

Maximum electricity prices for land lease communities

31 July 2024

Under the *Residential (Land Lease) Communities Act 2013* (NSW) (the Land Lease Act), operators of land lease communities must not charge land lease residents a daily supply charge or usage charge per kWh for the use of electricity that is more than the daily supply charge or usage charge per kWh that would be payable under the comparable market offer for that distribution district.

The comparable market offer, for a community, is the median market offer for residential customers determined by IPART for the distribution district of the community's network service provider.

IPART is required to determine the median market offer for each distribution district in NSW at least once every 12 months.

This requirement follows the passing of the *Residential (Land Lease) Communities Amendment Act 2024* (NSW) and will apply from the commencement date of that Act.

1 Determination of median retail market offers

The Independent Pricing and Regulatory Tribunal (IPART) has determined the median retail market offer (median market offer) for each electricity distribution district^a in NSW (Table 1).^b Operators of land lease communities can charge less than these prices, but they cannot charge more.

Table 1 Determined median market offer for residential customers in each distribution district in NSW (incl. GST, nominal)

Distribution district (Network)	Supply charge (cents/day)	Usage charge (cents/kWh)
Ausgrid	94.91	34.72
Endeavour Energy	87.92	36.52
Essential Energy	143.00	41.65

Note: If a determined median market offer includes a guaranteed discount, we have included the discount in the daily supply charge and/or usage charge per kWh.

Source: IPART analysis of Energy Made Easy data.

^a Distribution district has the same meaning as in the *Electricity Supply Act 1995*.

^b IPART makes this determination under section 77(5) of the *Residential (Land Lease) Communities Act 2013*, as amended by the *Residential (Land Lease) Communities Amendment Act 2024*.

2 Commencement

This determination commences on the later of:

- 25 September 2024, and
- the date the *Residential (Land Lease) Communities Amendment Act 2024* commences.

3 Why prices are different in each network

In NSW, retail electricity prices vary by network because of differences in distribution infrastructure (poles and wires) costs and population density.

In metropolitan areas like those serviced by Ausgrid and Endeavour Energy, higher population density means network costs are lower per customer.

On the other hand, network costs in regional areas like those serviced by Essential Energy are around 60%¹ higher than metropolitan areas, because the distribution infrastructure covers a larger geographic area with a sparser population. As a result, retail electricity prices in regional areas can be materially² higher than prices in metropolitan areas.

4 How we set prices

Figure 1 outlines our approach for calculating the median market offer based on data from [Energy Made Easy](#), the Australian Government's price comparator website. A detailed methodology document is available on the IPART website.

Figure 1 Our methodology for calculating the median market offer

<p>Download data</p> <p>Extract data on all available retail electricity offers in NSW from Energy Made Easy</p>	<p>Clean and exclude offers^a</p> <p>Clean the data and exclude offers based on eligibility requirements and offer types, to ensure we only include offers that are available to most customers.</p>	<p>Calculate bills</p> <p>For each offer, calculate the expected annual bill at a consumption level of 2,400 kWh per year.^b</p> <p style="text-align: center;">Annual Bill = ((Daily Supply Charge * 365) + (Usage Charge * kWh) + Membership Fee) * 1.1 (GST)</p> <p>Note: after any guaranteed discounts.</p>	<p>Extract the median offer</p> <p>We extract the median offer based on the offer with the median annual bill.</p>
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a. Cleaning the data also means we remove rows with missing information and put all price information in a consistent format.

b. This is the average consumption per year for customers living in caravan parks, based on a sample of actual bills from 2021 to 2023.

¹ Australian Energy Regulator, *Final Determination, Default Market Offer Prices 2024-25*, p 17.

² IPART, *Energy Market Monitoring Report 2021-22*, p 69; IPART, *Energy Market Monitoring Report 2023-24*, p 10.