

Further information about the Victorian rate changes

Here's some further information about the changes to rates in Victoria on 2 January 2017.

Once a year, EnergyAustralia takes part in an industry wide review of its Victorian energy pricing tariffs. This year, the increase in rates is predominantly due to the large increases in wholesale and scheme participation costs, which account for around 70% of the increase.

To watch a video showing how energy gets to you, [click here](#)

Why are rates changing?

There are 4 key costs that impact gas and electricity rates, these are:

Networks costs - This is the cost of transmission, distribution & metering of energy from suppliers/generators to your premises. These costs are regulated by the Australian Energy Regulator and are based on the recovery of the required spend to maintain the network. We pay these costs on your behalf and recover them through our rates. Network costs make up around 50% of your retail bill.

Wholesale Costs - This is the cost of purchasing electricity from generators and the cost to purchase gas from wholesale gas producers. These costs are driven by market capacity, supply & demand and not by the Consumer Price Index (CPI). These costs make up around 25% of your bill.

Retail Costs - These are charged by us for servicing and billing.

Scheme Participation Costs - These are costs incurred by retailers to comply with the Australian Government's Renewable Energy Target. Compliance with this scheme requires us to purchase and surrender renewable certificates. The certificate prices are influenced by supply, demand and changes to Government renewables policy and not by the Consumer Price Index (CPI).

Are rates changes linked to the Consumer Price Index (CPI)?

No, rate changes are not linked to the Consumer Price Index. CPI is a measure of the average change over time to the prices paid for consumer goods and services. It is not a key driver behind the costs associated with purchasing & supplying energy to you. Around 90% of the costs we incur are not linked to inflation or CPI, and are simply due to supply and demand in the market.

How much will the rate change cost me?

This will vary depending on where you live, the energy plan you're on and how much energy you consume. If you're an existing customer, you'll receive either a letter or email in December that provides an estimate based on an average customer in your area. This will help you determine what the changes mean for you.