



Potential business savings from electricity reforms

Distribution Network Pricing Arrangements – Final Determination

Small businesses will have the opportunity to reduce their electricity network charges by up to 34 per cent and save a potential \$2,000 under changes to the National Electricity Rules from 1 December 2014.

Reforms to how regulated network companies charge for their services mean that companies which can shift at least some of their electricity use from peak to non-peak periods will be able to directly benefit in terms of lower prices.

The changes were announced today by the Australian Energy Market Commission (AEMC) as part of its Power of Choice reform program to help business and residential consumers improve the way they use energy and access new technology.

AEMC Chairman John Pierce said under the new distribution network pricing rules, electricity network prices would reflect the costs of providing the electricity at different times.

“These changes put small businesses at the centre of decision-making about energy,” Mr Pierce said.

“If network charges are higher or lower at different times of the day business consumers will be able to see the value of their choices such as decisions to set delay energy intensive activities; or to choose appliances with higher energy ratings,” he said.

“Based on recent Victorian trials, a small business could save up to \$2,118 or 34% of its total annual electricity network charges by using substantially less electricity at peak times for just 20 hours per year when networks are congested.

“The trials also found that substantial savings were recorded by a significant number of small businesses which reduced their peak usage by just over 50 per cent.

“This rule change will not actually set new network prices – that is a role for the networks themselves and the AER. But it will create a new framework that reveals the true cost of people’s energy choices,” Mr Pierce said.

“Once the new rule commences on 1 December 2014 network businesses need to start consulting on their new tariffs and submit draft proposals to the AER in late 2015 for new prices that would be phased in from 2017.”

Mr Pierce said networks are required to consider the impacts of price changes on consumers and could gradually transition consumers to new prices over five years or more if necessary.

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