Submission No 42

INQUIRY INTO ELECTRICITY SUPPLY, DEMAND AND PRICES IN NEW SOUTH WALES

Organisation: NSW Council of Social Service (NCOSS)

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Electricity Supply, Demand & Prices in NSW:

NCOSS submission to the Legislative Council Select Committee Inquiry

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NSW Council of Social Service

About NCOSS

The NSW Council of Social Service (NCOSS) works with and for people experiencing poverty and disadvantage to see positive change in our communities.

When rates of poverty and inequality are low, everyone in NSW benefits. With 80 years of knowledge and experience informing our vision, NCOSS is uniquely placed to bring together civil society to work with government and business to ensure communities in NSW are strong for everyone.

As the peak body for health and community services in NSW we support the sector to deliver innovative services that grow and evolve as needs and circumstances evolve.

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Introduction

NCOSS is grateful for the opportunity to participate in this inquiry, and highlight the significant issues impacting affordable access to essential electricity services for people in NSW. NCOSS participates in the consultative and advisory bodies for all of the distribution and transmission businesses in NSW, is a member of the National Energy Consumer Roundtable and NSW Energy and Water Consumer Advocacy Program (EWCAP), and remains one of the leading advocates for the interests of vulnerable energy consumers.

Summary of recommendations

1. *Quarantine a significant portion of funds from the lease of electricity network assets to invest in a reformed system of rebate supports for vulnerable people, and plan a program of investment in substantial energy efficiency upgrades for vulnerable households and communities, including generation, storage and other efficiency measures that will reduce the long-term burden of energy costs.*
2. *Require all retailers to provide a 'Basic Service Offer' that is no greater than a regulated price, based on annual usage, to be determined annually. With implementation involving:*
    - *A Regulated price that is:*
        - *based upon the efficient costs to run a retail business,*
        - *includes a maximum allowance for retail profit*
        - *does not include an allowance for customer acquisition or retention costs.*
    - *A Basic Service Offer that:*
        - *Is unconditional,*
        - *Includes an obligation to supply*
        - *Allows retailers to make other offers to consumers, including those which are higher cost*
        - *Is made available to customers in embedded networks (such as those in residential parks and retirement villages)*
3. *Abolish the requirement for retailers to offer standing offer contracts, with the basic service offer serving as the 'default' offer.*
4. *Require retailers to make all offers transparent and comparable, offered as a base rate in dollar terms (before the application of discounts).*
5. *Ensure that any costs incurred for failing to meet offer conditions (such as paying on time) are capped, and do not exceed the reasonable cost to the retailer.*
6. *Ensure that any conditional benefit or discount for paying on time, or via direct debit, is evergreen. Alternatively, retailers should be required to directly inform customers in writing prior to the end of current deals benefit period, what the end of the deal will mean for them if they do not do anything* ***(eg. If you do not contact us prior to x date you will be placed on a default contract which will mean $YY a year more than your current deal, or a basic service offer which will not accrue benefits).***
7. *Require retailers to work with the NSW and Commonwealth government on a system allowing the automatic application of the Low Income Household Energy Rebate to eligible customers.*

8. *Require retailers to put all Low Income Household Energy Rebate recipients, hardship customers and customers on payment plans onto a 'best deal' or basic service offer, which ensures maximum benefit from rebates.*
9. *Ensure that retail 'best' deals for rebate recipients are either basic service offers, or are not dependent upon 'on-time payment discounts'.*
10. *That eligibility for the Low Income Household Energy Rebate be extended to holders of Commonwealth Low Income Health Care Cards.*
11. *That the NSW Government work with the Commonwealth Department of Social Services to improve the coordination of supports and rebates for people on low-incomes, including:*
    - *Ensuring comprehensive and accurate information on the range of supports is given to eligible people:*
        - *Improved data sharing between the State and Commonwealth Governments to facilitate the targeting of information to vulnerable consumers*
        - *The systematic provision of information on energy assistance through Centrelink and other Commonwealth Government information portals for vulnerable consumers*
    - *Exploring the possibility of automatic application of rebates to overcome significant barriers in information and self-identification.*
12. *That the funds currently allocated to the Family Energy Rebate be redirected to a more effective and more comprehensive rebate scheme that is better targeted towards low-income households.*
13. *That the Low Income Household Energy Rebate, with additional funds reallocated from the Family Energy Rebate, transition to a percentage-based concession providing eligible households with a 17.5% rebate on their electricity bills.*
14. *That arrangements for setting 'floors' for rebate payment to be developed in consultation with stakeholders and community service providers.*
15. *That LIHER rebate support be subject to an 'excess' amount be set (in consultation with community stakeholders) that triggers secondary evaluation, to identify potential efficiency benefits and other mitigation measures, before an 'excess' rebate continues (a similar system currently operates in Victoria).*
16. *Expand the Home Energy Action Program as part of measures being considered in the Draft Plan to Save NSW Energy and Money, such that:*
    - *The expanded program better links retailer, rebate and emergency supports to improved energy efficiency for vulnerable households, including provision of in-home audits, access to financial counselling, NILs, appliance upgrades and community solar schemes.*
    - *The expanded program be developed in consultation with stakeholders, with reference to the successes of previous programs such as the Home Power Savings Scheme*
17. *Commence work on reform of rental tenancy laws to improve minimum efficiency standards of rental properties, and facilitate the adoption of more significant energy efficiency measures for vulnerable rental households.*

The unaffordability of energy, and the impact on households

Over the last decade the cost of electricity has increased far beyond inflation, doubling to a point where even the average household electricity bill in NSW exceeds $2,200. Many regularly face bills in excess of $3000, $4,000, $5,000 and even $6,000 a year.

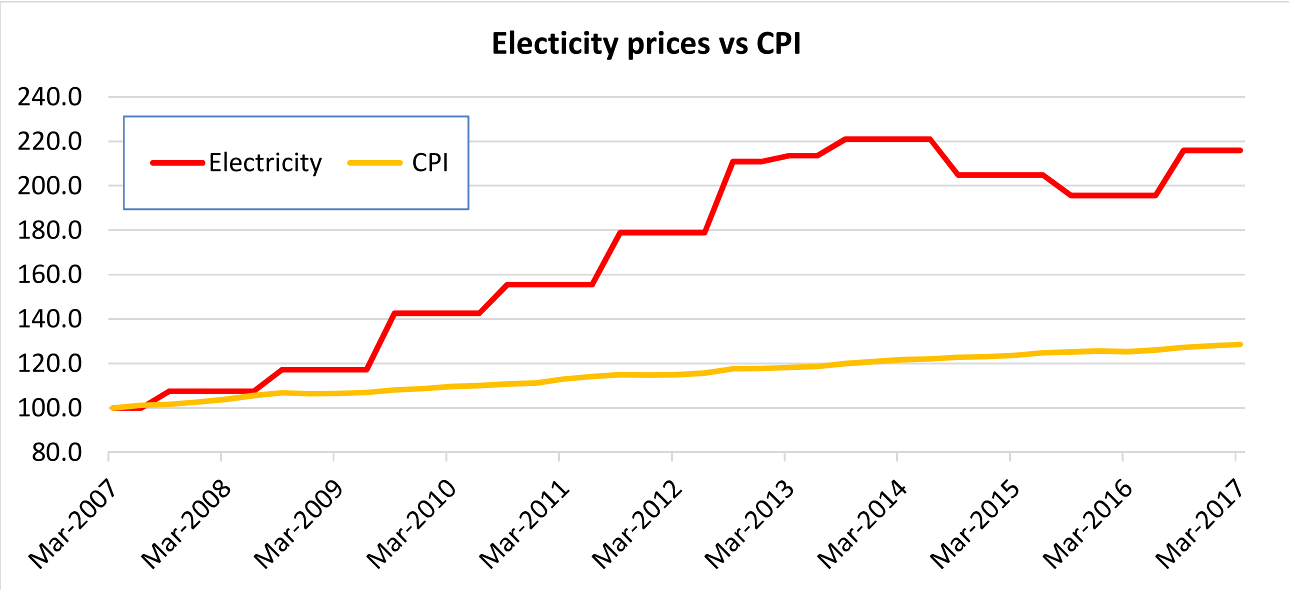

Figure1: Over the ten year period to March 2017 the price of electricity has risen at a significantly higher rate than CPI. Graph does not include the 20% price increase which occurred in July 2017

The most recent figures provided by the Australian Energy Regulator paint a sobering picture of the impact that these cost increases are starting to have, including:

- The number of customers on retail payment plans increasing from 60,960 to 86,327 between June 2014 and march 2017,
- The number of customers in retailer hardship programs increasing from 18,293 to 24,921 between June 2014 and March 2017,
- The average level of electricity bill debt rising from $529 to $663 between June 2014 and March 2017,
- The number of customers in electricity bill debt rising from 68,487 in September 2016, to 85,801 in March 2017
- Residential disconnections consistently over 30,000 a year, since 2013-14[1]

Beyond these overall figures, the most recent NCOSS cost of living report focusing on energy prices provided a stark illustration of the human impact of the rising electricity costs. In this report we found a significant proportion of households with low incomes, particularly those with children, going without many of the basics that we take for granted in an attempt to pay energy bills. Some of the most concerning results we found included:

[1] AER https://www.aer.gov.au/retail-markets/retail-statistics

To pay bills:

- 34% of people going without medical treatment, with 9% doing so regularly,
- 26% of people going without prescription medicine, with 7% doing so regularly,
- 56% of people going without dental treatment for themselves or their children, 20% doing so regularly,
- 31% going without a substantial daily, and 26% of family households seeing their children go without a substantial daily meal,
- 26% pawning or selling personal items,
- 32% borrowing money from family or friends,
- 19% missing mortgage or rent payments.

'I have cut down on electricity everywhere and every way possible. If I cut down any more than we simply would not be using any ever! It is a nightmare. It is causing a lot of anxiety and depression.'

To try and reduce their bills:

- 30% not using hot water for washing or bathing,
- 77% not using heating when needed, with 15% saying this was something they always did,
- 62% going to bed early to avoid heating and lighting use,
- 47% not using an oven or microwave for cooking, with 17% saying this was something they often or always did,
- 65% not lighting rooms when needed, with 33% saying this was something they often or always did.[2]

While access to electricity increasingly underpins all elements of our daily lives, these results show that there is a significant proportion of the population for whom electricity is unaffordable. The crucial role of electricity as an essential of daily life, alongside water, means that the unaffordability of electricity is having devastating, and potentially long-lasting impacts upon people's health, well-being and long term financial stability.

In our submission NCOSS will address some of the key issues involved, under the relevant terms of reference.

The reasons for recent large increases in the price of electricity

Historically, NSW has had electricity provided largely through integrated State owned utilities, which has helped to foster and support a community expectation that electricity is available and affordable to all people. Increasingly however, this is not the case.

The current high price of electricity is the result of policy action (and inaction) at State and Commonwealth level, and the resulting dysfunction of electricity markets. As such it is true to say that improving energy affordability will involve action addressing the multiple contributors, some of which NCOSS covers in recommendations in elsewhere in this submission.

The interim report from the Australian Competition and Consumer Commission (ACCC) Inquiry into retail electricity prices has found that up to 48% of the doubling in the cost of electricity in the last 10 years, is a direct result of electricity network costs[3]. This report also found that people in NSW have paid much higher network

[2] NCOSS cost of living – full report attached for reference.
[3] ABC http://www.abc.net.au/news/2017-09-25/the-truth-about-soaring-power-prices/8979860

costs than those in other states[4]. It is also important to note that these costs were largely incurred while networks were NSW government controlled, and were a direct result of NSW Government policies in setting high reliability standards, and influencing the nature of regulatory frameworks[5]. These costs, resulting from years of significant network investment, will continue to be paid by NSW households for decades to come, and have significantly enhanced the proceeds gained by the government in the sale and lease of those network businesses. NCOSS believes this places a heavy responsibility on the NSW Government to do more to ensure that the benefits of those proceeds are used to help improve the supports available to vulnerable NSW consumers, and invest to ensure that essential electricity services are affordable for all people in the State.

In its interim report on retail electricity pricing, the ACCC also makes a number of observations on the contribution of the current structure of retail and wholesale markets, to overall prices, which NCOSS will address in the relevant sections of this submission.

Recommendation

1. *Quarantine a significant portion of funds from the lease of electricity network assets to invest in a reformed system of rebate supports for vulnerable people, and plan a program of investment in substantial energy efficiency upgrades for vulnerable households and communities, including generation, storage and other efficiency measures that will reduce the long-term burden of energy costs.*

The Impact of the deregulation of electricity prices in 2014

A long term process of de-regulation relying on market competition has been applied to the electricity industry. At the heart of this process has been the assumption that a competitive market is more capable of driving efficient services that lower the costs for consumers. In NSW the final stage of this process involved the full deregulation of retail electricity prices in 2015.

In examining the impact of this deregulation it is worth noting that a 2015 report on the retail electricity market in Victoria (the first Retail market to be fully deregulated, in 2009) found that the retail component of electricity costs had actually increased since the introduction of fully deregulated retail competition in Victoria[6]. In the same year the Chair of the Victorian Essential Services Commission reiterated their findings that the retail component of electricity prices in Victoria was higher than in NSW, a market which was at that point still subject to a level of price regulation[7], suggesting that competition had not delivered greater efficiency or lower costs. These figures are supported by the '2017 Retail Energy Competition Review for NSW' undertaken by the Australian Energy Market Commission (AEMC), which found that electricity retailer margins had increased from 2014-15 to 2015-16, the period directly covered by the full deregulation of retail electricity prices, which were also shown to have increased[8]. The recently released ACCC Inquiry into retail electricity pricing interim report,

[4] ACCC. *Retail Electricity Pricing Inquiry: Preliminary report*. 22 September 2017P 65
[5] ACCC *Retail Electricity Pricing Inquiry: Preliminary report*. 22 September 2017p109
[6] CME. A critique of the Victorian retail electricity market: a report for the brotherhood of St Laurance. June 2015 cmeaustralia.com.au/wp-content/uploads/2013/09/150601-FINAL-bosl-victorian-retail-market-report.pdf pp6-10
[7] Grattan Institute. Price Shock: is the retail electricity market failing consumers? March 2017 page 11.
[8] AEMC http://www.aemc.gov.au/getattachment/1cfd7273-f755-40c5-862f-3e07a9a18653/New-South-Wales-information-sheet.aspx

found that retail margins were higher in NSW & Victoria, the two fully deregulated retail markets[9], while the highest retail costs were found in Victoria, the most mature deregulated retail market[10]. In broad terms, this report has also found that even in the more mature markets of NSW and Victoria, there is not sufficient competition in retail or generation markets, a fact which has resulted in higher prices and barriers to entry in both cases[11].

It is worth noting that the *Independent review into the Electricity and Gas retail markets in Victoria,* one of the most comprehensive reviews of the structure, behavior and impacts of deregulated competition in retail electricity, concluded that the promised benefits of competition were not being realised[12]. This review further concluded that the impacts upon consumers were serious enough, and pervasive enough to warrant strong market intervention to achieve better outcomes for consumers of what is, an essential service.

Deregulation of prices has a number of impacts on the way that contracts are offered, structured and renewed, which NCOSS will address in detail, in later sections of this submission.

Alleged collusion and price gouging by energy retailers

The inquiry by the ACCC will more appropriately determine the legality (or otherwise) of electricity retailer behavior. However, it is worth noting the interim findings this inquiry into retail electricity pricing, which highlighted that the NSW retail electricity market is dominated by the 'Big 3' (AGL, Origin & Energy Australia) who between them have 90% of retail customers and control in excess of 62% of generation capacity[13]. Again the ACCC highlights that this level of concentration has a significant limiting impact upon the level of real competition in both the generation and retail markets, and is likely to be resulting in higher prices. NCOSS also believes that this level of concentration and integration significantly undermines many of the assumed benefits that a competitive market was intended to deliver, and leads to situations where the 3 largest retailers effectively act in unison, such as the near identical retail price increases implemented from 1 July this year[14].

The AEMC NSW retail competition review 2017[15] pointed out that the significant increase in retail prices was, at least in part, due to increases in wholesale electricity prices. However, when 90% of retail customers are served by retailers who also control at least 62% of wholesale generation capacity, it becomes more difficult to determine whether the increase in the retail cost of electricity for consumers is a fair representation of the actual costs incurred by the large, generating retailers. Again it is important to note that in its interim report on retail pricing, the ACCC comments that the retail electricity market does not demonstrate a number of crucial indicators of effective competition, including low levels of market concentration, low margins and prices and a range of innovative tariff types and service options[16].

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[9] ACCC *Retail Electricity Pricing Inquiry: Preliminary report*. 22 September 2017. p39
[10] ACCC *Retail Electricity Pricing Inquiry: Preliminary report*. 22 September 2017 p100
[11] ACCC *Retail Electricity Pricing Inquiry: Preliminary report*. 22 September 2017 p5
[12] Independent Review into the Electricity & Gas retail markets in Victoria. August 2017. https://engage.vic.gov.au/review-electricity-and-gas-retail-markets-victoria P.x
[13] AER state of the market report may 2017 p142
[14] https://www.choice.com.au/shopping/shopping-for-services/utilities/articles/electricity-prices-to-increase-july-220617
[15] ACCC *Retail Electricity Pricing Inquiry: Preliminary report*. 22 September 2017p102
[16] ACCC *Retail Electricity Pricing Inquiry: Preliminary report*. 22 September 2017p121

In their interim report, the ACCC has also highlighted the current common practice of discounting, and the significant 'price dispersion' that has resulted from this. Essentially this price dispersion is a form of price discrimination, and involves selling the same services to different groups of consumers at different prices[17]. In the context of the electricity retail market in NSW, this is characterised by significant discounts being available to informed and engaged customers, while less engaged customers (more likely to be vulnerable people with low incomes) are left paying higher prices for identical services. NCOSS supports the concerns raised by the ACCC that in the current retail electricity market such price dispersion is effectively penalizing many vulnerable and low income consumers who are either unable to effectively navigate the market, understand the impact of the available offers, or choose and maintain their contracts effectively.

NCOSS remains concerned that the structure of the wholesale and retail electricity market, as it stands, is not sufficiently competitive and transparent to operate without a stronger system of regulatory oversight.

The effectiveness or impact of any current regulatory standards and guidelines

As it stands the retail system is heavily reliant upon the assumption that the operation of a competitive retail electricity market will deliver the consumer choice, low prices, and innovative approaches to electricity services. There is very limited regulation in NSW, with most of the regulatory oversight coming in the form of competition monitoring according to a simple set of competitive indicators, which include:

- The number of retail electricity providers in the market, deemed to be an indication of competition and the presence or absence of barriers to entry,
- The number of retail deals available in the market, deemed to be an indicator of consumer choice,
- The 'variety' of retail offers available, deemed to be an indication of innovation,
- The level of discounts available in the market, deemed to be an indication of effective competition and the beneficial impact upon consumers,
- The number of people on default 'standing offers', deemed to be a measure of how many people have exercised choice in getting a better deal
- The number of people 'switching' retailers, deemed to be a measure of people getting a better deal

While on these limited measures IPART and the AER have found that retail competition is an effective market control mechanism, the recent comprehensive independent review into electricity and gas markets in Victoria highlighted issues with competition monitoring of this nature. This review pointed out that the standing offers and market offers examined in such monitoring, do not represent what customers are actually paying, and do not have the scope to examine actual bills or gather actual retail cost and margin data from retailers[18]. Indeed, the independent Victorian review commissioned detailed research of actual costs and bills that found consumers were paying, on average, 21% more than official estimates contained in competition monitoring[19]. NCOSS concurs and believes that current competition monitoring in NSW is inadequate, too narrowly defined,

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[17] ACCC *Retail Electricity Pricing Inquiry: Preliminary report*. 22 September 2017 pp123-25

[18] Independent Review into the Electricity & Gas retail markets in Victoria. August 2017 https://engage.vic.gov.au/review-electricity-and-gas-retail-markets-victoria p viii

[19] ibid

and does not look at the prices actually paid by most consumers, actual retail costs and margins, or the way that consumers (particularly those vulnerable consumers with low incomes) actually experience the retail electricity market.

The ACCC interim report on retail electricity pricing, which does have the scope and power to examine retail costs, margins and billing practices, has not only found issues with the effectiveness of competition in the market, but highlighted issues with higher retail margins, higher retail costs and persistent market concentration, which they note as significant signs that the current mix of competition and regulation is not working as intended. Importantly this report also specifically identifies evidence of retailers operating in ways which are designed to circumvent what regulation does exist[20], and have led to a retail electricity market that is opaque, complicated and which many consumers do not feel confident in navigating effectively.

Discount based pricing

> *"We don't have enough left over from our pension to pay our bills and I have to pay them late, then I get a late fee which makes the bill higher…"*

Initially introduced as a result of bans and caps on 'late payment fees', Discount based pricing (particularly discounts dependent on paying bills in full, on time) has become standard practice, often involving significant potential savings that operate as a de-facto late payment fees. Discount based pricing is a major source of confusion for customers, and is increasingly being found to result in many consumers not being aware of the details of their retail contract, and often being misled into thinking they are on a better deal than they are. Because of the inadequate nature of competition monitoring in this state, specific details are not available for NSW. However, the most recent *Victorian Energy Market update: April to June 2017*, provides a picture from the most mature retail market, and is representative of the practices in other deregulated jurisdictions, such as NSW. In this report, the Essential Services Commission found that, while substantial discounts were possible if you moved from a standard contract to a market contract, there are circumstances where the conditions attached to many market contracts (such as very meeting very narrow on-time payment requirements) can actually result in people being worse off under market contracts than they would on the standard offer.[21]

The table in Appendix 1, based upon figures drawn from the latest *St Vincent de Paul July 2017 Tariff tracker for NSW*[22], shows that in the Essential and Endeavour network areas, customers paying late on many market contracts would actually be up to $600 worse off than they would be if paying late on a standing offer contract. Even in the Ausgrid network, paying late would leave most customers (all customers of the big 3 retailers) in a similar position regardless of whether they were on a market or a standing offer. Such results are in direct contrast to the common view that shopping for a market contract will leave you better off, and suggest that whether or not they amount of illegal price gouging or collusion, retail practices are not currently delivering the best outcomes possible for many consumers, particularly those vulnerable consumers who we know are much less likely to be aware of the conditions of their discount offers, and much less likely to be able to pay on time to meet those conditions.

[20] ACCC *Retail Electricity Pricing Inquiry: Preliminary report*. 22 September 2017p8
[21] Essential Services Commission. Victorian Energy Market Update: April to June 2017 with audit findings. Sept 2017.pp4-7
[22] St Vincent de Paul Society & Alviss Consulting. NSW Energy Prices July 2017: an update on the NSW Tariff-Tracking project.

Perhaps more illustrative of the impact of the practice of discount-based pricing on consumers, was further evidence from the Victorian ESC report which surveyed available retail offers and found that although advertised discounts ranged from 0-37%, there was often very little difference between the eventual annual bill that resulted[23]. Such practices combining big headline discount figures, with opacity as to what the discount is applied to (sometimes the usage component, sometimes the whole bill), and the sheer number of retail offers available (90 as at June 30 2017), could be said to be intentionally making comparison difficult, leaving many customers unknowingly paying significantly more than is necessary. At the very least, the prevalence of discount based pricing, and the evidence of the outcomes that it is actually achieving, suggest that market monitoring that only focusses on the existence of discounts, is not a sufficient measure of oversight, and that further regulation is warranted.

Fixed benefit periods

One element of regulation that does exist, involves obligations in the National Energy Retail Rules (NERR) that retailers inform consumers at the end of their fixed-term market contract, and move them to the standing offer if no action is taken. However, the ACCC interim report on their inquiry into retail pricing notes that these requirements have seen retailers move to 'evergreen' contracts that do not have fixed terms, but which involve 'benefit periods' which can expire without requiring the retailer to inform the customer of the likely impact of being moved to a default standing offer[24].

This practice is particularly problematic, and NCOSS believes that it adds to consumer confusion in such a way as to lead many consumers to believe that they are on a better deal than they are. Our recent cost of living report looking at the experience of low income households found over 80% of households surveyed who had not contacted their retailer in over 12 months. These people were not aware that they were likely to be on a more expensive default or standing offer. The recent *Independent review into the Electricity & Gas markets in Victoria* concluded that competition had not resulted in better outcomes for most consumers, and that strong intervention was necessary[25]. NCOSS believes that this conclusion is relevant to NSW, and that more stringent regulatory oversight of contract structures, particularly in relation to discount based pricing and fixed benefit periods, are needed.

Options for future government oversight and responsibility in the re-regulation of electricity prices

NCOSS believes there is a need for stronger standards being applied to electricity retailers, to regulate what kind of offers are made, and the way that deals are structured, priced and advertised.

A requirement for all retailers to provide a Basic Service Offer

While a proportion of engaged and active consumers are currently able to compare and choose retail market deals that best suit their specific preferences, mounting evidence (including that from our Cost of living report) shows that a significant proportion of the market are less engaged, and more interested in obtaining and

[23] Essential Services Commission. Victorian Energy Market Update: April to June 2017 with audit findings. Sept 2017. p5
[24] [24] ACCC *Retail Electricity Pricing Inquiry: Preliminary report*. 22 September 2017. pp 130-133
[25] Independent Review into the Electricity & Gas retail markets in Victoria. August 2017 https://engage.vic.gov.au/review-electricity-and-gas-retail-markets-victoria p.x

remaining on a simple, low-cost deal that keeps their costs predictable and affordable. NCOSS concurs with the *Independent review into the electricity & gas retail markets in Victoria*, and believes that instead of a 'standing offer', retailers should be required to provide a 'no frills' basic offer that does not exceed a regulated maximum[26].

A 'Basic Service Offer' would provide a simple option for consumers, and protect them from the impacts of a complicated and opaque market. This arrangement would still provide scope for retailers to make other innovative product offers, and even offer products that were lower cost, or more expensive, with consumers having a clearer choice to compare such offers, rather than being penalised for not doing so. NCOSS recommends implementation of a Basic Service Offer requirement, in line with the recommendations of the *Independent review into the Electricity & Gas Markets in Victoria*.

2. *Require all retailers to provide a 'Basic Service Offer' that is no greater than a regulated price, based on annual usage, to be determined annually. With implementation involving:*
    - *A Regulated price that is:*
        - *based upon the efficient costs to run a retail business,*
        - *includes a maximum allowance for retail profit*
        - *does not include an allowance for customer acquisition or retention costs.*
    - *A Basic Service Offer that:*
        - *Is unconditional,*
        - *Includes an obligation to supply*
        - *Allows retailers to make other offers to consumers, including those which are higher cost*
        - *Is made available to customers in embedded networks (such as those in residential parks and retirement villages)*
3. *Abolish the requirement for retailers to offer standing offer contracts, with the basic service offer serving as the default.*

A requirement for all rebate customers to be on the 'best available', lowest cost retail deal or Basic Service Offer.

Although the NSW Government requires electricity retailers to apply rebates to reduce the electricity bills of eligible recipients, and regulates to ensure that late payment charges are not applied to their bills, there are currently no regulations regarding the retail contracts that rebate recipients receive. Results from our recent cost of living survey of low income households found that up to 85% of low income households had not contacted their retailer in the last year, and hence were likely to be on a more expensive default or standing offer. Given the complexity and opacity of market offers, there is good reason to question whether even those consumers who have shopped around, are on the best possible deal.

In the current system a rebate recipient on the average standing offer in the Ausgrid (Sydney) network area could be paying $2,670 a year, on which they would receive a rebate of $285 (10.7%), leaving them with a final bill of $2,385. However, the same customer could be on a better market offer of $2,295 and save at least $375 (before the application of any rebate) by switching to the average market offer. In practice this means that

[26] Ibid. p. x

potentially all of the rebate benefit has effectively been absorbed by the retailer that allows that customer to remain on a poor deal, with the customer still being $90 worse off (still paying $2,385). If the goal of rebate support is to assist vulnerable people with their energy costs, it has clearly failed in cases such as this.

As part of its recently announced energy affordability package, the NSW Government indicated that it intended to implement measures to ensure that electricity retailers put customers receiving energy rebates onto the best possible retail offer. Implementation of this measure is crucial to improving affordability for vulnerable consumers, and ensuring that the full benefit of supports are effectively delivered to them.

Moving to a system that provided a 17.5% rebate (as discussed in the section on rebate supports), in conjunction with regulations that required the retailer to place that customer on the best deal would see this same customer moved from the standing offer of $2,670, and put on the $2,295 offer, saving $375. They would then receive a rebate of $401.62 (leaving them to pay $1,893.75). Here, all the support actually flows to the customer who is $776.25 better off. The Government has paid $66 less in support than would have been the case if the best retail deal was not a requirement, and for a total cost of $401.25 has facilitated $776.62 in overall benefit for that vulnerable household.

A requirement that retail deals for rebate recipients are not dependent upon on-time payment discounts

While we know that many market offers currently offer substantial savings on the default standing offer, as the figures in appendix 1 show, these savings are almost completely dependent upon strict on-time payment discounts.

For example a customer on an AGL market offer in the Ausgrid network could be on a market offer giving them an annual bill of $2,218, a significant saving on the average default standard offer of $2,670. However, these savings are largely the result of on time payment discounts, and if that customer did not pay on time they would forfeit that discount and end up with a bill of $2,684, which is actually in excess of the default standing offer. If this customer was a rebate customer, and likely to pay late, they would actually be better off on a default standing offer, under these terms.

As it stands rebate recipients are not allowed to be charged late payment fees, a condition which recognises the reality highlighted in our Cost of Living report, that vulnerable households often struggle to pay on time, and should not be further penalised. It can be argued that when large headline discount figures of up to 40% are largely dependent upon paying on time, then they are effectively operating as a late payment penalty. If rebate customers are to be quarantined from late payment charges, as they should be, then the best/ low-cost retail contracts they are placed on, should not be based upon significant on-time discounts.

Regulations limiting the application of on-time payment discounts

As already outlined, the current structure of many market offers which are based upon significant headline discount figures, is complicated and opaque. The interim ACCC report on its inquiry into retail pricing points out that current on-time discounts are often substantially in excess of the costs incurred by retailers for late payment[27]. While on-time payment should be encouraged, and it is appropriate that retailers be able to

[27] [27] ACCC *Retail Electricity Pricing Inquiry: Preliminary report*. 22 September 2017. p128-130

encourage on-time payment through discounts and incentives, NCOSS believes consideration should be given to regulating the structure and application on these discounts to ensure that they are easily comprehensible to consumers, and do not operate as a de-facto late payment charge, or result in consumers actually ending up worse than they would be on a default standing offer. In this context consideration should be given to:

- Ensuring that offers that accrue on-time discounts are advertised according to the base, annual dollar cost before any discount is applied, so that customers can more easily make a comparison between offers, and vulnerable customers have clear information regarding the likely overall cost of the offer if they are unable to pay on time.
- Ensuring that discounts are expressed as a reduction on the overall bill, with an indication of what the likely dollar impact of the discount would be. As it stands discounts can be applied to the usage charge, or the total bill, with the headline percentage figures giving the false impression that the overall bill will be reduced by the headline amount. For example, a 30% on-time discount on the usage charge, may actually result in a discount of 10% or less on the overall bill.
- Limiting the amount of an on-time payment discount, to ensure that the 'penalty' for late payment does not exceed the reasonable cost to the retailer of late payment. While there is value to the retailers in customers paying on time, and there should be an incentive for customers to do so, this should not effectively be the only means by which customers can receive bill reductions. Late payment is an inconvenience for retailers, and does incur an addition cost, but this impact is limited and quantifiable. Consumers should not effectively lose all savings on default standing offers, as a result of not paying on time. Accordingly, consideration should be given to limiting the amount of discount which can be given for on-time payment. Many retailers are now starting to offer other discount products and regulations on on-time discounting would encourage this further.
- Ensuring that on-time payment discount benefits in market contracts are 'evergreen'. As it stands, many retailers offer contracts with benefit periods that can cease, with the terms of the contract often defaulting to the standing offer. If it is a benefit to the retailer for customers to pay on time, discounts for paying on time should continue once the customers benefit period and contract ends.

Regulations of benefit periods

As we have already raised in relation to pay on-time discounts, many retailers offer contracts where the accrual of 'benefits' on a contract (such as discounted rates or fee waivers, etc) is subject to a benefit period that ends prior to the term of the service contract. At the end of the benefit period the terms of the contract often default to a standing offer for the remainder of the contract. For example Origin energy Saver offer has a contract benefit period of 12 months, which confers a 13% discount off usage. However at the end of 12 months this contract defaults to a standing offer. Our recent cost of living report showed that up to 85% of households had not contacted their retailer in the last 12 months, and were unaware that it was necessary to do so in order to switch, renew or renegotiate the best offer. As a result, it is very likely that these people would unknowingly be paying much more than necessary.

It is crucial that consumers are given clear advance notice, in writing, before their benefit period is about to end, to ensure that they are aware that they need to renew or renegotiate their deal, or find a better one with another retailer. Additionally, NCOSS would support provisions that ensured that at the end of a contract or

Recommendations

4. *Require retailers to make all offers transparent and comparable, offered as a base rate in dollar terms (before the application of discounts).*
5. *Ensure that any costs incurred for failing to meet offer conditions (such as paying on time) are capped, and do not exceed the reasonable cost to the retailer.*
6. *Ensure that any conditional benefit or discount for paying on time, or via direct debit, is evergreen. Alternatively, retailers should be required to directly inform customers in writing prior to the end of current deals benefit period, what the end of the deal will mean for them if they do not do anything* ***(eg. If you do not contact us prior to x date you will be placed on a default contract which will mean $YY a year more than your current deal, or a basic service offer which will not accrue benefits).***
7. *Require retailers to work with the NSW and Commonwealth government on a system allowing the automatic application of the Low Income Household Energy Rebate to eligible customers.*
8. *Require retailers to put all Low Income Household Energy Rebate recipients, hardship customers and customers on payment plans onto a 'best deal' or basic service offer, which ensures maximum benefit from rebates.*
9. *Ensure that retail deals for rebate recipients are either basic service offers, or are not dependent upon 'on-time payment discounts'.*

benefit period, customers defaulted to a Basic Service Offer, or the nearest matching offer available.

The adequacy of planning to meet future electricity demand, including utilising high efficiency, low emissions coal technology as well as the use of nuclear, gas, solar, and wind energies, and energy storage through batteries, pumped hydro and hydrogen, and improved transmission between regions

While most of the relevant planning and policy settings that influence the provision of sufficient electricity supply will be undertaken at a Commonwealth level, NCOSS believe that the NSW Government does have a substantial role in helping to facilitate effective planning and investment in the efficient, sustainable generation capacity that will provide the lowest cost and cleanest energy to the community in the long term.

The adequacy of programs to assist low income earners, pensioners, and senior card holders to afford electricity as well as the impact of additional fees, such as late payment fees, included in energy bills

Electricity prices have more than doubled over the last 10 years, and even before the recent 20% price rises, assistance to low income and vulnerable households has not kept pace. While the NSW Government recently announced an increase to rebates that matched the announced 20% retail price rises, this interim measure does nothing to address the long term, structural issues that leave the system of rebates and supports inadequate, ineffective and poorly targeted. In our recent Cost of Living Report, NCOSS highlighted a number of crucial issues with the system of supports, which demonstrates an urgent need for long term structural reform. The key areas of inadequacy in the current system include:

Fixed rebates

Reviews and research over last decade, including a comprehensive analysis of concessions & rebates policy in 2014 by the Queensland Council of Social Services[28], have consistently found that fixed rebates are not an effective, fair or efficient means of providing support for vulnerable peoples energy needs. Indeed, the Auditor Generals recently released performance audit of energy supports in NSW similarly found that the current system is without a clearly defined objective, is subject to structural inequalities, and is inefficient in targeting of supports to those who need it most[29].

The most significant rebate support is the Low Income Household Energy Rebate (LIHER), which now provides a fixed rebate of $285 on the annual bills of eligible households. This amount is fixed, regardless of household circumstances or bill level. This means that a single person in an urban apartment with annual bills of $1200 receives a $285 rebate, which is equivalent to 23.75% of their costs. However, a family of 4 living in Bathurst with annual bills of $4000 would still receive a $285 rebate, which is equivalent to7% of their costs.

There are myriad contributors to household energy usage and bills, many of which are beyond the influence of households, particularly for vulnerable people with low incomes. An effective rebate support scheme for low income households should be able to take account of these factors and provide support for essential access to energy equally, and proportionate to need. These factors include:

Location.

We know that people in regional and rural NSW have higher average bills which are in part a direct result of the higher network charges in the Essential network that covers most of regional and rural NSW. Indeed the latest NSW Tariff Tracker found that average bills in the Essential Network were $2970, or $300-370 more than average bills for the same usage in Networks covering Urban Sydney, Newcastle and the Illawarra[30]. For recipients of the LIHER, this difference would mean that a customer in a rural area on the Essential Network, with average usage and bill, would receive a rebate support equivalent to 9.5%, where a recipient in Sydney on the Ausgrid Network, with exactly the same average usage would receive a rebate support equivalent to 10.7%. The assumed objective of NSW government rebate support for low income people is supporting affordable access to essential electricity. That support should be provided at the same proportion across the state, whether recipients live in a city or a rural area. The current system of fixed rebate supports effectively provides less support to those in rural and regional areas of the state, than it does to those in urban areas even at the same levels of energy usage.

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[28] QCOSS Energising Concessions policy in Australia: best practice principles for energy concessions. May 2014. https://www.google.com.au/url?sa=t&rct=j&q=&esrc=s&source=web&cd=4&cad=rja&uact=8&ved=0ahUKEwjM07KNsOzWAhUIgLwKHcKMADAQFgg5MAM&url=https%3A%2F%2Fwww.qcoss.org.au%2Fsites%2Fdefault%2Ffiles%2FEnergising%2520Concessions%2520Report%2520-%2520May%25202014%2520-%2520FINAL%2520FOR%2520WEB_0.pdf&usg=AOvVaw1JFVwBallGuYekqOUe5cfk

[29] Audit Office of NSW. NSW Auditor Generals Report. Performance Audit: Energy Rebates for Low Income Households. Dept of Planning & Environment. Sept 2017. Pp1-3

[30] St Vincent de Paul Society & Alviss Consulting. NSW Energy Prices July 2017: an update on the NSW Tariff-Tracking project.pp6-26

Household Composition.

Larger households, particularly those including children, have a higher requirement for essential energy usage to heat water for bathing, as well as undertake lighting, heating, cooling, cooking and other daily basics for the household. Under the current system of fixed rebate supports, this means that the large family with a bill of $4000 resulting from their 'essential usage' will receive support equivalent to 7% for that usage. However, a single person household with a $1200 bill resulting from their 'essential usage', will receive support equivalent to nearly 24%. The current system of fixed rebate supports effectively provides less support for the essential household energy needs of larger families and households with children, than it does for single person and smaller households. When 1 in 7 children in NSW are living in poverty[31], NCOSS believes that this inequality of supports for low income families and households with children, is unacceptable.

Standard and Tenure of housing

One of the most significant drivers of household energy usage, are water heating, and the heating and cooling of the house. Housing that is effectively insulated, with quality glazing and roofing, and which has effective seals between the inside and outdoors, needs less energy to heat or cool, and maintain within a healthy temperature range. When these fundamentals are poor, a household's energy use can exponentially increase, particularly in the peak periods of winter cold and summer heat.

For low income households, particularly those in rental housing, the poorer quality of construction and insulation of the lower cost housing they live in can often mean that they have a higher 'essential' energy requirement to maintain a healthy temperature in their homes. This is compounded by having older and less efficient water heating, heating, cooling and cooking appliances. The result is significantly higher energy bills simply to undertake essential daily activities (such as bathing, cooking). In this context households with newer housing, those who might own their own homes, and those able to afford improvements, are likely to be able to sustain a lower 'essential' usage and have lower bills. The current fixed rebate system paradoxically provides a bigger proportion of support to these households, than it does to potentially more disadvantaged and vulnerable low income households who live in poorer quality housing, and have higher usage requirements as a result.

The current system of fixed rebate supports for the essential energy needs of vulnerable households is inadequate, even after recent moves to increase the rebates by 20% (which represents a $50 increase to the LIHER, when even average bills have increased by up to $450). Irregular increases of this nature are ineffective, poorly structured and do not address fundamental structural issues of equity. Comprehensive structural reform of the energy rebates system must be undertaken as a matter of urgency, with such reform involving the setting of clear policy objectives which can be monitored, and which rebates can be structured to achieve. Such reform was a recommendation of the recent Auditor Generals performance audit of energy rebates and supports[32], and is supported by NCOSS and many of the other organizations representing vulnerable consumers. NCOSS, along with the major energy retailers and consumer and community advocates in NSW, believe that reform should be

[31] NCOSS. 1 in 7 report. July 2015 https://www.ncoss.org.au/sites/default/files/public/policy/1in7Campaign_Final%20Report.pdf

[32] Audit Office of NSW. NSW Auditor Generals Report. Performance Audit: Energy Rebates for Low Income Households. Dept of Planning & Environment. Sept 2017. Pp 1-3

centered on a consolidated low income household rebate paid at 17.5% of annual bills, similar to the system which currently operates in Victoria.

Family energy rebate

The FER is a supplementary rebate available to recipients of the Family Tax Benefit in the previous year. The rebate offers either $20 to those who already receive the LIHER, or $180 to those who do not already receive the LIHER[33].

Applications for the FER must be submitted after the end of financial year via an online application form. Given the process involved in accessing the FER, the relatively small benefit conferred, and the fact that it must be re-applied for each year, it is not surprising that the overall rate of uptake is very low. Indeed the recent performance audit report by the Auditor General found that a third of recipients do not reapply each year, and that a significant number of those who may be eligible do not apply, or are rejected due to the administratively complex eligibility criteria. The result being that the $8m budget for the FER in 2016-17 was underspent by 46%, with the 2017-18 budget adjusted down to $7m, an amount that the Auditor General noted was still significantly more than the $4.3m actually spent in 2016-17[34]. The NSW Government recently announced increases to the Family Energy Rebate amount and overall budget, a change which does not address the fundamental structural issues with the rebate, and is unlikely to result in any significant increase in uptake of the program.

NCOSS believes that having a separate rebate such as the FER, with an eligibility criteria based upon receipt of Family Tax Benefits does not effectively target vulnerable low income households and families, adds an unnecessary layer of complexity, and is not and efficient means of providing much needed support to families. As such NCOSS has recommended that the FER be discontinued, with the funds allocated to the rebate being redirected into a consolidated Low Income Households Energy Rebate, with an expanded eligibility that includes holders of the Commonwealth Low Income Health Care card, a group of people who are currently excluded from the eligibility criteria.

Lack of integration between support measures

We have already demonstrated how a lack of integration between the retail contracts and rebates results has the effect of significantly undermining the impact of energy rebates, and often leaving vulnerable households worse off, with much of the rebate benefit being absorbed by retailers. This issue is demonstrative of a wider failure to co-ordinate assistance and support measures to ensure that the best outcomes for vulnerable people are achieved, and that the money allocated to such measures is having the greatest possible impact.

Our cost of living report, looking at the experience of low income households, shows that there is a consistently low level of awareness of support measures and assistance programs, particularly those offered by the Government. Many of the results we found indicate a fundamental lack of integration in the system of supports available to vulnerable households, including:

- 43% of vulnerable consumers who had been disconnected or threatened with disconnection, not being aware of retail hardship programs, with 26% unaware of retail payment plans and 17% being unaware of

[33] Family energy rebate http://www.resourcesandenergy.nsw.gov.au/energy-consumers/financial-assistance/rebates/family-energy-rebate
[34] Audit Office of NSW. NSW Auditor Generals Report. Performance Audit: Energy Rebates for Low Income Households. Dept of Planning & Environment. Sept 2017. p.10

retail bill extensions. Clearly indicating that retailers are not connecting data on billing and debt, with their assistance and supports programs,

- In excess of 70% of recipients of the LIHER not having contacted their retailer in the last 12 month, and not being aware that this would be likely to mean they were not on the best deal,
- Only 8% of vulnerable low income consumers being aware of the government program designed to assist low income households access more sustainable, energy saving appliances, even though 90% of them did not have access to energy efficient appliances,
- 67% of low income households not accessing the LIHER, or even being aware of its existence. This is despite the fact that all would have incomes that would qualify them as low income, and many have household circumstances that would make them eligible for support.

To ensure that the support and assistance available to vulnerable households is adequate to guarantee essential electricity services, it is crucial that programs are coordinated, integrated and where possible, automatically linked to maximize the impact of available benefits. NCOSS believes that expanding eligibility for a reformed LIHER is crucial, and that consideration needs to be given to automatically conferring the rebate to those who are eligible. Ensuring that rebate recipients are on the best possible retail deal, and linking those recipients automatically with sustainability programs that help low income households access more efficient appliance and technology, would ensure the greatest possible impact for those rebates, at the least overall cost to the budget.

Recommendations

10. *That eligibility for the Low Income Household Energy Rebate be extended to holders of Commonwealth Low Income Health Care Cards.*
11. *That the NSW Government work with the Commonwealth Department of Social Services to improve the coordination of supports and rebates for people on low-incomes, including:*
    - *Ensuring comprehensive and accurate information on the range of supports is given to eligible people:*
        - *Improved data sharing between the State and Commonwealth Governments to facilitate the targeting of information to vulnerable consumers*
        - *The systematic provision of information on energy assistance through Centrelink and other Commonwealth Government information portals for vulnerable consumers*
    - *Exploring the possibility of automatic application of rebates to overcome significant barriers in information and self-identification.*
12. *That the funds currently allocated to the Family Energy Rebate be redirected to a more effective and more comprehensive rebate scheme that is better targeted towards low-income households.*
13. *That the Low Income Household Energy Rebate, with additional funds reallocated from the Family Energy Rebate, transition to a percentage-based concession providing eligible households with a 17.5% rebate on their electricity bills.*
14. *That arrangements for setting 'floors' for rebate payment to be developed in consultation with stakeholders and community service providers.*

15. *That LIHER rebate support be subject to an 'excess' amount be set (in consultation with community stakeholders) that triggers secondary evaluation, to identify potential efficiency benefits and other mitigation measures, before an 'excess' rebate continues (a similar system currently operates in Victoria).*
16. *Expand the Home Energy Action Program as part of measures being considered in the Draft Plan to Save NSW Energy and Money, such that:*
    - *The expanded program better links retailer, rebate and emergency supports to improved energy efficiency for vulnerable households, including provision of in-home audits, access to financial counselling, NILs, appliance upgrades and community solar schemes.*
    - *The expanded program be developed in consultation with stakeholders, with reference to the successes of previous programs such as the Home Power Savings Scheme*
17. *Commence work on reform of rental tenancy laws to improve minimum efficiency standards of rental properties, and facilitate the adoption of more significant energy efficiency measures for vulnerable rental households.*

Conclusion

Energy costs continue to increase, and many low-income households are struggling with costs that already exceed their capacity to pay, a fact supported by the ACCC's interim report which contends that there is a 'severe affordability problem'[35] across the country. We know that this affordability problem is seeing many low-income households paying their bills late, accumulating debt and being disconnected. In an attempt to lower these bills, households are rationing their energy use in ways that will have potentially serious impacts on their own health and wellbeing and that of their families. Having reduced their usage as far as possible, many are now running into debt, pawning household items, and going without a range of household essentials just to keep the lights on. Many households are at crisis point and the flow-on effects to the health, wellbeing and inclusion of the adults and children living in these households should cause us all genuine concern.

We have outlined a range of well-supported, practical measures for action by the NSW Government, which we have included in our 2018 Pre-budget Submission[36]. The NSW Government has the means and responsibility to address the needs of the community, and should ensure that a fair proportion of benefits flow to people experiencing poverty and disadvantage – the people for whom essential energy services are increasingly unaffordable.

Energy is an essential service, and addressing the crisis that people on low-incomes face as they struggle with the cost of this essential service should be a priority for our State. We need to push for better retail practices in NSW, and ensure that the way in which we provide energy assistance leads to better outcomes for vulnerable

[35] ACCC *Retail Electricity Pricing Inquiry: Preliminary report*. 22 September 2017. p5
[36] Full NCOSS pre-budget submission attached for reference

people. Finally, we need to invest in improving the energy efficiency and independence of vulnerable people in order to improve their longer-term financial stability, health and well-being.

NCOSS is grateful for this opportunity to provide input to the select committees inquiry, and would be happy to provide any further contributions or detail on issues and recommendations raised in this submission.

	Ausgrid	Late Payment difference (market offers)	Market offers paid late	Late payment fees (annual)	Standing paid late	saving of late paid market v standing	Essential	Late Payment difference (market offers)	Market offers paid late	Late payment fees (annual)	Standing paid late	saving ofLate paid market v standing	Endeavour	Late Payment difference (market offers)	Market offers paid late	Late payment fees (annual)	Standing paid late	saving of Late paid offer v standing
Average Standing Offer (default)	$2,670				$2,670		$2,970				$2,970		$2,600				$2,600	
Market Offers Including all discounts																		
AGL	$2,128	$556	$2,684	$51	$2,721	$37	$2,360	$556	$2,916	$51	$3,021	-$105	$2,128	$556	$2,684	$51	$2,651	$33
Energy Australia	$2,150	$559	$2,709	$48	$2,718	$9	$2,537	$601	$3,138	$48	$3,018	$120	$2,189	$567	$2,756	$48	$2,648	$108
Origin Energy	$2,299	$342	$2,641	$48	$2,718	$77	$2,526	$341	$2,867	$48	$3,018	-$151	$2,199	$327	$2,526	$48	$2,648	-$122
Powershop	$2,260	$368	$2,628	$0	$2,670	$42	$2,413	$393	$2,806	$0	$2,970	-$164	$2,613	$352	$2,965	$0	$2,600	$365
Momentum	$2,328	$0	$2,328	$0	$2,670	$342	$2,641	$0	$2,641	$0	$2,970	-$329	$2,217	$0	$2,217	$0	$2,600	-$383
Dodo	$2,449	$0	$2,449	$0	$2,670	$221	$2,805	$0	$2,805	$0	$2,970	-$165	$2,399	$0	$2,399	$0	$2,600	-$201
Mojo	$2,645	$48	$2,693	$48	$2,718	$25	$2,823	$48	$2,871	$48	$3,018	-$147	$2,534	$48	$2,582	$48	$2,648	-$66
Click Energy	$2,769	$537	$3,306	$48	$2,718	-$588	$3,046	$586	$3,632	$48	$3,018	$614	$2,717	$528	$3,245	$48	$2,648	$597
Powerdirect	$2,128	$556	$2,684	$51	$2,721	$37	$2,360	$556	$2,916	$51	$3,021	-$105	$2,128	$556	$2,684	$51	$2,651	$33
Alinta	$2,121	$529	$2,650	$0	$2,670	$20	$2,353	$505	$2,858	$0	$2,970	-$112	$2,031	$494	$2,525	$0	$2,600	-$75
Red Energy	$2,157	$240	$2,397	$0	$2,670	$273	$2,349	$261	$2,610	$0	$2,970	-$360	$2,109	$234	$2,343	$0	$2,600	-$257
Energy Locals	$2,182	$52	$2,234	$52	$2,722	$488	$2,370	$52	$2,422	$52	$3,022	-$600	$2,071	$52	$2,123	$52	$2,652	-$529
Covau	$2,190	$607	$2,797	$60	$2,730	-$67	$2,382	$656	$3,038	$60	$3,030	$8	$2,144	$596	$2,740	$60	$2,660	$80
Sanctuary Energy	$2,655	$100	$2,755	$100	$2,770	$15	$3,407	$100	$3,507	$100	$3,070	$437	$2,575	$100	$2,675	$100	$2,700	-$25
Diamond Energy	$2,510	$249	$2,759	$60	$2,730	-$29	$2,685	$262	$2,947	$60	$3,030	-$83	$2,353	$237	$2,590	$60	$2,660	-$70
Simply Energy	$1,931	$292	$2,223	$0	$2,670	$447	$2,174	$302	$2,476	$0	$2,970	-$494	$1,875	$285	$2,160	$0	$2,600	-$440
Commander	$2,086	$438	$2,524	$0	$2,670	$146	$2,491	$480	$2,971	$0	$2,970	$1	$2,050	$430	$2,480	$0	$2,600	-$120

* All late payments are annualised (assume late payment for all 4 quarterly bills)

** Discounted amounts include discounts for all 4 quarterly bills

*** Late payment differences for market offers assume late payment for all 4 quarters

**** Figures do not include a range of other potential fees or charges that are applied by some retailers, including paper bill fees, online discounts, direct debit discounts or other payment method fees

Data is taken from 'NSW Energy Prices July 2017: an update on the NSW Tariff-Tracking Project' St Vincent de Paul Society & Alviss Consulting.

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[37] St Vincent de Paul Society & Alviss Consulting. NSW Energy Prices July 2017: an update on the NSW Tariff-Tracking project.