



Glossary - key terms related to the reference price and cap on standing offers

AER

Australian Energy Regulator is the independent regulator of wholesale and retail energy markets and networks. Its role includes making the final determination of pricing in relevant distribution regions for the reference price.

Benefit period (or fixed benefit period)

The set time you get a particular benefit under the energy contract. For example, a discount for the first 12 months of the contract. You can contact your retailer to find out if this applies to your contract.

Benchmark price

This is the same as the reference price (see below).

Conditional discount

A discount you might get on your energy bill if you do what you agreed to do. For example, if you agreed you will pay the full amount of your bill on time and you do—you will get a pay-on-time discount.

Cooling off period

By law, if you sign up to a new energy contract you have a 10 business day cooling off period to:

- cancel the contract
- not pay any exit fees.

Price cap (on standing offers)

The price cap is effectively a maximum price set by the AER that can be charged for standing offers in your local distribution area from 1 July 2019.

Distributor

An electricity distributor owns the powerlines, poles and gas pipes that supply electricity and gas to your home or business. They also own and read your electricity and gas meters.

Contact your distributor for questions about your electricity meters, powerlines or electricity supply interruptions.

Distribution area

The particular area where an electricity distributor operates the network it owns.

Sometimes this means your neighbor across the road might be in a different distribution area from you, as the poles and wires to their home are operated by a different distributor.

Energy Ombudsman

There is an energy ombudsman in each state and territory government to help customers resolve problems with an energy retailer or distributor. For energy ombudsman contact details, go to energymadeeasy.gov.au/useful-contacts

Energy retailer

The company you pay for the electricity you use. Some customers have the same retailer for both electricity and gas. Contact your retailer for questions about your bill, getting the best deal or getting electricity to your house or business.

Market retail contract (also called a market contract or market offer)

A contract for electricity that includes terms and conditions not included in standard contracts. For example, some might offer discounts on their rates, smart metering or 'green energy' options.

Reference price

The reference price is a benchmark that allows customers to better compare different plans. So when a retailer advertises a discount of any amount on your electricity bill, it must be compared against the reference price.

The reference price is set by the Australian Energy Regulator (AER) and will vary depending on where you live and who runs your electricity network.

Residential customer

A customer who purchases electricity principally for personal, household or domestic use at premises.

Single rate tariff

Also called flat rate, standard rate or anytime rate. The same rate for energy applies whatever time of day you use energy. The rate is usually lower than the peak rate of a time of use tariff.

Small business customer

A customer who does not purchase electricity principally for personal, household or domestic use with electricity supply that is, or will be, at a rate above the average household. This includes a customer who consumes energy at a business premises.

Standing offer (or standard retail contract)

Provides a basic plan for electricity use. You might be on a standing offer if you have:

- been in the same location for several years
- never taken up a market retail plan.

Time-of-use tariff (also called a flexible tariff)

Refers to plans where electricity is priced differently at different times of the day, and can only be selected by customers who have installed smart meters.

These plans are designed to incentivise electricity usage during certain times of the day, and typically include:

- **peak period**—electricity costs the most during this period. Peak rates usually apply in the evening on Monday to Friday.
- **off-peak period**—electricity is cheapest. Off-peak rates usually apply overnight on Saturday and Sunday.
- **shoulder period**—electricity costs a bit less than peak. Shoulder rates usually apply in between peak and off-peak periods.

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