



Electricity: Your power to choose

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ELECTRICITY COMPETITION IN WA The State Government is working to establish a competitive electricity industry in Western Australia that will improve reliability of supply and put downward pressure on prices. Providing more customers with the ability to select a retailer of their choice is one of the key initiatives being introduced by Government.

From 1 January 2005, if you consume more than 50 megawatt hours (MWh) per annum, or 137 units per day on average, you will be eligible to choose to purchase electricity from a number of licensed electricity retailers. As a guide, consumption of 50MWh per annum equates to an annual electricity bill of approximately \$8,000 (depending on your tariff).

As well as placing downward pressure on prices, competition between retailers is expected to provide you with the opportunity to choose the price and service package that best suits your needs. Choosing an electricity retailer is like any business decision and you should seek to negotiate the most appropriate option for your business.

This brochure has been developed to help you understand the changes in the retail electricity market and to provide answers to frequently asked questions.

OPTIONS

What are my options?

You should check the terms and conditions of your current supply arrangement in the first instance. A number of options may be available to you from 1 January 2005. These include:

- staying with your existing retailer under your current supply arrangement;
- entering into alternative supply arrangements with your existing retailer (for example, if you are currently supplied under a standard tariff, you may choose to move to a contract); or
- seeking to enter into a supply arrangement with an alternative licensed retailer.

What if I am currently on a contract that does not expire by 1 January 2005?

You should check the terms and conditions of your contract in the first instance. If your contract permits, you may be able to terminate the contract and renegotiate another one with your existing retailer or another licensed retailer.

Do I have to change my electricity retailer?

No. If you wish to stay with your current retailer, you do not have to take any action. *It's your choice.* There will be no change to your electricity supply arrangements if you choose to do nothing.

If you are considering changing retailers, it may help in evaluating any offers you receive to understand your electricity usage and consumption pattern. You should also carefully read the terms and conditions of any contract offered to you.

How do I change retailers?

If you decide to enter into a contract or supply arrangement with an alternative retailer, you will need to provide your new retailer with verifiable consent to proceed with the transfer of your service from your existing retailer.

Your new retailer will then make all the necessary arrangements.

Note that a 10-day cooling off period will exist for non-standard contracts and a standard contract that was entered into as a result of door-to-door trading (refer section on Contracts for information on contract types).

How do I know if a retailer is licensed?

All retailers will be required to hold a licence issued by the Economic Regulation Authority (ERA).

Retailers currently participating in the retail electricity market will be "deemed" to hold a licence for 18 months from 1 January 2005 and will be required to apply to the ERA for a licence by 1 January 2006.

Retailers holding a "deemed" licence will still be required to comply with a number of measures designed to protect small use customers in the competitive market (refer section on Customer Protection).

Do I have to make a decision by 1 January 2005?

No. Subject to any existing contractual limitations, you will be free to choose to change retailer for electricity supply to commence at any time after 1 January 2005.

Can consumption at different sites be aggregated in order to be eligible to choose an alternative retailer?

No. Transportation of at least 50MWh per annum must occur to a single distribution exit point. A distribution exit point is the point at which electricity supplied to your premises leaves the distribution system.

CONTRACTS

What contracts will be available for the supply of electricity?

Typically, there will be two types of contracts available to customers – a standard form contract and a non-standard contract (negotiated contract).

What is a standard form contract?

A standard form contract is the basic type of contract offered by retailers. It is likely that standard form contracts will differ between retailers, however, they will be required to comply with a minimum set of standards.

These standards will be prescribed in legislation and cover matters such as price, billing, dispute resolution, contract termination, disconnection and reconnection.

Western Power's standard form contract

From 1 January 2005, all tariff customers of Western Power's retail business, who are not the subject of an existing contract, will be automatically transferred to a standard form contract. You do not have to do anything and there will be no change to your electricity supply arrangements.

The maximum price payable by retail customers of Western Power under its standard form contract must not be more than the standard tariff prescribed in legislation.

Western Power's standard form contract will apply to all tariff customers irrespective of consumption.

Other retailers' standard form contracts

Standard form contracts offered by other licensed retailers will only apply to customers consuming less than 160MWh per annum (or 438 units per day on average).

Retailers are required to submit a standard form contract to the ERA for approval when applying for a licence. As outlined previously, existing retailers are deemed to hold a licence for 18 months from 1 January 2005 and are required to apply to the ERA for a licence by 1 January 2006.

Until the ERA approves a retailer's standard form contract, existing retailers may offer supply under a non-standard contract (see below).

What is a non-standard contract?

A non-standard contract is a contract that varies from the regulated terms and conditions of a standard form contract. For customers consuming less than 160MWh per annum, a non-standard contract must comply with minimum standards that will be prescribed by Government.

These standards will cover matters such as price, billing, contract termination, dispute resolution, disconnection and reconnection.

BILLING

What will be printed on my bill?

In most cases, the tariff on your current electricity bill incorporates a number of costs bundled into a single tariff. These costs include network charges (for the cost of transporting electricity to you) and an energy charge (for the electricity you use). The energy charge typically includes the cost of generation and retailing.

As of 1 March 2005, retailers will be required to separately identify network access charges on bills to all customers consuming more than 50MWh per annum.

All retailers, including Western Power's retail business, pay the same access charges to Western Power's network business for use of the transmission and distribution system.

Network access charges are currently reviewed by the Office of Energy on an annual basis, however, these will be independently regulated by the ERA in future.



SUPPLY

Will changing retailers affect the quality and reliability of electricity supply?

No. Changing retailers will not affect the quality or reliability of electricity supply.

Changing retailers does not change the company that is responsible for the transmission and distribution of electricity to your premises. In most cases this is Western Power's network business, which is also responsible for repairing network faults.

METERING

Is it necessary to install a new meter?

An interval meter is required in order to receive electricity supply from retailers other than Western Power's retail business. An interval meter is also required for Western Power customers seeking to move to a time of use tariff.

Where the installation of an interval meter is required, this cost will be met by the Government for customers consuming between 50MWh and 160MWh per annum.

What is an interval meter?

An interval meter is an electricity meter that records electricity consumption in half-hourly time periods. By recording consumption patterns, these meters allow retailers to offer more flexible and sophisticated tariffs that reflect the different electricity generation costs throughout the day.

CUSTOMER PROTECTION

Why has the Government developed a customer protection framework?

Experience in other deregulated markets, such as telecommunications, has shown that smaller retail customers, who generally have limited or no market power, require protection to safeguard their interests.

Therefore, consistent with the approach taken in other Australian States, the Government has developed a framework to protect customers consuming less than 160MWh per annum (or 438 units per day on average). This represents customers with an annual electricity bill of less than approximately \$28,000.

How will the behaviour of retailers be controlled?

All retailers will be required to hold a licence issued by the ERA. As part of their licence conditions, retailers will be required to:

- comply with the provisions of the *Code of Conduct for the Supply of Electricity to Small Use Customers* (ie. those consuming less than 160MWh per annum);
- participate in an Ombudsman scheme; and
- have standard form contracts approved by the ERA.

What does the Code of Conduct cover?

The *Code of Conduct for the Supply of Electricity to Small Use Customers* regulates the behaviour of licensed retailers, distributors and marketing agents. It sets out minimum standards for matters such as billing, payment, disconnection, reconnection and complaints.

The Code has been developed by Government in consultation with a Committee comprising representatives from Western Power, Alinta, Perth Energy, the Western Australian Council of Social Services, Government departments and small business.

The Code will take effect from 1 January 2005.

How will electricity prices be controlled?

The Government's commitment to maintaining the uniform tariff will ensure price protection for all customers, irrespective of their level of consumption.

All Western Power's standard retail tariffs will continue to be approved and prescribed in legislation by Government.

How will complaints with a retailer be resolved?

All retailers will be required to have approved complaints handling and dispute resolution procedures in place as a condition of their licence.

If you have a complaint with a retailer, you should attempt to resolve it directly with the retailer in the first instance. However, if the dispute cannot be resolved, small customers (ie. consuming less than 160MWh per annum) will have access to an independent Electricity Ombudsman from the second half of 2005.

There will be no charge to customers for using the Ombudsman service.

What happens if my electricity retailer withdraws from the market?

If a retailer withdraws from the market and has not made arrangements for its customers to be transferred to another retailer, the Government's supplier of last resort scheme will ensure that electricity supply is not interrupted for any customer, irrespective of their level of consumption.

The supplier of last resort scheme will not guarantee supply for customers that have been disconnected in accordance with the provisions of the Code of Conduct, for reasons such as non-payment.

Western Power's retail business will be the supplier of last resort in all areas of the State in which it currently supplies.

It is expected that the tariff to apply in the event the supplier of last resort scheme takes effect will be the relevant Western Power standard retail tariff.





Further information



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Note that new retailers may enter the market after 1 January 2005. For an up to date list of licensed retailers, please refer to the Office of Energy's website (www.energy.wa.gov.au) or the Economic Regulation Authority's website (www.era.wa.gov.au).