

# Standard electricity contract prices in 2017–18

Pricing update

12 December 2017



**An appropriate citation for this paper is:**

Essential Services Commission 2017, *Standard electricity contract prices in 2017–18: Pricing update*, 12 December

**Copyright notice**

© Essential Services Commission 2017



This work, *Standard electricity contract prices in 2017–18*, is licensed under a Creative Commons Attribution 4.0 licence [[creativecommons.org/licenses/by/4.0/](https://creativecommons.org/licenses/by/4.0/)]. You are free to re-use the work under that licence, on the condition that you credit the Essential Services Commission as author, indicate if changes were made and comply with the other licence terms.

The licence does not apply to any brand logo, images or photographs within the publication.

# Standard contract prices from 1 January 2018

If you have not changed your energy contract since 2002, you will be on a **standard contract** with an energy retailer. You could also be placed on a standard contract by default, for example, if you do not choose an energy retailer when you move house.

## 21 retailers increased their standard contract electricity prices

On 8 December 2017, 21 energy retailers published electricity prices of their standard contracts.<sup>1</sup> These retailers had a total of 166,193 residential electricity customers on standard contracts on average in 2016-17.<sup>2</sup>

Because standard contracts often act as a signal for the market, we expect these retailers' market contracts to follow similar price increases in due course.<sup>3</sup> We will continue monitoring and reporting on prices offered by retailers to Victorians in our energy market report updates throughout the year.

As shown in figure 1, electricity standard contract offers available from January 2018 range from \$1,427 to \$2,802. In the 18 months between June 2016 and January 2018, the estimated increase in bills for customers in standard retail contracts will have increased between 2 and 91 per cent<sup>4</sup>. While most retailers will increase their rates from 1 January next year, interestingly, four retailers have announced reductions in their standard contract rates.

In June 2017, ten electricity retailers and two gas retailers also announced increases to their standard contract energy prices.

---

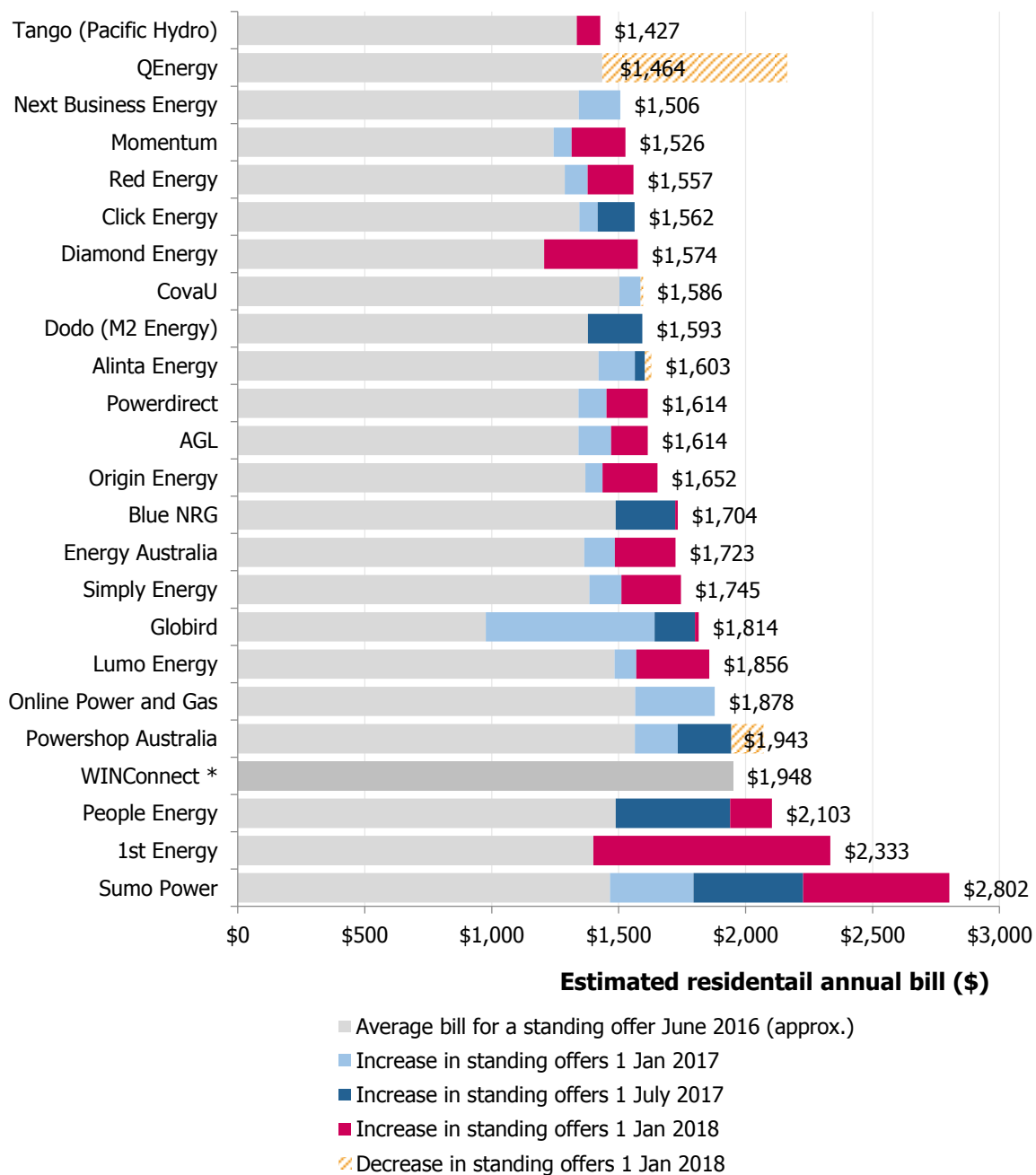
<sup>1</sup> Retailers can only change their standard contract prices on dates set by the government. These dates are 8 December 2017 and 1 June 2018 for electricity, and 8 and 15 December 2017 and 1 June 2018 for gas.

<sup>2</sup> Note that AGL and EnergyAustralia also announced changes to gas prices of their standard contract. Retailers are also allowed to publish gas prices on 15 December 2017 and an update to this note regarding gas prices will be provided after that date.

<sup>3</sup> A market contract has its terms, conditions and prices set by the retailer.

<sup>4</sup> We have chosen an 18 month reporting period to more clearly demonstrate how retailers have responded to the recent large increases in wholesale electricity prices.

**Figure 1 Estimated annual electricity bills from standard contracts by retailers since June 2016 (ranked from highest to lowest offer from January 2018)<sup>5</sup>**



Based on a typical residential customer usage of 4,000 kWh p.a. Analysis is based on the average of flat and multi-flat offers across all distribution areas. Controlled load tariffs have been excluded from the analysis. Values exclude GST.

\* No standing offers published by WIN Connect prior to December 2017 – estimated amount is applicable to 2018.

<sup>5</sup> ERM Business Energy and Next Business Energy also published changes to their standard contract prices, but these only apply to small business customers and have not been included in the figures above.

**Figure 2** Estimated percentage increases to electricity annual bills from standard contracts by retailers since June 2016

