

# AUSTRALIAN ENERGY MARKET COMMISSION

## POWER PRICES FALLING OVERALL

RESIDENTIAL ELECTRICITY PRICE TRENDS REPORT 21 DECEMBER 2018

The single biggest driver of price in the next two years will be structural change in the wholesale generation sector. Demand is relatively flat so wholesale costs are being driven lower by increased supply from renewables.



Falling generation costs are offsetting slight rises in other supply chain costs



**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 and government policy.

**OVERALL SUPPLY COSTS**

Most Australians can expect to see falling electricity prices over the next two years.

**WHOLESALE**

More wind and solar is being built than ever before and it's driving prices down in the near term.

**NETWORKS**

Managing the costs of connecting new generation will be a major challenge in the years ahead.

**ENVIRONMENTAL POLICY**

By 2020 around 20% of power will be supplied by renewables incentivised through LRET and state-based schemes.