ELECTRICITY CHARGES

339.   Hon BARRY HOUSE to the Minister representing the Minister for Energy:

Further to question without notice 289 of Friday, 7 May 2004, in view of the large difference in maintenance charges of 26c a day for a standard meter and $1.09 for an off-peak meter, what extra service is provided to the consumer for this extra 83c per day?

Hon TOM STEPHENS replied:

The minister has provided the following reply -

Essentially the extra service provided to customers is the opportunity for them to access time-of-use tariffs that enable off-peak and hence markedly cheaper energy consumption.

The R1 time-of-use tariff, with the $1.09 supply charge, was introduced in 1992 as a demand management initiative to encourage off-peak consumption by larger customers. The R1 tariff was introduced with a high supply charge to reflect the cost of installing an electronic meter - there was no up-front cost of installing a meter at that time - and to provide lower energy prices to customers as an incentive for customers to switch from a flat pricing structure of L1 tariff, with a 26c a day supply, to a peak-off-peak pricing structure. As the cost of supply increased over time, Western Power introduced an up-front fee of $709 to recover the cost of installing an electronic meter. The supply charge was gradually reduced from the daily rate of $1.44 to the present level of $1.09. As a result, the current supply charge of $1.09 a day no longer reflects meter costs. Rather, the supply charge contributes to the total cost of supplying electricity generation networks and customer service costs such as billing. Although the supply charge is high, the lower energy rates usually result in a customer saving money on the R1 tariff compared with the flat priced L1 tariff - a saving of between 15 per cent and 25 per cent. In fact, 10 000 business customers of 100 000 in total have chosen the R1 time-of-use tariff.