

2022 REGULATED ELECTRICITY PRICING INVESTIGATION - FINAL REPORT AND DETERMINATION

The Tasmanian Economic Regulator, Mr Joe Dimasi, has today released a Final Report and Price Determination setting out his decisions that will determine how maximum electricity prices are set for residential customers and small business customers on mainland Tasmania during the 2022-23, 2023-24 and 2024-25 financial years.

The Regulator has taken a number of measures in the Final Report to ensure that any price increases are kept to a minimum and reflect efficient costs.

- The cost to serve allowance has been reduced from \$172.54 per customer in Aurora Energy's original pricing proposal to \$156.31 per customer, including aurora+ app costs. This is a reduction of \$16.23 per customer.
- From 1 July 2022, there will be no separate charge for the aurora+ app as these costs will be recovered from customers on regulated tariffs. Costs for the aurora+ app, including marketing and call centre costs, have been further reduced to \$9.08 per customer. This is a reduction of \$8.25 per customer from that initially proposed by Aurora Energy.
- The Regulator has also applied efficiency savings to Aurora Energy's cost to serve allowance at 1.78 per cent for 2022-23 and 3.4 per cent for 2023-24 and for 2024-25. These efficiency savings reduce Aurora Energy's allowance by approximately \$13 per customer over the regulatory period.
- The retail margin has been reduced by \$16.33 per customer from the amount originally proposed by Aurora Energy. It is now a per customer allowance which does not fluctuate with changes in Aurora Energy's costs such as wholesale electricity and network costs.

The measures taken by the Regulator reduce Aurora Energy's allowed costs in 2022-23 by approximately \$33 per customer from the amount originally proposed by Aurora Energy and will mean that any price changes in 2022-23 will be almost two per cent lower than they otherwise would have been.

These values are in 2020-21 dollars. For 2022-23, these allowances are being indexed to reflect changes in prices since 2020-21.

The Regulator notes that, in its submission to the Draft Report, Aurora Energy proposed lower allowances for its cost to serve and the retail margin than in its original proposal.

Regulated electricity prices include wholesale electricity costs, network costs and Renewable Energy Target costs. These values are not determined by the Regulator and are not known at this point. Electricity prices for 2022-23 will be approved by the Regulator once these costs are known.

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The Final Report is available at:
www.economicregulator.tas.gov.au
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