

Queensland Competition Authority

Market Monitoring Report

SEQ retail electricity market monitoring 2019–20

November 2020

We wish to acknowledge the contribution of the following staff to this report:

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EXECUTIVE SUMMARY

Introduction

We monitor the operation of the retail electricity market in south east Queensland (SEQ) to assist the Queensland Government to ensure that customers have the opportunity to benefit from increased competition in the market. In April 2020, the Minister for Natural Resources, Mines and Energy directed us to report on the market for residential and small business customers in 2019–20.

Price monitoring

A customer's electricity bill depends on the customer's consumption and choice of retail offer/plan. Retail offers can either be standing offers with terms and conditions set under the National Energy Retail Rules (NERR), or market offers with a minimum set of terms and conditions specified in the NERR and other terms and conditions agreed between the retailer and the customer. Standing and market offers include supply and usage charges, and many market offers often also include discounts, financial or non-financial incentives, retail fees, and other terms and conditions such as eligibility criteria. Retail offers can therefore not be compared based on one aspect only—the bill for a customer depends on the combination and interaction of the different price components of the offer, the customer's electricity consumption and the terms and conditions on the offer.

Electricity retailers operating in SEQ have to publish their standing and market offers to residential and small business customers on [Energy Made Easy](#)—a website developed by the Australian Energy Regulator (AER) to help households and small businesses to compare offers. We base our price monitoring analysis on annual bills that we calculate for the 'typical SEQ customer' with a median consumption level. We calculate standing and market offer bills for three residential tariffs/tariff combinations, and for two small business tariffs. These bills incorporate the main price components such as supply and usage charges, discounts and financial incentives. It is important to note that the bills in our report do not reflect the actual electricity bills SEQ customers paid during 2019–20, but what the typical SEQ customer would have paid if they had taken up and met the conditions of the offers on Energy Made Easy in 2019–20.

We observed a significant decrease in standing offer bills after the introduction of the cap on standing offer prices—the 'default market offer' (DMO)—on 1 July 2019. However, standing offer bills continued to be generally more expensive than market offer bills in each quarter of 2019–20 for each of the five tariffs/tariff combinations we report on. Market offer bills also decreased in 2019–20. Most retailers' cheapest market offer bill in the June quarter of 2020 was lower than their cheapest offer available in the June quarter of 2019.

Although retailers do not have identical costs, and adopt different pricing strategies, it is reasonable to assume that decreases to wholesale energy and network costs, passed on to customers in a competitive market, contributed to lower bills.

Electricity comparison websites

Given that Energy Made Easy is independent of commercial third parties and includes all generally available energy offers, we consider the website to be the most important and reliable tool available to SEQ electricity customers to analyse, compare and choose electricity plans. In April 2020, the AER launched improvements to Energy Made Easy that aimed to simplify the user experience and increase the site's capability to compare innovative offers. The improvements will, in our view, improve customers' ability to search for and understand retail offers for the SEQ market. However, we consider that further enhancements are needed to the presentation of offers and the calculation of bill estimates on Energy Made Easy. At various points in this report we identify and explain changes we think the AER should

consider making to improve the clarity, completeness and comparability of retail offers on Energy Made Easy.

Apart from Energy Made Easy, there are numerous commercial comparison sites that promise customers to find a better electricity offer and save on electricity bills. Some sites also assist customers with the switching process. The Australian Energy Market Commission (AEMC) and the Australian Competition and Consumer Commission (ACCC) in particular have outlined concerns over the extent to which commercial comparison websites disclose the range of retailers they represent and the commission arrangements that apply. The two agencies have also proposed regulation of commercial comparison sites to improve transparency of the function these sites perform. Further, we reviewed a number of commercial comparison websites and found examples of incorrect, incomplete and outdated information on the SEQ (and regional Queensland) markets on various sites. We strongly encourage customers, when using or thinking about using a commercial comparison website, to review the [AER's advice on online comparison tools](#).

We recommend that SEQ customers regularly check on Energy Made Easy whether they can find a better deal among all the currently available offers. With more retailers to choose from and the lowest market offers getting cheaper in recent years, active customers are likely to pay less than inactive or disengaged customers. The Queensland Government also has a [web page](#) that provides tips for customers to compare and choose electricity retailers.

Discounts, savings and incentives

The rules for how retailers may advertise and publish discounts have changed recently, including via the introduction of the Electricity Retail Code on 1 July 2019. Following the changes, retailers attached fewer guaranteed discounts, and in particular fewer conditional discounts, to their residential and small business market offers in SEQ. In the June quarter of 2020, 13 of the 26 retailers with residential market offers attached discounts to their offers, and 10 of the 21 retailers with small business market offers attached discounts to their offers—a lower proportion of retailers than a year before, in the June quarter of 2019.

Compared to 2018–19, fewer retailers had conditional discounts attached to their lowest market offers. However, some retailers' cheapest offers had eligibility criteria attached to them, such as the offer only being available by signing up via a third party website, being available to new customers only, or requiring customers to be members of a club or scheme such as the RACQ or a Qantas points scheme.

The types of financial incentives attached to residential and small business offers in 2019–20 were similar to those available in 2018–19, with sign-up and bill/account credits being the dominant forms of financial incentive in the June quarters of 2019 and 2020. Retailers also attached non-financial incentives to some of their residential offers, and to a lesser extent, to their small business offers.

The changes to the regulation of discounting provide important consumer protections to prevent customers from being worse off after signing up to offers with high headline discounts. However, the meaning and significance of the 'reference price' (set by the AER under the Electricity Retail Code) must now be understood by customers when they assess the value of savings available on discounted offers. We also found some offers with guaranteed discounts that included eligibility criteria relating to payment and billing methods—for these offers, customers need to understand how the criteria and the discount interact and potentially compare such offers with more 'traditional' conditional discounts. Accordingly, we consider that it may still be challenging for customers to assess the value of savings available on discounted offers.

Retail fees

Most retailers attached recurring retail fees to at least some of their market offers in 2019–20. The types of fees that were attached to market offers were similar to those in previous years, and included credit and debit card payment processing fees, fees for payments made by BPay or over the counter at Australia Post, dishonoured cheque or direct debit payment fees, paper bill fees, late payment fees, membership fees, fees to access wholesale energy prices and account establishing fees.

It is important for customers to be aware of the recurring fees that are attached to retail offers, as such fees have the potential to substantially increase their annual bill. As in previous years, some retailers referred on Energy Made Easy to the potential for retail fees—other than those listed on Energy Made Easy—to be levied on customers, and a number of retailers listed fees on Energy Made Easy that 'may' apply to some residential and small business offers.

Retailers are responsible for the quality of data and information they publish on Energy Made Easy. Our analysis of retail fees across four annual market monitoring reports clearly shows that retailers make mistakes in the information they provide to Energy Made Easy. Further, we think it is highly likely that, with so many retailers in the market, retailers will continue to provide fee information on Energy Made Easy, and their own websites, on an inconsistent basis such that customers will not be able to easily compare fees across retailers. Therefore, we would encourage the AER to consider options for improving retailers' presentation and explanation of retail fees on Energy Made Easy and on retailers' own websites.

Under section 22A of the National Energy Retail Law (NERL), standing offers in Queensland can only include three different types of retail fees—historical billing data fees for data that is more than two years old (if requested by a customer), a retailer's administration fee for a dishonoured payment, and financial institution fees for a dishonoured payment. Apart from a small number of standing offers, most retailers' offers appeared to comply with this fee restriction.

In July 2020, we found that AGL's standing offers published on Energy Made Easy included late payment fees of \$12.73 per late payment. Following our inquiry and an internal investigation by AGL, in September 2020 AGL reported to us that it had charged 21,144 residential, and 3,286 small business, standing offer customers late payment fees between January 2015 and August 2020. The total value of the breach was over \$783,000. AGL advised that the breach of section 22A was unintentional and caused by a process error. In early November 2020, AGL began reimbursing customers affected by the breach. As section 22A of the NERL is not a prescribed civil penalty provision of the NERL, the QCA could not issue an infringement notice in relation to AGL's breach.

Weighted price trends

We compare and assess the trends in average standing offer bills and average market offer bills in each quarter from 2015–16 to 2019–20, weighted by retailers' shares of customers in the SEQ retail electricity market.

Weighted average standing offer bills for residential and small business flat rate tariffs typically change in the September quarter of each financial year, and then remain largely constant for the rest of the financial year. For residential and small business flat rate tariffs, there were increases in the September quarters of 2016 and 2017, but decreases in the September quarters of 2018 and 2019, with a particularly large decline in the September quarter of 2019, following the introduction of the DMO.

Weighted average market offer bills for residential and small business flat rate tariffs gradually increased during 2015–16 and 2016–17. However, following Alinta Energy's entry into the SEQ market in August 2017, the weighted average market offer bill started to decrease for both tariffs. This downward trend continued from 2017–18 to 2019–20, as the number of retailers with residential and small business market offers increased, and wholesale and network costs decreased.

Customers switching from a standing to a market offer with their retailer

The number of SEQ customers switching from a standing offer to a market offer with their retailer decreased significantly from nearly 29,000 in 2018–19 to around 11,300 in 2019–20.

Switching customers participating in a retailer hardship program, and/or receiving the Queensland Government electricity rebate (electricity rebate) and/or receiving Home Energy Emergency Assistance Scheme (HEEAS) support represented 21% of the residential switching customers reported by retailers in 2019–20, a decrease from 31% in 2018–19.

There was a significant decrease in the number of customers with an outstanding electricity debt, from 4,573 in 2018–19 to 419 in 2019–20. The percentage of switching customers with an outstanding electricity debt has also decreased significantly, falling from 16.9% in 2018–19 to 4.1% in 2019–20. This could suggest that efforts to assist customers with an electricity debt to take up market offers have been successful in reducing energy debt levels in SEQ.

For some retailers, the average standing offer bill for switching customers in 2019–20 was higher than the retailer's standing offer bill available in the June quarter of 2020. Given market offers are almost always cheaper than standing offers, this suggests that many of the customers who switched from a standing to a market offer with their retailer would have had cheaper bills after switching.

Customers receiving assistance with electricity bills

Some 367,000 SEQ customers received assistance with electricity bills in the December quarter of 2019, through participating in a retailer hardship program, and/or receiving the electricity rebate, and/or receiving HEEAS support. The majority of these assisted customers (over 89%) were on a market offer. Compared to a year earlier, in the December quarter of 2018, the number of assisted customers on a standing offer decreased by over 10% from 44,362 to 39,776.

For the residential tariffs/tariff combinations and assistance categories that we report on, the prices paid by assisted customers on a standing offer were similar to the prices of standing offers available in the December quarter of 2019. This finding is not unexpected given the introduction of the DMO from 1 July 2019. Standing and market offer prices for assisted customers decreased across most residential tariffs/tariff combinations and assistance categories from 2017–18 to 2019–20.

New retail tariffs and plans

We identified four new retail tariff structures and plans in SEQ for 2019–20. These were subscription electricity plans (where customers prepay for electricity, similar to a prepaid mobile plan), plans that integrate supply from the grid and solar PV with battery storage, plans that pass through all costs to customers (at a monthly fee), and plans for owners of electric vehicles.

In June 2020, the AER released its final decision on Energex's network tariff proposals for the 2020–25 regulatory period. Energex's proposed tariffs have increasingly complex structures to facilitate a move toward greater cost reflectivity. In its decision, the AER considered that, although the benefits of tariff reform are likely to be modest in the short term, the long-term interests of consumers in Queensland are best served by commencing the reform process now so as to encourage retailers to offer customers a choice of innovative tariffs. We agree with the AER that network tariff reform is important so that retailers can continue to offer new and innovative products to customers in SEQ.

Market competitiveness

Retailers continued to compete on price in 2019–20, but competition was based less on discounts than in previous years. The new retail plans that emerged suggest that retailers also continued to compete by tailoring their products to customers' preferences and needs. Another positive indicator was the further

decrease in market concentration in 2019–20, as smaller and/or newer retailers continued to gain market share from more established retailers. Our analysis also shows that prices for residential and small business offers in SEQ moved in a similar way as estimated costs in 2019–20, as they did in previous years. However, the spread of prices decreased significantly following the introduction of the DMO.

Competition may not be working as effectively as it should if some customers—including vulnerable, inactive and disengaged customers—find it difficult to navigate the market and compare offers and are therefore not on the best energy plan for their circumstances. In its inquiry into retail electricity pricing, the ACCC also explored issues around providing targeted support for vulnerable customers, and advocated the role of financial counsellors, consumer and community organisations in assisting vulnerable customers to navigate the retail electricity markets and recommended increased funding for support for vulnerable customers. Similarly, we consider that targeted assistance for vulnerable customers is critical to ensure such customers maximise the value of their expenditure on electricity, and have the opportunity to benefit from increased competition in SEQ.

Overall, the outcomes we observed in the SEQ retail electricity market in 2019–20 are generally consistent with a competitive market.

Significant issues

The introduction of the DMO on 1 July 2019 was a significant change in the SEQ retail electricity market. Initial evidence suggests that the DMO had a minimal impact on competition and innovation in 2019–20, but some impacts may only be visible in the longer term.

The coronavirus pandemic has affected many people and businesses. To mitigate the effects of the pandemic on the energy industry and customers, the AER, AEMC and the Australian Energy Market Operator have put various measures in place. While the full impact of the pandemic can only be assessed in the future, our analysis of offers on Energy Made Easy in the September quarter of 2020 suggests that the pandemic did not significantly impact on the SEQ retail electricity market, as bills continued to decrease and new retailers entered the market.

The number of SEQ customers on a standing offer in SEQ has decreased in recent years, up to the December quarter of 2019. Some retailers appear to have been actively encouraging standing offer customers to switch to a market offer. However, in the case of some smaller retailers, the number of customers on standing offers increased early in 2019–20. Our findings, based on advice from retailers, suggest that this was typically the result of increased deemed customer arrangements, which are usually of a temporary nature. AGL also had a significant increase in its standing offer customer numbers in the March quarter of 2020, due to its decision to move around 4,000 customers from market offers above the DMO annual price to a standing offer.

More information

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

1 INTRODUCTION

1.1 Retail electricity market monitoring in south east Queensland

The Queensland Government deregulated retail electricity prices for residential and small business customers in south east Queensland (SEQ) with effect from 1 July 2016.¹ The Queensland Competition Authority (QCA) monitors the operation of the SEQ retail electricity market to assist the government to ensure that electricity customers have the opportunity to benefit from increased competition in the market.²

In April 2020, the Minister for Natural Resources, Mines and Energy (the Minister) directed us to report on the operation of the SEQ retail electricity market in 2019–20; that is for the period from 1 July 2019 to 30 June 2020. The Minister's letter and direction notice are available on our [SEQ market monitoring](#) web page.

1.2 Standing and market offers

Electricity customers can be categorised as either large or small customers depending on their annual electricity consumption. Our report covers small customers, who are defined under the National Energy Retail Law (NERL) as residential customers or business customers with an electricity consumption of less than 100 megawatt hours (MWh) per year.³

In 2019–20, electricity retailers operating in SEQ were required to provide customer retail services to small customers either under a standard retail contract or a market retail contract:⁴

- Standard retail contracts (standing offers) are basic offers with terms and conditions that are specified in the National Energy Retail Rules (NERR).⁵
- Market retail contracts (market offers) contain a minimum set of terms and conditions specified in the NERR and can include other terms and conditions agreed between the retailer and customer.⁶

From 1 July 2019, retailers' standing offer prices were required to be set at or below the default market offer (DMO) annual prices set by the Australian Energy Regulator (AER).⁷ In our view, standing and market offers should not be compared solely in terms of price difference. Standing offers typically provide more favourable terms and conditions than market offers, which provide some benefits to customers. These additional benefits include simpler pricing, access to paper

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

² Electricity Act, section 89B; ECPLA Bill explanatory notes, pages 1–2. The Electricity Act, the ECPLA Act, proclamation and postponement regulation, and the ECPLA Bill and explanatory notes can be accessed on the website of the Office of the Queensland Parliamentary Counsel (OQPC) and the legal database [Lawlex](#).

³ NERL, section 5; *National Energy Retail Regulations*, section 7. See also the Queensland Government's [Business Queensland](#) portal for more information. In this report, references to the NERL are also references to the National Energy Retail Law (Queensland) (NERLQ). The OQPC publishes the NERLQ, which includes Queensland-specific modifications to the NERL, on its website.

⁴ NERL, section 20.

⁵ NERR, rule 12 and schedule 1.

⁶ NERR, rule 14.

⁷ For more information, see section 10.2 of this report; *Competition and Consumer (Industry Code—Electricity Retail) Regulations 2019* (Cth) (Electricity Retail Regulations), section 10; AER 2019a; AER 2019b.

bills at no extra cost, better payment terms (which can include bill smoothing) and ongoing certainty of terms (i.e. retailers cannot change terms or impose restrictions, as they can under market contracts).⁸

1.3 Energy Made Easy

To assist small customers to compare offers, the AER has developed a price comparator, which is available on its Energy Made Easy website.⁹ Given that Energy Made Easy is independent of commercial third parties and includes all generally available energy offers, we consider the website to be the most important and reliable tool available to SEQ electricity customers to analyse, compare and choose electricity plans.

In April 2020, the AER launched improvements to Energy Made Easy that aimed to simplify the user experience and increase the site's capability to compare innovative offers.¹⁰ Key aspects of the enhanced website include:

- the ability for customers to search for energy plans using their energy meter data (collected from the Australian Energy Market Operator (AEMO)) or by uploading a bill
- full website translation into 33 different languages
- retailer solar feed-in credits being included in estimated electricity plan costs
- a revised, more helpful search experience, including suburb and postcode look-up
- enhancements to the website's design, accessibility and general operation.¹¹

Although customer awareness of Energy Made Easy remains low¹², the improvements the AER has made to Energy Made Easy will, in our view, improve customers' ability to search for and understand retail offers for the SEQ market. Notwithstanding the improvements to Energy Made Easy, we consider that further enhancements to the presentation of offers and the calculation of bill estimates are needed on the website. Further, as retail offers evolve over time as new network tariffs are released by Energex, the ability of Energy Made Easy to provide high quality information on offers will become even more important for SEQ customers.¹³

Retailers provide information on their electricity offers on Energy Made Easy in accordance with the AER's retail pricing information guidelines.¹⁴ The current version of the guidelines (version 5) came into force in April 2018. In June 2019, the AER released a draft of version 6 of the guidelines for consultation, proposing minor updates to reflect the new Electricity Retail Code, but decided later in 2019 not to proceed to amend the guidelines.¹⁵

⁸ QCA 2018a, pages 61–63; QCA 2019a, page 53; QCA 2020a, page 36. We acknowledge the difficulty of appropriately quantifying the value of these additional benefits. For more analysis on the value of the differences in the terms and conditions of standing and market offers, see QCA 2019a, pages 48–59.

⁹ NERL, section 62; [Energy Made Easy](#) website.

¹⁰ AER 2020a, page 254.

¹¹ AER, [Energy just got easier](#) [news release], 6 May 2020; AER, [Energy Made Easy redevelopment project](#) web page.

¹² AER 2020a, page 254.

¹³ For more information on Energex's planned tariff reforms, see AER, [Energex Determination 2020–25](#) web page and section 8.5 of this report.

¹⁴ AER 2018a.

¹⁵ AER, [Retail Pricing Information Guidelines review 2019](#) web page. The Electricity Retail Code is in part 2 of the Electricity Retail Regulations and is monitored and enforced by the Australian Competition and Consumer Commission (ACCC). The ACCC took enforcement action for a breach of the code for the first time in July 2020—Locality Planning Energy paid a penalty of \$10,200 after the ACCC issued it with an infringement notice for allegedly breaching the code by publishing an offer on its website without a comparison to the reference price, without the total amount a representative customer

In April 2020, as part of its statement of expectations of energy businesses during the coronavirus pandemic, the AER said that it would delay its review of the guidelines as part of reprioritising regulatory initiatives during the pandemic.¹⁶

With a view to improving the clarity, completeness and comparability of retail offers on Energy Made Easy, at various points in this report we identify and explain changes we think the AER should consider in its next review of the retail pricing information guidelines.

1.4 Advice for customers

The Queensland and Australian governments each have a website providing general advice to customers about how to engage with the retail electricity market.

Queensland Government advice to customers:

- Compare and choose electricity deals by electricity retailers using Energy Made Easy.
- Contact your current electricity retailer to ask for a better electricity deal.
- Ask someone you trust to help you with the website or with phone calls.
- Check the new electricity plan saves you money by comparing conditions, benefits and costs (using your current bill and retailer advice) against potential plans.
- Read the conditions if you are offered a discount.
- Check the payment terms for flexible options.
- Check for exit fees.
- Use the cooling off period (10 days) to think about your new contract—you can change your mind.
- Check your electricity contract at least annually and reconsider your plan and check for discounts.¹⁷



The Australian Government provides similar advice for customers.¹⁸

Customers who have not signed a new electricity contract recently may face prices and conditions that differ substantially from the bills presented in this report. We encourage customers to regularly check Energy Made Easy to see whether they can find a better deal among the available offers. With more retailers to choose from and the lowest market offers getting cheaper and simpler in recent years, active customers are likely to pay less than inactive or disengaged customers.

1.5 Retailers operating in SEQ

We identified 31 retailers on Energy Made Easy with offers for small customers in SEQ in 2019–20 (table 1). Of these retailers, 28 retailers provided residential offers and 24 retailers

would pay per year, and without including the distribution zone and type of small customer to which the offer applied (ACCC, [Locality Planning Energy pays penalty for alleged breach of Electricity Retail Code](#) [media release], 29 July 2020). More information about the ACCC's role with respect to the code is available on the ACCC's [Electricity Retail Code](#) web page.

¹⁶ AER, [Statement of Expectations of energy businesses: Protecting consumers and the market during COVID-19](#) [statement], 9 April 2020.

¹⁷ Queensland Government, [Compare and choose electricity retailers](#) web page.

¹⁸ Australian Government, [Find the best energy deal](#) web page.

provided small business offers. Compared to 2018–19, there were 3 more retailers that provided residential offers and 4 more retailers that provided small business offers.¹⁹

However, not all retailers had offers published in each quarter of 2019–20. Across residential and small business customers, 27 retailers had a standing offer and 27 retailers (though not exactly the same retailers who had a standing offer) had market offers available on Energy Made Easy in the June quarter of 2020.

A number of retailers, and retail 'brands', entered the SEQ market in 2019–20:

- Blue NRG, Discover Energy, Elysian Energy and Kogan Energy in the September quarter
- Amber Electric in the December quarter²⁰
- CovaU and Ovo Energy in the March quarter
- GloBird Energy and Stanwell Energy in the June quarter.

Some of the retailers entering the SEQ market during 2019–20 have been active in other NEM jurisdictions for some time before starting to provide offers to SEQ customers, for example:

- Blue NRG had been active in Victoria since 2012, in New South Wales since 2014 and in South Australia since 2017
- CovaU had been active in New South Wales since 2014 and in Victoria since 2015
- GloBird Energy had been active in Victoria since 2017.²¹

In addition, Locality Planning Energy and ReAmped Energy—two retailers that had provided offers to residential customers in SEQ during 2018–19—entered the SEQ market for small business customers in the December quarter of 2019.

Finally, the AER is required by section 119 of the NERL to maintain and publish (on its website) a public register of authorised retailers. We observed in 2019–20 that some retailers' details on the register were not up to date; for example, some retailers' information on the register was out of date where the AER issued the authorisation a number of years ago. The register also did not necessarily reflect changes in ownership of retailers or identify retail 'brands' owned by authorised retailers.²²

¹⁹ We note that 4 retailers that had residential offers published in 2018–19 (Lumo Energy, Momentum Energy, People Energy and Sanctuary Energy) and 3 retailers that had small business offers published in 2018–19 (ERM Power, Lumo Energy and Momentum Energy) did not have offers published in 2019–20 anymore. There were, however, 7 retailers that published offers for residential customers in SEQ for the first time in 2019–20, and 7 retailers that published offers for small business customers in SEQ for the first time in 2019–20.

²⁰ In October 2020, Amber Electric applied to the AER for a retailer authorisation (AER, [Amber Electric Pty Ltd – Application for electricity retailer authorisation](#) web page).

²¹ Information based on the retailers included in the various editions of the AER's [State of the energy market reports](#).

²² For more information on retailers' existing authorisation requirements, see AER, [Retailer authorisation guideline – December 2014](#) web page.

Table 1 Retailers with residential and/or small business offers in SEQ, 2019–20

<i>Retailer</i>	<i>Residential offers</i>	<i>Small business offers</i>
1st Energy Pty Ltd	✓	✓
AGL Sales Pty Ltd	✓	✓
Alinta Energy Retail Sales Pty Ltd	✓	✓
Amaysim Energy Pty Ltd	✓	✓
Amber Electric Pty Ltd ^a	✓	—
Blue NRG Pty Ltd	—	✓
Click Energy Pty Ltd ^b	✓	✓
CovaU Pty Ltd	✓	✓
DCP Company Limited ^c	✓	—
Diamond Energy Pty Ltd	✓	✓
Discover Energy Pty Ltd	✓	✓
Dodo Power & Gas ^d	✓	—
Elysian Energy Pty Ltd	✓	✓
EnergyAustralia Pty Ltd	✓	✓
Energy Locals Pty Ltd	✓	✓
Future X Group Pty Ltd ^e	✓	✓
GloBird Energy Pty Ltd	✓	—
Kogan Energy ^f	✓	—
Locality Planning Energy Pty Ltd	✓	✓
Mojo Power Pty Ltd	✓	—
Next Business Energy Pty Ltd	—	✓
Origin Energy Pty Ltd	✓	✓
OVO Energy Pty Ltd	✓	—
Power Club Limited	✓	✓
Powerdirect Pty Ltd	✓	✓
Powershop Australia Pty Ltd	✓	✓
QEnergy Limited	✓	✓
ReAmped Energy Pty Ltd	✓	✓
Red Energy Pty Ltd	✓	✓
Simply Energy Pty Ltd ^g	✓	✓
Stanwell Corporation Limited	—	✓

a Amber Electric is not a licensed retailer; the retailer and provider of energy to customers of the Amber energy product is Energy Locals.

b Before September 2017, Amaysim Energy Pty Ltd was known as Click Energy Pty Ltd. Amaysim Energy Pty Ltd has two trading names: Click Energy and Amaysim.²³

c DCP Company Limited is trading as 'DC Power Co'. Powershop Australia Pty Ltd is the retailer and provider of energy to customers for the DC Power Co brand.

d The applicant for Dodo Power & Gas's retail authorisation is M2 Energy Pty Ltd.

e The applicant for Future X Power's retail authorisation is Online Power and Gas Pty Ltd.

f Kogan Energy states on its website that it 'is powered' by Powershop Australia Pty Ltd.

g The applicant for Simply Energy's retail authorisation is Ipower Pty Ltd.

Sources: Energy Made Easy; retailers' websites; AER, [Public register of authorised retailers & authorisation applications](#) web page.

²³ In August 2020, AGL announced that it had entered into an agreement to acquire Click Energy (AGL, AGL enters binding agreement to acquire Click Energy Group [media statement], 31 August 2020).

1.6 Scope of the report

The scope of the SEQ market monitoring report for 2019–20 is determined by the Minister's direction notice, which is published on our [market monitoring](#) web page.

Our 2019–20 report provides information on:

- the SEQ retail electricity market, including which retailers provided offers to small customers in SEQ (chapter 1)
- annual bills for a typical SEQ customer in 2019–20 as well as a longer-term bill analysis (chapter 2)—a more detailed analysis of each quarter of 2019–20 is provided in appendix A
- discounts, savings and incentives (chapter 3)
- retail fees (chapter 4)
- trends in bills over the period 1 July 2015 to 30 June 2020 (chapter 5)
- customers switching from standing to market offers with the same retailer (chapter 6)
- customers receiving assistance with electricity bills (chapter 7)
- new types of retail tariff structures and retail electricity plans (chapter 8)
- the competitiveness of the SEQ retail electricity market (chapter 9)
- significant issues that emerged in the market, including the impacts of the DMO on competition and innovation (chapter 10).

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

Fact sheets, which are available on our [market monitoring](#) web page, summarise the insights of this report and can help customers to understand the key findings.

2 PRICE MONITORING

In this chapter, we present retailers' standing and market offer bills for the June quarter of 2020, and compare and assess the bills in that quarter with the bills in the June quarter of 2019. We also compare these bills to the longer-term price trends from 2015–16 to 2019–20.

Key findings

- (1) Standing offer bills were generally more expensive than market offer bills in 2019–20, as was the case from 2015–16 to 2018–19.
- (2) From the June quarter of 2019 to the June quarter of 2020, the average standing offer bill decreased substantially for both residential customers and small business customers. The introduction of the DMO on 1 July 2019 led to a substantial decrease in standing offer bills in the September quarter of 2019. During the remainder of 2019–20, average standing offer bills remained largely unchanged.
- (3) Average market offer bills decreased too during 2019–20. For each tariff and tariff combination we report on, the average highest market offer bill decreased more than the average lowest market offer bill.
- (4) Most retailers' cheapest market offer bill in the June quarter of 2020 was lower than their cheapest offer available in the June quarter of 2019.
- (5) In the June quarter of 2020, the cheapest offers for residential customers on a flat rate with controlled super economy tariff combination, and for small business customers on a flat rate or a time of use tariff, had no conditional discounts or financial incentives attached to them.

2.1 Minister's direction

Sections 2(a) and 2(b) of the direction require the market monitoring report to include a comparison and assessment of:

- retailers' standing offer bills and generally available market offer bills—based on the offers published on Energy Made Easy that were available to customers in 2019–20, on a quarterly and annual basis. Where relevant, the QCA should also provide a comparison of the lowest, highest and average bills for each retailer
- variations to those generally available market offer bills in 2019–20.

The Minister's covering letter to the direction also requests that the report include a chapter that presents the consolidated annual findings.

In this chapter, we present our consolidated findings for 2019–20 and provide a longer-term bill analysis. We assess the bills in the June quarter of 2020 and compare them to the bills in the June quarter of 2019 to assess the bill change within a year. We also compare and assess the bills in each quarter of 2019–20 against the trends since 2015–16 to put the recent bills into a longer-term context. The comparison and assessment of bills on a quarterly basis for 2019–20 is in appendix A.

2.2 QCA methodology

2.2.1 Most common tariffs and tariff combinations

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

Network tariffs

Most SEQ customers are on one of the following network tariffs and tariff combinations:

- for residential customers:
 - a flat rate tariff
 - a combination of a flat rate tariff and a controlled load super economy tariff
 - a combination of a flat rate tariff and a controlled load economy tariff
- for small business customers:
 - a flat rate tariff
 - a time of use tariff.²⁴

Nearly 99% of the residential customers in SEQ were on either a flat rate, a flat rate with controlled load super economy or a flat rate with controlled load economy tariff, while around 95% of the small business customers in SEQ were on either a flat rate or a time of use tariff.²⁵

Retail tariffs

Retail tariffs available across the National Electricity Market (NEM) include block, time of use, demand, fixed payment, subscription and wholesale market spot price pass-through tariffs. While there is clearly a relationship between network and retail tariffs, retailers do not have to pass through the network tariff structure that their customers are on. For example, a retailer may offer a simple fixed payment or tariff-based offer that has a more dynamic distribution network tariff associated with it. In such a case, the retailer manages the risk associated with the mismatch between distribution network charges and the customer's retail offer in a similar way as the retailer manages the wholesale market risk for the customer.²⁶

The Australian Energy Market Commission (AEMC) discussed, in the final report of its 2019 review of retail energy competition, the lack of data on customers on individual retail tariffs. The AEMC commented that the lack of data restricted the ability of policy-makers to assess whether retail competition, and specific practices and elements of retail competition, are working in the long-term interest of consumers.²⁷ We agree that data on the number of customers on specific market offers would improve the ability of regulators and policy-makers to understand the extent to which retail markets are operating for the benefit of customers.

²⁴ These were also the most common tariffs and tariff combinations that we reported on in our three previous annual market monitoring reports (QCA 2017a; QCA 2019b; QCA 2019c). Data provided by Energex (unpublished).

²⁵ QCA analysis based on the latest (unpublished) data provided by Energex.

²⁶ AEMC 2019a, pages 58–61.

²⁷ AEMC 2019a, page 54.

2.2.2 Typical SEQ customer

Median consumption levels

We used the same methodology for this report as in previous years. We obtained information on each retailer's standing and generally available market offers for SEQ customers from Energy Made Easy—including (fixed) supply and (variable) usage charges—in each quarter of 2019–20. Using this data, we present prices as an annual bill, including goods and services tax (GST), for a customer with a median consumption level—the 'typical SEQ customer'. Table 2 shows the median annual consumption levels of small customers (in kilowatt hours (kWh)) we used to calculate annual bills.²⁸

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

<i>Customer type</i>	<i>Tariff / tariff combination</i>	<i>Median consumption per year (kWh)</i>
Residential	Flat rate (tariff 11)	4,017
	Flat rate (tariff 11) + controlled load super economy (tariff 31) ^a	5,809
	Flat rate (tariff 11) + controlled load economy (tariff 33) ^b	5,329
Small business	Flat rate (tariff 20)	5,937
	Time of use (tariff 22)	21,394

a Controlled load super economy is permanently available for a minimum of 8 hours per day, at the absolute discretion of Energex, but usually between the hours of 10:00 pm and 6:00 am.

b Controlled load economy is available for a minimum of 18 hours per day, at the absolute discretion of Energex. Sources: Energex 2018 and 2019a, appendix 2; Energex, unpublished median consumption data for 2018–19.

Because the bills in this report are calculated using prices in retailers' offers on Energy Made Easy in 2019–20, they do not reflect the *actual* electricity bills customers in SEQ paid during 2019–20.

Small business consumption

Small customers are defined by the NERL as those consuming less than 100 megawatt hours of electricity per year.²⁹ However, in terms of consumption levels and patterns, small business customers are more diverse than residential customers. The type of business can have a material impact on consumption and bills; for example, a small office-based business operating during standard business hours will have a different consumption level and pattern than a medical, retail or hospitality business.³⁰

Controlled load consumption

The median consumption of customers on the residential flat rate with controlled load super economy combination is higher than the median consumption of those customers on the residential flat rate with controlled load economy combination. Therefore, although usage charges

²⁸ Appendix B.1 provides more details on the offers that are included in our analysis. The median consumption of SEQ customers changes over time. In our previous market monitoring reports, we based our bill calculations on the latest median consumption data available at the time. Although median consumption levels have not changed significantly since we commenced monitoring the market, we have recalculated all the bills from 2015–16 to 2018–19 using the most recent median consumption data (table 2), which allows a direct comparison with the bills from 2019–20 and a comparison of how the bills have changed over time (see appendix C).

²⁹ NERL, section 5; National Energy Retail Regulations, section 7.

³⁰ ACCC 2018, pages 337–338; Energy Consumers Australia 2018, page 7. The consumption threshold varies between jurisdictions by local derogation, with a limit of 40 MWh in Victoria, 100 MWh in SEQ, 150 MWh in Tasmania, and 160 MWh in South Australia. The AER used a substantially higher annual usage of 20,000 kWh for small business flat rate customers in its default market offer determinations for 2019–20 and 2020–21. The AER's figure is based on average consumption analysis for small businesses in various NEM networks (including Energex) prepared for AEMO in 2017 (AER 2019b, page 66; AER 2020b, pages 51 and 56; Energy Consumers Australia 2018, pages 7–8).

are higher on economy controlled load than on super economy controlled load, the bills we report for the super economy combination are generally higher than those for the economy combination.

2.2.3 Public datasets

For stakeholders seeking more detail, and/or wishing to calculate bills based on different consumption levels (such as for small business tariffs), datasets with the offers we used in our analysis are available on our [market monitoring](#) web page. The table below shows how stakeholders can calculate annual bills using the datasets published on our website.

Table 3 Calculation of annual bills

Supply costs (daily supply charge × 365.25 days)	+	Cost of electricity consumed (usage charge × customer's annual consumption level)	+	Recurring fees (where applicable, e.g. membership and wholesale price access fees)	–	Incentives and discounts (where applicable)	+	GST
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2.3 Residential flat rate offers

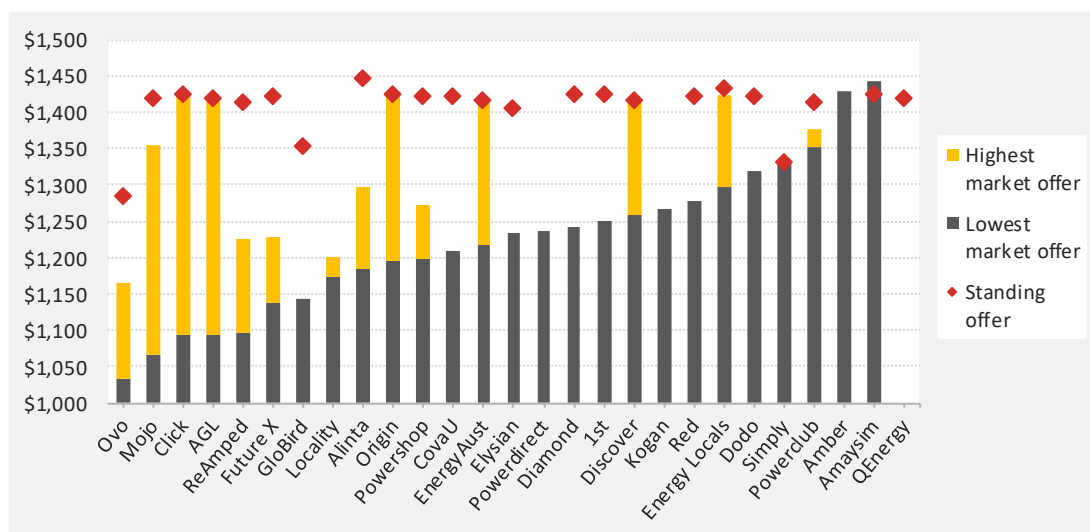
QCA comparison

In the June quarter of 2020, 27 retailers had offers for the residential flat rate tariff on Energy Made Easy—and of these retailers, 23 had a standing offer and 26 had at least one market offer.

Table 4 Bills for a typical residential flat rate customer, June quarter 2020

<i>Retailer</i>	<i>Standing offer (\$)</i>	<i>Average market offer (\$)</i>	<i>Lowest market offer (\$)</i>	<i>Highest market offer (\$)</i>
1st Energy	1,425	1,250	1,250	1,250
AGL	1,421	1,230	1,095	1,421
Alinta Energy	1,447	1,238	1,183	1,297
Amaysim Energy	1,426	1,443	1,443	1,443
Amber Electric	—	1,429	1,429	1,429
Click Energy	1,426	1,233	1,093	1,426
CovaU	1,422	1,208	1,208	1,208
Diamond Energy	1,425	1,241	1,241	1,241
Discover Energy	1,417	1,329	1,259	1,417
Dodo Power & Gas	1,422	1,319	1,319	1,319
Elysian Energy	1,406	1,235	1,235	1,235
Energy Locals	1,433	1,360	1,298	1,423
EnergyAustralia	1,417	1,275	1,219	1,417
Future X Power	1,421	1,194	1,137	1,227
GloBird Energy	1,355	1,150	1,142	1,167
Kogan Energy	—	1,267	1,267	1,267
Locality Planning Energy	—	1,187	1,173	1,201
Mojo Power	1,421	1,227	1,065	1,355
Origin Energy	1,425	1,275	1,197	1,425
Ovo Energy	1,285	1,119	1,034	1,165
Powerclub	1,414	1,365	1,351	1,378
Powerdirect	—	1,236	1,236	1,236
Powershop	1,423	1,235	1,198	1,272
QEnergy	1,421	—	—	—
ReAmped Energy	1,413	1,173	1,096	1,225
Red Energy	1,424	1,279	1,279	1,279
Simply Energy	1,331	1,331	1,331	1,331
Simple average	1,409	1,263	1,222	1,310

Note: A dash (—) means the retailer did not have a residential flat rate standing or market offer in this quarter. Sources: Energy Made Easy; QCA analysis.

Figure 1 Bills for a typical residential flat rate customer, June quarter 2020

Note: Retailers are sorted by their lowest market offer bill (in ascending order). Amber Electric, Kogan Energy, Locality Planning Energy and Powerdirect did not have a residential flat rate standing offer, and QEnergy did not have a generally available residential flat rate market offer in this quarter.

Sources: Energy Made Easy; QCA analysis.

QCA assessment

June quarter 2020

The table and graph above show that, in the June quarter of 2020, for a typical SEQ customer on a residential flat rate tariff:

- standing offer bills ranged from \$1,285 (Ovo Energy – Basic Standing Offer) to \$1,447 (Alinta Energy – Standing Offer (Single Rate and Solar))
- market offer bills ranged from \$1,034 (Ovo Energy – The One Plan) to \$1,443 (Amaysim Energy – Electricity As You Go)³¹.

Ovo Energy's The One Plan offer had a \$100 credit attached as an incentive for the 'Next 500' customers who signed up online. The credit was applied in 12 monthly instalments of \$8.33 as an offset against the charges on each monthly bill. The lowest offers with no conditional discounts or financial incentives attached in the June quarter of 2020 were Mojo Power's All Day Breakfast offers, which resulted in an annual bill (\$1,065) that was \$31 higher than Ovo Energy's The One Plan offer.³²

Change from June quarter 2019 to June quarter 2020

In the June quarter of 2020, 26 retailers had at least one residential flat rate market offer available for SEQ customers—5 more than in the June quarter of 2019.³³

³¹ Amaysim Energy's solar offer—Solar As You Go—resulted in the same market offer bill as its Electricity As You Go offer.

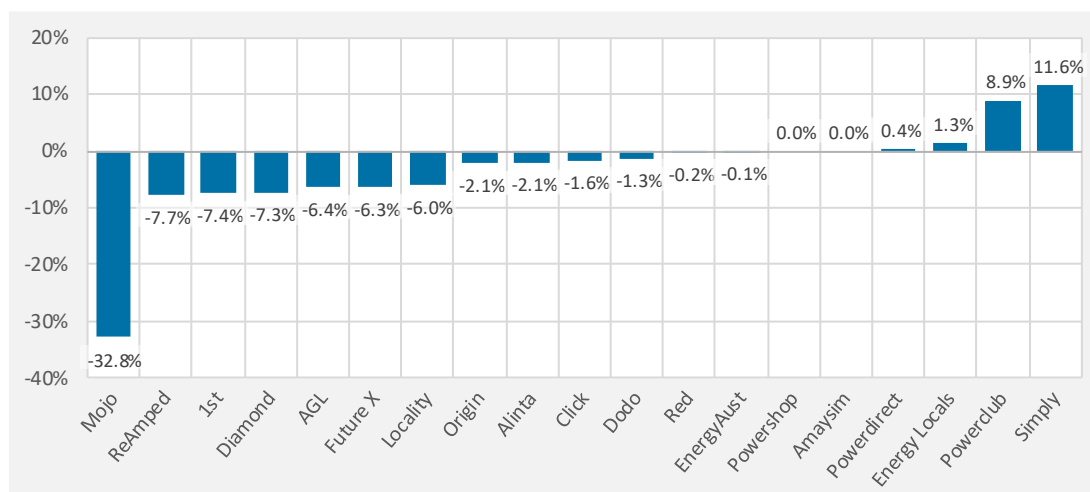
³² We note that Mojo Power's All Day Breakfast offers, which were available from 25 May 2020, had a one-off joining fee of \$40 (GST inclusive) attached to them.

³³ QCA 2019c, page 8. Compared to two years ago, there were 10 more retailers with at least one residential flat rate market offer—in the June quarter of 2018 there were 16 such retailers (QCA 2019b, page 11).

Click Energy had the lowest market offer bill in SEQ in the June quarter of 2019 (\$1,111).³⁴ The lowest market offer bill in the June quarter of 2020 (\$1,034) was 6.9% (\$77) cheaper than the lowest market offer bill in the June quarter of 2019.³⁵

The graph below shows the percentage change in each retailer's lowest residential flat rate market offer bill from the June quarter of 2019 to the June quarter of 2020. It shows that most retailers had at least one market offer in the June quarter of 2020 that was cheaper—for the typical SEQ customer—than their cheapest market offer in the June quarter of 2019.

Figure 2 Change in retailers' lowest market offer bill for residential flat rate customers, June quarter 2019 to June quarter 2020



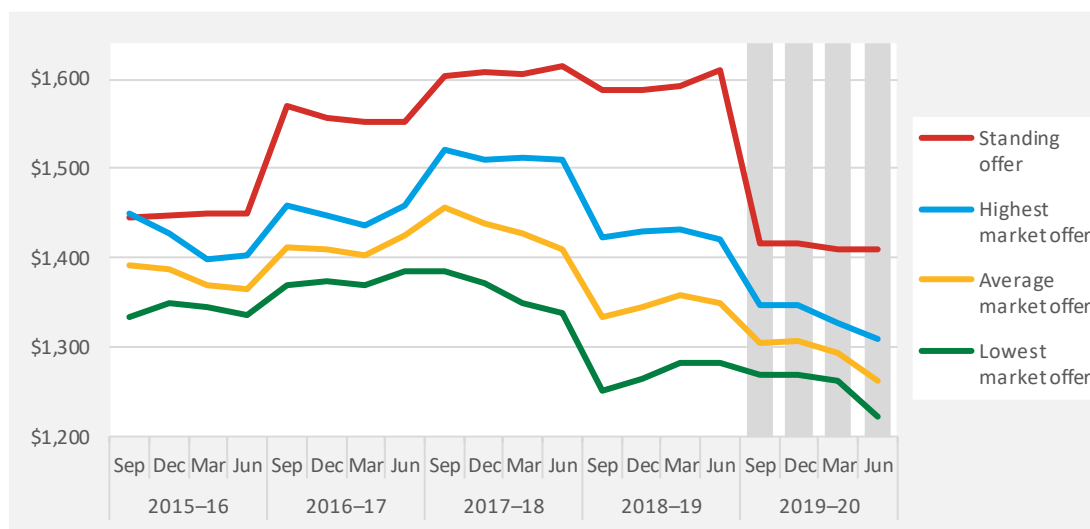
Note: Amber Electric, CovaU, Discover Energy, Elysian Energy, GloBird Energy, Kogan Energy and Ovo Energy did not have any market offers in the June quarter of 2019, and DC Power and QEnergy did not have any market offers in the June quarter of 2020. Percentages are rounded to one decimal place.
Sources: Energy Made Easy; QCA analysis.

Longer-term trends

The graph below shows the trend in residential flat rate standing and generally available market offer bills between 2015–16 and 2019–20.

³⁴ In our 2018–19 report, we stated the bill value of Click Energy's Amethyst offer in the June quarter of 2019 as \$1,095 (QCA 2019c, page 9). For this report, we have recalculated the bill value with the consumption level in table 2.

³⁵ Ovo Energy's The One Plan offer in the June quarter of 2020 resulted in the lowest market offer bill in 2019–20 (\$1,034).

Figure 3 Average bills for a typical residential flat rate customer, 2015–16 to 2019–20

Note: Annual bill for each quarter, based on median consumption of residential flat rate customers (table 2). See appendix C for tables showing bill values.

Sources: Energy Made Easy; QCA analysis.

The graph shows that the average market offer bill—for the typical SEQ customer—trended downwards following Alinta Energy's entry into the SEQ market in August 2017. After some increases in the average of bills based on retailers' market offers in the first part of 2018–19, this downward trend continued. In the June quarter of 2020, compared to one year earlier (June quarter of 2019):

- the average lowest market offer bill was 4.7% lower
- the average highest market offer bill was 7.8% lower.

The average standing offer bill—for the typical SEQ customer—showed a marked trend upwards in 2016–17 and 2017–18. Following the introduction of the DMO on 1 July 2019, the average standing offer bill declined significantly in the September quarter of 2019 (–12.1%) and continued to decrease slightly in the last two quarters of 2019–20. In the June quarter of 2020, the average standing offer bill was 12.5% lower compared to one year earlier (June quarter of 2019).

2.4 Residential flat rate with controlled load super economy offers

QCA comparison

In the June quarter of 2020, 26 retailers had offers on Energy Made Easy that combined a residential flat rate tariff with a controlled load super economy tariff—and of these retailers, 21 had a standing offer and 24 had at least one market offer.³⁶

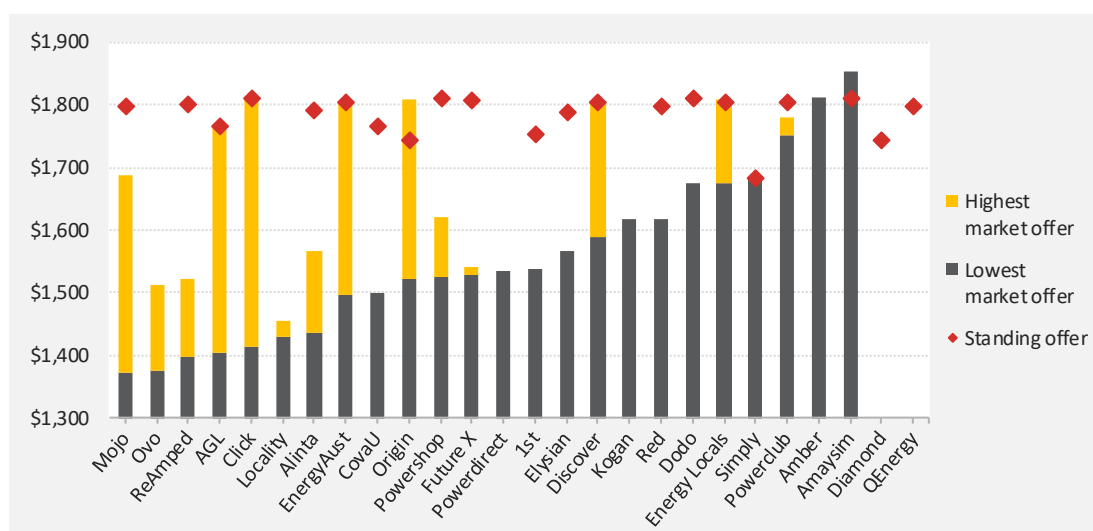
³⁶ GloBird Energy published flat rate with controlled load offers on Energy Made Easy for the first time in the June quarter of 2020. However, as we could not clearly identify the tariff combination based on information available on Energy Made Easy, we excluded these offers from our analysis.

Table 5 Bills for a typical residential flat rate with controlled load super economy customer, June quarter 2020

Retailer	Standing offer (\$)	Average market offer (\$)	Lowest market offer (\$)	Highest market offer (\$)
1st Energy	1,752	1,537	1,537	1,537
AGL	1,765	1,542	1,403	1,765
Alinta Energy	1,790	1,497	1,437	1,566
Amaysim Energy	1,810	1,852	1,852	1,852
Amber Electric	—	1,812	1,812	1,812
Click Energy	1,810	1,578	1,412	1,810
CovaU	1,764	1,500	1,500	1,500
Diamond Energy	1,744	—	—	—
Discover Energy	1,805	1,685	1,590	1,805
Dodo Power & Gas	1,810	1,673	1,673	1,673
Elysian Energy	1,789	1,566	1,566	1,566
Energy Locals	1,803	1,764	1,675	1,809
EnergyAustralia	1,805	1,593	1,495	1,805
Future X Power	1,808	1,535	1,528	1,542
Kogan Energy	—	1,616	1,616	1,616
Locality Planning Energy	—	1,442	1,428	1,456
Mojo Power	1,796	1,553	1,373	1,687
Origin Energy	1,744	1,624	1,520	1,810
Ovo Energy	—	1,464	1,377	1,511
Powerclub	1,802	1,764	1,751	1,778
Powerdirect	—	1,536	1,536	1,536
Powershop	1,809	1,574	1,526	1,621
QEnergy	1,796	—	—	—
ReAmped Energy	1,800	1,466	1,398	1,522
Red Energy	1,798	1,617	1,617	1,617
Simply Energy	1,684	1,684	1,684	1,684
Simple average	1,785	1,603	1,554	1,662

Note: A dash (—) means the retailer did not have a standing or market offer for this tariff combination in this quarter. Sources: Energy Made Easy; QCA analysis.

Figure 4 Bills for a typical residential flat rate with controlled load super economy customer, June quarter 2020



Note: Retailers are sorted by their lowest market offer bill (in ascending order). Amber Electric, Kogan Energy, Locality Planning Energy, Ovo Energy and Powerdirect did not have a standing offer, and Diamond Energy and QEnergy did not have a generally available market offer for this tariff combination in this quarter. Sources: Energy Made Easy; QCA analysis.

QCA assessment

June quarter 2020

The table and graph above show that, in the June quarter of 2020, for a typical SEQ customer on this tariff combination:

- standing offer bills ranged from \$1,684 (Simply Energy – Qld Simply Standing Offer and Qld Small Office Standing Offer³⁷) to \$1,810 (Amaysim Energy – Default Market Offer (DMO); Click Energy – Default Market Offer (DMO); and Dodo Power & Gas – Residential Standing (Default Market Offer))
- market offer bills ranged from \$1,373 (Mojo Power – All Day Breakfast) to \$1,852 (Amaysim Energy – Electricity As You Go)³⁸.

We note that Mojo Power's All Day Breakfast offers, which resulted in the lowest market offer bills in the June quarter of 2020, had no conditional discounts or financial incentives attached.³⁹

Change from June quarter 2019 to June quarter 2020

In the June quarter of 2020, 24 retailers had at least one market offer for this tariff combination available—3 more than in the June quarter of 2019.⁴⁰

ReAmped Energy had the lowest market offer bill in SEQ in the June quarter of 2019 (\$1,422).⁴¹ The lowest market offer bills in the June quarter of 2020 (\$1,373) were 3.5% (\$49) cheaper than the lowest market offer bill in the June quarter of 2019.⁴²

The graph below shows the percentage change in each retailer's lowest residential flat rate with controlled load super economy market offer bill from the June quarter of 2019 to the June quarter of 2020. It shows that only about half of the retailers had at least one market offer in the June quarter of 2020 that was cheaper—for the typical SEQ customer—than their cheapest market offer in the June quarter of 2019.

³⁷ Simply Energy applied a residential customer type to its Small Office Standing Offer. In appendix B.13, we explain why we did not reallocate this offer to the small business tariff reporting.

³⁸ Amaysim Energy's solar offer—Solar As You Go—resulted in the same market offer bill as its Electricity As You Go offer.

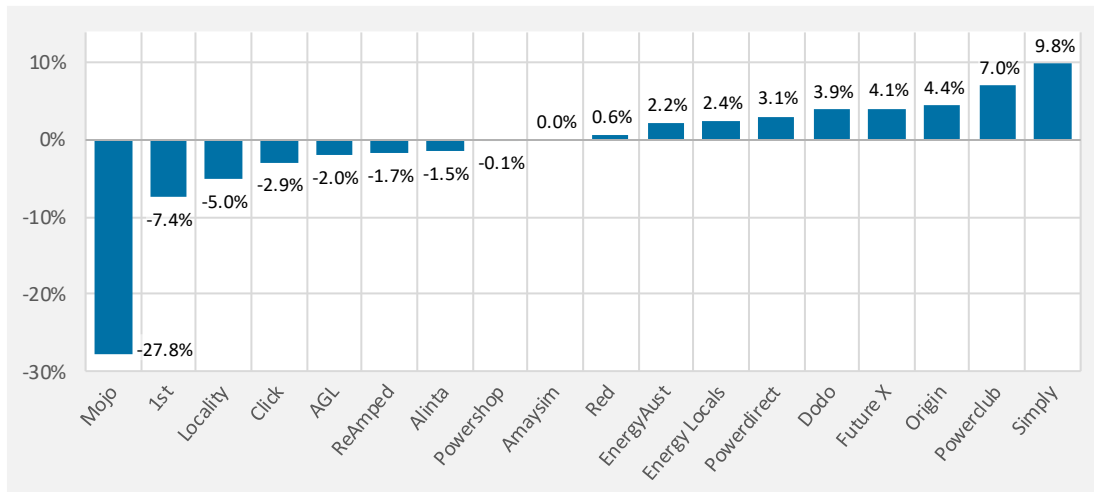
³⁹ We note that Mojo Power's All Day Breakfast offers, which were available from 25 May 2020, had a one-off joining fee of \$40 (GST inclusive) attached to them.

⁴⁰ QCA 2019c, page 11. Compared to two years ago, there were 9 more retailers with at least one market offer for this tariff combination—in the June quarter of 2018 there were 15 (QCA 2019b, page 19).

⁴¹ In our 2018–19 report, we stated the bill value of ReAmped Energy's Anytime & CL offer in the June quarter of 2019 as \$1,419 (QCA 2019c, page 13). For this report, we have recalculated the bill value with the consumption level in table 2.

⁴² Mojo Power's All Day Breakfast offers in the June quarter (\$1,373) did not lead to the lowest market offer bills in 2019–20. AGL's Electric Vehicle Plan (Residential) offers in the September, December and March quarters of 2019–20 resulted in marginally lower market offer bills (\$1,369). However, AGL's Electric Vehicle Plan (Residential) offers were only available to customers with an electric vehicle and therefore required a significant up-front investment by the customer.

Figure 5 Change in retailers' lowest market offer bill for residential flat rate with controlled load super economy customers, June quarter 2019 to June quarter 2020

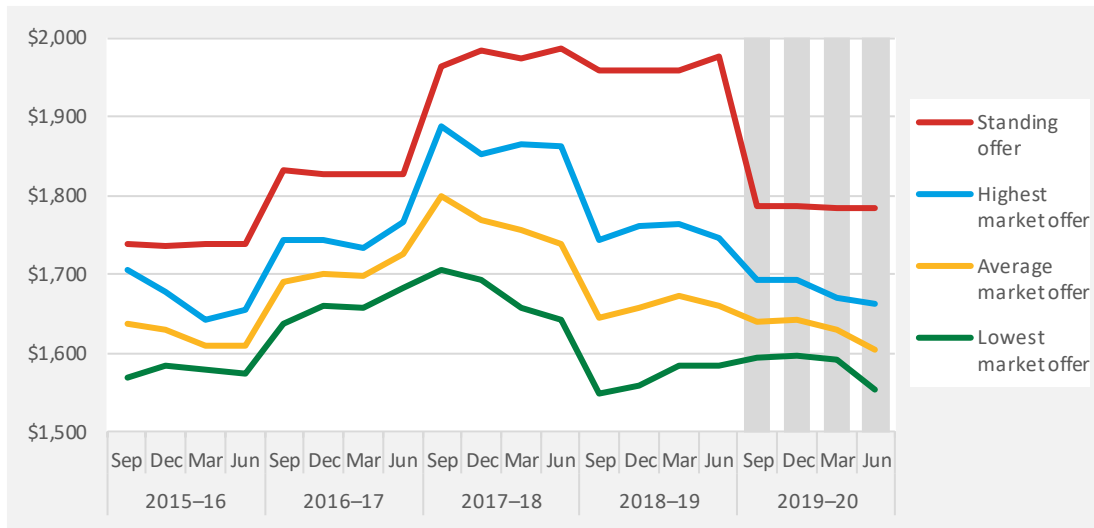


Note: Amber Electric, CovaU, Discover Energy, Elysian Energy, Kogan Energy and Ovo Energy did not have any market offers in the June quarter of 2019, and DC Power, Diamond Energy and QEnergy did not have any market offers in the June quarter of 2020. Percentages are rounded to one decimal place. Sources: Energy Made Easy; QCA analysis.

Longer-term trends

The graph below shows the trend in residential flat rate with controlled load super economy standing and generally available market offer bills between 2015–16 and 2019–20.

Figure 6 Average bills for a typical residential flat rate with controlled load super economy customer, 2015–16 to 2019–20



Note: Annual bill for each quarter, based on median consumption of residential flat rate with controlled load super economy customers (table 2). See appendix C for tables showing bill values. Sources: Energy Made Easy; QCA analysis.

The graph shows that the average market offer bill—for the typical SEQ customer—trended downwards following Alinta Energy's entry into the SEQ market in August 2017. After some increases in the average of bills based on retailers' market offers in the first part of 2018–19, this downward trend continued, with the exception of the average lowest market offer bill, which continued to increase until the March quarter of 2020, and then decreased in the last quarter of 2019–20. In the June quarter of 2020, compared to one year earlier (June quarter of 2019):

- the average lowest market offer bill was 1.8% lower
- the average highest market offer bill was 4.9% lower.

The average standing offer bill—for the typical SEQ customer—showed a marked trend upwards in 2016–17 and 2017–18. Following the introduction of the DMO on 1 July 2019, the average standing offer bill declined significantly in the September quarter of 2019 (–9.6%) and then remained nearly constant for the remainder of 2019–20. In the June quarter of 2020, the average standing offer bill was 9.7% lower compared to one year earlier (June quarter of 2019).

2.5 Residential flat rate with controlled load economy offers

QCA comparison

In the June quarter of 2020, 24 retailers had offers on Energy Made Easy that combined a residential flat rate tariff with a controlled load economy tariff—and of these retailers, 20 had a standing offer and 22 had at least one market offer.⁴³

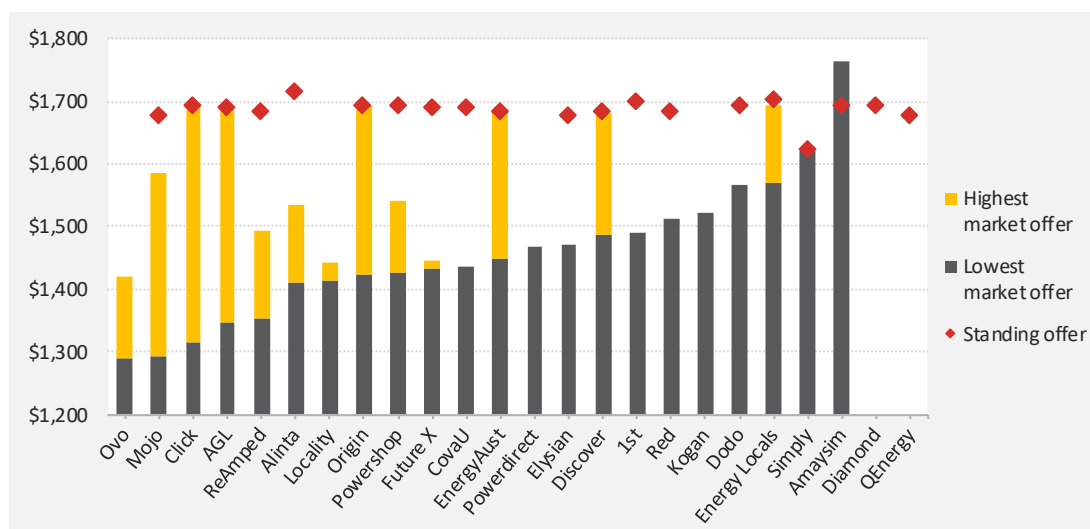
Table 6 Bills for a typical residential flat rate with controlled load economy customer, June quarter 2020

<i>Retailer</i>	<i>Standing offer (\$)</i>	<i>Average market offer (\$)</i>	<i>Lowest market offer (\$)</i>	<i>Highest market offer (\$)</i>
1st Energy	1,699	1,490	1,490	1,490
AGL	1,688	1,474	1,347	1,688
Alinta Energy	1,715	1,469	1,412	1,536
Amaysim Energy	1,694	1,765	1,765	1,765
Click Energy	1,694	1,474	1,316	1,694
CovaU	1,689	1,436	1,436	1,436
Diamond Energy	1,694	—	—	—
Discover Energy	1,683	1,574	1,487	1,683
Dodo Power & Gas	1,693	1,568	1,568	1,568
Elysian Energy	1,677	1,470	1,470	1,470
Energy Locals	1,703	1,653	1,569	1,695
EnergyAustralia	1,683	1,514	1,448	1,683
Future X Power	1,689	1,440	1,434	1,446
Kogan Energy	—	1,522	1,522	1,522
Locality Planning Energy	—	1,429	1,415	1,443
Mojo Power	1,678	1,460	1,292	1,585
Origin Energy	1,694	1,519	1,423	1,694
Ovo Energy	—	1,375	1,290	1,421
Powerdirect	—	1,469	1,469	1,469
Powershop	1,692	1,484	1,427	1,541
QEnergy	1,678	—	—	—
ReAmped Energy	1,683	1,444	1,353	1,493
Red Energy	1,682	1,513	1,513	1,513
Simply Energy	1,622	1,622	1,622	1,622
Simple average	1,687	1,507	1,458	1,566

Note: A dash (—) means the retailer did not have a standing or market offer for this tariff combination in this quarter. Sources: Energy Made Easy; QCA analysis.

⁴³ GloBird Energy published flat rate with controlled load offers on Energy Made Easy for the first time in the June quarter of 2020. However, as we could not clearly identify the tariff combination based on information available on Energy Made Easy, we excluded these offers from our analysis.

Figure 7 Bills for a typical residential flat rate with controlled load economy customer, June quarter 2020



Note: Retailers are sorted by their lowest market offer bill (in ascending order). Kogan Energy, Locality Planning Energy, Ovo Energy and Powerdirect did not have a standing offer, and Diamond Energy and QEnergy did not have a generally available market offer for this tariff combination in this quarter.

Sources: Energy Made Easy; QCA analysis.

QCA assessment

June quarter 2020

The table and graph above show that, in the June quarter of 2020, for a typical SEQ customer on this tariff combination:

- standing offer bills ranged from \$1,622 (Simply Energy – Qld Simply Standing Offer and Qld Small Office Standing Offer⁴⁴) to \$1,715 (Alinta Energy – Standing Offer (Single Rate with CL2 and Solar))
- market offer bills ranged from \$1,290 (Ovo Energy – The One Plan) to \$1,765 (Amaysim Energy – Electricity As You Go)⁴⁵.

Ovo Energy's The One Plan offer had a \$100 credit attached as an incentive for the 'Next 500' customers who signed up online. The credit was applied in 12 monthly instalments of \$8.33 as an offset against the charges on each monthly bill. The lowest offers with no conditional discounts or financial incentives attached in the June quarter of 2020 were Mojo Power's All Day Breakfast offers, which resulted in an annual bill (\$1,292) that was \$2 higher than Ovo Energy's The One Plan offer.⁴⁶

Change from June quarter 2019 to June quarter 2020

In the June quarter of 2020, 22 retailers had at least one market offer for this tariff combination available—2 more than in the June quarter of 2019.⁴⁷

⁴⁴ Simply Energy applied a residential customer type to its Small Office Standing Offer. In appendix B.13, we explain why we did not reallocate this offer to the small business tariff reporting.

⁴⁵ Amaysim Energy's solar offer—Solar As You Go—resulted in the same market offer bill as its Electricity As You Go offer.

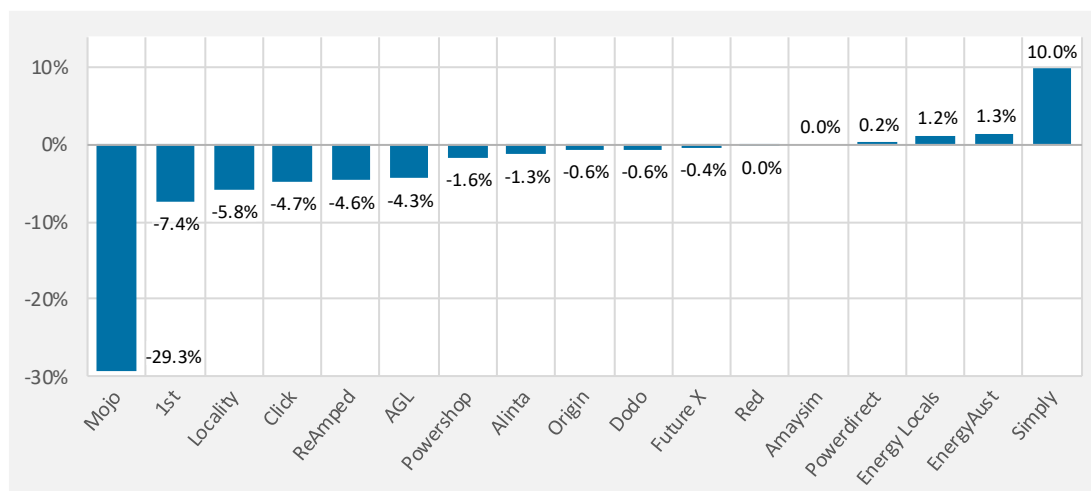
⁴⁶ We note that Mojo Power's All Day Breakfast offers, which were available from 25 May 2020, had a one-off joining fee of \$40 (GST inclusive) attached to them.

⁴⁷ QCA 2019c, page 14. Compared to two years ago, there were 7 more retailers than the 15 retailers with at least one market offer for this tariff combination in the June quarter of 2018 (QCA 2019b, page 26).

Click Energy had the lowest market offer bill in SEQ in the June quarter of 2019 (\$1,381).⁴⁸ The lowest market offer bill in the June quarter of 2020 (\$1,290) was 6.6% (\$91) cheaper than the lowest market offer bill in the June quarter of 2019.⁴⁹

The graph below shows the percentage change in each retailer's lowest residential flat rate with controlled load economy market offer bill from the June quarter of 2019 to the June quarter of 2020. It shows that most retailers had at least one market offer in the June quarter of 2020 that was cheaper—for the typical SEQ customer—than their cheapest market offer in the June quarter of 2019.

Figure 8 Change in retailers' lowest market offer bill for residential flat rate with controlled load economy customers, June quarter 2019 to June quarter 2020



Note: CovalU, Discover Energy, Elysian Energy, Kogan Energy and Ovo Energy did not have any market offers in the June quarter of 2019, and DC Power, Diamond Energy and QEnergy did not have any market offers in the June quarter of 2020. Percentages are rounded to one decimal place.
Sources: Energy Made Easy; QCA analysis.

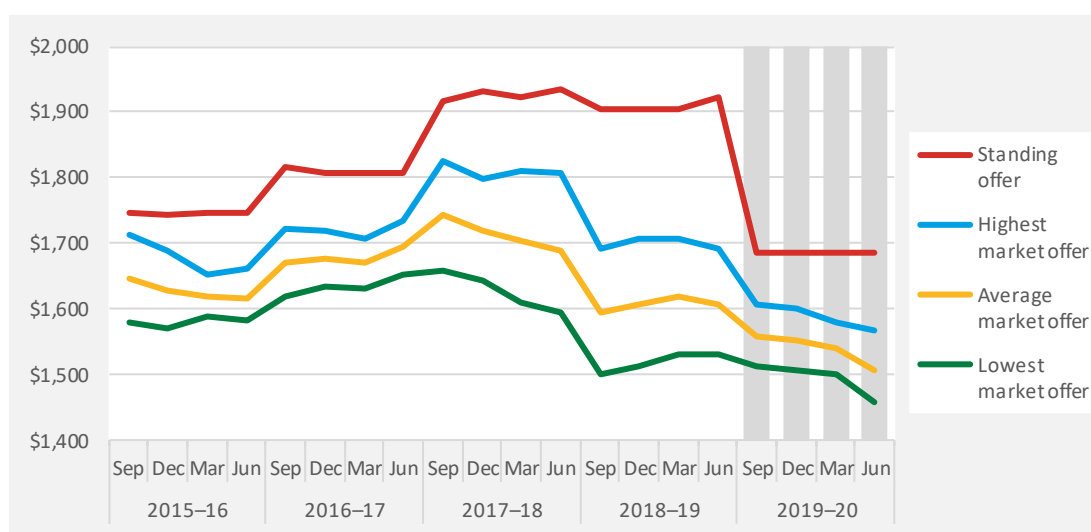
Longer-term trends

The graph below shows the trend in residential flat rate with controlled load economy standing and generally available market offer bills between 2015–16 and 2019–20.

⁴⁸ In our 2018–19 report, we stated the bill value of Click Energy’s Amethyst offer in the June quarter of 2019 as \$1,377 (QCA 2019c, page 16). For this report, we have recalculated the bill value with the consumption level in table 2.

⁴⁹ Ovo Energy’s The One Plan offer in the June quarter (\$1,290) did not lead to the lowest market offer bill in 2019–20. AGL’s Electric Vehicle Plan (Residential) offers in the September, December and March quarters of 2019–20 resulted in the lowest market offer bills (\$1,263). We note, however, that AGL’s Electric Vehicle Plan (Residential) offers were only available to customers with an electric vehicle and therefore required a significant up-front investment by the customer.

Figure 9 Average bills for a typical residential flat rate with controlled load economy customer, 2015–16 to 2019–20



Note: Annual bill for each quarter, based on median consumption of residential flat rate with controlled load economy customers (table 2). See appendix C for tables showing bill values.

Sources: Energy Made Easy; QCA analysis.

The graph shows that the average market offer bill—for the typical SEQ customer—trended downwards following Alinta Energy's entry into the SEQ market in August 2017. After some increases in the average of bills based on retailers' market offers in the first part of 2018–19, this downward trend continued. In the June quarter of 2020, compared to one year earlier (June quarter of 2019):

- the average lowest market offer bill was 4.9% lower
- the average highest market offer bill was 7.4% lower.

The average standing offer bill—for the typical SEQ customer—showed a marked trend upwards in 2016–17 and 2017–18. Following the introduction of the DMO on 1 July 2019, the average standing offer bill declined significantly in the September quarter of 2019 (–12.3%), and then remained nearly constant for the remainder of 2019–20. In the June quarter of 2020, the average standing offer bill was 12.2% lower compared to one year earlier (June quarter of 2019).

2.6 Small business flat rate offers

QCA comparison

In the June quarter of 2020, 24 retailers had small business flat rate offers on Energy Made Easy—and of these retailers, 22 had a standing offer and 21 had at least one market offer.

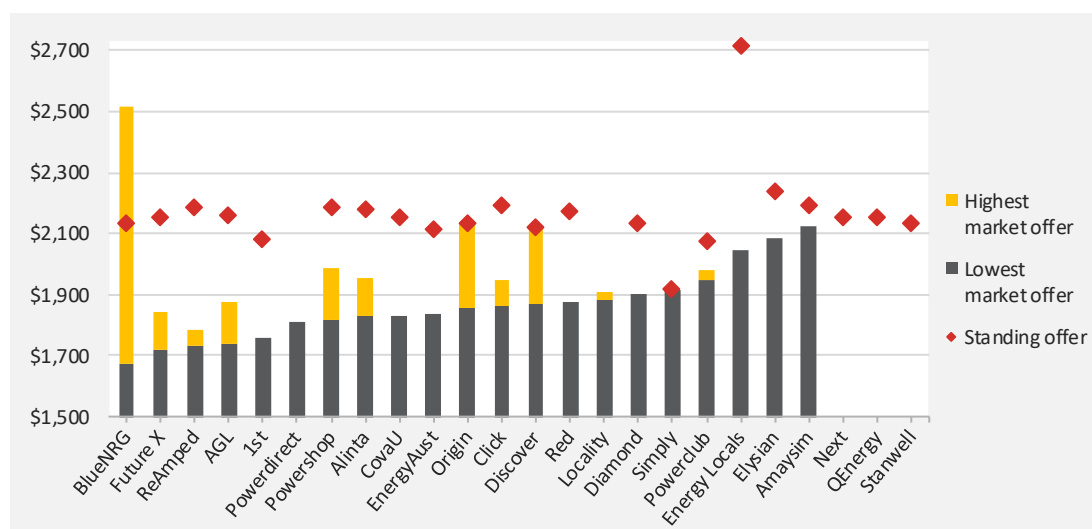
Table 7 Bills for a typical small business flat rate customer, June quarter 2020

Retailer	Standing offer (\$)	Average market offer (\$)	Lowest market offer (\$)	Highest market offer (\$)
1st Energy	2,079	1,762	1,762	1,762
AGL	2,158	1,808	1,738	1,878
Alinta Energy	2,179	1,890	1,828	1,951
Amaysim Energy	2,192	2,125	2,125	2,125
Blue NRG	2,135	2,004	1,670	2,516
Click Energy	2,192	1,906	1,861	1,951
CovaU	2,153	1,830	1,830	1,830

Retailer	Standing offer (\$)	Average market offer (\$)	Lowest market offer (\$)	Highest market offer (\$)
Diamond Energy	2,133	1,904	1,904	1,904
Discover Energy	2,119	1,982	1,872	2,119
Elysian Energy	2,240	2,087	2,087	2,087
Energy Locals	2,716	2,044	2,044	2,044
EnergyAustralia	2,113	1,839	1,839	1,839
Future X Power	2,153	1,797	1,722	1,843
Locality Planning Energy	—	1,896	1,882	1,910
Next Business Energy	2,155	—	—	—
Origin Energy	2,133	2,009	1,856	2,133
Powerclub	2,077	1,964	1,950	1,978
Powerdirect	—	1,813	1,813	1,813
Powershop	2,184	1,901	1,816	1,986
QEnergy	2,151	—	—	—
ReAmped Energy	2,188	1,765	1,730	1,782
Red Energy	2,173	1,874	1,874	1,874
Simply Energy	1,917	1,917	1,917	1,917
Stanwell Energy	2,135	—	—	—
Simple average	2,167	1,910	1,863	1,964

Note: A dash (—) means the retailer did not have a small business flat rate standing or market offer in this quarter.
Sources: Energy Made Easy; QCA analysis.

Figure 10 Bills for a typical small business flat rate customer, June quarter 2020



Note: Retailers are sorted by their lowest market offer bill (in ascending order). Locality Planning Energy and Powerdirect did not have a standing offer, and Next Business Energy, QEnergy and Stanwell Energy did not have a generally available market offer for this tariff in this quarter.

Sources: Energy Made Easy; QCA analysis.

QCA assessment

June quarter 2020

The table and graph above show that, in the June quarter of 2020, for a typical SEQ customer on a small business flat rate tariff:

- standing offer bills ranged from \$1,917 (Simply Energy — Qld Business Standing Offer) to \$2,716 (Energy Locals — Small Business Anytime standing offer)
- market offer bills ranged from \$1,670 (Blue NRG — Blue Saver Qld (General Usage — 8500)) to \$2,516 (Blue NRG — Blue Essential Qld (General Usage — 8500)).

We note that Blue NRG's Blue Saver Qld (General Usage – 8500) offers, which resulted in the lowest market offer bills in the June quarter of 2020, had no conditional discounts or financial incentives attached.

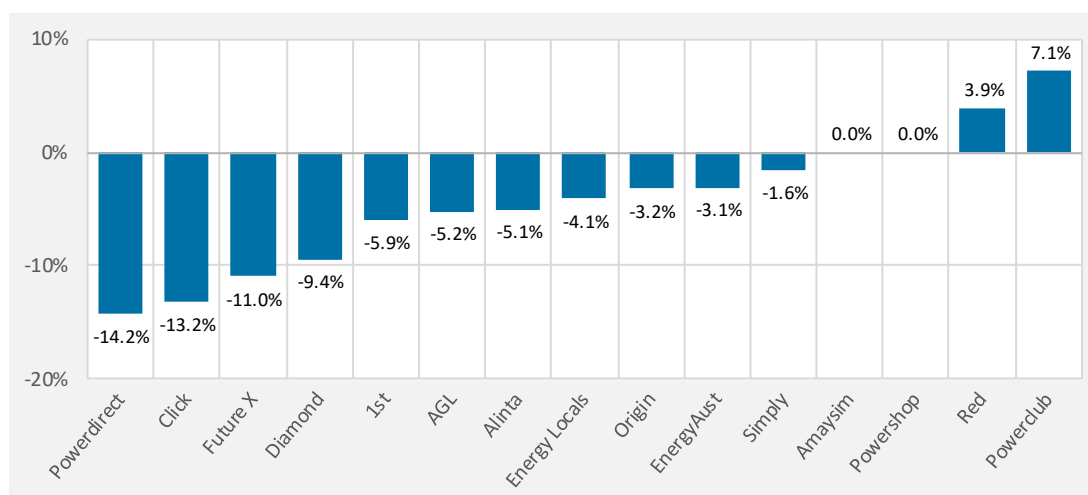
Change from June quarter 2019 to June quarter 2020

In the June quarter of 2020, 21 retailers had at least one small business flat rate market offer available—4 more than in the June quarter of 2019.⁵⁰

Red Energy had the lowest market offer bills in SEQ in the June quarter of 2019 (\$1,803).⁵¹ The lowest market offer bills in the June quarter of 2020 (\$1,670) were 7.4% (\$133) cheaper than the lowest market offer bills in the June quarter of 2019.⁵²

The graph below shows the percentage change in each retailer's lowest small business flat rate market offer bill from the June quarter of 2019 to the June quarter of 2020. It shows that most retailers had at least one market offer in the June quarter of 2020 that was cheaper—for the typical SEQ customer—than their cheapest market offer in the June quarter of 2019.

Figure 11 Change in retailers' lowest market offer bill for small business flat rate customers, June quarter 2019 to June quarter 2020



Note: Blue NRG, CovaU, Discover Energy, Elysian Energy, Locality Planning Energy and ReAmped Energy did not have any market offers in the June quarter of 2019, and Next Business Energy and QEnergy did not have any market offers in the June quarter of 2020. Percentages are rounded to one decimal place.
Sources: Energy Made Easy; QCA analysis.

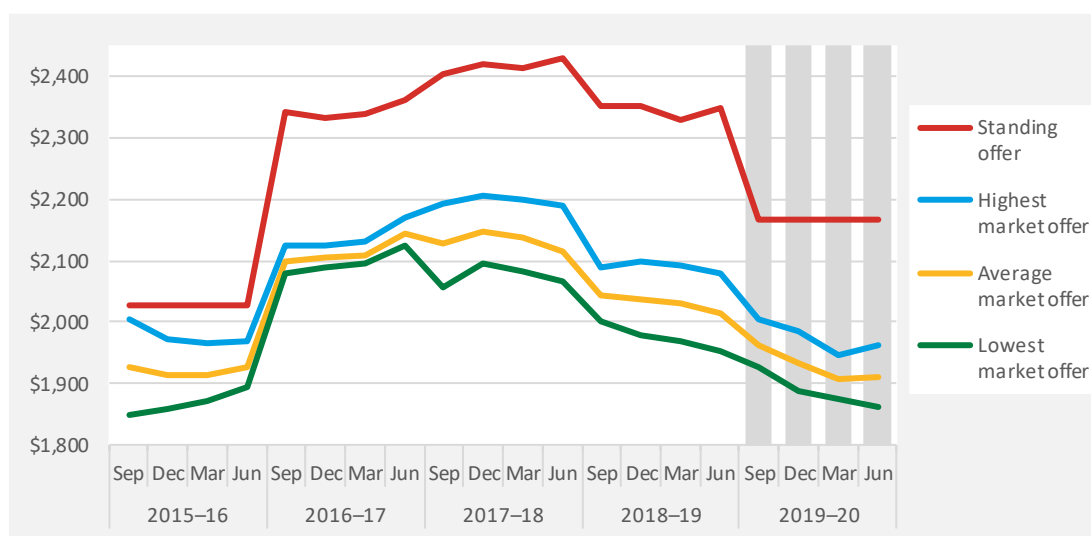
Longer-term trends

The graph below shows the trend in small business flat rate standing and generally available market offer bills between 2015–16 and 2019–20.

⁵⁰ QCA 2019c, page 18. Compared to two years ago, there were 5 more retailers with at least one small business flat rate market offer—in the June quarter of 2018 there were 16 such retailers (QCA 2019b, page 34).

⁵¹ In our 2018–19 report, we stated the bill value of Red Energy's Red Easy and Qantas Red Easy offers in the June quarter of 2019 as \$1,838 (QCA 2019c, page 19). For this report, we have recalculated the bill value with the consumption level in table 2.

⁵² Blue NRG's Blue Saver Qld (General Usage – 8500) offers in the March and June quarters of 2020 resulted in the lowest market offer bills in 2019–20 (\$1,670).

Figure 12 Average bills for a typical small business flat rate customer, 2015–16 to 2019–20

Note: Annual bill for each quarter, based on median consumption of small business flat rate customers (table 2). See appendix C for tables showing bill values.

Sources: Energy Made Easy; QCA analysis.

The graph shows that the average market offer bill—for the typical SEQ customer—trended downwards following Alinta Energy's entry into the SEQ market in August 2017. This downward trend continued in 2019–20, although we saw an increase in the average highest market offer bill in the last quarter of 2019–20. In the June quarter of 2020, compared to one year earlier (June quarter of 2019):

- the average lowest market offer bill was 4.6% lower
- the average highest market offer bill was 5.5% lower.

The average standing offer bill—for the typical SEQ customer—showed a marked upward trend in 2016–17 and 2017–18. In 2018–19, we observed a decrease in the average standing offer bill, and—following the introduction of the DMO on 1 July 2019—another significant decline in the September quarter of 2019 (–7.7%). For the remainder of 2019–20, the average standing offer bill remained nearly unchanged. In the June quarter of 2020, the average standing offer bill was 7.7% lower compared to one year earlier (June quarter of 2019).

2.7 Small business time of use offers

QCA comparison

In the June quarter of 2020, 23 retailers had small business time of use offers on Energy Made Easy—and of these retailers, 19 had a standing offer and 21 had at least one market offer.

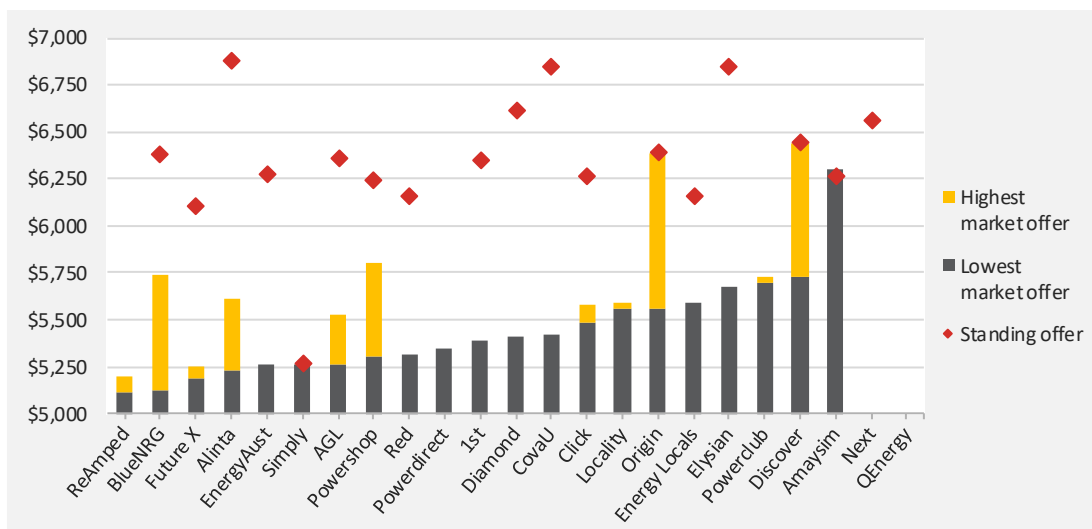
Table 8 Bills for a typical small business time of use customer, June quarter 2020

Retailer	Standing offer (\$)	Average market offer (\$)	Lowest market offer (\$)	Highest market offer (\$)
1st Energy	6,352	5,392	5,392	5,392
AGL	6,359	5,398	5,265	5,531
Alinta Energy	6,878	5,421	5,231	5,611
Amaysim Energy	6,267	6,299	6,299	6,299
Blue NRG	6,378	5,447	5,124	5,734
Click Energy	6,267	5,532	5,487	5,577
CovaU	6,852	5,424	5,424	5,424

Retailer	Standing offer (\$)	Average market offer (\$)	Lowest market offer (\$)	Highest market offer (\$)
Diamond Energy	6,620	5,405	5,405	5,405
Discover Energy	6,445	6,010	5,733	6,445
Elysian Energy	6,850	5,676	5,676	5,676
Energy Locals	6,162	5,594	5,594	5,594
EnergyAustralia	6,278	5,258	5,258	5,258
Future X Power	6,106	5,221	5,190	5,252
Locality Planning Energy	—	5,572	5,558	5,586
Next Business Energy	6,557	—	—	—
Origin Energy	6,392	5,998	5,561	6,392
Powerclub	—	5,714	5,700	5,727
Powerdirect	—	5,342	5,342	5,342
Powershop	6,244	5,557	5,307	5,806
QEnergy	8,944	—	—	—
ReAmped Energy	—	5,169	5,114	5,196
Red Energy	6,163	5,314	5,314	5,314
Simply Energy	5,265	5,265	5,265	5,265
Simple average	6,494	5,524	5,440	5,611

Note: A dash (—) means the retailer did not have a small business time of use standing or market offer in this quarter.
Sources: Energy Made Easy; QCA analysis.

Figure 13 Bills for a typical small business time of use customer, June quarter 2020



Note: Retailers are sorted by their lowest market offer bill (in ascending order). QEnergy's standing offer bill (\$8,944) is above the range of other standing offer bills and not included in this graph to make comparisons between the other bills easier. Locality Planning Energy, Powerclub, Powerdirect and ReAmped Energy did not have a small business time of use standing offer, and Next Business Energy and QEnergy did not have a generally available small business time of use market offer in this quarter.

Sources: Energy Made Easy; QCA analysis.

QCA assessment

June quarter 2020

The table and graph above show that, in the June quarter of 2020, for a typical SEQ customer on a small business time of use tariff:

- standing offer bills ranged from \$5,265 (Simply Energy – Qld Business Standing Offer) to \$8,944 (QEnergy – Biz Your Way TOU 8800)

- market offer bills ranged from \$5,114 (ReAmped Energy – ReAmped Business (Time of Use)) to \$6,445 (Discover Energy – Energex Small Business TOU Solar Boost)⁵³.

We note that ReAmped Energy's ReAmped Business (Time of Use) offer, which resulted in the lowest market offer bill in the June quarter of 2020, had no conditional discounts or financial incentives attached.

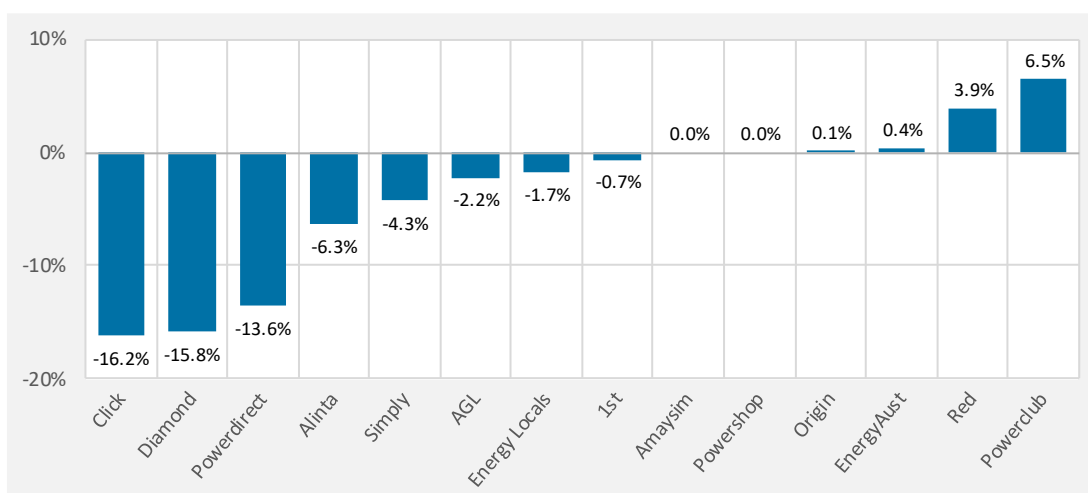
Change from June quarter 2019 to June quarter 2020

In the June quarter of 2020, 21 retailers had at least one small business time of use market offer available—5 more than in the June quarter of 2019.⁵⁴

Red Energy had the lowest market offer bills in SEQ in the June quarter of 2019 (\$5,115).⁵⁵ The lowest market offer bill in the June quarter of 2020 (\$5,114) was 0.03% (\$1) cheaper than the lowest market offer bill in the June quarter of 2019.⁵⁶

The graph below shows the percentage change in each retailer's lowest market offer bill for customers on small business time of use offers from the June quarter of 2019 to the June quarter of 2020. It shows that many retailers had at least one market offer in the June quarter of 2020 that was cheaper—for the typical SEQ customer—than their cheapest market offer in the June quarter of 2019.

Figure 14 Change in retailers' lowest market offer bill for small business time of use customers, June quarter 2019 to June quarter 2020



Note: Blue NRG, CovaU, Discover Energy, Elysian Energy, Future X Power, Locality Planning Energy and ReAmped Energy did not have any market offers in the June quarter of 2019, and Next Business Energy and QEnergy did not have any market offers in the June quarter of 2020. Percentages are rounded to one decimal place.

Sources: Energy Made Easy; QCA analysis.

Longer-term trends

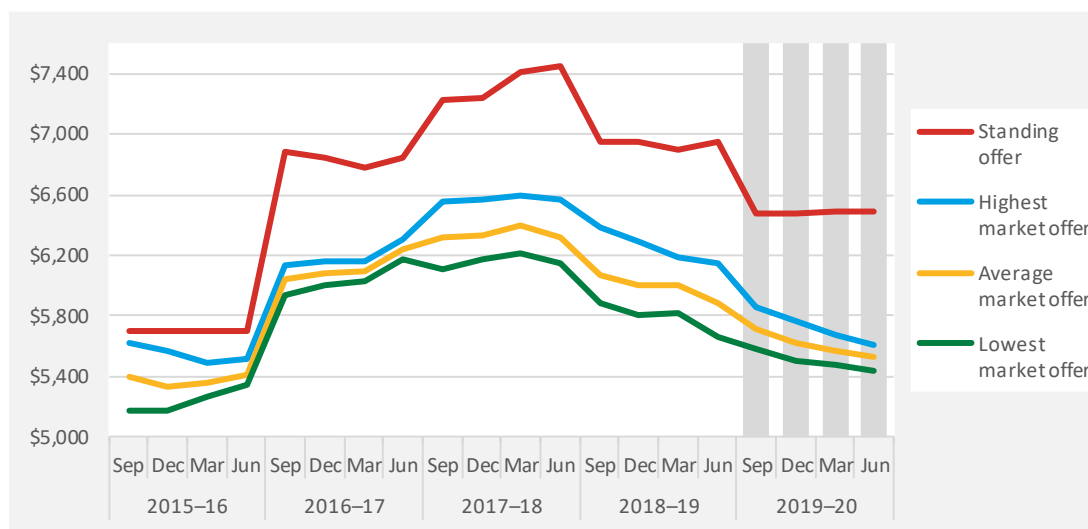
The graph below shows the trend in small business time of use standing and generally available market offer bills between 2015–16 and 2019–20.

⁵³ The most expensive non-solar offer was Origin Energy's Origin Business Basic offer (\$6,392).

⁵⁴ QCA 2019c, page 22. Compared to two years ago, there were 5 more retailers with at least one small business time of use market offer—in the June quarter of 2018 there were 16 retailers (QCA 2019b, page 41).

⁵⁵ In our 2018–19 report, we stated the bill value of Red Energy's Red Easy and Qantas Red Easy offers in the June quarter of 2019 as \$4,949 (QCA 2019c, page 23). For this report, we have recalculated the bill value with the consumption level in table 2.

⁵⁶ ReAmped Energy's ReAmped Business (Time of Use) offer in the June quarter of 2020 resulted in the lowest market offer bill in 2019–20 (\$5,114).

Figure 15 Average bills for a typical small business time of use customer, 2015–16 to 2019–20

Note: Annual bill for each quarter, based on median consumption of small business time of use customers (table 2). See appendix C for tables showing bill values.

Sources: Energy Made Easy; QCA analysis.

The graph shows that the average market offer bill—for the typical SEQ customer—trended downwards from the June quarter of 2018, and this downward trend continued in 2019–20. In the June quarter of 2020, compared to one year earlier (June quarter of 2019):

- the average lowest market offer bill was 3.9% lower
- the average highest market offer bill was 8.6% lower.

The average standing offer bill—for the typical SEQ customer—showed a marked trend upwards in 2016–17 and 2017–18. In the September quarter of 2018, we observed a decrease in the average standing offer bill, and another significant decline in the September quarter of 2019 (–6.7%). After a marginal further decrease in the December quarter of 2019, the average standing offer bill increased again slightly in the March quarter of 2020. In the June quarter of 2020, the average standing offer bill was 6.5% lower compared to one year earlier (June quarter of 2019).

2.8 General observations

In addition to the assessments for each tariff and tariff combination individually in sections 2.3 to 2.7, some observations apply to all the tariffs and tariff combinations we cover in this report:

- Average standing offer bills increased markedly from the beginning of 2015–16 to the end of 2017–18. In the September quarter of 2019, average residential standing offer bills decreased slightly, while average small business standing offer bills decreased substantially. We note, however, that there was a slight increase in both residential and small business standing offer bills in the June quarter of 2019, ahead of the introduction of the DMO.
- Following the introduction of the DMO, average residential and small business standing offer bills decreased significantly in the September quarter of 2019 (between 6.7% and 12.3%). During the remainder of 2019–20, average standing offer bills remained largely unchanged.
- Standing offer bills continued to be more expensive than market offer bills in 2019–20, which was also the case from 2015–16 to 2018–19.
- Average market offer bills decreased significantly in 2019–20. For each of the tariffs and tariff combinations in this chapter, we note that the average highest market offer bill

decreased more than the average lowest market offer bill from the June quarter of 2019 to the June quarter of 2020:

- the average lowest market offer bill decreased between 1.8% and 4.9%
- the average highest market offer bill decreased between 4.9% and 8.6%.
- Although retailers do not have identical costs, and adopt different pricing strategies, it is reasonable to assume that decreases to wholesale and network costs, passed on to customers in a competitive market, contributed to the decrease in average bills.⁵⁷
- The average of bills based on retailers' lowest market offers decreased from the June quarter of 2019 to the June quarter of 2020. Most retailers had at least one market offer in the June quarter of 2020 that was cheaper than their cheapest market offer in the June quarter of 2019.

2.9 Distribution non-network charges

Retailers' offers available on Energy Made Easy in 2019–20 generally included some distribution non-network charges. The AER's retail pricing information guidelines list reconnection and disconnection fees as 'key fees', which must be specified by retailers on Energy Made Easy.⁵⁸ While distribution non-network charges are payable by customers, there is no 'typical' liability for these fees as they are only charged when reconnection and disconnection services are provided. As they are not charged on a regular basis—unlike supply and usage charges—they are not included in our bill calculations. However, we include them separately in this chapter to provide an overview of these charges.

2.9.1 Reconnection fees

The table below summarises the reconnection fees identified on retailers' standing and market offers on Energy Made Easy. As the fees were similar—or even identical—across the tariffs and tariff combinations, and in the four quarters of 2019–20, the table only presents the fees on the residential flat rate and small business flat rate offers in the June quarter of 2020.

Table 9 Reconnection fees—residential and small business flat rate offers, June quarter 2020

<i>Retailer</i>	<i>Residential flat rate offers (\$)</i>	<i>Small business flat rate offers (\$)</i>
AGL	53.05 ^a	53.05 ^a
Alinta Energy	0 ^b	0 ^b
Amaysim Energy	11.58 ^c	11.58 ^c
Blue NRG	—	19.20
Click Energy	11.58 ^c	11.58 ^c
CovaU	91.53 ^d	91.53 ^d
Discover Energy	15.07 ^e	15.07 ^e
Dodo Power & Gas	50.15 ^f	—
Elysian Energy	75.00	75.00
EnergyAustralia	11.58 ^g	11.58 ^g
Locality Planning Energy	50.00 ^h / 13.20 ⁱ	50.00 ^h / 13.20 ⁱ
Origin Energy	11.58 ^j	11.58 ^j
Ovo Energy	0 ^k / 9.25 ^k / 11.58 ^k	—
Powerclub	56.73 ^l	56.73 ^l
Powerdirect	53.05 ^m / 11.58 ⁿ	53.05 ^m / 11.58 ⁿ

⁵⁷ For further analysis of costs and prices, see section 9.4.

⁵⁸ AER 2018a, pages 10–11 (clauses 43–47).

Retailer	Residential flat rate offers (\$)	Small business flat rate offers (\$)
Simply Energy	10.53 ^o	10.53 ^o

- a Fee 'may be charged' when reconnecting in other circumstances, such as after disconnection for non-payment.
- b Alinta Energy included the reconnection fee (described as 'Reconnection fee – Site Visit') with a fee amount of zero but stated that fees 'may vary' for some customers.
- c Amaysim Energy and Click Energy stated that customers would be charged Energex's standard reconnection fee and included the fee amount as \$11.58 and the fee percentage as 0%.
- d The fee was described as 'Reconnection outside normal business hours'. CovaU stated that [the fee] was 'passed through & may vary' and advised customers to contact their distributor to find out the current fee.
- e Fee 'may be charged' when reconnecting or reading a meter when a customer moves into a property or changes retailer. Discover Energy included the fee as a connection fee and stated that fees 'may vary'.
- f Fee 'may apply' each time a request is made for a reconnection after a disconnection for non-payment.
- g Fee 'may apply' when moving into a property and connecting electricity to a property (or reading a meter where applicable). EnergyAustralia stated that the fees 'may vary' and referred to the additional fee information for details. However, EnergyAustralia did not state where customers could find this additional fee information.
- h Fee 'may be charged' when reconnecting in other circumstances, such as after disconnection for non-payment. Locality Planning Energy stated that these fees 'may vary'.
- i Fee 'may be charged' when reconnecting or reading a meter when a customer moves into a property or changes retailer. Locality Planning Energy included the fee as a connection fee and stated that fees 'may vary'.
- j Fee 'may apply' when a property is reconnected (including when a customer moves). Origin Energy stated that the fee 'may vary'. Origin Energy included this fee as a connection fee for two of its residential flat rate offers, while it included the fee as a reconnection fee for the remaining residential and all small business flat rate offers.
- k Ovo Energy stated that the reconnection fee (described as 'Reconnection fee – Site Visit') 'may vary' for some customers. The lower fee (\$9.23) was attached to one standing and one market offer, each available from 2 to 29 April 2020, while the higher fee (\$11.58) was attached to one standing and one market offer, each available from 29 April to 15 May 2020. Ovo Energy's one standing offer and three market offers that were available from 15 May 2020 did not have any reconnection fees attached.
- l Powerclub only attached a reconnection fee to its market offers, and not to its standing offers.
- m Fee 'may be charged' when reconnecting in other circumstances, such as after disconnection for non-payment. Powerdirect stated that these fees 'may vary'.
- n Fee 'may be charged' when reconnecting or reading a meter when a customer moves into a property or changes retailer. Powerdirect included the fee as a connection fee and stated that fees 'may vary'.
- o Simply Energy described the reconnection fee as 'Reconnection (Normal Hours)'.

Notes: A dash (—) means the retailer did not attach reconnection fees to any of its offers or did not have any residential or small business flat rate offers available in this quarter. 1st Energy, Amber Electric, Diamond Energy, Energy Locals, Future X Power, GloBird Energy, Kogan Energy, Mojo Power, Next Business Energy, Powershop, QEnergy, ReAmped Energy, Red Energy and Stanwell Energy did not attach any reconnection fees to their offers in this quarter. Where a retailer had fees attached, it did not necessarily attach those fees to all the offers in 2019–20. All fees are reported as including GST, except for Elysian Energy, EnergyAustralia, Locality Planning Energy and Powerclub, which did not state whether the fees are GST inclusive.

Source: Energy Made Easy.

QCA assessment

In the June quarter, 15 retailers included reconnection fees in their residential flat rate offers (up from 11 retailers in the June quarter of 2019 and 12 retailers in the June quarter of 2018), and 14 retailers included reconnection fees in their small business flat rate offers (up from 9 retailers in the June quarter of 2019 and 11 retailers in the June quarter of 2018).⁵⁹ The table shows that the reconnection fees identified on residential flat rate and small business flat rate offers that applied, or may have applied, were identical in the June quarter of 2020.

The reconnection fees in the June quarter of 2020 ranged from \$0 to \$91.53. They were higher than the fees in the June quarter of 2019 (\$8.17 to \$78.63) and in the June quarter of 2018 (\$9.98 to \$23.43). CovaU had the highest fees (\$91.53), which applied to reconnections outside normal business hours. We note that Elysian Energy, which had the second-highest fees (\$75), did not state on Energy Made Easy what kind of reconnections this fee applied to.

⁵⁹ QCA 2019c, page 26.

2.9.2 Disconnection fees

The table below summarises the disconnection fees identified on retailers' standing and market offers on Energy Made Easy.⁶⁰ As the fees were similar—or even identical—across the tariffs and tariff combinations, and in the four quarters of 2019–20, the table only presents the fees on the residential flat rate and small business flat rate offers in the June quarter of 2020.

Table 10 Disconnection fees—residential and small business flat rate offers, June quarter 2020

<i>Retailer</i>	<i>Residential flat rate offers (\$)</i>	<i>Small business flat rate offers (\$)</i>
1st Energy	11.58 ^a	11.58 ^a
AGL	11.58 ^b	11.58 ^b
Alinta Energy	0 ^c	0 ^c
Amaysim Energy	9.23 ^d	9.23 ^d
Amber Electric	11.58 ^e	—
Blue NRG	—	370.30 ^f
Click Energy	9.23 ^g	9.23 ^g
CovaU	24.32 ^h	24.32 ^h
Diamond Energy	11.58 ⁱ	11.58 ⁱ
Discover Energy	26.75 ^j	26.75 ^j
Dodo Power & Gas	19.00 ^k	—
Elysian Energy	30.00 ^l	30.00 ^l
Energy Locals	11.58 ^m	11.58 ⁿ
EnergyAustralia	0 ^o	0 ^o
Future X Power	11.58 ^p / 50.00 ^p	11.58 ^p / 50.00 ^p
GloBird Energy	22.00 ^q	—
Locality Planning Energy	13.20 ^r / 50.00 ^s	13.20 ^r / 50.00 ^s
Mojo Power	11.58 ^t	—
Next Business Energy	—	0 ^u
Origin Energy	9.23 ^v	9.23 ^v
Ovo Energy	9.23 ^w / 11.58 ^w	—
Powerclub	24.32 ^x	24.32 ^x
Powerdirect	11.58 ^y	11.58 ^y
ReAmped Energy	11.58 ^z	11.58 ^z / 11.59 ^z
Red Energy	0 ^{aa}	0 ^{aa}
Simply Energy	0 ^{ab}	0 ^{ab}

a 1st Energy stated that a DiscoF fee 'generally applies for move-out requests'.

b AGL stated that a DiscoFMO fee 'may be charged' when disconnecting or reading customers' meter when they move out of a property or change retailer. AGL also stated that a DiscoFNP fee 'may be charged' when disconnecting customers' meter in other circumstances, such as non-payment. AGL stated that fees 'may vary'. Both disconnection fee types were attached to all offers, except for 3 of AGL's 12 residential flat rate offers that did not have a DiscoFNP fee attached.

c Alinta Energy included the DiscoF fee (described as 'Disconnection fee – Site Visit') with a fee amount of zero but stated that fees 'may vary' for some customers.

d Amaysim Energy stated that a DiscoF fee was to be charged when customers move out of their property and that this fee was passed through from the electricity distributor. Amaysim Energy only attached the DiscoF fee to its residential and small business flat rate standing offer, but not to any of its market offers.

e Amber Electric described the DiscoF as the 'Standard Disconnection Fee' and stated that the actual charges passed through from distributors 'may vary'. It advised customers to also refer to its website.

f Blue NRG described the DiscoF fee as a 'Move Out – Disconnection Fee' and stated that fees 'may vary'.

g Click Energy stated that a DiscoF fee was to be charged when customers move out of their property, and that this fee was passed through from the electricity distributor.

h CovaU stated that the DiscoF fee applied when a customer's property is disconnected (e.g. move out) and that it was 'passed through & may vary'. CovaU advised customers to contact their distributor to find out the current fee.

⁶⁰ Retailers could include three different types of disconnection fees on Energy Made Easy—Disconnection fee (DiscoF), Disconnection fee for moving out (DiscoFMO) and Disconnection fee for non-payment (DiscoFNP).

- i Diamond Energy included a DiscoF fee with a fee amount of \$11.58 but stated that the actual charges passed through from the distributor 'may vary'. Diamond Energy advised customers to visit its website for more details. Diamond Energy only attached disconnection fees to its market offers, and not to its standing offers.
- j DiscoFMO Energy stated that a DiscoFMO 'may be charged' for reading customers' meter when they move out of a property or change retailer, and that fees 'may vary'.
- k Dodo Power & Gas stated that a DiscoF fee 'may apply' each time a customer requests to move out of a property.
- l Elysian Energy included both a DiscoFMO fee for moving out and a DiscoFNP fee for non-payment, with a fee amount of \$30 each, and stated that DiscoFNP fees 'may vary, or not be applicable to some customers' and advised customers to contact Elysian Energy for details.
- m Energy Locals attached a DiscoFMO fee to its 2 residential flat rate market offers only (no disconnection fees were attached to its standing offers and its other market offers). It stated for one offer that the actual charges passed through from the distributor 'may vary' and referred customers to its website, while it stated that the fee for the other offer is the 'Standard Disconnection Fee' and that the actual charges 'may vary', advising customers to contact their distributor.
- n Energy Locals attached a DiscoF fee to its small business flat rate market offer only (no disconnection fees were attached to its standing offers). It described it as the 'Standard Disconnection Fee' and stated that the actual charges passed through from the distributor 'may vary', referring customers to its website for more information.
- o EnergyAustralia included a DiscoF fee with a fee amount of zero but stated a disconnection fee 'may apply' when vacating a property and disconnecting electricity to a property (or reading a meter where applicable). EnergyAustralia also stated that fees 'may vary' and referred to the additional fee information for more details. However, EnergyAustralia did not state where customers can find this additional fee information.
- p Future X Power included a DiscoFMO fee, stating that a disconnection fee only applies for move-out requests. The lower fee (\$11.58) was attached to its Standing Offer (Single Rate) available from 24 March 2020, and to its Flexi Saver (Single Rate) offer available from 24 to 25 March 2020, while the higher fee (\$50) was attached to its Flexi Saver (Single Rate) offers available from 26 March 2020. Future X Power's residential and small business flat rate offers had identical offer names and were available during the same times.
- q GloBird Energy included a DiscoFMO fee with a fee amount of \$22 but described it as a 'Min disconnection fee'. GloBird Energy stated that fees 'can vary' for meter type, location or other factors, and referred customers to its website for 'all fees'.
- r Locality Planning Energy included a DiscoFMO fee (\$13.20) on its residential and small business offers and stated that a fee 'may be charged' when disconnecting or reading a meter when a customer moves out of a property or changes retailer. Locality Planning Energy stated that these fees 'may vary'.
- s Locality Planning Energy included a DiscoFNP fee (\$50) on its residential and small business offers and stated that a fee 'may be charged' when disconnecting a meter in other circumstances, such as non-payment. Locality Planning Energy stated that these fees 'may vary'.
- t Mojo Power included a DiscoF fee and stated that a fee 'may be charged' when disconnecting or reading a meter when a customer moves out of a property or changes retailer, and that fees 'may vary'. Mojo Power attached the fee to all of its standing and market offers, except for the SE Legacy Standing Offer.
- u Next Business Energy included a DiscoF fee with a fee amount and fee percentage of zero, but stated that this charge 'may vary' and advised customers to refer to its website or contact Next Business Energy for details to 'confirm this charge and all other charges'.
- v Origin Energy included a DiscoF fee and stated that a fee 'may apply' when a customer's property is disconnected (including when a customer moves), and that the fee 'may vary'. For one residential and one small business market offer, Origin Energy included a fee percentage of zero, along with the fee amount of \$9.23, which was the same for all market and standings offers.
- w Ovo Energy included a DiscoF fee ('Disconnection fee – Site Visit') on 4 of its 8 residential flat rate offers and stated that fees 'may vary' for some customers. The lower fee (\$9.23) was attached to its Basic Standing Offer and its The One Plan offer, both available from 2 to 29 April 2020, while the higher fee (\$11.58) was attached to its Basic Standing Offer and The One Plan offer, both available from 29 April to 15 May 2020. The Basic Standing Offer and The One Plan offers available from 15 May 2020 did not have any disconnection fees attached.
- x Powerclub included a DiscoF fee on its market offers. Its standing offers had no disconnection fees attached.
- y Powerdirect included a DiscoFMO fee and stated that a fee 'may be charged' when disconnecting or reading a meter when a customer moves out of a property or changes retailer. Powerdirect also included a DiscoFNP fee and stated that a fee 'may be charged' when disconnecting a meter in other circumstances, such as non-payment. The fee amount was the same for both fee types, but the retailer stated that fees 'may vary'.
- z ReAmped Energy included a DiscoF fee and described it as a 'Standard Move Out-Read Fee'. The retailer stated that actual charges 'may vary' and referred customers to its website for more information. ReAmped Energy attached a fee of \$11.59 to its three small business flat rate market offers, and a fee of \$11.58 to its three small business flat rate standing offers (same as all of its residential flat rate offers).
- aa Red Energy included a DiscoF fee with a fee amount of zero and stated that a disconnection fee 'generally applies' for any move-out request. The retailer stated that fees 'may vary' and referred to the 'Additional Fee Information' for details. However, Red Energy did not state where customers can find this additional information.
- ab Simply Energy included a DiscoF fee (described as 'Disconnection at meter') with a fee amount of zero.

Notes: A dash (—) means the retailer did not attach disconnection fees to any of its offers or did not have any residential or small business flat rate offers available on Energy Made Easy in this quarter. Kogan Energy, Powershop, QEnergy and Stanwell Energy did not attach any disconnection fees to their offers in this quarter.

Where a retailer had fees attached, it did not necessarily attach those fees to all the offers in 2019–20. All fees are reported as GST inclusive, except for Amber Electric, Diamond Energy, Elysian Energy, Energy Locals, EnergyAustralia, Locality Planning Energy, Next Business Energy and Powerclub, which did not state whether the fees are GST inclusive.

Source: Energy Made Easy.

QCA assessment

We found that 24 retailers included disconnection fees in their residential flat rate offers (up from 15 retailers in the June quarter of 2019 and 7 retailers in the June quarter of 2018), and 21 retailers included disconnection fees in their small business flat rate offers (up from 13 retailers in the June quarter of 2019 and 6 retailers in the June quarter of 2018).

The table shows that the disconnection fees identified on residential flat rate and small business flat rate offers that applied, or may have applied, were identical in the June quarter of 2020. The disconnection fees in the June quarter of 2020 ranged from \$0 to \$370.30. Blue NRG's fee of \$370.30 was coded as a general disconnection fee, but the retailer stated in the description field that it was a move-out disconnection fee and that the fee may vary. While some disconnection fees were included as \$0, the retailers indicated on Energy Made Easy that these fees may vary.

The availability of three different types of disconnection fees on Energy Made Easy allowed retailers to state the fee information more precisely. However, we consider that it may also have added another layer of complexity for customers, as the fee information was not always included consistently or coded to the correct fee type.

2.9.3 Other potential distribution non-network charges

In our previous annual reports, we observed that some retailers included information on their flat rate offers on Energy Made Easy that referred to the potential for distribution non-network charges—other than those listed on Energy Made Easy—to be levied on customers. These observations also apply to generally available market offers in 2019–20. Therefore, we remain of the view that all retailers should clearly identify on Energy Made Easy where customers can obtain information on distribution non-network charges that apply, or may apply, to their offers.

2.9.4 QCA review of schedule 8 of the Electricity Regulation

Finally, the QCA has been directed by the Minister to review the price caps in schedule 8 of the Electricity Regulation, including the caps that apply to reconnection and disconnection fees. The review will also consider meter read fees, which were attached to some retailers' offers in 2019–20 (see sections 4.5.1, 4.6.1 and 4.7.3). More information on this review is available on the QCA website.⁶¹

⁶¹ QCA, [Schedule 8 review \(Electricity Regulation 2006\)](#) web page.

3 DISCOUNTS, SAVINGS AND INCENTIVES

In this chapter, we compare and assess the discounts, savings and incentives attached to retailers' market offers in the June quarter of 2020. We also analyse how recent changes to the ways in which retailers can attach discounts to offers have changed retailers' discounting practices.

Key findings

- (1) Following recent changes to the ways in which retailers can attach discounts to offers, including the introduction of the 'reference price' in the Electricity Retail Code, retailers attached fewer guaranteed, and in particular fewer conditional, discounts to their residential and small business market offers in 2019–20.
- (2) In the June quarter of 2020, 13 of the 26 retailers with residential flat rate market offers attached discounts to their offers, and 10 of the 21 retailers with small business flat rate market offers attached discounts to their offers—a lower proportion of retailers than a year before, in the June quarter of 2019.
- (3) No market offer with any conditional discount(s) attached to it, in the June quarter of 2020, appeared to breach the rule that prevents discounts off inflated energy prices.
- (4) Compared to 2018–19, fewer retailers had conditional discounts attached to their lowest market offers. However, some retailers' cheapest offers had eligibility criteria attached to them such as the offer only being available by signing up via a third party website, being available to new customers only, or requiring customers to be members of a club or scheme such as the RACQ or a Qantas points scheme.
- (5) The changes to the regulation of discounting provide important consumer protections to prevent customers from being worse off after signing up to offers with high headline discounts. However, the meaning and significance of the reference price must now be understood by customers when they assess the value of savings available on discounted offers. We consider that this means it may still be challenging for customers to assess the value of savings available on discounted offers.
- (6) In the June quarter of 2020, only 6 of the 26 retailers with residential flat rate market offers, and 4 of the 21 retailers with small business flat rate market offers, attached financial incentives to their offers. A year before, in the June quarter of 2019, a higher proportion of retailers attached incentives to their market offers.
- (7) Across the four quarters of 2019–20, 5 retailers attached non-financial incentives to their residential flat rate market offers, and only 2 retailers attached non-financial incentives to their small business flat rate market offers.
- (8) Of the 26 retailers with residential flat rate market offers in the June quarter of 2020, only 12 attached GreenPower options to some or all of their offers. And 9 of the 21 retailers with small business flat rate market offers attached GreenPower options to some or all of their offers. More than half of the retailers who entered the SEQ market in 2019–20 with market offers did not attach GreenPower options to their offers.
- (9) Guaranteed and conditional discounts, as well as financial incentives, can significantly lower a customer's electricity bill. However, particularly given some retailers' cheapest offers had eligibility criteria attached to them, customers are advised to check the conditions and eligibility criteria attached to each offer.

3.1 Minister's direction

Section 2(c) of the direction requires the market monitoring report to include a comparison and assessment of the types of discounts and savings generally available to customers in 2019–20. Section 3(b) of the direction requires the report to comment on the prevalence of non-financial incentives in retail electricity offers in SEQ.

3.2 QCA methodology

Retailers can vary their market offers in a number of ways, including through:

- attaching guaranteed and/or conditional discounts of different types and levels
- charging different prices for different offers
- attaching other financial or non-financial incentives.

The types and levels of discounts or incentives attached to a market offer should be an important consideration for customers, as some of these elements can materially affect customers' bills. Customers need to be aware that certain discounts, savings or incentives may be forfeited if some conditions are not met, which will result in a significantly higher bill (see sections 3.7 and 4.8).

We compared and assessed the types of discounts, savings and incentives attached to retailers' generally available market offers using information from Energy Made Easy. From this analysis we could distil:

- the types of guaranteed and conditional discounts and savings attached to retailers' offers
- the types of financial and non-financial incentives attached to retailers' offers
- the GreenPower options attached to retailers' offers.⁶²

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

The type and value (in dollars and percentage terms) of discounts, savings and incentives for each retailer did not vary significantly between the three residential tariffs and tariff combinations, or between the two small business tariffs, that we cover in this report. This chapter therefore only presents the types of discounts and savings attached to residential flat rate offers (section 3.4) and small business flat rate offers (section 3.5). We used the same approach in our market monitoring reports for the three previous years. As retailers attached discounts and incentives only to their market offers in 2019–20, this chapter focuses on market offers.⁶³

Also, as there was no significant variation in discounts across the four quarters of 2019–20, we present data on the discounts offered in the June quarter of 2020 only, which is broadly representative of the discounts offered over the course of 2019–20.⁶⁴ Similarly, there was

⁶² GreenPower is a scheme that enables households and businesses to displace all or part of their electricity usage with certified renewable energy, which is added to the electricity grid on their behalf.

⁶³ The QCA has previously reported on conditional discounts and GreenPower being attached to some standing offers. For instance, in 2017–18, Diamond Energy attached discounts to its residential flat rate standing offers (QCA 2019b, page 68). We understand that Diamond Energy continues to provide discounts to customers on the standing offer(s) it had available up to the end of 2017–18 (Diamond Energy, response to QCA information notice (unpublished)). See section 6.10 for further discussion of discounted standing offers.

⁶⁴ We used the same approach in our 2016–17 and 2018–19 market monitoring reports (QCA 2017a; QCA 2019c). In our 2017–18 market monitoring report (QCA 2019b), we provided data on the discounts offered in each quarter of 2017–18

minimal variation in the GreenPower options over the four quarters, and we therefore also report on those options for the June quarter only.

However, there was some variation in non-financial incentives offered throughout 2019–20; hence we include these incentives for each quarter, not just the June quarter. Moreover, the direction notice requires us to report on the 'prevalence' of non-financial incentives, which lends itself to comparing these incentives for the whole year rather than just one quarter.

In our discussion of the annual bill impacts of conditional discounts (section 3.7), we show how much the typical SEQ customer could have saved if fulfilling all the conditions attached to each retailer's lowest market offer and receiving the full value of discounts. The savings are shown for the June quarter for the residential and small business flat rate tariffs.

3.3 Regulation of discounting

3.3.1 Discounts on inflated energy prices

In May 2018, the AEMC added rule 46B to the NERR to prevent retailers from attaching discounts to a market offer where at least one price is above the equivalent price in a standing offer, and no prices in the market offer are below an equivalent rate in a standing offer. The AEMC reasoned that the rule change would prevent retailers from publishing offers where no customer could be better off under the undiscounted market offer than under the standing offer.⁶⁵

3.3.2 Advertising

As shown in our previous annual market monitoring reports, retailers often attached headline discounts to their market offers, where the discounts were either off usage charges or off the total bill and were either unconditional (guaranteed) or conditional (e.g. paying by direct debit) discounts.⁶⁶

As supply and usage charges generally vary between retailers—and often even between different offers of the same retailer—it can be difficult for consumers to compare offers, given that higher discounts may be attached to offers with higher supply and/or usage charges and some offers have no discounts attached at all. Therefore, an offer with a higher discount—yet with higher supply and usage charges—can lead to a higher bill than an offer with a smaller discount or no discount at all. Moreover, where discounts are conditional upon certain conditions being met (such as paying on time), customers may forfeit such discounts and receive a higher bill than anticipated, particularly if retail fees (such as late payment fees) are added to the bill when the discount is not achieved.

On 1 July 2019, the *Competition and Consumer (Industry Code—Electricity Retail) Regulations 2019* (Cth) (Electricity Retail Regulations) came into force. Part 2 of the Electricity Retail Regulations sets out the Electricity Retail Code of Conduct (Electricity Retail Code), which specifies

due to the significant variation in discounts across the four quarters after Alinta Energy entered the SEQ market in mid-August 2017 with a 25% (pay on time) discount.

⁶⁵ AEMC 2018a, pages ii–iii. See also National Energy Retail Amendment (Preventing discounts on inflated energy rates) Rule 2018 No. 2, schedule 1. We discussed some of the issues surrounding the introduction of the rule in our market monitoring report for 2017–18 (QCA 2019b, page 63). The ACCC has issued infringement notices for alleged misleading claims about discounts available on their energy plans in Victoria (e.g. Dodo Power & Gas) and Victoria and New South Wales (e.g. CovaU)—ACCC, [Dodo Power & Gas and CovaU to refund customers and pay penalties over energy discount claims](#) [media release], 18 July 2019.

⁶⁶ QCA 2019c, pages 28–54.

how prices and discounts must be advertised, published or offered.⁶⁷ The regulation of discounts advertising was recommended by the ACCC in the final report of its retail electricity pricing inquiry of June 2018.⁶⁸ The Electricity Retail Code requires retailers to compare their prices in offers, advertisements and publications with a 'reference price' set by the AER. For each market offer, retailers must present an annual bill for a 'representative customer'—based on the model annual usage set by the AER—that includes all conditional discounts (if any). The difference of this bill to the reference price, which is the annual bill for the default market offer, has to be expressed as a percentage of the reference price to provide a uniform basis for customers to compare market offers.⁶⁹

The Electricity Retail Code does not allow retailers to advertise discount percentages that are not based on the reference price. In the first version of the guide to the code, the ACCC explained that discounts such as 'Save up to 35% on your energy bill' would not be compliant with the code. The guide also indicated that headline discounts that were common before the DMO was introduced, such as 'You can save up to 30% off your usage charges if you pay on time', were no longer allowed to be displayed as the most prominent price-related matter.⁷⁰

However, retailers may still advertise conditional discounts—as long as the conditional discount is not the most conspicuous price-related matter in the advertisement, and the advertisement states the conditions on the conditional discount clearly and conspicuously.⁷¹ In March 2019, the ACCC stated its expectation that the reforms would result in clearer advertising practices that would improve the 'state of competition' and improve outcomes for many customers.⁷²

How to interpret discounts following the recent changes to the way discounts are advertised



Customers need to be aware that the discount percentages that have been presented since 1 July 2019 (e.g. '10% off the reference price' or '10% less than the reference price') need to be interpreted differently to the headline discounts advertised before 1 July 2019.

The percentage difference to the reference price indicates how much a representative customer with the model annual usage set by the AER could save per year compared to the reference price.

Customers also need to understand that discounts off the bill or off usage charges are still calculated and interpreted in the same way as they were before the advertising regulations came into effect. However, potential savings (as a dollar value) are based on the model annual usage of a representative customer. The actual savings of the 'typical SEQ customer' may be different.

3.3.3 Conditional discounts

In February 2019, the Australian Government submitted a request to the AEMC to amend the NERR to reduce 'grossly inflated' conditional discounts.⁷³ The proposed rule aimed to ensure that conditional discounts for both gas and electricity retail offers were no higher than the reasonable

⁶⁷ Electricity Retail Regulations, sections 12–14.

⁶⁸ ACCC 2018, page 266 (recommendation 32).

⁶⁹ Electricity Retail Regulations, sections 12–14; ACCC 2019a, pages 7–23.

⁷⁰ ACCC 2019a, page 12.

⁷¹ Electricity Retail Regulations, sections 14(2)–(3).

⁷² ACCC 2019b, page iv.

⁷³ Taylor 2019.

cost savings a retailer expected to make if a consumer satisfied the conditions attached to the discount.⁷⁴

The ACCC supported the proposed rule, as it considered that limiting conditional discounts to the reasonable savings to the retailer would make offers more comparable and fairer, and prevent consumers from being subject to significant late payment penalties that are not related to the savings to retailers of consumers paying on time.⁷⁵ The AEMC, however, considered that the restrictions on advertising conditional discounts within the Electricity Retail Code may reduce the prevalence of conditional discounting and therefore the materiality of the issue set out in the rule change request.⁷⁶

In February 2020, the AEMC released its final determination on the rule change proposal. The determination amended the NERR to limit the level of conditional discounts and conditional fees in new energy retail contracts. The new rules—rules 46C and 52B—restrict conditional discounts and conditional fees to the 'reasonable costs' a retailer is likely to incur when payment conditions are not met.⁷⁷ The AEMC stated that the intention of the rule was to improve offer comparability and protect consumers from excessive penalties in retail contracts with conditional discounts.⁷⁸

In its draft determination, the AEMC proposed to capture large conditional fees in existing contracts if they were extended or renewed. However, the AEMC's position in the final determination was that the rule should not apply to existing contracts when a benefit period is reset or when an existing contract term is extended or renewed. The AEMC conceded that it was cognisant of the trade-off between the likely detriment of reduced discounts for consumers who meet these discounts against the benefits afforded by stronger safeguards for a smaller number of consumers who often miss conditional discounts.⁷⁹

3.4 Residential flat rate offers

3.4.1 Discounts

Changes following the introduction of the Electricity Retail Code

In the September quarter of 2019—after the introduction of the Electricity Retail Code—retailers attached fewer guaranteed discounts, and in particular fewer conditional discounts, to their residential flat rate market offers than in the June quarter of 2019 (before the code).⁸⁰ Retailers' discounting practices also showed less variety in the September quarter of 2019, as can be seen in the table below.

⁷⁴ Taylor 2019, page 2. The rule change proposal was also intended to support recommendation 33 of the ACCC's retail electricity pricing inquiry that conditional discounts should be no higher than the reasonable savings that a retailer expects it will make if a consumer satisfies the conditions attached to the discount (ACCC 2018, page 269).

⁷⁵ ACCC 2019b, page 27.

⁷⁶ AEMC 2019a, page 87.

⁷⁷ National Energy Retail Amendment (Regulating conditional discounting) Rule 2020 No. 1, schedule 1.

⁷⁸ AEMC 2020a, pages i–ii and 9–10.

⁷⁹ AEMC 2020a, pages 32–33.

⁸⁰ In August 2019, the ACCC observed that since 1 July 2019, there had been 'a significant shift away from the use of conditional discounts' and that where headline discounts were presented, they were lower than before (ACCC 2019c, page 61).

Table 11 Discounts attached to residential flat rate market offers, before and after the introduction of the Electricity Retail Code

Retailer	Guaranteed discounts		Conditional discounts	
	June qtr 2019	September qtr 2019	June qtr 2019	September qtr 2019
1st Energy	—	—	5% off bill; 24% / 28% off usage	5% off bill
AGL	12% / 14% off bill	6% off bill	24% / 27% / 28% off usage	—
Alinta Energy	20% off usage	—	28% off usage	—
Click Energy	—	—	7% / 10% / 27% / 30% off bill	—
Diamond Energy	—	—	3% / 7% off bill	3% / 7% off bill
Discover Energy	n/a	10% / 12% / 15% off usage	n/a	5% off usage
Dodo Power & Gas	—	—	25% off usage	—
Elysian Energy	n/a	—	n/a	5% off usage
EnergyAustralia	26% / 28% off usage	11% off bill	18% / 20% / 24% / 28% off usage	—
Energy Locals	—	—	—	\$84 ^a
Future X Power	—	—	29% off usage	12% off usage
Origin Energy	12% off bill; 4% off usage	1% / 4% / 9% / 10% / 11% / 15% / 16% off bill; 1% off usage	10% off bill; 14% / 16% / 18% / 20% / 22% / 23% / 27% / 28% off usage	—
Powerdirect	—	11% off bill	26% off usage	—
Powershop	—	—	12% / 15% off bill	15% off bill
Red Energy	—	—	10% off bill	10% off bill
Simply Energy	—	—	10% / 15% / 18% / 20% / 21% off usage	—

a Energy Locals attached a 'Free Power Bonus' discount to its Online Saver (Anytime) offer, with customers paying in full by the due date getting a bonus on their next bill (\$84 bonus per year, calculated based on days in the customer's billing period).

Notes: A dash (—) means the retailer did not attach a discount to any of its residential flat rate market offers in the respective quarter; n/a means the retailer did not have any offers published in the June quarter.

Sources: Energy Made Easy; QCA analysis.

Comparing the guaranteed and conditional discounts attached to residential flat rate market offers in the June quarter of 2019 to those in the September quarter 2019, we found:

- The use of conditional discounts decreased. Eight of the retailers that attached conditional discounts to their residential market offers in the June quarter did not do so in the September quarter anymore.
- In total, one more retailer attached guaranteed discounts to its market offers in the September quarter. Discover Energy—a retailer who published offers on Energy Made Easy for SEQ customers in the September quarter for the first time—and Powerdirect had guaranteed discounts attached to their offers for the first time in the September quarter, while Alinta Energy had no more guaranteed discounts attached in the September quarter.
- The variety of discounts—different discount percentages and/or discounts off usage and off the bill—decreased from the June to the September quarter (except for Origin Energy). However, AGL and Energy Locals introduced dollar-based discounts in the September quarter, unlike the usual percentage-based discounts off usage charges or off the total bill.

- Alinta Energy, Click Energy, Dodo Power & Gas and Simply Energy had no guaranteed or conditional discounts attached to any of their market offers in the September quarter. Amaysim Energy, DC Power, Kogan Energy, Locality Planning Energy, Mojo Power, Powerclub, QEnergy and ReAmped Energy had no discounts attached to their residential flat rate market offers in either quarter.

Early in 2019–20, the ACCC and the AER reported on changes to retailers' discounting practices following the introduction of the Electricity Retail Code, and the changes to the NERR.

The ACCC commented in August 2019 that retailers were 'moving away from advertising conditional discounts based on inflated and inconsistent' base prices, 'enabling customers to more easily identify a better deal for their circumstances and gain the benefits of competition'.⁸¹ We agree with the ACCC that, at least in SEQ, retailers moved away from advertising conditional discounts based on inconsistent base prices; however, discounting remains complex and the new requirements in the code have not reduced that complexity (as we discuss in section 3.6).

The ACCC also commented that, while there had been a shift away from the use of conditional discounts, some retailers were instead advertising offers with eligibility criteria.⁸² The ACCC gave the example of Origin Energy advertising certain offers that were available only to customers who signed up online. The ACCC considered that changes by retailers that increased the transparency and certainty of prices that customers are likely to face when signing up to an electricity plan are a positive step. The ACCC also cautioned that retailers should be careful so as to ensure that eligibility criteria are not used in such a way as to breach the conditional discount advertising requirements of section 14 of the Electricity Retail Code.⁸³

Similarly, in September 2019 the AER observed that retailer discounting practices appeared to be undergoing a shift, evidenced by a general trend away from conditional discounts. The AER suggested that a range of factors were likely to have affected retailers' approaches to discounting, including the rule changes about discounts on inflated energy prices and regulating conditional discounting, and the advertising requirements imposed by the Electricity Retail Code.⁸⁴ We agree with the AER that the various regulatory interventions probably all influenced retailers' decisions regarding discounting practices in 2019–20.

Further, we note that the AEMC reported in February 2020 that in the first two months after the DMO was introduced, conditional discounts were no longer the predominant type of market offer, and offers with no discounts attached had become the most common type of market offer across New South Wales, South Australia and SEQ.⁸⁵

Finally, the AER commented in June 2020 that, while the reforms to the regulation of discounting should improve customer engagement, language barriers, cultural issues, disabilities, low levels of literacy in energy markets and status quo bias for customers to stay with the default retailer or energy plan could adversely affect engagement.⁸⁶ We also agree with these observations made by the AER.

⁸¹ ACCC 2019c, page 39.

⁸² The AER recognised, in the notice of final instrument that accompanied its revised retail pricing information guidelines, the potential risk that, unless properly managed, an increase in the number of plans on Energy Made Easy, and in particular plans that have eligibility criteria attached, could result in sub-optimal user experience (AER 2018b, page 31).

⁸³ ACCC 2019c, page 63.

⁸⁴ AER 2019c, page 19.

⁸⁵ AEMC 2020a, page 15.

⁸⁶ AER 2020a, pages 253–254.

Discounts in the June quarter of 2020

Residential flat rate market offers available on Energy Made Easy in the June quarter of 2020 included the following types of discounts and discount combinations, similar to the other quarters of 2019–20:

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

The table below shows the discounts attached to residential flat rate market offers in the June quarter of 2020.

Table 12 Discounts attached to residential flat rate market offers, June quarter 2020

<i>Retailer</i>	<i>Guaranteed</i>	<i>Pay on time</i>	<i>Pay on time and payment/billing methods</i>	<i>Direct debit</i>	<i>Other</i>
1st Energy	—	12% off bill ^a	—	—	—
AGL	17% off bill ^b	—	—	—	—
CovaU	15% off bill ^c	—	—	—	—
Diamond Energy	—	—	7% off bill ^d	3% off bill ^e	—
Discover Energy	10% off usage ^f 15% off usage ^g	—	—	—	—
Elysian Energy	—	5% off usage ^h	—	—	—
Energy Locals	—	\$84/year ⁱ	—	—	—
EnergyAustralia	11% off bill ^j 14% off bill ^k	—	—	—	—
Future X Power	—	19% off usage ^l 20% off usage ^m	—	—	—
GloBird Energy	—	5% off bill ⁿ 7% off bill ^o	1% off bill ^p	—	—
Origin Energy	4% off bill ^q 10% off bill ^r 16% off bill ^s	—	—	—	—
Powerdirect	13% off bill ^t	—	—	—	—
Powershop	—	—	—	—	15% off bill ^u

a 1st Saver (Single Rate) offer (available from 15 April 2020).

b Residential Smart Saver offers (available from 1 June 2020). Discount did not apply to fees and other charges such as demand or green charges.

c Freedom Solar (Residential Energex Single) offer and Freedom (Residential Energex Single) offer (both available from 15 April to 30 June 2020).

d Everyday Renewable Saver offers (available from 15 April 2020). Discount with email invoicing/billing and full payment received by the due date.

e Everyday Renewable Saver offers (available from 15 April 2020). Discount where full payment was made by automated direct debit.

f Energex Residential Single Rate Economy Saver offer (available from 15 April 2020).

g Energex Residential Single Rate Ultimate Offer (available from 15 April to 30 June 2020).

h Elysian Market Residential Simple Plan (QEX) offer (available from 14 April 2020).

i Online Saver (Anytime) offer (available from 16 April 2020). Free power bonus on the next bill when paying in full by the due date. \$84 per year calculated based on the days in the billing period.

j Total Plan Home offers (available from 6 April to 14 May 2020). Discount did not apply to fees and other charges such as late payment fees or GreenPower.

k Total Plan Home offer (available from 14 May to 1 July 2020). Discount did not apply to fees and other charges such as late payment fees or GreenPower.

l Flexi Saver (Single Rate) offer (available from 24 to 25 March 2020).

m Flexi Saver (Single Rate) offers (available from 26 March 2020). On the Flexi Saver (Single Rate) offer available from 26 March to 5 May 2020, the discount was described as a discount off usage charges, but the discount method was coded as a discount off the total bill.

n GloSave Flat Rate Without CTL Load (Energex) offer (available from 21 to 24 April 2020).

o GloSave Flat Rate Without CTL Load (Energex) offers (available from 24 April 2020).

p GloSave Flat Rate Without CTL Load (Energex) offers (available from 21 April 2020). Discount when bill was paid on time by direct debit.

q Origin Freedom offer (available from 15 April 2020).

r Origin Flexi offer and Origin Flexi (Supply Nation) offer (both available from 15 April 2020).

s Origin Flexi (One Big Switch) offer, Origin Flexi (9 Saver) offer, Origin Max Saver (CIMET) offer, Origin Max Saver (iSelect) offer, Origin Max Saver (Energy Watch) offer, Origin Max Saver (Electricity Wizard) offer, Origin Max Saver (Compare & Connect) offer and Origin Max Saver (Online Special) offer (all available from 15 April 2020) and Origin Flexi (Fifty Up) offer (available from 18 May 2020).

t Powerdirect Residential Discount Saver offer (available from 15 April 2020). Discount did not apply to fees and other charges such as demand or green charges.

u Shopper Market Offer (available from 16 April 2020). The 'Mega Pack' gave access to up to a 15% discount if the Powershop specials were purchased.

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

Sources: Energy Made Easy; QCA analysis.

QCA assessment

General observations

In the June quarter of 2020, 13 of the 26 retailers with residential flat rate market offers available attached guaranteed and/or conditional discounts to at least one of their offers. In the June quarter of 2019, a higher proportion of retailers (13 out of 21) with residential flat rate market offers available attached discounts to at least one of their offers.⁸⁷

Of the 7 retailers that entered the SEQ market in 2019–20 with residential flat rate market offers, 4 (CovaU, Discover Energy, Elysian Energy and GloBird Energy) attached discounts to their residential flat rate market offers in the June quarter of 2020.

The types and levels of discounts were similar in the September quarter of 2019 and in the June quarter 2020, but discount percentages tended to increase slightly over the year.

No market offer with any discount(s) attached in the June quarter of 2020 appeared to breach the rule that relates to discounts on inflated energy prices.

Guaranteed discounts

Guaranteed discounts were the most common form of discounts in 2019–20. Six retailers attached guaranteed discounts to at least one of their offers, with discounts:

- off usage charges ranging from 10% (Discover Energy – Energex Residential Single Rate Economy Saver) to 15% (Discover Energy – Energex Residential Single Rate Ultimate Offer)
- off the total bill ranging from 4% (Origin Energy) to 17% (AGL).

The range of discounts off usage charges was significantly wider in the June quarter of 2019 (4 to 28%), while the range of discounts off the total bill was narrower in the June quarter of 2019 (12 to 14%).⁸⁸

We also note that a few offers with guaranteed discounts had eligibility criteria attached to them that were very similar to typical requirements for conditional discounts:

⁸⁷ QCA 2019c, page 33.

⁸⁸ QCA 2019c, page 33.

- Discover Energy's Energex Residential Single Rate Ultimate Offer, which included a guaranteed 15% discount off usage charges, included eligibility criteria stating that the offer was only available to new customers who signed up online, and that bill payment could only be made by debit or credit card payment.
- Some of Origin Energy's offers available via third party websites included a guaranteed 16% discount off the total bill if the customer set up a direct debit and received bills and letters by email.⁸⁹

The definitions of guaranteed and conditional discounts, and retailers' obligations regarding the inclusion of eligibility criteria on offers, are outlined in the AER's retail pricing information guidelines. The guidelines distinguish between guaranteed and conditional discounts as follows:

- A guaranteed discount is any discount that does not require a particular action or behaviour on the part of the customer.⁹⁰
- Conditional discounts are discounts that only apply if a customer satisfies certain requirements or conditions; examples include pay on time and direct debit discounts.⁹¹

Eligibility criteria are specific restrictions that would prevent a customer from accessing a generally available plan—examples include purchasing the plan through a comparison website, purchasing the plan online and being a new customer to the retailer.⁹² Payment methods are not a listed example of eligibility criteria in the guidelines—instead, payment methods are identified as 'additional information' that retailers must provide on their offers.⁹³

We consider that it is in customers' interest to understand and agree to any conditions regarding billing and/or payment methods at the time they sign up to an offer, and then to receive any guaranteed discounts associated with such conditions. This provides more certainty for customers that they will receive the financial benefits they expect to receive at the time they sign up to the plan. In this regard, we agree with the ACCC's comments in its NEM inquiry report of August 2019, outlined above.

We are also of the view that the AER, in its next review of the retail pricing information guidelines, should consider whether changes are necessary to the definitions of guaranteed and conditional discounting, and to the way eligibility criteria can be attached to offers with guaranteed discounts, to ensure customers have access to clear and comparable information on guaranteed discounts when they review offers on Energy Made Easy.

Pay on time discounts

Five retailers attached pay on time discounts to at least one of their offers, with discounts:

- off usage charges ranging from 5% (Elysian Energy) to 20% (Future X Power)
- off the total bill ranging from 5% (GloBird Energy) to 12% (1st Energy).

⁸⁹ Similarly, in our market monitoring report for 2018–19 we noted that (a) Origin Energy's Maximiser and Maximiser (Online Only) offers included guaranteed 16 or 20% discounts off usage charges if customers paid by direct debit and received bills and correspondence via email; and (b) EnergyAustralia's Velocity Anytime Saver offer had a guaranteed 18% discount off usage charges attached if customers paid by direct debit—the offer included eligibility criteria requiring customers to pay bills by direct debit and to receive correspondence and bills via email (QCA 2019c, pages 32 and 132).

⁹⁰ AER 2018a, pages 9 (clause 35).

⁹¹ AER 2018a, pages 9–10 (clause 36).

⁹² AER 2018a, pages 11–12 (clauses 51, 51(c), 51(d) and 51(f)).

⁹³ AER 2018a, page 11 (clause 48(k)).

The range of discounts off usage charges was wider and at a higher level in the June quarter of 2019 (10 to 29%), while the range of discounts off the total bill was narrower, yet at a slightly lower level, in the June quarter of 2019 (5 to 10%).⁹⁴ We note that Energy Locals added a dollar-based discount in the June quarter of 2020—customers received a 'free power bonus' of \$84 per year, based on the days in the billing period, if customers paid in full by the due date.

Direct debit discounts

Only one retailer attached a direct debit discount in the June quarter of 2020. Diamond Energy attached a 3% discount off the total bill on its Everyday Renewable Saver offer. For comparison, in the June quarter of 2019, Diamond Energy attached a 3% direct debit discount off the total bill to two of its residential flat rate market offers, and EnergyAustralia attached an 18% discount off usage charges on one of its offers.⁹⁵

Discount combinations

Diamond Energy attached a 7% discount off the total bill if customers received bills by email and paid on time, and GloBird Energy attached a 1% discount off the total bill if customers paid on time by direct debit.

The range of discounts off the total bill was much wider in the June quarter of 2019 (7 to 30%). In the June quarter of 2020, there were no discount combinations applied to usage charges only, whereas such discount combination these ranged from 16 to 20% in the June quarter of 2019.⁹⁶

Other discounts

Powershop attached (up to) a 15% discount off the total bill to its Shopper Market Offer if customers bought 'specials'; the offer noted that customers could obtain more information on Powershop's website. In the June quarter of 2019, Powershop's discounts off the total bill were 12% or 15%.⁹⁷

⁹⁴ QCA 2019c, page 33.

⁹⁵ QCA 2019c, page 33.

⁹⁶ QCA 2019c, page 33.

⁹⁷ QCA 2019c, page 34.

3.4.2 Financial incentives

The table below shows the financial incentives attached to residential flat rate market offers in the June quarter of 2020, which were similar to those in the other quarters of 2019–20.

Table 13 Financial incentives attached to residential flat rate market offers, June quarter 2020

Retailer	Financial incentives
AGL	<p><i>Sign-up credit:</i> \$25 credit on the first bill (Residential Seniors Plus offer available from 15 April 2020). The offer was only available to customers with a Seniors Card.</p> <p><i>Online sign-up credit:</i> \$75 credit on the first bill when signing up online (Residential Essentials Plus Online offer, Residential Essentials Saver Online offer and Residential Solar Savers Online offer available from 15 April 2020).</p> <p><i>Online sign-up credit:</i> \$100 credit on the first bill when signing up online (Residential Seniors Plus Online offer available from 15 April 2020). The offer was only available to customers with a Seniors Card.</p> <p><i>Bonus credits:</i> \$60 credit every 3 months for 2 years, up to \$480 over 2 years (Electric Vehicle Plan (Residential) offers available from 15 April 2020). The offer was only available to customers who owned an electric vehicle and signed up online.^a</p> <p><i>Bonus credits:</i> \$20 credit every 6 months for 2 years, up to \$80 over 2 years (Residential Essentials Plus offers available from 15 April 2020).^a</p>
Click Energy	<p><i>Sign-up credit:</i> \$90 credit (\$30 on the first bill, \$30 on the second bill and \$30 on the third bill) for new accounts only when signing up with an eligible promocode (Hibiscus offer, Banksia offer and Banksia Solar offer available from 16 April 2020).</p>
Origin Energy	<p><i>Account credit:</i> \$100 credit on the bill after 3 months (Solar Boost (9 Saver) offer and Solar Boost (One Big Switch) offer, available from 15 April 2020, and Solar Boost (Fifty Up) offer, available from 18 May 2020).</p>
Ovo Energy	<p><i>Interest rewards:</i> Ovo Energy will pay 3% interest on credit balances (after all monthly charges are considered), prorated for the number of days since the customer's last bill (The One Plan offers available from 2 April 2020).^b</p> <p><i>Bill credit:</i> \$100 'The Next 500 credit' (applied in 12 monthly instalments of \$8.33 as an offset against the charges on each monthly bill) when signing up online (The One Plan offers available from 29 May 2020).^c</p>
Red Energy	<p><i>Free electricity use period:</i> Between 12 pm and 2 pm on Saturday and Sunday, the electricity usage charges were waived (Red EV Saver offers available from 2 April 2020). The offers were only available to residential customers who signed up online, owned an electric vehicle and were the registered owner of that vehicle, which had to have the same address as the customer's electricity supply address.</p>
Simply Energy	<p><i>Ongoing credit:</i> \$30 credit each anniversary from the supply start date, applied to the account on or before the anniversary (Simply Plus offer available from 15 April 2020).</p> <p><i>First anniversary and ongoing credit:</i> \$130 credit on the first anniversary of the supply start date, applied to the account on or before the anniversary and \$30 credit each anniversary thereafter (Simply Plus \$100 offers available from 15 to 17 April 2020 and from 22 May 2020).</p> <p><i>First anniversary and ongoing credit:</i> \$150 credit on the first anniversary of the supply start date, applied to the account on or before the anniversary and \$50 credit each anniversary thereafter (Simply Choice +\$100 offer available from 15 April 2020).</p> <p><i>First anniversary and ongoing credit:</i> \$160 credit on the first anniversary of the supply start date, applied to the account on or before the anniversary and \$60 credit each anniversary thereafter (Simply RACQ +\$100 offer available from 15 April 2020). The offer was only available to current RACQ members who provided a membership number when signing up.</p>

^a AGL listed the bonus credit as a discount on Energy Made Easy. We consider the bonus credits to be of a similar type as the bill/account credit type financial incentives offered by Click Energy, Origin Energy, Ovo Energy (the Next 500) and Simply Energy. Accordingly, we have included AGL's bonus credits in this table.

^b Ovo Energy also attached a '100% carbon neutral' incentive to each of its One Plan offers, under which it would offset 100% of the carbon footprint from the customer's electricity consumption; while 10% GreenPower was attached to each One Plan offer as an incentive, we consider this to be a term or condition of the offer, not an incentive.⁹⁸

⁹⁸ The definition of incentives in retail offers is set out in AER 2018a (page 10, clauses 38–42).

c *Ovo Energy did not explain on Energy Made Easy what or who 'The Next 500 customers' are. According to its website, the incentive was available to the first 500 customers to sign up to the offer.*⁹⁹

Notes: Where a retailer offered a financial incentive, it did not necessarily attach the incentive to all of its residential flat rate market offers. Retailers reported incentives as being GST inclusive, or we assume them to be GST inclusive.

Source: Energy Made Easy; QCA analysis.

QCA assessment

Only 6 of the 26 retailers who had residential flat rate market offers on Energy Made Easy in the June quarter of 2020 attached financial incentives to at least one of their offers. We also note that only one of the 7 retailers who entered the SEQ market in 2019–19 with residential market offers (Ovo Energy) attached financial incentives to its offers.

When customers analyse the value of a financial incentive, they need to bear in mind that eligibility criteria and terms and conditions may be attached to accessing the incentive—such as forfeiting it if they switch to another retailer, it being available only to new customers or customers signing up via a third party, or it only being available in the first year of the contract.

In general, the type of financial incentives attached to residential offers in the June quarter of 2020 were similar to those available in the June quarter of 2019, with sign-up and bill/account credits being the dominant forms of financial incentive in both quarters.¹⁰⁰ However, some new types of financial incentives were offered in the June quarter of 2020, including Ovo Energy's interest rewards incentive and Red Energy's free electricity use period.

3.4.3 Non-financial incentives

Across the four quarters of 2019–20, the following non-financial incentives were attached to retailers' offers on Energy Made Easy:

- Alinta Energy (Kayo Basic)—customers received complimentary access to Kayo Basic for up to 12 months from redemption date on the Sports Pack Electricity Plan and Sports Pack Electricity Plan + Solar offers, available in the March and June quarters of 2020.¹⁰¹
- Dodo Power & Gas (general incentive)—from time to time, the retailer may provide promotional offers (including one-off payments and/or products) through promotion codes on the Residential Market offers, available throughout 2019–20.
- Origin Energy (Uber Eats)—free delivery on 30 orders via the Uber Eats app for 90 days from activation of the code on the Origin Basic (Uber Eats) offers, available in the March quarter of 2020.
- Red Energy (Qantas points)—bonus Qantas points were available on various market offers throughout 2019–20.
- Simply Energy (movie tickets)—Gold Class and Event Cinema movie tickets were available on the Simply Movies offers, available in the first three quarters of 2019–20.

More detail on each of these non-financial incentives is available in our quarterly market monitoring reports for 2019–20.

⁹⁹ Ovo Energy, [The legal bits](#) web page.

¹⁰⁰ QCA 2019c, pages 36–37.

¹⁰¹ Alinta Energy listed the Kayo Basic incentive as part of the terms and conditions of these offers on Energy Made Easy.

QCA assessment

Only 5 retailers who had residential flat rate market offers on Energy Made Easy in 2019–20 attached non-financial incentives to at least one of their offers. Further, none of the 7 retailers who entered the SEQ market in 2019–20 attached non-financial incentives to their offers.¹⁰²

While non-financial incentives do not reduce a customer's bill, they can still be of value to the customer and influence the selection of an offer. However, retailers' use of incentives can add complexity for customers and make it difficult for customers to review and compare offers. When customers analyse the value of a non-financial incentive, they also need to bear in mind that eligibility criteria and terms and conditions may be attached to accessing the incentive—such as forfeiting it if they switch to another retailer, it being available only to new customers or customers signing up via a third party, or it only being available in the first year of the contract.

The AEMC analysed a range of issues in interviews with a number of retailers conducted between January and March 2020, as part of its retail energy competition review for 2020. The AEMC commented in its final report that a number of retailers had partnered with a range of organisations to provide deals and discounts on movie tickets, groceries, restaurants, fuel, accommodation and white goods. The AEMC added that retailers noted in the interviews that with decreased price dispersion between offers, following the introduction of the DMO and restrictions on advertising practices, it would be more important and relatively easier to attract customers through non-price means.¹⁰³

3.4.4 GreenPower

The table below shows the GreenPower options attached to residential flat rate market offers in the June quarter of 2020, which were similar to the options in the other quarters of 2019–20. These offers generally allowed customers to select a proportion of their electricity usage to be supplied from GreenPower-accredited sources for a fixed price per week or a price per kilowatt hour of usage.

Table 14 GreenPower options attached to residential flat rate market offers, June quarter 2020

<i>Retailer</i>	<i>GreenPower options</i>
AGL	All offers—energy fed into the grid from accredited GreenPower generators equal to: <ul style="list-style-type: none"> • 10% of usage for \$1.10 per week • 20% of usage for \$1.80 per week • 100% of usage for \$0.055 per kilowatt hour
Amber Electric	Only one market offer published: <ul style="list-style-type: none"> • 100% GreenPower for \$0.045 per kilowatt hour^a
Diamond Energy	All offers—energy fed into the grid from accredited GreenPower generators equal to: <ul style="list-style-type: none"> • 20% of usage for \$0.011 per kilowatt hour • 50% of usage for \$0.0275 per kilowatt hour • 100% of usage for \$0.055 per kilowatt hour
Discover Energy	All offers: <ul style="list-style-type: none"> • 10% GreenPower for \$0.0495 x 10% of total usage • 20% GreenPower for \$0.0495 x 20% of total usage • 100% GreenPower for \$0.0495 per kilowatt hour

¹⁰² In our market monitoring report for the June quarter of 2020, we noted that Ovo Energy attached a '100% carbon neutral' incentive to each of its One Plan offers, under which it would offset 100% of the carbon footprint from the customer's electricity consumption. While 10% GreenPower was attached to each One Plan offer as an incentive, we consider this to be a term or condition of the offer, not an incentive under clauses 38–42 of the AER's retail pricing information guidelines.

¹⁰³ AEMC 2020b, pages 24 and 75.

Retailer	GreenPower options
Dodo Power & Gas	Only one market offer published—electricity sourced from GreenPower equal to: <ul style="list-style-type: none"> • 10% of usage for \$0.0099 per kilowatt hour^b • 100% of usage for \$0.099 per kilowatt hour
EnergyAustralia	All offers, except the Ultra Solar Plan offer: <ul style="list-style-type: none"> • 10% PureEnergy for \$0.0495 x 10% of total usage • 20% PureEnergy for \$0.0495 x 20% of total usage • 100% PureEnergy for \$0.0495 per kilowatt hour
Energy Locals	All offers: <ul style="list-style-type: none"> • 10% GreenPower for \$0.004 per kilowatt hour • 50% GreenPower for \$0.02 per kilowatt hour • 100% GreenPower for \$0.039 per kilowatt hour
Origin Energy	All offers—usage matched with electricity from accredited GreenPower sources: <ul style="list-style-type: none"> • 25% of usage for \$1.00 per week • 50% of usage for \$0.023 per kilowatt hour • 100% of usage for \$0.045 per kilowatt hour
Ovo Energy	All offers: <ul style="list-style-type: none"> • 10% GreenPower included as a standard in every market offer (\$0 per kilowatt hour) • 100% of usage for \$0.0495 per kilowatt hour^c
Powerdirect	Only one market offer published—energy fed into the grid from accredited GreenPower generators equal to: <ul style="list-style-type: none"> • 10% of usage for \$0.99 per week • 20% of usage for \$1.98 per week
Powershop	Both offers, with two different structures. Shopper Market Offer: <ul style="list-style-type: none"> • 100% GreenPower for \$0.055 per kilowatt hour—customers could 'purchase as much, or as little, 100% GreenPower' as they liked. Powershop Lite offer: <ul style="list-style-type: none"> • 10% GreenPower for \$0.0055 per kilowatt hour • 25% GreenPower for \$0.01375 per kilowatt hour^d • 50% GreenPower for \$0.0275 per kilowatt hour • 100% GreenPower for \$0.055 per kilowatt hour
Red Energy	All offers: <ul style="list-style-type: none"> • 100% GreenPower for an extra \$0.0583 per kilowatt hour

a Amber Electric included the green charge amount as \$0.04 on Energy Made Easy.

b Dodo Power & Gas included the green charge amount as \$0.0099 on Energy Made Easy but stated the amount in the description field as \$0.099.

c Ovo Energy included the green charge amount attached to its The One Plan offer (available from 2 to 29 April 2020) as \$4.95 per kilowatt hour but stated in the description field that 100% GreenPower was available for 4.95 cents per kWh. For the other offers, the text in the description field was identical to the green charge amount.

d Powershop included the green charge amount as \$0.01375 and stated the charge in the description field as 1.38 cents per kWh.

Notes: Retailers listed GreenPower charges on Energy Made Easy as being GST inclusive, except for Discover Energy, Energy Australia, Origin Energy and Red Energy, which did not indicate if the charges were GST inclusive or not.

Source: Energy Made Easy; QCA analysis.

QCA assessment

Only 12 of the 26 retailers attached GreenPower options to their residential flat rate offers in the June quarter of 2020, compared to 11 of 21 retailers in the June quarter of 2019.¹⁰⁴ We note that 6 retailers—AGL, Diamond Energy, Dodo Power & Gas, EnergyAustralia, Powerdirect and Red Energy—had the same GreenPower options and prices in the June quarter of 2020 as in the June

¹⁰⁴ QCA 2019c, page 40.

quarter of 2019.¹⁰⁵ Of the 7 retailers who entered the SEQ market in 2019–20 with residential market offers, 3 retailers—Amber Electric, Discover Energy and Ovo Energy—attached GreenPower options to their offers.

Compared to the June quarter of 2019, 3 retailers changed their GreenPower options by either lowering prices for GreenPower (Origin Energy and Powershop) or having market offers with and without GreenPower options (Energy Locals). Each retailer that attached GreenPower options to (at least one of) its offers in the June quarter of 2019 also attached GreenPower options to (at least one of) its offers in the June quarter of 2020, except for Click Energy (QEnergy did not have market offers in the June quarter of 2020).

AGL, Discover Energy, EnergyAustralia, Energy Locals and Origin Energy also attached GreenPower options to their residential flat rate standing offers in the June quarter of 2020.

Finally, two-thirds of the retailers with GreenPower options (8 out of 12) stated that their GreenPower charges included GST; the other third (4 out of 12) did not indicate the GST status of their charges.

3.5 Small business flat rate offers

3.5.1 Discounts

Changes following the introduction of the Electricity Retail Code

As with residential flat rate offers, in the September quarter of 2019 (after the introduction of the Electricity Retail Code), retailers attached fewer guaranteed discounts, and in particular fewer conditional discounts, to their small business flat rate market offers than in the June quarter of 2019 (before the code). The variety of retailers' discounting practices also reduced in the September quarter of 2019, as shown in the table below.

Table 15 Discounts attached to small business flat rate market offers, before and after the introduction of the Electricity Retail Code

Retailer	Guaranteed discounts		Conditional discounts	
	June qtr 2019	September qtr 2019	June qtr 2019	September qtr 2019
1st Energy	—	—	5% off bill; 15% off usage	5% off bill
AGL	12% off bill; 18% / 20% off usage	8% off bill	—	—
Alinta Energy	—	—	20% off usage	—
Click Energy	—	—	5% off bill	—
Diamond Energy	—	—	3% / 7% off bill	3% / 7% off bill
Discover Energy	n/a	10% / 15% off usage	n/a	5% off usage
Elysian Energy	n/a	—	n/a	10% off usage
EnergyAustralia	17% / 18% off usage	13% off bill	10% off usage	—
Future X Power	—	—	21% off usage	7% off usage
Next Business Energy	4% off bill	—	4% / 7% off bill	7% off bill

¹⁰⁵ QCA 2019c, pages 39–40.

Retailer	Guaranteed discounts		Conditional discounts	
	June qtr 2019	September qtr 2019	June qtr 2019	September qtr 2019
Origin Energy	11% off bill; 3% / 10% / 15% / 17% / 19% off usage	1% / 12% / 14% off bill; 1% / 13% off usage	—	—
Powerdirect	13% off usage	9% off bill	—	—
Powershop	—	—	12% / 15% off bill	15% off bill
Red Energy	—	—	10% off bill	10% off bill
Simply Energy	10% off usage	—	—	—

Notes: A dash (—) means the retailer did not attach a discount to any of its small business flat rate market offers in the respective quarter; n/a means the retailer did not have any offers published in the June quarter.

Sources: Energy Made Easy; QCA analysis.

Comparing the guaranteed and conditional discounts attached to small business flat rate market offers in the June quarter of 2019 to those attached in the September quarter 2019, we found:

- Fewer retailers changed their discounting behaviour on small business flat rate market offers, compared to residential flat rate market offers, from the June to the September quarter.
- Only three of the retailers that attached conditional discounts to their small business flat rate market offers in the June quarter did not do so anymore in the September quarter.
- One less retailer attached guaranteed discounts to its market offers in the September quarter. Next Business Energy and Simply Energy did not have guaranteed discounts attached to their offers in the September quarter, but Discover Energy—a retailer that published offers for SEQ customers on Energy Made Easy for the first time in the September quarter of 2019—had guaranteed discounts attached.
- The variety of discounts—different discount percentages and/or discounts off usage and off the bill—decreased from the June to the September quarter.
- Alinta Energy, Click Energy and Simply Energy had no discounts attached to any of their market offers in the September quarter of 2019 but had discounts attached in the June quarter of 2019.

We also note that Amaysim Energy, Blue NRG, Energy Locals, Powerclub and QEnergy did not have any discounts attached to their small business flat rate market offers in either quarter.

Discounts in the June quarter of 2020

Small business flat rate market offers available on Energy Made Easy in the June quarter of 2020 included the following types of discounts and discount combinations, similar to the other quarters of 2019–20:

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

The table below shows the discounts attached to small business flat rate market offers in the June quarter of 2020. No retailer attached any discounts to its small business flat rate standing offers in the June quarter of 2020.¹⁰⁶

Table 16 Discounts attached to small business flat rate market offers, June quarter 2020

<i>Retailer</i>	<i>Guaranteed</i>	<i>Pay on time</i>	<i>Pay on time and payment/billing methods</i>	<i>Direct debit</i>	<i>Other</i>
1st Energy	—	15% off bill ^a	—	—	—
CovaU	15% off bill ^{b,c}	—	—	—	—
Diamond Energy	—	—	7% off bill ^d	3% off bill ^e	—
Discover Energy	10% off usage ^f 15% off usage ^g	—	—	—	—
Elysian Energy	—	10% off usage ^h	—	—	—
EnergyAustralia	13% off bill ⁱ	—	—	—	—
Future X Power	—	19% off usage ^j 20% off usage ^k	—	—	—
Origin Energy	12% off bill ^l 13% off bill ^m 13% off usage ⁿ	—	—	—	—
Powerdirect	16% off bill ^o	—	—	—	—
Powershop	—	—	—	—	15% off bill ^p

a 1st Saver (Single Rate) offer (available from 15 April 2020).

b Freedom Solar (Business Energex Single) offer (available from 15 April to 30 June 2020). Discount before solar credit.

c Freedom Solar (Business Energex Single) offer (available from 15 April to 30 June 2020).

d Everyday Renewable Saver offers (available from 15 April 2020). Discount with email invoicing and full payment received by the due date.

e Everyday Renewable Saver offers (available from 15 April 2020). Discount where full payment was made by automated direct debit.

f Energex Small Business Single Rate Economy Saver offer (available from 15 April 2020).

g Energex Small Business Single Rate Ultimate Offer (available from 15 April to 30 June 2020).

h Elysian Market Business Single Plan (QEX) offer (available from 14 April 2020).

i Total Business Plan offer (available from 15 April 2020). Discount did not apply to fees and other charges such as late payment fees or GreenPower.

j Flexi Saver (Single Rate) offer (available from 24 to 25 March 2020).

k Flexi Saver (Single Rate) offers (available from 26 March 2020). On the Flexi Saver (Single Rate) offer available from 26 March to 5 May 2020, the discount was described as a discount off usage charges, but the discount method was listed as being a discount off the total bill.

l Origin Business Flexi offer (available from 15 April 2020).

m Origin Business Flexi (Supply Nation) offer (available from 15 April 2020).

n Origin Business Flexi Usage offer (available from 15 April 2020).

o Business Discount Saver offer (available from 15 April 2020). Discount did not apply to fees and other charges such as demand or green charges.

p Shopper Market Offer (available from 16 April 2020). The 'Mega Pack' gave access to up to a 15% discount if the Powershop specials were purchased.

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

Sources: Energy Made Easy; QCA analysis.

¹⁰⁶ In the June quarter of 2018, Diamond Energy attached discounts to its small business flat rate standing offers, as we noted in our 2017–18 market monitoring report (QCA 2019b, page 84). No retailer attached any discounts to its small business flat rate standing offers in the June quarter of 2019 (QCA 2019c, page 41).

QCA assessment

General observations

In the June quarter of 2020, 10 of the 21 retailers with small business flat rate market offers available attached guaranteed and/or conditional discounts to at least one of their offers. A higher proportion of retailers (13 of 17) with small business flat rate market offers available in the June quarter 2019 attached discounts to at least one of their offers.¹⁰⁷

Of the 4 retailers who entered the SEQ market in 2019–20 with small business flat rate market offers, Blue NRG was the only retailer that did not attach discounts to its small business flat rate market offers.

No market offer with any discount(s) attached in the June quarter of 2020 appeared to breach the rule that relates to discounts on inflated energy prices.

Guaranteed discounts

Guaranteed discounts were the most common form of discounts in 2019–20. Five retailers attached guaranteed discounts to at least one of their offers, with discounts:

- off usage charges ranging from 10% (Discover Energy – Energex Small Business Single Rate Economy Saver) to 15% (Discover Energy – Energex Small Business Single Rate Ultimate Offer)
- off the total bill ranging from 12% (Origin Energy) to 16% (Powerdirect).

The range of guaranteed discounts in the June quarter of 2020 was narrower than in the June quarter of 2019 (3 to 20% off usage, and 4 to 12% off the total bill).¹⁰⁸

We also note that, as with its Energex Residential Single Rate Ultimate Offer, Discover Energy's Energex Small Business Single Rate Ultimate Offer, which included a guaranteed 15% discount off usage charges, included eligibility criteria stating that the offer was only available to new customers who signed up online, and that bill payment could only be made by debit or credit card payment. The eligibility criteria attached to the discount made it similar in nature to a conditional discount.

Pay on time discounts

Three retailers attached pay on time discounts to at least one of their offers, with discounts:

- off usage charges ranging from 10% (Elysian Energy) to 20% (Future X Power)
- off the total bill of 15% (1st Energy).

The range of pay on time discounts off usage charges was slightly narrower than in the June quarter of 2019 (10 to 21%). The range of pay on time discounts off the total bill was greater in the June quarter of 2019 (4 to 10%).¹⁰⁹

Discount combinations

Diamond Energy attached a discount of 7% off the total bill to its Everyday Renewable Saver offers for customers receiving invoices by email and where full payment was received by the due date. We note that there were no discount combinations with discounts off usage charges in the June quarter of 2020; this was also the case in the June quarter of 2019.

¹⁰⁷ QCA 2019c, page 44.

¹⁰⁸ QCA 2019c, page 44.

¹⁰⁹ QCA 2019c, page 44.

Direct debit discount

Diamond Energy was the only retailer to attach a direct debit discount in the June quarter of 2020. The retailer attached a 3% discount off the total bill to its Everyday Renewable Saver offers if full payment was made by automated direct debit. Diamond Energy was also the only retailer to attach direct debit discounts in the June quarter of 2019.

Other discounts

Powershop attached (up to) a 15% discount off the total bill to its Shopper Market Offer if customers bought 'specials'; the offer noted that customers could obtain more information on Powershop's website. In the June quarter of 2019, Powershop's discounts off the total bill were 12% or 15%.¹¹⁰

3.5.2 Financial incentives

The table below shows the financial incentives attached to small business flat rate market offers in the June quarter of 2020, which were similar to those in the other quarters of 2019–20.

Table 17 Financial incentives attached to small business flat rate market offers, June quarter 2020

<i>Retailer</i>	<i>Financial incentives</i>
AGL	<i>Sign-up credit:</i> \$75 credit on the first bill when signing up online or calling AGL and quoting the eligible promocode (Business Essentials Saver (AGL Direct Sign up) offer and Business Essentials (AGL Direct Sign up) offer available from 15 April 2020).
Blue NRG	<i>Make It Cheaper DIFY Sign-up bonus:</i> A one-off credit on the first bill as per the Make It Cheaper (MIC) DIFY sign-up rate that was offered at the time of joining this plan (BLUE MIC (36 General Usage) offer available from 15 April 2020). The offer was only available to 'Make It Cheaper (MIC) DIFY' customers, and the customer tariff type had to match the tariff type code that appeared in the offer name. <i>Price promise:</i> No price increase in the usage charges within 12 months of the transfer date (Blue Essential Qld (General Usage – 8500) offer available from 28 May to 10 June 2020).
Click Energy	<i>Sign-up credit:</i> \$90 credit (\$30 on the first bill, \$30 on the second bill and \$30 on the third bill) for new accounts only when signing up with an eligible promocode (Business Start offer available from 16 April 2020).
Simply Energy	<i>Ongoing credit:</i> \$30 credit each anniversary from the supply start date, applied to the account on or before the anniversary (Business Plus offer available from 15 April 2020).

Notes: Where a retailer offered a financial incentive, it did not necessarily attach the incentive to all of its small business flat rate market offers. Retailers reported incentives as being GST inclusive, or we assume them to be GST inclusive.

Source: Energy Made Easy; QCA analysis.

QCA assessment

Only 4 of the 21 retailers who had small business flat rate market offers on Energy Made Easy in the June quarter of 2020 attached financial incentives to at least one of their offers. We note that only one of the 4 retailers who entered the SEQ market in 2019–19 with market offers for small business customers attached financial incentives to their offers.

When customers analyse the value of a financial incentive, they also need to bear in mind that eligibility criteria and terms and conditions may be attached to accessing the incentive—such as forfeiting it if they switch to another retailer, it being available only to new customers or customers signing up via a third party, or it only being available in the first year of the contract.

¹¹⁰ QCA 2019c, page 42.

In general, the types of financial incentives attached to small business offers in the June quarter of 2020 were similar to those available in the June quarter of 2019, with sign-up and bill/account credits being the dominant forms of financial incentive in both quarters.¹¹¹

3.5.3 Non-financial incentives

Across the four quarters of 2019–20, the only non-financial incentive attached to retailers' offers on Energy Made Easy was bonus Qantas points available on some of Red Energy's and Simply Energy's market offers. More detail on each of these non-financial incentives is available in our quarterly market monitoring reports for 2019–20.

3.5.4 GreenPower

The table below shows the GreenPower options attached to small business flat rate market offers in the June quarter of 2020, which were similar to the options in the other quarters of 2019–20. These offers generally allowed customers to select a proportion of their electricity usage to be supplied from GreenPower-accredited sources for a fixed price per week or a price per kilowatt hour of usage.

Table 18 GreenPower options attached to small business flat rate market offers, June quarter 2020

<i>Retailer</i>	<i>GreenPower options</i>
AGL	All offers—energy fed into the grid from accredited GreenPower generators equal to: <ul style="list-style-type: none"> • 10% of usage for \$0.0055 per kilowatt hour • 20% of usage for \$0.011 per kilowatt hour • 100% of usage for \$0.055 per kilowatt hour
Diamond Energy	All offers—energy fed into the grid from accredited GreenPower generators equal to: <ul style="list-style-type: none"> • 20% of usage for \$0.011 per kilowatt hour • 50% of usage for \$0.0275 per kilowatt hour • 100% of usage for \$0.055 per kilowatt hour
Discover Energy	All offers: <ul style="list-style-type: none"> • 10% for \$0.0495 x 10% of total usage • 20% for \$0.0495 x 20% of total usage • 100% for \$0.0495 per kilowatt hour
EnergyAustralia	Only one market offer published: <ul style="list-style-type: none"> • 10% PureEnergy for \$0.0495 x 10% of total usage • 25% PureEnergy for \$0.0495 x 20% of total usage • 100% PureEnergy for \$0.0495 per kilowatt hour
Energy Locals	One offer: <ul style="list-style-type: none"> • 10% GreenPower for \$0.004 per kilowatt hour • 50% GreenPower for \$0.02 per kilowatt hour • 100% GreenPower for \$0.039 per kilowatt hour
Origin Energy	All offers—usage matched with electricity from accredited GreenPower sources: <ul style="list-style-type: none"> • 25% of usage for \$0.012 per kilowatt hour^a • 50% of usage for \$0.023 per kilowatt hour • 100% of usage for \$0.045 per kilowatt hour
Powerdirect	Only one market offer published—energy fed into the grid from accredited GreenPower generators equal to: <ul style="list-style-type: none"> • 10% of usage for \$0.99 per week • 20% of usage for \$1.98 per week

¹¹¹ QCA 2019c, pages 45–46.

Retailer	GreenPower options
Powershop	<p>Only two market offers published:</p> <p>Shopper Market Offer:</p> <ul style="list-style-type: none"> • 100% GreenPower for \$0.055 per kilowatt hour—Customers could 'purchase as much, or as little, 100% GreenPower' as they liked. <p>Powershop Lite:</p> <ul style="list-style-type: none"> • 10% for \$0.0055 per kilowatt hour • 25% for \$0.01375 per kilowatt hour^b • 50% for \$0.0275 per kilowatt hour • 100% for \$0.055 per kilowatt hour
Red Energy	<p>All offers:</p> <ul style="list-style-type: none"> • 100% GreenPower for an extra \$0.0583 per kilowatt hour

a The description fields of all the offers stated that the price for the 25% option was 1.20 cents. However, Origin Energy included the green charge amount as \$0.01 for three of its market offers, and as \$0.012 for the remaining three of its market offers.

b The description field stated that the price for the 25% option was 1.38 cents. However, Powershop included the green charge amount as \$0.01375.

Note: Retailers listed GreenPower charges on Energy Made Easy as being GST inclusive, except for Discover Energy, Energy Australia, Origin Energy and Red Energy, which did not indicate if the charges were GST inclusive or not. Source: Energy Made Easy; QCA analysis.

QCA assessment

Only 9 of the 21 retailers with small business flat rate market offers available in the June quarter attached GreenPower options to their offers, compared to 9 of 17 retailers in the June quarter of 2019.¹¹² We note that 4 retailers—EnergyAustralia, Diamond Energy, Powerdirect and Red Energy—had the same GreenPower options and prices as in the June quarter of 2019.¹¹³ Of the 4 retailers who entered the SEQ market in 2019–20 with market offers for small business flat rate customers, only one—Discover Energy—attached GreenPower options to its offers.

Compared to the June quarter of 2019, 4 retailers changed their GreenPower options by either lowering prices for GreenPower (Energy Locals, Origin Energy and Powershop) or providing more GreenPower options (AGL). One retailer (QEnergy) that attached GreenPower options in the June quarter of 2019 did not have a market offer in the June quarter of 2020.

AGL, Discover Energy, EnergyAustralia, Energy Locals and Origin Energy attached GreenPower options to their small business flat rate standing offers. Finally, just over half of the retailers with GreenPower options (5 out of 9) stated that their GreenPower charges included GST; the remaining 4 retailers did not indicate the GST status of their charges.

3.6 Complexity of discounting

In our three previous annual market monitoring reports, we made the following observations about retailers' discounting practices:

- In general, retailers clearly stated whether discounts were off the bill or off usage charges.
- The supply and usage charges that discounts were based on differed from retailer to retailer (and often between different offers of the same retailer). This made it difficult and/or time-consuming for customers to determine and compare the value of various discount options.
- When customers decide which discount option would reduce their bill the most, or whether an undiscounted offer would result in the cheapest offer, they need to consider various

¹¹² QCA 2019c, pages 48–49.

¹¹³ QCA 2019c, pages 48–49.

factors, including their current and future consumption levels, how long the discount is available, their willingness and ability to meet discount conditions, the application of any fees if discount conditions are not met, and whether discounts apply to charges before or after solar feed-in tariffs are applied.¹¹⁴

Discounted offers were less prevalent in the SEQ market in 2019–20 than in previous years. We also note a shift from conditional to guaranteed discounts. However, where offers with guaranteed discounts include eligibility criteria relating to payment and billing methods, customers need to understand how the criteria and the discount interact, and potentially compare such offers with more 'traditional' conditional discounts.

Our analysis of offers published on Energy Made Easy in 2019–20 indicates that in most cases retailers continued to clearly state whether discounts applied to the total bill or only to usage charges. Customers still had to consider a range of factors to decide which offer was the cheapest for them. However, recent changes that were implemented with the introduction of the DMO aim to make it easier for customers to compare offers with discounts attached to them.

The Electricity Retail Code, which came into force on 1 July 2019, requires retailers to advertise discount percentages based on the reference price set by the AER, instead of retailers' individual supply and usage charges. The percentage difference to the reference price shows how much a representative customer with the model annual usage could save per year compared to the reference price.

In our view, the changes to the regulation of discounting (outlined in section 3.3) provide important consumer protections to prevent customers from being worse off after signing up to offers with high headline discounts. However, the meaning and significance of the reference price must now be understood by customers when they assess the value of savings available on discounted offers. We consider that this means it may still be challenging for customers to assess the value of savings available on discounted offers.

In June 2020, the ACCC and the AER published research by the Behavioural Insights Team (BIT) on consumers' comprehension of the reference price. The ACCC indicated that the research would inform its enforcement of the Electricity Retail Code, and the AER's revision of the retail pricing information guidelines.¹¹⁵ The research focused on three concepts in the Electricity Retail Code—the *reference price*, the *unconditional percentage discount* and the *lowest possible price*. The first stage of the research, comprising interviews with 15 'energy decision makers', concluded that participants did not understand what the concepts were or what they should be used for. Using the results of the interviews, BIT then conducted an online trial with more than 2,500 participants (including from SEQ) to test whether filling in the 'knowledge gaps' for consumers would increase their understanding of the three concepts. The results of the trial showed that, even after knowledge gaps had been filled to vary the way each concept was described, the accuracy of participants' comprehension of the concepts was well below 100%.¹¹⁶ In our view, the BIT

¹¹⁴ QCA 2017a, page 71; QCA 2019b, page 87; QCA 2019c, pages 49–50. We noted some exceptions to the observation that discounts were clearly stated in terms of what they were based on in our 2018–19 report: (a) AGL published offers with a guaranteed discount off the total bill, but the discount condition text for the offers said that the discount applied only to usage charges, and not to fees and other charges such as supply charges, and (b) Origin Energy published offers with a conditional discount off usage charges, but the discount condition text for the offers said that the discount applied to usage and supply charges, whereas the offer terms and conditions said the discount did not apply to supply (or GreenPower) charges.

¹¹⁵ ACCC, [Electricity Retail Code](#) web page.

¹¹⁶ Behavioural Insights Team 2020, pages 10, 20, 24 and 30.

research demonstrates that customers find it difficult to understand the reference price in the context of analysing the value of discounts.

It is also important to note that the comparison of discounts in retailers' advertisements is based on the model annual usage set by the AER. Customers need to understand that their actual savings will depend on their individual consumption and may therefore substantially deviate from the value of savings suggested by the reference price comparison.

This could be particularly challenging for small business customers because consumption levels for small businesses are more diverse than they are for residential customers.¹¹⁷ In the context of the reference price, this diversity is evidenced by the model annual usage for the small business reference price being 20,000 kilowatt hours per year, but the median consumption in SEQ (in 2018–19) being only 5,937 kilowatt hours. Therefore, as discount percentages are applied to a significantly higher annual consumption, the typical small business flat rate customer in SEQ is likely to get a considerably smaller effective reduction off the total bill if all the discounts are realised.

3.7 Annual bill impact of conditional discounts

The tables and graphs below show how much the typical SEQ customer could have saved if the customer had received all the conditional discounts attached to a retailer's lowest market offer. We present the annual bills before and after conditional discounts, as well as the potential savings, for the most common residential and small business tariffs based on the market offers available on Energy Made Easy in the June quarter, given that no empirical data is available on conditional discounts that SEQ customers have missed in 2019–20.¹¹⁸

3.7.1 Residential flat rate market offers

In the June quarter, 26 retailers had residential flat rate market offers on Energy Made Easy. The table and graph below show the annual bills for a typical customer on each retailer's lowest market offer before and after conditional discounts, and how much the customer could have saved by realising all the conditional discounts attached to the offer.

Table 19 Annual bills for each retailer's lowest residential flat rate market offer—before and after conditional discounts, June quarter 2020

<i>Retailer</i>	<i>Offer name(s)</i>	<i>Bill before conditional discounts (\$)</i>	<i>Bill after conditional discounts (\$)</i>	<i>Saving (\$)</i>
1st Energy	1st Saver (Single Rate)	1,420	1,250	170
AGL	Electric Vehicle Plan (Residential) ¹¹⁹	1,335	1,095	240
Alinta Energy	Home Deal (Single Rate)	1,183	1,183	0
Amaysim Energy	Electricity As You Go ¹²⁰	1,443	1,443	0
Amber Electric	Amber Plan	1,429	1,429	0
Click Energy	Click Hibiscus	1,093	1,093	0
CovaU	Freedom (Residential Energex Single) ¹²¹	1,208	1,208	0
Diamond Energy	Everyday Renewable Saver	1,379	1,241	138

¹¹⁷ We discussed this further under 'small business consumption' in section 2.2.2.

¹¹⁸ The AER also observed a lack of clear data on the actual value of missed conditional discounts (AER 2019b, page 33).

¹¹⁹ To be eligible for AGL's Electric Vehicle Plan (Residential) offer, the customer had to own an electric vehicle and sign up online. The \$240 per annum bonus credit was coded as a conditional discount by AGL.

¹²⁰ Amaysim Energy's Solar As You Go offer resulted in the same market offer bill as its Electricity As You Go offer.

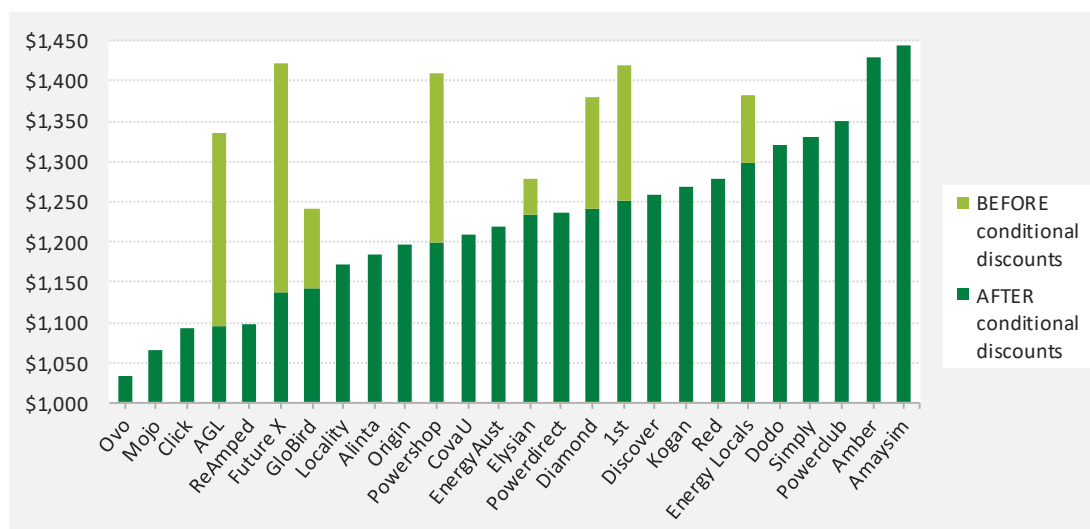
¹²¹ CovaU's Freedom Solar (Residential Energex Single) offer resulted in the same market offer bill as its Freedom (Residential Energex Single) offer.

Retailer	Offer name(s)	Bill before conditional discounts (\$)	Bill after conditional discounts (\$)	Saving (\$)
Discover Energy	Energex Residential Single Rate Ultimate Offer	1,259	1,259	0
Dodo Power & Gas	Residential Market	1,319	1,319	0
Elysian Energy	Elysian Market Residential Simple Plan (QEX)	1,278	1,235	43
Energy Locals	Online Saver (Anytime)	1,382	1,298	84
EnergyAustralia	Total Plan Home	1,219	1,219	0
Future X Power	Flexi Saver (Single Rate)	1,421	1,137	284
GloBird Energy	GloSave Flat Rate Without CTL Load (Energex)	1,241	1,142	99
Kogan Energy	Kogan Energy Market Offer	1,267	1,267	0
Locality Planning Energy	LPE Mates Rate	1,173	1,173	0
Mojo Power	All Day Breakfast	1,065	1,065	0
Origin Energy	Origin Flexi (One Big Switch) Origin Flexi (9 Saver) Origin Flexi (Fifty Up) Origin Max Saver (Online Special) Origin Max Saver (CIMET) Origin Max Saver (iSelect) Origin Max Saver (Energy Watch) Origin Max Saver (Electricity Wizard) Origin Max Saver (Compare & Connect)	1,197	1,197	0
Ovo Energy	The One Plan	1,034	1,034	0
Powerclub	Powerbank Home Flat	1,351	1,351	0
Powerdirect	Powerdirect Residential Discount Saver	1,236	1,236	0
Powershop	Shopper Market Offer	1,410	1,198	212
ReAmped Energy	ReAmped Handshake (Anytime)	1,096	1,096	0
Red Energy	Red EV Saver Qantas Red Saver (Bundled) Qantas Red Saver Living Energy Saver	1,279	1,279	0
Simply Energy	Qld Simply Plus Qld Simply Plus \$100 Qld Simply RACQ +\$100 Qld Simply Choice+\$100	1,331	1,331	0

Notes: Guaranteed discounts and incentives (where applicable) have been applied to all bill calculations in this table. The cheapest market offer bill accounts for all (guaranteed and conditional) discounts and incentives. There may be eligibility criteria attached to retailers' lowest market offers.

Sources: Energy Made Easy; QCA analysis.

Figure 16 Annual bills for each retailer's lowest residential flat rate market offers before and after conditional discounts, June quarter 2020



Notes: Retailers are sorted by their lowest bill after conditional discounts (in ascending order). See table 19 for information on the bill calculations.

Sources: Energy Made Easy; QCA analysis.

QCA assessment

In the June quarter of 2020, only 8 of the 26 retailers with residential flat rate market offers on Energy Made Easy had conditional discounts attached to their lowest market offer. This compares to 11 of 21 retailers in the June quarter of 2019 and 12 of 16 retailers in the June quarter of 2018, demonstrating the general decrease in retailers' use of conditional discounting on their market offers.¹²²

The potential saving when all the conditional discounts were realised ranged from \$43 (or 3.4% off the bill before conditional discounts of Elysian Energy's Elysian Market Residential Simple Plan (QEX) offer) to \$284 (or 20.0% off the bill before conditional discounts of Future X Power's Flexi Saver (Single Rate) offer).

It is also noteworthy that 7 of the 26 retailers had eligibility restrictions attached to their lowest market offer(s):

- AGL's cheapest market offer was only available to customers who owned an electric vehicle and signed up online via AGL's website.
- Amber Electric attached the eligibility restriction to its cheapest market offer that if a customer did not have a smart meter, Amber Electric would install one for no upfront cost.
- CovaU's Freedom Solar (Residential Energex Single) offer was only available to customers who had existing solar panels and who did not receive the government solar feed-in tariff. Its Freedom (Residential Energex Single) offer had no eligibility restrictions attached.
- Discover Energy's cheapest market offer was only available to new customers, if sign-on occurred online, and if the payment method was either direct debit or credit card payment.

¹²² QCA 2019b, page 88; QCA 2019c, page 52.

- Most of Origin Energy's cheapest market offers were only available to customers who signed up via a third party website such as iSelect or Electricity Wizard, and who used the Origin App to set up direct debit, bills and letters by email, monthly bills (for remotely read smart meters) and 'my account'.
- Red Energy's eligibility restrictions varied by offer:
 - its Red EV Saver offers were only available to customers who signed up via Red Energy's website and who were the registered owner of an electric vehicle, which had the same address as the customer's electricity supply address.
 - its Qantas Red Saver (Bundled) offers were only available to new customers who were also Qantas Red business customers who were nominated as a director or authorised person on a Qantas Red business plan, and who were also an account holder on a Qantas Red residential premises.
 - its Qantas Red Saver offers were only available to new customers who were also valid Qantas Frequent Flyer members.
 - its Living Energy Saver offers had no eligibility restrictions attached.
- Simply Energy's Qld Simply RACQ +\$100 offer was only available to current RACQ members who could provide their membership number at the time of sign up. Its other offers that resulted in the same bill had no eligibility restrictions attached.

3.7.2 Small business flat rate market offers

In the June quarter, 21 retailers had small business flat rate market offers on Energy Made Easy. The table and graph below show the annual bills for a typical customer on each retailer's lowest market offer before and after conditional discounts, and how much the customer could have saved by realising all the conditional discounts attached to this offer.

Table 20 Annual bills for each retailer's lowest small business flat rate market offer— before and after conditional discounts, June quarter 2020

<i>Retailer</i>	<i>Offer name(s)</i>	<i>Bill before conditional discounts (\$)</i>	<i>Bill after conditional discounts (\$)</i>	<i>Saving (\$)</i>
1st Energy	1st Saver (Single Rate)	2,073	1,762	311
AGL	Business Essentials Saver (AGL Direct Sign up)	1,738	1,738	0
Alinta Energy	Business Deal (Single Rate)	1,828	1,828	0
Amaysim Energy	Business As You Go	2,125	2,125	0
Blue NRG	Blue Saver Qld (General Usage – 8500)	1,670	1,670	0
Click Energy	Click Business Start	1,861	1,861	0
CovaU	Freedom (Business Energex Single) ¹²³	1,830	1,830	0
Diamond Energy	Everyday Renewable Saver	2,115	1,904	211
Discover Energy	Energex Small Business Single Rate Ultimate Offer	1,872	1,872	0
Elysian Energy	Elysian Market Business Single Plan (QEX)	2,240	2,087	153
Energy Locals	Business Saver (Anytime)	2,044	2,044	0
EnergyAustralia	Total Plan Business	1,839	1,839	0
Future X Power	Flexi Saver (Single Rate)	2,153	1,722	431
Locality Planning Energy	LPE Business Plus	1,882	1,882	0

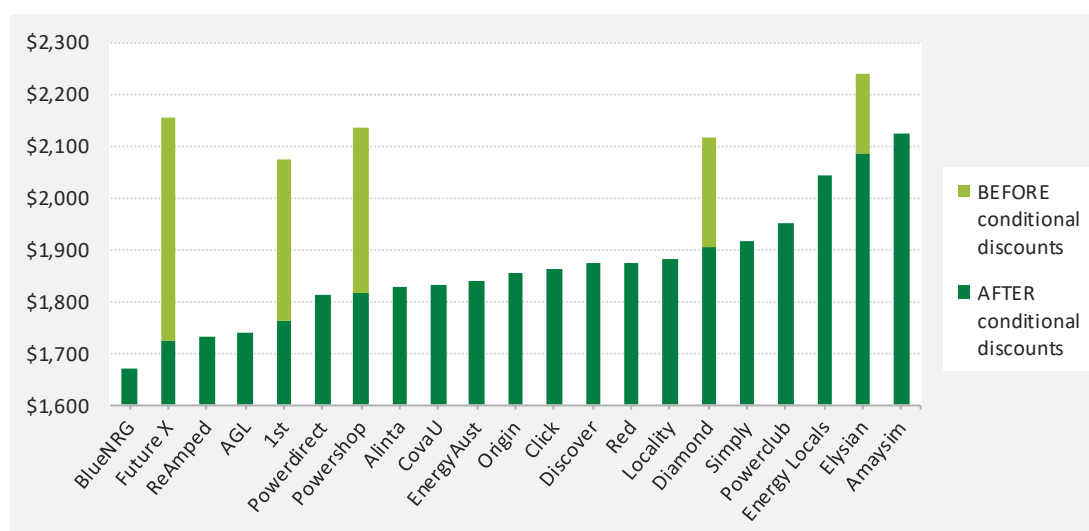
¹²³ CovaU's Freedom Solar (Business Energex Single) offer resulted in the same market offer bill as its Freedom (Business Energex Single) offer.

Retailer	Offer name(s)	Bill before conditional discounts (\$)	Bill after conditional discounts (\$)	Saving (\$)
Origin Energy	Origin Business Flexi (Supply Nation)	1,856	1,856	0
Powerclub	Powerbank Bis Flat	1,950	1,950	0
Powerdirect	Powerdirect Business Discount Saver	1,813	1,813	0
Powershop	Shopper Market Offer	2,136	1,816	320
ReAmped Energy	ReAmped Business (Anytime)	1,730	1,730	0
Red Energy	Qantas Red Business Saver Red Business Saver	1,874	1,874	0
Simply Energy	Qld Business Plus Qld Business Qantas Points	1,917	1,917	0

Notes: Guaranteed discounts and incentives (where applicable) have been applied to all bill calculations in this table. The cheapest market offer bill accounts for all (guaranteed and conditional) discounts and incentives. There may be eligibility criteria attached to retailers' lowest market offers.

Sources: Energy Made Easy; QCA analysis.

Figure 17 Annual bills for each retailer's lowest small business flat rate market offers before and after conditional discounts, June quarter 2020



Notes: Retailers are sorted by their lowest bill after conditional discounts (in ascending order). See table 20 for information on the bill calculations.

Sources: Energy Made Easy; QCA analysis.

QCA assessment

In the June quarter of 2020, 5 of the 21 retailers with small business flat rate market offers on Energy Made Easy had conditional discounts attached to their lowest market offer. This compares to 6 of 17 retailers in the June quarter of 2019 and 9 of 16 retailers in the June quarter of 2018, demonstrating the general decrease in retailers' use of conditional discounting on their market offers.¹²⁴

The potential saving when all the conditional discounts were realised ranged from \$153 (or 7% off the bill before conditional discounts of Elysian Energy's Elysian Market Business Single Plan (QEX) offer) to \$431 (or 20% off the bill before conditional discounts of Future X Power's Flexi Saver (Single Rate) offer).

¹²⁴ QCA 2019b, pages 93–94; QCA 2019c, page 54.

It is also noteworthy that 6 of the 21 retailers had eligibility restrictions attached to their lowest market offer(s):

- AGL's cheapest market offer was only available to customers who signed up with AGL online or called AGL, quoting the eligible promocode.
- Blue NRG's cheapest market offers had the eligibility restriction attached that the customer tariff type had to match the tariff type code that appeared in the offer name.
- CovaU's Freedom Solar (Business Energex Single) offer was only available to customers who had existing solar panels and who did not receive the government solar feed-in tariff. Its Freedom (Business Energex Single) offer had no eligibility restrictions attached.
- Discover Energy's cheapest market offer was only available to new customers, if sign-on occurred online, and if the payment method was either direct debit or credit card payment.
- Red Energy's Qantas Red Business Saver offers were only available to new customers who also had an ABN and a valid Qantas business rewards membership. The ABN on the energy account had to match the ABN registered to the Qantas Business Rewards membership. Red Energy's Red Business Saver offers had no eligibility restrictions attached.
- Simply Energy's Qld Business Qantas Points offer was only available to customers whose business was a Qantas Business Reward Member at the time of entering into the electricity contract. Simply Energy's Qld Business Plus offer had no eligibility restrictions attached.

4 RETAIL FEES

In this chapter, we compare and assess the retail fees attached to retailers' standing and market offers in the June quarter of 2020.

Key findings

- (1) Most retailers that published residential and/or small business flat rate market offers in 2019–20 attached retail fees to at least some of their offers. In the June quarter:
 - (a) Of the 26 retailers with residential flat rate market offers, only Alinta Energy, GloBird Energy, Kogan Energy, Ovo Energy, Powershop and Red Energy did not attach retail fees to any of their offers.
 - (b) Of the 21 retailers with small business flat rate market offers, only Alinta Energy, Blue NRG, Powershop and Red Energy did not attach retail fees to any of their offers.
- (2) The types of retail fees attached to market offers were credit and debit card payment processing fees, other processing fees on payments made by BPay or over the counter at Australia Post, paper bill fees, dishonoured cheque or direct debit fees, late payment fees, membership fees and account establishment fees. Customers should carefully consider the fees attached to market offers in particular as retail fees have the potential to substantially increase their annual bill
- (3) For most fee types attached to market offers, the range of the fees in the June quarter of 2020 was similar as in the June quarter of 2019. Account establishment fees were a new fee charged in 2019–20.
- (4) Under section 22A of the National Energy Retail Law (NERL) retailers are only allowed to attach three types of retail fees to standing offers, whereas various retail fees may be attached to market offers. In the June quarter of 2020, three retailers—AGL, Discover Energy and Mojo Power—attached prohibited fee types to at least one of their standing offers.
- (5) In September 2020 AGL reported to us that it had charged more than 24,000 standing offer customers late payment fees between January 2015 and August 2020. The total value of the breach was over \$783,000. AGL advised that the breach was unintentional and caused by a process error. In early November 2020, AGL began reimbursing customers affected by the breach.
- (6) Similar to previous years, retailers did not always make it clear whether their fees included GST; also, some retailers stated that particular fees included GST, while other retailers did not make clear GST statements. A number of retailers also continued to include fees that 'may' apply on their offers.
- (7) Some retailers included information on their offers referring to the potential for retail fees—other than those listed on Energy Made Easy—to be levied on customers. We consider all retailers should clearly identify on Energy Made Easy where customers can obtain information on additional retail fees that apply, or may apply, to their offers.

4.1 Minister's direction

Section 2(d) of the direction requires the market monitoring report to include a comparison and assessment of retailers' fees and charges relating to the sale of electricity to customers on standard and market retail contracts in 2019–20, including early termination charges.

The requirement for the QCA to report on retail fees attached to standard retail contracts was added to section 2(d) of the direction notice for 2019–20. Although the direction notice for the 2016–17 annual market monitoring report required us to include standing offers in our retail fee analysis, the direction notices for 2017–18 and 2018–19 did not require analysis of retail fees on standing offers.

4.2 QCA methodology

Electricity offers can include various fees levied by retailers. Common examples of retail fees on market offers include payment processing fees, paper bill fees, dishonoured payment fees, membership fees and late payment fees.¹²⁵ Retailers may also pass through to customers certain fees/charges levied by distributors (distribution non-network charges). These include metering charges, connection, disconnection and reconnection fees, special meter reading fees and meter inspection fees.¹²⁶

Our analysis of retailers' fees included on Energy Made Easy showed that the type and value of retail fees and charges of each retailer did not vary significantly across the four quarters of 2019–20, or between the three residential tariffs and tariff combinations, or between the two small business tariffs. Therefore, this chapter only compares and assesses the types of retail fees and charges that were attached to residential flat rate offers (section 4.5) and small business flat rate offers (section 4.6) in the June quarter of 2020. This is the same approach we used in our three previous annual market monitoring reports.

4.3 Restriction on fees attached to standing offers

When the National Energy Customer Framework (NECF) was introduced in Queensland on 1 July 2015, a number of Queensland-specific 'derogations' were added to the framework. One of these derogations is the restriction on standing offer fee types in section 22A of the NERL.¹²⁷

Under section 22A of the NERL, customers on standing offers (in Queensland) can only be charged the following three fee types:

- (1) historical billing data fee for data that is more than two years old, if requested by a customer;
- (2) retailer's administration fee for a dishonoured payment; and
- (3) financial institution fee for a dishonoured payment.¹²⁸

¹²⁵ The *Competition and Consumer Act 2010* (Cth), part IVC, may prevent retailers from levying excessive credit or debit card payment processing fees. For an enforcement example see ACCC, [Europcar to pay \\$350,000 penalty for excessive card payment surcharges](#) [media release], 14 August 2019.

¹²⁶ See section 2.9; Energex 2018; Electricity Regulation, section 226 and schedule 8.

¹²⁷ Section 22A was added to the NERL via section 15 of the schedule to the *National Energy Retail Law (Queensland) Act 2014* (Qld) (NERL Queensland Act). The fee types restriction was initially introduced for two years. In September 2018, the number of years after the removal of price regulation for which the fee types restriction applies was extended from two to four years (see *Electricity and Other Legislation (Batteries and Premium Feed-in Tariff) Amendment Act 2018* (Qld), section 13(4)). Section 165 of the *Mineral and Energy Resources and Other Legislation Amendment Act 2020* (Qld), which was passed in May 2020, removed the time limit on this provision (see also the Mineral and Energy Resources and Other Legislation Amendment Bill 2020 (Qld) explanatory notes, page 83).

¹²⁸ National Energy Retail Law, section 22A; Queensland Government Gazette 2015, vol. 369, no. 36, 18 June, page 190.

The QCA is the regulator for section 22A of the NERL and has, for monitoring, investigating or enforcing section 22A, the same functions and powers the AER has for monitoring, investigating or enforcing other provisions of the NERL.¹²⁹

Origin Energy breach of section 22A

In our market monitoring report for 2018–19, we detailed a breach by Origin Energy of section 22A of the NERL. In January 2019, we identified six Origin Energy standing offers for the SEQ retail electricity market that had a \$12 late payment fee attached. We subsequently asked Origin Energy to advise whether any of its standing offer customers had been charged these late payment fees.



In March 2019, Origin Energy advised that, between December 2011 and August 2018, it had charged a \$12 late payment fee to 456 of its standing offer customers in SEQ, and that the total dollar value of the breach was \$7,860. Origin Energy submitted six monthly remediation reports to us, documenting the number of customers and the total value of funds reimbursed. The reports show that by 12 November 2019 all 197 of Origin Energy's current customers, and 39 of the 259 former customers, had been reimbursed to a total of \$4,260.¹³⁰

4.4 Regulation of conditional fees

As outlined in section 3.3.3, the AEMC added a new rule 52B to the NERR in February 2020 to restrict conditional fees to the 'reasonable costs' a retailer is likely to incur when payment conditions are not met.¹³¹ The AEMC decided not to set, nor require the AER to create, a guideline for reasonable cost levels. Among the reasons for this decision, the AEMC considered that 'reasonable costs' was a 'widely used and understood concept' and suggested that applying a principles-based approach to the rule would provide flexibility to the AER to enforce the rule on a case-by-case basis, and to retailers to comply with the rule.¹³²

4.5 Residential flat rate offers

4.5.1 Market offers

Residential flat rate market offers available on Energy Made Easy in the June quarter of 2020 included the following retail fees:

- credit and debit card payment processing fees
- fees for payments made by BPay or over the counter (at Australia Post)
- dishonoured cheque and direct debit payment fees ('dishonour payment fees')
- paper bill fees
- late payment fees
- membership fees

¹²⁹ *National Energy Retail Law (Queensland) Regulation 2014* (Qld), section 13; NERL Queensland Act, section 17 of the schedule (inserting section 23B to the NERL).

¹³⁰ QCA 2019c, page 127. Prior to the addition of section 22A to the NERL, clause 4.3.15 of the Electricity Industry Code (repealed) prevented retailers from imposing retail fees or charges that were not expressly provided for in notified prices. Versions 3 to 17 of the code are available on the QCA's [Electricity Industry Code](#) web page.

¹³¹ National Energy Retail Amendment (Regulating conditional discounting) Rule 2020 No. 1, schedule 1.

¹³² AEMC 2020a, pages ii, 36 and 39.

- account establishment fees
- meter read fees.

The table below shows the retail fees and charges attached to residential flat rate market offers in the June quarter of 2020.

Table 21 Retail fees attached to residential flat rate market offers, June quarter 2020

Retailer	Card payment processing fees			Other payment processing fees		Dishonour payment fees		Paper bill fees	Late payment fees	Member-ship fees	Account establish-ment fees	Meter read fees
	Credit / debit card –general	Visa / MasterCard	Amex* / Diners Club	BPay	Australia Post over the counter	Cheque	Direct debit					
1st Energy ^a	—	—	—	—	—	\$15.00	\$7.50	—	—	—	—	—
AGL ^b	0.45%	—	—	—	\$2.00	\$6.50	\$2.30	\$1.75	\$12.73	—	—	—
Amaysim Energy ^c	0.60%	—	—	—	—	—	—	—	\$12.00	—	—	—
Amber Electric ^d	1.00%	—	—	—	—	—	\$11.00	—	\$16.00	\$10.00 per month	—	—
Click Energy ^e	0.60%	—	—	—	—	—	—	—	\$12.00	—	—	—
CovaU ^f	0.80% / 0.82%	—	—	—	—	\$9.50	\$9.50	—	\$15.00	—	—	\$9.23
Diamond Energy ^g	—	0.60% ⁱ	—	—	—	\$20.00	\$10.00	—	\$15.00	—	\$22.00	—
Discover Energy ^h	1.00%	—	—	—	—	—	\$9.50	—	—	—	—	—
Dodo Power & Gas ⁱ	—	—	2.89%	\$2.50	\$2.20	—	\$9.50	\$2.20	—	—	—	—
Elysian Energy ^j	0.40%	—	—	—	\$2.00	—	\$2.50	\$3.00	—	—	—	\$13.20
EnergyAustralia ^k	—	0.36%	1.50%	—	—	—	—	\$1.69	\$12.00	—	—	—
Energy Locals ^l	1.00%	—	—	—	—	—	\$11.00	\$2.00	\$16.00	\$15.99 per month	—	—
Future X Power ^m	—	—	—	—	—	\$15.00	\$7.50	—	—	—	—	—
Locality Planning Energy ⁿ	1.10%	—	—	—	—	—	\$8.80	\$1.93	\$14.00	—	—	—
Mojo Power ^o	—	—	1.50%	—	—	—	\$14.00	—	\$12.00	—	\$40.00	\$9.23
Origin Energy ^p	—	0.26% or 0.60% / 0.32% or 0.72%	—	—	\$2.00 or 0.49%	—	—	\$1.75	\$12.00	—	—	—
Powerclub ^q	—	—	—	—	—	—	—	\$2.50	—	\$39 per year	—	\$11.58
Powerdirect ^r	0.45%	—	—	—	\$2.00	\$6.50	\$2.30	\$1.75	\$12.73	—	—	—
ReAmped Energy ^s	1.00%	—	—	—	—	—	—	—	\$12.00	—	—	—
Simply Energy ^t	—	0.60%	—	—	—	—	—	\$1.65	—	—	—	—

- a 1st Energy—both fees were attached to the 1st Saver (Single Rate) offer.
- b AGL—the card payment processing fees, Australia Post payment processing fee, dishonour payment fees (not subject to GST) and paper bill fee were attached to all offers. The late payment fee (not subject to GST) 'may' have been charged and was attached to all offers, except the Residential Smart Saver offer. The Australia Post payment processing fee and the paper bill fee 'may' have applied.
- c Amaysim Energy—both fees were attached to both offers. The late payment fee was not subject to GST. Amaysim Energy also included other fees of \$0.01 on its offers, noting that for a full list of Energex's fees, customers should call Energex or visit the Energex website.
- d Amber Electric—all fees attached to the Amber Plan. Membership fee of \$10 per month (GST inclusive) to access wholesale rates was already included in daily supply charge.
- e Click Energy—both fees were attached to all offers. The late payment fee was not subject to GST. Click Energy also included other fees of \$0.01 on all offers, noting that for a full list of Energex's fees, customers should call Energex or visit the Energex website.
- f CovaU—all fees were attached to both offers; late payment fee GST exempt. The 0.803% fee (GST inclusive) 'may' have applied to payments made by credit card via Australia Post. The 0.82% fee (GST inclusive) 'may' have applied to payments made by debit and credit cards. The special meter read fee was coded as a connection fee.
- g Diamond Energy—all fees were attached to both offers (one of the account establishment fees was coded as a direct debit dishonour payment fee). The card payment processing fee 'may' have applied to payments made by Mastercard or Visa credit cards and the account establishment fee was payable upon transfer to Diamond Energy from another retailer.
- h Discover Energy—both fees were attached to all offers. The dishonour payment fee (not subject to GST) 'may' have been charged.
- i Dodo Power & Gas—all fees were attached to the Residential Market offer. The card payment processing fees applied to all American Express and Diners Club card payments; payments made via MasterCard or Visa do not incur any surcharge. The dishonoured payment fee (GST inclusive) 'may' have applied to payments it attempted to make that were subsequently declined.
- j Elysian Energy—all fees were attached to the Elysian Market Residential Simple Plan (QEX). The remote meter activity fee was coded as an 'other fee' and Elysian Energy provided no further details on the fee.
- k EnergyAustralia—all fees were attached to all offers, except the Ultra Solar Plan that had no fees attached. EnergyAustralia stated that the card payment processing fees could be avoided by paying from the customer's bank account using direct debit or BPay. The credit card merchant service fee of 0.36% applied to all payments with Visa or Mastercard and the credit card merchant service fee of 1.5% applied to all payments with Amex. EnergyAustralia stated that GST did 'not currently apply' to late payment fees.
- l Energy Locals—card payment processing fee was attached to Online Saver (Anytime) offer only; dishonour payment fee was attached to both offers. The late payment fee, the paper bill fee and the membership fee were attached to the Local Saver (Anytime) offer only.
- m Future X Power—dishonour payment fees (GST inclusive) attached to each Flexi Saver (Single Rate) offer.
- n Locality Planning Energy—all fees attached to both LPE Mates Rates offers.
- o Mojo Power—card payment processing fee applied to Amex payments only and was attached to (some of) the Single Minded and All Day Breakfast offers. The late payment (not subject to GST) and the dishonour payment fee (coded as an 'other fee' instead of a direct debit dishonour fee) were attached to all offers. The description on some dishonour payment fees stated that the fee was not subject to GST, or did not state the GST status of the fee. The account establishment fee was coded as an account establishment fee on some offers, and as a contribution fee on other offers. The special meter read fee was attached to all offers; Mojo Power coded the fee as an 'other fee' and provided no further details on the fee.
- p Origin Energy—all fees were attached to all offers, except the Origin Freedom offer that had no fees attached. 0.26% (GST inclusive) card payment processing fee 'may' have applied to payments made by Visa debit card. 0.60% (GST inclusive) card payment processing fee 'may' have applied to payments made by Visa debit or credit card (different offers had different application). 0.32% (GST inclusive) card payment processing fee 'may' have applied to payments made by Mastercard debit card. 0.72% (GST inclusive) card payment processing fee 'may' have applied to payments made by Mastercard debit or credit card (different offers had different application). A payment processing fee of the higher of \$2.00 or 0.49% (GST inclusive) 'may' have applied (without specifying which payment methods this applied to). The late payment fee (GST exempt) 'may' have applied.
- q Powerclub—all fees were attached to both offers. The meter read fee was coded as an 'other fee' and Powerclub provided no further details on the fee. Powerclub stated under additional fee information that its offers provide access to wholesale prices.
- r Powerdirect—all fees were attached to the Powerdirect Residential Discount Saver offer. Dishonour payment fees not subject to GST. The late payment fee (not subject to GST) 'may' have been charged.
- s ReAmped Energy—both fees were attached to all offers. The late payment fee (not subject to GST) 'may' have been charged.
- t Simply Energy—both fees were attached to all offers. The card payment processing fees 'may' have applied.

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

Sources: Energy Made Easy; QCA analysis.

QCA assessment

General observations

In the June quarter of 2020, 20 of the 26 retailers with residential flat rate market offers available on Energy Made Easy attached retail fees to at least one of their offers. This compares to 17 of the 21 retailers in 2018–19.¹³³

Six retailers—Alinta Energy, GloBird Energy, Kogan Energy, Ovo Energy, Powershop and Red Energy—did not attach retail fees to any of their residential flat rate market offers on Energy Made Easy. However, these retailers either stated that they reserved the right to charge or impose additional fees (Alinta Energy and Ovo Energy), or provided links to their websites where more information on fees was available (GloBird Energy, Kogan Energy, Powershop and Red Energy).

Notably, GloBird Energy's fees and charges webpage¹³⁴ included dishonoured cheque and direct debit payment fees of \$27.50 per cheque or direct debit transaction.

Most of the retail fee types and levels were the same as or similar to those in 2018–19,¹³⁵ with notable changes being EnergyAustralia no longer attaching an early termination fee to any of its offers, and account establishment fees being introduced by Diamond Energy and Mojo Power.

Card payment processing fees

Payment processing fees on credit card payments ranged from 0.36% on payments made to EnergyAustralia by Visa and MasterCard to 2.89% on payments made to Dodo Power & Gas by Amex and Diners Club. The range of payment processing fees, and the retailers with the lowest and the highest fees, in the June quarter of 2020 were the same as in the June quarter of 2019.

Payment processing fees on debit card payments ranged from 0.26% on payments made to Origin Energy to 1.10% charged by Locality Planning Energy.

Other payment processing fees

AGL, Dodo Power & Gas, Origin Energy and Powerdirect attached payment processing fees, of similar types and levels, to their offers in 2019–20 as they did in 2018–19.¹³⁶

Origin Energy stated on all of its offers—as it did on some of its offers in the June quarter of 2019—that a payment processing fee of the higher of \$2 or 0.49% may apply, but without indicating which payment methods the fee applied to. However, Origin Energy attached the same fee type and levels to all of its small business market offers, and indicated on those offers that the fee applied to card payments made at Australia Post (see the notes under table 23).¹³⁷

EnergyAustralia stated in the additional fee information field on all of its offers (except the Ultra Solar Plan for which direct debit was the only payment option) that payment processing fees could be avoided by paying via direct debit or BPay.

¹³³ QCA 2019c, page 58.

¹³⁴ GloBird Energy, [GloBird Energy Fees](#) web page (information current as at 9 September 2020).

¹³⁵ QCA 2019c, pages 57–58 (table 20).

¹³⁶ QCA 2019c, pages 56–57 (table 20).

¹³⁷ We also note that, on the Origin Max Saver (Online Special) offer, the eligibility criteria stated that the customer must set up direct debit (despite BPay, credit card, direct debit and paper bill payment options being attached to the offer) so the fee could have applied to payments made by direct debit on this offer.

Dishonoured payment fees

Fees for dishonoured cheque payments ranged from \$6.50 on AGL's and Powerdirect's offers to \$20 on Diamond Energy offers. In 2018–19, these fees ranged from \$6.50 to \$15, with Diamond Energy introducing a \$20 fee in 2019–20 being the reason for the widening of the range.¹³⁸

We also note that, in 2016–17, AGL and Powerdirect were the only retailers to attach dishonoured cheque payment fees to their offers, while 6 retailers attached these fees in 2019–20. Further, the level of these fees of \$10 (AGL) and \$12 (Powerdirect) in 2016–17 was higher than in each of the last three years.¹³⁹

Fees for dishonoured direct debit payments ranged from \$2.30 on AGL's and Powerdirect's offers to \$14 on Mojo Power's offers. In 2018–19, these fees ranged from \$2.30 to \$11, with Mojo Power introducing a \$14 fee in 2019–20 being the reason for the widening of the range.¹⁴⁰

We also note that AGL's and Powerdirect's dishonoured direct debit payment fees of \$3.50 (AGL) and \$5 (Powerdirect) in 2016–17 were higher than their fees in each of the last three years.¹⁴¹

Paper bill fees

Paper bill fees ranged from Simply Energy's \$1.65 fee to Elysian Energy's \$3 fee. In 2018–19, these fees ranged from \$1.65 to \$5, with ReAmped Energy not attaching paper bill fees (\$5) to its offers in 2019–20 being the reason for the narrowing of the range.¹⁴²

Late payment fees

Late payment fees ranged from \$12 levied by Amaysim Energy, Click Energy, EnergyAustralia, Mojo Power, Origin Energy and ReAmped Energy to \$16 levied by Amber Electric and Energy Locals. In 2018–19, these fees also ranged from \$12 to \$16.¹⁴³

Early termination fees

In our three previous annual market monitoring reports, we identified early termination fees attached to some of EnergyAustralia's residential market offers.¹⁴⁴ However, no retailers attached an early termination fee to any of their residential flat rate market offers in the June quarter of 2020.

Membership fees

Three retailers attached membership fees to at least one offer. Amber Electric charged \$10 per month for its only market offer, and indicated that the fee was already included in the daily supply charge. Energy Locals charged \$15.99 per month on one of its offers, and Powerclub charged an annual fee of \$39. Powerclub stated under additional fee information that its offers provide access to wholesale prices.

¹³⁸ QCA 2019c, page 59.

¹³⁹ QCA 2017a, page 83 (table 38); QCA 2019b, page 100 (table 51); QCA 2019c, page 57 (table 20).

¹⁴⁰ QCA 2019c, page 59.

¹⁴¹ QCA 2017a, page 83 (table 38); QCA 2019b, page 100 (table 51); QCA 2019c, page 57 (table 20).

¹⁴² QCA 2019c, page 59.

¹⁴³ QCA 2019c, page 59.

¹⁴⁴ QCA 2017a, page 84; QCA 2019b, page 100; QCA 2019c, page 58.

Account establishment fees

Diamond Energy attached an account establishment fee of \$22 to its offers, payable upon transfer from another retailer, and Mojo Power charged a one-off joining fee of \$40 on all of its offers. In each of the three previous years, no account establishment fees were attached to offers in SEQ.

4.5.2 Standing offers

In the June quarter of 2020, no retailer attached a historical billing data fee on its residential flat rate standing offers available on Energy Made Easy. The table below shows the dishonour payment fees attached to residential flat rate standing offers available on Energy Made Easy in the June quarter of 2020.

Table 22 Fees attached to residential flat rate standing offers, June quarter 2020

Retailer	Dishonour payment fee	
	cheque (\$)	direct debit (\$)
1st Energy	\$15.00	\$7.50
AGL	\$6.50	\$2.30
CovaU	\$9.50	\$9.50
Diamond Energy	—	\$10.00
Discover Energy	—	\$9.50 ^a
Dodo Power & Gas	—	\$9.50 ^b
Elysian Energy	—	\$2.50
Energy Locals	—	\$11.00
Future X Power	\$15.00	\$7.50
Mojo Power ^c	\$15.00	\$15.00
QEnergy	\$14.85	—

a Discover Energy stated that the fee may be charged if payment is dishonoured or reversed. Not subject to GST.

b Dodo Power & Gas stated a dishonoured payment fee of \$9.50 (GST inclusive) may apply to payments it attempts to make that are subsequently declined.

c Mojo Power stated that it would pass on costs for dishonoured payments up to \$15.00.

Note: A dash (—) means that the retailer did not have such a fee attached to any of its standing offers.

Source: Energy Made Easy; QCA analysis.

QCA assessment

In the June quarter of 2020, 11 of the 23 retailers with residential flat rate standing offers available on Energy Made Easy attached a dishonoured payment fee to at least one of their offers. This compares to 9 of the 18 retailers in 2016–17.¹⁴⁵

Fees for dishonoured cheque payments ranged from \$6.50 on AGL's offer to up to \$15.00 on 1st Energy's, Future X Power's and Mojo Power's offers. Fees for dishonoured direct debit payments ranged from \$2.30 on AGL's offers to up to \$15.00 on Mojo Power's offer. The value of the fees in 2019–20 was similar to 2016–17 when fees for dishonoured cheque payments ranged from \$9.50 to \$15.00, and fees for dishonoured direct debit payments ranged from \$2.50 to \$15.¹⁴⁶

We also identified a small number of standing offers that did not comply with section 22A of the NERL:

- AGL attached a late payment fee of \$12.73 to its Residential Standing Offer, available from 15 April 2020.

¹⁴⁵ QCA 2017a, pages 86–87.

¹⁴⁶ QCA 2017a, page 87.

- Discover Energy attached a credit card payment processing fee of 1% to its Energex Residential Single Rate Standing Offer, available from 15 April 2020.
- Mojo Power attached a late payment fee of \$12 and a credit card payment processing fee of 1.5% (for American Express only) to its Standing Offer, available from 23 to 28 April 2020.

Discover Energy and Mojo Power informed us that no standing offer customers were charged prohibited fees.

Following our inquiry and an internal investigation by AGL, in September 2020 AGL reported to us that it had charged 21,144 residential, and 3,286 small business, standing offer customers late payment fees (of \$12.73 per late payment) between January 2015 and August 2020. The total value of the breach was \$783,153.31. AGL advised that the breach of section 22A was unintentional and caused by a process error. As section 22A of the NERL is not a prescribed civil penalty provision of the NERL, the QCA could not issue an infringement notice in relation to AGL's breach.

We understand that nearly half of the customers affected by AGL's breach did not have an active electricity account with AGL at the time AGL reported its breach to us. In early November 2020, AGL began reimbursing customers affected by the breach. AGL will report to the QCA on the progress of its remediation of affected customers on a monthly basis from December 2020 to May 2021, and then quarterly between August 2021 and November 2022. AGL will also provide a final remediation report to us at such time as it transfers any unclaimed moneys to the Public Trustee of Queensland under part 8 of the *Public Trustee Act 1978* (Qld).

4.6 Small business flat rate offers

4.6.1 Market offers

Small business flat rate market offers available on Energy Made Easy in the June quarter of 2020 included the following retail fees:

- credit and debit card payment processing fees
- processing fees on payments made over the counter (at Australia Post)
- dishonoured cheque and direct debit payment fees ('dishonour payment fees')
- paper bill fees
- late payment fees
- membership fees
- account establishment fees
- meter read fees.

The table below shows the retail fees and charges attached to small business flat rate market offers in the June quarter of 2020.

Table 23 Retail fees attached to small business flat rate market offers, June quarter 2020

Retailer	Card payment processing fees			Other payment processing fees	Dishonour payment fees		Paper bill fees	Late payment fees	Membership fees	Account establishment fees	Meter read fees
	Credit / debit card — general	Visa / MasterCard	Amex* / Diners Club	Australia Post over the counter	Cheque	Direct debit					
1st Energy ^a	—	—	—	—	\$15.00	\$7.50	—	—	—	—	—
AGL ^b	0.45%	—	—	\$2.00	\$6.50	\$2.30	\$1.75	\$12.73	—	—	—
Amaysim Energy ^c	0.60%	—	—	—	—	—	—	\$12.00	—	—	—
Click Energy ^d	0.60%	—	—	—	—	—	—	\$12.00	—	—	—
CovaU ^e	0.80% / 0.82%	—	—	—	\$9.50	\$9.50	—	\$30.00	—	—	\$9.23
Diamond Energy ^f	—	0.60%	—	—	\$20.00	\$10.00	—	\$15.00	—	\$22.00	—
Discover Energy ^g	1.00%	—	—	—	—	\$9.50	—	—	—	—	—
Elysian Energy ^h	0.40%	—	—	\$2.00	—	\$2.50	\$3.00	—	—	—	\$13.20
EnergyAustralia ⁱ	—	0.36%	1.50%	—	—	—	—	\$12.00	—	—	—
Energy Locals ^j	1.00%	—	—	—	—	\$11.00	\$2.00	\$16.00	\$21.99 per month	—	—
Future X Power ^k	—	—	—	—	\$15.00	\$7.50	—	—	—	—	—
Locality Planning Energy ^l	1.10%	—	—	—	—	\$8.80	\$1.93	\$14.00	—	—	—
Origin Energy ^m	—	0.26% or 0.60% / 0.32% or 0.72%	—	\$2.00 or 0.49%	—	—	\$1.75	\$12.00	—	—	—
Powerclub ⁿ	—	—	—	—	—	—	\$2.50	—	\$79 per year	—	\$11.58
Powerdirect ^o	0.45%	—	—	\$2.00	\$6.50	\$2.30	\$1.75	\$12.73	—	—	—
ReAmped Energy ^p	1.00%	—	—	—	—	—	—	\$12.00	—	—	—
Simply Energy ^q	—	0.60%	—	—	—	—	\$1.65	—	—	—	—

- a 1st Energy—both fees were attached to the 1st Saver (Single Rate) offer.
- b AGL—all fees were attached to all offers. Dishonour payment fees not subject to GST. The late payment fee (not subject to GST) 'may' have been charged. The Australia Post payment processing fee and the paper bill fee 'may' have applied.
- c Amaysim Energy—both fees were attached to the Amaysim Business As You Go offer. The late payment fee was not subject to GST. Amaysim Energy also included other fees of \$0.01 on the offer, noting that for a full list of Energex's fees, customers should call Energex or visit the Energex website.
- d Click Energy—both fees were attached to the Click Business Start offers. The late payment fee was not subject to GST. Click Energy also included other fees of \$0.01 on the offers, noting that for a full list of Energex's fees, customers should call Energex or visit the Energex website.
- e CovaU—all fees were attached to both offers; late payment fee GST exempt. The 0.803% fee (GST inclusive) 'may' have applied to payments made by credit card via Australia Post. The 0.82% fee (GST inclusive) 'may' have applied to payments made by debit and credit cards. The special meter read fee was coded as a connection fee.
- f Diamond Energy—all fees were attached to both offers. The card payment processing fee 'may' have applied to payments made by Mastercard or Visa credit cards and the account establishment fee was payable upon transfer to Diamond Energy from another retailer.
- g Discover Energy—both fees were attached to all offers. The dishonour payment fee (not subject to GST) 'may' have been charged.
- h Elysian Energy—all fees were attached to the Elysian Market Business Simple Plan (QEX). The remote meter activity fee was coded as an 'other fee' and Elysian Energy provided no further details on the fee.
- i EnergyAustralia—all fees were attached to the Total Plan Business offer. EnergyAustralia stated that the card payment processing fees could be avoided by paying from the customer's bank account using direct debit or BPay. The credit card merchant service fee of 0.36% applied to all payments with Visa or Mastercard and the credit card merchant service fee of 1.5% applied to all payments with Amex. EnergyAustralia stated that GST did 'not currently apply' to late payment fees.
- j Energy Locals—all fees were attached to the Business Saver (Anytime) offer.
- k Future X Power—dishonour payment fees (GST inclusive) attached to each Flexi Saver (Single Rate) offer.
- l Locality Planning Energy—all fees attached to both LPE Business Plus offers.
- m Origin Energy—all fees attached to all offers. 0.26% (GST inclusive) and 0.32% (GST inclusive) card payment processing fee 'may' have applied to payments made by Visa debit card. 0.60% (GST inclusive) card payment processing fee 'may' have applied to payments made by Visa debit card. 0.72% (GST inclusive) card payment processing fee 'may' have applied to payments made by Mastercard debit card. A payment processing fee of the higher of \$2.00 or 0.49% (GST inclusive) 'may' have applied for card payments made at Australia Post. The late payment fee (GST exempt) 'may' have applied. Origin Energy did not include any fees for MasterCard credit card payments. Origin Energy stated on some offers that the paper bill fee 'may apply', but stated on other offers that the fee 'applies'.
- n Powerclub—all fees attached to both offers. The meter read fee was coded as an 'other fee' and Powerclub provided no further details on the fee. Powerclub stated under additional fee information that its offers provide access to wholesale prices.
- o Powerdirect—all fees were attached to the Powerdirect Business Discount Saver offer. Dishonour payment fees not subject to GST. The late payment fee (not subject to GST) 'may' have been charged.
- p ReAmped Energy—both fees were attached to all offers. The late payment fee (not subject to GST) 'may' have been charged.
- q Simply Energy—both fees were attached to all offers. The card payment processing fees 'may' have applied.

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

Sources: Energy Made Easy; QCA analysis.

QCA assessment

General observations

In the June quarter of 2020, 17 of the 21 retailers with small business flat rate market offers available on Energy Made Easy attached retail fees to at least one of their offers. This compares to 14 of 17 retailers in 2018–19.¹⁴⁷

Four retailers—Alinta Energy, Blue NRG, Powershop and Red Energy—did not attach retail fees to any of their small business flat rate market offers. However, these retailers either stated that they reserved the right to charge or impose additional fees on their offers or that other fees may apply (Alinta Energy), or provided links to their websites where more information on fees was available (Blue NRG, Powershop and Red Energy).

Most of the retail fee types and levels were the same as or similar to those in 2018–19,¹⁴⁸ with notable changes being:

- EnergyAustralia and Origin Energy no longer attaching an early termination fee to any of their offers
- account establishment fees being introduced by Diamond Energy
- CovaU's late payment fee (\$30) being significantly higher than any late payment fee attached to a small business flat rate market offer in SEQ since prices were deregulated.¹⁴⁹

Card payment processing fees

Payment processing fees on credit card payments ranged from 0.36% on payments made to EnergyAustralia by Visa and MasterCard credit card to 1.50% on payments made to EnergyAustralia by Amex as in the June quarter of 2019.

Payment processing fees on debit card payments ranged from 0.40% on payments made to Elysian Energy to 1.10% charged by Locality Planning Energy.

Other payment processing fees

In contrast to residential offers, none of the retailers attached direct debit or BPay payment fees to their small business offers— as in the June quarter of 2019.

AGL, Elysian Energy, Origin Energy and Powerdirect charged a \$2 over the counter payment fee for payments made at Australia Post.¹⁵⁰ As in the June quarter of 2019, Origin Energy stated on Energy Made Easy that a payment processing fee of the higher of \$2 or 0.49% may apply for card payments made at Australia Post. However, while the fee amount field on Energy Made Easy was included as \$2 for each of the 3 offers, the fee percentage field on Energy Made Easy was empty.

Dishonour payment fees

Fees for dishonoured cheque payments ranged from \$6.50 (charged by AGL and Powerdirect) to \$20 (charged by Diamond Energy).

Fees for dishonoured direct debit payments ranged from \$2.30 (charged by AGL and Powerdirect) to \$11 (charged by Energy Locals).

¹⁴⁷ QCA 2019c, page 64.

¹⁴⁸ QCA 2019c, pages 62–63 (table 21).

¹⁴⁹ QCA 2017a, page 89 (table 41); QCA 2019b, page 103 (table 53).

¹⁵⁰ AGL and Powerdirect stated that this fee may apply.

Paper bill fees

Paper bill fees ranged from Simply Energy's \$1.65 fee to Elysian Energy's \$3 fee. Origin Energy stated on some offers that a paper bill fee may apply, whilst on other offers it stated that a paper bill fee applies.

Late payment fees

We identified 11 retailers on Energy Made Easy that attached late payment fees to at least one offer, ranging from \$12 levied by Amaysim Energy, Click Energy, EnergyAustralia, Origin Energy and ReAmped Energy to \$30 levied by CovaU.

Of the 10 retailers without a late payment fee, 3 retailers—1st Energy, Elysian Energy, and Future X Power—attached pay on time discounts to at least one of their offers, thereby providing a separate incentive to customers to pay on time.¹⁵¹

Membership fees

Two retailers attached membership fees to various offers. Energy Locals charged a monthly membership fee of \$21.99—which amounted to \$263.88 per year. Powerclub charged an annual fee of \$79. We note that these membership fees were charged to allow access to wholesale prices.¹⁵²

Account establishment fees

Account establishment fees were a new fee charged by Diamond Energy for small business offers in 2019–20. Diamond Energy charged an account establishment fee of \$22 payable upon transfer from another retailer.

4.6.2 Standing offers

In the June quarter of 2020, no retailer attached a historical billing data fee to its small business flat rate standing offers available on Energy Made Easy. The table below shows the dishonour payment fees attached to small business flat rate standing offers available on Energy Made Easy in the June quarter of 2020.

Table 24 Fees attached to small business flat rate standing offers, June quarter 2020

Retailer	Dishonour payment fee	
	cheque (\$)	direct debit (\$)
1st Energy	\$15.00	\$7.50
AGL	\$6.50	\$2.30
CovaU	\$9.50	\$9.50
Diamond Energy	—	\$10.00
Discover Energy	—	\$9.50 ^a
Elysian Energy	—	\$2.50
Energy Locals	—	\$11.00
Future X Power	\$15.00	\$7.50
QEnergy	\$14.85 ^b	—

^a The fee may be charged if payment is dishonoured or reversed. Not subject to GST.

^b The fee was not subject to GST.

Note: A dash (—) means that the retailer did not have such a fee attached to any of its standing offers.

Source: Energy Made Easy; QCA analysis.

¹⁵¹ The retailers' pay on time discounts are outlined in chapter 3 (section 3.5.1).

¹⁵² Powerclub stated in the additional fee information field on Energy Made Easy that its offers provided access to wholesale prices.

QCA assessment

In the June quarter of 2020, 9 of the 22 retailers with small business flat rate standing offers available on Energy Made Easy attached a dishonoured payment fee to at least one of their offers. This compares to 6 of the 14 retailers in 2016–17.¹⁵³

Fees for dishonoured cheque payments ranged from \$6.50 on AGL's offer to up to \$15.00 on 1st Energy's and Future X Power's offers. Fees for dishonoured direct debit payments ranged from \$2.30 on AGL's offer to \$11.00 on Energy Locals' offer. With the exception of ERM Power, whose dishonoured payment fees for cheque and direct debit payments in 2016–17 were \$27.50, the value of the fees in 2019–20 was similar to 2016–17.¹⁵⁴

We also identified a small number of standing offers that did not comply with section 22A of the NERL:

- AGL attached a late payment fee of \$12.73 to its Business Standing Offer, available from 15 April 2020.
- Discover Energy attached a credit card payment processing fee of 1% to its Energex Small Business Single Rate Standing Offer, available from 15 April 2020.

Discover Energy informed us that no standing offer customers were charged prohibited fees.

As outlined in section 4.5.2, AGL reported to us in September 2020 that it had charged prohibited late payment fees to 21,144 residential and 3,286 small business standing offer customers between January 2015 and August 2020. In early November 2020, AGL began reimbursing affected customers.

4.7 General observations

In addition to our analysis of types and levels of fees on residential and small business flat rate offers above, we identified some general issues with retailers' fee information on Energy Made Easy in 2019–20.

4.7.1 GST on fees

The AER's retail pricing information guidelines require fees to be specified inclusive of GST.¹⁵⁵ In our previous annual market monitoring reports we noted that the reported GST treatment within some fee types was inconsistent or unclear between retailers for both residential and small business offers.¹⁵⁶

We consider that these observations also apply to generally available market offers for 2019–20:

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

¹⁵³ QCA 2017a, page 91.

¹⁵⁴ QCA 2017a, page 91. As noted in section 1.5, ERM Power did not have offers available on Energy Made Easy in SEQ in 2019–20.

¹⁵⁵ AER 2018a, page 10 (clause 44).

¹⁵⁶ QCA 2017a, pages 90–91; QCA 2019b, page 104; QCA 2019c, page 66.

As a general observation, we consider retailers need to pay closer attention to the requirement to specify fees inclusive of GST, and to be clear about the GST status of fees on Energy Made Easy.

4.7.2 Fees that 'may' apply

As in previous years, a number of retailers listed fees on Energy Made Easy that 'may' apply to some residential and small business offers. We appreciate that there may be circumstances in which the fees may not apply, but we have included them in the analysis in this chapter because customers should consider the potential to be charged these fees when comparing offers. We also note that retailers rarely explain, on Energy Made Easy or their websites, the circumstances in which fees 'may' apply.

4.7.3 Additional fee information on Energy Made Easy

Retail pricing information guidelines

The retail pricing information guidelines require retailers to provide the 'key fees' applicable to retail electricity offers on Energy Made Easy.¹⁵⁷ A key fee is a fee that will be incurred by all or a significant portion of customers—examples of key fees include, but are not limited to, account establishment fees, annual membership fees, late payment fees, payment processing fees and metering fees.¹⁵⁸

The guidelines also state that, if a retailer applies any further fees to a plan that are not key fees, they must include information on Energy Made Easy with a reference to where a customer can access additional information on these fees. The guidelines provide the examples of special meter read or meter inspection fees and state that the reference must be to a specific URL where details of these fees can be found.¹⁵⁹

Meter read fees

The tables in this chapter summarising the retail fees attached to residential and small business market offers include some examples of retailers attaching metering related fees to their offers:

- CovaU attached a special meter read fee (\$9.23) to its offers (coded as a connection fee), but the additional fee information field referred customers to its home page¹⁶⁰ for more information, not a specific website where details of the fee could be found.
- Elysian Energy attached remote meter activity fees (\$13.20) to its offers (coded as an 'other' fee), but in the additional fee information field referred customers its home page¹⁶¹ for more information, not a specific website where details of the fee could be found.
- Mojo Power attached a special meter read fee (\$9.23) to its offers (coded as an 'other' fee), and the additional fee information field referred customers to its additional fees page¹⁶² for more information, but the fees page did not provide further details about the fee.

¹⁵⁷ AER 2018a, page 10 (clause 43).

¹⁵⁸ AER 2018a, pages 10–11 (clauses 43 and 47).

¹⁵⁹ AER 2018a, page 10 (clause 45).

¹⁶⁰ CovaU website.

¹⁶¹ Elysian Energy website.

¹⁶² Mojo Power, [Billing and Payments](#) web page.

- Powerclub attached a meter read fee (\$11.58) to its offers (coded as an 'other' fee), but the additional fee information field referred customers to its home page¹⁶³ for more information, not a specific website where details of the fee could be found.

Also, Diamond Energy stated on each of its offers that 'other fees may apply including such items as meter special reads, meter installation, meter reconfiguration, energisation and de-energisation, see our website or contact us for details'.

We consider that, in each of these instances, the retailer should have provided a link from Energy Made Easy to a page on its website where customers could access clear, SEQ-specific, additional information on applicable, or potentially applicable, fees.

Other fees that may be charged

As has been the case since retail prices were deregulated in SEQ in 2016, some retailers included information on their offers on Energy Made Easy referring to the potential for retail fees—other than those listed on Energy Made Easy—to be levied on customers.

Some retailers, such as 1st Energy, Future X Power and Simply Energy, suggested only that customers phone the retailer for further information on fees. Most retailers referred customers to their website for additional information on fees and charges that may have applied:

- AGL¹⁶⁴, Discover Energy¹⁶⁵, Dodo Power & Gas¹⁶⁶, Energy Locals¹⁶⁷, Mojo Power¹⁶⁸, Origin Energy¹⁶⁹, ReAmped Energy¹⁷⁰ and Red Energy¹⁷¹ referred customers to a fees and charges page on their website that provided further information on the retailer's fees and, in some cases, fees that may be passed through from Energex.
- Blue NRG¹⁷², Kogan Energy¹⁷³, Locality Planning Energy¹⁷⁴, Powerclub¹⁷⁵ and QEnergy¹⁷⁶ referred customers to non-fee specific pages on their websites.

As per our view on meter read fees, we consider that all retailers should provide a link from Energy Made Easy to a page on their website where customers can access clear, SEQ-specific, information on retail fees.¹⁷⁷

Standing offers

In terms of standing offers specifically, we also note that:

¹⁶³ Powerclub website.

¹⁶⁴ AGL, [Fees and charges](#) web page.

¹⁶⁵ Discover Energy, [What are the fees and charges for my house in QLD?](#) web page.

¹⁶⁶ Dodo Power & Gas, [Terms, Prices and Regulatory information](#) web page.

¹⁶⁷ Energy Locals, [Our fair approach to fees](#) web page.

¹⁶⁸ Mojo Power, [Billing and Payments](#) web page.

¹⁶⁹ Origin Energy, [Additional charges](#) web page.

¹⁷⁰ ReAmped Energy, [Additional Fees](#) web page.

¹⁷¹ Red Energy, [Additional Service Charges](#) web page.

¹⁷² Blue NRG, [Compare our Business Electricity Rates](#) web page.

¹⁷³ Kogan Energy, [Terms and Conditions](#) web page.

¹⁷⁴ [Locality Planning Energy](#) website.

¹⁷⁵ Powerclub website.

¹⁷⁶ QEnergy website.

¹⁷⁷ In our two most recent annual market monitoring reports, we agreed with concerns expressed in 2017 by the Energy and Water Ombudsman New South Wales (EWON) that retailers' referrals on Energy Made Easy to websites for information on fees were, variously, a link to a retailer's main website, a link to actual terms and conditions or merely a reference to the terms and conditions, not an actual link (EWON 2017, page 2; QCA 2019b, page 105; QCA 2019c, page 65).

- EnergyAustralia stated on its Basic Home standing offer that customers could avoid payment processing fees by paying from their bank account using direct debit or BPay.
- Ovo Energy stated on its Basic Standing Offer that it reserved the right to and would notify customers if it changed or imposed additional fees or charges in relation to customers' energy supply.

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

4.7.4 Fees with a value of zero

Some retailers attached fee types to some or all of their offers indicating that these fees had values of zero (or \$0.01) because the fee type did not apply to the offers. For example, Alinta Energy's market offers included an early termination fee, but the fee description stated that '[t]his is a no contract term offer and as such no exit fees apply'. However, on Energy Made Easy, the 'plan features' table on the Basic Plan Information Document stated that 'Exit fees apply' to the offers because the fee type was included on the offer. To support the clarity, completeness and comparability of offers on Energy Made Easy, we encourage retailers not to include fee types on their offers with values of (or very close to) zero.

4.7.5 Quality assurance of fee information

Retailers are responsible for the quality of data and information they publish on Energy Made Easy.¹⁷⁸ In our submissions to the AER's last review of the retail pricing information guidelines, we outlined *some* of the issues we had identified with information on retailers' fees on Energy Made Easy. To improve the quality assurance (and hence comparability) of information on Energy Made Easy, we suggested that the AER could broaden the range of predetermined input fields, and limit the range of free text options, available to retailers to describe their offers.¹⁷⁹

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

4.8 Annual bill impact of retail fees and conditional discounts

Customers need to carefully consider the fees attached to market offers, and the potential loss of conditional discounts, as the interaction between conditional discounts and retail fees has the potential to substantially increase their annual bill.

The tables and graphs below show the difference in bill outcomes between each retailer's lowest market offer with all conditional discounts realised, and the same offer without conditional discounts and with retail fees added on.

¹⁷⁸ AER 2018a, page 8 (clauses 25–28).

¹⁷⁹ QCA 2017b, pages 1 and 4; QCA 2018b, pages 1–2 and 5–6.

For most offers, there are different combinations of discounts and fees that can apply, which would lead to different bill outcomes for the customer. For our analysis, we have identified the maximum potential difference between the bill with all conditional discounts realised and the bill without conditional discounts and with fees added on.¹⁸⁰

4.8.1 Residential flat rate market offers

In the June quarter, 26 retailers had residential flat rate market offers on Energy Made Easy.

Table 25 Annual bills for each retailer's lowest residential flat rate market offer(s), after potential loss of discounts plus retail fees, June quarter 2020

<i>Retailer</i>	<i>Offer name(s)</i>	<i>Bill after conditional discounts (\$)</i>	<i>Potential loss of discounts plus retail fees (\$ or %)</i>	<i>Bill without conditional discounts, plus fees (\$)</i>
1st Energy	1st Saver (Single Rate)	1,250	350 (or 28%) ^a	1,600
AGL	Electric Vehicle Plan (Residential) ¹⁸¹	1,095	516 (or 47%) ^b	1,611
Alinta Energy	Home Deal (Single Rate)	1,183	— ^c	1,183
Amaysim Energy	Electricity As You Go ¹⁸²	1,443	153 (or 11%) ^d	1,596
Amber Energy	Amber Plan	1,429	338 (or 24%) ^e	1,768
Click Energy	Click Hibiscus	1,093	151 (or 14%) ^f	1,244
CovaU	Freedom (Residential EnergeX Single) ¹⁸³	1,208	304 (or 25%) ^g	1,512
Diamond Energy	Everyday Renewable Saver	1,241	580 (or 47%) ^h	1,821
Discover Energy	EnergeX Residential Single Rate Ultimate Offer	1,259	127 (or 10%) ⁱ	1,385
Dodo Power & Gas	Residential Market	1,319	85 (or 6%) ^j	1,404
Elysian Energy	Elysian Market Residential Simple Plan (QEX)	1,235	70 (or 6%) ^k	1,305
EnergyAustralia	Total Plan Home	1,219	73 (or 6%) ^l	1,292
Energy Locals	Online Saver (Anytime)	1,298	230 (or 18%) ^m	1,528
Future X Power	Flexi Saver (Single Rate)	1,137	464 (or 41%) ⁿ	1,601
GloBird Energy	GloSave Flat Rate without CTL load (EnergeX)	1,142	99 (or 9%) ^o	1,241
Kogan Energy	Kogan Energy Market Offer	1,267	— ^p	1,267
Locality Planning Energy	LPE Mates Rate	1,173	310 (or 26%) ^q	1,482
Mojo Power	All Day Breakfast	1,065	368 (or 35%) ^r	1,433
Origin Energy	Origin Flexi (One Big Switch) Origin Flexi (9 Saver) Origin Flexi (Fifty Up) Origin Max Saver (Online Special) Origin Max Saver (CIMET) Origin Max Saver (iSelect) Origin Max Saver (Energy Watch) Origin Max Saver (Electricity Wizard) Origin Max Saver (Compare & Connect)	1,197	198 (or 17%) ^s	1,394
Ovo Energy	The One Plan	1,034	— ^t	1,034
Powerclub	Powerbank Home Flat	1,351	69 (or 5%) ^u	1,420
Powerdirect	Powerdirect Residential Discount Saver	1,236	276 (or 22%) ^v	1,512

¹⁸⁰ The ACCC used a similar approach, comparing the annual bill of the cheapest offer with conditional discounts attached when the discount conditions were met to the annual bill if every bill was not paid on time (ACCC 2019c, page 41).

¹⁸¹ To be eligible for AGL's Electric Vehicle Plan (Residential) offer, the customer had to own an electric vehicle and sign up online. The \$240 per annum bonus credit was coded by AGL as a conditional discount.

¹⁸² Amaysim Energy's Solar As You Go offer resulted in the same market offer bill as its Electricity As You Go offer.

¹⁸³ CovaU's Freedom Solar (Residential EnergeX Single) offer resulted in the same market offer bill as its Freedom (Residential EnergeX Single) offer.

Retailer	Offer name(s)	Bill after conditional discounts (\$)	Potential loss of discounts plus retail fees (\$ or %)	Bill without conditional discounts, plus fees (\$)
Powershop	Shopper Market Offer	1,198	211 (or 18%) ^w	1,410
ReAmped Energy	ReAmped Handshake (Anytime)	1,096	155 (or 14%) ^x	1,251
Red Energy	Red EV Saver Qantas Red Saver (Bundled) Qantas Red Saver Living Energy Saver	1,279	— ^y	1,279
Simply Energy	Qld Simply Plus Qld Simply Plus \$100 Qld Simply RACQ+\$100 Qld Simply Choice+\$100 Qld Simply Plus \$100	1,331	28 (or 2%) ^z	1,359

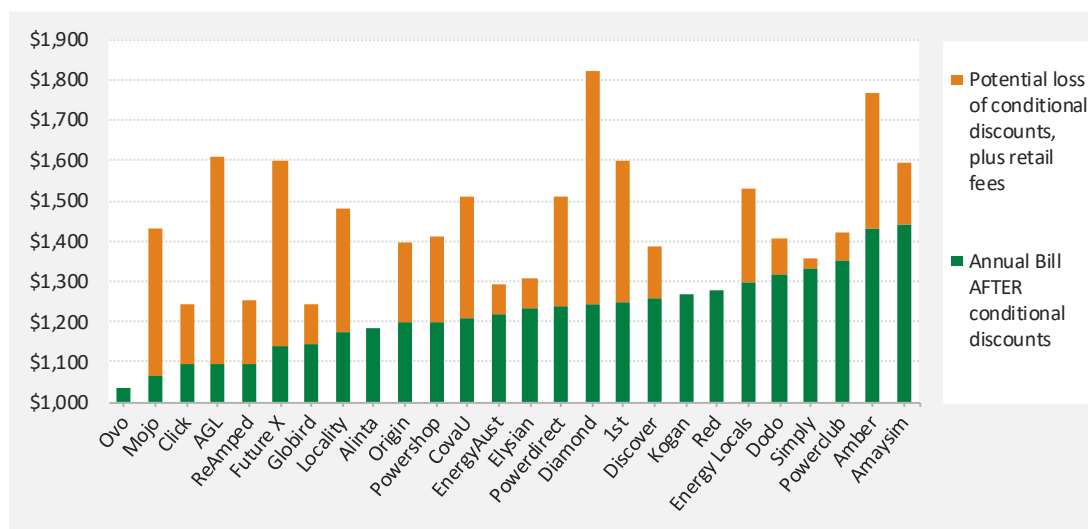
Assumptions:

- a Loss of 12% pay on time discount [\$170], plus cheque dishonour payment fee of \$15 (monthly bills).
- b Customer chooses monthly billing instead of quarterly billing. Loss of \$240 per annum bonus credit (coded as a conditional discount by AGL), plus Australia Post over the counter fee of \$2, paper bill fee of \$1.75, cheque dishonour payment fee of \$6.50 and late payment fee of \$12.73.
- c Alinta Energy did not attach any conditional discounts or fees to this offer (monthly bills).
- d No conditional discount, but card payment fee of 0.6% and late payment fee of \$12 (monthly bills).
- e No conditional discount, but card payment fee of 1%, direct debit dishonour payment fee of \$11 and late payment fee of \$16 (monthly bills).
- f No conditional discount, but card payment fee of 0.6% and late payment fee of \$12 (monthly bills).
- g Customer chooses monthly billing instead of quarterly billing. No conditional discount, but card payment fee of 0.82%, direct debit dishonour payment fee of \$9.50 and late payment fee of \$15.
- h Customer chooses monthly billing instead of quarterly billing. Loss of 7% pay on time discount (customers who agree to receive invoices by email and make full payment by an approved payment method by the due date) [\$138], plus cheque dishonour payment fee of \$20, late payment fee of \$15 and account establishment fee of \$22.
- i Customer chooses monthly billing instead of quarterly billing. No conditional discount, but card payment fee of 1% and direct debit dishonour payment fee of \$9.50.
- j No conditional discount, but Amex credit card fee of 2.89%, direct debit dishonour payment fee of \$9.50 and paper bill fee of \$2.20 (quarterly bills).
- k Loss of 5% pay on time discount [\$43], plus card payment fee of 0.4%, direct debit dishonour payment fee of \$2.50 and paper bill fee of \$3 (quarterly bills). It is assumed that the card payment fee of 0.4% applies to the annual bill before conditional discounts, since the pay on time discount has been lost.
- l No conditional discount, but Amex credit card fee of 1.5%, paper bill fee of \$1.69 and late payment fee of \$12 (quarterly bills).
- m Customer chooses monthly billing instead of quarterly billing. Loss of pay on time discount [\$84], plus card payment fee of 1% and direct debit dishonour payment fee of \$11. It is assumed that the card payment fee of 1% applies to the annual bill before conditional discounts, since the pay on time discount has been lost.
- n Loss of 20% pay on time discount [\$284], plus cheque dishonour payment fee of \$15 (monthly bills).
- o Loss of 7% pay on time discount and loss of 1% discount when bill is paid on time by direct debit [\$99]. GloBird Energy did not attach any fees to this offer (quarterly bills).
- p Kogan Energy did not attach any conditional discounts or fees to this offer (monthly bills).
- q Customer chooses monthly billing instead of quarterly billing. No conditional discount, but card payment fee of 1.1%, direct debit dishonour payment fee of \$8.80, paper bill fee of \$1.93 and late payment fee of \$14.
- r Customer chooses monthly billing instead of quarterly billing. No conditional discount, but Amex credit card fee of 1.5%, direct debit dishonour payment fee of \$14, late payment fee of \$12 and account establishment fee of \$40.
- s Customer chooses monthly billing instead of quarterly billing. No conditional discount, but card payment fee of 0.72% (Mastercard debit or credit card—different offers had different application), other payment processing fee of \$2, paper bill fee of \$1.75 and late payment fee of \$12. Origin did not specify which payment methods the payment processing fee of \$2 applied to.
- t Ovo Energy did not attach any conditional discounts or fees to this offer (monthly bills).
- u No conditional discount, but paper bill fee of \$2.50 and an annual membership fee of \$39 (monthly bills).
- v Customer chooses monthly billing instead of quarterly billing. No conditional discount, but Australia Post over the counter fee of \$2, cheque dishonour payment fee of \$6.50, paper bill fee of \$1.75 and late payment fee of \$12.73.
- w Loss of 15% discount on Shopper Market Offer rates (if Powershop specials were purchased) [\$211]. Powershop did not attach any fees to this offer (monthly bills).
- x No conditional discount, but card payment fee of 1% and late payment fee of \$12 (monthly bill).
- y Red Energy did not attach any conditional discounts or fees to this offer (monthly or quarterly bills).
- z Customer chooses monthly billing instead of quarterly billing. No conditional discount, but 0.6% credit card fee (Visa or MasterCard) and paper bill fee of \$1.65.

Notes: The cheapest market offer bill accounts for all (guaranteed and conditional) discounts and incentives. There may be eligibility criteria attached to retailers' lowest market offers. Not all conditional discounts will necessarily be lost in the calculation of the potential loss of discounts plus retail fees. For more details on the discounts and the retail fees attached to these offers see table 12, table 19 and table 21.

Sources: Energy Made Easy; QCA analysis.

Figure 18 Annual bills for each retailer's lowest residential flat rate market offer(s), after potential loss of discounts plus retail fees, June quarter 2020



Notes: Retailers are sorted by their lowest bill after conditional discounts (in ascending order). See table 25 for information on the assumptions underlying the potential loss calculations.

Sources: Energy Made Easy; QCA analysis.

QCA assessment

In the June quarter of 2020, 6 of the 26 retailers had no retail fees attached to their lowest market offers. For the retailers that had conditional discounts and/or retail fees attached to their lowest market offer, the value of the combination of a loss of discounts and the application of retail fees ranged from \$28 for Simply Energy to \$580 for Diamond Energy.

4.8.2 Small business flat rate market offers

In the June quarter, 21 retailers had small business flat rate market offers on Energy Made Easy.

Table 26 Annual bills for each retailer's lowest small business flat rate market offer(s), after potential loss of discounts plus retail fees, June quarter 2020

Retailer	Offer name(s)	Bill after conditional discounts (\$)	Potential loss of discounts plus retail fees (\$ or %)	Bill without conditional discounts, plus fees (\$)
1st Energy	1st Saver (Single Rate)	1,762	491 (or 28%) ^a	2,253
AGL	Business Essentials Saver (AGL Direct Sign up)	1,738	276 (or 16%) ^b	2,014
Alinta Energy	Business Deal (Single Rate)	1,828	— ^c	1,828
Amaysim Energy	Business As You Go	2,125	157 (or 7%) ^d	2,282
Blue NRG	Blue Saver Qld (General Usage – 8500)	1,670	— ^e	1,670
Click Energy	Click Business Start	1,861	155 (or 8%) ^f	2,016
CovaU	Freedom (Business Energex Single) ¹⁸⁴	1,830	489 (or 27%) ^g	2,319
Diamond Energy	Everyday Renewable Saver	1,904	654 (or 34%) ^h	2,557

¹⁸⁴ CovaU's Freedom Solar (Business Energex Single) offer resulted in the same market offer bill as its Freedom (Business Energex Single) offer.

Retailer	Offer name(s)	Bill after conditional discounts (\$)	Potential loss of discounts plus retail fees (\$ or %)	Bill without conditional discounts, plus fees (\$)
Discover Energy	Energex Small Business Single Rate Ultimate Offer	1,872	133 (or 7%) ⁱ	2,005
Elysian Energy	Elysian Market Business Single Plan (QEX)	2,087	183 (or 9%) ^j	2,271
EnergyAustralia	Total Plan Business	1,839	76 (or 4%) ^k	1,914
Energy Locals	Business Saver (Anytime)	2,044	632 (or 31%) ^l	2,676
Future X Power	Flexi Saver (Single Rate)	1,722	611 (or 35%) ^m	2,333
Locality Planning Energy	LPE Business Plus	1,882	317 (or 17%) ⁿ	2,199
Origin Energy	Origin Business Flexi (Supply Nation)	1,856	202 (or 11%) ^o	2,058
Powerclub	Powerbank Bis Flat	1,950	109 (or 6%) ^p	2,059
Powerdirect	Powerdirect Business Discount Saver	1,813	276 (or 15%) ^q	2,089
Powershop	Shopper Market Offer	1,816	320 (or 18%) ^r	2,136
ReAmped Energy	ReAmped Business (Anytime)	1,730	161 (or 9%) ^s	1,891
Red Energy	Qantas Red Business Saver Red Business Saver	1,874	— ^t	1,874
Simply Energy	Qld Business Plus Qld Business Qantas Points	1,917	31 (or 2%) ^u	1,948

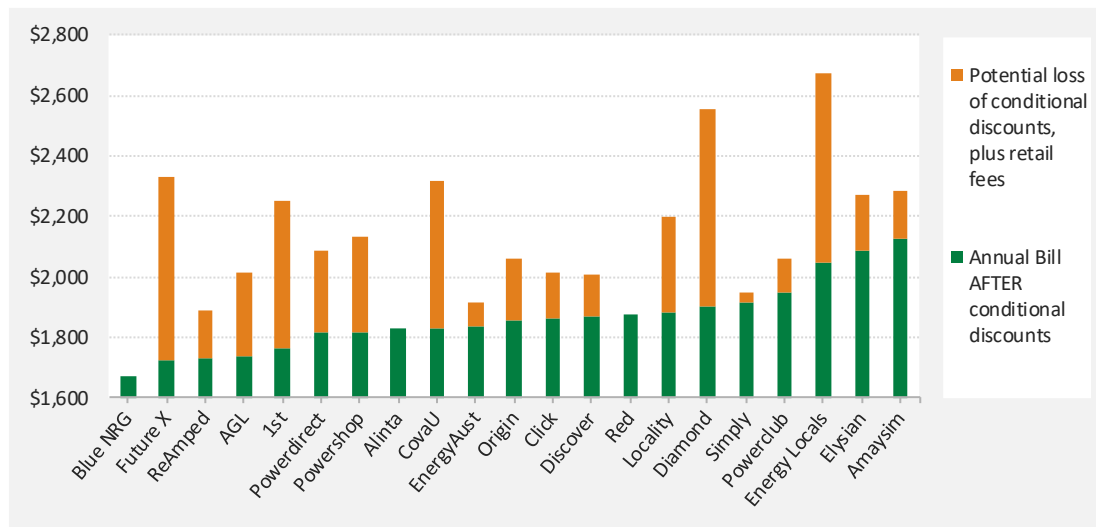
Assumptions:

- a Loss of 15% pay on time discount [\$311], plus cheque dishonour payment fee of \$15 (monthly bill).
- b Customer chooses monthly billing instead of quarterly billing. No conditional discount, but Australia Post over the counter fee of \$2, cheque dishonour payment fee of \$6.50, paper bill fee of \$1.75 and late payment fee of \$12.73.
- c Alinta Energy did not attach any conditional discounts or fees to this offer (monthly bills).
- d No conditional discount, but card payment fee of 0.6% and late payment fee of \$12 (monthly bills).
- e Blue NRG did not attach any conditional discounts or fees to this offer (monthly bills).
- f No conditional discount, but card payment fee of 0.6% and late payment fee of \$12 (monthly bills).
- g Customer chooses monthly billing instead of quarterly billing. No conditional discount, but card payment fee of 0.82%, direct debit dishonour payment fee of \$9.50 and late payment fee of \$30.
- h Customer chooses monthly billing instead of quarterly billing. Loss of 7% pay on time discount (customers who agree to receive invoices by email and make full payment by an approved payment method by the due date) and loss of 3% discount where full payment was made by automated direct debit [\$212], plus cheque dishonour payment fee of \$20, late payment fee of \$15 and account establishment fee of \$22.
- i Customer chooses monthly billing instead of quarterly billing. No conditional discount, but card payment fee of 1% and direct debit dishonour payment fee of \$9.50.
- j Loss of 10% pay on time discount [\$153], plus card payment fee of 0.4%, direct debit dishonour payment fee of \$2.50 and paper bill fee of \$3 (quarterly bills). It is assumed that the card payment fee of 0.4% applies to the annual bill before conditional discounts, since the pay on time discount has been lost.
- k No conditional discount, but Amex credit card fee of 1.5% and late payment fee of \$12 (quarterly bills).
- l Customer chooses monthly billing instead of quarterly billing. No conditional discount, but card payment fee of 1%, direct debit dishonour payment fee of \$11, paper bill fee of \$2, late payment fee of \$16 and a monthly membership fee of \$21.99.
- m Loss of 20% pay on time discount [\$431], plus cheque dishonour payment fee of \$15 (monthly bills).
- n Customer chooses monthly billing instead of quarterly billing. No conditional discount, but card payment fee of 1.1%, direct debit dishonour payment fee of \$8.80, paper bill fee of \$1.93 and late payment fee of \$14.
- o Loss of 15% discount on Shopper Market Offer rates (The 'Mega Pack' gave access to up to a 15% discount if Powershop specials were purchased) [\$320]. Powershop did not attach any fees to this offer (monthly bills).
- p No conditional discount, but paper bill fee of \$2.50 and an annual membership fee of \$79 (monthly bills).
- q Customer chooses monthly billing instead of quarterly billing. No conditional discount, but Australia Post over the counter fee of \$2, cheque dishonour payment fee of \$6.50, paper bill fee of \$1.75 and late payment fee of \$12.73.
- r Loss of 15% discount on Shopper Market Offer rates (The 'Mega Pack' gave access to up to a 15% discount if Powershop specials were purchased) [\$320]. Powershop did not attach any fees to this offer (monthly bills).
- s No conditional discount, but card payment fee of 1% and late payment fee of \$12 (monthly bill).
- t Red Energy did not attach any conditional discounts or fees to this offer (monthly or quarterly bills).
- u Customer chooses monthly billing instead of quarterly billing. No conditional discount, but 0.6% credit card fee (Visa or MasterCard) and paper bill fee of \$1.65.

Notes: The cheapest market offer bill accounts for all (guaranteed and conditional) discounts and incentives. There may be eligibility criteria attached to retailers' lowest market offers. Not all conditional discounts will necessarily be lost in the calculation of the potential loss of discounts plus retail fees. For more details on the discounts and the retail fees attached to these offers see table 16, table 20 and table 23.

Sources: Energy Made Easy; QCA analysis.

Figure 19 Annual bills for each retailer's lowest small business flat rate market offer(s), after potential loss of discounts plus retail fees, June quarter 2020



Notes: Retailers are sorted by their lowest bill after conditional discounts (in ascending order). See table 26 for information on the assumptions underlying the potential loss calculations.

Sources: Energy Made Easy; QCA analysis.

QCA assessment

In the June quarter of 2020, 4 of the 21 retailers had no retail fees attached to their lowest market offers. For the retailers that had conditional discounts and/or retail fees attached to their lowest market offer, the value of the combination of a loss of discounts and the application of retail fees ranged from \$31 for Simply Energy to \$654 for Diamond Energy.

5 WEIGHTED PRICE TRENDS

In this chapter, we compare and assess the trends in retailers' standing offer and market offer bills from 2015–16 to 2019–20, with retailers' average bills weighted by their market share.

Key findings

Weighted average standing offer bills

- (1) For residential and small business flat rate tariffs, the weighted average standing offer bill decreased substantially in the September quarter of 2019, following the introduction of the DMO, and then remained largely constant for the rest of 2019–20.
- (2) In previous years, the main change in the weighted average standing offer bill for both tariffs also occurred the September quarters. The bill increased substantially in the September quarters of 2016 and 2017 and decreased in the September quarter of 2018, and then remained largely constant for the rest of each financial year.
- (3) Over the five years from 2015–16 to 2019–20, the weighted average standing offer bill:
 - decreased by 1.8% for residential flat rate customers
 - increased by 5.4% for small business flat rate customers.

Weighted average market offer bills

- (4) For residential and small business flat rate tariffs, the weighted average market offer bill increased during 2015–16 and 2016–17. However, the weighted average market offer bill started to decrease when Alinta Energy entered the market in August 2017.
- (5) The weighted average market offer bill continued to decrease as the number of retailers in the market increased and wholesale and network costs in SEQ decreased. From its peak in the September quarter of 2017 to the June quarter of 2020, the weighted average market offer bill:
 - decreased by 13.6% (\$199) for residential flat rate customers
 - decreased by 11.2% (\$242) for small business flat rate customers.
- (6) Over the five years from 2015–16 to 2019–20, the weighted average market offer bill:
 - decreased by 8.0% for residential flat rate customers
 - increased by 1.3% for small business flat rate customers.

Comparing weighted average standing offer and market offer bills

- (7) The weighted average standing offer bill was higher than the weighted average market offer bill for residential and small business flat rate tariffs in each quarter between 2015–16 and 2019–20.
- (8) For both tariffs, the spread (difference) between the weighted average standing and market offer bill increased over time, especially in 2017–18 and 2018–19. However, the introduction of the DMO in July 2019 and the ensuing decreases in standing offer bills led to a decrease in the spread in the September quarter of 2019 for both tariffs.

5.1 Minister's direction

Section 2(e) of the direction requires the market monitoring report to include a comparison and assessment of any trends in relation to retailers' standing offer bills and generally available market offer bills between 2015–16 and 2019–20, each weighted by retailer market share.

5.2 QCA methodology

Bills based on latest consumption data

We applied the same methodology as in previous years to compare and assess the change in average standing and market offer bills over time. That is, we calculated an annual bill for each offer available on Energy Made Easy between 2015–16 and 2019–20 based on a constant electricity usage level—the median annual consumption in table 2. By recalculating all the bills with the same consumption level, we can ensure that any changes in bills we observe reflect changes in prices only and are not distorted by changes in consumption over time.¹⁸⁵

Bills weighted by retailer market share

The direction requires that the standing and market offer bills are weighted by retailer market share. Consistent with the methodology we applied in previous reports,¹⁸⁶ we used the AER's retail energy market performance data to calculate market shares based on the number of customers on standing or market offers in each quarter. However, we only included the standing or market offer customer numbers of those retailers in our calculations that had standing or market offers available in that quarter, since not each retailer had offers on Energy Made Easy in every quarter.

The AER's retail energy market performance data includes quarterly data on most retailers' total number of residential and small business customers, as well as their respective number of customers on market contracts. We calculated the number of customers on standing offers in each quarter as the difference between the total number of customers and the number of customers on market contracts in that quarter.¹⁸⁷

Data for the June quarter of 2020 was not available yet when we finalised this report. As a proxy, we used the AER's standing and market offer customer numbers for the March quarter of 2020 to weight the standing and market offer bills in the June quarter of 2020.

Data restrictions

The AER's retail energy market performance data does not provide information on the total number of customers by tariff type.¹⁸⁸ The total number of customers includes customers on flat rate, controlled load and time of use tariffs. In our view, the total number of customers does not provide a sound basis to calculate market shares for controlled load or time of use tariff customers, given their relatively lower share among the total number of customers.¹⁸⁹ For this reason, we present a weighted trend analysis for residential flat rate and small business flat rate tariffs only.

¹⁸⁵ Since we have recalculated all the bills from the September quarter of 2015 to the June quarter of 2019, the bills in this chapter are different to the bills we presented in chapters 5 of our 2017–18 and 2018–19 market monitoring reports (QCA 2019b, pages 107–118; QCA 2019c, pages 73–76).

¹⁸⁶ QCA 2019b, pages 107–108; QCA 2019c, pages 72–73.

¹⁸⁷ The difference between the total numbers of customers and the number of customers on a market contract includes a small number of customers on a deemed contract. In the March quarter 2020, about 0.3% of the customers in SEQ were on a deemed contract (AER 2020c, schedule 2 (indicators S2.1, S2.2, S2.6); QCA analysis). Customers can, for example, be on a deemed contract if they move to a new address and do not arrange to be on a specific standing or market offer. In this case, they will initially be on the deemed retail arrangement from the local retailer when they use electricity. The terms and conditions of such a deemed contract are equivalent to those of the retailer's standing offer (AEMC 2018b, page 6). See also section 54, and the definition of 'move-in customer' in section 2, of the NERL.

¹⁸⁸ The AER's performance indicator for tariff structures (S2.8) relates only to customers with a smart meter (AER 2018c, page 11).

¹⁸⁹ Unpublished data provided by Energex.

We also consider that the number of existing customers contracted to a retailer in any given quarter may not be strongly correlated with the number of new customers who take up one of the offers that this particular retailer had available on Energy Made Easy during the same quarter. The weighted average bills in this chapter should therefore only be interpreted as a proxy for the weighted annual bill of the typical customer.

Influence of large retailers

When interpreting the weighted average bills in this chapter, it is also important to note that some retailers have relatively high market shares. This applies in particular to the 'tier one' retailers—AGL, EnergyAustralia and Origin Energy—and to Alinta Energy, which has been the third-largest retailer in SEQ by residential customer numbers since the June quarter of 2018. The offers of these larger retailers have a strong influence on the weighted average bills. For example, the combined market share of the tier one retailers for residential standing offer customers was 97.1% in the March quarter of 2020.¹⁹⁰ The weighted average standing offer bill in that quarter therefore almost exclusively reflects the offers of these three retailers.

We further note that the AER had removed all retail performance data from its website in September 2018 after discovering what it described as 'significant errors' in the data provided by AGL.¹⁹¹ The AER indicated in its quarterly retail performance reports for 2018–19 that, although AGL had resubmitted a complete dataset for 2017–18, AGL had indicated that previous years' data may still be inaccurate. The AER cautioned that '[t]his should be taken into account when drawing trends in jurisdictions where AGL is active'.¹⁹² Readers should bear the AER's advice in mind when interpreting the weighted average bills in this chapter.

Retail brands

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

- Amaysim Energy, which owns the Click Energy retail brand¹⁹³
- Energy Locals, which is the provider of energy to customers of Amber Electric¹⁹⁴

¹⁹⁰ Market share based on the total number of standing offer customers of those retailers that had residential flat rate standing offers published on Energy Made Easy in the March quarter of 2020.

¹⁹¹ AER, [AER removes retail performance data from its website](#) [news release], 11 September 2018. In November 2019, the AER commenced proceedings in the Federal Court against four subsidiaries of AGL Energy Limited, alleging they failed to submit timely and accurate retail market performance data (AER, [AGL in court over alleged failure to provide accurate and timely performance data](#) [news release], 12 November 2019). In November 2020, the Federal Court ordered the subsidiaries to pay combined pecuniary penalties of \$1.3 million for the breaches (AER, [AGL to pay \\$1.3 million penalty for failing to provide performance data on time](#) [news release], 13 November 2020; *AER v AGL Sales Pty Limited & Ors* [2020] FCA 1623, [5]–[8]).

¹⁹² AER, [Performance reporting](#) web page.

¹⁹³ In August 2020, AGL announced that it had entered into an agreement to acquire Click Energy (AGL, [AGL enters binding agreement to acquire Click Energy Group](#) [media statement], 31 August 2020)

¹⁹⁴ In October 2020, Amber Electric applied for a retailer authorisation in its own right (AER, [Amber Electric Pty Ltd – Application for electricity retailer authorisation](#) web page).

- Powershop, which sells energy under the name of DC Power and is also the energy provider of Kogan Energy.

We acknowledge that the newer retail brands may not yet have as many customers as their authorised retailer parent company. However, we consider that splitting the reported customer numbers of the authorised retailer equally between the authorised retailer and its retail brand(s) is the most straightforward approach to calculate market shares for the purpose of weighting their average standing or market offer bills.

5.3 Weighted average residential flat rate offer bills

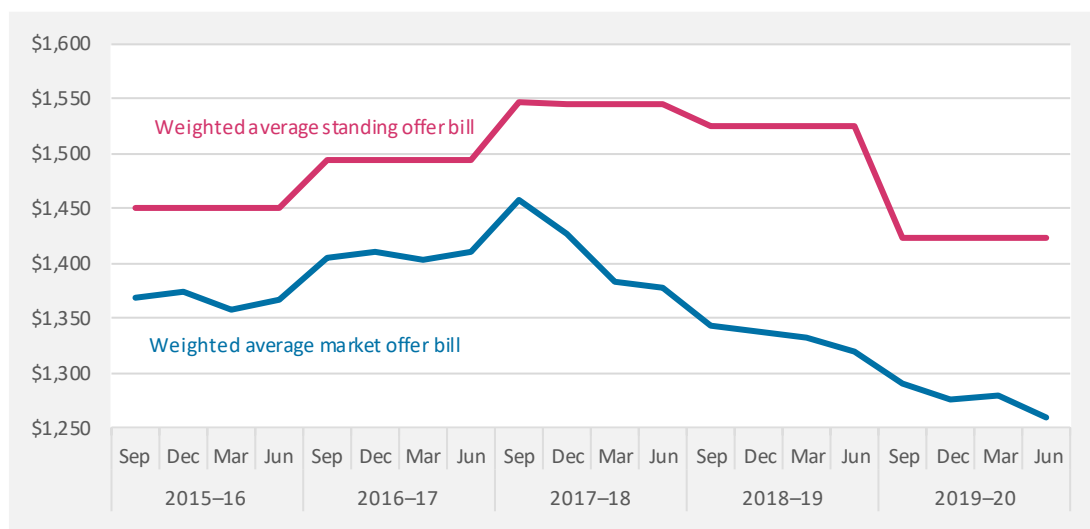
The table and graph below show the average bills based on the residential flat rate standing offers and market offers available in each quarter from 2015–16 to 2019–20, each weighted by retailer market share.

Table 27 Weighted bills for a typical residential flat rate customer, 2015–16 to 2019–20

Quarter		Average standing offer bill (\$)	Average market offer bill (\$)
2015–16	September	1,450	1,369
	December	1,450	1,374
	March	1,450	1,359
	June	1,450	1,367
2016–17	September	1,494	1,405
	December	1,494	1,410
	March	1,494	1,404
	June	1,495	1,410
2017–18	September	1,547	1,458
	December	1,546	1,427
	March	1,546	1,383
	June	1,546	1,378
2018–19	September	1,525	1,344
	December	1,525	1,338
	March	1,525	1,333
	June	1,525	1,320
2019–20	September	1,424	1,291
	December	1,423	1,276
	March	1,423	1,279
	June	1,424	1,259

Note: Annual average bill for each quarter based on the median consumption of a typical SEQ residential flat rate customer (table 2), weighted by retailers' market shares in that quarter.

Sources: Energy Made Easy; AER retail statistics; QCA analysis.

Figure 20 Weighted bills for a typical residential flat rate customer, 2015–16 to 2019–20

Note: Annual average bill for each quarter based on the median consumption of a typical SEQ residential flat rate customer (table 2), weighted by retailers' market shares in that quarter.

Sources: Energy Made Easy; AER retail statistics; QCA analysis.

The weighted average standing offer bill for residential flat rate customers decreased by 1.8% from the beginning of 2015–16 to the end of 2019–20 (from \$1,450 to \$1,424). From 2015–16 to 2017–18, the weighted average standing offer bill was on an increasing trend, but then decreased slightly in the September quarter of 2018 and declined substantially in the September quarter of 2019, following the introduction of the DMO. Over the past year (June quarter of 2019 to June quarter of 2020), the weighted average standing offer bill decreased by 6.6% (from \$1,525 to \$1,424).

The weighted average market offer bill for residential flat rate customers decreased by 8.0% from the beginning of 2015–16 to the end of 2019–20 (from \$1,369 to \$1,259). It gradually increased in 2015–16 and 2016–17, similar to the weighted average standing offer bill. However, following Alinta Energy's market entry in August 2017, the weighted average market offer bill started to decrease.

With an increasing number of retailers publishing residential flat rate market offers in SEQ and decreases in wholesale and network costs, the weighted average market offer bill continued to trend downwards. From its peak in the September quarter of 2017 to the June quarter of 2020, the weighted average market offer bill decreased by 13.6% (\$199). Over the past year (June quarter of 2019 to June quarter of 2020), it decreased by 4.6% (from \$1,320 to \$1,259).

In the five years from 2015–16 to 2019–20, the weighted average standing offer bill was always higher than the weighted average market offer bill for residential flat rate customers. The spread (difference) between the weighted average standing and market offer bill was less than \$100 during 2015–16 and 2016–17 but grew significantly during 2017–18 and 2018–19. In the September quarter of 2019, the spread decreased due to the substantial decrease in the standing offer bill. However, the spread grew again gradually over the course of 2019–20 as the weighted average market offer bill continued to decline while the weighted average standing offer bill remained nearly constant.

5.4 Weighted average small business flat rate offer bills

The table and graph below show the average bills based on the small business flat rate standing offers and market offers available in each quarter from 2015–16 to 2019–20, each weighted by retailer market share.

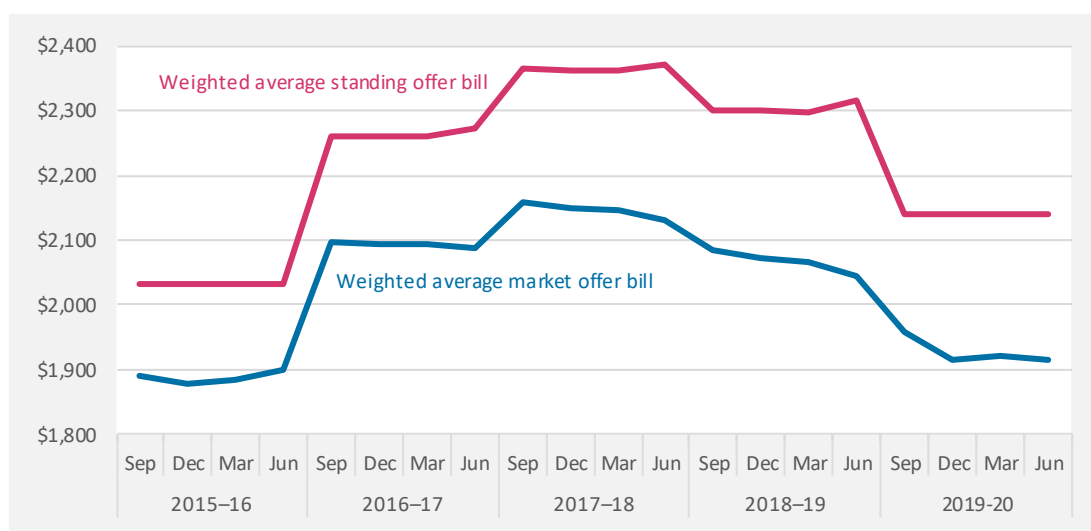
Table 28 Weighted bills for a typical small business flat rate customer, 2015–16 to 2019–20

Quarter		Average standing offer bill (\$)	Average market offer bill (\$)
2015–16	September	2,032	1,891
	December	2,032	1,877
	March	2,032	1,884
	June	2,032	1,901
2016–17	September	2,260	2,097
	December	2,260	2,094
	March	2,260	2,094
	June	2,271	2,087
2017–18	September	2,364	2,158
	December	2,363	2,150
	March	2,362	2,147
	June	2,372	2,130
2018–19	September	2,301	2,084
	December	2,299	2,073
	March	2,299	2,065
	June	2,314	2,043
2019–20	September	2,140	1,959
	December	2,140	1,915
	March	2,141	1,920
	June	2,141	1,916

Note: Annual average bill for each quarter based on the median consumption of a typical SEQ small business flat rate customer (table 2), weighted by retailers' market shares in that quarter.

Sources: Energy Made Easy; AER retail statistics; QCA analysis.

Figure 21 Weighted bills for a typical small business flat rate customer, 2015–16 to 2019–20



Note: Annual average bill for each quarter based on the median consumption of a typical SEQ small business flat rate customer (table 2), weighted by retailers' market shares in that quarter.

Sources: Energy Made Easy; AER retail statistics; QCA analysis.

The weighted average standing offer bill for small business flat rate customers increased by 5.4% from the beginning of 2015–16 to the end of 2019–20 (from \$2,032 to \$2,141). From 2015–16 to 2017–18, the weighted average standing offer bill was on an increasing trend, but it decreased slightly in the September quarter of 2018 and declined substantially in the September quarter of 2019, following the introduction of the DMO. Over the past year (June quarter of 2019 to June quarter of 2020), the weighted average standing offer bill decreased by 7.5% (from \$2,314 to \$2,141).

The weighted average market offer bill for small business flat rate customers increased by 1.3% from the beginning of 2015–16 to the end of 2019–20 (from \$1,891 to \$1,916). It gradually increased from 2015–16 onwards, similar to the weighted average standing offer bill. However, following Alinta Energy's market entry in August 2017, the weighted average market offer bill started to decrease.

With an increasing number of retailers publishing small business flat rate market offers in SEQ and decreases in wholesale and network costs, the weighted average market offer bill continued to trend downwards. From its peak in the September quarter of 2017 to the June quarter of 2020, the weighted average market offer bill decreased by 11.2% (\$242). Over the past year (June quarter of 2019 to June quarter of 2020), it decreased by 6.2% (from \$2,043 to \$1,916). However, the weighted average market offer bill remained nearly the same from the December quarter of 2019 to the June quarter of 2020.

In the five years from 2015–16 to 2019–20, the weighted average standing offer bill was always higher than the weighted average market offer bill for small business flat rate customers. The spread (difference) between the weighted average standing and market offer bills increased substantially between 2016–17 and 2018–19. Given the marked decline in the standing offer bill in the September quarter of 2019, the spread decreased. After an increase in the December quarter of 2019, the spread remained nearly constant for the rest of 2019–20, as the weighted average standing and market offer bills hardly changed.

6 CUSTOMERS SWITCHING FROM STANDING TO MARKET OFFERS

In this chapter, we compare and assesses the number of customers moving from standing offers to market offers with their retailer in 2019–20, and provide information on certain characteristics of these customers.

Key findings

- (1) The number of SEQ customers switching from a standing offer to a market offer with their retailer decreased significantly from 28,913 in 2018–19 to 11,327 in 2019–20.
- (2) The distribution of residential switching customers in 2019–20 was skewed to lower levels of consumption compared to 2017–18 and 2018–19. This may reflect that lower-consumption customers were less likely to switch in the past.
- (3) Switching customers participating in a hardship program, and/or receiving the Queensland Government electricity rebate and/or receiving Home Energy Emergency Assistance Scheme support represented 21% of the residential switching customers reported by retailers in 2019–20, a decrease from 31% in 2018–19.
- (4) There was a significant decrease in the number of customers with an outstanding electricity debt, from 4,573 in 2018–19 to 419 in 2019–20. The percentage of switching customers with an outstanding electricity debt also decreased significantly, falling from 16.9% in 2018–19 to 4.1% in 2019–20. This could suggest that efforts to assist customers with an electricity debt to take up market offers were successful in reducing energy debt levels in SEQ.
- (5) For some retailers, the average standing offer bill for switching customers in 2019–20 was higher than the retailer's standing offer bill available in the June quarter of 2020. Given market offers are almost always cheaper than standing offers, this suggests that many of the customers who switched from a standing to a market offer with their retailer would have had cheaper bills after switching.
- (6) Only Origin Energy provided conditional discounts to standing offer customers who switched to a market offer in 2019–20.

6.1 Minister's direction

Section 2(f) of the direction requires the market monitoring report to include:

- a comparison and assessment of the number of customers who moved from a standing offer to a market offer with their retailer in 2019–20
- information on the following characteristics of those customers:
 - their location
 - their electricity consumption
 - whether they were participating in a retailer hardship program, received the Queensland Government's electricity rebate (the electricity rebate) or received support via the Home Energy Emergency Assistance Scheme (HEEAS)
 - whether they had electricity debt
 - the supply and usage charges on the standing offer they were contracted to at the time they switched; and
 - the value of any conditional discounts they received on the standing offer during the reporting period.

In this chapter we generally refer to customers participating in a hardship program, and/or receiving the electricity rebate and/or receiving support through HEEAS as 'customers receiving assistance with electricity bills'. The categories of assistance referred to in the Minister's direction are summarised below.

Hardship programs

The National Energy Retail Law requires retailers to implement a customer hardship policy that aims to identify residential customers experiencing payment difficulties due to hardship, and to assist those customers to better manage their energy bills on an ongoing basis. These policies must be approved by the AER.¹⁹⁵

Electricity rebate

The electricity rebate (\$340.85 in 2019–20) is available to people who have any of the following:

- a Pensioner Concession Card (issued by Centrelink or the Department of Veterans' Affairs)
- a Department of Veterans' Affairs Gold Card (and receive the War Widow Pension or special rate totally and permanently incapacitated pension)
- a Queensland Government Seniors Card
- a Commonwealth Health Care Card
- asylum seeker status.¹⁹⁶

Home Energy Emergency Assistance Scheme

HEEAS assists customers in Queensland with their electricity bills during an unforeseen emergency or a short-term financial crisis. Applicants must meet certain criteria relating to their immediate capacity to pay an energy bill and may only receive a payment under HEEAS once every two years (up to \$720).¹⁹⁷

6.2 QCA methodology

In mid-May 2020, we issued an information notice to all retailers with residential and/or small business customers in SEQ in 2019–20 to inform our reporting of customers who switched from a standing offer to a market offer with their retailer. The notices were issued under section 89C of the Electricity Act.¹⁹⁸

To reduce duplication between the AER and QCA data on customers switching from standing to market offers, we based our information notice on the switching data published by the AER for the first two quarters of 2019–20. Specifically, we pre-populated an information notice for each retailer with the retailer's own switching data for the September and December quarters of 2019, and required each retailer to disaggregate its number of switching customers by postcode, consumption band, receipt of assistance from particular categories specified in the direction notice, electricity debt (at the time of switching), standing offer prices paid, and receipt of any conditional discounts. For the March and June quarters of 2020, the notice required retailers to provide the number of switching customers and disaggregate these customers in the same way as for the first two quarters of 2019–20.

¹⁹⁵ See the National Energy Retail Law, section 43 and AER [Energy retailers' customer hardship policies](#) web page.

¹⁹⁶ More information is available at the Queensland Government [Electricity and gas rebates](#) web page.

¹⁹⁷ More information is available at the Queensland Government [Home Energy Emergency Assistance Scheme](#) web page.

¹⁹⁸ For more information on our approach to issuing notices for the 2019–20 report, see QCA 2020b, pages 1–2.

All retailers responded to the information notice, with most retailers submitting their responses by the deadline of 31 August 2020, or in early September.¹⁹⁹ We contacted a number of retailers to request clarifications of various aspects of their switching data. Following this validation exercise, some retailers submitted revised responses. None of the embedded network retailers had any customers switching from a standing to a market offer in 2019–20 (see table 29 below).

6.3 AER performance reporting

In our previous two annual market monitoring reports, we noted the changes made by the AER to its framework for retail energy market performance reporting.²⁰⁰ The AER published data under the new framework for the first time in June 2019, with five quarters of data up to the March quarter of 2019 released at the time.²⁰¹

The AER now requires retailers to report quarterly on the number of residential and small business customers who move from standard to a market contract, and from a market to a standard contract.²⁰²

Table 29 AER switching customer data for SEQ by retailer, September, December and March quarters 2019–20

Retailer	Residential customers			Small business customers		
	September quarter	December quarter	March quarter	September quarter	December quarter	March quarter
AGL	852	795	769	74	37	37
Alinta Energy	0	0	0	1	0	0
Amaysim Energy	1	2	0	0	0	0
Dodo Power & Gas	0	0	0	0	0	0
Energy Locals	1	1	0	0	0	0
EnergyAustralia	89	96	58	8	19	10
Next Business Energy	0	0	0	17	17	1
Origin Energy	1,799	1,300	1,565	203	146	230
Powerdirect	5	0	3	1	1	1
QEnergy	51	1	2	6	5	9
Red Energy	0	0	0	12	2	2
Sanctuary Energy	1	0	0	0	0	0
Simply Energy	0	1	2	0	0	0
SEQ total	2,799	2,196	2,399	322	227	290

Note: The AER had not released June quarter data by the time this report was published.

Source: AER 2020c, schedule 2 (indicator S2.3(a)(i)–(ii)).

¹⁹⁹ Four retailers from a single corporate group (together accounting for less than 0.3% of residential customers in SEQ) requested and received an extension until later in September to complete their responses to the notice. The retailers supported their request by advising that staff were focused on managing impacts on customers of the coronavirus pandemic. One other retailer submitted its response in late October 2020.

²⁰⁰ QCA 2019b, pages 120 and 130; QCA 2019c, pages 87–88 and 99–101.

²⁰¹ AER, [Retail energy market performance update for Quarter 3, 2018–19](#) web page.

²⁰² AER 2018c, page 10 (indicators S2.3 and S2.4); AER 2018d, page 5. The AER uses the terms 'standard retail contracts' and 'market retail contracts' in its guideline and performance reporting, whereas the direction notices to the QCA use the terms 'standing offer' and 'market offer'. In simple terms, a standing offer is the offer to supply in accordance with the standard retail contract set out in the NERR, and a market offer is an offer to supply in accordance with a market retail contract. For detail, see Part 2 and Schedule 1 of the NERR on the AEMC's [NERR \(current version\)](#) web page. For the purpose of this report, the differences between the terms are immaterial.

The table below summarises the total number and proportion of residential and small business customers who switched from a standing offer to a market offer, as published by the AER, with their retailer for the September, December and March quarters of 2019–20.

Table 30 Consolidated AER switching customer data for SEQ, September, December and March quarters 2019–20

<i>Customer type</i>	<i>Quarter</i>	<i>Number of switching standing offer customers</i>	<i>Total number of customers on standing offers²⁰³</i>	<i>Switching customers % of total customers on standing offers</i>
Residential	September 2019	2,799	176,241	1.6%
	December 2019	2,196	171,285	1.3%
	March 2020	2,399	172,320	1.4%
Small business	September 2019	322	25,493	1.3%
	December 2019	227	25,345	0.9%
	March 2020	290	25,338	1.1%
Total	September 2019	3,121	201,734	1.5%
	December 2019	2,423	196,630	1.2%
	March 2020	2,689	197,658	1.4%

Note: The AER had not released June quarter data by the time this report was published..

Source: AER 2020c, schedule 2 (indicators S2.1(a)(i)–(ii), S2.2(a)(i)–(ii) and S2.3(a)(i)–(ii)).

6.4 Total number of switching customers

The table below shows, by retailer, the number of residential and small business customers who switched from a standing to a market offer with their retailer in the March and June quarters of 2020. It is important to note that customers who switched from a standing offer to a market offer of another retailer are not captured in our analysis.

Table 31 Customers switching from standing to market offers with the same retailer, March and June quarters 2020

<i>Retailer</i>	<i>Residential customers</i>		<i>Small business customers</i>	
	<i>March quarter</i>	<i>June quarter</i>	<i>March quarter</i>	<i>June quarter</i>
AGL	971	843	52	52
Discover Energy	0	1	0	0
EnergyAustralia	58	36	10	7
Origin Energy	1,565	1,454	230	161
Powerdirect	4	1	1	2
QEnergy	2	0	5	0
Red Energy	2	2	0	0
Simply Energy	2	1	0	0
SEQ total	2,604	2,338	298	222

Note: All other retailers who received an information notice did not report any switching customers in the March or June quarters of 2020.

Source: Retailers' responses to QCA information notices (unpublished).

²⁰³ Using the AER's performance data, we calculate standing offer customer numbers as the difference between total customers and market offer customers across all retailers in Queensland, except Ergon Energy. The AER used the same approach to report standing offer customers in SEQ in its draft and final determinations for the 2020–21 DMO; the AER explained that it extrapolated figures for SEQ by excluding Ergon customers from the Queensland total. The AER added that its figures were approximate as other retailers have customers in regional Queensland (AER 2020b, page 17 (table 2) and AER 2020d, page 17 (table 2)). The ACCC, in its NEM inquiry report of August 2019, reported residential and small business standing offer customer numbers in SEQ using the same approach (ACCC 2019c, page 50 (table 3.1)).

A total of 2,604 residential customers were reported to have switched from a standing offer to a market offer with the same retailer in the March quarter of 2020, compared to 2,399 as reported by the AER. This represents an 8.5% increase from the AER data, and is primarily driven by an additional 202 residential customers being reported by AGL as switching from a standing to a market offer.

A total of 298 small business customers were reported to have switched from a standing offer to a market offer with the same retailer in the March quarter of 2020, compared to 290 as reported by the AER. This represents a 2.7% increase from the AER data, and is primarily driven by an additional 15 small business customers being reported by AGL as switching from a standing offer to a market offer.

AGL explained that its switching numbers differ from the AER reporting as its customers' products are updated retrospectively. These timing mismatches between reporting can result in figures for the same reporting period being different depending on when the analysis occurs.²⁰⁴ Other retailers provided similar explanations for customer switching data that diverged from the AER reporting.

The table below shows the total number of customers switching from a standing offer to a market offer with the same retailer from 2016–17 to 2019–20.

Table 32 Customers switching from standing to market offers with the same retailer, 2016–17 to 2019–20

<i>Customer type</i>	<i>2016–17</i>	<i>2017–18</i>	<i>2018–19</i>	<i>2019–20</i>
Residential	25,348	64,204	27,006	10,238
Small business	2,081	4,434	1,907	1,089
Total	27,429	68,638	28,913	11,327

Note: Individual customers may be counted more than once if they switched from a standing to a market offer more than once during the year.

Sources: Retailers' responses to QCA information notices (unpublished); QCA 2017a, page 109 (table 48); QCA 2019b, page 122 (table 61); QCA 2019c, page 80 (table 27).

The number of switching customers in 2019–20 was significantly lower compared with previous years, representing a 60.8% decrease from 2018–19. In our previous reports, we noted that the targeted campaign in 2017–18 to inform customers of market offers and the Energy Made Easy comparison website may have contributed to the high number in 2017–18. Since 2017–18, the number of customers switching from a standing to a market offer has declined each year, for both residential and small business customers.

In advice to the COAG Energy Council, the AEMC suggested that customers could view the regulated default offer as a 'safer choice' than a price set by a retailer, resulting in customers opting to move from a market offer to the default market offer even where the default offer is not the best available offer.²⁰⁵ Our view is also that the default market offer could be perceived by customers as being better value than it really is in comparison to market offers. Further, the inclusion of the word 'market' in the term 'default market offer' could be misinterpreted by customers as being a market offer rather than a price for a standing offer.

Consistent with our findings on the number of switching customers, the share of SEQ residential and small business customers on standing offers decreased substantially from 2016–17 to 2017–18 and has continued to decrease in the subsequent years. This could suggest that the targeted

²⁰⁴ AGL response to QCA information notice (unpublished).

²⁰⁵ AEMC 2018c, page 47.

campaign and retailers' efforts to move customers from standing offers to market offers have been successful in reducing the number of customers remaining on standing offers.²⁰⁶

6.5 Location of switching customers

The 10 SEQ postcodes with the highest proportion of customers switching from a standing to a market offer with their retailer in 2019–20 are presented below. A full list of postcodes and number of switching customers are presented in appendix D. Given that different areas have different population sizes, the absolute number of switching customers would be difficult to compare and interpret. For this reason, we express switching customers here as a percentage of all customers in that postcode.

Table 33 Top 10 SEQ postcodes for customers switching from standing to market offers with their retailer, 2019–20

<i>Postcode</i>	<i>Location(s)</i>	<i>Local government area</i>	<i>Proportion of switching customers</i>
4009	Eagle Farm ^a	Brisbane	8.3%
4352	Ballard, Bapaume, Birnam, Blanchview, Branchview, Cabarlah, Cawdor, Cement Mills, Coalbank, Condamine Plains, Cutella, Derrymore, Djuan, Doctor Creek, Evergreen, Fifteen Mile, Geham, Glencoe, Gore, Gowrie Junction, Gowrie Little Plain, Grapetree, Groomsville, Hampton, Highfields, Highgrove, Hodgson Vale, Karara, Kleinton, Kulpi, Kurrowah, Lilyvale, Maclagan, Mallang, Meringandan, Meringandan West, Merritts Creek, Mount Luke, Muniganeen, Murphys Creek, Narko, North Maclagan, Nutgrove, Oman Ama, Palmtree, Pampas, Pechey, Peranga, Perseverance, Postmans Ridge, Pozieres, Preston, Rangemore, Ravensbourne, Spring Bluff, St Aubyn, Thornville, Tummaville, Umbiram, Upper Lockyer, Whichello, White Mountain, Withcott, Woodleigh, Woolmer, Wutul, Wyreema, Yalangur, Yandilla	Goondiwindi, Lockyer Valley, Southern Downs, Toowoomba	2.3%
4553	Diamond Valley, Glenview, Mooloolah Valley, Palmview	Sunshine Coast	1.9%
4110	Acacia Ridge, Heathwood, Larapinta, Pallara, Willawong	Brisbane	1.9%
4287	Barney View, Mount Barney, Mount Lindesay, Palen Creek, Rathdowney, Running Creek	Scenic Rim	1.9%
4521	Campbells Pocket, Dayboro, King Scrub, Lacey's Creek, Mount Mee, Mount Pleasant, Ocean View, Rush Creek	Moreton Bay	1.8%
4155	Chandler	Brisbane	1.7%
4307	Coleyville, Harrisville, Mutdapilly, Radford, Silverdale, Warrill View, Wilsons Plains	Scenic Rim	1.7%
4309	Aratula, Charlwood, Clumber, Fassifern, Fassifern Valley, Frazerview, Kalbar, Kents Lagoon, Kulgun, Milora, Moogerah, Morwincha, Mount Edwards, Munbilla, Obum Obum, Tarome, Teviotville	Scenic Rim	1.7%
4271	Eagle Heights	Scenic Rim	1.6%

^a Eagle Farm had one switching customer from a total of 12 customers.

Note: Location data provided by retailers includes customers on all residential customer tariffs and tariff combinations. The top 10 list cannot be directly compared to the tables in previous reports, which were based on residential and small business customers.

Sources: Retailers' responses to the QCA's information notice (unpublished); Australia Post, [Find a postcode web page](#); [Postcodes Australia website](#).

²⁰⁶ Recent trends in standing offer customer numbers are discussed in detail in section 10.4.

Consistent with 2016–17, 2017–18 and 2018–19 regional areas of SEQ generally had a higher proportion of customers switching from a standing to a market offer with their retailer in 2019–20. It is important to note that a higher proportion of switching customers in a particular area (such as in Eagle Farm) may be due to a lower number of total customers compared to another area that has the same number of customers who switched in 2019–20. The number of customers who switch, in turn, depends on how many customers switched to market offers in the past and how many remain on standing offers. These considerations should be taken into account when interpreting the results in this section.

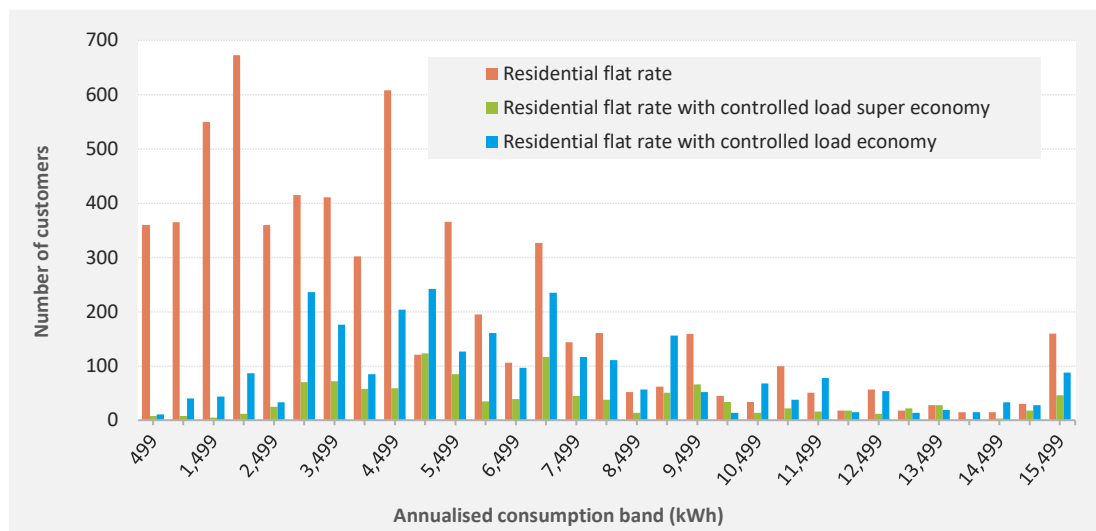
In advice to the COAG Energy Council, the AEMC observed that postcode areas (across New South Wales, SEQ and South Australia) that include cities and towns generally have the lowest average percentage of customers on standing offers. By contrast, postcode areas that are regional generally have the highest proportion of customers on standing offers.²⁰⁷

6.6 Consumption of switching customers

The graphs below show the number of residential and small business customers who switched from a standing to a market offer with their retailer in 2019–20 by consumption band.

Consumption bands summarise the number of customers who had an annualised consumption in the same range. For residential customers, we summarise the number of customers in bands of 500 kilowatt hours. We use larger bands of 1,000 kilowatt hours to summarise the number of small business flat rate and small business time of use customers. Small business time of use customers with an annualised consumption below 4,999 kilowatt hours are summarised in one band.

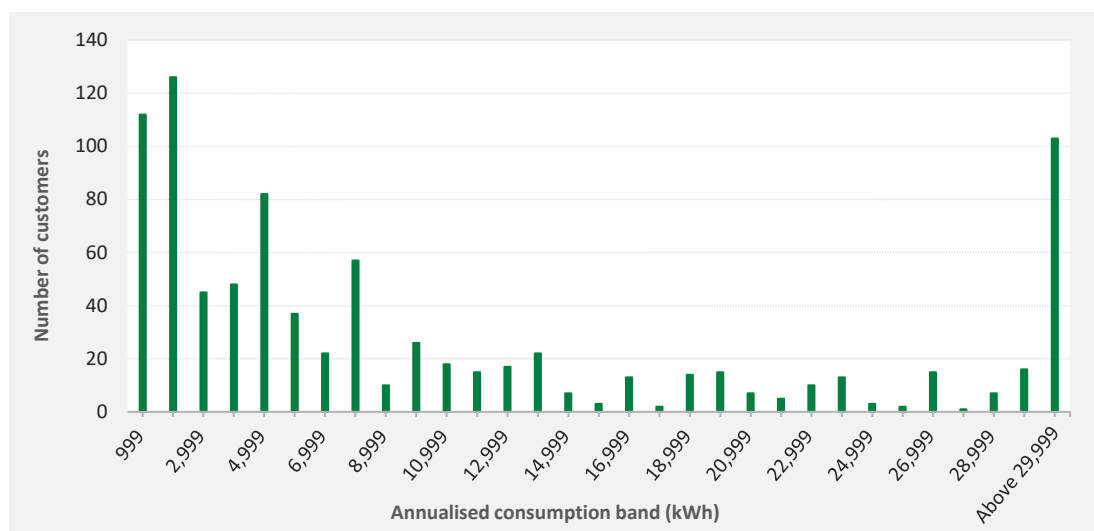
Figure 22 Number of residential switching customers by consumption band, 2019–20



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

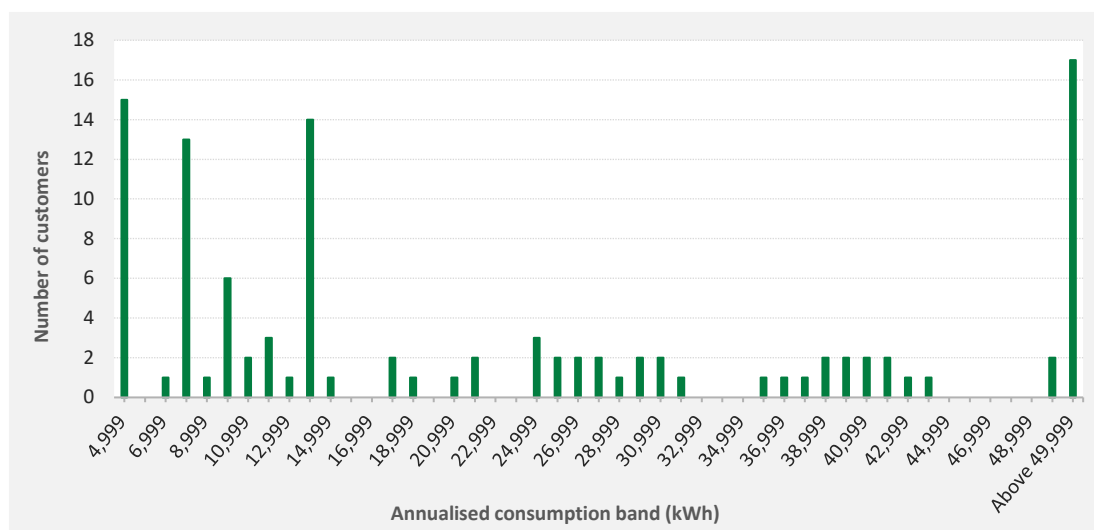
²⁰⁷ AEMC 2018c, page 18.

Figure 23 Number of small business flat rate switching customers by consumption band, 2019–20



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

Figure 24 Number of small business time of use switching customers by consumption band, 2019–20



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

The distribution of residential switching customers in 2019–20 was skewed to lower levels of consumption compared to 2017–18 and 2018–19. In 2019–20, 54.5% of residential flat rate switching customers had an annual consumption below the consumption of the typical SEQ customer, compared to 38.6% in 2018–19, 42.0% in 2017–18 and 30.4% in 2016–17. This may reflect that lower consumption customers were less likely to switch in the past.

Similar to residential customers, most switching customers on the small business flat rate tariff in 2019–20 were in lower consumption bands. Of the switching customers on small business flat rate standing offers, 51.5% had consumption below the consumption of the typical SEQ customer.

This was also the case for switching customers on the small business time of use tariff. Of the switching customers on small business time of use standing offers in 2019–20, 57.3% had consumption below the consumption of the typical SEQ customer. However, it should be noted

that there was a high proportion of switching customers who fell into the higher consumption band of over 49,000 kilowatt hours.

In section 2.2.2, we discuss the greater degree of diversity in energy consumption of small business customers, compared to residential customers. The consumption distributions of residential and small business customers who switched from a standing to a market offer in the above graphs reflect this diversity. The consumption distributions of the residential flat rate and the flat rate with controlled load combinations have a more normal distribution, whereas the small business flat rate and time of use distributions have a wider range of consumption, do not resemble a normal distribution.

It should be noted that the methodology of annualising and reallocating consumption to an annual consumption band may impact the accuracy of the consumption data; however, we do not consider this would materially change the outcomes we report.

6.7 Financial assistance for switching customers

The table below outlines the number of switching customers receiving assistance with electricity bills, and the proportion of total switching customers that each of these assistance categories contributed to the total number of residential switching customers in 2019–20.

Table 34 Switching customers receiving assistance with electricity bills, 2019–20

<i>Category of assistance</i>	<i>Number of switching customers</i>	<i>Proportion of total switching customers</i>
Customers in a hardship program only	214	2.1%
Customers receiving the electricity rebate only	1,692	16.5%
Customers receiving HEEAS support only	12	0.1%
Customers in a hardship program and receiving the electricity rebate	195	1.9%
Customers in a hardship program and receiving HEEAS support	4	0.0%
Customers receiving the electricity rebate and HEEAS support	22	0.2%
Customers in a hardship program, receiving the electricity rebate and HEEAS support	13	0.1%
Total	2,152	21.0%

Note: As in previous years, AGL provided the customer numbers based on whether the switching customer was in one of the assistance categories at any point during 2019–20

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

The number of switching customers receiving assistance with electricity bills represented 21% of residential switching customers in 2019–20. This is a decrease of 10 percentage points from 31% in 2018–19.

When interpreting this data, it is important to note that not all eligible pension or concession households may have received the electricity rebate.

- A Colmar Brunton survey prepared for the ACCC's 2018 retail electricity pricing inquiry showed that approximately 14% of respondents who were eligible to receive an energy concession did not receive a concession from their electricity retailer. This highlighted a lack of awareness and understanding of concession schemes, which was identified as a key barrier to customers accessing financial support. The ACCC also reported that many older

customers were reluctant to access hardship programs due to a perception of stigma associated with being unable to pay their bills.²⁰⁸

- For Queensland specifically, the Minister reported in April 2019 that at least another 100,000 people could be eligible for the electricity rebate.²⁰⁹

In line with the number of overall switching customers, the majority of switching customers receiving assistance with electricity bills were reported by AGL and Origin Energy again in 2019–20 (over 98% of the customer numbers above, combined).

The table below compares the switching data in 2019–20 with data from our 2016–17 to 2018–19 reports to highlight and compare trends for switching customers. It is noteworthy that the percentage of switching customers only receiving the electricity rebate continued on a path of decline from around 40% in 2016–17 and 2017–18 to 16.5% in 2019–20. Nevertheless, customers receiving the electricity rebate only continued to be the largest customer category in 2019–20.

Table 35 Comparison of the proportion of total switching customers by assistance category, 2016–17 to 2019–20

<i>Category of assistance</i>	<i>2016–17</i>	<i>2017–18</i>	<i>2018–19</i>	<i>2019–20</i>
Customers in a hardship program only	4.9%	1.8%	2.5%	2.1%
Customers receiving the electricity rebate only	39.3%	41.1%	25.2%	16.5%
Customers receiving HEEAS support only	n/a	0.1%	0.3%	0.1%
Customers in a hardship program and receiving the electricity rebate	2.9%	1.6%	2.4%	1.9%
Customers in a hardship program and receiving HEEAS support	n/a	0.1%	0.2%	0.0%
Customers receiving the electricity rebate and HEEAS support	n/a	0.2%	0.3%	0.2%
Customers in a hardship program, receiving the electricity rebate and HEEAS support	n/a	0.2%	0.3%	0.1%
Total	47.1%	45.1%	31.1%	21.0%

Note: n/a indicates that support from HEEAS was not reported on by the QCA for 2016–17.

Source: Retailers' responses to the QCA's information notice (unpublished). See also QCA 2017a, page 114 (table 50); QCA 2019b, page 127 (table 63); QCA 2019c, page 85 (table 30).

6.8 Electricity debt of switching customers

The table below shows the number of residential switching customers with an outstanding electricity debt. Few retailers reported any switching customers having a debt for 90 days or more at the time of switching. As in previous years, AGL provided data based on customers who switched in 2019–20 and had an outstanding debt of 90 days or more as at the end of August 2020.

Table 36 Residential customers with an outstanding electricity debt, by retailer, 2019–20

<i>Retailer</i>	<i>Number of switching customers with an electricity debt</i>	<i>Proportion of retailer's switching customers with an electricity debt</i>
AGL / Powerdirect	16	0.42%
EnergyAustralia	15	5.38%
Origin Energy	388	6.34%
Total	419	4.09%

²⁰⁸ ACCC 2018, pages 299 and 305.

²⁰⁹ Queensland Government, [Thousands miss out on \\$341 rebate](#) [media statement], 7 April 2019.

Notes: For the purpose of this assessment, an electricity debt is defined as an electricity debt outstanding for 90 or more (calendar) days. All other retailers who received an information notice did not report any customers with an electricity debt at the time of switching in 2019–20.

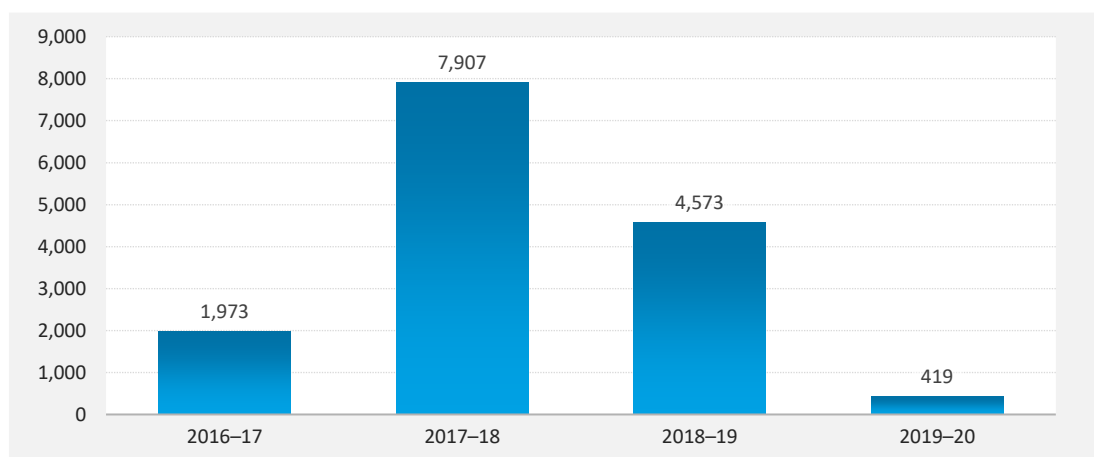
Source: Retailers' responses to the QCA's information notice (unpublished).

There has been a significant decrease in the number of switching customers with an outstanding electricity debt since the peak of 7,907 in 2017–18.²¹⁰ In 2019–20, only 419 customers were reported to have an outstanding electricity debt, which is the lowest since our reporting began in 2016–17. This decrease was mainly driven by the number of Origin Energy's switching customers with debt decreasing from 4,261 in 2018–19 to 388. Origin Energy's decrease of nearly 3,900 customers is consistent with its overall reduction in standing offer customer numbers.²¹¹

The percentage of switching customers with an outstanding debt has also decreased significantly, falling from 16.9% in 2018–19 to 4.09% in 2019–20.²¹² This could suggest that efforts to assist customers with an electricity debt to take up market offers were successful in reducing energy debt levels in SEQ. Indeed, Queensland was reported by the AER to have the lowest average residential customer energy debt (excluding hardship program customers) out of all NEM jurisdictions in the December quarter of 2019, with a customer average debt of \$600 for the quarter.²¹³

The graph below summarises the total number of residential switching customers with an outstanding electricity debt from 2016–17 to 2019–20.

Figure 25 Residential switching customers with an outstanding electricity debt, 2016–17 to 2019–20



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

6.9 Supply and usage charges on standing offer at time of switching

The requirement in section 2(f)(v) of the Minister's direction to report on the supply and usage charges on the standing offer customers were contracted to at the time they switched is a new requirement for the market monitoring report.

²¹⁰ QCA 2019b, page 128.

²¹¹ See section 10.4 for further analysis of Origin Energy's standing offer customer numbers.

²¹² QCA 2019c, page 87.

²¹³ AER 2020e, page 6.

6.9.1 Residential customers

The table below shows the supply and usage charges that the residential standing offer customers were contracted to at the time of switching. We only include tariffs 11 (flat rate), 31 (controlled load super economy) and 33 (controlled load economy)—or a combination of these tariffs—for the purpose of this table, as most SEQ residential customers were on one of or a combination of these tariffs (see section 2.2 for more information).

Table 37 Supply and usage charges of the standing offers residential customers were contracted to at time of switching, by retailer, 2019–20

Retailer	Standing offer	No of customers	Tariff 11		Tariff 31		Tariff 33	
			Supply charge (c/day)	Usage charge (c/kWh)	Supply charge (c/day)	Usage charge (c/kWh)	Supply charge (c/day)	Usage charge (c/kWh)
AGL	Flat Standing Tariff 11 1	653	99	22.5	–	–	–	–
	Flat Standing Tariff 11 2	1,849	97	23.33	–	–	–	–
	Flat Standing Tariff 11 3	1	131	24.99	–	–	–	–
	Flat Standing Tariff 11 4	1	90.21	21.24	–	–	–	–
	Standing Offer Flat + CL31 1	296	99	25.5	3	16.8	–	–
	Standing Offer Flat + CL31 2	110	97	23.33	3 ^a	16.8	–	–
	Standing tariff 11 + tariff 33 1	576	99	25.5	–	–	3 ^a	21.8
	Standing tariff 11 + tariff 33 2	287	97	23.33	–	–	3 ^a	18.95
	Standing tariff 11 + tariff 33 SOHO	1	131 ^a	24.99	–	–	3 ^a	18.95
	tariff 11 + tariff 31 + tariff 33	19	99	25.5	3	21.8	–	16.8
	tariff 11 + tariff 31 + tariff 33 2	7	97	23.33	3	18.95	–	16.8
Amaysim Energy	Standing Residential_3464(T11)	1	127.49 ^a	29.7 ^a	–	–	–	–
	Default Market Offer_3464 (T11)	2	118.14 ^a	24.75 ^a	–	–	–	–
Discover Energy	Standing offer 1	1	99 ^a	26.3 ^a	–	–	–	–
Energy Australia	EQEXA_G11	173	90	23.886	–	–	–	–
	EQEXD_G1131	23	93	23.886	–	19.02	–	–
	EQEXD_M1131	1	117.2	24.7	–	15.78	–	–
	EQEXD_G1133	80	93	23.886	–	–	–	19.02
	EQEX2_NR1907	1	93	23.886	–	–	–	19.02
	EQEX3_SGRTariff 11 + 31 + 33	1	93	23.886	–	19.02	–	19.02
Origin Energy	Standing no discount T11	3,283	105.51 ^a	22.65 ^a	–	–	–	–
	Standing with 1% Direct Debit + concession (3% off usage guaranteed discount) T11	32	105.51 ^a	21.74 ^a	–	–	–	–
	Standing with 1% Direct Debit T11	290	105.51 ^a	22.42 ^a	–	–	–	–
	Standing no discount T11-T31	677	105.51 ^a	22.65 ^a	2.72 ^a	15.58 ^a	–	–

Retailer	Standing offer	No of customers	Tariff 11		Tariff 31		Tariff 33	
			Supply charge (c/day)	Usage charge (c/kWh)	Supply charge (c/day)	Usage charge (c/kWh)	Supply charge (c/day)	Usage charge (c/kWh)
	Standing with 1% Direct Debit + concession (3% off usage guaranteed discount) T11_T31	13	105.51 ^a	21.74 ^a	2.72 ^a	14.96 ^a	–	–
	Standing with 1% Direct Debit T11_T31	26	105.51 ^a	22.42 ^a	2.72 ^a	15.43 ^a	–	–
	Standing no discount T11-T33	1,678	105.51 ^a	22.65 ^a	–	–	2.72 ^a	18.95 ^a
	Standing with 1% Direct Debit + concession (3% off usage guaranteed discount) T11-T33	31	105.51 ^a	22.65 ^a	–	–	2.72 ^a	18.95 ^a
	Standing with 1% Direct Debit T11-T33	71	105.51 ^a	22.65 ^a	–	–	2.72 ^a	18.95 ^a
Power-direct	Standing Offer 1 T11	4	97	23.33	–	–	–	–
	Standing offer 2 T11	1	140	27.55	–	–	–	–
	Standing Offer 1 T11-31	4	97	23.33	3	16.8	–	–
	Standing Offer 1 tariff 11 + tariff 33	2	97	23.33	–	–	3	18.95
	Standing Offer 2 tariff 11 + tariff 33	1	99	25.5	–	–	3	21.8
QEnergy	QEN29455SRE2 T11	5	108.9	25.465	–	–	–	–
	QEN29463SRE2 T11-T31	1	108.9	25.465	–	20.9	–	–
	QEN29464SRE2 T11-T33	1	108.9	25.465	–	–	–	20.9
Red Energy	Standing Offer T11	10	104	22.76	–	–	–	–
	Standing Offer T11-T31	1	104	22.76	3	18.32	–	–
	Standing Offer T11-T33	4	104	22.76	–	–	3	18.32
Sanctuary Energy	Standing + CL(T11-T31)	1	108.9	25.47	–	20.9	–	–
Simply Energy	Qld Simply Standing Offer Elec T11	4	96.04	21.7	–	–	–	–

^a These cells were adjusted by us to present prices in cents, as the supply and usage charges were incorrectly supplied in dollars rather than cents. We have only included residential customers who were on tariffs 11, 31 and 33 (or a combination of these) for the purpose of this table.

Notes: c/day means cents per day; c/kWh means cents per kilowatt hour; prices are GST exclusive. A dash (–) means the offer did not include a charge for the tariff.

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

The table below compares, for each retailer, the average standing offer bill for residential switching customers (based on consumption of the typical SEQ customer) with each retailer's standing offer bill for the typical residential customer in the June quarter of 2020 (tables 4, 5 and 6).

Table 38 Average standing offer bills for residential switching customers

Retailer	Tariff 11		Tariff 11 + 31		Tariff 11 + 33	
	Standing offer bill (\$) (June 2020)	Average switching customers' bill (\$)	Standing offer bill (\$) (June 2020)	Average switching customers' bill (\$)	Standing offer bill (\$) (June 2020)	Average switching customers' bill (\$)
AGL	1,421	1,413	1,765	1,846	1,688	1,784
Amaysim Energy	1,426	1,654	1,810	—	1,694	—
Discover Energy	1,417	1,560	1,805	—	1,683	—
EnergyAustralia	1,417	1,417	1,805	1,808	1,683	1,683
Origin Energy	1,425	1,424	1,744	1,743	1,694	1,694
Powerdirect	—	1,492	—	1,765	—	1,737
QEnergy	1,421	1,563	1,796	1,976	1,678	1,846
Red Energy	1,424	1,424	1,798	1,798	1,682	1,682
Sanctuary Energy	—	—	—	1,976	—	—
Simply Energy	1,331	1,345	1,684	—	1,622	—

Notes: A dash (—) means the retailer did not have a residential standing offer in the June quarter of 2020 or did not have any residential switching customers for the tariff/tariff combination in 2019–20.

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

For most retailers and tariff combinations, the standing offer bills were very similar—or even identical—to the average residential switching customer bills. However, for some retailers the average residential switching customer bills were higher than the standing offer bills on Energy Made Easy in the June quarter of 2020. For example, Amaysim Energy's tariff 11 average residential switching customer bill was 16% higher than its tariff 11 standing offer bill. This was also the case for QEnergy, whose average residential switching customer bills were consistently 10% higher than the standing offer bills across all tariff combinations. Given market offers are almost always cheaper than standing offers, this suggests that many of the customers who switched from a standing to a market offer with their retailer would have had cheaper bills after switching.

6.9.2 Small business customers

The table below shows the supply and usage charges of the standing offer small business customers were contracted to at the time of switching. We only include tariffs 20 (flat rate) and 22 (time of use) for the purpose of this table, as most SEQ small business customers were on one of these tariffs (see section 2.2 for more detail).

Table 39 Supply and usage charges of the standing offers small business customers were contracted to at time of switching, by retailer, 2019–20

Retailer	Standing offer	Number of customers	Tariff 20		Tariff 22		
			Supply charge (c/day)	Usage charge (c/kWh)	Supply charge (c/day)	Usage charge – peak (c/kWh)	Usage charge – off peak (c/kWh)
AGL	Standing Offer Tariff 20 1	103	133	27.8	—	—	—
	Standing Offer Tariff 20 2	79	131	24.99	—	—	—
	Standing Offer Tariff 22 1	14	—	—	133	30.7	24.5
	Standing Offer Tariff 22 2	16	—	—	131	27.6	22.02
Energy Australia	eQEXA_G20 (T20)	38	115	24.082	—	—	—
	eQEXT_G22 (T22)	4	—	—	125.9	26.277	21.633
Origin Energy	Standing with 1% Direct Debit T20	51	121.98	24.9084	—	—	—

Retailer	Standing offer	Number of customers	Tariff 20		Tariff 22		
			Supply charge (c/day)	Usage charge (c/kWh)	Supply charge (c/day)	Usage charge – peak (c/kWh)	Usage charge – off peak (c/kWh)
	Standing no discount T20	559	121.98	25.16	—	—	—
	Standing no discount Tariff 22	65	—	—	121.98	26.98	23.21
	Standing with 1% direct Debit Tariff 22	1	—	—	121.98	26.98	23.21
QEnergy	QEN29440SBE2 (T20)	13	129	25	—	—	—
	QEN32215SBE2 (T22)	2	—	—	154	38.389	32.414

Notes: c/day means cents per day; c/kWh means cents per kilowatt hour; prices are GST exclusive. A dash (–) means the offer did not include a charge for the tariff.

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

The table below compares, for each retailer, the average standing offer bill for small business switching customers (based on consumption of the typical SEQ customer) with each retailer's standing offer bill for a typical small business customer in the June quarter of 2020 (tables 7 and 8).

Table 40 Average standing offer bills for small business switching customers, June quarter 2020

Retailer	Tariff 20		Tariff 22	
	Standing offer bill (\$) (June 2020)	Average switching customers' bill (\$)	Standing offer bill (\$) (June 2020)	Average switching customers' bill (\$)
AGL	2,158	2,267	6,359	6,669
EnergyAustralia	2,113	2,035	6,278	6,138
Origin Energy	2,133	2,132	6,392	6,392
QEnergy	2,151	2,151	8,944	8,944

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

For most retailers and small business tariffs, the standing offer bills based on offers on Energy Made Easy in the June quarter of 2020 were very similar—or even identical—to the average small business switching customers' bills. AGL's average small business switching customers' bills were 5% higher than the standing offer bills for both tariff 20 and tariff 22. Given market offers are almost always cheaper than standing offers, this suggests that many of the customers who switched from a standing to a market offer with their retailer would have had cheaper bills after switching.

6.10 Value of conditional discounts attached to standing offers

The requirement in section 2(f)(vi) of the Minister's direction to report on the value of any conditional discounts customers received on a standing offer is a new requirement for the 2019–20 market monitoring report.

Sections 25(1) and 25(2) of the NERL require retailers to adopt a form of standard retail contract provided for in the NERR. Section 25(3) states that retailers must adopt the relevant model terms and conditions with no alterations, other than the permitted or required alterations outlined in sections 25(4) and 25(5). Although discounts are not included in the permitted or required alterations, we have previously reported on conditional discounts and GreenPower being

attached to some standing offers. For instance, in 2017–18, Diamond Energy attached discounts to its residential flat rate standing offers.²¹⁴

The Australian Government (reportedly) requested in late 2018 that the major energy companies lower their cost of standing offers by 1 January 2019.²¹⁵ In February and March 2019, the AER and ACCC detailed a number of announcements made by retailers in late 2018 regarding discounts off standing offers that would take effect on 1 January 2019.²¹⁶ Also, in April 2019, the AER stated that there was 'no constraint on retailers offering discounts off their DMO prices' (that is, standing offers).²¹⁷

Only Origin Energy provided conditional discounts to standing offer customers who switched to a market offer in 2019–20.

6.10.1 Residential customers

The table below shows the conditional discounts on standing offers received by Origin Energy residential customers at time of switching. The value of conditional discounts has been presented by quarter, as the value of the discounts varied throughout the year.

Table 41 Value of conditional discounts on standing offers received by Origin Energy residential customers at time of switching, by quarter, 2019–20

<i>Standing offer</i>	<i>Quarter</i>	<i>Total number of customers on the offer</i>	<i>Total value of conditional discounts</i>
Standing with 1% Direct Debit + concession (3% off usage guaranteed discount) T11	September	6	\$29.97
	December	8	\$13.55
	March	9	\$23.49
	June	9	\$25.41
Standing with 1% Direct Debit T11	September	27	\$105.34
	December	27	\$88.14
	March	161	\$365.76
	June	75	\$164.96
Standing with 1% Direct Debit + concession (3% off usage guaranteed discount) T11_T31	September	5	\$14.11
	March	4	\$26
	June	4	\$10.59
Standing with 1% Direct Debit T11_T31	September	7	\$28.41
	December	5	\$9.52
	March	9	\$43.55
	June	5	\$13.14
Standing with 1% Direct Debit + concession (3% off usage guaranteed discount) T11-T33	September	12	\$31.19
	December	7	\$16.55
	March	5	\$20.28
	June	7	\$17.24
Standing with 1% Direct Debit T11-T33	September	11	\$55.82
	December	21	\$102.94
	March	15	\$58.21
	June	24	\$115.39

Source: Origin Energy response to the QCA's information notice (unpublished).

²¹⁴ QCA 2019b, page 68.

²¹⁵ ACCC 2019b, page 24.

²¹⁶ AER 2019a, pages 26–27; ACCC 2019b, pages 24–25.

²¹⁷ AER 2019b, page 26.

6.10.2 Small business customers

The table below shows the conditional discounts on standing offers received by Origin Energy small business customers at time of switching. The value of conditional discounts has been presented by quarter, as the value of the discounts varied throughout the year.

Table 42 Value of conditional discounts on standing offers received by Origin Energy small business customers at time of switching, by quarter, 2019–20

<i>Standing offer</i>	<i>Quarter</i>	<i>Total number of customers on the offer</i>	<i>Total value of conditional discounts</i>
Standing with 1% Direct Debit T20	September	11	\$96
	December	10	\$73
	March	24	\$104
	June	6	\$31
Standing with 1% Direct Debit Tariff 22	March	1	\$10

Source: Origin Energy response to the QCA's information notice (unpublished).

7 CUSTOMERS RECEIVING ASSISTANCE WITH ELECTRICITY BILLS

In this chapter, we compare and assess the number of customers participating in a retailer hardship program, and/or receiving the Queensland Government's electricity rebate, and/or receiving support through the Home Energy Emergency Assistance Scheme. We focus on how many customers receiving assistance with their bills were on a standing offer or on a market offer and the electricity prices they paid.

Key findings

- (1) In the December quarter of 2019, over 89% of the roughly 367,000 SEQ customers receiving assistance with electricity bills were on a market offer. However, nearly 40,000 customers were on a standing offer, the vast majority of whom were receiving the electricity rebate only.
- (2) The number of customers receiving assistance with electricity bills who were on a standing offer decreased by over 10% from 44,362 in the December quarter of 2018 to 39,776 in the December quarter of 2019. Of the few retailers that recorded an increase in the number of standing offer customers receiving assistance with electricity bills, most only had a moderate increase.
- (3) For the residential tariffs/tariff combinations and assistance categories that we report on, the prices paid by assisted customers on a standing offer were similar to the prices of standing offers available in the December quarter of 2019. This finding is not unexpected given the introduction of the DMO from 1 July 2019.
- (4) Standing offer prices for assisted customers decreased across all tariffs/tariff combinations and assistance categories from 2017–18 to 2019–20. Market offer prices also decreased for most tariffs/tariff combinations and assistance categories during the same time. Some assisted customers were still paying higher prices than the prices on market offers available in 2019–20.
- (5) Few retailers reported that all assisted customers realised the full value of conditional discounts attached to their offers.

7.1 Minister's direction

Section 2(g) of the direction requires the market monitoring report to include a comparison and assessment of customers that were participating in a retailer hardship program or receiving the Queensland Government's electricity rebate (the electricity rebate) or HEEAS support²¹⁸ in 2019–20. The comparison and assessment is to cover:

- the number of customers on standing offers and market offers for each retailer
- the change in the number of customers on standing offers for each retailer, compared to the previous reporting period
- the standing offer and market offer prices they paid, and any trends in the prices paid.

²¹⁸ In section 6.1 we outline the key features of hardship programs, the electricity rebate and HEEAS.

Section 2(g) of the direction for the 2019–20 report has some new requirements. Firstly, the requirement for the QCA to report on the number of customers on standing offers and market offers for each retailer was added. Previously, we reported these customer numbers at a SEQ-wide level, without disaggregating customer numbers by retailer. The requirement to report the change in the number of customers on standing offers for each retailer, compared to the previous reporting period, was also new in the direction. Further, while we have previously reported on the standing and market offer prices paid by customers receiving assistance with their bills, we did not analyse trends in the prices these customers paid in previous reports.

The Minister's covering letter (of 1 April 2020) to the direction emphasised the Queensland Government's record of supporting vulnerable households with their electricity costs, and its commitment to ensuring vulnerable consumers—including concession cardholders and retailer hardship program participants—are able to benefit from the savings that are available in the SEQ retail electricity market. The Minister noted that the government was particularly concerned about the number of vulnerable customers who remain on higher-priced standing offers and therefore paying more than they should. The letter also outlined the Minister's request that all retailers operating in SEQ in 2020 commit to assisting these customers to access a more competitive price that could save them money. This report collates and analyses data that goes to certain market outcomes for customers receiving assistance with electricity bills.

7.2 QCA methodology

In mid-May 2020, we issued an information notice to all retailers with residential customers in SEQ in 2019–20 to inform our reporting of customers participating in a hardship program, and/or receiving the electricity rebate, and/or support through HEEAS. The notices were issued under section 89C of the Electricity Act.²¹⁹

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

7.2.1 Customers in hardship programs

To remove retailers' obligation to report the number and contract types of hardship program customers to the QCA on a different basis than their reporting to the AER, we based the hardship program component of the information notice on hardship program data published by the AER. Specifically, we used data published by the AER for the December quarter of 2019 as the basis of the hardship component of the information notice. This was the most recently published data available in May 2020 when we issued the notices.

By aligning the QCA's definition of hardship program customers to the AER's definition, the QCA's measures of the number and contract types of customers in a hardship program, and hardship program customers receiving one or both of the electricity rebate and HEEAS support, are a subset of retailers' hardship program data published by the AER.

We pre-populated an information notice for each retailer with the retailer's own hardship program data for the December quarter of 2019, and required retailers to disaggregate the

²¹⁹ Information notices were issued to all retailers for which the AER reported customer numbers on its [performance reporting](#) web page. At the time of issuing the information notice, the AER had published retail energy market performance updates for the September and December quarters of 2019 only. We also issued information notices to embedded network retailers, most of whom do not have generally available offers on Energy Made Easy and are therefore not included in the analysis in other chapters of this report, except for chapter 6. For more information on our approach to issuing notices for the 2019–20 report, see QCA 2020b, pages 1–2.

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

Finally, retailers were also required to provide the number of standing offer customers who were in a hardship program only, and in a hardship program who also received the electricity rebate and/or HEEAS support, during the December quarter of 2018 (that is, as at 31 December 2018). This was necessary to allow us to provide a direct comparison of standing offer customer numbers in 2018–19 and 2019–20.

7.2.2 Customers receiving the electricity rebate and/or HEEAS support

We implemented similar changes to reporting on customers who received the electricity rebate and/or HEEAS support (but who were not in a hardship program). That is, in respect of customers who received these categories of assistance during the December quarter of 2019, retailers were required to report on the number of customers, the type of contract the customers were on, and the prices they paid. Further, retailers were required to provide the number of standing offer customers who received these categories of assistance during the December quarter of 2018.

7.2.3 Data quality and availability

All retailers responded to the information notice, with most responses being received by the deadline of 31 August 2020 or in early September (see section 6.2). We contacted a number of retailers to request clarifications of various aspects of their submission. Following this validation exercise, some retailers made revisions to their initial responses and submitted revised responses.

We identified a number of data entry issues in the template retailers returned to us (e.g. supply and usage charges were entered in the wrong fields and in some instances also into the incorrect market offer). We addressed the issues before we calculated all the bills, and investigated abnormalities that we found during our analysis.

7.3 AER performance reporting

The AER's performance data showed that, as at 31 December 2019, there were 1.42 million residential customers in SEQ.²²⁰ As shown in the table below, there were 13,166 customers in a hardship program at the end of 2019, accounting for 0.9% of residential customers in SEQ.

²²⁰ AER 2020f, schedule 2 (indicators S2.1(a)(i) and S2.2(a)(i)).

Table 43 AER hardship customer data for SEQ, December quarter 2019

<i>Retailer</i>	<i>Standard²²¹ customers on hardship program</i>	<i>Market customers on hardship program</i>	<i>Total number of customers on hardship program</i>	<i>Percentage of retailers' customers on hardship program</i>
1st Energy	0	84	84	2.0%
AGL	138	3,992	4,130	1.2%
Alinta Energy	0	829	829	0.4%
Amaysim Energy	2	353	355	1.0%
Diamond Energy	8	1	9	0.2%
Dodo Power & Gas	0	420	420	3.9%
Energy Locals	0	31	31	1.8%
EnergyAustralia	3	975	988 ^a	0.9%
Flow Systems	0	7	7	0.2%
Locality Planning Energy	0	0	0	0.0%
Lumo Energy	0	0	0	0.0%
Metered Energy	14	0	14	0.1%
Mojo Power	0	22	22	1.9%
Origin Energy	121	5,361	5,482	0.9%
Powerdirect	3	152	155	1.6%
Powershop	0	30	30	0.3%
QEnergy	7	99	106	4.4%
ReAmped Energy	0	2	2	0.1%
Red Energy	1	208	209	0.4%
Sanctuary Energy	0	0	0	0.0%
Savant Energy	0	4	4	0.5%
Simply Energy	1	288	289	2.1%
SEQ total	298	12,858	13,166	0.9%

a We understand that EnergyAustralia provided an explanation to the AER as to why its total number of hardship program customers was greater than the sum of its hardship program customers on standard and market contracts. Sources: AER 2020f, schedule 4 (indicators S4.1(a) and S4.2(a)(i)–(ii)); QCA analysis.

The AER also reports on the length of time customers have been participating in retailer hardship programs. In the December quarter of 2019, 82% of SEQ customers on a hardship program had been in the program for less than one year.²²²

We note that some retailers made retrospective changes to customers' status and/or other adjustments to their hardship customer data following the publication of the AER's performance data for the December quarter of 2019. For this reason, some of the data in the following tables does not exactly match the data in the table above.

7.4 Number of assisted customers on standing offers and market offers

7.4.1 Number of assisted customers by assistance category

The table below shows the total number of SEQ customers receiving assistance with electricity bills on standing offers and market offers, and the share of customers on market offers, for each category of assistance in the December quarter of 2019.

²²¹ The AER, in its performance reporting, distinguishes between standard and market customers. In our report, we use the terms 'standard retail contract' and 'standing offer' interchangeably (see also section 1.2 for our approach).

²²² AER 2020f, schedule 4 (indicator S4.12); QCA analysis.

Table 44 SEQ customers receiving assistance with electricity bills by contract type and assistance category, December quarter 2019

<i>Category of customers</i>	<i>Number of customers on standing offers</i>	<i>Number of customers on market offers</i>	<i>Proportion of customers on market offers</i>
Customers in a hardship program only	121	5,413	97.8%
Customers receiving the electricity rebate only	39,474	312,645	88.8%
Customers receiving HEEAS support only	35	334	90.5%
Customers in a hardship program and receiving the electricity rebate	88	7,004	98.8%
Customers in a hardship program and receiving HEEAS support	9	213	95.9%
Customers receiving the electricity rebate and HEEAS support	39	1,017	96.3%
Customers in a hardship program, receiving the electricity rebate and HEEAS support	10	371	97.4%
Total	39,776	326,997	89.2%

Note: The table above is not directly comparable to the tables we included in our previous market monitoring reports. In this report, we include customers who received some form of assistance with electricity bills in the December quarter of 2019, whereas our previous reports included customers who were in one or more of these assistance categories for at least one day during the entire financial year. Due to this difference, we would expect the numbers in the table above to be somewhat lower compared to our previous data collection methodology, also because individual customers may have been counted more than once if they qualified for one or more categories of assistance on more than one occasion during the respective financial year.

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

In the December quarter of 2019, 87.9% of all residential customers in SEQ were on a market offer.²²³ At the same time, a slightly higher share of 89.2% of SEQ customers receiving assistance with electricity bills were on a market offer. The highest shares of customers on market offers were among customers who were in a hardship program and were receiving the electricity rebate (98.8%), customers who were in a hardship program only (97.8%) and customers who were receiving all three categories of assistance (97.4%).

The lowest share of assisted customers on market offers was among customers who received the electricity rebate only (88.8%). Customers who received the electricity rebate only made up the vast majority of assisted customers, and also the vast majority of assisted customers on standing offers (39,474 or over 99% of the total number of assisted standing offer customers in the December quarter of 2019).

7.4.2 Number of assisted customers by retailer

The table below shows the number of each retailer's SEQ customers receiving assistance with electricity bills who were on standing offers and market offers, as well as the share of customers who were on market offers, in the December quarter of 2019.

²²³ AER 2020c, QCA analysis.

Table 45 SEQ customers receiving assistance with electricity bills by contract type and by retailer, December quarter 2019

<i>Retailer</i>	<i>Number of customers on standing offers</i>	<i>Number of customers on market offers</i>	<i>Proportion of customers on market offers</i>
1st Energy	0	1,322	100.0%
AGL	10,571	84,397	88.9%
Alinta Energy	5	46,849	100.0%
Amaysim / Click Energy	3	11,459	100.0%
Diamond Energy	853	99	10.4%
Dodo Power & Gas	0	3,520	100.0%
Elysian Energy	0	5	100.0%
Energy Locals	0	290	100.0%
EnergyAustralia	250	20,937	98.8%
Flow Systems	0	801	100.0%
Future X Power	0	21	100.0%
Locality Planning Energy	0	483	100.0%
Metered Energy	2,321	0	0.0%
Mojo Power	14	238	94.4%
Origin Energy	25,674	141,420	84.6%
People Energy	0	22	100.0%
Powerclub	0	7	100.0%
Powerdirect	27	2,347	98.9%
PowerHub	0	285	100.0%
Powershop	0	1,520	100.0%
QEnergy	16	380	96.0%
ReAmped Energy	0	2	100.0%
Red Energy	39	10,189	99.6%
Sanctuary Energy	1	1	50.0%
Savant Energy	0	115	100.0%
Simply Energy	2	288	99.3%
Total	39,776	326,997	89.2%

Note: Of the retailers with residential customers in the SEQ market, CovaU, Discover Energy, Lumo Energy, Momentum Energy, OC Energy, Ovo Energy, Tango Energy, The Embedded Networks Company and Winconnect reported having zero customers receiving the relevant categories of assistance with electricity bills.

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

The table above shows that 26 retailers indicated that they had customers who received at least one category of assistance with electricity bills in the December quarter of 2019. Half of these 26 retailers (13) reported that they only had assisted customers on market offers, and the other half (13 retailers) indicated at least one assisted customer on a standing offer.

Of the 13 retailers that had at least one assisted customer on a standing offer, 8 reported that over 90% of their assisted customers were on market offers, and another 2 retailers reported that over 80% of their assisted customers were on market offers. Lower shares of assisted customers on market offers were reported by Diamond Energy (10.4% of its 952 customers)²²⁴, Sanctuary Energy (1 of its 2 customers) and Metered Energy (none of its 2,321 customers).

²²⁴ Compared to other retailers, Diamond Energy had a relatively low share (35.9%) of customers on market contracts among its (4,316) residential customers in SEQ in the December quarter of 2019 (AER 2020c, schedule 2 (indicators S2.1(a)(i) and S2.2(a)(i))). Also, in section 3.2, we note that Diamond Energy has advised us that it continues to provide discounts to customers on the standing offer(s) it had available up to the end of 2017–18 (Diamond Energy, response to QCA information notice (unpublished)).

7.4.3 Change in number of assisted standing offer customers by retailer

The table below shows the change in each retailer's number of assisted customers on standing offers from the December quarter of 2018 to the December quarter of 2019.

Table 46 Change in number of SEQ standing offer customers receiving assistance with electricity bills by retailer, December quarter 2018 to December quarter 2019

Retailer	Number of customers on standing offers		Change (absolute and in %)
	December quarter 2018	December quarter 2019	
1st Energy	0	0	—
AGL	11,469	10,571	-898 (-7.8%)
Alinta Energy	0	5	+5 (n/a)
Amaysim / Click Energy	0	3	+3 (n/a)
Diamond Energy	767	853	+86 (+11.2%)
Dodo Power & Gas	0	0	—
Elysian Energy	0	0	—
Energy Locals	0	0	—
EnergyAustralia	261	250	-11 (-4.2%)
Flow Systems	0	0	—
Future X Power	0	0	—
Locality Planning Energy	0	0	—
Lumo Energy	9	0	-9 (-100.0%)
Metered Energy	1,619	2,321	+702 (+43.4%)
Mojo Power	18	14	-4 (-22.2%)
Origin Energy	30,101	25,674	-4,427 (-14.7%)
People Energy	0	0	—
Powerclub	0	0	—
Powerdirect	29	27	-2 (-6.9%)
PowerHub	0	0	—
Powershop	0	0	—
QEnergy	40	16	-24 (-60.0%)
ReAmped Energy	0	0	—
Red Energy	48	39	-9 (-18.8%)
Sanctuary Energy	0	1	+1 (n/a)
Savant Energy	0	0	—
Simply Energy	1	2	+1 (+100.0%)
Total	44,362	39,776	-4,586 (-10.3%)

Notes: n/a means the retailer did not have any assisted customers on a standing offer in the December quarter of 2018, so no percentage change could be calculated. A dash (—) means the retailer did not have any assisted customers on a standing offer in either quarter. Lumo Energy only had assisted customers in the December quarter of 2018, but none in the December quarter of 2019 (in section 10.4.5 we note that Lumo Energy standing offer customers were migrated to Red Energy in the June quarter of 2019)..

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

From the December quarter of 2018 to the December quarter of 2019, the number of assisted customers on standing offers decreased by nearly 4,600 (-10.3%) from over 44,000 to less than 40,000. Origin Energy's decrease of over 4,400 assisted customers—which is consistent with its overall reduction in standing offer customer numbers²²⁵—was a major contributor to the overall decrease. Customers receiving only the electricity rebate made up the majority (39,474) of these

²²⁵ See section 10.4 for further analysis of Origin Energy's standing offer customer numbers.

customers on standing offers in the December quarter of 2019, and only 13 retailers reported assisted customers on standing offers (table 44).

Looking at the changes at the retailer level, from the December quarter of 2018 to the December quarter of 2019, the number of assisted customers on standing offers decreased for 8 retailers—for some even substantially (table 46).²²⁶ However, for 6 retailers, the number of assisted customers on standing offers increased. The largest increase was reported by Metered Energy (+702 customers; +43.4%) and Diamond Energy (+86 customers; +11.2%). The remaining 4 retailers reported relatively small increases in standing offer customers—Alinta Energy (+5), Amaysim / Click Energy (+3), Sanctuary Energy (+1) and Simply Energy (+1).

7.5 Standing and market offer prices paid by assisted customers

In chapter 2 and appendix A, we compare bills based on retailers' standing and market offers that were generally available to SEQ customers in 2019–20. In this section, we present average bills for assisted customers in 2019–20, based on data provided by retailers in response to our information notice. To be able to compare the prices of the offers that assisted customers were on with the prices of offers that were generally available on Energy Made Easy, we calculated bills for each offer with the usage level of the typical SEQ customer (table 2).²²⁷

The price paid by customers may vary significantly depending on whether they realise the conditional discounts attached to their offers or not. In this section, we include the prices for all market offers prior to conditional discounts ('market offer without conditional discounts')²²⁸ to ensure that a market offer price is included for customers who failed to meet their conditional discount requirements. We also include bills for market offers where all conditional discounts, and in some cases also guaranteed discounts, were realised ('market offer with conditional discounts').²²⁹

Offers with only guaranteed discounts (or no discounts) applied may result in lower bills than offers that have conditional discounts (and possibly also guaranteed discounts) applied. This may be because guaranteed discounts are higher or because offers with no discounts attached had lower prices. The bill calculations for rebate customers do not include the value of the electricity rebate (\$340.85 in 2019–20) to allow comparisons with the actual underlying prices being paid.²³⁰

7.5.1 Bills by customer category

The table below summarises the average standing and market offer bills for the three residential tariffs/tariff combinations we cover in our report for each of the seven categories of assisted customer in the December quarter of 2019.

²²⁶ Lumo Energy did not have any assisted customers in the December quarter of 2019. The retailer's customers in Queensland, New South Wales, and the ACT are now serviced by Red Energy, while Lumo Energy continues to provide service to customers in Victoria and South Australia. Red Energy and Lumo Energy are subsidiaries of Snowy Hydro Limited (Selectra, [Lumo Energy: Offers, Contact Details and How to Subscribe](#) web page).

²²⁷ Individual customers' usage during 2019–20 may have differed from the typical usage level.

²²⁸ This includes market offers that had conditional discounts attached, but where the customer did not realise these conditional discounts.

²²⁹ In previous reports, we calculated bills for market offers without conditional discounts based only on offers that had no conditional discounts attached. In this report, we include the pricing for all market offers prior to conditional discounts to ensure that a market offer price is included for customers who did not realise their conditional discounts. The bills from previous years in section 7.5.3 have been recalculated to reflect this approach.

²³⁰ More information is available on the Queensland Government's [Electricity and gas rebates](#) web page.

Table 47 Average annual bills by tariff/tariff combination and assistance category, December quarter 2019

<i>Tariff / tariff combination</i>	<i>Standing offer (\$)</i>	<i>Market offer without conditional discounts (\$)</i>	<i>Difference (\$)</i>	<i>Market offer with conditional discounts (\$)</i>	<i>Difference (\$)</i>
	(A)	(B)	(A) – (B)	(C)	(A) – (C)
Hardship customers only					
Flat rate	1,463	1,350	+113	1,254	+209
Flat rate with controlled load super economy	1,798	1,657	+141	1,411	+387
Flat rate with controlled load economy	1,664	1,602	+62	1,481	+183
Electricity rebate customers only					
Flat rate	1,423	1,429	–6	1,265	+158
Flat rate with controlled load super economy	1,764	1,741	+23	1,511	+253
Flat rate with controlled load economy	1,713	1,680	+33	1,525	+189
HEEAS customers only					
Flat rate	1,389	1,466	–77	1,306	+83
Flat rate with controlled load super economy	1,850	1,763	+88	1,532	+318
Flat rate with controlled load economy	1,694	1,743	–49	1,564	+130
Hardship and rebate customers					
Flat rate	1,442	1,357	+85	1,258	+184
Flat rate with controlled load super economy	1,797	1,664	+133	1,393	+404
Flat rate with controlled load economy	1,661	1,613	+48	1,470	+190
Hardship and HEEAS customers					
Flat rate	1,417	1,372	+45	1,274	+143
Flat rate with controlled load super economy	n/a	1,786	n/a	1,665	n/a
Flat rate with controlled load economy	1,694	1,660	+34	1,536	+158
Electricity rebate and HEEAS customers					
Flat rate	1,427	1,387	+40	1,296	+130
Flat rate with controlled load super economy	1,832	1,733	+98	1,533	+299
Flat rate with controlled load economy	1,675	1,719	–44	1,580	+95
Hardship, electricity rebate and HEEAS customers					
Flat rate	1,421	1,392	+29	1,277	+143
Flat rate with controlled load super economy	1,765	1,840	–75	1,556	+209
Flat rate with controlled load economy	1,656	1,691	–35	1,602	+54

Note: n/a means that no retailer reported having hardship and HEEAS customers on a standing offer for the residential flat rate with controlled load super economy tariff combination. We excluded embedded network retailers from the average bills in this table.

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

For reference, the table below shows the average standing and market offer bills based on offers available to residential customers on Energy Made Easy in the December quarter of 2019. These

bills indicate what the typical SEQ customer would have paid if they had taken up the offers that were available during the quarter.

Table 48 Average bills for a typical residential customer, December quarter 2019

<i>Tariff / tariff combination</i>	<i>Standing offer (\$)</i>	<i>Average market offer (\$)</i>	<i>Lowest market offer (\$)</i>	<i>Highest market offer (\$)</i>
Flat rate	1,416	1,306	1,270	1,347
Flat rate with controlled load super economy	1,786	1,642	1,597	1,694
Flat rate with controlled load economy	1,685	1,552	1,508	1,602

Note: Simple average of the bill for each retailer based on offers published on Energy Made Easy in the December quarter of 2019. For more information see appendix A.

Sources: Energy Made Easy; QCA analysis.

Comparing the average bills of customers receiving assistance with electricity bills for each tariff and tariff combination and each customer category (table 47) with the average bills based on the offers that were available on Energy Made Easy in the December quarter of 2019 (table 48), we make the following observations:

- The average standing offer bills of assisted customers were higher than the average of standing offer bills based on offers available in the December quarter of 2019 for 13 tariffs/tariff combinations and assistance categories (between \$1 and \$64) and lower for 7 tariffs/tariff combinations and assistance categories (between \$10 and \$29). The introduction of the DMO on 1 July 2019 is probably the main reason for the bills to be in a similar range as retailers moved standing offer customers—including customers receiving assistance with electricity bills—to their new (and generally lower) DMO offers.
- The average market offer bills of assisted customers without conditional discounts applied were higher—for all tariffs/tariff combinations and assistance categories—than the average lowest market offer bills based on offers available in the December quarter of 2019 (between \$60 and \$243). This means that the average customer in any category of assistance and on any of the three residential tariffs/tariff combinations could have saved money by switching to one of the lower offers available in the December quarter of 2019.
- The average market offer bills of assisted customers with conditional discounts applied were lower than the average of market offer bills based on offers available in the December quarter of 2019 for 11 tariffs/tariff combinations and assistance categories (between \$5 and \$204) and higher for 10 tariffs/tariff combinations and assistance categories (between \$4 and \$94).
- For each tariff/tariff combination and assistance category, the average bill based on offers without conditional discounts was higher than the average bill based on offers with conditional discounts.

7.5.2 Bills by retailer

To compare annual bills for assisted customers with offers generally available in the SEQ market during 2019–20 at a more granular level, we outline the residential bill outcomes for assisted customers by retailer. The tables and graphs below show average standing and market offer bills for customers who received assistance with electricity bills in the December quarter of 2019, based on the offers they were on and the consumption of a typical SEQ customer (table 2).

Residential flat rate offers

The table and graph below summarise, by retailer, the average bills of assisted customers with the typical usage of a SEQ customer on a residential flat rate tariff, across all categories of assistance.

Table 49 Average annual bills for assisted customers—residential flat rate by retailer, December quarter 2019

<i>Retailer</i>	<i>Standing offer (\$)</i>	<i>Market offer without conditional discounts (\$)</i>	<i>Market offer with conditional discounts (\$)</i>	<i>Proportion of customers receiving all conditional discounts</i>
1st Energy	—	1,786	1,438	42%
AGL	1,509	1,417	1,307	88%
Alinta Energy	1,473	1,492	1,103	82%
Amaysim / Click Energy	1,426	1,726	1,523	87%
Diamond Energy	1,425	1,379	1,241	31%
Dodo Power & Gas	—	1,451	—	—
Elysian Energy	—	1,406	1,358	100%
Energy Locals	—	1,419	1,598	25%
EnergyAustralia	1,417	1,556	1,206	90%
Flow Systems	—	1,030	—	—
Future X Power	—	1,702	1,297	100%
Locality Planning Energy	—	1,168	—	—
Metered Energy	1,351	—	—	—
Mojo Power	1,358	1,466	1,311	100%
Origin Energy	1,395	1,352	1,383	62%
People Energy	—	1,377	1,259	100%
Powerclub	—	1,172	—	—
Powerdirect	1,421	1,462	1,293	79%
PowerHub	—	1,224	1,158	10%
Powershop	—	1,356	1,198	0% ^a
QEnergy	1,421	1,257	—	—
Red Energy	1,424	1,467	1,327	87%
Savant Energy	—	1,383	1,239	95%
Simply Energy	1,345	1,454	1,291	22%

a Powershop explained that its Shopper offer had multiple ways to obtain discounts, and that it was not designed such that every customer received every discount.

Notes: A dash (—) means the retailer did not have assisted customers on that type of offer or, in the case of the proportion of customers receiving all conditional discounts, on offers that included conditional discounts. Retailers that did not report any assisted customers are not included in this table. Origin Energy's result does not include the Predictable Plan as the prices customers pay vary depending on usage over the year.²³¹

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

²³¹ See QCA 2017a, page 137, for information on Origin Energy's Predictable Plan.

Figure 26 Average annual bills for assisted customers—residential flat rate by retailer, December quarter 2019



Note: Retailers that did not report any assisted customers are not included in this graph.
Sources: Retailers' responses to the QCA's information notice (unpublished); QCA analysis.

Comparing bills for assisted customers on a residential flat rate tariff with the corresponding bills based on offers available in the December quarter of 2019, we make the following observations:

- Of the 12 retailers with assisted customers on a standing offer, 4 retailers' bills—Metered Energy, Mojo Power, Origin Energy and Simply Energy—resulted in a lower bill than the average standing offer bill (\$1,416) for a typical SEQ customer, based on the offers available in the December quarter of 2019, while 8 retailers' bills were higher (with bills ranging between \$1,417 and \$1,509).
- Over half of the retailers with assisted customers on a standing offer (7 out of 12) had assisted customers on market offers that resulted in a higher bill than the bill of their standing offer customers.
- Compared to the average lowest market offer bills available in the December quarter of 2019 (\$1,270), only 5 retailers' bills for assisted customers on market offers without conditional discounts applied were lower—Flow Systems, Locality Planning Energy, Powerclub, PowerHub and QEnergy, while 18 retailers' bills were higher (with bills ranging between \$1,352 and \$1,786).
- For assisted customers on market offers with conditional discounts applied, 7 retailers' bills were lower and 11 retailers' bills were higher than the average lowest market offer bills available in the December quarter of 2019 (\$1,270). Except for Energy Locals and Origin Energy, the bills for customers on market offers with conditional discounts applied were lower than the bills for customers on market offers without conditional discounts.
- Most retailers indicated that over 80% of their assisted customers on market offers with conditional discounts attached received all conditional discounts. 1st Energy, Diamond Energy, Energy Locals, Origin Energy, Powerdirect, PowerHub and Simply Energy reported lower percentages. Only 4 of the 18 retailers that had assisted customers on market offers with conditional discounts attached reported that 100% of these customers received all the conditional discounts.

Residential flat rate with controlled load super economy offers

The table and graph below summarise, by retailer, the average bills of assisted customers with the typical usage of a SEQ customer on a residential flat rate with controlled load super economy tariff, across all assistance categories.

Table 50 Average annual bills for assisted customers—residential flat rate with controlled load super economy by retailer, December quarter 2019

<i>Retailer</i>	<i>Standing offer (\$)</i>	<i>Market offer without conditional discounts (\$)</i>	<i>Market offer with conditional discounts (\$)</i>	<i>Proportion of customers receiving all conditional discounts</i>
1st Energy	—	2,249	1,799	45%
AGL	1,863	1,748	1,489	79%
Alinta Energy	1,893	1,848	1,352	85%
Amaysim / Click Energy	—	2,260	1,963	91%
Diamond Energy	1,744	1,716	1,544	38%
Dodo Power & Gas	—	1,840	—	—
Elysian Energy	—	1,866	1,796	100%
Energy Locals	—	1,784	1,675	100%
EnergyAustralia	1,805	1,878	1,435	92%
Future X Power	—	2,091	1,559	100%
Locality Planning Energy	—	1,426	—	—
Mojo Power	1,662	1,807	1,550	100%
Origin Energy	1,705	1,638	1,679	63%
People Energy	—	1,593	1,454	100%
Powerclub	—	1,439	—	—
Powerdirect	1,783	1,801	1,581	83%
Powershop	—	1,726	1,526	0% ^a
QEnergy	1,796	1,483	—	—
Red Energy	1,798	1,782	1,600	94%
Sanctuary Energy	1,976	1,976	—	—

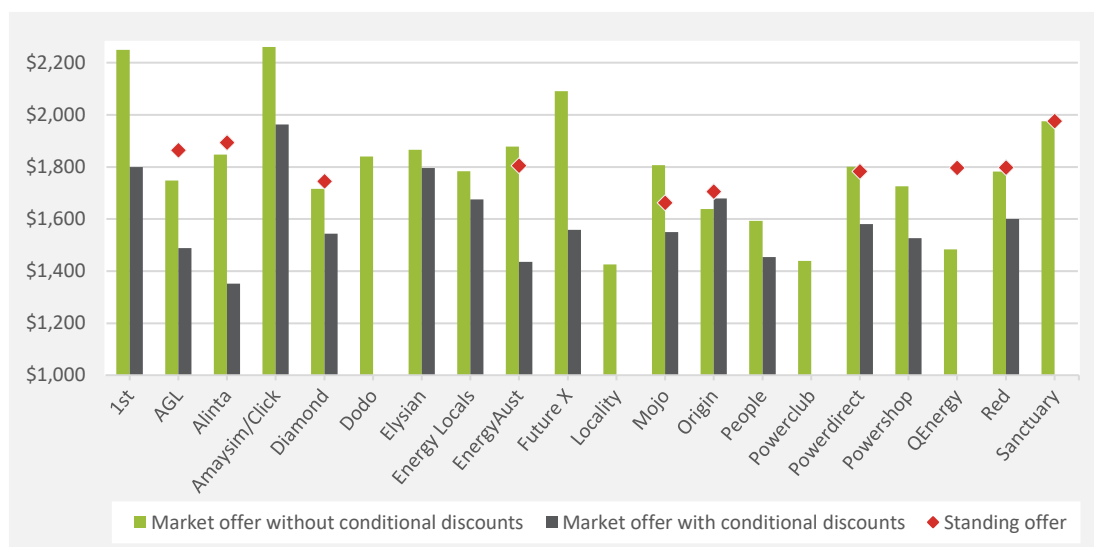
a Powershop explained that its Shopper offer had multiple ways to obtain discounts, and that it was not designed such that every customer received every discount.

Notes: A dash (—) means the retailer did not have assisted customers on that type of offer or, in the case of the proportion of customers receiving all conditional discounts, on offers that included conditional discounts. Retailers that did not report any assisted customers are not included in this table. Origin Energy's result does not include the Predictable Plan as the prices customers pay vary depending on usage over the year.²³²

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

²³² See QCA 2017a, page 137, for information on Origin Energy's Predictable Plan.

Figure 27 Average annual bills for assisted customers—residential flat rate with controlled load super economy by retailer, December quarter 2019



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

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

Comparing bills for assisted customers on a residential flat rate with controlled load super economy tariff with the corresponding bills based on offers available in the December quarter of 2019, we make the following observations:

- Of the 10 retailers with assisted customers on a standing offer, 4 retailers' bills—Diamond Energy, Mojo Power, Origin Energy and Powerdirect—resulted in a lower bill than the average standing offer bill (\$1,786) for a typical SEQ customer, based on the offers available in the December quarter of 2019, while 6 retailers' bills were higher (with bills ranging between \$1,796 and \$1,976).
- Some of the retailers with assisted customers on a standing offer (3 out of 10) had assisted customers on market offers that resulted in a higher bill than the bill of their standing offer customers.
- Compared to the average lowest market offer bills available in the December quarter of 2019 (\$1,597), only 4 retailers' bills for assisted customers on market offers without conditional discounts applied—Locality Planning Energy, People Energy, Powerclub and QEnergy—were lower, while 16 retailers' bills were higher (with bills ranging between \$1,638 and \$2,260).
- For assisted customers on market offers with conditional discounts applied, 9 retailers' bills were lower and 6 retailers' bills were higher than the average lowest market offer bills available in the December quarter of 2019 (\$1,597). Except for Origin Energy, market offer bills with conditional discounts were lower than market offer bills without conditional discounts.
- Most retailers indicated that over 80% of their assisted customers on market offers with conditional discounts attached received all conditional discounts. Only 1st Energy, AGL, Diamond Energy and Origin Energy reported lower percentages. We also note that only 5 of the 15 retailers that had customers on market offers with conditional discounts attached reported that 100% of these customers received all the conditional discounts.

Residential flat rate with controlled load economy offers

The table and graph below summarise, by retailer, the average bills of assisted customers with the typical usage of a SEQ customer on a residential flat rate with controlled load economy tariff, across all categories of assistance.

Table 51 Average annual bills for assisted customers—residential flat rate with controlled load economy by retailer, December quarter 2019

<i>Retailer</i>	<i>Standing offer (\$)</i>	<i>Market offer without conditional discounts (\$)</i>	<i>Market offer with conditional discounts (\$)</i>	<i>Proportion of customers receiving all conditional discounts</i>
1st Energy	—	2,162	1,732	38%
AGL	1,830	1,727	1,570	89%
Alinta Energy	1,759	1,799	1,322	83%
Amaysim / Click Energy	1,694	2,087	2,071	65%
Diamond Energy	1,683	1,627	1,465	37%
Dodo Power & Gas	—	1,725	—	—
Energy Locals	—	1,687	1,506	31%
EnergyAustralia	1,683	1,841	1,416	85%
Future X Power	—	1,949	1,462	100%
Locality Planning Energy	—	1,414	—	—
Mojo Power	1,561	1,780	1,558	97%
Origin Energy	1,666	1,550	1,610	59%
People Energy	—	1,590	1,465	100%
Powerdirect	1,688	1,723	1,559	70%
Powershop	—	1,625	1,427	0% ^a
QEnergy	1,678	1,446	—	—
ReAmped Energy	—	1,177	—	—
Red Energy	1,682	1,750	1,578	87%

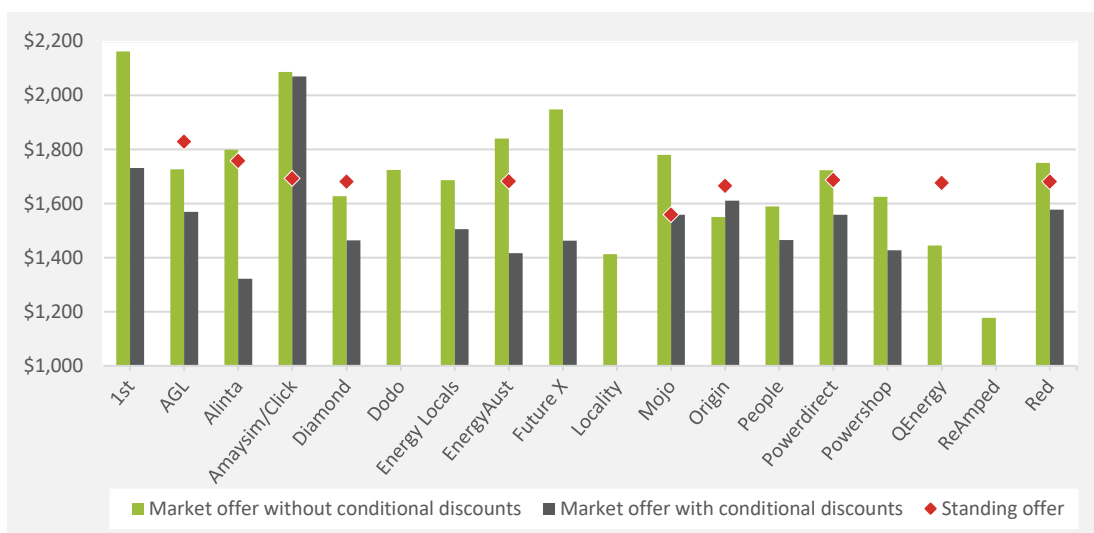
a Powershop explained that its Shopper offer had multiple ways to obtain discounts, and that it was not designed such that every customer received every discount.

Notes: A dash (—) means the retailer did not have assisted customers on that type of offer or, in the case of the proportion of customers receiving all conditional discounts, on offers that included conditional discounts. Retailers that did not report any assisted customers are not included in this table. Origin Energy's result does not include the Predictable Plan as the prices customers pay vary depending on usage over the year.²³³

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

²³³ See QCA 2017a, page 137, for information on Origin Energy's Predictable Plan.

Figure 28 Average annual bills for assisted customers—residential flat rate with controlled load economy by retailer, December quarter 2019



Note: Retailers that did not report any assisted customers are not included in this graph.
 Sources: Retailers' responses to the QCA's information notice (unpublished); QCA analysis.

Comparing bills for assisted customers on a residential flat rate with controlled load economy tariff with the corresponding bills based on offers available in the December quarter of 2019, we make the following observations:

- Of the 10 retailers with assisted customers on a standing offer, 6 retailers' bills resulted in a lower bill than the average standing offer bill (\$1,685) for a typical SEQ customer, based on the offers available in the December quarter of 2019, while 4 retailers' bills—AGL, Alinta Energy, Amaysim / Click Energy and Powerdirect—were higher (with bills ranging between \$1,688 and \$1,830).
- More than half of the retailers with assisted customers on a standing offer (6 out of 10) had assisted customers on market offers that resulted in a higher bill than the bill of their standing offer customers.
- Compared to the average lowest market offer bills available in the December quarter of 2019 (\$1,508), only 3 retailers' bills for assisted customers on market offers without conditional discounts applied were lower—Locality Planning Energy, QEnergy and ReAmped Energy, while 15 retailers' bills were higher (with bills ranging between \$1,550 and \$2,162).
- For assisted customers on market offers with conditional discounts applied, 7 retailers' bills were lower and 7 retailers' bills were higher than the average lowest market offer bills available in the December quarter of 2019 (\$1,508). Except for Origin Energy, market offer bills with conditional discounts were lower than market offer bills without conditional discounts.
- Only half of the retailers (7 out of 14) indicated that over 80% of their assisted customers on market offers with conditional discounts attached received all conditional discounts. 1st Energy, Amaysim / Click Energy, Diamond Energy, Energy Locals, Origin Energy and Powerdirect reported lower percentages. Only 2 of the 14 retailers that had customers on market offers with conditional discounts attached reported that 100% of these customers received all the conditional discounts.

7.5.3 Trends in standing and market offer prices paid

In this section, we compare and assess how standing and market offer prices paid by customers receiving assistance with electricity bills have changed over time. Our analysis is based on the offers that assisted customers were contracted to in each year. We calculated annual bills based on these offers, using the consumption of the typical SEQ customer (table 2) to facilitate a direct comparison to the bills in chapter 2 and appendix A. We also recalculated bills for 2017–18 and the 2018–19 reports²³⁴ based on the median annual consumption in table 2. By recalculating all the bills with the same consumption level, we can ensure that any changes in bills we observe reflect changes in prices only and are not distorted by changes in consumption over time.

When interpreting our findings below, it is important to keep in mind that:

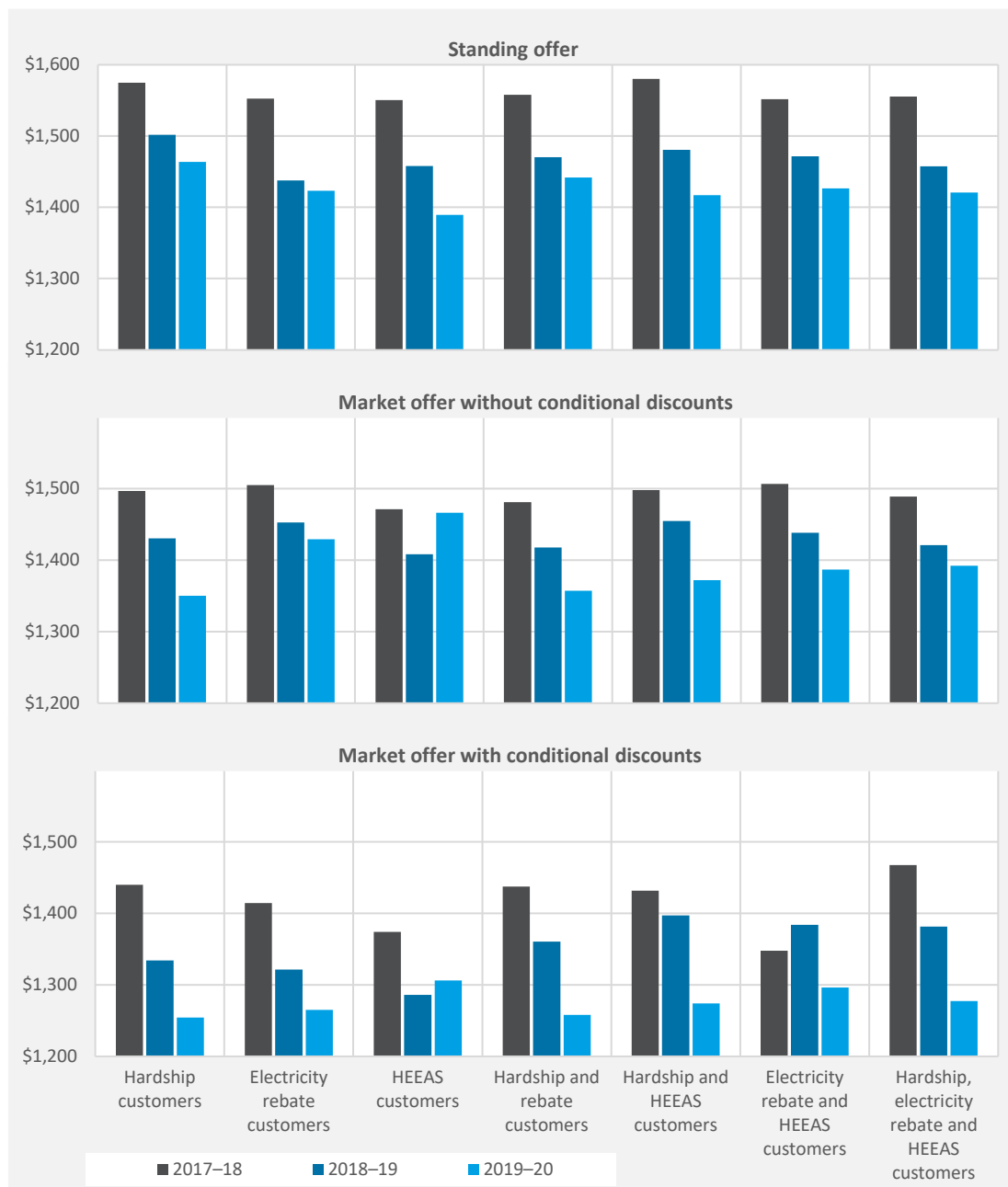
- data for only three years is available, which only provides some initial insights into trends.
- the number of customers in some of the customer categories is relatively low, which means that a few higher or lower offers can have a significant impact on the average bills.
- some customers may not have switched offers, which would lead to different trends in prices paid compared to what the typical customer would have paid if they had taken up the offers available on Energy Made Easy.

Residential flat rate offers

The graphs below show average standing and market bills for assisted customers on residential flat rate offers between 2017–18 and 2019–20, based on the consumption of a typical SEQ customer (table 2). The graphs illustrate how prices paid changed over time for each category of customers receiving assistance with electricity bills.

²³⁴ QCA 2019b, pages 134–135 (table 66); QCA 2019c, pages 92–93 (table 34). For our 2016–17 report, we had not been asked to include HEEAS customers. For this reason, the customer categories we reported on in 2016–17 are not directly comparable. For example, the ‘hardship and rebate customers’ category in our 2016–17 report may have included some customers who also received support through HEEAS, whereas in our more recent reports, we reported bills separately for ‘hardship and rebate customers’ and for ‘hardship, rebate and HEEAS customers’.

Figure 29 Average annual bills for assisted customers—residential flat rate, 2017–18 to 2019–20



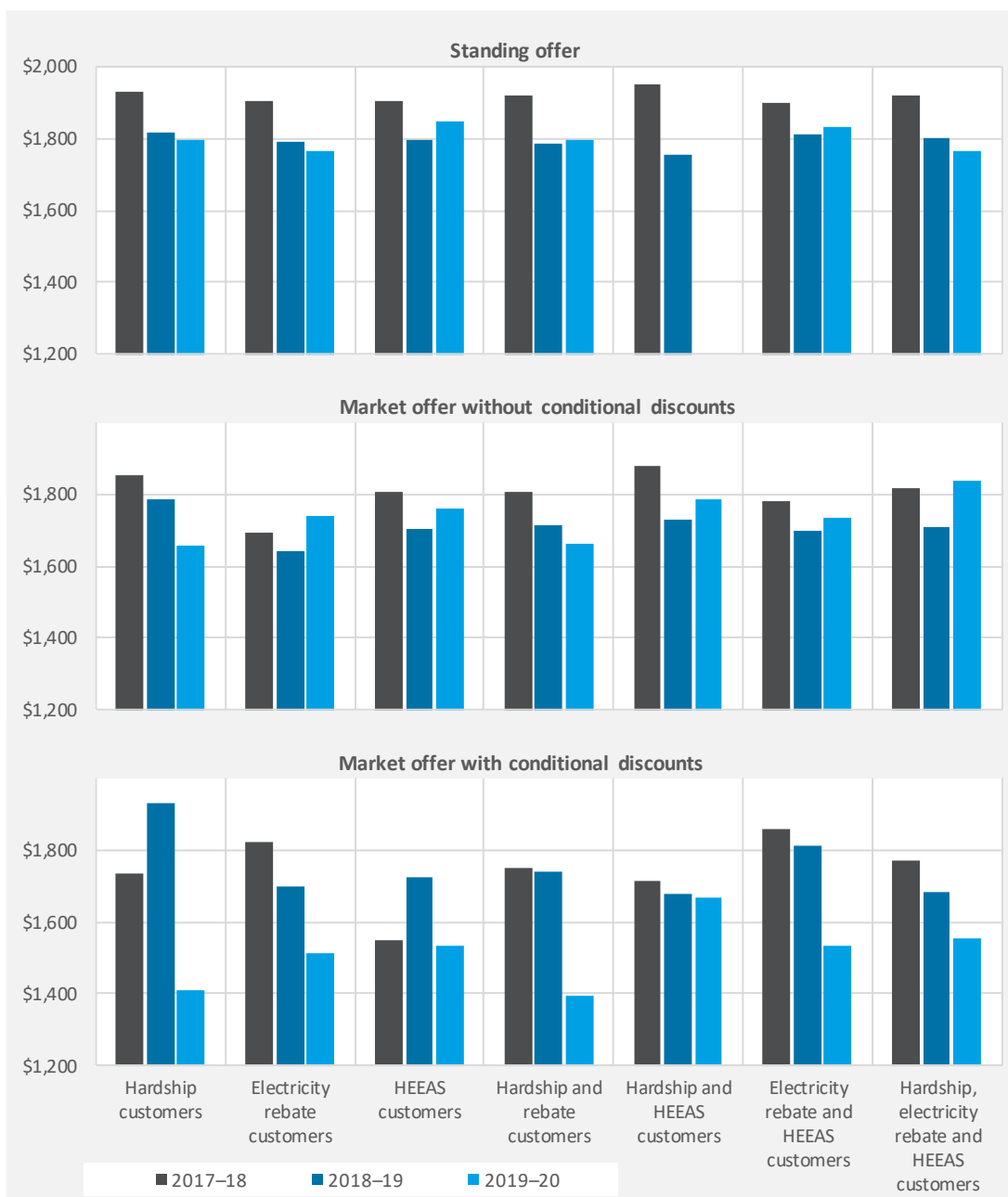
*Note: For 2019–20, we included bills from the December quarter of 2019 as in the rest of this chapter.
Sources: Retailers' responses to the QCA's information notice (unpublished); QCA analysis.*

For assisted customers on residential flat rate offers, standing offer prices paid decreased from 2017–18 to 2019–20 for each category of assistance. The largest decreases in standing offer prices paid occurred in 2018–19, before the DMO was introduced, and there was a further decrease in prices paid in 2019–20, following the introduction of the DMO, for each category of assistance. Similarly, market offer prices paid by assisted customers decreased from 2017–18 to 2019–20 for most categories of assistance.

Residential flat rate with controlled load super economy offers

The graphs below show average standing and market bills for assisted customers on residential flat rate with controlled load super economy offers between 2017–18 and 2019–20, based on the consumption of a typical SEQ customer (table 2). The graphs illustrate how prices paid changed over time for each category of customers receiving assistance with their bills.

Figure 30 Average annual bills for assisted customers—residential flat rate with controlled load super economy, 2017–18 to 2019–20



Note: For 2019–20, we included bills from the December quarter of 2019 as in the rest of this chapter. No retailer reported having hardship and HEEAS customers on a standing offer for this tariff combination. Sources: Retailers' responses to the QCA's information notice (unpublished); QCA analysis.

For assisted customers on residential flat rate with controlled load super economy offers, standing offer prices paid consistently decreased from 2017–18 to 2019–20 for most categories of assistance, with a larger decrease in 2018–19, before the DMO was introduced. In 2019–20 there were some increases in prices paid for HEEAS customers, hardship and electricity rebate

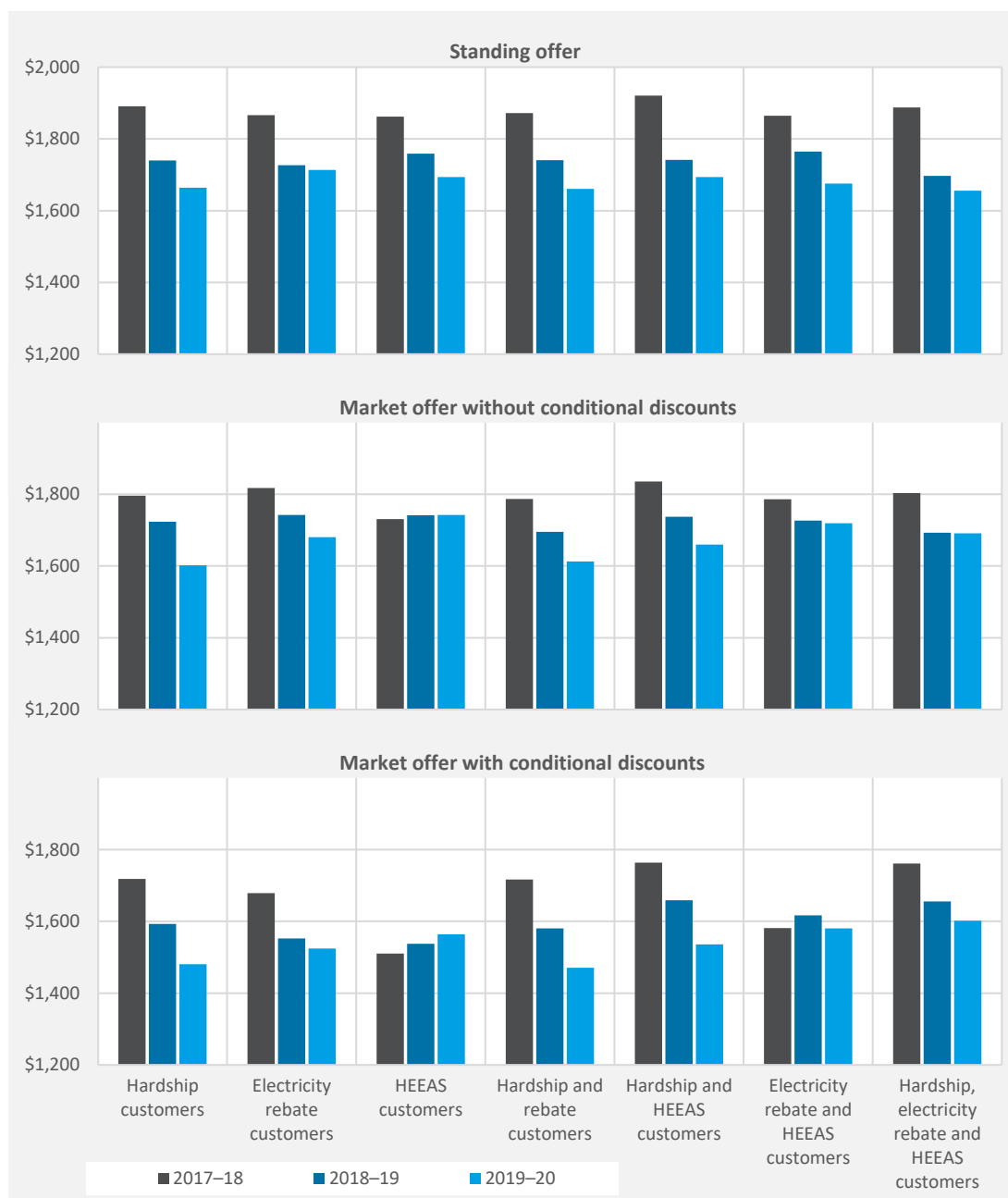
customers and electricity rebate and HEEAS customers. However, these results are based on a relatively low number of standing offer customers (below 30) in any of these three assistance categories.

Market offer bills for market offers with conditional discounts applied decreased from 2017–18 to 2019–20 for all categories of assisted customers. However, market offer bills for market offers without conditional discounts applied increased in the past year (from 2018–19 to 2019–20) for 5 of the 7 assistance categories for customers.

Residential flat rate with controlled load economy offers

The graphs below show average standing and market bills for assisted customers on residential flat rate with controlled load economy offers between 2017–18 and 2019–20, based on the consumption of a typical SEQ customer (table 2). The graphs illustrate how prices paid changed over time for each category of customers receiving assistance with their bills.

Figure 31 Average annual bills for assisted customers—residential flat rate with controlled load economy, 2017–18 to 2019–20



Note: For 2019–20, we included bills from the December quarter of 2019 as in the rest of this chapter.
Sources: Retailers' responses to the QCA's information notice (unpublished); QCA analysis.

For assisted customers on residential flat rate with controlled load economy offers, standing offer prices paid consistently decreased from 2017–18 to 2019–20 for each category of assisted customers. As with customers on a residential flat rate tariff, the largest decreases in prices paid occurred in 2018–19, before the DMO was introduced, and there was a further (smaller) decrease in prices paid following the introduction of the DMO for each category of assisted customers.

Market offer prices paid decreased from 2017–18 to 2019–20 for most categories of assisted customers, especially for offers with conditional discounts, or guaranteed and conditional discounts, applied ('market offers with conditional discounts').

7.5.4 Total value of discounts

Retailers were asked to provide the total value of conditional discounts received by assisted customers in the December quarter of 2019. The table below summarises these amounts as well as the total value of electricity rebates customers received.

Table 52 Total and average discount value across assisted customers on market offers, December quarter 2019

	<i>Hardship</i>	<i>Electricity rebate</i>	<i>HEEAS</i>	<i>Hardship and rebate</i>	<i>Hardship and HEEAS</i>	<i>Rebate and HEEAS</i>	<i>Hardship, rebate and HEEAS</i>
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Total value of discounts	72,036	10,527,209	10,597	92,651	2,515	15,924	6,527
Total value of electricity rebates	0	106,565,048	0	2,387,313	0	346,644	126,455
Average discount	13.31	33.67	31.73	13.23	11.81	15.66	17.59
Average discount across customers who meet the discount requirements	75.35	64.49	101.90	65.52	83.85	59.20	101.98
Average discount across customers who meet the discount requirements plus rebate	75.35	405.34	101.90	406.37	83.85	400.05	442.83

Note: Not all retailers provided a value of discounts. The average is based only on those retailers that reported a discount value and the numbers of the hardship, rebate and HEEAS customers on their corresponding market offers. Sources: Retailers' responses to the QCA's information notice (unpublished); Queensland Government, [Electricity and gas rebates](#) web page; QCA analysis.

Since our analysis is based only on the December quarter of 2019, compared to an analysis of the total value of discounts for the full year in previous reports, the results above can only to a limited extent be compared with the total value of discounts we reported in previous years.

The table below shows the average discounts from our 2016–17, 2017–18 and 2018–19 market monitoring reports in comparison to the average discounts in the December quarter of 2019.

Table 53 Average discount values across assisted customers on market offers, 2016–17 to 2019–20

<i>Year</i>	<i>Hardship customers</i>	<i>Electricity rebate customers</i>	<i>HEEAS customers</i>	<i>Hardship and rebate customers</i>	<i>Hardship and HEEAS customers</i>	<i>Rebate and HEEAS customers</i>	<i>Hardship, rebate and HEEAS customers</i>
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
2016–17	21.42	27.55	n/a	17.18	n/a	n/a	n/a
2017–18	45.62	75.25	24.05	36.25	38.35	66.19	37.17
2018–19	99.99	98.42	40.77	46.09	60.32	86.68	48.94
2019–20 ^a	53.23	134.69	126.92	52.91	47.24	62.63	70.37

a The average discount value for 2019–20 was approximated by multiplying the average discount values in the December quarter 2019 by four.

Sources: Retailers' responses to the QCA's information notices (unpublished). See also QCA 2017a, page 132 (table 58) and QCA 2019b, page 154 (table 70).

The table above shows that assisted customers on market offers received, on average, increasing levels of discounts off their bills between 2016–17 and 2018–19. It may be the case that the AEMC's strengthening of protections for hardship customers from November 2018—requiring the AER to develop hardship guidelines that include consistent and specific statements for

retailers to include in their hardship policies—led to an improvement in retailers' compliance with their obligation to review the appropriateness of hardship customers' market contracts.²³⁵

Our estimates for 2019–20 suggest that the total value of discounts decreased, compared to 2018–19, for hardship customers, for hardship and HEEAS customers and for electricity rebate and HEEAS customers. For the other categories of customers receiving assistance with electricity bills, this implies that the trend of increasing levels of discounts off their bills between 2016–17 and 2018–19 continued in 2019–20.

7.5.5 Distribution of customer bills

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

²³⁵ AEMC 2018d; National Energy Retail Law, section 44(f); AEMC 2019b, page 22.

8 NEW RETAIL TARIFFS AND PLANS

In this chapter, we report on new types of retail tariff structures and retail electricity plans that emerged in 2019–20.

Key findings

- (1) Four new retail tariff structures and plans emerged in SEQ in 2019–20:
 - (a) Amaysim Energy offered subscription electricity plans.
 - (b) Energy Locals, in conjunction with a third party, offered plans that integrated supply from the grid and solar PV with battery storage.
 - (c) Energy Locals introduced the Amber Electric retail 'brand' that passes through all costs (with a monthly fee for the retail margin) with the wholesale electricity usage price based on spot market pricing.
 - (d) AGL, Powershop and Red Energy offered electric vehicle plans.
- (2) As part of its regulatory determinations for the 2020–25 period, Energex submitted new network tariffs to the AER. The AER believes that, while the benefits of tariff reform are likely to be modest in the short term, the long-term interests of consumers in Queensland are best served by commencing the reform process now so as to encourage retailers to offer customers a choice of innovative tariffs.

8.1 Minister's direction

Section 3(a) of the direction requires the market monitoring report to comment on the emergence of new types of retail tariff structures and retail electricity plans in 2019–20.

8.2 QCA methodology

Consistent with the methodology we used in our previous annual market monitoring reports, we collected and analysed retail tariff structure and electricity plan data from Energy Made Easy in each quarter of 2019–20 to report on the emergence of new retail tariff structures and plans.

We also invited retailers to provide specific information on any new tariff structures and plans in their responses to the information notices issued for this report. The new tariff structures and plans section of the notice was an optional section for retailers to complete.

8.3 New tariff structures and plans between 2016–17 and 2018–19

Our previous annual market monitoring reports have identified a small number of new tariff structures and plans each year between 2016–17 and 2018–19.

Table 54 New retail tariff structures and plans, 2016–17

<i>Retailer</i>	<i>Plan name/type</i>	<i>Tariff structure/plan</i>
Mojo Power	Subscription-based plans	Subscription fee plus supply and usage charges. ^a The subscription fee allowed residential customers to access the retailer's wholesale rates.
Origin Energy	Predictable Plan	Annual fixed price based on forecast usage. The price was reviewed annually based on billed usage.
Powershop	Powerpacks	Two-part tariffs—customers could select from a range of discounts on the usage charge depending on their circumstances. Four Powerpacks were available to customers: top-up packs, online saver packs, spot specials, future packs.

a Mojo Power attached monthly or annual subscription fee ('EnergyPass') options to its offers (monthly—Basic: \$35, Plus+: \$45, or Premium: \$55, or annually—Basic: \$280, Plus+: \$360, or Premium: \$440) (GST incl.).

Sources: Energy Made Easy; QCA 2017a, pages 135–138.

Table 55 New retail tariff structures and plans, 2017–18

<i>Retailer</i>	<i>Plan name/type</i>	<i>Tariff structure/plan</i>
EnergyAustralia	Secure Save plan	A 24-month fixed-rate plan with a guaranteed reduction in prices should market prices decrease during the contract.
Next Business Energy	Declining block time of use tariff structure	Small business time of use offers with a declining block tariff structure. ^a
Origin Energy ^b	Rate Freeze	Guarantee that prices would not change during the sign-up period (12 or 24 months).
	Business Bill Saver plan	A small business usage and supply charge discount product.

a In February 2018, Next Business Energy published small business time of use offers with a declining block tariff structure. For its standing and market offers, between 7 am and 9 pm, the first 27.4 kilowatt hours of consumption (per working day) was priced at 36 cents per kilowatt hour (GST exclusive), with the remaining consumption priced at 34 cents per kilowatt hour (GST exclusive). The off-peak price on the offers was 29 cents per kilowatt hour (GST exclusive). In June 2018, Next Business Energy published a new market offer with the first 27.4 kilowatt hours of consumption (per working day) priced at 26.5 cents per kilowatt hour (GST exclusive), and an off-peak price of 20.5 cents per kilowatt hour (GST exclusive).

b Origin Energy explained that, while neither of these products were new in function, they were offered to Queensland small business customers for the first time in 2017–18.

Sources: Energy Made Easy; QCA 2019b, pages 156–158.

Table 56 New retail tariff structures and plans, 2018–19

<i>Retailer</i>	<i>Plan name/type</i>	<i>Tariff structure/plan</i>
AGL	Residential demand tariff	Offers with separate supply, usage and demand charges. ^a
Origin Energy	Smart saver	HQ Energy Starter Kits included as an incentive. ^b
Energy Locals	Access to wholesale energy prices	Weekly membership fees attached to some market offers to access wholesale energy prices.
Powerclub	Contribution to 'Powerbank'; access to wholesale energy prices	One-off, refundable (at its value at the time of exit) contribution of \$40 per 1,000 kWh of annual consumption to the customer's Powerbank', plus an annual membership fee.

a AGL advised on its website that maximum kilowatt demand is measured as a single peak over a 30-minute period between 4 pm and 8 pm on workdays during the billing period, workdays are weekdays but exclude government public holidays, for the first 12 months on this tariff, customers with an annual consumption less than 10 megawatt hours per annum would have their demand capped at five kilowatt hours, and that customers must have a [communication-enabled] type 1–4 meter to access this tariff.

b Origin Energy explained on its website that the kit allowed customers to 'upgrade to a smart home', where all the devices and appliances are connected and communicate with each other.

Sources: Energy Made Easy; QCA 2019c, pages 103–105.

8.4 New tariff structures and plans in 2019–20

A number of new retail tariff structures and plans emerged in 2019–20.

8.4.1 Subscription electricity plans

Amaysim Energy had a number of subscription plans on Energy Made Easy in 2019–20, with four options from which customers could choose. On its website, Amaysim Energy described the plans as being similar to a mobile phone plan:

Just like your mobile plan! Every month you prepay for a set amount of energy. If your average use stays below this amount, you should never get hit by bill-shock again! You can switch to a higher, or lower plan at any point if you find your usage needs change.²³⁶

The table below shows the key price elements of the four options.

Table 57 Amaysim Energy subscription electricity plans for residential customers

<i>Plan element</i>	<i>Option 1</i>	<i>Option 2</i>	<i>Option 3</i>	<i>Option 4</i>
Monthly subscription	\$80/month for 240 kWh	\$110/month for 380 kWh	\$170/month for 660 kWh	\$260/month for 1,050 kWh
Top-up (if energy usage exceeds plan allowance and no available roll-over energy left)	60 kWh for \$20	95 kWh for \$27.50	165 kWh for \$42.50	345 kWh for \$65
Minimum total annual cost <i>without</i> top-ups	\$960	\$1,320	\$2,040	\$3,120
Annual consumption included in minimum annual cost (no top-ups)	2,880 kWh	4,560 kWh	7,920 kWh	12,600 kWh

Sources: *Energy Made Easy*; QCA analysis.

For each of these options, the retailer stated on Energy Made Easy that:

- the upfront monthly subscription fee is charged based on the selected plan
- the usage allowance is calculated monthly
- unused energy rolls over month-to-month and only expires if the customer
 - terminates or ends all energy services with Amaysim Energy; or
 - does not use any rollover within three years from the date of energy accrual
- a \$45 'wasted visit fee' may be charged for an aborted smart meter installation due to the fault of customer
- if a customer does not pay their invoice on time, Amaysim Energy may move the customer to Amaysim Energy's classic plan and charge the customer rates in line with the classic plan terms and conditions by giving notice to the customer
- the offers are 'strictly limited' to customers with a communicating smart meter or agreeing to have a communicating smart meter installed by Spotless
- the offers are not available to customers who currently receive a concession, require life support equipment, have existing solar panels or operate as a small business.

Only option 1 includes an electricity supply that is below the annual electricity consumption of the median SEQ customer, whereas options 2, 3 and 4 would more than cover the annual

²³⁶ Amaysim Energy, [let's find your perfect plan \[how does it work\]](#) web page, accessed March 2020.

consumption of the typical SEQ customer. Under options 2, 3 and 4, the typical SEQ customer would only pay the minimum total annual cost without the need for top-ups. Under option 1, however, the typical SEQ customer would require 19 top-ups at \$20 per 60 kWh to reach a median annual consumption of 4,017 kWh, leading to an annual bill of \$1,340.

Although these offers were generally available to customers on Energy Made Easy, we excluded these offers from our residential bill calculations for the following reasons:

- Except for option 1, the subscription plans provide more electricity than the typical SEQ customer consumes per year (e.g. option 4 includes about four times the amount of electricity compared to the median consumption level of the typical SEQ customer).
- Given the significantly higher annual cost of most subscription plans—in particular of options 3 and 4, which cater for a much higher consumption—the inclusion of the subscription offers would distort both the average market offer bill of Amaysim Energy and the market averages.
- The subscription plans do not have the same pricing structure as the other residential flat rate offers we included in our analysis; that is, subscription plans do not have separate supply and usage charges.²³⁷

While subscription electricity plans may not result in the lowest possible bill for the typical SEQ customer, we consider that they may allow customers to plan and manage electricity costs better as they provide more certainty about monthly bills.

8.4.2 Plans with solar and battery

Numerous reports by a range of energy industry bodies have discussed and analysed the impact of solar PV systems and battery storage on energy supply and consumption in the NEM.²³⁸ Energy Locals, in conjunction with sonnen Australia Pty Ltd (Sonnen), introduced four new residential flat rate offers in the SEQ retail electricity market in the June quarter of 2020: sonnenFlat Autonomy, sonnenFlat City, sonnenFlat Economy and sonnenFlat Family. A number of eligibility criteria were attached to the offers:

- customers had to sign up via Sonnen
- customers had to have a smart meter (installation cost \$207.90 including GST)
- billing had to be via e-billing (payment could be made by direct debit or credit card)
- minimum installed solar photovoltaic capacity had to be either 3, 5, 7.5 or 10 kilowatts peak for respectively, the City, Economy, Family and Autonomy offers
- minimum installed sonnenBatterie useable capacity had to be either 4, 8, 10 or 12 kilowatt hours for, respectively, the City, Economy, Family and Autonomy offers
- membership fees were payable monthly in advance for the City and Economy offers (\$49), Family (\$59) and Autonomy (\$69). All membership fees were GST inclusive
- excess usage rates (\$0.25 per kilowatt hour) applied to the usage from the grid once the Adjusted Annual Usage Allowance was exceeded.

²³⁷ On its [website](#), Amaysim Energy noted that there are no daily supply charges for top-up electricity.

²³⁸ For a brief discussion of rooftop solar installations and batteries, see the AER's *State of the energy market 2020* report (AER 2020a, pages 39–40). A detailed analysis of batteries can be found in the AEMC's 2019 *Retail Energy Competition Review final report* (AEMC 2019a, pages 147–166).

The usage allowances for the offers were not disclosed on Energy Made Easy. However, according to Sonnen's website, annual usage allowances of 4,000 kilowatt hours, 7,500 kilowatt hours, 10,000 kilowatt hours and 12,500 kilowatt hours applied for respectively, the City, Economy, Family and Autonomy offers.²³⁹

Sonnen's website also stated that the solar and battery would cover a 'large portion' of a customer's annual energy consumption 'but not all' consumption, and supply and usage charges would apply for consumption over the annual allowance.²⁴⁰

8.4.3 Wholesale cost pass-through

Energy Locals launched a retail 'brand' called Amber Electric, which passes through all costs (with a monthly fee for the retail margin) with the wholesale electricity usage price based on spot market pricing. Energy Locals explained that Amber Electric offers transparency to customers and engages them in understanding where their power is coming from throughout the day.²⁴¹

8.4.4 Electric vehicle plans

In September 2019, AGL introduced the first electric vehicle plan into the SEQ retail electricity market. The Electric Vehicle Plan (Residential) offer was available to customers who owned an electric vehicle and signed up online, and included bonus credits of up to \$240 per annum. The supply and usage charges on the plan (90.21 cents per day and 21.24 cents per kilowatt hour respectively) were the same as some of AGL's other market offers. When it launched the plan, AGL said that the plan was based on its Essentials Plus plan that had been available in Queensland, New South Wales, Victoria and South Australia since January 2019. Further, AGL said that the electric vehicle plan provided flexibility for customers who value fixed prices, the inclusion of carbon offsets, and the ability to charge their vehicle for the same price at any time of the day.²⁴²

Powershop also had an electric vehicle plan available, which gave customers the benefit of cheaper off-peak electricity. The plan was only available to customers who owned an electric vehicle that was registered to their primary residence, and who had a smart meter.

Red Energy's Red EV Saver offer, available from February 2020, waived usage charges between 12pm and 2pm on Saturday and Sunday. The offer was only available to residential customers who signed up online, owned an electric vehicle and were the registered owner of that vehicle, which had to have the same address as the customer's electricity supply address. The supply and usage charges on the plan (94 cents per day and 20.4 cents per kilowatt hour respectively) were the same as Red Energy's other market offers.

A notable difference between AGL's and Red Energy's plans, and Powershop's electric vehicle plans, was that AGL's and Red Energy's were generally available on Energy Made Easy, whereas Powershop's was a restricted offer, and not visible on Energy Made Easy. The AER's retail pricing information guidelines define:

²³⁹ Sonnen, [sonnen eServices energy prices—Queensland \(sonnenFlat – Energex\)](#) web page.

²⁴⁰ Sonnen, [sonnenFlat](#) web page.

²⁴¹ In October 2020, Amber Electric applied to the AER for a retailer authorisation (AER, [Amber Electric Pty Ltd – Application for electricity retailer authorisation](#) web page).

²⁴² AGL, AGL turns the ignition switch on new electric vehicle plan [media release], 17 September 2019. A detailed analysis of electric vehicles can be found in the AEMC's *2020 Retail Energy Competition Review final report* (AEMC 2020b, pages 173–204).

- generally available plans as '[a]ll plans that are available to any customers in the appropriate distribution zone with the appropriate metering configuration [...] unless they are a restricted plan'²⁴³
- restricted plans as plans 'specifically targeted at an individual or exclusive group and tailored to the specific circumstances of that customer and their need(s)'. The guidelines add that restricted plans 'are typically not actively marketed, but negotiated by the retailer or its agent with the customer'.²⁴⁴

In our view, the classification of the electric vehicle plans highlights the need for the AER, in its next review of the retail pricing information guidelines, to consider amending the definitions of generally available and restricted offers in a way that allows offers such as the electric vehicle plans to be actively marketed by retailers, including relevant eligibility criteria, and be readily accessible on Energy Made Easy.²⁴⁵

8.5 Tariff reform

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

- the adoption of the proposed transitional demand tariffs as the default tariffs for small customers from 1 July 2021
- transitional arrangements for the reassignment of existing residential and small business customers to an applicable transitional demand tariff to mitigate the impact of the coronavirus pandemic
- leaving legacy consumption tariffs for residential and small business customers open, and to be offered on an opt-in basis, until 1 July 2021
- an opt-in time of use tariff for residential and small business customers from 1 July 2020 to give retailers a choice of cost reflective tariff structures
- support for the distributors' proposal for more research into capacity tariffs, with a capacity tariff trial during the 2020–25 regulatory control period.²⁴⁶

The AER made a number of observations in its final decision that put its decisions into context. Specifically, the AER commented that:

- Energex and Ergon Energy, with a high number of rooftop solar PV systems, are 'at the forefront' of consumer-driven and technology-enabled transformation of the energy sector in Australia. This transformation is expected to continue with forecast growth in installation of solar PV, and uptake of batteries and electric vehicles over the long term.

²⁴³ AER 2018a, page 15 (clause 76).

²⁴⁴ AER 2018a, page 15 (clauses 77 and 78).

²⁴⁵ In appendix B.13, we make similar arguments regarding the presentation of AGL's Residential Seniors Plus and Residential Seniors Plus Online offers, which were coded as generally available but were only available to customers with a Seniors Card.

²⁴⁶ AER 2020g, pages 18–7 to 18–10 (table 1). For more detail on Energex's tariff reforms, see Energex 2020 and Energy Queensland's [Talking Energy – future network tariffs](#) web page.

- Energex and Ergon Energy consider there to be an urgent need to introduce demand tariffs, as a stepping stone to capacity tariffs in the longer term, to address the inherent cross-subsidies under existing consumption tariffs, particularly in regard to solar customers. That is, under the consumption tariff²⁴⁷ a customer can lower the network component of their electricity bill because they can reduce their consumption from the grid (basis of the network bill) by consuming some of the energy generated by the solar PV system.
- The economic benefits of network tariff reform in Queensland are likely to be modest in the short term given the presence of excess network capacity and prospects of modest growth in peak demand. However, the AER believes that the long-term interests of consumers in Queensland are best served by commencing the network tariff reform process so as to encourage retailers to offer customers a choice of innovative tariffs.
- In the absence of tariff reform, retailers are unlikely to offer consumers a choice of innovative tariffs. This is likely to mean that most consumers will continue to make investment and consumption decisions under existing legacy consumption tariffs, even where they are willing and able to respond to more cost reflective price signals.²⁴⁸

Although the QCA does not have a role in the tariff reform process, we do agree with the AER that network tariff reform is important so that retailers continue to offer new and innovative products to customers in the SEQ retail market.²⁴⁹

²⁴⁷ A consumption tariff is a tariff that incorporates only a fixed charge and a usage charge. The usage charge is based on energy consumed (measured in kilowatt hours) during a billing cycle and does not change based on when consumption occurs. Examples of consumption tariffs are flat tariffs, inclining block tariffs and declining block tariffs (AER 2020g, page 18–32).

²⁴⁸ AER 2020g, pages 18–17 to 18–19.

²⁴⁹ For more information on how retailers are responding to network tariff reform, see the AER's [Understanding the impact of network tariff reform on retail offers](#) document.

9 MARKET COMPETITIVENESS

In this chapter, we examine whether the outcomes we observed in the SEQ retail electricity market are broadly consistent with a competitive retail market.

Key findings

Market rivalry

- (1) Retailers continued to compete on price in 2019–20. However, in contrast to 2017–18 and 2018–19 when competition was mostly based on headline discounts, in 2019–20 retailers attached fewer guaranteed discounts, and in particular fewer conditional discounts to their market offers.
- (2) The new retail plans available in SEQ in 2019–20 suggest that retailers continue to compete by tailoring products to customers' needs. As network tariff reform progresses in SEQ, and the use of smart meters becomes more widespread, retailers may deliver more innovative products in future.
- (3) The market shares of the 'tier one' retailers—AGL, EnergyAustralia and Origin Energy—continued to decrease in 2019–20, while Alinta Energy and some smaller retailers continued to gain market share. Accordingly, market concentration decreased again in 2019–20 in both the residential and small business retail electricity markets.

Prices and costs

- (4) Based on the costs estimated for our determination of notified prices in regional Queensland, prices in SEQ appear to have moved similarly to costs in SEQ in 2019–20.
- (5) We consider that the ACCC is best placed to compare and report on how costs influence retail prices in SEQ, given the ACCC's information-gathering powers.

Spread of prices in the market

- (6) The spread of prices increased significantly in SEQ in the first three years of deregulated prices.
- (7) The introduction of the DMO on 1 July 2019 led to a decrease in standing offer bills, and thereby to a decrease in the spread. However, the spread increased again during 2019–20 for both residential and small business customers.

Complexity of the market

- (8) The increased availability of simple, competitively priced market offers without discounts attached reduced complexity for customers.
- (9) Competition may not be working as effectively as it should if some customers—including vulnerable, inactive and disengaged customers—find it difficult to navigate the market and compare offers and are therefore not on the best energy plan for their circumstances.

Overall conclusion

- (10) The outcomes we observed in the SEQ retail electricity market are generally consistent with a competitive market.

9.1 Minister's direction

Section 3(c) of the direction requires the QCA to comment on whether the outcomes observed in the SEQ retail electricity market are broadly consistent with a competitive retail market.

9.2 QCA methodology

To analyse market outcomes in 2019–20 we considered:

- the extent of market rivalry between retailers (section 9.3)
- the movement of prices and costs (section 9.4)
- the spread of prices available in the market (section 9.5)
- the complexity of the market (section 9.6).

This chapter is not a comprehensive review of competition under section 89D of the Electricity Act. While the market outcomes and indicators we present allow us to gain insights into the competitiveness of the SEQ retail electricity market, it is not possible to draw firm conclusions about the state of competition from this analysis alone.

Our assessment should be read in conjunction with other reviews that analyse the operation and competitiveness of retail electricity markets in the NEM, including SEQ, namely:

- the ACCC's ongoing inquiry into the NEM²⁵⁰
- the AEMC's annual reports on its retail energy competition reviews²⁵¹
- the AER's annual retail markets and state of the energy market reports.²⁵²

Further, it is important to consider the development of market outcomes and indicators over time, rather than over the past year only. Lastly, all the indicators should be interpreted in conjunction as no single indicator can independently show whether the market is effectively competitive and provides good outcomes for customers.

9.3 Extent of market rivalry

To examine the extent of rivalry between retailers we considered whether:

- the outcomes reported in chapters 2, 3 and 5 and appendix A demonstrate that retailers were competing on price by adjusting their offers in response to the offers of other retailers
- the outcomes reported in chapters 3 and 8 suggest that retailers were introducing new and innovative tariffs and plans to compete and attract customers
- market shares and market concentration have changed over time, in particular due to customers switching retailers (presumably) in search of a better offer and/or better service.

²⁵⁰ See ACCC, [Electricity market monitoring 2018–2025](#) web page.

²⁵¹ See AEMC, [2020 Retail Energy Competition Review](#) web page.

²⁵² See AER, [Performance reporting](#) and [State of the energy market reports](#) web pages.

9.3.1 Competition on price

Retailers can compete on price by:

- lowering their supply and/or usage charges
- attaching guaranteed and/or conditional discounts to offers
- attaching financial incentives to offers.

In 2017–18 and 2018–19, retailers predominantly competed on prices with headline discounts. We observed in our market monitoring reports for those years that retailers' lowest residential and small business flat rate market offer for a typical SEQ customer frequently did not have the lowest supply or usage charges in the market. Instead, discounts—often in conjunction with financial incentives—made these offers the cheapest market offers. We also noted that all of the lowest market offers had conditional discounts attached to them.²⁵³

After Alinta Energy entered the SEQ market in August 2017, several retailers decreased the prices of their market offers for residential and small business customers, generally by increasing conditional discounts and/or using sign-up incentives to reduce the prices of their lowest offers.²⁵⁴ Average market offer bills have been trending downwards since Alinta Energy's market entry (as shown in chapters 2 and 5). While the use of discounts decreased in 2019–20, we continued to see many retailers decrease their lowest residential and small business market offers in 2019–20, primarily through financial incentives and/or lower supply or usage charges.

The average lowest market offer bill continued to decrease in 2019–20 for each tariff and tariff combination we cover in this report (more detail in chapter 2 and appendix A). However, following the recent changes to the ways in which retailers are allowed to offer and advertise discounts, including the introduction of the 'reference price' in the Electricity Retail Code,²⁵⁵ retailers attached fewer guaranteed, and in particular fewer conditional, discounts to their residential and small business market offers in 2019–20.

In our quarterly reports for 2019–20, we highlighted that the cheapest residential flat rate market offers in each quarter did not have the lowest supply or usage charges in the market—a financial incentive made them the cheapest offers for a typical SEQ customer.²⁵⁶ By contrast, the cheapest small business flat rate market offers in three of the four quarters of 2019–20 did not have any discounts, incentives or benefits attached, but had either the lowest usage charges in the market or the combination of supply and usage charges that made them the cheapest market offers for a typical SEQ customer.²⁵⁷

In our annual market monitoring report for 2018–19, we observed that retailers had diversified the range of incentives attached to their market offers. In 2019–20, the types of financial incentives attached to residential and small business offers were similar to those in 2018–19 (see chapter 3 of this report).

²⁵³ QCA 2019c, pages 111–112. In our 2017–18 market monitoring report, we suggested that discount-based competition reflected the way in which the competitive market was established in SEQ in 2007, with the sale of customer bases of publicly owned retailers to AGL and Origin Energy (QCA 2019b, page 160).

²⁵⁴ For an analysis of the impact of Alinta Energy's entry into the SEQ market, see also chapters 2 and 5, and section 9.3.1 in our 2017–18 market monitoring report (QCA 2019b, pages 160–161).

²⁵⁵ For more information on the regulation of discounting, see section 3.3 of this report.

²⁵⁶ AGL's Electric Vehicle Plan (Residential) offers—the cheapest residential flat rate offers for a typical SEQ customer in the September, December and March quarters—had a \$240 credit per year attached. Ovo Energy's The One Plan—the cheapest residential flat rate offer for a typical SEQ customer in the June quarter—had a \$100 credit attached.

²⁵⁷ The cheapest small business flat rate in the December quarter, AGL's Business Essentials Saver (Call Centre) offer, did not have the lowest supply or usage charges in the market; a \$100 sign-up credit made it the cheapest small business flat rate offer for a typical SEQ customer.

9.3.2 Competition on innovative tariffs and service offerings

Competitive markets provide incentives for retailers to innovate and tailor products and services to meet the preferences and needs of their customers. In the electricity market, the underlying product is homogeneous. However, related products and services that lower the costs of electricity supply, improve user experience, or provide other benefits to consumers are still a potential source of innovation in the retail electricity market.²⁵⁸

Retailers introduced a small number of new retail tariffs and plans each year between 2016–17 and 2019–20, including electricity subscription plans, that are similar to prepaid mobile plans, and electricity offers for owners of electric vehicles (see chapter 8). Some retailers attached new incentives to their market offers in 2019–20, including credits on each anniversary of the supply start date, interest on credit balances, free electricity use periods, complimentary access to Kayo Basic and free delivery for Uber Eats orders (chapter 3).²⁵⁹

Retailers also continued to offer plans with different contract terms (a no lock-in contract, a 1- or 2-year contract or an ongoing contract), a choice of payment and billing options (monthly or quarterly bills) or prices that may vary or be fixed for a certain time. While these contract terms and options were not new in 2019–20, they indicate that retailers continue to try to provide different offers that meet customers' needs and preferences.

However, we are still of the view that the potential for competition based on innovation remains limited as long as most customers have accumulation meters.²⁶⁰ In our report on the benefits of advanced digital metering we showed that—as smart meters are rolled out in SEQ—there is potential for more innovation in retail electricity supply, including more options to reduce electricity costs and provide more accurate billing.²⁶¹

9.3.3 Switching rate

In a competitive market, we would expect customers to be active and engaged in the market. The switching rate is an indicator of customer activity and engagement—and thus of the development of competition.²⁶² We would therefore generally expect engaged and well-informed customers to switch retailers if new offers become available that better suit their needs and/or are cheaper.²⁶³

The percentage of SEQ customers switching retailers had increased continuously in the previous years, as we showed in our previous annual market monitoring report. We also pointed out a strong increase in SEQ customers switching away from the 'tier one' retailers—AGL, EnergyAustralia and Origin Energy—especially since 2015.²⁶⁴ These observations are consistent with a competitive market.

²⁵⁸ AEMC 2019a, page 148.

²⁵⁹ Retailers have indicated to the AEMC that, with the drop in price dispersion and the associated increase in difficulty attracting customers through purely price-based mechanisms, the trend of more product bundling and product add-ons is likely to continue (AEMC 2020b, pages xv and 75–76).

²⁶⁰ We raised this limitation in our 2017–18 and 2018–19 reports (QCA 2019b, page 162; QCA 2019c, page 113).

²⁶¹ QCA 2019d, pages iii–iv.

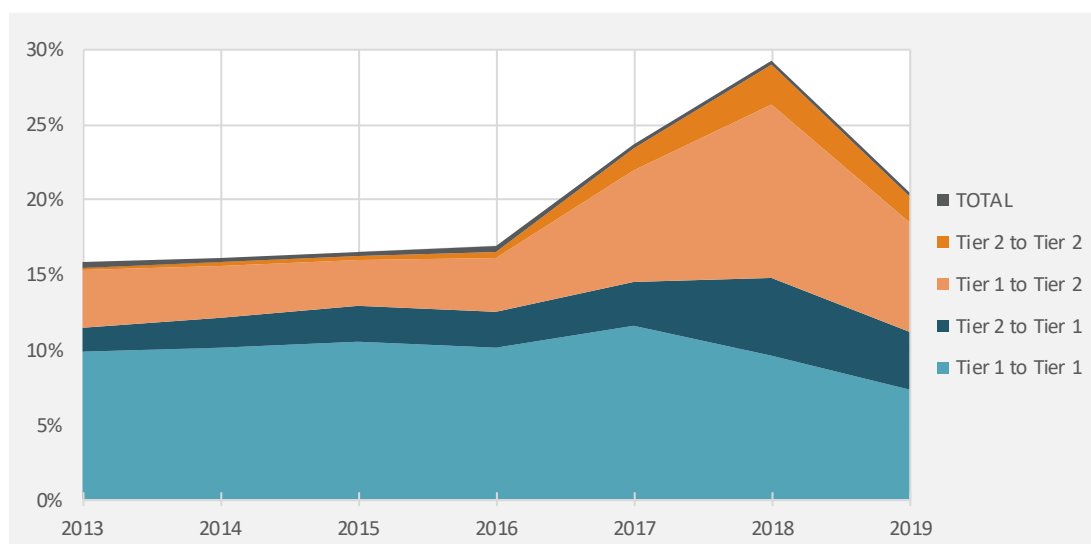
²⁶² The significance of the switching rate as a measure of consumer engagement is discussed in more detail in O'Keefe and Wong 2019.

²⁶³ Customers may also switch to a better market offer of their current retailer. However, there is no publicly available data on such switching activity.

²⁶⁴ QCA 2019c, pages 114–115. The 'tier one' retailers are the incumbents that held most of the market share in the SEQ retail electricity market prior to price deregulation. Although we show in section 9.3.4 that these three retailers no longer hold the highest market shares in SEQ, they continue to dominate the retail electricity market across the NEM (AER 2020a, pages 23, 84 and 249–50; AER 2020c, schedule 2). We consider that it is still useful to group these three retailers,

The graph below shows the overall switching rate in SEQ from 2013 to 2019 as the sum of the switching activities between or within retailer 'groups'—the tier one retailers and all the remaining retailers, summarised as 'tier two' retailers. The graph reveals some interesting trends in switching activity between and within retailer groups. While switching occurred primarily between the tier one retailers up to 2017, switching from tier one to tier two retailers increased continuously from 2016 to 2018. By 2018, the tier one to tier two switching rate was higher than the tier one to tier one switching rate.

Figure 32 Switching rate in SEQ—total, between and within retailer groups, annual averages for 2013–2019



Notes: The graph includes residential and small business customers. The AEMC labelled the switching data as 'QLD' but stated on its microsite that Queensland referred to SEQ in this instance.

Sources: AEMC 2020b, pages 84–85; AEMC [Retail energy competition review 2020](#) microsite; QCA analysis.

The graph shows three distinctive periods of switching activity in the SEQ retail market—a stable switching rate before price deregulation in 2016, followed by a significant boost in switching activity in 2017 and 2018 after Alinta Energy's entry into the market, and then a marked decrease in 2019, recently described by the AER as 'a return to more normal market conditions'.²⁶⁵

In its retail energy competition review for 2020, the AEMC suggested that a contributing factor to the decrease in switching in 2019 may be a decrease in price dispersion (see section 9.5), which reduced the incentive for customers to engage in the market.²⁶⁶ The AEMC had previously raised concerns that the introduction of the DMO may decrease the incentive for consumers to engage in the market.²⁶⁷ In the long term, the AEMC cautioned, a decrease in consumer engagement would decrease the incentive for retailers to compete and may result in higher prices for consumers.²⁶⁸ While we agree with the idea that decreased price dispersion could discourage consumer engagement, we question the extent to which customers are actually aware of, and therefore responding to, decreased price dispersion in retail electricity markets.

Another reason for the decrease in switching in 2019 could be that the customers who switched retailer, perhaps for the first time, after prices were deregulated in SEQ are still contracted to

as other energy market bodies do in their reports, to illustrate how the market is changing as smaller and/or newer retailers gain market share. We collectively call the smaller and/or newer retailers 'tier two' retailers.

²⁶⁵ AER 2020a, page 257.

²⁶⁶ AEMC 2020b, pages 32 and 54–55.

²⁶⁷ AEMC 2018c, pages viii, 30 and 46; AEMC 2020b, page 35.

²⁶⁸ AEMC 2020b, pages xiii and 51.

their new retailer and are satisfied with any or all of lower prices, improved customer service or the benefits they are realising under their plan.

In early 2020, retailers indicated to the AEMC that switching/market churn was down. Some retailers noted there was a perception that there was less value in looking for a better offer because discounts attached to market offers were now advertised off a lower baseline. Retailers also assumed that customers may feel a 'sense of comfort' being on a government regulated offer, even though there were lower priced offers available.²⁶⁹

However, despite the decrease in 2019, there are some positive signs for future switching activity. The Energy Consumer Sentiment Survey showed that in April 2020 more SEQ consumers indicated an intention to switch retailers in the coming 12 months (18%) than in April 2019 (13%). The main reasons SEQ customers stated for switching was not being satisfied with the value for money from their retailer (16%) and/or having searched for a better deal on a comparison website (14%).²⁷⁰

In 2019, switching rates decreased across all retailer groups. However, it is worth noting that overall switching rates to tier one retailers (from tier one or tier two retailers) decreased in 2019 to their lowest level during the entire period since 2013. Meanwhile, overall switching rates to tier two retailers (from tier one or tier two retailers) were still higher in 2019 than in 2017.

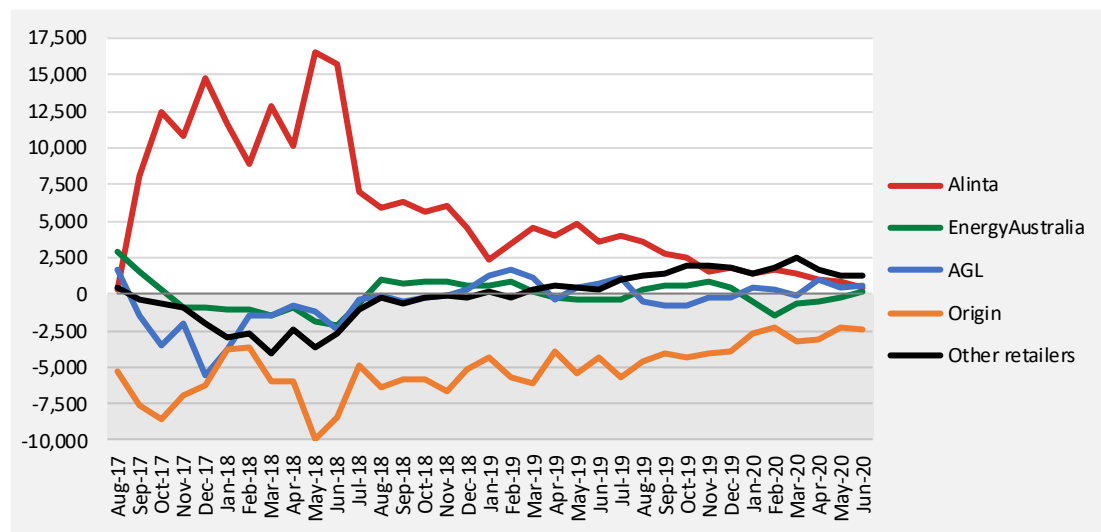
Despite the decrease in 2019, we consider that consumer switching activity between and across retailer groups is an indicator of competitive rivalry. The increase over time in switching rates to tier two retailers is a positive development too as it shows that smaller and/or newer retailers managed to attract customers from the incumbent tier one retailers.

A more granular view of which retailers gained customers and which ones lost provides additional insights. The figure below shows the moving average of net customer transfers—a retailer's customer wins minus its customer losses. When Alinta Energy entered the market in August 2017, Origin Energy was already losing more customers than it gained (its net customer transfers are in the negative part of the graph, shaded grey). These net losses were the net gains of primarily EnergyAustralia and to a smaller extent of AGL and 'other retailers'.

²⁶⁹ AEMC 2020b, page 34. For information on the AEMC's approach to its retailer survey, and how it interprets the survey results, see AEMC 2020b, page 24.

²⁷⁰ AEMC, [Retail energy competition review 2020](#) microsite.

Figure 33 Monthly net customer transfers, August 2017 to June 2020

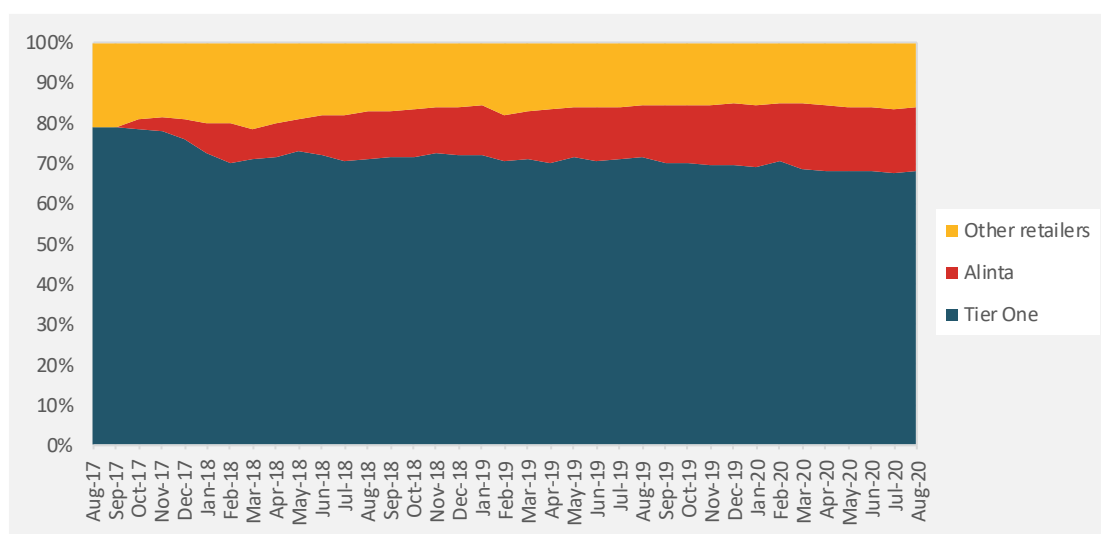


Notes: A net customer transfers is defined as customer wins minus customer losses during the same period of time. Sources: AEMO Retail Transfer Statistical Data (monthly data); QCA analysis.

Alinta Energy started making net customer gains soon after its market entry—at the cost of its competitors, who had net losses in 2018. While Alinta Energy continued to make net customer gains, yet at a slower rate in 2019 and 2020, Origin Energy continued to make net customer losses. AGL and EnergyAustralia also had net losses in 2018, while their net customer transfers oscillated around zero in 2019 and 2020. From around mid-2019, only Alinta Energy and the 'other retailers' were making net gains, while the tier one retailers either made net losses or only minor net gains.

The figure below shows the effect of Alinta Energy's market entry on all other retailers' market share over time. Between around 70% and 80% of customers who transferred from their current retailer were customers of one of the tier one retailers. Although Alinta Energy has continued to make net customer gains since its market entry, it simultaneously lost some customers. Since mid-2018, at least 10% of the monthly customer transfers were customers switching away from Alinta Energy.

Figure 34 Share of total customer transfers, August 2017 to June 2020



Sources: AEMO Retail Transfer Statistical Data (monthly data); QCA analysis.

Finally in terms of switching, the AEMC made a final rule in December 2019 to speed up the process for customers to transfer to a new electricity retailer.²⁷¹ We expect that this rule will limit the extent to which retailers can 'save' customers before the switch happens, which will help new and/or smaller retailers gain market share. However, there is still the possibility that the old retailer tries to 'win back' a customer after the transfer to the new retailer has occurred.²⁷²

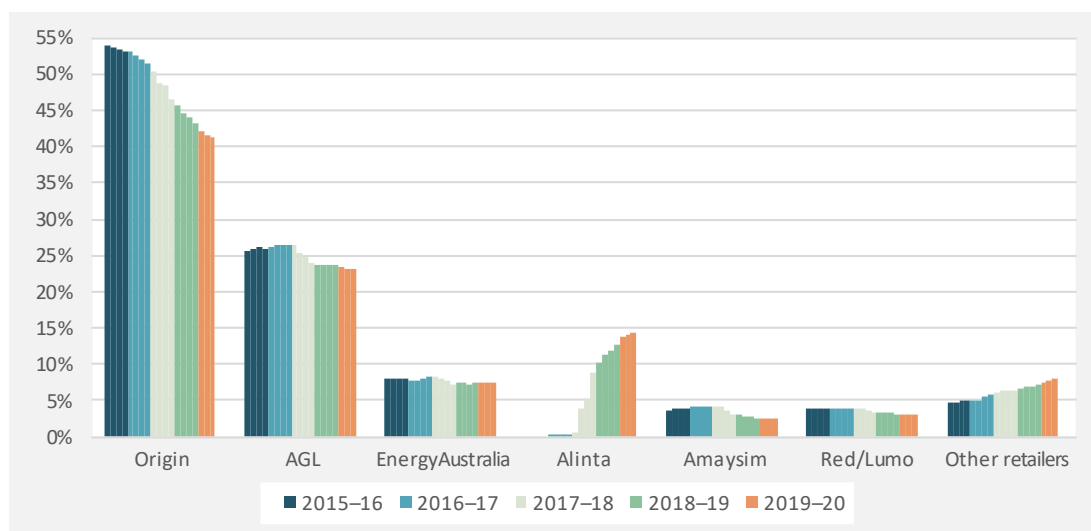
9.3.4 Market shares and market concentration

In a competitive market, competitors challenge the market position of the incumbents and try to gain some market share from them. Accordingly, we would expect to see a reduction in market shares and market concentration over time, particularly in the early years after price deregulation, if the SEQ retail electricity market is competitive.²⁷³

Market shares

The graph below shows that the two largest incumbents—AGL and Origin Energy—progressively lost market share over time, in particular since 2017–18. Their combined market share decreased from about 80% in the September quarter of 2015 to about 65% in the March quarter of 2020. This market share was primarily captured by Alinta Energy and some other (smaller) retailers.

Figure 35 Retailers' market share in SEQ, by quarter, 2015–16 to 2019–20



Notes: Market shares based on customer numbers published by the AER (residential and small business customer numbers combined). Data for the June quarter of 2020 was not available yet at the time we finalised this report. Sources: AER 2020c, schedule 2, and historical data provided by the AER; QCA analysis.

²⁷¹ AEMO 2019; AEMC 2019c, pages i and 1–2.

²⁷² O’Keefe and Wong 2019, page 11, noted that win-backs make a 'consequential' contribution to the switching rate. Consumers who are won back by their old retailer switch retailers twice in a short period of time, thereby inflating switching rates and leading to a 'systematic overestimation' of the number of engaged consumers.

²⁷³ The analysis in this chapter is largely based on our own calculations using data from the AER. It is important to take the following advice from the AER into account when interpreting the data and calculations and drawing conclusions: (1) AGL advised the AER of 'significant errors' with the information it had provided that impacted on many reporting metrics over 2017–18. The AER stated that although AGL resubmitted a complete data set for 2017–18, AGL indicated that previous years' data may still be inaccurate (AER, [Performance reporting](#) web page); and (2) EnergyAustralia resubmitted customer numbers across a range of categories, for all jurisdictions, in November 2019. The AER noted that these numbers varied by up to 15% from those originally submitted (AER 2019d, page 15).

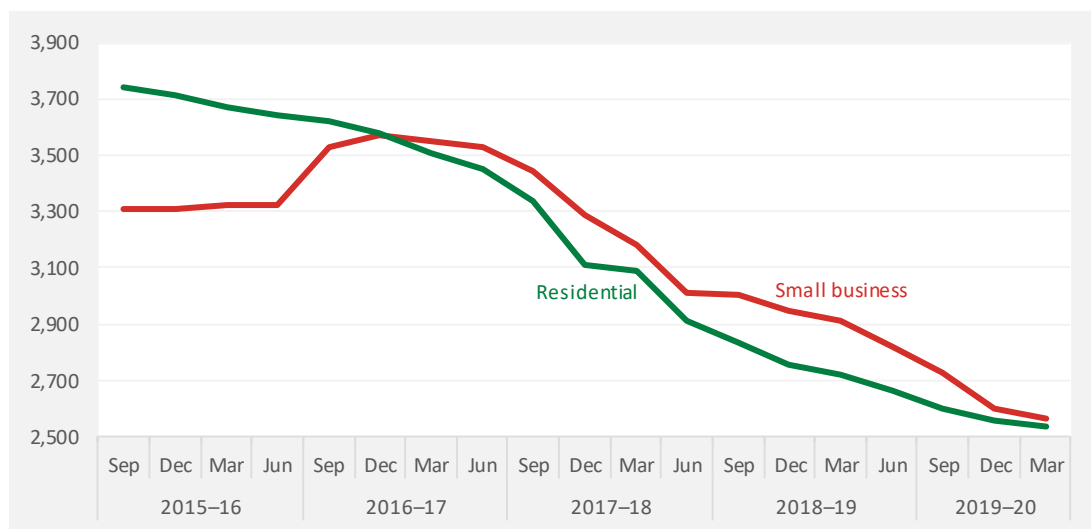
Since the last quarter of 2017–18, Alinta Energy has been the third-largest retailer in SEQ by market share, exceeding the market share of EnergyAustralia.²⁷⁴

In the March quarter of 2020, the combined market share of the four biggest retailers in SEQ—AGL, Alinta Energy, EnergyAustralia and Origin Energy—was over 86%, which is similar to the combined market share that the three tier one retailers had in the September quarter of 2015 (just below 88%). However, we consider that a relatively high combined market share being held by four retailers is not, in itself, inconsistent with a competitive retail market, particularly where it is clear that the four retailers compete on price and product differentiation.

Market concentration

Competitive markets tend to have a low level of market concentration. In line with the changes in retailers' market shares illustrated above, market concentration in the SEQ retail electricity market—measured by the Herfindahl-Hirschman Index (HHI)²⁷⁵—decreased over the past few years, especially since the second half of 2016–17 (graph below).²⁷⁶ The decrease in the HHI, which continued during 2019–20, indicates that market concentration has decreased and suggests that competition has been gradually developing and enhancing in the SEQ retail electricity market.

Figure 36 Herfindahl-Hirschman Index of the SEQ retail electricity market, 2015–16 to 2019–20



Notes: Index based on residential and small business customer numbers published by the AER. Data for the June quarter of 2020 was not available yet at the time we finalised this report.
Sources: AER 2020c, schedule 2, and historical data provided by the AER; QCA analysis.

²⁷⁴ By the March quarter of 2020, Alinta Energy had 219,079 customers in SEQ, made up of 96% residential customers (209,918) and only 4% small business customers (9,161) (AER 2020c, schedule 2 (indicators S2.2(a)(i) and S2.2(a)(ii))).

²⁷⁵ The HHI is a commonly used measure of market concentration, which is calculated by summing the squares of the market shares of all firms competing in a market. A market that has a single firm (i.e. a monopoly) has an HHI of 10,000, while a theoretically perfectly competitive market has an HHI approaching zero (AEMC 2018e, page 25; AEMC 2019a, page 33; AEMC 2020b, page 28). The ACCC takes the HHI into account as part of an overall assessment of a merger between two firms. In its merger guidelines, the ACCC states that it is generally less likely to identify horizontal competition concerns with a merger if the post-merger HHI is below 2,000 (ACCC 2008, pages 34–35; for a recent application of this threshold see ACCC, [Asahi Group Holdings – proposed acquisition of Carlton & United Breweries](#) [statement of issues], 12 December 2019). The AEMC also has said that this threshold could therefore be interpreted as 'one indication of a workably competitive market' (AEMC 2019a, page 36).

²⁷⁶ The increase in the HHI in the small business market in 2016–17 can be explained by two concurrent trends: total small business customer numbers in SEQ decreased substantially in the first quarter of 2016–17, and continued to decrease—yet to a smaller extent—in the remaining quarters of 2016–17; and small business customer numbers of Origin Energy—the retailer with the largest market share—increased from quarter to quarter until the middle of 2016–17.

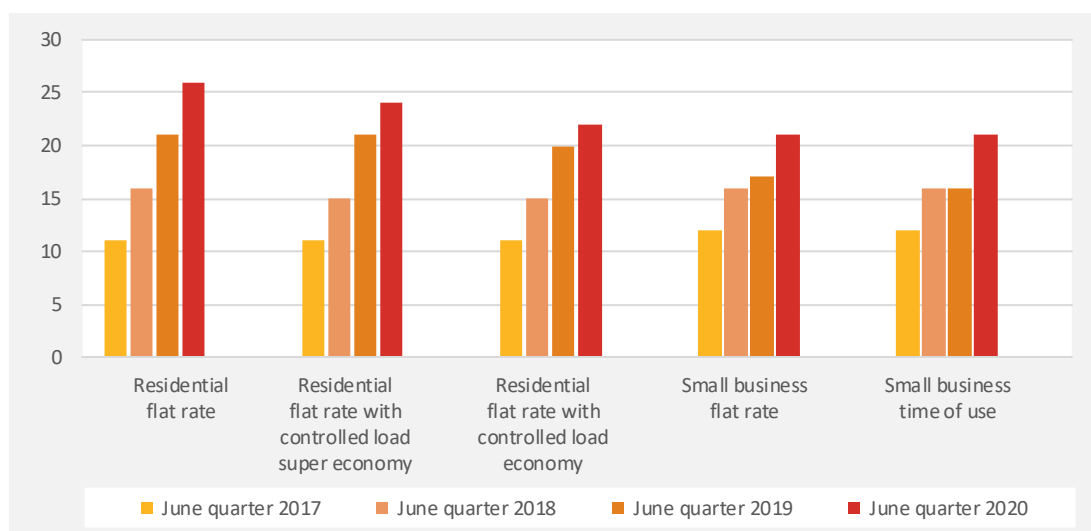
The graph shows that the HHI for both the residential and the small business retail electricity markets in SEQ steadily declined over the past few years to nearly 2,500 in 2019–20. We note that the decrease slowed in the December and March quarters of 2019–20. Similarly, the AEMC observed that the decrease in market concentration was slower in most NEM states in 2019–20 than in 2018–19 and that this was consistent with a decrease in switching.²⁷⁷

Despite the steady decrease in market concentration, the SEQ retail electricity market was still the third most concentrated market in the NEM in 2019–20 after the ACT and Tasmania. Victoria was the least concentrated market in 2019–20, followed by New South Wales and South Australia.²⁷⁸ It is worth highlighting, however, that market concentration in the small business retail electricity market decreased substantially in 2019–20, down to nearly the same level as the residential retail electricity market, as the graph above shows.

9.3.5 Number of retailers

In chapter 2, we note that the number of retailers with at least one market offer available to SEQ customers increased from the June quarter of 2019 to the June quarter of 2020 for each of the 5 tariffs and tariff combinations we cover in this report. The graph below shows that the number of retailers with residential market offers has in fact doubled since the June quarter of 2017, while the number of retailers with small business market offers increased by 75% during the same time.

Figure 37 Number of retailers with generally available market offers for customers in SEQ



Sources: QCA 2017a; QCA 2019b; QCA 2019c; Energy Made Easy; QCA analysis.

As in previous years, we identified a number of retailers and retail 'brands' that entered the SEQ market in 2019–20. In addition, there were two retailers that had provided offers to residential customers in SEQ during 2018–19 that entered the market for small business customers in the December quarter of 2019 (see section 1.5).

It is important to note that a market with twice the number of competitors is not necessarily twice as competitive. However, new retailers are likely to challenge established retailers' market positions with lower prices and/or new offers in an effort to gain market share. As this may pose a potential threat to the market position of established retailers, market entries are likely to, directly or indirectly, impact on the prices and/or offers of established retailers. At the very least,

²⁷⁷ AEMC 2020b, page 28.

²⁷⁸ AEMC 2020b, page 29; AEMC [Retail energy competition review 2020](#) microsite.

the increasing number of retailers over the past few years has given customers more choice and more opportunities to find a better offer or a retailer that suits their needs and preferences.

9.4 Movement of prices and costs

9.4.1 Cost build-up for notified prices

Separate from our monitoring of the SEQ retail electricity market, we set regulated ('notified') prices in regional Queensland each year. In accordance with the Queensland Government's uniform tariff policy, we set electricity prices for residential and small business customers that broadly reflect the expected prices for similar SEQ customers on standing offers. In our approach, we derive the estimated costs of supplying small customers in SEQ, which serves as a basis to set notified prices.²⁷⁹

In a competitive market, we would expect prices to broadly move in line with changes in the underlying costs. While an in-depth assessment of retailers' actual costs is outside the scope of this review, we can gain some indicative views of how costs have developed over time compared to prices using the cost components that we estimated and applied in the cost build-up methodology for the determination of notified prices in regional Queensland. The cost components for notified prices include network costs, energy costs, fixed and variable retail costs and small-scale renewable energy scheme (SRES) costs.

To compare prices and costs in SEQ, we used these estimated costs for residential and small business flat rate tariffs as a proxy for the actual costs retailers incurred. We grouped the tariff components in our published determinations for the notified retail electricity prices in regional Queensland for 2015–16 to 2019–20 ('build-up of prices') into three categories²⁸⁰—network costs, energy costs and retail costs—and then calculated the annual costs using the consumption levels of a typical SEQ residential or small business flat rate customer in table 2.

It is important to be cautious when applying the estimated costs to any assessment of prices in the deregulated SEQ market for several reasons:

- Our pricing decisions reflect our best estimate of costs based on the information available to us at the time of each determination; actual costs may be higher or lower than our estimate. In addition, our decisions do not reflect differences in costs between retailers²⁸¹ or account for differences in the costs of supplying products with different attributes.
- We monitor annual bills (including discounts and incentives) for a typical SEQ customer based on offers that are generally available in a particular year, whereas it is the prices customers actually pay over time that enable retailers to recover their costs.
- Retailers use different pricing strategies to recover their costs, which can result in a wide range of prices in the market. For example, prices in a competitive market may vary to reflect the willingness to pay of different groups of customers. This may result in retailers

²⁷⁹ QCA 2018a, pages 53–63; QCA 2019a, pages 8–10.

²⁸⁰ QCA 2015, pages 82–83; QCA 2016b, pages 96–98; QCA 2017c, pages 111–113; QCA 2018a, pages 135–137; QCA 2019a, pages 134–136. SRES cost pass-through costs are included in retail costs. The standing offer adjustment component of notified prices is excluded from our cost estimate.

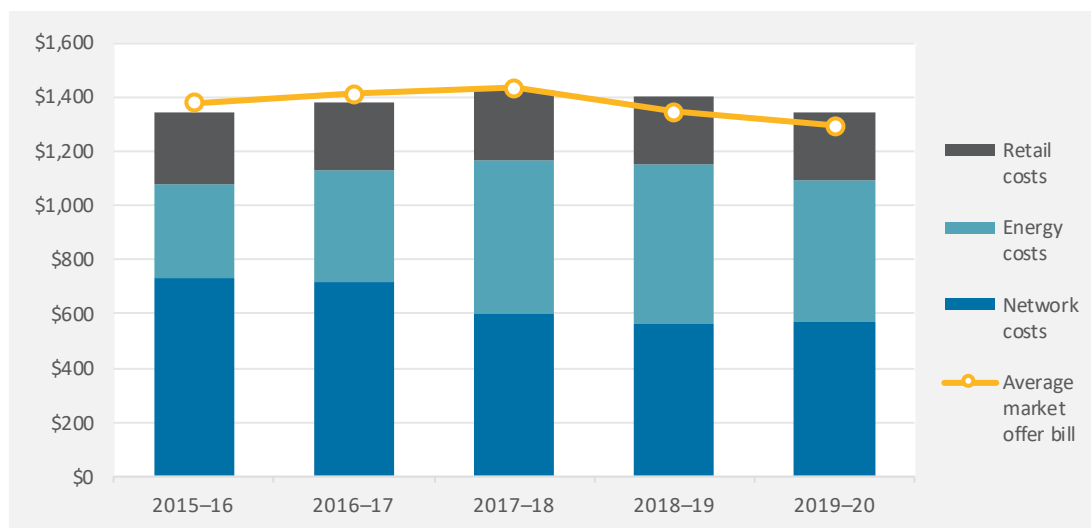
²⁸¹ For instance, retailers use a variety of strategies to manage the volatility of electricity spot prices, which may differ from the market hedging approach we use in our pricing decisions. In addition to the market hedging approach (which involves purchasing financial derivatives), other hedging strategies include entering into long-term power purchase agreements with electricity generators, and investing in electricity generation (QCA 2017c, pages 23–28; QCA 2018a, pages 31–39; QCA 2019a, pages 24–33).

increasing prices for less price-sensitive customers by a bigger amount than prices for more price-sensitive customers. Further, some retailers use discounts and other incentives in SEQ to decrease prices to some of their customers. Retailers might also adjust the pricing components (such as supply and usage charges) to target high- or low-consumption customers, meaning that comparing changes in regulated and market prices on the basis of 'typical consumption' can be misleading.²⁸²

- We changed our approach to assessing retail costs for residential and small business customers in the 2016–17 decision to a benchmarking approach using market offers available in several NEM jurisdictions²⁸³, which made it impossible to isolate the change in costs from the change in approach.

With these caveats in mind, we calculated the annual costs based on the consumption levels of a typical SEQ customer that we also used to calculate annual bills. The graphs below indicate that the average market offer prices for residential flat rate and small business flat rate customers (expressed as annual bills) between 2015–16 and 2019–20 moved roughly in parallel with the costs we estimated. While these results need to be interpreted with caution for the reasons explained above, they suggest that prices moved in a similar way as costs since 2015–16.

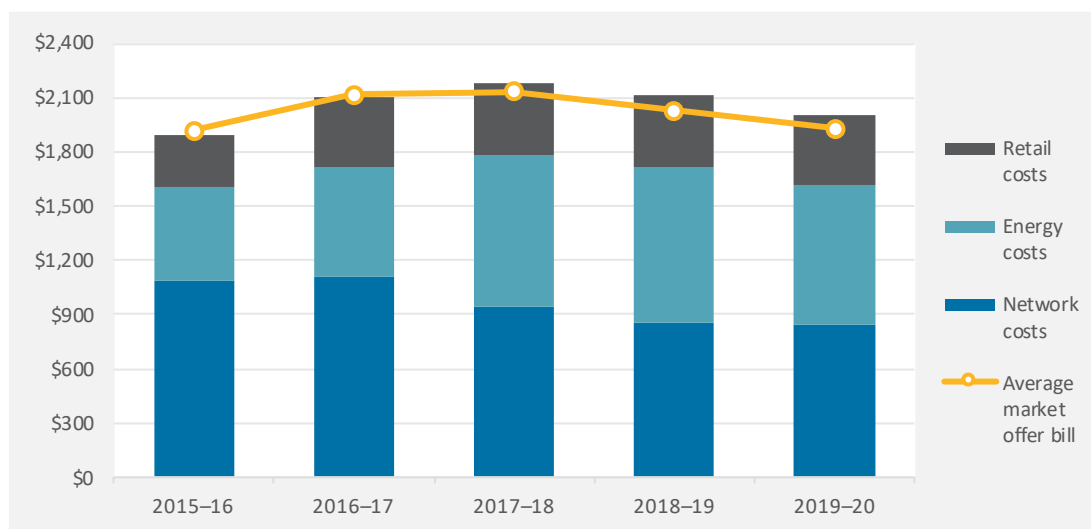
Figure 38 Annual bills versus estimated costs—residential flat rate tariff, 2015–16 to 2019–20



Notes: Costs are estimates only and not actual costs retailers incurred. Annual costs and bills are GST inclusive. Sources: Notified price build-up appendices in QCA 2015; QCA 2016b; QCA 2017c; QCA 2018a; QCA 2019a; Energy Made Easy; QCA analysis.

²⁸² For example, in its submission to our market monitoring scoping paper in 2016, Mojo Power said that its market offers generally contained a higher supply charge than its competitors, with much lower usage charges, making its offers generally more compelling for higher energy users. Mojo Power therefore considered that customers that save the most by switching to Mojo Power were generally not 'typical customers' who would be used as the basis for comparison (QCA 2017a, page 163).

²⁸³ QCA 2016b, pages 24–40.

Figure 39 Annual bills versus estimated costs—small business flat rate tariff, 2015–16 to 2019–20

Notes: Costs are estimates only and not actual costs retailers incurred. Annual costs and bills are GST inclusive. Sources: Notified price build-up appendices in QCA 2015; QCA 2016b; QCA 2017c; QCA 2018a; QCA 2019a; Energy Made Easy; QCA analysis.

9.4.2 Other regulators' analysis of retail electricity costs and prices

As part of its ongoing inquiry into the NEM, the ACCC monitors:

- retail prices including the level and spread of electricity offers, and how wholesale prices influence retail prices and whether any wholesale cost savings are passed through to customers
- wholesale market prices
- profits made by generators and retailers
- contract market liquidity.²⁸⁴

Drawing on data obtained directly from retailers, the ACCC reported in November 2019 that average annual residential bills declined in SEQ by approximately 8% between 2017–18 and 2018–19, with decreases in network and wholesale costs driving the decrease.²⁸⁵ In its 2020 report, the ACCC did not include updated cost data.²⁸⁶

The ACCC has indicated that it will continue to collect cost data directly from retailers by using its information gathering powers, given that actual retailer cost data is not otherwise publicly available. We consider that the scope and ongoing nature of the ACCC's inquiry, and the effectiveness of the information gathering powers available to the ACCC under section 95ZK of the Competition and Consumer Act, mean the ACCC is better placed than any other government agency, regulatory body or industry stakeholder to analyse the extent to which retail electricity prices move with costs in SEQ.

²⁸⁴ ACCC 2019b, page i.

²⁸⁵ ACCC 2019d, pages 27–28, 48.

²⁸⁶ Due to the coronavirus pandemic and the disruptions this caused, the ACCC only published one inquiry report in 2020 (ACCC 2020a).

In its *State of the energy market report for 2020*, the AER reported that:

- wholesale electricity prices in Queensland decreased during 2018 and 2019, and continued to ease in 2020, when first quarter prices in Queensland fell to their lowest average since 2012
- Energex's network costs for the 2015–20 regulatory period were 6% lower than the 2010–15 period.²⁸⁷

Also, in July 2020, AEMO reported that Queensland's quarterly average spot wholesale electricity price (\$34 per megawatt hour) in the second quarter of 2020 was the lowest mainland NEM price since the fourth quarter of 2016, and the lowest price in Queensland since the second quarter of 2015.²⁸⁸

For its draft report on the New South Wales (NSW) retail electricity market in 2019–20, the Independent Pricing and Regulatory Tribunal (IPART) undertook a high-level assessment of cost changes, which included network costs and wholesale costs. IPART found that the changes in prices in 2019–20 were broadly in line with the changes in underlying costs.²⁸⁹

Finally, the *Treasury Laws Amendment (Prohibiting Energy Market Misconduct) Act 2019* (Cth) came into effect on 10 June 2020. The new legislation creates prohibitions against certain misconduct in electricity retail, wholesale and contract markets that is considered detrimental to competition and consumers. One of these prohibitions—the retail pricing prohibition—targets conduct by electricity retailers when they fail to pass on savings to consumers due to lower supply chain costs over a substantial and sustained period.²⁹⁰

9.5 Spread of prices in the market

In competitive markets, firms may use a market segmentation strategy to compete for customers. This can include charging higher prices to customers who are less price-sensitive and/or less active in the market to be able to compete for more price-sensitive and/or more active customers with lower prices. Examples of price discrimination are lower movie ticket prices for students and pensioners, and varying prices for customers booking hotel rooms or airline tickets. Such price discrimination enhances overall consumer welfare as the lower prices approach marginal cost and output increases relative to a situation with a single average price that applies to all customers. Price discrimination in retail markets is generally considered to be welfare-enhancing.²⁹¹

The spread of prices in a market for a product or service is known as price dispersion. The ACCC found a significant amount of price dispersion in each NEM region where retail prices are no longer regulated, and noted that some level of price dispersion is expected in an effectively competitive market as retailers develop a range of price and service offers to best meet the needs of different customers. However, significant price dispersion often exists in competitive markets even when there are no significant differences in the characteristics or costs of a particular product or service.²⁹²

²⁸⁷ AER 2020a, pages 96–98, 137 (figure 3.11).

²⁸⁸ AEMO 2020a, page 10.

²⁸⁹ IPART 2020, pages 4 and 30–33. The Essential Services Commission of South Australia (ESCOSA) and the Essential Services Commission (ESC) in Victoria did not provide a cost analysis in their latest annual retail electricity market monitoring reports (ESCOSA 2020; ESC 2019).

²⁹⁰ For more information see the Australian Government, [Prohibiting energy market misconduct](#) web page and the ACCC, [Guidelines on Part XICA – Prohibited conduct in the energy market](#) web page.

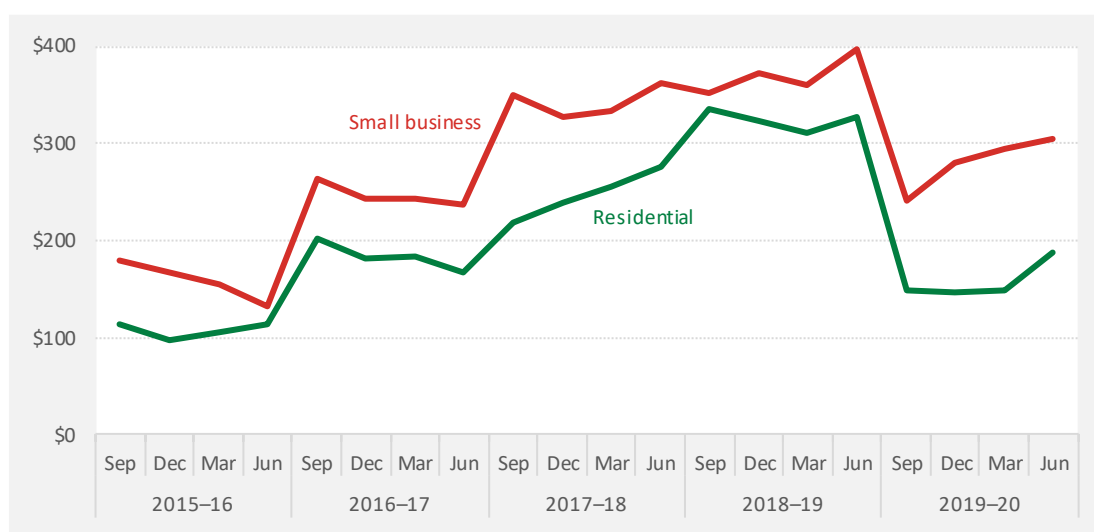
²⁹¹ Nelson et al. 2018, page 1.

²⁹² ACCC 2019b, page 35; IPART 2017a, page 38; IPART 2017b, pages 2–3; Littlechild 2017; Nelson et al. 2018.

Our analysis on price trends in chapter 2 and appendix A can serve as a basis to assess the extent of price dispersion in the retail electricity market since prices were deregulated in SEQ. For this end, we calculate price dispersion as the difference between the average highest-priced and the average lowest-priced electricity bills in each quarter—that is between the average standing offer bill and the average lowest market offer bill of a typical SEQ residential customer on a flat rate tariff and a typical SEQ small business customer on a flat rate tariff.

As the graph below shows, price dispersion in the SEQ retail electricity market, that is the range of bills based on offers published on Energy Made Easy, gradually increased between 2015–16 and 2018–19. However, there was a sharp decline in price dispersion in the September quarter of 2019 due to significant reductions in standing offer bills following the introduction of the DMO in July 2019. While price dispersion for residential customers only increased again notably in the June quarter of 2020, price dispersion for small business customers continuously rose again during 2019–20 following the decrease in the September quarter of 2019.

Figure 40 Price dispersion in the SEQ retail electricity market, 2015–16 to 2019–20



Notes: The bills for each quarter since 2015–16 have been recalculated using the consumption levels in table 2. Sources: QCA analysis, see chapter 2 and appendix A.

In particular, we observed an increasing trend in price dispersion in the SEQ retail electricity market from Alinta Energy's market entry in August 2017 to the introduction of the DMO in the September quarter of 2019. This trend was driven by the diverging development of prices for standing and market offers for the typical SEQ customer:

- Standing offer bills for a residential flat rate customer remained roughly the same between the September quarter of 2017 and the June quarter of 2019 (+0.4%), and for a small business flat rate customer, the bills decreased slightly (–2.3%) during the same time period.
- The lowest average market offer bills decreased substantially for both residential flat rate customers (–7.5%) and for small business customers (–5.0%).²⁹³

The introduction of the DMO led to a significant decrease of standing offer bills in the September quarter of 2019. However, price dispersion increased again thereafter based on bills for a typical SEQ customer. From the September quarter of 2019 to the June quarter of 2020:

²⁹³ The AER noted that Alinta Energy embarked on a significant marketing campaign when it entered the Queensland energy market in 2017 and that this led to high rates of switching (AER 2019d, page 41). We also commented on this in our previous annual market monitoring reports.

- Standing offer bills decreased marginally (–0.3%) for customers on a residential flat rate offer and remained roughly constant for customers on a residential flat rate offer.
- The lowest average market offer bill decreased substantially during the same time for both residential flat rate customers (–3.6%) and for small business customers (–3.3%).

We consider price dispersion to be an expected outcome in the SEQ retail electricity market as retailers try to attract new customers with low market offers, while earning more from those customers that are not engaged or less active in the market, and remain on more expensive market or standing offers.²⁹⁴ Drawing on retailers' own internal documents, the ACCC reported in its retail electricity pricing inquiry that retailers deploy significant resources to segment existing and potential customers into different categories, identify high-value customers amongst these categories, and target them with attractive offers.²⁹⁵

The ACCC has raised concerns that significant price dispersion in retail electricity markets may not be the result of well-functioning competitive markets. Instead, price dispersion could also be caused because customers' ability to obtain the best offer for them is limited by their difficulty in navigating retail electricity markets. The ACCC noted that some level of price dispersion was expected in an effectively competitive market as retailers develop a range of price and service offers in response to different customers' needs. However, persistently high levels of price dispersion may also indicate that retailers managed to implement more price discrimination between active customers and customers who, for whatever reason(s), do not actively participate in the market. Inactive, disengaged or loyal customers and those unable to navigate the complexities of the market may therefore be bearing the costs associated with attracting and retaining active customers who are the beneficiaries of competition.²⁹⁶

The AEMC noted that customer behaviour in retail markets—in particular engagement and switching behaviour—is often driven by substantial savings customers can achieve.²⁹⁷ Based on survey data, the AEMC concluded residential customers need to save around 20% on their bills, and small businesses 20–26%, compared to their existing plan before they are likely to switch.²⁹⁸ Accordingly, the AEMC raised concerns that the introduction of the DMO could potentially result in a decrease in price dispersion in the market, which would affect customer behaviour such as customer switching and engagement in the market. In the long run, the AEMC anticipated that where price dispersion decreased, lower customer engagement was likely to reduce the share of active customers, which would in turn likely lead to less competition in the market.²⁹⁹

It is also important to consider that the price dispersion reported in this section is based on the range of offers published on Energy Made Easy in each quarter. The literature shows that the use of advertised prices can lead to an overestimation of price dispersion as it is likely that not all the higher-priced offers (standing offers, in this case) are taken up by customers.³⁰⁰ As the majority of customers in SEQ are on market offers,³⁰¹ it is likely that their potential savings are less than the difference between the average standing offer bill and the average lowest market offer bill

²⁹⁴ In the final report of its retail electricity pricing inquiry (June 2018), the ACCC reported that approximately 18–40% of the 'tier one' retailers' revenue came from standing offer consumers, while a much smaller proportion (2–17%) of smaller retailers' total revenue was from standing offer consumers (ACCC 2018, page 242).

²⁹⁵ ACCC 2018, page 143.

²⁹⁶ ACCC 2018, pages xi, 144, 259 and 265; ACCC 2019b, page 35; QCA 2019b, pages 164–165; QCA 2019c, pages 121–122.

²⁹⁷ AEMC 2018c, pages viii and 45–46.

²⁹⁸ AEMC 2018c, page 46.

²⁹⁹ AEMC 2018c, pages v and viii.

³⁰⁰ Ghose & Yao 2010, pages 1–2 and 20.

³⁰¹ Only 12.1% of the residential and 23.3% of the small business customers in SEQ were on a standing offer in the March quarter of 2020 (AER 2020c, schedule 2; QCA analysis).

suggests. The actual savings a typical customer could have realised depends on their current bill at the time of switching to the lowest market offer available.

9.6 Complexity of the market

Markets are usually more competitive when customers can easily and at any time switch to the competitor that offers the best product or service for their current circumstances. In recent years, many reports (including our previous market monitoring reports) have discussed how challenging the task of comparing numerous retail electricity offers and selecting the best offer can be for customers. If customers find the process of navigating the market and comparing offers prohibitively complex, competition may not be working as effectively as it should and customers do not obtain the best deal for their circumstances.

The lowest market offer bills for the typical SEQ customer continued to decrease in recent years as we show in chapter 2. However, it is likely that many customers have not switched to an offer that would be better suited to their circumstances due to, among other reasons, the complexity of the market. There are numerous retailers and offers to choose from, and offers have different price components—supply charges, usage charges, fees, discounts and incentives—that can make it difficult for customers to assess which offer would be the cheapest one given their individual electricity consumption.

Some consumer advocacy groups have described the retail energy market as a 'confusopoly'—a market where complex offers and contract conditions have failed to facilitate informed choices by consumers.³⁰² The comments made in the context of an analysis of consumer engagement in Victoria's retail electricity market echo these sentiments:

... as the retail electricity market matured it became more difficult for consumers to navigate. Retailers' business strategies evolved to embody deliberately confusing marketing practices triggering a proliferation in the number and complexity of products, greater price dispersion and opaque discounting strategies. This has resulted in extensive price discrimination among different types of consumers.³⁰³

9.6.1 Discounts and incentives

Discounts and incentives can add value to customers and lead to savings on their bills, but they can also add an additional element of complexity for customers. As we emphasise in chapter 3, customers need to bear in mind that eligibility criteria and terms and conditions may be attached to receiving a discount (e.g. paying on time or using a certain payment method) and to accessing an incentive (e.g. being a new customer or signing up via a third party, or it only being available in the first year of the contract). Furthermore, discounts may be guaranteed or conditional, and financial incentives directly impact the bill, while non-financial incentives do not affect the bill value but provide other potential benefits.

We noted in our 2018–19 annual market monitoring report that simple market offers that had no discounts attached became more prevalent in 2018–19.³⁰⁴ Similarly, we observed in our quarterly reports for 2019–20 that none of the lowest residential and small business flat rate market offer bills in any quarter had discounts attached. Retailers noted in interviews with the AEMC in early 2020 that recent regulatory changes, including the regulation of conditional discounting and the

³⁰² See for example Energy Consumers Australia 2019, page 2, and Public Interest Advocacy Centre 2018, page 2.

³⁰³ O'Keefe and Wong 2019, page 3.

³⁰⁴ QCA 2019c, page 122.

introduction of the DMO, would encourage the increase in simple offers to continue.³⁰⁵ However, some of the lowest offers in 2019–20 had incentives attached. This is in line with the AEMC's observation that the expansion of product add-ons or 'value-add enticements', which comprise a core part of large retailers' product offerings, continued.³⁰⁶

As we note in section 3.6, the recent changes to the regulation of discounting intend to provide important consumer protections. However, we consider that it remains challenging for customers to assess the value of savings available on discounted offers, given that many customers may not yet be familiar with the new way in which discount percentages are calculated and advertised.

9.6.2 Commercial comparison sites

In section 1.3 we express our view that, as it is independent of commercial third parties and includes all generally available offers in the market,³⁰⁷ Energy Made Easy is the most important and reliable tool available for customers to analyse, compare and select offers. Unfortunately, customer awareness of Energy Made Easy remains low.³⁰⁸ Further, the Queensland Department of Natural Resources, Mines and Energy (DNRME) observed in early 2019 that, when the phrase 'electricity price comparison Queensland' was entered into an internet search engine Energy Made Easy was the eighth web link listed, the fourth after paid advertisements.³⁰⁹ We repeated this exercise in October 2020 with similar results. Similarly, the Energy Made Easy website was the fourth listed web link when we entered the text 'energy made easy' into the same search engine.

Apart from Energy Made Easy, there are numerous commercial comparison sites that promise customers to find a better electricity offer and save on electricity bills. Some sites also assist customers with the switching process. In its 2020 retail energy competition review, the AEMC expressed concerns that most private energy comparison sites work on commissions based on arrangements with energy retailers, and that each commercial comparison site has an affiliation with a limited number of providers (some more than others).³¹⁰ The AEMC had previously noted some critical comments from retailers that commercial websites were 'sales-motivated' and not clear in disclosing the range of retailers they represent, nor the commission arrangements that apply.³¹¹ Similarly, the ACCC noted in the retail electricity pricing inquiry in 2018 that many consumers were 'likely to falsely assume that commercial third party intermediaries consider all offers to determine which best suits their needs'.³¹² In view of such concerns, the AEMC and the ACCC have proposed (in recent years) the regulation of commission-based comparator sites to increase transparency regarding the function that these sites provide customers.³¹³

³⁰⁵ AEMC 2020b, page 76.

³⁰⁶ AEMC 2020b, pages xv and 75.

³⁰⁷ AER 2018a, pages 8–14 (clauses 19–69).

³⁰⁸ AER 2020a, page 254.

³⁰⁹ DNRME 2019, page 32.

³¹⁰ AEMC 2020b, page 237.

³¹¹ AEMC 2017, page 84.

³¹² ACCC 2018, page 277.

³¹³ ACCC 2018, pages 277–282 (including recommendation 34); AEMC 2018e, pages 109–111; AEMC 2019a, page 96; AEMC 2020b, page 237.

iSelect to pay \$8.5 million for misleading consumers comparing energy plans

In October 2020, the Federal Court ordered iSelect to pay \$8.5 million in penalties for making false or misleading representations about its electricity comparison service. iSelect had admitted that, between November 2016 and December 2018, it misled consumers by representing on its website that it would compare all electricity offers of its partners and recommend the most suitable or competitive offer, when this was not the case. Hundreds of thousands of consumers visited the website during that period.



In announcing the court's decision, the ACCC noted that iSelect's commercial arrangements with partner electricity retailers restricted the number of electricity offers those retailers could upload onto the iSelect systems, and therefore the recommended offers were not necessarily the most suitable or competitive. iSelect also failed to adequately disclose that cheaper offers from its preferred retail partners were only available via its call centre and were not available through iSelect's online comparison service. The ACCC estimated that about 38% of customers who compared electricity offers with iSelect at that time may have found a cheaper offer if they had shopped around or used the government's comparison site Energy Made Easy.³¹⁴

Finally, we reviewed a number of commercial comparison websites in September 2020 and found examples of incorrect, incomplete and outdated information on the SEQ (and regional Queensland) markets on various sites. We recommend that SEQ customers regularly check on Energy Made Easy whether they can find a better deal among all the currently available offers. We also strongly encourage customers, when using or thinking about using a commercial comparison website, to review the AER's advice on online comparison tools.³¹⁵

9.6.3 Challenges for vulnerable customers

Some customers will find it more difficult than others to navigate a retail electricity market. Language barriers, cultural issues, disabilities, low levels of literacy and lack of internet access are just some of the issues that can constrain a customer's ability to engage in a market.³¹⁶ International experience suggests that vulnerable customers may not benefit from competition in retail energy markets to the same extent as other customers. This can be, among other things, because these customers are less engaged in the market or because they have restricted options (e.g. payment methods).³¹⁷

In its final report of the inquiry into retail electricity pricing, the ACCC also explored issues around providing targeted support for vulnerable customers and was strongly supportive of QCOSS's Switched on Communities program, the outcomes from which had included reduced energy usage, lower bills and greater access to concessions and rebates in SEQ for program participants. The ACCC also advocated the role of financial counsellors, consumer and community organisations in assisting vulnerable customers to navigate the retail electricity markets and recommended increased funding for support for vulnerable customers.³¹⁸

³¹⁴ ACCC, [iSelect to pay \\$8.5 million for misleading consumers comparing energy plans](#) [media release], 8 October 2020.

³¹⁵ AER, [Online comparison tools](#) web page.

³¹⁶ ACCC 2018, page 291.

³¹⁷ KPMG 2017, page 27. In a report for the Victorian Government, KPMG examined the electricity (and gas) markets in France, Great Britain, Maine, New Zealand, the Netherlands, Ontario and Texas.

³¹⁸ See ACCC 2018, pages 304–307 (including recommendation 38); QCOSS, [Switched on communities](#) web page; QCOSS 2019, page 9. We understand that AGL provided \$500,000 funding for the Switched on Communities program (AGL, [Switched on to working with our communities](#) web page).

Although we do not take a view on the level or administration of public funding for vulnerable customers, we consider that targeted assistance for vulnerable customers in SEQ is critical to ensure such customers maximise the value of their expenditure on electricity and have the opportunity to benefit from competition. We also note that, as part of its review into the operation of the NERL in Queensland, DNRME discussed and invited stakeholders to comment on the merits of and funding for a 'not for profit brokerage service' in Queensland.³¹⁹

Finally, readers and stakeholders with a particular interest in vulnerable customers may note that the Essential Services Commission in Victoria is developing a strategy for how it regulates to support the interests of Victorian consumers experiencing vulnerability.³²⁰

9.6.4 Customers' assessment of the market

Evidence suggests that customers do not always pick the best offer available. This may be due to inattention, complexity of information and low levels of trust and confidence.³²¹ In an effectively functioning competitive market we would expect that consumers' confidence in their ability to make the right decisions increases over time as they become more familiar with the market and that they find it easier to access the right information to make informed decisions. The AEMC's customer surveys for their competition reviews provide some insights.³²²

The confidence of SEQ residential customers in their ability to navigate the energy market increased in 2020:

- 71% of the residential customers were confident in their ability to make good decisions about the energy market—up from 67% in 2019 and 65% in 2018
- 61% of the residential customers were confident that they could access information that is easy to understand—up from 60% in 2019 and 57% in 2018.
- Residential customers' confidence that the market is working in their long-term interests was 38%, the highest percentage in the NEM—same as in 2019, but up from 26% in 2018.

However, the results for the confidence of SEQ small business customers in the energy market are mixed:

- Only about half of the small business customers (52%) were confident in their ability to make good decisions—down from 56% in 2019, but slightly up from 50% in 2018
- 40% of the small business customers were confident that they could access easily understood information—down from 51% in 2019 and 50% in 2018
- Small business' confidence that the market is working in their long-term interests decreased to 28%—down from 32% in 2019, but up from 26% in 2018.

³¹⁹ DNRME 2019, page 19. Of the submissions that addressed the brokerage service suggestion, AGL and the Australian Energy Council were supportive (AGL 2019, page 3; AEC 2019, page 3). At the time of writing, the final report of the review was not publicly available. For more information, see DNRME, [Review of Queensland energy customer protections and support](#) web page.

³²⁰ ESC, [Regulating with consumer vulnerability in mind](#) web page.

³²¹ Behavioural Insights Team 2020, page 8.

³²² Colmar Brunton 2019, page 112; AEMC, [Retail Energy Competition Review 2020](#) microsite. We present the data of the April surveys only to facilitate an easier year-on-year comparison. We note that the October surveys generally show a higher confidence for small businesses than the April surveys.

9.7 Inactive and disengaged customers

In its international review of energy retail markets, KPMG noted that while price dispersion facilitates greater competition, it could lead to some groups of customers—in particular inactive customers—paying relatively higher prices and being potentially worse off. In view of this, KPMG considered it important for policy makers to analyse the causes of inactivity and lack of engagement, and to consider how to address these causes—even more so as international experience suggests that programs to inform and support customers can be crucial to promote competition.³²³

The Australian Government, the AER and the AEMC have designed and implemented various initiatives to assist customers to navigate the market and access better offers for their circumstances.³²⁴ However, regardless of the steps taken to improve the ability of customers to engage in the market, it is likely that some customers will continue to pay higher prices despite cheaper prices being available, as they may:

- be willing to pay higher prices because they value the benefits they receive on their electricity plan, such as no late payment fees or the plan being easy to understand
- make a considered decision not to actively participate in the market because they feel that the benefits of shopping around do not outweigh the costs (such as the time it takes to search and switch)
- not be very price-sensitive
- for a range of reasons, be vulnerable and require targeted assistance with managing their electricity plan.

We consider that this outcome is not inconsistent with a competitive market, as long as retailers offer better deals to price-sensitive customers and do not make excessive profits over the longer term. The ACCC's analysis of retailers' margins—as part of its retail electricity pricing inquiry—found that SEQ had the lowest retail margin for residential customers in the NEM in 2017–18.³²⁵ The ACCC's August 2019 report showed that, based on an updated (residential) cost stack analysis for 2017–18, retail margins in SEQ were the second-lowest in the NEM after South Australia, and were considerably lower than the margins in Victoria and New South Wales.³²⁶

Overall, the tier one retailers are likely to have a greater number of inactive and disengaged—and therefore, on average, more profitable—customers due to the way they acquired their customer bases.³²⁷ Based on international evidence, KPMG noted that the most profitable customers were generally those who had never switched, and that retailers' margins made on inactive customers were typically significantly higher than those made on customers who switch retailers.³²⁸ Tier two retailers are more likely to target engaged customers who are more sensitive to price and who are, on average, less profitable.³²⁹

Similarly, KPMG noted that competition affects different customer groups in different ways, and that this leads to a trade-off between trying to ensure that all customers benefit from

³²³ KPMG 2017, pages 8–9.

³²⁴ See for example QCA 2019b, pages 166–167.

³²⁵ ACCC 2018, pages 8 and 18.

³²⁶ ACCC 2019c, pages 83–84, 88 and 101–102.

³²⁷ ACCC 2018, page 134. The ACCC notes that these large customer bases include inactive customers who rarely (if ever) changed retailers or deals.

³²⁸ KPMG 2017, page 57.

³²⁹ AEMC 2020b, page 141.

competition, and providing the right conditions for an innovative market. And even though an innovative market will provide future benefits through new products and services, it may exclude some customers from the market due to the level of complexity.³³⁰

While being disengaged and inactive may be a rational choice for some customers, we believe that for other customers the complexity and the lack of knowledge of the market may prevent them from fully benefiting from competition. We consider that the competitiveness of the SEQ retail electricity market will be further enhanced if fewer customers' willingness or ability to engage in the market is constrained by the difficulty of comparing and assessing offers. The suggestions we make in various parts of this report for the AER to consider in its next review of the retail pricing information guidelines would, in our view, reduce some of the difficulty in comparing and assessing offers if implemented by the AER.

³³⁰ KPMG 2017, page 10.

10 SIGNIFICANT ISSUES

In this chapter, we discuss significant issues that emerged in the SEQ retail electricity market in 2019–20.

Key findings

- (1) Initial evidence suggests that the default market offer (DMO), which was introduced on 1 July 2019, had a minimal impact on competition and innovation in the SEQ market during 2019–20. However, the DMO has only been in place for a relatively short time and the full impacts on competition and innovation may only become evident in the longer run.
- (2) Since March 2020, the AER, AEMC and AEMO have implemented a number of measures to mitigate the effects of the coronavirus pandemic on the energy industry and customers. Our analysis of retail offers and bills in the September quarter of 2020 suggests that the pandemic has not had a negative impact on competition in the SEQ retail electricity market, as prices continued to decrease and new retailers entered the SEQ market.
- (3) The number of SEQ customers on a standing offer has decreased in recent years, up to the December quarter of 2019. Some retailers appear to have been actively encouraging standing offer customers to switch to a market offer. However, in the case of some smaller retailers, the number of customers on standing offers increased early in 2019–20. Our findings, based on advice from retailers, suggest that this was typically the result of increased deemed customer arrangements, which are usually of a temporary nature. AGL also had a significant increase in its standing offer customer numbers in the March quarter of 2020, due to its decision to move around 4,000 customers from market offers above the DMO annual price to a standing offer.

10.1 Minister's direction

Section 3(d) of the direction requires the market monitoring report to include comment on any significant issues that emerged in the SEQ retail electricity market in 2019–20, including impacts of the DMO on competition and innovation.

This chapter discusses three significant issues in the SEQ market in 2019–20:

- Impacts of the introduction of the DMO (section 10.2)
- Impact of the coronavirus pandemic (section 10.3)
- Trends in standing offer customer numbers (section 10.4)

10.2 Default Market Offer

10.2.1 ACCC recommendation

The ACCC found, in its inquiry in 2018 into retail electricity pricing, that standing offers were no longer fit for purpose and were not operating as an effective default offer, nor delivering essential consumer protections to justify their higher price. The ACCC also raised concerns that retailers often set standing offer prices at a high level to allow them to advertise high headline discounts for their market offers. Accordingly, the ACCC recommended the replacement of standing offers

with a DMO set at or below the price set by the AER for each non-price regulated jurisdiction (including SEQ) in the NEM.³³¹

10.2.2 Introduction of the DMO

The DMO was introduced in SEQ and other regions of the NEM on 1 July 2019, from which time retailers' standing offer prices had to be set at or below the DMO annual prices set by the AER. The legislative framework to implement the DMO is contained in the *Competition and Consumer (Industry Code – Electricity Retail) Regulations 2019* (Cth).³³² Part 2 of the regulations set out the Electricity Retail Code of Conduct (Electricity Retail Code) which establishes retailers' obligations with respect to the cap on standing offer prices (and advertising discounts).³³³ Section 10(3) of the Electricity Retail Code defines the cap in the following terms:

The standing offer prices comply with the price cap if the total amount a representative customer, who was a small customer of that type, would be charged for the supply of electricity in the region in the year at the standing offer prices would not exceed the reference price.

The representative customer in section 10(3) is a small customer supplied with electricity in accordance with the 'model annual usage' determined by the AER.³³⁴ A small customer is, in generalised terms, a residential flat rate, residential flat rate with controlled load, or small business, customer.³³⁵ The reference price in section 10(3) is the annual price per customer determined by the AER.³³⁶

Part 3 of the regulations establishes the functions of the AER in determining the DMO in each distribution zone for small customers. In making the determination, the AER must have regard to various matters outlined in section 16(4) of the regulations: (a) the prices electricity retailers charge for supplying electricity, (b) the principle that a retailer should be able to make a reasonable profit, (c) electricity supply costs and (d) any other matter the AER considers relevant.

10.2.3 DMO prices in SEQ for 2019–20

The AER set the DMO annual prices in SEQ (and other regions) for 2019–20 (DMO 1) at the mid-point (50th percentile) of the range between the median market offer and median standing offer, based on generally available offers in October 2018.³³⁷ The AER considered that its methodology achieved the key policy objectives of reducing unjustifiably high standing offer prices for customers, allowing retailers to recover the efficient costs of providing services, and not disincentivising competition and market participation by customers and retailers.³³⁸

The table below shows the DMO 1 annual prices for SEQ that the AER issued in April 2019.

³³¹ ACCC 2018, pages 240–252. The AER sets the DMO for South Australia, New South Wales and SEQ. Victoria sets its own Victorian Default Offer (VDO). The ACCC noted in August 2019 that the VDO, in contrast to the DMO, is intended to provide standing offer customers in Victoria with universal access to a 'fair' price (ACCC 2019c, pages 3–4). For more information on the VDO, see Essential Services Commission (Victoria) (ESC), [Victorian Default Offer](#) web page.

³³² The *Competition and Consumer (Industry Code – Electricity Retail) Regulations 2019* (Cth) (Electricity Retail Regulations) are made under part IVB of the Competition and Consumer Act. These instruments, and the explanatory statement to the Electricity Retail Regulations, are available on the [Federal Register of Legislation](#) website.

³³³ The DMO changed the way discounts attached to electricity offers are advertised, as the DMO is also a reference bill amount from which all discounts have to be calculated. For more information, see chapter 3 (section 3.3.2).

³³⁴ Electricity Retail Regulations, sections 5 and 16(1)(a).

³³⁵ Electricity Retail Regulations, section 6(2).

³³⁶ Electricity Retail Regulations, sections 5 and 16(1)(b).

³³⁷ AER 2019b, pages 7–8.

³³⁸ AER 2019b, page 30.

Table 58 SEQ DMO 1 annual prices, 2019–20

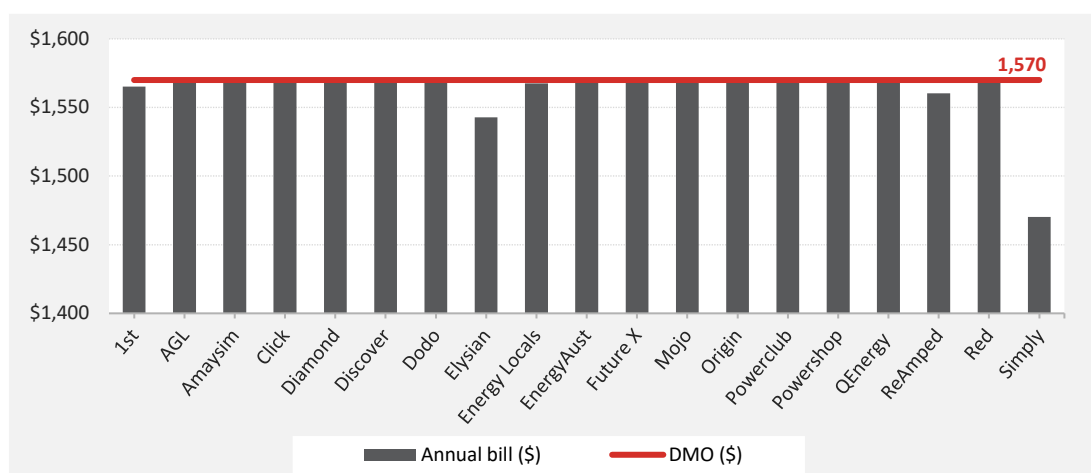
Customer type	Model annual usage	DMO annual price (\$)
Residential without controlled load	4,600 kWh	1,570
Residential with controlled load	4,400 kWh general usage + 1,900 kWh controlled load	1,927
Small business	20,000 kWh	6,025

Notes: The AER sourced residential usages from Energex's annual pricing proposal, with the controlled load usage assumption (30% of total consumption) based on the AER's 2017 energy consumption benchmarks, and small business usage obtained from Energy Consumers Australia's SME retail tariff tracker.

Source: AER 2019b, pages 25, 63–64, 66.

Residential without controlled load

In our market monitoring report for the September quarter of 2019, we compared each retailer's standing offer bill, based on the AER's model annual usage, with the DMO annual price (\$1,570). As the figure below shows, the residential flat rate (i.e. residential without controlled load) standing offer bill of each retailer in the September quarter was at or below the DMO price.³³⁹

Figure 41 Residential without controlled load DMO bills, SEQ, September quarter 2019

Notes: Alinta Energy, DC Power Co, Kogan Energy, Locality Planning Energy and Powerdirect did not have a residential flat rate standing offer published on Energy Made Easy in the September quarter.

Sources: Energy Made Easy; QCA analysis.

The ACCC monitors and enforces retailers' compliance with the DMO. In its NEM inquiry report of August 2019, the ACCC commented that, across the (five) distribution zones subject to the DMO, there were a 'small number' of retailers that appeared to have standing offers above the residential without controlled load DMO as at 12 July 2019. The ACCC indicated that it had requested the retailers in question address the potential breach immediately, and stated that it would consider its enforcement options if further non-compliance occurred.³⁴⁰

In its inquiry report of November 2019, the ACCC stated that, as of September 2019, all residential without controlled load standing offers were at or below the DMO across all five distribution zones.³⁴¹ The ACCC's findings match our analysis, as shown in the above figure.

In our market monitoring reports for the December quarter of 2019, and the March and June quarters of 2020, the results were substantially the same as in the September quarter of 2019.

³³⁹ QCA 2019e, page 23.

³⁴⁰ ACCC 2019c, page 51.

³⁴¹ ACCC 2019d, pages 88–89.

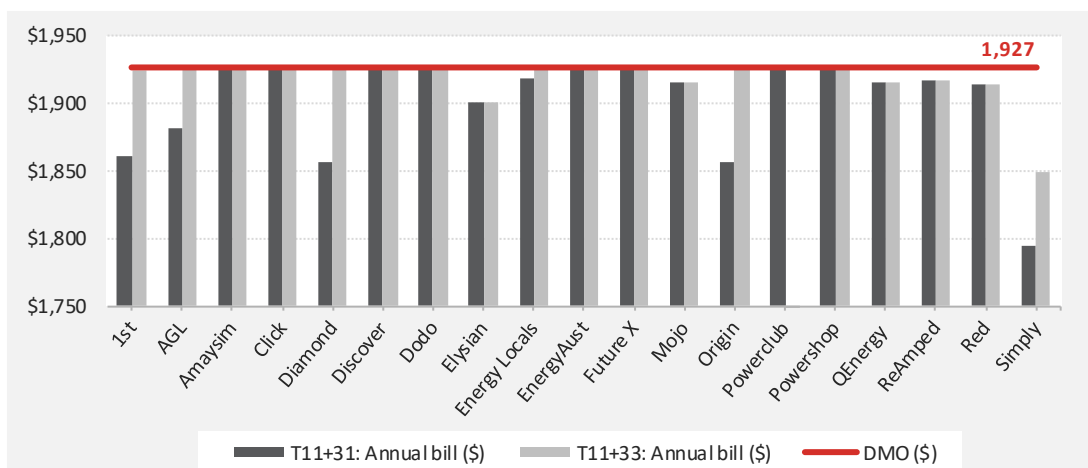
Residential with controlled load

AER approach for setting the DMO

Although there are two separate controlled load tariffs (economy and super economy) commonly used by residential customers in SEQ, there was only one DMO annual price for the residential with controlled load tariff in SEQ in 2019–20 (and again in 2020–21 (DMO 2)). To set the annual price for the residential with controlled load DMO, the AER selected offers on Energy Made Easy where 'controlled load 1' and 'controlled load 2' were included in the raw offer data; that is, a residential customer being on two controlled load tariffs. For the 1,900 kilowatt hours of annual controlled load usage (drawn from an Energen annual pricing proposal) the AER included in the residential with controlled load DMO for SEQ, the AER apportioned 29% (551 kilowatt hours) to controlled load 1 and 71% to controlled load 2.³⁴²

As the figure below shows, the standing offer bill—for the residential with controlled load economy and super economy tariff combinations—of each retailer in the September quarter of 2019 was at or below the DMO price.

Figure 42 Residential with controlled load DMO bills, SEQ, September quarter 2019



Notes: Alinta Energy, Amber Electric, CovaU, DC Power Co, Kogan Energy, Locality Planning Energy, Ovo Energy and Powerdirect did not have any controlled load super economy or controlled load economy standing offers published on Energy Made Easy in the September quarter. Powerclub only had controlled load super economy standing offers published.

Sources: Energy Made Easy; QCA analysis.

We had observed a steady convergence in prices on the super economy and economy controlled load tariffs in recent years.³⁴³ However, the introduction of the DMO caused a further, substantial convergence across both standing and market offer prices that eliminated the differences completely in many cases, suggesting the residential with controlled load DMO did mute the price signals of the different controlled load tariffs in the SEQ market.

As the graph above shows, of the 18 retailers with standing offers for both controlled load tariffs³⁴⁴, 12 set their prices such that the bills for their economy and super economy offers were the same. These retailers appear to have equalised the prices of their controlled load offers

³⁴² AER 2019b, pages 63, 81 and 89.

³⁴³ This trend becomes apparent when calculating bills for both controlled load tariffs, since 2015–16, with the same (DMO) consumption. As the bills for residential flat rate with a controlled load tariff offers in chapter 2 are based on the median consumption of the typical SEQ customer, which is different for the two controlled load tariffs, the graphs in chapter 2 do not reveal this convergence to the same extent.

³⁴⁴ Powerclub only had a super economy controlled load standing offer.

following the introduction of the DMO. Only 6 retailers differentiated the prices on their controlled load standing offers. For those retailers, the annual bills of controlled load super economy tariff offers were lower than the bills of controlled load economy tariff offers.

As to why most retailers set the same prices for their economy and super economy standing offers, some insight can probably be gained from the submissions made by EnergyAustralia to the AER's draft determinations for DMO 1 and DMO 2. EnergyAustralia expressed concern that some customers would be worse off with the DMO if the AER did not make any distinction between different types of controlled load. EnergyAustralia explained that controlled load tariffs provide a different tariff for different household appliances (such as solar hot water heaters and pool pumps) and the price charged aims to cover the cost of running these assets at a particular time of the day for a given length of time.³⁴⁵

EnergyAustralia added that controlled load tariffs generally provide a lower price signal to shorter duration appliances, compared to those that operate for longer. EnergyAustralia submitted that the single DMO for controlled load would require retailers to allocate peak usage rates across a fixed amount of consumption, and would therefore have the unintended consequence of flattening both controlled loads into a single price, which in turn would remove any intended pricing signal. Accordingly, EnergyAustralia argued that some customers may experience an increase in their controlled load tariff charge when they switch to the DMO.³⁴⁶

The AER recognised, in its draft and final determinations for DMO 1, that some distribution zones have multiple controlled load options which have different times of operation.³⁴⁷ However, in its final determination, the AER argued that determining a separate DMO price for each controlled load configuration was counter to having a clear and easily understandable safety net and reference bill for comparison purposes. The AER also said that, based on its analysis, the DMO annual price for residential with controlled load would provide price relief for standing offer customers. The AER considered that it was appropriate to set an overall DMO controlled load price cap at the total bill level that applies to all controlled load customers given the legislative requirements and policy objectives of the DMO, and the available information at the time.³⁴⁸

Small business

In our market monitoring report for the September quarter of 2019, we compared each retailer's standing offer with the DMO annual price (\$6,025). As the figure below shows, the small business flat rate standing offer of each retailer, except for Elysian Energy, in the September quarter of 2019 was at or below the DMO price.³⁴⁹

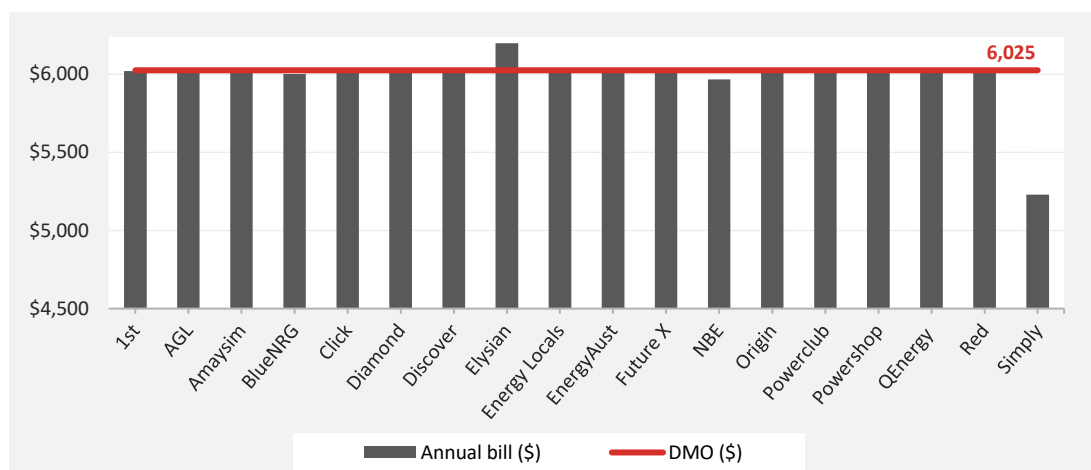
³⁴⁵ EnergyAustralia 2019a, page 5; EnergyAustralia 2020, page 9.

³⁴⁶ EnergyAustralia 2019a, page 5; EnergyAustralia 2020, page 9.

³⁴⁷ AER 2019a, page 68; AER 2019b, page 64.

³⁴⁸ AER 2019b, pages 41–42.

³⁴⁹ QCA 2019e, page 23.

Figure 43 Small business DMO bills, SEQ, September quarter 2019

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

Sources: Energy Made Easy; QCA analysis.

In its inquiry report of November 2019, the ACCC stated that, as of September 2019, all small business standing offers were at or below the DMO across all five distribution zones.³⁵⁰ The ACCC's findings match our analysis, as shown in the above figure, with the exception of Elysian Energy, which had the highest usage charge of the standing offers available in the September quarter (25.6902 cents per kilowatt hour).

10.2.4 Impact of the DMO on competition and innovation in SEQ

AER initial position regarding competition and innovation

In its position paper for DMO 1, the AER noted that, while the key policy intent of the DMO was to mitigate the impact of unjustifiably high standing offer prices, it was mindful that the level of the DMO could affect the development of retail competition and the benefits realised by engaged consumers. The AER explained that setting a price too low may disincentivise participation in the market by consumers, and could discourage market entry and the development of innovative products by retailers. The AER concluded that these outcomes would lead to reduced competition in the market which would ultimately not be in the long-term interests of consumers.³⁵¹

AEMC advice to COAG Energy Council

In October 2018, the COAG Energy Council requested that the AEMC analyse the impacts of the DMO on competition and customers, including the price for both standing and market customers. In December 2018, the AEMC reported that the effects of a DMO would depend on retailers' and customers' reaction to such a form of price regulation.³⁵² The AEMC considered that if the DMO was set below a retailer's standing offer price, the retailer may attempt to recover at least part of the lost revenue by raising market offer prices.³⁵³ However, the AEMC suggested that whether such an attempt was successful would largely depend on the impact of the DMO on the relative

³⁵⁰ ACCC 2019d, page 91 (figure 3.4). The ACCC's inquiry report of August 2019 did not include reporting on retailers' compliance with the small business DMO.

³⁵¹ AER 2018e, page 13.

³⁵² AEMC 2018c, pages iii and 34.

³⁵³ The ACCC found, in its retail electricity pricing inquiry, that the average revenue retailers obtained from a standing offer consumer was significantly higher than the average revenue from a market offer consumer. Overall, however, most of the revenue was obtained from market offer customers (ACCC 2018, page 242).

prices offered by competitors and the response of the retailer's market offer customers.³⁵⁴ In its analysis, the AEMC identified:

- a number of potential short-term risks, such as reduced price dispersion³⁵⁵
- some likely longer-term structural effects, including adverse impacts on competition and innovation³⁵⁶
- a risk of disruption and confusion for customers during the implementation phase, as well as costs for retailers to meet the new obligations that would be passed through to customers.

The AEMC also considered that even engaged consumers, who would not be directly impacted by the DMO, could be detrimentally affected and may therefore be inclined to become disengaged. This, the AEMC suggested, may be exacerbated by the environment of low trust in the sector.³⁵⁷

The AEMC advised to exercise caution in introducing a DMO as a regulated price cap, given the declining proportion of customers on standing offers and the short- and long-term risks associated with a DMO. Instead, the AEMC proposed alternative options to address high standing offer prices and a lack of comparability between market offers that would have fewer risks to engaged customers and to retail competition and innovation than a hard-cap DMO.³⁵⁸

AER analysis of impact on competition and innovation

In September 2019, the AER released its position paper to commence the DMO 2 determination. In the paper, the AER noted the need to ensure that the DMO did not reduce incentives for competition, innovation and market participation by customers and retailers. The AER considered that the available evidence suggested that the DMO 1 prices appropriately balanced the policy objectives.³⁵⁹

In the draft determination for DMO 2, the AER reiterated its view that the DMO was meeting its objectives, but acknowledged that the DMO price cap and reference price are significant regulatory interventions that may have positive and negative indirect impacts on retailers' market offer pricing and on affordability in the longer term.³⁶⁰

Retailers' and other stakeholders' views on competition and innovation

In submissions to the AER—in response to the position paper and draft determination for DMO 2—a number of retailers and energy industry stakeholders highlighted the risks to competition and innovation in retail electricity markets if the DMO is too high or too low. Some submissions also suggested that it was too early to determine the impact of the DMO on competition and

³⁵⁴ AEMC 2018c, pages iv–v.

³⁵⁵ The AEMC said that a DMO could result in (i) a decrease in price dispersion in the market due to a reduction in the price of standing offers, a reduction in the price of high-priced market offers, and/or price increases in the lower-priced market offers available to customers; (ii) customers on standing and market offers that were above the default offer being better off; and (iii) customers on lower-priced market offers being worse off (AEMC 2018c, pages iv–v and 28–40).

³⁵⁶ The AEMC considered that a DMO could lead to (i) increased risk to retailers, which increases financing and overall costs as a regulated price cap introduces uncertainty into the assessment of the business's future financial performance; (ii) lower levels of innovation, leading to less available products and services, with the barriers to innovation likely having a larger effect on the viability of new than established retailers; and (iii) higher barriers to entry and changes to consumer behaviour, which result in decreased competition as the spread of prices—and hence potential savings—decrease (AEMC 2018c, pages vii and 43–47).

³⁵⁷ AEMC 2018c, pages vi–vii and 40–42.

³⁵⁸ AEMC 2018c, pages viii–ix and 48–50.

³⁵⁹ AER 2019e, pages 9–10, 13 and 15.

³⁶⁰ AER 2020d, pages 24–25.

innovation. However, some submissions expressed clear views about the impact of the DMO on competition and innovation:

- Alinta Energy said that the DMO was having a detrimental impact on competition in the retail market which was yet to be captured in broad market indicators.³⁶¹
- EnergyAustralia said that since the DMO had been introduced, some increasing prevalence of non-price benefits and product diversification had been observed.³⁶²
- Meridian Energy said that the DMO for 2019–20 was too severe, resulting in a reduction in offers, products, discounts and various benefits across the NEM (excluding Victoria), with a convergence towards the DMO, indicating a reduction in competition.³⁶³
- Queensland Council of Social Service (QCOSS) said the DMO had not reduced incentives for innovation, investment, competition and market participation by customers and retailers. Etrog Consulting (who prepared QCOSS's submission) found that market activity, advertising and marketing, market entry, energy retailer comparison sites and actual engagement of customers with retailers had continued.³⁶⁴

AEMC 2020 retail energy competition review

In its 2020 competition review, the AEMC acknowledged that, as the DMO reforms had only been in place for 12 months, a longer-term assessment of the impact of price regulation needed to occur in the future based on data over a longer period of time.³⁶⁵ On the available evidence, the AEMC considered in June 2020 that re-regulating prices may have reduced some competition metrics (such as price dispersion) in jurisdictions where prices had been re-regulated.

The AEMC also noted that retailers have less incentive and financial ability to offer lower-priced market offers, given that more profitable market offers are no longer available in the market due to reductions in line with the DMO. However, the AEMC also recognised that new retailers entered the market in 2019–20, and existing retailers expanded into other jurisdictions.³⁶⁶

KPMG international review of energy retail markets

In a 2017 report for the Victorian Government, which was based on an examination of electricity markets in various jurisdictions across the world, KPMG found that jurisdictions with more prescriptive regulations on retailers typically had lower levels of price dispersion and lower retail margins, but also lower diversity in offers and lower levels of activity. KPMG considered that these markets were less likely to be innovative and therefore less likely to provide future benefits to customers.³⁶⁷

QCA assessment of impact on competition and innovation

The market outcomes we observed suggest that the level of each of the three DMO annual prices for DMO 1 did not adversely impact on competition and innovation in the SEQ retail electricity market. However, we can only draw preliminary conclusions at this stage, given that the DMO

³⁶¹ Alinta Energy 2020, page 1.

³⁶² EnergyAustralia 2019b, page 1; EnergyAustralia 2020, page 1.

³⁶³ Meridian Energy 2019, page 1.

³⁶⁴ QCOSS / Etrog Consulting 2019, page 6.

³⁶⁵ AEMC 2020b, pages xiv, 16, 36, 43–44

³⁶⁶ AEMC 2020b, pages 35, 36 and 55.

³⁶⁷ KPMG 2017, page 8.

has only been in place for a relatively short time and some impact may only become evident in the longer run.

Competition

In terms of competition, our analysis indicates that the outcomes we observed in the SEQ retail electricity market in 2019–20 are generally consistent with a competitive market (see chapter 9). Several retailers entered the SEQ market during 2019–20 (chapter 1), and the lowest market offers continued to decrease during 2019–20 (chapter 2 and appendix A). In this context there is little, if any, evidence to suggest that the DMO adversely affected competition and innovation in the SEQ retail electricity market in 2019–20.

However, it will be important to continue to monitor the market as any intervention into a market can also have medium- to long-term impacts. We acknowledge that it is likely to be difficult to clearly determine the contribution of different factors—including the introduction of the DMO and the effect of the coronavirus pandemic (section 10.3)—on observed outcomes in the future.

Innovation

A number of new types of electricity plans emerged in 2019–20, such as subscription plans, specific offers for electric vehicles or plans with cost pass-throughs (chapter 8).

Many retailers have indicated to the AEMC that the introduction of the DMO and other regulatory changes has meant they are diverting resources away from product innovation and instead to compliance.³⁶⁸ If this diversion is in fact significant—and this is not something on which we have sufficient information to form our own view—it may have an impact on innovation, particularly for smaller retailers with fewer resources. This is because an inherent characteristic of innovation is the lag in time between when investments into new products and services are made and when these innovations are ready to be launched.

The AEMC has also noted however, that there is a consensus among retailers, that once the initial issues around implementation and compliance have settled, there would need to be a renewed focus on differentiating offers by means other than large discounts, as they will no longer be possible.³⁶⁹ It is difficult therefore to draw any conclusions about the extent to which the regulatory changes associated with the DMO will impact on innovation.

10.3 Coronavirus pandemic

10.3.1 Queensland Government's initial response to the pandemic

In March 2020, the Premier and Minister for Fire and Emergency Services declared a disaster situation in Queensland for the coronavirus pandemic (covid-19).³⁷⁰ In its initial response to the pandemic, the Queensland Government announced that Energex (and Ergon Energy in regional Queensland) would cease power disconnections for householders experiencing hardship to ensure vulnerable Queenslanders did not face the risk of being left without power.³⁷¹ The

³⁶⁸ AEMC 2020b, pages 34–36. For information on the AEMC's approach to its retailer survey, see AEMC 2020b, page 24.

³⁶⁹ AEMC 2020b, page 34.

³⁷⁰ Queensland Government, Queensland Government Gazette, 22 March 2020, page [301].

³⁷¹ Queensland Government, [Power disconnections stopped to support vulnerable Queenslanders](#) [media statement], 19 March 2020.

government also announced households would receive a \$200 utility payment to assist with electricity and water bills, and small businesses would receive a \$500 energy rebate.³⁷²

10.3.2 QCA market monitoring report for the March quarter of 2020

In our market monitoring report for the March quarter of 2020, we suggested that a combination of falling demand for electricity and financial stress on customers may impact retail competition in the SEQ retail electricity market.³⁷³

In April 2020, AEMO reported that, while the public safety measures which commenced mid-March had a modest impact on demand in the NEM, energy prices declined sharply in the March quarter of 2020. AEMO also noted that electricity futures contracts on the Australian Stock Exchange for the June and September quarters of 2020 fell by 11% in the last two weeks of March as the potential impact of the coronavirus pandemic on future electricity demand became evident.³⁷⁴

10.3.3 Energy market bodies' response to the disaster

Since March 2020, the AER, AEMC and AEMO have endeavoured to mitigate the effects of the coronavirus pandemic on the energy industry and customers. The initiatives taken by these energy market bodies are outlined in the table below.

Table 59 Summary of energy market bodies' response to the coronavirus pandemic

<i>Date</i>	<i>Action</i>
19 March 2020	AEMO enacted its 'full suite of pandemic responses to provide the maximum possible protection and resilience for its critical operations and people'. The market operator had moved to its fourth and highest level of pandemic response and was applying additional precautions in managing its critical workforce whilst also collaborating with the industry to maintain a reliable and secure energy supply for Australia. ³⁷⁵
26 March 2020	The three energy market bodies (AER, AEMC and AEMO) wrote to the Commonwealth Minister for Energy and Emissions Reduction regarding the timeframes for implementation of market reforms to ease the pressure on industry in responding to the impacts of covid-19. ³⁷⁶
27 March 2020	The AER issued a 'Statement of Expectations' of energy businesses, with ten principles the AER expected businesses to adhere to, during the covid-19 time, to the maximum extent possible. The principles were aimed at ensuring the continued safe and reliable supply of energy to homes and businesses. ³⁷⁷ The AER called on energy businesses to put customers first during the pandemic. It reiterated that energy is an essential service and that the energy market has an important role to play in protecting and supporting businesses and the community through the pandemic and the recovery. The AER noted that it would prioritise the safety and reliability of energy supply, ensuring retailers meet the needs of customers in vulnerable circumstances and protecting customers who may be unable to safeguard their own interests. ³⁷⁸

³⁷² Queensland Government, [Electricity Relief For Households and Businesses Q&A](#) [fact sheet], 24 March 2020. In July 2020, the government announced further support that would be provided in the 2020–21 financial year (Queensland Government, [State Govt cost of living relief continues to roll out](#) [media statement], 23 July 2020).

³⁷³ QCA 2020c, page 3.

³⁷⁴ AEMO 2020b, page 4.

³⁷⁵ AEMO, [AEMO enacts full pandemic response plan](#) [news article], 19 March 2020.

³⁷⁶ AER, [Energy market bodies COVID-19 response](#) [news release], 7 April 2020.

³⁷⁷ AER, [AER Statement of Expectations of energy businesses: Protecting consumers and the energy market during COVID-19](#) [compliance report] 27 March 2020.

³⁷⁸ AER, [Energy businesses must go above and beyond to support customers doing it tough](#) [news release], 27 March 2020.

<i>Date</i>	<i>Action</i>
31 March 2020	The AEMC announced that the energy market bodies were collaborating on a range of measures that would focus on enabling and supporting industry stakeholders to deliver energy security and reliability as well as adequate consumer protections. ³⁷⁹
1 April 2020	The AER released a letter seeking stakeholder views on covid-19 impacts it should take into account in making its DMO determination for 2020–21. The AER acknowledged the scope and scale of covid-19 impacts were uncertain and may be difficult to quantify at the time. It noted that it was mindful of the time and resource pressures that all stakeholders were currently facing, but that it was unable to delay its decision beyond the 1 May time frame under the Regulations if the DMO were to apply for 2020–21. ³⁸⁰
7 April 2020	The AER, AEMC and AEMO wrote to the Commonwealth Minister for Energy and Emissions Reduction outlining an agreed set of objectives and criteria for considering altering the implementation dates for some key market reforms and rule changes, which also provided an initial view of an adjusted work plan for the market bodies and industry. The letter advised that the market bodies would soon provide a more detailed view of the industry work plan addressing all regulatory work. ³⁸¹
9 April 2020	The AEMC noted that the three market bodies were continuing to act on prioritising regulatory work to help the energy sector ride out the pandemic, and that they focused on three key priorities—keeping the power system resilient, giving industry some breathing space, and protecting the momentum on key market reforms to benefit consumers. ³⁸²
	The AER, AEMC and AEMO provided a more detailed regulatory work plan for the market bodies and industry. The covid-19 power plan was intended to ease regulatory pressure on industry and strike a balance on what work needed to continue, what could be slowed down and what could be deferred. ³⁸³
17 April 2020	The Chair of the AER wrote to retailers seeking additional data on a voluntary basis to enable the AER to act quickly in the interests of energy consumers. ³⁸⁴ The AER Chair called on retailers to cooperate by volunteering more timely data, above what they were currently required to provide. ³⁸⁵
	The AER and the ESC Victoria launched a joint effort to collect data to monitor the ability for energy customers to pay their energy bills in light of the coronavirus pandemic. ³⁸⁶
6 May 2020	The AER lodged a proposal with the AEMC for an urgent change to the National Electricity Rules to allow retailers to defer payment of network charges by up to six months in respect of hardship customers or customers on deferred payment plans as a result of the covid-19 pandemic. The AER noted that the proposed rule would support retailers as they provide payment assistance to customers and build on the voluntary support measures being provided by network businesses during the April-June quarter under Energy Networks Australia's Networks Relief Package. As

³⁷⁹ AEMC, [Energy market bodies respond to COVID-19](#) [media release], 31 March 2020.

³⁸⁰ AER, [AER invites submissions on the implications of COVID-19 for the DMO price determination for 2020-21](#) [news release], 1 April 2020.

³⁸¹ AER, [Energy market bodies COVID-19 response](#) [news release], 7 April 2020; AEMO, [Letter from AEMC, AER, and AEMO to The Hon Angus Taylor, MP](#) [news], 7 April 2020.

³⁸² AEMC, [Progress update on COVID-19](#) [media release], 9 April 2020.

³⁸³ AER, [Joint market body prioritisation framework - COVID-19](#) [corporate document], 19 May 2020; AEMO, [Letter from AEMC, AER, and AEMO Prioritising implementation timeframes - a more detailed view and framework](#) [news], 9 April 2020; AEMC, [COVID-19 power plan launched to support energy sector through pandemic](#) [media release], 9 April 2020.

³⁸⁴ AER, [Letter to retailers: New data reporting requirements relating to COVID-19](#) [letter], 17 April 2020.

³⁸⁵ AER, [Energy watchdogs ramp up monitoring to protect customers](#) [news release], 17 April 2020.

³⁸⁶ AER, [Energy watchdogs ramp up monitoring to protect customers](#) [news release], 17 April 2020.

Date	Action
	proposed, the new rule would take effect from 1 July and remain in effect until 31 December 2020. ³⁸⁷
19 May 2020	The AER, AEMC and AEMO released further advice on their collective work program, including a regulatory implementation map. This followed extensive stakeholder feedback on the plan published on 9 April. ³⁸⁸
21 May 2020	The AEMC announced that the AER had submitted a rule change to allow electricity retailers to defer the payment of network charges in respect of customers whose ability to pay their electricity bill had been impacted by covid-19 and that it would publish a consultation paper on 28 May. The AER proposed to allow electricity retailers to defer the payment of network charges incurred between 1 July 2020 and 31 December 2020 for six months. ³⁸⁹
28 May 2020	The AEMC released a consultation paper on the rule change request from the AER to allow retailers with pandemic-affected customers to defer some network charges for six months. The AEMC agreed to treat the proposal as an urgent request and called for submissions by 25 June 2020. ³⁹⁰
4 June 2020	The AER published the first 'Retail market data dashboard - COVID-19' providing a high-level summary of changes in the retail market for the week ending 18 May 2020. The AER noted that it intended to publish updates weekly. The data is a subset of data provided by retailers as part of AER's quarterly retail energy market performance updates. ³⁹¹ The data covered retail electricity markets in Queensland, New South Wales, South Australia, Tasmania and the ACT.
9 July 2020	The AEMC announced further measures to guide the national electricity market through the covid-19 pandemic. In a final determination on how to adapt its wide-reaching 5-minute settlement reforms to the reality of covid-19, it announced it would give energy businesses an extra 3 months to get ready for the change—now set for 1 October 2021—to make up for time lost in responding to the early challenges of covid-19. ³⁹²
28 July 2020	The AER launched its 'Statement of Expectations 2'. The statement was clear that people who can pay their bills should, and that a payment deferral is not a waiver. It was outlined what was expected of energy businesses. This included helping residential and small business customers impacted by the pandemic by providing information about concessions, rebates and other support, offering a payment plan that is based on their capacity to pay with a no-payment window if required, not disconnecting anyone who is in contact with them, immediately reconnecting anyone who may be disconnected once they make contact and waiving any associated fees, and not referring them to debt collection agencies for recovery actions or credit default listing. ³⁹³

³⁸⁷ AER, [AER proposes new rule to support electricity retailers during COVID-19](#) [news release], 7 May 2020. Details regarding the Networks Relief Package are available at Energy Networks Australia's [COVID-19 Information](#) web page.

³⁸⁸ AER, [Joint market body releases prioritisation framework in response to COVID-19](#) [news release], 19 May 2020; AEMO, [Market bodies prioritisation advice](#) [news], 8/19 May 2020; AEMO, [Consolidated Summary of Stakeholder Feedback](#) [news], 8/19 May 2020; AEMC, [Latest detail on COVID-19 power plan](#) [media release], 19 May 2020.

³⁸⁹ AEMC, [COVID-19: Rule change request on deferral of network charges](#) [media release], 21 May 2020.

³⁹⁰ AEMC, [Urgent inquiry begins into protecting energy consumers from COVID-19 retailer failure](#) [media release], 28 May 2020; AER, [AER seeks new rule to support retailers helping consumers through COVID-19](#) [news release], 28 May 2020.

³⁹¹ AER, [Retail market data dashboard - COVID-19](#) [dashboard], 4 June 2020.

³⁹² AEMC, [Latest COVID-19 measures drive power reforms and protect market](#) [media release], 9 July 2020; AEMO, [AEMO to defer 5 Minute Settlements and Global Settlements implementation](#) [news update], 9 July 2020.

³⁹³ AER, [Retailers must support their customers as COVID-19 continues](#) [news release], 28 July 2020; AER, [Contact your energy retailer to get help in COVID-19](#) [news release], 28 July 2020.

<i>Date</i>	<i>Action</i>
6 August 2020	The AEMC published its final determination to add a new part ZZZZC to chapter 11 of the National Electricity Rules to allow some retailers to defer the payment of network charges to distributors for customers impacted by covid-19 for six months. ³⁹⁴
6 August 2020	The AER noted that its 'Statement of Expectations 2' would come into effect in August, and its Chair reiterated the importance of all areas of the energy market continuing to work together during this time. ³⁹⁵
17 September 2020	The ACCC authorised AEMO and energy industry participants in gas and electricity markets to cooperate on measures to secure Australia's energy supplies during the covid-19 pandemic. The authorisation allows AEMO and energy industry participants to share essential personnel, essential inputs such as parts and equipment, and information about the operation of their facilities. It also allows them coordinate repairs and maintenance. AEMO has to report publicly on any coordination undertaken under the authorisation, which will apply until 31 May 2021. ³⁹⁶
30 October 2020	The AER released its 'Statement of Expectations 3' to extend customer protections until the end of March 2021 for customers in financial stress due to the coronavirus pandemic. ³⁹⁷

The AEMC, in its retail energy competition review for 2020, provided an extensive overview and analysis of the impact of the coronavirus pandemic on retail energy markets in the NEM.³⁹⁸

Finally, it will be possible to analyse the impact of the pandemic on customers and retailers in SEQ (including comparisons with other regions of the NEM) as the AER publishes further quarterly performance reports for 2020–21.

10.3.4 New retailers in the SEQ market

In our market monitoring report for the June quarter of 2020, we noted that a new retailer, GloBird Energy, entered the market for residential customers in SEQ in May 2020.³⁹⁹ In the September quarter of 2020 another three retailers, Glow Power, Nectr and Sumo Power entered the SEQ market with offers on Energy Made Easy.⁴⁰⁰ In addition, two retailers, Momentum Energy and People Energy, that had offers for SEQ customers in the past (but not in 2019–20), published offers on Energy Made Easy in the September quarter of 2020.

We consider that the entry of four retailers to the SEQ market since the beginning of the coronavirus pandemic, and the 'return' of two retailers, was a positive sign that it remained financially viable for retailers to enter the market despite the pandemic. It also provided SEQ customers with more choice and opportunities to find a deal that is better suited to their circumstances.

³⁹⁴ AEMC, [COVID energy market resilience measure gets AEMC green light](#) [media release], 6 August 2020; AEMC, [Final determination for deferral of network charges rule change](#) [information sheet], 6 August 2020. See also National Electricity Amendment (Deferral of network charges) Rule 2020 No. 11, schedule 1.

³⁹⁵ AER, [AER welcomes support for energy retailers helping consumers through COVID-19](#) [news release], 6 August 2020.

³⁹⁶ ACCC, [Energy industry cooperation authorised with strict conditions](#) [media release], 17 September 2020.

³⁹⁷ AER, [AER extends COVID-19 energy customer protections](#) [news release], 30 October 2020.

³⁹⁸ AEMC 2020b, pages 111–172 (chapter 7).

³⁹⁹ QCA 2020d, page 4.

⁴⁰⁰ The ACCC's announcement in August 2020 that it had initiated proceedings against Sumo Power alleging the retailer made false or misleading representations to electricity customers related only to Victorian consumers in the period June to November 2018 (ACCC, [Sumo Power allegedly misled consumers about electricity pricing](#) [media release], 5 August 2020).

10.3.5 Retail offers

To analyse the effect of the coronavirus pandemic on the SEQ retail electricity market specifically, we compared residential and small business flat rate bills, on a retailer-by-retailer basis, in the March quarter of 2020 with those available in the September quarter of 2020.

Residential flat rate offers in the September quarter of 2020

In the September 2020 quarter, 32 retailers had offers for the residential flat rate tariff on Energy Made Easy—29 retailers had a standing offer and 29 retailers had at least one market offer.

Table 60 Bills for a typical residential flat rate customer, September quarter 2020

<i>Retailer</i>	<i>Standing offer (\$)</i>	<i>Average market offer (\$)</i>	<i>Lowest market offer (\$)</i>	<i>Highest market offer (\$)</i>
1st Energy	1,372	1,203	1,203	1,203
AGL	1,368	1,215	1,095	1,421
Alinta Energy	1,367	1,221	1,132	1,297
Amaysim Energy	1,371	1,344	1,317	1,371
Amber Electric	—	1,345	1,260	1,429
Click Energy	1,371	1,234	1,166	1,371
CovaU	1,337	1,136	1,136	1,136
Diamond Energy	1,350	1,241	1,241	1,241
Discover Energy	1,355	1,249	1,165	1,355
Dodo Power & Gas	1,350	1,319	1,319	1,319
Elysian Energy	1,278	1,235	1,235	1,235
Energy Locals	1,492	1,289	1,134	1,423
EnergyAustralia	1,363	1,215	1,172	1,363
Future X Power	1,368	1,177	1,136	1,217
GloBird Energy	1,355	1,052	1,028	1,142
Glow Power	1,368	1,189	1,154	1,223
Kogan Energy	—	1,051	1,051	1,051
Locality Planning Energy	—	1,188	1,173	1,201
Mojo Power	1,347	1,158	1,018	1,355
Momentum Energy	1,362	—	—	—
Nectr	1,364	1,125	1,035	1,215
Origin Energy	1,369	1,220	1,136	1,369
Ovo Energy	1,285	1,084	1,034	1,134
People Energy	1,347	—	—	—
Powerclub	1,375	1,316	1,265	1,372
Powerdirect	1,421	1,194	1,149	1,217
Powershop	1,324	1,186	1,171	1,200
QEnergy	1,369	—	—	—
ReAmped Energy	1,364	1,137	1,011	1,369
Red Energy	1,362	1,279	1,279	1,279
Simply Energy	1,364	1,169	1,132	1,205
Sumo Power	1,380	1,065	1,033	1,093
Simple average	1,362	1,200	1,150	1,267

Note: A dash (—) means the retailer did not have a residential flat rate standing or market offer in this quarter.

Sources: Energy Made Easy; QCA analysis.

The table shows that, based on the offers available on Energy Made Easy in the September quarter of 2020, for a typical SEQ customer on a residential flat rate tariff:

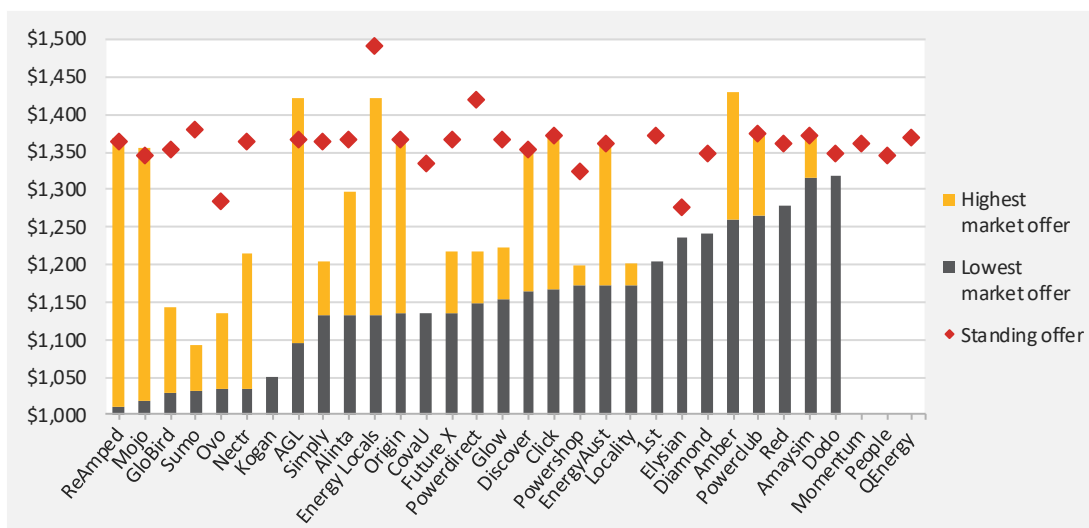
- standing offer bills ranged from \$1,278 (Elysian Energy – Standing Residential Simple Plan (QEX)) to \$1,492 (Energy Locals – Residential Anytime standing offer)

- market offer bills ranged from \$1,011 (ReAmped Energy – Advance (Anytime)) to \$1,429 (Amber Electric – Amber Plan).

ReAmped Energy's Advance (Anytime) offers, which resulted in the lowest market offer bills (\$1,011) did not have the lowest supply or usage charges in the market, nor did they have any discounts or incentives attached to them. However, the combination of supply and usage charges made these the cheapest offers for a typical SEQ customer.

The graph below shows the range of standing and market offer bills available in this quarter.

Figure 44 Bills for a typical residential flat rate customer, September quarter 2020



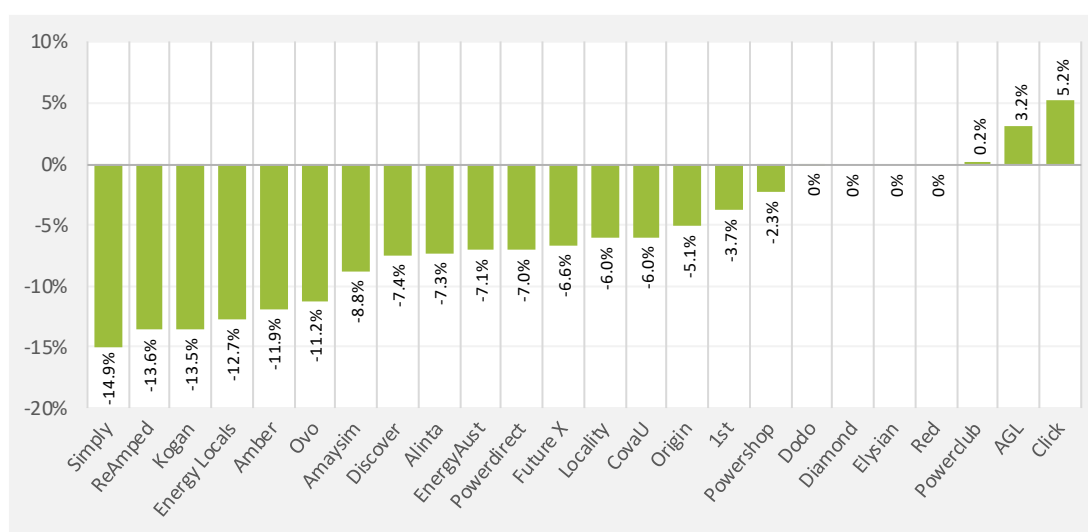
Note: Retailers are sorted by their lowest market offer bill (in ascending order). Amber Electric, Kogan Energy and Locality Planning Energy did not have a standing offer, and Momentum Energy, People Energy and QEnergy did not have a generally available market offer for this tariff in this quarter. Sources: Energy Made Easy; QCA analysis.

Change from March quarter 2020 to September quarter 2020

Most retailers had a market offer in the September quarter of 2020 that was cheaper, for the typical residential flat rate customer, than their cheapest market offer in the March quarter of 2020.⁴⁰¹ The graph below shows the percentage change in each retailer's lowest residential flat rate market offer bill from the March quarter of 2020 to the September quarter of 2020.

⁴⁰¹ See appendix A.3.3 for the residential flat rate bills in the March quarter of 2020.

Figure 45 Change in retailers' lowest market offer bill for residential flat rate customers, March quarter 2020 to September quarter 2020



Note: GloBird Energy, Glow Power, Mojo Power, Nectr and Sumo Power did not have any market offers in the March quarter of 2020, and DC Power and QEnergy did not have any market offers in the September quarter of 2020. Percentages are rounded to one decimal place.

Sources: Energy Made Easy; QCA analysis.

Small business flat rate offers in the September quarter of 2020

In the September quarter, 26 retailers had offers for the small business flat rate tariff on Energy Made Easy—25 retailers had a standing offer and 24 retailers had at least one market offer.

Table 61 Bills for a typical small business flat rate customer, September quarter 2020

Retailer	Standing offer (\$)	Average market offer (\$)	Lowest market offer (\$)	Highest market offer (\$)
1st Energy	2,000	1,695	1,695	1,695
AGL	2,090	1,755	1,693	1,818
Alinta Energy	2,074	1,797	1,695	1,854
Amaysim Energy	2,112	2,028	2,028	2,028
Blue NRG	2,415	1,741	1,451	2,823
Click Energy	2,112	1,965	1,965	1,965
CovaU	2,037	1,731	1,731	1,731
Diamond Energy	2,052	1,904	1,904	1,904
Discover Energy	2,077	1,926	1,797	2,119
Elysian Energy	2,203	2,054	2,054	2,054
Energy Locals	2,788	1,966	1,781	2,044
EnergyAustralia	2,035	1,770	1,770	1,770
Future X Power	2,054	1,816	1,806	1,826
Glow Power	2,054	1,824	1,785	1,863
Locality Planning Energy	—	1,820	1,691	1,910
Momentum Energy	2,062	—	—	—
Next Business Energy	2,090	1,601	1,601	1,601
Origin Energy	2,039	1,895	1,745	2,039
Powerclub	2,129	1,879	1,828	1,935
Powerdirect	2,158	1,797	1,797	1,797
Powershop	1,726	1,819	1,557	2,058
QEnergy	2,029	—	—	—
ReAmped Energy	2,347	1,730	1,730	1,730
Red Energy	2,093	1,874	1,874	1,874
Simply Energy	2,034	1,709	1,668	1,750

<i>Retailer</i>	<i>Standing offer (\$)</i>	<i>Average market offer (\$)</i>	<i>Lowest market offer (\$)</i>	<i>Highest market offer (\$)</i>
Sumo Power	2,125	1,696	1,696	1,696
Simple average	2,117	1,825	1,764	1,912

Note: A dash (—) means the retailer did not have a small business flat rate standing or market offer in this quarter. Sources: Energy Made Easy; QCA analysis.

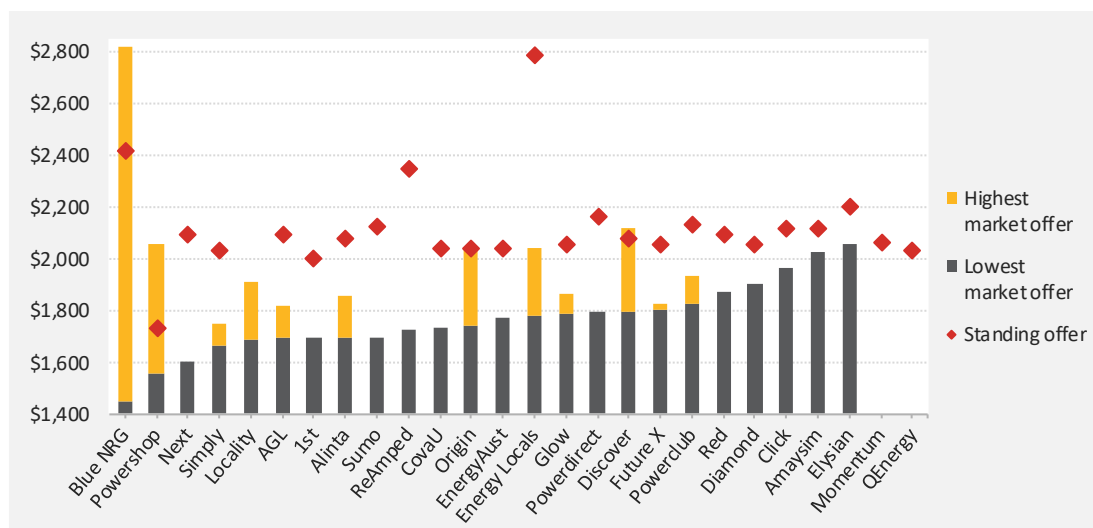
The table shows that, based on the offers available on Energy Made Easy in the September quarter of 2020, for a typical SEQ customer on a small business flat rate tariff:

- standing offer bills ranged from \$1,726 (Powershop – Standing Offer) to \$2,788 (Energy Locals – Small Business Anytime standing offer)
- market offer bills ranged from \$1,451 (Blue NRG – Blue Business Expert SR 8450) to \$2,823 (Blue NRG – Blue Business Champion SR 8500).

Blue NRG's Blue Business Expert SR 8450 offer, which resulted in the lowest market offer bills (\$1,451), did not have any discounts or incentives attached to it, but it had the lowest supply charges and among the lowest usage charges in the market.⁴⁰²

The graph below shows the range of standing and market offer bills available in this quarter.

Figure 46 Bills for a typical small business flat rate customer, September quarter 2020



Note: Retailers are sorted by their lowest market offer bill (in ascending order). Locality Planning Energy did not have a standing offer, and Momentum Energy and QEnergy did not have a generally available market offer for this tariff in this quarter.

Sources: Energy Made Easy; QCA analysis.

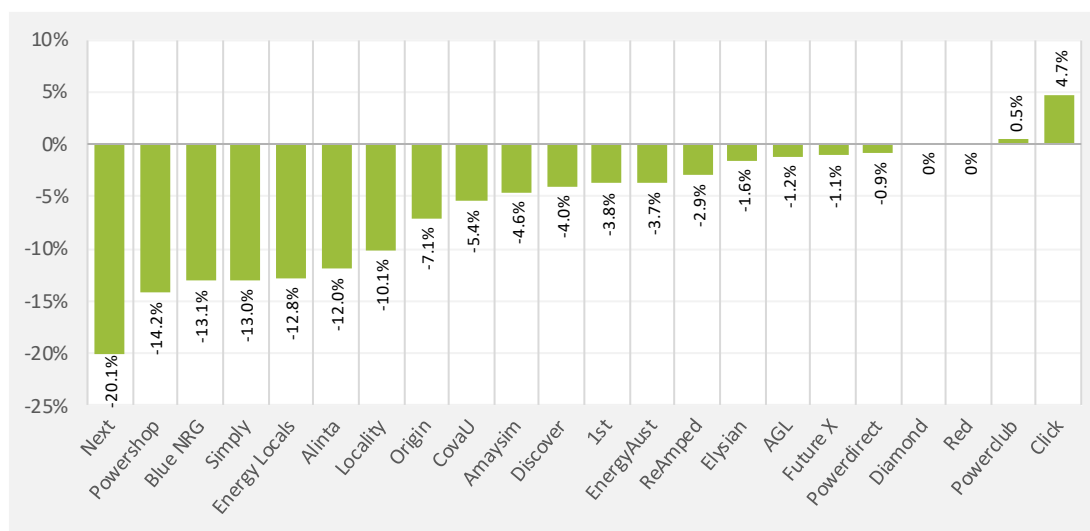
Change from March quarter 2020 to September quarter 2020

Most retailers had a market offer in the September quarter of 2020 that was cheaper, for the typical small business flat rate customer, than their cheapest market offer in the March quarter of 2020.⁴⁰³ The graph below shows the percentage change in each retailer's lowest small business flat rate market offer bill from the March quarter of 2020 to the September quarter of 2020.

⁴⁰² Although some of Blue NRG's small business offers have network tariff codes (NTCs) that relate to residential tariffs (that is, NTCs starting with 84), we confirmed with Blue NRG that these offers are available to small business customers operating from home. For more detail on how we treat offers for small businesses operating out of residential premises, see appendix B.13.

⁴⁰³ See appendix A.6.3 for the small business flat rate bills in the March quarter of 2020.

Figure 47 Change in retailers' lowest market offer bill for small business flat rate customers, March quarter 2020 to September quarter 2020



Note: Glow Power and Sumo Power did not have any market offers in the March quarter of 2020, and QEnergy did not have any market offers in the September quarter of 2020. Percentages are rounded to one decimal place. Sources: Energy Made Easy; QCA analysis.

QCA assessment

The number of retailers with offers on Energy Made Easy for both residential and small business customers increased during the pandemic. Compared to the March quarter of 2020, there were 5 more retailers with residential flat rate offers in the September quarter (increasing from 27 to 32) and 3 more retailers with small business flat rate offers (increasing from 23 to 26). Apart from DC Power, all retailers that had offers published in the March quarter of 2020 also had offers published in the September quarter of 2020. The increase in retailers in the market provided SEQ customers with more choice and opportunities to find a deal better suited to their circumstances.

Many retailers had at least one market offer available in the September quarter of 2020 with lower supply charges and/or lower usage charges than their lowest market offer in the March quarter of 2020, and some retailers increased the (guaranteed) discounts attached to one or more of their market offers. This led to a substantial decrease in the average lowest market offer bill for both residential and small business flat rate offers in the September quarter of 2020.

A number of factors are likely to have contributed to the general decrease in prices in the September 2020 quarter, including lower wholesale and network electricity costs, and lower demand for electricity caused by the coronavirus pandemic.⁴⁰⁴

Some retailers also launched offers in the September quarter of 2020, some of which might be in direct response to the effects of the coronavirus pandemic:

- Amaysim Energy's Post-paid Electricity, Post-paid Solar and Post-paid Electricity (Business) offers stated that customers would be billed monthly, either based on actual meter reads or an instalment amount of \$50 / \$130 / \$400 (or as otherwise agreed) that would then be reconciled against the actual or estimated usage every quarter. Click Energy's Flora, Flora Plus, Flora Solar and Business Pin offers included the same additional fee information regarding billing as Amaysim Energy's offers.

⁴⁰⁴ See AEMO 2020a, pages 8–9, for analysis of demand impacts of the pandemic in Queensland and other regions of the NEM.

- Elysian Energy's Market Residential Simple Plan (QEX) offer required customers to agree to an automatic fortnightly or monthly Instalment payment plan, depending on their estimated electricity use, with any remaining usage to be paid on the due date
- Origin Energy's Home Support offer for residential customers had an Emergency Home Assistance Program membership attached as an incentive⁴⁰⁵
- ReAmped Energy's Advance (Anytime) offers stated in the contract terms that customers will be on a fortnightly or monthly instalment plan depending on their benchmarked electricity usage, and billed monthly or quarterly, with any difference to be paid on the due date.

Further, Alinta Energy's Priority Plus (Single Rate), Priority Plus (Single Rate and Solar), Priority Business (Single Rate), and Priority Business (Single Rate and Solar) offers were only available to customers who received an online sign-up invitation link from Alinta Energy or participating commercial partners. While the eligibility restriction on Energy Made Easy did not state which customers received an invitation link, we note that the usage and supply charges were substantially lower than those of Alinta Energy's other offers.⁴⁰⁶

10.4 Standing offer customer numbers

10.4.1 Customer numbers up to the March quarter of 2019

In recent years, many reports have expressed concerns about the number of residential and small business electricity customers contracted to higher-priced standing offers across the NEM.⁴⁰⁷ In our market monitoring report for 2018–19, we noted that the share of SEQ residential and small business customers on standing offers decreased in each of 2016–17, 2017–18, and 2018–19. We also reported that, by the March quarter of 2019 (being the latest quarter for which data was then available), the proportion of customers on standing offers had fallen to 13.8% for residential customers, and 25.1% for small customers.⁴⁰⁸

10.4.2 Customer numbers from the June to December quarters of 2019

The number of customers on standing offers in the SEQ retail electricity market decreased in recent years, up to the December quarter of 2019. In the June quarter of 2019, there were around 182,100 residential customers in SEQ on a standing offer; by the December quarter of 2019, this had decreased to around 171,300 (an approximate fall of 6%).⁴⁰⁹

⁴⁰⁵ The 'program' is provided by Allianz Global Assistance. Allianz states on its [Emergency Home Assistance](#) web page that it can help with any of these ten common 'calamities': locked out of the house; blackout or power failure; burst tap or showerhead; damaged roof or guttering causing an internal leak; burst pipe; blocked toilet, drain or pipes; broken or burst hot water system; gas leak; broken external door or window; broken or damaged heating/cooling system. Allianz notes that customers receive up to \$300 towards each call-out under their plan and 24/7 support line to connect them with tradespeople.

⁴⁰⁶ The supply charges for residential customers were 10 cents lower and the usage charges were marginally lower (Priority Plus (Single Rate) and Priority Plus (Single Rate and Solar) offers). The supply charges for small business customers were 19 cents lower and the usage charges were marginally lower (Priority Business (Single Rate) and Priority Business (Single Rate and Solar) offers). In section 3.7.1, we note that most of Origin Energy's cheapest market offers in 2019–20 were similarly only available to customers who signed up via third party website.

⁴⁰⁷ See, for example, the ACCC's retail electricity pricing inquiry reports, AEMC retail energy competition review final reports, AER papers for its determinations of DMO annual prices, and the market monitoring reports of the QCA and other state-based economic regulators.

⁴⁰⁸ QCA 2019c, page 79.

⁴⁰⁹ AER, retail energy market performance updates, June quarters of 2018–19 and March quarter of 2020 (indicators S2.1(a)(i) and S2.2(a)(i)); QCA analysis. See also QCA 2020b, page 10. Using the AER's performance data, we calculate standing offer customer numbers as the difference between total customers and market offer customers across all

However, our analysis of standing offer customer numbers showed two significant trends:

- The number of residential standing offer customers contracted to AGL or Origin Energy *decreased* during this time from just over 161,000 to around 149,300. By December 2019, AGL had just under 42,400, and Origin Energy just under 107,000, residential standing offer customers.
- The number of standing offer customers contracted to other retailers *increased* during this time from about 21,100 to nearly 22,000. This number includes EnergyAustralia’s standing offer customers, which increased from 1,360 to 1,532.

By comparison, the number of small business customers on a standing offer remained fairly stable, decreasing from about 25,850 in the June quarter of 2019 to about 25,340 in the December quarter of 2019.

10.4.3 Customer numbers in March quarter of 2020

In June 2020, the AER published retail energy market performance data for the March quarter of 2020. In terms of residential customers, the data showed just over 150,000 standing offer customers were contracted to AGL or Origin Energy, close to 1,700 to EnergyAustralia and over 20,000 were contracted to other retailers. Although the number of customers contracted to an Origin Energy standing offer decreased to just under 103,500 in the March quarter of 2020, AGL’s increased by over 4,000 to more than 46,500.

10.4.4 Summary of customer numbers from March quarters of 2019 to 2020

The table and figure below show the movements in residential customers contracted to a standing offer between the March quarters of 2019 and 2020.

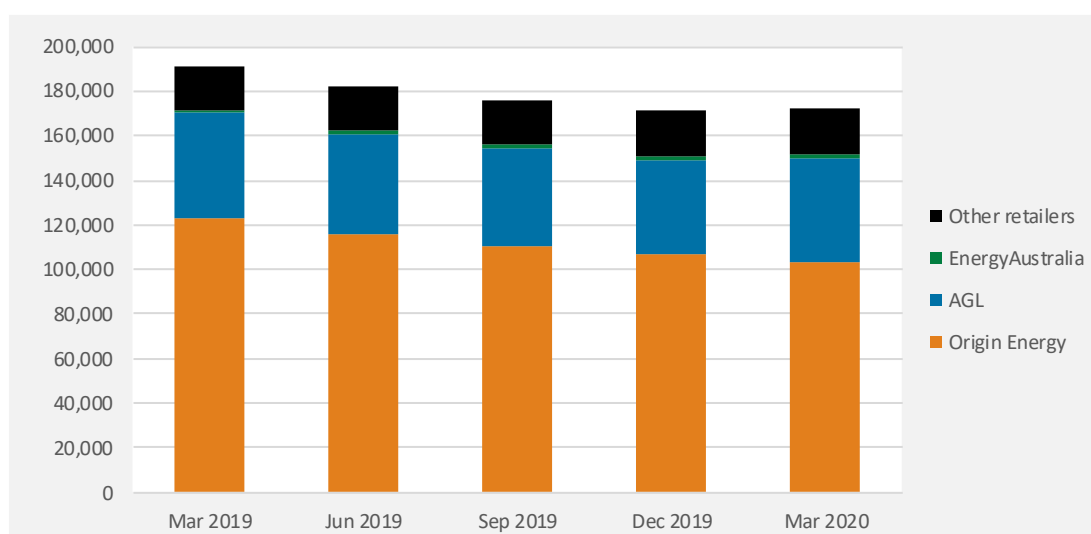
Table 62 Residential standing offer customers—AGL, EnergyAustralia, Origin Energy and other retailers, March quarter 2019 to March quarter 2020

<i>Retailers</i>	<i>March quarter 2019</i>	<i>June quarter 2019</i>	<i>September quarter 2019</i>	<i>December quarter 2019</i>	<i>March quarter 2020</i>
AGL	46,863	45,011	43,692	42,398	46,561
EnergyAustralia	1,527	1,360	1,441	1,532	1,691
Origin Energy	123,276	115,992	110,837	106,945	103,480
Other retailers	19,203	19,751	20,271	20,410	20,588
Total	190,869	182,114	176,241	171,285	172,320

Sources: AER 2020c; QCA analysis.

retailers in Queensland, except Ergon Energy. The AER used the same approach to report standing offer customers in SEQ in its draft and final determinations for the 2020–21 DMO; the AER explained that it extrapolated figures for SEQ by excluding Ergon customers from the Queensland total. The AER added that its figures were approximate as other retailers have customers in regional Queensland (AER 2020b, page 17 (table 2) and AER 2020d, page 17 (table 2)). The ACCC, in its NEM inquiry report of August 2019, reported residential and small business standing offer customer numbers in SEQ using the same approach (ACCC 2019c, page 50 (table 3.1)).

Figure 48 Residential standing offer customers—AGL, EnergyAustralia, Origin Energy and other retailers, March quarter 2019 to March quarter 2020



Sources: AER 2020c; QCA analysis.

10.4.5 Retailers' explanations for changes in standing offer customer numbers

In May 2020 we issued information notices to retailers to provide particular data to inform, principally, the chapters in this report on customers switching from a standing to a market offer with their retailer (chapter 6), and customers receiving assistance with electricity bills (chapter 7). Given our observations regarding residential customers on a standing offer, we also required each retailer to explain the reason(s) for the change in the numbers of residential standing offer customers in SEQ over time, and in particular in the most recent quarters.⁴¹⁰

The table below summarises the advice we received from retailers.

Table 63 Retailers' explanations for changes in standing offer customer numbers

<i>Retailer / retailer group</i>	<i>Advice</i>
AGL	The decrease in its standing offer customer numbers up to the December quarter of 2019 reflected the competitive nature of the SEQ market. The increase in its numbers in the March quarter of 2020 occurred because, on 1 January 2020, it moved any Queensland customers that were on old market contracts, and were paying above standing offer prices, to the standing offer.
EnergyAustralia	Prior to the introduction of the DMO, EnergyAustralia had an increase in customers switching from its standing to market offers in response to its campaign activities. The increase in standing offer customer numbers [from 1,360 in June 2019 to 1,691 in March 2020] was due to an increase in major builder and new connection sales; these agreements are typically short term and entered into under standing offer contracts.
Origin Energy	Decreases in standing offer customer numbers reflected customer 'churning' and customers switching to a market offer.
Other retailers (increased customer numbers)	Standing offer customers were mostly/totally comprised of occupier accounts (1st Energy, Amaysim/Click Energy, Energy Locals, Powershop). Historically, occupier accounts were provided with discounted market offer prices plus the protections of a standing offer contract; however, since the June quarter of 2019, occupiers have been re-classified as standing offer customers (Alinta Energy). All customers are within embedded networks and are on a standard retail contract; the

⁴¹⁰ For a retailer by retailer breakdown of standing offer customer numbers in SEQ between the March quarter of 2018 and the December quarter of 2019, see QCA 2020b, page 10.

Retailer / retailer group	Advice
	<p>increase in the number of customers is due new complexes coming on line or being lost to another embedded network operator (Metered Energy).</p> <p>The increase was due to a combination of increased brand awareness, business growth and occupier accounts (Simply Energy).</p>
Other retailers (decreased customer numbers)	<p>The decrease was due to a reduction in overall customer numbers (offset to some degree by increased occupier accounts) and new customers being on market offers (Diamond Energy).</p> <p>Fluctuations in standing offer customer numbers are mostly the result of changes in move-in and move-out customers (Dodo Power & Gas).</p> <p>The decrease was due to actively encouraging customers on standing offers to move to a market offer through a number of telephone and mail marketing campaigns. A slight increase in the number of standing offer customer numbers in the June quarter of 2019 occurred due to the migration of customers from Lumo Energy to Red Energy (Red Energy).</p> <p>The decrease is the result of efforts to encourage customers onto lower pricing and away from the higher prices of standing offer products (QEnergy).</p> <p>All customers were on market contracts; the retailer will investigate why the AER data suggested it had, since the March quarter of 2019, a positive number of standing offer customers (Savant Energy).</p>

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

QCA assessment

The number of customers on standing offers in the SEQ retail electricity market has decreased in recent years, up to the December quarter of 2019. However, in the case of AGL and some smaller retailers, the number of customers on standing offers increased in the March quarter of 2020. A number of observations can be made about changes in standing offer customer numbers in light of retailers' explanations of their particular circumstances:

- For both AGL and Origin Energy, the decrease in standing offer customers (up to December 2019) reflected, to a degree, a reduction in the retailers' overall customer numbers.
- The fact that AGL reported that it transferred around 4,000 customers from market contracts to cheaper standing offers in January 2020 suggests (but does not prove) that many AGL customers were not actively seeking a cheaper offer as prices decreased in the SEQ market.
- Growth in occupier accounts, and/or occupier accounts being reported as standing offer customers where previously they were not included in standing offer customer numbers, was a significant driver of increased standing offer customer numbers.⁴¹¹
- Some retailers actively encouraged standing offer customers to switch to a market offer.

⁴¹¹ In April 2018, the AER issued new reporting procedures and guidelines for retailers to provide performance information to the AER (AER 2018c). The new guidelines commenced on 1 January 2019 (AER 2018d, page 4). Among the changes introduced in the new guideline, retailers are now required to report on the number of customers placed on a deemed customer retail arrangement without a customer retail contract (AER 2018c, page 11 (indicator S2.6)). Under section 54(1) of the NERL, a 'deemed customer retail arrangement' is taken to apply between the financially responsible retailer for energised premises and a 'move-in customer' or a 'carry-over customer'. A move-in customer is defined in section 2 of the NERL as a small customer who starts consuming energy at premises without first applying to a retailer for the provision of customer retail services. A carry-over customer is defined in section 2 of the NERL as a small customer who continues consuming energy at premises after the customer's previously current retail contract expires or terminates without provision in that contract for the terms and conditions to apply after expiry or termination for the continued provision of those services, and without applying to a retailer for the provision of those services. The new indicator for deemed customers was outlined in the AER's draft guidelines (AER 2017a, page 12) and explained in the AER's notice of draft instrument for the new guidelines (AER 2017b, page 12).

GLOSSARY

1st Energy	1st Energy Pty Ltd
ABN	Australian Business Number
ACCC	Australian Competition and Consumer Commission
ACT	Australian Capital Territory
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AEC	Australian Energy Council
AER	Australian Energy Regulator
AGL	AGL Sales Pty Ltd
Alinta Energy	Alinta Energy Retail Sales Pty Ltd
Amaysim Energy	amaysim Energy Pty Ltd
Amber Electric	Amber Electric Pty Ltd
Amex	American Express
BIT	Behavioural Insights Team
Blue NRG	Blue NRG Pty Ltd
Click Energy	Click Energy Pty Ltd
Competition and Consumer Act	<i>Competition and Consumer Act 2010 (Cth)</i>
CovaU	CovaU Pty Ltd
Cth	Commonwealth
DC Power	DCP Company Limited
Diamond Energy	Diamond Energy Pty Ltd
DiscoF	disconnection fee
DiscoFMO	disconnection fee for moving out
DiscoFNP	disconnection fee for non-payment
Discover Energy	Discover Energy Pty Ltd
DMO	default market offer
DNRME	Department of Natural Resources, Mines and Energy (Queensland)
Dodo Power & Gas	Dodo Power & Gas (M2 Energy Pty Ltd)
ECPLA Act	<i>Electricity Competition and Protection Legislation Amendment Act 2014 (Qld)</i>
ECPLA Act Proclamation	Electricity Competition and Protection Legislation Amendment Act 2014 (Qld) Proclamation (SL 2015 No. 32) (Qld)
ECPLA Bill explanatory notes	Electricity Competition and Protection Legislation Amendment Bill 2014 (Qld) explanatory notes
ECPLA (Postponement) Regulation	<i>Electricity Competition and Protection Legislation Amendment (Postponement) Regulation 2015 (Qld)</i> (SL 2015 No. 33)
Electricity Act	<i>Electricity Act 1994 (Qld)</i>
Electricity Regulation	<i>Electricity Regulation 2006 (Qld)</i>
Electricity Retail Regulations	<i>Competition and Consumer (Industry Code – Electricity Retail) Regulations 2019 (Cth)</i>
Elysian Energy	Elysian Energy Pty Ltd

EnergyAustralia	EnergyAustralia Pty Ltd
Energy Locals	Energy Locals Pty Ltd
ERM Power	ERM Power Limited
ESC	Essential Services Commission (Victoria)
ESCOSA	Essential Services Commission of South Australia
EWON	Energy and Water Ombudsman of New South Wales
Flow Systems	Flow Systems Pty Ltd
Future X Power	Future X Group Pty Ltd
GloBird Energy	GloBird Energy Pty Ltd
Glow Power	Glow Power (Energy Services Management Pty Ltd)
GST	goods and services tax
HEEAS	Home Energy Emergency Assistance Scheme (Queensland)
HHI	Herfindahl-Hirschman Index
IPART	Independent Pricing and Regulatory Tribunal (NSW)
Kogan Energy	Kogan Australia Pty Ltd
kWh	kilowatt hours
Locality Planning Energy or LPE	Locality Planning Energy Pty Ltd
Lumo Energy	Lumo Energy Pty Ltd
Macquarie	Macquarie Bank Limited
Meridian Energy	Meridian Energy Australia Pty Ltd
Metered Energy	Metered Energy Holdings Pty Ltd
Minister	Minister for Natural Resources, Mines and Energy (Queensland)
Mojo Power	Mojo Power Pty Ltd
Momentum Energy	Momentum Energy Pty Ltd
National Energy Retail Law or NERL	National Energy Retail Law—schedule to the <i>National Energy Retail Law (South Australia) Act 2011 (SA)</i>
National Energy Retail Law (Queensland) or NERLQ	National Energy Retail Law as applied in Queensland
National Energy Retail Regulations	National Energy Retail Regulations under the National Energy Retail Law and section 12 of the <i>National Energy Retail Law (South Australia) Act 2011 (SA)</i>
National Energy Retail Rules or NERR	National Energy Retail Rules, version 21
NECF	National Energy Customer Framework
Nectr	Nectr (Nectr Distributed Energy Pty Ltd)
NEM	National Electricity Market
Next Business Energy or NBE	Next Business Energy Pty Ltd
NSW	New South Wales
OQPC	Office of the Queensland Parliamentary Counsel
Origin Energy	Origin Energy Pty Ltd
Ovo Energy	OVO Energy Pty Ltd
People Energy	People Energy Pty Ltd
Powerclub	Power Club Limited

Powerdirect	Powerdirect Pty Ltd
Powerhub	PowerHub Pty Ltd
Powershop	Powershop Australia Pty Ltd
PV	solar photovoltaic
QCA	Queensland Competition Authority
QCOSS	Queensland Council of Social Service
QEnergy	QEnergy Limited
Qld	Queensland
ReAmped Energy	ReAmped Energy Pty Ltd
Red Energy	Red Energy Pty Ltd
Sanctuary Energy	Sanctuary Energy Pty Ltd
Seene	The Embedded Networks Company (trading as seene)
SEQ	south east Queensland
Simply Energy	Simply Energy Pty Ltd
SL	subordinate legislation
Sonnen	sonnen Australia Pty Ltd
SRES	small-scale renewable energy scheme
Stanwell Energy	Stanwell Corporation Limited
Sumo Power	Sumo Power Pty Ltd
SL	subordinate legislation
The Embedded Networks Company (TENC)	The Embedded Networks Company Pty Ltd
TOU	time of use
VDO	Victorian Default Offer
Winconnect	WINconnect Pty Ltd

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