



# ENERGY RETAILERS COMPARATIVE PERFORMANCE REPORT

PRICING

2009-10



**An appropriate citation for this paper is:**

Energy retailers comparative performance report – pricing 2009-10, December 2010



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## CHAIRPERSON'S COMMENTARY

Since 1 January 2009, all Victorian energy retailers have been able to set their customers' electricity and gas prices in the competitive market. The Victorian Government required certain prices to be published by the retailers and retained a price monitoring role. The Essential Services Commission (the Commission) was charged with publishing these prices on its website and reporting to the Government on an annual basis.

The Government specifically wants to understand the extent to which the Victorian energy retail market is competitive. This 2009-10 pricing report, which complements the Commission's 2009-10 customer service report, shows that the Victorian market continues to be highly competitive. There are up to 14 retailers competing actively in the electricity market for residential and small business customers and up to 8 retailers in the competitive gas market. In the residential electricity market, the local retailers' market share continued to decrease in 2009-10, down to 71.5 per cent—down from 77 per cent in 2008-09. In the gas sector, their market share decreased by 3 per cent in 2009-10 to 79 percent.

Approximately 25 per cent of all gas and electricity customers switched retailers in 2009-10, which is similar to the previous year. This rate continues to be one of the highest in the comparable jurisdictions. Around 65 per cent of Victorian customers have entered competitive market contracts with their own or a new retailer.

There were significant increases in both residential and small business prices in 2009-10, ranging from 6 per cent to 16 per cent on average. This report shows that there are significant savings for consumers if they shop around for a better offer. For example, those customers who have never entered the competitive market and remain on the standing offer (or default) price often are paying up to 10 per cent more than they would pay if they were on a market offer.

On average, residential customers can save \$92 per year on a single rate tariff, \$130 on a two-rate tariff and \$165 on a time-of-use tariff when they switch from a standing offer to a market offer with all discounts included.

The conclusion that I draw from the 2009-10 review of the Victorian energy market is that consumers can benefit significantly from shopping around and considering a range of offers. For this reason, it is disappointing that we have found once again that retailers are not providing consumers with offer summaries to assist them to compare offers in their own time.

The Commission's regulations require retailers to provide these offer summaries to customers on request. These summaries help customers to understand the offers more fully and to take some time to consider their options. Our independent research shows that in 2009-10, some retailers are not complying with this regulation. The Commission wrote to all retailers regarding their obligation to provide written offer summaries in July 2010. All retailers responded and assured me that they are complying. I expect to see improvements in performance in this area over the coming 12 months.

However, this independent research did find that consumers can find other competitive offers if they contact retailers and seek an offer. This is a positive development for customers who may not have access to the YourChoice website or who want to compare those offers with others in the



marketplace. On the basis of this research, we confirmed that concession card holders are not treated differently from other customers in accessing competitive offers.

In 2009-10 we enhanced our YourChoice website with a comparator which enables consumers to easily compare any offers which may interest them against their current bills. This can be easily accessed at [www.yourchoice.vic.gov.au](http://www.yourchoice.vic.gov.au). From 2011, the Commission will also publish quarterly summaries of price movements on our website so that consumers can quickly see the offers that they may like to compare.

Dr Ron Ben-David  
Chairperson



## EXECUTIVE SUMMARY

The Essential Services Commission has reported on pricing in the Victorian energy market for 3 years. The *Energy retailers comparative performance report - pricing 2009-10* 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 analyses energy 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 and is available at [www.yourchoice.com.au](http://www.yourchoice.com.au).

### Market offers

The price of electricity has increased across all offers published on the YourChoice website. For residential electricity market offers, prices increased by an average 13.5 per cent over the past 12 months.

Residential customers can make substantial 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 \$92 a year on a single rate tariff, \$130 on a two-rate tariff and \$165 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 2009-10. Customers that receive discounts can save up to \$50 on their annual bill. If they switch from a standing offer to a fully discounted market offer, they can save around 10 per cent or \$100 on their annual bill.

Small business customers also experienced bill increases in 2009-10—up 5 per cent for gas and 7.5 per cent for electricity. The difference between a standing offer and a fully discounted market offer was an average of \$566 for gas and for electricity an average of \$270 for single rate small business and \$800 for time-of-use small business customers. Again, the price data show shopping around provides benefits for managing energy bills.

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

Go to our  
website  
[www.yourchoice.com.au](http://www.yourchoice.com.au) to  
find the best  
price in your  
area.



Supply charge increases between 2008-09 and 2009-10 were on average 42 per cent higher in the Jemena network area and between 21 per cent and 26 per cent in all other distribution zones. There was significant variance between the retailers in their supply charges, as much as 30 cents per day between retailers in some areas. These differences can allow customers to get a better deal for their specific energy needs.

## Standing offers

Standing offer prices (or default offers) increased, on average, 12–16 per cent across all distribution zones and tariff types, but some retailers increased their standing offers up to 24 per cent.

Standing offer prices show greater consistency in offers across retailers in 2009-10 than in 2008-09. The average price difference between the offers was around \$150 per year—down from the 2008-09 difference of \$300. Standing offer tariffs for small business customers varied by more than did those for the residential electricity market. They differed up to 20 per cent in most distribution zones—up to \$500 on an average annual bill.

In gas, prices for small business customers varied considerably in some distribution zones—up to \$2000 plus per year between the highest and lowest prices. Residential gas customers also found a price variation in their distribution zone; in some cases, the variance was over \$250 per year.

## Historical standing offers

Standing offer prices 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 when prices generally decreased. The price rise partly reflected rising distribution costs, the statewide roll out of advanced metering technology and electricity generation costs.

When residential electricity prices are adjusted for inflation, the average price rise across the three tariffs between 2005-06 and 2009-10 was approximately 19 per cent.

Price increases from 1994-95 varied for each tariff type: single rate prices rose by 6 per cent and two-rate prices rose by 14 per cent (time-of-use tariff was not available in 1994-95). The bills for small business fell by up to 29 per cent over the 15 year period, but rose by 11 per cent (\$285) in the past five years.

For residential gas customers, the average charge adjusted for inflation was 25 per cent higher in 2009-10 than in 1999, with an increase of 15 per cent in the past five years. Average prices for small business gas customers decreased between 1999 and 2005-06, but increased by 12 per cent in the past five years.



## Customer offers

The Essential Services Commission undertook market research to determine the range of offers available to consumers when they contact retailers, and the degree to which those offers may differ from the offers published on the YourChoice website. The majority of consumers were offered tariffs consistent with those published on the YourChoice website. Less than 10 per cent of consumers received a quote greater than 5 per cent above the published offer. This research is available to download from our website at [www.esc.vic.gov.au](http://www.esc.vic.gov.au).

The supply of written offer summaries on request continued to be low at only 50 per cent, unchanged from 2008-09. The provision of offer summaries on request is a regulatory requirement—the Commission wrote to the retailers in July 2010 for assurance that this area will improve in the future. All retailers responded that they are complying.



# 1 ABOUT OUR REPORT

## 1.1 About this report

The *Energy retailers comparative performance report - pricing 2009-10* 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 analyses energy 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.

Section 39A of the *Electricity Industry Act 2000* and s. 47 of the *Gas Industry Act 2001* require the Essential Services Commission to report to the Minister for Energy and Resources on published standing and market offers, and on other features of the competitive market. A separate Commission report, *Energy retailers comparative performance report: customer service 2009-10*, reviews how well the energy retailers treat their customers (including those customers experiencing financial hardship) against certain performance indicators. It also reviews retailers' call centre performance and complaints. The Commission publishes both reports on its website, [www.esc.vic.gov.au](http://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 the competitive market activity
- comparison of the retailers' standing offer prices and analysis of historical pricing and trends
- comparison and analysis of the market offers available, including the savings available, and
- a review of research on the market offers readily available to consumers.

## 1.3 Data sources

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

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

Before publishing this report, the Commission circulated it to all retailers and invited them to comment.



## 1.4 Relevance of distribution zones

Retailers set their prices against the regulated distribution prices. Some retailers have the same price across the state, for both variable and fixed charges, but most use the regulated charge as the basis for their prices. Therefore, customers may see different prices for the same retailer in different distribution zones.

The report provides comparisons of standing offer and market offer prices by different tariff/meter classes in the electricity and gas distribution zones.

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 for metering services). The charges published by the retailers incorporate the supply charge for the customer's local area. Figures 1.1 to 1.4 show these distribution zones.

Victoria has five electricity distribution zones, and if retailers want to sell in those areas, they must publish tariffs for those zones. Thirteen retailers published electricity residential prices in 2009-10, and 11 retailers published offers for small business customers.

There are 20 gas distribution zones. Up to eight retailers published gas prices for residential customers and small business customers in 2009-10.



Figure 1.1 Electricity distribution zones—state

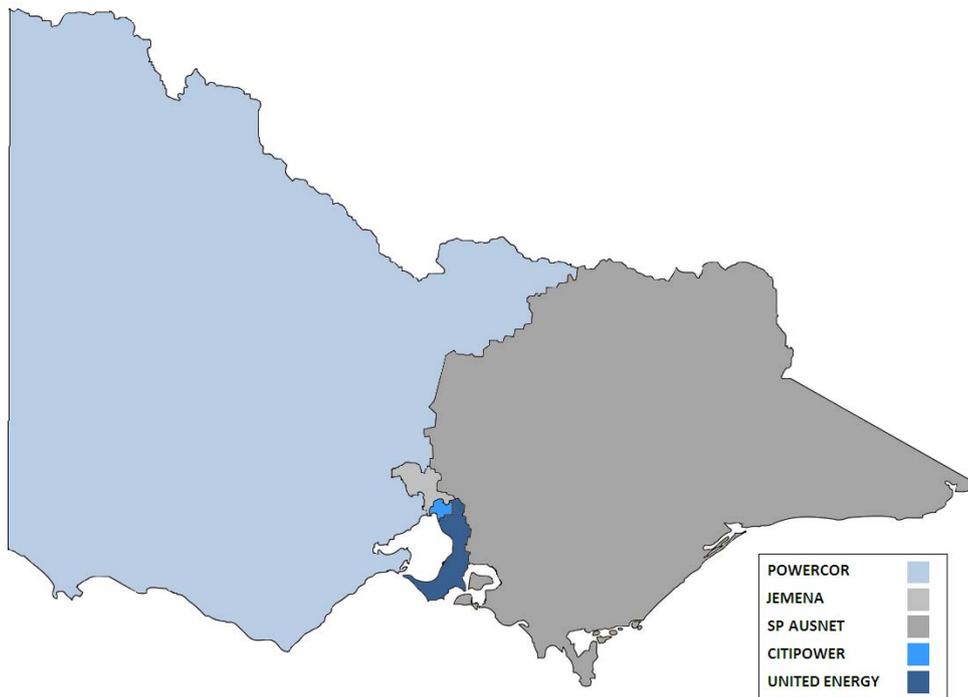
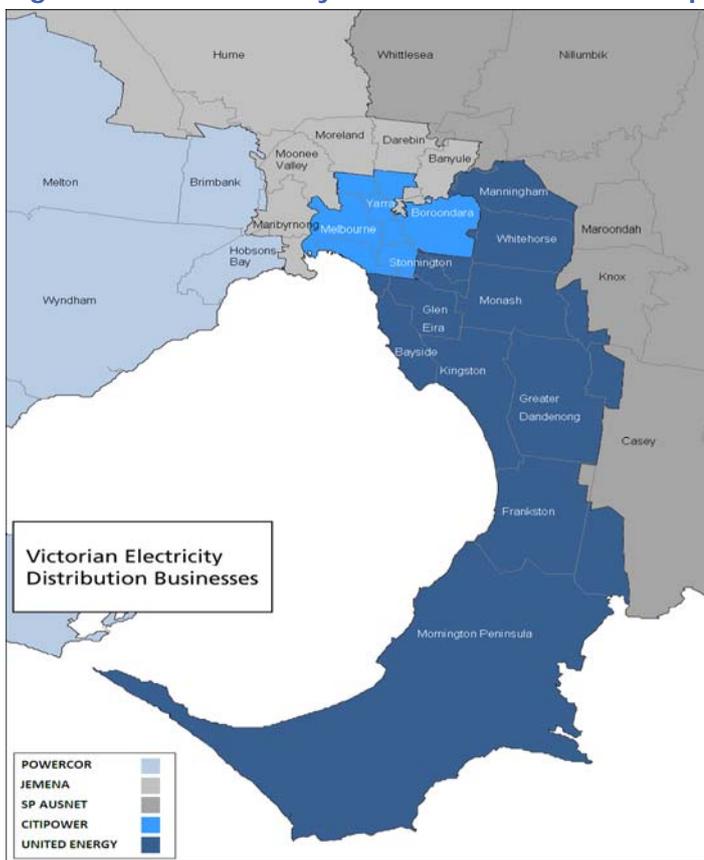
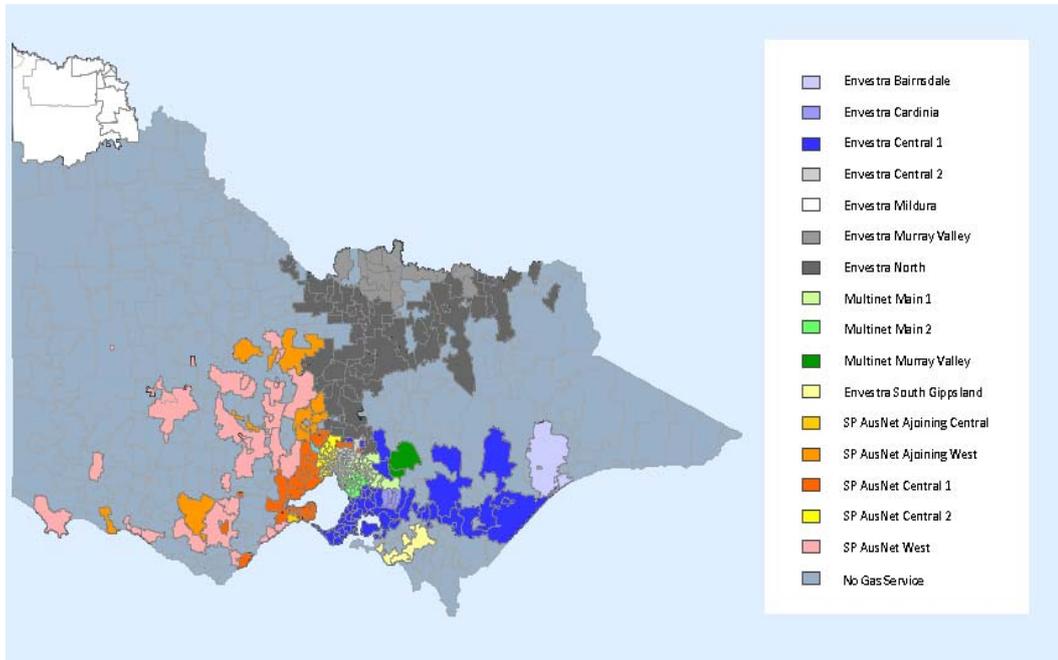


Figure 1.2 Electricity distribution zones—metropolitan Melbourne

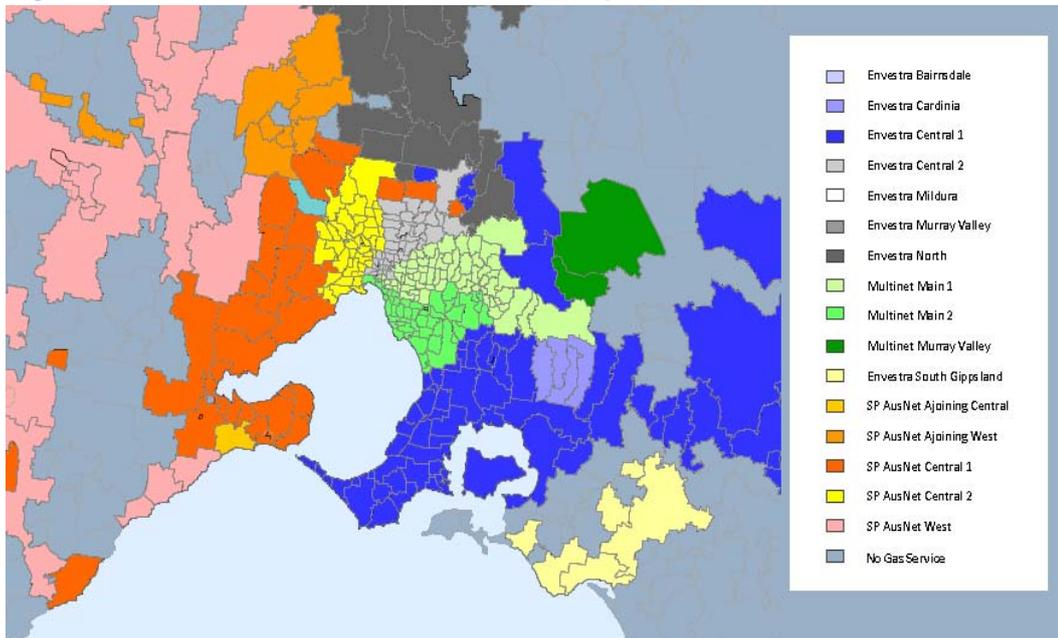




**Figure 1.3 Gas distribution zones—state**



**Figure 1.4 Gas distribution zones—metropolitan Melbourne**





## 1.5 Energy markets

The Australian energy sector has changed dramatically over the past 20 years. Australian governments have put in place significant reforms to improve the sustainability and efficiency of the energy markets and to increase the 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 to the retail markets so that all customers in the NEM can now choose their energy retailer, and
- establishing a national regulator (the Australian Energy Regulator) to set the prices and access to the monopoly distribution businesses.

The Victorian Government further reformed this energy market by deregulating energy prices for all customers from 1 January 2009. All retailers now set their own retail prices.

Victoria has 22 licensed retailers serving 2.575 million customers, some of these retailers have a long history in the previously franchised market (the 'local' retailers: AGL, Origin Energy and TRUenergy), while others have entered the market since it opened to competition. Seven of these retailers had either less than 500 customers each at 30 June 2010, or they mainly sell to large business customers—these can be seen in Table 1.2. Table 1.1 breaks down average residential and small business customer numbers in the Victorian electricity market.



**Table 1.1 Customer numbers—electricity**  
2009-10

Retailer	Domestic	Business	Total
AGL	576 932	71 488	648 420
Australian Power & Gas	65 757	0	65 757
Click Energy	1 654	186	1 840
Country Energy	54 916	13 167	68 083
Energy Australia	27 442	2 143	29 585
Momentum	1 454	10 933	12 387
Neighbourhood Energy	27 413	0	27 413
Origin Energy	55 2249	87 518	639 667
Powerdirect	17 287	21 700	38 987
Red Energy	143 212	4 017	147 229
Simply Energy	123 148	11 731	134 879
TRUenergy	496 153	66 148	562 301
Victoria Electricity <sup>a</sup>	184 403	13 094	197 497
Other (see below )	62	822	884
<b>All retailers</b>	<b>2 272 082</b>	<b>302 847</b>	<b>2 575 035</b>

<sup>a</sup> Victoria Electricity now Lumo Energy

Table 1.2 shows retailers with less than 500 customers or retailers that supply large businesses only.

**Table 1.2 Customer numbers—electricity, other retailers**  
2009-10

Retailer	Domestic	Business	Total
AGL (Queensland)	0	145	145
Aurora Energy	0	54	54
Diamond Energy	0	17	17
Dodo Power & Gas	2	0	2
Integral Energy	0	99	99
Sun Retail	60	78	138
TRUenergy Yallorn	0	429	429
<b>All retailers</b>	<b>62</b>	<b>822</b>	<b>884</b>

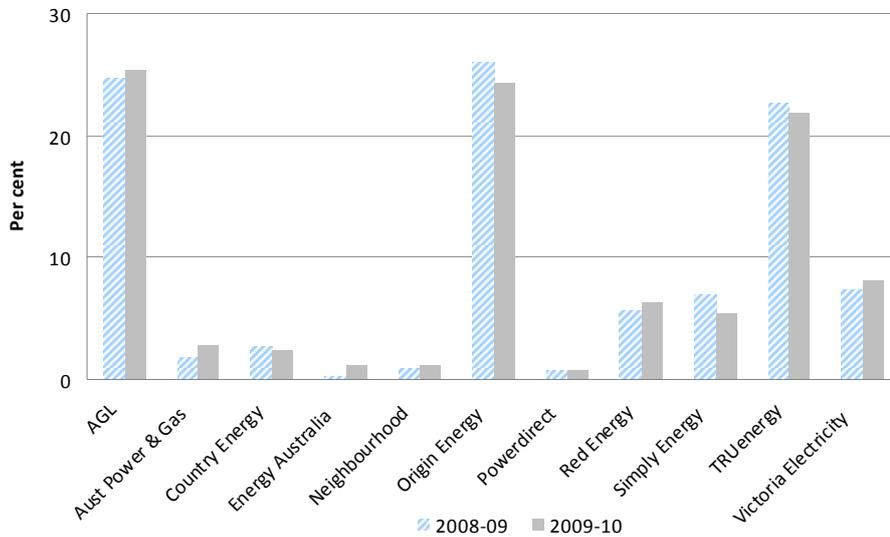


There has been a considerable shift in market share in the electricity sector since competition was introduced in the early 2000s. Then, three retailers—AGL, TRUenergy and Origin Energy—held 100 per cent residential and business market share. This has decreased as new retailers have entered the market. Figures 1.5 and 1.6 show:

- in the residential market, AGL, Origin Energy and TRUenergy combined continue to hold the largest market share in 2009-10, with 71.5 per cent; this is down from 77 per cent in 2008
- in the business market, all the large retailers lost market share. Momentum Energy and Powerdirect (who focus almost exclusively on business customers) and Victoria Electricity gained the most market share, and
- total new connections in the residential market increased by nearly 50 000 in 2009-10 and by nearly 14 000 in the small business market.



**Figure 1.5 Market share change—residential electricity**  
2008-09 to 2009-10



**Figure 1.6 Market share change—small business electricity**  
2008-09 to 2009-10

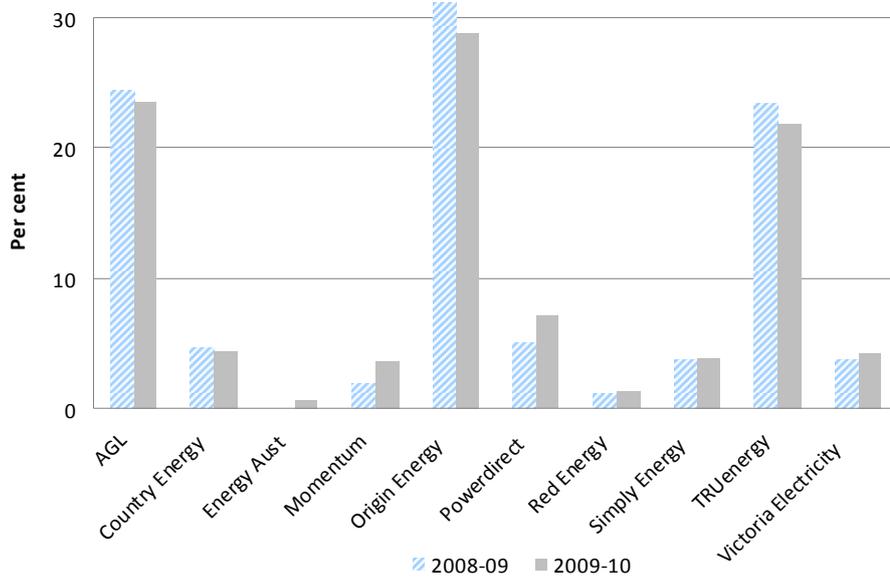




Table 1.3 breaks down average residential and small business customer numbers in the Victorian gas market. Eight retailers sell gas in the state to 1.859 million customers.

**Table 1.3 Customer numbers—gas**  
2009-10

Retailer	Domestic	Business	Total
AGL	492 957	12 508	505 465
Australian Power & Gas	52 577	0	52 577
Energy Australia	24 468	456	24 924
Origin Energy	508 295	13 109	521 404
Red Energy	72 064	446	72 510
Simply Energy	99 478	1 467	100 945
TRUenergy	428 035	19 310	447 345
Victoria Electricity <sup>a</sup>	132 275	1 672	133 947
<b>All retailers</b>	<b>1 810 149</b>	<b>48 968</b>	<b>1 859 117</b>

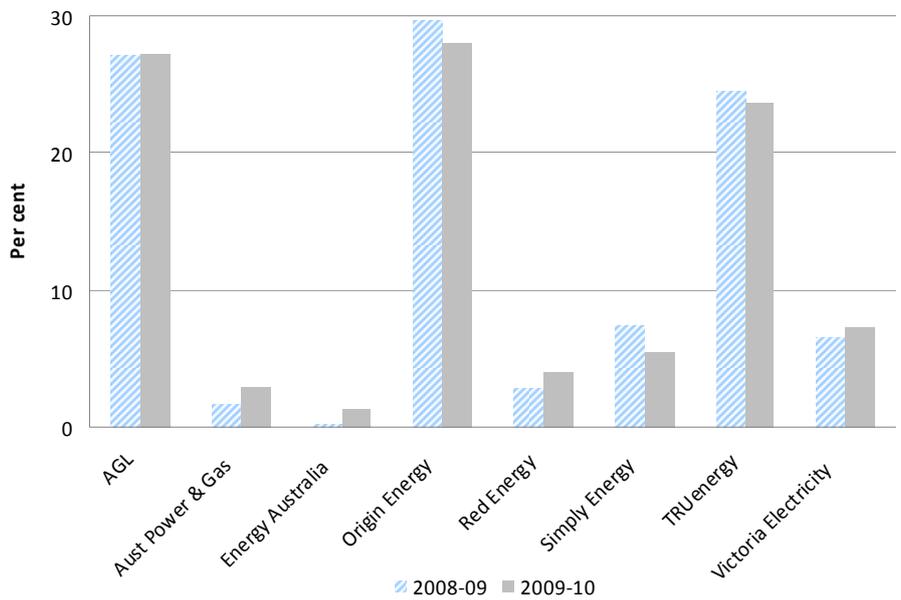
<sup>a</sup> Victoria Electricity now Lumo Energy

The local retailers in the gas market decreased their market share by 3 per cent in 2009-10 down to 79 percent from 82 per cent in 2008-09. Figures 1.7 and 1.8 show:

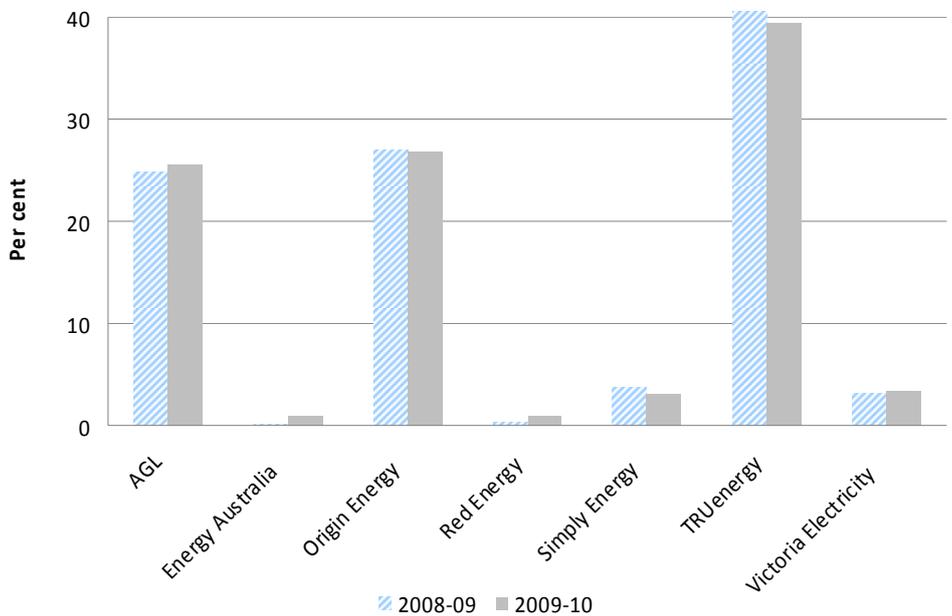
- Red Energy, Australian Power & Gas and EnergyAustralia each increased their market share, Simply Energy, Origin Energy and TRUenergy lost market share
- the small business gas market did not change much over the past financial year, with AGL increasing its market share the most, and
- the total number of new connections to the gas system increased by just over 40 000 in 2009-10.



**Figure 1.7 Market share change—residential gas**  
2008-09 to 2009-10



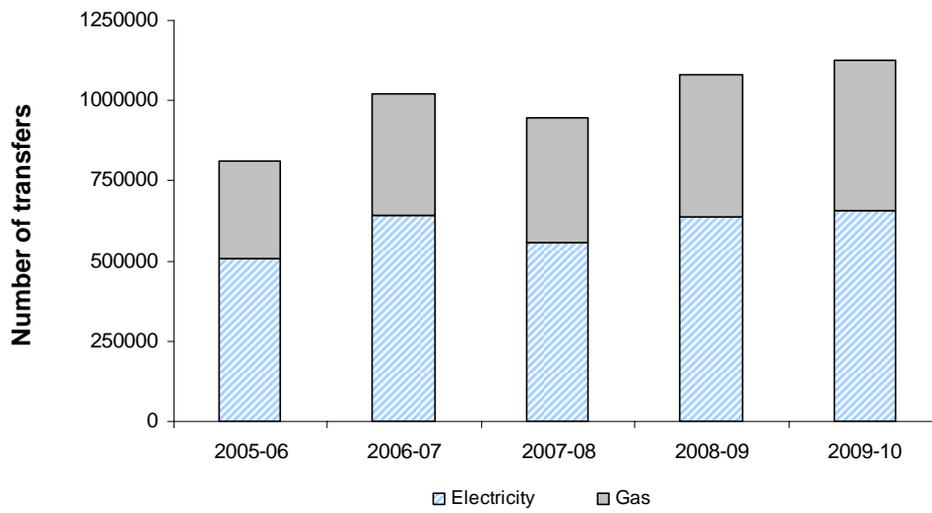
**Figure 1.8 Market share change—small business gas**  
2008-09 to 2009-10



## 1.6 Market transfers

The number of customers switching between retailers (known as a market transfer), is an indicator of how well the competitive energy market is working in Victoria. The Australian Energy Market Operator (AEMO) provides data on the number of market transfers that occurred in 2009-10 and this is shown in figure 1.9

**Figure 1.9 Market transfers**  
2009-10



Data source: AEMO

Note: Gas data uses an average figure for the month of June 2010.

The total number of electricity and gas transfers for 2009-10 was 1.12 million, an increase of 44 000 customers on 2008-09. In total 658 354 electricity customers and 466 535 gas customers switched retailers. This represents an annual transfer rate of 25 per cent of all gas and electricity customers, virtually unchanged from 2008-09.



## 1.7 Tariff types

Annual charges listed in this report incorporate both supply charges and usage charges based on a typical usage pattern for each meter type.

Electricity pricing is based on the following use 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 that has electric hot water or heating that heats over night 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 the weekend 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 small business is 12 000 kWh peak consumption per year.** This is typical of a small business that is closed on weekends.
5. **Time-of-use rate small business is 25 000 kWh peak and 15 000 kWh off-peak consumption per year.** This is typical of a larger small business that is open more than 5 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 small business is 500 GJ consumption per year.** This is typical of an average small business customer.



## 2 COMPARING RETAILERS' STANDING OFFERS

### 2.1 What we found

Standing offer prices show greater consistency in tariffs across retailers in 2009-10 than in 2008-09. The price difference between the tariffs was around \$150 per year—down from the 2008-09 difference of \$300. Standing offer tariffs for small business customers varied more than those for the residential electricity market. They differed up to 20 per cent in most distribution zones—up to \$500 on an average bill.

In gas, prices for small business customers varied considerably in some distribution zones—up to \$2000 plus per year between the highest and lowest prices. Residential gas customers also found a price variance in their distribution zone—in some cases, the variance was over \$250.

### 2.2 About standing offers

Standing offer, or default prices are what customers must pay if they have not changed to a retailer's 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.

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 small business customers. These tariffs cannot be varied for at least six months and all variations must be published one month before the 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, chapter 1). The prices include the tariff and the supply charge and are in nominal dollars.

Table 2.1 shows considerable variation in the highest and lowest standing offers available in each distribution zone. The tables also demonstrate the typical price increases in 2009-10. The average price increase for each zone and meter type varied from 12 to 16 per cent. Appendix A contains individual retailer data and is available to download from our website ([www.esc.vic.gov.au](http://www.esc.vic.gov.au)).



Overall, table 2.1 shows:

- standing offer prices increased, on average, 12 to 16 per cent across all distribution zones and tariff types, but some retailers increased their standing offers up to 24 per cent
- the highest and lowest prices in some distribution zones were substantial—for example, in some suburbs there is a difference of up to \$200 in their standing offer price depending on the retailer
- Momentum's prices for 2009-10 did not increase, but remained one of the highest standing offers for residential customers—this may reflect their focus on business customers
- while not the highest, Australian Power & Gas and TRUenergy increased their standing offer prices by around 20 per cent across all the distribution zones, and
- Victoria Electricity and Click Energy increased their prices by only around 10 per cent across most distribution zones. Along with EnergyAustralia, these retailers published the lowest standing offer prices.

**Table 2.1 Residential standing offers—electricity, 2009-10**

Distribution zone	Lowest price \$	Highest price \$	2009-10 average price \$	Average increase from 2008-09 %
<b>Single rate tariff</b>				
<b>Citipower Electricity</b> Inner city and Eastern suburbs	Click Energy 947	Momentum Energy 1 063	995	15
<b>Jemena Electricity</b> Inner Western and Northern suburbs	Neighbourhood <sup>a</sup> 1 023	AGL 1 117	1 071	16
<b>Powercor Electricity</b> Outer Western suburbs and Western Victoria	Country Energy 1 034	Momentum Energy 1 180	1 096	13
<b>SP Ausnet Electricity</b> Eastern suburbs and Eastern Victoria	Click Energy 958	Powerdirect 1 111	1 049	16
<b>United Energy Electricity</b> Outer South Eastern suburbs & Mornington	Simple Energy 992	Momentum Energy 1 097	1 032	13



Distribution zone	Lowest price \$	Highest price \$	2009-10 average price \$	Average increase from 2008-09 %
<b>Two-rate tariff</b>				
<b>Citipower Electricity</b> Inner city and Eastern suburbs	Energy Australia 1 201	Powerdirect 1 519	1 298	14
<b>Jemena Electricity</b> Inner Western and Northern suburbs	Energy Australia 1 255	Powerdirect 1 429	1 363	16
<b>Powercor Electricity</b> Outer Western suburl and Western Victoria	Energy Australia 1 289	Momentum Energy 1 599	1 385	12
<b>SP Ausnet Electricity</b> Eastern suburbs and Eastern Victoria	Energy Australia 1 320	Red Energy 1 474	1 414	14
<b>United Energy Electricity</b> Outer South Eastern suburbs & Mornington	Energy Australia 1 160	Momentum Energy 1 376	1 317	12
<b>Time-of-use tariff</b>				
<b>Citipower Electricity</b> Inner city and Eastern suburbs	Click Energy 1 590	Powerdirect 1 711	1 648	15
<b>Jemena Electricity</b> Inner Western and Northern suburbs	Energy Australia 1 626	Powerdirect 1 891	1 748	14
<b>Powercor Electricity</b> Outer Western suburbs and Western Victoria	Energy Australia 1 663	Momentum Energy 1 800	1 725	13
<b>SP Ausnet Electricity</b> Eastern suburbs and Eastern Victoria	Simple Energy 1 649	Victoria Electricity 1 893	1 819	13
<b>United Energy Electricity</b> Outer South Eastern suburbs & Mornington	Victoria Electricity 1 600	Momentum Energy 1 802	1 695	13

**a Neighbourhood Energy Note:** All prices are in nominal dollars in this chapter



## 2.4 Small business electricity prices

This section shows retailers' standing offer prices for small 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, chapter 1).

Table 2.2 shows the range of standing offers published in each distribution zone. They also demonstrate typical price increases in 2009-10, which averaged 7 to 12 per cent for each zone and meter type. Appendix A contains individual retailer data and is available to download from our website ([www.esc.vic.gov.au](http://www.esc.vic.gov.au)).

Overall table 2.2 shows:

- the difference in a standing offer price within a distribution zone could be up to \$300 for single rate and \$1200 for time-of-use
- across distribution zones and tariff types, Country Energy, Momentum and AGL showed the lowest price increases between 2008-09 and 2009-10, and
- EnergyAustralia, Origin Energy and Simply Energy showed the greatest price increases.



**Table 2.2 Small business standing offers—electricity, 2009-10**

Distribution zone	Lowest price \$	Highest price \$	2009-10 average price \$	Average increase from 2008-09 %
<b>Single rate</b>				
<b>Citipower Electricity</b> Inner city and Eastern suburbs	Click Energy 2 531	Origin Energy 2 841	2 623	9
<b>Jemena Electricity</b> Inner Western and Northern suburbs	EnergyAustralia 2 645	Origin Energy 2 930	2 797	11
<b>Powercor Electricity</b> Outer Western suburbs and Western Victoria	AGL 2 749	Origin Energy 3 161	2 909	9
<b>SP Ausnet Electricity</b> Eastern suburbs and Eastern Victoria	Powerdirect 2 665	Simply Energy 3 024	2 878	11
<b>United Energy Electricity</b> Outer South Eastern suburbs & Mornington	AGL 2 783	Origin Energy 3 168	2 936	8
<b>Time-of--use</b>				
<b>Citipower Electricity</b> Inner city and Eastern suburbs	Energy Australia 7 339	Origin Energy 8 287	7 706	11
<b>Jemena Electricity</b> Inner Western and Northern suburbs	Click Energy 7 366	Momentum Energy 8 276	7 865	9
<b>Powercor Electricity</b> Outer Western suburbs and Western Victoria	AGL 7 785	Origin Energy 8 553	8 243	10
<b>SP Ausnet Electricity</b> Eastern suburbs and Eastern Victoria	Powerdirect 7 801	TRUenergy 8 958	8 598	12
<b>United Energy Electricity</b> Outer South Eastern suburbs & Mornington	Click Energy 7 392	Origin Energy 8 743	7 983	7



## 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, chapter 1). Gas is not universally available throughout Victoria; in some of the gas extension areas, only one or two retailers were present in 2009-10. As with electricity standing offers, many retailers' standing offer tariffs varied considerably within a distribution zone.

Table 2.3 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, by 6 to 13 per cent. The Envestra Central 1 distribution zone experienced an average 17 per cent increase. Appendix A contains individual retailer data and is available to download from our website ([www.esc.vic.gov.au](http://www.esc.vic.gov.au)).

Overall, the table shows:

- prices varied greatly in the established distribution zones by up to \$300
- customers within newer distribution zones (for example Envestra Mildura) paid significantly higher prices for gas than the established areas
- most retailers increased prices by around 10 per cent, with no consistent pattern across distribution zones or tariff types, and
- Victoria Electricity consistently showed the greatest price increases from 2008-09 to 2009-10.



**Table 2.3 Residential standing offers—gas, 2009-10**  
Single rate tariff

Distribution zone	Lowest price \$	Highest price \$	2009-10 average price \$	Average increase from 2008-09 %
<b>Envestra Bairnsdale</b> Bairnsdale	AGL 1 197	TRUenergy 1 601	1 376	8
<b>Envestra Cardinia</b> West Gippsland	TRUenergy 1 379	APG 1 397	1 387	9
<b>Envestra Central 1</b> Frankston, Mornington Peninsula and Gippsland	Energy Australia 918	Victoria Electricity 1 165	1 023	17
<b>Envestra Central 2</b> Inner city and Inner North Eastern suburbs	Australian Power & Gas 935	Victoria Electricity 1 200	986	11
<b>Envestra Mildura</b> Mildura	Origin Energy 1 448	—	1 448	8
<b>Envestra Murray Valley</b> Numurkah, Cobram	AGL 1 147	TRUenergy 1 262	1 211	7
<b>Envestra North</b> North and North Eastern Victoria	EnergyAustralia 936	Victoria Energy 1 195	1 022	12
<b>Envestra North, AGL</b> North Victoria	AGL 970	—	970	8
<b>Gas Extension Zone</b> Yarra Glen	AGL 1 150	TRUenergy 1 245	1 198	6
<b>Multinet Gas Extension Zone</b> Woori, Yallock and Seville	AGL 1 174	TRUenergy 1 207	1 190	8
<b>Multinet Main 1</b> Eastern and South Eastern suburbs	TRUenergy 895	Victoria Electricity 1 188	974	10
<b>Multinet Main 2</b> Bayside and South Eastern suburbs	Energy Australia 861	Victoria Electricity 1 162	942	11
<b>Multinet Yarra Valley</b> Warburton	AGL 1 150	TRUenergy 1 229	1 190	9
<b>Multinet South Gippsland</b> Leongatha and Wonthaggi	Red Energy 1 398	—	1 398	—



Distribution zone	Lowest price \$	Highest price \$	2009-10 average price \$	Average increase from 2008-09 %
<b>SP Ausnet Adjoining Central</b> Barwon Heads	AGL 1 041	TRUenergy 1 316	1 175	9
<b>SP Ausnet Adjoining West</b> Macedon and Gisborne	Origin Energy 1 189	Victoria Electricity 1 498	1 303	10
<b>SP Ausnet Central 1</b> Outer Northern, Outer Western suburbs and Geelong area	Energy Australia 998	Victoria Electricity 1 272	1 058	12
<b>SP Ausnet Central 2</b> Western and North Western suburbs	Energy Australia 961	Victoria Electricity 1 272	1 052	13
<b>SP Ausnet West</b> Bendigo, Ballarat, Castlemaine and Western Victoria	Energy Australia 942	Victoria Electricity 1 193	1 015	13

— not applicable

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

## 2.6 Small business gas prices

Five retailers (AGL, Origin, TRUenergy, Simply Energy and Energy Australia) published standing offer gas prices for small businesses; in some cases, the price difference within the distribution zones was significant.

Table 2.4 summarises the range of standing offer prices available to small business gas customers across the state.

Average prices in most distribution zones rose during 2009-10, mostly by 4 to 13 per cent. Prices fell by 1 per cent in the Envestra Mildura zone and the SP Ausnet Adjoining Central zone. Appendix A contains individual retailer data and is available to download from our website ([www.esc.vic.gov.au](http://www.esc.vic.gov.au)).

Overall, table 2.4 shows:

- average prices across Victoria varied greatly—up to \$2500, with newer distribution zones paying significantly higher prices for gas than established areas, and
- Victoria Electricity and TRUenergy had consistently high prices.



**Table 2.4 Small business standing offers—gas, 2009-10**  
Single rate tariff

Distribution zone	Lowest price \$	Highest price \$	2009-10 average price \$	Average increase from 2008-09 %
<b>Envestra Bairnsdale</b> Bairnsdale	AGL 7 638	TRUenergy 11 302	7 638	na
<b>Envestra Cardinia</b> West Gippsland	Origin Energy 8 679	Victoria Electricity 11 870	10 000	na
<b>Envestra Central 1</b> Frankston, Mornington Peninsula and Gippsland	Simply Energy 4 896	Victoria Electricity 7 495	5 778	9
<b>Envestra Central 2</b> Inner city and Inner North Eastern suburbs	Simply Energy 5 323	Victoria Electricity 7 738	5 989	9
<b>Envestra Mildura</b> Mildura	Origin Energy 7 485	—	7 485	-1
<b>Envestra Murray Valley</b> Numurkah, Cobram	AGL 6 564	TRUenergy 7 131	6 898	10
<b>Envestra North</b> North and North Eastern Victoria	Energy Australia 5 262	Victoria Electricity 7 519	6 067	7
<b>Envestra North, AGL</b> North Victoria	AGL 5 516	—	5 516	6
<b>Gas Extension Zone</b> Yarra Glen	Origin Energy 5 489	TRUenergy 7 702	7 237	8
<b>Multinet Gas Extension Zone</b> Woori, Yallock and Seville	Energy Australia 5 398	TRUenergy 7 569	6 484	13
<b>Multinet Main 1</b> Eastern and South Eastern suburbs	AGL 4 843	Victoria Electricity 6 575	5 321	9
<b>Multinet Main 2</b> Bayside and South Eastern suburbs	Energy Australia 5 238	Victoria Electricity 7 155	5 491	8
<b>Multinet Yarra Valley</b> Warburton	Origin Energy 6 603	TRUenergy 7 267	6 999	7



Distribution zone	Lowest price \$	Highest price \$	2009-10 average price \$	Average increase from 2008-09 %
<b>SP Ausnet Adjoining Central</b> Barwon Heads	AGL 5 824	TRUenergy 8 381	6 620	-1
<b>SP Ausnet Adjoining West</b> Macedon and Gisborne	AGL 7 842	Victoria Electricity 10 317	8 836	5
<b>SP Ausnet Central 1</b> Outer Northern, Outer Western suburbs and Geelong area	Simply Energy 5 429	Victoria Electricity 6 853	5 960	4
<b>SP Ausnet Central 2</b> Western and North Western suburbs	Energy Australia 5 900	Victoria Electricity 7 858	6 557	10
<b>SP Ausnet West</b> Bendigo, Ballarat, Castlemaine and Western Victoria	Energy Australia 5 750	Victoria Electricity 7 567	6 410	8

— not applicable **Note:** When only one offer is available it is listed as the lowest price

## 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, the contributing factors to the standing offer price increases include:

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

The reasons were directly supported by two retailers, Simply Energy and Click Energy who commented that the increase was predominately caused by the pass through of costs of the Victorian advanced metering roll out and increases in the wholesale cost of electricity and added costs due to energy efficiency initiatives.



## 3 STANDING OFFER PRICES OVER TIME

### 3.1 What we found

Standing offer prices published by the three local retailers—AGL, Origin Energy and TRUenergy—for both electricity and gas increased in the past three years, following a long period when 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 2009 and 50 per cent of the price at 30 June 2010, the average price increase from 2005-06 to 2009-10 was approximately 19 per cent:

- \$156 for single rate customers
- \$190 for two-rate customers, and
- \$281 for time-of-use tariff customers.

Price increases from 1994-95 varied for each tariff type: single rate prices rose by 6 per cent and two-rate prices rose by 14 per cent (time-of-use tariff was not available in 1994-95).

The customers annual bills for small business fell by up to 29 per cent over the 15 year period, but rose by 11 per cent (\$285) in the past five years.

For residential gas customers, the average charge adjusted for inflation was 25 per cent higher in 2009-10 than in 1999, with an increase of 15 per cent in the past five years.

Average prices for small business gas customers decreased between 1999 and 2005-06, but increased by 12 per cent in the from 2005-06.

### 3.2 How are these standing offer prices 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, had the obligation to publish standing offer prices. This section shows the historical trend for these prices. Chapter 2 compared the standing offer tariffs of all retailers for 2009-10.

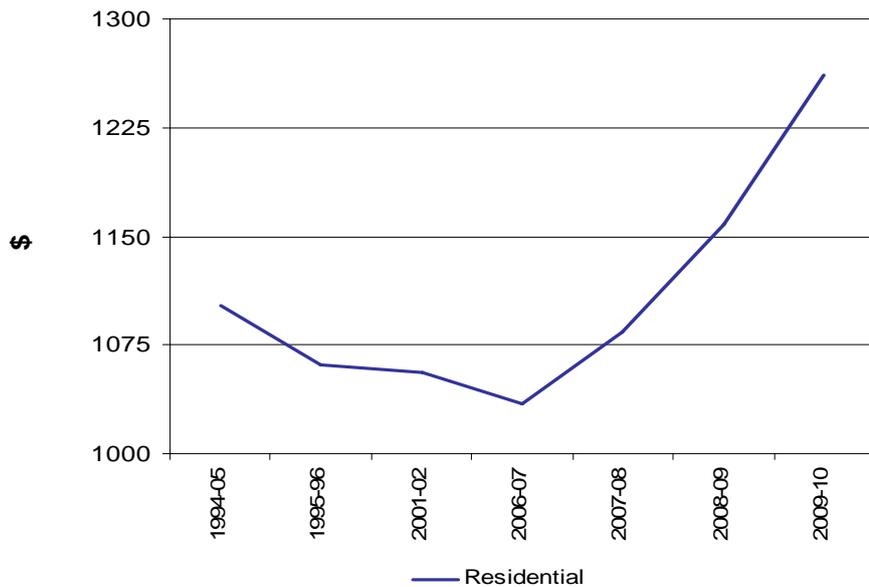
The prices in this section were calculated using an average price for the entire financial year. This calculation incorporated a 50 per cent weighting for both the 2009 (30 June) price and the 2010 (30 June) price. This approach is consistent with the method used in past years and reflects the historical price rise that traditionally occurred on 1 January each year. All prices were adjusted to the consumer price index (CPI) based on September quarter 2010 data.



### 3.3 Electricity and gas prices over time

Figures 3.1 and 3.2 show the trend in average electricity prices for two typical consumption patterns: the residential two-rate tariff and the small business single rate tariff (see box in section 1.7, chapter 1 for explanation of tariffs). The time series for electricity commenced in 1994-95.

**Figure 3.1 Average annual standing offers—residential, electricity**  
1994-95 to 2009-10 (2010\$)



**Figure 3.2 Average annual standing offers—small business, electricity**

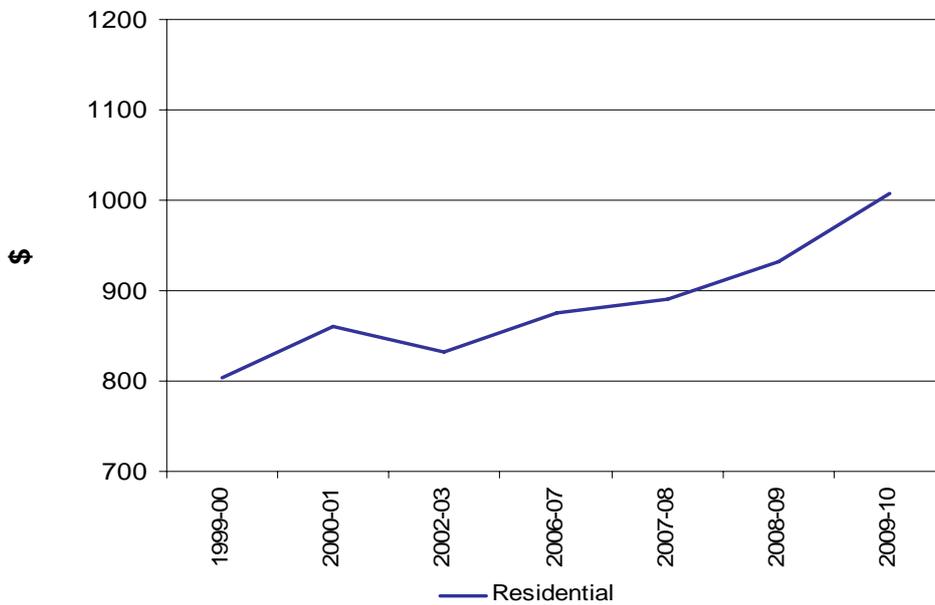




- The average annual bill for household customers on a two-rate tariff fluctuated between 1994-95 and 2009-10, but rose by 14 per cent (to \$1261 from \$1103) across that time
- The average annual bill for small businesses on a single rate tariff fell by 29 per cent between 1994-95 and 2009-10, despite rising by 11 per cent in the past five years to \$2626.

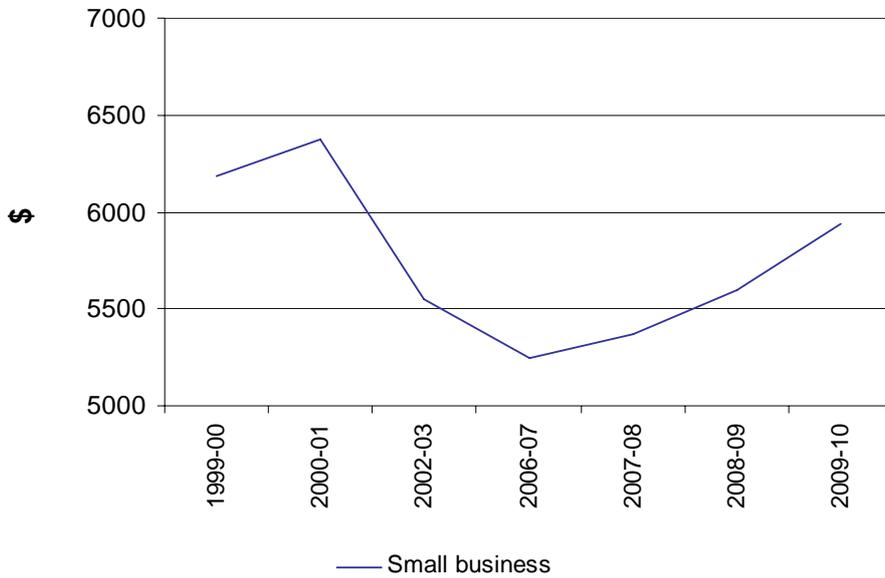
Figures 3.3 and 3.4 show the trend in average gas charges for two typical consumption patterns: the residential single rate tariff and the small business single rate tariff. The time series for gas commenced in 1999-2000.

**Figure 3.3** Average annual standing offers—gas  
1999-2000 to 2009-10 (2010\$)





**Figure 3.4 Average annual standing offers—gas**  
1999-2000 to 2009-10 (2010\$)



- The average annual charge for residential gas customers on a single rate tariff rose by 25 per cent between 1999-2000 and 2009-10, from \$804 to \$1007
- Small business gas customers on a single rate tariff paid 4 per cent less in 2009-10 than in 1999-2000 (\$5938 down from \$6183 in 1999-2000).

### 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 small 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 three years across the three tariff types.



**Table 3.1 Residential average annual prices—electricity**  
Single rate tariff (2010\$)

Distribution zone	2005-06	2006-07	2007-08	2008-09	2009-10	1 year change %	5 year change %
AGL—United Energy	837	819	854	907	971	7	16
AGL—Jemena	825	808	852	920	1 028	12	25
Origin Energy—Citipower	802	775	803	863	936	9	17
Origin Energy—Powercor	848	805	861	947	1 046	11	23
TRUenergy—SP Ausnet	833	798	824	868	944	9	13
<b>Average</b>	<b>829</b>	<b>801</b>	<b>839</b>	<b>901</b>	<b>985</b>	<b>9</b>	<b>19</b>

- The average annual price for single rate customers was \$985 in 2009-10, up 9 per cent from the 2008-09 value of \$901
- AGL customers in the Jemena distribution zone had the largest charge increase in 2009-10 (12 per cent), while Citipower customers had the lowest annual charge (\$936), despite a 9 per cent price increase
- Average industry prices in 2010 dollars were 19 per cent higher in 2009-10 than in 2005-06.

**Table 3.2 Residential average annual prices—electricity**  
Two-rate tariff (2010\$)

Distribution zone	2005-06	2006-07	2007-08	2008-09	2009-10	1 year change %	5 year change %
AGL—United Energy	1 059	1 034	1 081	1 134	1 220	8	15
AGL—Jemena	1 034	1 011	1 070	1 175	1 322	13	28
Origin Energy—Citipower	1 062	1 024	1 044	1 093	1 173	7	10
Origin Energy—Powercor	1 112	1 057	1 108	1 184	1 278	8	15
TRUenergy—SP Ausnet	1 089	1 046	1 117	1 206	1 316	9	21
<b>Average</b>	<b>1 071</b>	<b>1 035</b>	<b>1 084</b>	<b>1 158</b>	<b>1 261</b>	<b>9</b>	<b>18</b>

- The average annual price for two-rate customers was \$1261 in 2009-10, up 9 per cent from the 2008-09 value of \$1158.
- Jemena customers with AGL had the largest price increase in 2009-10 (13 per cent), while Citipower customers had the lowest annual price (\$1173) and the lowest price increase (7 per cent).
- Average industry prices were 18 per cent higher in 2009-10 than in 2005-06.



**Table 3.3 Residential average annual prices—electricity**  
Time-of-use tariff (2010\$)

Distribution zone	2005-06	2006-07	2007-08	2008-09	2009-10	1 year change %	5 year change %
AGL—United Energy	1 379	1 336	1 389	1 492	1 624	9	18
AGL—Jemena	1 358	1 326	1 402	1 556	1 649	6	21
Origin Energy—Citipower	1 319	1 276	1 323	1 415	1 492	5	13
Origin Energy—Powercor	1 395	1 325	1 385	1 497	1 639	10	18
TRUenergy—SP Ausnet	1 283	1 245	1 389	1 575	1 737	10	35
<b>Average</b>	<b>1 347</b>	<b>1 301</b>	<b>1 378</b>	<b>1 507</b>	<b>1 628</b>	<b>8</b>	<b>21</b>

- The average annual price for time-of-use customers was \$1628 in 2009-10, up 8 per cent from the 2008-09 value of \$1507.
- TRUenergy customers in the SP Ausnet distribution zone had the largest price increase in 2009-10 (10 per cent), while Origin customers in the Citipower distribution zone had the lowest annual price (\$1492) and also the lowest price increase (5 per cent).
- Average industry prices were 21 per cent higher in 2009-10 than in 2005-06.

**Table 3.4 Small business average annual prices—electricity**  
Single rate tariff (2010\$)

Distribution zone	2005-06	2006-07	2007-08	2008-09	2009-10	1 year change %	5 year change %
AGL—United Energy	2 717	2 642	2 666	2 696	2 727	1	0
AGL—Jemena	2 347	2 286	2 380	2 534	2 689	6	15
Origin Energy—Citipower	2 323	2 240	2 302	2 457	2 672	9	15
Origin Energy—Powercor	2 494	2 392	2 523	2 724	2 975	9	19
TRUenergy—SP Ausnet	2 486	2 418	2 474	2 587	2 727	5	10
<b>Average</b>	<b>2 473</b>	<b>2 396</b>	<b>2 469</b>	<b>2 600</b>	<b>2 758</b>	<b>6</b>	<b>12</b>

- The average annual price for single rate small business customers was \$2758 in 2009-10, up 6 per cent from the 2008-09 value of \$2600.
- Powercor customers had the largest charge increase in 2009-10, up 9 per cent to \$2975, while Citipower customers had the lowest annual charge (\$2672).
- Average industry prices for small business single rate customers were 12 per cent higher in 2009-10 than in 2005-06.



### 3.5 Gas prices

The Commission also publishes data on the trends in residential and small business gas prices. Tables 3.5 and 3.6 show the price trends for both residential customers and small business customers on a single rate tariff (see box in section 1.7, chapter 1). The data compare the prices of local retailers over the past five years.

**Table 3.5 Residential average annual prices—gas**  
Single rate tariff (2010\$)

Distribution zone	2005-06	2006-07	2007-08	2008-09	2009-10	1 year change %	5 year change %
AGL–Multinet Main 2	775	774	798	830	879	6	13
AGL–SP Ausnet Central 2	842	855	874	912	961	5	14
Origin Energy–Envestra North	840	843	856	910	969	6	15
Origin Energy–Envestra Central 1	832	827	838	895	964	8	16
Origin Energy–Multinet Main 1	784	782	795	842	896	7	14
Origin Energy–Envestra Cardinia	1 086	1 136	1 189	1 256	1 333	6	23
Origin Energy–Envestra Murray Valley	1 063	1 053	1 066	1 128	1 187	5	12
TRU–Envestra Central 2	830	829	835	863	926	7	12
TRU–SP Ausnet Central 1	893	890	904	944	995	5	12
TRU–SP Ausnet West	869	866	875	903	958	6	10
TRU–Wimmera	778	777	775	776	na	na	na
<b>Average</b>	<b>872</b>	<b>876</b>	<b>891</b>	<b>933</b>	<b>1 007</b>	<b>8</b>	<b>16</b>

na – not available

- Average industry prices were 8 per cent higher in 2009-10 than in 2008-09, up to \$1007 from \$933. Prices ranged from \$879 in Multinet Main 2 to \$1333 in Envestra Cardinia.
- Origin customers in the Envestra Central 1 distribution zone had the highest price increase (8 per cent) in 2009-10.
- The industry average price increase was 16 per cent (\$135) over the past five years.



**Table 3.6 Small business average annual prices—gas**  
Single rate tariff (2010\$)

Distribution zone	2005-06	2006-07	2007-08	2008-09	2009-10	1 year change %	5 year change %
AGL–Multinet Main 2	5 097	4 947	4 982	5 207	5 294	2	4
AGL–SP Ausnet Central 2	5 155	5 212	5 544	6 016	6 204	3	20
Origin Energy–Envestra North	4 999	4 910	4 966	5 253	5 595	7	12
Origin Energy–Envestra Central 1	4 680	4 643	4 715	4 999	5 338	7	14
Origin Energy–Multinet Main 1	4 444	4 332	4 357	4 620	4 931	7	11
Origin Energy–Envestra Cardinia	7 239	7 273	7 421	7 459	7 899	6	9
Origin Energy–Envestra Murray Valley	5 929	5 919	6 037	6 068	6 399	5	8
TRU–Envestra Central 2	4 921	4 907	5 046	5 287	5 661	7	15
TRU–SP Ausnet Central 1	5 048	5 076	5 304	5 607	5 977	7	18
TRU–SP Ausnet West	5 224	5 189	5 384	5 693	6 078	7	16
TRU–Wimmera	5 339	5 329	5 320	5 327	na	na	na
<b>Average</b>	<b>5 280</b>	<b>5 249</b>	<b>5 371</b>	<b>5 594</b>	<b>5 938</b>	<b>6</b>	<b>13</b>

na – not available

- Average industry prices were 6 per cent higher in 2009-10 than in 2008-09, up to \$5938 from \$5594.
- Small businesses in the Envestra Cardinia distribution zone had the highest annual price in 2009-10 (\$7899), while those with Origin in the Multinet Main 1 distribution zone had the lowest (\$4931).
- The industry average price increase was 123 per cent (\$658) over the past five years.



## 4 COMPARING RETAILERS' MARKET OFFERS

### 4.1 What we found

The price of electricity has increased across all offers published on the YourChoice website. For residential electricity market offers, prices increased by an average of 13.5 per cent over the past 12 months.

Residential customers can make substantial 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 \$92 on a single rate tariff, \$130 on a two-rate tariff and \$165 on a time-of-use tariff per annum when they switch from a standing 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 2009-10. Customers that receive discounts can save up to \$50 on their annual bill. If they switch from a standing offer to a fully discounted market offer, they can save up to around 10 per cent (or \$100) on their annual bill.

Small business customers also experienced bill increases in 2009-10—up 5 per cent for gas and 7.5 per cent for electricity. The difference between a standing offer and a fully discounted market offer was an average of \$566 for gas and an average of \$270 for single rate small business electricity and an average of \$800 for time-of-use electricity. Again, the price data show shopping around provides benefits for managing energy bills.

Supply charge prices increased between 2008-09 and 2009-10 and were on average 42 per cent higher in the Jemena network area and between 21 per cent and 26 per cent higher in all other distribution zones. There was significant variance between the retailers in their supply charges, as much as 30 cents per day between retailers in some areas—equating to \$109 per annum. This shows that customers can also consider using the daily supply charge as a factor when considering the best offer for them, as 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 its 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 4.15 and 4.16 show the terms and conditions of the offers listed). 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 2009 and 30 June 2010 are published; any changes to offers during the year are not shown. Some of the offers shown here may no longer be available because the reporting period concluded on 30 June 2010; 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, and
- 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 summarises individual retailer data. Detailed data on pricing can be downloaded from our website ([www.esc.vic.gov.au](http://www.esc.vic.gov.au)).

### 4.3 Residential electricity 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, chapter 1). Some retailers (notably, Australian Power & Gas and Click Energy) published more than one offer for some residential tariffs, but these are not shown because the price difference was minimal and related to offer conditions (such as paperless bills).

Tables 4.1, 4.2 and 4.3 show the basic market offer prices offered to consumers in each distribution zone and each meter type at 30 June 2010. 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. This data is shown in tables 4.4 to 4.6. Appendix C contains individual retailer data and is available to download in Excel format from our website ([www.esc.vic.gov.au](http://www.esc.vic.gov.au)).



Table 4.1 to 4.3 show that for residential electricity customers:

- the statewide residential electricity market offer prices at 30 June 2010 were on average 13.5 per cent higher than at 30 June 2009
- the cheapest and most expensive published market offers differed by 16 to 40 per cent—this could represent a saving of up \$250 on a single rate tariff, \$300 on a two-rate tariff and to \$600 on a time-of-use tariff per annum
- Victoria Electricity had consistently low prices, and
- AGL, Australian Power & Gas and Origin Energy were most commonly among the most expensive.

**Table 4.1 Comparison of residential market offers—electricity, 2009-10**  
Single rate tariff

Distribution zone	2009-10 average price		Average increase from 2008-09
	Lowest prices \$	Highest prices \$	
<b>Citipower Electricity</b> Inner city and Eastern suburbs	Country Energy 830	AGL 1 029	965 15
	Click Energy 947	Neighbourhood <sup>a</sup> 1 002	
<b>Jemena Electricity</b> Inner Western and Northern suburbs	Country Energy 862	AGL 1 117	1 044 16
	Neighbourhood 1 023	APG 1 076	
<b>Powercor Electricity</b> Outer Western suburbs and Western Victoria	Country Energy 920	AGL 1 123	1 064 13
	Energy Australia 1 036	Origin Energy 1 109	
<b>SP Ausnet Electricity</b> Eastern suburbs and Eastern Victoria	Click Energy 958	AGL 1 111	1 028 16
	Country Energy 980	Simply Energy 1 078	
<b>United Energy Electricity</b> Outer South Eastern suburbs and Mornington	Country Energy 863	Origin Energy 1 048	1 000 13
	Powerdirect 967	APG 1 047	

<sup>a</sup> Neighbourhood Energy



**Table 4.2 Comparison of residential market offers—  
electricity, 2009-10**

Two-rate tariff

Distribution zone	Lowest prices \$	Highest prices \$	2009-10 average price \$	Average increase from 2008-09 %
<b>Citipower Electricity</b> Inner city and Eastern suburbs	Country Energy 1 074 Energy Australia 1201	AGL 1 312 Neighbourhood <sup>a</sup> & Simply Energy 1268	1 229	13
<b>Jemena Electricity</b> Inner Western and Northern suburbs	Country Energy 1 115 Neighbourhood <sup>a</sup> 1 255	AGL 1 429 Australian Power & Gas 1 401	1 319	15
<b>Powercor Electricity</b> Outer Western suburbs and Western Victoria	Country Energy 1 167 Energy Australia 1 289	AGL 1 406 Victoria Electricity & Simply Energy 1 399	1 336	12
<b>SP Ausnet Electricity</b> Eastern suburbs and Eastern Victoria	Country Energy 1 148 Energy Australia 1 320	Red Energy 1 455 AGL 1 438	1 363	14
<b>United Energy Electricity</b> Outer South Eastern suburbs and Mornington	Country Energy 1 144 Victoria Electricity 1 243	Origin Energy 1 334 Red Energy 1 319	1 281	12

<sup>a</sup> Neighbourhood Energy



**Table 4.3 Comparison of residential market offers—electricity, 2009-10**  
Time-of-use tariff

Distribution zone	Lowest prices \$	Highest prices \$	2009-10 average price \$	Average increase from 2008-09 %
<b>Citipower Electricity</b> Inner city and Eastern suburbs	Country Energy 1 323 Victoria Electricity 1 532	AGL 1 711 Neighbourhood <sup>a</sup> 1 650	1 595	14
<b>Jemena Electricity</b> Inner West and Northern suburbs	Country Energy 1 440 Victoria Electricity 1 607	AGL 1 891 APG 1 799	1 706	14
<b>Powercor Electricity</b> Outer Western suburbs and Western Victoria	Country Energy 1 447 Victoria Electricity 1 624	AGL 1 762 Origin Energy 1 741	1 671	13
<b>SP Ausnet Electricity</b> Eastern suburbs and Eastern Victoria	Country Energy 1 479 Simply Energy 1 649	Origin Energy 2 106 Neighbourhood <sup>a</sup> 1 881	1 765	11
<b>United Energy Electricity</b> Outer South Eastern suburbs and Mornington	Country Energy 1 409 Victoria Electricity 1 548	AGL 1 727 Origin Energy 1 719	1 634	12

<sup>a</sup> Neighbourhood Energy

### Discounted residential market offers

When discounts or other financial benefits are factored into the market offers, there are further potential savings for consumers. Tables 4.4, 4.5 and 4.6 compare the average annual cost of electricity for those receiving the discounts with the average cost for consumers that did not meet the discount conditions or remained on a standing offer.

Taking into account price and discounts:

- Single rate customers could save on average \$63–70 on the market offer tariff and \$88–95 on the standing offer tariff by fulfilling discount conditions.
- Two-rate customers could save on average \$82–92 on the market offer tariff and \$112–149 on the standing offer tariff by fulfilling discount conditions.
- Time-of-use customers could save on average \$108–142 on the market offer tariff and \$156–181 on the standing offer tariff by fulfilling discount conditions.



**Table 4.4 Residential market offers—prices with electricity discounts, 2009-10**  
single rate tariff

Distribution zone	2009-10 average standing price \$	2009-10 average market price \$	2009-10 average discounted price \$	Average saving from discounts \$	Total average savings on standing price \$
<b>Citipower Electricity</b>					
Inner city and Eastern suburbs	992	965	902	63	90
<b>Jemena Electricity</b>					
Inner Western and Northern suburbs	1 069	1 044	975	69	94
<b>Powercor Electricity</b>					
Outer Western suburbs and Western Victoria	1 089	1 064	994	70	95
<b>SP Ausnet Electricity</b>					
Eastern suburbs and Eastern Victoria	1 048	1 028	961	67	88
<b>United Energy Electricity</b>					
Outer South Eastern suburbs and Mornington	1 022	1 000	934	66	88

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



**Table 4.5 Residential market offers—prices with electricity discounts, 2009-10**  
Two-rate tariff

Distribution zone	2009-10 average standing price \$	2009-10 average market price \$	2009-10 average discounted price \$	Average saving from discounts \$	Total average savings on standing price \$
<b>Citipower Electricity</b> Inner city and Eastern suburbs	1 296	1 229	1 147	82	149
<b>Jemena Electricity</b> Inner Western and Northern suburbs	1 358	1 319	1 229	90	129
<b>Powercor Electricity</b> Outer Western suburbs and Western Victoria	1 367	1 336	1 247	89	120
<b>SP Ausnet Electricity</b> Eastern suburbs and Eastern Victoria	1 410	1 363	1 272	91	138
<b>United Energy Electricity</b> Outer South Eastern suburbs and Mornington	1 307	1 281	1 195	86	112

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



**Table 4.6 Residential market offers— prices with electricity discounts, 2009-10**  
Time-of-use tariff

Distribution zone	2009-10 average standing price \$	2009-10 average market price \$	2009-10 average discounted price \$	Average saving from discounts \$	Total average savings on standing price \$
<b>Citipower Electricity</b>					
Inner city and Eastern suburbs	1 643	1 595	1 487	108	156
<b>Jemena Electricity</b>					
Inner Western and Northern suburbs	1 745	1 706	1 564	142	181
<b>Powercor Electricity</b>					
Outer Western suburbs and Western Victoria	1 718	1 671	1 558	113	160
<b>SP Ausnet Electricity</b>					
Eastern suburbs and Eastern Victoria	1 813	1 765	1 645	120	168
<b>United Energy Electricity</b>					
Outer South Eastern suburbs and Mornington	1 686	1 634	1 523	111	163

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

#### 4.4 Small business electricity offers

Tables 4.7 and 4.8 show the basic market offer prices available to consumers in each distribution zone and each meter type at 30 June 2010. 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. This data is shown in tables 4.9 to 4.10. Appendix C contains individual retailer data and is available to download in Excel format from our website ([www.esc.vic.gov.au](http://www.esc.vic.gov.au)).



For small business electricity customers:

- the cheapest and most expensive published market offers differed by 14 to 22 per cent in each distribution zone—this could represent an annual saving of over \$542 for a single rate tariff and \$156 for a time-of-use tariff
- Victoria Electricity tariffs were commonly among the lowest for a single rate tariff, while Powerdirect tariffs were the cheapest for a two-rate tariff
- Simply Energy’s tariffs were most commonly among the two most expensive, and
- the electricity market offer prices at 30 June 2010 were 7.5 per cent higher on average than at 30 June 2009.

**Table 4.7 Comparison of small business market offer prices—electricity, 2009-10**

Single rate tariff

Distribution zone	Lowest prices \$	Highest prices \$	2009-10 average price \$	Average increase from 2008-09 %
<b>Citipower Electricity</b> Inner city and Eastern suburbs	Country Electricity 2 280 Victoria Electricity 2 298	Simply Energy 2 722 Neighbourhood 2 677	2 499	6
<b>Jemena Electricity</b> Inner Western and Northern suburbs	Country Electricity 2 387 Victoria Electricity 2 518	Simply Energy 2 910 AGL 2 808	2 668	13
<b>Powercor Electricity</b> Outer Western suburbs and Western Victoria	Powerdirect 2 507 Victoria Electricity 2 546	Simply Energy 2 971 Neighbourhood 2 940	2 785	7
<b>SP Ausnet Electricity</b> Eastern suburbs and Eastern Victoria	Country Electricity 2 485 TRUenergy 2 573	Simply Energy 3 024 Energy Australia 3 019	2 753	9
<b>United Energy Electricity</b> Outer South Eastern suburbs and Mornington	Victoria Electricity 2 531 Powerdirect 2 535	Simply Energy 3 073 Red Energy 2 970	2 808	4



**Table 4.8 Comparison of small business market offer prices—electricity, 2009-10**  
Time-of-use tariff

Distribution zone	Lowest prices \$	Highest prices \$	2009-10 average price \$	Average increase from 2008-09 %
<b>Citipower Electricity</b> Inner city and Eastern suburbs	Powerdirect 6 663 Victoria Electricity 6 675	Simply Energy 7 876 Neighbourhood 7 732	7 263	6
<b>Jemena Electricity</b> Inner Western and Northern suburbs	Powerdirect 6 892 Country Energy 6 923	Simply Energy 8 156 Red Energy 7 807	7 411	7
<b>Powercor Electricity</b> Outer Western suburbs and Western Victoria	Powerdirect 6 925 Country Energy 7 510	Origin Energy 8 708 Simply Energy 8 481	7 864	8
<b>SP Ausnet Electricity</b> Eastern suburbs and Eastern Victoria	Powerdirect 7 801 Momentum Energy 7 828	Simply Energy 8 922 Red Energy 8 602	8 202	9
<b>United Energy Electricity</b> Outer South Eastern suburbs and Mornington	Powerdirect 6 765 Momentum Energy 6 829	Origin Energy 8 714 Neighbourhood 8 095	7 536	6

### Discounted small business market offers

Tables 4.9 and 4.10 show the average potential savings for small 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.

- Single rate customers could save on average \$135–177 on the market offer tariff and \$260–304 on the standing offer tariff by fulfilling discount conditions.
- Time-of-use customers could save on average \$396–439 on the market offer tariff and \$757–867 on the standing offer tariff by fulfilling discount conditions.



**Table 4.9 Small business market offers—prices with electricity discounts, 2009-10**  
Single rate tariff

Distribution zone	2009-10 average standing price \$	2009-10 average market price \$	2009-10 average discounted price \$	Average saving from discounts \$	Total average savings on standing price \$
<b>Citipower Electricity</b>					
Inner city and Eastern suburbs	2 623	2 499	2 363	136	260
<b>Jemena Electricity</b>					
Inner Western and Northern suburbs	2 797	2 668	2 515	153	282
<b>Powercor Electricity</b>					
Outer Western suburbs and Western Victoria	2 909	2 785	2 608	177	301
<b>SP Ausnet Electricity</b>					
Eastern suburbs and Eastern Victoria	2 878	2 753	2 617	136	261
<b>United Energy Electricity</b>					
Outer South Eastern suburbs and Mornington	2 936	2 808	2 655	153	281

**Note:** If a standing offer does not have a corresponding market offer it is not included in this data



**Table 4.10 Small business market offers—prices with electricity discounts, 2009-10**

Time-of-use tariff

Distribution zone	2009-10 average standing price \$	2009-10 average market price \$	2009-10 average discounted price \$	Saving from discounts \$	Total average savings on standing price \$
<b>Citipower Electricity</b> Inner city and Eastern suburbs	7 706	7 263	6 839	424	867
<b>Jemena Electricity</b> Inner Western and Northern suburbs	7 834	7 411	7 011	400	823
<b>Powercor Electricity</b> Outer Western suburbs and Western Victoria	8 243	7 864	7 468	396	757
<b>SP Ausnet Electricity</b> Eastern suburbs and Eastern Victoria	8 578	8 202	7 763	439	815
<b>United Energy Electricity</b> Outer South Eastern suburbs and Mornington	7 938	7 536	7 125	411	813

**Note:** If a standing offer does not have a corresponding market offer it is not included in this data

#### 4.5 Electricity residential supply charges

Another factor to consider when looking at market offer pricing is electricity supply charges. The supply charge is a component of customers' bills, and is partially regulated by the Australian Energy Regulator (AER). The AER approves a price for the distributor to charge for the costs to supply a distribution service, including metering services. The retailer may add an additional amount for services which are not included in the set charge. This amount is not regulated. This section looks at whether there were differences in the retailers' electricity supply charges within each distribution zone.

The retailers' supply charges for electricity market offers rose in every distribution zone in 2009-10—up an average 14–24 cents per day (equating to \$51–65 per year). Figure 2.1 shows the average increases across the five electricity distribution zones from 2008-09 to 2009-10. The AER's final determination on smart meter costs and charges noted that on average customers will pay an average of \$67.97 more in 2010 for metering services than in 2009, with a further increase of \$8.42 in 2011. The retailers can structure how they pass on increases within their tariffs.



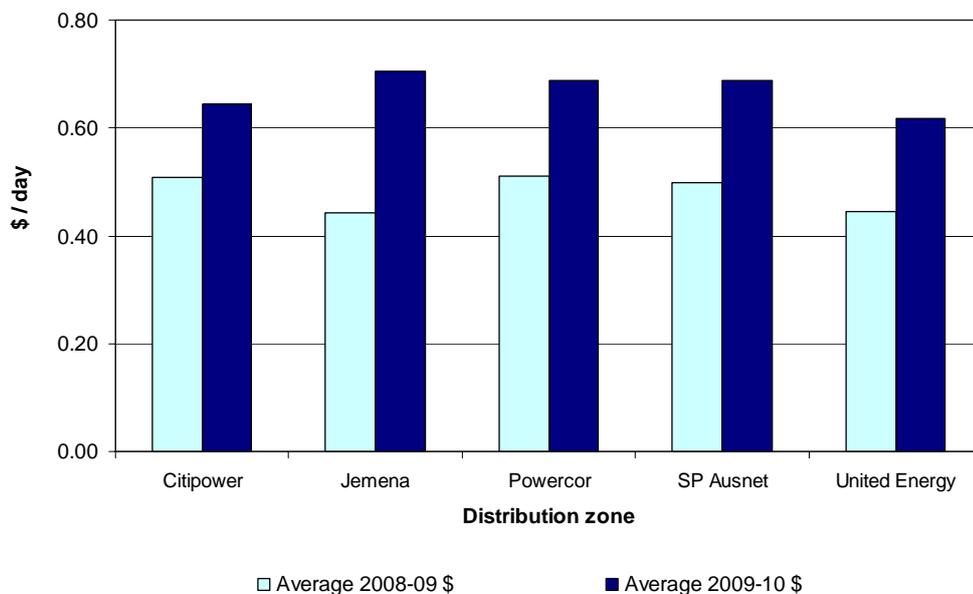
Appendix B details individual retailer's supply charge for customers on single rate market offers within the five electricity distribution zones and is available to download from [www.esc.vic.gov.au](http://www.esc.vic.gov.au). Figure 4.1 along with appendix B show:

- supply charge increases were 42 per cent on average in the Jemena network area and between 21 per cent and 26 per cent in all other distribution zones
- there was significant variance between the retailers in their supply charges, as much as 30 cents per day between retailers in some areas—this equates to \$109, and
- AGL and Australian Power & Gas consistently charged the highest supply charge in most areas, while Simply Energy and Red Energy were often at the lower end of the scale.

These price differences show that customers can also consider using the daily supply charge as a factor when considering the best offer for them, as it may fulfil their electricity needs better.

**Figure 4.1** Retailer's average market offer supply charges—by distribution zone

Electricity, 2008-09 to 2009-10



Note: Separated supply charges are included in total supply charge if quoted separately



## 4.6 Residential gas offers

This section analyses the residential market offers published by gas retailers on the Commission's 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.

Table 4.11 details the two highest and lowest market offer prices available to consumers in each distribution zone at 30 June 2010. Appendix C contains individual retailer data and is available to download from our website ([www.esc.vic.gov.au](http://www.esc.vic.gov.au)).

For residential gas customers:

- the cheapest and most expensive published market offers differed by at least 10 per cent, and by up to 25 per cent in some cases, representing an annual saving over \$300
- Australian Power & Gas prices were most commonly among the lowest prices across the gas distribution zones
- Victoria Electricity's tariffs were most commonly among the two most expensive, and
- the market offer prices at 30 June 2010 were 7 per cent higher on average than at 30 June 2009.

**Table 4.11 Comparison of residential market offers—gas, 2009-10**  
Single rate tariff

Distribution zone	Lowest prices \$	Highest prices \$	2009-10 average price \$	Average increase from 2008-09 %
<b>Envestra Bairnsdale</b> Bairnsdale	Origin Energy 1 222	TRUenergy 1 552	1 387	8
<b>Envestra Cardinia</b> West Gippsland	TRUenergy 1 337	Origin Energy 1 385	1 353	9
<b>Envestra Central 1</b> Frankston, Mornington Peninsula and Gippsland	Energy Australia 918 APG 936	Victoria Electricity 1 077 Origin Energy 1 000	978	10
<b>Envestra Central 2</b> Inner City and inner North Eastern suburbs	Energy Australia 894 APG 897	Victoria Electricity 1 096 Origin Energy 955	955	9
<b>Envestra Mildura</b> Mildura	Origin Energy 1 448		1448	8



Distribution zone	Lowest prices \$	Highest prices \$	2009-10 average price \$	Average increase from 2008-09 %
<b>Investra Murray Valley</b> Numurkah, Cobram,	AGL 1 147 APG 1 197	TRUenergy 1 225 Origin Energy 1 214	1 196	7
<b>Investra North</b> North and North Eastern Victoria	APG 852 Energy Australia 936	Victoria Electricity 1 106 TRUenergy + Origin Energy 999	977	7
<b>Investra North, AGL</b> North Victoria	AGL 902		902	0
<b>Gas Extension Zone</b> Yarra Glen	AGL 1 101	TRUenergy 1 218	1 160	4
<b>Multinet Gas Extension Zone</b> Woori, Yallock and Seville	AGL 1 068	TRUenergy 1 207	1 137	4
<b>Multinet Main 1</b> Eastern and South Eastern suburbs	APG 860 TRUenergy 881	Victoria Electricity 1 095 Origin Energy 971	937	6
<b>Multinet Main 2</b> Bayside and South Eastern suburbs	Energy Australia 861 APG 876	Victoria Electricity 1 091 AGL 929	930	10
<b>Multinet Yarra Valley</b> Warburton	AGL 1 156	TRUenergy 1 192	1 172	9
<b>Multinet South Gippsland</b> Leongatha and Wonthaggi	na	na		
<b>SP Ausnet Adjoining Central</b> Barwon Heads	AGL 963	TRUenergy 1 276	1 136	5



Distribution zone	Lowest prices \$	Highest prices \$	2009-10 average price \$	Average increase from 2008-09 %
<b>SP Ausnet Adjoining West</b> Macedon and Gisborne	Origin Energy 1 150	AGL 1 244	1 211	8
<b>SP Ausnet Central 1</b> Outer Northern, Outer Western suburbs and Geelong area	APG 981  Energy Australia 998	Victoria Electricity 1 165 AGL 1 041	1 041	7
<b>SP Ausnet Central 2</b> Western and North Western suburbs	Energy Australia 961 APG 981	Victoria Electricity 1 167 Origin Energy 1 047	1 029	10
<b>SP Ausnet West</b> Bendigo, Ballarat, Castlemaine and Western Victoria	Energy Australia 942 AGL 968	Victoria Electricity 1 083 TRUenergy 984	990	8

**Note:** where less than 4 offers are available for a distribution zone, only 2 offers are shown. Where only one offer is available only that 1 is shown.

na – not available

### Discounted residential gas market offers

Table 4.12 shows the average potential savings to residential gas customers that received discounts or met the conditions of market offers. It compares the average annual cost of gas for those receiving discounts with the average cost for consumers that did receive discounts or remained on a standing offer.

- Customers could save up to \$54 on the market offer tariff by fulfilling discount conditions
- Customers could save up to \$105 on the standing offer tariff by fulfilling discount conditions.



**Table 4.12 Residential market offers—prices with gas discounts**  
2009-10, single rate tariff

Distribution zone	2009-10 average standing price \$	2009-10 average market price \$	2009-10 average discounted market price \$	Average saving from discounts \$	Total average savings on standing price \$
<b>Envestra Bairnsdale</b> Bairnsdale	1411	1 387	1 364	23	47
<b>Envestra Cardinia</b> West Gippsland	1 387	1 353	1 321	33	66
<b>Envestra Central 1</b> Frankston, Mornington Peninsula and Gippsland	1 033	978	931	47	102
<b>Envestra Central 2</b> Inner city and Inner North eastern suburbs	993	955	909	46	84
<b>Envestra Mildura</b> Mildura	1 448	1 448	1 448	0	0
<b>Envestra Murray Valley</b> Numurkah, Cobram,	1 219	1 196	1 162	34	57
<b>Envestra North</b> North and North Eastern Victoria	1 023	977	930	47	93
<b>Envestra North, AGL</b> North Victoria	970	902	865	37	105
<b>Gas Extension Zone</b> Yarra Glen	1 198	1 160	1 118	42	80



Distribution zone	2009-10 average standing price \$	2009-10 average market price \$	2009-10 average discounted market price \$	Average saving from discounts \$	Total average savings on standing price \$
<b>Multinet Gas Extension Zone</b> Woori, Yallock and Seville	1 190	1 137	1 096	41	94
<b>Multinet Main 1</b> Eastern and South Eastern suburbs	977	937	892	45	85
<b>Multinet Main 2</b> Bayside and South Eastern suburbs	951	930	885	45	66
<b>Multinet Yarra Valley</b> Warburton	1 183	1 172	1 144	28	39
<b>Multinet South Gippsland</b> Leongatha and Wonthaggi	na	na	na	na	na
<b>SP Ausnet Adjoining Central</b> Barwon Heads	1 175	1 136	1 109	26	66
<b>SP Ausnet Adjoining West</b> Macedon and Gisborne	1 239	1 211	1 181	30	58
<b>SP Ausnet Central 1</b> Outer Northern, Outer Western suburbs and Geelong area	1 071	1 041	987	54	85



Distribution zone	2009-10 average standing price \$	2009-10 average market price \$	2009-10 average discounted market price \$	Average saving from discounts \$	Total average savings on standing price \$
<b>SP Ausnet Central 2</b> Western and North Western suburbs	1063	1 029	978	51	84
<b>SP Ausnet West</b> Bendigo, Ballarat, Castlemaine and Western Victoria	1027	990	941	49	86

na – not available

**Note:** If a standing offer does not have a corresponding market offer it is not included in this data

#### 4.7 Small business gas prices

Six retailers (AGL, Origin, TRUenergy, Simply Energy, Victoria Electricity and EnergyAustralia) published market offer gas prices for small businesses. In some cases, the price difference within a distribution zone was significant. Table 4.13 details the two highest and lowest market offer tariffs available to consumers in each distribution zone at 30 June 2010. Appendix C details individual retailer data.

For small business gas customers:

- the cheapest and most expensive published market offers differed by \$400–870 for most distribution zones
- the greatest price differences across offers were in those areas where competition is limited—for example, Envestra Bairnsdale, Gas Extension, SP Ausnet Adjoining Central and Multinet Gas Extension distribution zones—with the difference between the cheapest and most expensive offers being \$1700–3500
- no retailer consistently provided the lowest or highest prices across all distribution zones, and
- the gas offer prices at 30 June 2010 were 5 per cent higher on average than at 30 June 2009.



**Table 4.13 Small business market offer prices—gas**  
2009-10, single rate tariff

Distribution zone	Lowest prices	Highest prices	2009-10 average price	Average increase from 2008-09
	\$	\$		
<b>Investra Bairnsdale</b> Bairnsdale	Origin Energy 6 637	TRUenergy 10 170	8 404	na
<b>Investra Cardinia</b> West Gippsland	TRUenergy 8 506	Origin Energy 8 679	8 593	na
<b>Investra Central 1</b> Frankston, Mornington Peninsula and Gippsland	Energy Australia 4 859 TRUenergy 5 109	AGL 6 092 Origin Energy 5 657	5 377	5
<b>Investra Central 2</b> Inner city and Inner North eastern suburbs	Energy Australia 5 141 Victoria Electricity 5 392	Origin Energy 5 937 AGL 5 521	5 487	5
<b>Investra Mildura</b> Mildura	Origin Energy 7 485			0
<b>Investra Murray Valley</b> Numurkah, Cobram	AGL 6 354	Origin Energy 7 000	6 591	9
<b>Investra North</b> North and North Eastern Victoria	Energy Australia 5 038 Victoria Electricity 5 196	Origin Energy 5 911 AGL 5 516	5 410	5
<b>Investra North – AGL</b> North Victoria	AGL 5 199			na
<b>Gas Extension Zone</b> Yarra Glen	AGL 6 318	TRUenergy 8 949	7 633	9
<b>Multinet Gas Extension Zone</b> Woori, Yallock and Seville	Energy Australia 4 859	TRUenergy 6 808	6 093	-4



Distribution zone	Lowest prices \$	Highest prices \$	2009-10 average price \$	Average increase from 2008-09 %
<b>Multinet Main 1</b> Eastern and South Eastern suburbs	Energy Australia 4 520 Victoria Electricity 4 556	Origin Energy 5 250 AGL 4 853	4 785	5
<b>Multinet Main 2</b> Bayside and South Eastern suburbs	AGL 4 639 Victoria Electricity 4 861	Origin Energy 5 485 TRUenergy 5 220	5 056	-4
<b>Multinet Yarra Valley</b> Warburton	TRUenergy 6 541	Origin Energy 6 618	6 574	1
<b>SP Ausnet Adjoining Central</b> Barwon Heads	AGL 5 797	TRUenergy 7 543	6 918	11
<b>SP Ausnet Adjoining West</b> Macedon and Gisborne	AGL 7 479	Origin Energy 8 351	7 869	5
<b>SP Ausnet Central 1</b> Outer Northern, Outer Western suburbs and Geelong area	Energy Australia 5 419 Victoria Electricity 5 461	Origin Energy 5 848 AGL 5 824	5 651	2
<b>SP Ausnet Central 2</b> Western and North Western suburbs	Victoria Electricity 5 514 Energy Australia 5 648	AGL 6 142 Origin Energy 5 972	5 815	1
<b>SP Ausnet West</b> Bendigo, Ballarat, Castlemaine and Western Victoria	Victoria Electricity 5 255 Energy Australia 5 524	Origin Energy 6 385 AGL 5 935	5 782	3

na – not available

**Note:** where less than 4 offers are available for a distribution zone, only 2 offers are shown. Where only one offer is available only that 1 is shown na – not available



## Discounted small business gas market offers

Table 4.14 shows the average potential savings to small 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.

- Customers on average could save up to \$188 on the market offer tariff by fulfilling discount conditions.
- Customers on average could save up to \$1170 on the standing offer tariff by fulfilling discount conditions.
- The average saving on the standing offer price across all distribution zones was \$566.

**Table 4.14 Small business market offers—prices with gas discounts**

2009-10, single rate tariff

Distribution zone	2009-10 average standing price \$	2009-10 average market price \$	2009-10 average discounted market price \$	Average saving from discounts \$	Total average savings on standing price \$
<b>Investra Bairnsdale</b> Bairnsdale	9574	8404	8404	0	1170
<b>Investra Cardinia</b> West Gippsland	9 065	8 593	8 593	0	472
<b>Investra Central 1</b> Frankston, Mornington Peninsula and Gippsland	5 954	5 377	5 270	107	684
<b>Investra Central 2</b> Inner city and Inner North eastern suburbs	6 122	5 487	5 382	105	740
<b>Investra Mildura</b> Mildura	7 485	7 485	7485	0	0
<b>Investra Murray Valley</b> Numurkah, Cobram,	6898	6 591	6 488	103	410
<b>Investra North</b> North and North Eastern Victoria	6039	5 410	5 307	103	732



Distribution zone	2009-10 average standing price \$	2009-10 average market price \$	2009-10 average discounted market price \$	Average saving from discounts \$	Total average savings on standing price \$
<b>Investra North, AGL</b> North Victoria	5516	5 199	4 949	250	567
<b>Gas Extension Zone</b> Yarra Glen	7237	7 633	7418	152	-244
<b>Multinet Gas Extension Zone</b> Woori, Yallock and Seville	6579	6 093	5 905	188	674
<b>Multinet Main 1</b> Eastern and South Eastern suburbs	5358	4 785	4 693	92	665
<b>Multinet Main 2</b> Bayside and South Eastern suburbs	5794	5 056	4 961	95	833
<b>Multinet Yarra Valley</b> Warburton	6867	6 574	6 468	106	369
<b>SP Ausnet Adjoining Central</b> Barwon Heads	7207	6 918	6825	93	362
<b>SP Ausnet Adjoining West</b> Macedon and Gisborne	8277	7 869	7 744	125	533
<b>SP Ausnet Central 1</b> Outer Northern, Outer Western suburbs and Geelong area	6142	5 651	5 540	111	602
<b>SP Ausnet Central 2</b> Western and North Western suburbs	6536	5 815	5 697	118	839



Distribution zone	2009-10 average standing price \$	2009-10 average market price \$	2009-10 average discounted market price \$	Average saving from discounts \$	Total average savings on standing price \$
<b>SP Ausnet West</b> Bendigo, Ballarat, Castlemaine and Western Victoria	6420	5 782	5 667	115	753

**Note:** If a standing offers does not have a corresponding market offer it is not included in the data  
**na** – not available

#### 4.8 Comparing retailer’s market offers

The market offers presented in this chapter often have specific terms and conditions associated with them. The various conditions can impact the suitability for an offer for different customers. Customers should consider how the individual conditions would impact them before signing a new contract with a retailer. For example:

- Discount conditions can vary, some are automatic and have no conditions attached. Others have pay-on-time or direct debit payment conditions.
- Paperless bills and payment is another condition that may not suit customers without internet access.
- Set contract terms and early termination fees apply to some—these may not suit customers who move around.
- Loyalty programs and retail shop discounts can apply for some retailers.

Tables 4.15 and 4.16 outline the main features of the market offers presented in the chapter.



**Table 4.15 Comparing retailers' market offers—electricity**

Retailer	Type	Name	Discount	Pay on time benefit	Contract (months)	Early termination fee	Bonus	Other
AGL	Residential	Advantage 5	5% off consumption		24	\$75/1 year \$50/2 year	\$60 Voucher	
	Business	Advantage 5	5% off consumption		24	\$100/1 year \$75/2 year	\$60 Voucher	
Australian Power & Gas	Residential	Super Saver Rewards	5% off consumption	5% discount usage	36	\$88/1 year \$22/2 year	\$25 /fuel bonus / 6 months & no credit card surcharge	Entitlements to MyRewards discounts
Click Energy	Residential	Click Easy		7% discount if bill & payment via email				\$50 smoothed bills
	Business	Click Business		7% discount if bill & payment via email				
Country Energy	Residential				12	\$65	\$40 Welcome Credit	
	Business				12	\$65		
EnergyAustralia	Residential		10% off rates		24	\$20		
	Business		10% off rates		24			



Retailer	Type	Name	Discount	Pay on time benefit	Contract (months)	Early termination fee	Bonus	Other
Neighbourhood Energy	Residential			10% discount off bill				Option to support charities and community groups
	Business			10% discount off bill				
Momentum Energy	Business	Business Switch		10% discount off bill	12 or 36	\$20-\$110 usage dependent		
Origin Energy	Residential					\$22	1 month free electricity / year for two years	Choice of accredited GreenPower options
	Business	Business Choice		10% discount off consumption	24	\$22		
Red Energy	Residential	Fixed Term Saver		7% discount off bill	24	\$79 1 year & \$50 2 year		Entitlement to Good Life Rewards Card
	Business	Fixed Term Saver		7% discount off bill	24	\$20		
Powerdirect	Residential	Residential 7% offer		7% off consumption	36	\$20		
	Business	Business 10% Offer		10% off consumption	36	\$20		



Retailer	Type	Name	Discount	Pay on time benefit	Contract (months)	Early termination fee	Bonus	Other
Simply Energy	Residential	Save More		12% discount off consumption	24	\$20		
	Business	Save More	15% off peak consumption		36	\$20-\$199 Use dependent		
TRUenergy	Residential	Go For More	3% shown in tariffs	3% discount off bill	36	\$22		
	Business	Business Edge	10% shown in tariffs		36	\$22		
Victoria Electricity	Residential	No Risk Offer		10% discount off bill	24	\$80, decreases by \$2.50 every month		
	Business	Commercial market			24	\$20 if < 40MWh usage		



**Table 4.16 Comparing retailers' market offers—gas**

Retailer	Type	Name	Discount	Pay on time benefit	Contract (months)	Early termination fee	Bonus	Other
AGL	Residential	Advantage 5	5% off consumption		24	\$75/1 year \$50/2 year	\$60 Voucher	
	Business	Advantage 5	5% off consumption		24	\$100/1 year \$75/2 year	\$110 Voucher	
Australian Power & Gas	Residential	Super Saver Rewards	5% off consumption	5% discount usage	36	\$88/1 year \$22/2 year	\$25 /fuel bonus / 6 months & no credit card surcharge	Entitlements to MyRewards discounts
EnergyAustralia	Residential		5% off gas 7% if dual fuel bill		24	\$20		
	Business		5% off gas 8% if dual fuel bill		24			
Origin Energy	Residential Business							
TRUenergy	Residential	Go for More	3% shown in tariffs	3% discount off bill	36	\$22		
	Business	Go for More	10% shown in tariffs	3% discount off bill	36	\$22		
Victoria Electricity	Residential	No risk Offer		10% discount off bill	24	\$100 decreases by \$2.50/mth		
	Business	No risk Offer			24	\$20 early termination fee		



## 5 CUSTOMER SERVICE AND MARKET OFFERS

### 5.1 What we found

Customer Service Benchmarking Australia undertook market research to determine the range of offers available to consumers when they contact retailers, and the degree to which those offers may differ from the offers published on the YourChoice website. The majority of consumers were offered tariffs consistent with those published on the YourChoice website. Less than 10 per cent of consumers received a quote greater than 5 per cent above the published offer.

The supply of written offer summaries on request continued to be low at only 50 per cent, unchanged from 2008-09. The Commission's regulations require retailers to provide these offer summaries to customers on request. These summaries help customers to understand the offers more fully and to take some time to consider their options. The Commission wrote to all retailers regarding their obligation to provide written offer summaries in July 2010. All retailers responded and assured us that they are complying. The Commission expects to see improvements in performance in this area over the coming 12 months.

### 5.2 About customer service and market offers

Chapter 4 showed the savings that are available for customers if they accept an offer published on the YourChoice website. However retailers also make other offers to customers. The Commission undertook independent research to see whether customers could find better offers by approaching the retailers directly.

In August 2010 the Commission employed Customer Service Benchmarking Australia (CSBA) to contact selected energy retailers to obtain a tariff quote, and request that the retailer provide a written offer summary by post or email. They also separately obtained a quote as a concession card consumer, to determine whether the quote provided was different from a standard quote. Finally, the researchers assessed the agent manner, particularly whether agents behaved differently towards a concession card holder and a standard customer.

CSBA requested 132 electricity and 42 gas quotes from energy companies in the following distribution zones:

- Electricity: Jemena, SP Ausnet and United Energy
- Gas: Envestra Central 1, SP Ausnet 2 and Multinet Main 1.

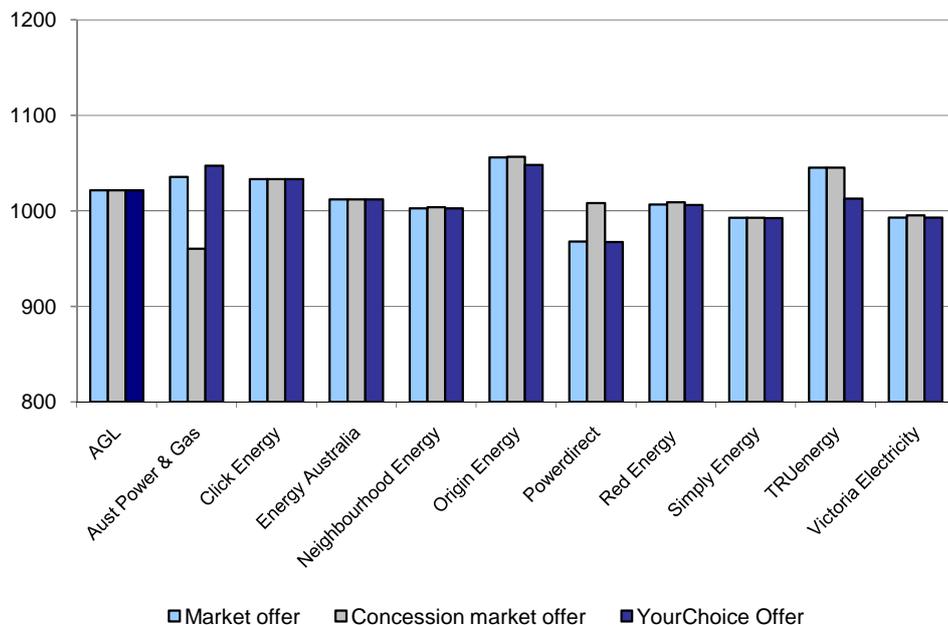


### 5.3 Residential electricity offers

This section compares the annual cost of the electricity tariffs quoted to the CSBA researchers with the retailer's offer published on the YourChoice website. Figures 5.1, 5.2 and 5.3 show:

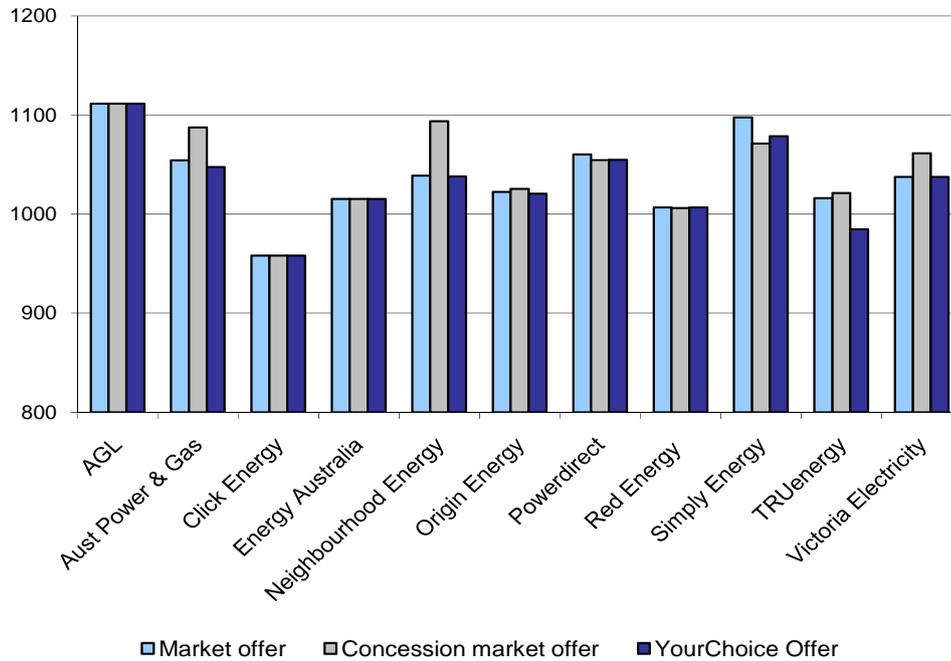
- the quotes provided to CSBA's researchers were generally consistent with the offers published on the YourChoice website, and customers across the different regions were not treated differently
- only one offer received in each distribution zone resulted in a difference of more than 5 per cent of the total annual cost, showing retailers are generally consistent in the market offers they provide customers, and
- concession customers were not treated with any noticeable difference in terms of the offers they received.

**Figure 5.1 Electricity quoted tariffs—United Energy distribution zone**  
Single rate tariff

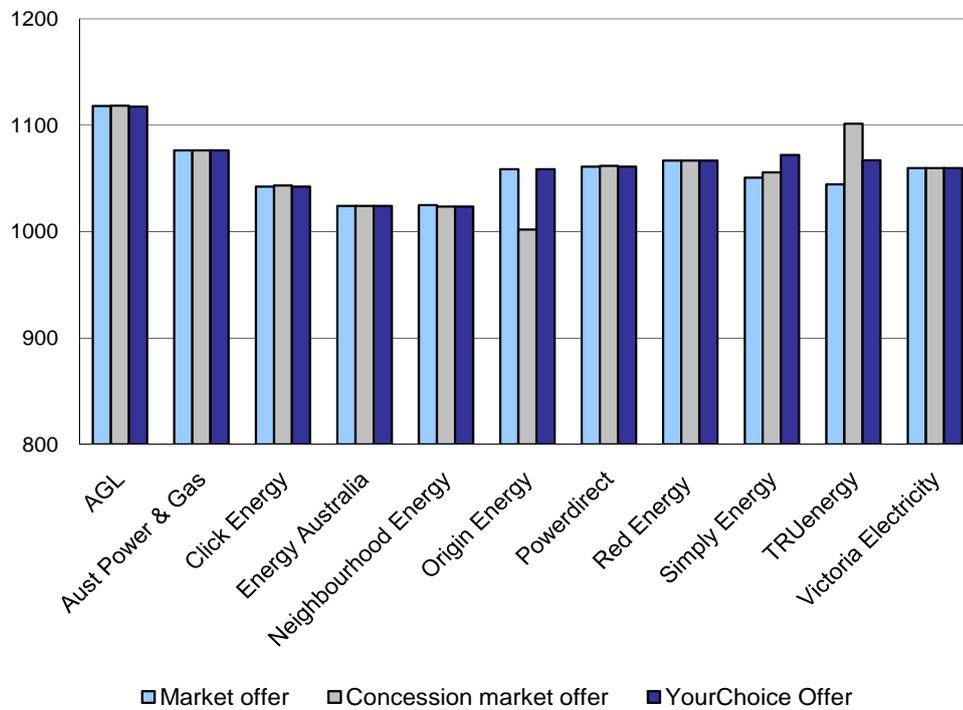




**Figure 5.2 Electricity quoted tariffs—SP Ausnet distribution zone**  
Single rate tariff



**Figure 5.3 Electricity quoted tariffs—Jemena distribution zone**  
Single rate tariff



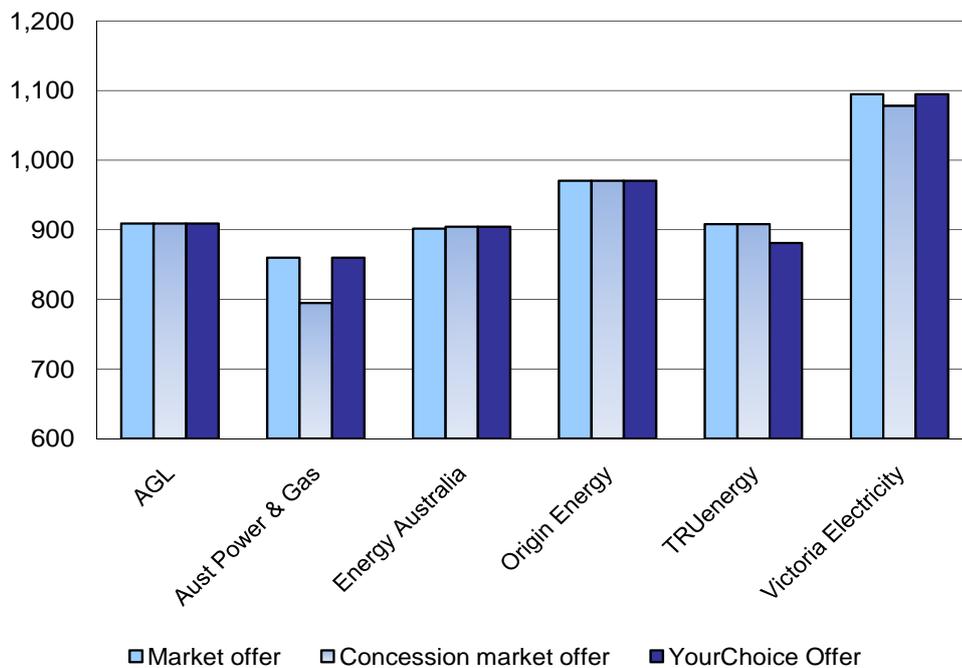


## 5.4 Residential gas offers

This section compares the annual cost of the gas tariffs quoted to the CSBA researchers, with the retailer's offer published on the YourChoice website. Figures 5.4, 5.5 and 5.6 show:

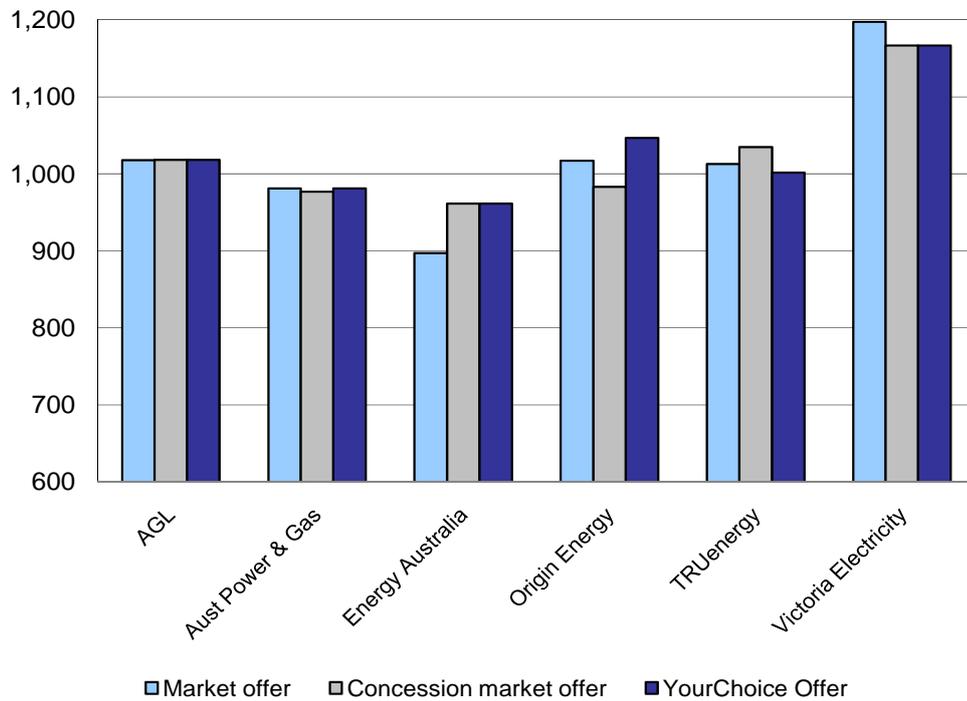
- the quotes provided to the researchers were generally consistent with the offers published on the YourChoice website—the two sets of offers were generally close in each distribution zone, and customers across the different zones were not treated differently
- only two offers received over the three distribution zones resulted in a difference of more than 5 per cent of the total annual cost, showing retailers are generally consistent in the market offers they provide to customers, and
- concession customers were not treated with any noticeable difference in terms of the offers they received.

**Figure 5.4 Gas quoted tariffs—Multinet Main 1 distribution zone**  
Single rate tariff

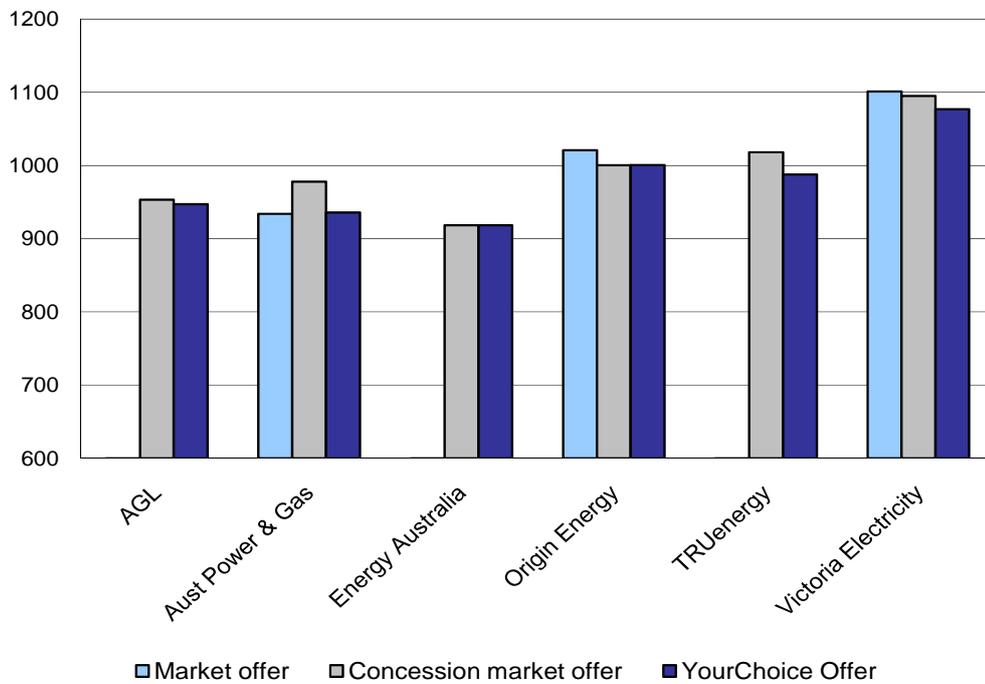




**Figure 5.5 Gas quoted tariffs—SP Ausnet Central 2 distribution zone**  
Single rate tariff



**Figure 5.6 Gas quoted tariffs—Envestra Central 1 distribution zone**  
Single rate tariff





## 5.5 Written offer summaries

The Commission also researched the level of retailers' compliance with the requirement to provide written offer summaries on request. Retailers must send an offer description to customers before customers agree to enter contractual arrangements. CSBA's researchers allowed 10 business days to receive a requested quote (the assessment excluded any offer summaries received after this cut-off).

In total, 46 per cent of customers that obtained quotes by phone then received written offer summaries. Of the other 54 per cent, around half were promised written summaries that did not arrive and the other half were refused a written summary by the retailer's agent. This result is similar to that found in 2008-09 (when 49 per cent received written offer summaries).

The Commission's regulations require retailers to provide these offer summaries to customers on request. We wrote to all retailers regarding their obligation to provide written offer summaries in July 2010. All retailers responded and assured us that they are complying. We will expect to see improvements in performance in this area over the coming 12 months.