



NEWS

Report on Western Australian electricity price trends released

Residential electricity prices in Western Australia are expected to increase by an annual average rate of 6.2 per cent over the next three years, but will remain less than the cost of supply.

Releasing the 2015 Australian Energy Market Commission (AEMC) Residential Electricity Price Trends report today, AEMC Chairman John Pierce said the residential price would need to increase by 11 per cent to reflect the total estimated cost of supply based on 2014/15 prices.

“Although electricity prices in Western Australia are set by the Western Australian Government, an analysis of underlying costs suggests rising wholesale, network and environmental policy costs will put upward pressure on prices over the coming three years,” Mr Pierce said.

“Wholesale electricity costs, which have been reasonably stable in recent years, are expected to rise as a result of increasing capital and fuel input costs,” Mr Pierce said.

“Network costs are likely to have the biggest effect on prices, with the Western Australian Economic Regulation Authority approving increases averaging 5.1 per cent annually over the next three years due to increases in operational expenditure resulting from forecast growth in the size of the network, greater customer numbers and increasing labour costs.

Environmental policy costs, particularly those associated with the Large-scale Renewable Energy Target that requires retailers to source a proportion of their electricity from renewable sources, are also rising.

Mr Pierce said the way these trends will affect individual households depends on how each consumer uses electricity.

“Consumption profiles are becoming increasingly diverse as new technology facilitates greater demand side participation in energy markets,” Mr Pierce said.

“No two households use energy in the same way. Knowing how much power you use and when, will be the key tool in controlling electricity costs in the future,” Mr Pierce said.

The annual Residential Electricity Price Trends report provides an understanding of the cost components of the electricity supply chain that contribute to the overall price paid by residential consumers, and the expected trends in each of these components.

The full report and further information is available at www.aemc.gov.au.

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