

The power to choose



Choosing an electricity retailer

Under full retail competition, which commenced on 1 July 2014, all customers on mainland Tasmania are eligible to negotiate a retail contract with an authorised electricity retailer operating in Tasmania.

Negotiating an electricity retail contract can provide customers with different options to consider. Retailers may offer electricity contracts at various prices; fixed, variable or “flow-through” rates. Retailers may also offer contracts for different lengths of time and offer additional services such as natural gas contracts, customised billing and energy management advice.

A list of authorised retailers that have advised that they are operating on mainland Tasmania is available from the *Power to Choose* website: www.power.tas.gov.au. Additionally, a full list of authorised retailers is available from www.aer.gov.au.

Note that, in negotiating your contract, some retailers may require you to produce half-hourly consumption data over several months. You will need to have the right meter installed to do this. If required, your electricity retailer can organise for an interval meter to be installed and maintained on your behalf.

If you are a small customer (that is, you use less than 150 MWh of electricity per year) and you are not entering into a standard retail contract or market retail contract with an authorised retailer or a market retail contract with Aurora Energy, then Aurora Energy is required to offer you a standard retail contract at standing offer prices which are approved by the Tasmanian Economic Regulator.

A retailer’s standard retail contract for small customers must be in the form specified in the National Energy Retail Rules (NERR), whereas a market retail contract may be more flexible, yet still subject to certain minimum terms and conditions specified under the NERR.

The following information may be useful if you wish to seek a quote from a retailer.

How much electricity do you use?

- Look at your previous bills to determine your electricity usage for the past 12 months.
- Identify if plans to expand or install new equipment will increase (or decrease) electricity usage.

When do you use your electricity?

- Note if your premises uses electricity five or seven days per week.
- Identify the time of day you use the most electricity (e.g. day, night or afternoon).
- Is it possible for some of the load to be shifted to a different time?
- Is the demand for electricity constant throughout the year or do you consume more at certain times of the year?

What sort of reliability of supply do you need?

- If you are a business customer, could your business operate with an interruptible contract? That is, could you enter a contract which allows the retailer to turn off your supply at times of peak demand or other defined times? Your business should pay less for supply if it agrees to such a contract.
- What reliability and quality requirements do you have?

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What sort of price/risk trade off are you willing to accept?

- Are you looking for a firm price?
- Are you prepared to take some market risk – that is, do you want exposure to the NEM spot price for any of your consumption?

Questions you need to ask a potential retailer

To ensure you are fully informed and can compare different offers from the retailers you decide to approach, make sure you ask the retailer to provide a full quote of all the costs. Questions to ask a potential retailer include:

- What will the bill look like?
- What will the energy charge be?
- What will the network charges be?
- What other costs can be passed onto you?
- What is the future cost escalation?
- What lengths of contract are available?
- What sorts of payment terms are available?
- Can the terms and prices of the retail contract be renegotiated at any time?
- What costs and penalties are attached to early termination of the contract?

By having all this information before contacting a retailer, you will be able to negotiate the best deal for your business.

Seek advice where needed

Experience in other states has also shown that it can be worthwhile to employ the services of an experienced energy consultant to secure the best deal.

You should also consider seeking legal advice on the terms and conditions of your contract during negotiations. Quotes are offered for a limited amount of time – usually only a few days – so it is very important you effectively plan your purchase.

For more information go to www.power.tas.gov.au.

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