



Electricity Reform Fact Sheet

Electricity Reform: Consumer

COMPETITION, CHOICE AND CHEAPER POWER

The State Government is overhauling the State's monopolistic electricity industry to create a truly competitive market. The aim is to encourage investment, economic growth, lower prices and job creation.

The plan involves breaking up Western Power into four separate State-owned businesses in the areas of Generation, Networks, Retail and Regional Power. Western Power is NOT being privatised.

There will be a new wholesale market for the buying and selling of electricity, new opportunities for "green power" producers and strong consumer protection measures.

The average householder in the South West Interconnected System (SWIS) – the "grid" covering Perth and most of the south-west corner – will notice little difference. Their electricity bill will arrive from Western Power. Regional householders outside the SWIS will receive a bill from the new Regional Power entity.

A well-funded, independent State Networks business will be responsible for repairing power lines and reading meters.

The prospect for the longer term is for more competition, greater choice and cheaper power.

This fact sheet provides information on how electricity reform affects the average householder.

IS THIS SELLING OFF OUR ASSETS?

Western Power is NOT being privatised. The breaking up of Western Power into separate business units is known as disaggregation. This does not mean privatisation. The four new businesses – Generation, Networks, Retail and Regional Power – will remain owned by the State Government so we can continue to ensure the safety, security and reliability of electricity supply.

THE UNIFORM TARIFF – KEEPING A CAP ON ELECTRICITY PRICES

The State Government has committed to retaining the uniform tariff for all residential consumers, no matter where they live in Western Australia.

The uniform tariff guarantees that the maximum prices paid by regional, residential and small business consumers is the same as the maximum price payable by metropolitan consumers.

The uniform tariff provides protection for customers where the cost of supply is high, such as in some regional areas, but means there is the opportunity for reductions in prices to most customers.

ENERGY CONCESSIONS REMAIN

There will be no change to Government concession schemes. All existing schemes available through Western Power to pensioners, veterans, senior citizens (including air-conditioning subsidies in the North-West) and people with Centrelink Health Care Cards, will be available to eligible customers from any retailer.

THE POWER OF CHOICE

At the moment, the general public has no option but to buy its electricity from Western Power.

The State Government is moving cautiously on the introduction of full retail contestability (FRC) – the system where, regardless of your electricity usage, you can choose your retailer. FRC will be introduced only after careful consideration by Government and the other major electricity reforms are in place.

If FRC is implemented, residential consumers will be able to choose their electricity retailer. This means they will have the same ability to obtain lower prices as all other customers, but with the continuing protection of the uniform tariff.

The State Government is moving slowly on FRC because we want to make sure the new electricity system is working well first. However, customers with annual usage above 50MW hours per annum – for example, a small corner shop – will be able to shop around for their electricity supply from 1 January 2005.





THE CONSUMER WATCHDOG

In addition to the uniform tariff, a number of other consumer protection measures will be introduced, including:

- An Energy Ombudsman to handle complaints;
- A Customer Service Code to specify levels of service;
- An electricity licensing regime; and
- Retention of existing Government energy concessions.

WILL THE LIGHTS STAY ON?

A major aim of reform is to improve the reliability, security, quality and safety of supply.

The disadvantage with our current system is that Western Power – as a monopoly – is effectively the entire Western Australian electricity industry. If there is a problem at Western Power, there is a problem for electricity consumers.

The State Government wants to reduce the risk of something going wrong by encouraging private sector investment in generation. This means we would have a number of companies feeding electricity into the system and a number of retailers to choose from.

The electricity reform model also provides incentives for investment in network capacity – the so-called “wires and poles” business. This will ensure a modern and reliable supply of electricity.

Other measures to protect supply include:

- The State Government is currently commissioning new power plants to come on stream to meet future demand
- Obligations to ensure there is reserve capacity available
- Fall back arrangements to enable procurement of peaking plant if capacity is forecast to fall below demand requirements.

HAVING YOUR SAY

The State Government wants consumers to have a strong say in electricity reform. To make sure this happens, it has established an Electricity Reform Consumer Forum to exchange views on customer issues.

The Consumer Forum comprises representatives from:

- Western Australian Council of Social Services
- Department of Consumer and Employment Protection
- Electricity Reform Implementation Unit
- Financial Counsellors Association
- Financial Counsellors Resource Project (Australian Consumers Association)
- Remote Control Technology (small business representative)
- Unions WA.

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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