Statement of Approach: AER Price Comparator Website

Comments by Alan Hughes

January 2012

http://www.aer.gov.au/sites/default/files/Statement%20of%20Approach%20-20AER%20price%20comparator%20website%20-%20January%202012.pdf



STU STR

AER Retail Pricing Information Guideline Version 3.0¹

Constructive comments

For the most informed customers the Guideline requires three components

- 1. An interactive Website comparator
- 2. A print version of the proposed contract
- 3. A Bill

This document is set out as follows;

- 1. Constructive comments on the AER Retail Pricing Information Guideline Version 3.0.
 - a. Suggested additional requirements
 - b. This section also includes amended examples of the contract details
- 2. An example of a proposed interactive website comparator.
- 3. An example of a bill and how it is used with the proposed interactive website comparator.

My objective in this document is to simplify the comparison of retailers and to make the calculation from meter reading to the final price traceable and transparent.

Thank you for your consideration,

Alan Hughes

Dip. Electronic Engineering

http://www.aer.gov.au/sites/www.aer.gov.au/files/D12%2090577%20%20AER%20Retail%20Pricing%20Inform ation%20Guideline%20-%20June%202012.pdf

1. Constructive comments on the AER Retail Pricing Information Guideline Version 3.0.

Background information

"Australian Legal Units of Measurement

The national measurement system is a coherent formal system which ensures that measurements can be made on a consistent basis throughout the country. It ensures that practical measurements made by industry and the community are linked to the <u>International System of Units</u> (SI)."

National Measurement Institute² is a Commonwealth Government Institute responsible trade measurement which requires the use of SI metric measurement units.

The SI metric Unit for *energy* is the Joule and thus the price of energy is in \$/GJ

The SI metric Unit for *power* (the rate at which energy is moved or used) is the Watt.

Energy is available as electricity, natural gas, petrol, liquid petroleum gas, coal, sunshine and uranium to name a few.

2.2 Price Information Requirements Page 4

1. "the unit price for electricity and/or gas applicable under the *contract offer* in cents per kWh and in cents per MJ respectively in the manner that they would apply to *customers."*

Why is such a small unit used to price? The units are in cents when a typical bill is in \$1,000's per year. This is similar to pricing milk by the teaspoon instead of the litre. A supermarket charges a 1.46 c/teaspoon what is its price per litre³?

The customer cannot compare the price of electricity to gas when they are in different units.

The Systems International unit for all energy is the Joule. This unit is very small so 1 thousand million Joules or the GigaJoule (GJ) is much more appropriate. This can be used for all forms of energy from electricity through gas, petrol, diesel to heat....

1. The price for energy should be in \$/GJ.

$$\frac{d}{dJ} = \frac{c/kWh}{0.36}$$
 $\frac{d}{dJ} = 10 \ x \ c/MJ$

This will allow the energy users to choose on price between gas and electricity particularly for producing heat.

1. the contract offer must be in \$/GJ

http://www.measurement.gov.au/measurementsystem/Pages/HowAustraliasMeasurementSystemWorks.aspx ³ \$2.92

2. "any fixed or standing charge that is applicable under the *contract offer* in "cents per day". A fixed or supply charge must be expressed as "daily supply charge" (examples are provided below)."

Cents/day is too small a unit for easy comparison and is a 1/365th of what customers have to pay. \$/year is much more realistic.

2. any fixed or standing charge that is applicable under the contract offer in "\$/year". A fixed or supply charge must be expressed as "supply charge" (examples are provided below).

Example: Importing Energy by Residential Customers

The price is the total of the GST and carbon charges.

Example 1 – Electricity, single rate

Applicable charges	Tonne CO₂/GJ	Price
Electrical energy charge		\$/GJ
+Supply charge		\$/year

Example 2 – Electricity, Time Use

Applicable charges	Tonne CO ₂ /GJ	Price
Weekday Peak Energy charge		
11:00 – 17:00		\$/GJ
07:00 – 11:00, 17:00 – 21:00		
+ Weekday shoulder Energy charge		
07:00 – 11:00, 17:00 – 21:00		\$/GJ
11:00 – 17:00		
+ Weekend Shoulder Energy charge		\$/61
07:00 – 21:00		\$785
+ Off Peak Energy charge		\$/(C)
21:00 - 07:00		φ/GJ
+ Supply charge		\$/year

Bold = 21/9/2012 – 21/03/2013 *Italics= The balance of days*

Example 3 – Electricity and Gas using block tariff

Applicable charges	Tonne CO₂/GJ	Price
Average Electrical power ≤465 W		\$/GJ
+ Average Electrical power >465 W		\$/GJ
+ Average Gas power ≤12.7 W		\$/GJ
+ Average Gas power >12.7 W		\$/GJ
+ Supply charge		\$/year

Example 4 – Electricity, Cap plan 1

Applicable charges	Tonne CO₂/GJ	Price
Long Term Average power		\$/GJ
+ Current average power - Long		
term average Power ≤465 W		\$/GJ
+ Current average power - Long		¢/C1
term average Power > 465 W		\$/GJ
+ Supply charge		\$/year

Example 4 – Electricity, Cap plan 2

Applicable charges	Tonne CO ₂ /GJ	Price
Long Term Average power		\$/GJ
+ Current average power which exceeds Long term Average power by ≤12.5 %		\$/GJ
+ Current average power which exceeds Long term Average power by - >12.5 % - ≤25 %		\$/GJ
+ Current average power which exceeds Long term Average power by >25 %		\$/GJ
+ Supply charge		\$/vear

Long term average power is the power purchased from a supplier over the past 365 days. This long term average needs to be transferable between retailers in a similar way as health funds transfer information.

All electrical retailers must include a purchase schedule for residents to export their power. This table must follow the import table.

Example: Exporting Energy by Residential Customers

Power is only exported when the residential generation of power exceeds the power consumed by the residence.

Example 1 – Electricity, single rate export

Applicable charges	Price
Energy charge	\$/GJ

Example 2 – Electricity, Time of Export

Applicable charges	Price
Weekday Peak Energy charge 11:00 – 17:00 07:00 – 11:00, 17:00 – 21:00	\$/GJ
+ Weekday shoulder Energy charge 07:00 – 11:00, 17:00 – 21:00 11:00 – 17:00	\$/GJ
+ Weekend Shoulder Energy charge 07:00 – 21:00	\$/GJ
+ Off Peak Energy charge 21:00 – 07:00	\$/GJ

Bold = 21/9/2012 - 21/03/2013 Italics = The balance of days

Quotes for business and industrial customers

These quotes need to be itemised for the base energy price, the quantity of carbon dioxide generated, the price of this CO_2 and a total without GST.

Customer metering

Gas: Gas meters measure the volume of the gas and not a measure of energy. Some retailers do not quote the energy density of the gas they are selling. This means that the customer cannot check the accuracy of the meter reading and the conversion to energy units.

Electricity: Electricity meters currently measure energy but in kWh.

Gas: $1 \text{ GJ} = 0.0393 \text{ m}^3$

Schedule of refunds for a lack of supply

There is no penalty clause for a failure of supply. The contract is with the retailer and not the supplier of the energy. The retailer will have to recover costs from the appropriate supplier.

This is required because of the costs incurred by the consumer for example food in the freezer which thaws.

Uninterrupted electricity supply

Some customers require continuous electricity for life threatening conditions. See<u>http://www.synergy.net.au/life_support.xhtml</u>

Page 6

In addition to the above, a *retailer* must define the following terms on an *Energy Price Fact* Sheet using the definitions stipulated below. *Retailers* may choose the format for including the definitions (i.e. footnotes; use of symbols etc) but must ensure the definition is clear to readers.

1. Daily supply charge: a charge that applies for supplying electricity/gas¹⁰ to your premises for each day of the billing period, regardless of how much electricity/gas you use.

2. kWh: 'kWh' stands for kilowatt hour and is the unit of measurement for your electricity bill.

3. MJ: 'MJ' stands for megajoule and is the unit of measurement for your gas bill.

2.3.7 Optional information

The AER encourages *retailers* to provide on an *Energy Price Fact Sheet*, examples or other guidance that may assist *small customers* to get a practical understanding of what a kWh of electricity or MJ of gas represents in terms of appliance usage. Attachment B provides an example of how this information can be provided.

Some addition information is required

The definition of power is required along with examples of how it is used.

2.3.7 Compulsory information

The AER requires *retailers* to provide on an *Energy Price Fact Sheet*, examples or other guidance that may assist *small customers* to get a practical understanding of how power is used on accounts. Attachment B provides an example of how this information can be provided.

Page 10

	[description of tariff]: X cents per kWh exported inc
Solar feed-in tariffs	(GST)
available	[description of tariff]: X cents per kWh exported inc
	(CST)

"Solar feed-in tariffs" is a poor name because consumers can also generate wind energy when the sun is down! Export of electricity must be offered on all electricity contracts.

Attachment A Page 20 Values match this page

Applicable charges	Tonne CO2/GJ	Total Price
Peak Energy charge 07:00 – 23:00 Monday - Friday	0.376	\$54.08 /GJ
+ Off Peak Energy charge All other times	0.376	\$39.47 /GJ
+ Supply charge		\$212.94 /year

CO₂ pollution is using the Victorian rate⁴



What is a daily supply charge? A charge that applies for supplying electricity energy to your premises for each day of the billing period, regardless of how much electricity energy you use. If the supply is less than a year an appropriate proportion of the supply charge is charged.

What is a kWh? 'kWh' stands for kilowatt hour and is commonly used on your electrical energy meter. To multiply the number of kWh by 0.0036 to convert to GJ.

An average power consumption of 1 kW (1000 Watt) will take 1 million seconds to use 1 GigaJoule. 1 million seconds = 11 days, 13 hours, 4 minutes and 4 seconds.

Period	Period (seconds)	Energy (GJ)
Year (365 d, 5 h, 18 min 46s)	31,556,926	31.56
Quarter	7,889,232	7.889
"2months" (year/6)	5,259,488	5.259
"month" (year/12)	2,629,744	2.630
Fortnight	345,600	0.346
Week	172,800	0.173
Day	86,400	0.086

Energy of	consumption	with an	average	power	consumption	of	1	kW

Price of energy consumption = Power (kW) x Energy for the selected period x GJ.

⁴ <u>http://www.climatechange.gov.au/publications/greenhouse-acctg/national-greenhouse-factors.aspx</u>

Attachment B Page 22

The values used in the table below are the equivalent of those in the original document.

Charges	Tonne CO2/GJ	Prices
Gas Energy	0.004	\$14.90 /GJ
+ Electrical power ≤465 W 1 December – 31 March	0.376	\$64.17 /GJ
+ Electrical power >465 W 1 December – 31 March	0.376	\$55.00 /GJ
+ Electrical power ≤465 W 1 April – 30 November	0.376	\$58.06 /GJ
+ Electrical power >465 W 1 December – 31 March	0.376	\$55.00 /GJ
+ Off-peak hot water controlled load (if you have a controlled load metering configuration)	0.376	\$30.56 /GJ
Supply charge		\$341.50

Tonne CO2/GJ are values for Melbourne in 2011-2012.

Energy consumption with an average power consumption of 1 kW

Period	Period (seconds)	Energy (GJ)	
Year (365 d, 5 h, 18 min 46s)	31,556,926	31.56	
Quarter	7,889,232	7.889	
"2months" (year/6)	5,259,488	5.259	
"month" (year/12)	2,629,744	2.630	
Fortnight	345,600	0.346	
Week	172,800	0.173	
Day	86,400	0.086	

Price of energy consumption = Power (kW) x Energy for the selected period x JGJ.



2. An example of a proposed interactive website comparator

The purpose

- To be able to compare retailers to get the cheapest price for the customers' power consumption pattern.
- Warn customers of what will occur if their power consumption pattern changes through the use of graphs
- Compare the price of electricity with gas to determine if it is cost effective to convert heating appliances to gas, even bottled gas.
- Use the power figures from their bill to insert into the interactive website to accurately predict the price over any time period, provided the usage pattern does not change.

Home Screen

- This screen is for the consumer to input the required information for the results to be calculated
- Postcode and the account type is used to determine which account to use.
- The Time period in the centre is used to calculate the energy transfer during that time so that the prices can be calculated. Thus the consumer can price by the day, fortnight, quarter or the year. These selections are on a drop down menu.
- A year is 31,556,926 seconds long. This has been used so that leap years can be ignored.
- Inputting of power information
 - If a residential account is selected the Watt unit is selected. If the business account is selected the kilowatt is selected. These are default values, to which the user can click the opposite option if they wish.
 - The peak and off peak gas power are usually copied off the bill which is of the type shown in part 3 of this document.
 - Electricity can be inputted a number of ways;
 - Average Electrical Power is used by those on a fixed rate supply. The Time of Use power values will be calculated as a proportion of this average, assuming a steady, constant consumption.
 - Time of Use Averages of electrical power are inputted on the left side. The Average Electrical power is automatically calculated.
 - Using these options it allows the price of fixed rates and time of use consumption to be compared in price.
- The grey default values should be the average values for this category customer by that retailer. If the enter key is depressed they are used.



Residential example of the home screen





Note: The average power is continuous over the calculation period for example:

For a calculation period of a year, it is assumed that the average power transferred is unchanged during that time. (Input the long term average) This data is for **Domestictown**, **State**. The data is for tropical year at the tariff rates which are in current use.

Included is GST @ 10 % Electricity emission factor 0.258 t/GJ, Gas emission factor 0.004 t/GJ. CO2 emissions at \$23.00 /tonne.



Fixed Energy for sale



1000 Watts consumed for a tropical year = 31.56 GJ				
CO2 Emissions = 0.126 tonnes		\$2.90		
Supply Charge		\$110.00		
Fixed Energy charge for	1,000 W \$	867.82		
Total Cost for fixed tariff	-	\$980.72		
Seasonal Energy Charge for				
Winter 21/6/2012 21:05 -21/09/2012 04:32	250 W	\$ 76.70		
Balance of the year	750 W	\$ 345.17		
Total Cost for seasonal tariff		\$882.85		
Demand Energy charge for	1,000 W	\$ 601.60		
Total Cost for demand tariff		\$711.60		
Meter reading discount for a pair of meters		\$ 10.00		

Note: The average power is continuous over the calculation period for example:

500 W \$ 788.92

For a calculation period of a year, it is assumed that the average power transferred is unchanged during that time. (Input the long term average) This data is for **Domestictown, State.** The data is for tropical year at the tariff rates which are in current use.

Included is GST @ 10 % Electricity emission factor 0.258 t/GJ, Gas emission factor 0.004 t/GJ. CO₂ emissions at \$23.00 /tonne.







750 Watts consumed for a tropical year = 5.917 C CO2 Emissions = 0.4358 tonnes Supply Charge	ĴĴ	\$10.02 \$16.93
Fixed Energy charge for Total Cost for fixed tariff	750 W \$	867.82 \$980.72
Seasonal Energy Charge for Winter 21/6/2012 21:05 –21/09/2012 04:32 Balance of the year Total Cost for seasonal tariff	250 W 750 W	\$ 76.70 \$ 345.17 \$882.85
Demand Energy charge for Total Cost for demand tariff	1,000 W	\$ 601.60 \$711.60
Meter reading discount for a pair of meters		\$ 10.00

Note: The average power is continuous over the calculation period for example:

If your quarterly power average power transfer for the same season last year is inputted then you may estimate this quarter. If the long term average is used then it will display the price of a quarter at the average power (Use long term average)

This data is for **Domestictown**, **State**. The data is for tropical year at the tariff rates which are in current use.

Included is GST @ 10 % Electricity emission factor 0.272 t/GJ, Gas emission factor 0.0736 t/GJ. CO₂ emissions at \$23.00 /tonne.

- Results screens
 - There is a pair shown, one for yearly price and the other for a quarter of a year. Notice that if the consumption does not change the power does not change. This can allow the increase in the various seasons to be compared. The energy transferred depends on the duration of when the power is consumed or generated.
 - All averaging is continuous regardless of whether a power transfer is occurring or not. When using Time of Use metering this enables each time slots' averages to be added to give a full time average.
 - The graphs are centred on the inputted average values to inform customers of what happens if their pattern of use changes.
 - The colour coded prices match the graphs and give exact values from the graphs and add supply charges

3. The Bill

The bill follows on the next pair of pages,

- The front page gives corporate details, for this delivery energy, the delivery and billing address, how much which needs paying and by when.
- The bottom half of the front, shows current and previous usage.
- The back page shows how the final figure is arrived at.

4. Conclusion

The aim is to use a common energy unit, the GJ so prices can be compared and the concept of power using the Watt enables the rates of consumption or generation can be easily compared.

Alan Hughes

25/07/2012



Power (W)	Gas	Electricity Summer	Electricity Balance	Off Peak	GJ/year
		\$ 941.63	\$ 851.97		14.67397059
0	\$-	\$-	\$-	\$-	31,556,926
100	\$ 47.02	\$ 202.50	\$ 183.22	\$ 96.44	
200	\$ 94.04	\$ 405.00	\$ 366.44	\$ 192.88	
300	\$ 141.06	\$ 607.50	\$ 549.66	\$ 289.31	
400	\$ 188.08	\$ 810.00	\$ 732.88	\$ 385.75	
500	\$ 235.10	\$ 1,002.38	\$ 912.72	\$ 482.19	
600	\$ 282.12	\$ 1,175.94	\$ 1,086.28	\$ 578.63	
700	\$ 329.14	\$ 1,349.50	\$ 1,259.84	\$ 675.07	
800	\$ 376.16	\$ 1,523.07	\$ 1,433.41	\$ 771.50	
900	\$ 423.18	\$ 1,696.63	\$ 1,606.97	\$ 867.94	
1000	\$ 470.20	\$ 1,870.19	\$ 1,780.53	\$ 964.38	
1100	\$ 517.22	\$ 2,043.75	\$ 1,954.10	\$ 1,060.82	
1200	\$ 564.24	\$ 2,217.32	\$ 2,127.66	\$ 1,157.26	
1300	\$ 611.26	\$ 2,390.88	\$ 2,301.22	\$ 1,253.69	
1400	\$ 658.28	\$ 2,564.44	\$ 2,474.79	\$ 1,350.13	
1500	\$ 705.30	\$ 2,738.01	\$ 2,648.35	\$ 1,446.57	
1600	\$ 752.32	\$ 2,911.57	\$ 2,821.91	\$ 1,543.01	
1700	\$ 799.34	\$ 3,085.13	\$ 2,995.47	\$ 1,639.45	
1800	\$ 846.36	\$ 3,258.70	\$ 3,169.04	\$ 1,735.88	
1900	\$ 893.38	\$ 3,432.26	\$ 3,342.60	\$ 1,832.32	
2000	\$ 940.40	\$ 3,605.82	\$ 3,516.16	\$ 1,928.76	

\$ 14.90	
\$ 64.17	
\$ 55.00	
\$ 58.06	
\$ 55.00	
\$ 30.56	
\$ 941.63	
\$ 851.97	



Reading on: 31 Reading on: 30	/06/2012 08)/09/2012 15	:00:00 :27:00		
Duration: 7889	232 s			
Energy Convers	ion: 0.0036 G.	J/kWh		
Time	Previous	Current	Previous	Current
Peak	256 kWh	599 kWh	0.922 GJ	2.156 GJ
D Shoulder	256 kWh	599 kWh	0.922 GJ	2.156 GJ
W Shoulder	207 kWh	484 kWh	0.745 GJ	1.742 GJ
Off Peak	514 kWh	1202 kWh	1.850 GJ	4.325 GJ
Time Energy	ourchased (G	J) Rate (\$/GJ) Cost (\$)	Power (W)
Peak	1.234	127.44	157.27	156.4
D shoulder	1.234	67.91	83.81	156.4
W Shoulder	0.997	57.35	57.17	126.3
Off Peak	2.475	38.82	96.07	313.7
Total	5.940		\$ 394.32	752.9
10 % GST			\$ 43.23	
Carbon Debt	5.940 GJ	0.2723 t _{co2} /GJ	0.1618 t	\$ 37.21
Energy Export	ed (GJ)			
Time		Current	Previous	Current
Poak	261 kWh	522 kWb	0 9396 GI	1 8792 GL
	120 kWh	260 kWh	0.7570 CJ	0.0360.CI
W Shouldor	156 kWh	200 KWII 212 kWb	0.4000 GJ	0.7300 GJ
Off Dook		JIZ KVVII	0.3010 GJ	1.1232 GJ
OII Peak	ΟΚννη	Ο Κννη	0 GJ	U GJ
Time Energy	ourchased (G	J) Rate (\$/GJ) Profit (\$)	Power (W)
Peak	0.9396	23.36	21.95	119.1
D shoulder	0.4680	23.36	10.93	59.32
W Shoulder	0.5616	23.36	13.12	71.19
Off Peak	0	23.36	0	0
Total	1.9692		\$ 46.00	0 249.6
Subsidy	1.9692	111.11	\$ 218.8	0
Reading on: 3	1/06/2012 08	3:00:02		01234 m ³
Reading on: 3	0/09/2012 15	5:27:02		01399 m³
Consumption:				165 m³
Duration: 788	9232 s			
Energy Density	• 0 039 GI/m ³			
Consumption:	165 v 0 020			6 425 C I
	105 X 0.037		00000	0.435 GJ
Average Powe	er: 6.435 X II		89232	815.7 VV
Average Powe	er >500 W: 8	315.7 - 500		315.7 W
Energy for 50	0 W: 500 x 7	889232/10000	000000	3.945 GJ
Energy for 31	5.7 W: 6.435	5 - 3.945		2.490 GJ
Av. Power	Eneray	(GJ) Tariff ((\$/GJ)	Debit(\$)
< 500 W/	3 945	35 53		140 14
	2 400	22.04		02 70
317 VV	2.490	32.00		03.79
Total Energy	6 435			\$219 97
10 % GST	0.400			\$22.00
Energy Impor	ted (GJ)	107365 017	t \$/t /20 \$22.00	\$10.00
	501 0.433 (5.07305 0.47	J7 ⊅ZJ.UU	ΦΙΟ.7 Ο
Supply observe		¢ 27 04 · 44	۲ O2 – ۴ E4	07





Balance Supply charge \$37.94 + 16.93 = \$54.87(394.32 + 43.23 + 37.21) - (46.00 + 218.80) + (219.97 + 22.00 + 10.90) + 54.87\$462.83