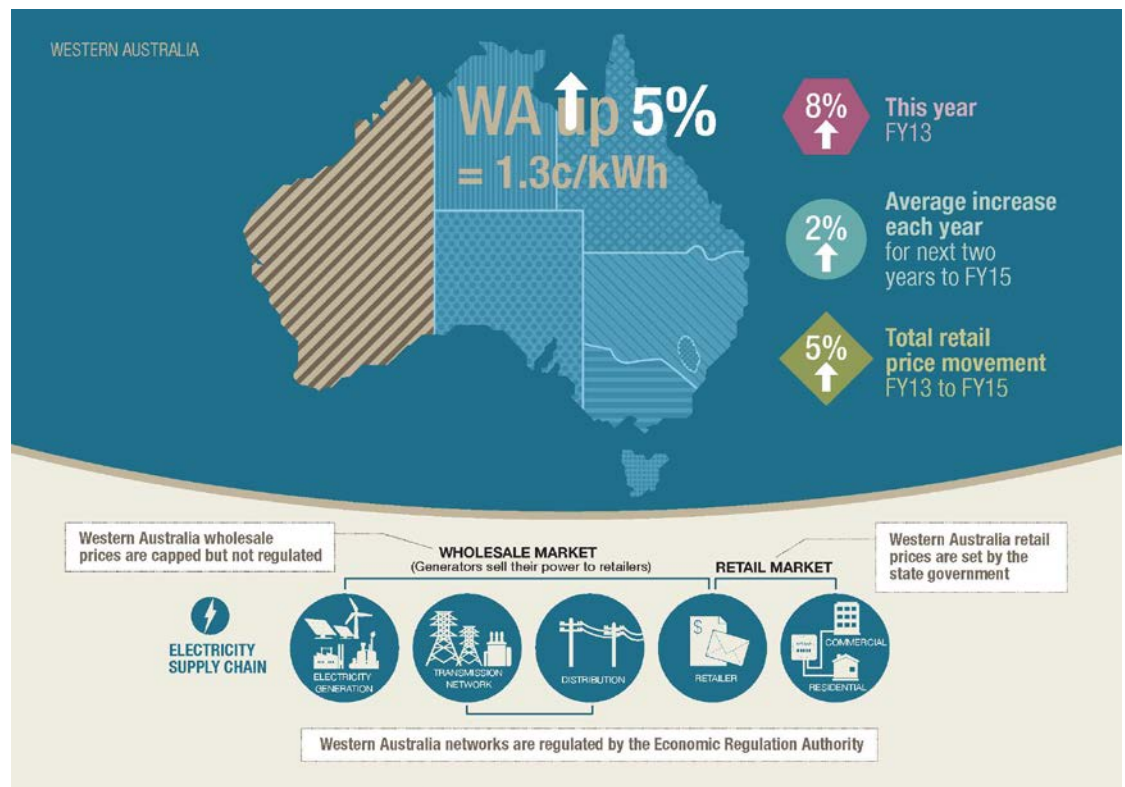


Western Australia: Electricity price trends to FY15

The AEMC Electricity Price Trends Report: 1 July 2012 - 30 June 2015 was published on 22 March 2013. The Western Australia trend largely reflects rising network charges and falling wholesale and retail charges.



What this market looks like

Regulation

Final residential electricity prices are set by the Western Australian Government. These are generally influenced by levels of subsidisation for network and retail services, which are also set by the Western Australian Government.

Western Power operates the networks in the South Western Interconnected System (SWIS) with prices set in consultation with the Economic Regulation Authority (ERA). The access charges that generators and retailers must pay to use the networks between 2012 and 2017 were approved and finalised by the ERA in November 2012.

Customer consumption

The representative residential customer in Western Australia uses 5,801 kWh of electricity annually.

This report is not a forecast of actual prices. It is a guide to pricing trends and identifies the components that are driving those trends.

WA analysis

Wholesale component

Wholesale energy prices increased by 17% from financial year (FY) 12 to FY13, largely reflecting the introduction of the carbon price which increased prices by 2.1 c/kWh over this period. The wholesale component is expected to remain largely unchanged for the FY13 to FY15 period.

Network components

Transmission network prices increased by 3% from FY12 to FY13. Distribution prices fell by 6% in the same period. Transmission prices are expected to increase by 14%, and distribution prices by 5%, on average for each of the remaining two years FY13 to FY15.

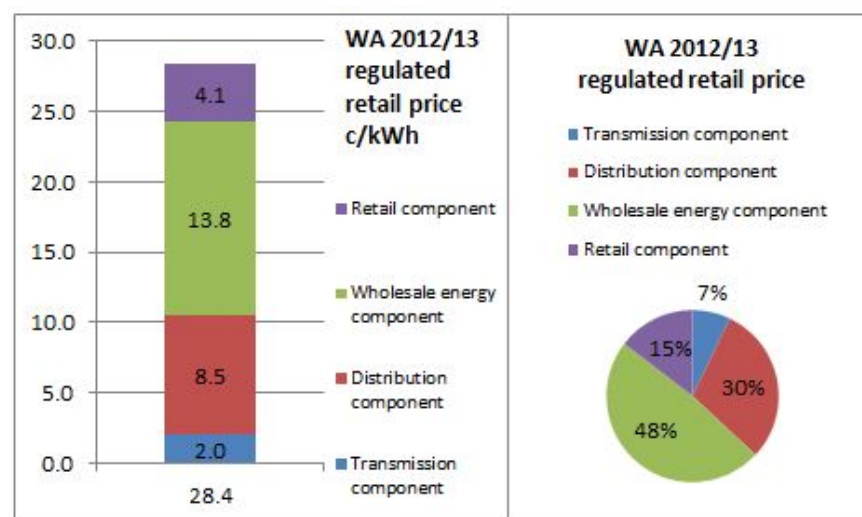
Network prices, in part, reflect the Western Australian Government's Uniform Tariff Policy which ensures that Western Australian residential customers are levied a uniform network price across the state.

The network components together make up around 37% of the total regulated residential retail price for Western Australia in FY13.

Retail component

The retail price component rose by 19% in FY12 to FY13 reflecting, in part, a fall in the tariff equalisation contribution payable by customers located in the SWIS. It is estimated that the retail component will fall by 2% on average for each of the two years from FY13 to FY15.

Breakdown of Western Australia's representative household price for FY13



About the AEMC Electricity Price Trends Report

The AEMC Electricity Price Trends Report identifies the factors driving residential electricity prices, and outlines reasons why they may rise or fall over three years to FY15. It is not a forecast of actual prices, but a guide to pricing trends based on current knowledge and assumptions. The report is prepared annually at the request of the Standing Council on Energy and Resources (SCER).

Price comparisons across jurisdictions

It is not possible to directly compare electricity prices across jurisdictions. The costs vary due to population spread and density, weather, technology, economic strengths and customer choices. The regulator in each state and territory applies different policies in setting regulated prices.

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