

MEDIA RELEASE

ACT regulated retail electricity prices to decrease from 1 July 2022

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

From 1 July 2022, ActewAGL's regulated (standing offer) tariffs will decrease, on average, by at least 1.25%.

"The minimum average decrease of 1.25% will translate to an annual bill saving of \$23 for an average residential customer consuming 6,500kWh. For an average non-residential customer consuming 25,000kWh, the decrease in the annual bill will be \$88," Senior Commissioner Joe Dimasi said.

"ACT is the only jurisdiction in the national electricity market where regulated tariffs will decline in 2022-23. The average annual bill for Canberrans on standing offers will be the lowest compared to the average standing offer bills faced by customers in New South Wales, Victoria, Queensland and South Australia," Mr Dimasi said.

"The price decrease is driven by a decline in the ACT Government scheme costs this year, which more than offset the increase in wholesale electricity costs," Mr Dimasi said.

The cost of the ACT Government's scheme including the large-scale feed in tariff have decreased by 20.07% which contributed -4.04 percentage points to the price decrease.

ACT Government scheme costs decreased largely because of a fall in the large-scale feed-in-tariff (FiT) support payments. These payments cover the difference between the contract price to renewable generators and the prevailing wholesale electricity prices. Because of an increase in wholesale electricity prices, the contract-for-difference payments to generators is lower this year than last year.

Wholesale energy purchase costs increased by 13.65%. This partially offset the price decrease by 3.58 percentage points. Wholesale energy purchase costs increased throughout the National Electricity Market because of higher coal and gas prices reflecting world events. A reduction in thermal generation and the slowing of large-scale renewables coming online contributed to the increase in these costs.

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

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Contact

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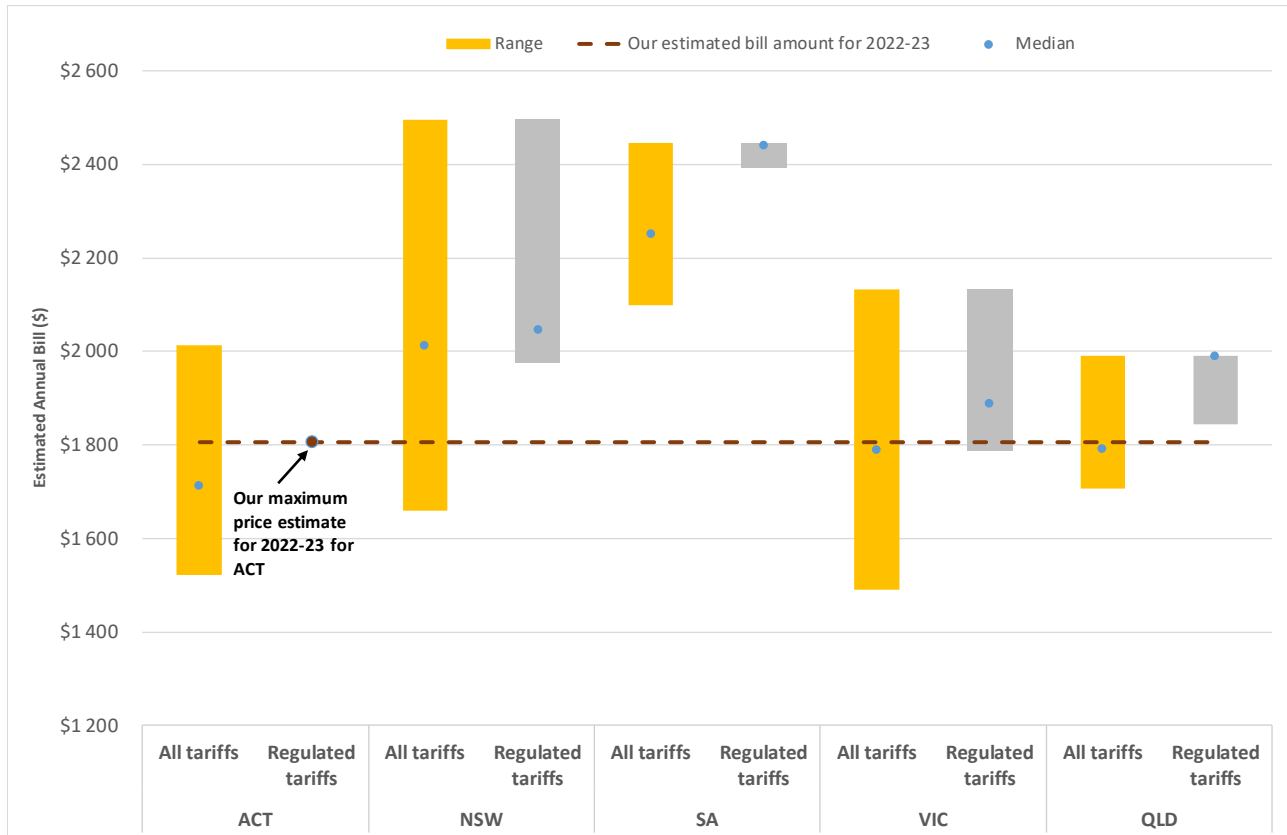
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A copy of our report is available on our website at <https://www.icrc.act.gov.au/energy/electricity/retail-electricity-prices-2020-24> or can be obtained by contacting the Commission on (02) 6205 0799 or via email at icrc@act.gov.au.

Attachment

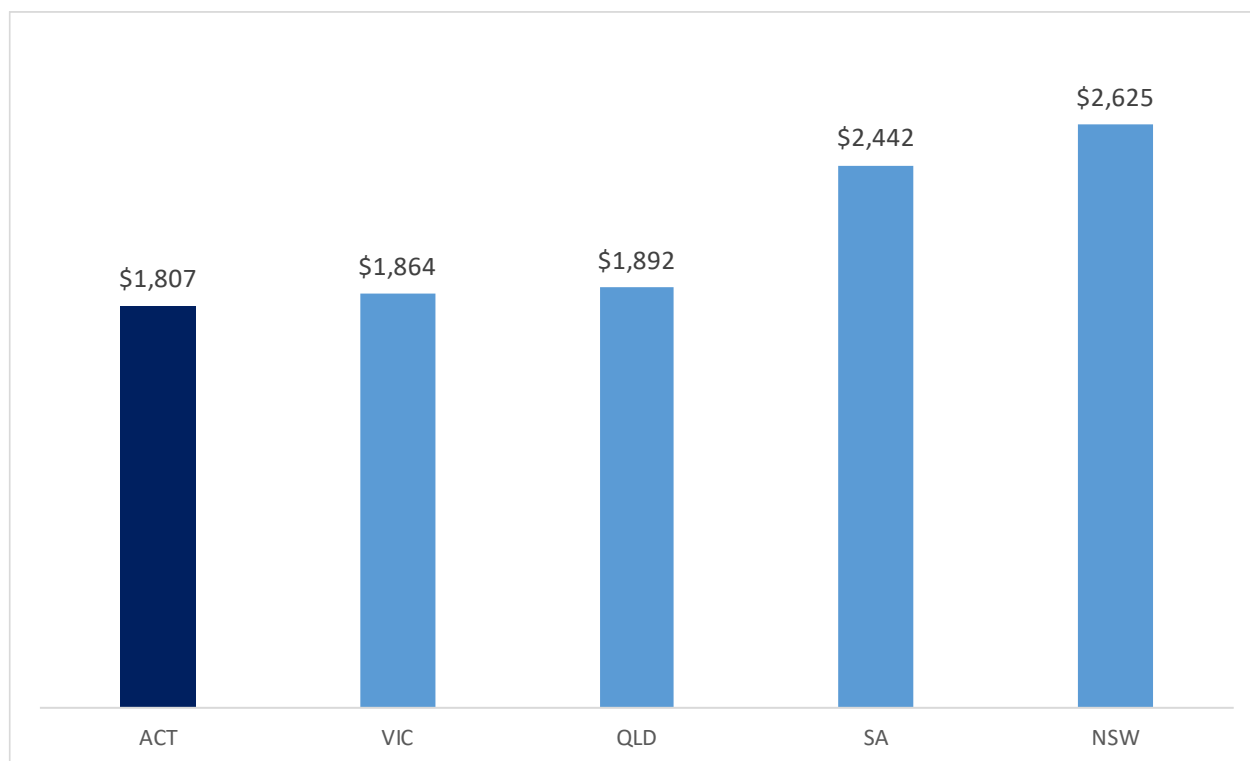
Figure 1. Estimated annual bills based on estimated prices as at 1 July 2022 for interjurisdictional customers using 6,500 kWh



Source: Our calculations using OTTER 2021, ESC 2022a and 2022b, and AER 2022b.

Note: Data from OTTER 2021 was adjusted to reflect price growth effective from July 2022. NSW, SA and QLD growth rates are based on DMO price growth rates in each region. Victoria growth rates are based on the two ESC VDO decisions released in 2022. 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.

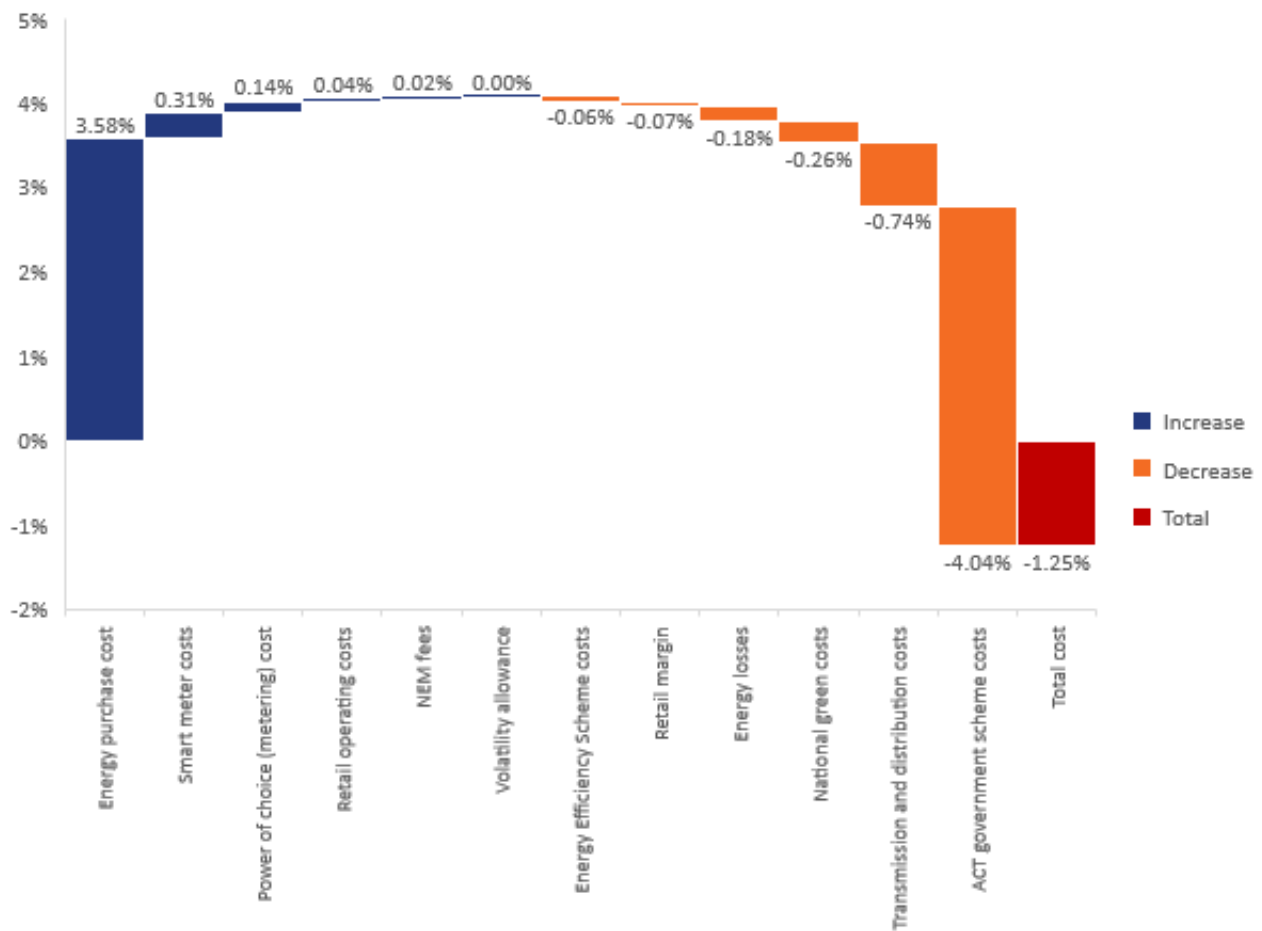
Figure 2. Maximum annual residential standing offer electricity bills as at 1 July 2022 using 6,500 kWh



Source: Our calculations using ESC 2022a and 2022b, and AER 2022b.

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 2022-23 DMO for NSW, SA and SE QLD, and ESC's 2022-23 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 decrease by costs component, 2022–23



Source: Our calculations.

Table 1. Update of electricity cost elements 2022–23 (with 2021–22 costs for comparison)

Cost component	2021–22 (\$/MWh)	2022–23 (\$/MWh)	Dollar change (\$/MWh)	Contribution to the price decrease (%)
Wholesale energy purchase cost	73.80	83.87	10.07	3.58%
National green scheme costs	18.98	18.25	-0.72	-0.26%
Energy losses	1.60	1.09	-0.51	-0.18%
Volatility allowance	0.30	0.30	0.00	0.00%
NEM fees	1.27	1.32	0.05	0.02%
Total energy purchase cost	95.95	104.83	8.89	3.16%
Transmission and distribution costs	90.94	88.87	-2.07	-0.74%
ACT Govt scheme costs	56.64	45.27	-11.37	-4.04%
Total network costs	147.58	134.14	-13.44	-4.77%
Retail operating cost	15.81	15.92	0.11	0.04%
Energy efficiency scheme costs	3.19	3.04	-0.16	-0.06%
AEMC power of choice costs	1.93	2.32	0.39	0.14%
Smart meter costs	2.09	2.96	0.87	0.31%
Total retail costs	23.03	24.24	1.22	0.43%
Total energy + retail + network costs	266.55	263.21	-3.33	-1.18%
Retail margin	14.93	14.74	-0.19	-0.07%
Total costs	281.47	277.95	-3.52	-1.25%

Source: Our calculations.

Note: All numbers are rounded to two decimal places.