

To: [Committee, EC \(SEN\)](#)  
Subject: Inquiry into the performance and management of electricity network companies  
Date: Thursday, 11 December 2014 4:54:44 PM

11 December 2014

Committee Secretary  
Senate Standing Committees on Environment and Communications  
PO Box 6100  
Parliament House  
Canberra ACT 2600

**Inquiry into the performance and management of electricity network companies**

I wish to make the following submission in respect of at least two sections of the Terms of Reference,

(c) where anomalies are identified in relation to price structuring or allegations of price rorting by electricity companies, such as Energex, are raised, the possibility of these matters being investigated by a national independent body created by the Federal Government with the required powers and reach to investigate and prosecute, where necessary;

(f) whether the arrangements for the connection and pricing of network services is discriminating against households and businesses that are involved in their own electricity production;

and to a lesser extent:

(g) whether network monopolies should have the right to recover historic overspending that has delivered unwanted and unused infrastructure;

As a long-term domestic producer of renewable (solar) energy, I feel that the pricing practices of the local power utiliti(es), Synergy and Western Power are not fair or reasonable and are discriminatory in nature. Although I commenced generation of renewable energy in Mid 2009, for several years I received various subsidies from government at both the state and federal level. Due in part to these subsidies I have added extra capacity, including a second inverter. Because of this, I sacrificed the State Government's Feed-in Tariff some 12 months ago, and to the best of my knowledge I am now not in receipt of any form of subsidy. As of 2 December, I completed my project and with newly installed hardware, I now have a hybrid-solar system, which has sufficient battery capacity to enable me to cease importing power from the grid - in effect, I have gone "off-grid".

However, I have always held that under the terms of the Renewable Energy Buyback Scheme (REBS) I have to sell my excess power back to the utility at a very unfavourable price. I have attached my latest power bill, and from this you will see that the amount paid to me by the utility has dropped to 7.13 cents per unit. This drop in payment is supposedly due to the removal of the carbon price component. However, since this energy is demonstrably generated renewably, I fail to see why there should be any relevance in the price of carbon.

Secondly, you will notice that as a user of "Smart Power Tariff" whilst I am selling my excess power at a fixed price, the utility is free to sell my power at differential prices, depending upon the time of day it is generated. As at the time of the last bill, the price for "peak" power was set at 43.9 cents per kWh. However, since that bill was issued the prices for power have been altered, in most cases upwards, so that peak power is now 49.8 cents per unit (of 43.9), shoulder is 26.5 cents per unit (of 21.9 cents) and weekend 22.39 cents (of 18.17 cents per unit). So to put it shortly, my power is currently being purchased (at peak, the worst case scenario) for 7.13 cents and immediately on-sold at 49.8 cents. I have queried this discrepancy in the past and was informed that there were costs other than generation involved, such as marketing, administration, etc, but it would seem to me that most, if not all of those costs were, in any case, being recovered from the ultimate consumer of the power, so in effect it seems that the utility is having a bet each way, in not paying me for costs that I'm not responsible for, but nevertheless charging the consumer.

To give an idea of the scale of what I consider is the rort by the utility, I have created a table, which sets out figures derived from my own bills, every two months, back to Dec 2013. There are three sets of figures: the cost to the utility for buying my excess power, the price which they charge the ultimate consumer, and what I would regard as unearned "profit" from this transaction.

	Oct-14	Aug-14	Jun-14	Apr-14	Feb-14	Dec-13	Total
Cost-	\$33.28	\$21.78	\$17.08	\$34.43	\$43.72	\$46.66	\$196.95
Price-	\$122.34	\$59.89	\$47.46	\$116.57	\$160.57	\$169.16	\$675.98
Profit	\$89.06	\$38.11	\$30.38	\$82.14	\$116.85	\$122.50	\$479.03

I believe that these matters should be investigated by an independent body.

In respect of (g), given that the price of power has been subsidised for purely political purposes, the utility should not be able to recover costs. This diagram shows the price of power (from my collection of power bills) since 1987. The price of power has been held artificially low (ie, not follow the CPI increases) until the election of the first Barnett government, when an attempt was made to reach cost recovery, but this has failed. The present minister for energy and treasurer, Dr Nahan, has stated that the projected subsidy for power of \$2.2 billion dollars over the coming 4 years is "not sustainable". Therefore I would submit that it was the choice of the network monopoly to subsidise power and to spend further money on what has so far proven to be unnecessary infrastructure, thus vitiating any possible right of recovery of costs.

Yours truly,

K.G. Blake

