Energy Costs

What to look for when comparing electrical energy tariffs

The electricity tariff is the amount charged for providing energy under an agreed contract. Energy providers may offer a range of tariffs for customers to choose from. Each tariff is comprised of both fixed and variable charges.

The fixed charge is often called the 'daily supply' or 'service to property' charge. This charge does not vary when the electricity usage varies. Some tariffs have different components that may attract different fixed charges within the same tariff.

The variable charge is often called 'consumption' charge and is the amount charged for each unit of electricity used.

Other fees may be charged for account management items such as an establishment or termination fee and so on.

In areas of Queensland outside South-east Queensland, the electricity tariffs are 'regulated', meaning that the government sets the prices that the supplier (Ergon Energy) can charge. In New South Wales and South east Queensland, electricity tariffs are set by the supplier (Energex), however these 'standing offers' must comply with the Electricity Retail Code's default market offer (DMO) price.

The tariff selected should complement the optimal use of the associated irrigation system.

Consider the peak demand periods (months of the year, time of day etc) for irrigation of sugarcane and break crops.

General supply tariffs	On a general supply tariff, users pay for the electricity they use at a flat rate throughout the day and night, plus a daily supply charge. There are flat rate tariffs and banded tariffs where the cost per day increases as consumption rises.
Time of use tariffs	Time of use tariffs provide a constant supply of electricity, but at different rates depending on when you use it, plus a daily supply charge. There are different charges for peak and off-peak usage. Pricing for some tariffs applies year round, while for others it's applied seasonally.
Economy tariffs	These tariffs are suitable for running installations that don't require a constant supply of power (e.g. hot water systems).
Demand tariffs	Demand tariffs charge for the total amount of electricity you use plus a demand charge and a daily supply charge. The demand charge is based on measuring the maximum amount of electricity you use at any point during the billing period. Like the time of use tariffs, several demand tariffs feature peak and off-peak hours and seasons.

Ergon Energy's farming tariffs became obsolete from 1 July 2021, meaning no new customers can choose these tariffs and once a user changes from one of these tariffs they can not return to using any of these tariffs.

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Next Steps

To 'map out' electricity use over time, chart the kW used each month across the farming operation. Identify the highest kW use period and any obvious 'shoulder' periods. This will help identify if a tariff with different usage levels could be more economical.

When choosing a tariff that best suits the irrigation system, consider:

- peak irrigation demand periods for sugarcane
- peak irrigation demand periods for break crops
- if it possible to apply the required amount of water within the tariff's off-peak schedule
- what costs will be incurred if there are times when water must be applied during peak electricity demand times
- is flexibility in application timing worth any additional costs associated with a general supply tariff
- is solar power an option to provide electricity for day-time irrigation

Engage with your productivity services and energy supplier to determine what tariff is the most economical for the irrigation system. Ergon offers a free 'Energy Analysis' to assist in choosing the right tariff.

Resources

Fact sheet – Tariffs for Irrigators 2020-21: Ergon Energy Tariffs for Small & Large Businesses

Case Studies – Tariff assessment set

Ergon's Energy Analysis https://www.ergon.com.au/retail/business/account-options/my-account

https://www.aer.gov.au/consumers/my-energy-bill/tariff-and-fees-explained

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