



Draft Legislative Instrument

Default Market Offer Prices

March 2019

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AER reference: 64687

Invitation for submissions

Interested parties are invited to make submissions on this draft instrument by **Monday, 25 March 2019**.

We will consider and respond to all submissions received by that date in our final Default Market Offer prices determination.

Submissions should be sent to: DMO@aer.gov.au

Alternatively, submissions can be sent to:

Mark Feather
General Manager, Policy and Performance
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Submissions should be in PDF, Microsoft Word or another text readable document format.

We prefer that all submissions be publicly available to facilitate an informed and transparent consultative process. Submissions will be treated as public documents unless otherwise requested. Parties wishing to submit confidential information should:

1. clearly identify the information that is the subject of the confidentiality claim
2. provide a non-confidential version of the submission in a form suitable for publication.

All non-confidential submissions will be placed on our website. For further information regarding our use and disclosure of information provided to us, see the ACCC/AER Information Policy (June 2014), which is available on our website.¹

¹ <https://www.aer.gov.au/publications/corporate-documents/accc-and-aer-information-policy-collection-and-disclosure-of-information>

COMMONWEALTH OF AUSTRALIA

COMPETITION AND CONSUMER ACT 2010

Competition and Consumer (Industry Code—Electricity Retail) Regulations 2019

DETERMINATION OF MODEL ANNUAL USAGE AND TOTAL ANNUAL PRICES

The Australian Energy Regulator (AER), pursuant to section 14 of the *Competition and Consumer (Industry Code—Electricity Retail) Regulations 2019 (Code)*², hereby makes the following Determinations:

1. In this Determination:
 - a) **Residential Annual Price and Usage Rate** applies to the type of small customer considered in s 6(2)(b) of the *Code*;
 - b) **Residential Annual Price and Usage Rate with Controlled Load** applies to the type of small customer considered in s 6(2)(a) of the *Code*; and
 - c) **Small Business Annual Price and Usage Rate** applies to the type of small customer considered in s 6(c) of the *Code*.
 - d) Terms defined in the Code have the same meaning in this instrument.
2. In accordance with s 14(1)(a)(i) of the *Code*, the AER determines the per-customer amount of electricity supplied in specified distribution regions to small customers of the following types:

Per-customer usage determination				
Distribution zone	Residential Annual Usage Rate	Residential		Small Business Annual Usage Rate
		Annual Rate	Controlled load	
Ausgrid	3,800 kWh	4,800 kWh	2,000 kWh	20,000 kWh
Endeavour Energy	4,900 kWh	5,200 kWh	2,200 kWh	20,000 kWh
Energex	4,600 kWh	4,400 kWh	1,900 kWh	20,000 kWh

² We note the Code is currently draft legislation. The final form and contents of this draft instrument will be subject to the final Code.

Per-customer usage determination				
Distribution zone	Residential Annual Usage Rate	Residential Annual Usage Rate with Controlled Load		Small Business Annual Usage Rate
		Annual Rate	Controlled load	
Essential Energy	4,600 kWh	4,600 kWh	2,000 kWh	20,000 kWh
SA Power Networks	4,000 kWh	4,200 kWh	1,800 kWh	20,000 kWh

3. In accordance with s 14(1)(a)(ii) of the *Code*, the AER determines the timing or pattern of the supply of electricity in specified distribution regions to small customers:

a) Seasonality assumptions, all tariff and customer types

For all tariff and customer types, consumption has no seasonal weighting. That is, kWhs consumed are assumed to be the same on each day of the year.

b) Usage allocations on Flexible Tariffs (Time of Use tariffs) for Residential Annual Usage Rates and Residential Annual Usage Rates with Controlled Load (CL)

i. Ausgrid

Flexible Tariff (Time of Use tariff) usage allocations

No. periods	Block	Summer	Autumn	Winter	Spring
2	Peak	0.68	0.65	0.64	0.65
	Off-peak	0.32	0.35	0.36	0.35
3	Peak	0.35	0.32	0.30	0.31
	Shoulder	0.39	0.40	0.40	0.39
	Off-peak	0.26	0.29	0.29	0.30
4	Peak	0.35	0.32	0.30	0.31
	Shoulder 1	0.27	0.27	0.27	0.27
	Shoulder 2	0.11	0.12	0.13	0.12
	Off-peak	0.26	0.29	0.29	0.30

Proportion of CL usage to be allocated for different CL tariff configurations

CL 1 only	CL 2 only	CL 1 & 2	
		CL1	CL2
1.00	1.00	0.67	0.33

ii. Endeavour Energy

Flexible Tariff (Time of Use tariff) usage allocations

No. periods	Block	Summer	Autumn	Winter	Spring
2	Peak	0.72	0.66	0.63	0.67
	Off-peak	0.28	0.34	0.37	0.33
3	Peak	0.39	0.32	0.29	0.34
	Shoulder	0.38	0.39	0.41	0.39
	Off-peak	0.23	0.29	0.30	0.28
4	Peak	0.39	0.32	0.29	0.34
	Shoulder 1	0.27	0.27	0.27	0.27
	Shoulder 2	0.11	0.12	0.14	0.12
	Off-peak	0.23	0.29	0.30	0.28

Proportion CL usage to be allocated for different CL tariff configurations

CL 1 only	CL 2 only	CL 1 & 2	
		CL1	CL2
1.00	1.00	0.67	0.33

iii. Energex

Flexible Tariff (Time of Use tariff) usage allocations

No. periods	Block	Summer	Autumn	Winter	Spring
2	Peak	0.69	0.68	0.68	0.67
	Off-peak	0.31	0.32	0.32	0.33
3	Peak	0.36	0.34	0.32	0.34
	Shoulder	0.38	0.39	0.42	0.38
	Off-peak	0.26	0.27	0.26	0.28
4	Peak	0.36	0.34	0.32	0.34
	Shoulder 1	0.27	0.27	0.29	0.27
	Shoulder 2	0.11	0.12	0.13	0.12
	Off-peak	0.26	0.27	0.26	0.28

Proportion CL usage to be allocated for different CL tariff configurations

CL 1 only	CL 2 only	CL 1 & 2	
		CL1	CL2
1.00	1.00	0.29	0.71

iv. Essential

Flexible Tariff (Time of Use tariff) usage allocations

No. periods	Block	Summer	Autumn	Winter	Spring
2	Peak	0.70	0.67	0.65	0.66
	Off-peak	0.30	0.33	0.35	0.34
3	Peak	0.38	0.33	0.31	0.33
	Shoulder	0.37	0.39	0.41	0.38
	Off-peak	0.25	0.28	0.29	0.28
4	Peak	0.38	0.33	0.31	0.33
	Shoulder 1	0.25	0.27	0.27	0.26
	Shoulder 2	0.11	0.12	0.14	0.12
	Off-peak	0.25	0.28	0.29	0.28

Proportion CL usage to be allocated for different CL tariff configurations

CL 1 only	CL 2 only	CL 1 & 2	
		CL1	CL2
1.00	1.00	0.77	0.23

v. South Australian Power Networks

Flexible Tariff (Time of Use) usage allocations

No. periods	Block	Summer	Autumn	Winter	Spring
2	Peak	0.65	0.63	0.63	0.62
	Off-peak	0.35	0.37	0.37	0.38
3	Peak	0.35	0.32	0.29	0.29
	Shoulder	0.36	0.38	0.41	0.40
	Off-peak	0.29	0.30	0.30	0.31
4	Peak	0.35	0.32	0.29	0.29
	Shoulder 1	0.24	0.25	0.26	0.26
	Shoulder 2	0.13	0.14	0.15	0.14
	Off-peak	0.29	0.30	0.30	0.31

Proportion CL usage to be allocated for different CL tariff configurations

CL 1 only	CL 2 only	CL 1 & 2	
		CL1	CL2
1.00	NA	NA	NA

c) Small business customers – Flexible Tariff (Time of Use tariff) and CL usage

In regard to small business customers:

- Under s14(2) of the *Code* the AER is not required to determine the timing and pattern of supply for small business tariffs.
- Under s6(c)(iii) of the *Code*, a small business customer is not a ‘small customer’ for the purposes of the *Code* if their tariff includes a Flexible Tariff (Time of Use tariff) or CL tariff.

Accordingly, the AER has not determined Flexible Tariffs (Time of Use tariffs) and CL allocations for small business customers.

4. In accordance with s 14(1)(b) of the *Code*, the AER determines what it considers the reasonable per-customer annual price for supplying electricity in specified distribution regions to small customers of the following types:

Per-customer price determination (all prices GST-inclusive)			
Distribution zone	Residential Annual Price	Residential Annual Price with Controlled Load	Small Business Annual Price
Ausgrid	\$1441	\$2063	\$7266
Endeavour Energy	\$1720	\$2144	\$6167
Energex	\$1572	\$1928	\$5972
Essential Energy	\$1924	\$2330	\$7940
SA Power Networks	\$1943	\$2420	\$9014

5. This Determination takes effect on [XX] [MONTH] 2019 until a new Determination is made.

DATED THIS [XX]^{[TH]/[ST]/[RD]} DAY OF [MONTH] 2019

Australian Energy Regulator