



## **Did You Know Shopping By The Stars Alone, Could Leave You Financially In The Dark!**

### **Australian Energy Rating Label Analysis**

Over the last few years of our home energy reduction program, we have found over 95% of visited Australian homes, to be using the Australian Energy Rating label, when choosing a new appliance.

Whilst this is good news, as householders are paying attention to the label's presence, it is not good news if you only shop by the number of stars alone!

Householders using the energy rating of the appliance, to make a well educated choice, were found to be less than 1% of the 95%. So why is there this focus only on the stars? When we would argue that the energy rating is more important, than the star rating?

A phrase we often share with householders is this:

### ***Shopping by stars alone, will leave you in the dark!***

The reason this message is so important, is because you may choose the wrong appliance for your needs, when you shop by stars alone. Importantly losing out financially by choosing the more expensive to run appliance.

So let us explain what is going on here with the label. As you can see with this example label, the star rating is three and a half stars, whilst the energy rating is stated at 384 kWhs per year. The reason we think most householders only shop by stars alone, is the fact that the label states, 'The more stars the more energy efficient'. And most householders are unaware that greater energy efficiency does not always mean, less energy used! For more information on 'energy efficiency versus energy used', see our [GUIDES](#) page.

So what can we really learn here from the energy label? Well whilst the energy efficiency of the appliance is stated, it does not really tell us anything else. The appliance was given the rating by the manufacturer, when compared to some unknown testing benchmark. Whilst we are being told the appliance has been measured for energy efficiency, so far we do not have any idea of the energy used. And since energy used is going to be costing us money, it is important to know if



we can find that information.

So let us look at the energy rating. Now, as already said, most Australians do not fully understand this figure stated in kWh, [short for kilowatt hours]. Everyone should be aware of this though, as every home in Australia is charged for the kWhs used.

So can the stated in kWh, be easily converted in a dollar figure? Yes it can, easily showing you the costs per year, or bill! Very important, as it is what is coming out of your wallet, or purse.

Using an example to understand the energy rating on the label, let us assume an average on-peak electricity rating, of twenty-five cents per kWh. We can see that 384 kWhs per year, when multiplied by the on-peak rating,  $[384 \times 0.25]$  equates to this appliance costing, \$96 per year. If the home is billed quarterly,  $[96 / 4]$ , this appliance is then going to add \$24 to the bill!

If you are lucky enough to be charged around 25 cents per kilo watt, the energy rating is easily converted, as 25 cents in decimal is a quarter. So just divide the energy stated by four.

Now by knowing the costs of the appliance per year, you are further in a position to make a well educated choice, when it comes to comparing manufacturers models, running costs, and sale prices.

Let us say, there are two similar appliances, offered by different manufacturers. Both with a six star rating.

- Appliance #1 costing \$500 rated at 500 kWh.
- Appliance #2 costing \$400 rated a 700 kWh.

Up to this point, most shoppers would choose appliance #2, as it's \$100's cheaper. But is it really cheaper over time? The fact it is that it is the more expensive appliance to operate!

OK so let us say you plan to have the appliance for a period of ten years.

- Appliance #1 is priced at \$500 and costs, \$125 per year to run.
- Appliance #2 is priced at \$400 and costs, \$175 per year to run.

By choosing the cheaper appliance you have saved initially \$100. But after year two, those savings of \$100's are gone. And now you are left with appliance #2 costing you \$50 more per year than appliance #1. So during the remaining eight years of the ten year period, appliance #2 will cost you \$400 more, than appliance #1. Therefore appliance #1 is the best choice!

As you can see, it really does pay to fully understand the energy rating label. Paying more attention to the energy used per year, is a very smart move. Thus allowing you to make a well educated choice, on the total costs of your next appliance.

You heard it first here, from Aussie Home Energy:

***Shopping by stars alone, will leave you in the dark!***

For more information on energy label analysis and how you can further use this knowledge, to benefit you whilst shopping for a new appliance, visit Aussie Home Energy.