



Understand electricity costs

Factsheet 1

There are different steps involved in getting electricity to your home. This factsheet explains the breakdown of costs and what you pay for.

Some of these costs are out of your control, but you can reduce some of your costs by changing how you buy or how you use electricity – see **Factsheet 2: Understand your electricity bill and manage your usage.**

If you choose to change how you buy electricity, or are having difficulties paying your bills, it is good to understand what consumer

protections you have – see **Factsheet 3: Your rights as an energy consumer.**

As every energy user knows, electricity prices have changed significantly over recent years – for a more detailed explanation see **Factsheet 4: Understanding electricity price changes and what can be done.**

How does electricity get to my home?



 **PRODUCE:** Generators produce your electricity, such as, from a coal fired power station, wind turbine or gas power station.

 **DELIVER:** Networks deliver electricity to you through power poles and wires.

 **SELL:** Retailers, also known as electricity companies, provide a retail service to you such as arranging for your electricity connection, managing your account, producing your bill and providing customer service.

 **OTHER COSTS** that may impact on your electricity bill, include environmental schemes such as the Renewable Energy Target and state or territory feed-in-tariffs. These costs are included as part of your generation, network or/and retail costs.

 **SOLAR:** Many households and businesses have installed solar panels which generate part of their energy needs. However, most households still need to get a fair portion of their power from the grid.

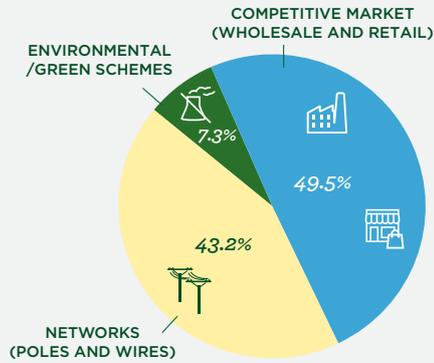
 **BATTERY:** Some households are installing batteries to store electricity. This can help to reduce usage at expensive peak times by storing electricity from solar panels or the grid at cheaper off peak times and discharging for usage at expensive peak times.

What am I paying for?

Each step contributes to the final costs of your electricity. You buy electricity from your retailer. Your retailer goes into the market and arranges various packages of electricity services and products to sell. The retailer may have several options for you to choose from.

Your bill includes costs that are necessary in order to deliver electricity safely and reliably to your home. This means that there will always be electricity available from your power points, and that this will not be harmful for your equipment or dangerous for you to use.

Every electricity bill will be different depending on each household's characteristics. However, households will have approximately the following break down of costs:



This factsheet provides information as a general guide only. For specific advice on your current circumstances you should contact your retailer, your state based energy and water ombudsman, or your state government (all contact details can be found in Factsheet 3). The Department accepts no responsibility for the accuracy of the fact sheet, or any loss or damage suffered or incurred by users, that arises from, or relates to, the use of or reliance on information contained in the energy fact sheet.