

2024-2029 Network tariffs for small businesses

Issue Date: December 2023

Effective for the 2024-2029 Regulatory Control Period
(1 July 2024 – 30 June 2029)

Business as usual is changing

The electricity market in Australia is changing rapidly. The uptake of solar panels, electric vehicles and battery storage, continues to grow. On top of this, decarbonisation of the electricity grid to enable net zero carbon emissions in Australia requires significant change. Both large scale projects using new generation technologies and smaller changes such as tariff design are needed to improve the efficiency of the network to achieve this transformational goal.

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

To provide a safe and reliable source of electricity for our customers we build, replace, and maintain the network with enough capacity to meet the highest periods of demand. Peak demand indicates that many customers are using the network at the same time. Figure 1 shows how energy use can peak during certain times of the day.

One mechanism to manage peak demand is to implement cost reflective network tariffs. These network tariffs incentivise customers to manage their energy use during periods of peak demand by encouraging customers to spread their electricity use over the course of a day.

What does a time of use network tariff mean?

Time of use tariffs provides businesses the opportunity to determine how much electricity they use and when they use it, leading to more efficient network utilisation and, over time, reducing overall network costs.

Time of use network tariffs provide a different price for electricity depending on the time of day or day of the week. It also ensures customers pay their fair share for the electricity they use by signaling the true cost of supplying electricity. Making customers aware of the impact of their use of electricity encourages customers, including small businesses, to use electricity outside of peak times when possible to drive efficient network utilisation.

What does a time of use network tariff mean?

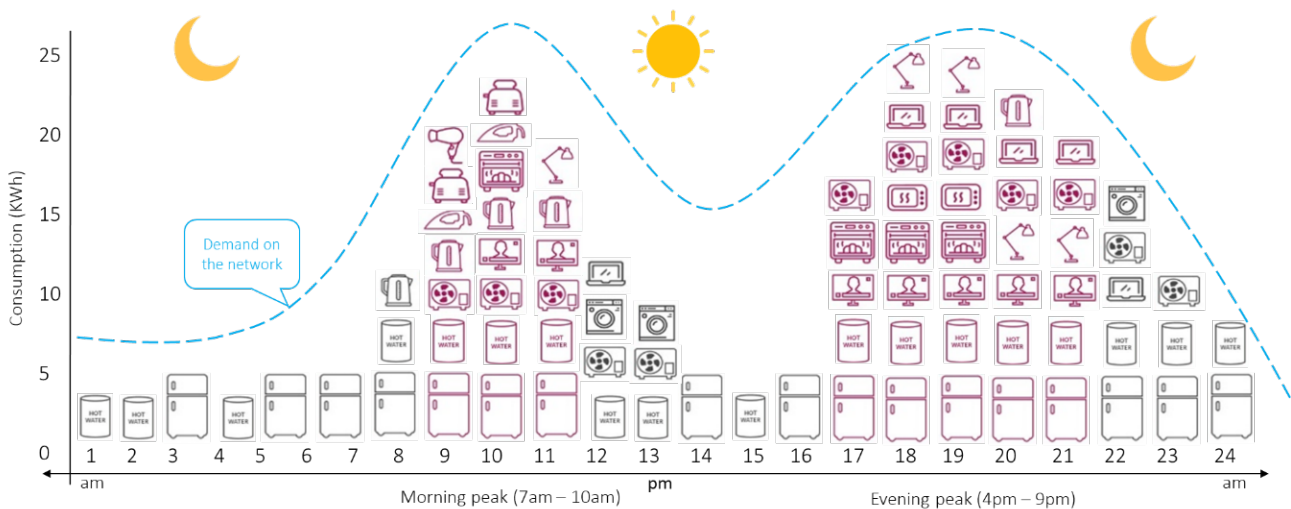
Growth in peak demand is the main driver of network costs. Efficient use of the network by **reducing peak demand will lessen the need to upgrade our network in the future.** Placing less stress on the network may also extend the service lives of some of our assets, deferring their replacement. Together with the reduction in the need to upgrade our network's capacity, a decrease in expenditure on asset replacement has the potential to reduce average network charges for all customers in the longer term.

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Figure 1. How our everyday usage contributes to short peaks on the network



What network tariffs are available for small businesses?

There are several network tariffs that are available for our small business customers:

- Time of use consumption network tariff (TAS94). This is our default network tariff assigned to small businesses.
- Time of use demand network tariffs (TAS88/TAS98)

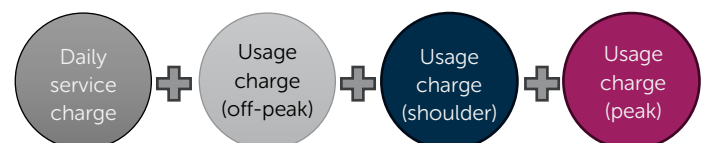
In addition, there is a small business network tariff for general light and power (TAS22). This flat rate network tariff is now obsolete and is unavailable to new connecting customers or customers who choose to change their connection¹.

Small business time of use consumption network tariff (TAS94)

This network tariff is our default network tariff for small business customers who are connecting to the network for the first time.

Figure 2 shows the components of the network tariff. The usage charge refers to customers' total consumption which varies according to the time-of-day energy is consumed on weekdays (Figure 3), note that weekends (Saturday and Sunday) are off-peak.

Figure 2. Components of the small business time of use, consumption-based network tariff (TAS94)



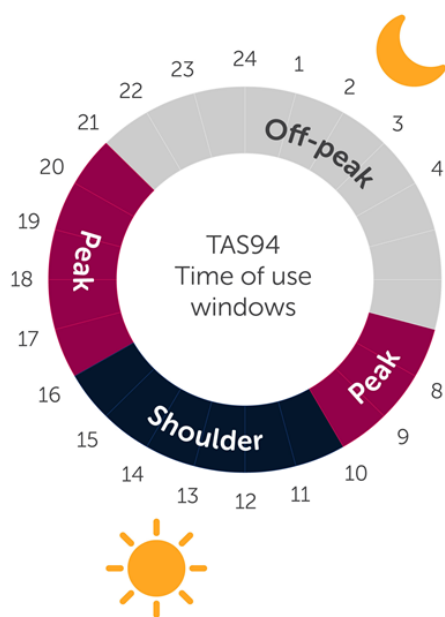
¹ Refer to Network Tariff Reform factsheet

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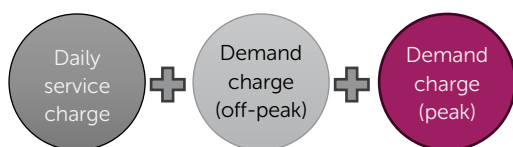
Figure 3. TAS94 Weekday time of use windows



Small business time of use demand network tariffs (TAS88/TAS98)

These demand-based time of use network tariffs are available on an opt-in basis. These tariffs have a daily service charge and charges for peak and off-peak demand (Figure 4).

Figure 4. Components of the small business time of use, demand-based network tariffs (TAS88/TAS98)



Demand is the highest momentary rate of consumption for a business. If all the equipment in your small business is running at maximum capacity, it's likely that demand is at its highest. Therefore, demand-based tariffs typically suit businesses with low volatility in their energy use.

The peak periods for TAS88 and TAS98 are 7am-10am and 4pm-9pm on weekdays. All other time periods are off-peak (Figure 5).

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Figure 5. Time of use windows for small business demand-based network tariffs (TAS88/TAS98)

Tariff rate	Time periods (AEST)
Peak	Weekdays (Mon-Fri) 7am-10am and 4pm-9pm
Off-peak	Weekdays (Mon-Fri) All times not covered above
	Weekends (Sat and Sun) All day

General light and power network tariff (TAS22)

TAS22 flat rate tariff is now obsolete. Customers on this network tariff are always charged the same rate for their energy consumption.

What kind of energy user is my business?

Figure 6 shows a selection of usage profiles of some small business customers demonstrating that the consumption profile of each business is unique.

Each business should select the most appropriate network tariff for their business, which will depend on the amount and time of day energy is consumed, and whether there is volatility in energy consumption or whether demand in the business is reasonably flat.

How can I reduce my bills?

Utilising time of use tariffs, and carefully selecting either demand or consumption based on your businesses profile can reduce electricity bills. Time of use tariffs also provide options for small businesses to manage their electricity bills.

There are other practical steps businesses can take to reduce their energy usage:

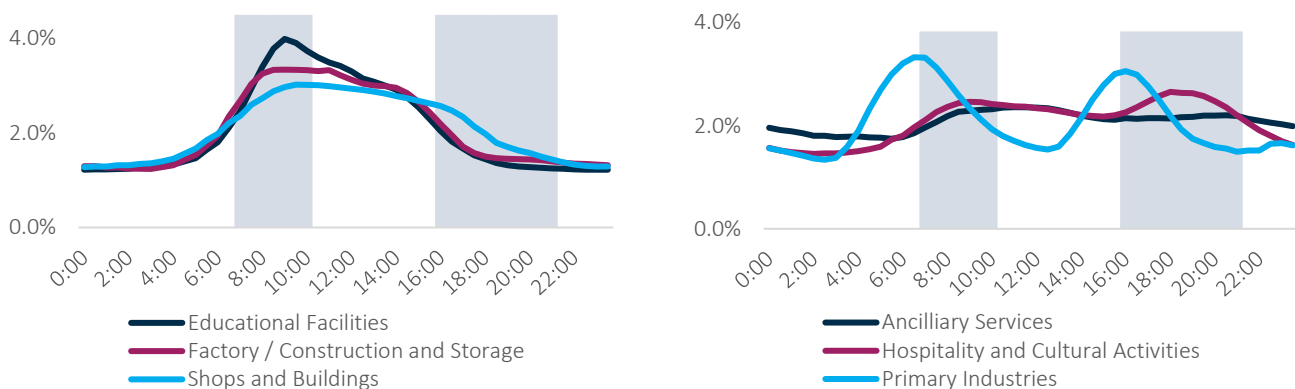
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- **Conducting an energy audit** of your business, independently or through a provider can highlight solutions that will lead to reduced bills, such as replacing incandescent light bulbs with LEDs, or replacing old inefficient appliances.
- **Shifting your energy use from peak periods to off-peak** can help reduce bills. Depending on the industry you may have energy intensive activities that can be shifted to the middle of the day as opposed to the peak periods or charging electric vehicles during off-peak periods overnight or during the middle of the day.
- Businesses that can **generate their own electricity from solar** will find that it is cost effective in the long term if they consume energy during sunny hours of the day. Additionally, a **battery can help by using your own energy during peak periods** to avoid drawing from the network at the most expensive times.

Figure 6. Low voltage small business profiles



TasNetworks encourages customers to talk to their retailers or energy consultant to determine the right network tariff for their businesses.

For more information

To find out more visit our website:

<https://www.tasnetworks.com.au/Poles-and-wires/Pricing/Our-prices>

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