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Victorians brace for bill shock ahead of January 1 electricity rate hike

Solar enquiries spike as feed-in tariffs roll back

Households in Victoria may be faced with a nasty surprise in the mail when their electricity bills start arriving next year.

From January 1, some electricity providers will be increasing their rates by approximately **6 to 10 per cent**. But while some rates will be going up, some tariffs and daily supply charges will be going down, making it even harder for Victorians to be confident they are on the best value plan.

Energy experts [iSelect](#) said that in the past some retailers have increased their pay-on-time and guaranteed discounts to help reduce the impact of the rate rise on customers.

Laura Crowden, iSelect spokesperson, said the start of the new year should be a reminder for Victorians to review their current energy plan.

“January is the perfect time to take care of the life admin you’ve been putting off all year, and with some electricity rates rising across Victoria, it is important to get on the front foot early in 2017 and minimise the damage to your back pocket.”

Victorians who stay on a standard retail offer (without discounts) could be paying significantly more for their electricity in 2017. And iSelect research conducted earlier this year revealed that **79 per cent** of Victorians describe energy as expensive¹, not surprising given the recent Finkel Report found that Australian household energy bills increased by more than **four times the rate of inflation** between 2008-2014².

“Increases will vary between providers and plans so reviewing your options and moving to a new plan could save you a significant amount of money in the months ahead,” Laura added.

Adding to the ‘energy pain’ in Victoria in the new year, two Victorian solar schemes will end on December 31 – the Transitional Feed In Tariff (TFIT) and Standard Feed In Tariff (SFIT). This means feed-in-tariffs will roll back significantly for some Victorian households from January 1.

Around 67,000 solar households in Victoria who are currently receiving a solar feed in tariff of 25c per kilowatt-hour may see it drop to as little as 5c per kilowatt hour. A solar feed-in tariff is the rate paid for electricity fed back into the electricity grid from a renewable electricity generation source such as a rooftop solar panel.

This reduction of up to twenty cents per kilowatt-hour could see thousands of solar powered Victorian households, who currently pay very little for their electricity due to generous feed-in-tariff offsets, having to start paying considerably more.

¹ In April 2016, iSelect commissioned a nationally representative consumer research study with Galaxy Research to assess the attitudes of over 1,100 Australian household decision makers towards energy

² Finkel, Alan, Preliminary Report of the Independent Review into the Future Security of the National Electricity Market, Commonwealth of Australia 2016, page 8: <https://www.environment.gov.au/system/files/resources/97a4f50c-24ac-4fe5-b3e5-5f93066543a4/files/independent-review-national-elec-market-prelim.pdf>

During November, energy experts iSelect have experienced around **25 per cent more** enquiries from Victorian solar customers, compared to the same time last year³.

Laura encouraged Victorians who have had significant reductions on their energy bills thanks to these two schemes to act swiftly to ensure they are on the most cost effective plan with the most generous FIT.

"With two Victorian solar schemes ending, it's important that solar customers take the time to review their current solar energy plan and feed-in-tariff and make sure it is still offering good value," Laura said.

"Feed-in-tariffs can also vary significantly between retailers so it's worth comparing both the plan and the FIT you will receive."

Regardless of what kind of energy a household relies on – solar, electricity or gas - Laura said Victorians who are feeling the pinch should look for a plan that offers the right balance between price and flexibility.

"Consider flexible payment options, such as paying your bills online, or the ability to pay your bills in instalments to avoid the bill shock that comes from unexpected large quarterly bills."

"These announcements should be an impetus for Victorians to get proactive and review their current energy contract... you may not be able to offset the price hikes or solar bonus ending but you can limit the damage," said Laura.

iSelect's top 5 tips for finding the best energy deal
1. Save money with the right plan – reducing your consumption won't necessarily reduce your bill significantly. The best way to save money is to make sure you are on the best value plan to begin with
2. Flexible payment options – pay your bills weekly, fortnightly or monthly, or sign up for bill smoothing which will divide your annual usage into even monthly instalments, avoiding bill shock
3. Be wary of pay on time discounts – paying on time could save you up to 30 % but if you often pay your bills late, you could end up paying a lot more than you expected
4. Look out for special offers – increased competition means some retailers are offering generous introductory offers or rebates to entice new customers, such as credit towards your account
5. Shop around – use increased energy competition to your advantage by comparing current offers. Call an energy comparison service like iSelect and make sure you have a copy of your latest bill handy

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For further information, please contact:

Laura Crowden

Corporate Affairs Manager | iSelect Limited

Ph: +61 3 9276 8178 | Mob: +61 421 784 254 | Email: lcrowden@iselect.com.au

Verity Clough

PPR

Mob: +61 417 385 068 | Email: vclough@ppr.com.au

³ iSelect solar customer enquiries in November 2016 compared to November 2015.

About iSelect

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Last year, more than 9 million Australians visited our website and we provided recommendations to over 6 million customers. But we are much more than just another online comparison website. Our highly-trained experts at iSelect HQ help customers to choose and buy from thousands of available policies, products and plans. And we provide our advice at no cost to the customer.

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