

Spending Hacker

Spend Less and Get More
Digging Up Deals You Actually Need and Use

Get the BEST deal on your electricity

Do you get the shivers every time you get your power bill (even in summer) or maybe you get hot under the collar (even in winter)?

Ok ok, no more of this lame Stuff. This is not our cup of tea either :-)

However, there is no denying the fact that the quickly rising electricity prices in Australia have become a major problem to all consumers. After all, it's not like we can decide to stop consuming this product any time soon.

It also seems like the pace in which electricity prices have been rising has increased substantially over the last few years and has significantly exceeded price rises in other areas as well as the overall inflation.

The reasons for that are many and varied with some of them also being political in nature. Bottom line, it doesn't matter why this has happened, the thing that matters to us all is what *can we do about it?* Right?

Many people have opted in recent years to install solar panels on their roof so they can save some money on their power bills while also helping the environment. This makes lots of sense from both the long term dollars and the "feel good" perspectives. However, putting solar panels on your roof is an expensive proposition and requires an upfront investment of thousands of dollars. Not everyone has this kind of money just sitting around idly. Furthermore, many of us have living arrangements that make it impractical to install solar panels even if we did have the money for it (renters or people living in apartment buildings or unit complexes).

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So, what can be done to combat quickly rising electricity prices?

Well, as the famous Chinese military strategist Sun Tzu said over 2,000 years ago: “In order to defeat your enemy, you must first *know* your enemy”.

Well, let's spend a few brief moments now to get to know this 'enemy' so that you understand how the Australian electricity market works.

Most of the Australian mainland as well as Tasmania now fall under what is called the [NEM \(National Electricity Market\)](#) which is basically an interconnected network of electricity generation and distribution which encompasses the states of Queensland, NSW, Victoria, South Australia and Tasmania as well as the ACT (as part of the NSW region). Due to its isolation and vast distance from other population centres in the country, WA operates on its own grid.

The NEM is comprised of three major components: the generators (those who make the electricity), the distributors (those who send the electricity around from where it's generated to where it's consumed) and the retailers, who buy the electricity from the distributors at wholesale prices and then sell it to us, the households.

Most consumers who live within the boundaries of the NEM can choose which retailer they buy their electricity from but not all of us realise the full potential of this choice we are given.

Many people think that electricity prices are simply set by the government and that there is very little the individual consumer can do in order to improve their bottom line and save money.

Well, this is far from true!

Electricity prices vary considerably between various parts of the same state, and quite often, even within the same capital city. As this [short segment](#) shows, there could sometimes even be significant differences within the *same postcode* and two different families with the same level of electricity usage, who are living only a few hundred meters apart from each other, can have differences in their bills amounting to *hundreds* of dollars a year.

Moving house just to save on your power bill might not be a practical proposition for you. However, choosing the right retailer and the right plan could make a *huge* difference to your bottom line.

In most states that are part of the NEM, the government regulates the maximum rate electricity retailers can charge consumers. However, no one said you actually need to pay this *maximum* rate.

As a matter of fact, if you do, you are doing yourself a major disservice.

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If you sign up with the right retailer and the right plan, you could potentially save yourself thousands of dollars per year on your power bill and all that without making any changes to your electricity consumption and thus, your lifestyle.

No need to sit in the dark or read a book using candles... :)

However, choosing the right retailer and the right plan is not an easy task. There are probably more than a dozen electricity retailers currently operating across the NEM states and each one of those have multiple plans to choose from. Most of these plans have quite confusing pricing structures and also lock you into contracts, sometimes up to three years.

Another thing those retailers are fond of is charging you a surcharge if you want to pay your electricity bill using your credit card.

Well, enough of that! Let us clear the mess for you. This is what we are here for.

Before we do though, we just want to explain to you one final thing: your electricity bill is comprised of two different costs:

1. Usage charge - this is the more known of the two. It's the price you pay per each kWh (Kilowatt Hour) of electricity you actually use.
2. Service charge - this is a *per day* charge you pay for basically having the power connected to your premises. You pay this **regardless** of how much electricity you use or don't use. Even if you are away and all your electrical appliances are turned off and unplugged from the power socket, you would still pay that charge.

Now, many of the electricity retailers will grab your attention by offering you a nice discount on the *usage* component but not many will also extend this discount to the *service charge* component.

Therefore, make sure you pay attention when the retailers say X% off. You need to ask them two questions:

1. Off WHAT? Which prices are the benchmark used when calculating the discount? and
2. Does the discount apply to **both** the *usage* AND *service* components or only to one of them (usually the usage)? This question is especially relevant to those of you who use very little electricity, meaning the fixed usage charge makes a bigger portion of their overall bill.

If you want to understand a bit more how the discounting trick is used by electricity companies in their marketing (and have 30 minutes to spare), you can watch [this video](#) of a lesson our founder and 'chief hacker' gave to a group of high school students.

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Unlike our other reports, it is unfortunately impossible for us to present you with a single retailer and/or plan which can be deemed as the BEST. When it comes to choosing an electricity plan, there is unfortunately no 'one size fit all' silver bullet.

This is due to the way electricity pricing is structured and the huge variances and competition dynamics between the different states and within different regions within the same state (and sometimes within the same city).

Therefore instead we will present you with a quick and easy to follow 'roadmap' on how to find the BEST electricity plan in your individual area and for your individual circumstances.

Step 1: Do a price comparison with the federal government

Check the offers available for your postcode through the Federal Government's "Energy Made Easy" [website](#).

Step 2: Do a price comparison with the state government

If you are in Victoria, we suggest you also check the state government's [price comparison service](#) as it allows you to enter more details about your energy usage patterns (and therefore potentially give you more accurate results).

Step 3: Do a price comparison through a commercial comparison service:

We highly recommend you conduct a search on a comparison site called [GoSwitch](#) (which is completely free to use).

This is one of the oldest and biggest comparison sites for electricity in Australia so we thought it is well worth mentioning here.

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The Solar Option

For those of you who want and have the money and option (as far as your living arrangements) to install solar panels for generating electricity, there is help available from both the federal and state governments.

This help comes in the form of either:

- Rebates, where the government chips in to fund a portion of the upfront cost of your solar power generation system; or
- Feed-in Tariff which is administered by the state government and allows you to 'sell' excess electricity your solar system generates (and which you do not use at the time) back into the electricity grid. This means you get credit on your electricity bill for every kWh your system 'exports' back into the grid. This credit helps you to further lower your already reduced power bill (since you are now generating some or all of your power instead of buying it from someone else) and basically helps you to recoup over time the investment you have made in the initial purchase of the solar power system.

Luckily enough, all these rebates and Feed-in Tariffs are outlined in a single [website](#) operated by the Federal Government so we suggest you go there and take a look at what's on offer where you live.

Once you've decided you want to go down the solar route, you will need to find a supplier which will supply and install the system at your premises.

This can be a daunting and time consuming task as there are literally hundreds of those around, all fighting for your attention.

The best way to address that is to use reliable and reputable services which obtain quotes on your behalf from retailers and installers of Solar Power generation systems.

There are a fair bit of those around as well but we recommend you stick to [Solar Market](#) and [3 Quotes](#). Our research shows they are both reliable and trustworthy and have a big selection of companies Australia-wide.

Another good thing about them both is that they only have on their books installers who are properly qualified and licensed and hold the appropriate insurances so you are guaranteed to not end up with some dodgy 'fly by night' operator who is going to give you subpar work.

Once you have your solar power system up and running (and you fill out the required paperwork), you'll be able to enjoy the benefits of what's referred to as a **feed-in tariff**.

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A feed-in tariff is a payment that you get from your state government (via credit to your electricity bill) for any excess electricity your solar power system generates and you don't end up using yourself.

This is often referred to as '*exporting*' power to the grid.

If you live in NSW, Victoria or South East Queensland, you could get a higher feed-in tariff ***above and beyond what's offered by the state government.***

The full details on how to go about doing that can be found [here](#).

This brings us to the end of this report.

We hope you found this to be useful (if not, please don't be shy and let us know about it) and we look forward to bringing you the BEST products and services in Australia for other areas of your consumer life.

Thanks for reading.

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