

# Media Release

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## Retail demand charges add to electricity bills

The Independent Pricing and Regulatory Tribunal (IPART) has released its annual reports on the performance and competitiveness of the NSW retail electricity and gas markets in 2023-24.

Tribunal Member Jonathan Coppel said competitive retail energy markets help to ensure prices are reasonable, consumers receive high quality service, and products meet changing needs and preferences.

"In 2023-24, more consumers in NSW switched energy retailer or plan, and new and innovative energy products and services continued to emerge." Mr Coppel said. "However, customers faced higher electricity prices, with prices increasing by around 35% in the year to August 2023, driven by higher wholesale energy and network costs."

IPART found that while many households could save around \$350 (or 18%) per year on their electricity bill by shopping around, some customers face challenges when they try to switch to a better offer.

"Currently, the cheapest flat-rate tariff plans are often not available to customers with smart meters, and these customers don't have adequate information or tools to help them interpret and assess more complex offers, including demand tariff plans" Mr Coppel said.

Demand tariff plans include a charge that is usually based on a customer's highest half hour of usage in month during peak times. IPART estimates that around 1 in 10 electricity customers in NSW are on one of these plans.

IPART has found that for customers in Sydney and Newcastle (in the Ausgrid network), a demand charge from their retailer could add as little as \$10 to over \$800 to an annual electricity bill, depending on the plan. Often, cheaper introductory demand tariff plans will have the demand charge increase after 12 months.

Mr Coppel said IPART estimated a typical non-solar customer in the Sydney or Newcastle area would have paid more over the 2023-24 financial year on a demand tariff plan compared to a time-of-use or flat-rate tariff plan given their existing electricity usage – on average around \$200 more if they had lower peak demand, and around \$300 more if they had higher peak demand.

"If you are on a demand tariff plan, most retailers will allow you to switch onto a time-of-use tariff plan," Mr Coppel said. "The Australian Government's Energy Made Easy website is able to provide a bill estimate for time-of-use tariff plans based on your usage."

IPART has made 10 recommendations to improve competition and consumer outcomes in the NSW retail energy markets. These recommendations are targeted at:

- Giving consumers better information on the price of energy plans to help them find cheaper offers. For example, recommending the Energy Made Easy website is updated so it can calculate demand charges.

- Removing barriers that consumers face when they go to switch. For example, recommending making it clearer to customers what meter type or network tariff an offer is compatible with, so customers know if they can switch to that offer.
- Making sure there are adequate protections in place for customers that do not engage. For example, recommending the Commonwealth Government reviews whether the Default Market Offer is protecting customers from unjustifiably high prices.
- Highlighting areas of the energy supply chain for further investigation.

The NSW retail electricity and gas market monitoring reports are available at [www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au).

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