



## Understand your electricity bill and manage your usage

### Factsheet 2

*Understanding your electricity bill will help you to manage your usage and how much you pay. You can reduce some of your costs by changing how you buy or how you use energy at home.*

#### 1. How does my electricity retailer calculate my bill?

Your electricity bill is usually made up of two key charges: a **'supply charge'** which is a fixed cost per day and a **'usage charge'** which is calculated based on the amount of electricity that you use and, sometimes, what time of day you use electricity. Your usage is measured by your meter over time and expressed as power units per hour on your bill.

#### 2. What steps can I take to reduce my electricity bill?

You can reduce your bill by reducing the amount of electricity you use (your usage charge) or by changing your electricity contract to pick one more suited to how and when you use electricity at home. However, reducing your usage will not change your supply charge.

[www.yourenergysavings.gov.au](http://www.yourenergysavings.gov.au) has a range of easy-to-read, practical information pages on how to cut power bills. It shows you how to get the new Energy Rating App to compare the running costs of your appliances, and has up-to-date summaries of all government energy efficiency and sustainability rebates and assistance.

For customers with smart or interval meters, you can also reduce the amount you pay by watching how much electricity you use during peak times. See question 7 of this factsheet for more details on time of use tariffs.

#### Did you know?

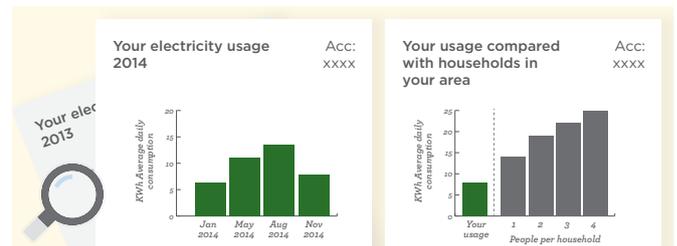
As an energy customer, you can ask your electricity retailer to set up regular payments towards your bill so it is easier to budget, especially if you are on a fixed income. Or, you can ask for a more frequent billing cycle.

If you are a Centrelink customer, you can use Centrepay. This is a free service for customers to pay bills as regular deductions from their payments.

#### 3. How do I know what my usage is compared to other households?

You can compare your usage with a similar household at this website: [www.energymadeeasy.gov.au/bill-benchmark](http://www.energymadeeasy.gov.au/bill-benchmark). A comparison of the usage of similar households should also be on your bill.

You might also consider comparing your usage with the *same period from a previous year*.

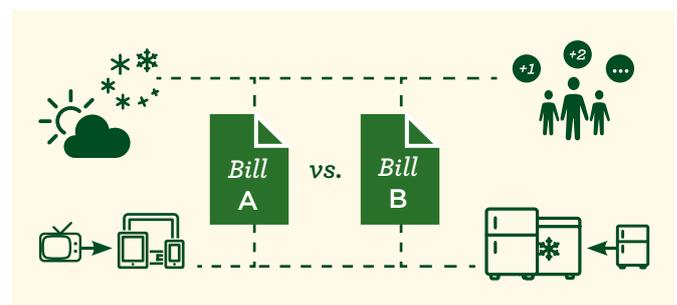


*A useful tip when looking at your bill is to compare it with the same bill from a previous year.*

When comparing your current bill with a previous bill, consider what has changed during this time:

- The weather may have been different
- The number of people living in your house may have changed
- Your habits may have changed or you may have bigger or more appliances.

All of these impact on your electricity use and bill.



*Things that can affect your bill: changes in weather, number of people, habits and appliances.*

#### 4. What are the basic features of an electricity bill?

Your electricity retailer prepares your bill in line with your contract, which by law must be at least once every 3 months. Your retailer can put a range of information in your bill, such as offers they have available, but there is some important information that all electricity bills must show, including:

- your name, account number and address
- the total amount payable or in credit by you
- your billing period and the pay-by date for the bill
- the amount of electricity you used over the period of the bill.

If you are unsure about your electricity charges or your bill you should **check your electricity retailer's website or call them.**

Further information on complaints or switching electricity companies can be found in Factsheet 3, at [www.aer.gov.au/Consumers](http://www.aer.gov.au/Consumers) or by calling 1300 585 165.

#### 5. Are there different types of contracts?

There are usually two types of electricity contracts available to you.<sup>1</sup> It is important that you know the difference. If you haven't chosen your electricity retailer, you're likely to be on a standard retail contract.

**Standard retail contracts (standing offers)** are basic, no frills electricity contracts with terms and conditions that are set by law. The price for these contracts can only change once every six months and there are no early termination charges if you choose to exit this contract.

These contracts are often more expensive than market retail contracts, as they do not include features like discounts or other incentives. It is in your interest to make sure you are on a contract that is best suited to your needs.

**Market retail contracts (market offers)** are electricity contracts that can have different terms and conditions to a standard retail contract. Retailers can tailor these contracts to have features such as discounts, fixed terms, fixed prices and different costs of electricity at different times of the day and other incentives. They can also alter the fees and charges including introducing exit fees. However, these contracts still contain basic terms and conditions to protect you.

It is important that you know what fees and charges apply to a contract before you agree to it. Like many other contracts (such as mobile phones) if you choose to end a market contract before the agreed period, your electricity retailer has the right to charge you an early termination fee.

**Choosing your contract:** There is a website that can help you to compare electricity and gas contracts in your area. It is gradually being rolled out across states and territories (currently available in NSW, ACT, SA, TAS and South-East QLD) to help you make informed choices on your energy supply. This service is available at: [www.energymadeeasy.gov.au](http://www.energymadeeasy.gov.au) or by calling 1300 585 165.

#### 6. Why shop around?

You can shop around for a contract that has prices and conditions that suit your needs.<sup>2</sup> Some people have saved by changing from a 'standing offer' to a 'market offer'. This saving depends on where you live and your electricity use. Consider carefully which is best for your household because if you choose the wrong market contract for your household you can end up paying more. If you have solar panels this may affect the range of offers available to you.



If you are shopping around for the first time it may be worth looking at information available from Energy Made Easy or resources from retailers, amongst other sources. Many community organisations offer financial counselling services that may be able to assist you to better understand the range of energy offers and what you should be looking for when comparing these offers.

#### 7. How do I know what price I am paying for electricity?

Another important part of your bill is the price that you are paying for your electricity usage. This is called the tariff or rate in your contract. The most common are:

- A **"Flat rate tariff"** is a simple way of charging you for electricity that means you will be charged the same rate for your electricity use all day.
- A **"Time-of-use tariff"** is a way of charging you a different price for electricity depending on the time of day it is used. This may mean you are charged a lower price when you use your electricity outside "peak hours". **For many people this will help you save on your electricity bill.**

If you are on a time-of-use tariff you can try to move your heavy usage to a cheaper time. To move your usage you might turn on your dishwasher and washing machine just before bed instead of after dinner. The prices for each time period will be listed in your contract, or you can check with your electricity retailer.

**Other tariffs.** There are other tariff structures which electricity companies can offer. Some states and territories also have specific tariffs for different customer groups. As the electricity market changes different tariffs may become available. It is worth considering which tariff best suits your particular needs.

It is important to consider which tariff is most suitable for the way that you use electricity.

#### 8. I am having trouble paying my bill. What can I do?

Payment options can be negotiated with your electricity retailer. For further information see **Factsheet 3**.

<sup>2</sup> In some regions there may only be one electricity retailer to choose from.

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.

<sup>1</sup> This will vary between each state and territory, as market offer contracts are generally not available to small customers in the Northern Territory and Western Australia.