

STANDING OFFER ELECTRICITY PRICES AND REGULATED FEED-IN TARIFF RATE TO APPLY FROM 1 JULY 2022

The Tasmanian Economic Regulator, Mr Joe Dimasi, has today approved Aurora Energy's proposed 11.88 per cent increase in standing offer prices under regulated tariffs for Tasmanian residential and small business customers to apply from 1 July 2022 to 30 June 2023.

Mr Dimasi said that "such price increases at this time are difficult but they have been driven by external factors. In particular, wholesale electricity costs are 37 per cent higher than in 2021-22 and account for around 10.4 per cent of the 11.88 per cent price increase." Details of the changes in Aurora Energy's costs are presented in the table below.

As Tasmania is part of the National Electricity Market (NEM), the wholesale electricity price set in Tasmania is heavily influenced by wholesale electricity prices in the NEM.

Rising wholesale electricity prices have also led to higher regulated prices in other Australian jurisdictions. For example, Default Market Offer prices for residential customers set by the Australian Energy Regulator, which are the maximum prices that retailers can charge customers on standing offer contracts in South Australia, New South Wales and south-east Queensland, are increasing by 7.2 per cent to 18.3 per cent in 2022-23. For residential customers in regional Queensland, the Queensland Competition Authority has increased standing offer prices under regulated tariffs by 9.2 per cent to 21.6 per cent in 2022-23.

As announced by the Regulator on 29 April 2022, in terms of the costs that the Regulator has control over, the Regulator has taken the following measures to ensure that any price increases are kept to a minimum and reflect efficient costs:

- The allowance for Aurora Energy's retail costs was reduced by \$17.04 per customer from the amount originally proposed by Aurora Energy in its October 2021 submission. This reduction includes the Regulator's additional efficiency savings of 1.78 per cent for 2022-23.
- The retail margin has been reduced by \$17.23 per customer from the amount originally proposed by Aurora Energy.

Mr Dimasi also noted that "Aurora Energy's costs are further reduced by \$9.53 per customer due to Aurora Energy not including the cost of the Aurora+ app in its costs for 2022-23."

Together, the measures taken by the Regulator and Aurora Energy reduce Aurora Energy's allowed costs in 2022-23 by approximately \$44 per customer compared to the amount originally proposed by Aurora Energy. This means that the price increase in 2022-23 is approximately two per cent lower than it otherwise would have been.

The annual bill for a residential customer with median usage on Tariff 31 / Tariff 41 is estimated to increase by around \$227. For a residential customer with median usage on the time-of-use (ToU) tariff, Tariff 93, the annual increase is estimated to be around \$196. The annual increase is estimated to be around \$176 for a business customer on Tariff 22 with median usage.

Mr Dimasi encouraged eligible customers to access the State Government concessions to assist in meeting the cost of their electricity bills.

The Regulator has also determined that the minimum feed-in tariff rate for 2022-23 is 8.883c/kWh. This rate is 37 per cent higher than the 2021-22 rate of 6.501c/kWh. This increase is due principally to the higher wholesale electricity price in Tasmania for 2022-23.

Mr Dimasi notes the feed-in tariff forms only part of customers' benefits from generating their own electricity, with the main gains being through the consumption of the electricity they generate.

Comparison of costs between 2021-22 and 2022-23

Component	Contribution to total costs in 2022-23 (%)	2021-22 (\$m)	2022-23 (\$m)	Percentage change (%)	Contribution of the change in component to price increase (%)
Retail Costs	7	40.8	41.6	1.9	0.15
Energy Cost	35	146.7	201.5	37.4	10.42
Network Costs	38	217.9	219.2	0.6	0.24
Forecast AEMO Costs	1	3.0	5.5	83.3	0.47
Forecast RET Costs	8	46.3	47.2	1.9	0.18
Over/Under Recoveries	1	3.6	4.6	27.7	0.17
Metering Costs	5	25.9	27.7	6.9	0.32
Retail Margin	5	27.6	27.2	-1.4	-0.08
Total	100	511.8	574.4		11.88

For further information contact:
 Glenn Bounds
 Acting Director, Office of the Tasmanian
 Economic Regulator
 Tel: (03) 6145 5899
office@economicregulator.tas.gov.au

Aurora Energy's Standing Offer Pricing Proposal and the approved 2022-23 Standing Offer Price Schedule are available at:
<https://www.economicregulator.tas.gov.au/electricity/pricing/retail/pricing-approvals>

More information about feed-in tariffs is available at:
<https://www.economicregulator.tas.gov.au/electricity/pricing/feed-in-tariffs>

