

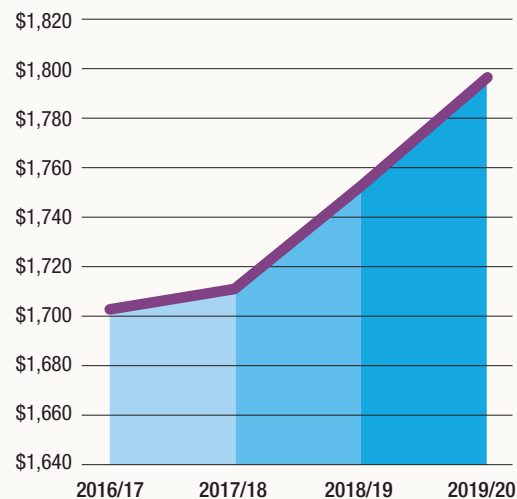
AUSTRALIAN ENERGY MARKET COMMISSION

ELECTRICITY PRICE TRENDS REPORT 18 DEC 2017

This report looks at factors driving residential power prices in the Northern Territory over the next two years July 2018-2020

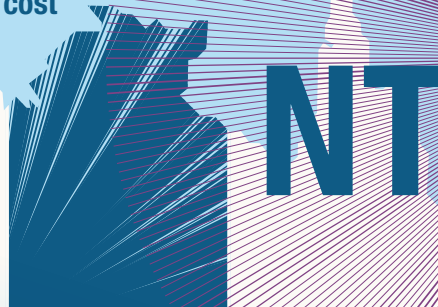
WHAT'S DRIVING THE ANNUAL BILL FOR A TYPICAL HOUSEHOLD IN THE NORTHERN TERRITORY

\$ Annual electricity bill for a typical residential consumer



Residential electricity prices in the Northern Territory increased by 0.5% this year, and are estimated to increase by an average 2.5% over the next two years. Prices are set and subsidised by the Territory government. Residential prices are less than the cost of supply.

2.5% ↑



COSTS AT A GLANCE



WHOLESALE

The cost of generating electricity

- Wholesale costs are estimated to increase by an average 2.5% each year over the next two years.
- This trend reflects contractual arrangements for generation in the Northern Territory, which are broadly in line with inflation.



NETWORKS

Poles and wires costs depend on regulator revenue determinations

Transmission and distribution costs are estimated to increase by an average 0.3% each year.



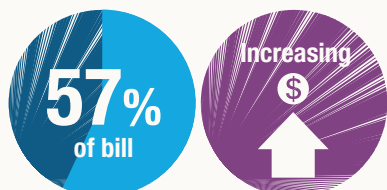
ENVIRONMENTAL

Direct costs of government schemes like the renewable energy target

Environmental policy costs are estimated to increase by 11.7% each year on average. These rising costs include RET certificates.

THE COMPONENTS MAKING UP ELECTRICITY BILLS TODAY

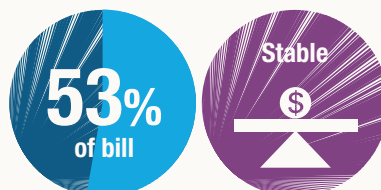
WHOLESALE COSTS



2017

TREND FOR 2018-2020

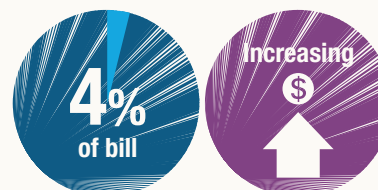
REGULATED NETWORKS COSTS



2017

TREND FOR 2018-2020

ENVIRONMENTAL COSTS



2017

TREND FOR 2018-2020

NORTHERN TERRITORY REFORMS

The Territory government has announced a number of reforms which may affect future residential retail prices:

- Changes to network regulation. Starting in July 2019, the revenue which networks are allowed to recover will be determined under the National Electricity Rules.
- Introduction of competitive trading.
- Introduction of some retail competition. The uniform tariff subsidy for residential and small commercial customers is now available to all licenced retailers.