



South Australian Energy Prices July 2021

An update report on the South Australian Tariff-Tracking
Project



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An Update report on the South Australian Tariff-Tracking Project

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Disclaimer

The energy offers, tariffs and bill calculations presented in this report and associated workbooks should be used as a general guide only and should not be relied upon. The workbooks are not an appropriate substitute for obtaining an offer from an energy retailer. The information presented in this report and the workbooks is not provided as financial advice. While we have taken great care to ensure accuracy of the information provided in this report and the workbooks, they are suitable for use only as a research and advocacy tool. We do not accept any legal responsibility for errors or inaccuracies. The St Vincent de Paul Society and Alviss Consulting Pty Ltd do not accept liability for any action taken based on the information provided in this report or the associated workbooks or for any loss, economic or otherwise, suffered as a result of reliance on the information presented. If you would like to obtain information about energy offers available to you as a customer, go to Australian Energy Regulator's "[Energy Made Easy](#)" website or contact the energy retailers directly.

Acknowledgements

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The views expressed in this document do not necessarily reflect the views of Energy Consumers Australia.

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The SA Tariff-Tracking Project: Purpose and outputs

This project has tracked electricity and gas tariffs in South Australia from July 2009 to July 2021, and developed a spreadsheet-based tool that allows consumer advocates to build on the initial analysis and continue to track changes as they occur. The first report for the SA Tariff-Tracking project was published in August 2012 and this up-date report focuses on price changes that have occurred over the last year.

We have developed workbooks that allow the user to enter consumption levels and analyse household bills for regulated/standard gas and electricity offers from July 2009 to July 2021, as well as current published electricity and gas market offers post the price resets in July 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021.¹ A more recent addition to the Tariff-Tracking project is market offers available to new solar customers. The workbook allows users to calculate annual bills based on retailers' rates, feed in tariffs offered and additional discounts. Again, the user can enter consumption level as well as choosing to run the bill calculation based on 1.5 kW or 3 kW solar systems.

Workbook 1: Electricity standing offers July 2009-July 2021.

Workbook 2: Gas standing offers July 2009-July 2021.

Workbook 3: Electricity market offers post July 2012-July 2021.²

Workbook 4: Gas market offers post July 2012-July 2021.

Workbook 5: Solar market offers post July 2016 and July 2021.

The jurisdictional update reports will be followed by a NEM comparison report that discusses market issues and customer impacts in more detail as well as making recommendations.

All workbooks and reports can be accessed at the St Vincent de Paul Society's website: www.vinnies.org.au/energy

¹ All market offers are published offers and do not include special offers that retailers market through door-knocking campaigns or brokers. We use the retailers' own websites to collect market offer for the Tariff-Tracking tool.

² This workbook also contains electricity market offers that took effect upon the deregulation of the retail market in February 2013.

Key findings

In terms of general trends, the South Australian tariff analysis found that:³

- | The Default Market Offer (DMO) bill **reduced by approximately 8%** for both single rate and controlled load on 1 July 2021. **See charts 1 and 2 in section 1 below.**⁴
- | DMO customers with a typical consumption level (6,000kWh/annum) will have an **annual electricity bill of approximately \$2,385.**⁵
- | For **gas**, standard contract prices have **increased by 4%** since last year (July 2020). **See chart 2 in section 1.**⁶
- | Standard contract customers with a typical consumption level (21,000Mj/annum) will have an **annual gas bill of approximately \$1,250.**⁷ **See chart 3.**
- | The **average annual bill for market offer** customers consuming 6,000kWh per annum is currently \$2,170. **That is \$155 less than last year.**⁸ **See section 2.1.**
- | The **difference between the best and the worst market offer is \$750** per annum.⁹ The difference, or the price-spread, is thus somewhat higher than last year when the difference was \$615. If we exclude the single worst and the single best market offer, however, the maximum price-spread is reduced to \$520. **See chart 4 in section 2.1.**
- | For average consumption households (6,000kWh/annum), **the worst electricity DMO/standard contract offer is \$660 per annum more than the best published market offer.** Households currently on AGL's DMO can save \$585 if switching to the best market offer. **See chart 5 in section 2.1.**
- | In regards to households with controlled off-peak load, **typical consumption households (7,500kWh per annum) currently on AGL's DMO can save approximately \$630 per annum if switching to the best market offer.**¹⁰ The difference between the best and the worst market offer is \$855 per annum for this meter type. **See chart 6 in section 2.1.**
- | For **gas**, the **average annual market offer bill** for households consuming 21,000 Mj per annum is currently **\$1,095. That is \$15 more than last year.**¹¹ **See section 2.2.**
- | Typical consumption households (21,000Mj) **can save \$185** per annum if switching from Origin's standard contract to the best market offer.¹² **See chart 8 in section 2.2.**

3 These calculations are based on changes to the DMO/standard contract offer for single rate electricity customers using 6,000kWh per annum, changes to the DMO/standard contract for controlled load electricity customers (typically all-electric households) using 7,500kWh per annum (thereof 20% off-peak) and changes to the standing offer for gas customers using 21,000Mj per annum.

4 Based on AGL's DMO/standard contract offers

5 Based on average DMO offer across all retailers (single rate tariff).

6 Based on Origin Energy's standard contract offers

7 Based on average gas standing offer across all retailers.

8 Households using 6,000kWh per annum (single rate) and all market offer bills include additional discounts and/or pay on time discounts.

9 Ibid.

10 Based on AGL's standard contract offer and the best of the published market offers (including pay on time discounts).

11 Households using 21,000 Mj per annum and all market offer bills include additional discounts and/or pay on time discounts.

12 Based on Origin's standard contract offer and the best of the published market offers (including pay on time discounts).

- | With the introduction of the DMO we expected to see a reduction to the price-spread as well as a reduction to the significant impact pay on time discounts have had on bills.
- | The analysis presented in section 3 shows that the price-spread between the DMO and the electricity market offer now is at its lowest since 2012. For gas, where there are no DMO, however, the price-spread has remained relatively stable since 2018.
- | Since the introduction of the DMO, most electricity retailers have moved away from pay on time discounts to offer guaranteed discount or no discount at all. Consequently, the difference between the average bill paid late versus on time is now very low.
- | The daily electricity and gas supply charges vary significantly between retailers as well as retail offers. **The lowest market offer supply charge (including pay on time discounts) is approximately \$210 per annum less than the highest supply charge for electricity. For gas, the difference is \$140 per annum. See charts 12 and 13 in section 4.**
- | **The electricity Network Use of System (NUOS) charges decreased in July 2021.** However, as the overall retail bill has decreased more than the NUOS charges, the NUOS proportion of bills has gone up. **The NUOS currently accounts for 41% of an average consumption customer's bill. See chart 14 in section 5.**
- | **The gas Distribution Use of System (DUOS) charges decreased slightly in July 2021.** As the retail bill increased while the DUOS slightly decreased, the DUOS proportion of bills decreased in July 2021. **The DUOS proportion of gas retail bills is currently 44%. See chart 15 in section 5.**
- | **For solar customers, the average annual bill is approximately \$1,245 for households with 3 kW systems and \$1,555 for households with 1.5 kW systems installed.¹³ This means that the average annual bill is \$925 less for solar households with 3 kW systems installed compared to non-solar households. See section 6.**
- | Compared to last year, the **average market offer for solar customers with a 3kW system has decreased by \$20 (or 1.6%)** and for solar customers with a 1.5 kW system it has decreased by \$110 (or 6.6%).¹⁴ **See section 6.**
- | **The average feed in tariff (FIT) rate has been declining since 2018. The current average is 8.5 c/kWh (across all retailers).** Furthermore, some retailers now offer a relatively high FIT rate for a set amount of kWh exported each day and a much lower FIT rate for export beyond that. **See table 5 in section 6.**

¹³ Adelaide households using 6,000kWh per annum (single rate) and all market offer bills include additional discounts and/or pay on time discounts.

¹⁴ Ibid.

1. Energy price changes from July 2020 to July 2021

On 1 July 2019, the Australian Energy Regulator's (AER) new Default Market Offer (DMO) took effect in South Australia and the price of this offer was further reduced on 1 July 2020 and 2021. The DMO has replaced the previously retailer-set standing offers. Importantly, the AER's DMO is expressed as an annual bill for a set consumption level and retailers are still able to "translate the annual amount into different tariff structures".¹⁵ The Regulations stipulate that retailers must structure their prices to not exceed the annual DMO price for that consumption level.¹⁶

The DMO prices for single rate and controlled load tariffs in South Australia are listed in table 1 below.¹⁷

TABLE 1 | Residential DMO prices in South Australia for 2021-2022 (including GST)

| SAPN | |
|------------------------------------|-----------------|
| SINGLE/FLAT RATE | |
| Annual bill | \$1,716 |
| Consumption level | 4,000 kWh/annum |
| CONTROLLED LOAD[^] | |
| Annual bill | \$2,077 |
| Consumption level | 6,000 kWh/annum |

[^] Approximately 30% of the annual consumption is allocated to the controlled load tariff.

As the Tariff-Tracking project aims to monitor and assess changes to energy prices over time, the remaining analysis presented in this report will be based on the consumption levels previous Tariff-Tracking reports have used for South Australia. That is 6,000 kWh per annum for single rate customers and 7,500 kWh per annum for households with controlled load.

AGL's current DMOs are approximately 8% lower than they were last year (July 2020). AGL's current DMO produces annual bills of between \$2,395 and \$2,635 (depending on meter type) and that is an annual decrease of \$195 for single rate and \$230 for control load customers with these consumption levels. Chart 1 and 2 below show annual bills for average consumption households on AGL's DMO as of July 2020 and July 2021, as well as the average DMO (across all retailers) in the same years. This year, AGL's DMO is approximately the same as the average DMO (for all retailers).¹⁸

15 AER, Default Market Offer Prices 2020-21, Final Determination, April 2020, 9

16 Ibid., 9

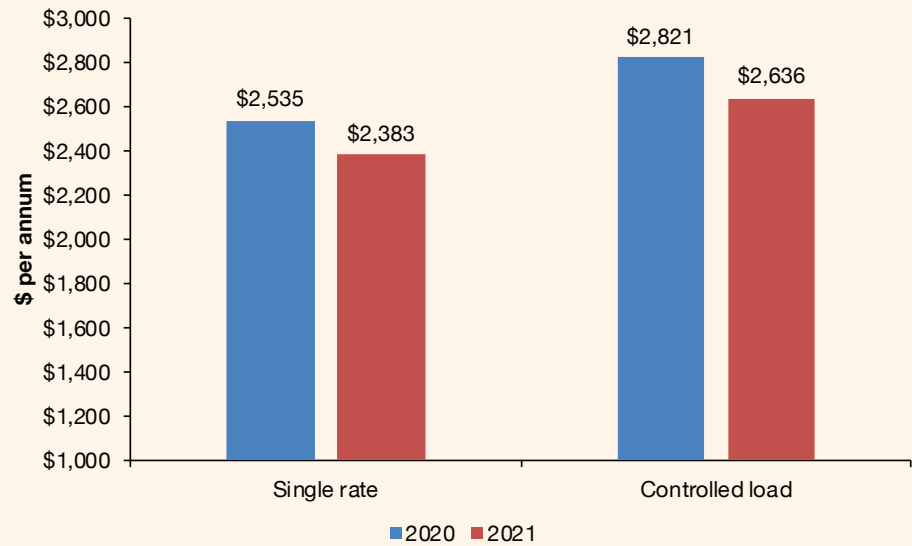
17 AER, Default Market Offer Prices 2021-22, Final Determination, April 2021

18 As South Australia deregulated the retail market in February 2013 and AGL was required to offer a transitional standing offer for two years post deregulation, the majority of South Australian households currently on an electricity standing offer are therefore AGL customers. As of Quarter 3 in 2020/21, around 85% of all standard contract electricity customers in South Australia were AGL customers. See AER, data for the Retail energy market performance update for Quarter 3, 2020-21, Types of contracts Q3 2020/21, Indicators s2.1, s2.2 and s2.6.

CHART 1 | Differences to the annual cost of AGL's DMO/standing contract electricity offers from 2020 to 2021. Based on annual consumption level of 6,000kWh for single rate and 7,500kWh per annum (thereof 20% controlled load), GST inclusive

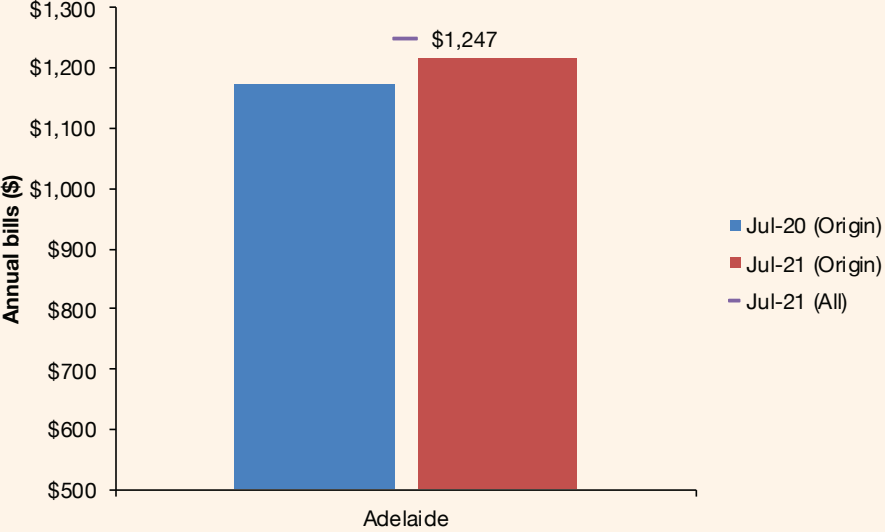


CHART 2 | Differences to the annual cost of the average (all retailers) DMO/standing contract electricity offer from 2020 to 2021. Based on annual consumption level of 6,000kWh for single rate and 7,500kWh per annum (thereof 20% controlled load), GST inclusive



In terms of gas, Origin's standing offer gas bills increased by approximately \$45 (4%) per annum for households with an annual consumption of 21,000Mj in July 2021. Chart 3 below shows Origin Energy's annual bills for the average consumption household on the gas standing offer as of July 2020 and July 2021, as well as the average standing offer (across all retailers) in July 2021.

CHART 3 | Differences to the annual cost of gas Standing offers/ Standard contracts from July 2020 to July 2021, 21,000Mj per annum, GST inclusive



2. Market offers post July 2021

2.1 Electricity market offers post July 2021¹⁹

- | The difference between the worst DMO/standard contract offer and the best market offer is \$660 per annum (households using 6,000kWh).²⁰
- | Customers on AGL's DMO for electricity can save \$585 if switching to the best market offer.²¹
- | The average annual bill for households consuming 6,000kWh per annum is currently \$2,170. That is \$155 less than it was last year.²²
- | The difference between the best and the worst market offer is \$750 per annum.²³ The difference, or the price-spread, is thus somewhat higher than last year when the difference was \$615.
- | If we exclude the single worst and the single best market offer, however, the maximum price-spread is reduced to \$520. Chart 4 below shows the retail market offer price-spread for electricity retail offers.

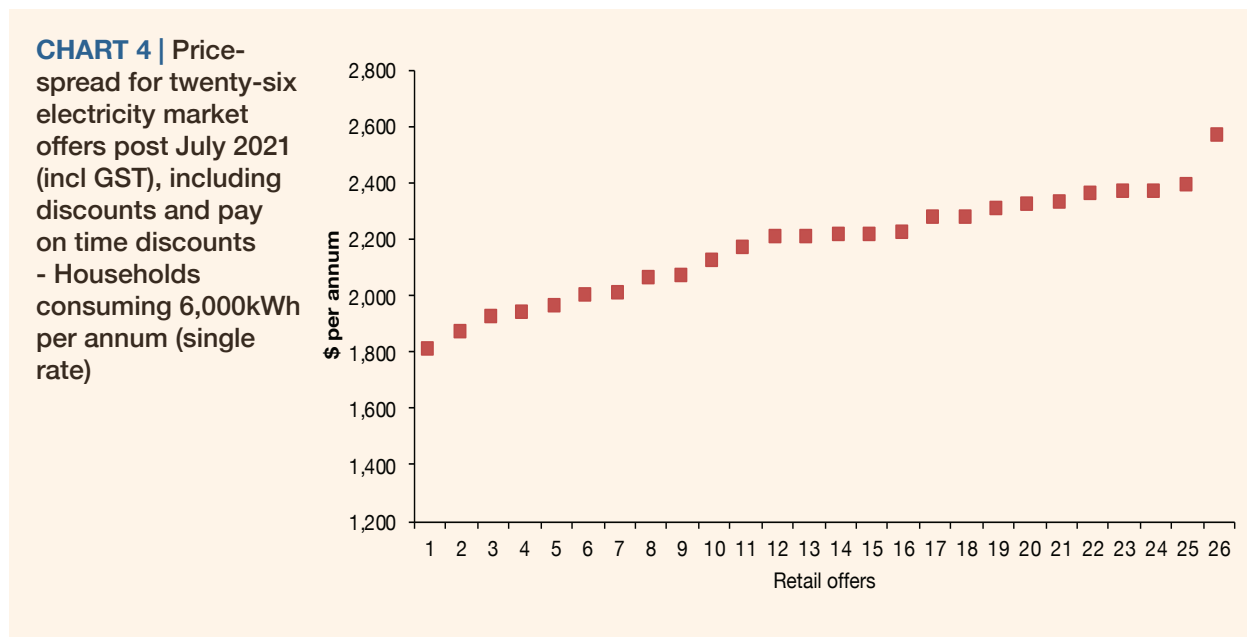


Table 2 below shows additional discounts applicable to the electricity retailers' published market offer rates. We note that the trend of fewer conditional pay on time discounts being offered and discounts being lower is continuing.

¹⁹ These market offers were collected from the retailers' websites between in July 2021 and it should be noted that retailers may change their rates at any time.

²⁰ Based on the worst standing offer (single rate) and the best of the published market offers (including additional discounts and/or pay on time discounts).

²¹ Based on AGL's standing offer (single rate) and the best of the published market offers (including additional discounts and/or pay on time discounts).

²² Households using 6,000kWh per annum (single rate) and all market offer bills include additional discounts and/or pay on time discounts.

²³ Ibid.

Table 2 also shows other contract terms and features, such as late payment fees, associated with these market offers. Some of the retailers have multiple market offers and may offer higher (or lower) discounts than those listed here. However, if the discounts are higher, they are tied to other conditions such as payment by direct debit. There are also some retailers (Energy Locals, Powerclub and Amber Electric) that have offers that include a membership fee. When analysis offers that include a membership fee, we have added this amount to the fixed supply charge.

TABLE 2 | Published electricity market offers taking effect after July 2021: Key additional features and contract conditions

| Retail product | Guaranteed discounts | Pay on time discounts | ETF* | LPF* | Shortened billing cycle [^] | Offer took effect |
|--|----------------------|-----------------------|------|---------|--------------------------------------|-------------------|
| AGL Flexible Saver | No | No | No | \$12.73 | No | 7/7/21 |
| Alinta Energy Home Deal | No | No | No | No | Yes | 1/7/21 |
| Diamond Energy Renewable Saver POT | No | 7% off bill | No | \$12.00 | No | 1/10/20 |
| Dodo Power & Gas Market offer | No | No | No | No | No | 1/7/21 |
| EnergyAustralia Total Plan Home | 6% off bill | No | No | \$12.00 | No | 1/7/21 |
| Lumo Energy Plus | No | No | No | No | No | 1/7/21 |
| Momentum Energy SmilePower Flexi | No | No | No | No | No | 1/7/21 |
| Origin Energy Go Variable | 13% off bill | No | No | \$12.00 | No | 1/7/21 |
| Powerdirect Rate Saver | No | No | No | \$12.73 | No | 7/7/21 |
| Red Energy Living Energy Saver | No | No | No | No | No | 1/7/21 |
| Energy Locals Local Member | No | No | No | \$16.00 | No | 16/10/21 |
| Simply Energy Saver | 10% off bill | No | No | \$12.00 | No | 1/7/21 |
| Powershop Carbon Neutral | No | 6% off bill | No | No | Yes | 15/6/21 |
| Powerclub Powerbank Home | No | No | No | No | Yes | 1/7/21 |
| Amber Electric Amber 15 | No | No | No | \$16.00 | Yes | 2/7/21 |
| Discover Energy Smart Saver | 24% off usage | No | No | \$12.00 | No | 1/7/21 |
| Future X Power Flexi Saver | No | No | No | \$12.00 | Yes | 6/8/20 |
| GloBird Energy SureSave | No | No | No | No | No | 1/7/21 |
| Kogan Energy Market offer | No | No | No | No | Yes | 15/6/21 |

| Retail product | Guaranteed discounts | Pay on time discounts | ETF* | LPF* | Shortened billing cycle [^] | Offer took effect |
|---|----------------------|-----------------------|------|---------|--------------------------------------|-------------------|
| OVO Energy The One Plan | No | No | No | No | Yes | 1/7/21 |
| ReAmped Energy Advance | No | No | No | No | No | 7/7/21 |
| 1st Energy 1 st Saver | No | 10% off bill | No | No | Yes | 1/7/21 |
| IO Energy Spark | No | No | No | \$16.00 | No | 2/9/20 |
| Nectr Friends Clean | No | No | No | No | Yes | 1/7/21 |
| Tango Energy Home Select | No | No | No | No | No | 3/5/21 |
| CovaU Freedom | 5% off usage | No | No | \$15.00 | No | 26/7/21 |

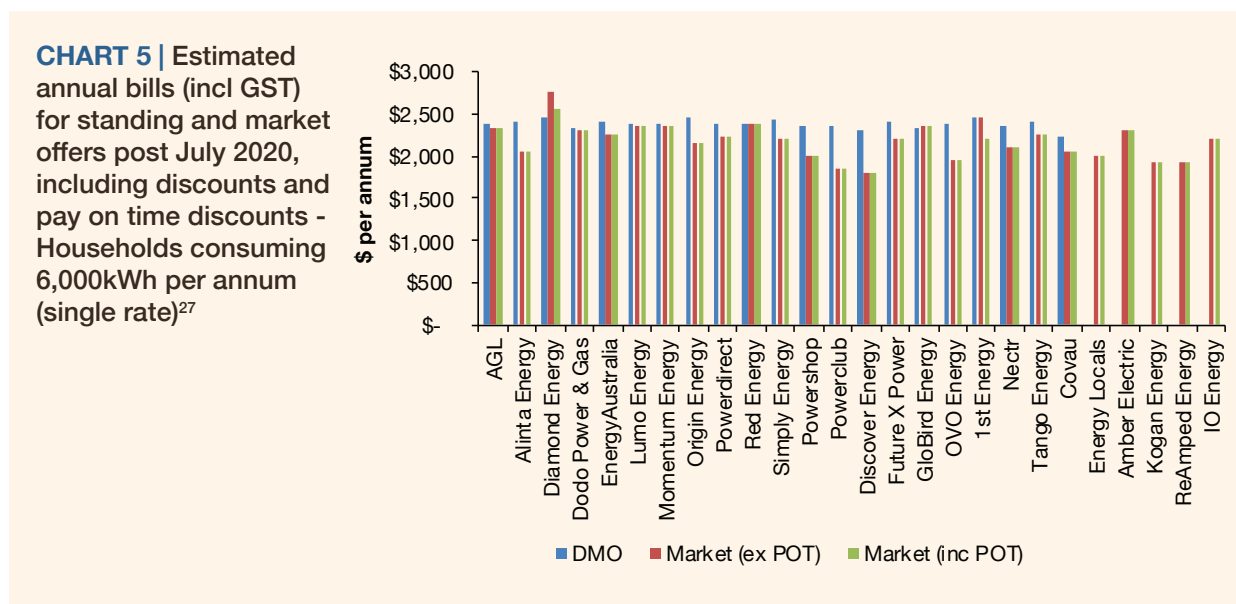
* ETF = Early Termination Fee and LPF = Late Payment Fee

Note that it is often unclear whether retailers actually apply a LPF as information on the retailers' website may be different to their Price and Product Information Statements

[^] If yes, the offer has a mandatory shortened billing cycle (monthly billing)

2.1.1 Potential savings - Differences between electricity offers

Households currently on AGL's DMO can save \$585 if switching to the best market offer.²⁴ The difference between the worst standing offer (Diamond Energy) and the best market offer (Discover Energy) is \$750 per annum.²⁵ Chart 5 below shows annual retail bills for typical consumption households (households using 6,000kWh). The blue columns to the left represent the DMO bill, the red columns are the market offers including guaranteed discounts (but not pay on time discounts) while the green columns are market offer bills including pay on time discounts.²⁶



24 Based on market offer bills that include discounts and pay on time discounts.

25 Based on the worst standing offer (single rate) and the best of the published market offers (including additional discounts and/or pay on time discounts).

26 These market offers were collected from the retailers' websites between in July 2021 and it should be noted that retailers may change their rates at any time. Discounts have been applied to consumption and/or total bill as per offers listed in table 2.

27 Note that some retailers do not have a published DMO.

The difference between the best and the worst market offer is also significant. Discover Energy's offer is approximately \$855 less than Diamond Energy's market offer post discounts (and pay on time discounts) for households with this consumption level. Figure 1 below shows estimated annual bills for market offers post discounts as well as how they ranked compared to other retailers.

FIGURE 1 | Lowest to highest annual bills (incl GST) for market offers post July 2021, including discounts and pay on time discounts - Households consuming 6,000kWh per annum (single rate) ²⁸



























| | | | | | | | | |
|---|-----------------|---------|---|-----------------|---------|--|------------------|---------|
|  | Discover Energy | \$1,805 |  | Nectr | \$2,113 |  | Amber Electric | \$2,299 |
|  | Powerclub | \$1,862 |  | Origin Energy | \$2,165 |  | Dodo Power & Gas | \$2,316 |
|  | ReAmped Energy | \$1,920 |  | Simply Energy | \$2,199 |  | AGL | \$2,319 |
|  | Kogan Energy | \$1,933 |  | IO Energy | \$2,200 |  | GloBird Energy | \$2,350 |
|  | OVO Energy | \$1,958 |  | 1st Energy | \$2,207 |  | Momentum Energy | \$2,358 |
|  | Energy Locals | \$1,990 |  | Future X Power | \$2,208 |  | Lumo Energy | \$2,363 |
|  | Powershop | \$1,997 |  | Powerdirect | \$2,217 |  | Red Energy | \$2,381 |
|  | Covau | \$2,057 |  | EnergyAustralia | \$2,267 |  | Diamond Energy | \$2,557 |
|  | Alinta Energy | \$2,065 |  | Tango Energy | \$2,267 | | | |

Chart 6 below shows a similar trend for households with controlled load (using 7,500kWh per annum and thereof 20% controlled load).

The difference between the worst standing offer and the best market offer is \$715 per annum (for households with controlled off-peak load using 7,500kWh per annum).²⁹ Households currently on AGL's standing offer can save \$630 if switching to the best market offer. The difference between the best and the worst market offer is approximately \$855 and Discover Energy's offer produces the lowest bill while Diamond Energy's rates produces the highest bill for households with controlled off-peak load.

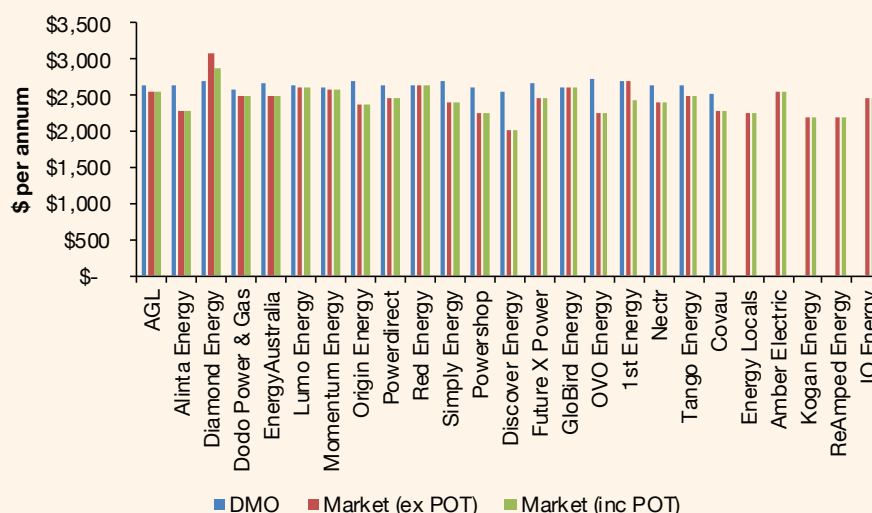
The blue columns to the left represent the standing offer bill, the red columns are the market offers including guaranteed discounts (but not pay on time discounts) while the green columns are market offer bills including pay on time discounts.³⁰

²⁸ These market offers were collected from the retailers' websites between in July 2021. Additional discounts for customers choosing to pay by direct debit are not included in these bill calculations. Note regarding Amber Electric: This bill calculation is based on the rates presented in Amber's Basic Plan Information Document (BPID) and as Amber offers wholesale rates (a spot-price passthrough) to its customers, the average wholesale price paid by customers may be lower than the rate used for the BPID.

²⁹ Based on market offer bills that include discounts and pay on time discounts.

³⁰ These market offers were collected from the retailers' websites between in July 2021. Discounts have been applied to consumption and/or total bill as per offers listed in table 3.

CHART 6 | Estimated annual bills (incl GST) for standing and market offers post July 2021, including discounts and pay on time discounts - Households consuming 7,500kWh per annum (20% controlled off peak) ³¹



2.2 Gas market offers post July 2021³²

There are very few gas market offers in South Australia and the only area where there is more than one market offer is greater Adelaide (households in the other areas only have access to Origin’s market offer). As such, the below analysis only comprises standard contracts vs. market offers in the greater Adelaide area.

- | The average annual bill for households consuming 21,000 Mj per annum is currently \$1,095. That is \$15 more than it was last year.³³
- | The difference between the best and the worst gas market offer is \$175 per annum (compared to \$135 last year). See chart 7 below.
- | Typical consumption households (21,000 Mj) can save \$185 per annum if switching from Origin’s standing offer to the best market offer.³⁴ See chart 8 below.

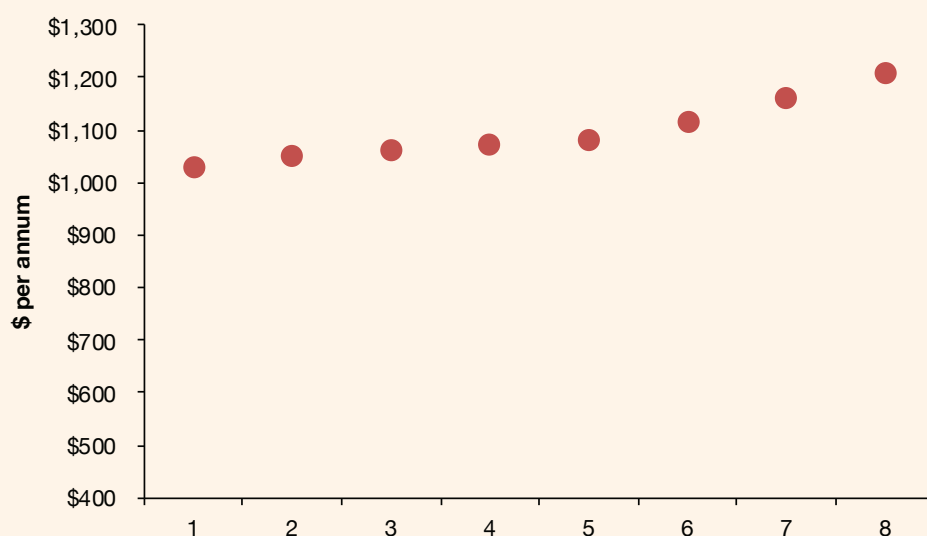
³¹ Note that some retailers do not have a published DMO.

³² These market offers were collected in July 2021 and it should be noted that retailers may change their rates at any time.

³³ Households using 21,000 Mj per annum and all market offer bills include additional discounts and/or pay on time discounts.

³⁴ Based on the regulated offer and the best of the published market offers (including pay on time discounts).

CHART 7 | Price-spread for seven gas market offers post July 2020 (incl GST), including discounts and pay on time discounts - Households consuming 21,000Mj per annum.



The discounts (including pay on time discounts) used to estimate the annual bills are shown in table 3 below. Table 3 also shows other contract terms and features, such as early termination fees, associated with these market offers.

TABLE 3 | Published gas market offers in the Adelaide gas zone post July 2021: Key additional features and contract conditions

| Retail product | Guaranteed discount | Pay on time discounts | ETF [^] | LPF [^] | Offer took effect |
|--|---------------------|-----------------------|------------------|------------------|-------------------|
| AGL Flexible Saver | No | No | No | \$12.73 | 13/7/21 |
| Alinta Energy Home Deal | No | No | No | No | 1/7/21 |
| Energy Australia Total Plan | 12% off bill | No | No | \$12.00 | 1/7/21 |
| Origin Go Variable | No | No | No | \$12.00 | 1/7/21 |
| Simply Energy Saver | 10% off bill | No | No | No | 15/7/21 |
| Red Energy Living Energy Saver | No | No | No | No | 1/7/21 |
| Lumo Energy Plus | No | No | No | No | 1/7/21 |
| GloBird Energy GloSave | No | No | No | No | 1/7/21 |

[^] ETF = Early Termination Fee and LPF = Late Payment Fee

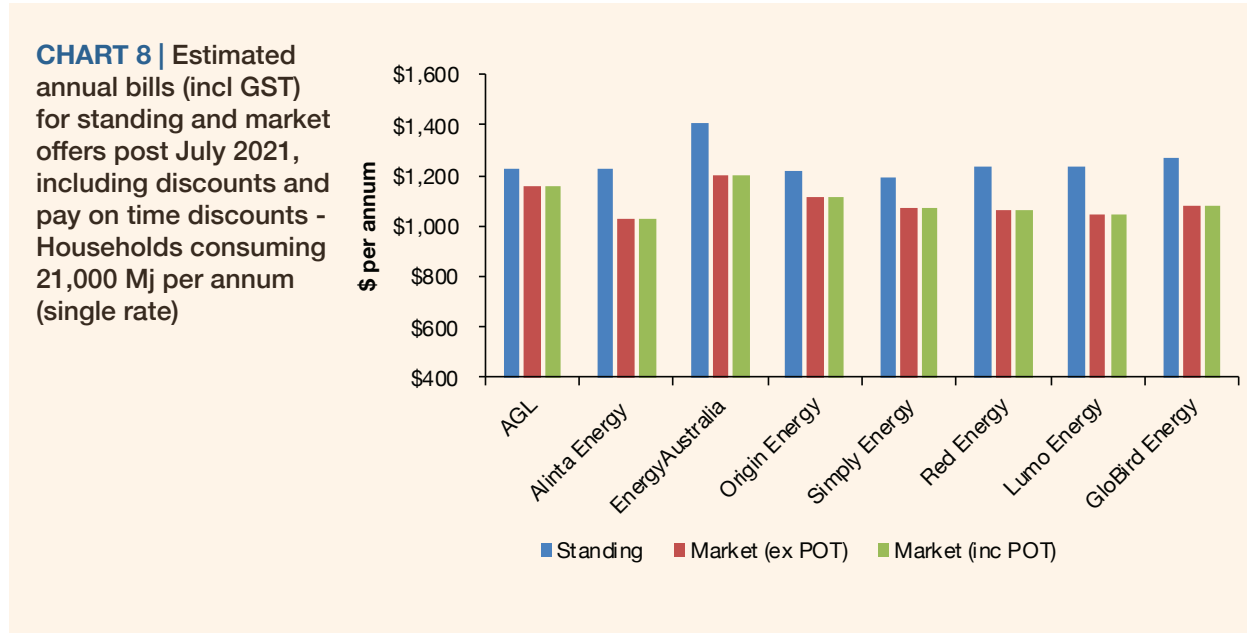
Note that it is often unclear whether retailers actually apply a LPF as information on the retailers' website may be different to their Price and Product Information Statements

2.2.1 Potential savings - Differences between gas offers

Chart 8 below shows annual retail bills for typical consumption (21,000Mj per annum). The blue columns to the left represent the standing offer bill, the red columns are the market offers including guaranteed discounts (but not pay on time discounts) while the green columns are









market offer bills including pay on time discounts.³⁵

It shows that typical consumption households (21,000Mj per annum) on the worst standing offer can save \$375 per annum if switching to the best published market offer.³⁶ Households currently on Origin’s standing offer can save \$185 if switching to the best market offer. Alinta Energy is currently the retailer with the best gas market.



The difference between the best and the worst gas market offers is also significant. Alinta Energy’s offer is approximately \$175 less than Energy Australia’s market offer (post discounts) for households with this consumption level. Figure 2 below shows estimated annual bills for gas market offers post discounts ranked from the lowest annual bill to the highest.

FIGURE 2 | Lowest to highest annual bills (incl GST) for gas market offers post July 2020, including discounts and pay on time discounts - Households consuming 21,000Mj per annum³⁷

| | | | | | |
|---|---------------|---------|---|-----------------|---------|
|  | Alinta Energy | \$1,030 |  | GloBird Energy | \$1,081 |
|  | Lumo Energy | \$1,049 |  | Origin Energy | \$1,115 |
|  | Red Energy | \$1,059 |  | AGL | \$1,157 |
|  | Simply Energy | \$1,073 |  | EnergyAustralia | \$1,204 |

35 These market offers were collected in July 2021 and it should be noted that retailers may change their rates at any time. Discounts have been applied to consumption and/or total bill as per offers listed in table 3.

36 Based on market offer bills that include discounts and pay on time discounts.

37 These bill estimates are based on rates published on the retailers’ websites in July 2021 and it must be noted that retailers may change their rates at any time. Additional discounts for customers choosing to pay by direct debit are not included in these bill calculations.

3. Retail market developments

Previous update-reports on the South Australian Tariff-Tracker have highlighted two ongoing issues energy retail market:³⁸

1. The price difference (the price-spread) between standing offers (now DMO for electricity) and market offers
2. The difference between paying bills on time and paying bills late.

With the introduction of the DMO we expected to see a reduction to the price-spread as well as a reduction to the significant impact pay on time discounts have had on bills. The below analysis shows that the price-spread between the DMO and the electricity market offer now is at its lowest since 2012. For gas, where there is no DMO, however, the price-spread has remained relatively stable since 2018.

Since the introduction of the DMO, most electricity retailers have moved away from pay on time discounts to offer guaranteed discount or no discount at all. Consequently, the difference between the average bill paid late versus on time is now very low.

Table 4 below compares the retailers' market offers as of July 2018 (prior to the introduction of the DMO in July 2019) to market offers in July 2021.³⁹ It shows a marked decline in the use of pay on time (POT) discounts and that bills (inclusive of discounts) still have reduced significantly in some instances. Only one retailer, Diamond Energy, has not decrease its bill since July 2018.⁴⁰

TABLE 4 | Comparison of electricity market offers before the introduction of the DMO (July 2018) and current offers (July 2021)

| Retailer | July 2018 discount | July 2021 discount | July 2018 bill | July 2021 bill | Difference |
|-----------------------------|--------------------------|-------------------------|----------------|----------------|------------|
| AGL | 11% POT off usage | No | \$2,553 | \$2,319 | -\$234 |
| Alinta Energy | 25% POT off usage | No | \$2,439 | \$2,065 | -\$374 |
| Diamond Energy | 7% POT off bill | 7% POT off bill | \$2,557 | \$2,557 | \$0 |
| Dodo Power & Gas | No | No | \$3,218 | \$2,306 | -\$912 |
| EnergyAustralia | 20% guaranteed off usage | 6% guaranteed off bill | \$2,646 | \$2,267 | -\$379 |
| Lumo Energy | 15% POT off bill | No | \$2,497 | \$2,363 | -\$134 |
| Momentum Energy | No | No | \$2,802 | \$2,358 | -\$444 |
| Origin Energy | 10% POT off usage | No | \$2,538 | \$2,165 | -\$373 |
| Powerdirect | 17% POT off usage | No | \$2,403 | \$2,217 | -\$186 |
| Red Energy | 10% POT off bill | No | \$2,588 | \$2,381 | -\$207 |
| Simply Energy | 18% POT off usage | 10% guaranteed off bill | \$2,466 | \$2,199 | -\$267 |

38 See, for example, St Vincent de Paul Society, South Australian Energy Prices July 2015, An update report on the SA Tariff-Tracking project by May Mauseth Johnston (August 2015)

39 Note that only retailers that had published market offers both years have been included in this comparison. Also, as most retailers have renamed their market offers since 1 July 2018 (e.g. AGL's offer is now 'Flexible Saver' instead of 'Savers', Alinta's offer is 'Home Deal' instead of 'Fair Deal') the comparison is based on the retailers' "best but basic" market offer from each year. By taking a "best but basic" approach we do not include offer features such as direct debit discounts, fixed price products, dual fuel products etc.

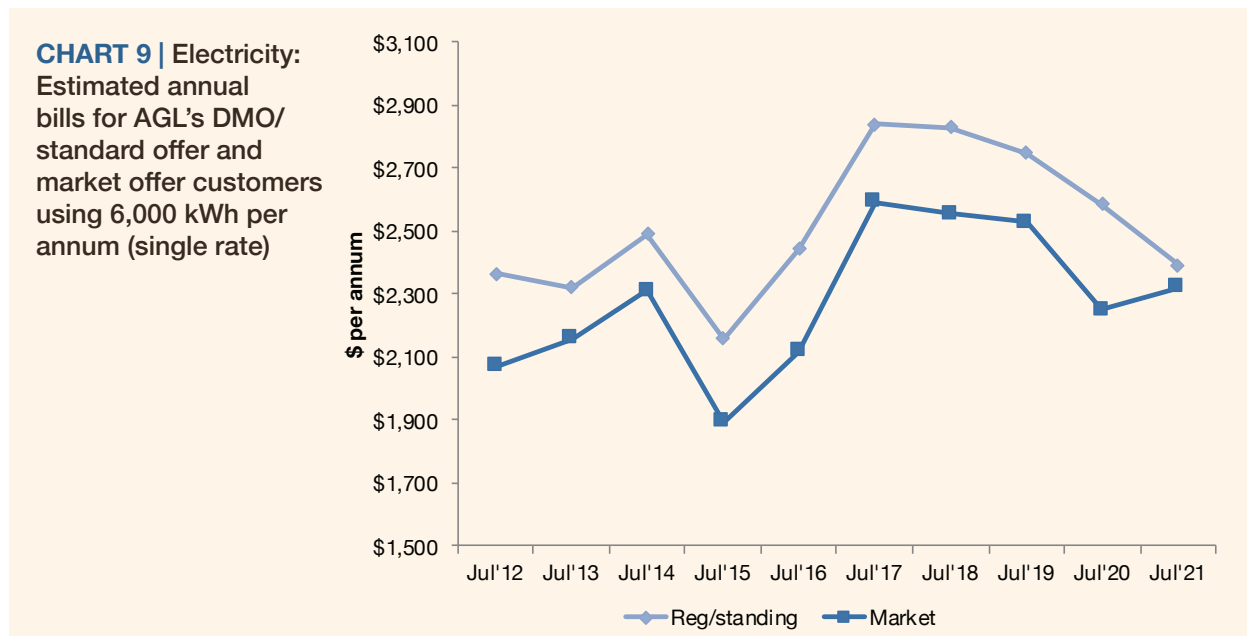
40 This bill comparison is based on an annual consumption of 6,000 kWh/annum (single rate) and all bills are inclusive of any guaranteed and/or pay on time discount offered.

3.1 The price-spread

South Australia deregulated electricity retail prices on 1 February 2013 and while a difference between standing offer bills and market offer bills (including discounts) is to be expected, an increase in the difference could mean that the retailers pass through cost reductions as pay on time discounts rather than adjusting their base rates.

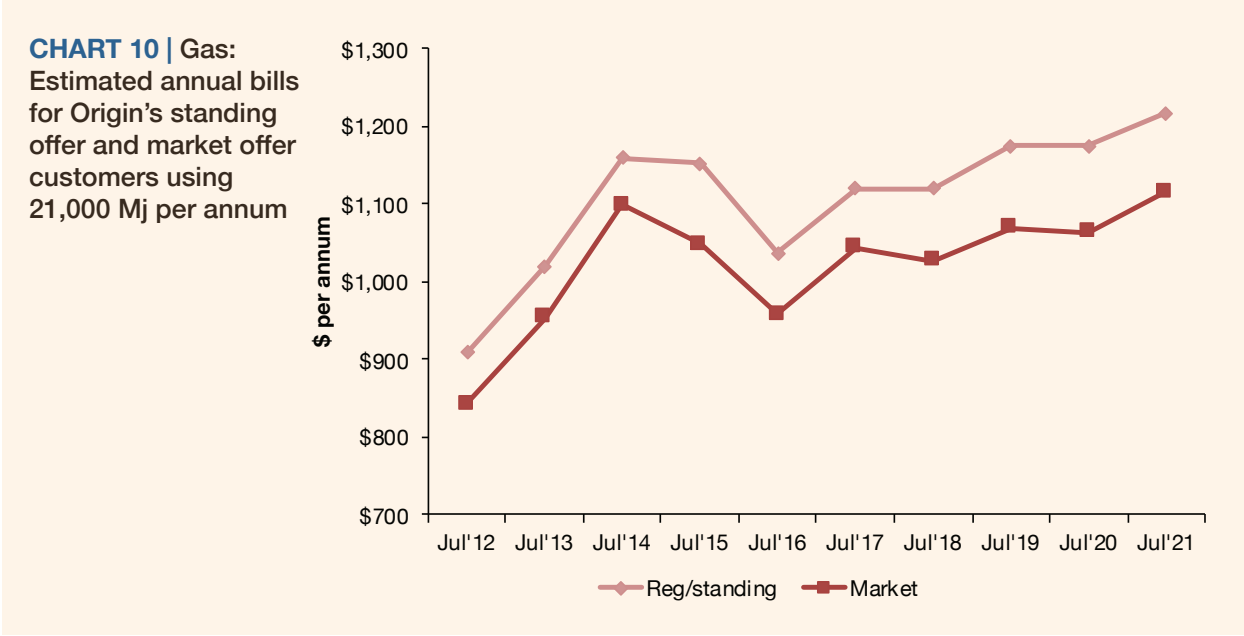
Chart 9 below shows the difference to annual bills for typical consumption households on AGL's standing offer and market offer (including pay on time discounts) from July 2012 to July 2021.⁴¹

It shows that AGL's market offer (including discounts) was \$290 less (or 12%) than the regulated offer in July 2012. After deregulation, the difference (the price-spread) decreased to \$170-\$180, or 7%, in July 2013 and July 2014. However, it is important to note that AGL was required to offer a transitional rate to standing offer customers for two years after deregulation and that this rate was lower than most market offer rates. The transitional rate ceased existing in February 2015 and as of July 2015 the difference between the standing offer and the market offer is 12%, or \$270 per annum. As of July 2016, the difference had increased to 13% or \$325 per annum. In 2017 and 2018 the price-spread was around 9-10% and it decreased slightly again in 2019. In 2020, the difference between AGL's standing offer and the market offer increased to 13%. In 2021, the difference between AGL's standing offer and the market offer is only \$74 per annum (or 3%).



⁴¹ Based on households consuming 6,000 kWh per annum. The July 2012 standing offer is the regulated rate.

For gas, the difference between the annual bill for customers on Origin’s standing offer and Origin’s market offer (including discounts and pay on time discounts) increased from approximately \$65 in July 2012, 2013 and 2014 to \$105, or 9%, in July 2015. In 2016, however, the difference was down to 7.5% or \$80. The price-spread continued to decrease in July 2017 (6.7%) before increasing slightly in 2018 2019 and 2020. The difference between Origin’s standing offer and market offer is now (July 2021) \$100 (8.5%). See chart 10 below.



3.2 Pay on time discounts and late payment fees

In 2014, we started raising concern regarding the use of late payment fees as well as the significant impact they can have on late paying households’ bills when applied in conjunction with a pay on time discount.⁴²

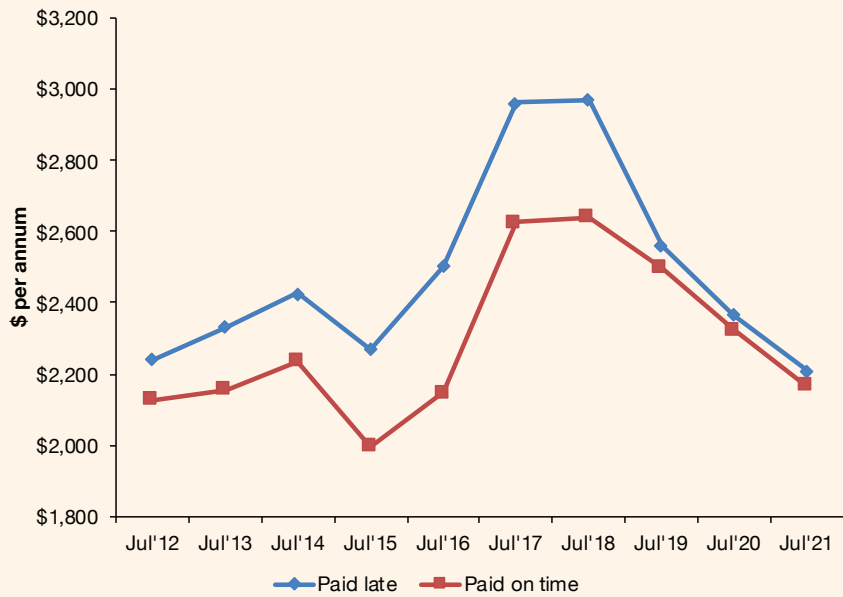
The difference between bills paid late and bills paid on time continued to be significant until 2019. With the introduction of the DMO in July 2019, only three retailers continued to offer pay on time discounts. In July 2016, annual market offer bills were on average 16.5% (or \$350) more for late paying customers compared to customers that paid on time. In July 2019, the difference was approximately \$60 or 2.4% and now, in July 2021, the difference is approximately \$40 or 1.9%.

Chart 11 shows the average annual bill for customers that pay on time and customers that pay late from July 2012 to July 2021.⁴³

42 See, for example, St Vincent de Paul Society, South Australian Energy Prices July 2014, An update report on the SA Tariff-Tracking project by May Mauseth Johnston (August 2014) and St Vincent de Paul Society, South Australian Energy Prices July 2015, An update report on the SA Tariff-Tracking project by May Mauseth Johnston (August 2015)

43 Based on households consuming 6,000 kWh per annum (single rate). Late paying bills do not include pay on time discounts (as per retail offer) and include four late fees (if applied by the retailers).

CHART 11 Average annual electricity bills for market offer customers that pay late and pay on time, 6,000 kWh per annum (single rate)



4. Supply Charges

The supply charge is a fixed daily charge that is paid in addition to the consumption charges for electricity/gas used. High supply charges result in low consumption households paying a proportionally higher cost per unit of energy than high consumption households. This has significant equity implications as some customer classes characterised by low and fixed income also use less electricity than the South Australian average. Pensioners make up one of these lower consumption groups.⁴⁴

4.1 Electricity supply charges

Consumers shopping around for a better market offer should thus be aware that some retail offers have significantly higher supply charges than other retailers and/or contract types.

Chart 12 below shows the daily supply charges (cents per day) for the various offers available post July 2021. The blue columns to the left represent the supply charge for standing offers, the orange columns are the market offers excluding discounts while the yellow columns are market offer bills including discounts.⁴⁵

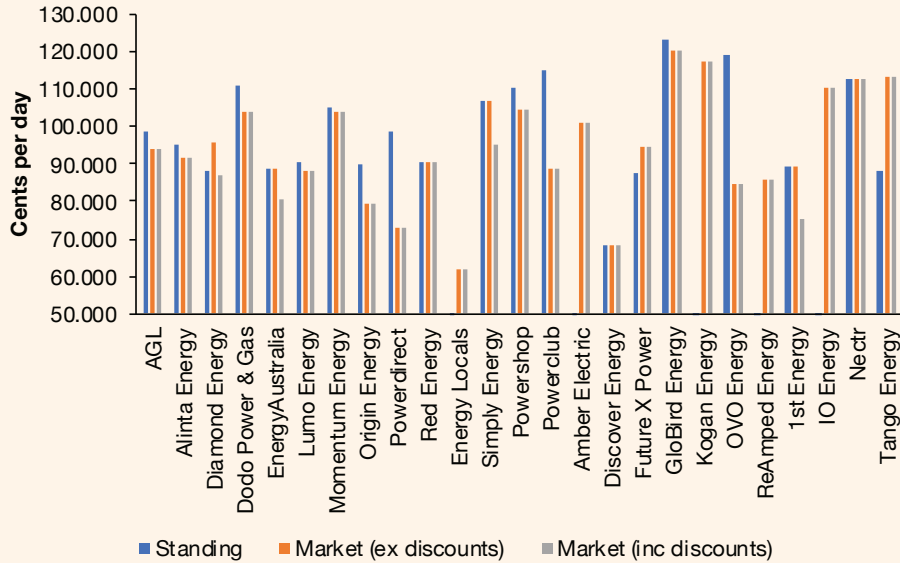
It shows that while some retailers apply the same supply charge to their standing offer and their market offer, the majority of retailers (AGL, Alinta Energy, Dodo Power & Gas, Lumo Energy, Momentum Energy, Origin Energy, Powerdirect, Powershop, Powerclub, GloBird Energy and OVO Energy) apply higher supply charges to their standing offers than they do to market offers. Furthermore, as four retailers (Diamond Energy, Energy Australia, Simply Energy and 1st Energy) offer discounts that include the supply charge, the supply charge can be significantly lower for market offers compared to standing offers. For market offers, inclusive of discounts, the difference between the highest supply charge (GloBird) and the lowest (Energy Locals) is \$210 per annum.⁴⁶

44 ABS survey data shows that households with government pensions and allowances as their main source of income have a mean weekly electricity consumption of approximately 122kWh and that households with wages and salaries as their main income source use approximately 20kWh more per week (142kWh/week). See ABS, 4670.0 Household Energy Consumption Survey 2012, Table 8, September 2013. Furthermore, Victorian consumption surveys have found that concession card holders in general, and households on the aged concession in particular, have lower consumption than the general population. See Victorian Utility Consumption Household Survey 2007 by Roy Morgan Research for Dept. of Human Services, Final report, April 2008, p 75. The lower consumption levels among aged concession card holders relates to the average size of these households. Pensioners, as a customer group, are on average smaller households (fewer people) compared to the population on a whole and this has an impact on their consumption levels.

45 Not all of the retailers had DMO/standing offers listed on their websites. The market offers were collected from the retailers' websites between in July 2021 and it should be noted that retailers may change their rates at any time. Discounts have been applied to consumption and/or total bill as per offers listed in table 3.

46 Note that Energy Locals offer does include a membership fee in addition to the supply charge. This membership fee has not been included in this analysis.

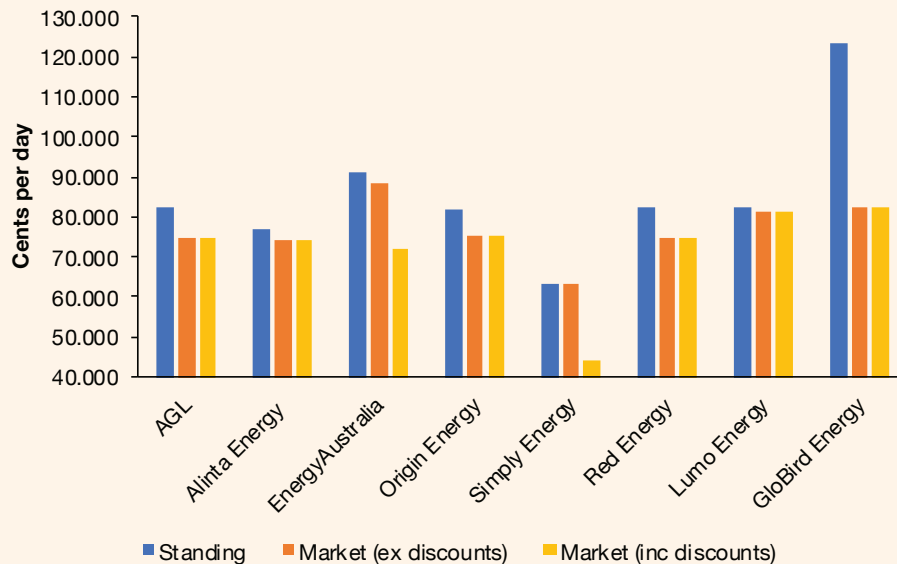
CHART 12 | Daily supply charges for electricity (single rate and controlled load), DMO/standing offers and market offers post July 2021 (incl. GST)



4.2 Gas supply charges

Chart 13 shows that GloBird’s standing offer supply charge is 123.2 cents per day, which means that customers would pay approximately \$200 more per annum in fixed supply charge on this offer compared to Simply’s standing offer (which is just under 64 cents/day). In terms of market offers, two retailers have discounts that reduce the gas supply charge. The difference between the highest supply charge (GloBird) and the lowest (Simply Energy) is approximately \$140 per annum.

CHART 13 | Daily supply charges for gas, standing offers and market offers post July 2021 (incl GST)



5. Network charges

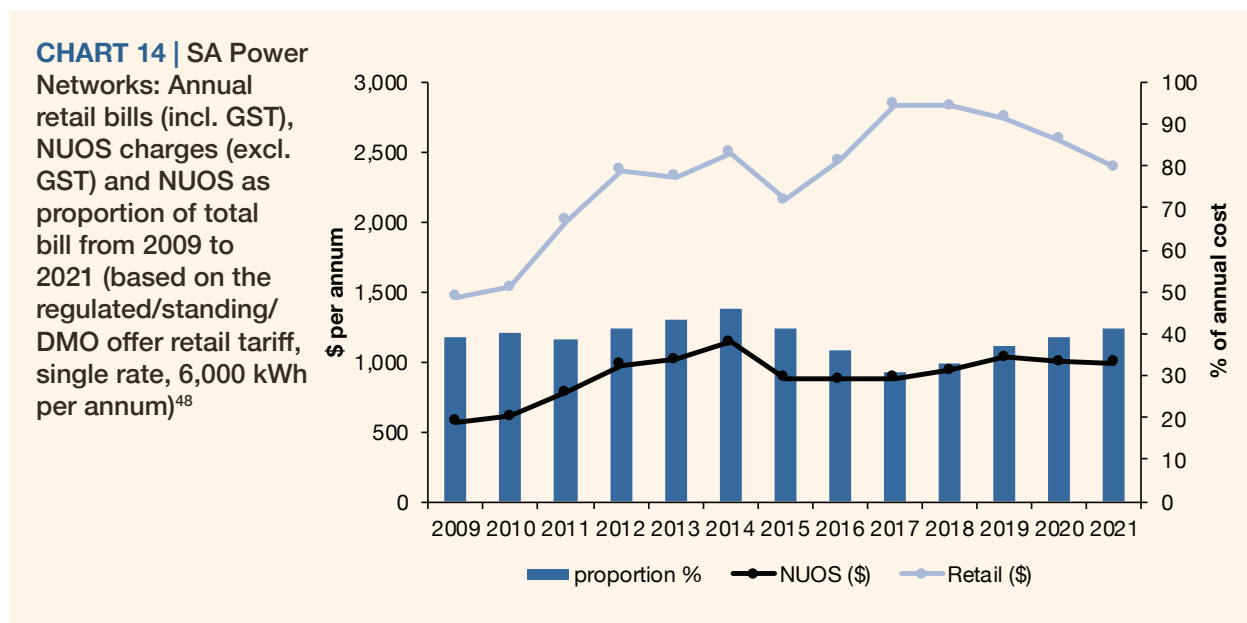
This section examines changes to electricity network charges since 2009 and gas distribution charges since 2019.

5.1 Electricity network charges

The South Australian electricity network, SA Power Networks, introduces new Network Use of System (NUOS) charges as of 1 July every year.⁴⁷ These NUOS charges are approved by the Australian Energy Regulator (AER) and comprise Transmission Use of System (TUOS) and Distribution Use of System (DUOS) as well as other costs such as jurisdictional charges and metering charges. The retailers can, and generally will, build changes to the NUOS (in relation to both shape and price) into their retail tariffs.

The chart presented in this section shows that NUOS charge increased every year from 2009 to 2014 before significantly reducing in July 2015 and continue to decrease until 2017. It increased again in 2018 and 2019, but in 2020 and 2021, the NUOS charge decreased. However, as the overall retail bill has decreased more than the NUOS charges, the NUOS proportion of bills has gone up. The NUOS currently accounts for 41% of an average consumption customer's bill.

Chart 14 shows annual retail bills (solid line), NUOS charges as annual cost (dotted line) and NUOS as proportion of annual bill (columns).



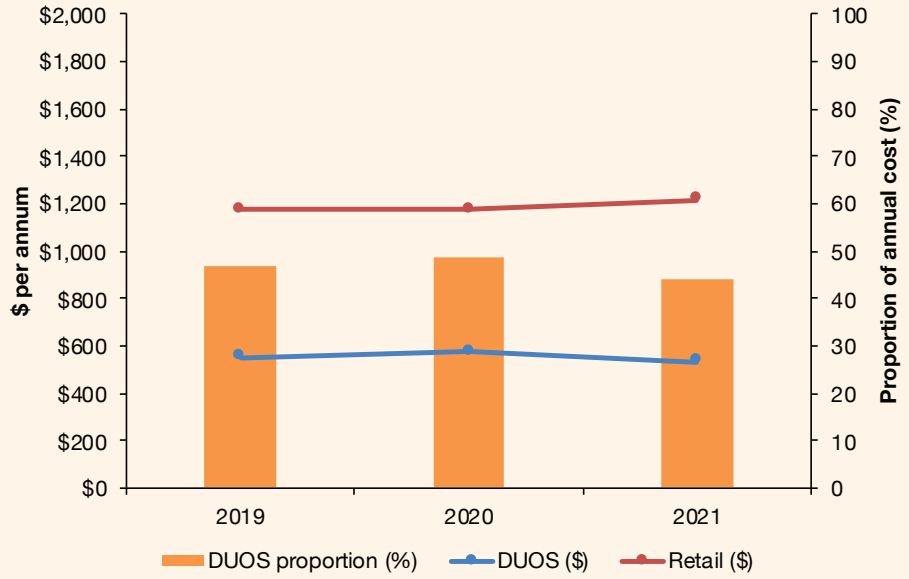
5.2 Gas network charges

As for electricity, the South Australian gas distributor, Envestra/AGN, introduces new Distribution Use of System (DUOS) charges as of 1 July every year. Chart 15 below shows that the DUOS charges decreased slightly in July 2021. It also shows that the DUOS proportion of bills decreased in July 2021 as the retail bill increased while the DUOS slightly decreased. The DUOS proportion of gas retail bills is currently 44%.

⁴⁷ SA Power networks was previously known as ETSA Utilities

⁴⁸ Based on AGL's regulated/standing offer/DMO rates from 2009 to 2021, presented as annual bills for households using 6,000kWh per annum (single rate). The annual NUOS charges have been calculated by allocating 1,500kWh per quarter (again based on annual consumption of 6,000kWh) to the step charges stipulated in the NUOS. The annual NUOS cost also includes fixed charges.

CHART 15 | Envestra/AGN: Retail bill per annum (incl. GST), DUOS charges and DUOS as proportion of total bill (incl. GST) as of July 2019, July 2020 and July 2021 (based on Origin's standing offer, 21,000 MJ per annum)⁴⁹



⁴⁹ Based Origin's standing offer as of July 2019, 2020 and 2021. Presented as annual bills for households using 21,000 MJ per annum. The annual DUOS charges have been calculated by allocating 5,250 MJ per quarter (again based on annual consumption of 21,000 MJ) to the step charges stipulated in the DUOS. The annual DUOS cost also includes fixed charges.

6. Solar Offers

There are approximately 308,000 small to medium scale solar systems in South Australia.⁵⁰ Many of these households are currently receiving a solar feed in rate (FIT) of 44 cents per exported kWh but as these schemes are closed to new entrants, customers currently looking for solar offers need to assess both the retailers' FIT rates as well as the cost of electricity imported.

This section analyses and compares market offer bills for South Australian customers with 1.5 kW and 3 kW systems installed. As retailers are not required to publish rates for solar products purchased and installed through them, this analysis only examines electricity offers available to customers independently of solar panels and installation.

Methodology and assumptions

To calculate the annual bills for the various solar market offers the following assumptions and methodology have been applied:

- | An annual household consumption of 6,000kWh (including both produced and imported).
- | For customers with controlled load, 20% of the total consumption has been allocated to the off-peak rate.
- | Calculations have been produced for households with 1.5 kW and 3 kW systems only.
- | For Adelaide households, an annual generation capacity per kW installed of 1.680 MWh and an export rate of 51.8% for 3 kW systems and 22.1% for 1.5 kW systems.
- | For non-metropolitan households, an annual generation capacity per kW installed of 1.875 MWh and an export rate of 56.8% for 3 kW systems and 20.2% for 1.5 kW systems.
- | Only FIT rates available to new customers have been included. Retailer funded FIT rates have been applied as per offer (see table 5 below).
- | A flat annual consumption has been assumed.
- | The annual bills have been based on quarterly bill calculations and all step increases have been applied as quarterly thresholds (including when the retail offer refers to daily or monthly thresholds). Daily fixed charges have been multiplied by 91 to calculate the quarterly amount.

The average FIT rate (across all retailers) has been declining since 2018. In July 2016, the average FIT rate was 7.8 c/kWh, in 2017 it was 13.1 c/kWh, in 2018 it was 14.3 c/kWh, in 2019 it was 13 c/kWh and in 2020 it was 10.6 c/kWh. The current average is 8.5 c/kWh. Furthermore, some retailers (Tango Energy, Reamped Energy and Discover Energy) now offer a relatively high FIT rate for a set amount of kWh exported each day and a much lower FIT rate for export beyond that. Origin Energy has taken a different approach. It does not have a threshold for daily export but ties the higher FIT rate to a 12 month "benefit period".

A household exporting 650 kWh per quarter would receive a quarterly FIT credit of approximately \$88 on Tango Energy's declining FIT rate of 20 cents and 7.5 cents. The same household would have received a quarterly FIT credit of \$105 if they were on AGL's Solar Saver offer with a FIT rate of 16 cents.

⁵⁰ Small scale is defined as systems up to 100 kW. Clean Energy Council, Clean Energy Australia Report 2021, 74

TABLE 5 | Retailers' FIT rates July 2021

| Retailer* | Offer | 1st FIT rate (c/kWh) | Threshold | 2nd FIT rate (c/kWh) |
|-----------------------------|----------------------|----------------------|--------------|----------------------|
| Tango Energy | Solar Plus | 20 | 3.5 kWh/day | 7.5 |
| ReAmped Energy | Solar | 19 | 5 kWh/day | 5 |
| AGL | Solar Savers | 16 | | |
| Discover Energy* | Solar Smart | 16 | 3.29 kWh/day | 10 |
| Origin Energy | Solar Boost | 13 | 12 Months | 6 |
| 1st Energy | Solar Bonus | 13 | | |
| Dodo Power & Gas | Market offer | 11.6 | | |
| EnergyAustralia | Total Plan Home | 10.5 | | |
| Diamond Energy | Renewable Saver POT | 10.2 | | |
| Momentum Energy | Solar Step Up | 10 | | |
| Alinta Energy | Home Deal | 9.5 | | |
| Energy Locals | Local Member | 8.5 | | |
| Powerdirect | Rate Saver | 8 | | |
| Amber Electric | Amber 15 | 8 | | |
| OVO Energy | The One Plan | 8 | | |
| IO Energy | Spark | 8 | | |
| Covau | Freedom Solar | 5.5 | | |
| Simply Energy | Energy Saver | 4.5 | | |
| Future X Power | Flexi Saver | 4 | | |
| Lumo Energy | Plus | 3 | | |
| Red Energy | Living Energy Saver | 3 | | |
| Powershop | Carbon neutral | 3 | | |
| GloBird Energy | SureSave | 3 | | |
| Kogan Energy | Market offer | 2.06 | | |
| Nectr | Friends Clean | 2 | | |
| Powerclub | Powerbank Home Solar | 1 | | |

* Discover Energy has three FIT rates: 16 cents for the first 3.29 kWh exported each day, 10 cents for the next 3.29 kWh and 4 cents for any export beyond that.

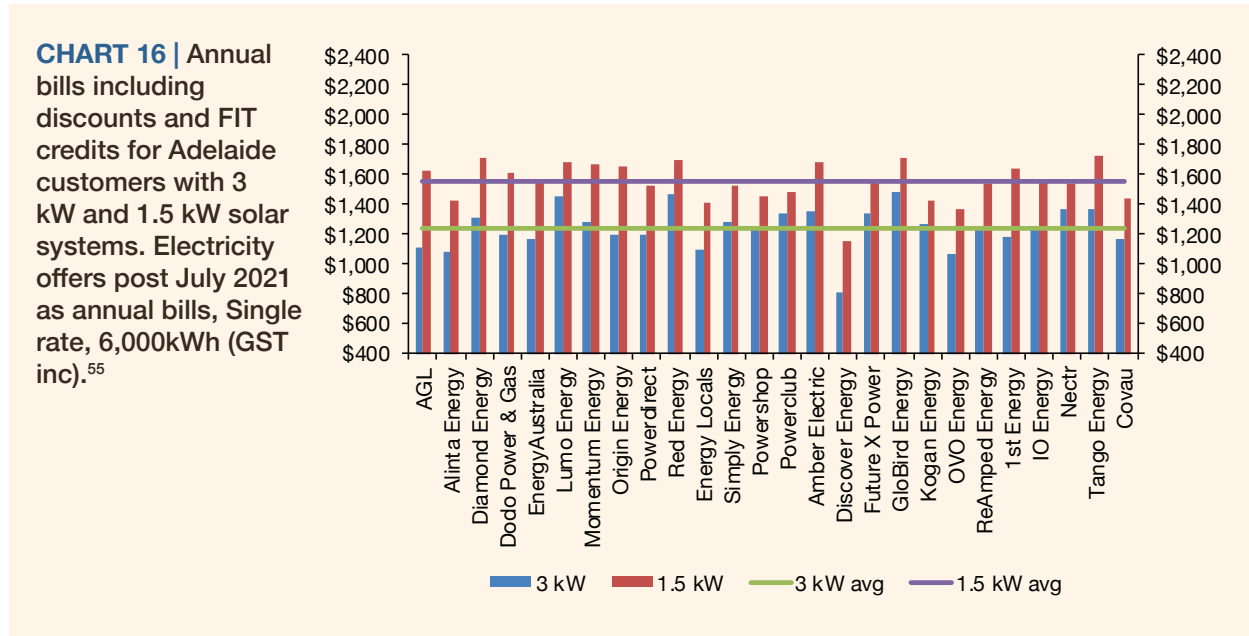
Chart 16 below compares annual retail bills for solar customers in Adelaide with 3 kW and 1.5 kW installed.⁵¹ It shows that Diamond Energy, Lumo Energy, Momentum Energy, Red Energy, Amber Electric, Amber Electric and Tango Energy's offers produce annual bills above the average for both 3 kW and 1.5 kW systems. Adelaide solar customers with 3 kW systems (and this consumption level) would be approximately \$680 per annum better off on Discover Energy's offer compared to GloBird's offer.⁵² Customers with a 1.5 kW system installed may save \$565 per annum if they switched from Tango Energy to Discover Energy's offer.⁵³

51 We note that these systems are small compared to the size of the typical systems that are currently being installed. However, as a key objective of the Tariff-Tracker is to compare developments over time, we continue to base the analysis on 3 kW and 1.5 kW systems.

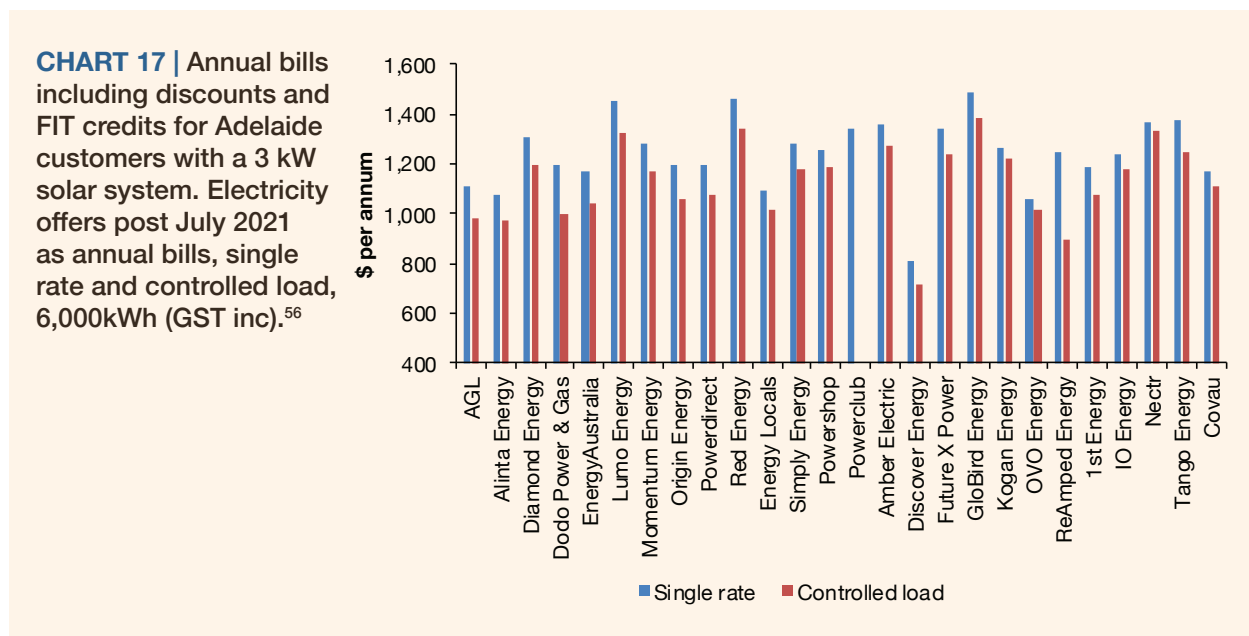
52 The retailer that produces the highest bill is Amber Electric and this bill calculation is based on the rates presented in Amber's Basic Plan Information Document (BPID). It should be noted, however, that Amber offers wholesale rates (a spot-price passthrough) to its customers and the average wholesale price paid by customers may be lower than the rate used for the BPID.

53 Ibid.

The average annual bill is approximately \$1,245 for households with 3 kW systems and \$1,555 for households with 1.5 kW systems installed. This means that the average annual bill is \$925 less for solar households with 3 kW systems installed compared to non-solar households (see section 2.1 above). Compared to last year, the average market offer for solar customers with a 3kW system has decreased by \$20 (or 1.6%) and for solar customers with a 1.5 kW system it has decreased by \$110 (or 6.6%).⁵⁴



Charts 17 and 18 below show annual bills for Adelaide solar customers on single rate and controlled load offers.



54 The average annual market offer bill for non-solar households, by comparison, has decreased by \$155 since last year. See section 2.1.
 55 Calculations include discounts off usage or bill as well as pay on time discounts off usage or bill.
 56 Ibid.

CHART 18 | Annual bills including discounts and FIT credits for Adelaide customers with a 1.5 kW solar system. Electricity offers post July 2021 as annual bills, single rate and controlled load, 6,000kWh (GST inc).⁵⁷

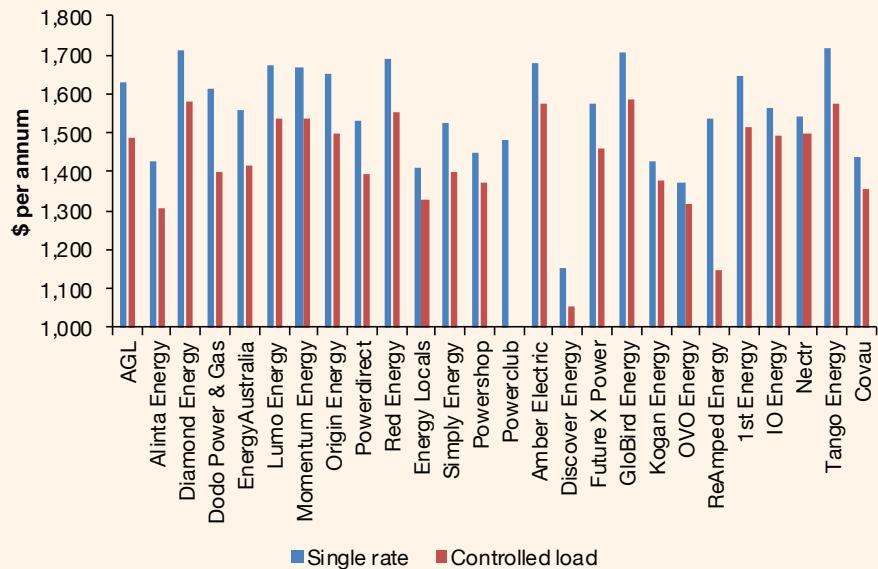


Figure 3 below shows estimated annual bills for solar market offers including FIT and discounts.

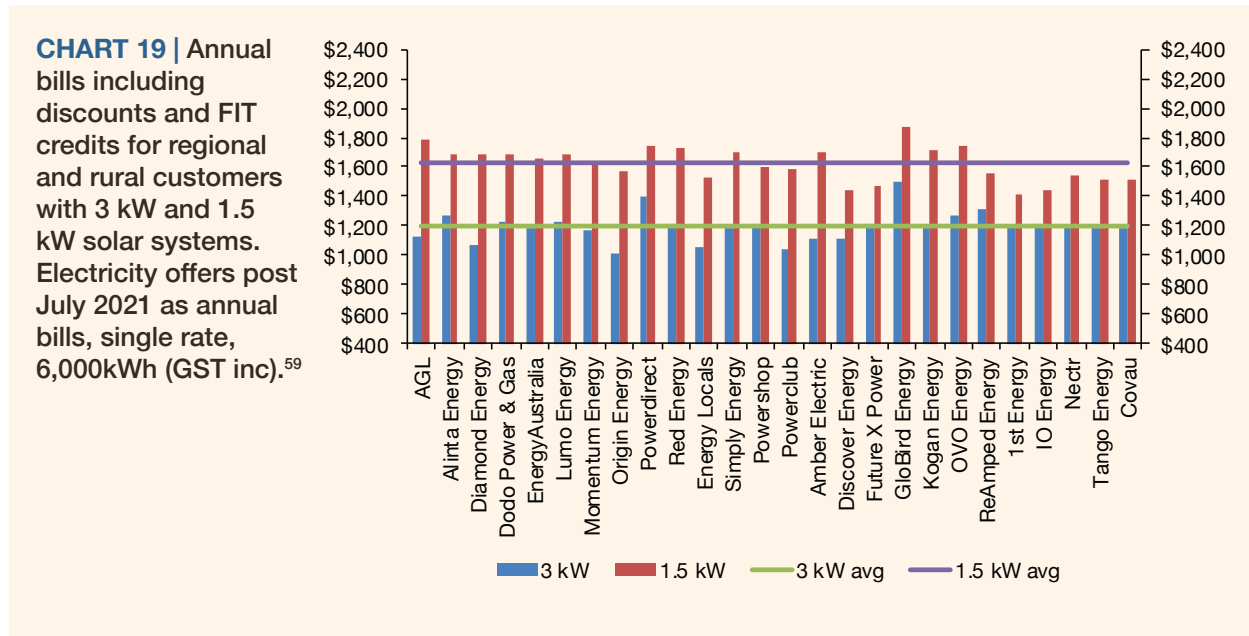
FIGURE 3 | Lowest to highest annual bills (incl GST) for solar market offers post July 2021, including discounts and pay on time discounts – Adelaide households with 3kW systems installed and consuming 6,000kWh annum (including both produced and imported), single rate⁵⁸

| | | | | | | | | |
|--|-----------------|---------|--|------------------|---------|--|----------------|---------|
| | Discover Energy | \$808 | | Powerdirect | \$1,198 | | Future X Power | \$1,338 |
| | OVO Energy | \$1,061 | | Dodo Power & Gas | \$1,198 | | Powerclub | \$1,341 |
| | Alinta Energy | \$1,076 | | IO Energy | \$1,242 | | Amber Electric | \$1,360 |
| | Energy Locals | \$1,090 | | ReAmped Energy | \$1,245 | | Nectr | \$1,366 |
| | AGL | \$1,110 | | Powershop | \$1,257 | | Tango Energy | \$1,373 |
| | EnergyAustralia | \$1,170 | | Kogan Energy | \$1,264 | | Lumo Energy | \$1,450 |
| | Covau | \$1,174 | | Momentum Energy | \$1,284 | | Red Energy | \$1,464 |
| | 1st Energy | \$1,187 | | Simply Energy | \$1,286 | | GloBird Energy | \$1,489 |
| | Origin Energy | \$1,193 | | Diamond Energy | \$1,310 | | | |

⁵⁷ Ibid

⁵⁸ These market offers were collected from the retailers' websites in July 2021 and it should be noted that retailers may change their rates at any time. Additional discounts for customers choosing to pay by direct debit are not included in these bill calculations. One of the retailers that produces a relatively high bill is Amber Electric and this bill calculation is based on the rates presented in Amber's Basic Plan Information Document (BPID). It should be noted, however, that Amber offers wholesale rates (a spot-price passthrough) to its customers and the average wholesale price paid by customers may be lower than the rate used for the BPID.

Homes outside Adelaide’s metropolitan area will typically have less overshadowing and therefore a higher generation capacity and export rate. Chart 19 compares annual retail bills for solar customers outside Adelaide with 3 kW and 1.5 kW installed. It shows that the annual bills for solar customers are somewhat lower in non-metropolitan areas but the same retailers produce higher than average bills and the price-spread is similar to that in metropolitan areas (see chart 15 above).



⁵⁹ Calculations include discounts off usage or bill as well as pay on time discounts off usage or bill.