SUPERMARKET SAVINGS OF 10% FOR IGA OWNER FROM SWITCHING TARIFFS.*

Piccones SUPA IGA is located in Edmonton, on the outskirts of Cairns. It is an independent supermarket that services the local community from very early in the morning to late in the evening, seven days a week.

The store uses a significant amount of electricity. This is due to display case refrigeration, cold rooms, air conditioning, security lighting, ovens, heat extraction and hot water.

After talking to an energy consultant, the store made the decision to switch to the new Seasonal Time-of-Use Demand network tariff in 2015. They are now saving around 10% on the supermarket’s network charges.*

By looking at what drives our network costs and better aligning our pricing signals, Ergon Energy Network has been able to offer Piccones SUPA IGA the new network tariff. It is now providing them savings of around $22,000 over 12 months. These savings are a result of the store using less electricity, proportionally, during the summer weekday ‘peak demand’ times.

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 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). If you’re with a different electricity retailer, your network charges are typically shown as a separate line on your bill.

NEW TIME-OF-USE TARIFFS

Ergon Energy Network has introduced a new range of network tariff options for different customer groups. This case study showcases the new Seasonal Time-of-Use Demand tariff - now available for customers using more than 100MWh of electricity a year, up to 4GWh. For more information refer to Your Network Tariff Options.

HOW shopping around for a new tariff has reduced this supermarket’s electricity costs:

Extended hours of operation (5am to midnight, 7 days a week) are a good match for the new Seasonal Time-of-Use Demand tariff.

A cooling load that remains high into the cheaper ‘off peak’ months balances out the higher summer costs.

Setting refrigeration defrost cycles and hot water heating to times outside of ‘peak demand’.

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Unlike the any time demand tariffs, the charges under the new Seasonal Time-of-Use Demand tariff vary depending on the time-of-day, day of the week and the month of the year. The peak demand rates only apply between 10am and 8pm during summer weekdays (December, January and February). Cheaper off peak rates then apply to the daily demand across the remaining nine months.

This means that businesses, like this Piccones SUPA IGA, who have an energy usage profile suited to the new Seasonal Time-of-Use Demand tariff, are likely to be better off making the switch.

For Piccones SUPA IGA, their savings are despite the fact that their energy use increases in the warmer summer months (Graph 1). This is because their cooling load also remains high into the off peak months – balancing out their higher summer costs.

Graph 2 shows their daily usage profile. Their trading hours have also helped achieve savings – their electricity usage jumps when the store opens at 5am (off peak) and then remains relatively consistent throughout the day and into the evening (peak demand).

Adding to this relatively smooth profile, they have also improved the timing of their refrigeration defrost cycles and hot water heating. Previously causing spikes in demand throughout the day, some of this load has been shifted completely to outside the daily summer peak charging window.

The charging window between 10am and 8pm only accounts for 7% of the whole year. So managing a site’s load during these hours of the three summer months could be practical to deliver savings for businesses like yours.

“We were able to smooth the demand out across the day so that there wasn’t as many peaks and that of course has given us substantial savings… with the customer not being affected one iota.”

PETER PICCONES, CO-OWNER, PICCONES SUPA IGA
The best thing for Piccones SUPA IGA is that the tariff and energy management changes have been applied with no impact on their operations, amenities or customers.

Looking at the different components of the network charges and the monthly totals, Graphs 3 and 4 compare the two tariff options.

Graph 3 shows what the supermarket would have been charged had they remained on the any time demand tariff they were on. Graph 4 shows what they have been charged on the new Seasonal Time-of-Use Demand network tariff. The grey portion of the bars highlight fixed costs.

Graph 4 also clearly shows that the energy charge rate drops dramatically in the summer months. During these months, there are no distribution-related energy charges, only the applicable Transmission Use of System and Jurisdictional Scheme charges are passed on through the energy charge.

The line in Graph 4 provides a direct comparison of the any time demand tariff to the new Seasonal Time-of-Use Demand tariff. It shows that while the supermarket saves significantly overall, they do pay more in the summer months (even with the benefit of much lower summer energy rates).

**STRUCTURED TO SAVE**

The structure of the new tariff provides an incentive for businesses to look at ways to manage or reduce their summer demand profile. That’s because every kW of demand that comes off a site’s maximum peak demand 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.

Before switching, you’ll need to consider any potential budget implications and the optimal time for you to make the change.
YOUR TURN TO SWITCH & SAVE

The best way to find out if the new Seasonal Time-of-Use Demand 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 in general, visit ergon.com.au/demandtariffs or call Ergon on 1300 550 766.

* Savings based on comparing the Seasonal Time-of-Use Demand network tariff to the any time demand network tariff the customer changed from. Network charges include the Distribution Use of System charges, Transmission Use of System charges and Jurisdictional Scheme charges only, other charges are applied to a retail bill. This customer is with a market retailer, so the savings are passed on as part of their retail bill.

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