

The price of power

 westernpower



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“Cost of living pressure” is a phrase that receives a lot of attention particularly in the mainstream Australian media. Due to recent rises in the price paid by consumers of electricity and other related hot political topics (such as putting a price on carbon), there is intense community interest in the price of energy in general.

So what’s going on? How much does electricity actually cost in WA and what do consumers get for their money? How do we compare with the other parts of Australia? What can consumers do to lower the impact on their family budgets?

2% - 4%

The proportion of the average Australian household budget spent on electricity and gas

What it costs and who pays

As at 1 July 2011 domestic users of electricity pay 21.866 cents per unit (kilowatt hour) on average.

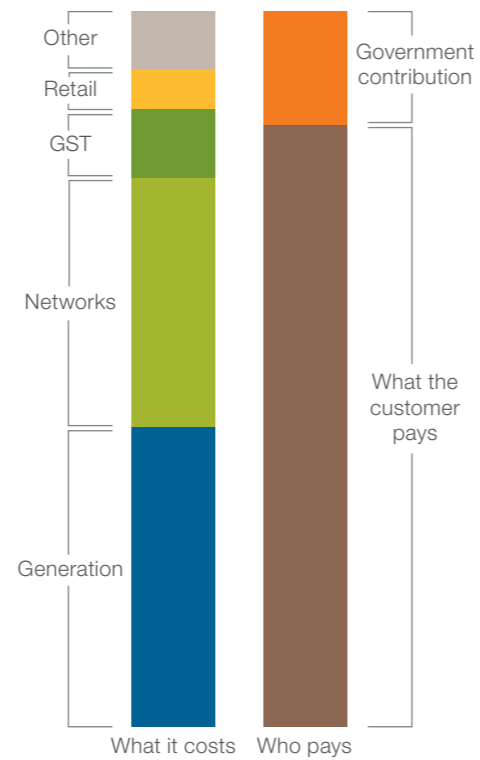
The adjacent price stack gives an indicative view of the relative costs involved in supplying electricity to residential consumers in WA. It also shows that the price paid by consumers is still below the cost of supply.

The State Government pays for the deficit – estimated to be worth \$367 million in 2011-12.

Western Power invests money raised by the “networks” component of the tariff into building, operating and maintaining the electricity network.

1,037 units

The average bimonthly electricity consumption for homes connected to the Western Power Network



\$4

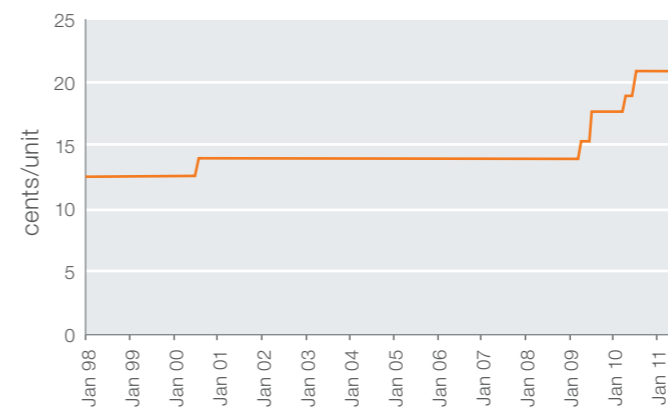
The average daily cost of electricity for homes connected to the Western Power Network

Price rises since 1998

The price of electricity (retail tariffs) in WA is set by the State Government. This price was frozen for a number of years and remained the same from 1997 to 2009 (other than the rise associated with the GST in 2000). Of course the cost of supply throughout this period continued to grow so the gap between cost and price widened.

Though the price has risen 57 per cent over the last 14 years (excluding GST), which equates to an average annual increase of 3.97%, most retail tariffs remain below the cost of supply.

The price of electricity for residential customers in WA



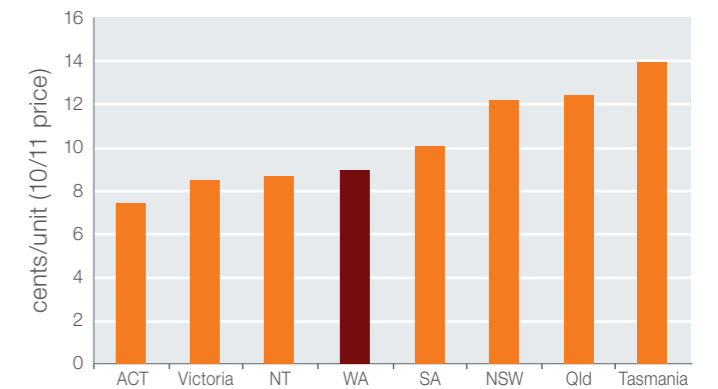
3.97% pa

The average increase in the price of electricity for residential customers in WA over the last 14 years

How WA compares with the rest of Australia

Making comparisons of retail prices between states is difficult because in NSW, SA, ACT, Tasmania, NT and Queensland, although tariffs are regulated, retailers can and do offer discounts. This is because they exist in a contestable market where residential consumers can choose between competing retailers. It is perhaps more revealing to compare network charges between states.

Network charges across Australia



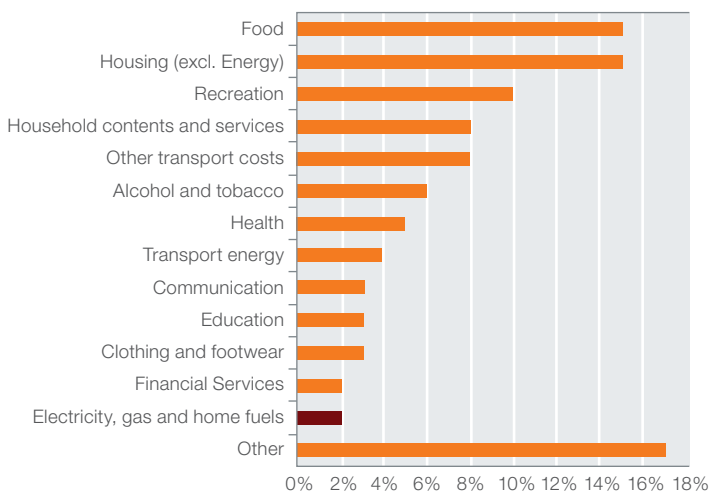
The other important point to bear in mind when comparing WA to other states is that we have a very low population density resulting in generally higher costs associated with building and maintaining a transmission and distribution network over a large geographical area for a smaller number of customers.



The cost of home energy compared to other household costs

You might be surprised to learn that according to ABS data, the average Australian household spends just two to four per cent of its budget on electricity and gas.

Average Australian household budget expenditure

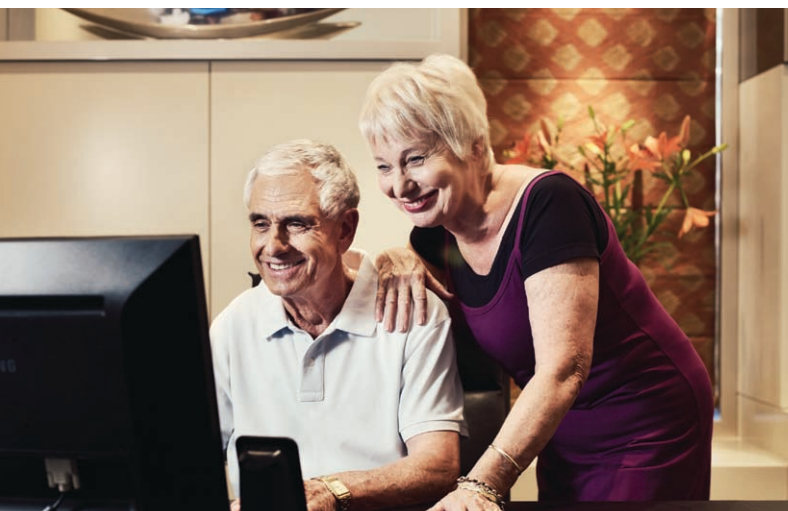


Help for those struggling to pay their bills

In addition to discounts provided to concession card holders, the State Government has two primary hardship assistance programs.

1. Hardship Utilities Grant Scheme (HUGS) - this scheme can provide a one-off grant of up to 85 per cent of the amount that a household owes to an energy or water retailer.
2. Hardship Efficiency Program (HEP) - this program assists customers in hardship to increase energy-efficiency within their home through a combination of educational energy saving tips and appliance upgrades.

In addition, Western Power and Synergy have joined forces as the Future Energy Alliance to run a long-term multimillion dollar campaign known as *Switch the Future*. The aim is to build community awareness of energy conservation and how consumers can reduce their electricity bills (switchthefuture.com.au).



Contact information

Faults & emergencies, power interruptions, 13 13 51
estimated restoration times (24 hrs)

General enquiries 13 10 87
(7am - 5pm Monday to Friday)

enquiry@westernpower.com.au
westernpower.com.au



Interpreter services

Telephone Interpreter Services

13 14 50

TTY users
(speech or hearing impaired only)

1800 13 13 51

363 Wellington Street Perth WA 6000
GPO Box L921 Perth WA 6842

 This information is available in alternative formats on re-

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