

GOANNA ENERGY CONSULTING – TASMANIAN SITE AGGREGATION

If you thought contracting one Tranche 4 site was hard work, try adding it in to running an Agri-Business!

In early March 2010 I returned to Hobart from Tasmania's wonderful North after presenting Tranche 4 Electricity contracting workshops to some 50 DairyTas Members, at sessions held in Smithton, Ulverstone, Deloraine and Scottsdale. I met a great bunch of hard working people but their stories of misinformation and unnecessary costs really drove home the state of confusion surrounding the newly deregulated energy market in Tasmania.

By far the most common complaint from the dairy farmers related to "Aggregation" of multiple metered supply points, known as electrical "Installations", on the one rural property. Several farmers claimed to have been advised emphatically and repeatedly by the incumbent retailer that they could not "Aggregate" their sites to meet the consumption threshold for "contestability", despite them being in one geographic location, under sole ownership with adjacent titles.

Well I suppose the Retail call centre was correct, in that a Retailer can't actually "approve" this change, but the Office of the Tasmanian Economic Regulator (www.economicregulator.tas.gov.au) certainly can, under the circumstances outlined in their Fact Sheet Number 3, which can be found at the Regulators Contestable Electricity web site www.power.tas.gov.au known as "*the power to choose*".

A note of caution is in order, before you break out the Australian Sparkling wine. Tasmanian businesses need to be clear on why it is they want to apply to "Aggregate" metered electrical installations for the purpose of "contestability" or to have choice of retailers. Presumably the only reason to do this would be to secure a financial advantage, in the form of lower overall electricity costs. However, businesses motivated by a natural expectation of volume discounts and the desire to aggregate installations to make savings need to temper this enthusiasm with thorough research and analysis of their own unique and specific circumstances first.

Why I hear you ask? Because under the Tasmanian contestability legislation, once a customer applies to the Regulator to have sites deemed contestable and this status is granted, **there is no going back to the old tariffs**. So in the event that the customers' electricity consumption pattern, combined with the available Network Use of System charges, new metering costs, loss factors, market charges and energy market prices of the day, add up to **costs greater than the original monopoly tariffs, all this effort may have delivered a costly mistake from which there is no turning back**.

Therefore businesses wishing to pursue this course of action need to be highly confident, if not certain, that they will be able to secure the cost savings that are motivating their pursuit in the first place.

For more information please contact **Marc White**, Principal Consultant on (03) 6223 7253, Mobile 0418 596 162 or visit www.goannaenergy.com.au

We are here to help.

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