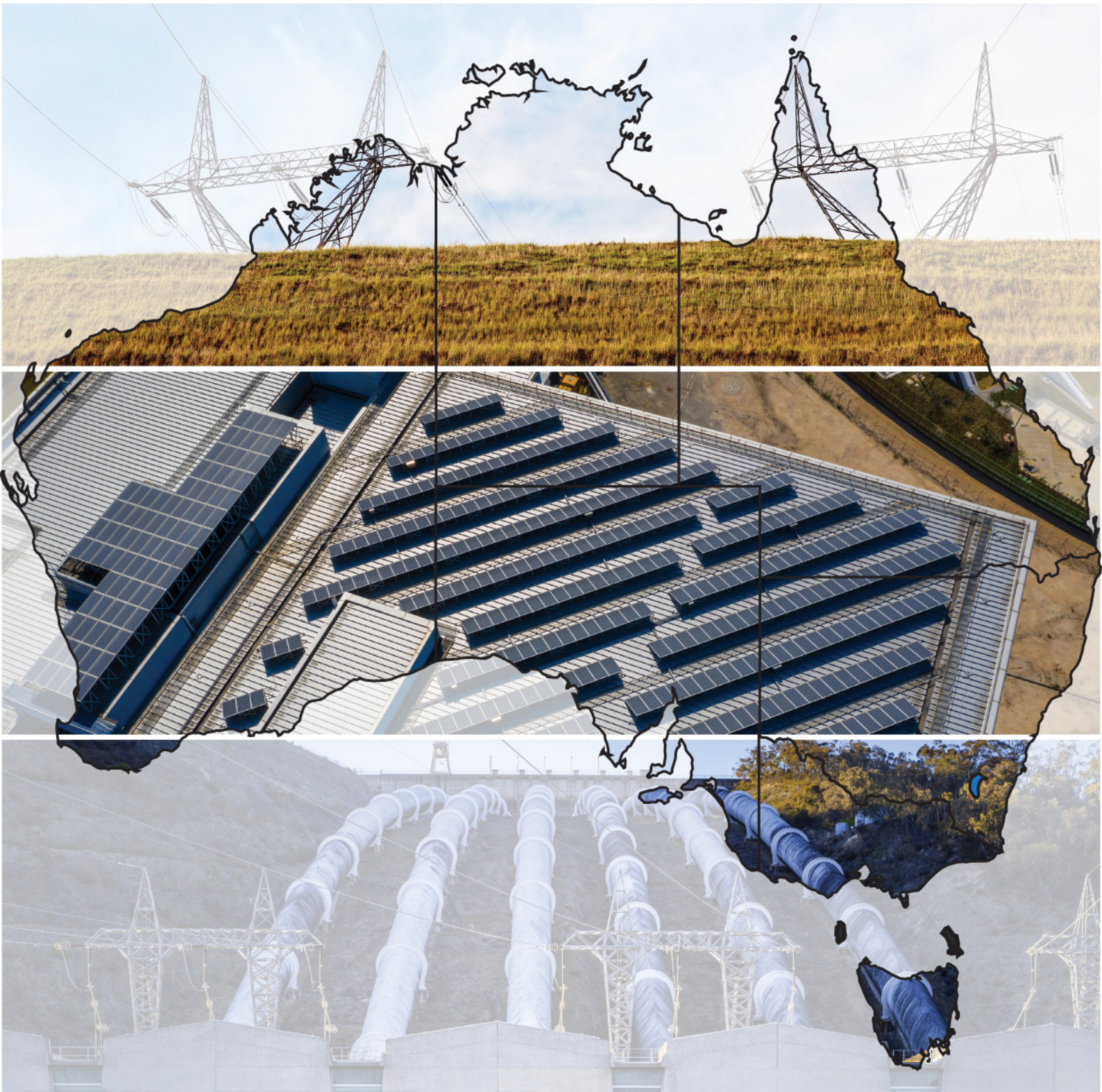




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# ACT Energy Prices July 2019

An update report on the ACT Tariff-Tracking Project



**ACT Energy Prices July 2019**  
**An Update report on the ACT Tariff-Tracking Project**


**Michael Thompson, July 2019**  
**Alviss Consulting Pty Ltd**



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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.

**Acknowledgments**

This project was funded by Energy Consumers Australia ([www.energyconsumersaustralia.com.au](http://www.energyconsumersaustralia.com.au)) as part of its grants process for consumer advocacy projects and research projects for the benefit of consumers of electricity and natural gas.

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

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## The ACT Tariff-Tracking Project

This project has tracked electricity and gas tariffs in the ACT from July 2009 to July 2019 and developed a spreadsheet-based tool that allows consumer advocates to build on the initial analysis while continuing to track changes as they occur.

To analyse changes to energy costs in the ACT, we assume typical household consumption of 48,000Mj per annum for gas, 6,500kWh per annum in electricity consumption for dual fuel households, and 8,000kWh per annum for all-electric households, thereof 30% off-peak for customers with controlled load (off-peak 1).<sup>1</sup>

We have also developed workbooks that allow the user to enter consumption levels and analyse household bills for regulated electricity and gas market offers from July 2009 to July 2019, as well as published electricity and gas market offers post the price resets in July 2013, 2014, 2015, 2016, 2017, 2018 and 2019.<sup>2</sup> A 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: Regulated electricity offers July 2009 - July 2019

Workbook 2: Gas offers July 2009 - July 2019

Workbook 3: Electricity market offers July 2013 - July 2019

Workbook 4: Gas market offers July 2013 - July 2019

Workbook 5: Solar offers post July 2016 - July 2019

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](http://www.vinnies.org.au/energy)

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<sup>1</sup> Gas and electricity consumption for dual fuel households is based on a mix of ICRC figures (see ICRC, Compliance and Performance Report for 2010-11, Licensed Electricity, Gas, Water and Sewerage Utilities, November 2012), ACT Government Canberra Quick Stats 2009-2010 and our own estimates. Note, however, that the Tariff-Tracking tool (the workbooks) is designed so users can insert their own consumption levels.

<sup>2</sup> 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' websites to collect market offer for the Tariff-Tracking tool. If the retailer has more than one market offer, we use the offer with the best rates/discounts that do not require direct debit arrangements.

## KEY FINDINGS

In terms of general trends, the ACT tariff analysis found that:<sup>3</sup>

- ▲ Households' annual electricity costs have typically increased by \$20, or 1%, since July 2018. See chart 1 in section 1.
- ▲ Households' annual gas costs have typically increased by \$35, or 2%, since July 2018. See table 1 in section 1.
- ▲ When combining the electricity and gas costs, the total cost of energy, for average consumption households, has increased by 1% (or \$50). See chart 3 in section 1.
- ▲ There has been a recent increase in retailers offering electricity contracts to households in the ACT. Currently six retailers, the host retailer ActewAGL, Energy Australia, Origin Energy, Red Energy, Energy Locals and Powerclub are offering market contracts to residential electricity customers. For gas it continues to be only three retailers in the ACT (ActewAGL, Energy Australia and Origin Energy).
- ▲ A typical consumption household can save \$505 per annum (21%) on electricity costs by switching from ActewAGL's standing offer to ActewAGL's market offer (including discounts). See chart 6 in section 2.1.
- ▲ On average, a market offer bill (inclusive of discounts) is \$2,070 for households using 8,000 kWh and that is a rise of \$25, or 1%, since last year (July 2018). See section 2.1
- ▲ In previous years, pay on time discounts have been a common feature of energy market offers across Australia. Pay on time discounts combined with late payment fees also meant that ACT households could be severely penalised for late payment. With the introduction of the Default Market Offer (DMO) in NSW, South Australia and South East Queensland on 1 July 2019, however, the size of the pay on time discounts, as well as the number of offers featuring these conditional discounts, have reduced. A similar trend has occurred in the ACT where both Energy Australia and Origin Energy now offer guaranteed discounts instead of pay on time discounts. ActewAGL's electricity offer, on the other hand, features both a pay on time discount and a late payment fee. ActewAGL customers can thus be up to \$565 worse off per annum if they are unable to pay their bills on time. See chart 7 in section 2.1.
- ▲ A typical consumption household can save \$285 per annum on gas costs by switching from ActewAGL to Energy Australia (including discounts). See chart 9 in section 2.2.
- ▲ Electricity customers on the flat rate or a time of use tariff will pay \$395 per annum in fixed supply charges while customers on the inclining block tariff will pay approximately \$485. The gas supply charge also increased in July 2019 (by 1.5%). ACT households currently pay just over \$315 per annum in order to be connected to natural gas. See section 3.
- ▲ In July 2019, both the NUOS charge and the retail bill increased, and the network use of system charge (NUOS) currently accounts for 31% of the bill for an average consumption household. See section 4.
- ▲ The average annual bill is approximately \$1,320 for solar households with 3 kW systems installed. This means that the average annual bill is \$750 less for solar households with 3 kW systems installed compared to non-solar households. See section 5.

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<sup>3</sup> These calculations are based on changes to the regulated offer for dual fuel customers using 6,500kWh per annum, changes to the regulated offer for all-electric customers using 8,000kWh per annum (thereof 30% off-peak for customers with controlled off-peak load) and ActewAGL's offers for gas customers using 48,000Mj per annum.

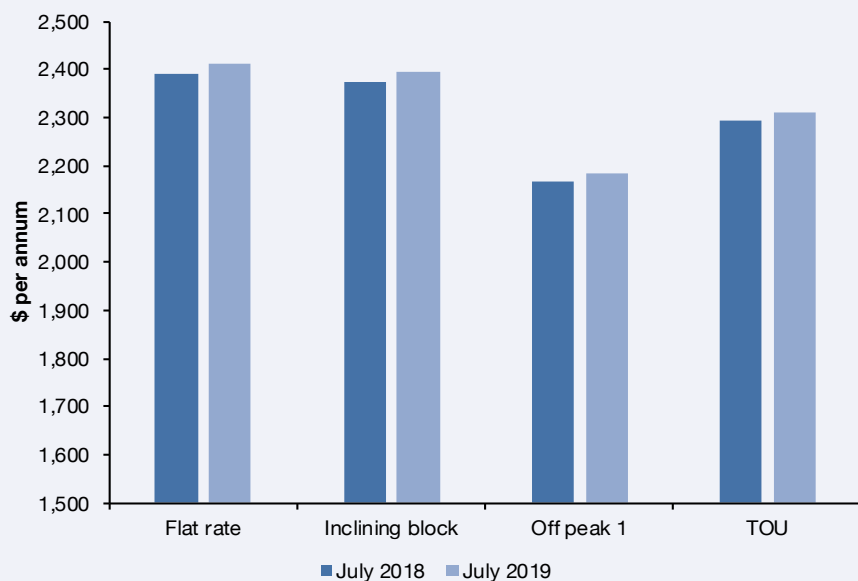
- ▲ Compared to last year (July 2018), the average market offer for solar customers (3 kW systems) has increased by \$210 or 19%. See section 5.
- ▲ ActewAGL, Powerclub, Origin Energy, and Energy Locals offer FIT rates of 8, 10, 15 and 16 cents per kWh for their respective offers. Energy Australia and Red Energy do not currently offer a retailer FIT for any of their offers in the ACT. Based on the assumptions listed above, a household with a 3kW solar system installed will receive approximately \$240 per annum in FIT credits from ActewAGL, \$300 from Powerclub, \$450 from Origin Energy and \$480 from Energy Locals. See section 5.

# 1. ENERGY PRICE CHANGES FROM JULY 2018 TO JULY 2019

On 1 July 2019, the Australian Energy Regulator’s (AER) new Default Market Offer (DMO) took effect in NSW, South Australia and South East Queensland. The DMOs replace the previously retailer-set standing offers.<sup>4</sup> As the ACT, (unlike NSW, South Australia and South East Queensland) still had regulated standing offers prior to July 2019, the AER does not publish a DMO for the ACT. The introduction of the DMO in other jurisdictions is nonetheless likely to impact on the offers now available in the ACT. Most retailers operate in a national context and major changes to the retailers’ products (including types of discounts, size of discounts as well as other incentives) are likely to be evident in DMO jurisdictions as well as non-DMO jurisdictions.

Chart 1 below shows increases to the regulated electricity rates from July 2018 to July 2019 for each of the four tariff types. The annual bill for all-electric households with a typical consumption level will range from \$2,185 to \$2,415, depending on the tariff type. Average consumption households will experience an increase of around \$20 to their annual bill. This year’s annual increase is small by comparison to last year (the July 2017 to July 2018 period), when large increases (around \$300) across all four tariff types occurred.

**CHART 1 | Increase to the annual cost of regulated electricity offers for all-electric households from 2018 to 2019, based on annual consumption level of 8,000kWh, GST inclusive.<sup>5</sup>**



Gas prices also increased slightly from 1 July 2019. A household using 48,000Mj per annum will now have an annual gas bill of \$1,995. That is an annual increase of \$35, or almost 2%.

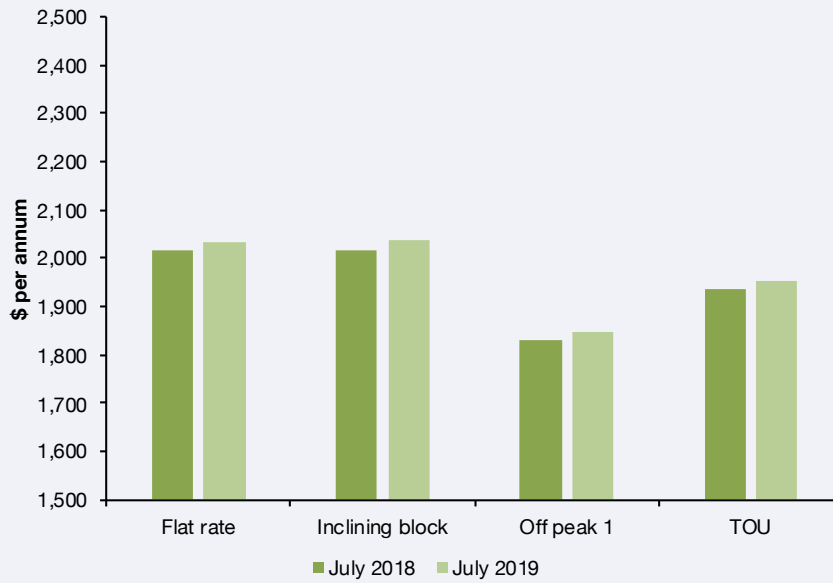
Charts 2 and 3 below show changes in electricity and gas costs for dual fuel households. As these households typically use less electricity compared to all-electric households, the increases to the electricity bill will naturally be lower. Typical consumption dual fuel customers can expect an increase of \$15 – \$20 to their annual electricity cost (chart 2). When combining the electricity and gas costs, the total cost of energy, for average consumption households, has increased by 1% or \$50 (see chart 3).

<sup>4</sup> AER, Default Market Offer Prices 2019-20, Final Determination, April 2019, 9

<sup>5</sup> Thereof 30% off-peak for households with controlled load (off-peak 1) and 20% peak, 50% shoulder and 30% off-peak for households on a Time of Use (TOU) tariff.



**CHART 2 |** Increases to the annual cost of regulated electricity offers for dual fuel households from 2018 to 2019, based on annual consumption level of 6,500kWh, GST inclusive.<sup>6</sup>



**CHART 3 |** Changes to the annual cost for dual fuel customers and gas only from 2018 to 2019, dual fuel based on 6,500kWh (flat rate) and 48,000Mj per annum, GST inclusive.<sup>7</sup>

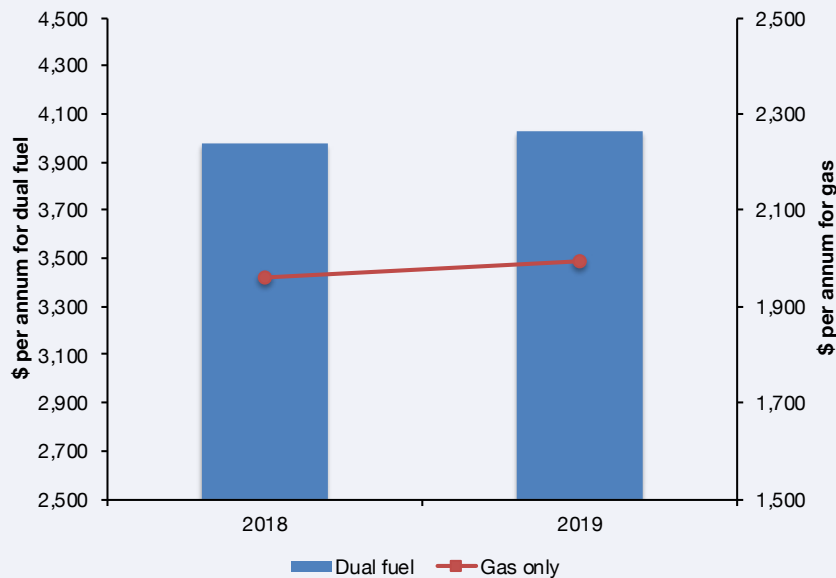


Table 1 below highlights the price trends for electricity and gas offers in the ACT from 2018 to 2019.

**TABLE 1 |** Electricity and gas price changes from July 2018 – July 2019, GST inclusive.

	All-electric (8000kWh)	Gas (48,000Mj)	Dual fuel (6,500kWh + 48,000Mj)
<b>\$ Change</b>	\$20	\$35	\$50
<b>% Change</b>	1%	2%	1%

<sup>6</sup> Thereof 20% peak, 50% shoulder and 30% off-peak for households on a Time of Use (TOU) tariff.

<sup>7</sup> Based on ActewAGL's gas rates only.

## 2. REGULATED VS. MARKET OFFERS POST JULY 2019

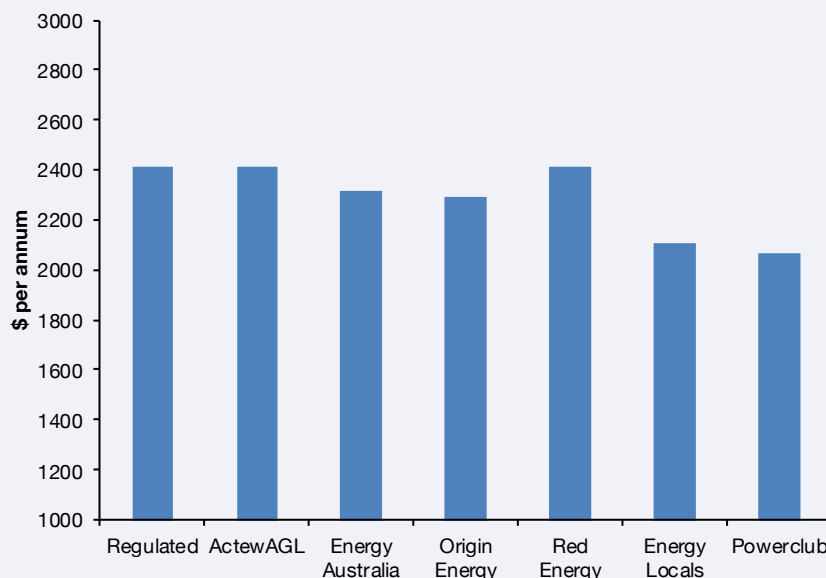
Since the introduction of full retail competition in the ACT energy retail market in 2003, households have been able to choose between regulated and market offers.<sup>8</sup> There has been a recent increase in retailers offering electricity contracts to households in the ACT. Currently six retailers, the host retailer ActewAGL, EnergyAustralia, Origin Energy, Red Energy, Energy Locals and Powerclub are offering market contracts to residential electricity customers. Still, ActewAGL has approximately 84% of the market share in the ACT residential electricity customer market.<sup>9</sup> For gas it continues to be only three retailers in the ACT (ActewAGL, EnergyAustralia and Origin Energy).

The price-spread (or the maximum difference between offers) has mostly increased over the last five years. Five years ago ACT households were unable to reduce their electricity bill by switching and the maximum potential saving for gas was \$50 per annum. In July 2016 the potential saving was \$175 for electricity and \$135 for gas. In 2017 the potential savings were \$210 and \$180 respectively and in 2018 the maximum potential annual saving was \$240 for electricity and \$260 for gas. Currently, the maximum potential annual saving is approximately \$505 for electricity (by switching from ActewAGL's regulated offer to ActewAGL's market offer) and \$285 for gas (by switching from ActewAGL to EnergyAustralia's offer).<sup>10</sup>

### 2.1 Electricity: Regulated vs. market offers post July 2019

Chart 4 below shows that households using 8,000kWh per annum (flat rate) will have an annual electricity bill of between \$1,845 and \$2,200, and that EnergyAustralia, Origin Energy, Energy Locals and Powerclub provide lower rates than ActewAGL (when calculated as annual bills and noting that this chart is based on rates prior to additional discounts).

**CHART 4 | Electricity offers as annual bills, post July 2019, flat rate, not including discounts, 8,000kWh per annum, GST inclusive.**



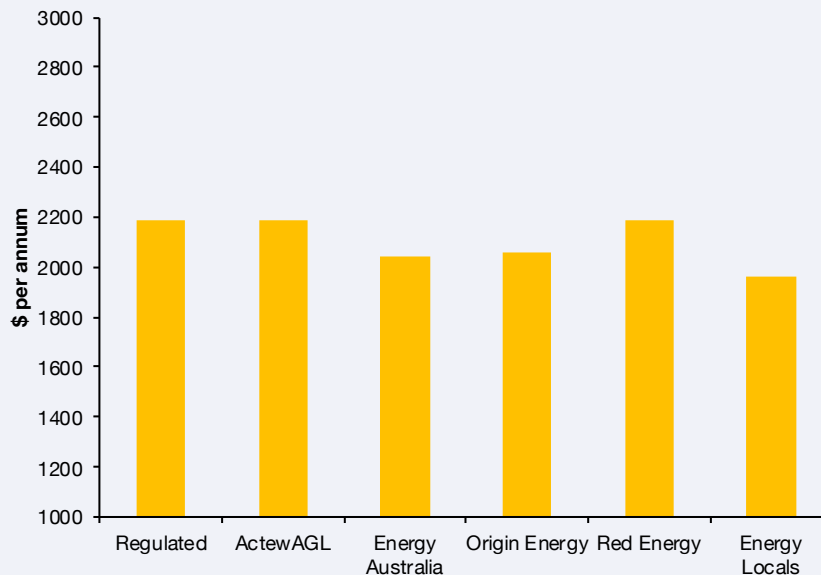
<sup>8</sup> Also referred to as franchise customers (those on the regulated rate and non-franchise customers (those on a negotiated market contract). Note that gas retail prices are not regulated.

<sup>9</sup> AER, data for the Retail energy market performance update for Quarter 3, 2018-19, Indicators s2.1 s2.2 s2.6.

<sup>10</sup> Based on an annual consumption of 8,000 kWh/annum for electricity (single rate) and 48,000 Mj for gas. Market offers inclusive of guaranteed and pay on time discounts.

Chart 5 below shows a similar trend for households with controlled off-peak load.

**CHART 5 | Electricity offers as annual bills, post July 2019, controlled load, not including discounts, 8,000kWh per annum, GST inclusive.**

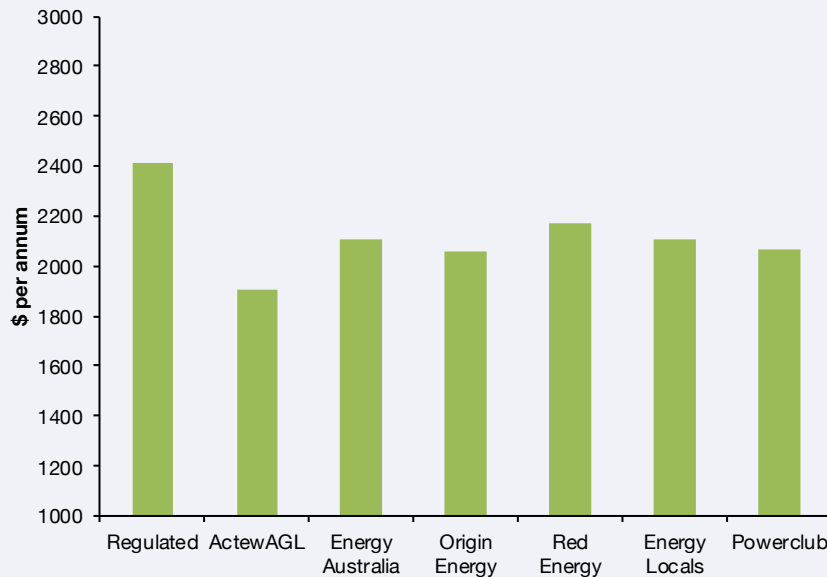


As stated above, the calculations for the market offers in charts 4 and 5 are based on rates only (cost per kWh and fixed charges) and do not include other market offer features such as discounts on consumption rates, discounts if bills are paid on time and welcome credits.

Consumers assessing market offers should take these additional features into account as well as being aware of contract conditions such as late payment fees, the length of the contract and fees for exiting the contract early.

Chart 6 below shows annual bills after including additional guaranteed discounts and conditional pay on time discounts. It shows that average consumption (8,000kWh) households currently on ActewAGL's regulated rate can save \$505, or 21%, per annum by switching to ActewAGL's market offer. Consumers switching from the regulated rate to Origin Energy would save approximately \$355 per annum while customers switching to Powerclub can expect to save \$345 per annum. Customers who decide to switch from the regulated rate to EnergyAustralia or Energy Locals would save around \$305 per annum. Finally, customers who decide to switch from the regulated offer to Red Energy can expect to save approximately \$240 per annum. On average, a market offer bill (inclusive of discounts) is \$2,070 for households based on the assumed consumption level, which is an increase of \$25, or 1%, since last year (July 2018).

**CHART 6 | Annual bills including discounts. Electricity offers post July 2019 as annual bills, flat rate, 8,000kWh, GST inclusive.<sup>11</sup>**



The discounts (including pay on time discounts) used to estimate the annual bills for chart 6 above are shown in table 2 below. Table 2 also shows other contract terms and features, such as early termination fees, associated with these market offers. The retailers have multiple market offers and the offers with the best rates/discounts that do not require direct debit arrangements have been included here.

In previous years all retailers have applied discounts to supply and/or usage charges excluding GST. This year, however, Origin clearly states that their discounts are applied to amounts including GST. Red Energy’s statement is somewhat ambiguous, but we have interpreted it to mean that they also apply discounts to GST inclusive amounts. All other retailers apply discounts to amounts exclusive of GST. There are also a couple of retailers (e.g. Energy Locals and Powerclub) 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 1 July 2019: Key additional features and contract conditions.**

Retail product	Guaranteed discounts	Pay on time discounts	Contract term/benefit period	LPF*	ETF*	Offer took effect
<b>ActewAGL</b> <sup>^</sup> Pay on Time	No	25% off usage	1 year	\$15	No	11/7/19
<b>Energy Australia</b> Total Plan Home	9% off bill	No	1 year	\$12	No	11/7/19
<b>Origin Energy</b> Flexi	10% off bill	No	1 year	\$12	No	8/7/19
<b>Red Energy</b> Easy Saver	No	10% off bill	No	\$0	No	1/7/19
<b>Energy Locals</b> Simple Saver	No	No	No	\$16	No	3/7/19
<b>Powerclub</b> Powerbank	No	No	No	\$0	No	30/6/19

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

<sup>^</sup> ActewAGL’s Reward product offers a guaranteed discount of 12% off usage, however, we have used the Pay on Time product instead as it produces a lower annual bill.

<sup>11</sup> Calculations include discounts off usage or bill as well as pay on time discounts off usage or bill.

The difference between the best and the worst market offer is also significant. ActewAGL's offer is approximately \$265 less than Red 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.

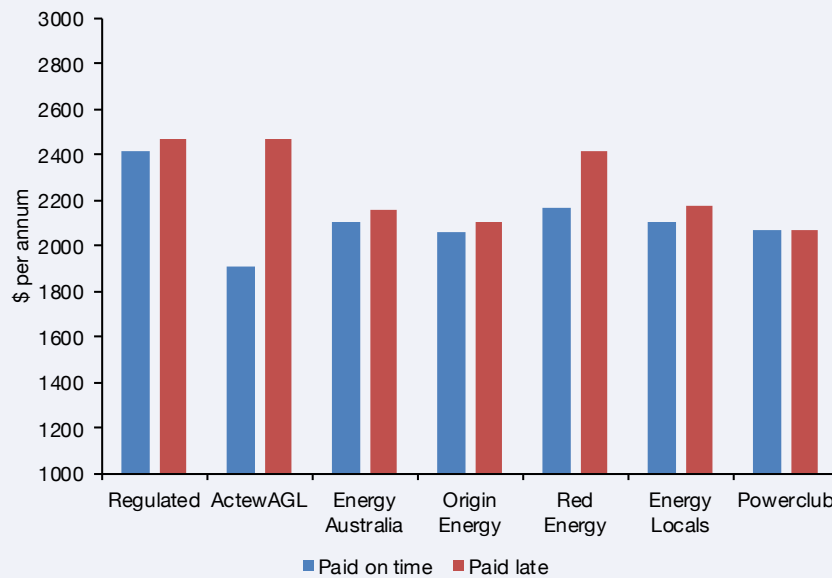
**FIGURE 1 |** Lowest to highest annual bills (incl GST) for market offers post July 2019, including discounts and pay on time discounts - Households consuming 8,000kWh per annum (single rate)<sup>12</sup>

	ActewAGL	\$1,909
	Origin Energy	\$2,060
	Powerclub	\$2,067
	Energy Australia	\$2,109
	Energy Locals	\$2,109
	Red Energy	\$2,172

In previous years, pay on time discounts have been a common feature of energy market offers across Australia. Pay on time discounts combined with late payment fees also meant that ACT households could be severely penalised for late payment. With the introduction of the Default Market Offer (DMO) in NSW, South Australia and South East Queensland on 1 July 2019, however, the size of the pay on time discounts, as well as the number of offers featuring these conditional discounts, have reduced. A similar trend has occurred in the ACT where both EnergyAustralia and Origin Energy now offer guaranteed discounts instead of pay on time discounts. For these two retailers as well as Energy Locals, the difference between paying bills late and paying bills on time now comes down to the late payment fees applied. In the case of Red Energy, late paying customers will miss out on the 10% discount, but they will not be charged a late payment fee on top of that. In relation to Powerclub, late paying customers will pay the same amount as customer that pay on time as the offer does not feature a pay on time discount or a late payment fee. ActewAGL's offer, on the other hand, features both a pay on time discount and a late payment fee. ActewAGL customers can thus be up to \$565 worse off per annum if they are unable to pay their bills on time.

<sup>12</sup> These market offers were collected between the 1st and the 15th of July 2019 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.

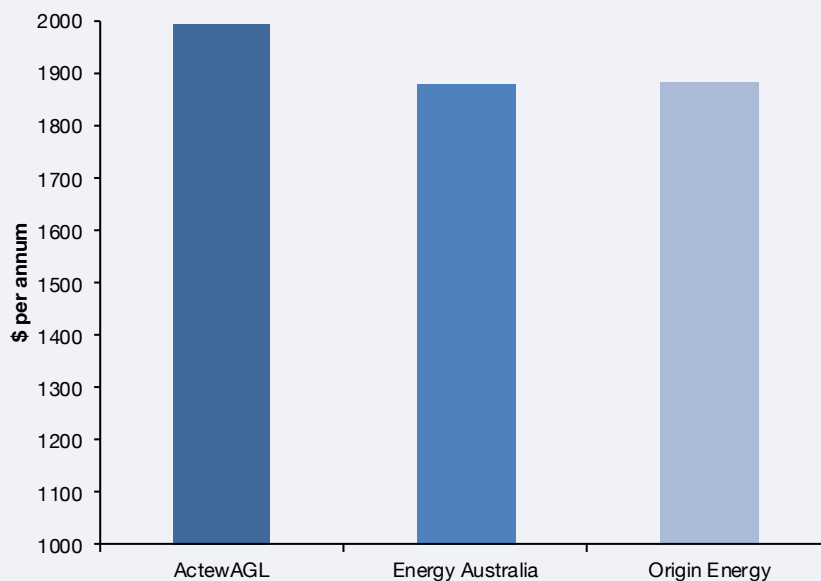
**CHART 7 |** Estimated annual bill for customers that pay on time versus pay late, electricity offers as of July 2019, flat rate, 8,000kWh, GST inclusive.<sup>13</sup>



## 2.2 Gas market offers post July 2019

There are no regulated gas offers in the ACT and only EnergyAustralia, Origin Energy and ActewAGL currently have gas market offers for residential consumers. Furthermore, ActewAGL’s standalone gas offer does not contain any additional features, such as guaranteed discounts or pay on time discounts, while EnergyAustralia and Origin Energy’s offers do. Chart 8 below shows that while EnergyAustralia and Origin have very similar rates (excluding additional discounts), ActewAGL’s rates are higher.

**CHART 8 |** Gas offers as annual bills, post July 2019, market offer, not including discounts, 48,000Mj per annum, GST inclusive.



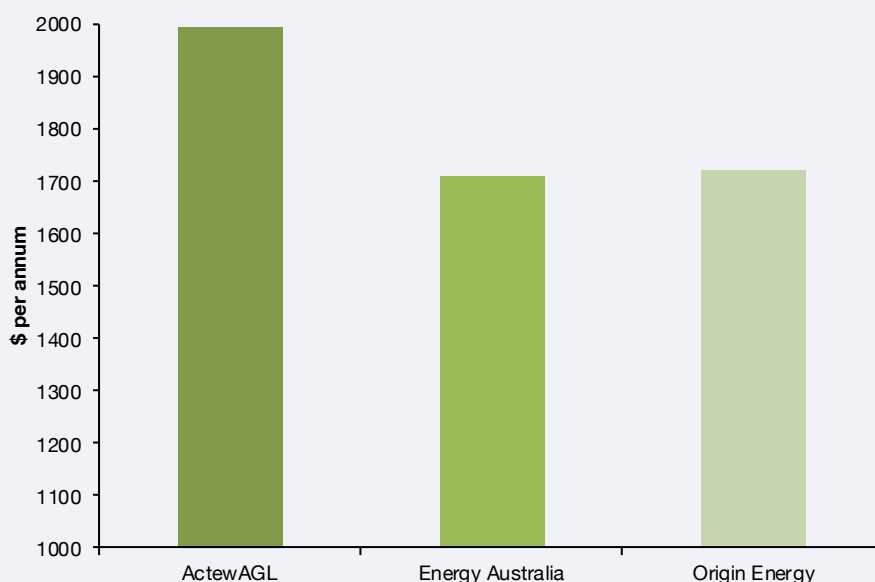
However, as the calculations for the above market offers include their rates only (cost per Mj and fixed charges) and do not include other market offer features such as guaranteed or pay on time discounts. As such, consumers assessing gas market offers should take additional

<sup>13</sup> Annual bill calculation includes discounts, pay on time discounts and late payment fees as per energy offer.

features into account as well as being aware of contract conditions such as late payment fees, the length of the contract and fees for exiting the contract early.

Chart 9 below shows annual bills after including additional discounts and pay on time discounts. It shows that households with average consumption (48,000Mj) can save \$285 per annum by switching from ActewAGL to EnergyAustralia’s market offer.

**CHART 9 | Gas offers as annual bills, post July 2019, market offer, including discounts, 48,000Mj per annum, GST inclusive.<sup>14</sup>**



The discounts used to estimate the annual bills for chart 9 above 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 post July 2019: Key additional features and contract conditions.**

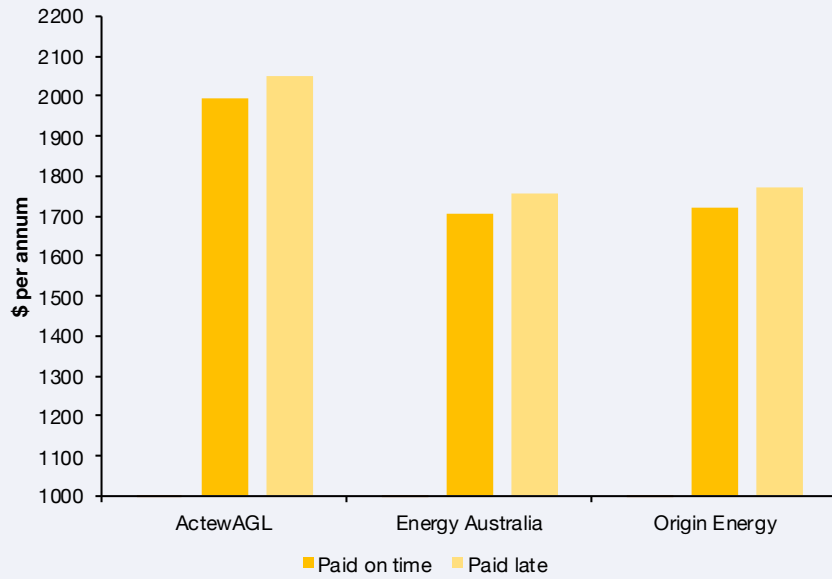
Retail product	Guaranteed discounts	Pay on time discounts	Contract term/benefit period	LPF*	ETF*	Offer took effect
<b>ActewAGL</b> Home Plan	No	No*	No	\$15	No	1/7/19
<b>Energy Australia</b> Total Plan Home	9% off bill	No	1 year	\$12	No	11/7/19
<b>Origin Energy</b> Flexi	10% off bill	No	1 year	\$12	No	8/7/19

\*ActewAGL has two other gas products that include discounts, however, as these products are offered as dual fuel products only we have used the Home Plan for this analysis.

As ActewAGL’s offer does not include any additional discounts, and EnergyAustralia and Origin Energy’s market offers have guaranteed discounts, the difference between paying gas bills on time versus late, reflects the late payment fees charged by the retailers only. Chart 10 below shows the estimated annual gas bill for customers that always pay on time versus customers that always pay late.


<sup>14</sup> Calculations include discounts off usage or bill as well as pay on time discounts off usage or bill.

**CHART 10 |** Estimated annual bill for customers that pay on time versus pay late, gas offers post July 2019, 48,000Mj per annum, GST inclusive.



The difference between the best and the worst market offer is significant. Energy Australia’s offer is \$285 less than ActewAGL’s market offer post discounts (and pay on time discounts) for households with this consumption level. Figure 2 below shows estimated annual bills for market offers post discounts as well as how they ranked compared to other retailers.

**FIGURE 2 |** Lowest to highest annual bills (incl GST) for gas market offers post July 2019, including discounts and pay on time discounts - Households consuming 48,000Mj per annum<sup>15</sup>

	Energy Australia	\$1,708
	Origin Energy	\$1,722
	ActewAGL	\$1,993

<sup>15</sup> These bill estimates are based on rates published on the retailers’ websites between the 1st and the 15th of July 2019 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.

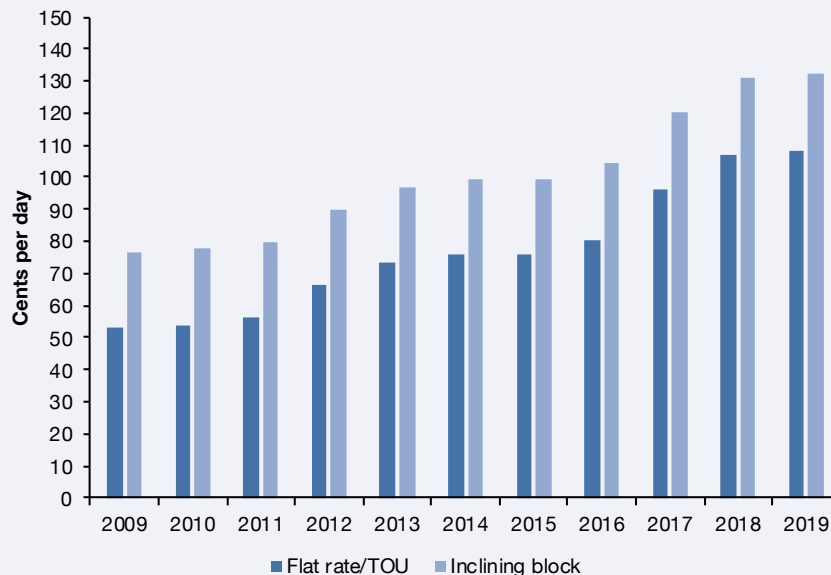


## 3. SUPPLY CHARGES

### 3.1 The price-spread

The supply charge is a fixed daily charge that is paid in addition to the consumption charges for electricity used. In the ACT the supply charge for electricity customers on the flat rate (and the less common TOU rate) has increased by 103.5% since July 2009, while the overall higher supply charge for the inclining block tariff has increased by 73%. In the July 2019 price-set the regulated supply charge for flat rate and TOU customers increased by 1% compared to last year, and the inclining block tariff increased the fixed component by approximately 1.5%. Customers on the flat rate or a TOU tariff will pay \$395 per annum in fixed supply charges while customers on the inclining block tariff will pay close to \$485. Chart 11 below shows the changes to the daily supply charges for regulated electricity rates from July 2009 to July 2019.

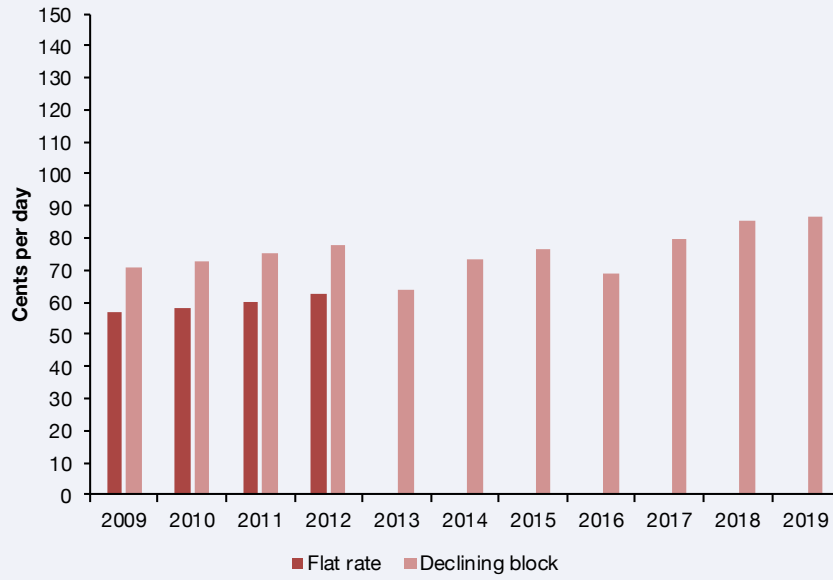
**CHART 11 |** Daily supply charges for electricity (flat/TOU rate), from 2009 to 2019, GST inclusive.



### 3.2 Gas supply charges

ActewAGL's gas supply charge also increased in July 2019 by around 1.5%. ACT households currently pay just over \$315 per annum in order to be connected to natural gas. Chart 12 below shows gas supply charges from July 2009 to July 2018.

**CHART 12 | ActewAGL's gas supply charges from 2009 to 2019, GST inclusive.<sup>16</sup>**



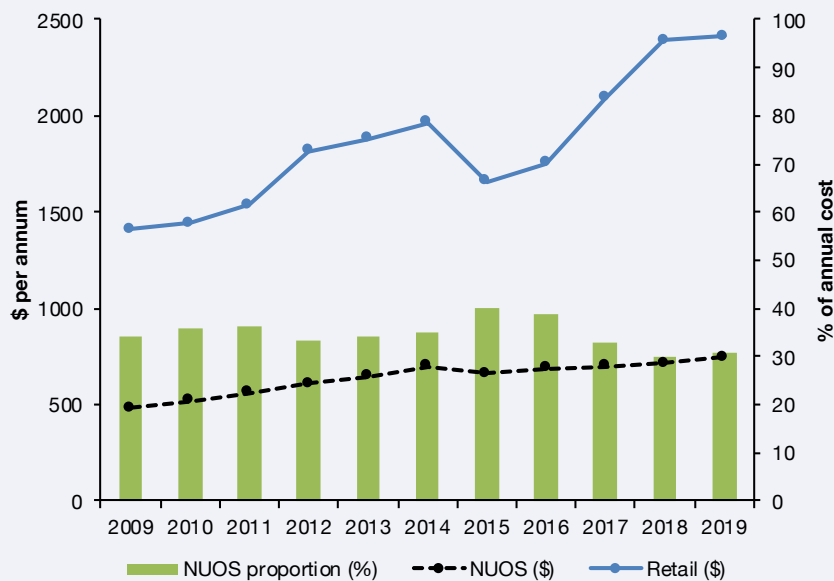
<sup>16</sup> ActewAGL merged their tariff products to a single gas offer in 2013. Note: The declining block tariff was actually an inclining block in 2009 and 2010.

## 4. SUPPLY CHARGES

The ACT electricity network, Evoenergy, introduces new Network Use of System (NUOS) charges as of 1 July every year. 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 in some cases, metering charges. The retailers can, and generally will, build changes to the NUOS (in relation to both shape and price) into their market retail tariffs. As the ACT also has a regulated retail offer, the Independent Competition and Regulatory Commission (ICRC) also changes the regulated retail rate to reflect changes to the NUOS.

Chart 13 shows annual retail bills (solid line), NUOS charges as annual cost (dotted line) and NUOS as proportion of annual bill (columns). It shows that both the NUOS charge and the retail bill increased in July 2019 (the NUOS itself increased by approximately 4%) and that the NUOS as a proportion of the bill has gone from 30% to 31%. Since July 2015, the NUOS has included a metering capital charge (as part of the fixed supply charge) and if we exclude the metering capital charge from the NUOS, the NUOS accounts for 30% of the total cost in 2019 (instead of the 31% indicated in the chart below).

**CHART 13** | ActewAGL: Retail bill per annum, NUOS charges and NUOS as proportion of total bill from 2009 to 2019 (based on the regulated retail tariff, single rate, 8,000kWh per annum, all GST inclusive).<sup>17</sup>



<sup>17</sup> Based on the regulated rates from 2009 to 2019, presented as annual bills for households using 8,000kWh per annum (flat rate). The annual NUOS charges have been calculated by allocating 2,000kWh per quarter (again based on annual consumption of 8,000kWh) to the step charges stipulated in the NUOS. The annual NUOS cost also includes fixed charges.

## 5. SOLAR OFFERS

There are approximately 22,700 small and medium scale solar systems in the ACT.<sup>18</sup> Many of these households are currently receiving solar feed in rebates of between 40 – 50 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' Feed in tariff (FIT) rates as well as the cost of electricity imported.

This section analyses and compares market offer bills for ACT customers with 1.5kW and 3kW 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 8,000kWh (including both produced and imported).
- ▲ Calculations have been produced for households with 1.5 kW and 3 kW systems only.
- ▲ An annual generation capacity per kW installed of 1.801MWh and an export rate of 55.1% for 3 kW systems and 27.3% for 1.5 kW systems.<sup>19</sup>
- ▲ Only FIT rates available to new customers have been included. Retailer funded FIT rates have been applied as per offer (see table 4 below).
- ▲ A flat annual consumption has been assumed.
- ▲ For tariffs with controlled load, 30% of the total load has been allocated to the off-peak rate.
- ▲ For TOU tariffs, 20% of the load has been allocated to the peak rate, 30% to the off-peak rate and 50% to the shoulder rate
- ▲ 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.

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<sup>18</sup> Clean Energy Council, Clean Energy Australia Report 2019, 62.

<sup>19</sup> These figures are based on NSW (outside Sydney) and were used for the analysis presented in a report for the Alternative Technology Association (ATA) by Alvis Consulting (Alvis Consulting, Retail Offers and Market Transparency for New Solar Customers, June 2013). As the data is based on NSW it might assume slightly higher generation capacity than the ACT average. The Clean Energy Council has reported that average daily production for 3 kW systems in Canberra is 12.9 kWh and (6.45 kWh for 1.5 kW systems). See <http://www.solarchoice.net.au/blog/how-much-energy-will-my-solar-cells-produce/>. Note that the estimated annual solar energy generation has a loss factor of 20% applied (includes temperature losses, soiling losses and wiring losses), the insolation is based on annual averages from the BOM over the years 1990 to 2008 (available at [http://www.bom.gov.au/jsp/ncc/climate\\_averages/solar-exposure/index.jsp](http://www.bom.gov.au/jsp/ncc/climate_averages/solar-exposure/index.jsp)), and it is assumed that solar panels are mounted with a tilt equal to the latitude angle of the location (for non capital city areas these are Port Augusta, Longreach, Swan Hill and halfway between Dubbo and Bourke). The estimated export rates are based upon generation and export in NSW published in report prepared for NSW Industry and Investment by AECOM Australia, Solar bonus scheme, Forecast NSW PV Capacity and Tariff Payments, October 2010 available at [http://23.101.218.132/prod/la/latabdoc.nsf/0/f43c91f5b4eddb97ca2577c90020a9fa/\\$FILE/Solar%20Bonus%20Scheme%20-%20Forecast%20PV%20Capacity%20&%20Tariff%20Payments.pdf](http://23.101.218.132/prod/la/latabdoc.nsf/0/f43c91f5b4eddb97ca2577c90020a9fa/$FILE/Solar%20Bonus%20Scheme%20-%20Forecast%20PV%20Capacity%20&%20Tariff%20Payments.pdf)

ActewAGL, Origin Energy, Energy Locals and Powerclub offer FIT rates of 8, 15, 16 and 10 c/kWh for their respective offers. EnergyAustralia and Red Energy do not currently offer a retailer FIT for any of their offers in the ACT. Based on the assumptions listed above, a household with a 3kW solar system installed will receive approximately \$240 per annum in FIT credits from ActewAGL, \$450 from Origin Energy, \$480 from Energy Locals and \$300 from Powerclub.

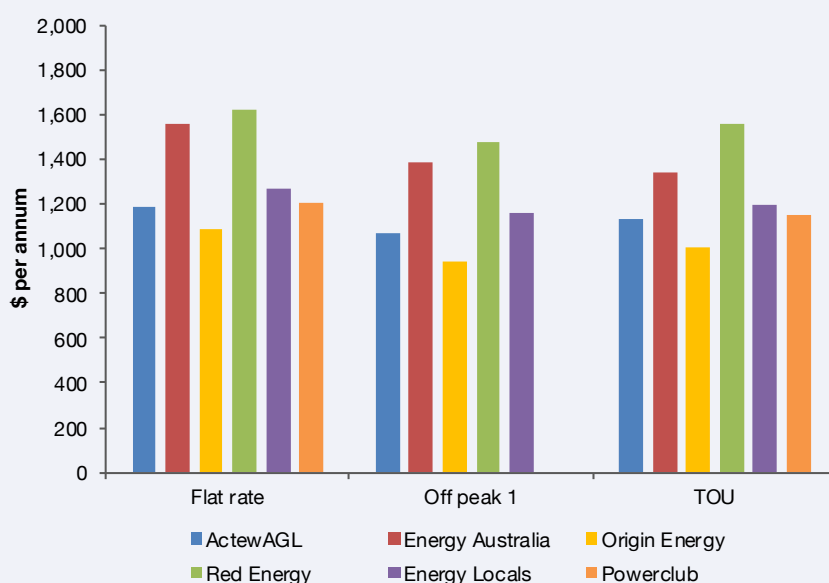
**TABLE 4 | Retailers' FIT rates as of July 2019**

Retailer	Offer	FIT rate (c/kWh)
ActewAGL	Pay on Time	8
EnergyAustralia	Total Plan Home	0
Origin Energy	Solar Boost	15
Red Energy	Easy Saver	0
Energy Locals	Solar Promise	16
Powerclub	Powerbank Solar	10

The average annual bill is approximately \$1,320 for households with 3kW systems and \$1,620 for households with 1.5kW systems installed. This means that the average annual bill is around \$750 less for solar households with 3kW systems installed compared to non-solar households (see section 2.1 above). Compared to last year, the average market offer for solar customers (3kW systems) has increased by \$210 or 19%.<sup>20</sup> This is in stark contrast to the previous year (from July 2017 and July 2018) when the average annual solar bill decreased by approximately \$55. It should therefore be noted that the average bill for July 2019 reflects that there are now three more retailers operating in the ACT as well as there being two retailers (EnergyAustralia and Red Energy) that currently do not offer a retailer FIT. If we exclude EnergyAustralia and Red Energy from the analysis, for example, the average annual solar bill increased by \$75 in July 2019 (compared to the \$210 increase based on all six retailers).

Based on the assumptions outlined above, solar customers on a flat electricity rate with a 3kW system installed would pay approximately \$535 less per annum on Origin Energy's offer compared to Red Energy's offer (see chart 14).

**CHART 14 | Annual bills including discounts and FIT credits for customers with a 3kW solar system. Electricity offers post July 2019 as annual bills, Flat rate, 8,000kWh, GST inclusive.<sup>21</sup>**









<sup>20</sup> For non-solar households, the increase is \$25 or 1%. See section 2.1.

<sup>21</sup> Calculations include discounts off usage or bill as well as pay on time discounts off usage or bill.

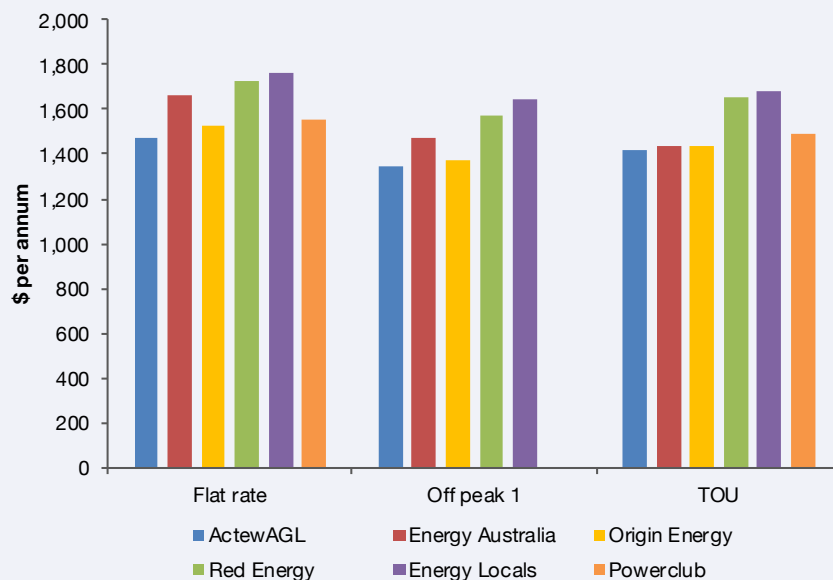
Figure 3 below shows estimated annual bills for market offers post discounts as well as how they ranked compared to other retailers.

**FIGURE 3 |** Lowest to highest annual bills (incl GST) for solar offers post July 2019, including discounts and pay on time discounts - Households consuming 8,000 kWh (flat rate) per annum, GST inclusive<sup>22</sup>

	Origin Energy	\$1,087
	ActewAGL	\$1,187
	Powerclub	\$1,205
	Energy Locals	\$1,269
	Energy Australia	\$1,556
	Red Energy	\$1,621

Households with the same consumption level and a 1.5kW system installed can expect to receive approximately \$60 in FIT credits per annum from ActewAGL, \$110 from Origin Energy, \$120 for Energy Locals and \$75 from Powerclub. Energy Locals’ annual bill is the most expensive and ActewAGL is the least expensive (based on the assumptions outlined above). The difference between these two offers is approximately \$290 per annum (see chart 15).

**CHART 15 |** Annual bills including discounts and FIT credits for customers with a 1.5 kW solar system. Electricity offers post July 2019 as annual bills, flat rate, 8,000kWh, GST inclusive.<sup>23</sup>



<sup>22</sup> These bill estimates are based on rates published on the retailers’ websites between the 1st and the 15th of July 2019 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.

<sup>23</sup> Calculations include discounts off usage or bill as well as pay on time discounts off usage or bill.