A guide for large commercial, industrial and agricultural operators using between 100MWh and 4GWh of electricity a year.

WHAT ARE NETWORK TARIFFS?

Network tariffs are how Ergon Energy Network charges customers for their use of the distribution and transmission network (the network). These charges include Distribution Use of System Charges, Transmission Use of System charges (passed through from Powerlink Queensland) and Jurisdictional Scheme charges.

These charges form part of your retail ‘bill’. Electricity retailers also charge for the energy used, any government schemes and their electricity retailing services.

If you’re with Ergon Energy Retail, your network tariff charges are part of your regulated retail tariff (set by the Queensland Competition Authority or the QCA). There is more information on these tariffs online at [ergon.com.au](http://ergon.com.au)

If you’re with a different electricity retailer, this guide is for you. Your network charges are typically shown as a separate line on your bill.

WHAT OPTIONS ARE AVAILABLE?

The network tariff options for users of 100MWh to 4GWh of electricity a year are all demand-based network tariffs. Charges are based on both maximum power demand placed on the network and the total amount of energy used. Businesses can choose from either one of the any time demand network tariffs or the new Seasonal Time-of-Use Demand network tariff.

ANY TIME DEMAND TARIFFS

The any time demand tariffs have a:

- demand charge based on the maximum demand (kilowatt or kW) placed on the network ‘any time’ during the billing period
- charge for the total amount of electricity used (kilowatt hour or kWh)
- fixed daily service charge.

For the demand charge, the meter records the average demand over each 30-minute period. The charge is then applied to the demand above a set threshold, which varies depending on which any time demand tariff is chosen. In other words, businesses that remain below their threshold level do not incur a demand charge for the billing period. It is only when their demand exceeds the threshold that charges apply – the demand in excess of the threshold is multiplied by the applicable demand charge.

These tariffs have either a 30kW, 120kW or 400kW threshold. The structure of the tariff has a high proportion of fixed charges. These three standard tariffs are shown on the table on last page. The majority of customers are on one of these tariffs.
By looking at what drives our costs and better aligning our pricing signals, we have been able to offer a new type of demand tariff. It provides real savings when the network is not being used to its full capacity.

This Seasonal Time-of-Use Demand network tariff was introduced in 2015 as an alternative to the any time network tariffs. While having the same tariff components as the any time tariffs – a kW demand charge, a kWh energy charge, and a fixed daily service charge – the demand and energy charges in the new tariff vary based on the time-of-day, day of the week and the month of the year (categorised as ‘peak’ or ‘off-peak’).

The peak demand charge only applies in the summer months. It only relates to demand recorded between 10am and 8pm on summer weekdays (December, January and February). This summer weekday peak demand charging window only accounts for 7% of the whole year. So managing a site’s load during these hours, across the three summer months, is something a business could consider to make savings using this tariff. An off peak demand charge, which is much lower, applies to the demand recorded ‘any time’ in the other nine non-summer months.

A threshold applies to both the peak and off peak demand charges. During the summer months, the charge is only applied against the demand recorded above a 20kW threshold in the chargeable demand window. For the non-summer months, the off peak demand charge is applied to demand recorded above a threshold of 40kW (any time of the day). Again, where the recorded demand for the month is less than the threshold, no charge is incurred.

The energy charge for the summer months in the new tariff is much lower than in the any time demand tariffs. During these months, only the applicable Transmission Use of System charges and Jurisdictional Scheme charges are passed on (no distribution-related energy charges apply). While the energy rate is higher in the non-summer months, this is balanced by a lower demand charge.

The structure of this tariff could provide savings to business simply because of the current usage profile of their operations. It could also incentivise a business to look at ways to manage or reduce their summer demand profile, as every kW of demand that comes off a site’s maximum single half-hour demand in the peak demand window delivers real savings. Providing greater choice and control over costs, this rewards customers who can work with the tariff to reduce their summer peak demand on the network.
The best way to find out if the new Seasonal Time-of-Use Demand network tariff is right for your business is to undertake a formal tariff review. Your electricity retailer, or an independent energy adviser, can let you know the best way to go about this.

To compare the new tariff with the any time demand tariffs, you will need an analysis of your usage profile for the past 12 months. You’ll also need an assessment of opportunities to adjust your energy usage patterns to take advantage of the way the Seasonal Time-of-Use Demand tariff is structured. A good understanding of all aspects of your future energy and demand requirements is important, as once you switch you must remain on the tariff for a minimum of 12 months.

To switch to the Seasonal Time-of-Use Demand tariff talk to your electricity retailer. This new network tariff requires an advanced, remote-read, type-four interval meter. For Ergon Energy Retail customers on the regulated retail tariffs 44, 45, 46 or 47, ask about Tariff 50. For customers in the competitive market or interested in moving to it, simply ask your chosen retailer if they are offering the tariff and if you could benefit.

If you want to know more about our network tariffs generally, including case studies of businesses who have moved onto the Seasonal Time-of-Use Demand network tariff, visit ergon.com.au/demandtariffs or call 1300 550 766.

For more specific information on the network tariffs, including the rates for the different zones and regions, and eligibility criteria, visit ergon.com.au/network/network-management/network-pricing/network-tariffs