

# AUSTRALIAN ENERGY MARKET COMMISSION

## ELECTRICITY PRICE TRENDS REPORT 18 DEC 2017

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

### WHAT'S DRIVING THE ANNUAL BILL FOR A TYPICAL HOUSEHOLD IN WESTERN AUSTRALIA

\$ Annual electricity bill for a typical residential consumer



Residential electricity prices in Western Australia increased by 10.9% this year, and are estimated to increase by an average 6.3% over the next two years. Prices are set by the state government and are currently below cost.

**6.3%** ↑

**WA**

## COSTS AT A GLANCE



### WHOLESALE

The cost of generating electricity

Estimated to increase by an average 4.5% each year largely due to higher gas prices which increase the cost of operating gas-fired power stations.



### NETWORKS

Poles and wires costs depend on regulator revenue determinations

Transmission and distribution costs estimated to decrease by an average 0.5% each year.



### ENVIRONMENTAL

Direct costs of government schemes like the renewable energy target

Estimated to increase by 11.7% each year. Rising costs include RET certificates.



### RETAIL

Estimated to increase by an average 3.3% each year.

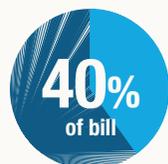
### THE COMPONENTS MAKING UP ELECTRICITY BILLS TODAY

#### WHOLESALE COSTS

#### REGULATED NETWORKS COSTS

#### ENVIRONMENTAL COSTS

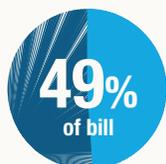
#### RETAIL COSTS



2017



TREND FOR 2018-2020



2017



TREND FOR 2018-2020



2017



TREND FOR 2018-2020



2017



TREND FOR 2018-2020

## WESTERN AUSTRALIA REFORMS

Western Australian Government reforms may affect future prices. Retail price deregulation and a series of supply chain reforms have been announced.