

Fairer Electricity Bills – Tariff Equalisation Contribution

The Council welcomes the policy statement released by the Leader of the Opposition today, which agrees that the Tariff Equalisation Contribution levy (TEC) (which accounts for about 7% of electricity bills) should be abolished, and instead, the cost of the uniform tariff be more equitably distributed across all taxpayers, and funded through consolidated revenue.

“The Council welcomes the policy statement released by the Leader of the Opposition today, which agrees that the Tariff Equalisation Contribution levy (or TEC, which accounts for about 7% of electricity bills) should be abolished, and the cost of the uniform tariff be more equitably distributed across all taxpayers instead, by funding it through consolidated revenue,” said Irina Cattalini, CEO of WACOSS.

“The policy of a uniform tariff is very important, particularly for supporting rural and regional towns and communities who face high electricity needs.”

“It’s important to be clear, WACOSS does not support abolishing the uniform tariff policy altogether, we simply think the current approach of funding it through a levy of customers in the South West system is inequitable and inefficient,” she said.

The Economic Regulation Authority (ERA) has agreed with this position and recommended¹ it should be funded by a community service obligation paid from consolidated revenue. This is also the policy position adopted by the Opposition today.

“Shifting the TEC from power bills to consolidated revenue reduces the impact on households on low incomes who spend a higher proportion of their disposable income on power bills,” said Ms Cattalini.

“It means our power bills will be lower – but, to the extent we all contribute to state taxes and charges as West Australians, we will still be subsidising rural power use – in other, fairer ways.

“There is more we can do as a community to reduce spending on power bills. We need to put more effort and resources into energy efficiency and demand management measures.”

With the decision to cut the Hardship Efficiency Program in the last state budget Western Australia does not have a program to help improve the energy efficiency of those households who need it most.

Improvements in energy efficiency mean permanent reductions in energy use, bringing down the spending on power for households and the community.

“The Council is calling on the State Government to adopt the advice of the ERA in abolishing the TEC levy, and to reintroduce well targeted energy efficiency programs. We would also welcome all parties to adopt energy efficiency policy measures to help low income households,” concluded Ms Cattalini.

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¹ Synergy’s Costs and Electricity Tariffs Final Report 2012, ERA.