SYNERGY — DAILY SUPPLY CHARGE

747. Hon JIM CHOWN to the minister representing the Minister for Energy:

I refer to the astronomical increase since July 2018 in the daily supply charge from Synergy. One example of this increase is customers on the Synergy business plan L1 tariff. The daily supply charge has increased from 50.75c to 171.54c. This equates to an annual increase of 240 per cent or $440.

(1) How does the minister justify such an increase?

(2) Would the minister please explain how this unprecedented increase to the daily supply charge promotes the government's policy of jobs in regional Western Australia?

Hon STEPHEN DAWSON replied:

I thank the honourable member for some notice of the question.

(1)–(2) The increases to the daily supply charges of non-contestable tariffs applied on 1 July 2018 were part of a deliberate rebalancing of tariffs. The rationale for this rebalancing was to align the fixed components of the tariffs with the fixed supply charges that Synergy incurs from Western Power for the provision of network services.

The rebalancing involved an increase in daily supply charges, but also a decrease in tariffs' variable components. In the example of the L1 tariff, the variable charge decreased by 20 per cent. Customer bill impacts will be dependent on the consumption levels of the customer. Using the L1 tariff as an example, if the average customer's usage from 2017–18 remained unchanged in 2018–19, this customer's total bill would reduce by 5.6 per cent. This is because at an average level of consumption, the variable proportion of the bill is greater than the fixed and, as such, the benefit of the 20 per cent reduction in variable charges outweighs the 240 per cent increase in daily supply charges.

From a policy perspective, rebalancing electricity tariffs to be more cost reflective has a number of benefits, including providing better signals to consumers for the management of electricity usage, which over time facilitates more efficient investment decisions in electricity infrastructure.