

Important information for large business customers: Changes to electricity prices from 1 July 2021



Jemena is your electricity distributor. We own the poles and wires supplying electricity to approximately 1,500 large business customers across Melbourne's north-west suburbs.

We charge retailers for providing you this service ("network charges") and they pass on the costs to you as part of your total retail bill. Our network charges are made up of individual charges (or prices) referred to as tariff components. These combine to make up your network tariff, which we are changing from **1 July 2021**.

What is changing?

We are changing our network tariffs to make them more cost-reflective. This is part of a growing momentum across Australia to transition electricity consumers toward tariffs that provide them with more accurate price incentives. This means we can deliver an efficiently-sized network that delivers value to customers.

This is happening now because of a five-yearly process to reconsider the structure of our tariffs—established in our [tariff structure statement](#). Our changes bring the structure of our large business tariffs in line with those of Citipower, Powercor and United Energy. The changes include:

1. New peak and off peak times for consumption charges
2. Changes to how we approach demand tariffs including:
 - a. We are reducing the window when you set your annual demand
 - b. We will only look at your recent history when setting your annual demand
 - c. A new tariff component targetting summer
 - d. Tariff choice, which we explain with an example.

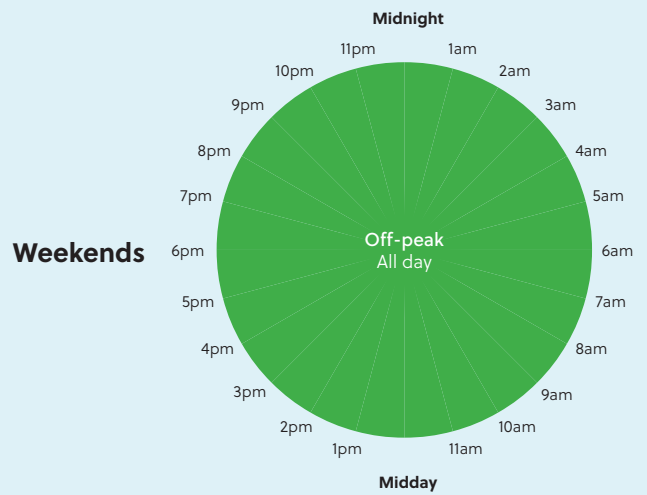
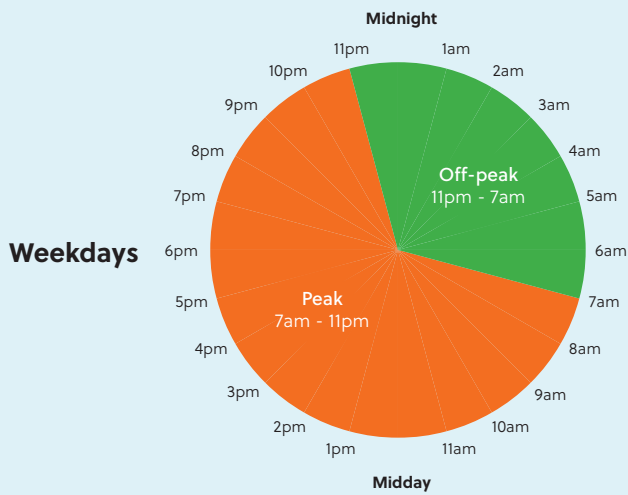
This information sheet explains each change and includes answers to some frequently asked questions. If you have further questions you can contact our pricing team at JENtariffs@jemena.com.au.



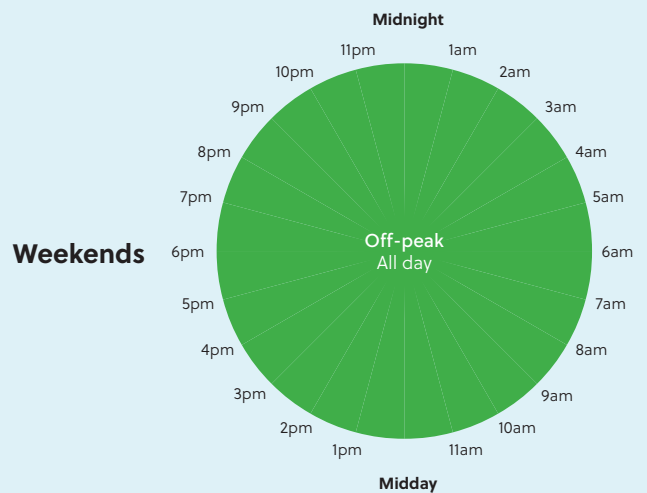
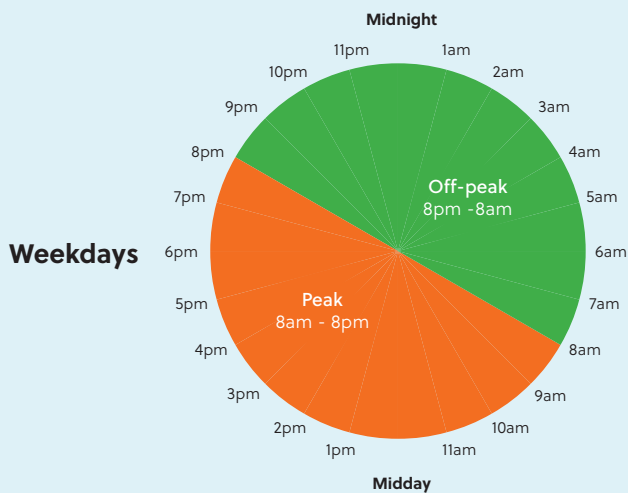
1. We are reducing the peak period for consumption

From 1 July 2021, we are reducing the peak window by a total of 4 hours. The peak and off-peak windows are used to determine which consumption rate you are charged. This will change from 7am – 11pm AEST weekdays to 8am to 8pm (local time) weekdays.

Peak and off-peak windows prior to 1 July 2021



Peak and off-peak windows from 1 July 2021



How does this benefit you?

We have provided some worked examples of how a customer can compare the transitional and cost reflective tariff applicable to them

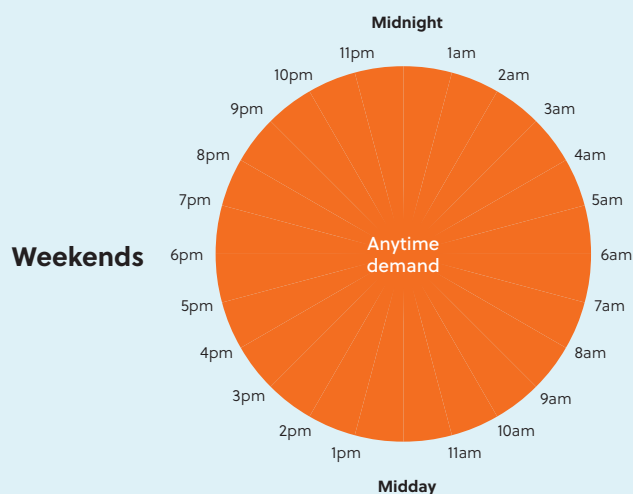
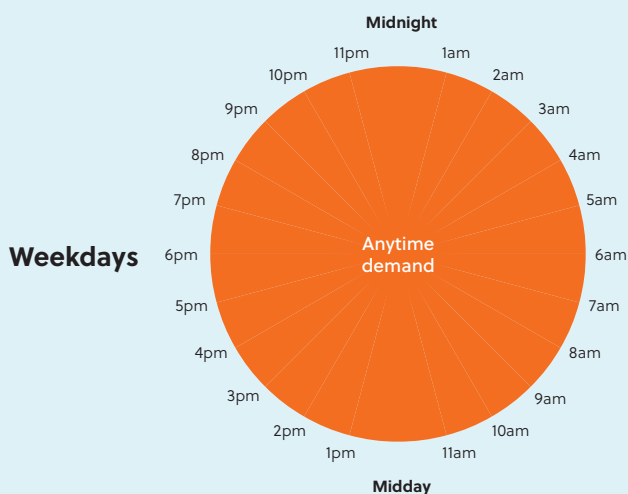
- You can lower your consumption charges by moving consumption to before 8am or after 8pm
- The change to local time reduces confusion between our tariff schedule and the actual time you operate.

2a. We are reducing the window when you set your annual demand

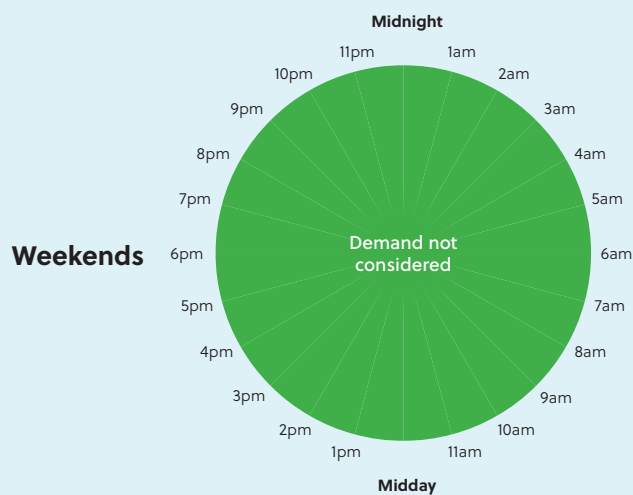
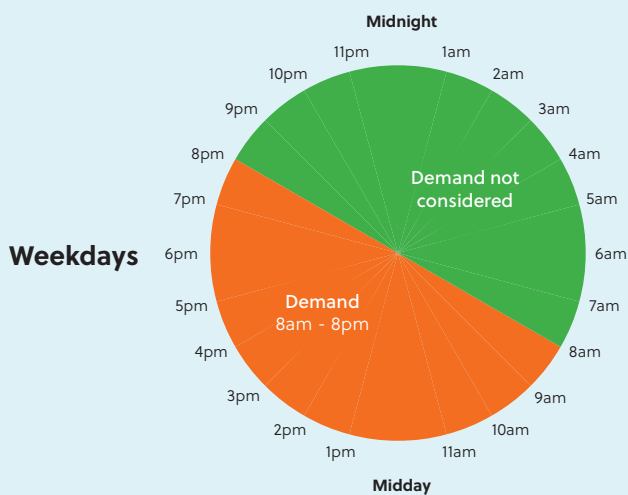
We are changing **when** we measure your demand (kVA) used to bill you. From 1 July 2021, the annual demand that we use to bill large businesses will change from the highest demand achieved at anytime to only record your highest demand achieved between 8am to 8pm (local time) on weekdays (including public holidays).

From	To	How does this benefit you?
Demand set anytime	New window of 8am-8pm (local time) on weekdays (including public holidays)	<p>Fairer—if your individual demand peak is outside the new window, which better aligns to our network peaks, then it no longer impacts your network bill (other than through the associated off-peak consumption charges)</p> <p>Simpler—the demand window is the same as that for peak consumption</p>

Window to set annual demand prior to 1 July 2021



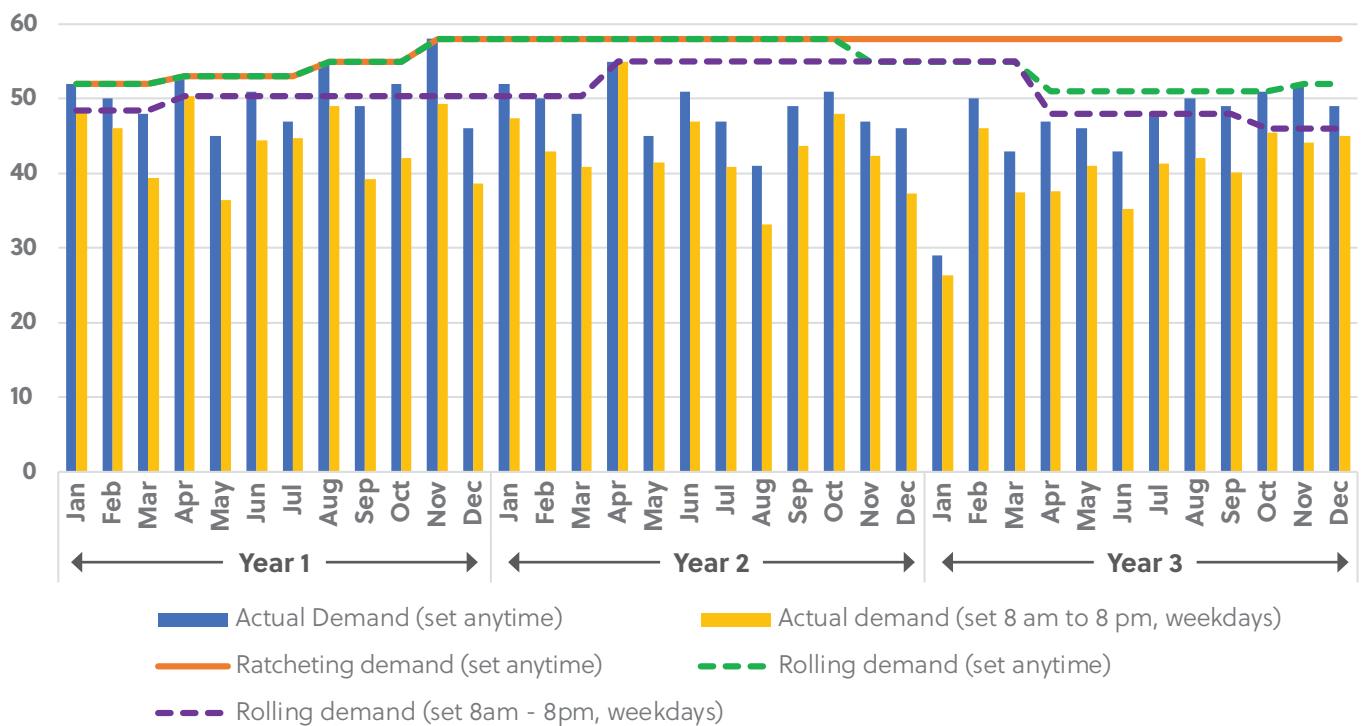
Window to set annual demand from 1 July 2021



2b. We will only look at your recent history when setting demand and automatically adjust it

We are changing **how** we measure your demand (kVA) used to bill you. From 1 July 2021, we are moving from a ratcheting demand approach to rolling demand.

From ratcheting demand	To 12-month rolling demand	How does this benefit you?
Customers billed demand was set at the highest historical hourly demand level set at any time (orange line in figure below) and was not reset until advised by the customer	Customer's billed demand will be calculated based on the maximum demand achieved by the site during the last 12 months within the 8am-8pm (local time) demand window (purple dotted line below)	<p>Fairer—provides a better reflection of the demand customers currently require</p> <p>Simpler—allows businesses to reduce demand monitoring and the need to apply to Jemena for a demand reset when they have ratcheted to a level they no longer require</p>

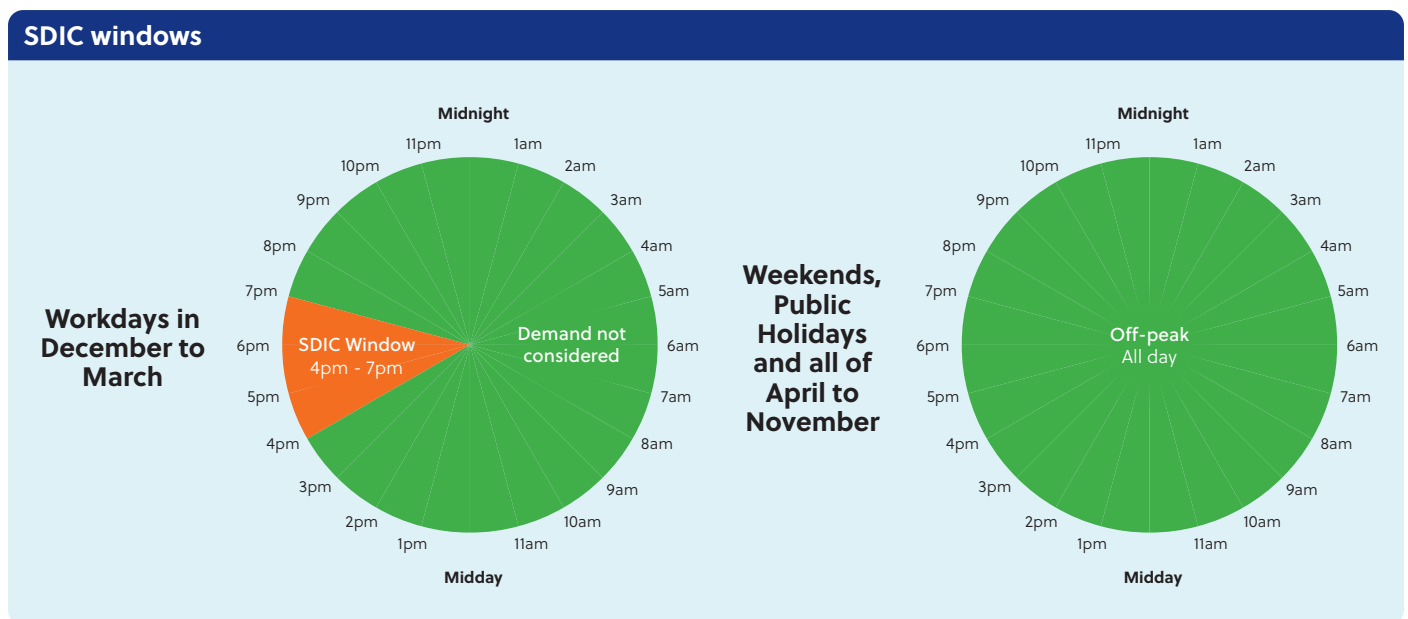


2c. We are introducing the summer demand incentive charge tariff component to all large business tariffs

Jemena's network peak demand occurs in summer. To reduce the emphasis on what demand customers achieve in non-summer months, we are lowering the price of our annual demand charge and introducing a Summer Demand Incentive Charge (SDIC) component to the tariff. The SDIC is a demand charge applicable from December to March only.

The SDIC:

- will be calculated for each month based on the maximum kVA demand achieved by the site during 4 pm to 7 pm (local time), only on workdays (i.e. Mon-Fri excluding public holidays)
- will be applicable each month in December to March
- will be reset to zero at the start of each month
- has a minimum of zero.



All large business customers will be subject to a network tariff with the SDIC tariff component and will default to a transitional tariff from 1 July 2021. The transitional tariff will gradually move the SDIC price to cost reflective levels over the 5 years from 2021 to 2025 as shown in the table below. As the price of the SDIC tariff component within the transitional tariff increases each year, the annual demand tariff component price will correspondingly decrease. Customers will also be able to choose a tariff with the SDIC price set to cost reflective tariffs if this better meets their needs (see section 2d).

Year	SDIC - Cost reflective tariff		SDIC - Transitional tariff	
	Example Rate		Percent	Example Rate
Unit ->	c/kVA/day			c/kVA/day
2021-22	48.694		0%	-
2022-23	48.948		25%	12.237
2023-24	49.564		50%	24.782
2024-25	49.864		75%	37.398
2025-26	50.183		100%	50.183

■ proposed prices ■ indicative prices

Summary of charges for large business customers:

Tariff Component	Unit	Pre 1 Jul 21	Post 1 Jul 21
Standing charge	\$ pa		Yes
Peak	c/kWh	7am -11 pm AEST, Weekdays	8am - 8pm local time, Weekdays
Off-peak	c/kWh	11pm - 7am AEST Mon-Fri, all day on weekends	8pm - 8am local time Mon-Fri, all day on weekends
Annual demand	\$/kVA pa	Anytime, does not reset (ratcheting).	8 am - 8 pm local time Mon-Fri, Rolling 12 months.
		Cannot be lower than the minimum chargeable demand level for your tariff or your initial / minimum contract demand if you entered a connection contract with Jemena	
SDIC	c/kVA per day	Did not apply	4pm to 7pm local time, workdays (excludes public holidays). No minimum.

How does this benefit you?

- Lower prices for annual demand
- Lower charges in non-summer months
- An opportunity to save on you network bill by focusing on reducing demand during a short summer window
- A glide path introduction to minimise impacts.

2d. Tariff choice - new alternative tariff with SDIC set at fully cost reflective levels

From 1 July 2021, we are also introducing an alternative tariff with the SDIC set at fully cost reflective levels. Customers can self-select this tariff via their retailer or submitting a [network tariff reassignment request](#). These have the same tariff structure as the transitional tariff, but will be priced differently. For each of the existing transitional tariff there is a cost reflective tariff available as shown in the table below. A customer will only ever be subject to one tariff for each of their NMIs.

Connection	Transitional Tariffs	Cost Reflective Tariffs	Site consumption range
Low-Voltage (less than 1,000 volts)	A300, A30E	A30C	≤ 0.8 GWh pa
	A320, A32E	A32C	> 0.8 GWh pa BUT ≤ 2.2 GWh pa
	A340	A34C	> 2.2 GWh pa BUT ≤ 6.0 GWh pa
	A34E	A34C	> 2.2 GWh pa
	A34M	A34T	> 2.2 GWh pa BUT ≤ 6.0 GWh pa
	A370	A37C	> 6.0 GWh pa
	A37M	A37T	> 6.0 GWh pa
High-Voltage (1,000 to 22,000 volts)	A400, A40E	A40C	< 55 GWh pa
	A40R	A40T	Any
	A480	A48C	≥ 55 GWh pa
Sub-Transmission (over 22,000 volts)	A500	A50C	Any
	A50A	A50T	Any
	A50E	A50X	Any
	A50M	A50M	Any

How does this benefit you?

- This allows customers who would immediately benefit from the cost reflective tariff to move to it straight away.

Example to compare the transitional and fully cost reflective tariffs

We have provided some worked examples of how a customer can compare the transitional and cost reflective tariff applicable to them

Examples:

- Customer A would default to the A300 transitional tariff and considers they can manage their summer demand by limiting their 4pm-7pm workday demand to 120kVA—below the level used between 8am-8pm weekdays during the rest of the year. They estimate that by doing so they are able to reduce their annual network costs by \$841 if they were to move to the respective cost-reflective tariff (A30C).

			Transitional Tariff (A300)		Cost Reflective Tariff (A30C)	
	Unit	Usage	Rate	\$	Rate	\$
Standing Charge	\$ pa	365 days	2909.21	\$2,909	2909.21	\$2,909
Peak	c/kWh	360000 kWh	4.94	\$17,784	4.94	\$17,784
Off Peak	c/kWh	240000 kWh	1.412	\$3,389	1.412	\$3,389
Annual Demand	\$/kVA pa	150 kVA	124.849	\$18,727	72.105	\$10,816
SDIC	c/kVA/day	120 kVA	0	\$ -	48.694	\$7,070
Total Annual Network Charges			\$42,809		\$41,968	

- Customer B will default to the A300 transitional tariff and considers they are unable to manage their summer demand during the SDIC window to be below 140kVA. They estimate that moving to the cost-reflective tariff (A30C) their annual network costs would increase by \$337.

			Transitional Tariff (A300)		Cost Reflective Tariff (A30C)	
A300	Unit	Usage	Rate	\$	Rate	\$
Standing Charge	\$ pa	365 days	2909.21	\$2,909	2909.21	\$2,909
Peak	c/kWh	360000 kWh	4.94	\$17,784	4.94	\$17,784
Off Peak	c/kWh	240000 kWh	1.412	\$3,389	1.412	\$3,389
Annual Demand	\$/kVA pa	150 kVA	124.849	\$18,727	72.105	\$10,816
SDIC	c/kVA/day	140 kVA	0	\$ -	48.694	\$8,249
Total Annual Network Charges			\$42,809		\$43,147	

SDIC is calculated as cents per kVA per day, e.g. SDIC of 140 kVA would be calculated as 48.694c x 140 kVA x 121 days / 100 = \$8248.76

Peak and Off-Peak charges are calculated as usage x rate /100 = \$ charge e.g. 360000 x 4.94 / 100 = \$17,784

Annual Demand charge is calculated as \$ per kVA per annum e.g. 150 kVA x \$72.105 / 365 = \$10,816. For the purposes of monthly billing the rate is divided by 365 days and multiplied by the number of days in the month.

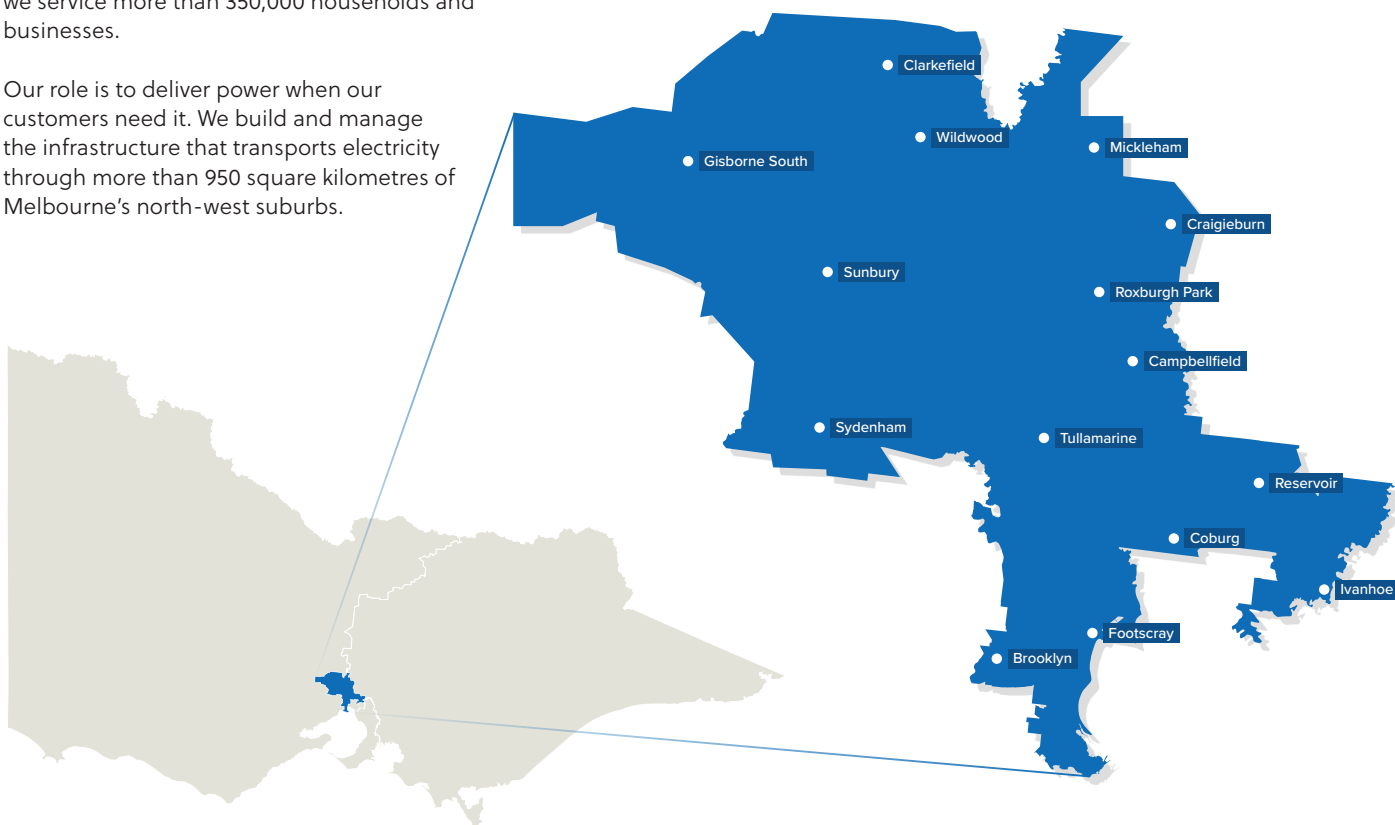
Frequently Asked Questions (FAQ):

Who is Jemena?

Jemena is your electricity distributor. We own the poles and wires supplying electricity to approximately 1,500 large customers across Melbourne's north-west suburbs.

The Jemena electricity network is one of five electricity distribution networks in Victoria. We are the sole distributor of electricity in north-west greater Melbourne (shown below), and we service more than 350,000 households and businesses.

Our role is to deliver power when our customers need it. We build and manage the infrastructure that transports electricity through more than 950 square kilometres of Melbourne's north-west suburbs.



What are network charges?

Network Charges (the network component of the electricity bills you receive from your retailer) are passed through charges from the distributor via the retailer. We refer to the combined set of network charges as the "network tariff" and the individual charges (or prices) as "tariff components".

The prices in the network charges are set to reflect our costs which are primarily driven around meeting peak demand. Our network charges cover the cost of delivering electricity to you, and typically make up 40% to 45% of your total electricity bill of which between 20-50% are driven by our demand charges.

Charges	Usage	Unit Price	Loss Factor	Total Price
Retail Charges				
Peak			\$	1,354.62
Off Peak			\$	509.64
Environmental Charges				
LRECs			\$	162.00
VEECs			\$	171.00
SRECs			\$	166.00
Network Charges				
Standing Charge	31 Days	2500 \$/pa	\$	212.33
Peak	30000 kWh	5.00 c/kWh	\$	1,354.62
Off Peak	20000 kWh	2.00 c/kWh	\$	509.64
Annual Demand	185 kVA	95 \$/kVA pa	\$	1,492.67
Market Charges				
AEMO Ancillary Fee			\$	1.00
AEMO Market Fee			\$	1.00
Metering Charges				
Meter Charge			\$	67.00
GST			\$	624.15
Total (excl GST)			\$	6,241.50
Total			\$	6,865.65

Frequently Asked Questions (FAQ):

Who is a Large Business Customer?

Jemena considers any customer that has annual consumption above 400 MWh or annual demand of 120 kVA or higher as a large business customer.

What is AEST vs AEDT (local time)

Australian Eastern Standard Time (AEST) is the Australian time that is not adjusted for daylight saving. Australian Eastern Daylight Time (AEDT), also known as local time, is the Australian time adjusted for daylight saving i.e. the time that you would see on your watch.

What is Weekdays vs Workdays

Weekdays are considered as Mon-Fri and include public holidays, Workdays are considered as Mon-Fri but do not include public holidays

If I choose the fully cost reflective tariff, can I change my mind?

Yes. You can move to the respective cost-reflective tariff with the option to move back to the original (transitional) tariff. If the cost-reflective tariff does not suit you then you have the option to move back to the original tariff within a 12 month period from the initial change. However, Jemena will rebill you as per the previous tariff since the initial tariff change. This is required otherwise customers would have an incentive to choose the transitional tariff in summer and cost-reflective tariff in non-summer months.

How is kVA demand calculated?

kVA demand is calculated based on 15 minute interval. Where 15 minute data is not available and only 30 minute data is available, the kVA demand would be calculated based on 30 minute interval.

Do I still get charged the annual demand charge in summer?

Yes. The annual demand charge is applicable throughout the year. During the months of December to March the SDIC charge is also applicable. However, the higher the SDIC, the lower the annual demand charge. The SDIC also has no minimum demand value, so if you are shut down across a full summer month for example, there would be no SDIC charge.

How do I request a tariff change?

Please contact your current retailer to have your tariff reassigned. Alternatively, you can contact us directly at JENTariffs@jemena.com.au.

How can I use the SDIC to reduce my bill?

By reducing your demand (kVA) during the SDIC window (4 pm to 7 pm local time on workdays for the months of December to March). Please note that there are other various methods to reduce network costs i.e. Power factor correction, managing peak off-peak usage, managing annual demand etc.

Why are we making these changes?

The change is designed to make our charges better reflect our actual costs of delivering electricity to customers. Our costs are driven by the capacity we must provide to meet peak demand—the amount of electricity that our customers need at peak times, such as a hot summer evening. We build and maintain assets to meet this peak demand. We consulted on our changes via a survey in October 2020 and via our customer council.

Is Jemena making these changes to increase revenue?

No. We are obligated to improve how cost-reflective our tariffs are. Additionally, Jemena's revenue is capped by the Australian Energy Regulator. This means that we would not be able to collect more revenue than we are allowed. Any over-recovery or under-recovery would be adjusted for in the following years tariffs.

Who can I contact if I have further questions?

Customers can send enquiries to JENTariffs@jemena.com.au.