

## MEDIA RELEASE

# ACT ELECTRICITY PRICES ADJUSTMENT FROM 1 JULY 2023

Today the ACT's economic regulator released the annual update of regulated retail electricity prices.

From 1 July 2023, ActewAGL's regulated (standing offer) tariffs will increase, on average, by 4.15%. This is lower than the rate of inflation and represents a decline of 2.7 per cent in real terms.

"The ACT will have the smallest price increase among jurisdictions in the national electricity market. The average annual bill for Canberrans on standing offers will be the lowest compared to the default market offers faced by customers in New South Wales, Victoria, Queensland and South Australia, where residential customers are facing increases in the order of 20% to 27%," Senior Commissioner Joe Dimasi said.

"The maximum average increase of 4.15% will translate to an annual bill increase of \$75 for an average residential customer consuming 6,500kWh. For an average non-residential customer consuming 25,000kWh, the increase in the annual bill will be \$289," Mr Dimasi said.

"The price increase is driven by a significant increase in wholesale electricity costs this year. This increase will be largely offset because the ACT Government scheme costs have decreased substantially this year resulting in a rebate to customers."

Wholesale energy purchase costs increased by 90.3% (from \$83.87 per MWh in 2022-23 to \$159.62 per MWh) and contributed 27.3 percentage points to the price increase. Higher wholesale costs are a result of increased coal and gas prices. A reduction in thermal generation and increased demand also contributed to the increase in costs.

ACT Government scheme costs including the Large-scale Feed-in Tariff scheme decreased from \$45.27 per MWh to -\$15.23 per MWh and contributed -21.8 percentage points to the price increase. "This is a significant gain to the ACT consumers," Mr Dimasi said.

The large decline in the ACT Government scheme costs is due to a negative Reasonable Cost Determination of \$68.45 million for 2023-24 for the Large-scale Feed-in Tariff scheme. A negative amount indicates that this money will be returned to ACT electricity consumers. Evoenergy's network charges for 2023-24 include a rebate of \$23.14 per MWh.

The Federal Government's energy bill relief of \$175 for households and \$325 for small businesses will more than offset the increase in electricity prices for eligible customers.

ACT Government offers further support to help low income and vulnerable customers meet the costs of their electricity bills. Customers struggling to pay their bills should contact their retailer. Under the national energy laws, retailers must provide assistance.

"The regulated price increases mentioned only apply to standing offer tariffs. We encourage consumers to regularly compare these tariffs to other offers in the market." Mr Dimasi said.

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## Contact

To contact the Commission, please visit [www.icrc.act.gov.au](http://www.icrc.act.gov.au).

For media enquiries, please contact:

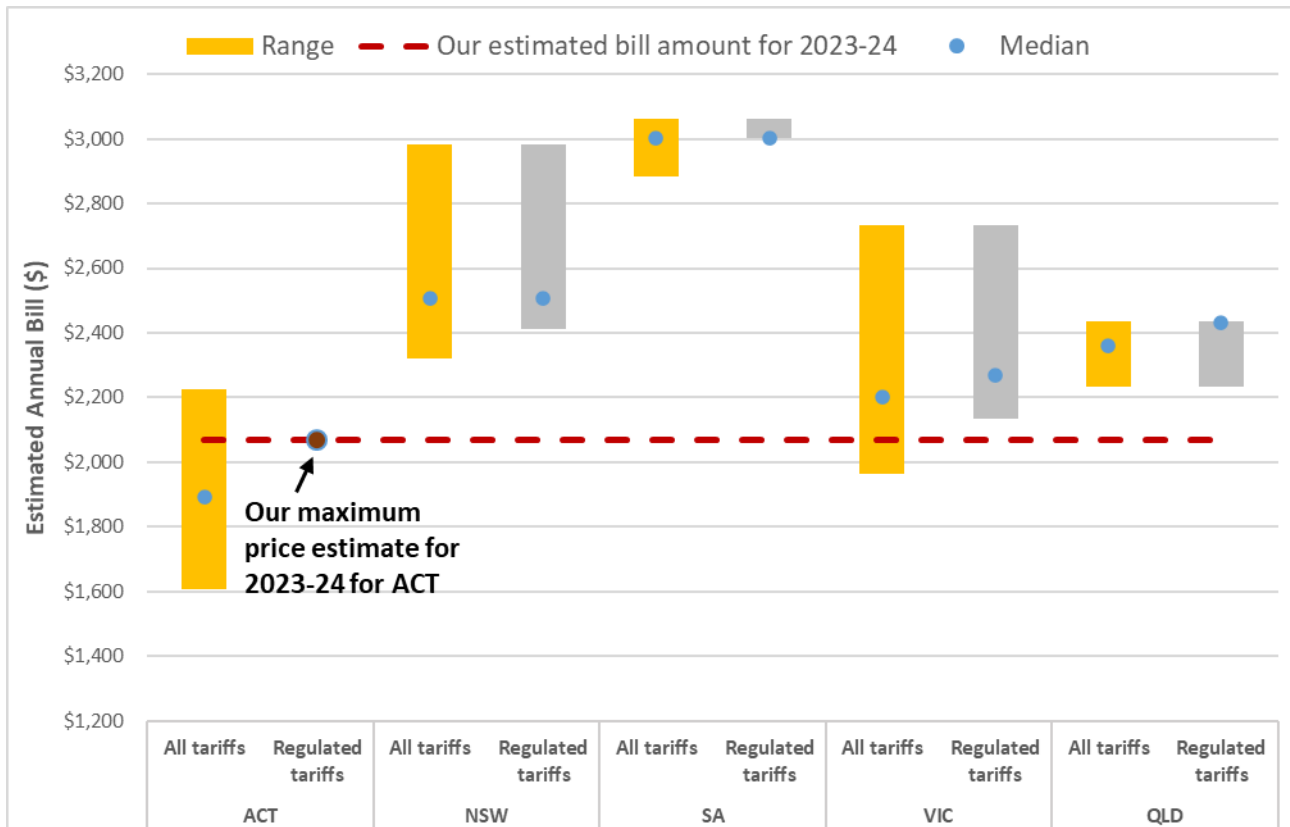
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A copy of our report is available on our website at <https://www.icrc.act.gov.au/energy/electricity/retail-electricity-prices-2020-24> or can be obtained by contacting the Commission on (02) 6205 0799 or via email at [icrc@act.gov.au](mailto:icrc@act.gov.au).

## Attachment

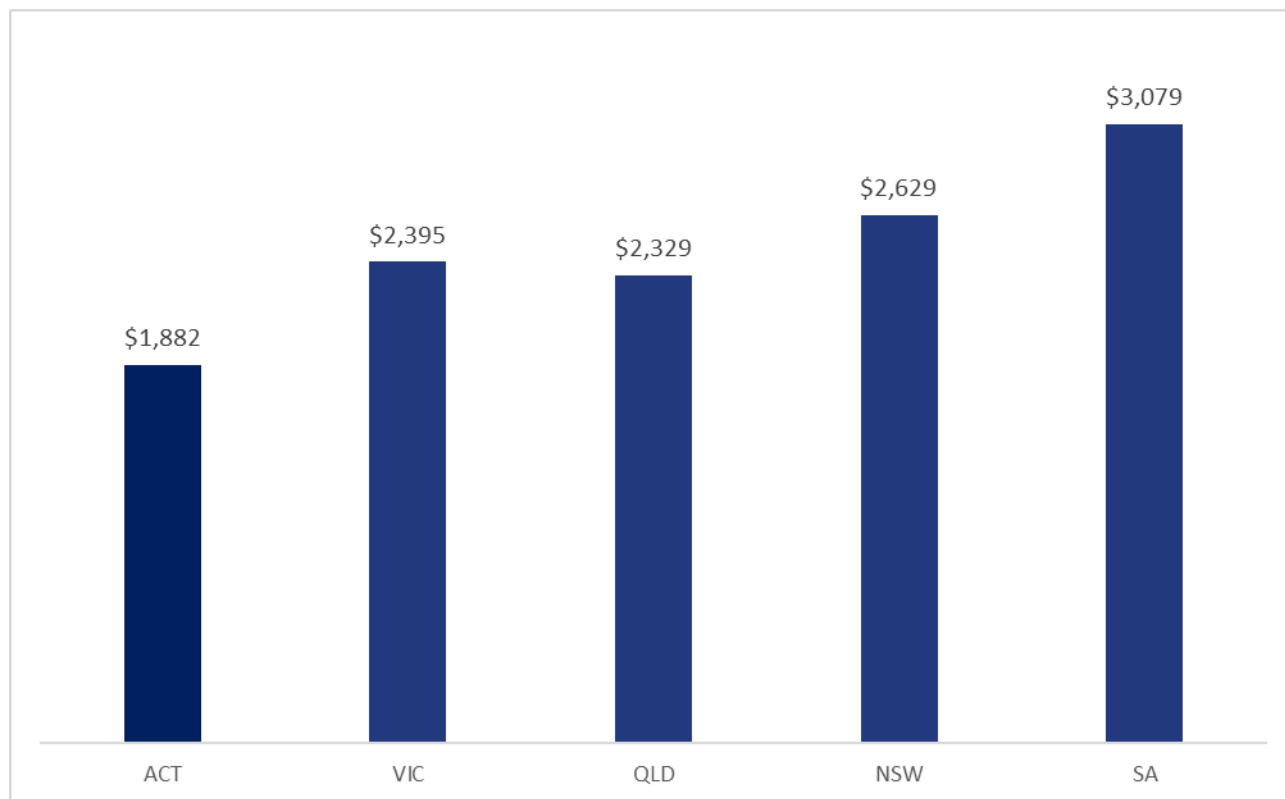
**Figure 1. Estimated annual bills based on estimated prices as at 1 July 2022 for interjurisdictional customers using 6,500 kWh (GST inclusive)**



Source: Our calculations using OTTER 2022, ESC 2023, and AER 2023.

Note: Bill estimates include GST. Data from OTTER 2022 was adjusted to reflect price growth effective from July 2023. NSW, SA and QLD growth rates are based on DMO price growth rates in each region. Victoria growth rates are based on the ESC VDO decision released in 2023. ACT price growth is our approved rate. Growth rates for control load customers and non-control load customers were calculated based on the usage weights given by OTTER. NSW and Victoria growth rates are the weighted average growth rate across the distribution zones within those states, respectively, weighted by customer numbers in the corresponding distribution zone.

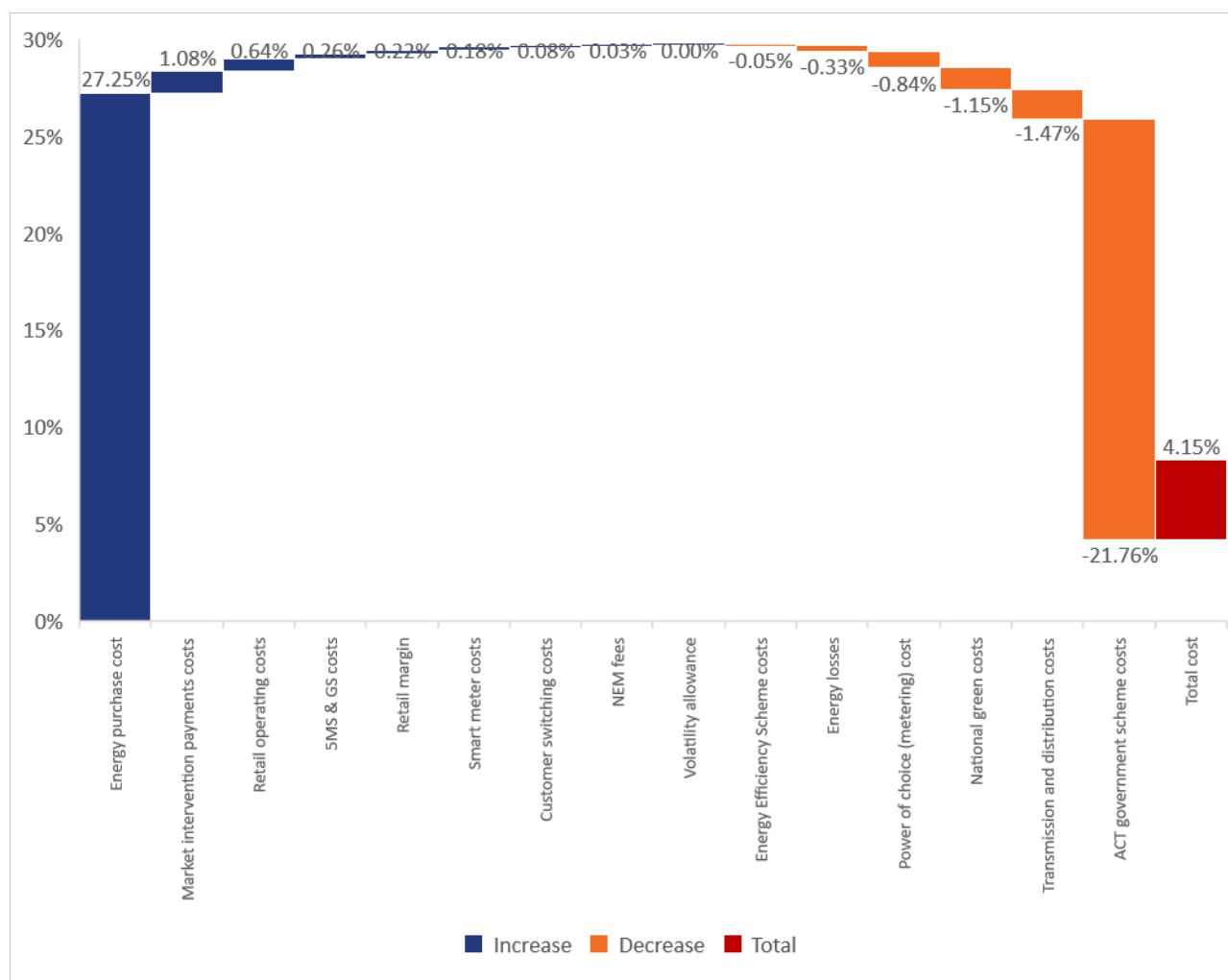
**Figure 2. Maximum annual residential standing offer electricity bills as at 1 July 2023 using 6,500 kWh (GST exclusive)**



Source: Our calculations using ESC 2023a and 2023b, and AER 2023.

Note: Bill estimates are based on annual usage of 6,500 kWh and exclude GST. Data on residential supply charge and usage charge used to estimate the bill are from AER's 2023-24 DMO for NSW, SA and SE QLD, and ESC's 2023-24 VDO for Victoria. NSW and Victoria bill estimates are the weighted average of the bills across the distribution zones within those states, weighted by customer numbers in the corresponding distribution zone. ACT bill is based on our pricing model estimate of the cost of providing electricity (in \$/MWh).

**Figure 3. Contribution to the price increase by costs component, 2023–24**



Source: Our calculations.

**Table 1. Update of electricity cost elements 2023–24 (with 2022–23 costs for comparison)**

Cost component	2022–23 (\$/MWh)	2023–24 (\$/MWh)	Dollar change (\$/MWh)	Contribution to the price change (%)
Wholesale energy purchase cost	83.87	159.62	75.75	27.25%
National green scheme costs	18.25	15.06	-3.19	-1.15%
Energy losses	1.09	0.17	-0.92	-0.33%
Volatility allowance	0.30	0.30	0.00	0.00%
NEM fees	1.32	1.41	0.09	0.03%
<b>Total energy purchase cost</b>	<b>104.83</b>	<b>176.56</b>	<b>71.73</b>	<b>25.81%</b>
Transmission and distribution costs	88.87	84.80	-4.07	-1.47%
ACT Govt scheme costs	45.27	-15.23	-60.50	-21.76%
Large scale FiT scheme costs	36.13	-23.14	-59.27	-21.32%
Small and medium scale FiT scheme costs	5.76	5.38	-0.38	-0.14%
Other ACT Govt schemes costs	3.38	2.53	-0.85	-0.31%
<b>Total network costs</b>	<b>134.14</b>	<b>69.57</b>	<b>-64.57</b>	<b>-23.26%</b>
Retail operating cost	15.92	17.71	1.79	0.64%
Energy efficiency scheme costs	3.04	2.90	-0.14	-0.05%
AEMC power of choice costs	2.32	-	-2.32	-0.83%
Smart meter costs	2.96	3.46	0.50	0.18%
5-minute & global settlements costs	-	0.72	0.72	0.26%
Customer switching costs	-	0.21	0.21	0.08%
Market intervention payments costs	-	3.01	3.01	1.08%
<b>Total retail costs</b>	<b>24.24</b>	<b>28.02</b>	<b>3.78</b>	<b>1.36%</b>
<b>Total energy + retail + network costs</b>	<b>263.21</b>	<b>274.15</b>	<b>10.94</b>	<b>3.94%</b>
Retail margin	14.74	15.35	0.61	0.22%
<b>Total costs</b>	<b>277.95</b>	<b>289.50</b>	<b>11.55</b>	<b>4.15%</b>

Source: Our calculations.

Note: All numbers are rounded to two decimal places.