

NEWS

Underlying electricity costs falling in Tasmania

Australian Energy Market Commission Residential electricity price trends report 2019

The AEMC's annual report on electricity price trends shows that regulated standing offer prices could decrease in Tasmania by \$93 (or 5%) from FY19 to FY22.

Most Tasmanians (97%) are on regulated standing offers set each year by the Office of the Tasmanian Economic Regulator with a cap set by the State Government reflecting the Hobart consumer price index.

AEMC Chairman, John Pierce, said today's report released today shows costs falling across two of the three key drivers of Tasmanian consumers' bills.

Underlying the regulated price:

- Wholesale costs are estimated to fall by an annual average of 3.8%
- Environmental scheme costs are estimated to fall by an annual average of 13.9%
- Network costs are estimated to rise slightly by an annual average of 0.5%.¹

These estimated changes are modelled on the most common electricity consumer in Tasmania – a two-person household with no pool or gas connection consuming 7,908 kWh of electricity each year of which 4,349 kWh is attributed to tariff 41 (heating and hot water).

Actual electricity bills of course depend on when and how much electricity is used in each home. Price trends will affect individual households differently depending on how much electricity each consumer uses, and how willing they are to switch to a better energy deal where market offers are available.

No two households use energy in the same way. Knowing how much power you use and when is important in controlling electricity bills in the future as new technologies become more affordable and energy entrepreneurs expand demand response options for consumers.

ABOUT THIS REPORT

The price trends report is a core document used to inform a range of stakeholders including the Australian Energy Market Operator the International Energy Agency and the Reserve Bank of Australia. It helps consumers understand costs included in their electricity bill. It also provides governments with information about which parts of the sector are driving electricity prices and provides context for long-term decision making on energy policy. Price trends identified in this report are not a forecast of actual prices, but rather are a guide to pricing and bill directions based on current expectations, policy and legislation. Actual price movements will be influenced by how retailers compete, the dynamics of wholesale spot and contract markets, the outcomes of network regulatory decisions, and changes in policy and regulation.

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9 December 2019

¹ Network cost information that was publicly available up to 11 November 2019. Regulated network costs may vary because of Australian Energy Regulator decisions on contingent project applications

AUSTRALIAN ENERGY MARKET COMMISSION

POWER PRICES SET TO FALL OUT TO 2022

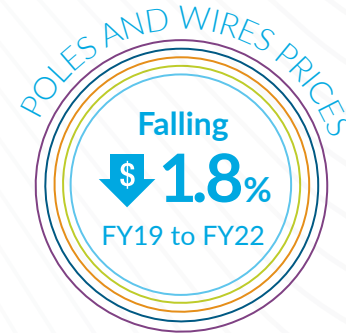
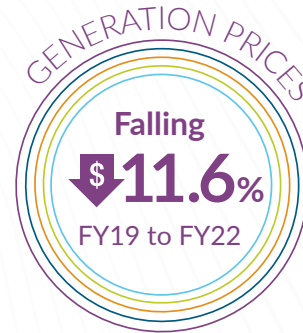
RESIDENTIAL ELECTRICITY PRICE TRENDS REPORT 9 DECEMBER 2019

Overall household power prices are estimated to fall from FY19 to FY22 on the back of increasing renewable generation and cuts to regulated network costs. More supply is putting downward pressure on prices. It's important to note that over a decade of analysis we have seen trends change sharply in response to events like generator closures and new policy.

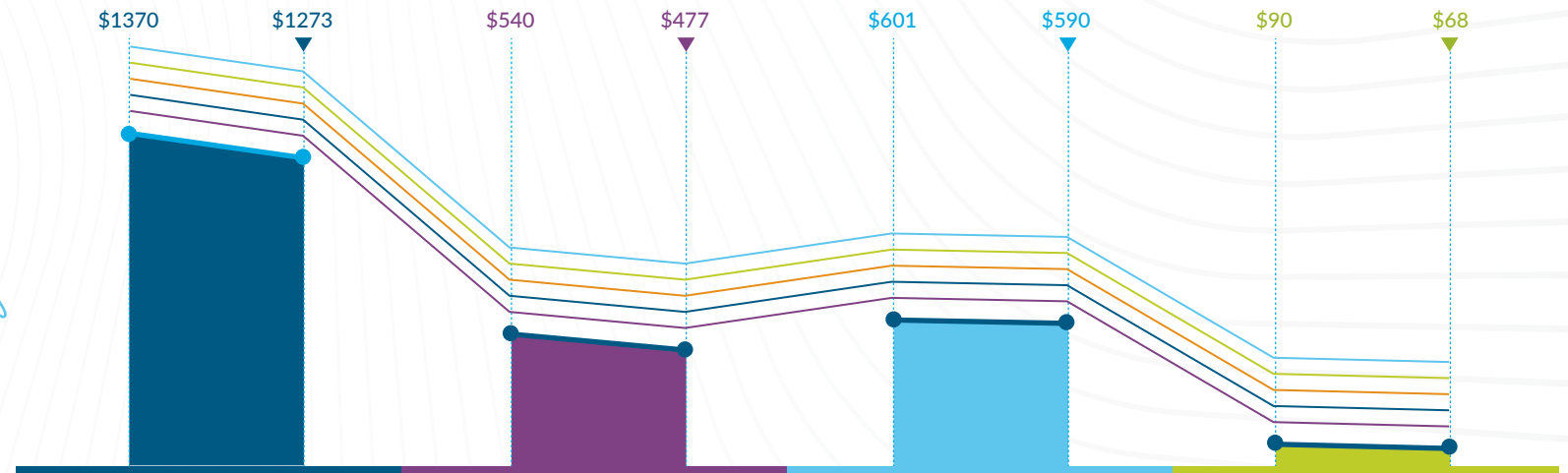


Bill = USAGE x PRICE

Every household is different. Bills change depending on how much power you use and when. Costs are also affected by where you live.



Cost pressures are coming off consumer bills



OVERALL SUPPLY COSTS

Bills are estimated to fall as the 3 key drivers indicate price cuts ahead



WHOLESALE

Lots of new renewable projects coming online adding much-needed supply and driving prices down



NETWORKS

Falling distribution and metering costs are driving regulated network charges down



ENVIRONMENTAL POLICY

These costs are falling as subsidies like the 20% renewable energy target are winding down

AUSTRALIAN ENERGY MARKET COMMISSION

RESIDENTIAL ELECTRICITY PRICE TRENDS AROUND THE NATION 2019

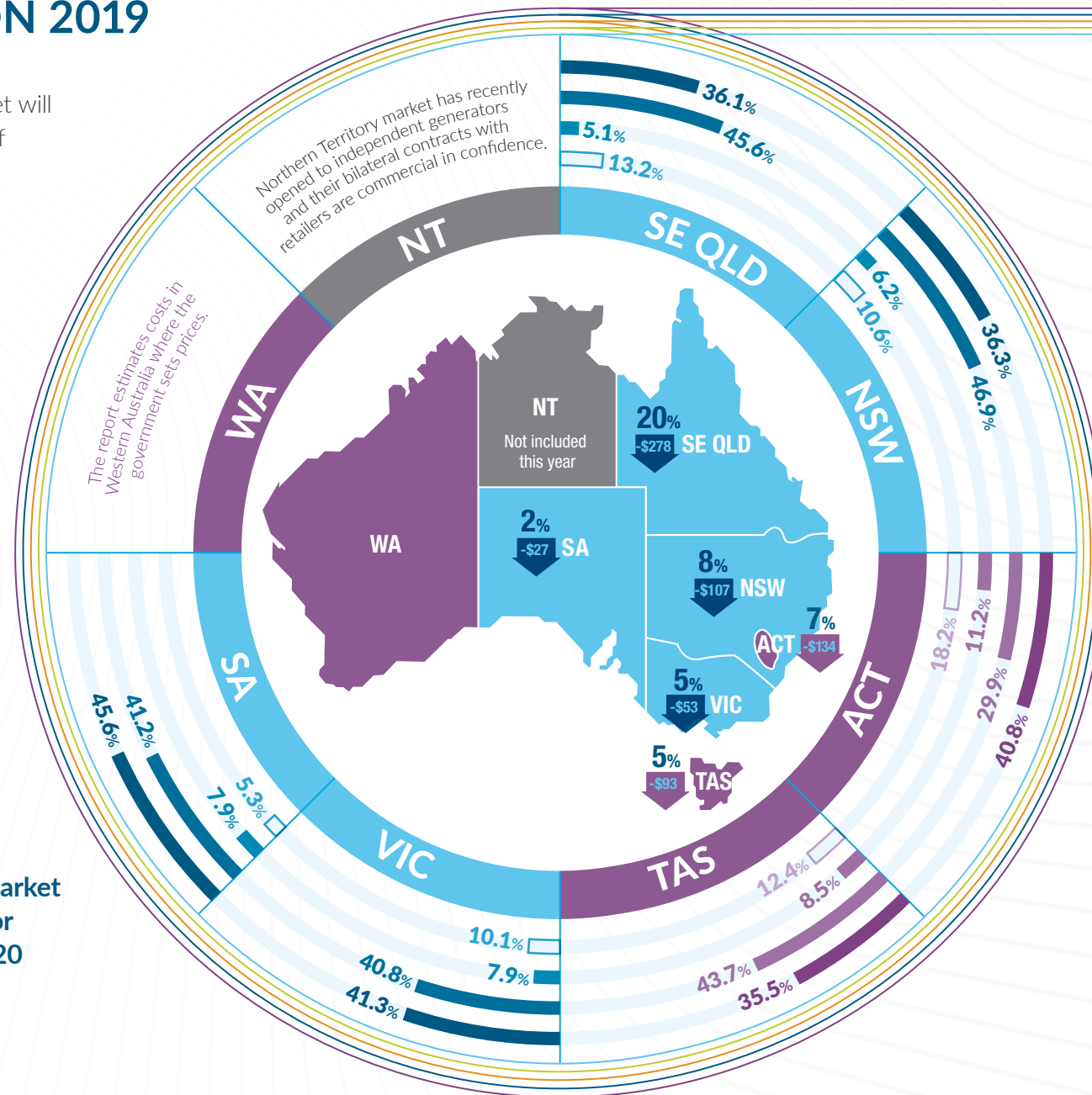
Australians in the national electricity market will see falling prices out to 2022 as supplies of generation continue to rise and regulated network prices are lowered.

Price trends identified in this report are not a forecast of actual prices. They are a guide to pricing and bill directions based on current expectations, policy and legislation. It provides information about which parts of the sector are driving changes up and down in the components of residential bills. Percentage changes are off different levels in each jurisdiction.



Saving from switching to the lowest market offer from the lowest standing offer for representative consumer for 2019-2020

SEQ **\$211** VIC **\$102**
 NSW **\$188** SA **\$250**
 ACT **\$367**



Legend
 Supply chain cost components of a typical bill

Market offer

- Wholesale
- Networks
- Environmental
- Residual

Standing/regulated offer

- Wholesale
- Networks
- Environmental
- Residual