

18 July 2014

AGL data highlights the need for smarter electricity tariffs

AGL has released further evidence highlighting the opportunity to introduce a fairer system of pricing, which helps to lower the long-term cost of electricity supply.

Chief Executive Officer of the Energy Networks Association, John Bradley welcomed the new paper by Paul Simshauser and David Downer *"On the inequity of flat-rate electricity tariffs"*.

"AGL's research demonstrates that customers that are in financial hardship are the worst off under the current flat rate tariff.

"While smarter tariffs will increase costs for some customers, 64% of are better off, with the benefits most felt by "Households in Hardship", followed by "Working Couples" and then "Concession & Pensioners".

"Most electricity customers pay network charges based on the volume of energy they use regardless of what time of day it's used or how much it costs to supply," Mr Bradley said.

"This creates unfair cross-subsidies. For instance, it's estimated a customer using an air-conditioner without load control at peak times receives a hidden subsidy of \$350 per year from other customers who don't."

Mr Bradley said significant cost-shifting had also occurred with the rapid take-up of solar panels, which are now used by almost 1.2 million network customers.

"Recent Victorian indicative analysis suggests that solar customers can receive network subsidies from other customers of \$60 to \$180 per year, while in Queensland approximately \$100 million has been added to the electricity bills of households without solar PV."

"These cross subsidies are hidden in the current system", Mr Bradley said.

Mr Bradley said the key barriers to smarter tariffs were not the current electricity rules but a broader range of issues which must be tackled by networks, retailers, governments and energy institutions.

"ENA's [Road Map for Tariff Reform](#) identifies five key elements for the implementation of tariff reform, which includes a national agreement to introduce flexible pricing and smart meters for key consumers and a review of customer hardship programs to support vulnerable consumers.

"Smart tariffs provide an opportunity to ensure fairer cost recovery and reward consumers who conserve energy at times of peak demand, reducing network cost pressure and delivering immediate and long-term savings to consumers", Mr Bradley said.

ENDS.

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ENA is the peak national body for Australia's energy networks; and represents gas distribution and electricity network businesses on economic, technical, environment and safety regulation as well as national energy policy issues.