



**ACCC**

AUSTRALIAN COMPETITION  
& CONSUMER COMMISSION

# Inquiry into the National Electricity Market

**June 2023 Report**

2 June 2023



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Australian Competition and Consumer Commission  
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# Executive summary

This report highlights the very early impacts of the wholesale electricity market conditions experienced in mid-2022 and captures median billing outcomes and effective prices faced by residential and small business electricity consumers across New South Wales, South Australia, South East Queensland, and Victoria.

We also consider the impact of government rebates, where this has significantly impacted billing outcomes, and examine prices faced by customers on different tariff types. We have analysed the bills faced by eight different customer categories according to whether they are on a hardship program, a payment plan or receive a concession, or a combination of these.

In addition to our historical billing data, we also analyse data on currently available offers in the retail market, for both standing and market offers. This analysis provides insight into prices currently available to new and switching customers, for a forward-looking measure of consumer bills.

## Third quarter electricity bills increased between 2021 and 2022

Our analysis shows a modest increase in median bills across New South Wales, South Australia, and Victoria, for both residential and small business customers. Median bills for small business customers in South East Queensland also increased. However, residential customers in South East Queensland are the exception, with the median bill declining due to the impact of the Queensland Government's Cost of Living Rebate for Households of \$175.

Comparing our most recent quarter, the third quarter in 2022, with the same quarter in 2021, across all regions combined, the median residential bill increased by 2.7%.

The results varied by state, with median residential bills:

- increasing in New South Wales by 6.4%, reflecting an increase in median effective price offset by a reduction in median usage
- increasing in South Australia by 9.1%, reflecting an increase in both the effective price and usage
- increasing in Victoria by only 0.6%, reflecting an increase in effective price and a decrease in usage
- decreasing in South East Queensland by 20.4%, reflecting a low effective price due to the Queensland Government paying the \$175 Cost of Living Rebate for Households to households in the third quarter of 2022 and a small increase in usage. As the majority of the rebate was applied to bills in the third quarter of 2022, the quarterly results for South East Queensland are not an indication of the annual bill impact experienced by customers.

Across all regions combined, the third quarter median small business bill increased between 2021 and 2022 by 13.1%.

The results varied by state, with median small business bills:

- increasing in New South Wales by 19.5%, reflecting an increase in both the median effective price and median usage

- increasing in South Australia by 7.6%, reflecting an increase in both the effective price and usage
- increasing in Victoria by 10.1%, reflecting a decrease in effective price and a large increase in usage
- increasing in South East Queensland by 3.0%, reflecting an increase in effective price and a decrease in usage.

## Wholesale market conditions take time to flow through to bills

The increases in electricity wholesale market prices experienced in mid-2022 will continue to put upward pressure on bills.

However, changes in retailers' costs take time to flow through to retail prices and, even more belatedly, actual billing outcomes experienced by consumers. Underlying market conditions are not immediately visible in billing outcomes for several reasons:

- Customers are billed in arrears. This report focusses on bills sent to customers from July to September 2022. Only a proportion of the consumption captured in our billing sample will include price increases from 1 July 2022.
- Elevated spot and contract prices are still flowing through to retailers' costs: retailer hedge contracts are negotiated in advance for future periods and take time to expire and be replaced.
- Retailers may not change prices for existing customers at the same time or rate they change their generally available prices for new customers.

Not all rebates and concessions are paid via electricity retailers and, depending on the jurisdiction and the type of rebate, are sometimes paid directly to consumers via electronic funds transfer. As a result:

- If applied directly to electricity bills, rebates and concessions from governments reduce median bills and median effective prices in our analysis.
- Equally, not all rebates by all jurisdictions are captured in our reported billing outcomes.

## Higher wholesale electricity costs will impact bills

Wholesale electricity costs are an important driver of retail electricity prices contributing, on average, 28% to the total average cost per residential consumer in 2021–22.<sup>1</sup> Prices in both spot and hedging contract markets determine the wholesale costs that flow through to customer bills. While the proportion of electricity purchased directly from the spot market varies between retailers, most retailers' wholesale costs are primarily determined by hedging contract prices.

In mid-2022, the National Electricity Market (NEM) experienced some of the largest wholesale spot price spikes in its history. The expectation in financial markets that spot price volatility would persist led to steep increases in hedging contract prices for future periods.

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<sup>1</sup> Australian Competition and Consumer Commission (ACCC), [Inquiry into the National Electricity Market: November 2022 report](#), ACCC, Australian Government, 2022, p 72.

Wholesale market conditions have eased since our November 2022 report reflecting, at least to some extent, government interventions in energy markets. Temporary price caps on coal and gas were introduced in December 2022, as part of the Energy Price Relief Plan, aimed at mitigating the impacts of energy price increases on consumers and businesses. However, spot and contract prices remain relatively high by historical standards.

Despite some easing of conditions more recently, high spot and hedging contract prices during 2022 are still flowing through to retailers' wholesale costs. Hedging contracts for electricity supplied in 2022 were likely purchased in 2020 or 2021 when prices were lower. Hedging contracts signed in 2022, when prices were higher, will flow through to retailers' wholesale costs, then customer bills, in 2023 and beyond. As such, we expect the resulting higher prices will continue to increase bills over this period.

In response, federal, state and territory governments are providing up to \$3 billion in electricity bill relief through the Energy Bill Relief Fund that will, in 2023–24, offset some of the impact of the higher prices on bills for eligible households and small businesses. Eligible households in New South Wales, Queensland and South Australia will receive a \$500 rebate and Victorian households will receive \$250 (and will also be eligible to receive \$250 under the Power Saving Bonus). Similarly, small businesses in those states will receive rebates ranging from \$325 to \$650.<sup>2</sup>

## Prices for new or switching customers increased in 2022

Our billing data set helps us understand actual prices paid in arrears by customers at a given point in time. However, to provide a complete and current picture, we also analyse data on currently available offers in the retail market, for both standing and market offers.

This data focuses on prices currently available to new customers, or those customers seeking to switch retailers. However, changes in prices of available offers do not reflect changes in bills to existing customers. Rather, this analysis provides a forward-looking measure of consumer bills.

For market offers, prices rose sharply in mid-2022 and remain around 17% higher across all regions, on average, than they were in early 2022. We expect market offer prices will continue to increase.

## Standing offer prices are increasing

Standing offer prices for customers established by the Default Market Offer and Victorian Default Offer are set to increase from 1 July 2023. The Australian Energy Regulator and Essential Services Commission of Victoria have determined that Default Market Offer and Victorian Default Offer prices will increase by 21% to 27% from 1 July 2023 for residential single rate customers without controlled load.<sup>3</sup>

Approximately 10% to 15% of residential customers and 20% of small business customers across New South Wales, Victoria, South East Queensland, and South Australia are on

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<sup>2</sup> Department of Climate Change, Energy, the Environment and Water, [Energy Bill Relief Fund](#), energy.gov.au, n.d., accessed 10 May 2023.

<sup>3</sup> Essential Services Commission of Victoria (ESCV), [Victorian Default Offer price review 2023–24](#), ESCV, Victorian Government, 2023, accessed 25 May 2023; Australian Energy Regulator (AER), [Default market offer prices 2023–24](#), AER, Australian Government, 2023, accessed 25 May 2023.



standing offers, with the remainder on market offers. For the second year in a row, there was an increase in the proportion of customers on standing offers in 2022, driven by increased uptake in Victoria. The proportion of Victorian residential customers on standing offers increased from 7.7% in 2021 to 12.0% in 2022, while the proportion of Victorian small business customers on standing offers increased from 14.9% in 2021 to 21.4% in 2022.

## Customers receiving government support

Increasing electricity bills are a significant cost-of-living issue. Some residential customers receive support from their electricity retailer, and/or concessions subsidised by the government, to pay their electricity bills.

Customers on a payment plan or a hardship program who received no further support had the highest median electricity bills in the third quarter of 2022, representing approximately \$164 more than the median bills of residential customers who received no support. This was consistent with higher median electricity usage, particularly by hardship customers without further support who have the highest median electricity usage of all customer groups. Customers with a concession who did not receive any further support continue to pay the lowest median bills and have the lowest median electricity usage.

Payment plan customers and residential customers who received no support continued to pay similar median effective prices (approximately 28 c/kWh) in the third quarter of 2022. Hardship customers with a concession and hardship customers on a payment plan with a concession paid the lowest median effective prices in the same period at nearly 20 c/kWh.

South Australia had the highest median effective prices for all customer groups in the second quarter of 2022 (ranging from 25 to 35 c/kWh). South Australian customers with all protections (hardship customers on a payment plan with a concession) faced higher effective prices in the second quarter of 2022 than customers receiving protections in all other regions. For customers on a concession in South Australia, higher effective prices may in part be due to concession payments being provided as a general payment direct to customers, rather than being applied directly to a customer's electricity bill.

## Cost-reflective tariffs may reduce bills for some

More residential and small business customers are on electricity plans with time-of-use or demand tariffs. These tariffs more closely reflect the costs incurred by retailers to supply electricity and are designed to incentivise households to consume electricity in off-peak periods where demand for electricity is lower.

Cost-reflective tariffs can lead to better effective price outcomes for consumers when they are able to use electricity outside of peak periods. However, the price outcomes for customers on cost-reflective tariff types can vary significantly depending on their individual usage profile. This is especially the case for demand tariffs, which have a demand-based variable charge in addition to usage charges.

Our analysis of billing data shows residential customers on demand tariffs can benefit from lower effective prices if they respond to the negative incentive of high demand charges and effectively manage their demand in peak periods.

However, customers who are not able to manage the time and intensity of their electricity usage are at risk of higher bills. The ACCC is concerned that the rapid adoption of cost-reflective retail tariffs may disproportionately impact some consumers.

## Plans with discounts are not necessarily better

Our analysis shows that customers on energy plans with conditional discounts pay similar prices to customers on energy plans without conditional discounts. Customers need to be aware of conditional and unconditional discounts associated with their electricity plan.

Some discounts and incentives may only be one-off or limited to a specific period of time (such as 12 months). This means some energy plans with discounts are initially cheaper but may cost more in the longer term. Under the National Energy Retail Law, retailers are required to notify customers when discounts are about to change or expire.<sup>4</sup> This is an important point in time for customers to test the market and see if a better offer is available.

## Solar customers save

While installing solar panels usually requires an upfront investment, customers with solar panels have lower electricity bills by reducing their grid electricity consumption and exporting excess electricity to the grid in exchange for solar feed-in tariff credits.

However, effective solar feed-in tariff rates declined between 2021 and 2022 in all regions. When choosing an energy plan, customers with solar panels should compare energy plans using their historical electricity consumption and solar export volume. The energy plan with the highest solar feed-in tariff may not always be the best plan overall, as it may include higher supply and usage charges than other plans.

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<sup>4</sup> See [National Energy Retail Amendment \(Notification of end of fixed benefit period\) Rule 2017 No. 2](#).

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# 1. Introduction

In 2018, the Australian Government directed the Australian Competition and Consumer Commission (ACCC) to hold an inquiry into prices, profits, and margins in the supply of electricity in the National Electricity Market (NEM).

Under the terms of reference for the inquiry, the ACCC has a broad-ranging responsibility to monitor matters in the NEM, including electricity prices faced by customers and the effects of policy changes. Where appropriate, the ACCC will make recommendations to government on necessary actions and regulatory changes to deliver competitive and efficient electricity prices for consumers.<sup>5</sup>

The ACCC must report to Treasury at least every 6 months until the conclusion of the inquiry on 31 August 2025. This is the ACCC's fourth report on electricity prices faced by customers, building on our May 2022, May 2021, and September 2020 interim reports. We also examined retail electricity prices in June 2018 in our report *Restoring Electricity Affordability and Australia's Competitive Advantage*, as part of an earlier inquiry into retail electricity pricing.<sup>6</sup> We have also separately reported on retailer costs and electricity market wholesale contracts (hedging).<sup>7</sup>

## 1.1. Our role in electricity markets

As end users in the electricity supply chain, consumers' electricity bills are an important indicator of how well wholesale, retail and financial electricity markets are functioning. Competitive electricity markets are essential for delivering cost reflective, reliable, and sustainable energy to Australian consumers.

The ACCC's role in electricity markets is in the context of the *Competition and Consumer Act 2010*, which aims to enhance the welfare of Australians through the promotion of competition and fair trading and the provision of consumer protections.<sup>8</sup>

The Competition and Consumer Act establishes the frameworks under which the ACCC conducts price inquiries, including this inquiry into the NEM, and monitors and enforces compliance with industry codes, including the Electricity Retail Code.<sup>9</sup> The ACCC also enforces compliance with the Australian Consumer Law under the Competition and Consumer Act.

The Competition and Consumer Act includes general prohibitions on anti-competitive conduct and specific provisions designed to prevent misconduct in energy markets<sup>10</sup>, including a requirement on retailers to make reasonable adjustments to their prices to reflect cost reductions.<sup>11</sup> The ACCC is also empowered to monitor and protect competition in markets and to take action to ensure consumers are treated fairly.

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<sup>5</sup> See Appendix C.

<sup>6</sup> See Australian Competition and Consumer Commission (ACCC), [Retail electricity pricing inquiry 2017–18](#), ACCC website, n.d., accessed 20 April 2023.

<sup>7</sup> See Australian Competition and Consumer Commission (ACCC), [Electricity market monitoring inquiry 2018–25](#), ACCC website, n.d., accessed 20 April 2023.

<sup>8</sup> *Competition and Consumer Act 2010* s 2.

<sup>9</sup> Competition and Consumer (Industry Code – Electricity Retail) Regulations 2019.

<sup>10</sup> *Competition and Consumer Act 2010* pt XICA.

<sup>11</sup> *Competition and Consumer Act 2010* s 153E.

## 1.2. About this report

Increases in electricity bills are a significant cost-of-living issue. Energy is essential to people's lives and wellbeing.

This report examines how electricity prices faced by customers changed in 2022, in the context of high wholesale electricity prices and concerns about cost-of-living pressures. Specifically, this report examines current market conditions and customer billing data.

This report demonstrates the change in bills up to late 2022, showing the initial impacts from the wholesale market disruption in 2022, on retailer prices and subsequently consumer bills.

However, we expect that the impact of higher prices will continue to flow into bills throughout 2023 and 2024. Price impacts can be delayed because:

- Customers are billed in arrears due to the billing cycle.<sup>12</sup> This report focuses on bills sent to customers from July to September 2022. Only a proportion of the consumption captured in our billing sample will include price increases from mid-2022.
- Elevated spot and contract prices are still flowing through to retailers' costs: retailer hedge contracts are negotiated in advance for future periods and take time to expire and be replaced.
- Retailers may not change prices for existing customers at the same time or rate they change their generally available prices for new customers.

Publishing billing analysis provides stakeholders with accurate information on the prices faced by customers and is not available from other sources. It is more accurate than other proxy metrics.

There are 2 types of customer retail contracts under the National Energy Retail Law and Victorian Energy Retail Code of Practice:

- standard retail contracts, and
- market retail contracts.

In this report, we often use the terms 'standing offer' to refer to standard retail contracts and 'market offer' to refer to market retail contracts.

### **Impact of the Queensland Cost of Living Rebate for Households**

In May 2022, the Queensland Government announced that it would issue a \$175 rebate to assist with the additional cost of living pressures faced by households in Queensland. This rebate was applied to Queensland household electricity bills between September 2022 and November 2022.

Our analysis confirms that the Queensland rebate was effective in reducing the bills of South East Queensland residential customers in the third quarter of 2022. However, the Queensland rebate also had broader implications on the billing outcomes identified in our unique data set. When analysis was conducted on all regions combined, the size of the rebate is such that these combined results are materially influenced by the Queensland rebate, especially in the third quarter of 2022.

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<sup>12</sup> Appendix A describes the billing cycle in detail (see Metering, consumption, and billing cycles).

We note that this rebate does not impact the price outcomes reported for small business customers.

## Current information

Chapter 2 provides information on current market conditions (up to March 2023), using publicly available data from independent government price comparison websites, including Energy Made Easy and Victorian Energy Compare, and the Australian Securities Exchange (ASX) and Australian Energy Market Operator (AEMO) websites. Chapter 2 updates information published in our November 2022 report and complements and provides context to our customer billing analysis.

## How we present our analysis

Retail electricity bills normally include different components, such as a range of charges, rebates, and adjustments. This can make it difficult to compare electricity bills and prices.

Our analysis of prices faced by customers generally uses effective price (c/kWh), calculated as total charge (\$) divided by usage (kWh). Effective price takes usage into account and shows the underlying prices that customers face over time and across customer groups.

Typically, our analysis in chapters 3, 4 and 5 will present results from:

- third quarter (July to September) September 2018 to third quarter (July to September) September 2022
- third quarter (July to September) 2021 to third quarter (July to September) 2022, respectively.

To put the impact of the Queensland rebate into context, for residential customers Chapter 4 presents changes to annualised median bills as well as third quarter median bills.

Further, across the report we use third quarter bills because it is the most recent billing data available for this report. However, in some instances we present results on a second quarter (April to June) 2021 to second quarter (April to June) 2022 basis to better show the underlying outcomes across regions, without the influence of the Queensland rebate impacting results. Where possible, we have also disaggregated our analysis to a regional or state-by-state level.

Where we present results for groups of customers or between regions, median effective prices and median bills vary with median usage, which is relevant when making comparisons. As usage increases, bills will also increase, and conversely effective prices will decrease. Appendix A discusses how differences in usage impact the outcome of the median effective price.

## About the data we collect

Consistent with previous reports, while the ACCC's monitoring remit extends to all regions in the NEM, this report focuses on regions with effective retail competition, namely, New South Wales, Victoria, South East Queensland, and South Australia. Where we refer to *all regions combined*, we are referring to data from all these regions.

Retail electricity prices for many customers are still regulated in the Australian Capital Territory, regional Queensland, and Tasmania.

We collect billing data from electricity retailers using our compulsory information gathering powers under the Competition and Consumer Act. Retailers must give us bills for:

- a randomised representative sample of residential customers
- all small business customers
- all hardship and payment plan residential customers.

To inform this report, we have collected an additional 13 million electricity bills creating a total data set of 49 million bills. This data set is not available from any other source and contains information on charges, tariff types, usage, discounts and solar which allows us to directly assess electricity prices faced by customers. Using this data set, we examine the billing outcomes experienced by residential and small business customers across different regions in the NEM, up to September 2022.

For further information about our data collection method, see Appendix A.<sup>13</sup> Unless stated otherwise, our analysis is presented in nominal dollars and excludes the goods and services tax (GST).

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<sup>13</sup> For each data collection we collect 18 months of data to provide some overlap between periods and to allow for 3 monthly billing cycles. See Appendix A for further information on our data collection.

## 2. Current conditions in electricity markets

### Key points

- Electricity prices have increased and are expected to increase further.
- Retail prices of market offers available to new or switching customers rose sharply in mid-2022. As of March 2023, they remain around 17% higher, on average, than they were in early 2022.
- Prices of standing offers for residential single rate customers without controlled load will increase from 1 July 2023 by between 21% and 27% in South Australia, Victoria, New South Wales, and South East Queensland. It is likely that retailers will also increase their market offer prices from 1 July 2023, although not necessarily by the same amount as standing offers.
- Wholesale costs, driven by prices in wholesale spot and contract markets, influence retail offers and customer bills. While spot and contract prices have eased since their peaks in 2022, they remain relatively high by historical standards.
- Electricity bills will likely increase in 2023 and 2024, as higher wholesale costs flow through to consumers.

This chapter provides information on current market conditions (up to March 2023), using publicly available data from independent government price comparison websites, including Energy Made Easy and Victorian Energy Compare, and the Australian Securities Exchange (ASX) and Australian Energy Market Operator (AEMO) websites.

This chapter focuses on plans currently available to new customers, or customers seeking to switch plans. It updates our analysis provided in our November 2022 report.<sup>14</sup>

In contrast to the information used in this chapter, Chapters 3, 4 and 5 set out actual prices paid by customers, based on billing information collected from retailers reflecting the third quarter of 2022.

### 2.1. Conditions in wholesale electricity markets flow through to customer bills

Prices in both the spot market and hedging contract markets determine the wholesale costs that flow through to customer bills. Changes in these markets will take time, sometimes years, to flow through to customer bills.

Electricity retailers incur several different costs when supplying electricity, which they bundle for consumers. These costs include wholesale costs of purchasing electricity, costs associated with transmission and distribution infrastructure (poles and wires),

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<sup>14</sup> Australian Competition and Consumer Commission (ACCC), [Inquiry into the National Electricity Market: November 2022 report](#), ACCC, Australian Government, 2022.

environmental costs, retail operating costs and profit margins. Our previous November reports discuss retailer costs.<sup>15</sup>

In southern and eastern Australia, the electricity that households and businesses buy from electricity retailers is first purchased by those retailers from generators in the NEM. In this market, spot prices are set every 5 minutes based on demand and supply for that given period. Prices can range from -\$1,000 per MWh to \$15,500 per MWh.<sup>16</sup> While regions within the NEM are linked, each region has its own spot price.<sup>17</sup>

The spot price can fluctuate significantly across days, weeks, and seasons. This price volatility creates financial risks for retailers and generators. For example, a retailer may sign up new customers at a particular fixed price but then incur higher-than-expected prices in the wholesale spot market. Meanwhile, spot prices provide a volatile and uncertain stream of revenue for generators. This poses a risk to generators, as they need to cover fixed expenses regardless of what wholesale spot prices are.

Retailers and generators generally seek to reduce the risk of volatile wholesale spot prices by 'hedging'.<sup>18</sup> Hedging involves generators and retailers entering into contracts where they agree on a set price for the sale and purchase of electricity in a future period. These hedging contracts are purely financial, with the electricity subject to a compulsory spot market. Through hedging, the retailer and generator agree on a set price, then compensate each other accordingly depending on the price they ultimately pay on the spot market.

For example, a retailer might enter into a hedging contract to buy electricity from a generator for \$100 per MWh at a point one year in the future. When that time comes, the generator sells electricity at the spot-market price and the retailer buys electricity at the spot-market price. If the spot-market price is \$130 per MWh, then the generator will pay the retailer \$30 per MWh so that the retailer's expense matches what the parties agreed in the hedging contract.

Hedging contract prices indicate market expectations of future spot prices. When fully hedged, a retailer's actual wholesale cost of purchasing electricity for its customers will reflect their hedging contracts, rather than the wholesale spot price.

Retailer hedging strategies vary, with some retailers using hedging contracts to cover all of their electricity purchase requirements and others purchasing a greater proportion of their customers' electricity at spot-market prices. There is also variation in the time periods that retailers hedge for, with most building up a 'hedge book' to cover their forecast demand one to 3 years ahead of the period.<sup>19</sup>

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<sup>15</sup> See Australian Competition and Consumer Commission (ACCC), [Inquiry into the National Electricity Market: November 2022 report](#), ACCC, Australian Government, 2022.

<sup>16</sup> Negative prices occur when electricity demand is low and electricity generation is high. In that circumstance, electricity generators compete to have their electricity dispatched in the NEM by offering negative prices.

<sup>17</sup> Australian Energy Regulator (AER), [State of the energy market 2022](#), AER, Australian Government, 2022, p 18.

<sup>18</sup> Australian Competition and Consumer Commission (ACCC), [Inquiry into the National Electricity Market: November 2022 report](#), ACCC, Australian Government, 2022, p 30.

<sup>19</sup> Australian Competition and Consumer Commission (ACCC), [Inquiry into the National Electricity Market: November 2022 report](#), ACCC, Australian Government, 2022, p 46.



## 2.2. There were extraordinary conditions in wholesale electricity markets in 2022

Average wholesale spot prices in the NEM reached record highs in the second quarter of 2022. Multiple international and domestic factors drove this increase, including high international gas and coal prices, high demand, and coal generator unavailability.<sup>20</sup> Significant volatility accompanied these high prices.

The combination of these price conditions and subsequent operational challenges resulted in the market being suspended from 15 June to 24 June 2022.<sup>21</sup> This was the first whole-of-market suspension in the history of the NEM.<sup>22</sup>

Markets for electricity hedging contracts were impacted by the extreme conditions in the wholesale spot market. Contract prices rose sharply in May 2022 and were highly volatile over the rest of the year.<sup>23</sup>

Our November 2022 Inquiry report noted the pressures that these conditions placed on the market, and particularly on small retailers and consumers. We consider that while prices and volatility in the market have eased somewhat, some pressures facing market participants remain.

## 2.3. Market conditions have eased substantially, but spot and contract prices remain elevated

### 2.3.1. Governments have intervened to mitigate rising retail energy prices

At National Cabinet on 9 December 2022, the federal, state and territory governments agreed to introduce temporary price caps on coal and gas. These price caps were part of the 'Energy Price Relief Plan' aimed at mitigating the impacts of energy price increases on consumers and businesses.<sup>24</sup>

The New South Wales and Queensland governments agreed to cap the price of coal used for electricity generation at \$125/tonne. The Commonwealth agreed to contribute to the costs incurred by both states. The New South Wales government also issued a direction for owners of coal-fired power plants to keep a stockpile of coal greater than expected demand for the next 30 days.

The Australian government also agreed to implement a 12-month gas price cap set at \$12/GJ for new wholesale gas sales by east coast producers.

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<sup>20</sup> Australian Competition and Consumer Commission (ACCC), [Inquiry into the National Electricity Market: November 2022 report](#), ACCC, Australian Government, 2022, p 12–13.

<sup>21</sup> Market-based pricing recommenced on 23 June 2022 and the market suspension was formally lifted on 24 June 2022: Australian Energy Market Operator (AEMO), [Annual Report: 2021–22](#), 2022, p 61.

<sup>22</sup> Australian Energy Regulator (AER), [State of the energy market 2022](#), AER, Australian Government, 2022, p 6.

<sup>23</sup> Australian Competition and Consumer Commission (ACCC), [Inquiry into the National Electricity Market: November 2022 report](#), ACCC, Australian Government, 2022, p 39.

<sup>24</sup> Prime Minister of Australia, [Energy Price Relief Plan](#) [media release], Australian Government, 9 December 2022, accessed 22 March 2023.

Other policy measures included developing a mandatory code of conduct for the wholesale gas market, and the Australian Domestic Gas Security Mechanism moving to quarterly (rather than annual) considerations.

Other components of the Energy Price Relief Plan included targeted and temporary bill assistance and implementing the 'Capacity Investment Scheme' to incentivise new investment in renewable dispatchable generation and storage.<sup>25</sup>

On 9 May 2023, the federal, state and territory governments announced the Energy Bill Relief Fund providing up to \$3 billion to offset the impacts of the higher prices on bills for eligible households and small businesses.<sup>26</sup> In New South Wales, South Australia, South East Queensland, and Victoria:

- eligible households<sup>27</sup> will receive a \$500 rebate in total. In Victoria, the \$500 rebate consists of a \$250 payment per eligible household and \$250 through its Power Saving Bonus Payment for using Victorian Energy Compare<sup>28</sup>
- small businesses that are not run from home and whose annual electricity consumption is less than the threshold applicable in their state or territory will receive a \$325 rebate in Victoria and \$650 for New South Wales, South Australia, and South East Queensland.<sup>29</sup>

### **2.3.2. Wholesale spot prices have fallen significantly since the middle of 2022**

Following spikes in the second quarter of 2022, spot prices across the NEM fell sharply in the second half of 2022 (Figure 2.1).

These more moderate price levels have continued into the early months of 2023. Low demand and higher generation output by renewables drove significant price falls in the fourth quarter of 2022.<sup>30</sup>

This reflected mild weather conditions as well as then-record levels of rooftop solar generation (supplying 13% of total demand for the quarter), and large-scale wind and solar generation (23%).<sup>31</sup> In the first quarter of 2023, both large-scale and rooftop solar reached new record levels of generation.<sup>32</sup> Together with greater supply of low-priced capacity offered by black coal and gas generators, this has put downward pressure on prices.<sup>33</sup> Despite recent decreases, early 2023 spot prices are generally still above the level of spot prices in most of the 18 months preceding May 2022 (Figure 2.1).

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<sup>25</sup> Prime Minister of Australia, [Energy Price Relief Plan](#) [media release], Australian Government, 9 December 2022, accessed 22 March 2023.

<sup>26</sup> Department of Climate Change, Energy, the Environment and Water, [Energy Bill Relief Fund](#), energy.gov.au, n.d., accessed 10 May 2023.

<sup>27</sup> Eligibility is contingent on holding an eligible card (for instance, a Commonwealth Seniors Health Card) or receiving an eligible payment (for instance, a Carer Allowance). Eligible cards and payments vary by state and territory.

<sup>28</sup> Department of Climate Change, Energy, the Environment and Water, [Energy Bill Relief for households](#), energy.gov.au, n.d., accessed 10 May 2023.

<sup>29</sup> Department of Climate Change, Energy, the Environment and Water, [Energy Bill Relief Fund for small businesses](#), energy.gov.au, n.d., accessed 10 May 2023.

<sup>30</sup> Australian Energy Regulator (AER), [Wholesale markets quarterly – Q4 2022](#), AER, Australian Government, 2023, p 18.

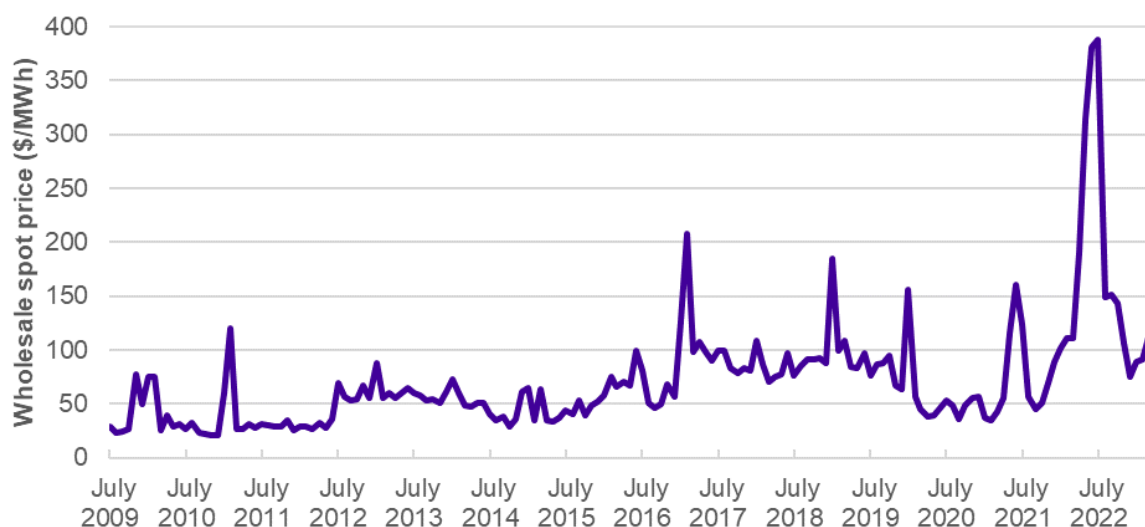
<sup>31</sup> Australian Energy Regulator (AER), [Wholesale markets quarterly – Q4 2022](#), AER, Australian Government, 2023, pp 1, 6, 18, 20.

<sup>32</sup> Australian Energy Regulator (AER), [Wholesale markets quarterly – Q1 2023](#), AER, Australian Government, 2023, p 9.

<sup>33</sup> Australian Energy Regulator (AER), [Wholesale markets quarterly – Q1 2023](#), AER, Australian Government, 2023, p 6.

**Figure 2.1 Wholesale spot prices have decreased significantly since the middle of 2022**

*Monthly-averaged spot prices, all NEM regions, from July 2009 to April 2023*



Source: OpenNEM, Energy - NEM - Consumption [data set], [opennem.org.au](https://opennem.org.au), 2023, accessed 1 May 2023. Nominal dollars, excluding GST.

The Australian Energy Regulator continues to monitor and report on the effect of the price caps in its Wholesale Markets Quarterly reports.<sup>34</sup> The Australian Energy Regulator's report for the first quarter of 2023 found that the price caps on black coal appeared to be 'impacting coal generation offers and, as a result, applying downward pressure on spot prices supported by other factors such as strong renewable output'.<sup>35</sup>

### **2.3.3. Prices in contract markets have moderated since late 2022**

As illustrated by Figure 2.2, prices of electricity hedging contracts fell in late 2022 after increasing over much of the year. This included sharp decreases in December, around the same time as the government's announcement of coal and gas price caps (section 2.3.1). Despite these falls, in many cases, prices remain higher than they were in early 2022.

Figure 2.2 demonstrates this trend using prices for a common type of hedging contract traded on the Australian Securities Exchange (ASX), known as a 'base futures' contract. This contract allows the buyer and seller to lock in the price of a fixed quantity of electricity over all trading intervals of a specified period in the future.<sup>36</sup>

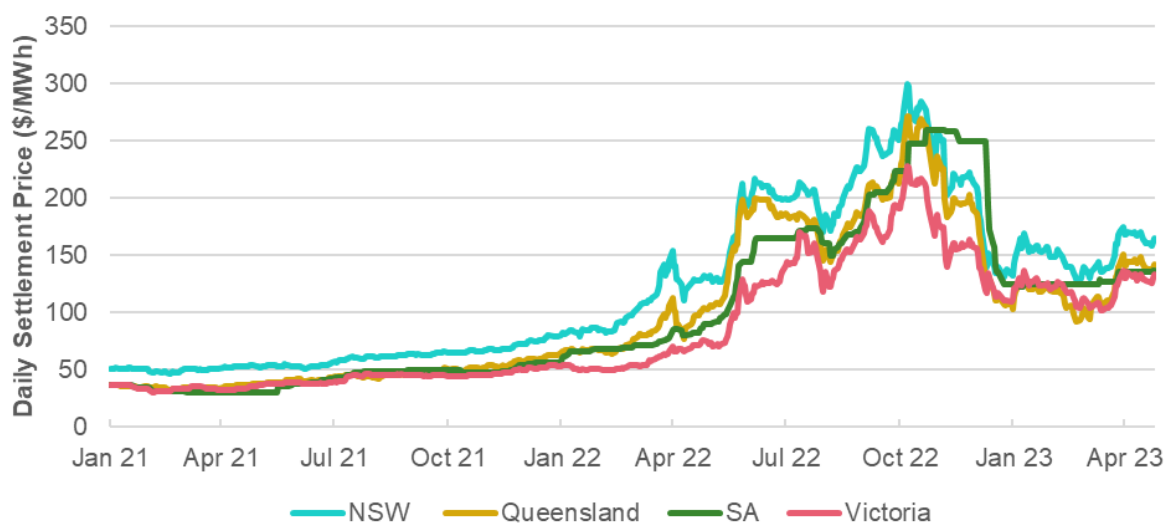
<sup>34</sup> Australian Energy Regulator (AER), [Wholesale markets quarterly – Q4 2022](#), AER, Australian Government, 2023, p 1.

<sup>35</sup> Australian Energy Regulator (AER), [Wholesale markets quarterly – Q1 2023](#), AER, Australian Government, 2023, p 9.

<sup>36</sup> Australian Energy Regulator (AER), [State of the energy market 2022](#), AER, Australian Government, 2022, p 26. In addition to 'base' contracts that cover all trading intervals, there are also 'peak' contracts that cover specified times when demand for electricity is generally higher.

**Figure 2.2 Futures prices reached extreme highs in 2022 before falling late in the year**

Daily settlement price of ASX Q3 2023 base futures, from 4 January 2021 to 28 April 2023



Source: ASX Operations, ASX Energy Data Centre [data set], [asxenergy.com.au](http://asxenergy.com.au), 2023, accessed 1 May 2023. Nominal dollars, excluding GST.

The contract in Figure 2.2 is for the third quarter of 2023. The trend was broadly similar for prices of ASX:

- base futures contracts for other periods in 2023 and 2024
- 'cap' contracts, a type of hedging contract that sets an upper limit on the price that the buyer of the cap will pay for electricity in a specified period in the future.<sup>37</sup>

Retailers and generators can also contract directly with each other, without using ASX services. This is referred to as an 'over-the-counter' contract. Information on prices and volumes in the over-the-counter contract market is not publicly available.<sup>38</sup> This limitation, combined with the small number of exchange-traded contract types analysed, mean that Figure 2.2 provides an incomplete indication of the wholesale cost trends experienced by retailers.

Our November 2022 report included analysis of over-the-counter contracts and a wide variety of contract types, as it was based on compulsorily acquired data (for the period January 2021 to September 2022).<sup>39</sup> Our November 2022 report identified a shift towards trading contracts over-the-counter, which was driven by increased margin requirements to trade on the ASX and some retailers losing access to the exchange (due to developments in the market for financial intermediaries known as 'clearing participants').<sup>40</sup>

<sup>37</sup> Australian Energy Regulator (AER), [State of the energy market 2022](#), AER, Australian Government, 2022, p 26.

<sup>38</sup> The ASX provides access to data on the contracts traded on its market. By contrast, data on over-the-counter electricity contracts is not usually reported to any central body. The details of over-the-counter trades are typically kept confidential between buyer and seller.

<sup>39</sup> Australian Competition and Consumer Commission (ACCC), [Inquiry into the National Electricity Market: November 2022 report](#), ACCC, Australian Government, 2022, p 36.

<sup>40</sup> Australian Competition and Consumer Commission (ACCC), [Inquiry into the National Electricity Market: November 2022 report](#), ACCC, Australian Government, 2022, p 29.

## 2.4. Market offer prices for new or switching customers remain high

Our analysis of current market offers indicates that retail prices for new customers or customers seeking to switch retailers have been increasing.

The data used in this section covers all available market offers. Market offers are set by retailers with limited restrictions on the structure of the electricity plans. This is in contrast to standing offers, which customers may be on by default if they have not signed onto a market offer. Standing offers are set with reference to the Default Market Offer or the Victorian Default Offer, as applicable (collectively referred to as default offers) (see section 2.5). Further information on standing and market offers are set out in section 3.2.

This data has been gathered from the government comparison websites, Energy Made Easy and Victorian Energy Compare. This analysis captures offers that are available for new customers or customers seeking to switch plans but does not consider existing plans. The results therefore indicate emerging price trends but do not necessarily reflect prices currently paid by customers.

### 2.4.1. Market offer prices have increased since 2022

As outlined in Table 2.1, estimated annual bills for current market offers have increased significantly since April 2022; by 12% to 25% across the regions. To calculate annual bills, we have applied usage assumptions consistent with the default price in each distribution region.

**Table 2.1 Estimated bills for market offers have increased**

*Estimated median annual bills paid by residential customers on single rate market offers, April 2022 and March 2023*

Region	April 2022	March 2023	Change (\$)	Change (%)
National Electricity Market	\$1,295	\$1,515	\$220	17%
New South Wales	\$1,460	\$1,830	\$370	25%
South Australia	\$1,520	\$1,830	\$310	20%
Queensland	\$1,290	\$1,603	\$313	24%
Victoria	\$1,186	\$1,323	\$137	12%

Source: ACCC analysis of Energy Made Easy and Victorian Energy Compare market offer data, 8 April 2022 and 8 March 2023. Nominal dollars, excluding GST.

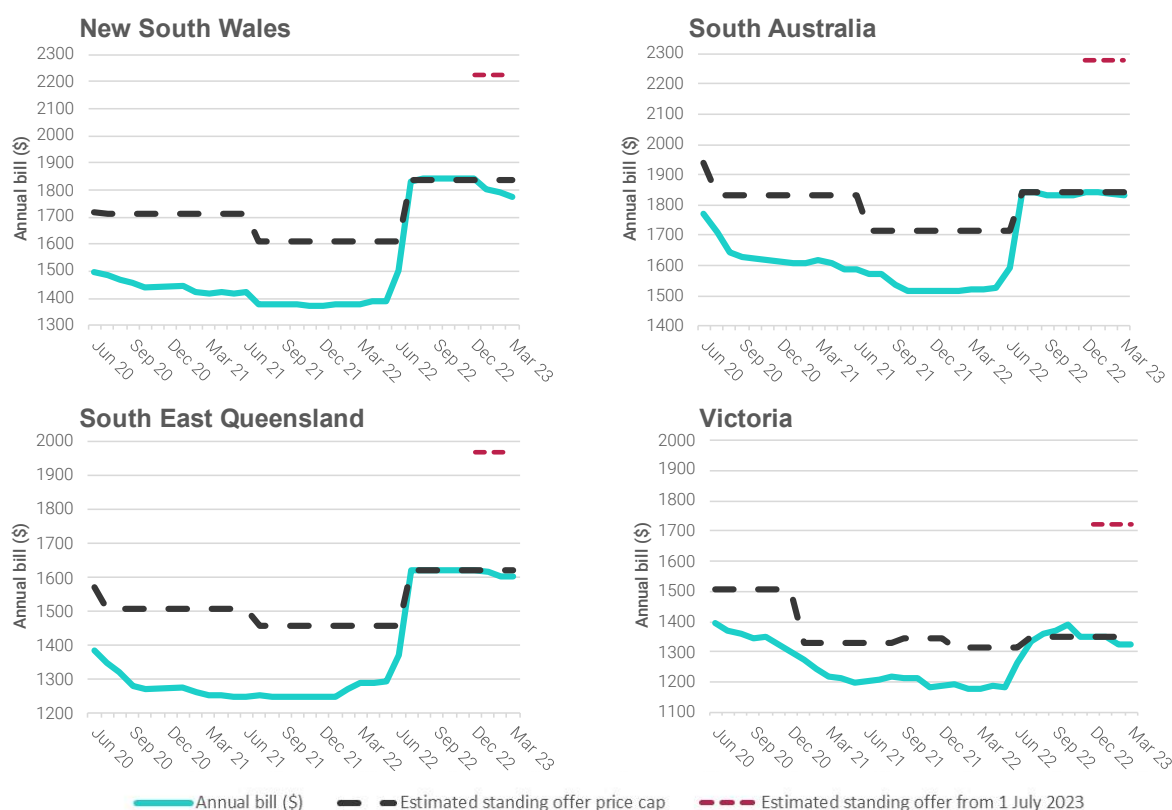
Note: Assumed annual usage is 3,900 kWh in Ausgrid, 4,900 kWh in Endeavour, 4,600 kWh in Essential, 4,600 kWh in Energex, 4,000 kWh in South Australian Power Network, 4,000 kWh in all Victorian distribution regions. For states with multiple distribution regions, the median annual bill is the median of relevant offers in the state. Values for National Electricity Market include Tasmania. The Ergon distribution region is included in Queensland. The Australian Capital Territory is included in New South Wales.

## 2.4.2. Market offer prices will likely increase further in 2023–24.

Figure 2.3 shows the price of available market offers rapidly increasing in June and July 2022, immediately following the May-June energy events described in section 2.2. Market offer prices have remained steady since mid-2022 in nominal terms (a slight decline in real terms). The standing offers (dotted lines), and associated advertising requirements (see sections 2.5.1 and 3.6) appear to have constrained retailers' ability to further increase market offer prices (turquoise line).

**Figure 2.3 Discounts available from market offers have diminished, and future prices expected to increase**

*Estimated median annual bill paid by residential customers on single rate market offers by region, from June 2020 to March 2023*



Source: ACCC analysis of Energy Made Easy and Victorian Energy Compare market offer data, 8 March 2023. Nominal dollars, excluding GST.

Note: Assumed annual usage in Ausgrid is 3,900 kWh, in Endeavour is 4,900 kWh, in Essential is 4,600 kWh, in Energex is 4,600 kWh, in South Australian Power Network is 4,000 kWh, in all Victorian distribution zones is 4,000 kWh. For states containing multiple distribution regions, the median annual bill is the median of relevant offers in the state, while the standing offer displayed is the median of the default offer prices from the relevant distribution regions. The Australian Capital Territory is included as part of New South Wales and Queensland includes the Ergon distribution region.



As of March 2023, prices of available market offers have converged around standing offer prices.

For example, regarding residential market offers:

- 70% were priced between 92% and 100% of the Default Market Offer or Victorian Default Offer
- 16% were priced above the default offers.

Regarding small business market offers:

- 51% were priced between 92% and 100% of the default offers
- 40% were priced above the default offers.<sup>41</sup>

These figures reveal that market offer price dispersion has increased slightly since our November 2022 report. However, there are still limited opportunities for consumers to find discounted market offers.<sup>42</sup>

New standing offer prices (shown in red on Figure 2.3 and discussed in section 2.5) will significantly increase the gap between prices of market offers (as of March 2023) and standing offer prices when they take effect on 1 July 2023 (Table 2.2).

We anticipate market offer prices will also increase when standing offer prices increase. As standing offer prices rise, we expect retailers will recover a greater amount of wholesale costs from market offer customers while still pricing market offers below standing offers. The restoration of 'headroom' under the standing offers may mean market offer prices do not increase by the same amount as standing offers, which could result in market offers being set at a discount to standing offers.

Further information on outcomes for consumers on standing and market offers is set out in section 3.2.

### **2.4.3. The number of available market offers has rebounded**

We also analysed the number of residential market offers available to consumers.<sup>43</sup> We found that the number of offers had rebounded since our results in the November 2022 report, driven mainly by increased offers by small and medium size retailers. This indicates that these retailers are more willing to compete for new customers than they were in late 2022. However, the total number of offers is still below levels in early 2022.

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<sup>41</sup> ACCC analysis of Energy Made Easy and Victorian Energy Compare market offer data, 8 March 2023.

<sup>42</sup> Australian Competition and Consumer Commission (ACCC), [Inquiry into the National Electricity Market: November 2022 report](#), ACCC, Australian Government, 2022, p 90.

<sup>43</sup> Single rate market offers only.

## 2.5. Default offer prices are increasing

In contrast to market offers, standing offers are set with reference to regulated default offers. The prices of both default offers (the Default Market Offer and the Victorian Default Offer) will increase significantly from 1 July 2023 (see section 2.5.2).

### 2.5.1. Default offers are designed to protect disengaged consumers

The Default Market Offer is set annually by the Australian Energy Regulator and caps prices for some standing offers in New South Wales, South Australia, and South East Queensland.<sup>44</sup> The Victorian Default Offer is determined annually by the Essential Services Commission and sets standing offer prices in Victoria.



Standing offers are intended to provide a safety net for consumers who have not or cannot engage in the market. Retailers are obliged to offer a standing offer. Further, retailers must compare their market offers to the Default Market Offer or Victorian Default Offer, so consumers are advised if their plan is more expensive than the standing offer. As such, while the default offers do not directly apply to market offers, they do somewhat constrain retailers' ability to set market offer prices significantly above the standing offer price caps. Box 2.1 provides additional information on the Default Market Offer.

#### Box 2.1 How the Default Market Offer price cap works in relation to standing offers

For each distribution region and customer type, the Australian Energy Regulator determines how much electricity a representative customer would use in a year (the model annual usage) and a reasonable annual price for that amount of electricity (the reference price).

Retailers are then able to set their standing offer tariffs, provided they do not exceed the reference price.

As an example, the Australian Energy Regulator could determine that the model annual usage for a residential customer is 5,000 kWh per year and that the reference price is \$1,500 per year. Retailer A and Retailer B could comply with the following standing offer charges:

	Supply Charge	Usage Charge	Annual Cost	Complies with the price cap
Retailer A	<b>\$2.00 / day</b> x 365 = \$730	<b>15.4 c / kWh</b> x 5000 = \$770	\$1,500	
Retailer B	<b>\$1.00 / day</b> x 365 = \$365	<b>22.7 c / kWh</b> x 5000 = \$1,135	\$1,500	

Retailer A's charges are different to Retailer B's charges, but both Retailer A's and Retailer B's standing offers comply with the Default Market Offer price cap.

While these 2 offers appear to have the same annual cost when compared to the Default Market Offer, the amount actually paid by consumers will vary depending on their usage.

<sup>44</sup> The cap on standing offer prices does not apply to customers on demand tariffs or small business customers on flexible or time-of-use tariffs.

For example, a consumer with relative low usage of 2,000kWh per year would be better off with Retailer B, as they would pay:

- \$1,038 per year with Retailer A, and
- \$819 with Retailer B.

In contrast, a consumer with a relative high usage of 7,500kWh per year would be better off with Retailer A, as they would pay:

- \$1,885 per year with Retailer A, and
- \$2,067.50 with Retailer B.

The default offers are both calculated by the relevant regulator to include reasonable values for components of a retailer's cost stack, plus an additional retail allowance or margin percentage.<sup>45</sup> Both default offers assume retailers build up a hedge book over time, and so changes in hedging contract prices take time to flow through to estimated wholesale costs, and hence the default offer prices.

## **2.5.2. Standing offers will increase again for 2023–24, driven by higher wholesale costs**

For 2022–23, both default offers were set in May 2022. The increased prices captured some of the wholesale cost increases resulting from rising spot and contract prices during the first half of 2022 but did not reflect the full impact of changes to wholesale markets. Spot and contract prices did not peak until after default offers were set for 2022–23 (section 2.2).

Default offer prices will again increase significantly for 2023–24, as the impacts of the spot and contract price increases flow into the relevant regulators' calculations. These increases are also driven by rising network costs and in many regions by increases in the total amount of retail allowances. New prices take effect on 1 July 2023.

Table 2.2 sets out price increases under the default offers in 2022–23 and 2023–24.

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<sup>45</sup> Retail allowances for the Default Market Offer (6% to 20% for 2023–24, in the process of transitioning to 10% for residential, 15% for small business customers) are generally higher than the Victorian Default Offer, which is set at 5.3%. This reflects different policy objectives of the two default offers. See: Australian Energy Regulator (AER), [Default market offer prices 2023-24](#), AER, Australian Government, 2023, p 44; Essential Services Commission of Victoria (ESCV), [Victorian Default Offer price review 2023-24](#), ESCV, Victorian Government, 2023, p 47.

**Table 2.2 Standing offer prices have increased significantly since 2021–22**

*Percentage change in prices paid by residential and small business customers on standing offers without controlled load by region, financial years, from 2021–22 to 2023–24*

<b>Region</b>	<b>2021–22 to 2022–23</b>	<b>2022–23 to 2023–24</b>	<b>Cumulative impact</b>
<b>Residential</b>			
New South Wales	9–14%	21%	31–39%
South East Queensland	11%	22%	35%
South Australia	7%	24%	33%
Victoria	1–9%	22–27%	23–36%
<b>Small Business</b>			
New South Wales	10–20%	15–22%	26–46%
South East Queensland	13%	22%	38%
South Australia	6%	29%	36%
Victoria	2–10%	20–31%	31–35%

Source: AER, AER sets energy price cap to protect consumers [media release], AER, 26 May 2022, accessed 9 November 2022; Essential Services Commission, Victorian Default Offer 2022–23: final decision, Essential Services Commission, 24 May 2022, p 6; ACCC analysis, March 2023; AER, Default market offer prices 2023/24, AER, Commonwealth of Australia, March 2023, 25 May 2023, accessed 25 May 2023; Essential Services Commission, Victorian Default Offer price review 2023-24, Essential Services Commission, 25 May 2023, accessed 25 May 2023; ACCC analysis.

Note: Nominal change. GST inclusive. Ranges are given for Victoria and New South Wales as there are multiple distribution zones in both states which have their own standing offer price. 2021–22 VDO figures are based on prices that took effect on 1 January 2022. Small business assumed usage is 20,000 MWh for all years for Victoria, and 10,000 MWh for all years for NSW, South East Queensland, and Victoria. Default Market Offer assumed usage for small business customers was reduced from 20,000 kWh/year to 10,000 kWh/year from 2021-22 to 2022-23, which means price change calculations between these years are approximate.

# 3. Choosing the right energy plan

## Key points

- Analysing retailer data on electricity bills shows how different energy plans, tariffs and contracts can impact consumers' electricity bills.
- Contract type can increase electricity bills significantly. The median residential customer on a competitive market offer saved up to \$100 annually compared to a customer on a median standing offer in 2022.
- Consumers may benefit from energy plans with demand and time-of-use tariff structures. However, these tariffs can lead to higher bills for customers who are less able to manage the time and intensity of their electricity usage.
- Energy plans with guaranteed or conditional discounts were not necessarily cheaper than plans with no discounts attached.
- The proportion of customers on plans with conditional discounts continues to decline.
- Installing solar panels reduces electricity bills. Solar feed-in rebates and rates decreased in 2022, but customers tend to benefit more by consuming the energy they generate rather than exporting it to the grid.
- To save on electricity, consumers should:
  - regularly **review** their energy plan
  - **compare** the conditions, benefits, and costs of their current energy plan against other potential plans using Energy Made Easy or Victorian Energy Compare
  - **contact** their current electricity retailer to ask for a better energy plan
  - **check** whether they are eligible for any concessions or rebates.

This chapter examines how different elements of an energy plan can impact a consumer's electricity bill and explains how consumers can compare and choose the right energy plan.

Competitive retail electricity markets can benefit consumers through lower prices, better quality or more innovative products and services, and greater choice. Retail electricity prices have increased in recent times, and the increase in Default Market Offer and Victorian Default Offer prices on 1 July 2023 indicates prices are likely to increase further for many customers. However, in an environment of rising retail electricity prices, consumers can still reduce their electricity bills by making sure they are on the best energy plan for them. While the majority of consumers feel confident in their ability to make choices about energy products and services<sup>46</sup>, energy plans can be complex. Many Australians face challenges, which can make it difficult to engage with or understand the energy market and obtain the best offer available.<sup>47</sup>

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<sup>46</sup> Energy Consumers Australia, [Sentiment Survey: December 2022](#), ECA website, n.d., accessed 23 March 2023.

<sup>47</sup> Australian Energy Regulator (AER), [Towards energy equity: a strategy for an inclusive energy market](#), AER, Australian Government, 2022, p 5.

Unlike Chapter 2 which uses data from 2023 to look at current market conditions, the analysis presented in this chapter relies on our unique billing data set, which relates to customer bills up to September 2022, and as a result reflects earlier market conditions. We use this data to assess how bills and effective prices (the amount paid divided by the volume of electricity used) paid by customers are affected by contract type, tariff structure, discounts, and the installation of solar.

## 3.1. What prices and charges make up an energy plan?

In regions with retail competition, residential and small business customers can choose from a wide variety of market offer plans with different prices, fees, charges, and benefits. Residential and small business customers can also opt to remain or be placed on the standing offer plan provided by their designated retailer.<sup>48</sup> Every small customer has a designated retailer that must offer to supply energy to their home or small business. For new connections, such as when a new home is built, it is the local area retailer,<sup>49</sup> while for existing connections, it is the customer's current retailer.<sup>50</sup>

The prices, fees, charges, and benefits which make up an energy plan are incorporated into a standard form contract. There are 2 types of customer retail contracts, standard retail contracts and market retail contracts, which are explained in more detail in section 3.2.

The pricing structure of an energy plan is called a tariff. Tariffs are typically structured to include fixed charges and variable charges. We discuss how tariff structure affects bills in section 3.3.

### Fixed charges

Fixed charges allow retailers to recover revenue regardless of a customer's electricity consumption and are commonly imposed as 'supply charges' where the customer is charged a set dollar amount per day in the billing period. The contribution of the daily supply charge to a customer's total bill will change depending on a customer's individual electricity usage profile.

Customers with very low usage could be better off by searching for offers with low fixed charges.

### Variable charges

Variable charges normally include 'usage charges' where the customer is charged per unit of electricity consumed. On an electricity bill, this charge is normally presented in cents per kilowatt hour (c/kWh), and it can sometimes be referred to as the 'consumption charge'.

Variable charges can incentivise customers to reduce or manage their electricity usage and demand. For example, higher usage charges at peak times relative to off-peak times provide signals to customers when it is more or less expensive to use electricity.

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<sup>48</sup> National Energy Retail Law s 22; Energy Retail Code of Practice (Vic) cl 26.

<sup>49</sup> The local area retailer is prescribed under regulation and is required to supply energy to customers establishing a new connection to the network. See Australian Energy Regulator (AER), [First-time connection](#), AER website, n.d., accessed 1 June 2023.

<sup>50</sup> For further information, see Australian Energy Regulator (AER), [National Energy Retail Law: Obligation to make offer to small customer](#), AER, Australian Government, January 2020.

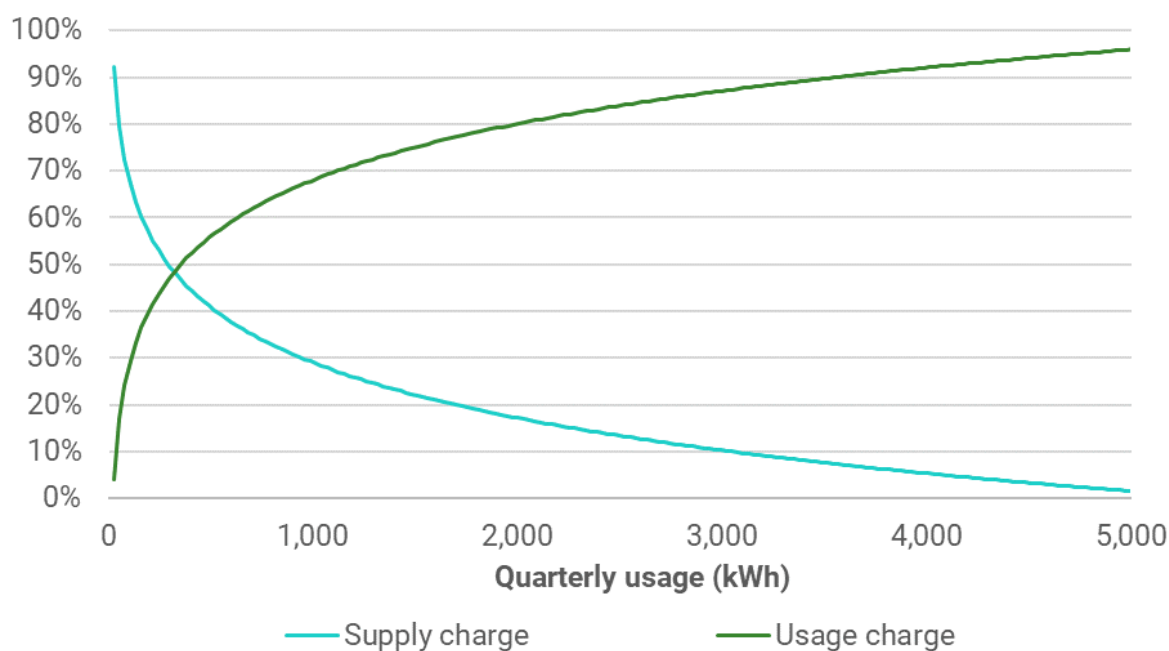


Unlike supply charges, total usage charges fluctuate depending on a customer’s electricity consumption. As a customer’s usage increases, the contribution of usage charges to a customer’s total charge increases, as shown in Figure 3.1.

Customers with large usage could be better off by searching for offers with lower variable charges.

**Figure 3.1 The contribution of supply and usage charges to the total bill varies with usage**

*Residential customer supply and usage charges as a proportion of total bill charges by usage band, all regions combined, third quarter, 2022*



Source: ACCC analysis of retailer billing data.

## Credits and rebates

Customers with solar photovoltaic systems receive feed-in tariff credits in exchange for exporting excess electricity to the grid. We examine the impact of solar on bills in section 3.5.

Other credits on energy bills may include rebates and concessions which are not part of the energy plan but set by state and territory governments (see Appendix B for further details).

## Benefits

Customers can also choose market offer plans with benefits and incentives. Benefits, such as price discounts, and incentives, such as loyalty program points and free subscriptions, are often used as marketing tools by retailers. We compare the price of energy plans with discounts to the price of energy plans without discounts in section 3.4.

## Other fees and charges

Energy plans can also include a range of one-off and periodic fees and charges. Some examples include:

- account establishment or membership fees
- termination fees for exiting a market retail contract early
- payment processing fees, for instance, if the customer pays their bill by credit card
- meter reading fees.

For most customers, fees and charges have a minimal impact on the overall cost of electricity. However, customers should consider the amount of fees and charges and the frequency at which they are likely to incur any fees or charges when choosing an energy plan.

### Box 3.1 New requirements to help consumers understand their energy plan

The National Energy Retail Rules have been amended to place new requirements on how retailers prepare and issue bills.

From 30 September 2023, retailers must comply with the AER's Better Bills Guideline.<sup>51</sup>

The Better Bills Guideline requires retailers to include a plan summary and a summary of tariffs, charges and charging windows on bills.<sup>52</sup>

The plan summary must state, if applicable:

- the plan name
- renewable sources or carbon offsets, such as GreenPower, and
- benefits, such as a price discount, and benefit change dates, such as the expiry date for a discount.

#### Illustrative example of a plan summary

##### Summary of your plan

###### EnergyCo Simple Saver

Your plan includes 15% usage discount  
(expires 31 March 2023)

Your plan includes 20% GreenPower

Source: Australian Energy Regulator (AER), Better Bills Guideline (Version 2), AER, Australian Government, 2023, Example 3.

<sup>51</sup> National Energy Retail Rules r 25-25A.

<sup>52</sup> Australian Energy Regulator (AER), [Better Bills Guideline \(Version 2\)](#), AER, Australian Government, 2023, section 41.

## 3.2. How does contract type affect bills?

There are 2 types of customer retail contracts under the National Energy Retail Law<sup>53</sup> and Victorian Energy Retail Code of Practice:

- standard retail contracts, and
- market retail contracts.

We often use the terms ‘standing offer’ to refer to standard retail contracts and ‘market offer’ to refer to market retail contracts.

In 2018, the ACCC found that standing offers were the highest priced plans available, and that the significant difference between market offer and standing offer pricing could not be attributed to the additional consumer protections that applied to standing offers.<sup>54</sup>

As a result of that finding:

- the Australian Government introduced a cap on some<sup>55</sup> standing offer prices in New South Wales, South Australia, and South East Queensland, known as the Default Market Offer
- the Victorian Government re-regulated all standing offer prices in Victoria, through the Victorian Default Offer.

However, market offers can be priced higher than standing offers. Over the last year, we have observed more market offers for existing and new customers priced above standing offers. Customers should regularly review their energy plan against other offers available in the market.

### 3.2.1. Understanding standard and market retail contracts

There are several differences between standard and market retail contracts as set out in Table 3.1, which relate to how the contracts are formed and the types of consumer protections that apply. These differences are a result of the evolution of retail competition in the NEM which saw state governments retain standard retail contracts to provide a safety net for consumers who had not or could not engage in the market.<sup>56</sup>

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<sup>53</sup> Adopted by New South Wales, Queensland, South Australia, Tasmania, and the Australian Capital Territory.

<sup>54</sup> Australian Competition and Consumer Commission (ACCC), [Restoring electricity affordability and Australia's competitive advantage: Retail Electricity Pricing Inquiry Final Report](#), ACCC, Australian Government, 2018, p 242.

<sup>55</sup> The cap on standing offer prices does not apply to customers on demand tariffs or small business customers on cost-reflective tariffs such as time of use tariffs.

<sup>56</sup> Australian Competition and Consumer Commission (ACCC), [Restoring electricity affordability and Australia's competitive advantage: Retail Electricity Pricing Inquiry Final Report](#), ACCC, Australian Government, 2018, p 240.

**Table 3.1 Key differences between market and standard retail contracts in New South Wales, Queensland, and South Australia**

Standard Retail Contract	Market Retail Contract
<ul style="list-style-type: none"> <li>▪ Retailers must have a standing offer available to customers for which they are the designated retailer</li> <li>▪ The contract must be consistent with the model terms and conditions in the National Energy Retail Rules</li> <li>▪ Prices can only be varied every 6 months and must be published in a newspaper and on the retailer’s website at least 10 days prior</li> <li>▪ The contract starts after the customer has contacted the retailer and given the retailer their name, identification and contact details for billing purposes</li> <li>▪ Retailers must comply with the price cap on standing offers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Retailers may offer market offers to any customer</li> <li>▪ The contract must be consistent with any relevant minimum requirements in the National Energy Retail Rules</li> <li>▪ Prices can be varied at any time by giving a notice to the customer 5 business days before the new prices take effect<sup>57</sup></li> <li>▪ The retailer must obtain the explicit informed consent of a small customer before they enter into a contract</li> <li>▪ Retailers must compare their prices to the price cap on standing offers</li> </ul>

Source: National Energy Retail Law pt 2; National Energy Retail Rules pt 2 and sch 1; Competition and Consumer (Industry Code – Electricity Retail) Regulations 2019 pt 2.

### 3.2.2. Most customers are on market offers

Our data set confirms most customers are on market retail contracts. In the third quarter of 2022, approximately 10% of residential customers and 20% of small business customers across New South Wales, Victoria, South East Queensland, and South Australia are on standing offers (Figure 3.2).

Overall, there was an increase in the proportion of customers on standing offers in 2022, for the second year in a row. This trend was driven by standing offer uptake in Victoria, which relates to the different regulatory and policy settings in the Victorian retail market. Points of difference which may explain the greater uptake of standing offers in Victoria include:<sup>58</sup>

- the smaller price difference between market and standing offer prices in Victoria
- retailers being required to roll customers onto standing offers at the end of a fixed-term contract if they do not give explicit informed consent to be moved onto a different offer<sup>59</sup>
- greater consumer awareness of the Victorian default offer.

We observed an increase in the proportion of Victorian residential customers on standing offers from 7.7% in 2021 to 12.0% in 2022. Similarly, the proportion of Victorian small business customers on standing offers increased from 14.9% in 2021 to 21.4% in 2022.

<sup>57</sup> This obligation has been modified in Queensland to require retailers to give at least 10 days prior notice for price increases and 5 days for price decreases: National Energy Retail Law (Queensland) Regulation 2014 sch 5 s 8.

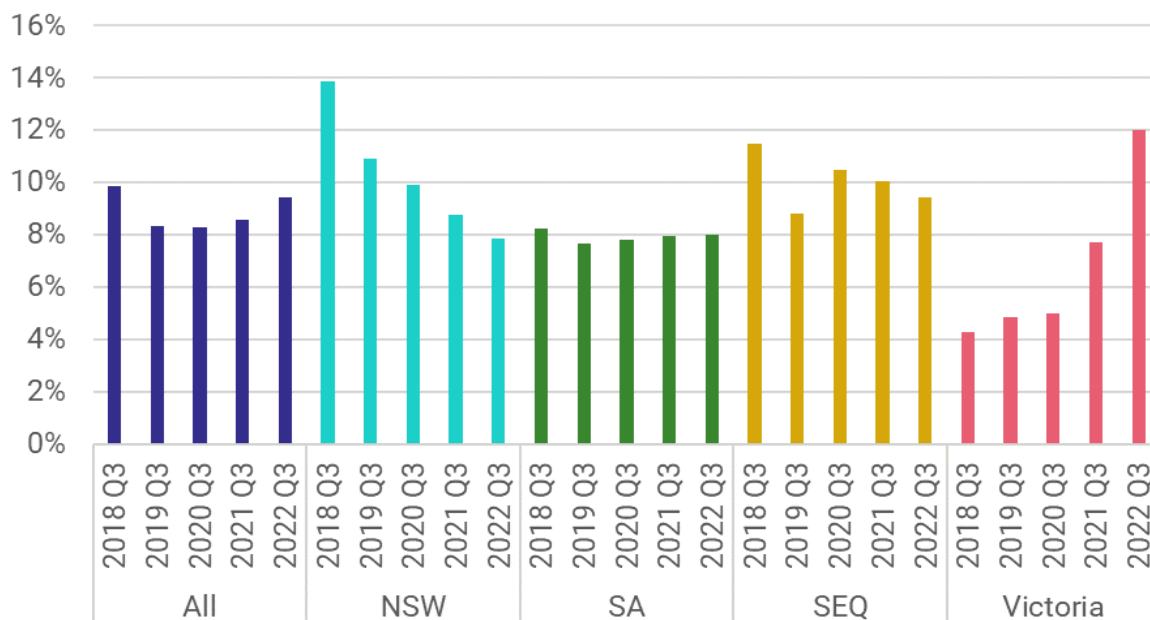
<sup>58</sup> We discussed the different regulatory and policy settings in greater detail in our May 2022 report. See Australian Competition and Consumer Commission (ACCC), [Inquiry into the National Electricity Market: May 2022 report](#), ACCC, Australian Government, 2022, pp 27–30.

<sup>59</sup> See Essential Services Commission of Victoria (ESCV), [Ensuring energy contracts are clear and fair: Final decision](#), ESCV, Victorian Government, 2020.

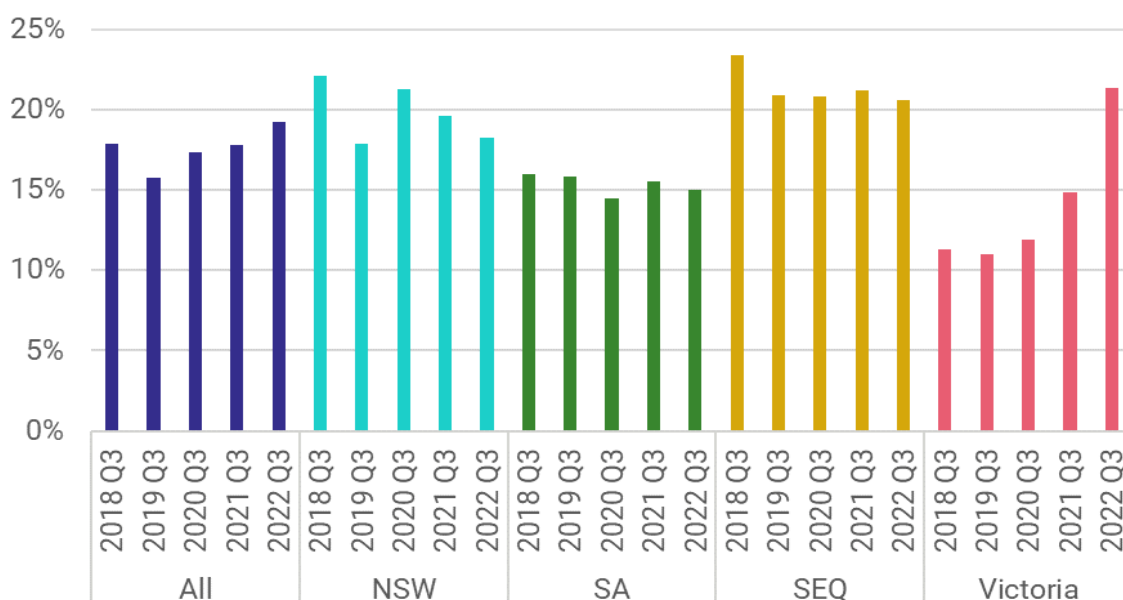
In New South Wales, South East Queensland, and South Australia the proportion of customers on standing offers declined between 2021 and 2022.

**Figure 3.2 The proportion of customers on standing offers decreased in New South Wales, South East Queensland and South Australia and increased in Victoria**

*Proportion of residential customers on standing offers by region, third quarter, from 2018 to 2022*



*Proportion of small business customers on standing offers by region, third quarter, from 2018 to 2022*



Source: ACCC analysis of retailer billing data.

The Australian Energy Regulator reports quarterly on the proportion of customers switching from standing to market offers and vice versa in jurisdictions which have adopted the

National Energy Retail Law. The number of residential customers who switched from standing to market offers was approximately 5 times greater than those who switched from market to standing offers in the period between third quarter 2021 and third quarter 2022.<sup>60</sup>

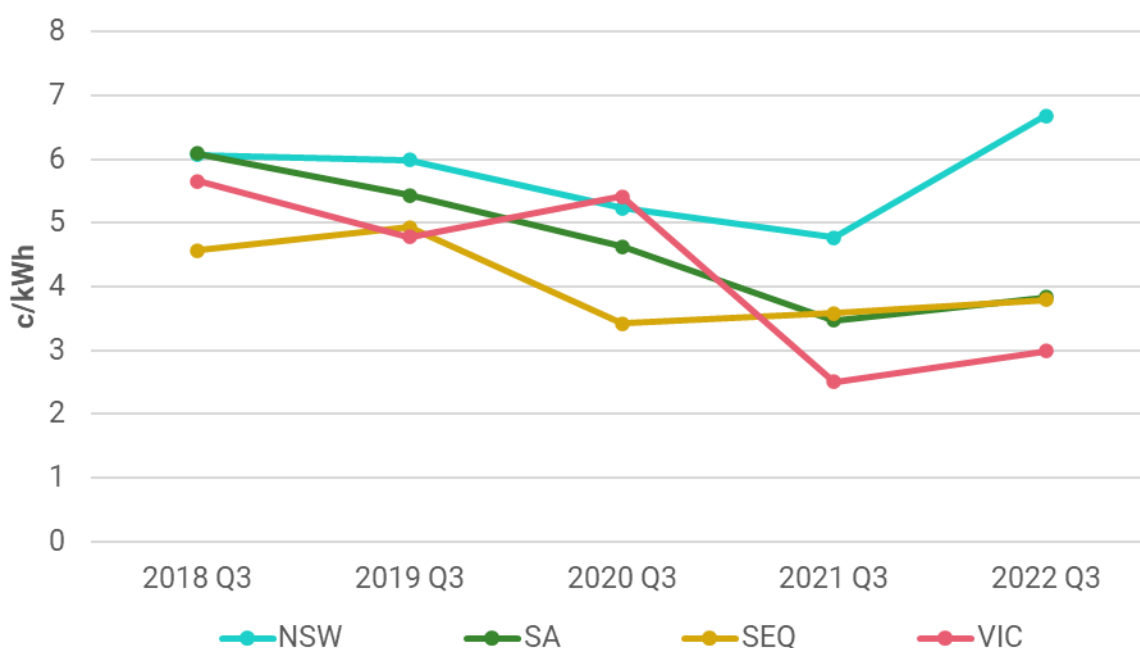
### 3.2.3. Customers on standing offers pay more than customers on market offers

The ACCC has consistently observed that customers on standing offers pay more than customers on market offers, on average. We make this comparison by deriving an ‘effective price’ for customers on each type of contract by taking the total bill and dividing it by the amount of electricity used.<sup>61</sup>

While effective prices across all offers increased between 2021 and 2022, Figure 3.3 shows that the residential effective price for customers on a market offer continued to pay less than the effective price of customers on a standing offer.

**Figure 3.3 Residential customers on standing offers pay more on average than residential customers on market offers**

*Difference in median effective prices paid by residential customers on market and standing offers by region, third quarter, from 2018 to 2022*



Source: ACCC analysis of retailer billing data. Nominal dollars, excluding GST.

Notes: Figure shows interquartile ranges (25% and 75%) and median values.

As discussed in chapter 2, we observed market offer prices for new customers converging towards standing offer prices in 2022, and an increase in market offers priced above standing offers. The median effective price results in Figure 3.3 show that there continued to be a difference between market and standing offer prices.

<sup>60</sup> Australian Energy Regulator (AER), [Retail energy market performance update for Quarter 1, 2022–23](#) [data set], AER website, 2023, accessed 19 April 2023.

<sup>61</sup> For more information about our methodology, see Appendix A.



Figure 3.4 shows that, between third quarter 2021 and third quarter 2022, residential customers on a competitive market offer saved up to \$100 annually compared to residential customers on a standing offer.

Figure 3.3 and Figure 3.4 do not confirm that a convergence occurred. This is likely because:

- customers are billed in arrears. As this report focusses on bills sent to customers from July to September 2022, only a proportion of the consumption captured in our billing sample will include price increases from 1 July 2022
- elevated spot and contract prices are still flowing through to retailers' costs: retailer hedge contracts are negotiated in advance for future periods and take time to expire and be replaced
- retailers may not change prices for existing customers at the same time or rate they change their generally available prices for new customers
- increases in rebates and concessions from governments reduce bills and effective prices.

**Figure 3.4 Residential standing offer customers could have saved money by being on a competitive market offer**

*Difference between median residential standing offer and 25th percentile market offer bills, using effective price and median standing offer usage by region, from fourth quarter 2021 to third quarter 2022*



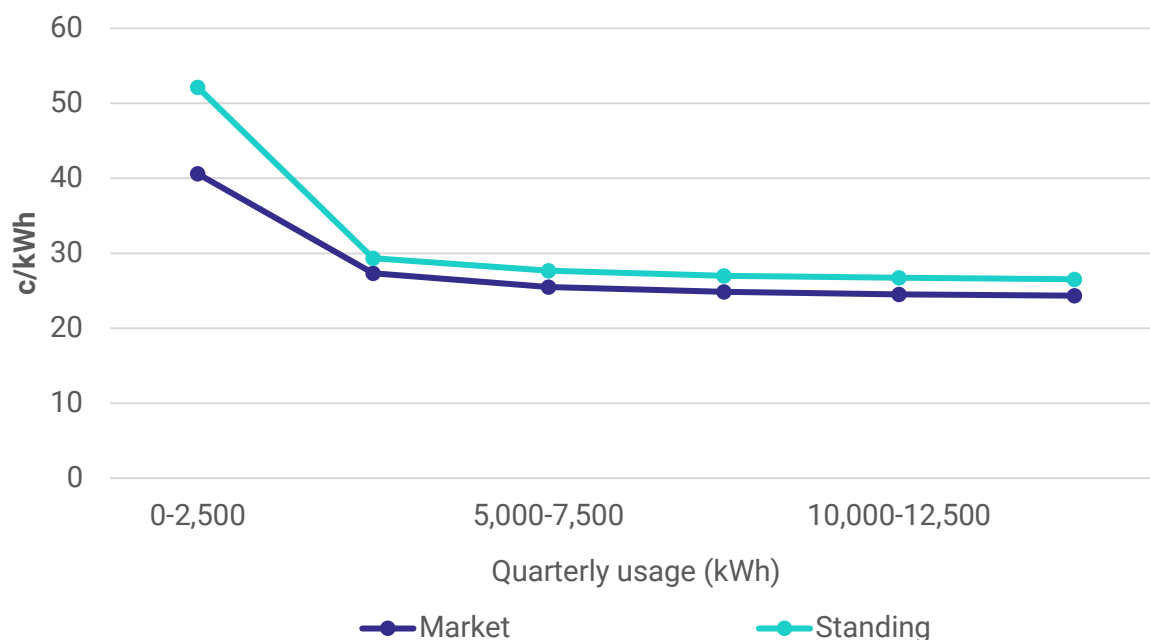
Source: ACCC analysis of retailer billing data. Nominal dollars, excluding GST.

Residential customers in Victoria on competitive market offers saved comparatively less. This is likely due to the design of the Victorian Default Offer as a 'fair price'.

Our billing data also shows that, on average, small business customers experience better price outcomes on market offers compared to standing offers. Figure 3.5 shows that across different levels of usage, small business customers on market offers paid a lower effective price than small business customers on standing offers.

**Figure 3.5 Small business customers on standing offers paid more on average than small business customers on market offers**

*Median effective prices paid by small business customers on market and standing offers by usage band, all regions combined, third quarter, 2022*



Source: ACCC analysis of retailer data. Nominal dollars, excluding GST.

### 3.3. How does tariff type affect bills?

The ACCC collects data from retailers about single rate, time-of-use, demand, and controlled load tariffs. Tariffs which do not fall into these categories are grouped as 'Other' tariffs.

#### 3.3.1. Understanding common tariff structures

Retailers can structure their tariffs in many different ways, but most tariffs are based around a fixed daily supply charge and a variable usage charge.

The 2 most common types of tariffs are defined by their usage charges:

- consumers on **single or flat rate tariffs** are charged the same rate per unit of consumption at all times of the day
- consumers on **time-of-use tariffs** are charged different rates per unit of consumption depending on the time of day.

#### Time-of-use tariffs

Time-of-use tariffs are designed to incentivise the use of electricity during off-peak periods when demand for electricity is lower. Time-of-use tariffs apply different rates to electricity usage at different times of the day<sup>62</sup>.

<sup>62</sup> Australian Energy Regulator (AER), [State of the energy market 2022](#), AER, Australian Government, 2022, p 212.

Typically, this is divided into 3 periods:

- **Peak** (when electricity costs the most, typically in the evenings of weekdays)
- **Off-peak** (when electricity costs the least, typically overnight and on weekends)
- **Shoulder** (remaining times).

## Demand tariffs

A third increasingly common type of tariff is the **demand tariff** which normally includes a fixed daily supply charge, a variable usage charge and an extra demand charge. This demand charge is for the amount of power drawn from the grid at any one point in time. Demand charges measure instantaneous demand in kW. It is distinct from the amount of energy used over time, which is typically charged in cents per kWh.

Retailers apply demand charges in different ways. For example, demand charges may be calculated using:

- the highest demand in a period of time
- an average of peak demand over a period of time
- different rates for demand charges, which might be applied in different seasons.

Both time-of-use and demand tariffs are designed to incentivise individual customers to change their energy usage habits to enable more efficient use of electricity infrastructure in meeting the needs of all consumers.

## Controlled load tariff

A **controlled load tariff** is another common tariff structure. Controlled load tariffs are used for dedicated appliances such as hot water systems that can be run overnight or at off-peak times to take advantage of cheaper pricing. This means that controlled load tariffs typically have lower usage rates to those applied to a customer's general electricity usage.

### 3.3.2. More residential customers are on cost-reflective tariffs

Residential customers are increasingly on cost-reflective electricity tariffs such as time-of-use and demand tariffs. These tariffs more closely reflect the costs incurred by retailers to supply electricity and incentivise residential customers to consume electricity in off-peak periods where demand for electricity is lower.

As shown in Figure 3.6, the proportion of customers on cost-reflective tariffs increased significantly in South Australia and South East Queensland between 2019–20 and 2021–22, and to a lesser extent in New South Wales and Victoria.

**Figure 3.6 More residential customers are on cost-reflective tariff structures**

*Proportion of residential customers on time-of-use and demand tariffs by region, financial years, from 2019–20 to 2021–22*

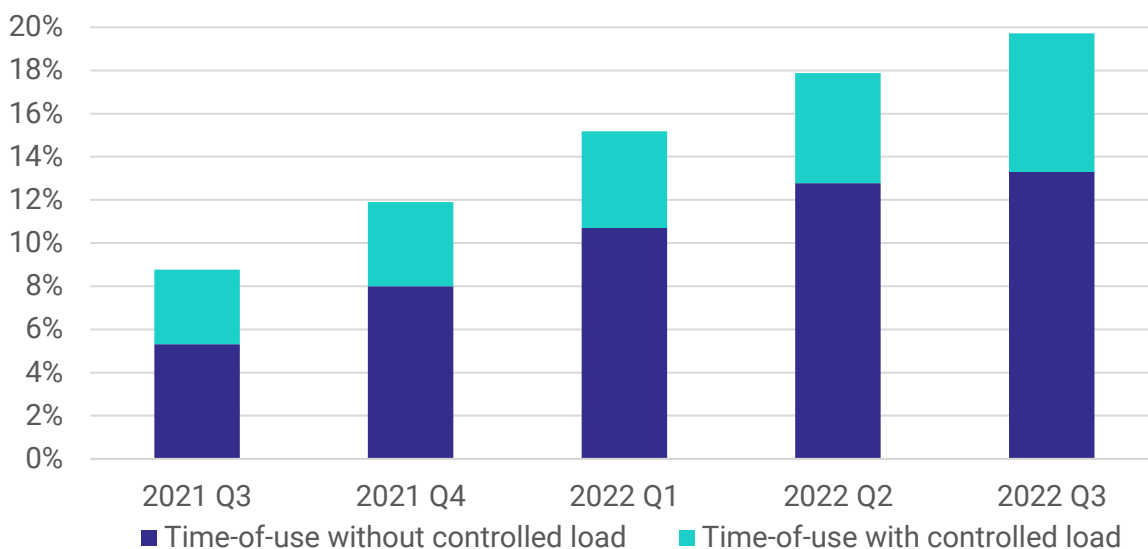


Source: ACCC analysis of retailer billing data.

Figure 3.7 shows that there has been a strong growth in time-of-use tariff structures in South Australia, with almost 20% of all plans adopting time-of-use tariffs in third quarter 2022.

**Figure 3.7 Between 2021 and 2022, the proportion of time-of-use customers in South Australia increased**

*Proportion of residential customers on time-of-use tariffs in South Australia, all quarters, from third quarter 2021 to third quarter 2022*

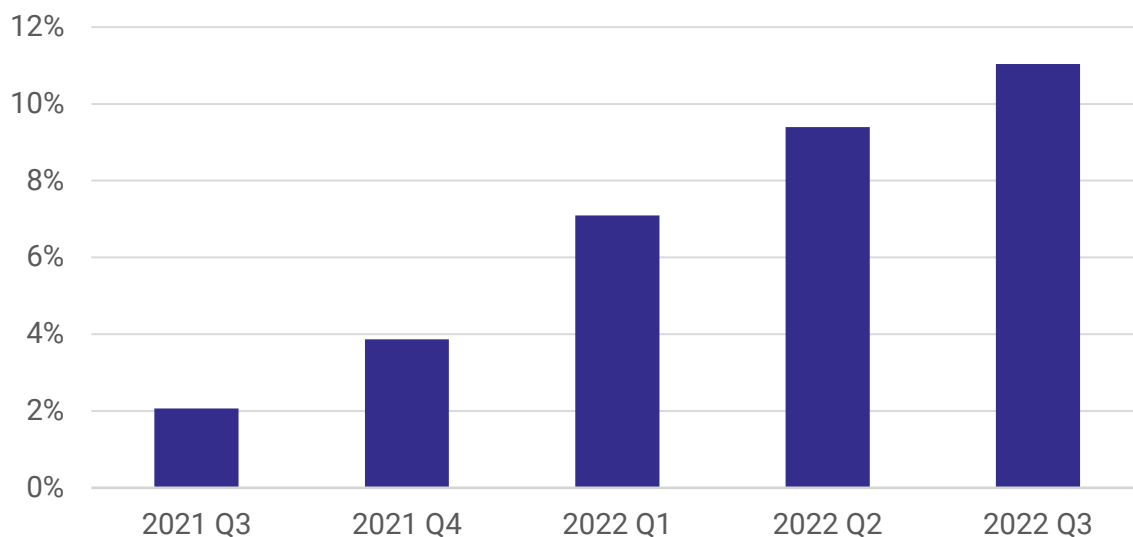


Source: ACCC analysis of retailer billing data.

There has also been an increased prevalence of demand tariff structures, particularly in South East Queensland. Between 2021 and 2022, the use of demand tariffs in South East Queensland increased from approximately 2% to over 10% (Figure 3.8).

**Figure 3.8 Between 2021 and 2022, the proportion of demand tariff customers in South East Queensland increased**

*Proportion of residential customers on demand tariffs in South East Queensland, all quarters, from third quarter 2021 to third quarter 2022*



Source: ACCC analysis of retailer billing data.

The reason for these changes can partly be explained by the movement towards time of use and demand network tariff structures in these regions for smart-meter customers.

Network tariffs are costs charged to electricity retailers by distributors for the use of network infrastructure. These network tariffs are then packaged into a retail offer and passed onto end user customers. Just like retail tariffs, network tariffs can be structured differently and may take the form of a flat-rate, time-of-use, or demand tariff structure. However, retailers have discretion over whether the network tariff structure adopted by the distributor will be reflected in its own retail pricing. Retailers may decide to package network tariffs into their retail offer in a way that replicates the network tariff price signals.

In 2020, South Australia Power Networks and Energex both announced shifts to cost reflective network tariff structures. In South Australia, South Australia Power Networks announced the introduction of time-of-use based network tariffs as the default for smart meter customers, while in South East Queensland, Energex announced the introduction of demand network tariffs as the default for smart meter customers.

Under the National Electricity Rules, distribution networks are required to consider the impact on customers of changes in network tariffs, having regard to the extent to which customers can choose the tariff to which they are assigned and can mitigate the impact of changes in tariffs through making decisions about how they use electricity.<sup>63</sup>

Retailers in these regions have made subsequent adjustments to their retail offers in response to these changes. As shown in Figure 3.7, there has been a significant uptake of

<sup>63</sup> National Electricity Rules cl 6.18.5(h).

cost-reflective tariffs by end user customers, with a large increase in time-of-use tariff customers in South Australia and demand tariff customers in South East Queensland.

These changes to network tariffs encourage greater consumer demand management, and when these structures are carried across to retail offers, end users are incentivised to consume more of their electricity during off-peak times than during peak times.

However, retail offers with cost reflective tariff structures can lead to higher bills for customers who are unable to effectively manage the time and intensity of their electricity usage. Further, the Default Market Offer does not apply to demand tariffs for both residential and small business customers, meaning customers on standing offers with demand tariff structures are not protected by a price cap. Customers can request to be reassigned to a different tariff and retailers should facilitate those requests, including requesting a network tariff reassignment on behalf of the customer. However, in this context, the rapid uptake of cost-reflective retail tariffs may disproportionately impact some consumers.

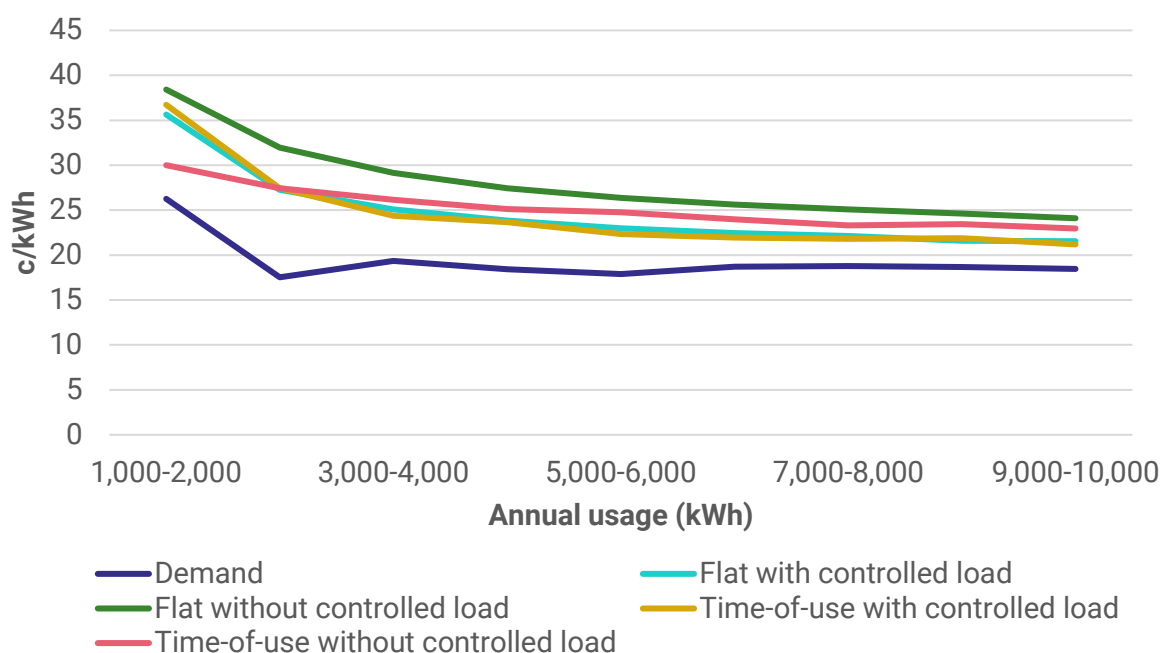
### 3.3.3. Cost-reflective tariffs can reduce electricity bills

Cost-reflective tariff types can lead to better effective price outcomes for consumers when they understand how their tariffs work and are able to use electricity outside of peak periods.

In this section, we have used 12 months of information, from the second quarter 2021 to second quarter 2022, rather than use information from the third quarter of 2022. This approach has been taken to account for the Cost of Living Rebate issued to Queensland households between September and November 2022, which has a material impact on the relative performance of each tariff type in the third quarter of 2022.

**Figure 3.9 Residential customers on demand tariffs paid lower effective prices**

*Median effective prices paid by residential customers by tariff type and usage band, all regions combined, all quarters combined, from second quarter 2021 to second quarter 2022*



Source: ACCC analysis of retailer billing data. Nominal dollars, excluding GST.

Figure 3.9 shows the effective prices of different residential tariff types over different bands of annual electricity usage. Over different levels of usage, residential customers on demand tariffs tend to have lower effective prices compared to other tariff types. This may indicate that customers on demand tariffs are responding to the negative incentive of high demand charges and effectively managing their peak demand.

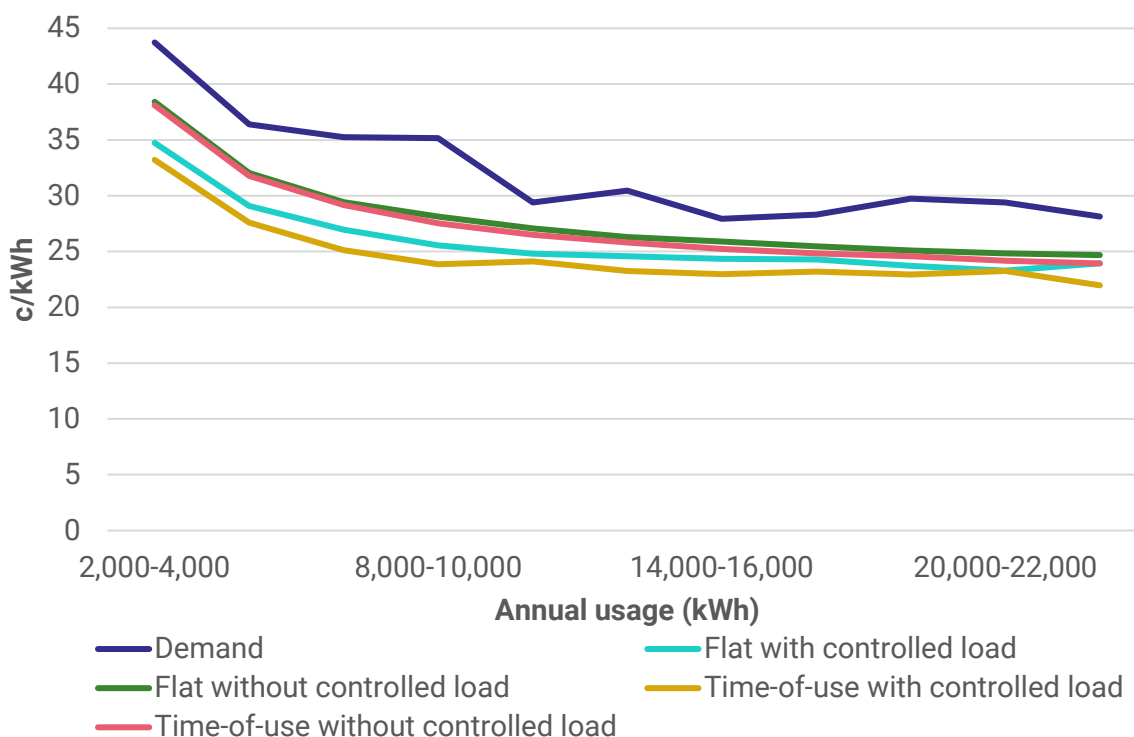
However, the price outcomes for residential customers on cost-reflective tariff types can vary significantly depending on their individual usage profile. This is especially the case for demand tariffs.

Figure 3.10 shows the effective prices outcomes for small business customers on different tariff types over different levels of usage. Unlike residential customers, small business customers on demand tariffs paid higher effective prices than those on other tariff types.

This result may indicate that small business customers on demand tariffs face difficulty in managing their peak levels of demand.

**Figure 3.10 Small business customers on demand tariffs paid higher effective prices**

*Median effective prices paid by small business customers by tariff type and usage band, all regions combined, all quarters combined, from second quarter 2021 to second quarter 2022*



Source: ACCC analysis of retailer billing data. Nominal dollars, excluding GST.

As discussed in Box 3.2 below, customers with high electricity demand in peak periods may experience higher electricity bills when on a demand tariff.



### Box 3.2 Case study: Demand tariffs

Demand tariffs are designed to reduce customers' electricity demand during peak periods.

Customers on these tariffs are incentivised to shift their electricity demand outside of peak periods. Customers who have low demand in peak periods can achieve lower effective prices when on a demand tariff.

However, customers who are not actively monitoring their demand in peak periods, or who are otherwise unable to minimise their demand in peak periods, may experience adverse price outcomes if on a demand tariff.

As demand charges are typically determined by a customer's highest demand for electricity during a single interval (in a peak window of time determined by the local electricity distributor), customers who have high demand during a peak period can experience very high prices on their end bill.

The below table shows how customers with identical usage can still pay significantly different prices depending on the timing and pattern of their usage. In this example, both customers use 400 kWh of electricity per month and have the same supply, usage, and demand charges. The demand charges apply to the highest demand during a set peak window. However, Customer A's highest demand during the peak period is 2kW. Customer B's highest demand, meanwhile, is 8kW during the peak period. As such, Customer B incurs a much higher demand charge than Customer A, which results in a more expensive bill.

	Supply Charge	Usage Charge	Demand Charge	Monthly Bill
Customer A	<b>\$1.20 / day</b> x 30 = \$36	<b>19c / kWh</b> x 400 = \$76	<b>25c x 2kW</b> x 30 = \$15	\$127
Customer B	<b>\$1.20 / day</b> x 30 = \$36	<b>19c / kWh</b> x 400 = \$76	<b>25c x 8kW</b> x 30 = \$60	\$172

## 3.4. What impact do discounts have on the total bill?

Some market offer plans include guaranteed or conditional discounts and other financial and non-financial incentives. Discounts can be fixed dollar amounts or a percentage off the total bill or off a particular charge or fee.

Discounts and incentives may be one-off payments which reduce the cost of the energy plan in the short term, or ongoing discounts for a time-limited period, such as twelve months. This means that energy plans with discounts compare favourably when a customer looks at the annual price of the energy plan in the first year but may cost more in the longer term if the customer does not regularly review their energy plan. To help address this issue, retailers must give customers a benefit change notice when a discount changes or expires.<sup>64</sup>

<sup>64</sup> National Energy Retail Rules r 48A; Energy Retail Code of Practice (Vic) cl 106.

**Conditional discounts** are discounts that only apply if a customer meets certain requirements or conditions. For instance, a discount if the customer pays their bill on time is a conditional discount. Other commonly available conditional discounts include discounts for paying by direct debit or another specified payment method, referring a friend and for remaining with the retailer for a specified period of time.

While plans with conditional discounts may appear cheaper than other energy plans, their cost is contingent on customers meeting the conditions attached to the discount. In 2022, we observed that 84% of customers on plans with conditional discounts achieved the discount.

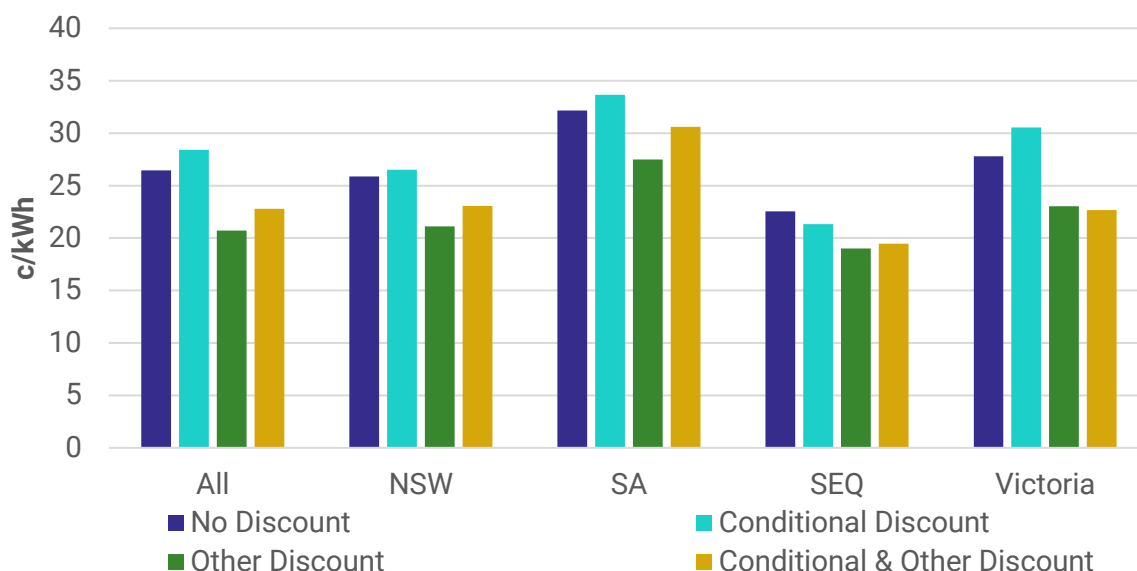
**Guaranteed or unconditional discounts** are discounts that do not require the customer to do anything – the customer is guaranteed to receive the discount. In effect, guaranteed discounts are lower prices, communicated in a less transparent way.

However, while discounts may appear attractive to customers, our analysis shows that customers on energy plans with conditional discounts pay similar prices to customers on energy plans without discounts (Figure 3.11).

For Figure 3.11, we have used 12 months of information, from the second quarter 2021 to second quarter 2022, rather than use information from the third quarter of 2022. This approach has been taken to account for the Cost of Living Rebate issued to Queensland households between September and November 2022, which has a material impact on the relative performance of South East Queensland.

**Figure 3.11 Plans with conditional discounts are not necessarily better than plans without discounts**

*Median effective price paid by residential customers by discount status and region, all quarters combined, from second quarter 2021 to second quarter 2022*



Source: ACCC analysis of retailer billing data. Nominal dollars, excluding GST.

Note: 'Other Discount' means any additional discounts or rebates that are not captured by any of the other defined categories in the ACCC's information gathering notices and includes any applicable bill corrections that reduce the amount required to be paid.

In recent years, the ways in which retailers can use and advertise discounts has become more tightly regulated in New South Wales, South Australia, and South East Queensland:

- retailers must not apply price discounts to a market offer where the market offer, if not for the discount, would cost more than the equivalent standing offer from the retailer<sup>65</sup>
- retailers must not use conditional discounts as the most prominent price-related matter in an advertisement and must clearly and conspicuously explain the conditions on the discount<sup>66</sup>
- retailers must compare their prices to the Default Market Offer price as a percentage and state an annual estimated cost which includes conditional discounts<sup>67</sup>
- retailers must not include a discount conditional on meeting a payment condition in a market offer unless the amount of the discount does not exceed a reasonable estimate of the cost to the retailer from the customer failing to meet the payment condition.<sup>68</sup>

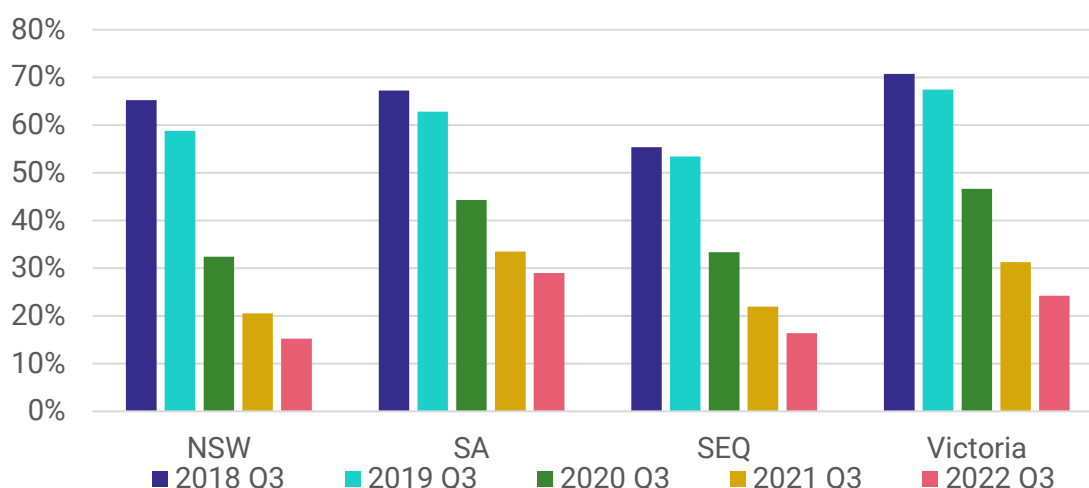
Similar obligations were also introduced in Victoria under the Energy Retail Code of Practice.<sup>69</sup>

These regulatory changes have impacted retailer pricing and advertising behaviours.

In the ACCC’s 2018 inquiry into retail electricity pricing, we identified that the ‘dominant form of competition among retailers has been the advertisement of large headline ‘discounts’<sup>70</sup> with the discount often conditional on customers paying on time. As a result of regulatory changes between 2018 and 2020, we observe that the proportion of residential customers on plans with conditional discounts continues to decrease (Figure 3.12).

**Figure 3.12 Less residential customers are on plans with conditional discounts**

*Proportion of residential market offer customers with conditional discounts by region, third quarter, from 2018 to 2022*



Source: ACCC analysis of retailer billing data.

<sup>65</sup> National Energy Retail Rules r 46B.

<sup>66</sup> Competition and Consumer (Industry Code – Electricity Retail) Regulations 2019 s 14(2).

<sup>67</sup> Competition and Consumer (Industry Code – Electricity Retail) Regulations 2019 s 12.

<sup>68</sup> National Energy Retail Rules r 46C.

<sup>69</sup> See Energy Retail Code of Practice (Vic) cls 48–49, 95.

<sup>70</sup> Australian Competition and Consumer Commission (ACCC), [Restoring electricity affordability and Australia’s competitive advantage: Retail Electricity Pricing Inquiry Final Report](#), ACCC, Australian Government, 2018, xi.

### 3.5. What impact do solar feed-in tariffs have on the total bill?

By installing solar panels, consumers are often able to reduce their electricity bills through reducing usage and by exporting excess electricity to the grid in exchange for solar feed-in tariff credits.

Figure 3.13 illustrates the lower bills paid by solar customers compared to customers who do not have solar photovoltaic systems installed, and the seasonal impacts on bills as changes in electricity usage and electricity generation combine to reduce solar feed-in tariff rebates.

**Figure 3.13 Residential customers with solar panels have lower electricity bills**

*Median bills for residential customers with and without solar photovoltaic systems, all regions combined, all quarters, from third quarter 2018 to third quarter 2022*



Source: ACCC analysis of retailer billing data. Nominal dollars, excluding GST.

When solar panels first became available, most state and territory governments incentivised installation through generous solar feed-in tariff schemes which paid subsidised rates as high as 60 c/kWh. The objectives of these schemes included making solar photovoltaic systems more affordable and stimulating the solar installation industry. While these schemes are now closed and many have expired, legacy customers continue to benefit from premium solar feed-in tariff rates which exceed the wholesale and sometimes the retail price of electricity in the relevant region.

**Table 3.2 Extant premium feed-in tariff schemes and expiry dates**

State	Rate (c/kWh)	Expiry Date
Victoria	60	1 November 2024
Queensland	44	1 July 2028
South Australia	44	30 June 2028

Source: Department of Energy, Environment and Climate Action, Solar premium feed-in tariff, [energy.vic.gov.au](http://energy.vic.gov.au), 2022, accessed 28 March 2023; Department of Natural Resources, Mines and Energy (DNRME), Queensland Solar Bonus Scheme: Policy Guide, DNRME, Queensland Government, 2018, accessed 28 March 2023; Department for Energy and Mining, Solar feed-in payments, [sa.gov.au](http://sa.gov.au), 2023, accessed 28 March 2023.

Customers who installed solar photovoltaic systems more recently and are on market retail contracts still benefit from negotiated feed-in tariffs which are paid by retailers and are not subsidised. Retailers largely have discretion to set negotiated solar feed-in tariff rates.

In Victoria, retailers must pay a solar feed-in tariff which is equal to or above the minimum feed-in tariff set by the Essential Services Commission.<sup>71</sup> The minimum flat feed-in tariff has declined from a high of 12 c/kWh in 2019–20 to 4.9 c/kWh for 2023–24.<sup>72</sup>

There is currently no minimum or regulated feed-in tariff in New South Wales, South East Queensland, or South Australia. However, the Independent Pricing and Regulatory Tribunal in New South Wales publishes benchmark solar feed-in tariffs to help inform retailers and consumers,<sup>73</sup> while the Queensland Competition Authority monitors and reports on solar feed-in tariffs annually in South East Queensland.<sup>74</sup>

The Independent Pricing and Regulatory Tribunal recently forecast that solar exports will be worth 7.7 to 9.4 c/kWh in the upcoming financial year.<sup>75</sup> This is an increase from a benchmark of 4.6–5.5 c/kWh in 2021–22 and 6.2–10.4 c/kWh in 2022–23.

As shown in Figure 3.14, effective solar feed-in tariff rates, which are calculated by taking the total solar feed-in rebate and dividing by the total volume of electricity exported by a customer to the grid in a period, declined between 2021 and 2022 in all regions. This correlates with the observation by the Queensland Competition Authority that solar feed-in tariff rates in South East Queensland for energy plans available on Energy Made Easy declined over 2021–22.<sup>76</sup>

When choosing an energy plan, customers with solar photovoltaic systems should compare energy plans holistically, using their historical electricity consumption and solar export volume. The energy plan with the highest solar feed-in tariff may not always be the best plan overall, as it may include higher supply and usage charges than other plans.

<sup>71</sup> Electricity Industry Act 2000 (Vic) s 40FBB.

<sup>72</sup> Essential Services Commission of Victoria (ESCV), [Minimum Electricity Feed-In Tariffs to apply from 1 July 2023: Final Decision](#), ESCV, Victorian Government, February 2023, Appendix B.

<sup>73</sup> Independent Pricing and Regulatory Tribunal (IPART), [Solar feed-in tariffs](#), IPART website, n.d., accessed 14 April 2023.

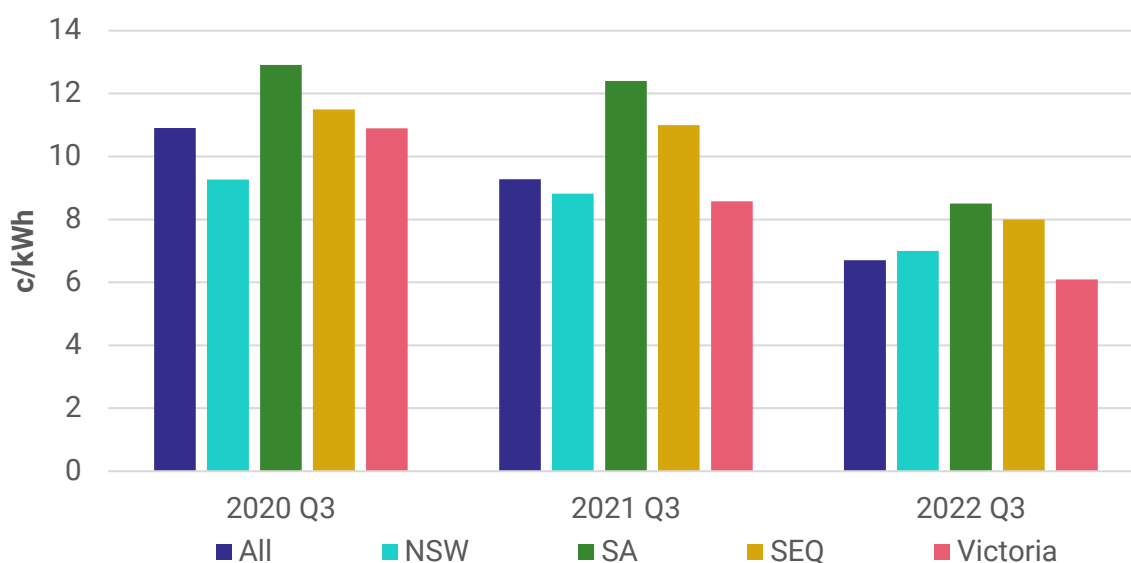
<sup>74</sup> Minister for Main Roads, Road Safety and Ports and Minister for Energy, Biofuels (Qld), Direction under section 253AA of the Electricity Act 1994 (17 February 2017).

<sup>75</sup> Independent Pricing and Regulatory Tribunal (IPART), [All day solar feed-in tariffs](#), IPART website, n.d., accessed 1 May 2023.

<sup>76</sup> Queensland Competition Authority (QCA), [Solar feed-in tariffs in South East Queensland 2021–22: Monitoring report](#), QCA, Queensland Government, 2022, p 3.

**Figure 3.14 Solar feed-in tariffs for residential customers are decreasing**

*Median effective solar feed-in tariffs received by residential customers by region, third quarter, from 2020 to 2022*



Source: ACCC analysis of retailer billing data. Nominal dollars, excluding GST.

## 3.6. How to choose the right energy plan

### 3.6.1. Use government price comparison services to compare the widest range of offers

Energy Made Easy ([www.energymadeeasy.gov.au](http://www.energymadeeasy.gov.au)) and Victorian Energy Compare ([www.compare.energy.vic.gov.au](http://www.compare.energy.vic.gov.au)) are government run, independent energy price comparison services that can simplify the process of selecting a new offer. These services compare all generally available offers in the market and are free from the potential influence of commercial incentives.

These sites remove the need for consumers to consider the cost impacts of different tariff types, supply charges, usage charges and discounts. As illustrated above, the effect of these components on consumer bills varies significantly according to usage. Identifying the cheapest offer available to a consumer depends on how much electricity they consume and when they consume it. Consumers should use their past usage and past bills as the comparison method when using these sites.

Currently, government price comparison services cannot rank offers with demand tariffs according to the estimated annual bill. It will become increasingly important for demand tariffs to be included in comparator price rankings as network businesses continue to assign them to consumers when a smart meter is installed.

## 3.6.2. Compare prices and charges between energy plans

In New South Wales, South Australia and South East Queensland, consumers can use the reference price to compare offers. A similar comparison tool is available to consumers in the Australian Capital Territory and Victoria.

The Australian Energy Regulator sets the reference price each financial year. The reference price is used as both a price cap on standing offers (the Default Market Offer) and as a comparison tool. The reference price is an annual cost based on a representative customer (see Box 2.1).

The ACCC is responsible for monitoring and enforcing compliance with the price cap on standing offers and with the requirement to compare offers to the reference price (see Box 3.3).

Retailers must use a percentage to show you how their advertised price compares to the reference price (for example, 'this offer is 10% less than the reference price'). Retailers must also state the reference price comparison percentage in price change notifications to existing customers.

This provides a quick and simple measure of the relative cost of different offers. It is particularly useful in print advertising where a personal estimate cannot be provided. The reference price is less relevant to consumers the further their consumption is from the average.

### **Box 3.3      The ACCC actively monitors and enforces the standing offer price cap and use of the reference price**

The Electricity Retail Code of Conduct requires that retailers in New South Wales, South Australia and South East Queensland must:

- set standing offer prices no higher than the Default Market Offer price cap set by the Australian Energy Regulator
- compare their new and amended offer prices to the reference price
- comply with restrictions on the use of conditional discounts in advertising.

The ACCC actively monitors and enforces compliance with the Electricity Retail Code of Conduct in accordance with its compliance and enforcement policy and priorities. Competition and consumer issues arising from the pricing and selling of essential services, with a focus on energy, are a current enforcement and compliance priority.

The ACCC can require retailers to provide information or documents they're required to keep, generate, or publish under the Electricity Retail Code of Conduct.

If a retailer is selected for a compliance check, they will receive a notice pursuant to section 51ADD of the Competition and Consumer Act that sets out the information or documents that must be provided. Retailers have 21 days to provide the information or documents.

The ACCC also uses public information to monitor compliance with the Electricity Retail Code of Conduct.

Last year the ACCC audited the price change notifications of 10 retailers serving 70% of the market. The ACCC will conduct further compliance checks this year.



### 3.6.3. Check your energy plan regularly

Retailers regularly update their advertised prices and change prices for existing customers. Consumers should never be content to 'set and forget' but must periodically check their current energy plan against other offers in the market to help reduce energy costs. Consumers should aim to establish an annual habit of checking for better offers after 1 July, when most prices change for the new financial year.

Most consumers engage in the market much less frequently. Energy Consumers Australia's December 2022 Sentiment Survey found 77% of households had not switched their electricity plan or retailer in the last year and 36% had never switched their electricity plan or retailer.<sup>77</sup>

#### Box 3.4 Retailers must let customers know if there is a better offer available

In Victoria, retailers are required to notify their customers on bills if the retailer has another offer that would lower the customer's electricity costs. This reduces some of the reliance on consumers to actively monitor the market to prevent them from paying more than they need to for electricity.

From 30 September 2023, a similar requirement will apply to retailers supplying customers in other regions of the NEM under the AER's Better Bills Guideline.<sup>78</sup> Retailers will be required to carry out better offer checks and include a better offer message on bills.<sup>79</sup>

#### Example of a better offer message on a bill

##### Could you save money on another plan?

Based on your past usage, our **Super Saver Plus** plan may cost you up to **\$81.45** less per year than your current plan.

To switch plans, go to **retailer.com.au** or call us on **131 131**. Conditions may apply.

The Australian Energy Regulator requires us to include this information.

Source: Australian Energy Regulator (AER), Better Bills: Illustrative example bill, AER, Australian Government, 2023.

<sup>77</sup> Energy Consumers Australia, [Sentiment Survey: December 2022](#), accessed 23 March 2023.

<sup>78</sup> National Energy Retail Rules r 25-25A.

<sup>79</sup> Australian Energy Regulator (AER), [Better Bills Guideline \(Version 2\)](#), AER, Australian Government, 2023, Part 4.

# 4. Third quarter electricity bills increased between 2021 and 2022

## Key points

- Comparing our most recent quarter, the third quarter in 2022, with the same quarter in 2021, across all regions combined the median residential bill increased by 2.7%.
- The results varied by state, with median residential bills:
  - increasing in New South Wales by 6.4%, reflecting an increase in median effective price offset by a reduction in median usage
  - increasing in South Australia by 9.1% reflecting an increase in both the effective price and usage
  - increasing in Victoria by only 0.6%, reflecting an increase in effective price and a decrease in usage
  - decreasing in South East Queensland by 20.4%, reflecting a low effective price due to the Queensland Government providing a single payment of \$175 (via its Cost of Living rebate) to households. The decrease in effective price was somewhat offset by a small increase in usage.
- Across all regions combined the third quarter median small business bill increased between 2021 and 2022 by 13.1%.
- The results varied by state, with median small business bills:
  - increasing in New South Wales by 19.5%, reflecting an increase in both the median effective price and median usage
  - increasing in South Australia by 7.6% reflecting an increase in both the effective price and usage
  - increasing in Victoria by 10.1%, reflecting a decrease in effective price and a large increase in usage
  - increasing in South East Queensland by 3.0%, reflecting an increase in effective price and a decrease in usage.
- As prices and bills lag changes in wholesale market conditions, the higher wholesale prices will continue to flow through to bills over the coming period. However, the upcoming Energy Bill Relief Fund Rebate will offset some of these increases by providing concessions to eligible customers.

This chapter examines median residential and small business customer bills, their median effective prices and median usage up to September 2022. This contrasts with Chapter 2 which uses data from 2023 to look at current market conditions. The analysis presented in this chapter relies on our unique data set of approximately 48 million electricity bills dating back to 2018.

Where we present results for groups of customers or between regions, it should be noted that median effective prices and median bills may vary with median usage, which is relevant when making comparisons. As usage increases, bills will also increase, and conversely effective prices will decrease. Appendix A discusses how differences in usage impact on the outcome of the median effective price.

The Queensland Government provided a single payment of \$175 (via its Cost of Living rebate) to households, which drove a reduction in South East Queensland bills in the third quarter of 2022. To put the impact of this rebate into context, for residential customers this chapter presents annualised median bills as well as the September quarter median bills over time.

Customer bill increases are yet to fully reflect recent contract and spot price increases. Bill impacts lag behind changes in the wholesale market due to a number of factors including:

- Customers are billed in arrears. As this report focusses on bills sent to customers from July to September 2022, only a proportion of the consumption captured in our billing sample will include price increases from 1 July 2022.
- Elevated spot and contract prices are still flowing through to retailers' costs: retailer hedge contracts are negotiated in advance for future periods and take time to expire and be replaced.
- Retailers may not change prices for existing customers at the same time or rate they change their generally available prices for new customers.
- Government rebates and concessions reduce bills and effective price.

Additional information on billing cycles and concessions and rebates is available from Appendix A and Appendix B.

In response to predictions of further increases in electricity bills, the Commonwealth, state and territory governments announced the Energy Bill Relief Fund which will provide additional rebates to eligible households and small businesses from 2023-24.<sup>80</sup>

## 4.1. Factors driving changes in residential bills

Customer bills are a function of price and usage (volume):

### **Bills = Price x Usage**

**Where government rebates, concessions, discounts, and solar feed-in tariffs are included in price.**

We therefore assess median bill outcomes with respect to price and usage in order to understand what the primary drivers are of differences across time, region and or customer types. Note that in these assessments we use median effective price as a proxy for actual prices. Effective price is the median bill per kilowatt hour and hence incorporates the impact of government rebates, concessions, discounts, and solar feed in tariffs.

Appendix A provides details on issues that impact on customer bills, pricing and usage including metering cycles, billing periods, definition of effective prices and influences on usage.

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<sup>80</sup> Announced on 9 May 2023. Department of Climate Change, Energy, the Environment and Water, [Energy Bill Relief Fund](https://www.energy.gov.au), energy.gov.au, n.d., accessed 10 May 2023.

## 4.2. Third quarter residential and small business bills have increased between 2021 and 2022

Table 4.1 provides a summary of changes to median bills, effective price, and usage across third quarter 2021 to third quarter 2022 and from third quarter 2018 to third quarter 2022 for all regions combined.

There is a large variation in outcomes across regions for both residential and small business customers. For residential customers there were large reductions in the median bill in Queensland due to the \$175 rebate, offsetting increases in median bills in South Australia and New South Wales.

**Table 4.1 Effective price increases drive third quarter residential bill increases between 2021 and 2022**

*Percentage change in median bills, effective prices, and usage, third quarter, from 2018 to 2022 and from 2021 to 2022*

	<b>Bills</b>	<b>Effective price</b>	<b>Usage</b>
<b>2021 to 2022</b>			
<b>Residential</b>	2.7%	5.3%	-1.7%
<b>Small Business</b>	13.1%	3.9%	9.0%
<b>2018 to 2022</b>			
<b>Residential</b>	-1.2%	-5.4%	4.8%
<b>Small Business</b>	-17.0%	-0.7%	-18.2%

Source: ACCC analysis of retailer billing data. Nominal dollars, excluding GST.

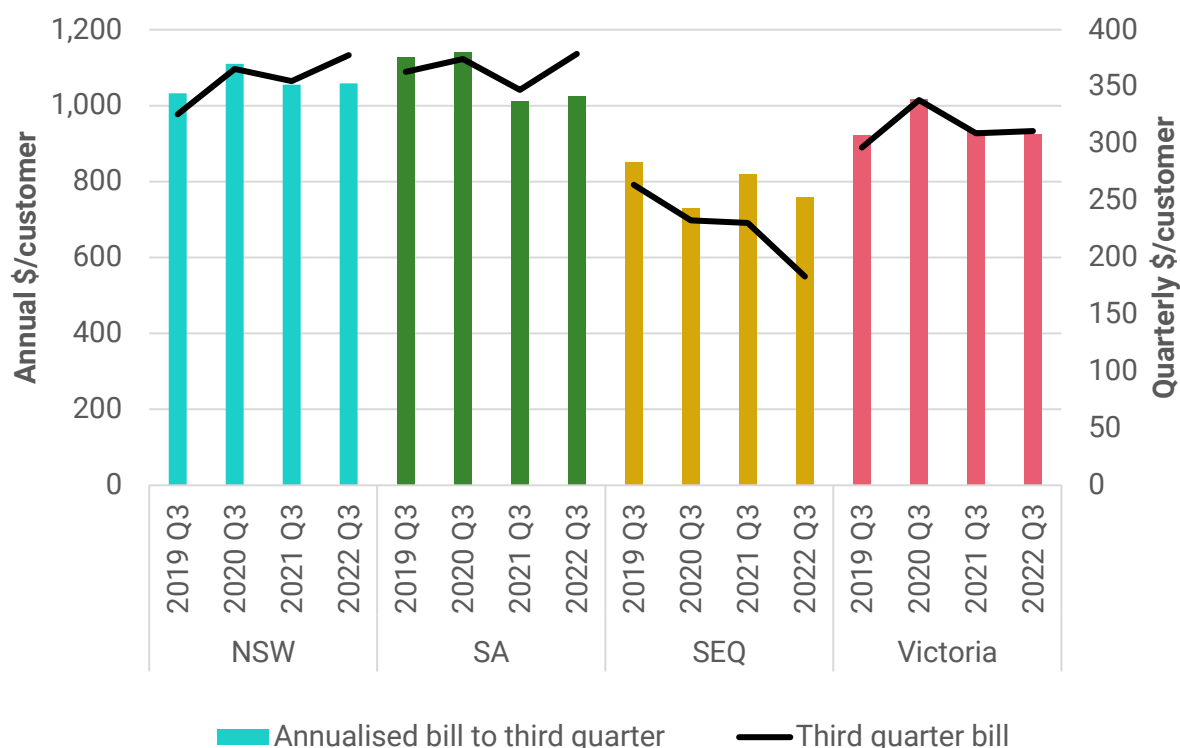
Table 4.1 shows that collectively across all regions combined, increases in the median residential bill from third quarter 2021 to third quarter 2022 was due to increases in effective price, but somewhat offset by a reduction in usage. In contrast, the small business median bill increased due to increases in both effective price and usage.

## 4.3. Residential customer bills: third quarter and annualised comparison

Residential customers paid more for electricity in South Australia and New South Wales with median annualised bill increases of 1.1% and 0.3% respectively over the last 12 months to September 2022. In contrast, median annualised bills for residential customers in South East Queensland and Victoria decreased by 7.4% and 1.3%.

**Figure 4.1 Residential customers start to report increases in third quarter bills**

Median bills paid by residential customers annualised and third quarter by region, from 2018 to 2022



Source: ACCC analysis of retailer billing data. Nominal dollars, excluding GST.

Because the most recent quarter of bills that the ACCC collects data for is the September (third) quarter, Figure 4.1 shows:

- annualised bills (from the fourth to the third quarter) (**LHS**)
- the third quarter bill (**RHS**).

Figure 4.1 also shows that compared with the third quarter of 2021, median residential bills for the third quarter of 2022 increased in New South Wales and South Australia by 6.4% and 9.1%, increased slightly in Victoria by 0.6% and decreased in South East Queensland by 20.4%.

These changes reflect changes in market conditions in the September quarter of 2022.

- The sharp decline in median bills in this quarter in South East Queensland was driven by the application of the \$175 rebate for eligible residential customers. The impact of rebates on bills is set out in section 4.3.1.
- The increases in median quarterly bills in New South Wales, South Australia and Victoria were driven by increases in effective prices. In New South Wales and Victoria this was offset by reductions in usage.

### 4.3.1. Concessions and rebates reduce bills

Figure 4.2 highlights, via red circles, the significant reductions in bills for customers in South East Queensland, in second quarter of 2020 and in the third quarter of 2022.

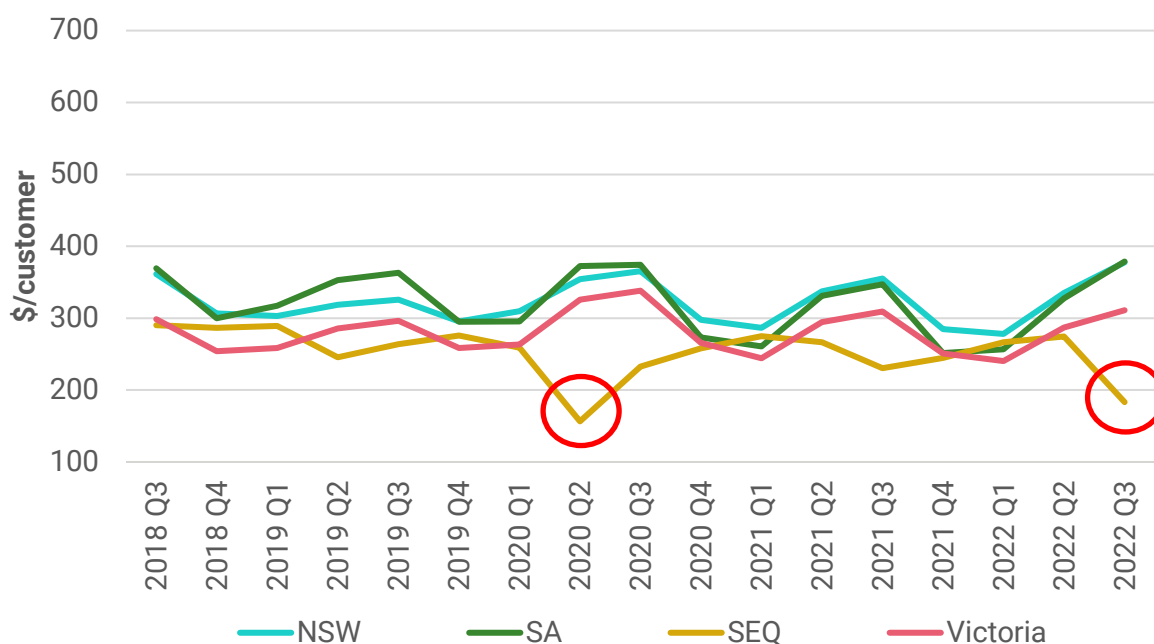
While region-wide residential bill increases were dampened by rebates (for eligible customers), the most notable was the Queensland Government providing South East Queensland customers a large single payment of \$175 (cost of living rebate) on their electricity bills in late 2022.

This \$175 rebate drove a reduction in bills and effective prices in South East Queensland in the third quarter of 2022. The rebates in Queensland have offset the underlying increases in prices.

While the rebates reduce bills when they are paid, as they are a single payment, bills will rebound into the future. Therefore, fourth quarter 2022 bills will likely rebound back to normal levels and would also include the underlying increases in prices in Queensland.

**Figure 4.2 Residential customers in South East Queensland had lower bills due to rebate**

*Median bills paid by residential customers by region, all quarters, from third quarter 2018 to third quarter 2022*



Source: ACCC analysis of retailer billing data. Nominal dollars, excluding GST.

South East Queensland customers have enjoyed a number of rebates that reduced bills in the quarters they were received. Specifically, the Queensland Government gave a \$50 'dividend' in 2018, 2019, 2020 (twice) and 2021, plus the large rebate (as highlighted) in 2022 of \$175 payment.

The Queensland Government also provided a larger payment (as highlighted) in 2020 through a \$200 rebate to more than 2 million households as part of its COVID-19 economic relief package.<sup>81</sup> The \$200 rebate allocated \$100 for electricity bill relief (compromising of

<sup>81</sup> Queensland Government, [COVID-19 household utility relief](#), 26 March 2021, accessed 17 April 2023.

the 2 \$50 'dividend' payments mentioned above) and \$100 towards water bill relief. However, the entire \$200 rebate was applied as an automatic credit on electricity bills.<sup>82</sup>

#### **Box 4.1 South East Queensland Government Cost of Living Rebate for Households**

Households received a \$175 Cost of Living Rebate from September 2022.

The rebate builds on the \$50 asset ownership dividend announced earlier this year. The Government has increased this assistance for households from \$50 to \$175 in response to the extra cost of living pressures. Retailers automatically credited eligible customer accounts between September and November 2022, depending on individual billing cycles.

Source: Queensland Government, Cost of Living Rebate for Households, 3 August 2022, accessed 1 April 2023.

However, there is a wide variety of ongoing concessions and rebates provided by various governments. Identical concession customers living in different regions may receive varying levels of payments.

In response to predictions of further increases in electricity bills, the Commonwealth, state and territory governments announced the Energy Bill Relief Fund which will provide additional rebates to eligible households and small businesses from 2023-24.<sup>83</sup> These rebates differ across jurisdictions and may be paid in instalments across the year rather than as a single payment.

Some concessions and rebates are credited to customers' electricity accounts, offsetting charges shown on customer bills. Other payments are made directly to customers. These other payments, such as the Victorian government's \$250 rebate for using the Victoria Energy Compare site or South Australia's general cost of living concession are not reported in our data set.

Section 5.4 and Appendix B provides additional information on the various types of concessions and rebates available to eligible customers.

## **4.4. Across all regions, small business customers faced increases in third quarter bills between 2021 and 2022**

Figure 4.3 shows that compared with the third quarter of 2021, median small business bills for the third quarter of 2022 increased significantly across all regions, with New South Wales increasing by 19.5%, South Australia by 7.6%, South East Queensland by 3.0% and Victoria by 10.1%.

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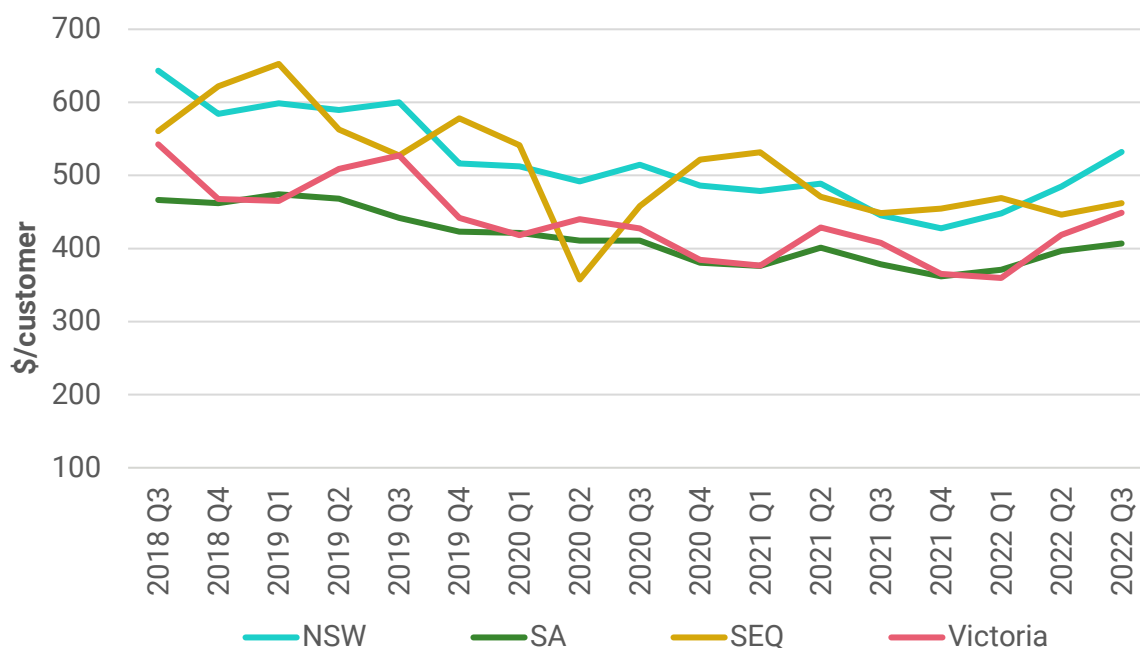
<sup>82</sup> Queensland Government, [Electricity Relief for Households and Businesses Q&A](#), 24 March 2020, accessed 17 April 2023.

<sup>83</sup> Announced on 9 May 2023. Department of Climate Change, Energy, the Environment and Water, [Energy Bill Relief Fund](#), energy.gov.au, n.d., accessed 10 May 2023.



**Figure 4.3 Small business customers start to report increase in third quarter bills**

Median bills paid by small business customers by region, all quarters, from third quarter 2018 to third quarter 2022



Source: ACCC analysis of retailer billing data. Nominal dollars, excluding GST.

These changes reflect changes in market conditions in the September quarter of 2022. Specifically, the increase in median quarterly bills was driven in:

- New South Wales and South Australia by increases in both effective prices and in usage
- South East Queensland by an increase in effective price offset by a reduction in usage
- Victoria by a decrease in effective price and a large increase in usage.

## 4.5. Changes in effective price

Effective prices provide the best indicator of actual prices faced by customers, and whether changes in bills is due to changes in prices, usage, or a combination of both.

Changes in median effective price are driven by changes in retailer prices, but are also influenced by government rebates, concessions payments, discounts, solar feed-in tariffs, and customer usage (see Appendix A for further explanation of effective prices).

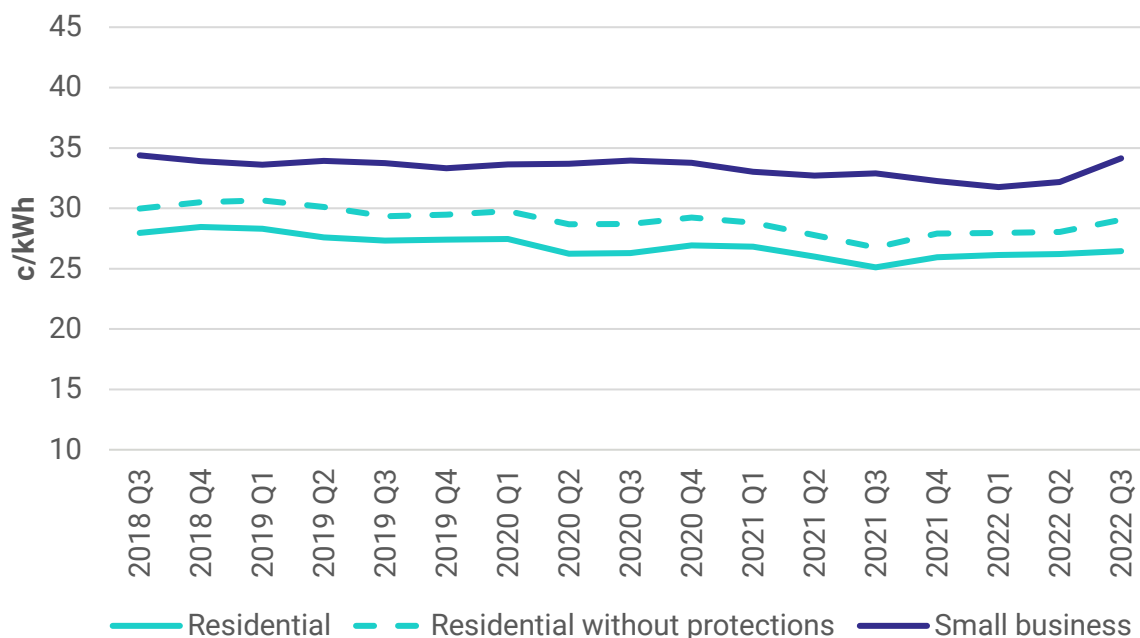
### 4.5.1. Residential and small businesses paid higher effective prices in third quarter 2022

Residential and small business customers paid higher effective prices for electricity in the third quarter of 2022.

Over all regions combined, residential customers faced effective prices that were 5.3% higher in third quarter 2022 than third quarter 2021, while small business customers faced effective prices that were only 3.9% higher.

**Figure 4.4 Residential and small business customers paid higher effective prices between third quarter 2021 and 2022**

*Median effective price paid by residential and small business customers, all regions combined, all quarters, from third quarter 2018 to third quarter 2022*



Source: ACCC analysis of retailer billing data. Nominal dollars, excluding GST.

Figure 4.4 shows that effective price for all regions combined stayed within a reasonably close band across all the quarters. For residential customers, prices decreased 5.4% between third quarter 2018 and third quarter 2022, and for small business customer prices only decreased by 0.7%, with a particular pronounced increase in the third quarter of 2022.

The price differential between residential and small business median effective prices increases a little, from 6.4 c/kWh to 7.7 c/kWh. This price difference is partially explained by residential customer concessions and rebates, with nearly 30% of all residential customers sampled receiving concessions.

The median effective price for all residential customers is 26.4 c/kWh in the third quarter of 2022, whereas the median effective price increases to 29.1 c/kWh when considering residential customers who are not on concession, hardship, or payment plans. In Chapter 5, this group of residential customers is referred to as ‘residential without protections’.

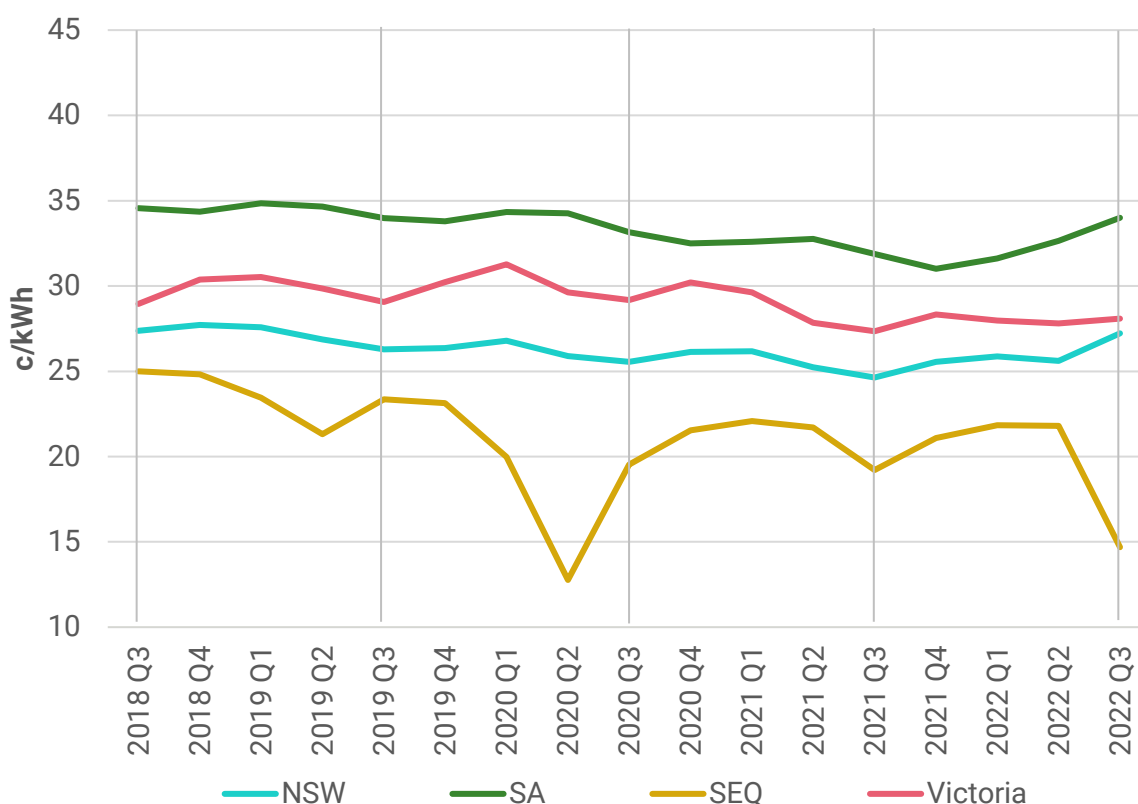
#### **4.5.2. Third quarter effective prices for residential customers increased in all regions except South East Queensland**

Consistent with bill outcomes, median effective prices for residential customers increased in all regions except South East Queensland from third quarter of 2021 to third quarter of 2022.

For small businesses, the median effective price increased in all regions except Victoria. The decrease in median effective prices in Victoria contrasts with increases seen in its small business customer bills (Figure 4.6).

**Figure 4.5 Residential customers paid higher effective prices in all regions except South East Queensland**

Median effective prices paid by residential customers by region, all quarters, from third quarter 2018 to third quarter 2022



Source: ACCC analysis of retailer billing data. Nominal dollars, excluding GST.

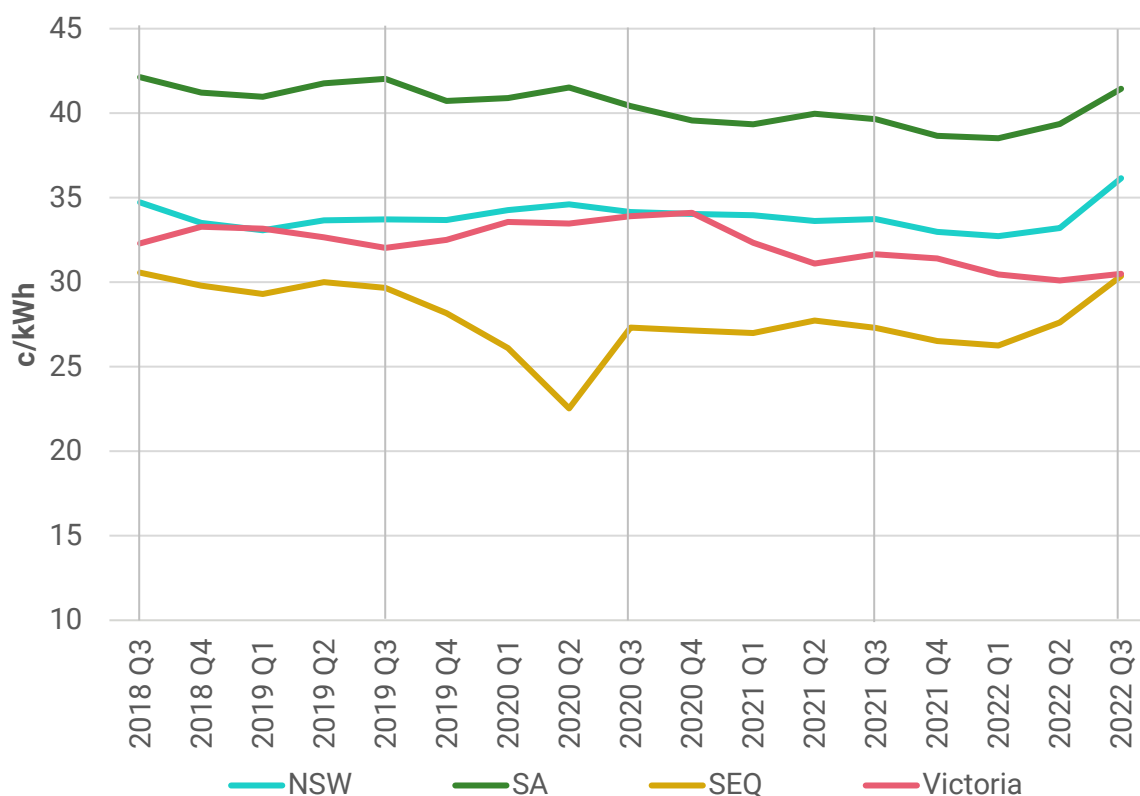
Figure 4.5 illustrates that median effective prices for residential customers increased in most regions from third quarter of 2021 to third quarter of 2022. Median effective prices increased in New South Wales by 10.5%, South Australia by 6.6% and Victoria by 2.7% while median effective prices decreased in South East Queensland by 23.5%.

Looking across the 5 years, median effective prices were relatively stable in all states except South East Queensland. This outcome is heavily impacted by the large Government rebates paid across the period. Removing 2022, South East Queensland’s median effective price still decreased by 23.1% between third quarter of 2018 and third quarter of 2021.

More broadly, however, changes in effective price have been consistent with customer bill outcomes. South East Queensland’s reduction in median effective price in the third quarter of 2022 has coincided with lower median bills for residential customers. From 2018 to 2021, other regions have also experienced reductions in effective prices that broadly concur with bill reductions.

**Figure 4.6 Effective prices increased for small business customers from the third quarter of 2021 to the third quarter of 2022 in all regions except Victoria**

*Median effective prices paid by small business customers by region, all quarters, from third quarter 2018 to third quarter 2022*



Source: ACCC analysis of retailer billing data. Nominal dollars, excluding GST.

Figure 4.6 shows that small businesses had relatively stable median effective prices across most regions for the last 5 years. Prices in South East Queensland, South Australia and Victoria decreased by 0.7%, 1.6% and 5.6% from third quarter of 2018 to third quarter of 2022. In contrast, New South Wales had an increase of 4.1%.

Further, median effective prices rose from third quarter 2021 to third quarter 2022 in all regions except Victoria; South Australia increased by 4.5%, New South Wales by 7.1% and South East Queensland by 11.2%. While Victorian small business customers saw their effective prices decrease 3.6% from third quarter of 2021 to third quarter of 2022.

## 4.6. Changes in electricity usage

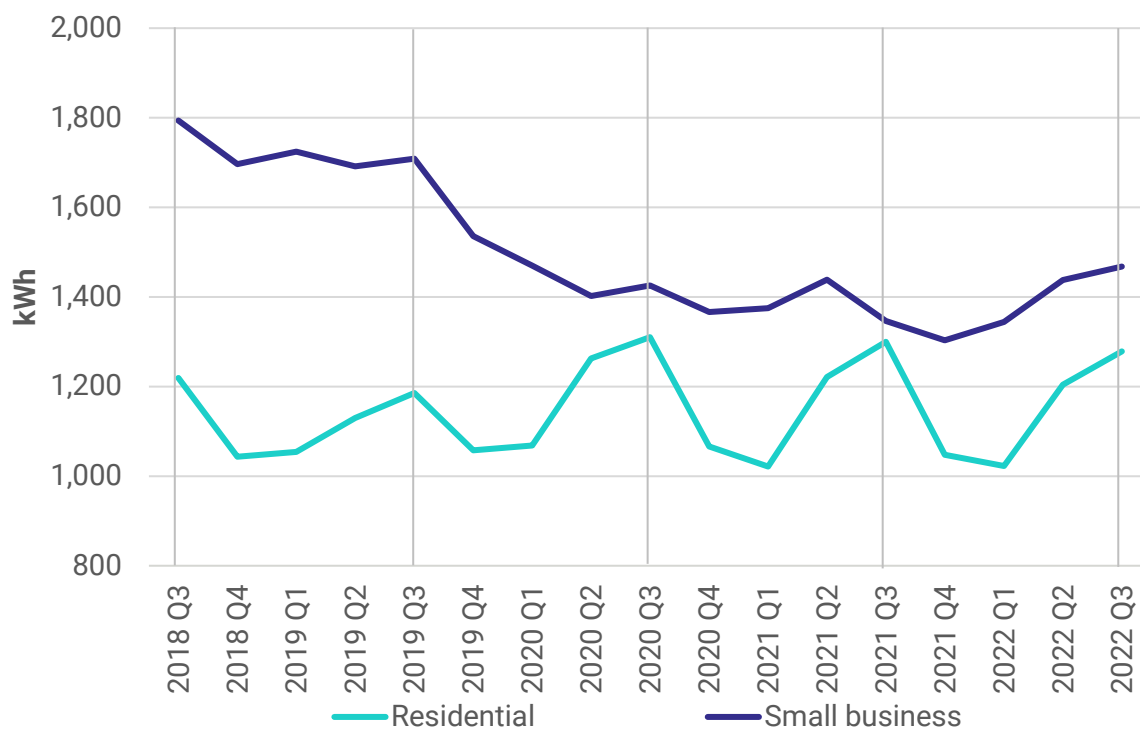
### 4.6.1. Residential and small business usage diverged over the last 12 months

Residential and small business median usage moved in opposite directions from third quarter 2021 to third quarter 2022 with median residential usage decreasing 1.7% as small business usage increased by 9.0%.

Further, median residential usage shows strong seasonal effects whereas small business usage is more stable across the year.

**Figure 4.7 Small business usage increased while residential usage declined, between third quarters of 2021 and 2022**

*Median usage by residential and small business customers, all regions combined, all quarters, from third quarter 2018 to third quarter 2022*



Source: ACCC analysis of retailer billing data.

Figure 4.7 shows that residential and small business median usage converged between 2018 and 2021 before diverging over the year to 2022. The cumulative result being that, since third quarter of 2018, median residential usage increased 4.8% and small business usage decreased 18.2%.

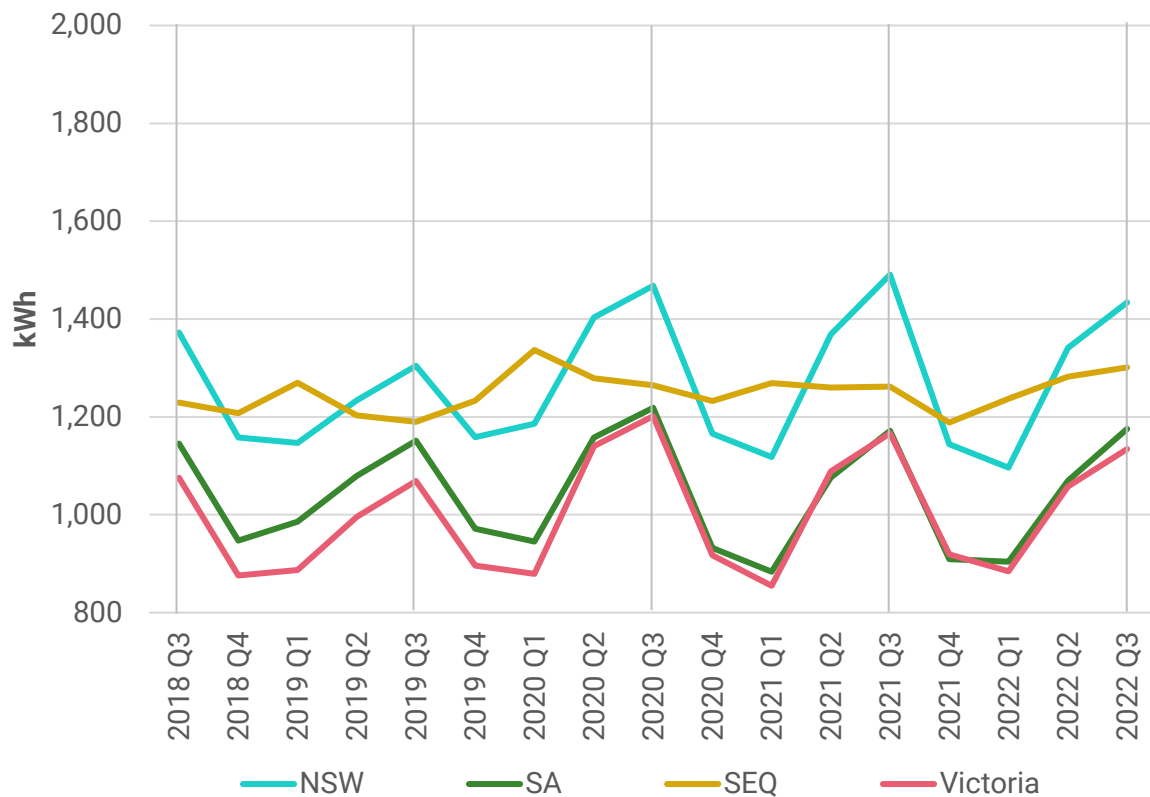
Recent reductions in median residential usage have offset effective price increases, thereby limiting residential bill increases from third quarter 2021 to third quarter 2022. While recent increases in small business median usage have conversely helped to drive customer bills higher.

#### 4.6.2. Electricity usage by region

Figure 4.8 illustrates that residential median usage outcomes were mixed across regions. Victoria and New South Wales both had decreases in median usage (2.7% and 3.8% respectively) from third quarter of 2021 to third quarter of 2022, while South Australia’s median usage was stable, and South East Queensland’s usage increased by 3.1%.

**Figure 4.8 Residential usage declined in all regions except South East Queensland**

Median usage by residential customers by region, all quarters, from third quarter 2018 to third quarter 2022



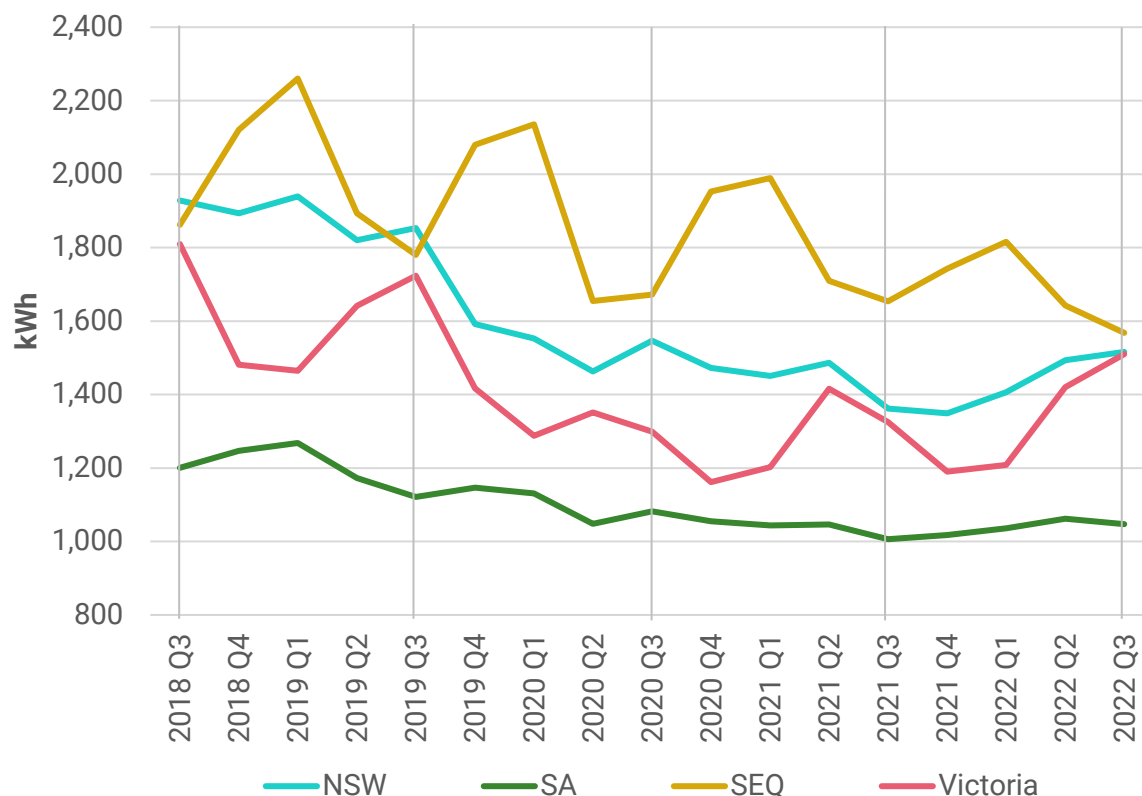
Source: ACCC analysis of retailer billing data.

Decreases in median usage dampened the impacts on bills from increases in effective price, except in South East Queensland where there was an increase in median usage.

Residential median usage outcomes over a 5-year period were unanimously positive with increases of around 5% in all regions from third quarter of 2018 to third quarter of 2022. This was led by South East Queensland and Victoria, whose median usage increased by 5.9% and 5.5%, followed by New South Wales and South Australia, whose median usage increased by 4.5% and 2.6% respectively.

**Figure 4.9 Small Business third quarter usage increased between 2021 to 2022 except in South East Queensland**

Median usage by small business customers by region, all quarters, from third quarter 2018 to third quarter 2022



Source: ACCC analysis of retailer billing data.

Figure 4.9 shows that the downward trend observed since 2018, and in particular since the COVID-19 pandemic may be reversing, with all regions except South East Queensland recording increased median usage from third quarter of 2021 to third quarter of 2022. There were increases in Victoria and New South Wales of 14.0% and 11.3% followed by South Australia at 4.1%. South East Queensland’s median usage decreased by 5.2%.

These recent increases, however, have only partially offset past declines, with median usage in all states falling from third quarter 2018 to third quarter 2022. Usage has decreased in New South Wales by 21.4%, followed by Victoria (16.6%), South East Queensland (15.8%) and South Australia (12.8%). Median usage remains below levels seen prior to the COVID-19 pandemic (2019).

# 5. Residential customers receiving support to pay their bills

## Key Points

- Payment plan only customers and hardship only customers had the highest median electricity bills in the third quarter of 2022, representing approximately \$164 more than the median bills of residential customers who did not receive any support paying their bills. This was consistent with higher median electricity usage, with hardship only customers having the highest median electricity usage of all customer groups.
- Customers with a concession who did not receive any further support continued to have the lowest median usage and paid the lowest median bills compared to all other customer groups.
- Median effective prices increased in the third quarter of 2022 for the following customer groups: payment plan only; payment plan with a concession; concession only; and residential without protections.
- South Australia had the highest median effective prices across all customer groups in the second quarter of 2022 (ranging from 25 to 35 c/kWh).
  - South Australian customers with all protections (hardship customers on a payment plan with a concession) faced higher effective prices in the second quarter of 2022 than all other customers with protections, in all other regions.
  - For customers on a concession in South Australia, higher effective prices may in part be due to concession payments being provided as a general payment direct to customers, rather than being applied directly to a customer's electricity bill.

## 5.1. Protections exist to assist customers to pay their bills

Increases in electricity bills are a significant cost-of-living issue. Energy is essential to people's lives and wellbeing and the extent to which households can reduce their bills is limited. Many households in Australia experience trouble paying for the electricity they need to maintain their health and wellbeing and live in comfort.

Key factors that may contribute to electricity becoming unaffordable for some customers include:

- having recently lost their job, being on a low and/or unpredictable income, or being on income support (Centrelink)
- the energy efficiency of their home and appliances
- not having access to rooftop solar and/or other sources of energy, such as gas
- certain demographic variables, such as having more people in their house leading to higher consumption needs



- additional electricity consumption to address certain health issues
- the local climate, with various heating and cooling requirements affecting consumption and affordability
- access to, and the adequacy of, customer protections.

As outlined in section 2.1, prices in both the spot market and hedging contracts markets determine the wholesale costs that flow through to customer bills. The increases in wholesale electricity costs experienced in mid-2022 are still following through to customer bills and may contribute to electricity becoming unaffordable for some households. Temporary measures, such as the Australian Energy Regulator’s Statement of Expectations of energy businesses, designed to address the increased financial stress for many energy customers resulting from the COVID-19 pandemic, were also phased out in 2022.<sup>84</sup> The Australian Energy Regulator expects that the proportion of customers in debt may worsen in the immediate future.<sup>85</sup>

In an environment of increasing general price inflation, policy and regulatory settings around energy affordability continue to evolve to better assist consumers.

To offset some of the impact of the higher prices on bills for eligible households, federal, state and territory governments are providing up to \$3 billion in electricity bill relief through the Energy Bill Relief Fund in 2023–24. Eligible households in New South Wales, Queensland and South Australia will receive a \$500 rebate. Victorian households will receive \$250 and will also be eligible to receive \$250 under the Power Saving Bonus.<sup>86</sup>

In the longer term, the Australian Energy Regulator is prioritising protecting consumers experiencing vulnerability and published its *Towards energy equity – a strategy for an inclusive energy market* on 20 October 2022. The 5 core objectives of the Strategy are to:

- improve identification of vulnerability
- reduce complexity and enhance accessibility for energy
- strengthen protections for consumers facing payment difficulty
- use the consumer voice and lived experience to inform regulatory design and change
- balance affordability and consumer protections by minimising the overall cost to serve.<sup>87</sup>

Over the next 3 years the Australian Energy Regulator is taking a range of actions, such as considering the need for a payment difficulty framework in the National Energy Customer Framework. It is also making changes to the Energy Made Easy website to make searching for, and comparing, plans easier, and is investigating how to allow consumers to switch plans after completing comparisons. In May 2022, the Australian Energy Regulator also began collaborating with a community of consumers with lived experience of vulnerability in the energy market.

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<sup>84</sup> Australian Energy Regulator (AER), [Statement of Expectations of energy businesses: Protecting customers and the energy market during COVID-19](#), AER, Australian Government, 2020.

<sup>85</sup> Australian Energy Regulator (AER), [Annual retail markets report 2021–22](#), AER, Australian Government, 2022, p 2.

<sup>86</sup> Department of Climate Change, Energy, the Environment and Water, [Energy Bill Relief Fund](#), energy.gov.au, n.d., accessed 10 May 2023.

<sup>87</sup> Australian Energy Regulator (AER), [Towards energy equity: A strategy for an inclusive energy market](#), AER, Australian Government, 2022.

This work highlights several factors that may inhibit consumers experiencing vulnerability from switching retailers:

- Complexity of the energy market due to the number of energy retailers, and the frequency of discounted offers and complex packages.
- Mistrust of retailers due to a lack of transparency and feeling that energy retailers prioritise 'winning new customers', rather than the needs of existing customers.
- Difficulty interacting with retailers due to call centre wait times, gaining access to someone who can resolve an issue, a perceived lack of care and empathy by retailers, and feelings that staff are ineffectual and focus only on rectifying payment.
- Few consumers have the confidence, and most are unlikely to switch, even at the right price, as it is easier to wait for the contract to end. Retailers are the last resort for help and are only contacted only once bills become insurmountable.

Electricity retailers have important obligations to find and help customers having trouble paying their electricity bills. Residential customers who are experiencing difficulties in paying their energy bills should contact their retailer and ask for help early. Acting early gives the retailer and customer more opportunity to develop suitable payment arrangements and to explore options to reduce the customer's bill, for example, by finding a cheaper offer or a concession the customer may be eligible for. Some customers may also be able to save by switching offers and moving onto tariffs that better meet their needs.

In this chapter, we describe the electricity usage, bills and effective prices faced by customers across different regions identified by retailers as being in one or more of the following groups:

- **Hardship customers:** participated in retailer hardship programs at the invoice end date or received hardship assistance during the billing period.
- **Payment plan customers:** entered into an arrangement to pay the retailer in instalments (not including flexible arrangements for convenience or budgeting) at the invoice date.
- **Concession customers:** received an amount funded by a state or territory government that reduced the amount the customer had to pay for electricity.<sup>88</sup>

Further information on different customers is provided in Box 5.1.

### **Box 5.1 Customer types**

#### ***Hardship customers***

Hardship customers are customers who are experiencing financial payment difficulties due to hardship. A customer may experience hardship due to factors like a death in the family, household illness, unemployment, or family violence.

Retailers must develop, maintain, and implement customer hardship policies for their residential customers.<sup>89</sup> A retailer's customer hardship policy must state that, on being contacted by a customer, it will take into account all of the hardship customer's known circumstances and act fairly and reasonably, in a timely manner, to give the customer clear information about the assistance available to them and to assist them as soon as practicable.

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<sup>88</sup> For further information on the data we collect, see Appendix A.

<sup>89</sup> *National Energy Retail Law* s 43; *Electricity Industry Act 2000* (Vic) s 43.

Retailers can assist customers in their hardship programs in various ways, including by:

- providing flexible payment options, including payment plans
- advising if the customer is on the right energy plan or if there is a better plan available
- informing customers about government concessions, relief schemes or energy rebates to help hardship customers pay their energy bills
- advising on ways to reduce energy usage.

Hardship programs are intended to keep a customer engaged with their retailer to reduce their debt and move them to a regular billing cycle, without the need for protection.

### ***Payment plan customers***

Payment plans can often be the first step in helping a customer experiencing payment difficulties due to a sudden or unexpected change in circumstances, such as temporary job losses, unexpected repair bills or minor illnesses.

As part of providing support retailers may work with their customers to develop a payment plan arrangement, which considers a customer's capacity to pay. This may result in a customer paying for less than their usage. Our analysis considers whether a customer is on a payment plan or not but does not consider the unique arrangements associated with each individual payment plan.

### ***Concession customers***

Concession customers are customers who received an amount funded by a federal, state or territory government that reduced the amount the customer had to pay for electricity. Eligibility for concession status varies by state but usually requires the customer has the right concession card and/or meets income thresholds. Table 5.2 presents a summary of electricity concessions available across the various regions in 2023. Further detail on the electricity concessions available across the various regions is provided in Appendix B.

To examine the billing outcomes of residential customers with and without protections, we have separated bills into eight different categories. Assignment of bills to seven of the categories was based on whether the bills were for customers in one or more of the hardship, payment plan or concession customer groups. Bills in the eighth category were for residential customers who did not receive customer protections and were categorised as 'residential without protections.'

This approach to customer categorisation is new for this Inquiry and ensures each customer is only counted once.

In this chapter, we have combined:

- the residential without protections and the concession only groups from the sample of each retailers' residential customer populations and
- the customer groups from each retailer for all their customers on a hardship program or on a payment plan.

The combination of this data, creating a 'combined sample', allows us to examine the bills, usage, and effective price outcomes of each customer group due to the representativeness of the samples combined.<sup>90</sup>

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<sup>90</sup> This combined data does not cover the entire residential customer population, such that the number of customers in our data does not equal the number of customers with and without protections across the NEM.

## 5.1.1. More customers are entering into hardship programs

Table 5.1 shows the growth in customers receiving customer protections.

This table shows that the number of customers in a hardship program on a payment plan increased by 17%, and the number of customers in a hardship program without other protections increased by 12% between the third quarters of 2021 and 2022. In contrast, the number of customers in the payment plan only and payment plan with a concession groups reduced by 8% and 6%, respectively, in the same period.

The total number of hardship and payment plan customers reduced by 2% overall between 2021 and 2022. This suggests movement of customers between the different customer groups across the review period, rather than a significant increase in the number of customers requiring protections.

**Table 5.1 Growth in hardship and payment plan customers since 2021**

*Change in customer numbers and the percentage change in customer groups receiving protections, third quarter, from 2021 to 2022*

Customer type	Customer Numbers in 2022	Change in Numbers from 2021 to 2022	Percentage Change (%)
Hardship only	24,830	+2,604	12
Hardship with a concession	30,669	-558	-2
Hardship on a payment plan	6,415	+935	17
Hardship on a payment plan with a concession	8,643	+96	1
Payment plan only	56,017	-4,849	-8
Payment plan with a concession	28,478	-1,699	-6

Source: ACCC analysis of retailer billing data.

Note: Concession only customers were not included in this analysis as retailers were not required to provide billing data for all concession customers.

The number of customers in a hardship program without other support increased by 12%. The Australian Energy Regulator also found that electricity customers are entering hardship programs earlier and staying on them longer. For example, 13,143 customers were on a hardship program for between one and 2 years, representing an increase of approximately 29% of customers (from 10,209 customers).<sup>91</sup>

The highest growth in customer numbers occurred for those customers in the hardship on a payment plan group, an increase of 17%. This may reflect the movement of some customers from the payment plan group, which experienced an 8% reduction, to the hardship on a payment plan group. It may have also resulted (in part) from retailers providing hardship customers with flexible payment plan options. When needed, flexible payment plan options

<sup>91</sup> Australian Energy Regulator (AER), Retail Market Performance Data Q1 2022-23, Schedule 4, 'Hardship program length'.

can include allowance for added time on a payment plan for customers who have a larger debt, reducing the need for other hardship support options.

## 5.2. Customers experiencing financial difficulty continued to have higher median bills and usage

Payment plan only customers and hardship only customers had higher median electricity bills than all other residential customers in the third quarter of 2022. The higher median bills received by these customers were consistent with higher median electricity usage from the grid, with hardship only customers having the highest median electricity usage of all customer groups.

As noted in our previous report, higher median bills and higher median usage by hardship only and payment plan only customers may in part be due to these households being less able to afford (or being otherwise restricted from accessing) more efficient housing and appliances, including rooftop solar.<sup>92</sup> Further, household size and composition, such as having more people per household, could also contribute to this outcome.

The higher median usage and therefore higher median bills faced by hardship and payment plan customers may contribute to the development of enduring payment difficulties for customers already struggling to pay for their electricity. A range of policy reforms are underway to assist consumers to better understand and manage their energy use, including through energy efficiency measures.<sup>93</sup>

### 5.2.1. Hardship and payment plan customers had the highest median bills

The median bills faced by customers from the third quarter of 2020 to the third quarter of 2022 are presented in Figure 5.1.<sup>94</sup>

As shown in Figure 5.1, median bills appear to have reduced slightly over time from the third quarter of 2020 and remained relatively stable across the third quarters of 2021 and 2022. Specifically:

- Payment plan only customers, hardship customers on a payment plan, and hardship only customers have paid the highest median bills.
- Payment plan customers with a concession, hardship customers on a payment plan with a concession, and hardship customers with a concession, faced median bills that were \$68 more than residential customers without protections.
- Customers with a concession and no other protections paid the lowest median bills.

Median bills for payment plan only customers were approximately \$164 more than the median bills of residential customers without protections in the third quarter of 2022.

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<sup>92</sup> Australian Competition and Consumer Commission (ACCC), [Inquiry into the National Electricity Market: May 2022 report](#), ACCC, Australian Government, 2022, p 38.

<sup>93</sup> For example, AER, [Towards energy equity: A strategy for an inclusive energy market](#), accessed 25 May 2021.

<sup>94</sup> Data for the third quarters of 2018 and 2019 is not presented, as numbers of customers in the payment plan category were higher in these quarters due to the inclusion of customers in this category who were on payment plans for convenience, rather than difficulties paying their bills.

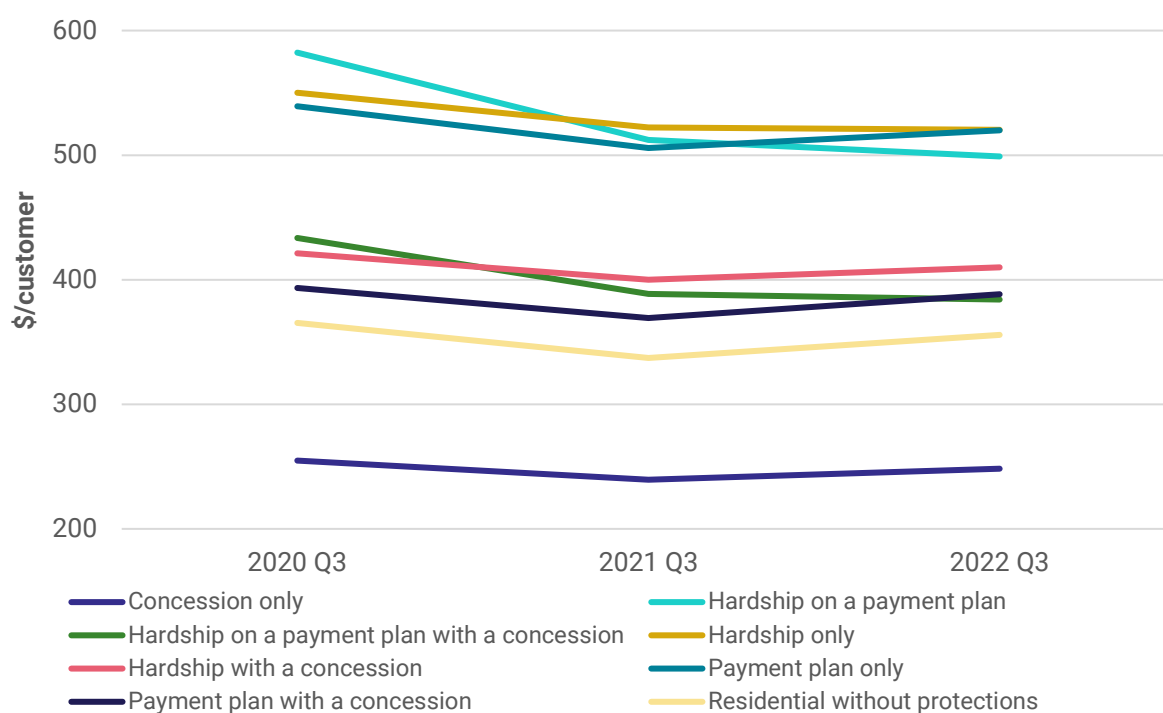
As shown in Figure 5.1:

- Hardship only and payment plan only customer median bills have exceeded \$500 per quarter since the third quarter of 2020.
- Hardship customers on a payment plan median bills have reduced since the third quarter of 2020 from approximately \$580 per quarter down to approximately \$500 per quarter.
- Customers with a concession and no other protections have had the lowest median bills over time of around \$250 per quarter, representing approximately half the median bills of hardship only, payment plan only and hardship customers on a payment plan.

Notably, concession only customers also have the lowest median usage (see Figure 5.2), which, along with receiving a subsidy, may lead to lower bills. Additionally, as noted in our previous report, these customers have a relatively high prevalence of household solar panel systems.<sup>95</sup> Many types of concession are also provided for pensioners, veterans, and people with medical needs that have smaller households and/or less energy intensive appliances (see Appendix B).

**Figure 5.1 Payment plan only and hardship only customers have the highest bills**

*Median bills paid by residential customer groups, all regions combined, third quarter, from 2020 to 2022*



Source: ACCC analysis of retailer billing data. Nominal dollars, excluding GST.

<sup>95</sup> Australian Competition and Consumer Commission (ACCC), [Inquiry into the National Electricity Market: May 2022 report](#), ACCC, Australian Government, 2022, p 9.

## 5.2.2. Hardship customers use the most electricity

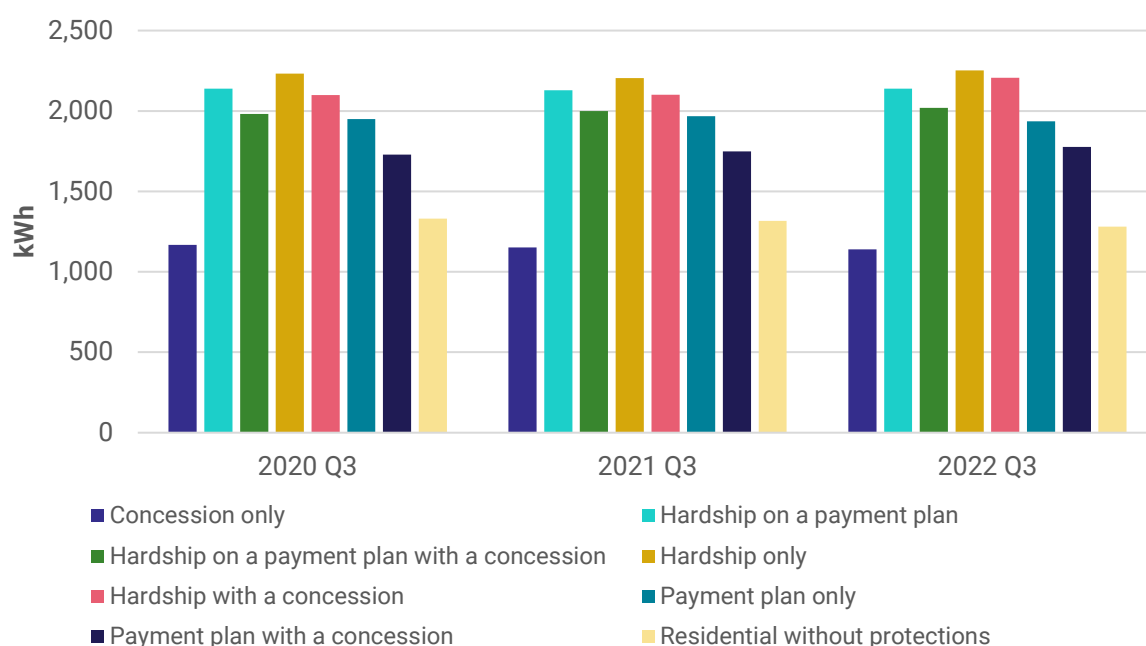
Consistent with their higher median bills, hardship only customers had the highest median electricity usage of all customer groups, of approximately 2,200 kWh per (third) quarter since 2020 (Figure 5.2). This was followed by hardship customers with a concession, hardship customers on a payment plan, and hardship customers on a payment plan with a concession, who generally used more than 2,000 kWh per (third) quarter. Concession only customers have had the lowest usage of all the customer groups since the third quarter of 2020.

As shown in Figure 5.2:

- Hardship only customers had the highest median usage, which was 887 kWh more than residential customers without protections.
- Hardship only and hardship with a concession customers had higher median usage in the third quarter of 2022, than in the third quarters of 2020 and 2021.
- Hardship customers with a concession and hardship customers on a payment plan had similar median usage, albeit slightly lower than that of hardship only customers.
- Hardship customers on a payment plan with a concession had the next highest median usage followed by payment plan only and payment plan with a concession customers.

**Figure 5.2 Hardship only customers have the highest median electricity usage**

*Median usage by residential customer groups, all regions combined, third quarter, from 2020 to 2022*



Source: ACCC analysis of retailer billing data.

## 5.3. Payment plan only customers paid the highest effective prices of those with protections

### 5.3.1. Payment plan only and customers without protections paid similar median effective prices

Customers that do not receive support to pay their bills continue to pay higher median effective prices than those who receive targeted help from their retailer to manage their financial difficulties.

Over the 3-year period, payment plan only customers and those that did not receive any support to pay their bills faced similar median effective prices of between 26 to 30 c/kWh. Hardship customers with a concession and hardship customers on a payment plan with a concession paid the lowest median effective prices over time, with a median effective price of around 20 c/kWh.

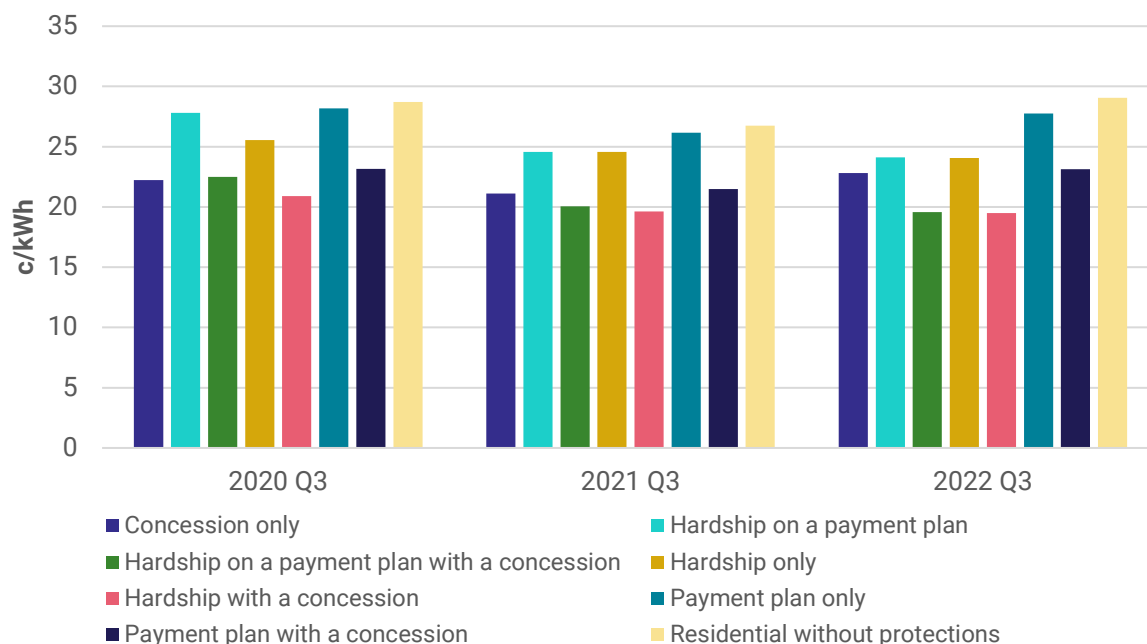
As shown in Figure 5.3 in the third quarter of 2022:

- Residential customers without protections and payment plan only customers paid the highest median effective prices of 29 c/kWh and 28 c/kWh, respectively.
- Hardship only customers and hardship customers on a payment plan both paid 24 c/kWh, while concession only and payment plan customers with a concession paid 23 c/kWh.
- Hardship customers with a concession and hardship customers on a payment plan with a concession continued to pay the lowest effective prices of nearly 20 c/kWh.



**Figure 5.3 Payment plan only and residential without protections customers currently face the highest effective prices**

*Median effective price paid by residential customer groups, all regions combined, third quarter, from 2020 to 2022*



Source: ACCC analysis of retailer billing data. Nominal dollars, excluding GST.

### 5.3.2. Customers with the highest level of usage paid the lowest effective prices

In the third quarter of 2022, 96% of all customers in the combined sample used between 200 kWh and 6,000 kWh of electricity.<sup>96</sup> As discussed in Appendix A and section 3.1, different levels of usage will impact a customer’s effective price due to the interaction of fixed and variable charges.

Figure 5.4 shows effective price by usage band for the different customer groupings.

The effective prices paid by customers followed a similar pattern. Customers with low levels of usage paid the highest effective prices, and as customer usage increased the effective price decreases. Note that customers with low usage, and high effective prices will also have relatively low bills, compared to a customer with higher usage.

Payment plan customers faced higher prices across all levels of usage than all customer groups in the third quarter of 2022. The customers receiving the most protections, hardship customers on a payment plan with a concession, faced the lowest prices of all groups across most usage levels. The lower effective prices may reflect the assistance provided by retailers, such as moving a customer onto a cheaper market offer or helping them to access concessions and/or rebates they might be eligible for.

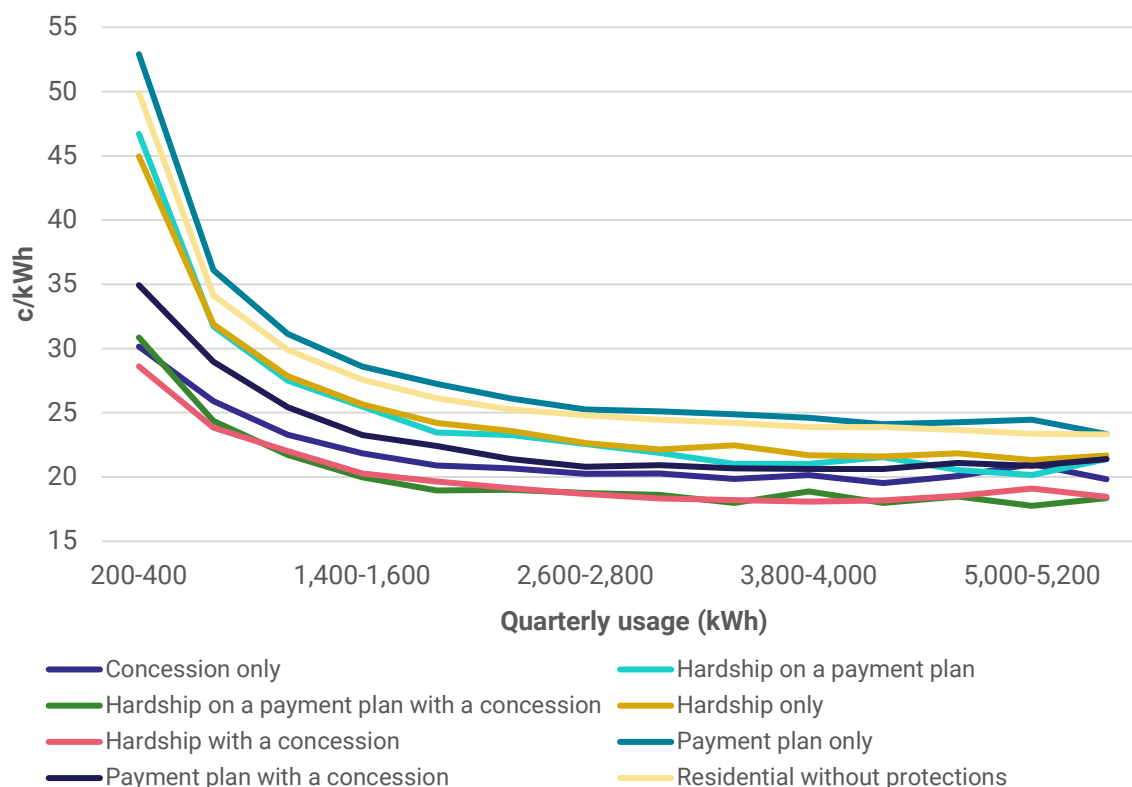
All customer groups receiving some sort of concession faced the lowest effective prices across all levels of usage. For these groups, the low effective prices were more likely

<sup>96</sup> Only 2.4% of the combined sample used less than 200 kWh and 2.1% used more than 6,000 kWh of electricity.

indicative of the impact of their concession (government subsidy), compared to hardship and payment plan customers that did not receive a concession.

**Figure 5.4 Payment plan customers paid the highest effective price across all levels of usage**

*Median effective prices paid by residential customer groups by usage band, all regions combined, third quarter, 2022*



Source: ACCC analysis of retailer billing data. Nominal dollars, excluding GST.

## 5.4. South Australians pay the highest median effective prices across all customer groups

The effective prices paid by customers across regions vary for many reasons, such as differences in infrastructure (generation fleet, networks), weather patterns, and government policies.

Eligible customers across different regions may also receive varying types and amounts of concessions. For example, concessions for eligible concession card holders are a maximum of \$285/year in New South Wales, \$241.63/year in South Australia and \$372.20/year in Queensland. Victoria’s electricity concession is 17.5% of electricity usage and service costs, but this does not apply to the first \$171.60 of the annual bill and is calculated after any applicable retailer discounts and solar credits.

Table 5.2 provides an outline of the types of concessions available in different regions. All regions offer concessions for low-income households and concession card holders, and for

customers with certain medical conditions. Beyond these common categories, each region offers varying concessions for eligible customers. Examples include:

- South Australia’s ‘Concessions Energy Discount Offer’, where Origin customers that receive a standard energy concession receive an additional 17% from 1 June 2023 (down from 21%) off their electricity usage and supply charge.<sup>97</sup>
- Queensland’s ‘Home Emergency Assistance Scheme,’ where households experiencing problems paying their electricity or reticulated natural gas bills because of an unforeseen emergency or a short-term financial crisis that has occurred within the past 12 months receive a one-off payment of up to \$720, once every 2 years.
- New South Wales’, ‘Energy Accounts Payments Assistance Scheme,’ offers \$50 vouchers to eligible customers, sent electronically to their retailer, and credited on the electricity bill.

As outlined above, on 9 May 2022 the federal, state and territory governments announced the Energy Bill Relief Fund providing up to \$3 billion to offset the impacts of the higher prices on bills for eligible households and small businesses.<sup>98</sup> In New South Wales, South Australia, South East Queensland, and Victoria eligible households<sup>99</sup> will receive a \$500 rebate in total. In Victoria, the \$500 rebate consists of a \$250 payment per eligible household and \$250 through its Power Saving Bonus Payment for using Victorian Energy Compare.<sup>100</sup>

**Table 5.2 All regions offer concessions for low-income households and customers with certain medical conditions.**

*Electricity concessions available by region as at 31 March 2023*

	Low- income concession	Medical related	Emergency assistance	Life Support	Cost of Living	Other
NSW	✓	✓	✓	✓		✓
SA	✓	✓	✓	✓	✓	✓
QLD	✓	✓	✓	✓	✓	
VIC	✓	✓	✓	✓	✓	✓

Source: ACCC analysis of electricity concessions. Additional information is provided in Appendix B.

There are also broader government concessions designed to assist customers with general living expenses, including energy expenses. These government concessions are a direct payment to an individual or household to cover general expenses rather than a specific electricity rebate. Therefore, these concessions would not be listed in an electricity bill nor reflected in our analysis of bills. Further information about the concessions offered in each region is at Appendix B.

<sup>97</sup> SA Government, [Energy discount offer](#), 2023, accessed 7 April 2023.

<sup>98</sup> Department of Climate Change, Energy, the Environment and Water, [Energy Bill Relief Fund](#), viewed 10 May 2023.

<sup>99</sup> Eligibility is contingent on holding an eligible card (for instance, a Commonwealth Seniors Health Card) or receiving an eligible payment (for instance, a Carer Allowance). Eligible cards and payments vary by state and territory.

<sup>100</sup> Department of Climate Change, Energy, the Environment and Water, [Energy Bill Relief for households](#), viewed 10 May 2023.

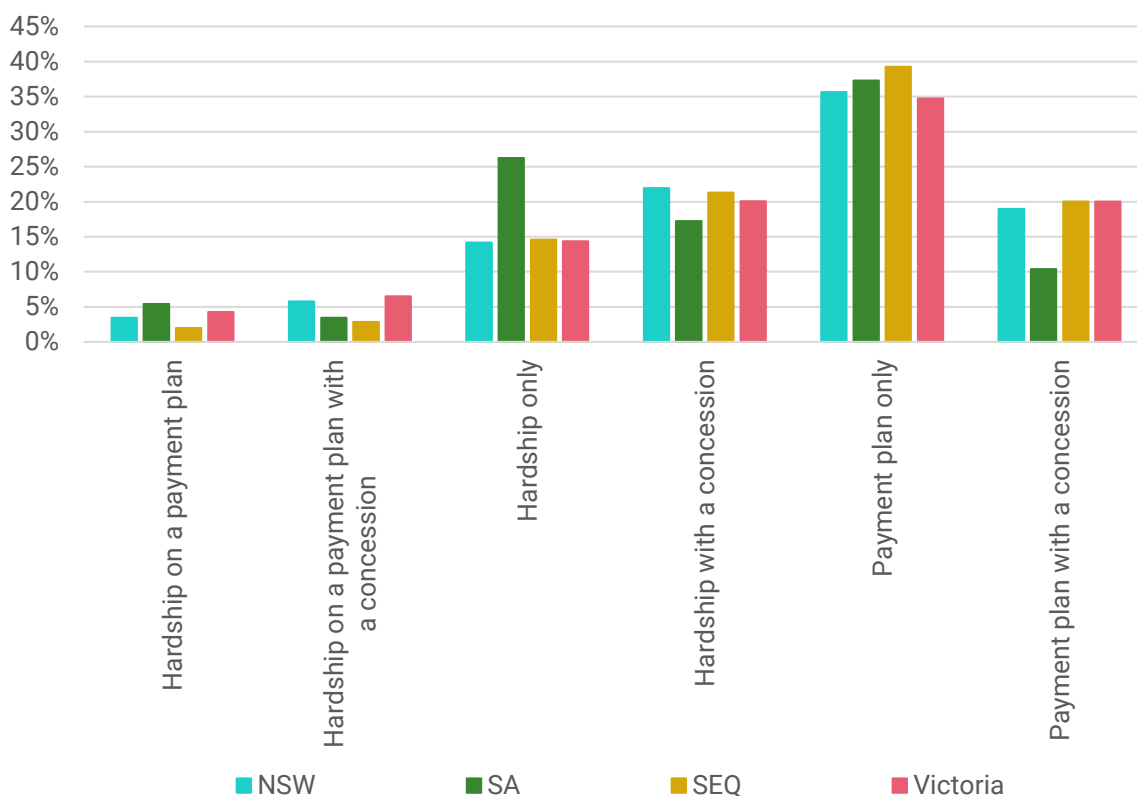
### 5.4.1. Customers in South East Queensland paid the lowest median effective prices across all customer groups

To account for the impact of the Cost-of-Living Rebate issued to Queensland households between September and November 2022 (see section 1.2) this section presents information from the second quarter of 2022.<sup>101</sup>

To compare outcomes across regions, Figure 5.5 sets out the proportion of customers in each group that received support paying their bills in each region in the second quarter of 2022. As set out in section 5.1, this is based on the customer groups from the hardship and payment plan customer population and the proportions used in Figure 5.5 do not represent the proportion of customers in each group across the NEM.

**Figure 5.5 South Australia had the highest proportion of hardship only customers**

*Proportion of residential customers in each customer protection group by region, second quarter, 2022*



Source: ACCC analysis of retailer billing data.

Note: Concession only customers were not included in the analysis of groups receiving protections, as retailers did not have to provide billing data for all concession customers.

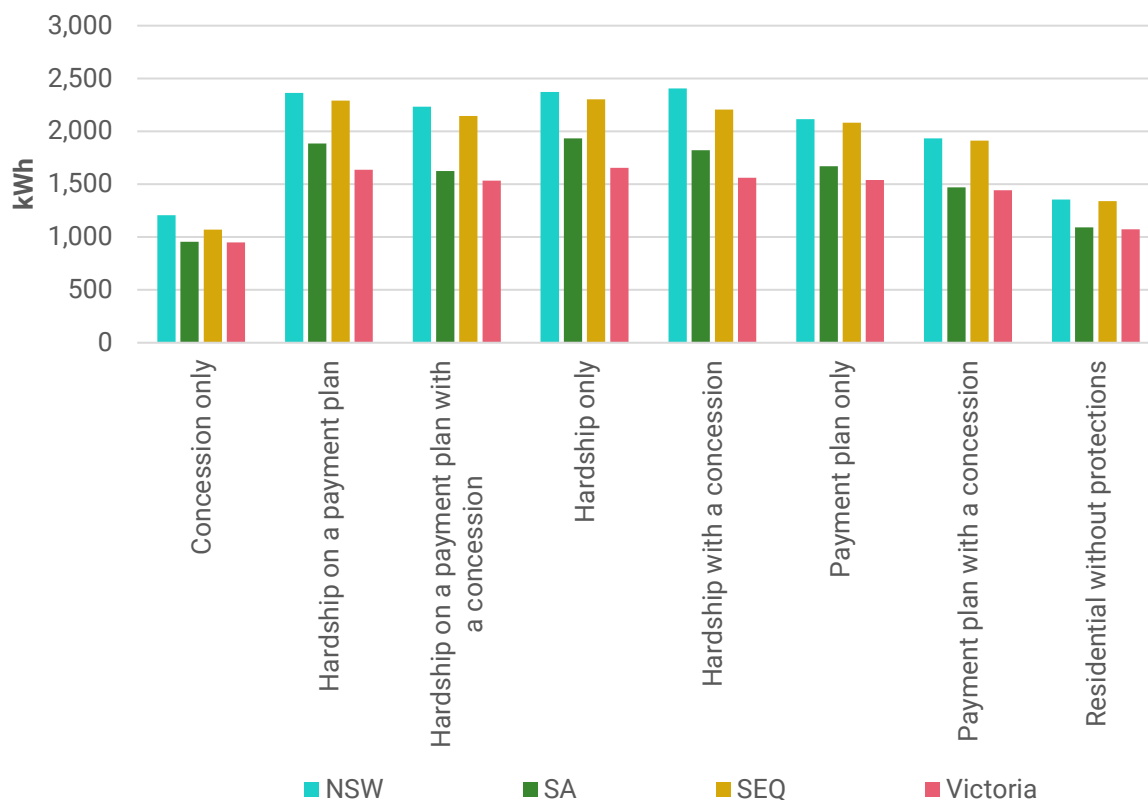
The proportion of customers in each group receiving protections were generally consistent across all regions. However, South Australia had a higher proportion of hardship only customers and a lower proportion of payment plan customers with a concession than other regions.

<sup>101</sup> Analysis revealed similar proportions in each region for each group in the second and third quarters of 2022, as shown in Appendix E.

As can be seen in Figure 5.6, New South Wales customers in each group had the highest median electricity usage in the second quarter of 2022, followed by customers in South East Queensland. Victorian customers in each group had the lowest median usage.

**Figure 5.6 New South Wales customers have the highest electricity usage**

*Median usage by residential customer groups by region, second quarter, 2022*



Source: ACCC analysis of retailer billing data.

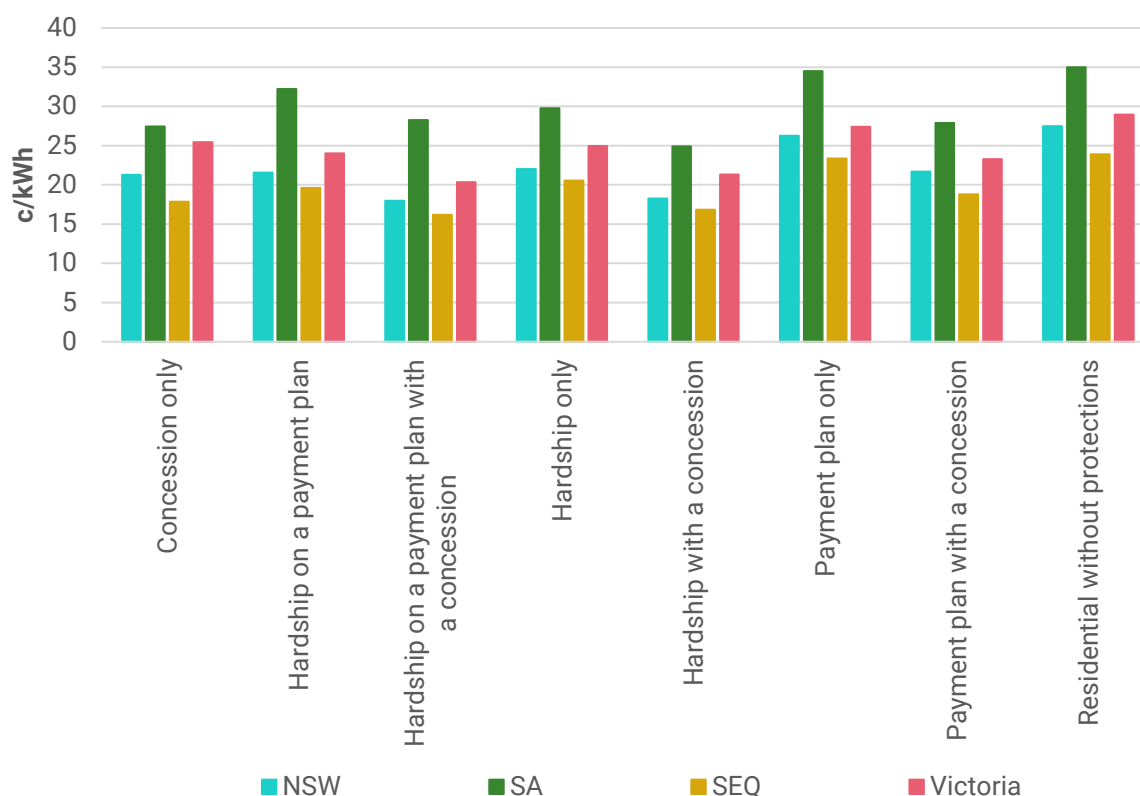
South Australian customers in each customer group paid the highest median effective prices (see Figure 5.7). This is consistent with higher overall median effective prices in South Australia, as outlined in section 4.3. As illustrated in Figure 5.4, customers with lower levels of usage ordinarily pay higher effective prices. While South Australian customers in all groups had relatively low median usage, Victorian customers had the lowest median usage across all groups and these customers faced lower prices than South Australian customers. This suggests that the median usage of South Australian customers is not solely driving the median effective prices experienced in this state.

Customers receiving the most support to pay their bills (hardship customers on a payment plan with a concession) in South Australia faced higher median effective prices than the median effective prices faced by all other customers receiving protections in every other region.

To reduce the influence of Queensland’s Cost of Living Rebate, this section examines the outcomes in the second quarter of 2022. However, the median effective prices across all groups were lowest in South East Queensland. Notably, customers in South East Queensland also had high levels of usage, second only to New South Wales, across all groups.

**Figure 5.7 South Australian customers face the highest effective prices**

*Median effective prices paid by residential customer groups by region, second quarter, 2022*



Source: ACCC analysis of retailer billing data. Nominal dollars, excluding GST.

Retailers' hardship policies apply similarly across all regions and their approach to the provision of payment plans for customers is unlikely to vary across regions. Accordingly, a key difference between regions is the type and level of concessions available to customers.

In the second quarter of 2022, South Australian concession only customers faced median effective prices of approximately 27 c/kWh, which was higher than the median effective prices faced by all customers receiving other protections, across all other regions (see Figure 5.7).

Higher median effective prices for concession customers in South Australia may be due to concession payments being provided to concession holders as a general payment to the card holder (not reported by retailers), rather than as a credit on the customer's bill (reported by retailers). An example of one such concession is the South Australian 'Cost of Living Concession' which is designed to assist people on low or fixed incomes with general living expenses, such as energy, council rates and medical expenses. For the 2022–23 financial year, the South Australian government doubled this concession as a one-off measure to address cost of living pressures.<sup>102</sup>

Customers with concessions in New South Wales and Victoria faced median effective prices of approximately 21 c/kWh and 25 c/kWh, respectively, while concession customers in South East Queensland paid the lowest median effective prices of 18 c/kWh.

<sup>102</sup> SA Government, [State Budget 2022-23, Cost of living](#), 2022, accessed 31 March 2023.

# Appendix A Our analysis

## About the data we collect

We obtained data from 8 electricity retailers that collectively supply electricity to more than 90% of residential customers and more than 80% of small business customers (also described as small and medium enterprises; SME's) in Victoria, New South Wales, South Australia, and South East Queensland.

We requested information on over 40 different variables including account and plan details, tariff types, solar rebates, discounts, concessions, bill amounts, usage, and hardship. For the full list see Appendix C.

We requested that retailers provide billing information from a sample of their residential customers (whichever is greater, 5% of customers or 10,000 customers) and all of their small business customers and residential customers on hardship or payment plans.

We asked each retailer to explain the basis on which it differentiated between residential and small business customers. Although retailers' systems differ, several retailers defined customers as residential or small business based on the distributor tariff or the meter installation type.

Most retailers were required to provide data for every customer who was in hardship and/or on a payment plan due to financial difficulties at any point during the 12-month period. Some retailers were only able to provide data for customers who were in hardship and/or on a payment plan due to financial difficulties on 1 October 2021 or 1 October 2022.

Customer billing information was provided for the period of 1 July 2021 to 31 December 2022.

We have now collected customer billing data from 1 July 2018 to 31 December 2022. The ACCC collected this information under section 95ZK of the Competition and Consumer Act. Billing data has been presented in this report in an anonymised and aggregated format which does not allow the confidential information of any retailer to be identified.

Unless stated otherwise, this report focuses on changes over a 12-month period. In particular, this report focuses on changes between the 2021 September (third) quarter to the 2022 September quarter.

## The geographic scope of our analysis

The National Electricity Market (NEM) comprises New South Wales, the Australian Capital Territory, Queensland, South Australia, Victoria, and Tasmania. While all these states and territories fall within the scope of the current Electricity Monitoring Inquiry, this billing analysis only considers the regions that have effective competition in retail electricity markets, that is:

- New South Wales
- South East Queensland
- South Australia
- Victoria.

## Hardship, payment plan and concession customers

Retailers supplied every bill issued to residential customers identified as being in either a hardship program or on a payment plan due to financial difficulties. Some retailers also provided a selection of bills for residential customers receiving concessions.

- Hardship only customers participated in a retailer's hardship program or received hardship assistance during the billing period.
- Payment plan only customers had an arrangement to pay the retailer in instalments.
- Concession only customers were customers who received an amount funded by a state or territory government that reduced the amount the customer had to pay for electricity.

Previously we have reported on these 3 groups. However, for this report the billing data was separated into 8 independent groups, comprising one or a combination of these 3 groups. The customer had to be categorised in that group for the entire review period and each customer's data was only represented in one group at one time (with no overlap between groups).

Residential customers classed as 'residential without protections' did not receive any customer protections in this period.

## Customers in embedded networks

The data we collected on consumers bills did not include consumers in embedded networks. Embedded networks are private electricity networks that serve multiple premises and are only connected to the grid, through a 'parent meter' connection point. Typical examples include apartment complexes, retirement villages, and caravan parks, which can often be home to consumers facing some of the most vulnerable circumstances.

Our November 2022 report flagged concerns about the lack of choice and protections for these customers, and so recommended the Default Market Offer price cap should apply to retailers' prices for embedded network customers.<sup>103</sup> Victorian and New South Wales government and parliamentary reviews also raised concerns about outcomes for consumers in these networks.<sup>104</sup>

Billing outcomes for consumers in embedded networks is an area of concern for the ACCC. We will consider how future Inquiry reports can provide insights into this section of the market.

## Metering, consumption, and billing cycles

Only a proportion of the consumption captured in our billing sample will include price increases from 1 July 2022.

Due to the billing cycle, there is a significant lag in reporting on the consumption captured by the metering cycle. For customers with smart meters who are on monthly metering cycles, this issue is greatly reduced.

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<sup>103</sup> ACCC, [Inquiry into the National Electricity Market – November 2022 Report](#), 8 December 2022, p 5.

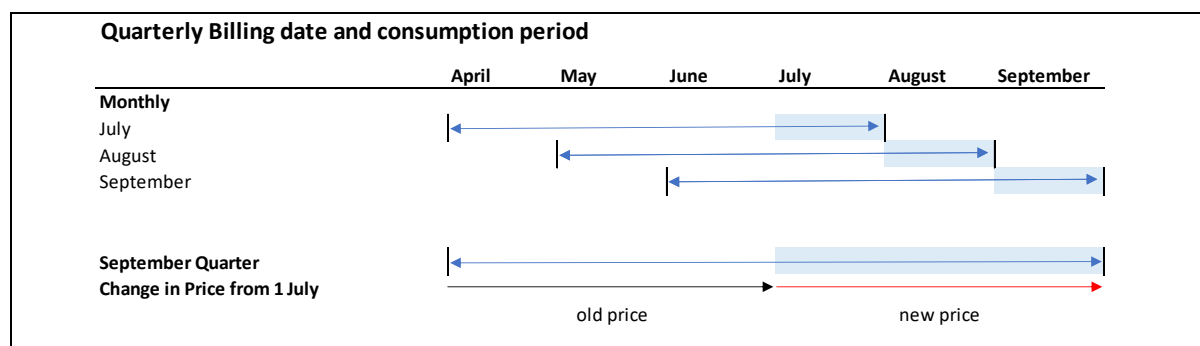
<sup>104</sup> Parliament of New South Wales – Legislative Assembly, Committee on Law and Safety, [Embedded Networks in New South Wales](#), November 2022; Victorian Department of Environment, Land, Water and Planning, [Embedded Networks Review - Final Recommendations Report](#), January 2022.



Figure A.1 is a stylised illustration of a typical billing cycle for customers with a mechanical (old style) meter.

### Figure A.1 The billing cycle means the full impact of price changes are delayed

*Illustrative example of the quarterly billing cycle, between 1 April and 30 September 2022*



Source: ACCC analysis.

Mechanical meters are normally read on a rolling 3 monthly basis (blue arrow lines). Therefore, for a customer who has their meter read in early July, their bill will include consumption dating back to April. Similarly, customers who have their meters read in August will include consumption dating back to May.

As illustrated by Figure A.1, changes in prices (blue shaded area) can take over 3 months to be fully captured in billing data. Therefore, the billing data from July to September will only capture a proportion of the impacts on customers from price increases arising from 1 July 2022.

## Normalisation of billing period

We analysed the data over the 2018–19, 2019–20, 2020–21 and 2021–22 financial years (1 July to 30 June) and over calendar year quarters:

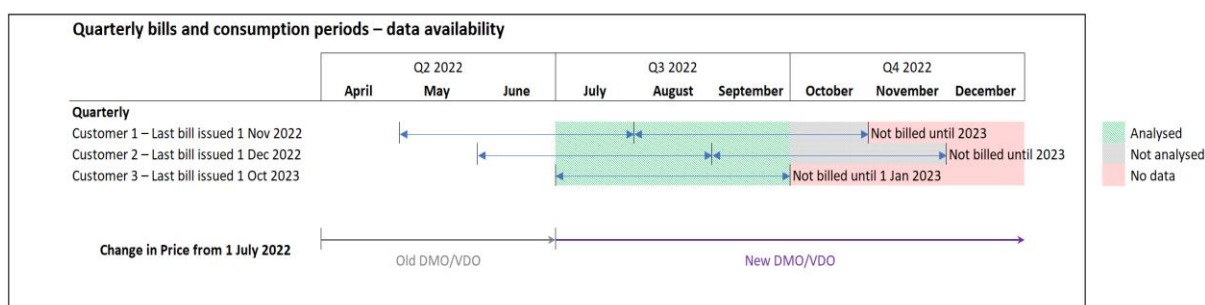
- quarter 1 (1 January to 31 March)
- quarter 2 (1 April to 30 June)
- quarter 3 (1 July to 30 September)
- quarter 4 (1 October to 31 December).

However, there is no consistency in timing of metering and billing periods. Therefore, it is difficult to compare customers' bills as they are likely to be across different periods and the number of days included within an individual bill is likely to be different.

To make the information for each customer consistent we undertake pro-rating of customers' bills, which ensures the derived outcomes represent the quarter under consideration (or month). This process is also known as normalisation (see Figure A.2).

## Figure A.2 Normalisation ensures representativeness of customer bills for each quarter

*Illustrative example of the normalisation process to pro-rata billing information, between 1 April to 30 September 2022*



Source: ACCC analysis.

Figure A.2 shows how we take 2 bills from customer 1 to derive a bill for the July to September period.

Customer 1 receives a bill at the end of July. Based on the number of days from 1 July to 30 September, we pro-rata their usage and bill amount (in dollars) shown in the green area. Customer 1 then receives their next bill at the end of October. Again, we pro-rata their usage and bill amount from 1 July to 30 September (green area).

The 2 green areas (from bill 1 and bill 2) are then combined to create customer 1's July to September bill (92 days).

While this process helps capture price increases, as it takes some information from later in the year, it does not remove all the lagged impacts from a 3 monthly billing cycle.

## Pricing terminology

### Price and usage both impact on bills

A customer's bill is impacted by the price and by the usage (volume). That is:

$$\text{Bills} = \text{Price} \times \text{Usage}$$

**Where government rebates, concessions, discounts, and solar feed-in tariffs are included in price.**

Therefore, when comparing bill outcomes across time, region, or customer types, we need to be careful to understand what is driving the differences: price, usage or a combination of price and usage.

Further, some customers receive government rebates or concessions affecting price. Appendix B provides additional details on these payments.

In this analysis, we summed the usage, supply, green energy, demand, and other charges for all bills that applied to the analysis period. We then subtracted concessions, rebates (including solar feed-in tariff rebates), unconditional discounts, conditional discounts achieved and any other discounts.

This report provides information on total bills (\$), effective price (c/kWh), usage (kWh) and where relevant rebates and concessions.

## Additional information on changes in bills, effective price, and usage

Table A.1 provides a summary of changes to third quarter bills, effective price, and usage, in nominal dollars.

**Table A.1 Effective price increases drive residential bill increases across 2022**

*Percentage change in median bills, effective prices, and usage, third quarter, from 2018 to 2022 and from 2021 to 2022*

	Bills	Effective price	Usage
<b>2021 to 2022</b>			
<b>Residential</b>	2.7%	5.3%	-1.7%
<b>Small Business</b>	13.1%	3.9%	9.0%
<b>2018 to 2022</b>			
<b>Residential</b>	-1.2%	-5.4%	4.8%
<b>Small Business</b>	-17.0%	-0.7%	-18.2%

Source: ACCC analysis of retailer billing data. Nominal dollars, excluding GST.

Table A.2 provides a summary of changes to residential third quarter bills, effective price, and usage for each region.

**Table A.2 Percentage change in residential bills, effective prices and usage by region, nominal dollars, third quarter, from 2018 to 2022 and from 2021 to 2022**

	Bills	Effective price	Usage
<b>2021 to 2022</b>			
<b>NSW</b>	6.4%	10.5%	-3.8%
<b>SA</b>	9.1%	6.6%	0.3%
<b>SEQ</b>	-20.4%	-23.5%	3.1%
<b>Victoria</b>	0.6%	2.7%	-2.7%
<b>2018 to 2022</b>			
<b>NSW</b>	4.5%	-0.5%	4.5%
<b>SA</b>	2.5%	-1.6%	2.6%
<b>SEQ</b>	-36.8%	-41.2%	5.9%
<b>Victoria</b>	4.2%	-3.0%	5.5%

Source: ACCC analysis of retailer billing data. Nominal, excluding GST.

Table A.3 provides a summary of changes to small business third quarter bills, effective price, and usage for each region.

**Table A.3 Percentage change in small business bills, effective prices and usage by region, nominal dollars, third quarter, from 2018 to 2022 and from 2021 to 2022**

	Bills	Effective price	Usage
<b>2021 to 2022</b>			
<b>NSW</b>	19.5%	7.1%	11.3%
<b>SA</b>	7.6%	4.5%	4.1%
<b>SEQ</b>	3.0%	11.2%	-5.2%
<b>Victoria</b>	10.1%	-3.6%	14.0%
<b>2018 to 2022</b>			
<b>NSW</b>	-17.3%	4.1%	-21.4%
<b>SA</b>	-12.7%	-1.6%	-12.8%
<b>SEQ</b>	-17.6%	-0.7%	-15.8%
<b>Victoria</b>	-17.3%	-5.6%	-16.6%

Source: ACCC analysis of retailer billing data. Nominal dollars, excluding GST.

## Effective prices

Retailer plans normally have several different components, such as a supply (\$/day) charge, and variable charges (c/kWh), but can also include other charges or multiple usage charges. For some customers it also includes government rebates and concessions, and solar feed in tariffs (see section 3.1).

This complexity makes it difficult to compare plans. To help compare bills this report provides information on the effective price. The effective price seeks to summarise the tariff plans into a single value.

The effective price (c/kWh) is calculated by dividing total bill (\$) by usage (kWh):

$$\text{Effective price} = \frac{\text{Total charges} - \text{Total discounts} - \text{Concessions} - \text{Solar feed in tariff rebates}}{\text{Usage in period}} \times 100$$

Where:

**Total charges** = supply charge + usage charge + demand charge + green energy charges + other charges

**Total discounts** = conditional discounts + unconditional discounts + other discounts

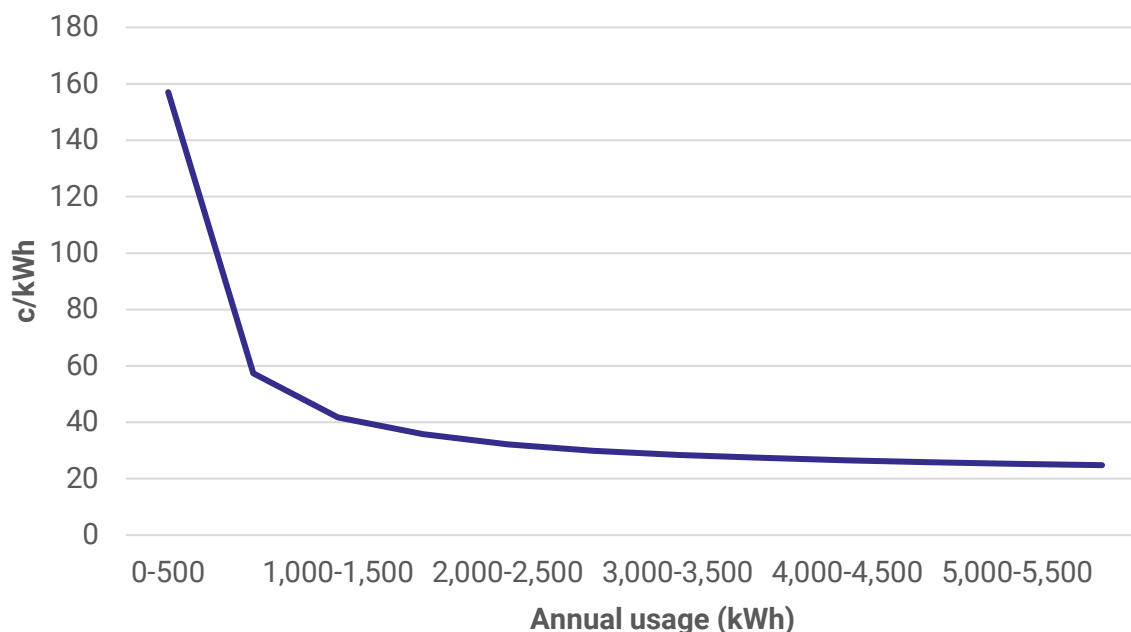
While this method of comparison does provide a basis to compare bills, it is less useful as a comparator at low levels of usage because of the impact of fixed charges.

Most plans have a fixed component (supply charge). This part of the bill does not change with usage. Therefore, the effective price of a plan with a fixed charge will decrease as usage increases.

Figure A.3 illustrates how the effective price, at low usage, can change significantly with minor changes in usage, but the effective price becomes more stable as a customer's usage increases towards the median usage.

### Figure A.3 Residential customer effective prices diminish with increases in usage

Median effective price paid by residential customers by usage band, all regions combined, financial years, 2021–22



Source: ACCC analysis of retailer billing data. Nominal dollars, excluding GST.

## Metered usage and exports

Retailers provide 2 types of metering information:

- Total energy used from the grid, generally referred to as **usage**. For those customers with solar panels, this usage is the usage taken from the grid and does not include generation consumed on the premises. A customer's total energy usage, grid, and solar generation is not reported.
- Total **energy exported** to the grid, which is normally due to solar generation. Generally, feed-in tariffs are applied to this exported energy, reducing a customers' bill. The amount exported into the network at any given time is a customers' generation, less their own usage.

## Impact on usage from weather

Usage is impacted by a variety of issues. However, one of the largest influences on usage in the short to medium term is the weather. Weather impacts usage in 2 ways.

- Changes in temperature change the way customers use cooling and heating. Normally extreme cold or hot weather results in high energy usage.
- For customers with solar panels, cloud cover can affect the generation of energy and consumption from the grid.

The Australian Energy Market Operator reported<sup>105</sup> that the third quarter of 2022 was characterised by very wet weather, driven by La Niña and a negative Indian Ocean Dipole.

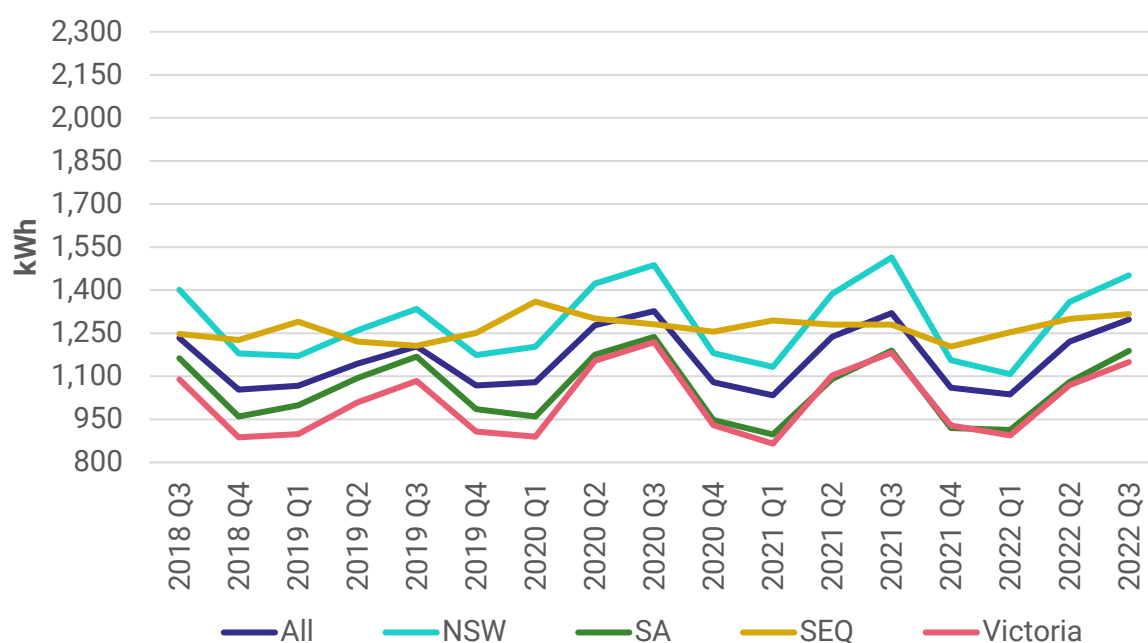
## Seasonal usage patterns

Residential and small business customers in South East Queensland follow a very different seasonal usage pattern compared to the other regions. For most residential customers, the third quarter usage is the highest usage and bill for the year (see Figure A.4).

This section provides information on seasonal usage, which details the very different seasonal patterns between South East Queensland and the other regions. It also helps illustrate seasonal impacts on customers.

**Figure A.4 Residential customer usage patterns show strong seasonal impacts**

*Median usage by residential customers by region, all quarters, from third quarter 2018 to third quarter 2022*



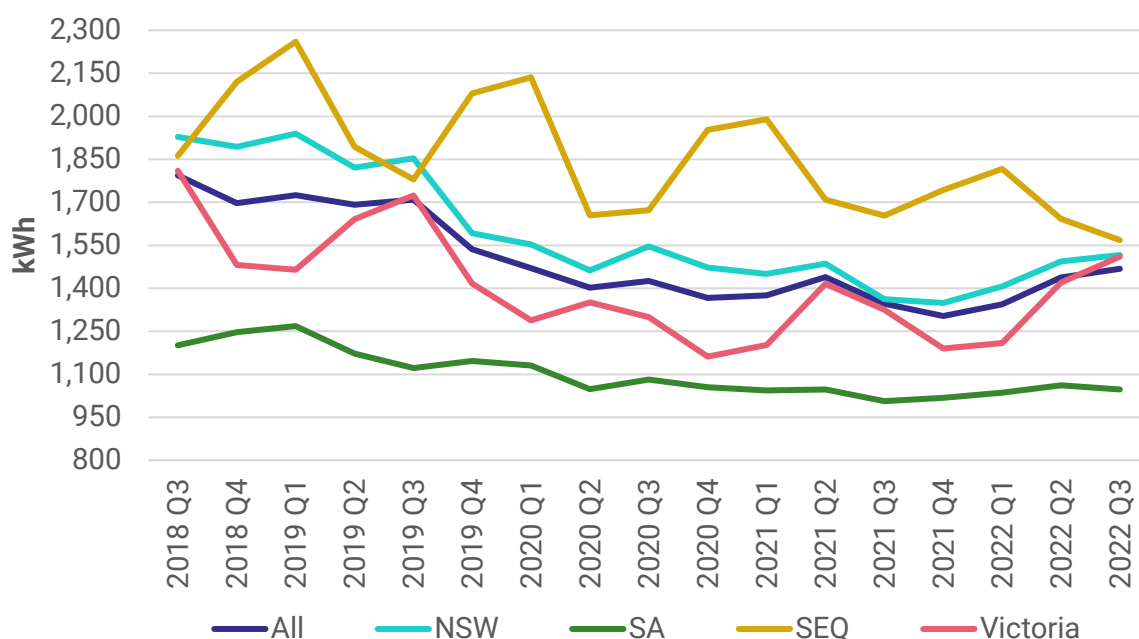
Source: ACCC analysis of retailer billing data.

Figure A.4 illustrates strong seasonal usage patterns for residential customers in New South Wales, South Australia, and Victoria, where usage and hence, bills, are highest in the third quarter. This contrasts with the seasonal usage pattern in South East Queensland, where usage is relatively stable across the year.

<sup>105</sup> AEMO, [Quarterly Energy Dynamics Q3 2022](#), October 2022 pp 7–9.

### Figure A.5 Small business customer usage patterns show limited seasonal impacts

Median usage by small business customers by region, all quarters, from third quarter 2018 to third quarter 2022



Source: ACCC analysis of retailer billing data.

Figure A.5 shows limited seasonal usage patterns by small business customers in New South Wales and South Australia, as compared to South East Queensland and Victoria, which have a seasonal pattern.

In South East Queensland, the first quarter normally has the largest usage, which is in contrast to the third quarter, which is generally a low (or the lowest) usage quarter. Victoria’s pattern is opposite to South East Queensland’s, where the second and third quarters are the highest usage quarters, and the first and fourth quarters have relatively low usage.

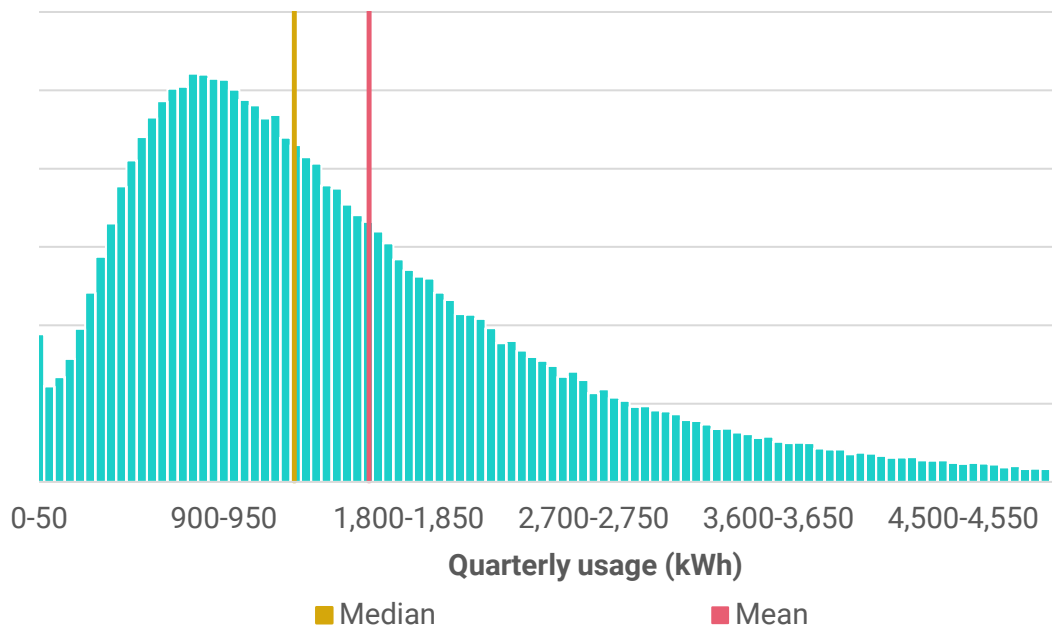
### Median usage – Variance around the median

To simplify the reporting of changes over time or to compare bills, usage or effective prices across regions, this report focuses on median outcomes. The median value is the value in the middle of the sample, when the data is ordered from the lowest value to the highest value.

Figure A.6 and Figure A.7 show the percentage of residential and small business customers at various levels of usage.

**Figure A.6 Residential customers usage is grouped around 500 to 1,500 kWh per quarter**

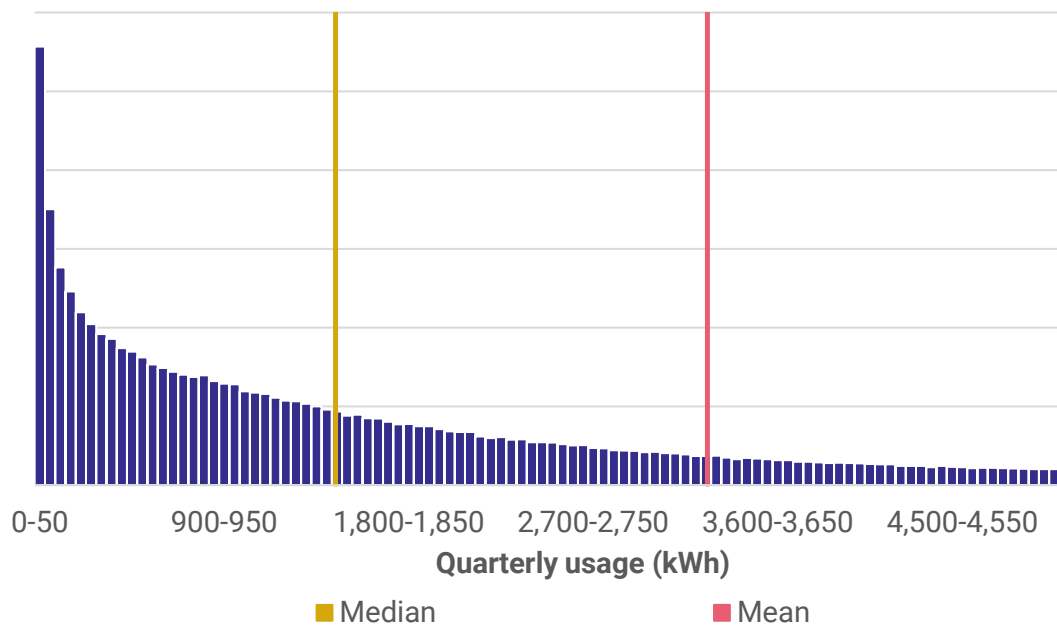
*Distribution of residential customers by usage band, all regions combined, third quarter, 2022*



Source: ACCC analysis of retailer billing data.

**Figure A.7 There is a large distribution of usage across small business customers**

*Distribution of small business customers by usage band, all regions combined, third quarter, 2022*



Source: ACCC analysis of retailer billing data.

The residential graph shows that customers are grouped at reasonably low usage levels (500 to 1,500 kWh per quarter) but that there are also customers that have very large



usages, resulting in a long tail to the distribution (full tail is not shown). This tail results in the mean (arithmetic average – green) sitting to the right of the median (middle observation – blue). It also illustrates that the median usage is not the most common usage (top of the hill).

In contrast, small business distribution shows that the most common usage is at very low levels (0–50 kWh per quarter), with reductions in the number of customers as usage increases. The tail of the small business graph is long compared to the residential usage graph, resulting in a large difference between the median and mean in the small business graph.

These usage profiles are typical for residential and small business customers across the regions. Previous reports also provided information on variance in outcomes (25% to 75% percentile outcomes). This information continues to be available in Appendix E.

## Nominal and Real

This report predominantly provides information in nominal dollars, unless stated otherwise. Nominal dollars exclude the impact of inflation.

## Excluding GST

This report excludes GST from all pricing numbers.

# Methodology for data analysis

## Data collection

Appendix E provides information on the number of customers and corresponding number of bills that were captured through the data collection process used for this report. Customer numbers are based on the number of unique accounts for each retailer.

## Quality assurance

We checked the returned data for inconsistencies and errors to ensure its quality for the analysis. For example, we checked that:

- the size of the residential sample and small business and hardship and payment plan populations by retailer and region were consistent with our expectations based on customer numbers reported by the Australian Energy Regulator and the Essential Services Commission of Victoria<sup>106</sup>
- all variables had been provided for all bills
- invoice dates were consistent for a single bill, and did not overlap with consecutive bills for the same customer
- the postcode, distributor and region were consistent with each other
- numerical signs made sense, such as positive usage values

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<sup>106</sup> Australian Energy Regulator (AER), [Retail energy market performance update for Quarter 4, 2020–21](#), AER, Australian Government, 2021, accessed 20 April 2023; Essential Services Commission of Victoria (ESCV), [Victorian Energy Market Report 2020-21](#), ESCV, Victorian Government, 2021, accessed 16 May 2022.

- a bill with a discount or solar rebate amount had corresponding details about their type
- a bill with a conditional discount had corresponding information on whether the discount was achieved.

Our checks found several issues with the potential to impact data quality for a number of retailers. In each case we contacted the retailers for clarification and in several instances, retailers provided updated data. We repeated checks on any new data provided.

We removed bills from the data set where we could not resolve quality issues. When we did this, we typically also removed all other bills related to the same customer.

## Weighting

We adjusted our residential sample to ensure that it was representative of the overall residential customer base, rather than skewed by some retailers being over or under-represented. We created a new weighted sample where the share of each retailer’s residential customer base was the same as the share of each retailer’s overall residential customer base. We did not need to do this for the small business or hardship and payment plan samples, as we requested billing data for every customer in these categories.

To create the weighted sample, we took the following steps:

- For each region and retailer, we compared the number of customers in our residential sample, after removal of any customers during the quality assurance process, to the retailer’s customer base for the entire period from 1 July 2020 to 31 December 2021.
- Determined which retailer had the smallest percentage share of its customer base, per region, which was 4.72%. These percentages differ from the 5% share of customers in our information request in part because weights are calculated after the removal of any accounts during quality assurance.
- Any retailer found to have a higher percentage share of customers in a region was down-sized in the sample by removing customers and corresponding bills through random selection.

Table A.4 shows customer numbers in the weighted samples compared to the overall customer base. Note that these figures include customers each retailer served across the entire 18-month period, and so they are higher than the number of customers served at any single point in time.

**Table A.4 Residential customers in weighted sample by region, between 1 July 2021 to 31 December 2022**

Sample	Region	Customers in sample	Customer base	Sample share of base
Residential	Victoria	150,567	3,187,069	4.72%
	NSW	190,318	4,028,476	4.72%
	SA	44,989	952,280	4.72%
	SEQ	80,268	1,699,034	4.72%

We used weighted samples to calculate all results for residential customers, except for hardship and payment plan customers, for which retailers provided information for the entire population.

Note we have weighted our small business sample over the 2018 and 2019 years to account for our previous small business sample collection method. Retailers in the September 2020 reporting period were required to provide a 5% sample or 10,000 customers, whichever was the greater of their small business customer base. However, from the May 2021 reporting period onwards, retailers were required to provide data for every small business customer in their customer bases during the 18-month period requested. As such, we have not weighted time periods after 2019 in the small business sample.

## **Customer grouping**

### **Assigning customers to groups**

To determine which customer group applied to a customer in an analysis period, we checked the status of each variable for all bills that applied to the period. We assigned a customer group, such as payment plan only, to a customer only if all bills applying to the analysis period had that status (payment plan with no other protections). For example, if 2 bills applied to an analysis period and one showed that the customer was in hardship and the other did not, then we did not assign the customer to the hardship only group for that period.

When assigning customers to the 'residential without protections' customer group for comparison to the various groups containing concession, hardship, and payment plan customers, we only assigned customers who did not have a concession, hardship, or payment plan status at any time during the relevant analysis period.

### **Standing and market offer customers**

To calculate the proportion of customers on standing and market offers for an analysis period, we identified standing offer customers, as outlined above, and assigned any remaining customers to the market offer customer group. Therefore, our proportions of market offer customers may include a small number of customers who were on a market offer for only part of the analysis period.

## **Partial coverage of analysis periods**

Some customers do not have complete bill coverage of an analysis period. This may be because a customer joined the retailer part way through the analysis period, or because they switched to a different retailer during the period. The number of customers affected depends on the length of the analysis period (quarterly or yearly).

This incomplete bill coverage does, however, artificially lower the usage and bill amounts for the affected customers over the analysis period. In the 2020–21 financial year, we estimated that the median usage and bill would have been underestimated by around 20% to 30% if we included customers with incomplete coverage. Therefore, for the purposes of measuring the bill amount and usage, we included only customers with bills covering the entire analysis period.

## **Partial coverage: Solar rebate analysis**

As in the May 2022 report, for this report we analysed solar feed-in rebate amounts, feed-in supply amounts and effective feed-in rates for feed-in tariff solar customers across third quarters.

Similar to the way we calculated bill amounts and usage, only accounts with complete bill coverage across the relevant analysis periods were included in this analysis. Additionally, only customers who were solar customers for the whole analysis period and had a feed-in supply amount were included. This was to ensure that the feed-in rebate and supply amounts were representative of what a median solar customer receives and exports in the analysis period.

## **Year-on-year comparisons**

We analysed changes over time by comparing the third quarters of 2018, 2019, 2020, 2021 and 2022 periods, or 2018–19, 2019–20, 2020–21, 2021–22 financial years, where appropriate. We generally used data collected as part of our:

- September 2020 report to produce third quarter 2018, third quarter 2019 and 2018–19 results
- May 2021 report to produce third quarter 2020 and 2019–20 results
- May 2022 report to produce third quarter 2021 and 2020–21 results
- May 2023 report to produce third quarter 2022 and 2021–22 results.

One exception to the above was that we replaced third quarter 2020 results for the proportion of customers on standing offers with data collected in the May 2022 data collection period. We consider that this allowed us to present more accurate trends in this proportion, having regard to relevant data from the Australian Energy Regulator and the Essential Services Commission of Victoria.

For all year-on-year analyses, we performed comparisons using third quarter data instead of quarter 4 data, due to incomplete coverage of quarter 4 data.

## **Point in time achievement of conditional discounts**

In our May 2021 report, we refined our method for calculating the achievement of conditional discounts to a point in time approach instead of defining it over quarterly periods. We changed our approach due to issues obtaining accurate achievement of conditional discount information for the end of the third quarter 2020 period from a particular retailer.

We measured conditional discount achievement rates as at 1 July. This means that if a customer achieved their conditional discount for a bill as at 1 July of a particular year, they were classified as having achieved their conditional discounts for that point in time.

## **Point in time solar customer proportions**

Similar to the change in approach for achievement of conditional discounts, in our May 2021 report we have refined our methodology for calculating proportions of solar customers by using a point in time approach instead of defining solar customers over quarterly periods. This change in approach was implemented to provide a more accurate snapshot of solar uptake. We measured solar customer proportions as at 1 July. This means that if a customer was reported as being a 'Solar Customer' for a bill as at 1 July of a particular year, they were classified as being a solar customer at that point in time.

## Savings from switching

We calculated the potential savings for a typical customer switching from a standing offer to a low-price market offer. We did this by taking the difference between the effective price that the typical customer without solar might expect to pay on a standing offer and on a low-price market offer, and then multiplying this difference by the estimated quarterly usage of the typical standing offer customer without solar.

We estimated the quarterly usage of the typical standing offer customer without solar by multiplying the median daily usage of standing offer customers by 92 (let us label this amount as **A**).

We defined the effective price that the typical customer without solar might expect to pay on a standing offer as the median effective price for standing offer customers that had usage within  $\pm 5\%$  of **A** (let us label this amount as **B**).

We defined the effective price that a typical customer without solar might expect to pay on a low-price market offer as the 25th percentile effective price for market offer customers that had usage within  $\pm 5\%$  of **A** (let us label this amount as **C**).

Our calculation is therefore: Savings =  $(\mathbf{B} - \mathbf{C}) * \mathbf{A} * 365$

This approach is consistent with the updated approach of the May 2022 report. As such, the approach still has limitations, as we did not control for factors that might affect the results, including the customer's distribution network, concession status and tariff type.

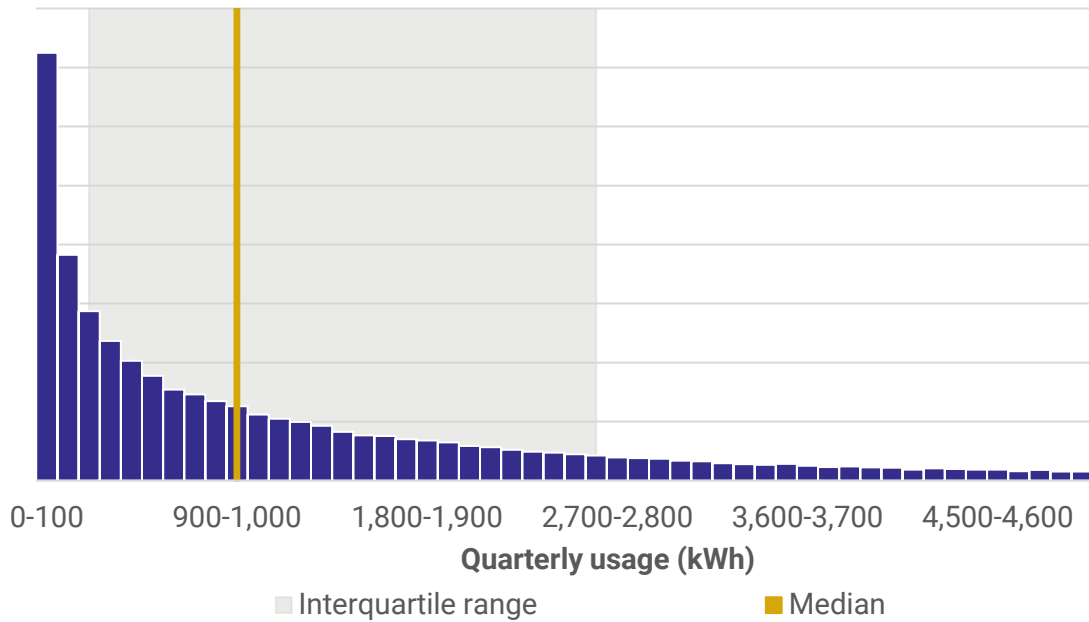
## Small business standing-offer and market-offer customer usage

Our data reveals that small business customers on standing offers typically use much less electricity than those on market offers, increasing the effective price for customers on standing offers.

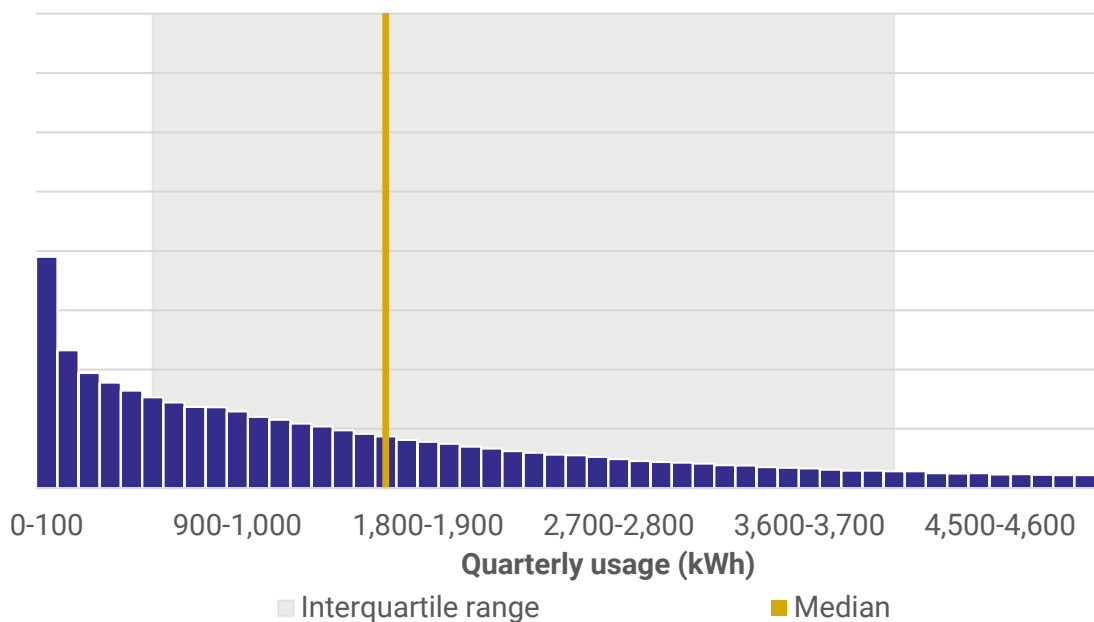
Figure A.8 shows that standing-offer customers use significantly less electricity than market-offer customers between the 25th and 75th percentiles. For example, the 25th percentile of usage is 256kWh per (third) quarter for standing-offer customers. For market-offer customers, it is more than twice as high at 558kWh per (third) quarter. When we compare these values with the effects of supply charge and usage charge, shown in Figure 3.1, we see that the supply charge is a significant portion of the total bill for most standing-offer customers. Conversely, it is a small portion of the total bill for most market-offer customers.

**Figure A.8 Small business customers on standing offers use much less electricity than those on market offers**

*Distribution of small business customers on standing offers by usage band, all regions combined, third quarter, 2022*



*Distribution of small business customers on market offers by usage band, all regions combined, third quarter, 2022*



Source: ACCC analysis of retailer billing data.

# Appendix B Concessions and rebates

## Introduction to concessions

Concession customers are customers who received an amount funded by a federal, state or territory government that reduced the amount the customer had to pay for electricity. A significant majority of concessions are paid by state governments. One Federal Government concession is the 'Essential Medical Equipment Payment' which is an annual payment for Australians with higher-than-average energy costs because they rely on essential medical equipment in their home.

Identical concession customers living in different regions may pay different effective prices as electricity concessions vary across regions. Concessions can vary by:

- the type of concession available: different states have different concessions available for eligible customers. For example, New South Wales and Victoria have concessions for customers relying on life support equipment, while South Australia and Queensland have concession payments to address cost of living challenges
- the amount paid: while most concessions are a specified dollar amount, several concessions are percentage based, such as Victoria's annual electricity concession (17.5% of electricity usage and service costs)
- payment method: concessions are usually a direct rebate on an electricity bill or occur through an electronic funds transfer. Electricity bills will not reflect concessions paid through a direct customer payment, which may affect the effective price a customer pays
- eligibility: all concessions have specific eligibility requirements such as requiring the appropriate concession card or meeting income thresholds. Another example is the South Australian 'Concessions Energy Discount Offer,' which is only available to South Australian Origin customers receiving the energy bill concession in South Australia (which is available to eligible customers regardless of retailer).

The variations listed also exist within the same categories of concession offered across all regions such as those for concession card customers or for specific medical conditions.

**Figure B.1 Summary of electricity concessions by region as at 31 March 2023**

	Low-income concession	Medical related	Emergency assistance	Life Support	Cost of Living	Other
NSW	✓	✓	✓	✓		✓
SA	✓	✓	✓	✓	✓	✓
QLD	✓	✓	✓	✓	✓	
VIC	✓	✓	✓	✓	✓	✓

## Concessions and rebates for households by region

A detailed breakdown of electricity concessions by region is presented in the tables below.

### Note:

- The tables exclude gas concessions.
- Unless otherwise stated in the table, these concessions and rebates are applied on a customer's electricity bill.
- The tables include rebates announced as part of the Energy Bill Relief Fund on 9 May 2023.

### New South Wales

Concession Category	Details
Low income Concession card holders	<ul style="list-style-type: none"> <li>▪ Seniors Energy Rebate – \$200/financial year (<b>paid via electronic funds transfer</b>).</li> </ul> <p>Eligibility:</p> <p>Residential electricity account holder who is a self-funded retiree and holds a current Commonwealth Seniors Health Card issued by either Services Australia or the Department of Veterans' Affairs.</p> <ul style="list-style-type: none"> <li>▪ Low Income Household Rebate Retail customers – \$285/year.</li> </ul> <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> <li>▪ Embedded network customers – \$313.50/year (<b>paid via electronic funds transfer</b>).</li> </ul> <p>Eligibility:</p> <p>Residential electricity account holder who is a self-funded retiree; and holds one of the following:</p> <ul style="list-style-type: none"> <li>▪ Pensioner Concession Card issued by the Department of Veterans' Affairs or Services Australia</li> <li>▪ Health Care Card issued by Services Australia, or</li> <li>▪ DVA Gold Card marked with either 'War Widow' or 'War Widower Pension', or 'Totally and Permanently Incapacitated' or 'Disability Pension'.</li> </ul>
Medical-related heating and cooling	<p>Medical Energy Rebate</p> <ul style="list-style-type: none"> <li>▪ For retail customers – up to a total \$285/year.</li> </ul> <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> <li>▪ For embedded network customers – \$313.50 (<b>paid via electronic funds transfer</b>).</li> </ul> <p>Eligibility:</p> <p>Residential electricity account holder who:</p> <ul style="list-style-type: none"> <li>▪ holds one of the following:</li> </ul>



Concession Category	Details
	<ul style="list-style-type: none"> <li>– Pensioner Concession Card issued by the Department of Veterans' Affairs or Services Australia</li> <li>– Health Care Card issued by Services Australia, or</li> <li>– DVA Gold Card</li> </ul> <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> <li>▪ is unable to self-regulate their body temperature</li> <li>▪ has confirmation from a registered medical practitioner who has been treating them for at least 3 months</li> <li>▪ meets at least one Primary Qualifying Condition and at least one Secondary Qualifying Condition.</li> </ul>
Emergency Assistance	<p>Energy Accounts Payments Assistance scheme – \$50 digital vouchers that can total up to \$400/electricity application, twice per financial year. The vouchers are received as a credit on the electricity bill. Additional assistance may be provided in exceptional circumstances.</p> <p>Note:</p> <ul style="list-style-type: none"> <li>▪ The NSW Government increased the limit for the Energy Accounts Payments Assistance Scheme from \$300 to \$400 per application on 30 May 2022. The Scheme formed part of the then-NSW Government's \$330 million package to address rising energy costs.<sup>107</sup></li> <li>▪ Not available to customers residing in embedded networks.</li> </ul>
Life support	<p>Life Support Energy Rebate (value of concession depends on the equipment type, time of use, and the number of days in the billing period)</p> <ul style="list-style-type: none"> <li>▪ For retail customers – up to \$1,343/year.</li> </ul> <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> <li>▪ For embedded network customers – up to \$1477.52/year (<b>paid via electronic funds transfer</b>).</li> </ul> <p>Eligibility:</p> <p>Residential electricity accounts where:</p> <ul style="list-style-type: none"> <li>▪ someone living at the address needs to use approved energy-intensive life support medical equipment at home</li> <li>▪ that person is verified by a registered medical practitioner as requiring the equipment.</li> </ul>
Cost of Living – energy costs	Nil
Other	<p>Family Energy Rebate</p> <ul style="list-style-type: none"> <li>▪ For retail customers – full rate: \$180/year; part rate \$20/year.</li> </ul> <p style="text-align: center;">OR</p>

<sup>107</sup> Department of Planning and Environment, [Helping households with energy bills](#) [media release], New South Wales Government, 26 May 2022, accessed 11 April 2023.

Concession Category	Details
	<ul style="list-style-type: none"> <li>▪ For embedded network customers – full rate \$198/year; part rate: \$22/year (<b>paid via electronic funds transfer</b>).</li> <li>▪ The part rate is for customers eligible for the Low Income Household Rebate. The full rate is for customers not eligible of the Low Income Household Rebate.</li> </ul> <p>Eligibility:</p> <ul style="list-style-type: none"> <li>▪ Residential electricity account holder and has dependent children and received the Commonwealth Government’s Family Tax Benefit in the preceding financial year.</li> </ul>
Energy Bill Relief Fund Rebate	<p>\$500 for eligible households.</p> <p>Eligibility:</p> <ul style="list-style-type: none"> <li>▪ Primary electricity account holder, or another named account holder on the electricity account.</li> <li>▪ Holds an eligible concession card or government payment: <ul style="list-style-type: none"> <li>– Commonwealth Seniors Health Card</li> <li>– Family Tax Benefit</li> <li>– Health Care Card</li> <li>– Pensioner Concession Card</li> <li>– Recipients of Life Support Rebate</li> <li>– Department of Veterans’ Affairs Gold Cards</li> <li>– Carer Allowance</li> <li>– Low Income Health Care Card.</li> </ul> </li> </ul>

## South Australia

Concession Category	Details
Low income Concession card holders	<ul style="list-style-type: none"> <li>▪ Energy bill concession – \$241.63/year for 2022-23. <ul style="list-style-type: none"> <li>– Homeowners, Housing SA, and private tenants receive the concession via their electricity bill.</li> <li>– Those who live in residential parks receive the payment via electronic funds transfer.</li> </ul> </li> </ul> <p>Eligibility: Customer who lives at the property and:</p> <ul style="list-style-type: none"> <li>▪ has an energy account in their name and is listed first on their energy bill</li> <li>▪ holds an eligible concession card or receives an eligible Centrelink payment <ul style="list-style-type: none"> <li>– Pensioner Concession Card</li> <li>– DVA Gold Card <ul style="list-style-type: none"> <li>○ Totally and Permanently Incapacitated</li> <li>○ Extreme Disablement Adjustment</li> </ul> </li> </ul> </li> </ul>

Concession Category	Details
Medical-related heating and cooling	<ul style="list-style-type: none"> <li>○ War Widow</li> <li>○ issued to a person with 80 or more overall impairment points under the <i>Military Rehabilitation and Compensation Act 2004</i> (Cth)</li> <li>– Low Income Health Care Card</li> <li>– Commonwealth Seniors Health Card.</li> <li>– JobSeeker Payment</li> <li>– Youth Allowance</li> <li>– Partner Allowance</li> <li>– Parenting Payment</li> <li>– Special Benefit</li> <li>– Community Development Program</li> <li>– ABSTUDY</li> <li>– Austudy</li> <li>– Farm Household Allowance</li> <li>– War widow pension under legislation of the United Kingdom or New Zealand.</li> <li>▪ does not live with anyone who has an income of more than \$3,000 per year, unless they either get an allowance from Centrelink or the Department of Veterans' Affairs or are a spouse, domestic partner or dependent.</li> </ul>
	<p style="text-align: center;">PLUS</p> <p>For eligible Origin Energy customers receiving the Energy bill concession:</p> <ul style="list-style-type: none"> <li>▪ SA Concessions Energy Discount Offer – 17% off electricity usage and supply charge from 1 June 2023 (previously 21%).</li> </ul>
	<p>Medical heating and cooling concession for 2022-23– \$241.63/year (<b>paid via electronic funds transfer</b>).</p> <p>Eligibility: Customer must live at the address and:</p> <ul style="list-style-type: none"> <li>▪ have, or be the parent or legal guardian of, a child who has a qualifying medical condition requiring cooling or heating to prevent severe worsening of their condition</li> <li>▪ provide certification from their medical specialist or general practitioner that the medical condition is severely worsened by hot or cold weather</li> <li>▪ use an air conditioning unit at that address to meet their medical heating and cooling requirements</li> <li>▪ be financially responsible for the full or part payment of the energy bill, and</li> <li>▪ hold an eligible concession card or receive an eligible Centrelink payment: <ul style="list-style-type: none"> <li>– Pensioner Concession Card</li> </ul> </li> </ul>

Concession Category	Details
	<ul style="list-style-type: none"> <li>– DVA Gold Card <ul style="list-style-type: none"> <li>○ Totally and Permanently Incapacitated</li> <li>○ Extreme Disablement Adjustment</li> <li>○ War Widow</li> <li>○ issued to a person with 80 or more overall impairment points under the <i>Military Rehabilitation and Compensation Act 2004</i> (Cth)</li> </ul> </li> <li>– Low Income Health Care Card</li> <li>– Commonwealth Seniors Health Card</li> <li>– JobSeeker Payment</li> <li>– Youth Allowance</li> <li>– Partner Allowance</li> <li>– Parenting Payment</li> <li>– Special Benefit</li> <li>– Community Development Program</li> <li>– ABSTUDY</li> <li>– Austudy</li> <li>– Farm Household Allowance</li> <li>– War widow pension under legislation of the United Kingdom or New Zealand.</li> </ul>
Emergency Assistance	<p>Emergency Electricity Payment Scheme - \$400 once per 3 years. Eligibility:</p> <ul style="list-style-type: none"> <li>▪ If customer is disconnected or at risk of disconnection.</li> <li>▪ The debt is no more than \$2,000.</li> <li>▪ The customer is <b>not</b> required to be a concession holder.</li> <li>▪ Applications are facilitated by financial counsellors.</li> </ul>
Life support	<ul style="list-style-type: none"> <li>▪ Home dialysis electricity concession – \$165/year for 2022/23 (<b>paid via electronic funds transfer</b>).</li> <li>▪ Home oxygen therapy rebate – 50% rebate on the electricity used by oxygen concentrator (<b>paid via cheque or electronic funds transfer</b>). <ul style="list-style-type: none"> <li>– Pensioners and health care card holders and veterans who receive State funded oxygen therapy.</li> </ul> </li> </ul>
Cost of Living – energy costs	<p>Cost of living concession – \$224.50/year for homeowners, \$112.30/year for Tenants and Commonwealth Senior Card holders for 2022–23.</p> <ul style="list-style-type: none"> <li>▪ It is designed to assist people on low or fixed incomes with general living expenses such as energy, medical and council rates.</li> <li>▪ It is a general payment paid by electronic funds transfer.</li> </ul>

Concession Category	Details
	<ul style="list-style-type: none"> <li>▪ For the 2022–23 financial year, all eligible applicants received a once-off doubling of the Cost of Living Concession.<sup>108</sup></li> </ul> <p>Eligibility: Customer who lives at the property and:</p> <ul style="list-style-type: none"> <li>▪ holds an eligible card <ul style="list-style-type: none"> <li>– Pensioner Concession Card</li> <li>– DVA Gold Card <ul style="list-style-type: none"> <li>○ Totally and Permanently Incapacitated</li> <li>○ Extreme Disablement Adjustment</li> <li>○ War Widow</li> <li>○ issued to a person with 80 or more overall impairment points under the <i>Military Rehabilitation and Compensation Act 2004</i> (Cth)</li> </ul> </li> <li>– Low Income Health Care Card</li> <li>– Commonwealth Seniors Health Card</li> </ul> <p style="text-align: center;">OR</p> <li>▪ receives an eligible Centrelink payment <ul style="list-style-type: none"> <li>– JobSeeker Payment</li> <li>– Youth Allowance</li> <li>– Partner Allowance</li> <li>– Parenting Payment</li> <li>– Special Benefit</li> <li>– Community Development Program</li> <li>– ABSTUDY</li> <li>– Austudy</li> <li>– Farm Household Allowance</li> <li>– War widow pension under legislation of the United Kingdom or New Zealand</li> </ul> <p style="text-align: center;">OR</p> <li>▪ meets the low-income provision.</li> <li>▪ Tenants must not be living with anyone who earns more than the low income provisions, unless they either get an allowance from Centrelink or the Department of Veterans' Affairs or is spouse, domestic partner or dependent.</li> </li></li></ul>
Other	<p>Residential park resident concessions – homeowners \$449.23 and tenants \$376.33/year for 2022-23 (<b>paid via electronic funds transfer</b>).</p> <p>Note: This concession covers both water and energy.</p>

<sup>108</sup> Government of South Australia, [State Budget 2022-23: Cost of living](#), 2022, accessed 11 April 2023.

Concession Category	Details
	<p data-bbox="612 241 1390 338">Eligibility: Customer occupies the property as their principal place of residence and holds an eligible concession card or receives an eligible Centrelink payment:</p> <ul style="list-style-type: none"> <li data-bbox="612 353 991 383">▪ Pensioner Concession Card</li> <li data-bbox="612 398 1161 584">▪ DVA Gold Card <ul style="list-style-type: none"> <li data-bbox="655 450 1161 479">– Totally and Permanently Incapacitated</li> <li data-bbox="655 495 1102 524">– Extreme Disablement Adjustment</li> <li data-bbox="655 539 839 568">– War Widow</li> <li data-bbox="655 584 1390 696">– issued to a person with 80 or more overall impairment points under the <i>Military Rehabilitation and Compensation Act 2004</i> (Cth)</li> </ul> </li> <li data-bbox="612 712 1018 741">▪ Low Income Health Care Card</li> <li data-bbox="612 757 1098 786">▪ Commonwealth Seniors Health Card.</li> <li data-bbox="612 801 903 831">▪ JobSeeker Payment</li> <li data-bbox="612 846 863 875">▪ Youth Allowance</li> <li data-bbox="612 891 879 920">▪ Partner Allowance</li> <li data-bbox="612 936 887 965">▪ Parenting Payment</li> <li data-bbox="612 981 839 1010">▪ Special Benefit</li> <li data-bbox="612 1025 1070 1055">▪ Community Development Program</li> <li data-bbox="612 1070 775 1099">▪ ABSTUDY</li> <li data-bbox="612 1115 759 1144">▪ Austudy</li> <li data-bbox="612 1160 991 1189">▪ Farm Household Allowance</li> <li data-bbox="612 1205 1374 1301">▪ War widow pension under legislation of the United Kingdom or New Zealand.</li> </ul>
Energy Bill Relief Fund Rebate	<p data-bbox="612 1323 951 1352">\$500 for eligible households</p> <p data-bbox="612 1368 727 1397">Eligibility:</p> <ul style="list-style-type: none"> <li data-bbox="612 1413 1390 1487">▪ Primary electricity account holder, or another named account holder on the electricity account.</li> <li data-bbox="612 1503 1358 2024">▪ Holds an eligible concession card or government payment: <ul style="list-style-type: none"> <li data-bbox="655 1547 823 1576">– ABSTUDY</li> <li data-bbox="655 1592 799 1621">– Austudy</li> <li data-bbox="655 1637 1134 1666">– Commonwealth Seniors Health Card</li> <li data-bbox="655 1682 1110 1711">– Community Development Program</li> <li data-bbox="655 1727 1031 1756">– Farm Household Allowance</li> <li data-bbox="655 1771 895 1800">– Asylum seekers</li> <li data-bbox="655 1816 943 1845">– JobSeeker Payment</li> <li data-bbox="655 1861 1054 1890">– Low Income Health Care Card</li> <li data-bbox="655 1906 1102 1935">– New Enterprise Incentive Scheme</li> <li data-bbox="655 1951 935 1980">– Parenting Payment</li> </ul> </li> </ul>

Concession Category	Details
	<ul style="list-style-type: none"> <li>– Partner Allowance</li> <li>– Pensioner Concession Card</li> <li>– Special Benefit</li> <li>– Department of Veterans' Affairs Gold Cards</li> <li>– War widow pension under legislation of the United Kingdom or New Zealand</li> <li>– Widow Allowance</li> <li>– War widow pension under legislation of the United Kingdom or New Zealand</li> <li>– Widow Allowance</li> <li>– Youth Allowance.</li> </ul>

## Queensland

Concession Category	Details
Low income	Electricity Rebate – \$372.20/year.
Concession card holders	<p>Eligibility: Electricity account holders:</p> <ul style="list-style-type: none"> <li>▪ Queensland Seniors Card</li> <li>▪ Services Australia or Department of Veterans' Affairs Pensioner Concession Card</li> <li>▪ Services Australia Health Care Card* (Electricity Rebate only)</li> <li>▪ Department of Veterans' Affairs Gold Card (and receive the War Widow/er Pension or special rate TPI Pension)</li> <li>▪ ImmiCard.</li> </ul>
Medical-related heating and cooling	<p>Medical Cooling and Heating Electricity Concession Scheme – \$372.21 (<b>paid quarterly via electronic funds transfer</b>).</p> <p>Eligibility: Queensland resident and:</p> <ul style="list-style-type: none"> <li>▪ have a qualifying medical condition and need cooling or heating to stop symptoms becoming significantly worse.</li> <li>▪ live at principal place of residence, which has an air-conditioning or heating unit.</li> <li>▪ If applicant/legal guardian of a minor with a qualifying medical condition, must: <ul style="list-style-type: none"> <li>– hold a current Services Australia or Department of Veterans' Affairs Pensioner Concession Card or a current Services Australia Health Care Card</li> </ul> <p style="text-align: center;">AND</p> <li>– be financially responsible for paying the electricity bill.</li> </li></ul>

Emergency Assistance	<p>Home Energy Emergency Assistance Scheme – \$720 once every 2 years.</p> <p>Eligibility: A customer must:</p> <ul style="list-style-type: none"> <li>▪ hold a current concession card, have an income equal to or less than a specific income threshold OR be part of energy provider’s hardship program or payment plan</li> </ul> <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> <li>▪ have experienced a substantial decrease in their household income OR high unexpected expenses on essential items.</li> </ul>
Life support	<p>Electricity Life Support Concession Scheme – up to \$507.65 for each kidney dialysis machine and \$758.04 for each oxygen concentrator (<b>paid quarterly via electronic funds transfer</b>).</p> <p>Eligibility: A customer must:</p> <ul style="list-style-type: none"> <li>▪ receive a home-based kidney dialysis machine free of charge through a Queensland Health hospital</li> </ul> <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> <li>▪ receive an oxygen concentrator free of charge through the Medical Aids Subsidy Scheme (<b>MASS</b>).</li> <li>▪ have been medically assessed in accordance with the eligibility criteria determined by MASS</li> <li>▪ hold one of the following concession cards: <ul style="list-style-type: none"> <li>– Pensioner Concession Card</li> <li>– Health Care Card</li> <li>– Health Care Interim Voucher</li> <li>– Child Disability Allowance</li> <li>– Queensland Seniors Card.</li> </ul> </li> </ul>
Cost of Living – energy costs	<p>Cost of Living Rebate for Households – \$175 for 2022</p> <ul style="list-style-type: none"> <li>▪ It builds on the \$50 asset ownership dividend paid by the Queensland Government in previous years.</li> </ul> <p>The Queensland Government increased this assistance for households from \$50 to \$175 in response to the extra cost of living pressures. The rebate was automatically credited to eligible customer accounts from 31 August 2022.</p>
Other	Nil
Energy Bill Relief Fund Rebate	<p>\$500 for eligible households</p> <p>Eligibility:</p> <ul style="list-style-type: none"> <li>▪ Hold an eligible concession card or government payment: <ul style="list-style-type: none"> <li>– Health Care Card</li> <li>– Immicard</li> <li>– Low Income Health Care Card</li> <li>– Pensioner Concession Card</li> <li>– QLD Seniors Card</li> </ul> </li> </ul>



- Department of Veterans’ Affairs Gold Cards
- Carer Allowance
- Commonwealth Seniors Health Card
- Family Tax Benefit.

## Victoria

Concession Category	Details
Low income Concession card holders	<p>Annual electricity concession – 17.5% of electricity usage and service costs. The concession is calculated after retailer discounts and solar credits have been deducted. It does not apply to the first \$171.60 of the annual bill.</p> <p>Households with very high electricity bills (over \$3,563.00 in the year, starting 1 December 2022) need to apply for the Excess Energy Concession to continue to receive a concession on their bill. Similar to the Annual electricity concession, it is a rebate of 17.5% off electricity bills above \$3,563.00 (for the annual period starting 1 December 2022). The concession is calculated after retailer discounts and solar credits have been deducted.</p> <p>Eligibility (for Annual electricity Concession and Excess Energy Concession):</p> <p>An electricity account holder who has one of the following eligible cards:</p> <ul style="list-style-type: none"> <li>▪ Pensioner Concession Card</li> <li>▪ Health Care Card</li> <li>▪ Veterans’ Affairs Gold Card.</li> </ul>
Medical-related heating and cooling	<p>Medical cooling concession – It is an additional 17.5% off electricity bills between 1 November and 30 April for households where a member has a medical condition that affects the body’s ability to regulate temperature.</p> <p>Eligibility:</p> <p>An electricity account holder who holds a Pensioner Concession Card, Health Care Card, Veterans’ Affairs Gold Card and:</p> <ul style="list-style-type: none"> <li>▪ has a medical condition that affects their body’s ability to self-regulate temperature or</li> <li>▪ has a household member with such a medical condition.</li> </ul>
Emergency Assistance	<p>Utility Relief Grant Scheme – helps eligible low-income households who are unable to pay an overdue utility bill and at risk of disconnection due to a temporary financial crisis. Grant is based on the amount owed at the time of application. It is also based on the reasons provided for applying in the application form. Households can receive a maximum of \$650 on each utility type in a two-year period (or \$1,300 for households with a single source of energy (for example, electricity only).</p>

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Life support	Eligibility:
	<ul style="list-style-type: none"> <li>▪ An account holder who holds a Pensioner Concession Card, Health Care Card, Veterans' Affairs Gold Card.</li> <li>▪ Non-concession cardholders are also eligible, provided they meet low-income and hardship requirements.</li> </ul>
	Criteria for grant:
	<ul style="list-style-type: none"> <li>▪ Applicant must show they have no way of paying the account without assistance, and meet one of the following criteria:</li> <li>▪ Applicant or household member has experienced family violence</li> <li>▪ Applicant had a recent decrease in income, for example, lost their job</li> <li>▪ Applicant had high unexpected costs for essential items</li> <li>▪ The cost of shelter is more than 30% of applicant's household income.</li> </ul>
	Life support concession – Discount on electricity bills (equal to the cost of using 1,880kWh each year) calculated using the general domestic tariff of the retailer where a member of the household uses an eligible life support machine.
	Eligibility:
	An electricity account holder who holds a Pensioner Concession Card, Health Care Card, Veterans' Affairs Gold Card and:
	<ul style="list-style-type: none"> <li>▪ has a medical condition that affects their body's ability to self-regulate temperature or</li> <li>▪ uses an eligible life support machine or</li> <li>▪ has a household member who uses an eligible life support machine.</li> </ul>
Cost of Living – energy costs	<ul style="list-style-type: none"> <li>▪ Power Saving Bonus – a one-off \$250 payment to Victorian households who use the Victorian Energy Compare website (<b>paid via electronic funds transfer</b>). <ul style="list-style-type: none"> <li>– On 24 March 2023, a new round of the Power Saving Bonus program commenced. Victorian households are now able to receive a new \$250 payment, including any households that received a payment through previous rounds of the program.</li> </ul> </li> </ul>
Other	<ul style="list-style-type: none"> <li>▪ Non–mains energy concession – paid annually based on the amount paid for each energy type in that year.</li> <li>▪ Controlled load electricity concession – 13% off controlled load electricity bills all year around – applies to separately metered electric appliances (e.g., slab heating, hot water). This concession will no longer be available from 1 December 2023.</li> <li>▪ Electricity transfer fee waiver – waives the transfer fee charged by electricity retailers when account holders move</li> </ul>

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to a new house. This concession will no longer be available from 1 December 2023.

- Service to property charge concession – reduces service charge to the cost of electricity used in a billing period, where usage costs are less than service costs. This concession will no longer be available from 1 December 2023.

Eligibility:

An electricity account holder who has one of the following eligible cards: Pensioner Concession Card, Health Care Card, or Veterans' Affairs Gold Card.

Energy Bill Relief Fund Rebate

\$250 for eligible households

Eligibility:

- Primary electricity account holder, or another named account holder on the electricity account.
- Hold an eligible concession card or government payment:
  - Health Care Card
  - Low Income Health Care Card
  - Pensioner Concession Card.
  - Department of Veterans' Affairs Gold Cards
  - Carer Allowance
  - Commonwealth Seniors Health Card
  - Family Tax Benefit.

# Appendix C Definitions for data collection

Data Field	Definition
Account Number	unique customer identifier for billing purposes
Achievement of Conditional Discounts	whether all conditional discounts that could have applied to the bill were applied
Bill Issue Date	date the bill was issued
Company Name	retailer name
Conditional Discount Type	description of the condition that must be met for the conditional discount to be applied, such as paying a bill on time or by direct debit, and having both an electricity account and a gas account with the retailer
Contract Term (Months)	number of months over which the offer applies
Controlled Load Tariff	whether the offer charges a separate price that applies to one or more appliances that are separately metered
Demand Charges (\$)	additional charges that applied to the bill in relation to a demand tariff (excluding goods and services tax)
Demand Tariff	whether the offer includes additional demand-based charges on top of any usage charges
Distributor	distributor corresponding to the state and postcode in which electricity was supplied
Dual Fuel Customer	whether the customer also had a gas account with the retailer at the location where electricity was supplied
Flat Tariff	whether the offer charges the same price for electricity regardless of the time of day (also known as single rate or flat rate)
From Different Retailer	whether the customer was with a different retailer in the previous billing period
Green Energy Charges (\$)	additional charges relating to a green energy scheme, such as GreenPower (excluding goods and services tax)
Hardship Customer	whether the customer participated in the retailer's hardship program at the invoice end date, or received hardship assistance during the billing period
Invoice Date From	first day of the billing period (inclusive)
Invoice Date To	last day of the billing period (inclusive)
Negotiated FIT	whether the offer includes a payment to the customer for electricity generated from solar panels and fed into the grid at a negotiated or state-mandated minimum rate

<b>Data Field</b>	<b>Definition</b>
NMI	National Metering Identifier, the unique identifier for the connection point to the grid
Offer End Date	last day that electricity was or will be supplied to the customer for the offer that applied to the bill
Offer Start Date	first day that electricity was supplied to the customer for the offer that applied to the bill
Offer Type	whether the customer was on a market or standing offer during the billing period, as defined by the National Energy Retail Law in New South Wales, South Australia and South East Queensland and the Energy Retail Code (Vic)
Other Charges (\$)	additional charges that are not captured by any other defined categories, including credit card fees, paper bill fees, or applicable bill corrections that increase the amount required to be paid (excluding goods and services tax)
Other Discounts (\$)	additional discounts or rebates that are not captured by any other defined categories, including any applicable bill corrections that reduce the amount required to be paid (excluding goods and services tax)
Other ID	unique identifier for an offer if a Plan ID is not provided
Payment Plan Customer	whether the customer had an arrangement to pay the retailer in instalments (not including flexible arrangements for convenience or budgeting) at the invoice end date
Plan ID	Energy Made Easy or Victorian Energy Compare identifier for the offer
Plan Name	name of the offer
Postcode	postcode in which electricity was supplied
Premium FiT	whether the offer includes a payment to the customer for electricity generated from solar panels and fed into the grid at a premium solar scheme rate
Smart Meter	whether the customer had a device that digitally measures energy use, also known as an advanced meter or 'type 4' meter
Solar Customer	whether the customer was on an offer that included a premium feed-in tariff or negotiated feed-in tariff payment
State	state in which electricity was supplied (Victoria, New South Wales, South Australia, or South East Queensland)
Subscription Plan	whether the offer charges a fixed amount each period to cover for a specified amount of electricity
Time of Use/Flexible Tariff	whether the offer charges different prices depending on the time of day
Total Concessions (\$)	total concessions that applied to the bill (excluding goods and services tax)

<b>Data Field</b>	<b>Definition</b>
Total Conditional Discounts (\$)	total conditional discounts that could have applied to the bill if all conditions were met (excluding goods and services tax)
Total Conditional Discounts Applied (\$)	total conditional discounts that were applied to the bill (excluding goods and services tax)
Total Current Balance (\$)	total amount owed by the customer as at the bill issue date (excluding goods and services tax)
Total Solar Feed-in Supply (kWh)	total amount of electricity that the customer supplied to the grid during the billing period by the solar panel system attached to the location where electricity was supplied
Total Solar FiT Rebate (\$)	total amount of negotiated feed-in tariff and premium feed-in tariff payments that applied to the bill (excluding goods and services tax)
Total Supply Charge (\$)	total fixed costs charged regardless of the amount of electricity the customer consumed from the grid (excluding goods and services tax)
Total Unconditional Discounts (\$)	total unconditional discounts that applied to the bill (excluding goods and services tax)
Total Usage (kWh)	total amount of electricity that the customer consumed from the grid during the billing period
Total Usage Charge (\$)	total variable costs charged based on the amount of electricity the customer consumed from the grid (excluding goods and services tax)
Unconditional Discount Type	description of the reason that an unconditional discount was applied, such as a special promotion applying at the time of signing up

# Appendix D Terms of reference for the inquiry

## COMPETITION AND CONSUMER ACT 2010

### INQUIRY INTO ELECTRICITY SUPPLY IN AUSTRALIA

I, Scott Morrison, Treasurer, pursuant to subsection 95H(1) of the *Competition and Consumer Act 2010*, hereby require the Australian Competition and Consumer Commission (ACCC) to hold an inquiry into prices, profits and margins in relation to the supply of electricity in the National Electricity Market.

Matters to be monitored and taken into consideration in the inquiry include but are not limited to:

- i. electricity prices faced by customers in the National Energy Market including both the level and the spread of price offers, analysing how wholesale prices are influencing retail prices and whether any wholesale cost savings are being passed through to retail customers;
- ii. wholesale market prices including the contributing factors to these such as input costs, bidding behaviour and any other relevant factors;
- iii. the profits being made by electricity generators and retailers and the factors that have contributed to these;
- iv. contract market liquidity, including assessing whether vertically integrated electricity suppliers are restricting competition and new entry; and
- v. the effects of policy changes in the National Electricity Market, including those resulting from recommendations made by the ACCC in its Retail Electricity Pricing Inquiry report of July 2018.

Where appropriate, the inquiry will make recommendations to government(s) to take any proportional and targeted action considered necessary to remedy any failure by market participant(s) (or the market as a whole) to deliver competitive and efficient electricity prices for customers.

The ACCC should make use of publicly available information, including that published by the Australian Energy Regulator, the Australian Energy Market Commission or the Australian Energy Market Operator, where appropriate.

This is not to be an inquiry into supply by any particular person or persons, or by a State or Territory Authority.

The inquiry is to commence today. The inquiry is to provide its first report to me by 31 March 2019 and no less frequently than every six months thereafter. The first report should focus on setting out the analytical framework for monitoring and provide information about expectations of market outcomes and market participant behaviour. The inquiry should also provide information to the market as appropriate. The inquiry is to conclude and provide its final report by 31 August 2025.

DATED THIS 25<sup>th</sup> DAY OF August 2018

  
SCOTT MORRISON  
Treasurer