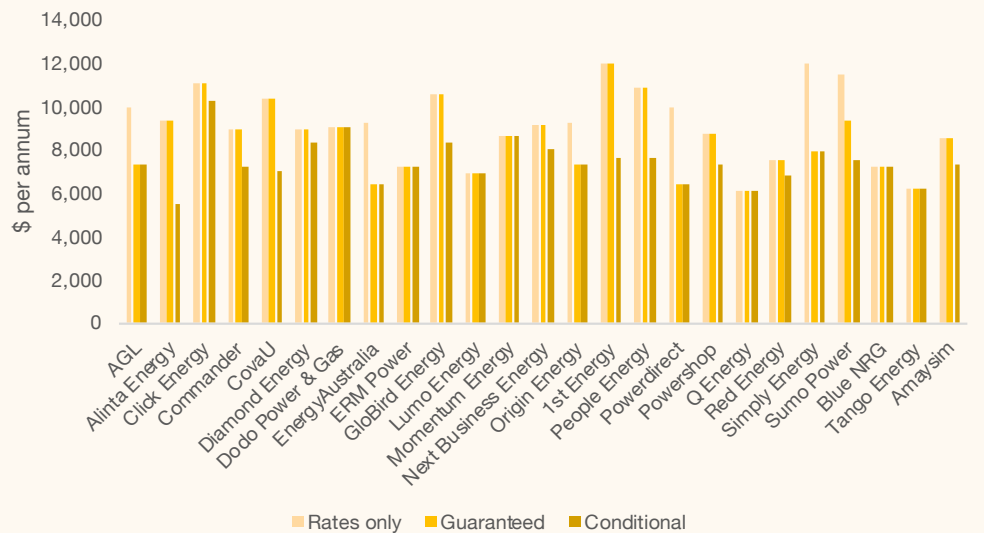
<sup>45</sup> Note that Powershop's conditional discount is an 'online saver' that is obtained by the customer when logging in (after being prompted by a monthly email) to pay the amount owed.

<sup>46</sup> Ibid.

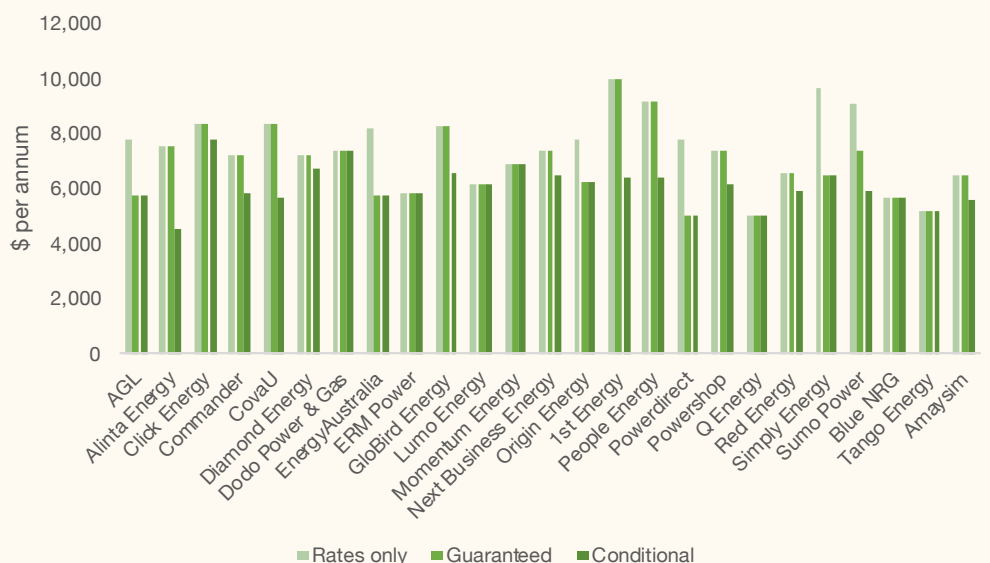
**Chart 41 Annual bills based on rates, guaranteed discounts and pay on time discounts in Victoria's Powercor network. Annual bills based on market offers as of April 2018, 20,000 kWh per annum, single rate and GST inclusive.**



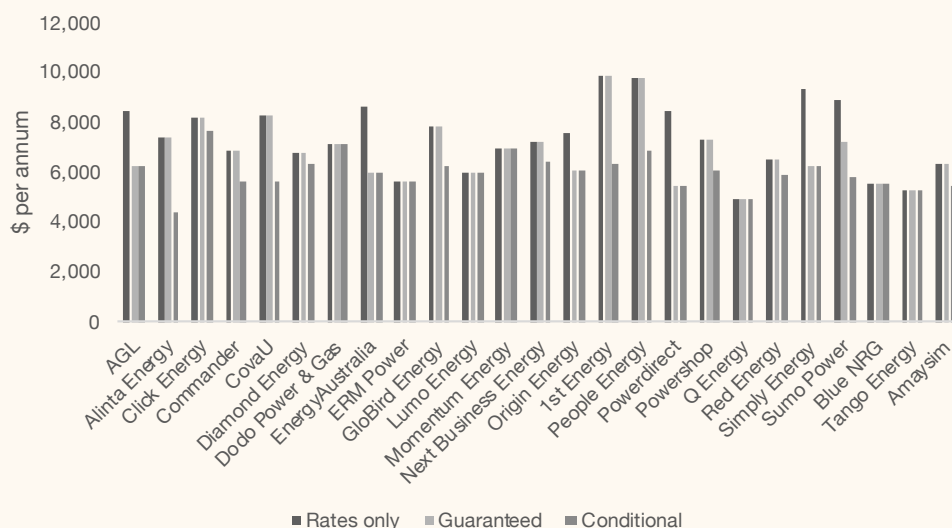
**Chart 42 Annual bills based on rates, guaranteed discounts and pay on time discounts in Victoria's Ausnet Services network. Annual bills based on market offers as of April 2018, 20,000 kWh per annum, single rate and GST inclusive.**



**Chart 43 Annual bills based on rates, guaranteed discounts and pay on time discounts in Victoria's Jemena network. Annual bills based on market offers as of April 2018, 20,000 kWh per annum, single rate and GST inclusive.**



**Chart 44 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 April 2018, 20,000 kWh per annum, single rate and GST inclusive.**



## Network charges

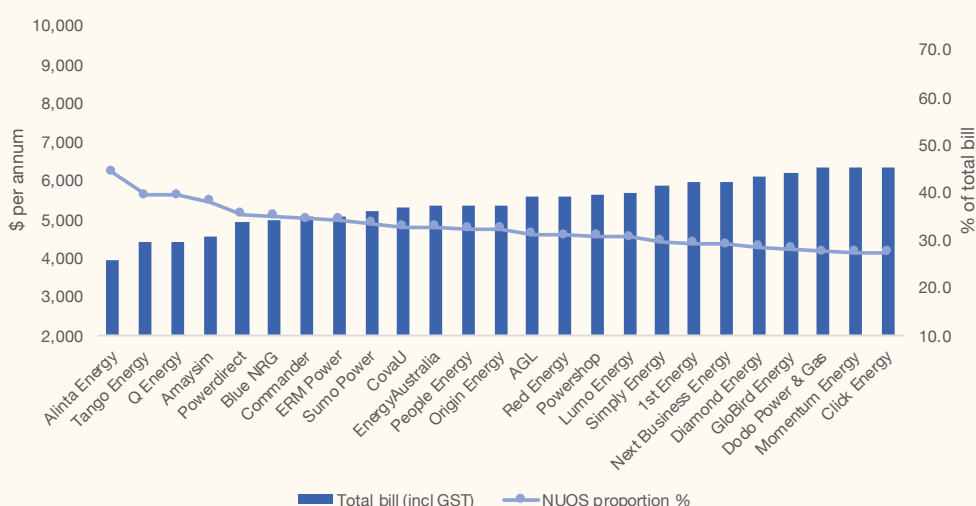
The five Victorian electricity networks (Citipower, Powercor, Ausnet Services, Jemena and United Energy), introduce new Network Use of System (NUOS) charges as of 1 January every year. These NUOS charges are approved by the Australian Energy Regulator (AER) and comprise Transmission Use of System (TUOS) 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 45 - 49 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 44% of Alinta's annual bill while they only make up 27.5% of Click Energy's offer.

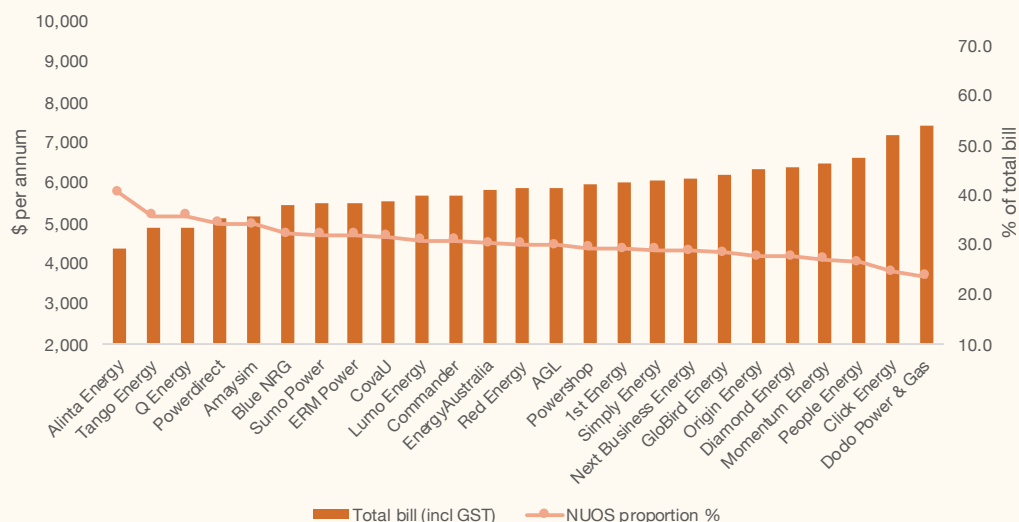
**Chart 45 Citipower: Annual retail bills (incl. GST) and NUOS as proportion of total bill, April 2018. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum).**<sup>47</sup>



In the Powercor network the NUOS charges account for approximately 40% of Alinta's annual bill while they only make up 23.5% of Dodo's offers.

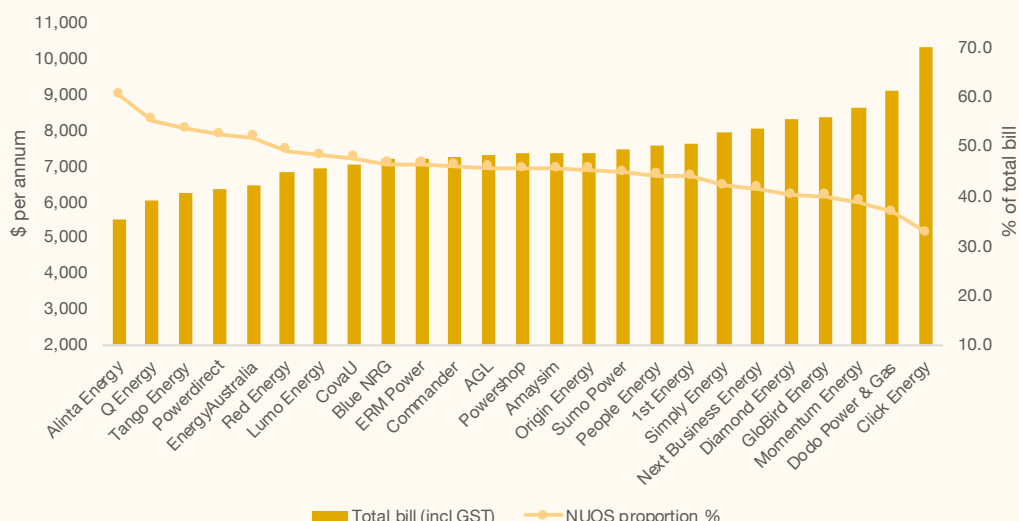
<sup>47</sup> Based on market offer rates as of April 2018, presented as annual bills for SMEs using 20,000kWh per annum (single rate). The annual NUOS charges are based on the Citipower's charges (tariff C1G) for the 2018 calendar year. The NUOS also includes fixed charges.

**Chart 46 Powercor:**  
Annual retail bills (incl. GST) and NUOS as proportion of total bill, April 2018. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum).<sup>48</sup>



In the Ausnet Services network where the NUOS charges are higher, the NUOS charges account for almost 60% of Alinta's annual bill while they only make up 32.5% of Click Energy's offer.

**Chart 47 Ausnet Services:**  
Annual retail bills (incl. GST) and NUOS as proportion of total bill, April 2018. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum).<sup>49</sup>



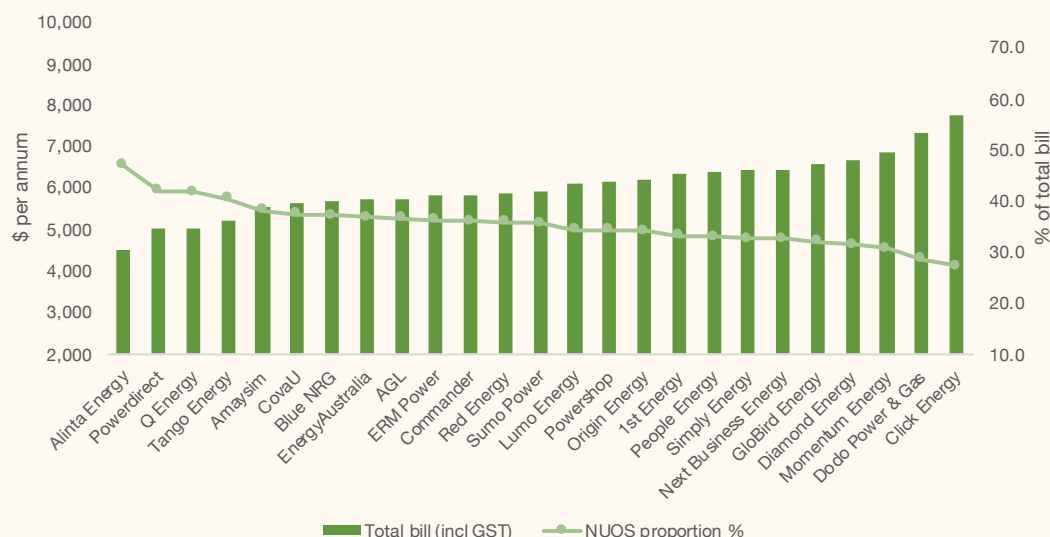
In the Jemena network the NUOS charges account for approximately 47% of Alinta's annual bills while they only make up 27% of Click Energy's offer.

<sup>48</sup> Based on market offer rates as of April 2018, 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 2018 calendar year. The NUOS also includes fixed charges.

<sup>49</sup> Based on market offer rates as of April 2018, 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 2018 calendar year. The NUOS also includes fixed charges.

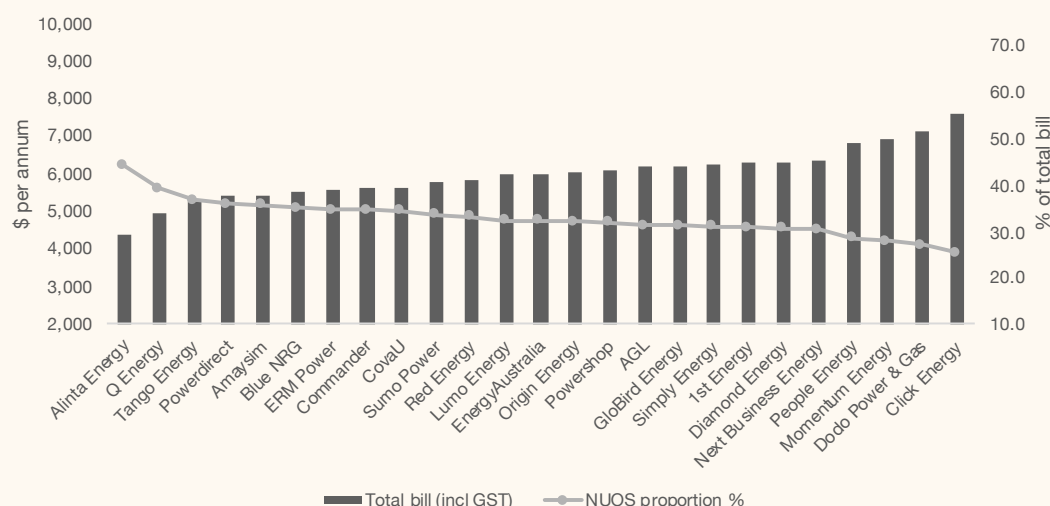


**Chart 48 Jemena:**  
Annual retail bills (incl. GST) and NUOS as proportion of total bill, April 2018. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum).<sup>50</sup>



In the United Energy network the NUOS charges account for almost 44% of Alinta's offer while they only make up 25.5% of Click Energy's offer.

**Chart 49 United Energy:**  
Annual retail bills (incl. GST) and NUOS as proportion of total bill, April 2018. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum).<sup>51</sup>



#### 4.2.2 Victorian gas bills April 2018

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).<sup>52</sup> 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.

<sup>50</sup> Based on market offer rates as of April 2018, 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 2018 calendar year. The NUOS also includes fixed charges.

<sup>51</sup> Based on market offer rates as of April 2018, 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 2018 calendar year. The NUOS also includes fixed charges.

<sup>52</sup> 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.



## The price-spread

The typical annual market offer bill for SMEs consuming 100 GJ per annum ranges from \$2,040 (including discounts) in the Ausnet Services Central 2 pricing zone to \$2,340 in the AGN Central 1 zone. The maximum price spread is highest in the AGN North pricing zone where the difference between the highest and lowest annual bill is \$780 per annum. The price spread is lowest in the two Multinet zones (\$600-610).

Chart 50 shows the average gas market offer bill for the eight main pricing zone as well as the maximum price spread for each area.

**Chart 50 Average annual bills and price spread in the Victorian gas pricing zones. Annual bills based on market offers as of April 2018 (including guaranteed discounts and pay on time discounts), 100 GJ per annum and GST inclusive.**

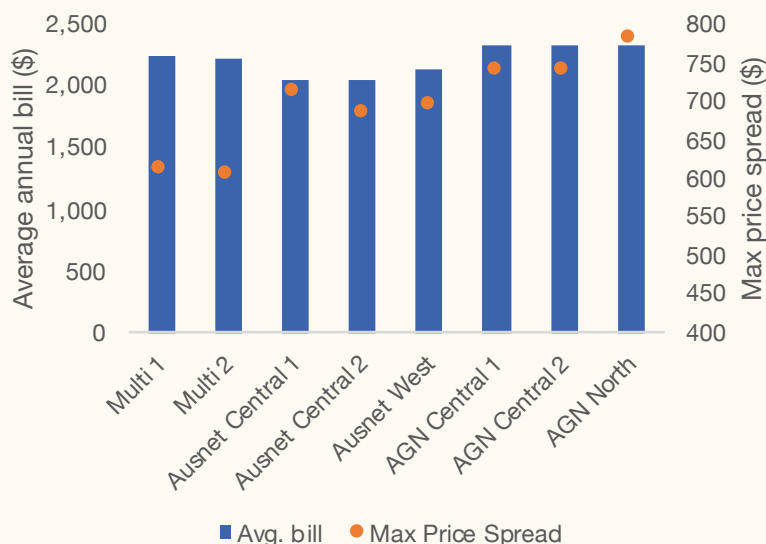
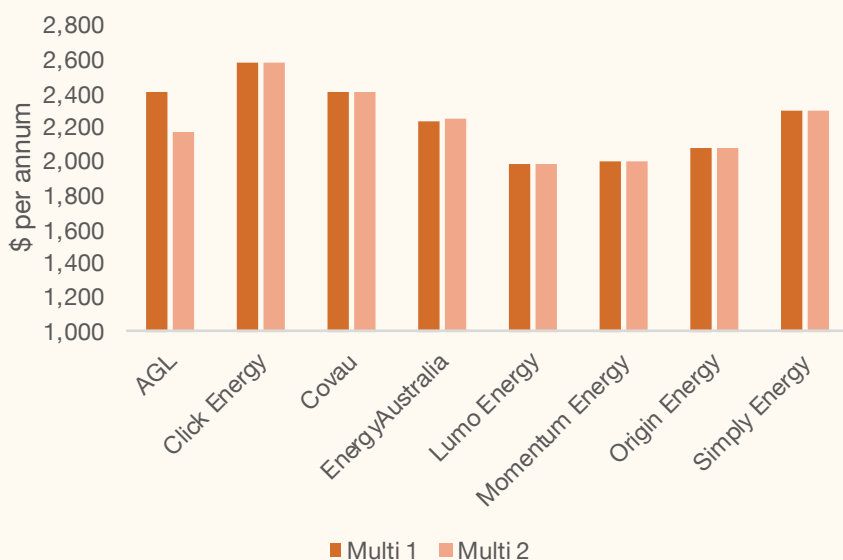


Chart 51 shows the retailers' gas market offer bills in the two Multinet pricing zones.<sup>53</sup>

**Chart 51 Annual gas bills in Victoria's Multinet pricing zones. Annual bills based on market offers as of April 2018 (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.<sup>54</sup>

<sup>53</sup> Note that Simply, Lumo and Momentum's offers are only available as part of dual fuel contracts.

<sup>54</sup> These market offers were collected in April 2018 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 10 Lowest to highest annual bills (incl GST) for market offers in the **Multinet 1 gas zone** (April 2018).

*Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum*









	Lumo Energy	<b>\$1,976</b>
	Momentum Energy	<b>\$2,002</b>
	Origin Energy	<b>\$2,079</b>
	Energy Australia	<b>\$2,233</b>
	Simply Energy	<b>\$2,301</b>
	AGL	<b>\$2,406</b>
	CovaU	<b>\$2,411</b>
	Click Energy	<b>\$2,587</b>

Figure 11 Lowest to highest annual bills (incl GST) for market offers in the **Multinet 2 gas zone** (April 2018).

*Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum*









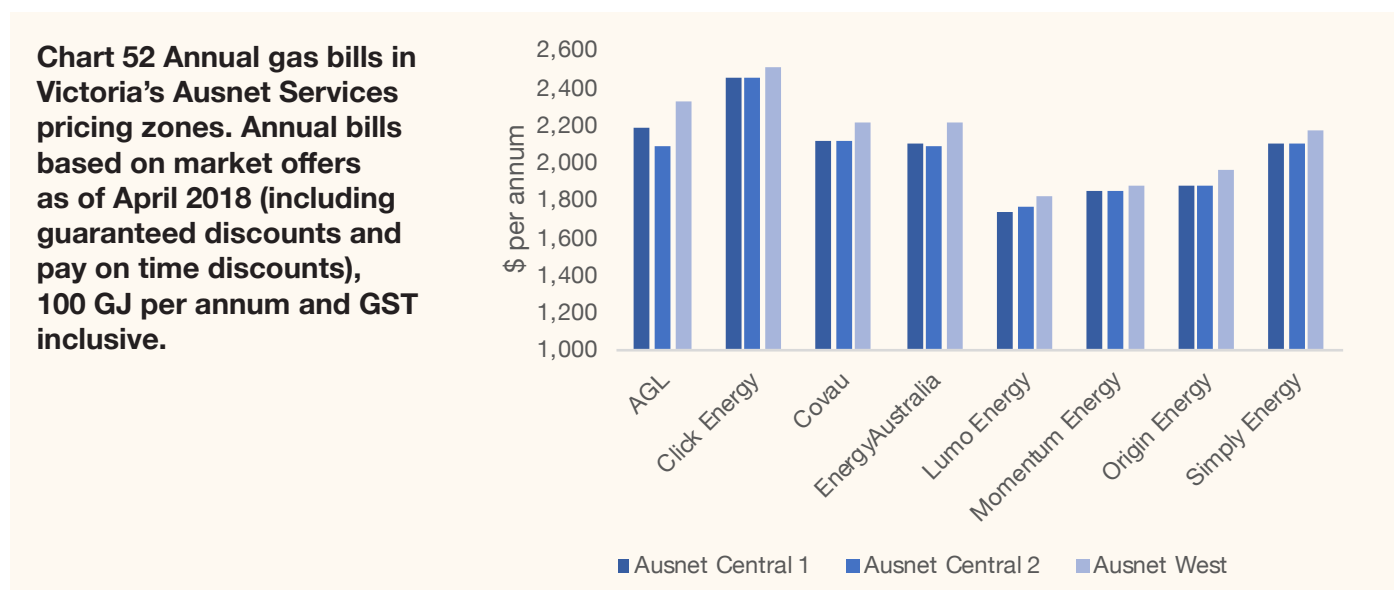
	Lumo Energy	<b>\$1,984</b>
	Momentum Energy	<b>\$2,002</b>
	Origin Energy	<b>\$2,079</b>
	AGL	<b>\$2,169</b>
	Energy Australia	<b>\$2,253</b>
	Simply Energy	<b>\$2,301</b>
	CovaU	<b>\$2,411</b>
	Click Energy	<b>\$2,587</b>

Chart 52 shows the retailers' gas market offer bills in the three Ausnet Services pricing zones.<sup>55</sup>



Figures 12 - 14 below rank the retail offers from lowest to highest annual gas bills in the three Ausnet Services pricing zones.<sup>56</sup>

<sup>55</sup> Note that Simply, Lumo and Momentum's offers are only available as part of dual fuel contracts.

<sup>56</sup> These market offers were collected in April 2018 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 12 Lowest to highest annual bills (incl GST) for market offers in the **Ausnet Services Central 1 gas zone** (April 2018).

*Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum*









	Lumo Energy	<b>\$1,738</b>
	Momentum Energy	<b>\$1,851</b>
	Origin Energy	<b>\$1,869</b>
	Simply Energy	<b>\$2,094</b>
	Energy Australia	<b>\$2,098</b>
	CovaU	<b>\$2,107</b>
	AGL	<b>\$2,181</b>
	Click Energy	<b>\$2,449</b>

Figure 13 Lowest to highest annual bills (incl GST) for market offers in the **Ausnet Services Central 2 gas zone** (April 2018).

*Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum*









	Lumo Energy	<b>\$1,765</b>
	Momentum Energy	<b>\$1,851</b>
	Origin Energy	<b>\$1,869</b>
	Energy Australia	<b>\$2,088</b>
	AGL	<b>\$2,090</b>
	Simply Energy	<b>\$2,094</b>
	CovaU	<b>\$2,107</b>
	Click Energy	<b>\$2,449</b>

Figure 14 Lowest to highest annual bills (incl GST) for market offers in the **Ausnet Services West gas zone** (April 2018).

*Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum*







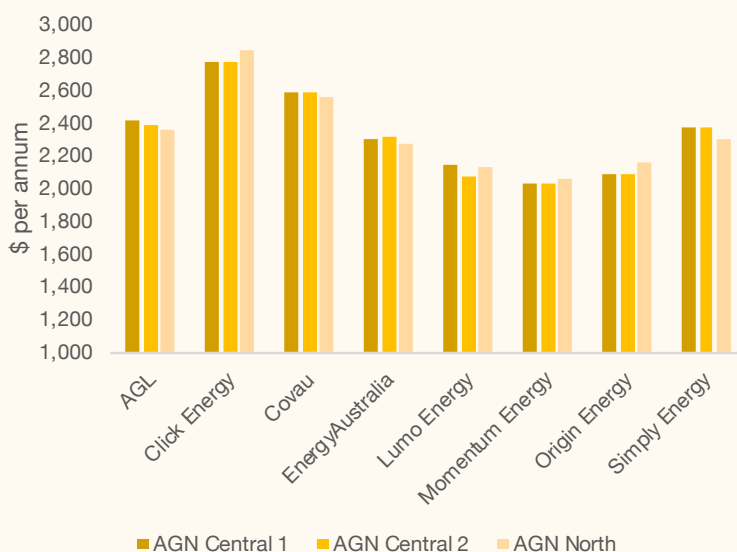
	Lumo Energy	<b>\$1,812</b>
	Momentum Energy	<b>\$1,875</b>
	Origin Energy	<b>\$1,959</b>
	Simply Energy	<b>\$2,164</b>
	CovaU	<b>\$2,205</b>
	Energy Australia	<b>\$2,208</b>
	AGL	<b>\$2,317</b>
	Click Energy	<b>\$2,507</b>

Chart 53 shows the retailers' gas market offer bills in the three AGN pricing zones.<sup>57</sup>

**Chart 53 Annual gas bills in Victoria's AGN pricing zones. Annual bills based on market offers as of April 2018 (including guaranteed discounts and pay on time discounts), 100 GJ per annum and GST inclusive.**



Figures 15 - 17 below rank the retail offers from lowest to highest annual gas bills in the three AGN pricing zones.<sup>58</sup>

<sup>57</sup> Note that Simply, Lumo and Momentum's offers are only available as part of dual fuel contracts.

<sup>58</sup> These market offers were collected in April 2018 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 15 Lowest to highest annual bills (incl GST) for market offers in the **AGN Central 1 gas zone** (April 2018).

Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum.








	Momentum Energy	\$2,028
	Origin Energy	\$2,084
	Lumo Energy	\$2,143
	Energy Australia	\$2,300
	Simply Energy	\$2,371
	AGL	\$2,412
	Covau	\$2,581
	Click Energy	\$2,769

Figure 16 Lowest to highest annual bills (incl GST) for market offers in the **AGN Central 2 gas zone** (April 2018).

Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum.















	Momentum Energy	\$2,028
	Lumo Energy	\$2,069
	Origin Energy	\$2,084
	Energy Australia	\$2,312
	Simply Energy	\$2,371
	AGL	\$2,382
	Covau	\$2,581
	Click Energy	\$2,769

Figure 17 Lowest to highest annual bills (incl GST) for market offers in the **AGN North gas zone** (April 2018).

Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum.

	Momentum Energy	\$2,064
	Lumo Energy	\$2,124
	Origin Energy	\$2,164
	Energy Australia	\$2,275
	Simply Energy	\$2,307
	AGL	\$2,354
	Covau	\$2,553
	Click Energy	\$2,845

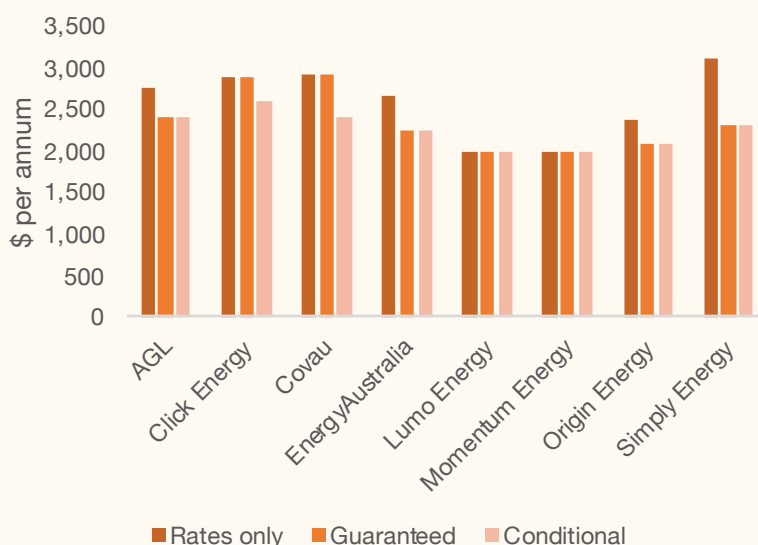
### Additional discounts

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 54 - 61 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.<sup>59</sup>

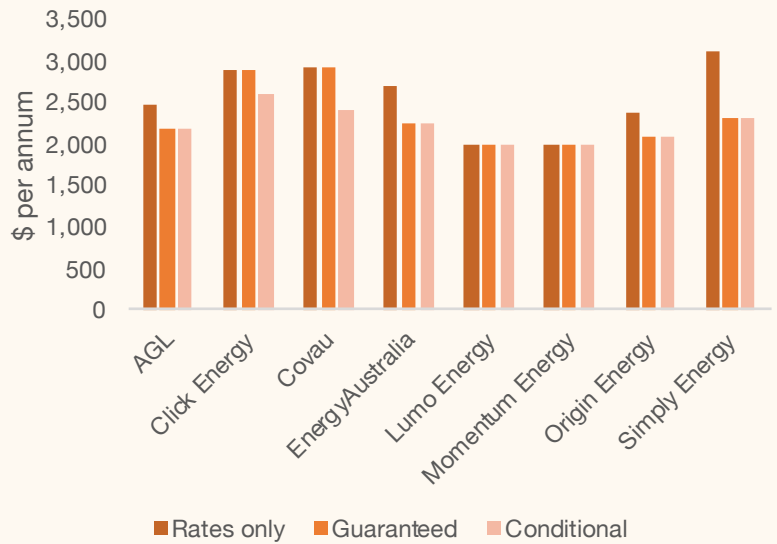
The Charts show that AGL, Energy Australia, Origin and Simply's guaranteed discounts are more than \$260 per annum for customers with this consumption level across all pricing zones. The greatest discounts (\$880) are offered to Simply's customers in the AGN Central gas zones. Momentum and Lumo, on the other hand, are the two retailers with the consistently lowest base rates.

**Chart 54 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 April 2018, 100 GJ per annum and GST inclusive.**

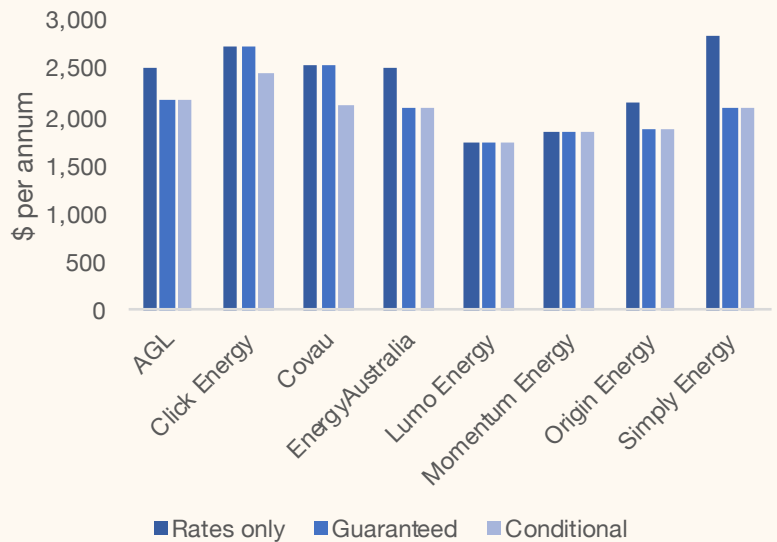


<sup>59</sup> Note that Simply, Lumo and Momentum's offers are only available as part of dual fuel contracts.

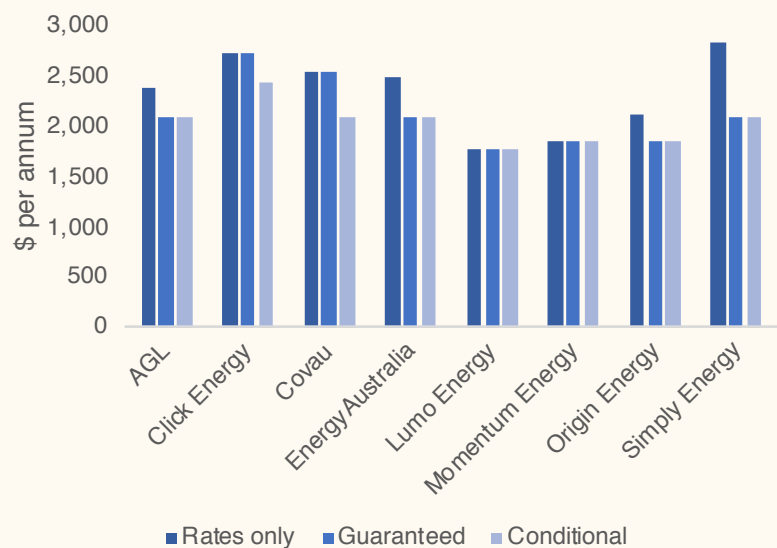
**Chart 55 Annual bills based on rates, guaranteed discounts and pay on time discounts in the Multinet 2 gas zone. Annual bills based on market offers as of April 2018, 100 GJ per annum and GST inclusive.**



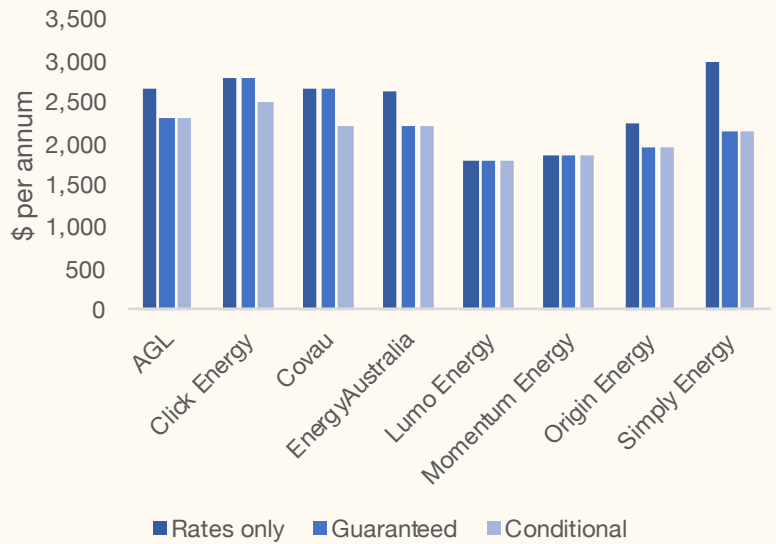
**Chart 56 Annual bills based on rates, guaranteed discounts and pay on time discounts in the Ausnet Services Central 1 gas zone. Annual bills based on market offers as of April 2018, 100 GJ per annum and GST inclusive.**



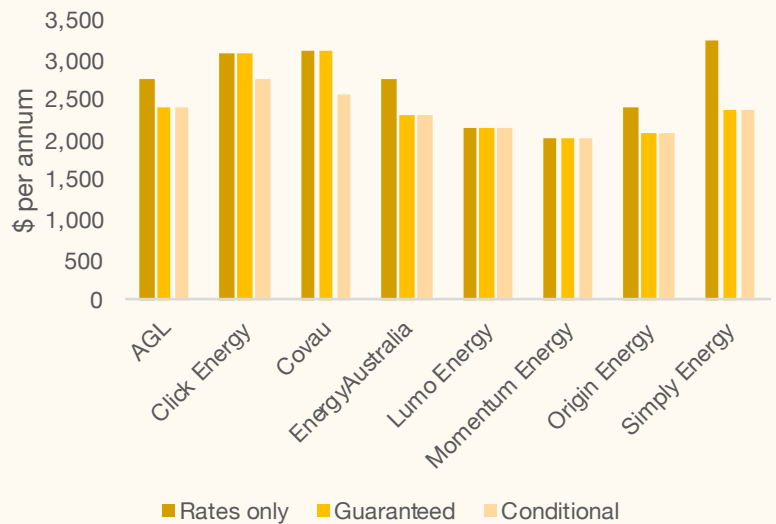
**Chart 57 Annual bills based on rates, guaranteed discounts and pay on time discounts in the Ausnet Serices Central 2 gas zone. Annual bills based on market offers as of April 2018, 100 GJ per annum and GST inclusive.**



**Chart 58 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 April 2018, 100 GJ per annum and GST inclusive.**



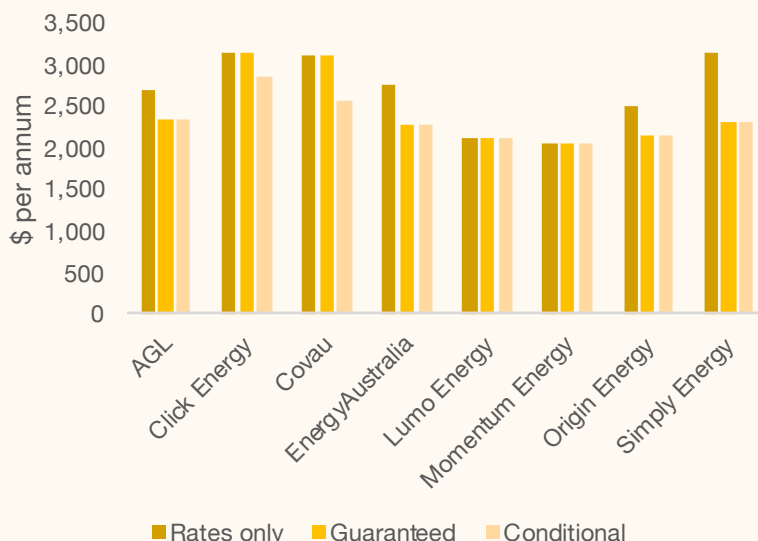
**Chart 59 Annual bills based on rates, guaranteed discounts and pay on time discounts in the AGN Central 1 gas zone. Annual bills based on market offers as of April 2018, 100 GJ per annum and GST inclusive.**



**Chart 60 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 April 2018, 100 GJ per annum and GST inclusive.**



**Chart 61 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 April 2018, 100 GJ per annum and GST inclusive.**



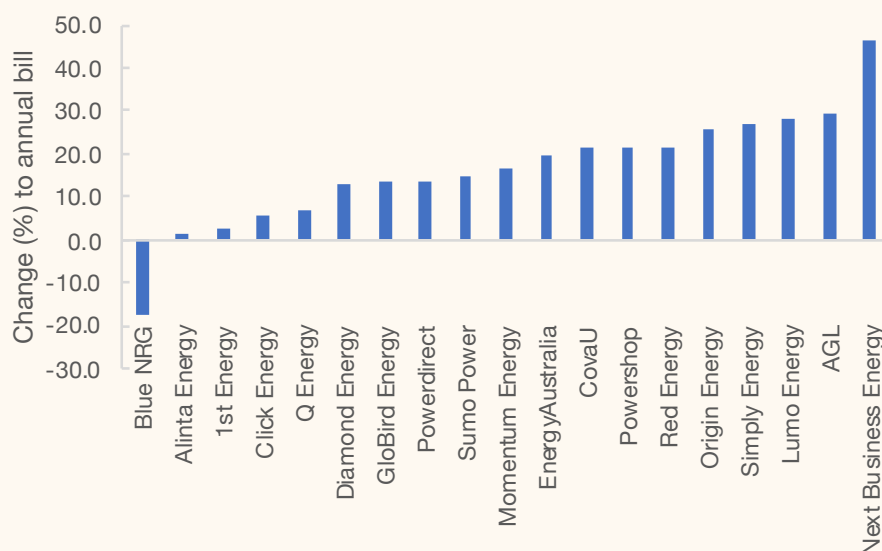
#### 4.2.3 Trends in energy bills in Victoria

This section compares annual energy bills as of April 2018 to bills as of October 2017.<sup>60</sup> 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.

In Victoria, new network tariffs took effect in January 2018 meaning that the electricity retail prices have been affected by an underlying price reset in this six month period. Only three retailers (Commander, ERM Power and People Energy) have not changed their offers on the last six months.

On average, retail electricity bills for SMEs consuming 20,000 kWh per annum (single rate) increased by around 6-13% in all network areas from October 2017 to April 2018. Some retailers' increases were, however, significantly higher than others and some retailers actually reduced their bills for this consumption level. Charts 62 to 66 below show changes (%) to retailers' bills for each network area.<sup>61</sup>

**Chart 62 Percentage change to average annual electricity bills, including guaranteed discounts and pay on time discounts, from October 2017 to April 2018 in Citipower's network area. Annual bills based on market offers as of October 2017 and April 2018, 20,000 kWh per annum, single rate and GST inclusive.**



<sup>60</sup> Note that these price changes may differ from the overall averages in the national comparison (section 3 above). This is because the average bill in this section is based on retailers offering retail contracts as of both October 2017 and April 2018 while the national comparison includes retailers all retailers offering retail contracts as of October 2017 and April 2018. For example; Amaysim, being a new retailer, would be included in the April 2018 average bill data used for national comparison but not in this more detailed jurisdictional analysis (as they did not have any offers in October 2017).

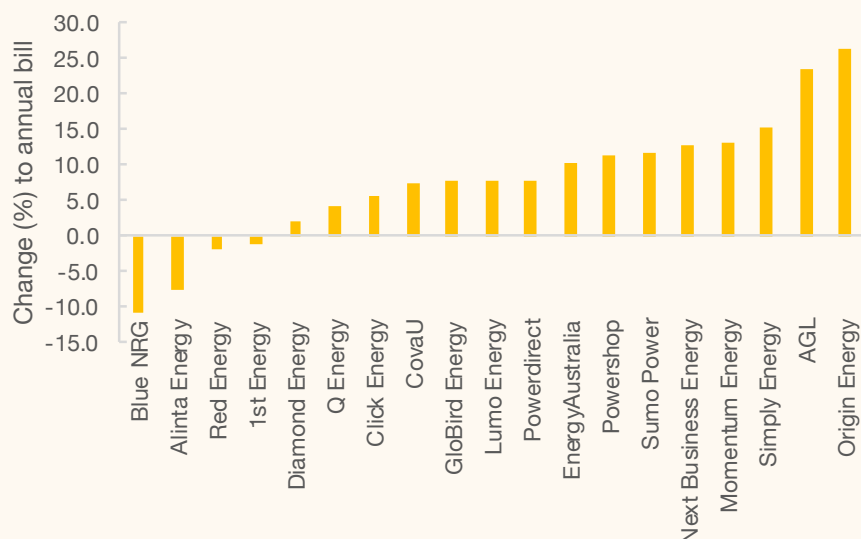
<sup>61</sup> The Charts only include retailers that have changed their prices during this period. Commander, ERM Power and People Energy's prices have remained unchanged.



**Chart 63 Percentage change to average annual electricity bills, including guaranteed discounts and pay on time discounts, from October 2017 to April 2018 in Powercor's network area. Annual bills based on market offers as of October 2017 and April 2018, 20,000 kWh per annum, single rate and GST inclusive.**



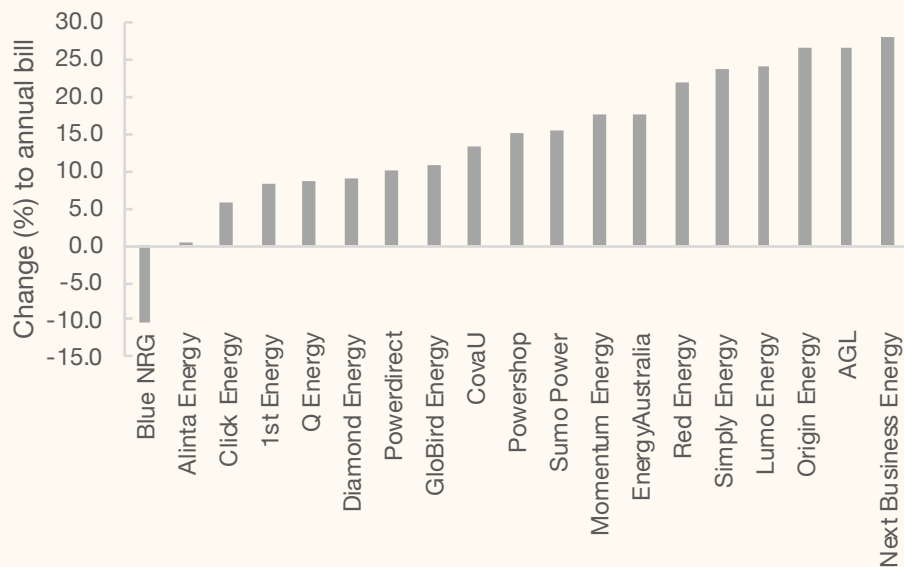
**Chart 64 Percentage change to average annual electricity bills, including guaranteed discounts and pay on time discounts, from October 2017 to April 2018 in Ausnet Services' network area. Annual bills based on market offers as of October 2017 and April 2018, 20,000 kWh per annum, single rate and GST inclusive.**



**Chart 65 Percentage change to average annual electricity bills, including guaranteed discounts and pay on time discounts, from October 2017 to April 2018 in Jemena's network area. Annual bills based on market offers as of October 2017 and April 2018, 20,000 kWh per annum, single rate and GST inclusive.**



**Chart 66 Percentage change to average annual electricity bills, including guaranteed discounts and pay on time discounts, from October 2017 to April 2018 in United Energy's network area. Annual bills based on market offers as of October 2017 and April 2018, 20,000 kWh per annum, single rate and GST inclusive.**



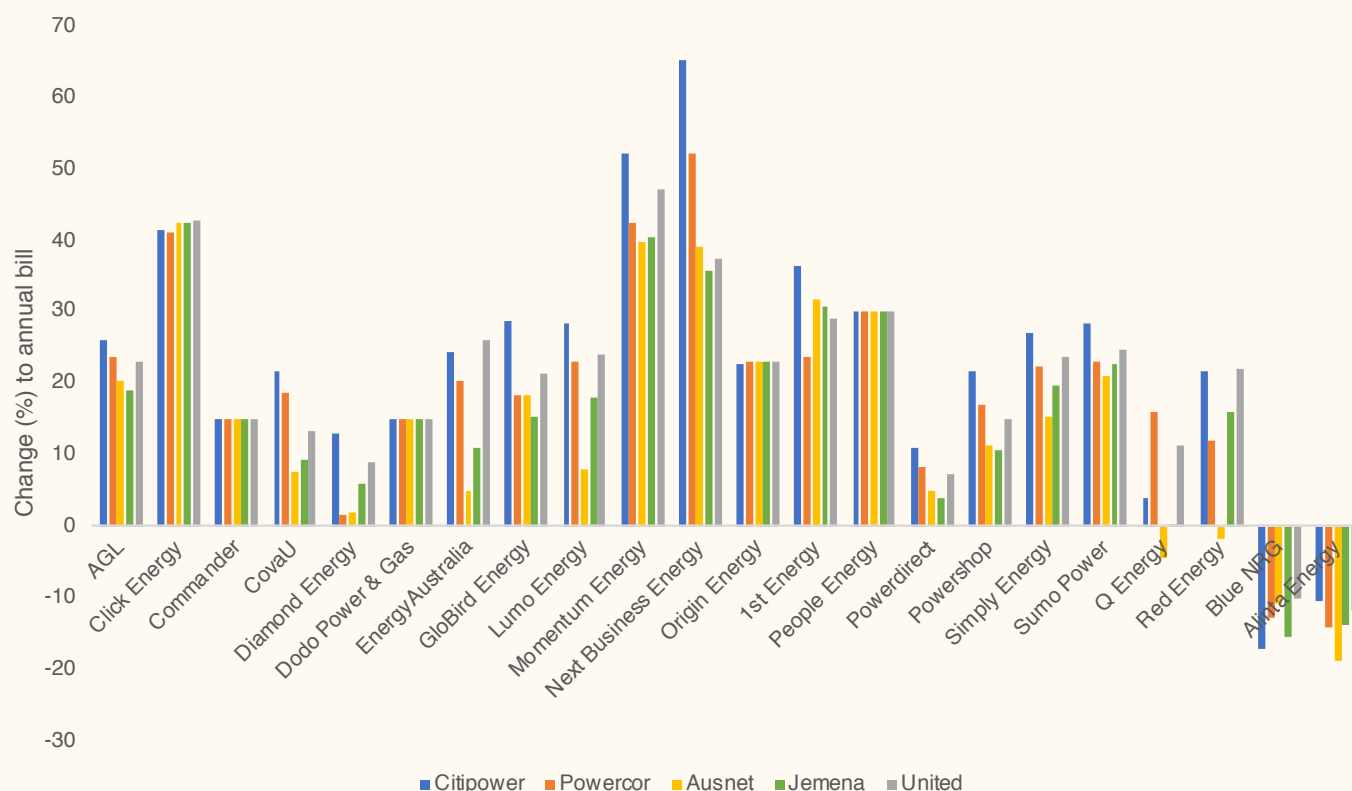
These percentage changes translate into bill increases as high as \$1,890 per annum (Next Business Energy in the Citipower network) and price reductions of up to \$1,050 per annum (Blue NRG in Jemena) for customers using 20,000 kWh per annum. Table 2 below shows changes to annual bills (\$) for each retailer in each network area.

**Table 2 Retailers' changes (\$) to annual electricity bills, including guaranteed discounts and pay on time discounts, from October 2017 to April 2018 in Victoria. Annual bills based on market offers as of October 2017 and April 2018, 20,000 kWh per annum, single rate and GST inclusive**

	<b>Citipower</b>	<b>Powercor</b>	<b>Ausnet Services</b>	<b>Jemena</b>	<b>United Energy</b>
Next Business Energy	1887	1556	919	1103	1387
AGL	1277	1241	1398	1047	1290
Simply Energy	1256	1102	1047	1057	1187
Lumo Energy	1251	1061	506	938	1153
Origin Energy	1104	1310	1530	1285	1253
Powershop	1003	859	747	582	794
Red Energy	999	626	-124	809	1045
CovaU	942	875	496	469	660
Momentum Energy	911	612	1014	650	1028
EnergyAustralia	874	848	612	753	893
GloBird Energy	739	325	601	329	598
Diamond Energy	704	89	163	369	514
Sumo Power	669	672	794	683	769
Powerdirect	595	515	466	321	498
Click Energy	337	379	547	412	404
Q Energy	290	422	256	356	385
1st Energy	164	-417	-94	-60	475
Alinta Energy	53	-104	-439	-100	10
Commander	0	0	0	0	0
Dodo Power & Gas	0	0	0	0	0
ERM Power	0	0	0	0	0
People Energy	0	0	0	0	0
Blue NRG	-1045	-803	-861	-1050	-630

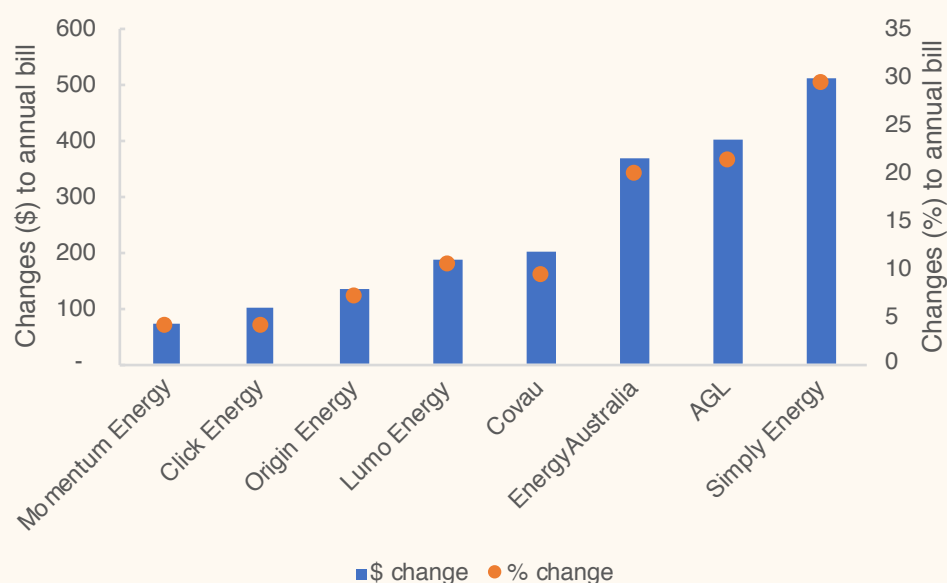
In terms of changes to electricity offers since April 2017, the average increases are between 14% and 22% depending on network areas. Chart 67 below shows changes to annual bills (%) for each retailer in each network area from April 2017 to April 2018.

**Chart 67 Change to average annual gas bill, including guaranteed discounts and pay on time discounts, from October 2017 to April 2018 across eight gas zones. Annual bills based on market offers as of October 2017 and April 2018, 100 GJ per annum and GST inclusive.**



In relation to gas, all retailers changed their offers between October 2017 and April 2018. Annual gas bills for businesses using 100 GJ per annum have increase by \$230-260 (depending on gas zone) during this period. That equates to a bill increase of 11-14%. In terms of individual retailers, Simply Energy has introduced the highest price increases at an average of 29% across all eight gas zones.<sup>62</sup>

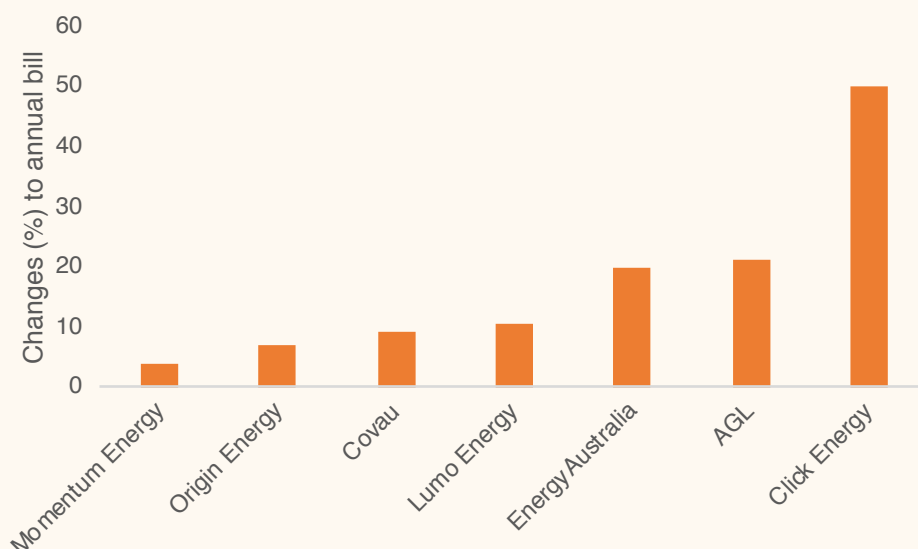
**Chart 68 Change to average annual gas bill, including guaranteed discounts and pay on time discounts, from October 2017 to April 2018 across eight gas zones. Annual bills based on market offers as of October 2017 and April 2018, 100 GJ per annum and GST inclusive.**



In terms of changes to electricity offers since April 2017, however, the average increases are highest for Click Energy (50%). Chart 69 below shows changes to annual bills (%) for each retailer across eight gas zones from April 2017 to April 2018.

<sup>62</sup> The gas zones included in this analysis are: Multinet 1 and 2, AGN Central 1 and 2, AGN North, Ausnet Services Central 1 and 2, and Ausnet Services West.

**Chart 69 Change to average annual gas bill, including guaranteed discounts and pay on time discounts, from April 2017 to April 2018 across eight gas zones. Annual bills based on market offers as of April 2017 and April 2018, 100 GJ per annum and GST inclusive.**



### 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 Energy 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 Energy	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 April 2018

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 AEMO<sup>63</sup> 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:

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

<sup>63</sup> 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](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 \$5,960.<sup>64</sup> Chart 70 shows annual bills for seventeen retailers in South East Queensland (Energex network) and that the maximum price spread is approximately \$2,650 per annum. However, if we exclude the single most expensive and single least expensive offers, the maximum price-spread is reduced to \$1,120.

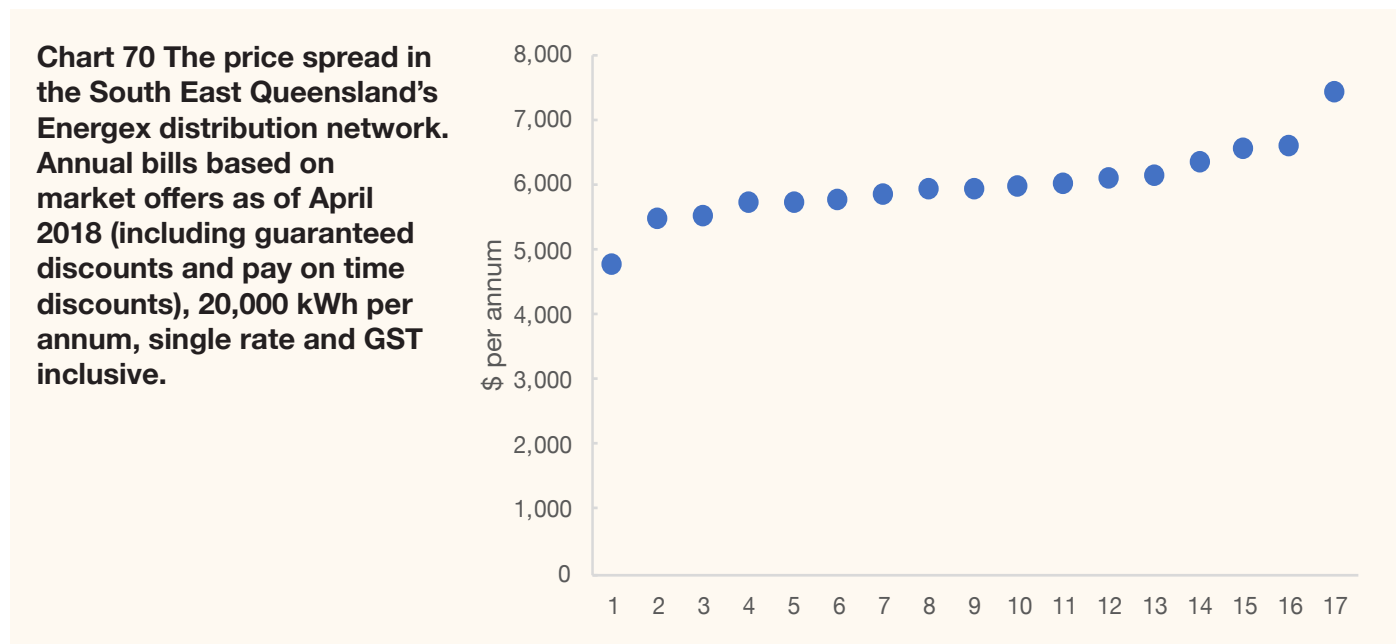





Figure 18 below ranks the retail offers from lowest to highest annual electricity bills.<sup>65</sup>

<sup>64</sup> 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.

<sup>65</sup> These market offers were collected in April 2018 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 18 Lowest to highest annual bills (incl GST) for market offers in **Queensland's Energex network** (April 2018)

*Including discounts and pay on time discounts - SMEs consuming 20,000kWh per annum (single rate)*

	QEnergy	<b>\$4,734</b>
	Alinta Energy	<b>\$5,445</b>
	ERM Power	<b>\$5,501</b>
	Lumo Energy	<b>\$5,688</b>
	Origin Energy	<b>\$5,701</b>
	Red Energy	<b>\$5,738</b>
	Energy Locals	<b>\$5,817</b>
	AGL	<b>\$5,896</b>
	Powerdirect	<b>\$5,896</b>
	1st Energy	<b>\$5,936</b>
	Simply Energy	<b>\$6,008</b>
	Powershop	<b>\$6,070</b>
	Energy Australia	<b>\$6,130</b>
	Diamond Energy	<b>\$6,302</b>
	Next Business Energy	<b>\$6,512</b>
	Amaysim	<b>\$6,563</b>
	Click Energy	<b>\$7,389</b>

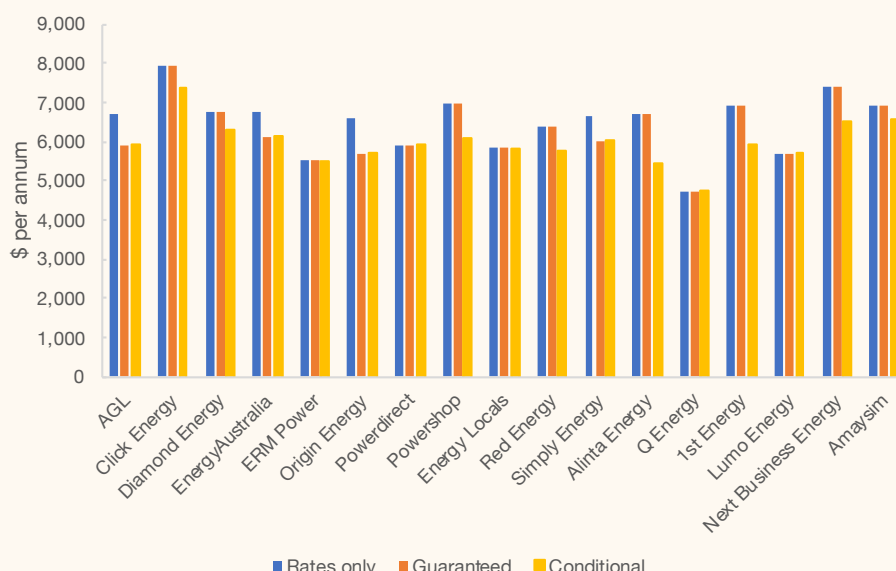
### **Additional discounts**

All retailers except ERM Power, Powerdirect, Energy Locals, QEnergy and Lumo 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, Red Energy, Next Energy and Amaysim) offer additional discounts conditional upon bills being paid on time.<sup>66</sup> 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 \$1,230 higher if bills are not paid by the due date. Chart 71 shows annual bills based on their rates only, inclusive of guaranteed discounts and inclusive of guaranteed as well as pay on time discount.

<sup>66</sup> 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.



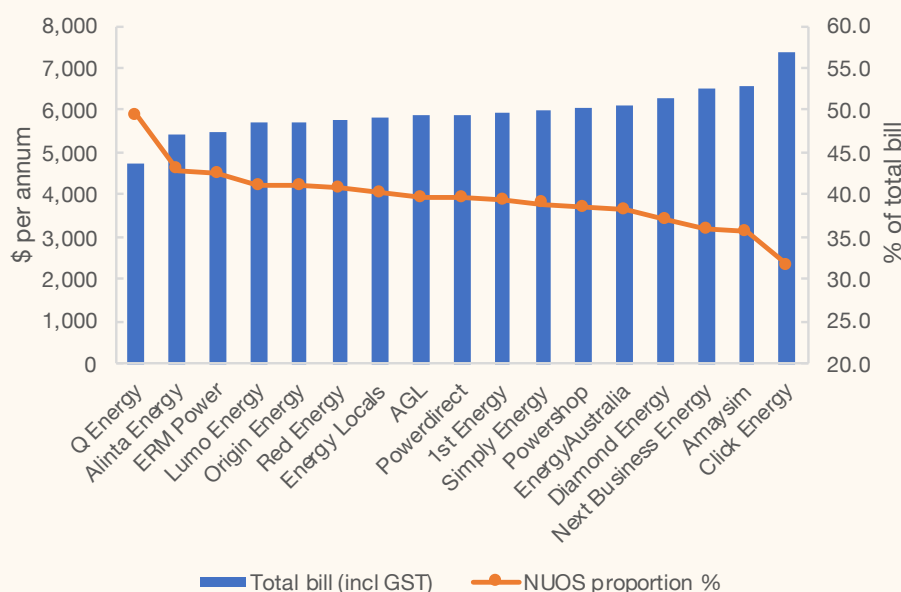
**Chart 71 Annual bills based on rates, guaranteed discounts and pay on time discounts in South East Queensland (Energex). Annual bills based on market offers as of April 2018, 20,000 kWh per annum, single rate and GST inclusive.**



### 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.

**Chart 72 South East Queensland (Energex): Annual retail bills (incl. GST) and NUOS as proportion of total bill, April 2018. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum).<sup>67</sup>**



### 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 73 shows that the average market offer in the Energex network (including discounts) is \$620 less than the regulated offer in the Ergon Energy network for businesses using 20,000 kWh per annum.

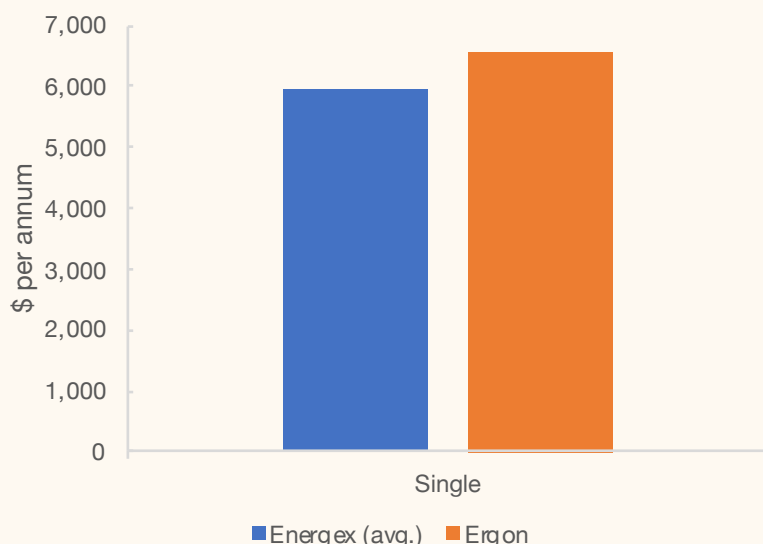
<sup>67</sup> Based on market offer rates as of April 2018, presented as annual bills for SMEs using 20,000kWh per annum (single rate). The annual NUOS charges are based on the Energex's charges (tariff NTC 8500) for the 2017/18 financial year. The NUOS also includes fixed charges.

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.

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.<sup>68</sup>

**Chart 73 Annual bills for the single rate tariff in the Energex and Ergon Energy networks. Annual bills based on the regulated offer (Ergon Energy) and market offers including discounts (Energex) as of April 2018, 20,000 kWh per annum and GST inclusive.**



#### 4.3.2 Queensland gas bills April 2018

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.

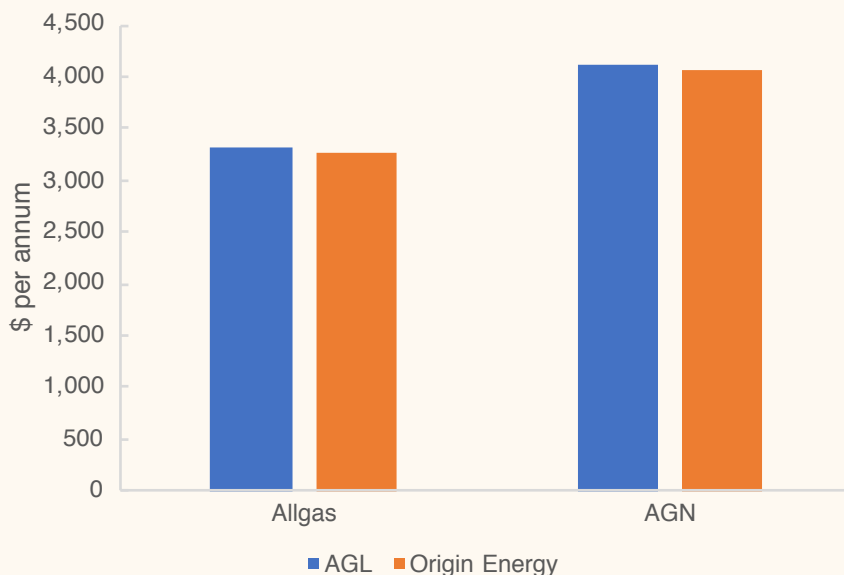
The typical annual market offer bill for SMEs consuming 100 GJ per annum is approximately \$3,280 (including discounts) in the Allgas zone and \$4,090 in the AGN zone<sup>69</sup>. This is a significant difference for two gas zones that cover neighbouring areas.

Chart 74 shows AGL and Origin's annual bills for the two pricing zones and the difference between the two retailers' annual bills is minimal.

<sup>68</sup> QCA, SEQ retail electricity market monitoring: 2016–17, November 2017.

<sup>69</sup> 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 74 AGL and Origin gas bills in Queensland's Allgas and AGN pricing zones. Annual bills based on market offers as of April 2018 (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.<sup>70</sup>



**Figure 19 Lowest to highest annual bills (incl GST) for market offers in the Allgas pricing zone (April 2018).**

*Bills including guaranteed discounts - SMEs consuming 100 GJ per annum*

	Origin Energy	<b>\$3,255</b>
	AGL	<b>\$3,310</b>

**Figure 20 Lowest to highest annual bills (incl GST) for market offers in the AGN pricing zone (April 2018).**

*Bills including guaranteed discounts - SMEs consuming 100 GJ per annum*

	Origin Energy	<b>\$4,058</b>
	AGL	<b>\$4,115</b>

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 75 Origin gas bills in Queensland's AGN Northern and AGN Wide Bay pricing zones. Annual bills based on market offers as of April 2018 (including guaranteed discounts), 100 GJ per annum and GST inclusive.**



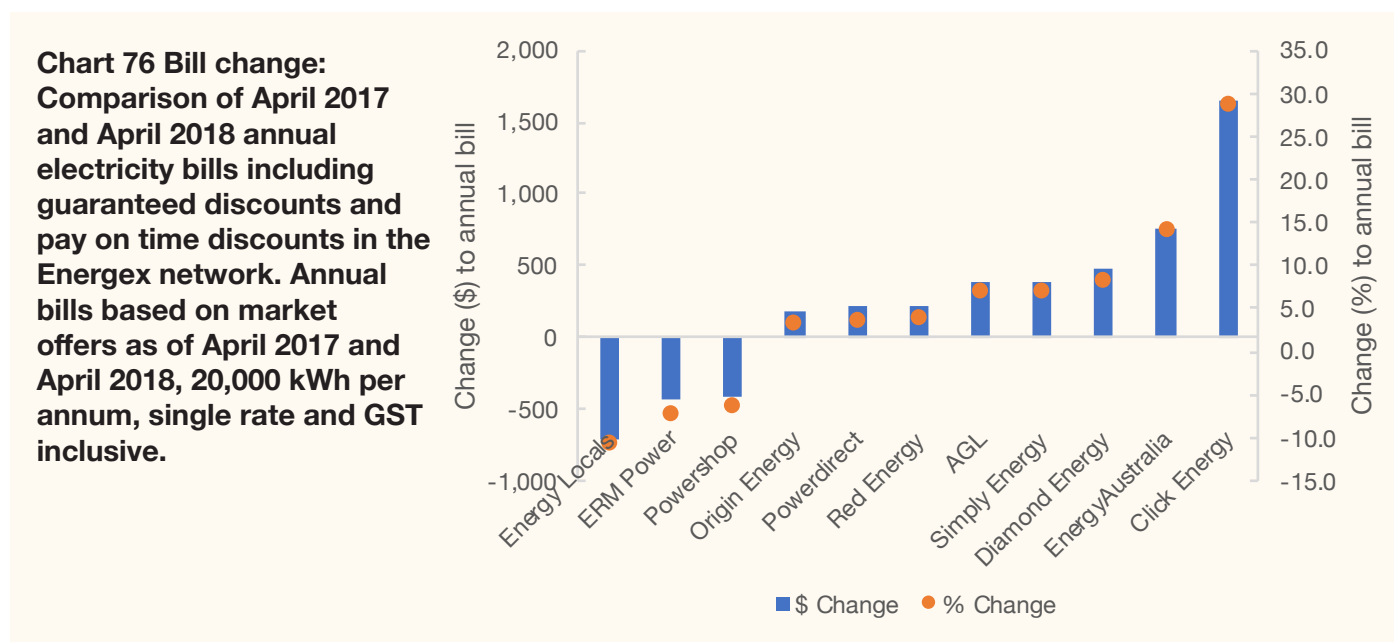
<sup>70</sup> These market offers were collected in April 2018 and it should be noted that retailers may change their rates at any time. Additional discounts for customers choosing to pay by direct debit are not included in these bill calculations.

### 4.3.3 Trends in energy bills in Queensland

This section compares annual energy bills as of April 2018 to bills as of October 2017.<sup>71</sup> 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, as well as the trend over the twelve months to April 2018.

As Queensland electricity prices have not had an underlying price reset, such as new network tariffs taking effect, during this period, only three retailers have changed their offers (rates, discounts or both). The annual bill for Click Energy has increased while ERM Power and Origin's have decreased. For businesses using 20,000 kWh per annum, the Click Energy bill has increased by approximately \$705, or 10.5%. ERM Power's bill, on the other hand, has decreased by \$865 or 13.6%. Origin had a more modest decrease of 2.1% (approximately \$120 per annum).<sup>72</sup>

In terms of changes to electricity offers since April 2017, however, a majority of the retailers have increased their prices. Chart 76 below shows changes to annual bills for each retailer from April 2017 to April 2018.<sup>73</sup>



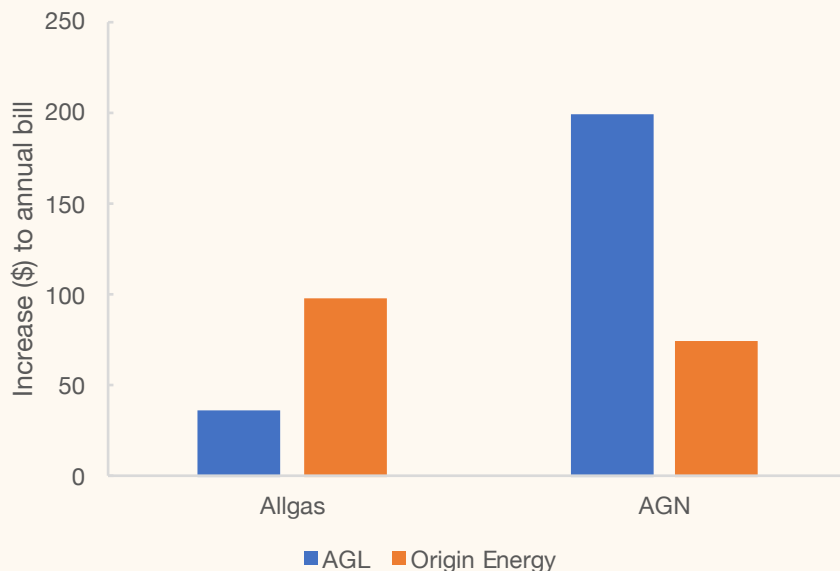
In relation to gas, both AGL and Origin's offers have remained unchanged since October 2017. This means that the annual increase (from April 2017 to April 2018) is relatively modest at 1 – 5%, depending on the pricing zone. Chart 77 below shows \$ increases to annual gas bills in the South Brisbane/Allgas and North Brisbane/AGN zones from April 2017 to April 2018.

<sup>71</sup> Note that these price changes may differ from the overall averages in the national comparison (section 3 above). This is because the average bill in this section is based on retailers offering retail contracts as of both October 2017 and April 2018 while the national comparison includes retailers all retailers offering retail contracts as of October 2017 and April 2018. For example; Amaysim, being a new retailer, would be included in the April 2018 average bill data used for national comparison but not in this more detailed jurisdictional analysis (as they did not have any offers in October 2017).

<sup>72</sup> Based on market offers inclusive of guaranteed and conditional pay on time discounts.

<sup>73</sup> 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 April 2018 have been included in this comparison.

**Chart 77 Comparison of April 2017 and April 2018 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 April 2018, 100 GJ per annum and GST inclusive.**



## 4.4 South Australia

South Australia deregulated electricity and gas retail prices in 2013. South Australia 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 April 2018

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 AEMO<sup>74</sup> 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:

<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 approximately \$8,645.<sup>75</sup> Chart 78 shows annual bills for sixteen retailers in the South Australia Power Networks (SAPN) and that the maximum price spread is \$2,555 per annum.

<sup>74</sup> 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](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)

<sup>75</sup> 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 78 The price spread in South Australia Power Networks (SAPN). Annual bills based on market offers as of April 2018 (including guaranteed discounts and pay on time discounts), 20,000 kWh per annum, single rate and GST inclusive.**

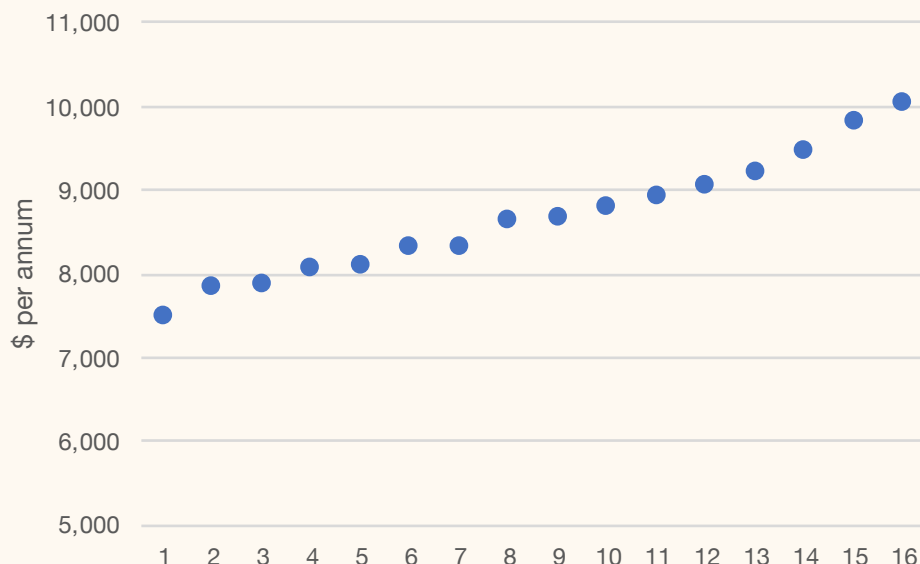


















Figure 21 below ranks the retail offers from lowest to highest annual electricity bills.<sup>76</sup>

**Figure 21 Lowest to highest annual bills (incl GST) for South Australian market offers in April 2018 including discounts and pay on time discounts - SMEs consuming 20,000kWh per annum (single rate)**

	Alinta Energy	<b>\$7,459</b>
	Origin Energy	<b>\$7,817</b>
	Lumo Energy	<b>\$7,859</b>
	Simply Energy	<b>\$8,041</b>
	Commander Electricity	<b>\$8,094</b>
	AGL	<b>\$8,311</b>
	Powerdirect	<b>\$8,311</b>
	Diamond Energy	<b>\$8,607</b>
	Red Energy	<b>\$8,649</b>
	Amaysim	<b>\$8,778</b>
	Energy Australia	<b>\$8,897</b>
	QEnergy	<b>\$9,025</b>
	BlueNRG	<b>\$9,200</b>
	Momentum Energy	<b>\$9,439</b>
	Click Energy	<b>\$9,816</b>
	ERM Power	<b>\$10,015</b>

<sup>76</sup> These market offers were collected in April 2018 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

Six of the sixteen 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). Other retailers with high pay on time discounts are Commander and Amaysim. Chart 79 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 79 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 April 2018, 20,000 kWh per annum, single rate and GST inclusive.**

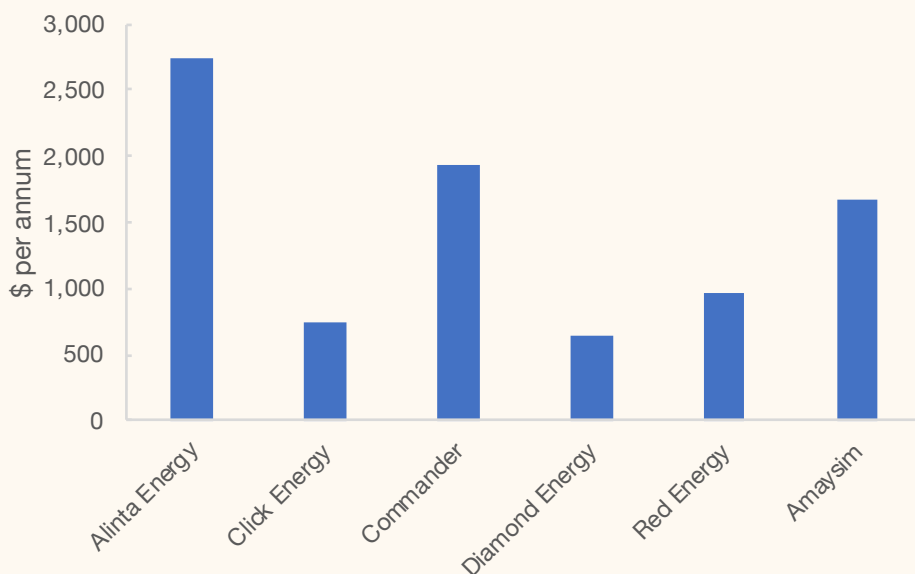
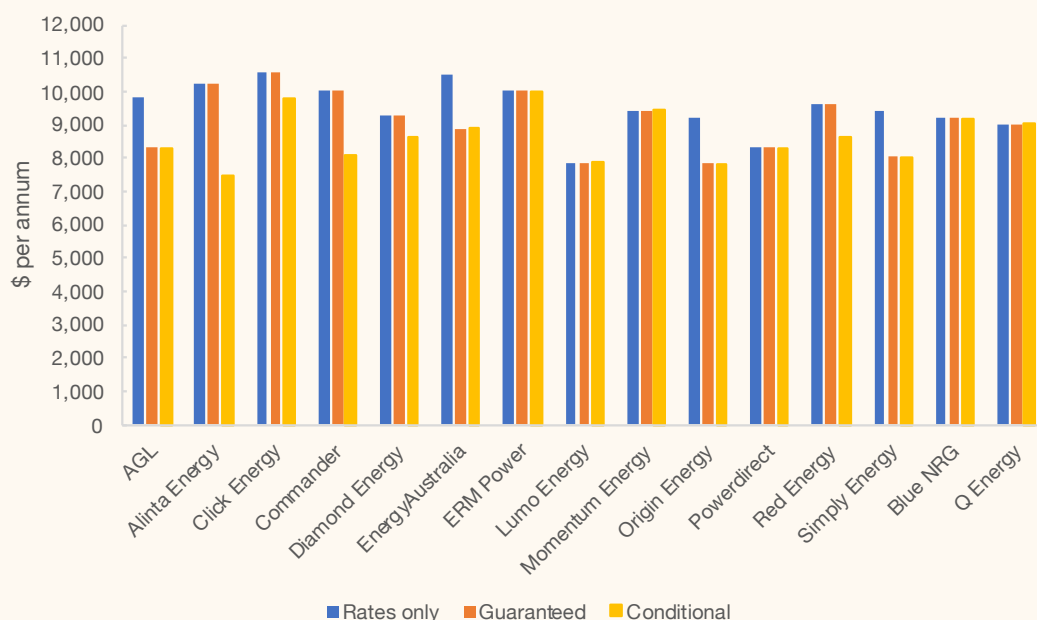


Chart 80 shows annual bills based on their rates only, inclusive of guaranteed discounts and inclusive of guaranteed as well as pay on time discounts.

**Chart 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 April 2018, 20,000 kWh per annum, single rate and GST inclusive.**



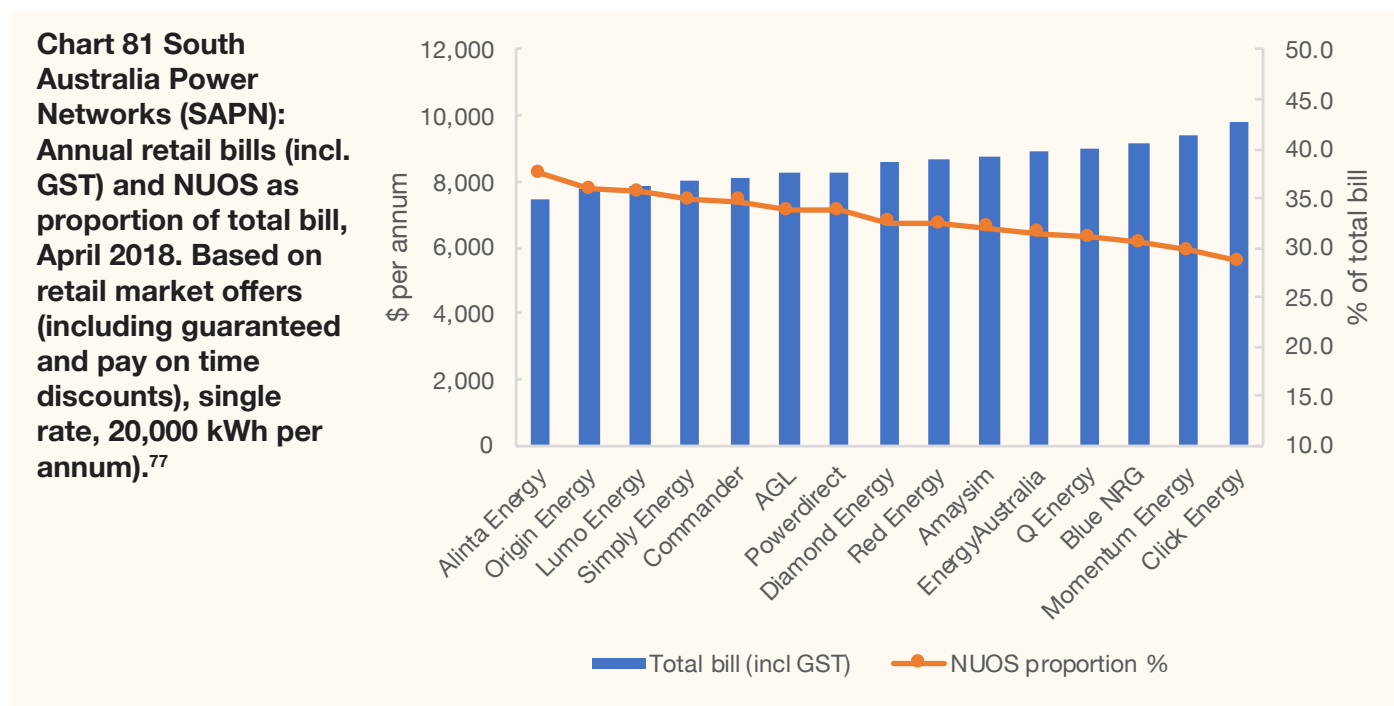
### Network charges

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 Alinta is approximately 37.5% while the NUOS only comprises 28% of the total bill for ERM Power customers.

Chart 81 shows annual retail bills (columns) and NUOS as proportion of annual bill (line).

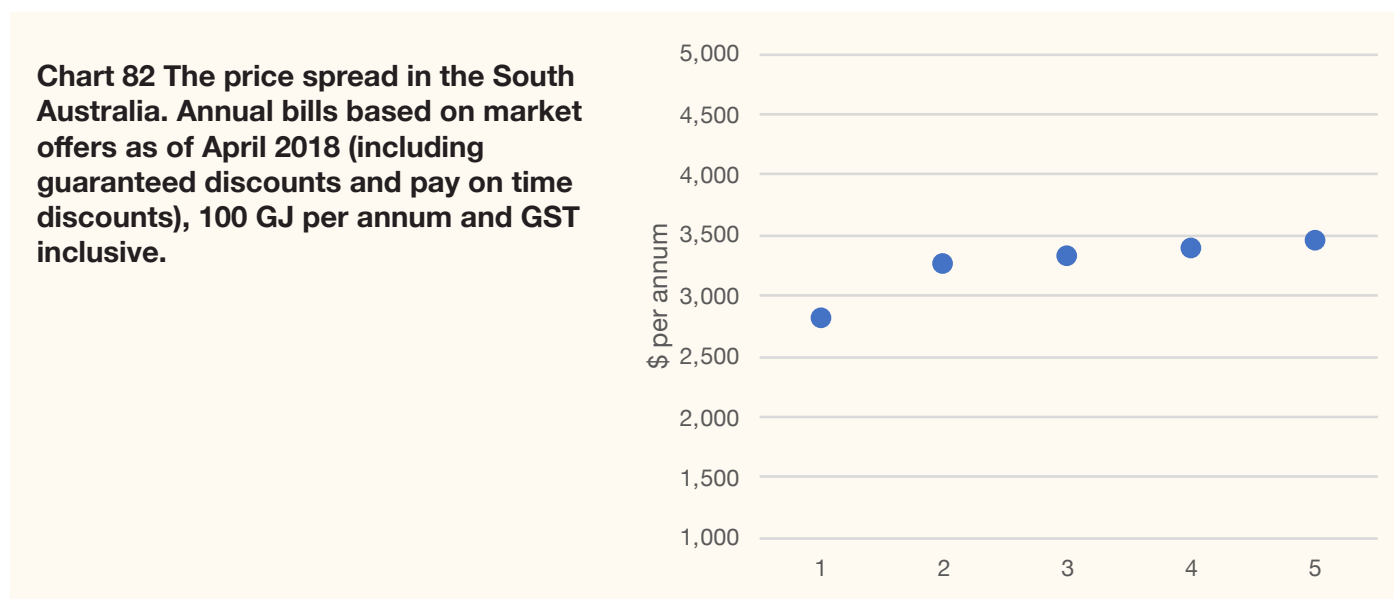


#### 4.4.2 South Australian gas bills April 2018

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 \$3,250 (including discounts). Chart 82 shows annual bills for five retailers in South Australia and that the maximum price spread is approximately \$630 per annum.<sup>78</sup>



<sup>77</sup> Based on market offer rates as of April 2018, 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.

<sup>78</sup> 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.

Figure 22 below ranks the retail offers from lowest to highest annual gas bills. <sup>79</sup>

Figure 22 Lowest to highest annual bills (incl GST) for market offers in **South Australia (Australian Gas Network)**, April 2018.

*Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum*

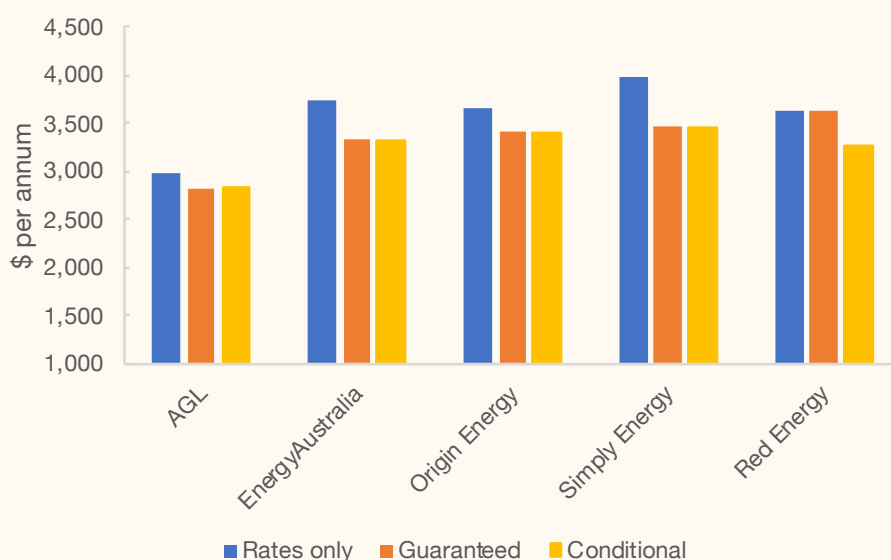
	AGL	<b>\$2,820</b>
	Red Energy	<b>\$3,261</b>
	Energy Australia	<b>\$3,326</b>
	Origin Energy	<b>\$3,398</b>
	Simply Energy	<b>\$3,451</b>

### **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 83 shows annual bills based on their rates only, inclusive of guaranteed discounts and inclusive of guaranteed as well as pay on time discounts.

**Chart 83 Annual bills based on rates, guaranteed and conditional discounts in South Australia (Australian Gas Networks). Annual bills based on market offers as of April 2018, 100 GJ per annum and GST inclusive.**



### **4.4.3 Trends in energy bills in South Australia**

This section compares annual energy bills as of April 2018 to bills as of October 2017.<sup>80</sup> 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.

As South Australian electricity prices have not had an underlying price reset, such as new network tariffs taking effect, during this period, only four retailers have changed their offers (rates, discounts or both). The annual bill for Q Energy and Click Energy have increased while Blue NRG and Momentum's

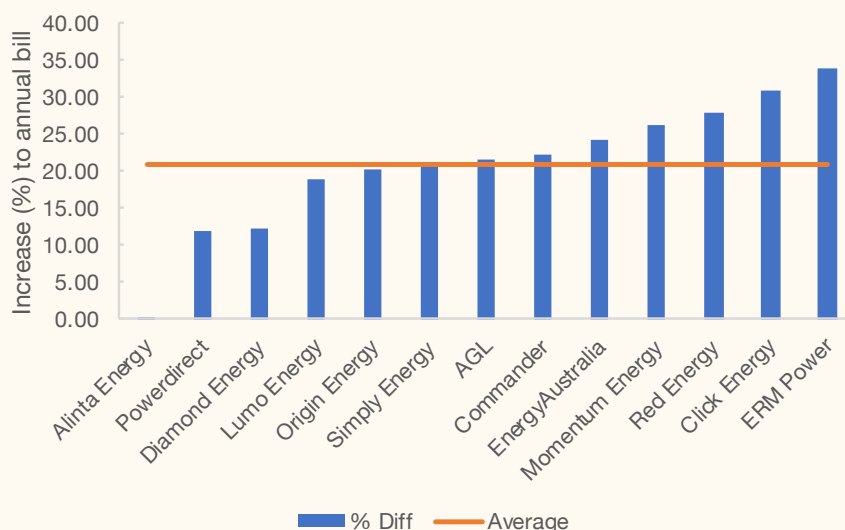
<sup>79</sup> These market offers were collected in April 2018 and it should be noted that retailers may change their rates at any time. Additional discounts for customers choosing to pay by direct debit are not included in these bill calculations. Note that Red and Simply's offers are only available as a dual fuel contract.

<sup>80</sup> Note that these price changes may differ from the overall averages in the national comparison (section 3 above). This is because the average bill in this section is based on retailers offering retail contracts as of both October 2017 and April 2018 while the national comparison includes retailers all retailers offering retail contracts as of October 2017 and April 2018. For example; Amaysim, being a new retailer, would be included in the April 2018 average bill data used for national comparison but not in this more detailed jurisdictional analysis (as they did not have any offers in October 2017).

have decreased. For businesses using 20,000 kWh per annum, the Q Energy bill has increased by approximately \$1,625, or 22% and Click Energy's has increased by \$485, or 5%. Blue NRG's bill, on the other hand, has decreased by \$440 or 4.6%. Momentum had a more modest decrease of 2% (approximately \$195 per annum).<sup>81</sup>

In terms of changes to electricity offers since April 2017, however, a majority of the retailers have increased their prices by more than 20%. Chart 84 below shows changes to annual bills for each retailer from April 2017 to April 2018.<sup>82</sup>

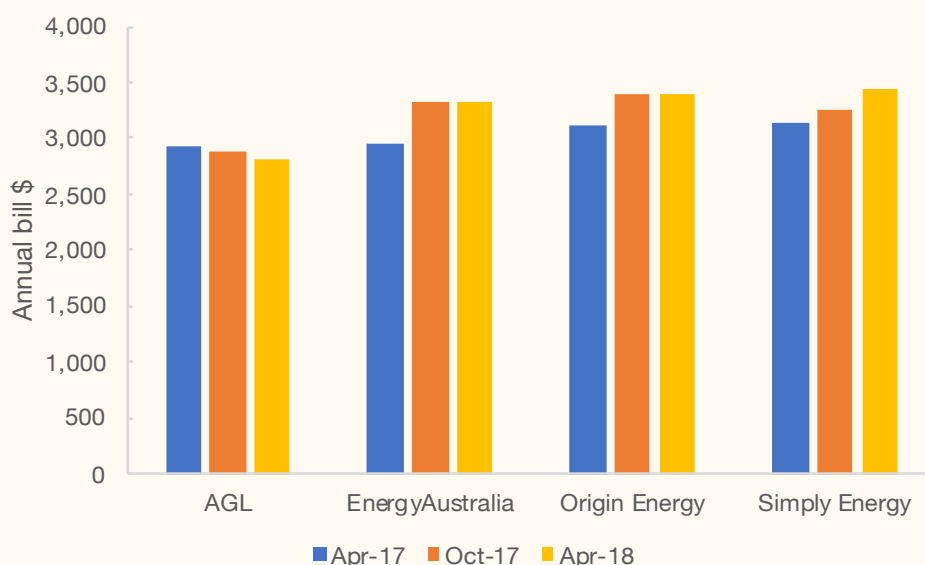
**Chart 84 Bill change:  
Comparison of April 2017 and  
April 2018 annual electricity  
bills including guaranteed  
discounts and pay on time  
discounts in South Australia  
Power Networks (SAPN).  
Annual bills based on market  
offers as of April 2017 and April  
2018, 20,000 kWh per annum,  
single rate and GST inclusive.**



In relation to gas, Simply Energy's bills increased between October 2017 and April 2018 while AGL's decreased. Energy Australia and Origin's offers remained unchanged during this period.

Chart 85 below shows annual gas bills in the Envestra/AGN gas zone as of April 2017, October 2017 and April 2018.<sup>83</sup>

**Chart 85 Annual gas bills  
including guaranteed  
discounts and pay on  
time discounts in South  
Australia. Annual bills  
based on market offers as  
of April 2017, October 2017  
and April 2018, 100 GJ per  
annum and GST inclusive.**



<sup>81</sup> Based on market offers inclusive of guaranteed and conditional pay on time discounts.

<sup>82</sup> Note that some retailers such as Q Energy and Blue NRG did not have published offers in South Australia in April 2017. Only retailers with market offers available in both April 2017 and April 2018 have been included in this comparison.

<sup>83</sup> Note that Red Energy did not have offers in SA in April 2017. Only retailers with market offers available in both April 2017 and April 2018 have been included in this comparison.

## 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 April 2018

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 AEMO<sup>84</sup> 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 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:

<http://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 \$5,500.<sup>85</sup> As of October 2017 ERM Power's market offer produces annual bills that are \$100 more per annum than Aurora Energy's regulated rates.<sup>86</sup>

Chart 86 below shows annual bills for single rate customers on Aurora Energy's regulated rates and ERM Power's market offer.

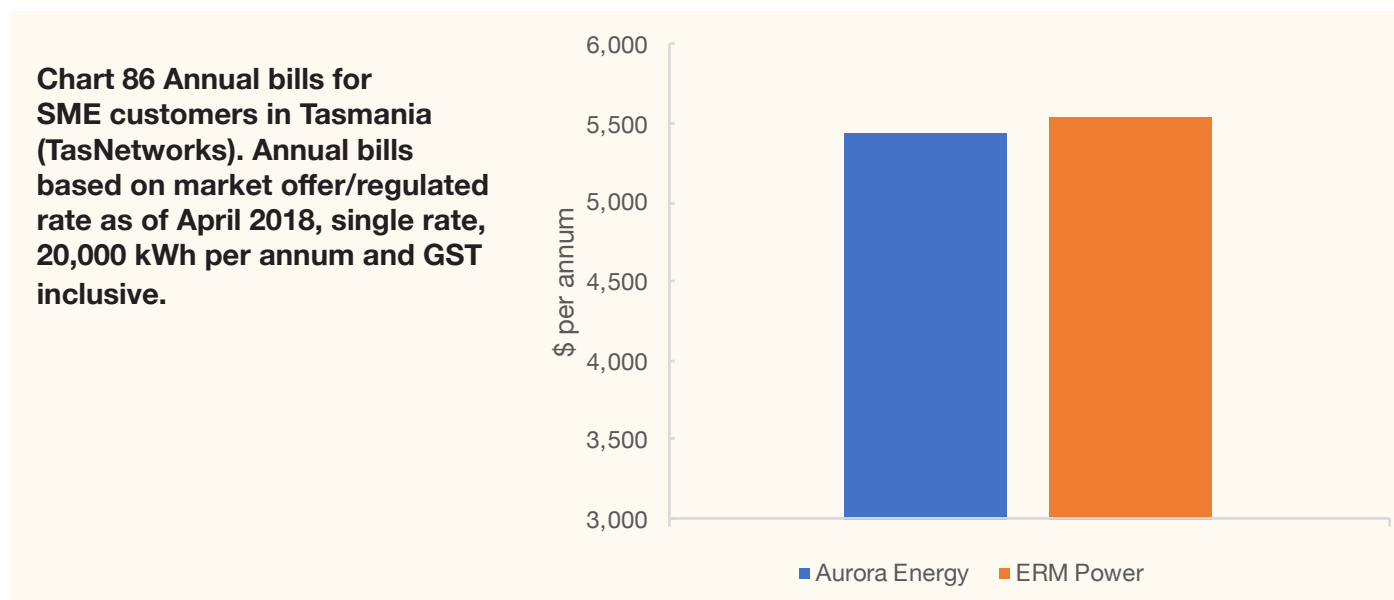


Figure 23 below ranks the retail offers from lowest to highest annual electricity bills.<sup>87</sup>



<sup>84</sup> 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](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)

<sup>85</sup> Based on the average Aurora Energy and ERM Power bills.

<sup>86</sup> 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](https://www.ermpower.com.au/wp-content/uploads/2017/07/PFS_20170701_TAS_ADJUST.pdf)

<sup>87</sup> These offers were collected in April 2018 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

Figure 23 Lowest to highest annual bills (incl GST) for **Tasmanian offers** in April 2018  
SMEs consuming 20,000kWh per annum (single rate)

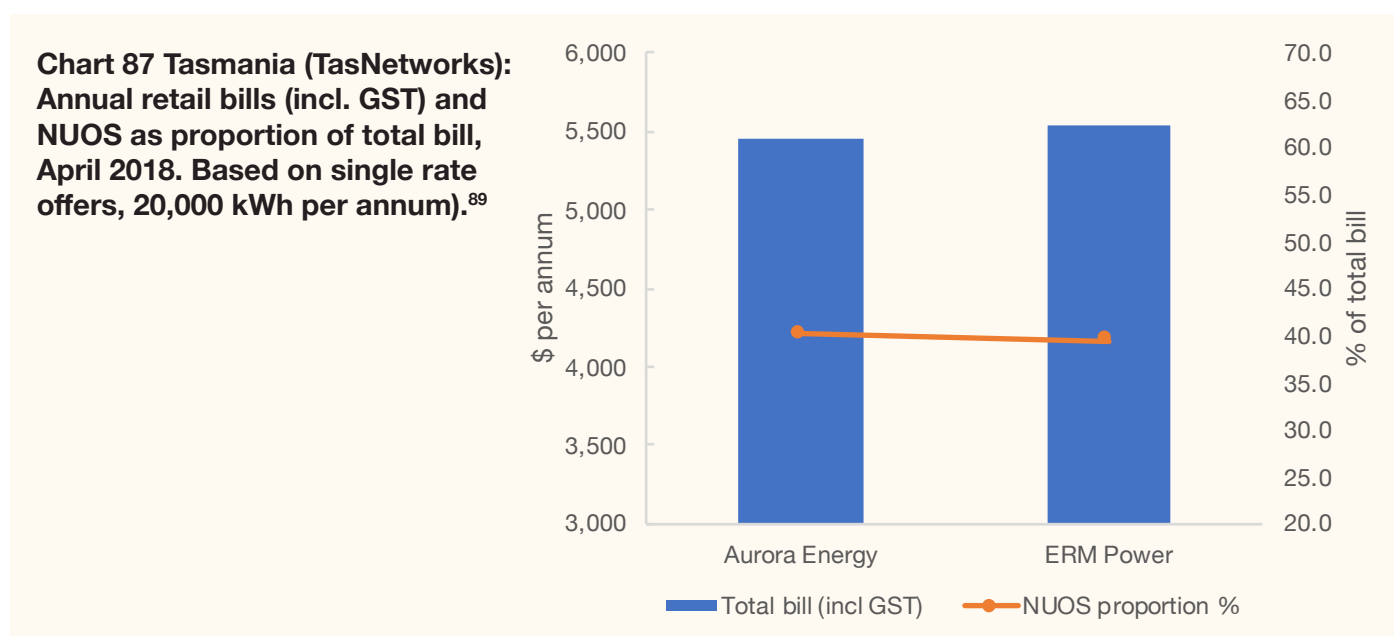
	Aurora Energy	<b>\$5,446</b>
	ERM Power	<b>\$5,545</b>

### 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 is similar for Aurora Energy and ERM Power's retail offers. The NUOS proportion equates to 40.1% for Aurora Energy bills and 39.4% for ERM Power bills.<sup>88</sup>

Charts 87 shows annual retail bills (columns) and NUOS as proportion of annual bill (line).



### 4.5.2 Tasmanian gas bills April 2018

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 \$4,430. The difference between the two offers is only \$40 per annum. Neither Aurora Energy nor Tas Gas Retail offer any additional discounts.

<sup>88</sup> Note that any additional metering charge is not included in these bill calculations

<sup>89</sup> Based on retail offer rates as April 2018, 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 88 Annual gas market offer bills in Tasmania. Annual bills based on market offers as of April 2018, 100 GJ per annum and GST inclusive.**

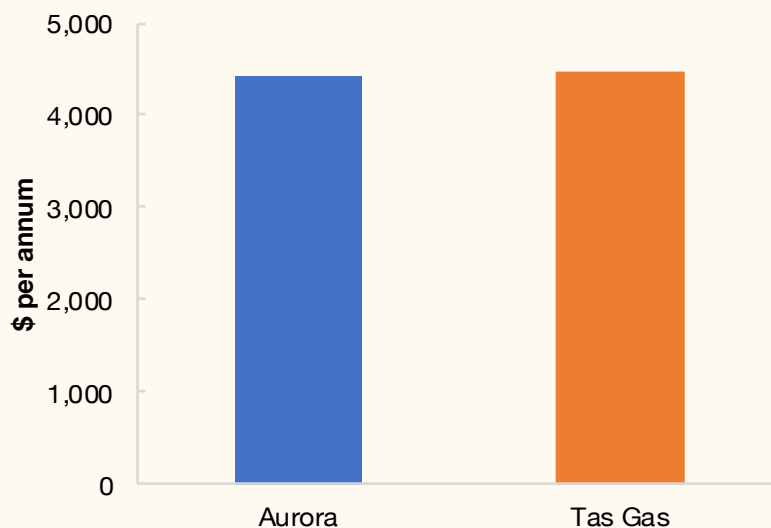




Figure 24 below ranks the retail offers from lowest to highest annual gas bills.<sup>90</sup>

Figure 24 Lowest to highest annual bills (incl GST) for **Tasmanian market offers** in April 2018  
SMEs consuming 100 GJ per annum

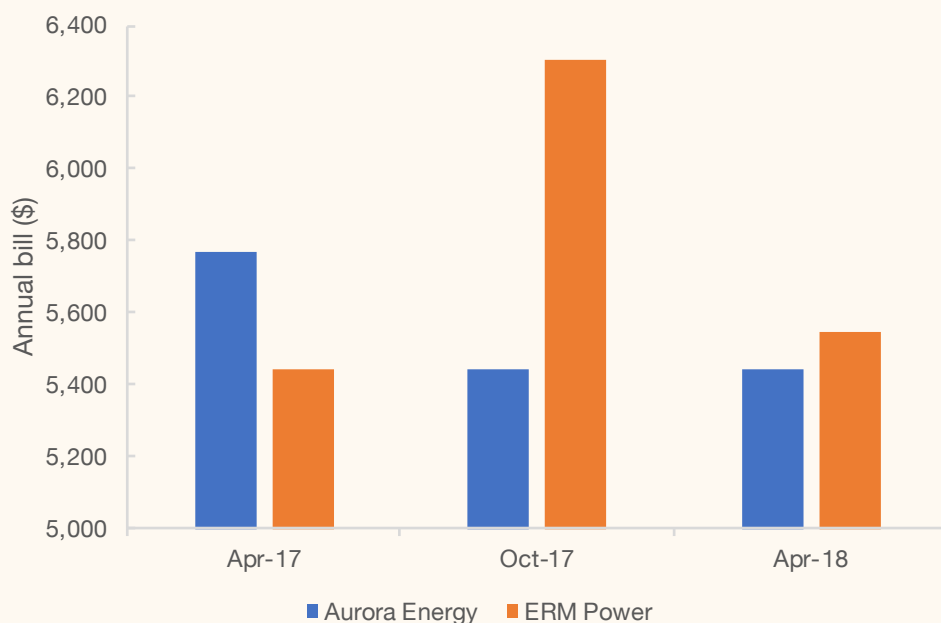
	Aurora Energy	<b>\$4,406</b>
	TasGas Retail	<b>\$4,447</b>

### 4.5.3 Trends in energy bills in Tasmania

This section compares annual energy bills as of April 2018 to bills as of October 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.

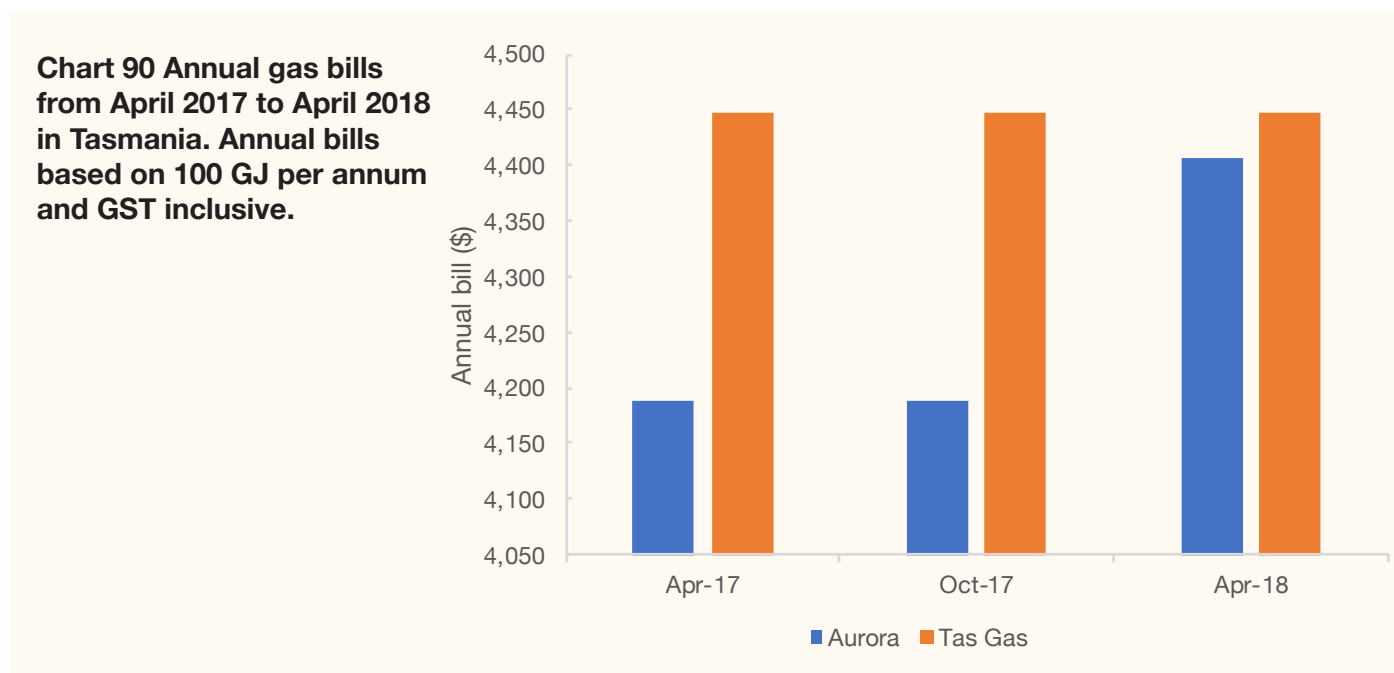
As Tasmanian electricity prices have not had an underlying price reset, such as new network tariffs taking effect, during this period, only ERM Power has changed their rates. ERM Power has decreased its rates by 12% since October 2017 and Chart 89 below shows annual electricity bills for Aurora Energy and ERM Power as of April 2017, October 2017 and April 2018.

**Chart 89 Annual electricity bills from April 2017 to April 2018 in Tasmania. Annual bills based on 20,000 kWh per annum, single rate and GST inclusive.**



<sup>90</sup> These offers were collected in April 2018 and it should be noted that retailers may change their rates at any time.

In relation to gas, Aurora Energy's rates changed on 1 January 2018 while Tas Gas Retail's prices have remained unchanged. For businesses consuming 100 GJ per annum, Aurora Energy's annual gas bill increased by 5.2% or almost \$220. Chart 90 below shows annual gas bills for Aurora Energy and Tas Gas Retail as of April 2017, October 2017 and April 2018.



## 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.<sup>91</sup> ActewAGL is the incumbent retailer.

### 4.6.1 ACT electricity bills April 2018

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 AEMO<sup>92</sup> 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 Evoenergy 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:

<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 approximately \$5,915.<sup>93</sup> Chart 91 shows annual bills for five retailers in the Evoenergy distribution network and that the maximum price spread is \$1,445 per annum.

<sup>91</sup> Evoenergy, formerly known as ActewAGL Distribution, is the electricity network and gas distributor while the retail arm continues to operate as ActewAGL.

<sup>92</sup> 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](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)

<sup>93</sup> 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's Evoenergy distribution network. Annual bills based on market offers as of April 2018 (including guaranteed discounts and pay on time discounts), 20,000 kWh per annum, single rate and GST inclusive.**

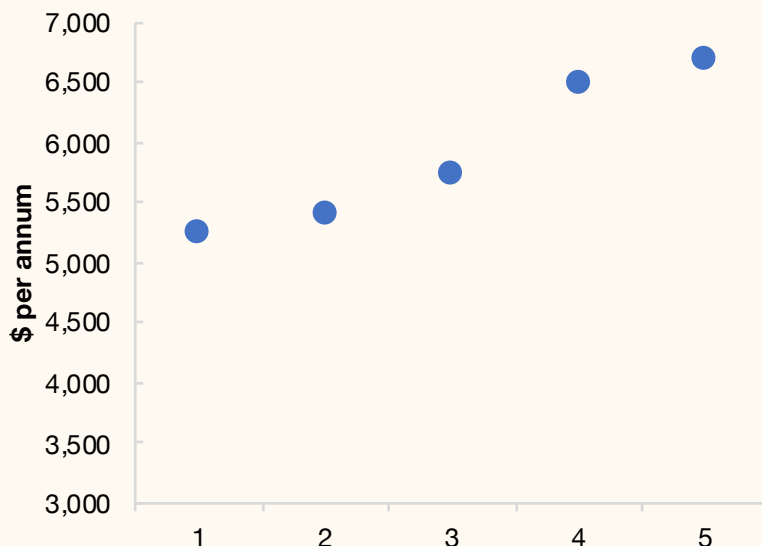


Figure 25 below ranks the retail offers from lowest to highest annual bills.<sup>94</sup>

Figure 25 Lowest to highest annual bills (incl GST) for market offers in **ACT's Evoenergy (formerly ActewAGL)** (April 2018).

*Bills including guaranteed discounts and pay on time discounts - SMEs consuming 20,000kWh per annum (single rate)*

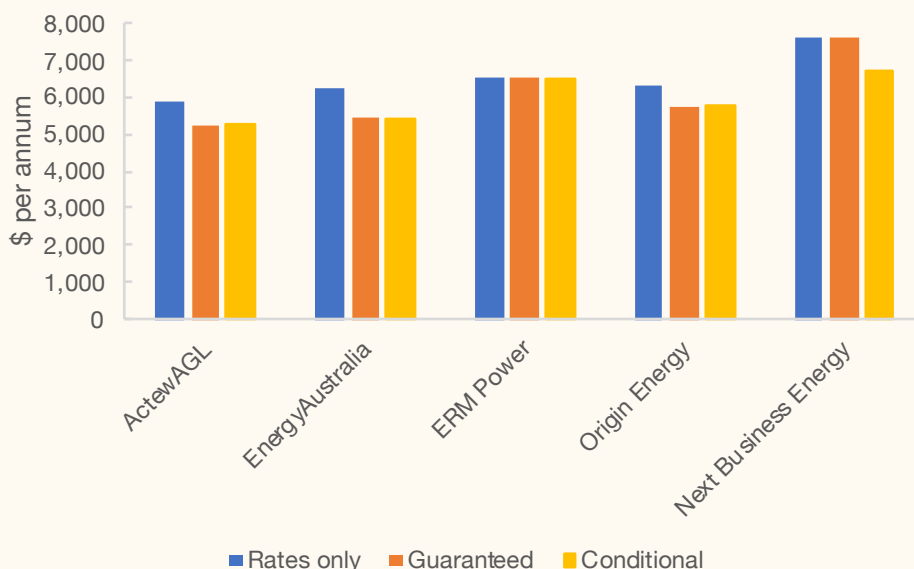
	ActewAGL	<b>\$5,243</b>
	Energy Australia	<b>\$5,413</b>
	Origin Energy	<b>\$5,748</b>
	ERM Power	<b>\$6,484</b>
	Next Business Energy	<b>\$6,688</b>

### **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 92 shows annual bills based on their rates only, inclusive of guaranteed discounts and inclusive of guaranteed as well as pay on time discounts.

<sup>94</sup> These market offers were collected in April 2018 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 92 Annual bills based on rates, guaranteed discounts and pay on time discounts in the ACT (Evoenergy). Annual bills based on market offers as of April 2018, 20,000 kWh per annum, single rate and GST inclusive.**



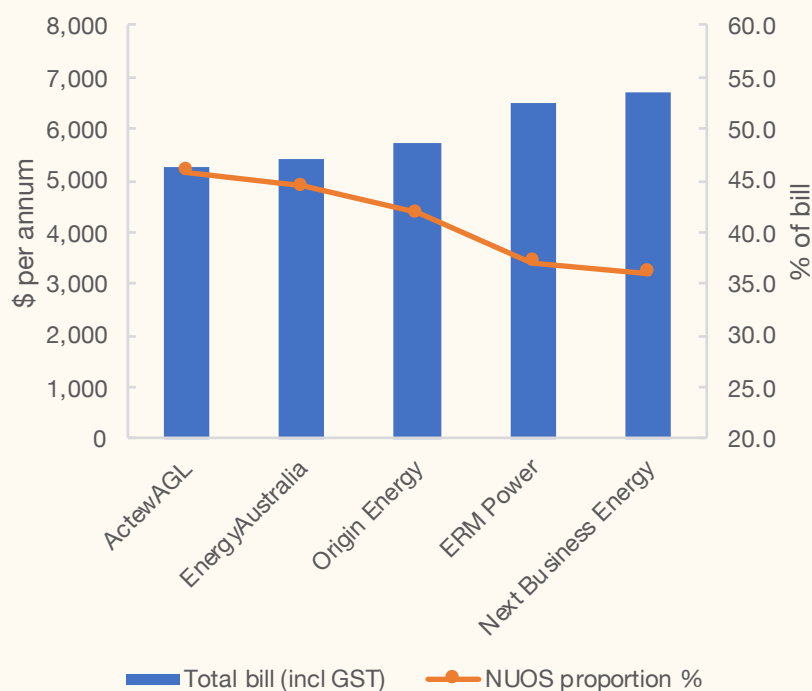
### Network charges

The ACT electricity network, Evoenergy, 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 93 shows annual retail bills (columns) and NUOS as proportion of annual bill (line).

**Chart 93 Evoenergy: Annual retail bills (incl. GST) and NUOS as proportion of total bill, April 2018. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum).<sup>95</sup>**



<sup>95</sup> Based on market offer rates as of April 2018, presented as annual bills for SMEs using 20,000kWh per annum (single rate). The annual NUOS charges are based on the Evoenergy's charges for the 2017/18 financial year. The NUOS also includes fixed charges.

## 4.6.2 ACT gas bills April 2018

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 94 shows annual bills for three retailers in the ACT and that the maximum price spread is approximately \$430 per annum.<sup>96</sup>

**Chart 94 The price spread in the ACT.**  
**Annual bills based on market offers**  
**as of April 2018 (including guaranteed**  
**discounts and pay on time discounts),**  
**100 GJ per annum and GST inclusive.**

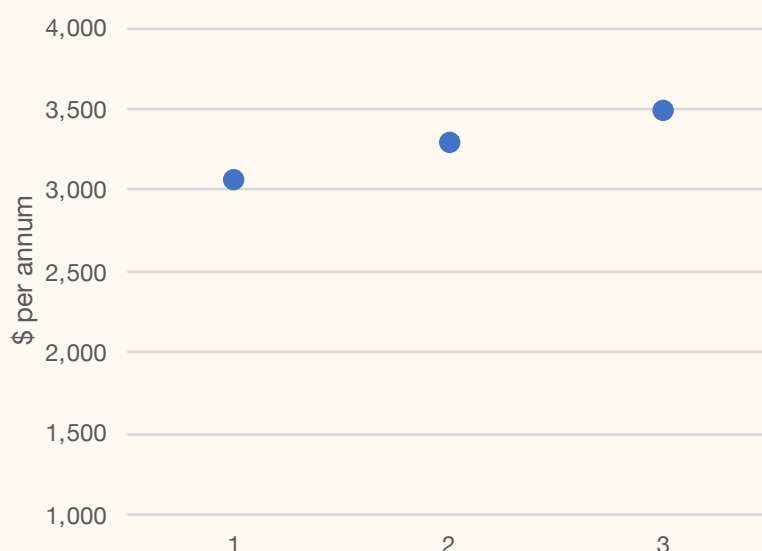





Figure 26 below ranks the retail offers from lowest to highest annual gas bills.<sup>97</sup>

Figure 26 Lowest to highest annual bills (incl GST) for **market offers in the ACT** (April 2018).  
*Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum*

	Origin Energy	<b>\$3,056</b>
	Energy Australia	<b>\$3,288</b>
	ActewAGL	<b>\$3,487</b>

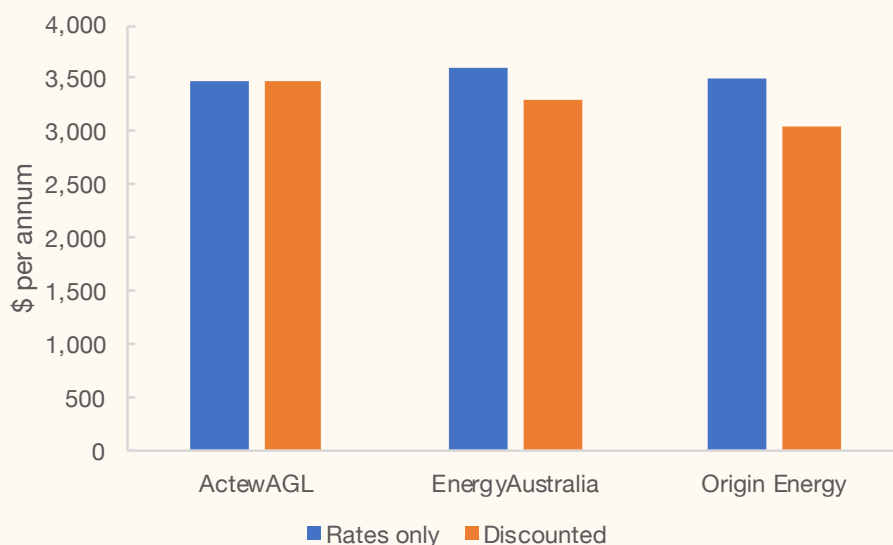
### Additional discounts

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 95 below shows annual bills based on their rates only and inclusive of guaranteed discounts.

<sup>96</sup> 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.

<sup>97</sup> These market offers were collected in April 2018 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 95 Annual bills based on rates, guaranteed discounts and pay on time discounts in the ACT. Annual bills based on market offers as of April 2018, 100 GJ per annum and GST inclusive.**

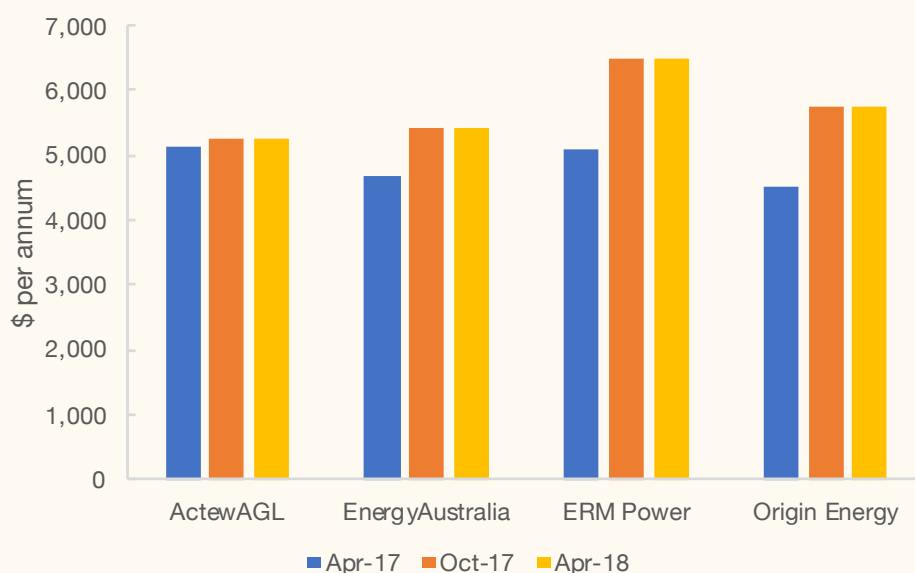


#### 4.6.3 Trends in energy bills in the ACT

This section compares annual energy bills as of April 2018 to bills as of October 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.

As ACT electricity prices have not had an underlying price reset, such as new network tariffs taking effect, during this period, none of retailers have changed their electricity offers since October 2017. Since a year ago (April 2017), however, both ERM Power and Origin have increased their prices by 27%. Energy Australia increased its prices by 15% over the 12 month period while ActewAGL's bills increased by a more modest 2%. Chart 96 below shows annual electricity bills for retailers operating in the ACT as of April 2017, October 2017 and April 2018.

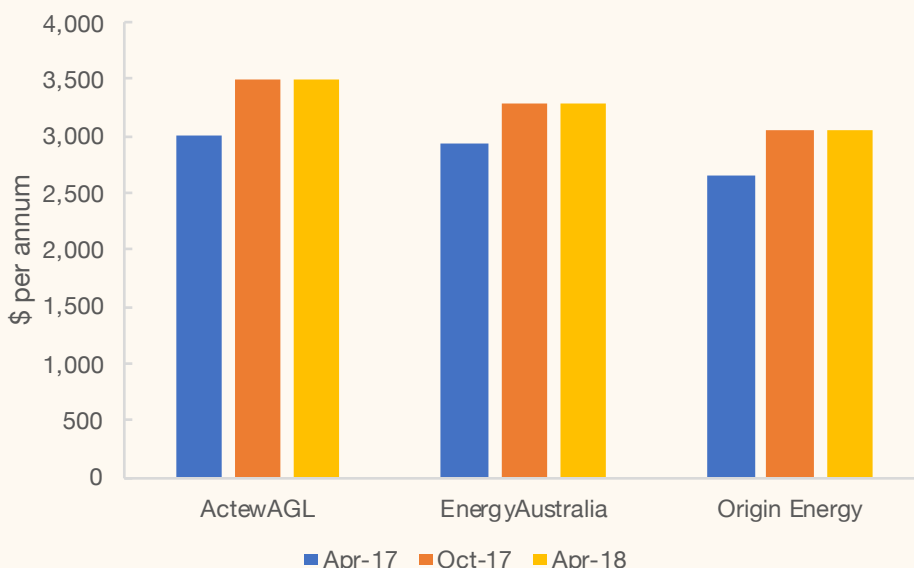
**Chart 96 Comparison of April 2017, October 2017 and April 2018 annual electricity bills including guaranteed discounts and pay on time discounts in the ACT (Evoenergy). Annual bills based on market offers as of April 2017, October 2017 and April 2018, 20,000 kWh per annum, single rate and GST inclusive.<sup>98</sup>**



In relation to gas, none of the retailers increased their prices between October 2017 and April 2018. Since a year ago (April 2017), however, all three retailers' bills have increased by 12-15.5%. Chart 97 below shows increase to annual bills for customers using 100 GJ per annum.

<sup>98</sup> As Next Business Energy did not have market offers in the ACT in April 2017, the retailer has not been included in this analysis.

**Chart 97 Comparison of April 2017, October 2017 and April 2018 annual gas bills including guaranteed discounts and pay on time discounts in the ACT (Evoenergy). Annual bills based on market offers as of April 2017, October 2017 and April 2018, 100 GJ per annum and GST inclusive.**



## 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.<sup>99</sup>

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 AEMO<sup>100</sup> 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:

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

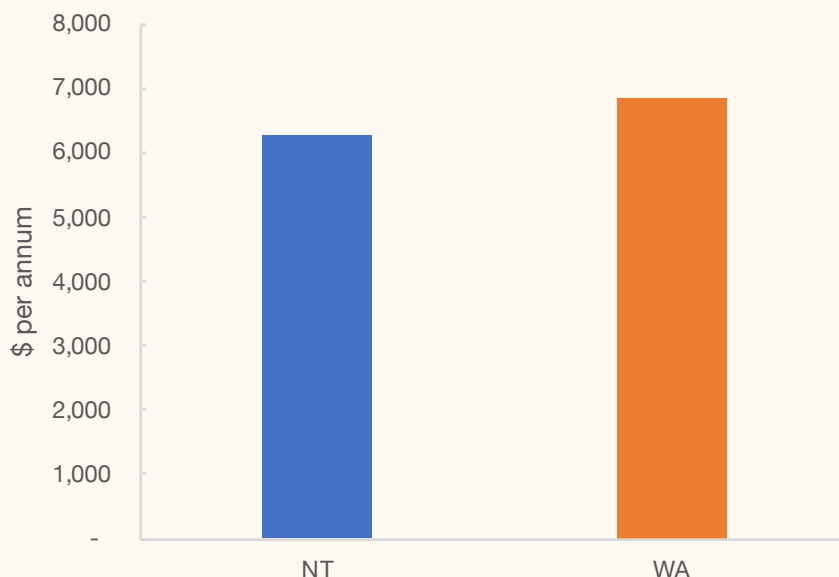
### 4.7.1 Western Australia and Northern Territory electricity bills April 2018

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.

<sup>99</sup> There are no reticulated gas offers for small business customers in the Northern Territory.

<sup>100</sup> 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](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 98 Annual bills for the single rate tariff in the Northern Territory and Western Australia. Annual bills based on regulated offers as of April 2018, 20,000 kWh per annum and GST inclusive.**



#### 4.7.2 Western Australian gas bills April 2018

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 99 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.<sup>101</sup> 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.

**Chart 99 Annual bills for gas customers the South West (Perth region). Annual bills based on Market offers as of April 2018, 100 GJ per annum and GST inclusive.**

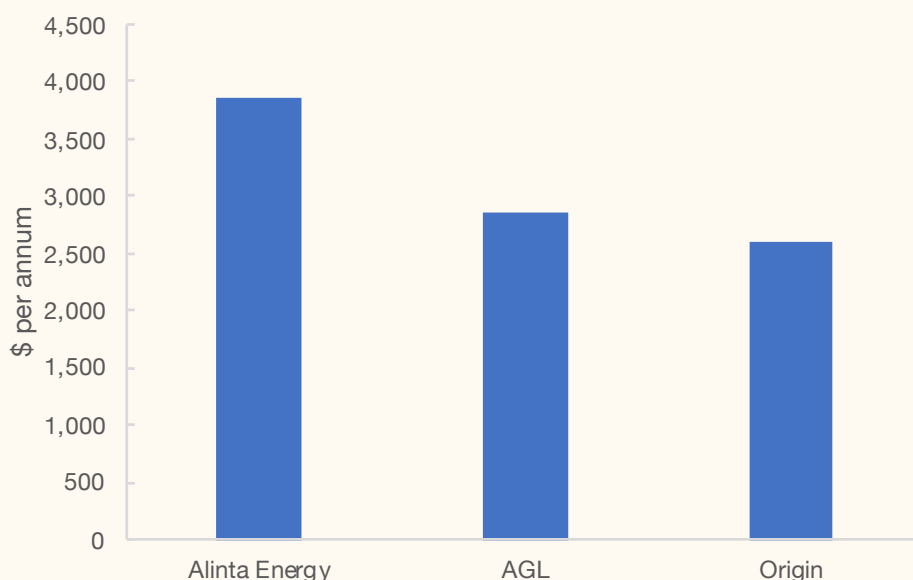


Figure 27 below ranks the retail offers from lowest to highest annual gas bills.<sup>102</sup>

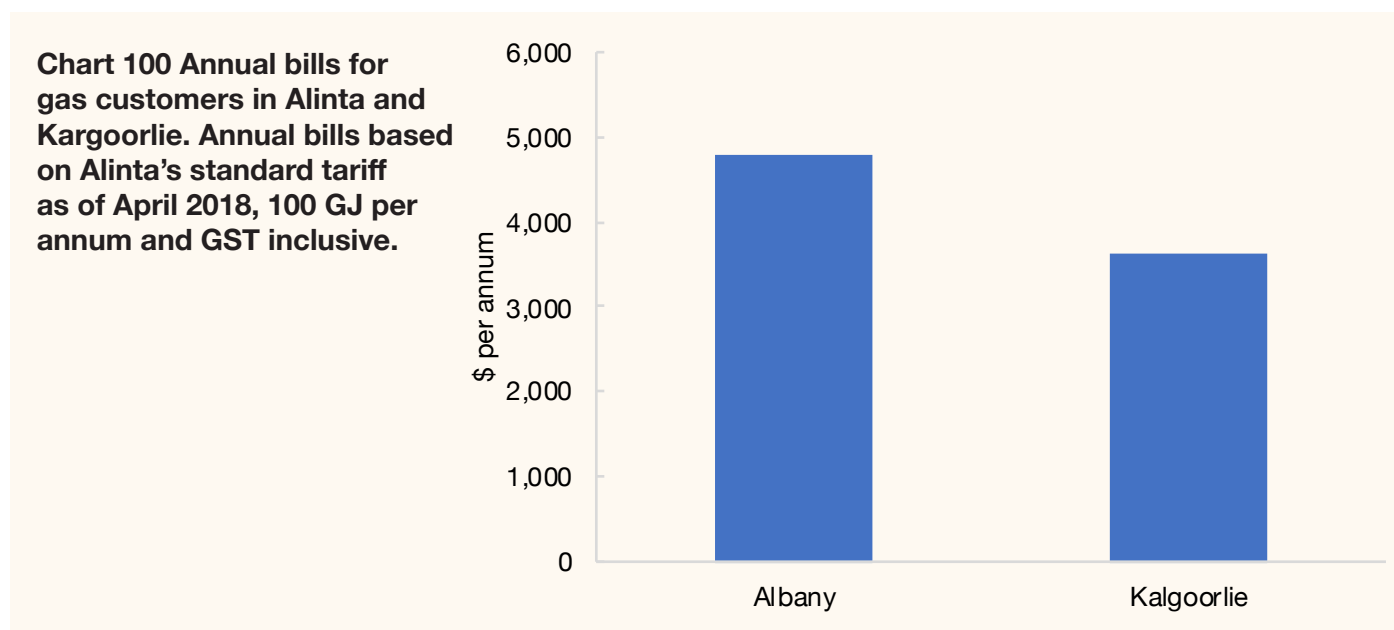
<sup>101</sup> Western Australia uses a unit price for gas and 1 unit equals 3.6 Mj. All bill analysis for WA in this report has converted the unit price to the price per Mj. Kleenheat also offers gas contracts to small businesses in WA but as they do not post their business rates on their website (requesting a quote is necessary), we have not included Kleenheat in this analysis.

<sup>102</sup> These market offers were collected in April 2018 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 27 Lowest to highest annual bills (incl GST) for **market offers in the South West WA** (April 2018).  
*Bills including guaranteed discounts - SMEs consuming 100 GJ per annum*

	Origin Energy	<b>\$2,596</b>
	AGL	<b>\$2,856</b>
	Alinta Energy	<b>\$3,861</b>

Alinta also offers gas retail contracts to SMEs in the Albany and Kalgoorlie pricing zones. Chart 100 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.



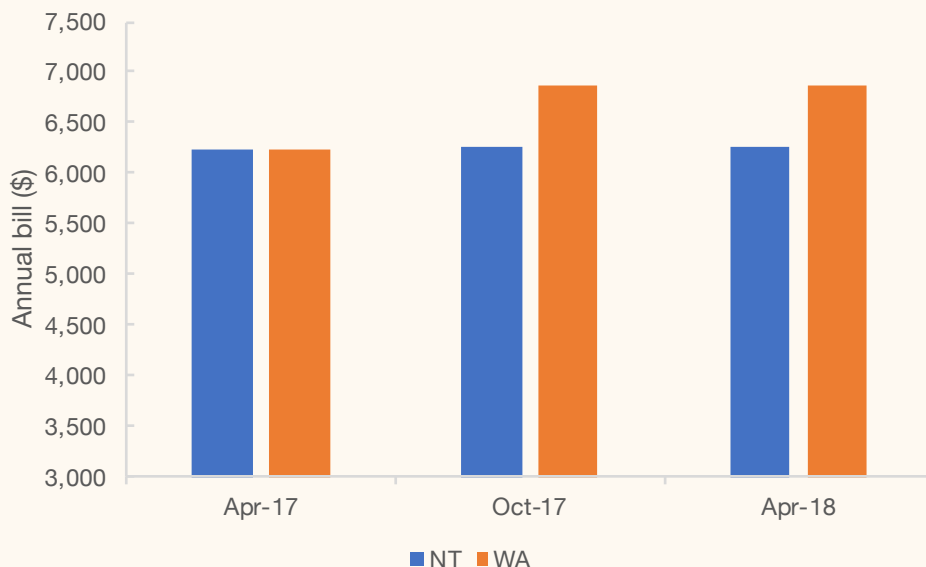
### 4.7.3 Trends in energy bills in WA and NT

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 and Western Australia did not change between October 2017 and April 2018. Since April 2017, however, they have increased by approximately 10%, or \$630 for a customer using 20,000 kWh per annum in Western Australia.

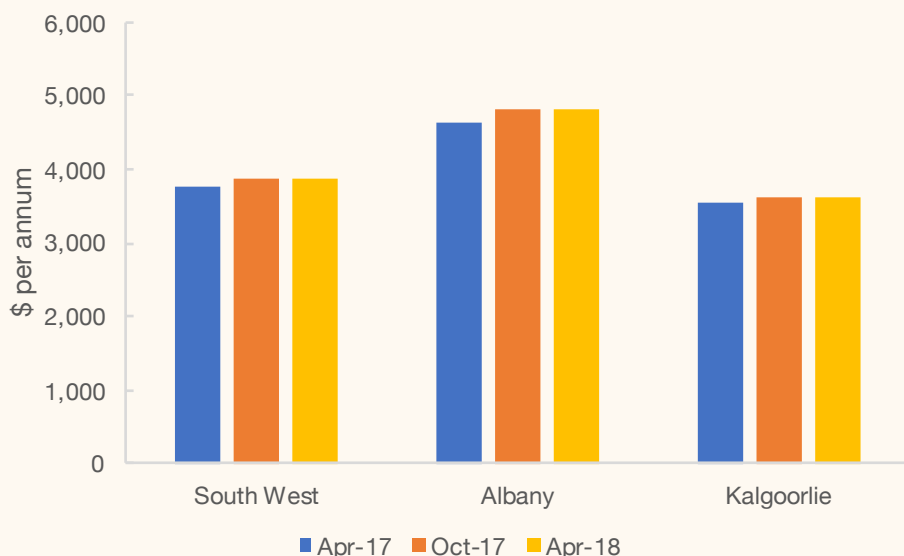


**Chart 101 Annual electricity bills in the Northern Territory and Western Australia in April 2017, October 2017 and April 2018. Annual bills based on regulated offers as of April 2017, October 2017, April 2018, 20,000 kWh per annum, single rate and GST inclusive.**



Alinta has not changed its prices since October 2017. Since April 2017, however, Alinta's bills increased slightly in all gas zones. Customers on Alinta's standard contract in the South West region and Karlgloorie have had a bill increase of approximately 2%, and in Albany the bills have increased by 3% over the 12 month period. Chart 102 below shows \$ increases to annual gas bills for customers on Alinta's standard contract.<sup>103</sup>

**Chart 102 Comparison of April 2017, October 2017 and April 2018 annual gas bills in Western Australia. Annual bills based on Alinta's offers as of April 2017, October 2017 and April 2018, 100 GJ per annum and GST inclusive.**



<sup>103</sup> 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.