

ELECTRICITY PRICING ENQUIRY SUBMISSION

Submitted by Rob Polman, [REDACTED]

Thank you for the opportunity to make a submission to this enquiry. I wish to raise some issues as to the fairness of the current pricing policy based on personal experience.

From what I can see of changes made to the way electricity is priced, charges are being moved from fee for use towards a fee for the ability to access electricity.

I feel certain this transition is being made due to the increasing prevalence of roof top solar panels, followed by a determination by electricity companies to make sure a consumer does not easily get away with being able to produce enough solar power to result in a zero, or negative, electricity bill.

However, that is not the thrust of my submission.

Whatever the determination of the electricity companies to counter those with solar panels, it is my experience that the result of this transition to charging for a service rather than usage is seriously affecting those users who don't have solar panels, but who do not use a lot of electricity.

In this modern world, we are very conscious about conservation and not wasting energy. There are many homes where there may be only one or two residents; and there are a significant number of these customers, possibly the ones at the older end of the spectrum, who are careful with the amount of electricity they use for environmental reasons as much as cost reasons.

By transitioning charges for electricity based on usage to charges based on a service charge, smaller households are finding that their bills are still high even though they are frugal. The current pricing structure seriously disadvantages smaller, frugal households because even if they use no electricity, they are paying \$1.22 per day for the privilege of being connected. Often, these customers are on tight budgets, probably as they are pensioners or low income earners, and, being charged significantly more now even when not using electricity, they find the electricity bill is seriously eating into their budget.

To be able to properly ensure power is not wasted, the pricing structure must be more usage based so that those who save, also save the cost of electricity. This is currently not the case; but it should be.

Allow me to present my own experiences by way of three examples.

Example 1:

I own an investment property. It has been vacant for 6 months for repairs. During that time, the electricity has been on to provide power for power tools. Power use was very low. Before June 2015, the power bills seemed acceptable.

However, after the latest price changes where the government boasted that the price per kWhr had dropped slightly, I discovered that the price of the daily service charge had increased by about 40%. Not much was said of that increase.

For the quarter ended 3 November 2015, my house, which does not have solar panels, used \$41.34 worth of electricity. The total bill was a hugely higher \$156.57. Why? Because the

daily service charge has been set at \$1.28 per day for the 90 days. So the service charge to use \$41.34 of electricity amounted to a surcharge of 279%.

Example 2:

My mother lives in a small block of five units built in the 1960's. Each unit has 2 small bedrooms, one toilet/bathroom, small kitchenette, one living room. The residents tend to be single people or couples. Usage overall is low. However, the building also has a common property electricity supply to run a few lights for safety at night.

For the quarter ended 17 November 2015, the common property electricity used by the building amounted to a total of \$5.23 worth of electricity. The total bill was a whopping \$124.64. I say whopping because this amounts to a service charge **of 2,283%** over the cost of electricity used.

Example 3:

As mentioned above, the block of five small 2 bedroom units tends to have a low energy usage. It has one electricity supply into the building into normal household size switchboards which distributes the electricity to each unit. It also has the supply to the common property lights.

What this means under the current pricing scheme, is that this 5-unit building is considered to have six supply connections, and so collectively, the building is charged 6 times the daily service charge of \$1.28 which amounts to a total of \$7.68 per day or a massive \$691.00 per quarter. I find this a highly disproportionate amount for a building of this size.

This service fee, in my opinion, does not bear any relationship to how this building is connected to the grid. Further, and in particular for the service to the common lighting, the daily service charge represents a significant percentage of the actual electricity used, and I believe this is an unfair and unjust situation that must be remedied. The lower income people who try to save power to save costs are being hurt hard simply because the electricity companies are trying to claw money out of those customers who have invested in solar panels.

I would like to remind the commission about how ACCC and government have reacted to Cabcharge wanting to charge a 10% fee to a customer who uses a credit card to pay for a taxi fare. The fee was considered outrageous and was reduced by legislation.

In so many cases, the government and/or ACCC have cracked down on businesses that charge too high a service charge to use a service. Why then is the electricity industry given a free ride to charge, as demonstrated above, exorbitant service fees ranging up to over 2,000% in many cases, in order for a customer to be able to use some electricity? I find this very hard to justify.

In my opinion, a lot more weight should be placed on price per kWhr, with a reasonable service charge well below 100% be added to pay for billing, meter reading and so on. If that means the kWhr rate has to be a lot higher, then that is what should happen. Then the energy wasters will have a reason to cut back and conserve, and the frugal customers will actually receive a lower bill that rewards them for being frugal.

I hope my comments will be seriously considered.

Yours faithfully, *Rob Polman*