

Electricity Tariffs – Some Useful Information & Comments

There are a number of electricity retailers in Western Australia. If you are in Perth, or in the SouthWest regional areas, then you are within the South West Interconnected System (grey area on the map to the right shows the SWIS coverage). Western Power supplies electricity via the SWIS network, while Horizon Power supplies electricity to the rest of the state.

Synergy, the retailer for Western Power, offers a number of tariffs for businesses, depending on your organizational type and size. For small- to medium-sized businesses, the most common tariffs are:

L1 and L3 Tariffs

These are fixed rate tariffs, that is, you pay the same price per unit of electricity regardless of when the electricity is consumed. The size of your annual electricity bill determines whether you are on the L1 or L3 tariff.



R1 and R3 Tariffs

These are time-of-use tariffs which has a two-tiered price structure. Peak electricity rates apply between 8am and 10pm on weekdays. Off-peak rates (about a third of the on-peak rates) apply at all other times.

L2 and L4 Tariffs (Horizon Power customers only)

Outside of the SWIS network, **Horizon Power** offers two different fixed rate (**L2 & L4**) tariffs¹, depending on the size of your electricity bill. There is no time-of-use tariff.

¹ For a comprehensive list of Horizon Power electricity tariffs and eligibility criteria, see http://www.horizonpower.com.au/business/your_account/prices_fees/index.html

Tariff Selection Tips

Being on the most appropriate tariff could save your business a lot of money. So if you have a choice of tariffs, it is worth spending some time analyzing your electricity needs and selecting the best tariff for your circumstance.

Fixed rate tariffs charge a flat rate for every unit of electricity used, regardless of the time of use. They tend to suit businesses that operate mainly during normal business hours, and those with very small overnight and weekend loads.

Time-of-use tariffs are best suited to businesses that use a sizeable portion of their electricity in the off-peak periods (after 10pm weekdays and at weekends). These tend to be businesses with high refrigeration needs (e.g. food premises) or run heavy duty appliances or equipment after hours.

For businesses with average daily consumption of between 80 and 137 units (i.e. less than 50 megawatt hours per year), and use more than 20% of their electricity during the off-peak periods, Synergy's R1 Tariff is advantageous over the L1 Tariff.

For businesses with average daily consumption of more than 137 units per day (i.e. more than 50 megawatt hours per year), and use more than 30% of their electricity during off-peak periods, Synergy's R3 Tariff is advantageous over the L3 Tariff.

Other Electricity Suppliers

Businesses can source electricity from other suppliers, provided they consume at least 50 megawatt hours of electricity per year. Alternative suppliers², including Alinta³ and Perth Energy⁴, offer short- to medium-term (1-3 year) contracts at negotiated rates, rather than published tariffs. Switching to an alternative retailer is easy, and usually incurs a small meter installation fee. There is no interruption to your electricity supply during the switch over.

As the business owner, you will negotiate an individual contract with the retailer. The electricity rates can be fixed (a flat rate per unit of electricity used), or time-of-use (with on-peak/off-peak rates). At the end of the contract, you have the option of reverting to Synergy tariffs or negotiating a new contract.

² Refer to the Office of Energy website http://www.energy.wa.gov.au/2/3217/64/electricity_and.pm for a full list of alternative electricity retailers.

³ A quotation can be obtained by registering online at <http://www.alinta.net.au/business/electricity-products/quote.php> on Alinta's website.

⁴ Perth Energy can be contacted via their website: <http://www.perthenergy.com.au/>.