

Australian Institute of Energy

- Impacts Fuel poverty
- Energy and household expenditure
- Changes in the national energy market
- Victorian Energy market in detail

Disposable income by household group - September 2013

| Household group | September 2013 |
|--|----------------|
| All households, eight capital cities | \$1676.80 |
| All Households Australia | \$1559.99 |
| Couple with three or more dependant children | \$1597.12 |
| Renter | \$1379.72 |
| Unemployed and student allowance | \$785.27 |
| | |

The *AVERAGE* utility spend-RPI

| | All Households | Renter | Unemployed / Student | Couple 3 Children |
|---|----------------|----------|----------------------|-------------------|
| Percent Utility spend (note estimates from 2009/10 HES) | 4.5% | 3.7% | 6.8% | 5.6% |
| Dollar spend utilities | \$63.61 | \$47.11 | \$42.10 | \$88.75 |
| Dollar spend Electricity | \$39 | \$35.43 | \$28.19 | \$55 |
| Dollar spend Gas | \$10.08 | \$8.21 | \$6.65 | \$14.44 |
| Av ¼ energy bill | \$588.96 | \$523.68 | \$418.08 | \$833.28 |
| <i>Bill as proportion of weekly income</i> | 37.7% | 37.9% | 53.2% | 52.2% |

Price increases 2009-13

| State | Fuel | Area/Network | Est. annual bill As of Jul'13 | \$ Increase since Jul'09 | % Increase since Jul'09 |
|-------|------|---------------|----------------------------------|-----------------------------|----------------------------|
| QLD | El | Energex/Ergon | \$2,553 | \$958 | 60% |
| | Gas | All (average) | \$683 | \$218 | 47% |
| SA | El | ETSA | \$2,322 | \$862 | 59% |
| | Gas | All (average) | \$1,030 | \$370 | 56% |
| NSW | El | Essential | \$2,964 | \$1,119 | 61% |
| | El | Endeavour | \$2,239 | \$634 | 39% |
| | El | AusGrid | \$2,308 | \$898 | 64% |
| | Gas | Jemena | \$919 | \$284 | 45% |
| Vic | El | Citipower | \$1,565 | \$565 | 56% |
| | El | Powercor | \$1,808 | \$688 | 61% |
| | El | Sp Ausnet | \$1,901 | \$871 | 85% |
| | El | Jemena | \$1,815 | \$750 | 70% |
| | El | United Energy | \$1,708 | \$668 | 64% |
| | Gas | All (average) | \$1,347 | \$402 | 43% |
| ACT | El | ActewAGL | \$1,878 | \$465 | 33% |
| | Gas | ActewAGL | \$1,494 | \$349 | 31% |
| Tas | El | Aurora | \$2,928 | \$894 | 44% |
| | Gas | All (average) | \$1,274 | - | - |

Annual consumption assumptions for single-rate electricity and gas are: Qld; 8,000kWh and 10,000Mj, SA; 6,000kWh and 21,000Mj, NSW; 7,200kWh and 24,000Mj, VIC; 4,800kWh and 63,000Mj, ACT; 8,000kWh and 48,000Mj, Tas; 9,060kWh and 40,000Mj.

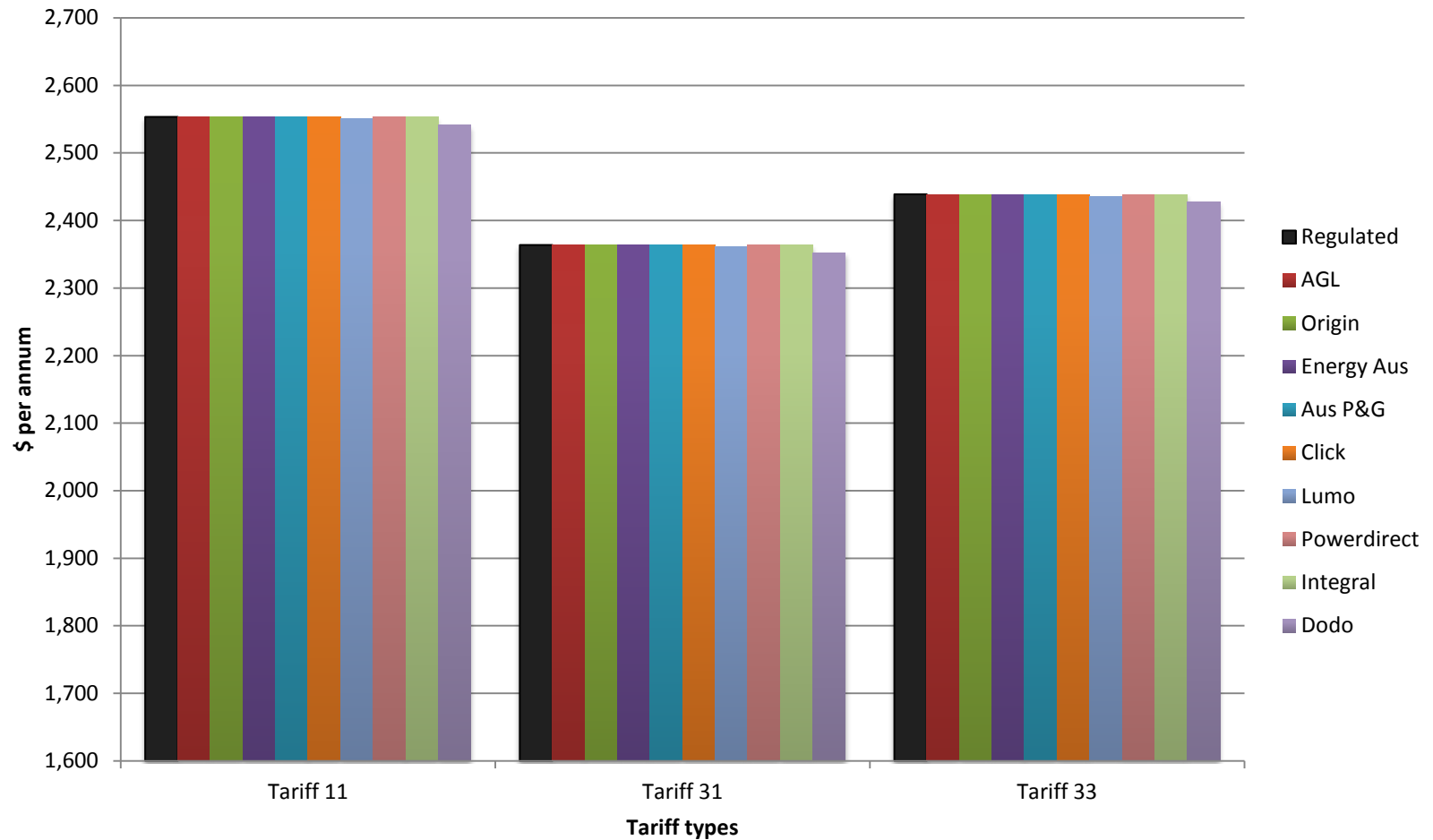
Impacts

- Fuel poverty can not be seen in isolation from income and a host of other issues that households experience – its not just about energy price BUT price has a significant role to play What do we know from literature
- They are more than twice as likely to suffer from a variety of health problems, such as asthma and bronchitis.
- More than one in four adolescents living in fuel poverty are at risk of multiple mental health problems
- Lack of adequate energy also negatively affects how children perform at school and their emotional well-being.
- Cut back on other essentials to pay their fuel bills or make choices between keeping energy connected and buying food rent and other bills.
- Social isolation and stigmato name a few
- Research doing now (soon to be released soon) indicates households with kids more likely to be disconnected / seek assistance with bills than households without – substitutions and elasticities around food seem to be at play here
- Social isolation and stigmato name a few

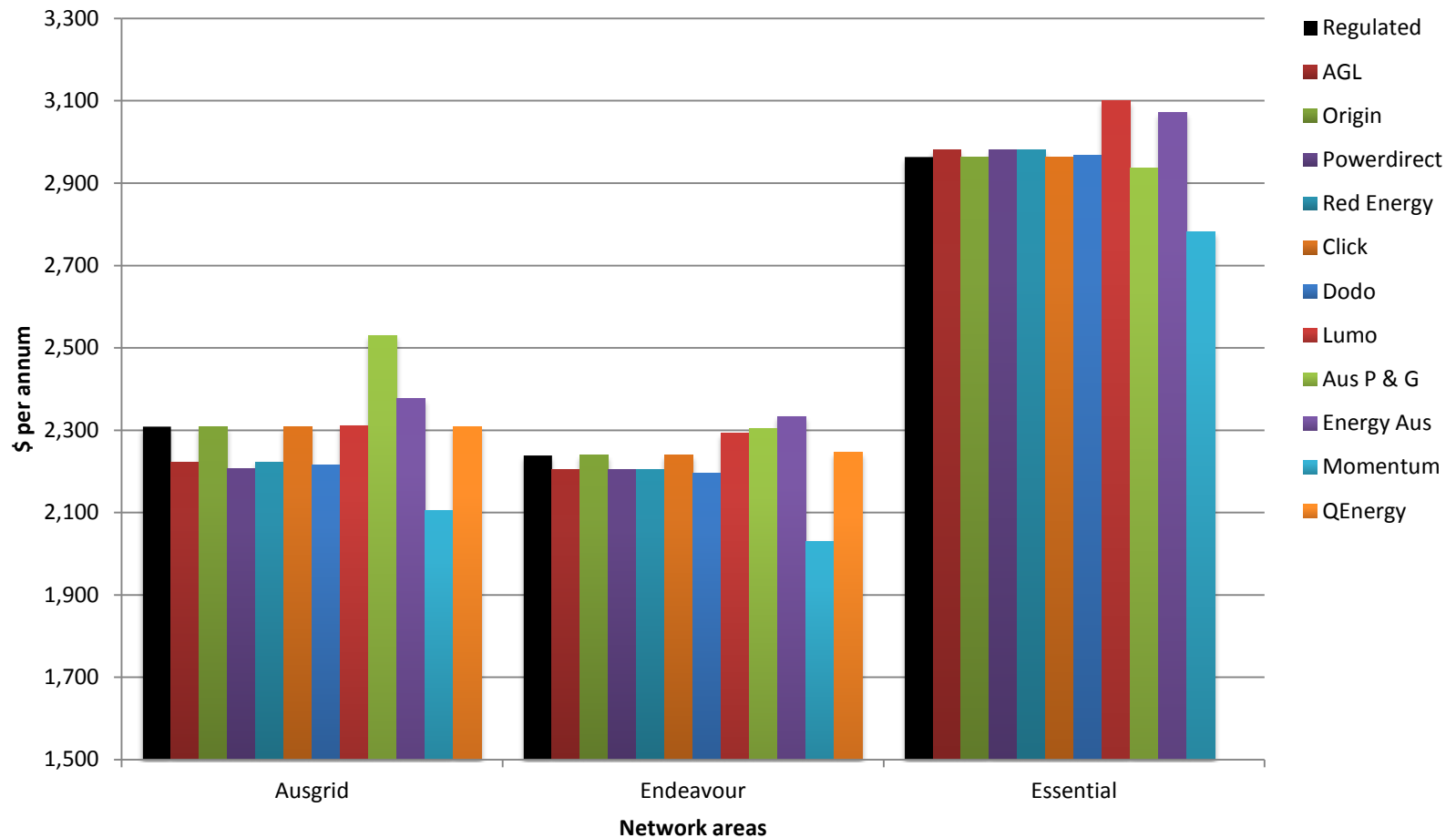
Can the market help ?

- Market design and potential change to bill – QLD, NSW, SA regulation ...and the AVERAGE person
- Victoria in detail - issues for fuel poverty
Complexity, “bankability”

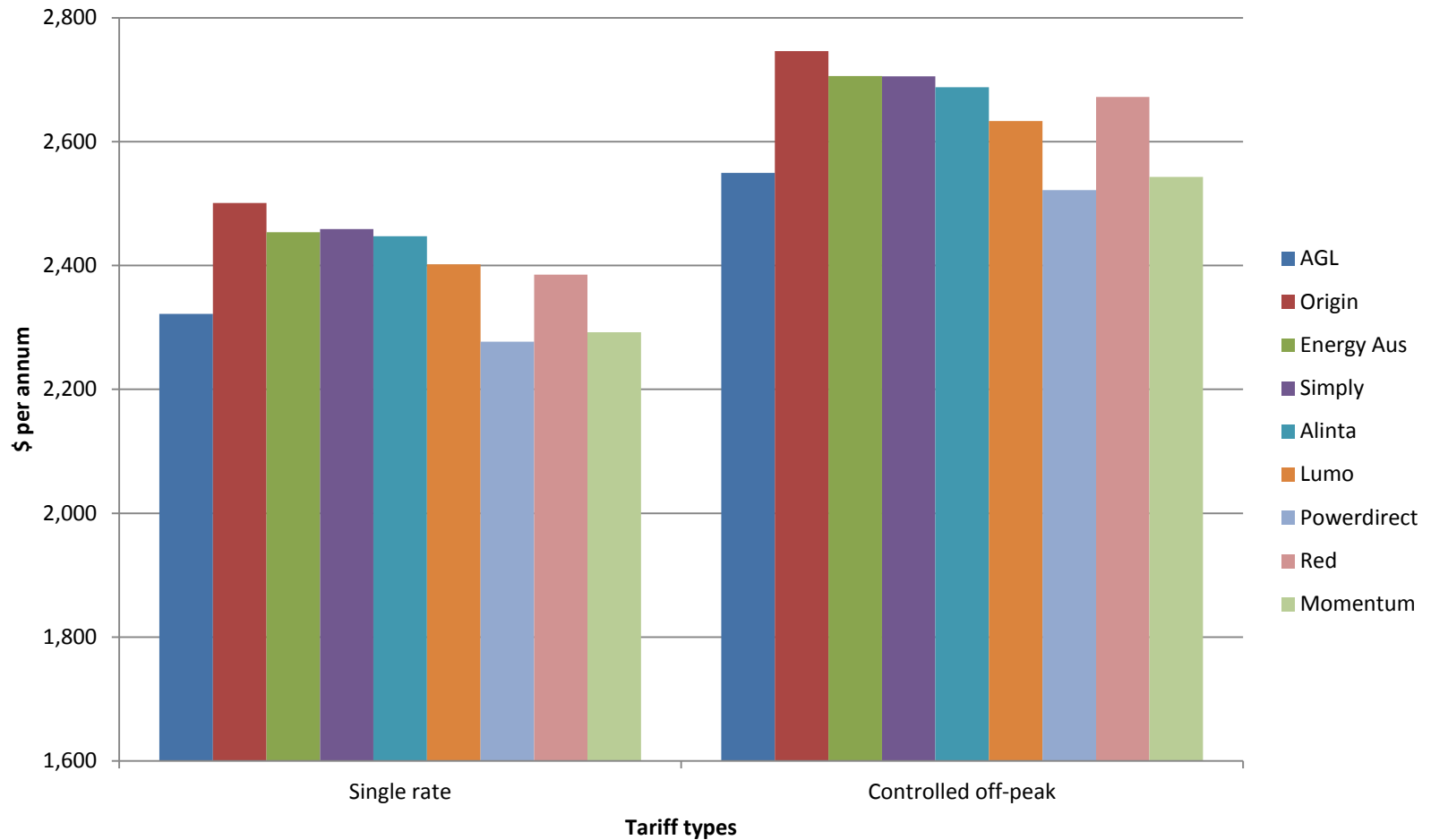
Qld: Annual bills



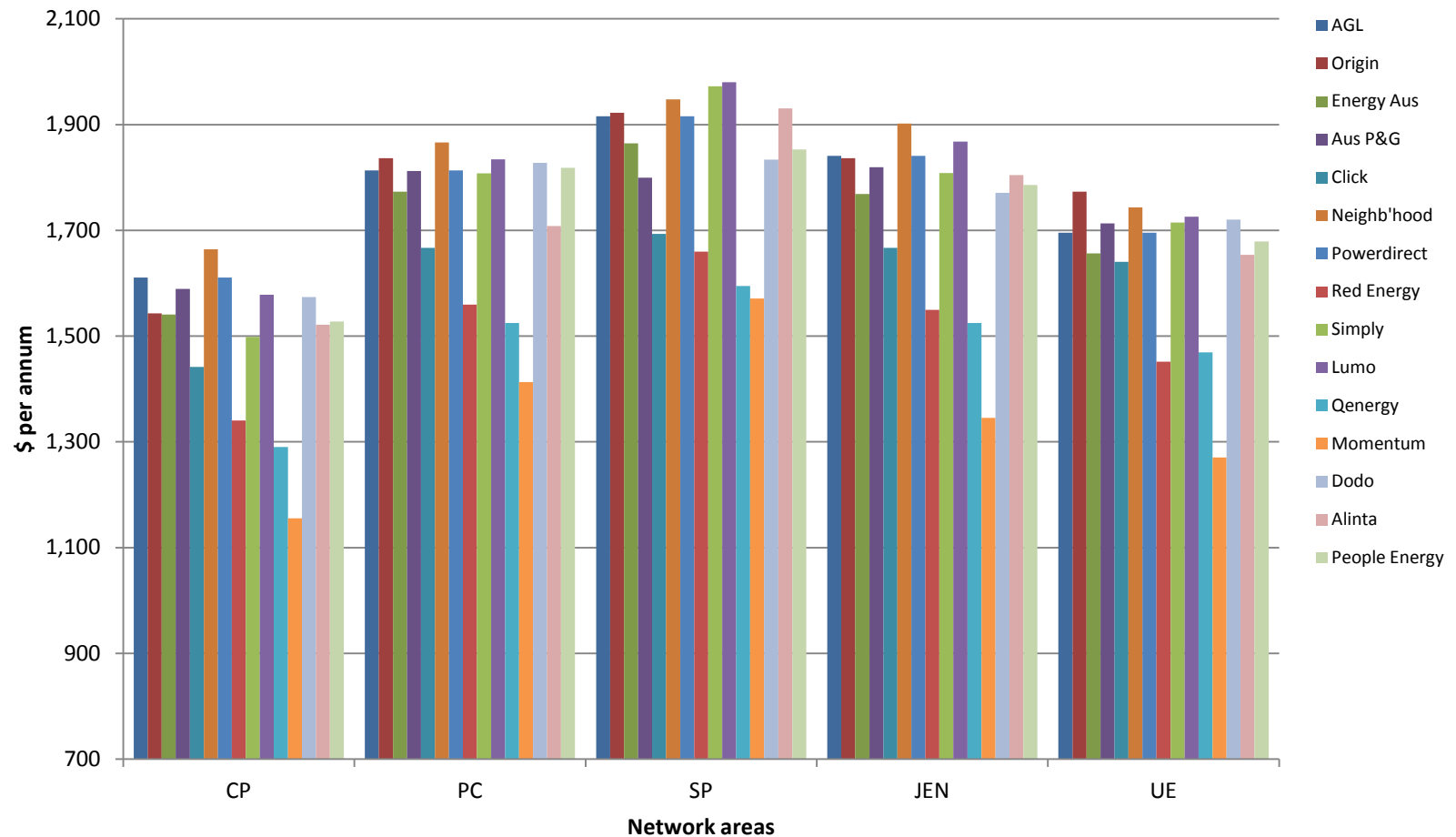
NSW: Annual bills



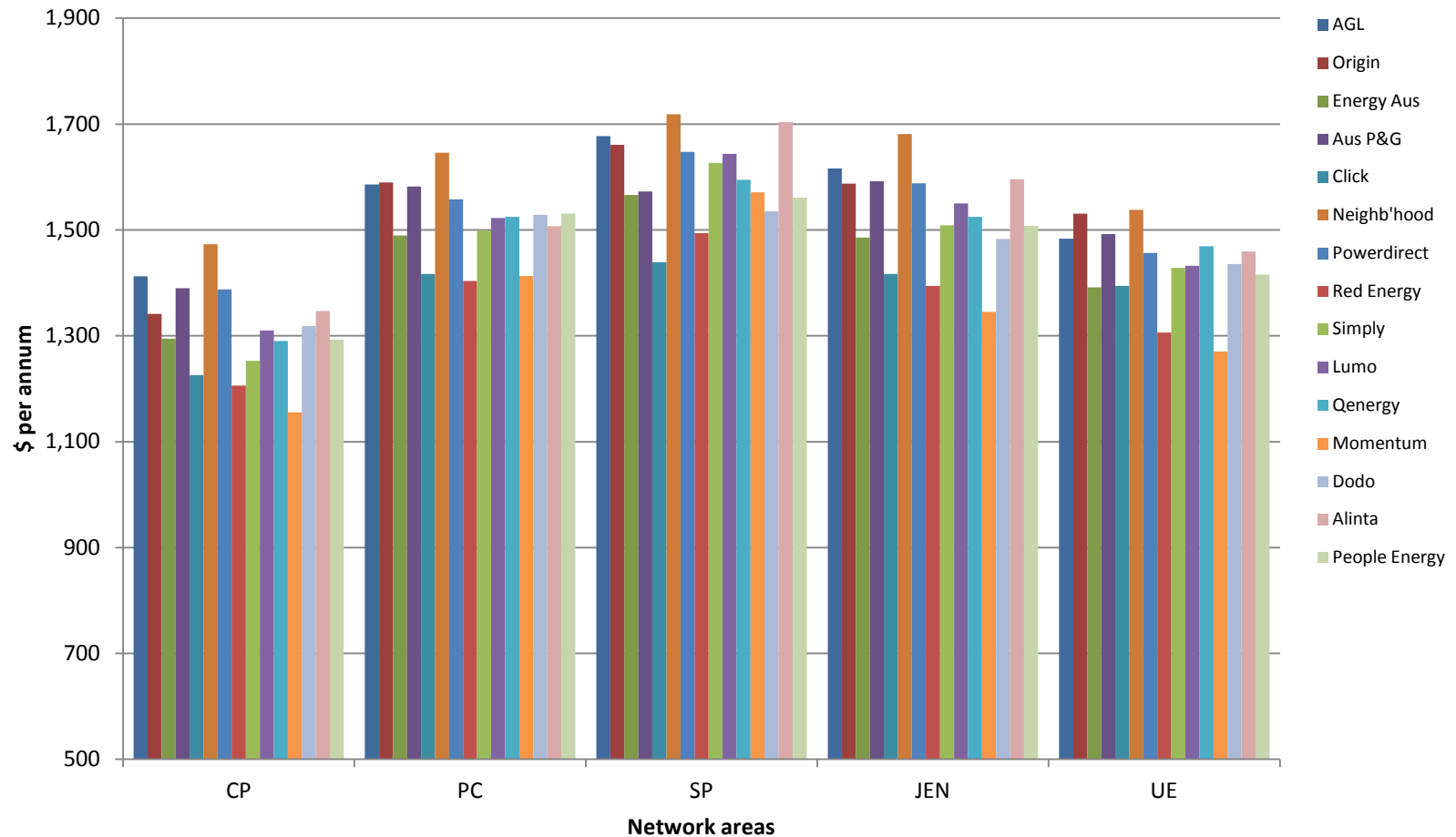
SA: Annual bills



Vic: Annual bills (excl. discounts)



Vic: Annual bills (incl. discounts)



Vic Electricity Market Offers

| Retailer | Discounts | Fixed term | Early Termination Fee | Pay on time discounts | Other (bonuses, incentives) |
|------------------|---------------|------------|-----------------------|-----------------------|-----------------------------|
| AGL | 12% off usage | 2 years | \$75 - \$50 | 6% off usage | Yes [^] |
| Origin | No | 1 year | \$77 | 22% off usage | Yes ^{^^} |
| Energy Australia | 3% off bill | 3 years | \$22 | 13% off bill | No |
| Powershop | No | No | No | 5% off bill | No |
| Click | No | No | No | 15% off bill* | Yes |
| Neighb'hood | No | 2 years | \$50 | 15% off usage | Yes |
| Powerdirect | 20% off usage | 3 years | \$20 | No | Yes |
| Red | No | 2 years | \$40 | 10% off bill | Yes |
| Simply | No | 2 years | \$77 - \$49.50 | 20% off usage | No |
| Lumo | No | 2 years | \$80 | 22% off bill | Yes |
| QEnergy | No | 1 year | \$20 | No | No |
| Momentum | No | 1 year | \$20 | No | No |
| Dodo | No | No | No | 20% off usage | No |
| Alinta | No | No | No | 15% off usage | No |
| People Energy | No | 2 years | \$22 | 20% off usage | Yes |

[^]AGL offers an additional 2% off consumption rates if bills are paid by direct debit

^{^^}Origin's offer includes a further 1% off consumption rates if bills are paid by direct debit and 1% off electricity consumption if customer signs up for gas.

* Click's pay on time discount only available for customers receiving bills electronically.

A ranking of the NEM retail markets: From worst to best



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