



NEWS

The AEMC has corrected 2015 Residential Electricity Price Trends data in an updated version of the 2015 report, published on 23 February 2017. An information sheet on the changes is available on the AEMC's website [here](#).

This media release has not been updated to reflect the updated report.

New South Wales electricity prices stable as network savings offset expected wholesale rises

Falling network costs to be offset by expected rises in wholesale electricity and environmental policy costs as electricity prices remain largely flat over the next three years.

The 2015 Australian Energy Market Commission (AEMC) Residential Electricity Price Trends report looks at the trends in the underlying cost components of household electricity bills, including the competitive market sectors of wholesale generation and retail; the regulated networks sector; and price implications from government environmental policies.

AEMC Chairman John Pierce said the report has found that uncertainty currently surrounds future network revenues at the same time as costs associated with wholesale energy and environmental policies are expected to rise.

"Wholesale electricity costs, which have been reasonably stable in recent years, are expected to rise," Mr Pierce said.

"Increasing consumption, as forecast by the Australian Energy Market Operator, is driven by both population and income growth in New South Wales over the next three years.

"Higher forecast gas prices also contribute to climbing wholesale electricity costs as rising wholesale gas prices increase costs for gas-fired generators."

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

Mr Pierce said the impact of higher costs is being mitigated by lower network revenues, which have reduced costs associated with poles and wires by 16 per cent on average across New South Wales distribution networks this year.

"The stable price trend identified in this report takes into account the most recent determinations from the Australian Energy Regulator which set the revenues New South Wales network businesses are allowed to collect from their customers," Mr Pierce said.

"However, with a range of applications for review of these determinations by the Australian Competition Tribunal and perhaps other judicial bodies as well in the near future, these outcomes are uncertain."

"Any resulting tribunal or court decision may change the AER's determinations. If this happens, each affected network business will likely receive a different decision on the amount of revenue it can recover from customers over the five-year regulatory period, resulting in uncertainty over the future direction of residential electricity prices until review processes are exhausted."

Mr Pierce said the way these trends will impact individual households depends on how each consumer uses electricity, and how willing they are to switch to a better energy deal where market offers are available.

"Consumption profiles are becoming increasingly diverse as new technology and significant changes to the National Electricity Rules over the past three years facilitate 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.

**The AEMC's 2015
Price Trends
report shows New
South Wales
electricity prices
to be stable.**

“Right now, switching to a better energy deal remains the most effective way for consumers to save money in states and territories where market offers are available. The average saving from switching from an average standing offer to an average market offer in 2014/15 was \$191 in New South Wales,” he said.

“Analysis of both time of use offers and offers available to solar households in New South Wales also show significant benefits and potential savings.”

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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