



*"When cost reduction and environment matter to your business"*

## Questions and Answers about On Supply of Electricity

### 1. General Questions

#### **Q. Can I move forward without 100% of all lot owners agreeing in writing?**

A. We strongly advise against it unless you have worked out the costings to meter someone out of the arrangement and it is still viable. If you cannot get it in writing DO NOT proceed. Under the electricity act tenants/lot owners have a choice on which retailer they use. A body corporate cannot vote on majority or force a lot owner or tenant into an On Supply arrangement. A written agreement between the lot owner/tenant is the only way to safeguard the body corporate and override the electricity act. If a Tennant objects to entering into the arrangement and the body corporate does not have it in writing, the body corporate will have to pay the cost of metering the person out which could be expensive.

#### **Q. Will I save money by changing?**

A. This is determined on a case by case basis by completing a Strata contestability assessment it is a detailed analysis of your current business operations and electricity usage to determine the profitability of the exercise. Watt Utilities can do this analysis for you, simply go to their website or phone 1300 734 088.

It is possible that your business may not benefit by moving onto a On-Supply arrangement that is why is important to find out the profitability and return on investment for the Body corporate and its tenants. .

#### **Q. Who can establish and On-Sell electricity in QLD?**

A. This is determined by the Electricity Supply Act Section 72. Section (6)

(b) the proprietor or operator of the premises of any hotel, motel, inn, hostel, boarding or rooming house, holiday flats or cabins, manufactured home estate, caravan park or campsite or any other premises prescribed by the regulations.

#### **Q. What are the Advantages and Disadvantages to the tenants and body corporate wanting to On-Sell Electricity**

##### **A. Advantages**

- ✓ Cost reduction - electricity prices can be negotiated and a market rate obtained at a lower rate than that of a current market tariff rate.
- ✓ A Tenant cannot be charged any more than the current market tariff that is set by the government, so the tenant is protected by this legislation under the electricity act.
- ✓ A Body Corporate cannot make profit from the sale of electricity. Revenue generated from surplus can go back into reducing the common area electricity account which reduces levies, it can go straight into levy reduction or the savings can be passed directly to the tenants as discounts on their accounts.
- ✓ A Body Corporate can set the rate it wishes to charge tenants as long as it is not higher than the current market tariff (tenants are protected by law). This means if the Body Corporate enters into a 3-5 year agreement with a retailer they have some control over





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increases in pricing (excluding network and distribution price) you can minimise the impact of any future electricity price increases that you would be subject to if on tariff.

- ✓ You can outsource the billing provider to reduce risk however this is an added cost.
- ✓ Easier management of electricity situations.
- ✓ Greater flexibility in opportunities to further reduce costs by introducing energy saving measures.
- ✓ Greater control of the buildings electricity utilities

#### A. Disadvantages

- × A Body Corporate can be fined if they do not adhere to the Electricity act and relevant laws.
- × If a Body Corporate implements On-Billing the only legal way to collect a debt if a tenant moves out without paying is collection through the lot owner. It is the lot owner is the one that has the agreement with the bodies corporate not the tenant. *This can be overcome by collecting a bond from tenants.*
- × Implementing On-Billing can be difficult as it requires all lot owners to agree and there is a process to follow for implementation.
- × There are capital costs upfront and ongoing costs that need to be considered these are all outlined in the 1<sup>st</sup> assessment to see if it is viable.
- × Once you have made the decision to go contestable you cannot go back to a tariff
- × The Body Corporate becomes liable for the sites electricity account, it will receive monthly accounts yet tenants generally receive quarterly accounts, outgoings to incomings can vary meaning Bodies corporate need to hold the difference.

## 2. Connection, Supply and negotiation of Electricity

### Q. Who negotiates the electricity supply contract with the retailers?

A. Watt Utilities does that to ensure best possible market rate.

### Q: Will there be a cost to individual lot owners to change over to the bulk electricity from individual accounts.

A : NO, this is a Body Corporate cost, yet a body corporate can redeem that cost via the electricity account via a fee until costs are paid back as long as the charging doesn't not exceed current Tariff Prices.

### Q. Will I need a new meter if I switch to a different retailer?

A. Specific smart meters are required when moving to the contestable market. It is recommended that Watt utilities engage an Electrical engineer to complete a site inspection to ascertain the requirements and any potential additional change over costs. You can buy new meters outright or purchase them from the existing network provider.

### Q. Who owns the electrical reticulation assets such as the building main switchboard and unit meters?

A. In most cases the Body Corporate retains ownership of the modified switchboard. The bodies corporate can purchase the Unit Meters as new or request a quote from current provider to sell.

### Q. Will the reliability of my electricity supply change as a result of this conversion?





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A. No. The poles and wires supplying your building remain the property of the local electricity network provider and are maintained regularly. If there are any supply interruptions you simply call the same emergency number that you have used previously.

**Q. Do I have to use the Body Corporate as my electricity supplier?**

A. Yes. The purchase of electricity from the Body Corporate will be clearly detailed in the by-laws for your building that formed part of your original purchase or lease agreement.

**Q. How do I get connected if I am a new unit occupier?**

A. You contact the current on-billing provider who the bodies corporate appoint obtain an initial read from the meter and set up your account. The current on billing provider details can be collected from your body corporate manager or on site manager.

**Q: Who is to be contacted if there is a fault with the supply of electricity and how quickly will the fault be remedied.**

A: Same arrangements as current. (Energex or Ergon are still responsible for supply of electricity to the building).

**Q. What will be the costs to the Body Corporate to change over to bulk electricity?**

A. There will be costs to determine viability of the project, Implementation costs, changes to the switchboard, purchasing the current metering infrastructure and ongoing billing costs. This will be determined in a profitability exercise done by Watt Utilities. Hence, determining the viability of moving forward is **VERY** important so you can determine return on investment and profitability.

### 3. Billing

**Q. How is my electricity bill calculated?**

A. This is determined by the bodies Corporate yet the most common way is \$/kWh rate that the Body Corporate pays for the building to your metered usage then add an administration charge as a separate line item to arrive at the legislated guaranteed level for supply of electricity to your building. There will continue to be separate meters for each unit, so the cost to each residential unit is based on the actual metered usage.

**Q. What if my electricity bill looks too high or I have a billing enquiry?**

A. The billing provider your Bodies Corporate has appointed will be responsible for resolving the issue.

**Q. What options do you have for paying the electricity bill?**

A. It is up to the Billing Provider and there methods of payment.

**Q. Are there any additional charges that I may or are likely to incur?**

A. Yes. A reminder notice fee may be charged for overdue accounts. If you anticipate a problem, please contact the on billing provider promptly to avoid any reminder fees and/or disconnection as a reconnection fee may be charged after disconnection for debt. A security deposit may also be required.

**Q. Can I claim an electricity rebate?**





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A. Yes. You are entitled to an Electricity Rebate or concessions in Queensland if you hold one of the following current cards:

- PCC (Pensioner Concession Card)
- RHC (Repatriation Health Card)
- SC (Seniors Card Qld Government)

**Q. How often will I receive my bill?**

A. It is up to the Body Corporate it is generally a quarterly basis if you are a residential customer. Commercial customers receive their bill on a monthly basis.

**Q. How long do I have to pay my bill?**

A. That is a decision for your Body Corporate it is generally 14 days.

**Q. What about my final bill/account?**

A. If you wish to disconnect your service, the on-billing provider requires generally at least three business days notice and a forwarding address for your Final Account. If you do not give the required notice, you will remain responsible for the energy used (and for meeting any other customer obligations) until three business days after you give the required notice, or until a new customer has an account established in their name at the premises, whichever occurs first.

**Q. How will an increase in tariff rates be determined?**

A. Under this arrangement you will no longer be on tariff so your rates are set by the Body Corporate (they cannot be higher than the Tariff rate set by the government at the time so you are protected by law).

