



# NEWS

## Tasmanian electricity prices to remain largely flat

**Residential electricity prices in Tasmania are expected to increase by an annual average of 1.9 per cent, less than the rate of inflation, over the next three years.**

The 2015 Australian Energy Market Commission (AEMC) Residential Electricity Price Trends report looks at the trends in the underlying cost components of household electricity bills, including the competitive market sectors of wholesale generation and retail; the regulated networks sector; and price implications from government environmental policies.

AEMC Chairman John Pierce said although electricity prices in Tasmania are determined by the Office of the Tasmanian Economic Regulator (OTTER), an analysis of underlying costs suggests expected increases in wholesale and environmental policy costs could put upward pressure on prices once the current determination finishes in June 2016.

"Wholesale electricity costs, which have been reasonably stable in recent years, are expected to rise," Mr Pierce said.

"Increasing consumption, as forecast by the Australian Energy Market Operator and driven by both population and income growth, is expected to coincide with generator retirements, including both the Anglesea Power Station in Victoria and the Northern Power Station in South Australia. These can affect Tasmanian prices through its link to Victoria across Bass Strait.

"Higher gas prices are also likely to contribute to the cost of electricity supplied by gas-fired generators in Victoria."

Environmental policy costs, particularly those associated with the Large-scale Renewable Energy Target that requires retailers to source a proportion of their electricity from renewable sources, are also rising.

Mr Pierce said the Australian Energy Regulator's determination of the revenues the transmission business can earn provides for a lower rate of return among other things, so consumers are not paying any more than necessary for their network services.

"The result is largely flat network costs over the reporting period."

Mr Pierce said the way these trends will impact individual households depends on how each consumer uses electricity.

"Consumption profiles are becoming increasingly diverse as new technology and significant changes to the National Electricity Rules over the past three years facilitate greater demand side participation in energy markets," Mr Pierce said.

"No two households use energy in the same way. Knowing how much power you use and when, will be the key tool in controlling electricity costs in the future."

The annual Residential Electricity Price Trends report provides an understanding of the cost components of the electricity supply chain that contribute to the overall price paid by residential consumers, and the expected trends in each of these components.

The full report and further information is available at [www.aemc.gov.au](http://www.aemc.gov.au).

Media: Communication Manager, Prudence Anderson 0404 821 935 or (02) 8296 7817

4 December 2015