

## HOUSEHOLD ENERGY BILLS: BREAKDOWN

Household energy bills are made up of several different components. Each bill will vary depending on the retailer and the energy plan chosen. What makes up a bill reflects how electricity is supplied: Generators, distributors and retailers are all involved in delivering power.

Costs vary from state-to-state depending on things like the types of generation sources, market size, network size and state-based green schemes.

<b>Wholesale and retail</b>	<p><b>Wholesale energy:</b> your energy retailer buys gas and electricity from the wholesale market. They then sell this energy to you and supply it directly to your home. The cost of buying and selling energy from the wholesale market is one of the largest costs in your bill. Wholesale energy prices change frequently and retailers manage the risk of extreme price fluctuations in the wholesale market to ensure you pay the same rate for each bill.</p> <p><b>Operating costs:</b> the costs associated with operating a retail business, like customer service, billing and sales.</p>
<b>Transmission</b>	The cost of building, maintaining and operating high voltage electricity transmission networks. Energy bought from the wholesale market is put directly into the transmission system. This energy then moves into the distribution system, and then to your home. This cost is passed to retailers and then included in customer bills.
<b>Distribution</b>	The cost of building, maintaining and operating the gas pipes and electricity networks that deliver electricity to the home. This cost is passed to your energy retailer and included in your bill.
<b>Green Schemes</b>	This may include the costs associated with carbon reduction schemes, renewable energy and feed-in tariffs for homes with solar panels, as well as government energy efficiency schemes.

### Tariffs

A tariff is how a customer is charged for energy consumed, and commonly has two parts:

**1. The daily supply charge** is a fixed rate service charge to cover the cost of maintaining your energy supply, even if the household does not use any energy – similar to a phone line rental charge. It may be displayed on a bill as a cents per day cost or a total amount for the billing period.

**2. Consumption or usage charge** is the cost for energy a household uses during the billing period. It may be displayed on a bill as cents per kilowatt hour (c/kWh) for electricity or cents per megajoule (c/MJ) for gas.

#### *Different types of tariffs*

There are generally two types of tariffs: 1. A **single rate** tariff that remains at the same rate whenever a household consumes power; and, 2. Tariffs that may **vary at certain times**, or seasons.

Additionally, there are also controlled load tariffs for specific appliances.

Each retailer will bundle their tariff into an energy offer, which may include discounts and other features.

**Gas Tariffs** often include 'blocks'. Under this type of tariff, the price you are charged will depend on the amount of gas you consume, i.e. a retailer may charge one price for the first 10mj a household consumes per day, and a different rate for the remaining consumption. Gas tariffs may also include seasonal pricing, with the rate usually increasing in winter when demand is higher.

## Comparing offers

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Customers may be able to save on their energy bill by shopping around and finding an offer that suits their household's needs and preferences.

A customer can easily compare their bill to other offers using the Government Comparison Site in their area:

- [Energy Made Easy](#) a free online and independent comparison site operated by the Australian Energy Regulator. The site allows customers to compare retailers and plans in their area.
- [Victorian Energy Compare](#) is an independent Victorian Government price comparator.

A customer can contact their retailer any time about different plans or if there are cheaper tariffs available to them.

If a customer wants to switch retailers or plans, they can do so by contacting the retailer who made the better offer and they will do the rest. It is important for a customer to first:

- **Read the Energy Price Fact Sheet:** the retailer will provide a summary of the offer, including prices, terms and conditions. The fact sheet must be provided for all generally available offers in Victoria, Queensland, New South Wales, South Australia, Tasmania and the ACT.
- **Remember about the cooling off period:** you will have ten business days to cancel the new offer if you change your mind.
- **Determine payment options:** ask about flexible payment options, such as monthly billing.

## Payment difficulty

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If you find you are unable to pay your energy bill on time, you should contact your retailer as soon as possible. Retailers offer specialised services for customers experiencing payment difficulties. This might include a payment plan, an extension, or other assistance that allows the customer to pay a bill over time, without risking disconnection. Retailers also have hardship programs to support vulnerable customers or people in need. Hardship payment plans may offer additional flexibility and certain customers may be eligible for a government concession. Retailers can also provide referrals to welfare agencies and financial counsellors.

**More Information:** [Understanding Household Energy Bills](#)