

Market monitoring report

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## SEQ retail electricity market monitoring report: January to March 2020

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April 2020

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## Contents

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SUMMARY OF FINDINGS	II
1 INTRODUCTION	1
1.1 Minister's direction notice	1
1.2 QCA methodology	1
1.3 Impact of covid-19	3
1.4 Tariff reform	4
2 PRICE MONITORING	5
2.1 Residential customers (tariff 11)	5
2.2 Small business customers (tariff 20)	10
2.3 Conclusion	14
GLOSSARY	15
APPENDIX A: ASSUMPTIONS AND ADDITIONAL INFORMATION	16
Residential offers available to small business customers	16
Subscription electricity plans	16
Fee for access to wholesale market	16
Assigning the value of sign-up incentives and benefits to the bill	16
Calculating bills using our published dataset	17
APPENDIX B: DEFAULT MARKET OFFERS	18

## SUMMARY OF FINDINGS

### 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.

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 March quarter of 2020.

### March quarter of 2020

Across residential and small business offers, most retailers' standing offer bills did not change in the March 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.



**29 retailers** had at least one residential and/or small business offer on Energy Made Easy. **Two retailers entered the SEQ market**—CovaU Energy and Ovo Energy.



#### Residential customers

For the typical household in SEQ:

- **standing offer bills** ranged from **\$320** (Ovo Energy) to **\$357** (Energy Locals)
- **market offer bills** ranged from **\$264** (AGL) to **\$430** (DC Power).

**Lowest market offer**—AGL's Electric Vehicle Plan (Residential) offer (\$264). The offer did not have the lowest supply or usage charges in the market; the \$60 credit every three months made it the cheapest offer. The cheapest offers that did not require customers to make a significant up-front investment, such as purchasing an electric vehicle, were Click Energy's Hibiscus offers (\$276).

**Lowest market offer with no discounts, incentives or benefits attached**—Ovo Energy's The One Plan (\$290).



#### Small business customers

For the typical small business in SEQ:

- **standing offer bills** ranged from **\$478** (Simply Energy) to **\$677** (Energy Locals)
- **market offer bills** ranged from **\$416** (Blue NRG) to **\$531** (Origin Energy).

**Lowest market offer**—Blue NRG's Blue Saver Qld (General Usage – 8500) offers (\$416). The offers had the lowest usage charges in the market and did not have any discounts, incentives or benefits attached.

#### 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](#).

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# 1 INTRODUCTION

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## 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).<sup>1</sup> The direction notice applies to the financial year 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 set prices for 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'.<sup>2</sup> The median consumption levels we used to calculate typical quarterly bills are 1,001 kilowatt hours for residential flat rate customers, and 1,479 kilowatt hours for small business flat rate customers. The levels were derived by multiplying daily Energex consumption volumes by 91 days (1 January to 31 March 2020). As this report relates only to the March quarter of 2020, the bills are reported per quarter, not for a year.

Because the bills in this report were 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 March quarter. They reflect the amount that customers 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. Some figures also may not add up exactly 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 March quarter of 2020.

- Standing offers are basic offers with terms and conditions that are specified by the National Energy Retail Rules (NERR).<sup>3</sup>
- 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.<sup>4</sup>

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.<sup>5</sup>

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<sup>1</sup> The Minister's letter and direction notice are available on our [website](#) under market monitoring reports 2019–20.

<sup>2</sup> 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.

<sup>3</sup> National Energy Retail Rules, rule 12 and schedule 1.

<sup>4</sup> National Energy Retail Rules, rule 14.

<sup>5</sup> 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).<sup>6</sup>

### 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 used the AER's data on the performance of the retail energy market to calculate the retailers' market shares.

The AER data shows 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, our calculations do not include customer numbers for any retailers who did not have offers available on Energy Made Easy in the March 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.

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.

### Energy Made Easy

We obtained information on retailers' standing and market offer prices in the March quarter—including supply and usage charges—from Energy Made Easy on 31 March 2020. 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.

### 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 March quarter. This dataset is available as a separate downloadable spreadsheet on our website for stakeholders seeking more detail.<sup>7</sup>

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

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<sup>6</sup> For more information, see Appendix B: Default Market Offers; *Competition and Consumer (Industry Code—Electricity Retail) Regulations 2019* (Cth), section 10; AER, *Default Market Offer Prices 2019–20*, final determination, April 2019.

<sup>7</sup> QCA [website](#), Market monitoring reports 2019–20.

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 provide general advice online to customers about how to engage with the retail electricity market.

#### The Queensland Government's advice to 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 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.<sup>8</sup>



The Australian Government provides similar advice for customers.<sup>9</sup>

## 1.3 Impact of covid-19

In March 2020, the Premier and Minister for Fire and Emergency Services declared a disaster situation for the coronavirus (covid-19) pandemic.<sup>10</sup> We anticipate that the combination of falling demand for electricity and financial stress on customers may impact retail competition in the SEQ retail electricity market. We also note that regulatory agencies, particularly at the national level, are endeavouring to mitigate the effects of the disaster on the energy industry and customers.<sup>11</sup>

In response to the disaster, the Queensland Government announced that Energex (and Ergon Energy in regional Queensland) would cease power disconnections for households experiencing hardship to ensure vulnerable Queenslanders do not face the risk of being left without power.<sup>12</sup> The government also announced households would receive a \$200 utility payment to assist with electricity and water bills this year, and small businesses would receive a \$500 energy rebate.<sup>13</sup>

<sup>8</sup> Queensland Government [website](#), Compare and choose electricity retailers.

<sup>9</sup> Australian Government [website](#), Find the best energy deal.

<sup>10</sup> Queensland Government, Queensland Government Gazette, 27 March 2020, page [301].

<sup>11</sup> See, for example, various news items between late March and mid-April 2020 on the AER [website](#).

<sup>12</sup> Queensland Government, 'Power disconnections stopped to support vulnerable Queenslanders', [media statement](#), 19 March 2020.

<sup>13</sup> Queensland Government, *Electricity Relief For Households and Businesses Q&A*, [fact sheet](#), 24 March 2020.

## 1.4 Tariff reform

As part of their regulatory determinations for the 2020–25 period, Energex (and Ergon Energy) submitted proposed new network tariffs to the AER. The proposed tariffs have increasingly complex structures to facilitate a move toward greater cost reflectivity. The latest proposal for the Energex area includes four new demand tariffs, two new time of use (TOU) tariffs, new controlled load tariffs for small and large business customers, and a new wide inclining fixed tariff (WIFT) for small business customers. The AER's final decision on the revised tariff structures is due by 30 April 2020. We anticipate that, over time, the structure of market offers in SEQ may change as and when network tariffs change.<sup>14</sup>

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<sup>14</sup> For more detail on Energex's proposed reforms to its network tariffs, see AER [website](#), Energex Determination 2020–25.



## 2 PRICE MONITORING

### 2.1 Residential customers (tariff 11)

#### 2.1.1 QCA comparison

In the March quarter of 2020, 27 retailers had offers available for the residential flat rate tariff on Energy Made Easy.<sup>15</sup> Of these retailers, 21 had standing offers, and 26 had at least one market offer for this tariff.

**Table 1 Bills for the typical residential flat rate customer, January to March 2020**

<i>Retailer</i>	<i>Standing offer (\$)</i>	<i>Average market offer (\$)</i>	<i>Lowest market offer (\$)</i>	<i>Highest market offer (\$)</i>
1st Energy	355	322	311	336
AGL	354	311	264	354
Alinta Energy	—	314	304	323
Amaysim Energy	355	360	360	360
Amber Electric	—	356	356	356
Click Energy	355	306	276	355
CovaU Energy	354	301	301	301
DC Power	—	430	430	430
Diamond Energy	355	309	309	309
Discover Energy	353	329	314	353
Dodo Power & Gas	354	329	329	329
Elysian Energy	350	308	308	308
Energy Locals	357	339	323	354
EnergyAustralia	353	315	314	315
Future X Power	354	303	303	303
Kogan Energy	—	309	303	316
Locality Planning Energy	—	314	311	318
Mojo Power	354	—	—	—
Origin Energy	355	324	298	355
Ovo Energy	320	290	290	290
Powerclub	352	329	315	343
Powerdirect	—	308	308	308
Powershop	355	311	299	317
QEnergy	354	307	304	309
ReAmped Energy	352	298	292	305
Red Energy	355	319	319	319
Simply Energy	332	332	332	332
<b>Simple average</b>	<b>351</b>	<b>322</b>	<b>314</b>	<b>331</b>
<b>Weighted average</b>	<b>355</b>	<b>319</b>	<b>295</b>	<b>343</b>

Notes: (1) A dash (—) shows the retailer did not have a residential flat rate standing/market offer published on Energy Made Easy in the March quarter. (2) The AER does not report customer numbers separately for retail 'brands' that are owned by authorised retailers. Accordingly, we have apportioned half of Amaysim Energy's customers to Click Energy, half of Energy Locals' customers to Amber Electric, and one third of Powershop's customers to each of DC Power and Kogan Energy.

<sup>15</sup> Two retailers—CovaU Energy and Ovo Energy—entered the SEQ market for residential customers in the March quarter.

Sources: *Energy Made Easy*; AER retail energy market performance update for Quarter 2, 2019–20, schedule 2 (indicators S2.1(a)(i) and S2.2(a)(ii)); QCA analysis.

The direction notice requires that our report should include a bill for a regional Queensland customer of similar class on a standard retail contract. The equivalent bill for notified prices for the March quarter of 2020 is \$361.<sup>16</sup>

**Figure 1 Bills for the typical residential flat rate customer, January to March 2020**



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 March quarter. Mojo Power did not have a residential flat rate market offer published on *Energy Made Easy* in the March quarter.

Sources: *Energy Made Easy*; QCA analysis.

## 2.1.2 QCA assessment

### Standing and market offer bills

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

- standing offer bills ranged from \$320 (Ovo Energy) to \$357 (Energy Locals)
- market offer bills ranged from \$264 (AGL) to \$430 (DC Power).<sup>17</sup>

The lowest market offer available was AGL's Electric Vehicle Plan (Residential) offer (\$264). The offer did not have the lowest supply or usage charges in the market, but a \$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 customers who owned an electric vehicle and signed up online via AGL's website were eligible for the offer.

<sup>16</sup> 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 91 days, and then adding the multiple of the notified usage charge for 2019–20 (23.661 cents per kilowatt hour (GST excluded)) and 1,001 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 [website](#) under pricing publications.

<sup>17</sup> We note that DC Power is not an authorised retailer in its own right. According to DC Power's [website](#), Powershop is the retailer and provider of energy to customers for the DC Power brand. DC Power is also not separately identified as a retailer in the AER's retail energy market performance data reporting.

For the purpose of identifying the potential savings customers could have achieved in the March quarter, we also consider it important to identify offers that were generally available without any significant up-front investment being made by the customer (such as purchasing an electric vehicle). The lowest market offers available in the March quarter that did not require customers to make such an investment were Click Energy's Hibiscus offers (\$276).<sup>18</sup> The offers had two incentives attached—a \$50 eGift card via email with the first bill and \$50 credit (\$25 on the first bill and \$25 after 12 months) for new accounts only when signing up online with an eligible promocode—and were available from 25 January to 10 February 2020.

The lowest market offer that had no discounts, incentives or benefits attached was Ovo Energy's The One Plan offer (\$290). The offer was available from 31 March 2020.



**Residential customers on standing offers could generally have reduced their bills in the March quarter by switching to a market offer.**

Without having to make a significant up-front investment, such as purchasing an electric vehicle, customers can achieve substantial savings by switching from a standing offer to the lowest, readily available market offer. Even customers on market offers generally have the opportunity to save by switching to the lowest market offer available to them.

#### Other incentives and benefits

Only 8 of the 26 retailers attached incentives or benefits to at least one of their residential flat rate market offers in the March quarter.

**Table 2 Other incentives and benefits attached to residential flat rate market offers, January to March 2020**

<i><b>Retailer</b></i>	<i><b>Other incentives and benefits</b></i>
AGL	<p><i>Sign-up credit:</i> \$25 credit on the first bill (Residential Seniors Plus offers available from 1 November 2019). The offers were only available to customers with a Seniors Card.</p> <p><i>Online sign-up credit:</i> \$75 credit on the first bill when signing up online (Residential Essentials Plus Online offer available from 15 October 2019; Residential Essentials Saver Online offers available from 15 October 2019; and Residential Solar Savers Online offer available from 1 November 2019).</p> <p><i>Online sign-up credit:</i> \$100 credit on the first bill when signing up online (Residential Seniors Plus Online offers available from 1 November 2019). The offers were only available to customers with a Seniors Card.</p>
Alinta Energy	<p><i>Kayo Basic:</i> Customers receive complimentary access to Kayo Basic for up to 12 months from redemption date, as long as they have an active Alinta Energy Sports Pack Electricity plan. Customers are responsible for all other costs (Sports Pack Electricity Plan offers and Sports Pack Electricity Plan + Solar offers, available from 16 September 2019).<sup>a</sup></p>
Click Energy	<p><i>Sign-up credit:</i> \$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 to 2 January 2020).</p> <p><i>eGift card:</i> \$50 eGift card via email with the first bill for new accounts only when signing up online with an eligible promocode (Banksia, Banksia Solar and Hibiscus offers available from 3 to 24 January 2020).</p> <p><i>Double-dip:</i> \$50 eGift card via email with the first bill and \$50 credit (\$25 on the first bill and \$25 after 12 months) for new accounts only when signing up online with an eligible</p>

<sup>18</sup> Click Energy had a number of Hibiscus offers for residential flat rate customers available during the quarter; one of the offers had no incentives or benefits attached to it, and offers available from 25 December 2019 to 2 January 2020, 3 to 24 January 2020, and from 25 January to 10 February 2020, had various incentives and benefits attached (see Table 2).

<b>Retailer</b>	<b>Other incentives and benefits</b>
	promocode (Banksia, Banksia Solar and Hibiscus offers available from 25 January to 10 February 2020).
Dodo Power & Gas	<i>General incentive:</i> 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 [prices], fees or charges of the offer (Residential Market offer available from 17 September 2019).
Origin Energy	<i>Uber Eats:</i> Free delivery on 30 orders via the Uber Eats app for 90 days from activation of the code (Origin Basic (Uber Eats) offers available from 29 January 2020). <i>Account credit:</i> \$200 credit on the bill after 3 months (Origin Basic offers available from 23 December 2019 to 11 February 2020).
Ovo Energy	<i>Interest Rewards:</i> Ovo Energy will pay 3% interest on credit balances (after all monthly charges are considered), prorated for the number of days since the customer's last bill (The One Plan offer available from 31 March 2020). <sup>b</sup>
Red Energy	<i>Qantas points:</i> 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 and 3 points on the Qantas Red Saver (Bundled) offer, each available from 9 October 2019). The Qantas Red Saver offer was only available to valid Qantas Frequent Flyer members. The Qantas Red Saver (Bundled) offer was only available to Qantas Red business customers who were nominated as a director or authorised person on a Qantas Red business plan. <i>Free electricity use period:</i> Between 12pm and 2pm on Saturday and Sunday, the electricity usage charges were waived (Red EV Saver offer available from 27 February 2020). The offer was only available to residential customers who signed up online, owned an electric vehicle and were the registered owner of that vehicle, which had to have the same address as the customer's electricity supply address.
Simply Energy	<i>Ongoing credit:</i> \$30 credit each anniversary from the supply start date, applied to the account on or before the anniversary (Simply Plus offer available from 8 October 2019). <i>First anniversary and ongoing credit:</i> \$130 credit on the first anniversary of 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). <i>First anniversary and ongoing credit:</i> \$150 credit on the first anniversary of the supply start date, applied to the account on or before the anniversary and \$50 credit each anniversary thereafter (Simply Choice +\$100 offers available from 2 December 2019). <i>First anniversary and ongoing credit:</i> \$160 credit on the first anniversary of the supply start date, applied to the account on or before the anniversary and \$60 credit each anniversary thereafter (Simply RACQ +\$100 offer available from 8 October 2019). The offer was only available to current RACQ members who provided a membership number when signing up. <i>Movie tickets:</i> One Gold Class or two Event Cinema movie tickets every three months (Simply Movies offer available from 8 October 2019).

*a Alinta Energy listed this benefit as part of the terms and conditions of these offers on Energy Made Easy.*

*b Ovo Energy also attached a '100% carbon neutral' incentive to its One Plan offer, under which it would offset 100% of the carbon footprint from the customer's electricity consumption; however, we consider this to be a term or condition of the offer, not an incentive.*

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

- Alinta Energy attaching Kayo Basic to its Sports Pack offers
- Origin Energy introducing an Uber Eats offer

- Ovo Energy attaching an interest rewards incentive to its One Plan offer
- Red Energy adding a free electricity usage period to its Red EV Saver offer.

When analysing the value of an incentive, customers 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 March 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 March quarter, compared to the December quarter.

**Table 3 Changes in standing and market offer bills for the typical residential flat rate customer, December quarter 2019 to March quarter 2020**

<i>Retailer</i>	<i>Standing offer (%)</i>	<i>Average market offer (%)</i>	<i>Lowest market offer (%)</i>	<i>Highest market offer (%)</i>
1st Energy	—	−4.2%	−7.3%	—
AGL	—	—	—	—
Alinta Energy	n/a	—	—	—
Amaysim Energy	—	—	—	—
Amber Electric	n/a	—	—	—
Click Energy	—	−0.8%	−2.2%	—
DC Power	n/a	+2.5%	+5.1%	—
Diamond Energy	—	—	—	—
Discover Energy	—	−1.8%	—	—
Dodo Power & Gas	—	—	—	—
Elysian Energy	—	—	—	—
Energy Locals	—	−1.5%	—	—
EnergyAustralia	—	—	—	—
Future X Power	—	−3.6%	−0.8%	−6.3%
Kogan Energy	n/a	+2.1%	—	+4.2%
Locality Planning Energy	n/a	+1.1%	—	+2.3%
Mojo Power	—	n/a	n/a	n/a
Origin Energy	—	+0.8%	—	—
Powerclub	—	—	—	—
Powerdirect	n/a	−1.1%	—	−2.2%
Powershop	—	+1.0%	—	—
QEnergy	—	−0.3%	—	—
ReAmped Energy	—	+0.3%	—	—
Red Energy	—	−3.3%	—	−10.1%
Simply Energy	—	—	—	—

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

A dash (—) shows that the retailer's bill did not change (or changed by less than 0.1%) compared to the preceding quarter.

Notes: (1) CovaU Energy and Ovo Energy are not included in the table as the retailers had no standing or market offers in SEQ in the December quarter. (2) Quarterly changes are based on retailers' annual bills, as the four quarters vary in length (91 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 compared to the December quarter. The lowest market offer bill of only one retailer increased in the March quarter, while the lowest market offer bill of three retailers decreased.

## 2.2 Small business customers (tariff 20)

### 2.2.1 QCA comparison

In the March quarter of 2020, 23 retailers had offers available for the small business flat rate tariff on Energy Made Easy.<sup>19</sup> Of these retailers, 20 had standing offers and all 23 had at least one market offer for this tariff.

**Table 4 Bills for the typical small business flat rate customer, January to March 2020**

<i>Retailer</i>	<i>Standing offer (\$)</i>	<i>Average market offer (\$)</i>	<i>Lowest market offer (\$)</i>	<i>Highest market offer (\$)</i>
1st Energy	518	465	439	491
AGL	538	450	427	468
Alinta Energy	—	483	480	486
Amaysim Energy	546	530	530	530
Blue NRG	532	436	416	476
Click Energy	546	474	467	486
CovaU Energy	536	456	456	456
Diamond Energy	531	474	474	474
Discover Energy	528	494	466	528
Elysian Energy	558	520	520	520
Energy Locals	677	509	509	509
EnergyAustralia	527	458	458	458
Future X Power	536	455	455	455
Locality Planning Energy	—	472	469	476
Next Business Energy	537	499	499	499
Origin Energy	531	500	468	531
Powerclub	517	468	453	493
Powerdirect	—	452	452	452
Powershop	544	481	452	495
QEnergy	536	471	463	479
ReAmped Energy	545	444	444	444
Red Energy	541	467	467	467
Simply Energy	478	478	478	478
<b>Simple average</b>	<b>540</b>	<b>475</b>	<b>467</b>	<b>485</b>
<b>Weighted average</b>	<b>533</b>	<b>478</b>	<b>460</b>	<b>496</b>

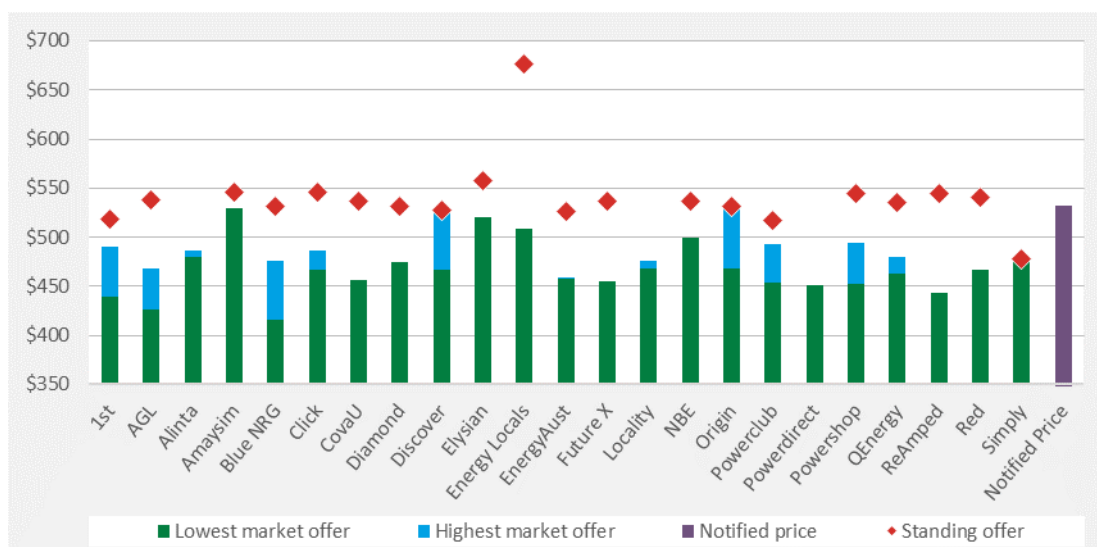
Notes: (1) A dash (—) shows the retailer did not have a small business flat rate standing/market offer published on Energy Made Easy in the March quarter. (2) The Click Energy retail brand is owned by Amaysim Energy. The AER does not report on customer numbers for Click Energy; for the purpose of calculating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

Sources: Energy Made Easy; AER retail energy market performance update for Quarter 2, 2019–20, schedule 2 (indicators S2.1(a)(ii) and S2.2(a)(ii)); QCA analysis.

<sup>19</sup> One retailer—CovaU Energy—entered the market for small business customers in the March 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 March quarter of 2020 is \$532.<sup>20</sup>

**Figure 2 Bills for the typical small business flat rate customer, January to March 2020**



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 March quarter.

Sources: Energy Made Easy; QCA analysis.

## 2.2.2 QCA assessment

### Standing and market offer bills

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

- standing offer bills ranged from \$478 (Simply Energy) to \$677 (Energy Locals)
- market offer bills ranged from \$416 (Blue NRG) to \$531 (Origin Energy).

The lowest market offers available in the March quarter were Blue NRG's Blue Saver Qld (General Usage – 8500) offers (\$416). The offer had the lowest usage charges in the market (13.17 cents per kWh), but the second highest supply charges (201.7 cents per day). The offers were available from 22 March 2020.



**Small business customers on standing offers could generally have reduced their bills in the March quarter by switching to a market offer.**

Customers can generally achieve substantial savings by switching from a standing offer to the lowest, readily available market offer. Even customers on market offers often have the opportunity to save by switching to the lowest market offer available to them.

<sup>20</sup> 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 91 days, and then adding the multiple of the notified usage charge for 2019–20 (24.432 cents per kilowatt hour (GST excluded)) and 1,479 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 [website](#) under pricing publications.



### Other incentives and benefits

Only 5 of the 23 retailers attached other incentives or benefits to at least one of their small business flat rate market offers in the March quarter.

**Table 5 Other incentives and benefits attached to small business flat rate market offers, January to March 2020**

<i>Retailer</i>	<i>Other incentives and benefits</i>
AGL	<p><i>Online sign-up credit:</i> \$75 credit on the first bill when signing up online (Business Essentials Online offer and Business Essentials Saver Online offer, each available from 20 January to 5 March 2020).</p> <p><i>Sign-up credit:</i> \$75 credit on the first bill (Business Essentials Saver (AGL Direct Sign up) offer and Business Essentials (AGL Direct Sign up) offer, each available from 5 March 2020). The offers were only available to customers who signed up online or called AGL and quoted the eligible promocode.</p> <p><i>Sign-up credit:</i> \$100 credit on the first bill (Business Essentials Saver (Call Centre) offer available from 15 October 2019 to 20 January 2020). The offer was only available by contacting AGL by phone.</p>
Blue NRG	<p><i>Make It Cheaper DIFY Sign-up bonus:</i> A one-off credit on the first bill as per the Make It Cheaper (MIC) DIFY sign-up rate that was offered at the time of joining this plan (BLUE MIC (36 General Usage) offers available from 17 January 2020). The offer was only available to 'Make It Cheaper (MIC) DIFY' customers and the customer tariff type had to match the tariff type code that appeared in the offer name.</p>
Click Energy	<p><i>Credit:</i> \$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 to 2 January 2020).</p> <p><i>eGift card:</i> \$50 eGift card via email with the first bill for new accounts only when signing up online with an eligible promocode (Business Start offer available from 3 to 24 January 2020).</p> <p><i>Double-dip:</i> \$50 eGift card via email with the first bill and \$50 credit (\$25 on the first bill and \$25 after 12 months) for new accounts only when signing up online with an eligible promocode (Business Start offers available from 25 January to 10 February 2020).</p>
Red Energy	<p><i>Qantas points:</i> 10,000 bonus Qantas Points once Red Energy supplies energy and 2 additional Qantas Points per \$1 on the bill when paying in full (Qantas Red Business Saver offer available from 9 October 2019). The offer was only available to new 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.</p>
Simply Energy	<p><i>Ongoing credit:</i> \$30 credit each anniversary from the supply start date, applied to the account on or before the anniversary (Business Plus offer available from 8 October 2019).</p> <p><i>Qantas points:</i> 4 Qantas Points per \$1 on the bill (Business Qantas Points offer available from 8 October 2019). The offer was only available to small business customers whose business was a Qantas Business Reward Member when signing up.</p>

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 December quarter of 2019, the main change in incentives and benefits attached to small business flat rate market offers in the March quarter was Origin Energy attaching a 'double-dip', which combined an eGift card and bill credits, and Blue NRG attaching a 'DIFY sign-up bonus' to one of its offers. The value of this bonus is not apparent on Energy Made Easy, nor is the meaning of 'DIFY'; however, we understand it means 'do it for you'.

When small business customers analyse the value of an incentive/benefit, they (like residential customers) 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 March 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 12 retailers, and lower in the case of 8 retailers.<sup>21</sup>

### 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 March quarter, compared to the December quarter.

**Table 6 Changes in standing market offer bills for the typical small business flat rate customer, December quarter 2019 to March quarter 2020**

<i>Retailer</i>	<i>Standing offer (%)</i>	<i>Average market offer (%)</i>	<i>Lowest market offer (%)</i>	<i>Highest market offer (%)</i>
1st Energy	—	−5.3%	−10.5%	−0.1%
AGL	—	−2.6%	—	−5.4%
Alinta Energy	n/a	—	—	—
Amaysim Energy	—	—	—	—
Blue NRG	—	−4.7%	−5.8%	—
Click Energy	—	−0.5%	−1.3%	—
Diamond Energy	—	—	—	—
Discover Energy	—	−1.7%	—	—
Elysian Energy	+0.7%	—	—	—
Energy Locals	—	—	—	—
EnergyAustralia	—	—	—	—
Future X Power	—	−5.9%	−0.9%	−10.4%
Locality Planning Energy	n/a	+0.7%	—	+1.5%
Next Business Energy	—	—	—	—
Origin Energy	—	+2.5%	+2.3%	—
Powerclub	—	—	—	—
Powerdirect	n/a	−4.0%	—	−7.7%
Powershop	—	+1.5%	—	—
QEnergy	—	−0.7%	—	—
ReAmped Energy	—	—	—	—
Red Energy	—	−4.0%	+3.9%	−13.7%
Simply Energy	—	—	—	—

*n/a* shows that 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.

A dash (—) shows that the retailer's bill did not change (or changed by less than 0.1%) compared to the preceding quarter.

*Note:* (1) CovaU is not included in the table as the retailer had no standing or market offers in SEQ in the December quarter. (2) Quarterly changes are based on retailers' annual bills, as the four quarters vary in length (91 to 92 days).

*Sources:* Energy Made Easy; QCA analysis.

The table shows that for the typical small business flat rate customer, only one standing offer bill increased in the March quarter, while remaining standing offer bills did not change. The lowest market offer bill of 2 retailers increased in the quarter, and the lowest market offer bill of 4 retailers decreased.

<sup>21</sup> Blue NRG's standing offer bill is \$532 (Table 4) and the equivalent bill for notified prices is also \$532. However, both bills are rounded to the next dollar and the standing offer bill is slightly lower than the equivalent bill for notified prices.

## 2.3 Conclusion

The key points of our comparison and assessment of standing and market offer prices for the period 1 January to 31 March 2020 that were available to residential and small business customers are below.

Residential offers	Small business offers
<p>The cheapest residential flat rate market offer available for the typical customer was AGL's Electric Vehicle Plan (Residential) offer (\$264).</p> <p>The cheapest offers that did not require customers to make a significant up-front investment, such as purchasing an electric vehicle, were Click Energy's Hibiscus offers (\$276).</p>	<p>The cheapest small business flat rate market offers available for the typical customer were Blue NRG's Blue Saver Qld (General Usage – 8500) offers (\$416).</p>
Standing offer bills were generally higher than market offer bills.	Standing offer bills were generally higher than market offer bills.
Retailers' standing offer bills did not change, and only three retailers decreased the prices on their cheapest market offers, while one retailer increased the price. These results are not unexpected, given the significant decrease in standing and market offer bills in the September quarter of 2019.	One retailer's standing offer bill increased slightly, and four retailers decreased the prices on their cheapest market offers, while two retailers increased their prices. These results are not unexpected, given the significant decrease in standing and market offer bills in the September quarter of 2019.
Only 8 of the 26 retailers with residential market offers available attached other incentives or benefits to at least one of their flat rate market offers.	Only 5 of the 23 retailers with small business market offers available attached other incentives or benefits to at least one of their flat rate market offers.
All retailers' residential standing offer bills were lower than the equivalent bill for notified prices.	More than half of retailers' small business standing offer bills were higher than the equivalent bill for notified prices.
All retailers (except DC Power) had at least one market offer available that was lower than the equivalent bill for notified prices.	All retailers had at least one market offer available that was lower than the equivalent bill for notified prices.

## 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
CovaU Energy	CovaU 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	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 (Queensland)
NERR	National Energy Retail Rules
Origin Energy	Origin Energy Retail Pty Ltd
Ovo Energy	OVO Energy Pty Ltd
People Energy	People Energy Pty Ltd
Powerclub	Power Club Limited
Powerdirect	Powerdirect Pty Ltd
Powershop	Powershop Australia 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

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## APPENDIX A: ASSUMPTIONS AND ADDITIONAL INFORMATION

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### Residential offers available to small business customers

Simply Energy had a Small Office Standing offer on Energy Made Easy in the March quarter of 2020 that was only available to customers with an Australian Business Number (ABN) and a residential address. Simply Energy applied a residential customer type to the offer, the supply charge (92.63 cents per day) on the offer was the same as the Simply Standing Offer for residential customers, and the usage charge on the offer (21.7 cents per kilowatt hour) was the same as all of Simply Energy's residential offers. Accordingly, we did not reallocate the Small Office Standing offer to the small business tariff reporting.

### 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.<sup>22</sup> Amaysim Energy had similar subscription plans on Energy Made Easy in the December quarter and in the March quarter, which were 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.<sup>23</sup>

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 \$50 bill credits (\$25 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 91 days of the annual value of the initial \$25 or \$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, \$50 or \$60) to these offers, and also to its Simply Plus 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.

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<sup>22</sup> QCA, *SEQ retail electricity market monitoring report: July to September 2019*, October 2019, pages 19–20.

<sup>23</sup> Powerclub [website](#), Got a question? (What is the Powerbank?), viewed April 2020.

## Calculating bills using our published dataset

The table below shows how stakeholders can calculate bills for the March quarter using the dataset published on our website.<sup>24</sup>

**Table 7 Calculating a quarterly bill**

<b>Supply costs</b> (daily supply charge x number of days in the quarter)	+	<b>Cost of electricity consumed</b> (usage charge x customer's consumption level)	+	<b>Recurring fees</b> (where applicable, e.g. membership and wholesale price access fees)	–	<b>Incentives and discounts</b> (where applicable)	+	<b>GST</b>
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<sup>24</sup> QCA [website](#), Market monitoring reports 2019–20.

## APPENDIX B: DEFAULT MARKET OFFERS

Standing offer prices in SEQ must comply with the DMO prices 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 is a small customer supplied with electricity in accordance with the 'model annual usage' determined by the AER.<sup>25</sup> A small customer is, in generalised terms, a residential flat rate, residential flat rate with controlled load, or small business, customer.<sup>26</sup> The reference price mentioned is the per-customer annual price determined by the AER.<sup>27</sup>

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**

<i>Customer type</i>	<i>Model annual usage</i>	<i>DMO annual price (\$)</i>
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 March quarter of 2020, 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 March quarter were at or below the default market offer for residential and small business customers.

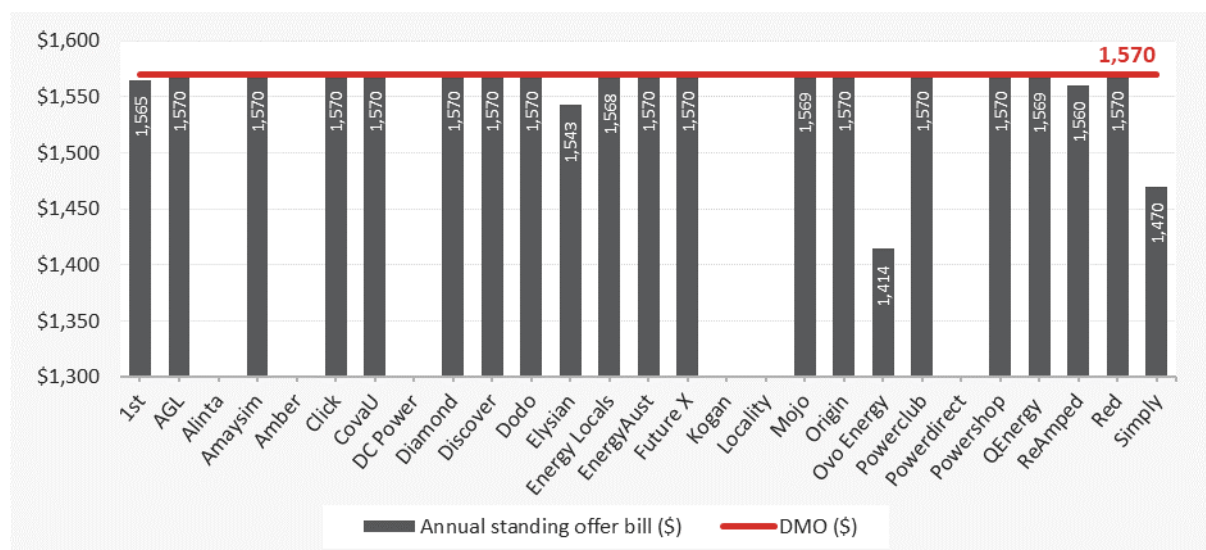
The Australian Competition and Consumer Commission (ACCC) regulates retailers' compliance with the DMO. For detail on the ACCC's monitoring and enforcement of compliance with the DMO, see the ACCC's National Electricity Market inquiry reports of August and November 2019.<sup>28</sup>

<sup>25</sup> Electricity Retail Code, sections 5 and 16(1)(a).

<sup>26</sup> Electricity Retail Code, section 6(2).

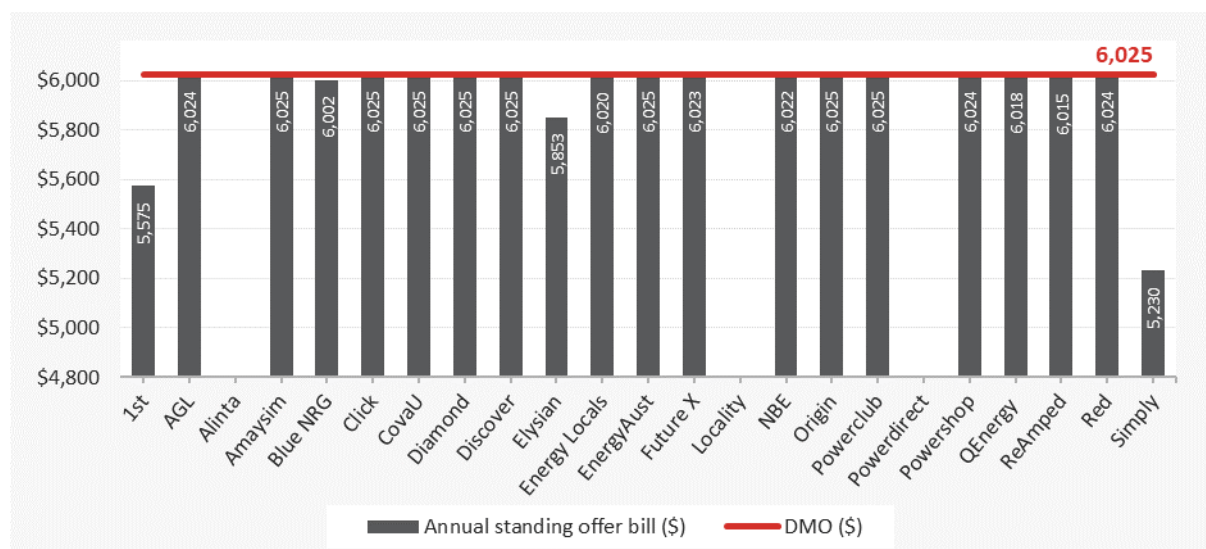
<sup>27</sup> Electricity Retail Code, sections 5 and 16(1)(b).

<sup>28</sup> ACCC, *Inquiry into the National Energy Market: August 2019 Report*, August 2019; ACCC, *Inquiry into the National Energy Market: November 2019 Report*, November 2019.

**Figure 3 Residential flat rate standing offer bills, January to March 2020**

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 March quarter.

Sources: Energy Made Easy; QCA analysis.

**Figure 4 Small business flat rate standing offer bills, January to March 2020**

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 March quarter.

Sources: Energy Made Easy; QCA analysis.