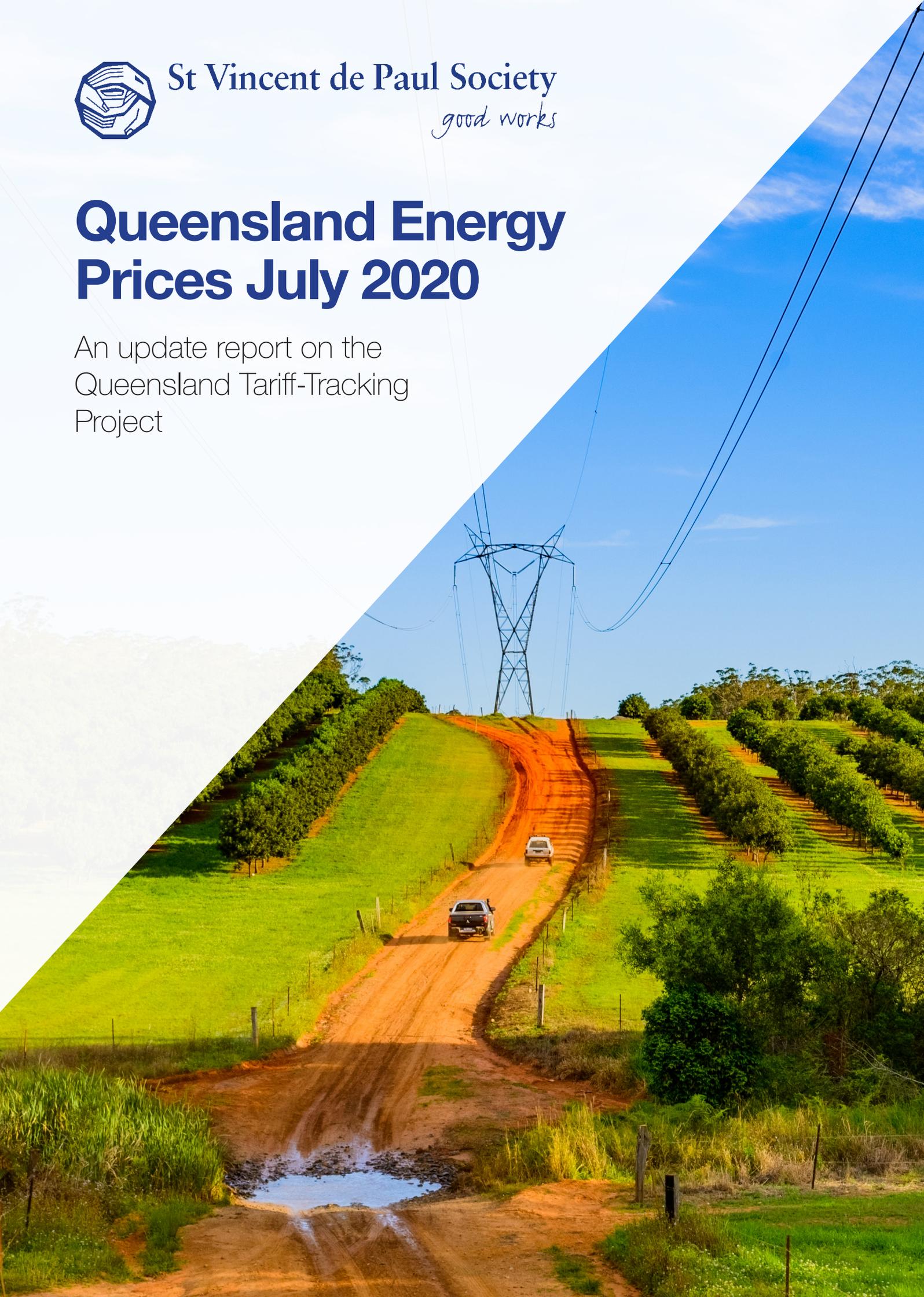




St Vincent de Paul Society
good works

Queensland Energy Prices July 2020

An update report on the
Queensland Tariff-Tracking
Project



Queensland Energy Prices July 2020
An update report on the Queensland Tariff-Tracking Project

Sophie Labaste, August 2020
Alviss Consulting Pty Ltd



St Vincent de Paul Society
good works

www.alvissconsulting.com

twitter.com/AlvissC

www.vinnies.org.au

twitter.com/VinniesAust

Contact: Gavin Dufty
Manager, Social Policy Unit Victoria
St Vincent de Paul Society
Phone: (03) 98955816 or 0439 357 129
twitter.com/gavinduffy

© St Vincent de Paul Society and Alviss Consulting Pty Ltd

This work is copyright. Apart from any use permitted under the Copyright Act 1968 (Ctw), no parts may be adapted, reproduced, copied, stored, distributed, published or put to commercial use without prior written permission from the St Vincent de Paul Society.

Disclaimer

The energy offers, tariffs and bill calculations presented in this report and associated workbooks should be used as a general guide only and should not be relied upon. The workbooks are not an appropriate substitute for obtaining an offer from an energy retailer. The information presented in this report and the workbooks is not provided as financial advice. While we have taken great care to ensure accuracy of the information provided in this report and the workbooks, they are suitable for use only as a research and advocacy tool. We do not accept any legal responsibility for errors or inaccuracies. The St Vincent de Paul Society and Alviss Consulting Pty Ltd do not accept liability for any action taken based on the information provided in this report or the associated workbooks or for any loss, economic or otherwise, suffered as a result of reliance on the information presented. If you would like to obtain information about energy offers available to you as a customer, go to AER's ['Energy Made Easy'](#) website or contact the energy retailers directly.

Acknowledgments

This project was funded by Energy Consumers Australia (www.energyconsumersaustralia.com.au) as part of its grants process for consumer advocacy projects and research projects for the benefit of consumers of electricity and natural gas.

The views expressed in this document do not necessarily reflect the views of Energy Consumers Australia.

Table of contents

The Queensland Tariff-Tracking Project	1
Key Findings	2
1. Energy price changes from July 2019 to July 2020	4
2. Market offers post July 2020	9
2.1 Electricity market offers post July 2020	9
2.2 Gas market offers post July 2020	15
3. The Default Market Offer (DMO) and market changes	19
4. Supply charges	20
4.1 Electricity supply charges	20
4.2 Gas supply charges	21
5. Network charges	23
5.1 Electricity network charges	23
5.2 Gas network charges	23
6. Solar offers	26
7. COVID-19 related assistance	31

The Queensland Tariff-Tracking Project

This project has tracked electricity and gas tariffs in Queensland from July 2009 to July 2020 and developed a spreadsheet-based tool that allows consumer advocates to build on the initial analysis and continue to track changes as they occur. The first report for the Queensland Tariff-Tracking project was published in August 2012 and this is the ninth up-date report focusing on price changes that have occurred over the last year.

We have developed workbooks that allow the user to enter consumption levels and analyse household bills for regulated gas and electricity offers from July 2009 to July 2016, as well as published electricity and gas market offers post the price resets in July 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019 and 2020.¹ A recent addition to the Tariff-Tracking project is market offers available to new solar customers. The workbook allows users to calculate annual bills based on retailers' rates, feed in tariffs offered and additional discounts. Again, the user can enter consumption level as well as choosing to run the bill calculation based on 1.5 kW or 3 kW solar systems.

Workbook 1: Standing/Regulated electricity offers July 2009-July 2020

Workbook 2: Standard gas retail offers July 2009-July 2020²

Workbook 3: Electricity market offers July 2012 - July 2020

Workbook 4: Gas market offers post July 2012 - July 2020

Workbook 5: Solar market offers post July 2016, July 2017, July 2018, July 2019 and July 2020

The jurisdictional update reports will be followed by a NEM comparison report that discusses market issues and customer impacts in more detail as well as making recommendations.

All workbooks and reports can be accessed at the St Vincent de Paul Society's website:
www.vinnies.org.au/energy

¹ All market offers are published offers and do not include special offers that retailers' market through door-knocking campaigns or brokers. We use the retailers' own websites to collect market offer for the Queensland Tariff-Tracking tool. If the retailer has more than one market offer we use the offer that produces the lowest annual bill and/or the offer the retailer promotes as it's best offer. Prior to July 2016, the Tariff-Tracking tool does not include any additional discounts or bonuses but key market offer features are listed in the spreadsheets. This report contains analysis of some of those features.

² Note: Queensland does not have regulated gas offers.

Key Findings

In terms of general trends, the tariff analysis found that:

- ▲ The **Default Market Offer (DMO) bill reduced by 4% for single rate and 6% for controlled load** (Tariff 31) on 1 July 2020.³ **See charts 1 and 2 in section 1 below.**
- ▲ **Annual electricity bills for all-electric households** using 8,000 kWh per annum on the DMO (tariff 11) have typically **decreased by around \$100 (or 4%)** since July 2019. **See chart 3 below.**
- ▲ For customers on the **Time of Use tariff (tariff 12)**, the **annual bill has typically decreased by \$130 (or 5%)** since July 2019.⁴ **See chart 3 below.**
- ▲ **Gas bills have stayed relatively unchanged** in all areas since July 2019.⁵ **See chart 4, 5 and 6 below.**
- ▲ Four retailers, Alinta, Covau, GloBird and Red Energy, have recently entered the Queensland gas market. There are now six retailers now having offers in the two main gas zones. **See chart 6 below.**
- ▲ The **average annual electricity bill** (all retailers) for households using 8,000 kWh per annum is currently around **\$2,300 for DMO/standing offer customers and \$2,030 for market offer customers** (including pay on time discounts). **See chart 8 in section 2.1.**
- ▲ Compared to last year (July 2019), the **average electricity market offer** (inclusive of pay on time discounts) **has decreased by \$200 or 9%.** **See section 2.1.**
- ▲ A household switching from Origin or AGL's standing offer (Tariff 11) to the best electricity market offer may save around \$650 per annum. **See section 2.1.**
- ▲ The difference between market offers is also significant. The **difference between the best and the worst market offers is between \$675 and \$730 (depending on tariff type) for customers that always pay bills on time.**⁶ Kogan Energy, Mojo Power and Powerclub are the retailers that currently have the best market offers for single rate customers (Tariff 11).⁷ **See charts 9-12 in section 2.1.**
- ▲ As most retailers offer pay on time discounts, and many charge late payment fees, paying late can significantly erode savings available from switching to a better market offer. Customers on Future X Power's electricity offer, for example, may pay \$410 more per annum if they do not pay their bills by the due date. **See section 2.1.**
- ▲ The **average gas market offer** (inclusive of pay on time discounts) **has decreased by \$65** since July 2019.⁸ **See Section 2.2.**
- ▲ The **difference between the best and the worst gas market offers is between \$55 and \$95** (depending on the gas zone) for customers that always pay bills on time and therefore receive pay on time discounts.⁹

3 These bill calculations are based on the consumption levels used by the AER to set the DMO.

4 These calculations are based AGL and Origin's standing offers for households using 8,000kWh per annum and 20% peak/55% shoulder/25% off-peak.

5 These calculations are based the average standard gas offer for households using 10,000MJ per annum.

6 These calculations are based the market offers for households using 8,000kWh per annum. Thereof 15% off-peak for customers on tariff 31 or 33 and 20% peak/55% shoulder/25% off-peak for tariff 12.

7 These calculations are based the market offers for households using 8,000kWh per annum

8 Based on households using 10,000MJ per annum.

9 These calculations are based the market offers for households using 10,000MJ per annum.

- ▲ Prior to the introduction of the DMO in July 2019, AGL, Energy Australia and Powerdirect offered pay on time discounts of between 24 and 28%. When the DMO took effect, these discounts were replaced by guaranteed discounts of between 6 and 11%. This means that **while base rates have mostly decreased, some customers that have been receiving high discounts in return for paying their bills on time, may have experienced bill increases post July 2019.** As of July 2020, most discounts offered are still guaranteed but the size of the discounts have increased. **See section 3.**
- ▲ Many electricity retailers apply the same fixed supply charge to their standing offer as they do to their market offer while some retailers (AGL, Click Energy, Diamond Energy, Powerdirect, Mojo Power, Red Energy, Amaysim, 1st Energy, ReAmped Energy, Powerclub, GloBird Energy, OVO Energy and Sumo Power) higher fixed charges to their standing offers. None of the retailers apply lower fixed charges to their market offer. **See chart 20 in section 4.**
- ▲ The average residential gas consumption in Queensland is relatively low and as such the supply charges comprise a significant proportion of the annual gas bill.¹⁰ For households consuming 10,000MJ per annum in **the APT gas zone, the supply charge makes up 52-56% of the annual bill,** depending on the retailer. **In the Envestra/AGN zone (Brisbane North), the supply charge makes up 35% of the annual bill** (for the same consumption level). **See section 4.**
- ▲ The Network Use of System (NUOS) charge has been in decline since July 2014 and it only had a slight increase in July 2019 and 2020. However, as the overall retail bill has decreased this year, **the NUOS proportion of bills has increased in comparison to July 2019. The NUOS proportion of bills is currently 39%.¹¹** **See chart 21 in section 5.1.**
- ▲ In relation to gas, the **Distribution Use of System (DUOS) charges increased slightly** in July 2020 and the **DUOS proportion of gas retail bills is currently 57% in Envestra/AGN North and 55% in APT Allgas.** **See charts 23 and 24 in section 5.2.**
- ▲ Most retailers have not changed their FIT rate since July 2019. Others, like Red Energy, EnergyAustralia, Amaysim, Origin Energy, Powerdirect, Powerclub and Powershop have lowered their FIT rates in comparison to last year. AGL on the other hand, has increased its FIT rate. **See section 6.**
- ▲ Compared to last year, **the average market offer for solar customers (3 kW systems) has decreased by \$75 or approximately 5%.¹²** **See section 6.**
- ▲ The **average annual bill is approximately \$1,290 for households with 3 kW systems installed.** This means that **the average annual bill is \$740 less for solar households compared to non-solar households.** **See section 6.**
- ▲ The comparison of market offers available to new solar customers shows that there are significant differences between the bills the retailers' offers produce. **Brisbane solar customers with a typical consumption and a 3 kW system installed, may save \$450 per annum if switching from the worst market offer (Amber Electric) to the best (CovaU).¹³** **See figure 4 in section 6.**

¹⁰ We have assumed typical residential annual gas consumption in Queensland to be 10,000MJ per annum while in Victoria, for example, we base it on 63,000MJ.

¹¹ Based on AGL and Origin's standing offers (average) as of July 2020. Presented as annual bills for households using 8,000kWh per annum (flat rate).

¹² Based on electricity offers post July 2020 as annual bills, Tariff 11, 8,000kWh, bills including discounts and FIT credits for Brisbane customers with 3 kW solar systems.

¹³ Ibid.

1. Energy price changes from July 2019 to July 2020

On 1 July 2019, the Australian Energy Regulator’s (AER) new Default Market Offer (DMO) took effect in South East Queensland and the price of this offer was further reduced on 1 July 2020. The DMO replaces the previously retailer-set standing offers. Importantly, the AER’s DMO is expressed as an annual bill for a set consumption level and retailers are still able to “translate the annual amount into different tariff structures”.¹⁴ The Regulations stipulate that retailers must structure their prices to not exceed the annual DMO price for that consumption level.¹⁵

The DMO prices for single rate and controlled load tariffs in Queensland are listed in Table 1 below.¹⁶

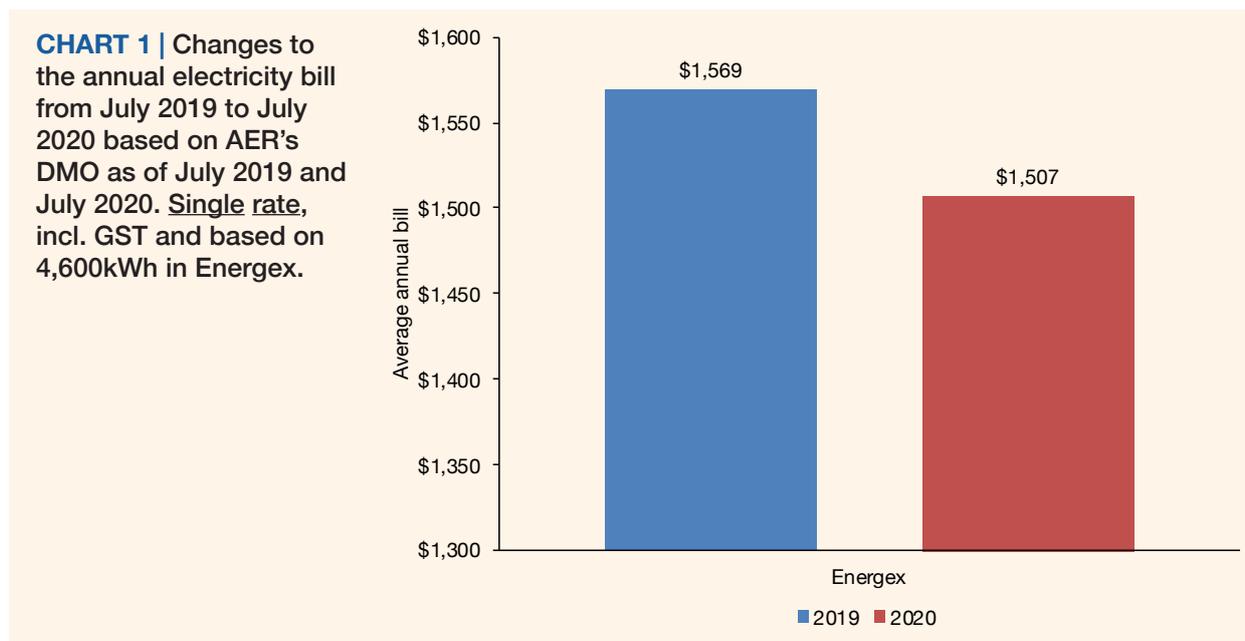
TABLE 1 | Residential DMO prices in QLD for 2020-21 (including GST)¹⁷

Energex	
SINGLE / FLAT RATE	
Annual bill	\$1,508
Consumption level	4,600 kWh/annum
CONTROLLED LOAD[^]	
Annual bill	\$1,812
Consumption level	6,300 kWh/annum

[^]Approximately 30% of the annual consumption is allocated to the controlled load tariff.

The DMO price decreased further in July 2020. Charts 1 and 2 below show changes to annual bills from July 2019 to July 2020 for households on the DMO (single rate and controlled load) in the Energex network. These bill calculations are based on the consumption levels used by the AER to set the DMO (see Table 1 above).

Chart 1 shows that the current DMO produces an annual bill that is approximately \$60 less (4%) than the DMO for 2019/20.



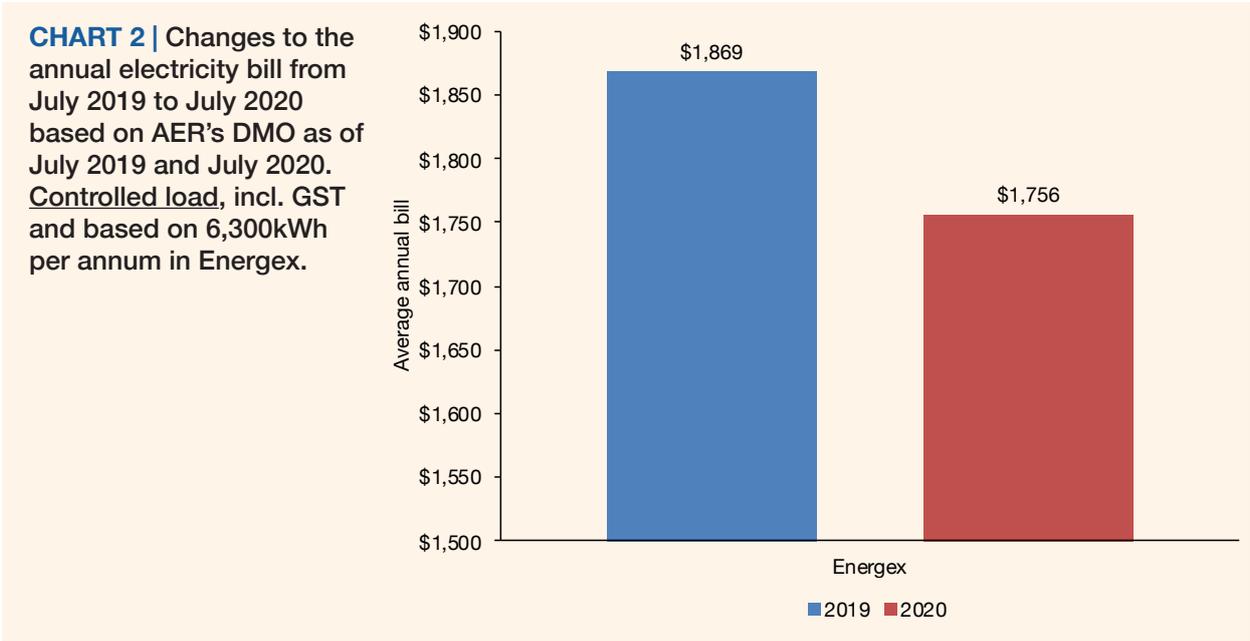
14 AER, Default Market Offer Prices 2020-21, Final Determination, April 2020, 9

15 Ibid., 9

16 Ibid., 8

17 Note that AER does not state to which controlled load tariff (31 or 33) these residential DMO prices apply to.

For controlled load tariffs, Chart 2 shows that the current DMO in Energex produces an annual bill that is approximately \$115 less (6%) than the DMO for 2019/20.¹⁸



As the Tariff-Tracking project aims to monitor and assess changes to energy prices over time, the remaining analysis presented in this report will be based on the consumption levels previous Tariff-Tracking reports have used for Queensland. That is 8,000 kWh per annum for electricity customers and 10,000 MJ per annum for households with gas.

Chart 3 shows changes to the host retailers' annual DMO/standing offer bills from July 2019 to July 2020 for average consumption households (single rate) in the Energex network. It shows that the average annual bill has decreased for all four tariff types. For Tariff 11, the average annual bill has decreased by approximately \$100 (4%). The trends are similar for Tariff 31, Tariff 33 and Tariff 12, where bills have decreased by \$125 for both Tariff 31 and Tariff 33 and by \$130 for Tariff 12. Table 2 below shows the decreases to annual bills by tariff type.

¹⁸ Note that our calculation is based on controlled load tariff 31 and the annual bill would be higher for controlled load tariff 33.

CHART 3 | Changes to annual DMO/standing offer bills from July 2019 to July 2020, 8,000kWh per annum, GST inclusive¹⁹

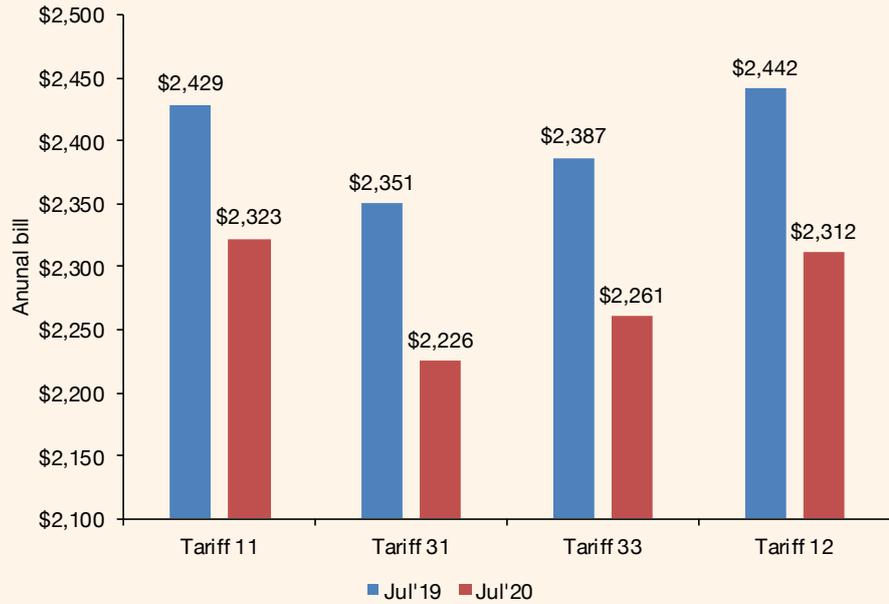


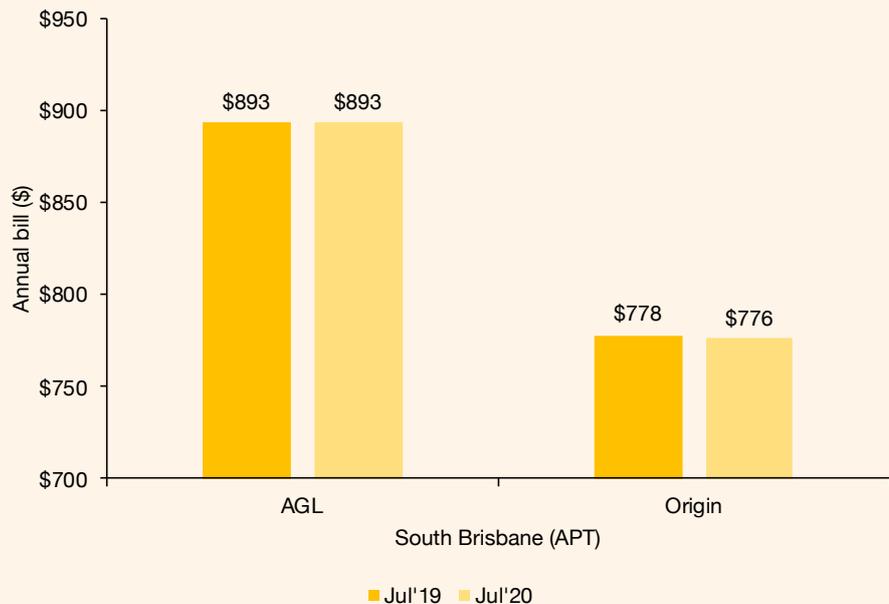
TABLE 2 | Decreases to annual bills for electricity by tariff type July 2019 – July 2020²⁰

	Tariff 11	Tariff 31	Tariff 33	Tariff 12
\$ Decrease	-\$106	-\$125	-\$126	-\$130
% Decrease	-4%	-5%	-5%	-5%

Gas bills have remained largely the same or decreased slightly across all gas pricing zones between July 2019 and July 2020. Origin continues to offer the lowest gas bill in both Brisbane North and Brisbane South.

In the Brisbane South and the Brisbane North gas zones, gas bills have remained relatively unchanged compared to July 2019. See Charts 4 and 5 below.

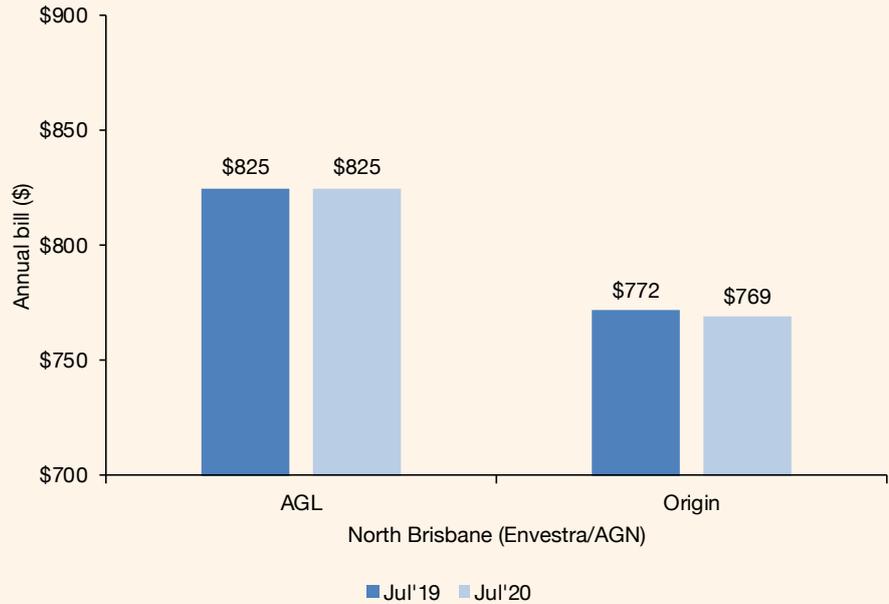
CHART 4 | Annual gas bills from July 2019 to July 2020, 10,000MJ - South Brisbane & South Queensland²¹



19 Based Origin and AGL's DMO/standing offers. For Tariff 31 and 33, 15% of consumption has been allocated to off-peak rates. For Tariff 12, the allocations are: 20% peak, 55% shoulder and 25% off-peak
20 Ibid.

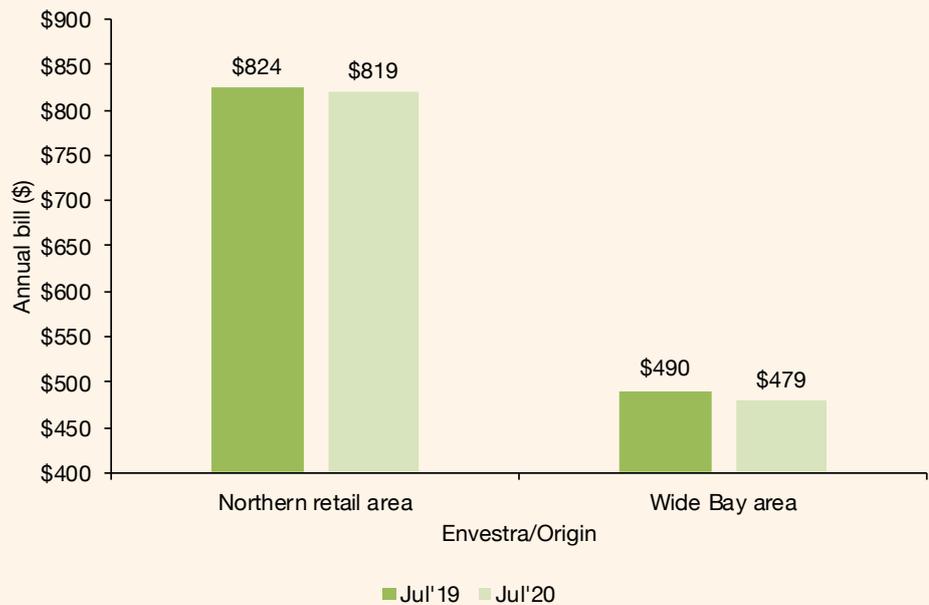
21 AGL and Origin's standard rates and customers using 10,000MJ per annum.

CHART 5 | Annual gas bills from July 2019 to July 2020, 10,000MJ - North Brisbane & Ipswich²²



For the other Envestra/AGN pricing zones, annual bills have decreased by \$5 for the Northern retail area and by approximately \$10 (2%) for the Wide Bay area.

CHART 6 | Annual gas bills as of July 2019 and July 2020, 10,000MJ - Origin's rates in the Northern retail area and Wide Bay²³

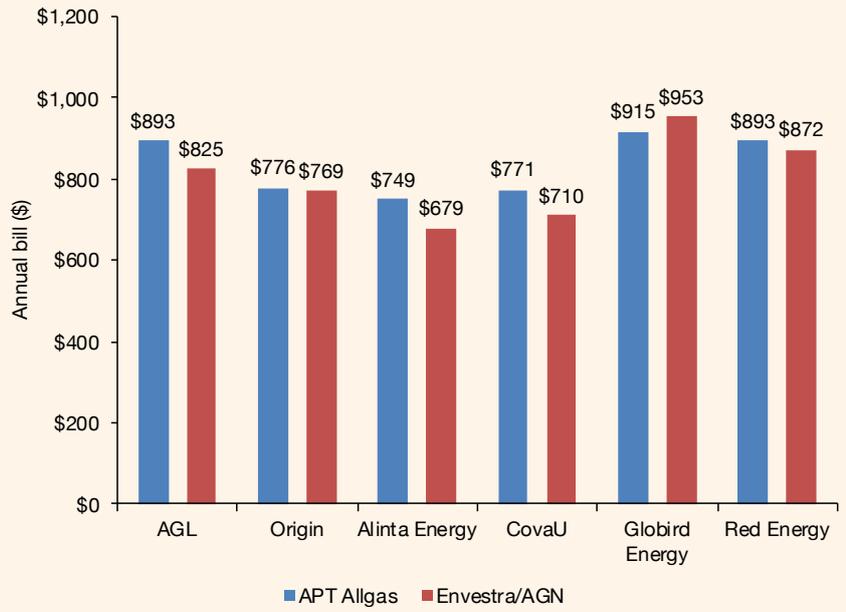


Four retailers, Alinta, Covau, GloBird and Red Energy, have recently entered the Queensland gas market. Chart 7 shows annual gas standing offer bills for all retailers in the Envestra/AGN North (Brisbane North) and APT Allgas (Brisbane South) areas. It shows that Alinta's standing offers produce the lowest bills in both gas zones. GloBird's standing offers, on the other hand, produce the highest bills.

²² Ibid.

²³ The Northern retail area covers Rockhampton and Gladstone and the Wide Bay area covers Bundaberg, Maryborough and Hervey Bay. Origin is the only retailer with offers for residential customers in these areas. Bill estimates based on customers using 10,000MJ per annum.

CHART 7 | Annual standing offer gas bills as of July 2020, 10,000MJ – All retailers in the AGN North and APT Allgas retail areas

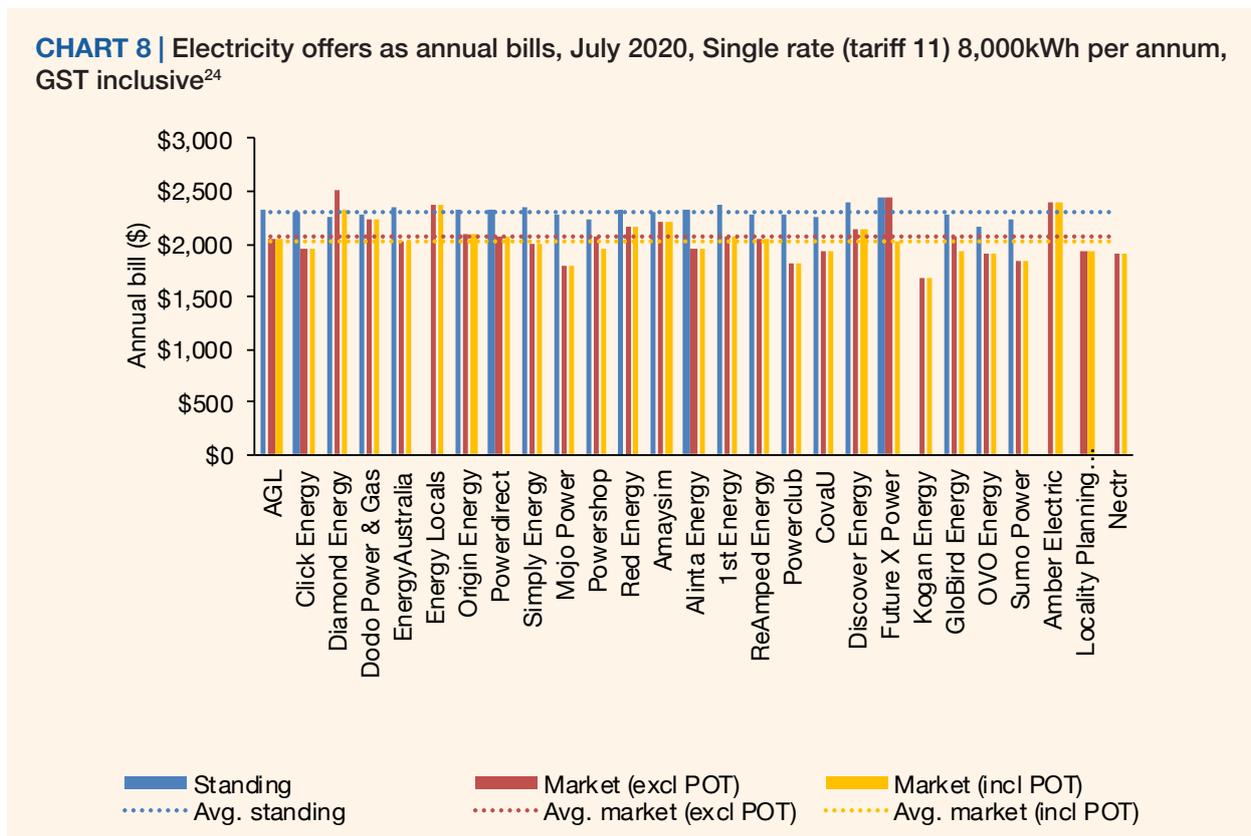


2. Market offers post July 2020

2.1 Electricity market offers post July 2020

Chart 8 below shows that the average annual bill for households using 8,000kWh per annum is around \$2,300 for standing offer customers and \$2,030 for market offer customers (including pay on time discounts). Since the introduction of the DMO in July 2019, many retailers have moved away from pay on time discounts to offer guaranteed discounts or no discount at all, and this trend is continuing in July 2020.

Compared to last year (July 2019), the average market offer (inclusive of pay on time discounts) has decreased by almost \$200 or around 9%.



Market offers often include features such as discounts on consumption rates, vouchers, sign-up credits, loyalty bonuses and discounts if bills are paid on time or paid by direct debit. Consumers assessing market offers should take these additional features into account and be aware of contract conditions such as late payment fees, the length of the contract and fees for exiting the contract early.

Charts 9-12 below show the difference in annual bills between retailers' standing offers and market offers based on guaranteed discounts (if any), as well as market offers including pay on time discounts (if any) for tariff 11, 31, 33 and 12. Tariff 11 customers on AGL and Origin's standing offers can save around \$650 by switching to the best market offer (Kogan Energy). If the same standing offer customers switched to Amber Electric, however, they would be around \$70 worse off respectively.

²⁴ The retail offers were collected from the retailers' websites in mid-July 2020 and it must be noted that retailers may change their rates at any time. Annual bill calculations shown as green columns include guaranteed discounts and pay on time discounts. Note that Energy Locals, Kogan Energy, Amber Electric, Local Planning Electricity and Nectr do not have a published standing offer and that since DC Power Co's offer is significantly more expensive than the other market offers and hasn't been updated since 2019, we have decided to exclude it from the analysis.

The maximum difference, or price spread, between annual bills for market offers (including pay on time discounts) is \$720 for tariff 11, \$730 for tariff 31, \$705 for tariff 33 and \$675 for tariff 12.

CHART 9 | Tariff 11: Annual bills based on guaranteed discounts vs. pay on time discounts as of July 2020 (8,000kWh per annum, including GST).²⁵



CHART 10 | Tariff 31: Annual bills based on guaranteed discounts vs. pay on time discounts as of July 2020 (8,000kWh per annum, 15% off-peak, including GST).²⁶



²⁵ Note that DC Power Co has an offer that is significantly more expensive than the other market offers but as this offer hasn't been updated since 2019, we have decided to exclude it from the analysis.

²⁶ Ibid.

CHART 11 | Tariff 33: Annual bills based on guaranteed discounts vs. pay on time discounts as of July 2020 (8,000kWh per annum, 15% off-peak, including GST).²⁷



CHART 12 | Tariff 12: Annual bills based on guaranteed discounts vs. pay on time discounts as of July 2019 (8,000kWh per annum, 20% peak, 55% shoulder and 25% off-peak, including GST).²⁸



²⁷ Ibid.

²⁸ Note that Kogan Energy, Amber Electric, Locality Energy Planning and Nectr did not have published standing offers.

Figure 1 below shows estimated annual bills for market offers post discounts ranked from the lowest annual bill to the highest (for Tariff 11).²⁹

FIGURE 1 | Lowest to highest annual bills (incl GST) for market offers post July 2020, including discounts and pay on time discounts - Households consuming 8,000kWh per annum (Tariff 11)

	Kogan Energy	\$1,671		FutureX Power	\$2,027
	Mojo Power	\$1,803		AGL	\$2,044
	Powerclub	\$1,811		ReAmped Energy	\$2,044
	Sumo Power	\$1,836		Powedirect	\$2,067
	OVO Energy	\$1,908		1st Energy	\$2,076
	Nectr	\$1,910		Origin Energy	\$2,089
	Locality Planning Energy	\$1,926		Discover Energy	\$2,149
	CovaU	\$1,927		Red Energy	\$2,172
	GloBird Energy	\$1,927		Amaysim	\$2,211
	Powershop	\$1,950		Dodo Power & Gas	\$2,230
	Alinta Energy	\$1,961		Diamond Energy	\$2,337
	Simply Energy	\$2,012		EnergyLocals	\$2,378
	EnergyAustralia	\$2,025		Amber Electric	\$2,393
	Click Energy	\$2,027			

The discounts (including pay on time discounts) used to estimate annual bills for Charts 9-12, as well as Figure 1, above are shown in table 3 below. Table 3 also shows other contract terms and features, such as early termination fees, associated with these market offers. Some of the retailers have multiple market offers and may offer higher discounts than those listed here. However, if discounts are higher they are typically tied to other conditions such as payment by direct debit, e-billing or dual fuel contracts.

TABLE 3 | Published electricity market offers, effective as of July 2020: Key additional features and contract conditions

	Guaranteed discounts	Contract term/ fixed benefit period	ETF*	LPF*	Pay on time discounts	Offer took effect
AGL Essentials	No	1-year benefit period	No	\$12.73	No	14/7/20
Click Energy Flora	No	No	No	\$12	No	9/7/20

²⁹ These bill estimates are based on rates published on the retailers' websites in mid-July 2020 and it must be noted that retailers may change their rates at any time. Additional discounts for customers choosing to pay by direct debit are not included in these bill calculations.

	Guaranteed discounts	Contract term/ fixed benefit period	ETF*	LPF*	Pay on time discounts	Offer took effect
Diamond Energy Pay on time discount	No	No	No	\$15	7% off bill	5/5/20
Dodo Power & Gas Market offer	No	No	No	No	No	1/7/20
Energy Australia Total Plan Home	14% off bill	1-year benefit period	No	\$12	No	1/7/20
Energy Locals Local Saver	No	No	No	\$16	No	16/4/20
Origin Energy Flexi	10% off bill	1-year benefit period	No	\$12	No	1/7/20
Powerdirect Rate Saver	No	1-year benefit period	No	\$12.73	No	14/7/20
Simply Energy Choice	17% off usage	No	No	No	No	1/7/20
Mojo Power All Day Breakfast	No	No	No	\$12	No	1/6/20
Powershop Shopper with Mega Pack	No	No	No	No	6% off bill^	1/7/20
Red Energy Living Energy Saver	No	No	No	No	No	1/7/20
Amaysim Post-paid electricity	No	No	No	\$12	No	1/7/20
Alinta Energy Home Deal	No	No	No	No	No	17/7/20
1st Energy 1 st Saver	12% off bill	No	No	No	No	1/7/20
ReAmped Energy Market offer	No	No	No	\$12	No	5/6/20
Powerclub Powerbank Home	No	No	No	No	No	15/7/20
CovaU Freedom Plus	15% off bill	No	No	\$15	No	1/7/20
Discover Energy Economy Saver	12% off usage	No	No	\$12	No	1/7/20
Future X Power Flexi Saver	No	No	No	No	20% off usage	5/5/20
Kogan Energy Market offer	No	No	No	No	No	1/7/20
Locality Planning Energy LPE Mates Rates	No	No	No	No	No	1/7/20
OVO Energy The One Plan	No	No	No	No	No	1/7/20
Amber Electric The One Plan	No	No	No	\$16	No	17/4/20
GloBird Energy GloSave	7% off bill	No	No	No	No	12/5/20
Nectr Nectr Friends Clean	No	1-year benefit period	No	No	No	20/7/20
Sumo Power Assure Advantage	No	No	No	No	No	21/7/20

* ETF = Early Termination Fee and LPF = Late Payment Fee

^ To qualify for Pay on Time discount, customers must purchase 3 months' worth of power in advance.

As some retailers apply the same rates as the regulated rates to their market offer and then offer discounts, it is important that customers are aware that these discounts can be conditional upon bills being paid on time. Pay on time discounts, combined with late payment fees on market offers, means that Queensland households can be significantly penalised for late payment.³⁰ Or conversely, Queensland households can be significantly rewarded for prompt payment. It does, however, highlight an issue that negatively impacts on households with cash-flow problems. Since the introduction of the DMO, however, many electricity retailers have moved away from pay on time discounts to offer guaranteed discount or no discount at all.

Table 4 below shows that paying late can become very expensive on some market offers. Households on the Future X Power market offer, for example, would be approximately \$410 worse off if they pay late compared to paying on time. Diamond Energy customers would be \$240 worse off if they pay their bills after the due date. As most retailers bill customers quarterly, these numbers are based on four late payment fees (where applicable) per annum. Click Energy, Amaysim, ReAmped Energy and Amber Electric, however, issue monthly bills for these offers and customers can therefore be charged up to \$192 per annum in late payment fees alone.³¹

TABLE 4 | Electricity offers as of July 2020: Difference (\$) in annual bill between paying all bills on time vs. paying all bills late (based on 8,000kWh and 4 bills per annum)

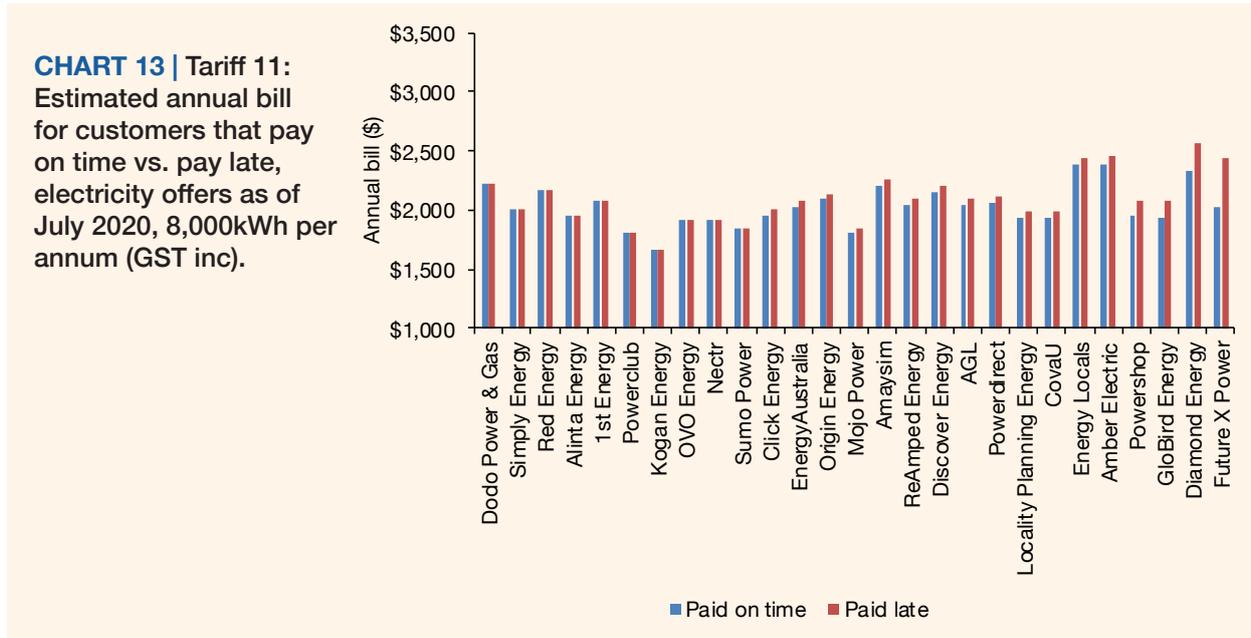
	Tariff 11 (\$)
Future X Power	\$408
Diamond Energy	\$236
GloBird Energy	\$144
Powershop	\$124
Amber Electric	\$64
Energy Locals	\$64
CovaU	\$60
Locality Planning Energy	\$56
Powerdirect	\$51
AGL	\$51
Discover	\$48
ReAmped Energy	\$48
Amaysim	\$48
Mojo Power	\$48
Origin Energy	\$48
EnergyAustralia	\$48
Click Energy	\$48
Sumo Power	\$0
Nectr	\$0
OVO Energy	\$0
Kogan Energy	\$0
Powerclub	\$0

³⁰ The National Electricity Retail Law (Queensland), Section 22A(4), does not permit retailers to apply late payment fees to the regulated offer. See <https://www.legislation.qld.gov.au/view/html/inforce/current/act-2014-nerlq#sec.22A>

³¹ Click Energy, Amaysim and ReAmped Energy's late payment fees are \$12 and Amber Electric's late payment fees are \$16.

Tariff 11 (\$)	
1st Energy	\$0
Alinta Energy	\$0
Red Energy	\$0
Simply Energy	\$0
Dodo Power & Gas	\$0

Chart 13 below shows the estimated annual electricity bill (tariff 11) for customers that always pay on time and for those who always pay late.



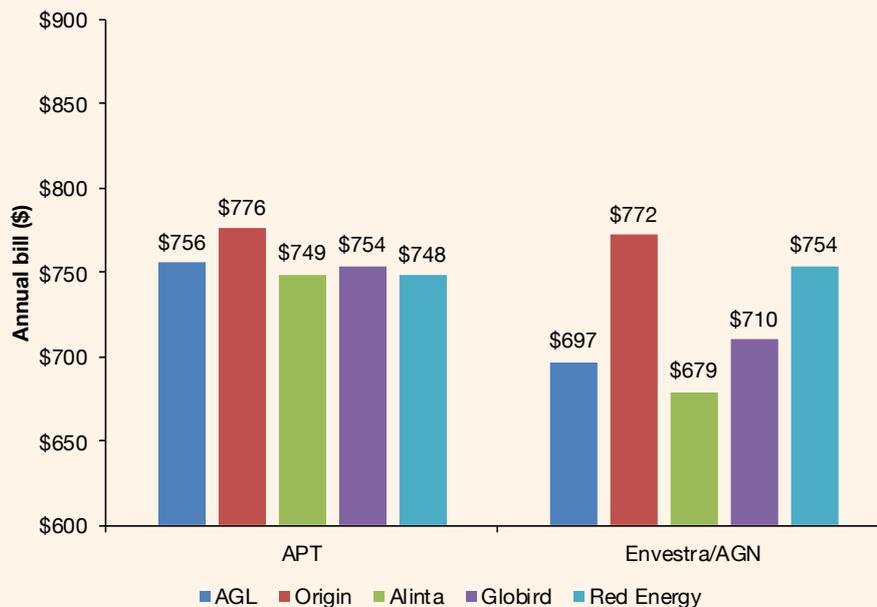
2.2 Gas market offers post July 2020

There are no regulated gas offers in Queensland and currently AGL, Origin Energy, Alinta Energy, GloBird Energy and Red Energy have gas market offers for residential consumers. As only North Brisbane (including Ipswich) and South Brisbane (including Gold Coast, Toowoomba, Oakey) have more than one market offer, this analysis only comprises market offers in these two areas.³² Chart 14 below shows that there is a relatively small (\$20) difference between AGL and Origin’s market offer rates (prior to additional discounts) in the APT zone (Brisbane South). In the Envestra/AGN zone (Brisbane North) Origin’s market offer produces an annual bill that is approximately \$75 more than AGL for households with this consumption level. Alinta Energy, one of the new entrants in the Queensland gas market, has the lowest rates (exclusive of discounts) in the Envestra/AGN zone while Red Energy had the lowest rates in the APT zone. The average market offer (exclusive of discounts) has decreased by \$80 since July 2019.³³

³² Gas customers in Rockhampton, Gladstone, Bundaberg, Maryborough and Hervey Bay only have access to Origin’s market offers.

³³ Average market offer bill based on Origin and AGL’s offers in the APT and Envestra/AGN gas zones.

CHART 14 | Gas market offer rates as annual bills (excluding discounts), Post July 2020 (10,000MJ per annum)



The calculations for the market offers in Chart 14 include their rates only (cost per MJ and fixed charges) and do not include other market offer features such as discounts on consumption rates, vouchers, sign-up credits, loyalty bonuses and discounts if bills are paid on time. Consumers assessing market offers should take these additional features into account and be aware of contract conditions such as late payment fees, the length of the contract and fees for exiting the contract early.

TABLE 5 | Published gas market offers in the APT and Envestra/AGN gas zones as of July 2020: Key features and contract conditions

	Guaranteed discounts	Contract term/ fixed benefit period	ETF*	LPF*	Pay on time discounts	Offer took effect
AGL Essentials	No	1-year benefit period	No	\$12.73	No	1/7/20
Origin Energy Flexi	3% off bill	1-year benefit period	No	\$12	No	15/7/20
Alinta Energy Home Deal	No	No	No	No	No	17/7/20
Globird Energy GloSave	7% off bill	No	No	No	No	24/4/20
Red Energy Living Energy Saver	No	No	No	No	No	14/8/20

* ETF = Early Termination Fee and LPF = Late Payment Fee

The discounts used to estimate annual bills for Figures 2 and 3, as well as charts 15-16 below, are shown in table 5 above. Table 5 also shows other contract terms and features, such as late payment fees, associated with these market offers.

The difference between the best and the worst market offers is less for gas than electricity. The difference between the highest and the lowest market offers post discounts is of approximately \$55 in the APT zone (Brisbane South) and around \$95 in the Envestra/AGN zone (Brisbane North). The average market offer (inclusive of discounts) has decreased by \$65 since July 2019.³⁴

³⁴ For July 2019, average market offer bill based on Origin and AGL's offers in the APT and Envestra/AGN gas zones and July 2020 is based on the average market offer bill for AGL, Origin, Alinta, GloBird and Red Energy's offers in the APT and Envestra/AGN gas zones.

Figures 2 and 3 below show estimated annual bills for gas market offers post discounts in the APT and Envestra/AGN gas zones.³⁵

FIGURE 2 | APT gas zone: Lowest to highest annual bills (incl GST) for market offers post July 2020, including discounts and pay on time discounts - Households consuming 10,000MJ per annum

	GloBird Energy	\$702
	Red Energy	\$748
	Alinta Energy	\$749
	Origin Energy	\$753
	AGL	\$756

FIGURE 3 | Envestra/AGN gas zone: Lowest to highest annual bills (incl GST) for market offers post July 2019, including discounts and pay on time discounts - Households consuming 10,000MJ per annum

	GloBird Energy	\$660
	Alinta Energy	\$679
	Origin Energy	\$697
	AGL	\$749
	Red Energy	\$754

Charts 15-16 below show the estimated annual gas bill for customers that always pay on time and customers who do not, for published gas offers in the APT and Envestra/AGN gas zones. For AGL and Origin customers, charts 15 and 16 show that annual bills are around \$50 less for prompt payers compared to late payers. This difference reflects the retailers' late payment fees of \$12-13 that may be applied to each quarterly bill.³⁶

³⁵ These bill estimates are based on rates published on the retailers' websites in mid-July 2020 (except Red Energy's offers which were accessed on 20 August 2020) and it must be noted that retailers may change their rates at any time.

³⁶ Note that Alinta, GloBird and Red Energy do not charge a late payment fee.

CHART 15 | APT gas zone: Estimated annual bills for customers that pay on time vs. pay late, gas offers as of July 2020 (10,000MJ, GST inc)³⁷

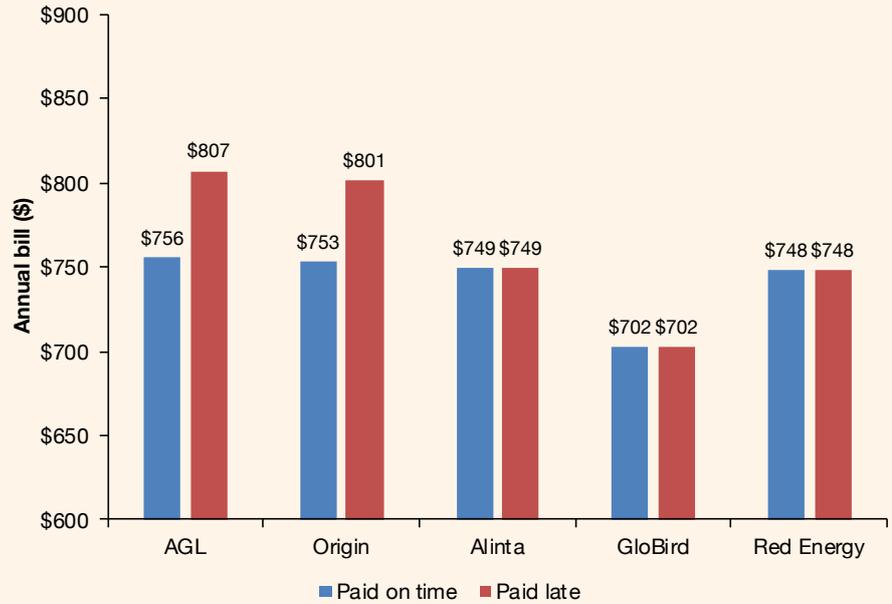
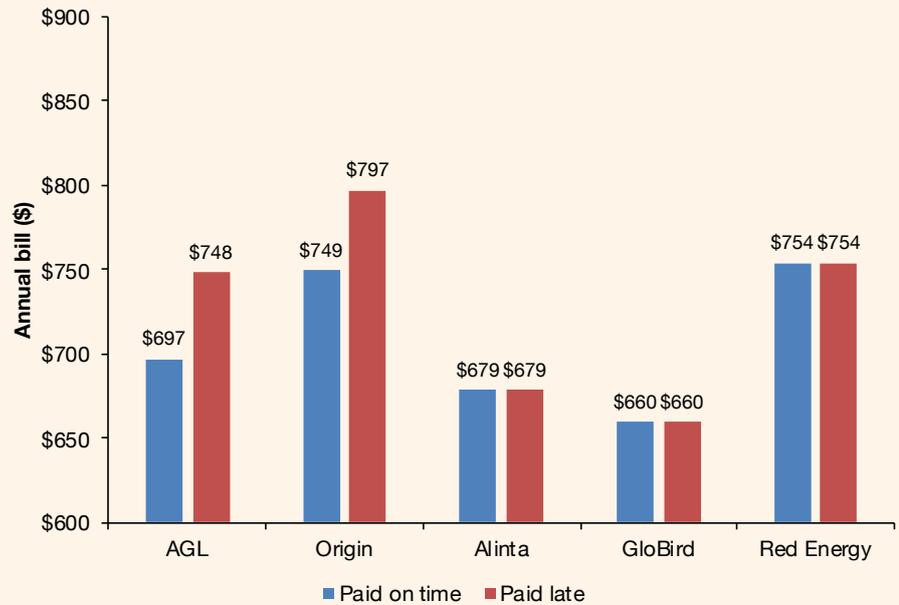


CHART 16 | Envestra/AGN gas zone: Estimated annual bills for customers that pay on time vs. pay late, gas offers as of July 2020 (10,000MJ, GST inc)³⁸



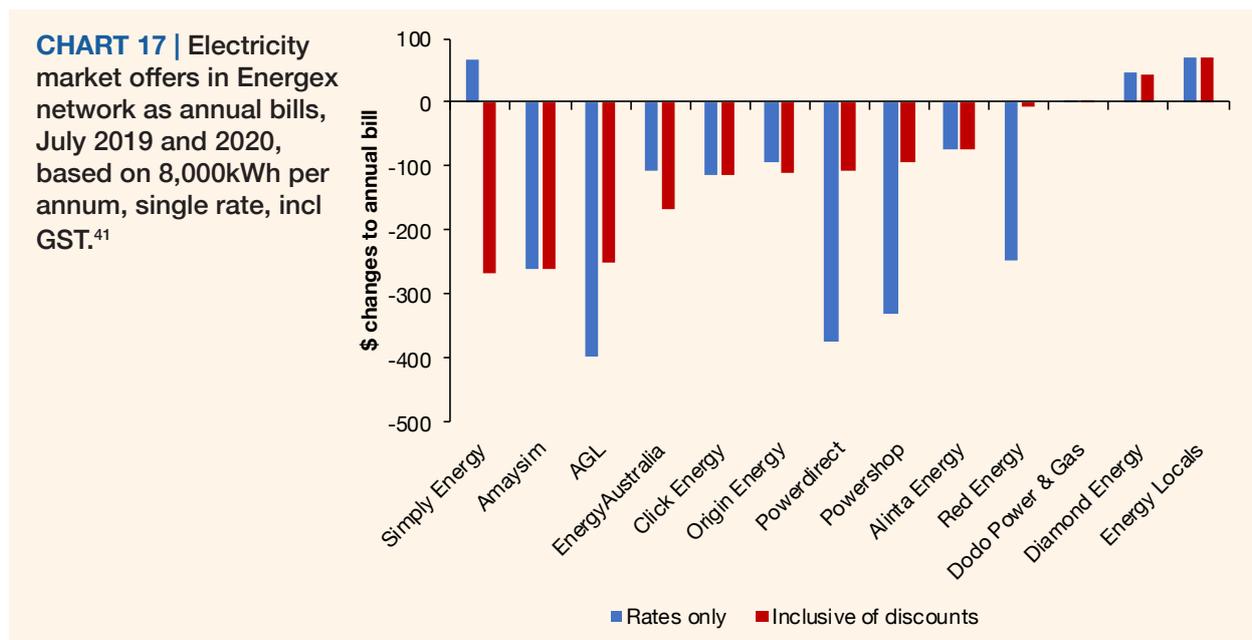
³⁷ Annual bill calculation includes discounts, pay on time discounts and late payment fees as per energy offer.

³⁸ Ibid.

3. The Default Market Offer (DMO) and market changes

As discussed above (section 1), the DMO regulation stipulates that retailers must structure their prices to not exceed the annual DMO price for a set consumption level. In relation to other market offers, however, the retailers can set their own prices.

Chart 17 below shows that 12 out of 13 retailers that changed their market offers between July 2019 and July 2020 in the Energex network, reduced their base rates (blue columns).³⁹ Diamond Energy, Energy Locals and Simply Energy are the only retailer that increased their base rate during this period, while Dodo Power & Gas' base rates remained the same. In terms of bills inclusive of guaranteed or pay on time discounts (red columns), however, the bill reduction for AGL, Powerdirect and Powershop is much lower when additional discounts are taken into account. Furthermore, two retailers (Diamond Energy and Energy Locals) have offers that produce higher annual bills post July 2020, when discounts are included.⁴⁰ Prior to the introduction of the DMO in July 2019, AGL, Energy Australia and Powerdirect offered pay on time discounts of between 24 and 28%. When the DMO took effect, these discounts were replaced by guaranteed discounts of between 6 and 11%. This means that while base rates have mostly decreased, some customers that have been receiving high discounts in return for paying their bills on time, may have experienced bill increases post July 2019. As of July 2020, most discounts offered are still guaranteed but the size of the discounts have increased.



³⁹ Note that this chart only includes retailers that had published market offers in July 2019 as well as July 2020, and that changed their offers over this period.

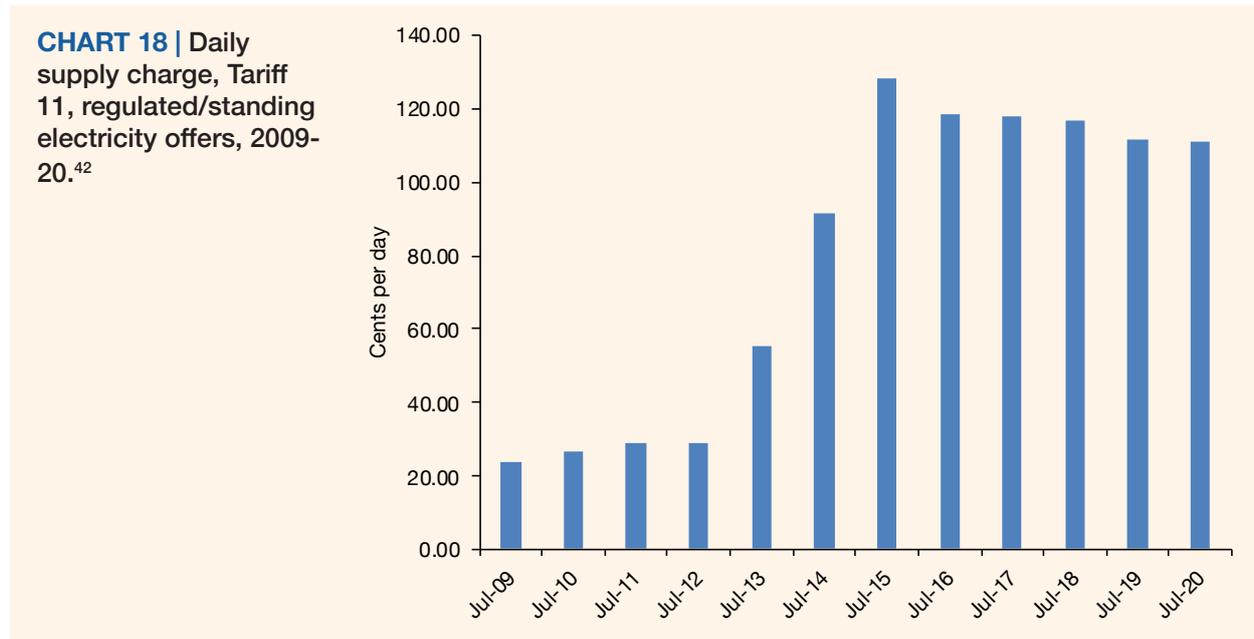
⁴⁰ Note that the Energy Local comparison is based on the discontinued Smart Saver offer in July 2019 and the Local Saver in July 2020 and as the Local Saver offer contains a membership fee, this fee is likely causing the price increase.

⁴¹ As many retailers have discontinued their 2019 offers and introduced new market offers, this analysis is based on market offers deemed best value as well as "standard" (e.g. no direct debit requirements, fixed prices etc.) in both July 2019 and July 2020. Where this has occurred, the offers used for this comparison (2019/2020) are: AGL (Smart Saver/Essentials), Click Energy (Banksia/Flora), Energy Locals (Simple Saver/Local Saver), Powerdirect (Simple Saver/Rate Saver), Simply Energy (Plus/Choice), Red Energy (Easy Saver/Living Energy Saver), Amaysim (Electricity as you go/Post-paid electricity), Alinta Energy (No Fuss/Home Deal).

4. Supply charges

4.1 Electricity supply charges

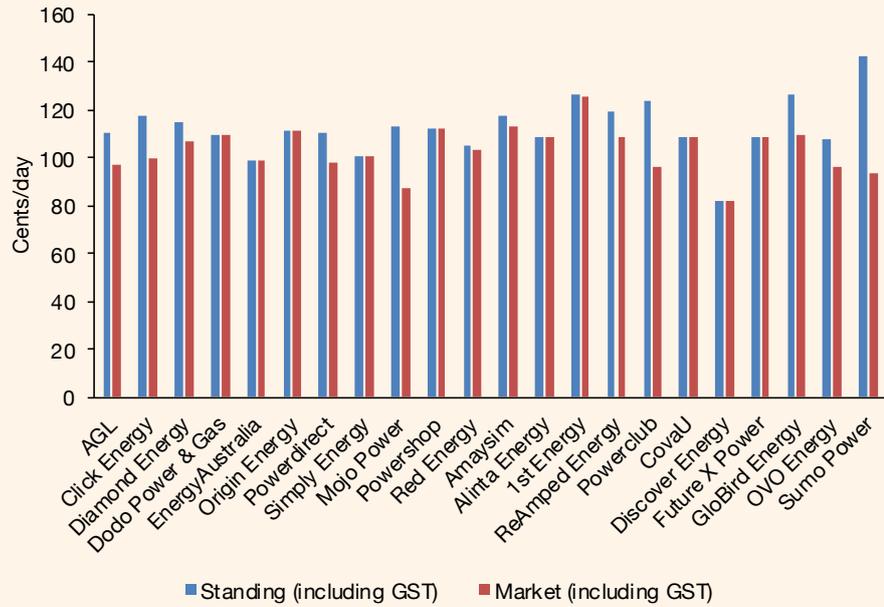
The supply charge is a fixed daily charge that is paid in addition to the consumption charges for electricity used. In Queensland the supply charge for single rate electricity customers (tariff 11) has decreased by 5% since July 2017. In July 2013, 2014 and 2015, however, there were significant increases to the supply charge. The average supply charge (based on AGL and Origin's standing offers) is still over 110 cents per day meaning that households pay around \$400 per annum in fixed charges. Chart 18 below shows the changes to the daily supply charge from July 2009 to July 2020.



The supply charge varies between retailers. Chart 19 shows that many retailers apply the same fixed supply charge to their standing offer as they do to their market offer while some retailers (AGL, Click Energy, Diamond Energy, Powerdirect, Mojo Power, Red Energy, Amaysim, 1st Energy, ReAmped Energy, Powerclub, GloBird Energy, OVO Energy and Sumo Power) higher fixed charges to their standing offers. Furthermore, it shows that 1st Energy's market offer supply charge is almost 44 cents/day higher than Discover Energy's market offer supply charge.

⁴² The 2016, 2017, 2018, 2019 and 2020 charges are based on AGL and Origin's average supply charge.

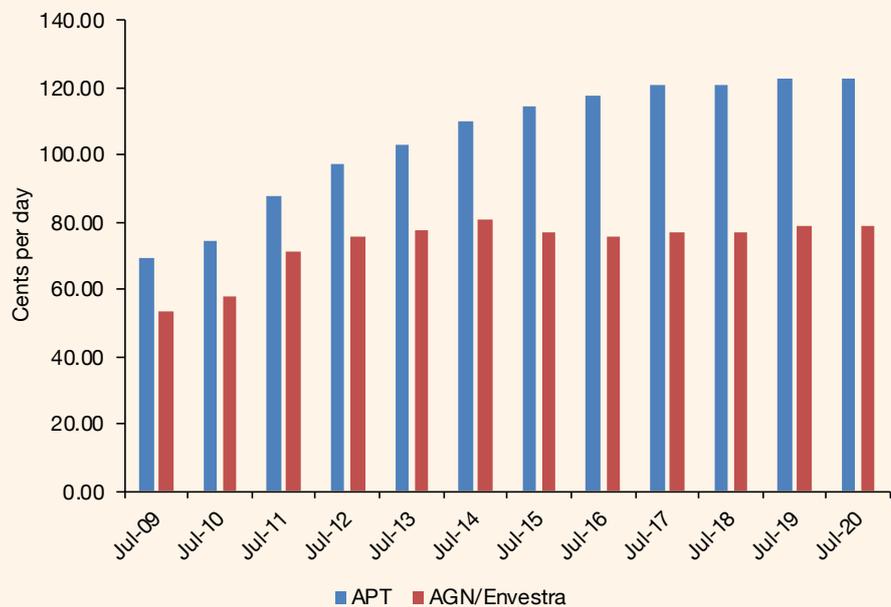
CHART 19 | Daily supply charge July 2020, Tariff 11, Cents/day incl. GST.⁴³



4.2 Gas supply charges

In July 2020, the average fixed supply charge decreased slightly in the APT (Brisbane South) and Envestra/AGN (Brisbane North) distribution zones in comparison to July 2019. The average gas supply charge is around 122 cents/day in the APT distribution area and approximately 78 cents/day in the Envestra/AGN (Brisbane North) pricing zone. This effectively means that South Brisbane households (APT zone) continue to pay close to \$450 per annum in order to be connected to natural gas. Chart 20 below shows changes to the gas supply charge from July 2009 to July 2020 for both gas zones.

CHART 20 | Gas supply charges from July 2009 to July 2020, Cents per day⁴⁴



The average domestic gas consumption in Queensland is relatively low and as such the supply charges comprise a significant proportion of the annual gas bill.⁴⁵ For households consuming

⁴³ Note that Energy Locals, Kogan Energy, Locality Planning Energy, Amber Electric and Nectr are not included in this chart as they have no standing offer for Tariff 11.

⁴⁴ Based on the average gas supply charge (AGL and Origin).

⁴⁵ We have assumed typical residential annual gas consumption in Queensland to be 10,000MJ per annum while in Victoria we base it on 63,000MJ.

10,000MJ per annum in the APT gas zone, the supply charge makes up 52-56% of the annual bill, depending on the retailer. In the Envestra/AGN zone (Brisbane North), the supply charge makes up around 35% of the annual bill (for the same consumption level).

5. Network charges

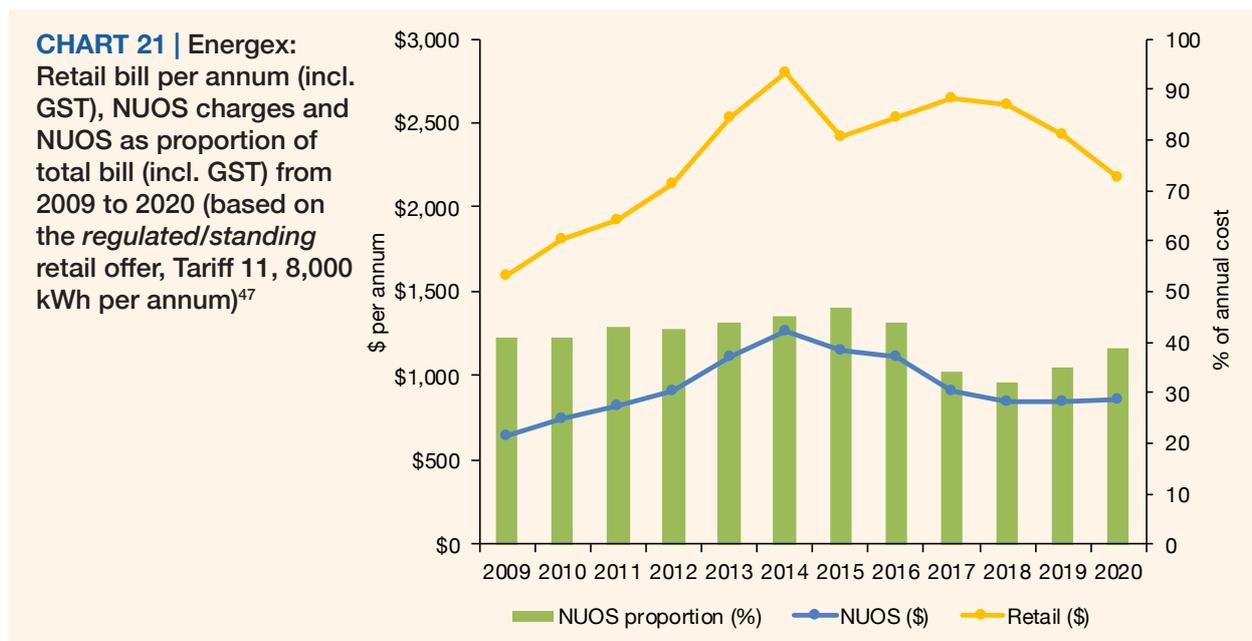
This section examines changes to electricity network charges since 2009 and gas distribution charges since 2019.

5.1 Electricity network charges

The Queensland electricity networks, Energex and Ergon, introduce new Network Use of System (NUOS) charges as of 1 July every year. These NUOS charges are approved by the Australian Energy Regulator (AER) and comprise Transmission Use of System (TUOS) and Distribution Use of System (DUOS) and the retailers can, and generally will, build changes to the NUOS (in relation to both shape and price) into their retail tariffs.

Chart 21 shows annual retail bills (yellow line), NUOS charges as annual cost (blue line) and NUOS as proportion of annual bill (columns).⁴⁶

It shows that the NUOS charge has been in decline since July 2014 and it only had a slight increase in July 2019 and July 2020. However, as the overall retail bill has decreased this year, the NUOS proportion of bills has increased in comparison to July 2019. The NUOS proportion of bills is currently 39%.



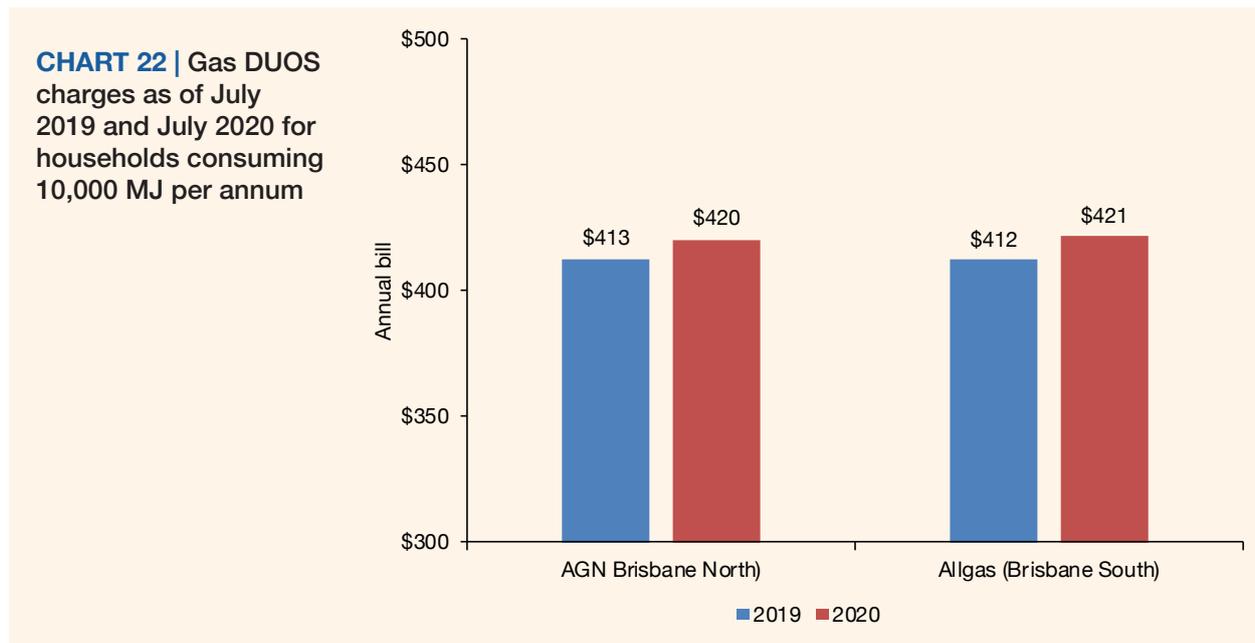
5.2 Gas network charges

As for electricity, the Queensland gas distributors, Envestra/AGN and APT Allgas, introduce new Distribution Use of System (DUOS) charges as of 1 July every year. A new addition to the Tariff-Tracking project this year is to analyse changes to gas DUOS charges. This analysis includes the two main gas distribution areas: Envestra/AGN North (Brisbane North) and APT Allgas (Brisbane South and the Gold Coast). Chart 22 below shows that the DUOS charges increased slightly in

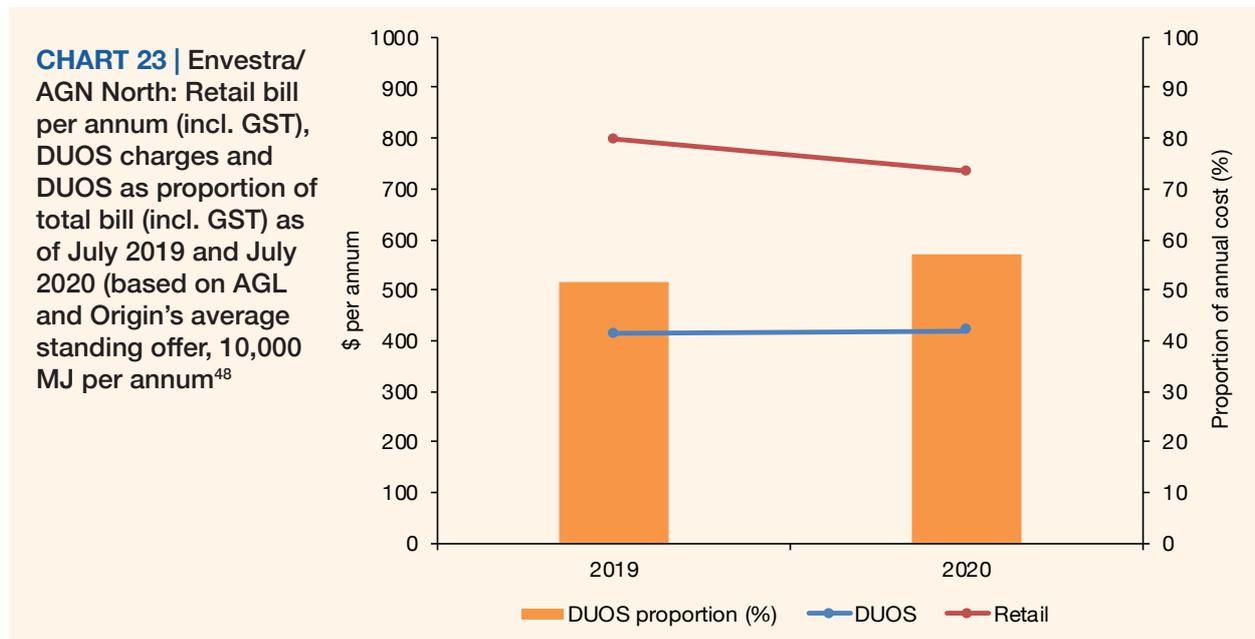
⁴⁶ The regulated residential retail tariff, which applies to residential customers across Queensland, is based on Energex' network tariff only.

⁴⁷ Based on the regulated retail offer rates from 2009 to 2015 and AGL and Origin's standing offers (average) as of July 2016, 2017, 2018, 2019 and 2020. Presented as annual bills for households using 8,000kWh per annum (flat rate). The annual NUOS charges have been calculated by allocating 2,000kWh per quarter (again based on annual consumption of 8,000kWh) to the step charges stipulated in the NUOS. The annual NUOS cost also includes fixed charges.

both areas in July 2020.

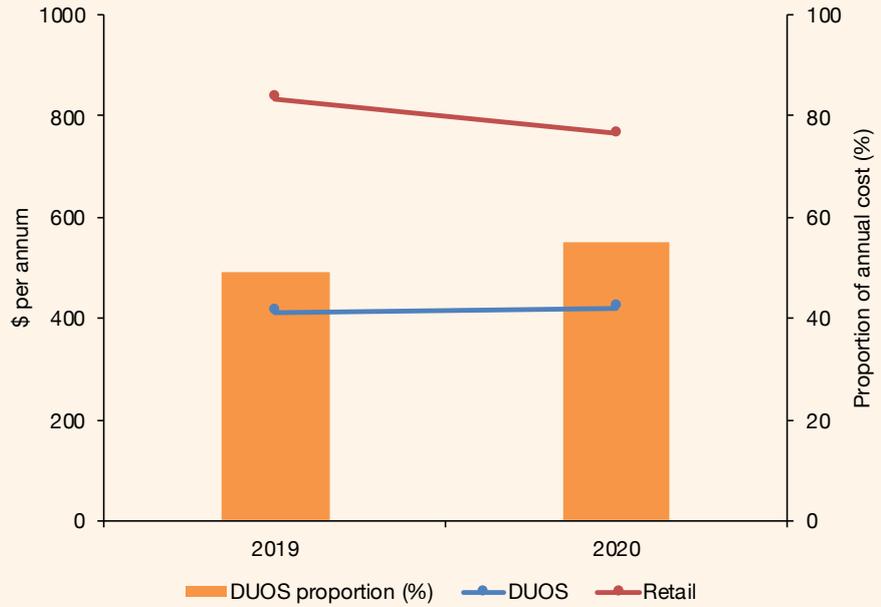


Charts 23 and 24 below show that the DUOS proportion of bills increased in July 2020 as the average retail bill decreased while the DUOS increased slightly. The DUOS proportion of gas retail bills is currently 57% in Envestra/AGN North and 55% in APT Allgas.



48 Based on AGL and Origin's standing offers (average) as of July 2019 and 2020. Presented as annual bills for households using 10,000 MJ per annum. The annual DUOS charges have been calculated by allocating 2,500 MJ per quarter (again based on annual consumption of 10,000 MJ) to the step charges stipulated in the DUOS. The annual DUOS cost also includes fixed charges.

CHART 24 | APT Allgas:
Retail bill per annum (incl. GST), DUOS charges and DUOS as proportion of total bill (incl. GST) as of July 2019 and July 2020 (based on AGL and Origin's average standing offer, 10,000 MJ per annum⁴⁹)



⁴⁹ Based on AGL and Origin's standing offers (average) as of July 2019 and 2020. Presented as annual bills for households using 10,000 MJ per annum. The annual DUOS charges have been calculated by allocating 2,500 MJ per quarter (again based on annual consumption of 10,000 MJ) to the step charges stipulated in the DUOS. The annual DUOS cost also includes fixed charges.

6. Solar offers

There are over 675,000 small scale rooftop solar systems in Queensland.⁵⁰ Many of these households are currently receiving a solar feed in rate (FIT) of 44 cents per exported kWh but as these schemes are closed to new entrants, customers currently looking for solar offers need to assess both the retailers' FIT rates as well as the cost of electricity imported.

This section analyses and compares market offer bills for South East Queensland customers with 1.5 kW and 3 kW systems installed. As retailers are not required to publish rates for solar products purchased and installed through them, this analysis only examines electricity offers available to customers independently of solar panels and installation.

Methodology and assumptions

To calculate the annual bills for the various solar market offers the following assumptions and methodology have been applied:

- ▲ An annual household consumption of 8,000kWh (including both produced and imported).
- ▲ Calculations have been produced for households with 1.5 kW and 3 kW systems only.
- ▲ For Brisbane households, an annual generation capacity per kW installed of 1.736 MWh and an export rate of 53.4% for 3 kW systems and 24.6% for 1.5 kW systems.⁵¹
- ▲ For rural households, an annual generation capacity per kW installed of 1.857 MWh and an export rate of 56.4% for 3 kW systems and 29.5% for 1.5 kW systems.⁵²
- ▲ Only FIT rates available to new customers have been included. Retailer funded FIT rates have been applied as per offer.
- ▲ For tariffs with controlled load, 15% of the total load has been allocated to the off-peak rate.
- ▲ A flat annual consumption has been assumed.
- ▲ The annual bills have been based on quarterly bill calculations and all step increases have been applied as quarterly thresholds (including when the retail offer refers to daily or monthly thresholds). Daily fixed charges have been multiplied by 91 to calculate the quarterly amount.

Most retailers have not changed their FIT rate since July 2019. Others, like Red Energy, EnergyAustralia, Amaysim, Origin Energy, Powerdirect, Powerclub and Powershop have lowered their FIT rates in comparison to last year. AGL on the other hand, has increased its FIT rate.

TABLE 6 | Retailers' FIT rates July 2020

Retailer	Offer	FIT rate (c/kWh)
AGL	Solar Savers	17
Red Energy	Living Energy Saver	16.1
Energy Locals	Local Saver	16
Click Energy	Flora Solar	12
Diamond Energy	Renewable Saver POT	12

⁵⁰ Small scale is defined as systems up to 100 kW. Clean Energy Council, Clean Energy Australia Report 2020, 68.

⁵¹ These figures are based on NSW (outside Sydney) and were used for the analysis presented in a report for the Alternative Technology Association (ATA) by Alvis Consulting (Alvis Consulting, Retail Offers and Market Transparency for New Solar Customers, June 2013).

⁵² Ibid.

Retailer	Offer	FIT rate (c/kWh)
EnergyAustralia	Total Plan Home	11.5
Discover Energy	Solar Boost	11.5
Alinta Energy	Home Deal Solar	11
CovaU	Freedom Plus Solar	11
Simply Energy	Choice	10
Amaysim	Post-paid Solar	10
Locality Planning Energy	LPE Mates Rates (solar)	10
Origin Energy	Solar Boost	9
Dodo Power & Gas	Market offer	8.5
Powerdirect	Rate Saver	8
ReAmped Energy	Market offer	8
Amber Electric	Market offer	8
OVO Energy	The One Plan	8
Powerclub	Powerbank Home Solar	7.86
Future X Power	Flexi Saver	7
Powershop	Shopper with Mega Pack	6
1st Energy	1st Saver	6
Sumo Power	Assure Advantage	6
Mojo Power	All Day Breakfast	5.5
Kogan Energy	Market offer	3.84
GloBird Energy	GloSave	3

Chart 25 below compares annual retail bills for solar customers in Brisbane with 3 kW and 1.5 kW installed. It shows that AGL, Click, Dodo, Diamond Energy, Energy Locals, Origin Energy, Amaysim, Amber Electric and Discover Energy offers produce annual bills above the average for both 3 kW and 1.5 kW systems. Brisbane solar customers with 3 kW systems (and this consumption level) would be approximately \$450 per annum better off on CovaU's offer compared to Amber Electric's offer. Customers with a 1.5 kW system installed may save \$520 per annum if they switched from Amber Electric to Kogan Energy's offer.

The average annual bill is approximately \$1,290 for households with 3 kW systems and \$1,600 for households with 1.5 kW systems installed. This means that the average annual bill is \$740 less for solar households with 3 kW systems installed compared to non-solar households.⁵³ Compared to last year, the average market offer for solar customers (3 kW systems) has decreased by approximately \$75 or 5%.

⁵³ For non-solar households, the average market offer bill (including pay on time discounts) is \$2,030 See section 2.1.

CHART 25 | Annual bills including discounts and FIT credits for Brisbane customers with 3 kW and 1.5 kW solar systems. Electricity offers post July 2020 as annual bills, Tariff 11, 8,000kWh (GST inc).⁵⁴

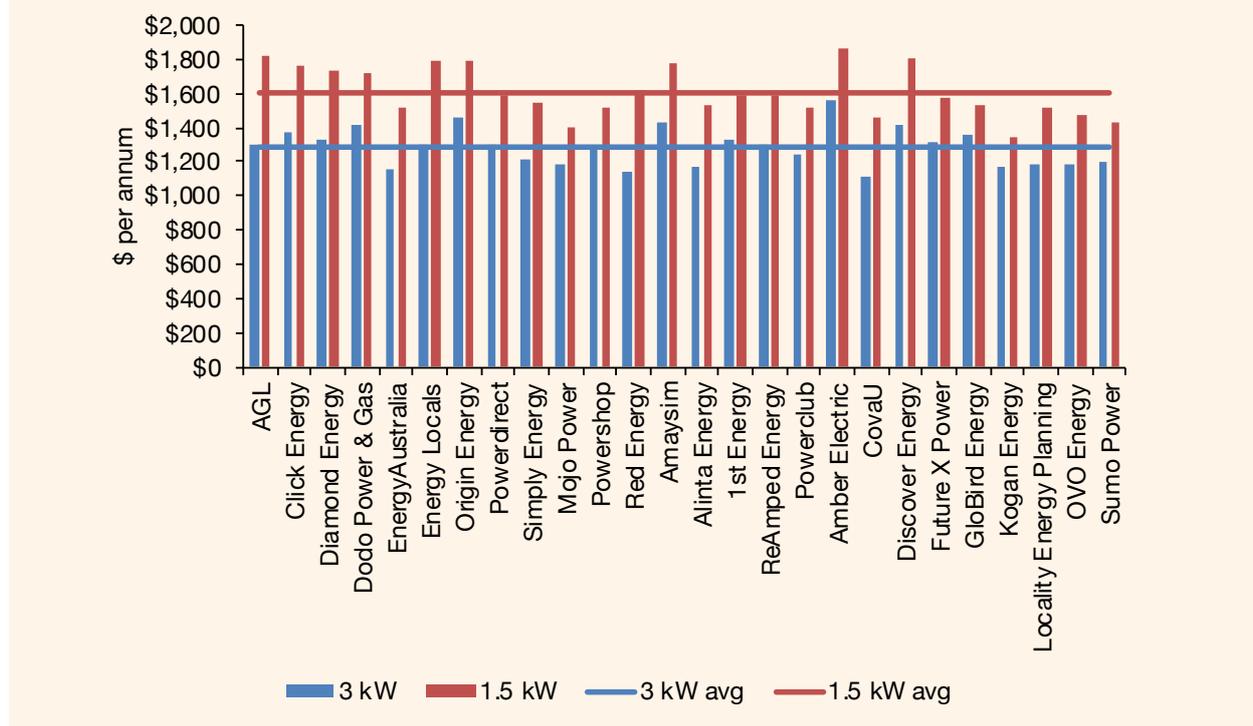


Figure 4 below shows estimated annual bills for solar market offers post discounts ranked from the lowest annual bill to the highest.⁵⁵

FIGURE 4 | Lowest to highest annual bills (incl GST) for solar market offers post July 2020, including discounts, pay on time discounts and Feed-in-tariff – Metropolitan households with 3 kW solar systems, consuming 8,000kWh per annum (including generated and imported electricity), Tariff 11

	CovaU	\$1,108		Simply Energy	\$1,207		1st Energy	\$1,334
	Red Energy	\$1,134		Powerclub	\$1,246		GloBird Energy	\$1,364
	EnergyAustralia	\$1,153		PowerShop	\$1,291		Click Energy	\$1,367
	Kogan Energy	\$1,175		AGL	\$1,298		Discover Energy	\$1,411
	Alinta Energy	\$1,176		ReAmped Energy	\$1,300		Dodo Power & Gas	\$1,414
	Mojo Power	\$1,185		Powerdirect	\$1,304		Amaysim	\$1,429
	Locality Energy Planning	\$1,188		EnergyLocals	\$1,306		Origin Energy	\$1,465
	OVO Energy	\$1,191		Future X Power	\$1,319		Amber Electric	\$1,560
	Sumo Power	\$1,199		Diamond Energy	\$1,325			

⁵⁴ Calculations include discounts off usage or bill as well as pay on time discounts off usage or bill.

⁵⁵ These bill estimates are based on rates published on the retailers' websites between the 1st and 15th of July 2020 and it must be noted that retailers may change their rates at any time. Additional discounts for customers choosing to pay by direct debit are not included in these bill calculations.

Charts 26 and 27 below show annual bills for Brisbane solar customers on tariff 11, tariff 31 and tariff 33.

CHART 26 | Annual bills including discounts and FIT credits for Brisbane customers with a 3 kW solar system. Electricity offers post July 2020 as annual bills, Tariff 11, 31 and 33, 8,000kWh (GST inc).⁵⁶

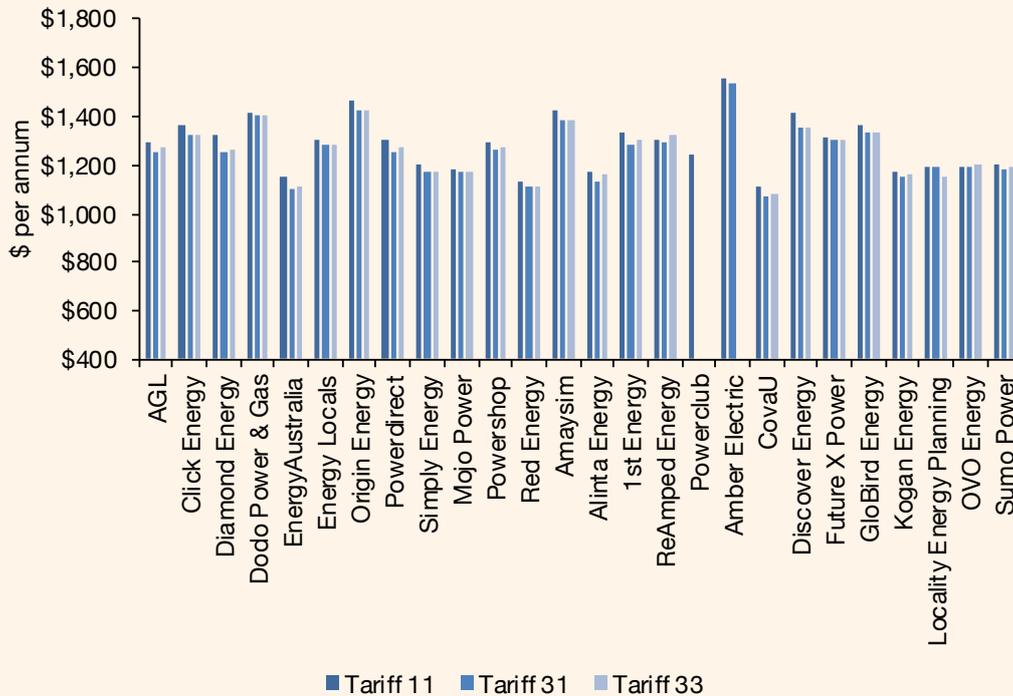
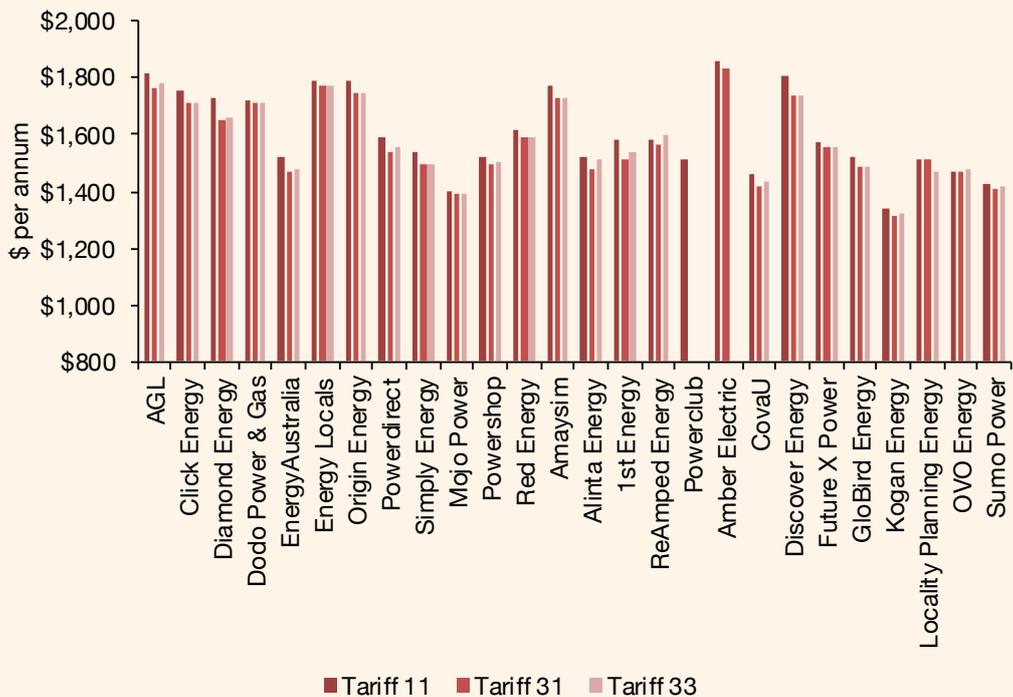


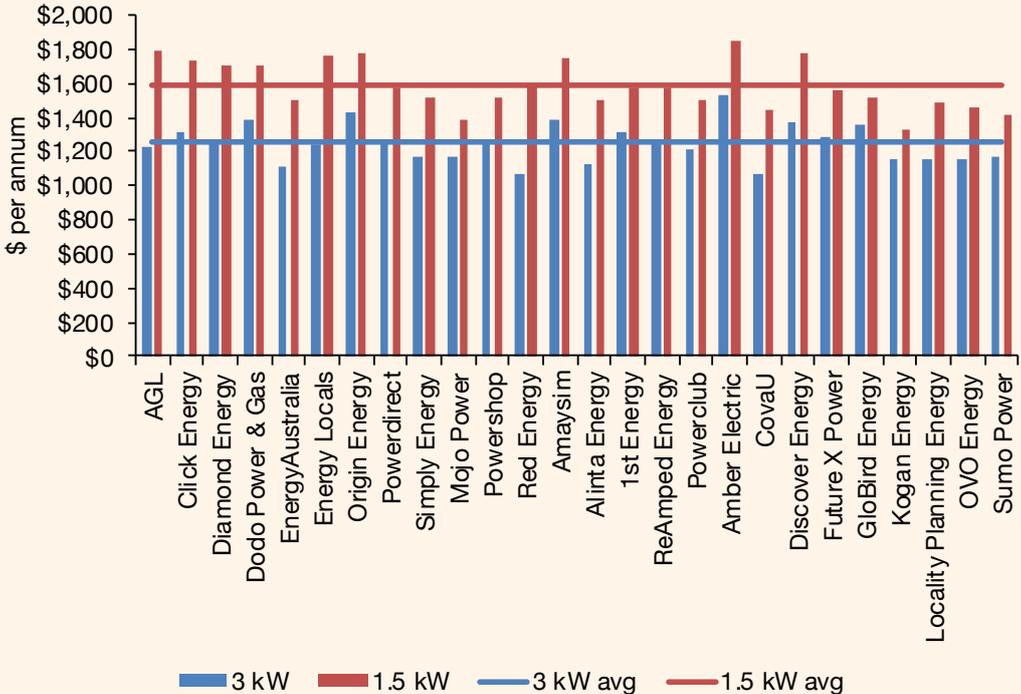
CHART 27 | Annual bills including discounts and FIT credits for Brisbane customers with a 1.5 kW solar system. Electricity offers post July 2020 as annual bills, Tariff 11, 31 and 33, 8,000kWh (GST inc).⁵⁷



56 Ibid.
57 Ibid.

Homes outside Brisbane’s metropolitan area will typically have less overshadowing and therefore a higher generation capacity and export rate. Chart 28 compares annual retail bills for solar customers in non-metropolitan Queensland with 3 kW and 1.5 kW installed. It shows that the annual bills for solar customers are somewhat lower in non-metropolitan areas but the same retailers produce higher than average bills and the price-spread is similar to that in metropolitan areas (see chart 22 above).

CHART 28 | Annual bills including discounts and FIT credits for regional and rural customers with 3 kW and 1.5 kW solar systems. Electricity offers post July 2020 as annual bills, Tariff 11, 8,000kWh (GST inc).⁵⁸



⁵⁸ Calculations include discounts off usage or bill as well as pay on time discounts off usage or bill.

7. COVID-19 related assistance

Under the Queensland Government's COVID-19 economic relief package all Queensland households automatically received a \$200 rebate on their electricity bills.⁵⁹ The rebate was applied automatically to customers' bills from April 2020 onward.

A household using 8,000 kWh per annum (single rate) that were on the DMO in April/May 2020 would have received a one-off 33% reduction to their quarterly bill due to this rebate.⁶⁰

The Queensland Government has also announced that all households will receive a \$50 Asset Ownership Payment each year for the next two years.⁶¹ The first payment will be applied as a credit to electricity bills from September 2020.

Households experiencing financial hardship should contact their retailer to discuss payment plans or other hardship arrangements. The AER has issued a statement of expectations that retailers do not disconnect customers for non-payment until 31 October 2020 (and potentially beyond) if they have contacted their retailer or are receiving support from their retailer.⁶² The AER also expects retailers to:

- ▲ Agree to a period in which no payment will be made, if this is what customers' circumstances require.
- ▲ Defer referrals to debt collection agencies until 31 October and potentially beyond.
- ▲ Not undertake any default listing for customers with payment difficulties until 31 October and potentially beyond.

⁵⁹ See <https://www.qld.gov.au/community/cost-of-living-support/concessions/energy-concessions/covid-19-household-utility-relief>

⁶⁰ Based on the average DMO across all retailers prior to the price re-set on 1 July 2020.

⁶¹ See <https://www.qld.gov.au/community/cost-of-living-support/concessions/energy-concessions/asset-ownership-dividend>

⁶² See AER, Statement of Expectations of energy businesses: Protecting customers and the market during COVID-19, Updated July 2020 at <https://www.aer.gov.au/system/files/AER%20Statement%20of%20Expectations%20-%20From%201%20August%202020.pdf>