Sarah Clack:

So, welcome to our webinar today. We're going to be talking about understanding your electricity bill and supply. And today we've got Geoff Lodge here to present for us. So Geoff's the CEO of GV Community Energy, which is based in the Goulburn Valley in Northern Victoria. And he works with farmers and other people around renewable energy and energy efficiency projects. And he's even been involved in co-designing two solar farms in the area, so that's pretty exciting. Prior to his current role, Geoff's worked in natural resource management and that's given him a strong practical knowledge of farming operations. And then Geoff's taken this knowledge and blended it with renewable energy and energy efficiency to be able to provide information to farmers on energy. So today Geoff's going to present on electricity supplier, tariffs and charges, to assist farmers to get the best electricity deal for their farm. So over to you, Geoff.

Geoff Lodge:

Thanks, Sarah. Thanks for the opportunity and it's great that you've had a good response. And looking at the attendees, there's many names that are familiar to me. So it's nice to know you're out there listening. Look forward to your insightful questions as we go through.

Geoff Lodge:

So, the key discussions for today are covered off on understanding the electricity grid and connection, tariffs, charges, and looking at what would be a good deal for you in procuring your electricity. Never in my wildest dreams would I have thought that I would find that exciting talking about poles and wires and electricity bills, but here we are. And it is quite riveting to understand just the complexity and the impact it has on our daily lives. So we've got plenty of time to go through this material and I do invite questions as we go through.

Geoff Lodge:

So, as a starting point, looking at the electricity grid and its connection, where does Victoria get its electricity from? I'm going to work through, how is it generated? How is it distributed? How it's regulated, who delivers it and who sells it. So this will give you a snap shot of what's going on. What I find fascinating is all this infrastructure surrounds us, we see it every day. And it does impact our daily lives and I find it quite fascinating to understand these aspects of the network.

Geoff Lodge:

So, in putting in context, Victoria generates most of its electricity from burning brown coal. Somewhere in the order of 70% is generated through these coal fired thermal power stations, located down on the Latrobe Valley. And interestingly within that mix there's about 21% that is of a renewable nature. There are enormous reserves of coal, somewhere in the order of over 1000 years. We're not going to run out of coal. And a bit like the stone age finished, not because we ran out of stones but we moved on to new technology. The whaling industry finished not because we ran out of whales but because it was uneconomic. And the coal industry will have a similar fate, not because we run out of coal but because it will not be economic. When we look at the adverse impact of burning coal, the emissions, and the impact on global warming, the days are clearly numbered.

Geoff Lodge:

Australia is the biggest exporter of coal. We're a big player in this global discussion and we need to sit up and modify our behavior. The photo that I've got here, it's what I would consider to be an iconic photo, displaying your typical coal powered thermal power plant. It's iconic because of the emissions coming out of these towers. And like any photo there's always many stories behind that, because the emissions coming out of these towers are actually cooling towers. And this is actually water vapor. The concern is actually these stacks in the background, which are coming out of the furnaces. That's where the pollution is, not the steam. So it's always good to have a more complete understanding of the story of generating electricity, and that's what today will offer.

Geoff Lodge:

When I look across here and I look at the renewable energy, every activity that we do has a carbon footprint. I mean, the solar requires resources to produce the plant. The wind turbines require resources. In terms of the return on investment, it takes about a year to break even in terms of the carbon footprint of this renewable technology. Now that's an important part of the conversation, is understanding not only the return on investment, but also the return on the sunk resources, the carbon footprint to break even. And renewable energy has a very bright future. Here I have just a hydroelectric plant, this is up in Snowy. And this asset has a very long life, so it is a commercially viable proposition. And across here is a gas-fired plant, so that's part of the mix within the generation across Victoria.

Geoff Lodge:

This table here is just giving some numbers around the breakup of where the electricity is coming from. And we have no black coal in Victoria, but we do have brown. And you can see that somewhere in the order of 70% is coming from the coal. 8% from the natural gas, and natural gas plays an important role in peak generation. So when we have a shortage of electricity and there are spikes in the cost of the wholesale price of electricity, a lot of the natural gas power plants come in to production.

Geoff Lodge:

And if I look down here and look at the renewable fuels, you see the mixture that makes up that 21%. And interestingly how wind is the dominant, it's the most cost effective. Solar is on par with that. And you'll see down here a mixture of large scale and small scale. So the small scale is basically the rooftop solar that we see changing our roof landscape across not only Victoria, but across Australia. Now these figures have been generated out of a report that was published, capturing up to 2019. And in the last 18 months or so we've seen continuation of the rise of renewables, and we'll see a spike in both wind and the solar. So these figures that I'm presenting are conservative by nature.

Geoff Lodge:

This table here is to give an insight in what is projected. I'm not so concerned about the figures down here, what I am interested in is these red components. Because it's the red which is describing what is proposed development. And you can see that when you look at gas, there's some proposed works, solar there's a significant amount. And wind, there's a significant amount. Now, this is part of a transformation that we're witnessing and it is significant by nature when you start looking at the scale of these proposed works.

Geoff Lodge:

So, in terms of how the electricity is generated, I've mentioned that principally most of it is from the coal power and then there's some gas. But it's transported across the state from these centralized generation plants, through these high voltage transmission lines. And you will be familiar with this across the landscape. And when I say high voltage, we're talking somewhere in the order of 220 to 500,000 volts. Significant, it's efficient to run at those high voltages, and that's what moves across the landscape.

Geoff Lodge:

Victoria is integrated with South Australia and New South Wales, Queensland and also, Tasmania. So it's a network in the South Eastern parts of Australia. Northern territory and Western Australia have their own networks and they are separated from what we're describing today in the South East parts of Australia. Interestingly, in terms of the demand centers, where the main electricity is being consumed, Melbourne clearly being the capital of Victoria. But interestingly Portland also gets guernsey. And I'll explain why in a moment. This diagram is fairly simplistic but from the centralized generation plants, across the transmission, which is high voltage. And then you move through as the voltages are dropping, as they distribute across the landscape. And we'll go into that in a bit of detail. And eventually, it comes to the houses or buildings where it's consumed at 240 volts. So there's a significant step down as the electricity is transferred across the landscape.

Geoff Lodge:

What I've got here is a map of Victoria showing the distribution of the high voltage transmission lines. And they're central in terms of the centralized generation down here in Latrobe Valley. And up here in mountains with the hydro schemes coming out of the Murray. And then you see the network of transmission lines moving across and centralized in Melbourne. But also, they move across to Portland. And there's a significant consumer of electricity down here and it's the Aluminum Smelter. And then you've got Portland with a deep port, exporting produce out of there. But as a part of a state government initiative many decades ago, it was about extending the infrastructure and utilizing the deep port. So you've got now your network going right across Victoria. And also, moving right up into Mildura.

Geoff Lodge:

The reason I've got these two lines here, and this red one, is there's some exciting developments to strengthen this grid network. And it's about connecting and strengthening the connection with New South Wales. And what's on the table right now, are proposals to either come down through Kerang into Bendigo, and back down into Melbourne. Or to come across here through Shepparton across to Bendigo. This will galvanize the network up here in Northern Victoria, it will be quite exciting to see what eventuates. There's no public decision at the moment, but something is imminent as to the development of this connection. So it will be a case of watch this space. Likewise, there's been advancements in strengthening the grid down to Tasmania. It's all about this integrated network, and it's promising to give more stability and supply of electricity.

Geoff Lodge:

In terms of who's managing these processes, you've got the transmission lines are owned and managed by Ausnet, principally a Singaporean foreign ownership. And they own the high transmission network across all of Victoria. You step down into the distribution network and you've got these companies here that cover off on it, these five companies. And from a geographic point of view, you've got Powercor that takes up all this area. Ausnet services this area. And then around Melbourne you've got these smaller distributors. So for those living in Northern Victoria, you're either being serviced by Powercor or Ausnet. So these are the companies that own the poles and wires that are delivering the electricity coming off the transmission lines, and all the other poles they own and manage. And that delivers the electricity. Each of these areas and companies have different fixed charges. Remember they're a regulator monopoly, they own the poles and wires. And they provide all the tariffs that are available to the retailers. So when you've got a problem with supply, you talk to Powercor or Ausnet. When you've got a problem or an issue with the bill, you talk to your retailer.

Geoff Lodge:

I've got here just an example of the Powercor distribution area. And you can see just the immense network of lines and girds of supplying electricity back to all of your premises. And here we are... Well, Sarah you're based in Tatura. And it just gives you a snap shot of just the network. It's quite incredible and a enormous investment to provide electricity to all those properties.

Geoff Lodge:

So, in terms of the type of connection, we've got two main types, being the bare wire and insulated. But the bare wire, it comes off in this 66kV or 66,000 volts. And these are the wires that connect between station, substations. So they don't actually connect to any of the houses. But they're running at that 66,000. And the way you can pick them when you're driving through the district is they're bigger poles, and bigger insulators essentially. And then you step down to your 3-phase, they're also known as a 22kV or 22,000 volt feeder lines. And you can see that network, it's quite extensive. It's 23,000km. Now many farms, many rural properties have 3-phase. This is important in terms of the type of machinery and the demand that is required. It's not absolutely critical but it is preferential if you can get 3-phase.

Geoff Lodge:

You've also got single phase, and again, around 23,000km. These are massive networks. And then you've got these single-wire earth returns or SWER lines. And these are normally fragmented and at the edge of the grid. So you really haven't won the lottery if you're being serviced by a SWER line. It is problematic. But the reason it's there, it all comes down to cost. And it's the cheapest of all the delivery systems so the end of the network, the properties are served by these SWER lines. And then you have low voltage, which is typically is in the metro areas, so you seldom see that in regional Victoria.

Geoff Lodge:

And, the other category is insulated, and these have quite an important and niche role. And that is, you can bundle your cables, insulate them, and they can be rubbing against branches and they will operate by design. So it means that you don't have to be as aggressive in the pruning of vegetation. So you will see in some urban areas where you've got some wonderful landscaping, mature street trees, and you will see bundle cabling working through the trees, through the canopy, and supplying electricity. And we will see also across the landscaping forested areas, there is some of this type of insulation. But it's a small component and that's because it's so much more expensive. But these are the sort of things that are available through the supply area. So this electricity still has to drop down to that 240 and then connect to the individual property. But this is how electricity is transferred across the landscape.

Geoff Lodge:

Now when it comes to you wanting to purchase your electricity, it's a bit of a minefield. There's about 27 electricity retailers that service Victoria. And it's little wonder that people get confused. Firstly, people sometimes get confused between whether they're buying their electricity from Powercor or whether they're buying it from one of these 27 retailers. So it's a point of difference that's important. You've got three big retailers in this space. You've got AGL, Energy Australia, and Origin. And they cover off about 70% of all sales, so they're big players. And they've been in this space for a long time, and they have other investments in both renewable and non-renewable energy. In particular a lot of gas peaking plants. And they've played an important role in the public discussions which has been quite challenging in this transition and decarbonization. Some slow momentum and emersion in this transition. And it makes it quite challenging for someone who has worked in the renewable sector to see that those three main players have not been leading in this space. There was one, and I will point them out, is Powershop. Is one retailer that has, in contrast with most of the other retailers, has been a leader in this space and public debate.

Geoff Lodge:

So, they're green because they supply renewable energy. Diamond Energy also here, I've got them highlighted as stand out retailers that... And Diamond Energy does a lot of biogas. And for those who live in the Goulburn Valley, you may be familiar that Tatura township the effluent ponds there are covered and capture the methane. And Diamond Energy is generating electricity from that. So a bit of a stand out, these two companies, in terms of their green credentials.

Geoff Lodge:

The other one that I wanted to point out was Momentum and Red Energy. And their energy, electricity is sourced from hydro schemes. So Momentum down in Tassie. And for those who've got a long memory, you may recall discussion about the unabated role out of hydro schemes down in Tassie. In particular the notable one of Franklin. So there's a history here that this company has been associated with those sorts of developments. And they've been curtailed, which I see as a very promising thing. And it was great that the Franklin was saved. They're renewable in the sense that the infrastructure is there, it's had an adverse impact obviously on the river systems. So it's a qualified renewable energy, and the same with Red Energy, coming out of the snowy. Same sort of ecological issues are linked to that as well.

Geoff Lodge:

So, the theme I guess, is it's never straightforward, there's always a carbon footprint with everything we do. Which can make these sort of decisions of deciding which retailer you want to do your business with, can be a little more complicated. For most people they'll chase the cheapest electricity but there's a background to everyone of these companies, and it's mindful to know that if you want to make a fully informed decision.

Geoff Lodge:

And what's the last one I wanted just to mention? Oh, yeah. I've got here energy locals, and I want to make a special note that Indigo Power is a social enterprise servicing part of Northern Victoria. They're actually white labeled out of Energy Locals, so Energy Locals is the electricity company with the electricity license. And Indigo Power plays a role in their own business model of providing a service selling the electricity. They're not the retailer but they are the front agent in selling it. So it's a different business model.

Geoff Lodge:

Now the last one here, I'm going to talk about a different business model, you've got Amber Electric and Powerclub. They're new players in the space and they position themselves as a retailer that is selling wholesale price electricity. And we'll get to that in a minute.

Geoff Lodge:

So, if you're at all confused with wondering where to go, let me show you the next slide. That'll come in a moment. This next couple of slides are going to talk about the tariffs, being both the domestic, the business, and commercial. So here we have here the distributors that are servicing Victoria. And remember Powercor and Ausnet are servicing the regional areas of Victoria. And it's the distributors that actually determine the tariffs that are available, and then the retailers decide which tariffs they want out of the sweep that is offered by the distributor. And you can see here with AGL, they actually have 30 tariff options in the Powercor area. And when you scroll down here, you can see that if you live in the Powercor area you've got 27 retailers to choose from. From that, you've got 439 tariffs to select from. Now some of them will not be suitable for your site, but there's a layer of complexity which is quite enormous.

Geoff Lodge:

And what you'll see is that the three major retailers will offer the greatest range of tariffs. So AGL is offering 30 different tariff mixes. Then you come down here and Energy Australia will be here somewhere and Origin. Origin is looking at 40 and... I can't see Energy Australia. It must be there. Not to be, so there we go. But anyway, the story is pretty clear that the big retailers are offering more options but here we have 439 tariffs that are available. And for Ausnet a similar sort of number. There's little wonder people get a little baffled.

Geoff Lodge:

Now when it comes to understanding the make up or the cost of your electricity account, really important to understand that the AGLs, the Origins and the other 25 retailers, this is their component of the bill. Now, in this case we're talking about a $1400 bill. And here we're talking about 35% of it, is related to the retailers charges. These are all the other costs. This is actually the cost of the electricity coming out of the wholesale market from the generator. And these other costs are captured by the distributor, so Powercor and AGL. It's important to get a sense of that. Now, for domestic and small businesses you're not privy to this detail, you just get it all amalgamated into one bill. But as you move in to the bigger users and some dairy farmers move into that space, you start seeing this broken up. And it's good to understand that, and that's what the next couple of slides are going to touch on.

Geoff Lodge:

A similar model, similar example with the business. And you see that there's a slight variation in the distribution of the cost. And in this case the retailer represents a bit over 20% of the bill. I find this quite fascinating to just understand the background and the distribution of those costs. Recognizing they're made up sharing between the generators, the distributors, and the retailers.

Geoff Lodge:

So, here's a typical electricity bill for a domestic and small business. And let's see whether we can... Nah. And the key bits that I want to focus on, and there's a reason why I want these bits to be understood. Is the bill in essence is very simple and very clear. It tells you how much you owe. A lot of people I encounter suggest that the electricity retailers are deliberately confusing you by having very complex bills. I think it's an unfair criticism of those who are producing these bills. They could send you a bill and just give you that figure, but they chose to, under regulations for transparency, explain the basis of that so you can scrutinize it. And you need to spend a little bit of time to understand that so you can make sense of it. And once you've got your eye in, you'll see that every bit of information that's on the bill is relevant for you having a better understanding of why you're being charged this amount.

Geoff Lodge:

It presents the information in a daily, so how many kilowatt hours you have consumed and what your total usage is. This is a good start. It also identifies your tariff, so whether you're on peak, off-peak, or shoulder. And it will tell you how much you use, but also it will tell you what the rates are for each of these tariffs. So when you come down here, it gives you this break down. And you've got your peak, your off-peak, your shoulder. And it will tell you how much you've consumed, it will also tell you what the rate is. And then through multiplication it will tell you what it costs.

Geoff Lodge:

Now, the bills come typically in 90 day cycles or thereabouts. Some, typically the bigger users, will come in a monthly cycle. So when you're looking at the bill, it's important to understand are we talking about a month or are we talking about three months? The other thing that I find quite fascinating here is to make sure that you have an appreciation and understanding of your National Meter Identification number. And it's a bane of many ones lives trying to find that on your account because it's in different locations on different accounts. But it's an important number to know and I'll tell you in a moment why you need to know that number.

Geoff Lodge:

The other bit of a stand out here is you've got your solar feed-in tariff and it will tell you what that's generating for you. In this case, this generic bill is indicating that you're getting 15 cents, 15.6 cents per kilowatt hour. And because you're generating a surplus and exporting this sort of quantity, you could get a credit of around $118.

Geoff Lodge:

When it comes to looking at some of the options on your plans, you can enter into a contract, it can be fixed or variable. And it's important to know whether you are fixed or variable. And it's important to know the termination timeframes because so often you will enter into an electricity contract, you'll have the honeymoon period as they say. It'll be very attractive, 12 months will expire and you'll be put on a different tariff. Now, in the past this has been a very significant issue, where people who have not been attentive to their bills, they've gone on to a very unattractive tariff. And people have been paying top rates and it's caused a lot of grief.

Geoff Lodge:

Fortunately, the state government have stepped in and has brought in a default or a maximum charge. And when you are inactive in your accounts you go to this default. It's much better than where we were 18 months ago. So I'm pleased to see this is coming in to play but if you're looking for the sweet spot, you need to be proactive in this. You go out to the marketplace, you get a deal, and you've got to be proactive knowing that it will change. And if you're on a variable, it will change. You will be notified but then again, you've got to open those envelopes, you've got to read the bills and understand the changes. And if you're fixed, there will be a sunset clause and then it will change. So it's about understanding whether you're on this and about fixed or variable and then understand how regularly you need to be reviewing it.

Geoff Lodge:

There are options where you prepay, and a bit like a telephone where you have some financial prepay. And there are some discounts associated with that and can be advantageous. But again, you need to be proactive in making sure you've charged your accounts. Now, up until about 18 months ago the discounts that were being offered in electricity bills in particular was chaotic at best. Fortunately, the government has tidied up and given instructions to the retailers to back off on the accounts and have more transparency on what the rates are. You will still see some discounts or pay on time discounts, but there's been a significant shift in the last 18 months. Backing away from the complexity of discounts and more transparency in presenting what the actual rates are. And I see this as a progressive step for the industry.

Geoff Lodge:

And then we've got the sign-up incentives. And these will vary between 100, 150 dollars to encourage you to join or a friend or family member to join initiation. And you'll get some financial incentives. It's important to understand in the context, why are the retailers investing so much in trying to secure new clients, and it's because you get about a 25% churn rate per year. So that means from the retailers point of view, they're going to lose 25% of their clients in any 12 month period. So they're constantly wanting to secure more clients and try to hang on to their old ones. So it's a very volatile industry and that all adds costs, but that's the free market that we've signed up to.

Geoff Lodge:

So, I'm going to now touch on a slightly different tariff, and this is typically a small business. Many farmers will be on this sort of account. And it's what I call a hybrid between the domestic and then the commercial because it's got an introduction of a demand charge. And for anyone that is consuming somewhere in the order here of, for this billing period of a month or 28 days, you're talking a fair bit of electricity. So most of your dairy farmers are going to be using electricity in this sort of intensity. And over a 12 month period you're over 100,000 kilowatt hours. And it puts you into a category where you're getting a break up or a break down of the cost of the electricity and the introduction of demand.

Geoff Lodge:

So, I'll go through some of the key attributes here. In this account, we've got three meters and peak, off-peak, and we've also got some solar tucked in here. And here it just gives you the information about what the total usage is. And remember that when we talk about usage, we use the units kilowatt hours. So that's how much electricity per hour is being consumed, how many kilowatts per hour is used. And it's a use unit and you can see here that this is peak, off-peak. We'll find out down here which is which. So down here you will see off-peak is 4357, so this is the off-peak tariff.

Geoff Lodge:

I've highlighted here to differentiate between the peak and off-peak tariffs. And you can see here that this translates to about 15 and a half cents for off-peak. And what you see here is peak is about 17 and a half cents. So about 2 cents dearer. So the difference between peak and off-peak under this tariff arrangement for this dairy farmer is insignificant. When this farm was set up, and we're going back 30, 40 years. The difference between peak and off-peak was somewhere between 500 and 700 percent. So you were seeing that there was about between five and seven times dearer to purchase the peak electricity compared to the off-peak. So what it meant for this particular dairy farmer, as with many other businesses across the landscape. It was advantageous to take advantage of off-peak, and you would design your system to absorb and utilize that electricity at off-peak. It made a lot of economic sense to do that, even if it was inconvenient to do it, you would take advantage of the off-peak.

Geoff Lodge:

Well, that landscape has very much changed and this is a brilliant example of just how close between the peak and off-peak electricity tariffs. That now it means there's no significant advantage in doing things at night compared to during the day. And this introduces things like renewable energy in solar that it makes a lot of sense to put in solar to absorb not only the electricity used during peak time, but also to shift off-peak into peak time. Now this is a conversation that's only come about in the last couple of years. Previously, it was too risky to be shifting your off-peak appliances into peak time thinking that the solar would absorb that. Because if there was a cloudy day, if your electricity wasn't covered by solar, then you were paying through the nose a premium for that peak time compared to the status quo if you'd had of kept your system utilizing the off-peak at night. So it's a new game now and you're seeing a lot of farmers that historically have had off-peak appliances, are now shifting them to the middle of the day and putting solar in to absorb that. It's quite exciting from a cost point of view and a great opportunity in reducing carbon footprints here. We're seeing this being deployed across the state.

Geoff Lodge:

Now I'm going to come into this demand and remember this is kilowatts, so we're talking about the instantaneous use of electricity. Not spread over time but instantaneous. And being charged... Here we go, move across here and you'll see you're getting charged here $6.67 per kilowatt. And what the retailer will be doing is monitoring, and over a period and this is the period. So it's a two week period, every two weeks. The retailer will be monitoring the peak demand, and whatever the peak demand is within that designated period will be charged $6.67 for that peak. So in this case it was 36 kilowatts, multiply that and there's your bill. And then the second fortnight in that billing cycle the rate actually went up, $8.80. And the peak was around 41 so you multiply that out. So you see here, this demand charge works out at around $606. When you look at the total consumption of 1200 which is the peak and off-peak. You can see the demand represents about 50% of what the consumption costs are. So it's a significant loading on the total costs, but in providing that transparency brings a possibility for you to reduce your peak, to reduce this cost.

Geoff Lodge:

The other one is we've got solar here. And you can see that they're on a 60 cent feed-in tariff. So this farmer was clearly an innovator farmer that was taking advantage of solar back in 2009, 2010 when that premium feed-in tariff was in place. And they're getting 60 cents for every kilowatt hour that they send back to the grid. Now some people hold onto that tariff because they consider it's gold, because today you might be getting 10 cents which for this system you're getting 60. But if you have a look in terms of the context of how much they're getting per day, about 40 cents. You see how much they're exporting, about nearly 18 kilowatt hours. So it's only worth around $10. It's worth modifying your system and losing that tariff, it's cost effective to abandon and put on a new system. And that's exactly what this dairy farmer is doing.

Geoff Lodge:

Okay. The commercial industrial tariff. This one, these are the rates and you can see it's 9 cents and 5.8 cents for peak and off-peak. And you can see there's a substantial reduction in the cost, so this is recognizing that there's a high volume of electricity being consumed here. But as part of the transparency in the break down of the cost, there's also this recognition that there is these losses in the delivery of that electricity. And they're factored into that. And in this case, for this site, it's a shade under 9% losses. And that gets factored into here to then determine the actual cost for this client. And then down here you will see a demand charge and that comes into play because of the size of the account.

Geoff Lodge:

Here you've got these network charges, renewable energy charges, and other charges that I mentioned in an earlier slide. These charges are actually not determined by the retailer, they're determined by a combination of the distributor and the wholesale market and regulatory authorities. So these costs are actually passed through. So when you're shopping around for the best deal, these aspects are actually passed through, they are not contestable. This is what's contestable and that's what you focus on when it comes to looking at your best deal. Sure you'll be looking at the bottom line, but this is the determinate not all these charge here. Now, these charges are mostly consumptive based, so you will see that it is a reflection of how much electricity is used both peak and off-peak. And it's reflected in these network charges.

Geoff Lodge:

So, when it comes to getting the best deal for your farm, I do say shop around. That can be quite a time consuming and complexing process. There are some businesses that offer broker deals and that can be advantageous for you, especially when you've got multiple meters, multiple accounts on multiple properties. It would be very time consuming exercise. As a starting point the Victoria Government has an energy compare website, and this is a good starting point. It is tailored for domestic and small business but it's still worth for farmers to have a look at this to get a sense of what's happening out in the market. And importantly, it's free and independent. It's online and it deals with most retailer offers, not all. Not all offers and not all retailers. But it's the best that's in the market place, it's comprehensive and it's transparent. And it covers off on electricity, gas, and also solar feed-in tariffs.

Geoff Lodge:

The thing to watch is there are always the fine print. So while the state government has tidied up on instructing the retailers to move away from all the discounted offers and have greater transparency. What you will see is while the discounts have been toned down, there are conditions in the fine print that you need to be aware of. And I'm going to touch on that in a minute. And the other services that are in the space, and if you go online you will see that there are many companies that offer a similar service. I've got a list here of the main ones that operate in this space and they will compare the market and help for a, some will charge. But many will do this with no fee to you but commission fees may apply. So this is a significant difference from being independent from the Victoria government. Be mindful of that. These companies also provide commentary on the marketplace and in particular Canstar Blue provides some very valuable and insightful insights.

Geoff Lodge:

So, I'm going to walk you through this compare website. And I've got a bill here and I'll walk you through and say, this is how it works. And would encourage people to spend a bit of time to go online and look at this site. It should give you some peace of mind to get a good sense of what's happening in the market place. Now, I've circled here because for people who are pensioners, concession card holders, the state government is offering $250 power bonus. And as part of our company, GV Community Energy has been working with Brotherhood of St Laurence, and we've been working with many pensioners and concession holders navigating the system so that they get the 250 bonus. So it's there for those who are eligible.

Geoff Lodge:

So, when you look at the first page it gives you the options, and I've clicked on electricity offers. And we move on, I had to put in all my details relating to the tariff and reference back to the NMI number. So the program actually looks at 12 months worth of electricity use data, 30 minute intervals and then can assess the tariffs that are in that market place. Remembering how there's 400 plus tariffs that are in the mix. And what it's saying here is that the best deal that's in the market place is actually $1320 better than the status quo. So in this case, GloBird would be offering a better package financially compared to the status quo. Now, the status quo is a Powershop tariff, and whilst it's clearly not the cheapest, it is 100% renewable. And there is some social agenda issues that Powershop provides a lot of community service packages, different to most other retailers. But you can see here the contrast at 930, there's significant differences in what it will cost over a 12 month period.

Geoff Lodge:

Now, I'll just scroll through and I'll just show you. You look at, that's the best deal financially and then we'll scroll through. And you can see how the deals go up and then we get right down and this is what it would cost with these many different retailers.

Sarah Clack:

Geoff-

Geoff Lodge:

Go back to the cheapest tariff that was in that mix and it's about understanding the fine print. And the fine print here is that you must also have a gas account. And there are these annual fees and then you start looking down here and say, "Well, what were these annual fees for?" So you actually agree here to be a member of a small ideas club. You go, "What? I thought I was just buying electricity." No, this is part of the fine print. These other attributes that are requirements that you must comply with. You have to have gas, an annual membership of about $40 to be part of this club. It's quite bizarre in that respect, it's the fine detail. And what you'll find in the top three or four coming out of the search will have fine print, and you'll need to know what those conditions are. And if they aren't acceptable then you just move down the list.

Geoff Lodge:

So, I talked about there's a couple of retailers that are in this space that are selling wholesale electricity. This was a snapshot, a screenshot from my phone yesterday afternoon and this is the wholesale price of electricity. The dotted line is what was predicted. And I took the screenshot at around six o'clock last night. At midnight, the previous night it was trading at around five cents, early in the morning it was at zero cost and then around seven, it picked up around five cents and traveled around here and peaked at around... What was it there? At the time it was 17 cents but that graph is showing it's about 25 cents. The point is that the wholesale cost of electricity is very volatile, and these two companies are offering exposure to the wholesale price. But remember the cost of electricity on the wholesale market is a very small component. Around 20 to 30 percent of your bill. So you've still got all these other pass through fixed costs that you've got to pay.

Geoff Lodge:

So, at the end of the day, the financial savings of these two companies is not significantly different to the other models. You can see here this company Amber, it's got a $15 a month fee, exposed to all those pass through costs that I mentioned. And what they're guaranteeing is that you will not be worse off than the default offer if there were these significant spikes and you're exposed to that. So, there's a safety net there.

Geoff Lodge:

And, in a similar way Powerclub is offering something, they're marketing it as a membership, so it's a club. You pay about $40 a year and then you invest in maybe 2, 300 dollars, you put into a kitty. And then your daily costs, instantaneous costs, swings and roundabouts. So if the electricity spikes, you can draw out of this and if it drops, you then invest into it. So, it's an interesting model, both of these I consider are quite volatile but are tailored for people who are flexible in their energy use. So when I look at farming operations, I say, "These are too hard." If you're looking at domestic, have a close look because you can be a lot more flexible.

Geoff Lodge:

So, this pretty much comes to the tail end of my presentation I just want to touch on concessions. Recognizing that there will be some people that will be eligible to concessions. And be mindful that there are these safeguards in place that the state government have designed to offset the burden of electricity costs, and in particular you've got this 17 and a half percent discount that is available. There's many other discounts, controlled load, so that'll be for your hot water or for slab heat over the winter period you can get some discounts. Non-mains, so if your heating is based on gas or firewood there are these concessions that are available. At the end of the day, it's quite significant and quite generous.

Geoff Lodge:

If you find yourself in difficulty and in arrears and paying your bills, there are these schemes here that offer financial relief. Somewhere in the order of $650 every two year cycle, for each of the utility bills that you're having difficulty paying. GV Community Energy works in this space in partnership with Brotherhood of St Laurence in providing these sort of services to help people navigate through this space. And then if you find yourself having a stoush with the electricity retailer, there's another safety net and it's the Energy and Water Ombudsman. And in the 13 years that I've been working in this space, I've found this authority and this service to be excellent. So you've got a problem, you take it up with your retailer, you can't resolve it, you pick up the phone and talk to these people. And they are excellent in the service and support they give.

Geoff Lodge:

And, then the last thing I want to just touch on is that every retailer must have one of these hardship policies. And if you find yourself in arrears and there's a possibility you're electricity is going to get cut off, there's a range of counseling services that will help navigate through that process. It's part of the regulatory component that these services must be available.