


A photograph of three utility workers in safety gear (hard hats, safety glasses, and high-visibility orange and yellow shirts) standing in an industrial setting, likely a power plant or substation. They are looking at a tablet held by the worker in the center. The background shows large wooden spools and metal structures. The image has a dark blue overlay.

ACT Peak Demand Tariffs

evoenergy

Overview

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Power of Choice and the context for change

Power of Choice

Power of Choice is a government led and industry-wide move towards ensuring electricity prices better account for the costs of providing services to customers.

Changes in the ACT from 1 December 2017:

- Competition in metering: responsibility for providing electricity metering services shifted from electricity network providers to retailers, helping encourage more competition and innovation.
- Smart meters: all new and replacement meters will be smart meters.
- Peak demand tariff: introduced by Evoenergy to help customers benefit from their smart meter. It is a more effective way of measuring a customer's demand on the electricity network.

These changes provide customers with better information about their electricity usage, and an opportunity to reduce bills by changing how electrical appliances are used during peak times.

The changes follow the Australian Energy Market Commission's 2012 *Power of Choice Review*, which was initiated by the Council of Australian Governments.

The changes are being implemented across the industry by the Australian Energy Regulator (AER).




Peak demand tariff

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Residential & small business tariffs

Below is an overview of Evoenergy’s tariffs for residential and small business customers. The peak demand tariff has been gradually introduced as smart meters are installed in the ACT.

The peak demand tariff adds a new ‘**peak demand charge**’, which measures the demand a customer places on the network, and the **consumption charge is less** than the consumption charge in the Basic and TOU tariffs.

	Basic Tariff	Time of Use Tariff	Peak Demand Tariff
 Fixed Charge cents/day	✓	✓	✓
 Consumption Charge cents/kilowatt-hour (kWh)	✓ <i>based on anytime usage</i>	✓ <i>varies with time of day</i>	✓ <i>reduced rate, based on anytime usage</i>
 Peak Demand Charge cents / kilowatt (kW) / day	-	-	✓

The Peak Demand Charge is based on your maximum demand (measured in kilowatts) during the peak period in a calendar month. The peak period is 5-8pm daily for residential customers, and 7am-5pm on weekdays for small business customers (AEST).

Peak demand tariffs

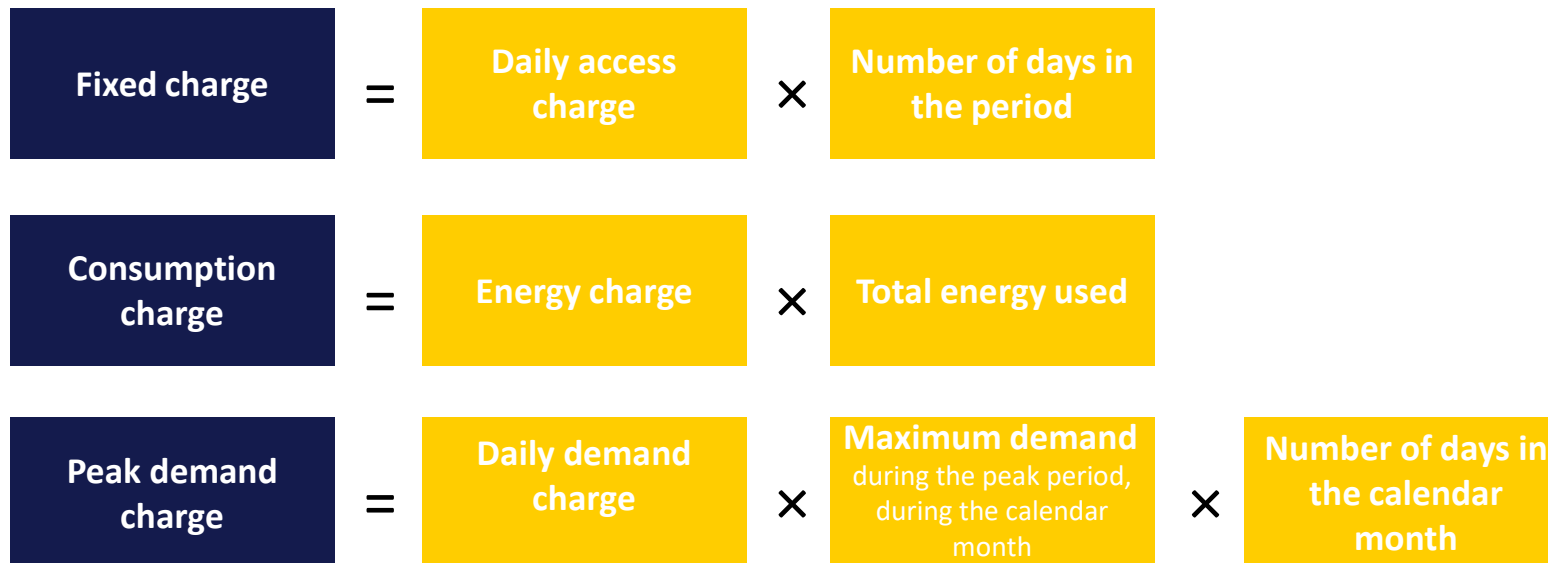
Evoenergy's **peak demand tariff is the default tariff** for residential and small business customers with a **smart meter**. Customers can opt-out to the time-of-use tariff, and can change between these tariffs once in a 12 month period.

From 1 July 2019, customers with a replacement smart meter wait 12 months before defaulting to the demand tariff.

- The ACT has moved to demand-based pricing for residential and small business customers, because it is a more effective way of measuring the demand placed on the electricity network.
- Unlike consumption-based tariffs that only measure the amount of energy you use, a peak demand tariff also measures your electricity demand. The more electrical appliances you switch on at the same time, the higher your demand will be.
- The peak demand tariff provides an opportunity to reduce your electricity bill by changing how you use electrical appliances during peak times.
- These changes in habits will help reduce the demand placed on the electricity network.
- In the longer-term, this will reduce spending needed to maintain the network, helping keep bills lower for customers in future.

Peak demand tariff calculation

Evoenergy's peak demand tariff has three parts: a **fixed charge**, a **consumption charge**, and a **peak demand charge**, which together make up your network electricity bill.



The peak demand charge is based on your maximum demand (measured in kilowatts) during the peak period in a calendar month. The **peak period** is **5-8pm daily for residential customers**, and **7am-5pm on weekdays for small business customers (AEST)**.

Demand is measured in **each 30-minute interval** during the peak period (e.g. for residential customers, 5-5.30pm, 5.30-6pm, and so on).

Peak demand charge

Example:

Suppose for the **month of January** your maximum demand in the peak period was **5kW**. This may have happened on a hot evening, when your air-conditioning and other high-power appliances were all running at the same time.

Your demand charge for January would be:

$$\text{Demand charge} = 5\text{kW} \times 15.3 \text{ cents}^{\wedge} \times 31 \text{ days in January} = \$23.70$$

^based on Evoenergy's residential peak demand charge for 2019-20

The **peak demand charge** is calculated for each calendar month, and gets added to your network bill along with the fixed charge and consumption charge.

The daily demand charge is applied to each day in the month because the network must have available capacity ready to meet your demand, even at times when you are not using any energy.

Electricity demand vs consumption

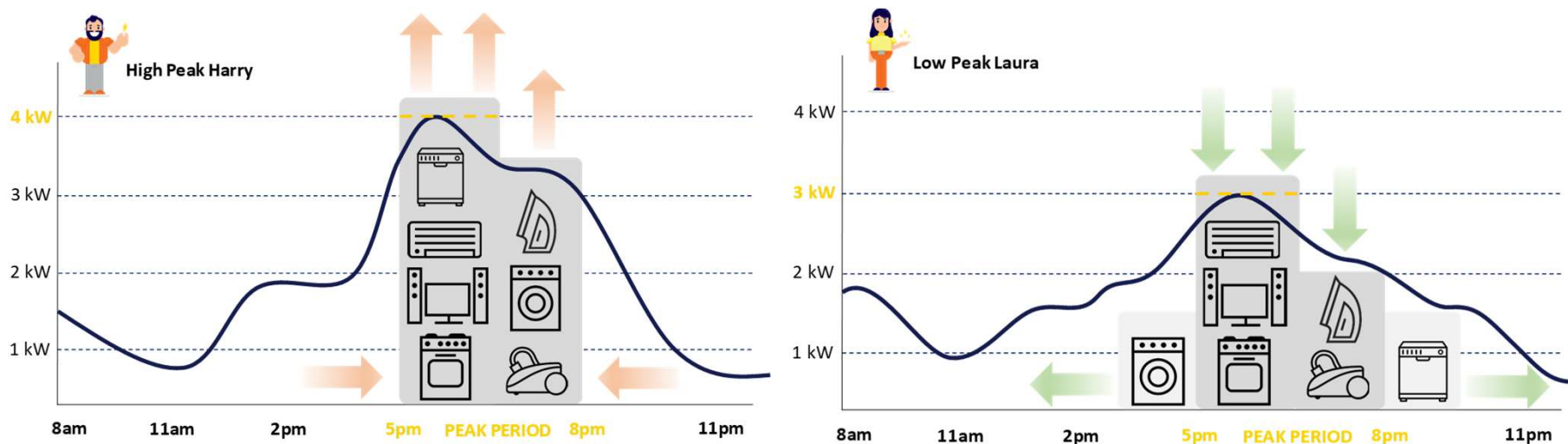
Unlike consumption based tariffs that only measure the amount of energy you consume (your electricity **consumption**), the peak demand tariff also measures your **electricity demand** during peak times.

Electricity consumption is the total amount of energy you use, measured in kilowatt hours (kWh).

Electricity demand is the rate at which you use energy, measured in kilowatts (kW). The more electrical appliances you have switched on at the same time, the higher your demand will be.

One way to think about electricity consumption and demand is to imagine taking a trip in a car. Electricity consumption is equivalent to the distance travelled by the car, while electricity demand is similar to the speed at which the car travels.

Example of high vs low peak demand



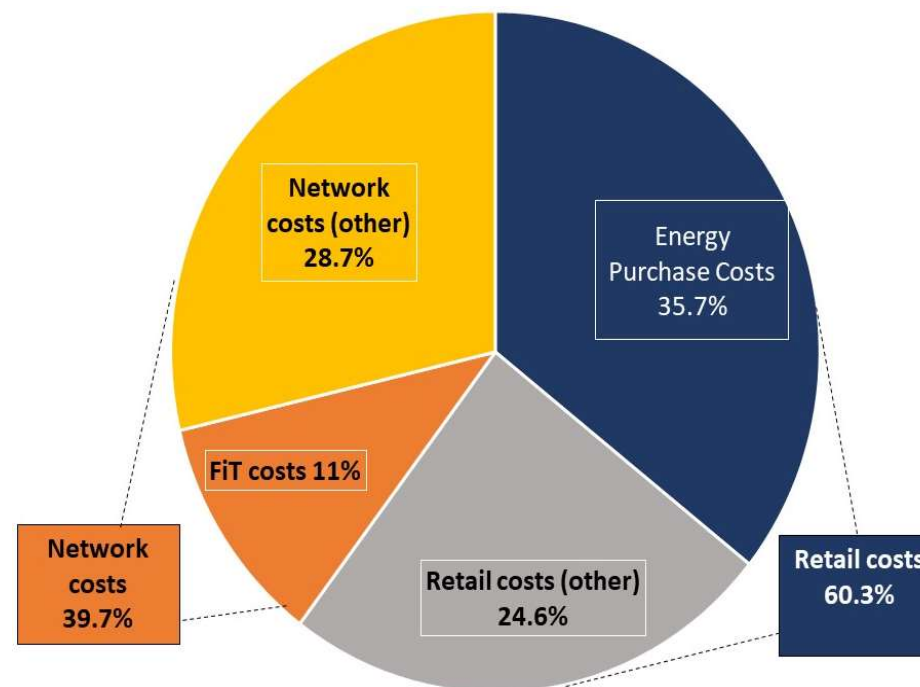
- Consider two hypothetical customers – **High peak ‘Harry’** and **Low peak ‘Laura’**.
- Harry and Laura use exactly the same appliances, and therefore have the same electricity consumption (in kWh).
- However, Harry uses most of his appliances all at the same time during the peak period. On the other hand, Laura spreads her appliance use more across the day and night. This means Laura’s peak demand (in kW) is lower.
- You can reduce your demand charge by *shifting electricity use outside of peak periods*, and/or *using fewer appliances at any one time during peak periods*

Bill examples



Breakdown of electricity bill

- Evoenergy operates the electricity network in the ACT (poles, wires and substations).
- Evoenergy passes on the costs of operating the network to all ACT electricity retailers.
- Network operating costs make up around 40% of the retail bill you receive.
- The ACT Independent Competition and Regulatory Commission (ICRC) regulates retail tariffs in the ACT for small customers using less than 100 MWh / year
- The AER regulates the network tariffs that Evoenergy can charge electricity retailers.






Source: ICRC (2019); FiT = feed-in-tariff

Example: a typical residential customer

A typical residential ACT customer will be better off on Evoenergy’s peak demand tariff, compared to Evoenergy’s time-of-use tariff.





Illustrative annual electricity network bills for typical residential customer with a smart meter

	Time of Use Tariff	Peak Demand Tariff
 Fixed Charge cents/day	\$150	\$150
 Consumption Charge cents/kilowatt-hour (kWh)	\$500	\$205
 Peak Demand Charge cents / kilowatt (kW) / day	-	\$240
Total network bill	\$650	\$595

Based on Evoenergy’s charges for 2019-20, assuming residential customer uses 6,300 kWh per year, and a maximum peak demand of 4.3 kW.

The above example is based on Evoenergy’s network electricity charges, which Evoenergy recovers from electricity retailers in the ACT. The actual bill paid will depend on the electricity retailer and plan.

Residential customer profiles

		Consumption		Peak demand	
		Low	High	Low	High
	'The working couple' <ul style="list-style-type: none"> • Small household • Away from home during the day • Most energy usage occurs between 5-8pm, after arriving from work 	✓			✓
	'The retiree' <ul style="list-style-type: none"> • Small household • Often home during the day • Energy use is more spread out across the day 	✓		✓	
	Family with kids - 2 parents working <ul style="list-style-type: none"> • Large household • Away from home during the day • Most energy usage occurs between 5-8pm, when everyone arrives home 		✓		✓
	Family with kids - 1 parent at home <ul style="list-style-type: none"> • Large household • One person often home during the day • Energy use is more spread out across the day 		✓	✓	

Low consumption with smart meter



'The working couple'

High peak demand

Annual Evoenergy network bill:

- **Time of use tariff: \$630**
- Demand tariff: \$730



'The retiree'

Low peak demand

Annual Evoenergy network bill:

- Time of use tariff: \$600
- **Demand tariff: \$460**

Bill amounts reflect network component of the bill. Examples are illustrative estimates based on Evoenergy's 2019-20 network electricity charges for residential customers. Actual electricity bills will depend on individual circumstances, including the electricity retailer and plan.

High consumption with smart meter



**Family with kids – 2 parents
working**

High peak demand

Annual Evoenergy network bill:

- **Time of use tariff: \$810**
- Demand tariff: \$950



**Family with kids – 1 parent at
home**

Low peak demand

Annual Evoenergy network bill:

- Time of use tariff: \$770
- **Demand tariff: \$615**

Bill amounts reflect network component of the bill. Examples are illustrative estimates based on Evoenergy's 2019-20 network electricity charges for residential customers. Actual electricity bills will depend on individual circumstances, including the electricity retailer and plan.

Communication



Demand tariff communication

Before implementation:

- Consultation paper
- Online surveys
- Workshops
- ECRC consultation
- Co-design workshop
- Meetings with active ACT retailers



After implementation:

- Website page upgrade
- Fact sheet
- Call centre scripts
- Explanatory video
- Dedicated 'tariff questions' email address established
- Ongoing consultation with ECRC
- Meetings with active ACT retailers

Further information

Visit the Evoenergy website:
www.evoenergy.com.au/demandtariffs

Customers can send an email to:
TariffQuestions@evoenergy.com.au

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