

South East Queensland household electricity bills to hit record lows

Australian Energy Market Commission Residential electricity price trends report 2021

Queenslanders are set to enjoy the biggest savings in the national electricity market over the next three years, with prices expected to fall by \$126 (or 10 per cent) to their lowest level in more than a decade.

New modelling released today by the Australian Energy Market Commission (AEMC) shows that the annual bill paid by a typical household in South East Queensland is likely to be \$1,100 by June 2024, the lowest in the national electricity market and less per kilowatt hour than the cost of electricity in 2010/11 when price trends were first reported by the AEMC.

AEMC Chair Anna Collyer said the Commission's findings for South East Queensland reflect the market-wide trend for falling electricity prices as unprecedented levels of new generation capacity enters the power system. This capacity includes both renewable generation in the form of rooftop solar, large-scale wind and solar as well as dispatchable power in the form of big batteries.

This influx of renewables and battery storage is expected to reduce wholesale electricity prices by almost 10% or \$36 in South East Queensland by 2024. This is expected to be offset by a slight 3.4% increase or \$21 in regulated network costs.

Wholesale prices are expected to continue to trend downward, driven by the impact of 1264MW of new solar farms; 193MW of new wind farms and 100MW of new battery storage coming online in South East Queensland over the next three years.

"This illustrates how integrating renewables in a smart way makes it possible to have both lower emissions and lower costs for consumers," Ms Collyer said.

The AEMC's 12th price trends report shows that while wholesale costs and environmental costs are trending lower, regulated network charges (which represent about 50% of household electricity bills in Queensland), are increasing. This is likely to accelerate over the next decade as more network investment is required to connect dispersed new generation to the grid.

Overall, South East Queensland consumers' bills between FY 2020/21 and FY 2023/24 are likely to be impacted by:

- **Wholesale costs** falling by almost 10% or \$36 over the three years. This is an annual average drop of -3.3%
- **Environmental costs** falling by about \$35 or almost 25% lower, driven by a drop in Large-scale Renewable Energy Target costs as more generation comes online. This is an annual average drop of -9.0% and sees falls in each year.
- **Network costs** projected to rise by 3.4% or \$21 over the period (an annual average increase of 1.1%) across both transmission and distribution networks⁴.

“Significant new generation has been committed in South East Queensland including wind farm projects at Kennedy Energy Park and Kaban; nine solar projects at Bluegrass, Columboola, Gangarri, Kennedy Energy, Maryborough, Warwick stage 1 and 2, Western Downs and Woolonga; and the Wandoan battery,” Ms Collyer said.

“This diversity of generation and storage puts us in a strong position to manage the forecast retirement of ageing thermal generators and highlights the importance of being smart in how we connect resources to the grid and ensure the back-up needed for a secure supply, so the benefits of low cost and low emission generation aren’t eroded.”

Prices in this report are based on a ‘most common South East Queensland consumer’ – in a household with 2-3 people, no mains gas, no solar PV, no swimming pool, controlled load, and on a market offer – with a total annual consumption level of 5,650/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.

About 87.9% of customers in South East Queensland are now on market offers rather than more expensive standing offers. However, the 12.1% of South East Queensland customers still on standing offers could save up to \$218 a year on their energy bill if they shop around.

Media: media@aemc.gov.au or 0409 514 643

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.

ends.../

RESIDENTIAL ELECTRICITY PRICE TRENDS REPORT 25 NOVEMBER 2021

SOUTH-EAST QUEENSLAND ELECTRICITY MARKET PRICES ARE DECREASING

In South-East Queensland household electricity bills are expected to be \$126 cheaper by 2024, a decrease of 10 per cent. This trend is driven by falling wholesale and environmental costs.

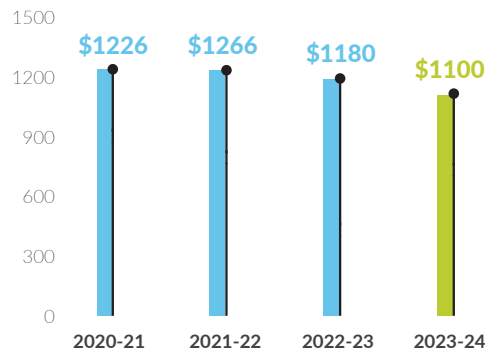


CONSUMER HOUSEHOLD PROFILE

The representative consumer, or most common household type, in South-East Queensland has 2-3 people, no mains gas, no solar PV, no swimming pool, controlled load, and is on a market offer – with a total annual consumption level of 5,650kWh.



Annual electricity bill for a typical residential customer



AT A GLANCE



WHOLESALE

The cost of generating electricity

Wholesale costs are expected to fall by 10 per cent or \$36 over the reporting period. This trend in overall terms is due to a large increase of new solar (1264 MW) and wind farm (193MW) generation capacity.



NETWORKS

Poles and wires costs depend on regulator revenue determinations

Regulated network costs are expected to rise by three per cent or \$21 due to a slight increase in the cost of both transmission and distribution networks.



ENVIRONMENTAL

Direct costs of government schemes like the renewable energy target

Environmental costs are expected to fall by 25 per cent or \$35 over the next three years due to falling spot prices for certificates generated by the large-scale renewable energy target (LRET).

ABOUT THIS REPORT

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.

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