

# FACT SHEET: Small Business Network Tariff



## Small Business Time of Use Consumption (TAS94)

### Introduction

Small businesses power Tasmania's economy and a reliable supply of electricity powers small businesses. There are about 38,000 small businesses in all parts of Tasmania that rely on the electricity delivered by our distribution network to energise their operations.

We use network charges to recover the cost of building, running and maintaining what is referred to as the 'shared' electricity network – the network that is relied upon by all customers. However, the way we charge our customers is changing.

### What is Time of Use?

Time of use means that the price of electricity changes depending on the time it is used. This can depend on the time of day or the day of the week. Time of use tariffs can include a peak, off peak and shoulder time period.

### What is peak and off peak time?

Peak time is typically when businesses and residential homes use the most electricity. Electricity used in these busy peak times can place a strain on the network and so we charge more for usage during these times.

Off peak times are generally when customers use less electricity. The off peak rate is a lower, discounted price during specific times and on specific days to incentivise customers to use electricity outside of the peak times.

Our small business consumption time of use network tariff (TAS94) also includes a shoulder rate. This occurs from 7:00am to 10:00pm on the weekend and costs less than peak, but slightly above off peak.

Cost reflective tariffs allow customers to benefit from their ability to control not just how much, but *when* they use electricity, through reduced network charges.

### Why are we making the change?

The variable use of electricity by customers is the main driver of the peaks and troughs that occur in the amount of electricity drawn from the network over the course of a day, and the main reason we have to build extra capacity into the network that, for much of the time, isn't needed.

Charging the same rate for the use of the network 24 hours a day, seven days a week, means that customers who use power outside of periods of high demand aren't rewarded for doing so. It also means that for most small businesses and residential homes the only way to reduce electricity bills is to use less power.

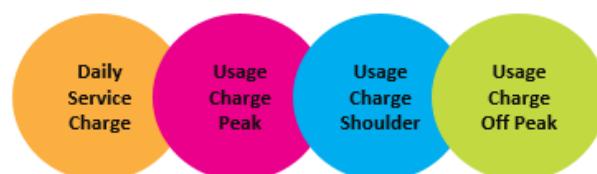
Time of use network charges are widely accepted as being a fairer way of sharing the cost of the electricity network between the customers who are connected to it.

Over time, the widespread take up of time of use tariffs by customers will help to even out the demands placed on the network, meaning that more of the networks' capacity is used throughout the day, without the need to add extra capacity.

Cost reflective tariffs can lessen the need to upgrade or replace network assets to cater for growth in peak demand. By encouraging customers to use electricity outside of the peak times there is the potential to defer replacement costs. This has the potential to reduce network tariffs for all customers in the longer term.

### Time of Use Network Tariff

#### Business Low Voltage Time of Use (TAS94)



Like our flat rate consumption network tariffs, TAS94 is calculated according to how much energy you use, in addition to your daily service charge. With this tariff though, time of use is also taken into account. This means that the network charges associated with electricity used in off peak or shoulder periods are priced at a lower rate than electricity used in peak times.

This network tariff encourages small businesses who have capacity to do so to consume electricity during periods of low network demand by providing a lower price for the use of electricity in off peak periods. Customers who want to change their electricity usage and switch to a more cost reflective network tariff can be rewarded for doing so through lower network charges.

used to inform the customer’s choice about the retail tariffs, and by association, the network tariffs they want to be supplied under in the future. At the end of the 12 month delay period, customers will have a further two months in which to make that tariff choice, in conjunction with their retailer. At the conclusion of the notification period, TasNetworks will begin billing the customer’s retailer on a time of use basis, unless the customer elects, through their retailer, to ‘opt out’ of the default time of use network tariff. Customers will not be charged the standard tariff reassignment fee by switching to a time of use network tariff during the notification period.

The consumption based time of use tariff (TAS94) is also available as a network offer outside of the opt out process and can be accessed through the relevant electricity retailer.<sup>2</sup>

Time Periods <sup>1</sup>	Tariff Rate
<b>Week Day (07:00 – 22:00) (Monday – Friday)</b>	<b>Peak</b>
<b>Weekend Day (07:00 – 22:00) (Saturday and Sunday)</b>	<b>Shoulder</b>
<b>Any Day (22:00 – 24:00) (Monday – Sunday)</b>	<b>Off peak</b>
<b>Any Day (0:00 – 07:00) (Monday – Sunday)</b>	<b>Off peak</b>

- ✓ From 1 July 2019 consumption based time of use network tariffs will become the default network tariff for all new small businesses.
- ✓ This decision includes a 12 month delay to be applied to each customer for 2019-2024.
- ✓ Customers can elect to opt out of a time of use tariff through their retailer.

## What’s changing?

Customers are already switching to more cost reflective network tariffs, including small business time of use consumption (TAS94). About 15 per cent of our small business customers are already on a time of use network tariff. Over time, we plan to progressively transition more customers from their present flat rate consumption network tariffs to fairer, more modern and cost reflective pricing arrangements. And 2019 signals the start of a faster pace of reform.

**From 1 July 2019, consumption based time of use network tariffs will become the default for new small business and residential premises.**

This will also be applied to small businesses and households that change their network connection or have an advanced meter installed. The time of use tariffs won’t be applied immediately, however. A 12 month delay will be applied to each customer, to enable a year’s worth of metering data which can be



## For more information

To find out more visit our website <https://www.tasnetworks.com.au/Poles-and-wires/Pricing/Modernising-pricing>

Alternatively contact us at:

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<sup>1</sup> Time periods are based on Australian Eastern Standard Time.

<sup>2</sup> Please refer to the latest Fee Based Services Application Price Guide to see the current tariff reassignment fee.