

## Outlook for electricity prices modelled for ACT households

### Australian Energy Market Commission Residential electricity price trends report 2021

Household electricity bills in the Australian Capital Territory are expected to rise slightly by \$77 or four per cent over the next three years.

AEMC Chair Anna Collyer said new modelling released today by the Australian Energy Market Commission (AEMC) shows ACT prices rising by \$99 in FY2021/22 and \$123 in FY2022/23 before falling by \$145 in FY2023/24.

“A comparatively large number of ACT consumers, 28.7%, are still on standing offers rather than cheaper market offers so there are savings available to households if they shop around for a better deal. In fact, they could save up to \$284 a year on their energy bill,” Ms Collyer said.

The AEMC’s 12th annual price trends report shows costs rising across the three key drivers of ACT consumers’ bills.

- **Wholesale costs** are expected to rise by eight per cent, or \$55. This is an annual average rise of 2.6%.
- **Environmental costs** are expected to rise by 44 per cent, or \$138, due to increases in the costs of large scale Feed-in Tariff Schemes in the ACT. This is an annual average rise of 12.89%.
- **Network costs** are expected to increase by 19 per cent, or \$112, over the reporting period or 5.9% annually, driven by increases in transmission and distribution costs<sup>6</sup>.

Prices in this report are based on a ‘most common ACT consumer’ – a two-to-three-person household with mains gas, electric water heating, and which is on the regulated standing offer – with a total annual consumption level of 7,545/kWh.

Actual prices will depend on how and when electricity is used in each home and which type of energy offer they are on. Consumers can shop around for the best energy deal using sites such as the Australian Energy Regulator’s comparison site Energy Made Easy.

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### About this report

This price trends report 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. It also helps customers understand the costs included in their electricity bill.

Price trends identified in this report are not a forecast of actual prices, but rather 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.

Prices modelled are an average of the lowest market offer of each retailer on 17 September 2021, weighted by market share. Prices relate to a 'typical customer', which refers to the most common type of household based on electricity consumption.

No two households use energy in the same way, and many source at least some of their electricity demand from solar PV or gas. Knowing how much power you use and when is important to control power bills into the future as new technologies become more affordable and energy entrepreneurs expand demand response options for consumers.

### **About the AEMC**

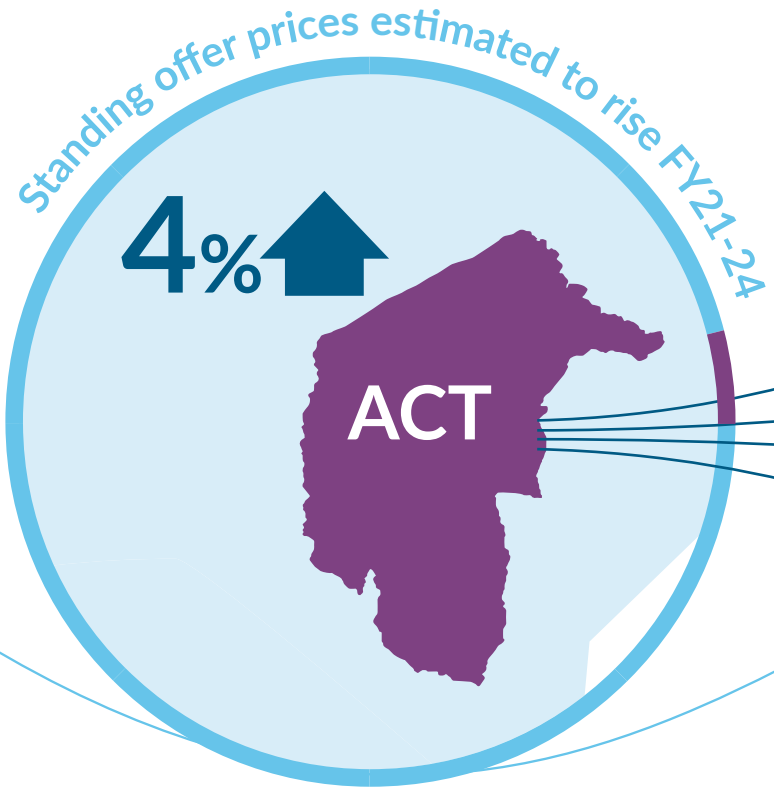
The Australian Energy Market Commission is the rule maker for Australian electricity and gas markets. We make and amend the National Electricity Rules, National Gas Rules and National Energy Retail Rules. We also provide market development advice to governments.

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# RESIDENTIAL ELECTRICITY PRICE TRENDS REPORT 25 NOVEMBER 2021

## AUSTRALIAN CAPITAL TERRITORY ELECTRICITY PRICES ARE RISING

The annual residential bill in the Australian Capital Territory is expected to see a slight increase out to 2024 with a four per cent, or \$77, rise due to increases in environmental and network costs.

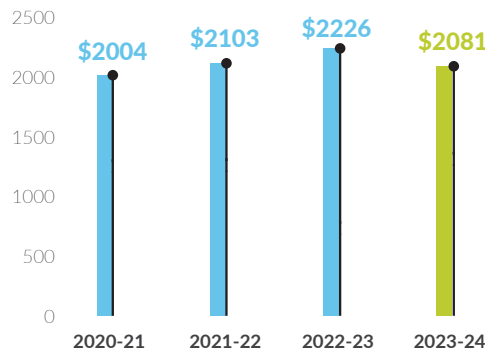


### CONSUMER HOUSEHOLD PROFILE

The representative consumer, or most common household type, in the ACT has 2-3 people, mains gas, electric water heating, and is on the regulated standing offer – with a total annual consumption level of 7,545kWh.



Annual electricity bill for a typical residential customer



## AT A GLANCE



### WHOLESALE

The cost of generating electricity

Wholesale costs are expected to rise by eight per cent, or \$55, due to the impact of Liddell retirement on ACT contracting costs in Q2 and Q3 2023, prior to the start up of new generation capacity in Q4 2023.



### NETWORKS

Poles and wires costs depend on regulator revenue determinations

Regulated network costs are expected to increase by 19 per cent, or \$112, over the reporting period. This is due partly to previous under-recoveries which are now being levied, and increased transmission and distribution costs.



### ENVIRONMENTAL

Direct costs of government schemes like the renewable energy target

Environmental costs are expected to rise by 44 per cent, or \$138, due to higher large feed in tariff scheme costs.

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The representative consumer is different for each jurisdiction depending on demographic profiles and is defined by using a representative energy consumption level.