



ICRC

independent competition and regulatory commission

Media Release

COMMISSION UPDATES 2019-20 REGULATED ELECTRICITY PRICES FOR SMALL CUSTOMERS

The Independent Competition and Regulatory Commission today released its annual update of regulated retail electricity prices for the financial year beginning 1 July 2019.

The Commission's decision sets the maximum average nominal increase in ActewAGL Retail's basket of regulated tariffs for 2019-20 at 0.85 per cent. This is lower than the rate of inflation and represents a decline of 0.90 per cent in real terms.

If ActewAGL Retail increases prices by the full 0.85 per cent, this would translate to an increase of up to \$20 in the annual bills for a typical Canberra household consuming 8,000 kWh per year.

"The small increase in regulated retail prices in 2019-20 follows large increases in 2017-18 and 2018-19. While electricity bills for ACT residential and small business customers will still be among the lowest in Australia in 2019-20, they remain high. I encourage consumers to talk to their retailer about whether they are on the right electricity plan for their circumstances and to seek assistance if they are experiencing financial pressure," Senior Commissioner Joe Dimasi said.

The key driver of the lower price increase has been a moderation in wholesale energy purchase costs, which declined slightly in 2019-20 (down 0.52 per cent) following large increases over the past two years.

The cost of energy losses also declined (down 55 per cent in 2019-20) reflecting new renewable energy generation connections. These losses are calculated by the Australian Energy Market Operator. The other main cost decrease was retail operating costs, which declined by 1.14 per cent.

Offsetting these cost decreases were increases in the cost of ACT Government's large scale feed in tariff and the cost of national green schemes. The cost of the ACT Government's large scale feed in tariff increased because of an increase in the number of large scale renewable generation sites over the past 12 months.

ENDS

Information about assistance programs

Information for consumers and details about assistance programs are available at:

<https://www.energymadeeasy.gov.au/>

<https://www.actsmart.act.gov.au/energy-saving/rebatessubsidies>

<https://www.actewagl.com.au/helpingyou>

Inflation rate

The inflation rate of 1.77 per cent is the change in the CPI for the 12 months to March 2019 compared to the previous 12 months.

Contacts

To contact the Commission, please visit www.icrc.act.gov.au.

For media enquiries, please contact:

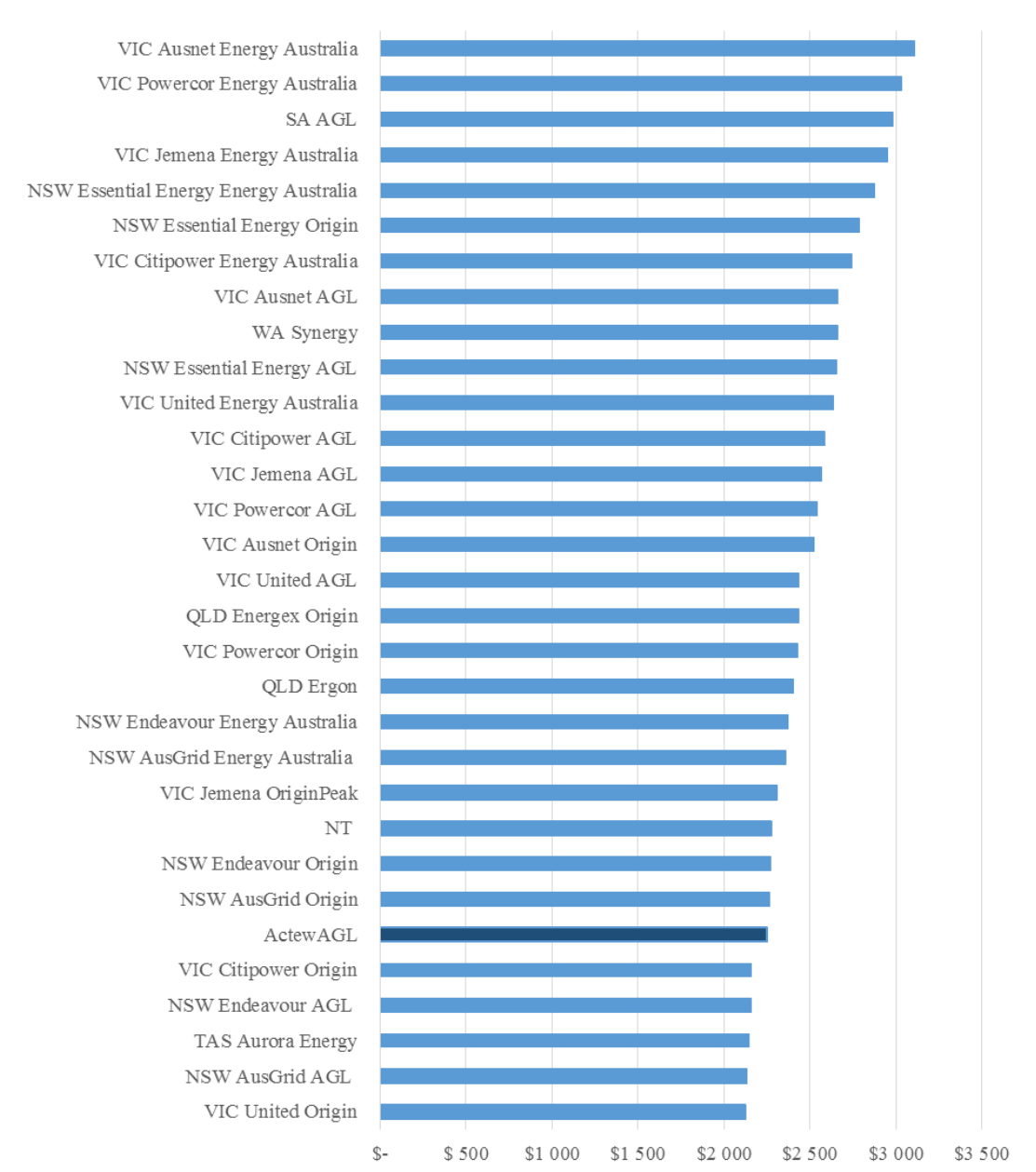
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Attachment A

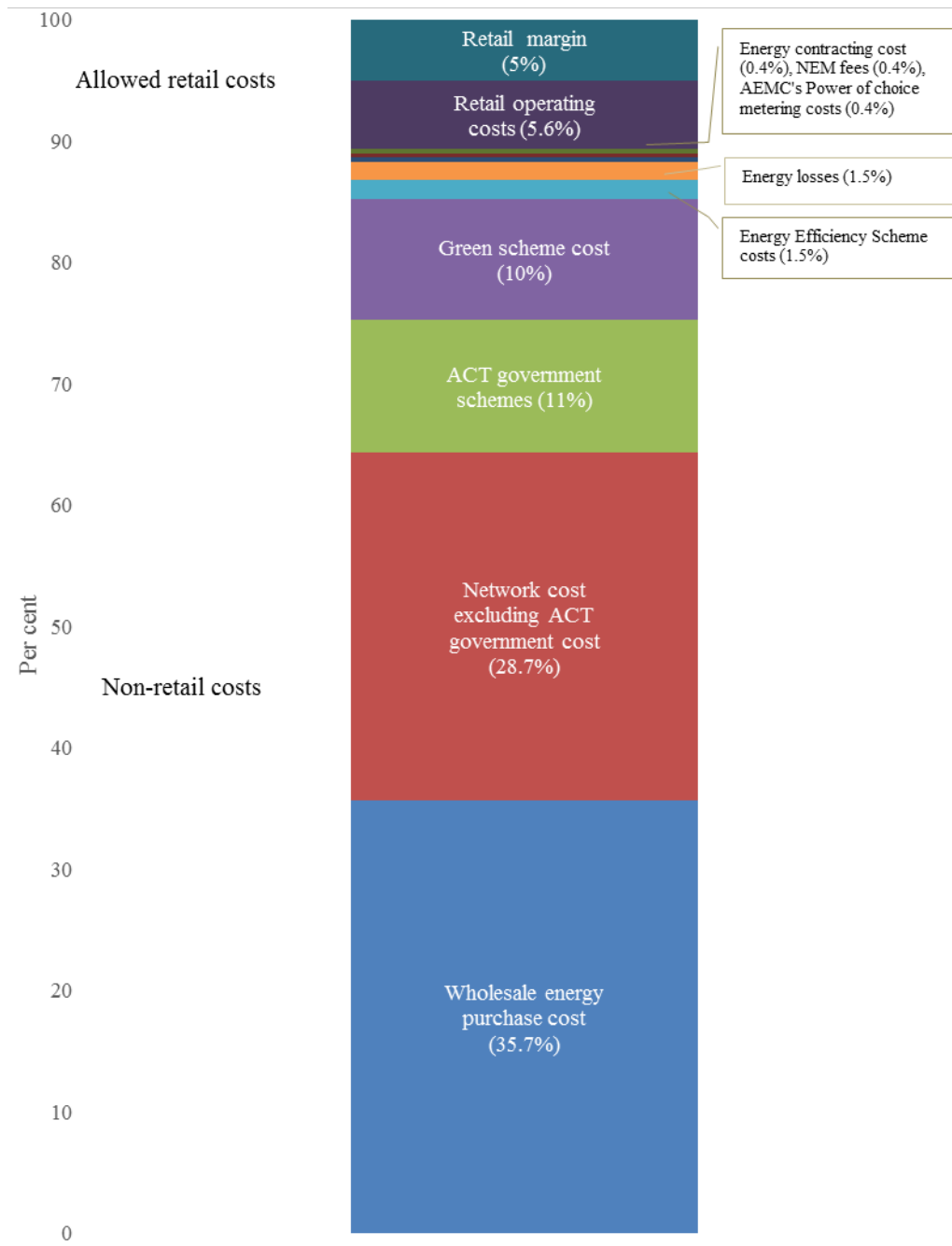
Figure 1 Annual residential standing offer electricity bills for 2018-19 and the AAR's standing offer for 2019-20 based on annual consumption of 8,000 kWh



Notes: Based on annual consumption of 8,000 kWh. Refer to OTTER (2019) for further information on the calculation methods. The average AAR 2019-20 bill is based on the Commission's assumption that all retail prices in the regulated basket of tariffs are increased by 0.85 per cent.

Source: Commission's calculations based on OTTER (2019).

Figure 2 Cost components as a share of total cost 2019–20



Source: Commission's calculations

Table 1 Final decision on cost elements 2019-20 (with 2018-19 costs for comparison)

	2018-19 (\$/MWh)	2019-20 (\$/MWh)	Per cent change
Energy purchase cost	92.49	92.01	-0.52%
National green scheme costs	25.19	25.73	2.14%
Energy losses	8.44	3.81	-54.91%
Energy contracting cost	0.90	0.92	1.77%
NEM fees	0.90	0.92	1.77%
Total energy purchase cost	127.93	123.39	-3.55%
Network costs (excluding ACT Government scheme costs)	75.40	73.96	-1.91%
ACT Government scheme costs	19.91	28.28	42.00%
Total network costs	95.32	102.24	7.26%
Retail operating costs	14.58	14.41	-1.14%
Energy Efficiency Scheme costs	4.11	4.00	-2.72%
AEMC's Power of Choice (metering) cost	1.04	1.02	-2.50%
Total retail costs	19.73	19.43	-1.54%
Total energy + retail + network costs	242.98	245.06	0.85%
Retail margin	12.88	12.99	0.85%
Total cost and maximum average price change	255.86	258.05	0.85%

Source: Commission's calculations.