



MEDIA RELEASE

COMMISSION RELEASES FINAL REPORT ON RETAIL ELECTRICITY PRICES FOR SMALL CUSTOMERS

The ACT Independent Competition and Regulatory Commission today released its final decision on regulated retail electricity prices for the next four years from 1 July 2020. The Commission has also released its final recommendations to improve the transparency and comparability of electricity offers in the ACT.

“The final decision means that a typical customer on ActewAGL’s standing offer contracts will see a 2.56 per cent reduction in retail electricity prices in 2020-21,” said Senior Commissioner Joe Dimasi. This is equivalent to a decline in real terms (adjusting for inflation) of 4.31 per cent.

“For the average residential household consuming about 6,500 kWh per year, the expected price decrease would translate to a reduction of \$43 in their annual bill. The impact on non-residential customers ranges from a reduction of \$265 per year for a large customer to \$66 for a small customer,” Mr Dimasi said.

The average retail price decrease largely reflects falling prices in the wholesale electricity market. A key driver of these lower wholesale prices is the growth in renewable energy generation. This led to a reduction in wholesale energy purchase costs and national green scheme costs.

The final price decrease of 2.56 per cent determined by the Commission is lower than the price decrease estimated in its draft report. This mainly reflects updated data between draft and final reports, especially for network costs which increased by 5.4 per cent following the Australian Energy Regulator’s May decision.

Despite the fall in retail electricity prices, many consumers could still find it difficult to pay their electricity bills, especially in the current challenging economic conditions. The Commission encourages consumers experiencing financial hardship to contact their retailer for assistance. The Commission also encourages consumers to shop around for more affordable electricity plans, including from competing retailers.

“The ACT Government requested the Commission examine the transparency and comparability of electricity offers in the ACT. As a result, the report makes two recommendations to the ACT Government to make it easier for ACT consumers to shop around for a better electricity plan,” Mr Dimasi said. “First, it recommends setting a reference bill for a typical consumer to help consumers compare plans. The second recommendation is that retailers should have to tell their customers if they have a plan that could reduce a customer’s bills and ask the customer to call them for more information.”

These recommendations are based on evidence that many ACT consumers find it difficult to compare offers, mainly due to the large number of offers and tariff types, the discounting practices of retailers, and the complexity of terms and conditions in plans.

The Commission is also encouraging retailers to regularly tell their customers that they can visit the Australian Government's Energy Made Easy website to check whether there is an even better offer available from another retailer.

In developing its recommendations, the Commission surveyed more than 1,000 ACT electricity consumers and consulted with electricity retailers, consumer groups and the ACT community. The Commission would like to thank all stakeholders for their valuable contributions to the price investigation.

ENDS

For media enquiries, please contact the Commission on 02 6205 0799 or email: icrc@act.gov.au

The final report is available on the Commission's website at www.icrc.act.gov.au or can be obtained by contacting the Commission on (02) 6205 0799 or via email at icrc@act.gov.au.

List of recommendations

The Commission has made two recommendations to improve transparency and comparability of retail electricity offers in the ACT market.

1. A reference bill amount should be developed to provide ACT consumers with a common point of comparison for assessing electricity offers. The reference bill should be based on existing regulated standing offer prices.
2. The ACT Government should consider imposing a new regulatory obligation on retailers to regularly notify their customers if they have a better offer and ask customers to call them for information. This new regulatory obligation should be implemented with a new regulatory obligation establishing a Clear Advice Entitlement to help ensure that consumers have information they need to make an informed decision.

Information about assistance programs

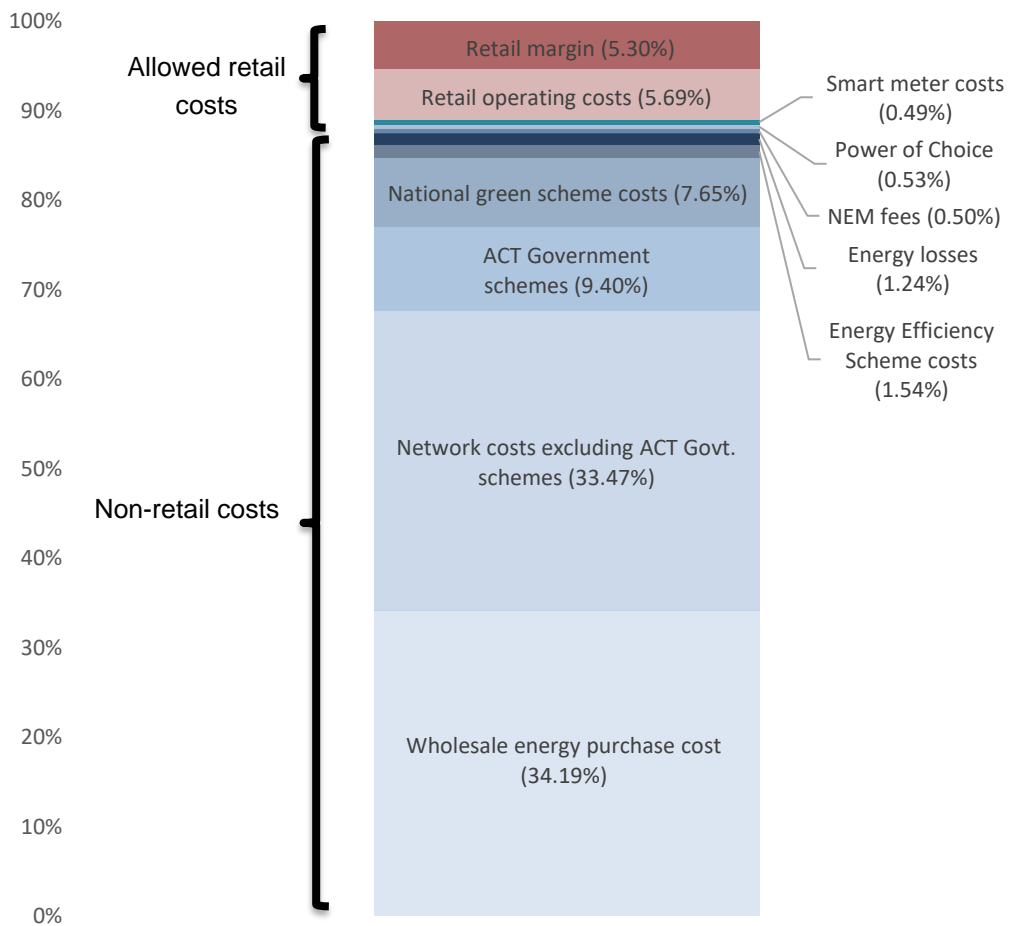
Information for consumers and details about assistance programs are available at:

- <https://www.energymadeeasy.gov.au/>
- <https://www.actsmart.act.gov.au/energy-saving/rebatessubsidies>
- <https://www.actewagl.com.au/helpingyou>

The ACT Government has recently announced an additional \$200 rebate to be applied on electricity bills for households receiving the Utilities Concession, and a \$750 rebate to be applied on electricity bills for small business owners.

Attachment: Electricity costs

Figure 1: Cost components as a share of total cost in 2020–21



Source: Commission' calculations.

Table 1: Percentage point contributions to the total cost change from 2019–20 to 2020–21

Cost components	Percentage point
Wholesale energy purchase cost	-2.70%
National green scheme costs	-2.52%
ACT Government scheme costs	-1.80%
Energy losses	-0.26%
Energy Efficiency Scheme costs	-0.05%
Retail operating costs	-0.04%
Power of choice	0.12%
Retail margin	0.13%
NEM fees	0.13%
Smart meter costs	0.48%
Network costs (excluding ACT Govt schemes)	3.95%
Total cost	-2.56%

Source: Commission's calculations.

Table 2 Final decision on cost elements, 2020–21

Cost	2019–20 (\$/MWh)	2020–21 (\$/MWh)	% change
Wholesale energy purchase cost	92.93	85.97	-7.49%
National green scheme costs	25.73	19.22	-25.30%
Energy losses	3.81	3.13	-17.90%
NEM fees	0.92	1.26	36.85%
Total energy purchase cost	123.39	109.58	-11.19%
Network costs (excluding ACT Government scheme costs)	73.96	84.16	13.79%
ACT Government schemes	28.28	23.63	-16.44%
Total network costs	102.24	107.79	5.43%
Retail operating costs	14.41	14.30	-0.76%
Energy efficiency scheme costs	4.00	3.86	-3.39%
AEMC Power of Choice costs	1.02	1.32	30.08%
Smart meter costs	NA	1.24	NA
Total retail costs	19.43	20.73	6.68%
Total energy + retail + network costs	245.06	238.10	-2.84%
Retail margin	12.99	13.33	2.66%
Total costs	258.05	251.43	-2.56%

Source: Commission's calculations

Note: Network costs (excluding ACT Government scheme costs) increased because of higher transmission and distribution costs and a change in the proportion of stranding offer customers on tariffs with relatively low network costs to tariffs with relatively high network costs. This is in the context of a reduction in ActewAGL's regulated customer base. The decrease in ACT Government scheme costs reflects lower forecast cost of feed-in-tariff for large scale renewable generators.