



ENERGY RETAILERS
COMPARATIVE
PERFORMANCE REPORT —
PRICING

2011-12

September 2012

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OVERVIEW

Each year, the Essential Services Commission produces two reports on developments in the retail energy market in Victoria. This year, we are publishing our annual pricing report three months earlier than usual. The *Energy retailers comparative performance report—pricing 2011-12* reports on prices published on our YourChoice website at 30 June 2012 (preceding the introduction of carbon price).

The analysis in the report covers retail electricity and gas markets across Victoria and over time. It includes standing offers (that is, default contracts) and market offers (competitively available contracts) available to residential and business customers. As in previous years, we report results for different tariff/meter types in each distribution zone in Victoria (five distribution zones for electricity and 19 for gas). In November 2012, we will publish a separate report, *Energy retailers comparative performance report—customer service 2011-12*, in which we review how well the energy retailers treat their customers (including customers experiencing financial hardship). Once published, both reports and the relevant data sets are available at www.esc.vic.gov.au.

RESIDENTIAL CUSTOMERS—ELECTRICITY

In 2011-12, up to 14 retailers offered market contracts to Victorian residential customers. If customers had not entered one of these market contracts, they would have been placed on a default contract known as a 'standing offer'. Typically, standing offers are not competitively priced and do not include any discounts. For this reason, they can be expected to be more expensive than market offers. About 30 per cent of Victorians are on a standing offer at any point in time.

For the household and meter types analysed for this report, standing offers for electricity increased by an average of about 10 per cent in the year to 30 June 2012. Some standing offers increased by up to 17 per cent. Even in an individual distribution zone, retailers' standing offers showed considerable disparity. It is not clear why otherwise identical customers would incur bills that differed by hundreds of dollars because the retailer provided the standing offer.



Across Victoria, market offers increased by an average of 12 per cent in the past year and by an average of 35 per cent in the past three years. By switching to a market offer, residential customers can lower their energy bills. Before accounting for discounts, we found market offers provided customers with savings of about 2 per cent in 2011-12. This saving increased to about 12 per cent if customers accepted, and complied with, certain conditions. We also observed considerable variation in the price of discounted market offers in the different distribution zones, with the highest offers ranging up to 20 per cent more than the lowest offers.

Our report shows retailers' supply charge for electricity market offers rose in every distribution zone in 2011-12, by an average 12 cents per day (11.5 per cent). Supply charges also varied significantly across the retailers, by as much as 43 cents per day in some areas (which equated to \$157 per year). Customers on market offers with higher supply charges but lower use charges will find their electricity bills are less sensitive to the amount of energy they use.

RESIDENTIAL CUSTOMERS—GAS

Seven gas retailers operate across Victoria's 19 gas distribution zones selling gas to residential customers. Importantly, not all retailers operate in all distribution zones. In whichever zones they operate, retailers must publish standing offers for those customers who do not explicitly choose to enter a market contract. Statewide, standing offer prices for residential gas customers increased by 6 per cent on average in the past year. But this increase varied between zero and 13 per cent across the different distribution zones. The price of standing offers also varied considerably across distribution zones, with the highest standing offer sometimes exceeding the lowest by more than 30 per cent.

Switching from a standing offer to a market offer could save residential customers about 3 per cent on gas bills and up to a further 6 per cent if the customer fulfils the retailer's discount conditions (producing potential savings of around 9 per cent). However, the market offers available across the 19 gas distribution zones also varied considerably. In one zone, the difference between the highest and lowest market offer was about 5 per cent, whereas elsewhere the variation was almost 33 per cent.

Over the past three years, market offers for residential gas customers increased statewide by an average of 21 per cent. Standing offers increased by an average of 26 per cent in the same period.



BUSINESS CUSTOMERS—ELECTRICITY AND GAS

In the past year, standing offers for business customers increased on average by 10 per cent for electricity and 7 per cent gas. Across the state's electricity and gas distribution zones, we found considerable variation in both average prices and the rate of increase in average prices.

On average, across the state, businesses moving from a standing offer to a market offer (with discounts) can save about 12 per cent for electricity and 16 per cent for gas. As for residential customers, the market offers by electricity and gas retailers can vary considerably in individual distribution zones. In the past year, the average increase in electricity market offers (excluding discounts) to business customers in different distribution zones varied between 6 and 11 per cent. For gas customers, market offers increased by 11 per cent in some zones but decreased by a similar rate elsewhere.

Over the past three years, market offers by electricity retailers increased at different average rates across the five distribution zones, with increases ranging between 22 per cent and 38 per cent. Gas retailers' market offers increased in the same period by an average of 18 per cent across the state. But the change varied between 3 per cent and 25 per cent depending on the distribution zone.

WHAT DOES THIS REPORT MEAN FOR CUSTOMERS?

Clearly, prices increased in the past year and over the longer term. Analysis in this report shows residential electricity prices and gas prices (in real terms) increased by 33 per cent and 22 per cent respectively over the past four years. (The rate of increase in real prices for businesses is slightly lower). These increases follow a long period during which real prices were generally stable or even decreasing.

Today's electricity and gas markets are marked by the availability of many different offers. This report demonstrates customers need to 'shop around' to ensure they find the contract that best suits them. Savings can clearly be made if customers shift from a standing offer to a market offer. But, even once on a market offer, customers need to remain vigilant for better deals from their retailer or any other retailer (noting retailers may charge a small exit fee if customers choose to terminate their contract early).



In deciding which contract is best for them, customers should consider prices, discounts (and any conditions that apply to those discounts) and any other terms and conditions that may be relevant. They should also look at how their tariffs are structured. As our report shows, tariffs are structured in quite different ways, with some retailers' market contracts placing greater emphasis on supply charges. Such contracts will not suit customers who wish to maintain greater control over their energy bills (that is, pay less for using less).

Customers may also wish to refer to our annual performance reports of customer service standards to gauge the service they can expect from the retailers operating in Victoria. Our report for 2011-12 will be published in November.

TEN STEPS TO MAKING A BETTER CHOICE

- 1 Decide what is important for you: price, green energy, service or special offers.
- 2 Determine how much you paid for electricity and gas over the last 12 months.
- 3 Visit www.yourchoice.vic.gov.au or call 1300 134 575 for a list of retailers or information to help you ask the right questions.
- 4 Contact one or more electricity or gas retailers and ask them to give you details of the plan they think is best for you.
- 5 Ask each retailer about price, length of contract, payment options and other fees.
- 6 Check what additional benefits or services are offered including payment assistance.
- 7 Ask for the offer summary to help you compare plans before you enter a new contract.
- 8 Compare how much you would pay on each plan over 12 month. The price comparator on the YourChoice website will help.
- 9 Check whether you would have to pay any exit fees to end your current plan.
- 10 Choose your plan-remember there is a cooling off period if you change your mind.

Go to www.yourchoice.vic.gov.au for more information.



1 ABOUT THIS REPORT

1.1 ABOUT THIS REPORT

The *Energy retailers comparative performance report—pricing 2011-12* informs government, consumers and interested parties about Victoria's competitive energy market. The report shows the performance of the retail energy industry, and outlines the standing (default) and market offer products available to Victorian consumers in the competitive market. It presents electricity and gas costs over time, and compares the tariffs of retailers in each distribution zone in the state. A separate downloadable data set provides detailed tables of prices for each distribution zone and is available at www.esc.vic.gov.au

Up-to-date prices can be found on our YourChoice website (www.yourchoice.vic.gov.au).

Section 39A of the *Electricity Industry Act 2000* and s.47 of the *Gas Industry Act 2001* require the ESC to report to the Minister for Energy and Resources on published standing and market offers and other features of the competitive market. In a separate report, *Energy retailers comparative performance report—customer service 2011-12*, we review how well the energy retailers treat their customers (including customers experiencing financial hardship), by analysing certain performance indicators. It also reviews each retailer's call centre performance and complaints. We will publish the customer service report in November 2012, and both reports will be available at www.esc.vic.gov.au.



1.2 SCOPE OF THE REPORT

In terms of energy prices in Victoria, this report provides:

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

1.3 DATA SOURCES

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

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

Before publishing this report, we circulated it to all retailers for comment, and added those comments when appropriate.

1.4 REPORT DEFINITIONS AND BASES

The pricing comparisons in this report use the following definitions and bases:

Energy Customers

Residential customers are customers who purchase electricity or gas principally for personal, household or domestic use at a specific address or account. Business customers are non-residential customers at a specific address or account. Customers pay a different price, depending on how much electricity or gas they consume and when (see box 1.1, page 4).



Tariff types

A tariff is a pricing structure for energy consumption. Tariffs can have a peak rate only or a peak rate and an off-peak rate that varies with time. This report presents three tariff types for residential electricity customers—single rate, two-rate and time-of-use. For business electricity customers, we present single rate and time-of-use tariffs. And, for both residential and business gas customers, we present single rate tariffs (see box 1.1 page 4).

Pricing

This report presents prices available on 30 June 2012. It does not show any changes to offers during the year. Some offers shown may no longer be available, and might have been replaced with new offers (which would be published on the YourChoice website). All prices include GST.

To best show price variance across retailers and distribution zones, we calculated an annual price using a typical or average consumption for a customer on each tariff type.

Price change over time is calculated using the average price across all retailers at 30 June of each year.

Energy Retailers

In this report large retailers are defined as retailers with greater than 1,000 residential and business customers. Other retailers (as listed in Table 1.2) are excluded from data tables and graphs in this report, although they remain in all average price calculations.

Average consumption by tariff types

Box 1.1 below outlines the average consumption amounts per tariff type used in this report.



BOX 1.1 AVERAGE CONSUMPTION BY TARIFF TYPE

Annual charges listed in this report incorporate both supply charges and consumption charges based on an average consumption amount for each meter type.

Electricity pricing is based on the following use patterns:

1. The single rate residential tariff is based on 4000 kilowatt hours (kWh) peak consumption per year. This use is typical of a customer who has gas hot water and heating.
2. The two-rate residential tariff is based on 4000 kWh peak and 2500 kWh off-peak consumption per year (off-peak is between 11 pm and 7 am). This use is typical of a customer with no gas supply who has electric hot water that heats during the off-peak time (overnight).
3. The time-of-use residential tariff is based on 3000 kWh peak and 6000 kWh off-peak consumption per year. Off-peak includes the whole weekend for this tariff, as well as between 11 pm and 7 am Monday to Friday. This use is typical of a customer without gas supply who uses the off-peak time for any purpose over the weekend in addition to hot water and heating overnight.
4. The single rate business tariff is based on 12 000 kWh peak consumption per year. This use is typical of a business that is closed on weekends.
5. The time-of-use business tariff is based on 25 000 kWh peak and 15 000 kWh off-peak consumption per year. Off-peak includes the whole weekend. This use is typical of a larger business that is open more than five days a week.

Gas pricing is based on the following use patterns:

1. The single rate residential tariff is based on 60 gigajoules (GJ) consumption per year. Consumption is allocated for peak (winter months—typically June to September) and off-peak (typically October to May) times. This use is typical of a residential gas customer with gas hot water.
2. The single rate business tariff is based on 500 GJ consumption per year. This use is typical of an average business customer.



1.5 RELEVANCE OF DISTRIBUTION ZONES

Energy retailers must publish prices specific for the distribution zones in which they want to sell. Their published prices incorporate a supply charge for each distribution zone. Victoria has five electricity distribution zones (figures 1.1 and 1.2). In total, 15 retailers offered electricity to residential customers in 2011-12, and 15 retailers offered electricity to business customers.

Victoria has 19 gas distribution zones (figures 1.3 and 1.4). Eight retailers published gas prices for residential and business customers in 2011-12.

In this report the gas distribution zones are identified as either established zones or newer zones. The established distribution zones reflect the original Victorian network while the newer zones reflect the more recently reticulated gas areas that include, Envestra Mildura and Cardinia and the Envestra, Multinet and SP AusNet gas extension zones.

In some of the newer distribution zones only one or two retailers are present. Note that gas is not available throughout Victoria.

Retail prices in Victoria are not regulated (although price regulation or capping occurs to some degree in all other Australian states). But retailers partly base the supply charge component of their prices on a regulated network tariff cost passed on by energy distributors. The Australian Energy Regulator (AER) sets the maximum network tariff cost that distributors can pass on to retailers. That cost reflects the cost of transporting electricity and gas throughout Victoria, which is why one retailer may charge different prices across the state for the same product.

In summary, customer bills comprise of:

- a consumption cost, which can vary with how much energy is consumed and when (peak and off-peak), and
- a supply charge, which includes the regulated network tariff cost for the customer's distribution zone.

FIGURE 1.1 ELECTRICITY DISTRIBUTION ZONES, VICTORIA

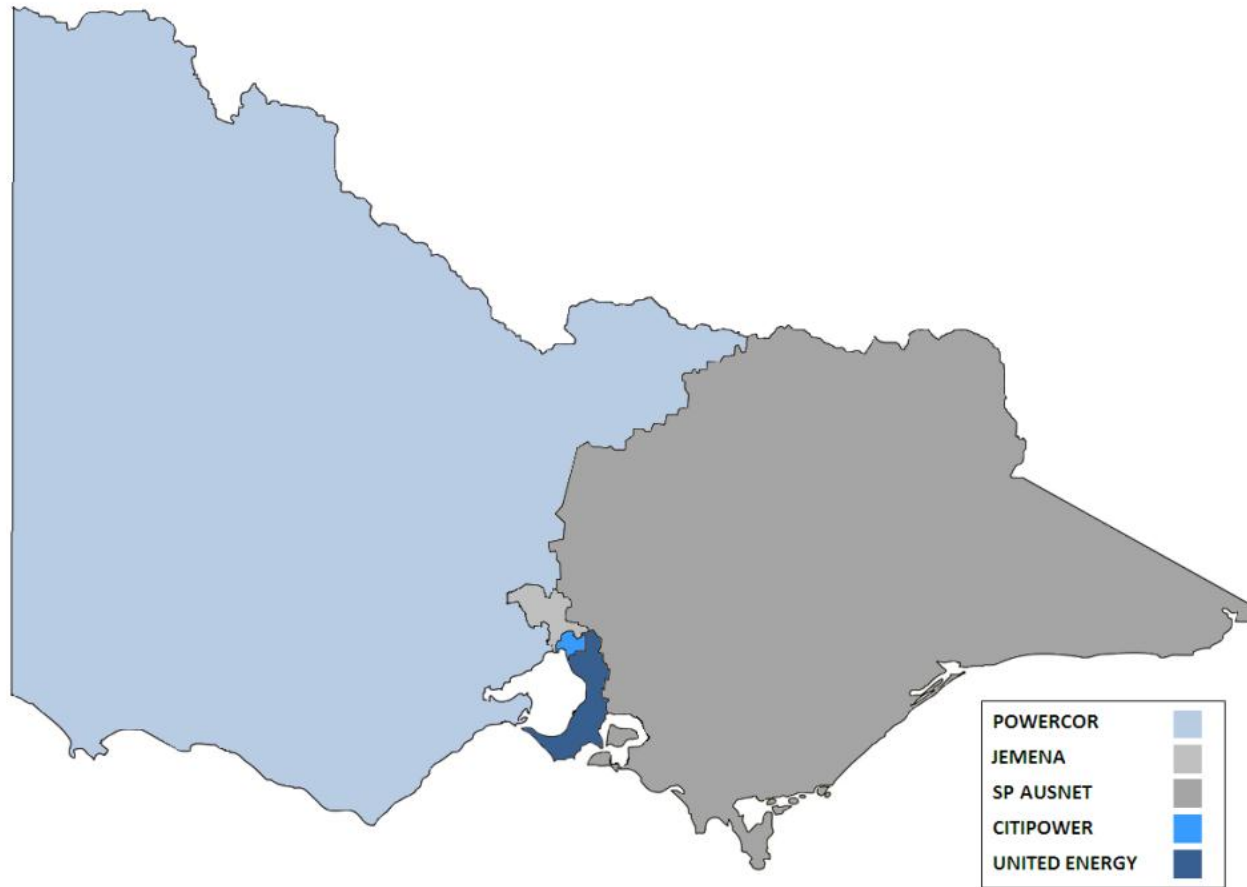




FIGURE 1.2 ELECTRICITY DISTRIBUTION ZONES, METROPOLITAN MELBOURNE

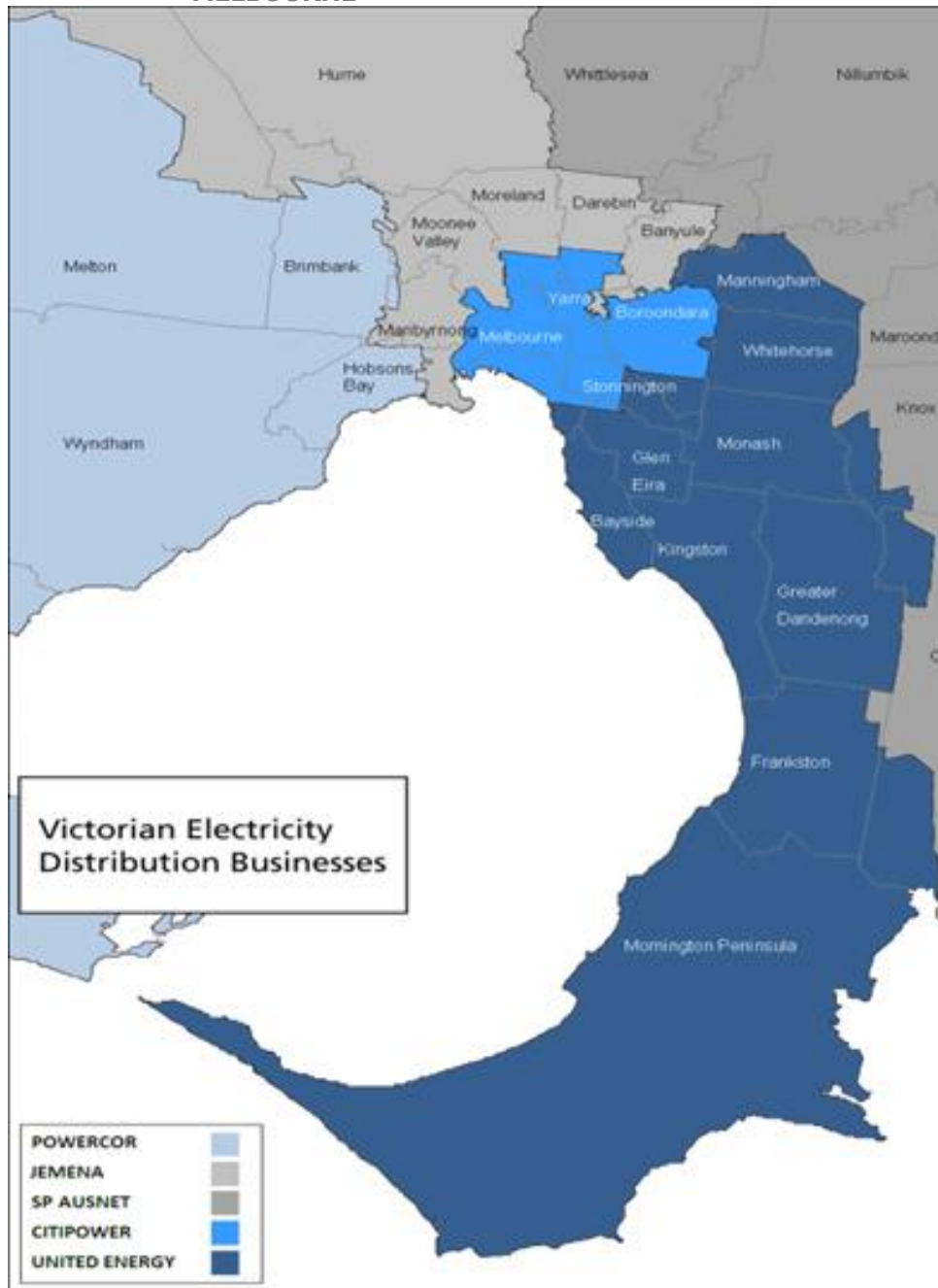
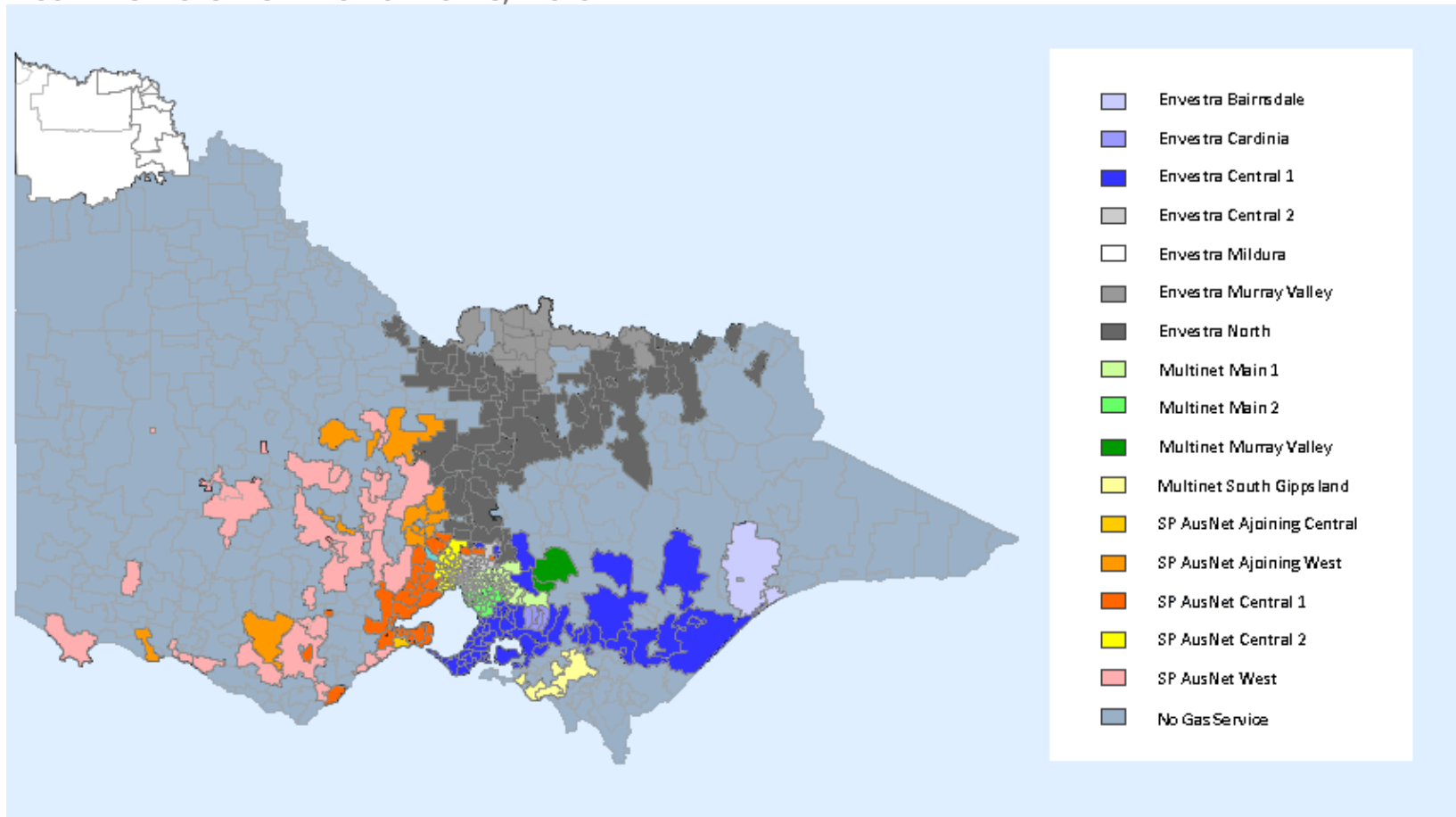




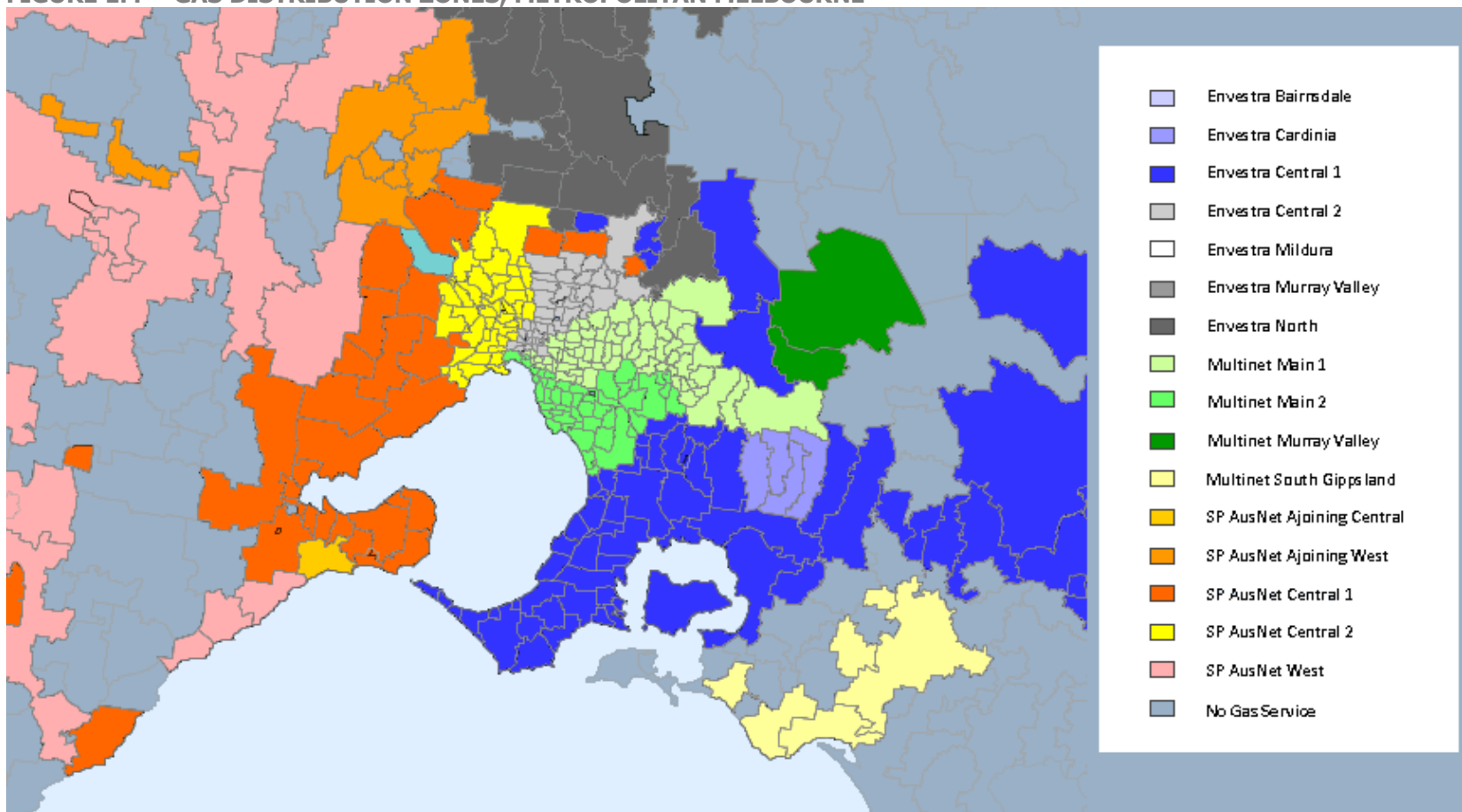
FIGURE 1.3 GAS DISTRIBUTION ZONES, VICTORIA



Note: Gas extension zone and Multinet gas extension zone not shown. Envestra north distribution zone includes Envestra north AGL only tariffs.



FIGURE 1.4 GAS DISTRIBUTION ZONES, METROPOLITAN MELBOURNE



Note: Gas extension zone and Multinet gas extension zone not shown. Envestra north distribution zone includes Envestra north AGL only tariffs.



1.6 ENERGY MARKETS

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

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

The Victorian Government further reformed the energy market by deregulating energy prices for all customers from 1 January 2009. All retailers now set their own retail prices. Victoria has 27 licensed retailers, of which 18 were active in the market for residential and business customers in 2011-12. Three of these retailers (AGL, Origin Energy and TRUenergy) have a long history in the previously franchised market (the 'local' retailers) where each retailer had a defined area of Victoria to sell in, while others entered the market after it opened to competition. Seven retailers either had fewer than 1000 customers each at 30 June 2012, or sell to mainly large business customers (table 1.2).

Table 1.1 shows residential and business customer numbers in the Victorian electricity market, as an average of monthly customer numbers reported to the Commission. It also shows the percentage change in market share from 2010-11.

MARKET CHANGES IN 2010-11

Origin Energy and TRUenergy purchased the retail business and existing customer base of Country Energy and EnergyAustralia respectively on 1 March 2011. Country Energy data is no longer reported in this report because the offers are no longer available for purchase. TRUenergy continues to sell electricity under the brand name EnergyAustralia, so this report continues to show market offers for EnergyAustralia. But the customer numbers are shown as TRUenergy customers. Standing offers from EnergyAustralia have reverted to the TRUenergy offer and are no longer available. Historical data remain in the report for EnergyAustralia and Country Energy where appropriate.



ELECTRICITY

TABLE 1.1 AVERAGE CUSTOMER NUMBERS—ELECTRICITY
2011-12

Retailer	Residential	Business	Total	Change in market share from 2010-11
AGL	554 593	81 182	635 775	-1.3
Australian Power & Gas	116 904	0	116 904	0.8
Click Energy	6 611	703	7 314	0.1
Dodo Power & Gas	13 503	0	13 503	0.4
Lumo Energy	173 689	20 641	194 330	0.1
Momentum Energy	4 585	13 061	17 645	-0.1
Neighbourhood Energy	69 495	0	69 495	1.2
Origin Energy	549 605	91 070	640 675	0.6
Powerdirect	14 974	24 258	39 232	0.1
Red Energy	160 295	5 304	165 600	0.4
Simply Energy	97 952	10 368	108 320	-0.8
TRUenergy	568 216	62 035	630 251	323
Other ^a	866	1 923	2 789	0.1
All retailers	2 331 288	330 545	2 641 832	—

Note: EnergyAustralia customers are reported as TRUenergy customers. ^a See table 1.2. — Not applicable.



TABLE 1.2 AVERAGE CUSTOMER NUMBERS—ELECTRICITY, OTHER RETAILERS
2011-12

Retailer	Residential	Business	Total
AGL Sales (Qld)	0	12	13
Alinta Energy	378	0	378
Aurora Energy	0	254	254
Diamond Energy	488	63	551
ERM Power Retail	0	683	683
Sun Retail	0	21	21
TRUenergy Yallorn	0	890	890
All retailers	866	1 923	2 790

Note: Market share change is not shown for retailers with fewer than 1000 customers.

Each retailer’s market share of customers has changed significantly in the electricity sector since competition was introduced in the early 2000s. At that time, the three local retailers—AGL, TRUenergy and Origin Energy—held 100 per cent of the residential and business market share.

Figures 1.5 and 1.6 show:

- In the residential market, AGL, Origin Energy and TRUenergy together continued to hold the largest market share (72 per cent) in 2011-12, up from 69 per cent in 2010-11. This share mainly reflected TRUenergy’s and Origin Energy’s purchases of EnergyAustralia’s and Country Energy’s customer bases respectively.
- In the business market, Origin Energy and Lumo Energy gained the most market share, while Momentum Energy and Simply Energy decreased its overall market share. Total new connections increased by almost 24 000 in the residential market in 2011-12, and remained steady in the business market.



FIGURE 1.5 MARKET SHARE CHANGE—RESIDENTIAL ELECTRICITY
2008-09 to 2011-12

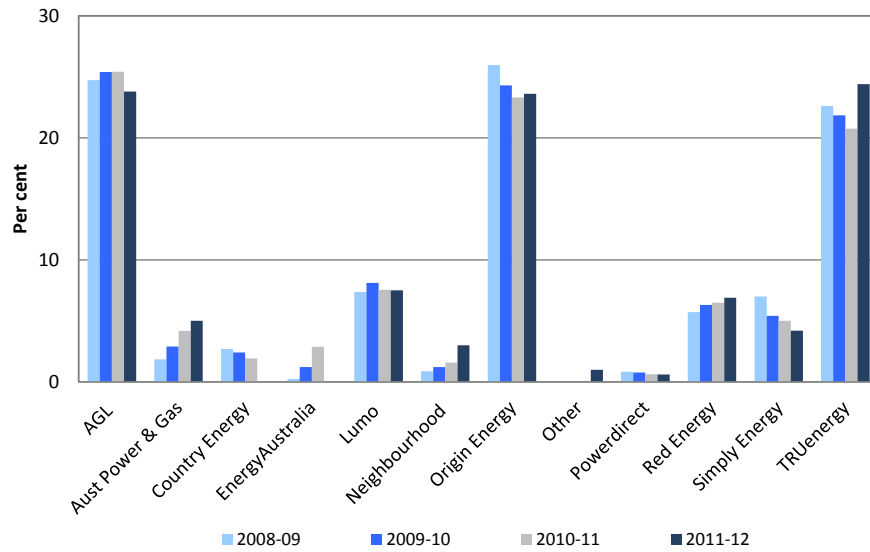
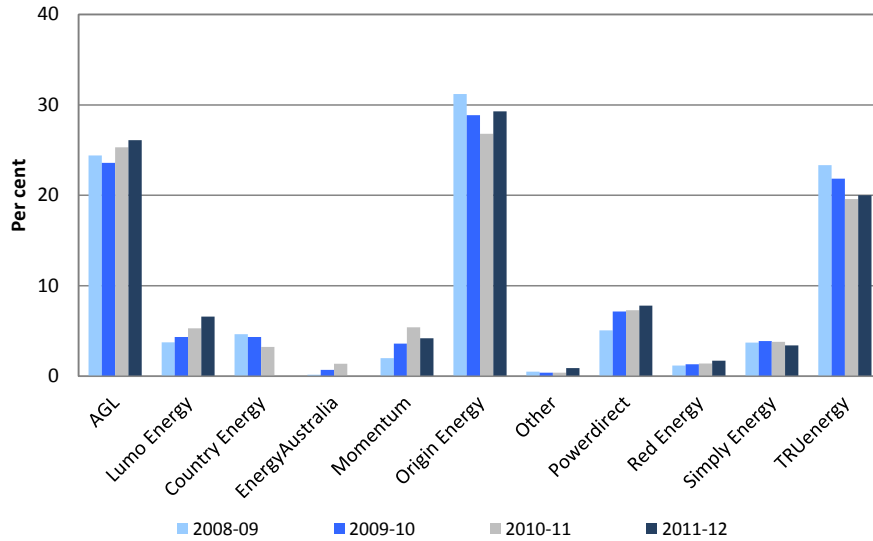


FIGURE 1.6 MARKET SHARE CHANGE—BUSINESS ELECTRICITY
2008-09 to 2011-12





GAS

Table 1.3 shows the average residential and business customer numbers in the Victorian gas market. Of the 15 retail gas licences in Victoria, eight retailers were active in the market in 2011-12 and sold gas to 1.9 million customers.

TABLE 1.3 AVERAGE CUSTOMER NUMBERS—GAS
2011-12

Retailer	Residential	Business	Total	Change in market share from 2010-11
AGL Sales	492 110	14 624	506 734	-0.1
Aurora Energy	0	5	5	—
Australian Power & Gas	101 235	0	101 235	1.3
Lumo	127 527	2 083	129 611	0.3
Origin Energy ^a	423771	12 795	474 477	—
Red Energy	94 388	1 302	95 690	0.7
Simply Energy	82 667	1 456	84 123	-0.4
TRUenergy	495 332	19 778	515 110	4.7
All retailers	1 817 030	52 043	1 869 073	—

Note: Market share change is not shown for retailers with fewer than 1000 customers. EnergyAustralia customers are reported as TRUenergy customers.. ^a Origin Energy historical data is not shown.— Not applicable.

The market share of customers for the local gas retailers (AGL, Origin Energy and TRUenergy) increased by 1.5 per cent in 2011-12, up to 78 per cent.

Figures 1.7 and 1.8 show:

- Australian Power & Gas and TRUenergy reported the largest market share increase in 2011-12, by 1.3 per cent and 4.7 per cent of market share respectively
- Red Energy and TRUenergy had the largest market share increase in the business gas market, both gaining 1.2 per cent.

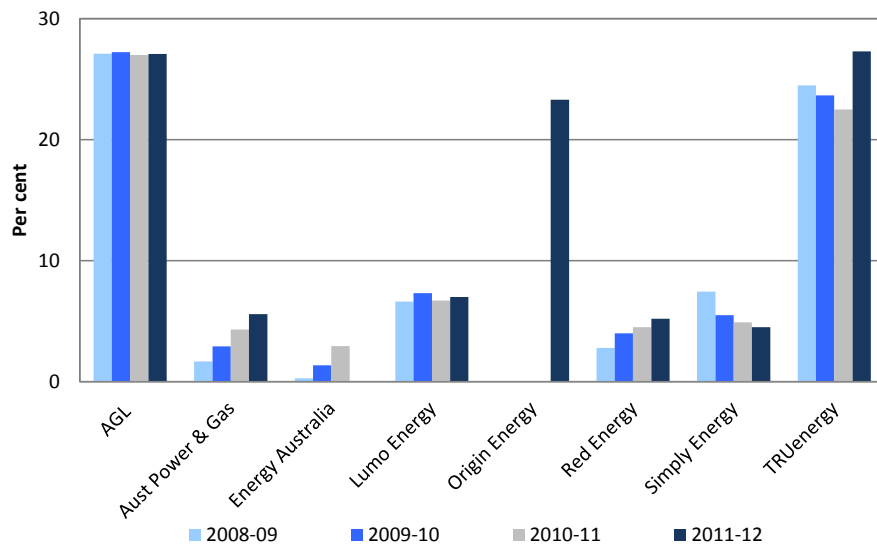


Overall, gas customer numbers were reported to decrease in 2011-12, this was because Origin Energy over-estimated customer numbers prior to 2011-12. This was due to two issues:

- they included serviced hot water meters (for bulk hot water) – which are not a separate customer
- they included inactive customer accounts with outstanding debts.

These issues have been rectified and Origin Energy’s 2011-12 data is now accurate. Overall Origin Energy’s residential gas customers fell by 3.9 per cent in 2011-12. The historical data cannot be re calculated and gas customer numbers prior to 2011-12 have been removed.

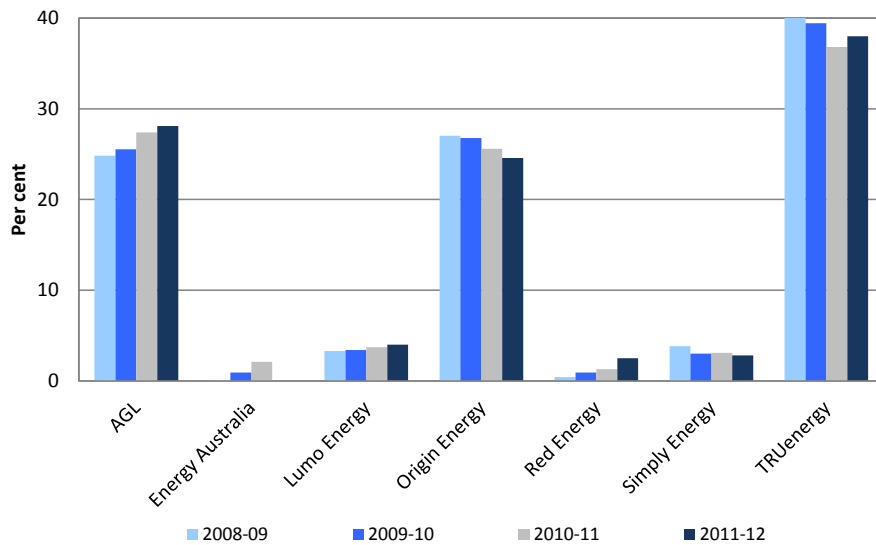
FIGURE 1.7 MARKET SHARE CHANGE—RESIDENTIAL GAS
2008-09 to 2011-12



Note: Origin Energy historical data is not shown.



FIGURE 1.8 MARKET SHARE CHANGE—BUSINESS GAS
2008-09 to 2011-12



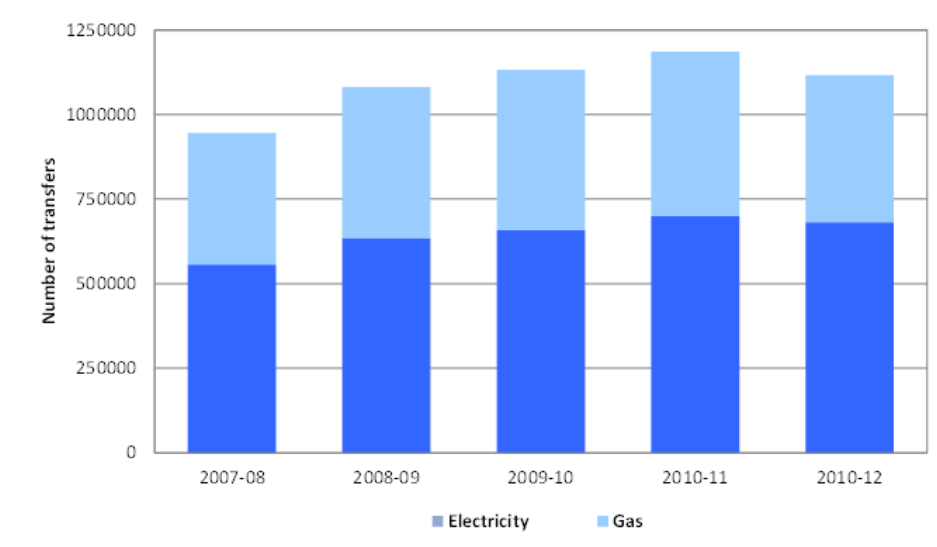
1.7 MARKET TRANSFERS

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

The total number of electricity and gas transfers for 2011-12 was 1 116 726—a decrease of nearly 69 000 transfers from 2010-11. The total comprised 682 363 electricity customers who switched retailers, and 434 366 gas customers. Overall, the annual transfer proportion was 26.7 per cent of all gas and electricity customers, representing a 1.8 per cent decrease from the 2010-11 proportion.



FIGURE 1.9 MARKET TRANSFERS—VICTORIA
2006-07 to 2011-12

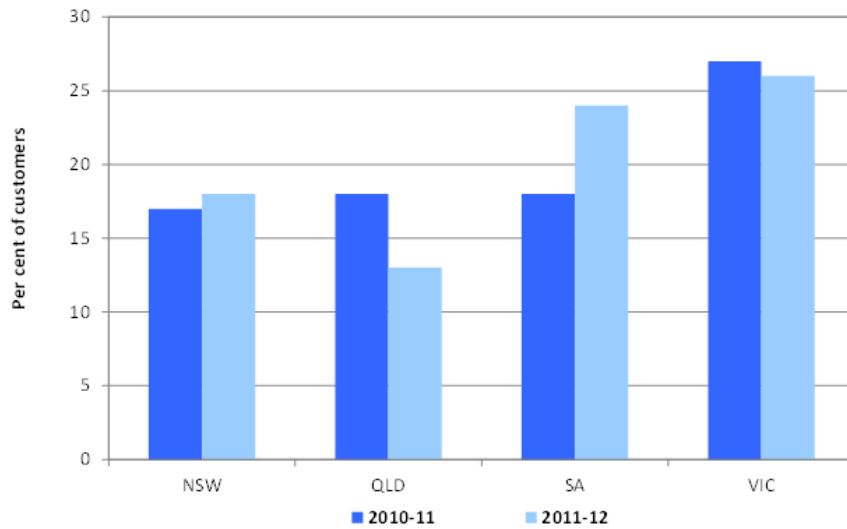


Data source: AEMO.



For electricity customers, Victoria continued to have the highest transfer percentage in 2011-12, compared with New South Wales, Queensland and South Australia. Figure 1.10 shows South Australia had the largest one year increase in transfers up to 24 per cent of customers from 18 per cent in 2010-11. New South Wales increased by 1 per cent, while Queensland customers switched retailers less in 2011-12 down to 13 per cent from 18 per cent. Victoria had the highest transfer proportions (26 per cent), showing Victorian customers remain willing to switch retailers to get a better energy product or price.

FIGURE 1.10 ELECTRICITY MARKET TRANSFERS—AUSTRALIA
2011-12



Note: Percentage transfer rate is calculated by projecting the 31 May 2012 monthly transfer figure over 12 months.

Data source: AEMO.



2 COMPARING RETAILERS' STANDING OFFERS

WHAT WE FOUND

Residential electricity standing offer prices increased across all retailers in 2011-12. The average price increase was 10 per cent, although price differences between the highest and lowest standing offers varied greatly in 2011-12. Price variation in a distribution zone for the larger retailers was \$188–334 for single rate customers, \$263–423 for two-rate customers and \$350–803 for time-of-use customer. Standing offer tariffs for business customers also increased by 10 per cent in 2011-12. In distribution zones, average prices varied by up to \$1126 for single rate customers and up to \$2373 for time-of-use customers.

For gas, standing offer prices for business customers increased by 7 per cent on average in 2011-12. Prices in distribution zones also varied considerably—up to over \$3300 between the highest and lowest prices. Residential gas customers also faced a price variance in their distribution zone—in some cases, the variance was over \$400. Prices increased by an average 7 per cent for residential gas customers in 2011-12.

2.1 ABOUT STANDING OFFERS

Standing offers—or default prices—are what customers must pay if they do not seek to change to a competitive market offer. Some customers have been on a standing offer since competition was introduced in the Victorian energy market in the early 2000s. Other customers are placed on a standing offer by default—that is, they either continue with the existing retailer at a house or a business without seeking a market contract or the market contract they are on expires and the retailer places them on a standing contract until a new market contract is taken up. Customers do not choose between retailers' standing offers as choice typically means entering a market 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 business customers. Retailers cannot vary these tariffs for at least six months, and they must publish all variations one month before a change takes effect.

2.2 RESIDENTIAL ELECTRICITY PRICES

This section shows the retailers' residential electricity standing offers for each distribution zone across Victoria. All prices in chapter 2 are in nominal dollars; chapter 3 presents prices in real dollars (prices that are adjusted to remove the effect of inflation).

Tables 2.1, 2.2 and 2.3 show considerable variation in the highest and lowest standing offers available in each distribution zone. They also demonstrate the typical price increases in 2011-12. The average price increase for each distribution zone and meter type varied between 8–13 per cent over one year.

Overall, tables 2.1, 2.2 and 2.3 show:

- standing offer prices increased, on average, by 8–13 per cent across all distribution zones and tariff types in 2011-12, but some individual retailers increased their standing offers by up to 17 per cent
- the average price increase across all tariffs and distribution zones was 10 per cent in 2011-12, up from 6 per cent in 2010-11 and down from a 14 per cent increase in 2009-10
- Click Energy and Momentum Energy had the lowest standing offer prices for the majority of zones and tariff types, while TRUenergy had the highest prices in most zones
- the price difference between the lowest and highest standing offer varied by \$188-334 for single rate customers, \$263-432 for two-rate customers and \$350-803 for time-of-use customers.



**TABLE 2.1 RESIDENTIAL STANDING OFFERS—ELECTRICITY,
SINGLE RATE TARIFF**
2011-12, nominal \$

Distribution zone	Lowest price available \$	Highest price available \$	2011-12 average price \$	Average increase %
CitiPower Inner city and eastern suburbs	Click Energy 967	Powerdirect 1 178	1 112	8
Jemena Inner west and northern suburbs	Momentum Energy 1 089	Powerdirect 1 345	1 280	9
Powercor Outer western suburbs and western Victoria	Click Energy 1 117	TRUenergy 1 332	1 285	11
SP AusNet Eastern suburbs and eastern Victoria	Momentum Energy 1 061	Simply Energy 1 395	1 293	13
United Energy Outer south eastern suburbs and Mornington	Momentum Energy 1 097	Red Energy 1 285	1 221	10

Note: retailers with less than 1000 customers are not shown in this table—they are included in average calculations



**TABLE 2.2 RESIDENTIAL STANDING OFFERS—ELECTRICITY,
TWO-RATE TARIFF**
2011-12, nominal \$

Distribution zone	Lowest price available \$	Highest price available \$	2011-12 average price \$	Average increase %
CitiPower Inner city and eastern suburbs	Click Energy 1 272	TRUenergy 1 535	1 432	9
Jemena Inner west and northern suburbs	Momentum Energy 1 376	AGL 1 721	1 637	11
Powercor Outer western suburbs and western Victoria	Momentum Energy 1 433	Simply Energy 1 734	1 633	11
SP AusNet Eastern suburbs and eastern Victoria	Click Energy 1 457	AGL 1 768	1 684	12
United Energy Outer south eastern suburbs and Mornington	Momentum Energy 1 211	Red Energy 1 643	1 546	11

Note: retailers with less than 1000 customers are not shown in this table—they are included in average calculations



**TABLE 2.3 RESIDENTIAL STANDING OFFERS—ELECTRICITY,
TIME-OF-USE TARIFF**
2011-12, nominal \$

Distribution zone	Lowest price available \$	Highest price available \$	2011-12 average price \$	Average increase %
Citipower Inner city and eastern suburbs	Click Energy 1 610	TRUenergy 1 995	1 867	9
Jemena Inner west and northern suburbs	Momentum Energy 1 774	Simply Energy 2 422	2 108	10
Powercor Outer western suburbs and western Victoria	Click Energy 1 783	TRUenergy 2 143	2 017	12
SP AusNet Eastern suburbs and eastern Victoria	Momentum Energy 1 462	Powerdirect 2 265	2 165	12
United Energy Outer south eastern suburbs and Mornington	Lumo Energy 1 789	Australian Power & Gas 2 139	1 985	10

Note: retailers with less than 1000 customers are not shown in this table —they are included in average calculations



2.3 BUSINESS ELECTRICITY PRICES

This section shows retailers' electricity standing offer prices for businesses in each distribution zone across Victoria. Tables 2.4 and 2.5 show the highest and lowest standing offers in each distribution zone. They also demonstrate average price increases in 2011-12, which were up to 15 per cent depending on the zone and meter type.

Overall, tables 2.4 and 2.5 show:

- the average price increase across all tariffs and distribution zones was 10 per cent from 2011-12, and 18 per cent from 2009-10
- across distribution zones and tariff types, Click Energy and Momentum Energy showed the lowest prices
- the price difference between the lowest and highest standing offer varied by \$625-1126 for single rate customers and \$1811-2373 for time-of-use customers.

TABLE 2.4 BUSINESS STANDING OFFERS—ELECTRICITY, SINGLE RATE TARIFF
2011-12, nominal \$

Distribution zone	Lowest price available \$	Highest price available \$	2011-12 average price \$	Average increase %
CitiPower Inner city and eastern suburbs	Click Energy 2 592	AGL 3 217	3 005	9
Jemena Inner west and northern suburbs	Neighbourhood Energy 2 820	TRUenergy 3 464	3 224	5
Powercor Outer western suburbs and western Victoria	Click Energy 2 985	Powerdirect 3 734	3 467	10
SP AusNet Eastern suburbs and eastern Victoria	Momentum Energy 2 913	Powerdirect 4 039	3 643	13
United Energy Outer south eastern suburbs and Mornington	Momentum Energy 2 846	Red Energy 3 661	3 408	8



TABLE 2.5 BUSINESS STANDING OFFERS—ELECTRICITY, TIME-OF-USE TARIFF
2011-12, nominal \$

Distribution zone	Lowest price available \$	Highest price available \$	2011-12 average price \$	Average increase %
CitiPower Inner city and eastern suburbs	Click Energy 7 486	AGL 9 303	8 779	15
Jemena Inner west and northern suburbs	Origin Energy 7 917	Neighbourhood Energy 9 728	8 964	8
Powercor Outer western suburbs and western Victoria	Momentum Energy 8 298	TRUenergy 10 439	9 777	13
SP AusNet Eastern suburbs and eastern Victoria	Momentum Energy 8 730	Powerdirect 11 103	10 339	8
United Energy Outer south eastern suburbs and Mornington	Click Energy 8 162	Powerdirect 10 019	9 320	6

2.4 RESIDENTIAL GAS PRICES

This section shows retailers' residential gas single rate standing offer tariffs for each distribution zone across Victoria. As with electricity standing offers, many retailers' gas standing offer tariffs varied considerably in a distribution zone. Table 2.6 summarises the range of standing offer prices available to residential gas customers depending on the distribution zone. Average consumption is allocated for winter and summer seasons. The average price increased in most distribution zones in 2011-12, by up to 13 per cent.

Overall, table 2.6 shows:

- the average price increase across the distribution zones was 7 per cent in 2011-12, slightly higher than the 6 per cent increase in 2010-11
- AGL generally had the lowest prices, while Lumo Energy and TRUenergy mostly had the highest prices



- the price difference between the lowest and highest standing offer varied by \$115-420 for single rate customers
- customers in newer gas distribution zones (for example, Envestra Mildura,) paid significantly higher prices for gas than did customers in established areas. This could be due to infrastructure costs, distance and transport costs or limited competition within the newer zone.

TABLE 2.6 RESIDENTIAL STANDING OFFERS—GAS, SINGLE RATE TARIFF
2011-12, nominal \$

Distribution zone	Lowest price available \$	Highest price available \$	2011-12 average price \$	Average increase %
Envestra Bairnsdale Bairnsdale	AGL 1 403	TRUenergy 1 592	1 499	4
Envestra Cardinia West Gippsland	Lumo Energy 1 513	Australian Power & Gas 1 724	1 587	6
Envestra Central 1 Frankston, Mornington Peninsula and Gippsland	AGL 1 100	Lumo Energy 1 520	1 206	13
Envestra Central 2 Inner city and inner north eastern suburbs	AGL 1 086	Lumo Energy 1 259	1 128	7
Envestra Mildura Mildura	Origin Energy 1 570	—	1 570	6
Envestra Murray Valley Numurkah, Cobram	Lumo Energy 1 290	Australian Power & Gas 1 518	1 376	9
Envestra North North and north eastern Victoria	Origin Energy 1 124	AGL 1 334	1 217	11

Continued next page



TABLE 2.6 (continued)

Distribution zone	Lowest price available \$	Highest price available \$	2011-12 average price \$	Average increase %
Envestra North – AGL North Victoria	AGL 1 073	—	1 073	1
Gas Extension Zone Yarra Glen	AGL 1 279	TRUenergy 1 404	1 341	5
Multinet Gas Extension Zone Woori Yallock and Seville	AGL 1 279	TRUenergy 1 406	1 342	5
Multinet Main 1 Eastern and south eastern suburbs	AGL 1 041	Lumo Energy 1 251	1 143	8
Multinet Main 2 Bayside and south eastern suburbs	AGL 1 040	Lumo Energy 1 210	1 103	9
Multinet Murray Valley Warburton	TRUenergy 1 154	Lumo Energy 1 501	1 280	0
Multinet South Gippsland Leongatha and Wonthaggi	Red Energy 1 516	—	1 516	5
SP AusNet Adjoining Central Barwon Heads	AGL 1 178	TRUenergy 1 511	1 400	10
SP AusNet Adjoining West Macedon and Gisborne	Lumo Energy 1 255	AGL 1 478	1 406	2
SP AusNet Central 1 Outer northern suburbs, outer western suburbs and Geelong area	Red Energy 1 089	Lumo Energy 1 344	1 227	8
SP AusNet Central 2 Western and north western suburbs	AGL 1 184	Lumo Energy 1 344	1 240	9
SP AusNet West Bendigo, Ballarat, Castlemaine and western Victoria	Origin Energy 1 140	Lumo Energy 1 255	1 186	12

Note: When only one offer was available, it is listed as the lowest price. — Not applicable.



2.5 BUSINESS GAS PRICES

Five retailers (AGL, Origin Energy, TRUenergy, Simply Energy and Lumo Energy) published standing offer gas prices for businesses. In some cases, the price difference in a distribution zone was significant. Table 2.7 summarises the range of standing offer prices for business gas customers across the state. Average prices across most distribution zones increased in 2011-12, particularly in the most populated zones, where price increases were up to 13 per cent.

Overall, table 2.7 shows:

- the price difference between the lowest and highest standing offer varied by \$413-3348 for single rate customers
- customers in newer distribution zones (for example Envestra Cardinia) paid significantly higher prices for gas than in established areas, although prices remained steady in 2011-12 for customers in these zones
- the average price increase across the distribution zones was 7 per cent in 2011-12—the same as in 2010-11 and 2009-10
- AGL and Origin Energy often had the lowest prices, while Lumo Energy had consistently higher prices.



TABLE 2.7 BUSINESS STANDING OFFERS—GAS, SINGLE RATE TARIFF
2011-12, nominal \$

Distribution zone	Lowest price available \$	Highest price available \$	2011-12 average price \$	Average increase %
Envestra Bairnsdale Bairnsdale	Origin Energy 7 657	Lumo Energy 11 005	9 311	1
Envestra Cardinia West Gippsland	Origin Energy 10 327	TRUenergy 10 740	10 533	0
Envestra Central 1 Frankston, Mornington Peninsula and Gippsland	Origin Energy 6 104	Lumo Energy 7 787	6 860	9
Envestra Central 2 Inner city and inner north eastern suburbs	AGL 6 229	Lumo Energy 8 031	7 135	10
Envestra Mildura Mildura	Origin Energy 8 748	—	8 748	-2
Envestra Murray Valley Numurkah, Cobram	AGL 7 515	TRUenergy 8 560	7 869	6
Envestra North North and north eastern Victoria	Origin Energy 6 363	Lumo Energy 7 860	7 065	8
Envestra North – AGL North Victoria	AGL 6 406	—	6 406	6
Gas Extension Zone Yarra Glen	AGL 7 234	TRUenergy 9 147	8 190	7
Multinet Gas Extension Zone Woori Yallock and Seville	AGL 7 234	TRUenergy 8 854	8 044	7

Continued next page



TABLE 2.7 (continued)

Distribution zone	Lowest price available \$	Highest price available \$	2011-12 average price \$	Average increase %
Multinet Main 1 Eastern and south eastern suburbs	Origin Energy 5 250	Lumo Energy 7 063	6 191	9
Multinet Main 2 Bayside and south eastern suburbs	Origin Energy 5 819	Lumo Energy 7 454	6 707	10
Multinet Murray Valley Warburton	TRUenergy 6 495	Origin Energy 9 511	8 003	6
SP AusNet Adjoining Central Barwon Heads	AGL 6 741	TRUenergy 9 109	8 183	7
SP AusNet Adjoining West Macedon and Gisborne	Origin Energy 9 553	Lumo Energy 10 701	9 712	9
SP AusNet Central 1 Outer northern suburbs, outer western suburbs and Geelong area	AGL 6 741	Lumo Energy 8 128	7 392	13
SP AusNet Central 2 Western and north western suburbs	Origin Energy 6 294	Lumo Energy 8 167	7 388	5
SP AusNet West Bendigo, Ballarat, Castlemaine and western Victoria	AGL 6 699	Lumo Energy 7 858	7 350	9

Note: When only one offer was available, it is listed as the lowest price. Multinet South Gippsland did not have offers available to be published — Not applicable.



3 STANDING OFFER PRICES OVER TIME

WHAT WE FOUND

Standing offer prices (in real dollars) published by the three local retailers—AGL, Origin Energy and TRUenergy—for both electricity and gas increased in the past five years, following a long period during which prices remained stable.

When residential electricity prices are adjusted to exclude inflation, the average price increase from 2007-08 to 2011-12 was approximately 33 per cent. Prices over those five years rose by:

- \$338 for single rate customers
- \$375 for two-rate customers
- \$499 for time-of-use tariff customers.

The annual bills for single rate business customers rose 28 per cent in the past five years.

For residential gas customers, the average price adjusted to exclude inflation rose 22 per cent in the past five years. Average adjusted prices for business gas customers increased by 21 per cent over the same period.



3.1 HOW STANDING OFFER PRICES ARE REPORTED

This section shows the average prices paid by customers on default or standing offer prices from the mid-1990s. Until 1 January 2009, only the incumbent retailers AGL, Origin Energy and TRUenergy were obliged to publish standing offer prices. This section shows the historical trend for these prices. Data collection commenced in 1994-95 for electricity and in 1999 (calendar year) for gas. Chapter 2 compares the standing offer tariffs of all retailers for 2011-12.

We calculated the average consumption costs in this section using the price at 30 June 2012. Previous reports present this data using a 50 per cent weighting for both the current year (30 June) price and the previous years (30 June) price. This approach reflected the price rise that traditionally occurred on 1 January each year. However, because prices can change at any time now, we calculated the data for this report using the one price point—30 June of each year. All standing offer prices were adjusted for inflation using the consumer price index (CPI), based on the eight capital cities' September 2011 quarter data (as sourced from www.abs.gov.au).

3.2 ELECTRICITY AND GAS PRICES OVER TIME

Figures 3.1–3.3 show the trend in average electricity prices for three typical consumption patterns: the residential single rate and two-rate tariffs and the business single rate tariff (as explained in Box 1.1, page 4). The time series for electricity prices commenced in 1994-95.

- the average annual bill for households on a single rate tariff fluctuated between 1994-95 and 2011-12, but rose overall by 29 per cent in real terms
- the average annual bill for households on a two-rate tariff also fluctuated between 1994-95 and 2011-12, and rose overall by 36 per cent in real terms in that time
- the average annual bill for businesses on a single rate tariff fell by 11 per cent between 1994-95 and 2011-12, despite rising by 28 per cent in real terms in the past five years.



FIGURE 3.1 AVERAGE ANNUAL STANDING OFFERS—ELECTRICITY, RESIDENTIAL, SINGLE RATE TARIFF
1994-95 to 2011-12, 2012\$

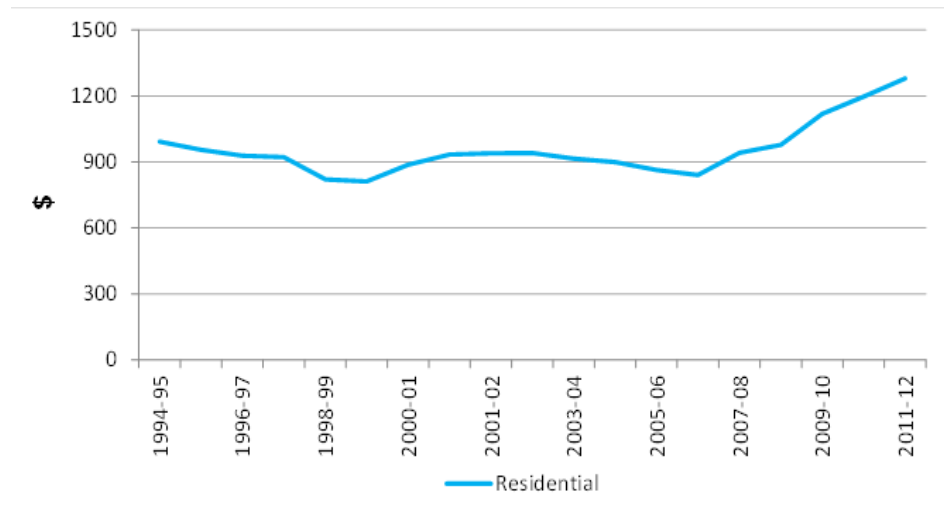


FIGURE 3.2 AVERAGE ANNUAL STANDING OFFERS—ELECTRICITY, RESIDENTIAL, TWO-RATE TARIFF
1994-95 to 2011-12, 2012\$

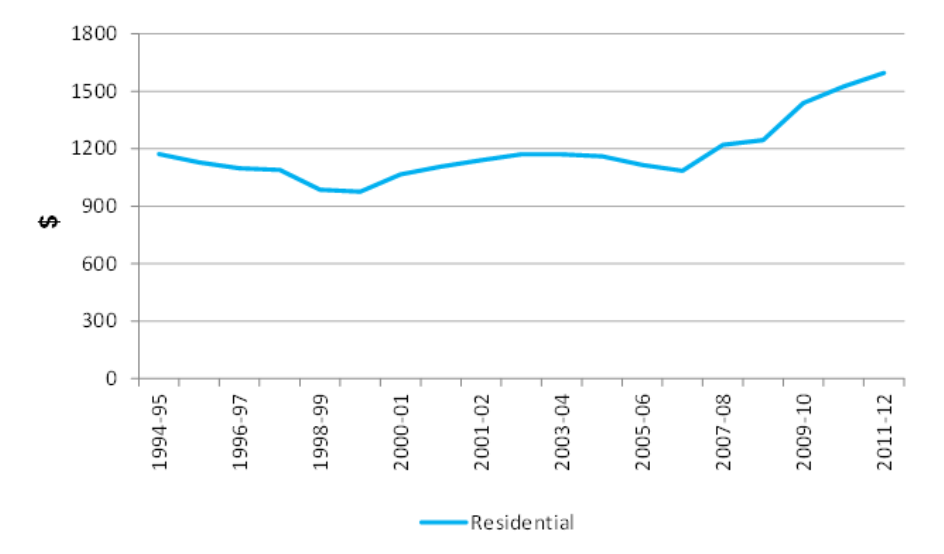
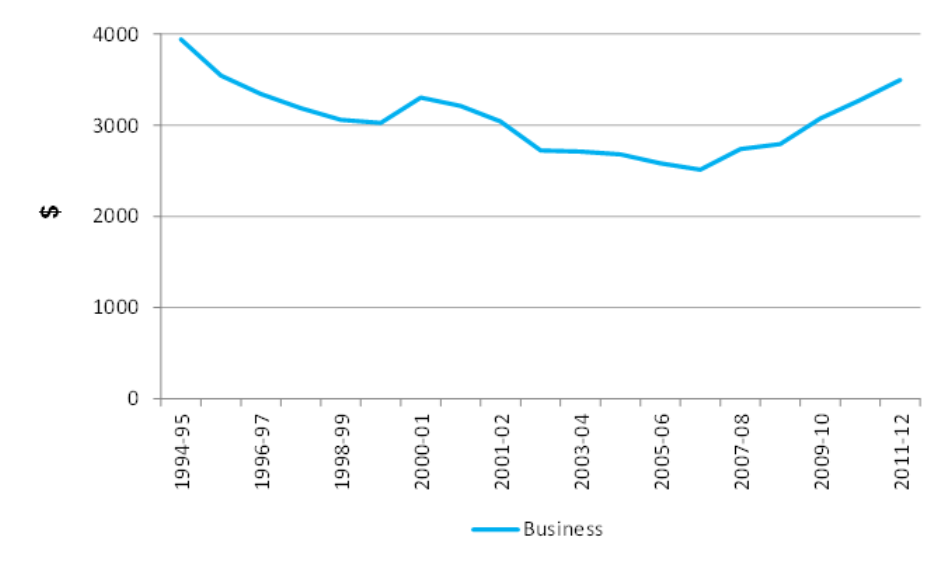




FIGURE 3.3 AVERAGE ANNUAL STANDING OFFERS—ELECTRICITY, BUSINESS, SINGLE RATE TARIFF
1994-95 to 2011-12, 2012\$

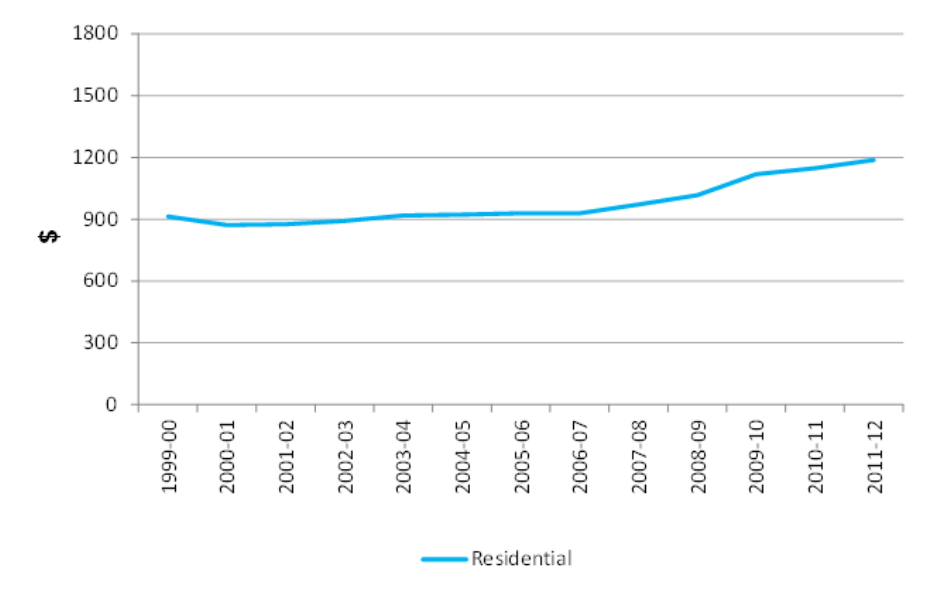


Figures 3.4 and 3.5 show the trend in average gas prices for two typical consumption patterns: the residential single rate tariff and the business single rate tariff. The time series for gas prices commenced in 1999-00.

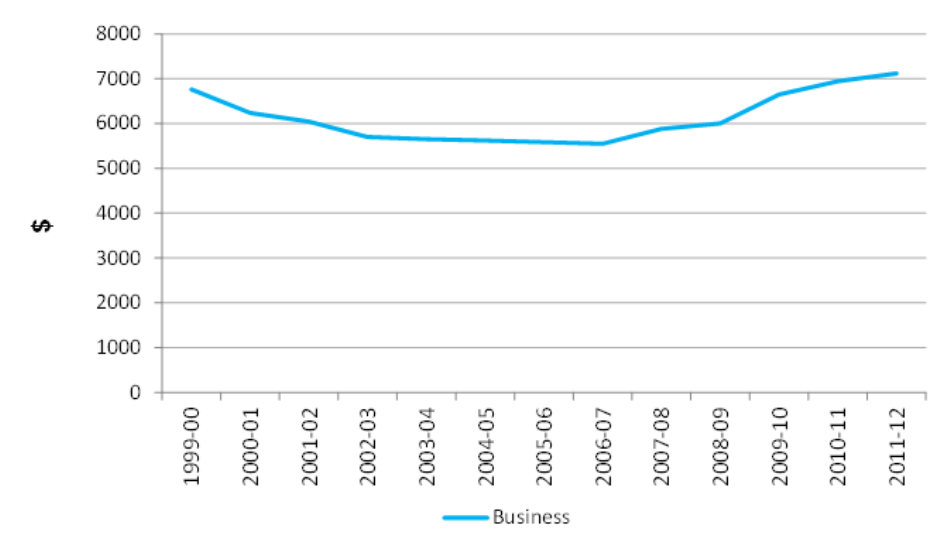
- the average annual bill for residential gas customers on a single rate tariff rose by 39 per cent in real terms between 1999-00 and 2011-12
- the average annual bill for business gas customers on a single rate tariff increased by 8 per cent in real terms between 1999-00 and 2011-12.



**FIGURE 3.4 AVERAGE ANNUAL STANDING OFFERS—
GAS, RESIDENTIAL, SINGLE RATE TARIFF**
1999 to 2011-12, 2012\$



**FIGURE 3.5 AVERAGE ANNUAL STANDING OFFERS—
GAS, BUSINESS, SINGLE RATE TARIFF**
1999 to 2011-12, 2012\$





3.3 ELECTRICITY PRICES

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

TABLE 3.1 AVERAGE ANNUAL PRICES—ELECTRICITY, RESIDENTIAL, SINGLE RATE TARIFF
2012\$

Distribution zone	2007-08 \$	2008-09 \$	2009-10 \$	2010-11 \$	2011-12 \$	One year change %	Five year change %
United Energy (AGL)	949	981	1 085	1 166	1 268	9	34
Jemena (AGL)	959	1 000	1 189	1 284	1 384	8	44
CitiPower (Origin)	899	936	1 056	1 058	1 042	-2	16
Powercor (Origin)	984	1 043	1 183	1 237	1 331	8	35
SP AusNet (TRU)	921	927	1 082	1 242	1 373	11	49
Industry average	942	978	1 119	1 198	1 280	7	36

- the average annual real price for single rate customers in 2011-12, was up 7 per cent from 2010-11
- TRUenergy customers in the SP AusNet distribution zone had the largest price increase in 2011-12 (11 per cent), while Origin Energy customers in the CitiPower distribution zone had a real decrease of 2 per cent
- the industry average price was 36 per cent higher in real terms in 2011-12 than in 2007-08.



TABLE 3.2 AVERAGE ANNUAL PRICES—ELECTRICITY, RESIDENTIAL, TWO-RATE TARIFF
2012\$

Distribution zone	2007-08 \$	2008-09 \$	2009-10 \$	2010-11 \$	2011-12 \$	One year change %	Five year change %
United Energy (AGL)	1 208	1 205	1 390	1 486	1 607	8	33
Jemena (AGL)	1 209	1 292	1 520	1 638	1 759	7	46
CitiPower (Origin)	1 155	1 172	1 324	1 328	1 309	-1	13
Powercor (Origin)	1 250	1 276	1 443	1 518	1 540	1	23
SP AusNet (TRU)	1 285	1 282	1 518	1 657	1 766	7	37
Industry average	1 221	1 245	1 439	1 525	1 596	5	31

- the average annual real price for two-rate customers was up 5 per cent in 2011-12
- United Energy customers with AGL had the largest price increase in 2011-12 (8 per cent), while Origin Energy customers in the CitiPower distribution zone had a real decrease of 1 per cent
- the industry average real price was 31 per cent higher in 2011-12 than in 2007-08.



TABLE 3.3 AVERAGE ANNUAL PRICES—ELECTRICITY, RESIDENTIAL, TIME-OF-USE TARIFF
2012\$

Distribution zone	2007-08 \$	2008-09 \$	2009-10 \$	2010-11 \$	2011-12 \$	One year change %	Five year change %
United Energy (AGL)	1 557	1 619	1 838	1 956	2 081	6	34
Jemena (AGL)	1 585	1 726	1 783	2 163	2 198	2	39
CitiPower (Origin)	1 483	1 529	1 647	1 731	1 780	3	20
Powercor (Origin)	1 560	1 636	1 853	1 915	1 982	4	27
SP AusNet (TRU)	1 646	1 705	1 991	2 120	2 286	8	39
Industry average	1 566	1 643	1 822	1 977	2 065	4	32

- the average annual real price for time-of-use customers was 4 per cent higher than in 2010-11
- TRUenergy customers in the SP AusNet distribution zone had the largest price increase in 2011-12 (8 per cent), while AGL customers in the Jemena distribution zone had the lowest annual price increase (2 per cent)
- the industry average real price was 32 per cent higher in 2011-12 than in 2007-08.



TABLE 3.4 AVERAGE ANNUAL PRICES—ELECTRICITY, BUSINESS, SINGLE RATE TARIFF
2012\$

Distribution zone	2007-08 \$	2008-09 \$	2009-10 \$	2010-11 \$	2011-12 \$	One year change %	Five year change %
United Energy (AGL)	2 894	2 842	2 962	3 404	3 585	5	24
Jemena (AGL)	2 660	2 733	2 989	3 276	3 501	7	32
CitiPower (Origin)	2 567	2 663	3 024	2 942	3 073	4	20
Powercor (Origin)	1 560	2 969	3 363	3 463	3 682	6	30
SP AusNet (TRU)	2 743	2 763	3 046	3 305	3 653	11	33
Industry average	2 740	2 794	3 075	3 278	3 499	7	28

- the average annual price for single rate business customers in 2011-12 was up 7 per cent in real terms from 2010-11
- TRUenergy customers in the SP AusNet distribution zone had the largest real price increase in 2011-12, up 11 per cent. Origin Energy customers in the CitiPower distribution zone had the lowest increase (4 per cent)
- the industry average real price was 28 per cent higher in 2011-12 than in 2007-08.



3.4 GAS PRICES

Tables 3.5 and 3.6 show the price trends for both residential and business customers on a single rate tariff. The data compare the prices in real terms of the local retailers over the five years to 2011-12.

TABLE 3.5 AVERAGE ANNUAL PRICES—GAS, RESIDENTIAL, SINGLE RATE TARIFF
2012\$

Distribution zone	2007-08 \$	2008-09 \$	2009-10 \$	2010-11 \$	2011-12 \$	One year change %	Five year change %
Multinet Main 2 (AGL)	878	891	989	1 050	1 066	2	21
SP AusNet Central 2 (AGL)	963	982	1 083	1 144	1 167	2	21
Envestra North (Origin)	940	1 010	1 063	1 063	1 113	5	18
Envestra Central 1 (Origin)	920	1 000	1 065	1 062	1 112	5	21
Multinet Main 1 (Origin)	873	930	989	993	1 042	5	19
Envestra Cardinia (Origin)	1 306	1 381	1 473	1 476	1 518	3	16
Envestra Murray Valley (Origin)	1 171	1 244	1 292	1 295	1 331	3	14
Envestra Central 2 (TRU)	903	941	1 053	1 081	1 136	5	26
SP AusNet Central 1 (TRU)	987	1 030	1 101	1 193	1 248	5	26
SP AusNet West (TRU)	948	980	1 080	1 123	1 147	2	21
Industry average	972	1 017	1 119	1 148	1 188	3	22

- the industry average real price was 3 per cent higher in 2011-12 than in 2010-11



- price increases ranged from 2 per cent to 5 per cent across all distribution zones
- the industry average real price rose by 22 per cent over the past five years.

TABLE 3.6 AVERAGE ANNUAL PRICES—GAS, BUSINESS, SINGLE RATE TARIFF
2012\$

Distribution zone	2007-08 \$	2008-09 \$	2009-10 \$	2010-11 \$	2011-12 \$	One year change %	Five year change %
Multinet Main 2 (AGL)	6 233	6 606	6 596	6 877	6 803	-1	9
SP AusNet Central 2 (AGL)	5 463	5 635	5 631	5 802	6 070	5	11
Envestra North (Origin)	5 427	5 789	6 156	6 199	6 228	0	15
Envestra Central 1 (Origin)	5 153	5 521	5 873	5 924	5 951	0	15
Multinet Main 1 (Origin)	4 762	5 105	5 421	5 540	5 566	0	17
Envestra Cardinia (Origin)	8 110	7 725	9 235	10 293	10 327	0	27
Envestra Murray Valley (Origin)	6 598	6 285	7 449	7 497	7 532	0	14
Envestra Central 2 (TRU)	5 572	5 692	6 429	6 429	7 285	6	31
SP AusNet Central 1 (TRU)	5 911	6 034	6 758	7 234	7 783	8	32
SP AusNet West (TRU)	5 999	6 128	6 883	7 224	7 603	5	27
Wimmera (TRU)	8 110	7 725	9 235	10 293	10 327	0	27
Industry average	5 882	5 999	6 643	6 944	7 115	2	21



- the industry average real price was 2 per cent higher in 2011-12 than in 2010-11
- seven of the 11 distribution zones reported a real price change of 1 per cent or less in 2011-12.
- the industry average real price rose by 21 per cent over the five years to 2011-12.




4 COMPARING RETAILERS' MARKET OFFERS

WHAT WE FOUND

The price of electricity increased in 2011-12 for the majority of market offers published on the YourChoice website. For residential electricity; market offers increased in nominal pricing terms by an average 12 per cent from 2010-11, and by an average 35 per cent from 2008-09. Residential customers could make average savings of 12 per cent by switching from a standing offer to a fully discounted market offer. On average, residential customers could save \$114 on a single rate tariff, \$166 on a two-rate tariff and \$246 on a time-of-use tariff per year when they switched from a standing offer to a market offer with all discounts included.

The residential gas market prices increased by 6 per cent on average between 2010-11 and 2011-12. Customers that received discounts could save on average \$71 on their annual bill. If they switched from a standing offer to a fully discounted market offer, they could save on average 9 per cent (or \$112) on their annual bill.

Business customers also experienced bill increases in 2011-12—up 4 per cent for gas and 6 per cent for electricity. The difference between a standing offer and a fully discounted market offer was 16 per cent or an average of \$1268 for gas customers. Switching from a standing offer to a fully discounted market offer could save on average 12 per cent or \$362 for single rate business electricity and 15 per cent or \$1210 for time-of-use electricity customers. Again, the price data show shopping around provided benefits for managing energy bills.



The retailers' supply charges for electricity market offers rose in every distribution zone in 2011-12—up an average 12 cents per day (11.5 per cent), after an average rise of 7 cents per day in 2010-11 and 19 cents in 2009-10. Supply charges varied significantly across the retailers; by as much as 43 cents per day in some areas (which equated to \$157 per year). Customers should also consider the daily supply charge when working out the best offer for them. Customers with higher supply charges but lower usage charges will find their electricity bills are less sensitive to the amount of energy they use.

4.1 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 to the Commission to publish on our YourChoice website.

Market offers are contracts that may offer consumers a cheaper price than the standing contract, or provide 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 4.19 to 4.22 of this chapter show the terms and conditions of the offers listed in this report. Market contracts may have a fixed term (generally between one and three years) or be ongoing. 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 in chapter 2 and 3. The reporting period spans up to four financial years, allowing price change analysis over one, two, three and four year periods.

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

- prices (with discounts) offered by individual retailers
- price change over time
- a comparison of the average full price market offer, the discounted price market offer and the corresponding standing offer average price
- the savings widely available to consumers for each tariff type, including all discounts if the consumer met the conditions of the offer.



4.2 RESIDENTIAL ELECTRICITY MARKET OFFERS

This section analyses the residential market offers that electricity retailers published on our YourChoice website. All offers listed were generally available to all customers in the relevant distribution zone for each tariff type (as explained in Box 1.1, page 4). Some retailers (notably, Australian Power & Gas and Click Energy) published more than one offer for some residential tariffs, but we do not show these additional offers because the price difference was minimal and related to offer conditions (such as paperless bills).

Figures 4.1, 4.2 and 4.3 show the average market offer prices offered to consumers in each distribution zone and for each meter type over four years. They do not account for discounts or conditional discounts that might have applied, such as for direct debit payment, payment on time and customer loyalty. Table 4.1 shows the average one year and three year price change as a percentage. Tables 4.2–4.4 show the average savings available with discounted market offers. Further, tables 4.5–4.8 compare the least and most expensive discounted prices for each distribution zone and tariff type.

AVERAGE RESIDENTIAL ELECTRICITY PRICE CHANGE OVER TIME

Figures 4.1–4.3 and table 4.1 show that, excluding discounts:

- single rate residential electricity market offers increased by an average 30 per cent between 2008-09 and 2010-11, two-rate market tariffs increased by 35 per cent over the same period, while time-of-use market tariffs also increased by 35 per cent
- prices in the SP AusNet distribution zone had the largest three year increase to 2011-12 (39 per cent), while CitiPower prices increased the least (33 per cent)
- across all tariff types and distribution zones, prices increased by an average 12 per cent in 2011-12.



FIGURE 4.1 MARKET OFFERS—ELECTRICITY, RESIDENTIAL, SINGLE RATE TARIFF (EXCLUDING DISCOUNTS)
2008-09 to 2011-12, nominal \$

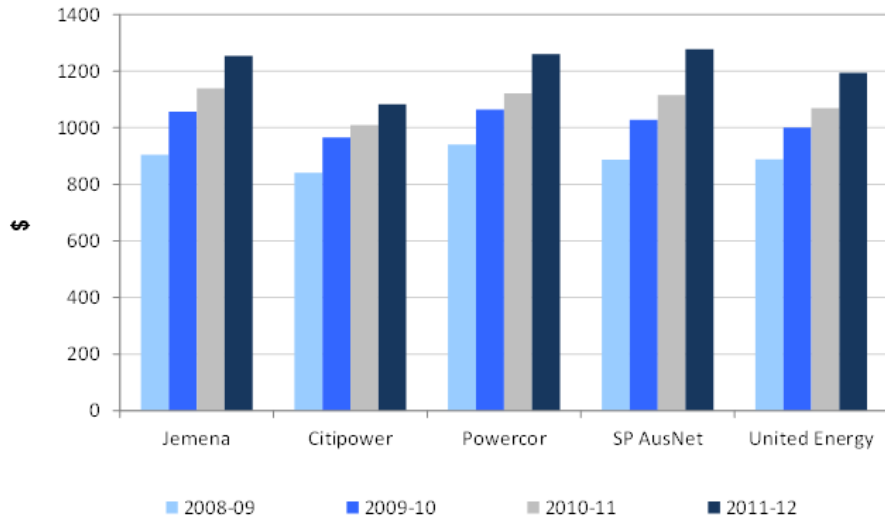


FIGURE 4.2 MARKET OFFERS—ELECTRICITY, RESIDENTIAL, TWO-RATE TARIFF (EXCLUDING DISCOUNTS)
2008-09 to 2011-12, nominal \$

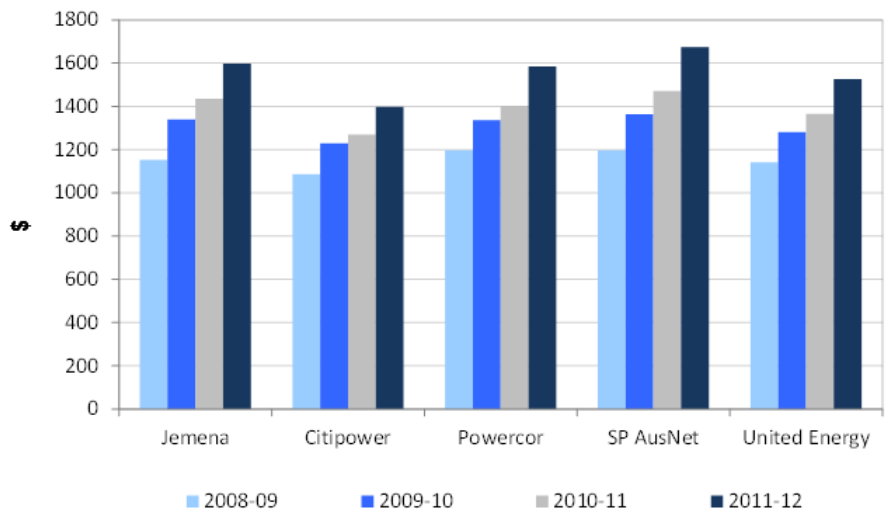




FIGURE 4.3 MARKET OFFERS—ELECTRICITY, RESIDENTIAL, TIME-OF-USE TARIFF (EXCLUDING DISCOUNTS)
2008-09 to 2011-12, nominal \$

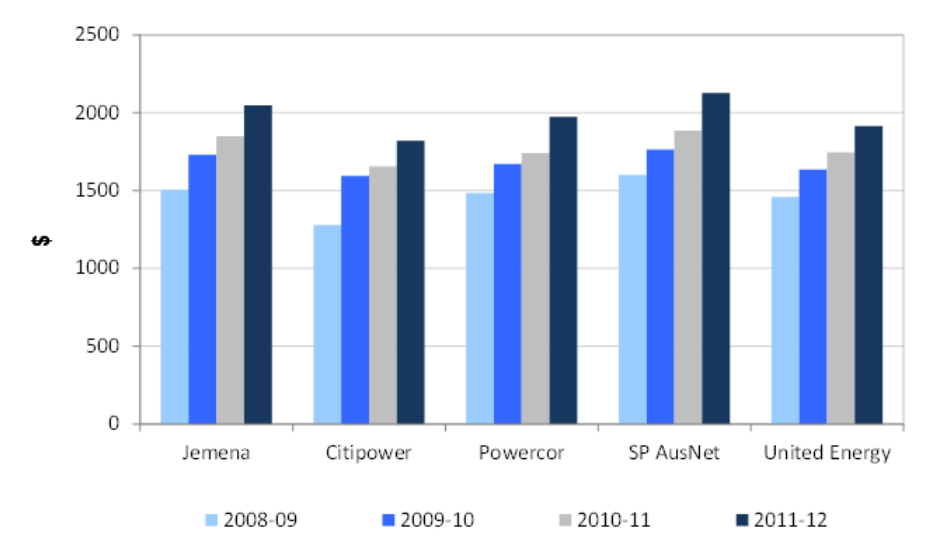


TABLE 4.1 AVERAGE CHANGE IN MARKET OFFERS—ELECTRICITY, RESIDENTIAL, ALL TARIFF TYPES (EXCLUDING DISCOUNTS)
2008-09 to 2011-12, nominal \$

Distribution zone	Average increase from 2010-11 %	Average increase from 2008-09 %
CitiPower	9	33
Jemena	11	38
Powercor	13	33
SP AusNet	14	39
United Energy	11	33



DISCOUNTED RESIDENTIAL MARKET OFFERS

Tables 4.2, 4.3 and 4.4 compare the average annual cost of electricity for those receiving the discounts with the average cost for customers who did not meet the discount conditions or remained on a standing offer.

By fulfilling discount conditions in 2011-12:

- single rate customers could save an average \$99–118 on the market offer tariff and \$128–142 on the standing offer tariff
- two-rate customers could save an average \$133–161 on the market offer tariff and \$166–202 on the standing offer tariff
- time-of-use customers could save an average \$177–209 on the market offer tariff and \$216–261 on the standing offer tariff
- customers can save 2 per cent by switching to a market offer and a further 10 per cent by complying to the discount conditions.

TABLE 4.2 MARKET OFFERS WITH DISCOUNTS— ELECTRICITY, RESIDENTIAL, SINGLE RATE TARIFF
2011-12, nominal \$

Distribution zone	2011-12 average standing price \$	2011-12 average market price \$	2011-12 average discounted price \$	Savings with discounts \$	Total savings on standing price \$
CitiPower Inner city and eastern suburbs	1 112	1 083	984	99	128
Jemena Inner west and northern suburbs	1 280	1 253	1 138	115	142
Powercor Outer western suburbs and western Victoria	1 285	1 260	1 142	118	142
SP AusNet Eastern suburbs and eastern Victoria	1 293	1 278	1 160	118	133
United Energy Outer south eastern suburbs and Mornington	1 221	1 194	1 083	111	138



TABLE 4.3 MARKET OFFERS WITH DISCOUNTS— ELECTRICITY, RESIDENTIAL, TWO-RATE TARIFF
2011-12, nominal \$

Distribution zone	2011-12 average standing price \$	2011-12 average market price \$	2011-12 average discounted price \$	Savings with discounts \$	Total savings on standing price \$
CitiPower Inner city and eastern suburbs	1 432	1 399	1 266	133	166
Jemena Inner west and northern suburbs	1 637	1 598	1 446	152	191
Powercor Outer western suburbs and western Victoria	1 633	1 585	1 431	154	202
SP AusNet Eastern suburbs and eastern Victoria	1 684	1 674	1 513	161	171
United Energy Outer south eastern suburbs and Mornington	1 546	1 527	1 380	148	166



TABLE 4.4 MARKET OFFERS WITH DISCOUNTS—ELECTRICITY, RESIDENTIAL, TIME-OF-USE TARIFF
2011-12, nominal \$

Distribution zone	2011-12 average standing price \$	2011-12 average market price \$	2011-12 average discounted price \$	Savings with discounts \$	Total savings on standing price \$
CitiPower Inner city and eastern suburbs	1 867	1 820	1 643	177	225
Jemena Inner west and northern suburbs	2 108	2 047	1 847	200	261
Powercor Outer western suburbs and western Victoria	2 017	1 974	1 777	197	240
SP AusNet Eastern suburbs and eastern Victoria	2 135	2 128	1 919	209	216
United Energy Outer south eastern suburbs and Mornington	1 985	1 916	1 725	192	260

COMPARISON OF RESIDENTIAL DISCOUNTED MARKET OFFERS

Tables 4.5–4.7 show the two lowest and two highest discounted market offers available by distribution zone and tariff type.

When including the discounts to the price:

- Dodo Power & Gas and Lumo Energy most often had the lowest price available
- AGL and TRUenergy were among the most expensive retailers
- the difference between the lowest discounted price and the highest discounted price was significant: by switching from the most expensive offer to the least expensive offer available, single rate customers could save between \$169-225 (average of 17 per cent), two-rate customers could save between \$249-292 (average 18 of per cent) and time-of-use customers could save between \$386-579 (average of 23 per cent).



**TABLE 4.5 COMPARISON OF DISCOUNTED MARKET OFFERS—
ELECTRICITY, RESIDENTIAL, SINGLE RATE TARIFF
2011-12, nominal \$**

Distribution zone	Lowest prices available \$	Highest prices available \$	Potential savings \$	Potential savings %
CitiPower	Dodo Power & Gas	AGL	195	18
	883	1 078		
Inner city and eastern suburbs	Origin Energy	TRUenergy	195	18
	933	1 074		
Jemena	Dodo Power & Gas	AGL	211	17
	1 021	1 232		
Inner west and northern suburbs	EnergyAustralia	Australian Power & Gas	211	17
	1 060	1 209		
Powercor	Momentum Energy	AGL	189	16
	1 026	1 215		
Outer western suburbs and western Victoria	Dodo Power & Gas	TRUenergy	189	16
	1 060	1 215		
SP AusNet	Dodo Power & Gas	AGL	225	18
	1 027	1 252		
Eastern suburbs and eastern Victoria	Origin Energy	Momentum Energy	225	18
	1 108	1 245		
United Energy	Dodo Power & Gas	TRUenergy	169	15
	976	1 145		
Outer south eastern suburbs and Mornington	Lumo Energy	AGL	169	15
	1 028	1 128		



**TABLE 4.6 COMPARISON OF DISCOUNTED MARKET OFFERS—
ELECTRICITY, RESIDENTIAL, TWO-RATE TARIFF
2011-12, nominal \$**

Distribution zone	Lowest prices available \$	Highest prices available \$	Potential savings \$	Potential savings %
CitiPower	Dodo Power & Gas	TRUenergy	277	20
	1 123	1 400		
Inner city and eastern suburbs	Origin Energy	AGL		
	1 149	1 362		
Jemena	Dodo Power & Gas	TRUenergy	282	18
	1 284	1 567		
Inner west and northern suburbs	Origin Energy	AGL		
	1 357	1 563		
Powercor	Momentum Energy	TRUenergy	292	19
	1 253	1 546		
Outer western suburbs and western Victoria	Dodo Power & Gas	AGL		
	1 323	1 510		
SP AusNet	Dodo Power & Gas	AGL	277	17
	1 325	1 602		
Eastern suburbs and eastern Victoria	EnergyAustralia	Momentum Energy		
	1 439	1 583		
United Energy	Dodo Power & Gas	TRUenergy	249	17
	1 239	1 488		
Outer south eastern suburbs and Mornington	Lumo Energy	Australian Power & Gas		
	1 284	1 434		



**TABLE 4.7 COMPARISON OF DISCOUNTED MARKET OFFERS—
ELECTRICITY, RESIDENTIAL,
TIME-OF-USE TARIFF**
2011-12, nominal \$

Distribution zone	Lowest prices available \$	Highest prices available \$	Potential savings \$	Potential savings %
CitiPower	Dodo Power & Gas	TRUenergy	386	21
	1 434	1 820		
Inner city and eastern suburbs	Origin Energy	AGL	574	27
	1 472	1 793		
Jemena	Lumo Energy	TRUenergy	574	27
	1 547	2 121		
Inner west and northern suburbs	Dodo Power & Gas	AGL	437	22
	1 591	2 069		
Powercor	Momentum Energy	TRUenergy	389	19
	1 517	1 954		
Outer western suburbs and western Victoria	Dodo Power & Gas	Click Energy	483	25
	1 635	1 892		
SP AusNet	Lumo Energy	TRUenergy	483	25
	1 667	2 056		
Eastern suburbs and eastern Victoria	Dodo Power & Gas	Momentum Energy	483	25
	1 674	2 051		
United Energy	Lumo Energy	TRUenergy	483	25
	1 464	1 947		
Outer south eastern suburbs and Mornington	Momentum Energy	Australian Power & Gas	483	25
	1 469	1 919		



4.3 RESIDENTIAL ELECTRICITY SUPPLY CHARGES

Electricity supply charges are another consideration when looking at market offer pricing. The supply charge is a component of customers' bills that does not vary with energy use. While the AER approves a price for the distributor to charge for the cost of supplying a distribution service (including metering services), the retailer may add an additional amount for its services. This additional amount is not regulated. This section looks at retailers' electricity supply charges and shows they differed in each distribution zone.

The retailers' supply charges for electricity market offers rose in every distribution zone in 2011-12—up an average 12 cents per day (10-15 cents), after rising an average 7 cents per day in 2010-11 and 19 cents in 2009-10. Figure 4.4 shows the average increases across the five electricity distribution zones from 2008-09 to 2011-12. Overall, the average supply charge increase was 11.5 per cent since 2010-11 and 80 per cent since 2008-09.

In this period, average market offers across all tariff types only increased by 35 per cent. This suggests that retailers have been re balancing this tariff structure with an increase proportion of the bill being determined independently of energy use.

Individual retailer supply charge data is available to download from our website (www.esc.vic.gov.au).

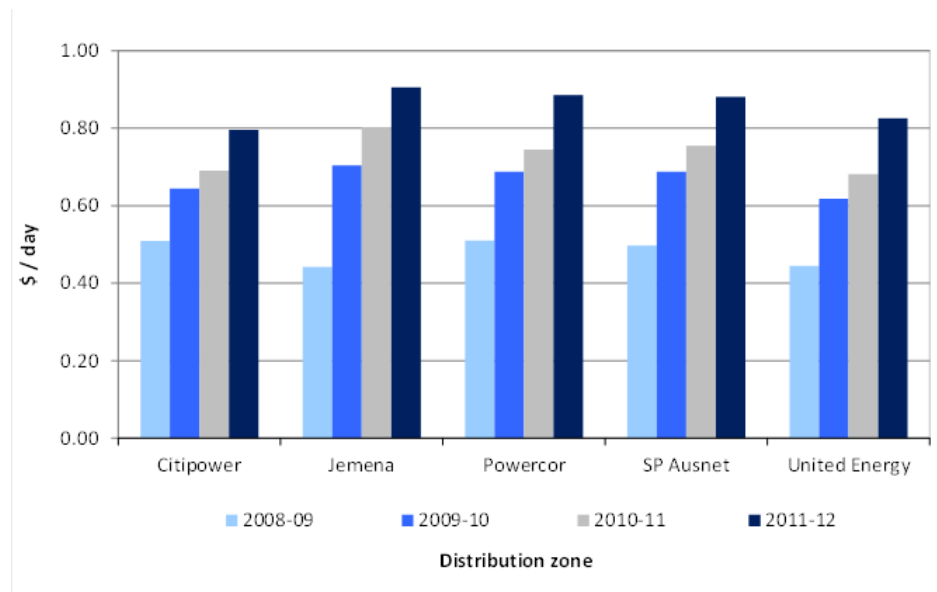
Figure 4.4 shows:

- supply charges increased by 8–14 per cent in 2011-12
- supply charges varied significantly across retailers, by as much as 43 cents per day in some areas (which equates to \$157 per year)
- AGL, Powerdirect and TRUenergy consistently charged the highest supply charge, while Dodo Power & Gas, Click Energy and Momentum Energy had the lowest charges in each area.

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



FIGURE 4.4 RETAILERS' AVERAGE SUPPLY CHARGES IN MARKET OFFER, BY DISTRIBUTION ZONE—ELECTRICITY
2008-09 to 2011-12, nominal \$



4.4 BUSINESS ELECTRICITY OFFERS

Figures 4.5 and 4.6 show the average market offer prices offered to consumers in each distribution zone and for each meter type over four years.. Tables 4.9 and 4.10 show the average price and savings available to consumers. And tables 4.11 and 4.12 compare the cheapest and most expensive discounted prices for each distribution zone and tariff type.

AVERAGE BUSINESS ELECTRICITY PRICE CHANGE OVER TIME

Figures 4.5 and 4.6, along with table 4.8, show that, excluding discounts:

- single rate business electricity market offers increased by an average 31 per cent between 2008-09 and 2011-12, while time-of-use market tariffs increased by 27 per cent over the same period
- the rise in single rate prices over the past year was highest in the SP AusNet distribution zone (13 per cent) and lowest for United Energy customers (6 per cent)



- the rise in time-of-use prices over the past year was highest in the Powercor distribution zone (11 per cent) and lowest for United Energy customers (5 per cent)
- price increases in 2011-12 were similar to the increases experienced in 2010-11.

FIGURE 4.5 MARKET OFFERS—ELECTRICITY, BUSINESS, SINGLE RATE TARIFF (EXCLUDING DISCOUNTS)
2008-09 to 2011-12, nominal \$

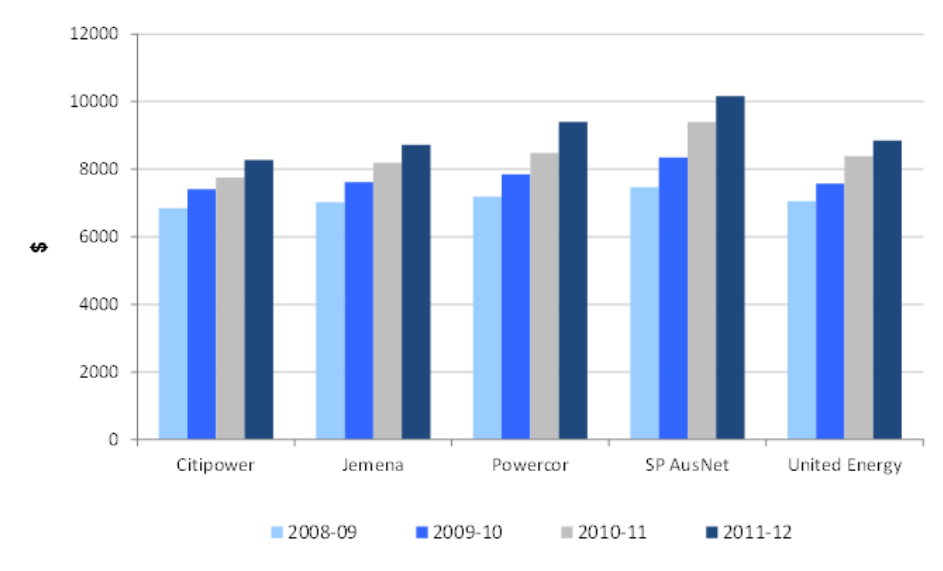




FIGURE 4.6 MARKET OFFERS—ELECTRICITY, BUSINESS, TIME-OF-USE TARIFF (EXCLUDING DISCOUNTS)
2008-09 to 2011-12, nominal \$

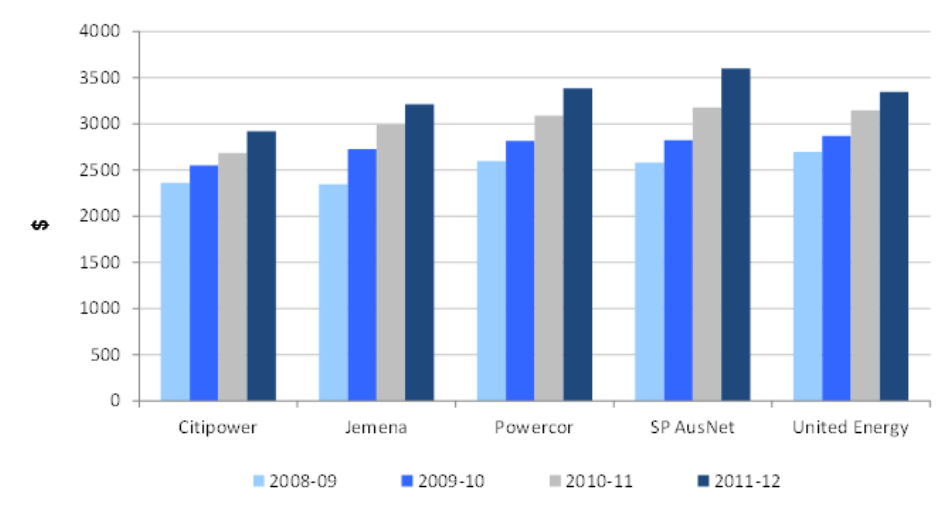


TABLE 4.8 AVERAGE CHANGE IN MARKET OFFERS—ELECTRICITY, BUSINESS, SINGLE RATE AND TIME-OF-USE TARIFFS (EXCLUDING DISCOUNTS)
2008-09 to 2011-12, nominal \$

Distribution zone	Average increase from 2010-11 %	Average increase from 2008-09 %
CitiPower	8	22
Jemena	7	30
Powercor	10	31
SP AusNet	11	38
United Energy	6	25



DISCOUNTED BUSINESS MARKET OFFERS

Tables 4.9 and 4.10 show the average potential savings for business electricity customers that received discounts. They 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.

By fulfilling discount conditions in 2011-12:

- single rate customers could save an average \$298 on the market offer tariff and \$362 on the standing offer tariff
- time-of-use customers could save an average \$798 on the market offer tariff and \$1210 on the standing offer tariff.

TABLE 4.9 MARKET OFFERS WITH DISCOUNTS—ELECTRICITY, BUSINESS, SINGLE RATE TARIFF
2011-12, nominal \$

Distribution zone	2011-12 average standing price \$	2011-12 average market price \$	2011-12 average discounted price \$	Savings with discounts \$	Total savings on standing price \$
CitiPower Inner city and eastern suburbs	3 009	2 919	2 672	247	338
Jemena Inner west and northern suburbs	3 235	3 210	2 940	271	295
Powercor Outer western suburbs and western Victoria	3 492	3 384	3 093	291	400
SP AusNet Eastern suburbs and eastern Victoria	3 622	3 600	3 248	351	373
United Energy Outer south eastern suburbs and Mornington	3 423	3 348	3 019	329	403



TABLE 4.10 MARKET OFFERS WITH DISCOUNTS—ELECTRICITY, BUSINESS, TIME-OF-USE TARIFF
2011-12, nominal \$

Distribution zone	2011-12 average standing price \$	2011-12 average market price \$	2011-12 average discounted price \$	Savings with discounts \$	Total savings on standing price \$
CitiPower Inner city and eastern suburbs	8 779	8 270	7 555	715	1 223
Jemena Inner west and northern suburbs	9 118	8 722	7 690	761	1 157
Powercor Outer western suburbs and western Victoria	9 744	9 405	8 574	831	1 171
SP AusNet Eastern suburbs and eastern Victoria	10 496	10 160	9 265	895	1 231
United Energy Outer south eastern suburbs and Mornington	9 320	8 843	8 052	791	1 268

COMPARISON OF BUSINESS DISCOUNTED MARKET OFFERS

Tables 4.11 and 4.12 show the two lowest and two highest discounted market offers available by distribution zone and tariff type

When including the discounts to the price:

- Click Energy most often had the lowest price available
- AGL and Origin Energy were most commonly among the most expensive retailers

the difference between the lowest discounted price and the highest discounted price was significant: by switching from the most expensive offer to the cheapest offer available, single rate customers could save between \$472-641 (average of 16 per cent) and time-of-use customers could save between \$1242-2126 (average of 18 per cent).



**TABLE 4.11 COMPARISON OF DISCOUNTED MARKET OFFERS—
ELECTRICITY, BUSINESS, SINGLE RATE TARIFF
2011-12, nominal \$**

Distribution zone	Lowest prices available \$	Highest prices available \$	Potential savings \$	Potential savings %
CitiPower	Click Energy	AGL		
	2 411	2 883		
Inner city and eastern suburbs	Momentum Energy	Origin Energy	472	16
	2 447	2 852		
Jemena	Click Energy	Origin Energy		
	2 687	3 197	510	16
Inner west and northern suburbs	EnergyAustralia	TRUenergy		
	2 753	3 210		
Powercor	Click Energy	Origin Energy		
	2 776	3 418		
Outer western suburbs and western Victoria	Momentum Energy	AGL	641	19
	2 852	3 334		
SP AusNet	Click Energy	Neighbourhood Energy		
	2 975	3 490	515	15
Eastern suburbs and eastern Victoria	EnergyAustralia	Momentum Energy		
	3 129	3 485		
United Energy	Click Energy	Origin Energy		
	2 828	3 320		
Outer south eastern suburbs and Mornington	Momentum Energy	TRUenergy	492	15
	2 877	3 260		



**TABLE 4.12 COMPARISON OF DISCOUNTED MARKET OFFERS—
ELECTRICITY, BUSINESS, TIME-OF-USE TARIFF
2011-12, nominal \$**

Distribution zone	Lowest prices available \$	Highest prices available \$	Potential savings \$	Potential savings %
CitiPower	Simply Energy	Origin Energy	1895	23
	6 363	8 258		
Inner city and eastern suburbs	Click Energy	AGL		
	6 952	8 249		
Jemena	Click Energy	Origin Energy	1242	14
	7 439	8 681		
Inner west and northern suburbs	Powerdirect	Red Energy		
	7 607	8 252		
Powercor	Click Energy	Origin Energy	1519	16
	7 761	9 280		
Outer western suburbs and western Victoria	Powerdirect	Neighbourhood Energy		
	8 249	8 978		
SP AusNet	Click Energy	Origin Energy	1507	15
	8 622	10 129		
Eastern suburbs and eastern Victoria	TRUenergy	AGL		
	8 897	9 814		
United Energy	Momentum Energy	AGL	2126	24
	6 737	8 863		
Outer south eastern suburbs and Mornington	TRUenergy	Origin Energy		
	7 560	8 738		



4.5 RESIDENTIAL GAS MARKET OFFERS

This section analyses the residential market offers that gas retailers published in 2011-12 on our YourChoice website. All offers listed were generally available to customers in the relevant distribution zone. As with electricity market offers, gas market offer tariffs in 2011-12 varied considerably across retailers in a distribution zone.

Simply Energy requires a dual fuel contract to supply gas to a customer (an electricity and gas market contract with the one retailer), so it is excluded from the data in this chapter.

AVERAGE RESIDENTIAL GAS PRICE CHANGE OVER TIME

Figure 4.7 show the average market offer prices in each distribution zone over the past four years. The prices do not account for discounts or conditional discounts that might have applied, such as those for direct debit payment, payment on time or customer loyalty.

Table 4.13 shows the percentage increase in prices over one and three year periods for each distribution zone.

- residential gas price increased by 6 per cent in 2011-12, similar to the increase in 2010-11
- residential gas market offers increased by an average 21 per cent between 2008-09 and 2011-12
- the average price increase over the past three years was highest in the SP AusNet Adjoining West distribution zone (27 per cent) and lowest for Multinet Murray Valley customers (just 10 per cent).



FIGURE 4.7 MARKET OFFERS—GAS, RESIDENTIAL, SINGLE RATE TARIFF (EXCLUDING DISCOUNTS)
2008-09 to 2011-12, nominal \$

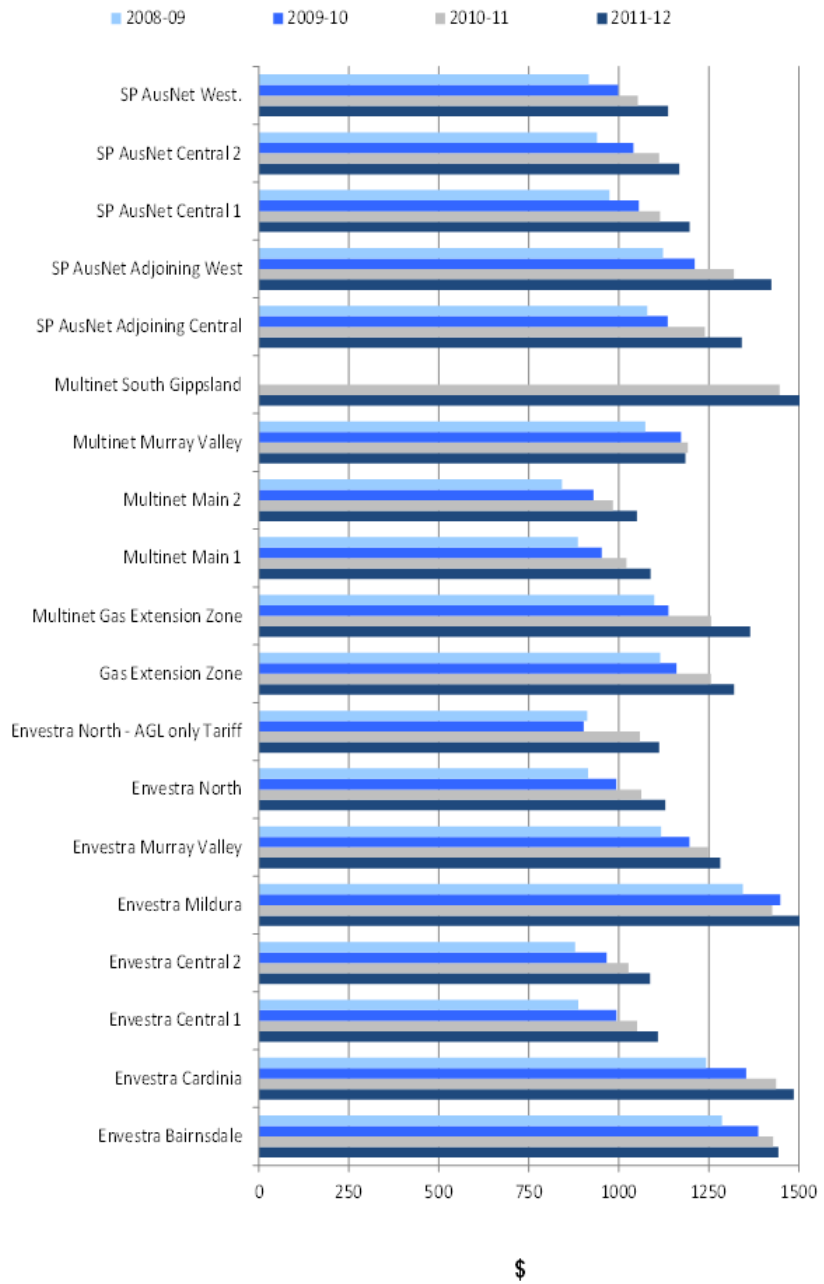




TABLE 4.13 AVERAGE CHANGE IN MARKET OFFERS—GAS, RESIDENTIAL, SINGLE RATE TARIFF (EXCLUDING DISCOUNTS)
2008-09 to 2011-12, nominal \$

Distribution zone	Average increase from 2010-11 %	Average increase from 2008-09 %
Envestra Bairnsdale	1	12
Envestra Cardinia	3	20
Envestra Central 1	5	25
Envestra Central 2	6	24
Envestra Mildura	10	17
Envestra Murray Valley	3	15
Envestra North	6	23
Envestra North AGL	5	22
Gas Extension Zone	5	18
Multinet Gas Extension Zone	5	18
Multinet Main 1	7	23
Multinet Main 2	5	25
Multinet Murray Valley	-1	10
Multinet South Gippsland ^a	5	—
SP AusNet Adjoining Central	8	24
SP AusNet Adjoining West	8	27
SP AusNet Central 1	7	23
SP AusNet Central 2	5	24
SP AusNet West	8	24

^a gas not available in 2008-09. — Not applicable



DISCOUNTED RESIDENTIAL GAS MARKET OFFERS

Table 4.14 compares the average annual cost of gas for those receiving discounts with the average cost for consumers who did not receive discounts or remained on a standing offer.

By fulfilling discount conditions in 2011-12:

- customers could save up to \$102 on the market offer tariff
- customers could save up to \$203 on the standing offer tariff
- customers across all distributions zones could save 6 per cent (or \$71) by fulfilling the discounts conditions and 9 per cent (or \$112) by switching from a standing offer to a market offer with discounts applied.



**TABLE 4.14 MARKET OFFERS WITH DISCOUNTS—GAS,
RESIDENTIAL, SINGLE RATE TARIFF**
2011-12, nominal \$

Distribution zone	2011-12 average standing price \$	2011-12 average market price \$	2011-12 average discounted price \$	Savings with discounts \$	Total savings on standing price \$
Envestra Bairnsdale Bairnsdale	1 499	1 443	1 354	89	145
Envestra Cardinia West Gippsland	1 587	1 486	1 384	102	203
Envestra Central 1 Frankston, Mornington Peninsula and Gippsland	1 206	1 108	1 035	73	171
Envestra Central 2 Inner city and inner north eastern suburbs	1 128	1 087	1 015	72	113
Envestra Mildura Mildura	1 570	1 570	1 570	0	0
Envestra Murray Valley Numurkah, Cobram	1 376	1 281	1 188	93	188
Envestra North North and north eastern Victoria	1 186	1 129	1 054	75	132
Envestra North AGL North Victoria	1 112	1 112	1 021	91	91
Gas Extension Zone Yarra Glen	1 341	1 320	1 225	95	116
Multinet Gas Extension Zone Woori Yallock and Seville	1 342	1 321	1 226	92	116
Multinet Main 1 Eastern and south eastern suburbs	1 143	1 088	1 016	72	127
Multinet Main 2 Bayside and south eastern suburbs	1 103	1 050	980	70	122
Multinet Murray Valley Warburton	1 207	1 185	1 151	34	55

Continued next page



TABLE 4.14 (Continued)

Distribution zone	2011-12 average standing price \$	2011-12 average market price \$	2011-12 average discounted price \$	Savings with discounts \$	Total savings on standing price \$
Multinet South Gippsland Leongatha and Wonthaggi	1 516	1 516	1 516	0	0
SP AusNet Adjoining Central Barwon Heads	1 361	1 341	1 279	62	82
SP AusNet Adjoining West Macedon and Gisborne	1 456	1 424	1 360	64	96
SP AusNet Central 1 Outer northern, outer western suburbs and Geelong area	1 227	1 197	1 104	92	123
SP AusNet Central 2 Western and north western suburbs	1 240	1 167	1 089	78	150
SP AusNet West Bendigo, Ballarat, Castlemaine and western Victoria	1 186	1 137	1 061	76	125

COMPARISON OF DISCOUNTED RESIDENTIAL GAS MARKET OFFERS

Table 4.15 shows the two lowest and two highest discounted market offers available by distribution zone.

When including the discounts to the price:

- the least and most expensive published market offers differed by \$55–506 (average of 12 per cent)
- AGL's, Lumo Energy's and EnergyAustralia's prices were most commonly among the lowest prices across the gas distribution zones
- Origin Energy's and TRUenergy's prices were most commonly among the most expensive



TABLE 4.15 COMPARISON OF DISCOUNTED MARKET OFFERS—GAS, RESIDENTIAL, SINGLE RATE TARIFF
2011-12, nominal \$

Distribution zone	Lowest prices available \$	Highest prices available \$	Potential savings \$	Potential savings %
Envestra Bairnsdale	AGL 1 291	TRUenergy 1 451	160	11
Bairnsdale	Lumo Energy 1 336	Origin Energy 1 338		
Envestra Cardinia	Red Energy 1 036	Australian Power & Gas 1 542	506	33
West Gippsland	Lumo Energy 1 439	Origin Energy 1 452		
Envestra Central 1	AGL 991	TRUenergy 1 076	85	8
Frankston, Mornington Peninsula and Gippsland	EnergyAustralia 1 000	Origin Energy 1 074		
Envestra Central 2	EnergyAustralia 990	TRUenergy 1 045	55	5
Inner city and inner north eastern suburbs	AGL 998	Origin Energy 1 043		
Envestra Mildura	Origin Energy 1 570	—	—	—
Mildura				
Envestra Murray Valley	Origin Energy 945	Australian Power & Gas 1 363	419	31
Numurkah, Cobram	Lumo Energy 1 048	TRUenergy 1 312		
Envestra North	Lumo Energy 1 017	Australian Power & Gas 1 086	69	6
North and north eastern Victoria	AGL 1 021	Origin Energy 1 078		
Envestra North AGL	AGL 1 021	—	—	—
North Victoria				

Continued next page



TABLE 4.15 (continued)

Distribution zone	Lowest prices available \$	Highest prices available \$	Potential savings \$	Potential savings %
Gas Extension Zone	AGL 1 170	TRUenergy 1 280	110	9
Yarra Glen				
Multinet Gas Extension Zone	AGL 1 170	TRUenergy 1 282	113	9
Woori Yallock and Seville				
Multinet Main 1	AGL 958	Australian Power & Gas 1 060	102	10
Eastern and south eastern suburbs	EnergyAustralia 985	TRUenergy 1 052		
Multinet Main 2	EnergyAustralia 938	Origin Energy 1 025	87	8
Bayside and south eastern suburbs	AGL 954	TRUenergy 1 002		
Multinet Murray Valley	TRUenergy 1 052	Origin Energy 1 250	198	16
Warburton				
Multinet South Gippsland	AGL 1 516	—	—	—
Leongatha and Wonthaggi				
SP AusNet Adjoining Central	AGL 1 083	Origin Energy 1 378	295	21
Barwon Heads	TRUenergy 1 378			
SP AusNet Adjoining West	AGL 1 351	Origin Energy 1 369	18	1
Macedon and Gisborne				

Continued next page



TABLE 4.15 (continued)

Distribution zone	Lowest prices available \$	Highest prices available \$	Potential savings \$	Potential savings %
SP AusNet Central 1	Lumo Energy 1 077	TRUenergy 1 154		
Outer northern suburbs, outer western suburbs and Geelong area	AGL 1 083	Australian Power & Gas 1 104	77	7
SP AusNet Central 2	Lumo Energy 1 047	Origin Energy 1 139	92	8
Western and north western suburbs	EnergyAustralia 1 053	TRUenergy 1 117		
SP AusNet West	Lumo Energy 1 004	Red Energy 1 097	93	8
Bendigo, Ballarat, Castlemaine and western Victoria	EnergyAustralia 1 039	TRUenergy 1 092		

Note: If only one offer is available, then only one is shown. — Not applicable

4.6 BUSINESS GAS PRICES

Four retailers (AGL, Origin Energy, TRUenergy, and EnergyAustralia) published market offer gas prices for businesses in 2011-12. In some cases, the price difference in a distribution zone was significant.

Lumo Energy does not publish gas business offers on the YourChoice website; it develops individual plans with business customers. Consequently no market offers are shown for Lumo Energy for 2011-12 in this report. Simply Energy requires a dual fuel contract to supply gas to a customer (an electricity and gas market contract with the one retailer), so it too is excluded from the data in this chapter.

AVERAGE BUSINESS GAS PRICE CHANGE OVER TIME

Figure 4.8 and table 4.16 show the average market offer prices offered to consumers in each distribution zone over four years.

- business gas market offers increased by an average 18 per cent between 2008-09 and 2011-12



- the largest price increase in 2011-12 was in the SP AusNet Adjoining Central distribution zone (11 per cent), while prices in some distribution zones were relatively stable or even fell. The average price falls were reported by Envestra Bairnsdale (6 per cent), Envestra Cardinia (11 per cent) and Multinet Murray Valley (3 per cent).

FIGURE 4.8 MARKET OFFERS—GAS, BUSINESS, SINGLE RATE TARIFF (EXCLUDING DISCOUNTS)
2008-09 to 2011-12, nominal \$

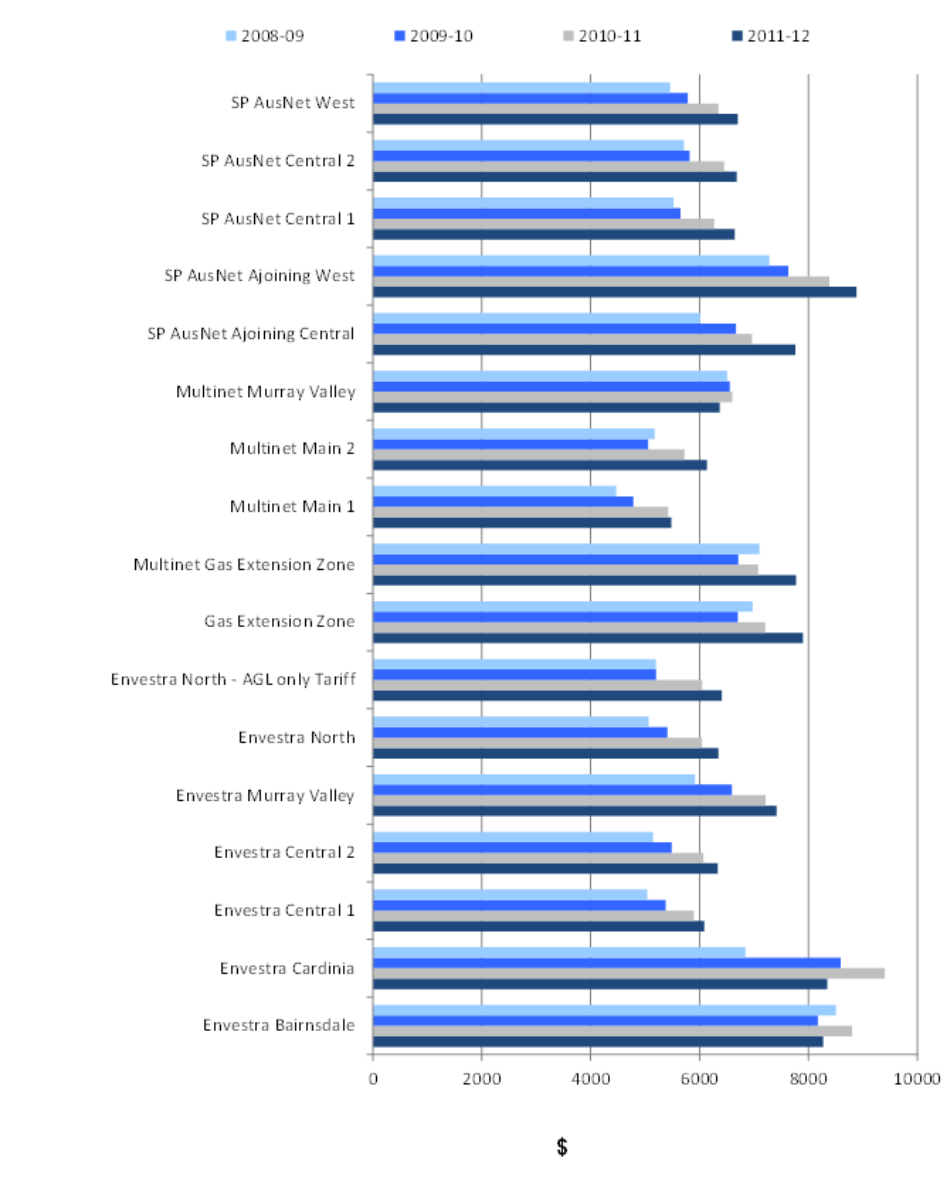




TABLE 4.16 AVERAGE CHANGE IN MARKET OFFERS—GAS, BUSINESS, SINGLE RATE TARIFF (EXCLUDING DISCOUNTS)
2008-09 to 2011-12, nominal \$

Distribution zone	Average increase from 2010-11 %	Average increase from 2008-09 %
Envestra Bairnsdale	-6	-3
Envestra Cardinia	-11	22
Envestra Central 1	3	21
Envestra Central 2	4	23
Envestra Murray Valley	3	25
Envestra North	5	25
Envestra North AGL	6	23
Gas Extension Zone	10	13
Multinet Gas Extension Zone	10	9
Multinet Main 1	1	23
Multinet Main 2	7	19
Multinet Murray Valley	-3	-2
SP AusNet Adjoining Central	11	29
SP AusNet Adjoining West	6	22
SP AusNet Central 1	6	20
SP AusNet Central 2	4	17
SP AusNet West	6	23

Note: Multinet South Gippsland did not have offers available to be published



DISCOUNTED BUSINESS GAS MARKET OFFERS

Table 4.17 shows the average potential savings to business gas customers that received discounts or met the conditions of market offers. It compares the average annual cost of gas for those with discounts with the average cost for customers that did not meet the offer conditions or remained on a standing offer.

By fulfilling discount conditions, customers could save:

- up to \$511 on average on the market offer tariff
- up to \$1238 on average on the standing offer tariff.



TABLE 4.17 MARKET OFFERS WITH DISCOUNTS— GAS, BUSINESS, SINGLE RATE TARIFF
2011-12, nominal \$

Distribution zone	2011-12 average standing price \$	2011-12 average market price \$	2011-12 average discounted price \$	Savings with discounts \$	Total savings on standing price \$
Envestra Bairnsdale Bairnsdale	8 746	8 268	7 691	577	1 055
Envestra Cardinia West Gippsland	10 533	7 950	7 499	451	3 034
Envestra Central 1 Frankston, Mornington Peninsula and Gippsland	6 860	6 085	5 684	401	1 176
Envestra Central 2 Inner city and inner north eastern suburbs	7 135	6 334	5 918	416	1 217
Envestra Murray Valley Numurkah, Cobram	7 869	7 413	6 930	484	939
Envestra North North and north eastern Victoria	7 065	6 345	5 927	418	1 137
Envestra North AGL North Victoria	6 406	6 406	5 196	1 210	1 210
Gas Extension Zone Yarra Glen	8 190	7 902	7 329	573	861
Multinet Gas Extension Zone Woori Yallock and Seville	8 044	7 770	7 204	566	840
Multinet Main 1 Eastern and south eastern suburbs	6 286	5 482	5 124	358	1 163
Multinet Main 2 Bayside and south eastern suburbs	6 707	6 134	5 734	400	973
Multinet Murray Valley Warburton	8 003	6 371	5 994	377	2 009
SP AusNet Adjoining Central Barwon Heads	8 183	7 757	7 220	538	963

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TABLE 4.17 (continued)

Distribution zone	2011-12 average standing price \$	2011-12 average market price \$	2011-12 average discounted price \$	Savings with discounts \$	Total savings on standing price \$
SP AusNet Adjoining West Macedon and Gisborne	9 712	8 881	8 235	646	1 477
SP AusNet Central 1 Outer northern suburbs, outer western suburbs and Geelong area	7 392	6 648	6 210	438	1 182
SP AusNet Central 2 Western and north western suburbs	7 388	6 679	6 237	442	1 151
SP AusNet West Bendigo, Ballarat, Castlemaine and western Victoria	7 350	6 703	6 261	442	1 089

COMPARISON OF DISCOUNTED BUSINESS MARKET OFFERS

Table 4.18 shows the two lowest and two highest discounted market offers available by distribution zone.

When including the discount in the price:

- the least and most expensive published market offers differed by between \$620 to \$2501 (average of 14 per cent)
- the greatest price differences across offers were in areas of limited competition—for example, Envestra Bairnsdale, where the difference between the cheapest and most expensive offers was \$2333
- Origin Energy and AGL most commonly had the cheapest discounted offers, while TRUenergy and EnergyAustralia were among the most expensive.



TABLE 4.18 COMPARISON OF DISCOUNTED MARKET OFFERS—GAS, BUSINESS, SINGLE RATE TARIFF
2011-12, nominal \$

Distribution zone	Lowest prices available \$	Highest prices available \$	Potential savings \$	Potential savings %
Envestra Bairnsdale	Origin Energy 6 850	TRUenergy 9 182		
Bairnsdale	AGL 7 040		2333	25
Envestra Cardinia	Origin Energy 6 681	TRUenergy 9 182		
West Gippsland			2501	27
Envestra Central 1	Origin Energy 5 336	TRUenergy 5 956		
Frankston, Mornington Peninsula and Gippsland	AGL 5 596	EnergyAustralia 5 849	620	10
Envestra Central 2	Origin Energy 5 626	TRUenergy 6 320		
Inner city and inner north eastern suburbs	AGL 5 626	EnergyAustralia 6 101	694	11
Envestra Murray Valley	Origin Energy 6 681	TRUenergy 7 319		
Numurkah, Cobram	AGL 6 789		638	9
Envestra North	Origin Energy 5 567	TRUenergy 6 207		
North and north eastern Victoria	AGL 5 788	EnergyAustralia 6 148	640	10
Envestra North AGL	AGL 5 196	—		
North Victoria			na	—
Gas Extension Zone	AGL 6 837	TRUenergy 7 820		
Yarra Glen			983	13

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TABLE 4.18 (continued)

Distribution zone	Lowest prices available \$	Highest prices available \$	Potential savings \$	Potential savings %
Multinet Gas Extension Zone	AGL 6 837	TRUenergy 7 570	733	10
Woori Yallock and Seville				
Multinet Main 1	AGL 5 271	TRUenergy 5 846	646	12
Eastern and south eastern suburbs	EnergyAustralia 5 008	Origin Energy 5 026		
Multinet Main 2	Origin Energy 5 099	TRUenergy 6 452	1354	21
Bayside and south eastern suburbs	AGL 5 605	EnergyAustralia 5 779		
Multinet Murray Valley	TRUenergy 5 553	Origin Energy 6 435	882	14
Warburton				
SP AusNet Adjoining Central	AGL 6 089	TRUenergy 8 462	2373	28
Barwon Heads	Origin Energy 7 107			
SP AusNet Adjoining West	Origin Energy 7 626	AGL 8 623	997	12
Macedon and Gisborne	TRUenergy 8 456			
SP AusNet Central 1	Origin Energy 5 637	TRUenergy 6 713	1077	16
Outer northern suburbs, outer western suburbs and Geelong area	AGL 6 089	EnergyAustralia 6 401		
SP AusNet Central 2	Origin Energy 5 948	TRUenergy 6 452	504	8
Western and north western suburbs	AGL 6 159	EnergyAustralia 6 388		
SP AusNet West	Origin Energy 6 050	TRUenergy 6 591	541	8
Bendigo, Ballarat, Castlemaine and western Victoria	AGL 6 052	EnergyAustralia 6 351		

Note: If only one offer is available, then only one is shown. —Not applicable



4.7 COMPARING RETAILERS' MARKET OFFERS

This section presents market offer terms and conditions. Such terms and conditions can affect an offer's suitability for different customers. Customers therefore need to consider how the individual conditions would affect them before signing a new contract with a retailer. The following are examples of conditions that may apply:

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

Tables 4.19 to 4.22 outline the main features of the market offers presented in the chapter.

TABLE 4.19 COMPARISON OF RETAILERS' MARKET OFFERS—ELECTRICITY RESIDENTIAL
2011-12

Retailer	Offer Name	Discount available	Conditions of discount	Contract length	Termination fees^a	Notice of price change^b	Other conditions
AGL	Advantage 12	12% off consumption	none	2 years	\$75 decreasing over time	30 days	
Alinta Energy	Fair go - budget saver 12	12% off consumption	pay on time, smoothed direct debit	2 years	\$132 decreasing over time	14 days	
Australian Power & Gas	Smart saver 12	12% off consumption	pay on time	3 years	\$88 decreasing over time	no later than the next bill	
Click Energy	Click early	9% off bill	pay in advance by direct debit	no contract	none	28 days	paperless bills
Dodo Power and Gas	Residential offer	20% off consumption	pay in advance by direct debit	1 year	\$20 + benefits	28 days	paperless bills
EnergyAustralia	Residential offer	10% off bill	none	2 years	\$20	28 days	
Lumo Energy	Lumo Advantage	13% off bill	pay on time	2 years	\$80 decreasing over time	28 days	
Momentum Energy	Smile power	0%	—	1, 2 or 3 years	\$20	28 days	
Neighbourhood Energy	Residential offer	12% off bill	pay on time	2 years	\$50 decreasing over time	30 days	
Origin Energy	Daily saver	4% off consumption	pay on time	1 year	\$22	28 days	
Powerdirect	Residential offer	10% off consumption	none	3 years	\$20	30 days	

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TABLE 4.19 (continued)

Retailer	Offer Name	Discount available	Conditions of discount	Contract length	Termination fees^a	Notice of price change^b	Other conditions
Red Energy	Living energy saver	10% off bill	pay on time	2 years	\$20 + benefits	30 days	
Simply Energy	Simply save 14	14% off consumption	pay on time	2 years	\$20	3 months if above CPI ^c , 30 days if less	
TRUenergy	Go for more	6% off bill	3% unconditional, 3% pay on time	no contract	none	10 days written notice	

^a Termination fees are capped at \$20 per year except where the fees include the recouping of benefits or incentives received. ^b Customers with and interval or smart meter must receive 20 business days prior notice. ^c CPI = Consumer price index — Not applicable

TABLE 4.20 COMPARISON OF RETAILERS' MARKET OFFERS—ELECTRICITY BUSINESS
2011-12

Retailer	Offer Name	Discount available	Conditions of discount	Contract length	Termination fees^a	Notice of price change^b	Other conditions
AGL	Advantage 12	12% off consumption	none	2 years	\$100 decreasing over time	28 days	
Click Energy	Click Business	7% off bill	pay in advance by direct debit	no contract	none	28 days	paperless bills
EnergyAustralia	Business offer	10% off bill	none	2 years	\$20	28 days	
Momentum Energy	Smile power	0%	—	1, 2 or 3 years	\$20	28 days	
Neighbourhood Energy	Business offer	15% off consumption	pay on time	2 years	\$50	30 days	
Origin Energy	Business Choice	5% off consumption	pay on time by direct debit	1 year	\$22	28 days	
Powerdirect	Business offer	10% off consumption	none	3 years	\$20	30 days	
Red Energy	Living energy saver	10% off bill	pay on time	2 years	\$20 + benefits	30 days	
Simply Energy	Business saver 15	15% off consumption	none	3 years	\$20	3 months if above CPI ^c , 30 days if less	
TRUenergy	Business edge	10% off bill	none	no contract	none	10 days written notice	

^a Termination fees are capped at \$20 per year except where the fees include the recouping of benefits or incentives received and are consumption dependant. ^b Customers with and interval or smart meter must receive 20 business days prior notice. ^c CPI = Consumer price index — Not applicable

TABLE 4.21 COMPARISON OF RETAILERS' MARKET OFFERS—GAS RESIDENTIAL
2011-12

Retailer	Offer Name	Discount available	Conditions of discount	Contract length	Termination fees^a	Notice of price change	Other conditions
AGL	Advantage 10	10% off consumption	none	2 years	\$75 decreasing over time	30 days	
Australian Power & Gas	Smart saver 12	12% off consumption	pay on time	3 years	\$88 decreasing over time	no later than the next bill	
EnergyAustralia	Residential offer	7% off bill	none	2 years	\$20	28 days	
Lumo Energy	Lumo Advantage	10% off bill	pay on time	2 years	\$80 decreasing over time	28 days	
Origin Energy	Business Choice	4% off consumption	pay on time	1 year	\$22	28 days	
Red Energy	Living energy saver	7% off bill	pay on time	2 years	\$20 + benefits	30 days	
TRUenergy	Go for more	6% off bill	3% unconditional, 3% pay on time	3 years	\$22	10 days written notice	

^a Termination fees are capped at \$20 per year except where the fees include the recouping of benefits or incentives received.

TABLE 4.22 COMPARISON OF RETAILERS' MARKET OFFERS—GAS BUSINESS
2011-12

Retailer	Offer Name	Discount available	Conditions of discount	Contract length	Termination fees^a	Notice of price change	Other conditions
AGL	Advantage 10	10% off consumption	none	2 years	\$100 decreasing over time	30 days	
EnergyAustralia	Business offer	8% off bill	none	2 years	\$20	28 days	
Origin Energy	Business Choice	5% off consumption	pay on time by direct debit	1 year	\$22	28 days	
TRUenergy	Business Edge	10% off bill	none	3 years	\$22	10 days written notice	

^a Termination fees are capped at \$20 per year except where the fees include the recouping of benefits or incentives received and are consumption dependant.