Australian Citizens Party
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MEDIA RELEASE

Thursday, 28 June, 2018

Demand tariffs will inflict more electricity bill pain

A forecast national rollout of a controversial tariff system will see many Australians paying hundreds of dollars more in electricity bills each year. The ACT power company Evoenergy has conducted the largest and most comprehensive demand management (DM) trials in Australia, and industry insiders believe a “demand tariff” now exclusively used in the ACT will inevitably be implemented nationwide.

In addition to the usual supply and usage charges, electricity bills in the ACT with contracts under this “demand tariff” scheme pay a charge based on the highest peak load within a 30-minute period, calculated each month. Households with tight budgets are terrified to simultaneously turn on several appliances for fear that all of their energy saving for the month will be in vain. Just that one half-hour of extra peak loading will determine this new charge. For instance, if on a hot evening a household is simultaneously using an air conditioner, electric stove, washing machine, and television, on top of appliances that are permanently on like the refrigerator, that spike in demand will attract an additional charge, which will be applied for the whole month. The tariff is applied even if normal usage is a tiny fraction of the peak monthly loading.

This system of billing requires “smart meters” to measure energy use in half-hour periods, so the rollout of these unpopular meters will continue, not to benefit consumers, but to boost energy company profits. Luke Griffith’s article in *The Australian* on 14 June, “Power prices tipped to rise under new tariff model”, reports the electricity industry sees demand tariffs “as a way to ‘protect their profits’ in response to the rise of renewable energy”. Griffith reports the concerns of Finn Peacock, a former CSIRO engineer who founded the SolarQuotes website. “With power companies increasing their profits in this way, we can expect to see this rollout nationwide in the near future,” Peacock said. “I think it’s inevitable with the rise in popularity of renewables.”

But so-called “renewables” are a big part of the problem. According to analysis by *The Australian*, federal renewable energy subsidies will cost taxpayers more than $60 billion through to 2030 (“The cost of going green: taxpayers hit with a $60bn power bill”, *The Australian*, 1 September 2017). Increasing reliance on wind and solar power has already given South Australia the most expensive electricity bills in the world and the rest of the nation is not much better off.

Skyrocketing electricity prices kill. Member for Hughes Craig Kelly created a political storm when he noted this fact last year. Pointing to Australian Bureau of Statistics figures, he showed that average deaths per day from June through September were on the rise and had increased from 430 deaths per day in 2008 to 468 deaths per day by 2015. With residential power disconnections up by

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140 per cent over the previous six years, it is clear a growing number of people can't afford to heat their homes in winter. The World Health Organisation has estimated 30 per cent of excess winter deaths are attributable to cold housing. Likewise, many frail people who can't afford cooling will die uncomfortable deaths during heatwaves.

In addition to "renewables", privatisation of the once trustworthy State-run electricity grids is the other killer. Evoenergy (ActewAGL before 1 January 2018) which is conducting the largest and most comprehensive demand management (DM) trials in Australia is owned by AGL whose CEO Andrew Vesey gets paid a whopping $6.9 million a year. All throughout the privatised National Electricity Market, fat cats make a killing while preying on ordinary Australian battlers who are increasingly struggling to pay their power bills. Due to privatisation, around one-third of electricity bills goes to private retailers that did not exist when electricity generation and distribution were in state hands. Much of this cost is for electricity "marketing", such as TV ads and the incessant telephone calls from overseas call centres asking people to switch provider.

Environment and Energy Minister Josh Frydenberg, a former investment banker with Deutsche Bank, is a longtime supporter of demand tariffs. In a 9 October 2017 speech he said that "Energy Networks Australia estimates that $11 billion of grid infrastructure is used only around 1 per cent of the time (4-5 days per year)". To his investment banker's mind, this extra capacity is a waste of money. To "solve" this problem, Frydenberg said "demand side response supported by cost reflective tariffs that move from a volume weighted cost to a time weighted cost will be important."

If we had not shut down most of Australia's manufacturing, including the entire car-making industry, this talk of idle capacity would not even be considered. We'd be continually adding power stations to the grid to match a growing economy. It's now past time to reject the disastrous policies which have created this crisis. Therefore we must:

- Re-nationalise all electricity generation and distribution networks;
- Abolish the Renewable Energy Target and all subsidies for inefficient and intermittent power such as wind and solar;
- Immediately build several advanced ultra-supercritical low-emissions coal-fired power stations;
- Ensure sufficient temporary generators are available to fill in for next summer's peak loading;
- Establish a nuclear industry for the eventual transition to nuclear power.