



ENERGY RETAILERS
COMPARATIVE
PERFORMANCE REPORT —
PRICING

2012-13

December 2013

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Revisions to this paper

Variation Number	Date	Nature of Variation
1	December 2013	Amendment to Powershop residential market offer for single rate, two rate and time of use tariffs - updated to include discount. Applied to: Executive summary, section 2.2, figures 3.1 to 3.3, and tables 2.1 to table 2.10.



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EXECUTIVE SUMMARY

The *Energy retailers comparative performance report—pricing 2012-13* informs government, consumers and interested parties about Victoria's competitive energy market. The report compares standing offer and market offer prices for electricity and gas by different tariff/meter types. It looks at customer bills and compares prices in each distribution zone in Victoria.

In a separate report, *Energy retailers comparative performance report—customer service 2012-13*, we review how well the energy retailers treat their customers (including customers experiencing financial hardship), referring to performance indicators. It also reviews each retailer's call centre performance and complaints. We will publish the customer service report in December 2013, and both reports will be available at www.esc.vic.gov.au.

Shopping around for a better energy offer can save you around 12 per cent on your annual bill.

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

MARKET OFFERS

The majority of offers published on the YourChoice website increased in price in 2012-13.

Residential electricity market offers increased by an average of 20 per cent from 2011-12, and by an average of 62 per cent from 2008-09. On average, undiscounted market offers for residential electricity customers were 4 per cent lower than the price of standing offers. Discounts reduced market offers by a further 12 per cent (e.g. for paying on time).

Residential gas market offers increased in price by 14 per cent on average between 2011-12 and 2012-13. The average fully discounted residential gas market offer was 13 per cent less than the average standing offer.

Market offers for business customers also increased in 2012-13—up 21 per cent for both gas and electricity. Again, the data shows that shopping around provided benefits for managing energy bills.



SUPPLY CHARGES

The retailers' supply charge for electricity market offers rose in every distribution zone in 2012-13—up an average of 15 cents per day (17 per cent), after rising by an average of 13 cents per day in 2011-12 and 6 cents in 2010-11. Supply charges varied significantly across the retailers, by as much as 47 cents per day in some areas (which equates to \$173 per year). These price differences show customers should also consider the daily supply charge when working out the best offer for them, because it may be relatively more important than usage charges, depending on the consumption patterns of the household.

STANDING OFFERS

The price of residential electricity standing offers increased across all retailers in 2012-13. The average increase was 23 per cent since last year. Standing offers were 3 per cent higher than the average market offer for the same distribution zone. Standing offers for single rate business customers increased by 24 per cent in 2012-13 and were 6 per cent higher than the average market offer.

For gas, residential standing offers increased in price by 11 per cent on average in 2012-13, while business gas standing offers increased by 12 per cent. The price of residential standing offers were 1 per cent higher than the average market offer and business gas standing offers were 2 per cent higher.

HISTORICAL STANDING OFFERS

The price of standing offers (in real dollars, adjusted for inflation) published by the three local retailers—AGL, Origin Energy and EnergyAustralia (formerly TRUenergy)—for both electricity and gas has continued to increase over the past six years. This follows a long period to 2006-07 during which standing offer prices generally decreased.

When residential electricity standing offers are adjusted for inflation, the average increase from 2008-09 to 2012-13 was 52 per cent, or 10.4 per cent per annum. The annual bills for single rate business electricity customers rose 49 per cent since 2008-09.



For residential gas customers, the average standing offer adjusted for inflation rose 33 per cent since 2008-09. Average adjusted standing offers for business gas customers increased by 35 per cent over the same period.



1 ABOUT THIS REPORT

1.1 PURPOSE OF THE REPORT

The *Energy retailers comparative performance report—pricing 2012-13* informs government, consumers and interested parties about Victoria's competitive energy market. The report makes transparent the performance of the retail energy industry, and outlines the standing (default) and market offer products available to Victorian consumers in the competitive market. It presents electricity and gas costs over time, and compares the tariffs of retailers in each distribution zone in the state. A separate downloadable appendix provides detailed tables of offers for each distribution zone.

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

Section 39A of the *Electricity Industry Act 2000* and section 47 of the *Gas Industry Act 2001* require the Essential Services Commission (the Commission) 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 2012-13*, 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 December 2013.

The Commission has also published the *Victorian Residential Electricity Retail Market Research: Discussion Paper*, and the market research report by Wallis Consulting: *Victorians' Experience of the Electricity Market 2013—Final Report*. This market research provides information on trends in consumer engagement in the electricity market in Victoria (by comparison with earlier surveys commissioned by the ESC) and provides insights into the effectiveness of elements of the regulation framework from the consumer perspective. 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 offers, and an analysis of historical pricing and trends
- a comparison and analysis of the market offers available, including discounts that may be applied when particular terms are met.

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, 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)
- data provided to the Commission in retailer performance report (customer numbers).

1.4 DEFINITIONS

Gas Extension Zone - refers to extensions to the gas pipeline system to bring gas to new areas in Victoria.

Market offer - the terms and conditions of market offer contracts must adhere to minimum requirements governed by law. Retailers and customers can choose to negotiate all other terms and conditions of the contract.

Standing offer - the terms and conditions of standing offer contracts are identical and regulated by law. This is the default offer if you do not negotiate a market offer with a retailer.

Supply charge – is a fixed daily charge and is not linked to usage.



1.5 RELEVANCE OF DISTRIBUTION ZONES

The retailers' published prices incorporate the supply charge for the customer's local area, or distribution zone (figures 1.1–1.4). Victoria has five electricity distribution zones (figures 1.1 and 1.2), and retailers must publish tariffs specific to the zones in which they want to sell. In total, 18 retailers offered electricity to residential customers in 2012-13, and 21 retailers offered electricity to business customers.

Victoria has 17 gas distribution zones (figures 1.3 and 1.4). Ten retailers published gas prices for residential and business customers in 2012-13.

The Australian Energy Regulator (AER) regulates the distributor responsible for each distribution zone and sets the maximum network tariff cost that distributors can pass on to retailers. These network costs reflect the varying cost of transporting electricity and gas throughout Victoria, which is a factor in retailers charging different prices for the same product across the state.

Customer bills comprise of:

- a consumption cost—which can vary with the amount of energy consumed and when the energy is consumed (peak and off-peak)
- a supply charge—which includes the regulated distribution charge or network cost, and
- any additional retail charges as allowed under the Energy Retail Code.

Retail prices in Victoria are not regulated, but retailers partly base the supply charge component of their prices on the regulated charge or network cost charged by distributors. Price regulation or capping still occurs to some degree in most Australian states, although South Australia moved to deregulated pricing during 2012-13.



FIGURE 1.1 ELECTRICITY DISTRIBUTION ZONES, VICTORIA





FIGURE 1.2 ELECTRICITY DISTRIBUTION ZONES, METROPOLITAN MELBOURNE

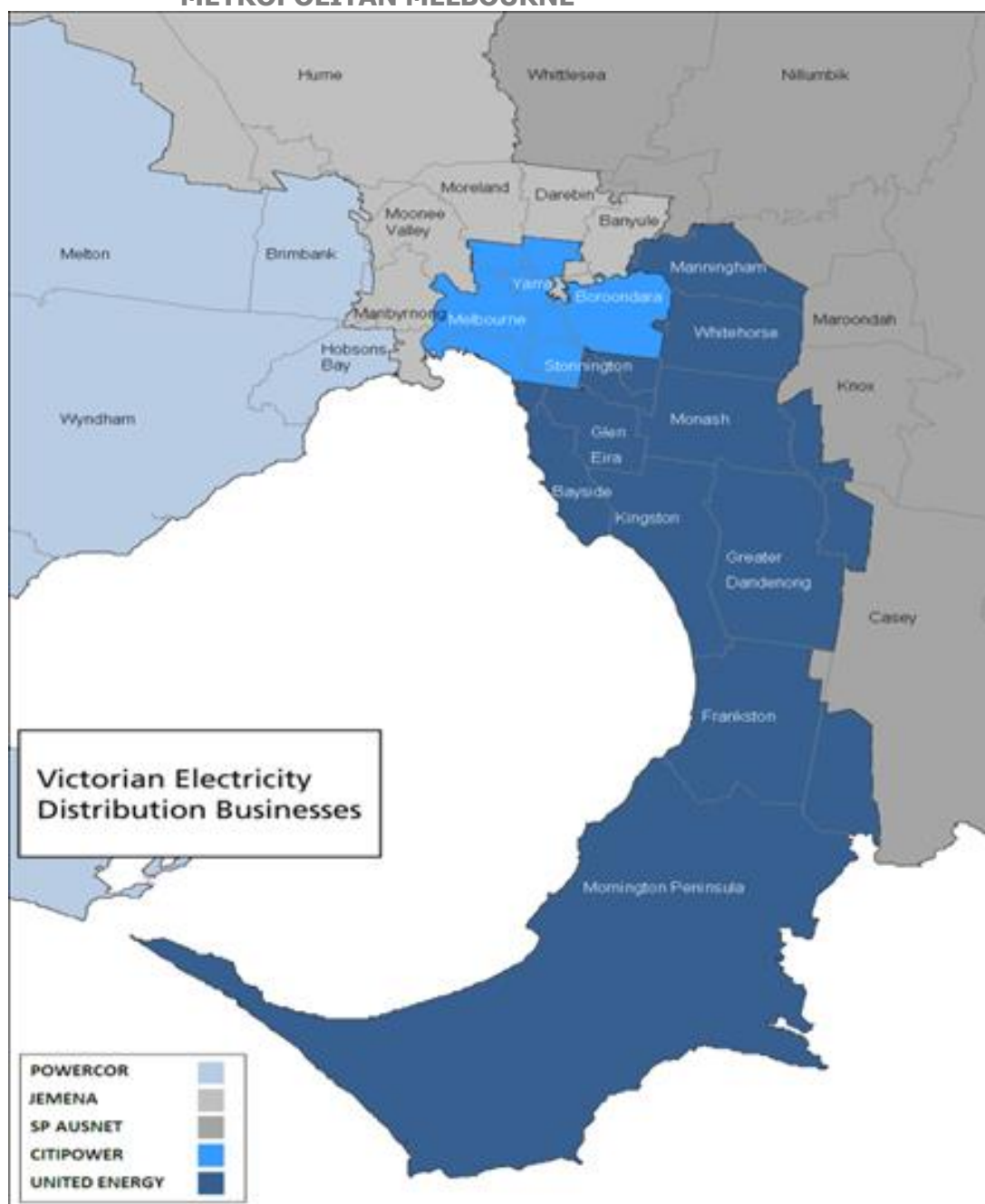




FIGURE 1.3 GAS DISTRIBUTION ZONES, VICTORIA

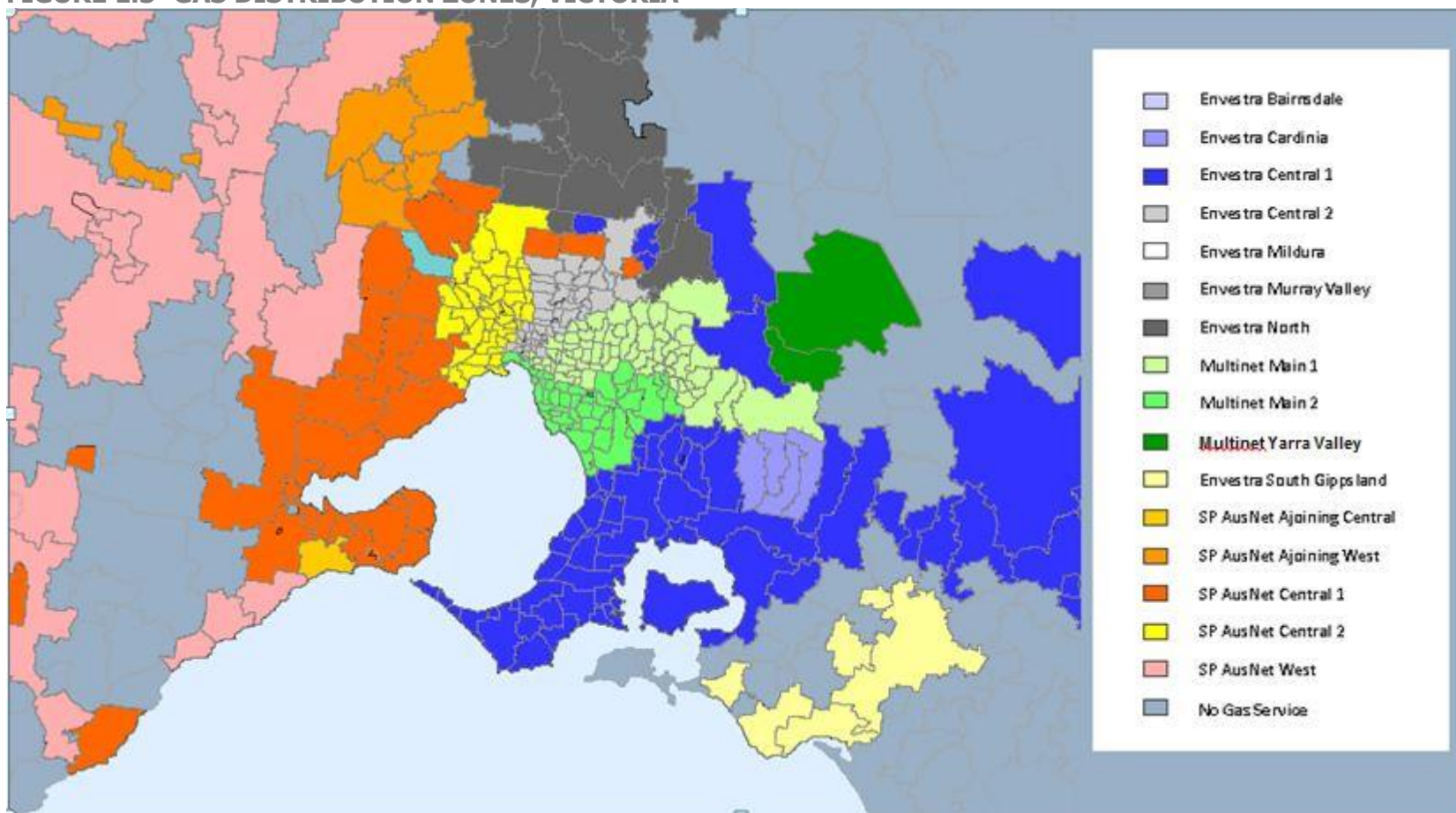
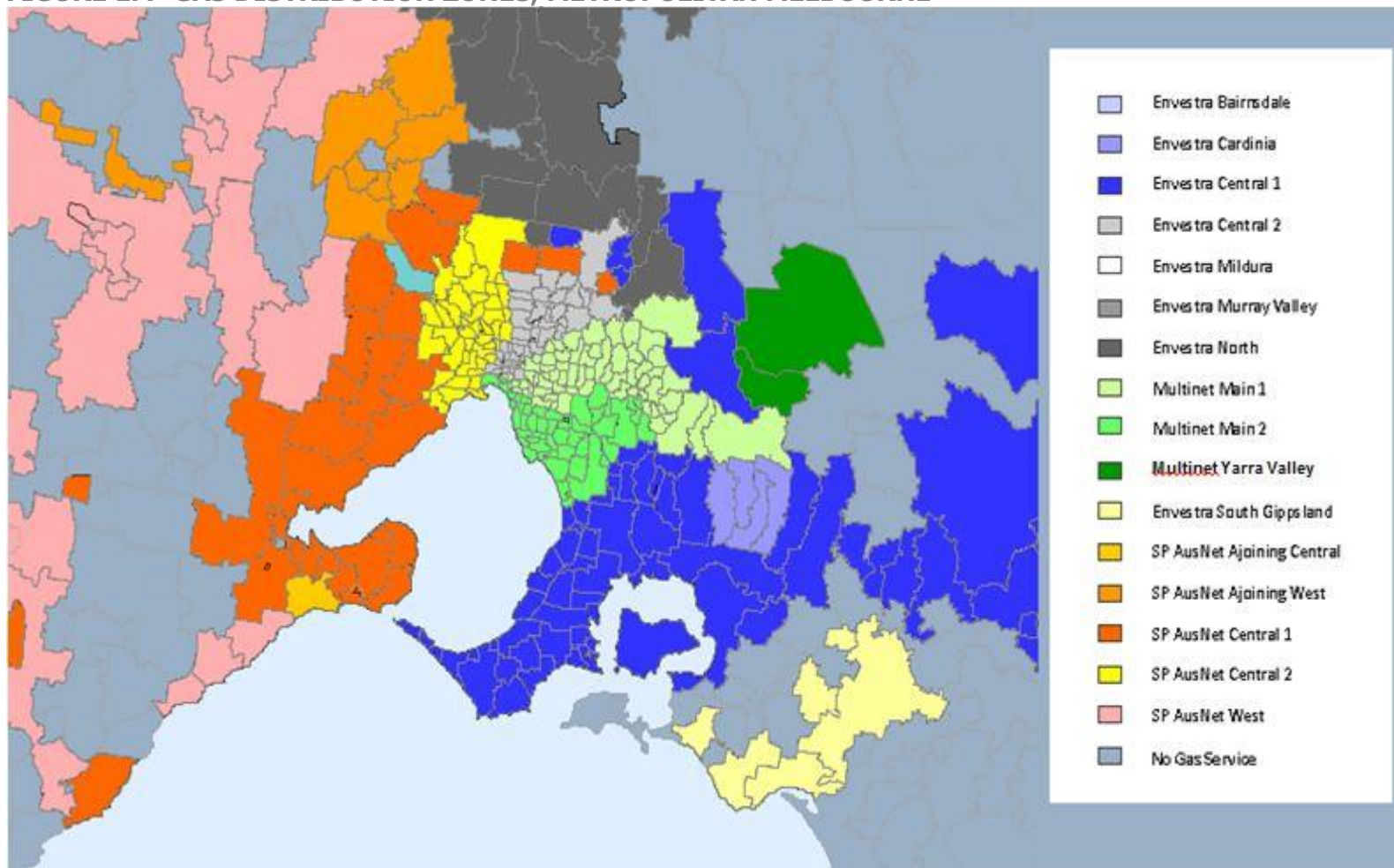




FIGURE 1.4 GAS DISTRIBUTION ZONES, METROPOLITAN MELBOURNE





1.6 ENERGY MARKETS

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

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

The Victorian Government further reformed the local energy market by deregulating energy prices for all customers from 1 January 2009. All retailers now set their own retail prices. Victoria has 31 licensed retailers, of which 23 were active in the market for residential and/or business customers in 2012-13. Some of these retailers have a long history in the previously franchised market (the 'local' retailers: AGL, Origin Energy and EnergyAustralia (formerly TRUenergy)), while the remainder entered the market since it opened to competition in 2002.

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 since 2011-12.



ENERGY CUSTOMERS

Residential customers are defined as customers who purchase electricity or gas principally for personal, household or domestic use at the specified address or account. Business customers are non-residential customers at a specific address or account. Prices in this report are for businesses with annual electricity usage of less than 40MWh.

Some offers published in this report have conditions—see www.yourchoice.com.au for details of any conditions associated with an energy offer.

MARKET CHANGES

The energy market is continually evolving, with retailers consolidating their market position through a range of mergers and acquisitions. These include:

- Origin Energy purchased the retail business and existing customer base of Country Energy on 1 March 2011
- TRUenergy purchased the retail business and existing customer base of EnergyAustralia on 1 March 2011 – as a result of this change it is now trading as EnergyAustralia
- Alinta Energy purchased the retail business of Neighbourhood Energy in November 2011. However, as at 30 June 2013, Neighbourhood continue to supply some customers.
- AGL's current purchase of Australian Power & Gas does not affect any results reported in this paper.

Where appropriate, historical data remains in the report for retailers that no longer trade in Victoria.



**TABLE 1.1 AVERAGE CUSTOMER NUMBERS—ELECTRICITY
2012-13**

Retailer	Residential	Business	Total	Change in market share from 2011-12
AGL	539 128	65 939	605 067	-1.3
Alinta Energy	13 827	164	13 991	+0.5
Australian Power & Gas	120 128	1	120 129	0.0
Click Energy	13 094	884	13 978	+0.2
Diamond Energy	1 168	56	1 224	0.0
Dodo Power & Gas	24 985	69	25 054	+0.4
EnergyAustralia	567 885	60 091	627 976	-0.5
ERM Power Retail	—	2 050	2 050	+0.1
Lumo Energy	185 951	19 453	205 404	+0.3
Momentum Energy	15 204	37 487	52 691	+1.3
Neighbourhood Energy	61 095	—	61 095	-0.4
Origin Energy	515 828	87 755	603 583	-1.8
Powerdirect	21 724	24 482	46 206	+0.2
Red Energy	175 167	7 250	182 417	+0.5
Simply Energy	107 371	11 210	118 581	+0.3
Other (see table 1.2)	848	1 243	2 091	—
All retailers	2 363 403	318 134	2 681 537	—

— Not applicable



TABLE 1.2 AVERAGE CUSTOMER NUMBERS—ELECTRICITY, OTHER RETAILERS (UNDER 1 000 CUSTOMERS) 2012-13

Retailer	Residential	Business	Total
AGL Sales (Qld)	—	43	43
Aurora Energy	—	94	94
Blue NRG	7	143	150
EnergyAustralia Yallorn	—	895	895
Pacific Hydro	—	2	2
People Energy	689	4	693
Powershop	149	20	169
Sun Retail	3	42	45
All other retailers	848	1 243	2 091

— Not applicable

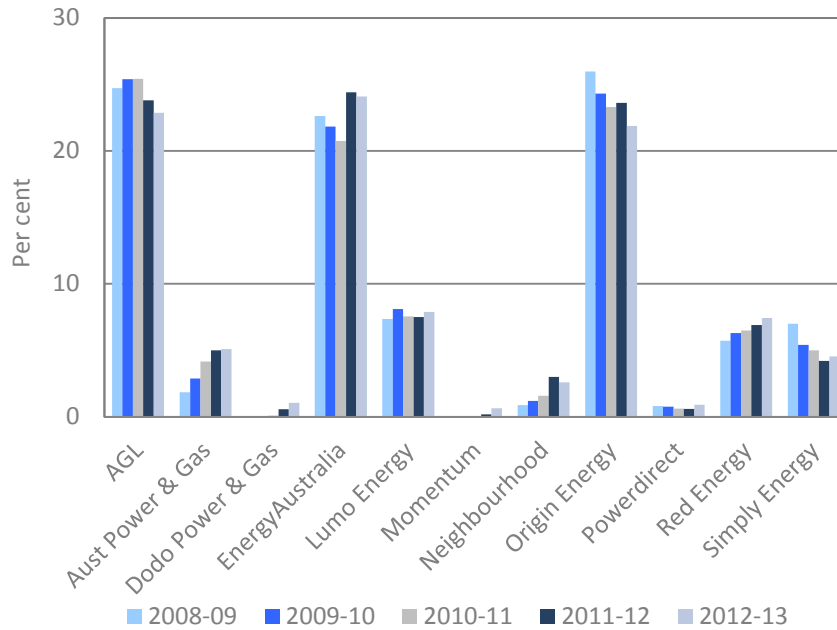
The market share profile of retailers has changed significantly in the electricity sector since competition was introduced in the early 2000s. At that time, the three local retailers—AGL, EnergyAustralia (formerly TRUenergy) and Origin Energy—held 100 per cent of the residential and business market share.

Tables 1.1 and 1.2 and figures 1.5 and 1.6 show:

- in the residential market, AGL, Origin Energy and EnergyAustralia hold 69 per cent market share in 2012-13, down from 72 per cent in 2011-12
- in the business market, AGL, Origin Energy and EnergyAustralia lost market share, while Momentum Energy increased its market share by over 7 per cent
- customer numbers increased by over 31 000 in the residential market and by over 13 000 in the business market in 2012-13
- eight retailers had fewer than 1 000 customers each in 2012-13



FIGURE 1.5 MARKET SHARE CHANGE—RESIDENTIAL ELECTRICITY
2008-09 to 2012-13



Note: Retailers with less than 1 000 customers in 2012-13 are not shown.

FIGURE 1.6 MARKET SHARE CHANGE—BUSINESS ELECTRICITY
2008-09 to 2012-13

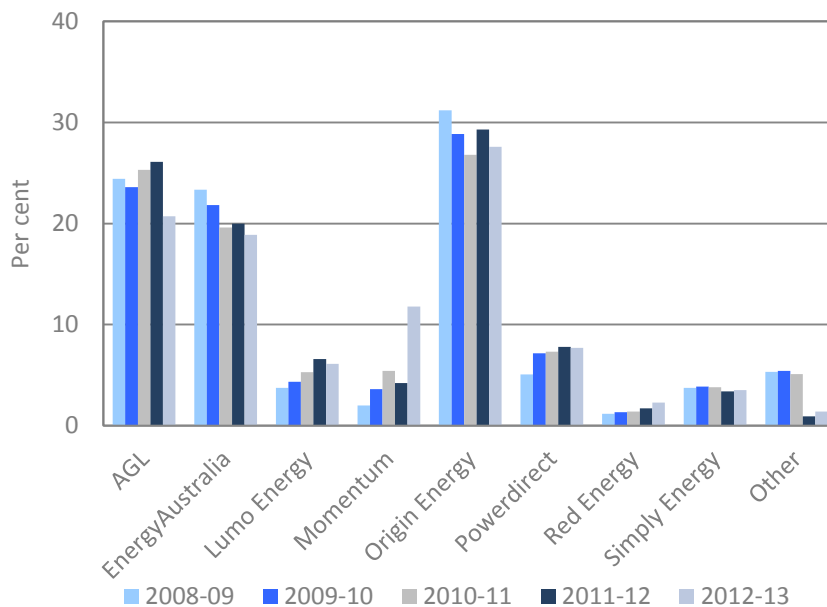




Table 1.3 shows the average residential and business customer numbers in the Victorian gas market. Of the 16 retail gas licences in Victoria, 10 retailers were active in the market in 2012-13 and sold gas to 1.95 million customers.

TABLE 1.3 AVERAGE CUSTOMER NUMBERS—GAS
2012-13

Retailer	Residential	Business	Total	Change in market share from 2011-12
AGL Sales	505 001	16 357	521 358	-0.4
Alinta Energy	7 439	—	7 439	+0.4
Aurora Energy	—	5	5	-0.0
Australian Power & Gas	106 144	—	106 144	+0.0
Dodo Power & Gas	4 802	—	4 802	+0.2
EnergyAustralia	503 812	18 785	522 597	-0.8
Lumo Energy	140 192	2 130	142 322	+0.4
Origin Energy	427 039	20 783	447 822	-0.4
Red Energy	103 912	2 773	106 685	+0.4
Simply Energy	89 614	1 476	91 090	+0.2
All retailers	1 887 955	62 309	1 950 264	—

— Not applicable

Table 1.3 and figures 1.7 and 1.8 show:

- the gas market was relatively stable in 2012-13, with each participant's market share changing by less than 1 per cent
- Alinta Energy, Lumo Energy and Red Energy reported the largest market share increase in 2012-13, each gaining an extra 0.4 per cent of the gas market
- the combined market share of customers for the local gas retailers decreased by 1.5 per cent in 2012-13, down to 76 per cent.



FIGURE 1.7 MARKET SHARE CHANGE—RESIDENTIAL GAS
2008-09 to 2012-13

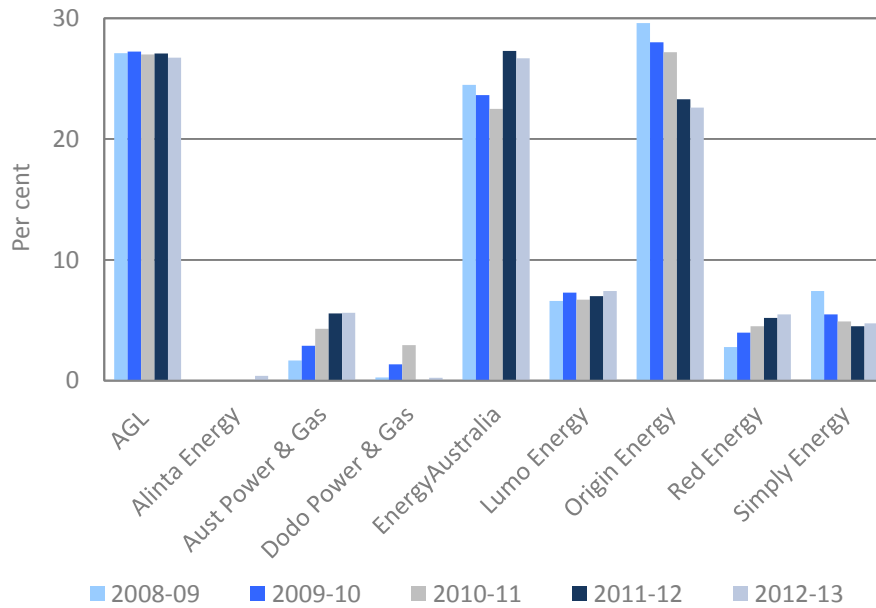
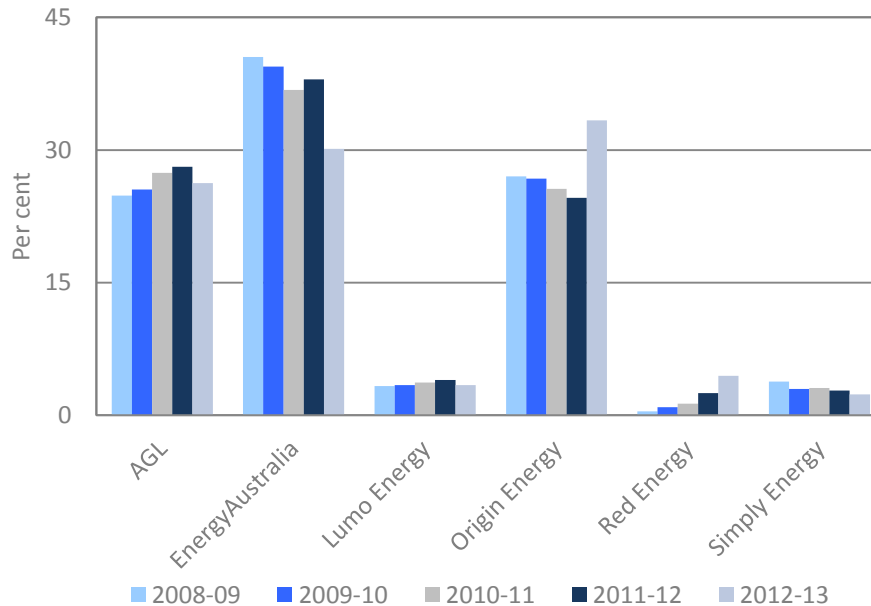


FIGURE 1.8 MARKET SHARE CHANGE—BUSINESS GAS
2008-09 to 2012-13



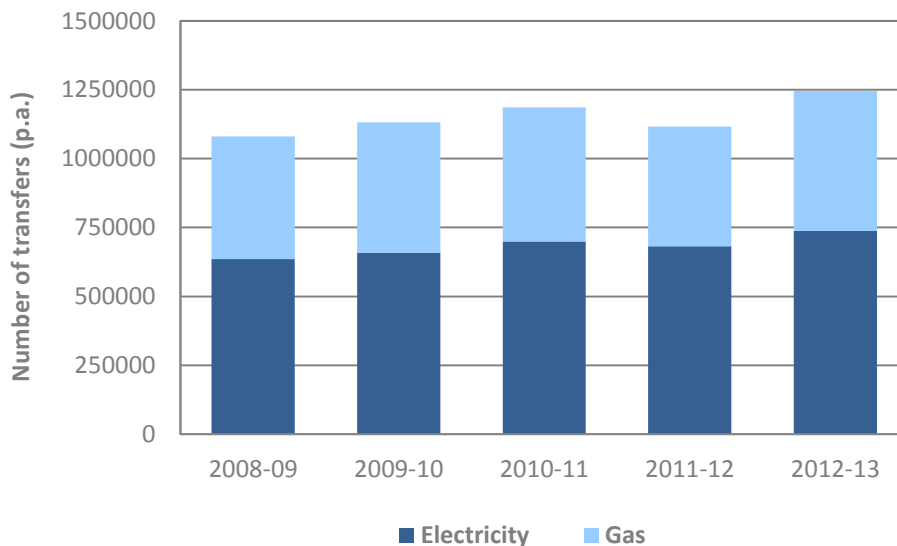


1.7 MARKET TRANSFERS

The number of customers switching between retailers (known as a market transfer or churn) provides an indication of 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 2012-13 was 1 244 750—an increase of over 128 000 transfers from 2011-12. The total comprised 37 859 electricity customers who switched retailers, and 506 891 gas customers. Overall, the annual transfer proportion was 26.9 per cent of all gas and electricity customers, representing a 0.2 per cent increase from the 2011-12 proportion.

FIGURE 1.9 MARKET TRANSFERS—VICTORIA
2008-09 to 2012-13



Data source: AEMO.

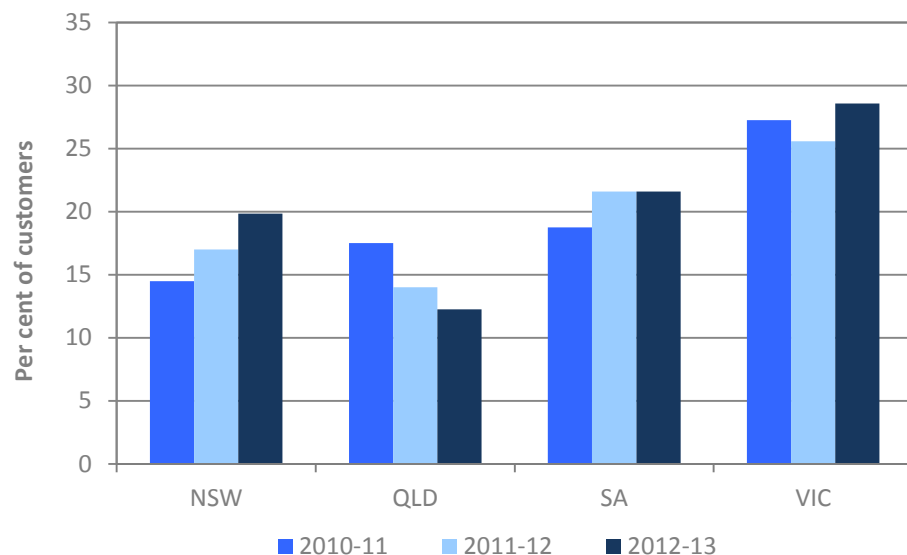


For electricity customers, Victoria continued to have the highest transfer percentage in 2012-13, compared with New South Wales, Queensland and South Australia. Figure 1.10 shows that New South Wales increased its transfer rate in 2012-13, Queensland had a decrease in the percentage of transfers in 2012-13, while the transfer rate in South Australia was unchanged at 22 per cent. Victoria had the highest transfer proportion (29 per cent), showing Victorian customers remain willing to switch retailers to get a better energy product or service.

In the *Progress of electricity retail competition in Victoria May 2013* the Commission highlighted that care should be taken when using transfer numbers as an indication of churn. This is because while transfers include the switching of retailers by a customer at a given premises, they also include situations where one customer moves out of a premises and another moves in, as well as meter installations associated with new dwellings. These latter two kinds of ‘transfers’ are not relevant to the rate at which customers switch between retailers. The estimated churn rate in 2011-12 based on that report’s methodology was approximately 17 per cent, less than the 29 per cent reported in Figure 1.10.

Progress of electricity retail competition in Victoria May 2013 can be found at www.esc.vic.gov.au.

FIGURE 1.10 ELECTRICITY MARKET TRANSFERS—AUSTRALIA
2010-11 to 2012-13



Note: Percentage transfer rate is averaging each month’s annualised transfer rate.
Data source: AEMO.



BOX.1.1 TARIFF TYPES

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

Electricity pricing is based on the following use patterns:

1. The single rate residential tariff is based on 4 000 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 4 000 kWh peak and 2 500 kWh off-peak consumption per year. This use is typical of a customer with no gas supply who has electric hot water that heats during the off-peak time.
3. The time-of-use residential tariff is based on 3 000 kWh peak and 6 000 kWh off-peak consumption per year. Off-peak includes weekends for this tariff. This use is typical of a customer without gas supply who uses the off-peak time for any purpose. It is not restricted 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. 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) time frames. 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.



2 COMPARING RETAILERS' MARKET OFFERS

WHAT WE FOUND

The cost of market offers increased in 2012-13 for the majority of offers published on the YourChoice website. The price of residential electricity market offers increased by an average of 20 per cent from 2011-12, and by an average of 62 per cent from 2008-09.

On average, the price of undiscounted market offers for residential electricity customers was 4 per cent lower than standing offers in 2012-13. By meeting conditions (eg. for paying on time), an average discount of 12 per cent could be received from the market offer.

The price of residential gas market offers increased by 14 per cent on average between 2011-12 and 2012-13. Discounted market offers were an average of 13 per cent lower than standing offers in 2012-13.

For both electricity and gas, the market offers available to business customers increased in price by an average 21 per cent in 2012-13. Again, the data shows that shopping around provided benefits for managing business energy bills.

The retailers' supply charges for residential electricity market offers rose in every distribution zone in 2012-13—up an average of 15 cents per day (17 per cent), after an average rise of 13 cents per day in 2011-12 and 6 cents in 2010-11. Supply charges varied significantly across the retailers, by as much as 47 cents per day in some areas (which equates to \$173 per year). For this reason, customers should also consider the daily supply charge when working out the best offer for them, because it may be relatively more important than usage charges, depending on the consumption patterns of the household.



2.1 ABOUT MARKET OFFERS

All licensed retailers are required to publish on their websites at least one market offer generally available to each class of persons who are small retail customers. The retailers must provide these market offers to the Commission to publish on our YourChoice website.

Market offers are contracts that may be cheaper than the standing contract, or provide some other benefit. These benefits may include percentage discounts on the tariff rate or the total bill, a credit towards the first bill, a voucher for the retailer's shop, and pay-on-time discounts. Tables at the end of this chapter (see tables 2.23 to 2.26) show some of the terms and conditions of the offers listed in this report. Market contracts may have a fixed term (generally between one and three years) or an ongoing term. This chapter outlines retailers' most commonly available market offers as listed on the YourChoice website.

The following sections show a range of available market offers, using the same customer consumption patterns, distribution zones and tariff types as shown for the electricity and gas standing offers. The reporting period spans five financial years, allowing analysis over this period. Only offers available at 30 June of the relevant year are published; any changes to offers during the year are not shown. Some offers shown may no longer be available because the reporting period concluded on 30 June 2013; they may have been replaced with new offers. All the prices are in nominal dollars and include GST.

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

- changes over time
- the average discounts available to consumers for each tariff type if consumers meet the conditions of the market offer
- a comparison of the average residential undiscounted market offer, the discounted market offer and the corresponding standing offer average
- the highest and lowest market offers available for each tariff type.

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



2.2 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.

Figures 2.1, 2.2 and 2.3 show the price of average market offers available to consumers in each distribution zone and for each meter type over four years. They do not account for discounts that may apply, such as for direct debit payment, payment on time and customer loyalty. Table 2.1 shows the average one year and four year change as a percentage. Tables 2.2–2.4 show the average discounts available with market offers by retailer. Further, tables 2.5–2.8 compare the least and most expensive discounted market offers for each distribution zone and tariff type.

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

AVERAGE RESIDENTIAL ELECTRICITY PRICE CHANGE OVER TIME

Figures 2.1 to 2.3 and table 2.1 show:

- the price of single rate electricity market offers increased by an average of 61 per cent, two-rate residential electricity market offers increased by an average of 61 per cent between 2008-09 and 2012-13, while time-of-use market tariffs increased by 64 per cent
- market offers in the SP Ausnet distribution zone had the largest price increase since 2008-09 (69 per cent), while market offers in the Powercor distribution zone increased the least (57 per cent) over the period
- across all tariff types and distribution zones, residential electricity market offers increased by an average of 20 per cent in 2012-13.



FIGURE 2.1 MARKET OFFERS—ELECTRICITY, RESIDENTIAL, SINGLE RATE TARIFF
2008-09 to 2012-13, nominal \$

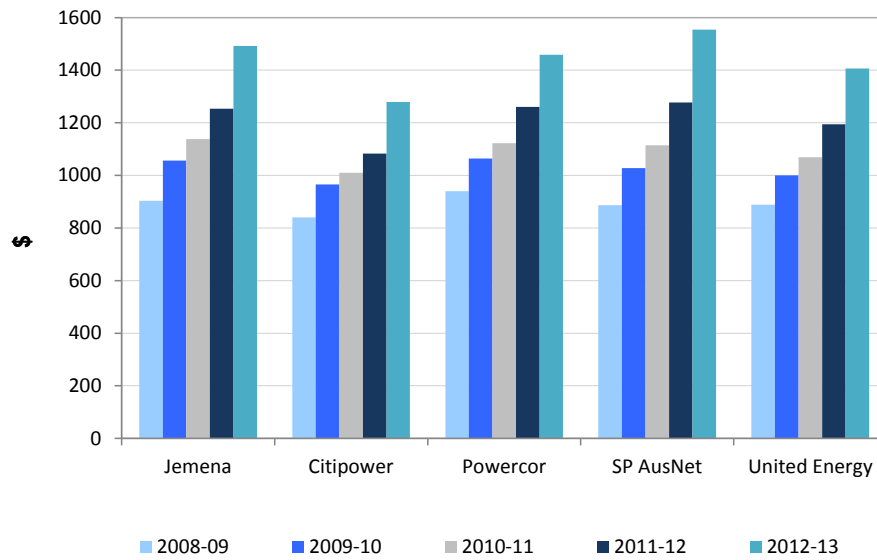


FIGURE 2.2 MARKET OFFERS—ELECTRICITY, RESIDENTIAL, TWO-RATE TARIFF
2008-09 to 2012-13, nominal \$

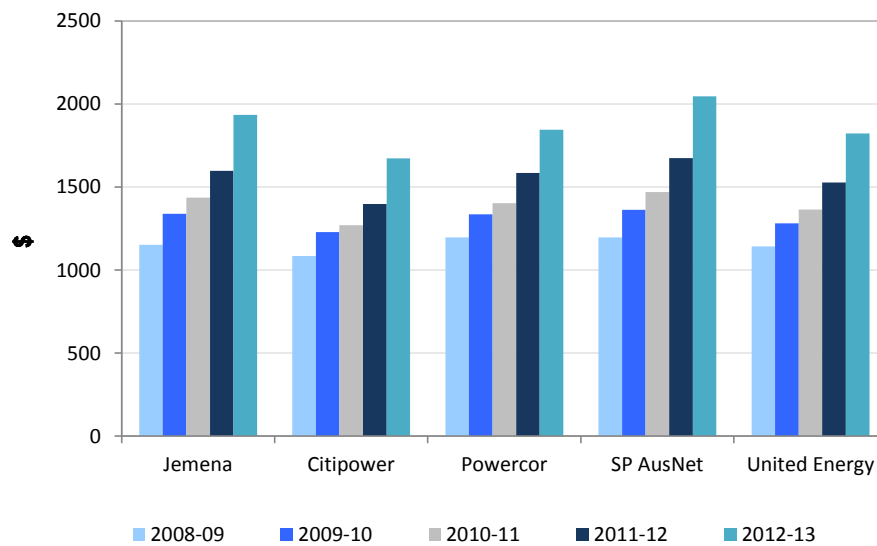




FIGURE 2.3 MARKET OFFERS—ELECTRICITY, RESIDENTIAL, TIME-OF-USE TARIFF
2008-09 to 2011-12, nominal \$

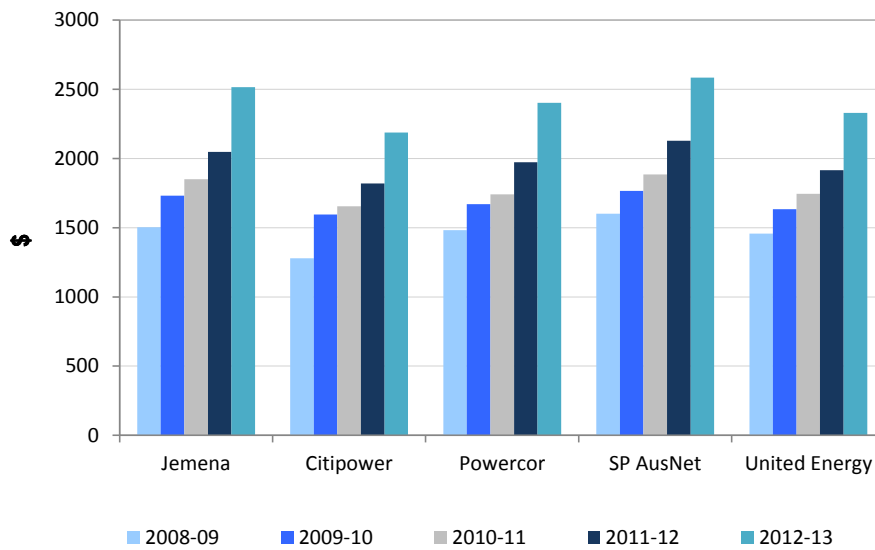


TABLE 2.1 MARKET OFFERS: AVERAGE CHANGE—ELECTRICITY, RESIDENTIAL, ALL TARIFF TYPES
1 year and 5 year

Distribution zone	Average increase from 2011-12 %	Average increase from 2008-09 %
CitiPower	19	59
Jemena	21	67
Powercor	18	57
SP AusNet	22	69
United Energy	20	59



RESIDENTIAL ELECTRICITY MARKET OFFERS RETAILER COMPARISON

All licenced retailers are required to publish on their websites at least one market offer generally available to each class of persons who are small retail customers. The retailers must provide these market offers to the Commission to publish on our YourChoice website. This section provides the state-wide average costs for consumers by averaging each retailer's market offer in all electricity distribution zones, giving a state-wide average for each retailer.

In order to further align with the average consumer experience, we also provide averages of each retailer's market offer, and a weighted average based on market share. This reflects the experience of the majority of Victorian consumers.

Appendix A contains further data on individual retailer's market offers for each distribution zone, and is available to download from our website (www.esc.vic.gov.au).

Tables 2.2 to 2.4 show:

- The state-wide average single rate market offer was \$1 438, but when weighted for market share this increased to \$1 508. The state-wide average price for a discounted market offer was \$1 272
- The unweighted average two-rate market offer was \$1 865, but reduced to \$1 648 with discounts (an 12 per cent reduction).
- The unweighted average time-of-use market offer was \$2 404, but reduced to \$2102 with discounts (an 13 per cent reduction)



**TABLE 2.2 RETAILERS' MARKET OFFERS—
ELECTRICITY, RESIDENTIAL, SINGLE RATE TARIFF
2011-12 to 2012-13**

Retailer	2012-13 Undiscounted Market Offer \$	2011-12 Undiscounted Market Offer \$	1 year change %	2012-13 Discounted Market Offer \$	Discount \$	Discount %
AGL	1 547	1 293	20	1 318	229	15
Alinta Energy	1 497	1 241	21	1 330	167	11
Australian Power & Gas	1 518	1 245	22	1 311	207	14
Click Energy	1 339	1 180	13	1 194	145	11
Dodo Power & Gas	1 506	1 184	27	1 268	237	16
EnergyAustralia	1 494	1 245	20	1 285	209	14
Lumo Energy	1 549	1 237	25	1 239	310	20
Momentum Energy	1 201	1 102	9	1 201	0	0
Origin Energy	1 538	1 170	32	1 317	222	14
People Energy	1 500	—	—	1 276	224	15
Powerdirect	1 352	1 200	13	1 352	0	0
Powershop	1 222	—	—	1 161	61	5
Red Energy	1 342	1 221	10	1 208	134	10
Simply Energy	1 530	1 244	23	1 347	182	12
Average	1428	1272	20	1 272	166	11
Weighted Average	1508	1234	22	1 294	214	14

— Not applicable



**TABLE 2.3 RETAILERS' MARKET OFFERS—
ELECTRICITY, RESIDENTIAL, TWO-RATE TARIFF
2011-12 to 2012-13**

Retailer	2012-13 Undiscounted Market Offer \$	2011-12 Undiscounted Market Offer \$	1 year change %	2012-13 Discounted Market Offer \$	Discount \$	Discount %
AGL	2 031	1 646	23	1 705	326	16
Alinta Energy	1 962	1 596	23	1 726	237	12
Australian Power & Gas	1 968	1 605	23	1 680	289	15
Click Energy	1 904	1 570	21	1 619	286	15
Dodo Power & Gas	1 934	1 515	28	1 611	323	17
EnergyAustralia	1 852	1 613	15	1 666	186	10
Lumo Energy	1 976	1 556	27	1 581	395	20
Momentum Energy	1 535	1 394	10	1 535	0	0
Origin Energy	1 948	1 476	32	1 649	300	15
People Energy	1 977	—	—	1 670	308	16
Powerdirect	1 836	1 553	18	1 836	0	0
Powershop	1 583	—	—	1 504	79	5
Red Energy	1 756	1 559	13	1 580	176	10
Simply Energy	1 843	1 578	17	1 708	135	7
Average	1 865	1 555	22	1 648	217	11
Weighted Average	1 923	1 575	22	1 661	263	14

— Not applicable



TABLE 2.4 RETAILERS' MARKET OFFERS—ELECTRICITY, RESIDENTIAL, TIME-OF-USE TARIFF
2011-12 to 2012-13

Retailer	2012-13 Undiscounted Market Offer \$	2011-12 Undiscounted Market Offer \$	1 year change %	2012-13 Discounted Market Offer \$	Discount \$	Discount %
AGL	2 621	2 132	23	2 180	441	17
Alinta Energy	2 566	2 016	27	2 238	328	13
Australian Power & Gas	2 579	2 089	23	2 181	398	15
Click Energy	2 448	2 033	20	2 081	367	15
Dodo Power & Gas	2 421	1 911	27	2 002	419	17
EnergyAustralia	2 551	2 106	21	2 188	363	14
Lumo Energy	2 553	1 792	42	2 076	477	19
Momentum Energy	1 965	1 714	15	1 965	0	0
Origin Energy	2 497	1 885	32	2 093	403	16
People Energy	2 484	—	—	2 066	419	17
Powerdirect	2 246	1 957	15	2 246	0	0
Powershop	1 958	—	—	1 860	98	5
Red Energy	2 284	1 972	16	2 056	228	10
Simply Energy	2 486	2 051	21	2 199	287	12
Average	2 404	1 972	23	2 102	302	12
Weighted Average	2 525	2 016	25	2 143	382	15

— Not applicable



DISCOUNTED RESIDENTIAL MARKET OFFERS

By meeting the conditions of the offer, consumers could receive discounts on the published tariffs. Tables 2.5, 2.6 and 2.7 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 2012-13:

- single rate customers could save an average of between \$148 and \$184 on the market offer tariff, and \$218 to \$243 on the standing offer tariff
- two-rate customers could save an average of between \$178 and \$250 on the market offer tariff, and \$301 to \$327 on the standing offer tariff
- time-of-use customers could save an average of between \$262 and \$328 on the market offer tariff, and \$372 to \$428 on the standing offer tariff.

On average, undiscounted market offers for residential electricity customers were 4 per cent lower than the corresponding standing offers. Discounts reduced market offers by a further 12 per cent (e.g. for paying on time).



**TABLE 2.5 AVERAGE MARKET OFFERS WITH DISCOUNTS—
ELECTRICITY, RESIDENTIAL, SINGLE RATE TARIFF
2012-13, nominal \$**

Distribution zone	2012-13 average price: standing offers \$	2012-13 average price: undiscounted market offers \$	2012-13 average price: discounted market offers \$	Average discount on market offers \$	Average discount for standing offer price \$
CitiPower Inner city and eastern suburbs	1 349	1 279	1 131	148	218
Jemena Inner west and northern suburbs	1 547	1 492	1 309	184	239
Powercor Outer western suburbs and western Victoria	1 551	1 459	1 308	151	243
SP AusNet Eastern suburbs and eastern Victoria	1 613	1 554	1 371	183	242
United Energy Outer south eastern suburbs and Mornington	1 472	1 406	1 240	166	232



**TABLE 2.6 AVERAGE MARKET OFFERS WITH DISCOUNTS—
ELECTRICITY, RESIDENTIAL, TWO-RATE TARIFF**
2012-13, nominal \$

Distribution zone	2012-13 average price: standing offers \$	2012-13 average price: undiscounted market offers \$	2012-13 average price: discounted market offers \$	Average discount on market offers \$	Average discount for standing offer price \$
CitiPower Inner city and eastern suburbs	1 772	1 672	1 471	202	301
Jemena Inner west and northern suburbs	2 023	1 935	1 700	235	323
Powercor Outer western suburbs and western Victoria	1 984	1 846	1 672	174	312
SP AusNet Eastern suburbs and eastern Victoria	2 124	2047	1 797	250	327
United Energy Outer south eastern suburbs and Mornington	1 913	1 823	1 599	224	214



**TABLE 2.7 AVERAGE MARKET OFFERS WITH DISCOUNTS—
ELECTRICITY, RESIDENTIAL, TIME-OF-USE TARIFF
2012-13, nominal \$**

Distribution zone	2012-13 average price: standing offers \$	2012-13 average price: undiscounted market offers \$	2012-13 average price: discounted market offers \$	Average discount on market offers \$	Average discount for standing offer price \$
CitiPower Inner city and eastern suburbs	2 298	2 188	1 926	262	372
Jemena Inner west and northern suburbs	2 622	2 515	2 196	320	426
Powercor Outer western suburbs and western Victoria	2 503	2 403	2 100	303	403
SP AusNet Eastern suburbs and eastern Victoria	2 685	2 586	2 257	328	428
United Energy Outer south eastern suburbs and Mornington	2 437	2 329	2 032	297	405



COMPARISON OF RESIDENTIAL DISCOUNTED MARKET OFFERS

Tables 2.8 to 2.10 show the two lowest and two highest discounted market offers available by distribution zone and tariff type (as explained in Box 1.1). This includes any available discounts to the consumption and supply charge costs, including those for payment on time, set contract lengths or payment by direct debit. It does not include any bonus vouchers or once-off sign up inducements.

When including the discounts:

- Momentum Energy and Powershop most often had the lowest market offers available
- Powerdirect and Alinta Energy were among the most expensive retailers
- the difference between the lowest and the highest discounted market offer was significant— for single rate customers it was between \$188 and \$375, two-rate customers faced a difference of between \$295 and \$389, and time-of-use customers faced a difference of between \$343 and \$518.



**TABLE 2.8 COMPARISON OF DISCOUNTED MARKET OFFERS—
ELECTRICITY, RESIDENTIAL, SINGLE RATE TARIFF
2012-13, nominal \$**

Distribution zone	Lowest available \$	Highest available \$	Maximum difference \$
CitiPower	Momentum Energy	Powerdirect	
	1 036	1 224	
Inner city and eastern suburbs	Click Energy	Australian Power & Gas	188
	1 062	1 196	
Jemena	Red Energy	Powerdirect	
	1 214	1 409	
Inner west and northern suburbs	Momentum Energy	Alinta Energy	195
	1 214	1400	
Powercor	Click Energy	Simply Energy	
	1 227	1 405	
Outer western suburbs and western Victoria	Powershop	Powerdirect	197
	1 229	1374	
SP AusNet	Powershop	Simply Energy	
	1146	1 521	
Eastern suburbs and eastern Victoria	Click Energy	Alinta Energy	375
	1 245	1491	
United Energy	Powershop	Simply Energy	
	1146	1 347	
Outer south eastern suburbs and Mornington	Momentum Energy	Origin Energy	201
	1 147	1311	



**TABLE 2.9 COMPARISON OF DISCOUNTED MARKET OFFERS—
ELECTRICITY, RESIDENTIAL, TWO-RATE TARIFF
2012-13, nominal \$**

Distribution zone	Lowest available \$	Highest available \$	Maximum difference \$
CitiPower	Momentum Energy	Powerdirect	325
	1 351	1 677	
Inner city and eastern suburbs	Powershop	AGL	325
	1 359	1 677	
Jemena	Powershop	Powerdirect	356
	1546	1 902	
Inner west and northern suburbs	Momentum Energy	Alinta Energy	356
	1 553	1814	
Powercor	Powershop	Powerdirect	295
	1549	1 844	
Outer western suburbs and western Victoria	Momentum Energy	Simply Energy	295
	1 602	1752	
SP AusNet	Powershop	Powerdirect	389
	1623	2 012	
Eastern suburbs and eastern Victoria	Momentum Energy	Alinta Energy	389
	1 707	1920	
United Energy	Powershop	Powerdirect	305
	1441	1 746	
Outer south eastern suburbs and Mornington	Momentum Energy	People Energy	305
	1 461	1671	



**TABLE 2.10 COMPARISON OF DISCOUNTED MARKET OFFERS—
ELECTRICITY, RESIDENTIAL,
TIME-OF-USE TARIFF**
2012-13, nominal \$

Distribution zone	Lowest available \$	Highest available \$	Maximum difference \$
CitiPower	Powershop	Powerdirect	343
	1 751	2 094	
Inner city and eastern suburbs	People Energy	Lumo Energy	475
	1 781	2 079	
Jemena	Momentum Energy	Powerdirect	475
	1 940	2 415	
Inner west and northern suburbs	Powershop	EnergyAustralia	404
	1 940	2 353	
Powercor	Powershop	Simply Energy	518
	1 954	2 267	
Outer western suburbs and western Victoria	Dodo Power & Gas	Alinta Energy	428
	2 001	2 265	
SP AusNet	Powershop	Simply Energy	428
	2 138	2 472	
Eastern suburbs and eastern Victoria	Dodo Power & Gas	Alinta Energy	428
	2 138	2 415	
United Energy	Powershop	Australian Power & Gas	428
	1 792	2 220	
Outer south eastern suburbs and Mornington	Momentum Energy	Powerdirect	
	1 820	2 142	



2.3 RESIDENTIAL ELECTRICITY SUPPLY CHARGES

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

The retailers' supply charges for electricity market offers rose in every distribution zone in 2012-13—up an average of 15 cents per day, after rising an average of 13 cents per day in 2011-12 and 6 cents in 2010-11. Figure 2.4 shows the average increases across the five electricity distribution zones from 2008-09 to 2012-13. Overall, the average supply charge increased by 17 per cent since 2011-12 and 109 per cent since 2008-09.

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

Figure 2.4 shows:

- average supply charges increased by between 12 and 22 per cent in 2012-13, depending on the distribution zone

Appendix A shows:

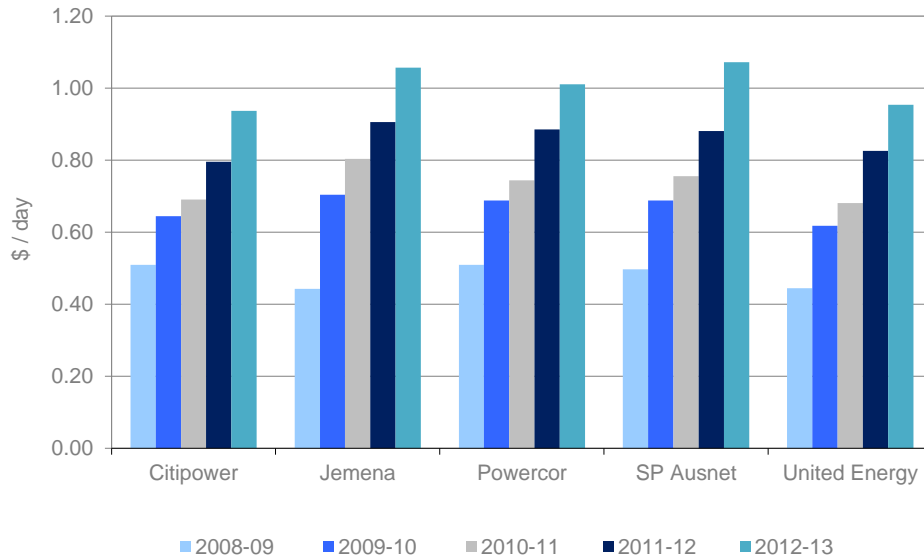
- supply charges varied significantly across retailers, by as much as 47 cents per day in some distribution zones (which equates to \$173 per year)
- AGL, Powerdirect and Simply Energy consistently charged the highest supply charge, while Momentum Energy, Dodo Power & Gas, Click Energy and Red Energy 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 2.4 RETAILERS' AVERAGE SUPPLY CHARGES IN MARKET OFFER, BY DISTRIBUTION ZONE—ELECTRICITY

2008-09 to 2012-13, nominal \$



2.4 BUSINESS ELECTRICITY OFFERS

Figures 2.5 and 2.6 and table 2.8 show the average price of market offers available to business customers in each distribution zone and for each meter type over four years. It does not account for further discounts or conditional discounts that might have applied, such as for direct debit payment, payment on time and customer loyalty. Table 2.11 shows the average 1 year and 5 year change. Tables 2.12 and 2.13 show the average market offers available to business customers, and the average discounts where they apply. Tables 2.14 and 2.15 compare the cheapest and most expensive discounted market offers for each distribution zone and tariff type.

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



AVERAGE BUSINESS ELECTRICITY PRICE CHANGE OVER TIME

Figures 2.5 and 2.6, along with table 2.11, show:

- single rate business electricity market offers increased by an average of 59 per cent between 2008-09 and 2012-13. Time-of-use market tariffs increased by 56 per cent over the same period
- the rise in single rate market offers over the past year was highest in the SP AusNet distribution zone (36 per cent) and lowest for United Energy customers (17 per cent)
- the rise in time-of-use market offers over the past year was highest in the Jemena and Powercor distribution zones (22 per cent) and lowest for United Energy customers (16 per cent)
- increases in 2012-13 were higher than the increases experienced in 2011-12, particularly in the SP AusNet zone.

FIGURE 2.5 MARKET OFFERS—ELECTRICITY, BUSINESS, SINGLE RATE TARIFF
2008-09 to 2012-13, nominal \$

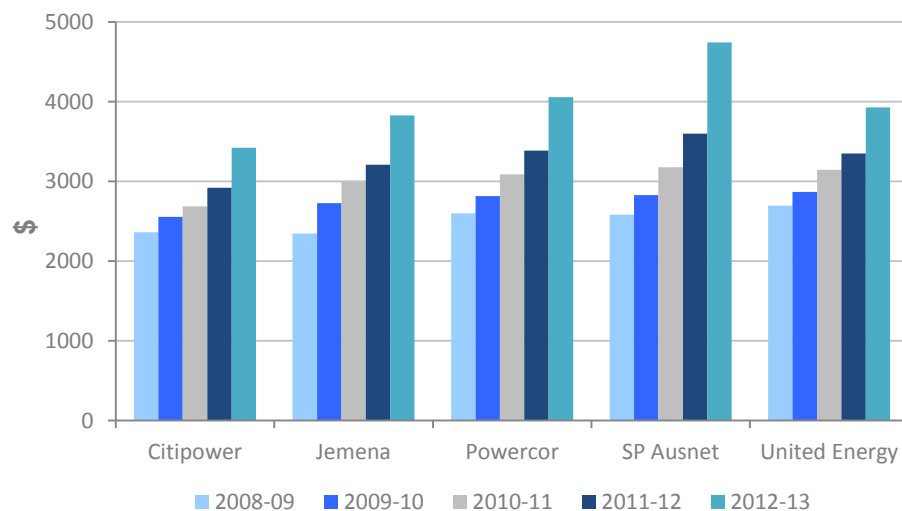




FIGURE 2.6 MARKET OFFERS—ELECTRICITY, BUSINESS, TIME-OF-USE TARIFF
2008-09 to 2011-12, nominal \$

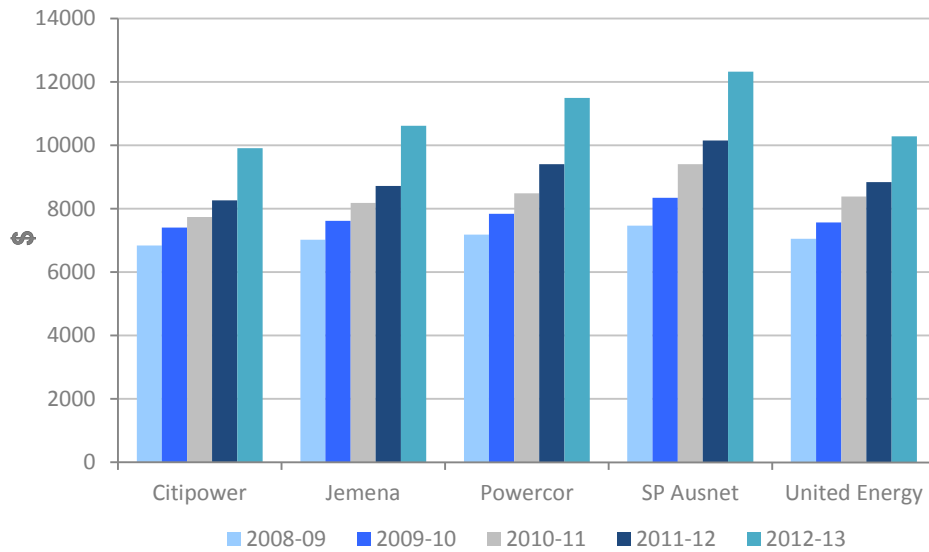


TABLE 2.11 MARKET OFFERS: CHANGE IN AVERAGE PRICE—ELECTRICITY, BUSINESS, SINGLE RATE AND TIME-OF-USE TARIFFS
1 year and 5 year

Distribution zone	Average increase from 2011-12 %	Average increase from 2008-09 %
CitiPower	19	45
Jemena	21	57
Powercor	21	58
SP AusNet	29	81
United Energy	17	46



DISCOUNTED BUSINESS MARKET OFFERS

By meeting the conditions of the offer, small businesses could receive discounts on the published tariffs. Tables 2.12 and 2.13 compare the average annual cost of electricity for those receiving the discounts with the average cost for small businesses that did not meet the discount conditions or remained on a standing offer. 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 2012-13:

- single rate customers could save an average of between \$349 and \$488 on the market offer tariff and between \$565 and \$744 on the standing offer tariff
- time-of-use customers could save an average of between \$1 131 and \$2 237 on the market offer tariff and between \$1 841 and \$3 099 on the standing offer tariff.

**TABLE 2.12 AVERAGE MARKET OFFERS WITH DISCOUNTS—
ELECTRICITY, BUSINESS, SINGLE RATE TARIFF
2012-13, nominal \$**

Distribution zone	2012-13 average price: standing offers \$	2012-13 average price: undiscounted market offers \$	2012-13 average price: discounted market offers \$	Average discount on market offers \$	Average discount for standing offer price \$
CitiPower Inner city and eastern suburbs	3 637	3 421	3 072	349	565
Jemena Inner west and northern suburbs	4 064	3 827	3 442	385	622
Powercor Outer western suburbs and western Victoria	4 281	4 055	3 634	421	646
SP AusNet Eastern suburbs and eastern Victoria	4 996	4 741	4 253	488	744
United Energy Outer south eastern suburbs and Mornington	4 191	3 925	3 516	409	675



**TABLE 2.13 AVERAGE MARKET OFFERS WITH DISCOUNTS—
ELECTRICITY, BUSINESS, TIME-OF-USE TARIFF**
2012-13, nominal \$

Distribution zone	2012-13 average price: standing offers \$	2012-13 average price: undiscounted market offers \$	2012-13 average price: discounted market offers \$	Average discount on market offers \$	Average discount for standing offer price \$
CitiPower Inner city and eastern suburbs	10 778	9 916	7 679	2 237	3 099
Jemena Inner west and northern suburbs	11 323	10 623	9 482	1 141	1 841
Powercor Outer western suburbs and western Victoria	12 182	11 502	10 242	1 259	1 940
SP AusNet Eastern suburbs and eastern Victoria	13 056	12 327	10 967	1 360	2 088
United Energy Outer south eastern suburbs and Mornington	11 113	10 283	9 152	1 131	1 962



COMPARISON OF BUSINESS DISCOUNTED MARKET OFFERS

Tables 2.14 and 2.15 show the two lowest and two highest discounted market offers available by distribution zone and tariff type (as explained in Box 1.1). These prices include any discounts available to the consumption and supply charge costs, including conditional discounts such as those for payment on time, set contract lengths or payment by direct debit. They do not include any bonus vouchers or once-off sign up inducements.

When including the discounts to the price:

- Dodo Power & Gas most often had the lowest price available
- Powershop was most commonly among the most expensive retailers
- the difference between the lowest discounted price and the highest discounted price was significant. The difference between the most expensive offer and the cheapest offer available for single rate customers was between \$617 and \$1 948, and for time-of-use customers was between \$1 836 and \$3 355.



**TABLE 2.14 COMPARISON OF DISCOUNTED MARKET OFFERS—
ELECTRICITY, BUSINESS, SINGLE RATE TARIFF
2012-13, nominal \$**

Distribution zone	Lowest available \$	Highest available \$	Maximum difference \$
CitiPower	Dodo Power & Gas	Powershop	617
	2 669	3 286	
Inner city and eastern suburbs	Momentum Energy	Powerdirect	617
	2 694	3 260	
Jemena	Dodo Power & Gas	Powershop	1 363
	2 508	3 871	
Inner west and northern suburbs	Momentum Energy	EnergyAustralia	1 363
	3 219	3 700	
Powercor	Dodo Power & Gas	EnergyAustralia	883
	3 076	3 959	
Outer western suburbs and western Victoria	Momentum Energy	Powershop	883
	3 290	3 958	
SP AusNet	Dodo Power & Gas	Powershop	1 948
	3 240	5 188	
Eastern suburbs and eastern Victoria	Red Energy	Simply Energy	1 948
	3 819	5 124	
United Energy	Dodo Power & Gas	Powershop	760
	3 065	3 825	
Outer south eastern suburbs and Mornington	Momentum Energy	EnergyAustralia	760
	3 071	3 787	



**TABLE 2.15 COMPARISON OF DISCOUNTED MARKET OFFERS—
ELECTRICITY, BUSINESS, TIME-OF-USE TARIFF
2012-13, nominal \$**

Distribution zone	Lowest prices available \$	Highest prices available \$	Maximum difference \$
CitiPower	Dodo Power & Gas	Powershop	1 836
	7 859	9 696	
Inner city and eastern suburbs	Momentum Energy	EnergyAustralia	
	7 998	9 631	
Jemena	Dodo Power & Gas	Click Energy	3 355
	7 077	10 431	
Inner west and northern suburbs	AGL	Powershop	
	8 764	10 350	
Powercor	Dodo Power & Gas	Powershop	2 130
	8 938	11 068	
Outer western suburbs and western Victoria	AGL	EnergyAustralia	
	9 441	11 031	
SP AusNet	Dodo Power & Gas	EnergyAustralia	2 328
	9 622	11 950	
Eastern suburbs and eastern Victoria	Momentum Energy	Click Energy	
	9 805	11 934	
United Energy	Momentum Energy	EnergyAustralia	2 643
	7 457	10 099	
Outer south eastern suburbs and Mornington	Dodo Power & Gas	Powershop	
	7 505	9 969	



2.5 RESIDENTIAL GAS MARKET OFFERS

This section analyses the residential market offers that gas retailers published in 2012-13 on the YourChoice website. All offers listed were generally available to all customers in the relevant distribution zone. Gas is not universally available throughout Victoria; in some of the gas extension areas, only one or two retailers are present. As with electricity market offers, gas market offer tariffs in 2012-13 varied considerably across retailers in a distribution zone.

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

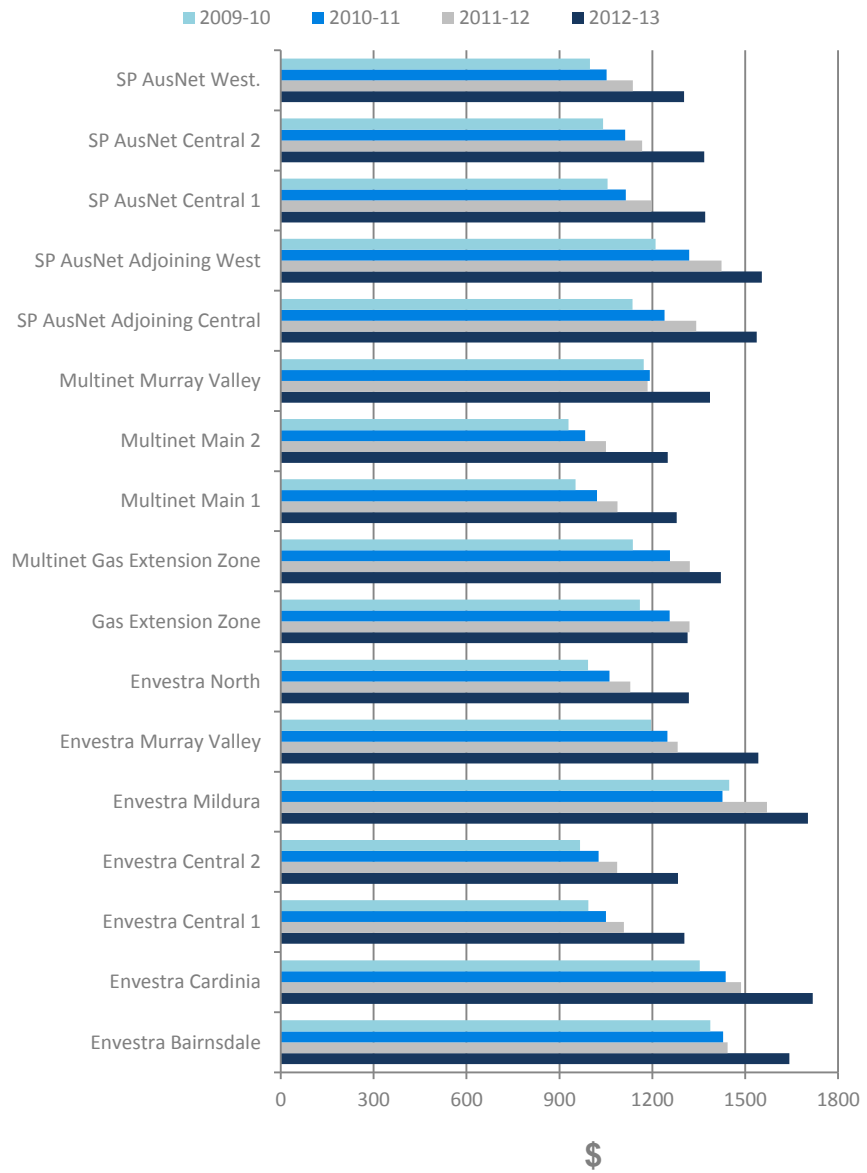
AVERAGE RESIDENTIAL GAS PRICE CHANGE OVER TIME

Figure 2.7 shows the average market offer prices in each distribution zone over the past four years. The prices do not account for further discounts or conditional discounts that might have applied, such as those for direct debit payment, payment on time or customer loyalty. Table 2.16 shows the percentage increase in prices over one and four year periods for each distribution zone.

- between 2011-12 and 2012-13, the price of market offers for residential gas customers increased by 14 per cent
- the price of residential gas market offers increased by an average of 38 per cent between 2008-09 and 2012-13
- the average price increase for market offers since 2008-09 was highest in the Multinet Main 2 distribution zone (46 per cent) and lowest for Gas Extension Zone customers (18 per cent).



FIGURE 2.7 MARKET OFFERS—GAS, RESIDENTIAL TARIFF
2009-10 to 2012-13, nominal \$





**TABLE 2.16 AVERAGE CHANGE IN MARKET OFFERS—
GAS, RESIDENTIAL TARIFF**
2008-09 to 2012-13, nominal \$

Distribution zone	Average increase from 2011-12 %	Average increase from 2008-09 %
Envestra Bairnsdale	12	28
Envestra Cardinia	14	38
Envestra Central 1	17	47
Envestra Central 2	18	46
Envestra Mildura	8	27
Envestra Murray Valley	22	38
Envestra North	16	44
Gas Extension Zone	0	18
Multinet Gas Extension Zone	3	29
Multinet Main 1	17	44
Multinet Main 2	18	48
Multinet Yarra Valley	17	29
SP AusNet Adjoining Central	12	42
SP AusNet Adjoining West	14	38
SP AusNet Central 1	14	41
SP AusNet Central 2	16	46
SP AusNet West	14	42

AVERAGE RESIDENTIAL GAS MARKET OFFERS – RETAILER COMPARISON

All licenced retailers are required to publish on their websites at least one market offer generally available to each class of persons who are small retail customers. The retailers must provide these market offers to the Commission to publish on our YourChoice website. This section provides the state-wide average costs for consumers by averaging each retailer’s price in major gas distribution zones. This gives us a state-wide average price paid by consumers for each retailer.



In order to further align with the average consumer experience, we also provide state-wide averages of each retailer's price, and a weighted average based on market share. This reflects the experience of the majority of Victorian consumers.

Appendix A contains further data on individual retailer's market offers for each distribution zone, and is available to download from our website (www.esc.vic.gov.au).

Table 2.17 shows the state-wide average single rate market offer was \$1 308, which was similar to the weighted average (\$1 302). The average discount available on gas market offers was 14 per cent.

**TABLE 2.17 RETAILERS' MARKET OFFERS—
GAS, RESIDENTIAL TARIFF
2011-12 to 2012-13**

Retailer	2012-13 Undiscounted Market Offer \$	2011-12 Undiscounted Market Offer \$	1 year change %	2012-13 Discounted Market Offer \$	Discount \$	Discount %
AGL	1 250	1 108	13	1 102	148	12
Alinta Energy	1 298	—	—	1 150	148	11
Australian Power & Gas	1 370	1 167	17	1 130	240	18
Dodo Power & Gas	1 309	1 174	11	1 059	249	19
EnergyAustralia	1 333	1 145	16	1 138	195	15
Lumo Energy	1 341	1 135	18	1 155	186	14
Origin Energy	1 304	1 070	22	1 126	178	14
Red Energy	1 251	1 122	12	1 108	143	11
Simply Energy	1 321	—	—	1 136	184	14
Average	1 308	1 132	16	1 123	186	14
Weighted average	1 302	1 117	17	1 125	177	14

— Not applicable



DISCOUNTED RESIDENTIAL GAS MARKET OFFERS

By meeting the conditions of the offer, consumers could receive discounts on the published tariffs. Table 2.18 compares the average annual cost of gas 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 2012-13 customers could receive an average 12 per cent discount by fulfilling the conditions of a market offer.

**TABLE 2.18 AVERAGE MARKET OFFERS WITH DISCOUNTS—
GAS, RESIDENTIAL TARIFF**
2012-13, nominal \$

Distribution zone	2012-13 average price: standing offers \$	2012-13 average price: undiscounted market offers \$	2012-13 average price: discounted market offers \$	Average discount on market offers \$	Average discount for standing offer price \$
Envestra Bairnsdale Bairnsdale	1 657	1 642	1 456	186	201
Envestra Cardinia West Gippsland	1 792	1 718	1 500	218	292
Envestra Central 1 Frankston, Mornington Peninsula and Gippsland	1 305	1 304	1 152	152	154
Envestra Central 2 Inner city and inner north eastern suburbs	1 280	1 283	1 123	160	158
Envestra Mildura Mildura	1 825	1 702	1 702	0	123
Envestra Murray Valley Numurkah, Cobram	1 537	1 542	1 354	187	183
Envestra North North and north eastern Victoria	1 315	1 318	1 154	165	162
Gas Extension Zone Yarra Glen	1 348	1 314	1 150	164	198
Multinet Gas Extension Zone Woori Yallock and Seville	1 449	1 421	1 231	190	219



Distribution zone	2012-13 average price: standing offers \$	2012-13 average price: undiscounted market offers \$	2012-13 average price: discounted market offers \$	Average discount on market offers \$	Average discount for standing offer price \$
Multinet Main 1 Eastern and south eastern suburbs	1 277	1 278	1 120	159	157
Multinet Main 2 Bayside and south eastern suburbs	1 245	1 249	1 093	156	151
Multinet Yarra Valley Warburton	1 405	1 386	1 215	171	190
SP AusNet Adjoining Central Barwon Heads	1 555	1 537	1 364	173	191
SP AusNet Adjoining West Macedon and Gisborne	1 581	1 554	1 368	186	213
SP AusNet Central 1 Outer northern, outer western suburbs and Geelong area	1 377	1 370	1 197	173	180
SP AusNet Central 2 Western and north western suburbs	1 375	1 368	1 194	173	181
SP AusNet West Bendigo, Ballarat, Castlemaine and western Victoria	1 324	1 303	1 139	164	184



COMPARISON OF DISCOUNTED RESIDENTIAL GAS MARKET OFFERS

Table 2.19 shows the two lowest and two highest discounted market offers available by distribution zone. These prices include any available discounts to the consumption and supply charge costs, including conditional discounts such as those for payment on time, set contract lengths or payment by direct debit. They do not include any bonus vouchers or once-off sign up inducements.

When including the discounts to the price:

- the least and most expensive published market offers differed by between \$68 and \$761
- the prices of Dodo Power & Gas and AGL were most commonly among the lowest prices across the gas distribution zones
- Alinta Energy's and Origin Energy's prices were most commonly among the most expensive
- discounted market offer prices at 30 June 2013 were 7.3 per cent higher, on average, than at 30 June 2012.

TABLE 2.19 COMPARISON OF DISCOUNTED MARKET OFFERS—GAS, RESIDENTIAL TARIFF
2012-13, nominal \$

Distribution zone	Lowest prices available \$	Highest prices available \$	Maximum difference \$
Envestra Bairnsdale	AGL 1 365	Alinta Energy 1 633	268
Bairnsdale	EnergyAustralia 1 394	Origin Energy 1 471	
Envestra Cardinia	Red Energy 1 087	Australian Power & Gas 1 847	761
West Gippsland	Origin Energy 1 765	Alinta Energy 1 789	
Envestra Central 1	Dodo Power & Gas 1 066	Origin Energy 1 302	236
Frankston, Mornington Peninsula and Gippsland	Red Energy 1 087	Simply Energy 1 175	
Envestra Central 2	Dodo Power & Gas 1 059	Lumo Energy 1 155	95
Inner city and inner north eastern	AGL	Alinta Energy	



Distribution zone	Lowest prices available \$	Highest prices available \$	Maximum difference \$
suburbs	1 102	1 150	
Envestra Mildura	Origin Energy 1 702		—
Mildura			
Envestra Murray Valley	Lumo Energy 1 136	Australian Power & Gas 1 487	350
Numurkah, Cobram	Red Energy 1 340	Alinta Energy 1 439	
Envestra North	Dodo Power & Gas 1 091	Alinta Energy 1 229	
North and north eastern Victoria	AGL 1 117	Australian Power & Gas 1 204	138
Gas Extension Zone	EnergyAustralia 1 089	AGL 1 212	123
Yarra Glen			
Multinet Gas Extension Zone	EnergyAustralia 1 111	Lumo Energy 1 309	197
Woori Yallock and Seville	AGL 1 272		
Multinet Main 1	Dodo Power & Gas 1 056	Australian Power & Gas 1 175	119
Eastern and south eastern suburbs	AGL 1 070	Simply Energy 1 162	
Multinet Main 2	Dodo Power & Gas 1 030	Alinta Energy 1 141	112
Bayside and south eastern suburbs	AGL 1 066	Origin Energy 1 118	
Multinet Yarra Valley	Dodo Power & Gas 1 074	Alinta Energy 1 365	291



Distribution zone	Lowest prices available \$	Highest prices available \$	Maximum difference \$
Warburton	EnergyAustralia 1 110	Origin Energy 1 311	
SP AusNet Adjoining Central	AGL 1 169	Alinta Energy 1 485	
Barwon Heads	EnergyAustralia 1 383	Origin Energy 1 421	316
SP AusNet Adjoining West	EnergyAustralia 1 158	Alinta Energy 1 475	317
Macedon and Gisborne	Lumo Energy 1 341	Origin Energy 1 445	
SP AusNet Central 1	Dodo Power & Gas 1 117	Alinta Energy 1 243	126
Outer northern suburbs, outer western suburbs and Geelong area	Lumo Energy 1 168	EnergyAustralia 1 230	
SP AusNet Central 2	Dodo Power & Gas 1 148	Australian Power & Gas 1 229	82
Western and north western suburbs	Lumo Energy 1 170	EnergyAustralia 1 230	
SP AusNet West	Lumo Energy 1 100	Australian Power & Gas 1 167	68
Bendigo, Ballarat, Castlemaine and western Victoria	AGL 1 127	Origin Energy 1 161	

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



2.6 BUSINESS GAS PRICES

Four retailers (AGL, EnergyAustralia, Origin Energy and Simply Energy) published market offer gas prices for businesses in 2012-13. In some cases, the price difference in a distribution zone was significant.

Appendix A details individual retailer data and is available to download from our website at www.esc.vic.gov.au.

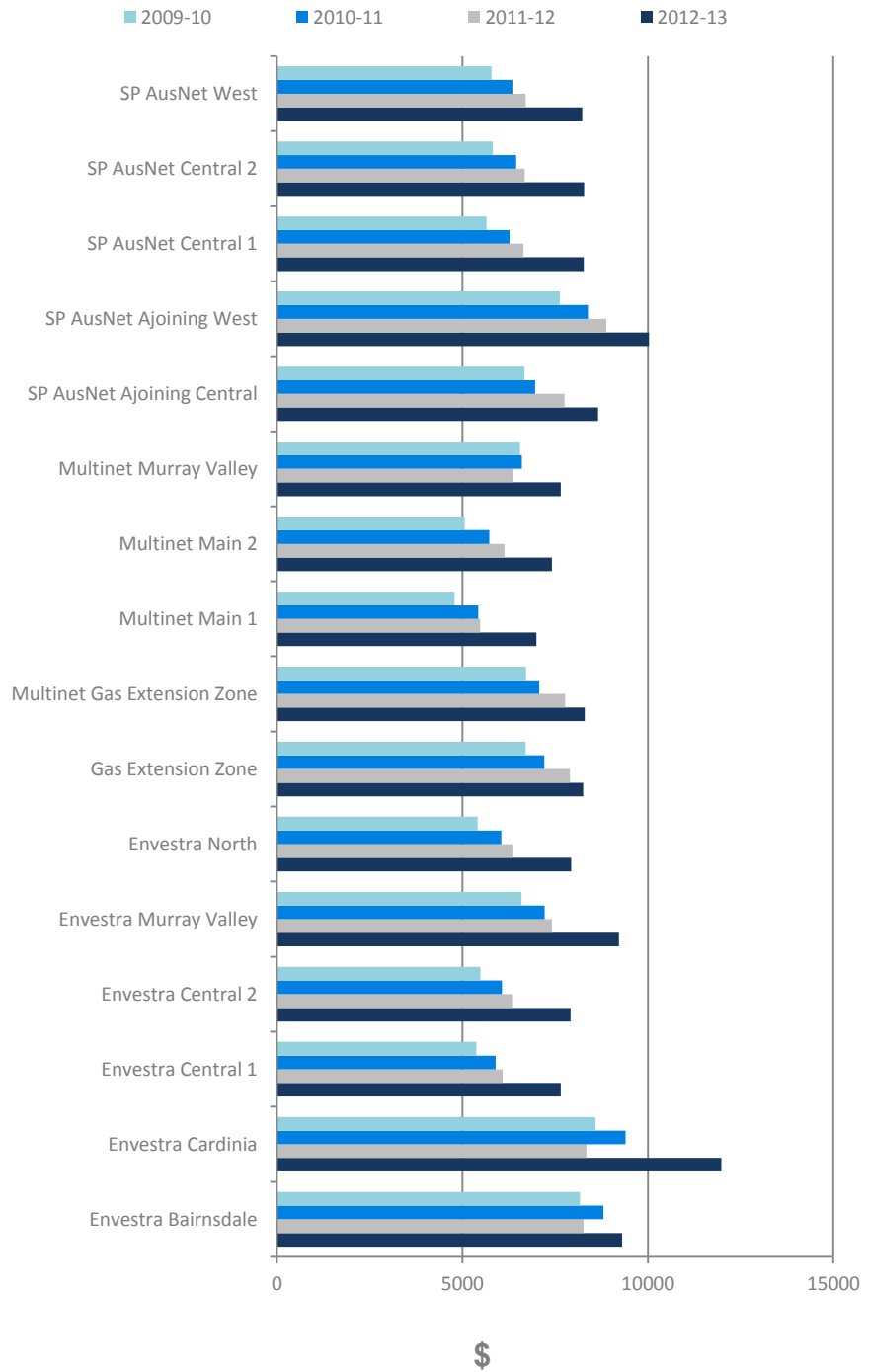
AVERAGE BUSINESS GAS PRICE CHANGE OVER TIME

Figure 2.8 and table 2.20 show the average market offer available to consumers in each distribution zone over the last four years. They 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.

- business gas market offers increased in price by an average of 43 per cent between 2008-09 and 2012-13
- the largest price increase in 2012-13 was in the Envestra Cardinia distribution zone (44 per cent), while the Gas Extension Zone recorded a decrease of less than 5 per cent.



FIGURE 2.8 MARKET OFFERS—GAS, BUSINESS TARIFF
2009-10 to 2012-13, nominal \$





**TABLE 2.20 AVERAGE CHANGE IN MARKET OFFERS—
GAS, BUSINESS TARIFF**
2008-09 to 2012-13, nominal \$

Distribution zone	Average increase from 2011-12 %	Average increase from 2008-09 %
Envestra Bairnsdale	13	9
Envestra Cardinia	44	75
Envestra Central 1	26	52
Envestra Central 2	25	54
Envestra Murray Valley	24	56
Envestra North	25	57
Gas Extension Zone	5	18
Multinet Gas Extension Zone	7	17
Multinet Main 1	28	57
Multinet Main 2	21	43
Multinet Yarra Valley	20	18
SP AusNet Adjoining Central	12	44
SP AusNet Adjoining West	13	38
SP AusNet Central 1	24	50
SP AusNet Central 2	24	45
SP AusNet West	23	51



DISCOUNTED BUSINESS GAS MARKET OFFERS

By meeting the conditions of the offer, small businesses could receive discounts on the published tariffs. Table 2.21 compares the average annual cost of gas 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 market contract conditions, customers could receive an average discount of 11 per cent on the undiscounted market offer.

**TABLE 2.21 AVERAGE MARKET OFFERS WITH DISCOUNTS—
GAS, BUSINESS TARIFF**
2012-13, nominal \$

Distribution zone	2012-13 average price: standing offers \$	2012-13 average price: undiscounted market offers \$	2012-13 average price: discounted market offers \$	Average discount on market offers \$	Average discount for standing offer price \$
Envestra Bairnsdale Bairnsdale	9 314	9 307	8 250	1 057	1 064
Envestra Cardinia West Gippsland	11 985	11 985	10 742	1 243	1 243
Envestra Central 1 Frankston, Mornington Peninsula and Gippsland	7 944	7 649	6 816	833	1 127
Envestra Central 2 Inner city and inner north eastern suburbs	8 223	7 913	7 050	863	1 173
Envestra Murray Valley Numurkah, Cobram	9 221	9 221	8 173	1 047	1 047
Envestra North North and north eastern Victoria	8 192	7 933	7 069	864	1 123
Gas Extension Zone Yarra Glen	8 561	8 260	7 289	971	1 272
Multinet Gas Extension Zone Woori Yallock and Seville	8 297	8 297	7 310	986	986
Multinet Main 1 Eastern and south eastern suburbs	7 112	6 996	6 239	756	873



Distribution zone	2012-13 average price: standing offers \$	2012-13 average price: undiscounted market offers \$	2012-13 average price: discounted market offers \$	Average discount on market offers \$	Average discount for standing offer price \$
Multinet Main 2 Bayside and south eastern suburbs	7 671	7 414	6 608	805	1 063
Multinet Murray Valley Warburton	7 857	7 655	6 867	788	991
SP AusNet Adjoining Central Barwon Heads	8 659	8 655	7 672	983	986
SP AusNet Adjoining West Macedon and Gisborne	10 467	10 029	8 869	1 160	1 598
SP AusNet Central 1 Outer northern suburbs, outer western suburbs and Geelong area	8 581	8 276	7 370	905	1 210
SP AusNet Central 2 Western and north western suburbs	8 544	8 285	7 377	908	1 168
SP AusNet West Bendigo, Ballarat, Castlemaine and western Victoria	8 437	8 232	7 332	900	1 105



COMPARISON OF DISCOUNTED BUSINESS MARKET OFFERS

Table 2.22 shows the two lowest and two highest discounted market offers available by distribution zone. These prices include any discounts available, including conditional discounts such as pay on time, set contract length or payment by direct debit.

When including the discount in the price:

- the least and most expensive published market offers differed by between \$265 to \$1 571
- Origin Energy and AGL most commonly had the cheapest discounted offers, while Simply Energy and EnergyAustralia were among the most expensive.



**TABLE 2.22 COMPARISON OF DISCOUNTED MARKET OFFERS—
GAS, BUSINESS TARIFF**
2012-13, nominal \$

Distribution zone	Lowest available \$	Highest available \$	Maximum difference \$
Envestra Bairnsdale	AGL 7 977	EnergyAustralia 8 480	503
Bairnsdale	Origin Energy 8 292		
Envestra Cardinia	EnergyAustralia 10 590	Origin Energy 10 894	303
West Gippsland			
Envestra Central 1	AGL 6 517	Simply Energy 7 512	995
Frankston Mornington Peninsula and Gippsland	Origin Energy 6 540	EnergyAustralia 6 697	
Envestra Central 2	AGL 6 541	Simply Energy 7 776	1 234
Inner city and inner north eastern suburbs	Origin Energy 6 831	EnergyAustralia 7 052	
Envestra Murray Valley	AGL 7 848	EnergyAustralia 8 668	820
Numurkah Cobram	Origin Energy 8 004		
Envestra North	AGL 6 633	Simply Energy 7 663	1 030
North and north eastern Victoria	Origin Energy 6 802	EnergyAustralia 7 179	
Envestra North AGL	6 633	—	—
North Victoria	AGL		
Gas Extension Zone	AGL 7 157	EnergyAustralia 7 422	265
Yarra Glen			
Multinet Gas Extension Zone	EnergyAustralia 6 946	AGL 7 675	728
Woori Yallock and Seville			



Distribution zone	Lowest available \$	Highest available \$	Maximum difference \$
Multinet Main 1 Eastern and south eastern suburbs	Origin Energy 5 648	Simply Energy 6 898	1 250
	AGL 6 013	EnergyAustralia 6 397	
Multinet Main 2 Bayside and south eastern suburbs	Origin Energy 5 844	Simply Energy 7 167	1 323
	AGL 6 613	EnergyAustralia 6 810	
Multinet Yarra Valley Warburton	EnergyAustralia 6 126	Origin Energy 7 608	1 482
	AGL 7 126	Origin Energy 8 697	
SP AusNet Adjoining Central Barwon Heads	EnergyAustralia 7 193	Origin Energy 8 697	1 571
	EnergyAustralia 7 963	AGL 9 429	
SP AusNet Adjoining West Macedon and Gisborne	Origin Energy 9 214	AGL 9 429	1 466
	Origin Energy 6 923	Simply Energy 7 956	
SP AusNet Central 1 Outer northern suburbs outer western suburbs and Geelong area	AGL 7 126	EnergyAustralia 7 476	1 033
	Origin Energy 6 923	Simply Energy 7 956	
SP AusNet Central 2 Western and north western suburbs	AGL 7 064	Simply Energy 8 018	955
	EnergyAustralia 7 196	Origin Energy 7 228	
SP AusNet West Bendigo Ballarat Castlemaine and western Victoria	AGL 6 955	Simply Energy 7 774	819
	EnergyAustralia 7 262	Origin Energy 7 336	

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



2.7 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, dual fuel (bundling of electricity and gas together) 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 2.23 to 2.26 outline the main features of the market offers presented in the chapter.



TABLE 2.23 COMPARISON OF RETAILERS' MARKET OFFERS—ELECTRICITY RESIDENTIAL
2012-13

Retailer	Offer Name	Discount available	Conditions of discount	Contract length	Termination fees^a	Notice of price change^b	Other conditions
AGL	AGL Select 18	20% off consumption	12% guaranteed, 6% pay on time, 2% direct debit	2 years	\$75 decreasing over time	20 business days	
Alinta Energy	Fair Go 15	15% off consumption	pay on time	no contract	none	in accordance with codes and laws	
Australian Power & Gas	Smart Saver 18	18% off consumption	pay on time	3 years	\$22	no later than the next bill	
Click Energy	Click Honeymoon	15% off bill	pay in advance by direct debit	no contract	none	next bill	paperless bills
Dodo Power & Gas	Residential Market No Lock In Offer	20% off consumption	pay in advance by direct debit	1 year	\$20 + benefits	advance notice	paperless bills
EnergyAustralia	Everyday Saver	14% off bill	3% guaranteed, 11% pay on time	3 years	\$20	next bill	
Lumo Energy	Lumo Advantage	20% off bill	pay on time	2 years	\$80 decreasing over time	next invoice	
Momentum Energy	Momentum Smile Power	0%	—	1, 2 or 3 years	\$20	next bill	
Origin Energy	DailySaver 19%	16% off consumption	none, up to 4% further discount for direct debit, pay on time and dual fuel	1 year	\$22	notice	
People Energy	20% On Time Saver	22% off usage	20% pay on time, 2% direct debit	2 years	\$20	0 days	paperless bills
Powerdirect	Residential 17% Offer	17% off consumption	none	3 years	\$20	prior written notice (eg. on bill)	
Powershop	Powershop	5% off	discounts purchased	no	none	30 days	



Retailer	Offer Name	Discount available	Conditions of discount	Contract length	Termination fees^a	Notice of price change^b	Other conditions
	Standard Saver	consumption	online	contract			
Red Energy	Living Energy Saver	10% off bill	pay on time	2 years	\$20 + benefits	next bill	
Simply Energy	Advantage 12	14% off consumption	pay on time	2 years	\$20	1 month if above CPI, 0 if not ^c	

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

b Customers with an interval or smart meter must receive 20 business days prior notice.

c CPI = Consumer price index — Not applicable



TABLE 2.24 COMPARISON OF RETAILERS' MARKET OFFERS—ELECTRICITY BUSINESS
2012-13

Retailer	Offer Name	Discount available	Conditions of discount	Contract length	Termination fees^a	Notice of price change^b	Other conditions
AGL	AGL Select 25	27% off consumption	25% guaranteed, 2% direct debit	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
Dodo Power & Gas	Business Anytime Rate	20% off bill	20% discount with 12 month contract	12 months	\$20	advance notice	paperless bills
EnergyAustralia	Everyday Saver	10% off bill	none	3 years	\$20	next bill	
Momentum Energy	Momentum Smile Power	0	—	1, 2 or 3 years	\$20	28 days	
Origin Energy	Business Choice 16% (Usage)	17% off consumption	pay on time, direct debit, dual fuel	1 year	\$22	notice	
Powerdirect	Business 20%	20% off consumption	none	3 years	\$20	prior written notice	
Powershop	Powershop - Business Market Offer	20% off consumption	Discounts purchased online	no contract	none	30 days	
Red Energy	Living Energy Saver	10% off bill	pay on time	2 years	\$20 + benefits	next bill	
Simply Energy	Small Business Offer	17% off consumption	none	3 years	\$20	1 months if above CPI ^c , 30 days if less ^c	

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

b Customers with an interval or smart meter must receive 20 business days prior notice.

c CPI = Consumer price index — Not applicable



TABLE 2.25 COMPARISON OF RETAILERS' MARKET OFFERS—GAS RESIDENTIAL
2012-13

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	3 years	\$75 decreasing over time	prior written notice	
Australian Power & Gas	Smart Saver 18	18% off consumption	pay on time	3 years	\$22	no later than the next bill	
Alinta Energy	Fair Go Dual Fuel	10% off consumption	dual fuel, pay on time	none	none	notice	
Dodo Power & Gas	No Lock In Offer	20% discount with 12 month contract	dual fuel, pay on time	12 months	\$20	advance notice	paperless bills
EnergyAustralia	Everyday Saver	6% off bill	3% guaranteed, 3% pay on time	3 years	\$20	next bill	
Lumo Energy	Lumo Advantage	15% off bill	pay on time	2 years	\$80 decreasing over time	next bill	
Origin Energy	DailySaver 13%	14% off consumption	pay on time, direct debit, dual fuel	1 year	\$22	notice	
Red Energy	Living Energy Saver	10% off consumption	pay on time	2 years	\$20	next bill	
Simply Energy	Simply Save 14	14% off consumption	dual fuel, pay on time	2 years	\$20	1 months if above CPIc, 30 days if less ^c	

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



TABLE 2.26 COMPARISON OF RETAILERS' MARKET OFFERS—GAS BUSINESS
2012-13

Retailer	Offer Name	Discount available	Conditions of discount	Contract length	Termination fees^a	Notice of price change	Other conditions
AGL	AGL Select 12	14% off consumption	12% guaranteed, 2% direct debit	2 years	\$100 decreasing over time	prior written notice	
EnergyAustralia	Everyday Saver	10% off bill	none	3 years	\$22	next bill	
Origin Energy	Business Choice	12% off consumption	pay on time, direct debit, dual fuel	1 year	\$22	notice	
Simply Energy	Business Saver 17	17% off bill	none	3 years	\$20	1 months if above CPIc, 30 days if less ^c	

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



3 COMPARING RETAILERS' STANDING OFFERS

WHAT WE FOUND

Residential electricity standing offers increased in price across all retailers in 2012-13. The average increase was 23 per cent since 2011-12.

For single rate customers the difference between the highest standing offer and the lowest standing offer in a distribution zone was up to \$545. For two-rate customers the difference between the highest and lowest average price was up to \$817 and similarly for time-of-use customers the difference was up to \$953 in a distribution zone

Standing offer tariffs for business customers increased in price by 24 per cent in 2012-13. The highest average standing offer for business customers was up to \$1 689 more than the lowest and for time-of-use customers the highest average standing offer was up to \$4 255 more than the lowest available.

Residential gas standing offers increased by an average of 11 per cent in 2012-13. The difference between the highest and lowest average standing offer in a customer's distribution zone was up to \$365. Prices for business gas customers increased by 12 per cent on average in 2012-13. The difference between the highest standing offer and lowest in a customer's distribution zone was up to \$2 864.



3.1 ABOUT STANDING OFFERS

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

Until 31 December 2008, only AGL, Origin Energy and EnergyAustralia (formerly 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.

The average percentage increases shown in this chapter are based on the contracts offered, and average all contracts equally. The impact on households may differ from this average increase and may not reflect the experience of individual households.

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

3.2 RESIDENTIAL ELECTRICITY STANDING OFFERS

This section shows the retailers' residential electricity standing offers for each distribution zone across Victoria. It presents data for three different meter types or tariffs: single rate, two-rate and time-of-use (as explained in Box 1.1). The prices are based on an average consumption pattern and include the tariff and the supply charge. All annual costs are in nominal dollars; Chapter 4 presents prices in real dollars (prices that are adjusted to exclude the effect of inflation).

Tables 3.1, 3.2 and 3.3 show considerable variation in the highest and lowest standing offers available in each distribution zone. They also demonstrate the typical increases in 2012-13. The average increase across distribution zones and meter types varied between 21 to 26 per cent since 2011-12.



Overall, tables 3.1, 3.2 and 3.3 show:

- the average price increase across all tariffs and distribution zones was 23 per cent in 2012-13. In 2011-12, the average price increase was 10 per cent
- Momentum Energy increased its standing offers by an average of 39 per cent. Excluding Momentum Energy's large increase, the industry average increase is 17 per cent
- Lumo Energy and Red Energy had the lowest standing offers across the various zones and tariff types, while Momentum Energy had the highest in every category after its large increases.

**TABLE 3.1 RESIDENTIAL STANDING OFFERS—
ELECTRICITY, SINGLE RATE TARIFF**
2012-13, nominal \$

Distribution zone	Lowest price available \$	Highest price available \$	2012-13 average price \$	Average one year increase %
CitiPower Inner city and eastern suburbs	Lumo Energy 1 223	Momentum Energy 1 629	1 349	21
Jemena Inner west and northern suburbs	Lumo Energy 1 350	Momentum Energy 1 798	1 547	21
Powercor Outer western suburbs and western Victoria	Lumo Energy 1 392	Momentum Energy 1 921	1 551	21
SP AusNet Eastern suburbs and eastern Victoria	Lumo Energy 1 398	Momentum Energy 1 943	1 613	25
United Energy Outer south eastern suburbs and Mornington	Lumo Energy 1 247	Momentum Energy 1 728	1 472	21



**TABLE 3.2 RESIDENTIAL STANDING OFFERS—
ELECTRICITY, TWO-RATE TARIFF**
2012-13, nominal \$

Distribution zone	Lowest price available \$	Highest price available \$	2012-13 average price \$	Average one year increase %
CitiPower Inner city and eastern suburbs	Red Energy 1 588	Momentum Energy 2 088	1 772	24
Jemena Inner west and northern suburbs	Red Energy 1 804	Momentum Energy 2 298	2 023	24
Powercor Outer western suburbs and western Victoria	Red Energy 1 611	Momentum Energy 2 428	1 984	21
SP AusNet Eastern suburbs and eastern Victoria	Lumo Energy 1 824	Momentum Energy 2 474	2 124	26
United Energy Outer south eastern suburbs and Mornington	Lumo Energy 1 615	Momentum Energy 2 185	1 913	24



**TABLE 3.3 RESIDENTIAL STANDING OFFERS—
ELECTRICITY, TIME-OF-USE TARIFF**
2012-13, nominal \$

Distribution zone	Lowest price available \$	Highest price available \$	2012-13 average price \$	Average one year increase %
CitiPower Inner city and eastern suburbs	Lumo Energy 2040	Momentum Energy 2 760	2 298	23
Jemena Inner west and northern suburbs	Lumo Energy 2 104	Momentum Energy 2 882	2 622	24
Powercor Outer western suburbs and western Victoria	Lumo Energy 2 180	Momentum Energy 3 133	2 503	24
SP AusNet Eastern suburbs and eastern Victoria	Lumo Energy 2 364	Momentum Energy 3 180	2 685	24
United Energy Outer south eastern suburbs and Mornington	Lumo Energy 2 005	Momentum Energy 2 758	2 437	23



3.3 BUSINESS ELECTRICITY STANDING OFFERS

This section shows retailers' electricity standing offers for businesses in each distribution zone across Victoria. It presents data for two different meter types: single rate and time-of-use tariffs (as explained in Box 1.1).

Tables 3.4 and 3.5 show the highest and lowest standing offers in each distribution zone. They also demonstrate average increases in 2012-13, which were up to 36 per cent depending on the zone and meter type.

Overall, tables 3.4 and 3.5 show:

- the average standing offer increase for businesses across all tariffs and distribution zones was 24 per cent in 2012-13. In 2011-12, the average increase was 10 per cent
- across distribution zones and tariff types, Dodo Power & Gas, Powershop and Lumo Energy showed the lowest standing offers
- Momentum Energy had the highest standing offers for most distribution zones and tariff types, after a 61 per cent increase in 2012-13.



**TABLE 3.4 BUSINESS STANDING OFFERS—
ELECTRICITY, SINGLE RATE TARIFF**
2012-13, nominal \$

Distribution zone	Lowest price available \$	Highest price available \$	2012-13 average price \$	Average one year increase %
CitiPower Inner city and eastern suburbs	Lumo Energy 3 067	Momentum Energy 4 018	3 591	19
Jemena Inner west and northern suburbs	Dodo Power & Gas 3 055	Momentum Energy 4 547	4 054	26
Powercor Outer western suburbs and western Victoria	Dodo Power & Gas 3 765	Momentum Energy 4 684	4 246	23
SP AusNet Eastern suburbs and eastern Victoria	Dodo Power & Gas 3 969	Click Energy 5 658	4 953	36
United Energy Outer south eastern suburbs and Mornington	Lumo Energy 3 605	Momentum Energy 4 697	4 163	22



**TABLE 3.5 BUSINESS STANDING OFFERS—
ELECTRICITY, TIME-OF-USE TARIFF**
2012-13, nominal \$

Distribution zone	Lowest price available \$	Highest price available \$	2012-13 average price \$	Average one year increase %
CitiPower Inner city and eastern suburbs	Powershop 9 696	Momentum Energy 12 123	10 755	23
Jemena Inner west and northern suburbs	Dodo Power & Gas 8 765	Momentum Energy 13 020	11 350	24
Powercor Outer western suburbs and western Victoria	Powershop 11 068	Momentum Energy 14 157	12 171	25
SP AusNet Eastern suburbs and eastern Victoria	Powershop 11 750	Momentum Energy 14 791	13 063	24
United Energy Outer south eastern suburbs and Mornington	Dodo Power & Gas 9 301	AGL 12 288	11 190	20



3.4 RESIDENTIAL GAS STANDING OFFERS

This section shows retailers' residential gas single rate standing offer tariffs for each distribution zone across Victoria (as explained in Box 1.1). Gas is not universally available throughout Victoria. In some of the gas extension areas, only one or two retailers were present in 2012-13. As with electricity, retailers' gas standing offer tariffs varied considerably in a distribution zone.

Table 3.6 summarises the range of standing offers available to residential gas customers depending on the distribution zone. Average consumption is allocated for winter and summer seasons. The average standing offer increased in price in every distribution zone in 2012-13, by up to 16 per cent.

Overall, table 3.6 shows:

- the average price of standing offers varied greatly across the various distribution zones the difference between the highest and lowest standing offer for residential customers was \$584
- customers in newer gas distribution zones (for example, Envestra Mildura) paid notably more for gas than did customers in established areas
- the average price increase for standing offers across all zones was 11 per cent in 2012-13. In 2011-12, the average increase was 7 per cent



TABLE 3.6 RESIDENTIAL STANDING OFFERS—GAS
2012-13, nominal \$

Distribution zone	Lowest price available \$	Highest price available \$	2012-13 average price \$	Average one year increase %
Envestra Bairnsdale Bairnsdale	AGL 1 546	Alinta Energy 1 784	1 657	10
Envestra Cardinia West Gippsland	Origin Energy 1 765	Australian Power & Gas 1 847	1 792	13
Envestra Central 1 Frankston, Mornington Peninsula and Gippsland	Red Energy 1 220	Simply Energy 1 396	1 305	8
Envestra Central 2 Inner city and inner north eastern suburbs	AGL 1 228	Simply Energy 1 349	1 280	14
Envestra Mildura Mildura	Origin Energy 1825	—	1 825	16
Envestra Murray Valley Numurkah, Cobram,	Lumo Energy 1 373	Australian Power & Gas 1 642	1 532	11
Envestra North North and north eastern Victoria	AGL 1 260	Simply Energy 1 396	1 315	8
Gas Extension Zone Yarra Glen	Energy Australia 1 266	AGL 1 431	1 348	1
Multinet Gas Extension Zone Woori Yallock and Seville	Energy Australia 1 327	Lumo Energy 1 590	1 449	8



Distribution zone	Lowest price available \$	Highest price available \$	2012-13 average price \$	Average one year increase %
Multinet Main 1 Eastern and south eastern suburbs	AGL 1 135	Simply Energy 1 374	1 274	11
Multinet Main 2 Bayside and south eastern suburbs	AGL 1 162	Simply Energy 1 312	1 241	13
Multinet Yarra Valley Warburton	Dodo Power & Gas 1 289	Origin Energy 1 523	1 412	10
Multinet South Gippsland Leongatha and Wonthaggi	Red Energy 1 701	—	1 701	12
SP AusNet Adjoining Central Barwon Heads	AGL 1 310	Origin Energy 1 675	1 555	14
SP AusNet Adjoining West Macedon and Gisborne	Energy Australia 1 372	Origin Energy 1 666	1 581	12
SP AusNet Central 1 Outer northern suburbs, outer western suburbs and Geelong area	AGL 1 310	Simply Energy 1 449	1 377	12
SP AusNet Central 2 Western and north western suburbs	AGL 1 314	Simply Energy 1 450	1 375	11
SP AusNet West Bendigo, Ballarat, Castlemaine and western Victoria	Red Energy 1 265	Simply Energy 1 381	1 313	11

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



3.5 BUSINESS GAS STANDING OFFERS

Five retailers (AGL, Origin Energy, EnergyAustralia, Simply Energy and Lumo Energy) published gas standing offers for businesses. In some cases, the difference in a distribution zone was significant. Table 3.7 summarises the range of standing offers for business gas customers across the state. Averages across most distribution zones increased in 2012-13, with increases averaging up to 25 per cent.

Overall, table 3.7 shows:

- the average price of standing offers across Victoria varied greatly (by up to \$4 872), with customers in newer distribution zones (for example Envestra Cardinia) paying notably more for gas than did customers in established areas, although standing offers for these new customers generally increased at a lower rate in 2012-13
- the average price increase across the distribution zones was 12 per cent in 2012-13. In 2011-12, the average price increase was 7 per cent
- EnergyAustralia had the lowest standing offers in many areas, while Lumo Energy and Simply Energy tended to have the highest.



TABLE 3.7 BUSINESS STANDING OFFERS—GAS
2012-13, nominal \$

Distribution zone	Lowest price available \$	Highest price available \$	2012-13 average price \$	Average one year increase %
Envestra Bairnsdale Bairnsdale	AGL 9 222	Lumo Energy 12 049	9 997	7
Envestra Cardinia West Gippsland	EnergyAustralia 11 767	Origin Energy 12 203	11 985	14
Envestra Central 1 Frankston, Mornington Peninsula and Gippsland	Origin Energy 7 348	Lumo Energy 8 704	7 944	16
Envestra Central 2 Inner city and inner north eastern suburbs	AGL 7 561	Simply Energy 9 013	8 223	15
Envestra Mildura Mildura	Origin Energy 10 974	—	10 974	25
Envestra Murray Valley Numurkah, Cobram	Origin Energy 8 959	EnergyAustralia 9 631	9 221	17
Envestra North North and north eastern Victoria	Origin Energy 7 652	Simply Energy 8 874	8 192	16
Gas Extension Zone Yarra Glen	EnergyAustralia 8 247	AGL 8 876	8 561	5
Multinet Gas Extension Zone Woori Yallock and Seville	EnergyAustralia 7 718	Lumo Energy 10 062	8 885	10
Multinet Main 1 Eastern and south eastern suburbs	EnergyAustralia 6 586	Lumo Energy 7 980	7 112	13
Multinet Main 2 Bayside and south eastern suburbs	Origin Energy 7 025	Lumo Energy 8 382	7 671	14
Multinet Yarra Valley Warburton	EnergyAustralia 6 666	Origin Energy 9 049	7 857	-2



Distribution zone	Lowest price available \$	Highest price available \$	2012-13 average price \$	Average one year increase %
SP AusNet Adjoining Central Barwon Heads	EnergyAustralia 8 038	AGL 9 700	8 659	6
SP AusNet Adjoining West Macedon and Gisborne	EnergyAustralia 8 848	Lumo Energy 11 712	10 467	8
SP AusNet Central 1 Outer northern suburbs, outer western suburbs and Geelong area	Origin Energy 8 090	Simply Energy 9 218	8 581	16
SP AusNet Central 1 Western and north western suburbs	EnergyAustralia 8 014	Simply Energy 9 282	8 544	16
SP AusNet West Bendigo, Ballarat, Castlemaine and western Victoria	AGL 8 039	Simply Energy 8 993	8 437	15

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

4 STANDING OFFER PRICES OVER TIME

WHAT WE FOUND

Standing offers (in real dollars, adjusted for inflation) published by the three local retailers—AGL, Origin Energy and EnergyAustralia (formerly TRUenergy)—for both electricity and gas increased in the past six years, following a long period to 2006-07 during which standing offer prices generally decreased.

When residential electricity standing offers are adjusted for inflation, the average increase from 2008-09 to 2012-13 was 52 per cent, or 10.4 per cent per annum. The annual bills for single rate business electricity customers rose 49 per cent since 2008-09.

For residential gas customers, the average standing offer adjusted for inflation rose 33 per cent since 2008-09. Average adjusted standing offers for business gas customers increased by 35 per cent over the same period.

4.1 HOW STANDING OFFER PRICES ARE REPORTED

This chapter shows the annual cost of standing offers from the mid-1990s. Until 1 January 2009, only the local retailers AGL, Origin Energy and EnergyAustralia (formerly TRUenergy) were obliged to publish standing offers. This chapter shows the historical trend for these offers. Data collection commenced in 1994-95 for electricity and in 1999 (calendar year) for gas.

We calculated the average consumption costs in this section using the price at 30 June 2013. Previous pricing reports present this data using a 50 per cent weighting for both the current year (30 June) price and the previous year's (30 June) price. This approach reflected the historical price rise that traditionally occurred on 1 January each year. However, because prices can now change at any time, we calculated the data for this report using the one price point—30 June of each year. We adjusted all annual figures to allow for consumer price index (CPI) changes, based on the eight capital cities' September quarter data (as sourced from www.abs.gov.au). All prices in this chapter are in \$2013.



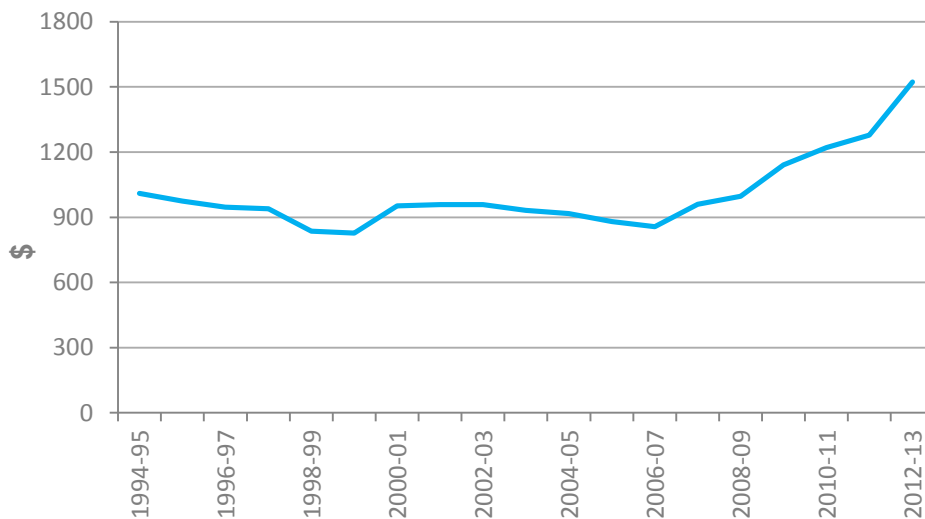
4.2 ELECTRICITY AND GAS STANDING OFFERS OVER TIME

Figures 4.1 to 4.3 show the trend in average electricity standing offers 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).

In today's dollars:

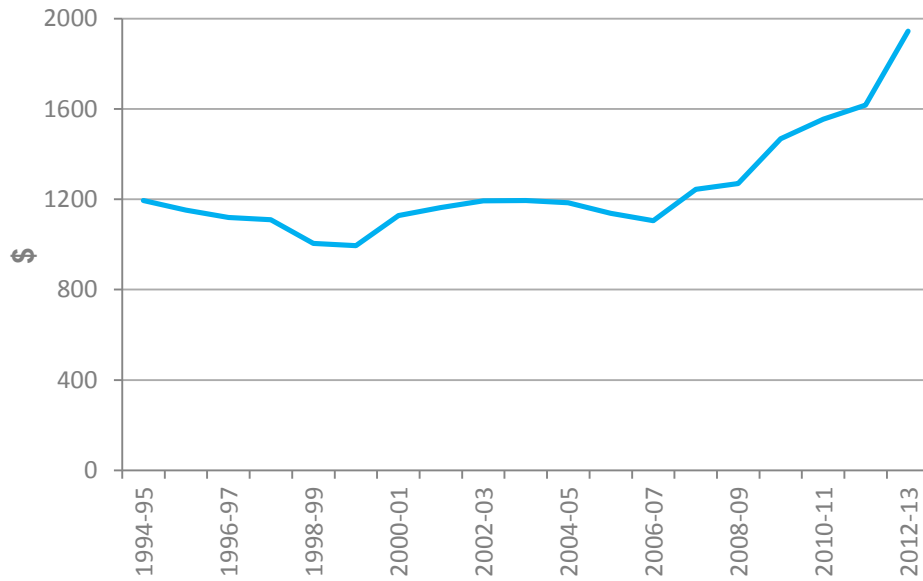
- the average electricity standing offer for single rate residential customers is \$512 higher than it was in 1994-95
- the average electricity standing offer for two-rate residential customers is \$749 higher than it was in 1994-95
- the average electricity standing offer for single rate business customers is \$225 higher than it was in 1994-95.

**FIGURE 4.1 AVERAGE ANNUAL STANDING OFFERS (REAL PRICES)—
ELECTRICITY, RESIDENTIAL, SINGLE RATE TARIFF
1994-95 to 2012-13, 2013\$**

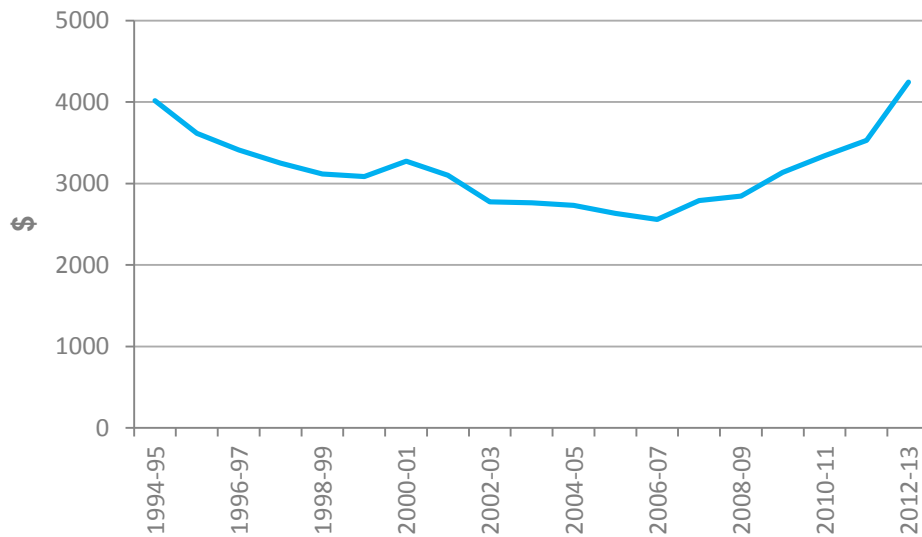




**FIGURE 4.2 AVERAGE ANNUAL STANDING OFFERS (REAL PRICES)—
ELECTRICITY, RESIDENTIAL, TWO-RATE TARIFF
1994-95 to 2012-13, 2013\$**



**FIGURE 4.3 AVERAGE ANNUAL STANDING OFFERS (REAL PRICES)—
ELECTRICITY, BUSINESS, SINGLE RATE TARIFF
1994-95 to 2012-13, 2013\$**



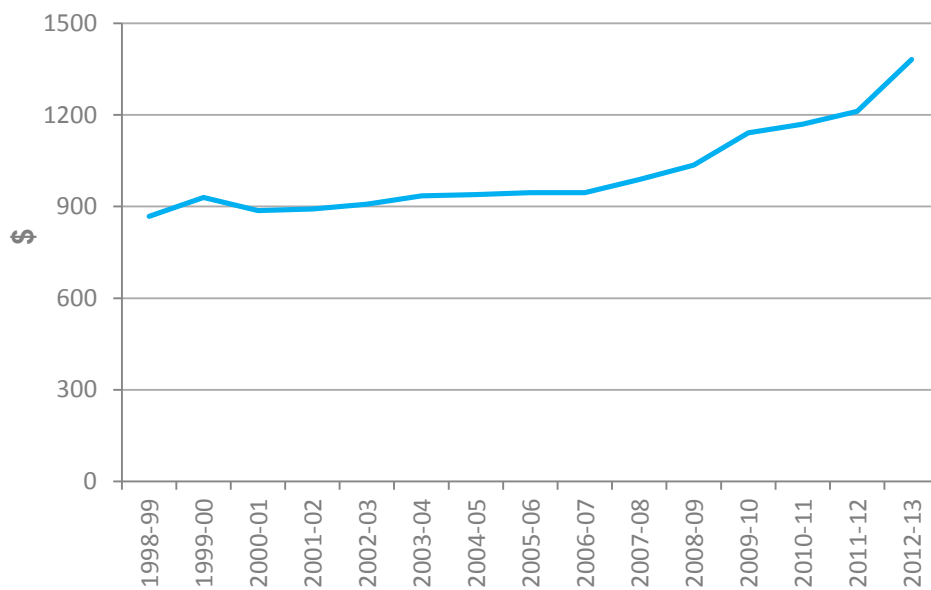


Figures 4.4 and 4.5 show the trend in average gas standing offers for residential and business tariffs.

In today's dollars:

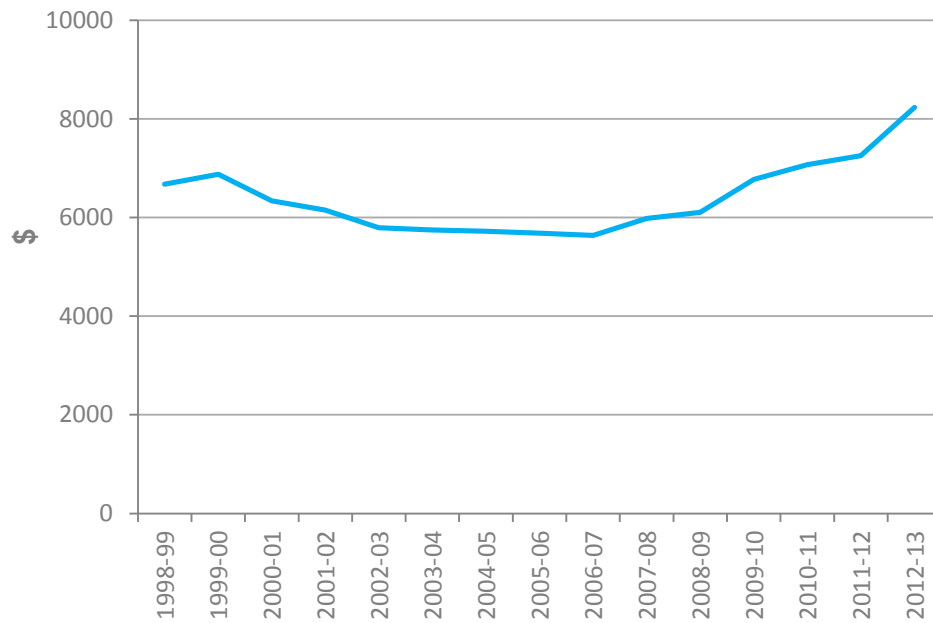
- the average gas standing offer residential customers is \$513 higher than it was in 1999
- the average gas standing offer business customers is \$1 560 higher than it was in 1999.

**FIGURE 4.4 AVERAGE ANNUAL STANDING OFFERS (REAL PRICES)—
GAS, RESIDENTIAL TARIFF**
1998-99 to 2012-13, 2013\$





**FIGURE 4.5 AVERAGE ANNUAL STANDING OFFERS (REAL PRICES)—
GAS, BUSINESS TARIFF**
1998-99 to 2012-13, 2013\$





4.3 ELECTRICITY STANDING OFFER TRENDS

Tables 4.1 to 4.4 show the standing offer 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 offers published by AGL, Origin Energy and EnergyAustralia in their traditional distribution zones. All standing offers increased in the past five years across the three tariff types.

**TABLE 4.1 ANNUAL STANDING OFFERS (REAL PRICES)—
ELECTRICITY, RESIDENTIAL, SINGLE RATE TARIFF
2008-09 to 2012-13, 2013\$**

Distribution zone	2008-09 \$	2009-10 \$	2010-11 \$	2011-12 \$	2012-13 \$	One year change %	Five year change %
United Energy (AGL)	1 000	1 107	1 189	1 262	1 475	17	48
Jemena (AGL)	1 019	1 213	1 309	1 372	1 610	17	58
CitiPower (Origin)	954	1 077	1 079	1 063	1 329	25	39
Powercor (Origin)	1 063	1 207	1 260	1 328	1 578	19	48
SP AusNet (EAust)	945	1 104	1 266	1 366	1 621	19	72
Industry average	996	1 141	1 220	1 278	1 523	19	53

- The average annual standing offer in real terms for single rate customers rose 19 per cent from \$1 278 in the last year.
- Origin Energy customers in the CitiPower distribution zone had the largest increase in 2012-13 (25 per cent), while United Energy and Jemena customers had the lowest rise of 17 per cent.
- The industry average standing offer was 53 per cent higher in real terms in 2012-13 than in 2008-09.



**TABLE 4.2 ANNUAL STANDING OFFERS (REAL PRICES)—
ELECTRICITY, RESIDENTIAL, TWO-RATE TARIFF
2008-09 to 2012-13, 2013\$**

Distribution zone	2008-09 \$	2009-10 \$	2010-11 \$	2011-12 \$	2012-13 \$	One year change %	Five year change %
United Energy (AGL)	1 229	1 418	1 515	1 607	1 934	20	57
Jemena (AGL)	1 317	1 551	1 669	1 755	2 100	20	60
CitiPower (Origin)	1 194	1 350	1 353	1 335	1 667	25	40
Powercor (Origin)	1 300	1 472	1 547	1 622	1 940	20	49
SP AusNet (EAust)	1 306	1 549	1 688	1 767	2 079	18	59
Industry average	1 269	1 468	1 554	1 617	1 944	20	53

- The average annual standing offer in real terms for two-rate customers rose 20 per cent in the last year.
- CitiPower customers with Origin Energy had the largest increase in 2012-13 (25 per cent), while SP AusNet customers with EnergyAustralia had the lowest increase of 18 per cent.
- CitiPower customers with Origin Energy had the lowest annual charge across the period.
- The industry average standing offer was 53 per cent higher in real terms in 2012-13 than in 2008-09.



**TABLE 4.3 ANNUAL STANDING OFFERS (REAL PRICES)—
ELECTRICITY, RESIDENTIAL, TIME-OF-USE TARIFF
2008-09 to 2012-13, 2013\$**

Distribution zone	2008-09 \$	2009-10 \$	2010-11 \$	2011-12 \$	2012-13 \$	One year change %	Five year change %
United Energy (AGL)	1 650	1 874	1 994	2 088	2 501	20	52
Jemena (AGL)	1 759	1 819	2 204	2 199	2 811	28	60
CitiPower (Origin)	1 558	1 680	1 764	1 789	2 159	21	39
Powercor (Origin)	1 667	1 890	1 951	1 992	2 450	23	47
SP AusNet (EAust)	1 738	2 031	2 160	2 297	2 663	16	53
Industry average	1 675	1 859	2 015	2 073	2 517	21	50

- The average annual standing offer in real terms for time-of-use customers rose 21 per cent in the last year.
- AGL customers in the Jemena distribution zone had the largest increase in 2012-13 (28 per cent), while customers in the SP AusNet distribution zone had the lowest annual price increase (16 per cent).
- The industry average standing offer was 50 per cent higher in real terms in 2012-13 than in 2008-09.



**TABLE 4.4 AVERAGE STANDING OFFERS (REAL PRICES)—
ELECTRICITY, BUSINESS, SINGLE RATE TARIFF
2008-09 to 2012-13, 2013\$**

Distribution zone	2008-09 \$	2009-10 \$	2010-11 \$	2011-12 \$	2012-13 \$	One year change %	Five year change %
United Energy (AGL)	2 897	3 021	3 468	3 618	4 461	23	54
Jemena (AGL)	2 786	3 048	3 338	3 525	4 315	22	55
CitiPower (Origin)	2 714	3 084	2 998	3 100	3 647	18	34
Powercor (Origin)	3 026	3 430	3 529	3 724	4 381	18	45
SP AusNet (EAust)	2 815	3 101	3 368	3 693	4 414	20	57
Industry average	2 847	3 137	3 340	3 532	4 244	20	49

- The average annual standing offer in real terms for single rate business customers rose 20 per cent in the last year.
- United Energy customers with AGL had the largest increase in 2012-13, up 23 per cent. Origin Energy customers in the CitiPower and Powercor distribution zones had the lowest annual price increase (18 per cent)
- The industry average standing offer was 49 per cent higher in real terms in 2012-13 than in 2008-09.

4.4 GAS STANDING OFFER TRENDS

We also publish data on the trends in gas standing offers for residential and business customers. Tables 4.5 and 4.6 show the trends for both residential and business customers on a gas tariff (as explained in Box 1.1). The data compares the prices of local retailers over the five years to 2012-13.

**TABLE 4.5 ANNUAL STANDING OFFERS (REAL PRICES)—
GAS, RESIDENTIAL TARIFF**
2008-09 to 2012-13, 2013\$

Distribution zone	2008-09 \$	2009-10 \$	2010-11 \$	2011-12 \$	2012-13 \$	One year change %	Five year change %
Multinet Main 2 (AGL)	908	1 009	1 070	1 088	1 229	13	35
SP AusNet Central 2 (AGL)	1 001	1 105	1 166	1 190	1 318	11	32
Envestra North (Origin)	1 029	1 085	1 083	1 135	1 308	15	27
Envestra Central 1 (Origin)	1 019	1 086	1 082	1 134	1 307	15	28
Multinet Main 1 (Origin)	948	1 009	1 012	1 062	1 227	16	29
Envestra Cardinia (Origin)	1 407	1 503	1 505	1 548	1 765	14	25
Envestra Murray Valley (Origin)	1 268	1 318	1 320	1 357	1 552	14	22
Envestra Central 2 (EAust)	959	1 074	1 102	1 159	1 323	14	38
SP AusNet Central 1 (EAust)	1 050	1 123	1 216	1 273	1 442	13	34
SP AusNet West (EAust)	999	1 101	1 144	1 170	1 341	15	28
Industry average	1 035	1 141	1 170	1 212	1 381	14	33

- The industry average standing offer in real terms rose by 14 per cent in the last year.
- Standing offers in 2012-13 ranged from \$1 227 in the Multinet Main 1 distribution zone to \$1 765 in the Envestra Cardinia distribution zone.
- Origin Energy customers in the Multinet Main 1 distribution zone had the largest increase in 2012-13 (16 per cent), while customers in the SP AusNet Central 2 distribution zone had the lowest annual increase (11 per cent).
- The industry average standing offer was 33 per cent higher in real terms in 2012-13 than in 2008-09.

**TABLE 4.6 ANNUAL STANDING OFFERS (REAL PRICES)—
GAS, BUSINESS TARIFF
2008-09 to 2012-13, 2013\$**

Distribution zone	2008-09 \$	2009-10 \$	2010-11 \$	2011-12 \$	2012-13 \$	One year change %	Five year change %
Multinet Main 2 (AGL)	6 733	6 728	7 008	6 940	8 169	18	21
SP AusNet Central 2 (AGL)	5 743	5 744	5 912	6 191	7 499	21	31
Envestra North (Origin)	5 900	6 279	6 318	6 353	7 456	17	26
Envestra Central 1 (Origin)	5 627	5 990	6 037	6 070	7 139	18	27
Multinet Main 1 (Origin)	5 203	5 529	5 645	5 678	6 694	18	29
Envestra Cardinia (Origin)	7 873	9 420	10 489	10 534	12 203	16	55
Envestra Murray Valley (Origin)	6 406	7 597	7 640	7 683	8 959	17	40
Envestra Central 2 (EAust)	5 801	6 557	6 979	7 431	8 009	8	38
SP AusNet Central 1 (EAust)	6 150	6 893	7 372	7 939	8 229	4	34
SP AusNet West (EAust)	6 246	7 020	7 361	7 756	8 021	3	28
Industry average	6 105	6 776	7 076	7 257	8 238	14	35

- The industry average standing offer in real terms rose 14 per cent in the last year.
- The three areas traditionally served by EnergyAustralia had the lowest increases in 2012-13, while SP AusNet Central 2 customers with AGL had the highest annual price increase (21 per cent) from 2011-12.
- The industry average standing offer was 35 per cent higher in real terms 2012-13 than in 2008-09.