

# Queensland Competition Authority

Market monitoring report

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## SEQ retail electricity market monitoring report: April to June 2020

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July 2020

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## 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 June quarter of 2020.

### June quarter of 2020

Across residential and small business offers, retailers' standing offer bills did not change in the June quarter, and the lowest market offer bills of over half of the retailers did not change either. These results were not unexpected, given the significant decrease in standing and market offer bills in the September quarter of 2019. However, some retailers decreased the prices on their cheapest market offers in the June quarter.



**30 retailers** had at least one residential and/or small business offer on Energy Made Easy.  
**1 retailer entered the SEQ market**—GloBird Energy.



#### Residential customers

For the typical household in SEQ:

- **standing offer bills** ranged from **\$320** (Ovo Energy) to **\$361** (Alinta Energy)
- **market offer bills** ranged from **\$258** (Ovo Energy) to **\$360** (Amaysim Energy).

**Lowest market offer**—Ovo Energy's The One Plan (\$258). The offer did not have the lowest supply or usage charges in the market; a \$100 credit (applied in 12 monthly instalments) made it the cheapest offer.

**Lowest market offer with no discounts, incentives or benefits attached**—Mojo Power's All Day Breakfast offers (\$265).



#### 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 **\$627** (also Blue NRG).

**Lowest market offer**—Blue NRG's Blue Saver Qld (General Usage – 8500) offers (\$416). The offers had the lowest usage charges, but the second highest supply charges in the market.

**Lowest market offer with no discounts, incentives or benefits attached**—Blue NRG's Blue Saver Qld (General Usage – 8500) offers (\$416).

#### 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). 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)*.<sup>1</sup>

## 1.2 QCA methodology

### 1.2.1 Typical SEQ customer

To provide the most meaningful comparison 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 April to 30 June 2020). As this report relates only to the June 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 the Australian Energy Regulator's (AER) Energy Made Easy [website](#), the bills do not reflect the *actual* electricity bills customers in SEQ paid during the June 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 in this report may not add up exactly due to rounding.

### 1.2.2 Standing and market offers

We present bills based on the standing and market offers available on Energy Made Easy.

- Standing offers are basic offers with terms and conditions that are specified by the National Energy Retail Rules (NERR).<sup>3</sup> From 1 July 2019, retailers' standing offer prices were required to be set at or below the default market offer (DMO) annual prices set by the AER.<sup>4</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>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> 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>5</sup> National Energy Retail Rules, rule 14.

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>6</sup>

### 1.2.3 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. Due to the timing of our quarterly market monitoring reports, customer data for the quarter we are reporting on is not available when we publish our reports. We therefore calculate market shares based on the most recently published data.

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 June 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.

### 1.2.4 Energy Made Easy

To prepare this report, we obtained information on retailers' standing and market offer prices in the June quarter—including supply and usage charges—from Energy Made Easy on 30 June 2020. Because most retailers did not publish separate solar and non-solar offers on Energy Made Easy, we did not remove any offers with feed-in tariffs from our analysis.<sup>7</sup> However, this means that, in the case of retailers that do publish separate solar plans—and include solar-specific costs such as solar metering charges in the supply charge—some of their higher priced offers may have been available only to solar customers.

We continue to hold the view that the comparability of offers on Energy Made Easy would be improved if all retailers 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. Further, most retailers do not disclose on Energy Made Easy how they pass on recurring metering charges.

### 1.2.5 Public dataset

The price monitoring analysis in chapter 2 is 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 June quarter.<sup>8</sup> This dataset is available as a separate downloadable spreadsheet on

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<sup>6</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.

<sup>7</sup> We note that the AER's Retail Pricing Information Guidelines require retailers to publish separate plans for solar, GreenPower and other options where the addition of one or more option changes any element of the plan (AER, *Retail Pricing Information Guidelines: version 5.0*, April 2018 (page 12, clauses 54 to 59)).

<sup>8</sup> The datasets show that the earliest effective date of the offers in our June quarter download is 18 March 2020. We assume that the absence of offers on Energy Made Easy that were published between 1 July 2019 and 17 March 2020 is due to retailers migrating their electricity product suites to the new database that underlies the Energy Made Easy website, and retailers removing any offers they had previously published at the time they migrated their products.

our website for stakeholders seeking more detail.<sup>9</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 consumption, such as higher demand in summer months, or a generally higher/lower average consumption level. Instructions on using the dataset to calculate bills are at Appendix A.

### 1.3 Advice for customers

The Queensland Government provides the following advice to customers about how to engage with the retail electricity market.

- 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>10</sup>



The Australian Government provides similar advice for customers.<sup>11</sup>

### 1.4 Impact of the coronavirus pandemic

In March 2020, the Premier and Minister for Fire and Emergency Services declared a disaster situation in Queensland for the coronavirus pandemic (covid-19).<sup>12</sup> In response to the pandemic, the Queensland Government announced that Energex (and Ergon Energy in regional Queensland) would cease power disconnections for householders experiencing hardship to ensure vulnerable Queenslanders did not face the risk of being left without power.<sup>13</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>14</sup>

In our market monitoring report for the March quarter of 2020, we suggested that a combination of falling demand for electricity and financial stress on customers may impact retail competition in the SEQ retail electricity market.

The AER, Australian Energy Market Commission (AEMC) and the Australian Energy Market Operator (AEMO) are endeavouring to mitigate the effects of the coronavirus pandemic on the

<sup>9</sup> QCA [website](#), Market monitoring reports 2019–20.

<sup>10</sup> Queensland Government [website](#), Compare and choose electricity retailers.

<sup>11</sup> Australian Government [website](#), Find the best energy deal.

<sup>12</sup> Queensland Government, *Queensland Government Gazette*, 27 March 2020, page [301].

<sup>13</sup> Queensland Government, 'Power disconnections stopped to support vulnerable Queenslanders', [media statement](#), 19 March 2020.

<sup>14</sup> Queensland Government, *Electricity Relief For Households and Businesses Q&A*, [fact sheet](#), 24 March 2020.

energy industry and customers. The initiatives recently taken by these energy market bodies to manage the impacts of the pandemic on retail energy markets and customers include:

- implementing a 'joint prioritisation framework' to ease regulatory pressure on the energy sector, while protecting key reforms underway for consumers<sup>15</sup>
- a rule change request from the AER to the AEMC to allow retailers with customers who are in financial distress as a result of the pandemic to defer some network charges for six months<sup>16</sup>
- publishing a new 'retail market data dashboard' to improve visibility of the effect of the pandemic on the national retail energy market.<sup>17</sup>

In April 2020, AEMO reported that, while the public safety measures which commenced mid-March had a modest impact on demand in the National Electricity Market (NEM), energy prices declined sharply in the March quarter of 2020. AEMO also noted that electricity futures contracts on the Australian Stock Exchange for the June and September quarters of 2020 fell by 11% in the last two weeks of March as the potential impact of the coronavirus pandemic on future electricity demand became evident.<sup>18</sup>

In early June, the AER began publishing its weekly covid-19 data dashboards capturing, among other indicators, the number of customers on hardship programs and energy debt. The weekly data provide a high-level summary of changes across the retail energy market.<sup>19</sup>

In terms of the SEQ market specifically, we consider that the entry of a new retailer, GloBird Energy, into the market in May 2020 was a positive sign that it remained financially viable for new, smaller retailers to enter the market despite the coronavirus pandemic.<sup>20</sup>

## 1.5 Tariff reform

As part of their regulatory determinations for the 2020–25 period, Energex (and Ergon Energy) submitted new network tariffs to the AER. The proposed tariffs have increasingly complex structures to facilitate a move toward greater cost reflectivity. The AER's final decision on the revised tariff structures, released in June 2020, supported the majority of Energex's revised proposal. Its final decision includes:

- the adoption of the proposed transitional demand tariffs as the default tariffs for small customers from 1 July 2021

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<sup>15</sup> AER, 'Joint market body releases prioritisation framework in response to COVID-19', [news release](#), 19 May 2020.

<sup>16</sup> AEMC, 'Urgent inquiry begins into protecting energy consumers from COVID-19 retailer failure', [media release](#), 28 May 2020. The AER's proposed rule change applied to all retailers, but it noted that a key question for the proposal was whether all or a sub-category of retailers should be eligible for the support (AER, *Extension of time for retailers to pay network charges for eligible customers*, rule change proposal, May 2020, page 5). In its consultation paper on the AER's proposal, the AEMC suggested that large retailers with strong balance sheets, retailer of last resort retailers or government owned retailers could be excluded from the rule change (AEMC, *National Electricity Amendment (Deferral of Network Charges) Rule 2020*, consultation paper, May 2020, page 11). The AEMC's decision on the proposal is due on 6 August 2020 (AEMC [website](#), Deferral of network charges).

<sup>17</sup> AER [website](#), Retail market data dashboard – COVID-19.

<sup>18</sup> AEMO, *Quarterly Energy Dynamics Q1 2020*, April 2020, page 4.

<sup>19</sup> AER [website](#), Retail market data dashboard – COVID-19.

<sup>20</sup> For more information on GloBird Energy's entry into the SEQ market, see Canstar Blue [website](#), 'More power competition coming to Qld with GloBird Energy launch', 8 May 2020.



- transitional arrangements for the reassignment of existing residential and small business customers to an applicable transitional demand tariff to mitigate impact of the coronavirus pandemic
- leaving legacy consumption tariffs for residential and small business customers open, and to be offered on an opt-in basis, until 1 July 2021
- an opt-in time of use tariff for residential and small business customers from 1 July 2020 to give retailers a choice of cost reflective tariff structures
- support for the distributors' proposal for more research into capacity tariffs, with a capacity tariff trial during the 2020–25 regulatory control period.<sup>21</sup>

We anticipate that, over time, the structure of retail electricity offers in SEQ may change as and when network tariffs change. We also note that, in April 2020, the AER launched its redeveloped Energy Made Easy website which aimed to simplify the user experience and increase the site's capability to compare innovative offers.<sup>22</sup> We expect that Energy Made Easy will become even more critical in supporting customers' decision making in the SEQ retail market as network tariff reform progresses.

Finally, changes in network tariffs and retail offers could impact on the scope of any future market monitoring reports the QCA is directed to prepare under section 89B of the *Electricity Act 1994* (Qld).

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<sup>21</sup> AER, *Ergon Energy and Energex: Distribution Determination 2020 to 2025, Attachment 18 — Tariff structure statement*, final decision, June 2020. For more detail on Energex's proposed reforms to its network tariffs, see AER [website](#), Energex Determination 2020–25.

<sup>22</sup> AER [website](#), Energy Made Easy redevelopment project; AER, *State of the Energy Market 2020*, July 2020 (page 254).

## 2 PRICE MONITORING

### 2.1 Residential customers (tariff 11)

#### 2.1.1 QCA comparison

In the June quarter of 2020, 27 retailers had offers available for the residential flat rate tariff on Energy Made Easy.<sup>23</sup> Of these retailers, 23 had standing offers, and 26 had at least one generally available market offer for this tariff.

**Table 1 Bills for the typical residential flat rate customer, April to June 2020**

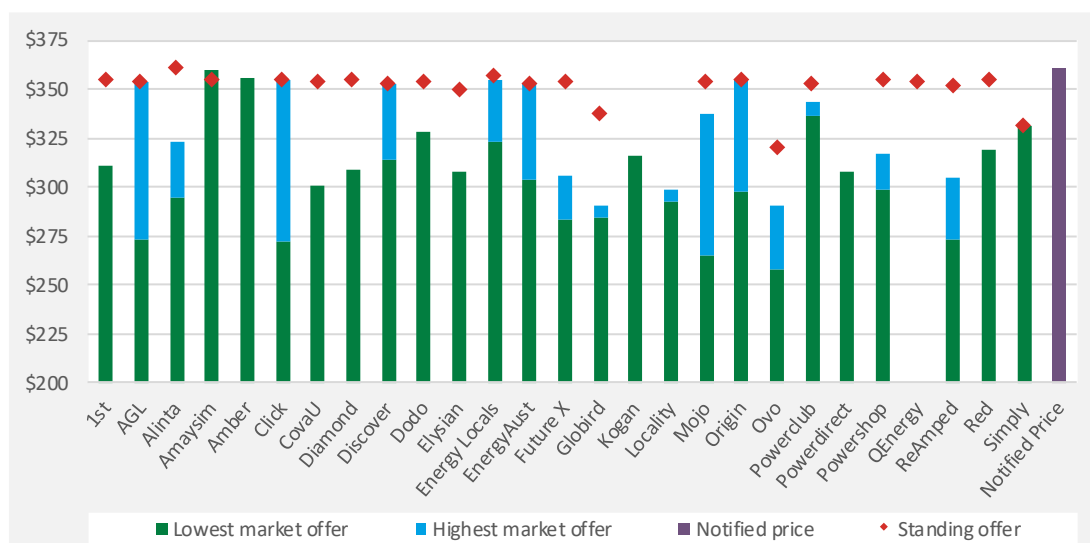
<i>Retailer</i>	<i>Standing offer (\$)</i>	<i>Average market offer (\$)</i>	<i>Lowest market offer (\$)</i>	<i>Highest market offer (\$)</i>
1st Energy	355	311	311	311
AGL	354	307	273	354
Alinta Energy	361	308	295	323
Amaysim Energy	355	360	360	360
Amber Electric	—	356	356	356
Click Energy	355	307	272	355
CovaU	354	301	301	301
Diamond Energy	355	309	309	309
Discover Energy	353	331	314	353
Dodo Power & Gas	354	329	329	329
Elysian Energy	350	308	308	308
Energy Locals	357	339	323	354
EnergyAustralia	353	318	304	353
Future X Power	354	297	283	306
GloBird Energy	337	287	285	291
Kogan Energy	—	316	316	316
Locality Planning Energy	—	296	292	299
Mojo Power	354	306	265	338
Origin Energy	355	318	298	355
Ovo Energy	320	279	258	290
Powerclub	352	340	337	343
Powerdirect	—	308	308	308
Powershop	355	308	299	317
QEnergy	354	—	—	—
ReAmped Energy	352	292	273	305
Red Energy	355	319	319	319
Simply Energy	332	332	332	332
<b>Simple average</b>	<b>351</b>	<b>315</b>	<b>305</b>	<b>326</b>
<b>Weighted average</b>	<b>355</b>	<b>313</b>	<b>294</b>	<b>345</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 June quarter. (2) The AER does not report customer numbers separately for retail 'brands' that are owned by authorised retailers. Accordingly, we apportioned half of Amaysim Energy's customers to Click Energy, half of Energy Locals' customers to Amber Electric, and half of Powershop's customers to Kogan Energy. 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. Weighted averages are calculated using retailers' customer market shares from the December quarter of 2019 as, at the time of writing, the AER had not published retailer energy market performance data for Quarter 3 of 2019–20.

<sup>23</sup> One retailer—GloBird Energy—entered the SEQ market for residential customers in the June quarter.

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 June quarter of 2020 is \$361.<sup>24</sup>

**Figure 1 Bills for the typical residential flat rate customer, April to June 2020**



Notes: Amber Electric, Kogan Energy, Locality Planning Energy and Powerdirect did not have a residential flat rate standing offer published on Energy Made Easy in the June quarter. QEnergy did not have a generally available residential flat rate market offer published on Energy Made Easy in the June quarter.

Sources: Energy Made Easy; QCA analysis.

## 2.1.2 QCA assessment

### Standing and market offer bills

Based on the offers available in the June 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 \$361 (Alinta Energy)
- market offer bills ranged from \$258 (Ovo Energy) to \$360 (Amaysim Energy).

Although Alinta Energy's Single Rate and Solar standing offer was the most expensive standing offer in the June quarter, the offer included a solar metering charge of 6.43 cents per day. Alinta Energy publishes separate offers for solar and non-solar customers, and adds the solar metering charge to the daily supply charge on its solar offers. Because most retailers do not publish separate solar and non-solar offers on Energy Made Easy, we did not remove any offers with feed-in tariffs from our analysis, as we explain in section 1.2.4.<sup>25</sup>

<sup>24</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>25</sup> The issue of separate solar and non-solar offers is discussed in further detail in Appendix B: Default Market Offers, in the context of Alinta Energy's Single Rate and Solar standing offer being above the DMO annual price for the residential without controlled load DMO. We also note that Alinta Energy included this standing offer as a 'restricted offer' on Energy Made Easy; as explained in Appendix A, we included restricted standing offers in our analysis, other than for embedded network retailers.

The lowest market offer available was Ovo Energy's The One Plan offer (\$258). The offer did not have the lowest supply or usage charges in the market, but a \$100 credit ('The Next 500 credit'), which was applied in 12 monthly instalments, made it the cheapest offer. The offer was available from 5 June 2020.

The lowest market offers that had no discounts, incentives or benefits attached were Mojo Power's All Day Breakfast offers (\$265). The offers were available from 25 May 2020.



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

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 June quarter.

**Table 2 Other incentives and benefits attached to residential flat rate market offers, April to June 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 offer available from 15 April 2020). The offer was 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, Residential Essentials Saver Online offer and Residential Solar Savers Online offer available from 15 April 2020).</p> <p><i>Online sign-up credit:</i> \$100 credit on the first bill when signing up online (Residential Seniors Plus Online offer available from 15 April 2020). The offer was 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 offer and Sports Pack Electricity Plan + Solar offer available from 18 March 2020).<sup>a</sup></p>
Click Energy	<p><i>Sign-up credit:</i> \$90 credit (\$30 on the first bill, \$30 on the second bill and \$30 on the third bill) for new accounts only when signing up with an eligible promocode (Hibiscus offer, Banksia offer and Banksia Solar offer available from 16 April 2020).</p>
Dodo Power & Gas	<p><i>General incentive:</i> From time to time, Dodo Power &amp; 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 15 April 2020).</p>
Origin Energy	<p><i>Account credit:</i> \$100 credit on the bill after 3 months (Solar Boost (9 Saver) offer and Solar Boost (One Big Switch) offer, available from 15 April 2020, and Solar Boost (Fifty Up) offer, available from 18 May 2020).</p>
Ovo Energy	<p><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 offers available from 2 April 2020).<sup>b</sup></p> <p><i>Bill credit:</i> \$100 'The Next 500' credit (applied in 12 monthly instalments of \$8.33 as an offset against the charges on each monthly bill) when signing up online (The One Plan offers available from 29 May 2020).<sup>c</sup></p>
Red Energy	<p><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 offers and 3 points on the Qantas Red</p>

Retailer	Other incentives and benefits
	<p>Saver (Bundled) offers, available from 2 April 2020). The Qantas Red Saver offers were only available to valid Qantas Frequent Flyer members. The Qantas Red Saver (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.</p> <p><i>Free electricity use period:</i> Between 12 pm and 2 pm on Saturday and Sunday, the electricity usage charges were waived (Red EV Saver offers available from 2 April 2020). The offers were 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.</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 (Simply Plus offer available from 15 April 2020).</p> <p><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 offers available from 15 to 17 April 2020 and from 22 May 2020).</p> <p><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 offer available from 15 April 2020).</p> <p><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 15 April 2020). The offer was only available to current RACQ members who provided a membership number when signing up.</p>

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 each of its One Plan offers, under which it would offset 100% of the carbon footprint from the customer's electricity consumption; while 10% GreenPower was attached to each One Plan offer as an incentive, we consider this to be a term or condition of the offer, not an incentive.<sup>26</sup>

c Ovo Energy did not explain on Energy Made Easy what or who 'The Next 500 customers' are. On its website, Ovo Energy indicated that to be eligible for the incentive, customers had to be one of the first 500 customers to sign up to The One Plan.<sup>27</sup>

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 March quarter of 2020, the main changes in incentives and benefits attached to residential flat rate market offers in the June quarter were:

- Click Energy's new bill credits that were applied over three months
- Ovo Energy's bill credit for 'The Next 500' customers.

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.

<sup>26</sup> The definition of incentives is set out in the AER's Retail Pricing Information Guidelines (AER, *Retail Pricing Information Guidelines: version 5.0*, April 2018 (page 10, clauses 38 to 42)).

<sup>27</sup> Ovo Energy [website](#), The legal bits.

### SEQ offers and notified prices

In the June quarter, each retailer 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.<sup>28</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 June quarter, compared to the March quarter.

**Table 3 Changes in standing and market offer bills for the typical residential flat rate customer, March quarter 2020 to June 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	—	-3.3%	—	-7.4%
AGL	—	-1.4%	+3.2%	—
Alinta Energy	n/a	-1.7%	-3.1%	—
Amaysim Energy	—	—	—	—
Amber Electric	n/a	—	—	—
Click Energy	—	+0.4%	-1.4%	—
CovaU	—	—	—	—
Diamond Energy	—	—	—	—
Discover Energy	—	+0.5%	—	—
Dodo Power & Gas	—	—	—	—
Elysian Energy	—	—	—	—
Energy Locals	—	—	—	—
EnergyAustralia	—	+0.9%	-3.4%	+12.0%
Future X Power	—	-1.9%	-6.6%	+0.8%
Kogan Energy	n/a	+2.1%	+4.2%	—
Locality Planning Energy	n/a	-6.0%	-6.0%	-5.9%
Mojo Power	—	n/a	n/a	n/a
Origin Energy	—	-2.0%	—	—
Ovo Energy	—	-4.0%	-11.2%	—
Powerclub	—	+3.3%	+7.0%	—
Powerdirect	n/a	—	—	—
Powershop	—	-1.0%	—	—
QEnergy	—	n/a	n/a	n/a
ReAmped Energy	—	-2.1%	-6.3%	—
Red Energy	—	—	—	—
Simply Energy	—	—	—	—

*n/a* shows that the retailer did not have a residential flat rate standing/generally available 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) GloBird Energy is not included in the table as it had no standing or generally available market offers in SEQ in the March 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.

<sup>28</sup> Alinta Energy's standing offer bill is \$361 (Table 1) and the equivalent bill for notified prices is also \$361. However, both bills are rounded to the next dollar and Alinta Energy's standing offer bill is slightly lower than the equivalent bill for notified prices.

The table shows that for the typical residential flat rate customer, standing offer bills did not change compared to the March quarter. The lowest market offer bill of 3 retailers increased in the June quarter, while the lowest market offer bill of 7 retailers decreased.

## 2.2 Small business customers (tariff 20)

### 2.2.1 QCA comparison

In the June quarter of 2020, 24 retailers had offers available for the small business flat rate tariff on Energy Made Easy. Of these retailers, 22 had standing offers and 21 had at least one generally available market offer for this tariff.

**Table 4 Bills for the typical small business flat rate customer, April to June 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	439	439	439
AGL	538	450	433	468
Alinta Energy	543	471	456	486
Amaysim Energy	546	530	530	530
Blue NRG	532	499	416	627
Click Energy	546	475	464	486
CovaU	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	448	429	459
Locality Planning Energy	—	472	469	476
Next Business Energy	537	—	—	—
Origin Energy	531	500	462	531
Powerclub	517	489	486	493
Powerdirect	—	452	452	452
Powershop	544	474	452	495
QEnergy	536	—	—	—
ReAmped Energy	545	440	431	444
Red Energy	541	467	467	467
Simply Energy	478	478	478	478
Stanwell Energy	532	—	—	—
<b>Simple average</b>	<b>540</b>	<b>476</b>	<b>464</b>	<b>489</b>
<b>Weighted average</b>	<b>533</b>	<b>454</b>	<b>433</b>	<b>472</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 June 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 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. Weighted averages are calculated using retailers' customer market shares from the December quarter of 2019 as, at the time of writing, the AER had not published retailer energy market performance data for Quarter 3 of 2019–20.

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 June quarter of 2020 is \$532.<sup>29</sup>

**Figure 2 Bills for the typical small business flat rate customer, April to June 2020**



Notes: Locality Planning Energy and Powerdirect did not have a small business flat rate standing offer published on Energy Made Easy in the June quarter. Next Business Energy, QEnergy and Stanwell Energy did not have a generally available small business flat rate market offer published on Energy Made Easy in the June quarter.

Sources: Energy Made Easy; QCA analysis.

## 2.2.2 QCA assessment

### Standing and market offer bills

Based on the offers available in the June 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 \$627 (also Blue NRG).

The lowest market offers available in the June quarter were Blue NRG's Blue Saver Qld (General Usage – 8500) offers (\$416). The offers had the lowest usage charges in the market (13.17 cents per kilowatt hour), but the second highest supply charges (201.7 cents per day). We also note that the Blue Saver offers had no discounts, savings or incentives attached. The offers were available from 15 April 2020.

<sup>29</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'.





**Small business customers on standing offers could generally have reduced their bills in the June 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.

### Other incentives and benefits

Only 5 of the 21 retailers attached other incentives or benefits to at least one of their small business flat rate market offers in the June quarter.

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

<i>Retailer</i>	<i>Other incentives and benefits</i>
AGL	<i>Sign-up credit:</i> \$75 credit on the first bill when signing up online or calling AGL and quoting the eligible promocode (Business Essentials Saver (AGL Direct Sign up) offer and Business Essentials (AGL Direct Sign up) offer, available from 15 April 2020).
Blue NRG	<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) offer available from 15 April 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.  <i>Price promise:</i> No price increase in the usage charges within 12 months of the transfer date (Blue Essential Qld (General Usage – 8500) offer available from 28 May to 10 June 2020).
Click Energy	<i>Sign-up credit:</i> \$90 credit (\$30 on the first bill, \$30 on the second bill and \$30 on the third bill) for new accounts only when signing up with an eligible promocode (Business Start offer available from 16 April 2020).
Red Energy	<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 offers available from 2 April 2020). These offers were 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.
Simply Energy	<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 15 April 2020). <i>Qantas points:</i> 4 Qantas Points per \$1 on the bill (Business Qantas Points offer available from 15 April 2020). The offer was 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 March quarter of 2020, the main changes in incentives and benefits attached to small business flat rate market offers in the June quarter were Blue NRG's promise of no increase in the usage charges within 12 months and Click Energy's new bill credits that were applied over three months.

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 June quarter, each retailer that had at least one small business market offer on Energy Made Easy had an offer that was 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 13 retailers, and lower in the case of 9 retailers.<sup>30</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 June quarter, compared to the March quarter.

**Table 6 Changes in standing market offer bills for the typical small business flat rate customer, March quarter 2020 to June 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	—	-5.6%	—	-10.5%
AGL	—	+0.1%	+1.5%	—
Alinta Energy	n/a	-2.5%	-5.1%	—
Amaysim Energy	—	—	—	—
Blue NRG	—	+14.6%	—	+31.6%
Click Energy	—	+0.3%	-0.8%	—
CovaU	—	—	—	—
Diamond Energy	—	—	—	—
Discover Energy	—	—	—	—
Elysian Energy	—	—	—	—
Energy Locals	—	—	—	—
EnergyAustralia	—	—	—	—
Future X Power	—	-1.6%	-5.7%	+0.9%
Locality Planning Energy	n/a	—	—	—
Next Business Energy	—	n/a	n/a	n/a
Origin Energy	—	+0.2%	-1.1%	—
Powerclub	—	+4.6%	+7.2%	—
Powerdirect	n/a	—	—	—
Powershop	—	-1.5%	—	—
QEnergy	—	n/a	n/a	n/a
ReAmped Energy	—	-1.0%	-2.9%	—
Red Energy	—	—	—	—
Simply Energy	—	—	—	—

*n/a* shows that the retailer did not have a small business flat rate standing/generally available 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) Stanwell Energy is not included in the table as it had no standing or generally available market offers in SEQ in the March 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.*

<sup>30</sup> Blue NRG's and Stanwell Energy's standing offer bills are \$532 (Table 4) and the equivalent bill for notified prices is also \$532. However, the bills are rounded to the next dollar and both retailers' standing offer bills are slightly lower than the equivalent bill for notified prices.

The table shows that for the typical small business flat rate customer, standing offer bills did not change compared to the March quarter. The lowest market offer bill of 2 retailers increased in the June quarter, and the lowest market offer bill of 5 retailers decreased.

## 2.3 Conclusion

The key points of our comparison and assessment of standing and market offer prices that were available to residential and small business customers during the period 1 April to 30 June 2020 are below.

Residential offers	Small business offers
The cheapest residential flat rate market offer available for the typical customer was Ovo Energy's The One Plan offer (\$258).	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).
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 3 retailers increased the prices on their cheapest market offers, while 7 retailers decreased their market offer prices.	Retailers' standing offer bills did not change, and only 2 retailers increased the prices on their cheapest market offers, while 5 retailers decreased their market offer prices.
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 21 retailers with small business market offers available attached other incentives or benefits to at least one of their flat rate market offers.
All retailers had a residential standing offer bill that was 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 that had at least one market offer on Energy Made Easy had at least one market offer available that was lower than the equivalent bill for notified prices.	All retailers that had at least one market offer on Energy Made Easy 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
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
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)
Elysian Energy	Elysian Energy Pty Ltd
EnergyAustralia	EnergyAustralia Pty Ltd
Energy Locals	Energy Locals Pty Ltd
Flow Systems	Flow Systems Pty Ltd
Future X Power	Online Power and Gas Pty Ltd (trading as Future X Power)
GloBird Energy	GloBird Energy Pty Ltd
GST	Goods and Services Tax
Kogan Energy	Kogan Australia Pty Ltd
kWh	kilowatt hours
Locality Planning Energy	Locality Planning Energy Pty Ltd
Metered Energy	Metered Energy Holdings Pty Ltd
Mojo Power	Mojo Power Pty Ltd
Momentum Energy	Momentum Energy Pty Ltd
n/a	not applicable
Next Business Energy (NBE)	Next Business Energy Pty Ltd
Macquarie	Macquarie Bank Limited
NEM	National Electricity Market
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
Seene	The Embedded Networks Company (trading as seene)
SEQ	south east Queensland
Simply Energy	Simply Energy Pty Ltd
Sonnen	sonnen Australia Pty Ltd
Stanwell Energy	Stanwell Corporation Limited
The Embedded Networks Company (TENC)	The Embedded Networks Company Pty Ltd
Winconnect	WINconnect Pty Ltd

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## APPENDIX A: ASSUMPTIONS AND ADDITIONAL INFORMATION

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### Offers excluded from our analysis

We identified a number of offers on Energy Made Easy in the June quarter of 2020 that we excluded from our analysis for the following reasons:

- Expiry date preceded publication date—Alinta Energy, Blue NRG, Energy Locals, EnergyAustralia, Mojo Power, Momentum Energy, Powershop, QEnergy, Real Utilities, The Embedded Networks Company (Seene)<sup>31</sup> and Simply Energy had at least one offer where the expiry date preceded the publication date.
- Published and expired on the same day—Amber Electric, Energy Locals, EnergyAustralia, Metered Energy, Mojo Power, Ovo Energy, People Energy and Real Utilities had at least one offer that was published and expired on the same day.
- Gas/dual-fuel offers—GloBird Energy's Combo Flat Rate Without CTL Load Energex offer and Origin Energy's Flexi LPG offer had discounts attached that related to gas supply.<sup>32</sup>
- Missing or implausible charges—Macquarie had a residential flat rate and a small business flat rate standing offer without daily supply charges, and Stanwell Energy had a residential standing offer with a usage charge of 28.47 cents per kilowatt hour but an extremely low daily supply charge (32.04 cents per day).<sup>33</sup>
- Restricted plans—Discover Energy, EnergyAustralia, Energy Locals, Flow Systems, Locality Planning Energy, Next Business Energy and Origin Energy had market offers on Energy Made Easy that were coded as 'restricted offers'.<sup>34</sup> We excluded restricted market offers because the direction notice requires us to report on 'generally available market offers' only. However, we did not exclude standing offers coded as restricted offers—other than those for embedded networks (explained below)—because the direction notice does not specify that the standing offers we report on should only be those that are generally available.

### Residential offers available to small business customers

Simply Energy had a Small Office Standing offer on Energy Made Easy in the June 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, and both the supply charge (92.63 cents per day)

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<sup>31</sup> According to the public register of authorised retailers on the AER [website](#), 'seene' is the trading name for The Embedded Networks Company Pty Ltd (TENC). For more information on TENC, see AER [website](#), Retail Authorisation Application: The Embedded Networks Company Pty Ltd.

<sup>32</sup> Although these offers were included in the 'electricity only' offers that we downloaded from Energy Made Easy, for the purpose of our reporting, we considered them to be dual fuel offers, which we always exclude from our analysis.

<sup>33</sup> We assume that the offers in the name of Macquarie were published by Macquarie Bank Limited, whose retailer authorisation was granted by the AER in April 2014 (see AER [website](#), Macquarie Bank Limited – authorised electricity retailer). Energy Made Easy included a link to the terms and conditions of these two standing offers, which were located on Macquarie's commodity markets [website](#). In terms of Stanwell Energy's offer, we also note that it indicated, in the eligibility criteria field, that the offer was available where the retailer was the financially responsible market participant for the premises.

<sup>34</sup> The AER's retail pricing information guidelines define restricted plans as plans that are 'specifically targeted at an individual or exclusive group and tailored to the specific circumstances of that customer and their need(s)'. Examples of restricted plans include family and friends plans, standing offers to satisfy retailers' financially responsible market participant requirements, plans for customers in residential embedded networks, and 'save' and 'win-back' plans (AER, *Retail Pricing Information Guidelines: version 5*, April 2018, page 15 (clauses 77 and 78(b), (d), (e), (i), (j))).

and the usage charge on the offer (21.7 cents per kilowatt hour) were 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 in the September quarter.<sup>35</sup> Amaysim Energy had similar subscription plans on Energy Made Easy in the December, March and June quarters. Amaysim Energy had four different subscription plans published in the June quarter, which were available from 14 April 2020.

### 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>36</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

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 in previous quarters, 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.

### Sonnen offers

In conjunction with a third party, sonnen Australia Pty Ltd (Sonnen), Energy Locals introduced four new residential flat rate offers in the June quarter: sonnenFlat Autonomy, sonnenFlat City, sonnenFlat Economy and sonnenFlat Family. A number of eligibility criteria were attached to the offers:

- customers had to sign up via Sonnen
- customers had to have a smart meter (installation cost \$207.90 including GST)
- billing had to be via e-billing (payment could be made by direct debit or credit card)
- minimum installed solar photovoltaic capacity had to be either 3, 5, 7.5 or 10 kilowatts peak for respectively, the City, Economy, Family and Autonomy offers
- minimum installed sonnenBatterie useable capacity had to be either 4, 8, 10 or 12 kilowatt hours for, respectively, the City, Economy, Family and Autonomy offers

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<sup>35</sup> QCA, *SEQ retail electricity market monitoring report: July to September 2019*, October 2019, pages 19–20.

<sup>36</sup> Powerclub [website](#), Got a question? (What is the Powerbank?).

- membership fees were payable monthly in advance for the City and Economy offers (\$49), Family (\$59) and Autonomy (\$69). All membership fees were GST inclusive
- excess usage rates (\$0.25 per kilowatt hour) apply to the usage from the grid once the Adjusted Annual Usage Allowance is exceeded.

We note that the usage allowances were not disclosed on Energy Made Easy. However, according to Sonnen's website, annual usage allowances of 4,000 kilowatt hours, 7,500 kilowatt hours, 10,000 kilowatt hours and 12,500 kilowatt hours apply for respectively, the City, Economy, Family and Autonomy offers.<sup>37</sup>

Sonnen's website also states that the solar and battery will cover a 'large portion' of a customer's annual energy consumption 'but not all' consumption, and usage charges will apply for consumption over the annual allowance.<sup>38</sup>

We have excluded the Sonnen offers from our analysis in section 2.1 of this report, as the structure of the offers does not allow for a bill to be calculated for a typical customer that is comparable to other residential flat rate offers in the market. Finally, we note that on Energy Made Easy the estimated bill values for the Sonnen offers appear to only include the annual membership fees, with the supply and usage charges being zero cents per day and zero cents per kilowatt hour respectively.

### Embedded network retailers

In the June quarter of 2020, a small number of embedded network retailers had offers published for the SEQ retail market on Energy Made Easy for the first time. We removed offers from four of these retailers—Flow Systems, Metered Energy, Real Utilities and Seene—as their offers were published on or before the day they expired (as stated), and/or were listed as restricted offers.<sup>39</sup>

We also excluded residential and small business flat rate standing offers published by Winconnect from our analysis in sections 2.1 and 2.2 above. Although the offer names of only two (out of five) residential flat rate offers suggested that these offers were only available to customers in two locations—Aveo Palmview and Tide Residences<sup>40</sup>—all five offers were coded as restricted rather than generally available on Energy Made Easy. For the purpose of monitoring the SEQ retail electricity market, we assume that any restricted offer published by an embedded network retailer is site-specific, unless there is clear evidence on Energy Made Easy that it is generally available in the wider market.

As a general observation, we found that embedded network retailers did not apply a consistent approach to attaching eligibility criteria, or identifying their offers as being restricted or generally available, on Energy Made Easy in the June quarter. We are of the view that the AER, in its next review of the retail pricing information guidelines, should consider establishing specific eligibility criteria for embedded network retailers to identify their generally available and restricted or site-specific offers on Energy Made Easy.<sup>41</sup>

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<sup>37</sup> Sonnen [website](#), sonnenFlat pricing: Queensland residential electricity market offer.

<sup>38</sup> Sonnen [website](#), sonnenFlat.

<sup>39</sup> In the case of Flow Systems, we also note that one of its offers was for The Orchards which appears to be in Sydney in New South Wales (see Flow Systems [website](#)).

<sup>40</sup> We understand that Aveo Palmview is a retirement village in Palmview (see Aveo [website](#)) and Tide Residences is a townhome development in Maroochydore (see Tide Residences [website](#)).

<sup>41</sup> In June 2019, the AER released the draft version 6 of the guidelines for consultation, proposing minor updates to reflect the ACCC's (then) new Electricity Retail Code, but decided later in 2019 not to proceed to amend the guidelines (AER [website](#), Retail Pricing Information Guidelines review 2019). In April 2020, as part of its statement of expectations of energy businesses during the coronavirus pandemic, the AER said that it would delay its review of the guidelines as part of reprioritising regulatory initiatives during the pandemic (AER, *Statement of Expectations of energy businesses: Protecting consumers and the market during COVID-19*, [statement](#), page 3).



## Calculating bills using our published dataset

The table below shows how stakeholders can calculate bills for the June quarter using the dataset published on our website.<sup>42</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>42</sup> QCA [website](#), Market monitoring reports 2019–20.

## APPENDIX B: DEFAULT MARKET OFFERS

### Electricity Retail Regulations

Standing offer prices in SEQ must comply with the DMO prices set by the AER (as noted in section 1.2.2). 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) (Electricity Retail Regulations) 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>43</sup> A small customer is, in generalised terms, a residential flat rate, residential flat rate with controlled load, or small business, customer.<sup>44</sup> The reference price mentioned is the per-customer annual price determined by the AER.<sup>45</sup>

The table below shows the DMO annual prices for SEQ for 2019–20, as determined 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.*

The Australian Competition and Consumer Commission (ACCC) regulates retailers' compliance with the DMO. The ACCC's monitoring and enforcement of compliance with the DMO, in 2019, is outlined in its NEM inquiry reports of August and November 2019.<sup>46</sup>

The ACCC recently announced that, due to the coronavirus pandemic and the disruptions it has caused, it intends to provide its next report in September 2020, and return to the May/November reporting schedule in 2021.<sup>47</sup>

### Standing offer bills in SEQ compared to DMO annual prices

For reference, the following two graphs show retailers' standing offer bills—**on an annual, not quarterly, basis**—in the June quarter of 2020, using the model annual usage values for residential without controlled load (that is residential flat rate (tariff 11)) and small business (tariff 20) customers.

<sup>43</sup> Electricity Retail Regulations, sections 5 and 16(1)(a).

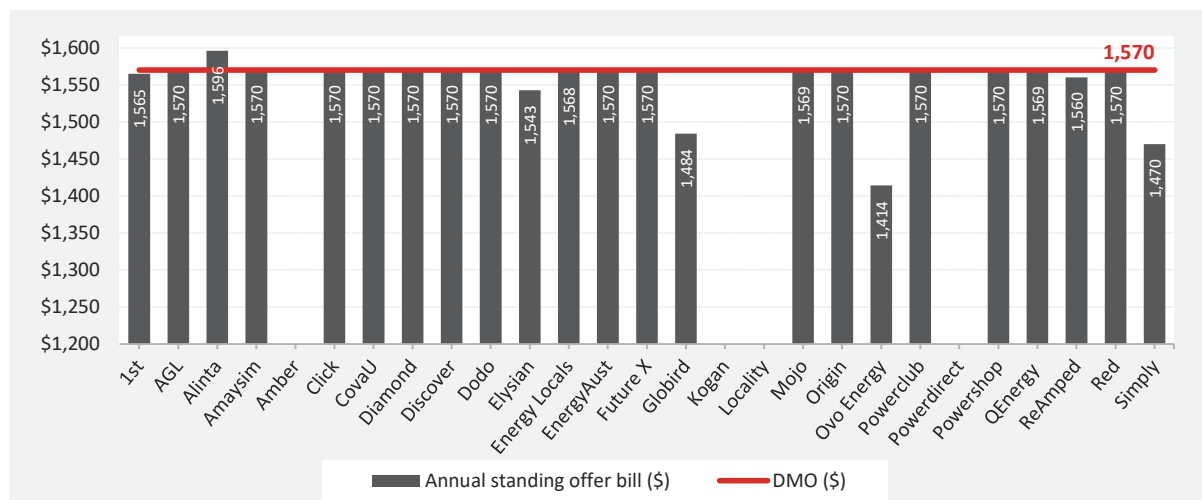
<sup>44</sup> Electricity Retail Regulations, section 6(2).

<sup>45</sup> Electricity Retail Regulations, sections 5 and 16(1)(b).

<sup>46</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.

<sup>47</sup> ACCC [website](#), Electricity market monitoring 2018–2025, viewed June 2020.

## Residential without controlled load

**Figure 3 Retailers' residential without controlled load DMO bills, April to June 2020**

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

Sources: Energy Made Easy; QCA analysis.

Figure 3 shows that only Alinta Energy had a standing offer that exceeded the DMO annual price in the June quarter. As noted in our assessment of standing and market offer bills in section 2.1.2, Alinta Energy had one residential flat rate standing offer available in the June quarter of 2020—its Single Rate and Solar offer. Because Alinta Energy's solar offers include a solar metering charge of 6.43 cents per day, its residential without controlled load standing offer is above the DMO annual price. If the solar metering charge was excluded from the daily supply charge, the DMO bill would equal the cap (\$1,570).<sup>48</sup>

Including recurring fees, such as solar metering charges, in daily supply charges in offers on Energy Made Easy provides customers with a more accurate estimate of their annual bills than either not disclosing recurring fees, or listing them as a separate fee type (as a small number of retailers do). Accordingly, we endorse Alinta Energy's approach with respect to publishing a separate standing offer for solar customers, but note that it did not have a standing offer for non-solar customers on Energy Made Easy in the June quarter.<sup>49</sup>

Finally, we note that, following amendments to the DMO Regulation in February 2020, the DMO annual prices also apply to residential and small business customers on solar tariffs.<sup>50</sup>

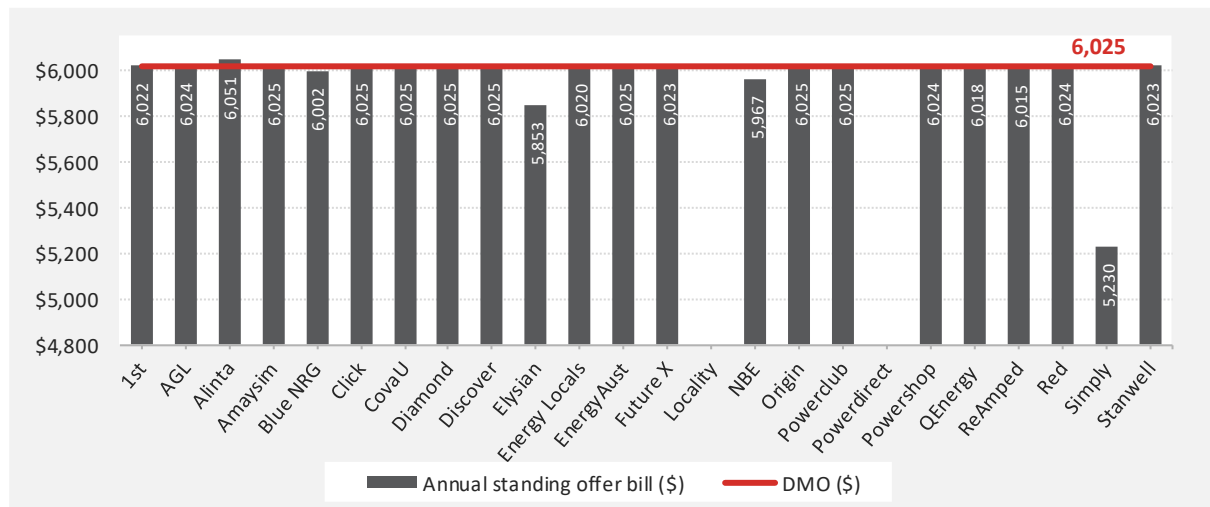
<sup>48</sup> Alinta Energy has applied the value of Energex's solar metering charge from 2017–18 (6.43 cents per day) to its solar offers since 2017–18.

<sup>49</sup> Alinta Energy also did not have any standing offers published on Energy Made Easy in the first three quarters of 2019–20.

<sup>50</sup> AER, *Default Market Offer Prices 2020–21*, final determination, April 2020 (page 11). See also the *Competition and Consumer Legislation Amendment (Electricity Regulations) 2020* (Cth), which repealed paragraph (d) in section 6(3) of the Electricity Retail Regulations that excluded solar customers from the definition of small customer in the regulations.

Small business

**Figure 4 Retailers' small business DMO bills, April to June 2020**



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

Sources: Energy Made Easy; QCA analysis.

Figure 4 shows that only Alinta Energy had a standing offer that exceeded the DMO annual price in the June quarter. As per our analysis of Alinta Energy's residential without controlled load DMO, Alinta Energy's small business SME Standing Offer (Single Rate and Solar) included a solar metering charge of 6.43 cents per day. If this charge was removed from the bill, the standing offer would have complied with the DMO annual price (\$6,025).