



Tasmanian Energy Prices July 2021

An update report on the Tasmanian Tariff-Tracking Project



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An Update Report on the Tasmanian Tariff-Tracking Project

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Disclaimer

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

Acknowledgements

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

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The Tasmanian Tariff-Tracking Project

This project has tracked electricity tariffs in Tasmania from July 2009 to July 2021 and developed a spreadsheet-based tool that allows consumer advocates to build on the initial analysis and continue to track changes as they occur.

We have developed three workbooks that allow the user to enter consumption levels and analyse household bills for electricity offers from July 2009 to July 2021, as well as current published gas and electricity market offers.¹ A more recent addition to the Tariff-Tracking project is market offers available to new solar customers. The workbook allows users to calculate annual bills based on retailers' rates, feed in tariffs offered and additional discounts. Again, the user can enter consumption level as well as choosing to run the bill calculation based on 1.5 kW or 3 kW solar systems.

Workbook 1: Regulated and market electricity offers July 2009 - July 2021

Workbook 2: Gas market offers post July 2013 - July 2021

Workbook 3: Solar offers July 2016 - July 2021

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

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

¹ In previous updates there was also a Pay as you go electricity offers (July 2009 - July 2019) workbook. As this product no longer exists this workbook has been discontinued.

1. Introduction

Tasmania implemented the National Energy Customer Framework (NECF) on 1 July 2012 and the Australian Energy Regulator (AER) thus assumed jurisdiction over customer protections. On 1 July 2014, Tasmania introduced full retail competition. While only one retailer (1st Energy) initially competed with Aurora Energy's regulated standard rates, as of July 2021 two further retailers entered the Tasmanian market (Energy Locals and Future X Power).

The average gas consumption (40,000 MJ per annum) for Tasmanian households is lower than in Victoria and the ACT but greater than in South Australia, NSW and Queensland. However, relatively few Tasmanian households are connected to reticulated gas (approximately 12,800 households).² Gas retail prices are not regulated in Tasmania and there are currently two retailers offering gas to residential customers: Aurora Energy and Tas Gas (the latter having the greater market share).

Assumptions

Consistent with our previous reports, we have assumed a typical household consumption of 9,060 kWh per annum for all-electric households, 40,000 MJ per annum for gas, and 6,400 kWh per annum in electricity consumption for dual fuel households on a single rate tariff for the analysis presented in this report.³ In 2016, Aurora Energy introduced a new two-part time of use tariff (Tariff 93) that attracts a peak rate on weekday mornings from 7am to 10am and weekday evenings from 4pm to 9pm. Consumption outside these times attracts the off-peak rate. For Tariff 93 we have used the same consumption split as that used for tariff 41. Table 1 shows the consumption splits used the analysis presented in this report.⁴

TABLE 1 | Assumptions: consumption splits for standard tariffs⁵

| Tariff type | Tariff combination | Consumption split (%) |
|---|--------------------|-----------------------|
| Hot water/space heating (41) | 31 + 41 | 60:40 |
| Hot water/space heating (41) with off peak boost (61) | 31 + 41 + 61 | 40:30:30 |
| Time of Use (T93) | 93 | 60:40 |

² OTTER, *Energy in Tasmania, Performance Report 2017-18*, December 2017, 31 and 41

³ OTTER states that a typical Tasmanian customer uses around 9,055 kWh per annum. Otter, *Comparison of 2013 Australian Standing Offer Energy Prices*, April 2013 (page 19 for gas and page 10 for electricity). To estimate the combined energy bill for dual fuel households we have assumed that they use approximately 30% less electricity compared to all-electric households. Note that the Tariff-Tracking tool (the workbooks) is designed so users can insert their own consumption levels.

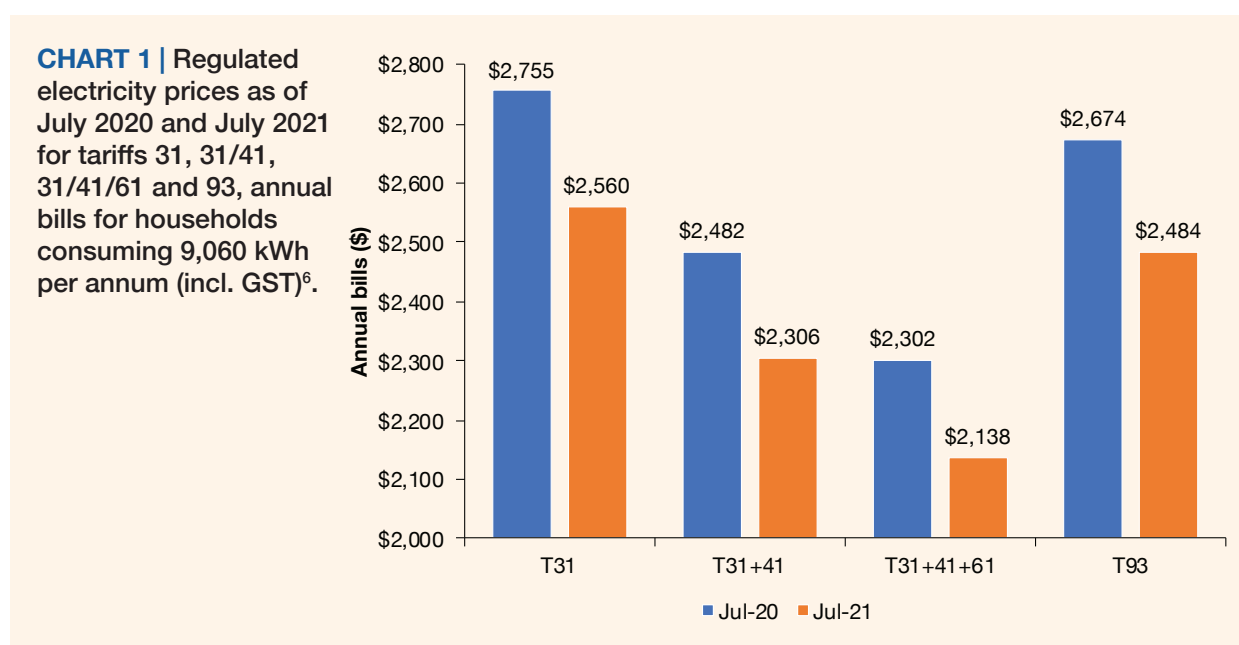
⁴ These allocations are based on analysis presented in OTTER, *Information Paper, Typical Electricity Customers*, September 2010. Note that OTTER have since adjusted these figures but as the purpose of the Tariff-Tracking project is to track changes to prices over time, we base the analysis on the original assumptions used for consumption levels and proportions.

⁵ Tariff 31 is the general light and power tariff (single rate tariff) that can also be applied in combination with off peak tariffs. In relation to the Time of Use tariff (T93), OTTER has not published consumption splits to date and we are therefore basing this split on the T31/T41 combination. Note that TasNetworks has advised us that based on more recent billing data they use a 46:54 split for tariffs 31/41, a 44:42:14 for tariffs 31/41/61 and 32:68 for tariff 93. We therefore reiterate that the purpose of the Tariff-Tracker is to analyse changes to prices over time and that customers' experience may be different due to changes in overall consumption and/or splits. The workbooks accompanying this report, however, allow users to enter their preferred consumption levels and tariff splits.

2. Electricity and gas price changes from July 2020 to July 2021

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

- ▲ Compared to last year (July 2020), regulated annual electricity bills have decreased for average consumption households for tariffs 31 and 93. This year the annual bill for households on Tariff 31 consuming 9,060 kWh/annum will be approximately \$2,560. See chart 1 below.
- ▲ Tasmanian electricity retail prices taking effect in July 2021 produce annual bills that are approximately \$165 - \$195 (or 7%) less than they were last year (July 2020). See chart 2 below.
- ▲ In 2021, both Aurora Energy and Tas Gas' gas prices remained static. Customers of both retailers continue to have an annual average bill of approximately \$1,800 (based on an annual consumption of 40,000 MJ). See chart 3 below.



⁶ See Table 1 for a breakdown of the consumption splits used for these calculations.

CHART 2 | Changes to the annual bill from July 2020 to July 2021, regulated electricity prices for households consuming 9,060 kWh per annum on Tariffs 31, 31/41, 31/41/61 and 93.

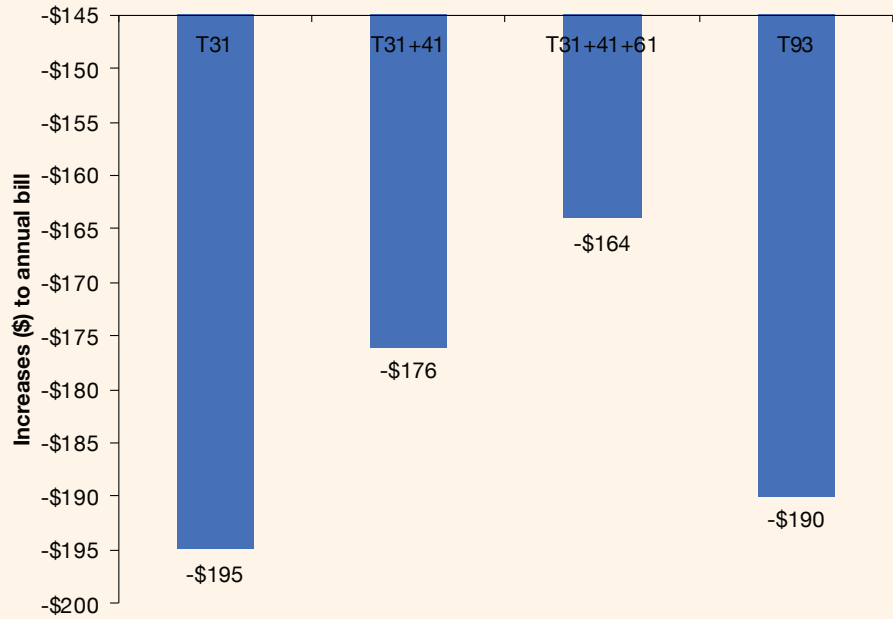
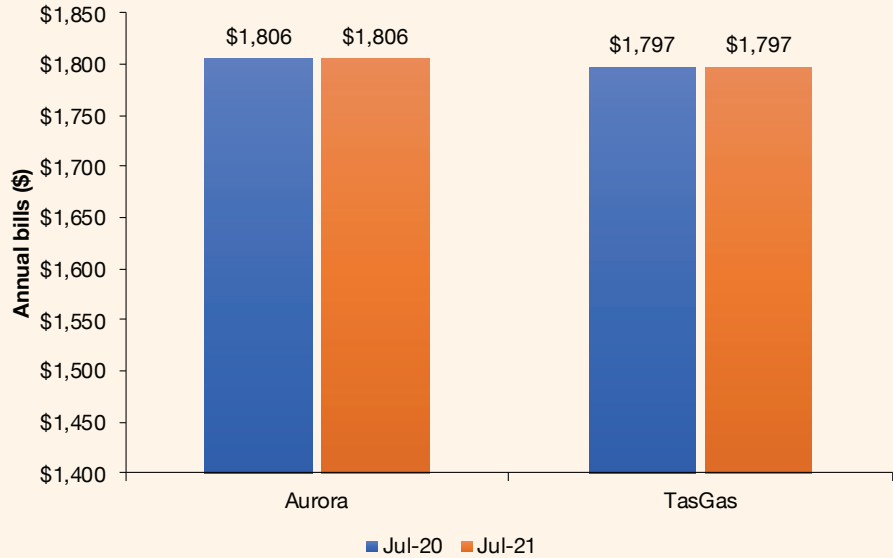


CHART 3 | Gas prices as of July 2020 and July 2021, as annual bills, 40,000 MJ per annum (incl. GST).



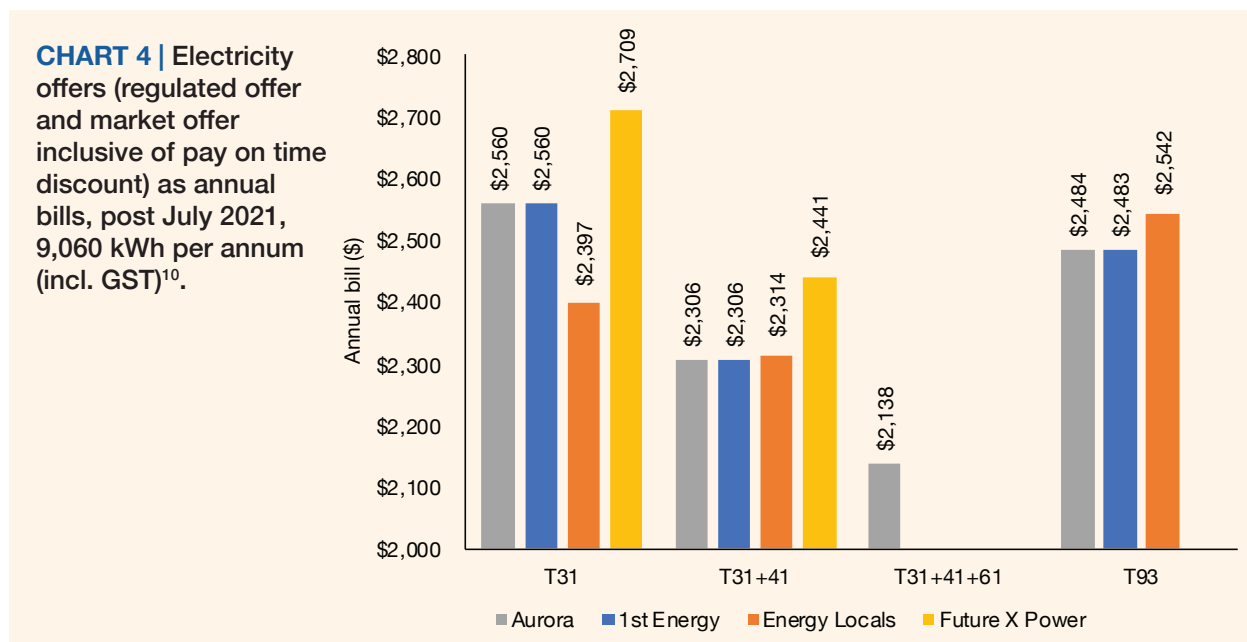
3. Regulated and market offers post July 2021

Although Tasmania introduced full retail competition in July 2014, only one retailer (1st Energy) initially entered the residential electricity market to compete with Aurora Energy’s regulated standard rates. As of July 2021, residential electricity customers can now choose between offers from four retailers: Aurora Energy’s regulated standard rates, market offers from 1st Energy, Energy Locals and Future X Power, and the Aurora+ products. The Aurora+ product is a recent product available to customers on a flat rate with controlled load (tariff 31 and 41) and customers on the TOU tariff (T93). The rates are the same, but the product contains an additional service fee of 11 c/day. In exchange for this additional fee, customers get access to an app where they can track usage and costs, as well as managing their (monthly) bills.⁷

There are three main tariff types for the standard rates: the flat rate (tariff 31), flat rate combined with a hot water tariff (tariff 41) and flat rate combined with tariff 41 as well as an afternoon boost tariff (tariff 61).⁸ The time of use (TOU) tariff (T93) was introduced in July 2016.

3.1 Electricity: Regulated and market offers post July 2021

Chart 6 below shows that households using 9,060 kWh per annum on the regulated offer will have an annual electricity bill of between \$2,140 and \$2,560 (depending on tariff type). Customers on 1st Energy’s market offer would have an annual electricity bill that ranged between \$2,305 and \$2,560, while those on Energy Locals’ offer would have an annual bill between \$2,315 and \$2,540 and those on Future X Power’s offer would have an annual bill between \$2,440 and \$2,710 (all depending on tariff type).⁹ It should be noted, however, that Future X Power issues bills monthly and customers unable to pay their bills by the due date will forego the pay on time discount. Even with the pay on time discount applied Future X Power’s offers are the most expensive available.



7 Aurora Energy has discontinued its former Pay as you go (PAYG) product.

8 See Aurora’s price fact sheets available at <https://www.auroraenergy.com.au/residential/products/residential-all-prices>

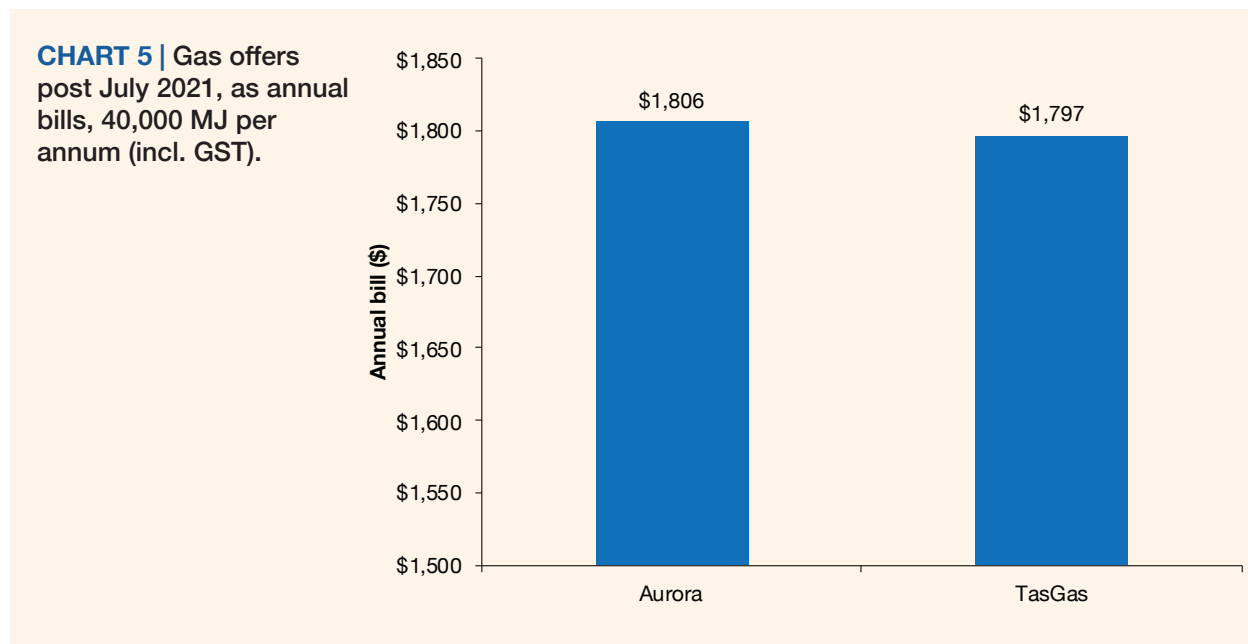
9 Future X Power’s annual bill calculations are inclusive of a pay on time discount.

10 See Table 1 for a breakdown of the consumption splits used for these calculations. Note not all retailers offer every tariff structure.

3.2 Gas market offers post July 2021

There are no regulated gas offers in Tasmania and only Aurora Energy and Tas Gas Retail currently have gas market offers for residential consumers. As of 2019/20, Tas Gas had a market share of almost 70% while Aurora Energy held the remainder.¹¹

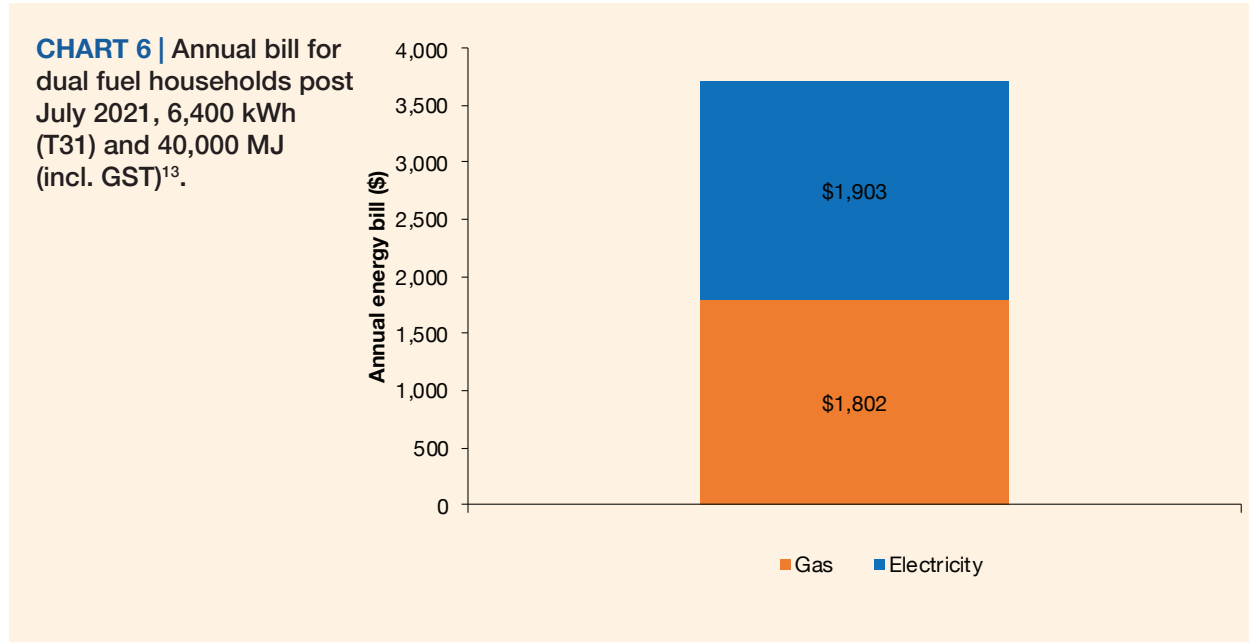
Chart 5 below shows that an Aurora Energy customer with average gas consumption will pay approximately \$1,805 per annum while a Tas Gas customer with the same consumption level will pay approximately \$1,795 per annum (approximately \$10 difference).



¹¹ OTTER, *Energy in Tasmania, Performance Report 2019-20*, December 2020, 54.

3.3 Energy costs for dual fuel households post July 2021

Households with reticulated gas will typically have higher energy bills compared to all-electric households.¹² Chart 6 below shows that a dual fuel household consuming 6,400 kWh of electricity per annum (approximately 30% less than an average all-electric household) and 40,000 MJ of gas will have an annual energy bill of \$3,705.



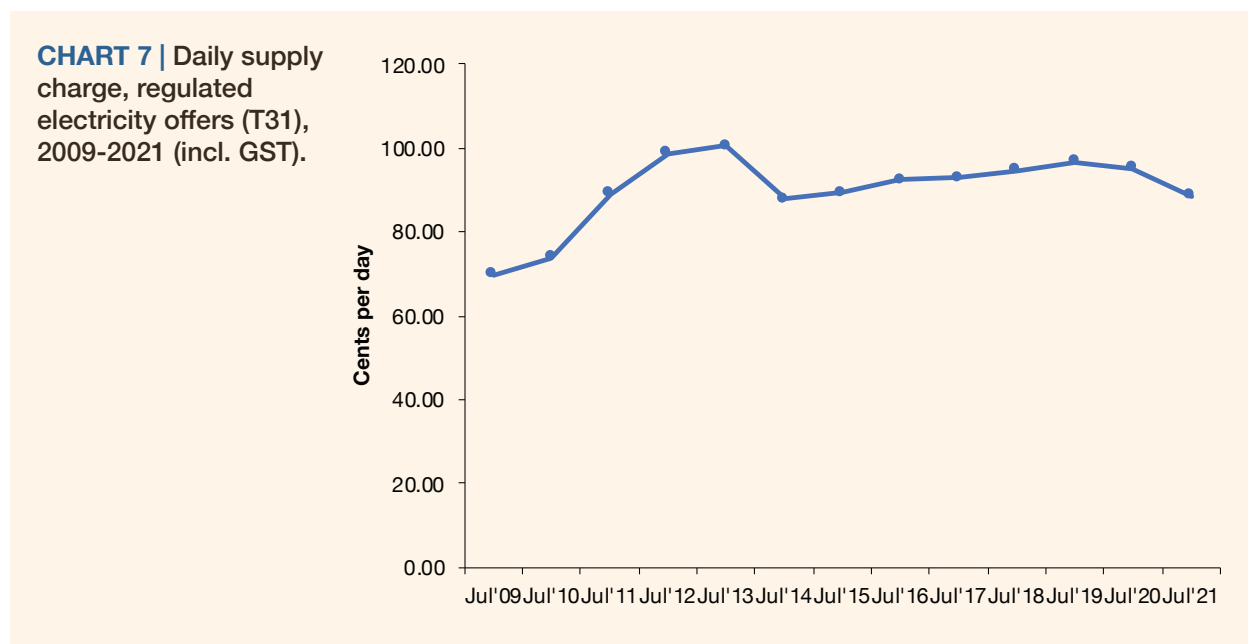
¹² It should be noted, however, that many all-electric households have other heating expenses such as firewood or liquefied petroleum gas (LPG).

¹³ Annual gas bill calculation is based on the average of Aurora Energy and Tas Gas' rates and annual electricity bill is based on the regulated rate.

4. Supply charges

4.1 Electricity supply charges

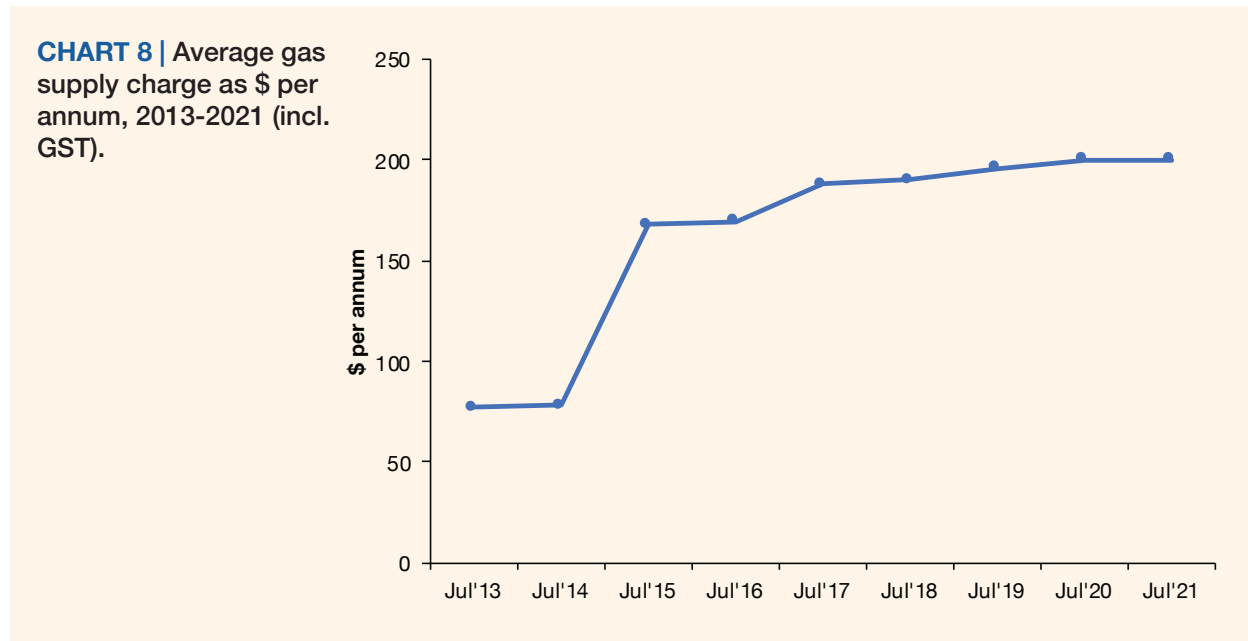
The supply charge is a fixed daily charge that is paid in addition to the consumption charges for electricity used. In Tasmania the supply charge for residential electricity decreased by 13% in July 2014 (both the regulated rates and Aurora Energy's PAYG offer). Since July 2015 the supply charges had been increasing by 2-3% each year, except in 2017 when it remained relatively stable. As of July 2021, however, the supply charge has decreased by 7% meaning that customers on the flat rate (Tariff 31) pay approximately \$325 per annum in fixed supply charges.¹⁴ Chart 7 below shows the changes to the daily supply charges for regulated electricity rates from 2013 to 2021.



¹⁴ Note that households on combination tariffs, such as Tariff 31 and Tariff 41, have higher supply charges than households on Tariff 31 only.

4.2 Gas supply charges

The gas supply charge of 55 cents/day (depending on the retailer), is significantly lower than the electricity supply charges and has remained static since last year (July 2020). Tasmanian households currently pay \$200 per annum in order to be connected to natural gas.¹⁵ Chart 8 shows annual supply charge for gas customers from July 2013 to July 2021.

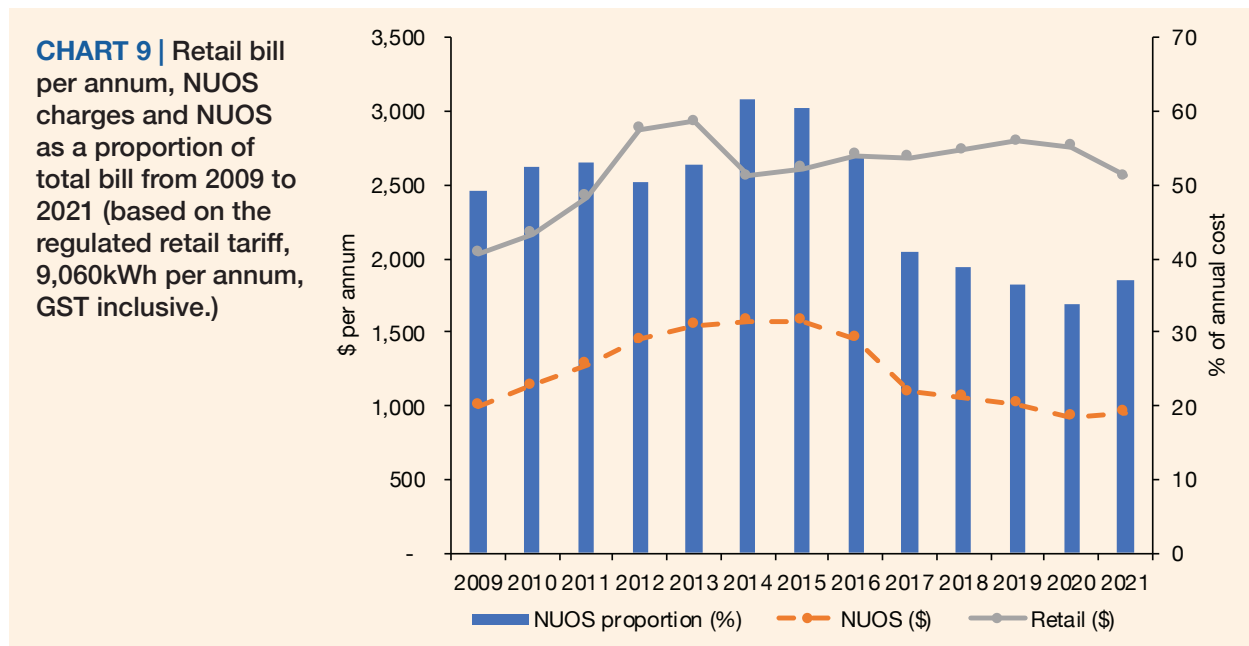


¹⁵ The annual supply charge is the average of Aurora Energy and Tas Gas' supply charges

5. Network charges

The Tasmanian electricity network, TasNetworks, introduces new Network Use of System (NUOS) charges in July every year. These NUOS charges are approved by the Australian Energy Regulator (AER) and comprise Transmission Use of System (TUOS) and Distribution Use of System (DUOS) as well as other costs such as jurisdictional charges.

The NUOS charges consist of both usage charges (c/kWh) and a fixed supply charge (c/day). Chart 9 below shows annual retail bills for Tariff 31 (solid line), NUOS charges as annual cost (dotted line) and NUOS as proportion of annual bill (columns). It shows that the NUOS charge and NUOS as a proportion of a bill have increased as the overall retail bill has decreased.



6. Solar offers

There are over 40,000 small scale rooftop solar systems in Tasmania.¹⁶ There is a regulated FIT rate that is reviewed on an annual basis and it currently pays 6.501 c/kWh. Retailers may offer a greater voluntary FIT rate than the regulated rate and 1st Energy currently has a Solar Bonus offer with a FIT rate of 10 c/kWh.

This section analyses electricity bills for Tasmanian customers with 1.5 kW and 3 kW systems installed.¹⁷

Methodology and assumptions

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

- ▲ An annual household consumption of 9,060 kWh (including both produced and imported).
- ▲ Calculations have been produced for households with 1.5 kW and 3 kW systems only.
- ▲ An annual generation capacity per kW installed of 1.185 MWh and an export rate of 47.4% for 3 kW systems and 14.9% for 1.5 kW systems.¹⁸
- ▲ Only FIT rates available to new customers have been included. The regulated FIT rate is currently 6.501 c/kWh (excl. GST).
- ▲ For tariffs with an off-peak component, we have used the same load allocations applied to the non-solar analysis above (see table 1).
- ▲ A flat annual consumption has been assumed.

The average annual bill is approximately \$1,945 for households with 3kW systems and \$2,165 for households with 1.5kW systems installed.¹⁹ Charts 10 and 11 below compare annual bills for Tasmanian customers with 3kW and 1.5kW solar systems on Aurora, 1st Energy, Energy Locals and Future X Power's offers. It shows that Tariff 31 customers with 3kW systems could save up to \$130 by switching from the regulated offer (Aurora) to Energy Locals (chart 10). For customers with 1.5kW systems, customers may save \$110 by switching from the regulated offer (Aurora) to Energy Locals (chart 11).

¹⁶ Small scale is defined as systems up to 100 kW. Clean Energy Council, Clean Energy Australia Report 2021, 74

¹⁷ As the transitional FIT rate is not available to new customers, the analysis does not cover this FIT rate.

¹⁸ The 1.185 generation capacity is based on small-scale technology certificates (STC) for zone 4. The export rates are based on Melbourne and might therefore assume a slightly higher export rate than the Tasmanian average.

¹⁹ Based on Aurora's regulated offer, 1st Energy's Solar bonus offer and Energy Locals and Future X Power's market offers (Tariff 31). These offers were collected from the retailers' websites in mid-July 2021 and market offers can change at any time.

CHART 10 | Annual bills including discounts and FIT credits for customers with a 3kW solar system. Electricity offers post July 2021 as annual, flat rate, 9,060kWh per annum, GST inclusive.

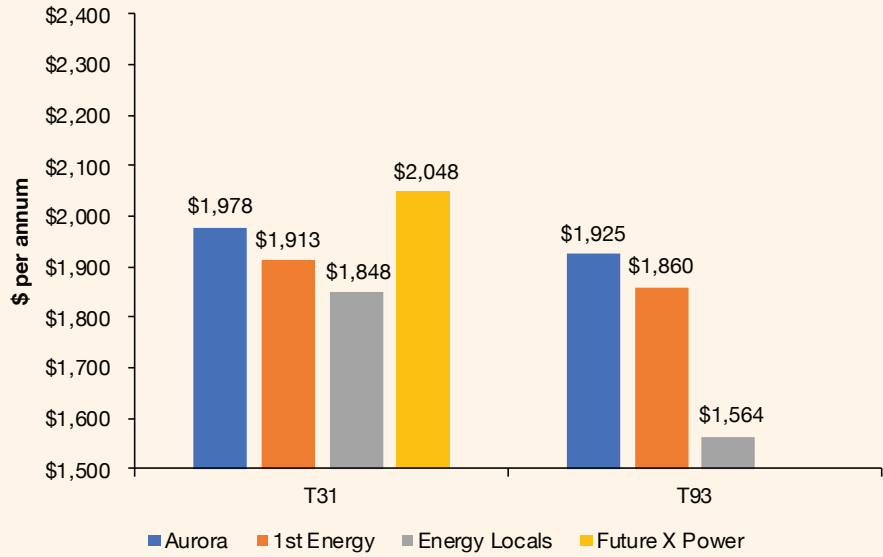


CHART 11 | Annual bills including discounts and FIT credits for customers with a 1.5kW solar system. Electricity offers post July 2021 as annual, flat rate, 9,060kWh per annum, GST inclusive.

