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AURORA PAY AS YOU GO PRICE COMPARISON REPORT

Aurora Pay as You Go (APAYG) rates for electricity are set to increase on average by over 12 per cent for APAYG customers from 8 July 2009, compared to just over seven per cent on average for customers on standard tariffs.

That is the finding of the third Aurora Pay As You Go (APAYG) Price Comparison Report published by the Office of the Tasmanian Economic Regulator (OTTER).

In releasing the Report, the Director OTTER, Jane Hyland, said that "Aurora Pay As You Go prices are not regulated. It is a prepayment option offered by Aurora Energy to residential customers as an alternative to being supplied electricity under standard tariffs. However, to help potential and existing APAYG customers make an informed choice as to which services suit their budget, pattern of electricity use and lifestyle, we publish this report which compares Pay as You Go rates with standard tariffs."

Mrs Hyland added that "to date, Aurora Pay As You Go has been a popular alternative to the standard tariffs with around 44 000 or 20 per cent of Tasmanian residential customers using it. However, APAYG rates will increase significantly more from 8 July 2009 compared to the increase in standard tariffs. As a general observation, the increases in APAYG rates may make this product less attractive to customers. However, different usage patterns will affect comparisons with standard tariffs."

OTTER's Report found that:

- Low consumption standard customers (on the standard Light and Power and Hot Water tariffs with typical fortnightly costs of around \$38) may pay around \$4 more per fortnight and up to \$92 more annually on APAYG.
- High consumption standard customers (with typical fortnightly costs of around \$69 in summer and \$97 in winter) may pay \$3 more per fortnight in summer and \$1 more per fortnight in winter on APAYG. Over the year, such customers may pay up to \$57 more on APAYG.
- Low consumption HydroHeat customers (on Light and Power and HydroHeat tariffs and with a typical fortnightly cost of \$48) may pay up to \$7 more per fortnight in summer on APAYG, and \$1 more per fortnight in winter. Throughout the year, such customers may pay up to \$91 more on APAYG.
- High consumption HydroHeat customers (with typical fortnightly costs of around \$66 in summer and up to \$139 in winter) may pay \$9 more per fortnight in summer and \$2 less per fortnight in winter on APAYG. This equates to such customers paying \$82 more over the course of the year on APAYG.

- Low consumption Off Peak customers (with fortnightly costs of \$49 in summer and \$67 in winter) may be paying up to \$8 more on APAYG per fortnight in summer, and the same amount per fortnight in winter. This equates to these customers paying up to \$231 more on APAYG over the course of the year.
- High consumption Off Peak customers (with fortnightly costs of \$59 in summer and \$118 in winter) may pay up to \$7 more on APAYG in summer, and \$1 more in winter, resulting in such customers paying up to \$102 more on APAYG throughout the year.

These observations on the relative costs of APAYG are based on various assumptions about tariffs and the quantity and pattern of the customer's use.

Customers' expenditure depends on:

- the tariff mix, ie whether they use Light and Power only, Light and Power and Hot Water, HydroHeat, or Off Peak;
- whether they use comparatively more electricity in winter than in summer, which probably depends on how much electric heating is used; and
- how much electricity is used in the lower price period, such as after 8 pm in winter or on weekends, rather than in the higher priced morning and evening working day periods.

As a general observation, APAYG may be less attractive for customers – in particular Off Peak customers, who appear to be paying consistently more on APAYG over the course of the year. APAYG appears to be on par with the standard tariffs for high consumption winter usage, and slightly more attractive for HydroHeat customers due to the lower winter rates. However, every customer will have a different pattern of use and this will affect the comparative cost.

This Report shows a shift from comparisons observed in 2008-09 when APAYG rates were consistently more attractive for winter usage than the standard tariffs across all customer groups, the report finding that medium to high consumption standard customers may pay less on APAYG over the course of the year.

APAYG customers can to revert to a standard tariff at no cost if they inform Aurora Energy within 28 days of the new rates taking effect.

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Copies of the Price Comparison Report
are available at:
www.economicregulator.tas.gov.au