

The Western Australian Government has made various laws and rules to regulate the energy industry. The Economic Regulation Authority (ERA) oversees some of these laws and is responsible for the licensing of energy suppliers. This guide will help you understand the energy industry and your rights and responsibilities as an energy customer.

Licensed and exempt retailers and distributors

Most of the rights and responsibilities covered by this guide apply only to customers of licensed retailers and distributors.

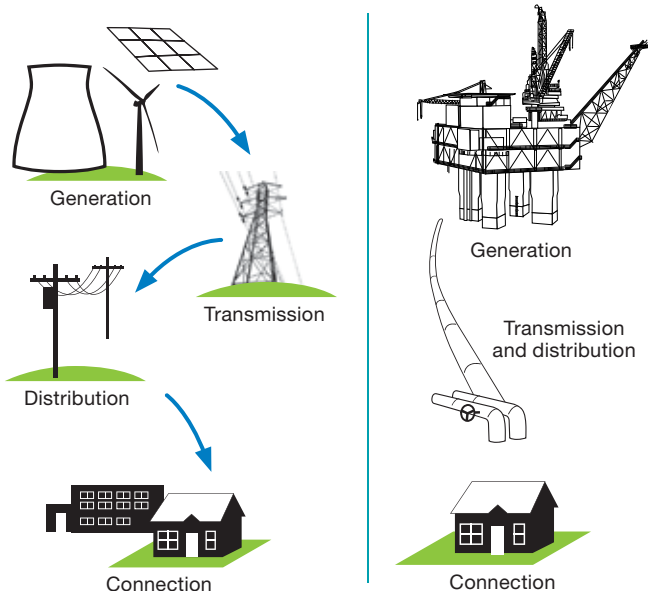
A licensed retailer or distributor holds a licence issued by the ERA for the supply of energy. Examples of licensed retailers include Synergy, Horizon Power and Alinta. Examples of licensed distributors include Western Power, Horizon Power and WA Gas Networks.

Some retailers and distributors do not have a licence – these are called ‘exempt retailers’ or ‘exempt distributors’. An exemption is provided by the State Government.

If an exempt retailer or distributor supplies your energy, you may still be entitled to some protection measures. For more information on exempt retailers and distributors, see sheet #10 of this guide.

How energy is supplied to your property

Electricity is produced by generators, while gas is extracted from gas fields by gas producers. Transmission companies transport the energy to distributors through high voltage powerlines or high-pressure pipelines. Distributors own the low voltage or low-pressure distribution network (i.e. electricity poles or gas pipelines) that delivers the energy to homes and businesses.



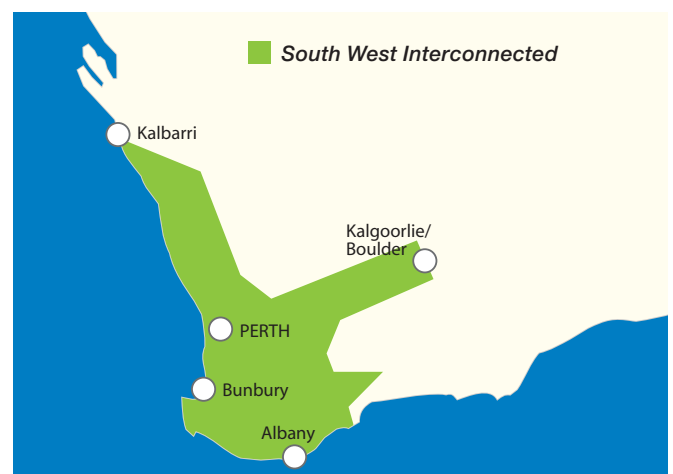
Retailers sell energy to residential and business customers. To supply energy to your home, your retailer will enter into contracts with both generators/gas producers and your distributor. The contracts with generators/gas producers ensure that the retailer receives electricity or gas, which it can then sell to you. The contract with the distributor provides for the transportation of that electricity or gas from the generator or gas field to your home and provides for metering services so that the energy can be measured and recorded.



The electricity industry

There are three major electricity networks in WA. These are the South West Interconnected System (SWIS), North West Interconnected System (NWIS) and Esperance System.

In 2009/10, over 980,000 electricity customers lived in the SWIS area (see the map below), compared to 38,000 customers outside of the SWIS.



Each network usually only has one distributor. This distributor may however transport electricity on behalf of several retailers. In the SWIS area, Western Power is the main licensed distributor and Synergy the largest licensed retailer. Horizon Power is the main licensed distributor and retailer for the area outside of the SWIS. Companies can take on more than one supply role. For example, Horizon Power is a generator, transmitter, distributor and retailer.

Licensing the energy supply industry

Generators, transmitters, distributors and retailers must have a licence issued by the ERA to supply energy. There are a few exceptions to this rule (for more information see sheet #10).

The ERA makes sure that companies who hold a licence comply with their licence conditions.

Who to contact and when?

As a customer, you only deal directly with your retailer or distributor. You do not have a direct relationship with other industry participants, such as generators.

Below is a list of the types of issues that you may need to contact a retailer or distributor about.

Retailers	Distributors
<ul style="list-style-type: none"> • Moving in and opening an account • Connecting property to the network • Marketing • Billing • Payment difficulties • Disconnection • Reconnection • Concessions and rebates • Energy efficiency advice • Moving out • Complaints 	<ul style="list-style-type: none"> • Quality of supply • Power surges • Power interruptions and faults • Damage as a result of work undertaken by a distributor • Meters and meter readings • Complaints • Temporary disconnection from the network • Alterations to the network (e.g. underground lines)

In addition to the ERA, there are other agencies that oversee the supply of energy. The main ones that you should be aware of are:

Energy Ombudsman	<ul style="list-style-type: none"> • Provides a free and independent dispute resolution service between energy customers and licensed suppliers when they have been unable to resolve an issue themselves.
Office of Energy	<ul style="list-style-type: none"> • Responsible for government energy policy. • Provides exemptions to generators, transmitters, distributors and retailers. • Provides information on rebates, concessions and energy efficiency.
EnergySafety	<ul style="list-style-type: none"> • Responsible for the technical and safety regulation of the electrical industry and most of the gas industry. • Provides information about energy safety.

How are energy prices set?

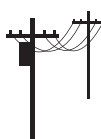
The price you pay for energy is made up of four costs:



Generation costs: costs to build generators or gas plants and generate electricity or extract gas.



Transmission costs: costs to build and maintain the high voltage power line or high pressure pipeline network.



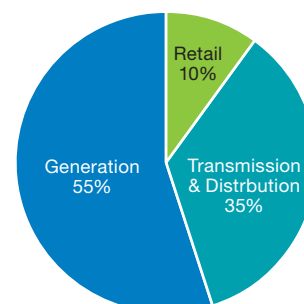
Distribution costs: costs to build and maintain the network of low voltage poles, pipes and meters that deliver, measure and record energy to households and businesses.



Retail costs: costs to connect customers, provide customer service and manage accounts.

In the SWIS area, on average about 90 per cent of the price you pay for electricity is made up of generation, transmission and distribution costs, whilst retail costs make up about 10 per cent.

Electricity costs



The ERA regulates the tariffs some owners of electricity and gas distribution networks may charge their users, including retailers. It also regulates the tariffs some electricity and gas transmission network owners may charge their users.

The Minister for Energy determines the maximum retail tariffs Synergy, Horizon Power and most gas retailers may charge their small use customers. When determining retail tariffs, the Minister will take into account the amount that retailers must pay for the generation and transportation of energy.