



ENERGY RETAILERS COMPARATIVE PERFORMANCE REPORT

PRICING

2010-11



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EXECUTIVE SUMMARY

The Essential Services Commission (the Commission) has reported on pricing in the Victorian energy market for four years. The *Energy retailers comparative performance report—pricing 2010-11* informs Government, consumers and other interested parties about Victoria's competitive energy market. The report makes transparent the performance of the retail energy industry, and outlines the standing (default) and market offer products available to Victorian consumers in the competitive market. It presents gas and electricity costs over time, and compares the tariffs of retailers in each distribution zone in the state. It also presents the terms and conditions associated with offers to assist customers to choose the right offer for them.

In order to have a collective view of retail energy in Victoria we have published a separate *Victorian retail market overview 2010-11* report. The report explores the retail energy sector as a whole and draws from both this report and the *Energy Retailers Comparative Performance Report – Customer Service 2010-11*. These reports are available to download from our website at www.esc.vic.gov.au.

Further to this a separate downloadable appendix provides detailed tables of prices and market offers for each distribution zone. This appendix is available at www.yourchoice.com.au.

Market offers

The price of electricity has increased for the majority of offers published on the YourChoice website, but the percentage of increases is less than that which occurred in 2009-10. For residential electricity market offers, prices (in nominal dollars) increased by an average 6 per cent over the past 12 months, down from 13.5 per cent rise seen in 2009-10.

Residential customers can still make savings when they enter a competitive market contract. By switching from a standing offer to a market offer, with discounts and bonuses, they can potentially save around 10 per cent on their annual bill. On average, residential customers can save \$107 per year on a single rate tariff, \$143 on a two-rate tariff and \$205 on a time-of-use tariff when they switch from a standing offer (default offer) to a market offer with all discounts included.

The residential gas market offers show a similar pattern. Prices increased by 7 per cent on average in 2010-11. Customers that receive discounts can save up to \$59 on their annual bill. If they switch from a standing offer to a fully discounted market offer, they can save around 7 per cent (or \$80) on their annual bill.

By shopping around, customers can save up to 10 per cent on their annual energy bills.

Go to our website www.yourchoice.com.au to find the best price in your area.



Business customers also experienced price increases in 2010-11—up 9 per cent for gas and 10 per cent for electricity. The difference between a standing offer and a fully discounted market offer was an average of \$620 for gas. For electricity, this difference was an average of \$332 for single rate business customers and \$878 for time-of-use business customers. Again, the price data show that shopping for a better offer can assist business customers to reduce energy bills.

The retailers' supply charges for electricity market offers rose in every distribution zone in 2010-11—up an average 10 per cent, after rising an average 39 per cent in 2009-10. Standing offers

Standing offer prices showed a greater variance between retailers in 2010-11 than in 2009-10. The price difference in nominal dollars across the retailers was up to \$275 on a single rate residential tariff, and more on two-rate and time-of-use tariffs. Standing offer prices for business customers varied by around 10 per cent for single rate tariffs. They varied by up to 20 per cent for time-of-use tariff business customers, which represents around \$2400 on an average bill.

For gas, prices for business customers varied considerably in some distribution zones—up to \$2000 per year between the highest and lowest price in a distribution zone. Residential gas customers also found a price variance in their distribution zone—in some cases, the variance was over \$300.

Historical standing offers

Standing offer prices published by the three local retailers—AGL, Origin Energy and TRUenergy—for both electricity and gas increased over the past five years. This rise followed a long period of general decrease in prices. The rise partly reflected rising distribution and supply charge costs, the installation of smart meters (interval meters), and electricity generation costs.

When residential electricity prices are adjusted for inflation and include 50 per cent of the price at 30 June 2010 and 50 per cent of the price at 30 June 2011, the average price increase in the last five years was approximately 36 per cent. Price increases since 1994-95 have varied for each tariff type: single rate prices rose by 17 per cent and two-rate prices rose by 26 per cent. (The time-of-use tariff type was not available in 1994-95.) The annual bills for business customers fell by up to 26 per cent over the 15 year period, but rose by 12 per cent (\$314) in the past five years.

For residential gas customers, the average charge adjusted for inflation was 32 per cent higher in 2010-11 than in 1999, with an increase of 21 per cent in the past five years. Average prices for business gas customers when adjusted for inflation have only increased by 3 per cent on 1999 prices, but have also increased by 21 per cent in the last 5 years.



1 ABOUT OUR REPORT

1.1 About this report

The Energy retailers comparative performance report—pricing 2010-11 informs government, consumers and other interested parties about Victoria's competitive energy market. The report makes transparent the performance of the retail energy industry, and outlines the standing (default) and market offer products available to Victorian consumers in the competitive market. It presents electricity and gas costs over time, and compares the tariffs of retailers in each distribution zone in the state. A separate downloadable appendix provides detailed tables of prices and market offers for each distribution zone. Up to date prices can be found on the Commissions Yourchoice website. Go to www.yourchoice.vic.gov.au.

Section 39A of the Electricity Industry Act 2000 and s. 47 of the Gas Industry Act 2001 require that the Commission report to the Minister for Energy and Resources on published standing and market offers, and other features of the competitive market. A separate Commission report, *Energy retailers comparative performance report - customer service 2010-11*, reviews how well the energy retailers treat their customers (including those customers experiencing financial hardship) with reference to certain performance indicators. It also reviews each retailers' call centre performance and complaints. Further to this we also publish an overview of energy retailers, the *Victorian retail market overview 2010-11*. The Commission publishes all three reports on its website; www.esc.vic.gov.au.

1.2 Scope of the report

This report provides the following information on the price of energy services in the Victorian market:

- an overview of competitive market activity
- a comparison of the retailers' standing offer prices and analysis of historical pricing and trends
- a comparison and analysis of the market offers available, including the savings available when discounts are included.

1.3 Data sources

The data in this report are derived from sources that include:

- retailers' standing offer tariffs published in the Victoria Government Gazette, newspapers, retailers' websites and the Commission's YourChoice website
- retailers' market offers published on the Commission's YourChoice website and retailers' websites
- the Australian Energy Market Operator (AEMO).



1.4 Relevance of distribution zones

The retailers' published charges incorporate the supply charge for the customer's local area, or distribution zone (figures 1.1–1.4). Victoria has five electricity distribution zones (figures 1.1 and 1.2), and retailers that want to sell in each must publish tariffs specific for those zones. Fourteen retailers published electricity residential prices in 2010-11, and 11 retailers published offers for business customers.

Victoria has 20 gas distribution zones (figures 1.3 and 1.4). Nine retailers published gas prices for residential customers and business customers in 2010-11.

This report compares standing offer and market offer prices for electricity and gas by different tariff/meter types. It looks at customer bills and compares prices in each distribution zone in Victoria. The Australian Energy Regulator (AER) regulates the distributor responsible for each distribution zone. It sets the maximum network tariff cost that distributors can pass on to consumers. These network costs reflect the cost of transporting electricity and gas throughout Victoria, which is why one retailer may charge different prices for the same product across the state.

Customer bills comprise a consumption cost—which can vary with the amount of energy consumed and the time the energy is consumed (peak and off-peak)—and a supply charge (which includes the regulated distribution charge or network cost). Retail prices in Victoria are not regulated, but retailers base the supply charge component of their prices on the regulated charge or network cost passed on by distributors. Price regulation or capping of some form still occurs in all other Australian states.



Figure 1.1 Electricity distribution zones, Victoria

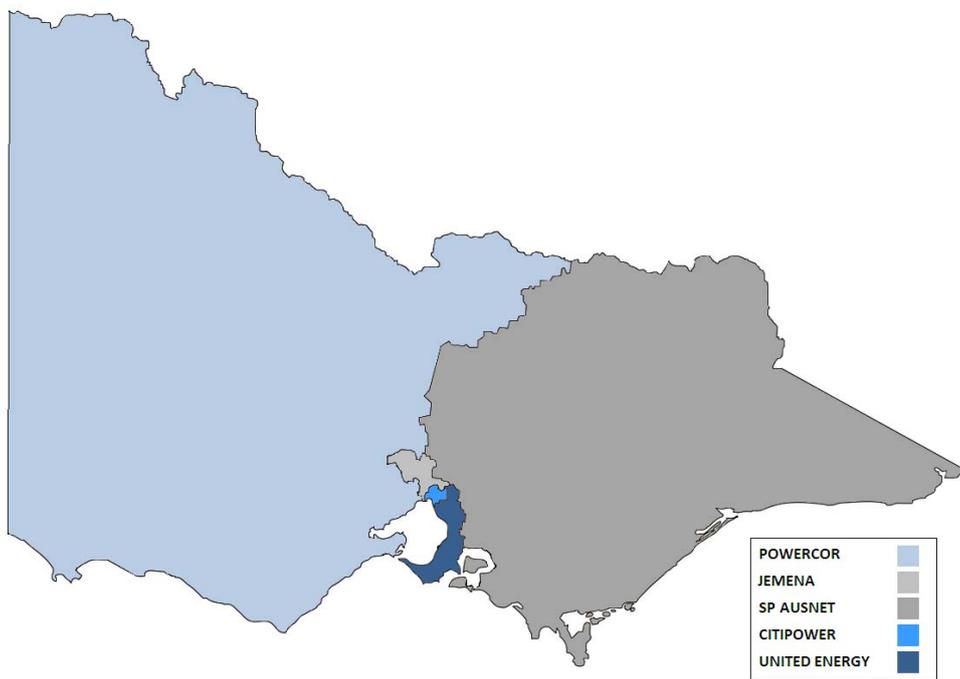


Figure 1.2 Electricity distribution zones in metropolitan Melbourne

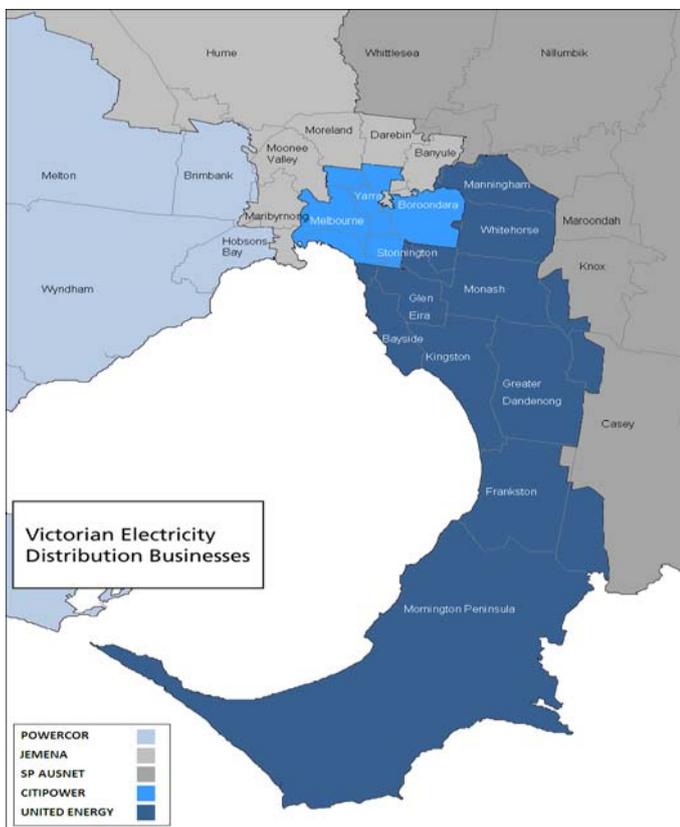




Figure 1.3 Gas distribution zones, Victoria

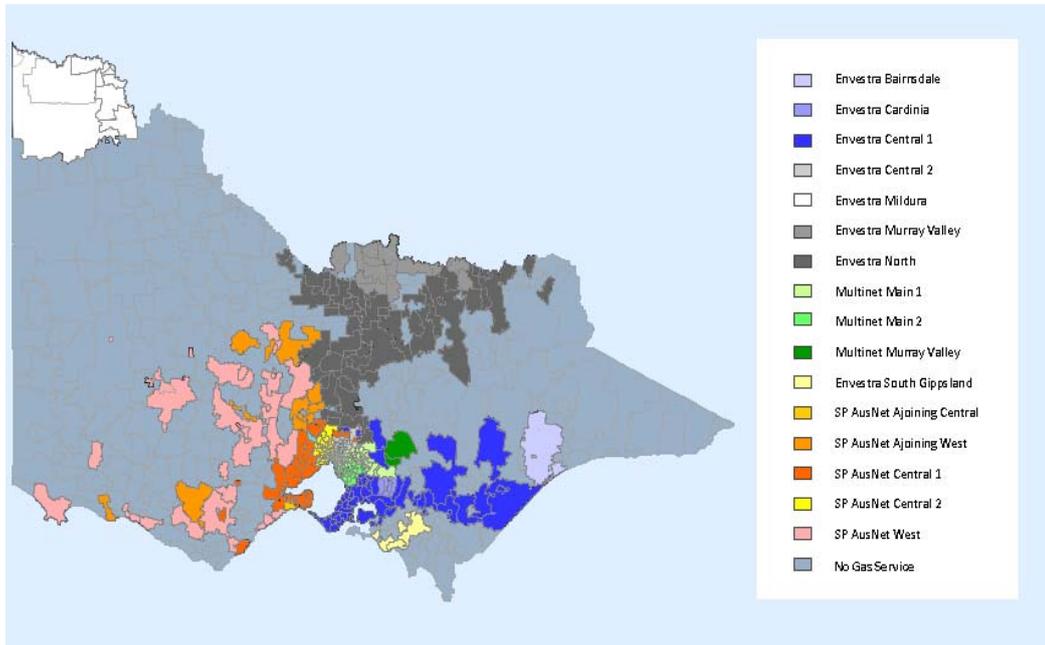
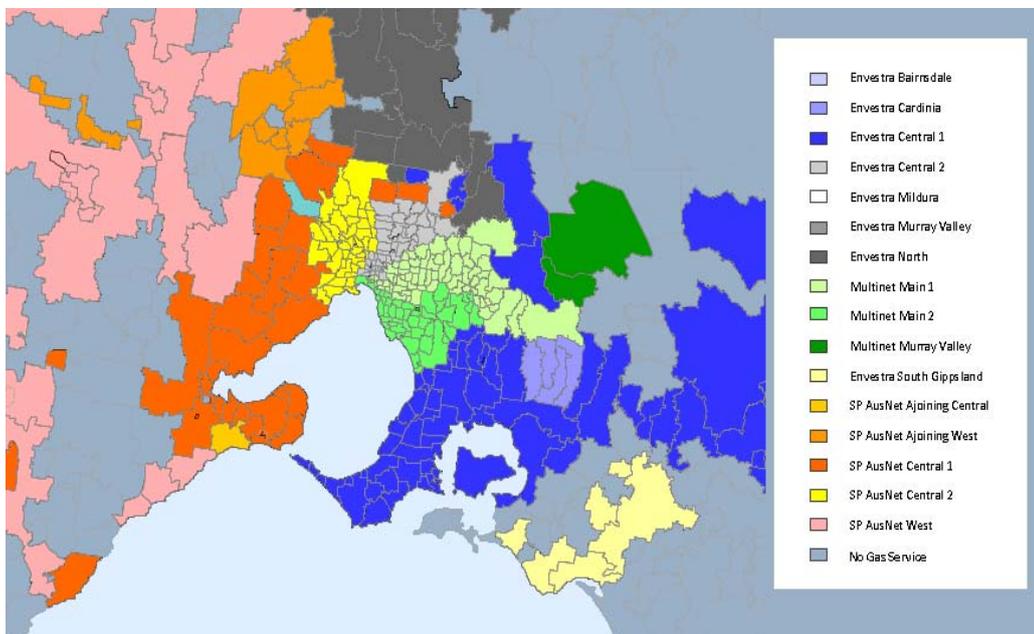


Figure 1.4 Gas distribution zones in metropolitan Melbourne





1.5 Energy markets

The Australian energy sector has changed dramatically over the past 20 years. Australian governments have implemented significant reforms to improve the sustainability and efficiency of the energy markets and to increase benefits to customers. The reforms include:

- setting up a National Electricity Market (the NEM), which interconnects Victoria, New South Wales, South Australia, Queensland, Tasmania and the ACT
- interconnecting Victoria's natural gas network with the networks of New South Wales, Tasmania and South Australia
- introducing competition to generation and the retail markets so all Victorian customers in the NEM can choose their energy retailer
- establishing a national regulator (the AER) to set the prices for and access arrangements to the monopoly distribution businesses.

The Victorian Government further reformed the energy market by deregulating energy prices for all customers from 1 January 2009. All retailers now set their own retail prices. Victoria has 27 licensed retailers, of which 20 were active in the market for residential and business customers in 2010-11. Some of these retailers have a long history in the previously franchised market (the 'local' retailers: AGL, Origin Energy and TRUenergy), while others entered the market after it opened to competition. Six retailers either had fewer than 500 customers each at 30 June 2011, or sell to mainly large business customers (table 1.2).

Table 1.1 breaks down residential and business customer numbers in the Victorian electricity market. This is an average of monthly customers numbers reported to the Commission. It also shows the per cent change in market share from 2009-10.

Energy Customers

Residential customers are defined as a customer who purchases electricity or gas principally for personal, household or domestic use at the specified address or account. Business customers are non residential customers at a specific address or account. Business customers may pay a different price depending on the amount of electricity or gas use. Some offers published in this report may have conditions placed on them; see www.yourchoice.com.au for further details of any conditions associate with an energy offer.

Market changes 2010-11

Origin Energy and TRUenergy purchased the retail business and existing customer base of Country Energy and EnergyAustralia (respectively) on 1 March 2011. This report continues to report the data for Country Energy and EnergyAustralia separately for 2010-11. Data will be reported under the new retailer from 2011-12. Where appropriate; combined data is discussed in the commentary of this report.



Table 1.1 Average customer numbers—electricity
2010-11

Retailer	Domestic	Business	Total	Change in market share from 2009-10 %
AGL	586 505	78 425	664 929	0.2
Australian Power & Gas	96 146	0	96 146	1.1
Click Energy	3 428	464	3 891	0.1
Country Energy a	44 637	10 015	54 652	-0.6
Dodo Power & Gas	1 848	0	1 848	0.1
EnergyAustralia a	66 603	4 299	70 902	1.6
Lumo Energy	174 262	16 509	190 772	-0.4
Momentum Energy	2 245	16 692	18 937	0.2
Neighbourhood Energy	36 595	0	36 595	0.3
Origin Energy	536 551	83 095	619 646	-1.2
Other b	13	957	970	na
Powerdirect	14 451	22 630	37 081	-0.1
Red Energy	149 897	4 436	154 332	0.2
Simply Energy	115 519	11 635	127 154	-0.4
TRUenergy	478 702	60 826	539 528	-1.2
All retailers	2 307 402	309 983	2 617 383	na

a Origin Energy acquired Country Energy and TRUenergy acquired EnergyAustralia on 1 March 2011. Data are reported separately for 2010-11.

b See table 1.2

na Not applicable.

Table 1.2 Average customer numbers—electricity, other retailers
2010-11

Retailer	Domestic	Business	Total
AGL Sales (Qld)	0	37	37
Aurora Energy	0	150	150
Diamond Energy	13	17	30
ERM Power Retail	0	192	192
Integral Energy	0	107	107
TRUenergy Yallorn	0	454	454
All retailers	13	957	970

Note: Market share change not shown for retailers with less than 500 customers.



A considerable shift in the market share of customers held by each retailer has occurred in the electricity sector since competition was introduced in the early 2000s. At that time the three incumbent retailers—AGL, TRUenergy and Origin Energy—held 100 per cent of the residential and business market share. Their share has decreased as new retailers have entered the market.

Figures 1.5 and 1.6 show:

- in the residential market, AGL, Origin Energy and TRUenergy together continue to hold the largest market share in 2010-11, with 69.4 per cent (down from 71.5 per cent in 2009-10)
- in the business market, Origin Energy and TRUenergy lost market share, but AGL gained more customers. Momentum Energy, Lumo Energy and EnergyAustralia also gained market share.
- total new connections increased by over 35 000 in the residential market in 2010-11, and by nearly 7000 in the business market.

Further to this, the recent acquisition by Origin Energy of Country Energy on 1 March 2011 has changed the market share. For residential electricity customers Country Energy represents 1.9 per cent of the market and this will move to Origin Energy, increasing its market share to 25.2 per cent. Similarly TRUenergy acquired Energy Australia's customer base on 1 March 2011.

EnergyAustralia represents 2.9 per cent of the residential customer base for electricity. This will increase the market share of TRUenergy to 23.6 per cent. Further to this AGL owns Powerdirect, who represent 0.6 per cent of the market. In effect the incumbent retailers are consolidating and increasing their market share by decreasing the number of retailers in the market place. In total from 1 March 2011 they represented nearly 75 per cent of the market.



Figure 1.5 Market share change—residential electricity
2008-09 to 2010-11

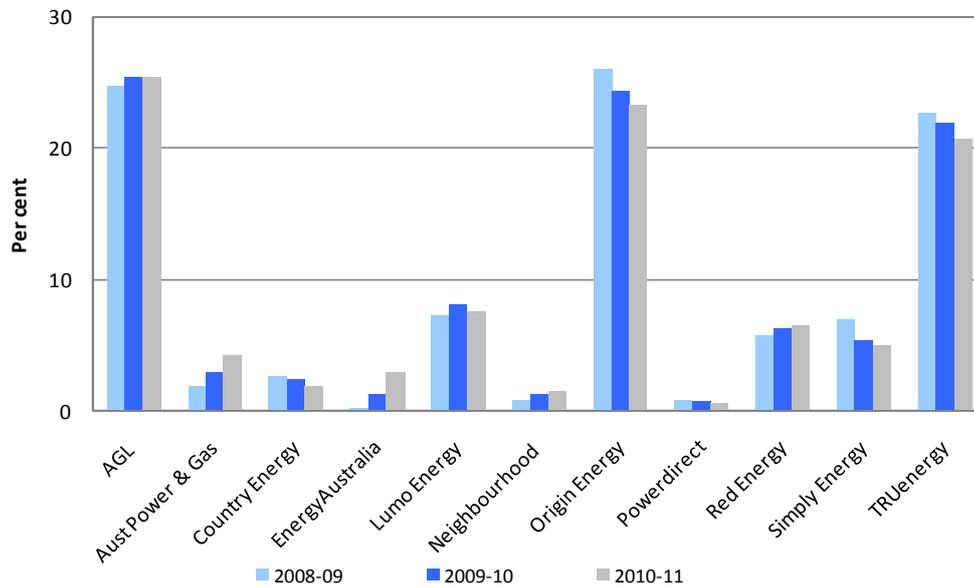


Figure 1.6 Market share change—business electricity
2008-09 to 2010-11

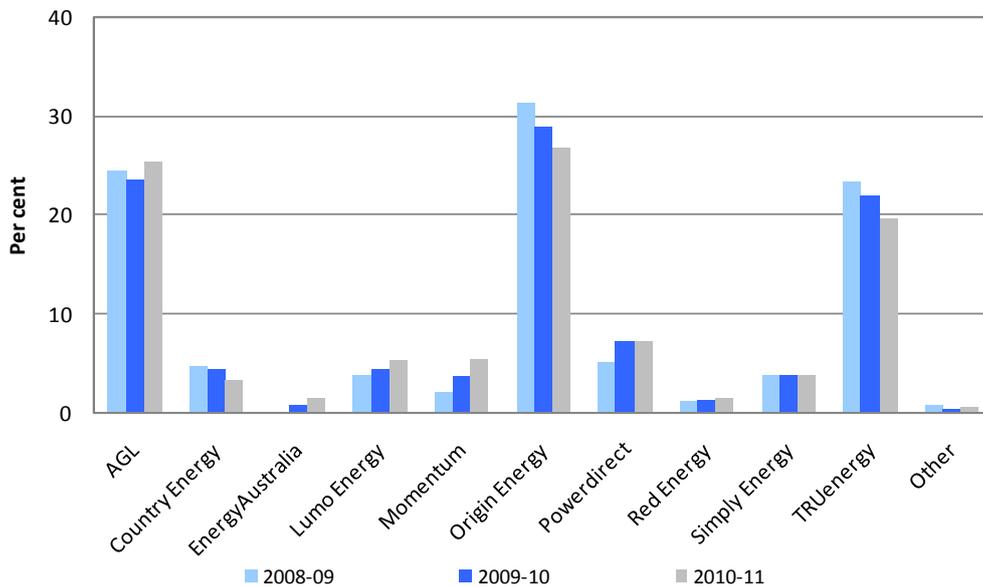




Table 1.3 breaks down average residential and business customer numbers in the Victorian gas market. Of the 15 retail gas licences in Victoria, nine retailers are active in the market and sell gas to 1.9 million customers.

Table 1.3 Average customer numbers—gas
2010-11

Retailer	Domestic	Business	Total	Change in market share from 2009-10 %
AGL Sales	502 479	13 853	516 332	-0.2
Aurora Energy	0	5	5	na
Australian Power & Gas	79 286	0	79 286	1.3
EnergyAustralia	54 804	1 080	55 885	1.6
Lumo Energy	124 855	1 857	126 712	-0.6
Origin Energy	506 896	12 924	519 820	-0.9
Red Energy	83 829	678	84 506	0.5
Simply Energy	92 116	1 542	93 658	-0.5
TRUenergy	418 531	18 590	437 121	-1.2
All retailers	1 862 796	50 529	1 913 325	na

na Not applicable.

Note: Market share change not shown for retailers with less than 500 customers.

The market share of customers for the local gas retailers decreased by 2 per cent in 2010-11 down to 77 per cent from 79 per cent in 2009-10. Figures 1.7 and 1.8 show:

- Australian Power & Gas, EnergyAustralia and Red Energy, each increased their market share, while the remaining retailers lost market share
- AGL and EnergyAustralia had the largest market share increase in the business gas market, with TRUenergy losing the greatest market share
- the total number of connections to the gas system increased by just over 54 000 in 2010-11.



Figure 1.7 Market share change—residential gas
2008-09 to 2010-11

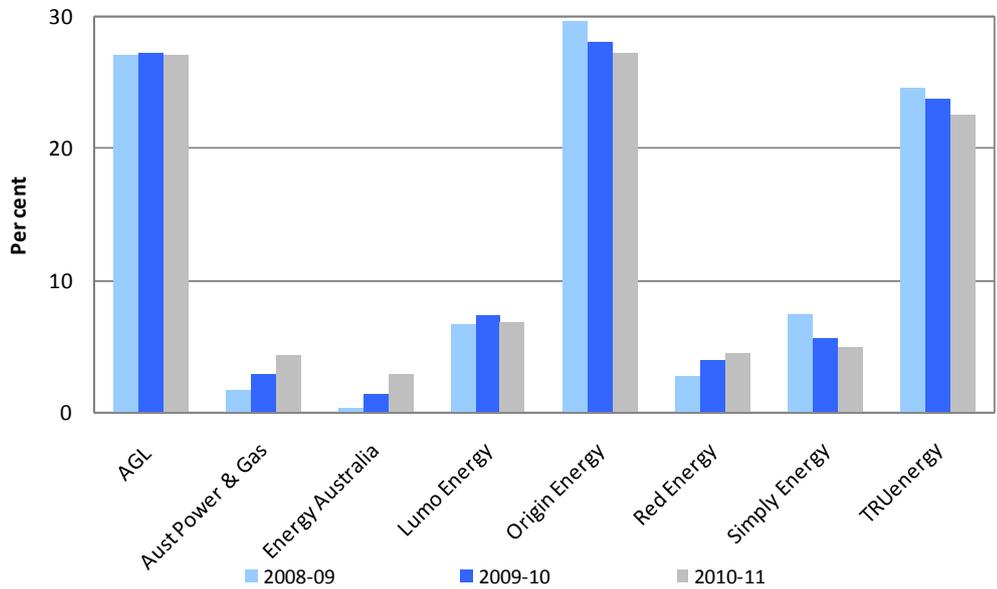
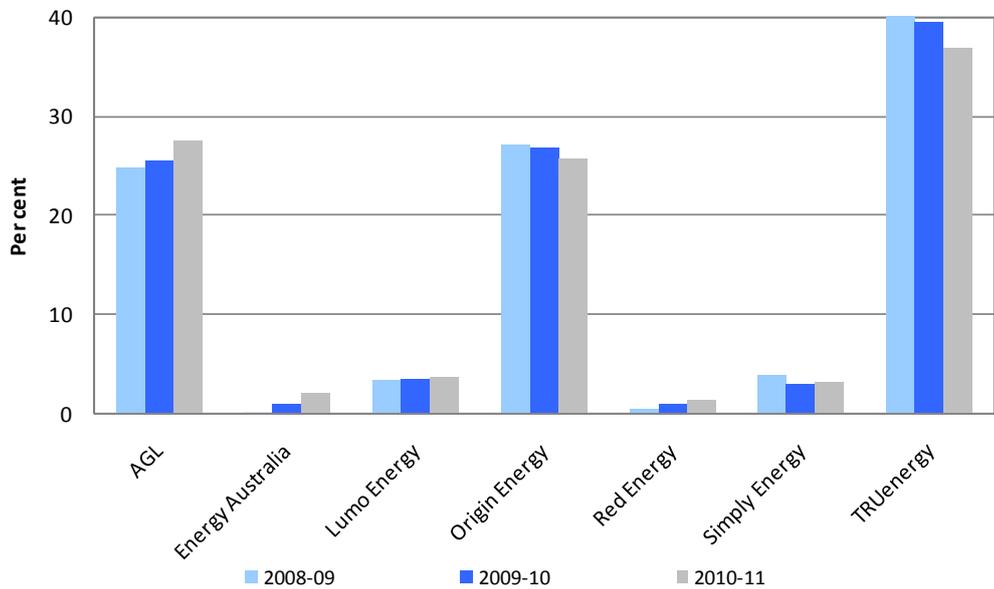


Figure 1.8 Market share change—business gas
2008-09 to 2010-11



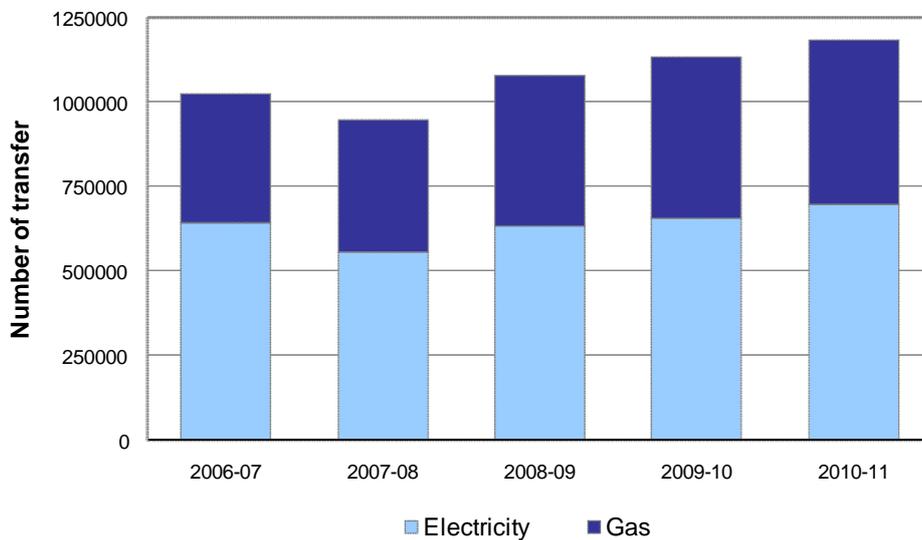


1.6 Market transfers

The number of customers switching between retailers (known as a market transfer or churn) tells us something about how extensively customers are interacting with the competitive energy market in Victoria. The Australian Energy Market Operator (AEMO) provides data on the number of market transfers that occur each year (figure 1.9).

The total number of electricity and gas transfers for 2010-11 was 1.19 million—an increase of over 53 000 transfers from 2009-10. The total comprised 698 993 electricity customers (30 per cent) who switched retailers, and 486 539 gas customers (26 per cent). Overall, the annual transfer proportion was 28 per cent of all gas and electricity customers, virtually unchanged from the 2009-10 proportion.

Figure 1.9 Market transfers—Victoria
2006-07 to 2010-11

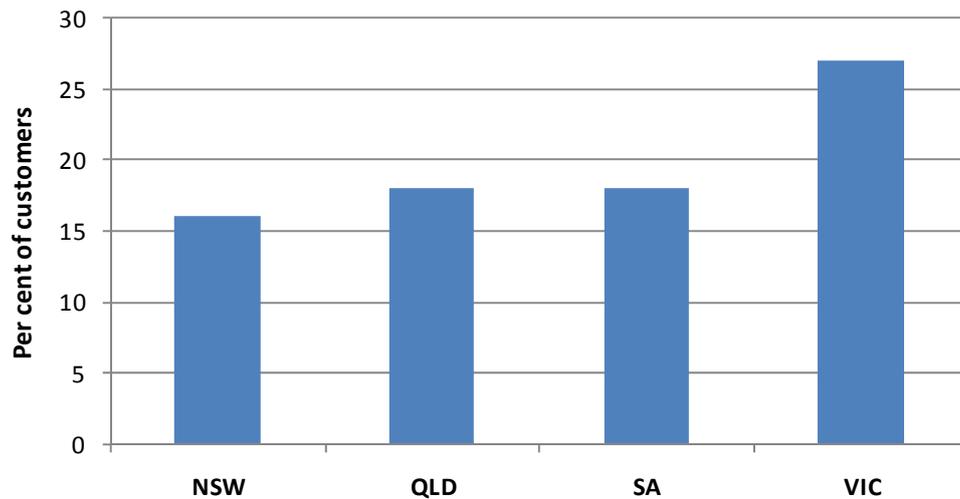


Data source: AEMO.



For electricity customers, Victoria had the highest transfer percentage compared with New South Wales, Queensland and South Australia. Figure 1.6 shows 18 per cent of South Australian and Queensland customers switched retailers in 2010-11, as did 17 per cent of New South Wales customers. Victoria had almost double those transfer proportions, with 27 per cent of electricity customers. It would appear that Victorian customers are more willing to switch retailers to get a better energy product or service.

Figure 1.10 Electricity market transfers—Australia
2010-11



Data source: AEMO.



1.7 Tariff types

Annual charges listed in this report incorporate both supply charges and usage charges based on a typical use pattern for each meter type. Electricity pricing is based on the following usage patterns:

1. **Single rate residential is 4000 kilowatt hour (kWh) peak consumption per year.** This is a typical use for a customer who has gas hot water and heating.
2. **Two-rate residential is 4000 kWh peak and 2500 kWh off-peak consumption per year.** This is typical of a customer with no gas supply who has electric hot water or heating that heats overnight during the off-peak time.
3. **Time-of-use residential is 3000 kWh peak and 6000 kWh off-peak consumption per year.** Off peak includes weekends for this tariff. This is typical of a customer without gas supply who uses the off-peak time for any purpose (that is, overnight or during the weekend). It is not restricted to hot water and heating overnight only.
4. **Single rate business is 12 000 kWh peak consumption per year.** This is typical of a business that is closed on weekends.
5. **Time-of-use rate business is 25 000 kWh peak and 15 000 kWh off-peak consumption per year.** This is typical of a larger business that is open more than five days a week.

Gas pricing is based on the following use patterns:

1. **Single rate residential is 60 gigajoules (GJ) consumption per year.** This is typical of a residential gas customer with gas hot water.
2. **Single rate business is 500 GJ consumption per year.** This is typical of an average business customer.



2 COMPARING RETAILERS' STANDING OFFERS

2.1 What we found

Residential electricity standing offer prices in 2010-11 increased across all retailers in 2010-11. The price difference across the tariffs was up to \$275 on a single rate residential tariff, and higher on two-rate and time-of-use tariffs. Standing offer tariffs for business customers varied by around 10 per cent for single rate tariffs and 20 per cent for time-of-use tariffs—up to \$2400 on an average bill.

For gas, prices for business customers varied considerably in some distribution zones—up to \$2000 plus per year between the highest and lowest prices. Residential gas customers also faced a price variance within their distribution zone—in some cases, the variance was over \$300.

2.2 About standing offers

Standing offers—or default prices—are what customers must pay if they choose not to change to a competitive market offer. Some customers have been on a standing offer since competition was introduced in the Victorian energy market in the early 2000s. Other customers may be placed on a standing offer by default—that is, they continue with the existing supply to a house or a business without taking a more competitive contract. Customers cannot choose between retailers' standing offers because a retailer is assigned to a specific address.

Until 30 December 2008, only AGL, Origin Energy and TRUenergy were required to publish standing offer tariffs. From 1 January 2009, all retailers were required to publish standing offer tariffs for supply to residential and business customers. These tariffs cannot be varied for at least six months, and all variations must be published one month before a change takes effect.

2.3 Residential electricity prices

This section shows the retailers' residential electricity standing offers for each distribution zone across Victoria. Three different meter types are presented: single rate, two-rate and time-of-use (see box in section 1.7, page 13). The prices are based on an average consumption pattern and include the tariff and the supply charge. All prices are in nominal dollars, prices in real dollars are presented in chapter 3.

Tables 2.1, 2.2 and 2.3 show considerable variation in the highest and lowest standing offers available in each distribution zone. They also demonstrate the typical price increases in 2010-11. The average one year price increase for each zone and meter type varied by 1 to 9 per cent, while prices rose by 19 to 27 per cent over two years. Appendix A contains individual retailer data and is available to download from our website (www.esc.vic.gov.au).



Overall, tables 2.1, 2.2 and 2.3 show:

- standing offer prices increased, on average, from 1 to 9 per cent across all distribution zones and tariff types in 2010-11, but some individual retailers increased their standing offers by up to 18 per cent
- the average price increase across all tariffs and distribution zones was 6 per cent in 2010-11, down from a 14 per cent increase in 2009-10
- Click Energy had the lowest standing offer prices for the majority of zones and meter types, while Simply Energy had the highest prices in most zones.

Table 2.1 Residential standing offers—electricity, 2010-11
Single rate, nominal \$

Distribution zone	Lowest price \$	Highest price \$	2010-11 average price \$	Average increase from 2009-10 %
Citipower Electricity Inner city and eastern suburbs	Click Energy 947	Simply Energy 1 124	1 033	2
Jemena Electricity Inner western and northern suburbs	Click Energy 1 042	Simply Energy 1 290	1 170	8
Powercor Electricity Outer western suburbs and western Victoria	Click Energy 1 053	Simply Energy 1 246	1 157	4
SP AusNet Electricity Eastern suburbs and eastern Victoria	Click Energy 958	Simply Energy 1 236	1 140	8
United Energy Electricity Outer south eastern suburbs and Mornington	Click Energy 1 033	Simply Energy 1 169	1 107	6



Table 2.2 Residential standing offers—electricity, 2010-11
Two-rate tariff, nominal \$

Distribution zone	Lowest price	Highest price	2010-11 average price	Average increase from 2009-10
	\$	\$		
Citipower Electricity Inner city and eastern suburbs	Click Energy 1 205	Simply Energy 1 421	1 317	1
Jemena Electricity Inner western and northern suburbs	Click Energy 1 317	Simply Energy 1 639	1 478	7
Powercor Electricity Outer western suburbs and western Victoria	Click Energy 1 334	Neighbourhood Energy 1 684	1 471	6
SP AusNet Electricity Eastern suburbs and eastern Victoria	Dodo Power & Gas 1 375	Simply Energy 1 624	1 503	6
United Energy Electricity Outer south eastern suburbs and Mornington	Momentum Energy 1 211	Red Energy 1 519	1 389	6



Table 2.3 Residential standing offers—electricity, 2010-11
Time-of-use, nominal \$

Distribution zone	Lowest price	Highest price	2010-11 average price	Average increase from 2009-10
	\$	\$		\$
Citipower Electricity Inner city and eastern suburbs	Click Energy 1 590	Simply Energy 1 838	1 715	3
Jemena Electricity Inner western and northern suburbs	Click Energy 1 713	Simply Energy 2 149	1 924	9
Powercor Electricity Outer western suburbs and western Victoria	Click Energy 1 684	Simply Energy 1 888	1 804	4
SP AusNet Electricity Eastern suburbs and eastern Victoria	Click Energy 1 734	Origin Energy 2 063	1 900	3
United Energy Electricity Outer south eastern suburbs and Mornington	Lumo Energy 1 649	Simply Energy 2 595	1 863	9

2.4 Business electricity prices

This section shows retailers' standing offer prices for businesses in each distribution zone across Victoria. Two different meter types are shown: single rate and time-of-use tariffs (see box in section 1.7, page 13).

Tables 2.4, 2.5 and 2.6 show the range of standing offers published in each distribution zone. They also demonstrate average price increases in 2010-11, which were up to 13 per cent depending on the zone and meter type. An average fall of 1 per cent was recorded in the Citipower zone for time-of-use standing offer tariffs. Appendix A contains individual retailer data and is available for download from our website (www.esc.vic.gov.au).

Overall, tables 2.4 and 2.5 show:

- the difference in a standing offer price within a distribution zone could be up to \$500 for single rate customers and \$ 1800 for time-of-use customers
- the average price increase across all tariffs and distribution zones was 8 per cent in 2010-11, down from a 10 per cent increase in 2009-10
- across distribution zones and tariff types, Click Energy, EnergyAustralia and Powerdirect showed the lowest prices
- Origin Energy and Simply Energy had the highest prices in most cases.



Table 2.4 Business standing offers—electricity, 2010-11
Single rate, nominal \$

Distribution zone	Lowest price	Highest price	2010-11 average price	Average increase from 2009-10
	\$	\$		
Citipower Electricity Inner city and eastern suburbs	Click Energy 2 592	Powerdirect & AGL 2 894	2 746	5
Jemena Electricity Inner western and northern suburbs	Energy Australia 2 818	Simply Energy 3 338	3 076	10
Powercor Electricity Outer western suburbs and western Victoria	Click Energy 2 985	Simply Energy 3 384	3 153	8
SP AusNet Electricity Eastern suburbs and eastern Victoria	Neighbourhood Energy 3 153	Origin Energy 3 332	3 211	11
United Energy Electricity Outer south eastern suburbs and Mornington	Click Energy 3 041	Origin Energy 3 356	3 192	9



Table 2.5 Business standing offers—electricity, 2010-11

Time-of-use, nominal \$

Distribution zone	Lowest price \$	Highest price \$	2010-11 average price \$	Average increase from 2009- 10 %
Citipower Electricity Inner city and eastern suburbs	Australian Power & Gas 6 832	AGL 8 382	7 652	-1
Jemena Electricity Inner western and northern suburbs	Powerdirect 7 407	Origin Energy 9 223	8 307	6
Powercor Electricity Outer western suburbs and western Victoria	Australian Power & Gas 8 062	Simply Energy 9 209	8 169	6
SP AusNet Electricity Eastern suburbs and eastern Victoria	Powerdirect 8 150	Origin Energy 10 544	9 544	13
United Energy Electricity Outer south eastern suburbs and Mornington	EnergyAustralia 7 808	Simply Energy 9 485	8 799	11

2.5 Residential gas prices

This section shows retailers' residential gas standing offers for each distribution zone across Victoria (see box in section 1.7, page 13). Gas is not universally available throughout Victoria. In some of the gas extension areas, only one or two retailers were present in 2010-11. As with electricity standing offers, many retailers' standing offer tariffs varied considerably within a distribution zone.

Table 2.6 summarises the range of standing offer prices available to residential gas customers depending on the distribution zone. The average prices in each distribution zone increased during 2009-10, up 2 to 9 per cent. Appendix A contains individual retailer data and is available for download from our website (www.esc.vic.gov.au).



Overall, table 2.6 shows:

- prices varied greatly in the established distribution zones, by up to \$300
- customers in newer gas distribution zones (for example, Envestra Mildura) paid significantly higher prices for gas than customers in established areas
- the average price increase across the distribution zones was 6 per cent in 2010-11, down from an 8 per cent increase in 2009-10
- most retailers increased prices by under 10 per cent, and most areas had an average one year price rise of 5 to 7 per cent
- EnergyAustralia and AGL generally had the lowest prices, while Lumo Energy and TRUenergy mostly had the highest prices.

Table 2.6 Residential standing offers—gas, 2010-11
Single rate tariff, nominal \$

Distribution zone	Lowest price \$	Highest price \$	2010-11 average price \$	Average increase from 2009-10 %
Envestra Bairnsdale Bairnsdale	AGL 1 302	TRUenergy 1 647	1 445	5
Envestra Cardinia West Gippsland	Origin Energy 1 426	Lumo Energy 1 513	1 496	8
Envestra Central 1 Frankston, Mornington Peninsula and Gippsland	EnergyAustralia 946	Lumo Energy 1 199	1 066	6
Envestra Central 2 Inner city and inner north eastern suburbs	EnergyAustralia 924	Lumo Energy 1 217	1 051	5
Envestra Mildura Mildura	Origin Energy 1 476	—	1 476	2
Envestra Murray Valley Numurkah and Cobram	AGL 1 142	TRUenergy 1 362	1 266	5
Envestra North North and north eastern Victoria	EnergyAustralia 1 020	Lumo Energy 1 222	1 092	5
Envestra North, AGL North Victoria	AGL 1 059	na	1 059	9
Gas Extension Zone Yarra Glen	AGL 1 236	TRUenergy 1 318	1 277	7
Multinet Gas Extension Zone Woori Yallock and Seville	AGL 1 236	TRUenergy 1 315	1 275	7



Distribution zone	Lowest price \$	Highest price \$	2010-11 average price \$	Average increase from 2009-10 %
Multinet Main 1 Eastern and south eastern suburbs	EnergyAustralia 920	Lumo Energy 1 208	1 054	7
Multinet Main 2 Bayside and south eastern suburbs	EnergyAustralia 888	Lumo Energy 1 169	1 011	6
Multinet Yarra Valley Warburton	AGL 1 156	Lumo Energy 1 450	1 277	7
Multinet South Gippsland Leongatha and Wonthaggi	Red Energy 1 446	na	1 446	3
SP AusNet Adjoining Central Barwon Heads	AGL 1 108	TRUenergy 1 396	1 268	8
SP AusNet Adjoining West Macedon and Gisborne	Origin Energy 1 288	Lumo Energy 1 516	1 380	6
SP AusNet Central 1 Outer northern, outer western suburbs and Geelong area	EnergyAustralia 1 032	Lumo Energy 1 299	1 135	6
SP AusNet Central 2 Western and north western suburbs	EnergyAustralia 993	Lumo Energy 1 299	1 132	6
SP AusNet West Bendigo, Ballarat, Castlemaine and western Victoria	EnergyAustralia 968	Lumo Energy 1 211	1 060	4

Note: When only one offer is available, it is listed as the lowest price.

na Not available. — Not applicable.



2.6 Business gas prices

Five retailers (AGL, Origin, TRUenergy, Simply Energy and EnergyAustralia) published standing offer gas prices for businesses. In some cases, the price difference within a distribution zone was significant. Table 2.7 summarises the range of standing offer prices for business gas customers across the state. Average prices across most distribution zones increased by 4 to 19 per cent in 2010-11. Appendix A contains individual retailer data and is available to download from our website (www.esc.vic.gov.au).

Overall, table 2.7 shows:

- average prices across Victoria varied greatly (by up to \$4 800), with customers in newer distribution zones paying significantly higher prices for gas than did customers in established areas
- the average price increase across the distribution zones was 7 per cent in 2010-11—the same as in 2009-10
- AGL and EnergyAustralia often had the lowest prices, while Lumo Energy and TRUenergy had consistently high prices.

Table 2.7 Business standing offers—gas, 2010-11

Single rate tariff, nominal \$

Distribution zone	Lowest price \$	Highest price \$	2010-11 average price \$	Average increase from 2009-10 %
Envestra Bairnsdale Bairnsdale	AGL 7 073	TRUenergy 11 696	9 228	6
Envestra Cardinia West Gippsland	TRUenergy 9 847	Lumo Energy 11 870	10 553	6
Envestra Central 1 Frankston, Mornington Peninsula and Gippsland	EnergyAustralia 5 497	Lumo Energy 7 495	6 276	4
Envestra Central 2 Inner city and inner north eastern suburbs	EnergyAustralia 5 490	Lumo Energy 7 736	6 461	5
Envestra Mildura Mildura	Origin Energy 8 928	—	8 928	19
Envestra Murray Valley Numurkah and Cobram	AGL 7 128	TRUenergy 7 985	7 452	8
Envestra North North and north eastern Victoria	EnergyAustralia 5 832	Lumo Energy 7 519	6 519	7



Distribution zone	Lowest price \$	Highest price \$	2010-11 average price \$	Average increase from 2009-10 %
Envestra North, AGL North Victoria	AGL 6 049	—	6 049	10
Gas Extension Zone Yarra Glen	AGL 6 771	TRUenergy 8 485	7 628	5
Multinet Gas Extension Zone Woori Yallock and Seville	AGL 6 771	TRUenergy 8 198	7 485	4
Multinet Main 1 Eastern and south eastern suburbs	AGL 4 900	Lumo Energy 6 575	5 746	6
Multinet Main 2 Bayside and south eastern suburbs	EnergyAustralia 5 288	Lumo Energy 7 155	6 119	5
Multinet Yarra Valley Warburton	Origin Energy 7 321	TRUenergy 7 813	7 567	9
SP AusNet Adjoining Central Barwon Heads	AGL 5 991	TRUenergy 9 033	7 639	6
SP AusNet Adjoining West Macedon and Gisborne	Origin Energy 8 425	Lumo Energy 10 317	9 133	4
SP AusNet Central 1 Outer northern, outer western suburbs and Geelong area	EnergyAustralia 5 742	Simply Energy 7 353	6 526	5
SP AusNet Central 2 Western and north western suburbs	EnergyAustralia 5 951	Lumo Energy 8 758	7 010	6
SP AusNet West Bendigo, Ballarat, Castlemaine and western Victoria	EnergyAustralia 5 812	Lumo Energy 7 567	6 750	4

Note: When only one offer is available, it is listed as the lowest price.

— Not applicable.



2.7 Reasons for standing offer price increases

The retailers are required to publish their reasons for standing offer price increases in the Government Gazette and major newspapers. The reasons were not comprehensive; instead retailers cited contributing factors to the standing offer price increases. They included:

- an increase in energy costs (wholesale)
- increases in network costs (including the statewide rollout of advanced metering technology)
- an increase in overall retailer costs.



3 STANDING OFFER PRICES OVER TIME

3.1 What we found

Standing offer prices in real dollars published by the three local retailers—AGL, Origin Energy and TRUenergy—for both electricity and gas increased in the past five years, following a long period during which prices generally decreased. The price rise partly reflected rising distribution and supply charge costs, the installation of smart meters (interval meters), and electricity generation costs.

When residential electricity prices are adjusted for inflation and include 50 per cent of the price at 30 June 2010 and 50 per cent of the price at 30 June 2011, the average 5 year price increase from 2006-07 to 2010-11 was approximately 36 per cent:

- \$296 for single rate customers over five years
- \$369 for two-rate customers over five years
- \$497 for time-of-use tariff customers over five years.

Price increases from 1994-95 varied for each tariff type. Single rate prices rose by 17 per cent and two-rate prices rose by 26 per cent. (The time-of-use tariff was not available in 1994-95.) The annual bills for single rate business customers were still 26 per cent lower in 2010-11 compared with 1994-95, but rose by 12 per cent (\$314) in the past five years.

For residential gas customers, the average charge adjusted for inflation was 32 per cent higher in 2010-11 than in 1999, with an increase of 21 per cent in the past five years. Average prices for business gas customers when adjusted for inflations have only increased by 3 per cent on 1999 prices, but have also increased by 21 per cent in the last 5 years.

3.2 How standing offer prices are reported

This section shows the average prices paid by customers on default or standing offer prices from the mid-1990s. Until 1 January 2009, only the incumbent retailers AGL, Origin Energy and TRUenergy were obliged to publish standing offer prices. This section shows the historical trend for these prices. Data collection commenced in 1994-95 for electricity and in 1999 (calendar year) for gas. Chapter 2 compared the standing offer tariffs of all retailers for 2010-11.

The prices in this section were calculated using an average price for the year. This calculation incorporated a 50 per cent weighting for both the 2010 (30 June) price and the 2011 (30 June) price. This approach is similar to the method used in past years, which reflects the historical price rise that traditionally occurred on 1 January each year. All prices were adjusted to the consumer price index (CPI), based on the eight capital city September 2010 quarter data, (source:www.abs.gov.au)



3.3 Electricity and gas prices over time

Figures 3.1 to 3.3 show the trend in average electricity prices for two typical consumption patterns: the residential two-rate tariff and the business single rate tariff (see box in section 1.7, page 13 for an explanation of tariffs). The time series for electricity commenced in 1994-95.

- The average annual bill for household customers on a two-rate tariff fluctuated between 1994-95 and 2010-11, but rose by 26 per cent (to \$1 432 from \$1 133) in that time.
- The average annual bill for businesses on a single rate tariff fell by 26 per cent between 1994-95 and 2010-11, despite rising by 12 per cent in the past five years to \$ 2 835.



Figure 3.1 Average annual standing offers—electricity, residential
Single rate tariff, 1994-95 to 2010-11 (2011\$)

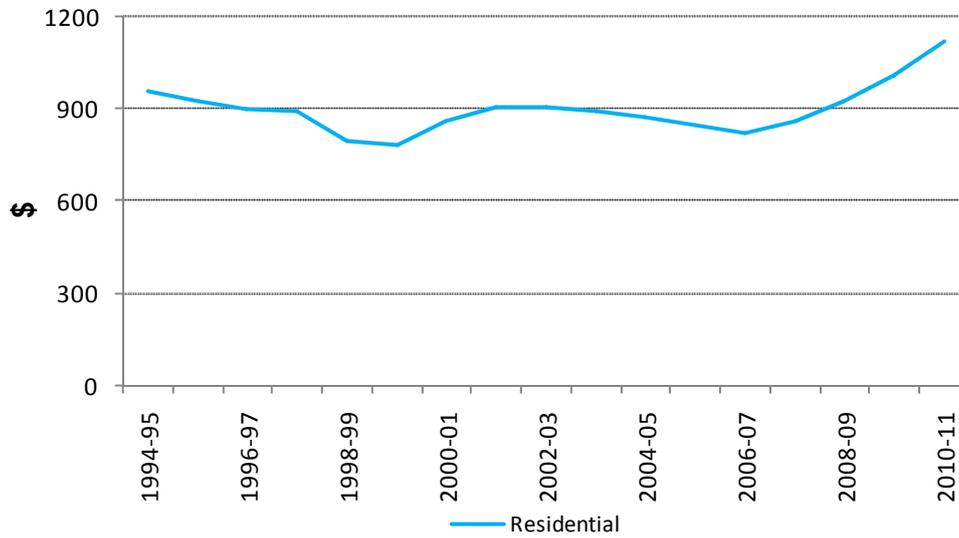


Figure 3.2 Average annual standing offers—electricity, residential
Two-rate tariff, 1994-95 to 2010-11 (2011\$)

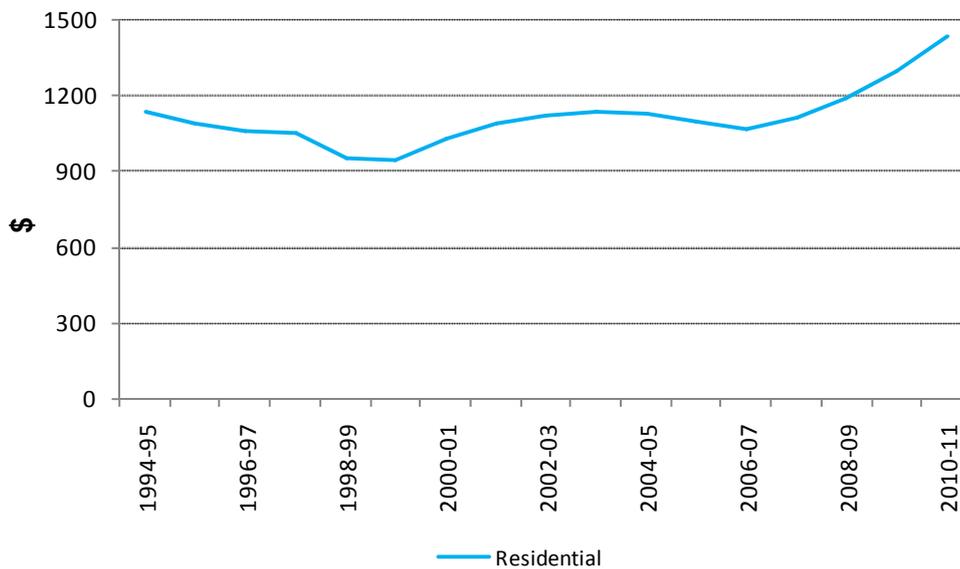
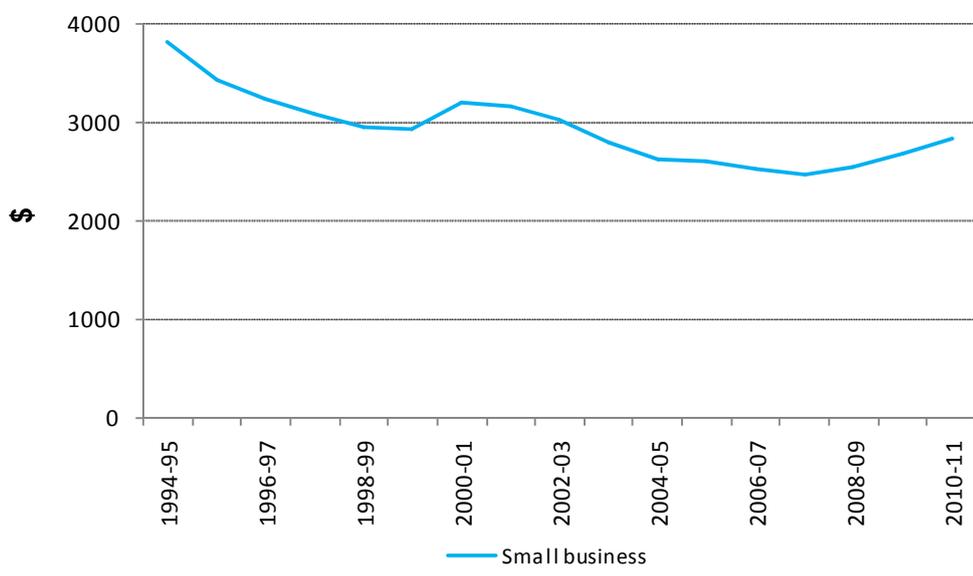




Figure 3.3 Average annual standing offers—electricity, business
Single rate tariff, 1994-95 to 2010-11 (2011\$)



Figures 3.4 and 3.5 show the trend in average gas charges for two typical consumption patterns: the residential single rate tariff and the business single rate tariff. The time series for gas commenced in 1999.

- The average annual bill for residential gas customers on a single rate tariff rose by 32 per cent between 1999 and 2010-11, from \$826 to \$1 092.
- Standing offer rates for business gas customers on a single rate tariff increased by 3 per cent between 1999 and 2010-11—up to \$6 548 from \$6 356 in 1999.



Figure 3.4 Average annual standing offers—gas, residential
1999 to 2010-11 (2011\$)

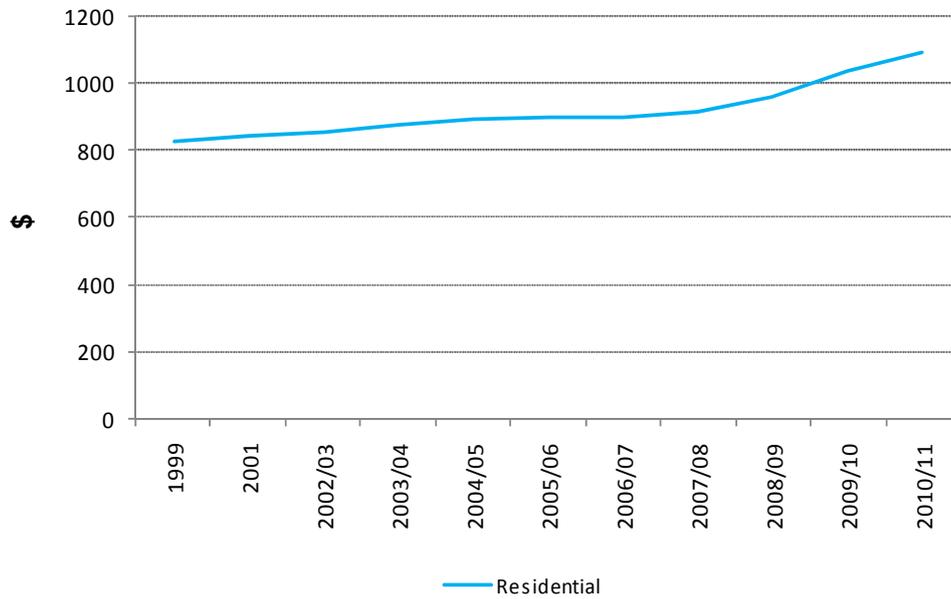
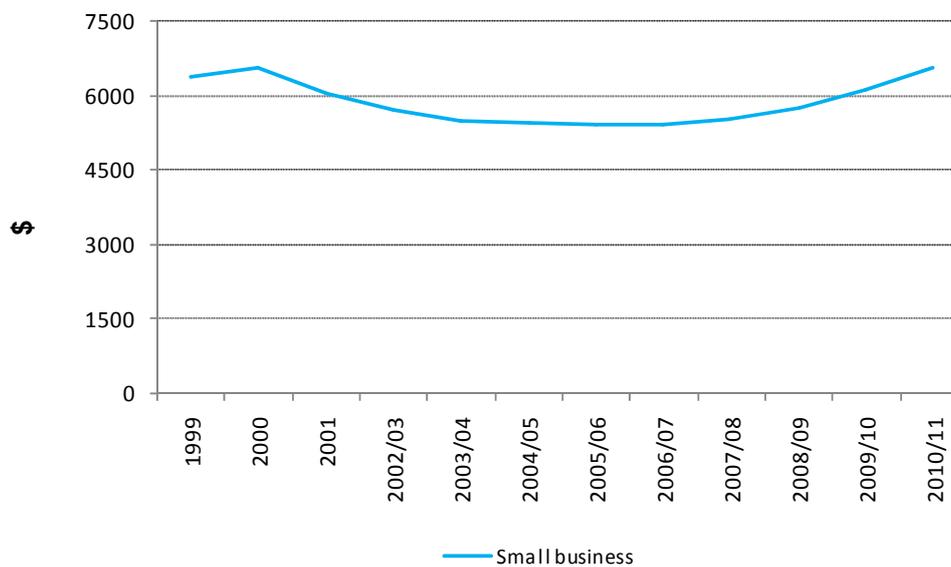


Figure 3.5 Average annual standing offers—gas, business
1999 to 2010-11 (2011\$)



3.4 Electricity prices

Tables 3.1 to 3.4 show the price trends across a five year period for residential customers on single rate, two-rate and time-of-use tariffs, and for business customers on a single rate tariff. The data show the movements in standing offer prices published by AGL, Origin Energy and TRUenergy in their traditional distribution zones. All prices increased in the past five years across the three tariff types.



Table 3.1 Residential average annual prices—electricity
Single rate tariff (2011\$)

Distribution zone	2006-07	2007-08	2008-09	2009-10	2010-11	1 year change %	5 year change %
AGL–United Energy	842	877	932	998	1 088	9	29
AGL–Jemena	830	876	946	1 057	1 194	13	44
Origin Energy–Citipower	797	825	887	962	1 021	6	28
Origin Energy–Powercor	828	885	974	1 075	1 169	9	41
TRUenergy– SP AusNet	820	847	893	970	1 123	16	37
Average	823	862	926	1 013	1 119	10	36

- The average annual price for single rate customers was \$1 119 in 2010-11, up 10 per cent from \$1 013 in 2009-10.
- TRUenergy customers in the SP AusNet distribution zone had the largest charge increase in 2010-11 (16 per cent), while Citipower customers had the lowest annual charge (\$1 021), despite a 6 per cent price increase
- Average industry prices were 36 per cent higher in 2010-11 than in 2006-07.

Table 3.2 Residential average annual prices—electricity
Two-rate tariff (2011\$)

Distribution zone	2006-07	2007-08	2008-09	2009-10	2010-11	1 year change %	5 year change %
AGL–United Energy	1 063	1 112	1 166	1 254	1 389	11	31
AGL–Jemena	1 039	1 100	1 208	1 358	1 525	12	47
Origin Energy–Citipower	1 053	1 073	1 124	1 205	1 281	6	22
Origin Energy–Powercor	1 086	1 139	1 217	1 313	1 430	9	32
TRUenergy– SP AusNet	1 075	1 148	1 240	1 352	1 534	13	43
Average	1 063	1 114	1 191	1 297	1 432	10	35

- The average annual price for two-rate customers was \$1 432 in 2009-10, up 10 per cent from \$1 297 in 2009-10.
- SP AusNet customers with TRUenergy had the largest price increase in 2010-11 (13 per cent), while Citipower customers had the lowest annual price (\$1 281) and the lowest price increase (6 per cent).
- Average industry prices were 35 per cent higher in 2010-11 than in 2006-07.



Table 3.3 Residential average annual prices—electricity
Time-of-use tariff (2011\$)

Distribution zone	2006-07	2007-08	2008-09	2009-10	2010-11	1 year change %	5 year change %
AGL–United Energy	1 373	1 428	1 534	1 670	1 832	10	33
AGL–Jemena	1 363	1 441	1 599	1 695	1 906	12	40
Origin Energy–Citipower	1 311	1 360	1 455	1 534	1 631	6	24
Origin Energy–Powercor	1 362	1 424	1 539	1 685	1 820	8	34
TRUenergy–SP AusNet	1 280	1 428	1 618	1 785	1 986	11	55
Average	1 338	1 416	1 549	1 674	1 835	10	37

- The average annual price for time-of-use customers was \$1 825 in 2010-11, up 10 per cent from the 2009-10 value of \$1 674.
- AGL customers in the Jemena distribution zone had the largest price increase in 2010-11 (12 per cent), while Origin customers in the Citipower distribution zone had the lowest annual price (\$1 631) and also the lowest price increase (6 per cent).
- Average industry prices were 37 per cent higher in 2010-11 than in 2006-07.

Table 3.4 Business average annual prices—electricity
Single rate tariff (2011\$)

Distribution zone	2006-07	2007-08	2008-09	2009-10	2010-11	1 year change %	5 year change %
AGL–United Energy	2 756	2 716	2 740	2 771	2 803	1	2
AGL–Jemena	2 412	2 350	2 447	2 605	2 764	6	15
Origin Energy–Citipower	2 387	2 302	2 366	2 526	2 747	9	15
Origin Energy–Powercor	2 529	2 459	2 593	2 800	3 058	9	21
TRUenergy–SP AusNet	2 522	2 485	2 543	2 659	2 803	5	11
Average	2 521	2 462	2 538	2 672	2 835	6	12

- The average annual price for single rate business customers was \$2 835 in 2010-11, up 6 per cent from the 2009-10 value of \$2 672.
- Powercor and Citipower customers had the largest charge increase in 2010-11, both up 9 per cent. Citipower prices remained the lowest, at \$ 2747.
- Average industry prices for business single rate customers were 12 per cent higher in 2010-11 than in 2006-07.



3.5 Gas prices

The Commission also publishes data on the trends in gas prices for residential and business customers. Tables 3.5 and 3.6 show the price trends for both residential customers and business customers on a single rate tariff (see box in section 1.7, page 13). The data compare the prices of local retailers over the five years to 2010-11.

Table 3.5 Residential average annual prices—gas
Single rate tariff (2011\$)

Distribution zone	2006-07	2007-08	2008-09	2009-10	2010-11	1 year change %	5 year change %
AGL–Multinet Main 2	795	820	853	898	979	9	23
AGL–SP AusNet Central 2	879	898	938	988	1 070	8	22
Origin Energy–Envestra North	867	880	935	996	1 027	3	19
Origin Energy–Envestra Central 1	850	861	920	991	1 027	4	21
Origin Energy–Multinet Main 1	803	817	866	921	957	4	19
Origin Energy–Envestra Cardinia	1 167	1 223	1 291	1 370	1 424	4	22
Origin Energy–Envestra Murray Valley	1 082	1 096	1 160	1 220	1 249	2	15
TRU–Envestra Central 2	852	858	887	952	1 028	8	21
TRU–SP AusNet Central 1	915	929	970	1 022	1 099	7	20
TRU–SP AusNet West	891	899	928	985	1 060	8	19
Average	900	916	959	1 034	1 092	6	21

- Average industry prices were 6 per cent higher in 2010-11 than in 2009-10, up to \$1 092 from \$1 034. Prices ranged from \$957 in Multinet Main 2 to \$1 424 in Envestra Cardinia.
- AGL customers in the Multinet Main 2 distribution zone had the highest price increase (9 per cent) in 2010-11.
- The industry average price increase was 21 per cent (\$192) over the past five years.



Table 3.6 Business average annual prices—gas
Single rate tariff (2011\$)

Distribution zone	2006-07	2007-08	2008-09	2009-10	2010-11	1 year change %	5 year change %
AGL—Multinet Main 2	5 085	5 121	5 352	5 442	5 514	1	8
AGL—SP AusNet Central 2	5 358	5 698	6 183	6 377	6 494	2	21
Origin Energy—Envestra North	5 046	5 104	5 400	5 751	5 966	4	18
Origin Energy—Envestra Central 1	4 772	4 847	5 138	5 486	5 696	4	19
Origin Energy—Multinet Main 1	4 452	4 479	4 749	5 069	5 288	4	19
Origin Energy—Envestra Cardinia	7 475	7 627	7 667	8 119	9 381	16	25
Origin Energy—Envestra Murray Valley	6 084	6 205	6 238	6 577	7 217	10	19
TRU—Envestra Central 2	5 044	5 186	5 435	5 819	6 393	10	27
TRU—SP AusNet Central 1	5 218	5 452	5 763	6 144	6 735	10	29
TRU—SP AusNet West	5 334	5 534	5 851	6 248	6 797	9	27
Average	5 395	5 520	5 750	6 103	6 548	7	21

- Average industry prices were 7 per cent higher in 2010-11 than in 2009-10, up to \$6 548 from \$6 103.
- Businesses in the Envestra Cardinia distribution zone had the highest annual price in 2010-11 (\$9 381), while those with Origin in the Multinet Main 1 distribution zone had the lowest (\$5 288).
- The industry average price increase was 21 per cent (\$1 153) over the five years to 2010-11.



4 COMPARING RETAILERS' MARKET OFFERS

4.1 What we found

The price of electricity has increased for the majority of offers published on the YourChoice website. For residential electricity market offers, prices increased by an average of 6 per cent from 2009-10 to 2010-11.

Residential customers can make savings when they enter a competitive market contract. Just by switching from a standing offer to a market offer, with discounts and bonuses they can potentially save around 10 per cent.

On average, residential customers can save \$107 on a single rate tariff, \$143 on a two-rate tariff and \$205 on a time-of-use tariff per year when they switch from a standing offer to a market offer with all discounts included.

The residential gas market offers prices increased by 7 per cent on average between 2009-10 and 2010-11. Customers that receive discounts can save up to \$59 on their annual bill. If they switch from a standing offer to a fully discounted market offer, they can save up to around 7 per cent (or \$80) on their annual bill.

Business customers also experienced bill increases in 2010-11—up 9 per cent for gas and 10 per cent for electricity. The difference between a standing offer and a fully discounted market offer was an average of \$620 for gas and an average of \$332 for single rate business electricity and an average of \$878 for time-of-use electricity. Again, the price data show shopping around provides benefits for managing energy bills.

The retailers' supply charges for electricity market offers rose in every distribution zone in 2010-11—up an average 7 cents per day (10 per cent), after an average rise of 19 cents per day in 2009-10. Supply charges varied significantly across the retailers, by as much as 37 cents per day in some areas (which equates to \$135 per year). For this reason, customers can consider the daily supply charge when working out the best offer for them, because it may fulfil their electricity needs better.

4.2 About market offers

From 1 January 2009, all retailers with over 500 customers have been required to publish on their websites at least one market offer generally available to the majority of customers for each distribution zone and meter type. The retailers must provide these market offers for the Commission to publish on our YourChoice website.

Market offers are contracts that may offer consumers a cheaper price than the standing contract, or some other benefit. These benefits may include percentage discounts on the tariff rate or the bill, welcome credits or credits for retailer shops, and pay-on-time discounts. Tables 4.17 and 4.18 show the terms and conditions of the offers listed in this report. Market contracts may have a fixed term (generally between one and three years) or an ongoing term (known as 'evergreen' contracts). This chapter outlines retailers' most commonly available market offers as listed on the YourChoice website.



The following sections show the range of market offers, using the same customer consumption patterns, distribution zones and tariff types as shown for the electricity and gas standing offer prices. The reporting period spans two calendar years, allowing price comparison and analysis over this time frame. Only offers available at 30 June of the relevant year are published; any changes to offers during the year are not shown. Some offers shown may no longer be available because the reporting period concluded on 30 June 2011; they might have been replaced with new offers, which would be published on the YourChoice website. All the prices are in nominal dollars.

The Commission compared the annual cost of each market offer in each distribution zone, and for each tariff type. The tables:

- show prices (without discounts) offered by individual retailers
- compare the average market offer with the corresponding standing offer average price
- show the savings widely available for consumers for each electricity offer, if all discounts are included and the conditions of the offer are met.

Appendix C contains individual retailer data and is available to download from our website (www.esc.vic.gov.au).

4.3 Residential electricity market offers

This section analyses the residential market offers that electricity retailers published on the Commission's YourChoice website. All offers listed are generally available to all customers in the relevant distribution zone for each tariff type (see box in section 1.7, page 13). Some retailers (notably, Australian Power & Gas and Click Energy) published more than one offer for some residential tariffs, but these additional offers are not shown because the price difference was minimal and related to offer conditions (such as paperless bills).

Figures 4.1, 4.2 and 4.3 show the average market offer prices offered to consumers in each distribution zone and for each meter type over three years. They do not account for further discounts or conditional discounts that may apply, such as for direct debit payment, payment on time and customer loyalty. Tables 4.2 to 4.4 show the average savings available with discounted market offers. Further to this, tables 4.5 to 4.8 compare the least and most expensive discounted prices for each distribution zone and tariff type. Appendix C contains individual retailer data and is available to download from our website (www.esc.vic.gov.au).

Average residential electricity price change over time

Figures 4.1, 4.2 and 4.3 along with table 4.1 show that:

- Single rate residential electricity market offers increased, on average, by 22 per cent between 2008-09 and 2010-11. Two-rate market tariffs increased by 20 per cent over the same period, while time-of-use market tariffs increased by 21 per cent.
- Prices in the Jemena distribution zone had the largest two year increase (25 per cent), while Powercor customers' prices increased the least (18 per cent).
- Most increases in 2010-11 were smaller than the increases experienced in the previous year, with a range of 5 to 8 per cent.



Figure 4.1 Residential market offers—electricity, single rate tariff

2008-09 to 2010-11, nominal \$

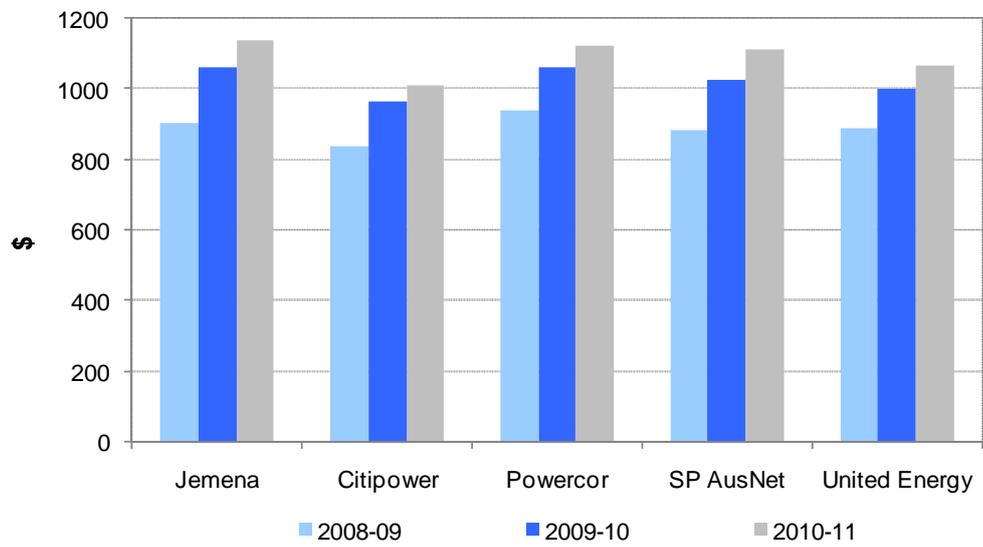




Figure 4.2 Residential market offers—electricity, two-rate tariff
2008-09 to 2010-11, nominal \$

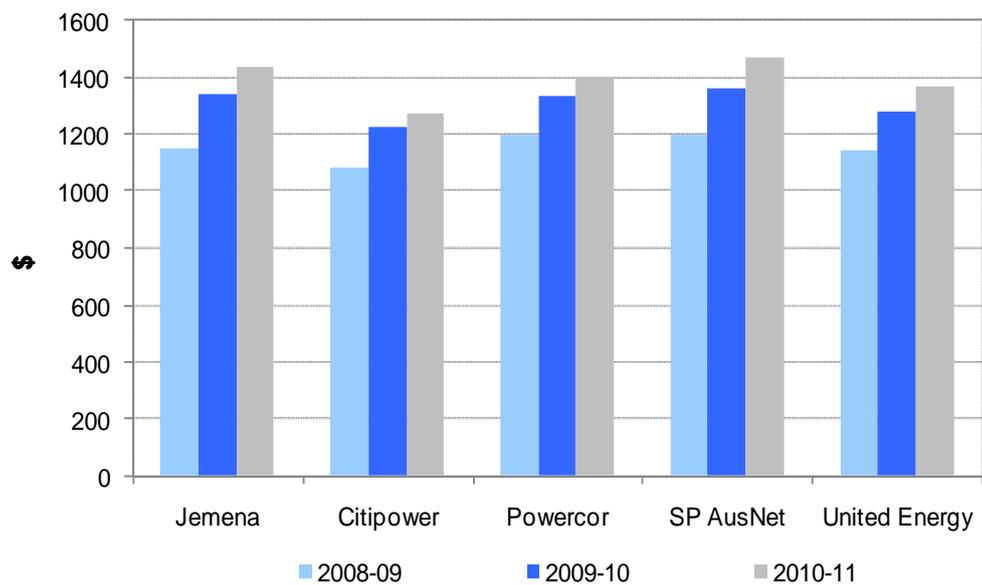


Figure 4.3 Residential market offers—electricity, time-of-use tariff
2008-09 to 2010-11, nominal \$

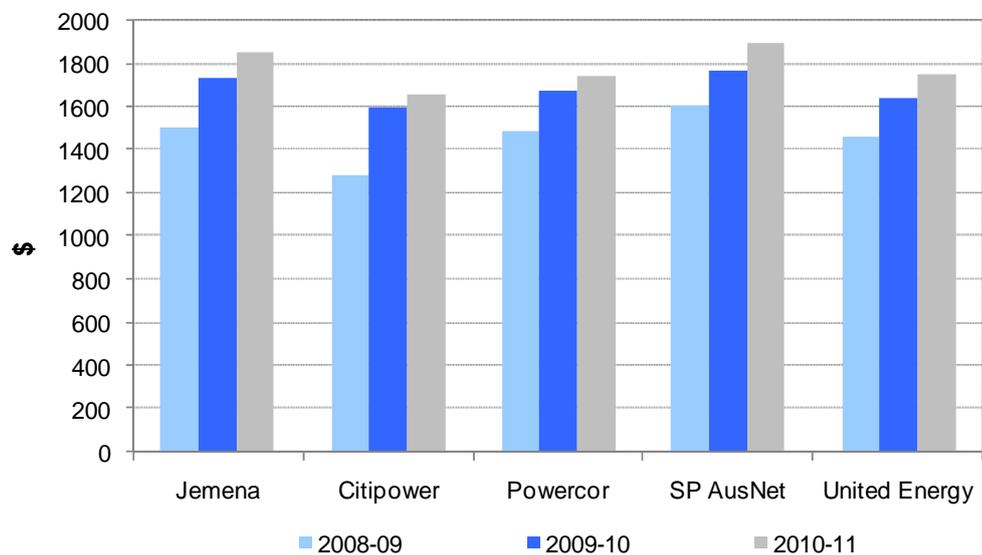




Table 4.1 Residential market offers—electricity, average price change, all tariff types

2008-09 to 2010-11, nominal \$

Distribution zone	Average Increase from 2009-10 %	Average Increase from 2008-09 %
Citipower Electricity	5	20
Jemena Electricity	7	26
Powercor Electricity	5	19
SP AusNet Electricity	8	26
United Energy Electricity	7	20

Discounted residential market offers

When discounts or other financial benefits are factored into the market offers, customers can make further potential savings. Tables 4.2, 4.3 and 4.4 compare the average annual cost of electricity for those receiving the discounts with the average cost for customers who did not meet the discount conditions or remained on a standing offer.

By fulfilling discount conditions:

- in 2010-11 single rate customers could save—on average—\$73 to \$81 on the market offer tariff and \$96 to \$116 on the standing offer tariff
- two-rate customers could annually save, on average, \$95 to \$110 on the market offer tariff and \$127 to \$174 on the standing offer tariff
- time-of-use customers could annually save, on average, \$126 to \$145 on the market offer tariff and \$187 to \$242 on the standing offer tariff.



Table 4.2 Residential market offers—prices with electricity discounts, 2010-11

Single rate tariff, nominal \$

Distribution zone	2010-11 average standing price \$	2010-11 average market price \$	2010-11 average discounted price \$	Saving with discounts \$	Total saving on standing price \$
Citipower Electricity Inner city and eastern suburbs	1 033	1 009	937	73	96
Jemena Electricity Inner western and northern suburbs	1 170	1 138	1 057	81	113
Powercor Electricity Outer western suburbs and western Victoria	1 157	1 122	1 043	81	116
SP AusNet Electricity Eastern suburbs and eastern Victoria	1 140	1 115	1 037	80	105
United Energy Electricity Outer south eastern suburbs and Mornington	1 107	1 069	993	78	116

Note: If a standing offer does not have a corresponding market offer, it is not included in the data.



Table 4.4 Residential market offers—prices with electricity discounts, 2010-11

Two-rate tariff, nominal \$

Distribution zone	2010-11 average standing price \$	2010-11 average market price \$	2010-11 average discounted price \$	Saving with discounts \$	Total saving on standing price \$
Citipower Electricity Inner city and eastern suburbs	1 317	1 270	1 176	95	142
Jemena Electricity Inner western and northern suburbs	1 478	1 436	1 331	105	151
Powercor Electricity Outer western suburbs and western Victoria	1 471	1 402	1 297	105	174
SP AusNet Electricity Eastern suburbs and eastern Victoria	1 503	1 471	1 361	110	142
United Energy Electricity Outer south eastern suburbs and Mornington	1 389	1 365	1 262	103	127

Note: If a standing offer does not have a corresponding market offer, it is not included in the data.



Table 4.5 Residential market offers—prices with electricity discounts, 2010-11

Time-of-use tariff, nominal \$

Distribution zone	2010-11 average standing price \$	2010-11 average market price \$	2010-11 average discounted price \$	Saving with discounts \$	Total saving on standing price \$
Citipower Electricity Inner city and eastern suburbs	1 715	1 655	1 529	126	187
Jemena Electricity Inner western and northern suburbs	1 924	1 850	1 709	141	216
Powercor Electricity Outer western suburbs and western Victoria	1 804	1 741	1 607	134	197
SP AusNet Electricity Eastern suburbs and eastern Victoria	1 933	1 886	1 741	145	192
United Energy Electricity Outer south eastern suburbs and Mornington	1 863	1 745	1 611	135	242

Note: If a standing offer does not have a corresponding market offer, it is not included in the data.

Comparison of discounted market offers

Tables 4.6 to 4.8 show the two lowest and two highest discounted market offer's available by distribution zone and tariff type (see box in section 1.7, page 13 for definitions of tariff types). These prices include any discounts available, including conditional discounts such as pay on time, set contract lengths or payment by direct debit.

When including the discount to the price;

- Dodo Power & Gas consistently had the lowest price available
- AGL and TRUenergy were among the most expensive retailers
- The difference between the lowest discounted price and the highest discounted price was significant; single rate customers could save an average of \$233, two-rate customers could save \$300 and time-of-use customers could save \$406 when switching from the most expensive offer to the least expensive offer available.



Table 4.6 Comparison of discounted residential market offers—electricity, 2010-11

Single rate tariff, nominal \$

Distribution zone	Lowest prices \$	Highest prices \$	Potential savings \$
Citipower Electricity Inner city and eastern suburbs	Dodo Power & Gas 824	AGL 1 018	194
	Click Energy 880	TRUenergy 1 002	
Jemena Electricity Inner western and northern suburbs	Dodo Power & Gas 917	AGL 1 169	252
	Click Energy 969	TRUenergy 1 158	
Powercor Electricity Outer western suburbs and western Victoria	Dodo Power & Gas 936	TRUenergy 1 147	211
	Momentum Energy 972	AGL 1 127	
SP AusNet Electricity Eastern suburbs and eastern Victoria	Dodo Power & Gas 857	AGL 1 141	284
	Click Energy 891	TRUenergy 1 129	
United Energy Electricity Outer south eastern suburbs and Mornington	Dodo Power & Gas 867	TRUenergy 1 087	220
	Lumo Energy 944	AGL 1 059	



Table 4.7 Comparison of discounted residential market offers—electricity, 2010-11

Two-rate tariff, nominal \$

Distribution zone	Lowest prices \$	Highest prices \$	Potential savings \$
Citipower Electricity Inner city and eastern suburbs	Dodo Power & Gas 1 054	TRUenergy 1 291	237
	Origin Energy 1 082	AGL 1 289	
Jemena Electricity Inner western and northern suburbs	Dodo Power & Gas 1 163	AGL 1 483	320
	EnergyAustralia ^a 1 229	TRUenergy 1 1474	
Powercor Electricity Outer western suburbs and western Victoria	Dodo Power & Gas 1 166	TRUenergy 1 407	341
	Momentum Energy 1 204	AGL 1 401	
SP AusNet Electricity Eastern suburbs and eastern Victoria	Dodo Power & Gas 1 143	TRUenergy 1 508	365
	Click Energy 1 288	AGL 1 465	
United Energy Electricity Outer south eastern suburbs and Mornington	Dodo Power & Gas 1 098	TRUenergy 1 399	301
	Lumo Energy 1 177	Red Energy 1 349	

^a TRUenergy acquired EnergyAustralia on 1 March 2011. Data are reported separately for 2010-11.



Table 4.8 Comparison of discounted residential market offers—electricity, 2010-11

Time-of-use tariff, nominal \$

Distribution zone	Lowest prices \$	Highest prices \$	Potential savings \$
Citipower Electricity Inner city and eastern suburbs	Dodo Power & Gas 1 334	TRUenergy 1 697	363
	Origin Energy 1 397	AGL 1 674	
Jemena Electricity Inner western and northern suburbs	Dodo Power & Gas 1 483	TRUenergy 1 956	469
	Momentum Energy 1 516	AGL 1 952	
Powercor Electricity Outer western suburbs and western Victoria	Dodo Power & Gas 1 424	TRUenergy 1 754	330
	Momentum Energy 1 502	Red Energy 1 737	
SP AusNet Electricity Eastern suburbs and eastern Victoria	Dodo Power & Gas 1 449	TRUenergy 1 929	480
	Click Energy 1 613	AGL 1 870	
United Energy Electricity Outer south eastern suburbs and Mornington	Dodo Power & Gas 1 398	Australian Power & Gas 1795	397
	Lumo Energy 1 434	TRUenergy 1780	

4.4 Electricity residential supply charges

Electricity supply charges are another consideration when looking at market offer pricing. The supply charge is a component of customers' bills, and it is partly regulated by the AER. The AER approves a price for the distributor to charge for the costs of supplying a distribution service, including metering services. The retailer may add an additional amount for services that the set charge does not include. This additional amount is not regulated. This section looks at whether retailers' electricity supply charges differed within each distribution zone.

The retailers' supply charges for electricity market offers rose in every distribution zone in 2010-11—up an average 7 cents per day, after rising an average 19 cents per day in 2009-10. Figure 4.6 shows the average increases across the five electricity distribution zones from 2008-09 to 2010-11. Overall the average price increase was 10 per cent in 2010-11.

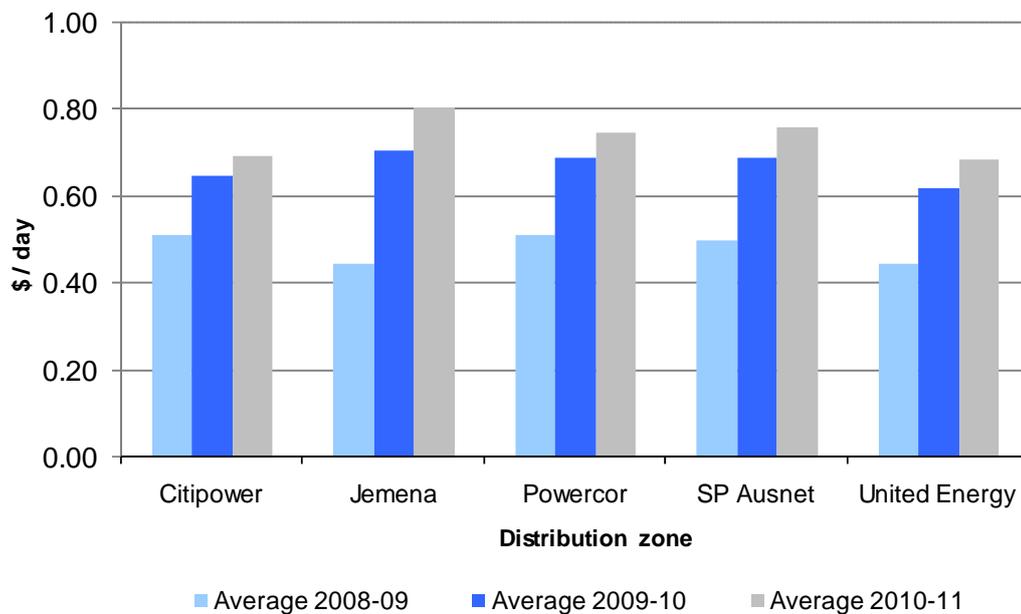


Appendix B contains individual retailer data and is available to download from our website (www.esc.vic.gov.au). Along with appendix B, figure 4.4 shows:

- supply charges increased by 7 to 14 per cent in 2010-11
- supply charges varied significantly across retailers, by as much as 37 cents per day in some areas (which equates to \$135 per year)
- AGL consistently charged the highest supply charge, while Dodo Power & Gas had the lowest charge in each area.

These price differences show customers can also consider the daily supply charge when working out the best offer for them.

Figure 4.4 Retailer's average market offer supply charges, by distribution zone—electricity
2008-09 to 2010-11, nominal \$





4.5 Business electricity offers

Figures 4.5 and 4.6 show the average market offer prices offered to consumers in each distribution zone and for each meter type over three years. They do not account for further discounts or conditional discounts that may apply, such as for direct debit payment, payment on time and customer loyalty. Tables 4.10 and 4.11 show the average price and savings available to consumers. Further to this table 4.12 and 4.13 compare the cheapest and most expensive discounted prices for each distribution zone and tariff type. Appendix C contains individual retailer data and can be downloaded from our website (www.esc.vic.gov.au).

Average business electricity price change over time

Figures 4.5 and 4.6 along with table 4.9 show that:

- Single rate business electricity market offers increased by an average of 18 per cent between 2008-09 and 2010-11. Time-of-use market tariffs increased by 20 per cent over the same period.
- Prices in the SP AusNet distribution zone had the largest two year increase (25 per cent), while Citipower customers' prices increased the least (13 per cent).
- Increases in 2010-11 were generally greater than or equal to the increases experienced in 2009-10.

Figure 4.5 Business market offers—electricity, single rate tariff
2008-09 to 2010-11, nominal \$

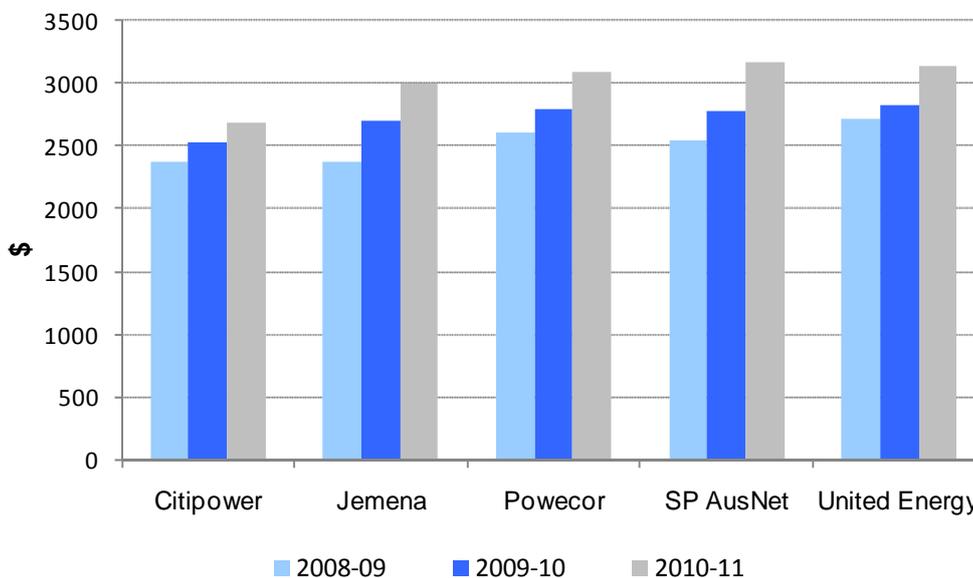




Figure 4.6 Business market offers—electricity, time-of-use rate tariff
2008-09 to 2010-11, nominal \$

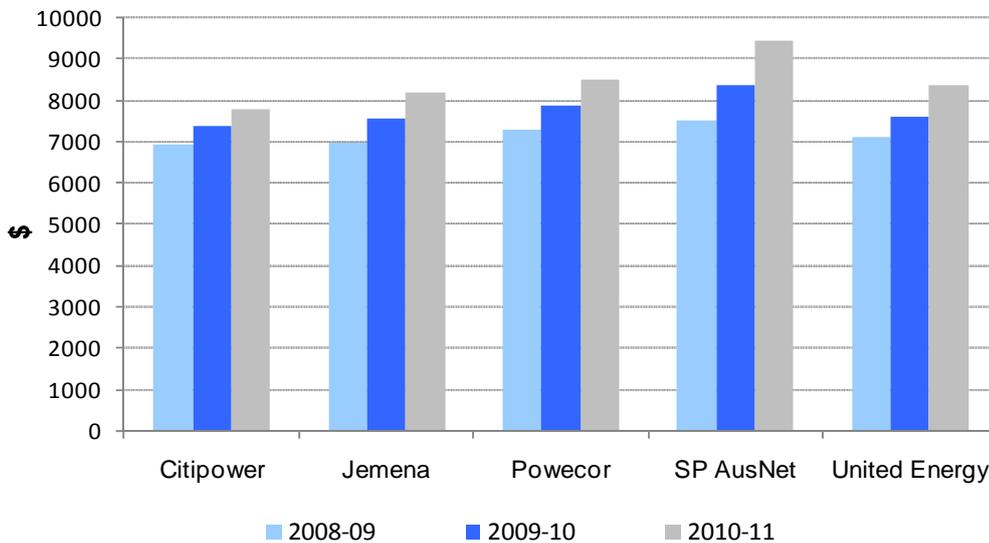


Table 4.9 Business market offers—electricity, average price change, single rate and two-rate
2008-09 to 2010-11, nominal \$

Distribution zone	Average Increase from 2009-10 %	Average Increase from 2008-09 %
Citipower Electricity	6	13
Jemena Electricity	9	22
Powecor Electricity	9	17
SP AusNet Electricity	14	25
United Energy Electricity	11	17

Discounted business market offers

Tables 4.10 and 4.11 show the average potential savings for business electricity customers that received discounts or met the conditions of market offers. They compare the average annual cost of electricity for those receiving the discounts with the average cost for consumers that did not meet these conditions or remained on a standing offer.

By fulfilling discount conditions:

- In 2010-11 single rate customers could save, on average, \$226 to \$270 on the market offer tariff and \$305 to \$372 on the standing offer tariff
- Time of use customers could save, on average, \$621 to \$726 on the market offer tariff and \$460 to \$1 241 on the standing offer tariff



Table 4.10 Business market offers—prices with electricity discounts, 2010-11

Single rate tariff, nominal \$

Distribution zone	2010-11 average standing price \$	2010-11 average market price \$	2010-11 average discounted price \$	Saving with discounts \$	Total saving on standing price \$
Citipower Electricity					
Inner city and eastern suburbs	2 778	2 686	2 460	226	318
Jemena Electricity					
Inner western and northern suburbs	3 076	2 994	2 766	227	309
Powercor Electricity					
Outer western suburbs and western Victoria	3 204	3 086	2 847	239	357
SP AusNet Electricity					
Eastern suburbs and eastern Victoria	3 211	3 175	2 905	270	305
United Energy Electricity					
Outer south eastern suburbs and Mornington	3 249	3 144	2 877	267	372

Note: If a standing offer does not have a corresponding market offer, it is not included in the data.



Table 4.11 Business market offers—prices with electricity discounts, 2010-11

Time-of-use tariff, nominal \$

Distribution zone	2010-11 average standing price \$	2010-11 average market price \$	2010-11 average discounted price \$	Saving from discounts \$	Total saving on standing price \$
Citipower Electricity Inner city and eastern suburbs	7 734	7 337	7 153	621	581
Jemena Electricity Inner western and northern suburbs	8 280	7 534	7 519	635	761
Powercor Electricity Outer western suburbs and western Victoria	8 738	7 842	7 791	678	948
SP AusNet Electricity Eastern suburbs and eastern Victoria	9 553	8 347	8 663	748	890
United Energy Electricity Outer south eastern suburbs and Mornington	8 864	7 560	7 656	678	1 208

Note: If a standing offer does not have a corresponding market offer, it is not included in the data.

Comparison of business discounted market offers

Tables 4.12 and 4.13 show the two lowest and two highest discounted market offer's available by distribution zone and tariff type (see box 1.7, page 13 for definitions of tariff types) These prices include any discounts available, including conditional discounts such as pay on time, set contract length or payment by direct debit.



When including the discount to the price;

- distribution zones showed little consistency in terms of the cheapest and most expensive retailers for business, although Powerdirect was often one of the cheapest prices available
- Red Energy and Momentum Energy were most commonly among the most expensive retailers available
- The difference between the most lowest discounted price and the highest discounted price was significant; single rate customers could save an average of \$404 and time-of-use customers could save \$1 112 when switching from the most expensive offer to the cheapest offer available.

Table 4.12 Comparison of business market offer prices—electricity, 2010-11
Single rate tariff, nominal \$

Distribution zone	Lowest prices \$	Highest prices \$	Potential savings \$
Citipower Electricity Inner city and eastern suburbs	Powerdirect 2295	Momentum Energy 2614	319
	EnergyAustralia ^a 2333	Red Energy 2608	
Jemena Electricity Inner western and northern suburbs	EnergyAustralia ^a 2563	TRUenergy 2953	417
	Powerdirect 2643	Momentum Energy 2937	
Powercor Electricity Outer western suburbs and western Victoria	EnergyAustralia ^a 2739	Red Energy 3089	350
	Powerdirect 2744	Momentum Energy 3039	
SP AusNet Electricity Eastern suburbs and eastern Victoria	Powerdirect 2666	Momentum Energy 3197	530
	Origin Energy 3754	EnergyAustralia ^a 2991	
United Energy Electricity Outer south eastern suburbs and Mornington	Powerdirect 2726	Momentum Energy 3134	407
	Simply Energy 2770	Red Energy 3041	

^a TRUenergy acquired EnergyAustralia on 1 March 2011. Data are reported separately for 2010-11.



Table 4.13 Comparison of business market offer prices—electricity, 2010-11

Time-of-use tariff, nominal \$

Distribution zone	Lowest prices \$	Highest prices \$	Potential savings \$
Citipower Electricity Inner city and eastern suburbs	Origin Energy 6791	Red Energy 7525	734
	Simply Energy 6824	AGL 7430	
Jemena Electricity Inner western and northern suburbs	Powerdirect 7033	TRUenergy 8020	987
	Simply Energy 7363	Red Energy 7916	
Powercor Electricity Outer western suburbs and western Victoria	Powerdirect 7357	TRUenergy 8303	1 001
	AGL 7469	EnergyAustralia ^a 8302	
SP AusNet Electricity Eastern suburbs and eastern Victoria	Powerdirect 8081	Momentum Energy 9580	1 499
	Origin Energy 8191	EnergyAustralia ^a 9456	
United Energy Electricity Outer south eastern suburbs and Mornington	Momentum Energy 7054	Red Energy 8392	1 338
	Powerdirect 7395	Neighbourhood Energy 8086	

^a TRUenergy acquired EnergyAustralia on 1 March 2011. Data are reported separately for 2010-11.

4.6 Residential gas market offers

This section analyses the residential market offers published by gas retailers on our YourChoice website. All offers listed were generally available to all customers in the relevant distribution zone. Gas is not universally available throughout Victoria; in some of the gas extension areas, only one or two retailers are present. As with electricity market offers, market offer tariffs varied considerably across retailers within a distribution zone. Appendix C contains individual retailer data and can be downloaded from our website (www.esc.vic.gov.au).

Average residential gas price change over time

Figure 4.7 and table 4.14 show the average market offer prices offered to consumers in each distribution zone over three years. They do not account for further discounts or conditional discounts that may apply, such as for direct debit payment, payment on time and customer loyalty.



- 2010-11 increases were generally similar to the increases experienced in 2009-10.
- Residential gas market offers increased by an average of 15 per cent between 2008-09 and 2010-11.
- Prices in the Envestra Central 1 and the SP AusNet Central 2 distribution zones had the largest two year increase (18 per cent), while Envestra Mildura customers' prices increased by 6 per cent in the last two years.

Figure 4.7 Residential market offers—gas, single rate
2008-09 to 2010-11, nominal \$

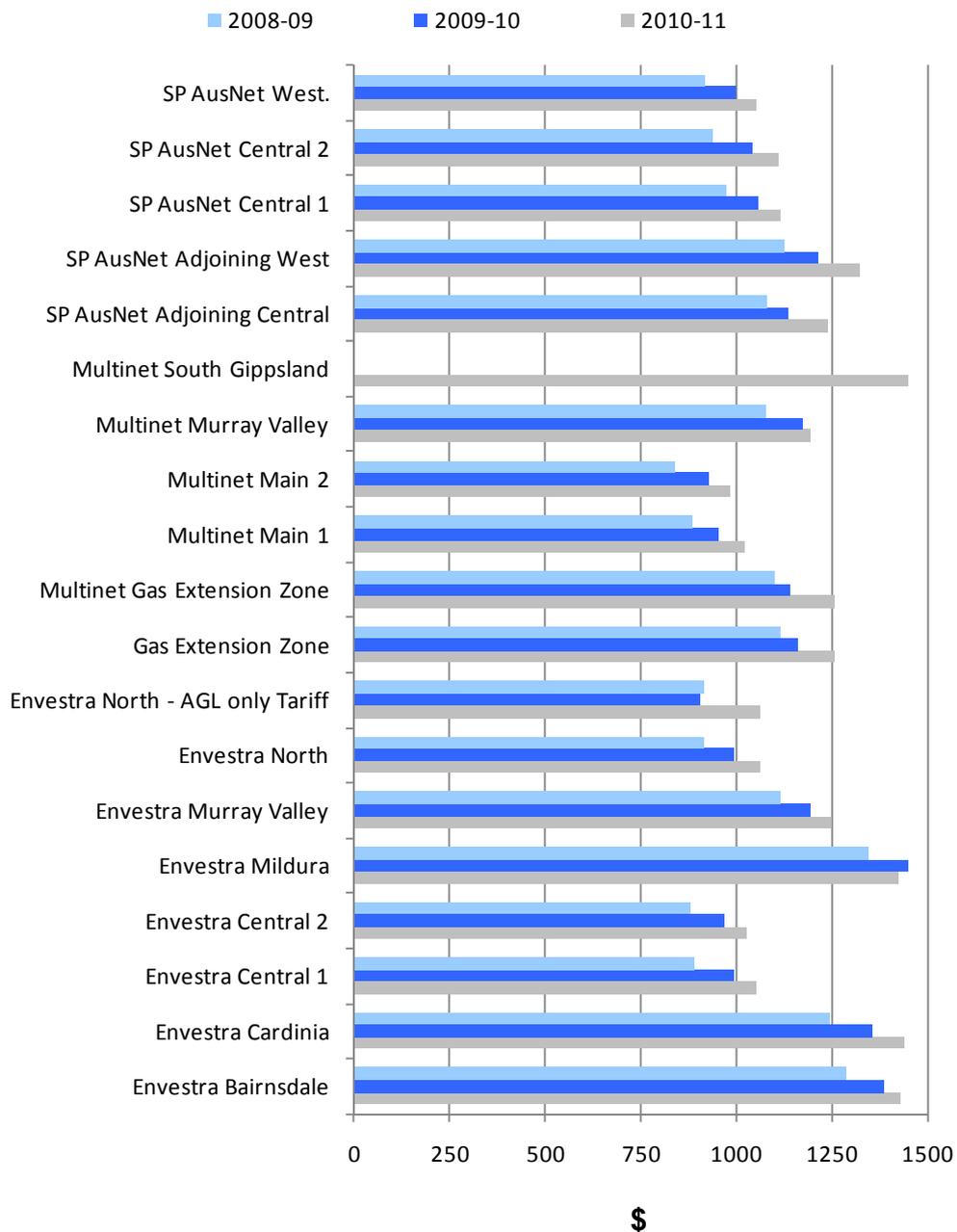




Table 4.14 Residential market offers—gas, average price change, single rate
2008-09 to 2010-11, nominal \$

Distribution zone	Average Increase from 2009-10 %	Average Increase from 2008-09 %
Envestra Bairnsdale	3	11
Envestra Cardinia	6	16
Envestra Central 1	6	18
Envestra Central 2	6	17
Envestra Mildura	-2	6
Envestra Murray Valley	4	12
Envestra North	7	16
Envestra North, AGL	17	16
Gas Extension Zone	8	13
Multinet Gas Extension Zone	10	14
Multinet Main 1	7	15
Multinet Main 2	6	17
Multinet Yarra Valley	2	11
Multinet South Gippsland	na	na
SP AusNet Adjoining Central	9	15
SP AusNet Adjoining West	9	17
SP AusNet Central 1	6	14
SP AusNet Central 2	7	18
SP AusNet West	5	15

na Not available

Discounted residential gas market offers

When discounts are factored into the market offer, customers can make further potential savings. Table 4.15 compares the average annual cost of gas for those receiving discounts with the average cost for consumers who did not receive discounts or remained on a standing offer.

By fulfilling discount conditions:

- customers could save on average, \$42 to \$138 on the market offer tariff
- customers could save on average, \$44 to \$138 on the standing offer tariff.



Table 4.15 Residential market offers—prices with gas discounts, 2010-11
Single rate tariff, nominal \$

Distribution zone	2010-11 average standing price \$	2010-11 average market price \$	2010-11 average discounted market price \$	Saving from discounts \$	Total saving on standing price \$
Envestra Bairnsdale Bairnsdale	1 445	1 429	1 355	73	90
Envestra Cardinia West Gippsland	1 491	1 437	1 382	55	109
Envestra Central 1 Frankston, Mornington Peninsula and Gippsland	1 066	1 051	972	79	94
Envestra Central 2 Inner city and inner north eastern suburbs	1 058	1 027	967	60	91
Envestra Mildura Mildura	1 476	1 426	1 379	48	97
Envestra Murray Valley Numurkah and Cobram	1 270	1 248	1 186	48	85
Envestra North North and north eastern Victoria	1 092	1 062	994	82	98
Envestra North, AGL North Victoria	1 059	1 059	1 015	44	44
Gas Extension Zone Yarra Glen	1 277	1 256	1 211	45	66
Multinet Gas Extension Zone Woori Yallock and Seville	1 275	1 257	1 211	46	65
Multinet Main 1 Eastern and south eastern suburbs	1 054	1 021	960	61	94
Multinet Main 2 Bayside and south eastern suburbs	1 011	1 000	936	64	76
Multinet Yarra Valley Warburton	1 219	1 191	1 149	42	69



Distribution zone	2010-11 average standing price \$	2010-11 average market price \$	2010-11 average discounted market price \$	Saving from discounts \$	Total saving on standing price \$
Multinet South Gippsland Leongatha and Wonthaggi	1 446	1 446	1 308	138	138
SP AusNet Adjoining Central Barwon Heads	1 268	1 239	1 196	43	73
SP AusNet Adjoining West Macedon and Gisborne	1 335	1 319	1 260	59	75
SP AusNet Central 1 Outer northern, outer western suburbs and Geelong area	1 135	1 114	1 043	71	92
SP AusNet Central 2 Western and north western suburbs	1 132	1 112	1 037	75	95
SP AusNet West Bendigo, Ballarat, Castlemaine and western Victoria	1 060	1 053	985	67	74

Note: If a standing offer does not have a corresponding market offer, it is not included in the data. All prices are in nominal dollars in this chapter

na Not available.

Comparison of discounted market offers

Table 4.16 shows the two lowest and two highest discounted market offer's available by distribution zone. These prices include any discounts available, including conditional discounts such as pay on time, set contract length or payment by direct debit.



When including the discount to the price:

- the least and most expensive published market offers differed by between \$57 and \$395
- Origin Energy's and EnergyAustralia's prices were most commonly among the lowest prices across the gas distribution zones
- Simply Energy's and Lumo Energy's tariffs were most commonly among the two most expensive
- market offer prices at 30 June 2011 were 7.5 per cent higher, on average, than at 30 June 2010.

Table 4.16 Comparison of discounted residential market offers—gas, 2010-11
Single rate tariff

Distribution zone	Lowest prices \$	Highest prices \$	Potential savings \$
Investra Bairnsdale Bairnsdale	Origin Energy 1 232 AGL 1 248	TRUenergy 1 627 Lumo Energy 1 315	395
Investra Cardinia West Gippsland	Origin Energy 1 329 Australian Power & Gas 1 398	TRUenergy 1 418	89
Investra Central 1 Frankston, Mornington Peninsula and Gippsland	EnergyAustralia 880 Simply Energy 948	Lumo Energy 1064 TRUenergy 1026	184
Investra Central 2 Inner city and inner north eastern suburbs	EnergyAustralia 860 Australian Power & Gas 924	Lumo Energy 1059 Simply Energy 1016	200
Investra Mildura Mildura	Origin Energy 1379		—
Investra Murray Valley Numurkah and Cobram	AGL 1094 Origin Energy 1197	TRUenergy 1284 Australian Power & Gas 1231	190



Distribution zone	Lowest prices \$	Highest prices \$	Potential savings \$
Investra North North and north eastern Victoria	AGL 930 EnergyAustralia 948	Simply Energy 1083 Lumo Energy 1065	153
Investra North, AGL North Victoria	AGL 1015		—
Gas Extension Zone Yarra Glen	AGL 1182	TRUenergy 1239	57
Multinet Gas Extension Zone Woori Yallock and Seville	AGL 1182	TRUenergy 1239	57
Multinet Main 1 Eastern and south eastern suburbs	Energy Australia 863 AGL 924	Lumo Energy 1048 TRUenergy 1001	185
Multinet Main 2 Bayside and south eastern suburbs	Energy Australia 863 Australian Power & Gas 893	Lumo Energy 1061 Simply Energy 1019	236
Multinet Yarra Valley Warburton	AGL 1106 Origin Energy 1115	TRUenergy 1226	120
SP AusNet Adjoining Central Barwon Heads	AGL 1 062 Origin Energy 1213	TRUenergy 1313	251
SP AusNet Adjoining West Macedon and Gisborne	Origin Energy 1 201 TRUenergy 1 268	AGL 1 312	112
SP AusNet Central 1 Outer northern, outer western suburbs and Geelong area	EnergyAustralia 960 Origin Energy 999	Lumo Energy 1 128 Simply Energy 1 121	169



Distribution zone	Lowest prices \$	Highest prices \$	Potential savings \$
SP AusNet Central 2 Western and north western suburbs	EnergyAustralia	Lumo Energy	
	923	1 129	210
	Australian Power & Gas	Simply Energy	
	1 002	1 134	
SP AusNet West Bendigo, Ballarat, Castlemaine and western Victoria	EnergyAustralia	Lumo Energy	
	900	1055	155
	Origin Energy	Simply Energy	
	958	1028	

Notes: Where only one offer is available, only one is shown. All prices are in nominal dollars in this chapter.

na Not available. — Not applicable.

4.7 Business gas prices

Six retailers (AGL, Origin, TRUenergy, Simply Energy, Victoria Electricity and EnergyAustralia) published market offer gas prices for businesses. In some cases, the price difference within a distribution zone was significant. Appendix C details individual retailer data and can be downloaded from our website at www.esc.vic.gov.au.

Average business gas price change over time

Figure 4.8 and table 4.18 show the average market offer prices offered to consumers in each distribution zone over three years. They do not account for further discounts or conditional discounts that may apply, such as for direct debit payment, payment on time and customer loyalty.

- Business gas market offers increased by an average of 14 per cent between 2008-09 and 2010-11.
- Prices in the Envestra Cardinia distribution zone had the largest 2-year increase (37 per cent), while Multinet Gas Extension Zone customers' prices were virtually unchanged from the 2008-09 price.



Figure 4.8 Business market offers—gas, single rate
2008-09 to 2010-11, nominal \$

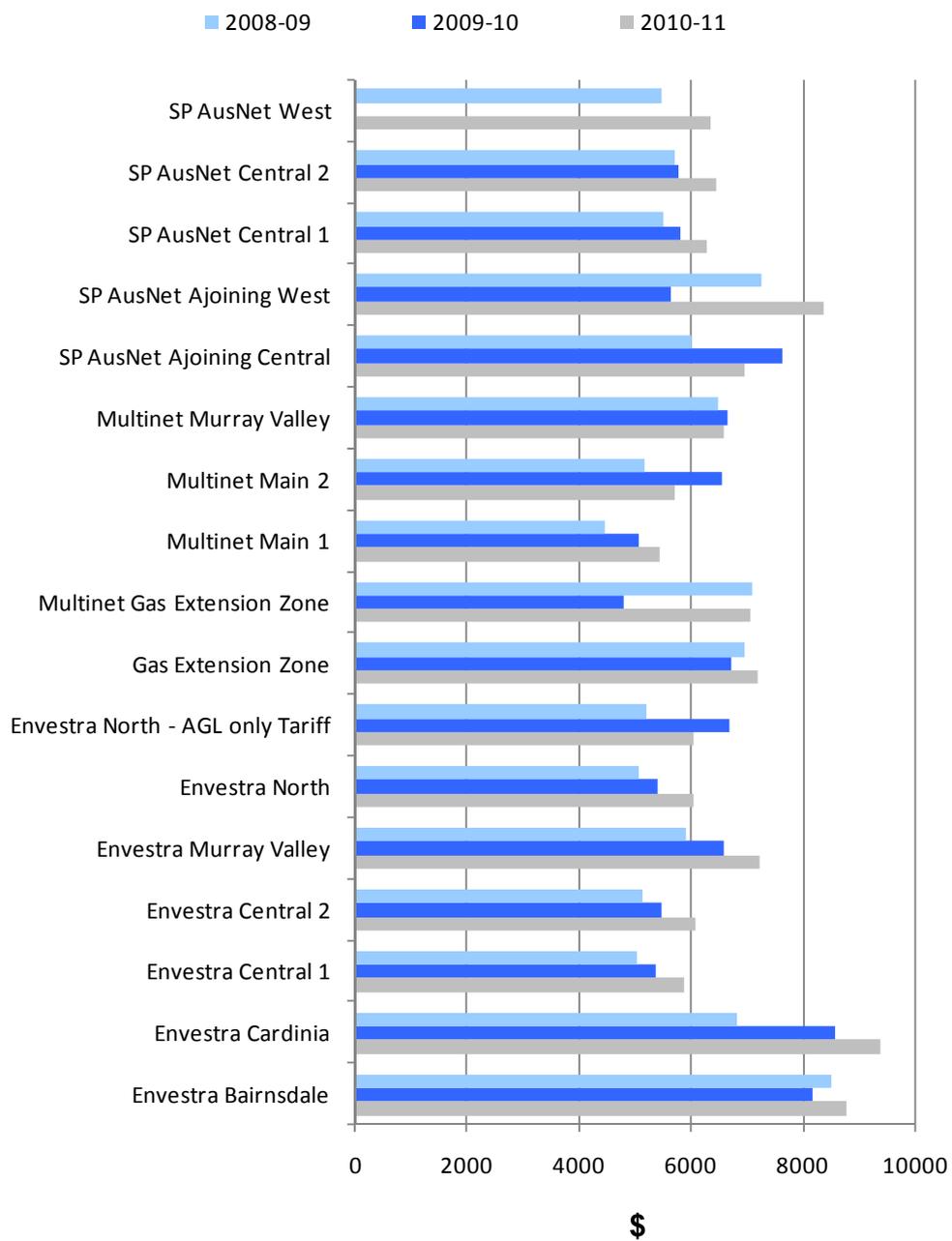




Table 4.14 Business market offers—gas, average price change, single rate
2008-09 to 2010-11, nominal 4

Distribution zone	Average Increase from 2009-10 %	Average Increase from 2008-09 %
Envestra Bairnsdale	8	3
Envestra Cardinia	9	37
Envestra Central 1	10	17
Envestra Central 2	11	18
Envestra Mildura	—	—
Envestra Murray Valley	9	22
Envestra North	12	19
Envestra North— AGL	16	16
Gas Extension Zone	7	3
Multinet Gas Extension Zone	5	0
Multinet Main 1	13	21
Multinet Main 2	13	11
Multinet Yarra Valley	1	1
SP AusNet Adjoining Central	4	16
SP AusNet Adjoining West	10	15
SP AusNet Central 1	11	14
SP AusNet Central 2	11	13
SP AusNet West	10	16

— Not applicable

Discounted business market offers

Table 4.15 shows the average potential savings to business gas customers that received discounts or met the conditions of market offers. It compares the average annual cost of gas for those with discounts with the average cost for customers that did not meet these conditions or remained on a standing offer.

By fulfilling discount conditions:

- Customers on average could save up to \$188 on the market offer tariff by fulfilling discount conditions.
- Customers on average could save up to \$621 on the standing offer tariff by fulfilling discount conditions.



Table 4.15 Business market offers—prices with gas discounts, 2010-11

Single rate tariff, nominal \$

Distribution zone	2010-11 average standing price \$	2010-11 average market price \$	2010-11 average discounted market price \$	Saving from discounts \$	Total saving on standing price \$
Investra Bairnsdale Bairnsdale	9 603	8 799	8 623	177	980
Investra Cardinia West Gippsland	9 895	9 402	9 402	0	493
Investra Central 1 Frankston, Mornington Peninsula and Gippsland	6 276	5 893	5 687	206	589
Investra Central 2 Inner city and Inner north eastern suburbs	6 461	6 069	5 858	211	604
Investra Mildura Mildura	na	na	na	na	na
Investra Murray Valley Numurkah and Cobram,	7 452	7 215	7 094	121	358
Investra North North and north eastern Victoria	6 519	6 044	5 833	211	686
Investra North, AGL North Victoria	6 049	6 049	5 746	302	302
Gas Extension Zone Yarra Glen	7 628	7 204	7 034	169	594
Multinet Gas Extension Zone Woori Yallock and Seville	7 485	7 075	6 906	169	579
Multinet Main 1 Eastern and south eastern suburbs	5 746	5 425	5 235	190	512
Multinet Main 2 Bayside and south eastern suburbs	6 119	5 721	5 517	204	602



Distribution zone	2010-11 average standing price \$	2010-11 average market price \$	2010-11 average discounted market price \$	Saving from discounts \$	Total saving on standing price \$
Multinet Yarra Valley Warburton	6 988	6 599	6 445	154	544
SP AusNet Adjoining Central Barwon Heads	7 512	6 960	6 815	145	697
SP AusNet Adjoining West Macedon and Gisborne	9 369	8 381	8 237	144	1131
SP AusNet Central 1 Outer northern, outer western suburbs and Geelong area	6 526	6 272	6 051	220	475
SP AusNet Central 2 Western and north western suburbs	7 010	6 449	6 221	229	790
SP AusNet West Bendigo, Ballarat, Castlemaine and western Victoria	6 750	6 347	6 124	223	626

Note: If a standing offer does not have a corresponding market offer, it is not included in the data.

na Not available.



Comparison of business discounted market offers

Table 4.16 shows the two lowest and two highest discounted market offer's available by distribution zone. These prices include any discounts available, including conditional discounts such as pay on time, set contract length or payment by direct debit.

When including the discount to the price:

- the least and most expensive published market offers differed by between \$73 to \$3 800 and in many distribution zones savings of over \$1 000 were possible
- the greatest price differences across offers were in those areas where competition is limited—for example, Envestra Bairnsdale—with the difference between the cheapest and most expensive offers being \$3 806
- EnergyAustralia and AGL most commonly had the cheapest discounted offers available, while Simply Energy and Origin Energy where among the most expensive.
- the gas offer prices at 30 June 2011 were 9 per cent higher on average than at 30 June 2010.

Table 4.16 Comparison of business market offers—gas, 2010-11
Single rate tariff, nominal \$

Distribution zone	Lowest prices \$	Highest prices \$	Potential savings \$
Envestra Bairnsdale Bairnsdale	Origin Energy 6 719	TRUenergy 10 526	3 806
Envestra Cardinia West Gippsland	TRUenergy 8 862	Origin Energy 9 942	1 080
Envestra Central 1 Frankston, Mornington Peninsula and Gippsland	EnergyAustralia 5 222 AGL 5 494	Simply Energy 6 032 Origin Energy 5 870	8 10
Envestra Central 2 Inner city and inner north eastern suburbs	EnergyAustralia 5 215 AGL 5 493	Simply Energy 6 343 Origin Energy 6 144	1 128
Envestra Murray Valley Numurkah and Cobram	AGL 6 880 Origin Energy 7 184	TRUenergy 7 218	337
Envestra North North and north eastern Victoria	AGL 5 241 EnergyAustralia 5 540	Simply Energy 6 298 Origin Energy 6 118	1 057



Distribution zone	Lowest prices \$	Highest prices \$	Potential savings \$
Investra North, AGL North Victoria	AGL 5 746	—	—
Gas Extension Zone Yarra Glen	AGL 6 433	TRUenergy 7 636	1 203
Multinet Gas Extension Zone Woori Yallock and Seville	AGL 6 433	TRUenergy 7 379	946
Multinet Main 1 Eastern and south eastern suburbs	EnergyAustralia 4 655 AGL 5 093	Simply Energy 5 649 Origin Energy 5 548	994
Multinet Main 2 Bayside and south eastern suburbs	EnergyAustralia 5 024 Lumo Energy 5 383	Simply Energy 6 049 Origin Energy 5 627	1 025
Multinet Yarra Valley Warburton	AGL 5 856	TRUenergy 7 033	1 177
SP AusNet Adjoining Central Barwon Heads	AGL 5 502	TRUenergy 8 139	2 627
SP AusNet Adjoining West Macedon and Gisborne	AGL 8 198 TRUenergy 8 243	Lumo Energy 8 271	73
SP AusNet Central 1 Outer northern, outer western suburbs and Geelong area	EnergyAustralia 5 455 AGL 5 692	Simply Energy 6 618 TRUenergy 5 288	1 163
SP AusNet Central 2 Western and north western suburbs	EnergyAustralia 5 653 Lumo Energy 6 064	Simply Energy 6 687 Origin Energy 6 520	1 033
SP AusNet West Bendigo, Ballarat, Castlemaine and western Victoria	EnergyAustralia 5 522 AGL 5 815	Simply Energy 6 663 Origin Energy 6 618	1 141

Notes: Where only one offer is available, only one is shown.

— Not applicable.



4.8 Comparing retailers' market offers

The market offers presented in this chapter often involved specific terms and conditions. Such conditions can affect the suitability for an offer for different customers. Customers should consider how the individual conditions would affect them before signing a new contract with a retailer. The following are examples of conditions that may apply:

- Discount conditions can vary. Some are automatic and have no conditions attached; others have pay-on-time or direct debit payment conditions.
- Paperless bills are a condition that may not suit customers without internet access.
- Set contract terms and early termination fees apply to some offers, which may not suit customers who move around.
- Some retailers offer loyalty programs and retail shop discounts.

Tables 4.17 and 4.18 outline the main features of the market offers presented in the chapter.



Table 4.17 Comparison of retailers' market offers—electricity
2010-11

Retailer	Type	Name	Discount	Conditions for discount	Contract (months)	Early termination fee	Bonus	Notice to increase prices
AGL	Residential	Online saver 8	5% off consumption	Direct debit Email bills	24	\$75/one year \$50/two year	\$60 voucher	Any time with prior written notice
	Business	Advantage 5	5% off consumption		24	\$100/one year \$75/two year	\$150 voucher	
Australian Power & Gas	Residential	Super Saver Rewards	5% off consumption and use	Pay on time	36	\$88/one year \$22/two year	\$25 every six months for contract life if all bills paid on time	Next bill
Click Energy	Residential	Click Easy	7% off consumption and use	Pay on time	0	Nil	\$25 credit first bill and \$25 at 12 months	Next bill
	Business	Click Business	7% off consumption and use	Pay on time Email bills	0	Nil		Next bill



Retailer	Type	Name	Discount	Conditions for discount	Contract (months)	Early termination fee	Bonus	Notice to increase prices
Dodo Power & Gas	Residential		20% off consumption	Pay on time. Monthly email bills and automatic monthly instalment payments. First instalment is paid in advance.	36	\$20	Infinite rewards card Direct debit payments cost \$1.10 per transaction	Prior notice as per energy laws
EnergyAustralia	Residential		10% off consumption		24	\$20		28 days
	Business	Business offer	10% off consumption		24	nil		28 days
Lumo Energy	Residential	Advantage	10% off consumption and use	Pay on time	24	\$20	Lumo advantage card	Next bill
	Business	Commercial offer		Discount negotiable				
Momentum Energy	Residential	flexiswitch		Monthly billing only	0	Nil		
	Business	SmilePower—business			12–36	<40 MWh = \$20 >40 MWh = \$110		



Retailer	Type	Name	Discount	Conditions for discount	Contract (months)	Early termination fee	Bonus	Notice to increase prices
Neighbourhood Energy	Residential		10% off consumption and use		0	nil		30 days
	Business		10% off consumption and use	Pay on time	0	nil		
Origin Energy	Residential	Daily Saver	10% off consumption		12	\$22		Next bill / 30 days
	Business	Business Choice	10% off consumption		12	\$22		May vary with notice
Powerdirect	Residential		10% off consumption		36	\$20	\$50 rebate for direct debit	Next bill
	Business	Business Offer	10% off consumption		36	\$20	\$50 rebate for direct debit	Next bill
Red Energy	Residential	Living energy saver	7% off consumption and use	Pay on time	24	\$20		
	Business	Living energy saver	7% off consumption and use	Pay on time	24	\$20		
Simply Energy	Residential	Simply Save	10% off consumption	Pay on time	24	\$20		30 days or 90 days if above CPI



Retailer	Type	Name	Discount	Conditions for discount	Contract (months)	Early termination fee	Bonus	Notice to increase prices
	Business	Save More — Work	15% off consumption		36	\$20		
TRUenergy	Residential	Go For More	3% off consumption and use	Pay on time	36	\$22		10 days written notice
	Business	Business Edge		Discount included in price	3	\$22		10 days written notice



Table 4.18 Comparison of retailers' market offers—gas
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Retailer	Type	Name	Discount	Conditions for discount	Contract (months)	Early termination fee	Bonus	Notice to increase prices
AGL	Residential	Advantage 5	5% off consumption		24	\$75/one year \$50/two year	\$60 voucher	
	Business	Advantage 5	5% off consumption		24	\$100/one year \$75/two year	\$150 voucher	
Australian Power & Gas	Residential	Super Saver Rewards	5% off consumption and use	Pay on time	36	\$88/1 year \$22/2 year	\$25 every six months for contract life if pay all bills on time	Next bill
EnergyAustralia	Residential		7% off consumption and use	5% if gas only	24	\$20		28 days
	Business		8% off consumption and use	5% if gas only	24	nil		28 days
Lumo Energy	Residential	Advantage	10% off consumption and use	Pay on time	24	No fee if find cheaper deal or up to \$80	Lumo advantage card	Next bill
	Business	Commercial Offer		Discount negotiable				
Origin Energy	Residential	Daily saver	4% off consumption		12	\$22		Next bill/ 30 days



Retailer	Type	Name	Discount	Conditions for discount	Contract (months)	Early termination fee	Bonus	Notice to increase prices
	Business	Business supply						
Red Energy	Residential	Living energy saver	7% off consumption and use	Pay on time	24	\$20		Next bill
Simply energy	Residential	Simply Save	10% off consumption	Pay on time	24	\$20		30 days or 90 days if above CPI
	Business	Save More —Work	10% off consumption	Only available with electricity	0	Nil		30 days or 90 days if above CPI
TRUenergy	Residential	Go for More		3% discount shown in tariffs	3	\$22		10 days written
	Business	Business Edge		3% discount shown in tariffs	3	\$22		10 days written