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Independent Competition and Regulatory Commission  
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**Retail prices for franchise electricity customers from 1 July 2014**

I would like to request greater detail on how the 'Weighted average price cap' is applied to residential tariffs in your next report.

In 2012, I recall reading a 71 page report that rigourously detailed how a '17.74%' price rise for electricity was estimated, (the determination). However, I don't recall the report detailing how the 17.74% would be applied. Thus, I foolishly expected my residential c/kWh tariff and the daily supply charge to each increase by 17.74% on 1 July 2012.

However, my residential tariff (c/kWh) increased by 18.15% and the daily supply charge (\$/day) increased by 18.63% on 1 July 2012. When I queried this, I received the response on the following page. The response did not make sense to me as it asserted that it depends on how much kWh per year you use. I was not questioning my annual total bill but the itemised tariffs that appear on my residential bill, ie c/kWh and \$/day which both increased by more than the determination.

Thus, it appears to me, the table on page 38 of the 2012 report is misleading as no one actually receives an exact 17.74% increase in their supply or consumption tariff or their annual bill, (assuming kWh per year consumption did not change).

The ActewAGL answer appears to imply the indexing is done on an average annual bill basis, and that ActewAGL may be free to change its tariffs however it likes as long as the 'overall average' stays at 17.74%. As everyone's annual consumption is different and there are a wide range of tariffs available, I would like the ICRC to clearly detail how the determination is applied to the 'basket' of tariffs on offer and how this is checked. I'm also curious to know whether, theoretically, ActewAGL could increase the \$/day supply charge significantly and not increase the c/kWh rate across their basket of tariffs, as long as the 'overall average' increase is kept to the determination.

Thanks for considering the issues raised in this submission.

Regards  
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Joe Wyder

Extract from 20 August 2012 ActewAGL email:

The 17.74% increase figure released by the ICRC is the average for ActewAGL's small franchise consumers, consuming less than 100 MWh per annum. This includes commercial consumers as well as residential consumers. The amount of the increase in energy charges is similar for residential and commercial consumers because it largely relates to the rise in energy costs due to the introduction of the tax on carbon emissions.

For residential consumers, who have a lower energy price, the relative increase is larger than for a commercial consumer that has a higher average price. For example, the increase for a residential consumer on the home plan consuming 7,000 kWh per annum averages at 3.57 c/kWh which is a relative increase of 18.2%. The increase for a commercial consumer on the business plan consuming 10,000 kWh per annum is higher at 3.62 c/kWh, but because commercial tariffs are higher, the relative increase is 14.7%.

With regard to your constituent claiming that their tariff increased by 18.15% as opposed to 17.74%, the actual increase is dependent on the constituent's electricity consumption over a 12-month period and their pricing plan. Our [FAQ](#) page on the electricity price increase summarises the impact of the price increase for an average customer on each electricity tariff that applies to a residential customer or a small business. The following is an extract just to give an example of the impact of the price increase for a residential customer on the most common electricity tariff:

**“Always Home@ActewAGL plan**

The average Always Home@ActewAGL plan customer who uses 7,000 kilowatt hours (kWh) per annum will pay an extra \$249.89 per annum (including GST) which is an increase of 18.2% (CPI plus 14.3%) in their electricity bill.”