A CASE STUDY: NEW DEMAND TARIFF

HOW A PEANUT GROWER IS SAVING 27% BY SWITCHING TARIFFS.*

Crumpton and Sons and Kingaroy Blanching are family-owned peanut growing and processing businesses based in Kingaroy – the heart of Australia’s peanut growing region. For three generations, the Crumptons have been growing their own peanuts and operating a commercial peanut processing plant. They sell wholesale and retail peanut products to local, national and international markets.

Their operations use electricity for the various processes. These include anything from processing the raw peanuts to blanching and roasting. They also operate a major cold storage warehouse 24 hours a day, to keep product fresh.

After talking with an energy consultant, the Crumptons switched to the new Seasonal Time-of-Use Demand network tariff in 2015. They are now saving around 27% on their network charges.*

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 Crumpton and Sons are paying peanuts using the network wisely:

Their processing period is outside the network’s busy summer period – a perfect match for the new tariff.

A range of energy management measures are controlling unnecessary spikes in demand.

Their solar energy system is offsetting some of their daytime energy use.
It has only been by looking at what drives our costs, and better aligning our pricing signals, that we have been able to offer the Cromptons the new tariff. Graph 1 shows how, due to the seasonal nature of their peanut growing and processing activities, most of their energy usage occurs in the non-summer months. This usage is outside the peak demand times on the network. This is what has helped the Cromptons achieve the 12-month saving of $48,000 across their two businesses. Unlike the any time demand tariff, charges under the new tariff vary depending on time-of-day, day of the week and the month of the year. ‘Peak’ demand rates only apply between 10am and 8:00pm during a summer weekday (December, January and February) – that is only 7% of the whole year. Cheaper ‘off peak’ rates then apply to the daily demand across the remaining nine months. Previously the Cromptons were on the Demand Small tariff. This meant they incurred a higher demand charge rate in the nine months of the year when they were processing their peanuts. Under the new tariff, they are now rewarded with a lower rate for their demand on the network in the non-summer months, and continue to avoid demand costs in summer. The new tariff incorporates low charging thresholds for the demand charge. In summer, the monthly demand charge is applied to the kW amount that is over the 20kW charging threshold. For non-summer months, the demand charge is applied to the kW amount that is over the 40kW monthly maximum demand threshold. Graph 2 shows the charges for the different components of the new Seasonal Time-of-Use Demand tariff and monthly totals. The line in the graphs allows a direct comparison to what the Cromptons would have been charged on the any time demand tariff they were on. In addition to the savings from just switching to the new Seasonal Time-of-Use Demand tariff, the Cromptons also looked at energy efficiency measures to further manage their energy use during the summer weekday, chargeable demand window. They’ve also installed a large solar energy system that reduces some of their daytime energy use from the network.

“**It’s a big saving for not a lot of effort. It’s probably the best saving I’ve had out of all the stuff that I have done.**”

SONIE CRUMPTON, GENERAL MANAGER, CRUMPTON AND SONS AND KINGAROY BLANCHING
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.