Queensland Competition Authority

Market Monitoring Report

SEQ retail electricity market monitoring report: October to December 2019

January 2020

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OVERVIEW

Retail electricity offers

Electricity retailers operating in south east Queensland (SEQ) present their standing and market offers to residential and small business customers on the Energy Made Easy website. Retail offers include supply and usage charges and can also include discounts, incentives, retail fees, and other terms and conditions.

In the December quarter, 26 retailers had at least one residential and/or small business offer on Energy Made Easy. One retailer, Amber Electric, entered the SEQ market for the first time during the quarter.

A customer's electricity bill depends on the customer's consumption and choice of retail offer. Our analysis of retail offers is based on quarterly bills for the 'typical SEQ customer'. The bills in this report therefore do not reflect the *actual* electricity bills SEQ customers paid in the December quarter of 2019.

December quarter findings

Across residential and small business offers, retailers' standing offer bills did not change in the December quarter, and only a small number of retailers decreased the prices on their cheapest market offers. These results were not unexpected given the significant decrease in standing and market offer bills in the September quarter of 2019.

Residential customers

For the typical household in SEQ, standing offer bills in the December quarter ranged from $335 (Simply Energy) to $361 (Energy Locals), and market offer bills ranged from $267 (AGL) to $435 (DC Power).

The lowest market offer available in the December quarter was AGL's Electric Vehicle Plan (Residential) offer ($267). The offer did not have the lowest supply or usage charges in the market; the $240 credit per year made it the cheapest offer (of which we applied $60 for the quarter). Only customers who owned an electric vehicle and signed up online via AGL's website were eligible for the offer. The lowest market offer that had no discounts, incentives or benefits attached was ReAmped Energy's Handshake Anytime offer ($295).

Small business customers

For the typical small business in SEQ, standing offer bills in the December quarter ranged from $483 (Simply Energy) to $684 (Energy Locals), and market offer bills ranged from $431 (AGL) to $547 (Red Energy).

The lowest market offer available in the December quarter was AGL's Business Essentials Saver (Call Centre) offer ($431). The offer did not have the lowest supply or usage charges in the market; the $100 sign-up credit (of which we applied $25 for the quarter) made it the cheapest offer. Only customers who contacted AGL by phone were eligible for the offer. The lowest market offer that had no discounts, incentives or benefits attached was Blue NRG's Blue Saver (36 General Usage) offer ($447).

Advice for customers

Customers who have not taken up a new electricity plan recently might face prices and conditions that differ substantially from the retail offers presented in this report. We encourage customers to periodically test the market; with more retailers to choose from and the lowest market offers getting cheaper in recent years, active customers are likely to pay less than inactive or disengaged customers.

More information

Enquiries regarding this report can be made on the QCA website.

1 INTRODUCTION

1.1 Minister's direction notice

The Minister for Natural Resources, Mines and Energy has directed us to monitor prices for residential and small business electricity customers in south east Queensland (SEQ).[1] The direction notice applies to the period from 1 July 2019 to 30 June 2020, and we are required to report on each three-month period during the financial year. The tariffs that we report on are equivalent to the standard tariffs we regulate in regional Queensland, which are *tariff 11 (residential)* and *tariff 20 (small business)*.

1.2 QCA methodology

Typical SEQ customer

To provide the most meaningful presentation of retailers' offers, we present prices as a (GST-inclusive) bill for a customer with a median consumption—the 'typical SEQ customer'.[2] The median consumption levels we used to calculate typical quarterly bills are 1,012 kilowatt hours for residential flat rate customers, and 1,495 kilowatt hours for small business flat rate customers. The levels were derived by multiplying daily Energex consumption volumes by 92 days (1 October to 31 December 2019). As this report relates only to the December quarter of 2019, the bills are reported per quarter, not for a year.

Because the bills in this report are calculated using prices in retailers' offers on Energy Made Easy, the bills do not reflect the *actual* electricity bills customers in SEQ paid during the December quarter, but what a customer on a particular consumption level would have paid if they had taken up the offers that were available on Energy Made Easy, and met the conditions of the offers.

Readers should also note that some figures in this report do not add due to rounding.

Standing and market offers

We present quarterly bills based on the standing and market offers available on Energy Made Easy in the December quarter of 2019.

- Standing offers are basic offers with terms and conditions that are specified by the National Energy Retail Rules (NERR).[3]
- Market offers contain a minimum set of terms and conditions (specified in the NERR) and can include other terms and conditions agreed between the retailer and customer.[4]

Compared to market offers, standing offers provide preferential terms and conditions to customers. In our view, standing and market offers should therefore not be compared solely in terms of price differences.[5]

[1] The Minister's letter and direction notice are available on our market monitoring web page for 2019–20.
[2] For more information on the methodology we use to monitor prices in the SEQ retail electricity market, see QCA, *SEQ retail electricity market monitoring: 2018–19, final report*, November 2019, pages 6–8.
[3] National Energy Retail Rules, rule 12 and schedule 1.
[4] National Energy Retail Rules, rule 14.
[5] For more information on our analysis of the difference between standing and market offer prices, see QCA, *Regulated retail electricity prices for 2019–20*, final determination, May 2019, pages 48–59.

From 1 July 2019, retailers' standing offer prices were required to be set at or below the default market offer (DMO) price set by the Australian Energy Regulator (AER).[6]

Weighted average bills

Apart from simple average bills, we also present average bills weighted by each retailer's share of standing and market offer customers. We use the AER's data on the performance of the retail energy market to calculate the retailers' market shares. Due to the timing of our quarterly market monitoring reports, customer data for the same quarter is not available when we publish our reports. We therefore calculate market shares based on the most recently published customer number data.

The AER data contains the number of residential customers and small business customers in Queensland by retailer and by quarter, and the number of each retailer's residential and small business customers on market contracts. However, the data does not provide information on the number of customers by tariff type, nor how many customers are contracted to particular electricity offers/plans. Further, we do not include in our calculations customer numbers for any retailers who did not have offers available on Energy Made Easy in the December quarter. The weighted average bills in this report should therefore only be interpreted as a proxy for the weighted average standing and market offer bills of the typical residential or small business flat rate customer.

Energy Made Easy

We obtained information on retailers' standing and market offer prices in the December quarter—including supply and usage charges—from Energy Made Easy on 31 December 2019. Some retailers' higher priced market offers may have been for solar customers only. As retailers continue not to apply a common approach to identifying solar-only offers on Energy Made Easy, we did not remove any market offers with feed-in tariffs from our analysis.

We continue to hold the view that the comparability of offers on Energy Made Easy would be improved if all retailers:

- applied a consistent approach to publishing offers with solar feed-in and controlled load tariffs
- published separate offers for solar and controlled load tariffs
- added solar and controlled load metering charges to the supply charges of their solar and controlled load offers, and included primary tariff metering charges on all offers.

[6] For more information, see *Competition and Consumer (Industry Code—Electricity Retail) Regulations 2019* (Cth), section 10 and AER, *Default Market Offer Prices 2019–20*, final determination, April 2019.

Public dataset

The tables and graphs in chapter 2 are supplemented with a dataset, including supply and usage charges for each standing and market offer, for the residential and small business flat rate tariffs for the December quarter. This dataset is available as a separate downloadable spreadsheet on our website for stakeholders seeking more detail.[7]

Customers can use the dataset to calculate and compare bills based on their actual quarterly consumption. The dataset also allows customers to account for seasonal changes in their consumption, such as higher demand in summer months, or a generally higher/lower average consumption level. Customers with rooftop solar who wish to use the dataset to calculate and compare bills should also take into account solar feed-in tariffs. Instructions on using the dataset to calculate bills are at appendix A.

Advice for customers

The Queensland and Australian governments each have a website providing general advice to customers about how to engage with the retail electricity market.

The Queensland Government suggests the following for customers:

- Compare and choose electricity deals by electricity retailers using Energy Made Easy.
- Contact your current electricity retailer to ask for a better electricity deal.
- Ask someone you trust to help you with the website or with phone calls.
- Check the new electricity plan saves you money by comparing conditions, benefits and costs (using your current bill and retailer advice) against new potential plans.
- Read the conditions if you are offered a discount.
- Check the payment terms for flexible options.
- Check for exit fees.
- Use the cooling off period (10 days) to think about your new contract—you can change your mind.
- Check your electricity contract at least annually and reconsider your plan and check for discounts.[8]

The Australian Government provides similar advice for customers.[9]

[7] QCA, 'Market monitoring reports 2019–20' web page.
[8] Queensland Government, 'Compare and choose electricity retailers' web page.
[9] Australian Government, 'Find the best energy deal' web page.

2 PRICE MONITORING

2.1 Residential customers (tariff 11)

2.1.1 QCA comparison

In the December quarter of 2019, 25 retailers had offers available for the residential flat rate tariff on Energy Made Easy.[10] Of these retailers, 19 had standing offers, and 24 had at least one market offer for this tariff.

Table 1 Bills for the typical residential flat rate customer, October to December 2019

Retailer	*Standing offer ($)*	*Average market offer ($)*	*Lowest market offer ($)*	*Highest market offer ($)*
1st Energy	359	340	340	340
AGL	358	314	267	358
Alinta Energy	—	317	308	327
Amaysim Energy	359	363	363	363
Amber Electric	—	360	360	360
Click Energy	359	312	285	359
DC Power	—	425	414	435
Diamond Energy	359	313	313	313
Discover Energy	357	339	317	357
Dodo Power & Gas	358	332	332	332
Elysian Energy	354	311	311	311
Energy Locals	361	348	327	358
EnergyAustralia	357	318	318	319
Future X Power	358	318	309	327
Kogan Energy	—	306	306	306
Locality Planning Energy	—	314	314	314
Mojo Power	358	—	—	—
Origin Energy	359	325	301	359
Powerclub	356	333	318	347
Powerdirect	—	315	311	318
Powershop	359	311	302	320
QEnergy	358	311	308	313
ReAmped Energy	356	301	295	309
Red Energy	359	333	322	359
Simply Energy	335	335	335	335
Simple average	**357**	**329**	**320**	**339**
Weighted average	**358**	**321**	**298**	**348**

[10] One retailer—Amber Electric—entered the SEQ market in the December quarter. Amber Electric is not a licensed retailer; the retailer and provider of energy to customers of the Amber energy product is Energy Locals (Amber Electric, 'Browse our most Frequently Asked Questions (General Questions)' web page, accessed January 2020).

Notes: (1) A dash (—) shows the retailer did not have a residential flat rate standing/market offer published on Energy Made Easy in the December quarter. (2) The Click Energy retail brand is owned by Amaysim Energy. The AER does not report on customer numbers for Click Energy; for the purpose of calculating weighted bills, we have apportioned half of Amaysim Energy's customers to Amaysim Energy, and half to Click Energy.

Sources: Energy Made Easy; QCA analysis; AER retail energy market performance update for Quarter 4, 2018–19, schedule 2 (indicators S2.1(a)(I) and S2.2(a)(I)).

The direction notice requires us to include a bill for a regional Queensland customer of similar class on a standard retail contract in this report. The equivalent bill for notified prices for the December quarter of 2019 is $365.[11]

Figure 1 Bills for the typical residential flat rate customer, October to December 2019



Notes: Alinta Energy, Amber Electric, DC Power, Kogan Energy, Locality Planning Energy and Powerdirect did not have a residential flat rate standing offer published on Energy Made Easy in the December quarter. Mojo Power did not have a residential flat rate market offer published on Energy Made Easy in the December quarter.

Sources: Energy Made Easy; QCA analysis.

2.1.2 QCA assessment

Standing and market offer bills

Based on the offers available in the December quarter, retailers' standing offer bills were generally higher than their market offer bills. For the typical residential customer:

- standing offer bills ranged from $335 (Simply Energy) to $361 (Energy Locals)
- market offer bills ranged from $267 (AGL) to $435 (DC Power).

The lowest market offer available in the December quarter was AGL's Electric Vehicle Plan (Residential) offer ($267). The offer did not have the lowest supply or usage charges in the market; the $240 credit per year ($60 credit every three months for two years; up to $480 over two years) made it the cheapest offer. The offer was available from 10 September 2019, and only

[11] The equivalent bill for notified prices is calculated by multiplying the notified supply charge for 2019–20 (100.107 cents per day (GST excluded), including metering charge) by 92 days, and then adding the multiple of the notified usage charge for 2019–20 (23.661 cents per kilowatt hour (GST excluded)) and 1,012 kilowatt hours, before adding GST to the total amount. The notified supply and usage charges are available in QCA, *Regulated retail electricity prices for 2019–20*, final determination, May 2019, page 77 (table 20). Energex's primary metering service charges for 2019–20 are available on its 'Pricing publications' web page.

customers who owned an electric vehicle and signed up online via AGL's website were eligible for the offer.

The lowest market offer that had no discounts, incentives or benefits attached was ReAmped Energy's Handshake Anytime offer ($295). The offer was available from 1 November 2019.

Residential customers on standing offers could generally have reduced their bills in the December quarter by switching to a market offer. For example, by switching from the highest standing offer to the lowest market offer, they could have reduced their bill by $94 (26%). Customers on market offers also had the opportunity to save up to $168 (39%) by switching from the highest to the lowest market offer.

Other incentives and benefits

Only 6 of the 24 retailers attached incentives or benefits to at least one of their residential flat rate market offers in the December quarter.

Table 2 Other incentives and benefits attached to residential flat rate market offers, October to December 2019

Retailer	*Other incentives and benefits*
AGL	*Sign-up credit*: $25 credit on the first bill (Residential Seniors Plus offers available from 3 July 2019). The offers were only available to customers with a Seniors Card. *Online sign-up credit*: $75 credit on the first bill when signing up online (Residential Essentials Plus Online offers available from 18 September 2019, Residential Smart Saver Online and Residential Essentials Online offers each available from 18 September to 15 October 2019, Residential Essentials Saver Online offer available from 15 October 2019, and Residential Solar Savers Online offer available from 1 November 2019). *Online sign-up credit*: $100 credit on the first bill when signing up online (Residential Seniors Plus Online offers available from 18 September 2019). The offers were only available to customers with a Seniors Card.
Click Energy	*Sign-up credit*: $75 credit ($50 on the first bill and $25 after 12 months) for new accounts only when signing up with an eligible promocode (Banksia and Banksia Solar offers available from 6 September to 16 October 2019, and Hibiscus offer available from 19 September to 16 October 2019). *Sign-up credit*: $100 credit ($50 on the first bill and $50 after 12 months) for new accounts only when signing up online with an eligible promocode (Banksia, Banksia Solar and Hibiscus offers available from 25 December 2019). *Sign-up credit*: $100 credit ($50 on the first bill and $50 on the first bill after 12 months) for new accounts only when signing up online with an eligible promocode (Banksia, Banksia Solar and Hibiscus offers available from 2 to 6 November 2019). *eGift card*: $50 Prezzee eGift card via email with the first bill for new accounts only when signing up with eligible promocode (Banksia, Banksia Solar and Hibiscus offers available from 7 November to 11 December 2019).
Dodo Power & Gas	*General incentive*: From time to time, Dodo Power & Gas may provide promotional offers (including one-off payments and/or products) through promotion codes, which may be redeemed when signing up. These codes do not change the rates, fees or charges of the offer (Residential Market offer available from 17 September 2019).
Origin Energy	*Sign-up credit*: $200 credit applied to the bill after three months when switching to Origin Energy (Basic offer available from 23 December 2019).
Red Energy	*Qantas points*: 10,000 bonus Qantas points once Red Energy supplies energy and additional Qantas points per $1 on the bill when paying in full, available to new customers only (2 points on the Qantas Red Saver (Qantas Business Rewards) offer and 7 points on the Qantas Red Plus (Qantas Business Rewards) offer, both available from 1 July to 8 October 2019). The Qantas Business Rewards offers were only available to customers with an ABN and a valid Qantas business rewards membership.[a]

Retailer	*Other incentives and benefits*
	Qantas points: 10,000 bonus Qantas points once Red Energy supplies energy and additional Qantas points per $1 on the bill when paying on time, available to new customers only (2 points on the Qantas Red Saver offer available from 9 October 2019 and the Qantas Red Saver (Qantas Frequent Flyer) offer available from 1 July to 8 October 2019, 3 points on the Qantas Red Saver (Bundled) offers available from 1 July 2019, 7 points on the Qantas Red Plus (Qantas Frequent Flyer) offer available from 1 July to 8 October 2019, and 8 points on the Qantas Red Plus (Bundled) offer available from 1 July to 8 October 2019). The Qantas Red Saver, Qantas Red Plus (Qantas Frequent Flyer) and Qantas Red Saver (Qantas Frequent Flyer) offers were only available to valid Qantas Frequent Flyer members. The Qantas Red Saver (Bundled) and Qantas Red Plus (Bundled) offers were only available to Qantas Red business customers who were nominated as a director or authorised person on a Qantas Red business plan.
Simply Energy	*Ongoing credit*: $30 credit each anniversary from the supply start date, applied to the account on or before the anniversary (Simply Plus offers available from 24 September 2019). *Ongoing credit*: $60 credit each anniversary from the supply start date, applied to the account on or before the anniversary (Simply RACQ offer available from 24 September to 8 October 2019). The offer was only available to current RACQ members who provided a membership number when signing up. *First anniversary and ongoing credit*: $130 credit on the first anniversary from the supply start date, applied to the account on or before the anniversary and $30 credit each anniversary thereafter (Simply Plus $100 offer available from 28 October 2019). *First anniversary and ongoing credit*: $150 credit on the first anniversary from the supply start date, applied to the account on or before the anniversary and $50 credit each anniversary thereafter (Simply Choice +$100 offer available from 2 December 2019). *First anniversary and ongoing credit*: $160 credit on the first anniversary from the supply start date, applied to the account on or before the anniversary and $60 credit each anniversary thereafter (Simply RACQ +$100 offers available from 3 October 2019). The offers were only available to current RACQ members who provided a membership number when signing up. *Movie tickets*: One Gold Class or two Event Cinema movie tickets every three months (Simply Movies offers available from 24 September 2019).

(a) *Red Energy classified these offers on Energy Made Easy as residential, even though an ABN and a valid Qantas business rewards membership are required. See appendix A for more information.*

Notes: (1) Where a retailer offered an incentive or benefit, it did not necessarily attach the incentive or benefit to all of its residential flat rate market offers. (2) Retailers' incentives are reported as, or assumed to be, GST inclusive. (3) AGL attached bonus credits as a conditional discount to some of its offers, and Energy Locals attached a 'free power bonus' discount to its Online Saver (Anytime) offer. These discounts are similar in nature to incentives and details are available in the public dataset that accompanies this report.

Source: Energy Made Easy.

Compared to the September quarter of 2019, the main changes in incentives and benefits attached to residential flat rate market offers in the December quarter were:

- Origin Energy attaching a sign-up credit to one of its Basic offers
- Simply Energy adding a first anniversary credit to some of its offers.

When customers analyse the value of an incentive, they also need to bear in mind that eligibility criteria and terms and conditions may be attached to the incentive. Examples of criteria/conditions include forfeiting incentives if the customer switches to another retailer, the incentive/benefit being available only to new customers or customers signing up via a third party, or the incentive/benefit only being available in the first year of the contract.

SEQ offers and notified prices

In the December quarter, each retailer (except DC Power) that had at least one residential flat rate market offer on Energy Made Easy had an offer that was cheaper than the equivalent bill under notified prices in regional Queensland. Each retailer's standing offer yielded a bill that was lower than the equivalent bill for notified prices.

Quarterly changes in standing and market offer bills

The table below shows the quarterly changes, in percentage terms, in retailers' standing and market offer bills in the December quarter, compared to the September quarter.

Table 3 Quarterly percentage changes in standing and market offer bills for the typical residential flat rate customer, September quarter 2019 to December quarter 2019

Retailer	*Standing offer (%)*	*Average market offer (%)*	*Lowest market offer (%)*	*Highest market offer (%)*
1st Energy	0.0	0.0	0.0	0.0
AGL	0.0	–2.6	0.0	0.0
Alinta Energy	n/a	0.7	0.0	0.0
Amaysim Energy	0.0	0.0	0.0	0.0
Click Energy	0.0	–2.7	0.0	0.0
DC Power	n/a	0.0	0.0	0.0
Diamond Energy	0.0	0.0	0.0	0.0
Discover Energy	0.0	+3.4	0.0	0.0
Dodo Power & Gas	0.0	0.0	0.0	0.0
Elysian Energy	0.0	0.0	0.0	0.0
Energy Locals	0.0	–3.0	0.0	–8.0
EnergyAustralia	0.0	0.0	0.0	0.0
Future X Power	0.0	–2.8	–5.5	0.0
Kogan Energy	n/a	0.0	0.0	0.0
Locality Planning Energy	n/a	0.0	0.0	0.0
Mojo Power	0.0	n/a	n/a	n/a
Origin Energy	0.0	–1.5	0.0	0.0
Powerclub	0.0	0.0	0.0	0.0
Powerdirect	n/a	–1.1	–2.2	0.0
Powershop	0.0	0.0	0.0	0.0
QEnergy	0.0	+0.3	0.0	0.0
ReAmped Energy	0.0	+0.5	–1.5	+3.1
Red Energy	0.0	0.0	0.0	0.0
Simply Energy	0.0	0.0	0.0	0.0

n/a: The retailer did not have a residential flat rate standing/market offer published on Energy Made Easy in the preceding and/or current quarter.

Notes: (1) Amber Electric is not included in the table as the retailer had no standing or market offers in SEQ in the September quarter. (2) Quarterly changes are based on retailers' annual bills, as the four quarters vary in length (90 to 92 days).

Sources: Energy Made Easy; QCA analysis.

The table shows that for the typical residential flat rate customer, standing offer bills did not change, and the lowest market offer bill of only three retailers, decreased in the December

quarter. The stability in bills in the December quarter is not unexpected given the standing offer bills of 15 retailers, and lowest market offer of 16 retailers, decreased in the September quarter.[12]

2.2 Small business customers (tariff 20)

2.2.1 QCA comparison

In the December quarter of 2019, 22 retailers had offers available for the small business flat rate tariff on Energy Made Easy.[13] Of these retailers, 19 had standing offers and all 22 had at least one market offer for this tariff.

Table 4 Bills for the typical small business flat rate customer, October to December 2019

Retailer	*Standing offer ($)*	*Average market offer ($)*	*Lowest market offer ($)*	*Highest market offer ($)*
1st Energy	524	496	496	496
AGL	544	467	431	500
Alinta Energy	—	488	485	492
Amaysim Energy	552	535	535	535
Blue NRG	538	462	447	482
Click Energy	552	481	479	491
Diamond Energy	537	479	479	479
Discover Energy	534	508	471	534
Elysian Energy	560	526	526	526
Energy Locals	684	515	515	515
EnergyAustralia	532	463	463	463
Future X Power	542	489	464	514
Locality Planning Energy	—	474	474	474
Next Business Energy	543	505	505	505
Origin Energy	537	493	462	537
Powerclub	523	473	458	498
Powerdirect	—	476	457	495
Powershop	550	479	457	500
QEnergy	542	480	468	485
ReAmped Energy	551	449	449	449
Red Energy	547	492	454	547
Simply Energy	483	483	483	483
Simple average	**546**	**487**	**475**	**500**
Weighted average	**539**	**482**	**460**	**510**

Notes: (1) A dash (—) shows the retailer did not have a small business flat rate standing/market offer published on Energy Made Easy in the December quarter. (2) The Click Energy retail brand is owned by Amaysim Energy. The AER does not report on customer numbers for Click Energy; for the purpose of calculating weighted bills, we have apportioned half of Amaysim Energy's customers to Amaysim Energy, and half to Click Energy.

Sources: Energy Made Easy; QCA analysis; AER retail energy market performance update for Quarter 4, 2018–19, schedule 2 (indicators S2.1(a)(II) and S2.2(a)(II)).

[12] QCA, *SEQ retail electricity market monitoring report: July to September 2019*, October, pages 10–11.

[13] Two retailers—Locality Planning Energy and ReAmped Energy—entered the market for small business customers in the December quarter.

The direction notice requires the QCA to include a bill for a regional Queensland customer of similar class on a standard retail contract in this report. The equivalent bill for notified prices for the December quarter of 2019 is $538.[14]

Figure 2 Bills for the typical small business flat rate customer, October to December 2019



Notes: Alinta Energy, Locality Planning Energy and Powerdirect did not have a small business flat rate standing offer published on Energy Made Easy in the December quarter.

Sources: Energy Made Easy; QCA analysis.

2.2.2 QCA assessment

Standing and market offer bills

Based on the offers available in the December quarter, retailers' standing offer bills were generally higher than their market offer bills. For the typical small business customer:

- standing offer bills ranged from $483 (Simply Energy) to $684 (Energy Locals)
- market offer bills ranged from $431 (AGL) to $547 (Red Energy).

The lowest market offer available in the December quarter was AGL's Business Essentials Saver (Call Centre) offer ($431). The offer did not have the lowest supply or usage charges in the market; the $100 sign-up credit made it the cheapest offer for the typical SEQ customer. The offer was available from 15 October 2019, but only customers who contacted AGL by phone were eligible for the offer.

The lowest market offer that had no discounts, incentives or benefits attached was Blue NRG's Blue Saver (36 General Usage) offer ($447). The offer was available from 23 October 2019.

Small business customers on standing offers could generally have reduced their bills in the December quarter by switching to a market offer. For example, by switching from the highest standing offer to the lowest market offer, they could have reduced their bill by $253 (37%).

[14] The equivalent bill for notified prices is calculated by multiplying the notified supply charge for 2019–20 (134.698 cents per day (GST excluded), including metering charge) by 92 days, and then adding the multiple of the notified usage charge for 2019–20 (24.432 cents per kilowatt hour (GST excluded)) and 1,495 kilowatt hours, before adding GST to the total amount. The notified supply and usage charges are available in QCA, *Regulated retail electricity prices for 2019–20*, final determination, May 2019, page 78 (table 22). Energex's primary metering service charges for 2019–20 are available on its 'Pricing publications' web page.

Customers on market offers also had the opportunity to save up to $116 (21%) by switching from the highest to the lowest market offer.

Other incentives and benefits

Only 4 of the 22 retailers attached other incentives or benefits to at least one of their small business flat rate market offers in the December quarter.

Table 5 Other incentives and benefits attached to small business flat rate market offers, October to December 2019

Retailer	*Other incentives and benefits*
AGL	*Sign-up credit*: $100 credit on the first bill (Business Essentials Saver (Call Centre) offer available from 15 October 2019). The offer was only available to customers who contacted AGL by phone.
Click Energy	*Sign-up credit*: $75 credit ($50 on the first bill and $25 after 12 months) for new accounts only when signing up with an eligible promocode (Business Start offer available from 6 September to 16 October 2019). *Sign-up credit*: $100 credit ($50 on the first bill and $50 after 12 months) for new accounts only when signing up online with an eligible promocode (Business Start offer available from 25 December 2019). *Sign-up credit*: $100 credit ($50 on the first bill and $50 on the first bill after 12 months) for new accounts only when signing up online with an eligible promocode (Business Start offer available from 2 to 6 November 2019). *eGift card*: $50 Prezzee eGift card via email with the first bill for new accounts only when signing up with eligible promocode (Business Start offer available from 7 November to 11 December 2019).
Red Energy	*Qantas points*: 10,000 bonus Qantas Points once Red Energy supplies energy and 2 additional Qantas Points per $1 on the bill when paying in full, available to new customers only (Qantas Red Saver (Qantas Business Rewards) offer and Qantas Red Easy offer, both available from 1 July to 8 October 2019, and Qantas Red Business Saver offer available from 9 October 2019). All three offers were only available to business customers with an ABN and a valid Qantas business rewards membership. The ABN on the energy account had to match the ABN registered to the Qantas business rewards membership. *Qantas points*: 10,000 bonus Qantas Points once Red Energy supplies energy and additional Qantas Points per $1 on the bill when paying on time, available to new customers only (2 points on the Qantas Red Saver (Qantas Frequent Flyer) offer, 3 points on the Qantas Red Saver (Bundled) offer, 7 points on the Qantas Red Plus offer and 8 points on the Qantas Red Plus (Bundled) offer, all available from 1 July to 8 October 2019). The Qantas Red Plus and the Qantas Red Saver (Qantas Frequent Flyer) offers were only available to Qantas Frequent Flyer members. The Qantas Red Saver (Bundled) and Qantas Red Plus (Bundled) offers were only available to customers who were nominated as a director or authorised person on a Qantas Red business plan.
Simply Energy	*Ongoing credit*: $30 credit each anniversary from the supply start date, applied to the account on or before the anniversary (Business Plus offers available from 24 September 2019). *Qantas points*: 4 Qantas Points per $1 on the bill (Business Qantas Points offers available from 24 September 2019). The offers were only available to small business customers whose business was a Qantas Business Reward Member when signing up.

Notes: (1) Where a retailer offered an incentive or benefit, it did not necessarily attach the incentive or benefit to all of its small business flat rate market offers. (2) Retailers' incentives are reported as, or are assumed to be, GST inclusive.

Source: Energy Made Easy.

Compared to the September quarter of 2019, the main change in incentives and benefits attached to small business flat rate market offers in the December quarter was AGL attaching a sign-up credit to its Business Essentials (Call Centre) offer.

As we said in regard to residential customers, when small business customers analyse the value of an incentive/benefit, they also need to bear in mind that eligibility criteria and terms and conditions may be attached to accessing the incentive/benefit.

SEQ offers and notified prices

In the December quarter, each retailer that had at least one small business market offer on Energy Made Easy had an offer that was equal to or cheaper than the equivalent bill for notified prices. Quarterly bills for standing offers were higher than the equivalent bill for notified prices in the case of 11 retailers, and lower in the case of 8 retailers.

Quarterly changes in standing and market offer bills

The table below shows the quarterly changes, in percentage terms, in retailers' standing and market offer bills in the December quarter, compared to the September quarter.

Table 6 Quarterly percentage changes in standing market offer bills for the typical small business flat rate customer, September quarter 2019 to December quarter 2019

Retailer	*Standing offer (%)*	*Average market offer (%)*	*Lowest market offer (%)*	*Highest market offer (%)*
1st Energy	0.0	0.0	0.0	0.0
AGL	0.0	–5.2	–8.8	0.0
Alinta Energy	n/a	0.0	0.0	0.0
Amaysim Energy	0.0	0.0	0.0	0.0
Blue NRG	0.0	–4.0	–7.2	0.0
Click Energy	0.0	–0.5	0.0	0.0
Diamond Energy	0.0	0.0	0.0	0.0
Discover Energy	0.0	+2.5	0.0	0.0
Elysian Energy	0.0	0.0	0.0	0.0
Energy Locals	0.0	–3.2	0.0	–4.7
EnergyAustralia	0.0	0.0	0.0	0.0
Future X Power	0.0	–4.8	–9.6	0.0
Next Business Energy	0.0	0.0	0.0	0.0
Origin Energy	0.0	–2.0	0.0	0.0
Powerclub	0.0	0.0	0.0	0.0
Powerdirect	n/a	–3.8	–7.7	0.0
Powershop	0.0	0.0	0.0	0.0
QEnergy	0.0	+0.7	0.0	0.0
Red Energy	0.0	0.0	0.0	0.0
Simply Energy	0.0	0.0	0.0	0.0

n/a: The retailer did not have a small business flat rate standing/market offer published on Energy Made Easy in the preceding and/or current quarter.

Note: (1) Locality Planning Energy and ReAmped Energy are not included in the table as the retailers had no standing or market offers in SEQ in the September quarter. (2) Quarterly changes are based on retailers' annual bills, as the four quarters vary in length (90 to 92 days).

Sources: Energy Made Easy; QCA analysis.

The table shows that for the typical small business flat rate customer, standing offer bills did not change in December quarter, and the lowest market offer bill of four retailers decreased in the quarter. The stability in bills in the December quarter is not unexpected given the standing offer bills of 11 retailers, and lowest market offer of 14 retailers, decreased in the September quarter.[15]

2.3 Conclusion

The key points of our comparison and assessment of standing and market offer prices for the period 1 October to 31 December 2019 are below.

Key findings for the December quarter

(1) Standing offer bills were generally higher than market offer bills.

(2) The cheapest residential flat rate market offer available for the typical customer was AGL's Electric Vehicle Plan (Residential) offer.

(3) The cheapest small business flat rate market offer available for the typical customer was AGL's Business Essentials Saver (Call Centre) offer.

(4) All retailers (except DC Power) had at least one market offer available that was lower than the equivalent bill for notified prices.

(5) All retailers' residential standing offer bills were lower than the equivalent bill for notified prices, while more than half of retailers' small business standing offer bills were higher than the equivalent bill for notified prices.

(6) Only 6 of the 24 retailers with residential market offers and 4 of the 22 retailers with small business market offers available in the December quarter attached other incentives or benefits to at least one of their flat rate market offers.

[15] QCA, *SEQ retail electricity market monitoring report: July to September 2019*, October, pages 14–15.

GLOSSARY

1st Energy	1st Energy Pty Ltd
ABN	Australian Business Number
ACCC	Australian Competition and Consumer Commission
AER	Australian Energy Regulator
AGL	AGL Sales Pty Ltd
Alinta Energy	Alinta Energy Retail Sales Pty Ltd
Amaysim Energy	amaysim Energy Pty Ltd
Amber Electric	Amber Electric Pty Ltd
Blue NRG	Blue NRG Pty Ltd
Click Energy	Click Energy Pty Ltd
DC Power	DC Power Co
Diamond Energy	Diamond Energy Pty Ltd
Discover Energy	Discover Energy Pty Ltd
DMO	Default Market Offer
Dodo Power & Gas	M2 Energy Pty Ltd (trading as Dodo Power & Gas)
Electricity Act	*Electricity Act 1994* (Qld)
Elysian Energy	Elysian Energy Pty Ltd
EnergyAustralia	EnergyAustralia Pty Ltd
Energy Locals	Energy Locals Pty Ltd
Future X Power	Online Power and Gas Pty Ltd (trading as Future X Power)
GST	Goods and Services Tax
Kogan Energy	Kogan Australia Pty Ltd
kWh	kilowatt hours
Locality Planning Energy (LPE)	Locality Planning Energy Pty Ltd
Mojo Power	Mojo Power Pty Ltd
n/a	not applicable
Next Business Energy (NBE)	Next Business Energy Pty Ltd
NERL	National Energy Retail Law
NERR	National Energy Retail Rules
Origin Energy	Origin Energy Retail Pty Ltd
People Energy	People Energy Pty Ltd
Powerclub	Power Club Limited
Powerdirect	Powerdirect Pty Ltd
Powershop	Powershop Pty Ltd
QCA	Queensland Competition Authority
QEnergy	QEnergy Limited
Qld	Queensland
ReAmped Energy	ReAmped Energy Pty Ltd
Red Energy	Red Energy Pty Ltd
SEQ	south east Queensland
Simply Energy	Simply Energy Pty Ltd

APPENDIX A: ASSUMPTIONS AND ADDITIONAL INFORMATION

Residential offers available to small business customers

Red Energy

Two of Red Energy's offers on Energy Made Easy in the December quarter were only available to customers with an ABN and a valid Qantas business rewards membership, but Red Energy classified them as residential offers:

- Qantas Red Plus (Qantas Business Rewards) (RED928635MR), available from 1 July to 8 October 2019
- Qantas Red Saver (Qantas Business Rewards) (RED928628MR), available from 1 July to 8 October 2019.

We did not reallocate these offers to the small business tariff reporting, as the supply and usage charges were the same as most of Red Energy's other residential flat rate market offers, and lower than most of Red Energy's small business flat rate supply and usage charges.

Locality Planning Energy

Locality Planning Energy had two small business flat rate offers available in the December quarter:

- LPE Business Plus (LPE1100708MR), available from 4 to 5 December 2019
- LPE Business Plus (LPE1101004MS), available from 9 December 2019.

The supply and usage charges on both offers (120.47 cents per day and 21.4 cents per kilowatt hour respectively) were both higher than the supply and usage charges (105 cents per day and 18.7 cents per kilowatt hour) on the retailer's residential flat rate offers. Accordingly, we reallocated the offer available from 4 to 5 December to the residential flat rate tariff in our bill calculations to deliver a more meaningful analysis of bills.

Subscription electricity plans

In our market monitoring report for the September quarter of 2019, we outlined the prices, terms and conditions of Amaysim Energy's subscription plans that were on Energy Made Easy from 14 to 30 August 2019.[16] In the December quarter, Amaysim Energy had similar subscription plans available from 25 September 2019.

Fee for access to wholesale market

Powerclub's residential and small business flat rate market offer bills include its 'access to wholesale rates' fee of $40 per 1,000 kilowatt hours of annual consumption. Powerclub's offers stated that to participate in the wholesale market, a customer must make a minimum one-off, refundable (at its value at time of exit) contribution to the customer's Powerbank of $40 per 1,000 kilowatt hours of annual consumption. Powerclub's website explains that the Powerbank 'acts as a buffer to smooth out the highs and lows of the wholesale energy market—covering the difference when prices are high and replenishing when energy prices are low', and that customers 'take' their Powerbank balance if they switch retailer.[17]

[16] QCA, *SEQ retail electricity market monitoring report: July to September 2019*, October, pages 19–20.
[17] Powerclub 'Got a question? (What is the Powerbank?)' web page, viewed January 2020.

Although Powerclub identified the charge as an incentive on Energy Made Easy, we consider this feature of Powerclub's offers to be a fee, not an incentive. We also assume the fee includes GST.

Assigning the value of sign-up incentives and benefits to the bill

Click Energy attached sign-up incentives offering $75 bill credits ($50 on the first bill and $25 after 12 months) or $100 bill credits ($50 on the first bill and $50 after 12 months) to most of its Banksia, Banksia Solar, Hibiscus and Business Start offers. We included 92 days of the annual value of the initial $50 credits on the first bill in our bill calculations, as we interpret the incentive to mean that the second bill credit will not be received in the first 12 months, similar to the incentives attached in 2018–19 that stated that the second part would be received 'on the first bill after 12 months'.

Simply Energy attached 'first anniversary credits' ($130, $150 or $160) to its Simply Plus $100, Simply Choice+$100 and Simply RACQ+$100 offers. Simply Energy also attached 'ongoing credits' ($30 or $60) to these offers, and also to its Simply Plus, Simply RACQ and Business Plus offers. Consistent with the treatment of Click Energy's sign-up incentives, we did not include the first anniversary or ongoing credits in our bill calculations.

For more detail on these incentives, see tables 2 and 5 of this report.

Calculating bills using our published dataset

The table below shows how stakeholders can calculate bills for the December quarter using the dataset published on our market monitoring web page.

Table 7 Calculating a quarterly bill

Supply costs (daily supply charge x number of days in the quarter)	+	**Cost of electricity consumed** (usage charge x customer's consumption level)	+	**Recurring fees** (where applicable, e.g. membership and wholesale price access fees)	–	**Incentives and discounts** (where applicable)	+	**GST**

APPENDIX B: DEFAULT MARKET OFFERS

Standing offer prices in SEQ must comply with the DMO set by the AER (as noted in section 1.2). The DMO is the cap on standing offer prices that is set out in section 10(3) of the *Competition and Consumer (Industry Code – Electricity Retail) Regulations 2019* (Cth) (the Electricity Retail Code) as follows:

> The standing offer prices comply with the price cap if the total amount a representative customer, who was a small customer of that type, would be charged for the supply of electricity in the region in the year at the standing offer prices would not exceed the reference price.

The representative customer in section 10(3) is a small customer supplied with electricity in accordance with the 'model annual usage' determined by the AER.[18] A small customer is, in generalised terms, a residential flat rate, residential flat rate with controlled load, or small business, customer.[19] The reference price in section 10(3) is the per-customer annual price determined by the AER.[20]

The table below shows the DMO annual prices for SEQ for 2019–20, as issued by the AER in April 2019.

Table 8 SEQ default market offer prices, 2019–20

Customer type	*Model annual usage*	*DMO annual price ($)*
Residential without controlled load	4,600 kWh	1,570
Residential with controlled load	4,400 kWh + 1,900 kWh controlled load	1,927
Small business	20,000 kWh	6,025

Notes: Residential usages sourced from Energex annual pricing proposal with controlled load usage assumption (30% total consumption) based on AER 2017 energy consumption benchmarks; small business usage sourced from Energy Consumers Australia SME retail tariff tracker.

Source: AER, Default Market Offer Prices 2019–20, final determination, April 2019, pages 25, 63–64, 66.

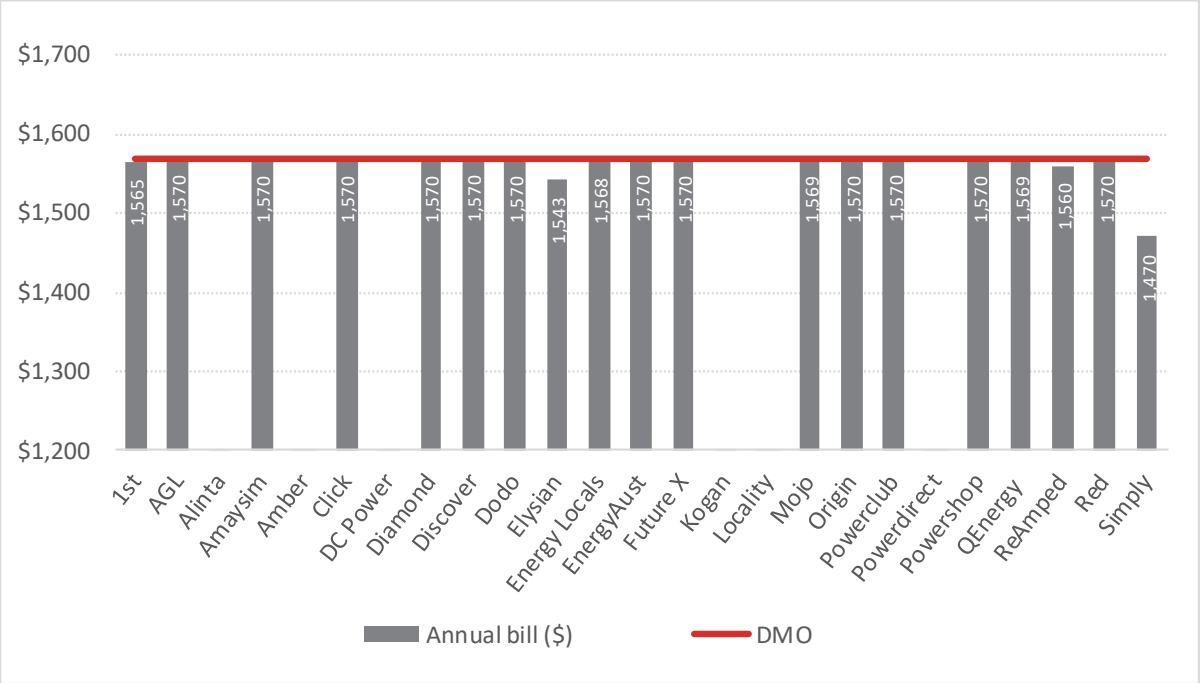
For reference, the following two graphs show retailers' standing offer bills—**on an annual, not quarterly, basis**—in the December quarter of 2019, using the model annual usage values for residential without controlled load (tariff 11) and small business (tariff 20) customers.

The two figures show that retailers' standing offers on Energy Made Easy in the December quarter were at or below the default market offer for residential and small business customers.

The Australian Competition and Consumer Commission (ACCC) regulates retailers' compliance with the default market offer. For detail on the ACCC's monitoring and enforcement of compliance with the default market offer, see the ACCC's National Electricity Market inquiry reports of August and November 2019.

[18] Electricity Retail Code, sections 5 and 16(1)(a).
[19] Electricity Retail Code, section 6(2).
[20] Electricity Retail Code, sections 5 and 16(1)(b).

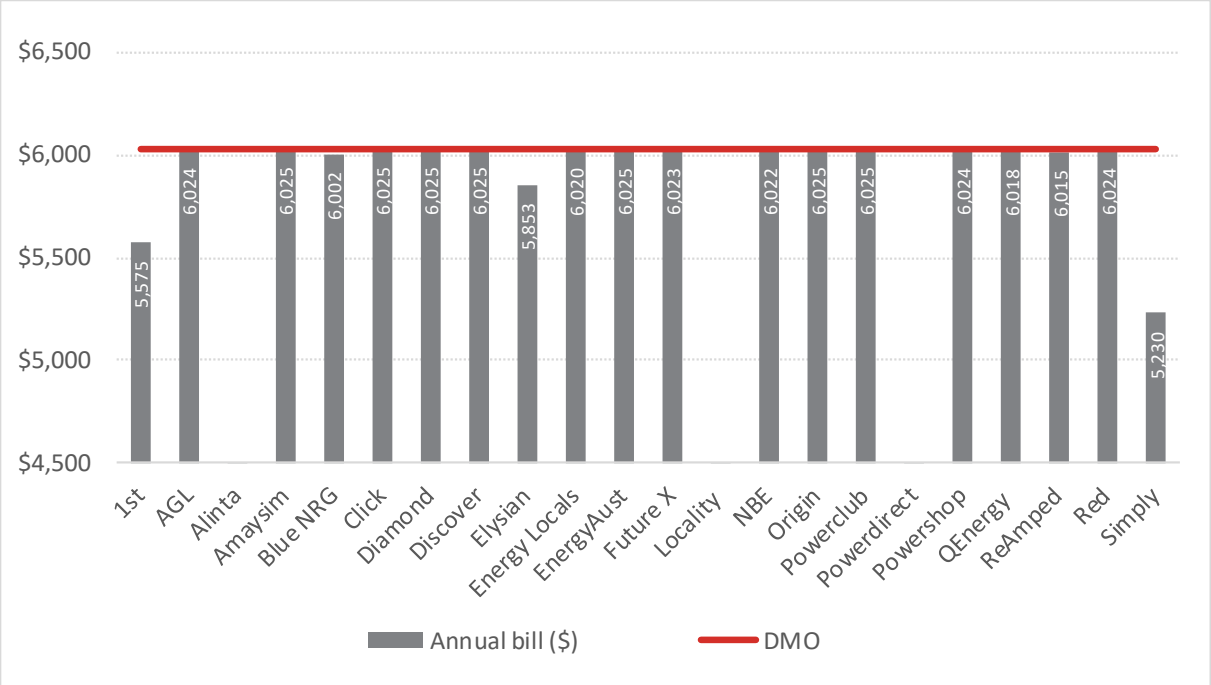
Figure 3 Residential flat rate standing offer bills, October to December 2019



Notes: Alinta Energy, Amber Electric, DC Power Co, Kogan Energy, Locality Planning Energy and Powerdirect did not have a residential flat rate standing offer published on Energy Made Easy in the December quarter.

Sources: Energy Made Easy; QCA analysis.

Figure 4 Small business flat rate standing offer bills, October to December 2019



Notes: Alinta Energy, Locality Planning Energy and Powerdirect did not have a small business flat rate standing offer published on Energy Made Easy in the September quarter.

Sources: Energy Made Easy; QCA analysis.

APPENDIX C: RECALCULATED QUARTERLY BILLS

In our market monitoring report for the September quarter of 2019, we presented bills for residential flat rate and small business flat rate customers based on 994 and 1,533 kilowatt hours respectively. As stated in section 1.2 above, the consumption levels used for this report are 1,012 and 1,495 kilowatt hours for residential and small business flat rate customers. As per the September quarter, these levels are based on 92 days 'worth' of consumption. The updated consumption data is for the 2018–19 financial year and will be used for all QCA market monitoring reports for the 2019–20 reporting period.

To provide comparability across quarterly reports for 2019–20, the two tables below present recalculated quarterly bills using the latest median annual consumption data for both residential flat rate offers and small business flat rate offers. The recalculated bills for the September quarter are used for the analysis of quarterly changes in standing and market offer bills for the residential and small business flat rate tariffs in tables 3 and 6 of this report.

Table 9 Bills for the typical residential flat rate customer, July to September 2019

Retailer	*Standing offer ($)*	*Average market offer ($)*	*Lowest market offer ($)*	*Highest market offer ($)*
1st Energy	359	340	340	340
AGL	358	322	267	358
Alinta Energy	—	315	308	327
Amaysim Energy	359	363	363	363
Click Energy	359	321	285	359
DC Power	—	425	414	435
Diamond Energy	359	313	313	313
Discover Energy	357	328	317	357
Dodo Power & Gas	358	332	332	332
Elysian Energy	354	311	311	311
Energy Locals	361	359	327	390
EnergyAustralia	357	318	318	319
Future X Power	358	327	327	327
Kogan Energy	—	306	306	306
Locality Planning Energy	—	314	314	314
Mojo Power	358	—	—	—
Origin Energy	359	330	301	359
Powerclub	356	333	318	347
Powerdirect	—	318	318	318
Powershop	359	311	302	320
QEnergy	358	310	308	313
ReAmped Energy	356	299	299	299
Red Energy	359	333	322	359
Simply Energy	335	335	335	335
Simple Average	**357**	**329**	**319**	**339**
Weighted average	**358**	**325**	**298**	**349**

Notes: A dash (—) means the retailer did not have a residential flat rate standing/market offer published on Energy Made Easy in the September quarter.

Sources: Energy Made Easy; QCA analysis.

The change in the median consumption level increased bills for the typical customer by around $4 in the September quarter.

Table 10 Bills for the typical small business flat rate customer, July to September 2019

Retailer	*Standing offer ($)*	*Average market offer ($)*	*Lowest market offer ($)*	*Highest market offer ($)*
1st Energy	524	496	496	496
AGL	544	493	473	500
Alinta Energy	—	488	485	492
Amaysim Energy	552	535	535	535
Blue NRG	538	482	482	482
Click Energy	552	484	479	491
Diamond Energy	537	479	479	479
Discover Energy	534	495	471	534
Elysian Energy	560	526	526	526
Energy Locals	684	532	515	540
EnergyAustralia	532	463	463	463
Future X Power	542	514	514	514
Next Business Energy	543	505	505	505
Origin Energy	537	503	462	537
Powerclub	523	473	458	498
Powerdirect	—	495	495	495
Powershop	550	479	457	500
QEnergy	542	476	468	485
Red Energy	547	492	454	547
Simply Energy	483	483	483	483
Simple Average	**546**	**495**	**485**	**505**
Weighted average	**539**	**493**	**471**	**511**

Notes: A dash (—) means the retailer did not have a small business flat rate standing/market offer published on Energy Made Easy in the September quarter.

Sources: Energy Made Easy; QCA analysis.

The change in the median consumption level decreased bills for the typical customer by around $10 in the September quarter.