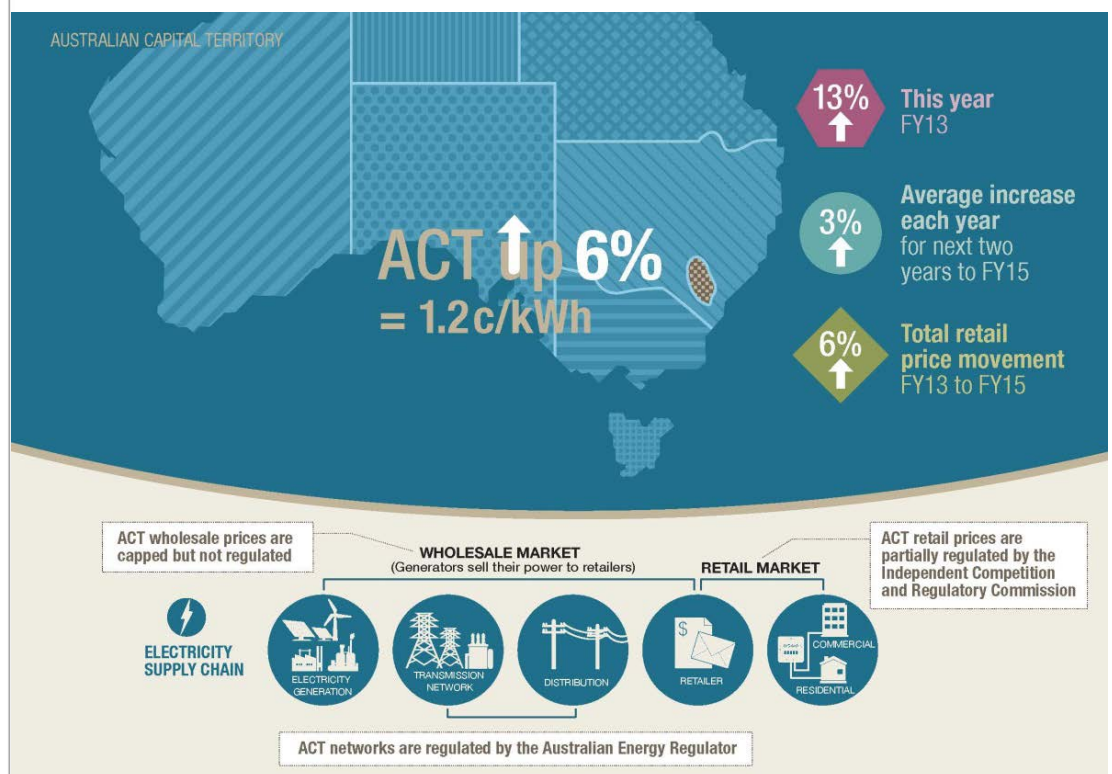


## Australian Capital Territory: Electricity price trends to FY15

The AEMC Electricity Price Trends Report: 1 July 2012 to 30 June 2015 was published on 22 March 2013. Following the general national trend we see indicative electricity prices in the Australian Capital Territory rise 13% in the current financial year (FY) 2013, and 3% each following year, in response to falling wholesale prices and moderating transmission network prices.



### Recent ACT developments

This report does not include the impacts of recent Australian Energy Regulator (AER) distribution network approvals for a decrease in the feed-in tariff allowance and an increase for the costs relating to the National Energy Customer Framework.

### What this market looks like

#### Regulation

The Australian Capital Territory regulator, the Independent Competition and Regulatory Commission (ICRC), determines regulated electricity prices on a two-year basis. The current determination covers prices to 30 June 2014.

The distribution network services in the Australian Capital Territory are provided by ActewAGL. Transmission network services are provided by the NSW transmission business, TransGrid. The AER is the economic regulator of the network businesses in the Australian Capital Territory. The current regulatory control period for both network businesses commenced on 1 July 2009 and expires on 30 June 2014.

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.

## Customer consumption

The representative residential customer in the Australian Capital Territory uses 8,156 kWh of electricity annually.

## ACT analysis

### Wholesale component

Wholesale energy costs rose by 27% from FY12 to FY13, including the 2c/kWh impact of the first year of the carbon price. They are estimated to fall to an average of -1% per year for FY13 to FY15, reflecting estimated lower wholesale spot market prices.

### Network components

The difference in the impact of transmission network costs on Australian Capital Territory customers, compared to New South Wales customers, reflects charges made by TransGrid to service the Australian Capital Territory and the methodology adopted by distribution network operator, ActewAGL, to recover TransGrid's transmission charges.

Transmission prices rose by 20% from FY12 to FY13. This increase is estimated to slow to an average of 7% each year until the end of FY15.

Distribution prices increased by 5% from FY12 to FY13 for representative residential customers and are modelled to increase an average 8% each year from FY13 to FY15.

The current distribution determination reflects allowances made by the AER based on expectations at the time, relating to replacement of ageing network assets, several major capital projects and construction of new assets to improve security of supply. The impact of the feed-in tariff scheme, in particular the IT requirements, is also relevant.

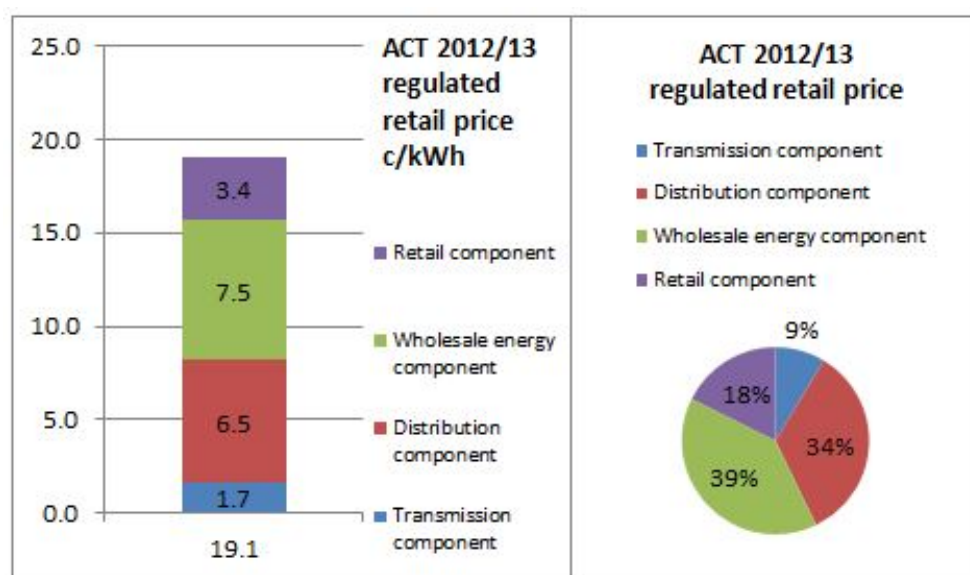
The network components (including feed-in tariffs) together make up around 43% of the total regulated residential retail price for the Australian Capital Territory in FY13. The Australian Capital Territory networks will be subject to new regulatory determinations from 1 July 2014. Network price trends may change as a result.

### Retail component

The retail component for the representative residential customers fell by 1% from FY12 to FY13 and is estimated to remain stable over the remaining period to FY15.

This component is inclusive of impacts of the Commonwealth's large-scale Renewable Energy Target and Small scale Renewable Energy Scheme, as well as the Australian Capital Territory Energy Efficiency Improvements Scheme. A retail margin is applied by the regulator as a percentage over the total retail costs.

### Breakdown of Australian Capital Territory's representative household price for FY13



Due to the timing of announcements the report does not include determinations by the AER in relation to cost pass-through applications for feed-in-tariffs and the National Energy Customer Framework for ActewAGL.

## 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 consumer choices. The regulator in each state and territory applies different policies in setting regulated prices. For information contact:

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