Queensland Competition Authority

SEQ retail electricity market monitoring 2021–22

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Contents

EXCECUTIVE SUMMARY

Introduction

The Minister for Energy, Renewables and Hydrogen has directed us to report on the SEQ retail electricity market for residential and small business customers annually until 2024–25. This is our sixth annual report and covers the period 1 July 2021 to 30 June 2022. Our market monitoring reports assist the Queensland Government to ensure that customers benefit from competition in the market.

Annual bills

SEQ customers can choose from a wide variety of retail electricity plans that have different prices and pricing structures. Retail electricity plans include supply and usage charges, and often also other charges, guaranteed or conditional discounts, financial incentives and fees. Whether a plan is the cheapest for a customer depends on their consumption and the interaction between the various price components.

We present bills for a typical SEQ customer with a median level of consumption based on the plans that were available on Energy Made Easy in 2021–22. These bills do not reflect the actual electricity bills of individual SEQ customers, but show the amount a typical SEQ customer with a median level of consumption would have paid if they had taken up the plans available in 2021–22.

Some retailers had market offers available in the June quarter of 2022 that resulted in a lower bill for the typical SEQ customer than the cheapest plan they had available a year earlier. However, the average lowest market offer bill increased between the June quarters of 2021 and 2022 for most of the tariffs and tariff combinations that we cover in our report.

As wholesale electricity costs increased, some retailers increased the prices of their market offers—in some cases substantially. Meanwhile, standing offer prices decreased in the September quarter of 2021 and remained largely unchanged for the rest of 2021–22, as the default market offer (DMO), which the Australian Energy Regulator (AER) adjusts annually, put a cap on standing offer prices.

Discounts, savings and incentives

Discounts were less common in the June quarter of 2022 than in the June quarter of 2021. We had already noted a reduction in the past few years. We also observed a shift from conditional to guaranteed discounts, following some changes to the legal framework on discounting. These changes provide important consumer protections to prevent customers from being worse off after signing up to plans with high headline discounts.

Financial incentives remained more common than non-financial incentives in the June quarter of 2022, as in the June quarters of 2020 and 2021. The types of financial incentives attached to residential and small business plans remained similar too, being primarily sign-up and bill/account credits. New incentives included credits for electric vehicle owners, electric vehicle discounts and a new battery subsidy.

Non-financial incentives in the June quarter of 2022 were similar to those in the June quarter of 2021. New incentives included free GreenPower and/or carbon neutral energy, an air fryer, complimentary Kogan First membership and a guarantee that electricity would be provided within three business days when moving house. Various retailers again offered GreenPower options in the June quarter of 2022. Since the June quarter of 2021, the GreenPower options had not changed much, but some retailers lowered their prices.

Discounts and financial incentives can lower a customer's electricity bill. However, some plans have conditions and eligibility criteria attached, and customers may not be able to take up those plans or may forfeit the discounts or incentives if they do not meet the conditions or criteria, which can result in a significantly higher bill. We therefore advise customers to always carefully check and consider the conditions and eligibility criteria attached to each plan before they sign up.

Retail fees

Most retailers attached retail fees to at least some of their market offers in the June quarter of 2022. The types of fees were similar to those in previous years and included payment processing fees (for payments by credit/debit card, BPay or cheque, or through Australia Post), as well as fees for paper bills, dishonoured cheque or direct debit payments, late payments, membership and account establishment.

By law, retailers may only charge their standing offer customers in Queensland three types of retail fees—historical billing data fees for data that is more than two years old (if requested by a customer), a retailer's administration fee for a dishonoured payment, and financial institution fees for a dishonoured payment. We regularly review plans published on Energy Made Easy to check if retailers comply with this restriction.

As in previous years, some retailers referred on Energy Made Easy to the potential for additional retail fees, other than those already listed, to be levied on customers, and several retailers listed fees that 'may' apply. Having to consider other potential retail fees and fees that ‘may’ apply is likely to add a layer of complexity for customers when comparing plans.

Weighted bills

We compared and assessed the trends in average standing offer bills and average market offer bills in each quarter from 2015–16 to 2021–22, weighted by retailers' market shares in the respective quarter, for residential and small business flat rate customers. Overall, weighted average bills decreased from 2015–16 to late 2021–22.

As wholesale electricity costs increased substantially during 2021–22, the weighted average market offer bill increased too towards the end of 2021–22. The weighted average standing offer bill was largely unaffected by the increase in wholesale electricity costs, as the DMO for residential and small business flat rate plans put a cap on standing offer prices.

Customers receiving assistance with electricity bills

Some 369,641 SEQ customers received assistance with electricity bills in the December quarter of 2021 through participating in a retailer hardship program, and/or receiving the electricity rebate, and/or receiving Home Energy Emergency Assistance Scheme support.[1] Of these customers, 9.6% were on a standing offer. Compared to a year earlier, in the December quarter of 2021, the number of assisted customers on a standing offer decreased by 7.8% from 38,574 to 35,548.

The prices paid by assisted customers on standing and market offers decreased across most residential tariffs/tariff combinations and assistance categories from 2017–18 to 2021–22. Some assisted customers on market offers were still paying higher prices than the price of market offers available in 2021–22.

New retail tariffs and plans

We identified some offerings for SEQ customers that were new or had become more common in 2021–22. These included plans that required a battery or rewarded customers if they had a battery installed, plans that allowed customers to join a virtual power plant, plans for owners of electric vehicles, subscription plans with no other fees, and new ‘community energy’ plans that allowed customers to form a ‘collective’ that could be matched with a local generator for renewable energy. Some plans also provided incentives to use electricity during specific times.

[1] HEEAS is a program from the Queensland Government to assist people experiencing problems paying their electricity or reticulated natural gas bills as a result of an unforeseen emergency or a short-term financial crisis.

Not all retailers had retail electricity plans that reflected, at least to some degree, the new Energex network tariff structures. As some of these more cost-reflective plans required customers to have a smart meter, they were not available to every SEQ customer. As smart meter penetration and customers' understanding of these plans increases over time, plans based on the new network tariffs are likely to become more common.

Market competitiveness

The outcomes we observed in the SEQ retail electricity market in 2021–22 are broadly consistent with a competitive market:

- Prices for residential and small business customers continued to move in the same direction as costs.
- Retailers continued to compete on price, mainly through financial incentives or guaranteed discounts.
- New retail plans and incentives emerged, which suggests that retailers also continued to compete by differentiating their products and tailoring them to customers' preferences and needs.
- The spread between the lowest and highest plans was still around $200, which is expected to provide an incentive for customers to shop around, given the potential savings that can be realised.
- Switching between plans had been increasing since 2020–21, but it rose significantly in the June quarter of 2022 as the impact of higher wholesale energy costs started to flow through to customers.
- Market concentration in both the residential and small business markets decreased further in the first three quarters of 2021–22. However, switching activity increased in the June quarter of 2022, mainly from smaller to larger retailers.

Nonetheless, competition may not be working as effectively as it should for all SEQ customers. Some customers—including vulnerable, inactive and disengaged customers—may find it difficult to navigate the market and compare plans, and are therefore not on the best plan for their circumstances. There are also some market features that may add complexity, including the large number of retailers and plans to choose from, the variety of tariffs and differentiated plans, and the addition of financial and non-financial incentives, conditional and guaranteed discounts, and fees that 'may' apply.

Significant issues

The increase in energy costs was the most significant issue impacting the SEQ retail electricity market during 2021–22. International and domestic supply-side constraints, coupled with market interventions to maintain the reliability and security of energy supply, placed significant upward pressure on wholesale electricity prices in the National Electricity Market (NEM). These cost pressures have begun to pass through to retail pricing in SEQ. Our assessment shows that:

- compared to the June quarter of 2022, average market offer bills in the September quarter of 2022 increased by 27.0% for residential customers and 26.9% for small business customers
- in contrast to observations of prices in previous years, in the September quarter of 2022, average market offer bills for both residential and small business flat rate offers were higher than the average standing offer bills
- several retailers reduced their market presence (by either ceasing to publish plans, surrendering their licence to operate in the NEM or actively asking customers to switch away).

Nonetheless, we consider customers who stay engaged with the market are best placed to find the most competitive offer for their circumstances and reduce their electricity bill.

Electricity comparison websites

There are numerous commercial comparison sites that promise to find a cheaper electricity plan for customers. However, we share the concerns of the Australian Energy Market Commission and the Australian Competition and Consumer Commission over the extent to which commercial comparison websites disclose the range of retailers they represent and the commission arrangements that apply.

Each electricity retailer operating in SEQ has to publish all of its plans for residential and small business customers on Energy Made Easy—a website developed by the AER to help households and small businesses to compare plans. Given that Energy Made Easy is free and independent of commercial third parties, and includes all generally available electricity plans, we consider the website to be the best and most reliable tool available to SEQ customers to analyse, compare and choose electricity plans.

We encourage customers to regularly check whether they can find a better deal on Energy Made Easy. Active customers are likely to pay less than inactive or disengaged customers.

More information

Enquiries regarding this report can be made by phone on (07) 3222 0555 or through the QCA website.

1 INTRODUCTION

1.1 Retail electricity market monitoring in south east Queensland

Retail electricity prices for residential and small business customers have been deregulated in south east Queensland (SEQ) since 1 July 2016. The Queensland Competition Authority (QCA) monitors the operation of the SEQ retail electricity market to assist the Queensland Government to ensure that electricity customers can benefit from competition in the market.[2]

In June 2021, the Minister for Energy, Renewables and Hydrogen (the Minister) directed us to monitor and report on the operation of the SEQ retail electricity market for residential and small business customers for each financial year from 1 July 2020 to 30 June 2025.[3] This market monitoring report is for the period from 1 July 2021 to 30 June 2022.

Electricity customers can be categorised as either large or small customers, depending on their annual electricity consumption. Our report focuses on small customers, who are defined under the National Energy Retail Law (NERL) as residential or business customers with an electricity consumption of less than 100 megawatt hours (MWh) per year.[4]

1.2 Standing and market offers

Electricity retailers operating in SEQ are required to provide customer retail services to small customers under either a standard retail contract or a market retail contract:[5]

- Standard retail contracts (standing offers) are basic offers with terms and conditions that are specified in the National Energy Retail Rules (NERR).[6] Since 1 July 2019, retailers have been required to set standing offer prices at or below the default market offer (DMO) annual prices set by the Australian Energy Regulator (AER).[7]
- Market retail contracts (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.[8]

In our view, standing and market offers should not be compared solely in terms of their price. Standing offers typically provide more favourable terms and conditions than market offers. Standing offer customers also receive additional benefits, including access to paper bills at no extra

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[2] *Electricity Competition and Protection Legislation Amendment Act 2014* (Qld) (ECPLA Act), part 3; ECPLA Act Proclamation; ECPLA (Postponement) Regulation; Electricity Act, section 89B. See also M Bailey, *Deregulation brings competitive electricity pricing to South-East Queensland* [media release], Queensland Government, 1 July 2016.

[3] The Minister's letter and direction notice are available on our website at *SEQ retail electricity market monitoring*.

[4] NERL, section 5; *National Energy Retail Regulations*, section 7. See also Queensland Government, *Electricity prices*, Business Queensland website, updated 1 July 2022, viewed 28 July 2022. In this report, references to the NERL are also references to the National Energy Retail Law (Queensland) (NERLQ), which includes Queensland-specific modifications to the NERL.

[5] NERL, section 20. In simple terms, a standing offer is an offer to supply electricity in accordance with a standard retail contract and a market offer is an offer to supply electricity in accordance with a market retail contract.

[6] NERR, rule 12 and schedule 1. The NERR govern the sale and supply of energy (electricity and natural gas) from retailers and distributors to customers in New South Wales, Queensland, South Australia, Tasmania and the Australian Capital Territory, and are made by the Australian Energy Market Commission (AEMC) under the NERL.

[7] *Competition and Consumer (Industry Code—Electricity Retail) Regulations 2019* (Cth) (Electricity Retail Regulations), section 10; AER, *Default Market Offer Prices 2021–22* [final determination], 2021.

[8] NERR, rule 14.

cost, better payment terms (which can include bill smoothing) and ongoing certainty of terms (i.e. retailers cannot change terms or impose restrictions as they can under market contracts).[9]

The term 'offers' is commonly used to refer to standing and market offers. However, electricity offers are also often referred to as 'plans'—for example on Energy Made Easy (a price comparator service), in the AER's retail pricing information guidelines, and in some other reports on retail electricity markets. In this report, the terms 'offers' and 'plans' are used interchangeably.

1.3 Energy Made Easy

To assist small customers to compare plans, the AER has developed a price comparator, which is available on its Energy Made Easy website.[10] Retailers have to provide information on each of their generally available electricity plans on Energy Made Easy in accordance with the AER's retail pricing information guidelines.[11] For our analysis, we have obtained data on all electricity plans available to SEQ customers in 2021–22 directly from Energy Made Easy.

Given that Energy Made Easy is independent of commercial third parties and includes all generally available energy plans, we consider that website to be the most important and reliable tool available to SEQ electricity customers to analyse, compare and choose electricity plans. By contrast, commercial comparison sites often work on commissions-based arrangements with retailers and may therefore not cover all the retailers in the market, nor all the available offers of the retailers that are included on commercial comparison sites.

1.4 Advice for customers

Customers who have not signed a new electricity contract recently may face prices and conditions that differ substantially from the bills presented in this report. We encourage customers to regularly check Energy Made Easy to see whether they can find a better deal. Despite recent increases in electricity prices, active customers are likely to pay less than inactive or disengaged customers.[12]

The Queensland Government provides the following general advice to customers about how to engage with the retail electricity market.[13]

[9] We acknowledge the difficulty of appropriately quantifying the value of these additional benefits. For more analysis on the value of the differences in the terms and conditions of standing and market offers, see QCA, *Regulated retail electricity prices for 2019–20* [final determination], 2019, pp 48–59, and QCA, *Regulated retail electricity prices for 2021–22* [final determination], 2021, pp 53–58. Similarly, the ACCC noted that standing offer contracts have a guaranteed level of consumer protections that are higher than the required consumer protections in market offer contracts. It believed that consumers may also take comfort from the government-set prices that apply to standing offers (ACCC, *Inquiry into the National Electricity Market*, May 2022, p 29).

[10] NERL, section 62; *Energy Made Easy* website.

[11] AER, *AER Retail Pricing Information Guidelines* [version 5.0], 2018, p 8 (clause 23).

[12] Data available to the ESC in Victoria showed that during March 2021, three in four customers were not on the cheapest electricity offer with their current retailer (ESC, *Victorian Energy Market Update: June 2021*, 2021, p 9). This means that 75% of the customers could have saved by switching to a better plan of their current retailer. And many customers could probably have saved by switching to an even better plan of another retailer. Similar data is not available for SEQ.

[13] Summarised from Queensland Government, *Compare and choose electricity retailers*, Queensland Government website, updated 29 July 2020, viewed 22 August 2022.

Queensland Government advice to customers

- Use Energy Made Easy to compare and choose electricity deals by electricity retailers.
- Contact your current electricity retailer to ask for a better electricity deal.
- If you've asked someone to speak to your retailer for you, you'll need to stand by to provide that authorisation.
- Check that the new electricity plan saves you money by comparing conditions, benefits and costs (using your current bill and retailer advice) against other 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.

1.5 Retailers operating in SEQ

We identified 43 retailers on Energy Made Easy with plans for small customers in SEQ in 2021–22 (Table 1), which is one retailer less than in 2020–21. Five retailers that had plans for small customers on Energy Made Easy in 2020–21 did not have plans available in 2021–22. However, 4 new retailers entered the SEQ market in 2021–22:

- one in the September quarter—GEE Energy
- three in the December quarter—Brighte Energy, Circular Energy and Smart Energy
- none in the March quarter
- none in the June quarter.

Of the 43 retailers, 42 retailers provided plans for residential customers, and 34 retailers provided plans for small business customers. Compared to 2020–21, there were 2 more retailers that provided residential plans, and the same number of retailers provided small business plans.

However, not all retailers had plans published in each quarter of 2021–22. Across residential and small business customers, 35 retailers had a standing offer and 37 retailers (though not exactly the same retailers who had a standing offer) had market offers available on Energy Made Easy in the June quarter of 2022.

Table 1 Retailers with residential and/or small business plans in SEQ, 2021–22

Retailer	Plans offered	
	Residential	Small business
1st Energy	✓	✓
AGL	✓	✓
Alinta Energy	✓	✓
Amber Electric	✓	✓
Blue NRG	—	✓
Bright Spark Power	✓	✓
Brighte Energy	✓	—
Circular Energy[a]	✓	✓
CovaU	✓	✓
Diamond Energy	✓	✓
Discover Energy	✓	✓
Dodo Power & Gas[b]	✓	—
Electricity in a Box	✓	✓
Elysian Energy	✓	✓
EnergyAustralia	✓	✓
Energy Locals	✓	✓
Enova Energy	✓	✓
Future X Power[c]	✓	✓
GEE Energy	✓	✓
GloBird Energy	✓	—
Glow Power[d]	✓	✓
Kogan Energy[e]	✓	—

Retailer	Plans offered	
	Residential	Small business
Locality Planning Energy	✓	✓
Mojo Power	✓	✓
Momentum Energy	✓	✓
Nectr[f]	✓	—
Next Business Energy	✓	✓
On by EnergyAustralia[g]	✓	—
Origin Energy	✓	✓
Ovo Energy	✓	—
People Energy	✓	✓
Powerclub	✓	✓
Powerdirect	✓	✓
Powershop[h]	✓	✓
QEnergy	✓	✓
Radian Energy[i]	✓	✓
ReAmped Energy	✓	✓
Red Energy	✓	✓
Simply Energy[j]	✓	✓
Smart Energy	✓	—
Social Energy	✓	—
Sumo Power	✓	✓
Tango Energy	✓	✓

a The applicant for Circular Energy's retail authorisation is Maximum Energy Retail Pty Ltd.
b The applicant for Dodo Power & Gas's retail authorisation is M2 Energy Pty Ltd.
c The applicant for Future X Power's retail authorisation is Online Power and Gas Pty Ltd.
d The applicant for Glow Power's retail authorisation is Energy Services Management Pty Ltd.
e Kogan Energy states on its website that it 'is powered' by Powershop Australia.
f The applicant for Nectr's retail authorisation is Hanwha Energy Retail Australia Pty Ltd.
g On by EnergyAustralia is a brand of EnergyAustralia Pty Ltd.
h Shell Energy Operations Pty Ltd completed its acquisition of Powershop Australia in early 2022, and Powershop was to operate as a wholly owned subsidiary of Shell under the Powershop brand within the Shell Energy business in Australia, which is part of Shell's global Renewables and Energy Solutions business.[14]
i Radian Holdings Pty Ltd is trading as Radian Energy.
j The applicants for Simply Energy's retail authorisation are IPower Pty Ltd and IPower 2 Pty Ltd.
Sources: Energy Made Easy; retailers' websites; AER, Public register of authorised retailers & authorisation applications, AER website, n.d.

Some authorised retailers sell energy under their own name and also own retail 'brands' that sell energy. For example, Powershop is the energy provider of Kogan Energy, and EnergyAustralia published plans both under its own name and under On by EnergyAustralia. We include such retail 'brands' in our analysis in the same way as we include authorised retailers. This is because retail 'brands' may have retail strategies that are quite different to those of the authorised retailer and are likely to have an impact on competition.

Section 119 of the NERL requires the AER to maintain and publish (on its website) a public register of authorised retailers. We observed that in 2021–22, as in previous years, some retailers' details on the register were not up to date. The register also did not always reflect changes in ownership of retailers or identify retail 'brands' owned by authorised retailers.[15]

[14] Shell, *Shell completes acquisition of energy retailer, Powershop Australia* [media release], 1 February 2022, viewed 16 May 2022.
[15] For more information on retailers' authorisation requirements, see AER, *AER Retailer Authorisation Guideline* [version 2], 2014.

1.6 Scope of the report

The scope of the SEQ market monitoring report for 2021–22 is determined by the Minister's direction notice. Our report provides information on:

- the SEQ retail electricity market, including which retailers provided offers to small customers in SEQ (chapter 1)
- annual bills for a typical SEQ customer in 2021–22 as well as a longer-term bill analysis (chapter 2); bills of each quarter of 2021–22, by retailer, are provided in appendix A
- discounts, savings and incentives (chapter 3)
- retail fees (chapter 4)
- trends in weighted bills since 2015–16 (chapter 5)
- customers receiving assistance with electricity bills (chapter 6)
- new types of retail tariff structures and retail electricity plans (chapter 7)
- the competitiveness of the SEQ retail electricity market (chapter 8)
- significant issues that emerged in the market (chapter 9).

The report includes a separate document with appendices covering, among other issues, the assumptions we made to calculate annual bills, and additional information on customers receiving assistance with their bills.

Our fact sheets summarise the insights of this report and can help customers to understand the key findings.[16]

[16] QCA, *Market monitoring report 2021–22*, QCA website, 2022.

2 ANNUAL BILLS

Key findings

We analysed standing and market offer bills for the typical SEQ customer, based on the plans available on Energy Made Easy and found the following:

- Market offer prices increased in 2021–22. Some retailers had market offers available in the June quarter of 2022 that resulted in a lower bill for the typical SEQ customer than the cheapest plan they had available a year earlier. However, the average lowest market offer bill increased between the June quarters of 2021 and 2022 for most of the tariffs and tariff combinations that we cover in this report:
  - For residential customers, the average lowest market offer bill increased between 1.9% and 2.7%.
  - For small business flat rate customers, the average lowest market offer bill increased by 0.5%, while it decreased by 0.3% for small business time of use customers.

  The main cause of this increase was the significant rise in wholesale electricity prices during 2021–22, which started to flow through to retail prices.
- The cheapest market offer for each tariff and tariff combination had either a guaranteed discount or a financial incentive attached to it in the June quarter of 2022. However, some of the cheapest plans had eligibility criteria attached or there were conditions to obtaining the incentive (such as signing up online).
- Default market offer (DMO) prices are set by the Australian Energy Regulator (AER) on an annual basis and act as a cap on standing offer prices. The average standing offer bill decreased considerably in the September quarters of 2019, 2020 and 2021 as the new DMO prices were applied, and hardly changed during the rest of each financial year.
- Standing offer bills were generally higher than market offer bills from 2015–16 to 2020–21. However, this was not always the case in 2021–22. As wholesale electricity costs increased, some retailers increased the prices of their market offers—in some cases substantially. Standing offer prices, on the other hand, did not rise as wholesale costs increased, provided that a DMO was in place for that tariff or tariff combination.

2.1 QCA methodology

2.1.1 Most common tariffs and tariff combinations

Although retailers have generally continued to offer similar types of tariffs that were available before deregulation, the distinction between network and retail tariffs has become increasingly important as the SEQ retail electricity market continues to develop.

Network tariffs

Almost all SEQ residential customers (over 99%) were on one of the following network tariffs and tariff combinations:

- a flat rate tariff
- a combination of a flat rate tariff and a controlled load super economy tariff
- a combination of a flat rate tariff and a controlled load economy tariff.

Most SEQ small business customers (over 83%) were on one of the following network tariffs and tariff combinations:

- a flat rate tariff
- a time of use tariff.[17]

Retail tariffs

Retail tariffs available across the National Electricity Market (NEM) include block, time of use, demand, fixed payment and subscription tariffs, as well as tariffs that pass through wholesale market spot prices. Data on the number of customers on specific plans, and the individual retail tariff that applies to them, is not generally available.[18] While there is clearly a relationship between network and retail tariffs, retailers do not have to pass through the network tariff structure that their customers are on.

A retailer's offer to customers is not only shaped by the structure of its costs, of which network costs are one input, but also by demand and the nature of competition. For example, a retailer may offer a simple fixed payment or tariff-based plan that has a differently structured distribution network tariff associated with it. In such a case, the retailer manages the risk associated with the mismatch between distribution network charges and the customer's retail offer in a similar way as the retailer manages the wholesale market risk for the customer.[19]

2.1.2 Typical SEQ customer

2.1.3 Median consumption

We used the same methodology for this report as in previous years—that is, we calculated prices as an annual bill, including goods and services tax (GST), for a customer with a median consumption level—the 'typical SEQ customer'.[20] Table 2 shows the median annual consumption levels of small customers (in kilowatt hours (kWh)). We used these consumption levels to calculate annual bills based on the information we obtained from Energy Made Easy on each standing and generally available market offer for SEQ customers—including (fixed) supply and (variable) usage charges—in each quarter of 2021–22.[21]

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[17] QCA analysis based on the latest data provided by Energex (unpublished). These were also the most common tariffs and tariff combinations that we reported on in our five previous annual market monitoring reports.

[18] The Australian Energy Market Commission (AEMC) highlighted that the lack of data on customers on individual retail tariffs restricts policy-makers' ability to assess whether retail competition, and specific practices and elements of retail competition, are working in the long-term interest of consumers (AEMC, *2019 Retail Energy Competition Review* [final report], 2019, p 54).

[19] AEMC, *2019 Retail Energy Competition Review* [final report], 2019, pp 58–61.

[20] We used the median consumption, rather than the average consumption, when calculating bills. While averages are easy to calculate and interpret, they can be heavily influenced and skewed by a number of high or low values. For example, the average consumption may increase substantially if a few customers have an unusually large consumption during the year. However, this increase in the average consumption will not be representative of the actual consumption of the typical customer. The median, on the other hand, is not influenced by individual 'outliers' (high or low values). In terms of consumption, it is the consumption of the 'middle' (median) customer on a particular tariff, where half of all other customers use less electricity than this customer, and half use more. We consider that the median customer more closely represents the typical SEQ customer.

[21] The bills do not include the $200 rebate that over 2 million households received in 2020 as part of the Queensland Government's covid-19 economic relief package (Queensland Government, *COVID-19 household utility relief*, Queensland Government website, updated 26 March 2021, viewed 11 March 2022), nor do they include the $50 asset ownership dividend that has been automatically credited to residential customers' bills once a year since 2018 and twice in 2020 (Queensland Government, *Electricity asset ownership dividend*, Queensland Government website, updated 21 February 2022, viewed 18 May 2022). Appendix B (section B.1) provides more details on the plans included in our analysis. The median consumption of SEQ customers changes over time. In our previous market monitoring reports, we based our bill calculations on the latest median consumption data available at the time. Although median consumption levels have not changed significantly since we commenced monitoring the market, we have recalculated all the bills from 2015–16 to 2020–21 with the latest median consumption data (table 2). This allows a direct comparison with the bills in 2021–22 and a comparison of how the bills have changed over time (sections 2.2.4, 2.3.4, 2.4.4, 2.5.4, 2.6.4 and appendix C).

Table 2 Median annual consumption—most common tariffs and tariff combinations

Customer type	*Tariff / tariff combination*	*Median consumption per year (kWh)*
Residential	Flat rate (tariff 11 / T8400)	4,144
	Flat rate (tariff 11 / T8400) + Controlled load super economy[a] (tariff 31 / T9000)	5,666
	Flat rate (tariff 11 / T8400) + Controlled load economy[b] (tariff 33 / T9100)	5,574
Small business	Flat rate (tariff 20 / T8500)	4,465
	Time of use (tariff 22 / T8800)	11,544

a Controlled load super economy is permanently available for a minimum of 8 hours per day, during time periods set at the absolute discretion of Energex.
b Controlled load economy is permanently available for a minimum of 18 hours per day, during time periods set at the absolute discretion of Energex.
Note: The parts in brackets indicate the retail tariff, followed by the underlying network tariff.
Sources: Energex, Energex Network Tariff Guide, 1 July 2021 to 30 June 2022, 2021, p 25; Energex, unpublished median consumption data for 2020–21.

As the bills in this report are calculated based on retailers' plans available on Energy Made Easy in 2021–22, they do not reflect the *actual* electricity bills customers in SEQ paid during 2021–22. Individual customers may still be on older plans that were published in previous years and their consumption may also have differed from the median consumption in Table 2.

Consumption is likely to be higher for residential customers who worked from home more often, and lower for small business customers that adjusted the way they operate due to covid-19. We note that small business consumption is lower than in previous years. The AER acknowledged that lockdown measures may continue to be employed to stop the spread of covid-19, and that even without further lockdowns, it is unlikely to see a full return to previous consumption trends as home-based work becomes standard practice for some people.[22]

Residential versus small business consumption

Small customers are defined by the National Energy Retail Law (NERL) as those consuming less than 100 MWh of electricity per year.[23] However, in terms of consumption levels and patterns, small business customers are more diverse than residential customers. The type of business can have a material impact on consumption too. For example, a small office-based business operating during standard business hours will have a different consumption level and pattern to a restaurant that is open seven days a week with peak operating hours during the evening.[24]

[22] AER, *Default Market Offer prices—Options Paper on the methodology to be adopted for the 2022–23 determination (and subsequent years)*, 2021, p 65. In addition, we note that, at the network level, small business basic meter customers consuming more than 20 MWh per year were reassigned from the small business flat rate tariff (tariff 8500) to the small business wide inclining fixed tariff (tariff 6000) from 1 July 2020.

[23] NERL, section 5; National Energy Retail Regulations, section 7. Some jurisdictions have set different consumption thresholds from that specified in the NERL. For example, small electricity customers in South Australia are those consuming less than 160 MWh per year, while in Tasmania the threshold is 150 MWh per year (AER, *State of the energy market 2021*, 2021, p 243).

[24] ACCC, *Restoring electricity affordability and Australia's competitive advantage* [final report], 2018, pp 337–338; Energy Consumers Australia, *Analysis of small business retail energy bills in Australia* [final report, prepared by Alviss Consulting, with Energy Consumers Australia], December 2021, p 5. The AER used a substantially higher annual usage of 20,000 kWh for small business flat rate customers in its default market offer determinations for 2019–20, 2020–21 and 2021–22. In its 2022–23 determination, the AER decided to adopt a 10,000 kWh benchmark for small business customers, as it considered this benchmark to be more representative than the previous benchmark of 20,000 kWh per year (AER, *Default market offer prices 2022–23* [final determination], 2022, pp 2, 51).

2.1.4 Identification of controlled load tariffs

Some retailers published residential plans with controlled load tariffs on Energy Made Easy in the past few years that did not clearly specify whether the controlled load tariff was economy or super economy. In those cases, we generally included the controlled load plans in our bill calculations for both the residential flat rate with controlled load economy and super economy tariff combinations.[25]

We consider that the prevalence of controlled load plans without a clear economy or super economy designation suggests that retailers are increasingly likely to charge the same price for economy and super economy controlled load. We discussed in our previous market monitoring reports how prices on the economy and super economy controlled load tariffs had converged in recent years, and particularly since the default market offer (DMO) was introduced in July 2019.[26]

Although there are two separate controlled load tariffs commonly used by residential customers in SEQ, the AER only sets one DMO annual price for the residential with controlled load tariff in SEQ. EnergyAustralia had submitted (to the AER) that a single DMO for controlled load would require retailers to allocate peak usage rates across a fixed amount of consumption, and would therefore have the unintended consequence of flattening both controlled loads into a single price, which in turn would remove any intended pricing signal.[27]

We also note that retailers did not apply a consistent approach to publishing plans with controlled load tariffs on Energy Made Easy and used different terms to describe the controlled load tariffs of their plans.[28] In our view, there are opportunities to make definitions and explanatory text clearer with respect to which controlled load tariff applies. This would assist SEQ customers to understand and compare plans with one or more controlled load tariffs.

2.1.5 Bills for each quarter, consolidated findings and longer-term trends

In this chapter, we present our consolidated findings for 2021–22 and provide a longer-term bill analysis. We assess the bills in the June quarter of 2022 and compare them to the bills in the June quarter of 2021 to assess how the bills changed within a year. We also compare and assess the bills in each quarter of 2021–22 against the trends since 2015–16 to put the recent bills into a longer-term context. Detailed tables with bills for each quarter of 2021–22, and for each retailer, are included in appendix A. All bill values have been rounded to the next dollar.

2.1.6 Datasets

For stakeholders seeking more detail and/or wishing to calculate bills based on different consumption levels (such as for small business tariffs), datasets with the plans we used in our analysis are available on request. Table 3shows how stakeholders can calculate annual bills.

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[25] In our market monitoring report for 2019–20, we noted that GloBird Energy published flat rate with controlled load plans on Energy Made Easy for the first time in the June quarter of 2020. As we could not clearly identify the tariff combination based on information available on Energy Made Easy, we excluded these plans from our analysis of residential with controlled load economy and super economy plans (QCA, *SEQ retail electricity market monitoring 2019–20*, 2020, pp 13, 17).

[26] This trend became apparent when we calculated bills for both controlled load tariffs with the same (DMO) consumption level from 2015–16 to 2021–22. As the bills for residential flat rate plans with a controlled load tariff are based on the median consumption of the typical SEQ customer, which is different for the two controlled load tariffs, the graphs in chapter 2 do not reveal this convergence of prices to the same extent as using the DMO consumption level (see also QCA, *SEQ retail electricity market monitoring 2019–20*, 2020, pp 163–164; QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, p 10).

[27] EnergyAustralia, submission to the AER, *Default Market Offer Prices 2019–20* [draft determination], 20 March 2019, p 5; EnergyAustralia, submission to the AER, *Default Market Offer Prices 2020–21* [draft determination], 13 March 2020, p 9.

[28] In appendix B (section B.6), we document the various ways in which retailers have described their controlled load tariffs on Energy Made Easy on plans for SEQ customers.

Table 3 Calculation of annual bills

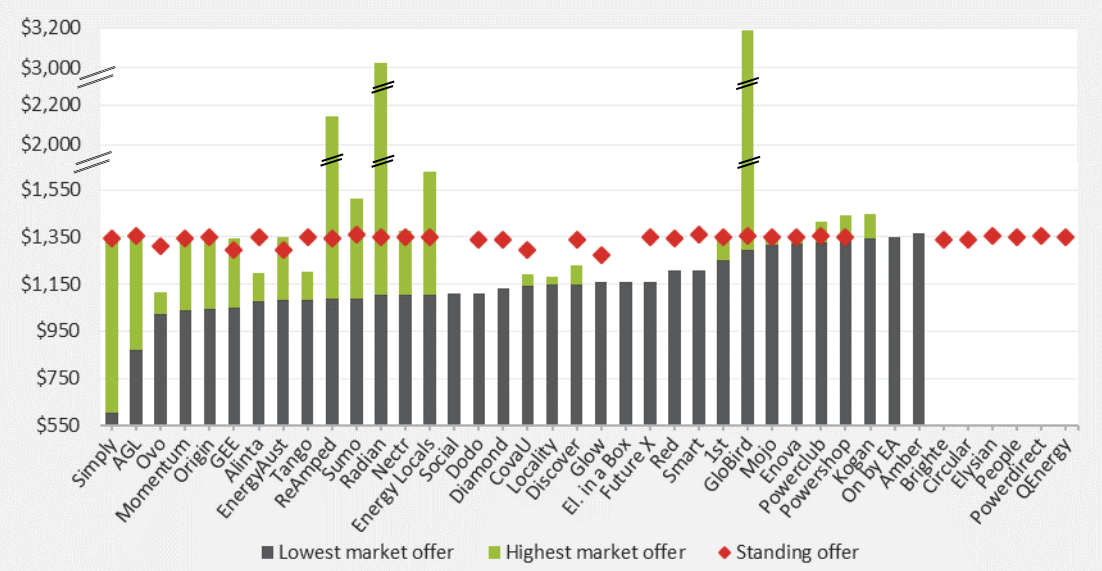
Supply costs	+	Cost of electricity consumed	+	Recurring fees	−	Incentives and discounts	+	GST
daily supply charge × 365.25 days		usage charge × customer's annual consumption level		where applicable		where applicable		10%

2.2 Residential flat rate offers

2.2.1 Bills in June quarter 2022

In the June quarter of 2022, 40 retailers had plans for the residential flat rate tariff on Energy Made Easy—and of these retailers, 34 had a standing offer and 34 had at least one market offer. Figure 1 shows the bills, by retailer, for a typical SEQ customer.

Figure 1 Annual bills for a typical SEQ residential flat rate customer, June quarter 2022



Notes: Retailers are arranged according to their lowest market offer bill (in ascending order). Not every retailer had both standing and market offers. A table with detailed bills, by retailer, is included in appendix A (section A.2.4). The axis has been broken twice to include retailers with substantially larger bills.
Sources: Energy Made Easy; QCA analysis.

With a few exceptions, market offer bills were lower than standing offer bills. In the June quarter of 2022, for a typical SEQ customer on a residential flat rate tariff:

- standing offer bills ranged from $1,276 (Glow Power) to $1,362 (Sumo Power)
- market offer bills ranged from $605 (Simply Energy) to $3,187 (GloBird Energy).

Simply Energy's QLD Simply VPP BYO 15% off elec plans, which resulted in the lowest market offer bill, had a guaranteed 15% discount off the bill attached, and a $300 credit was applied to the first bill. In addition, customers received a Virtual Power Plant (VPP) community credit of approximately $20 per month. However, customers were required to have a solar PV system (with a minimum 3kW inverter size) and an energy storage system on Simply Energy's list of eligible systems installed at their premises. Customers also had to have an available, continuous and reliable internet connection to which their energy storage system was connected (excluding satellite NBN and 3G/4G internet connections).[29]

[29] Simply Energy also had QLD Simply New VPP 15% off elec plans available in the March and June quarters of 2022, which resulted in a negative annual bill of –$855 with the inclusion of a new battery subsidy of $2,000 that was attached as an incentive (incl

The lowest market offer that did not require customers to make any upfront investments was AGL's Value Saver (Westpac Customers)—New AGL Customers Only plan ($872), which was available to Westpac credit or debit customers 'where AGL operates in Metro areas only'. Customers had to receive bills and other account-related communications via email. The plan had two incentives attached—a bonus $150 digital Mastercard if customers remained with AGL for at least 30 days from sign-up, and a $75 sign-up credit that appeared on the first bill.

Some retailers had residential flat rate market offers available in the June quarter of 2022 that resulted in substantially higher bills than those in previous years. The main reason for this increase was the significant increase in wholesale electricity prices during 2021–22, which started to flow through to retail prices paid by consumers. However, not all retailers were impacted in the same way and at the same time due to their different risk management approaches and exposures to the spot wholesale electricity market. Standing offer prices, on the other hand, did not see the same increase, as the price retailers can charge standing offer customers is capped by the DMO.

2.2.2 Change from June quarter 2021 to June quarter 2022

2.2.3 Increase in number of retailers

From the June quarter of 2021 to the June quarter of 2022, the number of retailers with plans for residential flat rate customers increased by 2, to 40. In the June quarter of 2021, 38 retailers had plans for residential flat rate customers on Energy Made Easy—and of these, 31 had a standing offer and 34 had at least one market offer.[30] We note that 3 more retailers (34) had a standing offer available in the June quarter of 2022, and 34 retailers had at least one generally available market offer for SEQ customers—the same number of retailers as in the June quarter of 2021.

Increase in lowest market offer bill

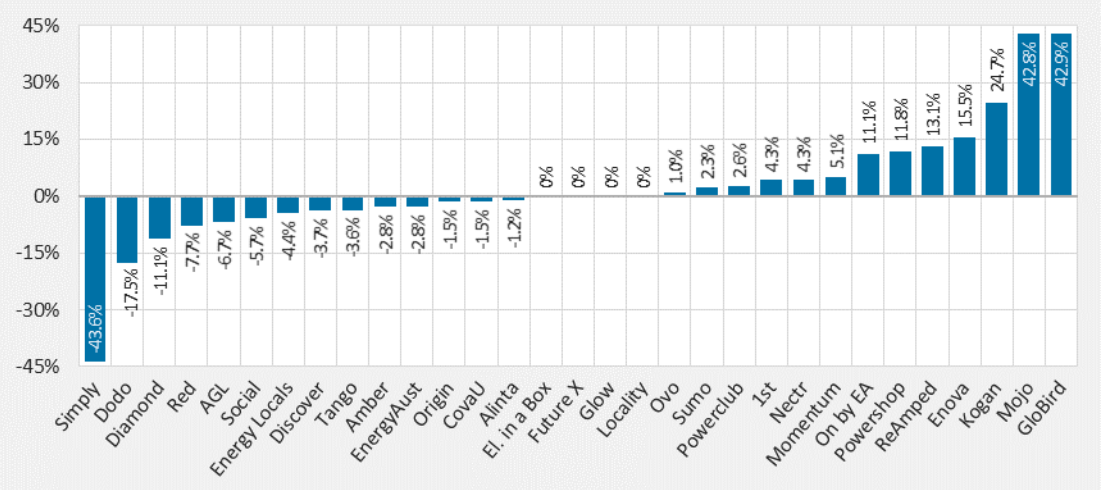
The average lowest market offer bill increased by 1.9% from the June quarter of 2021 ($1,124) to the June quarter of 2022 ($1,146), based on the plans retailers had available for residential flat rate customers in those two quarters.[31] Nonetheless, some retailers had cheaper market offers available in the June quarter of 2022 than a year before. Figure 2 shows the percentage change in each retailer's lowest residential flat rate market offer bill from the June quarter of 2021 to the June quarter of 2022.

GST, applied to the first bill, or after Simply Energy received the required energy storage system information, whichever was later). We excluded these plans from our analysis, as the inclusion of plans with negative bills would have substantially distorted our average bill calculations and our analysis of prices that were 'generally available' to the typical SEQ customer. We understand that these plans were only available to customers who made a significant upfront investment by installing a Tesla Powerwall (for more information, see Simply Energy, *Virtual Power Plant Energy Plan*, Simply Energy website, n.d., viewed 26 August 2022).

[30] QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, p 11.

[31] We have recalculated the bill values from the previous year with the consumption level in table 2 to allow a direct comparison. Changes in retailers' lowest market offer bills from quarter to quarter during 2021–22 are shown in appendix A (section A.2.5).

Figure 2 Change in lowest market offer bill for SEQ residential flat rate customers, by retailer, June quarter 2021 to June quarter 2022



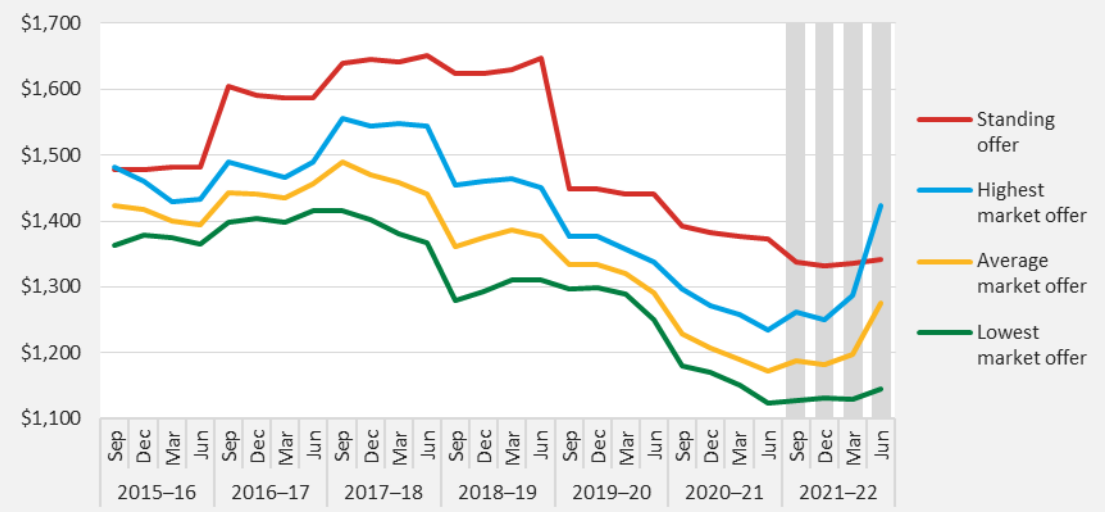
Note: Not every retailer had market offers in both quarters—3 retailers did not have any in the June quarter of 2021, and 3 retailers did not have any in the June quarter of 2022.
Sources: Energy Made Easy; QCA analysis.

Residential flat rate customers on a standing offer could generally have reduced their bill by switching to a market offer. As figure 2 shows, many customers on a market offer could have saved too, if they had switched to one of the cheaper market offers available in 2021–22. However, some of the lowest-priced market offers had eligibility criteria attached (such as Simply Energy's plans; see section 2.2.1), which means that those plans could not be accessed by all customers. Customers are advised to carefully check if a cheaper market offer has terms and conditions attached to accessing an incentive or a discount.

2.2.4 Longer-term trends

Figure 3 shows the trend in residential flat rate standing and generally available market offer bills between 2015–16 and 2021–22.

Figure 3 Average annual bills for a typical SEQ residential flat rate customer, 2015–16 to 2021–22



Notes: Annual bill for each quarter, based on median consumption of a residential flat rate customer (table 2). A table with bill values for each quarter is available in appendix C.
Sources: Energy Made Easy; QCA analysis.

The average market offer bill—for the typical SEQ customer—trended downwards following Alinta Energy's entry into the SEQ market in August 2017. However, this trend did not continue in 2021–22 as wholesale electricity costs increased substantially and started to translate into higher retail prices. In the past year (June quarter of 2021 to June quarter of 2022):

- the average highest market offer bill increased by 15.2%
- the average lowest market offer bill increased by 1.9%.

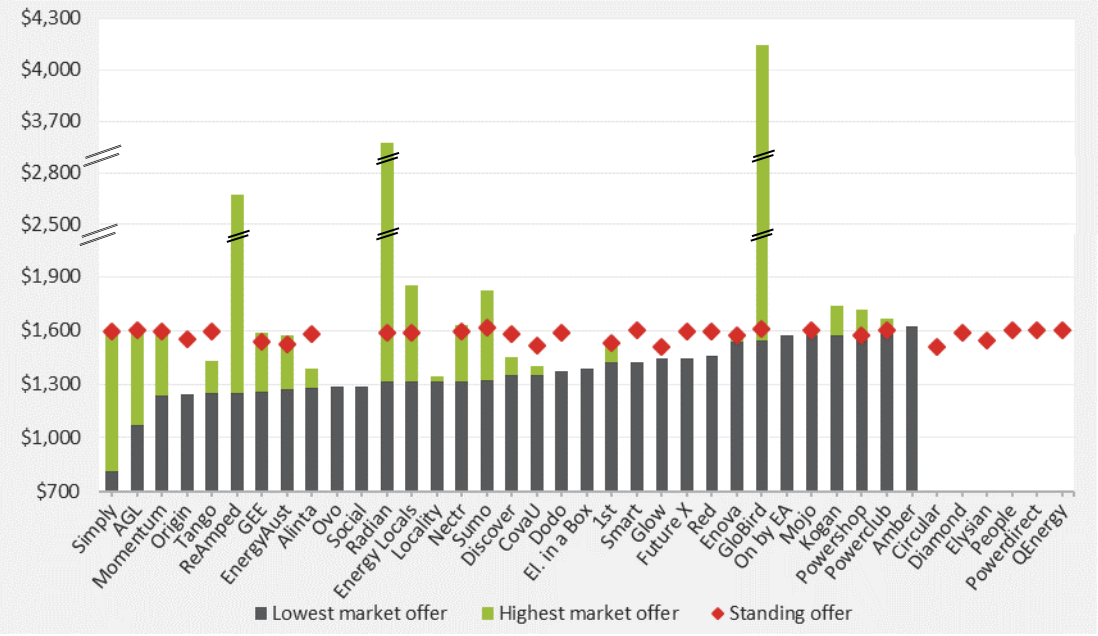
The average standing offer bill—for the typical SEQ customer—trended downwards following the introduction of the DMO on 1 July 2019. The average standing offer bill declined by 12.1% in the September quarter of 2019, and further decreases occurred in the September quarters of 2020 and 2021 after the DMO prices for 2020–21 and 2021–22 came into effect. During the remainder of each financial year, residential flat rate standing offer prices did not change much. As the DMO puts a cap on standing offer prices, the average standing offer bill did not rise in 2021–22 along with rising wholesale electricity costs.

2.3 Residential flat rate offers with controlled load super economy

2.3.1 Bills in June quarter 2022

In the June quarter of 2022, 39 retailers had plans on Energy Made Easy that combined a residential flat rate tariff with a controlled load super economy tariff—and of these retailers, 31 had a standing offer and 33 had at least one market offer. Figure 4 shows the bills, by retailer, for a typical SEQ customer.

Figure 4 Annual bills for a typical SEQ residential flat rate with controlled load super economy customer, June quarter 2022



Notes: Retailers are arranged according to their lowest market offer bill (in ascending order). Not every retailer had both standing and market offers. A table with detailed bills, by retailer, is included in appendix A (section A.3.4). The axis has been broken twice to include retailers with substantially larger bills.
Sources: Energy Made Easy; QCA analysis.

With a few exceptions, market offer bills were lower than standing offer bills. In the June quarter of 2022, for a typical SEQ customer on this tariff combination:

- standing offer bills ranged from $1,509 (Circular Energy) to $1,611 (Sumo Power)
- market offer bills ranged from $814 (Simply Energy) to $4,144 (GloBird Energy).

Simply Energy's QLD Simply VPP BYO 15% off elec plans, which resulted in the lowest market offer bill, had a guaranteed 15% discount off the bill attached as well as a $300 credit that was applied to the first bill. In addition, customers received a VPP community credit of approximately $20 per month. However, customers were required to have a solar PV system (with a minimum 3kW inverter size) as well as an energy storage system on Simply Energy's list of eligible systems installed at their premises. Customers also required an available, continuous and reliable internet connection to which their energy storage system was connected (excluding satellite NBN and 3G/4G internet connections).[32]

The lowest market offer that did not require customers to make any upfront investments was AGL's Value Saver (Westpac Customers)—New AGL Customers Only plan ($1,073), which was available to Westpac credit or debit customers 'where AGL operates in Metro areas only'. Customers had to receive bills and other account-related communications via email. The plan had two incentives attached—a bonus $150 digital Mastercard if customers remained with AGL for at least 30 days from sign-up, and a $75 sign-up credit that appeared on the first bill.

Some retailers had market offers for residential flat rate with controlled load super economy customers available in the June quarter of 2022 that resulted in substantially higher bills than those in previous years. The main reason for this increase was the significant increase in wholesale electricity prices during 2021–22, which started to flow through to retail prices. However, not all retailers were impacted in the same way and at the same time, due to their different risk management approaches and exposures to the spot market. Standing offer prices, on the other hand, did not see the same increase, as the price retailers can charge standing offer customers is capped by the DMO.

2.3.2 Change from June quarter 2021 to June quarter 2022

2.3.3 Increase in number of retailers

From the June quarter of 2021 to the June quarter of 2022, the number of retailers with plans for customers on this tariff combination increased by 3, to 39. In the June quarter of 2021, 36 retailers had plans on Energy Made Easy for customers on this tariff combination—and of these, 27 had a standing offer and 31 had at least one market offer.[33] We note that 4 more retailers (31) had a standing offer available in the June quarter of 2022, and 33 retailers had at least one generally available market offer for SEQ customers—2 more than in the June quarter of 2021.

Increase in lowest market offer bill

The average lowest market offer bill increased by 2.7% from the June quarter of 2021 ($1,329) to the June quarter of 2022 ($1,365), based on the plans retailers had available for residential flat rate with controlled load super economy customers in those two quarters.[34] Nonetheless, some

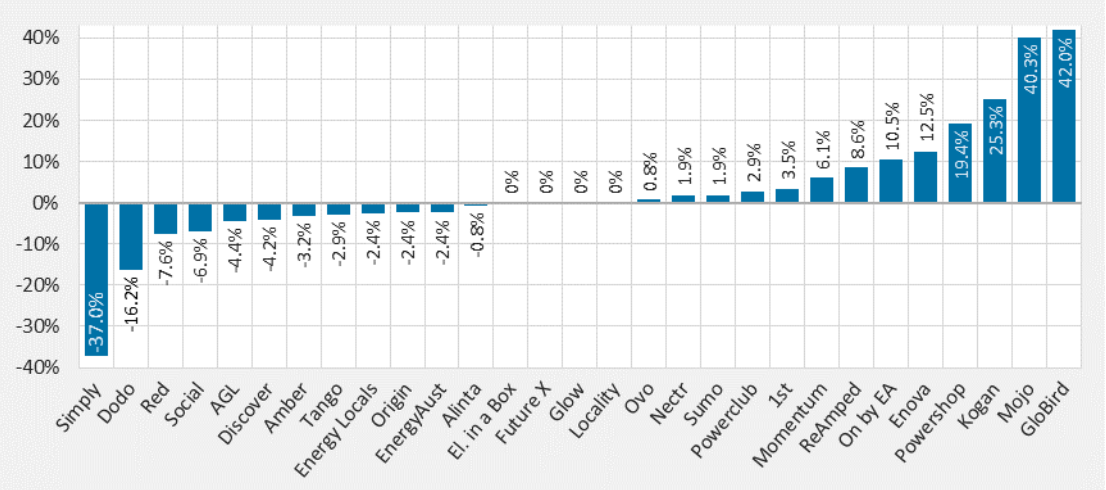
[32] Simply Energy also had QLD Simply New VPP 15% off elec plans available in the March and June quarters of 2022 that resulted in a negative annual bill of –$646 with the inclusion of a new battery subsidy of $2,000 that was attached as an incentive (incl GST, applied to the first bill, or after Simply Energy received the required energy storage system information, whichever was later). We excluded these plans from our analysis as the inclusion of plans with negative bills would have substantially distorted our average bill calculations and our analysis of prices that were 'generally available' to the typical SEQ customer. We understand that these plans were only available to customers who made a significant up-front investment by installing a Tesla Powerwall (see Simply Energy, *Virtual Power Plant Energy Plan*, Simply Energy website, n.d., viewed 26 August 2022).

[33] QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, p 13.

[34] We have recalculated the bill values from the previous year with the consumption level in table 2 to allow a direct comparison. Changes in retailers' lowest market offer bills from quarter to quarter during 2021–22 are shown in appendix A (section A.3.5).

retailers had cheaper market offers available in the June quarter of 2022 than a year before. Figure 5 shows the percentage change in each retailer's lowest market offer bill for this tariff combination from the June quarter of 2021 to the June quarter of 2022.

Figure 5 Change in lowest market offer bill for SEQ residential flat rate with controlled load super economy customers, by retailer, June quarter 2021 to June quarter 2022



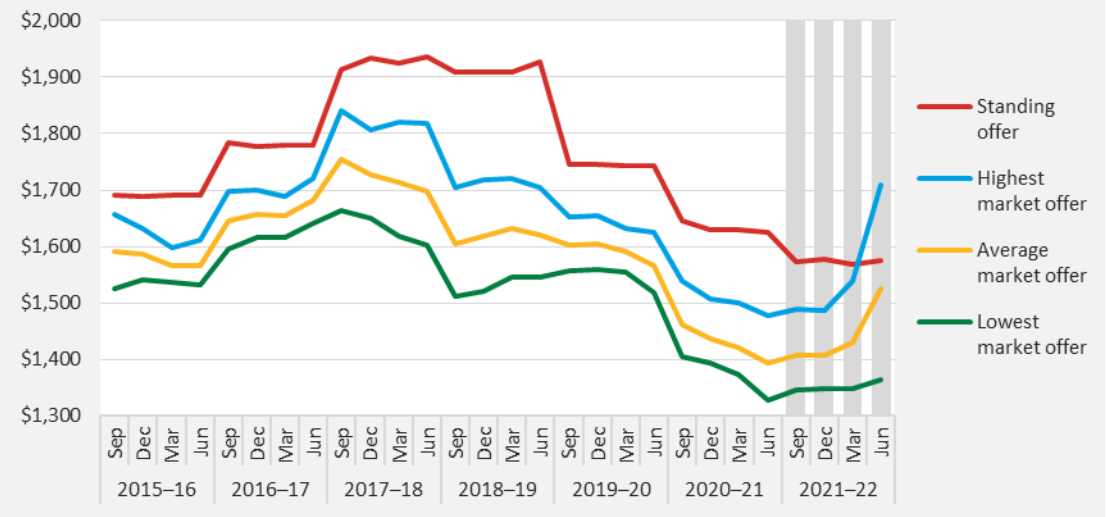
Note: Not every retailer had market offers in both quarters—4 retailers did not have any in the June quarter of 2021, and 2 retailers did not have any in the June quarter of 2022.
Sources: Energy Made Easy; QCA analysis.

Residential flat rate with controlled load super economy customers on a standing offer could generally have reduced their bill by switching to a market offer. As figure 5 shows, many customers on a market offer could have saved too, if they had switched to one of the cheaper market offers available in 2021–22. However, some of the lowest-priced market offers had eligibility criteria attached (such as Simply Energy; see section 2.3.1), which means that those plans could not be accessed by all customers. Customers are advised to carefully check if a cheaper market offer has terms and conditions attached to accessing an incentive or a discount.

2.3.4 Longer-term trends

Figure 6 shows the trend in residential flat rate with controlled load super economy standing and generally available market offer bills between 2015–16 and 2021–22.

Figure 6 Average annual bills for a typical SEQ residential flat rate with controlled load super economy customer, 2015–16 to 2021–22



Notes: Annual bill for each quarter, based on median consumption of a residential flat rate with controlled load super economy customer (table 2). A table with bill values for each quarter is available in appendix C.
Sources: Energy Made Easy; QCA analysis.

The average market offer bill—for the typical SEQ customer—trended downwards following Alinta Energy's entry into the SEQ market in August 2017. However, this trend did not continue in 2021–22 as wholesale electricity costs increased substantially and started to translate into higher retail prices. In the past year (June quarter of 2021 to June quarter of 2022):

- the average highest market offer bill increased by 15.7%
- the average lowest market offer bill increased by 2.7%.

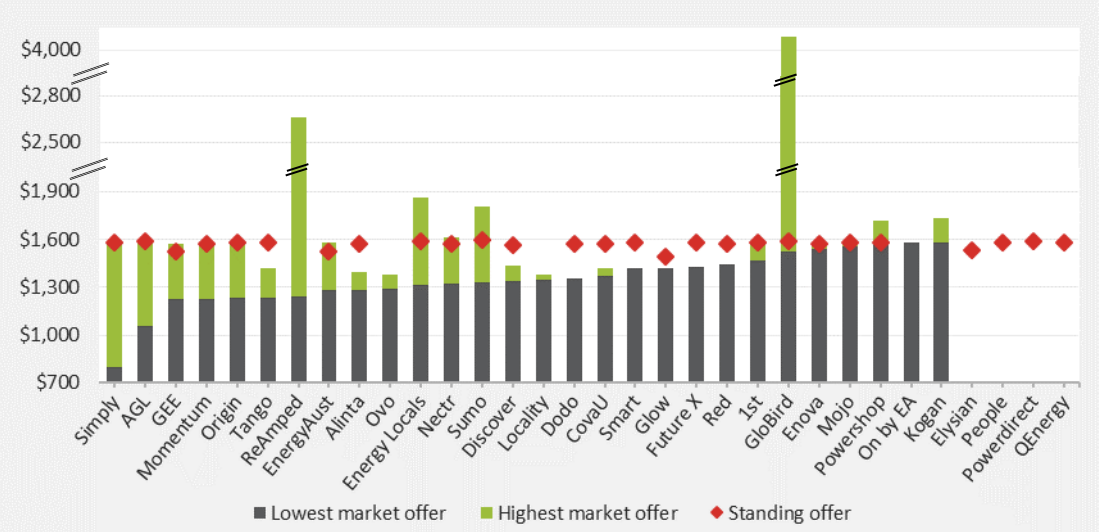
The average standing offer bill—for the typical SEQ customer—trended downwards following the introduction of the DMO on 1 July 2019. The average standing offer bill declined by 9.5% in the September quarter of 2019, and further decreases occurred in the September quarters of 2020 and 2021 after the DMO prices for 2020–21 and 2021–22 came into effect. During the remainder of each financial year, there was not much change in standing offer prices. As the DMO puts a cap on standing offer prices, the average standing offer bill did not rise in 2021–22 along with rising wholesale electricity costs.

2.4 Residential flat rate offers with controlled load economy

2.4.1 Bills in June quarter 2022

In the June quarter of 2022, 32 retailers had plans on Energy Made Easy that combined a residential flat rate tariff with a controlled load economy tariff—and of these retailers, 27 had a standing offer and 28 had at least one market offer. Figure 7 shows the bills, by retailer, for a typical SEQ customer.

Figure 7 Annual bills for a typical SEQ residential flat rate with controlled load economy customer, June quarter 2022



Notes: Retailers are arranged according to their lowest market offer bill (in ascending order). Not every retailer had both standing and market offers. A table with detailed bills, by retailer, is included in appendix A (section A.4.4). The axis has been broken twice to include retailers with substantially larger bills.
Sources: Energy Made Easy; QCA analysis.

With a few exceptions, market offer bills were lower than standing offer bills. In the June quarter of 2022, for a typical SEQ customer on this tariff combination:

- standing offer bills ranged from $1,494 (Glow Power) to $1,598 (Sumo Power)
- market offer bills ranged from $800 (Simply Energy) to $4,085 (GloBird Energy).

Simply Energy's QLD Simply VPP BYO 15% off elec plans, which resulted in the lowest market offer bill, had a guaranteed 15% discount off the bill attached as well as a $300 credit that was applied to the first bill. In addition, customers received a VPP community credit of approximately $20 per month. However, customers were required to have a solar PV system (with a minimum 3kW inverter size) as well as an energy storage system on Simply Energy's list of eligible systems installed at their premises. Customers also had to have an available, continuous and reliable internet connection to which their energy storage system was connected (excluding satellite NBN and 3G/4G internet connections).[35]

The lowest market offer that did not require customers to make any up-front investments was AGL's Value Saver (Westpac Customers)—New AGL Customers Only plan ($1,060), which was available to Westpac credit or debit customers 'where AGL operates in Metro areas only'. Customers had to receive bills and other account-related communications via email. The plan had two incentives attached—a bonus $150 digital Mastercard if customers remained with AGL for at least 30 days from sign-up, and a $75 sign-up credit that appeared on the first bill.

Some retailers had market offers for residential flat rate with controlled load economy customers available in the June quarter of 2022 that resulted in substantially higher bills than those in

[35] Simply Energy also had QLD Simply New VPP 15% off elec plans available in the March and June quarters of 2022 that resulted in a negative annual bill of –$660 with the inclusion of a new battery subsidy of $2,000 that was attached as an incentive (incl GST, applied to the first bill, or after Simply Energy received the required energy storage system information, whichever was later). We excluded these plans from our analysis as the inclusion of plans with negative bills would have substantially distorted our average bill calculations and our analysis of prices that were 'generally available' to the typical SEQ customer. We understand that these plans were only available to customers who made a significant up-front investment by installing a Tesla Powerwall (see Simply Energy, *Virtual Power Plant Energy Plan*, Simply Energy website, n.d., viewed 26 August 2022).

previous years. The main reason for this increase was the significant increase in wholesale electricity prices during 2021–22, which started to flow through to retail prices. However, not all retailers were impacted in the same way and at the same time, due to their different risk management approaches and exposures to the spot wholesale electricity market. Standing offer prices, on the other hand, did not see the same increase as the price retailers can charge standing offer customers is capped by the DMO.

2.4.2 Change from June quarter 2021 to June quarter 2022

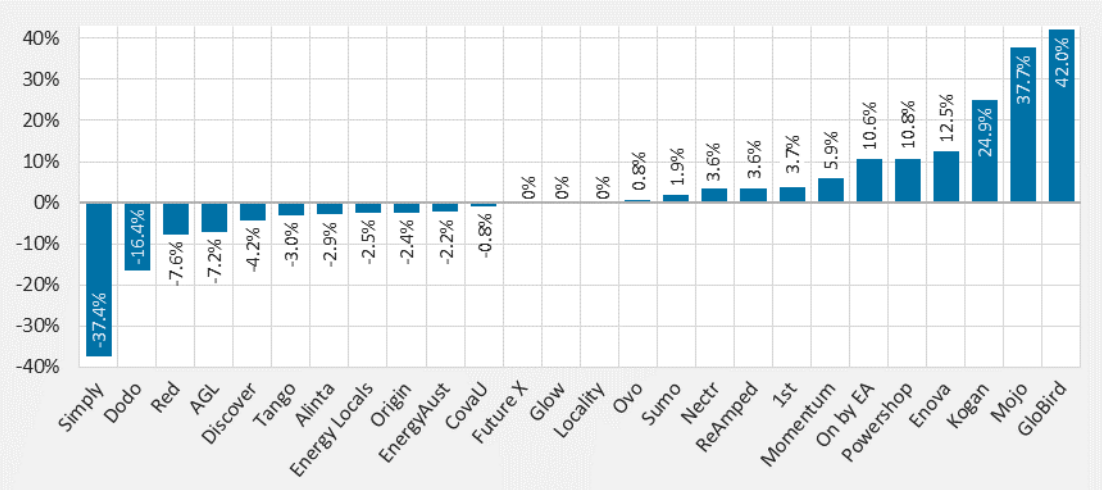
2.4.3 Same number of retailers

From the June quarter of 2021 to the June quarter of 2022, the number of retailers with plans for customers on this tariff combination remained the same at 32. In the June quarter of 2021, 32 retailers had plans on Energy Made Easy for customers on this tariff combination—and of these, 23 had a standing offer and 29 had at least one market offer.[36] We note that 4 more retailers (27) had a standing offer available in the June quarter of 2022, and 28 retailers had at least one generally available market offer for SEQ customers—1 less than in the June quarter of 2021.

Increase in lowest market offer bill

The average lowest market offer bill increased by 2.6% from the June quarter of 2021 ($1,316) to the June quarter of 2022 ($1,350) based on the plans retailers had available for residential flat rate with controlled load economy customers in those two quarters.[37] Nonetheless, some retailers had cheaper market offers available in the June quarter of 2022 than a year before. Figure 8 shows the percentage change in each retailer's lowest market offer bill for this tariff combination from the June quarter of 2021 to the June quarter of 2022.

Figure 8 Change in lowest market offer bill for SEQ residential flat rate with controlled load economy customers, by retailer, June quarter 2021 to June quarter 2022



Note: Not every retailer had market offers in both quarters—2 retailers did not have any in the June quarter of 2021, and 3 retailers did not have any in the June quarter of 2022.
Sources: Energy Made Easy; QCA analysis.

Residential flat rate with controlled load economy customers on a standing offer could generally have reduced their bill by switching to a market offer. As figure 8 shows, many customers on a market offer could have saved too, if they had switched to one of the cheaper market offers

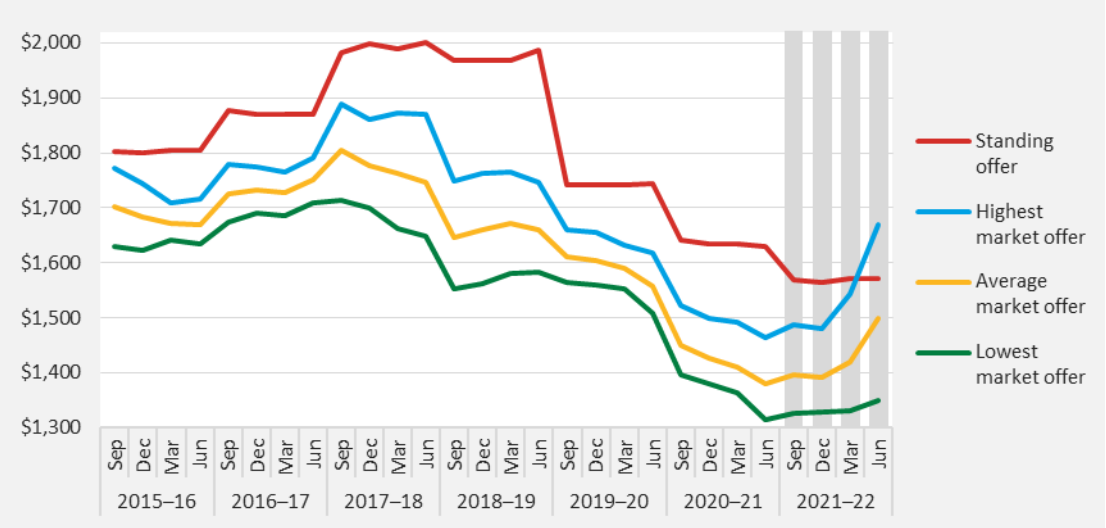
[36] QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, p 16.
[37] We have recalculated the bill values from the previous year with the consumption level in table 2 to allow a direct comparison. Changes in retailers' lowest market offer bills from quarter to quarter during 2021–22 are shown in appendix A (section A.4.5).

available in 2021–22. However, some of the lowest-priced market offers had eligibility criteria attached (such as Simply Energy; see section 2.4.1), which means that those plans could not be accessed by all customers. Customers are advised to carefully check if a cheaper market offer has terms and conditions attached to accessing an incentive or a discount.

2.4.4 Longer-term trends

Figure 9 shows the trend in residential flat rate with controlled load economy standing and generally available market offer bills between 2015–16 and 2021–22.

Figure 9 Average annual bills for a typical SEQ residential flat rate with controlled load economy customer, 2015–16 to 2021–22



Notes: Annual bill for each quarter, based on median consumption of a residential flat rate with controlled load economy customer (table 2). A table with bill values for each quarter is available in appendix C.
Sources: Energy Made Easy; QCA analysis.

The average market offer bill—for the typical SEQ customer—trended downwards following Alinta Energy's entry into the SEQ market in August 2017. However, this trend did not continue in 2021–22 as wholesale electricity costs increased substantially and started to translate into higher retail prices. In the past year (June quarter of 2021 to June quarter of 2022):

- the average highest market offer bill increased by 13.9%
- the average lowest market offer bill increased by 2.6%.

The average standing offer bill—for the typical SEQ customer—trended downwards following the introduction of the DMO on 1 July 2019. The average standing offer bill declined by 12.3% in the September quarter of 2019, and further decreases occurred in the September quarters of 2020 and 2021 after the DMO prices for 2020–21 and 2021–22 came into effect. During the remainder of each financial year, standing offer prices did not change much. As the DMO puts a cap on standing offer prices, the average standing offer bill did not rise in 2021–22 along with rising wholesale electricity costs.

2.5 Small business flat rate offers

2.5.1 Bills in June quarter 2022

In the June quarter of 2022, 33 retailers had small business flat rate plans on Energy Made Easy—and of these retailers, 27 had a standing offer and 29 had at least one market offer. Figure 10 shows the bills, by retailer, for a typical SEQ customer.

Figure 10 Annual bills for a typical SEQ small business flat rate customer, June quarter 2022

Notes: Retailers are arranged according to their lowest market offer bill (in ascending order). Not every retailer had both standing and market offers. A table with detailed bills, by retailer, is included in appendix A (section A.5.4). The axis has been broken to include retailers with substantially larger bills.
Sources: Energy Made Easy; QCA analysis.

Market offer bills were generally lower than standing offer bills. In the June quarter of 2022, for a typical SEQ customer on a small business flat rate tariff:

- standing offer bills ranged from $1,385 (Sumo Power) to $1,938 (ReAmped Energy)
- market offer bills ranged from $1,230 (Simply Energy) to $2,650 (Blue NRG).

Simply Energy's QLD Business Saver 22% off plan, which resulted in the lowest market offer bill, had a guaranteed discount of 22% off the bill attached. The plan had no eligibility criteria attached.

Some retailers had small business flat rate market offers available in the June quarter of 2022 that resulted in substantially higher bills than those in previous years. The main reason for this increase was the significant increase in wholesale electricity prices during 2021–22, which started to flow through to retail prices. However, not all retailers were impacted in the same way and at the same time due to their different risk management approaches and exposures to the spot wholesale electricity market. Standing offer prices, on the other hand, did not see the same increase as the price retailers can charge standing offer customers is capped by the DMO.

2.5.2 Change from June quarter 2021 to June quarter 2022

2.5.3 Increase in number of retailers

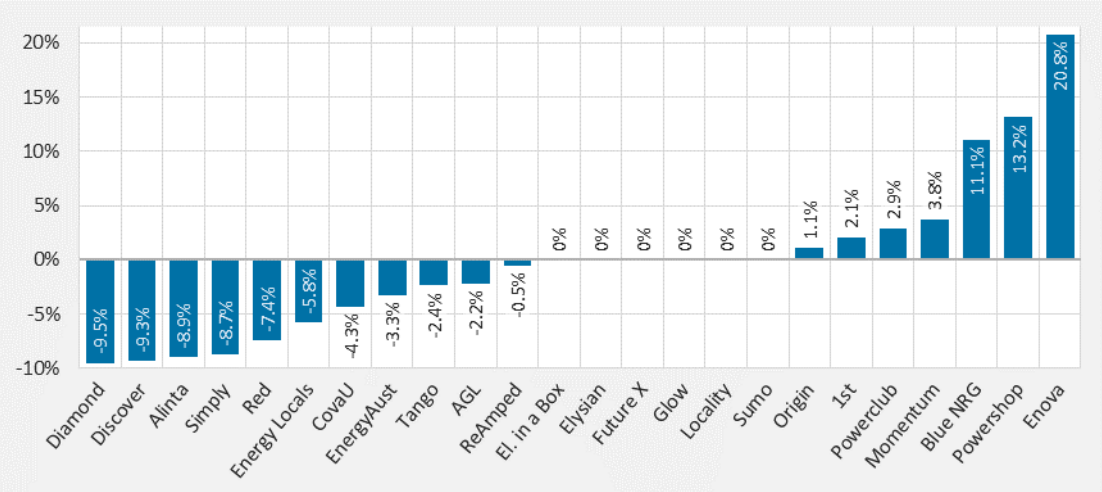
From the June quarter of 2021 to the June quarter of 2022, the number of retailers with small business flat rate plans increased by 2, to 33. In the June quarter of 2021, 31 retailers had small business flat rate plans on Energy Made Easy—and of these, 27 had a standing offer and 27 had at least one market offer.[38] The same number of retailers (27) had a standing offer available in the June quarter of 2022, and 29 retailers had at least one generally available market offer for SEQ customers—2 more than in the June quarter of 2021.

[38] QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, p 20.

Increase in lowest market offer bill

The average lowest market offer bill increased by 0.5% from the June quarter of 2021 ($1,406) to the June quarter of 2022 ($1,413), based on the plans retailers had available for small business flat rate customers in those two quarters.[39] Nonetheless, some retailers had cheaper market offers available in the June quarter of 2022 than a year before. Figure 11 shows the percentage change in each retailer's lowest market offer bill for customers on small business flat rate offers from the June quarter of 2021 to the June quarter of 2022.

Figure 11 Change in lowest market offer bill for SEQ small business flat rate customers, by retailer, June quarter 2021 to June quarter 2022



Note: Not every retailer had market offers in both quarters—5 retailers did not have any in the June quarter of 2021, and 3 retailers did not have any in the June quarter of 2022.
Sources: Energy Made Easy; QCA analysis.

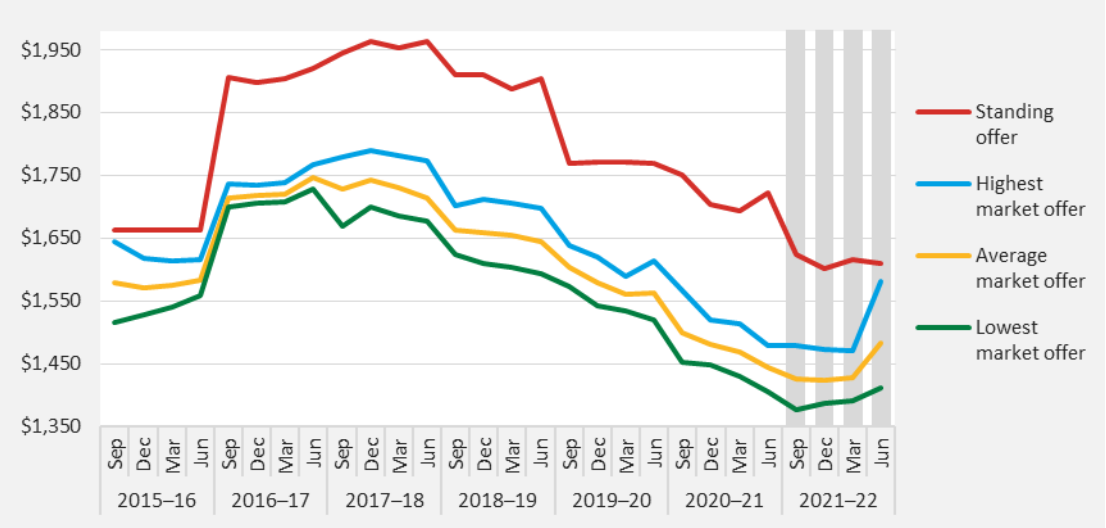
Small business flat rate customers on a standing offer could generally have reduced their bill by switching to a market offer. As figure 11 shows, many customers on a market offer could have saved too, if they had switched to one of the cheaper market offers available in 2021–22. However, customers are advised to check if a cheaper market offer has eligibility criteria attached, or if there are terms and conditions to accessing an incentive or a discount.

2.5.4 Longer-term trends

Figure 12 shows the trend in small business flat rate standing and generally available market offer bills between 2015–16 and 2021–22.

[39] We have recalculated the bill values from the previous year with the consumption level in table 2 to allow a direct comparison. Changes in retailers' lowest market offer bills from quarter to quarter during 2021–22 are shown in appendix A (section A.5.5).

Figure 12 Average annual bills for a typical SEQ small business flat rate customer, 2015–16 to 2021–22



Notes: Annual bill for each quarter, based on median consumption of a small business flat rate customer (table 2). A table with bill values for each quarter is available in appendix C.
Sources: Energy Made Easy; QCA analysis.

The average market offer bill—for the typical SEQ customer—trended downwards following Alinta Energy's entry into the SEQ market in August 2017. However, this trend did not continue in 2021–22 as wholesale electricity costs increased substantially and started to translate into higher retail prices. In the past year (June quarter of 2021 to June quarter of 2022):

- the average highest market offer bill increased by 6.9%
- the average lowest market offer bill increased by 0.5%.

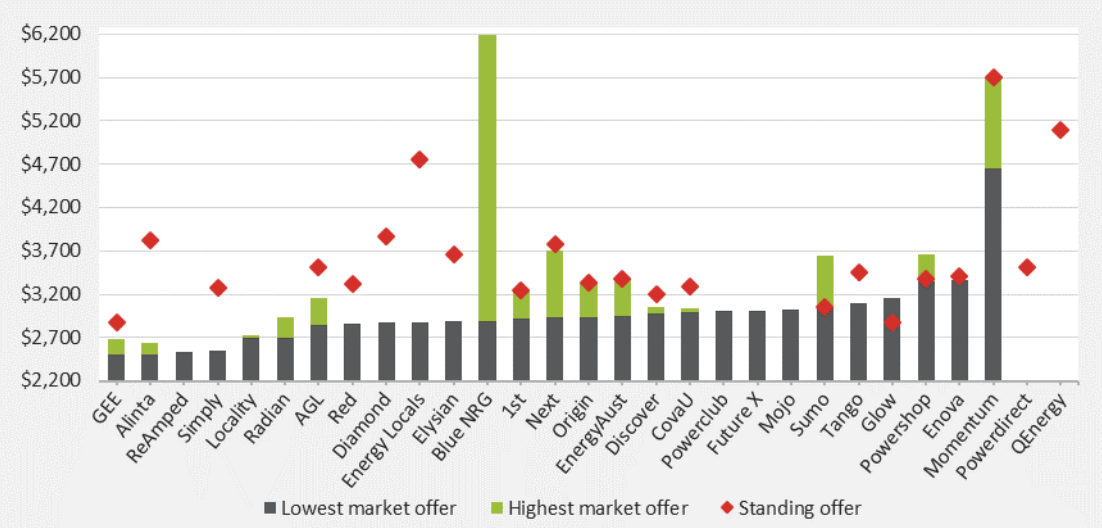
The average standing offer bill—for the typical SEQ customer—trended downwards following the introduction of the DMO on 1 July 2019. The average standing offer bill declined by 7.1% in the September quarter of 2019, and further decreases occurred in the September quarters of 2020 and 2021 after the DMO prices for 2020–21 and 2021–22 came into effect. During the remainder of each financial year, standing offer prices generally did not change much. As the DMO puts a cap on standing offer prices, the average standing offer bill did not rise in 2021–22 along with rising wholesale electricity costs.

2.6 Small business time of use offers

2.6.1 Bills in June quarter 2022

In the June quarter of 2022, 29 retailers had small business time of use plans on Energy Made Easy—and of these retailers, 22 had a standing offer and 27 had at least one market offer. Figure 13 shows the bills, by retailer, for a typical SEQ customer.

Figure 13 Annual bills for a typical SEQ small business time of use customer, June quarter 2022



Notes: Retailers are arranged according to their lowest market offer bill (in ascending order). Not every retailer had both standing and market offers. A table with detailed bills, by retailer, is included in appendix A (section A.6.4).
Sources: Energy Made Easy; QCA analysis.

Market offer bills were generally lower than standing offer bills. In the June quarter of 2022, for a typical SEQ customer on a small business time of use tariff:

- standing offer bills ranged from $2,869 (GEE Energy) to $5,701 (Momentum Energy)
- market offer bills ranged from $2,506 (GEE Energy) to $6,186 (Blue NRG).

GEE Energy's GEE Business Saver plan, which resulted in the lowest market offer bill, had a $100 credit attached (applied to the bill in the third month) for customers who signed up online. No eligibility criteria were attached to this plan.

Some retailers had small business time of use market offers available in the June quarter of 2022 that resulted in substantially higher bills than those in previous years. The main reason for this increase was the significant increase in wholesale electricity prices during 2021–22, which started to flow through to retail prices. However, not all retailers were impacted in the same way and at the same time due to their different risk management approaches and exposures to the spot market. We note that small business time of use standing offer prices are not capped by the DMO, and did increase to some extent too, especially in the second half of 2021–22.

2.6.2 Change from June quarter 2021 to June quarter 2022

2.6.3 Increase in number of retailers

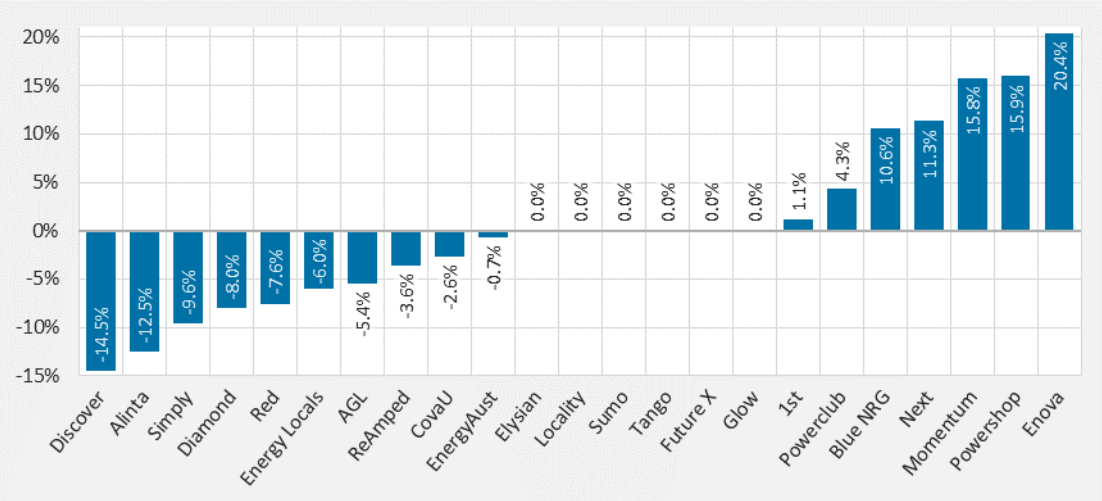
From the June quarter of 2021 to the June quarter of 2022, the number of retailers with small business time of use plans increased by one, to 29. In the June quarter of 2021, 28 retailers had small business time of use plans on Energy Made Easy—and of these retailers, 24 had a standing offer and 25 had at least one market offer.[40] We note that 2 retailers less (22) had a standing offer available in the June quarter of 2022, and 27 retailers had at least one generally available market offer for SEQ customers—2 more than in the June quarter of 2021.

[40] QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, p 23.

Decrease in lowest market offer bill

The average lowest market offer bill decreased by 0.3% from the June quarter of 2021 ($2,979) to the June quarter of 2022 ($2,969) based on the plans retailers had available for small business time of use customers in those two quarters.[41] Nonetheless, some retailers had cheaper market offers available in the June quarter of 2022 than a year before. Figure 14 shows the percentage change in each retailer's lowest market offer bill for customers on small business time of use offers from the June quarter of 2021 to the June quarter of 2022.

Figure 14 Change in lowest market offer bill for SEQ small business time of use customers, by retailer, June quarter 2021 to June quarter 2022



Note: Not every retailer had market offers in both quarters—4 retailers did not have any in the June quarter of 2021, and 2 retailers did not have any in the June quarter of 2022.
Sources: Energy Made Easy; QCA analysis.

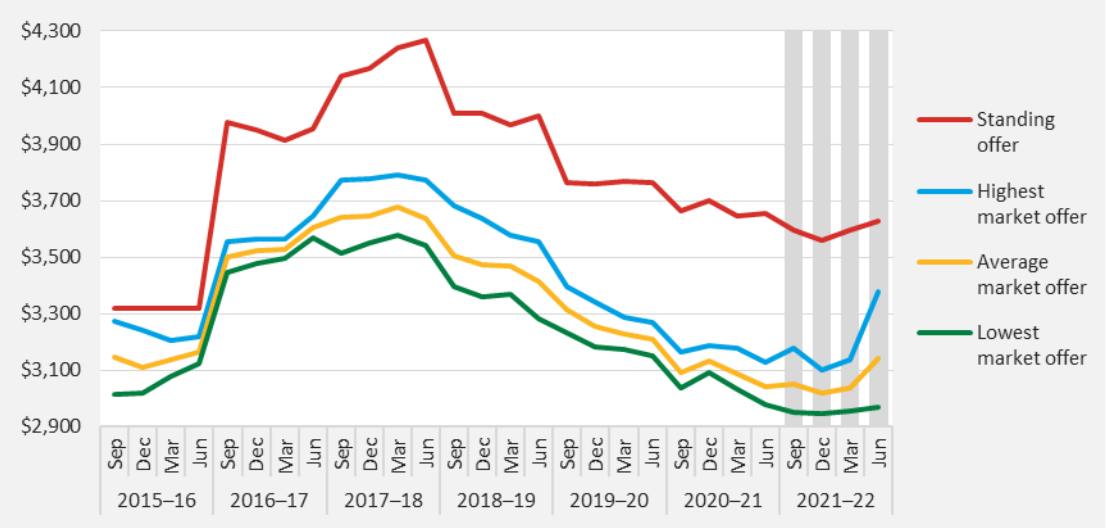
Small business time of use customers on a standing offer could generally have reduced their bill by switching to a market offer. As figure 14 shows, many customers on a market offer could have saved too, if they had switched to one of the cheaper market offers available in 2021–22. However, customers are advised to check if a cheaper market offer has eligibility criteria attached, or if there are terms and conditions to accessing an incentive or a discount.

2.6.4 Longer-term trends

Figure 15 shows the trend in small business time of use standing and generally available market offer bills between 2015–16 and 2021–22.

[41] We have recalculated the bill values from the previous year with the consumption level in table 2 to allow a direct comparison. Changes in retailers' lowest market offer bills from quarter to quarter during 2021–22 are shown in appendix A (section A.6.5). We note that the median consumption of a typical SEQ time of use customer (table 2) is substantially lower than the consumption level we used for our bill calculations in the 2020–21 report (QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, p 9).

Figure 15 Average annual bills for a typical SEQ small business time of use customer, 2015–16 to 2021–22



Notes: Annual bill for each quarter, based on median consumption of a small business time of use customer (table 2). A table with bill values for each quarter is available in appendix C.
Sources: Energy Made Easy; QCA analysis.

The average market offer bill—for the typical SEQ customer—trended downwards from the June quarter of 2018. However, this trend did not continue in 2021–22 as wholesale electricity costs increased substantially and started to translate into higher retail prices. In the past year (June quarter of 2021 to June quarter 2022):

- the average highest market offer bill increased by 8.0%
- the average lowest market offer bill decreased by 0.3%.

The average standing offer bill—for the typical SEQ customer—trended downwards following the introduction of the DMO for other small business customers (on flat rate tariffs) on 1 July 2019. The average standing offer bill declined by 5.9% in the September quarter of 2019, and further decreases occurred in the September quarters of 2020 and 2021 after the DMO prices for 2020–21 and 2021–22 (applicable to small business customers on flat rate tariffs) came into effect. As wholesale electricity costs increased, the average standing offer bill increased in 2021–22 too, given that the DMO does not cap the prices of small business time of use standing offers.

2.7 General observations

Standing offer bills

- From the beginning of 2015–16 to the end of 2017–18, average standing offer bills increased markedly. However, they first started to decrease in the September quarter of 2018, with slight decreases for residential customers and larger decreases for small business customers.[42] Further increases occurred when the DMO was introduced on 1 July 2019.
- Average residential and small business standing offer bills decreased significantly in the September quarter of 2019 (between 5.9% and 12.3%). Additional decreases took place in the September quarter of 2020 (between 1.1% and 5.9%) and in the September quarter of

[42] The Australian Government reportedly requested in late 2018 that the major energy companies lower their cost of standing offers by 1 January 2019 (ACCC, *Monitoring of supply in the National Electricity Market*, March 2019, p 24).

2021 (between 1.6% and 5.7%) with the implementation of the DMO prices for the respective financial years.[43]

- Standing offer bills were generally more expensive than market offer bills from 2015–16 to 2020–21. However, this was not always the case in 2021–22, as rising wholesale electricity costs started to impact on retail prices, and retailers increased their market offer prices, whereas standing offer prices remained capped by the DMO that the AER set for 2021–22.
- The AER released the DMO prices for 2022–23 in late May 2022. Although there was an increase in the DMO prices, it is likely that these prices do not reflect the full extent of the wholesale energy price increases that occurred towards the end of 2021–22 and at the beginning of 2022–23.

Market offer bills

- Average market offer bills trended downwards following Alinta Energy's entry into the SEQ retail electricity market in August 2017. However, this trend did not continue in 2021–22 as wholesale electricity costs started to increase significantly and to impact on retail prices.
- For each of the tariffs and tariff combinations we report on in this chapter, the average highest market offer bill increased from the June quarter of 2021 to the June quarter of 2022 by between 6.9% and 15.7%.
- Some retailers had at least one market offer available in the June quarter of 2022 that was cheaper—for the typical SEQ customer—than their cheapest market offer in the June quarter of 2021, but various retailers' cheapest market offer became more expensive.
- There is a substantial price dispersion both between the various market offers and between market and standing offers,[44] which indicates that customers could still save on energy bills if they effectively navigated the market and shopped around for a better plan.

Explanations for the increase in bills

- While retailers' prices are shaped by demand and the nature of competition, their prices are also shaped by the underlying costs such as wholesale electricity costs. These costs increased significantly in 2021–22 and 'reached record levels in June and July', with the AER noting in September 2022 that the recent months were 'the most tumultuous in the history of Australia's energy markets'.[45]
- Wholesale electricity prices tend to be more volatile than the electricity prices consumers pay because retailers generally 'hedge' the cost of their electricity purchases through financial contracts to purchase electricity at agreed rates at a certain point in the future. Customers are thus generally not impacted by short-term spikes in wholesale electricity spot prices.[46]
- Retailers use different approaches to manage spot price risk. If a retailer is more heavily hedged—that is, if it has arrangements to purchase a larger proportion of its required electricity load further into the future—it will generally be less exposed to short-term changes in wholesale spot market prices than retailers who are more lightly hedged. Longer periods of high wholesale spot electricity prices will drive increased contract prices, which

[43] The decreases have been calculated compared to the previous quarter (June quarter) and are based on our recalculated bills with the consumption levels in table 2. The percentages may therefore differ from those included in our previous reports.
[44] We explore the spread of prices in more detail in section 8.4 of this report.
[45] AER, *Wholesale Markets Quarterly Q2 2022* [April–June], 2022, p 1.
[46] ACCC, *Inquiry into the National Electricity Market* [Addendum to the May 2022 report], 2022, p 7.

will eventually flow through to customers as higher retail electricity prices. The degree and timing of these price increases for customers depend on the risk management approach taken by their retailer.[47]

2.8 Distribution non-network charges

As in previous years, retailers' plans available on Energy Made Easy in 2021–22 generally included some distribution non-network charges. The AER's retail pricing information guidelines list reconnection and disconnection fees as 'key fees', which must be specified by retailers on Energy Made Easy.[48] While distribution non-network charges are payable by customers, there is no 'typical' liability for these fees, as they are only charged when reconnection and disconnection services are provided. As they are not charged on a regular basis—unlike supply and usage charges—they are not included in our bill calculations. However, we include them separately in this chapter to provide an overview of these charges.

2.8.1 Reconnection fees

Table 4 shows the reconnection fees attached to retailers' standing and market offers on Energy Made Easy. As the fees were similar—or even identical—across the tariffs and tariff combinations, and in the four quarters of 2021–22, the table only presents the fees attached to residential flat rate and small business flat rate plans in the June quarter of 2022.

Table 4 Reconnection fees—residential and small business flat rate plans, June quarter 2022

Retailer	*Residential flat rate plans ($)*	*Small business flat rate plans ($)*
AGL	122.91	122.91
Alinta Energy	0 / 112.43 / 132.40	0 / 112.43 / 132.40
Blue NRG	—	19.20 / 549.92
Circular Energy	55.00	55.00
CovaU	17.30 / 136.57	17.30 / 136.57 / 136.75
Dodo Power & Gas	50.15	—
EnergyAustralia	0	0
Enova Energy	12.68	12.68
GEE Energy	12.452	12.452
Locality Planning Energy	50.00	50.00
Mojo Power	108.87	—
Momentum Energy	92.61	92.61
Nectr	89.11	—
Next Business Energy	—	467.368
On by EnergyAustralia	12.55	—
Powerclub	17.303	17.303
Powerdirect	135.20	135.20
Simply Energy	12.683	12.683
Smart Energy	12.672	—
Social Energy	87.505	—
Tango Energy	92.609	92.609

Notes: A dash (—) means the retailer did not attach reconnection fees to any of its plans or did not have any residential or small business flat rate plans available in this quarter. Not every retailer attached reconnection fees to its plans in this quarter. Where a retailer had fees attached, it did not necessarily attach those fees to all the plans in 2021–22. Some retailers stated on some or all plans that the fees 'may apply'. All fees were reported as GST inclusive, except for a few retailers that did not state whether the fees are GST inclusive.
Source: Energy Made Easy.

[47] ACCC, *Inquiry into the National Electricity Market* [Addendum to the May 2022 report], 2022, p 7.
[48] AER, *AER Retail Pricing Information Guidelines* [version 5.0], 2018, pp 10–11, clauses 43–47.

In the June quarter of 2022, 19 retailers attached reconnection fees to some or all of their residential flat rate plans (up from 18 retailers in the June quarter of 2021), and 15 retailers attached reconnection fees to some or all of their small business flat rate plans (up from 14 retailers in the June quarter of 2020).[49]

The range of reconnection fees in the June quarter of 2022 ($0 to $549.92) was larger than in the June quarter of 2021 ($0 to $220.78). In the June quarter of 2022, Blue NRG had the highest reconnection fee ($549.92, including GST), which was attached to each small business flat rate market offer and was described as a reconnection fee (business hours), but the retailer noted that fees 'may vary'. The highest fee for residential customers ($136.57, including GST) was attached to CovaU's standing and market offers and 'may be charged' when reconnecting in other circumstances, such as after disconnection for non-payment. CovaU noted that fees are 'passed through & may vary' and advised customers to contact their distributor for the current fee. The fee was (correctly) coded as a reconnection fee on three plans and as an 'other fee' on two plans.

Table 4 shows that the reconnection fees identified on retailers' residential flat rate and small business flat rate plans that applied, or may have applied, were generally identical in the June quarter of 2022. However, the information on reconnection fees was often inconsistent on Energy Made Easy in the June quarter of 2022, which is similar to what we observed in previous years. For example, some retailers:

- stated that a fee 'may apply' or 'may be charged' (usually without specifying under which circumstances the fee 'may apply' or 'may be charged')
- cautioned customers that the fee 'may vary'
- had different fee amounts attached to different plans
- stated that fees are passed through (from the distributor)
- advised customers to contact their distributor to find out the current fee
- included a fee but stated the fee amount as zero
- only attached such fees to some plans (e.g. either to each market offer or to each standing offer, or to some plans only)
- did not include reconnection fees but noted that services performed by the distributor would be 'passed on at cost'
- referred customers to the 'additional fee information' on Energy Made Easy for more details, which, in turn, referred customers to the retailer's web page
- used different descriptions for their fees, and what they applied to.

We consider that these issues could add complexity when customers compare plans on Energy Made Easy.

2.8.2 Disconnection fees

Table 5 shows the disconnection fees attached to retailers' standing and market offers on Energy Made Easy. As the fees were similar—or even identical—across the tariffs and tariff combinations, and in the four quarters of 2021–22, the table only presents the fees attached to residential flat rate and small business flat rate plans in the June quarter of 2022.

[49] For a more detailed comparison to the reconnection fees attached in the June quarter of 2021, see QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, pp 26–28.

Table 5 Disconnection fees—residential and small business flat rate plans, June quarter 2022

Retailer	*Residential flat rate plans ($)*	*Small business flat rate plans ($)*
1st Energy	12.68	12.68
AGL	12.68	12.68
Alinta Energy	0	0
Amber Electric	44.58	44. 58
Blue NRG	—	370.30 / 549.92
Circular Energy	55.00	55.00
CovaU	44.58 / 69.75	44.58 / 69.75
Diamond Energy	12.68	12.68
Discover Energy	75.33	75.33
Dodo Power & Gas	19.00	—
Electricity in a Box	12.50	12.50
EnergyAustralia	12.68	0
Energy Locals	44.58	44.58
Enova Energy	44.583	44.583
Future X Power	12.00	12.00
GEE Energy	0	—
GloBird Energy	12.00	—
Glow Power	12.68 / 50.00	12.68 / 50.00
Kogan Energy	10.00 / 44.58 / 46.63	—
Locality Planning Energy	13.20 / 50.00	13.20 / 50.00
Mojo Power	108.87	—
Momentum Energy	75.33	75.33
Nectr	12.68 / 69.75	—
Next Business Energy	—	0 / 467.368
On by EnergyAustralia	0	—
Origin Energy	12.68	12.68
Ovo Energy	44.58	—
Powerclub	44.583	44.583
Powerdirect	12.68 / 135.20	12.68 / 135.20
Powershop	10.00 / 44.58 / 46.63	10.00 / 43.77 / 44.58 / 46.63
Radian Energy	12.45	12.45
ReAmped Energy	12.68 / 13.27	12.68 / 13.27
Red Energy	0	0
Simply Energy	12.683 / 13.9513	12.683
Smart Energy	12.672	—
Social Energy	73.975	—
Tango Energy	44.583	44.583

Notes: A dash (—) means the retailer did not attach disconnection fees to any of its plans or did not have any residential or small business flat rate plans available on Energy Made Easy in this quarter. Not every retailer attached disconnection fees to its plans in this quarter. Where a retailer had fees attached, it did not necessarily attach those fees to all the plans in 2021–22. Some retailers stated on some or all plans that the fees 'may apply'. All fees were reported as GST inclusive, except for a few retailers that did not state whether the fees are GST inclusive.
Source: Energy Made Easy.

In the June quarter of 2022, 35 retailers attached disconnection fees to some or all of their residential flat rate plans (up from 32 retailers in the June quarter of 2021), and 27 retailers attached disconnection fees to some or all of their small business flat rate plans (up from 25 retailers in the June quarter of 2021).[50]

[50] For a more detailed comparison to the disconnection fees attached in the June quarter of 2021, see QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, pp 28–29.

The range of disconnection fees in the June quarter of 2022 ($0 to $549.92) was larger than in the June quarter of 2021 ($0 to $407.33). Blue NRG had the highest disconnection fee in the June quarter of 2022—a 'move out' disconnection fee ($549.92, including GST) that 'may vary', which was attached to each of its small business flat rate market offers. The highest disconnection fee for residential customers ($135.20, including GST) was attached to Powerdirect's Residential Standing Offer plan. The retailer stated that the fee 'may be charged' and 'may vary' when manually disconnecting a meter in other circumstances, such as after disconnection for non-payment.

Table 5 shows that the disconnection fees identified on retailers' residential flat rate and small business flat rate plans that applied, or may have applied, were generally identical in the June quarter of 2022. However, the information on disconnection fees was often inconsistent on Energy Made Easy in the June quarter of 2022, which is similar to what we observed in previous years. For example, some retailers:

- stated that a fee 'may apply' or 'may be charged' (usually without specifying under which circumstances the fee 'may apply' or 'may be charged') or that a fee 'generally applies'
- cautioned customers that the fee 'may vary'
- had different fee amounts attached to different plans
- stated that fees are passed through (from the distributor)
- only attached such fees to some plans (e.g. either to each market offer or to each standing offer, or to some plans only)
- included a fee but stated the fee amount as zero
- did not include disconnection fees but noted that services performed by the distributor would be 'passed on at cost'
- referred customers to the 'additional fee information' on Energy Made Easy for more details, which, in turn, referred customers to the retailer's web page
- advised customers to refer to their website or to contact the retailer for more details
- used different descriptions for their fees, and what they applied to.

We consider that these issues could add complexity when customers compare plans on Energy Made Easy. Furthermore, three different types of disconnection fees have been available on Energy Made Easy since 2019–20—a general fee (DiscoF), a fee for moving out (DiscoFMO) and a fee for non-payment (DiscoFNP). While this has allowed retailers to state the fee information more precisely, it may also have added another layer of complexity for customers, who had to consider more fee types. Moreover, retailers did not always include the fee information consistently, or they even coded their disconnection fees to an incorrect fee type.

2.8.3 Other potential distribution non-network charges

As in previous years, some retailers included information with their plans on Energy Made Easy that referred to the potential for distribution non-network charges—other than those listed on Energy Made Easy—to be levied on customers. Retailers should clearly identify on Energy Made Easy where customers can obtain information on distribution non-network charges that apply, or may apply, to their plans.

2.9 Key considerations for customers

Standing and market offer bills for the typical SEQ customer have changed considerably over time. In particular, market offer bills increased substantially during 2021–22. Given these recent increases, it is important for customers to consider the following key points about electricity plans:

- Customers are encouraged to regularly check Energy Made Easy to see whether they can find a better deal among the available plans.
- Individual customers' consumption is likely to differ from the consumption of the typical SEQ customer that the bills in our report are based on. As bills vary with consumption, the cheapest plan we present in our report will not be the cheapest plan for every SEQ customer.
- Customers are advised to input the most recent information on their consumption (electricity usage on their latest bill) when they search for a new plan on Energy Made Easy. This will ensure that they get personalised results and can find the cheapest plan for their individual consumption level.
- Customers who have not signed a new electricity contract recently may face prices that differ substantially from the bills presented in this report. Active customers are likely to pay less than inactive or disengaged customers.
- The introduction of the default market offer has reduced standing offer prices substantially. Nonetheless, as standing offers are generally more expensive than market offers, standing offer customers can usually save by switching to a market offer. However, standing offers typically provide more favourable terms and conditions than market offers, which provide benefits to some customers.[51]
- Being on a market offer does not guarantee that a customer receives the lowest possible bill; there are significant differences between market offers, often even between the plans of the same retailer. Moreover, the supply and/or usage charges of a market offer may increase over time. Therefore, even customers who are on a market offer already have the potential to save by switching to a cheaper offer from their current retailer or by switching retailers.
- Before customers switch, they should carefully check the terms and conditions of a plan to ensure that the plan suits their individual situation and preferences. For example, customers may need to factor in additional fees if they prefer to receive paper bills, or they may not realise a discount or a financial incentive attached to the plan if they do not meet all the conditions. Chapters 3 and 4 provide more information on discounts, incentives and fees.

[51] These additional benefits include access to paper bills at no extra cost, better payment terms (which can include bill smoothing) and ongoing certainty of terms (i.e. retailers cannot change terms or impose restrictions as they can under market contracts).

3 DISCOUNTS, SAVINGS AND INCENTIVES

Key findings

We assessed the discounts, savings and incentives attached to retail electricity plans in the June quarter of 2022 and compared them to those attached in the June quarter of 2021 and over time. We found:

- There was a shift from conditional to guaranteed discounts following recent changes to the legal framework for electricity retailing. However, some retailers have since attached guaranteed discounts and eligibility criteria to their plans (such as payments by direct debit, and customers receiving bills by email), which are similar to conditional discounts.
- Fewer retailers attached discounts in the June quarter of 2022 than in the June quarter of 2021. Only 8 of the 34 retailers with residential flat rate market offers and 8 of the 29 retailers with small business flat rate market offers attached discounts to at least one of their plans in the June quarter of 2022.
- None of the retailers had conditional discounts attached to their lowest market offers in the June quarters of 2021 and 2022. However, each of these plans had a financial incentive and/or a guaranteed discount attached.
- More retailers attached financial incentives to their plans in the June quarter of 2022 than a year earlier, with 18 retailers (out of 34) attaching financial incentives to at least one of their residential flat rate market offers, and 4 retailers (out of 29) attaching financial incentives to at least one of their small business flat rate market offers.
- The types of financial incentives in the June quarters of 2021 and 2022 were similar, with sign-up and bill/account credits being the dominant financial incentive in both quarters. New incentives included a credit for electric vehicle owners, an electric vehicle discount and a new battery subsidy.
- Compared to financial incentives, non-financial incentives were still less common. However, more retailers attached non-financial incentives in the June quarter of 2022 than a year earlier. In the June quarter of 2022, 13 out of 34 retailers with residential flat rate market offers, and 5 out of 29 retailers with small business flat rate market offers attached such incentives to at least one of their plans.
- Non-financial incentives were similar to those offered in the June quarter of 2021. New incentives in the June quarter of 2022 included free GreenPower and/or carbon neutral energy, an air fryer, complimentary Kogan First membership and a guarantee that electricity would be provided within three business days when moving house.
- GreenPower options were offered by various retailers again and did not change much since the June quarter of 2021, but some retailers lowered the prices of their GreenPower options in the June quarter of 2022, while no retailer increased its prices.
- Discounts and financial incentives can lower a customer's electricity bill. However, some plans had conditions and eligibility criteria attached, and customers may not be able to take up those plans or forfeit the discounts or incentives if they do not meet the conditions or criteria, which can result in a significantly higher bill.

3.1 Definitions

Guaranteed and conditional discounts

Discounts can be guaranteed or conditional:

- Guaranteed discounts are any discounts that do not require a particular action or behaviour on the part of the customer.
- Conditional discounts are discounts that only apply if a customer satisfies certain requirements or conditions—for example, pay on time and direct debit discounts.[52]

If a discount is conditional, retailers must provide sufficiently clear information to describe the conditions that a customer must satisfy. Conditional discounts can include, but are not limited to:

- pay on time discounts
- bundling discounts (e.g. when a customer signs up to both electricity and gas with a retailer)
- direct debit discounts
- discounts based on customer type or method of sign-up (e.g. new customer or online sign-up only)
- 'refer a friend' type credits.[53]

Financial and non-financial incentives

Retailers can attach other benefits and/or savings ('incentives') to their plans. An incentive is defined as 'a benefit to the customer other than a discount' and can include non-price benefits, one-off price benefits or physical gifts that are provided to a customer upon entry to a contract. Examples of non-price incentives are vouchers for use in energy retail stores, magazine subscriptions, cinema tickets or tickets to sporting events.[54]

Retailers do not categorise their incentives as either a financial or a non-financial incentive on Energy Made Easy. We generally classify an incentive as a financial incentive if it leads to a reduction of a customer's bill or if it has a direct cash equivalent, such as a gift card or prepaid credit card. If an incentive provides benefits and/or savings that do not directly reduce the bill value—which includes the non-price incentives mentioned above—we treat it as a non-financial incentive. Accordingly, we only include financial incentives in our bill calculations.

Eligibility criteria

In addition to discounts and incentives, some retailers attach eligibility restriction/criteria to their plans. Eligibility criteria are specific conditions that a customer must meet to access a generally available plan—for example, being a member of a club/organisation, purchasing the plan through a comparison website, purchasing the plan online, being a concession card or seniors card holder, or being a new customer to the retailer.[55]

[52] AER, *AER Retail Pricing Information Guidelines* [version 5.0], 2018, pp 9–10, clauses 35–36.
[53] AER, *Retail Pricing Information Guidelines obligations for retailers* [guidance note], 2021; ACCC, *Guide to the Electricity Retail Code* [version 3], 2021, pp iv, 17.
[54] AER, *AER Retail Pricing Information Guidelines* [version 5.0], 2018, p 10, clauses 38–42.
[55] AER, *AER Retail Pricing Information Guidelines* [version 5.0], 2018, pp 11–12, clauses 48(k), 51.

3.2 QCA methodology

As in previous years, we compared and assessed the types of discounts, savings and incentives attached to retailers' generally available market offers using information from Energy Made Easy. Retailers can vary their market offers in several ways, including through:

- attaching guaranteed and/or conditional discounts of different types and levels
- charging different supply and/or usage for different plans
- attaching other financial or non-financial incentives/savings
- attaching GreenPower options.[56]

GreenPower options do not lead to any reduction in customers' bills. However, as they provide customers the option to reduce their carbon emissions, we consider that they can be seen as a non-financial incentive for customers.

As retailers generally attach discounts and incentives to their market offers only, this chapter focuses on market offers.[57] The type and value (in dollar and percentage terms) of discounts and incentives for each retailer did not vary significantly between the three residential tariffs and tariff combinations or between the two small business tariffs that we cover in this report. We therefore only present the types of discounts and incentives attached to residential flat rate offers (section 3.4) and small business flat rate offers (section 3.5). We used the same approach in our market monitoring reports for the five previous years.

Discounts and incentives across the four quarters of 2021–22 did not vary significantly. Therefore, we present data on the discounts and incentives attached in the June quarter of 2022 only, which is broadly representative of the discounts and incentives attached over the course of 2021–22.[58] Similarly, there was minimal variation in the GreenPower options over the four quarters, and we therefore also report on those options for the June quarter only.

3.3 Regulation of discounting

In recent years there have been significant changes to the regulation of discounting on retail electricity plans:[59]

- **Discounts on inflated prices**: Rule 46B of the National Energy Retail Rules (NERR), which came into force on 1 July 2018, prevents retailers from attaching discounts to a market offer where at least one price is above the equivalent price in a standing offer, and no prices in the market offer are below an equivalent rate in a standing offer. The rule was introduced to prevent retailers from publishing plans where no customer could be better off under the undiscounted market offer than under the standing offer.[60]

[56] GreenPower is a scheme that enables households and businesses to displace all or part of their electricity usage with certified renewable energy, which is added to the electricity grid on their behalf.

[57] We have previously reported on conditional discounts and GreenPower being attached to some standing offers. For instance, in 2017–18, Diamond Energy attached discounts to its residential flat rate standing offers (QCA, *SEQ retail electricity market monitoring: 2017–18* [updated report], 2019, p 68). We understand that Diamond Energy had continued to provide discounts to customers on the standing offer(s) (Diamond Energy, response to QCA information notice (unpublished)). In 2021–22, EnergyAustralia also attached its 'PowerResponse program rebate' as an incentive to some of its standing offers.

[58] We used the same approach in our 2016–17, 2018–19, 2019–20 and 2020–21 market monitoring reports. In our 2017–18 report, we provided data on the discounts offered in each quarter due to the significant variation in discounts across the four quarters after Alinta Energy entered the SEQ market in mid-August 2017 with a 25% pay on time discount.

[59] More information on the policy intent and impacts of these regulatory changes is available in section 3.3 of our market monitoring report for 2019–20 (QCA, *SEQ retail electricity market monitoring 2019–20*, 2020, pp 34–36).

[60] AEMC, *National Energy Retail Amendment (Preventing discounts on inflated energy rates) Rule 2018* [final determination], 2018, pp ii–iii. See also AEMC, *National Energy Retail Amendment (Preventing discounts on inflated energy rates) Rule 2018 No 2* [final

- **Advertising of discounts**: The Competition and Consumer (Industry Code—Electricity Retail) Regulations 2019 (Cth) (Electricity Retail Regulations), which came into force on 1 July 2019, specify how retail prices and discounts must be advertised, published or offered across the NEM. Part 2 sets out the Electricity Retail Code of Conduct (Electricity Retail Code), which requires retailers to compare their prices in plans, advertisements and publications with a 'reference price' set by the AER. For each market offer, retailers must present an annual bill for a 'representative customer'—based on the model annual usage set by the AER—that includes all conditional discounts (if any). The difference between this bill and the reference price (the annual bill for the DMO), must be expressed as a percentage of the reference price to provide a uniform basis for customers to compare market offers.[61]
- **Restriction of discount (and fee) amounts**: Rules 46C and 52B of the NERR, which came into force on 1 July 2020, restrict conditional discounts and conditional fees to the 'reasonable costs' a retailer is likely to incur when payment conditions are not met.[62] The rules have been introduced to improve plan comparability and protect consumers from excessive penalties in retail contracts with conditional discounts.[63]

These regulatory changes appear to have had an impact on customer and retailer behaviour. The AER noted that while the rules on discounting practices introduced in 2019 do not prevent conditional discounting, they try to manage the risk to consumers of 'onerous conditional discounts'. The AER also observed that these changes had influenced retailers' approach to discounting, with a general shift away from the use of conditional discounts. And where conditional discounts were still used, the value of these discounts had significantly reduced.[64]

The ACCC noted in August 2019 that, while there had been a shift away from the use of conditional discounts, some retailers were instead advertising plans with eligibility criteria. The ACCC saw changes by retailers that increased the transparency and certainty of prices that customers are likely to face on their plan as a positive step. However, the ACCC also cautioned that retailers should be careful to ensure that eligibility criteria are not used in a way that breaches the conditional discount advertising requirements of the Electricity Retail Code.[65]

In May 2021, the AER issued a guidance note on the application of the requirements of the retail pricing information guidelines, with a focus on the presentation of plans that include conditional and/or guaranteed discounts (or credits). As discounts and credits are 'key considerations for customers when choosing a plan', retailers are expected to provide clear data and information on Energy Made Easy and on their websites, to allow customers to easily understand how and when they are eligible for a discount (or credit) and if these are conditional or guaranteed.[66]

Although the reforms to the regulation of discounting should improve customer engagement, the AER noted that a range of factors could adversely affect customer engagement, such as language barriers, cultural issues, disabilities, low levels of literacy in energy markets and status quo bias for customers to stay with the default retailer or energy plan.[67]

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rule], 2018, schedule 1. We discussed some of the issues surrounding the introduction of the rule in our market monitoring report for 2017–18 (QCA, *SEQ retail electricity market monitoring: 2017–18* [updated report], 2019, p 63).

[61] Electricity Retail Regulations, sections 12–14; ACCC, *Inquiry into the National Electricity Market*, November 2019, pp 10, 22–23.

[62] AEMC, *National Energy Retail Amendment (Regulating conditional discounting) Rule 2020 No 1* [final rule], 2020, schedule 1.

[63] AEMC, *National Energy Retail Amendment (Regulating conditional discounting) Rule* [final determination], 2020, pp i–ii, 9–10.

[64] AER, *Annual retail markets report 2020–21*, 2021, p 39.

[65] ACCC, *Inquiry into the National Electricity Market*, August 2019, p 63.

[66] AER, *Retail Pricing Information Guidelines obligations for retailers* [guidance note], 2021. Under clause 25 of the guidelines, retailers are required to ensure that information published on Energy Made Easy and retailer websites is accurate and up to date.

[67] AER, *State of the energy market 2020*, 2020, pp 253–254.

3.4 Residential flat rate offers

3.4.1 Discounts

Table 6 shows the discounts attached to residential flat rate market offers available on Energy Made Easy in the June quarter of 2022. We observed the following types of discounts and discount combinations, which were similar to the other quarters of 2021–22:

- guaranteed discounts
- pay on time discounts
- pay on time and approved payment or billing method discounts combined
- direct debit discounts.

Table 6 Discounts attached to residential flat rate market offers, June quarter 2022

Retailer	Guaranteed	Pay on time	Pay on time and payment/billing methods	Direct debit
1st Energy	—	7% off bill[a]	—	—
CovaU	15% off usage[b]	—	—	—
Diamond Energy	—	—	7% off bill[c]	3% off bill[c]
Discover Energy	10% off usage[d] 12% off usage[e] 15% off usage[f] 18% off usage[g]	—	—	—
EnergyAustralia	1% off bill[h] 6% off bill[i] 7% off bill[j] 12% off bill[k] 14% off bill[l]	—	—	—
Enova Energy	—	3% off usage[m]	—	—
GloBird Energy	—	—	1% off bill[n]	—
Simply Energy	8% off bill[o] 15% off bill[p] 16% off bill[q]	—	—	—

a 1st Saver (Single Rate) plan—no eligibility restrictions.
b Freedom Energex Residential Single 8400 plan, Freedom Solar Energex Residential Single 8400 plan, Freedom Solar Online Qld Res Single plan and Freedom Online Qld Res Single plan—no eligibility restrictions.
c Everyday Renewable Saver plan—pay on time discount with email invoicing/billing and full payment received by the due date.
d Energex Residential Single Rate Easy Saver plan—customers had to agree to an automatic monthly instalment payment based on their estimated electricity usage (any remaining usage had to be paid on the due date); billing was by email only, and only direct debit and credit card payment was accepted.
E Energex Residential Single Rate Economy Saver plan—available to new customers only who signed up online; billing was by email only, and only direct debit and credit card payment was accepted.
f Energex Residential Single Rate Ultimate Saver plan—customers had to agree to an automatic monthly instalment payment based on their estimated electricity usage (any remaining usage had to be paid on the due date); billing was by email only, and only direct debit and credit card payment was accepted.
g Energex Residential Single Rate Aust Post Offer plan—customers had to sign up via Australia Post; Energex Residential Single Rate Solar Smart plan—customers had to agree to direct debit and credit card payment only, billing by email only and could not be receiving a government feed-in tariff; Energex Residential Single Rate Smart Saver plan—customers had to sign up online, accept direct debit and credit card payment only, and billing by email only. Each plan was available to new customers only.
h Total Plan Home (Comparator)—customers had to sign up through EnergyAustralia's 'Comparators channel'; Total Plan Home—no eligibility restrictions.
i Balance Plan Home—no eligibility restrictions.
j Balance Plan Home—no eligibility restrictions.
k Flexi Plan (Comparator), Flexi Plan (Comparator Exclusive) and Flexi Plan (Third Party)—customers had to sign up through EnergyAustralia's 'Comparators channel'; Flexi Plan—no eligibility restrictions.
l Total Plan Home (Comparator), Total Plan Home (Comparator Exclusive) and Total Plan Home (Third Party)—customers had to sign up through the retailer's 'Comparators channel'; Total Plan Home—no eligibility restrictions.
m Enova Community Plus plan—no eligibility restrictions.

n GloGreen Residential (Flat Rate) Energex plans, GloSave Residential (Flat Rate) Energex plans, Suresave Residential (Flat Rate) Energex plan and Ultrasave Residential (Flat Rate Energex plans—direct debit discount if customers paid their bill on time by direct debit.
o Simply Energy Solutions Solar 8% off elec plans—only available after being referred, purchasing and installing a net metered solar PV system equal to or larger than 3kW, after 1 Jan 2021, from one of Simply Energy's preferred solar installers, and only available to residential customers whose eligible solar PV system was net metered; Simply Energy Movers 8% off elec plan—customers were only eligible for this plan if they were moving house within 60 days of the contract start.
p Simply New VPP 15% off elec plans and Simply VPP BYO 15% off elec plans—customers had to have a fully functioning and performing solar PV system (with a minimum 3kW inverter size), an energy storage system on Simply Energy's list of eligible systems installed at their premises, and an available, continuous and reliable internet connection to which their energy storage system was connected (excluding Satellite NBN and 3G/4G internet connections); Home Business Saver 15% off elec plan—customers had to be small office customers; Simply Energy Saver 15% off elec plan—no eligibility restrictions.
q Simply Energy Solutions 16% off elec plan—customers had to be participating in a Simply Energy Solutions trial or program, and agree to the terms and conditions for that trial or program to be eligible for this plan; Simply Seniors 16% off elec plan—customers had to be a current Seniors Card member, meet Simply Energy's creditworthiness and other eligibility criteria; Simply Blue Perks 16% off elec plan—no eligibility restrictions.
Notes: A dash (—) means the retailer did not attach the discount type to any of its residential flat rate market offers on Energy Made Easy in this quarter. If a retailer had a discount attached, it did not necessarily attach the discount to all of its residential flat rate market offers or during the entire quarter.
Sources: Energy Made Easy; QCA analysis.

Fewer retailers with discounts

In the June quarter of 2022, less than a quarter of the retailers (8 of 34 retailers with residential flat rate market offers available on Energy Made Easy) attached guaranteed or conditional discounts to at least one of their plans. A year before (June quarter of 2021), more retailers (10 out of 34 retailers, or less than a third) had discounts attached to at least one of their residential flat rate market offers.[68]

Origin Energy did not have any discounts attached to its residential flat rate market offers in the June quarter of 2022. This is in line with its statements in a submission, where the retailer said:

> [t]he Reference Price is an average price, and the discount off the Reference Price is also an average. It is not in any way personalised or tailored to a customer's needs or situation, nor does it allow comparison of anything other than price. As a result, Origin has moved away from discount-based marketing and towards brand-based marketing. In this regard we have a greater focus on the promotion of non-discount benefits such as our Everyday Rewards plan where the customer is rewarded with Everyday Rewards Points as well as paying no extra for 25% green power'.[69]

None of the 3 retailers that entered the SEQ retail electricity market in 2021–22 with residential flat rate market offers attached discounts to their plans in the June quarter of 2022.

Guaranteed discounts

We have observed a shift from conditional to guaranteed discounts since the Electricity Retail Regulations came into force on 1 July 2019. This shift is also reflected in the significant decrease in the number of residential customers in Queensland who missed one or more (conditional) pay on time discounts, down from 96,410 (June quarter of 2019) to 25,122 (March quarter of 2022).[70] Similarly, the ACCC reported in June 2022 that the proportion of residential SEQ customers on

[68] For a more detailed comparison and assessment of the discounts attached to residential flat rate market offers in the June quarter of 2021, see QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, pp 35–38.
[69] Origin Energy, submission to DISER, *Competition and Consumer (Industry Code – Electricity Retail) Regulations 2019* [Post-Implementation Review], 11 October 2021, p 3.
[70] AER, *Retail energy market performance update for Quarter 4, 2018–19* [schedule 3], 2019, viewed 2 August 2021; AER, *Retail energy market performance update for Quarter 3, 2021–22* [schedule 3], 2022, viewed 19 July 2022.

plans with conditional discounts attached had decreased from 54.2% in the September quarter of 2018 to 21.0% in the September quarter of 2021.[71]

Guaranteed discounts were the most common form of discounts attached to residential flat rate market offers in 2021–22, as in 2019–20 and 2020–21. Of the 8 retailers whose plans had some discounts attached, 4 retailers attached guaranteed discounts to at least one of their plans, with:

- discounts off usage charges ranging from 10% (Discover Energy) to 18% (Discover Energy)
- discounts off the total bill ranging from 1% (EnergyAustralia) to 16% (Simply Energy).

The range of discounts off usage charges has increased slightly since the June quarter of 2021 (when they ranged from 12% to 18%). Meanwhile, discounts off the total bill have decreased since the June quarter of 2021 (when they ranged from 2% to 20%).

We consider that guaranteed discounts are in effect merely lower prices. Tango Energy argued that '[i]f a discount is guaranteed, then there is no actual discount being offered to the consumer. Without a common benchmark (such as the reference price that applies to electricity), the "guaranteed discount" only creates confusion. In our opinion, offers of this nature dilute the intent of reference pricing, and are not in the interests of energy consumers.'[72]

Eligibility criteria

Some plans that had discounts attached also had eligibility restrictions attached, which means that those plans were only available to certain customers—for example, new customers, customers who signed up in a certain way (online, through a 'Comparators channel', via Australia Post, etc.), or customers who accepted e-billing or made payments through selected channels.

In particular, a few plans with guaranteed discounts had eligibility criteria attached that were very similar to typical requirements for conditional discounts. For instance, Discover Energy's plans (except the Energex Residential Single Rate Aust Post Offer) that included a guaranteed discount had several eligibility restrictions attached, including that:

- bill payments could only be made by direct debit and credit card
- only e-billing (billing by email) was available.[73]

Pay on time discounts

Two retailers attached a pay on time discount to one of their plans, with:

- a discount off usage charges of 3% (Enova Energy)
- a discount off the total bill of 7% (1st Energy).

The discount off usage charges was the same as in the June quarter of 2021 (3%), while the discount off the total bill was lower than a year before (when discounts ranged from 7% to 10%).

Discount combinations

As in the June quarters of 2020 and 2021, Diamond Energy attached a 7% discount off the total bill if customers received bills by email and paid on time, and GloBird Energy attached a 1% discount off the total bill if customers paid on time and by direct debit.

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[71] ACCC, *Inquiry into the National Electricity Market (Supplementary spreadsheet with billing data and figures, appendix E)*, supplementary tables A5.1 and A5.6 in sheet '5. Residential Cond Discounts', June 2022.

[72] Tango Energy, submission to DISER, *Competition and Consumer (Industry Code – Electricity Retail) Regulations 2019* [Post-Implementation Review], 11 October 2021, p 2.

[73] We made similar observations in our previous reports (QCA, *SEQ retail electricity market monitoring 2019–20*, 2020, pp 40–41; QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, pp 37–38).

Direct debit discounts

As in the June quarters of 2020 and 2021, Diamond Energy was the only retailer to attach a direct debit discount. The discount in the June quarter of 2022 remained the same too—a 3% discount off the total bill if full payment was made by automated direct debit.

3.4.2 Financial incentives

Table 7 shows the financial incentives attached to residential flat rate market offers in the June quarter of 2022. These incentives were similar to those in the other quarters of 2021–22.

Table 7 Financial incentives attached to residential flat rate market offers, June quarter 2022

Retailer	Financial incentive	Plan(s)
1st Energy	**Solar bonus**: 5 cents additional on top of the applicable feed-in tariff	1st Solar Bonus (Single Rate)
AGL	**Sign-up credit**: Credit on the first bill to the value of ▪ $25, only available to customers with a Seniors Card ▪ $50, only available when signing up with an authorised AGL representative ▪ $75, only available to new customers when signing up online or by calling AGL and quoting the eligible promo code, or to Westpac customers ▪ $100, only available to new customers with a Seniors Card	$25 credit—Residential Seniors Saver (New AGL Customers Only); Residential Seniors Saver; Residential Seniors Variable; $50 credit—Residential Super Saver (3rd Party Partners); Residential Value Saver (3rd Party Partners); $75 credit—Value Saver (Westpac Customers) (New AGL Customers Only); Residential Seniors Saver (New AGL Customers Only); Residential Flexible Saver (New AGL Customers Only); Residential Partners Saver (New AGL Customers Only); Residential Value Saver (New AGL Customers Only); Value Saver (Rent Customers) (New AGL Customers Only); $100 credit—Residential Seniors Saver (New AGL customers only)
	Bonus credits: $60 credit every 3 months for 2 years, up to $480 over 2 years, only available to customers who owned an electric vehicle (and, for one plan, were a BMW customer)[a]	Electric Vehicle Plan (Residential); Residential Electric Vehicle Plan (BMW Customers)
	Bonus Mastercard: $50, $100 or $150 prepaid digital Mastercard, only available to Westpac customers who remained with AGL for at least 30 days from sign-up (and were new customers in some instances)	$50—Residential Value Saver (Westpac Customers); $100—Residential Value Saver (Westpac Customers); Value Saver (Westpac Customers) (New AGL Customers Only); $150—Value Saver (Westpac Customers) (New AGL Customers Only)
	Bonus eGift card: $100 eGift card after first 30 days, only available to Rent customers opting into RentConnect via Rent.com.au and staying on the plan for at least 30 days from sign-up	Residential Value Saver (Rent Customers); Value Saver (Rent Customers) (New AGL Customers Only)
CovaU	**Online sign-up bonus**: $50 credit on the first bill, only available to new customers who signed up through CovaU's website[a]	Freedom Solar Online Qld Res Single; Freedom Online Qld Res Single
Diamond Energy	**Referral discount**: 2% off the bill (for the first 2 years) and then 1% (for further years) for each customer/property a customer referred during their agreement with Diamond Energy ('Thrive Discounts'). The 'friend' who joined Diamond Energy received a $35 sign-up credit.[b]	Everyday Renewable Saver
Energy Australia	**Comparator sign-up credit**: $25, $50 or $75 credit on the first bill, only available to customers who signed up via a selected 'Third Party Comparator' channel[a]	$25—Total Plan Home (Comparator Exclusive); $50—Total Plan Home (Third Party); Flexi Plan (Third Party); $75—Total Plan Home (Comparator Exclusive); Flexi Plan (Comparator Exclusive)
	Online sign-up credit: $25 or $50 credit on the first bill, only available to customers who signed up via energyaustralia.com.au[a]	$25—Balance Plan Home; Flexi Plan; No Frills; Solar Max; Total Plan Home $50—Balance Plan Home; Flexi Plan; No Frills; Solar Max; Total Plan Home

Retailer	Financial incentive	Plan(s)
GEE Energy	**Online sign-up credit**: $50 credit on the bill in the 3rd month, only available to online sign-ups[a]	GEE Flexi Residential; GEE Saver Residential; GEE SunSaver Residential
GloBird Energy	**Sign-up credit**: $50 credit on the (first) bill[a]	Credit on the bill—Boost Residential Flat Rate) Energex; GloGreen Residential (Flat Rate) Energex; GloSave Residential (Flat Rate) Energex; Credit on the first bill—Suresave Residential (Flat Rate) Energex
Kogan Energy	**Sign-up credit**: $59 credit, only available to existing Kogan First members	Kogan Energy for current Kogan First members
Mojo Power	**Refer a friend credit**: $50 credit for the customer and a friend when signing up and bringing a friend along, applied once the friend signed up with the customer's referral code and completed the onboarding process to become a customer[a]	All Day Breakfast; Evergreen; Single Minded
Momentum Energy	**eGift card**: $75 eGift card approximately 45 days after the first bill, subject to still being a customer, for customers who were a member of Geelong Football Club, selected to receive all correspondence and documents (incl bills) by email and to pay their bills by direct debit[c]	Flexi Geelong Cats 8400
Nectr	**Refer a friend credit**: $50 credit on the second bill for new customers who signed up using a 'refer a friend' link from an existing customer[a]	Nectr GreenPower; Nectr Super Solar; Nectr 100% Clean; Nectr 100% Clean Solar
Origin Energy	**Account credit**: $25 or $50 credit (prorated daily) over the 12-month contract period	Origin Advantage Variable (CIMET); Origin Advantage Variable (Electricity Monster); Origin Advantage Variable (Electricity Wizard); Origin Advantage Variable (Energy Watch); Origin Advantage Variable (Go Switch); Origin Advantage Variable (iSelect); Origin Advantage Variable (Residential Connections) ($25 credit from 14 April to 27 May 2022; $50 credit from 27 May to 9 June 2022)
Ovo Energy	**Hello 2022 credit**: $90 credit (applied in 12 monthly instalments of $7.50 as an offset against the charges on each monthly bill), valid via Ovo Energy's website, Energy Made Easy and selected third-party sales partners[a,d]	The One Plan; The One Plan (Electric Vehicle Discount); The One Plan (Ovo Giveaway)
	Winter welcome credit: $75 credit (applied in 12 monthly instalments of $6.25 as an offset against the charges on each monthly bill), valid via Ovo Energy's website, Energy Made Easy and selected third-party sales partners[a,d]	The One Plan; The One Plan (Electric Vehicle Discount)
	Electric vehicle discount: 5 cents/kWh off the standard rate when customers charged their electric vehicle between midnight and 5am[e]	The One Plan (Electric Vehicle Discount)
	Interest rewards: 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; The One Plan (Electric Vehicle Discount); The One Plan (Ovo Giveaway)
Radian Energy	**Joining bonus:** $50 joining bonus[a]	The Simple Switch 100% Net-Zero; The Simple Switch 100% Renewable
ReAmped Energy	**Refer a friend credit**: $50 credit for new customers who signed up using a 'refer a friend' link from an existing customer, applied either 30 or 60 days after the switch to the following invoice[a]	30 days—ReAmped Advance (Anytime); ReAmped Handshake (Anytime); 60 days—ReAmped Classic (Anytime); ReAmped Solar (Anytime)
Red Energy	**Free electricity use period**: Between 12 pm and 2 pm on Saturday and Sunday, the electricity usage charges were waived; available only to customers who signed up online, owned an electric vehicle and were the registered owner of that vehicle, which had the same address as the customer's electricity supply address	Red EV Saver

Retailer	Financial incentive	Plan(s)
Simply Energy	**New battery subsidy**: $2,000 applied to the first bill, or after receiving the required energy storage system information, whichever was later	Simply New VPP 15% off elec
	Online credit: $50 loyalty bonus 'within a reasonable time' of the contract anniversary if Simply Energy was able to continuously communicate with the customer's battery throughout the preceding 12 months	Simply New VPP 15% off elec
	VPP access credit: approximately $20 virtual power plant (VPP) community credit per month, applied to the account during the benefit period (total of $240 per year)	Simply VPP BYO 15% off elec
	One-off credit: $300 upfront credit applied to the first bill	Simply VPP BYO 15% off elec
Sumo Power	**Credit**: $25 credit applied to the first bill[f]	Sumo Assure Advantage Residential + $25 Credit (credit from 4 to 17 April 2022; eGift card from 21 February to 6 June 2022)
	eGift card: $25 eGift card emailed after 30 days when signing up online at sumo.com.au[f]	

a The retailer listed these credits/bonuses as a discount on Energy Made Easy. We consider such credits or bonuses to be of a similar type as the bill/account credit type financial incentives offered by other retailers in the past.
b Diamond Energy included the referral discount as a contract term on Energy Made Easy. We consider it to be similar to the referral credits/incentives attached by other retailers.
c Momentum Energy referred to the incentive as a 'virtual gift card' on Energy Made Easy.
d Ovo Energy stated on Energy Made Easy that terms and conditions applied but did not state where to find these.
e Ovo Energy advised customers to 'head to https://www.ovoenergy.com.au/electric-vehicles/' for more information.
f Sumo Power stated in the contract terms field on Energy Made Easy that the credit or eGift card was only for customers who signed up online at sumo.com.au. but only one of the two plans had eligibility restrictions attached.
Notes: Retailers did not always offer financial incentives during the entire quarter. The same plan may have had different financial and/or non-financial incentives attached at different times, and a few plans had more than one incentive attached at the same time. Various plans had eligibility restrictions attached. Retailers reported incentives as being GST inclusive, or we assume them to be GST inclusive.
Source: Energy Made Easy; QCA analysis.

In the June quarter of 2022, 18 of the 34 retailers that had residential flat rate market offers on Energy Made Easy attached financial incentives to at least one of their plans. This compares to a lower proportion of 14 of 34 retailers in the June quarter of 2021.[74] Only one of the 3 retailers that entered the SEQ market in 2021–22 with residential flat rate market offers—GEE Energy—attached financial incentives to some of its plans.

In general, the types of financial incentives attached to residential flat rate market offers in the June quarter of 2022 were similar to those available in the June quarter of 2021, with sign-up and bill/account credits being the dominant forms of financial incentive in both quarters. However, some new types of financial incentives were offered in the June quarter of 2022, including an electric vehicle discount, a credit for electric vehicle owners and a new battery subsidy.

Various plans with incentives attached also had eligibility criteria attached, which precluded some customers from accessing these plans and the incentives. For example, some plans were only available to customers who:

- were Rent.com.au customers
- had a Seniors Card
- were Westpac customers
- owned an electric vehicle
- signed up online or called a specific phone number and quoted an eligible promo code

[74] For a more detailed comparison and assessment of the financial incentives attached to residential flat rate market offers in the June quarter of 2021, see QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, pp 38–42.

- signed up via third parties
- accepted mandatory eBilling and received bills and other account-related communications via their nominated email address
- were new customers.

When customers compare plans and analyse the value of a financial incentive, they need to bear in mind that eligibility criteria and terms and conditions may be attached to accessing the incentive. Moreover, financial incentives are often one-off credits or bonuses and will therefore only reduce the bill once.

3.4.3 Non-financial incentives

Table 8 shows the non-financial incentives attached to residential flat rate market offers in the June quarter of 2022, which were similar to those in the other quarters of 2021–22.[75]

Table 8 Non-financial incentives attached to residential flat rate market offers, June quarter 2022

Retailer	Non-financial incentive	Plan(s)
Alinta Energy	**Kayo Basic:** Access to Kayo Basic for up to 12 months from the redemption date, as long as customers had an active Alinta Energy Sports Pack electricity plan, but customers were responsible for all other costs.[a]	Sports Pack – Single Rate + Solar; Sports Pack – Single Rate
AGL	**Carbon offsets**: BMW customers who purchased an AGL electric vehicle charger via BMW received a carbon offset to the equivalent of ~2.5MWh, calculated based on the average kilometres travelled by Australian drivers and the energy consumption rates of BMW iX3 and iX vehicles.	Residential Electric Vehicle Plan (BMW Customers)
Dodo Power & Gas	**General incentive:** From time to time, Dodo Power & Gas may provide promotional offers (including one-off payments and/or products) through promotion codes, which may be redeemed when signing up. These codes do not change the rates [prices], fees or charges of the plan.	Residential Market
Energy Australia	**PowerResponse program rebate**: Customers may be eligible for EnergyAustralia's PowerResponse program, and by participating in events, may be eligible for rebates which may change over time.[76]	Balance Plan Home; Flexi Plan; Flexi Plan (Comparator); Flexi Plan (Comparator Exclusive); Flexi Plan (Third Party); No Frills; Solar Max; Total Plan Home; Total Plan Home (Comparator Exclusive); Total Plan Home (Comparator); Total Plan Home (Third Party)
GloBird Energy	**Carbon neutral**: 100% of carbon emissions associated with the plan offset so customers 'can enjoy guilt free energy'	GloGreen Residential (Flat Rate) Energex
Kogan Energy	**Air fryer**: Free Kogan 4.2 L digital low fat 1400 W air fryer, 30 days from initial switch date, provided customers were still active[77]	Kogan Energy for current Kogan First members; Kogan Energy with free Kogan First
	Kogan First: Complimentary access to Kogan First membership for 12 months from the time of switching	Kogan Energy with free Kogan First
Momentum Energy	**Free GreenPower**: 10% of usage offset with renewable energy and Momentum Energy covered the cost	Strictly Business 8400; Suit Yourself Electricity 8400

[75] We did not include Ovo Energy's '100% carbon neutral' incentive in our 2019–20 market monitoring report, as we considered it to be a term or condition of the plan, not an incentive (QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, p 41). The definition of incentives in retail plans is set out in AER, *AER Retail Pricing Information Guidelines* [version 5.0], 2018, p 10 (clauses 38–42). We have included such GreenPower and carbon neutral benefits in this report, given that more retailers included them as an incentive on Energy Made Easy.

[76] On Energy Made Easy, EnergyAustralia referred to its website (energyaustralia.com.au/power-response) for details on eligibility criteria, terms and conditions, and rebates.

[77] On Energy Made Easy, Kogan Energy referred to its website (koganenergy.com.au/terms-conditions) for more details.

Retailer	Non-financial incentive	Plan(s)
Nectr	**Carbon neutral / GreenPower**: 100% carbon neutral or GreenPower included as part of the plan	Nectr GreenPower; Nectr Super Solar; Nectr 100% Clean Solar; Nectr 100% Clean
Origin Energy	**AGA EHA program membership**: Customers received an Emergency Home Assistance Program membership provided by Allianz Global Assistance for the energy plan period[78]	Origin Home Assist; Origin Home Assist Variable
	Everyday Rewards points: Customers received 5,000 Everyday Rewards points about 45 days after the acceptance date and ongoing 1 Everyday Rewards point per $1 on the bill[79]	Origin Everyday Rewards
	GreenPower: 25% GreenPower contribution from Origin Energy at no additional cost during the energy plan period	Origin Everyday Rewards
	Origin Go Zero: 100% of the greenhouse gas emissions from the electricity or gas supply offset by Origin Energy[80] through 'Climate Active', a government-backed carbon neutral certification scheme	Origin Basic; Origin Flexi Rate ePlus; Origin Go; Origin Go Variable; Origin Home Assist; Origin Home Assist Variable; Origin Solar Boost; Origin Solar Boost Plus; Origin Solar Lite; Origin Solar Lite Variable
Ovo Energy	**Carbon neutral**: 100% of the carbon footprint from the customer's electricity consumption offset by Ovo Energy	The One Plan
	Ovo giveaway: Customers went in the draw to win a Tesla Model 3 (long range), Tesla Gen 3 Wall Connector charging unit and a $2,000 energy bill credit[b]	The One Plan (Electric Vehicle Discount); The One Plan (Ovo Giveaway)
Radian Energy	**Carbon neutral**: 100% carbon neutral	The Simple Switch 100% Net-Zero
	GreenPower: 100% GreenPower	The Simple Switch 100% Renewable
Red Energy	**Contributions to BCNA**: $5 contribution from Red Energy to the Breast Cancer Network Australia (BCNA) for each calendar month from the date Red Energy became responsible for the electricity supply	Red BCNA Saver
	Renewable matching promise: Snowy Hydro Limited matched every unit of electricity a customer bought from Red Energy by generating one unit of electricity from a renewable source	Red BCNA Saver
	Qantas points: 10,000 bonus Qantas points for new customers once Red Energy supplied electricity and additional Qantas points if paying on time, as follows:[c] — 2 Qantas points per $1 on the bill — 3 Qantas points per $1 on the bill	 Qantas Red Saver Qantas Red Saver (Bundled)
Simply Energy	**Moving home energy guarantee**: Customers could rely on electricity and gas for their new home being switched to Simply Energy within 3 business days; if Simply Energy was unable to get either (or both) electricity or gas on by this date, it would provide a $150 credit on the first bill	Simply Energy Movers 8% off elec

a Alinta Energy listed the Kayo Basic incentive as part of its contract terms on Energy Made Easy. Kayo Sports is an Australian sports streaming service with different subscription packages.
b Only available to customers who signed up between 15 March and 14 April 2022. However, these plans were only available from 29 March (until 16 April 2022). Ovo Energy referred customers to www.ovoenergy.com.au/help for the full terms and conditions.
c Red Energy referred customers to redenergy.com.au/terms for terms and conditions.
Notes: Retailers did not always offer non-financial incentives during the entire quarter. The same plan may have had different financial and/or non-financial incentives attached at different times, and a few plans had more than one incentive attached at the same time. Various plans had eligibility restrictions attached.
Source: Energy Made Easy; QCA analysis.

[78] According to Allianz, the program provides members with assistance to resolve 10 common household problems, including being locked out of the house; damaged roof or guttering causing an internal leak; burst pipe; and blocked toilet, drain or pipes (Allianz Partners, *Emergency Home Assistance*, Allianz Partners website, n.d., viewed 13 July 2022). Origin Energy attached a fee of 30 cents/day ($109.50 over the energy plan period) to the Origin Home Assist Variable plan for the EHA program membership.
[79] With the Origin Everyday Rewards plans available from 4 May 2022, customers received 'up to' 5,000 one-off Everyday Rewards points. Origin Energy did not state on Energy Made Easy under what conditions customers could get the full 5,000 points.
[80] Origin Energy stated on Energy Made Easy that the cost is $1.50 per week but did not state whether customers would be charged this amount or if Origin Energy would cover it.

In the June quarter of 2022, more retailers (13 of 34 retailers) attached non-financial incentives to at least one of their residential flat rate market offers than in the June quarter of 2021 (5 out of 34 retailers). The non-financial incentives in 2021–22 were similar to those in 2019–20 and 2020–21,[81] but we observed some new incentives in 2021–22, such as an air fryer, a complimentary Kogan First membership, a guarantee that electricity would be provided within three business days when moving house, and in particular more GreenPower and/or carbon neutral energy. None of the 3 retailers that entered the SEQ retail electricity market in 2021–22 with residential flat rate market offers attached non-financial incentives to their plans.

Overall, we found that more retailers attached non-financial incentives to some or all of their plans in 2021–22. Similarly, the ACCC observed in late 2021 that retailers spent more on customer loyalty programs to run rewards programs targeted at their customers. And this was reflected in an increasing trend in the share of total costs to acquire and retain customers spent on customer loyalty programs (non-price product add-ons).[82]

Table 8 shows that a number of smaller retailers had non-financial incentives attached to some or all of their plans. This is in line with the ACCC's observation of a larger increase in proportionate spending on customer loyalty programs by non-big 3 retailers than big 3 retailers. The ACCC saw this as an indicator that non-big 3 retailers may be expanding on both their customer acquisition and retention activities through non-price competition relative to previous financial years.[83]

Our observations on eligibility criteria attached to plans with discounts or financial incentives also apply to plans with non-financial incentives. Some of the eligibility criteria attached to plans with non-financial incentives relate to retailers' partnerships with other organisations to provide such incentives. For example, some of these plans were only available to customers who:

- had a registered Everyday Rewards membership at the time of sign-up
- were a BMW customer
- were (or were not) existing Kogan First members
- had an Australian business number (ABN)
- were valid Qantas Frequent Flyer members
- signed up via phone and asked for the plan
- signed up via a third party
- were new customers.

While non-financial incentives do not reduce a customer's bill, they can still be of value to the customer and influence the selection of a plan. However, retailers' use of incentives can add complexity for customers and make it difficult for customers to review and compare plans. As with financial incentives, customers need to bear in mind that eligibility criteria and terms and conditions may be attached to accessing a non-financial incentive.

3.4.4 GreenPower

Table 9 shows the GreenPower options attached to residential flat rate market offers in the June quarter of 2022, which were similar to the options provided in the other quarters of 2021–22. These plans generally allowed customers to select a proportion of their electricity usage to be

[81] QCA, *SEQ retail electricity market monitoring 2019–20*, 2020, p 44; QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, pp 42–43.
[82] ACCC, *Inquiry into the National Electricity Market*, November 2021, p 40.
[83] ACCC, *Inquiry into the National Electricity Market*, November 2021, p 40.

supplied from GreenPower-accredited sources for a fixed price per week or per kilowatt hour on top of their normal bill.

Table 9 GreenPower options attached to residential flat rate market offers, June quarter 2022

Retailer	GreenPower options
AGL	All plans—energy fed into the grid from accredited GreenPower generators: ▪ 20% of usage for $1 per week ▪ 100% of usage for 4.4c/kWh
Amber Electric	Only one plan: ▪ 100% GreenPower for 3.67c/kWh
Diamond Energy	Only one plan—energy fed into the grid from accredited GreenPower generators: ▪ 50% of usage for 2.75c/kWh ▪ 100% of usage for 5.5c/kWh
Discover Energy	All plans: ▪ 10% GreenPower for 4.95c × 10% of total usage ▪ 20% GreenPower for 4.95c × 20% of total usage ▪ 100% GreenPower for 4.95c/kWh
Dodo Power & Gas	Both plans—electricity sourced from GreenPower: ▪ 10% of usage for 0.99c/kWh[a] ▪ 100% of usage for 9.9c/kWh
EnergyAustralia	All plans: ▪ 10% PureEnergy for 4.95c x 10% of total usage ▪ 20% PureEnergy for 4.95c x 20% of total usage ▪ 100% PureEnergy for 4.95c/kWh
Energy Locals	Only two of the plans (Online Member 2022 (Anytime); Local Member EL (Anytime)): ▪ 10% GreenPower for 0.39c/kWh ▪ 50% GreenPower for 1.95c/kWh ▪ 100% GreenPower for 3.9c/kWh
Enova Energy	Both plans—usage matched with electricity from accredited GreenPower sources: ▪ 100% GreenPower for 4.18c/kWh
GloBird Energy	Only one of the plans (GloGreen Residential (Flat Rate) Energex): ▪ 100% GreenPower included in the offer rates ($0/kWh)
Mojo Power	Only one of the plans (Evergreen): ▪ 25% GreenPower for 0.605c/kWh ▪ 50% GreenPower for 1.21c/kWh ▪ 100% GreenPower for 2.42c/kWh
Momentum Energy	All plans, except the Suit Yourself Electricity 8400 plan and the Strictly Business 8400 plan—a range of GreenPower options: ▪ 10, 20, 25, 50, 75 or 100% of usage for 4.95c/kWh
Nectr	Only one of the plans (Nectr GreenPower): ▪ 100% GreenPower included in usage rates ($0/kWh)[b]
Origin Energy	All plans, except the Origin Everyday Rewards plans,[c] usage matched with electricity from accredited GreenPower sources (accredited wind GreenPower for 100% option): ▪ 25% of usage for 65c per week ▪ 50% of usage for 1.4c/kWh ▪ 100% of usage for 2.8c/kWh
Ovo Energy	All plans: ▪ 10% GreenPower as standard ($0/kWh) ▪ 100% GreenPower for 4.95c/kWh[d]
Powershop	All plans: ▪ 100% GreenPower for 3.74c/kWh—customers could ‘purchase as much, or as little, 100% GreenPower’ as they liked.
Radian Energy	Only one of the plans (The Simple Switch 100% Renewable):[e] ▪ 100% GreenPower at no extra cost ($0/kWh)

Retailer	GreenPower options
ReAmped Energy	All plans: ▪ 25% GreenPower for 1c/kWh ▪ 50% GreenPower for 2c/kWh ▪ 75% GreenPower for 3c/kWh ▪ 100% GreenPower for 4c/kWh
Red Energy	All plans: ▪ 100% GreenPower for 5.83c/kWh

a As in the June quarters of 2020 and 2021, Dodo Power & Gas included the green charge amount as $0.0099 on Energy Made Easy but stated the amount in the description field as $0.099.
b With all of its plans, Nectr stated in the incentives fields on Energy Made Easy that a 100% carbon offset (or 100% GreenPower) was included as part of the plan.
c The Origin Everyday Rewards plans included 25% GreenPower as an incentive, with Origin Energy making a contribution of 25% GreenPower, at no additional cost, during the energy plan period. The GreenPower options attached to all the other plans were coded as green charges on Energy Made Easy. In addition, Origin Energy attached an 'Origin Go Zero' incentive to some of its plans on Energy Made Easy, stating that if customers take up Origin Go Zero, Origin Energy would offset 100% of the greenhouse gas emissions from their electricity or gas supply through 'Climate Active', a government-backed carbon neutral certification scheme. The cost was 1.5c/kWh.
d Ovo Energy also attached '100% Carbon Neutral' as an incentive to some of its plans on Energy Made Easy, whereby Ovo Energy would offset 100% of the carbon footprint from a customer's electricity consumption.
e This GreenPower option was only attached to The Simple Switch 100% Renewable plan available from 18 March to 31 May 2022, not to The Simple Switch 100% Renewable plan available from 3 June 2022. All plans had either '100% Carbon Neutral' or '100% Green Power' attached as an incentive on Energy Made Easy.
Note: Retailers listed GreenPower charges on Energy Made Easy as being GST inclusive, except for Discover Energy, EnergyAustralia, Energy Locals, Origin Energy and Red Energy, which did not indicate if the charges were GST inclusive or not. GloBird Energy, Nectr and Radian Energy provided GreenPower free of charge.
Source: Energy Made Easy; QCA analysis.

In the June quarter of 2022, about half of the retailers (18 of 34 retailers) attached GreenPower options to some or all of their residential flat rate market offers, similar to the June quarter of 2021 (17 of 34 retailers).[84] Except for Locality Planning Energy and Powerdirect, each retailer that had GreenPower options attached in the June quarter of 2021 also had GreenPower options attached in the June quarter of 2022. In addition, two retailers—GloBird Energy and Mojo Power—that did not attach GreenPower options to their residential flat rate market offers a year earlier, and one retailer—Radian Energy—that did not have any residential flat rate market offers a year earlier, attached GreenPower options in the June quarter of 2022.

Retailers that attached GreenPower options to their residential flat rate market offers often provided a choice of either 10%, 20%, 25%, 50% or 100% GreenPower. The price of GreenPower varied substantially between the retailers. Charges for 100% GreenPower, for example, ranged from 2.42c/kWh (Mojo Power) to 9.9c/kWh (Dodo Power & Gas). Some retailers even had 100% GreenPower included in their prices at no extra cost.

Of the 3 retailers that entered the SEQ market in 2021–22 with market offers for residential flat rate customers, none attached GreenPower options to their plans in the June quarter of 2022.

In comparison to the June quarter of 2021, in the June quarter of 2022:

- 11 retailers had the same GreenPower options and prices
  (AGL, Diamond Energy, Discover Energy, Dodo Power & Gas, EnergyAustralia, Enova Energy, Momentum Energy, Nectr, Origin Energy, Ovo Energy and Red Energy)
- 3 retailers lowered their GreenPower prices
  (Amber Electric, Energy Locals and ReAmped Energy)
- no retailers increased their GreenPower prices

[84] For a more detailed comparison and assessment of the GreenPower options attached to residential flat rate market offers in the June quarter of 2021, see QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, pp 43–45.

- one retailer reduced its GreenPower options by removing plans that had different GreenPower charges attached last year compared to most other plans (Powershop).

The residential flat rate standing offers of some retailers also had GreenPower options attached in the June quarter of 2022 (AGL, Discover Energy, EnergyAustralia, Momentum Energy, Origin Energy, Powerdirect and Radian Energy).

Contrary to the June quarter of 2021, we observed that a number of retailers also attached GreenPower and/or carbon neutral energy as an incentive to their plans on Energy Made Easy in the June quarter of 2022 (as shown in section 3.4.3).

3.5 Small business flat rate offers

3.5.1 Discounts

Table 10 shows the discounts attached to small business flat rate market offers available on Energy Made Easy in the June quarter of 2022. We observed the following types of discounts and discount combinations, which were similar to the other quarters of 2021–22:

- guaranteed discounts
- pay on time discounts
- pay on time and approved payment or billing method discounts combined
- direct debit discounts.[85]

Table 10 Discounts attached to small business flat rate market offers, June quarter 2022

Retailer	Guaranteed	Pay on time	Pay on time and payment/billing methods	Direct debit
1st Energy	—	10% off bill[a]	—	—
CovaU	15% off usage[b]	—	—	— —
Diamond Energy	—	—	7% off bill[c]	3% off bill[c]
Discover Energy	10% off usage[d] 15% off usage[e] 18% off usage[f]	—	—	— —
Elysian Energy	—	10% off usage[g]	—	—
EnergyAustralia	3% off bill[h] 5% off bill[i] 8% off bill[j] 11% off bill[k] 13% off bill[l]	—	—	—
Enova Energy	—	3% off usage[m]	—	—
Simply Energy	22% off bill[n]	—	—	—

a 1st Saver (Single Rate) plan—no eligibility restrictions.
b Freedom Solar Energex Business Single 8500 plan, Freedom Energex Business Single 8500 plan, Freedom Solar Energex Business Single plan, Freedom Solar Online Qld Business Single plan and Freedom Online Qld Business Single plan—no eligibility restrictions.
c Everyday Renewable Saver plan—pay on time discount with email invoicing/billing and full payment received by the due date.
d Energex Small Business Single Rate Easy Saver plan—customers had to agree to an automatic monthly instalment payment based on their estimated electricity usage (any remaining usage had to be paid on the

[85] Diamond Energy attached discounts to its small business flat rate standing offers in the June quarter of 2018 (QCA, *SEQ retail electricity market monitoring: 2017–18* [updated report], 2019, p 84). However, no retailer attached any discounts to its small business flat rate standing offers in the June quarters of 2019, 2020 and 2021 (QCA, *SEQ retail electricity market monitoring: 2018–19*, 2019, p 41; QCA, *SEQ retail electricity market monitoring 2019–20*, 2020, p 49; QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, p 46), nor in the June quarter of 2022.

due date), billing was by email only, and only direct debit and credit card payment was accepted; Energex Small Business Single Rate Economy Saver plan—available to new customers only who signed up online, and billing was by email only, and only direct debit and credit card payment was accepted.

e Energex Small Business Single Rate Ultimate Saver plan—customers had to agree to an automatic monthly instalment payment based on their estimated electricity usage (any remaining usage had to be paid on the due date), billing was by email only, and only direct debit and credit card payment was accepted.

f Energex Small Business Single Rate Aust Post Offer plan—customers had to sign up via Australia Post; Energex Small Business Single Rate Smart Saver plan—customers had to sign up online, agree to direct debit and credit card payment only, and to billing by email only. Both plans were available to new customers only.

g Elysian Market Business Single Plan (QEX)—no eligibility restrictions.

h Business Carbon Neutral Plan—no eligibility restrictions.

i Business Balance Plan 24 and Total Plan Business—no eligibility restrictions.

j Business Balance Plan 24—no eligibility restrictions.

k Business Carbon Neutral Plan—no eligibility restrictions.

l Total Plan Business—no eligibility restrictions.

m Enova Business Economy Plus plan—no eligibility restrictions.

n Business Saver 22% off plan—no eligibility restrictions.

Notes: A dash (—) means the retailer did not attach the discount type to any of its small business flat rate market offers on Energy Made Easy in this quarter. If a retailer had a discount attached, it did not necessarily attach a discount to all of its small business flat rate market offers or during the entire quarter.

Sources: Energy Made Easy; QCA analysis.

Fewer retailers with discounts

In the June quarter of 2022, less than a third of the retailers (8 of 29 retailers with small business flat rate market offers available on Energy Made Easy) attached guaranteed or conditional discounts to at least one of their plans. A year before (June quarter of 2021), more retailers (over a third or 10 out of 27 retailers) had discounts attached to at least one of their small business market offers.[86]

We note that Origin Energy did not attach any discounts to its small business flat rate market offers in the June quarter of 2022. This is in line with its statements in a submission to the AER, where the retailer stated that it had moved away from discount-based marketing and towards brand-based marketing, with a greater focus on the promotion of non-discount benefits.[87]

None of the 3 retailers that entered the SEQ retail electricity market in 2021–22 with small business flat rate market offers attached discounts to their plans in the June quarter of 2022.

Guaranteed discounts

Similar to our observations on residential flat rate offers, we have observed a shift from conditional to guaranteed discounts since the Electricity Retail Regulations came into force on 1 July 2019. This shift is also reflected in the significant decrease in the number of small business customers in Queensland who missed one or more (conditional) pay on time discounts, down from 3,788 (June quarter of 2019) to 1,512 (March quarter of 2022).[88]

Guaranteed discounts were the most common form of discounts attached to small business flat rate market offers in 2021–22, as in 2019–20 and 2020–21. Of the 8 retailers whose plans had some discounts attached, 4 retailers attached guaranteed discounts to at least one of their plans, with:

- discounts off usage charges ranging from 10% (Discover Energy) to 18% (Discover Energy)
- discounts off the total bill ranging from 3% (EnergyAustralia) to 22% (Simply Energy).

[86] For a more detailed comparison and assessment of the discounts attached to small business flat rate market offers in the June quarter of 2021, see QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, pp 46–48.

[87] For more details, see section 3.4.1 in this report.

[88] AER, *Retail energy market performance update for Quarter 4, 2018–19* [schedule 3], 2019, viewed 2 August 2021; AER, *Retail energy market performance update for Quarter 3, 2021–22* [schedule 3], 2022, viewed 19 July 2022.

The range of discounts off usage charges was the same as in the June quarter of 2021 (10% to 18%), while the range of discounts off the total bill has widened since the June quarter of 2021 (when they ranged from 5% to 18%).

Eligibility criteria

We note that—similar to our observations on residential flat rate market offers—some small business flat rate market offers with discounts attached also had eligibility restrictions attached, which means that those plans were only available to certain customers (e.g. new customers, customers who signed up in a certain way or customers who accepted e-billing or payment through specific channels). In particular, a few small business flat rate market offers with guaranteed discounts had eligibility criteria attached that were very similar to typical requirements for conditional discounts. For example, Discover Energy's plans (except the Energex Small Business Single Rate Aust Post Offer) that included a guaranteed discount had several eligibility restrictions attached, including that:

- bill payments could only be made by direct debit and credit card
- only e-billing (billing by email) was available.[89]

Pay on time discounts

Three retailers attached a pay on time discount to one of their plans, with:

- discounts off usage charges of 3% (Enova Energy) and 10% (Elysian Energy)
- discounts off the total bill of 10% (1st Energy).

The range and the size of pay on time discounts were the same as in the June quarter of 2021 (when the discounts were 3% and 10% off usage charges, and 10% off the bill).

Discount combinations

As in the June quarters of 2020 and 2021, Diamond Energy was the only retailer to attach a discount combination in the June quarter of 2022—a 7% discount off the total bill if customers received bills by email and paid on time.

Direct debit discount

As in the June quarters of 2020 and 2021, Diamond Energy was the only retailer to attach a direct debit discount in the June quarter of 2022—a 3% discount off the total bill if full payment was made by automated direct debit.

3.5.2 Financial incentives

Table 11 shows the financial incentives attached to small business flat rate market offers in the June quarter of 2022, which were similar to those in the other quarters of 2021–22.

Table 11 Financial incentives attached to small business flat rate market offers, June quarter 2022

Retailer	Financial incentive	Plan(s)
CovaU	**Online sign-up bonus**: $50 credit on the first bill, only available to new customers who signed up through CovaU's website[a]	Freedom Online Qld Business Single; Freedom Solar Online Qld Business Single
GEE Energy	**Online sign-up credit**: $100 credit on the bill in the 3rd month, available only to online sign-ups	GEE Business Flexi; GEE Business Saver

[89] We made similar observations in our previous reports (QCA, *SEQ retail electricity market monitoring 2019–20*, 2020, p 50; QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, pp 47–48).

Retailer	Financial incentive	Plan(s)
Momentum Energy	**eGift card**: $75 eGift card approximately 45 days after the first bill, subject to still being a customer, for customers who were a member of Geelong Football Club, selected to receive all correspondence and documents (incl bills) by email and to pay their bills by direct debit[b]	Flexi Geelong Cats 8500 plan
ReAmped Energy	**Refer a friend credit**: $50 credit for new customers who signed up using a 'refer a friend' link from an existing customer, applied 60 days after the switch to the following invoice	ReAmped Business (Anytime)

a The retailer listed this bonus as a discount on Energy Made Easy. We consider such a bonus to be of a similar type as the bill/account credit type financial incentives offered by other retailers in the past.
b Momentum Energy referred to the incentive as a 'virtual gift card' on Energy Made Easy.
Notes: Retailers did not always offer financial incentives during the entire quarter. The same plan may have had different financial and/or non-financial incentives attached at different times, and a few plans had more than one incentive attached at the same time. Various plans had eligibility restrictions attached. Retailers reported incentives as being GST inclusive, or we assume them to be GST inclusive.
Source: Energy Made Easy; QCA analysis.

In the June quarter of 2022, only 4 of the 29 retailers that had small business flat rate market offers on Energy Made Easy attached financial incentives to at least one of their plans. This compares to a similar proportion of 3 of 27 retailers in the June quarter of 2021.[90] Only one of the 3 retailers that entered the SEQ market in 2021–22 with small business flat rate market offers—GEE Energy—attached financial incentives to some of its plans.

The types of financial incentives attached to small business flat rate market offers in the June quarter of 2022 were similar to those available in the June quarter of 2021, with sign-up credits/bonuses being the dominant forms of financial incentive in both quarters. Credits when signing up with a 'refer a friend' link from an existing customer (as offered by ReAmped Energy) were a new incentive for small business customers in the June quarter of 2022.

As with discounts and financial incentives attached to residential flat rate market offers (sections 3.4.1 and 3.4.2), some small business flat rate market offers had eligibility criteria attached, which means not all customers may have been able to take up those these plans and get the incentives attached to them. For example, some plans were only available to customers who:

- were a member of Geelong Football Club
- were prepared to receive all correspondence and documents (including bills) electronically by email and to pay their bills by direct debit
- were new customers.

When customers compare plans and analyse the value of a financial incentive, they need to bear in mind that eligibility criteria and terms and conditions may be attached to accessing the incentive. Moreover, financial incentives are often one-off credits or bonuses and will therefore only reduce the bill once.

3.5.3 Non-financial incentives

Table 12 shows the non-financial incentives attached to small business flat rate market offers in the June quarter of 2022, which were similar to those in the other quarters of 2021–22.[91]

[90] For a more detailed comparison and assessment of the financial incentives attached to small business flat rate market offers in the June quarter of 2021, see QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, pp 48–49.
[91] We did not include Ovo Energy's '100% carbon neutral' incentive in our 2019–20 market monitoring report, as we considered it to be a term or condition of the plan, not an incentive (QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, p 41). The definition of incentives in retail plans is set out in AER, *AER Retail Pricing Information Guidelines* [version 5.0], 2018, p 10

Table 12 Non-financial incentives attached to small business flat rate market offers, June quarter 2022

Retailer	Non-financial incentive	Plan(s)
Alinta Energy	**Qantas points**: 15,000 sign-up Qantas points after 90 days plus ongoing 3 Qantas points per $1 of every fully paid bill; bonus Qantas points offers may apply	BusinessDeal Qantas (SR & Solar); BusinessDeal Qantas (SR Interval & Solar); BusinessDeal Qantas (SR Interval); BusinessDeal Qantas (SR)
Momentum Energy	**Free GreenPower**: 10% of usage offset with renewable energy and Momentum Energy covered the cost	Strictly Business 8500; Suit Yourself Electricity 8500
Origin Energy	**Origin go zero**: 100% of the greenhouse gas emissions from the electricity or gas supply offset by Origin Energy[92] through 'Climate Active', a government-backed carbon neutral certification scheme	Origin Business Basic; Origin Business Go; Origin Business Go Variable; Origin Business Solar Boost; Origin Business Solar Boost Plus
Radian Energy	**Carbon neutral**: 100% carbon neutral	The Simple Switch 100% Net-Zero
	GreenPower: 100% GreenPower	The Simple Switch 100% Renewable
Red Energy	**Contributions to BCNA**: $5 contribution from Red Energy to the Breast Cancer Network Australia (BCNA) for each calendar month from the date Red Energy became responsible for the electricity supply	Red BCNA Saver
	Renewable matching promise: Snowy Hydro Limited matched every unit of electricity a customer bought from Red Energy by generating one unit of electricity from a renewable source	Red BCNA Saver
	Qantas points: Bonus Qantas points once Red Energy supplied electricity and additional Qantas points per $1 on the bill when paying in full, as follows: — 10,000 bonus points and 2 points per $1 on the bill — 15,000 bonus points and 3 points per $1 on the bill	Qantas Red Business Saver Qantas Red Business Plus

Notes: Retailers did not always offer non-financial incentives during the entire quarter. The same plan may have had different financial and/or non-financial incentives attached at different times, and a few plans had more than one incentive attached at the same time. Various plans had eligibility restrictions attached.
Source: Energy Made Easy; QCA analysis.

In the June quarter of 2022, more retailers (5 of 29 retailers) attached non-financial incentives to at least one of their small business flat rate market offers than in the June quarter of 2021 (1 out of 27 retailers). Qantas points and contributions to the Breast Cancer Network Australia were offered again as incentives in the June quarter of 2022, but we also observed GreenPower and/or carbon neutral energy being attached to small business flat rate market offers as incentives. Although more retailers offered non-financial incentives, none of the retailers that entered the SEQ retail electricity market in 2021–22 with small business flat rate market offers attached non-financial incentives to their plans.

Our observations on eligibility criteria attached to plans with discounts or financial incentives also apply to plans with non-financial incentives. Some of the eligibility criteria attached to plans with non-financial incentives relate to retailers' partnerships with other organisations to provide such incentives. For example, some of these plans were only available to customers who:

- had a valid Qantas Business Rewards membership and had an ABN on their energy account that matched the ABN registered to their Qantas Business Rewards membership
- had a net-metered solar PV system and were not receiving any government feed-in tariff
- signed up via phone and asked for the plan
- were new customers.

(clauses 38–42). We have included such GreenPower and carbon neutral benefits in this report, given that more retailers included them as an incentive on Energy Made Easy.

[92] Origin Energy stated on Energy Made Easy that the cost is 1.5c/kWh but did not state whether customers would be charged this amount or if Origin Energy would cover it.

While non-financial incentives do not reduce a customer's bill, they can still be of value to the customer and influence the selection of a plan. However, retailers' use of incentives can add complexity and make it difficult for customers to review and compare plans. As with financial incentives, customers need to bear in mind that eligibility criteria and terms and conditions may be attached to accessing a non-financial incentive.

3.5.4 GreenPower

Table 13 shows the GreenPower options attached to small business flat rate market offers in the June quarter of 2022, which were similar to the options provided in the other quarters of 2021–22. These plans generally allowed customers to select a proportion of their electricity usage to be supplied from GreenPower-accredited sources for a fixed price per week or per kilowatt hour on top of their normal bill.

Table 13 GreenPower options attached to small business flat rate market offers, June quarter 2022

Retailer	GreenPower options
AGL	All plans—energy fed into the grid from accredited GreenPower generators: ▪ 10% of usage for 0.44c/kWh ▪ 20% of usage for 0.88c/kWh ▪ 100% of usage for 4.4c/kWh
Amber Electric	Only one plan: ▪ 100% GreenPower for 3.67c/kWh
Diamond Energy	Only one plan—energy fed into the grid from accredited GreenPower generators: ▪ 50% of usage for 2.75c/kWh ▪ 100% of usage for 5.5c/kWh
Discover Energy	All plans: ▪ 10% GreenPower for 4.95c × 10% of total usage ▪ 20% GreenPower for 4.95c × 20% of total usage ▪ 100% GreenPower for 4.95c/kWh
EnergyAustralia	All plans: ▪ 10% PureEnergy for 4.95c x 10% of total usage ▪ 25% PureEnergy for 4.95c x 25% of total usage ▪ 100% PureEnergy for 4.95c/kWh
Energy Locals	Only one plan: ▪ 10% GreenPower for 0.4c/kWh ▪ 50% GreenPower for 2.0c/kWh ▪ 100% GreenPower for 3.9c/kWh
Enova Energy	Only one plan—usage matched with electricity from accredited GreenPower sources: ▪ 100% GreenPower for 4.18c/kWh
Mojo Power	Only one plan: ▪ 25% GreenPower for 0.605c/kWh ▪ 50% GreenPower for 1.21c/kWh ▪ 100% GreenPower for 2.42c/kWh
Momentum Energy	All plans, except the Suit Yourself Electricity 8500 plan and the Strictly Business 8500 plan—a range of GreenPower options: ▪ 10, 20, 25, 50, 75 or 100% of usage for 4.95c/kWh
Origin Energy	All plans—usage matched with electricity from accredited GreenPower sources (accredited wind GreenPower for 100% option):[a] ▪ 25% of usage for 0.7c/kWh ▪ 50% of usage for 1.4c/kWh ▪ 100% of usage for 2.8c/kWh
Powershop	Both plans: ▪ 100% GreenPower for 3.74c/kWh—customers could ‘purchase as much, or as little, 100% GreenPower’ as they liked.
Radian Energy	Only one of the plans (The Simple Switch 100% Renewable):[b] ▪ 100% GreenPower at no extra cost ($0/kWh)

ReAmped Energy	All plans: ▪ 25% GreenPower for 1c/kWh ▪ 50% GreenPower for 2c/kWh ▪ 75% GreenPower for 3c/kWh ▪ 100% GreenPower for 4c/kWh
Red Energy	All plans: ▪ 100% GreenPower for 5.83c/kWh

a Origin Energy attached an 'Origin Go Zero' incentive to each of its plans on Energy Made Easy, stating that if customers take up Origin Go Zero, Origin Energy would offset 100% of the greenhouse gas emissions from their electricity or gas supply through 'Climate Active', a government-backed carbon neutral certification scheme. The cost was 1.5c/kWh.

b The Simple Switch 100% Renewable plan also had '100% Green Power' attached as an incentive on Energy Made Easy, while the other plan (which did not have any GreenPower options attached) had '100% Carbon Neutral' attached as an incentive.

Note: Retailers listed GreenPower charges on Energy Made Easy as being GST inclusive, except for Discover Energy, EnergyAustralia, Energy Locals, Origin Energy and Red Energy, which did not indicate if the charges were GST inclusive or not. Radian Energy provided GreenPower free of charge.

Source: Energy Made Easy; QCA analysis.

In the June quarter of 2022, about half of the retailers (14 of 29 retailers) attached GreenPower options to some or all of their small business flat rate market offers, similar to the June quarter of 2021 (13 of 27 retailers).[93] Except for Locality Planning Energy and Powerdirect, each retailer that had GreenPower options attached in the June quarter of 2021 also had GreenPower options attached in the June quarter of 2022. In addition, three retailers—Amber Electric, Mojo Power and Radian Energy—that did not have small business flat rate market offers a year earlier attached GreenPower options to their plans in the June quarter of 2022.

Retailers that attached GreenPower options to their small business flat rate market offers often provided a choice of either 10%, 20%, 25%, 50% or 100% GreenPower. The price of GreenPower varied substantially between the retailers. Charges for 100% GreenPower, for example, ranged from 2.42c/kWh (Mojo Power) to 5.83c/kWh (Red Energy). One retailer (Radian Energy) had 100% GreenPower included at no extra cost.

Of the 3 retailers that entered the SEQ market in 2021–22 with market offers for small business flat rate customers, only 2 retailers—Amber Electric and Mojo Power—attached GreenPower options to their plans in the June quarter of 2022.

In comparison to the June quarter of 2021, in the June quarter of 2022:

- 8 retailers had the same GreenPower options and prices (AGL, Diamond Energy, Discover Energy, EnergyAustralia, Enova Energy, Momentum Energy, Origin Energy and Red Energy)
- 2 retailers lowered their GreenPower prices (Energy Locals and ReAmped Energy)
- no retailers increased their GreenPower prices
- one retailer reduced its GreenPower options by removing plans that had different GreenPower charges attached last year compared to most other plans (Powershop).

The small business flat rate standing offers of some retailers also had GreenPower options attached in the June quarter of 2022 (AGL, Discover Energy, EnergyAustralia, Momentum Energy, Origin Energy and Powerdirect).

[93] For a more detailed comparison and assessment of the GreenPower options attached to small business flat rate market offers in the June quarter of 2021, see QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, pp 50–52.

Contrary to the June quarter of 2021, we observed that a number of retailers also attached GreenPower and/or carbon neutral energy as an incentive to their plans on Energy Made Easy in the June quarter of 2022 (shown in section 3.5.3).

Most retailers stated that their GreenPower charges included GST (8 out of the 14 retailers that had GreenPower options attached).

3.6 Complexity of discounting

Discounts continue to be complex and therefore pose a potential challenge for some customers. We observed the following about retailers' discounting practices in 2021–22, similar to the observations we made in our previous market monitoring reports:

- In general, retailers clearly stated whether discounts were off the total bill or off usage charges only.
- When customers decide which discount option would reduce their bill the most, or whether an undiscounted plan would result in the cheapest plan, they need to consider various factors, including:
  - their current and future consumption levels
  - how long the discount is available
  - their willingness and ability to meet discount conditions
  - the application of any fees if discount conditions are not met
  - whether discounts apply to charges before or after solar feed-in tariffs are applied.[94]

Discounted plans have been less prevalent in the SEQ market, and there has been a shift from conditional to guaranteed discounts over the past three years.[95] However, some plans with guaranteed discounts include eligibility criteria relating to payment and billing methods. We advise customers to carefully consider the interaction between eligibility criteria and discounts, as some eligibility criteria can be similar in nature to a conditional discount.

The changes that were implemented with the introduction of the default market offer aim to make it easier for customers to compare plans with discounts attached to them. In our view, these changes to the regulation of discounting (outlined in section 3.3) provide important consumer protections to prevent customers from being worse off after signing up to plans with high headline discounts. However, customers need to understand the meaning and significance of the reference price when they assess the value of savings available on discounted plans, which may still be challenging for some customers. Similarly, the Australian Energy Council did not support the use of a generic reference price where personalised information is available and considered that presenting the reference price on price comparator websites would lead to confusion, rather than information. It argued that the generic nature of the reference price would mean it could only be less accurate than the tailored presentation of the comparator.[96]

[94] QCA, *SEQ retail electricity market monitoring: 2016–17*, 2017, p 71; QCA, *SEQ retail electricity market monitoring: 2017–18* [updated report], 2019, p 87; QCA, *SEQ retail electricity market monitoring: 2018–19*, 2019, pp 49–50; QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, pp 52–53.

[95] Similarly, the ACCC found in its May 2021 inquiry report that conditional discounts were being used less across all residential customer groups. Although the achievement rate for conditional discounts had increased, hardship and payment plan customers remained the worst performing group on this metric (ACCC, *Inquiry into the National Electricity Market*, May 2021, p 8).

[96] Australian Energy Council, submission to DISER, *Competition and Consumer (Industry Code – Electricity Retail) Regulations 2019* [Post-Implementation Review], 11 October 2021, p 3.

It is also important to note that the comparison of discounts in retailers' advertisements is based on the model annual usage set by the AER.[97] Customers need to take into consideration that their actual savings will depend on their individual consumption and may therefore substantially differ from the value of savings suggested by the reference price comparison. This could be particularly challenging for small business customers, because consumption levels for small businesses are more diverse than they are for residential customers.[98] The AER's model annual usage for small businesses in 2021–22 was 20,000 kWh, and the advertised discount percentages are based on this consumption level. However, the median consumption of small business flat rate customers in SEQ was only 4,465 kWh (table 2). This means that the typical small business customer is likely to get a considerably smaller effective reduction off the total bill if all the discounts are realised.[99]

3.7 Key considerations for customers

Guaranteed and conditional discounts, as well as financial incentives, have the potential of lowering customers' electricity bills. However, there may be conditions or eligibility criteria attached to a plan, and not every customer will be able to realise those savings. Customers should consider the following key points in the context of plans that have discounts and/or incentives attached:

- When customers analyse the value of a discount or an incentive, they need to bear in mind that eligibility criteria and terms and conditions may be attached to accessing the discount or incentive. Customers are therefore advised to carefully check the conditions and eligibility criteria attached to each plan, as they could risk forfeiting the discount or incentive if they do not meet any of the conditions or criteria.
- Customers need to be aware that financial incentives are often one-off credits or bonuses and will therefore only reduce the bill once. It is therefore recommended that customers carefully check the supply and usage charges as well to assess if a plan with a financial incentive attached does not result in higher costs to the customer over the longer term.
- Eligibility criteria can be similar in nature to a conditional discount. It is in customers' interest to understand and agree to any conditions regarding billing and/or payment methods at the time they sign up to a plan. A plan with a guaranteed discount that has eligibility criteria attached may provide more certainty for customers that they will receive the financial benefits they expect to receive at the time they sign up to the plan, than a plan with a conditional discount attached.
- The changes to the regulation of discounting (section 3.3) provide important consumer protections. However, customers need to understand the meaning and significance of the reference price when they assess the value of savings available on discounted plans. They should be aware that their consumption is likely to be different from the consumption used in reference price comparisons.
- While non-financial incentives do not reduce the bill value, they may still be of value to the customer and are worth being taken into account when selecting a new plan. However, as with financial incentives, customers need to bear in mind that eligibility criteria and terms and conditions may be attached to accessing a non-financial incentive.

[97] The Electricity Retail Code, in force since 1 July 2019, requires retailers to advertise discount percentages based on the reference price set by the AER, instead of retailers' individual supply and usage charges (see section 3.3 for more information).
[98] We discuss this further in section 2.1.2.
[99] The AER adopted a 10,000 kWh annual usage benchmark for small business customers in its final determination of the DMO prices for 2022–23 (AER, *Default market offer prices 2022–23* [final determination], 2022, p 52).

- When customers decide which discount option would reduce their bill the most, or whether an undiscounted plan would result in the cheapest plan, they need to consider various factors, including their current and future consumption levels, how long the discount is available, their willingness and ability to meet discount conditions, the application of any fees if discount conditions are not met, and whether discounts apply to charges before or after solar feed-in tariffs are applied.
- Customers should also keep in mind that the supply and usage charges generally differ from retailer to retailer, and often between different plans of the same retailer too. A plan with discounts attached could have higher supply and/or usage charges than a plan with no discounts attached, and result in a higher bill.

4 RETAIL FEES

Key findings

We assessed the retail fees attached to retailers' standing and market offers in the June quarter of 2022 and compared them to the retail fees attached in the June quarter of 2021.

We found that:

- Most retailers attached retail fees to some or all of their market offers in 2021–22. In the June quarter of 2022, only 9 retailers (out of 34) with residential plans and 4 retailers (out of 29) with small business plans did not attach retail fees to their flat rate market offers.
- The types of retail fees attached to market offers were similar in the last two June quarters (2021 and 2022). These fees included payment processing fees (credit/debit card, BPay, cheque, Australia Post), fees for paper bills, dishonoured cheque or direct debit payments, late payments, membership and account establishment. Again, no exit fees were attached to any plan.
- For most of the fee types attached to market offers, the range of the fees in the June quarter of 2022 was similar to the range in the June quarter of 2021.
- As in previous years, retail fee information on Energy Made Easy was not always clear and, as in previous years, we found that some retailers:
  - only stated for particular fees whether they included or excluded GST, while other retailers did not make any GST statements on their fees
  - attached fees to their plans that 'may' apply
  - referred to the potential for retail fees—other than those listed on Energy Made Easy—to be levied on customers.

  Retailers should clearly indicate on Energy Made Easy which retail fees apply to their plans and where customers can obtain information on additional fees that apply or may apply. Retailers should also make it clear whether the fees include GST or not, and under what circumstances a fee 'may' apply.

4.1 QCA methodology

Electricity plans can include various one-off or recurring fees, including payment processing fees, paper bill fees, dishonoured payment fees, membership fees, late payment fees, account establishment fees and exit fees.[100] Retailers may also pass through to customers certain fees or charges levied by distributors, such as metering charges; connection, disconnection and reconnection fees; special meter reading fees; and meter inspection fees.[101]

The AER's retail pricing information guidelines require retailers to provide the 'key fees' applicable to retail electricity plans on Energy Made Easy.[102] A key fee is a fee that will be incurred by all or a significant portion of customers. Examples of key fees include—but are not limited to—account

[100] Section 2(d) of the direction refers to 'joining and early termination charges'. In this chapter, we describe these fees as 'account establishment fees' and 'exit fees' to align with the terminology used on Energy Made Easy.

[101] These fees are also referred to as distribution non-network charges (see section 2.8). Also see Electricity Regulation, section 226 and schedule 8; Energex, *Energex Network Tariff Guide, 1 July 2021 to 30 June 2022*, 2021.

[102] AER, *AER Retail Pricing Information Guidelines* [version 5.0], 2018, p 10, clause 43.

establishment fees, annual membership fees, late payment fees, payment processing fees and metering fees.[103]

A review of retailers' fees included on Energy Made Easy showed that—as in previous years—the type and value of retail fees and charges of each retailer did not vary significantly across the four quarters of 2021–22, between the three residential tariffs and tariff combinations, or between the two small business tariffs. Therefore, this chapter only focuses on the types of retail fees and charges that were attached to residential flat rate offers (section 4.5) and small business flat rate offers (section 4.6) in the June quarter of 2022. This is the same approach we used in our five previous annual market monitoring reports.

4.2 Restriction on fees for standing offer customers

When the National Energy Customer Framework (NECF) was introduced in Queensland on 1 July 2015, Queensland-specific 'derogations' were added to the framework, including a restriction on standing offer fee types. Section 22A of the National Energy Retail Law (NERL) limits the types of fees that standing offer (standard contract) customers in Queensland can be charged to:

- historical billing data fee for data that is more than two years old, if requested by a customer
- retailer's administration fee for a dishonoured payment
- financial institution fee for a dishonoured payment.[104]

We have written to each retailer that is operating in the SEQ retail electricity market to inform them of their obligations under the NECF.

We regularly check retailers' plans for customers in Queensland that are published on Energy Made Easy to see if any standing offers have fees attached that retailers are not allowed to charge customers in Queensland. Whenever we identify standing offers that have prohibited fees attached, we contact the respective retailer(s) to enquire if any standing offer customers have in fact been charged such fees. If that is the case, the retailer has breached section 22A of the NERL and is expected to inform the QCA within two business days of its breach. With every breach of section 22A of the NERL, we undertake compliance actions to ensure the matter is rectified in the interests of consumers.

4.3 Limitation of fee amounts

The Australian Energy Market Commission (AEMC) made changes to the National Energy Retail Rules (NERR) in February 2020 to restrict conditional fees to the 'reasonable costs' a retailer is likely to incur when payment conditions are not met.[105] The AEMC decided not to set, nor require the AER to create, a guideline for reasonable cost levels. Among the reasons for this decision, the AEMC considered that 'reasonable costs' was a 'widely used and understood concept'. The AEMC suggested that applying a principles-based approach to the rule would provide flexibility to the AER to enforce the rule on a case-by-case basis, and to retailers to comply with the rule.[106]

[103] AER, *AER Retail Pricing Information Guidelines* [version 5.0], 2018, pp 10–11 (clauses 43 and 47).

[104] Section 22A specifies that retailers' standing offer prices 'may comprise only fees and charges of types that were the subject of the notified prices for the financial year immediately preceding the day the price determination no longer applies'. These three fee types are the fees that were included in the QCA's price determination for 2015–16 (National Energy Retail Law, section 22A; Queensland Government, *Gazette: Extraordinary* [vol 369, no 36], 19 June 2015, p 190).

[105] A new division 7A (Customer retail contracts – conditional fees) in the NERR contains the relevant rule 52B (AEMC, *National Energy Retail Amendment (Regulating conditional discounting) Rule 2020 No 1* [final rule], 2020, schedule 1).

[106] AEMC, *National Energy Retail Amendment (Regulating conditional discounting) Rule* [final determination], 2020, pp ii, 36, 39.

In addition, the *Competition and Consumer Act 2010* (Cth), part IVC, may prevent retailers from levying excessive credit or debit card payment processing fees. The ACCC has recently clarified that a payment surcharge is excessive and in breach of the law if it exceeds the costs to the business of processing the payment. In recent years, the ACCC has issued several infringement notices for excessive payment surcharges—for example, in relation to payments made to six subsidiaries of Nine Entertainment Co (Nine) using Mastercard and Visa credit and debit cards between August and December 2020, which attracted stated surcharges of between 0.9% and 1.55%. The ACCC alleged that these surcharges exceeded the actual cost to Nine by between 0.09% and 0.84%, depending on the method of payment.[107]

4.4 Charging for paper bills

In March 2021, the AEMC made a rule change that replaced the energy bill content and billing requirements in the NERR with a requirement that retailers comply with a mandatory billing guideline developed by the AER. In developing its rule change, the AEMC considered the issue of customers' access to paper bills, free of charge. In a submission to the review, the AER indicated that it would like to have the ability to specify in the new guideline that paper bills must be available for both standard and market retail contracts, free of charge. The AEMC decided not to provide the AER with the power to require retailers to provide paper bills for all market offers.[108]

The AER's Better Bills Guideline, which was published in March 2022, provides guidance to retailers on preparing and issuing bills that make it easy for residential and small customers to understand billing information. Stakeholders submitted to the AER that paper bills are the preferred—and sometimes the only—way to receive bills and manage payments and energy usage for many people in the community, including people on low incomes, people in vulnerable situations and older people.[109] Nevertheless, the AER only encouraged retailers, as a matter of best practice, to offer paper bills for all retail contracts, so that customers who cannot, or choose not to, communicate through online channels, are not excluded from accessing competitively priced plans.[110]

[107] ACCC, *Nine Entertainment pays penalties for alleged excessive payment surcharges* [media release], 2 July 2021.

[108] AEMC, *Bill contents and billing requirements* [rule determination], 2021, pp 24–25; AER, submission to the AEMC, *National Energy Retail Amendment (Bill contents and billing requirements) Rule* [draft determination], 5 February 2021, pp 3–4; AER, *AER Strategic Plan 2020–2025*, 2020, p 10.

[109] Public Interest Advocacy Centre (PIAC), submission to the AER, *Draft Better Bills Guideline*, 27 January 2022, p 5.

[110] AER, *Better Bills Guideline*, 2022; AER, *Notice of Instrument: Better Bills Guideline*, 2022, p 48. We note that some retailers still offered plans with specific eligibility criteria attached—such as customers agreeing to receive bills by email—which effectively prevent certain customers from accessing those plans as they cannot (or do not want to) receive bills electronically.

4.5 Residential flat rate offers

4.5.1 Market offers

Residential flat rate market offers available on Energy Made Easy in the June quarter of 2022 included the following retail fees, as shown in table 14:

- credit and debit card payment processing fees
- processing fees for payments made by BPay, cheque or over the counter at Australia Post or Westpac
- dishonoured cheque and direct debit payment fees ('dishonour payment fees')[111]
- paper bill fees
- late payment fees
- membership fees
- account establishment fees
- meter read fees.

[111] A dishonour payment fee is a fee that applies when a customer's payment is declined because there are insufficient funds available in the customer's account to make the payment.

Table 14 Retail fees attached to residential flat rate market offers, June quarter 2022

Retailer	Card payment processing fees			Other payment processing fees		Dishonour payment fees		Paper bill fees	Late payment fees	Member-ship fees (per year)	Account establish-ment fees	Meter read fees
	Credit / debit card—general	Visa / Mastercard	Amex* / Diners Club	BPay / Cheque	Australia Post / bank over the counter	Cheque	Direct debit					
1st Energy [a]	—	—	—	—	—	$15.00	$7.50	—	—	—	—	—
AGL [b]	0.17% / 0.69%	—	—	—	0.45% / $2.00	—	—	$1.75	$12.73	—	—	—
Amber Electric [c]	—	1.00%	—	—	—	—	$11.00	—	$16.00	$180.00	—	—
CovaU [d]	0.82%	—	—	—	0.80%	$9.504	$9.504	—	$15.00	—	—	$12.68
Diamond Energy [e]	—	0.60%	—	—	—	$20.00	$10.00	—	$15.00	—	$22.00	—
Discover Energy [f]	1.00%	—	—	—	—	—	$9.50	—	$12.00	—	—	—
Dodo Power & Gas [g]	—	—	2.89%	$2.50	$2.20	—	$9.50	$2.20	—	—	—	—
Electricity in a Box [h]	—	—	—	—	—	—	$10.00	—	—	—	—	—
EnergyAustralia [i]	—	0.36%	1.50%	—	—	—	—	$1.69	$12.00	—	—	—
Energy Locals [j]	1.00%	1.00%	—	—	—	—	$10.00 / $11.00	$2.00	$16.00	$77.94 / $107.94 / $365.00	—	—
Enova Energy [k]	—	0.60%	—	—	$2.00	$15.00	—	—	—	—	—	—
Future X Power [l]	—	1.75%	4.00%	—	—	$15.00	$15.00	$1.80	$12.00	—	—	—
GEE Energy [m]	—	0.40%	—	—	1.00%	—	—	$2.002	$12.00	—	—	$12.452
Glow Power [n]	0.70%	—	—	—	—	—	$5.00	$2.00	—	—	—	—
Locality Planning Energy [o]	1.10%	—	—	—	—	—	$8.80	$1.93	$14.95	—	—	—
Mojo Power [p]	—	—	—	—	—	—	—	—	$12.00	—	$40.00	—
Momentum Energy [q]	0.53%	—	—	—	—	—	—	—	—	—	—	—
Origin Energy [r]	—	0.25% / 0.59% 0.20% / 0.73%	—	—	$2.70 or 0.49%	—	—	$1.75	$12.00	$109.50	—	—
Powerclub [s]	—	—	—	—	—	—	—	$2.50	—	$45.00	—	$12.683
Radian Energy [t]	1.00%	—	—	—	—	—	$5.00	$2.00	$15.00	—	—	—
ReAmped Energy [u]	1.00%	—	—	—	—	—	—	—	—	—	—	—
Simply Energy [v]	—	0.36% / 0.42%	—	$0.34 / $0.40	$2.50	—	$9.00	$1.65	$12.00	—	—	—
Social Energy [w]	1.90%	—	—	—	—	—	$0.275	—	$12.00	—	—	—
Sumo Power [x]	0.70%	—	—	—	$2.00	$2.75		$3.10	—	—	—	$5.50
Tango Energy [y]	—	0.32% / 0.78%	0.78%	—	—	$7.50	$7.50	—	—	—	—	—

a 1st Energy—All market offers had these fees attached. Both fees were GST inclusive.

b AGL—All market offers had a debit card payment fee (0.17%), a credit card payment fee (0.69%), a fee for card payments made at Australia Post outlets (0.45%) (each GST inclusive) and a late payment fee that 'may be charged' (not subject to GST) attached. A paper bill fee that 'may apply' and an over-the-counter payment fee ($2) that 'may apply' for payments made in-person at a post office (both GST inclusive) were attached to all market offers, except for the Residential Seniors Variable, Residential Seniors Saver and Residential Seniors Saver (New AGL Customers Only) plans.

c Amber Electric—One market offer only. The retailer stated that it accepted payments from Visa and Mastercard; the 1% fee was coded as a credit card payment processing fee. A membership fee of $180 ($15 per month; GST inclusive) was charged to 'access these wholesale rates'. No information was included on the GST status of the other fees.

d CovaU—All market offers had these fees attached. A fee 'may apply' to payments made by debit and credit cards, while a fee applied to credit card payments via Australia Post (described as a 0.803% fee and coded on some plans as a credit card payment processing fee and on others as an 'other fee'). The special meter read fee was coded as a connection fee or an 'other fee' on some plans and described as a fee that is 'passed through & may vary'. Fees were GST inclusive, except for the late payment fee and the dishonour payment fees attached to two of the plans, whose GST status was not indicated.

e Diamond Energy—One market offer only. A fee 'may be applicable' if customers chose to pay by Mastercard or Visa credit cards. The 'establishment fee' was payable upon transfer to Diamond Energy from another retailer. No information was included on the GST status of these fees.

f Discover Energy—All market offers had these fees attached. The card payment processing fee only applied to credit card payments. Both a direct debit dishonour fee (GST status not indicated) and a late payment fee (GST inclusive) 'may be charged'.

g Dodo Power & Gas—Both market offers had these fees attached. A 'surcharge' of 2.89% applied to American Express and Diners Club card payments, while payments made via Mastercard or Visa did not incur any surcharge. A payment processing fee of $2.50 per transaction applied to BPay payments, and a fee of $2.20 per transaction applied to Australia Post payments. All fees were GST inclusive.

h Electricity in a Box—One market offer only. The direct debit dishonour payment fee was GST inclusive.

i EnergyAustralia—All market offers had these fees attached. A credit card 'merchant service fee' applied to payments with Visa or Mastercard (0.36%) and American Express (1.50%). Paper bill fees were inclusive of GST, effective from 6 April 2020; customers were referred to www.energyaustralia.com.au/home/help-and-support/faqs/paper-bill-fee for details. GST did 'not currently apply' to late payment fees. The additional fee information field on Energy Made Easy stated that customers could avoid payment processing fees by paying from their bank account using direct debit or BPay.

j Energy Locals—Most fee types were attached to all market offers. A fee of 1% applied to payments made by credit card (Members Energy Solar + Battery (SR) plan), while Energy Locals noted with the other plans that it accepted payments from Visa and Mastercard and charged a processing fee of 1% when using one of these payment methods (Online Member 2022 (Anytime) plan and the Local Member EL (Anytime) plan). The direct debit dishonour fee attached to the Members Energy Solar + Battery (SR) plan ($11) was GST inclusive, while that attached to the Online Member 2022 (Anytime) plan and Local Member EL (Anytime) plan ($10) was not subject to GST. The late payment fee was not subject to GST (no GST indication for one plan). A membership fee to access wholesale energy rates was attached to the Online Member 2022 (Anytime) plan ($12.99/month) and the Local Member EL (Anytime plan) ($17.99/month), with the first six months membership total credited back to the account after six months (GST status of these fees not indicated). The Members Energy Solar + Battery (SR) plan had a daily membership fee of $1.00 (GST inclusive) attached to access 'these wholesale rates and Members Energy'. A paper bill fee (GST status not indicated) was attached to the Online Member 2022 (Anytime) plan and the Local Member EL (Anytime) plan only.

k Enova Energy—All market offers had these fees attached. A fee 'may apply' to bill payments made by Visa or Mastercard, a fee (coded as 'other fee') applied to over-the-counter payments at Westpac, and a payment dishonour fee 'may apply' if a cheque payment is dishonoured or reversed. All fees were GST inclusive.

l Future X Power—One market offer only. The 'surcharge' for Visa/Mastercard or Amex/Diners credit card payments, the paper bill fee and the late payment fee 'may apply'. All fees are GST inclusive.

m GEE Energy—All market offers had these fees attached. A credit card payment processing fee was included with a value of 0.40% and described as a 0.44% fee (including GST) that 'may apply' to the total amount for payments made by Visa or Mastercard. A payment processing fee was included with a value of 1.0% and described as a 1.10% fee (including GST) that 'may apply' for over-the-counter payments made at an Australia Post outlet. A paper bill fee and a late payment fee 'may apply'. The paper bill fee was included with a value of $2.002 and described as $2.00 (including GST) 'where law permits'; the late payment fee was GST exempt. An 'other fee' applied when customers requested a meter reading; described as $12.45 fee (including GST), while the fee amount was included as $12.452.

n Glow Power—One market offer only. The card payment processing fee only applied to credit cards. All fees were GST inclusive.

o Locality Planning Energy—Both market offers had these fees attached. The card payment processing fee only applied to credit cards. No information was included on the GST status of the fees.

p Mojo Power—All market offers had these fees attached. A late payment fee 'may be charged'; the amount was not subject to GST. The account establishment fee (GST inclusive) applied when transferring from a different retailer, but it did not apply to existing Mojo Power customers transferring plans.

q Momentum Energy—A fee (GST inclusive) for payments made by any credit or debit card was attached to 6 of the 9 market offers.

r Origin Energy—All market offers had these fees attached. The Visa debit card (0.25%), Visa credit card (0.59%), Mastercard debit card (0.20%) and Mastercard credit card (0.73%) fees were all coded as credit card payment processing fees on Energy Made Easy. Although the fee description field stated that a payment processing fee of the higher of $2.70 or 0.49% 'may apply' if a payment was made at an Australia Post outlet, the fee percentage was included as zero. All fees 'may apply' and were GST inclusive. The two Origin Home Assist Variable plans also had a fee of 30c/day attached ($109.50 over the energy plan period; GST status not indicated) for the EHA program membership, which was attached as an incentive (see chapter 3).

s Powerclub—All market offers had these fees attached. The fee for 'Meter Read – Requested by Customer' was coded as an 'other fee'. No information was included on the GST status of the fees.

t Radian Energy—All market offers had these fees attached. A payment processing fee only applied to credit card payments. All fees were GST inclusive.

u ReAmped Energy—All market offers (except the Advance Anytime plans) had a fee attached that applied to payments made by credit or debit card (yet it was coded as a credit card payment processing fee).

v Simply Energy—All market offers (except the Qld Simply Seniors 16% off elec plan) had credit card payment fees attached for Mastercard (0.36%) and Visa (0.42%) that 'may be charged' in all channels (other than direct debit) and a paper bill fee (GST inclusive). All market offers (except the Qld Simply Energy Solar Elec plan and the Qld Simply Seniors 16% off elec plan) had a late payment fee attached that 'may apply' (GST exempt). Only the Qld Home Business Saver 15% off elec plan and the Qld Simply Energy Saver 15% off elec plan also had the following fees attached: a 'payment channel fee' that 'may be charged' for payments made via BPay ($0.34), via cheque ($0.40) or for Australia Post over-the-counter payments ($2.50), and a direct debit dishonour fee ($9.00) that 'may be charged'(each GST inclusive).

w Social Energy—One market offer only. No card payment processing fees for direct debit payments. The direct debit dishonour fee was GST inclusive. A late payment fee 'may apply'; no information on GST.

x Sumo Power—All market offers had these fees attached. A fee of 0.70% only applied to payments made by credit card. The dishonour payment fee was coded as an 'other fee' without any indication if it refers to cheques, direct debit or both. A fee of $2 applied to over-the-counter payments at Australia Post (not attached to the Sumo Assure Residential plan). Paper bill fees were GST inclusive; no information was included on the GST status of the other fees. Sumo Power stated in the additional fee information field on Energy Made Easy that it passes through any fee from the distributor, including fees for disconnection or reconnection, or special meter read (move-out), plus a $5.50 (including GST) admin fee.

y Tango Energy—Both market offers had these fees attached. A fee of 0.32% applied to debit card payments made by Mastercard or Visa, and a fee of 0.78% applied to credit card payments made by Mastercard, Visa or Amex, where Tango Energy incurred a merchant service fee; the fees were not applicable to direct debit payments by debit/credit card. Dishonour payment fees were GST exclusive.

*Notes: * Amex stands for American Express. A dash (—) means the retailer did not attach the fee type to any of its residential flat rate market offers available on Energy Made Easy in the June quarter. Where a retailer had a retail fee identified, it did not necessarily attach that fee to all of its residential flat rate market offers.*

Sources: Energy Made Easy; QCA analysis.

General observations

In the June quarter of 2022, 25 of the 34 retailers with residential flat rate market offers available on Energy Made Easy attached retail fees to at least one of their plans. This compares to 26 of 34 retailers in the June quarter of 2021.[112] Most of the retail fee types and levels were the same as, or similar to, those in the June quarter of 2021.

Only 9 retailers had no retail fees attached to any of their residential flat rate market offers on Energy Made Easy in the June quarter of 2022—Alinta Energy, GloBird Energy, Kogan Energy, Nectr, On by EnergyAustralia, Ovo Energy, Powershop, Red Energy and Smart Energy. Yet most of these retailers mentioned retail fees on Energy Made Easy and either:

- stated that they reserved the right to charge or impose additional fees and charges (Alinta Energy and Ovo Energy)
- provided links to their websites for more information on fees (GloBird Energy, Kogan Energy, Nectr, On by EnergyAustralia, Ovo Energy, Powershop and Red Energy), and/or
- stated that additional fees and charges 'may' apply (GloBird Energy, Nectr and On by EnergyAustralia).

Card payment processing fees

Payment processing fees on credit card payments ranged from 0.36% (payments made to EnergyAustralia by Visa or Mastercard, or to Simply Energy by Mastercard) to 4.00% (payments made to Future X Power by Amex or Diners Club). The range of credit card fees in the June quarter of 2022 was identical to that in the June quarter of 2021 (0.36% to 4.00%).

Payment processing fees on debit card payments ranged from 0.17% (payments made to AGL) to 1.00% (charged by ReAmped Energy). The range of debit card fees in the June quarter of 2022 was slightly wider than in the June quarter of 2021 (0.20% to 1.00%).

Other payment processing fees

Eight retailers attached other payment processing fees to at least some of their residential flat rate market offers in the June quarter of 2022. The fees were the same as the fees attached in the June quarter of 2021, apart from two new fees attached in the June quarter of 2022—a 0.80% fee for credit card payments via Australia Post (CovaU) and 1% fee that may apply for over-the-counter payments made at an Australia Post outlet (GEE Energy).

As in the June quarter 2021, Origin Energy stated on each plan that a payment processing fee may apply to payments at an Australia Post outlet of the higher of $2.70 or 0.49%, but it did not indicate which payment methods the fee applied to. While the fee amount field on Energy Made Easy correctly stated the amount as $2.70, the fee percentage was included as zero.

EnergyAustralia stated in the additional fee information field on Energy Made Easy for all plans that payment processing fees could be avoided by paying from a bank account using direct debit or BPay, like it did for most plans in the June quarter of 2021.

[112] For a detailed comparison and assessment of the fees attached to residential flat rate market offers in the June quarter of 2021, see QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, pp 59–65.

Dishonour payment fees

Fees for dishonoured cheque payments ranged from $7.50 (Tango Energy) to $20 (Diamond Energy), and fees for dishonoured direct debit payments ranged from $0.275 (Social Energy) to $15 (Future X Power). The range of dishonour payment fees was to the same as in the June quarter of 2021.

In addition, Sumo Power had a 'dishonoured payment fee' of $2.75 attached to each plan without stating which type(s) of payment it related to. As in the June quarter of 2021, the fee was coded as an 'other fee' on Energy Made Easy, while other retailers generally coded their dishonour payment fees as either a fee for dishonoured cheque or dishonoured direct debit payments.

Paper bill fees

Paper bill fees ranged from $1.65 (Simply Energy) to $3.10 (Sumo Power). The range of fees was identical to that in the June quarter of 2021 ($1.65 to $3.10).

Late payment fees

We identified 15 retailers on Energy Made Easy that attached late payment fees to at least one of their market offers, ranging from $12 (Discover Energy, EnergyAustralia, Future X Power, GEE Energy, Mojo Power, Origin Energy, Simply Energy and Social Energy) to $16 (Amber Electric and Energy Locals). The range of fees was identical in the June quarter of 2021 ($12 to $16).

As in the June quarter of 2021, 3 of the retailers that did not attach late payment fees—1st Energy, Enova Energy and GloBird Energy—attached pay on time discounts to some of their plans in the June quarter of 2022, thereby providing a separate incentive to customers to pay on time. Also, Diamond Energy again attached a late payment fee ($15) *and* a pay on time discount (7% off the bill) to its market offer.[113]

Membership fees

Four retailers attached membership fees to at least one of their market offers:

- Amber Electric attached a membership fee of $15 per month to access wholesale rates (up from $10 in the June quarter of 2021).
- Energy Locals attached monthly membership fees of $12.99 and $17.99 respectively to two market offers to access wholesale energy rates, with the first 6 months' membership total credited back to the customer's account after 6 months. It also attached a daily membership fee of $1 to one of its market offers to access wholesale rates and 'Members Energy'.
- Origin Energy attached an 'other fee' of 30 cents per day (or $109.50 over the energy plan period) for the EHA Program Membership that was attached to these plans as an incentive.[114]
- Powerclub charged an annual membership fee of $45 (up from $39 a year before).

Account establishment fees

Two retailers attached account establishment fees to at least one of their market offers:

- Diamond Energy attached an account establishment fee of $22 to its market offer, which was payable upon transfer from another retailer.
- Mojo Power attached an account establishment fee of $40 to its market offers for customers transferring from a different retailer.

[113] Pay on time discounts in the June quarter of 2022 are outlined in chapter 3 (section 3.4.1).
[114] Non-financial incentives are outlined in chapter 3 (section 3.4.3).

These two retailers attached the same account establishment fees to their plans in the June quarters of 2020 and 2021. In each of the three years before that, no account establishment fees were attached to plans in SEQ.

Meter read fees

Four retailers attached meter read fees to at least one of their market offers:

- CovaU attached a 'special meter read fee' of $12.68 to each market offer (coded as an 'other fee' or as connection fee, for two plans each; up from $12.45 in the June quarter of 2021).
- GEE Power attached an 'other fee' of $12.452 to each market offer for customers who requested a meter reading.
- Powerclub attached an 'other fee' of $12.683 to each market offer for a meter read requested by a customer (up from $12.45 in the June quarter of 2021).
- Sumo Power stated in the additional fee information field on Energy Made Easy with each market offer that it would pass through any fee from the distributor, including fees for disconnection or reconnection, or special meter read (move-out), plus a $5.50 admin fee.

Exit fees

In June 2017 and 2018, as well as in the June quarter of 2019, we identified exit fees (or early termination fees) attached to some of EnergyAustralia's residential market offers.[115] However, none of the retailers attached exit fees to any of their residential flat rate market offers in the June quarters of 2020, 2021 and 2022. Some retailers explicitly stated on Energy Made Easy for all or most of their plans that they did not have any exit fees attached (Amber Electric, Energy Locals, Enova Energy, Kogan Energy, Powershop and Social Energy).

4.5.2 Standing offers

In the June quarter of 2022, half of the retailers (17 out of 34) with residential flat rate standing offers available on Energy Made Easy attached retail fees to at least one of their standing offers, as table 15 shows.

Table 15 Retail fees attached to residential flat rate standing offers, June quarter 2022

Retailer	Dishonour payment fees		Late payment fees	Australia Post fees	Paper bill fees	Card payment processing fees	Other fees
	Cheque	Direct debit					
1st Energy	$15.00[a]	$7.50[a]	—	—	—	—	—
Circular Energy	—	—	$20.00[a]	—	—	1.87% / 3.60% [a,b]	$4.33 per month[c]
CovaU	$9.50	$9.50	—	—	—	—	—
Diamond Energy	—	$10.00	—	—	—	—	—
Dodo Power & Gas	—	$9.50[a,d]	—	—	—	—	—
Energy Locals	—	$11.00	$16.00	—	$2.00	1.00%[e]	—
Enova Energy	$15.00[a,d]	—	—	—	—	—	—
Future X Power	$15.00[a]	$15.00[a]	—	—	—	—	—
GEE Energy	—	—	$12.00 [d,f,h]	1.00% [a,d,g]	$2.002 [a,d,h]	0.40% [a,d,i]	$12.452 [a,j]
Glow Power	—	$5.00[a]	—	—	—	—	—
Mojo Power	—	$2.50[k]	—	—	—	—	—
People Energy	not specified[l]		—	—	—	—	—
Powerdirect	—	—	—	0.45% [a,m]	—	0.17% / 0.69% [a,m]	—

[115] QCA, *SEQ retail electricity market monitoring: 2016–17*, 2017, p 84; QCA, *SEQ retail electricity market monitoring: 2017–18* [updated report], 2019, p 100; QCA, *SEQ retail electricity market monitoring: 2018–19*, 2019, pp 56–58.

Retailer	Dishonour payment fees		Late payment fees	Australia Post fees	Paper bill fees	Card payment processing fees	Other fees
	Cheque	Direct debit					
QEnergy	$14.85[k]	—	—	—	—	—	—
Radian Energy	—	$5.00[a]	$15.00[a]	—	$2.00[a]	1.00%[a,n]	—
Sumo Power	$2.75[o]		—	—	—	—	—
Tango Energy	$7.50[p]	$7.50[p]	—	—	—	—	—

a The fee included GST.
b Payment processing fee for credit cards (other than Amex) (1.87%) and Amex credit card (3.6%).
c Membership fee—'Cummunity [sic] Energy Fee. This fee is provided back to your local Collective group in full'.
d The fee 'may apply'.
e Energy Locals stated that it only accepts payments from Visa and Mastercard, and charges a processing fee when using one of these payment methods. The fee was coded as a credit card payment processing fee.
f The fee was GST exempt.
g Payment processing fee for over-the-counter payments made at an Australia Post outlet. The fee was included with a fee amount of 1%, while the fee description stated the fee as 1.10% (including GST).
h A fee may apply 'where law permits'.
i A credit card payment processing fee was included with a value of 0.40% and described as a 0.44% fee (including GST) that 'may apply' to the total amount for payments made by Visa or Mastercard.
j The fee was described as '$12.45 (inc. GST) when you request a meter reading' and included as an 'other fee', while the fee amount was included as $12.452.
k The fee was not subject to GST.
l People Energy indicated in the additional fee information field on Energy Made Easy that it 'may pass through any fees' if a payment is dishonoured.
m A fee of 0.45% applied to card payments made at Australia Post outlets, while a fee of 0.17% applied to payments made by debit card and a fee 0.69% applied to payments made by credit cards.
n The fee applied to credit card payments only.
o The dishonoured payment fee was coded as an 'other fee'.
p The fee excluded GST.
Note: A dash (—) means that the retailer did not have such a fee attached to any of its standing offers.
Source: Energy Made Easy; QCA analysis.

Of the 17 retailers with fees attached to some or all of their residential flat rate standing offers, 14 retailers attached dishonour payment fees to at least one of their standing offers. This compares to 15 of the 16 retailers in the June quarter of 2021.[116]

Fees for dishonoured cheque payments ranged from $7.50 (Tango Energy) to $15 (1st Energy, Enova Energy and Future X Power), and fees for dishonoured direct debit payments ranged from $2.50 (Mojo Power) to $15 (Future X Power). The value of the fees in the June quarter of 2022 was similar to those in the June quarter of 2021 (fees for dishonoured cheque payments ranged from $7.50 to $15, and fees for dishonoured direct debit payments ranged from $0.275 to $15).

In addition, Sumo Power had a 'dishonoured payment fee' of $2.75 attached to its standing offer, without stating which type(s) of payment it related to. As in the June quarter of 2021, the fee was coded as an 'other fee' on Energy Made Easy, while other retailers generally coded their dishonour payment fees as either a fee for dishonoured cheque or dishonoured direct debit payments.

We also identified a number of standing offers that included fees that are not allowed to be charged to standing offer customers in Queensland, including late payment fees, fees for payments made at Australia Post outlets, paper bill fees and card payment processing fees. Standing offers that had such fees attached were from Circular Energy, Energy Locals, GEE Energy, Powerdirect and Radian Energy. We checked with each of these retailers if any standing customers had been charged prohibited fees. Only one retailer reported to us that it had charged a prohibited fee to standing offer customers in SEQ, which was immediately rectified by the retailer.

[116] For a more detailed comparison and assessment of the fees attached to residential flat rate standing offers in the June quarter of 2021, see QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, pp 65–67.

4.6 Small business flat rate offers

4.6.1 Market offers

Small business flat rate market offers available on Energy Made Easy in the June quarter of 2022 included the following retail fees, as shown in table 16:

- credit and debit card payment processing fees
- processing fees for payments made by BPay, cheque or over the counter at Australia Post or Westpac
- dishonoured cheque and direct debit payment fees ('dishonour payment fees')[117]
- paper bill fees
- late payment fees
- membership fees
- account establishment fees
- meter read fees.

[117] A dishonour payment fee is a fee that applies when a customer's payment is declined because there are insufficient funds available in the customer's account to make the payment.

Table 16 Retail fees attached to small business flat rate market offers, June quarter 2022

Retailer	Card payment processing fees			Other payment processing fees		Dishonour payment fees		Paper bill fees	Late payment fees	Member-ship fees (per year)	Account establish-ment fees	Meter read fees
	Credit / debit card—general	Visa / Mastercard	Amex* / Diners Club	BPay / Cheque	Australia Post / bank over the counter	Cheque	Direct debit					
1st Energy [a]	—	—	—	—	—	$15.00	$7.50	—	—	—	—	—
AGL [b]	0.17% / 0.69%	—	—	—	0.45% / $2.00	—	—	$1.75	$12.73	—	—	—
Amber Electric [c]	—	1.00%	—	—	—	—	$11.00	—	$16.00	$180.00	—	—
Blue NRG [d]	—	0.97%	1.39%	—	—	—	$11.979	$5.50	—	—	—	—
CovaU [e]	0.82%	—	—	—	0.80%	$9.504	$9.504	—	$30.00	—	—	$12.68
Diamond Energy [f]	—	0.60%	—	—	—	$20.00	$10.00	—	$15.00	—	$22.00	—
Discover Energy [g]	1.00%	—	—	—	—	—	$9.50	—	$12.00	—	—	—
Electricity in a Box [h]	—	—	—	—	—	—	$10.00	—	—	—	—	—
EnergyAustralia [i]	—	0.36%	1.50%	—	—	—	—	—	$12.00	—	—	—
Energy Locals [j]	—	1.00%	—	—	—	—	$10.00	$2.00	$16.00	$179.94	—	$2.50 per day
Enova Energy [k]	—	0.60%	—	—	$2.00	$15.00	—	—	—	—	—	—
Future X Power [l]	—	1.75%	4.00%	—	—	$15.00	$15.00	$1.80	$12.00	—	—	—
GEE Energy [m]	—	0.44%	—	—	1.00%	—	—	$2.002	$12.00	—	—	$12.452
Glow Power [n]	0.70%	—	—	—	—	—	$5.00	$2.00	—	—	—	—
Locality Planning Energy [o]	1.10%	—	—	—	—	—	$8.80	$1.93	$14.95	—	—	—
Mojo Power [p]	—	—	—	—	—	—	—	—	$12.00	—	$40.00	—
Momentum Energy [q]	0.53%	—	—	—	—	—	—	—	—	—	—	$2.984 per day
Next Business Energy [r]	—	0.77%	1.95%	—	—	—	—	—	—	—	—	—
Origin Energy [s]	—	0.25% / 0.59% 0.20% / 0.73%	—	—	$2.70 or 0.49%	—	—	$1.75	$12.00	—	—	—
Powerclub [t]	—	—	—	—	—	—	—	$2.50	—	$90.00	—	$12.683
Radian Energy [u]	1.00%	—	—	—	—	—	$5.00	$2.00	$15.00	—	—	—
ReAmped Energy [v]	1.00%	—	—	—	—	—	—	—	$12.00	—	—	—
Simply Energy [w]	—	0.36% / 0.42%	—	$0.34 / $0.40	$2.50	—	$9.00	$1.65	$12.00	—	—	—
Sumo Power [x]	0.70%	—	—	—	$2.00	$2.75		$3.10	—	—	—	$5.50
Tango Energy [y]	—	0.32% / 0.78%	0.78%	—	—	$7.50	$7.50	—	—	—	—	—

a 1st Energy—Both market offers had these fees attached. Both fees were GST inclusive.
b AGL—All market offers had a debit card payment fee (0.17%), a credit card payment fee (0.69%), a fee for card payments made at Australia Post outlets (0.45%), an over-the-counter payment fee ($2) that 'may apply' for payments made in-person at a post office, a paper bill fee that 'may apply' (each GST inclusive), and a late payment fee that 'may be charged' (not subject to GST) attached.
c Amber Electric—One market offer only. The retailer stated that it accepted payments from Visa and Mastercard; the 1% fee was coded as a credit card payment processing fee. A membership fee of $180 ($15 per month; GST inclusive) was charged to 'access these wholesale rates'. No information was included on the GST status of the other fees.
d Blue NRG—All market offers had these fees attached. The 'merchant fee' for 'Visa / Mastercard' and 'AMEX/JCB' was coded as credit card fee. No information was included on the GST status of the fees.
e CovaU—All market offers had these fees attached. A fee 'may apply' to payments made by debit and credit cards, while a fee applied to credit card payments via Australia Post (described as a 0.803% fee and coded on some plans as a credit card payment processing fee and on others as an 'other fee'). The special meter read fee was coded as a connection fee or an 'other fee' on some plans and described as a fee that is 'passed through & may vary'. Fees were GST inclusive, except for the late payment fee and the dishonour payment fees attached to three plans, whose GST status was not indicated.
f Diamond Energy—One market offer only. A fee 'may be applicable' if customers chose to pay by Mastercard or Visa credit cards. The 'establishment fee' was payable upon transfer to Diamond Energy from another retailer. No information was included on the GST status of these fees.
g Discover Energy—All market offers had these fees attached. The card payment processing fee only applied to credit card payments. Both a direct debit dishonour fee (GST status not indicated) and a late payment fee (GST inclusive) 'may be charged'.

h Electricity in a Box—One market offer only. The direct debit dishonour fee was GST inclusive.
i EnergyAustralia—All market offers had these fees attached. A credit card 'merchant service fee' applied to payments with Visa or Mastercard (0.36%) and American Express (1.50%). GST did 'not currently apply' to late payment fees.
j Energy Locals—One market offer only. Energy Locals accepted payments from Visa and Mastercard and charged a processing fee of 1% when using one of these payment methods (coded as a credit card payment processing fee). The direct debit dishonour fee and the late payment fee were not subject to GST. A membership fee to access wholesale energy rates was attached ($29.99 per month), with the first six months membership total credited back to the account after six months. The GST status of the membership fee and the paper bill fee was not indicated. The meter read fee (coded as an 'other fee') was described as an additional metering fee (GST inclusive, COMMS type 3–4), 'only if applicable'.
k Enova Energy—One market offer only. A fee 'may apply' to bill payments made by Visa or Mastercard, a fee (coded as 'other fee') applied to over-the-counter payments at Westpac, and a payment dishonour fee 'may apply' if a cheque payment is dishonoured or reversed. All fees were GST inclusive.
l Future X Power—One market offer only. The 'surcharge' for Visa/Mastercard or Amex/Diners credit card payments, the paper bill fee and the late payment fee 'may apply'. All fees are GST inclusive.
m GEE Energy—All market offers had these fees attached. A credit card payment processing fee was included with a value of 0.40% and described as a 0.44% fee (including GST) that 'may apply' to the total amount for payments made by Visa or Mastercard. A payment processing fee was included with a value of 1.0% and described as a 1.10% fee (including GST) that 'may apply' for over-the-counter payments made at an Australia Post outlet. A paper bill fee and a late payment fee 'may apply'. The paper bill fee was included with a value of $2.002 and described as $2.00 (including GST) 'where law permits'; the late payment fee was GST exempt. An 'other fee' applied when customers requested a meter reading; described as $12.45 fee (including GST), while the fee amount was included as $12.452.
n Glow Power—One market offer only. The card payment processing fee only applied to credit cards. All fees were GST inclusive.
o Locality Planning Energy—Both market offers had these fees attached. The card payment processing fee only applied to credit cards. No information was included on the GST status of the fees.
p Mojo Power—One market offer only. A late payment fee 'may be charged'; the amount was not subject to GST. The account establishment fee (GST inclusive) applied when transferring from a different retailer, but it did not apply to existing Mojo Power customers transferring plans.
q Momentum Energy—A fee (GST inclusive) for payments made by any credit or debit card was attached to 6 of the 9 market offers. All market offers had a meter read fee (coded as an 'other fee') attached that was described as 'COMMS (Type 1–4) daily metering charge if applicable'.
r Next Business Energy—One market offer only. A fee applied to Visa & Mastercard credit card payment payments and to Amex credit card payments (both GST exempt).
s Origin Energy—All market offers had these fees attached. The Visa debit card (0.25%), Visa credit card (0.59%), Mastercard debit card (0.20%) and Mastercard credit card (0.73%) fees were all coded as credit card payment processing fees on Energy Made Easy. Although the fee description field stated that a payment processing fee of the higher of $2.70 or 0.49% 'may apply' if a payment was made at an Australia Post outlet, the fee percentage was included as zero. All fees 'may apply' and were GST inclusive.
t Powerclub—All market offers had these fees attached. The fee for 'Meter Read – Requested by Customer' was coded as an 'other fee'. No information was included on the GST status of the fees.
u Radian Energy—Both market offers had these fees attached. A payment processing fee only applied to credit card payments. All fees were GST inclusive.
v ReAmped Energy—All market offers had these fees attached. A fee applied to payments made by credit or debit card (yet it was coded as a credit card payment processing fee). A late payment fee 'may be charged' (amount not subject to GST).
w Simply Energy—One market offer only. A credit card payment fee 'may be charged' in all channels (other than direct debit) for Mastercard (0.36%) and Visa (0.42%). A 'payment channel fee' (GST inclusive) 'may be charged' for payments made via BPay ($0.34), via cheque ($0.40) or for Australia Post over-the-counter payments ($2.50). A direct debit dishonour fee (GST inclusive) 'may be charged'. The paper bill fee was GST exclusive, while the late payment fee that 'may apply' was GST exempt.
x Sumo Power—Both market offers had these fees attached. A fee of 0.70% only applied to payments made by credit card. A fee of $2 applied to over-the-counter payments at Australia Post. The dishonour payment fee was coded as an 'other fee' without any indication if it refers to cheques, direct debit or both. Paper bill fees were GST inclusive; no information was included on the GST status of the other fees. Sumo Power stated in the additional fee information field on Energy Made Easy that it passes through any fee from the distributor, including fees for disconnection or reconnection, or special meter read (move-out), plus a $5.50 (including GST) admin fee.
y Tango Energy—Only one market offer. A fee of 0.32% applied to debit card payments made by Mastercard or Visa, and a fee of 0.78% applied to credit card payments made by Mastercard, Visa or Amex, where Tango Energy incurred a merchant service fee; the fees were not applicable to direct debit payments by debit/credit card. Dishonour payment fees were GST exclusive.

*Notes: * Amex stands for American Express. A dash (—) means the retailer did not attach the fee type to any of its small business flat rate market offers available on Energy Made Easy in the June quarter. Where a retailer had a retail fee identified, it did not necessarily attach that fee to all of its small business flat rate market offers.*
Sources: Energy Made Easy; QCA analysis.

General observations

In the June quarter of 2022, 25 of the 29 retailers with small business flat rate market offers available on Energy Made Easy attached retail fees to at least one of their plans. This compares to 24 of 27 retailers in the June quarter of 2021.[118] Most of the retail fee types and levels were the same as, or similar to, those in the June quarter of 2021.

Only 4 retailers had no retail fees attached to any of their small business flat rate market offers in the June quarter of 2022—Alinta Energy, Elysian Energy, Powershop and Red Energy. Yet, these retailers either stated on Energy Made Easy that they reserved the right to charge or impose additional fees and charges (Alinta Energy), or provided links to their websites for more information on fees (Elysian Energy, Powershop and Red Energy).

Card payment processing fees

Payment processing fees on credit card payments ranged from 0.36% (payments made to EnergyAustralia by Visa or Mastercard, or to Simply Energy by Mastercard) to 4.00% (payments made to Future X Power by Amex or Diners Club). The range of credit card fees in the June quarter of 2022 was identical to that in the June quarter of 2021 (0.36% to 4.00%).

Payment processing fees on debit card payments ranged from 0.17% (payments made to AGL) to 1.00% (charged by ReAmped Energy). The range of debit card fees in the June quarter of 2022 was slightly wider than in the June quarter of 2021 (0.20% to 1.00%).

Other payment processing fees

Seven retailers attached other payment processing fees to at least some of their small business flat rate market offers in the June quarter of 2022. The fees were of the same types and levels as the fees attached in the June quarter of 2021, apart from two new fees attached in the June quarter of 2022—a 0.80% fee for credit card payments via Australia Post (CovaU) and 1% fee that may apply for over-the-counter payments made at an Australia Post outlet (GEE Energy).

As in the June quarter 2021, Origin Energy stated on each plan that a payment processing fee may apply to payments at an Australia Post outlet of the higher of $2.70 or 0.49%, but it did not indicate which payment methods the fee applied to. While the fee amount field on Energy Made Easy correctly stated the amount as $2.70, the fee percentage was included as zero.

Dishonour payment fees

Fees for dishonoured cheque payments ranged from $7.50 (Tango Energy) to $20 (Diamond Energy), and fees for dishonoured direct debit payments ranged from $5 (Glow Power and Radian Energy) to $15 (Future X Power). The range of fees for dishonoured cheque payments was to the same as in the June quarter of 2021 ($7.50 to $20), but the range of dishonoured direct debit payments in the June quarter of 2022 decreased compared to the June quarter of 2021 ($2.50 to $15).

In addition, Sumo Power had a 'dishonoured payment fee' of $2.75 attached to each plan without stating which type(s) of payment it related to. As in the June quarter of 2021, the fee was coded as an 'other fee' on Energy Made Easy, while other retailers generally coded their dishonour payment fees as either a fee for dishonoured cheque or dishonoured direct debit payments.

[118] For a detailed comparison and assessment of the fees attached to small business flat rate market offers in the June quarter of 2021, see *SEQ retail electricity market monitoring 2020–21*, 2021, pp 67–73.

Paper bill fees

Paper bill fees ranged from $1.65 (Simply Energy) to $5.50 (Blue NRG). The range of fees was identical to that in the June quarter of 2021 ($1.65 to $5.50).

Late payment fees

We identified 15 retailers on Energy Made Easy that attached late payment fees to at least one of their market offers, ranging from $12 (Discover Energy, EnergyAustralia, Future X Power, GEE Energy, Mojo Power, Origin Energy, ReAmped Energy and Simply Energy) to $30 (CovaU). The range of fees was only slightly smaller than in the June quarter of 2021 ($10 to $30).

As in the June quarter of 2021, 3 of the retailers that did not attach late payment fees—1st Energy, Elysian Energy and Enova Energy—attached pay on time discounts to some of their plans in the June quarter of 2022, thereby providing a separate incentive to customers to pay on time. Also, Diamond Energy again attached a late payment fee ($15) *and* a pay on time discount (7% off the bill) to its market offer.[119]

Membership fees

Three retailers attached membership fees to at least one of their market offers:

- Amber Electric attached a membership fee of $15 per month to access wholesale rates.
- Energy Locals attached a monthly membership fee of $29.99 to access wholesale energy rates, with the first 6 months membership total credited back to the customer's account after 6 months.[120]
- Powerclub charged an annual membership fee of $90 (up from $79 a year before).

Account establishment fees

Two retailers attached account establishment fees to their market offer:

- Diamond Energy attached an account establishment fee of $22 to its market offer, which was payable upon transfer from another retailer.
- Mojo Power attached an account establishment fee of $40 to its market offer for customers transferring from a different retailer.

Diamond Energy had the same fee of $22 attached in the June quarters of 2020 and 2021. It was the only retailer that attached an account establishment fee in both of those quarters.

Meter read fees

Six retailers attached meter read fees to at least one of their market offers:

- CovaU attached a 'special meter read fee' of $12.68 to each market offers (coded as an 'other fee' with two plans and as connection fee with three plans; up from $12.45 in the June quarter of 2021).
- Energy Locals attached an 'additional metering fee COMMS type 3–4' of $2.50 per day 'only if applicable' to its market offer, like it did in the June quarter of 2021.
- GEE Power attached an 'other fee' of $12.452 to each market offer for customers who requested a meter reading.

[119] Pay on time discounts in the June quarter of 2022 are outlined in chapter 3 (section 3.5.1).
[120] Energy Locals attached a monthly membership fee of $29.99 to one plan in the June quarter of 2021, with free membership for the first 4 months, but did not clearly state on Energy Made Easy what the membership fee was for or what benefits it provided.

- Momentum Energy attached an 'other fee' of $2.984 to each market offer described as 'COMMS (Type 1-4) daily metering charge if applicable'.
- Powerclub attached an 'other fee' of $12.683 to each market offer for a meter read requested by a customer (up from $12.45 in the June quarter of 2021).
- Sumo Power stated in the additional fee information field on Energy Made Easy with both market offers that it would pass through any fee from the distributor, including fees for disconnection or reconnection, or special meter read (move-out), plus a $5.50 admin fee.

Exit fees

We identified exit fees (or early termination fees) attached to some of EnergyAustralia's and Origin Energy's small business market offers in June 2017 and 2018, as well as in the June quarter of 2019.[121] However, none of the retailers attached exit fees to any of their small business flat rate market offers in the June quarters of 2020, 2021 and 2022. Some retailers explicitly stated on Energy Made Easy with all or most of their plans that they did not have any exit fees attached (Amber Electric, Energy Locals, Enova Energy and Powershop).

4.6.2 Standing offers

In the June quarter of 2022, just over half the retailers (15 out of 27) with small business flat rate standing offers available on Energy Made Easy attached retail fees to at least one of their standing offers, as table 17 shows.

Table 17 Retail fees attached to small business flat rate standing offers, June quarter 2022

Retailer	Dishonour payment fees		Late payment fees	Australia post fees	Paper bill fees	Card payment processing fees	Other fees
	Cheque	Direct debit					
1st Energy	$15.00[a]	$7.50[a]	—	—	—	—	—
Blue NRG	—	$10.89	—	—	—	—	—
Circular Energy	—	—	$20.00[a]	—	—	1.87% / 3.60%[a,b]	$13.00 per month[c]
CovaU	$9.50	$9.50	—	—	—	—	—
Diamond Energy	—	$10.00	—	—	—	—	—
Energy Locals	—	$11.00	$16.00	—	$2.00	1.00%[d]	—
Enova Energy	$15.00[a,e]	—	—	—	—	—	—
Future X Power	$15.00[a]	$15.00[a]	—	—	—	—	—
GEE Energy	—	—	$12.00 [e,f,g]	1.00% [a,e,h]	$2.002 [a,e,g]	0.40% [a,e,i]	$12.452[a,j]
Glow Power	—	$5.00[a]	—	—	—	—	—
Momentum Energy	—	—	—	—	—	—	$2.984 per day[k]
Powerdirect	—	—	—	0.45%[a,l]	—	0.17% / 0.69%[a,l]	—
QEnergy	$14.85[m]	—	—	—	—	—	—
Sumo Power	$2.75[n]		—	—	—	0.70%[o]	
Tango Energy	$7.50[p]	$7.50[p]	—	—	—	—	—

a The fee included GST.
b Payment processing fee for credit cards (other than Amex) (1.87%) and Amex credit card (3.6%).
c Membership fee—'Cummunity [sic] Energy Fee. This fee is provided back to your local Collective group in full'.
d Energy Locals stated that it only accepts payments from Visa and Mastercard, and charges a processing fee when using one of these payment methods. The fee was coded as a credit card payment processing fee.
e The fee 'may apply'
f The fee was GST exempt.
g A fee may apply 'where law permits'.

[121] QCA, *SEQ retail electricity market monitoring: 2016–17*, 2017, p 89; QCA, *SEQ retail electricity market monitoring: 2017–18* [updated report], 2019, p 103; QCA, *SEQ retail electricity market monitoring: 2018–19*, 2019, pp 61–65.

h Payment processing fee for over-the-counter payments made at an Australia Post outlet. The fee was included with a fee amount of 1%, while the fee description stated the fee as 1.10% (including GST).
i A credit card payment processing fee was included with a value of 0.40% and described as a 0.44% fee (including GST) that 'may apply' to the total amount for payments made by Visa or Mastercard.
j The fee was described as '$12.45 (inc. GST) when you request a meter reading' and included as an 'other fee', while the fee amount was included as $12.452.
k Like many of Momentum Energy's market offers, its standing offer had fee of $2.984 attached (coded as an 'other fee') that was described as 'COMMS (Type 1–4) daily metering charge if applicable'.
l A fee of 0.45% applied to card payments made at Australia Post outlets, while a fee of 0.17% applied to payments made by debit card and a fee 0.69% applied to payments made by credit cards
m The fee was not subject to GST.
n The dishonoured payment fee was coded as an 'other fee'.
o The fee applied to payments made by credit and debit card, and was only attached to one of the two plans.
p The fee excluded GST.
Note: A dash (—) means that the retailer did not have such a fee attached to any of its standing offers.
Source: Energy Made Easy; QCA analysis.

Of the 15 retailers with fees attached to some or all of their small business flat rate standing offers, 11 retailers attached dishonour payment fees to at least one of their standing offers. This compares to 14 of the 15 retailers in the June quarter of 2021.[122]

Fees for dishonoured cheque payments ranged from $7.50 (Tango Energy) to $15 (1st Energy, Enova Energy and Future X Power), and fees for dishonoured direct debit payments ranged from $5 (Glow Power) to $15 (Future X Power). The fees in the June quarter of 2022 were lower and in a narrower range than those in the June quarter of 2021 (when fees for dishonoured cheque payments ranged from $7.50 to $27.50, and fees for dishonoured direct debit payments ranged from $2.50 to $27.50).

In addition, Sumo Power had a 'dishonoured payment fee' of $2.75 attached to its standing offers without stating which type(s) of payment it related to. As in the June quarter of 2021, the fee was coded as an 'other fee' on Energy Made Easy, while other retailers generally coded their dishonour payment fees as either a fee for dishonoured cheque or dishonoured direct debit payments.

We also identified a number of standing offers that included fees that are not allowed to be charged to standing offer customers in Queensland, including late payment fees, fees for payments made at Australia Post outlets, paper bill fees and card payment processing fees. Standing offers that had such fees attached were from Circular Energy, Energy Locals, GEE Energy, Momentum Energy, Powerdirect and Sumo Power. We checked with each of these retailers if any standing customers had been charged prohibited fees. Only one retailer reported to us that it had charged a prohibited fee to standing offer customers in SEQ, which was immediately rectified by the retailer.

4.7 Observations on fees on Energy Made Easy

In addition to our analysis of the types and levels of retail fees attached to residential and small business flat rate offers (sections 4.5 and 4.6), we identified similar issues with retailers' fee information on Energy Made Easy in 2021–22 as we did in our previous reports. We consider that these issues may add to the complexity that customers face when selecting the best plan for their circumstances.

4.7.1 Further fees that could be charged

The AER's retail pricing information guidelines state that if a retailer applies any further fees to a plan that are not key fees, they must include information on Energy Made Easy with a reference

[122] For a more detailed comparison and assessment of the fees attached to small business flat rate standing offers in the June quarter of 2021, see QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, pp 73–74.

to where a customer can access additional information on these fees. The guidelines provide the examples of special meter read or meter inspection fees and state that the reference must be to a specific URL where details of these fees can be found.[123]

Since retail prices were deregulated in SEQ in 2016, some retailers have been referring to the potential for fees—other than those listed on Energy Made Easy—to be levied on customers.[124] This was also the case in the June quarter of 2022, and we found that retailers used the additional fee information field on Energy Made Easy to:

- advise customers to phone the retailer for further information on fees and/or fees that may apply on a phone number provided (e.g. 1st Energy, Blue NRG, Circular Energy, Dodo Power & Gas, Electricity in a Box, Future X Power, GEE Energy, Glow Power, Radian Energy, Red Energy and Simply Energy)
- refer customers to specific pages on their websites for information on additional fees and charges that apply or may apply (e.g. AGL, Alinta Energy, Amber Electric, Blue NRG, Discover Energy, Dodo Power & Gas, EnergyAustralia, Energy Locals, GloBird Energy, Kogan Energy, Mojo Power, Momentum Energy, Nectr, On by EnergyAustralia, Origin Energy, Ovo Energy, Powerdirect, Powershop, ReAmped Energy, Red Energy, Social Energy, Sumo Power and Tango Energy)
- refer customers to the home page of their website, rather than a fee-specific page (e.g. CovaU, Elysian Energy, GEE Energy, Locality Planning Energy, Mojo Power, Next Business Energy, People Energy, Powerclub and QEnergy)
- advise customers to contact the retailer (e.g. Diamond Energy), or to refer customers to their website or advise them to contact the retailer (e.g. Next Business Energy), in both cases without including a web page, phone number or any other contact details
- inform customers that the retailer reserves the right to change or impose additional fees or charges (e.g. Alinta Energy and Ovo Energy).

We consider that all retailers should provide a link on Energy Made Easy to a specific page on their website, where customers can access clear, SEQ-specific information on retail fees.

4.7.2 Fees that 'may' apply

As in previous years, a number of retailers listed fees on Energy Made Easy that 'may' apply (see the notes to tables 14 to 17). We appreciate that there may be circumstances in which the fees may not apply, but we have included them in our analysis, because customers should consider the potential to be charged these fees when comparing plans. We also note that retailers rarely explain on Energy Made Easy or on their websites the circumstances in which fees 'may' apply.

4.7.3 Fees with a value of zero

Some retailers attached fee types to some or all of their plans, indicating that these fees had values of zero because the fee type did not apply to the plans (e.g. Glow Power; see also section 2.8 on distribution non-network charges). To support the clarity, completeness and comparability of plans on Energy Made Easy, we encourage retailers not to include fee types on their plans with values of zero.

[123] AER, *AER Retail Pricing Information Guidelines* [version 5.0], 2018, p 10, clause 45.
[124] While the AER's retail pricing information guidelines refer to 'further fees', many retailers call these fees 'additional fees (and charges)' on Energy Made Easy.

4.7.4 GST on fees

The AER's retail pricing information guidelines require fees to be specified inclusive of GST.[125] In our previous annual market monitoring reports we noted that the reported GST treatment within some fee types was inconsistent or unclear between retailers for both residential and small business plans.[126] These observations also apply in 2021–22. As in previous years:

- some retailers stated that particular fees—especially late payment and dishonour payment fees—were not subject to GST, while other retailers applied GST to the same fee type
- some retailers indicated that GST applied to some fees but did not identify the GST status of other fees.

We consider that retailers should pay closer attention to the requirement to specify fees inclusive of GST and should clearly indicate the GST status of their fees on Energy Made Easy.

4.7.5 Fees attached to standing offers

4.7.6 Retail fee information on Energy Made Easy

In terms of standing offers specifically, we note that in the additional fee information field on Energy Made Easy:

- EnergyAustralia stated that customers could avoid payment processing fees by paying from their bank account using direct debit or BPay
- Alinta Energy and Ovo Energy stated that they reserved the right to change or impose additional fees or charges; if that happened, they would notify customers.

We consider that the fee information on these three retailers' standing offers does not align with the restriction on the types of fees that can be attached to standing offers in Queensland.

Retail fee information on retailers' websites

In June 2022, we reviewed retail fee information published in retailers' standard retail contracts[127] and/or fee schedules on retailers' websites and identified the following issues:

- Diamond Energy's services fees and charges summary for Queensland included 'account service fees' that 'may' apply—credit card payment processing fees of 0.6%, bill reprint fees of $5.50 and paper bill fees of $1.93 (all fees were GST inclusive).[128]
- Radian Energy's standard fees and charges document for Queensland listed card payment processing fees that 'may' apply (Visa/Mastercard: 1.5%, Amex/Diners Club: 3.1%—both GST inclusive), direct debit fees (bank account: $0, Visa/Mastercard: 1.5%, Amex/Diners Club: 3.1%, failed payment: $18.00 (GST inclusive)), late payment fees that 'may' apply ($16.00—GST exempt) and a paper bill fee that 'may' apply ($2.25—GST inclusive) 'with some exceptions'.[129]

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[125] AER, *AER Retail Pricing Information Guidelines* [version 5.0], 2018, p 10, clause 44.

[126] QCA, *SEQ retail electricity market monitoring: 2016–17*, 2017, pp 90–91; QCA, *SEQ retail electricity market monitoring: 2017–18* [updated report], 2019, p 104; QCA, *SEQ retail electricity market monitoring: 2018–19*, 2019, p 66; QCA, *SEQ retail electricity market monitoring 2019–20*, 2020, pp 75–76; QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, p 76.

[127] In June 2022, version 32 of the NERR was in force; rule 12(1) stated that model terms and conditions for a standard retail contract were set out in schedule 1 of the NERR. In simple terms, a standing offer is the offer to supply electricity in accordance with the standard retail contract set out in the NERR.

[128] Diamond Energy, *Service Fees and Charges Summary – Queensland* [effective August 2021], viewed 15 June 2022. We note that the retailer did not separately list its fees for standard or market contract, making it difficult for the customer to determine whether these fees 'may' apply to them regardless of the type of electricity contract.

[129] Radian Energy, *Standard Fees and Charges – QLD*, viewed 14 June 2022. The retailer stated in its fees and charges document that a late payment fee exclusion applied (under certain circumstances) if the account holder received the low-income

The model terms and conditions for standard retail contracts are set out in schedule 1 of the NERR. Clause 10.4 of the model terms and conditions provide that if a customer has not paid a bill on time, the retailer may require the customer to pay a late payment fee. Clause 10.4 also includes a 'required alteration' note, which requires the clause to be deleted if a state or territory law prohibits small customers being charged a late payment fee.[130]

In our review of retailers' websites, we identified a number of retailers—AGL, CovaU, Diamond Energy, Discover Energy, Elysian Energy, Energy Locals, Enova Energy, GloBird Energy, Mojo Power, Momentum Energy, Nectr, Origin Energy, Powerdirect, Powershop and Social Energy—whose standard retail contracts included late payment fees.[131] Some of these retailers indicated that clause 10.4 did not apply in Victoria or in New South Wales, but none of these retailers indicated that it did not apply in Queensland.

Radian Energy included the full, unaltered text of clause 10.4 of the model terms and conditions in its standard retail contract; that is, its contract indicated that late payment fees may be payable and that deletion of the clause was a required alteration where charging late payment fees was not permitted by a state or territory law.[132]

In our view, the above observations demonstrate a lack of attention by the respective retailers to their obligations to standard contract customers in the SEQ market.

Some retailers—Dodo Power & Gas, Future X Power, Glow Power, Next Business Energy, Ovo Energy, QEnergy, ReAmped Energy, Red Energy and Sumo Power—did not include clause 10.4 in their standard retail contracts.[133] Similarly, 1st Energy's, Alinta Energy's, EnergyAustralia's, Simply Energy's and Tango Energy's standard retail contracts indicated at clause 10.4 that the retailer would not charge a late payment fee where it is not permitted under a state or territory law.[134]

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household rebate or the medical energy rebate. We note, however, that clause 10.4 (Late payment fees) in Radian Energy's terms and conditions states 'Required alteration: deletion of this clause is a required alteration where late payment fees for small customers under a standard retail contract are not permitted by a State or Territory law' (Radian Energy, *Terms & Conditions – Standard Retail Contract*, viewed 14 June 2022). We note that the retailer did not separately list its fees for standard or market contract, making it difficult for the customer to determine whether these fees 'may' apply to them regardless of the type of electricity contract.

[130] NERR, rule 12 and schedule 1.

[131] AGL, *Standard Retail Contract Terms and Conditions* [29 September 2021], viewed 14 June 2022; CovaU, *Standard Retail Agreement*, clause 10.4, viewed 14 June 2022; Diamond Energy, *Standard Retail Energy Supply Agreement Terms and Conditions* [29 September 2021], viewed 15 June 2022; Discover Energy, *Discover Energy Terms and Conditions Standard Retail Contract*, clause 10.4, viewed 14 June 2022; Elysian Energy, *Standard Retail Contract*, clause 10.4, viewed 14 June 2022; Energy Locals, *Terms and conditions for standing offer contracts [non-Victorian States, November 2016]*, clause 10.4, viewed 14 June 2022; Enova Energy, *Enova Energy Standard Retail Energy Supply Agreement [January 2021]*, clause 10.4, viewed 14 June 2022; GloBird Energy, *Terms and Conditions for Standard Retail Contracts*, clause 10.4, viewed 14 June 2022; Mojo Power, *Standing Offer Contract*, clause 11.4, viewed 14 June 2022; Momentum Energy, *Model terms and conditions for standard retail contracts in Queensland, New South Wales, Australian Capital Territory and South Australia*, clause 10.4, viewed 14 June 2022; Nectr, *Standard Retail Contract Terms and conditions for QLD* [30 April 2020], clause 10.4, viewed 14 June 2022; Origin Energy, *Terms and Conditions for Standard Retail Contracts – Understanding Your Energy Agreement with us, Queensland* [March 2022], clause 10.4, viewed 14 June 2022; Powerdirect, *Standard Retail Contract Terms and Conditions* [29 September 2021], clause 10.4, viewed 14 June 2022; Powershop, *Customer Terms and Conditions, Standing Offer, Qld* [December 2020], clause 10.4, viewed 14 June 2022; Social Energy, *Australia Standard Terms and Conditions* [March 2020], clause 10.4, viewed 14 June 2022.

[132] Radian Energy, *Terms & Conditions – Standard Retail Contract*, clause 10.4, viewed 14 June 2022.

[133] Dodo Power & Gas, *Dodo Power & Gas Standard Retail Contract Queensland* [19 March 2020], viewed 13 June 2022; Future X Power, *Terms & Conditions – Standard Retail* [version 3.1 2021], viewed 13 June 2022; Glow Power, *Terms and Conditions*, viewed 14 June 2022; Next Business Energy, *Standing Offer Terms & Conditions, National (excluding Victoria)* [23 July 2020], viewed 13 June 2022; Ovo Energy, *The legal bits, standing offer* [updated on 18.03.2022], viewed 13 June 2022; QEnergy, *Model terms and conditions for standard retail contracts*, viewed 14 June 2022; ReAmped Energy, *Terms and Conditions for Standard Retail Contracts*, viewed 14 June 2022; Red Energy, *Standard Retail Contract, NSW, Qld, SA, ACT*, viewed 14 June 2022; Sumo Power, *Standard Retail Contract Terms and Conditions*, viewed 14 June 2022.

[134] 1st Energy, *Standard Retail Contract Terms and Conditions* [30 September 2021], viewed 15 June 2022; Alinta Energy, *Standard Retail Energy Contract*, viewed 14 June 2022; EnergyAustralia, *EnergyAustralia Standard Retail Contract* [effective April 2022],

4.7.7 Metering charges

4.7.8 Meter read fees

Tables 14 to 17 in this chapter show the retail fees attached to residential and small business flat rate offers in the June quarter of 2022, which include some examples of retailers attaching metering-related fees to their plans. We also note that:

- CovaU attached a 'special meter read fee' of $12.68 (up from $12.45 in the June quarter of 2021) to each plan, stating that the fee is 'passed through & may vary'. On Energy Made Easy, this fee was either coded as an 'other fee' or as a connection fee. Where it was coded as a connection fee, including on all standing offers, CovaU advised customers to contact their distributor to find out the current fee.
- Diamond Energy stated in the additional fee information field on Energy Made Easy for each market and standing offer that other fees 'may apply', including for meter special reads, and advised customers—for three of its four plans—to contact Diamond Energy for further information, while it advised customers—for its small business standing offer—to see its website or contact Diamond Energy for details.
- Energy Locals attached a daily fee of $2.50 to its only small business flat rate market offer, which it described as an 'additional metering fee COMMS type 3–4 … only if applicable'. The fee was coded as an 'other fee' on Energy Made Easy.
- GEE Energy attached a fee of $12.452 to each market and standing offer for customers who requested a meter reading. The fee was coded as an 'other fee' on Energy Made Easy.
- Momentum Energy attached a daily fee of $2.984 to each small business market and standing offer, which was described as 'COMMS (type 1–4) daily metering charge if applicable'. The fee was coded as an 'other fee' on Energy Made Easy.
- Powerclub attached a 'meter read – requested by customer' fee of $12.683 (up from $12.45 in the June quarter of 2021) to each residential and small business market offer. The fee was coded as an 'other fee' on Energy Made Easy.
- Red Energy noted in the metering cost description field on Energy Made Easy for each market and standing offer that charges 'may vary' and advised customers to contact the retailer on the phone number provided for specific metering charges.
- Sumo Power stated in the additional fee information field on Energy Made Easy for each market and standing offer that it would pass through any fee from the distributor—including fees for a special meter read on move-out—and provided a link to its website where distributor fees are published. For market offers, Sumo Power stated that any fees from the distributor would be passed through, plus a $5.50 admin fee.

We consider that retailers should always provide a link from Energy Made Easy to a page on its website where customers can access clear, SEQ-specific, additional information on applicable, or potentially applicable, fees.

Energex metering charges

Since 1 July 2015, Energex has been required to separate its metering charges to allow transparency of metering costs. Energex's daily metering service charge recovers the cost for the

viewed 14 June 2022; Simply Energy, *Terms and Conditions for Standard Retail Contracts*, viewed 14 June 2022; Tango Energy, *Standard Retail Contract* [31 March 2022],viewed 14 June 2022.

provision of 'type 6' metering services, which includes meter provision, meter reading, meter maintenance and meter data services. Table 18 shows the applicable daily metering service in 2021–22.

Table 18 Energex's daily metering service charges in 2021–22

Tariff	Daily charge	Annual charge
Primary tariff	10.436 cents	$38.12
Load control	3.041 cents	$11.11
Solar photovoltaic	7.489 cents	$27.35

Note: The metering charges are GST exclusive.
Source: AER, Energex – Annual pricing 2021–22 [Attachment 1, 2021–22 Network Price List], May 2021. For more detail on Energex's type 6 metering services, see AER, Energex Regulatory Proposal 2020–25, 2019, pp 124–126. For details on primary, load control and solar metering charges, see Energex, Pricing publications, Energex website, n.d.

Some retailers include Energex's primary, load control and solar metering service charges in the daily supply charges of their standing and market offers, and some retailers have a separate metering charge.[135] As we stated in previous market monitoring and solar feed-in tariff monitoring reports, we consider that all retailers should clearly identify Energex's metering charges, or state that they do not levy these charges if that is the case, in their plans on Energy Made Easy. This would improve the clarity of information for customers and assist comparability between plans.[136]

Advanced digital metering charges

Retailers' disclosure of advanced digital metering charges

The AER's retail pricing information guidelines require retailers to disclose metering arrangements and any associated costs on electricity plans published on Energy Made Easy.[137] Also, metering fees are included in the list of 'key fees' that retailers must include on energy plans where the fee will be incurred by all or a significant portion of customers.[138] Table 19 summarises retailers' disclosure of advanced digital metering (ADM) charges in the SEQ retail market in the June quarter of 2022 on Energy Made Easy.

Table 19 Retailers' disclosure of advanced digital metering charges attached to residential and small business flat rate offers in SEQ, June quarter 2022

Retailer	Advanced digital metering charges
Amber Electric	Amber Electric will install a smart meter at no upfront cost to the customer if the customer does not have a smart meter.
Blue NRG	Blue NRG attached metering charges with a value of $0.66 per day on some plans, noting with other plans that 'metering charge costs can vary' and asking customers to contact Blue NRG for more details. The retailer did not specify if these charges relate to specific meter types or vary between meter types.
Electricity in a Box	Electricity in a Box stated in the metering cost fields on Energy Made Easy that additional fees 'may apply' and advised customers to phone the number provided for more information. Electricity in a Box did not indicate what these additional fees were for and included the contract meter type as 'type 0'.

[135] Queensland Government, *Meter service charges*, Queensland Government website, updated 1 July 2022, viewed 22 July 2022; QCA, *SEQ retail electricity market monitoring: 2016–17*, 2017, pp 9–10; QCA, *SEQ retail electricity market monitoring: 2017–18* [updated report], 2019, p 6; QCA, *SEQ retail electricity market monitoring: 2018–19*, 2019, p 131; QCA, *SEQ retail electricity market monitoring 2019–20* [appendices], 2020, pp 42–43.

[136] We note that Ergon Energy clearly identified recurring metering charges on its plans on Energy Made Easy. Our understanding is that, by including metering charges in the 'metering cost' fields on Energy Made Easy, these charges are included in the bill calculations on Energy Made Easy.

[137] AER, *AER Retail Pricing Information Guidelines* [version 5.0], 2018, p 11, clause 48(j).

[138] AER, *AER Retail Pricing Information Guidelines* [version 5.0], 2018, p 10, clauses 43, 47(j).

Retailer	Advanced digital metering charges
Energy Locals	Energy Locals stated in the contract fee description field on Energy Made Easy for its small business market offer that there would be an additional metering fee (COMMS type 3–4) of $2.50 per day (GST inclusive), 'only if applicable'.
Glow Power	Glow Power stated in the metering cost fields on Energy Made Easy that additional fees 'may apply' and advised customers to phone the number provided for more information. However, it did not indicate what these additional fees are for. In the metering cost description field, it merely added that fees and charges charged by the distributor are published on the Energex website and 'may change' from time to time.
Mojo Power	Mojo Power included a link to its website in the contract terms field on Energy Made Easy for its residential market offers with the full terms and conditions, including smart meter install for eligible properties, with smart meters being billed monthly. The retailer further stated that it includes smart meter install for eligible properties.
Momentum Energy	Momentum Energy included a COMMS (type 1–4) daily metering charge of $2.984, 'if applicable', in the contract fee fields on Energy Made Easy for all small business flat rate offers.
Next Business Energy	Next Business Energy included additional service costs for customers with COMMS meter types and POC meters, with minimum charges of $83.33, in the metering cost field on Energy Made Easy for its small business standing offer.
Powerclub	For its market offers, Powerclub generally published separate plans—with different daily supply charges—where one or more of controlled load, solar or smart metering were added to the plan.
Red Energy	Red Energy stated on all plans that metering charges may vary, and advised customers to contact the retailer for specific metering charges.

Notes: Smart meter installations are identified as 'type 4' (smart meter) or 'type 4a' (smart meter no communications); 'type 5' meters are basic (manually read) interval meters, and 'type 6' meters are basic (accumulation) meters. The remaining retailers did not provide any clear information on Energy Made Easy.
Source: Energy Made Easy.

We also make the following general observations, similar to our observations in 2020–21, that some retailers:

- provided no information on their treatment of ADM costs in their electricity plans on Energy Made Easy
- had at least one plan that was only available to customers with a smart meter, but no ADM charges were attached to the plan(s)
- had no plans that were available for basic (type 6) accumulation meters
- described the meter type for their plans as 'type 0'
- published separate solar and non-solar plans with different daily supply charges.

The ACCC's Guide to the Electricity Retail Code requires retailers to include recurring metering charges in the unconditional price of plans that the ACCC uses to check compliance of standing offers with the DMO and to calculate the comparison percentage for communicating price information to customers.[139] In our view, if retailers are complying with the ACCC's requirement, their plans on Energy Made Easy should disclose the value of ADM charges.

Consistent with our view on disclosure of Energex's metering charges, we consider that all retailers should clearly identify ADM charges on Energy Made Easy, or state that they do not levy these charges. This would improve the clarity of information for customers and assist comparability of plans.

[139] ACCC, *Guide to the Electricity Retail Code* [version 3], 2021, p 5.

Inclusion of advanced digital metering charges in DMO determination

The AER considered the inclusion of ADM costs in its determination of the default market offer (DMO) prices for 2021–22 (DMO 3). The AER noted the observation we made in our report on the benefits of ADM (in September 2019) that most retailers did not charge customers individually for their particular metering costs and that retailers indicated to us that, due to the relatively small number of advanced digital meters installed, they were either absorbing the additional costs or spreading them across all customers.[140]

A number of retailers submitted that the AER should (or could) include an allowance for ADM costs in DMO 3.[141] AGL expressed a slightly different position, suggesting that an allowance for ADM costs was not required for DMO 3 but that future DMO prices would require adjustment to reflect the higher costs incurred by retailers for advanced meters.[142] The retailers' submissions suggest the materiality of ADM costs to retailers is increasing as the number of smart meters installed at customers' premises increases across the NEM.[143]

In its options paper on the DMO price for 2022–23, the AER noted that the Power of Choice reforms in 2017 gave retailers responsibility for managing advanced metering installations and the associated costs they incur. While the AER expected the proportion of advanced meters and associated costs to increase over time, it acknowledged that the DMO price did not include a specific allowance for advanced meter costs and that each additional advanced meter installation introduced a cost to retailers that was not fully reflected in the DMO network cost component.[144]

The AER collected data from retailers on the number of customers on advanced meters and accumulation meters, including average costs per advanced meter, and was satisfied that advanced meters incur significant costs for retailers. Because these costs exist and will continue to be incurred in DMO 4 and future DMOs, the AER did not consider it warranted to delay reflecting these costs in the DMO price until after the AEMC finishes its smart meter review.[145]

4.7.9 Quality assurance of fee information

Retailers are responsible for the quality of data and information they publish on Energy Made Easy.[146] We consider that a broader range of predetermined input fields on Energy Made Easy, with limited free text options available to retailers to describe their plans, could improve the quality (and hence comparability) of information on Energy Made Easy.

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[140] AER, *Default Market Offer Prices 2021–22* [position paper], 2020, pp 51–53; QCA, *Benefits of advanced digital metering* [ministerial advice], 2019, p 28.

[141] ActewAGL, submission to the AER, *Default Market Offer Prices 2021–22* [position paper], 18 November 2020, p 5; EnergyAustralia, submission to the AER, *Default Market Offer Prices 2021–22* [position paper], 19 November 2020, p 4; Momentum Energy, submission to the AER, *Default Market Offer Prices 2021–22* [draft determination], 18 March 2021, p 3; Origin Energy, submission to the AER, *Default Market Offer Prices 2021–22* [position paper], 19 November 2020, p 10; Red Energy / Lumo Energy, submission to the AER, *Default Market Offer Prices 2021–22* [position paper], 19 November 2020, pp 1–2; Simply Energy, submission to the AER, *Default Market Offer Prices 2021–22* [position paper], 19 November 2020, p 3; Simply Energy, submission to the AER, *Default Market Offer Prices 2021–22* [draft determination], 18 March 2021, p 3.

[142] AGL, submission to the AER, *Default Market Offer Prices 2021–22* [position paper], 19 November 2020, p 8; AGL, submission to the AER, *Default Market Offer Prices 2021–22* [draft determination], 18 March 2021, p 4.

[143] The National Electricity Rules, clause 7.8.3, require new and replacement meters for small customers to be type 4 (smart) meters.

[144] AER, *Default Market Offer prices—Options Paper on the methodology to be adopted for the 2022–23 determination (and subsequent years)*, 2021, pp 55–60.

[145] AER, *Default market offer prices 2022–23* [final determination], 2022, pp 41–42, 67–68. Retailers selling to about 94% of customers in DMO regions were requested to provide data for each DMO region and customer type as at 30 September 2021. The AEMC paused its *Review of the regulatory framework for metering services* in November 2021 as part of an adjustment to its sequencing of work, and announced in April 2022 that work would recommence.

[146] AER, *AER Retail Pricing Information Guidelines* [version 5.0], 2018, p 8, clauses 25–28.

We agree with the AER's position that the AER should not be responsible for the quality of retailers' information on Energy Made Easy. However, our analysis of retail fees across our six annual reports clearly shows that retailers make mistakes in the information they provide to the website. Further, we think it is highly likely that, with so many retailers in the market, retailers will continue to provide fee information on Energy Made Easy and their own websites on an inconsistent basis, such that customers will not be able to easily compare fees across retailers.

4.8 Key considerations for customers

Retail fees have the potential of increasing customers' electricity bills. Customers should consider the following key points in the context of plans that have retail fees attached:

- Retailers can charge customers retail fees in addition to supply and usage charges. This can lead to a higher-than-expected bill—for example, if a bill is not paid on time. Some fees may be added to each single bill, such as paper bill fees.
- Some retailers attach fees to their plans that 'may' apply. Customers are advised to check with the retailer directly as to the circumstances when such fees apply, given that such information is rarely disclosed on Energy Made Easy.
- Customers on a plan with conditional discounts attached should carefully consider the fees attached to the plan. If customers lose their conditional discounts, they may also have to pay additional fees (such as late payment fees), which can substantially increase their bill.
- Retailers are only allowed to charge SEQ standing offer customers three types of fees. While standing offers are generally more expensive than market offers (see chapter 2), customers cannot be charged fees for paper bills, card payments or late payments on a standing offer.
- Customers on standing offers should check their bills to ensure that they have not been charged prohibited fees and contact their retailer if they believe they were charged such fees. Customers are also encouraged to contact us if they are not satisfied with the response from their retailer about being charged prohibited fees.

5 WEIGHTED BILLS

Key findings

We compared and assessed the trends in standing offer bills and generally available market offer bills from 2015–16 to 2021–22, each weighted by retailers' market shares, and found:

- In each quarter from 2015–16 to 2021–22, the weighted average standing offer bill was higher than the weighted average market offer bill, for both residential and small business flat rate customers.
- Changes in the weighted average standing offer bill generally occurred in the September quarters. There was a substantial increase in the September quarters of 2016 and 2017, followed by a decline in the September quarter of 2018 and a significant decrease in the September quarters of 2019, 2020 and 2021 as the default market offer (DMO) prices for the respective financial years took effect. In the remaining quarters of each year, the changes were minimal.
- With an increasing number of retailers publishing plans in SEQ and decreases in wholesale and network costs, the weighted average market offer bill trended downwards from the time Alinta Energy entered the market in August 2017. In 2021–22, the weighted average market offer bill increased again as wholesale electricity costs rose. Nonetheless, from its peak in the September quarter of 2017 to the June quarter of 2022, weighted average market offer bills:
  - decreased by 22.2% for the typical residential flat rate customer
  - decreased by 17.0% for the typical small business flat rate customer.
- Over the seven years from 2015–16 to 2021–22, weighted average bills decreased for the typical residential customer:
  - by 17.4% if on a market offer.
  - by 8.7% if on a standing offer.
- Over the same time, the typical small business customer saw a smaller decrease in weighted average bills:
  - by 6.5% if on a market offer.
  - by 7.9% if on a standing offer.
- Weighted average bills differ more from simple average bills for standing offers, as standing offer customers tend to be concentrated among a few larger retailers who have higher market shares. The weighted average bill therefore almost exclusively reflects the bills of those few retailers. The difference is smaller for market offers, as there are more retailers and a lower market concentration.
- When interpreting weighted average bills, it is important to keep in mind that these bills can be heavily influenced by the plans published by the larger retailers. It is also advisable to carefully consider the data restrictions and the assumptions required to weight bills by retailer market share when interpreting weighted bills or using them for other purposes.

5.1 QCA methodology

Bills based on latest consumption data

As we did in our previous reports, we calculated an annual bill for each plan available on Energy Made Easy since 2015–16, based on a constant electricity usage level—the median annual consumption of a typical SEQ customer (table 2). By recalculating all the bills for each quarter with the same consumption level, we can ensure that any changes in bills we observe reflect changes in prices only and are not distorted by changes in consumption over time.[147]

Bills weighted by retailer market share

The direction requires us to weight standing and market offer bills by retailer market share. Consistent with the methodology we applied in previous reports, we used the AER's retail energy market performance data to calculate market shares based on the number of customers on standing or market offers in each quarter. However, we only included the standing or market offer customer numbers of those retailers in our calculations that had standing or market offers available in that quarter, since not every retailer had plans on Energy Made Easy in every quarter.

The AER's retail energy market performance data includes quarterly data on most retailers' total number of residential and small business customers in Queensland, as well as their respective number of customers on market contracts. We calculated the number of customers on standing offers in each quarter as the difference between the total number of customers and the number of customers on market contracts in that quarter.[148]

Data for the June quarter of 2022 was not available when we finalised this report. As a proxy, we calculated the market share based on the AER's customer numbers for the March quarter of 2022 to weight the standing and market offer bills in the June quarter of 2022.

Data restrictions

The AER's retail energy market performance data does not provide information on the total number of customers by tariff type.[149] The total number of customers includes customers on flat rate, controlled load, time of use and other tariffs. In our view, the total number of customers does not provide a sound basis to calculate market shares for controlled load or time of use tariff customers, given their relatively lower share among the total number of customers.[150] We therefore present a weighted trend analysis for residential flat rate and small business flat rate tariffs only.

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[147] Since we have recalculated all the bills from the September quarter of 2015 to the June quarter of 2021, the bills in this chapter are different to the bills we presented in our previous market monitoring reports (QCA, *SEQ retail electricity market monitoring: 2017–18* [updated report], 2019, pp 107–118; QCA, *SEQ retail electricity market monitoring: 2018–19*, 2019, pp 72–76; QCA, *SEQ retail electricity market monitoring 2019–20*, 2020, pp 85–90; QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, pp 85–91).

[148] The difference between the total number of customers and the number of customers on a market contract includes a very small number of customers on a deemed contract. In the March quarter 2022, less than 0.3% of the residential customers and 0.9% of the small business customers in Queensland were on a deemed contract (AER, *Retail energy market performance update for Quarter 3, 2021–22* [schedule 2, indicators S2.1, S2.2, S2.6], 2022, viewed 23 August 2022). Customers can, for example, be on a deemed contract if they move to a new address and do not arrange to be on a specific standing or market offer. In this case, they will initially be on the deemed retail arrangement from the local retailer when they use electricity. The terms and conditions of such a deemed contract are equivalent to those of the retailer's standing offer (AEMC, *2018 Residential Electricity Price Trends Methodology Report* [final report], 2018, p 6). See also the NERL, section 54 and the definition of 'move-in customer' in section 2.

[149] The AER's performance indicator for tariff structures (S2.8) relates only to customers with a smart meter (AER, *AER (Retail Law) Performance Reporting Procedures and Guidelines* [version 3], 2018, p 11).

[150] Unpublished data provided by Energex.

We further note that the AER had removed all retail performance data from its website in September 2018 after discovering what it described as 'significant errors' in the data provided by AGL,[151] which is one of the largest retailers in SEQ by market share. The AER noted later that although AGL had resubmitted a complete dataset for 2017–18, AGL had indicated that previous years' data may still be inaccurate. The AER cautioned that '[t]his should be taken into account when drawing trends in jurisdictions where AGL is active'.[152] Readers should bear the AER's advice in mind when interpreting the weighted average bills in this chapter.

We also consider that the number of existing customers contracted to a retailer in any given quarter may not be strongly correlated with the number of new customers who take up one of the plans that this particular retailer had available on Energy Made Easy during the same quarter.

Influence of large retailers

When interpreting the weighted average bills in this chapter, it is important to note that some retailers have relatively high market shares. This applies in particular to the 'tier one' retailers—AGL, EnergyAustralia and Origin Energy—and Alinta Energy, which has been the third-largest retailer in SEQ by residential customer numbers since the June quarter of 2018. The offers of these larger retailers have a strong influence on the weighted average bills. For example, AGL's and Origin Energy's combined market share for residential standing offer customers was nearly 94% in the March quarter of 2022.[153] The weighted average standing offer bill in that quarter therefore almost exclusively reflects the standing offers of these two retailers.

Retail brands

Some authorised retailers sell energy under their own name and also own retail 'brands' that sell energy. The AER does not report customer numbers separately for retail brands that are owned by an authorised retailer. We understand that the customer numbers of such retail brands are included in the customer numbers of the authorised retailer parent company. For the purpose of calculating market shares for each quarter from 2015–16 to 2021–22, we apportioned the reported customer numbers of the authorised retailer parent company in equal parts to the authorised retailer and to its retail brand(s) if both the authorised retailer and its retail brand(s) had plans available in any given quarter. We apportioned customer numbers in this way for the following retailers:

- Amaysim Energy, which owned the Click Energy retail brand until September 2020[154]
- Energy Locals, which was the provider of energy to customers of Amber Electric until December 2020[155]

[151] AER, *AER removes retail performance data from its website* [news release], 11 September 2018. In November 2019, the AER commenced proceedings in the Federal Court against four subsidiaries of AGL Energy Limited, alleging they failed to submit timely and accurate retail market performance data (AER, *AGL in court over alleged failure to provide accurate and timely performance data* [news release], 12 November 2019). In November 2020, the Federal Court ordered the subsidiaries to pay combined pecuniary penalties of $1.3 million for the breaches (AER, *AGL to pay $1.3 million penalty for failing to provide performance data on time* [news release], 13 November 2020; *AER v AGL Sales Pty Limited & Ors* [2020] FCA 1623, [5]–[8]).

[152] AER, *Retail energy market performance update for Quarter 1, 2017–18*, 2018, viewed 21 November 2022.

[153] Market share based on the total number of standing offer customers of those retailers that had residential flat rate standing offers published on Energy Made Easy in the March quarter of 2022 (AER, *Retail energy market performance update for Quarter 3, 2021–22* [schedule 2], 2022, viewed 23 August 2022; QCA analysis).

[154] AGL acquired Click Energy in 2020 and Click Energy customers were transitioned to AGL (AGL, *AGL finalises acquisition of Click Energy* [media release], 1 October 2020, viewed 20 August 2021). Amaysim Energy simplified its product offering and no longer sells energy services (Amaysim Energy, *changes to amaysim energy*, Amaysim Energy website, n.d., viewed 23 August 2022).

[155] Amber Electric applied for a retailer authorisation in its own right, which the AER approved in December 2020 (AER, *Amber Electric Pty Ltd – authorised electricity retailer*, AER website, n.d., viewed 20 August 2021).

- Powershop, which is the energy provider of Kogan Energy and also sold energy under the name of DC Power until the March quarter of 2020
- EnergyAustralia, which has published offers under its own name and under its 'brand' On by EnergyAustralia since the June quarter of 2021.

We acknowledge that the newer retail brands may not yet have as many customers as their authorised retailer parent company. Nevertheless, as there is no reliable information available on the customer numbers of these retail brands, we consider that splitting the reported customer numbers of the authorised retailer equally between the authorised retailer and its retail brand(s) is the most straightforward approach to calculate market shares for the purpose of weighting their standing offer bills and generally available market offer bills. This approach could, in some instances, result in a slight overestimation of the market share of the retail brand(s). Accordingly, the bill of the retail brand(s) would be slightly overrepresented in the weighted average bill, while the bill of the authorised retailer would be underrepresented. However, we do not consider that this significantly impacts on the total weighted average bill.

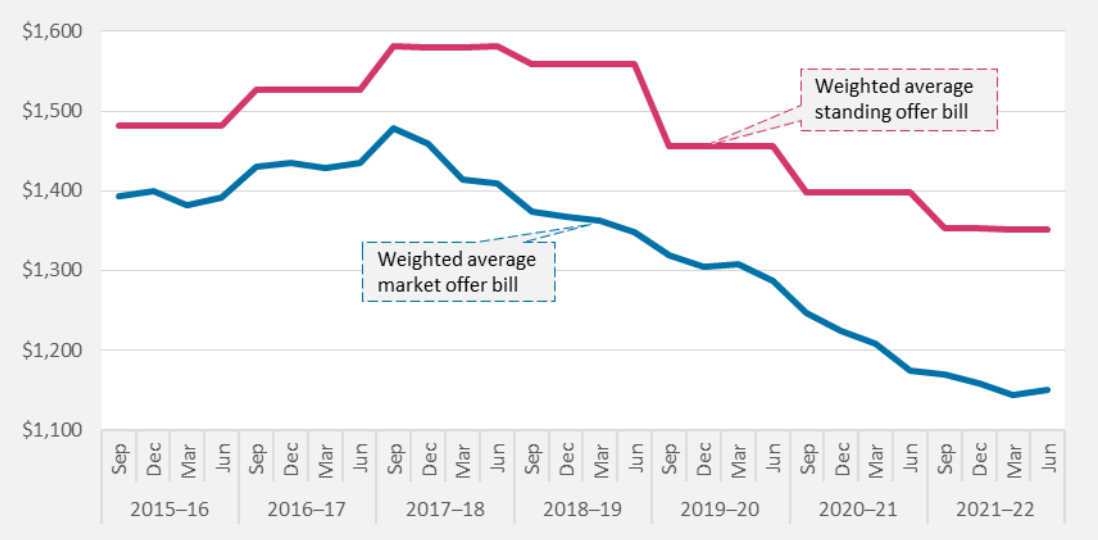
Caveats

Due to the limitations described above—including the influence of large retailers and the lack of data both by tariff type and on the uptake of the plans published on Energy Made Easy—as well as the assumptions that are required to weight bills by retailer market share, readers should exercise caution when interpreting the bills in this chapter or using them for other purposes.

5.2 Trends in weighted average residential flat rate offer bills

Figure 16 shows the standing offer bills and generally available market offer bills for the typical residential flat rate customer in each quarter from 2015–16 to 2021–22, each weighted by retailer market share. Over this period, the weighted average standing offer bill was always higher than the weighted average market offer bill. The difference (spread) between the weighted average market and standing offer bill was less than $100 during 2015–16 and 2016–17, but it grew significantly over time to more than $200 by the end of 2021–22.

Figure 16 Weighted bills for a typical residential flat rate customer, 2015–16 to 2021–22



Note: Annual bill for each quarter based on the median consumption of a typical SEQ residential flat rate customer (table 2), weighted by retailers' market shares in that quarter. A table with detailed bills, by quarter, is included in appendix C (section C.3).
Sources: Energy Made Easy; AER retail performance data; QCA analysis.

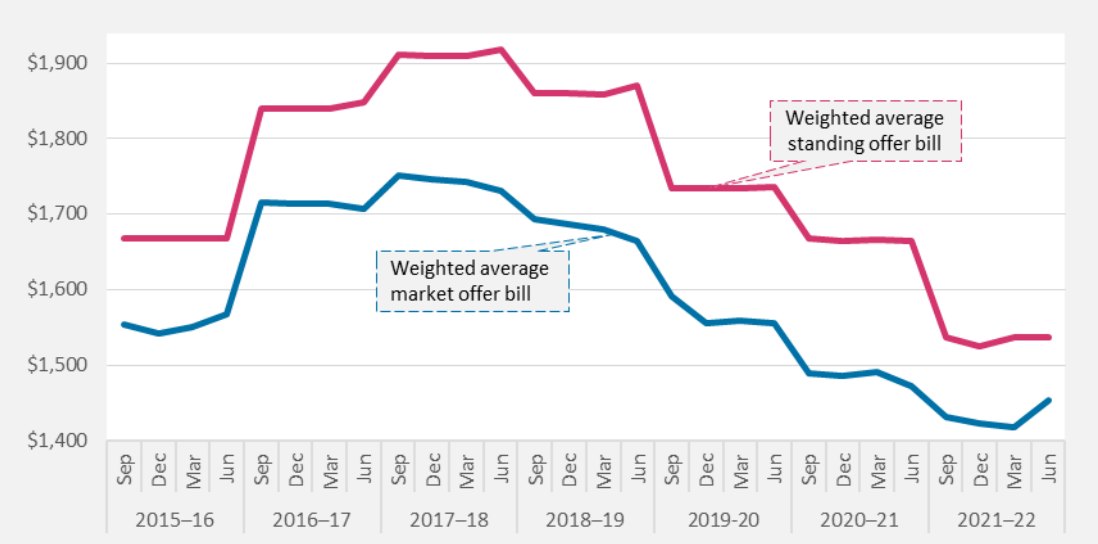
The weighted average standing offer bill for the typical residential flat rate customer decreased by 8.7% from the beginning of 2015–16 to the end of 2021–22 (from $1,481 to $1,352), although it trended upwards from 2015–16 to 2017–18. After a slight decrease in the September quarter of 2018, the weighted average standing offer bill declined substantially in the September quarter of 2019 (6.6%) when the DMO was implemented, and it decreased further in the September quarters of 2020 (3.9%) and 2021 (3.3%) when the DMO prices for 2020–21 and 2021–22 took effect. In the other quarters of each year, the weighted average standing offer bill hardly changed.

The weighted average market offer bill for the typical residential flat rate customer decreased by 17.4% from the beginning of 2015–16 to the end of 2021–22 (from $1,393 to $1,151). It gradually increased in 2015–16 and 2016–17, similar to the weighted average standing offer bill. Following Alinta Energy's market entry in August 2017, the weighted average market offer bill started to decrease and continued to trend downwards until 2021–22, when it increased slightly as wholesale prices rose. Nonetheless, the weighted average market offer bill decreased by 22.2% ($328) from its peak in the September quarter of 2017 to the June quarter of 2022.

5.3 Trends in weighted average small business flat rate offer bills

Figure 17 shows the standing offer bills and generally available market offer bills for the typical small business flat rate customer in each quarter from 2015–16 to 2021–22, each weighted by retailer market share. Over this period, the weighted average standing offer bill was always higher than the weighted average market offer bill. The difference (spread) between these two weighted average bills increased substantially between 2016–17 and 2018–19, but with substantial decreases in the weighted average standing offer bill in the September quarters of 2019, 2020 and 2021, and an increase in the weighted average market offer bill in 2021–22, the spread narrowed.

Figure 17 Weighted bills for a typical small business flat rate customer, 2015–16 to 2021–22



Note: Annual bill for each quarter based on the median consumption of a typical SEQ small business flat rate customer (table 2), weighted by retailers' market shares in that quarter. A table with detailed bills, by quarter, is included in appendix C (section C.3).
Sources: Energy Made Easy; AER retail performance data; QCA analysis.

The weighted average standing offer bill for the typical small business flat rate customer decreased by 7.9% from the beginning of 2015–16 to the end of 2021–22 (from $1,668 to $1,536). From 2015–16 to 2017–18, the weighted average standing offer bill was on an increasing trend, but it decreased slightly in the September quarter of 2018 and declined substantially in the September quarter of 2019 (7.4%) when the DMO was implemented. The weighted average

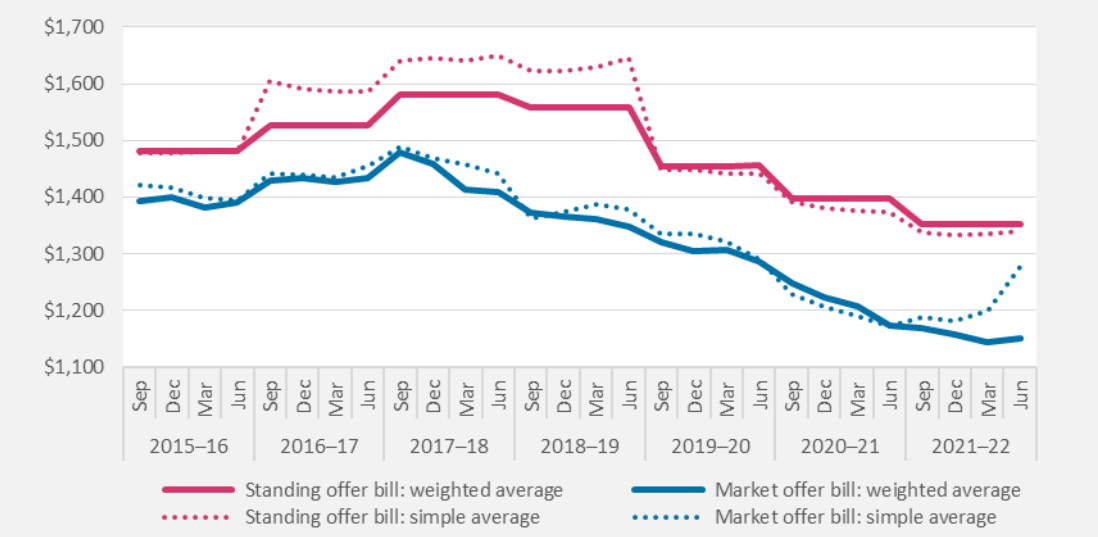
standing offer bill decreased further in the September quarters of 2020 (3.8%) and 2021 (7.6%) when the DMO prices for 2020–21 and 2021–22 took effect. In the remaining quarters of each year, the weighted average standing offer bill did not change significantly.

The weighted average market offer bill for the typical small business flat rate customer decreased by 6.5% from the beginning of 2015–16 to the end of 2021–22 (from $1,553 to $1,453). It gradually increased from 2015–16 onwards, similar to the weighted average standing offer bill. However, it was on a downward trend following Alinta Energy's market entry in August 2017 until 2021–22, when the weighted average market offer bill started to increase again as wholesale electricity prices rose. Nonetheless, the weighted average market offer bill decreased by 17.0% ($298) from its peak in the September quarter of 2017 to the June quarter of 2022.

5.4 Comparison of weighted average bills and simple average bills

We present trends in (simple) average bills for a typical SEQ residential and small business flat rate customer in chapter 2.[156] The trends we present in this chapter cover the same period of time (2015–16 to 2021–22), but the bills are weighted by retailer market share. The market shares of the larger retailers have a strong influence on the weighted average bills (discussed in section 5.1), which is one of the caveats to keep in mind when interpreting the weighted average bills in figures 16 and 17. Figures 18 and 19 compare the weighted average and the simple average bills for a typical SEQ residential and small business flat rate customer.

Figure 18 Weighted average vs simple average bills for a typical residential flat rate customer, 2015–16 to 2021–22



Note: Annual bill for each quarter based on the median consumption of a typical SEQ residential flat rate customer (table 2), weighted by retailers' market shares in that quarter or simple average of all retailers with plans in that quarter. Tables with detailed bills, by quarter, are included in appendix C (sections C.2 and C.3).
Sources: Energy Made Easy; AER retail performance data; QCA analysis.

A comparison of the weighted average and simple average bills illustrates the influence of the larger retailers and also provides insights into the plans published by these larger retailers, compared to the other, smaller retailers. For example, the simple average market offer bill for residential flat rate customers was higher than the weighted average market offer bill during 2021–22 (Figure 18). This suggests that most or all of the larger retailers had plans published

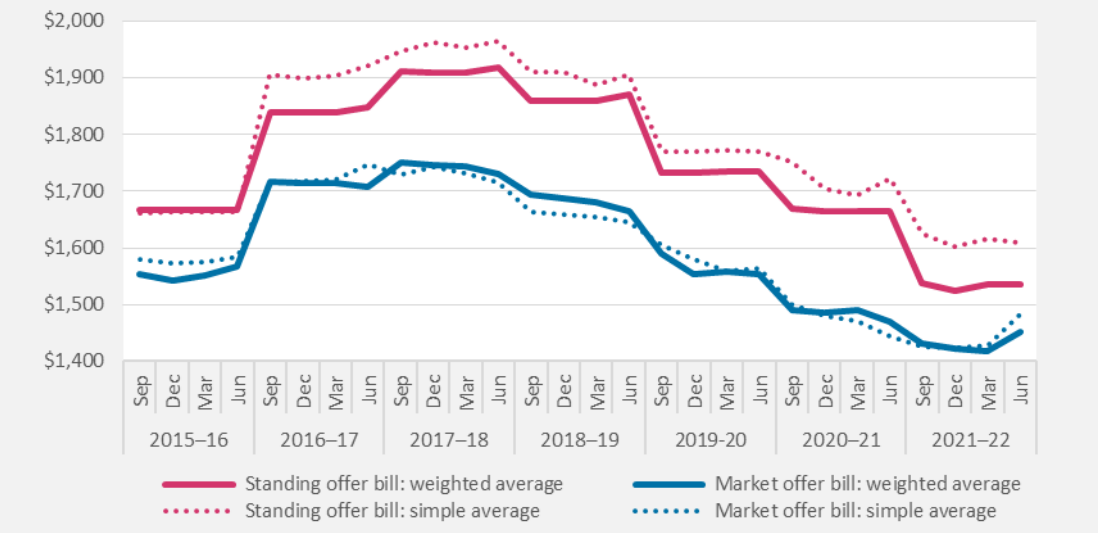
[156] We calculated the simple average as the sum of each retailer's lowest, highest or average bill in that quarter, divided by the total number of retailers with standing or market offers in that quarter.

during that time that resulted in a lower bill for the typical SEQ customer than the plans published by the smaller retailers.

By contrast, the weighted average standing offer bill was higher than the simple average standing offer bill in most quarters between 2019–20 and 2021–22 (Figure 18). This suggests that most or all of the retailers with larger market shares had plans published during this time that resulted in (slightly) higher bills for the typical SEQ customer compared to the plans published by the retailers with lower market shares.

The difference between weighted average and simple average bills was generally larger for standing offers, as standing offer customers tend to be concentrated among just a few retailers. For example, over 96% of the residential standing offer customers were with AGL or Origin Energy in the June quarter of 2019.[157] This means that the weighted average standing offer bill is largely based on the plans AGL and Origin Energy had published in that quarter. As the standing offer bills of these two retailers were roughly $100 lower than the simple average of all retailers' bills in that quarter, the weighted average bill in the June quarter of 2019 is about $100 lower than the simple average bill.

Figure 19 Weighted average vs simple average bills for a typical small business flat rate customer, 2015–16 to 2021–22



Note: Annual bill for each quarter based on the median consumption of a typical SEQ small business flat rate customer (table 2), weighted by retailers' market shares in that quarter or simple average of all retailers with plans in that quarter. Tables with detailed bills, by quarter, are included in appendix C (sections C.2 and C.3).
Sources: Energy Made Easy; AER retail performance data; QCA analysis.

For small business customers, the weighted average standing offer bill was consistently lower than the simple average bill from 2016–17 to 2021–22, which indicates that the larger retailers generally had standing offers available that resulted in lower bills for the typical SEQ customer than those of the other, smaller retailers. The same applied to residential customers between 2016–17 and 2018–19. However, since 2019–20, the weighted average standing offer bill for residential flat rate customers was higher than the simple average bill, as AGL and Origin Energy—the two retailers with the largest number of residential standing offer customers—had plans published that resulted in a higher bill than the average of all retailers.

The difference between weighted average and simple average bills is smaller for market offers. As figures 18 and 19 show, weighted average and simple average bills followed the same trend from 2015–16 to 2020–21, without being higher or lower over a longer period of time. However,

[157] For more information on how we calculated market shares, see section 5.1.

the simple average market offer bill for both residential and small business flat rate customers increased more in 2021–22 than the weighted average bill. This is because the largest retailers by market share still had market offers published that resulted in a lower bill for the typical customer than the bills of most of the smaller retailers while wholesale energy costs were on the rise.

6 CUSTOMERS RECEIVING ASSISTANCE WITH ELECTRICITY BILLS

Key findings

Customers in SEQ received assistance with bills in the form of retailer hardship programs, the Queensland Government's electricity rebate and the Home Energy Emergency Assistance Scheme. We have analysed, among other things, how many customers that received assistance were on standing offers and how many were on market offers. We have also investigated the prices they paid.

- In the December quarter of 2021, around 9.6%, or 35,548 customers, of the approximately 369,600 SEQ customers receiving assistance with electricity bills were on a standing offer, and the vast majority of these customers were not hardship customers (i.e. they only received the electricity rebate).
- The number of customers receiving assistance with electricity bills who were on a standing offer decreased by 7.8% between the December quarter of 2020 and the December quarter of 2021.
- For the residential tariffs/tariff combinations and assistance categories covered, the prices paid by assisted customers on standing offers compared to the prices of standing offers available in the December quarter of 2021 were:
  - higher for customers on a flat rate
  - higher for customers on a flat rate and controlled load
  - mixed (lower and higher) for customers on a flat rate and controlled load super economy
- Over the period 2017–18 to 2021–22, standing offer prices and market offer prices without conditional discounts for assisted customers decreased across all tariffs/tariff combinations and assistance categories. However, market offer prices with conditional discounts did not decrease across all tariffs/tariff combinations and assistance categories from 2017–18 to 2021–22.
- Some assisted customers on market offers were still paying higher prices than the price of market offers available in 2021–22.

6.1 Assistance to customers

Our monitoring report provides information on vulnerable households—including concession card holders and retailer hardship program participants—to understand if they are able to benefit from the savings that are available in the SEQ retail electricity market.

6.2 QCA methodology

In mid-May 2022, we issued an information notice to all retailers with SEQ residential customers in 2021–22 to inform our reporting of customers participating in a hardship program and/or receiving the electricity rebate and/or support through the Home Energy Emergency Assistance Scheme (HEEAS). The notices were issued under section 89C of the Electricity Act.

To refer to these customers, we sometimes use the terms 'customers receiving assistance with electricity bills' or 'assisted customers'.

6.2.1 Customers in hardship programs

To avoid reporting inconsistencies between the QCA and the AER, we based the hardship program component of the information notice on hardship program data published by the AER. Specifically, we used the AER's data for the December quarter of 2021 as the basis of the hardship component of the information notice.

We have aligned our definition of hardship program customers with the AER's definition. Thereby, our measures of the number and contract types of customers in a hardship program, and the number of hardship program customers receiving one or both of the electricity rebate and HEEAS support are a subset of retailers' hardship program data published by the AER.

We required retailers to disaggregate the number and contract type of hardship customers to show customers in a hardship program only, and customers in a hardship program who also received the electricity rebate and/or HEEAS support during the December quarter of 2021. Retailers were also required to report the prices paid by customers in each of these hardship subcategories. As in previous years, we only required retailers to provide price information for residential customers on a flat rate tariff, flat rate with controlled load super economy tariff, and flat rate with controlled load economy tariff.

6.2.2 Customers receiving the electricity rebate and/or HEEAS support

Customers who received the electricity rebate and/or HEEAS support (but who were not in a hardship program) are reported as at the December quarter of 2021. Retailers were required to report on the number of customers, the type of contract the customers were on and the prices they paid.

6.2.3 Data quality and availability

Almost all retailers responded to the information notice—most of them by mid-September.[158] We contacted several retailers to request clarifications of various aspects of their submission. After that, some retailers submitted revised responses.

We identified a number of data entry issues in the template retailers returned to us (e.g. supply and usage charges were entered in the wrong fields or were missing and/or related to the incorrect time period). We addressed the issues before we calculated all the bills and investigated abnormalities that we found during our analysis.

Our assessment relied on the data submitted by retailers. As a result, there may be some differences between the retailer data in this chapter and the retailer bills in chapter 2.

6.3 AER performance reporting

The AER's performance data showed that as at 31 December 2021, there were 1.47 million residential customers in SEQ.[159] Table 20 shows there were 11,229 customers in a hardship program at the end of 2021, accounting for 0.8% of residential customers in SEQ. This is an increase of 1,601 hardship program customers from the 9,628 customers in a hardship program at the end of 2020, which was 0.7% of residential customers in SEQ.

[158] Three retailers—Apex Energy, Enova Energy and Powerclub—did not respond to the information notice. These retailers had either entered administration or had been placed into the retailer of last resort process by the AER.
[159] AER, *Schedule 2—Q2 2021–22 Retail Performance Data*, 2022, viewed 11 April 2022; QCA analysis.

Table 20 AER hardship customer data for SEQ, December quarter 2021

Retailer	*Customers on a hardship program*			
	Standing offer[a] customers	*Market offer customers*	*Total*	*Percentage (of each retailer's customers)*
1st Energy	0	49	49	1.7%
AGL	38	2,559	2,597	0.7%
Alinta Energy	0	1,440	1,440	0.7%
Apex Energy	1	0	1	0.1%
Bright Spark Power	0	5	5	7.8%
CovaU	0	2	2	0.2%
Diamond Energy	1	11	12	0.3%
Dodo Power and Gas	0	308	308	2.8%
Elysian Energy	0	2	2	0.2%
Energy Locals	0	31	31	1.5%
Energy Services Management	0	2	2	7.7%
EnergyAustralia	6	997	1,003	1.0%
Enova Energy	0	1	1	0.1%
Flow Systems	0	38	38	0.4%
Future X Power	0	2	2	0.2%
GloBird Energy	0	1	1	0.1%
Locality Planning Energy	0	69	69	0.2%
Metered Energy	42	0	42	0.3%
Mojo Power	1	36	37	1.6%
Momentum Energy	0	10	10	0.4%
Nectr Energy	0	242	242	2.0%
Origin Energy	73	4,285	4,358	0.8%
Ovo Energy	0	10	10	0.6%
People Energy	0	1	1	1.7%
Powerclub	0	3	3	1.9%
Powerdirect	3	148	151	1.1%
Powershop	4	31	35	0.3%
QEnergy	10	105	115	5.2%
ReAmped Energy	0	33	33	0.2%
Red Energy	0	266	266	0.6%
Savant Energy	0	1	1	0.2%

Retailer	*Customers on a hardship program*			
	Standing offer[a] customers	*Market offer customers*	*Total*	*Percentage (of each retailer's customers)*
Simply Energy	2	351	353	2.7%
Sumo Power	0	4	4	0.0%
The Embedded Networks Company (TENC)	0	5	5	3.0%
SEQ total	**181**	**11,048**	**11,229**	**0.8%**

a The AER, refers to these as standard customers.

Note: We have excluded retailers that had zero hardship customers published by the AER.

Sources: AER, Schedule 2 and Schedule 4—Q2 2021–22 Retail Performance Data, 2022, viewed 11 April 2022; QCA analysis.

We note that some retailers made retrospective changes to customers' status and/or other adjustments to their hardship customer data following the publication of the AER's performance data for the December quarter of 2021. For this reason, some of the data in the following tables do not exactly match the data in Table 20.

6.4 Number of assisted customers on standing offers and market offers

6.4.1 Number of assisted customers by assistance category

Table 21 shows the total number of SEQ customers receiving assistance with electricity bills on standing offers and market offers, and the share of customers on market offers, for each category of assistance in the December quarter of 2021.

Table 21 SEQ customers receiving assistance with electricity bills by contract type and assistance category, December quarter 2021

Category of customers	*Number of customers on standing offers*	*Number of customers on market offers*	*Percentage of customers on market offers*
Customers in a hardship program only	52	4,338	98.8%
Customers receiving the electricity rebate only	35,338	322,570	90.1%
Customers receiving HEEAS support only	41	187	82.0%
Customers in a hardship program and receiving the electricity rebate	56	5,961	99.1%
Customers in a hardship program and receiving HEEAS support	2	113	98.3%
Customers receiving the electricity rebate and HEEAS support	41	669	94.2%
Customers in a hardship program, and receiving the electricity rebate and HEEAS support	18	255	93.4%
Total	**35,548**	**334,093**	**90.4%**

Source: Retailers' responses to the QCA's information notice (unpublished); QCA analysis.

In the December quarter of 2021, 89.2% of all residential customers in SEQ were on a market offer.[160] At the same time, a slightly higher share of SEQ customers receiving assistance with electricity bills (90.4%) were on a market offer. The highest shares of customers on market offers were among customers who were in a hardship program and receiving the electricity rebate (99.1%), customers who were in a hardship program only (98.8%) and customers who were in a hardship program and receiving HEEAS support (98.3%).

The lowest share of assisted customers on market offers was among customers who received HEEAS support only (82.0%). Customers who received the electricity rebate only made up most assisted customers and the vast majority of assisted customers on standing offers (35,388, or over 99.4% of the total number of assisted standing offer customers in the December quarter of 2021). Table 22 shows the total number of SEQ customers receiving assistance with electricity bills on standing offers and market offers for the December quarter of 2021, compared with the same quarter of 2020.

Table 22 SEQ customers receiving assistance with electricity bills, December quarter 2020 vs December quarter 2021

	Number of customers on standing offers	*Number of customers on market offers*	*Total number of customers*	*Percentage of customers on market offers*
December quarter 2020	38,574	328,915	367,489	89.5%
December quarter 2021	35,548	334,093	369,641	90.4%
Change	**(3,026)**	**5,178**	**2,152**	**0.9%**

Source: Retailers' responses to the 2020–21 and 2021–22 QCA information notices (unpublished); QCA analysis.

The number of customers receiving assistance in the December quarter of 2021 was slightly higher than in the December quarter of 2020, an increase of 2,152 customers. There was a decline of 3,026 customers on standing offers and an increase of 5,178 customers on market offers when comparing the time periods.

6.4.2 Number of assisted customers by retailer

Table 23 shows the number of each retailer's SEQ customers receiving assistance with electricity bills who were on standing offers and market offers, as well as the share of customers who were on market offers, in the December quarter of 2021.

Table 23 SEQ customers receiving assistance with electricity bills by contract type and by retailer, December quarter 2021

Retailer	*Number of customers on standing offers*	*Number of customers on market offers*	*Percentage of customers on market offers*
1st Energy	0	1,120	100.0%
AGL	10,870	75,200	87.4%
Alinta Energy	0	43,026	100.0%
Bright Spark Power	0	11	100.0%
CovaU	0	4	100.0%

[160] AER, *Schedule 2—Q2 2021–22 Retail Performance Data,* 2022, viewed 11 April 2022; QCA analysis.

Retailer	*Number of customers on standing offers*	*Number of customers on market offers*	*Percentage of customers on market offers*
Diamond Energy	65	883	93.1%
Discover Energy	0	55	100.0%
Dodo Power and Gas	0	2,626	100.0%
Elysian Energy	0	118	100.0%
Energy Locals	0	19	100.0%
EnergyAustralia	241	22,561	98.9%
Flow Systems (Altogether)	0	1,691	100.0%
Future X Power	0	7	100.0%
GloBird Energy	0	145	100.0%
Glow Power	0	9	100.0%
Humenergy	52	52	50.0%
Locality Planning Energy	0	1,529	100.0%
Metered Energy	2,833	0	0.0%
Mojo Power	1	41	97.6%
Momentum Energy	0	19	100.0%
Nectr Energy	0	2,511	100.0%
Origin Energy	21,264	159,013	88.2%
Ovo Energy	0	211	100.0%
Powerdirect	58	2,214	97.4%
PowerHub	0	44	100.0%
Powershop	75	1,224	94.2%
QEnergy	21	339	94.2%
ReAmped Energy	0	1,848	100.0%
Red Energy	24	11,461	99.8%
Savant Energy	0	112	100.0%
Simply Energy	5	3,611	99.9%
Sumo Power	0	2,342	100.0%
Tango Energy	0	13	100.0%
The Embedded Network Company	0	34	100.0%
Winenergy	39	0	0.0%
Total	**35,548**	**334,093**	**90.4%**

Note: Of the retailers with residential customers in the SEQ market, Electricity in a Box, Next Business Energy, OC Energy, People Energy, and Real Utilities reported having zero customers receiving the relevant categories of assistance with electricity bills.

Source: Retailers' responses to the QCA's information notice (unpublished).

Table 23 shows that 35 retailers indicated that they had customers who received at least one category of assistance with electricity bills in the December quarter of 2021. Twenty-two of these retailers reported that they only had assisted customers on market offers, and 13 retailers indicated at least one assisted customer on a standing offer.

Of the 13 retailers that had at least one assisted customer on a standing offer, 8 reported that over 90% of their assisted customers were on market offers, and another 2 retailers reported that over 80% of their assisted customers were on market offers. Lower shares of assisted customers on market offers were reported by Metered Energy (none of its 2,833 customers), Humenergy (52 of its 104 customers), and Winenergy (none of its 39 customers).

6.4.3 Change in the number of assisted standing offer customers by retailer

Table 24 shows the change in each retailer's number of assisted customers on standing offers from the December quarter of 2020 to the December quarter of 2021.

Table 24 Change in the number of SEQ standing offer customers receiving assistance with electricity bills by retailer, December quarter 2020 to December quarter 2021

Retailer	*Number of customers on standing offers*		*Change*	
	December quarter 2020	*December quarter 2021*	*(absolute)*	*(%)*
AGL	13,443	10,870	–2,573	–19.1
Diamond Energy	59	65	6	10.2
EnergyAustralia	256	241	–15	–5.9
Humenergy	0	52	52	n/a
Metered Energy	1,637	2,833	1,196	73.1
Mojo Power	5	1	–4	–80.0
Origin Energy	23,036	21,264	–1,772	–7.7
Powerdirect	61	58	–3	–4.9
Powershop	0	75	75	n/a
QEnergy	17	21	4	23.5
Red Energy	33	24	–9	–27.3
Simply Energy	3	5	2	66.7
Winenergy	24	39	15	62.5
Total	**38,574**	**35,548**	**–3,026**	**–7.8**

Note: Retailers that did not report any assisted customers on standing offers for both the December quarter 2020 and the December quarter 2021 are not included in this table.

Source: Retailers' responses to the QCA's information notice (unpublished).

From the December quarter of 2020 to the December quarter of 2021, the number of assisted customers on standing offers decreased by 3,026 (–7.8%).

Looking at the changes at the retailer level, from the December quarter of 2020 to the December quarter of 2021, the number of assisted customers on standing offers decreased for 6 retailers—for some (AGL and Origin Energy) substantially. However, for 7 retailers, the number of assisted

customers on standing offers increased. The largest increases were reported by Metered Energy (1,196 customers: 73.1%), Powershop (75 customers) and Humenergy (52 customers).

6.5 Standing and market offer prices paid by assisted customers

In chapter 2 and appendix A, we compare bills based on retailers' standing and market offers that were generally available to SEQ customers in 2021–22. In this section, we present average bills for assisted customers in 2021–22, based on data provided by retailers in response to our information notice. To be able to compare the prices of the offers that assisted customers were on with the prices of offers that were generally available on Energy Made Easy, we calculated bills for each offer with the usage level of the typical SEQ customer (table 2).[161]

Electricity consumption of assisted customers can vary significantly. The ACCC found that hardship and payment plan customers used significantly more electricity than general customers, and concession customers have the lowest usage.[162] We recognise that using the median usage of the typical SEQ customer may overestimate bills for the lower usage concession customers that are on the electricity rebate and underestimate bills for the other categories of hardship. Given the variability of electricity usage of assisted customers and across the categories of assisted customers we will continue to use the usage level of the typical SEQ customer.

The actual prices paid by customers may vary significantly depending on whether they realise the conditional discounts attached to their offers. In this section, we include the prices for all market offers prior to conditional discounts ('market offer without conditional discounts')[163] to ensure that a market offer price is included for customers who failed to meet their conditional discount requirements. We also include bills for market offers where all conditional discounts were realised ('market offer with conditional discounts').

Offers with only guaranteed discounts (or no discounts) applied may result in lower bills than offers that have conditional discounts (and possibly also guaranteed discounts) applied. This may be because guaranteed discounts are higher or because offers with no discounts attached had lower prices. The bill calculations for rebate customers do not include the value of the electricity rebate ($340.85 in 2021–22) to allow comparisons with the actual underlying prices being paid.[164]

6.5.1 Bills by customer category

Table 25 summarises the average standing offer and market offer bills for the three residential tariffs/tariff combinations we cover in our report, for each of the seven categories of assisted customer in the December quarter of 2021.

Table 25 Average annual bills by tariff/tariff combination and assistance category, December quarter 2021

Tariff / tariff combination	*Standing offer ($)*	*Market offer ($)*	
		Without conditional discounts	*With conditional discounts*
Hardship customers only			

[161] Individual customers' usage during 2021–22 may have differed from the typical usage level.
[162] ACCC, *Inquiry into the National Electricity Market*, May 2022, pp 9, 40.
[163] This includes market offers that had conditional discounts attached, but where the customer did not realise these conditional discounts.
[164] Queensland Government, *Electricity and gas rebates* , Queensland Government website, 2022, viewed 15 March 2022.

Tariff / tariff combination	*Standing offer ($)*	*Market offer ($)*	
		Without conditional discounts	*With conditional discounts*
Flat rate	1,375	1,261	1,331
Flat rate with controlled load super economy	1,602[a]	1,509	1,530
Flat rate with controlled load economy	1,595[a]	1,497	1,634
Electricity rebate customers only			
Flat rate	1,352	1,309	1,309
Flat rate with controlled load super economy	1,570	1,554	1,446
Flat rate with controlled load economy	1,584	1,565	1,517
HEEAS customers only			
Flat rate	1,345	1,370	1,345[a]
Flat rate with controlled load super economy	n/a	1,660	1,501[a]
Flat rate with controlled load economy	1,631[a]	1,600	1,577[a]
Hardship and rebate customers			
Flat rate	1,359	1,231	1,329
Flat rate with controlled load super economy	1,581[a]	1,472	1,582
Flat rate with controlled load economy	1,592[a]	1,474	1,640
Hardship and HEEAS support customers			
Flat rate	n/a	1,295	1,378[a]
Flat rate with controlled load super economy	1,610[a]	1,602[a]	1,662[a]
Flat rate with controlled load economy	1,594[a]	1,550	1,601[a]
Electricity rebate and HEEAS support customers			
Flat rate	1,345	1,297	1,347
Flat rate with controlled load super economy	1,549[a]	1,522	1,617
Flat rate with controlled load economy	1,613[a]	1,542	1,637
Hardship, electricity rebate and HEEAS support customers			
Flat rate	1,345[a]	1,286	1,359
Flat rate with controlled load super economy	n/a	1,560	1,667[a]
Flat rate with controlled load economy	n/a	1,555	1,642

n/a means that no retailer reported having an assistance customer in this category.

a Tariff and assisted customer combination has a small sample size (< 20).

Sources: Retailers' responses to the QCA's information notice (unpublished); QCA analysis.

For reference, table 26shows the average standing and market offer bills based on offers available to residential customers on Energy Made Easy in the December quarter of 2021. These bills indicate what the typical SEQ customer would have paid if they had taken up the offers that were available during the quarter.

Table 26 Average bills for a typical residential customer, December quarter 2021

Tariff / tariff combination	*Standing offer ($)*	*Average market offer ($)*	*Lowest market offer ($)*	*Highest market offer ($)*
Flat rate	1,333	1,182	1,132	1,250
Flat rate with controlled load super economy	1,577	1,407	1,348	1,486
Flat rate with controlled load economy	1,564	1,393	1,330	1,480

Note: Simple average of the bill for each retailer based on offers published on Energy Made Easy in the December quarter of 2021. For more information, see appendix A.

Sources: Energy Made Easy; QCA analysis.

Comparing the average bills of customers receiving assistance with electricity bills for each tariff and tariff combination and each customer category (table 25) with the average bills based on the offers that were available on Energy Made Easy in the December quarter of 2021 (table 26), we make the following observations:

- The average standing offer bills of assisted customers were:
  - higher than the average of standing offer bills based on offers available for all flat rate customers (range: +$12 to +$42)
  - lower and higher than the average of standing offer bills based on offers available in the December quarter for all flat rate with controlled load super economy[165] (range: –$28 to +$33)
  - higher than the average of standing offer bills based on offers available in the December quarter for all flat rate with controlled load economy customers (range: +$20 to +$67).
- The average market offer bills of assisted customers without conditional discounts applied were higher—for all tariffs/tariff combinations and assistance categories—than the lowest market offer bills based on offers available in the December quarter of 2021 (between $99 and $312). This means that the average customer in any category of assistance and on any of the three residential tariffs/tariff combinations could have saved money by switching to one of the lower offers available in the December quarter of 2021.
- The average market offer bills of assisted customers with conditional discounts applied were higher—for all tariffs/tariff combinations and assistance categories—than the lowest market offer bills based on offers available in the December quarter of 2021 (between $98 and $319). This means that the average customer in any category of assistance and on any of the three residential tariffs/tariff combinations could have saved money by switching to one of the lower offers available in the December quarter of 2021.

6.5.2 Bills by retailer

To compare annual bills for assisted customers with offers generally available in the SEQ market during 2021–22 at a more granular level, we outline the residential bill outcomes for assisted customers by retailer. Figures 20, 21 and 22 show average standing and market offer bills for

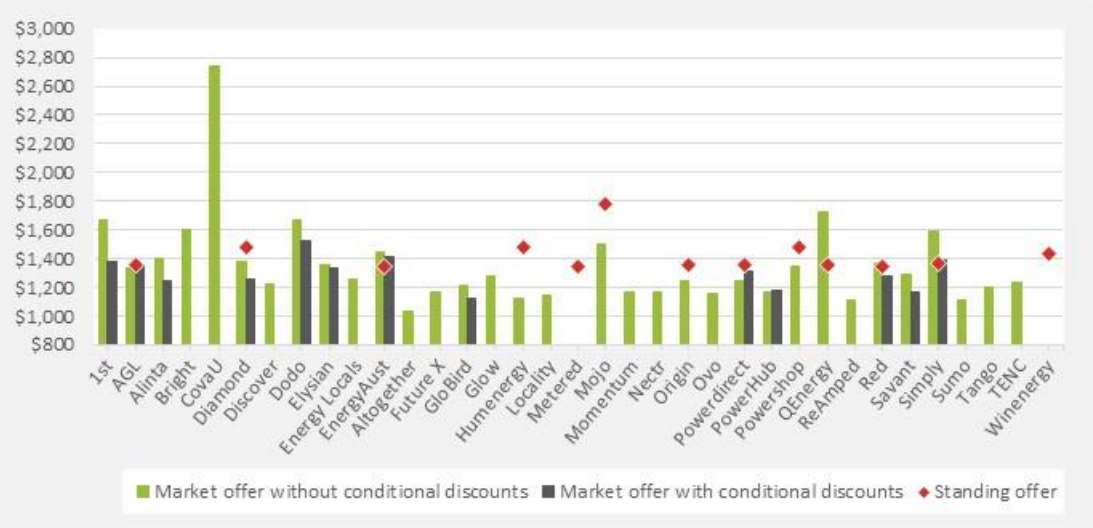
[165] There were no hardship customers in the flat rate with controlled load super economy categories of HEEAS support customers and hardship, electricity rebate and HEEAS support customers.

customers who received assistance with electricity bills in the December quarter of 2021, based on the offers they were on and the consumption of a typical SEQ customer (table 2).

Residential flat rate offers

Figure 20 below summarises, by retailer, the average bills of assisted customers with the typical usage of a SEQ customer on a residential flat rate tariff, across all categories of assistance.

Figure 20 Average annual bills for assisted customers—residential flat rate by retailer, December 2021



Note: Retailers that did not report any assisted customers are not included in this graph.

Sources: Retailers' responses to the QCA's information notice (unpublished); QCA analysis.

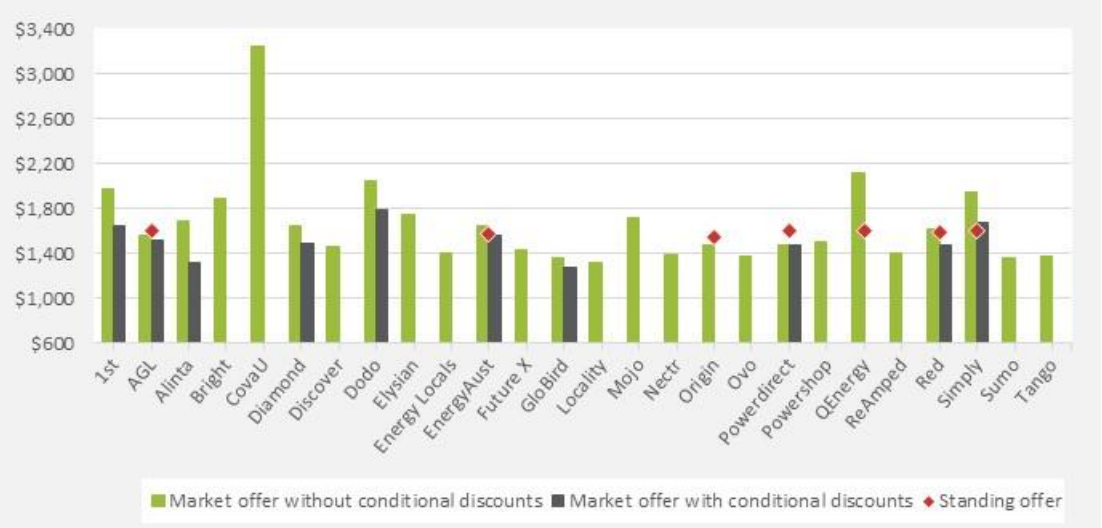
Comparing bills for assisted customers on a residential flat rate tariff with the corresponding bills based on offers available in the December quarter of 2021, we make the following observations:

- Of the 13 retailers with assisted customers on a standing offer, all retailers' bills resulted in a higher bill than the average standing offer bill ($1,333) for a typical SEQ customer, ranging between $1,342 and $1,775.
- Compared to the average lowest market offer bills ($1,132), only 4 retailers' bills for assisted customers on market offers without conditional discounts applied were lower—Flow Systems (Altogether), Humenergy, ReAmped Energy and Sumo Power while 29 retailers' bills were higher (with all 33 retailers' bills ranging between $1,036 and $2,742).
- For assisted customers on market offers with conditional discounts applied, one retailer's average bill was lower—GloBird Energy—and 12 retailers' bills were higher than the average lowest market offer bills ($1,132).

Residential flat rate with controlled load super economy offers

Figure 21 below summarises, by retailer, the average bills of assisted customers with the typical usage of a SEQ customer on a residential flat rate with controlled load super economy tariff, across all assistance categories.

Figure 21 Average annual bills for assisted customers—residential flat rate with controlled load super economy by retailer, December 2021



Note: Retailers that did not report any assisted customers are not included in this graph.

Sources: Retailers' responses to the QCA's information notice (unpublished); QCA analysis.

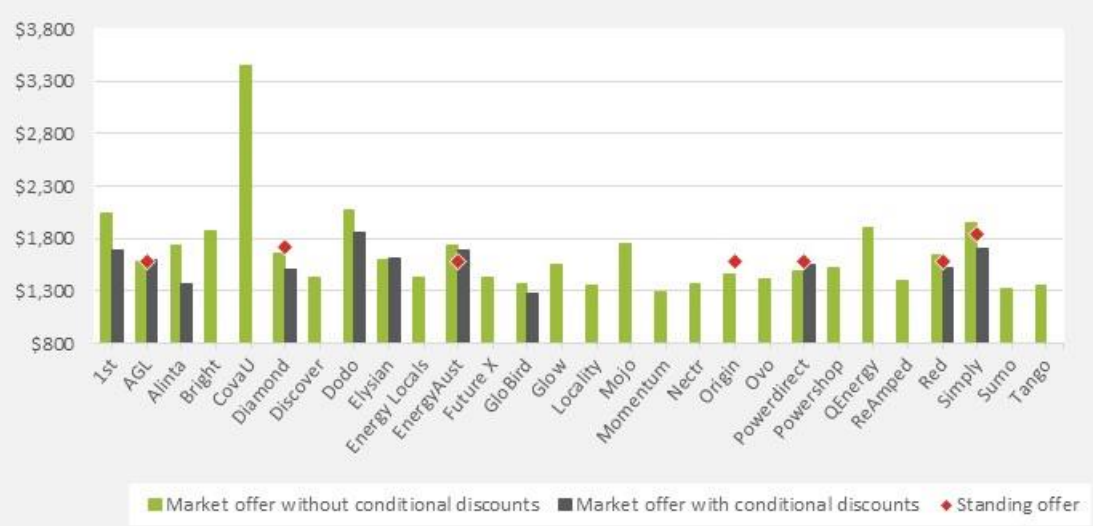
Comparing bills for assisted customers on a residential flat rate with controlled load super economy tariff with the corresponding bills based on offers available in the December quarter of 2021, we make the following observations:

- Of the 7 retailers with assisted customers on a standing offer, 2 retailers' bills—EnergyAustralia and Origin Energy—resulted in a lower bill than the average standing offer bill ($1,577) for a typical SEQ customer, while 5 retailers' bills were higher (with bills ranging between $1,548 and $1,610).
- Compared to the average lowest market offer bills ($1,348), only one retailer's bills for assisted customers on market offers without conditional discounts applied—Locality Planning Energy—were lower, while 25 retailers' bills were higher (with all 26 retailers' bills ranging between $1,313 and $3,248).
- For assisted customers on market offers with conditional discounts applied, two retailers' bills—Alinta Energy and GloBird Energy— were lower, and 8 retailers' bills were higher than the average lowest market offer bills ($1,348) (with all 10 retailers' bills ranging between $1,277 and $1,794).

Residential flat rate with controlled load economy offers

Figure 22 summarises, by retailer, the average bills of assisted customers with the typical usage of a SEQ customer on a residential flat rate with controlled load economy tariff, across all categories of assistance.

Figure 22 Average annual bills for assisted customers—residential flat rate with controlled load economy by retailer, December 2021



Note: Retailers that did not report any assisted customers are not included in this graph.

Sources: Retailers' responses to the QCA's information notice (unpublished); QCA analysis.

Comparing bills for assisted customers on a residential flat rate with controlled load economy tariff with the corresponding bills based on offers available in the December quarter of 2021, we make the following observations:

- Of the 7 retailers with assisted customers on a standing offer, all retailers' bills resulted in a higher bill than the average standing offer bill ($1,564) for a typical SEQ customer, based on the offers available in the December quarter of 2021 (with bills ranging between $1,576 and $1,846).
- Compared to the average lowest market offer bills available in the December quarter of 2021 ($1,330), only 2 retailers' bills for assisted customers on market offers without conditional discounts applied were lower—Momentum Energy and Sumo Power, while 26 retailers' bills were higher (with all 28 retailers' bills ranging between $1,292 and $3,451).
- For assisted customers on market offers with conditional discounts applied, GloBird Energy's bills were lower and 10 retailers' bills were higher than the average lowest market offer bills available in the December quarter of 2021 ($1,330) (with all 11 retailers' bills ranging between $1,278 and $1,850).

6.5.3 Trends in standing and market offer prices paid

Methodology

Our trend analysis is based on the offers that assisted customers were contracted to each year. We calculated annual bills based on these offers, using the consumption of the typical SEQ customer (table 2) to facilitate a direct comparison to the bills in chapter 2 and appendix A. We also recalculated bill information from our 2017–18, 2018–19, 2019–20 and 2020–21 reports, based on the median annual consumption in table 2. By recalculating all the bills with the same consumption level, we can ensure that any changes in bills we observe reflect changes in prices only and are not distorted by changes in consumption over time.

When interpreting our findings below, it is important to keep in mind that the number of customers in some of the customer categories is relatively low, which means that a few higher or lower offers can have a significant impact on the average bills.

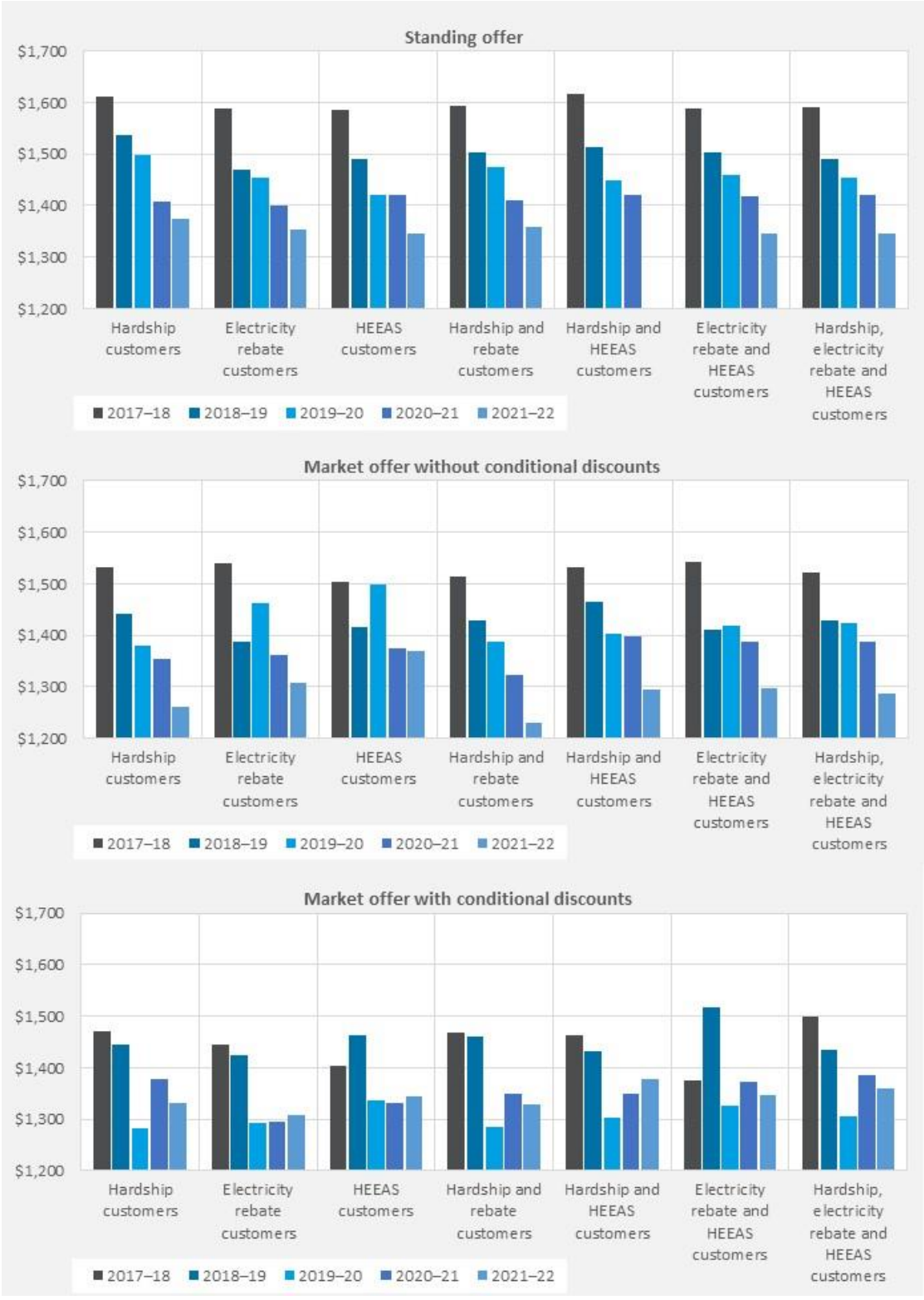
Residential flat rate offers

Figure 23 shows average standing and market offer bills for assisted customers on residential flat rate plans between 2017–18 and 2021–22. The graphs illustrate how prices paid changed over time for each category of customers receiving assistance.

For assisted customers on residential flat rate offers, standing offer prices paid decreased from 2017–18 to 2021–22 for each category of assistance. The largest decreases in standing offer prices paid occurred in 2018–19, before the DMO was introduced, and there was a further decrease in prices paid since this time. Similarly, market offer prices without conditional discounts paid by assisted customers decreased from 2017–18 to 2021–22 for all categories of assistance.

The prices paid by customers on market offers with conditional discounts have decreased from 2017–18 to 2021–22 for each category of assistance. While there has been a decrease over the five-year period, the market offer with conditional discounts has shown the most amount of fluctuation over this period. In the last two years, the number of customers in these categories has decreased and, in some instances, has become very small. We would not recommend drawing conclusions on the year-on-year variations. We anticipate that all categories of assistance in the market offer with conditional discounts will show continued volatility in year-on-year pricing as the number of assisted customers on market offers with conditional discounts decreases.

Figure 23 Average annual bills for assisted customers—residential flat rate, 2017–18 to 2021–22



Note: For 2019–20 to 2021–22, we included bills from the December quarter of 2019, 2020 and 2021.

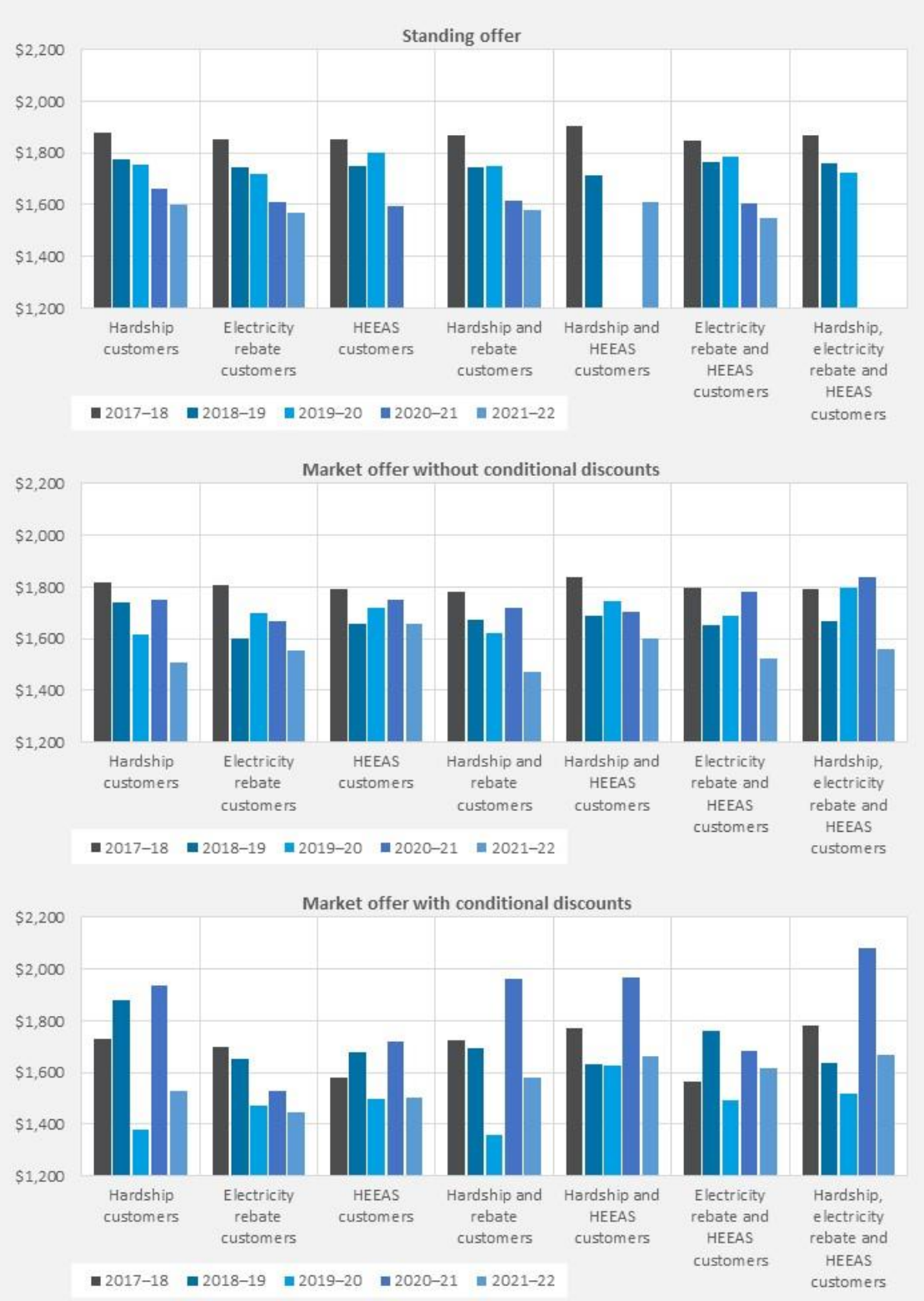
Sources: Retailers' responses to the QCA's information notice (unpublished); QCA analysis.

Residential flat rate with controlled load super economy offers

Figure 24 shows average standing and market offer bills for assisted customers on residential flat rate with controlled load super economy plans between 2017–18 and 2021–22. The graphs

illustrate how prices paid changed over time for each category of customers receiving assistance with their bills.

Figure 24 Average annual bills for assisted customers—residential flat rate with controlled load super economy, 2017–18 to 2021–22



Note: For 2019–20 to 2021–22, we included bills from the December quarter of 2019, 2020 and 2021. No retailer reported having hardship and HEEAS customers on a standing offer for this tariff combination in 2019–20 and 2020–21. Also, no retailer reported having hardship, electricity rebate and HEEAS customers on a standing offer for this tariff combination in 2020–21 and 2021–22. And no retailer reported having HEEAS customers on a standing offer for this tariff combination in 2021–22.

Sources: Retailers' responses to the QCA's information notice (unpublished); QCA analysis.

For assisted customers on residential flat rate with controlled load super economy offers, standing offer prices paid decreased consistently from 2017–18 to 2021–22 for all categories of assistance, with a larger decrease in 2018–19, before the DMO was introduced.

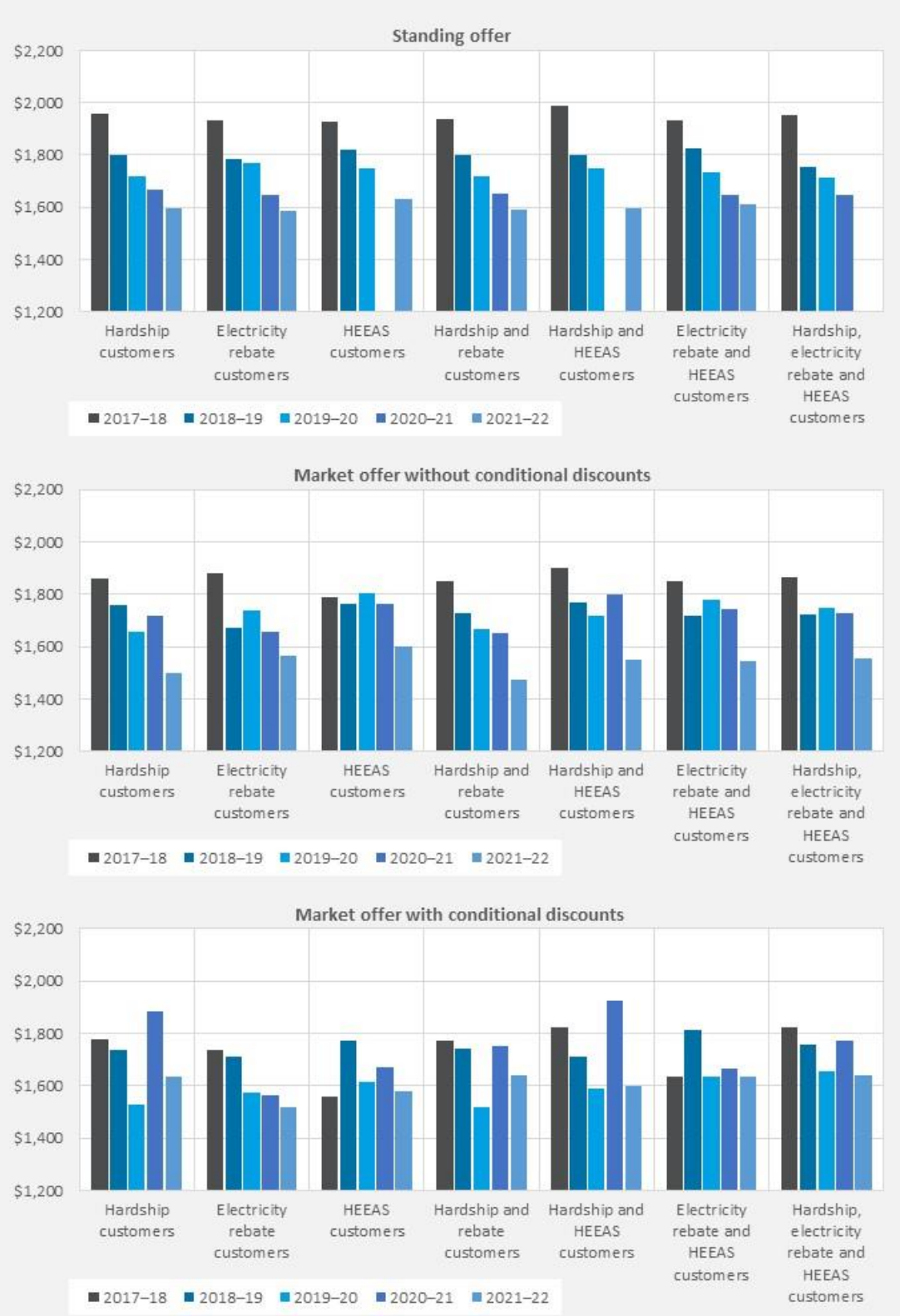
Bills for market offers without conditional discounts applied decreased from 2017–18 to 2021–22 for all assistance categories.

Bills for market offers with conditional discounts applied decreased from 2017–18 to 2019–20 for all categories of assisted customers. However, market offer prices with conditional discounts applied did not decrease across all tariffs/tariff combinations and assistance categories from 2017–18 to 2021–22. In the last two years the number of customers in these categories has decreased and, in some instances, has become very small. We would not recommend drawing conclusions on the year-on-year variations. We anticipate that all categories of assistance in the market offer with conditional discounts will show continued volatility in year-on-year pricing as the number of assisted customers on market offers with conditional discounts decreases.

Residential flat rate with controlled load economy offers

Figure 25 shows average standing and market offer bills for assisted customers on residential flat rate with controlled load economy plans between 2017–18 and 2021–22. The graphs illustrate how prices paid changed over time for each category of customers receiving assistance with their bills.

Figure 25 Average annual bills for assisted customers—residential flat rate with controlled load economy, 2017–18 to 2021–22



Note: For 2019–20 to 2021–22, we included bills from the December quarter of 2019, 2020 and 2021. No retailer reported having HEEAS customers, hardship and HEEAS customers on a standing offer for this tariff combination in 2020–21. Also, no retailer reported having hardship, electricity rebate and HEEAS customers on a standing offer for this tariff combination in 2021–22.

Sources: Retailers' responses to the QCA's information notice (unpublished); QCA analysis.

For assisted customers on residential flat rate with controlled load economy offers, standing offer prices paid decreased consistently from 2017–18 to 2021–22 for each category of assisted customers. The largest decreases in prices paid occurred in 2018–19, before the DMO was introduced. There was a further (smaller) decrease in prices paid following the introduction of the DMO for each category of assisted customers.

Market offer bills without conditional discounts decreased from 2017–18 to 2021–22 for all categories of assisted customers. Two categories—hardship customers, and hardship and HEEAS customers—experienced increased prices from 2019–20 to 2020–21, but prices decreased in 2021–22 to below the 2019–20 prices.

Market offer bills with conditional discounts decreased from 2017–18 to 2021–22 for all categories of assisted customers, with the exception of HEEAS customers and electricity rebate and HEEAS customers. In the last two years, the number of customers in these categories has decreased and, in some instances, has become very small. We would not recommend drawing conclusions on the year-on-year variations. We anticipate that all categories of assistance in the market offer with conditional discounts will show continued volatility in year-on-year pricing as the number of assisted customers on market offers with conditional discounts decreases.

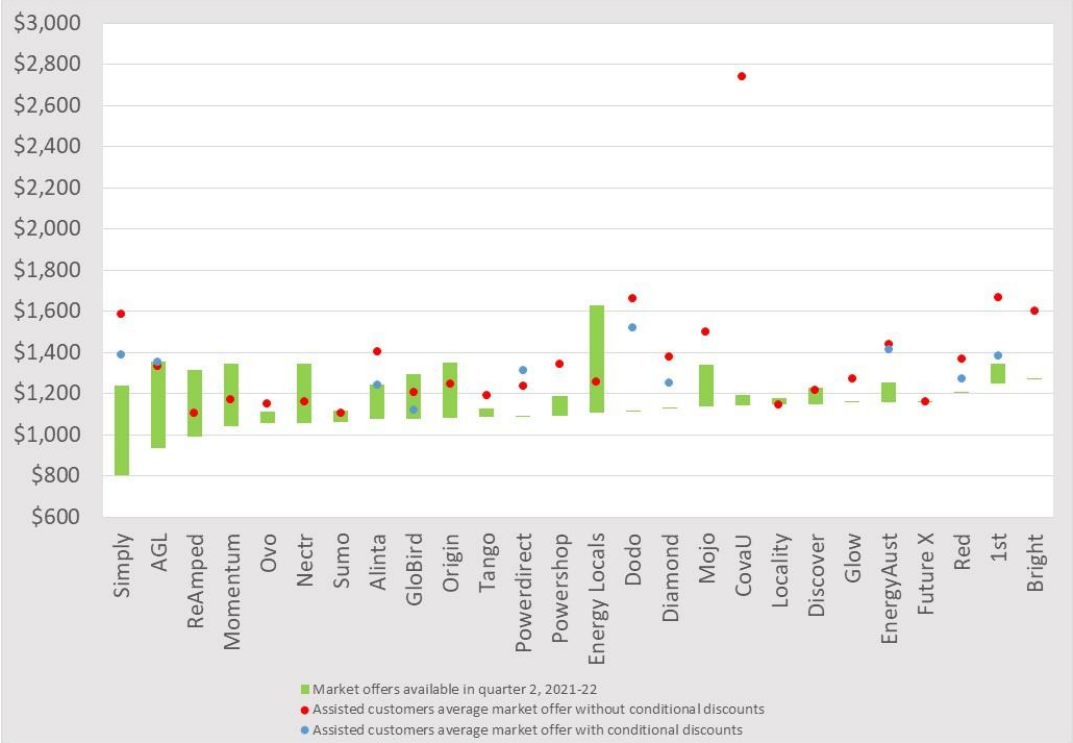
6.5.4 Distribution of customer bills

For readers seeking more detail on the bills paid by hardship, rebate and HEEAS customers, we present the distribution of bills for customers in these assistance categories in appendix D.

6.6 Assisted customer bills by retailer compared to market offers available

Figure 26 compares the assisted customer average market offer bills, with and without conditional discounts, by retailer, to the market offers that were available in the December quarter of 2021, based on the usage level of the typical SEQ customer. Figure 26 shows that some assisted customers on market offers were still paying higher prices than the price on market offers available in the December quarter of 2021.

Figure 26 Average bills paid by assisted customers compared to available market offers, by retailer, December 2021



Note: Retailers that did not report any assisted customers are not included in this graph. Retailers that reported assisted customers but did not have offers available on Energy Made Easy during the December quarter of 2021 are not included in this graph.

Sources: Retailers' responses to the QCA's information notice (unpublished); Energy Made Easy; QCA analysis.

6.7 Key considerations for vulnerable customers

Customers in SEQ that receive assistance with bills in the form of retailer hardship programs, the Queensland Government's electricity rebate and/or the Home Energy Emergency Assistance Scheme, may benefit from remaining active and engaged in the retail electricity market. We note that some assisted customers on market offers were paying higher prices than the price on market offers available in 2021–22.

Vulnerable customers should consider the following key points in the context of their plans and engagement with retailers:

- While assisted customers may find it difficult to navigate the market, including engaging with retailers and comparing plans, there are financial benefits from getting the best plan for their circumstances.
- While over 90% of assisted customers are on market offers, it may be possible for these customers to pay lower prices than their current market offer if they actively engage with retailers to get the best deal available.
- Assisted customers should consider if they are benefiting from conditional discounts attached to their offer and engage with retailers to get the best deal for their circumstances.

7 NEW RETAIL TARIFFS AND PLANS

Key findings

We analysed retail tariff structures and electricity plans from Energy Made Easy and other sources, and found:

- Some retail tariff structures and plans were new or became more common in the SEQ retail electricity market in 2021–22, including:
  - plans that required a battery or rewarded customers if they had a battery (e.g. through a battery subsidy, a loyalty bonus or a higher feed-in tariff)
  - plans that allowed customers to join a virtual power plant and thereby optimise the use of their solar panels and battery
  - plans for owners of electric vehicles, often with some financial incentives attached as well as incentives to use electricity during specific times
  - subscription plans that included a set amount of electricity and had no fees or daily supply charges attached
  - plans for customers of partner organisations, often with incentives attached from the respective partner organisation (such as Qantas or Everyday Rewards points)
  - community energy plans that allowed customers to form a 'collective', with the retailer then matching that 'collective' with a local generator for renewable energy.
- Not all retailers had retail plans available that reflected, at least to some degree, the underlying structure of the new Energex network tariffs. Where such plans were available, they were not always accessible by every SEQ customer, as some of these new cost-reflective tariffs require a customer to have a smart meter installed at their premises.
- Potential impediments to the development and adoption of new retail tariffs and plans include the availability of a smart meter, rising wholesale energy costs, a lack of interoperability of devices and technologies, and the challenge for customers to fully understand and compare such plans.

7.1 QCA methodology

As for our previous annual market monitoring reports, we collected and analysed retail tariff structure and electricity plan information from Energy Made Easy and other sources in each quarter of 2021–22 to report on the emergence of new retail tariff structures and plans.

In addition, we invited retailers to provide information on any new retail tariffs and plans in their responses to the information notice we issued to them in May 2022. The 'new retail tariffs and plans' section of the notice was optional.

7.2 New retail tariff structures and plans between 2016–17 and 2020–21

We identified a small number of new retail tariff structures and plans previously (i.e. in the previous five years), including:

- subscription-based plans—customers paid a subscription fee to access wholesale rates, or an upfront monthly subscription fee for a set amount of electricity (similar to a mobile plan)

- predictable plans—retailers offered an annual fixed price based on forecast usage (the price was reviewed annually based on billed usage)
- fixed-rate plans—customers had fixed rates for 12 or 24 months (some plans also included a guaranteed reduction in prices should market prices decrease)
- powerpacks—plans that included a two-part tariff and allowed customers to select from a range of discounts on the usage charge, depending on their circumstances
- plans with a declining block time-of-use tariff structure—small business plans that combined a time-of-use tariff with a declining block tariff structure
- plans with a demand tariff—plans with separate supply, usage and demand charges for residential customers with a (communication-enabled) type 1–4 meter
- smart saver plans—HQ Energy Starter Kits were included as an incentive to 'upgrade to a smart home', with all devices and appliances connected and communicating with each other
- plans giving access to wholesale rates—a weekly membership fee provided access to wholesale energy prices
- plans that passed through wholesale costs—a monthly fee was charged for the retail margin, and in turn all costs were passed through, with the wholesale electricity usage price based on spot market pricing
- plans with solar and battery—solar and battery covered a large portion (but not all) of a residential customer's annual energy consumption, and supply and usage charges applied to consumption over the annual allowance
- electric vehicle plans—plans that were launched specifically for owners of electric vehicles
- bundled offers—plans that combined electricity with a variety of other services such as NBN broadband, mobile voice and data, internet or gas
- incentives to reduce electricity—customers were paid in bill credits to reduce their electricity usage during periods of high demand (e.g. in the evenings or on hot summer days)
- battery storage—plans that either required customers to have a battery and/or provided additional discounts if customers had a battery
- new cost-reflective network tariffs—plans that reflected, at least to some degree, the underlying structure of the new network tariffs introduced by Energex
- plans tailored to specific customer groups—plans for senior citizens, 50+ customers or customers who were eco-conscious, had a low consumption, preferred price certainty, or wished to install solar (but could not, or chose not to, pay for it upfront).[166]

7.3 New retail tariff structures and plans in 2021–22

We identified a number of retail tariff structures and plans that were new or became more prominent in 2021–22.

[166] More information is available in our previous market monitoring reports: QCA, *SEQ retail electricity market monitoring: 2016–17*, 2017, pp 135–139; QCA, *SEQ retail electricity market monitoring: 2017–18* [updated report], 2019, pp 156–158; QCA, *SEQ retail electricity market monitoring: 2018–19*, 2019, pp 103–105; QCA, *SEQ retail electricity market monitoring 2019–20*, 2020, pp 133–136; QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, pp 116–120.

7.3.1 Plans with a battery

In our report for 2020–21, we foreshadowed that retailers may offer more plans that incentivise or reward customers for installing a battery as batteries become more affordable and more customers consider installing a battery.[167] We found a number of retail plans in 2021–22 that either required customers to have a battery, or rewarded customers if they did. Examples include:

- Simply Energy provided a battery subsidy of $2,000 with its QLD Simply New VPP 15% off elec plans. The subsidy was applied on the first bill, or after Simply Energy received the required energy storage system information, whichever was later. We understand that customers had to have a Tesla Powerwall installed by one of Simply Energy's preferred installers.[168]
- Simply Energy also attached a $50 loyalty bonus to its QLD Simply New VPP 15% off elec plans. The bonus was paid 'within a reasonable time' of a customer's contract anniversary if Simply Energy was able to continuously communicate with the customer's battery throughout the preceding 12 months.
- Social Energy's Better Together plans required customers to have a Social Energy compatible battery and a solar system. The plans provided an 'enhanced solar & battery feed-in' tariff of 40 c/kWh on first 300 kWh each quarter.
- AGL's Residential Solar Battery Savers plans required customers to have a solar battery installed at the supply address, and a smart meter configured to a time-of-use tariff.[169] No solar and/or battery-specific incentives were attached to these plans.
- Sonnen's plans (sonnenFlat – Autonomy / City / Economy / Family) required customers to have a solar PV and a 'sonnenBatterie' installed, each with a minimum (useable) capacity, which varied between the different plans.[170]
- Energy Locals had various plans that appeared to be specifically for customers with solar and battery. These plans had a daily membership fee of $1.00 or $1.10 attached to 'access these wholesale rates and Members Energy'.[171]

In addition, Origin Energy revealed in June 2022 that it had recently started a trial with Energy Queensland to install pole-mounted batteries in selected communities to test how it can share the benefits of batteries with customers.[172]

7.3.2 Virtual power plant

Simply Energy had three different types of plans available in 2021–22, whose names suggested that they involved a virtual power plant (VPP)—QLD Simply New VPP 15% off elec, QLD Simply VPP BYO 15% off elec, and QLD Simply Energy Solutions VPP 15%. Further information on the VPP component of these plans was not provided on Energy Made Easy. The retailer's website

[167] QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, p 118.
[168] For more information, see Simply Energy, *Virtual Power Plant Energy Plan*, Simply Energy website, n.d., viewed 26 August 2022.
[169] The information on Energy Made Easy suggested that two of these plans were single rate plans.
[170] We excluded the Sonnen plans from our analysis because their structure did not allow us to calculate a bill for a typical SEQ customer that is comparable to other residential flat rate plans. For more information see QCA, *SEQ retail electricity market monitoring 2019–20*, 2020, pp 134–135, and QCA, *SEQ retail electricity market monitoring 2019–20* [appendices], 2020, p 46.
[171] Energy Locals did not state on Energy Made Easy what 'Members Energy' was but advised customers to contact 'Members Energy' on the phone number provided or to visit membersenergy.com.au for further information on the terms and conditions applicable to these plans. The retailer also did not explain what 'these wholesale rates' referred to. The membership fee was $1.00 for the Members Energy Solar + Battery – SR / SR + CL1 / SR + CL2 / SR + CL1, CL2 / TOU / TOU + CL1 / TOU + CL2 / TOU + CL1, CL2 plans, and $1.10 for the Members Energy Solar + Battery Members Plan – TOU / TOU + CL1 / TOU & CL2 / TOU + CL1 & CL2 plans.
[172] Origin Energy, *Supporting all customers through the energy transition* [speech by Jon Briskin at Australian Energy], 8 June 2022.

suggested that customers could 'maximise the benefits and affordability' of their solar panels and battery by joining Simply Energy's VPP.[173]

Simply Energy described a VPP as a 'network of connected home solar and battery systems that together support the electricity grid'. Customers could store excess energy during times when their solar system generated more than they used and use it later, with the VPP storing this excess energy in their battery. They could also support the grid when the grid was under stress, with the VPP sharing the stored excess energy with the local community, while benefiting from a bonus credit annually and a one-off sign-up bonus credit.[174]

The QLD Simply Energy Solutions VPP 15% and the QLD Simply VPP BYO 15% off elec plans both had a 'VPP access credit' attached, whereby customers received a 'VPP community credit' of approximately $20 per month, which was applied to their account during the benefit period. The QLD Simply New VPP 15% off elec plans did not have such a credit attached but included the battery subsidy and the loyalty bonus mentioned in section 7.3.1.

7.3.3 Electric vehicle plans

The AER observed in mid-2021 that new products were introduced that reflected the increasing penetration of solar and cater for early adopters of batteries and electric vehicles (EVs). The AER also noted that some of these products had a time-of-use pricing structure, with rates set to encourage charging/discharging of batteries or EVs at specific times.[175] We did indeed observe more plans in 2021–22 that targeted EV owners and often had some financial incentives attached as well as incentives to use electricity during specific times. Examples include:

- Ovo Energy's new The One Plan (Electric Vehicle Discount) plans required customers to own an EV and to have a smart meter installed on site. These residential plans had an electric vehicle discount attached, whereby customers received 5 cents/kWh off the standard rate when they charged their EV between midnight and 5 am.
- Red Energy's Red EV Saver plans were only available to residential customers who were the registered owner of an EV that had the same address as the customer's electricity supply address. These plans had a free electricity use period attached as an incentive—between 12 pm and 2 pm Saturday and Sunday, the electricity usage charges were waived for any electricity consumed at the supply address.
- Powershop's Powershop 100% Carbon Neutral—Electric Vehicles plans required customers to privately own an EV (car or SUV only) that was registered to the supply address, have a smart meter and move to a time-of-use tariff. These plans had 'super off peak' rates between 12 am and 4 am on weekdays that were substantially lower than the rates of Powershop's other plans. However, the plans were restricted offers—that is, they were not visible to customers on Energy Made Easy.[176]

[173] Simply Energy, *Solar panels, battery storage and our Virtual Power Plant*, Simply Energy website, n.d., viewed 23 September 2022.
[174] Simply Energy, *Join our Virtual Power Plant with your Tesla Powerwall*, Simply Energy website, n.d., viewed 23 September 2022.
[175] AER, *State of the energy market 2021*, 2021, p 16.
[176] We commented in our market monitoring report for 2019–20 on the inconsistency that some EV plans were published as generally available plans and others as restricted plans (QCA, *SEQ retail electricity market monitoring 2019–20*, 2020, pp 135–136).

- Bright Spark Power's Aussie Car and Home plans were available to customers on a residential time-of-use tariff (with and without controlled load). These plans did not have any discounts or incentives attached.[177]
- AGL's Electric Vehicle Plan (Residential) and Residential Electric Vehicle Plan (BMW Customers) offers required customers to own an EV and were available for various residential tariffs and tariff combinations. The latter plans were for BMW customers only and included carbon offsets as an incentive—customers who purchased an AGL EV charger via BMW received a carbon offset to the equivalent of ~2.5 MWh, calculated based on the average kilometres travelled by Australian drivers and the energy consumption rates of BMW iX3 and iX vehicles.
- Discover Energy advertised smart charging plans that were said to use the retailer's proprietary algorithms to determine the optimal time to charge an EV based on off-peak periods and a customer's charging needs. As part of Discover Energy's Vehicle2Grid program, customers would be able to use their EV car battery as back-up power for their home during an emergency or blackout, and to use Discover Energy's energy trading platform. As an EV VPP member, customers would be able to trade their excess EV battery electricity during times of high demand, and help stabilise the electricity grid, while earning trading profit.[178]

7.3.4 Subscription plans

We reported on subscription-based plans in previous reports. Under such plans, customers gained access to wholesale rates or received a set amount of electricity (similar to a mobile plan) for a subscription fee. While such plans are not new, we observed another retailer offering subscription plans in 2021–22. Elysian Energy's residential 'Power Maximiser – Monthly Subscription – No Fees' plans required customers to prepay a membership fee $80 each month to receive 'up to 250 kWh of included energy at no additional cost'. If customers consumed more electricity, Elysian Energy stated on Energy Made Easy that customers would be 'billed at our competitive usage rates'.

As the name of Elysian Energy's plans suggests, these plans had no fees attached. This presumably made it easier for customers to budget, as they did not have to expect any additional fees and charges. In addition, Elysian Energy stated on Energy Made Easy that there was 'No Service to Property charge'. We note that some customers questioned in the past why they had to pay a daily supply charge, although they did not use electricity every day (e.g. for holiday homes). As such, we consider that such subscription plans will be easy for customers to understand, while upfront payments and no fees are likely to help customers budget better.

7.3.5 Partnerships with other organisations

We observed an increase in retailers partnering with other organisations to provide incentives to customers in our previous report, including partnerships with the Breast Cancer Network Australia, Allianz Global Assistance, Woolworths and Qantas.[179] This trend continued in 2021–22, and retailers published various plans that were generally restricted to certain customers, for example:

- AGL published plans that were only available to BMW, Rent.com.au or Westpac customers

[177] We note that the plans available from 17 January to 14 March 2022 did not have any eligibility criteria attached that the customer required an EV to be eligible for these plans.
[178] Discover Energy, *Electric Vehicles*, Discover Energy website, n.d., viewed 29 September 2022. At the time of writing this report, Discover Energy advised on its website that it would not be providing market offers to new customers until further notice.
[179] QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, pp 43, 120, 123–124.

- Alinta Energy and Red Energy had plans available that were only available to customers with a valid Qantas Business Rewards membership and/or a Qantas Frequent Flyer membership
- Alinta Energy included access to Kayo Basic[180] for up to 12 months in some of its plans
- Amber Electric entered into a partnership agreement with the Commonwealth Bank to roll out services and discounted pricing to the bank's customers[181]
- Momentum Energy had plans that were only available to members of Geelong Football Club
- Origin Energy had plans that required customers to be registered Everyday Rewards members at the time of signing up
- Simply Energy had plans that were only available to existing NAB Rewards card holders
- Sumo Power had plans that required customers to be a member of Kyco[182].

Partnerships with other organisations allow retailers to directly target their partners' customers and attract them through non-price ways, often with non-financial incentives provided by their partner organisations, like Qantas points or Everyday Rewards points. However, such plans are only available to a subset of SEQ customers (members or customers of the respective organisations); other SEQ customers may miss out on potentially good plans.

7.3.6 Community energy

Circular Energy had community energy plans (Community Energy TOU / TOU with Control Load / TOU Business / Anytime / Anytime with Control Load / Anytime Business) available in 2021–22. These plans had a monthly membership fee attached ($4.33 for residential customers and $13 for small business customers) that was described as a 'Cummunity [sic] Energy Fee' that is 'provided back to your local Collective group in full'. Further details on these residential and small business standing offers were not included on Energy Made Easy.

The retailer's website described community energy as a way to 'help accelerate the transition into sustainable energy'. An example illustrated how a customer who wanted to become more sustainable could approach Circular Energy to create a collective, and how Circular Energy would then 'match' the collective to one of its local generators (such as a regional wind farm or a business with excess solar) to provide a renewable energy source option. For every home or business in the collective, Circular Energy contributed $1 per week (homes) and $3 per week (businesses) towards the objective of the collective.[183]

7.3.7 Retail plans based on the new cost-reflective network tariffs

In our previous report, we discussed Energex's new network tariffs for small customers that were designed to improve cost reflectivity. Some of these new tariffs are now the default network tariff for residential and small business customers with a smart meter. The change in default network

[180] Kayo Sports is an Australian sports streaming service that offers different subscription packages (Kayo Sports, *Watch Sport Live and On-Demand*, Kayo Sports website, n.d., viewed 26 September 2022).
[181] The collaboration also intended to offer low-cost finance to buy household batteries, smart EV chargers and other smart devices (S Thomsen, 'CBA backs energy startup Amber in $20m series B', *Startup Daily*, 27 May 2021, viewed 29 September 2022). However, we did not find any Amber Electric plans for Commonwealth Bank customers on Energy Made Easy in 2020–21.
[182] Kyco describes itself as 'a Member-based buying group that aims to save Australians money' through Kyco group buying power, and suggests that by joining the 'Kycommunity', members would pay up to 24% less for electricity (Kyco, *Kyco – More members, more savings*, Kyco website, n.d., viewed 26 September 2022).
[183] Circular Energy, *Community Energy*, Circular Energy website, n.d., viewed 16 September 2022.

tariffs—together with the continuing rollout of smart meters—means that, over time, more residential and small business customers will be on these new network tariffs.[184]

However, while every customer is assigned to a network tariff, retailers are not bound by the network tariffs set by Energex and can set their own retail tariffs. In addition, we noted earlier that smart meter penetration is still relatively low, which means that not every SEQ customer could access all of those plans yet. The AEMC noted in 2022 that smart meters and the data they can provide are critical to the energy transition, but it was of the view that the current approach to rolling out smart meters was not fit for purpose.[185]

We note that only some of the retailers had plans available on Energy Made Easy in 2021–22 that appeared to reflect, at least to some degree, the underlying structure of these new network tariffs. This suggests that many customers will remain on more traditional tariffs for the time being, even if they have been assigned a cost-reflective network tariff such as a residential or small-business standard demand network tariff, or a small-business wide inclining fixed tariff.[186] Data published by the AER showed that the proportion of residential customers on cost-reflective tariffs in the Energex distribution area was among the lowest in the NEM in 2021 at around 5%.[187]

As the rollout of smart meters progresses over time, and customers' understanding of these new tariffs and their willingness to take them up increases,[188] more retailers may offer plans that are based on the new cost-reflective network tariffs. The AER is currently not required to determine an annual price (DMO) and usage for tariffs with a demand charge for small customers, and for small business customers the DMO only covers flat rate tariffs. This may, to some extent, constrain retailers when they advertise new plans, especially if they have discounts attached.

7.4 New and innovative services—the AER's sandboxing approach

In April 2022, the AER opened the final consultation on its proposed approach to support energy businesses get new and innovative services up and running. The AER's new regulatory sandboxing service aims to help energy innovators and start-ups navigate complex regulatory frameworks and enable the trial of new products and services that will deliver greater choice and cheaper options for consumers.[189]

The AER's regulatory sandbox toolkit is expected to help innovators understand how their new technologies or business models fit within current regulations and to make it easier for innovators

[184] For small businesses with a basic meter and an annual consumption between 20 MWh and 100 MWh, the small business wide inclining fixed tariff became the default network tariff from 1 July 2020. For more details, see QCA, *SEQ retail electricity market monitoring 2020–21*, 2021, pp 118–120.

[185] AEMC, *Review of the regulatory framework for metering services*, AEMC website, n.d., viewed 23 May 2022.

[186] In their responses to our information notice, AGL and Powerdirect advised that they began to assign residential customers that were on network demand tariffs to the residential retail demand tariff in 2021–22, in the case of new customer connections and where customers received a metering upgrade. Apart from these instances, both retailers elected not to move customers from their current retail tariff to a retail demand tariff structure, even though they may be on a network demand tariff. EnergyAustralia advised that it had created new retail tariff options in September 2021 for customers on the new Energex network tariffs with demand components and that any new connections and product switching with smart meter would be assigned one of these network tariffs. Future X Power advised in its response that it had new tariff and retail plans in 2021–22 that reflected the new cost-reflective network tariffs and that some customers had a tariff code with a demand charge.

[187] AER, *State of the energy market 2022*, 2022, p 71.

[188] Consumer advocacy group CHOICE even advised households to avoid electricity plans with demand pricing (L Kennedy and J Blakkarly, 'Experts sound alarm on complex household energy tariffs', *CHOICE*, 20 June 2022, viewed 19 September 2022).

[189] AER, *AER is powering on to energise innovation in the energy market* [news release], 19 April 2022, viewed 13 May 2022. A similar framework was established in Victoria. The Essential Services Commission (ESC) launched a guideline to support industry to trial new innovations that could benefit the long-term interests of Victorian energy consumers through its new regulatory sandboxing function, which allows eligible businesses to trial an innovative product or service in Victoria with a temporary waiver from existing rules (ESC, *Regulatory sandboxing – Trial Project Guideline* [version 1], 2022).

to trial their proposed services in a real-world environment. There are three parts to this new toolkit, which will be accessed via a dedicated new website: an innovation enquiry service, a regulatory trial waiver power, and a trial rule change process.[190]

The new sandboxing website hosted by the AER will be the first step for innovators who want to engage with the regulatory sandboxing toolkit. According to the AER, it will provide a range of guidance information to address common queries and provide a secure lodgement system for enquiries about specific innovations and to submit applications for trial waivers. However, the regulatory sandbox will not provide funding, permanent waivers or rule changes.[191]

Knowledge sharing will be an important outcome of the regulatory sandbox that is expected to benefit the industry as a whole. Sharing the learnings from the processes involved is anticipated to help reduce barriers to entry to new participants and help clarify the opportunities and challenges that exist within current regulatory frameworks for new approaches. It is also thought to allow innovators to leverage off others' learnings, allowing innovation to occur more quickly.[192]

We consider that the AER's regulatory sandboxing function will help retailers develop, among other things, new types of retail tariff structures and retail electricity plans, which could benefit SEQ customers.

7.5 Potential impediments

Retailers and customers face a number of challenges with regard to new types of retail tariff structures and retail electricity plans, which may slow down the emergence and adoption of such tariffs and plans.

7.5.1 Rollout of smart meters

Some of the more innovative tariffs and plans that are described in section 7.3 and that may emerge in the future require customers to have a smart meter installed at their premises. However, smart meter penetration is still relatively low—less than a quarter of the residential and small business customers in SEQ had a smart meter installed at the end of 2020–21,[193] which limits the potential uptake of such plans by SEQ customers. It is likely that retailers' incentives to develop and offer plans that rely on, or leverage, smart meter data will increase as smart meter penetration progresses both in SEQ and across the NEM.

7.5.2 Increase in wholesale cost

The recent increase in wholesale energy costs and the stress this puts on retailers could negatively impact on retailer's willingness and ability to launch new retail tariffs and develop innovative plans in the near future. At the same time, high energy costs may provide an incentive for retailers to focus on certain types of innovative products that benefit the consumer as well as the retailer and network. Examples of such innovative products would be plans that encourage customers to use electricity outside of peak times or plans that leverage customers' electricity generation in combination with battery storage (e.g. through virtual power plants or by feeding electricity back into the network when it is most in demand).

[190] AER, *Regulatory sandboxing* [positions paper], 2022, pp 4–5.
[191] AER, *Regulatory sandboxing* [positions paper], 2022, p 5.
[192] AER, *Regulatory sandboxing* [positions paper], 2022, p 7.
[193] AEMC, *Review of the regulatory framework for metering services* [directions paper], 2021, p 44. The smart meter penetration in the Energex distribution area was similar to that in the Endeavour, Essential Energy, Ergon, SA Power Networks and Evoenergy distribution areas.

7.5.3 Regulation, standards and interoperability

The coordination of storage, generation and demand behind the meter can reduce electricity bills. Retail plans that integrate new technologies—such as home batteries, solar, EVs, smart device control, and bundle energy and non-energy products—are therefore expected to become more popular. However, there is still a material gap in regulation and standards for the interoperability of different technologies. There is, for example, no coherent set of data standards or requirement that different kinds or makes of equipment (e.g. different brands of solar panels or batteries) have to be able to 'talk to each other' or to a central control system (e.g. a retailer). As a result, some smart devices, hot water systems or home batteries may not be able to interface with a control system other than the one they were manufactured for.[194]

7.5.4 Comparability of plans

Customers may find it more challenging to understand and compare innovative or cost-reflective plans than the traditional plans they are used to (such as flat rate tariffs that only have a daily supply charge and a usage charge). We note that innovative or cost-reflective plans often have more charges to compare—for example, demand tariffs have supply, usage *and* demand charges, yet customers cannot rely on comparison sites to compare such plans. Energy Made Easy and some commercial comparison sites include plans with demand charges but do not provide a bill estimate that would help customers assess which plan is best for their circumstances (we discuss this challenge in more detail in section 8.6). In addition, there is currently no DMO reference price for such tariffs, which may negatively affect customers' perception of these plans.

7.5.5 Implementation of tariff reform

In June 2022, the AER held a virtual roundtable to better understand retailers' perspective on reforming electricity distribution network tariffs. Some views expressed by retailers included:

- customers often do not understand or see value in distributors' cost-reflective network tariffs
- customers overwhelmingly want simplicity in their energy offering, and complexities require considerable incentives to get engagement, which may not be feasible
- the customer perspective needs to be reflected in the network tariff reform program, and retailers are best placed to provide products suited to customers' needs and to design solutions that respond to the demand actions (consume/export) of networks
- a period of usage data after smart meter installation would support customers/retailers understand which retail/network offer suits the customer's needs.[195]

[194] IPART, *Monitoring the NSW electricity retail market 2020–21* [draft report], 2021, pp 36, 59; see also Energy Security Board, *Interoperability policy for consultation* [Stage 1: Inverter based resources], 2021.
[195] AER, *AER holds Retailer Roundtable to discuss tariff reform* [news release], 29 July 2022, viewed 30 September 2022.

8 MARKET COMPETITIVENESS

Key findings

Our assessment of key market indicators suggests that the outcomes in the SEQ retail electricity market in 2021–22 are broadly consistent with a competitive market.

Market rivalry between the retailers continued

- Despite the increase in wholesale costs during 2021–22, retailers continued to compete on price, mainly through financial incentives and/or guaranteed discounts. More retailers attached financial incentives to their plans in 2021–22 than in the previous year, while fewer retailers attached discounts to their plans.
- A number of new and/or innovative plans emerged or became more common in SEQ in 2021–22, and new financial and non-financial incentives were attached to some plans, such as rewards for customers with a battery. This suggests that retailers continued to compete by differentiating their plans and tailoring them to customers' needs.
- The switching rate had been gradually increasing since 2020–21, and we observed another substantial increase in the June quarter of 2022 as the impact of higher wholesale energy costs started to flow through to retailers and customers. SEQ customers mainly switched away from the smaller retailers to Alinta Energy, AGL and Origin Energy.
- Market concentration continued to decrease in the residential and small business markets up to the March quarter of 2022 (the latest data available when we finalised this report). However, as the larger retailers were the main beneficiaries of the switching activities in the June quarter of 2022, we expect market concentration to increase again.
- From the June quarter of 2017 to the June quarter of 2022, the number of retailers with plans for residential customers more than tripled, and for small business customers it more than doubled. Although retailers challenge each other's market position, a growing number of competitors does not necessarily lead to better market outcomes.

Prices were moving in the same direction as underlying costs

- Network costs, energy costs and retail costs make up a large part of a customer's bill. In a competitive market, changes in these underlying costs should be reflected in prices.
- Our analysis of network, energy and retail costs (as estimated for our determination of regulated prices in regional Queensland) and prices (bills) suggests that prices in SEQ have moved in the same direction as costs in 2021–22, as they did in previous years.

The spread of prices in the market decreased slightly

- Some level of price dispersion—the difference between the highest- and lowest-priced plans—is expected in an effectively competitive market. Price differences are expected to accelerate competition as they provide an incentive for customers to shop around, given the potential savings that can be realised.
- We observed a decrease in the spread in 2021–22 for both residential and small business customer as rising wholesale costs put upward pressure on market offers, while standing offer prices were capped by the DMO.

Some customers remained inactive or disengaged

- Some SEQ customers do not regularly switch retailers and appear to be inactive or disengaged. This may be a rational choice for some of these customers, but for other customers, the complexity and the lack of knowledge of the market may prevent them from fully benefiting from competition.

The market is still complex and potentially challenging to navigate for some customers

- The shift from conditional to guaranteed discounts is likely to have reduced complexity. However, other challenges remain, such as comparing and assessing innovative new tariffs—in particular cost-reflective plans. For plans with demand charges, for example, customers cannot obtain a full bill estimate on Energy Made Easy and have to phone each retailer.
- Some customers—including vulnerable, inactive and disengaged customers—may find it difficult to navigate the market and compare plans and may therefore not be on the best plan for their circumstances. This suggests that competition may not be working as effectively as it should for some customers.

8.1 QCA methodology

We focused on key market indicators to assess the competitiveness of the SEQ retail electricity market as we had done in previous years. We considered:

- the extent of market rivalry between retailers (section 8.2)
- the movement of prices and costs (section 8.3)
- the spread of prices available in the market (section 8.4)
- the apparent inactivity or disengagement of some customers (section 8.5)
- the complexity of the market (section 8.6).

These market outcomes and indicators allow us to gain insights into the competitiveness of the SEQ retail electricity market. It is important to consider the development of market outcomes and indicators over time, rather than over the past year only. Furthermore, all the market indicators should be interpreted in conjunction, as no single indicator can independently show whether the market is effectively competitive and provides good outcomes for customers.

We consider that firm conclusions about the state of competition should not be drawn from this analysis alone. Our assessment should be read in conjunction with other reviews that analyse the operation and competitiveness of retail electricity markets in the NEM, including SEQ. These reviews include the ACCC's ongoing inquiry into the NEM[196] and the AER's annual retail markets report and state of the energy market report.[197]

8.2 Extent of market rivalry

In a competitive market, firms or retailers need to ensure they can attract and retain customers, for example by increasing their efficiency and offering lower prices, or by providing better products or services. If a firm or business tries to raise its prices excessively without providing a better product or service, or if its offerings are priced similar to those of its competitors but are of a lower quality, it is likely to lose customers to one of its competitors.

These principles apply to the retail electricity market too. When retailers compete, they put pressure on one another, which is expected to lead to a better outcome for customers. If the extent of market rivalry is high, retailers will try to gain profit and market share from one another

[196] ACCC, *Electricity market monitoring 2018–2025*, ACCC website, n.d., viewed 27 September 2022.
[197] AER, *Performance reporting* and *State of the energy market reports*, AER website, n.d., viewed 27 September 2022.

through lower prices, innovative offers, better service, or a combination thereof. To examine the extent of rivalry between retailers, we considered whether:

- the outcomes on bills (chapter 2 and appendix A), discounts, savings and incentives (chapter 3) and price trends (chapter 5 and appendix C) demonstrate that retailers were competing on price by adjusting their plans in response to the plans of other retailers
- the introduction of new retail tariffs and plans (chapter 7) suggests that retailers were using new and innovative tariffs and plans to compete and attract customers
- customers were active and engaged in the market, and switched retailers when a better plan became available
- market shares and market concentration have changed over time, in particular due to customers switching retailers (presumably) in search of a better plan and/or better service
- the number of retailers competing for customers has increased or decreased over time.

8.2.1 Competition on price

Retailers can compete on price by:

- lowering the supply, usage and/or other charges of their plans
- attaching guaranteed and/or conditional discounts to their plans
- attaching financial incentives to their plans.

Despite the increase in wholesale costs during 2021–22, many retailers had at least one market offer available in the June quarter of 2022 that was cheaper than their cheapest plan a year ago. A wide range of prices was available for each of the tariffs and tariff combinations that we cover in this report (chapter 2 and appendix A). This means that many customers still had the option of finding a cheaper plan during 2021–22 if they shopped around.

Fewer retailers attached discounts to their plans in the June quarter of 2022 than in the June quarter of 2021. This reduced use of discounts is a trend we have observed since 2019–20. Following the changes to the legal framework for discounting (section 3.3), retailers started to attach fewer guaranteed discounts, and in particular fewer conditional discounts, to their market offers.

The reduced use of discounts contrasts with our observations in 2017–18 and 2018–19, when retailers competed on price predominantly by using headline discounts. This was particularly the case after Alinta Energy entered the market in August 2017.[198] We also observed in those years that retailers' lowest residential and small business flat rate market offers frequently did not have the lowest supply or usage charges in the market. Instead, conditional discounts—often in conjunction with financial incentives—made these offers the cheapest market offers.[199]

In the June quarter of 2022, the cheapest market offer for each residential and small business tariff and tariff combinations that we cover in this report did not have the lowest supply or usage charges in the market. Instead, either a guaranteed discount and/or a financial incentive made them the cheapest offers (chapter 2). A guaranteed discount effectively means that the retailer

[198] For an analysis of the impact of Alinta Energy's entry into the SEQ market, see QCA, *SEQ retail electricity market monitoring: 2017–18* [updated report], 2019, chapters 2 and 5, and section 9.3.1.

[199] QCA, *SEQ retail electricity market monitoring: 2018–19*, 2019, pp 111–112. In our market monitoring report for 2017–18, we suggested that discount-based competition reflected the way in which the competitive market was established in SEQ in 2007, with the sale of customer bases of publicly owned retailers to AGL and Origin Energy (QCA, *SEQ retail electricity market monitoring: 2017–18* [updated report], 2019, p 160). After Alinta Energy entered the SEQ market in August 2017, several retailers decreased the prices of their market offers for residential and small business customers, generally by increasing conditional discounts and/or using sign-up incentives to reduce the prices of their lowest plans.

guarantees a lower supply and/or usage charge. As such, a guaranteed discount may be seen as a form of advertisement of lower supply and/or usage charges.

We also observed that more retailers attached financial incentives to their plans in the June quarter of 2022 than a year earlier. Financial incentives can lower a customer's bill significantly, although they are often only one-off incentives when a customer takes up the plan. Nonetheless, as financial incentives lower the bill for customers and are often very prominent in retailers' advertisements, they can induce customers to switch and thereby increase competition.

8.2.2 Competition on innovative tariffs and service offerings

In addition to competing on price, retailers can also compete on non-price aspects of their offerings. Retailers may, for example, provide clear and simple plans that are easy to understand, have only a few plans that are easy to compare, offer a selection of payment options, have multi-lingual customer service representatives, invest in overall customer experience, offer incentives or reward programs, provide convenience through the option of bundling energy plans with non-energy products, or allow customers to reduce carbon emissions though GreenPower.

Competitive markets provide incentives for retailers to innovate and tailor products and services to meet the preferences and needs of their customers. Related products and services that lower the costs of electricity supply, improve user experience, or provide other benefits to consumers are a potential source of innovation in the retail electricity market,[200] and an additional way for retailers to compete. Some customers may even be prepared to pay more if a specific plan fits their needs and preferences.

Retailers introduced a small number of new retail tariffs and plans each year between 2016–17 and 2020–21 (chapter 7). The new plans we observed in 2021–22 included plans that rewarded customers for having a battery, plans that allowed customers to join a virtual power network, and plans that matched a 'collective' of users to a local generator for renewable energy. Not all retailers provided retail plans yet that were based, at least to some extent, on the new cost-reflective network tariffs. Competition based on such plans may become more common as the rollout of smart meters progresses and customers' understanding of those plans increases.

As smart meters are rolled out in SEQ, there is potential for more innovation in retail electricity supply, including more options to reduce electricity costs and provide more accurate billing.[201] When more customers get smart meters, retailers' incentives to offer those customers more innovative products is expected to increase too.[202]

In 2021–22, competition on non-financial incentives seemed to continue. In contrast to financial incentives, non-financial incentives do not reduce a customer's bill, but they can still provide benefit to customers and help attract customers. We observed some new non-financial incentives attached to market offers in 2021–22, which included free GreenPower and/or carbon neutral energy, an air fryer, a complimentary Kogan First membership and a guarantee that electricity would be provided within three business days when moving house (chapter 3).

Retailers also continued to partner with other organisations to provide incentives to customers in 2021–22 (chapters 3 and 7).[203] The ACCC found in late 2021 that retailers were spending more

[200] AEMC, *2019 Retail Energy Competition Review* [final report], 2019, p 148.
[201] QCA, *Benefits of advanced digital metering* [ministerial advice], 2019, pp iii–iv.
[202] IPART, *Monitoring the NSW electricity retail market 2020–21* [draft report], 2021, p 18.
[203] Retailers indicated to the AEMC that the trend of more product bundling and product add-ons is likely to continue, due to the drop in price dispersion and the associated increase in difficulty attracting customers through purely price-based mechanisms (AEMC, *2020 Retail Energy Competition Review* [final report], 2020, pp xv, 75–76).

on customer loyalty programs (non-price product add-ons). It noted that 'non-price competition reflects retailers targeting consumers with specified preferences, appealing to consumers' need for convenience and generally promoting a culture of retailer membership'.[204]

Retailers also continued to offer plans with different contract durations (no lock-in contracts, 1- or 2-year contracts or ongoing contracts), a choice of payment and billing options (monthly or quarterly bills) or prices that may vary or are fixed for a certain time. While these contract terms and options were not new in 2021–22, they indicate that retailers continued to provide different plans that aim to meet customers' needs and preferences.

Product differentiation and different innovative products can add value to customers, but we consider that they can also potentially add an additional layer of complexity, even if (or especially when) the plans are not substantially different. The Essential Services Commission also noted that the retail energy market is 'characterised by a relatively large volume of superficially differentiated offers', which can make searching the market more difficult, and does not empower consumers, reduce market complexity or enhance affordability. Meanwhile, the 'small number of more differentiated offers' often included complex tariff structures that did not seem to be attractive to consumers.[205]

8.2.3 Switching rate

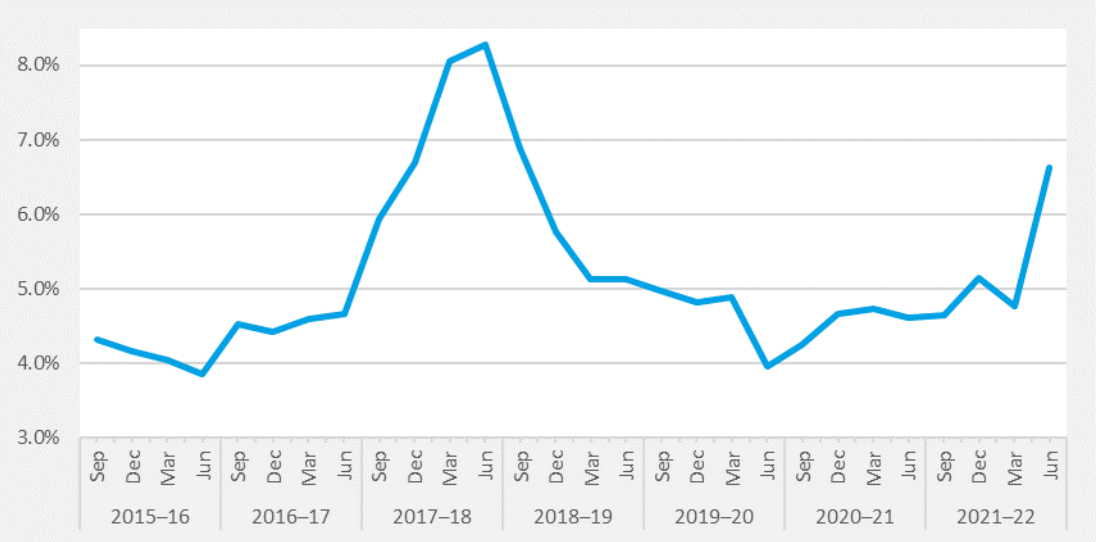
In a competitive market, customers are expected to be active and engaged in the market. The switching rate is one indicator of customer activity and engagement—and thus of competition.[206] We would generally expect engaged and well-informed customers to switch when new plans become available that are sufficiently cheaper and/or better suit their needs if the market is competitive.

Customers can either switch to a better plan of their current retailer or to another retailer. Data is only available for customers switching to another retailer, as retailers do not have to report on customers switching to another plan. If retailers deliver good-quality, low-priced services in a competitive market, customers may not see any reason to switch retailers, and as such, publicly available data would suggest low switching activity. However, customers may still be engaging with the market, but decide to stay on their current plan or change plans with the same retailer.[207]

Our analysis shows that after retail electricity prices for residential and small business customers in SEQ were deregulated in mid-2016, the share of SEQ customers switching retailers increased (Figure 27). Another substantial increase in switching activity occurred after Alinta Energy entered the SEQ market in mid-2017 with plans that had high discounts attached. Switching rates peaked in 2018 following the introduction of initiatives to encourage customer engagement.[208] Switching rates decreased thereafter and were at a much lower level, but had been gradually increasing again since 2020–21, and we observed a marked increase at the end of 2021–22.

[204] ACCC, *Inquiry into the National Electricity Market*, November 2021, p 40.
[205] ESC, *Victorian Energy Market Update: June 2022*, 2022, pp 10, 20.
[206] The switching rate as a measure of consumer engagement is discussed in more detail in A O'Keefe and D Wong, 'Money left on the table or rational inertia? Consumer engagement in Victoria's retail electricity sector', *Victoria's Economic Bulletin*, vol. 3, April 2019.
[207] AER, *Annual retail markets report 2020–21*, 2021, p 24.
[208] AER, *State of the energy market 2021*, 2021, p 15.

Figure 27 Switching rate in SEQ, by quarter, 2015–16 to 2021–22



Note: Quarterly switching rates are not annualised. The switching rate in the June quarter of 2022 is based on AER customer numbers for the March quarter of 2022—customer data for the June quarter of 2022 was not available at the time we finalised our report. After AGL acquired Click Energy, Click Energy customers were transferred to AGL. As these customer transfers were not customer-initiated switching activities and would have substantially influenced our analysis, we removed the large number of customer transfers in April 2021 from our dataset.
Sources: Retail Transfer Statistical Data (detailed monthly data) provided by AEMO; AER, Performance reporting, AER website, viewed 28 September 2022; QCA analysis.

The decrease in switching activity after the peak in 2018 through to mid-2020 may have been due to a number of reasons:

- The AER noted that the easing of switching observed in 2019 'may reflect a return to more normal market conditions after a boost in activity in 2017 and 2018'.[209]
- Customers who switched retailers, perhaps for the first time, after prices were deregulated in SEQ, might still have been contracted to the same retailer and might have been satisfied with the comparatively lower price, improved customer service and/or the benefits they were realising under their plan.
- Following the changes in the way discounts must be presented, the advertised discount percentages have tended to be lower, as they are based off a different baseline (the annual bill for the DMO, rather than retailers' supply and/or usage charges), and conditional discounts have become less common (see chapter 3). This may have created a perception that the new plans are not as good as those in the past.[210]
- Incentives to switch may have decreased when the spread of prices in the market decreased after the introduction of the DMO because the potential savings from switching appeared to be smaller.[211] We explore the spread of prices in more detail in section 8.4.

[209] AER, *State of the energy market 2020*, 2020, p 257.
[210] AEMC, *2020 Retail Energy Competition Review* [final report], 2020, p 34.
[211] The AEMC noted that the decrease in the price range of plans that was observed in parallel with the implementation of the DMO may have reduced the incentive for consumers to engage in the market, and in turn contributed to the decrease in switching in SEQ (AEMC, *2020 Retail Energy Competition Review* [final report], 2020, pp 32, 54–55). However, we consider that it is unclear to what extent customers are aware of, and therefore responding to, a decreased spread of prices in the market (QCA, *SEQ retail electricity market monitoring 2019–20*, 2020, p 142).

- Standing offer customers may feel a 'sense of comfort' being on a government-regulated plan.[212] In addition, some customers may have read about the reported price decreases and savings for DMO customers highlighted in the media.[213]
- Some standing offer customers may have experienced a substantial decrease in their bill when they were moved to a DMO plan. This could have created a belief on the customers' part that a standing offer is a competitive plan and, as such, that there is no need to shop around.
- Some customers on market offers below the DMO reference price may incorrectly interpret being below the reference price as a sign that they are on a good plan, which could induce complacency.[214]
- Consumers may have been less motivated to switch when prices were decreasing rather than increasing.[215]
- The initial impacts of the coronavirus pandemic could have shifted some customers' priorities away to areas of higher importance and/or where they could realise larger savings.

From 2020–21 onwards, switching activity in SEQ increased again and we observed a substantial spike in the June quarter of 2022. A number of reasons may explain this increase:

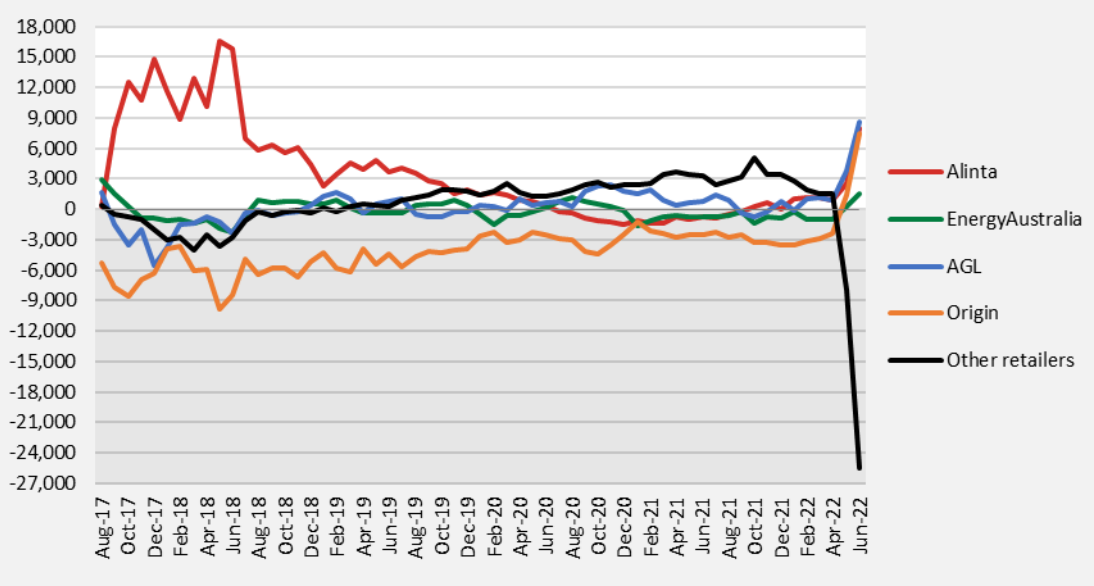
- During the coronavirus pandemic, some residential customers spent more time at home and/or worked from home full-time, which led to higher electricity bills, while some businesses were less active, which decreased their consumption. These changes may have led some customers to shop around for a plan that better suited their new circumstances.
- As wholesale energy costs increased, retailers started to pass on these higher costs to customers whose plans did not have fixed rates or whose fixed-rate plans expired. Such bill increases are likely to have triggered some customers to switch retailers.
- Some customers may have been concerned by the media attention on the energy market and rising bills, which could have led them to shop around for a better deal.
- A few retailers actively encouraged customers to switch as wholesale energy costs increased (e.g. Electricity in a Box, Locality Planning Energy and ReAmped Energy)[216] and it is likely that many customers would have followed their retailer's advice.
- One retailer was suspended from the wholesale electricity market for failing to settle its accounts with AEMO and could no longer supply its customers with electricity. Its customers were transferred to the retailer of last resort, which for SEQ customers was Origin Energy.[217]

We consider that consumer switching activity is an indicator of competitive rivalry. Figure 28 shows net customer transfers—that is, a retailer's customer gains minus its customer losses. A

[212] AEMC, *2020 Retail Energy Competition Review* [final report], 2020, p 34.
[213] For instance, AER, *Electricity Customers on a standing offer will share in over $65 million of bill savings* [news release], 27 April 2021, viewed 20 October 2021.
[214] Behavioural Economics Team of the Australian Government (BETA), *Improving energy bills: final report* [prepared for the Australian Energy Regulator], 2021, pp 48, 55.
[215] Alviss Consulting and St Vincent de Paul Society, *The NEM – Lower prices, more offers: Are consumers reaping the rewards? Observations from the Vinnies' Tariff-Tracking Project*, 2021, pp 5, 40.
[216] S Sharples, 'Victorian energy provider Electricityinabox begs customers to leave', *news.com.au*, 20 June 2022, viewed 28 September 2022; M Ludlow, 'Go elsewhere for cheaper power, ReAmped Energy tells its customers', *Australian Financial Review*, 31 May 2022, viewed 28 September 2022; C Packham, 'Power companies tell customers: leave us, we're too expensive', *Australian Financial Review*, 19 May 2022, viewed 28 September 2022.
[217] AER, *AER ensures continued supply for former Enova Energy customers* [news release], 22 June 2022, viewed 9 September 2022. More retailers exited the market in early 2022–23, and their customers were transferred to the respective retailer of last resort.

negative value means that the retailer lost more customers to other retailers than it gained, while a positive value indicates that the retailer had a net gain of customers.

Figure 28 Monthly net customer transfers in SEQ, August 2017 to June 2022



Notes: A net customer transfer is defined as customer gains minus customer losses during the same period of time. We removed the customer transfer data of Click Energy customers to AGL in April 2021 from our dataset, as this switching activity was not initiated by a customer but was due to AGL's acquisition of Click Energy. 'Other retailers' includes all the other retailers not separately shown in this graph.
Sources: Retail Transfer Statistical Data (monthly data) provided by AEMO; QCA analysis.

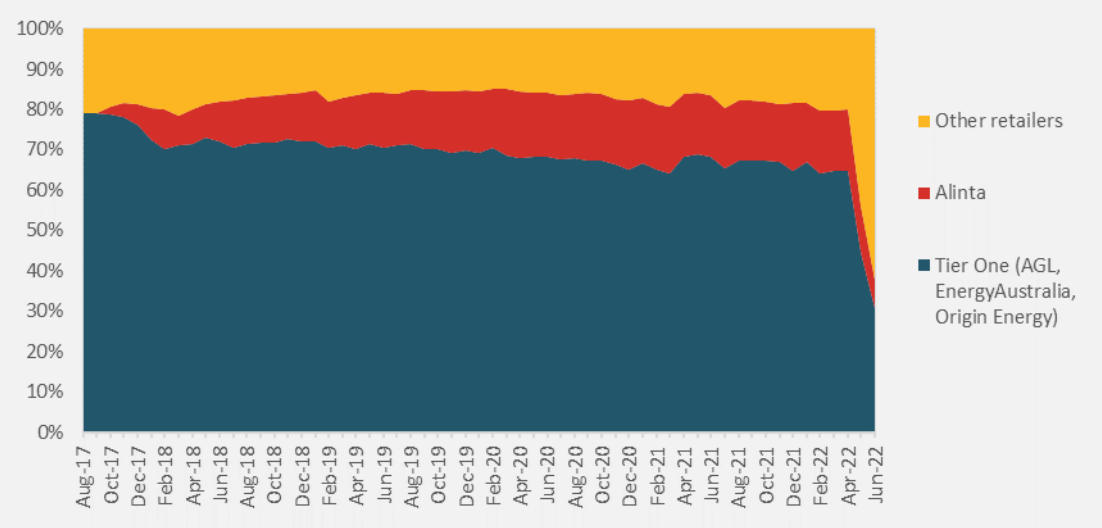
Alinta Energy had high monthly net customer gains after it entered the market in August 2017, especially during the first year. It continued to make net customer gains each month throughout most of 2018–19 and 2019–20, yet at a slower rate, but suffered a net loss of customers during 2020–21. Origin Energy had a net loss of customers each month from August 2017 to April 2022, whereas EnergyAustralia and AGL—the other two of the large retailers—had lower net customer transfer numbers that moved between the positive and the negative range over time.

The remaining smaller retailers combined (summarised as 'other retailers' in figure 28) managed to achieve net customer gains in each month for over three years (March 2019 to April 2022). However, as wholesale energy costs increased, various retailers increased their prices, which may have prompted some customers to switch, and a few retailers even actively encouraged their customers to switch. This resulted in substantial customer losses for the smaller retailers in May and June 2022. The main beneficiaries were Alinta Energy, AGL and Origin Energy, which recorded substantial customer gains in May and June 2022.

Figure 29 shows that customers of the tier one retailers—AGL, EnergyAustralia and Origin Energy—accounted for roughly two-thirds of all the SEQ customers who switched to another retailer until late 2021–22. Towards the end of 2021–22, many customers switched away from the smaller retailers to Alinta Energy or one of the tier one retailers (Figure 28). These shifts will also ultimately reflect in retailers' market shares.[218] We expect the market shares of the tier one retailers and Alinta Energy to increase and those of the other, smaller retailers to decrease.

[218] AER customer data for the June quarter of 2022, by retailer, was not available yet when we finalised this report.

Figure 29 SEQ customers transferring away—share by retailer, August 2017 to June 2022



Note: We removed the customer transfer data of Click Energy customers to AGL in April 2021 from our dataset, as this switching activity was not initiated by a customer but was due to AGL's acquisition of Click Energy.
Sources: Retail Transfer Statistical Data (monthly data) provided by AEMO; QCA analysis.

Although switching rates increased overall, some customers may not switch due to a number of reasons. Some customers may find it hard to compare different plans to identify the best plan based on their current circumstances and consumption. There are also costs and barriers to switching, including transaction costs (time and effort), disconnection/reconnection fees, a bias towards status quo and fears of being worse off after switching. A recent survey found that nearly one in four respondents had considered switching plans in the past year but had not done so, and only one in ten had actually switched. This finding was seen as an indication of both an appetite for switching and barriers to doing so.[219]

Switching may also be actively hindered by retailers. Some retailers reportedly attempt to 'save' customers who want to switch with special retention plans (plans that are not generally available to other customers) before the switching process is finalised.[220] ReAmped Energy requested a change to the NERR to stop retailers from offering 'save' or 'win-back' plans to prevent customers from switching. It argued that 'the incumbent retailers should be forced to compete properly in the market, not rely on anti-competitive practices to preserve their customer bases', and noted that 'win-back' practices, which are primarily used by the incumbent retailers, 'continue to put the brakes on the improved competition that's benefiting many consumers every day but could be benefitting even more.'[221]

8.2.4 Market shares and market concentration

In a competitive market, competitors challenge the market position of the incumbents and try to gain some market share from them. Accordingly, we would expect to see a reduction in larger retailers' market shares and a decrease in market concentration over time if the SEQ retail

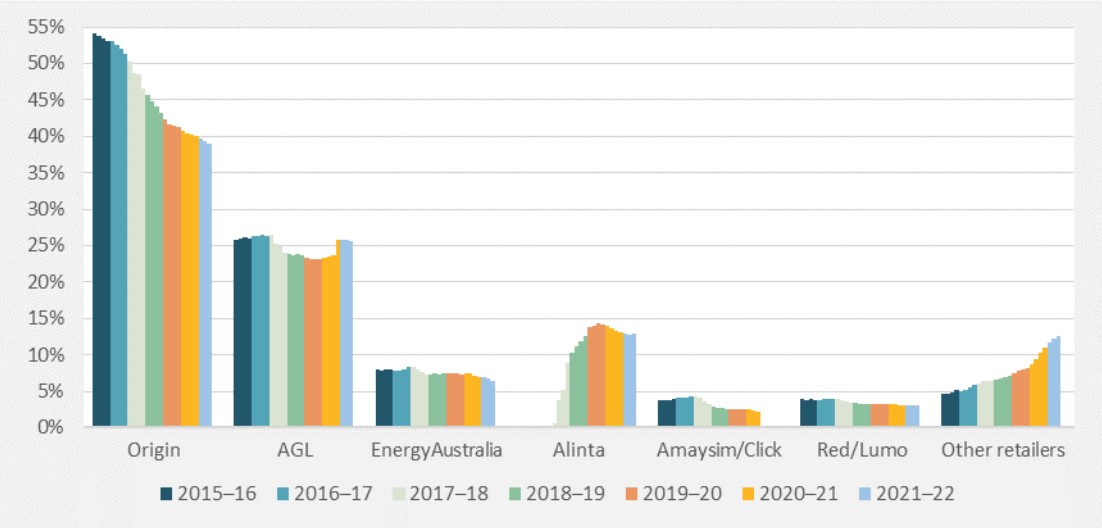
[219] BETA, *Improving energy bills: final report* [prepared for the Australian Energy Regulator], 2021, pp 3, 49.
[220] The AEMC made a final rule in December 2019 to speed up the process of transferring customers to a new electricity retailer (AEMC, *Reducing customers' switching times* [rule determination], 2019). We expect that this rule reduces retailers' ability to 'save' customers to prevent a switch. However, we have still found a number of retention plans on Energy Made Easy during 2021–22, which suggests that this practice is continuing.
[221] AEMC, *Preventing retailers making retention offers to switching customers*, AEMC website, n.d., viewed 5 October 2022; ReAmped Energy, *Why we're campaigning to end customer win-back offers*, ReAmped Energy website, 15 February 2022, viewed 5 October 2022.The rule change was still pending at the time of writing this report.

electricity market is competitive. In the following sections, we analyse how market shares changed up to the March quarter of 2022—the most recent data available at the time of writing this report—and how this impacted on market concentration in the SEQ retail electricity market.[222]

Market shares

Figure 30 shows that the two largest incumbents—AGL and Origin Energy—have lost market share over time. Their combined market share decreased from about 80% in the September quarter of 2015 to about 65% in the March quarter of 2022. This market share was primarily captured by Alinta Energy and some other (smaller) retailers.[223] AGL's market share increased again in the last quarter of 2020–21 after AGL acquired the Click Energy Group, which operated Amaysim Energy and Click Energy, and took over many of its customers.

Figure 30 Retailers' market shares in SEQ, by quarter, 2015–16 to 2020–22



Notes: Market shares based on customer numbers collated by the AER (residential and small business customer numbers combined). The graph includes separate market shares for each quarter. Data for the June quarter of 2022 was not available yet at the time we finalised this report.
Sources: AER, Performance reporting, AER website, viewed 4 October 2022; historical data provided by the AER; QCA analysis.

Alinta Energy remained the third-largest retailer in SEQ by market share, exceeding the market share of EnergyAustralia. Alinta Energy's market share in 2021–22 was substantially below its peak in the March quarter of 2020. AGL remained the second-largest retailer in SEQ by market share, with Origin Energy retaining the majority of the market share.[224]

[222] The analysis in this chapter is largely based on our own calculations using data from the AER. It is important to take the following advice from the AER into account when interpreting the data and calculations and drawing conclusions: (1) AGL advised the AER of 'significant errors' with the information it had provided that impacted on many reporting metrics over 2017–18. The AER stated that although AGL resubmitted a complete data set for 2017–18, AGL indicated that previous years' data may still be inaccurate (AER, *Retail energy market performance update for Quarter 2, 2017–18*, 2018, viewed 12 October 2021); (2) EnergyAustralia resubmitted customer numbers across a range of categories, for all jurisdictions, in November 2019. The AER noted that these numbers varied by up to 15% from those originally submitted (AER, *Annual retail markets report 2018–19*, 2019, p 15).

[223] More than 10 of the 'other retailers' included in the AER's performance reporting data had less than 1,000 customers in SEQ in the March quarter of 2022 (AER, *Retail energy market performance update for Quarter 3, 2021–22* [schedule 2], 2022, viewed 4 October 2022).

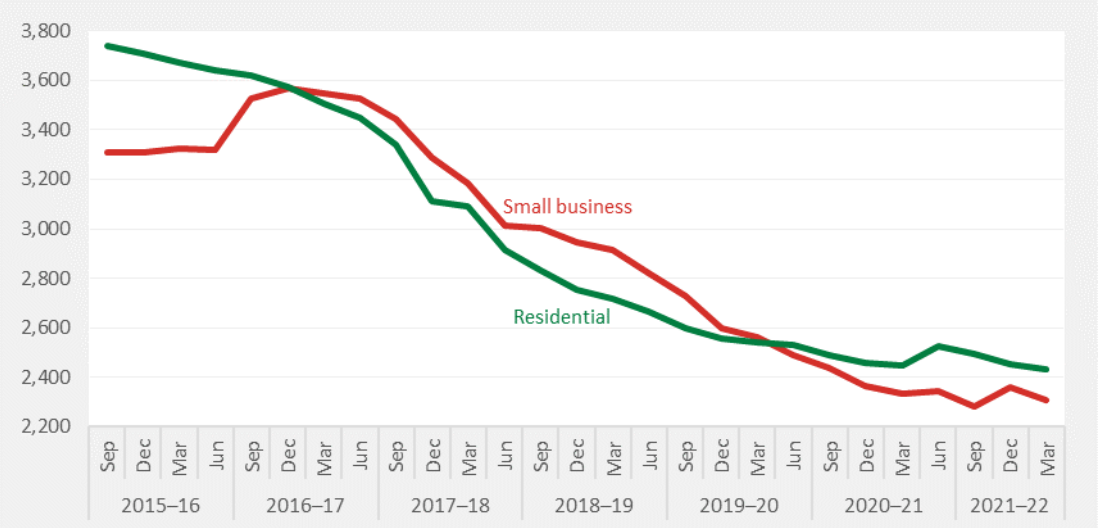
[224] Most of these retailers' customers in SEQ were residential customers in the March quarter of 2022: Alinta Energy—96% residential customers (197,503) and 4% small business customers (8,511); AGL—94% residential customers (385,167) and 6% small business customers (22,422); Origin Energy—93% residential customers (575,485) and 7% small business customers (44,972) (AER, *Retail energy market performance update for Quarter 3, 2021–22* [schedule 2], 2022, viewed 4 October 2022; QCA analysis).

The switching activity in the last few months of 2021–22 (section 8.2.3) suggests that the tier one retailers and Alinta Energy gained market share again in the June quarter of 2022, as the smaller retailers overall lost a substantial number of customers.[225] However, we consider that a higher combined market share of these retailers is not, in itself, inconsistent with a competitive retail market, particularly where it is clear that these retailers compete with each other and with smaller retailers on both price and product differentiation.

Market concentration

Competitive markets tend to have a low level of market concentration. In line with the changes in retailers' market shares from the September quarter of 2015 to the March quarter of 2022 illustrated above (Figure 30), market concentration in the SEQ retail electricity market—measured by the Herfindahl-Hirschman Index (HHI)[226]—decreased over the past few years, especially since the second half of 2016–17 (Figure 31).[227] The decrease in the HHI indicates that market concentration decreased and suggests that competition was gradually developing and enhancing in the SEQ retail electricity market during that time.

Figure 31 Herfindahl-Hirschman Index of the SEQ retail electricity market, 2015–16 to 2021–22



Notes: Index based on residential and small business customer numbers collated by the AER. Data for the June quarter of 2022 was not available yet at the time we finalised this report.
Sources: AER, Performance reporting, AER website, viewed 4 October 2022; historical data provided by the AER; QCA analysis.

Figure 31 shows that the HHI for both the residential and the small business retail electricity markets in SEQ steadily declined over the past few years to around 2,400 in the March quarter of

[225] Retail energy market performance data for the last quarter of 2021–22 was not yet available at the time we finalised this report.

[226] The HHI is a commonly used measure of market concentration, which is calculated by summing the squares of the market shares of all firms competing in a market. A market that has a single firm (i.e. a monopoly) has a HHI of 10,000 (100×100), while a theoretically perfectly competitive market has a HHI approaching zero (AEMC, *2018 Retail Energy Competition Review* [final report], 2018, p 25; AEMC, *2019 Retail Energy Competition Review* [final report], 2019, p 33; AEMC, *2020 Retail Energy Competition Review* [final report], 2020, p 28). The ACCC takes the HHI into account as part of an overall assessment of a merger between two firms. In its merger guidelines, the ACCC states that it is generally less likely to identify horizontal competition concerns with a merger if the post-merger HHI is below 2,000 (ACCC, *Merger Guidelines* [amended November 2017], 2008, pp 34–35; for an application of this threshold see ACCC, *Asahi Group Holdings – proposed acquisition of Carlton & United Breweries* [statement of issues], 12 December 2019). The AEMC concluded that this threshold could therefore be interpreted as 'one indication of a workably competitive market' (AEMC, *2019 Retail Energy Competition Review* [final report], 2019, p 36).

[227] The increase in the HHI in the small business retail electricity market in 2016–17 can be explained by two concurrent trends: (1) total small business customer numbers in SEQ decreased substantially in the first quarter of 2016–17, and continued to decrease—yet to a smaller extent—in the remaining quarters of 2016–17; (2) small business customer numbers of Origin Energy—the retailer with the largest market share—increased from quarter to quarter until the middle of 2016–17.

2022. The increase in the number of retailers operating in SEQ (see section 8.2.5) and the gain in market share by smaller retailers from the two largest retailers contributed to this decrease in market concentration. However, the market movements in the June quarter of 2022 are not captured yet, which are expected to lead to an increase in the HHI again.

We note that the small business HHI has been below the residential HHI since 2019–20. The small business HHI decreased from almost 3,600 in 2016–17 to 2,308 in the March quarter of 2022. This decrease was primarily driven by the decrease in Origin Energy's market share in the small business market, although Origin Energy continued to retain the largest market share.[228] The uptick in the small business HHI in the December quarter of 2021 was primarily due to a reduction in the number of small business customers compared to the previous quarter.

The uptick in the HHI in the last quarter of 2020–21, which was particularly noticeable for the residential retail electricity market can be explained by AGL's acquisition of the Click Energy Group and the resulting increase in AGL's (mainly residential) customer numbers. It is also important to keep in mind that figure 31 does not include the changes in market shares in the June quarter of 2022, which are likely to lead to an increase in market concentration.

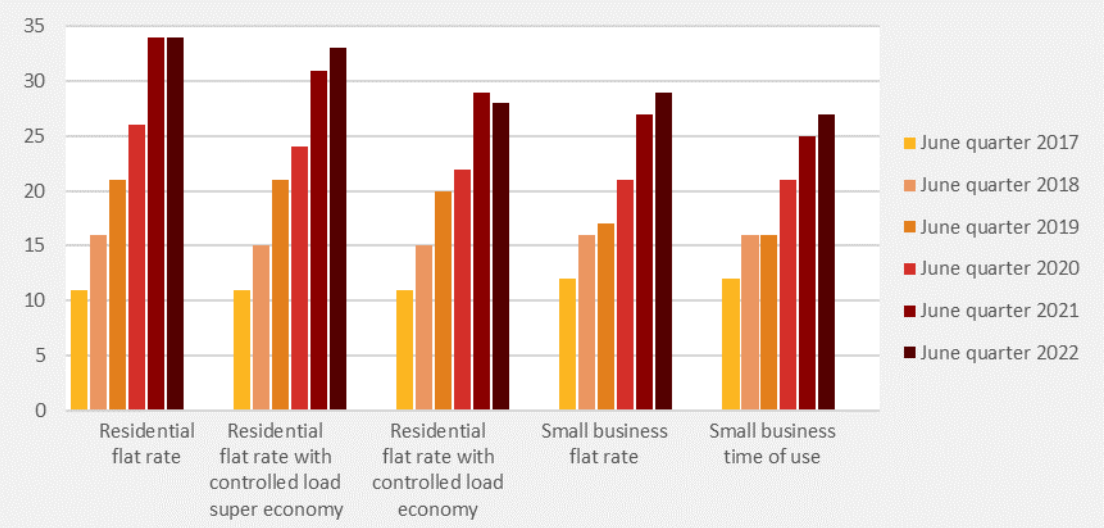
8.2.5 Number of retailers

The number of retailers with at least one market offer available to SEQ customers increased substantially from the June quarter of 2017 to the June quarter of 2022 for each of the five tariffs and tariff combinations we cover in this report (see chapter 2). The number of retailers with residential flat rate market offers more than tripled since the June quarter of 2017, while the number of retailers with small business flat rate or time-of-use market offers more than doubled during the same time (Figure 32).[229]

[228] In the March quarter of 2022, Origin Energy's market share in the SEQ small business retail electricity market decreased to just over 41%, and the largest four retailers had a combined market share of around 77%. In the SEQ residential retail electricity market, Origin Energy was the largest retailer too with a market share of nearly 39%, but the largest four retailers had a much higher combined market share of almost 85% (AER, *Retail energy market performance update for Quarter 3, 2021–22* [schedule 2], 2022, viewed 5 October 2022; QCA analysis).

[229] Under the National Energy Retail Law, retailers must hold a retailer authorisation (unless exempt from the requirement) before they can sell electricity to customers. Some authorised retailers are publishing electricity plans under their own name and under a different retail 'brand', which does not have an authorisation in its own right. The plans of the authorised retailer and those of its retail brand(s) are often substantially different in terms of price and/or other features. We therefore count a retail 'brand' as an additional retailer.

Figure 32 Number of retailers with generally available market offers for customers in SEQ, June quarters of 2017 to 2022



Sources: QCA, SEQ market monitoring, QCA website, 2022; Energy Made Easy; QCA analysis.

Four new retailers entered the SEQ retail electricity market in 2021–22. GEE Energy and Circular Energy had plans available for residential and small business customers, while Brighte Energy and Smart Energy only offered plans to residential customers. Each of these four retailers were only recently granted an electricity retailer authorisation.[230] This suggests relatively low barriers to entry for new retailers that want to operate in the SEQ retail electricity market.

New retailers are likely to challenge established retailers' market position with lower prices and/or innovative plans to gain market share. As this may pose a potential threat to the market position of established retailers, market entries are likely to—directly or indirectly—impact on the prices and/or offerings of established retailers. At the very least, the increasing number of retailers over the past few years has given customers more choice and opportunities to find a cheaper plan or a retailer that better suits their needs and preferences.

It is important to note that competition does not intensify in parallel with the number of competitors in a market. A market with twice the number of competitors is not necessarily twice as competitive, while a market with relatively few players can still be very competitive if none of the players has a significant influence in the market. Moreover, a larger number of retailers may increase costs for customers (search costs) and retailers (acquisition and retention costs).

The AER cautioned that customer acquisition and retention costs tend to be higher in jurisdictions with high rates of customer switching. These costs should—in theory—be offset by reduced retailer profit margins that decrease in a competitive environment, but there is a risk that competition may increase energy bills for customers if the costs of competing outweigh competition benefits from efficiency and innovation.[231]

A rising number of retailers could potentially also add complexity for customers trying to navigate the market and thereby reduce their willingness to engage in the market. The AER was of the view that finding the best deal or shopping around for a better one can be complicated, as retail

[230] Authorisations were granted in November 2020 (GEE Energy, Smart Energy), June 2021 (Brighte Energy) and August 2021 (Circular Energy)—see AER, *Public register of authorised retailers & authorisation applications*, AER website, n.d., viewed 5 October 2022.

[231] AER, *State of the energy market 2022*, 2022, pp 182–183.

contracts or 'offers' can vary significantly, and customers may find 'hundreds of retail offers' that are available at any one time.[232]

Similarly, Alviss Consulting and St Vincent de Paul Society noted that an increasing number of retailers were offering an increasing number of plans and suggested that there were developments indicating that retailers were applying strategies to make the market unnecessarily complex and confusing.[233] A larger number of retailers may therefore not necessarily benefit customers.

8.3 Movement of prices and costs

Electricity prices are to some extent determined by the underlying costs, which include network costs, energy costs and retail costs. As these costs make up a substantial part of a customer's bill, an increase in prices (bills) may result when the underlying costs increase, even if the retail electricity market is competitive. By the same token, we would expect to see decreases in the underlying costs translate into lower prices (bills) if there is sufficient competition. In a competitive retail electricity market, we therefore expect changes in prices to broadly reflect changes in the underlying costs.

8.3.1 Cost build-up for notified prices

Separate from our monitoring of the SEQ retail electricity market, we set regulated ('notified') prices in regional Queensland each year. In accordance with the Queensland Government's uniform tariff policy, we set electricity prices for residential and small business customers in regional Queensland that broadly reflect the expected prices for similar SEQ customers on standing offers. Under our approach, we derive the estimated costs of supplying small customers in SEQ, which serve as a basis to set regulated prices for regional Queensland.[234]

In a competitive market, we would expect prices to broadly move in line with changes in the underlying costs. While an in-depth assessment of retailers' actual costs is outside the scope of this report, we can gain some indicative views of how costs have developed over time compared to prices, using the cost components that we estimated and applied in the cost build-up methodology for the determination of regulated prices in regional Queensland. The cost components for notified prices include network costs, energy costs, fixed and variable retail costs and small-scale renewable energy scheme (SRES) costs.

To compare prices and costs in SEQ, we used these estimated costs for residential and small business flat rate tariffs as a proxy for the actual costs retailers incurred.[235] We grouped the tariff components we used in our determinations for the notified retail electricity prices in regional Queensland for 2015–16 to 2021–22 ('build-up of prices') into three categories—network costs, energy costs and retail costs[236]—and then calculated the annual costs using the consumption levels of a typical SEQ residential or small business flat rate customer (see chapter 2, table 2).

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[232] AER, *State of the energy market 2022*, 2022, p 180.

[233] Alviss Consulting and St Vincent de Paul Society, *The NEM – Lower prices, more offers: Are consumers reaping the rewards? Observations from the Vinnies' Tariff-Tracking Project*, 2021, pp 5, 38.

[234] QCA, *Regulated retail electricity prices for 2018–19* [final determination], 2018, pp 53–63; QCA, *Regulated retail electricity prices for 2019–20* [final determination], 2019, pp 8–10; QCA, *Regulated retail electricity prices for 2020–21* [final determination], 2020, p 9; QCA, *Regulated retail electricity prices for 2021–22* [final determination], 2021, p 11.

[235] We do not have access to retailers' actual costs in 2021–22 (and neither did we in previous years). We consider that the ACCC is best placed to compare and report on how actual costs impact on retail prices in SEQ, given the ACCC's information-gathering powers.

[236] QCA, *Regional electricity prices*, QCA website, n.d. We included SRES cost pass-through costs in retail costs and excluded the standing offer adjustment component of notified prices from our cost estimates.

It is important to be cautious when applying our estimated costs to any assessment of prices in the deregulated SEQ market, because:

- Our pricing decisions reflect our best estimate of costs based on the information available to us at the time of each determination; actual costs may be higher or lower than our estimate. In addition, our decisions do not reflect differences in costs between retailers[237] or account for differences in the costs of supplying products with different attributes.
- We monitor annual bills (including discounts and incentives) for a typical SEQ customer based on plans that were generally available in a particular year, whereas it is the prices customers actually pay over time that enable retailers to recover their costs.
- Retailers use different pricing strategies to recover their costs, which can result in a wide range of prices in the market. For example, prices in a competitive market may vary to reflect the willingness to pay of different groups of customers. This may result in retailers increasing prices for less price-sensitive customers by a bigger amount than prices for more price-sensitive customers. Further, some retailers use discounts and financial incentives in SEQ to decrease prices for some of their customers. Retailers might also adjust the pricing components (such as supply and usage charges) to target high- or low-consumption customers, meaning that comparing changes in regulated and market prices on the basis of 'typical consumption' can be misleading.[238]
- We changed our approach to assessing retail costs for residential and small business customers in the 2016–17 decision to a benchmarking approach, using market offers available in several NEM jurisdictions,[239] which made it impossible to isolate the change in costs from the change in approach.

With these caveats in mind, we calculated the annual costs based on the consumption levels of a typical SEQ customer that we also used to calculate annual bills (see table 2). Figure 33 and Figure 34 indicate that the average market offer prices for residential flat rate and small business flat rate customers (expressed as annual bills) between 2015–16 and 2021–22 moved roughly in line with the costs we estimated.[240] While these results need to be interpreted with caution for the reasons explained above, they suggest that prices have moved in a similar way as costs since 2015–16.

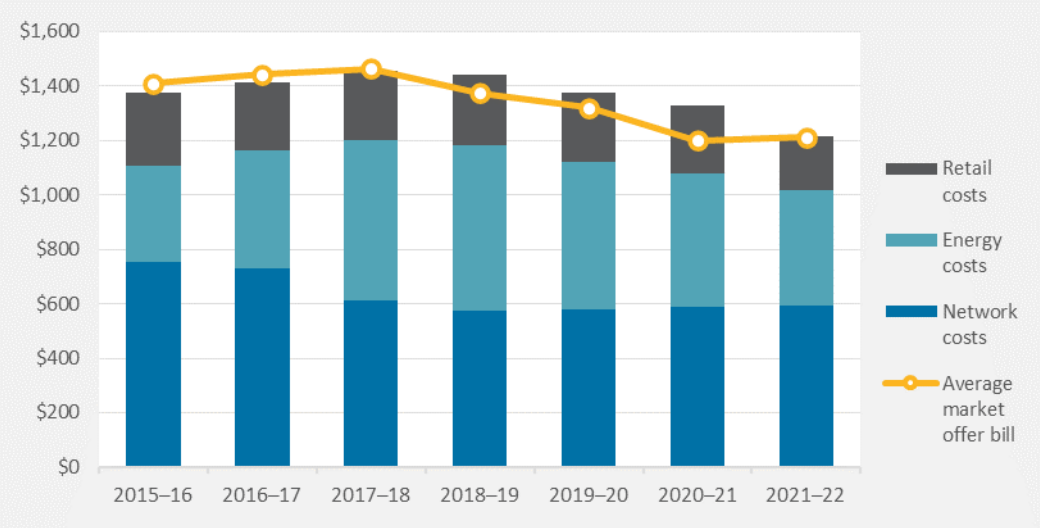
[237] For instance, retailers use a variety of strategies to manage the volatility of electricity spot prices, which may differ from the market hedging approach we use in our pricing decisions. In addition to the market hedging approach (which involves purchasing financial derivatives), other hedging strategies include entering into long-term power purchase agreements with electricity generators and investing in electricity generation. Some retailers are vertically integrated and own generation assets or are aligned with an electricity generation business, including AGL, Alinta Energy, EnergyAustralia, Origin Energy, Powershop, Red Energy, Simply Energy and Tango Energy. Vertical integration allows retailers/generators to insure internally against price risk in the wholesale market, which reduces their need to participate in hedge (contract) markets (AER, *State of the energy market 2022*, 2022, pp 49–50).

[238] For example, Mojo Power said that its market offers generally contained a higher supply charge than its competitors, with much lower usage charges, making its plans generally more compelling for higher energy users. Mojo Power therefore considered that customers that save the most by switching to Mojo Power were generally not 'typical customers' who would be used as the basis for comparison (Mojo Power, submission to the QCA, *SEQ retail electricity market monitoring 2016–17* [scoping paper], 24 October 2016, p 2).

[239] QCA, *Regulated retail electricity prices for 2016–17* [final determination], 2016, pp 24–40.

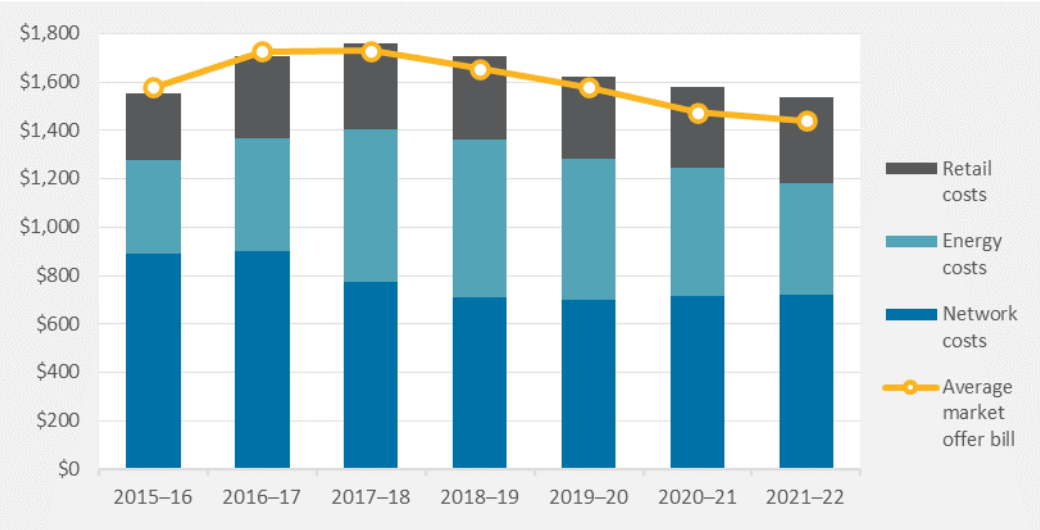
[240] We acknowledge that the actual wholesale energy costs in 2021–22 were higher, especially during 2022, than the cost estimates we had used for the notified price decision that was published in June 2021.

Figure 33 Annual bills versus estimated costs—residential flat rate tariff, 2015–16 to 2021–22



Notes: Costs are estimates only and not actual costs retailers incurred. Annual costs and bills include GST.
Sources: QCA, Regional electricity prices, QCA website, n.d.; Energy Made Easy; QCA analysis.

Figure 34 Annual bills versus estimated costs—small business flat rate tariff, 2015–16 to 2021–22



Notes: Costs are estimates only and not actual costs retailers incurred. Annual costs and bills include GST.
Sources: QCA, Regional electricity prices, QCA website, n.d.; Energy Made Easy; QCA analysis.

8.3.2 Other regulators' analysis of retail electricity costs and prices

As part of its ongoing inquiry into the NEM, the ACCC monitors, among other things:

- retail prices, including the level and spread of electricity offers
- how wholesale prices influence retail prices, and whether any wholesale cost savings are passed through to customers
- wholesale market prices, including their contributing factors
- profits made by generators and retailers
- contract market liquidity.[241]

[241] ACCC, *Electricity market monitoring 2018–2025*, ACCC website, n.d., viewed 29 April 2022.

The ACCC collects cost data directly from retailers by using its information-gathering powers, given that actual retailer cost data is not otherwise publicly available.[242] We consider that because of the scope and ongoing nature of the ACCC's inquiry, and the information gathering-powers available to the ACCC under section 95ZK of the Competition and Consumer Act, the ACCC is better placed than any other government agency, regulatory body or industry stakeholder to analyse the extent to which retail electricity prices move with actual costs in SEQ.

The ACCC also enforces the Prohibiting Energy Market Misconduct Act that came into effect in June 2020 and requires retailers to pass on reductions in the 'underlying costs of procuring electricity' to customers. These underlying costs of procuring electricity, which consist of network costs, wholesale electricity costs and the cost of complying with environmental schemes, made up about 87% of a residential customer's bill and 90% of a small business customer's bill according to the ACCC's latest analysis of retailer cost stack data.[243] Drawing on data obtained directly from retailers, the ACCC concluded in May 2022 that the decreases in effective prices it had observed in 2020–21 were broadly reflective of the changes in input costs—that is, wholesale, network and environmental costs.[244]

Similarly, the AER noted that decreases in market offer prices were most evident in 2020 and 2021 as a lagged response to sharply falling wholesale costs over 2019 and 2020. An analysis of cost components for the average residential customer in SEQ in 2021–22 also showed that wholesale, network and environmental costs made up most of a residential bill.[245]

The AEMC analysed the cost components of the electricity 'supply chain' that contribute to the overall price paid by residential consumers. For SEQ, the AEMC found that environmental policies, regulated networks and wholesale costs made up all but $25 of an annual residential market offer bill in SEQ in 2021–22 for a representative customer, down from $102 in 2020–21.[246] The AEMC's results also suggest that prices in SEQ were closely aligned to underlying costs.

8.4 Spread of prices in the market

In competitive markets, firms may use a market segmentation strategy to compete for customers. This can include charging higher prices to customers who are less price-sensitive and/or less active in the market, to be able to compete for more price-sensitive and/or more active customers with lower prices. Examples of price discrimination are lower movie ticket prices for students and pensioners, and varying prices for customers booking hotel rooms or airline tickets. Such price discrimination enhances overall consumer welfare, as the lower prices approach marginal cost and output increases relative to a situation with a single average price that applies to all customers. Price discrimination in retail markets is generally considered to be welfare-enhancing.[247]

To assess the extent of the price spread, or price dispersion, in the SEQ retail electricity market since prices were deregulated, we drew on our analysis of price trends and bill data (chapter 2

[242] The ACCC reiterated in 2022 that it would continue to examine changes in the wholesale, network, environmental and retail costs of electricity supply, and that this cost data would be the focus of its next report (ACCC, *Inquiry into the National Electricity Market*, May 2022, p 8).

[243] The ACCC based it on cost stack data for 2020–21 (ACCC, *Inquiry into the National Electricity Market*, November 2021, pp 4, 10). For more information on the *Treasury Laws Amendment (Prohibiting Energy Market Misconduct) Act 2019* (Cth), see Department of Climate Change, Energy, the Environment and Water, *Prohibiting energy market misconduct*, energy.gov.au, 18 September 2019, viewed 6 October 2022, and ACCC, *Guidelines on Part XICA – Prohibited conduct in the energy market*, 2020.

[244] ACCC, *Inquiry into the National Electricity Market*, May 2022, pp 6–7, 17–18.

[245] AER, *State of the energy market 2022*, 2022, pp 178, 181–182.

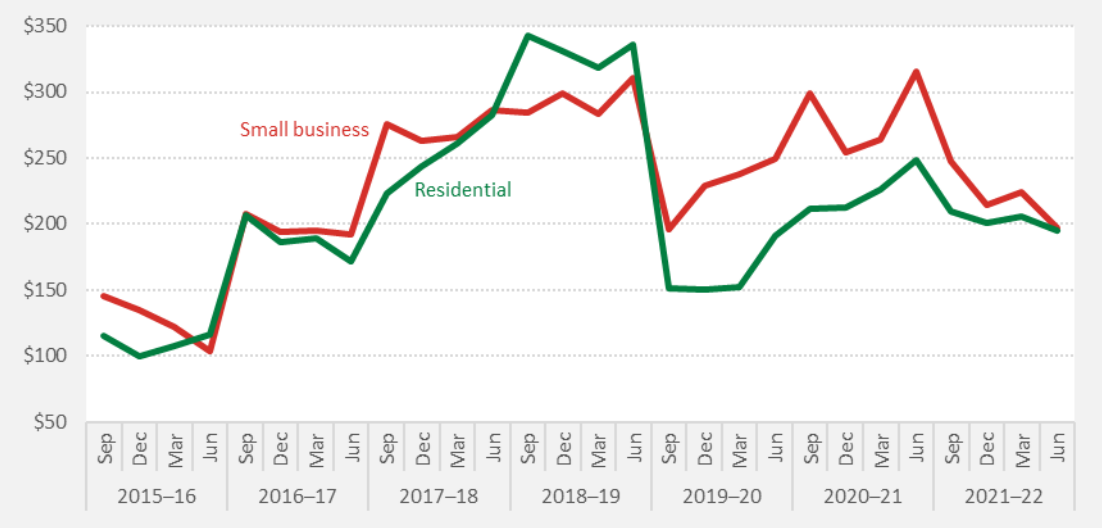
[246] AEMC, *Residential Electricity Price Trends 2021* [final report], 2021, pp i, 8. The AEMC's representative consumer in SEQ has an annual consumption of 5,240 kWh.

[247] T Nelson, E McCracken-Hewson, P Whish-Wilson and S Bashir, 'Price dispersion in Australian retail electricity markets', *Energy Economics*, vol. 70, 2018, p 158.

and appendix C). We calculated the spread as the difference between the highest-priced and the lowest-priced bills—that is, between average standing offer and lowest market offer bills for the typical SEQ customer.[248] We present this analysis for residential and small business flat rate tariffs only, which were the most common tariffs for SEQ customers. The spread of the other tariffs and tariff combinations we cover in this report was similar.

Price dispersion in the SEQ retail electricity market gradually increased between 2015–16 and 2018–19 (Figure 35). In the September quarter of 2019, there was a sharp decline in price dispersion after the DMO was introduced due to the significant reduction in standing offer bills, especially for residential customers. But price dispersion trended upwards again during 2019–20 and 2020–21. This trend reversed in 2021–22 as standing offer bills continued to decrease in line with the DMO determination and market offer bills gradually increased. Nonetheless, price dispersion was still between $50 and $100 higher at the end of 2021–22 than it was in 2015–16.

Figure 35 Price dispersion in the SEQ retail electricity market, 2015–16 to 2021–22



Notes: The spread is based on bills for residential flat rate and small business flat rate plans and compares the average standing offer bill and the average lowest market offer bill. Bills for each quarter since 2015–16 have been recalculated using the consumption levels of the typical SEQ customer (table 2).
Sources: Energy Made Easy; QCA analysis—see chapter 2 and appendix C.

We consider price dispersion to be an expected outcome in the SEQ retail electricity market, as retailers try to attract new and price-sensitive customers with lower market offers, while earning more from those customers that are not engaged or less active in the market and/or are less price-sensitive and remain on more expensive market or standing offers.[249] A range of offers also gives customers the opportunity to find the best plan for their circumstances, including their individual consumption.

Price differences can accelerate competition as they provide an incentive for customers to shop around, given the potential savings that can be realised. A range of prices may also reflect the variation in service and product offerings, and the different price strategies retailers use to

[248] The average highest market offer bill was higher than the average standing offer bill for the typical SEQ customer on a residential flat rate plan in the June quarter of 2022 (see section 2.2.4).

[249] The Public Interest Advocacy Centre (PIAC) referred to the spread of prices as a 'subsidy' between consumers (PIAC, submission to DISER, *Competition and Consumer (Industry Code – Electricity Retail) Regulations 2019* [Post-Implementation Review], 11 October 2021, p 3). Many people also consider such a pricing strategy as unfair or inappropriate, given that it is for an essential service where there has traditionally been little product differentiation (IPART, *Monitoring the NSW energy retail markets 2021–22* [draft report], 2022, p 20).

recover their costs.[250] In the long run, a decrease in price dispersion would therefore likely result in lower customer engagement and a reduction in the share of active customers, which could in turn lead to less competition in the market.[251]

The potential savings customers can achieve effectively encourages customer engagement and switching behaviour. Survey data from the AEMC suggests that residential customers need to save around 20% on their bills, and small businesses 20% to 26%, compared to their existing plan, before they are likely to switch. Similarly, Newgate Research showed that customers with higher bills expected bigger savings before they considered switching. The average annual savings expected to seriously consider switching retailers or plans were $218 for residential customers and $386 for small business customers in SEQ.[252]

It is important to keep in mind that the price dispersion reported in this section is based on the range of plans published on Energy Made Easy in each quarter. The literature shows that the use of advertised prices can lead to an overestimation of price dispersion, as it is likely that not all the higher-priced plans (standing offers, in this case) are taken up by customers.[253] As the majority of customers in SEQ are on market offers,[254] it is likely that their potential savings are less than the difference between the average standing offer bill and the average lowest market offer bill suggests. The actual savings a typical SEQ customer could realise depend on their current bill at the time of switching to the cheapest market offer available.

8.5 Inactive or disengaged customers

Evidence suggests that many customers do not switch plans regularly, which is also supported by our findings in section 8.2.3. Despite a significant increase in the switching rate in the second half of 2021–22, we found that only about one in five SEQ customers switched retailers over the course of 2021–22 (Figure 27). This means that many SEQ customers are probably not on the best plan for their circumstances. In fact, research published in December 2021 found that very few consumers had been accessing the best market offers—only 1% of SEQ customers were with the three retailers that offered the best market offers.[255]

Competition in the retail electricity market works when consumers can (and do) pick the best product out of the market and switch when there is a better plan for them, but available evidence—including our own findings—suggests that this is often not the case. This may, in part, be due to inattention, complexity of information and low levels of trust and confidence.[256] Among the roughly four out of five SEQ customers who did not switch in 2021–22, there may also be some customers who are not interested in actively shopping around and switching when a better plan becomes available, because they:

- are willing to pay higher prices, as they value the benefits they receive on their electricity plan (such as no late payment fees or the plan being easy to understand)

[250] IPART, *Monitoring the NSW electricity retail market 2020–21* [final report], 2021, p 2.
[251] AEMC, *Advice to COAG Energy Council: Customer and competition impacts of a default offer* [final report], 2018, pp v, viii.
[252] AEMC, *Advice to COAG Energy Council: Customer and competition impacts of a default offer* [final report], 2018, p. 46; Newgate Research, *Australian Energy Market Commission (AEMC) – Consumer Research for 2016 Nationwide Review of Competition in Retail Energy Markets* [research report], 2016, pp 70–71.
[253] A Ghose and Y Yao, 'Using transaction prices to re-examine price dispersion in electronic markets', *Information Systems Research* [articles in advance], 1 February 2010, pp 1–2, 20.
[254] In the March quarter of 2022, 89.3% of the residential and 80.2% of the small business customers in SEQ were on a market offer (AER, *Retail energy market performance update for Quarter 3, 2021–22* [schedule 2], 2022, viewed 7 October 2022; QCA analysis).
[255] Alviss Consulting and St Vincent de Paul Society, *The NEM – Lower prices, more offers: Are consumers reaping the rewards? Observations from the Vinnies' Tariff-Tracking Project*, 2021, p 4.
[256] Behavioural Insights Team, *Testing comprehension of the reference price* [final report], 2020, p 8.

- feel that the benefits of shopping around do not outweigh the costs (such as the time it takes to search, compare and switch)
- are not very price-sensitive
- are, for a range of reasons, vulnerable and require targeted assistance with managing their electricity plan.[257]

Despite steps taken by government and regulatory agencies to promote customer engagement and switching, some customers will continue to pay more for electricity than they need to. While not switching retailers or plans may be a rational choice for some customers, for other customers, the complexity and the lack of knowledge of the market may prevent them from fully benefiting from competition.

8.6 Complexity of the market

Markets are usually more competitive when they are transparent, competitors' offerings are easy to understand and compare, and it is easy to switch between competitors. If customers find the process of navigating the market, comparing offerings and switching overly complex, competition may not be working as effectively as it should, and customers may not be on the best offering for their circumstances. In the retail electricity market, this means that customers should be able to easily compare plans and at any time switch to the retailer with the plan that best suits their current circumstances.

In recent years, it has often been stated that customers find it challenging to compare numerous retail electricity plans and retailers, and then find the best plan for their circumstances. In an effectively functioning competitive market we would expect that consumers' confidence in their ability to make the right decisions increases over time as they become more familiar with the market and find it easier to access the right information to make informed decisions.[258] As consumers' confidence in the market increases, they are more likely to engage in that market, which promotes competition and efficient outcomes.[259]

Energy Consumer Australia's energy consumer sentiment survey for June 2022 found that residential customers in SEQ had the highest satisfaction with the level of competition in Australia (e.g. range of choices or number of potential suppliers), and the third-highest percentage of customers who were confident in their ability to make choices about energy products and services (e.g. which plan or supplier to choose). However, only about half of the SEQ customers (57%) were confident that there was enough easily understood information available (e.g. on the internet, through energy comparison websites or elsewhere) to make decisions about energy products and services, and less than half (43%) were confident that the overall market (energy industry and energy regulators) were working in their long-term interests.[260]

[257] QCA, *SEQ retail electricity market monitoring 2019–20*, 2020, p 159.

[258] In previous years, we drew on information collected by the AEMC for its annual retail energy competition review to analyse customers' current assessment of the market and over time. However, the AEMC has not undertaken a review since 2020 (AEMC, *Priorities in a Post 2025 reform environment*, AEMC website, n.d., viewed 10 October 2022).

[259] The AEMC considered consumer protections as an important factor in promoting and maintaining consumer confidence in retail energy markets (AEMC, *Applying the energy market objectives*, 2019, p 9).

[260] Energy Consumers Australia, *Energy Consumer Sentiment Survey – Household Topline Results*, June 2022, pp 13, 24. We note that SEQ had the highest percentage of customers who were confident in their ability to make choices about energy products and services in the first half of 2021–22 (73%). Similarly, confidence in the availability of enough easily understood information (66%) and in the market (51%) were higher during that time (Energy Consumers Australia, *Energy Consumer Sentiment Survey – Household Topline Results*, December 2021, pp 13, 24).

The typical SEQ customer still had the potential to save in 2021–22 by switching to one of the cheaper plans that became available (see chapter 2). However, switching rates (section 8.2.3) suggest that many SEQ customers did not switch retailers, although new plans were available that could have resulted in savings on their electricity bill. While there may be multiple explanations why customers do not switch to a cheaper plan, we consider that the complexity of the market may be a contributing factor in some circumstances.

The AER was of the view that retailers have added to the complexity by adopting marketing strategies that make it difficult for customers to directly compare plans, with customer surveys regularly reporting that customers find the energy market difficult to navigate.[261] 'Confusion is creeping back in' another stakeholder observed, with 'a lot of offers out there, more than there used to be'.[262] Consumer advocacy groups have even described the retail energy market as a 'confusopoly'—a market where complex offers and contract conditions have failed to facilitate informed choices by consumers.[263] The comments made in the context of an analysis of consumer engagement in Victoria's retail electricity market echo these sentiments:

> However, as the retail electricity market matured it became more difficult for consumers to navigate. Retailers' business strategies evolved to embody deliberately confusing marketing practices triggering a proliferation in the number and complexity of products, greater price dispersion and opaque discounting strategies. This has resulted in extensive price discrimination among different types of consumers.[264]

8.6.1 Choosing between retailers and plans

It can be a complex and confusing task for customers to try to assess which plan would be the cheapest one given their individual electricity consumption profile and other circumstances. After all, there are numerous retailers and plans to choose from—43 retailers were active in the SEQ retail electricity market in 2021–22 (chapter 1) and a plethora of plans were available over the course of the year, some of which had access restrictions (e.g. only customers with a smart meter) or eligibility criteria (e.g. customers with a seniors card or members of an organisation).

The plans themselves may vary too, as there are different types of plans—plans with a flat rate tariff, with controlled load(s), with demand charges, time of use plans and many more. Retail electricity plans also have different price components—supply and usage charges, and sometimes demand charges, time-varying charges or other charges depending on the type of plan, which are not always straightforward to compare. Additional challenges may arise when comparing electricity plans that are bundled with other products like internet or gas, or come with solar or battery options that require an upfront investment.

While more 'innovative' energy plans, including plans based on cost-reflective network tariffs, may provide some consumer benefits, they may also be more difficult to understand and compare. IPART cautioned that although governments and regulators have put various measures in place to help customers compare plans, it may become more difficult for customers to compare plans using these tools as more innovative pricing structures are being introduced.[265] We note

[261] AER, *State of the energy market 2022*, 2022, p 207.
[262] Gavin Dufty of the St Vincent de Paul Society, quoted in A Bainbridge, 'Electricity prices have dropped. Here's why, and how to save even more on your power bills', *ABC news*, 19 January 2022, viewed 13 October 2022.
[263] See, for example, Energy Consumers Australia, submission to the AEMC, *National Energy Retail Amendment (Regulating conditional discounting) Rule* [consultation paper], 23 September 2019, p 2, and Public Interest Advocacy Centre, submission to the Standing Committee on Economics, *Inquiry into impediments to business investment*, 11 May 2018, p 2.
[264] A O'Keefe and D Wong, 'Money left on the table or rational inertia? Consumer engagement in Victoria's retail electricity sector', *Victoria's Economic Bulletin*, vol. 3, April 2019, p 2.
[265] IPART, *Monitoring the NSW electricity retail market 2020–21* [final report], 2021, pp 22–23.

that this is the case, for example, for plans with demand charges, as Energy Made Easy does not currently provide a bill estimate for such plans.

In the context of its consumer vulnerability strategy, the AER considered ways to enable consumers to compare energy services more easily and to encourage 'competition by comparison' between retailers. Research showed that where consumers are not able to identify and choose services based on service quality levels, businesses do not face competitive pressure to improve their products or services.[266] Or as the Consumer Policy Research Centre put it: 'where consumers cannot pick 'lemons' from 'peaches', firms do not face competitive pressure to improve their service offering'.[267]

8.6.2 Fees, discounts and incentives

Once customers have decided on a retailer and the type of plan most suitable for their circumstances, fees (chapter 4) as well as discounts and incentives (chapter 3) can add an additional element of complexity when customers then want to determine the best plan. Customers need to bear in mind that:

- discounts and incentives may be subject to eligibility criteria and terms and conditions, such as paying on time, using a certain payment method, being a new customer, signing up via a third party, or it only being available in the first year of the contract
- discounts can be guaranteed or conditional, and off the total bill or off usage charges only
- retailers have to compare market offer prices to the DMO prices and state a comparison percentage to the reference bill in their advertisements. The DMO reference bill is based on a 'representative customer' with a specific annual usage, which is likely to differ from the actual customer's annual usage. How much customers effectively pay depends on their individual consumption. This is particularly important for small business customers, as the DMO bill in 2021–22 was based on an annual consumption of 20,000 kWh, while the median small business flat rate customer in SEQ consumed only 4,465 kWh per year (table 2)[268]
- the comparison percentage in advertisements must not be mistaken for a discount[269]
- the interchanging use of the terms 'DMO' and 'reference price' can cause confusion[270]
- savings from discounts depend on the customer's consumption—a plan with a lower discount may in fact result in a lower bill for some customers than a plan with a high discount as the following example illustrates:

Example—A SEQ customer with a typical consumption (table 2) has the choice of two plans:

	Discount (off usage)	*Supply charge*	*Usage charge*	*Annual bill*
Plan A	*10%*	*160 cents*	*18 cents*	*$1,439*
Plan B	*3%*	*90 cents*	*20 cents*	*$1,314*

Although plan B has a lower discount off usage charges attached, this plan results in a lower bill for the typical SEQ small business flat rate customer than plan A, which has a much higher discount off usage charges, but a much higher supply charge.

[266] AER, *Consumer Vulnerability Strategy* [draft for consultation], 2021, p 32; AER, *Towards energy equity — A strategy for an inclusive energy market* [supporting document], 2022, p 22.

[267] Consumer Policy Research Centre, *Picking Peaches: Service Quality in the Victorian Energy Market – a summary report*, 2020, pp 2, 6.

[268] In its 2022–23 determination, the AER decided to adopt a 10,000 kWh benchmark for small business users as it considered this benchmark to be more representative than the previous benchmark of 20,000 kWh per year (AER, *Default market offer prices 2022–23* [final determination], 2022, pp 2, 51).

[269] ACCC, *Guide to the Electricity Retail Code* [version 3], 2021, p 31.

[270] Simply Energy, submission to DISER, *Competition and Consumer (Industry Code – Electricity Retail) Regulations 2019* [Post-Implementation Review], 11 October 2021, p 2.

- financial incentives directly impact the bill, but may only be a one-off
- non-financial incentives do not affect the bill value but can provide benefits and value to a customer in ways that are not always easy to quantify and compare for customers.

Alviss Consulting and St Vincent de Paul Society acknowledged that online sign-up, direct debit payments and e-billing provide value, but considered that the various product offerings available may indicate that retailers were applying strategies to make the market unnecessarily complex and confusing. The authors noted that retailers did not just offer a better price, but instead 'consumers are asked to consider the value of an eGift Card compared to an account credit, whether a free St Kilda guernsey is more valuable that a $100 prepaid digital Mastercard etc.'[271]

Discounts have become less common, and in particular, fewer plans had conditional discounts attached in the June quarter of 2022 than a few years ago (see chapter 3). There was also a shift from conditional to guaranteed discounts following changes to the legal framework for discounting. This means that customers had more plans available that were presumably easier to compare. However, we consider that it remains challenging for customers to assess the value of savings available on plans with conditional discounts and/or financial or non-financial incentives attached, which adds to the complexity of finding the 'best' plan.

8.6.3 Comparison sites

Research undertaken for the AEMC showed that price comparison websites were the second most common information source, after general internet searches, for residential consumers looking to investigate or switch energy plans.[272] Numerous commercial comparison sites promise customers to find a better plan and save on electricity bills (and sometimes even to assist customers with the switching process). However, customers need to be aware that most commercial comparison sites work on commissions-based arrangements with retailers and have an affiliation with a limited number of retailers only (some more than others). Examples of commercial sites disclosing this caveat include:

- Compare the Market—'We don't have access to all of the products available in your area: we do not compare all brands in the market, or all products offered by all brands. At times certain brands or products may not be available or offered to you. From time to time we may have access to better offers that are only available over the phone. Call us to see if you are eligible.'[273]
- iSelect—'iSelect does not compare all providers or plans in the market. Not all plans or special offers are available at all times, or in all areas. Some plans and special offers are available only from iSelect's contact centre. Not all plans made available from our providers are compared by us and due to commercial arrangements, area and availability, not all plans compared by us are available to all customers.'[274]
- Finder—'We're reader-supported and may be paid when you visit links to partner sites. We don't compare all products in the market, but we're working on it!'[275]

[271] Alviss Consulting and St Vincent de Paul Society, *The NEM – Lower prices, more offers: Are consumers reaping the rewards? Observations from the Vinnies' Tariff-Tracking Project*, 2021, p 39.
[272] Newgate Research, *Consumer research for the Australian Energy Market Commission's 2017 Retail Energy Competition Review* [final report], 2017, p 27.
[273] Compare the Market, *Compare Electricity and Gas — Look for great energy prices. Get access to great discounts*, Compare the Market website, n.d., viewed 11 October 2022.
[274] iSelect, *Compare Electricity & Gas — Save time and effort by comparing a range of energy plans with iSelect*, iSelect website, n.d., viewed 11 October 2022.
[275] Finder, *Compare Electricity and Gas Plans — Save on your power bill by switching plans with Energy Finder*, Finder website, n.d., viewed 11 October 2022.

- Econnex—'We do not compare all brands in the market, or all products offered by all brands. At times certain brands or products may not be available or offered to you. If you proceed with an energy plan through the Econnex Comparison platform; Econnex Comparison, CIMET Sales and CIMET Sales partners may each receive a referral fee.'[276]

This means that customers may not find certain retailers, and even certain plans of affiliated retailers, when they use commercial comparison sites. Customers could therefore miss out on the cheapest plans that are currently available in the market if they rely on commercial comparison sites.

The AER operates Energy Made Easy, a free Australian Government energy price comparison service for households and small businesses. Energy Made Easy is independent of commercial third parties and includes all generally available offers in the market.[277] The availability of all plans is one of the key advantages of Energy Made Easy over commercial sites that are not required to continually publish all available plans from all retailers. We consider Energy Made Easy is the most important and the most reliable tool for SEQ customers to analyse, compare and select from all the available plans in the market.

The AER stated in September 2022 that Energy Made Easy had been accessed by almost 2 million users over the past year in more than 4.9 million sessions.[278] Nonetheless, commercial comparison sites remain popular. We note that a range of commercial comparison sites tend to show up first when customers use a search engine and search for terms like 'energy comparison' or 'switch energy supplier' rather than searching specifically for 'Energy Made Easy'.

It is also important to keep in mind that comparison sites generally only compare 'traditional' plans. For some newer plans (e.g. plans that include demand charges), comparison sites do not provide a bill estimate and advise customers to contact the respective retailer for demand pricing details, or merely say that a demand charge may apply that is not included in the cost estimate and plan rankings.[279] This makes it more challenging for customers to reliably compare a range of new and/or innovative plans.

8.6.4 Vulnerable customers

Competition in the retail electricity market will only benefit customers who regularly compare plans and switch if a better plan becomes available. Unfortunately, some customers find it more difficult than others to navigate the retail electricity market due to language barriers, cultural issues, disabilities, low levels of numeracy and literacy and lack of internet access, which are just some of the issues that can constrain a customer's ability to engage in a market.[280]

[276] Econnex, *Compare, Switch, Save*, Econnex website, n.d., viewed 11 October 2022.
[277] AER, *AER Retail Pricing Information Guidelines* [version 5.0], 2018, pp 8–14, clauses 19–69. As we noted previously, it is also important to keep in mind that commercial comparison websites may include incomplete and/or outdated information on the SEQ (and regional Queensland) retail electricity markets (QCA, *SEQ retail electricity market monitoring 2019–20*, 2020, p 155).
[278] AER, *State of the energy market 2022*, 2022, p 1.
[279] For plans with demand charges (available to customers with a smart meter only), the search results on Energy Made Easy included a bill value, but customers were advised that '[a]dditional recurring charges will increase this cost'. Further explanations clarified that the 'demand charge is an additional charge that does not appear in the Energy Made Easy price estimate. To find out how a demand charge is calculated and how it may affect you, please contact your retailer' (AER, *Energy Made Easy*, Australian Government website, n.d., viewed 11 October 2022). Similar notifications were included on commercial sites. iSelect, for example, stated that 'A Demand Charge may apply to some electricity plans and is not calculated in the cost estimations and plan rankings below' (iSelect, *Electricity & Gas Comparison*, iSelect website, n.d., viewed 11 October 2022).
[280] ACCC, *Restoring electricity affordability and Australia's competitive advantage* [final report], 2018, p 291.

Chair of the AER, Clare Savage, noted that:

> energy markets were designed with a narrow view of vulnerability… [it is] an incredibly complex market that even energy professionals like me can struggle to engage with. Yet we know that 44% of Australians are insufficiently literate to get by in everyday life… We designed a market that assumed consumers could, and would, shop around to get the best possible deal and assumed that those who didn't shop around could afford not to. But we know that for a range of reasons, including in some cases mental health challenges, some consumers can't shop around and access that better offer.[281]

Given these challenges, our view is that targeted assistance for vulnerable customers in SEQ is critical to ensure such customers can, and do, benefit from competition and access the best plan for their circumstances. This is particularly important in the current environment of rising retail electricity prices (chapters 2 and 9), which means that energy bills are likely to add even more financial pressure for customers in vulnerable circumstances.

The AER's development of a consumer vulnerability strategy seeks to inform its work and how it considers consumer issues. The AER noted that the ways in which markets operate can directly influence consumer outcomes and that new vulnerabilities can be created, or existing challenges compounded, when markets are complex, or not inclusively and universally designed. The AER's strategy envisages four overarching outcomes for the energy market:

- Barriers to consumers engaging in the market are reduced and consumers can access the products and services that best meet their needs.
- Consumers facing payment difficulty receive effective, tailored assistance.
- The transitioning and future energy market meets the needs of consumers.
- Energy affordability is improved, including by reducing the cost to serve where possible.[282]

While we expect that these outcomes will help all SEQ customers, we consider that vulnerable customers who may not have been active in the retail electricity market due to various reasons will benefit in particular. We also note the AER's recommendation to consider the broad spectrum of circumstances and situations that people face when identifying and defining vulnerability. For example, living with low literacy, mental ill health and experiences of family violence within the household all present barriers to consumers being able to manage their energy accounts effectively.[283]

8.6.5 Electricity bills

Electricity bills contain key information to help customers compare their current plan to other available plans and make more confident decisions. A bill includes a customer's energy consumption, and the supply and usage charges (and any other charges) of their current plan. However, retailers sometimes use different terminologies. For example, instead of 'supply charge', some retailers may refer to it as a '(daily) fixed charge', a 'service charge' or even a different term. This can make it difficult for customers to use the information on their bill to try and find a better plan on Energy Made Easy.

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[281] C Savage, *Towards energy equity: Opinion piece from AER Chair Clare Savage* [news release], 20 October 2022; C Savage, 'We made shopping for power too hard for consumers', *The Age*, 20 October 2022, both viewed 25 October 2022.

[282] AER, *Consumer Vulnerability Strategy* [draft for consultation], 2021, p 17.

[283] The AER noted that there is no uniformly accepted definition of consumers experiencing vulnerability, and was mindful that labels such as 'vulnerable' could stigmatise the people it is trying to support or imply that their disadvantage is due to their own personal characteristics or failings. It therefore rather uses the term 'vulnerable' to refer to an experience that consumers may have within the energy sector in their lives (AER, *Towards energy equity — A strategy for an inclusive energy market*, 2022, pp 4, 13). See also D Mercer, 'Australian Energy Regulator calls for reform as power bills continue to rise', *ABC news*, 20 October 2022, viewed 21 October 2022.

Following a rule change proposal from the Australian Government in April 2020 to develop an enforceable 'Better Bills Guideline', the AEMC released a more preferable final rule in March 2021 that requires retailers to comply with a mandatory guideline for electricity (and gas) bills to be developed by the AER.[284] The AEMC replaced the bill content requirements in rule 25 of the NERR with a new requirement for the AER to make a billing guideline (by April 2022) in relation to how retailers prepare and issue bills to small customers. Among other aspects of the proposal, the AEMC considered that standardising the language and terminology across energy plans, retail contracts and bills would contribute to retail competition and innovation, as customers with a sound understanding of the basics of their plan and bill would be more able to seek better plans.[285]

The AER noted that consistent use of language in consumer and marketing communications can improve consumer comprehension. Over time, greater familiarity with language would reduce the cognitive burden required to engage with documents, which in turn would improve attention and retention and promote confidence.[286] In March 2022, the AER published its final Better Bills Guideline and explained that the requirements of this guideline intended to:

- simplify energy bills and make them easier for consumers to understand
- strengthen the ability of consumers to make informed decisions in their best interests
- enable innovation and promote effective competition
- simplify the regulatory framework to reduce the cost to serve for retailers.[287]

Among other requirements, the AER requires retailers to use simple language, terminology and grammar when providing unique product descriptions, and to avoid uncommon terminology. Although a consistent use of language in consumer and marketing communications can improve customer comprehension, the AER does not require standardised language (beyond the better offer messaging). However, the AER recommends that retailers consider consistency of terms in bills with those used in other energy-related communications to prioritise customer comprehension and literacy of the energy market.[288]

We welcome the AER's new guideline and recommendations, as we have consistently highlighted the challenges for customers due to retailers' inconsistent use of language and terminology.[289] However, we consider that standardising the language and terminology further across energy plans, retail contracts and bills would be of benefit to small customers. This would be likely to help customers compare their bills with the prices of the new plans that are available. We consider that it would remove some of the difficulties customers face when they try to navigate the market in search of a better plan.

[284] AEMC, *Bill contents and billing requirements* [rule determination], 2021, p 1.
[285] AEMC, *Bill contents and billing requirements* [rule determination], 2021, pp i, 14–15.
[286] AER, *Notice of Draft Instrument: Draft AER Better Bills Guideline*, 2021, p 25.
[287] AER, *Better Bills Guideline*, 2022; AER, *Notice of Instrument: Better Bills Guideline*, 2022, p 1. The AEMC made a final rule in October 2022 to give retailers more time to comply with the new provisions in the AER's Better Billing guideline, changing the implementation date for those new provisions from 31 March 2023 to 30 September 2023 (AEMC, *Delaying implementation of the AER Billing guideline*, AEMC website, n.d., viewed 13 October 2022).
[288] AER, *Notice of Instrument: Better Bills Guideline*, 2022, pp 14–15.
[289] See for example, QCA, submission to the AER, *Draft AER retail pricing information guidelines*, March 2018, p 2. In our submission, we acknowledged the improvements to language and terminology the AER was proposing for the draft energy plan documents on Energy Made Easy and supported the AER's proposal to undertake a more comprehensive review of language in the energy sector in the future. Also see QCA, *SEQ retail electricity market monitoring 2019–20* [appendices], 2020, pp 44–45.

8.6.6 Variety of tariff structures

Accurassi considered the complexity of the tariff structures themselves as one of the causes of bill complexity, low comprehension and low engagement overall. Accordingly, it suggested that a move to tackle the root causes of energy bill complexity at the retailer and distributor level would go further in aiding comprehension than basic layout or formatting changes. To illustrate its point, Accurassi cited some examples of tariff complexity:

- Its own software has more than 100 unique methods just to identify a 'Controlled Load 1' charge across all retailers for the Australian domestic electricity market.
- Retailers continue to create new names for tariffs, which leads to more confusion and potentially misinformation.[290]

Accurassi recommended that future work should ultimately challenge the number, types and variety of tariffs that 'recently exploded into the thousands' due to multiple distributors and retailers implementing 'a multitude of different fixed and variable tariffs'.[291]

The AER was also of the view that market developments—such as the rollout of smart metering and cost-reflective tariffs—were adding additional layers of complexity to the market. Customers can find it difficult to compare plans or understand the risks and benefits of different pricing structures, which can cause them to disengage from the market.[292] We also note that comparison sites generally do not provide bill estimates for plans with such tariff structures.

[290] Accurassi, submission to the AER, *Better bills guideline* [consultation paper], 22 September 2021, pp 2, 6.
[291] Accurassi, submission to the AER, *Better bills guideline* [consultation paper], 22 September 2021, pp 2–3.
[292] AER, *State of the energy market 2022*, 2022, pp 206–207.

9 SIGNIFICANT ISSUES

Key findings

A range of international and domestic factors placed upward pressure on wholesale energy prices in Queensland, which have begun to pass through to retail pricing in SEQ.

An assessment of market data from the June quarter of 2022 shows:

- Queensland was the NEM's highest-priced region by the end of 2021–22, with wholesale energy costs reaching $344/MWh.
- Retailers published market offers that were more expensive than the corresponding DMO reference price.
- Retailers reduced their solar feed-in tariffs, with average residential feed-in tariffs decreasing by 16.9 % in 2021–22 to 5.7c/kWh (down from 6.8c/kWh in the June quarter of 2021).
- As wholesale energy costs increased, some retailers actively encouraged their customers to switch to a different retailer, and some have surrendered their licenses to operate in the NEM.

An assessment of market data from the September quarter of 2022 shows:

- Average market offer bills for both residential and small business flat rate offers were higher than average standing offer bills.
- Compared to the June quarter of 2022, average market offer bills in the September quarter increased by 27.0% for residential customers and 26.9% for small business customers.
- There was a significant reduction in offers being presented to consumers. Compared with the preceding June quarter, 10 fewer retailers published residential offers and 12 fewer published small business offers.

Even as retail prices increase, consumers can minimise the impact by actively testing the market for the offer that best suits their circumstances.

9.1 Rising energy costs

The latter part of 2021–22 was marked by extraordinary volatility and uncertainty in energy markets. International and domestic supply side constraints, coupled with market interventions to maintain the reliability and security of energy supply, placed significant upward pressure on wholesale electricity spot prices in the NEM.

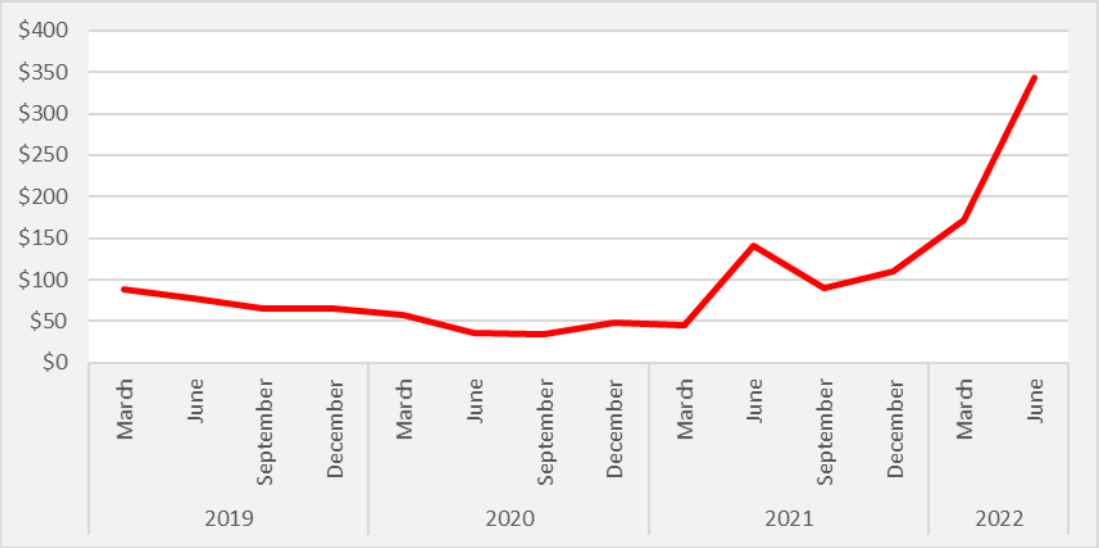
The Queensland electricity market was not immune to these pressures, with wholesale energy costs reaching record highs, driven by high network demand events, generation shortfalls and network constraints. The costs associated with operating during this period have begun to pass through to retail pricing in SEQ and are expected to continue for some time.

9.2 Key drivers of rising energy costs

9.2.1 Wholesale energy costs

Wholesale electricity prices in the NEM increased substantially during the March and June quarters of 2022. As reported by the AER, Queensland was the NEM's highest priced region by the end of 2021–22, with wholesale energy costs reaching $344/MWh in the June quarter of 2022, which is significantly higher than the wholesale electricity price observed in the March quarter of 2021 (Figure 36).[293]

Figure 36 Queensland wholesale energy costs, 2019 to June quarter of 2022 ($/MWh)



Source: AER, Wholesale Markets Quarterly Q2 2022 [April–June], 2022; QCA analysis.

A range of international and domestic factors contributed to upward pressure on wholesale energy prices in Queensland:

- a tighter supply–demand balance in Queensland—contributing factors were a slowdown of renewable energy generators coming online (compared to recent years) and the reduced availability of thermal generators (outages to Callide C and Kogan Creek, and reductions in average output for Tarong)[294]
- higher gas and coal prices—thermal generators face higher fuel costs, due to prevailing high domestic gas prices to date, higher international commodity prices and difficulties sourcing coal due to heavy rain impacting open cut mines in New South Wales and Queensland[294]
- uncertainties faced by cap contract providers—around the ability of their peaking plant to cover price spikes in the NEM under a 5-minute settlement. There have been concerns that existing peaking gas generators would be unable to ramp up their generation fast enough to respond to changes in the market when prices are settled on 5-minute intervals[294]
- weather-related high demand—continuous periods of warm weather coupled with humidity and cloud cover (reducing rooftop PV output) during early February and severe to extreme heatwaves during March in the northern and central parts of Queensland resulted in unusually high daytime demand events. A series of cold fronts in early June extending into

[293] AER, *State of the energy market 2022*, 2022, p 19.
[294] ACIL Allen, *Estimated energy costs* [for use by the Queensland Competition Authority in its final determination of 2022–23 retail electricity tariffs], 2022, p 36.

north Queensland drove up heating demand and coincided with record maximum demand in Queensland.[295]

9.2.2 Market suspension

In June 2022, sustained high spot prices triggered the $300 MWh price cap for all regions of the NEM.[296] Generators withdrawing capacity from the NEM resulted in a lack of reserve energy in the network, which—if left unchecked—could have resulted in customer load-shedding during peak demand periods to maintain the reliability of electricity supply.

AEMO suspended the spot market in all regions of the NEM between 15 and 23 June 2022, with prices determined according to the published market suspension pricing schedule. Generators were directed to supply capacity to the market. Where the cost of supplying electricity was higher than the price cap during this period, generators were eligible for compensation payments to ensure they did not incur a loss.

The costs associated with market suspension are expected to be recovered from retailers and, ultimately, consumers. At the time of developing this report, AEMO had not formally finalised these costs.

9.2.3 Reliability and Emergency Reserve Trader events

The Reliability and Emergency Reserve Trader (RERT) scheme allows AEMO to contract for emergency reserves, such as generation or demand response outside of the NEM. This mechanism provides AEMO with flexibility to manage power system reliability when available electricity supply in the market cannot meet forecast demand, while minimising the costs to consumers. When the RERT mechanism is activated, AEMO compensates users who participate in the emergency response.[297] AEMO passes on these costs to retailers, who can then recover the costs from their customers.

Queensland experienced high electricity demand levels in February and June 2022. Both events were driven by generation shortfalls, while high temperatures also contributed to the February event. The activation of RERT provisions during these two events cost a total of $53.8 million.[298]

9.3 Impacts on the SEQ retail electricity market

We have identified several step changes in the SEQ retail electricity market during the latter part of 2021–22 and into the September quarter of 2022. Broadly, market data suggests retailers have recovered higher underlying costs from their customers or reduced their market presence. We note the effects of elevated generation costs and market intervention compensation are expected to flow through to market pricing, given 'there are currently more upward than downward pressures in the system'.[299]

Nonetheless, we consider customers who stay engaged with the market are best placed to find the most competitive offer for their circumstances and minimise their electricity bill (section 9.5).

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[295] AEMO, *Quarterly energy dynamics Q2 2022,* 2022, p 8.

[296] AEMO determined that the rolling sum of the uncapped spot prices for the Queensland region (referred to as QLD1) over the previous 2,016 trading intervals had exceeded the cumulative price threshold (CPT) of $1,359,100. As the CPT had been exceeded, an administered price cap (APC) of $300/MWh was applied to all trading intervals (during this administered price period). This APC was applied to spot prices and to all market ancillary service prices in the QLD1 region.

[297] Generally large energy users who reduce their load for the emergency period, or quick-response generators who provide energy during shortfalls.

[298] AEMO, *Reliability and Emergency Reserve Trader (RERT) End of Financial Year 2021–22 report*, 2022, p 6.

[299] Energy Security Board, *Health of the National Electricity Market 2022*, 2022, p 8.

9.3.1 Retailers increased prices

Retailers procure power purchase agreements (PPA) to hedge against volatility in the NEM, although these agreements may not cover all their energy needs. Prolonged periods of elevated wholesale spot prices may increase PPA prices that flow through to customers in the form of increased retail electricity prices. The degree and timing of retail price increases depend on, amongst other things, the risk management and marketing approach taken by retailers.

Market observations suggest upward pressure on PPA pricing began to flow into retail prices during the June quarter of 2022. As reported in chapter 2, average market offer prices increased in 2021–22 for most of the tariffs and tariff combinations that we cover in this report. With respect to the flat rate tariff, compared to the June quarter of 2021, the average lowest and highest market offer bills in the June quarter of 2022 increased by 1.9% and 15.2% respectively for residential customers and increased by 0.5% and 6.9% respectively for small business customers.

9.3.2 Retailers reduced solar feed-in tariff payments

Retailers reduced their feed-in tariffs, with average residential feed-in tariffs in SEQ decreasing by 16.9% in 2021–22. By the June quarter of 2022, the market average was 5.7c/kWh (down from 6.8c/kWh in the June quarter of 2021).

More retailers have also sought to reduce export payments by capping solar PV exports or offering plans that include two-tiered feed-in tariffs, where the first feed-in tariff applies to a particular export threshold and the second, lower feed-in tariff applies to exports above that threshold.[300]

9.3.3 Some retailers encouraged customers to switch away or surrendered their licenses

In the June quarter of 2022, some retailers actively encouraged customers to switch to other retailers as wholesale energy costs increased (e.g. ReAmped Energy or Locality Planning Energy).[301]

Enova Energy was suspended from the wholesale electricity market for failing to settle its accounts with AEMO and could no longer supply its customers with electricity—its customers were automatically transferred to the retailer of last resort in their area.[302]

9.3.4 The 2022–23 Default Market Offer (DMO) increased

The DMO is the maximum price an electricity retailer can charge a typical standing offer customer each year. It also acts as a 'reference price' for residential and small business market offers. In recent years, the DMO has lowered the price of standing offers available in the SEQ market and has likely played a significant role in reducing retailer margins.[303]

With regard to the estimation of wholesale electricity costs, the AER's methodology seeks to reflect current market trends and developments that impact prices in the forecast period.[304] As

[300] More information can be found in our solar monitoring report (QCA, *Solar feed-in tariffs in south east Queensland 2021–22* [monitoring report], 2022).

[301] M Ludlow, 'Go elsewhere for cheaper power, ReAmped Energy tells its customers', *Australian Financial Review*, 31 May 2022, viewed 28 September 2022; C Packham, 'Power companies tell customers: leave us, we're too expensive', *Australian Financial Review*, 19 May 2022, viewed 28 September 2022.

[302] AER, *AER ensures continued supply for former Enova Energy customers* [news release], 22 June 2022. More retailers exited the market in early 2022–23—their customers were transferred to the respective retailer of last resort.

[303] AER, *State of the energy market 2022*, 2022, p 182.

[304] AER, *Default market offer prices 2022–23* [final determination], 2022, p 15.

such, the AER increased the DMOs to apply in SEQ for 2022–23, citing rising wholesale energy costs, and specifically for SEQ, costs associated with the February RERT event and increased frequency control ancillary service charges (to maintain system stability during periods of low generation/excess demand).

Table 27 shows the annual residential reference prices for SEQ, including the model annual usage, for 2021–22 (DMO 3) and 2022–23 (DMO 4).

Table 27 DMO reference prices for SEQ, 2021–22 and 2022–23

	Reference price	
Customer type	***2021–22 DMO 3 ($)***	***2022–23 DMO 4 ($)***
Residential—without controlled load	1,455	1,620
Residential—with controlled load	1,741	1,961

Notes: Model annual usage for residential without controlled load is based on 4,600 kWh; and residential with controlled load is based on 4,400 kWh general usage + 1,900 kWh controlled load.

Sources: AER, Default Market Offer Prices 2021–22 [final determination], 2021; AER, Default Market Offer Prices 2022–23 [final determination], 2022.

The ACCC found that since 31 March 2022, expectations of future wholesale prices have increased in Queensland by at least $140/MWh and 'higher wholesale prices are expected to persist, with expectations for the next 4 years rising by between 16 and 121% since June 2022'.[305]

In submissions to the AER's DMO 4 draft determination, retailers considered the AER's estimates of wholesale energy costs were too low, and some stated that the methodology used increased retailers' spot price risk and their viability in the market.[306]

We note that some retailers published market offers which were more expensive than the corresponding DMO reference price during the June quarter (Table 28).

Table 28 Retailers publishing market offers higher than the DMO, June quarter 2022

	Residential flat rate offers only	***Small business flat rate offers only***	***Residential and small business flat rate offers***
Retailer	Energy Locals, EnergyAustralia, GloBird Energy, Nectr, Powerclub, Radian Energy	Glow Power, Origin Energy	GEE Energy, Powershop, ReAmped Energy, Sumo Power

Note: GloBird Energy and Nectr did not publish small business flat rate offers in the June quarter.

Sources: Energy Made Easy; QCA analysis.

Even in the presence of retail price increases, consumers can minimise the impact by actively testing the market for the offer that best suits their circumstances. Consumers should consider all offers from a cross-section of retailers.

9.4 September quarter 2022 market observations

Compared to the June quarter of 2022, electricity bills for both residential and small business customers increased substantially.

[305] ACCC, *Inquiry into the National Electricity Market* [Addendum to the May 2022 report], 2022, p 6.
[306] Alinta Energy, submission to the AER, Default market offer prices 2022–23 [draft determination], 17 March 2022, p 2; 1st Energy, submission to the AER, Default market offer prices 2022–23 [draft determination], 17 March 2022, p 1.

In contrast to observations of prices in previous years, the average lowest market and average market offer bills for the flat rate tariffs were higher than average standing offer bills, for both residential and small customers.

As cost pressures increased, we observed a compression of the spread of market offer prices available during the September quarter of 2022. During 2021–22, retailers increased the average price of their highest market offers more than their average lowest offers.[307] In contrast, our preliminary analysis of the September quarter of 2022 suggests retailers increased prices on their lowest offers more than their highest offers.

In the September quarter, we observed a reduction in offers being presented to consumers, compared with the preceding June quarter, with:

- 11 retailers no longer offering residential plans and 1 new retailer entering the market
- 12 retailers no longer offering small business plans.

We also note that many retailers who published market offers in the June quarter only published standing offers in the September quarter.

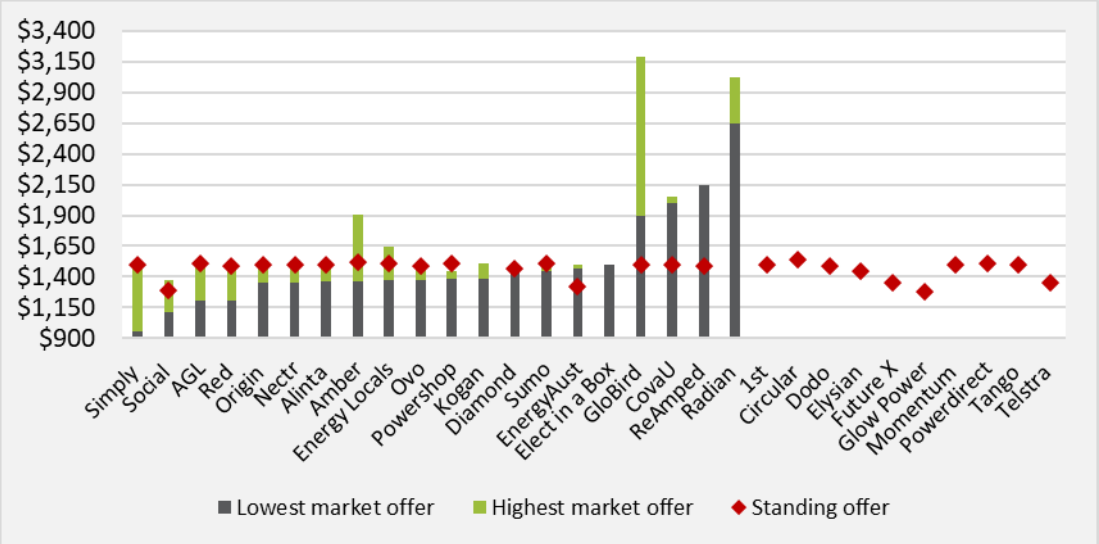
We will continue to monitor market developments and emerging issues during 2022–23.[308]

9.4.1 Residential customers

Residential flat rate offer bills

In the September quarter of 2022, 30 retailers had plans for the residential flat rate tariff on Energy Made Easy—27 retailers had a standing offer and 20 had at least one market offer. Figure 37 shows the bills, by retailer, for a typical SEQ customer.

Figure 37 Annual bills for a typical SEQ residential flat rate customer, September quarter 2022



Note: Consumption levels used in this chart are the same as used to develop charts in chapter 2 of this report.

Sources: Energy Made Easy; QCA analysis.

[307] The average lowest and highest flat rate market offer bills in the June quarter of 2022 increased by 1.9% and 15.2% respectively for residential customers and increased by 0.5% and 6.9% respectively for small business customers. During the June quarter, the difference between the average market and average highest market offer was $148, which decreased to $115 in the September quarter.

[308] We have included an analysis of the September quarter of 2022 to provide timely reporting of the substantial price rises that have occurred. This quarter will also be included in our 2022–23 report, as required by the Minister's direction notice.

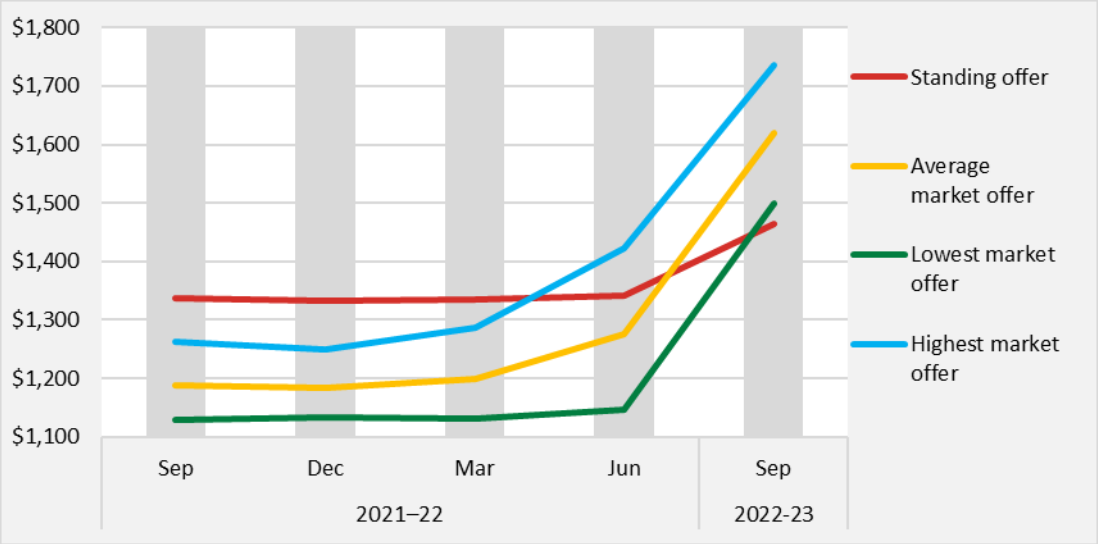
During the quarter, for a typical SEQ residential flat rate customer:

- standing offer bills ranged from $1,276 (Glow Power – Standing offer - Single rate) to $1,545 (Circular Energy – Community Energy Anytime)
- market offer bills ranged from $995 (Simply Energy – Simply VPP BYO Elec) to $3,187 (GloBird Energy – GloGreen Residential Flat Rate).

Price increases in the September quarter of 2022

The average standing and market offer bills—for the typical SEQ residential flat rate customer—increased sharply during the September quarter of 2022 (Figure 38).

Figure 38 Average annual bills for a typical SEQ residential flat rate customer, 2021–22 to September quarter 2022



Note: Annual bill amounts for each quarter, based on median consumption of a residential flat rate customer (table 2 of this report).

Sources: Energy Made Easy; QCA analysis.

Compared to the June quarter, the average September quarter:

- standing offer bill increased by 9.2% (from $1,341 to $1,465)
- market offer bill increased by 27.0% (from $1,276 to $1,621)
- lowest market offer bill increased by 30.8% (from $1,146 to $1,499)
- highest market offer bill increased by 21.9% (from $1,423 to $1,736)

Change in retailer market presence

In the September quarter of 2022, 30 retailers had at least one residential flat rate offer in the market, 10 less than in the June quarter of 2022. Elysian Energy and Social Energy had published offers during the September quarter, although both had their authorisation to sell electricity in the NEM recently revoked by the AER.

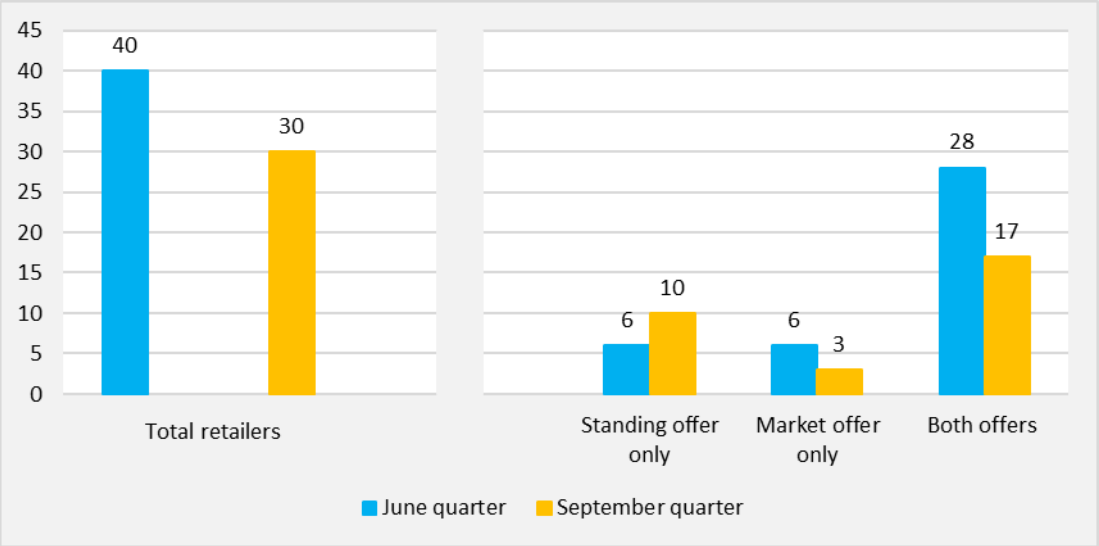
Of the retailers that ceased publishing flat rate residential offers prior to the September quarter, 2 no longer have an authorisation to sell electricity in the NEM (Mojo Power and Power Club).[309]

[309] AER, *Retailer failure*, AER website, n.d., viewed 10 October 2022.

Ten retailers chose to only publish the regulated DMO standing offer in the September quarter, compared to 6 in the June quarter. Twenty-seven retailers published a market offer in the June quarter and remained active in the market; of those, 7 did not publish market offers in the September quarter (1st Energy, Dodo Power and Gas, Future X Power, Glow Power, Momentum Energy, Powerdirect and Tango Energy).

Telstra Energy was the only new entrant into the market; however, its offers were restricted to approved trial participants invited by Telstra Energy.

Figure 39 Change in retailer market presence, June quarter 2022 to September quarter 2022



Note: Consumption levels used in this chart are the same as used to develop charts in chapter 2 of this report.

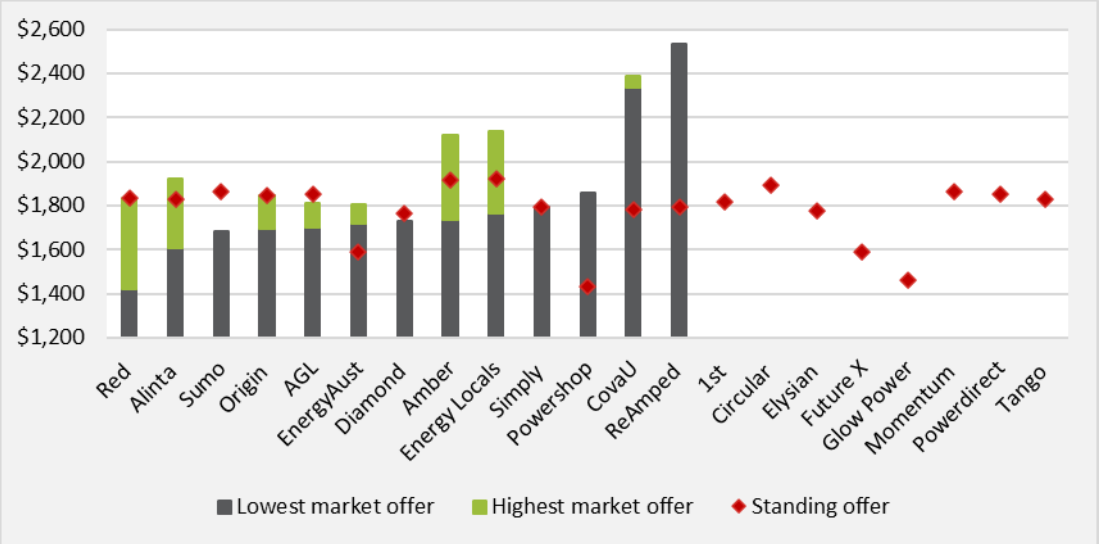
Sources: Energy Made Easy; QCA analysis.

9.4.2 Small business customers

Small business flat rate offer bills

In the September quarter of 2022, 21 retailers had plans for the small business flat rate tariff on Energy Made Easy—all of them had a standing offer, and 13 had at least one market offer. Figure 40 shows the bills, by retailer, for a typical SEQ customer.

Figure 40 Annual bills for a typical SEQ small business flat rate customer, September quarter 2022



Sources: Energy Made Easy; QCA analysis.

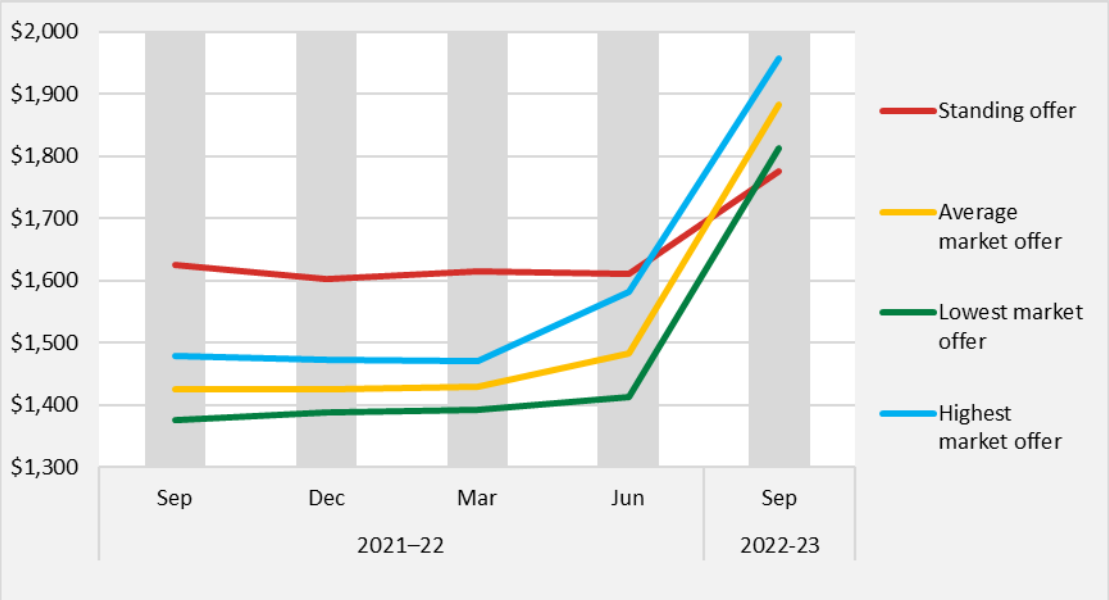
During the quarter, for a typical SEQ small business flat rate customer:

- standing offer bills ranged from $1,432 (Powershop – Standing Offer) to $1,919 (Energy Locals – Standing Offer)
- market offer bills ranged from $1,418 (Red Energy – Qantas Red Business Plus, Qantas Red Business Saver, Red Business Plus and Red BCNA Saver) to $2,533 (ReAmped Energy – ReAmped Business – Anytime).

Price increases in the September quarter of 2022

The average standing and market offer bills—for the typical SEQ small business flate rate customer—increased sharply during the September quarter of 2022 (Figure 41).

Figure 41 Average annual bills for a typical SEQ small business flat rate customer, 2021–22 to the September quarter of 2022



Note: Annual bill amounts for each quarter, based on median consumption of a small business flat rate customer (table 2 of this report).

Sources: Energy Made Easy; QCA analysis.

Compared to the June quarter, the average September quarter:

- standing offer bill increased by 10.3% (from $1,610 to $1,776)
- market offer bill increased by 26.9% (from $1,483 to $1,883)
- lowest market offer bill increased by 28.3% (from $1,413 to $1,813)
- highest market offer bill increased by 23.8% (from $1,581 to $1,958).

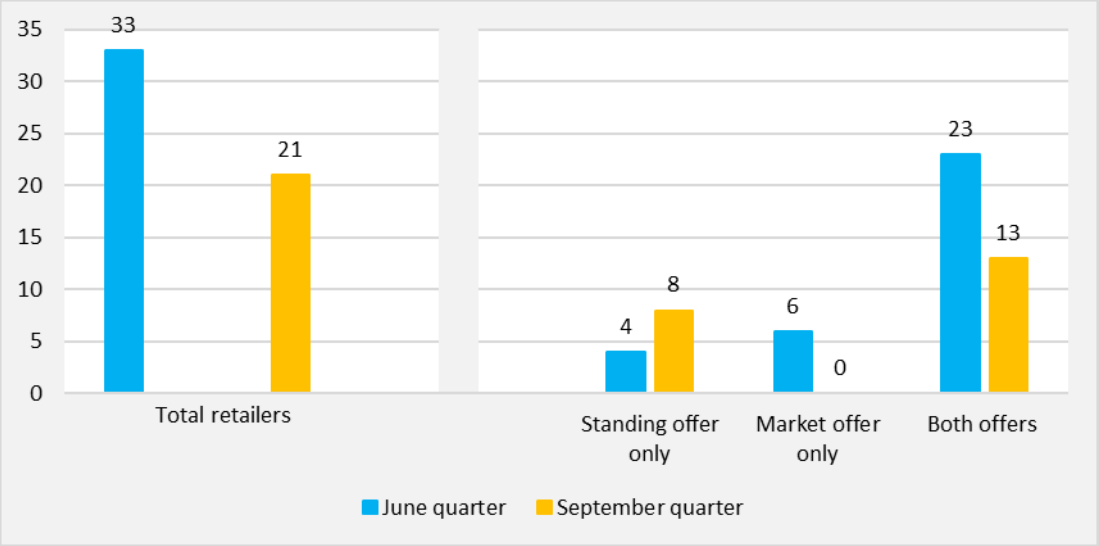
Change in retailer market presence

In the September quarter of 2022, 21 retailers had at least one small business flat rate offer in the SEQ market, 12 fewer than in the June quarter of 2022. Of the 21 retailers, Elysian Energy ceased trading after its authorisation to sell electricity in the NEM was revoked by the AER on 1 September 2022.[310]

[310] AER, *Retailer failure*, AER website, n.d., viewed 10 October 2022.

All 21 retailers published a standing offer in the September quarter, but only 13 published a market offer, a significant decrease from 29 retailers publishing market offers in the June quarter. Six retailers published market offers in the June quarter but did not publish market offers in the September quarter (1st Energy, Elysian Energy, Future X Power, Glow Power, Momentum Energy and Tango Energy).

Figure 42 Change in retailer market presence, June quarter 2022 to September quarter 2022



Sources: Energy Made Easy; QCA analysis.

9.5 Key considerations for customers

Remaining active and engaged with the electricity market is important for consumers to find the deal that best suits their individual circumstances. In the presence of increasing cost pressures, consumers should:

- be an active participant in the energy market. Active customers are likely to pay less than inactive or disengaged customers. If you have not searched for a better deal lately, you are probably paying more than you need to. We recommend that you compare retail electricity plans by using the AER's Energy Made Easy website. It is free to use, is independent of commercial third parties and includes all generally available plans.
- communicate difficulty with paying bills with your retailer. Speak with your electricity retailer immediately if you are having trouble paying your electricity bill. Customers are eligible to receive support if they experience financial difficulty due to hardship. Customers can ask retailers to assess the most economical tariff option for their individual circumstance, negotiate a payment plan for outstanding bills, and change the frequency of payments (to pay smaller amounts more often).
- seek available government support. The Queensland Government operates various assistance and concession programs. Information can be found on the Queensland Government website. In addition, the Queensland Government also provides a rebate automatically (a $175 cost of living rebate) to eligible electricity consumers.[311]

[311] The rebate was automatically credited to accounts from 31 August 2022 and appeared on residential customers' bills between September and November 2022, depending on individual billing cycles.

GLOSSARY

1st Energy	1st Energy Pty Ltd
ABC	Australian Broadcasting Corporation
ABN	Australian Business Number
ACCC	Australian Competition and Consumer Commission
ACT	Australian Capital Territory
ADM	advanced digital metering
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
AGA	Allianz Global Assistance
AGL	AGL Sales Pty Ltd
Alinta Energy	Alinta Energy Retail Sales Pty Ltd
Amber Electric	Amber Electric Pty Ltd
AMEX	American Express
APC	administered price cap
Apex Energy	Apex Energy Holdings Pty Ltd
BCNA	Breast Cancer Network Australia
BETA	Behavioural Economics Team of the Australian Government
Blue NRG	Blue NRG Pty Ltd
Bright Spark Power	Bright Spark Power Pty Ltd
BYO	bring your own
CBA	Commonwealth Bank of Australia
CHOICE	CHOICE, Australian Consumers' Association
CIMET	CIMET Sales Pty Ltd
CL1	controlled load 1
CL2	controlled load 2
COAG	Council of Australian Governments
CovaU	CovaU Pty Ltd
covid-19	coronavirus disease of 2019
CPT	cumulative price threshold
Cth	Commonwealth
CTL Load	controlled load
DC Power	DCP Company Limited
Diamond Energy	Diamond Energy Pty Ltd
DiscoF	disconnection fee
DiscoFMO	disconnection fee for moving out
DiscoFNP	disconnection fee for non-payment
Discover Energy	Discover Energy Pty Ltd
DISER	Australian Government Department of Industry, Science, Energy and Resources
DMO	default market offer
DMO 3	default market offer 3
DMO 4	default market offer 4

Dodo Power & Gas	Dodo Power & Gas (M2 Energy Pty Ltd)
Electricity in a Box	Electricity in a Box Pty Ltd
EL or Energy Locals	Energy Locals Pty Ltd
Elysian Energy	Elysian Energy Pty Ltd
EnergyAustralia	EnergyAustralia Pty Ltd
Enova Energy	Enova Energy Pty Ltd
ESC	Essential Services Commission (Victoria)
EHA	Emergency Home Assistance
EV	electric vehicle
FCA	Federal Court of Australia
Flow Systems (Altogether)	Flow Systems Pty Ltd
Future X Power	Future X Group Pty Ltd
GEE Energy	GEE Power and Gas Pty Ltd
GloBird Energy	GloBird Energy Pty Ltd
Glow Power	Glow Power (Energy Services Management Pty Ltd)
GST	goods and services tax
HEEAS	Home Energy Emergency Assistance Scheme (Queensland)
HHI	Herfindahl-Hirschman Index
Humenergy	Humenergy Group Pty Ltd
IPART	Independent Pricing and Regulatory Tribunal (NSW)
JCB	Japan Credit Bureau
Kogan Energy	Kogan Australia Pty Ltd
kWh	kilowatt hours
LPE	Locality Planning Energy
Metered Energy	Metered Energy Holdings Pty Ltd
Minister	Minister for Energy, Renewables and Hydrogen
Mojo Power	Mojo Power Pty Ltd
Momentum Energy	Momentum Energy Pty Ltd
MWh	megawatt hour
NAB	National Australia Bank
NBN	National broadband network
NECF	National Energy Customer Framework
Nectr	Nectr Distributed Energy Pty Ltd
NEM	National Electricity Market
NERL	National Energy Retail Law
NERLQ	National Energy Retail Law as applied in Queensland
NERR	National Energy Retail Rules
NSW	New South Wales
OC Energy	OC Energy Pty Ltd
Origin Energy	Origin Energy Pty Ltd
Ovo Energy	OVO Energy Pty Ltd
People Energy	People Energy Pty Ltd
PIAC	Public Interest Advocacy Centre
POC	power of choice
Powerclub	Power Club Limited
Powerdirect	Powerdirect Pty Ltd

PowerHub	PowerHub Pty Ltd
Powershop	Powershop Australia Pty Ltd
PV	photovoltaic
QCA	Queensland Competition Authority
QEnergy	QEnergy Limited
QLD or Qld	Queensland
PPA	power purchase agreements
RACQ	Royal Automobile Club of Queensland
Radian Energy	Radian Holdings Pty Ltd
Real Utilities	Real Utilities Pty Limited
ReAmped Energy	ReAmped Energy Pty Ltd
Red Energy	Red Energy Pty Ltd
RERT	Reliability and Emergency Reserve Trader scheme
SA	South Australia
SEQ	south east Queensland
Savant Energy	Savant Energy Power Networks Pty Ltd
Simply Energy	Simply Energy Pty Ltd
Social Energy	Social Energy Australia Pty Ltd
SR	single rate
SRES	small-scale renewable energy scheme
Sumo Power	Sumo Power Pty Ltd
SUV	sports utility vehicle
Tango Energy	Tango Energy Pty Ltd
The Embedded Networks Company or TENC	The Embedded Networks Company Pty Ltd
TOU	time of use
Typical SEQ customer	customer with a median consumption
URL	uniform resource locator, the address of a web page
VPP	virtual power plant
Winenergy or WINconnect	WINconnect Pty Ltd

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