

# ICRC Consumer Consultative Committee

Meeting 1/2023

Wednesday 31 May 2023

## **Work in-progress**

### 1. ACT Retail Electricity (Transparency and Comparability) Code

At the last meeting of the CCC we advised you that the commission had varied the ACT Retail Electricity (Transparency and Comparability) Code following the Australian Energy Regulator (AER)'s introduction of its Better Bills Guideline (AER Guideline) which imposes obligations that are similar to the better offer obligation contained in the Code.

It was decided that varying the Code to remove the better offer obligation would minimise the administrative costs to retailers and avoid any confusion to consumers caused by having two schemes operating.

Following a delay to the AER's timeline for the implementation of the AER Guideline, we have varied the Code to reflect the new dates.

To ensure that consumers in the ACT continue to receive the benefits of the better offer obligation in the Code until the AER Guideline comes fully into effect, the transitional arrangements in the Code will continue until either a retailer becomes compliant with the AER Guideline or the AER Guideline comes into effect.

We have revised our guideline and factsheet to reflect the variation to the Code. Information about the code and the fact sheet is at: <https://www.icrc.act.gov.au/energy/act-retail-electricity-transparency-and-comparability-code>

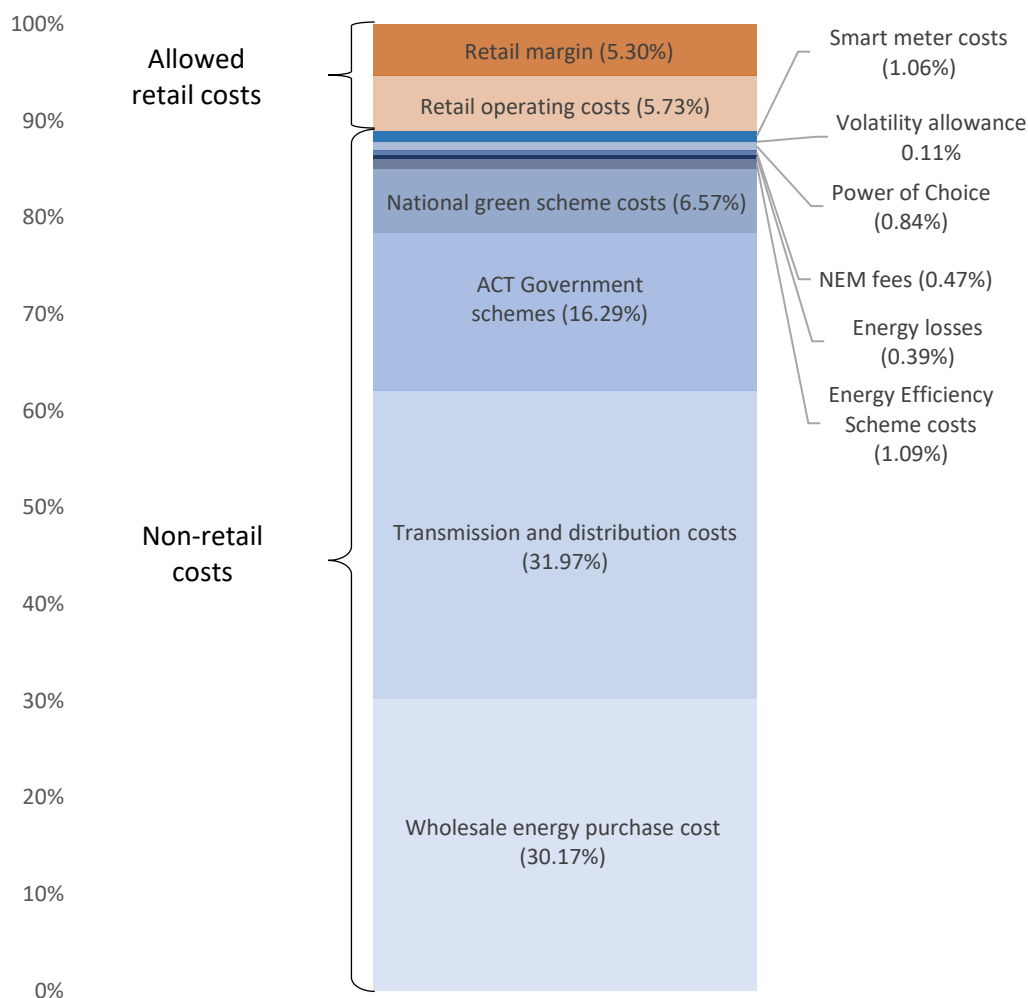
#### **Monitoring compliance**

We are monitoring how retailers comply with the Code. We encourage customers to share their experiences with us, particularly if they believe a retailer is not complying with the requirements of the code.

To date, the commission has investigated one complaint that a retailer was not compliant with the Code. The outcome of the investigation was that the commission was satisfied that the retailer was compliant with the Code.

### 2. Retail electricity price reset for 2023–24

We are currently calculating the electricity price change for standing offer prices that will apply from 1 July 2023. The main costs over which the retailer has control relate to hedging, retail operating costs and the retail margin. In 2022-23, these costs accounted for around 11% of total costs and it is only these costs that we regulate.



Unlike previous years, 2023-24 will include a negative large-scale feed-in tariff scheme payment, which will lower Evoenergy's network prices and, as a result, lower retail electricity prices in the ACT.

When we complete pricing for 2023-24, we will commence the electricity price investigation for the next regulatory period commencing 1 July 2024, where will undertake a more comprehensive review.

### 3. Water and sewerage services price reset for 2023–24

On 1 May 2023, the commission released its final decision for water and sewerage services prices. The final decision determines the amount of revenue Icon Water can earn, and what prices it can charge, over the period 1 July 2023 to 30 June 2028.

Our decision will result in a rise in the prices ACT consumers will pay for water and sewerage services. An average residential customer, using 200kL of water per year, will pay \$1,249 for its combined bill in 2023-24, an increase of \$72 (6.1%) compared with 2022-23. This price increase compares to the current inflation rate in the ACT of 6.2% (12 months to March 2023).

The prices for 2024-25 to 2027-28 presented in Table 1 are for indicative purposes, and will be updated annually for actual inflation, changes to financing costs and any approved pass-through.

The primary drivers of the price increase are the recent high levels of inflation, higher expected financing costs for Icon Water's investments in the 2023-28 regulatory period and a significant increase in proposed capital spending by Icon Water. This is nearly \$270 million more than the current period and includes:

- Lower Molonglo Secondary Treatment Bioreactors Upgrade (\$212.2 million)
- Lower Molonglo Biosolids Management Renewal (\$73.4 million)
- Sewer Mains Renewal Program (\$67.8 million)
- Cotter Pump Station Upgrade (\$25.3 million)

These factors have been partially offset by the growth in Canberra's population and the ability to spread these increased costs across a broader customer base.

Despite this increase, the combined water and sewerage services bills for residential consumers in the ACT will be around the average of comparable jurisdictions (see Figure 1).

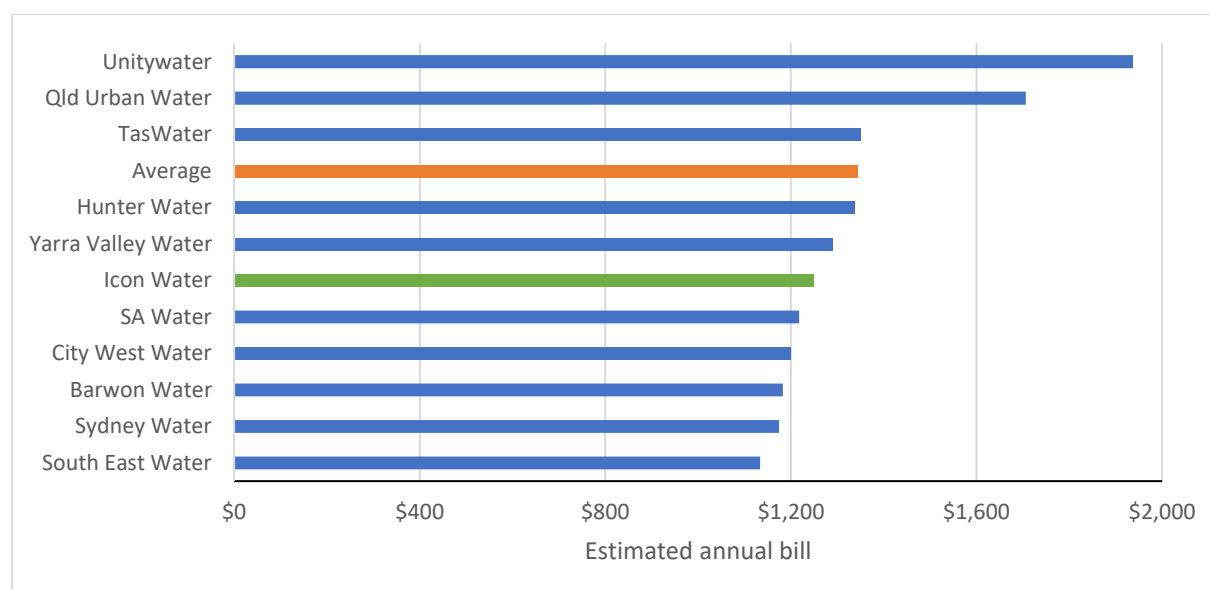
**Table 1. Final decision on water and sewerage services tariffs, 2023-28 (\$, nominal)**

	2022-23 <sup>a</sup>	2023-24	2024-25	2025-26	2026-27	2027-28
<b>Water prices</b>						
Water supply charge (\$/year/connection)	\$200.00	\$211.25	\$223.13	\$235.67	\$248.93	\$262.93
Tier 1 charge (0–200kL/year) (\$/kL)	\$2.28	\$2.41	\$2.54	\$2.69	\$2.84	\$3.00
Tier 2 charge (more than 200kL/year) (\$/kL)	\$4.58	\$4.84	\$5.11	\$5.40	\$5.70	\$6.02
<b>Sewerage prices</b>						
Sewerage supply charge (\$/year/connection)	\$502.18	\$535.79	\$571.66	\$609.92	\$650.75	\$694.31
Sewerage fixtures charge (\$/year/fixture)	\$491.13	\$524.00	\$559.08	\$596.50	\$636.43	\$679.03

Notes: <sup>a</sup> Data for 2022–23 (last year of the current regulatory period) are presented for comparison purposes.

Maximum prices from 2024–25 to 2027–28 could differ from the indicative prices in this table if actual inflation differs from forecast inflation, if the cost pass-through mechanism is triggered, or depending on the annual updates to the cost of debt. Sewerage fixtures charge applies only to non-residential customers for each flushing fixture more than two.

**Figure 1. Comparison of estimated water and sewerage services bills of Australian water utilities for 2023-24, assuming residential consumer with 200kL a year consumption (\$, nominal)**



**Notes:** For City West Water, South East Water and Yarra Valley Water, Victoria Government waterways and drainage charge and parks charge are not applied; Bills updated to reflect decreases in water usage charges from October 2022 due to the remaining 2022-23 desalination water order for Melbourne ceasing; For Sydney Water, City West Water, SA Water (Adelaide), Hunter Water, Yarra Valley Water, Queensland Urban Utilities and Unitywater – Moreton Bay, prices indexed assuming annual inflation of 2.92% from 2022-23; For Barwon Water and South East Water, prices based on utilities' price submission for 2023-24 and ESC's draft decision; For TasWater, prices based on OTTER's 2022-26 determination.