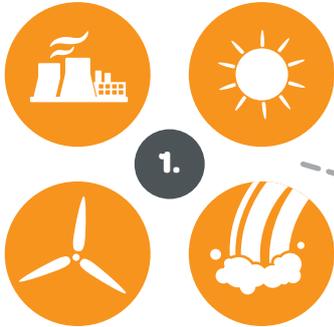


# Where does your money go?

## How the industry works



1.

### Generators

Most of Australia gets its energy from fossil fuels but we are seeing more natural and sustainable methods emerging like solar and hydro power. Generators are responsible for the investment and operating costs to build and run electricity power stations.

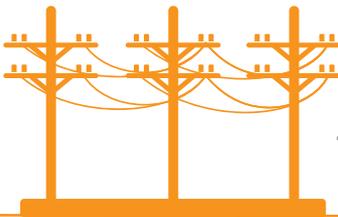


2.

### Transmission

High voltage transmission lines carry electricity long distances to metro and regional areas.

3.



### Network distribution

Distributors own power infrastructure and networks – the poles and wires that deliver electricity to your home or business. They also own your Smart Meter (if you have one). Distributors fix faults such as blackouts and damaged electricity lines.



4.

### Retailer

Energy retailers buy electricity from the generators via wholesale markets, package it with transportation services provided by the distributors and sell it to homes and businesses.

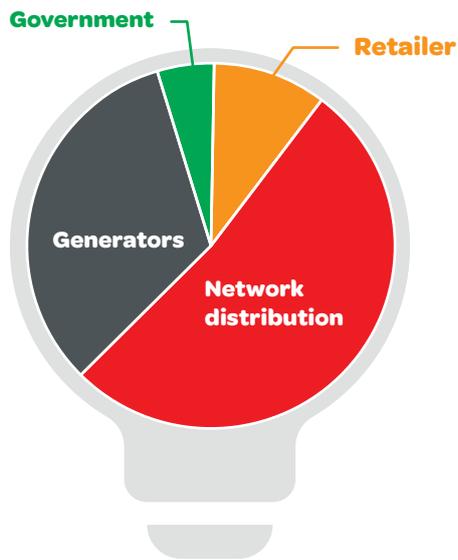
5.



### Homes and Businesses

Low voltage electricity is carried through smaller power lines to customers. It passes through an electricity meter and then a switchboard where it is divided into different circuits for each area of your home or business.

# Breakdown of a typical electricity bill<sup>^</sup>



## Breakdown of a bill:

- = Generator costs account for about 33%
- = Government costs account for about 5%
- = Retailer costs account for about 10%
- = Network distribution costs account for about 52%

## What makes up the energy charges on my electricity bill?

Your energy bill is made up of a number of costs associated with supplying electricity to your home or business.

### Generator costs:

Generators produce electricity from either non-renewable fossil fuels (such as coal, oil or natural gas) or renewable energy sources (such as wind, hydro or solar power). Generator costs include investment and operating costs to build and run electricity power stations. They make up approximately one third of your electricity bill.

### Government costs:

These costs arise from Government programs to save energy and support the development of renewable energy. These costs combined make up about 5% of your electricity bill.

### Retailer costs:

Energy retailers buy electricity from Generators through wholesale markets. Retailers then sell the energy to you. These retail operating costs include billing and customer services and make up about 10% of your electricity bill.

### Network distribution costs:

This is generally the largest component of your electricity bill, accounting for about half of your electricity costs. They include the cost of building, maintaining and operating the electricity wires that transport energy to your home or business. These costs are passed on by the Distributors.