

## MEDIA RELEASE

# Retail electricity prices to increase from 1 July 2021

Today the ACT's economic regulator released the annual update of regulated retail electricity prices. From 1 July 2021, the prices of ActewAGL's regulated (standing offer) tariffs can increase by a maximum of 11.95%, based on changes in the costs of supplying electricity to small customers in the ACT.

The main reason for the increase in retail prices is the 36.91% increase in network costs, which reflects the increase announced by the Australian Energy Regulator on 7 May 2021.

The network costs approved by the AER have increased for two reasons. Higher transmission and distribution costs made up 2.70 percentage points of the increase in retail prices. The cost of the ACT Government's scheme including the large-scale feed in tariff contributed 13.13 percentage points to the price increase. Scheme costs reflect the volatility that we have seen in wholesale energy markets.

Partly offsetting higher network costs, wholesale energy purchase costs fell, which took 4.72 percentage points off the retail price increase. Wholesale energy purchase costs fell because of an increase in renewable energy capacity and continuing low gas prices. Gas prices have fallen because of reduced gas-fired generation demand and lower international LNG export prices.

If standing offer prices increase by the full 11.95%, this would result in a bill increase of \$3.76 per week for a typical Canberra household consuming 6,500kWh per year. For an average small business consuming 25,000kWh per year, the bill increase will be \$14.45 per week.

"Despite the increase in regulated electricity prices, we expect the average bill for Canberrans on standing offers will be in line with average standing offer bills in Victoria, New South Wales and Queensland," Senior Commissioner Joe Dimasi said.

However, care needs to be taken in making interstate comparisons as the regulated price increases mentioned only apply to standing offer tariffs. Many customers can pay less if they shop around for better deals on market offers.

"I encourage consumers to contact their retailer and ask if they have a better offer that could save them money," Senior Commissioner Dimasi said. "We understand how complicated it can be to compare electricity offers. The ACT Government has asked us to develop a code that will require electricity retailers to help consumers compare electricity offers and tell their customers if they might have an offer that could reduce their bills. In the meantime, consumers should ask their retailer for advice."

"There are also several support programs to help consumers that are facing financial hardships. Consumers can contact their retailers or visit the ACT government website."

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## Contact

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

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## Background

The AER approves network costs for Evoenergy, which operates the poles and wires used to supply electricity to consumers in the ACT. The AER passes on the cost of the ACT Government's large-scale feed in tariff scheme to retailers through network costs. The AER's decision is explained in its [approval of Evoenergy's network pricing proposal](#).

Transmission and distribution costs are the costs of the poles and wires used to transport electricity from generators to customers.

On 22 February 2021, the Minister for Water, Energy and Emissions Reduction directed us to make a new industry code under the *Utilities Act 2000*. The code requires electricity retailers to:

- compare the annual price of their offers to a reference price
- regularly tell their customers if they have a better offer
- ask customers to contact them for information
- give clear advice to their customers.

We expect the code will take effect later this year, after the ACT Government has determined a reference price that retailers will have to use when comparing offers. More information is on our website at [www.icrc.act.gov.au/energy/act-retail-electricity-transparency-and-comparability-code](http://www.icrc.act.gov.au/energy/act-retail-electricity-transparency-and-comparability-code)

ACT consumers can compare retail electricity offers by using the Australian government's comparison website, Energy Made Easy, at [www.energymadeeasy.gov.au/](http://www.energymadeeasy.gov.au/)

Consumers experiencing financial difficulties in paying their electricity bills should ask their retailer about payment plans and hardship assistance.

Households and businesses in the ACT may be eligible for discounts and assistance to reduce their electricity bills through ACT Government-supported programs. More information is at [www.act.gov.au/assistance](http://www.act.gov.au/assistance) and [www.actsmart.act.gov.au/energy-saving/rebatessubsidies](http://www.actsmart.act.gov.au/energy-saving/rebatessubsidies)

## Attachment

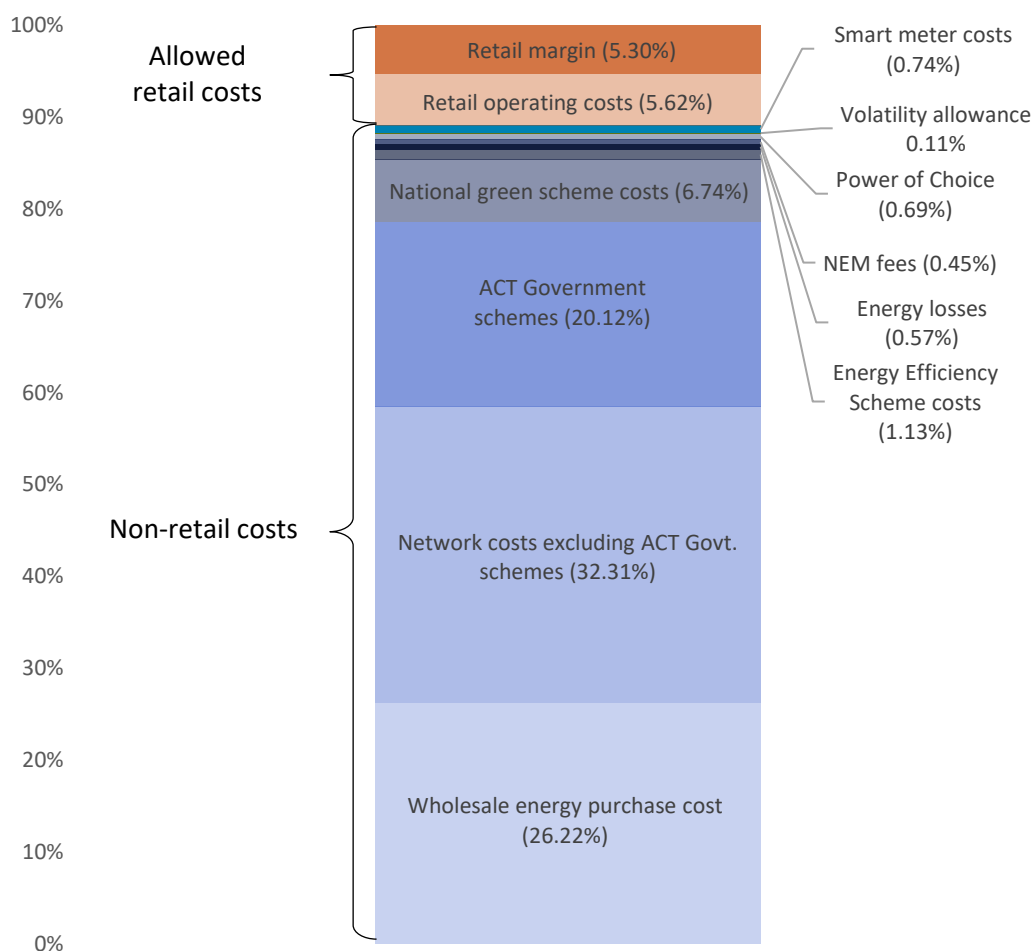
**Figure 1. Estimated annual bills based on estimated prices as at 1 July 2021 for interjurisdictional customers (using 6,500 kWh)**



Source: Our calculations using OTTER 2021, AER 2020 and AER 2021b.

Note: Data from OTTER 2021 was adjusted to reflect price growth effective from July 2021. NSW, SA and QLD growth rates are based on DMO price growth rates in each region. 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 growth rate is the weighted average growth rate across the three distribution zones, weighted by customer numbers in each jurisdiction.

**Figure 2. Cost components as share of total costs, 2021–22**



Source: Our calculations.

**Table 1. Update of electricity cost elements 2021–22 (with 2020–21 costs for comparison)**

Cost component	2020–21 (\$/MWh)	2021–22 (\$/MWh)	Contribution to the price increase (%)	Dollar change (\$)
Wholesale energy purchase cost	85.67	73.80	-4.72	-11.87
National green scheme costs	19.22	18.98	-0.10	-0.24
Energy losses	3.13	1.60	-0.61	-1.53
Volatility allowance	0.30	0.30	0.00	0.00
NEM fees	1.26	1.27	0.00	0.01
<b>Total energy purchase cost</b>	<b>109.58</b>	<b>95.95</b>	<b>-5.42</b>	<b>-13.63</b>
Transmission and distribution costs	84.16	90.94	2.70	6.78
ACT Govt scheme costs	23.63	56.64	13.13	33.01
<b>Total network costs</b>	<b>107.79</b>	<b>147.58</b>	<b>15.82</b>	<b>39.79</b>
Retail operating cost	14.30	15.81	0.60	1.51
Energy efficiency scheme costs	3.86	3.19	-0.27	-0.67
AEMC power of choice costs	1.32	1.93	0.24	0.61
Smart meter costs	1.24	2.09	0.34	0.85
<b>Total retail costs</b>	<b>20.73</b>	<b>23.03</b>	<b>0.91</b>	<b>2.30</b>
<b>Total energy + retail + network costs</b>	<b>238.10</b>	<b>266.55</b>	<b>11.32</b>	<b>28.45</b>
Retail margin	13.33	14.93	0.63	1.60
<b>Total costs</b>	<b>251.43</b>	<b>281.47</b>	<b>11.95%</b>	<b>30.05</b>

Source: Our calculations.