

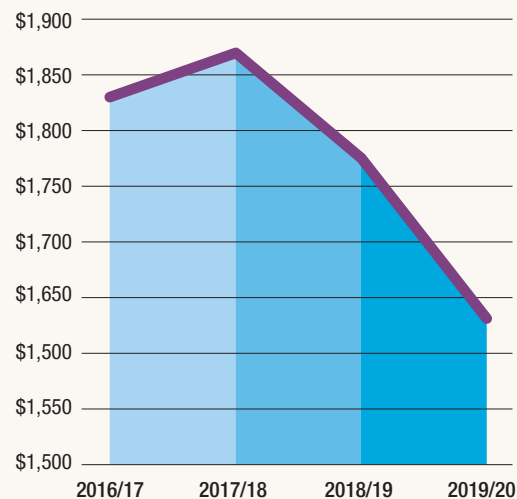
AUSTRALIAN ENERGY MARKET COMMISSION

ELECTRICITY PRICE TRENDS REPORT 18 DEC 2017

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

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

\$ Annual electricity bill for a typical residential consumer

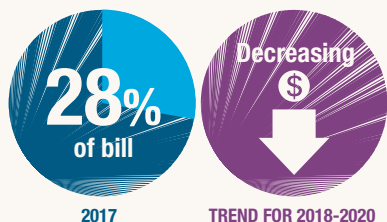


Standing offer prices increased by 2% this year and are estimated to fall by an annual average 6.5% over the next two years driven by wholesale costs.

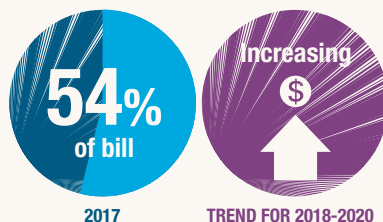
6.5% ↓ **TAS**

THE COMPONENTS MAKING UP ELECTRICITY BILLS TODAY

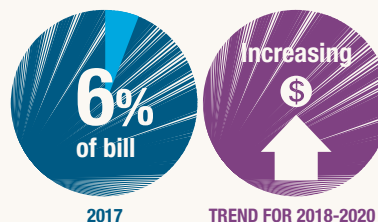
WHOLESALE COSTS



REGULATED NETWORKS COSTS



ENVIRONMENTAL COSTS



COSTS AT A GLANCE



WHOLESALE

The cost of generating electricity

- Increased by 36.4% this year due to the exit of Northern and Hazelwood coal generators, and higher gas prices which increase the costs of operating gas-fired generators. The Tasmanian government has capped the wholesale power price for 12 months from 1 July 2017.
- Estimated to decrease by an average 25.8% each year as new wind and solar generation enters the market and the Swanbank E gas generator in Queensland returns to service.



NETWORKS

Poles and wires costs depend on regulator revenue determinations

Transmission and distribution costs are estimated to increase by an average 2.5% each year over the next two years.



ENVIRONMENTAL

Direct costs of government schemes like the renewable energy target

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



RESIDUAL

The residual component reflects costs and risk incurred by retailers, and their profit or loss. It also includes calculation errors in the costs of other supply chain components. It does not represent retail margins.