



## Electricity Matters

The Body Corporate committee have recently been involved in two energy related issues. This paper advises the key detail and how these issues may affect your energy bills.

If you have any questions about the issues addressed in this document please feel free to email the committee: [secretary@theauroratower.com.au](mailto:secretary@theauroratower.com.au)

### Summary

1. The Aurora Tower Body Corporate has an agreement with Origin Energy to provide bulk electricity until 31 December 2017. A new agreement will apply with the same provider from 1 January 2018.
2. A very competitive rate will apply for the next four years. However, there will be a 20% increase from 1 January 2018 and then the rate will reduce in each of the following three years. Even with the increase, the Aurora rate is still some 50% cheaper than market providers such as AGL, Alina etc.
3. The Utility Billing will be provided by a new company Energy Resources Corporation (ERC) from 1 December 2017 instead of Ernst Body Corporate Management. This change was necessary because of new rules set by the Australian Electricity Regulator and the Body Corporate being forced to change to a different service provider.

ERC have a customer service team available Monday to Friday 0830 -1630 to assist with any Account set up or Account queries you may have. Contact details are phone 07 54378188 or [cs4@energyresources.com.au](mailto:cs4@energyresources.com.au).

4. The Aurora Tower Body Corporate committee strongly believes that the new arrangements are a very satisfactory outcome in the light of recent electricity price increases and continued uncertainty in future years.

### 1. Electricity sale agreement

The Body Corporate has an agreement with Origin Energy Electricity Ltd to supply bulk electricity to the Aurora Tower. This agreement ends effective 31 December 2017.

A market tender has been undertaken by an energy specialist consultant, Energy Options Australia (EOA). The existing provider (Origin Energy) submitted the most competitive quote and will be retained for **four years ending 31 December 2021**.

The new agreement has no effect on the reliability or quality of supply to Aurora. Energex remains as the responsible entity to ensure a safe and reliable supply of electricity.

Over the past two years, and in particular over the summer of 2017, there have been significant increases in the energy rates impacting on current and future pricing. Until recently many bodies corporate had been seeking only one year offers with the hope the rates will fall for the later years. With the recent drop in the wholesale electricity market over the last couple of months and the lower future prices for 2019 to 2021, longer term contracts are favoured.

To give you greater certainty of future rates the Body Corporate has accepted the longer four year contract with Origin.

The Body Corporate passes on to residents the lower costs associated with bulk supply. Only those costs associated with the provision of the electricity can be on-charged and the Body Corporate cannot make a profit in the provision of this service.

## 2. Embedded Network Manager (ENM) and Utility Billing service

From the 1st December 2017, Owners and Body Corporates need to be compliant with new rules surrounding Embedded Networks required under the Australian Energy Market Commission (AEMC) and National Energy Retail Rules (NERR). More information about the legislation can be found at the end of this document.

Ernst Body Corporate Management advised at the Body Corporate committee meeting on 12 September that they were not able to provide a Utility Billing service beyond 1 December 2017 due to the Embedded Network Manager changes by the Australian Electricity Regulator. This service includes electricity, gas and water quarterly billing. The committee was advised to consider alternative options for the provision of Utility Billing.

This meant that The Aurora Tower Body Corporate committee was required to assign an accredited ENM from 1 December 2017 who would take over the Utility Billing service.

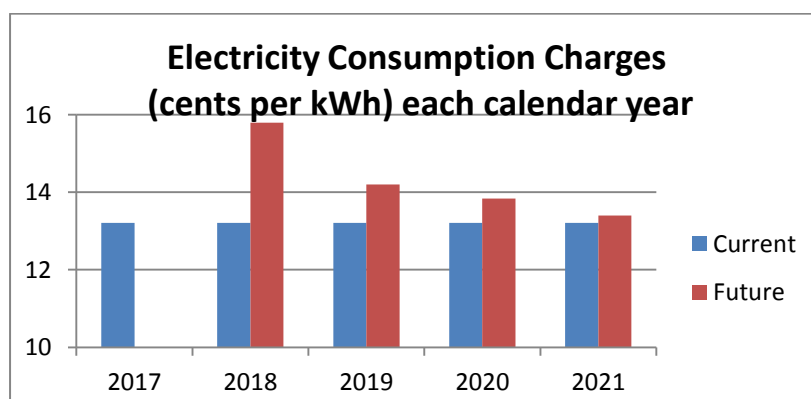
The BC engaged EOA to analyse and comment on the various proposals received and as a result **Energy Resources Corporation (ERC) has been appointed to act as your Centralised Utilities administrator including electricity, gas and water from 1 December 2017** until the next Annual General Meeting. Subject to satisfactory performance, a motion will be submitted to the AGM to enter into a longer term agreement.

You should receive an introductory notice from ERC very shortly. They will provide further information about their billing utility services. Your next utility bill is due in January and will be sent from ERC.

With the appointment of an ENM, the committee is delighted to advise there should be minimal changes from current practice. However, the daily service charge will increase from 17.5 cents per day to 18.75 cents per day (from \$16.00 to \$17.11 shown as 'Service Fee' on your quarterly utility statement).

### What does this mean for me?

Your electricity costs will change over the four year term. The pricing is stepped (changes each year). The first year has an increase of around 20% from the current rate. In the following three years the rates reduce as shown in the following table.



Your electricity costs:

from 1 January 2018 will be approximately 20% higher than 2017;

from 1 January 2019 will reduce by around 10% from 2018;

from 1 January 2020 will reduce by around 2.5% from 2019;

from 1 January 2021 will reduce by around 3% from 2020.

## How does this compare with other electricity providers?

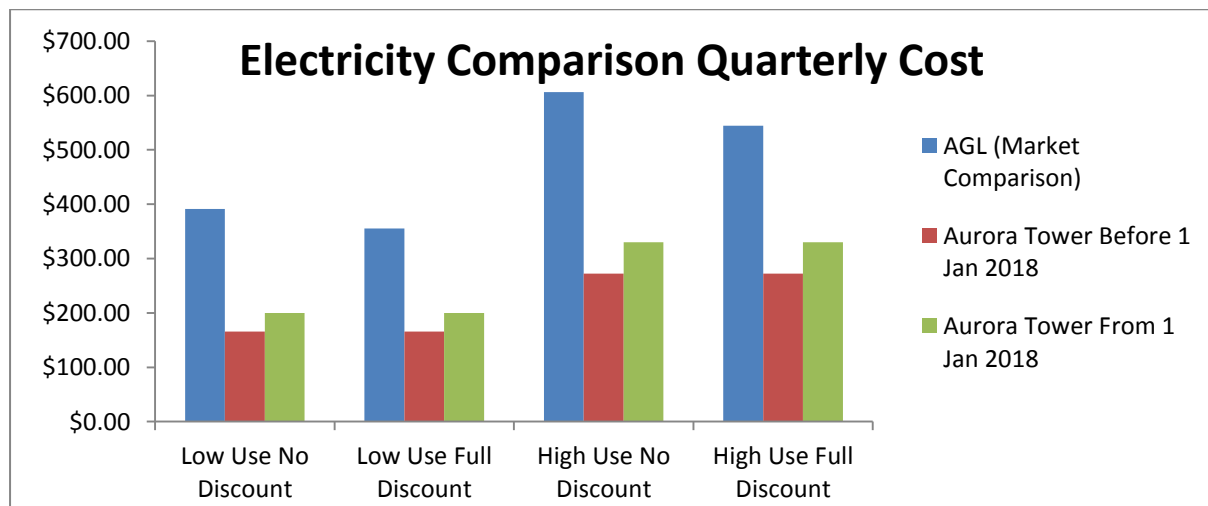
The main electricity providers are shown with their current advertised rates in the table below.

Electricity Provider	Electricity Plan	Tariff Exc GST	Discount	Daily Service Fee	Quarterly Cost**	
					No Dsct	Full Dsct
Alina Energy	Home Saver Plus	\$0.2600	25%	\$0.99	\$390.64	\$315.56
Red Energy	Easy Saver Business	\$0.2700	10%	\$1.36	\$435.95	\$404.77
Origin Energy	Maximiser (DD)	\$0.2500	12%	\$1.11	\$390.04	\$355.39
Origin Energy	Saver (Pay on Time)	\$0.2500	10%	\$1.11	\$390.04	\$361.16
Energy Australia	Flexi Saver	\$0.2700	18%	\$1.17	\$418.61	\$362.48
AGL (Market Comparison)	Set & Forget (DD)	\$0.2600	12%	\$1.00	\$391.55	\$355.51
Simply Energy	Simply Plus	\$0.2800	15%	\$1.07	\$421.04	\$372.53
Q Energy	Freedom Home	\$0.2300	0%	\$1.20	\$375.15	\$375.15
<b>Aurora Tower Before 1 Jan 2018</b>		\$0.1295	0%	\$0.1754	\$165.58	\$165.58
<b>Aurora Tower From 1 Jan 2018</b>		\$0.1580	0%	\$0.1875	\$199.60	\$199.60

\*\*Based on 350 kWh usage per month

Using AGL as a typical residential market comparison with no offered discount, Aurora Tower residents **save \$296 per year in fixed charges and on average \$471 in consumption charges (from 1 January 2018). This totals \$767 in average savings in 2018 with potentially higher savings locked in for the next three years (based on 350 kWh usage per month).**

The table below compares the cost differences between The Aurora Tower and AGL as a market comparison. Two consumers are considered (low and high use of electricity). The use of the discount is also shown (only for AGL since The Aurora Tower always has a discount).



The Aurora Tower offers electricity costs at around 50% discount to the retail electricity market – this discount is much higher than any of the energy providers as shown in the table.

These savings are only available through the bulk electricity contract negotiated with Origin Energy and the Body Corporate committee.

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## **What is an embedded network manager (ENM) and why the change?**

These changes have arisen following the introduction of “**Power of Choice**” (link below). The Power of Choice provides occupants within an embedded network to appoint a retailer direct, should they wish to re-join the National Electricity Market (NEM) post 01 Dec 2017.

Initially, it was expected that QLD might not partake this year in the ENM rollout due to the complexities involved. However, recent changes to policies will allow this to happen. Generally, the incentive for the customer is to stay with their existing provider due to significantly reduced tariff rates and service fees. The cost to churn (go to another provider) is borne by the occupant or retailer and this is in consultation with the ENM.

If a customer chooses to exercise their Power of Choice, the process needs to be overseen and executed by an industry expert who has achieved accreditation with the Australian Energy Market Operator (AEMO) as an ENM. Any churn is an intensive and technical process to ensure all requirements and rules within the framework are met, this includes compliance with associated metering adjustments and billing. All churn needs to be managed through an approved billing system that can process the management of these meters back to the retailer and reconcile the parent meter whilst recovering network charges.

For Aurora residents, there is no advantage and greater costs associated with going to another provider.

TO FIND OUT MORE REGARDING THIS NEW LEGISLATION, VISIT:-

[Metering Procedure Guidelines and Processes](#)

[Power of Choice](#)