

Demand tariff Q & A for residential customers

What is a demand tariff?

A demand tariff is a pricing structure that includes a demand charge for your use of the electricity network.

Ausgrid worked with customer representatives to design the new tariffs for electricity retailers that were introduced on 1 July 2019. This means retailers can offer demand pricing plans which include a demand charging component.

Will I be affected?

Many customers will not see any change to the way their retailer charges for electricity. Retailers can choose if and how they pass through Ausgrid's demand tariff pricing structure to customers.

If you are already connected to our network, the network tariff that Ausgrid bills your retailer does not change unless you upgrade your meter to a smart meter after 1 July 2019.

If you are on an electricity plan that includes a demand charge, your retailer will itemise this charge on your bill.

If you already have a smart meter, and your retailer offers a demand charge, you may ask to be reassigned to a demand network tariff after 1 July 2019. Talk to your retailer about your options and available plans.

How does it work?

A demand charge on your electricity bill is typically calculated on the level of your household's demand on the network (i.e. the poles and wires) during a specified time period or window.

If you are on a demand pricing plan:

- Ask your retailer when their **peak demand window** applies. Ausgrid's peak demand window is 5-9pm in winter and 2pm-8pm in all other months. Ausgrid does not apply peak windows on weekends.
- Ask your retailer **how they calculate your demand charge**, e.g. the one day of the month when the highest 30-minute period of consumption occurs, during that day's peak demand window, measured in kilowatts and multiplied by the number of days in that month.

Why demand tariffs?

Customers told us they want more affordable electricity and more control over their bills. In response, Ausgrid and customer representatives have designed new tariffs to make electricity more affordable, now and into the future.

With demand charging, you can benefit by lowering your electricity demand during the busiest times.

Why the change?

Customer electricity demand at the busiest times will be the main driver of future costs to Australia's electricity networks.

When passed on to residential customers by retailers, demand tariffs encourage you to shift electricity usage to outside of peak times. The lower your demand in those peak times, the less you pay for using the network.

A monthly demand charge is variable. So, you pay no more than your share for the load you place on the network at peak times.

What are the different charges in my electricity bill?

Many customers will not see any change to the way their retailer charges for electricity. Retailers can choose if and how they pass through Ausgrid's demand tariff pricing structure to customers.

If you are on an electricity plan that includes a demand charge, your retailer will itemise this charge on your bill.

If your retailer uses Ausgrid's network bill structure, your bill will consist of:

- **A fixed daily supply charge** - the flat cost per day to supply electricity to your premises.
- **A consumption or usage charge** - for the total amount of electricity you actually use. This might be based on a flat rate per kWh, or varied based on peak, shoulder and off-peak rates per kWh of energy consumed at different times of the day.
- **A demand charge** - a variable charge based on the level of demand in kW your household places on the network during a specified time period or window, as determined by your retailer. Ausgrid's residential peak demand window is 5-9pm in winter and 2pm-8pm in all other months. Ausgrid's residential peak does not apply on weekends. Ask your retailer about time windows that apply to your plan.

Your electricity bill may also include a metering service charge.

If you are unsure what tariff or plan you are currently on, call your retailer.

Will my bill increase on a demand pricing plan with my retailer?

First, ask your retailer if you will be placed on a demand pricing plan. Most customers who go on a demand pricing plan will be better off under the new arrangements.

If the retailer passes through Ausgrid's network bill structure, most customers' supply and/or consumption charges will be reduced by more than enough to offset the typical amount paid for demand.

What if my bill goes up on a demand pricing plan with my retailer?

If your bill goes up and you don't want a demand charge, ask your retailer for a different electricity plan or shop around retailers for a better deal.

Other options are available such as pricing plans based on Time of Use tariffs. Talk to your retailer about what options they offer.

Or you can make some simple changes to your household routines to reduce your demand charge and help lower your overall bill:

- **Take turns with your appliances** rather than running many at once during the peak demand window. For example, running your clothes dryer after cooking dinner rather than using your cooktop and clothes dryer at the same time.
- **Shift some appliance usage** to outside the peak demand window. For example, running your dishwasher or pool pump overnight or during the earlier part of the day.

How can I monitor my usage?

A smart meter can give you a clear picture of your electricity usage. If you don't already have one, you can ask your retailer for a meter upgrade. Remember that this will trigger a demand network tariff to be applied to your property by Ausgrid.

Many retailers offer internet and smartphone tools that make your smart meter data easy to understand. With these online tools you can typically see your daily, weekly and monthly usage patterns, including your levels of demand during the peak demand window.

If your electricity retailer is not offering these tools, you can shop around for a retailer that does

Can I opt out of a demand tariff?

Customers on a demand tariff plan from their retailer can request to be allocated to a Time of Use tariff after one full calendar month of being on the demand tariff.

Can I revert to a flat rate tariff?

Your retailer can offer you a flat energy plan. Ausgrid's flat network tariffs are now closed to new customers in order to help make energy more affordable for the long term.
