

How flexible pricing works

Electricity customers now have a choice between flat rates and new flexible electricity pricing. Flexible pricing means different rates for electricity at different times of the day. You don't have to switch to flexible pricing – the choice is yours.

If you choose a flexible pricing offer, different rates will apply at different times throughout the day. The higher rates will be during peak times and the lower rates will be during shoulder and off-peak times. You can pay less for your power by using electricity outside of the peak hours.

Visit the [Switch On](#) website to find out if flexible pricing could work for you.

The website includes the [My Power Planner](#) tool, which helps you understand how the new flexible electricity pricing options could work for you, and allows you to make an informed decision regarding the choice between flexible pricing and flat rates.

My Power Planner gives you the ability to:

- create your own personal “power profile” to understand how you use electricity
- compare your current retail offer with other retail offers, including new flexible offers
- explore how shifting the time of day you use electrical appliances can lead to savings under flexible pricing.

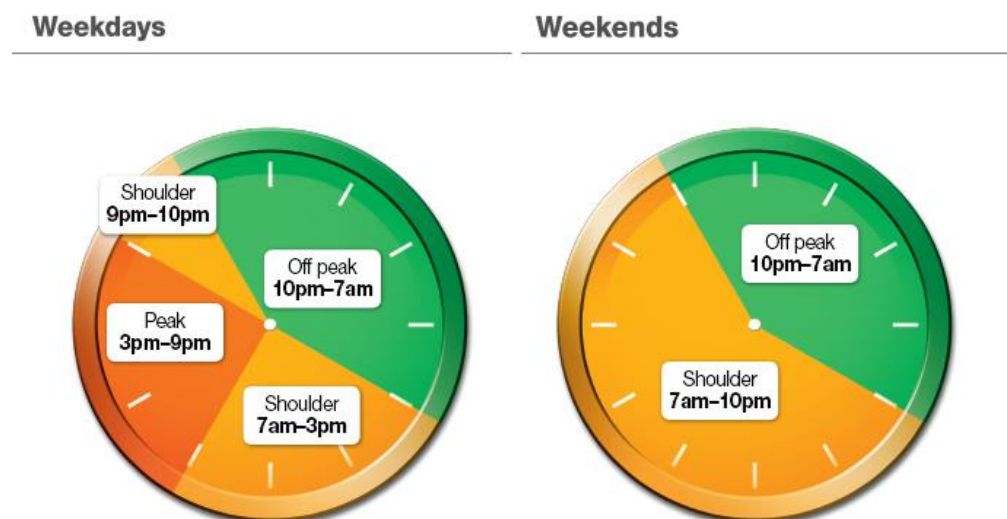
Facts about flexible pricing

- Flexible pricing plans are now available through participating electricity retailers.
- Changing to flexible pricing is voluntary.
- You need a remotely-read Smart Meter to access flexible pricing – contact your electricity retailer to find out if your meter is ready.
- You can only change to a flexible pricing plan if you provide your consent to an electricity retailer – either in writing or verbally.
- Households can try a new flexible pricing plan with their current retailer and, change back to their previous plan without incurring an administrative fee (until March 2015). However, some other fees may apply.
- More details are available on the [Switch On](#) website.

An example of a flexible pricing plan

The following diagram is an example of a flexible pricing plan that electricity retailers are likely to offer. Retailers will be able to offer a range of flexible pricing plans. You will need a remotely-read Smart Meter to access flexible pricing through a participating retailer. Contact your retailer to see if your meter is ready.

Small businesses may be offered different rates, and terms and conditions, to residential customers and the peak and off-peak times may vary to match typical consumption patterns.



Peak: The price of electricity is higher during the 'peak', typically on weekday afternoons and evenings, when the demand for electricity is the highest.



Shoulder: The price of electricity is lower than the peak rate and higher than the off-peak rate, when there is a reduced demand for electricity.



Off-peak: The price of electricity is lowest, when the demand for electricity is the lowest.

Contact your energy retailer to find out the rates and what times they are available to you.

The above example is for illustrative purposes only. Electricity retailers may vary the flexible pricing timeframes and rates on offer.

Flexible pricing is voluntary

You can remain on your current rate or choose to switch to flexible pricing. You can only change to a flexible pricing plan if you provide your consent (either written or verbal) to an electricity retailer.

Deciding whether flexible pricing is right for you

Flexible pricing has the potential to save people money, but will not be right for everyone. Be aware of your energy use patterns. If you use a lot of electricity at peak times and can't change the times you use it, flexible pricing may not be right for you.

Get an understanding of how the flexible pricing options could work for you with [My Power Planner](#) on the Switch On website.

Changing your mind

Households that switch to flexible pricing can switch back to their previous rate structure with the same retailer without incurring an administration fee (until 31 March 2015).

However, depending on the contract you have accepted with your electricity retailer, some additional fees or charges may still be payable. These costs may be associated with special offers made by retailers as part of the flexible pricing offer, such as event tickets or subscriptions. You should discuss any potential fees or charges associated with moving back to your previous plan with your retailer before accepting a new flexible pricing plan.

Why flexible pricing has been introduced

Flexible pricing has been introduced to provide you with more choice and control over your power bill. More broadly, flexible pricing provides an incentive to use power at times when there is less demand for electricity, reducing the need for expensive energy infrastructure upgrades – a cost that is passed on to all consumers.

Research on consumer impacts

To see what impact flexible pricing will have on vulnerable or disadvantaged groups within the community, the Victorian Government commissioned two [Customer Impact Studies](#) (2011 and 2012).

The studies found that vulnerable or disadvantaged groups have almost the same potential to benefit from new pricing rates as other electricity customers. The study also found that if people changed their energy usage in response to flexible pricing, most customer groups would benefit.

However, the impact of flexible pricing will be different for each individual consumer – so remember to compare the range of offers on the market, both flat and flexible pricing offers, to find the best rate that suits your individual needs.

By using the [My Power Planner](#) interactive price comparison tool on the Switch On website, you can see if flexible pricing options could work for you, and compare both flat and flexible retail offers.

Access to flexible pricing

You will need a remotely-read Smart Meter to access flexible pricing through a participating electricity retailer. Contact your retailer to find out what flexible pricing plans are available to you. You can also use the [My Power Planner](#) tool on the Switch On website.

Those already on time-of-use pricing

Residential and small business customers who already have some form of time of use rates for their electricity usage, will remain on their current rates, unless they choose to move to a new flexible pricing offer.

This includes those customers currently on peak and off-peak rates for specific appliances such as electric hot water and heating.

The introduction of flexible electricity pricing refers to the new flexible electricity plans that are available now.

These new plans may differ from those currently available.

These differences are likely to include peak, off-peak and shoulder periods with different rates, and the fact that with the new flexible pricing rates all electricity use during those periods will be on a flexible rate, not just the specific appliance/s currently connected to a flexible price rate.