

About energy bills

What are you paying for?

There are many costs involved in providing electricity and gas to your home or business. The costs include:

- retail costs
- wholesale costs
- network costs
- green costs.

You will not see these words on your electricity or gas bill, but they all make up the total cost of your energy.

Retail costs

Retail costs are for retail services. For example:

- managing customer accounts
- sending out bills
- helping customers on the phone.

About 10 per cent of your electricity bill is for retail costs and about 20 per cent of your gas bill is for retail costs.

Wholesale costs

Wholesale costs are to pay the wholesaler. Wholesalers generate electricity and extract and produce gas.

About one third of your electricity bill is to pay the wholesale costs. About one third of your gas bill is to pay the wholesale costs.

Network costs

Network costs are to pay the electricity and gas distributors. Distributors:

- build, maintain and operate electricity wires
- build, maintain and operate gas pipes
- transport and distribute electricity and gas to your home or business.

Electricity power stations and gas plants are often located a long way from houses and businesses and this means there is a large cost for getting electricity and gas to where it is used. About half of the cost of both your electricity and gas is for network costs.

Green costs

Green costs are for government programs to save energy and support the development of renewable energy. For example, wind farms and roof top solar panels are green costs.

Green costs make up about 5 per cent of your electricity bill.

What are the charges I see on my bill?

Your bill shows two types of charges:

- daily supply charge
- usage charges.

Daily supply charge

This is the money you pay each day to get electricity and gas at your house or business. The daily supply charge is a fixed charge. This means it is the same on each bill. It is not based on how much energy you use.

Usage charges

Usage charges are the money you pay for the electricity or gas you use.

- The unit charge for electricity is cents per kilowatt hour or c/kWh.
- The unit charge for gas is cents per megajoule or c/MJ.

The consumption charge is a variable charge. This means it is different on each bill because it depends on how much energy you use.

Why are my electricity and gas bills getting more expensive?

Check your bill:

- Sometimes the retailer changes the price of electricity or gas. Compare the price to your last bill. Check the price per unit of electricity (per kWh) or per unit of gas (per MJ).
- Does your electricity plan have a seasonal tariff? This means you pay a different price at different times of the year. For example, you might have winter prices and summer prices.
- Did you owe money on your last bill? That would make this bill more expensive.
- Was your last bill based on an estimate? This might happen if the distributor could not read your meter. That might make this bill bigger than the last bill.
- Are you using energy differently? Have you changed the way you heat your house in winter or cool your house in summer?
- Maybe you are using more energy. This would make your bill bigger.

If you are still unsure why your bill is more expensive, talk to your retailer. Your retailer should be able to help you understand.

Changes to energy prices in Australia

In Australia the biggest reason energy prices have increased are networks charges. Network charges cover the cost of replacing and upgrading electricity poles, wires, gas pipelines, and other equipment. Other reasons for rising energy prices vary across Australia but include the introduction of green schemes. Wholesale energy costs are also a lot higher in some regions.

How are energy prices regulated?

In some states and territories in Australia, the government regulates retail energy prices. That means that the government sets the price and retailers must charge this price on their standard contracts.

The government regulates electricity in:

- Queensland
- Tasmania
- the Australian Capital Territory.

The government regulates gas in New South Wales only.

The government does not regulate electricity or gas in:

- Victoria
- South Australia.

When prices are not regulated, retailers can set their own prices.

Retailers can offer you:

- a standard contract or
- a market retail contract.

Standard contracts

- These have set terms and conditions that can't be changed by the retailer.
- You may have this type of contract if you have not changed retailers or contacted a retailer about a contract in a long time.
- The price you pay for your electricity and gas may be set by your state or territory government.

Market contracts

- These have some set terms and conditions and some varied terms and conditions.
- They may cost less than standard contracts, and may offer renewable energy or discounts.
- They are sometimes for a fixed length of time, where exit fees may be charged if you leave early.
- Retailers offer very different market contracts so look for one that will work for you.

Who is the Australian Energy Regulator and what do they do?

The Australian Energy Regulator (AER) does not set the retail price for energy. The AER:

- regulates network costs and sets the price that distributors can charge for transporting electricity to homes and businesses
- approves the price that distributors can charge for access to gas pipelines.

More information

Australian Energy Regulator

AER Infoline 1300 585 165

Energy Made Easy www.energymadeeasy.gov.au

AER website www.aer.gov.au

Indigenous Infoline

Call 1300 303 143

For information in languages other than English

Call 13 14 50

Ask for 1300 585 165

National Relay Service—Speak and Listen

Call 1300 555 727

Ask for 1300 585 165

National Relay Service—TTY users

Call 13 3677

Ask for 1300 585 165

National Relay Service—Internet Relay

Go to www.relayservice.com.au

Ask for 1300 585 165