



ENERGY RETAILERS COMPARATIVE PERFORMANCE REPORT — PRICING

2014-15

January 2016

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GLOSSARY

controlled load dedicated circuit	An off-peak electricity meter that records the electricity used by a specific appliance (e.g. hot water or under floor heating)
distribution network	The network of poles and wires and pipelines by which electricity and gas is delivered to the customer's premises. Victoria is divided into 5 geographic electricity distribution networks and 3 geographic gas distribution networks. There is a single licensed distribution company for each network.
dual fuel	Contractual arrangement where the same retailer supplies electricity and gas to a customer, under a single bill
fixed charge	Daily supply charge that does not vary with the amount of energy consumed
flexible pricing	Pricing for electricity where the price differs throughout the day
full retail competition	Competitive market in which customers can choose their retailer and retailers set energy prices
generally available	Energy offer that is widely available and not exclusive to a particular group of customers
hedging contracts	Contracts used by retailers to offset the risk of high wholesale energy prices

inclining block tariff	Tariff where the price of electricity rises as more electricity is used during a billing period
incumbent retailers local retailers	Franchise retailers operating when competition was introduced in 2002. Now called AGL, EnergyAustralia and Origin Energy.
natural monopoly	A natural monopoly exists where there is a single supplier, and it is not efficient for another party to set up in competition. Electricity and gas distribution networks are examples of natural monopolies.
peak/off-peak	Tariff featuring one price for a designated peak period and a lower price for other (off-peak) times
price components	The components that, together, comprise the tariff applicable to an energy retail offer
regulatory framework	The legislative framework that governs the design and regulation of the energy market
ring-fence	Separation of functions within an entity
single rate tariff	The price per kWh of electricity is based on the accumulated use, and does not differ between times of day .
smart meters	Smart meters measure and record (at 30 minute intervals) how much electricity a customer is using. They can be read remotely by distributors and retailers.
spot market	Wholesale market where the price fluctuates in real time based on supply and demand. Overseen by the Australian Energy Market Operator.
tariff	The aggregate price components of an energy retail offer, before conditional discounts, sign-on incentives,

government concessions etc.

tariff assignment

The regulated distribution price that applies to a property. These traditionally reflected the type of meter at the premises, but since the roll out of smart meters in electricity, may reflect legacy pricing arrangements.

time-of-use tariff

Tariff where electricity is charged at a cheaper rate during off-peak times, usually overnight and at weekends

variable charges

Charges that are based on the consumption of energy and vary according to how much is used

vertically integrated

A business that generates and sells energy. These businesses are sometimes known as 'gentailers'.

Victorian Energy Compare

Government operated independent price comparison service for generally available electricity and gas offers that replaced MyPowerPlanner and YourChoice in October 2015.

ACRONYMS

AMI	Advanced metering infrastructure
ESC	Essential Services Commission
FRC	Full Retail Competition
MPP	My Power Planner
MRC	Market Retail Contract
ORG	Office of the Regulator-General
SEC	State Electricity Commission
VEC	Victoria Energy Compare

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PART I

EXECUTIVE SUMMARY

ABOUT THIS REPORT

Each year the Commission provides a report to the Minister for Energy and Resources comparing and assessing electricity and gas offers for residential and small business customers. This is the annual report for the year ending 30 June 2015.

This report comes at a time of significant change in the energy sector. Previous reports have focused on standing offers. However, the large majority of Victorian customers are now on market contracts. As a result, this year's report concentrates on market offers, and takes a different approach from previous years. We welcome feedback on our approach.

OUR APPROACH

In response to both new technology and consumer preferences, electricity retailers have developed a range of new market offers. This report groups these offers into three classes:

- A.** a traditional paper bill with a set price¹ that has no discounts for paying on time, online, or through direct debit
- B.** a traditional paper bill with potential discounts that depend on whether the customer meets the conditions necessary to receive the discount
- C.** an online bill with potential discounts that depend on whether the customer meets the conditions necessary to receive the discount.

¹ We have used the term 'set price' to distinguish offers that are not subject to discounts. A 'set price' is not a fixed price.

The gas market is not as differentiated, so we analysed gas market offers as a single class.

Simply because an offer is published does not mean that there are customers on contracts that reflect these offer prices. In fact many customers are on contracts that are based on 'closed offers' that are no longer available, or offers that have been made to them individually.

There is no publicly available data on the number of customers that each retailer has on each class of offer. However, for this report, the Commission assumed that published offers are a representative sample of actual prices being paid by consumers.

STRUCTURE OF THE REPORT

This report is divided into two parts.

This part (part I) sets out the context, background and the Commission's methodology. It also summarises findings from our analysis of gas and electricity market offers and standing offers.

The second part (part II) sets out the detailed bill outcomes for electricity and gas offers available to customers in each distribution zone. It analyses market offers across the different categories of offer.

SUMMARY OF FINDINGS

NUMBER OF MARKET OFFERS

In June 2015, there were 2135 electricity and 287 gas market offers published. Approximately 90 per cent of domestic electricity and gas customers are on market contracts.

There are however, only a relatively small number of market offers actually available to a particular customer. This is because an individual customer is located in one distribution zone and typically has one type of tariff, whereas retailers publish a number of different tariffs for each distribution zone and meter type.

ELECTRICITY MARKET OFFERS

In the electricity market, the number of market offers available to a customer varies with both the class of offer, and whether the consumer is a domestic or small business customer. The number of electricity market offers does not vary significantly between distribution zones.

AVERAGE NUMBER OF ELECTRICITY OFFERS AVAILABLE TO DIFFERENT TYPES OF CUSTOMERS

(flat tariffs only) All distribution zones

	Class A	Class B	Class C
	Paper bill with standard price	Paper bill with conditional discounts	Online bill with conditional discounts
Domestic customers	10	25	8
Small business customers	19	14	3

Some classes of offer are available only from some retailers. In June 2015, for example, only five retailers published class A offers for domestic customers. By contrast, 14 retailers published class B offers for domestic customers, and 11 retailers published class A offers for small businesses on a flat tariff.

NUMBER OF RETAILERS WITH OFFERS IN EACH CLASS (JUNE 2015)

All distribution zones

Offer class	Customer category								
	Domestic			Small business (flat)			Small business (time of use)		
	A	B	C	A	B	C	A	B	C
Number of retailers with offer in class	5	14	4	11	9	2	9	9	2

GAS MARKET OFFERS

In the gas market, the number of market offers varies between one and 12, according to the distribution zone.

COST OF ELECTRICITY MARKET OFFERS

Based on the market offers published in June 2015, the annual cost of electricity was estimated for three categories of customer:

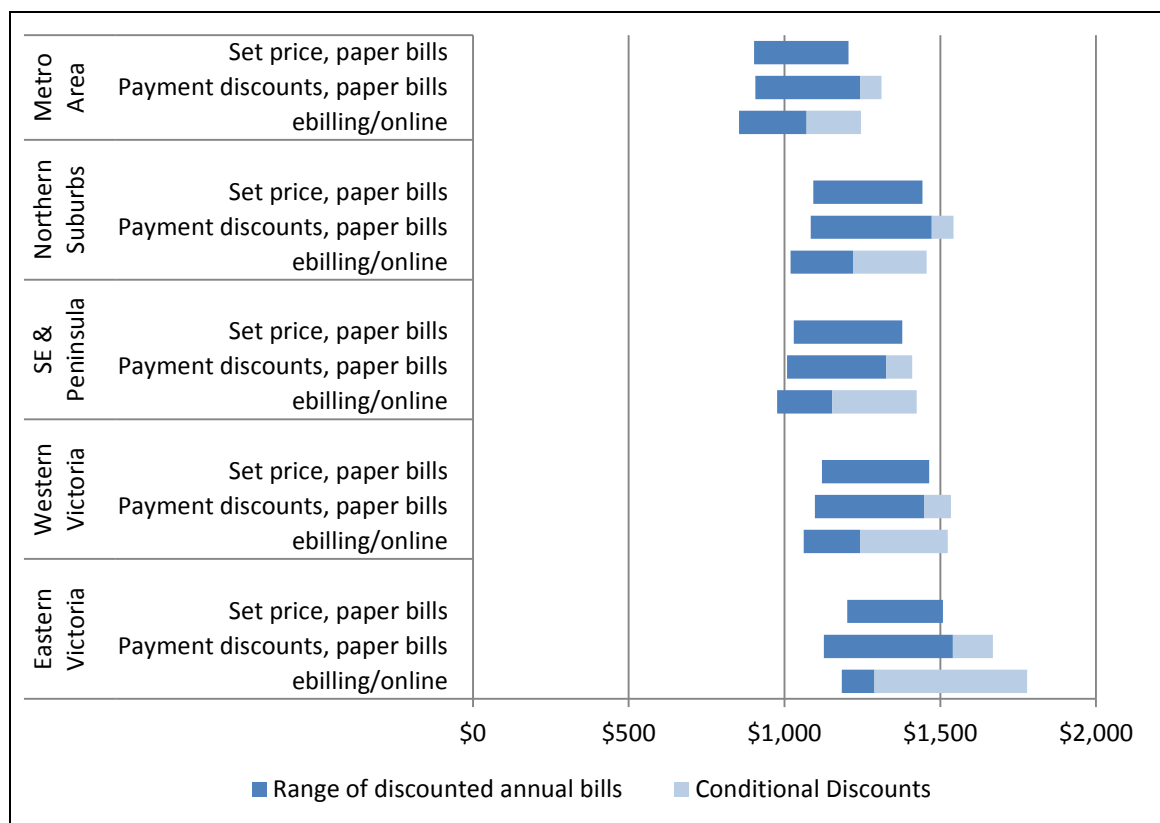
- domestic customers on a flat tariff using 4000 kWh per year
- small business customers on a flat tariff using 12 000 kWh per year
- small business customers on a time-of-use tariff using 40 000 kWh per year.

COST DIFFERENCES FOR DOMESTIC OFFER CLASSES

There are two potential ways that a customer may be able to reduce their energy bill. First, a customer may be able to switch to another retailer that offers a lower price for the same class of offer. Second, a customer may switch to another class of offer.

ANNUAL BILL ESTIMATES — RANGE OF DOMESTIC PRICES BY DISTRIBUTION ZONE AND OFFER CLASS

Flat tariffs, 4000 kWh consumption, June 2015



For class A offers, although there are only a small number of retailers to choose from, we found the estimated annual cost of offers varied significantly between retailers. The average difference between the highest and lowest offer was \$331.

For class B offers, there are more retailers to choose from. We found the average difference between highest and lowest in class B offers was \$362. However, some of the potential cost savings require customers to meet various conditions, such as on-time payment.

There was limited price difference between class A and class B offers. In fact, if customers do not meet the conditions of a class B offer, they could end up paying significantly more than if they had accepted some of the class A offers available.

Only a small number of retailers currently make class C offers. The average difference between the highest and lowest prices offered by retailers for a class C offer was \$176.

In four out of five distribution zones, the lowest estimated annual cost of electricity was for customers on class C offers. However, customers accepting a class C offer also had the greatest risk of additional cost if they did not meet the offer conditions. Customers who do not meet these conditions could end up paying as much or more than had they been on a class A or class B offer.

The retailer with the lowest cost offer for domestic customers in each distribution area is illustrated below.

RETAILERS WITH LOWEST BILL ESTIMATES

Domestic flat tariffs, 4000 kWh consumption, June 2015

Area	Offer class		
	A	B	C
Metro area	Simply Energy	Dodo Power & Gas	Powershop
Northern suburbs	Simply Energy	EnergyAustralia	Powershop
SE & Peninsula	Simply Energy	EnergyAustralia	EnergyAustralia
Eastern Victoria	Origin Energy	Dodo Power & Gas	Diamond Energy
Western Victoria	Simply Energy	EnergyAustralia	Simply Energy

The average fully discounted electricity bill for domestic customers on market offers has fallen by between 11 and 13 per cent since the Commission's 2013-14 report on energy prices. Our calculation assumes that all discounts, including conditional discounts are applied. The greater availability of conditionally discounted offers in 2014-15 as well as the removal of the carbon price are key contributors to this decrease.

FLEXIBLE PRICING

For a typical household, moving onto a flexible tariff without changing their pattern of energy consumption would be likely to reduce their bill in most cases, although this may depend on the retailer and the actual pattern of energy use. Further reductions

may also be available if a customer changes when they use the most electricity, to avoid the times when wholesale electricity prices are the highest.

COST DIFFERENCES FOR SMALL BUSINESS OFFERS

For small business customers, there was significantly greater variation in the estimated bills both within and between offer classes than for domestic customers. Small business customers have greater choice of retailer for class A offers than domestic customers, but less choice of retailer for class C offers.

Retailers that had the lowest cost offers for small business customers also varied by class of offer and geographic area.

RETAILERS WITH LOWEST BILL ESTIMATES

Small business flat tariff, 12 000 kWh consumption, June 2015

Area	Offer class		
	A	B	C
Metro area	Q Energy	Momentum Energy	Powershop
Northern suburbs	Q Energy	Momentum Energy	Powershop
SE & Peninsula	ERM Power	Momentum Energy	Powershop
Eastern Victoria	Power Direct	People Energy	Powershop
Western Victoria	Q Energy	Momentum Energy	Powershop

For small business customers using more than 40 000 kWh of electricity, Momentum Energy had the lowest bill estimates for class A and class B offers in all areas other than the Metro area, where Q Energy had the lowest cost class A offer. Powershop had the lowest cost class C offers in all areas.

COST OF GAS MARKET OFFERS

Based on the market offers published in June 2105, the annual cost of gas was calculated for two categories of customer:

- domestic customers using 54 GJ per year
- small business customers using 500 GJ per year.

The number of retailers that offer to sell gas varies significantly between distribution zones and districts. There are three gas distribution service providers that supply 19 separate pricing districts. Some districts are served by only one retailer, while in others there may be as many as 11 retailers making offers.

Within districts, bill estimates for gas consumers varied significantly, as outlined in the table below.

ANNUAL BILL ESTIMATES — HIGHEST AND LOWEST DOMESTIC PRICES BY DISTRIBUTION ZONE AND DISTRICT, June 2015

Distribution service provider	District	Number of offers	Highest \$	Lowest \$	Range \$
Australian Gas Networks	Central 1	10	1 123	908	215
	Central 2	10	1 100	879	221
	North	10	1 108	810	298
	Cardinia	7	1 531	1 160	371
	Murray Valley	9	1 323	969	354
	Bairnsdale	5	1 386	1 171	215
	Mildura	1	1 377	1 377	0
	Wimmera	1	889	889	0
	Extension zone	2	1 096	950	146
AusNet Services	Central 1	9	1 248	907	341
	Central 2	10	1 165	907	258
	Adjoining Central	7	1 372	1 003	369
	West	10	1 115	879	236
	Adjoining West	9	1 355	1 075	280
Multinet	Main 1	9	1 036	840	196
	Main 2	10	1 083	834	249
	Yarra Valley	8	1 265	796	469
	Extension zone	3	1 096	980	116
	South Gippsland	1	1 231	1231	0

In all districts in which it publishes offers, Momentum had the lowest cost gas market offer for residential and small business customers. In other districts, the lowest cost gas offers were made by either AGL, EnergyAustralia, Lumo or Simply Energy.

Due to changes in methodology, year-on-year comparison of changes in gas bills for residential market offers is not available, but the Commission estimates that the average fully discounted residential annual bill has fallen between 4 and 14 per cent depending on the customer's location. Our calculation assumes that all discounts, including conditional discounts are applied. Greater availability of conditional discounted offers as well as the removal of the carbon price are key contributors to this decrease.

STANDING OFFERS

DOMESTIC CUSTOMERS ON STANDING OFFERS

Nine per cent of domestic electricity and 11 per cent of domestic gas customers are on standard contracts that reflect the terms of their retailer's standing offer.

The local retailers AGL, EnergyAustralia and Origin account for 95 per cent of domestic gas, and 92 per cent of domestic electricity customers on standard contracts.

DOMESTIC STANDING OFFER PRICES

For a typical household on a standard contract, energy bills remained flat in real terms in 2014-15, as variable charges fell, while the average fixed charge rose by 6 per cent in real terms to \$392 per year.

SMALL BUSINESS CUSTOMERS ON STANDING OFFERS

A larger number of small business customers are on standard contracts, with 23 per cent of gas and 17 per cent of electricity customers on their retailer's standing offer.

AGL, EnergyAustralia and Origin account for 99 per cent of small business gas customers and 92 per cent of small business electricity customers on standard contracts.

SMALL BUSINESS STANDING OFFER PRICES

For small businesses on a standard contract, energy bills decreased in 2015, with the amount depending on the level of consumption. The largest decreases were for small business customers with higher consumption.

1 INTRODUCTION

This chapter provides the context and background to the *Energy Retailers Comparative Performance Report — Pricing 2014-15*. It includes background information on the services energy retailers provide and how different energy tariffs affect the price that different customers pay for their energy.

1.1 CONTEXT

Energy is an essential service, and almost all Victorian households have a contract with an energy retailer to supply them with the electricity and gas they need. Since 2002, domestic and small business customers have been able to choose their energy retailer, and retailers have been able to set the price of their market offers. Since 2009, the market has also set standing offer prices.

Energy retailers arrange for the supply of energy to customers. This involves a number of activities including buying the energy a customer needs in the wholesale market, arranging for the energy to be supplied to the customer's premises, and sending the customer a bill based on the energy they used.

The price of energy is a term of the contract between the customer and the retailer. However, the amount a customer pays for their energy can depend on a number of factors, including where they live, the type of metering they have installed, how much energy they use at different times of the day, and how and when the customer has agreed to pay for the energy they use.

For customers to be able to participate effectively in the retail market, they must be able to find out what services are available and understand and compare offers that may be available to them from different energy companies. However, because of the different factors that can be included, energy tariffs are difficult to compare. To assist

consumers, the Victorian Government established an independent price comparison website called Victorian Energy Compare.²

1.2 THE COMMISSION'S ROLE

The Commission is the independent regulator of the energy retail energy market in Victoria. Its primary objective is to promote the long term interests of Victorian consumers. The Commission undertakes various tasks in pursuit of this objective, including publishing information about the energy market.

Section 39A of the *Electricity Industry Act 2000* and section 47 of the *Gas Industry Act 2001* require the Commission to report to the Minister for Energy on published standing and market offers and other features of the competitive market.

This is the Commission's report for 2014-15.

1.3 ABOUT THIS REPORT

This report comes at a time of significant change in the energy sector.

Previous pricing reports have had a strong focus on standing offer prices. However, the number of customers on standard contracts has been steadily declining and now comprises approximately 10 per cent of the market. This report therefore focuses on market offers.

The large majority of Victorian electricity customers now have smart meters installed. Half-hourly records of customers' energy consumption is enabling retailers to offer new tariff structures and retail models. In recent years, discounting has also become a key feature of the retail energy market. As a result, this pricing report takes a different approach to classifying and comparing offers.

² Victorian Energy Compare was launched in October 2015. It replaced the separate comparison sites for electricity (MyPowerPlanner) and gas (YourChoice).

1.3.1 OUR APPROACH

For this report, the Commission analysed all electricity and gas market and standing offers published by retailers in June 2015.

Published offers were divided into different classes based on their key attributes. These attributes include the form of billing, the manner and timing of payments, whether or not there is a fixed price period, and the way in which discounts are structured.

The Commission then analysed price variations, both within and between classes of offer, for different categories of customer in each energy distribution zone. Continuing the approach in previous reports, the Commission also analysed the long term trend in standing offer numbers and prices.

1.3.2 REPORT STRUCTURE

This report is divided into two parts.

This part (part I) sets out the context, background and the methodology used. It also summarises findings from our analysis of gas and electricity market offers and standing offers.

The second part (part II) sets out the detailed bill outcomes for electricity and gas offers available to customers in each distribution zone. It analyses both market offers and standing offers across the different categories of offer.

1.4 BACKGROUND TO ENERGY PRICES

To assist readers to understand the prices and offers analysed in this report, this section provides background information on prices and tariffs, the role of energy retailers and how different energy offers can be compared. Words in bold text are defined in the glossary.

1.4.1 PRICES AND TARIFFS

Energy is supplied under contracts that set the terms and conditions of supply. One of those terms is the price at which the energy will be supplied. However, the price a customer pays for their energy depends on a number of factors. As a result, energy contracts typically set out how that price will be calculated. That aspect of the contract is referred to as the tariff.

A **tariff** is generally made up of a number of **price components**, most commonly a combination of a **fixed charge** paid irrespective of how much energy is used, and **variable charges** that depend on how much energy is consumed.

1.4.2 ENERGY RETAILERS

Retailers play a number of roles in the supply of energy. These roles include:

- buying the amount of energy in the wholesale market needed to meet their customers' needs
- making arrangements with transmission and distribution businesses to transport the energy to each customer
- obtaining metering data on how much energy each customer has used
- paying the transmission and distribution businesses for transporting the energy
- billing customers for their energy use.

The price of energy in the wholesale market can vary significantly at different times, depending on the level of demand. The cost to retailers of buying energy to meet their

customers' needs is therefore unpredictable. However, domestic customers do not experience these price variations because retail prices are set through tariffs in advance.

Retailers are therefore exposed to financial risk if the price they have to pay for energy in the wholesale market is significantly higher than the price that they can charge customers as set in its tariffs. Retailers typically manage this risk through hedging — a form of insurance against wholesale price volatility. Retailers also factor the costs of hedging into the tariffs that they set.

1.4.3 COMPARING PRICES

Comparing the prices of different offers has become more difficult as the energy market has developed. The tariff structures in retailers' offers can include a number of price components, and retailers present these components differently.

All generally available offers require a Price and Product Information Statement (PPIS), and all offers must include an Offer Summary. The content of PPISs and Offer Summaries are standardised in the Retail Code, but these documents do not provide a simple way for customers to estimate the likely cost of their energy.

WORKED EXAMPLE

The average price that customers pay for energy cannot be presented in a standardised form that is relevant to all customers.

The usual method to compare energy offers is to forecast the cost to a consumer by applying the tariff to representative usage profiles and calculating an annual bill.

Table 1.1 presents the tariffs for two products in standardised format.

TABLE 1.1 COMPARING TARIFFS

Offer 1			Offer 2		
First 1020 kWh per quarter	18.650	c/kWh	First 6.57534 kWh per day	18.650	c/kWh
Balance kWh per quarter	23.458	c/kWh	Remaining consumption	17.017	c/kWh
Supply charge	102.960	c/day	Daily supply charge	114.107	c/day

In the example above, offer 1 has a higher price per kWh after 1020 kWh per quarter, while offer 2 has a lower price after a threshold usage of 6.57534 kWh per day. Offer 1 has a lower daily supply charge. To illustrate the difference that tariff structure can make, table 1.2 calculates estimated annual bills for these products using three different consumption levels.³

TABLE 1.2 ESTIMATED ANNUAL BILLS

	Annual consumption	Annual bill Offer 1	Annual bill Offer 2	Difference (\$)
Small user	2 700 kWh	\$879	\$915	36
Average household	4 200 kWh	\$1 170	\$1 170	0
Large household	5 400 kWh	\$1 446	\$1 375	-72

As the example shows, offer 1 is lower for the small user, while offer 2 is lower for a large household. The estimated bill is equal for both offers for the average household. Consumers need to know or have access to their consumption patterns to be able to convert prices into comparable annual bills.

1.4.4 ONLINE COMPARISON SERVICES

To help consumers, the Government established a website to facilitate easy comparison of products. All retailers must provide details of standing offers and products that are **generally available** to this website.⁴

Until recently, the nominated website was MyPowerPlanner for electricity and YourChoice for gas. MyPowerPlanner and YourChoice were replaced in October 2015 by a new comparison site called VictorianEnergyCompare, which contains both electricity and gas offers.

³ The examples all use the same profile, with elevated consumption in the summer months.

⁴ Section 36A *Electricity Industry Act 2000* (Vic).

To see what offers are available, customers input their consumption or answer a series of questions to create an assumed profile. The website picks out relevant products (based on geography and meter type) and calculates an annual bill for each one.

INCENTIVES, DISCOUNTS AND CONDITIONS

There is more to a retail energy product than just the price. Contract terms vary, and conditions may be applied, which could include fees for early exit. Many retailers provide an incentive for signing up — which may be sign-up discounts, free energy, or gifts. The worked example in table 1.2 includes only the fixed and variable price of energy. The decision to choose one product over another could be affected by other terms and conditions.

There are discounts for agreeing to certain arrangements, such as paying on time or receiving bills by email. Discounts are sometimes applied to the whole bill, but usually just to the variable component. New products are appearing that use the data from smart meters to create new pricing structures. One retailer offers customers the opportunity to 'pre-buy' units of electricity at discounted prices. Flexible pricing products allow sophisticated combinations of peak, shoulder and off-peak times that vary depending on the time of day, season, and day of the week. Some products have even emerged with free electricity on weekends.

These new offers illustrate the sort of innovation and expansion of competing price offerings expected as the market continues to mature. As a consequence, it is increasingly challenging for consumers to compare the products available.

1.4.5 COMPARING PRODUCTS FOR THIS REPORT

This report uses data from the price comparison websites to compare annual bills for all the products at a point in time (3 June 2015). The report covers products for domestic and small business offers uploaded to MyPowerPlanner and YourChoice.

The report is not exhaustive, in that it does not include products that are not generally available. It is not possible to gather pricing information on products to which customers are contracted, but that are no longer available. Nonetheless, we can use the information that is available, to observe the way retailers compete on price, and the product innovations that are being made available to consumers.

2 METHODOLOGY FOR COMPARING OFFERS

This chapter summarises how energy market development has influenced how energy prices are set. It then outlines the Commission’s methodology to first, classify published offers and then, analyse the price variation between them.

2.1 ENERGY MARKET PRICES

Historically, energy consumers had little or no choice in the price or service offered. A single supplier provided electricity and gas on terms and conditions that were regulated by the Government.

In the early years of full retail competition (FRC), market offers were generally discounted versions of the standing offer. Comparing offers was reasonably straightforward because the offers varied mostly on price, with terms and conditions remaining consistent between offers.

Offers have diversified as conditional discounts and new retail models emerged. Not all offers are directly comparable on the basis of price alone. The terms and conditions of one offer may not be available to another consumer.

2.2 COMPARING PRICES — OFFER CLASSES

For this year’s report, the Commission analysed all of the electricity offers in MyPowerPlanner, and gas offers in YourChoice and created a number of offer classes. These offer classes have been used to compare prices.

2.2.1 ELECTRICITY OFFERS

The electricity market has evolved in response to both new technology and consumer preferences. With the introduction of smart meters, retailers have developed a large number of new types of offer. To facilitate analysis, this report categorises offers into three classes:

- Class A. a traditional paper bill with a set price⁵ that has no discounts for paying on time, online, or through direct debit
- Class B. a traditional paper bill with potential discounts that depend on whether the customer meets the conditions necessary to receive the discount
- Class C. an online bill with potential discounts that depend on whether the customer meets the conditions necessary to receive the discount.

This section describes the process we used to define these classes. Table 2.1 summarises the attributes of each offer class.

TABLE 2.1 SUMMARY OF OFFER CLASSES
Electricity retail offers

Class	Description	Attributes
A	Set price, paper bills	<ul style="list-style-type: none">• Price does not depend on conditional discounts• No requirement to go online or receive bills by email• Includes fixed period and 'No fixed term' contracts
B	Conditional discounts, paper bills	<ul style="list-style-type: none">• Price paid depends on conditional discounts• No requirement to go online or receive bills by email• Includes fixed period and 'No fixed term' contracts
C	Online/ebilling	<ul style="list-style-type: none">• Any offer that requires online account management• Any offer with a discount for ebilling• Includes offers with and without conditional payment discounts• Includes fixed period and 'No fixed term' contracts

⁵ We have used the term 'set price' to distinguish offers that are not subject to discounts. A 'set price' is not a fixed price.

2.2.2 GAS OFFERS

It was not possible to apply the same level of disaggregation to gas offers, because the offer data in YourChoice is not as detailed as the data in MyPowerPlanner. There are fewer offers to compare and in the absence of smart metering, there is not as much variation in the offers. We therefore grouped all market offers together in one class. The 2015–16 report will be based on data from the new VictorianEnergyCompare website, which will enable a consistent comparison for both fuels.

2.3 COMPARING PRICES — OFFER ATTRIBUTES

The methodology used to define offer attributes was developed by extracting the details of electricity and gas offers from MyPowerPlanner and YourChoice and listing the most common features and attributes. The features and attributes fell into three key areas: discounts, type of billing and contract term.

2.3.1 DISCOUNTS

All current offers are made up of a fixed supply charge and variable charges based on the amount of energy consumed. Many offers also have discounts, some of which apply automatically, and effectively reduce the advertised rates (unconditional), and some of which are applicable subject to the customer's behaviour (conditional). We separated these discounts in our analysis.

CONDITIONAL DISCOUNTS

We observed the following discounts in electricity offers, where application relies on a customer meeting specific requirements or conditions.

- Dual Fuel — where a discount is applied for a customer who signs up both electricity and gas with one supplier
- Pay on Time — where a discount is applied for payment of bills before the due date
- Direct Debit — where a discount is applied for customers when payment is made via a direct debit arrangement.

UNCONDITIONAL DISCOUNTS

Unconditional discounts are advertised and applied in many different ways — for example, a fixed dollar amount taken off the first bill, a discount applied to a percentage of all consumption, or free energy for a month. Because these discounts are offered regardless of the customer’s behaviour, we subtracted all unconditional discounts from the annual bill estimates.

2.3.2 BILLING

EBILLING

New retail offerings are becoming available which offer discounts for ebilling, where customers pay less not to receive a paper bill by post. There are also online products, where customers use a web portal or apps to manage their account, rather than receiving the traditional paper bill.

BILLING FREQUENCY

Billing frequency is a key point of difference between retail offers. In the past, electricity billing relied on physical meter readings that were generally undertaken quarterly. With the introduction of smart meters, retailers receive daily consumption data electronically. Some retailers use this information to issue more frequent bills, and some products are available only with monthly bills.

Gas meters are read every two months. There are gas offers with monthly bills that rely on estimated consumption in between physical meter reads.

At the time we received the data, MyPowerPlanner did not separate offers by billing frequency. We understand this is an important factor in influencing a customer’s choice of retail product, and if data becomes available, will include it in future analysis.

2.3.3 CONTRACT TERM

All market offers require a customer to sign up to a contract, and the period of that contract can vary between retailers.

We observed electricity contract periods in MyPowerPlanner ranging between 12 and 36 months. Some electricity offers are listed as having contracts with ‘No fixed term’. In many cases the details provided showed these to be genuinely open arrangements with no limits on exit and no renewal date. Some retailers stated their contracts had ‘No fixed term’, but noted a fixed benefit period that expired after a certain time, after which discounts were no longer applicable.

We could not identify and therefore analyse the contract term for gas offers, from the data published in YourChoice.

2.3.4 GROUPING ATTRIBUTES

For electricity and gas offers, we grouped a number of offer attributes for the purpose of comparison.

ELECTRICITY

For each of the three attributes (discounts, billing, contract), we identified two categories, relating to whether discounts are conditional or there is a set price; billing is online or paper; and whether contracts are for a fixed term (table 2.2).

TABLE 2.2 DESCRIPTION OF ATTRIBUTES
Electricity market offers

Attribute	Category	Description
Discounts	Conditional payment discounts	Where a discount depends on a customer’s behaviour. This includes discounts for direct debit, paying on time, and pre-purchase.
	Set price	The price is set in the offer. This includes offers with unconditional discounts applied regardless of a customer’s behaviour. For our analysis, the discount has been applied to the calculation of the final bill.
Billing	Online	Any offer that has a discount for receiving bills by email, or managing the account online.
	Paper	This includes all products without discounts for ebilling or online accounts. This may include situations where a customer receives bills by email but there is no effect on the prices paid.
Contract	No fixed term	Where the contract has no end date, and no limit on the period in which benefits of the original contract apply. This

	category is equivalent to the open contract terms of the standing offer.
Fixed period	All contracts which have a fixed term or fixed benefit period.

Every offer in MyPowerPlanner fits into one of these eight distinct combinations of attribute, (2 x 2 x 2).⁶ We grouped these eight into three classes — A, B and C — for comparison. We chose to group all the ebilling and online products together into class C, and not to separate them based on discounts/set price. This is the newest type of offer. Given that retailers have made only a small number of these offers, we decided that the analysis would be more informative by combining both discount categories.

Table 2.3 shows the number of market offers analysed in each class.

TABLE 2.3 NUMBER OF ELECTRICITY MARKET OFFERS IN EACH OFFER CLASS

Class	Offer attributes			Domestic offers		Small business offers	
	Discount	Billing	Contract	No.	%	No.	%
A	Set price	Paper bills	No fixed term	0		15	4
			Fixed period	93	24	185	50
B	Conditional discounts	Paper bills	No fixed term	85	22	46	12
			Fixed period	135	34	94	25
C	Set price	ebilling/online	No fixed term	20	5	20	5
			Fixed period	20	5	0	
	Conditional discounts	ebilling/online	No fixed term	11	3	10	3
			Fixed period	29	7	0	
				393		370	

⁶ We did not separate all offers according to dual fuel discounts, because only one retailer (AGL) expressly offered this.

The three classes represent a series of price service trade-offs. In class A, the price is set, whereas in class B the customer pays a higher amount if they do not meet the conditions, such as timely payment. Class C is the furthest from customers' 'traditional' relationship with electricity retailers. Specifically, it contains online offers with customer service and billing arrangements that are distinct from the set price, paper bill arrangements that prevailed until the last five years.

The classes from A to C represent a progressive escalation in the level of engagement a customer has with their electricity account and retailer. In class A, the prices do not depend on any particular behaviour from the customer. In class B, the discounts rely on the customer managing their payments to meet conditions, and in class C the customer takes their relationship with their retailer online.

The three classes of products identified in this report should help consumers to consider the different types of offers available, and to work out:

- which class of offer they currently have
- how prices vary within each class
- how prices vary between classes.

GAS

Given the limitations of the Your Choice website, we analysed gas offers within one class, and presented information to show the price of the discounted and undiscounted offer.

3 FINDINGS

This chapter summarises the Commission’s analysis of electricity and gas market offers and standing offers. It excludes flexible pricing offers because the current data available on customer use profiles makes summary analysis difficult.

For electricity market offers, we:

- analyse the offers in the three product classes by distribution zone
- identify the lowest price offer of each retailer in each offer class and compare it with offers from other retailers, for domestic and small business customers in each distribution zone
- present the range of possible bill outcomes for each offer class
- compare offers with conditional discounts with the standing offer of the local retailer
- compare the number of offers with a fixed term with the number of offers without a fixed term for each retailer.

For gas market offers, we present the lowest discounted annual bill available from each retailer in each distribution zone.

Detailed bill outcomes for individual offers are presented in part II of this report, which also includes flexible pricing products for domestic customers.

3.1 ELECTRICITY

Twenty-one retailers had market offers in MyPowerPlanner in June 2015, when we extracted the data for our analysis. Some retailers make offers exclusively to domestic or small business customers, but most operate in both customer categories.

Table 3.1 shows the number of offers in each offer class, for three categories of customer on flat and time-of-use tariffs.

TABLE 3.1 ELECTRICITY MARKET OFFERS BY CLASS
Number of market offers analysed

Distribution zone	Domestic Flat tariff			Small business Flat tariff			Small business 5 day time-of-use tariff		
	Class A	Class B	Class C	Class A	Class B	Class C	Class A	Class B	Class C
Citipower	9	25	8	21	13	3	19	14	3
Jemena	10	25	8	18	13	3	17	16	3
United Energy	10	25	8	19	13	3	21	16	3
AusNet Services	10	25	8	19	13	3	19	16	3
Powercor	10	25	8	19	13	3	17	15	3
Total	49	125	40	96	65	15	93	77	15

Tables 3.2 to 3.6 show the annual bills that customers in each distribution zone would have paid for three different levels of consumption, if they had been contracted with each retailer as class A, B or C customers. The estimated bills in the tables are fully discounted and exclude GST. We highlighted the offer in each class that returns the lowest discounted annual bill using our standard usage profiles.

In the Citipower distribution zone, Powershop provides the lowest priced domestic offer, assuming all conditional discounts are applied (table 3.2). For customers who do not want an online account model, the offer in class A from Simply Energy has a lower estimated bill than any of the fully discounted conditional offers in class B.

Small business customers can choose between Momentum, Q Energy and Powershop for the lowest cost offer, depending on the product class that suits their needs.

TABLE 3.2 DISCOUNTED ANNUAL BILLS BY OFFER CLASS

Electricity, Citipower distribution zone, \$ GST excl., June 2015

	Domestic — flat tariff 4000 kWh			Small business — flat tariff 12 000 kWh			Small business — Time-of-use tariff 40 000 kWh		
	Class A	Class B	Class C	Class A	Class B	Class C	Class A	Class B	Class C
AGL	1 101	970		2 713	2 651		7 176	6 992	
Alinta Energy		983							
Blue NRG Pty Ltd				2 589					
Click Energy		1 034	1 071			2 683			7 788
Commander Power & Gas		1 011			2 468			6 855	
CovaU		975			2 454			6 807	
Diamond Energy			909						
Dodo Power & Gas		907			2 499			7 190	
EnergyAustralia	1 053	933		2 497	3 111		7 050	9 032	
ERM Power				2 223			6 308		
Lumo Energy	1 201	934		2 357			6 216		
Momentum Energy		947		2 399	2 303		6 237	5 988	
Origin Energy	953	970		2 547			6 819		
Pacific Hydro Retail				2 284					
People Energy		1 020			2 408			6 767	
Powerdirect		1 006		2 452	2 713		6 847	7 176	
Powershop			854			2 115			5 731
Q Energy				2 186			5 989		
Red Energy		935			2 490			6 594	
Simply Energy	902		855	2 244			6 226		
Sumo Power		1 010							
Average	1 042	974	922	2 408	2 566	2 399	6 541	7 045	6 760
Average all classes		980			2 472			6 226	

Simply Energy has the lowest priced 'set price' offer for domestic customers in the Jemena distribution zone (table 3.3). EnergyAustralia's offer in class B includes \$50 per year pay on time discount. In class C, Powershop's prices, after discount, are the lowest.

Momentum and Q Energy have the lowest prices for small businesses on traditional paper billed accounts in the Jemena zone.

TABLE 3.3 DISCOUNTED ANNUAL BILLS BY OFFER CLASS
Electricity, Jemena distribution zone, \$ GST excl., June 2015

	Domestic — flat tariff 4000 kWh			Small business — flat tariff 12 000 kWh			Small business — Time-of-use tariff 40 000 kWh		
	Class A	Class B	Class C	Class A	Class B	Class C	Class A	Class B	Class C
AGL	1 289	1 144		3 152	2 797		7 292	7 102	
Alinta Energy		1 180							
Blue NRG Pty Ltd				2 946					
Click Energy		1 177	1 220			3121			8 715
Commander Power & Gas		1 234			2 722			7 326	
CovaU		1 101			2 899			7 189	
Diamond Energy			1 054						
Dodo Power & Gas		1 106			2 833			7 478	
EnergyAustralia	1 254	1 058		2 822	3 535		7 448	9 567	
ERM Power				2 601			7 391		
Lumo Energy	1 425	1 115		2 716			7 122		
Momentum Energy		1 103		2 788	2 677		6 809	6 537	
Origin Energy	1 134	1 155		2 852			7 299		
Pacific Hydro Retail				2 728					
People Energy		1 165			2 842			7 352	
Powerdirect		1 183		2 677	2 862		6 847	7 292	
Powershop			1 019			2530			6 775
Q Energy				2 579			7 111		
Red Energy		1 085			2 846			7 476	
Simply Energy	1 093		1 036	2 603			7 187		
Sumo Power		1 160							
Average	1 239	1 140	1 082	2 769	2 890	2 825	7 167	7 480	7 745
Average all classes		1 152			2 824			7 366	

In the United Energy zone, Simply Energy’s customers have the lowest fixed price and online offers in classes A and C for residential customers (table 3.4). EnergyAustralia has the lowest discounted price for class B products with conditional discounts.

ERM Power, Momentum and Powershop offered the lowest prices for small business.

TABLE 3.4 DISCOUNTED ANNUAL BILLS BY OFFER CLASS
Electricity, United Energy distribution zone, \$ GST excl., June 2015

	Domestic — flat tariff 4000 kWh			Small business — flat tariff 12 000 kWh			Small business — Time-of-use tariff 40 000 kWh		
	Class A	Class B	Class C	Class A	Class B	Class C	Class A	Class B	Class C
AGL	1 161	1 031		2 952	2 882		6 487	6 311	
Alinta Energy		1 063							
Blue NRG Pty Ltd				2 893					
Click Energy		1 113	1 153			3 058			7 524
Commander Power & Gas		1 174			2 930				
CovaU		1 045			2 933			7 588	
Diamond Energy			1 005						
Dodo Power & Gas		1 055			2 930			7 504	
EnergyAustralia	1 170	981		2 918	3 669		7 360	9 462	
ERM Power				2 597			6 219		
Lumo Energy	1 282	1 049		2 652			5 790		
Momentum Energy		1 035		2 748	2 638		5 669	5 443	
Origin Energy	1 073	1 094		2 895			7 070		
Pacific Hydro Retail				2 826					
People Energy		1 082			2 950			7 581	
Powerdirect		1 069		2 755	2 952		7 152	7 615	
Powershop			997			2 790			5 885
Q Energy				2 652			5 886		
Red Energy		1 008			2 765			6 807	
Simply Energy	1 029		976	2 614			6 094		
Sumo Power		1 074							
Average	1 143	1 062	1 033	2 773	2 961	2 924	6 414	7 289	6 704
Average all classes		1 075			2 864			6 813	

In the AusNet distribution zone, for residential customers, Origin had the lowest priced offer in the 'set price' category (table 3.5). Dodo Power & Gas had the lowest priced class B offer, and Diamond Energy had the lowest priced class C offer. The difference between the average price for class A and class B offers was only \$1.

TABLE 3.5 DISCOUNTED ANNUAL BILLS BY OFFER CLASS
Electricity, AusNet Services distribution zone, GST excl., June 2015

	Domestic — flat tariff 4000 kWh (\$)			Small business — flat tariff 12 000 kWh (\$)			Small business — Time-of-use tariff 40 000 kWh (\$)		
	Class A	Class B	Class C	Class A	Class B	Class C	Class A	Class B	Class C
AGL	1 377	1 235		3 434	3 349		9 280	9 031	
Alinta Energy		1 252							
Blue NRG Pty Ltd				4 170					
Click Energy		1 244	1 289			4 246			9 843
Commander Power & Gas		1 258			3 342			8 354	
CovaU		1 249			3 501			8 603	
Diamond Energy			1 183						
Dodo Power & Gas		1 126			3 271			8 378	
EnergyAustralia	1 339	1 145		3 326	4 214		8 920	11 502	
ERM Power				3 573			8 990		
Lumo Energy	1 490	1 179		3 924			8 761		
Momentum Energy		1 261		3 989	3 830		8 748	8 399	
Origin Energy	1 201	1 222		3 310			8 908		
Pacific Hydro Retail				3 362					
People Energy		1 294			3 248			8 989	
Powerdirect		1 277		3 076	3 517		8 613	8 816	
Powershop			1 245			3 863			8 409
Q Energy				3 762			8 706		
Red Energy		1 168			3 916			9 190	
Simply Energy	1 249		1 184	4 141			8 973		
Sumo Power		1 255							
Average	1 331	1 226	1 225	3 643	3 576	4 055	8 878	9 029	9 126
Average all classes		1 249			3 653			8 971	

People Energy, Powershop and Powerdirect had the lowest prices in the AusNet area for small business.

TABLE 3.6 DISCOUNTED ANNUAL BILLS BY OFFER CLASS
Electricity, Powercor distribution zone, GST excl., June 2015.

	Domestic — flat tariff 4000 kWh (\$)			Small business — flat tariff 12 000 kWh (\$)			Small business — Time-of-use tariff 40 000 kWh (\$)		
	Class A	Class B	Class C	Class A	Class B	Class C	Class A	Class B	Class C
AGL	1 254	1 115		3 081	3 006		7 217	7 025	
Alinta Energy		1 122							
Blue NRG Pty Ltd				2 999					
Click Energy		1 200	1 244			3 135			8 129
Commander Power & Gas		1 225			2 859			7 037	
CovaU		1 128			2 734			7 214	
Diamond Energy			1 076						
Dodo Power & Gas		1 100			3 057			8 505	
EnergyAustralia	1 253	1 069		2 859	3 603		7 705	9 924	
ERM Power				2 661			7 035		
Lumo Energy	1 399	1 098		2 694			6 253		
Momentum Energy		1 102		2 675	2 568		5 893	5 658	
Origin Energy	1 149	1 170		2 987			7 001		
Pacific Hydro Retail				2 734					
People Energy		1 176			2 829			7 437	
Powerdirect		1 156		2 814	3 081		7 614	7 217	
Powershop			1 067			2 759			7 446
Q Energy				2 637			6 293		
Red Energy		1 103			2 889			6 904	
Simply Energy	1 120		1 062	2 714			6 310		
Sumo Power		1 177							
Average	1 235	1 139	1 112	2 805	2 959	2 947	6 814	7 436	7 788
Average all classes		1 155			2 881			7 191	

The lowest estimated bills in the Powercor zone follow a similar pattern to other distribution zones. Simply Energy and EnergyAustralia have low prices for residential customers, and Momentum, Q Energy and Powershop provide the lowest estimated annual bills for small business customers (table 3.6).

To broadly summarise the year on year change in prices, the average discounted annual bill for market offers for a domestic customer consuming 4 000kWh on a flat tariff has reduced by between 11 and 13 per cent since the Commission’s report on 2013-14 prices. Our methodology assumes that all discounts, including conditional discounts, are applied. The greater availability of conditionally discounted offers in 2014-15 as well as the removal of the carbon price are key contributors to this decrease.

YEAR ON YEAR CHANGE IN PRICES

Domestic flat tariffs, 4000 kWh consumption

	2013-14 (\$)	2014-15 (\$)	Change (%)
Metro area (Citipower)	1 122	980	-13
Northern suburbs (Jemena)	1 319	1 152	-13
SE & Peninsula (United Energy)	1 241	1 075	-13
Eastern Victoria (Ausnet Services)	1 399	1 249	-11
Western Victoria (Powercor)	1 299	1 125	-11

Note: The 2013-14 figure is an average of the lowest market offer for each retailer. The 2014-15 figure is the average of the lowest market offer in each product class for each retailer.

3.1.1 RANGE OF ESTIMATED BILL OUTCOMES

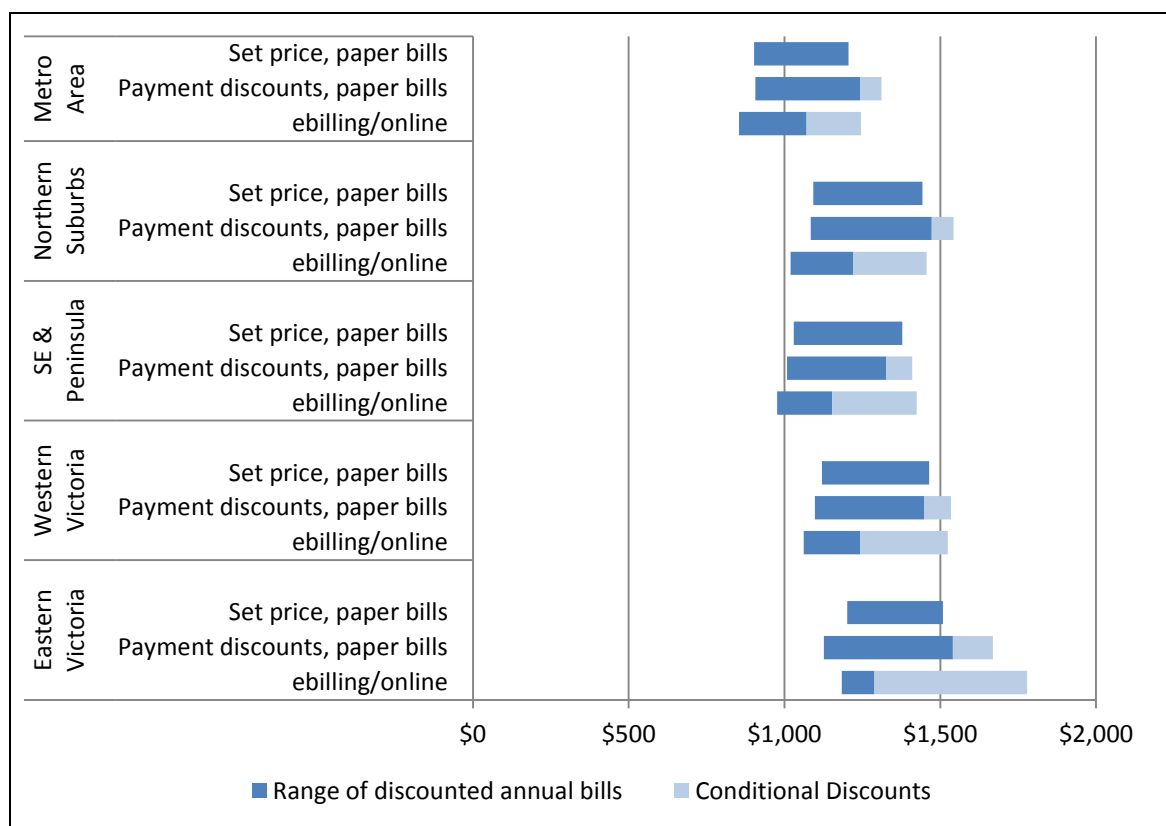
Figures 3.1 to 3.3 illustrate the range of estimated annual bills for each class of offer within each distribution zone. The dark blue bars show the range of bill outcomes for offers in each category in the five distribution zones, assuming that the customer meets all conditions for discount. The light blue portion represents the additional amount that could be payable if a customer did not receive any of the conditional discounts. The annual cost is anywhere within the range of the two colours.

For domestic customers, ebilling/online offers provide the lowest generally available prices (figure 3.1). However, the extent of the light blue portion shows that the final

price range can vary significantly, depending on whether the customer meets the conditions.

Customers who regularly pay on time, or by direct debit, but do not receive a discount could save by considering offers that reward that behaviour. Conversely, customers who have difficulty meeting their energy bills on time, will not qualify for conditional discounts.

FIGURE 3.1 RANGE OF ESTIMATED ANNUAL BILLS
Domestic flat tariffs, 4000 kWh consumption, June 2015



Figures 3.2 and 3.3 show that the range of bill outcomes is slightly different for small business customers. There is less conditional discounting for small business customers, and most offers are in the set price category.

Estimated bills in the ebilling/online category — which is dominated by Powershop and Click Energy — are lower in the metropolitan and suburban areas than in the two regional distribution zones. There are only three offers in this category for each zone, and as with domestic offers, the conditional discounts are significant.

Small business customers have different requirements from residential households, and there are fewer conditionally discounted products offered by retailers. This may be a response to greater demand for price certainty.

FIGURE 3.2 RANGE OF ANNUAL BILL ESTIMATE
Small business flat tariffs, 12 000 kWh consumption, June 2015

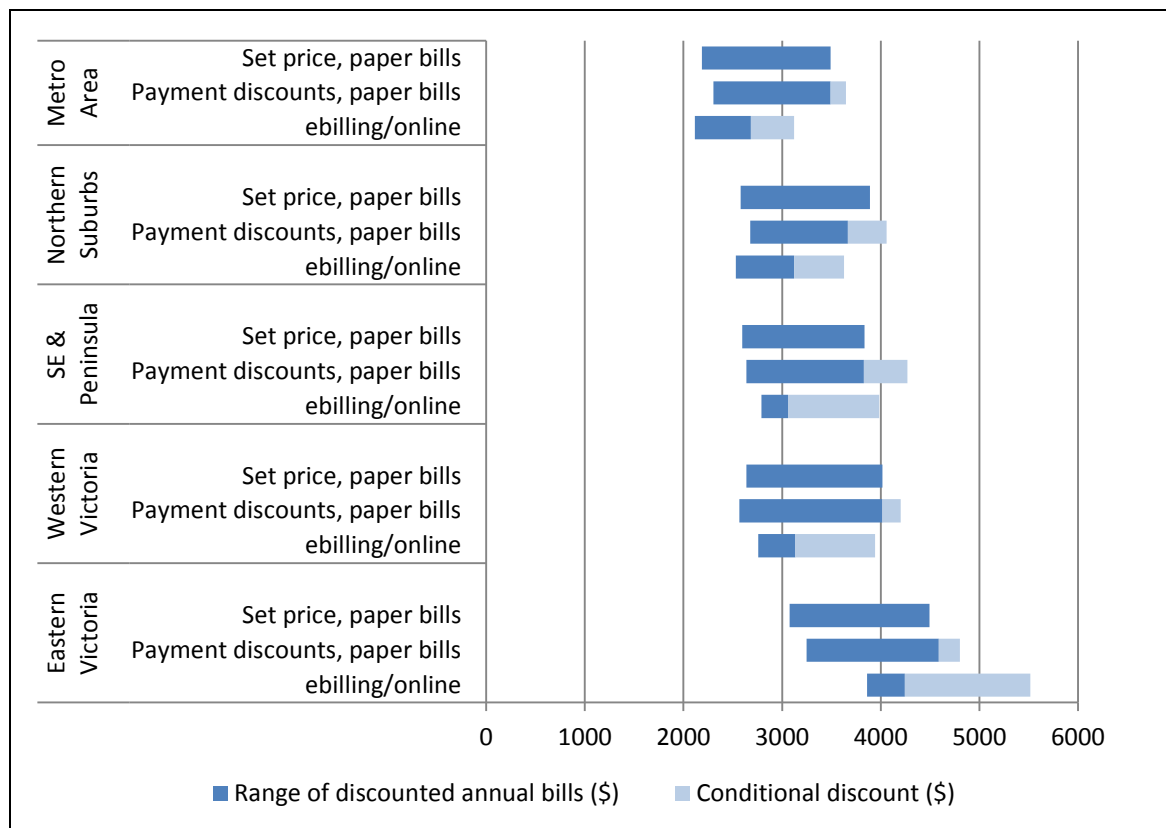
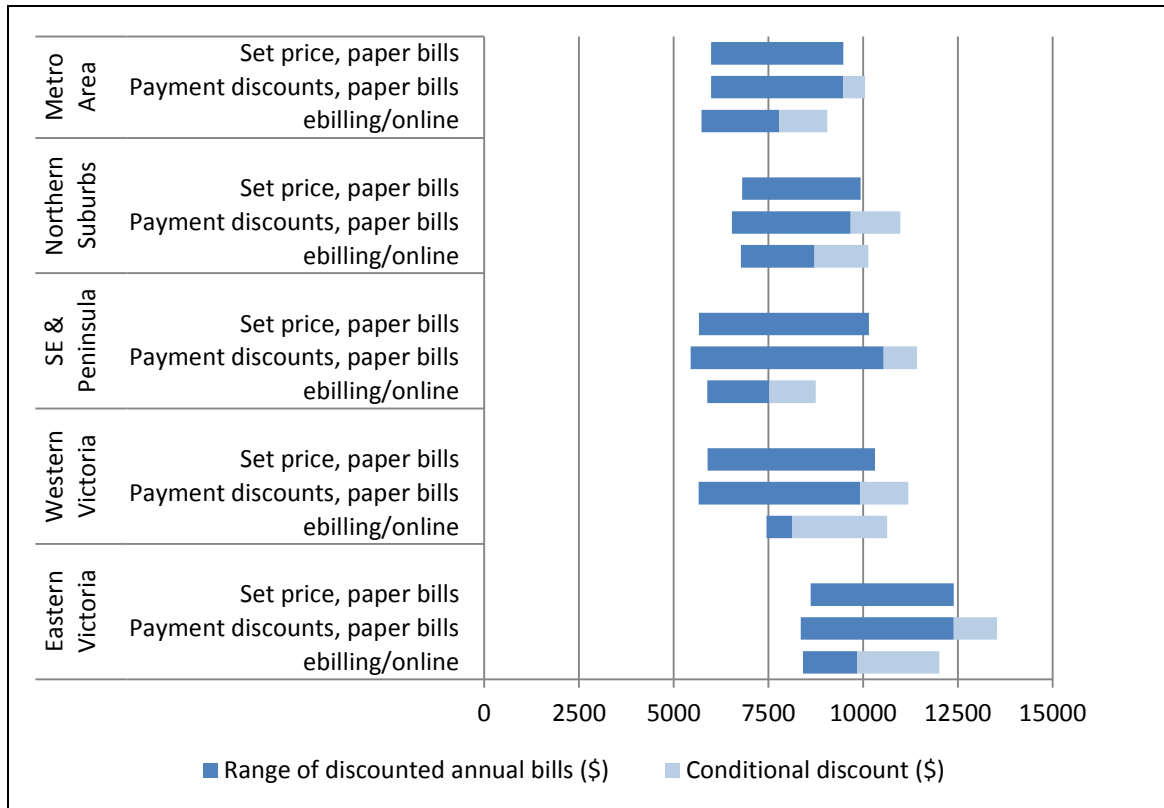


FIGURE 3.3 RANGE OF ANNUAL BILL ESTIMATE

Small business 5 day time-of-use tariffs, 40 000 kWh consumption, June 2015



3.1.2 CONDITIONAL DISCOUNTS

Many of the offers for domestic customers that result in the lowest estimated bill are in the ‘conditional payment discount’ or ‘ebilling/online’ classes of products. For this report, we calculated discounted bills assuming the customer receives all discounts, but in reality, the discounted bill is conditional on customers paying bills on time and/or by direct debit.

To understand the prices paid by consumers, it is necessary to understand how much of the ‘savings’ offered rely on behaviours such as paying on time, or pre-purchasing energy. Table 3.7 highlights the difference for a household consuming 4000 kWh in a year. We averaged the difference between market offers and the local standing offer in each distribution zone. Consistent with the earlier analysis, the relative difference in

annual bills compared with the standing offer is higher in class B than class A, and highest in class C.

TABLE 3.7 POTENTIAL SAVINGS BY CATEGORY
Domestic electricity, flat tariffs, 4000 kWh consumption

Product class	Contract type	Average annual saving from local standing offer (\$)	Value of conditional discount (\$)	Saving if conditions not met (\$)
Class A — Set price, paper bills	No fixed term	–	–	–
	Fixed period	178	2	176
Class B — Payment discounts, paper bills	No fixed term	222	208	14
	Fixed period	256	227	29
Class C — ebilling/online	No fixed term	308	272	36
	Fixed period	344	54	289

In class B, the difference between the market offer and the standing offer is almost entirely made up of conditional payment discounts. In class C, the reliability of the saving depends on whether it is a fixed period. The ‘no fixed term’ category contains all the Powershop offers, which have a conditional discount of up to 30 per cent. The savings from other ebilling/online products are not from conditional discounts.

3.1.3 CONTRACT TYPE

Our analysis of electricity products shows most retailers offer only fixed period contracts or contracts with no fixed term. Few retailers offer both.⁷ Table 3.8 shows that a domestic customer who prefers a contract with a continuing benefit, and no obligation to renegotiate on renewal, is limited to nine retailers. Alternatively, such customers could take up a standing offer.

⁷ Data on contract term was not collected for gas offers this year.

TABLE 3.8 ELECTRICITY MARKET OFFERS BY CONTRACT TYPE

Domestic flat and flexible tariffs, Small business flat and 5 day time-of-use tariffs, June 2015

	No fixed term			Fixed period		
	Domestic	Small bus	Total	Domestic	Small bus	Total
AGL				49	43	92
Alinta Energy	15		15			
Blue NRG		5	5			
Click Energy	26	10	36			
Commander Power & Gas	11	8	19			
CovaU	10	10	20	10	10	20
Diamond Energy Pty Ltd				9		9
Dodo Power & Gas	11	18	29		6	6
EnergyAustralia				30	41	71
ERM Power		10	10			
Lumo Energy	5		5	25	10	35
Momentum Energy				10	24	34
Origin Energy				49	38	87
Pacific Hydro Retail					15	15
People Energy				5	10	15
Powerdirect				20	34	54
Powershop Australia	20	20	40			
Q Energy					28	28
Red Energy	10	10	20	10	10	20
Simply Energy				60	10	70
Sumo Power	8		8			
Total	116	91	207	277	279	556

The majority of published market offers are fixed term contracts, or have a fixed benefit period. A fixed benefit period contract may not incur any fees for exit within the period, but will not automatically renew on the same terms at the end of the period. This could mean that discounts no longer apply after a set period (for example, 12 months) although the contract continues. Only two retailers — CovaU and Red Energy — have an equal number of offers of both fixed and open contract types, offering potential customers a choice of contract type.

We took an average of the lowest estimated discounted bill for each retailer in each tariff type and calculated the difference for the different contract types. Annual bills on contracts with no fixed term are generally higher than those with a fixed benefit period (table 3.9).

TABLE 3.9 DIFFERENCE IN BILL OUTCOME — CONTRACT TYPE
Domestic and small business, June 2015

	Average lowest discounted annual bill (\$)		Difference (\$)	Difference (%)
	No fixed term	Fixed period		
Domestic flat tariffs 4000 kWh	1 005	949	57	6
Small business flat tariffs 12 000 kWh	2 475	2 406	69	3
Small business 5 day time-of-use tariff 40 000 kWh	6 819	6 467	366	5

Retailers differ in the action they take at the end of a fixed term or fixed benefit period. MyPowerPlanner contains some details of the conditions pertaining to the contract term. Some retailers automatically renew contracts on the same terms for another period. Others revert the customer to the standing offer. Some retailers state they will provide customers with details of renewal options before the contract expiry date.

The prices and the continuation of benefits that will apply at the end of the contract term are important factors for customers to consider when selecting an offer from a retailer. The most suitable arrangement will depend on their preferences.

3.1.4 PRICE CERTAINTY

The Commission has labelled a group of offers as ‘set price’, to distinguish them from offers with conditional discounts. This does not mean that the retailer is offering a fixed price for the term of the contract. Most electricity and gas contracts contain terms and conditions that allow the retailer to change the prices within the contract period.

Most retailers adjust their prices every year. Distribution prices change annually, and retailers may alter their tariffs to reflect these changes, or to account for other changes

in their costs. How a retailer advises customers of price changes, and how much notice they will give, are contained in retail contracts.

3.2 GAS

There are three distribution zones for gas, which have separate districts within them, all with different prices. In total there are 19 different districts. Some have only a small number of customers, and may have only one retailer with generally available offers.

Eleven retailers provide data on generally available gas offers to the YourChoice website, and most have only one market and one standing offer in the system for each district. CovaU has only small business offers, while Alinta, Dodo and Red Energy do not have generally available offers for small business customers.

Tables 3.10 to 3.13 show the lowest discounted annual bill for each retailer from the generally available market offers in YourChoice at 3 June 2015. The information in YourChoice was not sufficient for us to separate gas offers into classes, and the small number of competing offers does not necessarily warrant the exercise at this stage. The results in the tables are separated into residential and business offers for each district within the distribution zone. The lowest estimated bill in each zone (where there is more than one generally available offer) is in bold text.

TABLE 3.10 LOWEST DISCOUNTED ANNUAL BILL

Gas, Australian Gas Networks distribution zone, \$ GST excl., June 2015

	Central 1		Central 2		North		Cardinia		Murray Valley	
	Res	Bus	Res	Bus	Res	Bus	Res	Bus	Res	Bus
AGL	992	6 198	970	7 207	1 008	5 947			1 134	7 040
Alinta Energy	1 123		1 044		1 106		1 498		1 271	
Click Energy	1 013	6 892	1 013	6 892	1 029	7 195	1 310	10 698	1 156	7 690
CovaU		7 179		7 179		7 389				8 463
Dodo Power & Gas	803		879		810					1 316
EnergyAustralia	1 016	6 128	1 002	6 393	1 000	6 501	1 327	9 403	1 173	7 897
Lumo Energy	899	5 626	1 010	5 931	860	5 503	1 253		988	
Momentum Energy	971	5 461	971	5 461	938	5 313	1 160	8 639	969	6 013
Origin Energy	1 021	5 814	970	5 991	1 010	6 209	1 171	9 968	1 171	8 442
Red Energy	1 114		1 100		1 108		1 531		1 323	
Simply Energy	856	5 503	936	5 672	843	5 648				
Average	981	6 100	989	6 341	971	6 213	1 321	9 677	1 167	7 591

Note: Residential bills are based on 54 GJ consumption; small business bills are based on 500 GJ consumption.

TABLE 3.11 LOWEST DISCOUNTED ANNUAL BILL

Gas, AusNet Services distribution zone, \$ GST excl. June 2015

	Central 1		Central 2		Adjoining Central		West		Adjoining West	
	Res	Bus	Res	Bus	Res	Bus	Res	Bus	Res	Bus
AGL	1 003	7 081	996	6 279	1 003	6 197	964	6 417	1 236	9 618
Alinta Energy	1 248		1 162		1 271		1 089		1 326	
Click Energy	1 020	6 272	1 003	6 272	1 182	8 903	982	6 207	1 196	8 967
CovaU		5 594		5 594		8 863		6 441		9 264
Dodo Power & Gas			924				1 026		1 154	
EnergyAustralia	1 071	6 465	1 019	6 134	1 196	6 270	1 009	6 312	1 215	7 298
Lumo Energy	991	5 418	994	5 457			917	4 888	1 150	7 398
Momentum Energy	907	4 982	907	4 982	1 093	7 210	879	4 954	1 075	6 823
Origin Energy	1 032	5 947	1 032	6 031	1 209	7 673	978	5 958	1 209	8 209
Red Energy	1 143		1 165		1 372		1 115		1 355	
Simply Energy	994	5 829	996	5 951			936	5 441		
Average	1 045	5 948	1 020	5 837	1 189	7 519	989	5 827	1 213	8 225

Note: Residential bills are based on 54 GJ consumption; small business bills are based on 500 GJ consumption.

TABLE 3.12 LOWEST DISCOUNTED ANNUAL BILL

Gas, Multinet distribution zone, \$ GST excl. June 2015

	Main 1		Main 2		Yarra Valley		Extension zone		Sth Gippsland zone	
	Res	Bus	Res	Bus	Res	Bus	Res	Bus	Res	Bus
AGL	931	5 342	931	5 936	1 265	7 036	1 096	7 036		
Alinta Energy	1 028		1 041		1 244					
Click Energy	949	5 789	938	5 789	1 122	7 581				
CovaU		5 706		5 706		7 720				
Dodo Power & Gas	935		834		796					
EnergyAustralia	923	5 238	929	5 425	932	5 223	980	5 544		
Lumo Energy	1 022	4 756	938	5 313			1 091	6 082		
Momentum Energy	840	4 582	840	4 582	1 000	6 056				
Origin Energy	1 036	4 931	945	5 246	1 103	6 704				
Red Energy			1 083		1 146				1 231	9 008
Simply Energy	1 004	4 545	901	5 279						
Average	963	5 111	938	5 410	1 076	6 720	1 056	6 221	1 231	9 008

Note: Residential bills are based on 54GJ consumption; small business bills are based on 500GJ consumption.

TABLE 3.13 LOWEST DISCOUNTED ANNUAL BILL

Gas, Australian Gas Networks distribution zone, \$ GST excl. June 2015

	Bairnsdale		Mildura		Wimmera		Extension zone	
	Res	Bus	Res	Bus	Res	Bus	Res	Bus
AGL	1 278	8 027					1 096	8 041
Alinta Energy	1 386							
Click Energy								
CovaU		8 885						
Dodo Power & Gas								
EnergyAustralia	1 231	7 438			889	4 211	950	6 187
Lumo Energy	1 264	7 802						
Momentum Energy								
Origin Energy	1 171	7 437	1 377	8 418				
Red Energy								
Simply Energy								
Average	1 266	7 918	1 377	8 418	889	4 211	1 023	7 114

Note: Residential bills are based on 54 GJ consumption; small business bills are based on 500 GJ consumption.

In all distribution areas in which it publishes offers, Momentum Energy has the lowest cost offers for residential and small business gas products in several districts. Other retailers including AGL, EnergyAustralia, Lumo, Dodo and Simply Energy have the lowest cost offers in particular districts.

The range of bills from the lowest to highest is very large in some districts. In the Multinet Yarra Valley district, for example, Dodo's residential offer is more than \$400 per year lower than Alinta's, and in AusNet's Central 1 district, the annual bill calculation on Momentum's business offer is \$2000 a year lower than AGL's for a business customer consuming 500 GJ.

Due to changes in methodology, year-on-year comparison of changes in gas bills for residential market offers is not available, but the Commission estimates that the average fully discounted residential annual gas bill has fallen between 4 and 14 per cent depending on the customer's location. Our calculation assumes that all

discounts, including conditional discounts are applied. Greater availability of conditional discounted offers as well as the removal of the carbon price are key contributors to this decrease.

3.3 LIMITATIONS OF GENERALLY AVAILABLE OFFERS

In this section we outline some of the limitations of the Commission’s assumption that generally available published offers are a representative sample of the prices that customers actually pay for their energy.

3.3.1 OBLIGATION TO OFFER

We cannot observe from the data whether retailers with multiple products with increasing levels of discounts will make the lowest priced product available to any customer who asks, or whether the offer is restricted to customers who meet various criteria. Anecdotal evidence suggests that customers are able to negotiate with retailers on price, although some conditions that are not captured in the comparison sites — such as agreeing to sign up for both electricity and gas — may be set by retailers for individual customers.

Although retailers must publish details of prices for offers that are generally available, retailers are not required to accept a customer’s request for a generally available offer.

3.3.2 UNPUBLISHED OFFERS

An unknown number of offers are not published in the comparison websites. Retailers are free to create targeted products and one-off price and service packages that they do not have to submit to comparison websites. The government comparison site contains only ‘generally available’ offers, which are defined as offers that are ‘widely available’ to most customers and ‘not exclusive to a particular segment’.

Retailers who use channels such as targeted marketing to attract customers may not be obliged to publish all their prices on MyPowerPlanner if the offers are not generally

available. Also, customers may negotiate directly with a retailer for their contract. These offers would not be considered generally available.

3.3.3 TARGETING GEOGRAPHIC AREAS

Most retailers have electricity products in all of the distribution zones, tailoring the prices to account for the different distribution costs. It is difficult to know whether retailers are targeting any particular geographic zone, because retailers are not required to make a generally available offer available to a customer on request. There are a number of gas districts where retailers choose not to have a generally available offer. The districts differ in size, and retailers may choose to concentrate on the areas with a larger customer base.

The range of bill outcomes tends to be narrower in the metropolitan distribution zones, compared with regional areas, but the reasons for this are not evident from the published prices.

3.3.4 PRICE CHANGES

The annual bill estimates in the report assume prices will remain stable for a whole year. This assumption is an appropriate basis for comparison, but in practice, the prices for energy can change within the contract period. The Commission cannot track price changes in an offer after a customer has agreed with the retailer. For insight into general trends in prices, the Commission studies the movement in the incumbent standing offers over time.

3.4 STANDING OFFERS

Since the mid-1990s the Commission has been tracking the gazetted standing offers for the original local retailers in the different distribution zones for electricity and gas. Many market offers are effectively discounted versions of the local standing offer. This section presents the long term trend in the number of customers on standing offers and trends in standing offer prices.

To enable comparison, we adjusted historical annual standing offer bills into current dollars based on the September quarter consumer price index (CPI). This section presents an average of the annual bills from the original local retailers across the different distribution zones based on standardised usage profiles. The estimated bills are an average based on multiple tariffs, and do not represent any actual customer's prices. Therefore, the average indicates general movements in standing offer prices.

3.4.1 STANDING OFFER CUSTOMERS

Tables 3.14 and 3.15 show the percentages of electricity and gas customers who are on the standing offers of each retailer. In the residential market, three retailers — AGL, EnergyAustralia and Origin — account for 95 per cent of gas customers, and 92 per cent of electricity customers on standing offers.

TABLE 3.14 GAS CUSTOMER NUMBERS

June 2015

	Standing offer	Residential			Small business			
		Market offer	Total	Standing offer share	Standing offer	Market offer	Total	Standing offer share
AGL	81 267	444 115	525 382	15%	3 433	12 164	15 597	22%
Origin	64 359	317 373	381 732	17%	6 081	12 198	18 279	33%
EnergyAustralia	51 403	370 134	421 537	12%	3 922	8 446	12 368	32%
Red Energy	179	139 009	139 188	0%	2	3 247	3 249	0%
Simply Energy	390	154 489	154 879	0%	21	7 468	7 489	0%
Lumo	8 264	148 296	156 560	5%	144	2 011	2 155	7%
Alinta	1 422	38 954	40 376	4%	0	6	6	0%
Momentum	114	10 665	10 779	1%	2	845	847	0%
M2	537	34 756	35 293	2%	0	0	0	0%
Click Energy	27	5 443	5 470	0%	0	8	8	0%
TOTAL	207 962	1 663 234	1 871 196	11%	13 605	46 393	59 998	23%

TABLE 3.15 ELECTRICITY CUSTOMER NUMBERS

June 2015

	Residential				Small business			
	Standing offer	Market offer	Total	Standing offer share	Standing offer	Market offer	Total	Standing offer share
AGL	80 247	455 344	535 591	15%	10 352	29 198	39 550	26%
Origin	80 351	407 100	487 451	16%	23 806	47 017	70 823	34%
EnergyAustralia	39 189	435 165	474 354	8%	9 770	27 221	36 991	26%
Red Energy	170	217 080	217 250	0%	6	7 504	7 510	0%
Simply Energy	772	198 733	199 505	0%	91	21 060	21 151	0%
Lumo	11 360	182 265	193 625	6%	720	13 123	13 843	5%
Alinta	2 751	71 833	74 584	4%	34	1 787	1 821	2%
Momentum	924	54 579	55 503	2%	1 308	44 577	45 885	3%
M2	102	46 536	46 638	0%	16	1 922	1 938	1%
Powerdirect	1 102	36 244	37 346	3%	1 281	13 406	14 687	9%
Powershop	0	36 749	36 749	0%	0	2 442	2 442	0%
Click Energy	709	26 374	27 083	3%	39	548	587	7%
People Energy	131	5 756	5 887	2%	3	216	219	1%
Diamond Energy	2	3 407	3 409	0%				
Q Energy	258	796	1 054	24%	92	4 463	4 555	2%
Blue NRG					0	6 058	6 058	0%
ERM Power					7	4 179	4 186	0%
CovaU					0	233	233	0%
Other < 2500	1	592	593	0%	4	361	365	1%
TOTAL	218 069	2 178 553	2 396 622	9%	47 529	225 315	272 844	17%

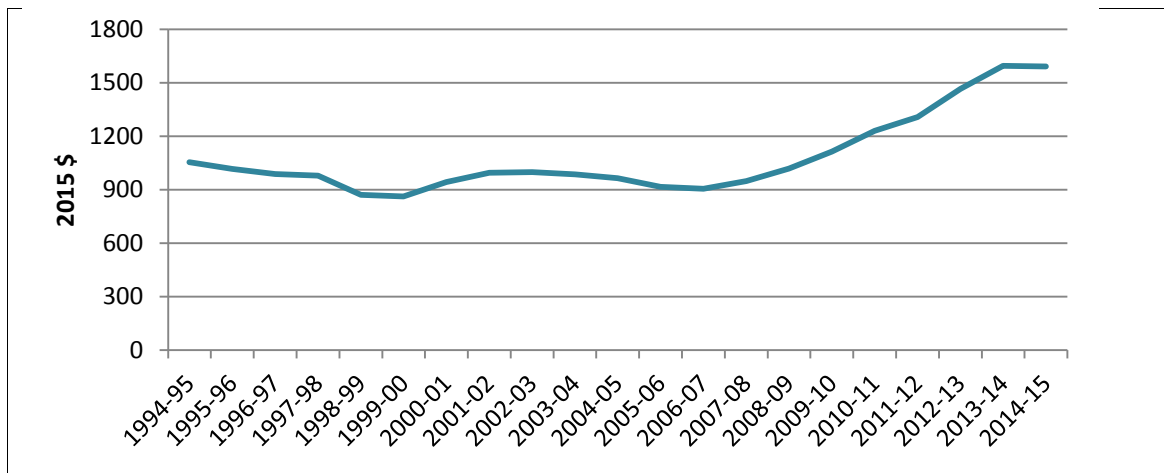
In the small business market, these three retailers account for 99 per cent of gas and 92 per cent of electricity customers on standing offers. These three businesses were the incumbent retailers when FRC began.

The structure of standing offers is similar to the regulated tariffs that originally appeared in the Victorian Tariff Order 1995 before FRC began.

3.4.2 ELECTRICITY STANDING OFFERS

Figure 3.4 shows the average standing offer bill, in 2015 dollars, that a domestic customer with annual consumption of 4000 kWh would have paid each year between 1994-95 and 2014-15. It illustrates a significant increase in standing offer prices since 2007-8. In a break with this increasing trend, the average electricity standing offer price for domestic customers remained flat in real terms in 2014-15.

FIGURE 3.4 AVERAGE ANNUAL BILL, LOCAL STANDING OFFERS
Electricity, Domestic, Flat tariff — 4000 kWh consumption
1994-95 to 2014-15, Real \$ 2015 (GST incl.)



The Commission notes that the repeal of the carbon tax, from 1 July 2014, reduced the wholesale price of electricity.

The fixed supply charge can be a significant part of domestic bills. In figure 3.5 we have taken the same historical standing offer data, and shown only the supply charge (converted into current dollars). The fixed charge was trending down in real terms between 1995 and 2008, but has risen every year since 2008. The average fixed charge for the standing offer rose by 6 per cent in real terms (from \$370 to \$392) between 2013-14 and 2014-15.

FIGURE 3.5 AVERAGE SUPPLY CHARGE, LOCAL STANDING OFFERS
 Electricity, Domestic, Flat tariff
 1994-95 to 2014-15, Real \$ 2015 (GST incl.)

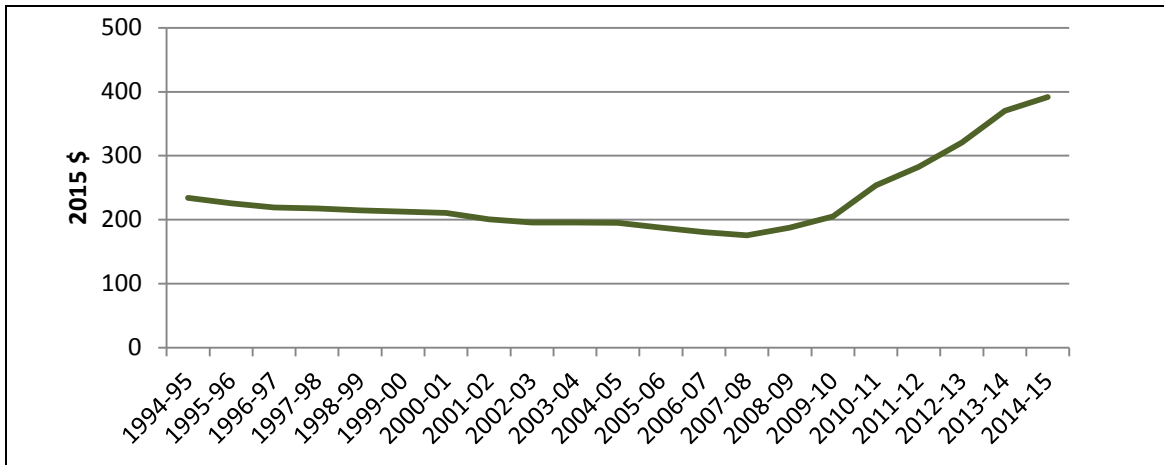
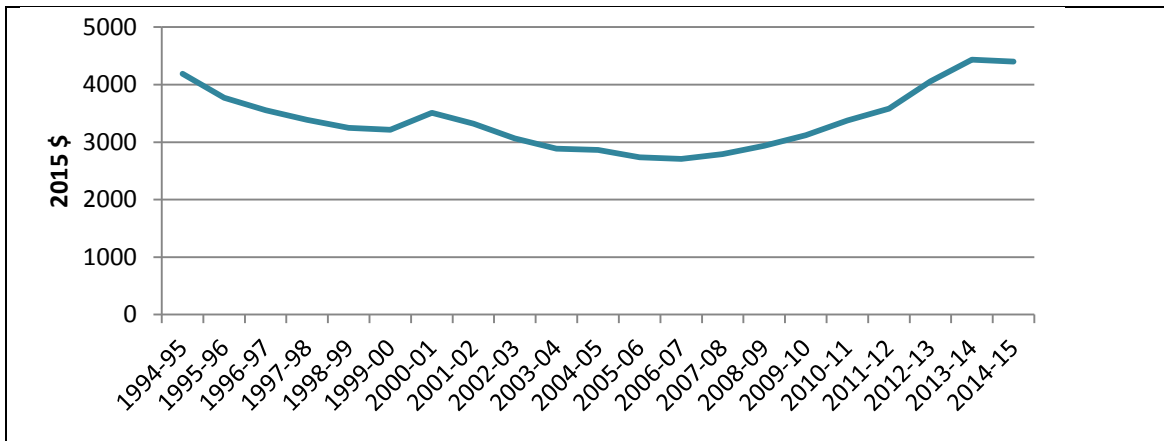


Figure 3.6 shows the average annual bill for a small business customer consuming 12 000 kWh on the standing offer was marginally lower in real terms in 2014-15.

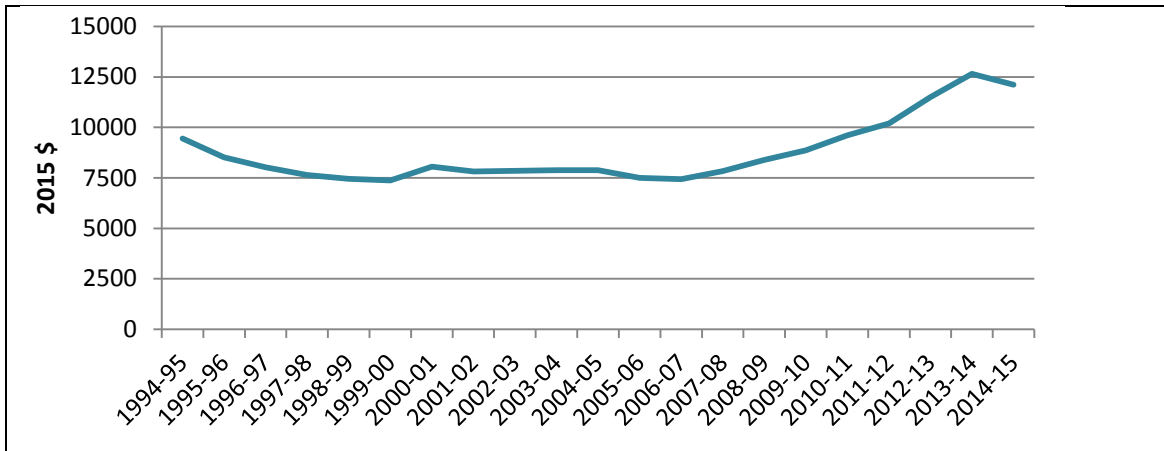
FIGURE 3.6 AVERAGE ANNUAL BILL, LOCAL STANDING OFFERS
 Electricity, Small business, Flat tariff — 12 000 kWh consumption
 1994-95 to 2014-15, Real \$ 2015 (GST incl.)



Small business customers on a standing offer consuming 40 000 kWh experienced a 4 per cent drop in their bills in real terms in 2014-15 (figure 3.7).

FIGURE 3.7 AVERAGE ANNUAL BILL, LOCAL STANDING OFFERS

Electricity, Small business, 5 day time-of-use tariff
25 000 kWh peak consumption, 15 000 kWh off-peak
1994-95 to 2014-15, Real \$ 2015 (GST incl.)



3.4.3 GAS STANDING OFFERS

For domestic customers, there was a marginal decrease in gas standing offer prices in 2014-15 in real terms (figure 3.8), although, as for electricity, the fixed supply charge continued to increase (figure 3.9).

FIGURE 3.8 AVERAGE ANNUAL BILL, LOCAL STANDING OFFERS

Gas, Domestic, 60 GJ consumption
1999-2000 to 2014-15, Real \$ 2015 (GST incl.)

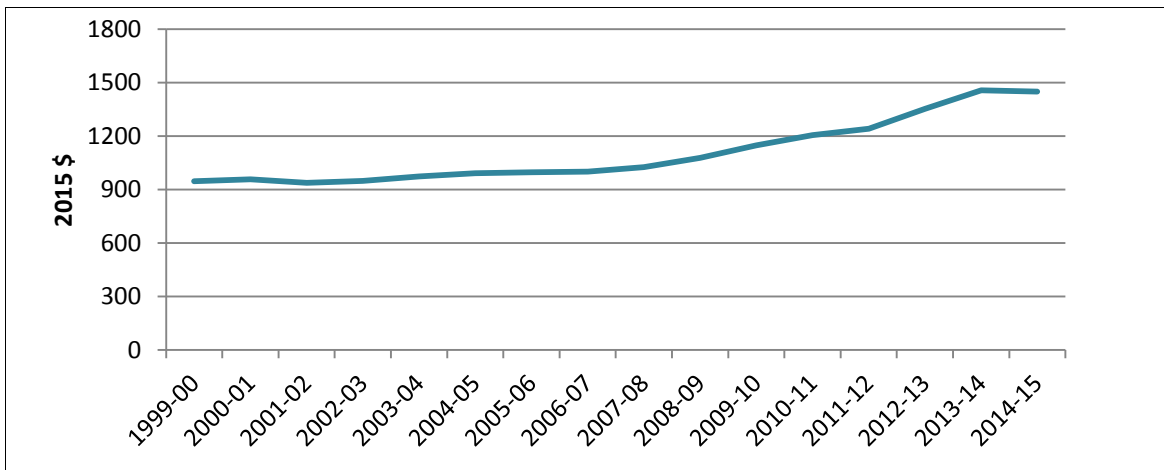
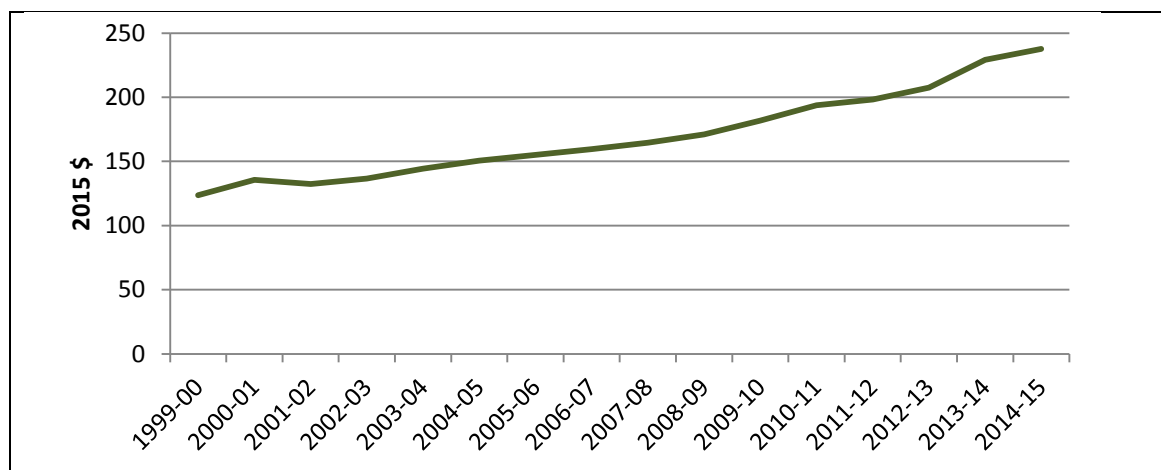


FIGURE 3.9 AVERAGE SUPPLY CHARGE, LOCAL STANDING OFFERS
 Gas, Domestic,
 1999-2000 to 2014-15, Real \$ 2015 (GST incl.)



The relevance of the standing offer as an indicator of prices is diminishing as more customers move onto market offers, and the products being offered become less directly comparable with the standing offer. The Commission will nonetheless continue to track standing offers because they provide a point of comparison for market offers.

The new methodology for assessing market offers adopted for this report has highlighted the range of decisions a customer must make when choosing an energy offer, and the difficulty of comparing prices over time. The Commission is aware of further advances in the use of metering data to develop new products, which intensifies the need for a rigorous and regular assessment of offers available to consumers.

PART II

4 ALL PUBLISHED OFFERS

4.1 INTRODUCTION

Part II sets out the Commission's analysis of all market offers published in June 2015. It is divided into two main sections: electricity offers and gas offers.

For each distribution zone, we calculated annual energy bills for all available offers in a particular offer class. Specifically, we calculated bills for domestic and small business customers with different energy use profiles.

We present results graphically, compared with the standing offer of the local retailer. The figures show the discounted and undiscounted annual bill for each offer. Electricity offers are divided into offers with and without a fixed term.

The section on domestic electricity offers also includes our analysis of flexible pricing offers using two energy use profiles.

Information on the borders of electricity and gas distribution zones is included in appendix A.

4.1.1 OFFER CLASSES

Electricity offers are separated into the three product classes the Commission developed for this report. Part I contains the details of the categories, and the methodology for determining them.

TABLE 4.1 SUMMARY OF OFFER CLASSES
Electricity retail offers

Class	Description	Attributes
A	Set price, paper bills	<ul style="list-style-type: none"> • Price does not depend on conditional discounts • No requirement to go online or receive bills by email • Includes fixed period and 'No fixed term' contracts
B	Conditional discounts, paper bills	<ul style="list-style-type: none"> • Price paid depends on conditional discounts • No requirement to go online or receive bills by email • Includes fixed period and 'No fixed term' contracts
C	Online/ebilling	<ul style="list-style-type: none"> • Any offer that requires online account management • Any offer with a discount for ebilling • Includes offers with and without conditional payment discounts • Includes fixed period and 'No fixed term' contracts

4.1.2 ENERGY USE PROFILES

To compare offers, the Commission used standard energy use profiles to estimate annual bills from published tariffs (table 4.2). We used a variety of typical profiles to create representative annual bills in different tariff categories. The choice of profile will not represent all customer types, but by applying it consistently to all tariffs, we can compare prices on a consistent basis.

TABLE 4.2 ENERGY USE PROFILES FOR COMPARISON

Customer and tariff type	Total consumption	Other information
Domestic		
Electricity		
Flat	4 000 kWh per year	The Commission has traditionally used a 4 000 kWh household as its typical domestic consumption.
Flexible	9 000 kWh per year	The Commission uses a larger annual usage for comparing residential flexible tariffs than it does for comparing flat tariffs. Flexible tariffs are more likely to be attractive to households who have the ability to move discretionary consumption away from peak times, so we compare flexible tariffs using a high annual consumption.
Gas	54 GJ per year	For previous reports, the Commission used annual usage of 60 GJ for domestic gas comparison. This year we used 54.4GJ, which represents the average household based on the ABS household energy survey. Consistent with previous reports, we allocated 48 per cent of usage to the 'peak' period from June to the end of September.
Small business		
Electricity		
Flat	15 000 kWh per year	The flat tariff offers for small business customers are based on 15 000 kWh annual usage.
Time-of-use	40 000 kWh per year	For comparing time-of-use offers, the Commission uses an annual consumption profile of 40 000 kWh, with 25 000 kWh consumed in peak times and 15 000 kWh consumed in off-peak periods.
Gas	500 GJ per year	Annual bills for small business gas customers are based on 500 GJ of annual use, with 48 per cent in the peak period from June to the end of October.

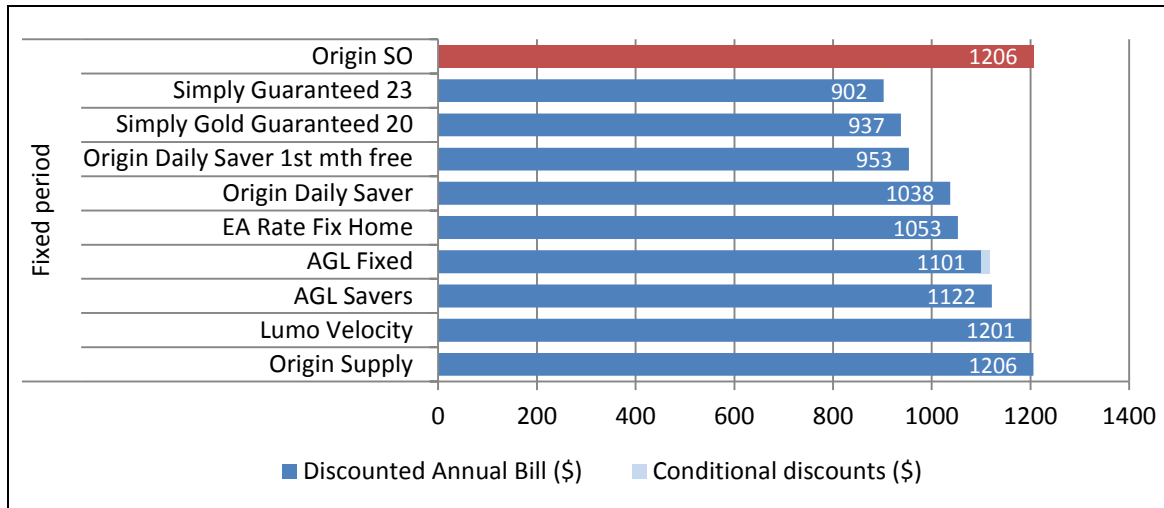
4.2 DOMESTIC ELECTRICITY OFFERS

This section sets out the estimated annual bills for all published electricity offers available to domestic customers on both flat and flexible tariffs in each distribution zone. A figure for each offer class compares each market offer to the local retailer's standing offer. For class B and C products, the figure shows both discounted and undiscounted prices.

4.2.1 FLAT TARIFFS

CITIPOWER ZONE

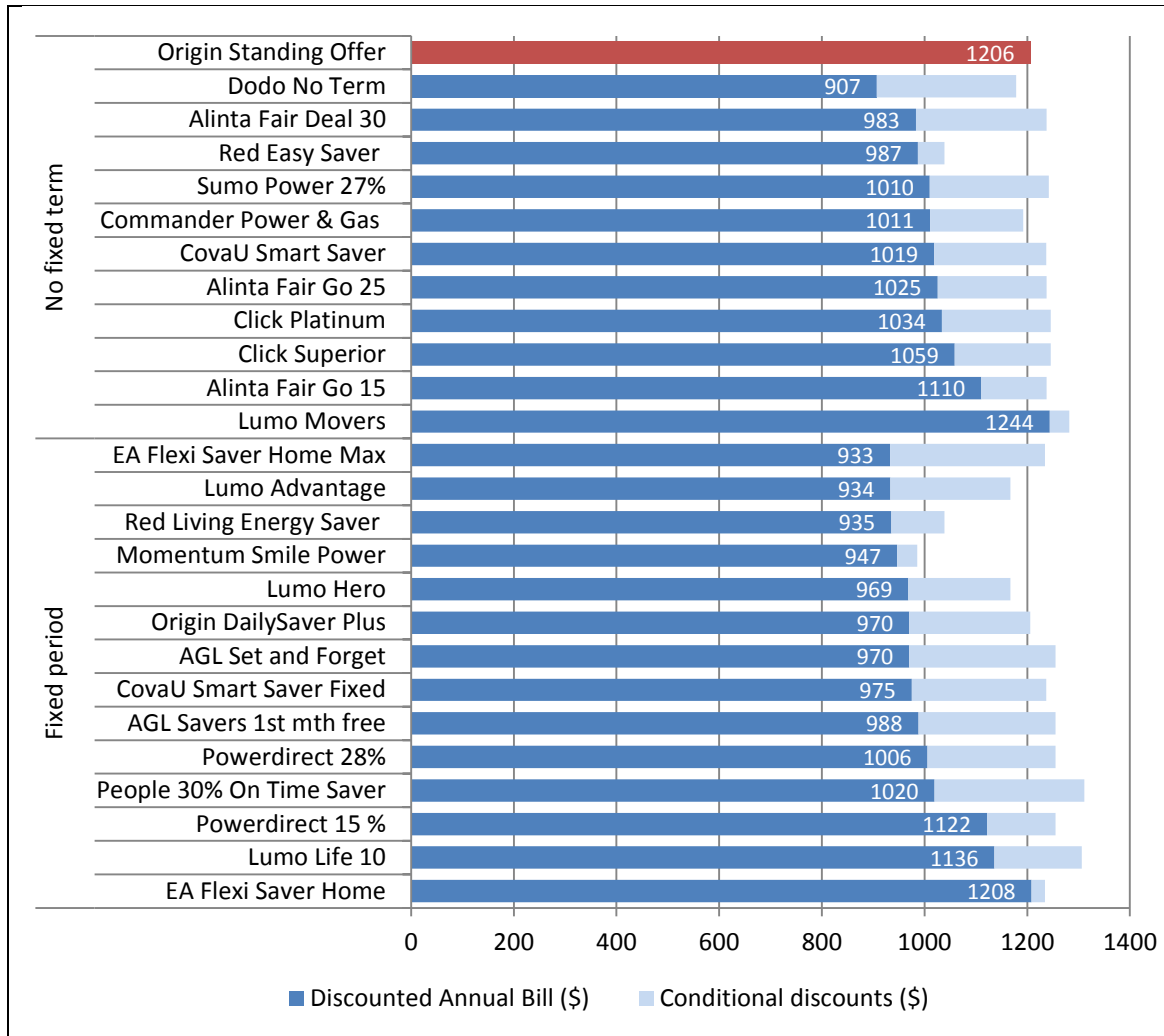
FIGURE 4.1 ESTIMATED ANNUAL BILLS, DOMESTIC — CLASS A
4000 kWh, Flat tariffs, Citipower distribution zone



In June 2015:

- there were nine market offers for class A products, all with a fixed period
- there were no class A products available with a 'No fixed term' contract
- the average annual discounted bill for class A products was \$1057
- across all retailers offering class A products, the range from the highest to the lowest bill was \$304.

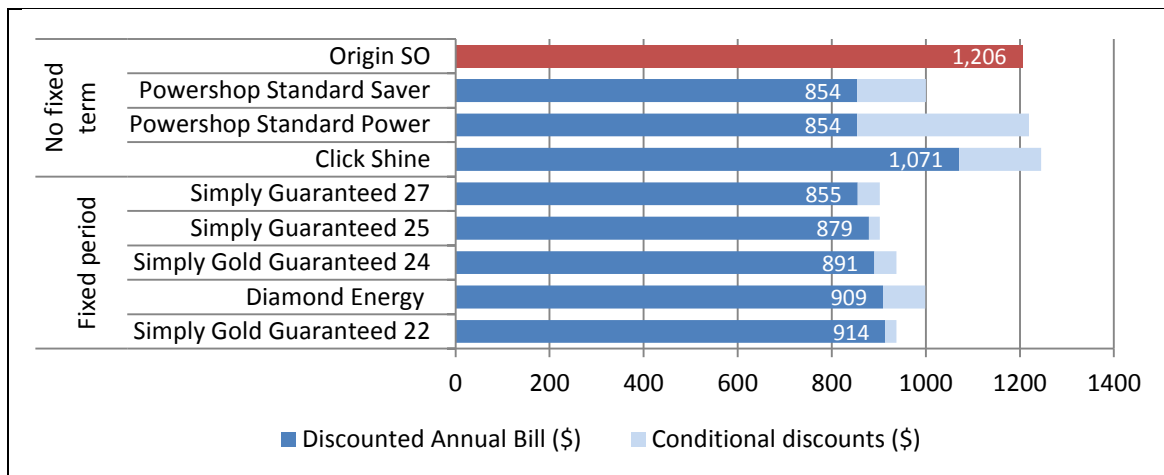
FIGURE 4.2 ESTIMATED ANNUAL BILLS, DOMESTIC — CLASS B
4000 kWh, Flat tariffs, Citipower distribution zone



In June 2015:

- there were 11 class B products available with a 'No fixed term' contract
- there were 14 class B market offers with a fixed period
- the average annual discounted bill for class B offers was \$1020
- across all retailers offering class B products, the range from the highest to the lowest bill was \$337
- 13 undiscounted bills exceeded the price of the standing offer.

FIGURE 4.3 ESTIMATED ANNUAL BILLS, DOMESTIC — CLASS C
4000 kWh, Flat tariffs, Citipower distribution zone

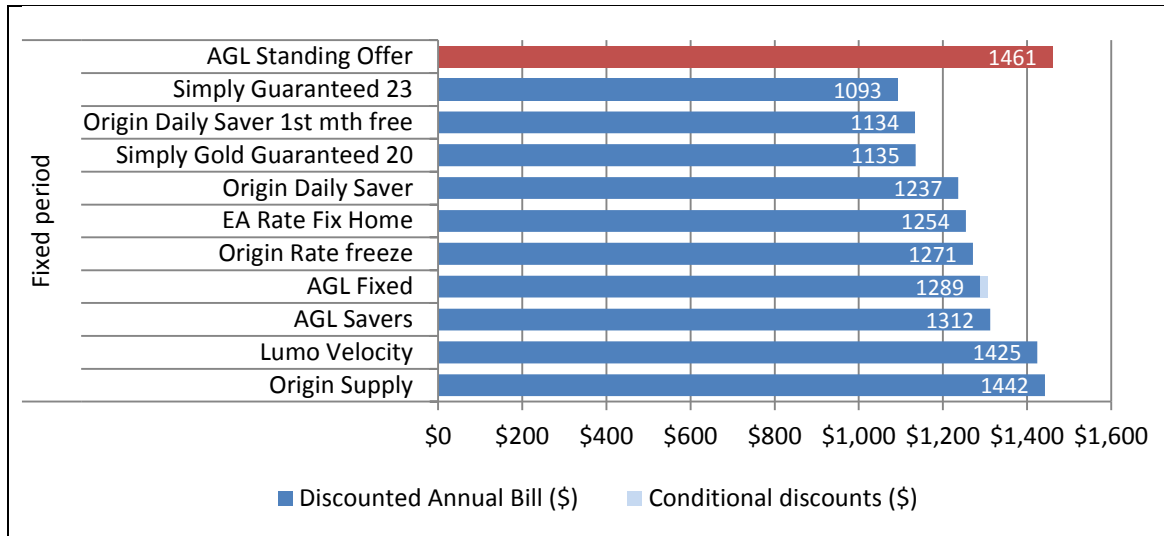


In June 2015:

- there were three class C products available with a 'No fixed term' contract
- there were five class C market offers with a fixed period
- the average annual discounted bill for class C offers was \$903
- across all retailers offering class C products, the range from the highest to the lowest bill was \$217.

JEMENA ZONE

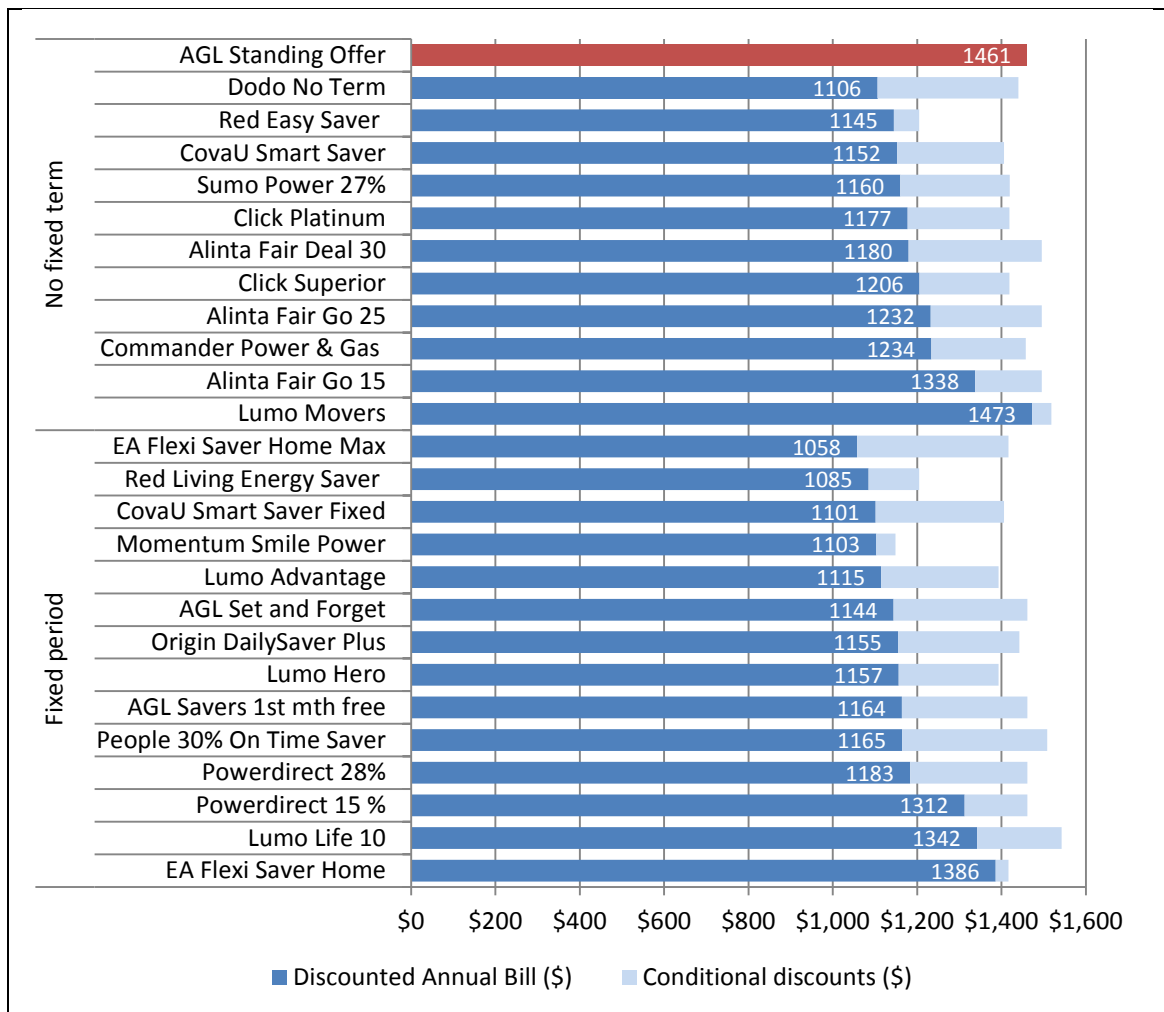
FIGURE 4.4 ESTIMATED ANNUAL BILLS, DOMESTIC — CLASS A
4000 kWh, Flat tariffs, Jemena distribution zone



In June 2015:

- there were no class A products available with a 'No fixed term' contract
- there were 10 class A market offers with a fixed period
- the average annual discounted bill for class A offers was \$1259
- across all retailers offering class A products, the range from the highest to the lowest bill was \$350
- no market offer exceeded the price of the standing offer.

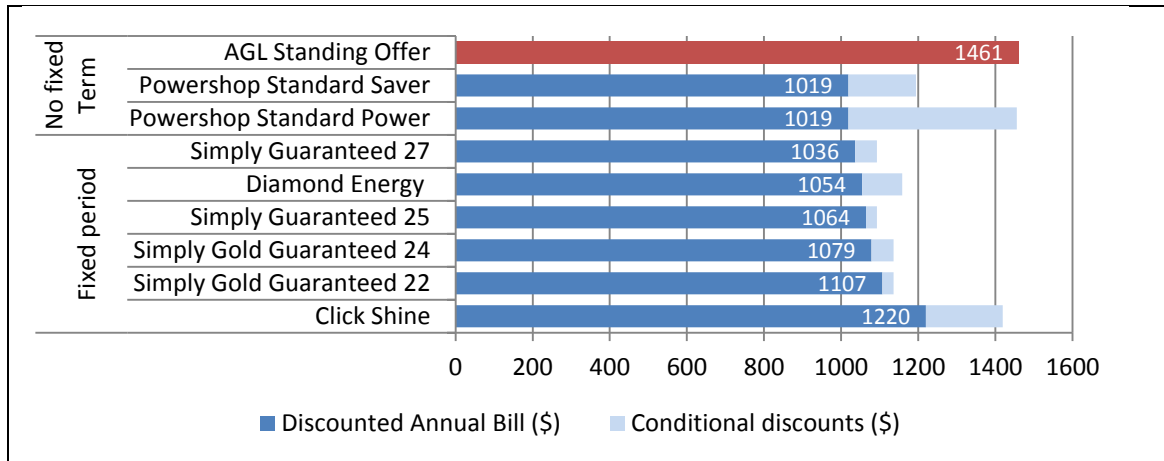
FIGURE 4.5 ESTIMATED ANNUAL BILLS, DOMESTIC — CLASS B
4000 kWh, Flat tariffs, Jemena distribution zone



In June 2015:

- there were 11 class B products available with a ‘No fixed term’ contract
- there were 14 class B market offers with a fixed period
- the average annual discounted bill for class B offers was \$1195
- across all retailers offering class B products, the range from the highest to the lowest bill was \$415
- six undiscounted bills exceeded the price of the standing offer.

FIGURE 4.6 ESTIMATED ANNUAL BILLS, DOMESTIC — CLASS C
4000 kWh, Flat tariffs, Jemena distribution zone

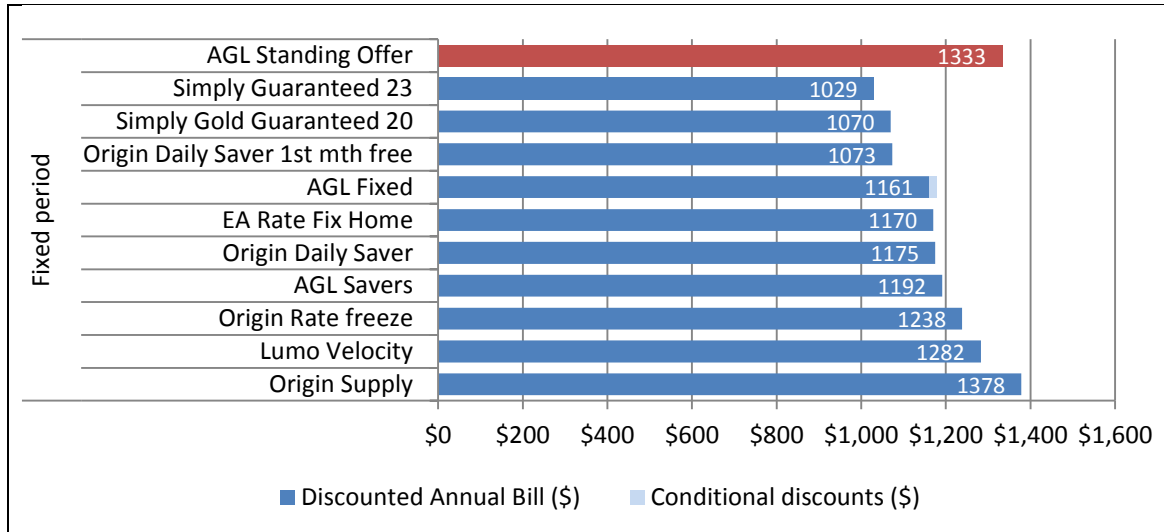


In June 2015:

- there were three class C products available with a 'No fixed term' contract
- there were five class C market offers with a fixed period
- the average annual discounted bill for class C offers was \$1075
- across all retailers offering class C products, the range from the highest to the lowest bill was \$201
- no undiscounted bill exceeded the price of the standing offer.

UNITED ENERGY ZONE

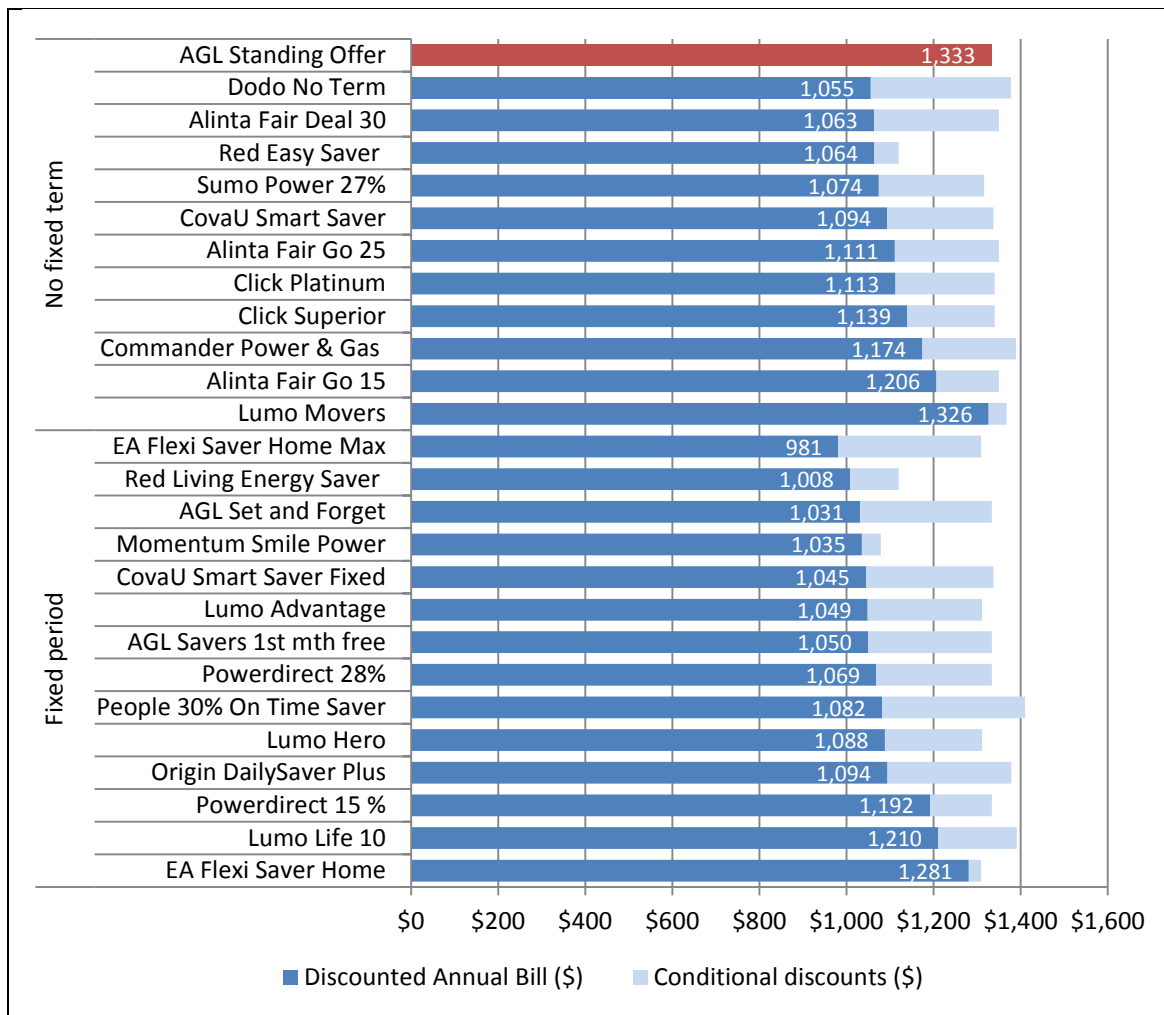
FIGURE 4.7 ESTIMATED ANNUAL BILLS, DOMESTIC — CLASS A
4000 kWh, Flat tariffs, United Energy distribution zone



In June 2015:

- there were no class A products available with a 'No fixed term' contract
- there were 10 class A market offers with a fixed period
- the average annual discounted bill for class A offers was \$1259
- across all retailers offering class A products, the range from the highest to the lowest bill was \$350
- one market offer exceeded the price of the standing offer.

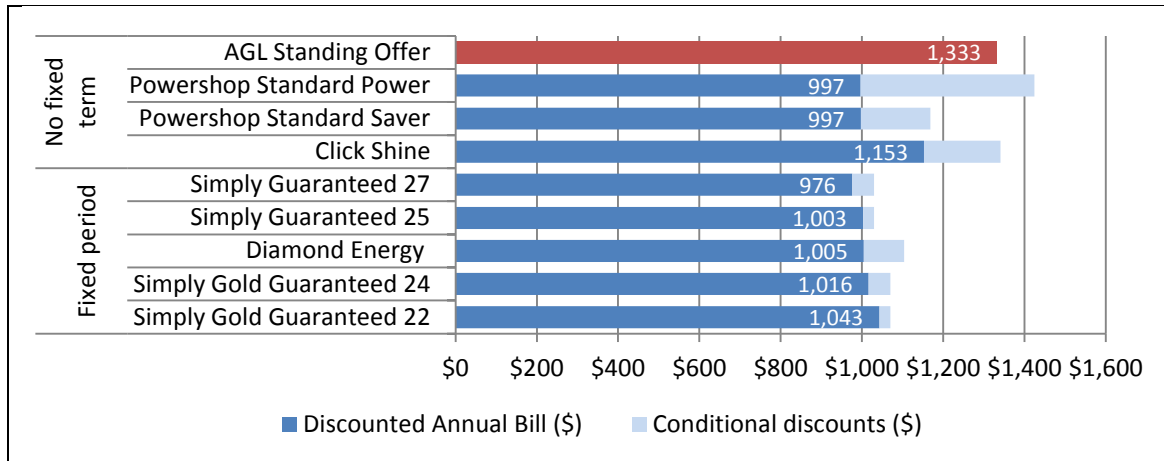
FIGURE 4.8 ESTIMATED ANNUAL BILLS, DOMESTIC — CLASS B
4000 kWh, Flat tariffs, United Energy distribution zone



In June 2015:

- there were 11 class B products available with a 'No fixed term' contract
- there were 14 class B market offers with a fixed period
- the average annual discounted bill for class B offers was \$1105
- across all retailers offering class B products, the range from the highest to the lowest bill was \$345
- five undiscounted bills exceeded the price of the standing offer.

FIGURE 4.9 ESTIMATED ANNUAL BILLS, DOMESTIC — CLASS C
 4000 kWh, Flat tariffs, United Energy distribution zone

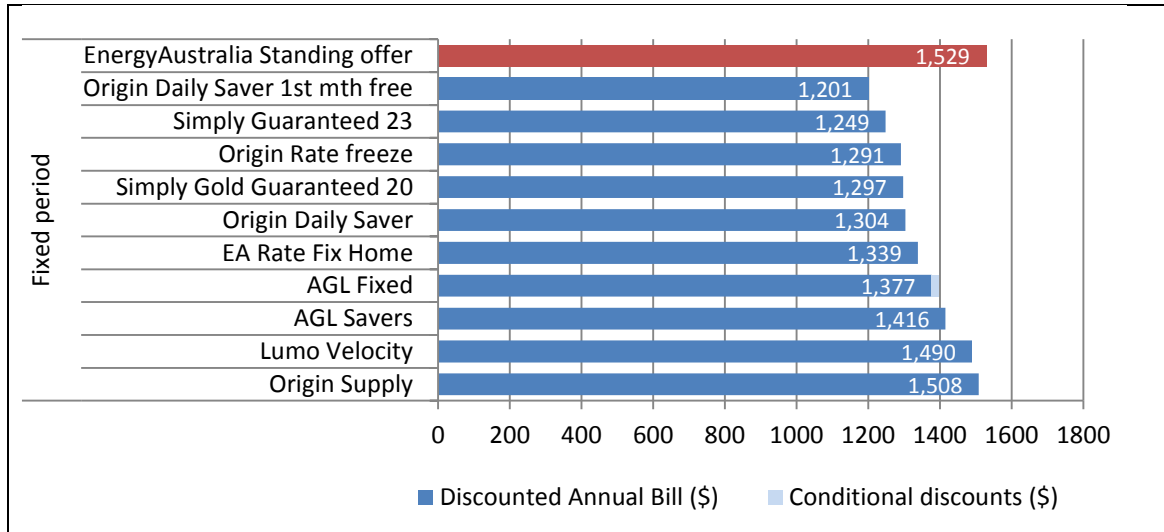


In June 2015:

- there were three class C products available with a ‘No fixed term’ contract
- there were five class C market offers with a fixed period
- the average annual discounted bill for class A offers was \$1024
- across all retailers offering class C products, the range from the highest to the lowest bill was \$177
- one undiscounted bill exceeded the price of the standing offer.

AUSNET SERVICES ZONE

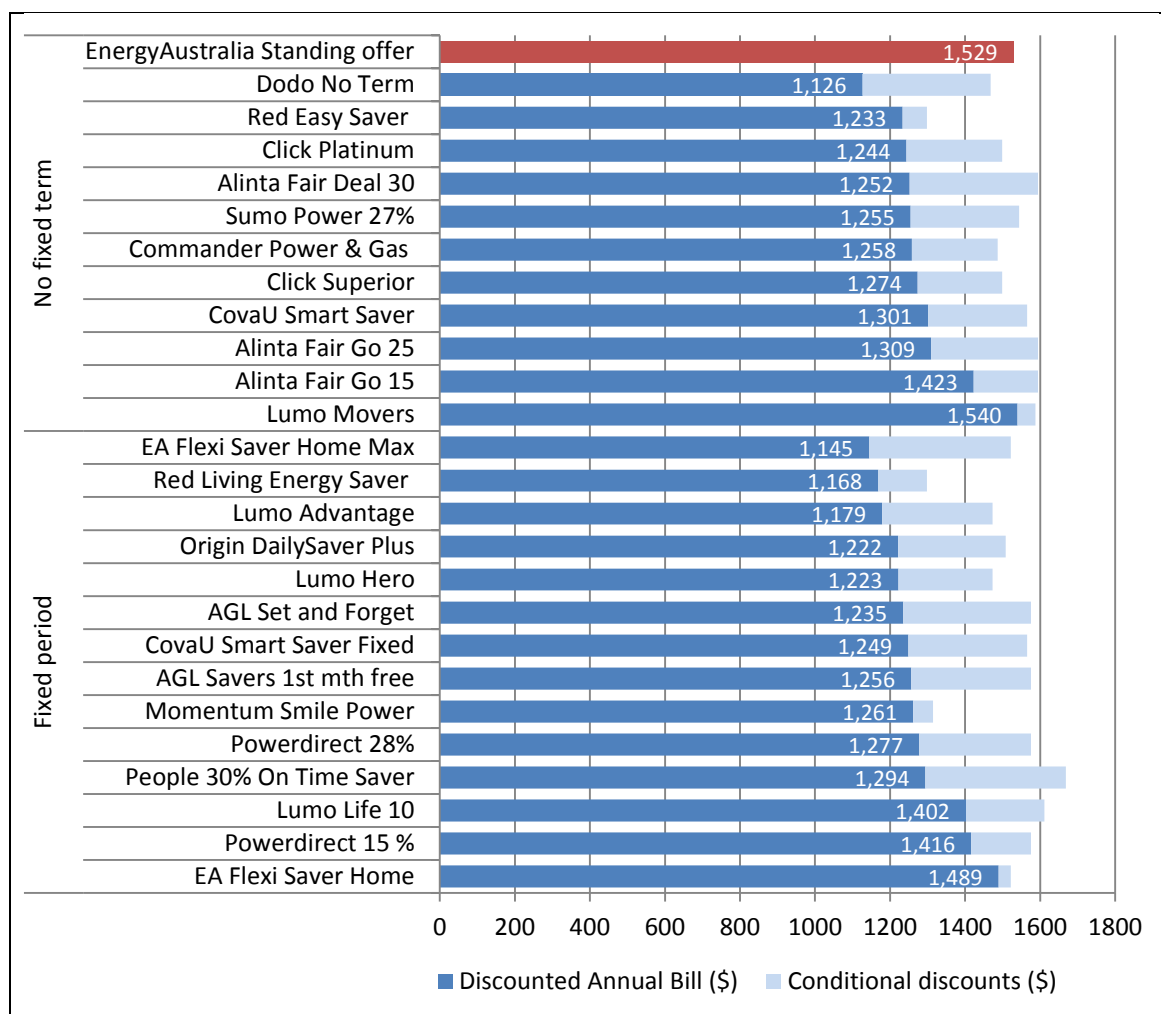
FIGURE 4.10 ESTIMATED ANNUAL BILLS, DOMESTIC — CLASS A
4000 kWh, Flat tariffs, AusNet Services distribution zone



In June 2015:

- there were no class A products available with a 'No fixed term' contract
- there were 10 class A market offers with a fixed period
- the average annual discounted bill for class A offers was \$1264
- across all retailers offering class A products, the range from the highest to the lowest bill was \$345
- no market offers exceeded the price of the standing offer.

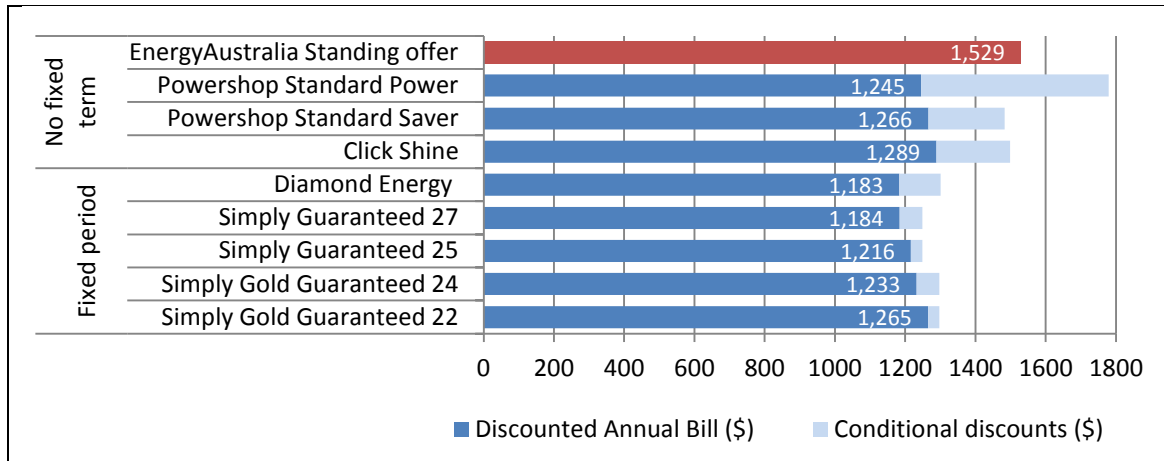
FIGURE 4.11 ESTIMATED ANNUAL BILLS, DOMESTIC — CLASS B
4000 kWh, Flat tariffs, AusNet Services distribution zone



In June 2015:

- there were 11 class B available products with a 'No fixed term' contract
- there were 14 class B market offers with a fixed period
- the average annual discounted bill for class B offers was \$1281
- across all retailers offering class B products, the range from the highest to the lowest bill was \$414
- 11 undiscounted bills exceeded the price of the standing offer.

FIGURE 4.12 ESTIMATED ANNUAL BILLS, DOMESTIC — CLASS C
 4000 kWh, Flat tariffs, AusNet Services distribution zone

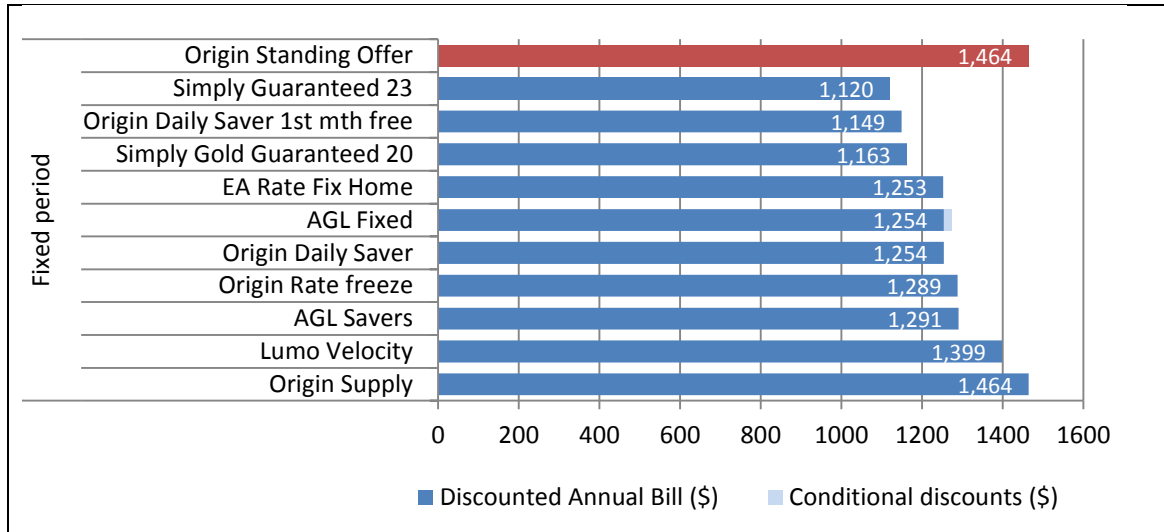


In June 2015:

- there were three class C products available with a ‘No fixed term’ contract
- there were five class C market offers with a fixed period
- the average annual discounted bill for Class C offers was \$1235
- across all retailers offering class C products, the range from the highest to the lowest bill was \$105
- one undiscounted market offer exceeded the price of the standing offer.

POWERCOR ZONE

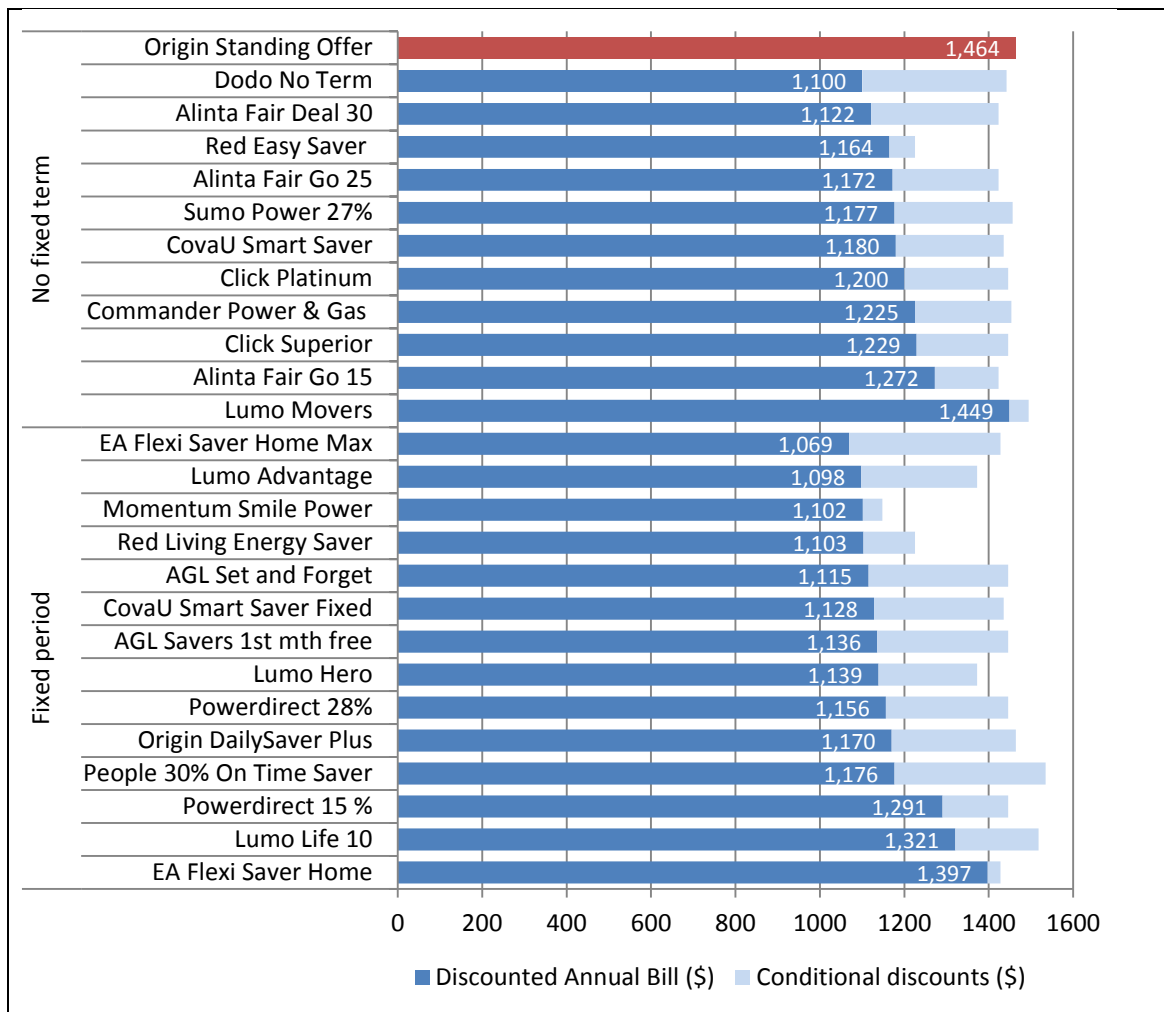
FIGURE 4.13 ESTIMATED ANNUAL BILLS, DOMESTIC — CLASS A
4000 kWh, Flat tariffs, Powercor distribution zone



In June 2015:

- there were no class A products available with a ‘No fixed term’ contract
- there were 10 class A market offers with a fixed period
- The average annual discounted bill for class A offers was \$1264.
- across the retailers offering class A products, the range from the highest to the lowest bill was \$345
- no market offers exceeded the price of the standing offer.

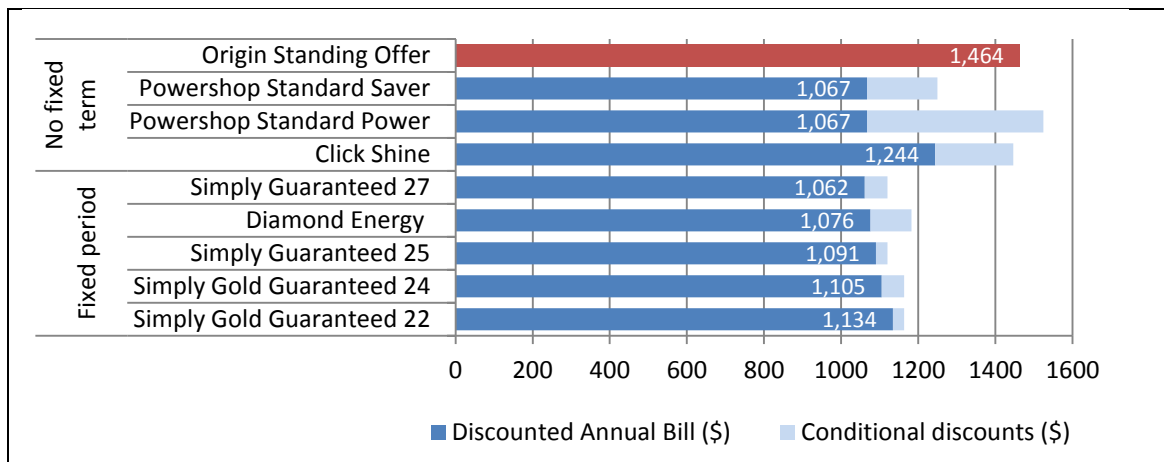
FIGURE 4.14 ESTIMATED ANNUAL BILLS, DOMESTIC — CLASS B
4000 kWh, Flat tariffs, Powercor distribution zone



In June 2015:

- there were 11 class B products available with a ‘No fixed term’ contract
- there were 14 class B market offers with a fixed period
- the average annual discounted bill for class B offers was \$1188
- across all retailers offering class B products, the range from the highest to the lowest bill was \$381
- four undiscounted bills exceeded the price of the standing offer.

FIGURE 4.15 ESTIMATED ANNUAL BILLS, DOMESTIC — CLASS C
4000 kWh, Flat tariffs, Powercor distribution zone



In June 2015:

- there were three class C products available with a 'No fixed term' contract
- there were five class C market offers with a fixed period
- the average annual discounted bill for class C offers was \$1106
- across all retailers offering class C products, the range from the highest to the lowest bill was \$182
- one undiscounted market offer exceeded the price of the standing offer.

4.2.2 FLEXIBLE ELECTRICITY TARIFFS

Since the introduction of smart meters, retailers have been able to create electricity products that charge different prices at different times of the day. Smart meters measure consumption in half hourly intervals, allowing almost unlimited tariff structures. Products with prices that vary according to the time when energy is used are referred to as 'flexible' tariffs. The Government introduced a common form tariff structure for flexible pricing products, and in June 2015 most retailers had market offers that reflected the common form tariff structure.

The price periods are set to enable retailers to charge higher prices at 'peak' times when electricity is in high demand (table 4.3). These price periods provide an incentive to consumers to reduce their peak usage or moving discretionary consumption to cheaper times of the day.

TABLE 4.3 COMMON FORM FLEXIBLE PRICING

Price period	Time applicable
Peak	3 pm to 9 pm weekdays
Shoulder	7 am to 3 pm weekdays
	9 pm to 10 pm weekdays
	7 am to 10 pm weekends
Off-peak	10 pm to 7 am all days

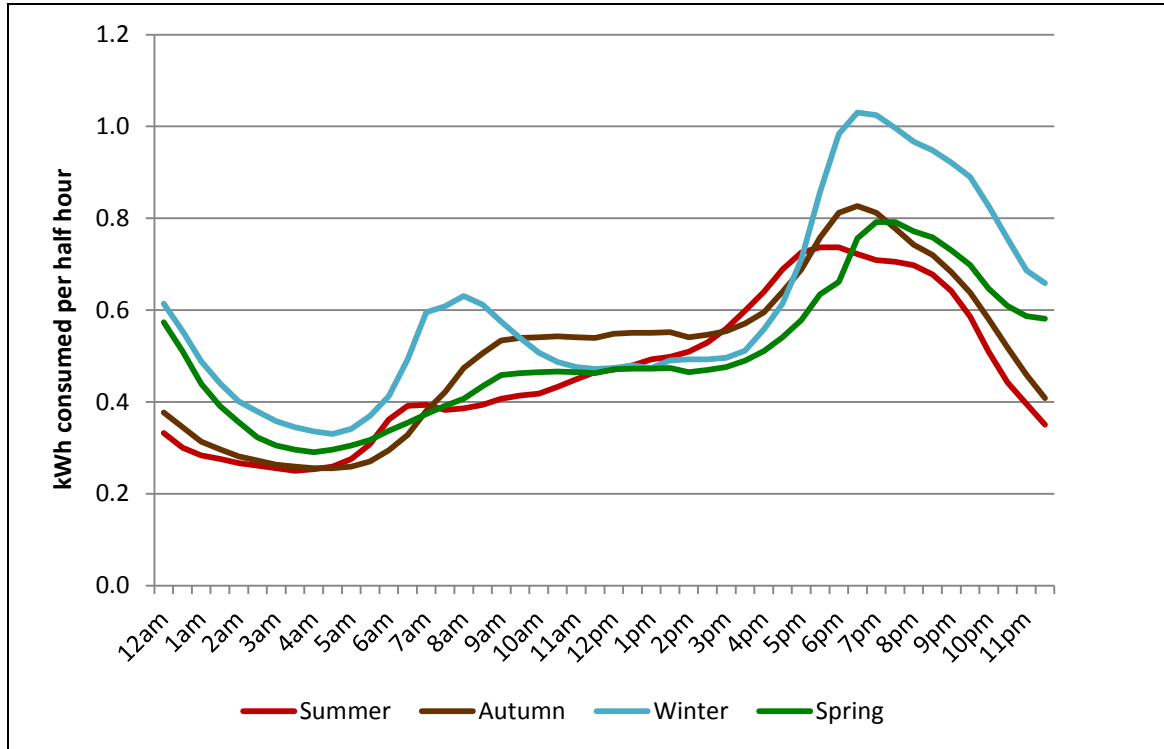
Estimating the cost of electricity to a household under flexible pricing is a complex calculation that requires detailed energy use data. The Government's comparison website is designed to allow consumers to upload data collected by their smart meter and estimate their annual bill under flexible pricing offers.

At the time the Commission extracted its offer data, not all retailers had generally available products with flexible pricing. Take-up of flexible products is voluntary, and consumers need to assess whether they would benefit from flexible prices. In general, flexible pricing is likely to be more attractive to larger consumers of electricity who have significant discretionary use that can be moved into cheaper periods.

For our comparison, we selected a profile for a typical large household consuming 9000 kWh a year. The profile is based on apportioned usage across the four seasons, based on data supplied from MyPowerPlanner. Figure 4.16 shows the daily weekday

profile for each season. Our chosen profile leads to 24 per cent peak usage, 29 per cent off-peak and 47 per cent in the shoulder period.¹

FIGURE 4.16 SEASONAL WEEKDAY ELECTRICITY CONSUMPTION PROFILE
9000 kWh per year



Data source: MyPowerPlanner/DEDJTR.

For comparison, we developed an alternative profile, assuming the customer moved half their peak usage into the shoulder and off-peak period, but with no change in total consumption. This alternative profile has 12 per cent peak usage, 35 per cent off-peak and 53 per cent in the shoulder period. We compare these two usage profiles to illustrate the effect that altering consumption can have on the cost of electricity.

¹ Based on the default time periods in table 4.3.

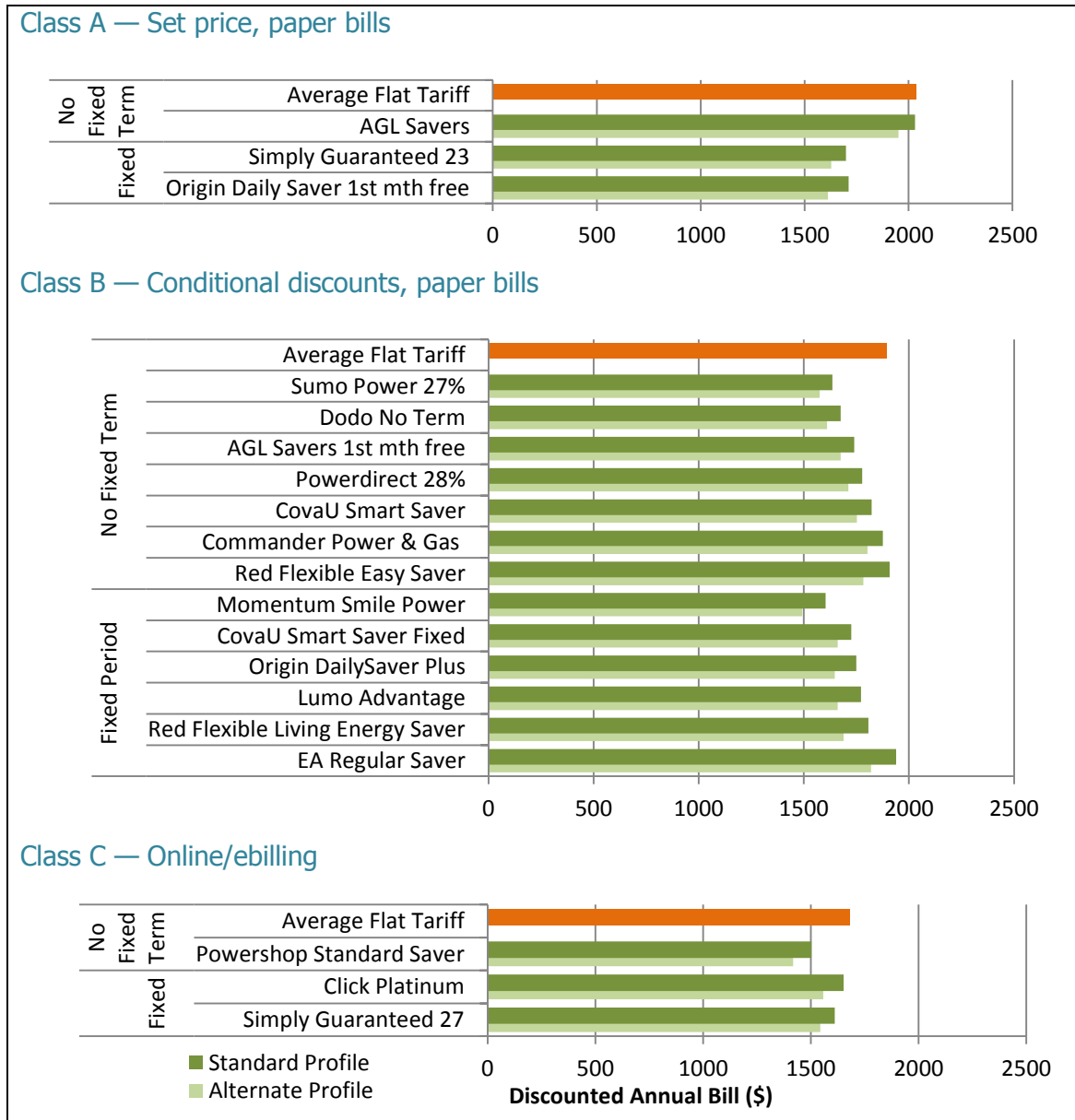
Our analysis in figures 4.17 to 4.20 is based on the lowest cost flexible offer for each retailer in each product class and distribution zone. For comparison, we have provided the average annual bill (after discounts) for a 9000 kWh domestic customer on a flat tariff in the equivalent product class.

Our results show that our typical household could save on their electricity costs by moving from a flat tariff to a flexible price product, assuming they moved from an average or above average priced flat tariff. Without changing consumption behaviour, the savings from moving to a flexible tariff could be as much as \$400 assuming all discounts were applied. Additional savings of \$60 to \$180 can be made by moving 50 per cent of peak usage into the off-peak and shoulder periods.

As with flat tariff offers, the online/ebilling products have the lowest estimated annual bills (after discounts). In the conditional discounts class of offers, Sumo Power and Momentum have some of the lowest annual bills. Simply Energy has some of the lowest estimated bills for 'set price' offers.

CITIPOWER ZONE

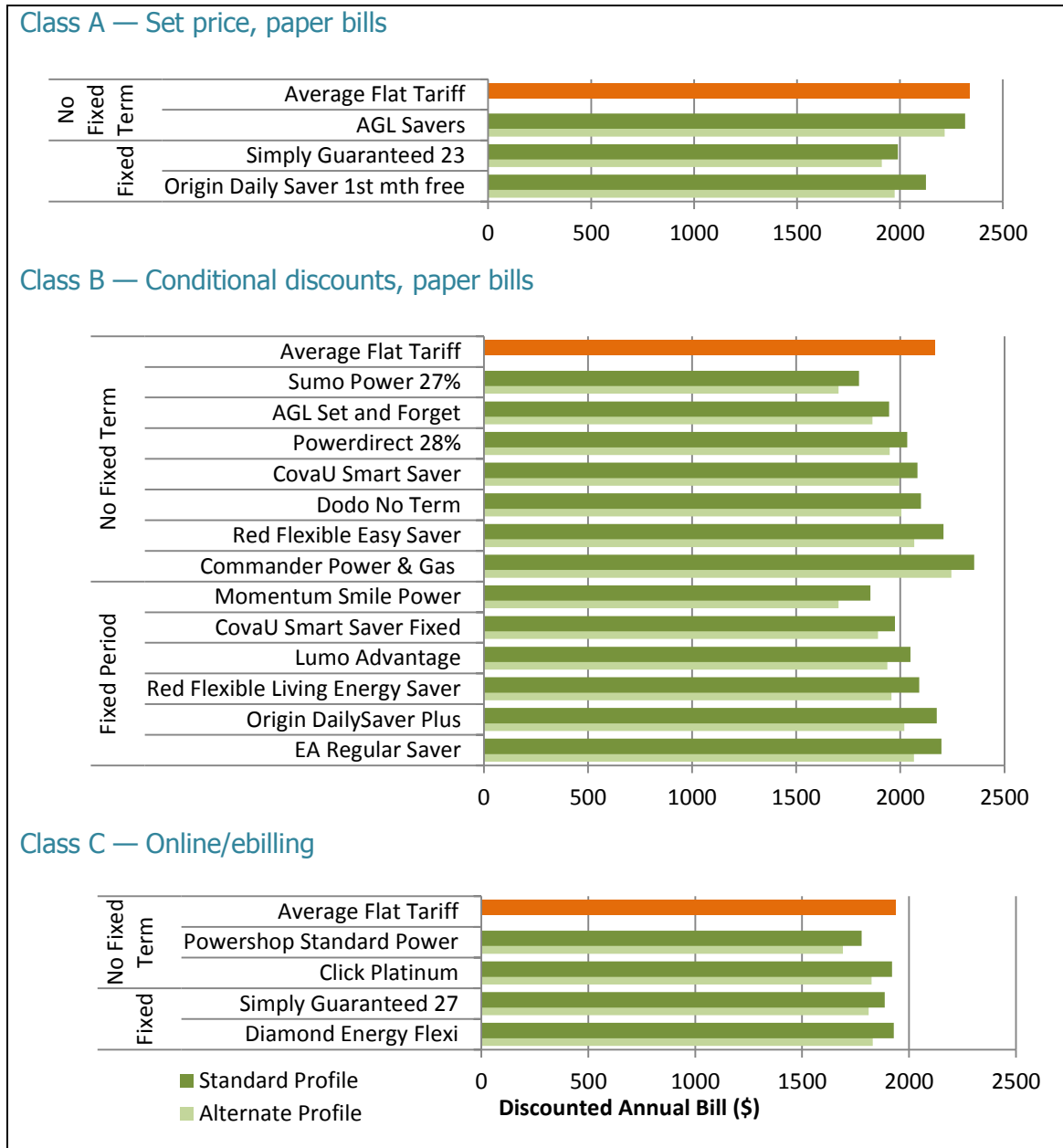
FIGURE 4.17 DOMESTIC BILL OUTCOMES — FLEXIBLE PRICING
9000 kWh annual consumption



Note: Standard profile has 24 per cent peak usage, 47 per cent shoulder and 20 per cent off-peak. The alternative profile has 12 per cent peak, 53 per cent shoulder and 35 per cent off-peak.

JEMENA NETWORKS ZONE

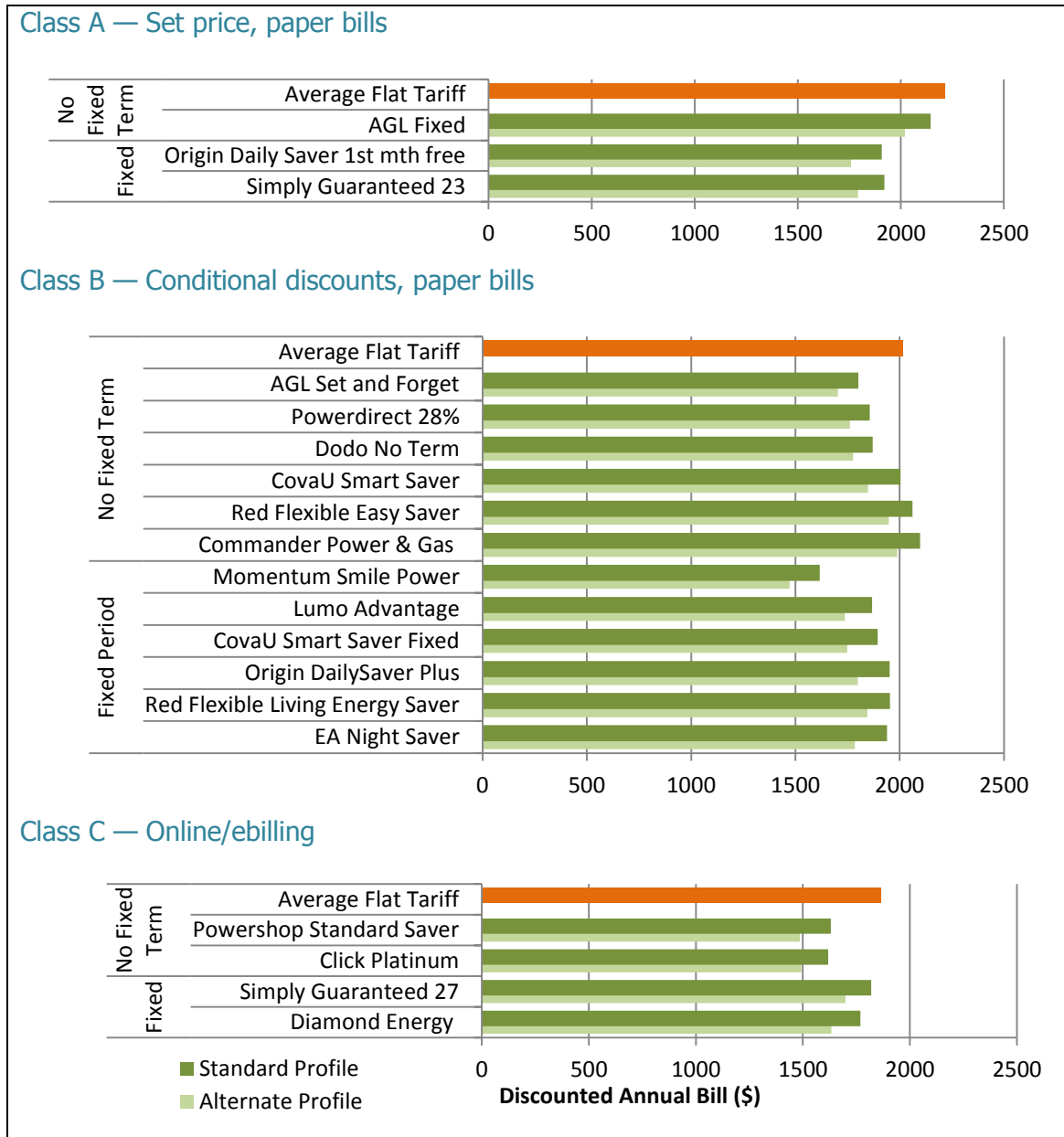
FIGURE 4.18 ESTIMATED ANNUAL BILL OUTCOMES — FLEXIBLE PRICING
9000 kWh annual consumption



Note: Standard profile has 24 per cent peak usage, 47 per cent shoulder and 20 per cent off-peak. The alternative profile has 12 per cent peak, 53 per cent shoulder and 35 per cent off-peak.

UNITED ENERGY ZONE

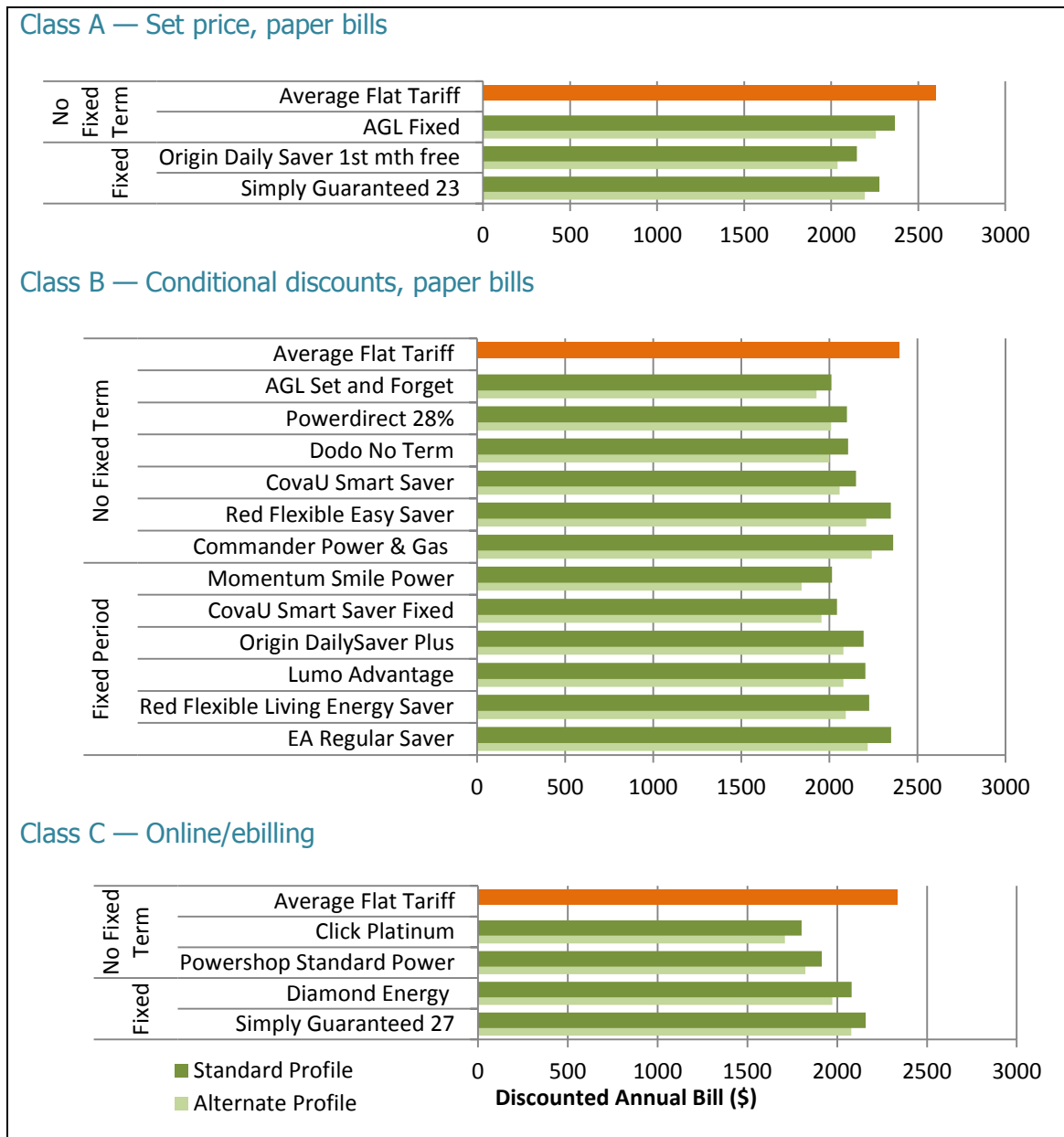
FIGURE 4.19 ESTIMATED ANNUAL BILL OUTCOMES — FLEXIBLE PRICING
9000 kWh annual consumption



Note: Standard profile has 24 per cent peak usage, 47 per cent shoulder and 20 per cent off-peak. The alternative profile has 12 per cent peak, 53 per cent shoulder and 35 per cent off-peak.

AUSNET SERVICES ZONE

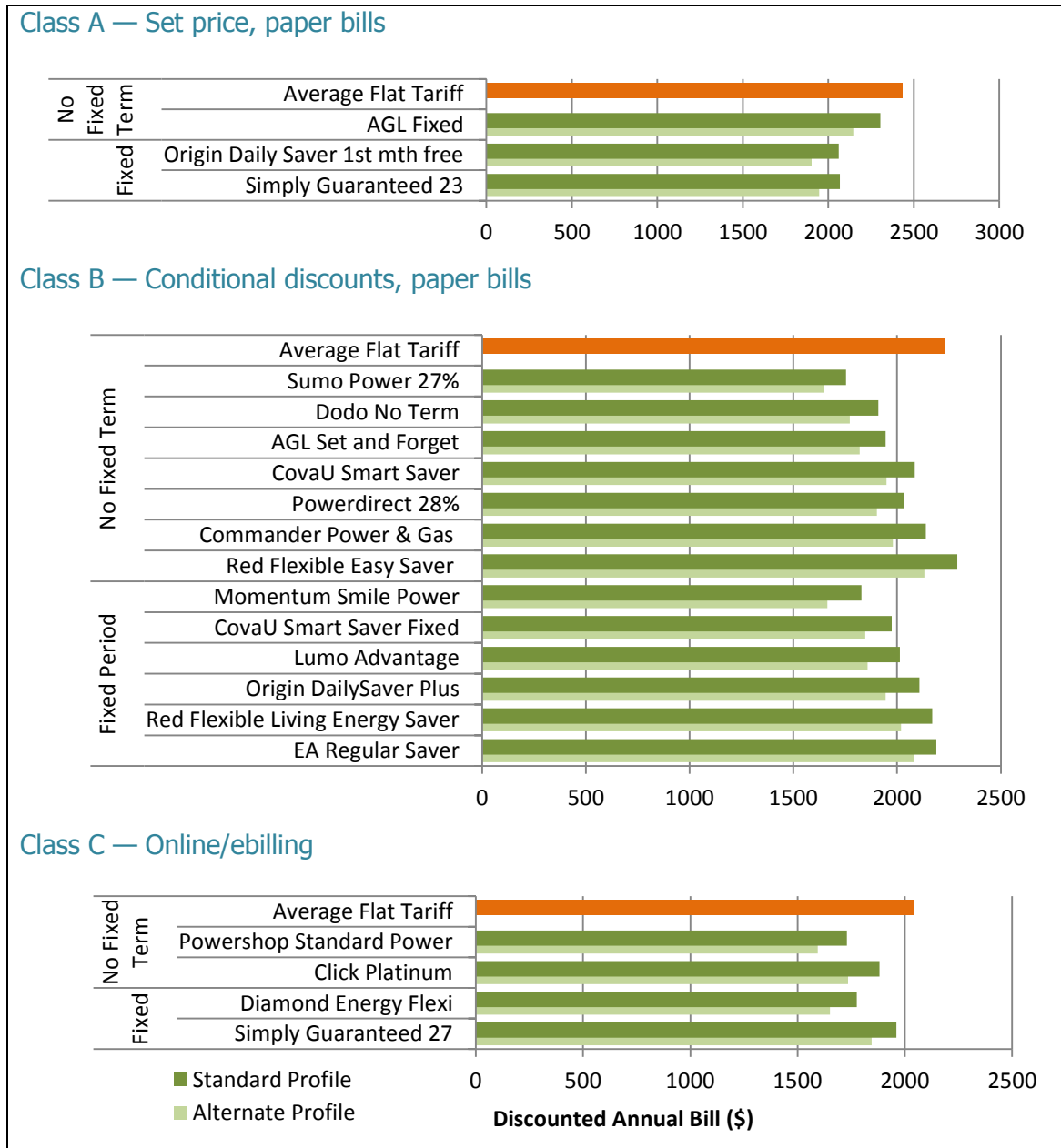
FIGURE 4.20 ESTIMATED ANNUAL BILL OUTCOMES — FLEXIBLE PRICING
9000 kWh annual consumption



Note: Standard profile has 24 per cent peak usage, 47 per cent shoulder and 20 per cent off-peak. The alternative profile has 12 per cent peak, 53 per cent shoulder and 35 per cent off-peak.

POWERCOR ZONE

FIGURE 4.21 ESTIMATED ANNUAL BILL OUTCOMES — FLEXIBLE PRICING
9000 kWh annual consumption



Note: Standard profile has 24 per cent peak usage, 47 per cent shoulder and 20 per cent off-peak. The alternative profile has 12 per cent peak, 53 per cent shoulder and 35 per cent off-peak.

4.3 SMALL BUSINESS ELECTRICITY

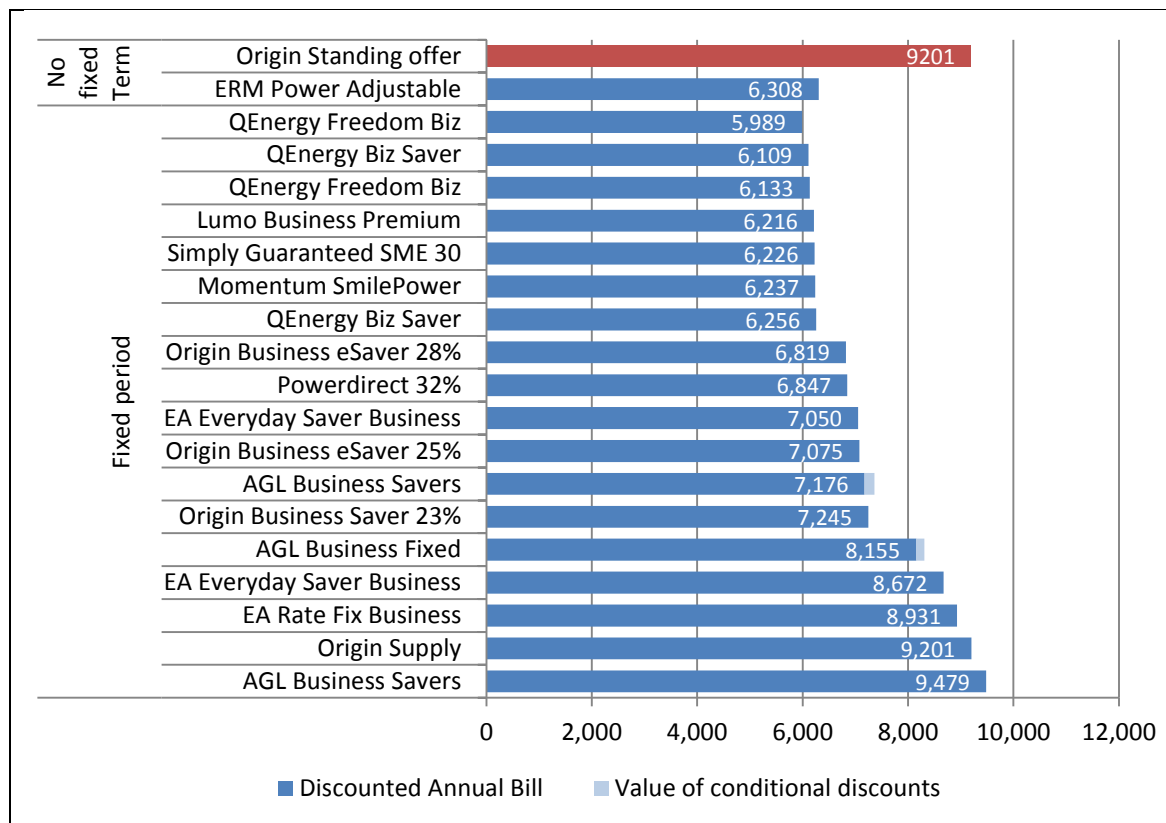
This section sets out the estimated annual bills for all published electricity offers available to small business customers, for both time-of-use tariffs (section 4.3.1) and flat tariffs (4.3.2) in each distribution zone. A graph for each offer class compares each market offer with the standing offer of the local retailer. For class B and C products, both discounted and undiscounted prices are shown.

4.3.1 TIME-OF-USE TARIFFS

CITIPOWER ZONE

FIGURE 4.22 ESTIMATED ANNUAL BILLS — CLASS A

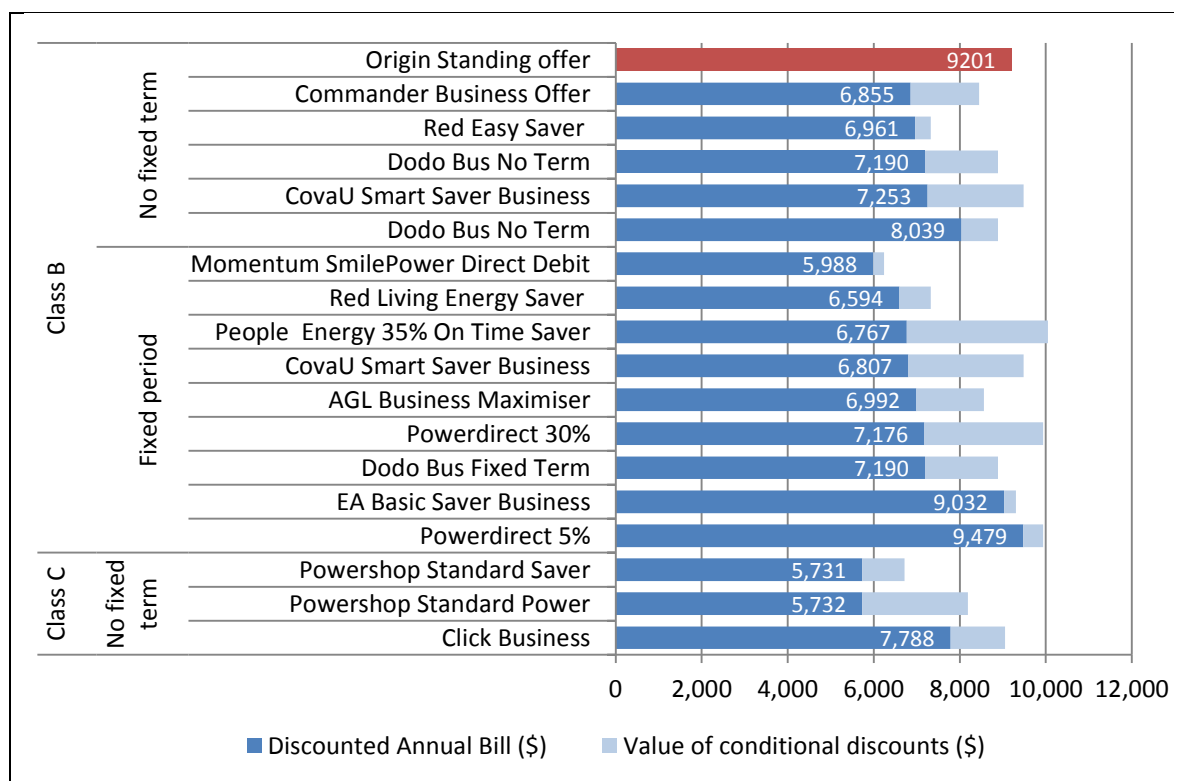
5 day time-of-use, 25 000 kWh peak, 15 000 kWh off-peak, Citipower distribution zone



In June 2015:

- there was one class A offer with no fixed term
- there were 18 class A fixed period contracts
- the average annual discounted bill for Class A offers was \$7212 for fixed period contracts
- across all retailers offering class A products, the range from the highest to the lowest offer was \$3489.

FIGURE 4.23 ESTIMATED ANNUAL BILLS — CLASSES B & C
5 day time-of-use, 25,000 kWh peak, 15,000 kWh off-peak, Citipower distribution zone



In June 2015:

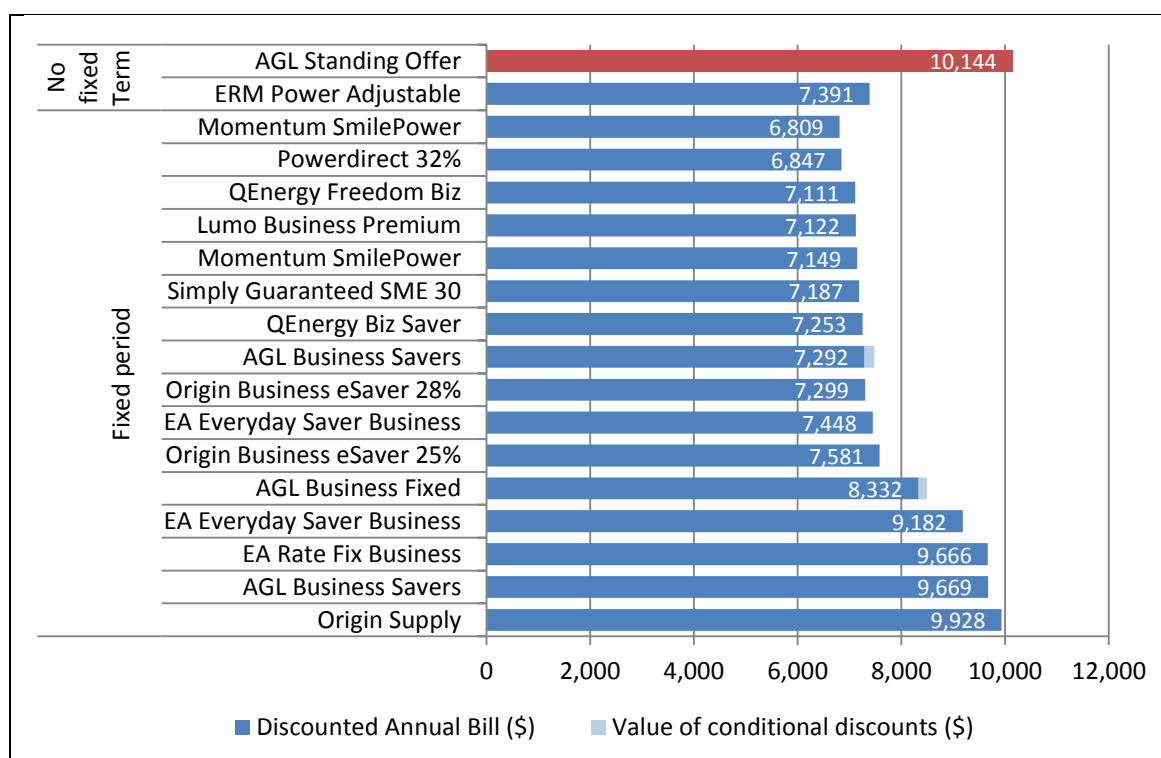
- there were nine fixed period contracts
- there were five offers with no fixed term in class B, and all three products in class C had no fixed term

- the average discounted annual bill in class B was \$7259 for offers with no fixed term and \$7336 for offers with a fixed period
- across all retailers offering class B products, the range from the highest to the lowest of discounted annual bills was \$3491
- the average discounted annual bill in class C was \$6417.

JEMENA ZONE

FIGURE 4.24 ESTIMATED ANNUAL BILLS — CLASS A

5 day time-of-use, 25 000 kWh peak, 15 000 kWh off-peak, Jemena distribution zone

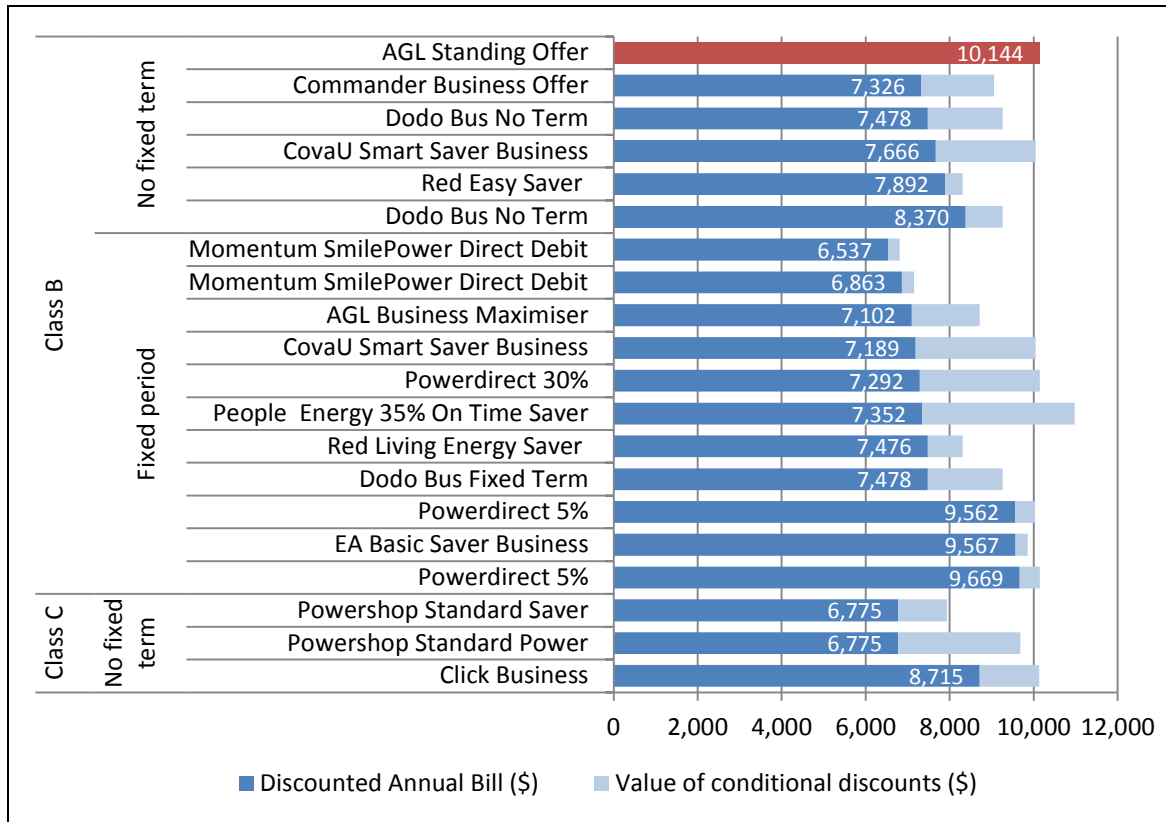


In June 2015:

- there were 16 class A fixed period contracts
- there was one class A offer with no fixed term
- the average annual discounted bill for class A offers was \$7867
- across all retailers offering class A products, the range from the highest to the lowest offer was \$3119.

FIGURE 4.25 ESTIMATED ANNUAL BILLS — CLASSES B & C

5 day time-of-use, 25 000 kWh peak, 15 000 kWh off-peak, Jemena distribution zone



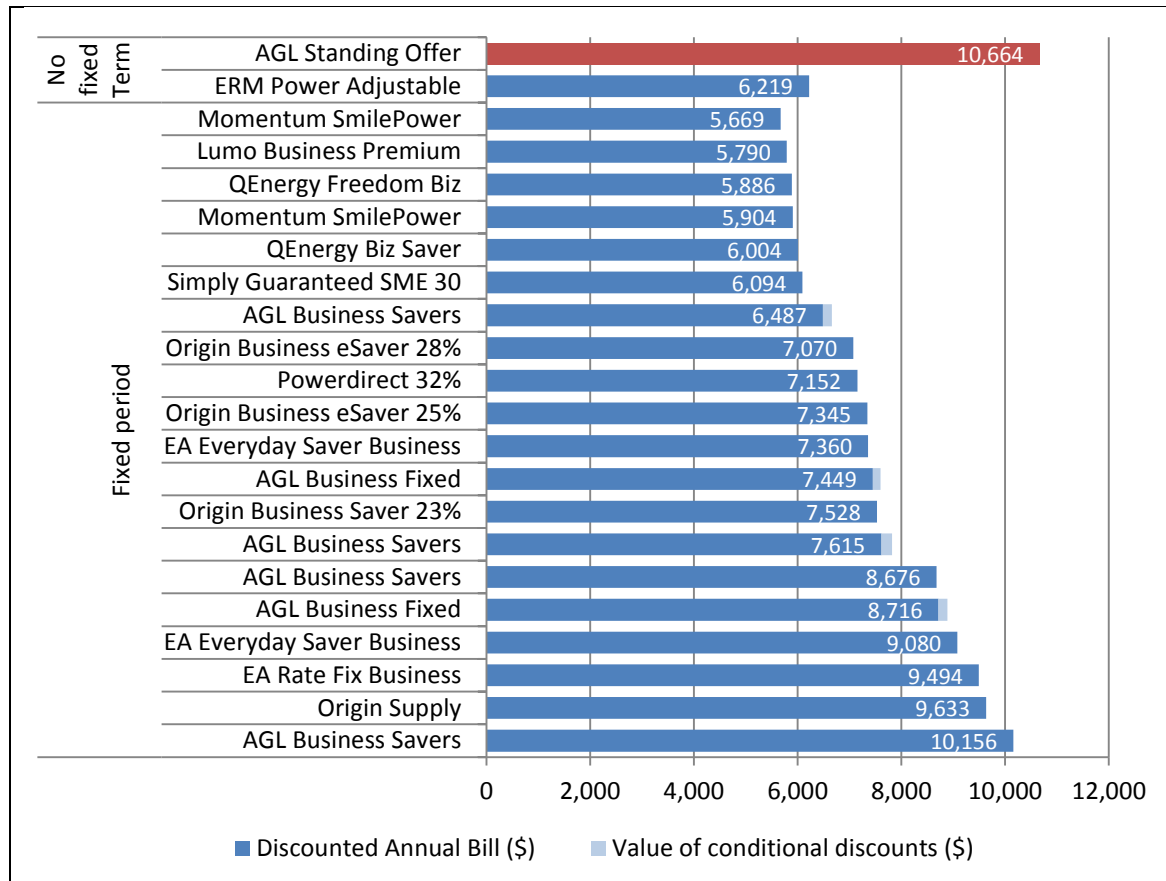
In June 2015:

- there were 11 class B fixed period contracts
- there were five offers with no fixed term in class B, and all three products in class C had no fixed term
- the average discounted annual bill in class B was \$7746 for offers with no fixed term and \$7826 for offers with a fixed period
- across all retailers offering class B products, the range from the highest to the lowest discounted annual bill was \$3132
- the average discounted annual bill in class C was \$7422.

UNITED ENERGY ZONE

FIGURE 4.26 ESTIMATED ANNUAL BILLS — CLASS A

5 day time-of-use, 25 000 kWh peak, 15 000 kWh off-peak,
United Energy distribution zone

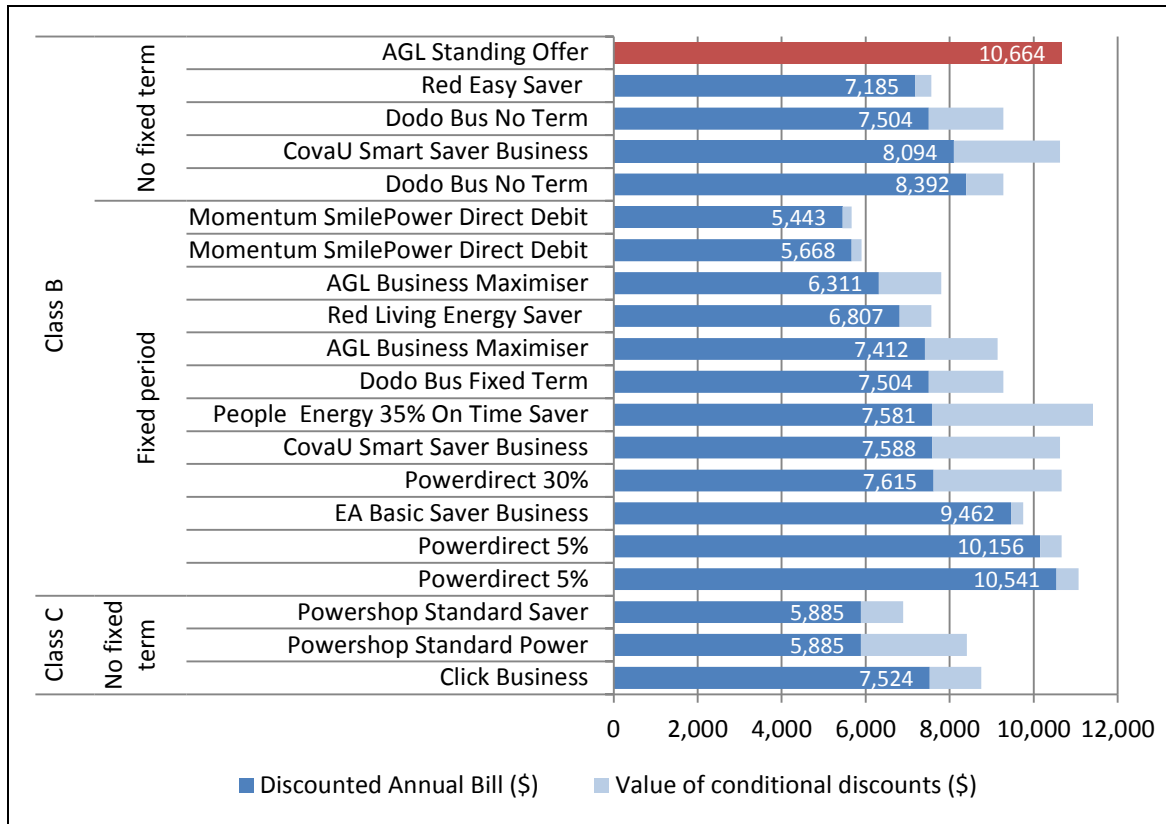


In June 2015:

- there were 20 class A fixed period contracts
- there was one class A offer with no fixed term
- the average annual discounted bill for class A offers was \$7455
- across all retailers offering class A products, the range from the highest to the lowest of discounted annual bill was \$4486.

FIGURE 4.27 ESTIMATED ANNUAL BILLS — CLASSES B & C

5 day time-of-use, 25 000 kWh peak, 15 000 kWh off-peak, United Energy distribution zone



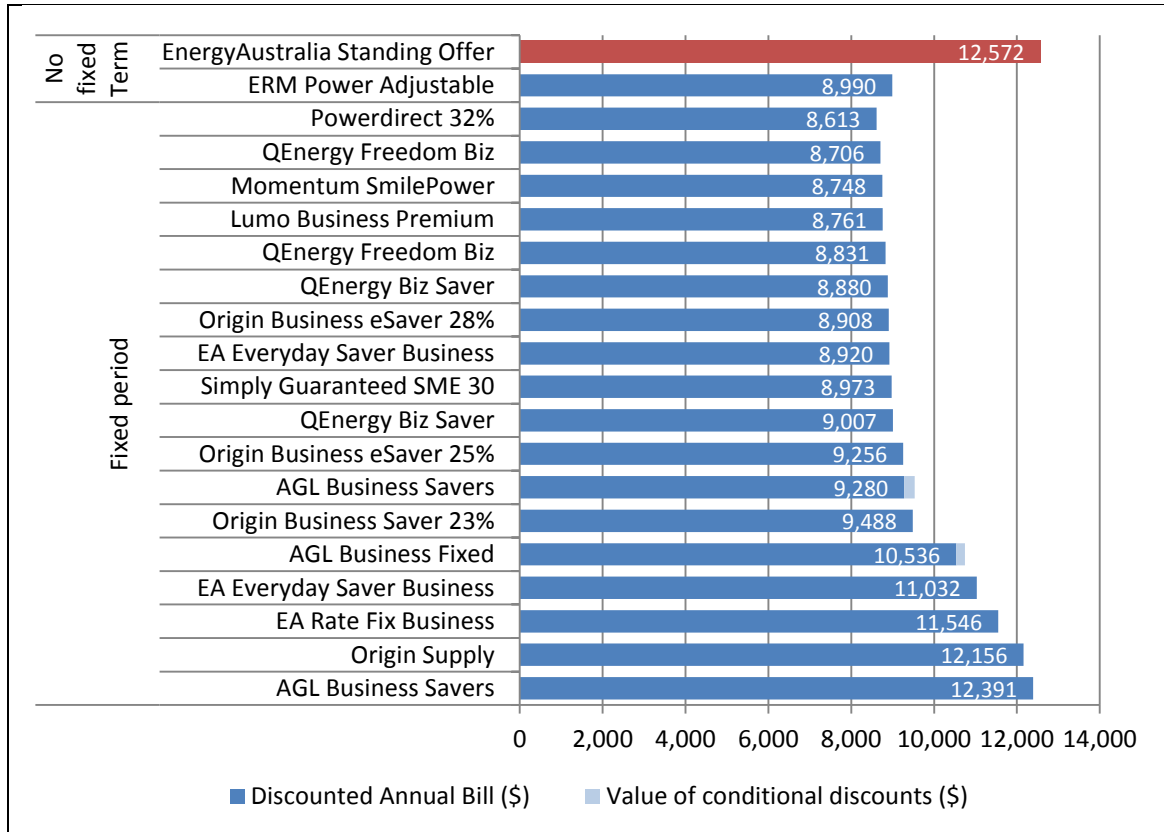
In June 2015:

- there were 12 class B and C fixed period contracts
- there were four offers with no fixed term in class B, and all three products in class C had no fixed term
- the average discounted annual bill in class B was \$7794 for offers with no fixed term and \$7674 for offers with a fixed period
- across all retailers offering class B products, the range from the highest to the lowest discounted annual bill was \$5098
- the average discounted annual bill in class C was \$6431.

AUSNET SERVICES ZONE

FIGURE 4.28 ESTIMATED ANNUAL BILLS — CLASS A

5 day time-of-use, 25 000 kWh peak, 15 000 kWh off-peak, AusNet Services distribution zone

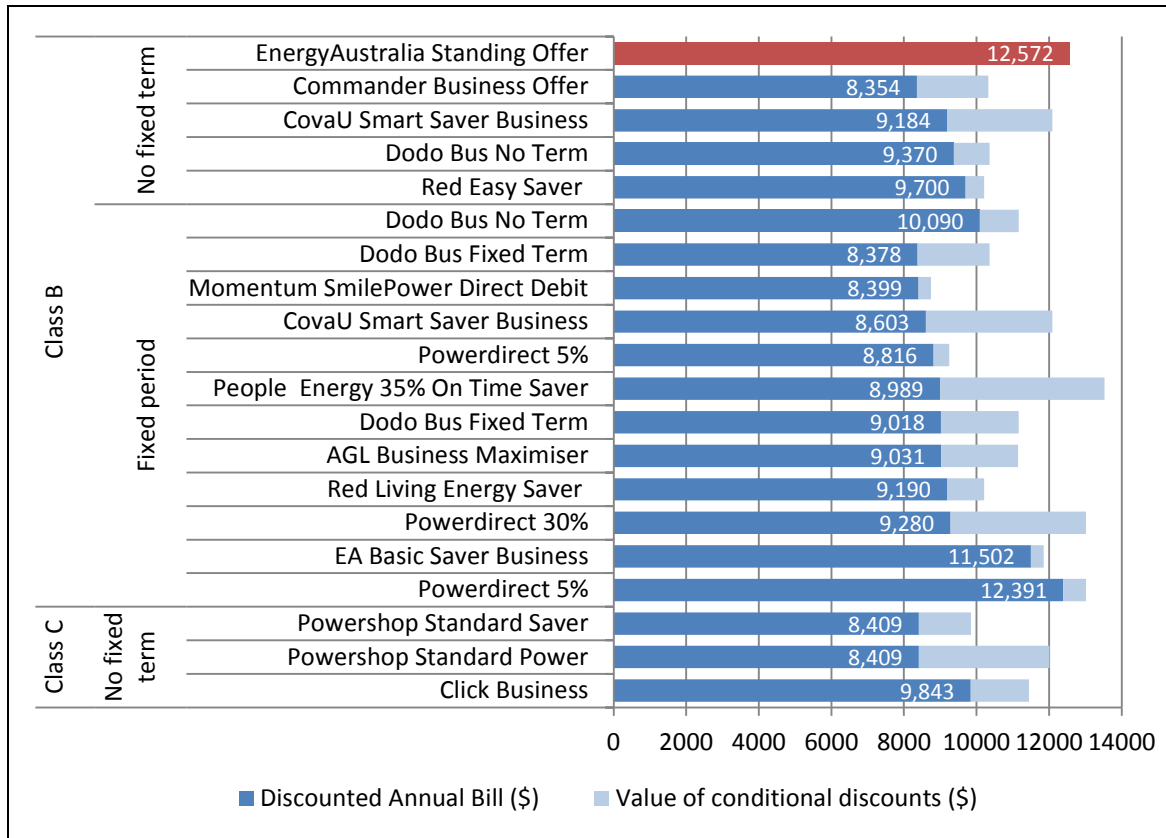


In June 2015:

- there were 18 class A fixed period contracts
- there was one class A offer with no fixed term
- the average annual discounted bill for class A offers was \$9668
- across all retailers offering class A products, the range from highest to lowest of discounted annual bill was \$3778.

FIGURE 4.29 ESTIMATED ANNUAL BILLS — CLASSES B & C

5 day time-of-use, 25 000 kWh peak, 15 000 kWh off-peak, AusNet Services distribution zone



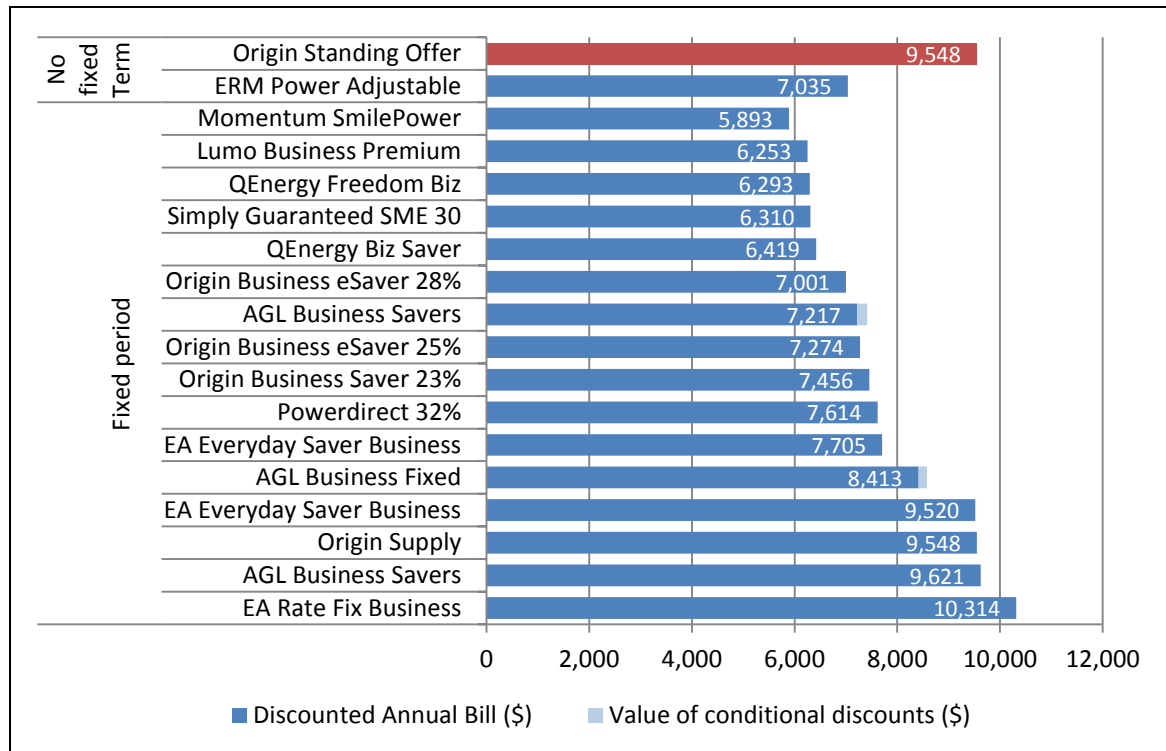
In June 2015:

- there were 11 class B fixed period contracts
- there were five offers with no fixed term in class B, and all three products in class C had no fixed term
- the average discounted annual bill in class B was \$9340 for offers with no fixed term and \$9418 for offers with a fixed period
- across all retailers offering class B products, the range from the highest to the lowest discounted annual bill was \$4036
- the average discounted annual bill in Class C was \$8887.

POWERCOR ZONE

FIGURE 4.30 ESTIMATED ANNUAL BILLS — CLASS A

5 day time-of-use, 25 000 kWh peak, 15 000 kWh off-peak, Powercor distribution zone

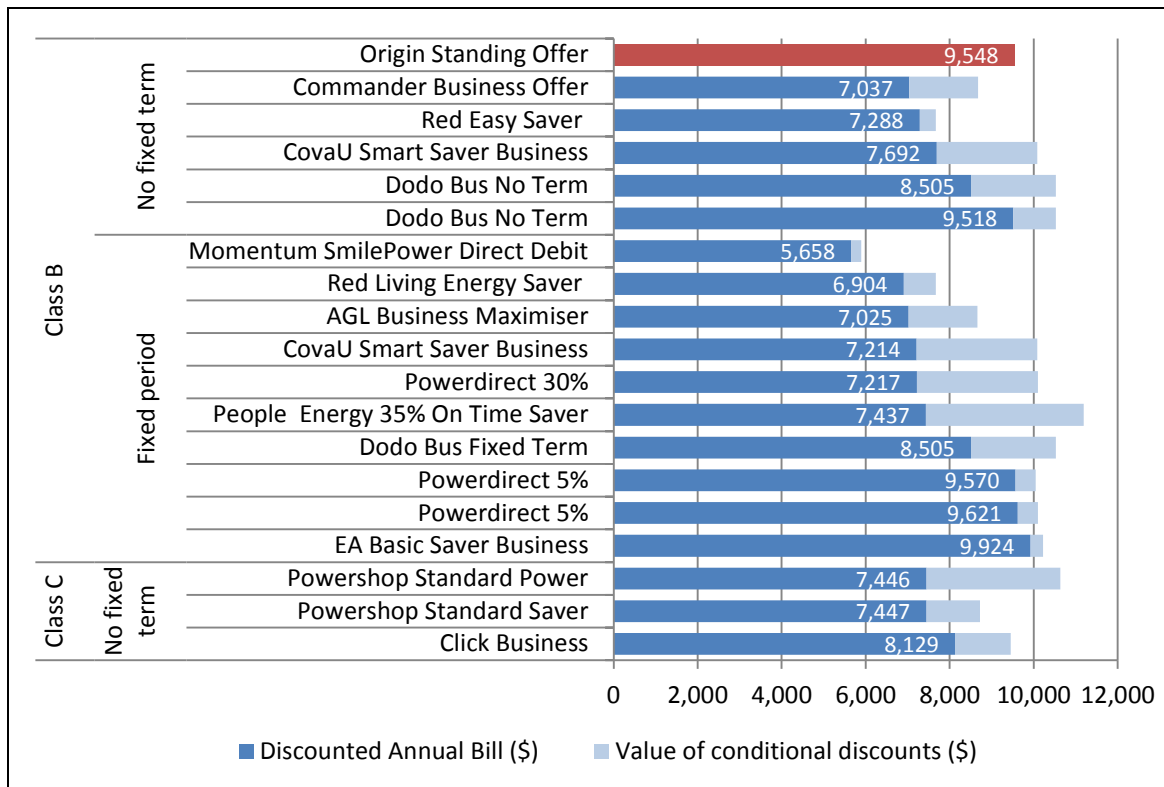


In June 2015:

- there were 16 class A fixed period contracts
- there was one class A offer with no fixed term
- the average annual discounted bill for class A offers was \$7678
- across all retailers offering class A products, the range from the highest to the lowest discounted annual bill was \$4420.

FIGURE 4.31 ESTIMATED ANNUAL BILLS — CLASSES B & C

5 day time-of-use, 25 000 kWh peak, 15 000 kWh off-peak, Powercor distribution zone



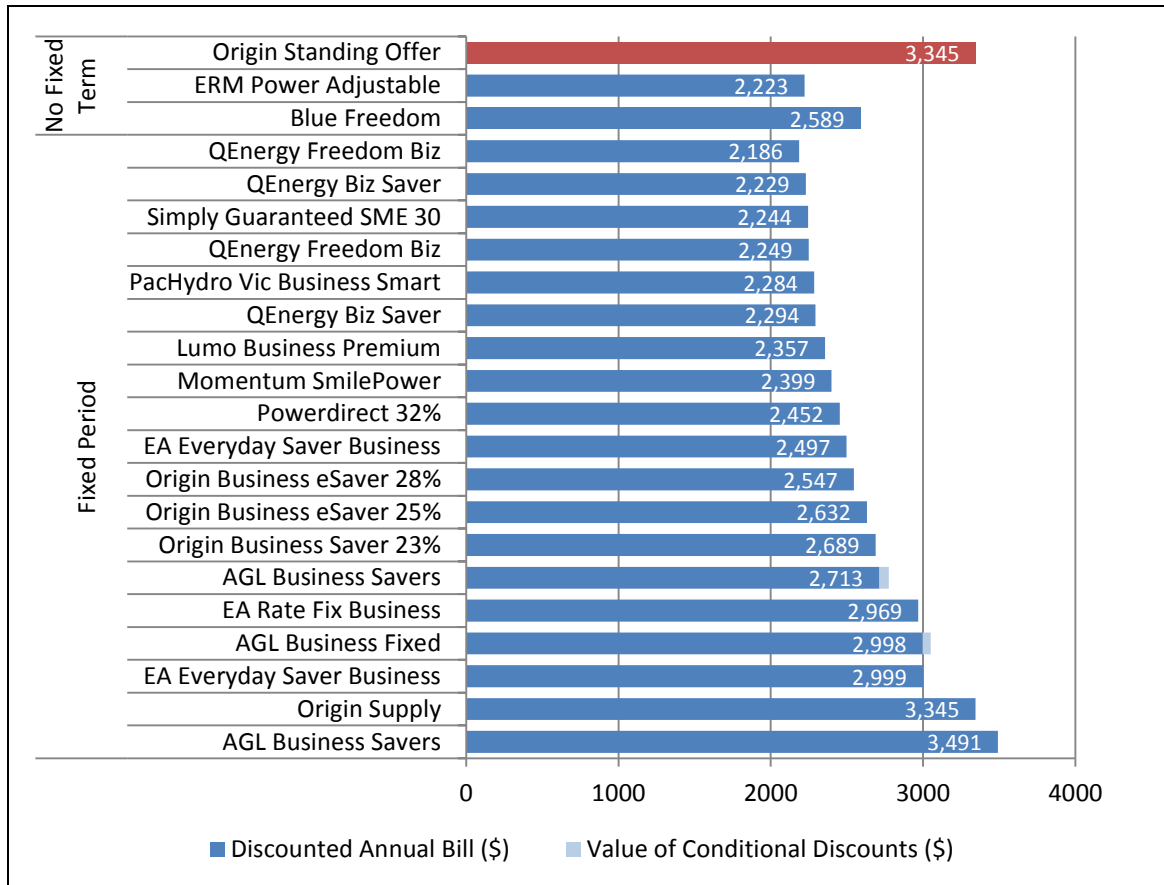
In June 2015:

- there were 10 class B fixed period contracts
- there were five offers with no fixed term in class B, and all three products in class C had no fixed term
- the average discounted annual bill in class B was \$8008 for offers with no fixed term and \$7907 for offers with a fixed period
- across all retailers offering class B products, the range from the highest to the lowest discounted annual bill was \$4266
- the average discounted annual bill in class C was \$7674.

4.3.2 FLAT TARIFFS

CITIPOWER ZONE

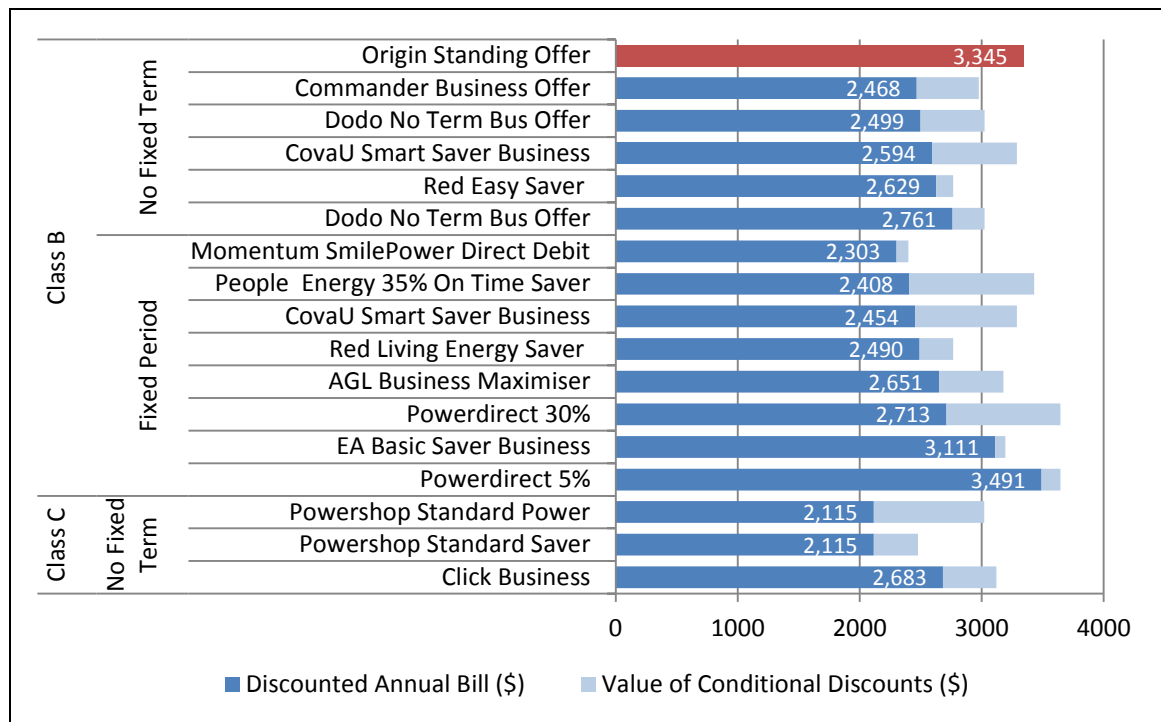
FIGURE 4.32 ESTIMATED ANNUAL BILLS — CLASS A
Flat tariff, 12 000 kWh peak, Citipower distribution zone



In June 2015:

- there were 19 class A fixed period offers
- there were two class A offers with no fixed term
- the average annual discounted bill for class A fixed period offers was \$2609
- across all retailers offering class A products, the range from the highest to the lowest discounted annual bill was \$1306.

FIGURE 4.33 ESTIMATED ANNUAL BILLS — CLASSES B & C
Flat tariff, 12 000 kWh peak, Citipower distribution zone

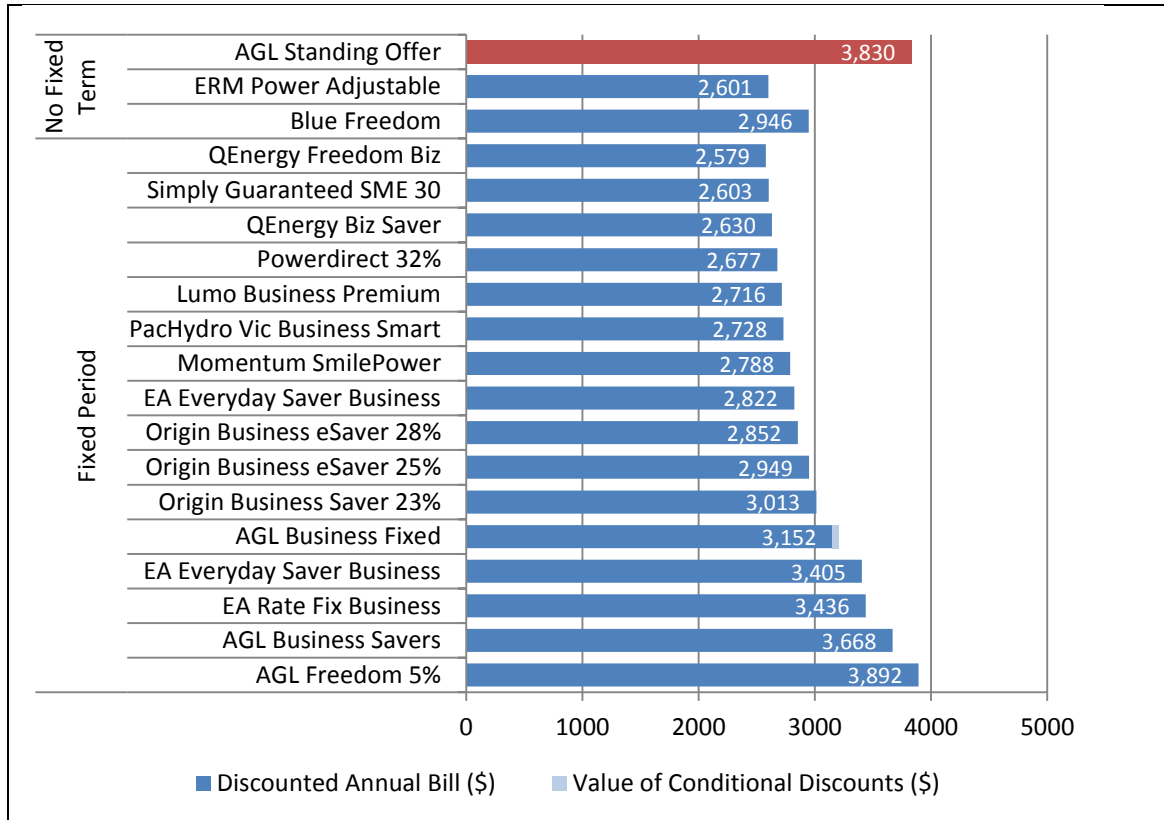


In June 2015:

- there were eight class B fixed period contracts
- there were five offers with no fixed term in class B, and all three products in class C had no fixed term
- the average discounted annual bill in class B was \$2590 for offers with no fixed term and \$2703 for offers with a fixed period
- across all retailers offering class B products, the range from the highest to the lowest discounted annual bill was \$1188
- the average discounted annual bill in class C was \$2304.

JEMENA ZONE

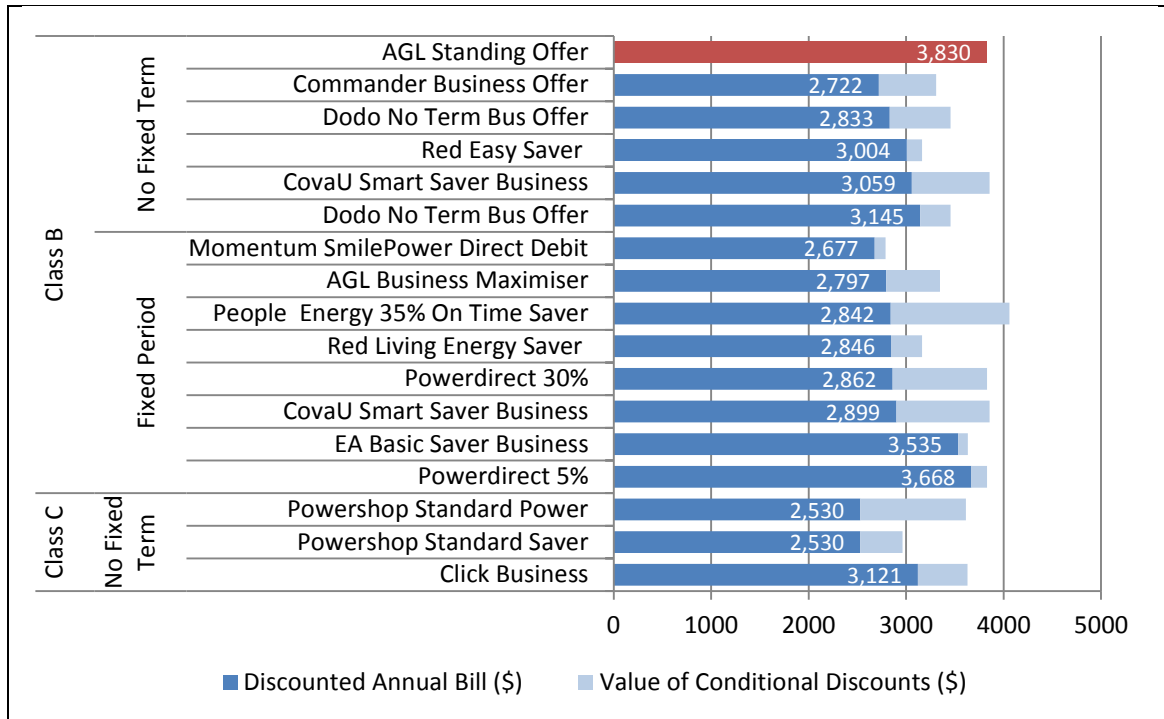
FIGURE 4.33 ESTIMATED ANNUAL BILLS — CLASS A
Flat tariff, 12 000 kWh peak, Jemena distribution zone



In June 2015:

- there were 16 class A fixed period offers
- there were two class A offers with no fixed term
- the average annual discounted bill for class A fixed period offers was \$2994
- across all retailers offering class A products, the range from the highest to the lowest discounted annual bill was \$1313.

FIGURE 4.35 ESTIMATED ANNUAL BILLS — CLASSES B & C
Flat tariff, 12 000 kWh peak, Jemena distribution zone

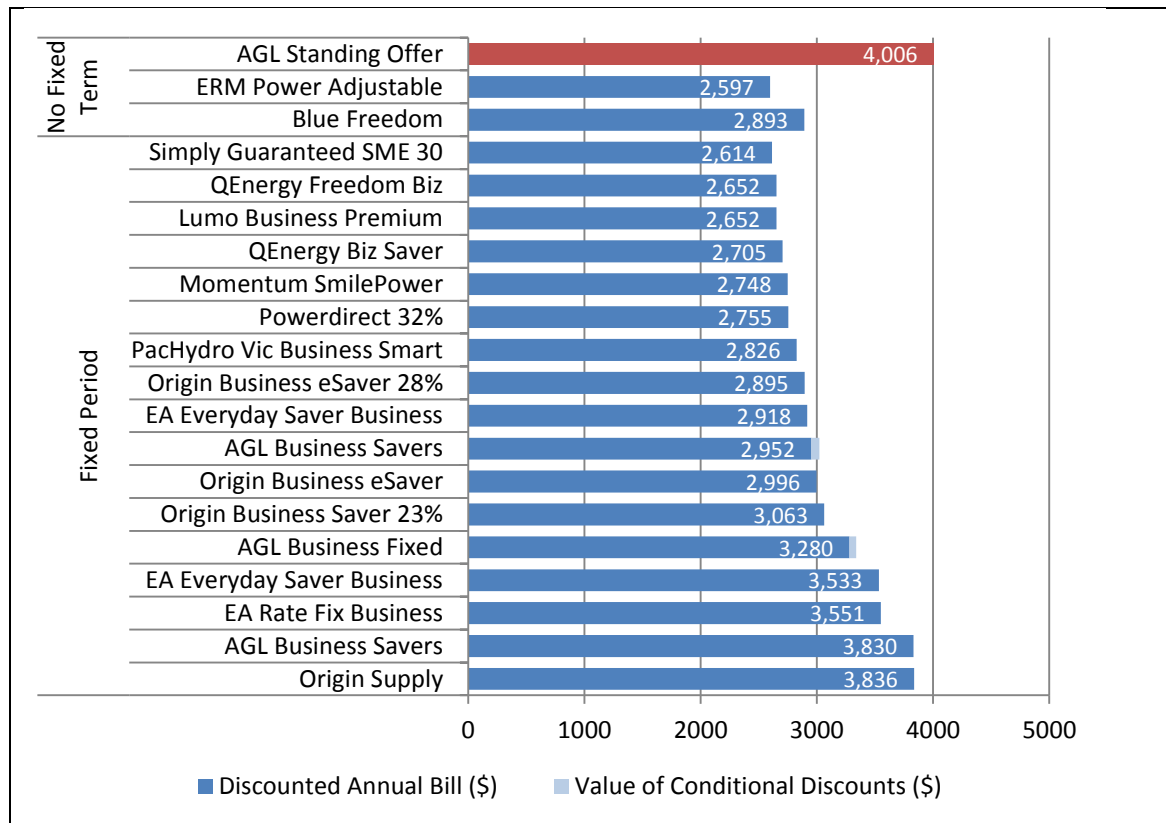


In June 2015:

- there were eight class B fixed period contracts
- there were five offers with no fixed term in class B, and all three products in class C had no fixed term
- the average discounted annual bill in class B was \$2953 for offers with no fixed term and \$3016 for offers with a fixed period
- across all retailers offering class B products, the range from the highest to the lowest discounted annual bill was \$992
- the average discounted annual bill in class C was \$2727.

UNITED ENERGY ZONE

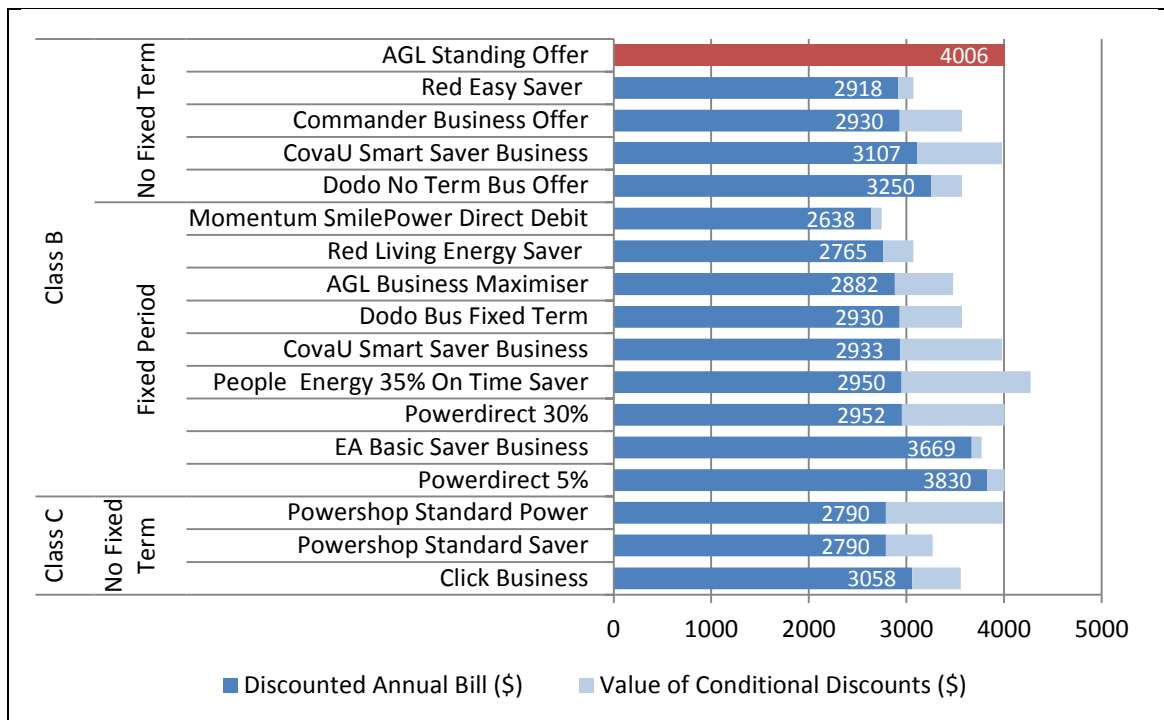
FIGURE 4.36 ESTIMATED ANNUAL BILLS — CLASS A
Flat tariff, 12 000 kWh peak, United Energy distribution zone



In June 2015:

- there were 17 class A fixed period offers
- there were two class A offers with no fixed term
- the average annual discounted bill for class A fixed period offers was \$3048
- across all retailers offering class A products, the range from the highest to the lowest discounted annual bill was \$1239.

FIGURE 4.37 ESTIMATED ANNUAL BILLS — CLASSES B & C
Flat tariff, 12 000 kWh peak, United Energy distribution zone



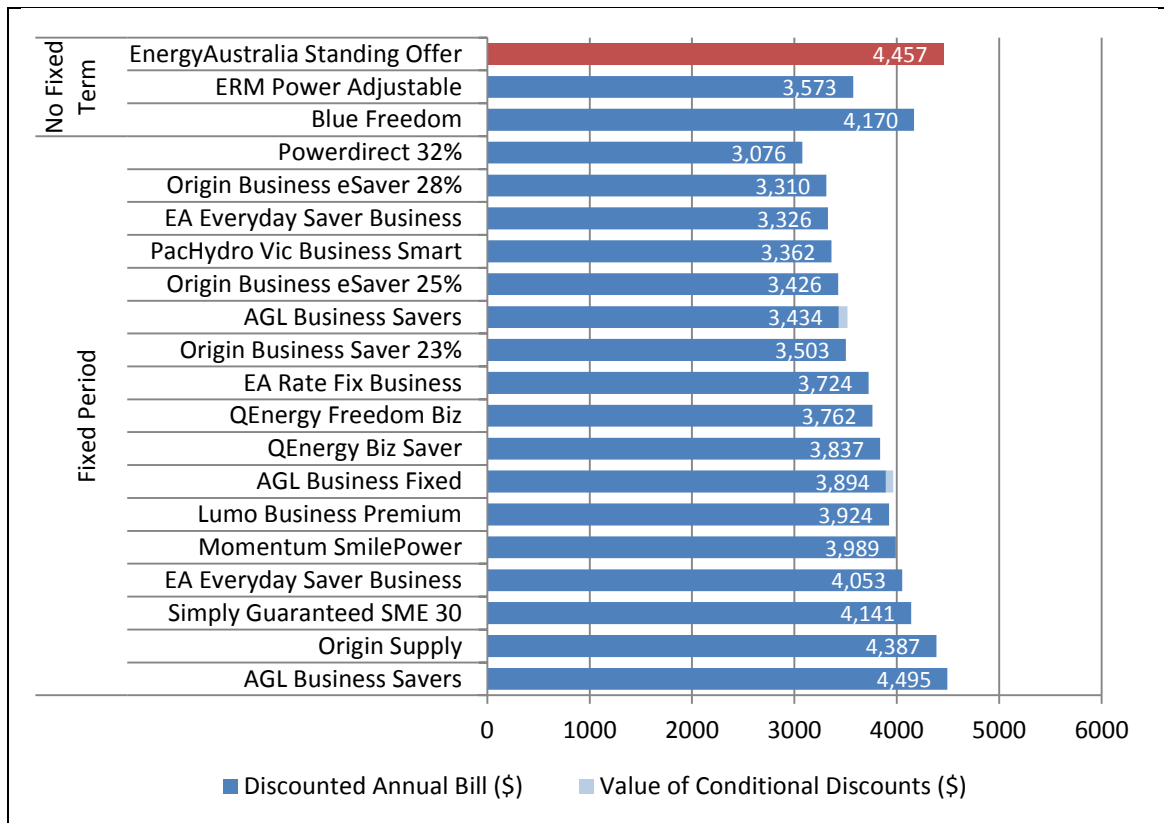
In June 2015:

- there were nine class B fixed period contracts
- there were four offers with no fixed term in class B, and all three products in class C had no fixed term
- the average discounted annual bill in class B was \$3051 for offers with no fixed term and \$3061 for offers with a fixed period
- across retailers offering class B products, the range from the highest to the lowest discounted annual bill was \$1193
- the average discounted annual bill in class C was \$2880.

AUSNET SERVICES ZONE

FIGURE 4.38 ESTIMATED ANNUAL BILLS — CLASS A

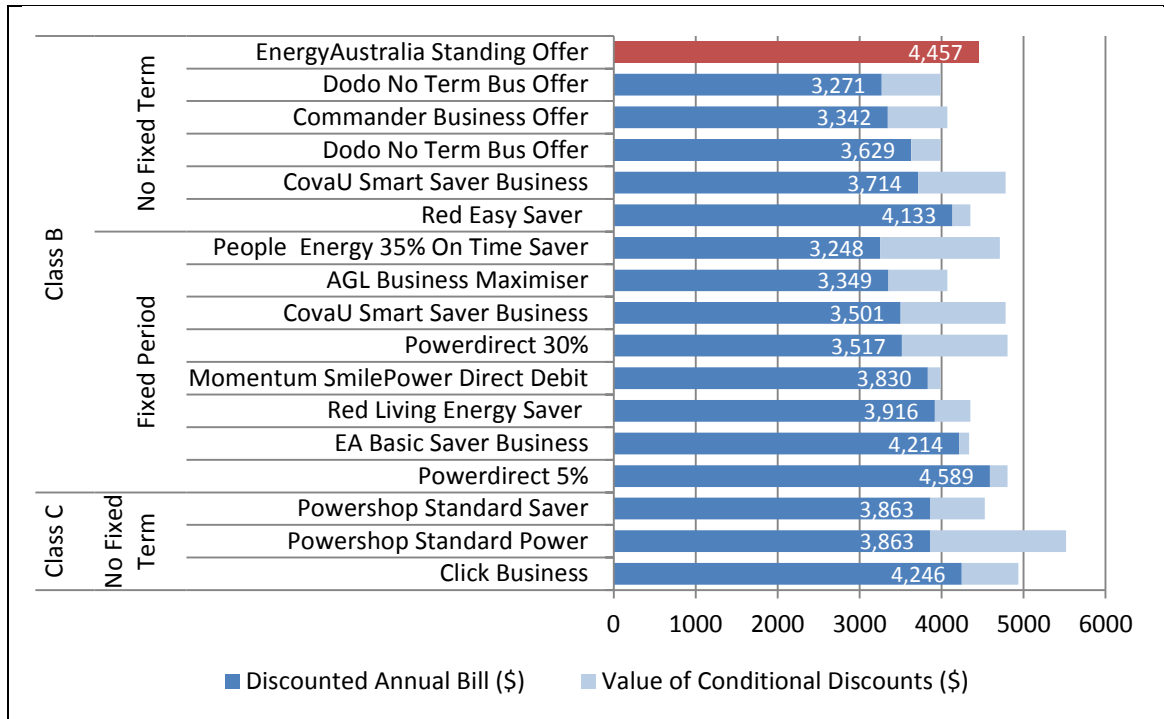
Flat tariff, 12 000 kWh peak, AusNet Services distribution zone



In June 2015:

- there were 17 class A fixed period offers
- there were two class A offers with no fixed term
- the average annual discounted bill for class A fixed period offers was \$3102
- across all retailers offering class A products, the range from the highest to the lowest discounted annual bill was \$1379.

FIGURE 4.39 ESTIMATED ANNUAL BILLS — CLASSES B & C
Flat tariff, 12 000 kWh peak, AusNet Services distribution zone

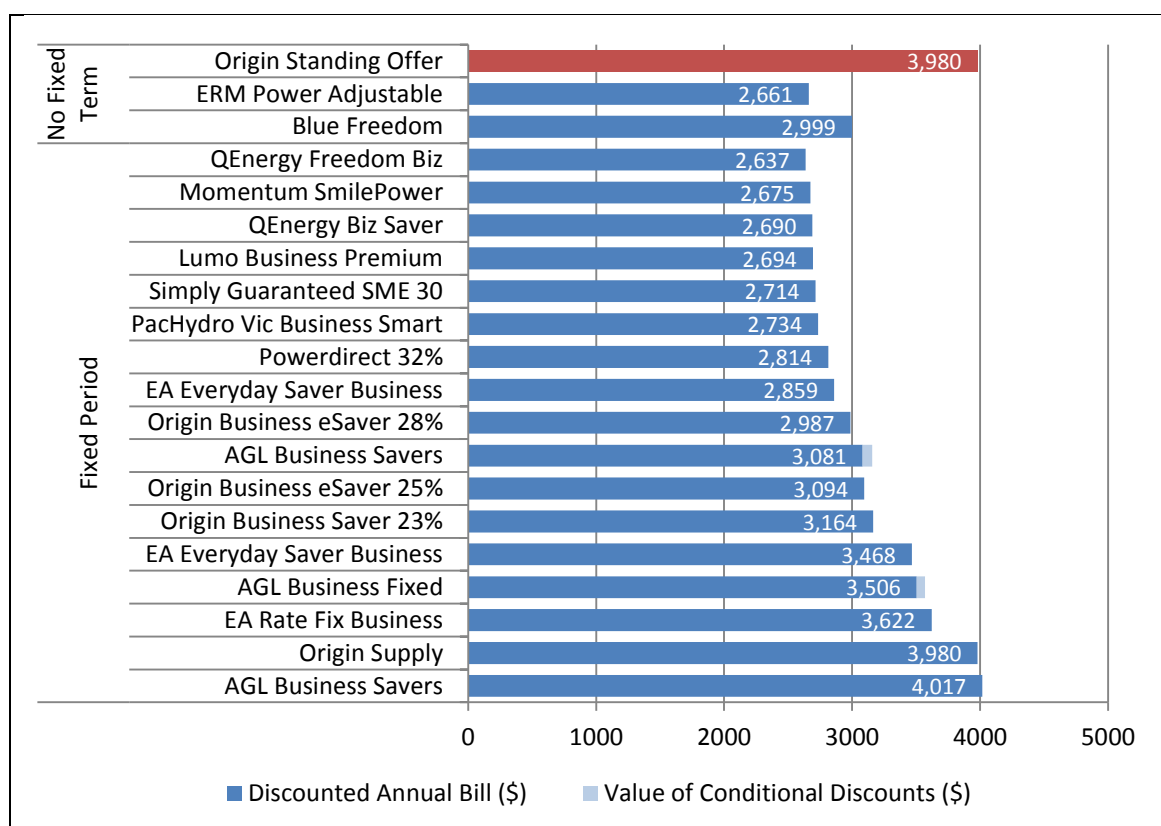


In June 2015:

- there were eight class B fixed period contracts
- there were five offers with no fixed term in class B, and all three products in class C had no fixed term
- the average discounted annual bill in class B was \$3618 for offers with no fixed term and \$3770 for offers with a fixed period
- across all retailers offering class B products, the range from the highest to the lowest discounted annual bill was \$1340
- the average discounted annual bill in class C was \$3991.

POWERCOR ZONE

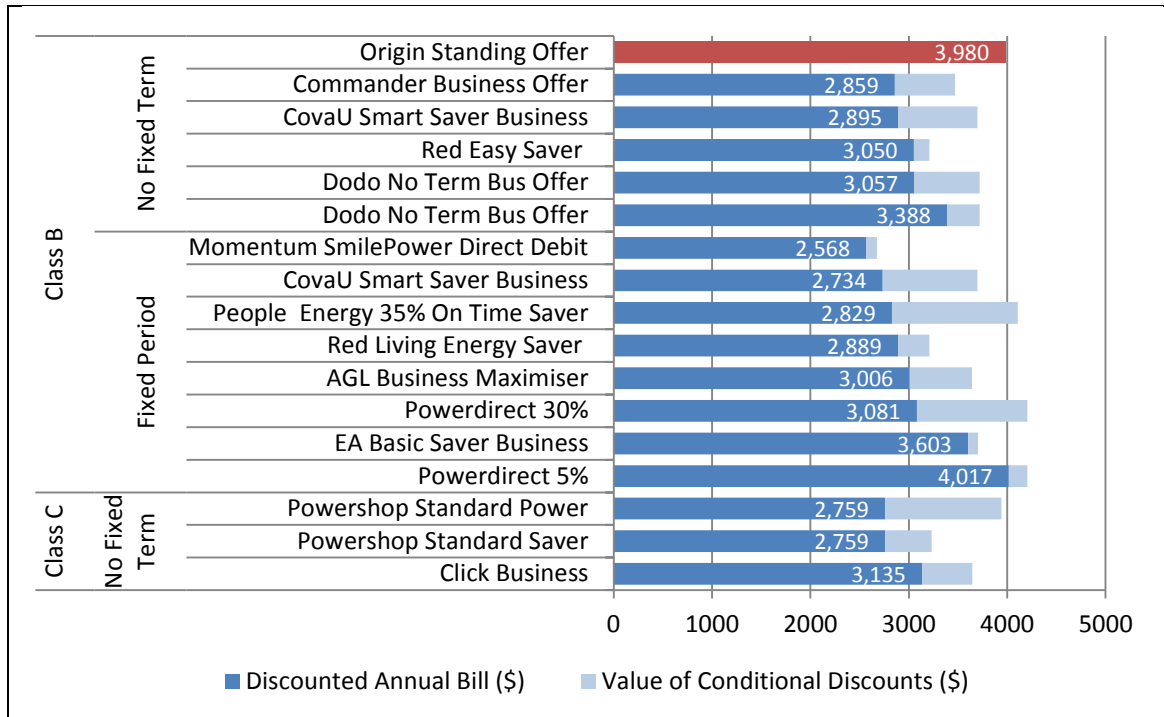
FIGURE 4.40 ESTIMATED ANNUAL BILLS — CLASS A
Flat tariff, 12 000 kWh peak, Powercor distribution zone



In June 2015:

- there were 17 class A fixed period offers
- there were two class A offers with no fixed term
- the average annual discounted bill for class A fixed period offers was \$3102
- across all retailers offering class A products, the range from the highest to the lowest discounted annual bill was \$1379.

FIGURE 4.41 ESTIMATED ANNUAL BILLS — CLASSES B & C
Flat tariff, 12 000 kWh peak, Powercor distribution zone



In June 2015:

- there are eight class B fixed period contracts
- there were five offers with no fixed term in class B, and all three products in class C had no fixed term
- the average discounted annual bill in class B was \$3050 for offers with no fixed term and \$301 for offers with a fixed period
- across all retailers offering class B products, the range from the highest to the lowest discounted annual bill was \$1448
- the average discounted annual bill in class C was \$2885.

4.4 GAS

The data for gas offers was extracted from YourChoice in June 2015. The information that retailers must upload to YourChoice is different from the requirements for MyPowerPlanner. As a result, the categorisation of offers is not as granular for the gas section of the report.

On 3 June 2015, YourChoice contained 163 domestic market offers. While the market for retail gas offers is smaller than the equivalent market for electricity, it has some other complications that affect the retail prices for domestic customers. There are 19 different distribution zones, all subject to different prices.

Table 4.4 lists the number of domestic products for analysis in each zone.

TABLE 4.4 NUMBER OF PRODUCTS COMPARED BY DISTRIBUTION DISTRICT

Distributor	Distribution district	Domestic	Small business
AusNet Services	Central 1	12	7
	Central 2	13	6
	Adjoining Central	7	8
	West	12	9
	Adjoining West	10	9
Australian Gas Networks	Bairnsdale	8	5
	Cardinia	10	5
	Central 1	12	9
	Central 2	13	9
	Murray Valley	11	5
	North	12	8
	Mildura	2	
Multinet	Gas Extension Zone	6	3
	Main 1	13	9
	Main 2	13	9
	Yarra Valley	7	7
	South Gippsland		
Outside standard zones	Gas Extension zone	2	
	Wimmera		
TOTAL		163	108

Some areas have no published market offers, or may have only one offer. These are areas where the network has only recently been extended, and there are not large numbers of customers, and competition is not very effective.

Fewer retailers are licensed in the gas market than in the electricity market. Ten retailers actively service domestic customers. All the gas retailers also supply electricity retail services. Supplying both fuels can offer an economy of scale to retailers; it is also convenient for consumers to deal with only one energy business.

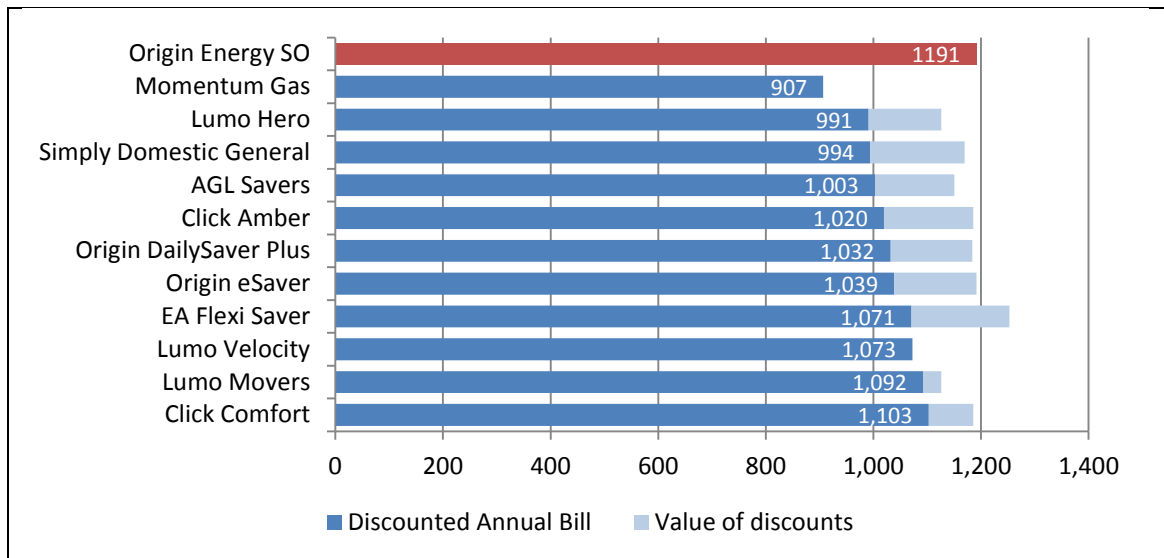
4.4.1 PRODUCT CATEGORISATION

Due to complex distribution tariffs, the retail products offered have a large number of price components. Most have seasonal pricing, where the variable component is different between May and October, as well as up to three inclining blocks per season.

There is no smart metering for gas, so there are no time-of-use or flexible prices. The data extracted from YourChoice does not allow the level of disaggregation that is possible when comparing electricity offers. The report does not distinguish between fixed and open contracts, nor is there the same level of detail about how discounts are applied and calculated. We compare the annual bills on market offers for each distribution zone, with reference to the incumbent standing offer.

AUSNET SERVICES DISTRIBUTION ZONE

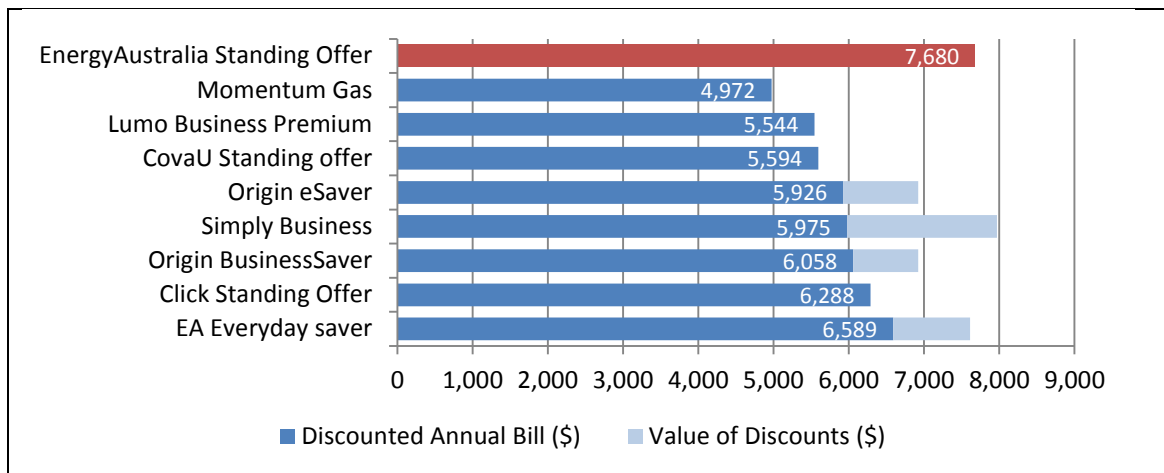
FIGURE 4.42 ESTIMATED ANNUAL BILLS — CENTRAL 1 DISTRICT
Domestic, 55 GJ, AusNet Services distribution zone



In June 2015:

- there were 11 market offers
- the average discounted bill for offers was \$1039
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$236.

FIGURE 4.43 ESTIMATED ANNUAL BILLS — CENTRAL 1 DISTRICT
 Small business, 500 GJ, AusNet Services distribution zone



In June 2015:

- there were eight market offers
- the average discounted bill for offers was \$5868
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$1617.

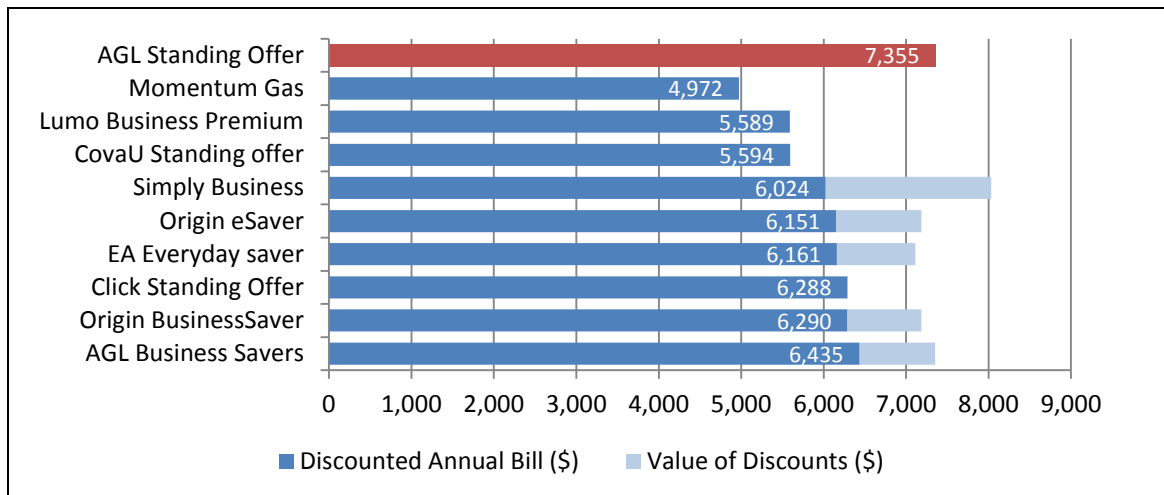
FIGURE 4.44 ESTIMATED ANNUAL BILLS — CENTRAL 2 DISTRICT
 Domestic, 54 GJ, AusNet Services distribution zone



In June 2015:

- there were 12 market offers
- the average discounted bill for offers was \$1035
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$258.

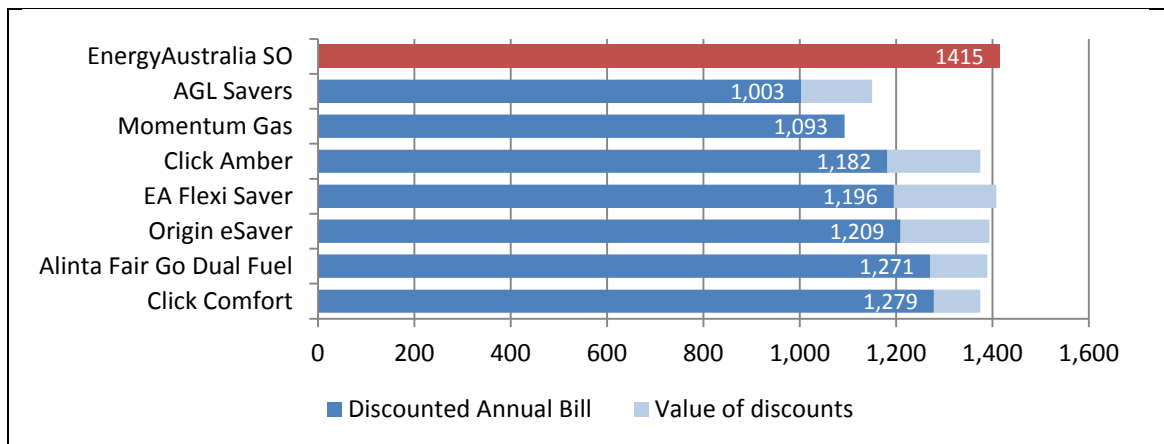
FIGURE 4.45 ESTIMATED ANNUAL BILLS — CENTRAL 2 DISTRICT
Small business, 500 GJ, AusNet Services distribution zone



In June 2015:

- there were nine market offers
- the average discounted bill for offers was \$5945
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$1463.

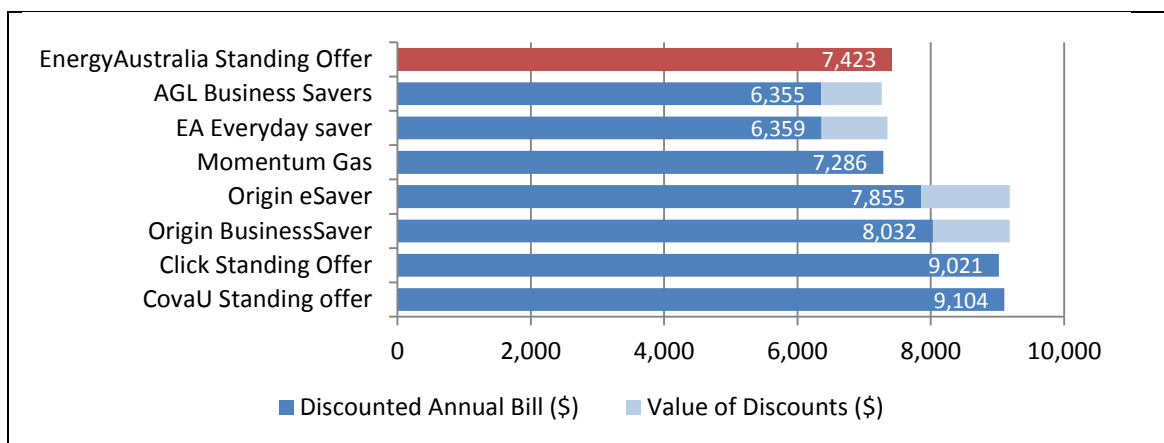
FIGURE 4.46 ESTIMATED ANNUAL BILLS — ADJOINING CENTRAL DISTRICT
Domestic, 54 GJ, AusNet Services distribution services



In June 2015:

- there were seven market offers
- the average discounted bill for offers was \$1200
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$369.

FIGURE 4.47 ESTIMATED ANNUAL BILLS — ADJOINING CENTRAL DISTRICT
Small business, 500 GJ, AusNet Services distribution zone

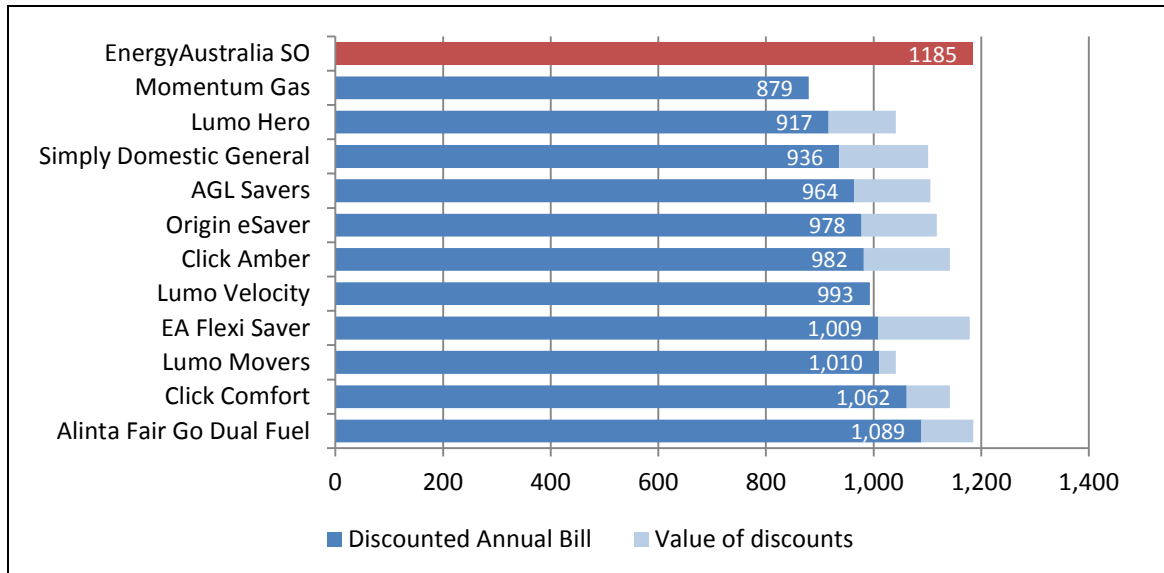


In June 2015:

- there were seven market offers
- the average discounted bill for offers was \$7716

- across all retailers offering products, the range from the highest to the lowest discounted bill was \$2749.

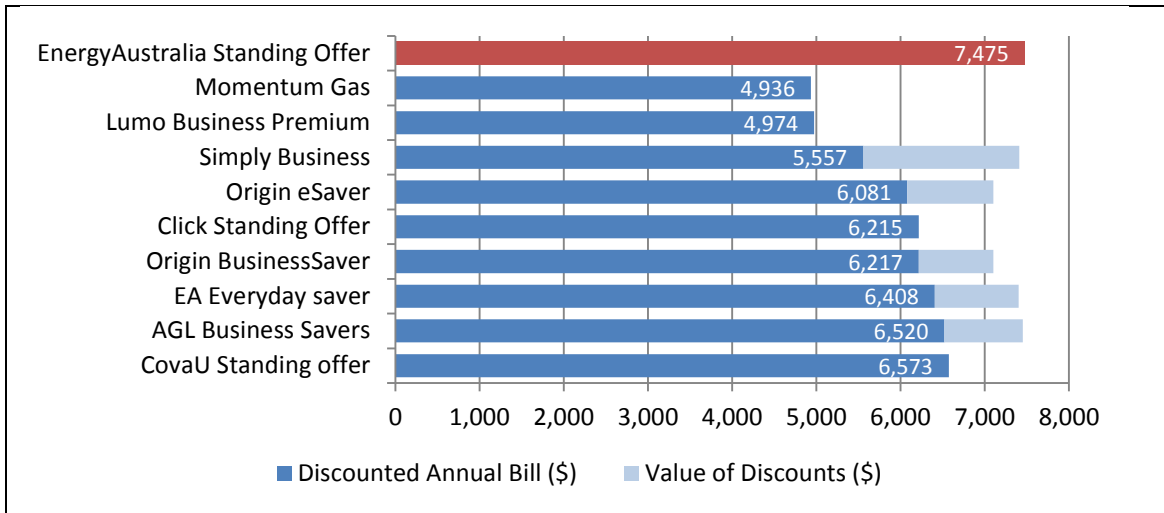
FIGURE 4.48 ESTIMATED ANNUAL BILLS — WEST DISTRICT
Domestic, 54 GJ, AusNet Services distribution zone



In June 2015:

- there were 11 market offers
- the average discounted bill for offers was \$994
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$236.

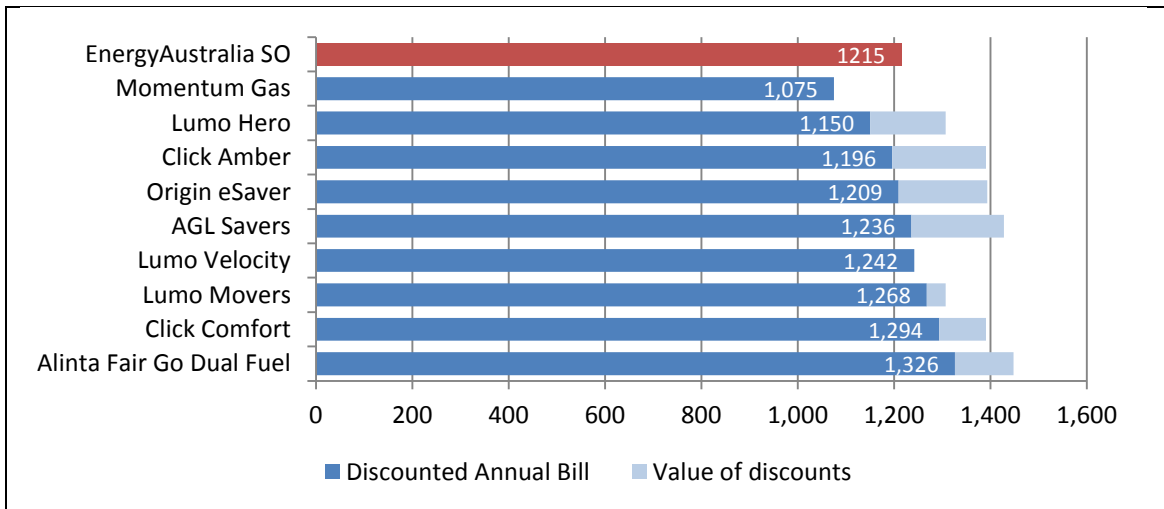
FIGURE 4.49 ESTIMATED ANNUAL BILLS — WEST DISTRICT
 Small business, 500 GJ, AusNet Services distribution zone



In June 2015:

- there were nine market offers
- the average discounted bill for offers was \$5945
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$1637

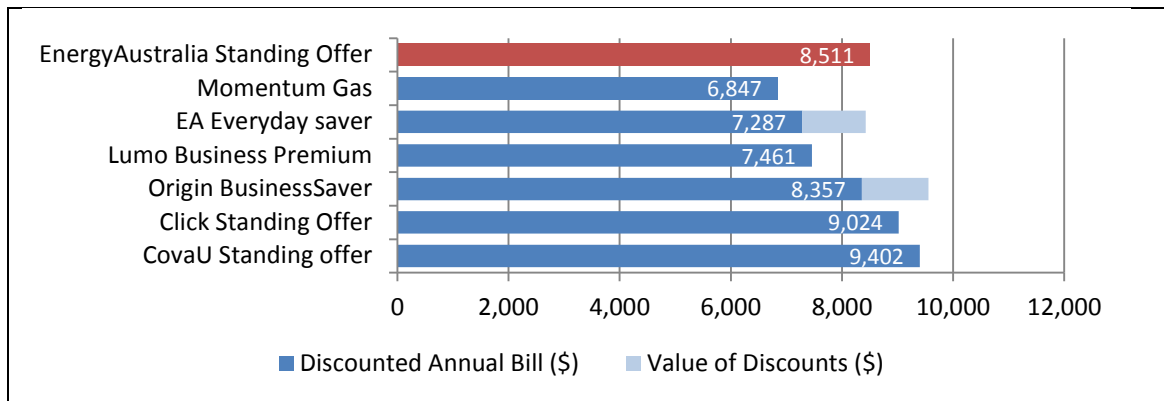
FIGURE 4.50 ESTIMATED ANNUAL BILLS — ADJOINING WEST DISTRICT
 Domestic, 54 GJ, AusNet Services distribution zone



In June 2015:

- there were nine market offers
- the average discounted bill for offers was \$1235
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$258.

FIGURE 4.51 ESTIMATED ANNUAL BILLS — ADJOINING WEST DISTRICT
Small business, 500 GJ, AusNet Services distribution zone



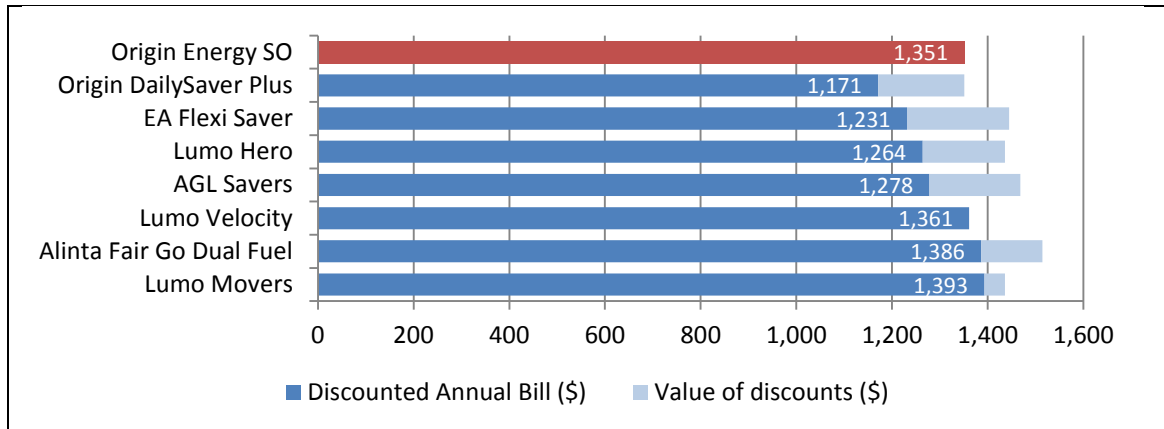
In June 2015:

- there were six market offers
- the average discounted bill for offers was \$8063
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$2555.

AUSTRALIAN GAS NETWORKS ZONE

FIGURE 4.52 ESTIMATED ANNUAL BILLS — BAIRNSDALE DISTRICT

Domestic, 54 GJ, Australian Gas Networks distribution zone

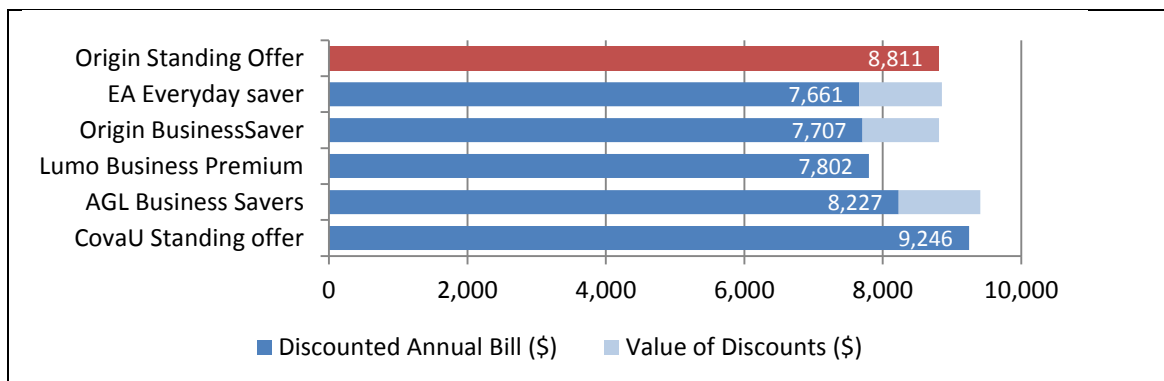


In June 2015:

- there were seven market offers
- the average discounted bill for offers was \$1298
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$222.

FIGURE 4.53 ESTIMATED ANNUAL BILLS — BAIRNSDALE DISTRICT

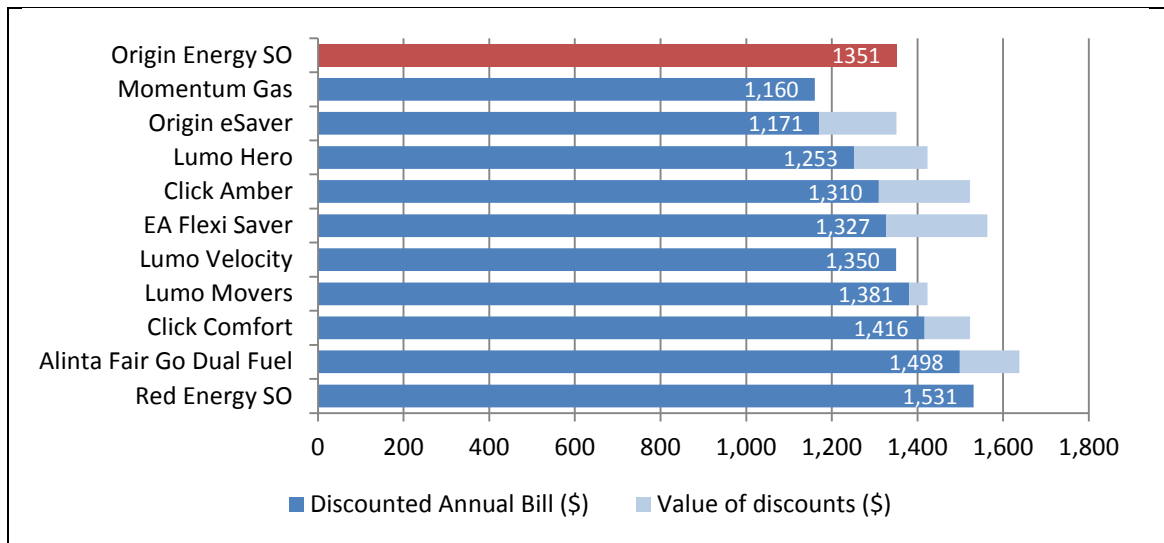
Small business, 500 GJ, Australian Gas Networks distribution zone



In June 2015:

- there were five market offers
- the average discounted bill for offers was \$8129
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$1585.

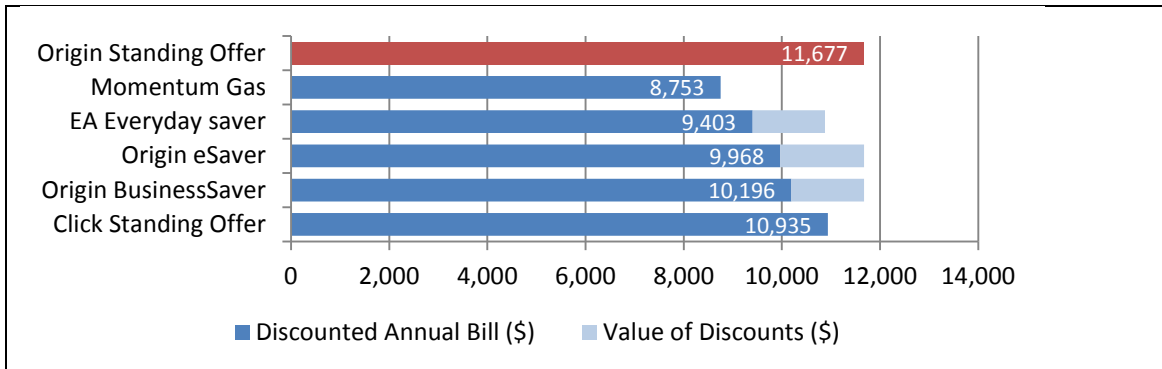
FIGURE 4.54 ESTIMATED ANNUAL BILLS — CARDINIA DISTRICT
Domestic, 54 GJ, Australian Gas Networks distribution zone



In June 2015:

- there were 10 market offers
- the average discounted bill for offers was \$1340
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$371.

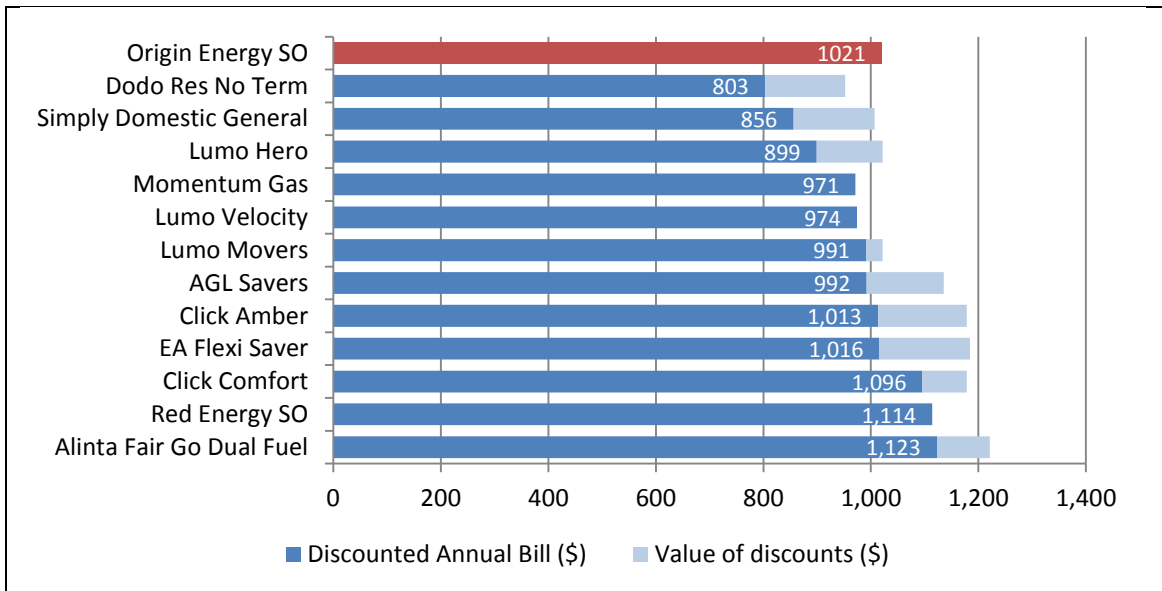
FIGURE 4.55 ESTIMATED ANNUAL BILLS — CARDINIA DISTRICT
 Small business, 500 GJ, Australian Gas Networks distribution zone



In June 2015:

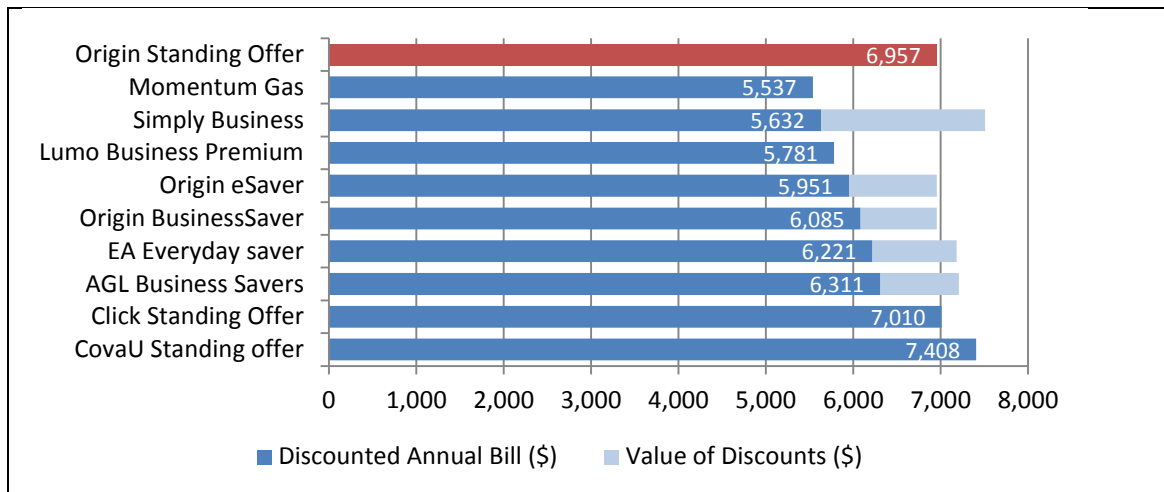
- there was five market offers
- the average discounted bill for offers was \$9851
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$2182.

FIGURE 4.56 ESTIMATED ANNUAL BILLS — CENTRAL 1 DISTRICT
 Domestic, 54 GJ, Australian Gas Networks distribution zone



- In June 2015:
- there were 12 market offers
- the average discounted bill for offers was \$987
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$320.

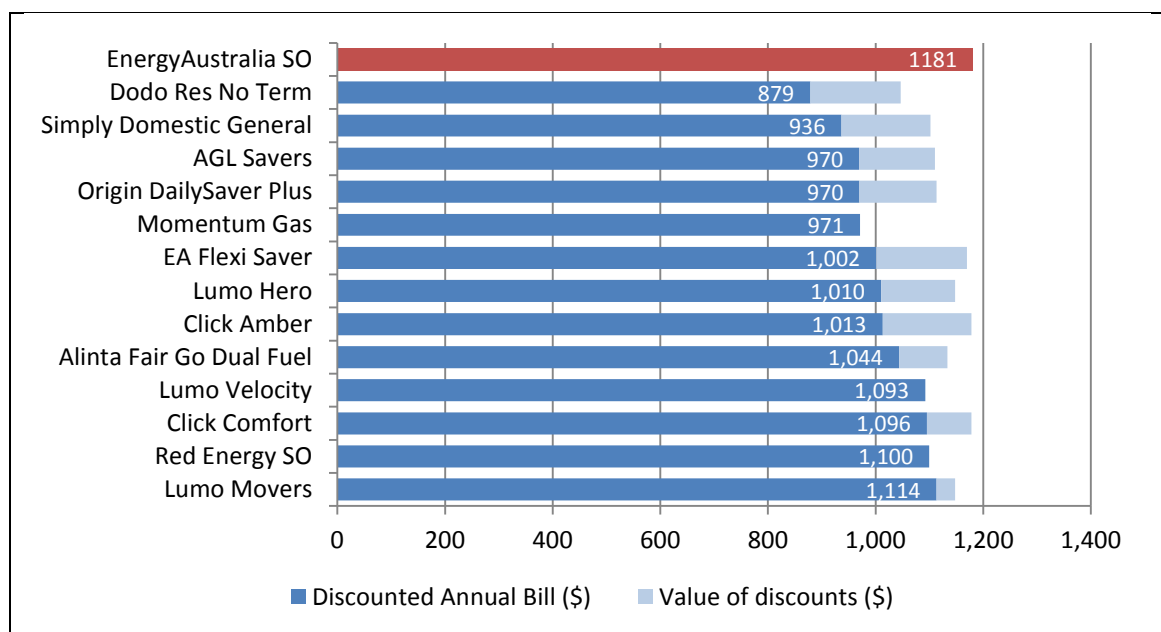
FIGURE 4.57 ESTIMATED ANNUAL BILLS — CENTRAL 1 DISTRICT
Small business, 500 GJ, Australian Gas Networks distribution zone



In June 2015:

- there were nine market offers
- the average discounted bill of offers was \$6215
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$1871.

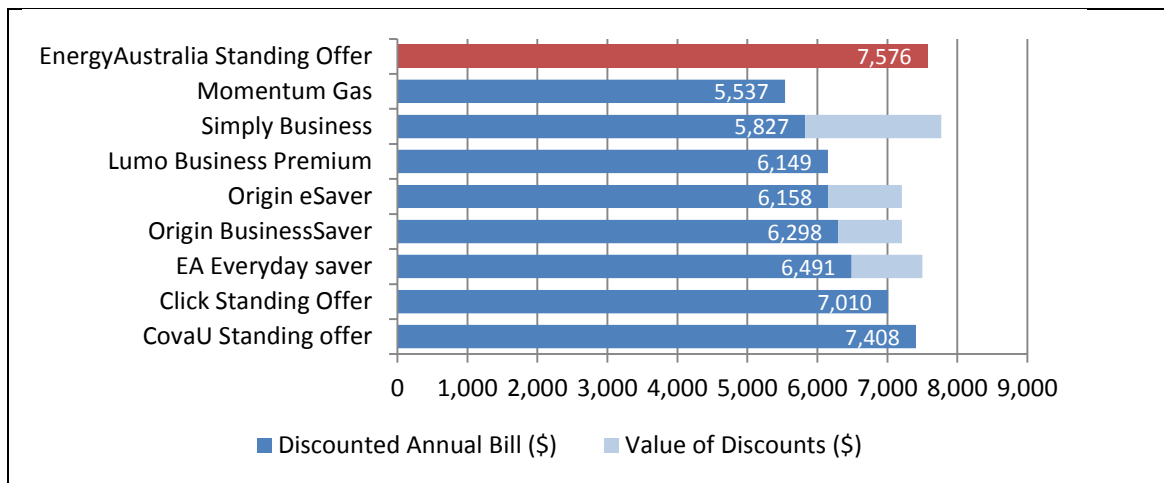
FIGURE 4.58 ESTIMATED ANNUAL BILLS — CENTRAL 2 DISTRICT
 Domestic, 54 GJ, Australian Gas Networks distribution zone



In June 2015:

- there were 13 market offers
- the average discounted bill for offers was \$1015
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$235.

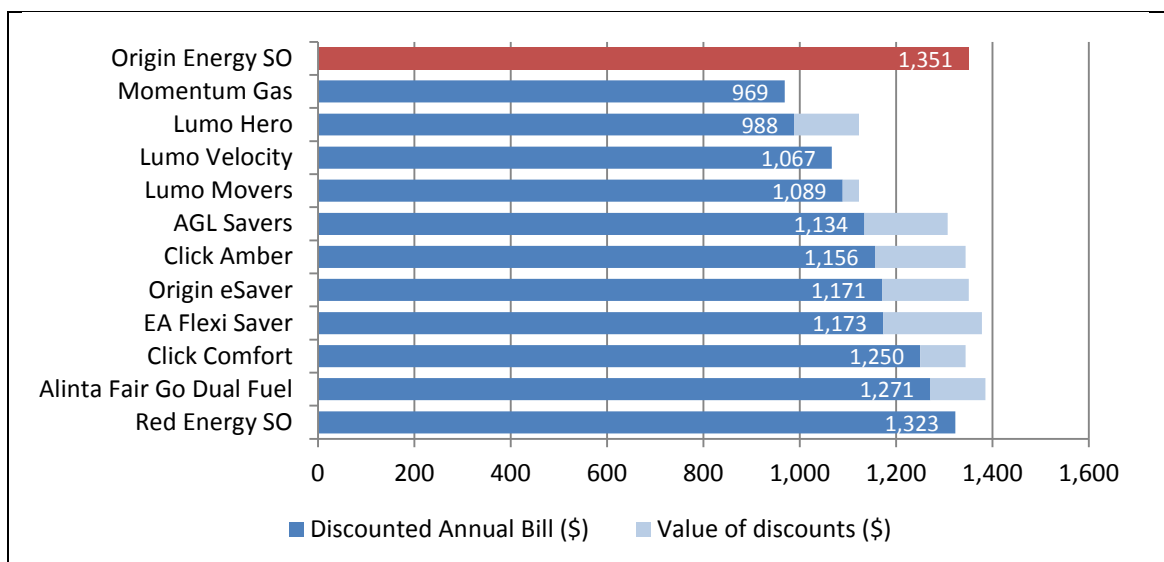
FIGURE 4.59 ESTIMATED ANNUAL BILLS — CENTRAL 2 DISTRICT
 Small business, 500 GJ, Australian Gas Networks distribution zone



In June 2015:

- there were eight market offers
- The average discounted bill for offers was \$6315
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$1871.

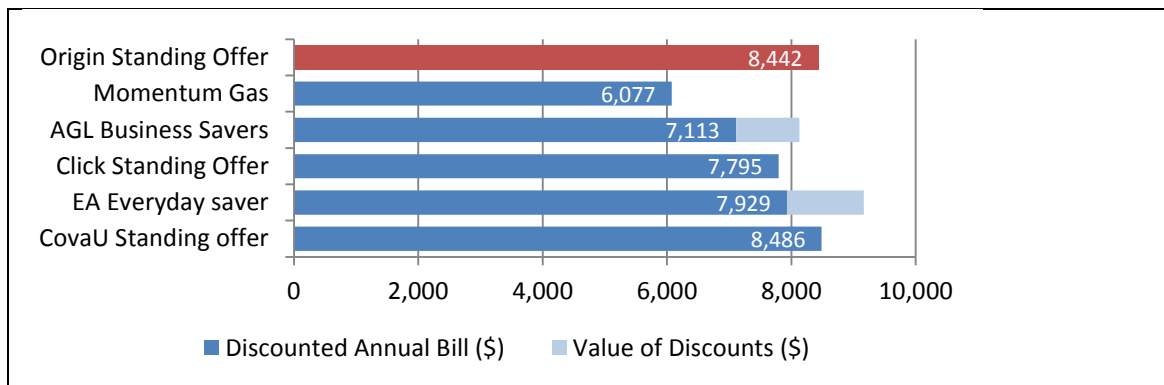
FIGURE 4.60 ESTIMATED ANNUAL BILLS — MURRAY VALLEY DISTRICT
 Domestic, 54 GJ, Australian Gas Networks distribution zone



In June 2015:

- there were 11 market offers
- the average discounted bill for offers was \$1145
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$355.

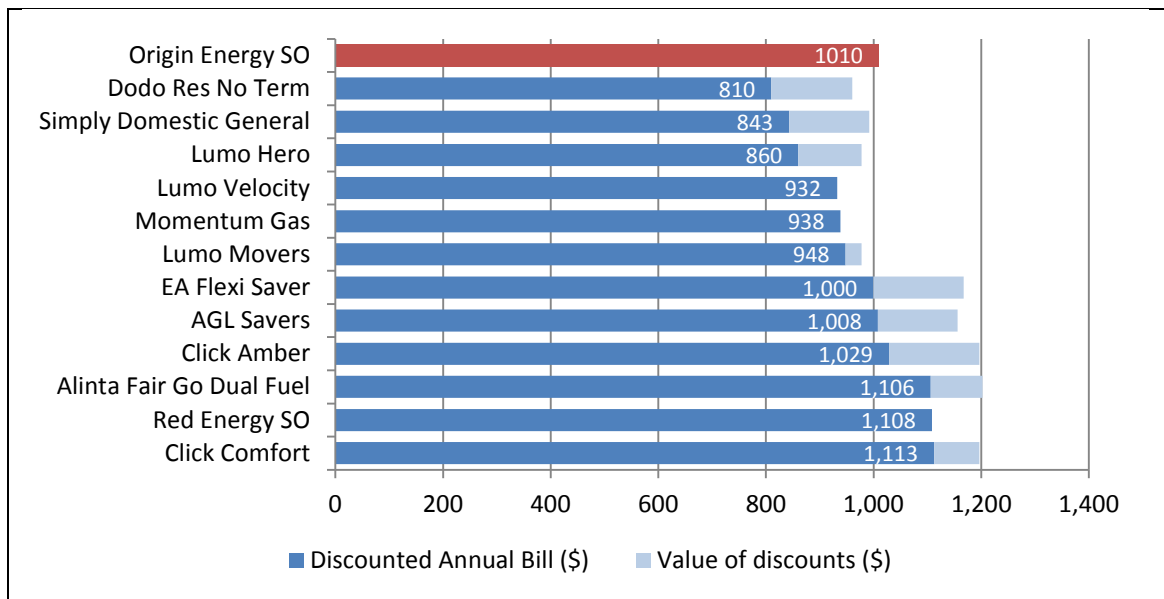
FIGURE 4.61 ESTIMATED ANNUAL BILLS — MURRAY VALLEY DISTRICT
Small business, 500 GJ, Australian Gas Networks distribution zone



In June 2015:

- there were five market offers
- the average discounted bill for offers was \$7480
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$2409.

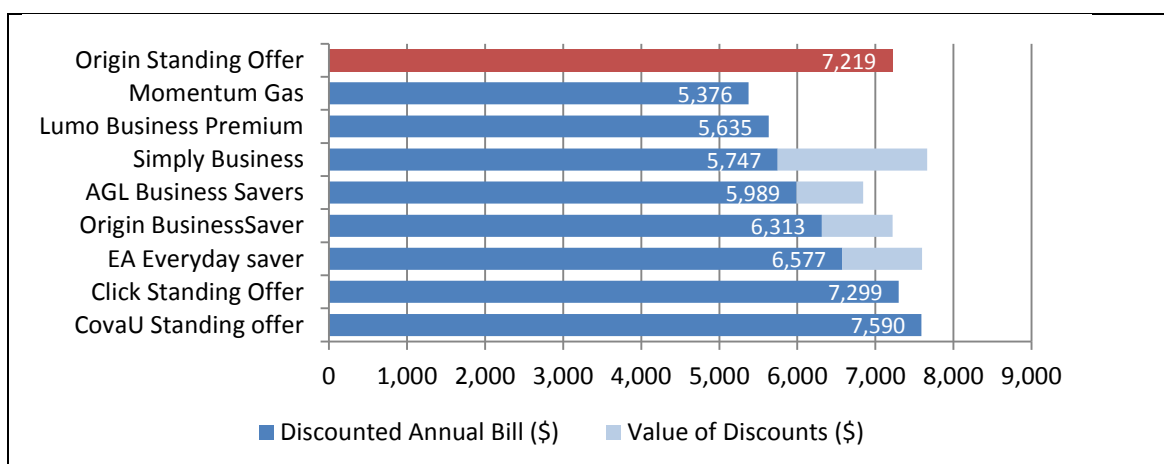
FIGURE 4.62 ESTIMATED ANNUAL BILLS — NORTH DISTRICT
Domestic, 54 GJ, Australian Gas Networks distribution zone



In June 2015:

- there were 12 market offers
- the average discounted bill for offers was \$975
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$303.

FIGURE 4.63 ESTIMATED ANNUAL BILLS — NORTH DISTRICT
Small business, 500 GJ, Australian Gas Networks distribution zone

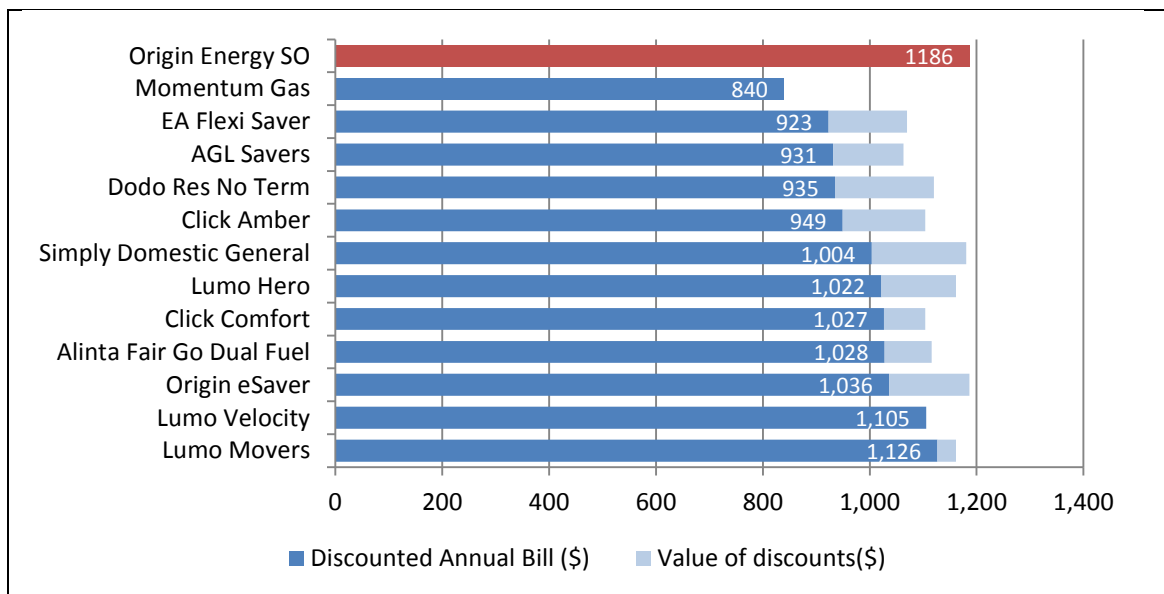


In June 2015:

- there were eight market offers
- the average discounted bill for offers was \$6316
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$2214.

MULTINET ZONE

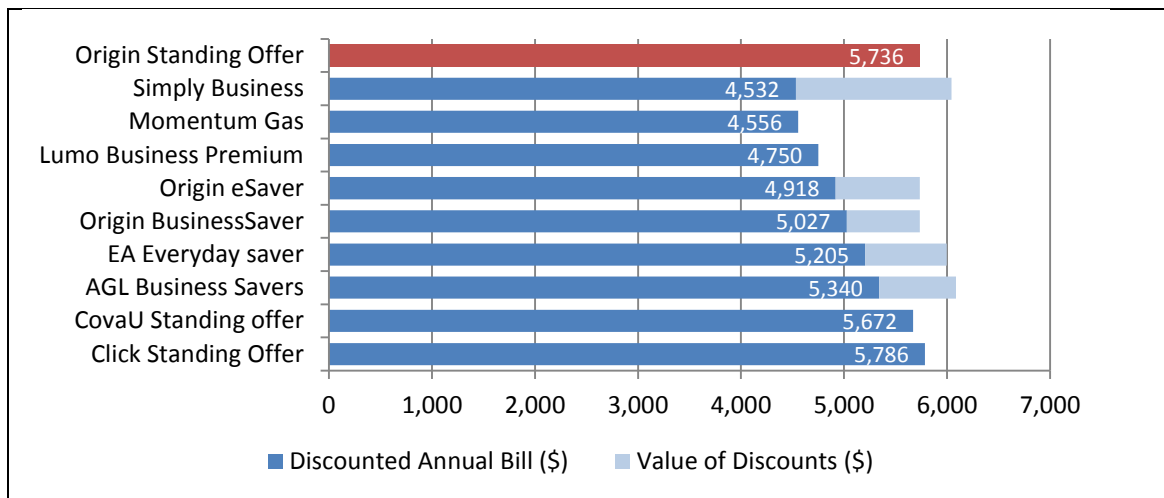
FIGURE 4.64 ESTIMATED ANNUAL BILLS — MAIN 1 DISTRICT
Domestic, 54 GJ, Multinet distribution zone



In June 2015:

- there were 12 market offers
- the average discounted bill for offers was \$994
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$287.

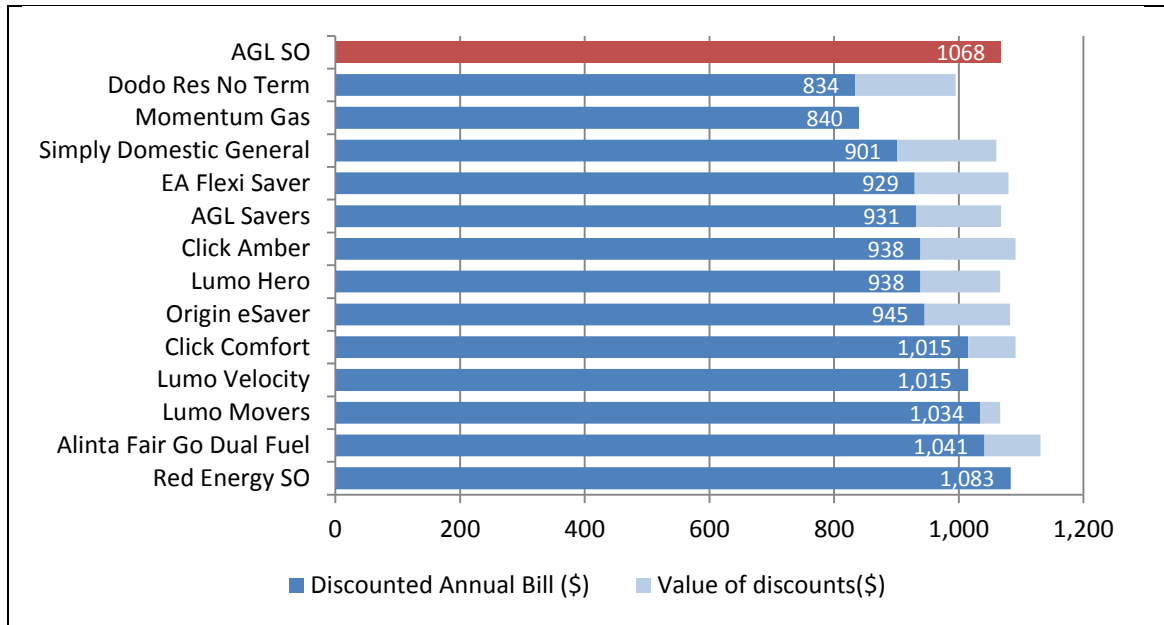
FIGURE 4.65 ESTIMATED ANNUAL BILLS — MAIN 1 DISTRICT
 Small business, 500 GJ, Multinet distribution zone



In June 2015:

- there were nine market offers
- the average discounted bill for offers was \$5087
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$1254.

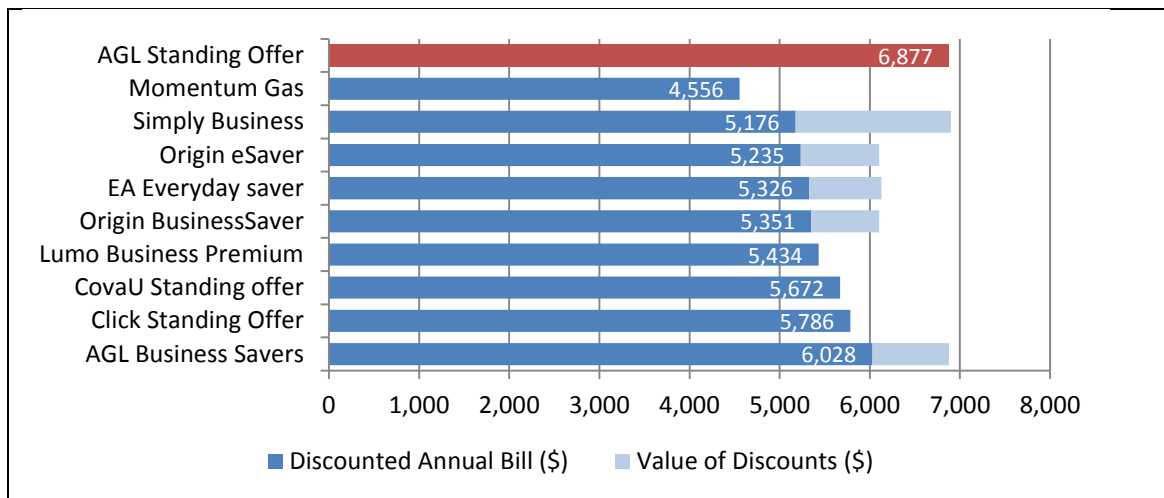
FIGURE 4.66 ESTIMATED ANNUAL BILLS — MAIN 2 DISTRICT
 Domestic, 54 GJ, Multinet distribution zone



In June 2015:

- there were 13 market offers
- the average discounted bill for offers was \$957
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$249.

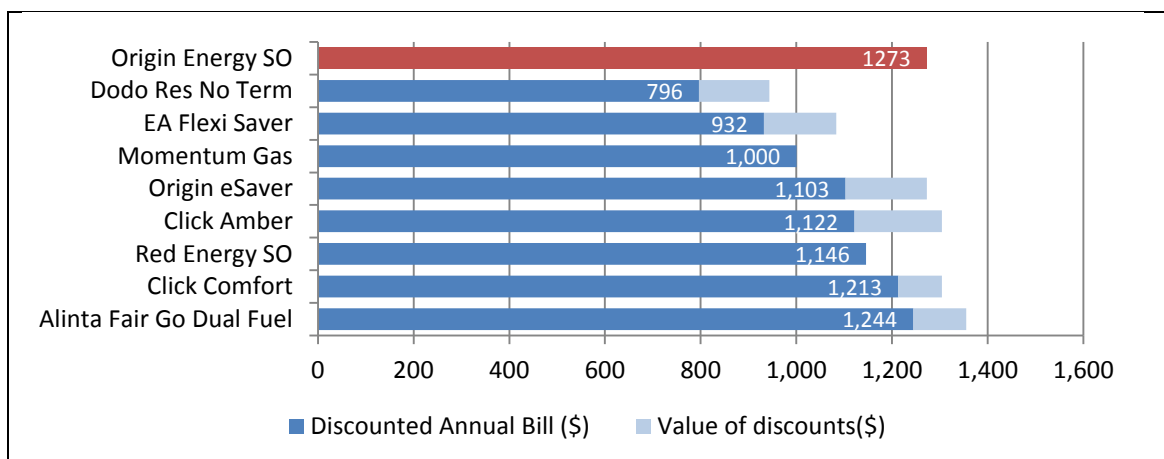
FIGURE 4.67 ESTIMATED ANNUAL BILLS — MAIN 2 DISTRICT
 Small business, 500 GJ, Multinet distribution zone



In June 2015:

- there were nine market offers
- the average discounted bill for offers was \$5396
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$1472.

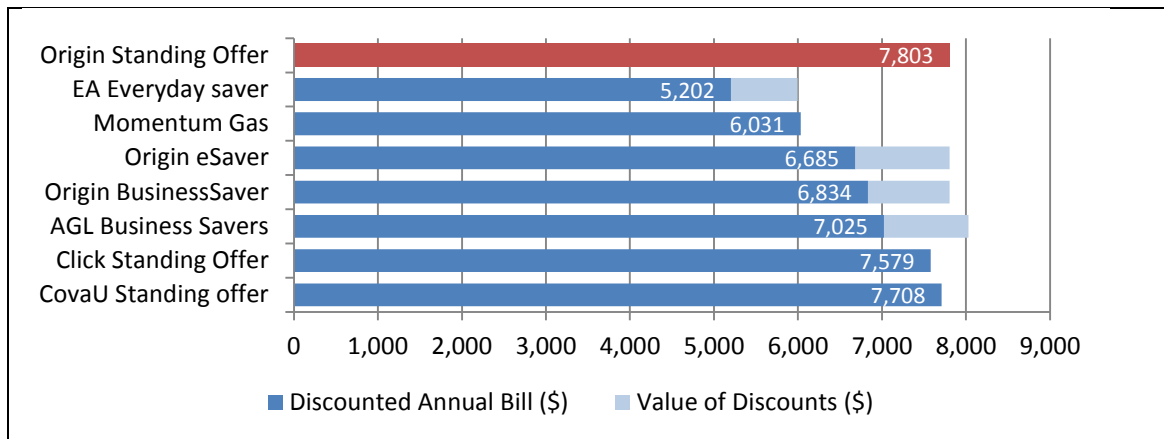
FIGURE 4.68 ESTIMATED ANNUAL BILLS — YARRA VALLEY DISTRICT
 Domestic, 54 GJ, Multinet distribution zone



In June 2015:

- there were eight market offers
- the average discounted bill for offers was \$1070
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$448.

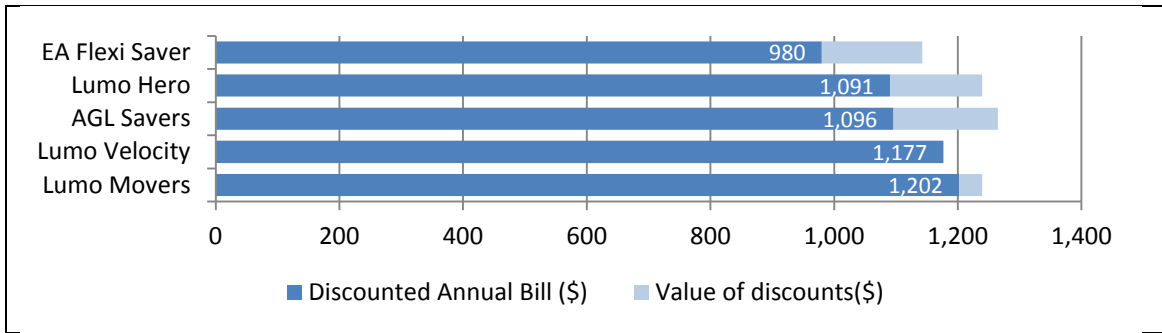
FIGURE 4.69 ESTIMATED ANNUAL BILLS — YARRA VALLEY DISTRICT
Small business, 500 GJ, Multinet distribution zone



In June 2015:

- there were seven market offers
- the average discounted bill for offers was \$6723
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$2506.

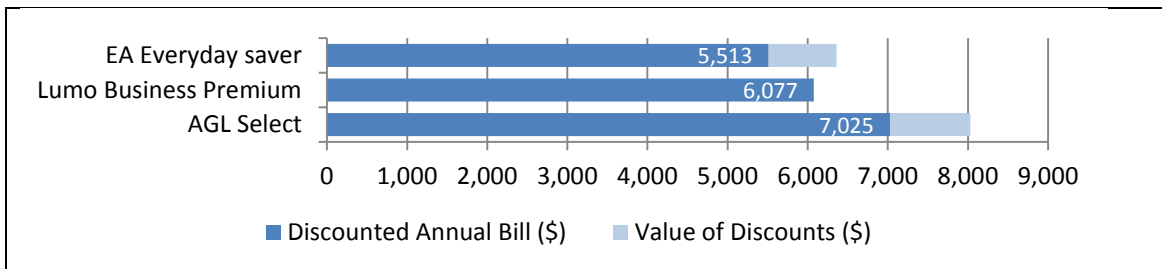
FIGURE 4.70 ESTIMATED ANNUAL BILLS — GAS EXTENSION DISTRICT
Domestic, 54 GJ, Multinet distribution zone



In June 2015:

- there were five market offers
- the average discounted bill for offers was \$1109
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$222.

FIGURE 4.71 ESTIMATED ANNUAL BILLS — GAS EXTENSION DISTRICT
Small business, 500 GJ, Multinet distribution zone



In June 2015:

- there were three market offers
- the average discounted bill for offers was \$6205
- across all retailers offering products, the range from the highest to the lowest discounted bill was \$1512.

APPENDIX A — DISTRIBUTION ZONE MAPS

FIGURE A1 ELECTRICITY DISTRIBUTION ZONES

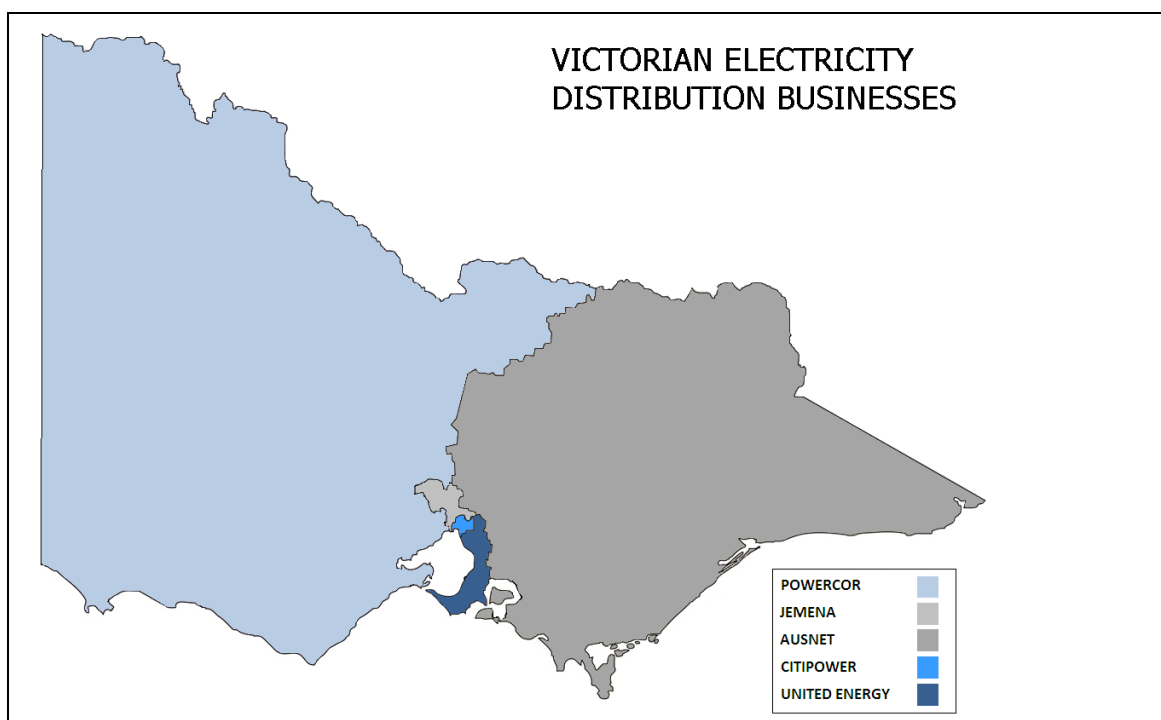


FIGURE A2 ELECTRICITY DISTRIBUTION ZONES

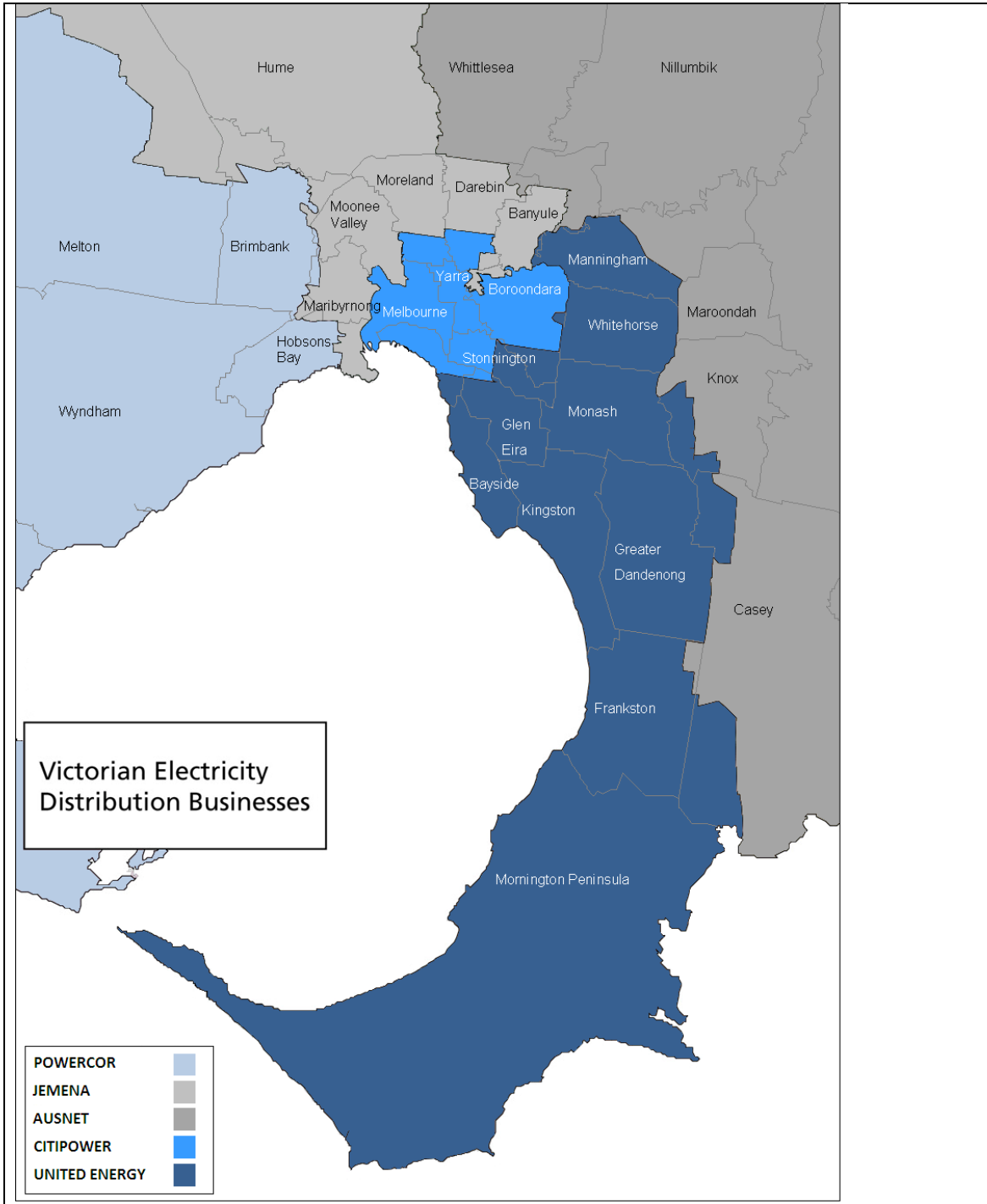


FIGURE A3 GAS DISTRIBUTION ZONES

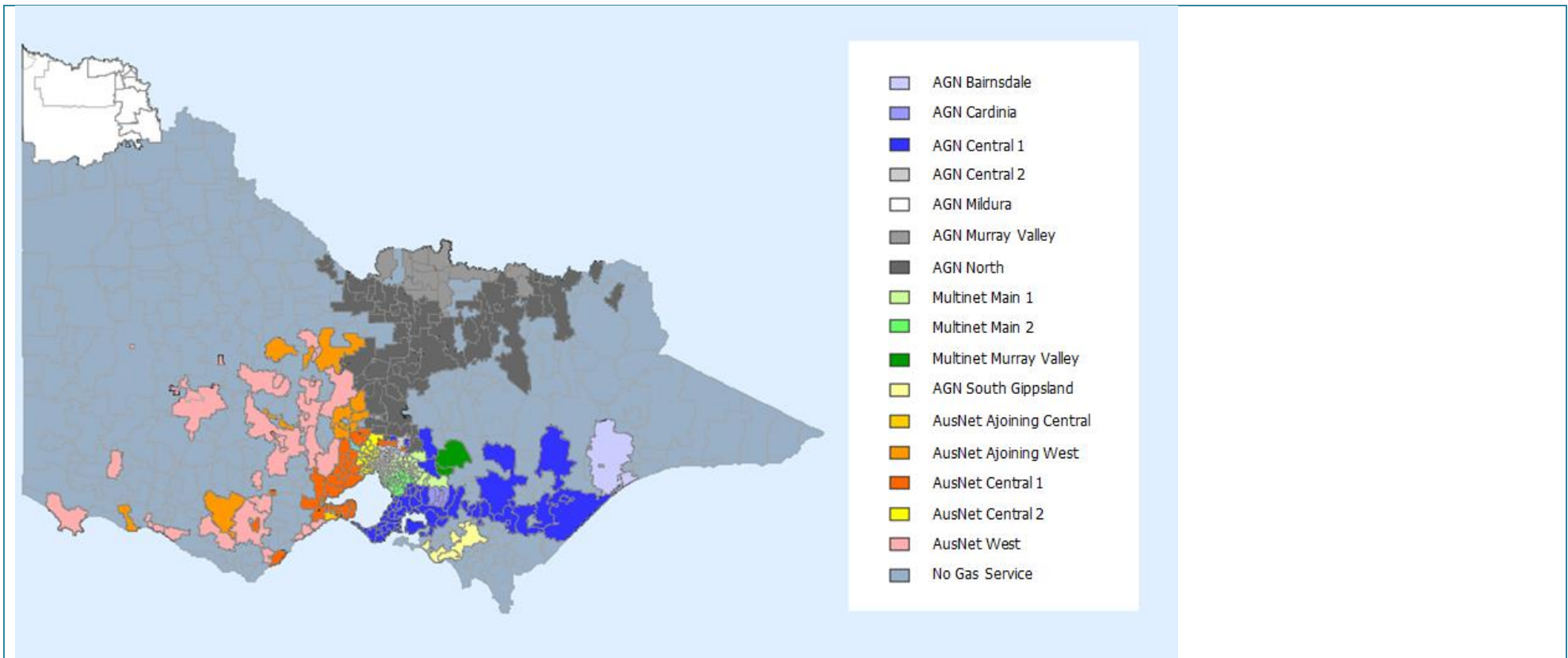


FIGURE A4 GAS DISTRIBUTION ZONES

