



The AEMC has corrected 2015 Residential Electricity Price Trends data in an updated version of the 2015 report, published on 23 February 2017. An information sheet on the changes is available on the AEMC's website [here](#).

This media release has not been updated to reflect the updated report.

Queensland electricity prices stable as network savings balance expected wholesale rises

Falling network costs to be offset by expected rises in wholesale electricity and environmental policy costs as electricity prices increase largely in line with inflation forecasts 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 the report found that while regulated network costs fell by an initial 9.5 per cent in 2015/16, these savings were offset by expected increases in wholesale electricity prices and environmental policy costs. The result was an overall price rise of 3.3 per cent in 2015/16.

This is expected to be followed by a slight decrease of 0.6 per cent in 2016/17, and an increase of 4.2 per cent in 2017/18.

"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, is driven by both population growth and high electricity consumption to support LNG exports from Gladstone.

"Higher gas prices are also likely to contribute to rising wholesale electricity costs, particularly after surplus gas from the LNG ramp-up phase is exhausted in 2016/17."

Environmental policy costs, particularly those associated with changes in the way that Queensland Solar Bonus Scheme costs are recovered, are also expected to rise.

Mr Pierce said that the impact of these higher costs is being mitigated by lower network revenues, which have reduced costs associated with poles and wires in Queensland this year by 9.5 per cent, to be followed by a further reduction of 2.5 per cent next year, and an increase of 3.6 per cent in 2017/18.

"Regulated network costs represent 58 per cent of an average Queensland residential electricity bill," Mr Pierce said. "So changes in these costs clearly have a big effect on what households pay for their electricity."

Mr Pierce said the way these trends will impact individual households depends on how each consumer uses electricity, and how willing they are to switch to a better energy deal where market offers are available.

"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," Mr Pierce said.

"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.

"Right now, switching to a better energy deal remains the most effective way for consumers to save money in South East Queensland where market offers are available. Average savings from switching from an average standing offer to an average market offer in 2014/15 was \$111 in Queensland."

**The AEMC's 2015
Price Trends
report shows
Queensland
electricity prices
to be largely
stable.**

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.

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

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