

# Customers save on market offers as energy prices rise

**16 December 2010**

## *Electricity and gas*

Victorian energy consumers sought out competitive market offers as electricity and gas prices continued to rise in 2009-10, according to a report issued today by the State's energy regulator.

The report by the Essential Services Commission (ESC) revealed that more than 1.12 million electricity and gas customers transferred their retail energy accounts in 2009-10, equivalent to a gross switching rate of around 25 percent for both electricity and gas customers.

The Commission's report found that the price of electricity for residential market offers increased by an average 13.5 percent over 2009-10, while the price of electricity for standing offers (default or non-market offers) rose by an average 12-16 percent.

Some retailers, however, increased standing offer prices by up to 24 percent over a one-year period. Standing offer prices apply to customers who have not shifted from, or changed their arrangements with, their existing retailers since the start of retail energy competition almost a decade ago.

The electricity price rises reflected rising network costs (including the rollout of advanced metering technology, or smart meters) and an increase in electricity wholesale (generation) and retailer costs.

Nevertheless, the report revealed that small business and residential customers could still make substantial savings in their energy bills by taking up competitive market offers provided by energy retailers operating in Victoria.

On average in 2009-10, residential customers could save \$92 a year on a single-rate tariff, \$130 on a two-rate (ie peak and off-peak) tariff and \$165 on a time-of-use tariff when they switched from a standing offer to a market offer with all discounts included.

In gas, residential market offer prices increased by seven per cent, while standing offer gas prices increased by six to 13 percent. As with electricity, the Commission found that customers who switched from a standing offer to a fully discounted market offer could save up to \$100 on their annual bill.

For its Energy Retailers: Comparative Performance Report for 2009-10, the Commission undertook independent research into the market contracts on offer to electricity and gas customers.

Up to 13 retailers operated in the Victorian retail energy market in 2009-10, providing market offers in some or all of the state. The Commission's market analysis covered the price and non-price offerings of electricity and gas market contracts across Victoria.

Information on standing and market offers is also provided in the Commission's YourChoice website at [www.yourchoice.vic.gov.au](http://www.yourchoice.vic.gov.au), to which retailers are required to provide gas and electricity offers that can be assessed on-line.

**Electricity:** Based on a standing offer, single rate tariff and 2009-10 consumption of 4000 kWh, customers of Click Energy in Melbourne's inner and eastern suburbs paid the lowest annual electricity bill of \$947; customers of Momentum Energy in the western suburbs and western Victoria paid the highest annual bill of \$1180.

Household electricity bills based on single-rate market offer tariffs (4000 kWh) at the time of survey in 2009-10 ranged from \$830 for Country Energy customers in Melbourne's inner eastern suburbs to \$1123 for AGL customers in Melbourne's outer-western suburbs and western Victoria.

**Gas:** Customers of Energy Australia in Melbourne's bayside and south-eastern suburbs paid the

lowest standing offer annual gas bill of \$861, based on annual 60 gigajoule consumption. Customers of TRUenergy at Bairnsdale paid the highest 2009-10 gas bill of \$1601. Household gas bills based on market offer tariffs (60 gJ) at the time of survey in 2009-10 ranged from \$852 in the north and north-east of the state to \$1552, also at Bairnsdale.

ESC Chief Executive Officer Mr David Heeps said the price comparisons alone did not reflect the full diversity of market offers. Many retailers also provided for a range of non-price benefits including loyalty discounts, vouchers, credit options and offers of appliances.

“Energy customers are choosing from a wider selection of offers, so it is important to shop around and check the details,” Mr Heeps said.

“While many people continue to exercise their choice of energy retailer, it is also important to note that people are under no obligation to change their retailer and should not feel pressured to switch,” he said.

“Those customers who do shop around should always check a retailer’s offer summary and the fine print of energy contracts for special conditions, such as any fees for early termination of market contracts and any potential additional charges.”

The report also tracked a number of non-price indicators, including the level of domestic electricity disconnections.

It found that domestic electricity disconnections rose from 0.43 per 100 customers to 0.59 per customers per 100 customers in 2009-10, with gas disconnections increasing from 0.57 per 100 customers to 0.85 per 100 customers in the same period.

## **For general enquiries**

Phone: [\(+61 3\) 9032 1300](tel:+61390321300) or [1300 664 969](tel:1300664969)

Email: [reception@esc.vic.gov.au](mailto:reception@esc.vic.gov.au)

You can also find us on [Twitter](#) and [LinkedIn](#).

## For VEU enquiries

Phone: [\(+61 3\) 9032 1310](tel:+61390321310) or submit a [contact form](#).

## For media enquiries

If you have a media enquiry, please contact:

**Michelle Bryne**

[michelle.bryne@esc.vic.gov.au](mailto:michelle.bryne@esc.vic.gov.au)

0437 677 385

(03) 9032 1324

**Clayton Bennett**

[clayton.bennett@esc.vic.gov.au](mailto:clayton.bennett@esc.vic.gov.au)

0447 933 140

## Subscribe

[Subscribe](#) to receive email updates from us.

---

To learn more, visit [www.esc.vic.gov.au](http://www.esc.vic.gov.au)