



## Dairy Tas Electricity Contracting in Tasmania

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## General Information Only

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## What do we do?

- Help clients save money:
- **Negotiate competitive Electricity & Natural Gas prices**
- Analyse Retail and Network tariffs for the cheapest option
- Find errors in energy bills and negotiate resolution
- **Provide Tasmanian energy market awareness training**
- Provide specialist advice in energy disputes
- Provide Industry Advocacy in our area of expertise
- Based in Hobart family owned company
- Over 26 years energy industry experience
- Enjoy helping people

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## Tasmanian Tranches

Tranche (App. Sites)	Annual Consumption	Approximate Annual Spend	Date Contestable	End date of Grace Period
T1 (19)	>20GWh (Consume >60% total)	>\$2,000,000	1/7/2006	30/6/2007
T2 (46)	>4GWh	>\$400,000	1/7/2007	30/6/2008
T3 (330)	>750MWh	>\$80,000	1/7/2008	<u>30/6/2009</u>
T4 (1,650)	>150MWh	>\$25,000	1/7/2009 (First ~1,500)	<u>30/6/2010</u> (First ~1,500)
T5a (~3,600)	>50MWh	>\$10,000	1/1/2011	Standing Offer Available
T5 (~258,000)	<150MWh Remainder	<\$25,000 & Residential	Public Benefits Test	

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## Aggregating Sites ...

- Definitions for Aggregation decisions
  - “Site”: Single location, single owner, can be sep. by road/title
  - If you have two different installations on one “site” you may apply to the Regulator to have loads combined to meet threshold (or to roll in the other site)
  - Each site would still require NEM Metering & assoc costs.
  - Before you do this make sure you can “Beat the Tariff”.
- No Aggregation of loads at different “sites”
- Once sites are contestable you can contract together to increase buying power.
- Once contestable - No going back to monopoly tariffs
- More information & Fact Sheets [www.power.tas.gov.au](http://www.power.tas.gov.au)

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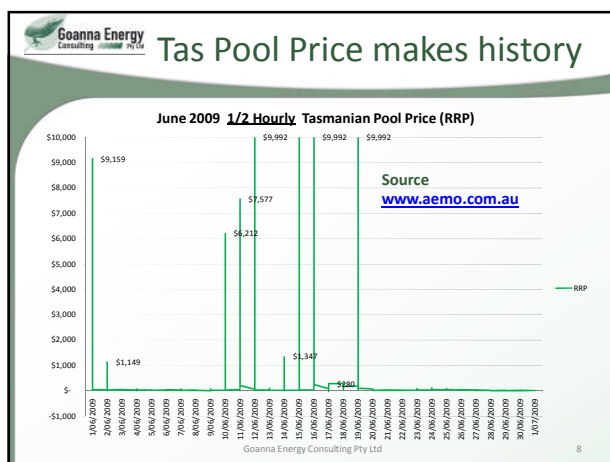
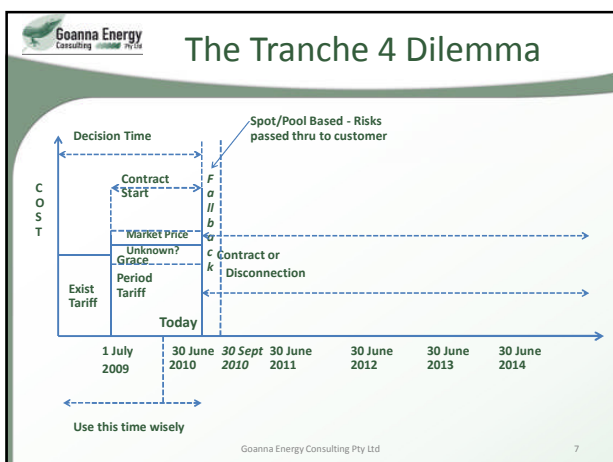
## Tas Electricity Retailers currently active in Tranche 4

### Aurora Energy & ERM Power

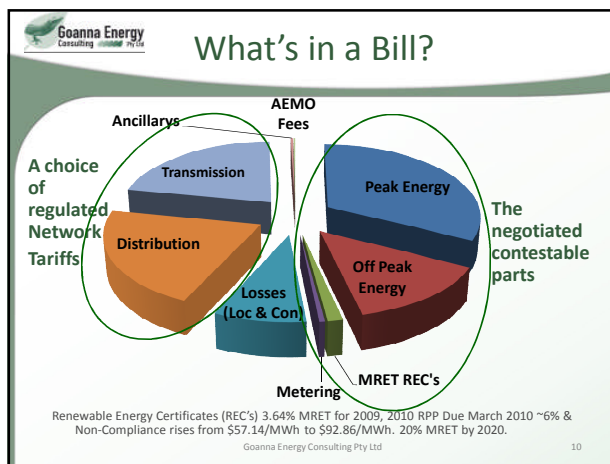
Source [www.power.tas.gov.au](http://www.power.tas.gov.au)

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- ### Deemed Fallback Contract
- Designed to protect the Retailer
  - **Not the Customer**
    - Full Pool Pass Through (-\$1,000 TO + \$12,500/MWh) 1/7/2010
    - Security Deposit
    - Can bill shorter than 30 Day cycle (Eg. Weekly billing)
    - Full Cost pass thru (Network, AEMO, Metering, etc.)
    - A Reasonable margin – 12%
    - Disconnection after 3 months, if no alternate contract.
    - Fact Sheet 8 [www.power.tas.gov.au](http://www.power.tas.gov.au)
  - **Do not** mistake this for a “Safety Net” for customers.
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- ### Negotiating a Deal
- Different to a tariff which is set by Government
  - You negotiate a deal with a retailer
    - So theoretically you get a choice of who you buy energy from
  - The pool market is risky, can't compare to a contract
  - Customers on the mainland have been doing this for years (since 1995). What they do
    - Fixed term-fixed (undelivered) energy price – typically 2-3 years
    - Timing is critical as market prices moves around
  - Being informed is critical & Not just when renegotiating!
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- ### Validity Period
- Validity Period
    - A new phrase to add to your electricity vocabulary
    - Often less than one week
  - What is the impact on your decision making process?
    - Need to read and take legal advice on those contracts first
    - Line up decision makers before calling for a firm price quote
    - How does “market” price compare to your Grace Period Tariff?
    - When all this is complete...
  - Call for firm pricing
    - Your Choice: accept one of the offers,
    - Or, Let it lapse and call for pricing again later
  - Beware contract prices change weekly, both up & down!
  - What is your bargaining power? What is your strategy?
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## Your New Metering

**The Old**



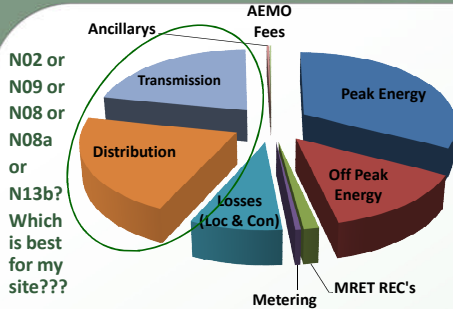
**& The New 1/2 Hourly**



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## Check that Network Tariff



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## Tariff $\neq$ Contract

- A market based contract is not the same as a Tariff **(You can't just compare prices)**
  - Peak Energy & Off Peak Energy rates
  - Renewable Energy Certificates (REC's)
  - Metering cost differences
- Network haulage charges
  - (Choice of Network tariff is independent of your Energy Contract)
- Losses & Market Fees are separated
- Plus GST

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## The Contract

- **Price is important of course but what about:**
- Changes in site operation & Volumetric Limits?
- Peak & Off Peak Definitions, are they the same?
- Meter Data access? Free or Fee?
- Payment terms? EFT & Direct Debit?
- Credit & Security Deposits – Bank Guarantees?
- Billing Errors are there Time limits for recovery?
- Pass Thru of Carbon Pollution Reduction Scheme?
- Early Termination Fees?
- Site Closure or Change of Ownership?
- Can the “agreed” rates change?
- Consider taking professional legal advice, it's now a commercial agreement, not a monopoly tariff.

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## Next Steps – Your Choice

- “Doing Nothing” is a “High Risk” Option- No Safety Net
- Go it Alone
  - No extra cost & No extra help!
- Use a Consultant/Broker
  - Extra cost
  - Expert assistance, negotiation & evaluation
- Use a Consultant/Broker & band together in a “buying group”
  - Extra Cost (potential for reduced consulting rates)
  - Expert assistance, negotiation & evaluation
  - May result in Improved Buying Power
  - Potential for delays and price may not hold if some withdraw

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## Thank You

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