



## **Price Trends 2021 – Addendum**

### **Basis of 2021 Price trends report**

The AEMC's 2021 annual residential electricity price trends report examines the direction household electricity prices will take over the next three years.

The analysis uses the lowest standing and market offers from retailers as the starting point for the direction prices will take.

The 2021 price trends report was published on 24 November 2021. It examines a base year 2020/2021, the current year when the forecast was prepared, 2021/2022, and two future years 2022/2023 and 2023/2024.

The assumptions used in the price trends report are taken from the 2021 AEMO ESOO report published in August 2021. This includes committed new build projects in the NEM, and forward projections of commodity prices including the cost of gas and coal to generators in the NEM over the forecast period.

### **Changes occurring internationally and in Australian energy markets in 2022**

Since the publication of the price trends report global events, including the conflict in Ukraine and the resulting impact on global commodity markets, have significantly changed the cost of key fuel inputs in Australian energy markets. Both international gas and coal prices have increased to unprecedented levels.

These international changes have a bearing on the cost of fuel inputs to generators in Australia. This in turn has a bearing on the cost of long term contracts for power and the costs borne by consumers, through contracts for their electricity in future periods.

The forecast contained in the 2021 price trends report should therefore be treated with caution given it does not reflect these recent events and the impact they have had on the cost of energy in the near term and over contracting timeframes.

25 May 2022