

# Analysis of small business retail energy bills in Australia

Final Report, December 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, April 2018 and October 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 October 2018 as well as those collected in April 2018, 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, price-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 (\$8,230) while Tasmanian businesses have the lowest (\$5,550). See section 3.1.
- On average, nationally, annual electricity bills for SMEs with this consumption level decreased by approximately \$220 or -3% between October 2017 and October 2018. The greatest decreases in annual electricity bills are in Western Australia (-13%), Queensland and Tasmania (both -5%) while businesses in Victoria and the Northern Territory received increases of 4% and 1% respectively. See section 3.1.
- A jurisdictional comparison of SMEs consuming 100,000 MJ per annum shows that Tasmanian businesses continue to have the greatest annual gas bills (\$4,555) and Victorian businesses have the lowest (\$2,200). See section 3.2.
- On average, nationally, annual gas bills for SMEs with this consumption level, increased by approximately \$75 or 3% between October 2017 and October 2018. Annual gas bills for SMEs with this consumption level have increased by \$235 (12%) in Victoria and \$235 (5%) in Tasmania. There have been small increases to the annual gas bills in the ACT (\$50 or 2%) and South Australia (\$40 or 1%). In NSW and WA prices have decreased slightly (-1%) while they have remained the same in Queensland. See section 3.2.

## PRICE-SPREADS

- The difference between the electricity market offers, the maximum price spread, decreased in all jurisdictions, compared with the same period a year ago. As of October 2018, the maximum price spread in the ACT was \$760, \$1,265 in South East Queensland, \$1,840 in South Australia and \$2,210 in NSW. In Victoria the maximum price spread was as high as \$3,425.<sup>3</sup> See section 3.1.1.
- The price spread for gas decreased in NSW, South Australia, Queensland and Victoria, compared with the same period a year ago, while it increased in the ACT. As of October 2018 the maximum price spread was \$700 in the ACT, \$580 in Victoria, approximately \$475 in South Australia, \$370 in NSW and \$215 in Tasmania. In Queensland, on the other hand, the maximum price spread was only \$50.<sup>4</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 \$1,580, while they have the least impact in South East Queensland (where the difference is approximately \$565).<sup>5</sup> See section 3.1.2.
- In relation to gas offers, discounts have greatest impact in Western Australia (reduces an average annual bill by approximately \$925) while they have the least impact in the ACT and Queensland

<sup>3</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 4 retail offers in the ACT, 16 retailers South Australia and South East Queensland, 21 retailers in NSW and 23 retailers in Victoria.

<sup>4</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 Tasmania and Queensland. Analysis does not include WA as AGL and Origin are new entrants in the WA gas retail market. As of October 2018, however, the maximum price spread in WA was \$1,400.

<sup>5</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.

(approximately \$250).<sup>6</sup> It should be noted, however, that Western Australia only has three retailers that publish SME market offers and that this discount reflects the 37% discount offered by AGL and 33% discount offered by Origin. Both retailers are relatively new entrants in the WA gas retail market. See section 3.2.2.

## FIXED SUPPLY CHARGES

- As of October 2018, fixed supply charges had increased in all jurisdictions except South Australia, Victoria and the ACT (where it decreased) compared with the same period a year ago. Western Australia used to have relatively low supply charges but in July 2018 it increased considerably (by \$440 per annum) and it is now the second highest supply charge in the country. Fixed supply charges are \$633 in NSW (increase of 3%), \$547 in Victoria (decrease of -2%), \$519 in Queensland (increase of 3%), \$488 in the ACT (decrease of -5%), \$371 in Tasmania (increase of 2%) and \$366 in South Australia (decrease of -3%). The supply charge is lowest in the Northern Territory (\$291). Fixed supply charges as a proportion of the annual bill are highest in WA (10%) and lowest in South Australia (4%). See section 3.1.3.
- Compared with the same period a year ago, the highest increases in fixed supply charges were in WA (an increase of 5% to \$125), Victoria (an increase of 4% to \$370) and NSW (an increase of 3% to \$290). In Tasmania, there was a small increase (1% to \$480) while the supply charges in South Australia and Queensland remained unchanged. The ACT, the jurisdiction with the highest gas supply charges, there was a decrease (-5% to \$565). Fixed supply charges as a proportion of the annual bill are highest in the ACT and Victoria (17%) and lowest in WA (4%). 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 NSW (where it increased by 2%) and South Australia (where it increased by 7%). As of October 2018, South Australia is the jurisdiction with the highest NUOS charges (\$2,990 for a SME consuming 20,000 kWh per annum) while South East Queensland (a decrease of 12% compared with the same period a year ago) has the lowest (approximately \$2,055 for the same consumption level).<sup>7</sup> 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 October 2018 the NUOS proportion of bills was highest in the ACT and NSW (40.7 and 39.9%, respectively). See section 3.1.4.

## ELECTRICITY BILL-STACKS

- In order to examine what businesses actually pay for the various goods, services and policies that are costed by the supply chain and passed on to consumers in a retail bill, we deduct estimated cost components from the average annual retail bill for businesses using 20,000kWh per annum as of October 2018. The residual retail component of the average market offer bill is as low as \$305 in the ACT and as high as \$1,435 in South Australia.<sup>8</sup> See section 3.1.5.

## 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, differences to annual bills (based on assumed consumption levels) between retailers, as well as electricity networks and gas

<sup>6</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>7</sup> Based on annual consumption of 20,000 kWh

<sup>8</sup> Note that other charges such as market fees and ancillary service fees as well as losses have not been accounted for in this bill-stack. All market offers are inclusive of any guaranteed or pay on time discount offered by the retailers.

pricing zones within each jurisdiction.<sup>9</sup>

- There are significant differences between the various retailers' bills, use of additional discounts and network charge proportion of bills across jurisdictions.

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

Jurisdiction	Network	kWh/annum	Common tariff/meter type
NSW	Ausgrid	13,000	EA050 (single rate)
NSW	Endeavour Energy	27,299	N90 (single rate)
VIC	Citipower	36,209	C1G (single rate)
VIC	Powercor	21,674	ND5 (interval tariff)
VIC	Ausnet Services	24,724	NEE12 (single rate)
VIC	Jemena	21,858	A200 (single rate)
VIC	United Energy	23,629	LVM1R (single rate)
QLD	Energex	16,628	8300 (demand tariff)
SA	SAPN	14,262	2 rate (peak/off-peak rate)
TAS	TasNetworks	25,315	TAS22 (single rate)
ACT	Evoenergy	32,257	General network (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/EF1/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/EF1/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, April 2018 and October 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, wholesale, 'green schemes' and retail components 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 approximately \$8,230, while Tasmanian businesses will pay just over \$5,550.

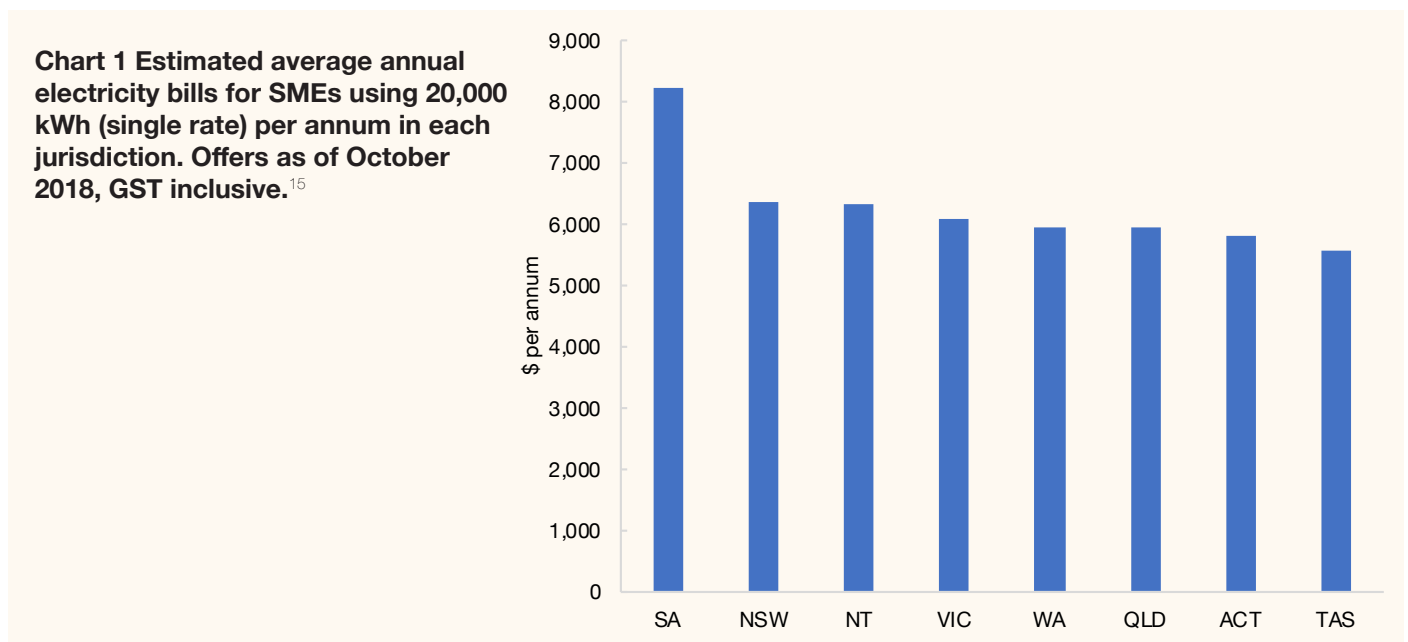


Chart 2 shows changes to electricity bills from April 2016 to October 2018. It shows that bills increased in all jurisdictions except for Tasmania during the period but that the increases vary significantly between jurisdictions. Furthermore, it shows that average bills have decreased in all jurisdictions, except Tasmania and the Northern Territory, over the last six months.

<sup>15</sup> Based on offers available in October 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>**

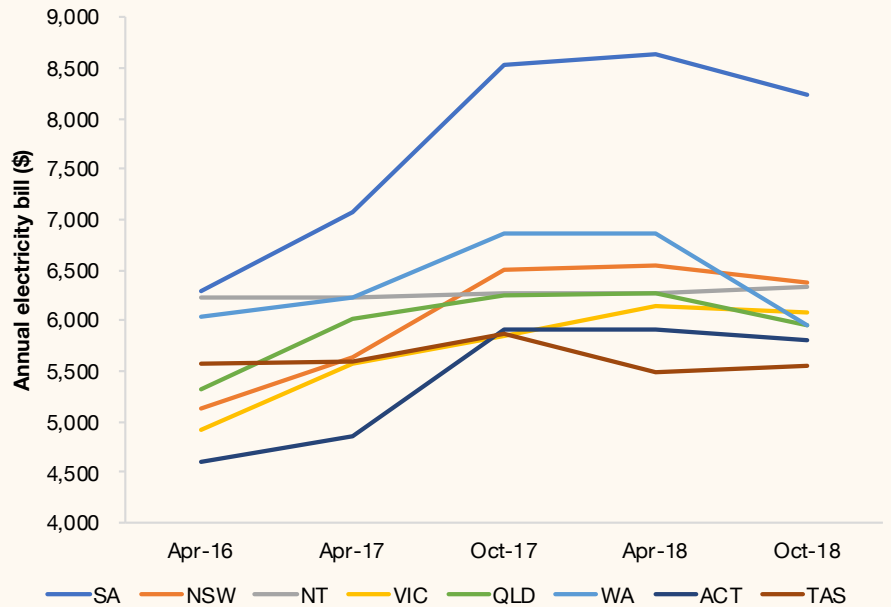
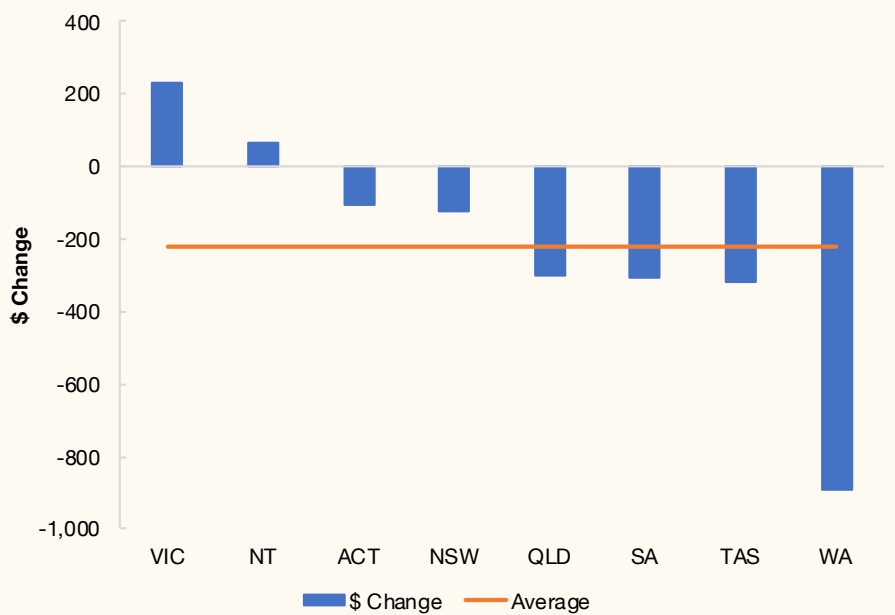


Chart 3 shows \$ changes to annual bills between October 2017 and October 2018. On average, nationally, annual electricity bills for SMEs with this consumption level decreased by approximately \$220 or 3% between October 2017 and October 2018. The highest decreases in annual electricity bills are in Western Australia (\$895) while businesses in Victoria had increases (\$235).<sup>17</sup>

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

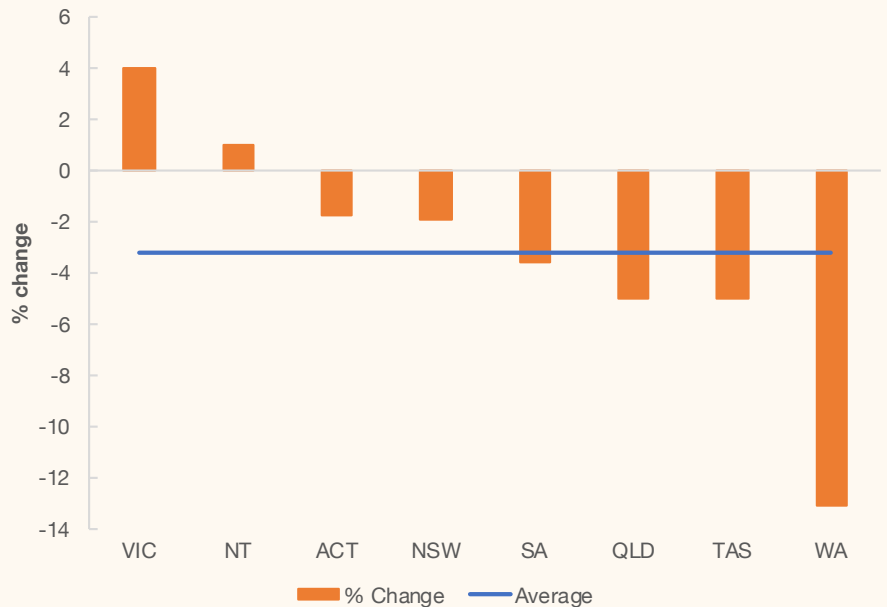


In terms of percentage changes, Chart 4 shows that bills in South Australia had close to average decreases (-3%) during this period while Victorian bills increased by 4%. In Western Australia, bills decreased by -13%.

<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 October 2017 and October 2018 while the jurisdictional analyses compare retailers that had offers in both October 2017 and October 2018 only. Also, there were two electricity retailers in Tasmania (Aurora and ERM Energy) prior to October 2018 (ERM Energy is not currently listing any market offers on their website) while the October 2018 bill calculation is based on Aurora only.

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



### 3.1.1 Maximum price spread – electricity

The difference between the market offers, the maximum price spread, has decreased in most jurisdictions. The maximum price spread typically increases with the number of retailers operating in a market. In October 2018 the maximum price spread in the ACT was \$760 (based on 4 retailers), \$1,264 in South East Queensland and \$1,840 in South Australia (both based on 16 retailers). In NSW, the average price spread across the three network areas was \$2,210 (based on 21 retailers) while in Victoria the average spread was as high as \$3,425 (based on 23 retailers). 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**

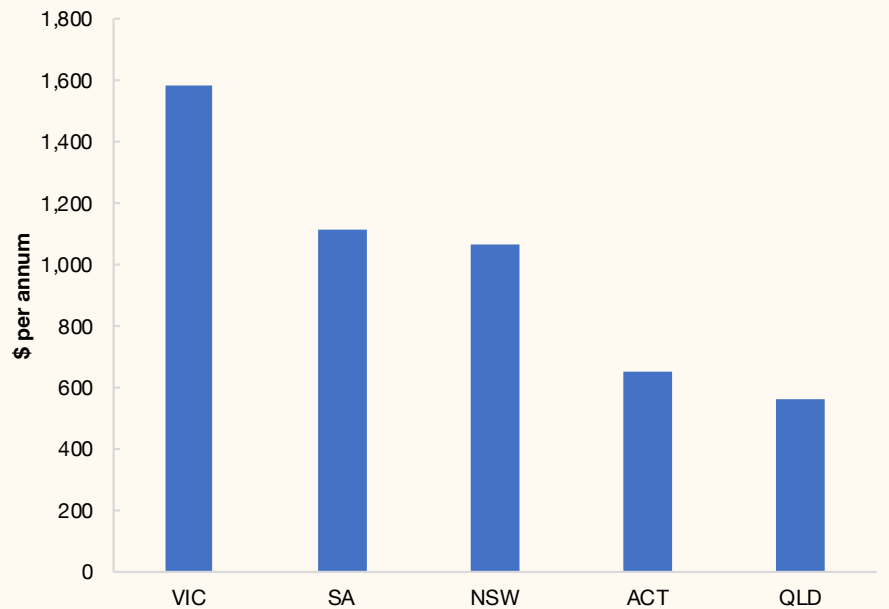


### 3.1.2 Additional discounts – electricity

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 \$1,580) while they have the least impact in South East Queensland (approximately \$565).<sup>18</sup>

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

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



### 3.1.3 Fixed supply charge – electricity

As of October 2018 fixed supply charges had increased in all jurisdictions except South Australia, Victoria and the ACT (where it decreased) compared with the same period a year ago. Western Australia used to have relatively low supply charges but in July 2018 it increased considerably (by \$440 per annum) and it is now the second highest supply charge in the country. Fixed supply charges are \$633 in NSW (increase of 3%), \$547 in Victoria (decrease of -2%), \$519 in Queensland (increase of 3%), \$488 in the ACT (decrease of -5%), \$371 in Tasmania (increase of 2%) and \$366 in South Australia (decrease of -3%). The supply charge is lowest in the Northern Territory (\$291).

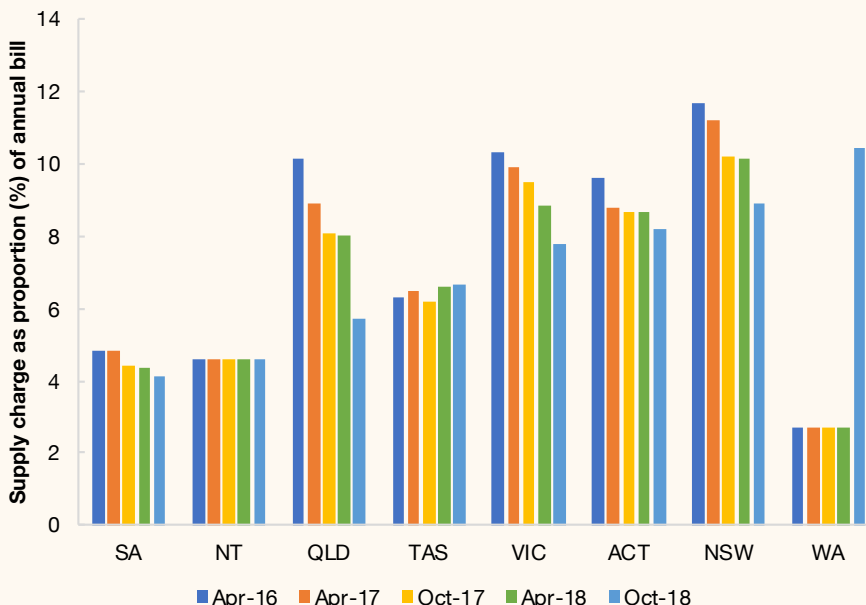
**Chart 7 Trend in average annual electricity supply charge (\$) for SMEs on the single rate in each jurisdiction from April 2016 to October 2018. GST inclusive.<sup>19</sup>**



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 (Western Australia is the exception). Fixed supply charges as a proportion of the annual bill are currently highest in Western Australia (10%) and lowest in South Australia (4%). Chart 8 shows the trend in the average electricity supply charge as proportion of bill in each jurisdiction.

<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.

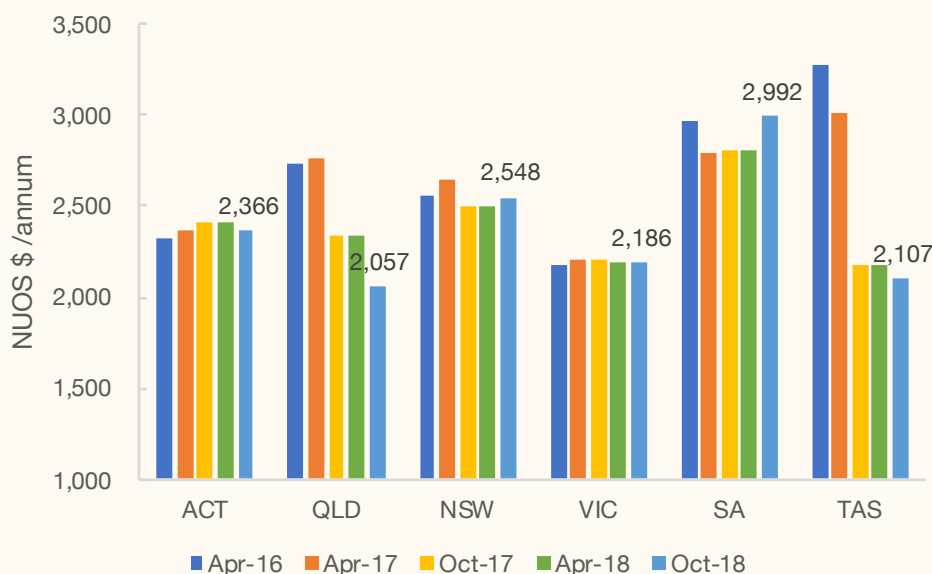
**Chart 8 Trend in average annual electricity supply charge as proportion (%) of bill for SMEs using 20,000 kWh per annum (single rate) in each jurisdiction from April 2016 to October 2018. GST inclusive.**



### 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 NSW (where it increased by 2%) and South Australia (where it increased by 7%). As of April 2018, South Australia is the jurisdiction with the highest NUOS charges (\$2,990 for a SME consuming 20,000 kWh per annum) while Queensland (a decrease of 12% compared with the same period a year ago) has the lowest (approximately \$2,055 for the same consumption level).<sup>20</sup>

**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>**

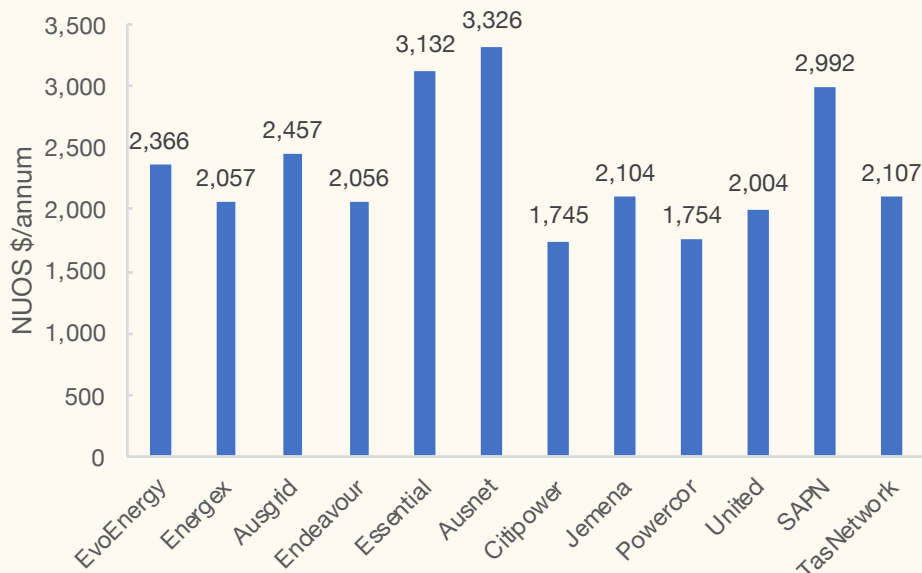


In NSW and Victoria, where there is more than one network area, the state variations in NUOS charges are significant. Large, and predominantly country networks, such as Essential Energy in NSW and Ausnet Services in Victoria have network charges that are greater than that of the South Australia Power Network. Victoria's urban Citipower and Powercor (suburban and rural) networks, on the other hand are the networks 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.

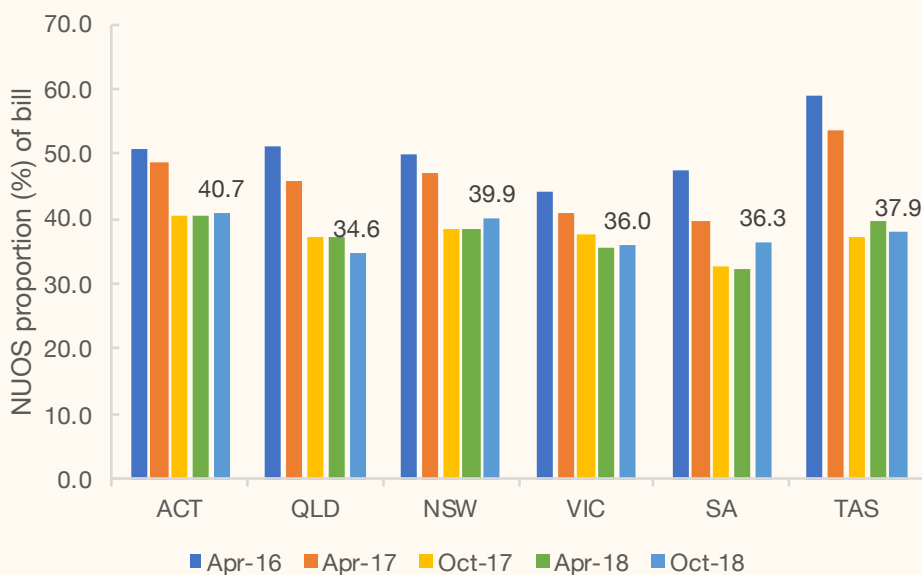
<sup>21</sup> Queensland is based on Energex network only. Previous analysis showed \$2,172 for Victoria in April 2018 and this was due to an error in the length of the peak season in the United Energy network. The correct average for April 2018 (and October 2018) is \$2,186.

**Chart 10 Annual NUOS bill for SMEs using 20,000 kWh (single rate) per annum in each network as of October 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 October 2018 the NUOS proportion of bills was highest in the ACT and NSW (40.7 and 39.9%, 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>**



### 3.1.5 Electricity ‘bill-stacks’

In the preceding section we estimated the proportion that network charges make up in the retail bill. The Australian Energy Market Commission annually publishes estimates of the components of the residential retail bill. We have undertaken a similar breakdown for the SME retail bill, but this needs to be qualified by the availability of public data to accurately estimate wholesale costs. Without estimates of market and ancillary fees or line losses, and information on actual wholesale costs rather than spot prices, the wholesale costs may be underestimated.

The results of this estimation of the components of the average retail bill for businesses using 20,000 kWh per annum are shown in Chart 12 and Chart 13.

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

**Table 2 - AEMC estimated electricity wholesale costs 2018/19**

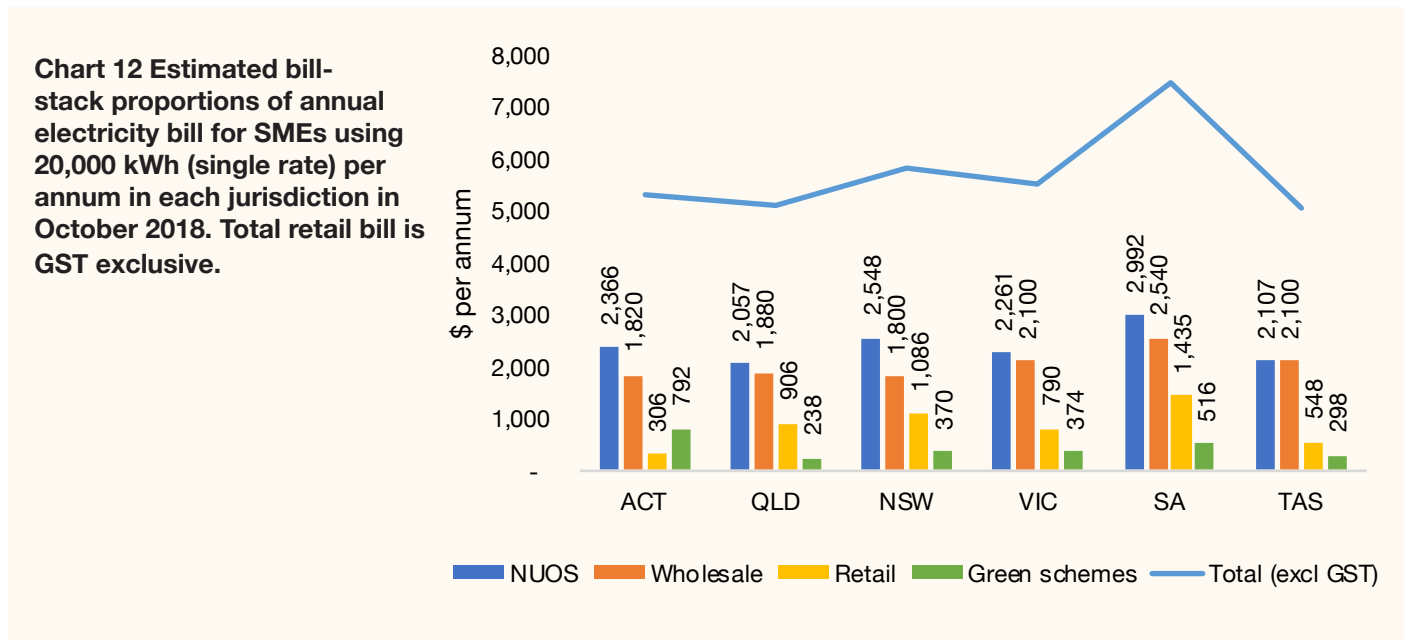
	Cost per MWh
ACT	\$91
NSW	\$90
Queensland	\$94
South Australia	\$127
Tasmania	\$105
Victoria	\$105

The AEMC’s Electricity Price Trends report is also the source used to estimate ‘green scheme’ costs.<sup>23</sup> Table 3 below shows the cost of “green schemes” used for this analysis.

**Table 3 AEMC estimated ‘Green scheme’ costs (c/kWh) 2018/19**

	Cents/kWh
ACT	3.96
NSW	1.85
Queensland	1.19
South Australia	2.58
Tasmania	1.49
Victoria	1.87

By deducting GST, NUOS costs, estimated wholesale costs<sup>24</sup> and the cost of environmental policies (‘green schemes’), the residual retail component of the average market offer bill is shown in Chart 12. This component is as low as \$305 in the ACT and as high as \$1,435 in South Australia.<sup>25</sup>



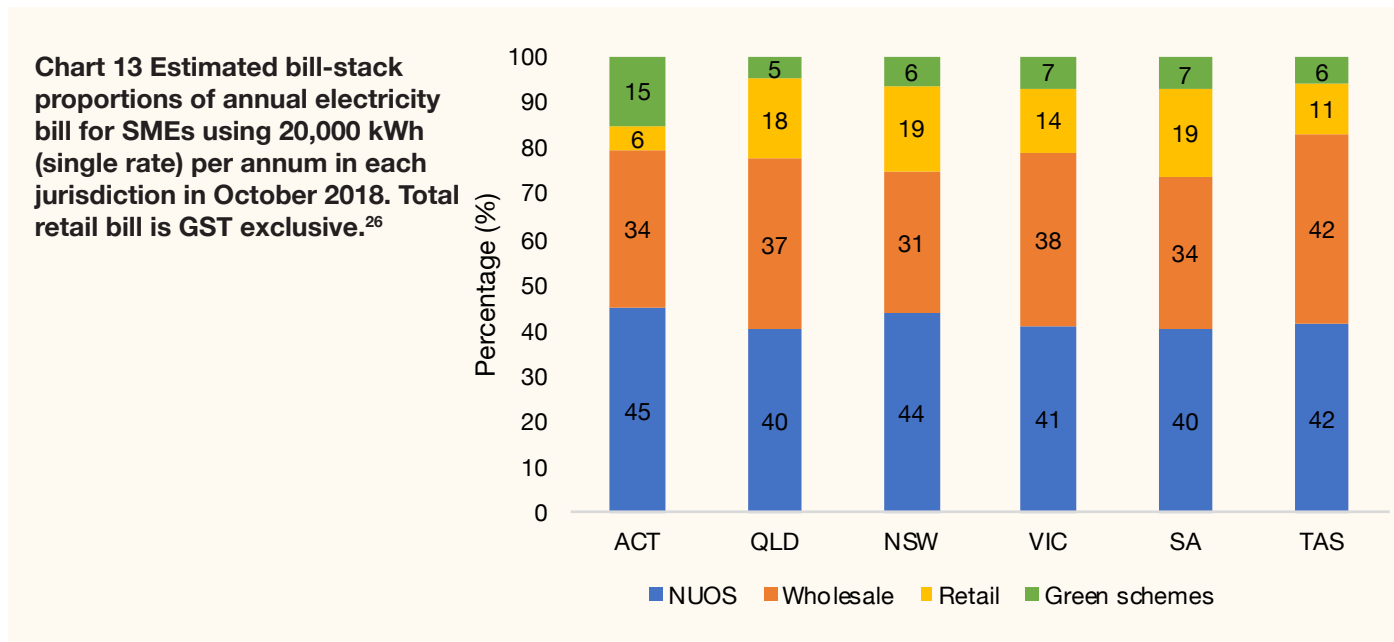
<sup>23</sup> See AEMC, *Residential Electricity Price Trends Reports*, 2017

<sup>24</sup> Estimated energy purchase cost for 2018/19 (financial year). Based on Figure 21 to 24 in Frontier Economics, 2017 *Residential Electricity Price Trends Report, A report prepared for the AEMC* December 2018. Note that the AEMC has supplied the numbers that the base case scenarios in Figure 21 to 24 is based on (except for Tasmania and ACT which have been estimated from the figures).

<sup>25</sup> Note that the retail component is the residual amount after deducting other costs from the bill and that charges such as market fees and ancillary service fees as well as losses have not been accounted for in this bill-stack. All market offers are inclusive of any guaranteed or pay on time discount offered by the retailers. We have also been advised that the NUOS includes some ‘green scheme’ costs in the ACT.



Chart 13 shows the various bill components as a percentage of the total bill. It shows that the NUOS component of a retail bill (exclusive of GST) is 40–45%. The cost of wholesale energy ranges from 31% in NSW to 42% in Tasmania. The retail component varies significantly. It is as low as 6% in the ACT and as high as 19% in NSW and South Australia. The ‘green scheme’ component is highest in the ACT (15%) and lowest in Queensland (5%).



### 3.2 Gas bills

Chart 14 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 gas bill of just over \$4,550, 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 \$2,200.

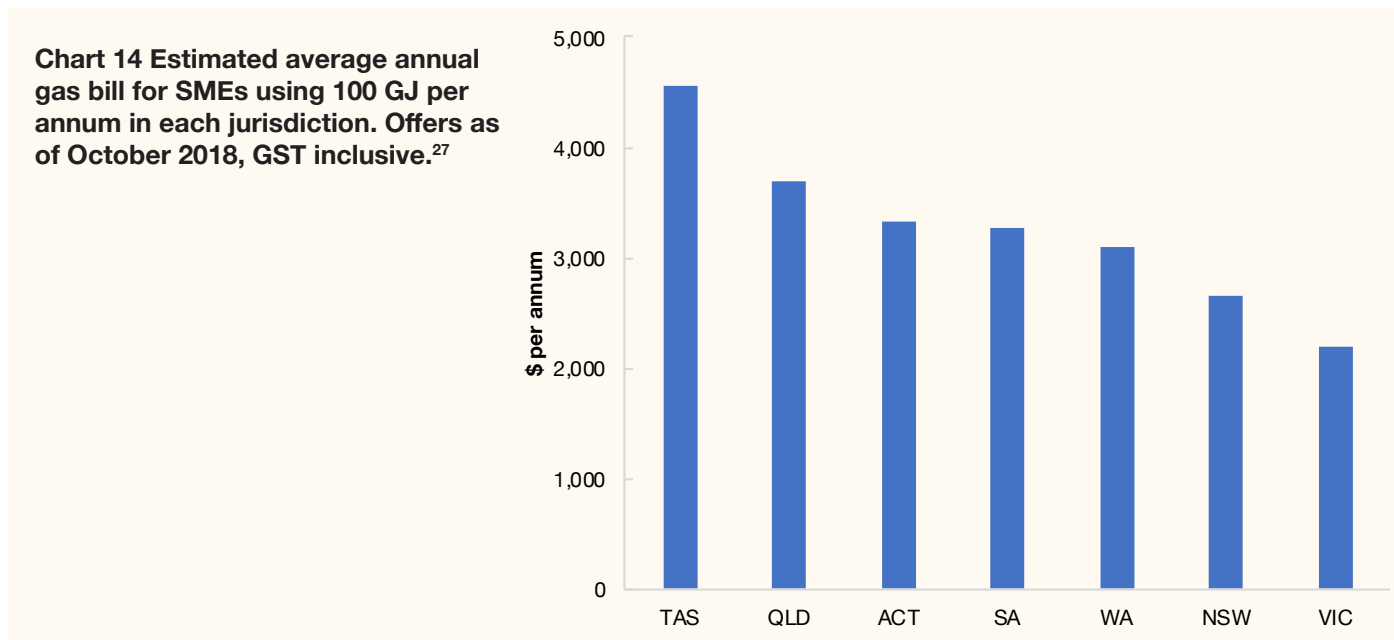


Chart 15 shows the trend in annual gas bills from April 2016 to October 2018. It shows that bills increased in all jurisdictions except for WA and South Australia during the period but that the increases vary significantly between jurisdictions.

<sup>26</sup> Ibid.

<sup>27</sup> Based on offers available in October 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 have one pricing zone.

**Chart 15 Estimated average annual gas bills for SMEs using 100 GJ per annum in each jurisdiction since April 2016. GST inclusive.<sup>28</sup>**

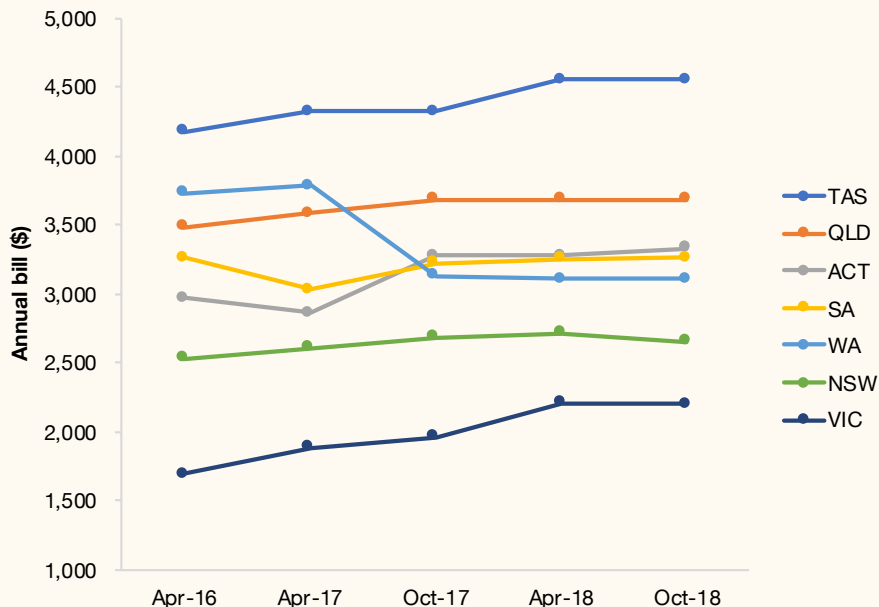
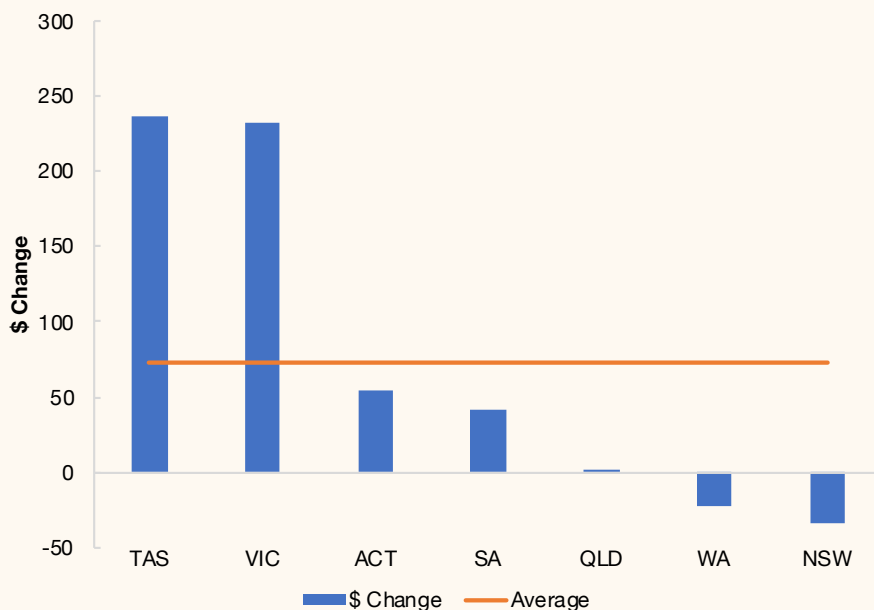


Chart 16 shows \$ change to annual bills from October 2017 to October 2018. On average, nationally, annual gas bills for SMEs using 100 GJ per annum, increased by approximately \$75 or 3% between October 2017 and October 2018. Annual gas bills for SMEs with this consumption level have increased by \$235 in Tasmania and Victoria (5% and 12% respectively), in the ACT, bills increased by \$55 (2%) and in South Australia by \$40 (1%). In Queensland bills have remained stable while they have decreased slightly in WA (\$20 or -1%) and NSW (\$35 or -1%).

**Chart 16 Changes (\$) to average annual gas bill for SMEs using 100 GJ per annum in each jurisdiction from October 2017 to October 2018. GST inclusive.**



### 3.2.1 Maximum price spread – gas

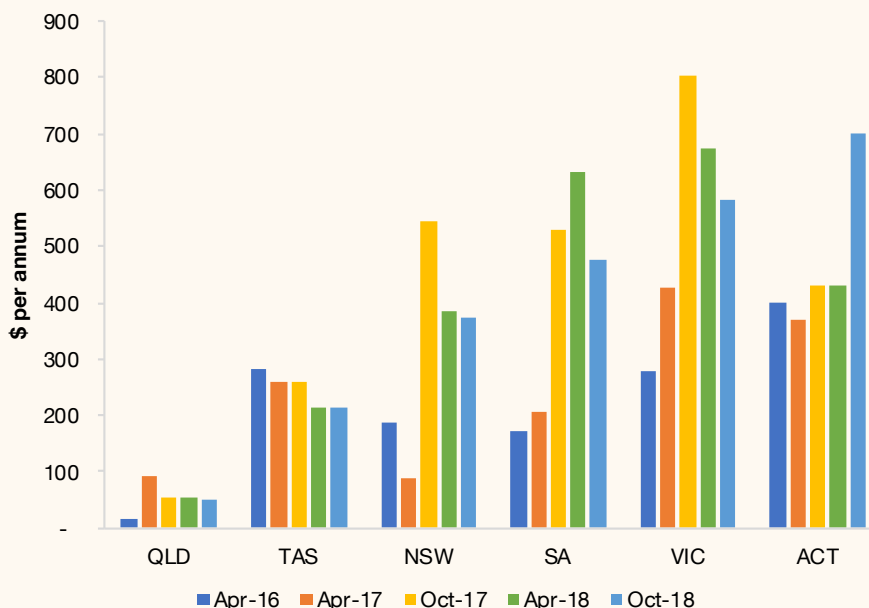
The difference between the market offers, the maximum price spread, for gas decreased in all jurisdictions, except the ACT, compared with the same period a year ago. The price spread typically increases with the number of retailers operating in a market as well as immediately after deregulation.<sup>29</sup> Currently, however, the ACT has the greatest price spread (\$700) despite there only being three retailers

<sup>28</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. Note that there was an error in the bill calculation of Aurora Energy’s gas bill in the previous report (based on rates available as of April 2018). This resulted in Aurora’s gas bill being too low. The April 2018 data error has been corrected in the associated workbooks and in this report.

<sup>29</sup> Note that NSW gas retail prices were deregulated on 1 July 2017.

offering gas contracts in the ACT.<sup>30</sup> As of October 2018 the maximum price spread was \$580 in Victoria (currently 8 gas retailers), approximately \$475 in South Australia (with 5 gas retailers), \$370 in NSW (with 5 gas retailers) and \$215 in Tasmania (with 2 retailers). In Queensland (where there are only 2 gas retailers), the maximum price spread was \$50.<sup>31</sup> Chart 17 shows the trend in the maximum price spread since April 2016 for all jurisdictions where a number of retailers offer gas market contracts.

**Chart 17 Trend in the maximum price spread for gas market offers (including guaranteed and pay on time discounts) in each jurisdiction since April 2016 based on SMEs using 100 GJ per annum. GST inclusive.**



### 3.2.2 Additional discounts – gas

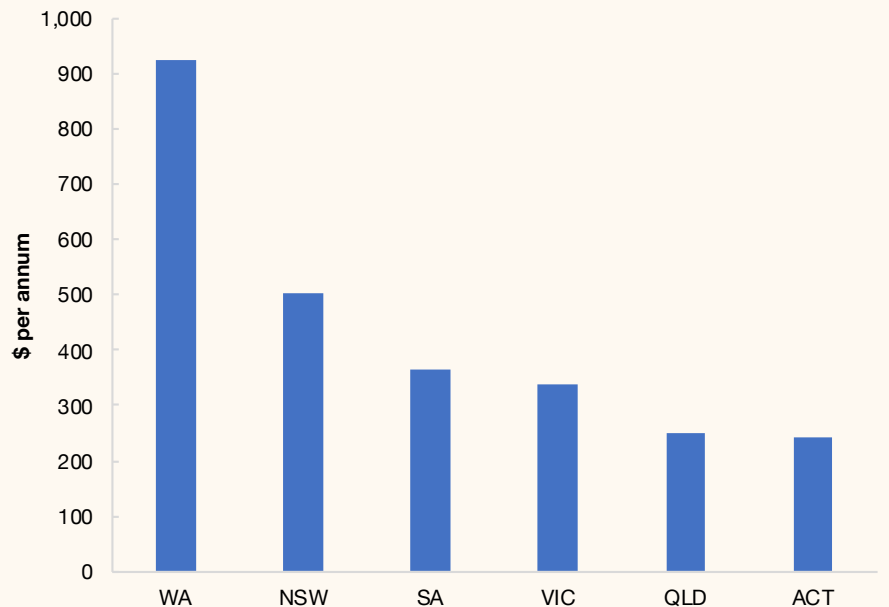
While some retailers offer guaranteed discounts, many market offer discounts are conditional upon bills being paid on time. Chart 18 shows the difference between the average market offer bill excluding guaranteed and conditional discounts, and the average market offer bill inclusive of discounts. It shows that discounts have greatest impact in Western Australia (reduces an average annual bill by \$925) while they have the least impact in Queensland and the ACT (approximately \$250).<sup>32</sup> It should be noted, however, that Western Australia only has three retailers that publish SME market offers and that this discount reflects the 37% discount offered by AGL and 33% discount offered by Origin. Both retailers are relatively new entrants in the WA gas retail market.

<sup>30</sup> ActewAGL increased its rates on 1 July 2018 and as they do not offer any discounts on their standard gas offer, they are now significantly more expensive than both their competitors. ActewAGL customers that sign up for a dual fuel contract, however, do receive a discount.

<sup>31</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 October 2018, however, the maximum price spread in WA was \$1,400.

<sup>32</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.

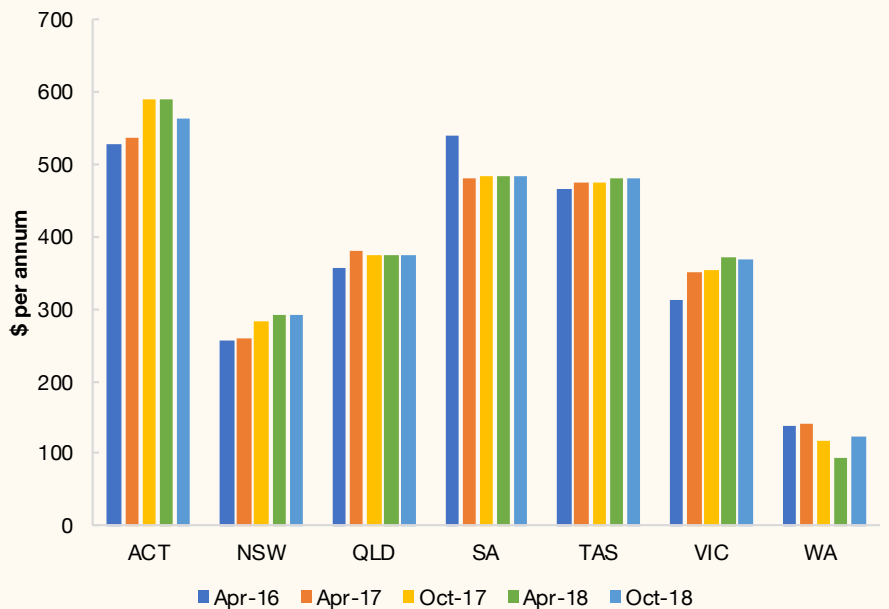
**Chart 18 Difference (\$) to average annual gas bill inclusive and exclusive of discounts) guaranteed and conditional), based on SMEs using 100 GJ per annum, October 2018. GST inclusive**



### 3.2.3 Fixed supply charge – gas

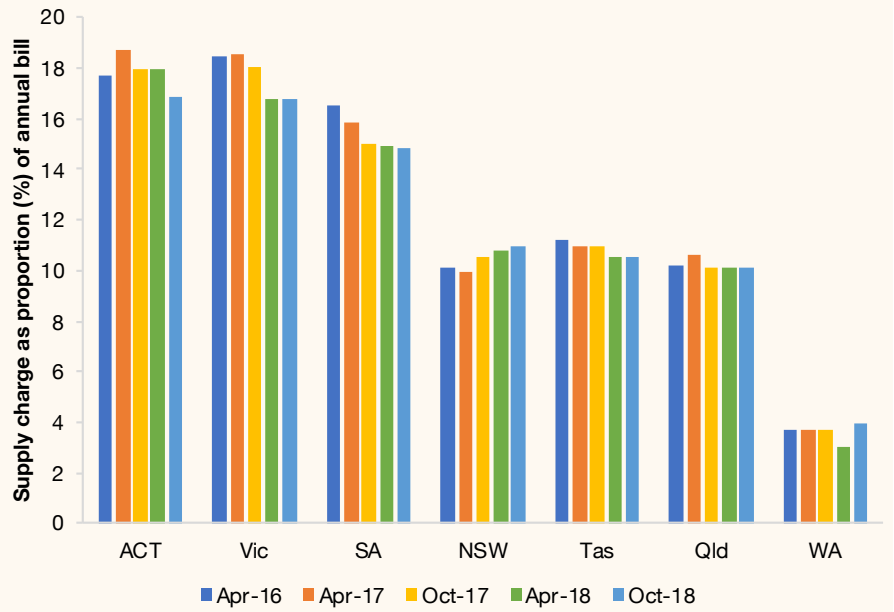
For gas, there are significant differences between jurisdictions. Compared with the same period a year ago, the highest increases in fixed supply charges were in WA (an increase of 5% to \$125), Victoria (an increase of 4% to \$370) and NSW (an increase of 3% to \$290). In Tasmania, there was a small increase (1% to \$480) while the supply charges in South Australia and Queensland remained unchanged. The ACT, the jurisdiction with the highest gas supply charges, there was a decrease (-5% to \$565). Fixed supply charges as a proportion of the annual bill are highest in the ACT and Victoria (17%) and lowest in Western Australia (4%).

**Chart 19 Trend in average annual gas supply charge (\$) for SMEs in each jurisdiction from since April 2016. GST inclusive<sup>33</sup>**



<sup>33</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. In WA, Alinta Energy and AGL's supply charges are inclusive of a daily Account Administration Fee as of October 2018. In the previous update (April 2018), only Alinta explicitly stated that an Account Administration Fee applies. Origin's offers in WA do not mention this fee.

**Chart 20 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 October 2018. GST inclusive.**



## 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 October 2018,<sup>34</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>35</sup>

Consistent with section 3 above, we assume an annual consumption level of 20,000 kWh<sup>36</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:

<b>Electricity network and incumbent retailer</b>	<b>Area</b>
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
<b>NSW Gas zones and host retailer</b>	<b>Area</b>
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 Bundgendore
Shoalhaven (ActewAGL)	Shoalhaven

<sup>34</sup> As the last data collection of retail offers occurred in October 2018, offers as of October 2018 have been compared to offers in April 2018 (the previous data collection), and the trend over the twelve months since October 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>35</sup> Appendix A contains a list of the various retail offers used for this analysis.

<sup>36</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)

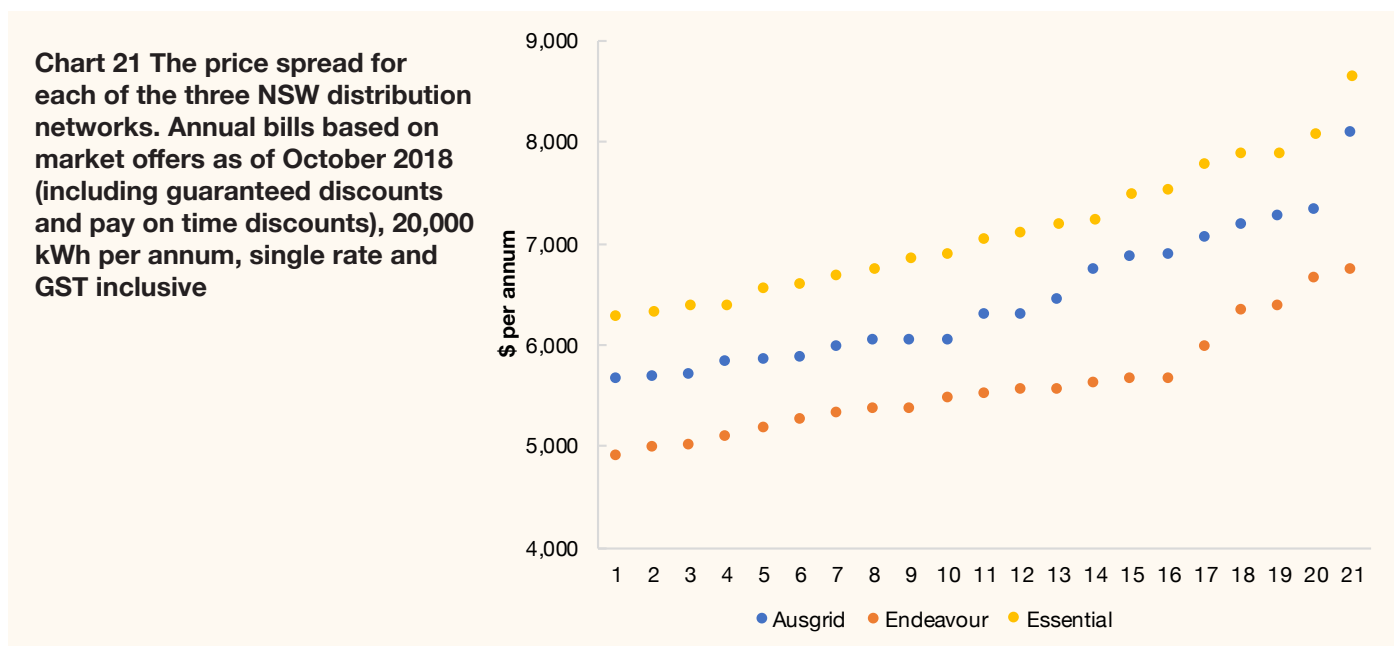
### 4.1.1 NSW electricity bills October 2018

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>37</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 21 shows annual bills for SMEs consuming 20,000 kWh per annum (single rate) for 21 retailers across the three NSW distribution networks.<sup>38</sup> It shows that the typical annual bill for SMEs with his consumption level is between \$5,600 and \$7,125 (depending on network area).

It also shows that prices are highest in the Essential Energy network and lowest in Endeavour Energy. The maximum price spread is also greatest in Essential Energy where the difference between the lowest and the highest annual bill is \$2,370 compared to \$1,825 in the Endeavour Energy network. The average maximum price spread for all three networks is approximately \$2,210.



Figures 1 - 3 below rank the retail offers from lowest to highest annual electricity bills in each of the three network areas.<sup>39</sup>

<sup>37</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>38</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>39</sup> These market offers were collected in October 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** (October 2018)






















	Lumo Energy	\$5,664
	QEnergy	\$5,688
	BlueNRG	\$5,705
	CovaU	\$5,836
	Alinta Energy	\$5,852
	Energy Locals	\$5,861
	Powershop	\$5,971
	Next Business Energy	\$6,032
	Sumo Power	\$6,037
	Energy Australia	\$6,044
	Simply Energy	\$6,283
	Red Energy	\$6,292
	1st Energy	\$6,448
	AGL	\$6,728
	Origin Energy	\$6,858
	Commander Electricity	\$6,879
	Powerdirect	\$7,044
	Amaysim	\$7,180
	Click Energy	\$7,263
	Diamond Energy	\$7,330
	Momentum Energy	\$8,095

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




















	CovaU	\$4,909
	QEnergy	\$4,978
	Alinta Energy	\$5,008
	Lumo Energy	\$5,081
	BlueNRG	\$5,170
	AGL	\$5,253
	Sumo Power	\$5,331
	Energy Australia	\$5,355
	Energy Locals	\$5,365
	Simply Energy	\$5,464
	Powerdirect	\$5,508
	Next Business Energy	\$5,552
	Origin Energy	\$5,557
	Powershop	\$5,612
	1st Energy	\$5,650
	Red Energy	\$5,659
	Commander Electricity	\$5,975
	Momentum Energy	\$6,343
	Diamond Energy	\$6,386
	Amaysim	\$6,658
	Click Energy	\$6,735

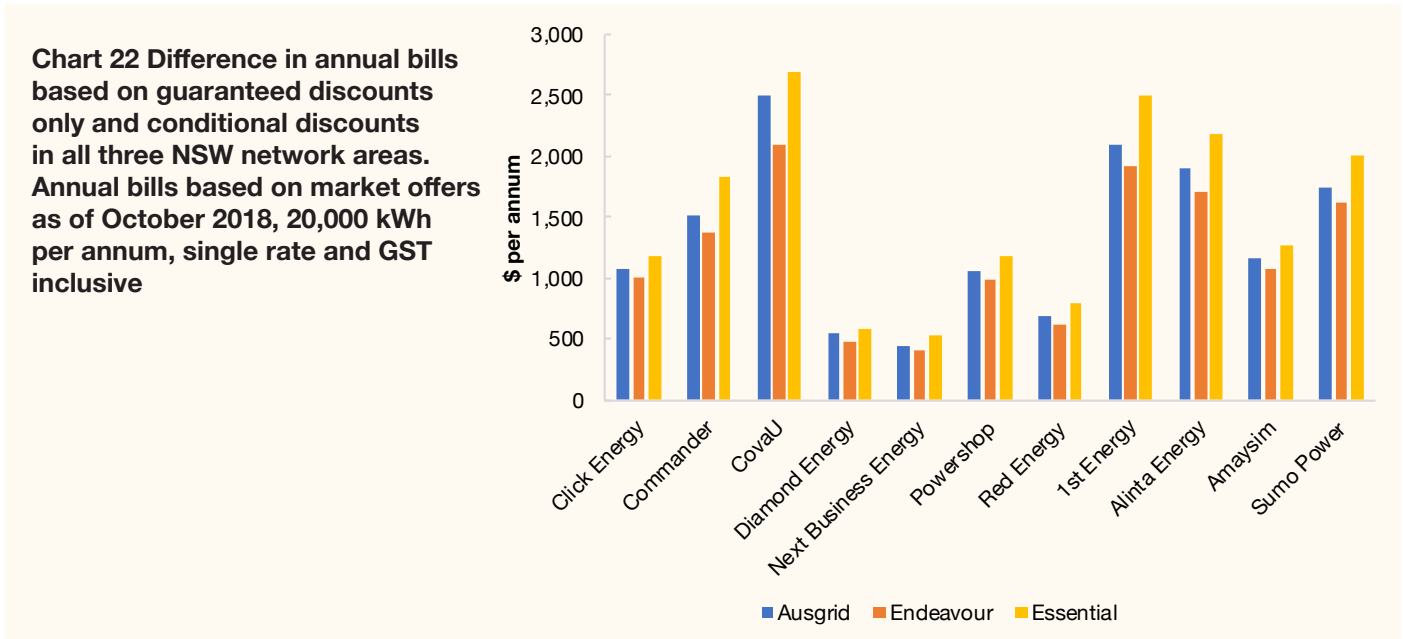
Figure 3 Lowest to highest annual bills for market offers in NSW's **Essential Energy network** (October 2018)

	CovaU	\$6,283
	BlueNRG	\$6,320
	QEnergy	\$6,395
	Lumo Energy	\$6,397
	Alinta Energy	\$6,557
	Energy Australia	\$6,600
	Energy Locals	\$6,689
	Powershop	\$6,745
	Sumo Power	\$6,860
	Simply Energy	\$6,896
	Next Business Energy	\$7,050
	Red Energy	\$7,107
	AGL	\$7,193
	Origin Energy	\$7,239
	1st Energy	\$7,476
	Powerdirect	\$7,536
	Amaysim	\$7,789
	Click Energy	\$7,879
	Diamond Energy	\$7,881
	Commander Electricity	\$8,066
	Momentum Energy	\$8,651

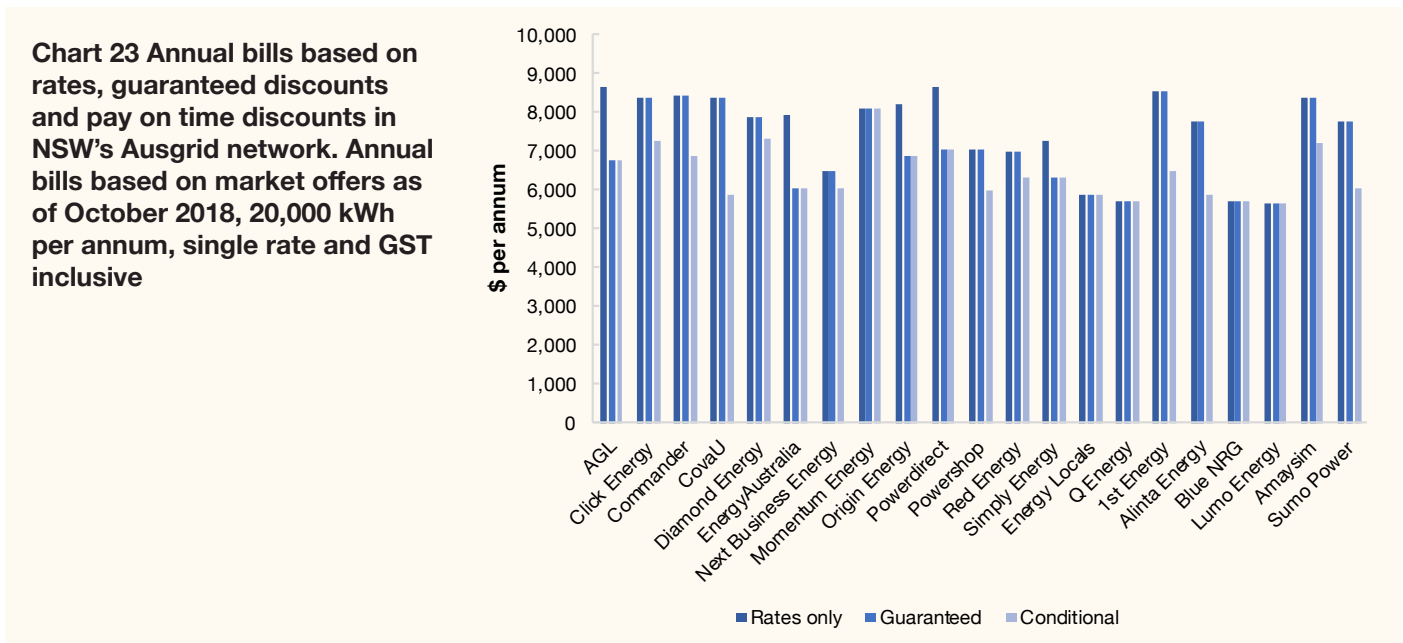


**Additional discounts**

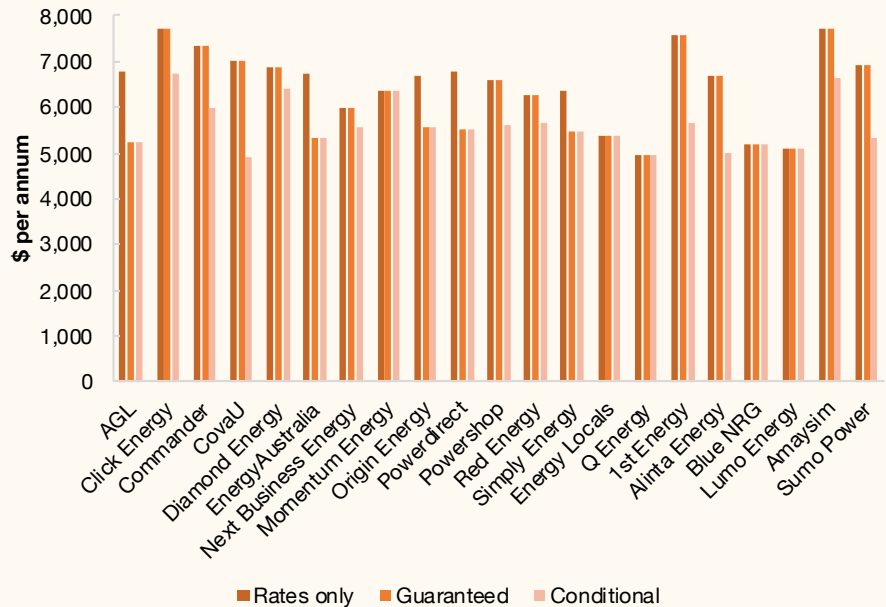
Eleven of the twenty-one retailers operating in NSW offer conditional pay on time discounts and for customers using 20,000kWh per annum the difference to the annual bill if they pay late can be as much as \$2,690 (Covau Energy’s offer in the Essential Energy network). Other retailers with very high pay conditional discounts are 1st Energy, Alinta Energy, Sumo Power and Commander. Chart 22 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).



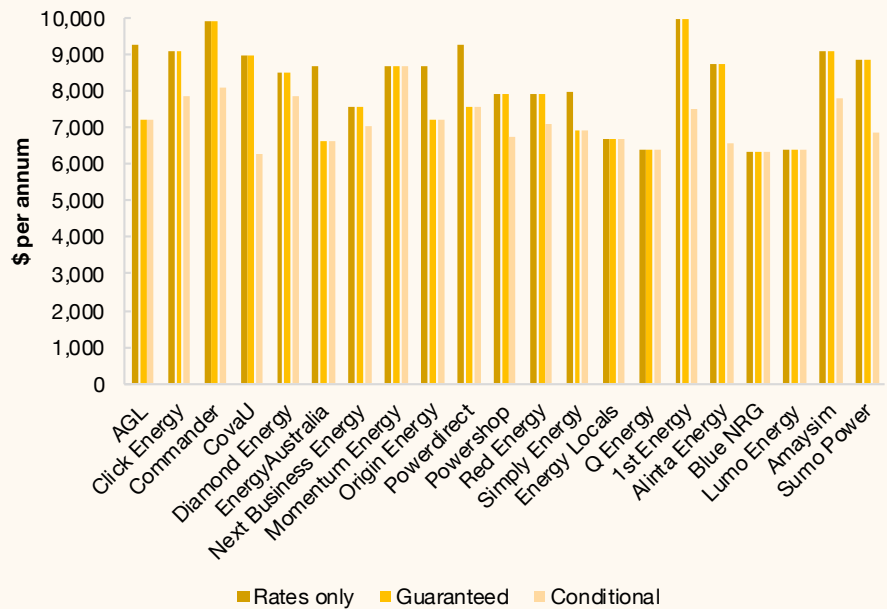
Charts 23 - 25 show annual bills based on their rates only, inclusive of guaranteed discounts and inclusive of guaranteed as well as pay on time discounts for all three network areas.



**Chart 24 Annual bills based on rates, guaranteed discounts and pay on time discounts in NSW's Endeavour Energy network. Annual bills based on market offers as of October 2018, 20,000 kWh per annum, single rate and GST inclusive**



**Chart 25 Annual bills based on rates, guaranteed discounts and pay on time discounts in NSW's Essential Energy network. Annual bills based on market offers as of October 2018, 20,000 kWh per annum, single rate and GST inclusive**



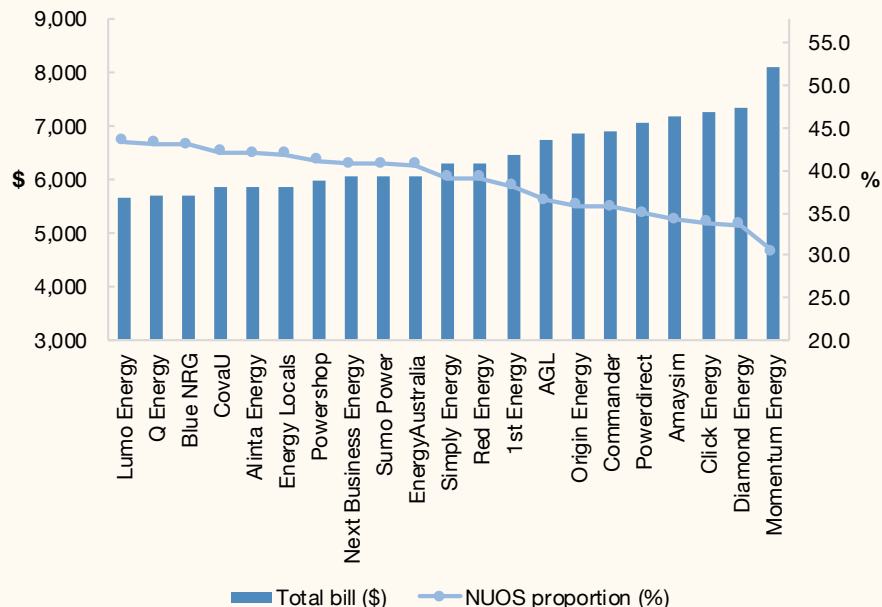
**Network charges**

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.

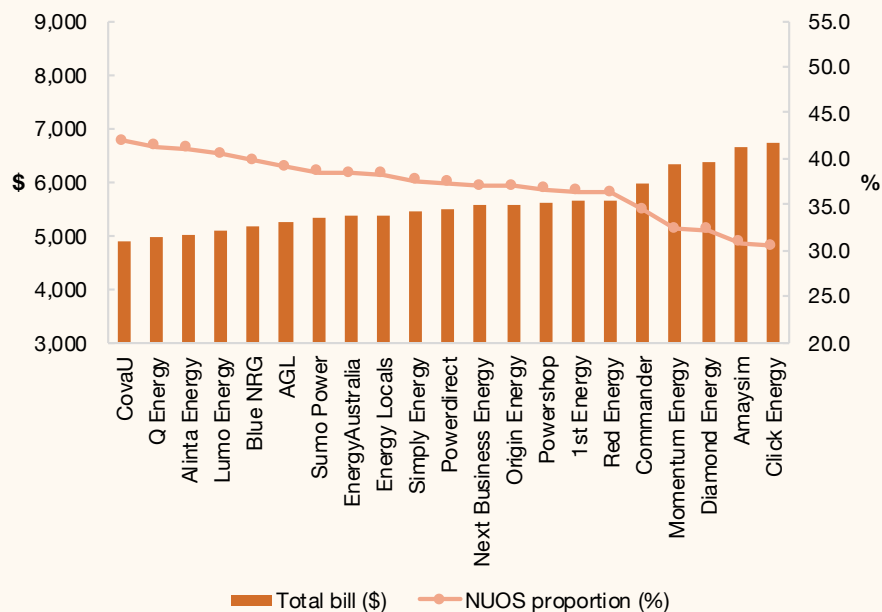
The charts presented in this section show that the NUOS proportion of bills varies significantly between retail offers. In the Ausgrid network, for example, the NUOS proportion of the bill for Lumo, Q Energy and Blue NRG's customers is over 43% while the NUOS only comprises 30% of the total bill for Momentum's customers.

Charts 26 - 28 show annual retail bills (columns) and NUOS as proportion of annual bill (dotted line) for each of the three network areas.

**Chart 26 Ausgrid: Annual retail bills (incl. GST) and NUOS as proportion of total bill, October 2018. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum<sup>40</sup>**



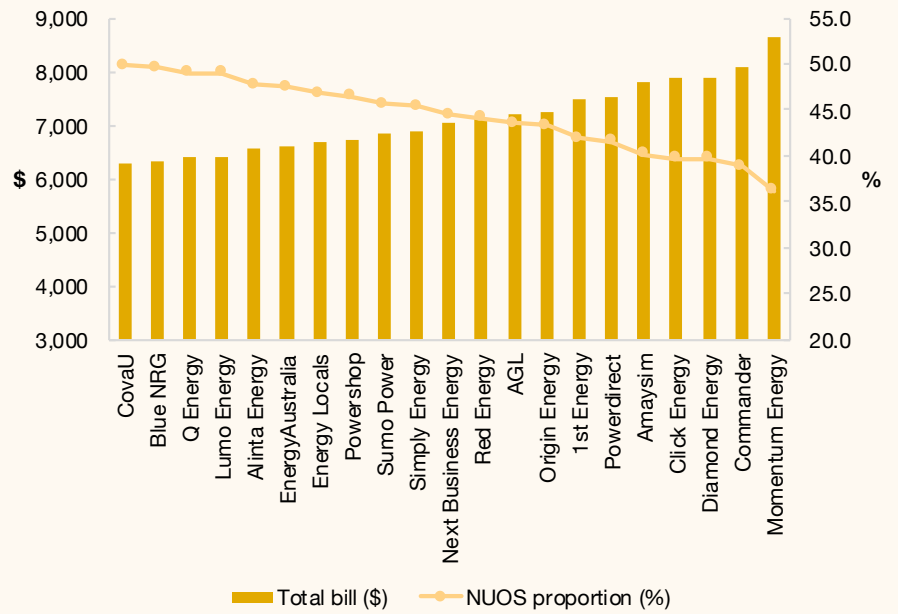
**Chart 27 Endeavour Energy: Annual retail bills (incl. GST) and NUOS as proportion of total bill, October 2018. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum<sup>41</sup>**



<sup>40</sup> Based on market offer rates as of October 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 2018/19 financial year. The NUOS also includes fixed charges.

<sup>41</sup> Based on market offer rates as of October 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 2018/19 financial year. The NUOS also includes fixed charges.

**Chart 28 Essential Energy: Annual retail bills (incl. GST) and NUOS as proportion of total bill, October 2018. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum).<sup>42</sup>**



<sup>42</sup> Based on market offer rates as of October 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 2018/19 financial year. The NUOS also includes fixed charges

## 4.1.2 NSW gas bills October 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>43</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 \$2,650 (including discounts). Chart 29 shows annual bills for five retailers in the Jemena/AGL (Sydney) gas zone and that the maximum price spread is approximately \$370 per annum.

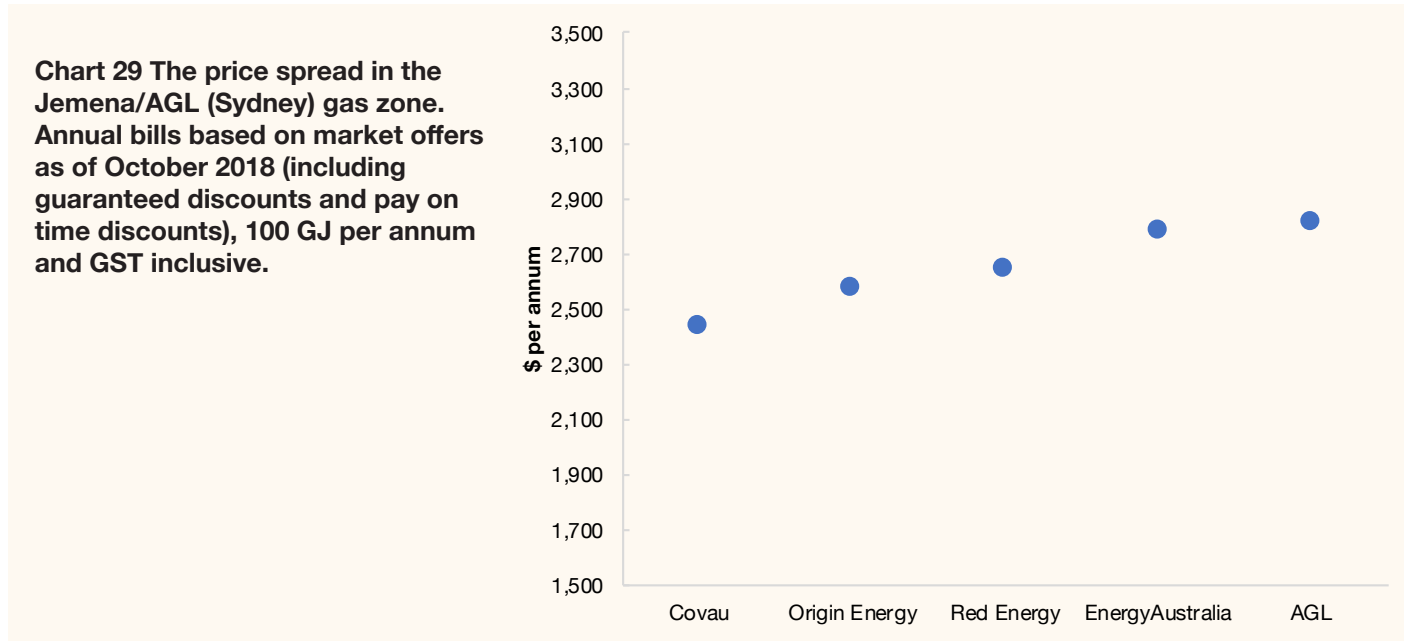


Figure 4 below ranks the retail offers from lowest to highest annual gas bills in the Jemena/Sydney gas zone.<sup>44</sup>

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

	Covau	\$2,440
	Origin Energy	\$2,572
	Red Energy	\$2,644
	Energy Australia	\$2,785
	AGL	\$2,812

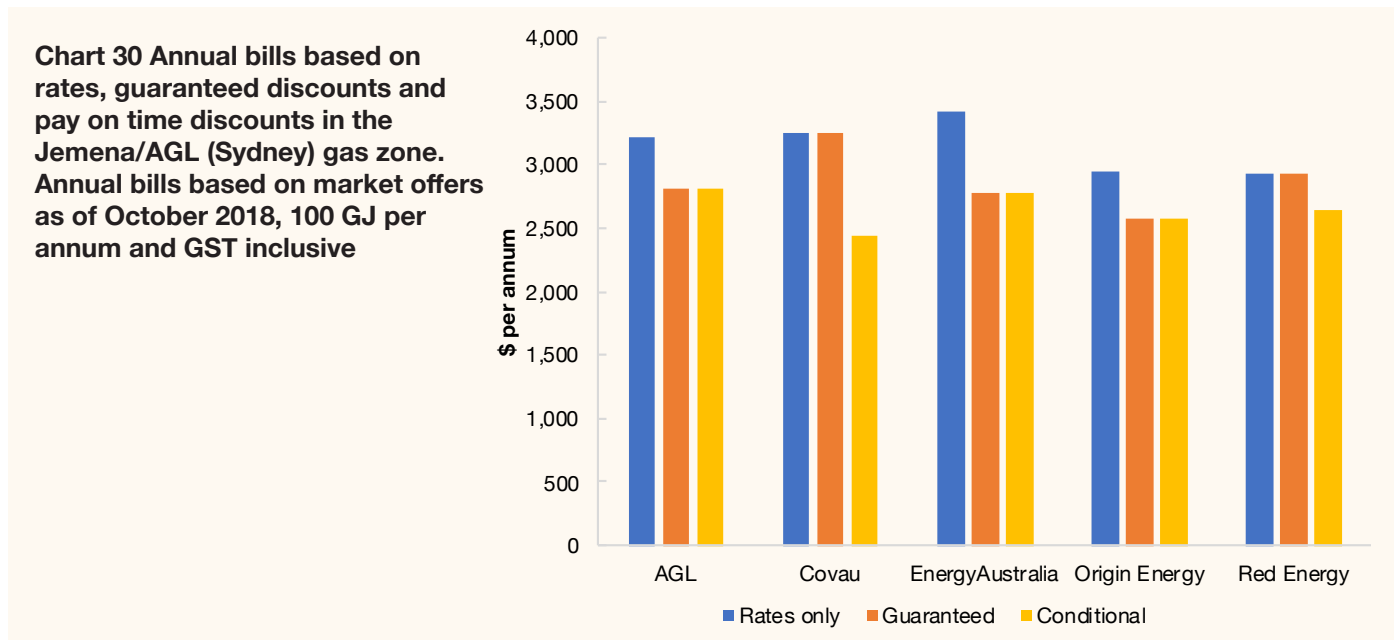
<sup>43</sup> See appendix A for a list of retail offers included in this analysis. Many retailers have more than one market offer and the rates, conditions, size of discounts as well as discount types (e.g. guaranteed or conditional) may vary between their offers.

<sup>44</sup> These market offers were collected in October 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.

### 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 30 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 Red Energy is the retailer with the lowest bill based on rates only, Origin Energy has the lowest bill based on guaranteed discounts and Covau has the lowest bill when inclusive of conditional pay on time discounts.

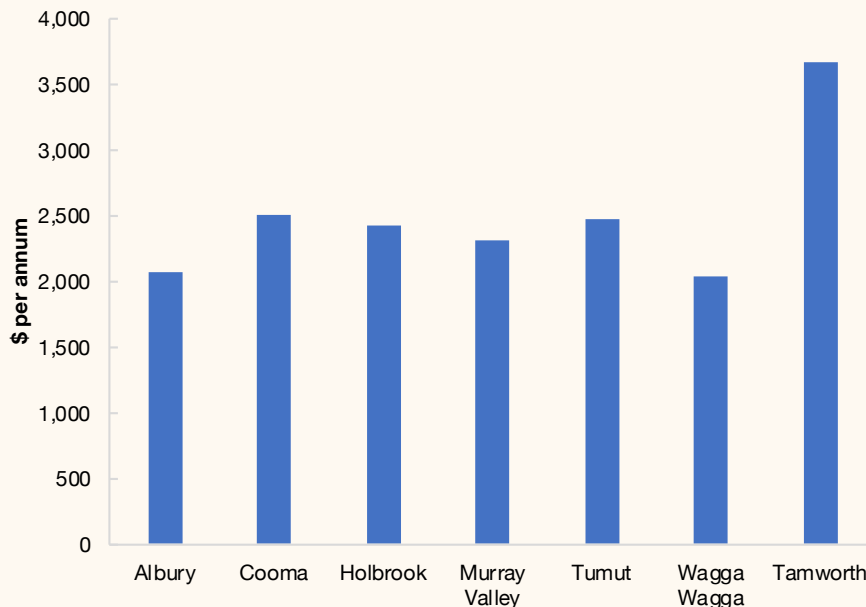


### Regional NSW

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 31 shows annual bills for Origin's market offers (discounts included) in the AGN pricing zones. Origin's market offers produce annual bills from approximately \$2,045 (in Wagga Wagga) to \$3,655 (Tamworth) for customers consuming 100 GJ per annum. Energy Australia also offers gas market offers in the Albury and Murray Valley gas zones. Energy Australia's offers produce annual bills that are approximately \$310 more than Origin's. Red Energy offers gas to dual fuel businesses in the Tumut and Cooma pricing zones, these gas offers are approximately \$10 less per annum than Origin's.

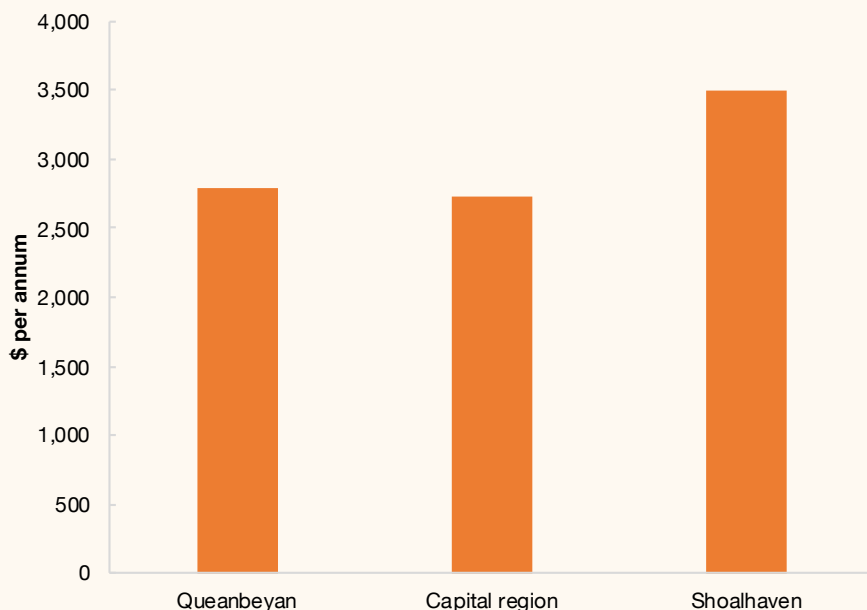
**Chart 31 Annual bills based in Origin's gas zones. Annual bills based on market offers as of October 2018, 100 GJ per annum and GST inclusive**



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 32 shows annual bills for ActewAGL's market offers (discounts included) in these three pricing zones. ActewAGL's market offers produce annual bills from approximately \$2,730 (in the Capital region) to \$2,500 (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 \$140 less than ActewAGL's offer in Queanbeyan.

**Chart 32 Annual bills based in ActewAGL's gas zones. Annual bills based on market offers as of October 2018, 100 GJ per annum and GST inclusive**



### 4.1.3 Changes in energy bills in NSW<sup>45</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.

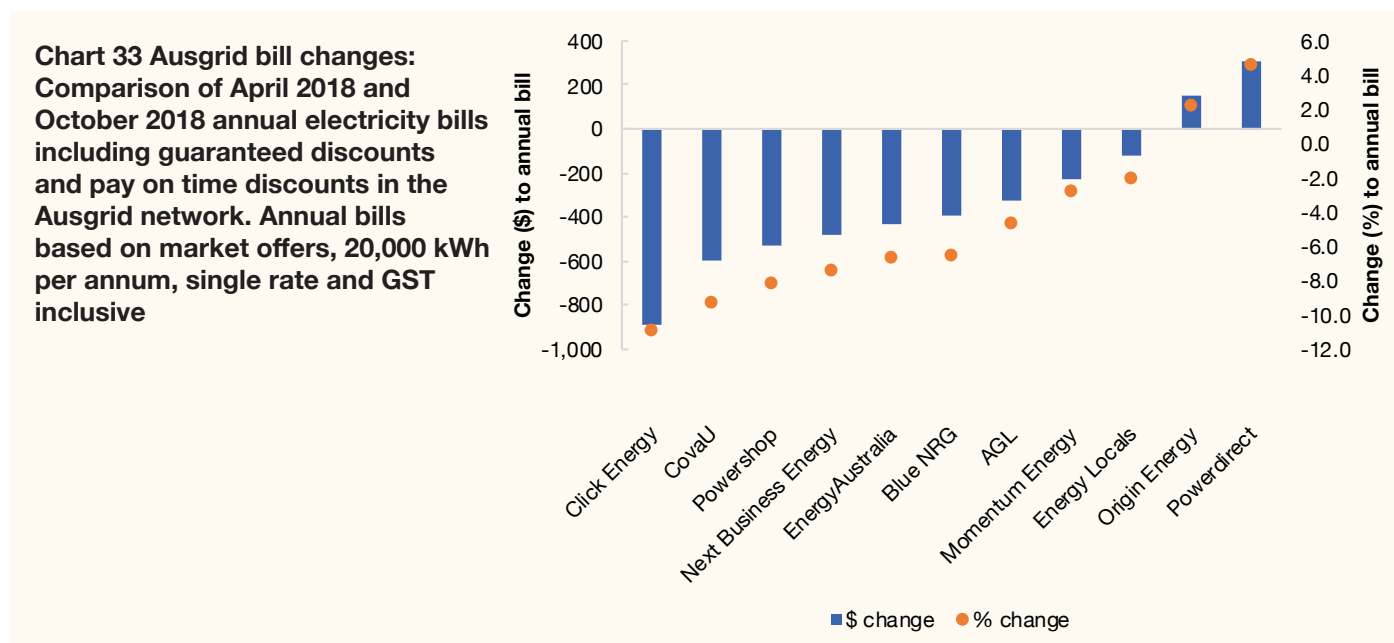
In NSW, new network tariffs took effect in July 2018 meaning that the electricity retail prices have been affected by an underlying price reset in this six month period. Most of the retailers have thus changed their offers (rates, discounts or both).

In the Ausgrid network, the annual bills for Powerdirect, Origin Energy and Alinta have increased while Commander, Diamond, Red, Simply, Q Energy, 1st Energy, Lumo and Amaysim's have remained the same. The remaining nine retailers' bills have decreased. Click Energy is the retailer with the greatest decrease (\$890 or -11%). See Chart 33.

In the Endeavour network, fourteen retailers have decreased their bills over the last 6 months. Again, Click Energy was the retailer with the greatest decreases (\$1,030 or -13%). Powerdirect, Energy Locals and Origin Energy, on the other hand, have increased their bills. See Chart 34.

In the Essential network, thirteen retailers have decreased their bills while four (Powerdirect, Origin, Alinta and Energy locals) have had increases. See Chart 35.

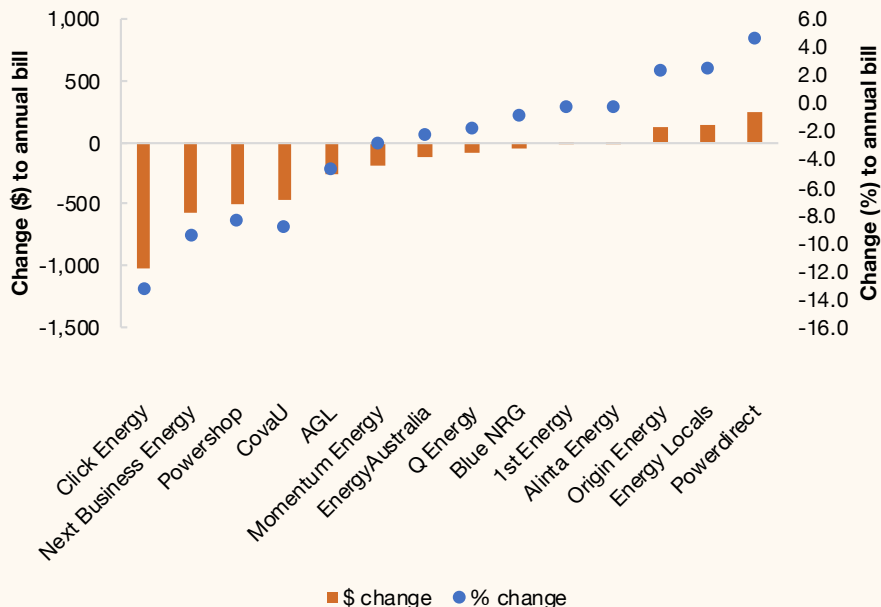
Charts 33 to 35 below show changes (\$) to the five retailers' bills (columns) as well as percentage changes (marker) for each network area.



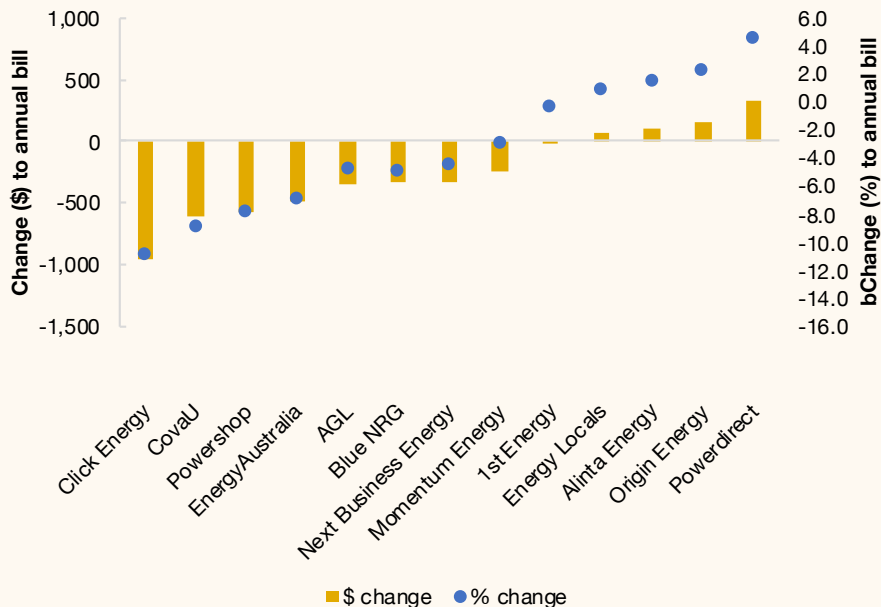
<sup>45</sup> Note that these price changes may differ from the overall averages in the national comparison (section 3 above). This is because the average bill in this section is based on retailers offering retail contracts as of both April 2018 and October 2018 while the national comparison includes all retailers offering retail contracts as of April 2018 and October 2018. For example; Sumo Power, being a new retailer in NSW, would be included in the October 2018 average bill data used for national comparison but not in this more detailed jurisdictional analysis (as they did not have any offers in April 2018).



**Chart 34 Endeavour Energy bill changes: Comparison of April 2018 and October 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**

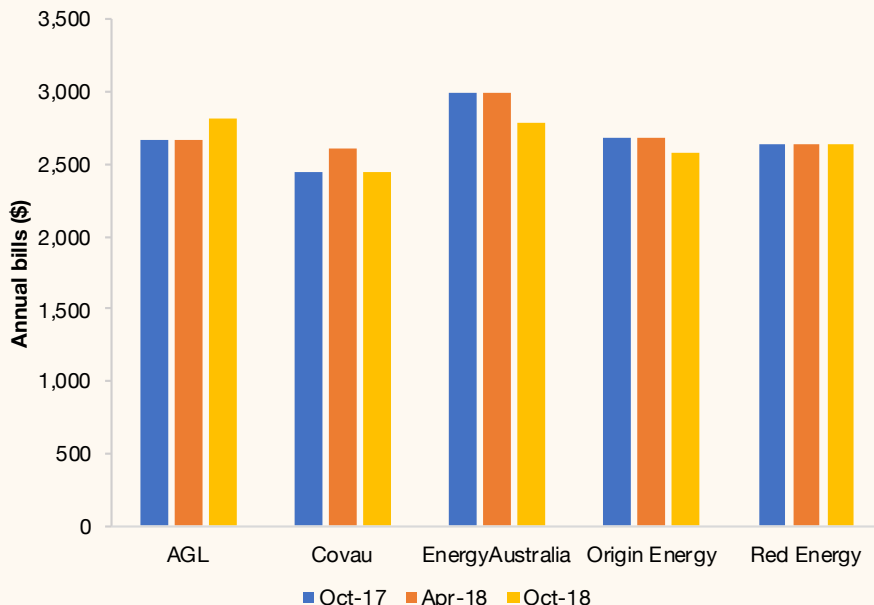


**Chart 35 Essential Energy bill changes: Comparison of April 2018 and October 2018 annual electricity bills including guaranteed discounts and pay on time discounts in the Essential Energy network. Annual bills based on market offers, 20,000 kWh per annum, single rate and GST inclusive**



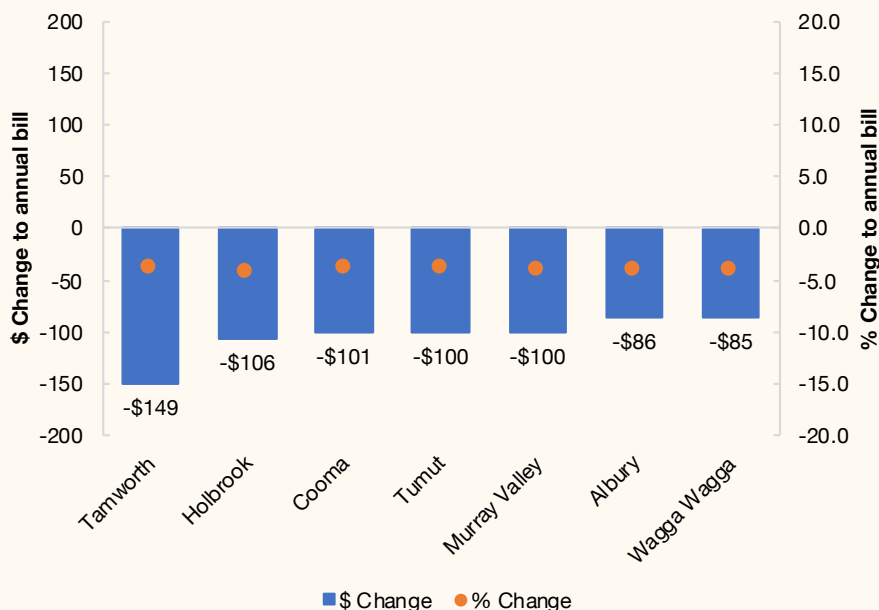
In relation to gas, all retailers except Red Energy, in the Sydney/Jemena pricing zone, have changed its gas offer since April 2018. AGL has increased their bills by 5.7% or \$145 per annum for a business using 100 GJ per annum. Energy Australia, Covau and Origin Energy, on the other hand, decreased their prices from April 2018 to October 2018. Energy Australia has had the greatest decrease with annual bills being \$200 less (-7.7%) compared to six months ago. See Chart 36 below.

**Chart 36 Annual gas bills as October 2017, April 2018 and October 2018 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**



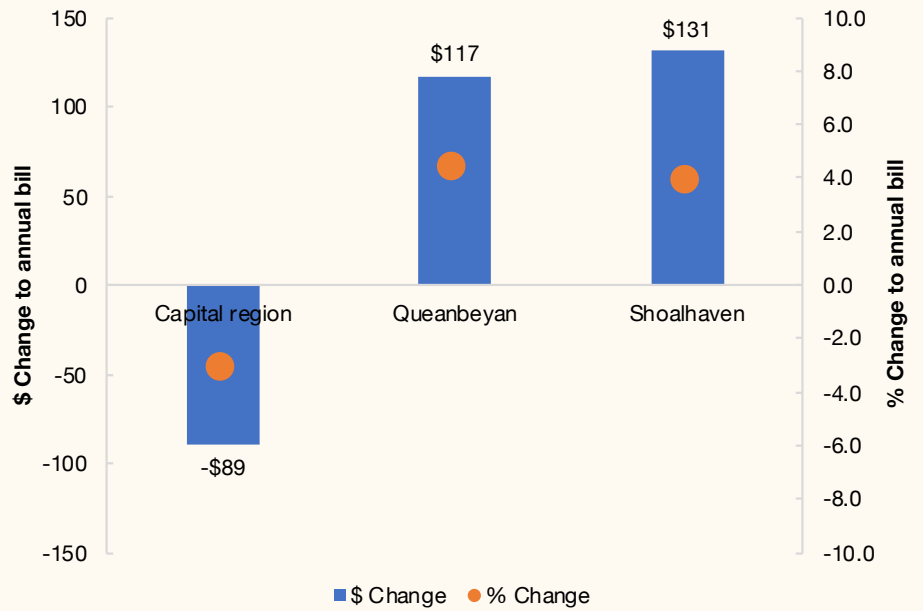
In terms of the many smaller NSW pricing zones, Origin and ActewAGL are the main retailers (although Energy Australia and Red Energy do have offers in some of these zones). Between April 2017 and October 2018 Origin's market offers (Business Saver) decreased by approximately 4% in all pricing zones. See Chart 37.

**Chart 37 Comparison of Origin Energy's annual gas bills including guaranteed discounts and pay on time discounts in various gas zones from April 2018 to October 2018. Annual bills based on market offers as of April 2018 and October 2018, 100 GJ per annum and GST inclusive**



Since April 2018, ActewAGL's prices have increased in two pricing zones (Queanbeyan and Shoalhaven) but reduced in the Capital region. ActewAGL customers using 100 GJ per annum in the Queanbeyan area have had an annual increase of \$115 (4.4%) and customers in Shoalhaven have had an annual increase of \$130 (3.9%). In the Capital region, on the other hand, annual gas bills are down by \$90 (-3.2%). Chart 38 below shows changes to annual gas bills as percentage and \$ amount.

**Chart 38 Comparison of ActewAGL's annual gas bills including guaranteed discounts and pay on time discounts in various gas zones from April 2018 to October 2018. Annual bills based on market offers as of April 2018 and October 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:

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

### 4.2.1 Victorian electricity bills October 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>46</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/>

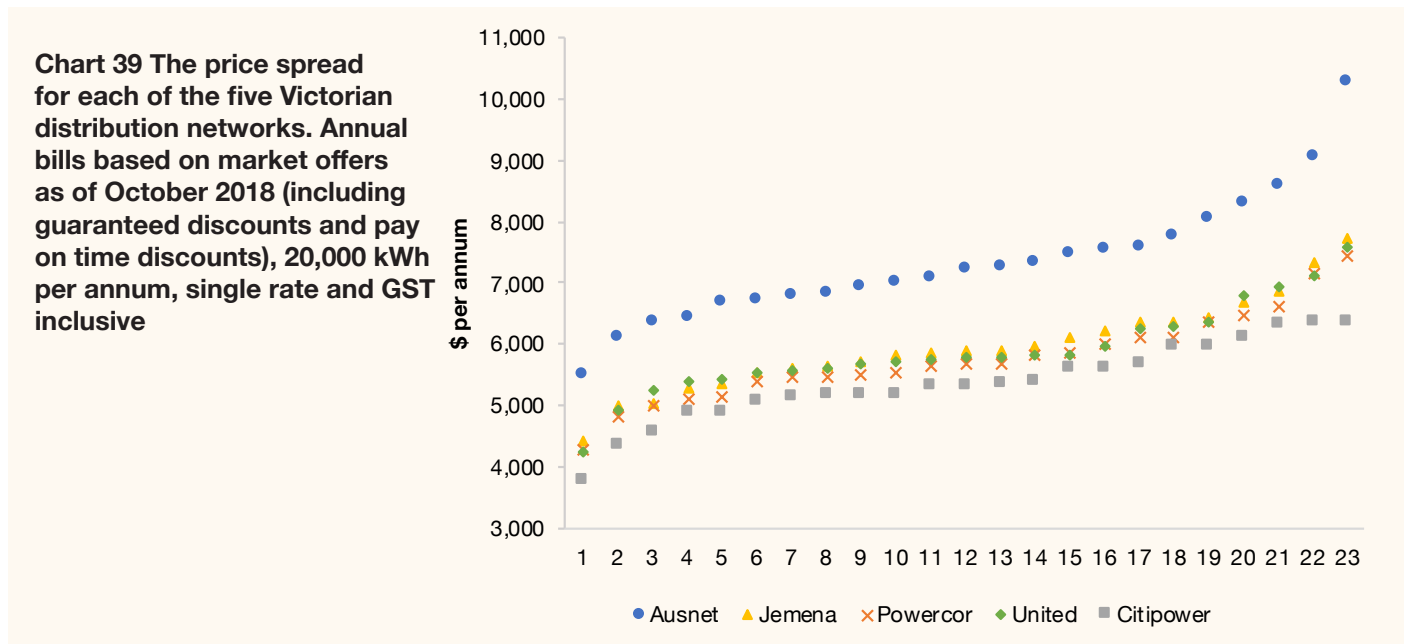
#### **The price-spread**

The typical annual bill for SMEs consuming 20,000 kWh per annum (single rate) is between \$5,380 and \$7,900 (depending on network area).<sup>47</sup> Chart 39 shows annual bills for SMEs consuming 20,000 kWh per annum (single rate) for 23 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

<sup>46</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>47</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.

Ausnet Services network where the difference between the lowest and the highest annual bill is just approximately \$4,760.



Figures 5 - 9 below rank the retail offers from lowest to highest annual electricity bills in each of the five network areas<sup>48</sup>

<sup>48</sup> These market offers were collected in October 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** (October 2018) including discounts and pay on time discounts - SMEs consuming 20,000kWh per annum (single rate)
























	Alinta Energy	\$3,779
	Tango Energy	\$4,363
	Amaysim	\$4,571
	BlueNRG	\$4,903
	Powerdirect	\$4,917
	Commander Electricity	\$5,069
	Powershop	\$5,158
	AGL	\$5,190
	Origin Energy	\$5,191
	Sumo Power	\$5,204
	CovaU	\$5,320
	Energy Australia	\$5,334
	People Energy	\$5,375
	Simply Energy	\$5,421
	Red Energy	\$5,602
	GloBird	\$5,614
	Lumo Energy	\$5,682
	1st Energy	\$5,962
	Next Business Energy	\$5,967
	Diamond Energy	\$6,122
	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** (October 2018) including discounts and pay on time discounts - SMEs consuming 20,000kWh per annum (single rate)






















	Alinta Energy	\$4,308
	Tango Energy	\$4,826
	BlueNRG	\$5,023
	Powerdirect	\$5,126
	Amaysim	\$5,153
	AGL	\$5,416
	Powershop	\$5,464
	Sumo Power	\$5,490
	Simply Energy	\$5,515
	CovaU	\$5,537
	Energy Australia	\$5,658
	Lumo Energy	\$5,674
	Commander Electricity	\$5,692
	Red Energy	\$5,849
	GloBird	\$5,886
	1st Energy	\$6,005
	Next Business Energy	\$6,117
	Origin Energy	\$6,121
	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** (October 2018), including discounts and pay on time discounts - SMEs consuming 20,000kWh per annum (single rate)
























	Alinta Energy	\$5,514
	Tango Energy	\$6,135
	Powerdirect	\$6,360
	Energy Australia	\$6,437
	Powershop	\$6,705
	AGL	\$6,732
	Red Energy	\$6,792
	BlueNRG	\$6,843
	Lumo Energy	\$6,960
	CovaU	\$7,012
	Origin Energy	\$7,088
	Commander Electricity	\$7,231
	Simply Energy	\$7,284
	Amaysim	\$7,330
	Sumo Power	\$7,466
	People Energy	\$7,557
	1st Energy	\$7,598
	GloBird	\$7,752
	Next Business Energy	\$8,044
	Diamond Energy	\$8,298
	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** (October 2018) including discounts and pay on time discounts - SMEs consuming 20,000kWh per annum (single rate)















































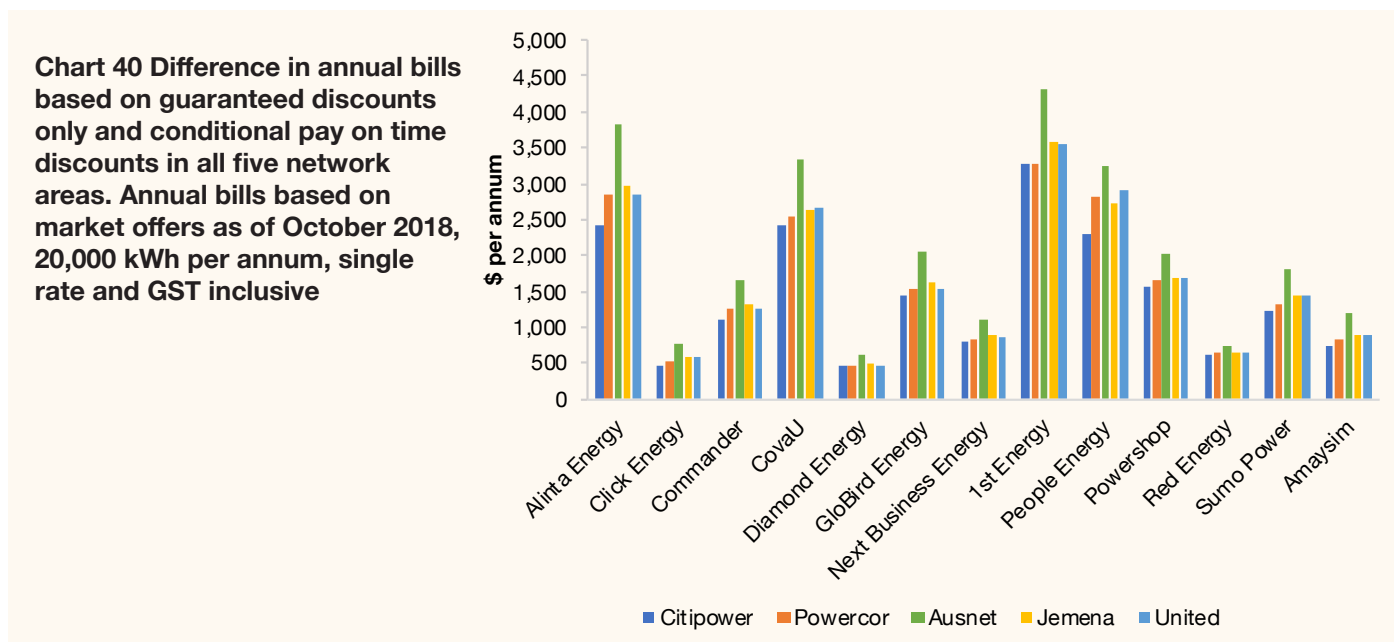
	Alinta Energy	<b>\$4,441</b>
	Powerdirect	<b>\$5,018</b>
	Tango Energy	<b>\$5,037</b>
	AGL	<b>\$5,308</b>
	BlueNRG	<b>\$5,355</b>
	Amaysim	<b>\$5,533</b>
	Powershop	<b>\$5,624</b>
	CovaU	<b>\$5,641</b>
	Energy Australia	<b>\$5,724</b>
	Commander Electricity	<b>\$5,840</b>
	Red Energy	<b>\$5,877</b>
	Sumo Power	<b>\$5,913</b>
	Simply Energy	<b>\$5,917</b>
	Origin Energy	<b>\$5,965</b>
	Lumo Energy	<b>\$6,121</b>
	GloBird	<b>\$6,241</b>
	1st Energy	<b>\$6,360</b>
	People Energy	<b>\$6,380</b>
	Next Business Energy	<b>\$6,446</b>
	Diamond Energy	<b>\$6,680</b>
	Momentum Energy	<b>\$6,867</b>
	Dodo	<b>\$7,343</b>
	Click Energy	<b>\$7,745</b>

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

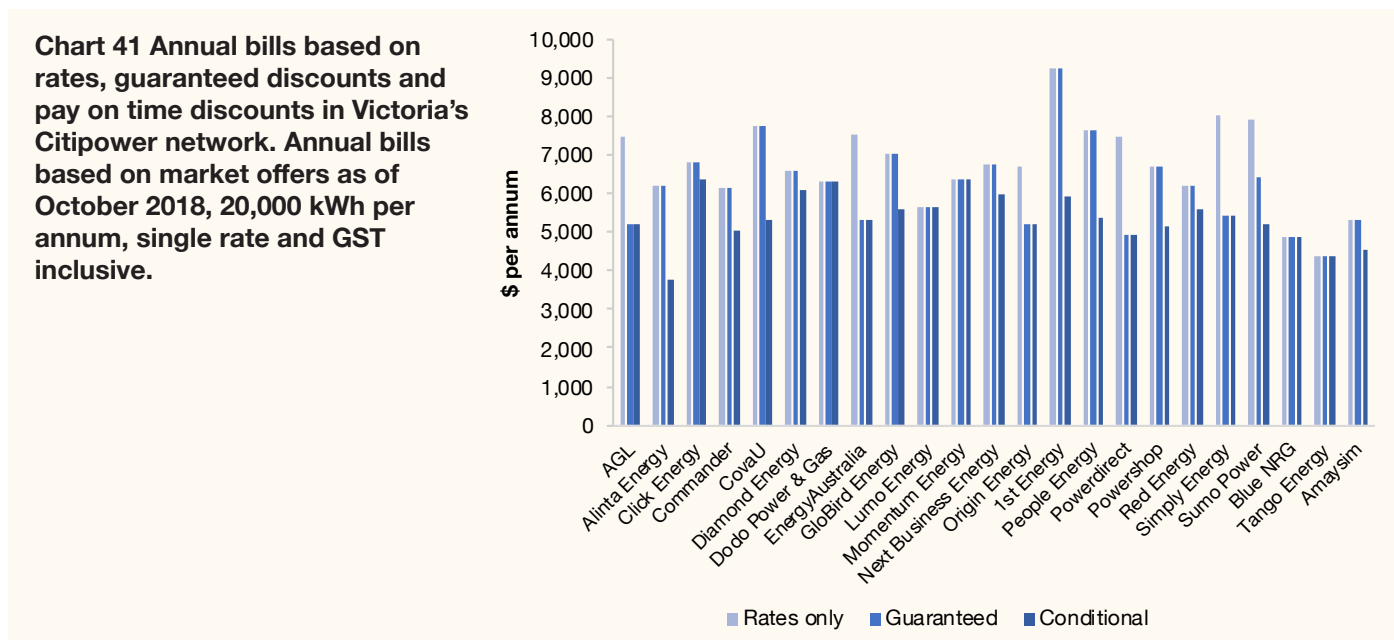
	Alinta Energy	<b>\$4,252</b>
	Tango Energy	<b>\$4,927</b>
	BlueNRG	<b>\$5,276</b>
	Powerdirect	<b>\$5,391</b>
	Amaysim	<b>\$5,423</b>
	Powershop	<b>\$5,556</b>
	Commander Electricity	<b>\$5,591</b>
	CovaU	<b>\$5,615</b>
	AGL	<b>\$5,708</b>
	Simply Energy	<b>\$5,713</b>
	Sumo Power	<b>\$5,772</b>
	Origin Energy	<b>\$5,797</b>
	GloBird	<b>\$5,809</b>
	Red Energy	<b>\$5,883</b>
	Energy Australia	<b>\$5,827</b>
	Lumo Energy	<b>\$5,97</b>
	1st Energy	<b>\$6,270</b>
	Diamond Energy	<b>\$6,304</b>
	Next Business Energy	<b>\$6,358</b>
	People Energy	<b>\$6,796</b>
	Momentum Energy	<b>\$6,929</b>
	Dodo	<b>\$7,125</b>
	Click Energy	<b>\$7,599</b>

## Additional discounts

Thirteen of the 23 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 40 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>49</sup>



Charts 41 - 45 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>50</sup>

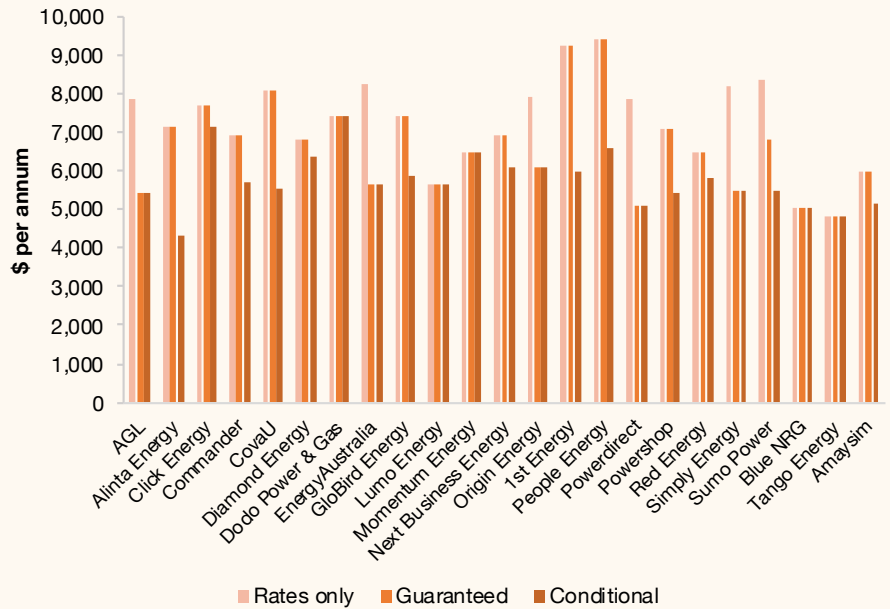


<sup>49</sup> Note that Powershop's conditional discount is an 'mega pack' that is obtained by the customer when logging in (after being prompted by a monthly email) to pay energy in advance.

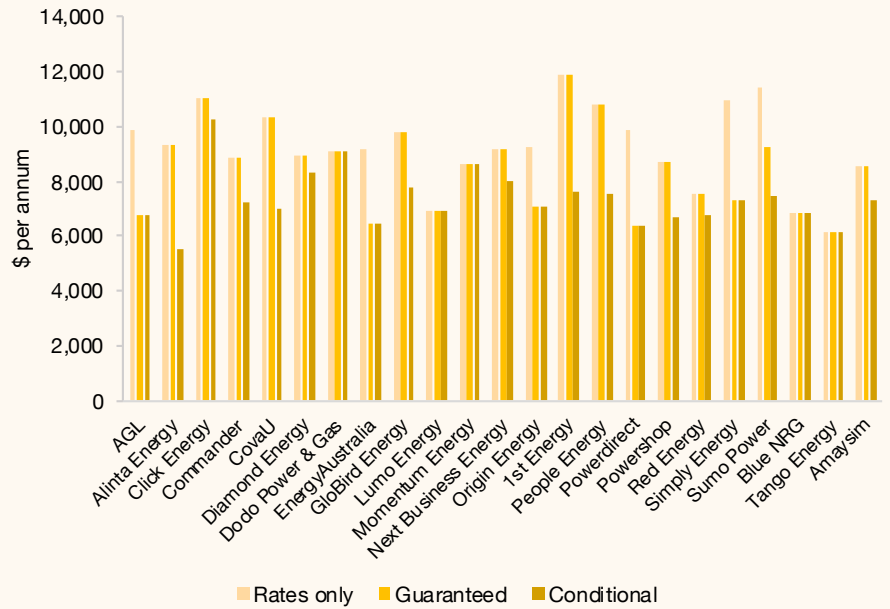
<sup>50</sup> Ibid.



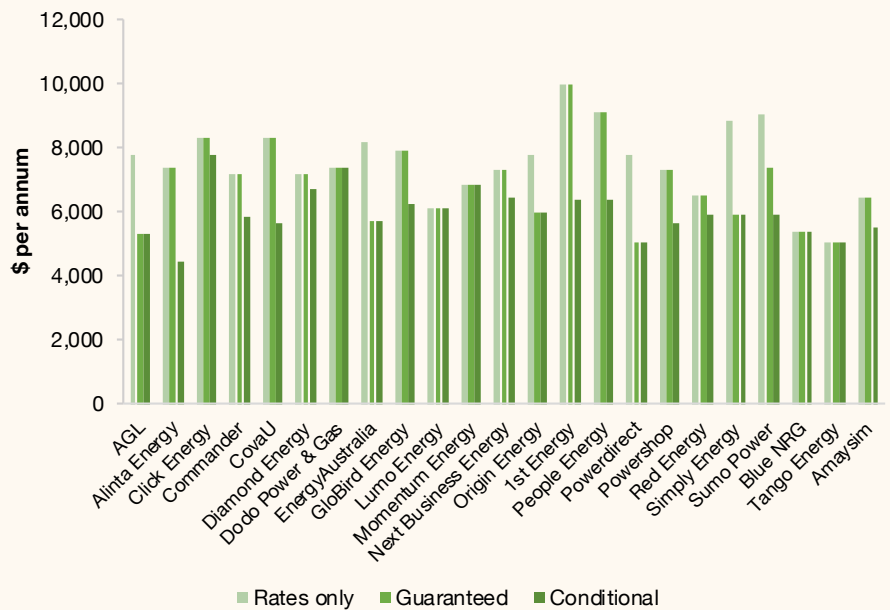
**Chart 42 Annual bills based on rates, guaranteed discounts and pay on time discounts in Victoria's Powercor network. Annual bills based on market offers as of October 2018, 20,000 kWh per annum, single rate and GST inclusive**



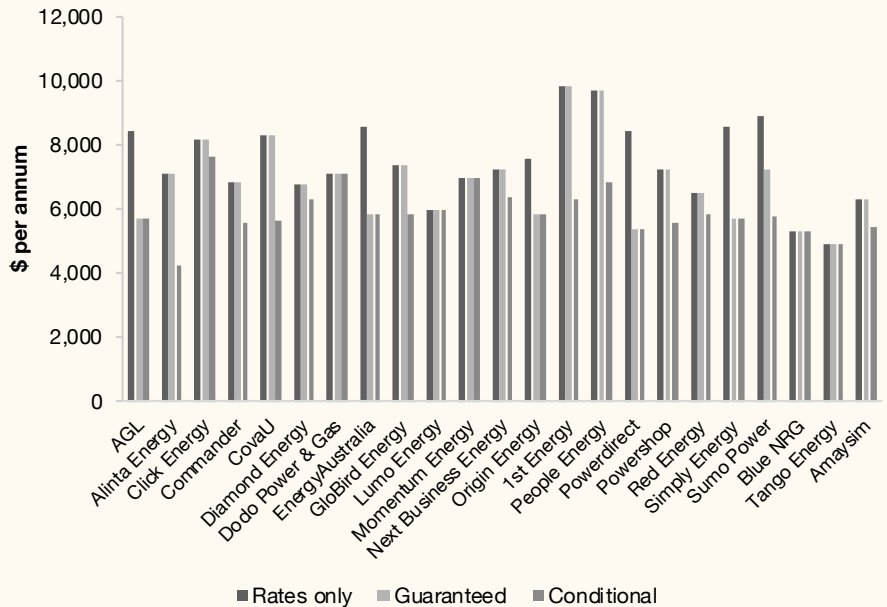
**Chart 43 Annual bills based on rates, guaranteed discounts and pay on time discounts in Victoria's Ausnet Services network. Annual bills based on market offers as of October 2018, 20,000 kWh per annum, single rate and GST inclusive**



**Chart 44 Annual bills based on rates, guaranteed discounts and pay on time discounts in Victoria's Jemena network. Annual bills based on market offers as of October 2018, 20,000 kWh per annum, single rate and GST inclusive**



**Chart 45 Annual bills based on rates, guaranteed discounts and pay on time discounts in Victoria's United Energy network. Annual bills based on market offers as of October 2018, 20,000 kWh per annum, single rate and GST inclusive**



**Network charges**

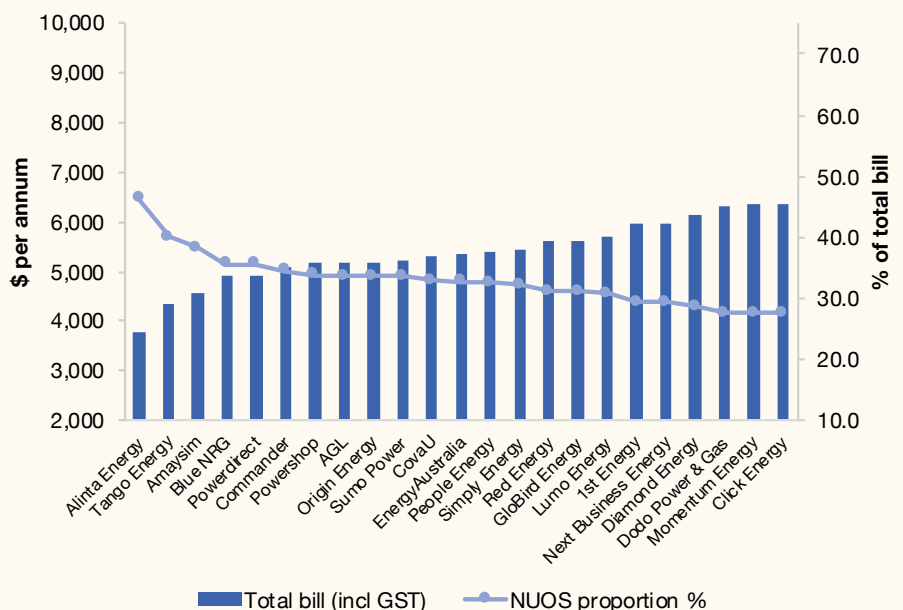
The five Victorian electricity networks (Citipower, Powercor, Ausnet Services, Jemena and United Energy), introduce new Network Use of System (NUOS) charges as of 1 January every year. These NUOS charges are approved by the Australian Energy Regulator (AER) and comprise Transmission Use of System (TUOS) 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 46 - 50 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 46% of Alinta's annual bill while they only make up 27.5% of Click Energy's offer.

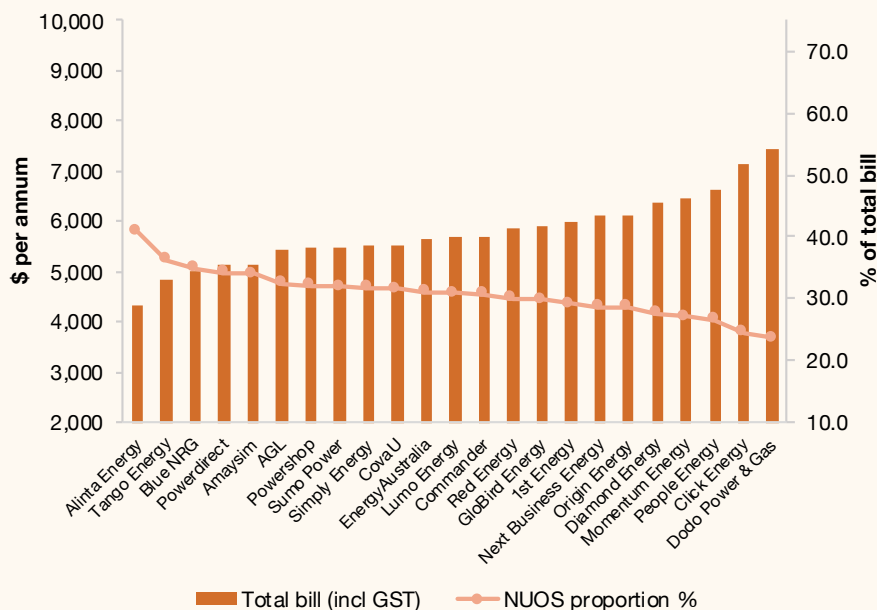
**Chart 46 Citipower: Annual retail bills (incl. GST) and NUOS as proportion of total bill, October 2018. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum).<sup>51</sup>**



<sup>51</sup> Based on market offer rates as of October 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.

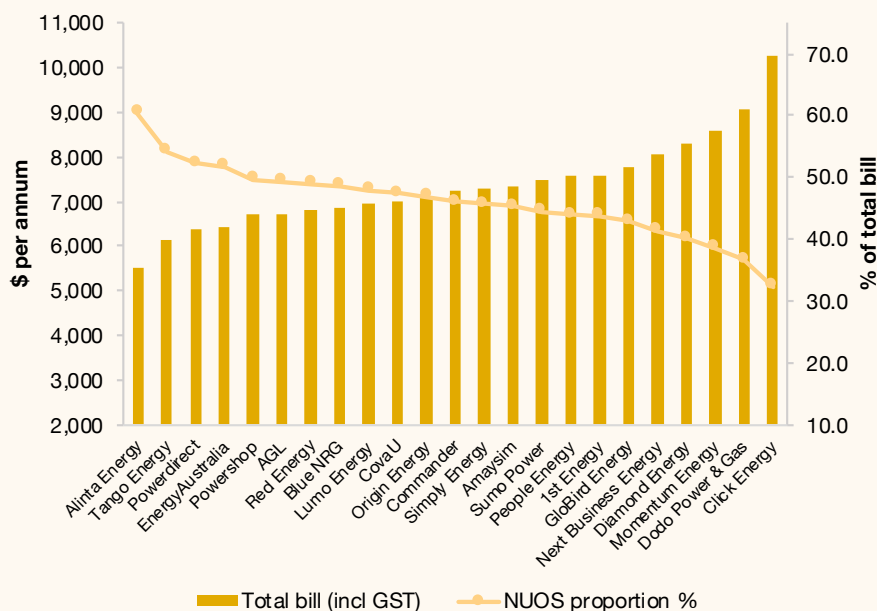
In the Powercor network the NUOS charges account for approximately 41% of Alinta’s annual bill while they only make up 23.5% of Dodo’s offers.

**Chart 47 Powercor: Annual retail bills (incl. GST) and NUOS as proportion of total bill, October 2018. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum).<sup>52</sup>**



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

**Chart 48 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>53</sup>**

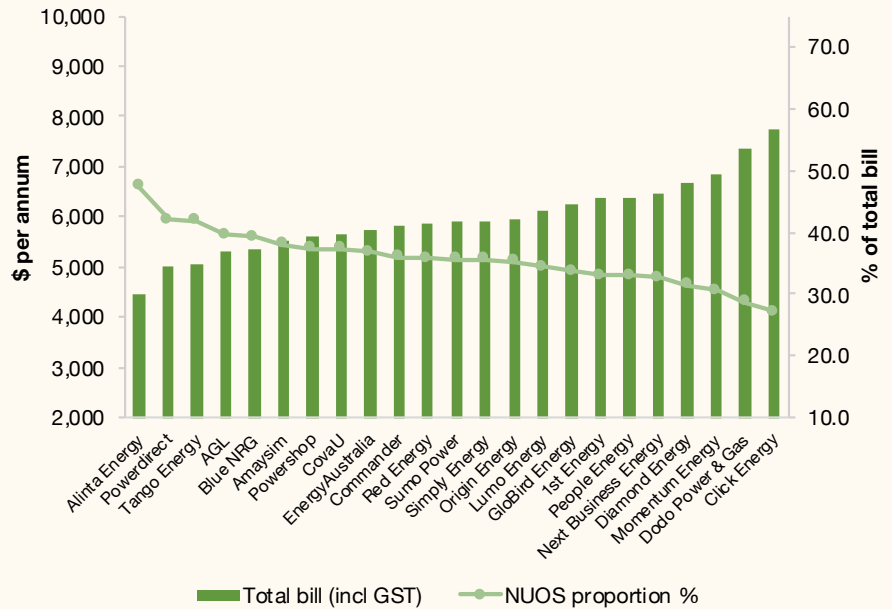


In the Jemena network the NUOS charges account for approximately 47.5% of Alinta’s annual bills while they only make up 27% of Click Energy’s offer.

<sup>52</sup> Based on market offer rates as of October 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.

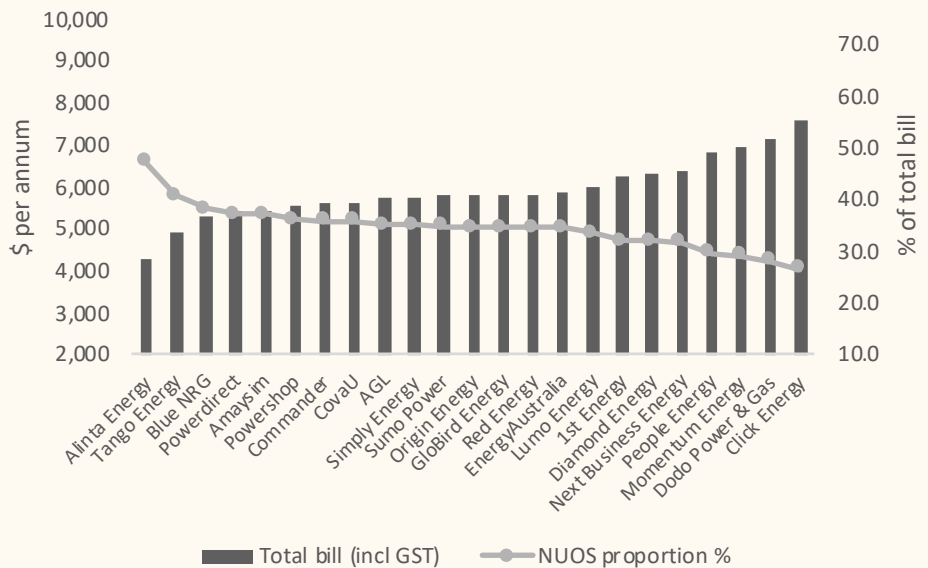
<sup>53</sup> Based on market offer rates as of October 2018, presented as annual bills for SMEs using 20,000kWh per annum (single rate). The annual NUOS charges are based on the Ausnet Services’s charges (tariff NEE 12) for the 2018 calendar year. The NUOS also includes fixed charges.

**Chart 49 Jemena: Annual retail bills (incl. GST) and NUOS as proportion of total bill, October 2018. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum).**<sup>54</sup>



In the United Energy network the NUOS charges account for 47% of Alinta’s offer while they only make up 26.5% of Click Energy’s offer.

**Chart 50 United Energy: Annual retail bills (incl. GST) and NUOS as proportion of total bill, October 2018. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum).**<sup>55</sup>



<sup>54</sup> Based on market offer rates as of October 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>55</sup> Based on market offer rates as of October 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.

## 4.2.2 Victorian gas bills October 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>56</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.

### The price-spread

The typical annual market offer bill for SMEs consuming 100 GJ per annum ranges from \$2,030 (including discounts) in the Ausnet Services Central 2 pricing zone to \$2,320 in the AGN Central 1 and AGN North zones. The maximum price spread is highest in the AGN North pricing zone where the difference between the highest and lowest annual bill is \$640 per annum. The price spread is lowest in the two Multinet zones (\$500-510).

Chart 51 shows the average gas market offer bill for the eight main pricing zone as well as the maximum price spread for each area.

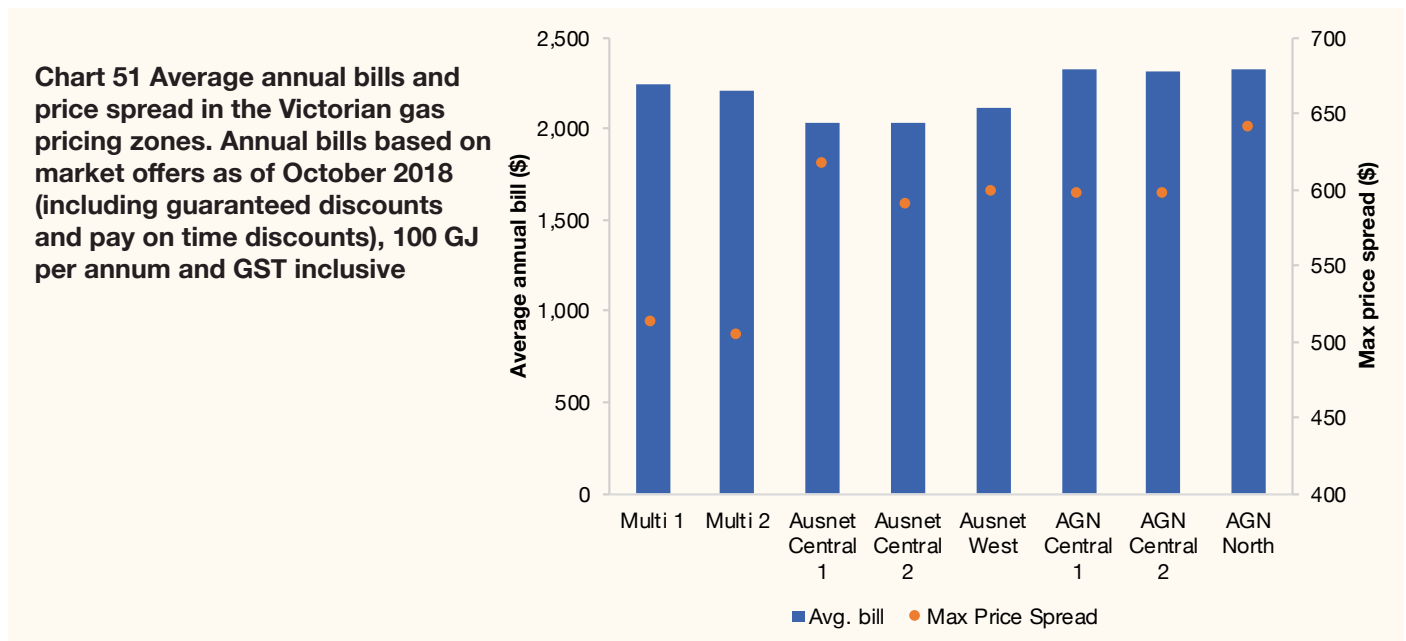
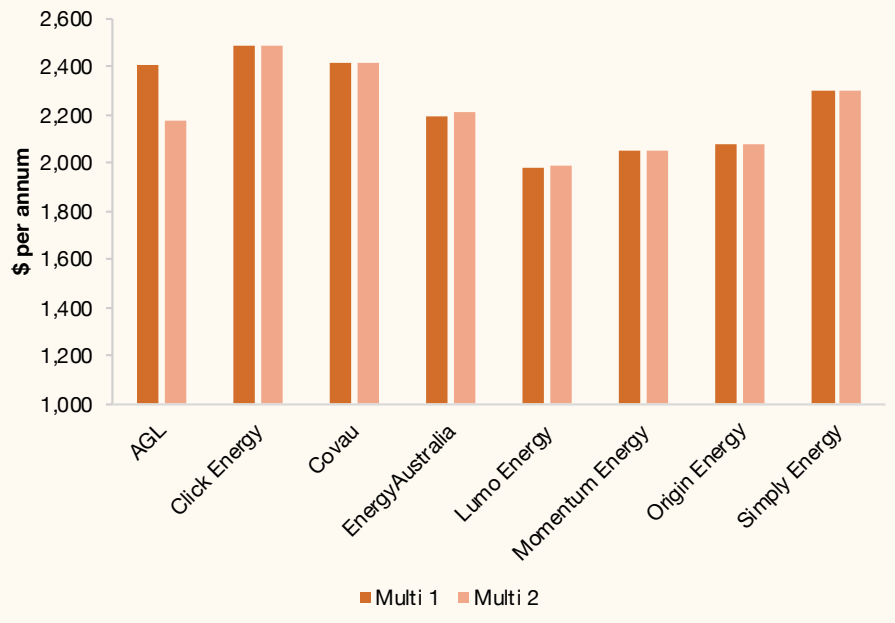


Chart 52 shows the retailers' gas market offer bills in the two Multinet pricing zones.<sup>57</sup>

<sup>56</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>57</sup> Note that Simply, Lumo and Momentum's offers are only available as part of dual fuel contracts.

**Chart 52 Annual gas bills in Victoria's Multinet pricing zones. Annual bills based on market offers as of October 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>58</sup>

**Figure 10 Lowest to highest annual bills (incl GST) for market offers in the Multinet 1 gas zone (October 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>\$2,047</b>
	Origin Energy	<b>\$2,079</b>
	Energy Australia	<b>\$2,189</b>
	Simply Energy	<b>\$2,301</b>
	AGL	<b>\$2,406</b>
	CovaU	<b>\$2,411</b>
	Click Energy	<b>\$2,488</b>

**Figure 11 Lowest to highest annual bills (incl GST) for market offers in the Multinet 2 gas zone (October 2018).**  
Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum









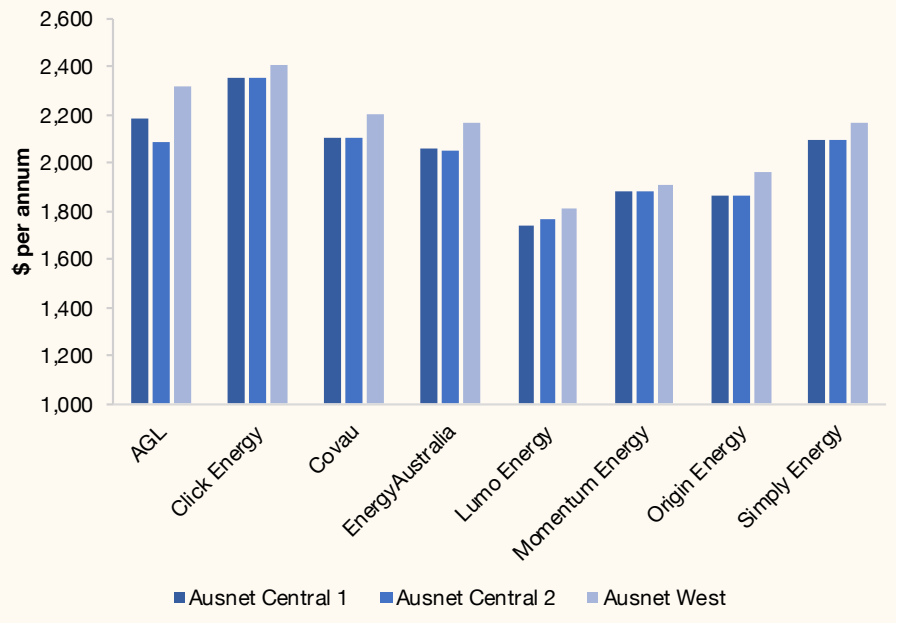
	Lumo Energy	<b>\$1,984</b>
	Momentum Energy	<b>\$2,047</b>
	Origin Energy	<b>\$2,079</b>
	AGL	<b>\$2,169</b>
	Energy Australia	<b>\$2,209</b>
	Simply Energy	<b>\$2,301</b>
	CovaU	<b>\$2,411</b>
	Click Energy	<b>\$2,488</b>

Chart 53 shows the retailers' gas market offer bills in the three Ausnet Services pricing zones.<sup>59</sup>

<sup>58</sup> These market offers were collected in October 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.

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

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



Figures 12 - 14 below rank the retail offers from lowest to highest annual gas bills in the three Ausnet Services pricing zones.<sup>60</sup>

**Figure 12 Lowest to highest annual bills (incl GST) for market offers in the Ausnet Services Central 1 gas zone (October 2018).**

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

	Lumo Energy	\$1,738
	Origin Energy	\$1,869
	Momentum Energy	\$1,883
	Energy Australia	\$2,057
	Simply Energy	\$2,094
	Covau	\$2,107
	AGL	\$2,181
	Click Energy	\$2,355

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

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

	Lumo Energy	\$1,765
	Origin Energy	\$1,869
	Momentum Energy	\$1,883
	Energy Australia	\$2,047
	AGL	\$2,090
	Simply Energy	\$2,094
	Covau	\$2,107
	Click Energy	\$2,355

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

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

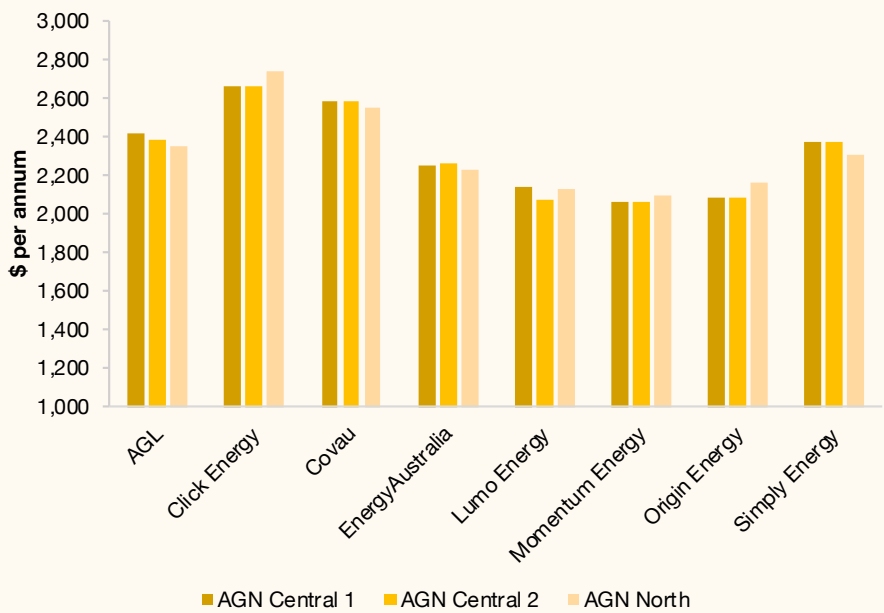
	Lumo Energy	\$1,812
	Momentum Energy	\$1,908
	Origin Energy	\$1,959
	Simply Energy	\$2,164
	Energy Australia	\$2,165
	Covau	\$2,205
	AGL	\$2,317
	Click Energy	\$2,411

Chart 54 shows the retailers' gas market offer bills in the three AGN pricing zones.<sup>61</sup>

<sup>60</sup> These market offers were collected in October 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.

<sup>61</sup> Note that Simply, Lumo and Momentum's offers are only available as part of dual fuel contracts.









**Chart 54 Annual gas bills in Victoria's AGN pricing zones. Annual bills based on market offers as of October 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>62</sup>









**Figure 15 Lowest to highest annual bills (incl GST) for market offers in the AGN Central 1 gas zone (October 2018).**

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

	Momentum Energy	\$2,066
	Origin Energy	\$2,084
	Lumo Energy	\$2,143
	Energy Australia	\$2,252
	Simply Energy	\$2,371
	AGL	\$2,412
	Covau	\$2,581
	Click Energy	\$2,663









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

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

	Momentum Energy	\$2,066
	Lumo Energy	\$2,069
	Origin Energy	\$2,084
	Energy Australia	\$2,265
	Simply Energy	\$2,371
	AGL	\$2,382
	Covau	\$2,581
	Click Energy	\$2,663

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

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

	Momentum Energy	\$2,096
	Lumo Energy	\$2,124
	Origin Energy	\$2,164
	Energy Australia	\$2,228
	Simply Energy	\$2,307
	AGL	\$2,354
	Covau	\$2,553
	Click Energy	\$2,736

<sup>62</sup> These market offers were collected in October 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.

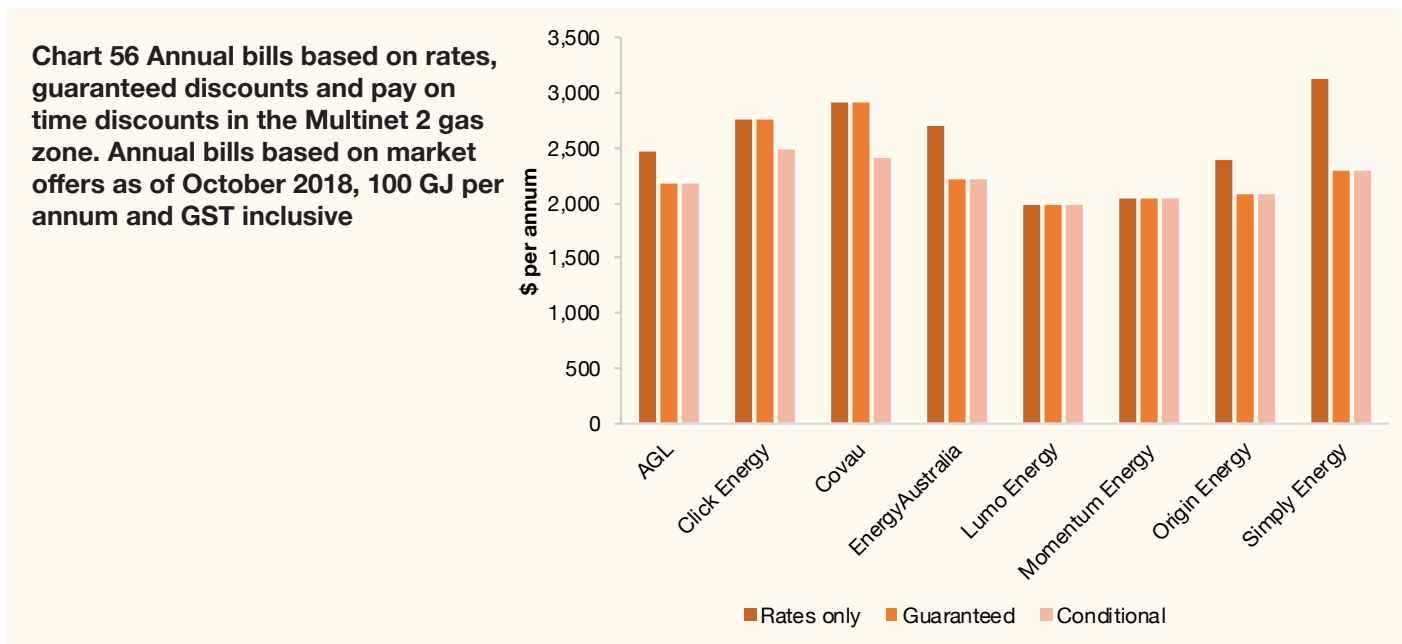
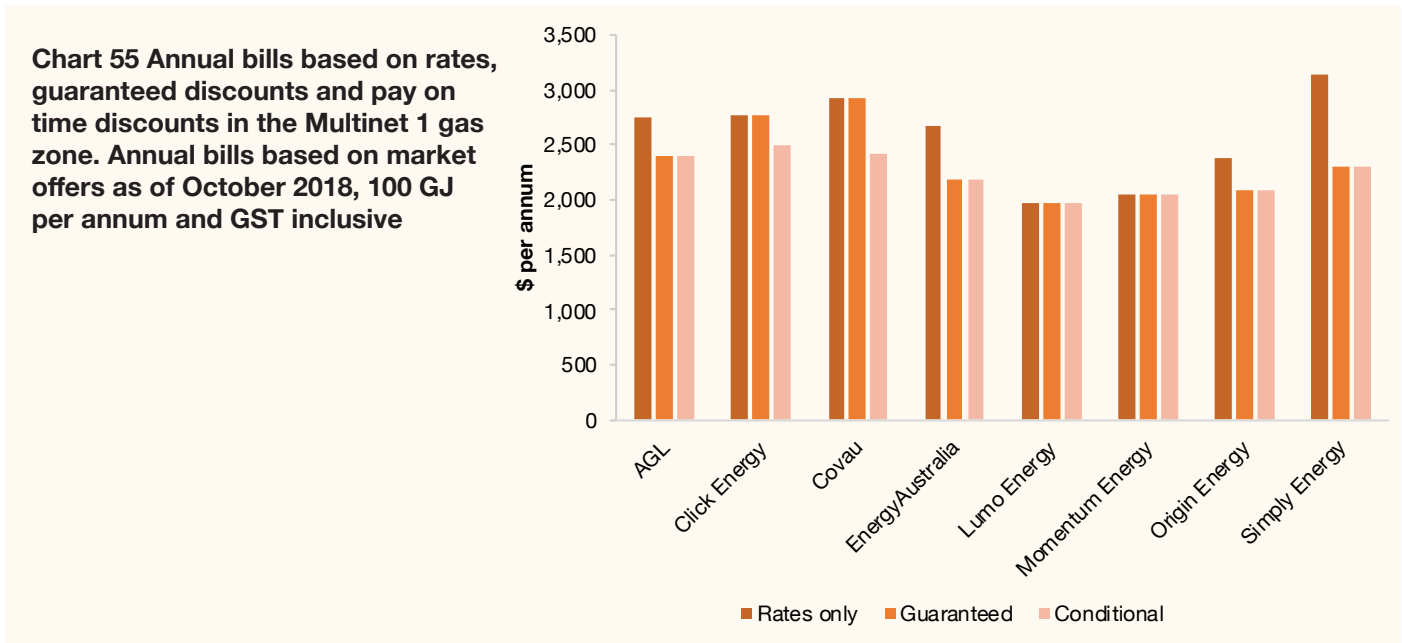


**Additional discounts**

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.

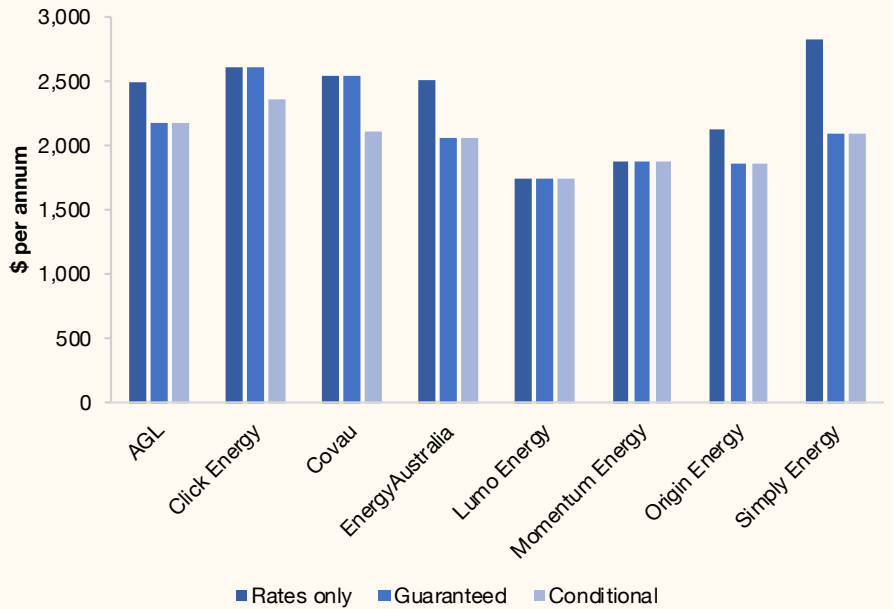
Charts 55 - 62 show annual bills based on their rates only, inclusive of guaranteed discounts and inclusive of guaranteed as well as pay on time discounts in the each of the eight gas pricing zones.<sup>63</sup>

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.

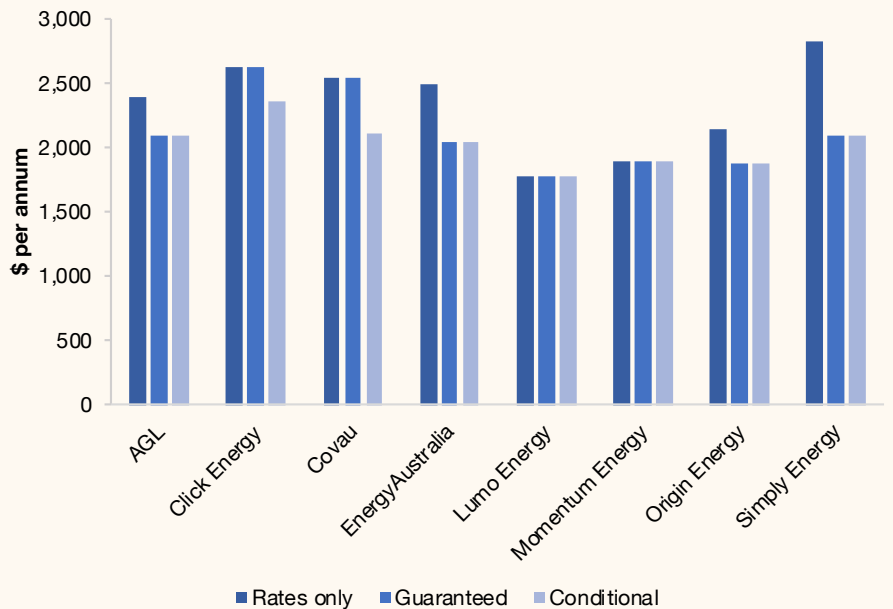


<sup>63</sup> Note that Simply, Lumo and Momentum’s offers are only available as part of dual fuel contracts.

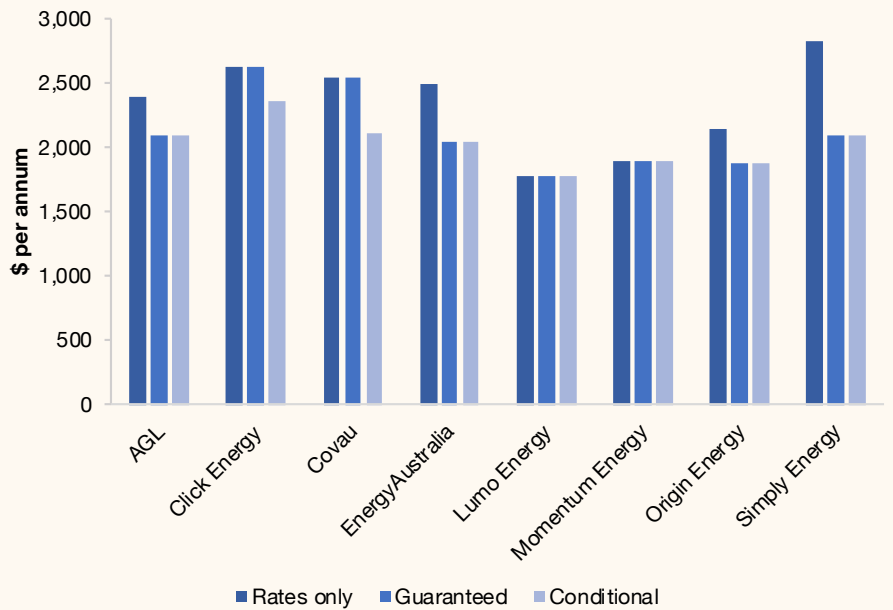
**Chart 57 Annual bills based on rates, guaranteed discounts and pay on time discounts in the Ausnet Services Central 1 gas zone. Annual bills based on market offers as of October 2018, 100 GJ per annum and GST inclusive**



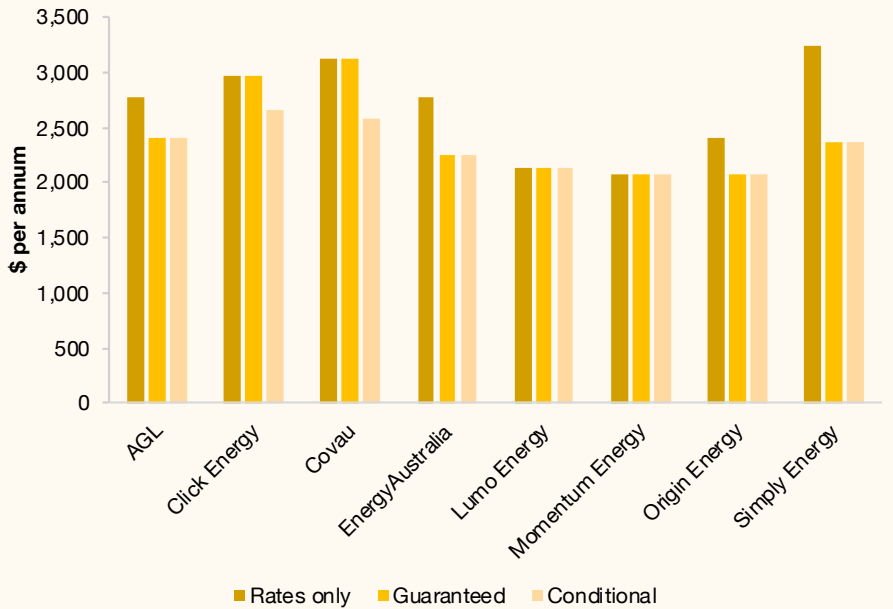
**Chart 58 Annual bills based on rates, guaranteed discounts and pay on time discounts in the Ausnet Services Central 2 gas zone. Annual bills based on market offers as of October 2018, 100 GJ per annum and GST inclusive**



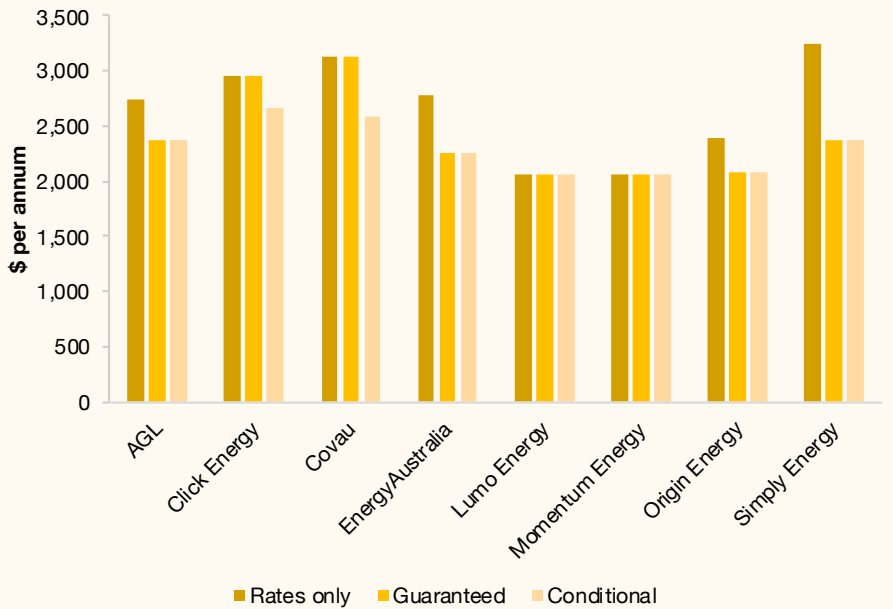
**Chart 59 Annual bills based on rates, guaranteed discounts and pay on time discounts in the Ausnet Services West gas zone. Annual bills based on market offers as of October 2018, 100 GJ per annum and GST inclusive**



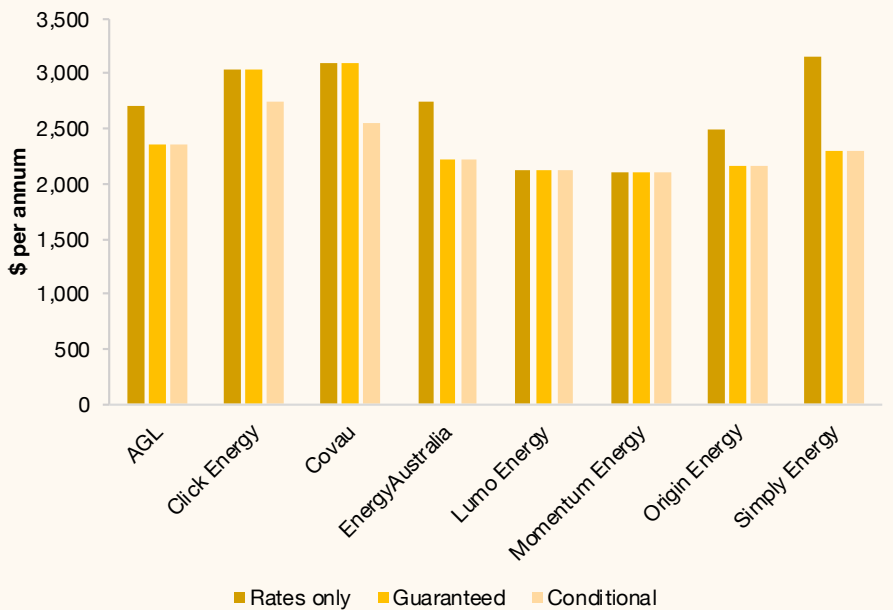
**Chart 60 Annual bills based on rates, guaranteed discounts and pay on time discounts in the AGN Central 1 gas zone. Annual bills based on market offers as of October 2018, 100 GJ per annum and GST inclusive**



**Chart 61 Annual bills based on rates, guaranteed discounts and pay on time discounts in the AGN Central 2 gas zone. Annual bills based on market offers as of October 2018, 100 GJ per annum and GST inclusive**



**Chart 62 Annual bills based on rates, guaranteed discounts and pay on time discounts in the AGN North gas zone. Annual bills based on market offers as of October 2018, 100 GJ per annum and GST inclusive**



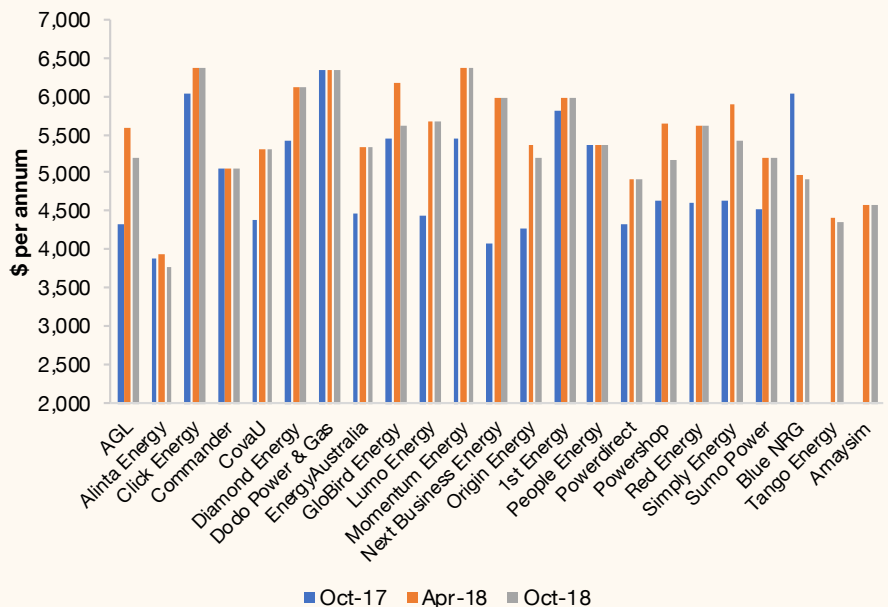
### 4.2.3 Changes in energy bills in Victoria

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 October 2018.

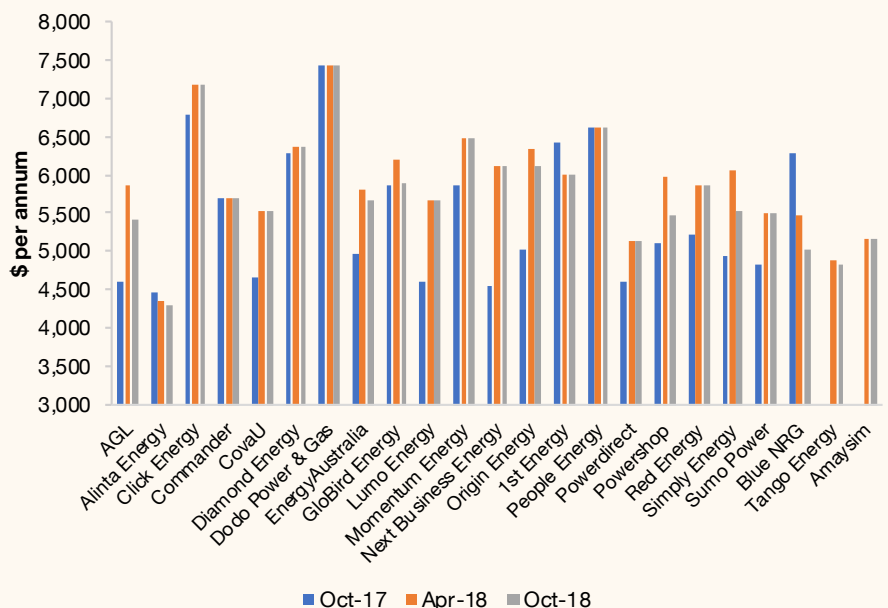
In Victoria, new network tariffs took effect in January 2018 meaning that the electricity retail prices have not been affected by an underlying price reset in the last six months and almost half of the electricity retailers have not changed their offers on the last six months. Amongst the retailers that have changed their offers in the last six months, however, all of them have reduced their bills (through lower rates and/or higher discounts).

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. From April 2018 to October 2018, the average bill decrease has been around -2%. Charts 63 to 67 show retail bills as of October 2017, April 2018 and October 2018 for each network area.

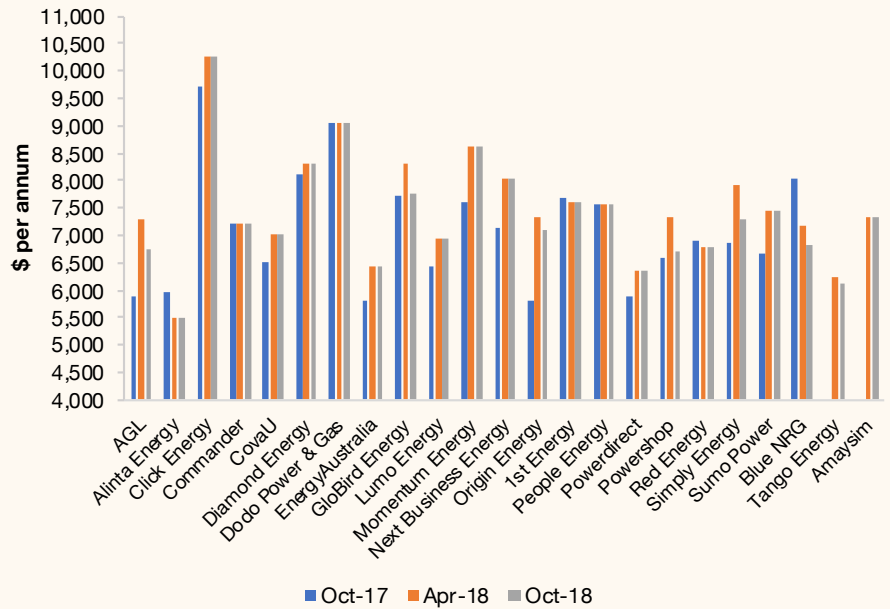
**Chart 63 Electricity bills including guaranteed discounts and pay on time discounts, from October 2017 to October 2018 in Citipower's network area. Annual bills based on market offers as of October 2017, April 2018 and October 2018, 20,000 kWh per annum, single rate and GST inclusive**



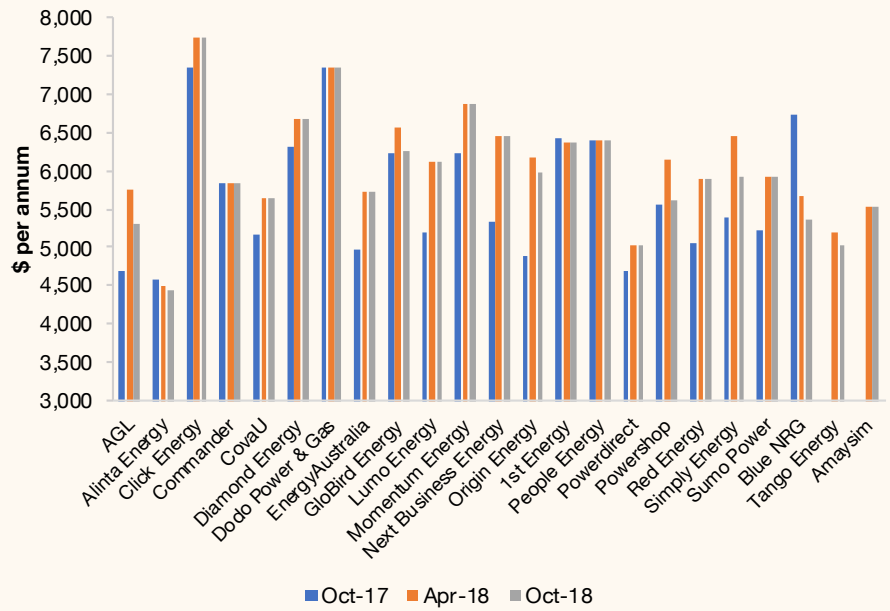
**Chart 64 Electricity bills including guaranteed discounts and pay on time discounts, from October 2017 to October 2018 in Powercor's network area. Annual bills based on market offers as of October 2017, April 2018 and October 2018, 20,000 kWh per annum, single rate and GST inclusive**



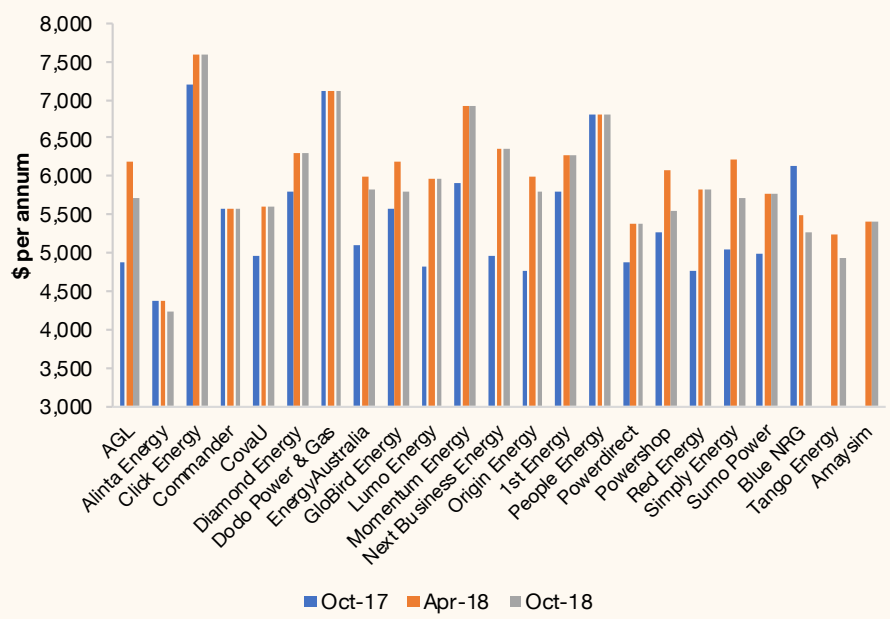
**Chart 65 Electricity bills including guaranteed discounts and pay on time discounts, from October 2017 to October 2018 in Ausnet Services's network area. Annual bills based on market offers as of October 2017, April 2018 and October 2018, 20,000 kWh per annum, single rate and GST inclusive**



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



**Chart 67 Electricity bills including guaranteed discounts and pay on time discounts, from October 2017 to October 2018 in United Energy's network area. Annual bills based on market offers as of October 2017, April 2018 and October 2018, 20,000 kWh per annum, single rate and GST inclusive**



In relation to gas, only three of the retailers have changed their offers between April 2018 and October 2018. On average, annual gas bills for businesses using 100 GJ per annum decreased by -1% during this period. In the previous six months (October 2017 to April 2018), by comparison, bills increased by 11-14% (depending on gas zone). In terms of individual retailers, Click Energy has introduced the highest price decreases at -4% during the last six months. Energy Australia and Momentum have also decreased their bills.<sup>64</sup>

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<sup>64</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.

## 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:

<b>Electricity network</b>	<b>Area</b>
Energex	South East Queensland
Ergon Energy	Regional and Northern Queensland
<b>Gas zones</b>	<b>Area</b>
Allgas – Brisbane South	South Brisbane, Gold Coast, Toowoomba and Oakey
AGN – Brisbane North	North Brisbane and Ipswich
AGN - Northern	Rockhampton and Gladstone
AGN – Wide Bay	Bundaberg, Maryborough and Hervey Bay

### 4.3.1 Queensland electricity bills October 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>65</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/>

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

The typical annual bill for SMEs consuming 20,000 kWh per annum (single rate) is approximately \$5,900.<sup>66</sup> Chart 68 shows annual bills for sixteen 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 \$1,040.

<sup>65</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>66</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 68 The price spread in the South East Queensland's Energex distribution network. Annual bills based on market offers as of October 2018 (including guaranteed discounts and pay on time discounts), 20,000 kWh per annum, single rate and GST inclusive**

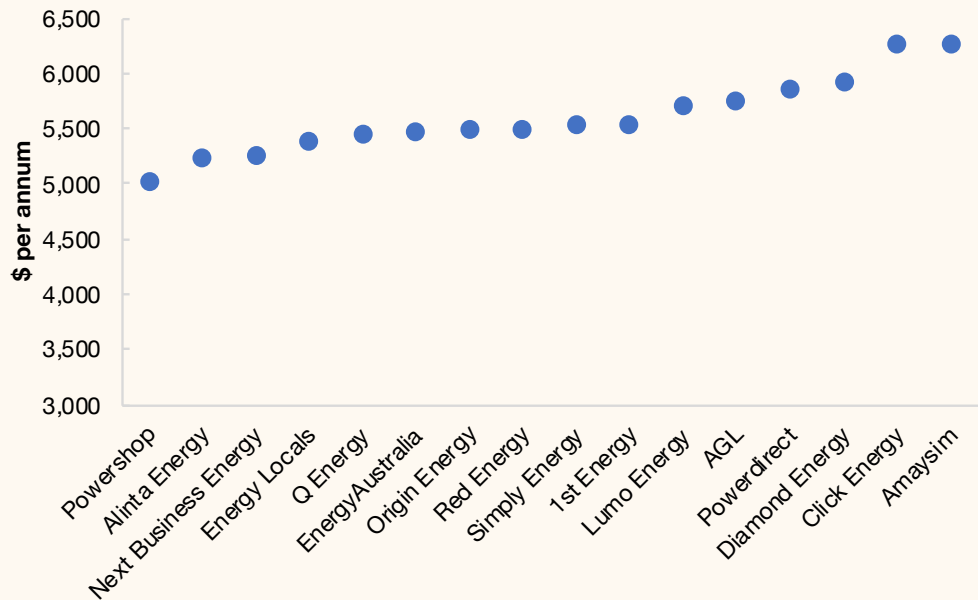


















Figure 18 below ranks the retail offers from lowest to highest annual electricity bills.<sup>67</sup>

Figure 18 Lowest to highest annual bills (incl GST) for market offers in **Queensland's Energex network** (October 2018)

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

	Powershop	<b>\$5,000</b>
	Alinta Energy	<b>\$5,223</b>
	Next Business Energy	<b>\$5,241</b>
	Energy Locals	<b>\$5,377</b>
	QEnergy	<b>\$5,431</b>
	Energy Australia	<b>\$5,450</b>
	Origin Energy	<b>\$5,472</b>
	Red Energy	<b>\$5,480</b>
	Simply Energy	<b>\$5,818</b>
	1st Energy	<b>\$5,524</b>
	Lumo Energy	<b>\$5,688</b>
	AGL	<b>\$5,731</b>
	Powerdirect	<b>\$5,853</b>
	Diamond Energy	<b>\$5,903</b>
	Click Energy	<b>\$6,264</b>
	Amaysim	<b>\$6,264</b>

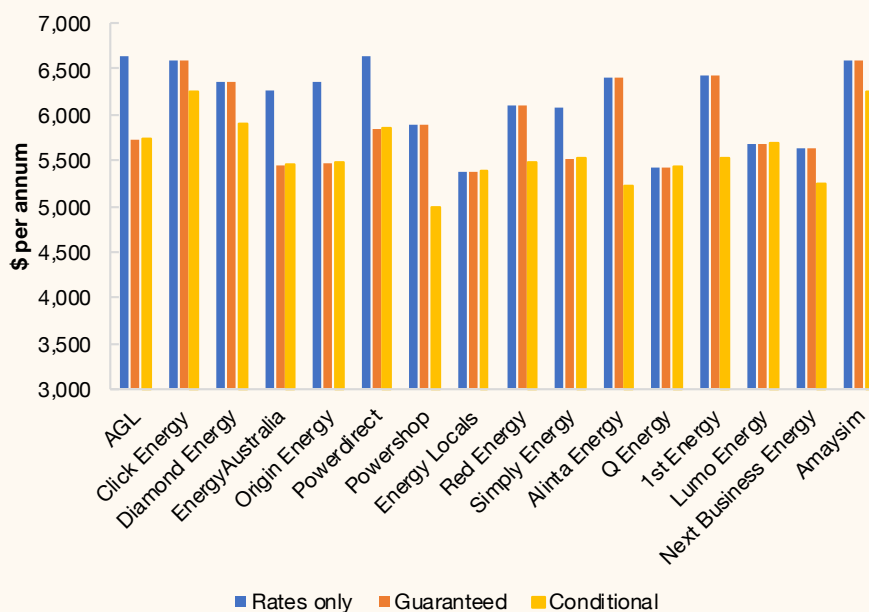
<sup>67</sup> These market offers were collected in October 2018 and it should be noted that retailers may change their rates at any time. Additional discounts for customers choosing to pay by direct debit are not included in these bill calculations. .



## Additional discounts

All retailers except Energy Locals, QEnergy and Lumo offer additional discounts. AGL, Energy Australia, Origin, Powerdirect 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>68</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 \$1,180 higher if bills are not paid by the due date. Chart 69 shows annual bills based on their rates only, inclusive of guaranteed discounts and inclusive of guaranteed as well as pay on time discount.

**Chart 69 Annual bills based on rates, guaranteed discounts and pay on time discounts in South East Queensland (Energex). Annual bills based on market offers as of October 2018, 20,000 kWh per annum, single rate and GST inclusive**



## Network charges

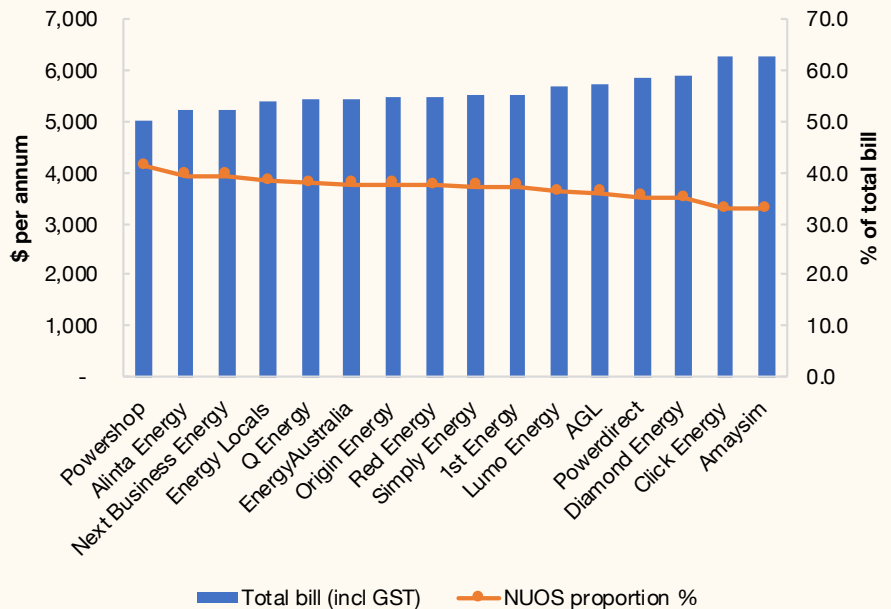
The South East Queensland electricity network, Energex, introduces new Network Use of System (NUOS) charges as of 1 July every year. These NUOS charges are approved by the Australian Energy Regulator (AER) and comprise Transmission Use of System (TUOS) and Distribution Use of System (DUOS) as well as 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.

The regulated NUOS decreased in the Energex network from 1 July 2018 but the chart presented in this section shows that the NUOS proportion of bills varies significantly between retail offers. The NUOS proportion of bill for Powershop is 41% while the NUOS only comprises around 33% of the total bill for Amaysim customers.

Chart 70 shows annual retail bills (columns) and NUOS as proportion of annual bill (line).

<sup>68</sup> Note that Powershop's conditional discount is an 'mega pack' that is obtained by the customer when logging in (after being prompted by a monthly email) to pay for energy in advance

**Chart 70 South East Queensland (Energex): Annual retail bills (incl. GST) and NUOS as proportion of total bill, October 2018. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum.<sup>69</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 71 shows that the average market offer in the Energex network (including discounts) is \$720 less than the regulated offer in the Ergon Energy network for businesses using 20,000 kWh per annum.

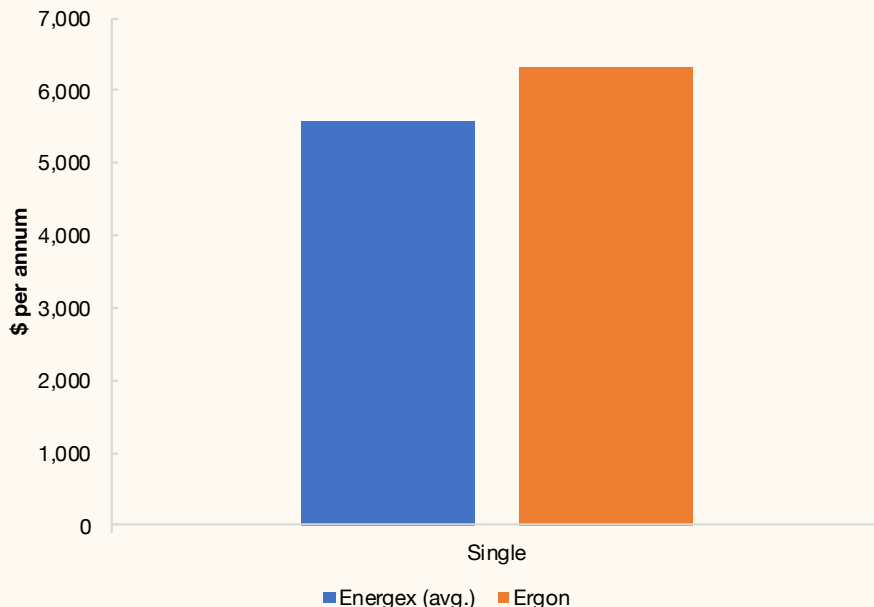
For business customers in South East Queensland who have not entered into a market offer, the standing offer price may be similar or higher than a similar customer in the Ergon Energy network.

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>70</sup>

<sup>69</sup> Based on market offer rates as of October 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 2018/19 financial year. The NUOS also includes fixed charges.

<sup>70</sup> QCA, SEQ retail electricity market monitoring: 2016–17, November 2017.

**Chart 71 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 October 2018, 20,000 kWh per annum and GST inclusive**



### 4.3.2 Queensland gas bills October 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

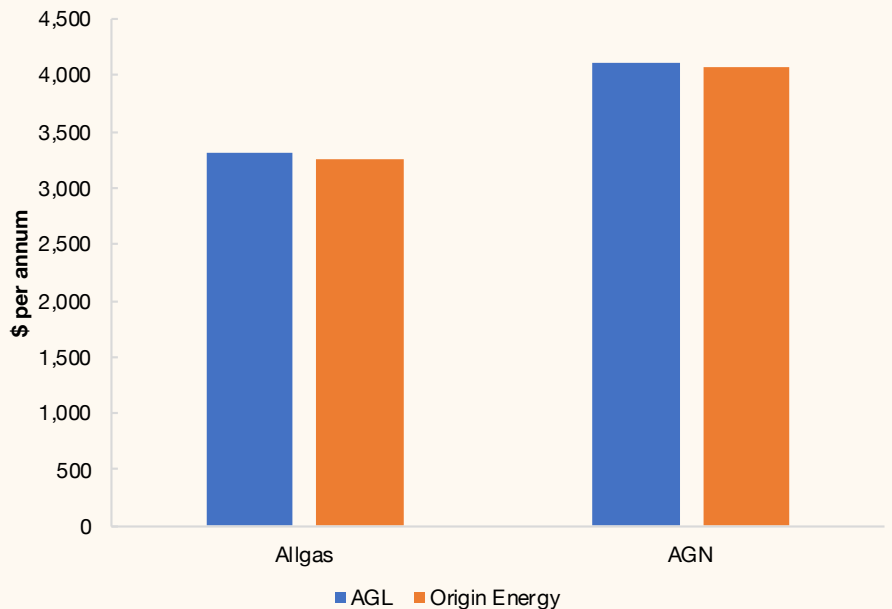
There are two main gas zones in Queensland: the Allgas zone covering South Brisbane, Gold Coast, Toowoomba and Oakey, and the Australian Gas Networks (AGN) zone covering North Brisbane and Ipswich. AGL and Origin have market offers in both areas. AGN also has two other pricing zones: Northern covering 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>71</sup> This is a significant difference for two gas zones that cover neighbouring areas.

Chart 72 shows AGL and Origin's annual bills for the two pricing zones and the difference between the two retailers' annual bills is minimal.

<sup>71</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 72 AGL and Origin gas bills in Queensland's Allgas and AGN pricing zones. Annual bills based on market offers as of October 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>72</sup>



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

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

	Origin Energy	<b>\$3,259</b>
	AGL	<b>\$3,310</b>

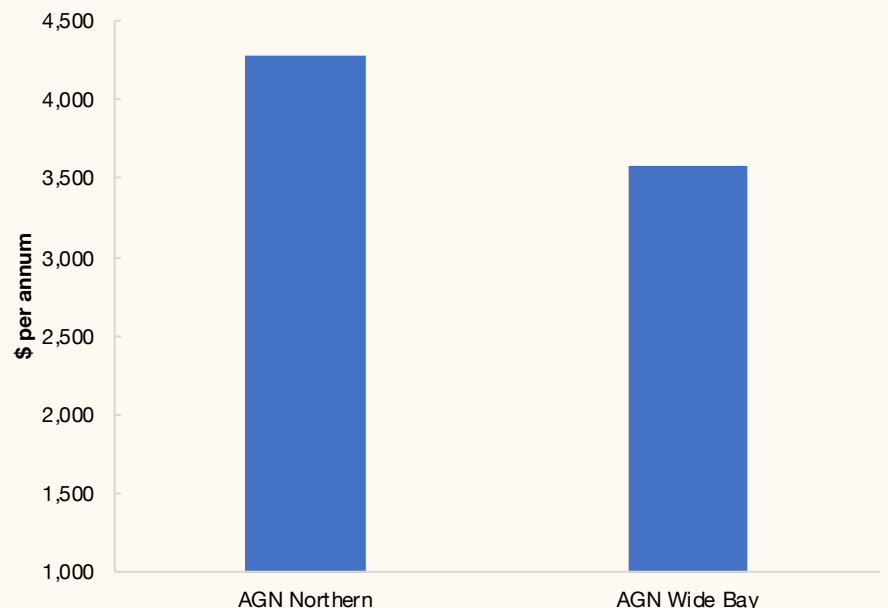
**Figure 20 Lowest to highest annual bills (incl GST) for market offers in the AGN pricing zone (October 2018).**

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

	Origin Energy	<b>\$4,062</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 \$3,580 respectively.

**Chart 73 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.**



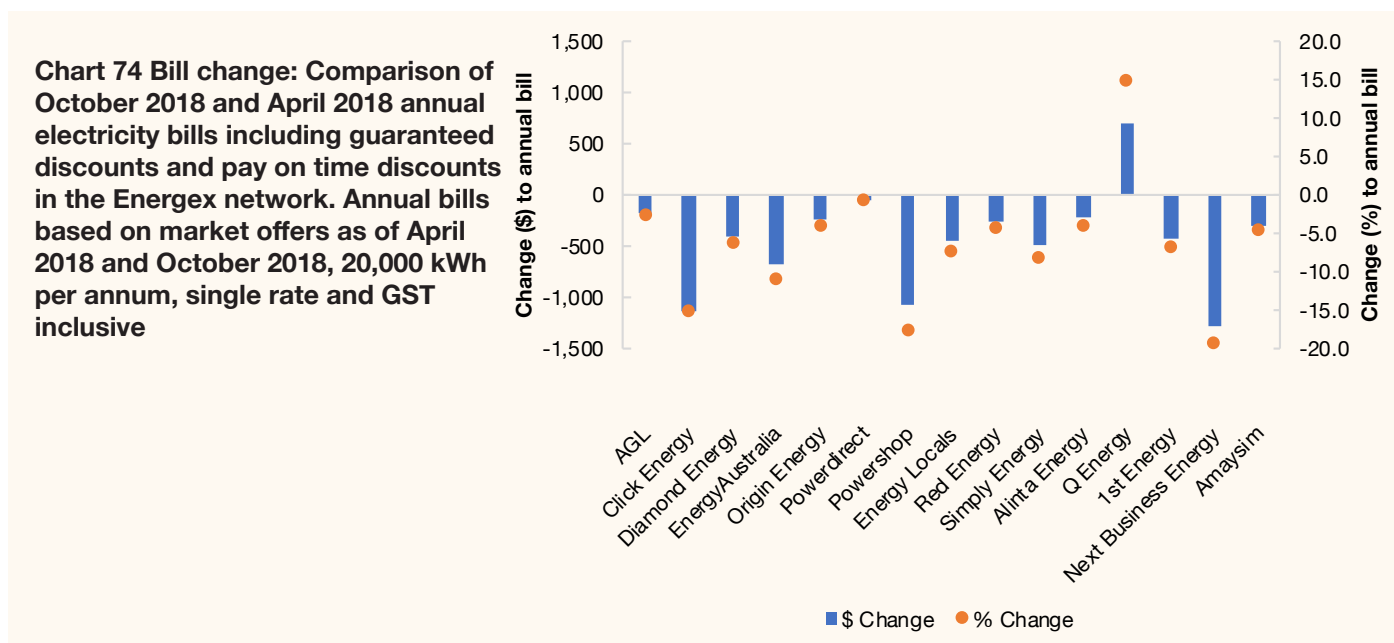
<sup>72</sup> These market offers were collected in October 2018 and it should be noted that retailers may change their rates at any time. Additional discounts for customers choosing to pay by direct debit are not included in these bill calculations.

### 4.3.3 Changes in energy bills in Queensland

This section compares annual energy bills as of October 2018 to bills as of April 2018.<sup>73</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 October 2018.

In Queensland, new network tariffs took effect in July 2018 meaning that the electricity retail prices have been affected by an underlying price reset in this six month period. Most of the retailers have thus changed their offers (rates, discounts or both).

Almost all retailers have decreased their prices since April 2018. Chart 74 below shows changes to annual bills for each retailer from April 2018 to October 2018.<sup>74</sup>



In relation to gas, both AGL and Origin's offers have remained unchanged since October 2017.

<sup>73</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 2018 and April 2018 while the national comparison includes retailers all retailers offering retail contracts as of October 2018 and April 2018.

<sup>74</sup> Based on market offers inclusive of guaranteed and conditional pay on time discounts.

## 4.4 South Australia

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

### 4.4.1 South Australian electricity bills October 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>75</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 \$8,23.<sup>76</sup> Chart 75 shows annual bills for sixteen retailers in the SA Power Networks (SAPN) and that the maximum price spread is \$1,840 per annum.

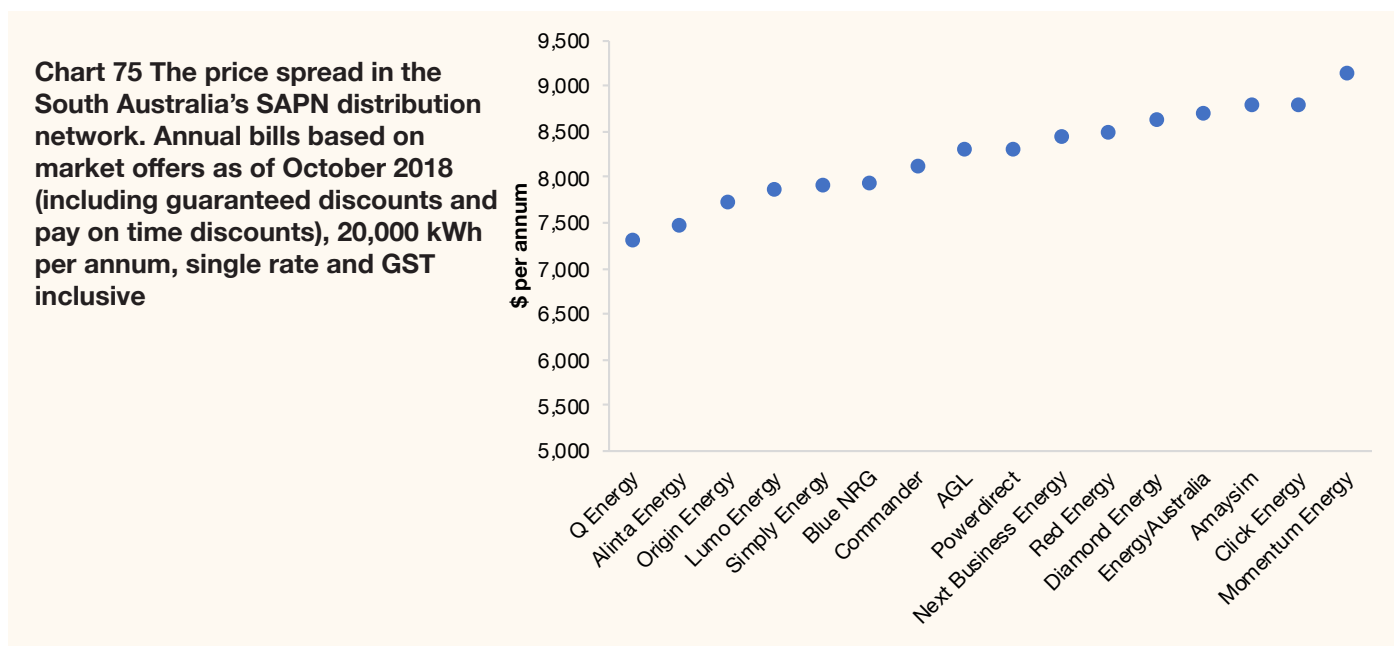


















Figure 21 below ranks the retail offers from lowest to highest annual electricity bills.<sup>77</sup>

<sup>75</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>76</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>77</sup> These market offers were collected in October 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 21 Lowest to highest annual bills (incl GST) for **South Australian market offers** in October 2018 including discounts and pay on time discounts - SMEs consuming 20,000kWh per annum (single rate)

	QEnergy	<b>\$7,290</b>
	Alinta Energy	<b>\$7,457</b>
	Origin Energy	<b>\$7,709</b>
	Lumo Energy	<b>\$7,859</b>
	Simply Energy	<b>\$7,889</b>
	BlueNRG	<b>\$7,924</b>
	Commander Electricity	<b>\$8,094</b>
	AGL	<b>\$8,292</b>
	Powerdirect	<b>\$8,292</b>
	Next Business Energy	<b>\$8,435</b>
	Red Energy	<b>\$8,470</b>
	Diamond Energy	<b>\$8,607</b>
	Energy Australia	<b>\$8,693</b>
	Amaysim	<b>\$8,778</b>
	Click Energy	<b>\$8,778</b>
	Momentum Energy	<b>\$9,128</b>

### **Additional discounts**

Seven 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 \$2,760 (Alinta's offer). Other retailers with high pay on time discounts are Click Energy, Commander and Amaysim. Chart 76 below shows the difference to annual bills that include guaranteed discounts only compared to annual bills that include pay on time discounts (only retailers that offer pay on time discounts are included in this Chart).

**Chart 76 Difference in annual bills based on guaranteed discounts only and conditional pay on time discounts in SA Power Networks. Annual bills based on market offers as of October 2018, 20,000 kWh per annum, single rate and GST inclusive**

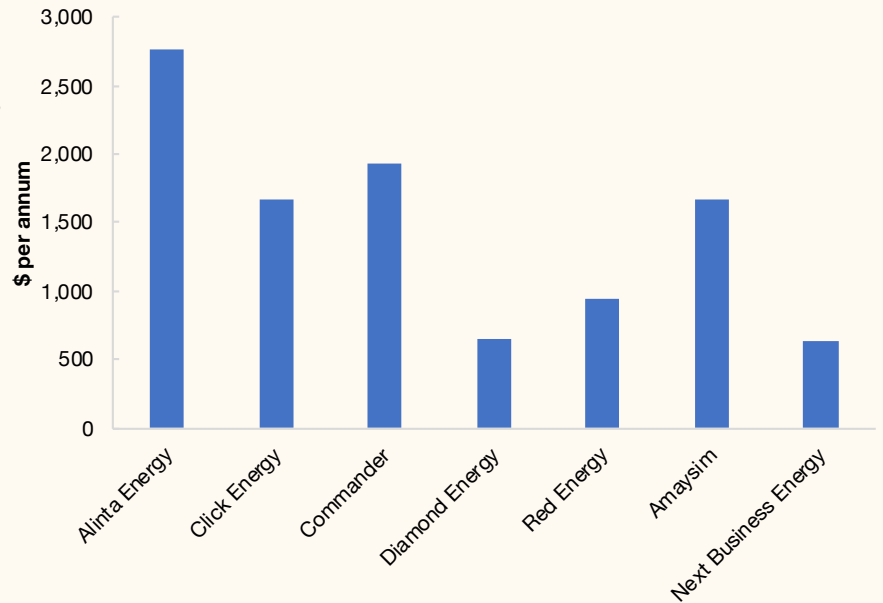
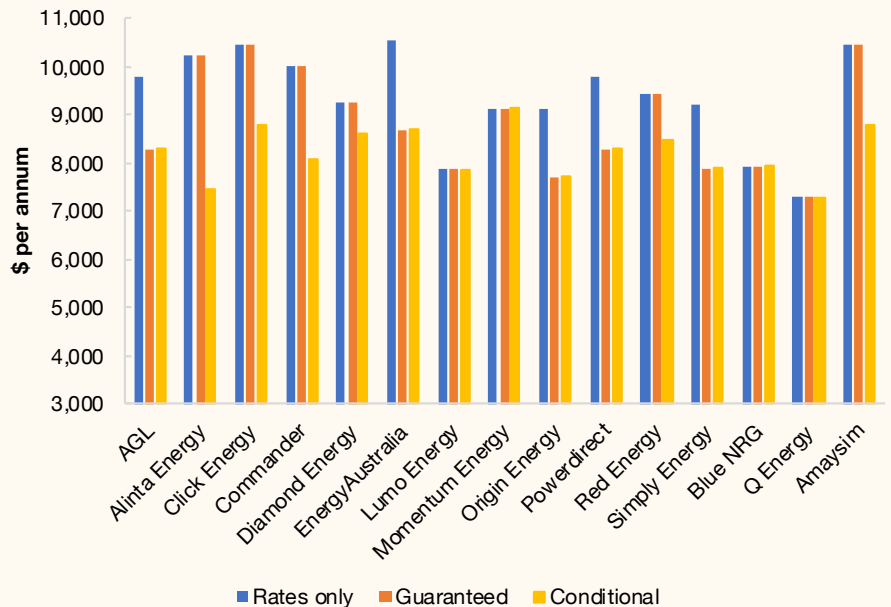


Chart 77 shows annual bills based on their rates only, inclusive of guaranteed discounts and inclusive of guaranteed as well as pay on time discounts.

**Chart 77 Annual bills based on rates, guaranteed discounts and pay on time discounts in SA Power Networks. Annual bills based on market offers as of October 2018, 20,000 kWh per annum, single rate and GST inclusive**



### Network charges

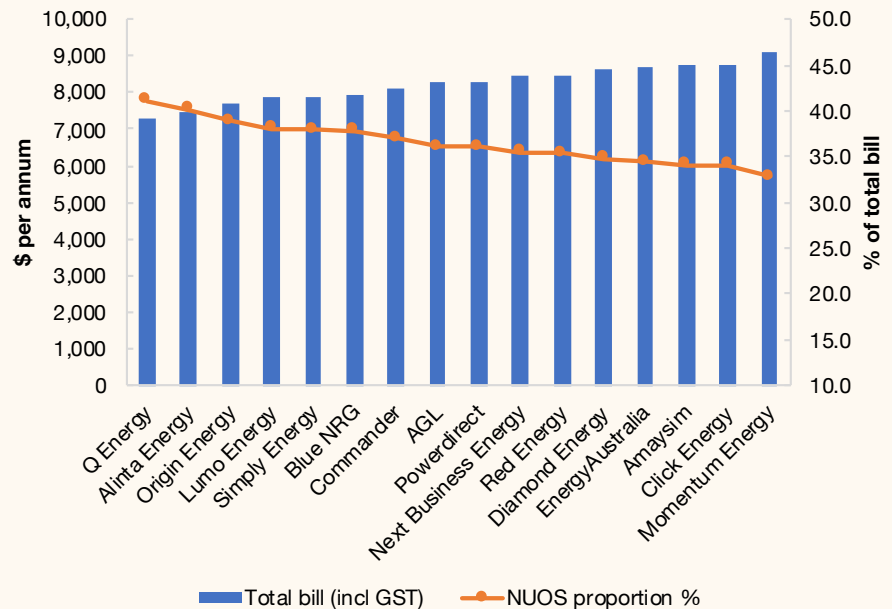
The South Australian electricity network, SA Power Networks, introduces new Network Use of System (NUOS) charges as of 1 July every year. These NUOS charges are approved by the Australian Energy Regulator (AER) and comprise Transmission Use of System (TUOS) and Distribution Use of System (DUOS) as well 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 regulated NUOS increased in the SAP network from 1 July 2018 but the chart presented in this section shows that the NUOS proportion of bills varies significantly between retail offers. The NUOS proportion of bill for Q Energy is 41% while the NUOS only comprises approximately 33% of the total bill for Momentum Energy customers.

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



**Chart 78 South Australia (SAPN): Annual retail bills (incl. GST) and NUOS as proportion of total bill, October 2018. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum)<sup>78</sup>**



#### 4.4.2 South Australian gas bills October 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 \$3,265 (including discounts). Chart 79 shows annual bills for five retailers in South Australia and that the maximum price spread is approximately \$480 per annum.<sup>79</sup>

**Chart 79 The price spread in the South Australia. Annual bills based on market offers as of October 2018 (including guaranteed discounts and pay on time discounts), 100 GJ per annum and GST inclusive**

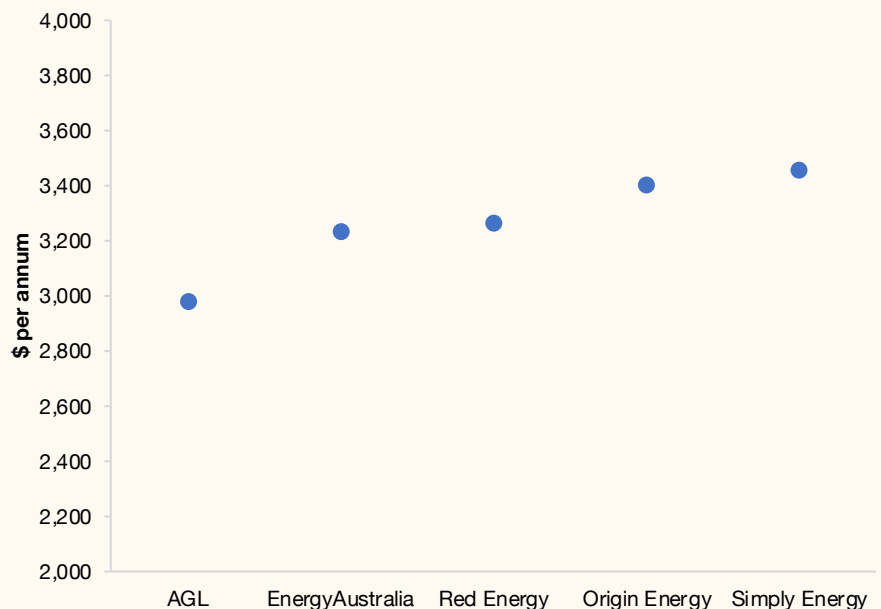


Figure 22 below ranks the retail offers from lowest to highest annual gas bills.<sup>80</sup>

<sup>78</sup> Based on market offer rates as of October 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 2018/19 financial year. The NUOS also includes fixed charges.

<sup>79</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>80</sup> These market offers were collected in October 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 dual fuel contracts.

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

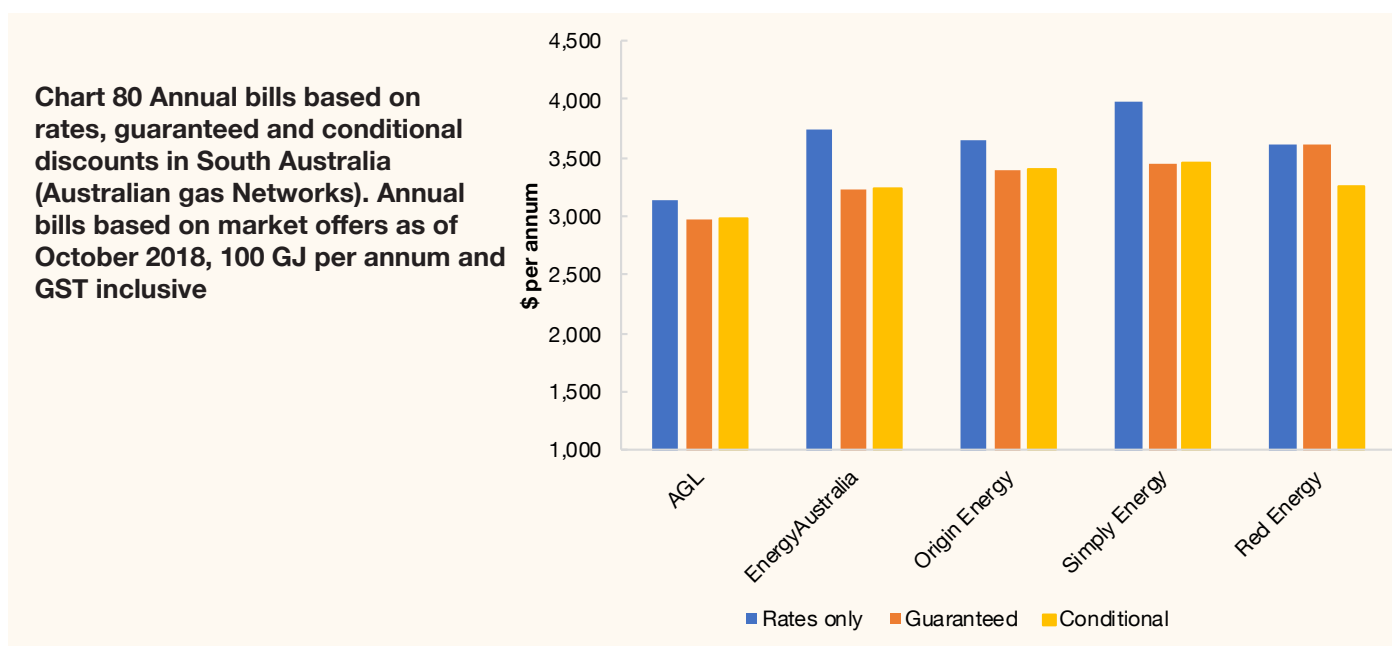
*Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum*

	AGL	<b>\$2,975</b>
	Energy Australia	<b>\$3,230</b>
	Red Energy	<b>\$3,261</b>
	Origin Energy	<b>\$3,402</b>
	Simply Energy	<b>\$3,451</b>

### **Additional discounts**

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

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



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

This section compares annual energy bills as of October 2018 to bills as of April 2018.<sup>81</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 October 2018.

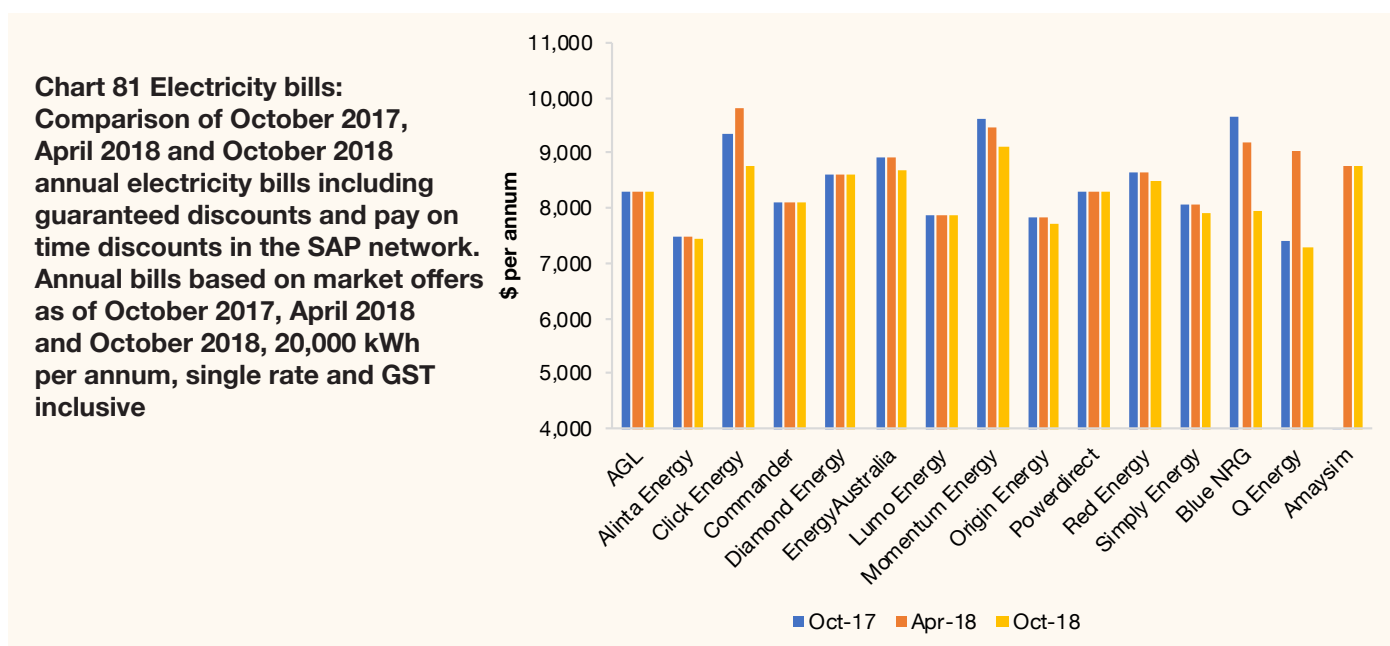
In South Australia, new network tariffs took effect in July 2018 meaning that the electricity retail prices have been affected by an underlying price reset in this six month period. Most of the retailers have thus

<sup>81</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 April 2018 and October 2018 while the national comparison includes retailers all retailers offering retail contracts as of October 2017 and October 2018.

changed their offers (rates, discounts or both).

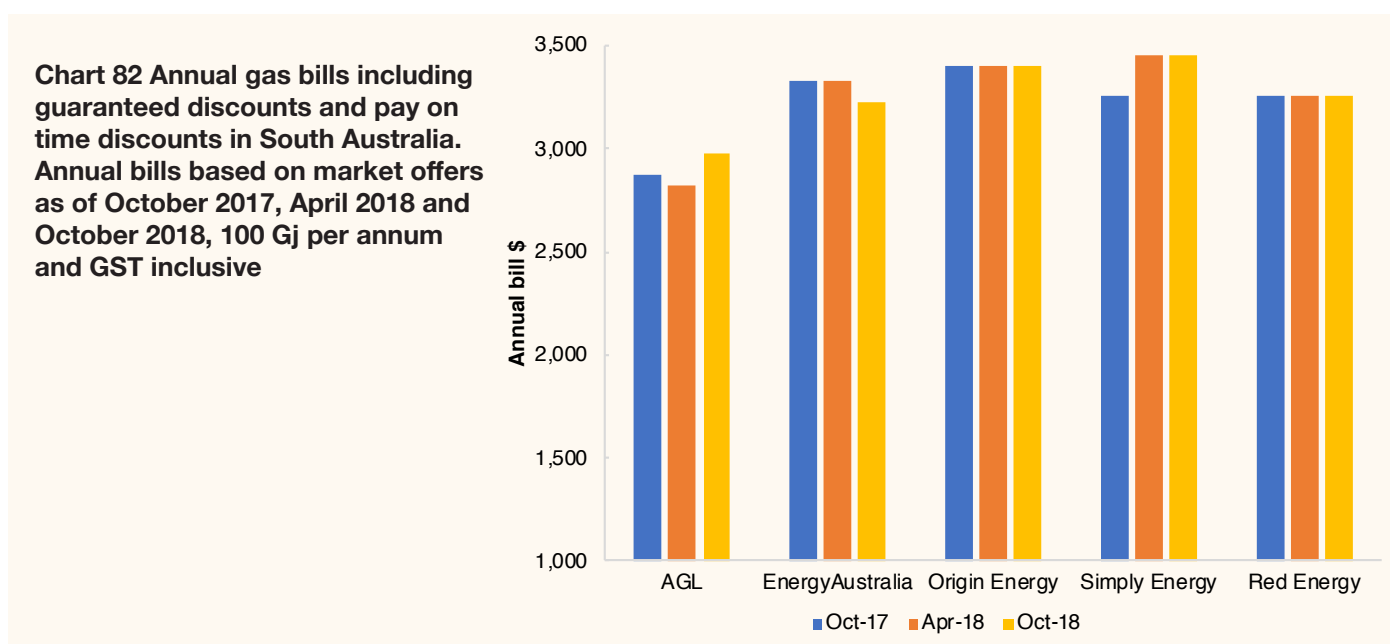
Despite the network prices increasing by 7% from July 2018, retailers decreased or kept their prices the same over the last six months. The annual bills for Q Energy, Blue NRG and Click Energy have decreased quite significantly since April 2018, by approximately 19%, 14% and 11%, respectively. Annual bills for Commander, Diamond Energy and Lumo Energy remain unchanged. For businesses using 20,000 kWh per annum, the Q Energy bill has decreased by approximately \$1,735, Blue NRG by \$1,276 and Click by \$1,040. Momentum had a more modest decrease of 3% (approximately \$310 per annum).<sup>82</sup>

In terms of changes to electricity offers since October 2017, however, approximately half of the retailers' bills have remained unchanged over the 12 month period. Chart 81 below shows retailers annual bills as of October 2017, April 2018 and October 2018.<sup>83</sup>



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

Chart 82 below shows annual gas bills in the Envestra/AGN gas zone as of October 2017, April 2018 and October 2018.



<sup>82</sup> Based on market offers inclusive of guaranteed and conditional pay on time discounts.

<sup>83</sup> Note that some retailers such as Amaysim and Next Business Energy did not have published offers in South Australia in October 2017. Only retailers with market offers available over two, or more, collection points 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 October 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 typical annual bill for SMEs consuming 20,000 kWh per annum (single rate) in Tasmania is currently around \$5,560.<sup>85</sup>

#### **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

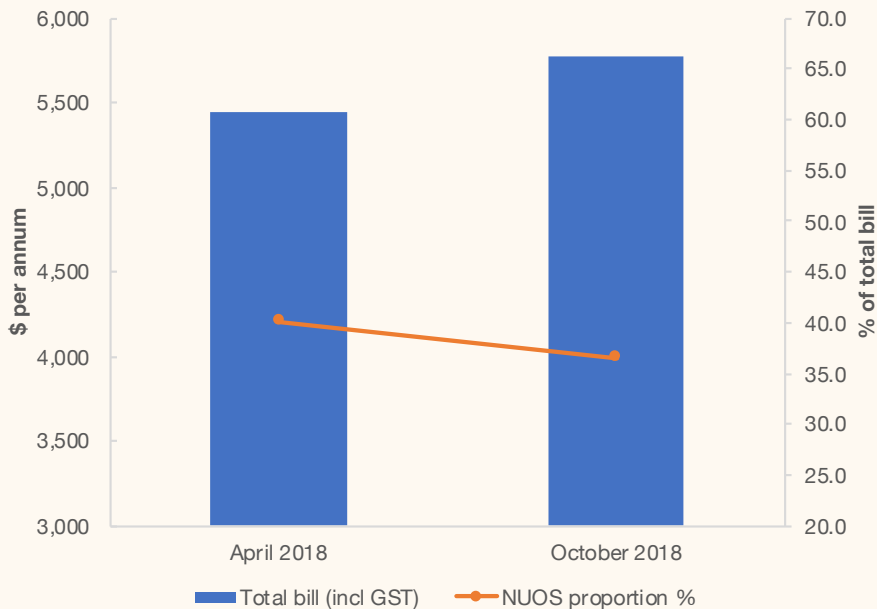
On 1 July 2018, the regulated NUOS charges decreased in Tasmania. The Chart presented in this section shows that the NUOS proportion of bill equates to 36.5% of Aurora Energy bills. This is a decrease in comparison to April 2018, where the NUOS represented 40% of Aurora Energy bills.

Chart 83 shows annual retail bills (columns) and NUOS as proportion of annual bill (line).

<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 only. In previous reports we have compared Aurora Energy and ERM Power bills, but as ERM Power does not currently have any market offers listed on their website, this analysis is based on Aurora Energy Only

**Chart 83 Tasmania (TasNetworks): Annual retail bills (incl. GST) and NUOS as proportion of total bill, for April 2018 and October 2018. Based on Aurora Energy's regulated offer, 20,000 kWh per annum)<sup>86</sup>**



#### 4.5.2 Tasmanian gas bills October 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 \$4,550. The difference between the two offers is approximately \$210 per annum. Neither Aurora Energy nor Tas Gas Retail offer any additional discounts.

**Chart 84 Annual gas market offer bills in Tasmania. Annual bills based on market offers as of October 2018, 100 GJ per annum and GST inclusive**

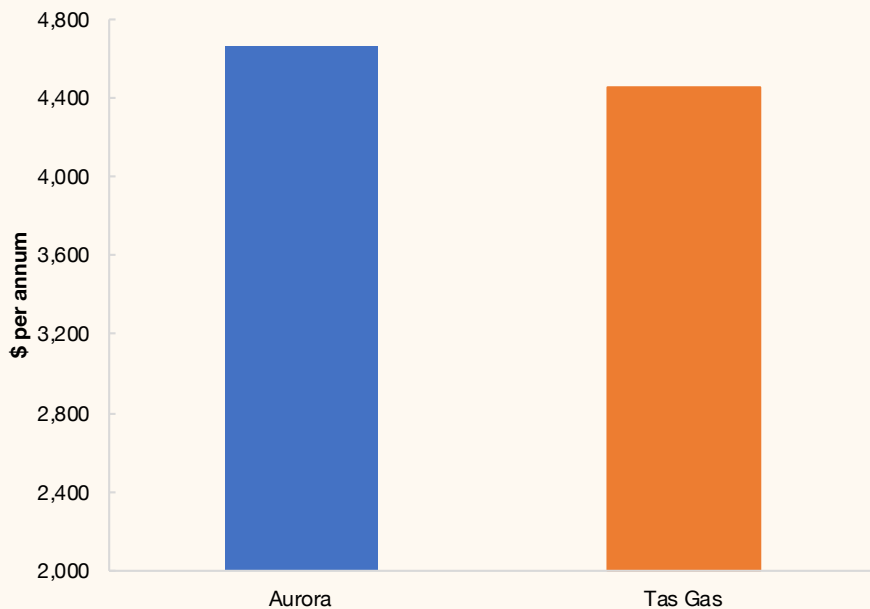




Figure 23 below ranks the retail offers from lowest to highest annual gas bills.<sup>87</sup>

<sup>86</sup> Based on retail offer rates as October 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 2018/19 financial year. The NUOS also includes fixed charges.

<sup>87</sup> These offers were collected in October 2018 and it should be noted that retailers may change their rates at any time.

Figure 23 Lowest to highest annual bills (incl GST) for **Tasmanian market offers** in October 2018  
 SMEs consuming 100 GJ per annum

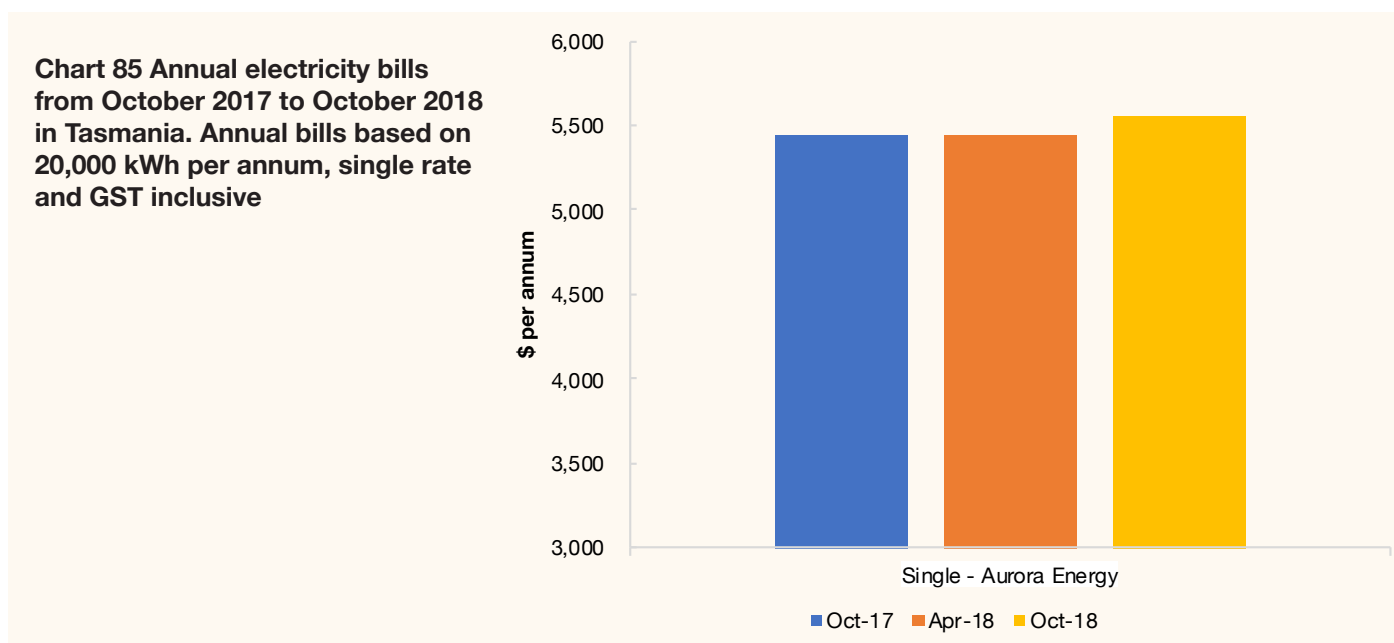
	TasGas Retail	<b>\$4,447</b>
	Aurora Energy	<b>\$4,660</b>

### 4.5.3 Changes in energy bills in Tasmania

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

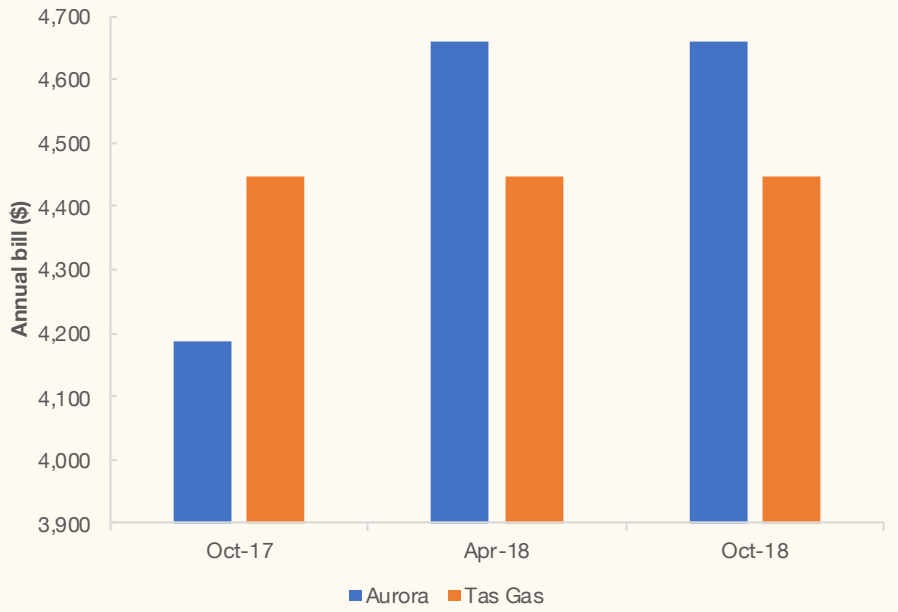
In Tasmania, new network tariffs took effect in July 2018 meaning that the electricity retail prices have been affected by an underlying price reset in this six month period.

Aurora Energy has increased its rates by 2% since April 2018 and Chart 85 below shows annual electricity bills for Aurora as of October 2017, April 2018 and October 2018.



In relation to gas, Aurora’s rates changed on 1 January 2018 while Tas Gas Retail’s prices have remained unchanged since October 2017. Chart 86 below shows annual gas bills for Aurora and Tas Gas Retail as of October 2017, April 2018 and October 2018.

**Chart 86 Annual gas bills from October 2017 to October 2018 in Tasmania. Annual bills based on 100 GJ per annum and GST inclusive**



## 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 standing offer.

The ACT is comprised of a single electricity network and a single gas pricing zone.<sup>88</sup> ActewAGL is the incumbent retailer.

### 4.6.1 ACT electricity bills October 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>89</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 \$5,810.<sup>90</sup> Chart 87 shows annual bills for four retailers in the Evoenergy distribution network and that the maximum price spread is \$760 per annum.

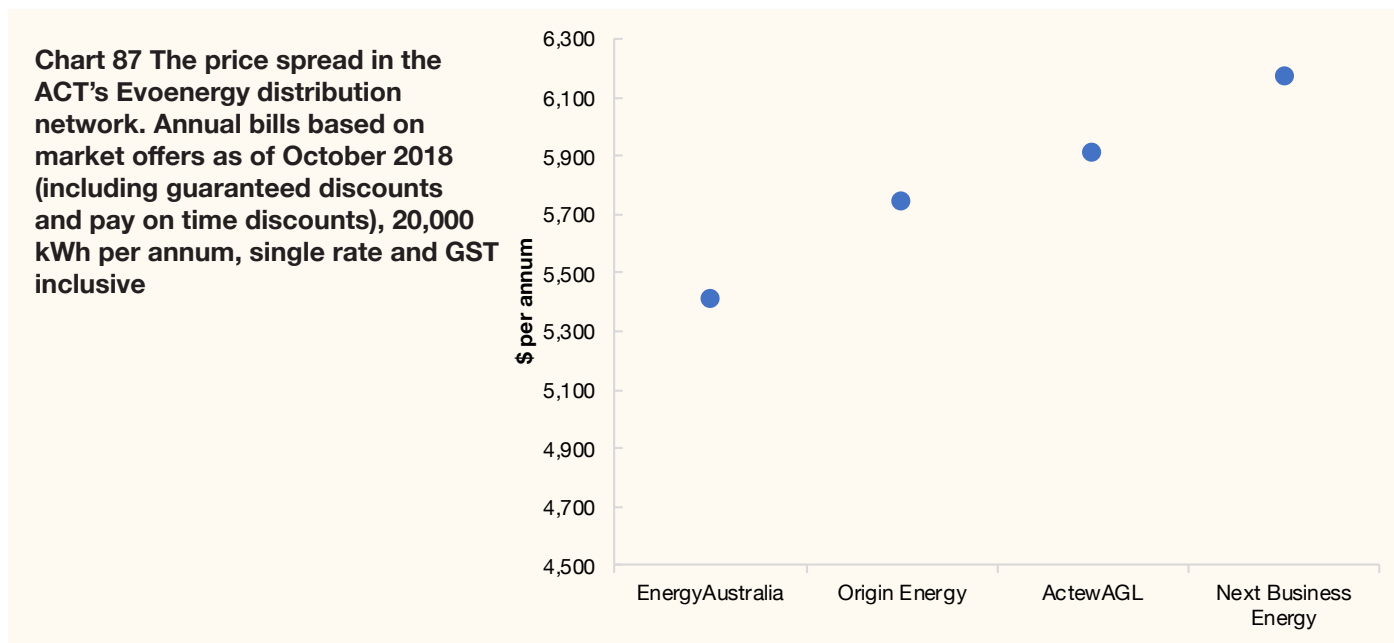


Figure 24 below ranks the retail offers from lowest to highest annual bills.<sup>91</sup>

<sup>88</sup> Evoenergy, formerly known as ActewAGL Distribution, is the electricity network and gas distributor while the retail arm continues to operate as ActewAGL.

<sup>89</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>90</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>91</sup> These market offers were collected in October 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.



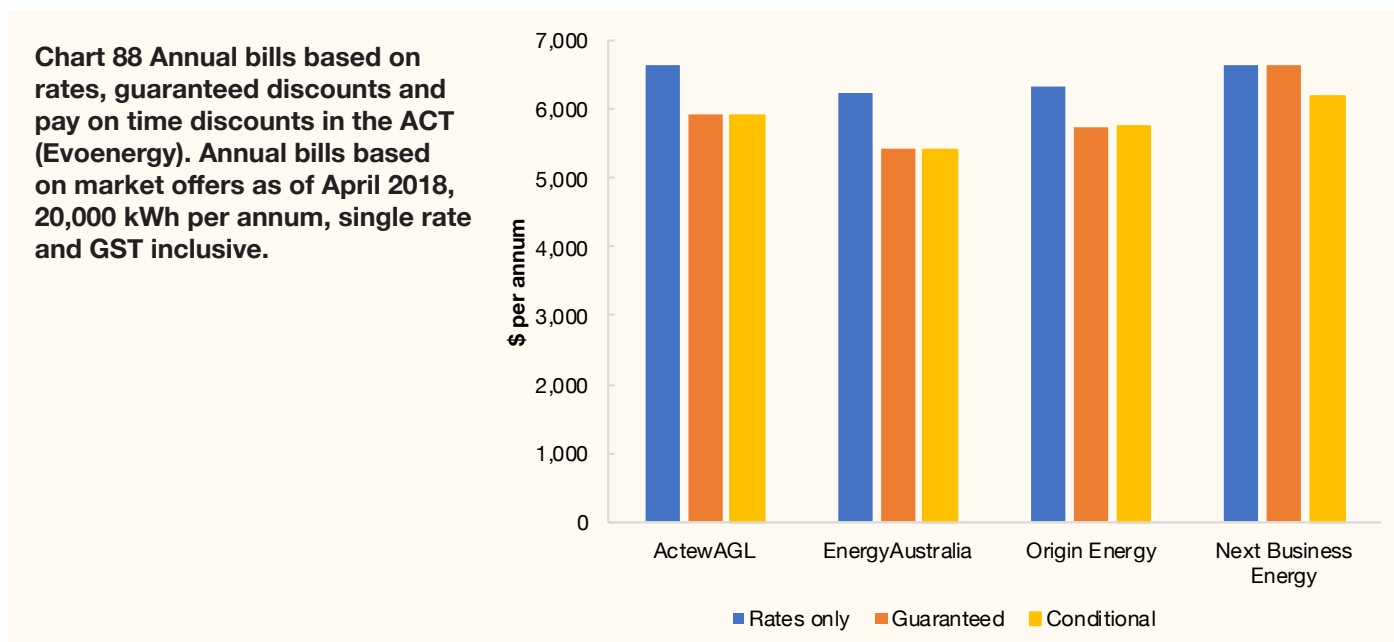
Figure 24 Lowest to highest annual bills (incl GST) for market offers in **ACT's Evoenergy (formerly ActewAGL)** (October 2018).

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

	Energy Australia	<b>\$5,413</b>
	Origin Energy	<b>\$5,478</b>
	ActewAGL	<b>\$5,913</b>
	Next Business Energy	<b>\$6,176</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). Chart 88 shows annual bills based on their rates only, inclusive of guaranteed discounts and inclusive of guaranteed as well as pay on time discounts.



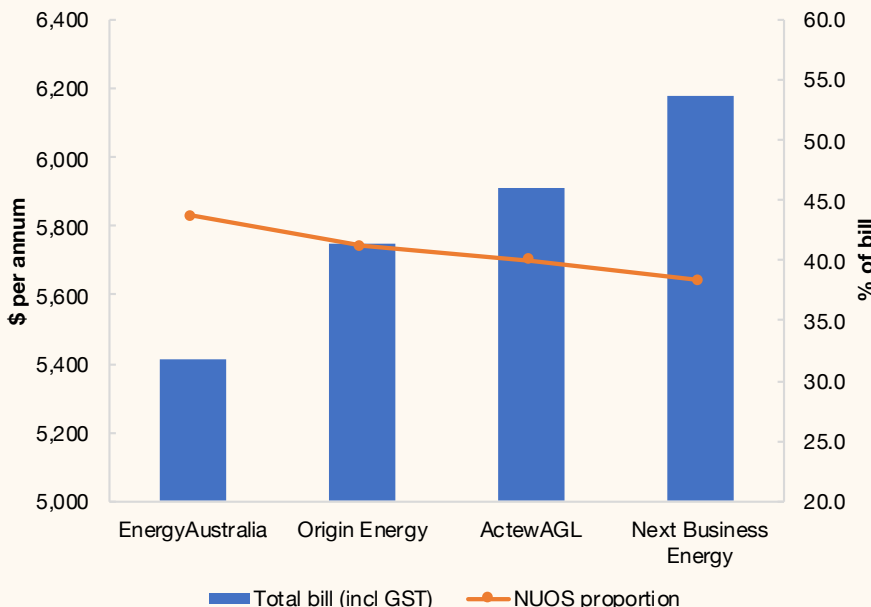
### Network charges

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 regulated NUOS charges decreased on 1 July 2018 but the Chart presented in this section shows that the NUOS proportion of bills varies between retail offers. For an EnergyAustralia customer the NUOS proportion is close to 44% while the NUOS only comprises approximately 39% of the total bill for Next Business Energy customers.

Chart 89 shows annual retail bills (columns) and NUOS as proportion of annual bill (line).

**Chart 89 Evoenergy: Annual retail bills (incl. GST) and NUOS as proportion of total bill, October 2018. Based on retail market offers (including guaranteed and pay on time discounts), single rate, 20,000 kWh per annum)<sup>92</sup>**



#### 4.6.2 ACT gas bills October 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 \$3,330 (including discounts). Chart 90 shows annual bills for three retailers in the ACT and that the maximum price spread is approximately \$700 per annum.<sup>93</sup>

**Chart 90 The price spread in the ACT. Annual bills based on market offers as of October 2018 (including guaranteed discounts and pay on time discounts), 100 GJ per annum and GST inclusive**






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

<sup>92</sup> Based on market offer rates as of October 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 2018/19 financial year. The NUOS also includes fixed charges

<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.

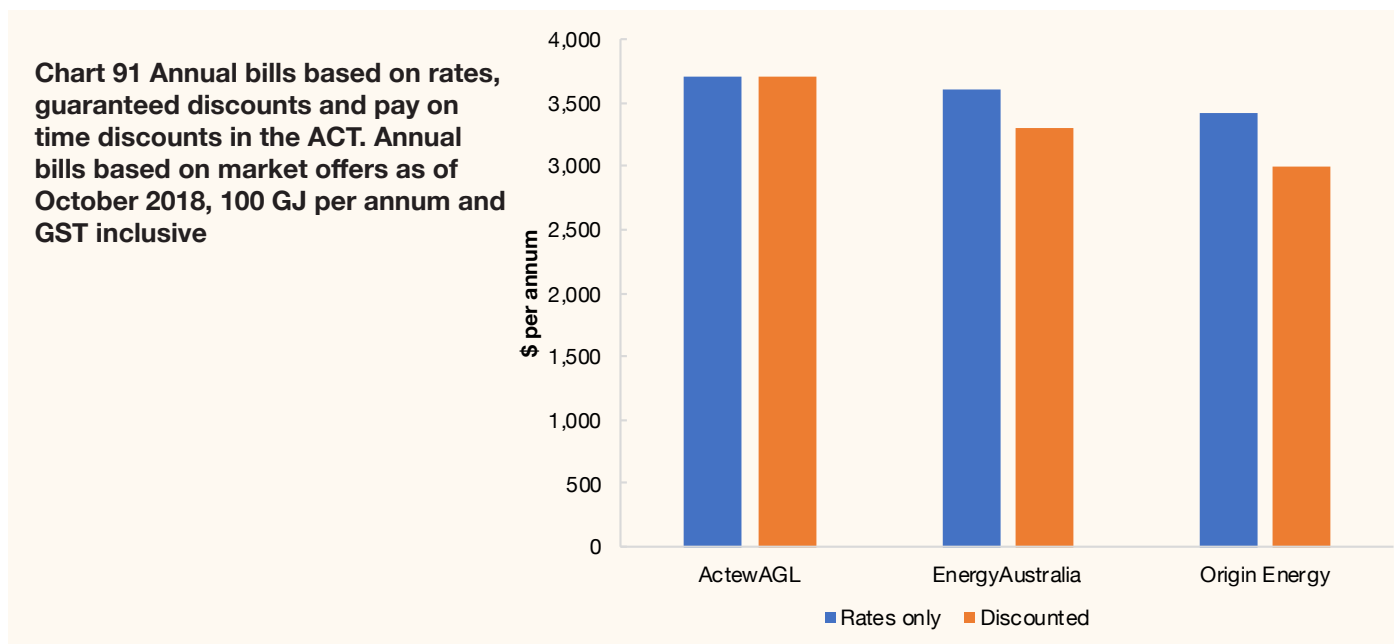
<sup>94</sup> These market offers were collected in October 2018 and it should be noted that retailers may change their rates at any time. Additional discounts for customers choosing to pay by direct debit are not included in these bill calculations.

Figure 25 Lowest to highest annual bills (incl GST) for **market offers in the ACT** (October 2018). Bills including guaranteed discounts and pay on time discounts - SMEs consuming 100 GJ per annum

	Origin Energy	<b>\$2,997</b>
	Energy Australia	<b>\$3,296</b>
	ActewAGL	<b>\$3,699</b>

**Additional discounts**

Energy Australia and Origin offer guaranteed discounts on the consumption rates for a limited period (12 months) while ActewAGL does not offer any additional discounts. Chart 91 below shows annual bills based on their rates only and inclusive of guaranteed discounts.

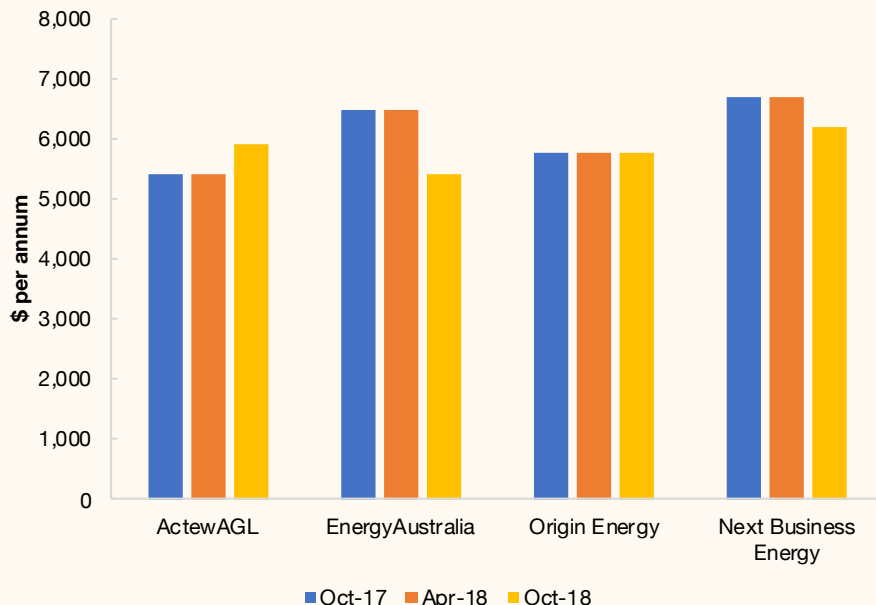


**4.6.3 Changes in energy bills in the ACT**

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

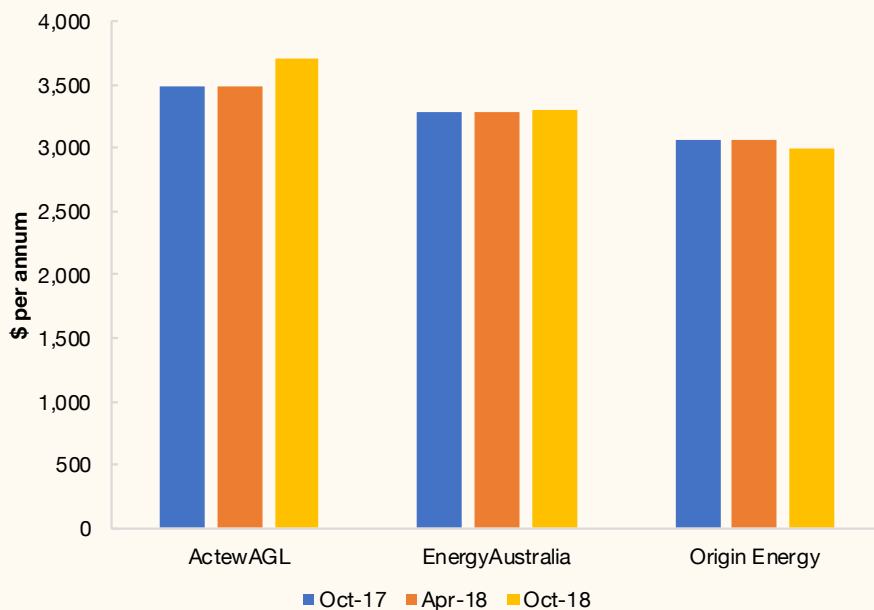
Since April 2018, ActewAGL has increased its prices by more than 9%. On the other hand, Energy Australia and Next Business Energy prices have decreased by 16.5% and 7.7% respectively in the last six months. Origin Energy’s prices have remained the same. Chart 92 below shows annual electricity bills for retailers operating in the ACT as of October 2017, April 2018 and October 2018.

**Chart 92 Comparison of October 2017, April 2018 and October 2018 annual electricity bills including guaranteed discounts and pay on time discounts in the ACT (Evoenergy). Annual bills based on market offers as of October 2017, April 2018 and October 2018, 20,000 kWh per annum, single rate and GST inclusive.<sup>95</sup>**



In relation to gas, none of the retailers increased their prices between October 2017 and April 2018. However, between April 2018 and October 2018, ActewAGL's prices have increased by 6%. Origin Energy's prices have decreased by almost 2% in that same period. Chart 93 below shows changes to annual bills for customers using 100 GJ per annum.

**Chart 93 Comparison of October 2017, April 2018 and October 2018 annual gas bills including guaranteed discounts and pay on time discounts in the ACT (Evoenergy). Annual bills based on market offers as of October 2017, April 2018 and October 2018, 100 GJ per annum and GST inclusive**



<sup>95</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.

## 4.7 Western Australia and Northern Territory

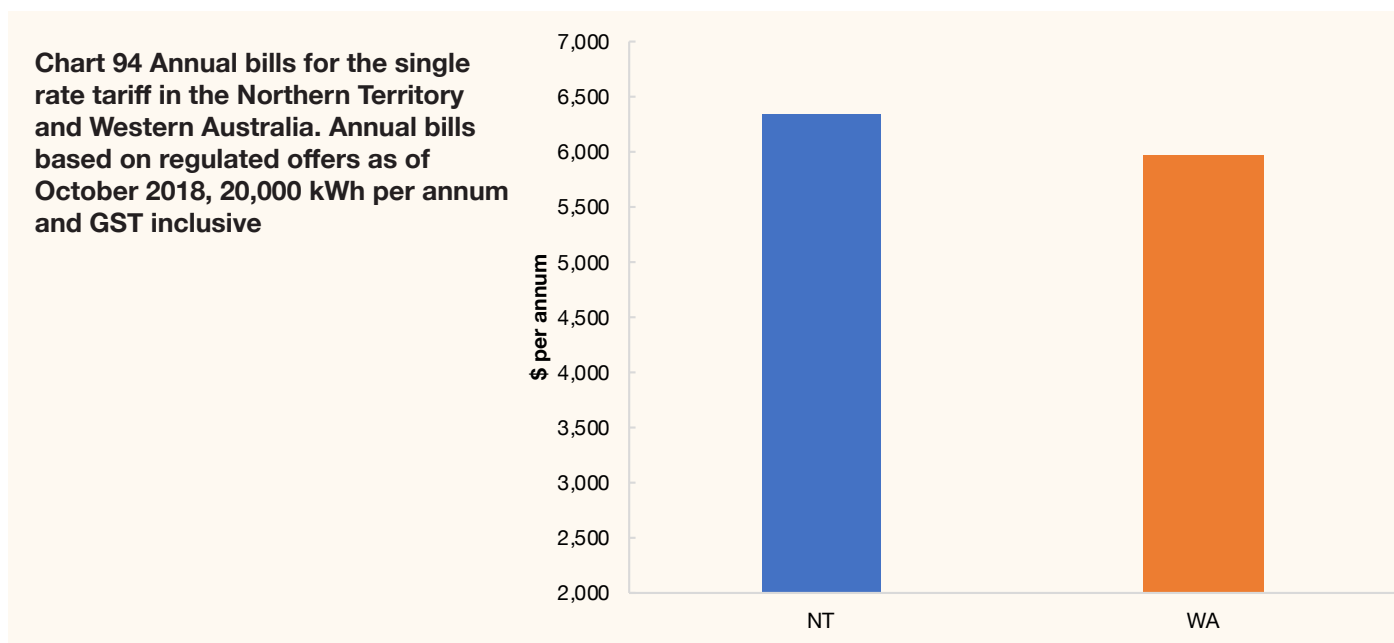
Electricity prices remain regulated in Western Australia and the Northern Territory. In Western Australia the Minister for Energy also determines a maximum price cap for gas prices.<sup>96</sup>

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>97</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 October 2018

SMEs using 20,000 kWh per annum (single rate) in the Northern Territory will have an annual bill of \$6,330 while Western Australian businesses will have a somewhat lower bill of around \$5,960. While the fixed daily supply charge is now lower in the Northern Territory than in Western Australia, the lower price per kWh in Western Australia result in annual bills being \$370 less in the Northern Territory for customers with this consumption level.



<sup>96</sup> There are no reticulated gas offers for small business customers in the Northern Territory.

<sup>97</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)

## 4.7.2 Western Australian gas bills October 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 95 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>98</sup> Alinta does not offer an additional discount while AGL and Origin offer 37% and 33% off usage charges during the benefit period. A small business on Alinta's offer can save approximately \$1,400 per annum by switching to AGL's offer

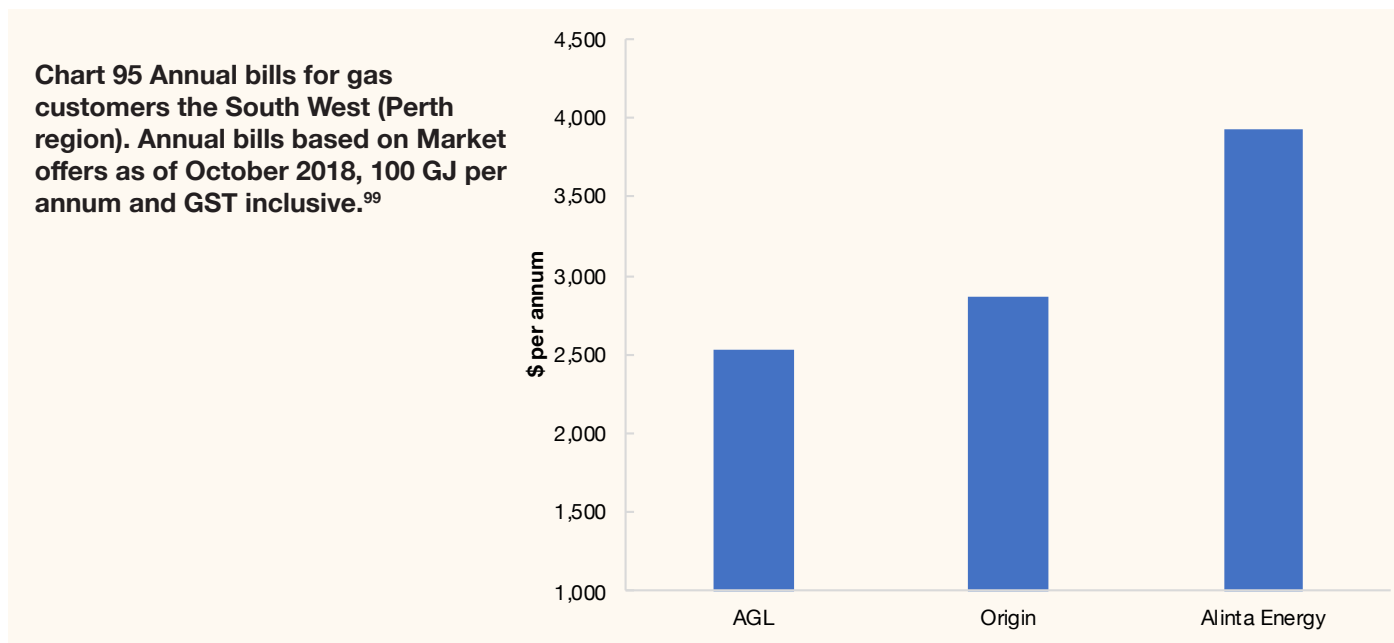


Figure 26 below ranks the retail offers from lowest to highest annual gas bills.<sup>100</sup>

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

	AGL	<b>\$2,527</b>
	Origin Energy	<b>\$2,865</b>
	Alinta Energy	<b>\$3,930</b>

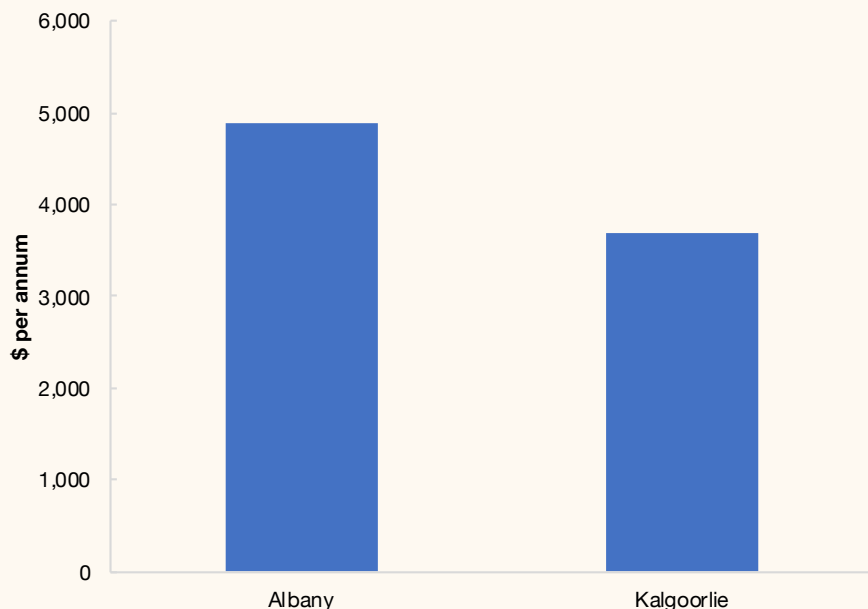
Alinta also offers gas retail contracts to SMEs in the Albany and Kalgoorlie pricing zones. Chart 96 below shows that the annual bill for a small business using 100 GJ per annum in Albany will pay approximately \$4,890 per annum and customers in Kalgoorlie will pay around \$3,700.

<sup>98</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>99</sup> Alinta Energy and AGL's supply charges are inclusive of a daily Account Administration Fee as of October 2018. In the previous update (April 2018), only Alinta explicitly stated that an Account Administration Fee applies. Origin's offers in WA do not mention this fee.

<sup>100</sup> These market offers were collected in October 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 96 Annual bills for gas customers in Alinta and Kalgoorlie. Annual bills based on Alinta's standard tariff as of October 2018, 100 GJ per annum and GST inclusive**

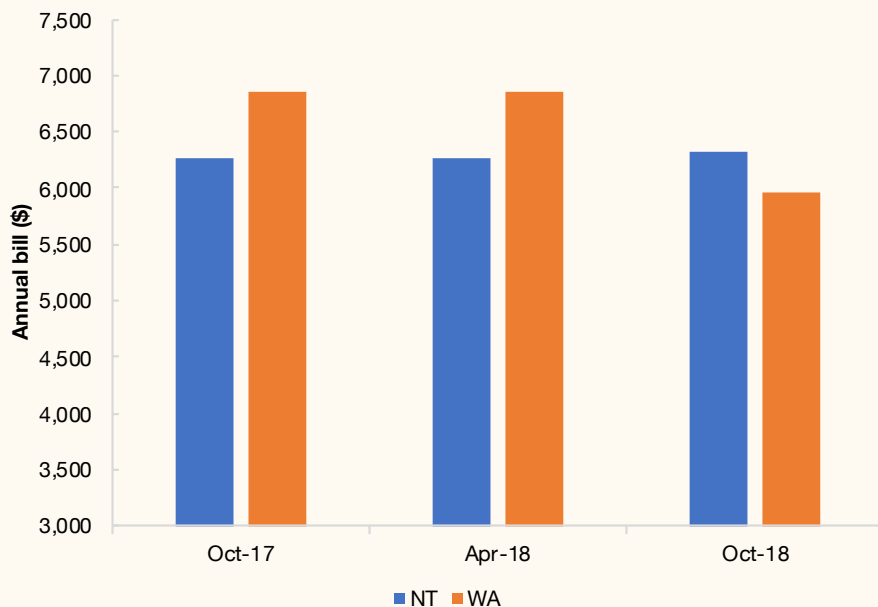


### 4.7.3 Changes in energy bills in WA and NT

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

Electricity bills in the Northern Territory and Western Australia did not change between October 2017 and April 2018. Since April 2018, however, they have increased by approximately 1%, or \$65 for a customer using 20,000 kWh per annum in the Northern Territory while they have decreased by -13%, or \$890, in Western Australia.

**Chart 97 Annual electricity bills in the Northern Territory and Western Australia in October 2017, April 2018 and October 2018. Annual bills based on regulated offers as of October 2017, April 2018, October 2018, 20,000 kWh per annum, single rate and GST inclusive**



Alinta has not changed its prices between October 2017 and April 2018. Since April 2018, however, Alinta's bills increased slightly in all gas zones. Customers on Alinta's standard contract in the South West region, Kalgoorlie and Albany have had a bill increase of approximately 2% over the 6 month period. Chart 98 below shows \$ increases to annual gas bills for customers on Alinta's standard contract.<sup>101</sup>

<sup>101</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.

**Chart 98 Comparison of October 2017, April 2018 and October 2018 annual gas bills in Western Australia. Annual bills based on Alinta's offers as of October 2017, April 2018, October 2018, 100 GJ per annum and GST inclusive.**

