



Electricity Reform Fact Sheet

Electricity Reform: Helping Business Grow

Small and medium sized businesses pay amongst the highest prices for electricity in Australia.

Electricity reform aims to deliver cheaper prices by introducing competition into the State's monopolistic electricity industry.

This can only be done by creating four new businesses – State Generation, State Networks, State Retail and an independent Regional Power entity.

With greater competition in the generation and retail sectors, prices will be able to be driven down.

Price protection will continue with the uniform tariff remaining in place for Western Power customers. This means the maximum price paid by small business consumers is the same as the maximum price payable by metropolitan consumers and is determined by Government.

The economic benefits of reform of this key industry are considerable. In addition to economic growth and more jobs, private consumption expenditure is expected to jump by \$128 million per annum by 2010 – helping businesses grow.

THE PRICE ISN'T RIGHT

In comparison to other States:

- Western Power's published prices for medium sized businesses (for example, a large shopping centre with an annual electricity bill of around \$200,000) are around 22 per cent higher than the Australian capital city average;
- Western Power's published prices for small businesses on a demand tariff (for example, a small shopping centre with an annual electricity bill of around \$100,000) are around 18 per cent higher than the Australian capital city average; and
- Western Power's published prices for small businesses on a general supply tariff (for example, a light industrial business in Osborne Park with an annual electricity bill of around \$13,000) are around 17 per cent higher than the Australian capital city average.

CONTESTABILITY

At the moment, only larger customers with power consumption above 300 MW hours per annum are able to choose their supplier – and in reality, with Western Power's dominant position, there are very few choices available.

By the start of 2005, small businesses – such as small corner shops – will be able to choose where they buy their electricity. In July 2003, the Government gazetted an Access Order to provide the legal right for this to occur to customers with consumption above 50 MW hours per annum. There are around 12,500 small businesses in this category.

Contestable customers will be able to seek alternative and more attractive terms and conditions from retailers competing to supply them.

However, these businesses retain the option of remaining on the uniform tariff rates that all retailers will be obliged to offer as part of their licence conditions.

PROTECTING SMALL BUSINESS

While electricity reform will deliver significant benefits for business, the State Government has placed a high priority on protecting smaller consumers.

An essential element of the reform proposal is the retention of the uniform tariff, which means the maximum price paid by small business customers is the maximum price paid by metropolitan household consumers.

Other residential and small business customer protection measures include:

- Establishment of an Energy Ombudsman
- Creation of a Customer Service Code
- Establishment of an electricity licensing regime which will impose conditions such as obligation to connect and supply.

The end result will be competitively priced electricity with safe and reliable supply.

FINDING OUT MORE ABOUT ELECTRICITY REFORM

Further information on electricity reform is available on the website <http://www.eri.energy.wa.gov.au>

Enquiries can be made to the Electricity Reform Implementation Unit on (08) 9420 5750 or by email to eri@energy.wa.gov.au





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