

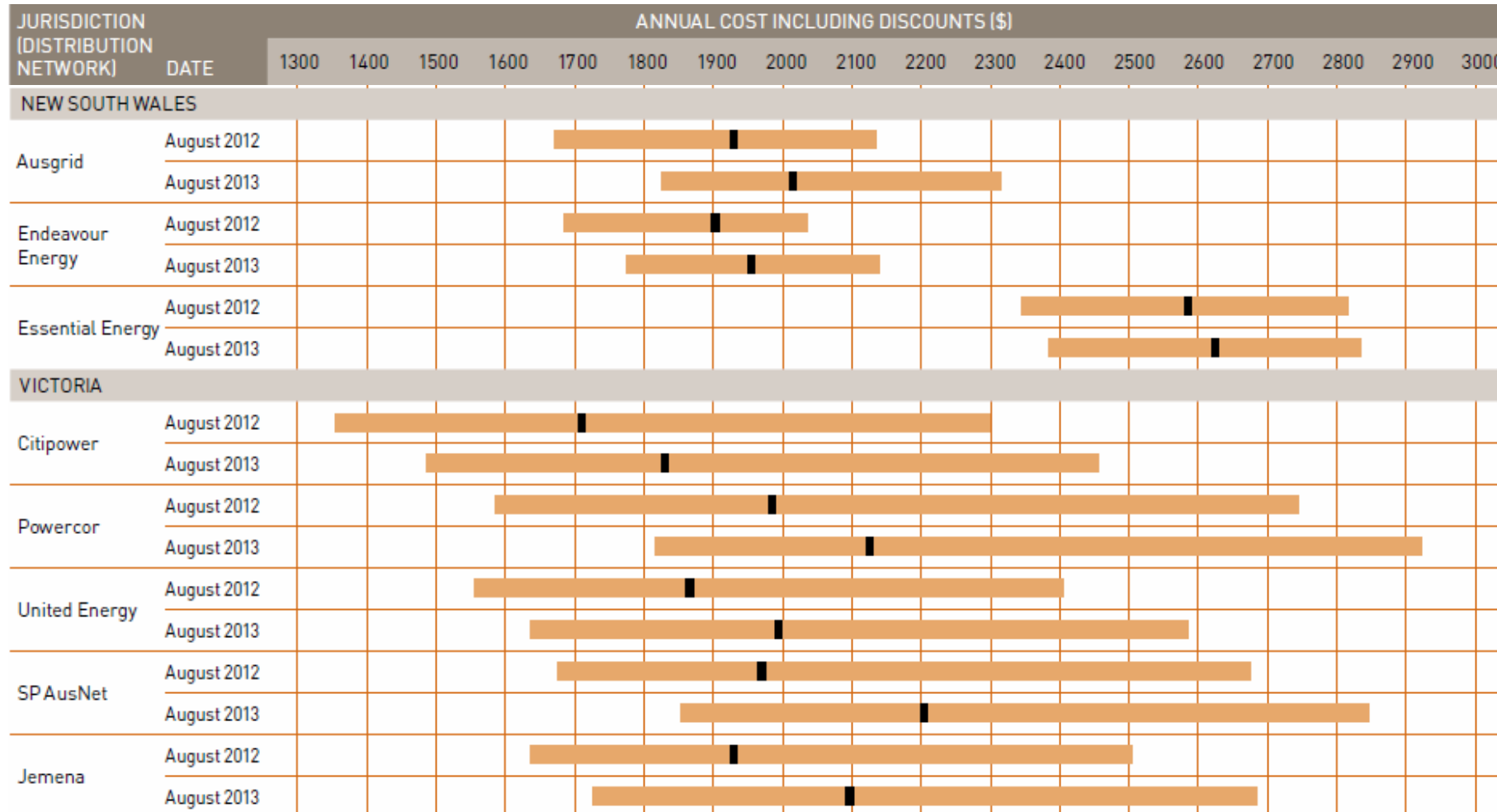
Electricity Pricing: customer impacts and what we can expect next

30 JUNE 2014

NSW Electricity Price Deregulation

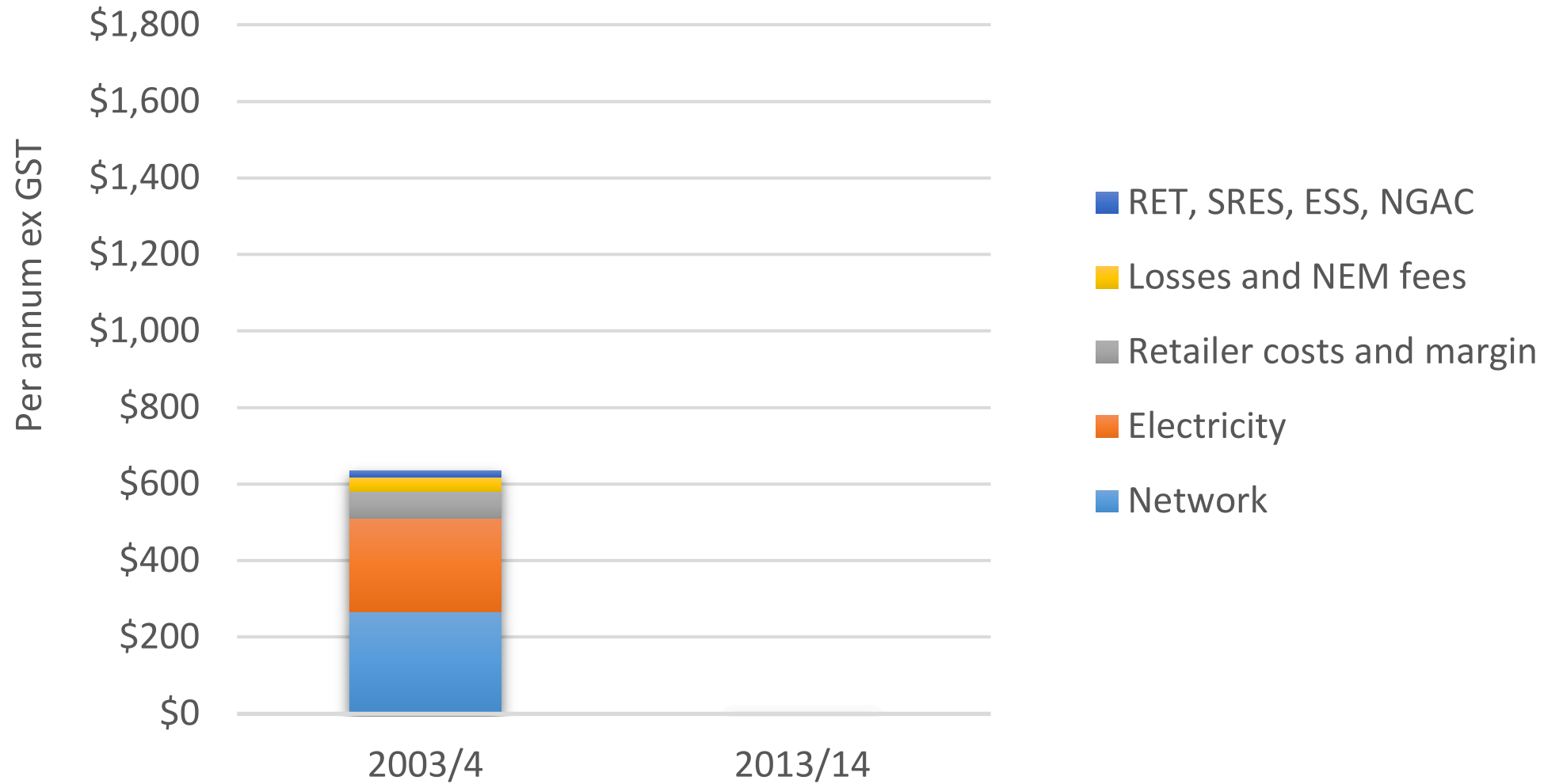
- Electricity only
- Small customer prices to fall by 1.5%
- IPART to become market monitor

Standing Offers and Discounts

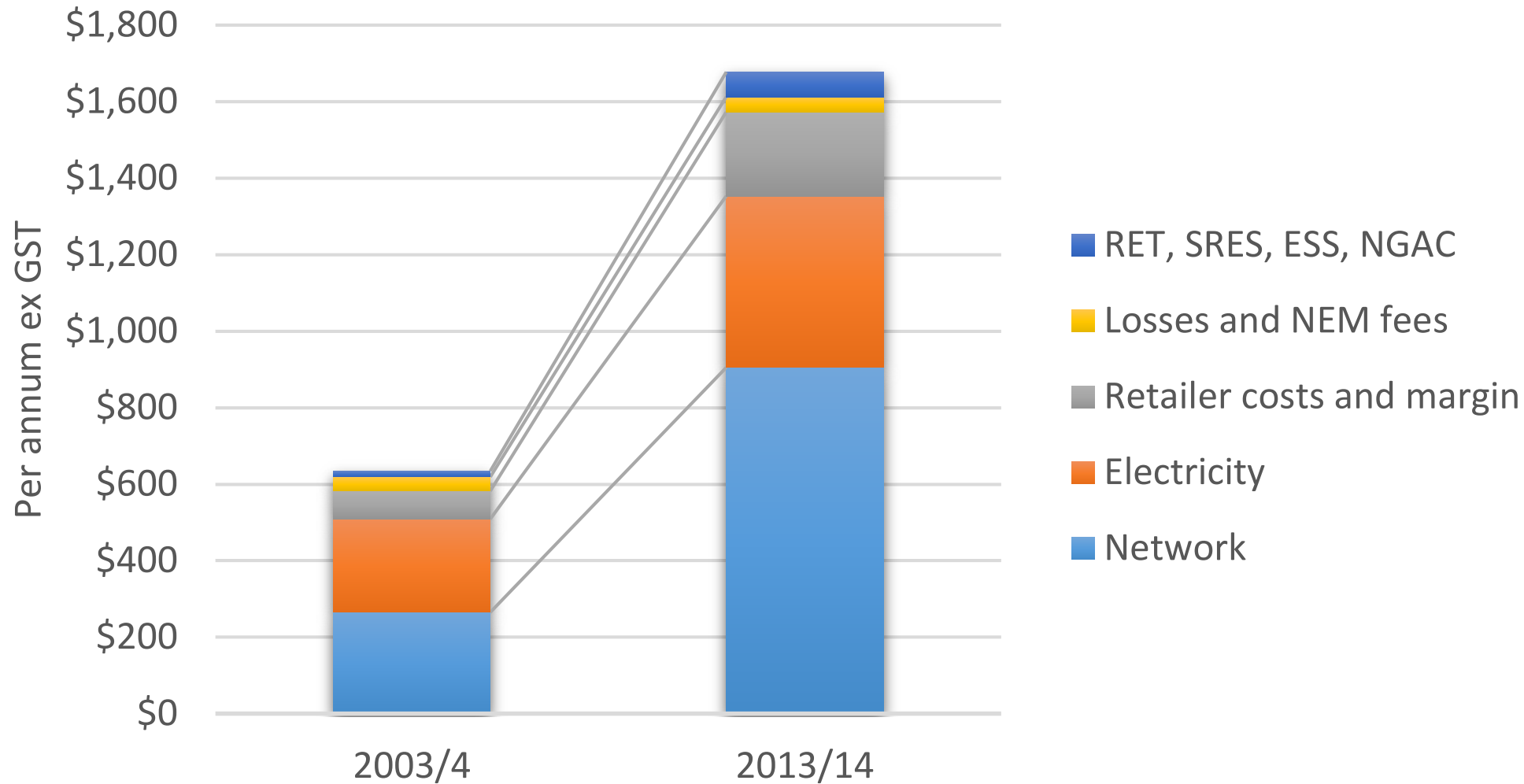


Source: AER

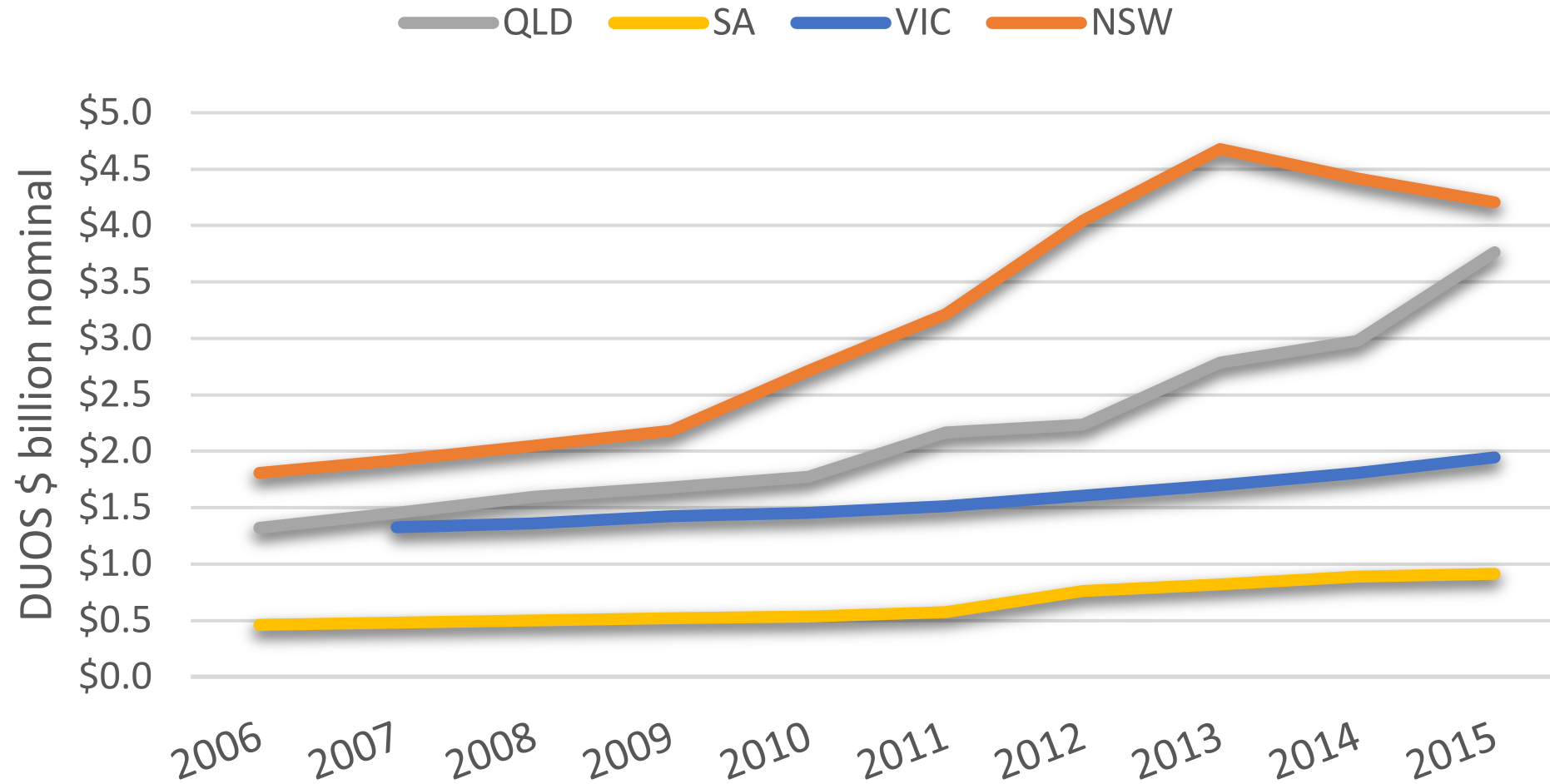
Costs to the average residential customer



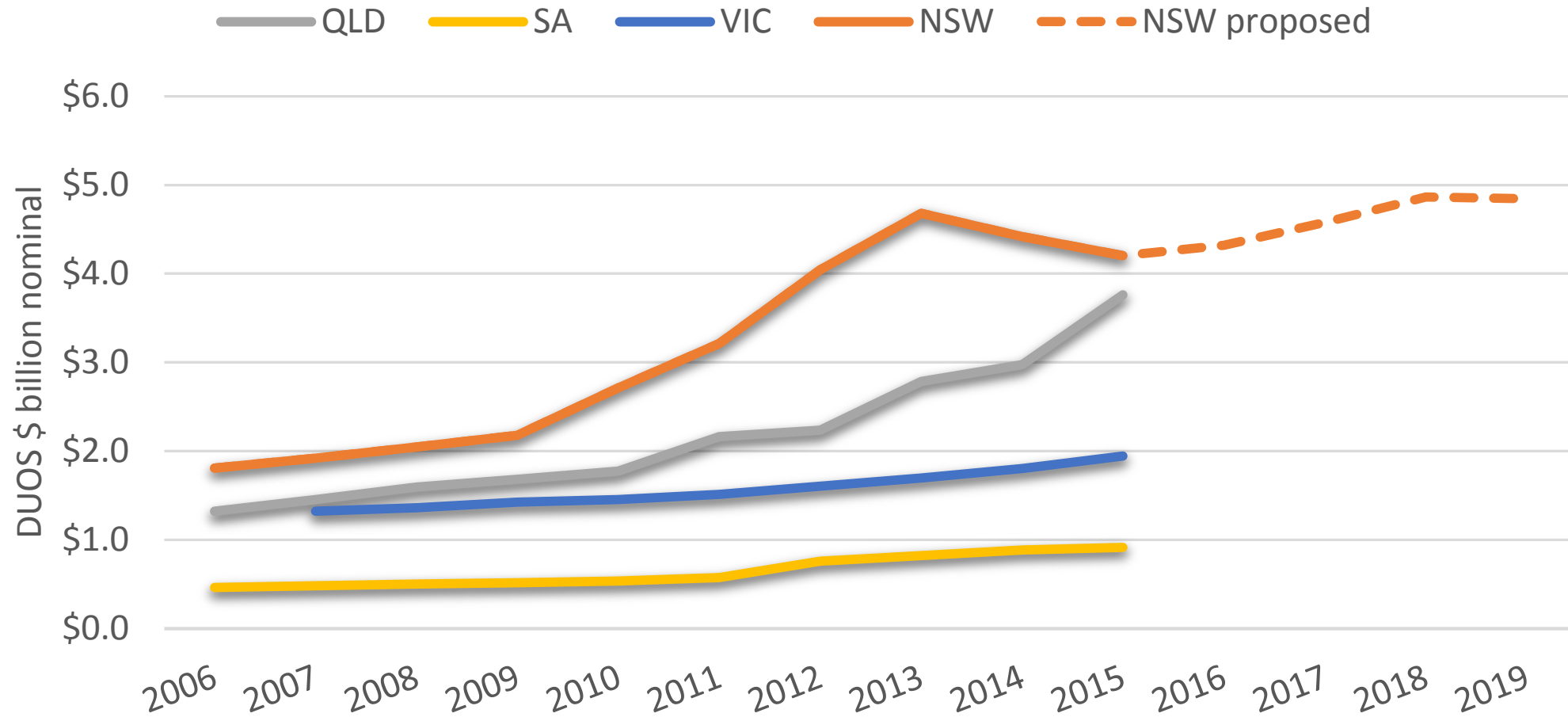
Costs to the average residential customer



Electricity Network Revenue



Electricity Network Revenue



Changes to the price setting rules

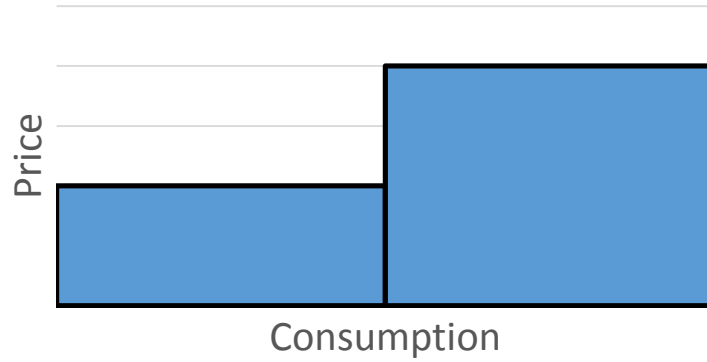
- Australian Energy Market Commission rule change
- Move towards cost reflective distribution price components

Possible Implications:

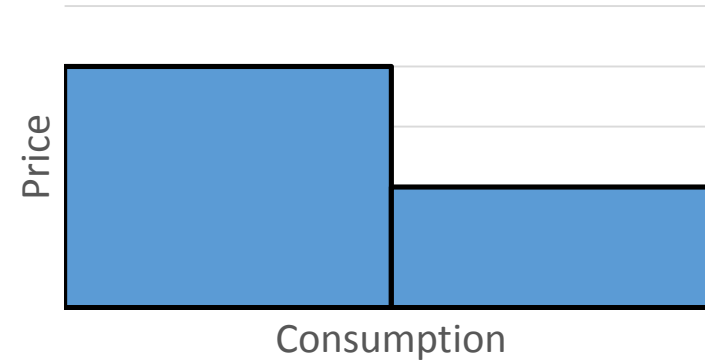
- Move from energy based to fixed charges
- Move from inclining block to declining block
- Move from energy based to demand charges

Price Structures

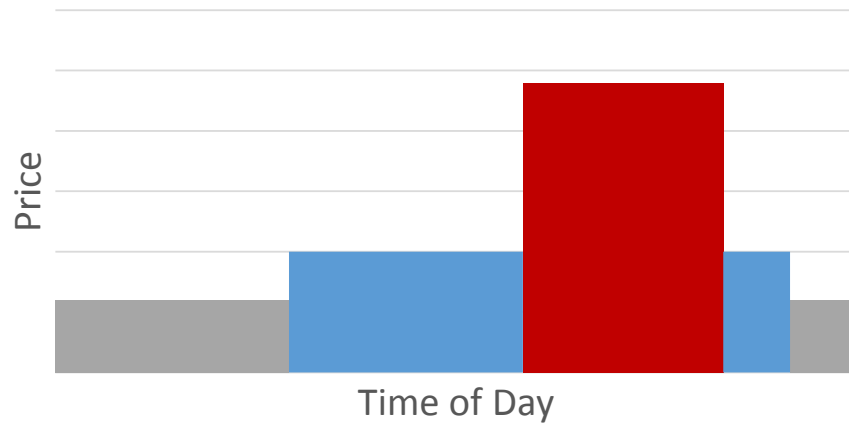
Inclining Block



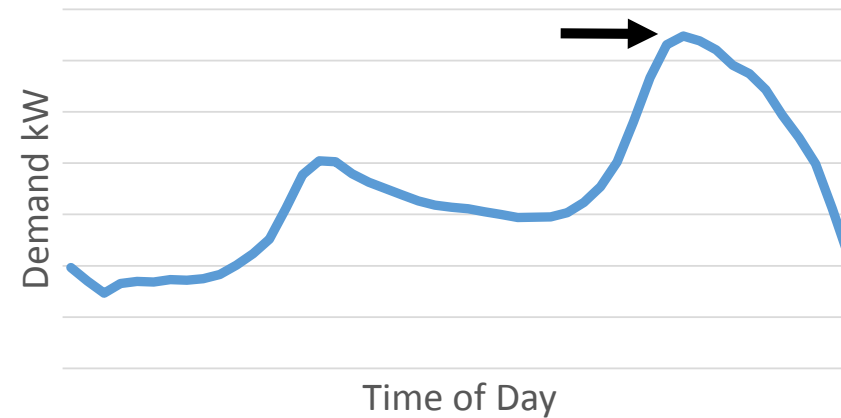
Declining Block



Time of Use



Peak Demand



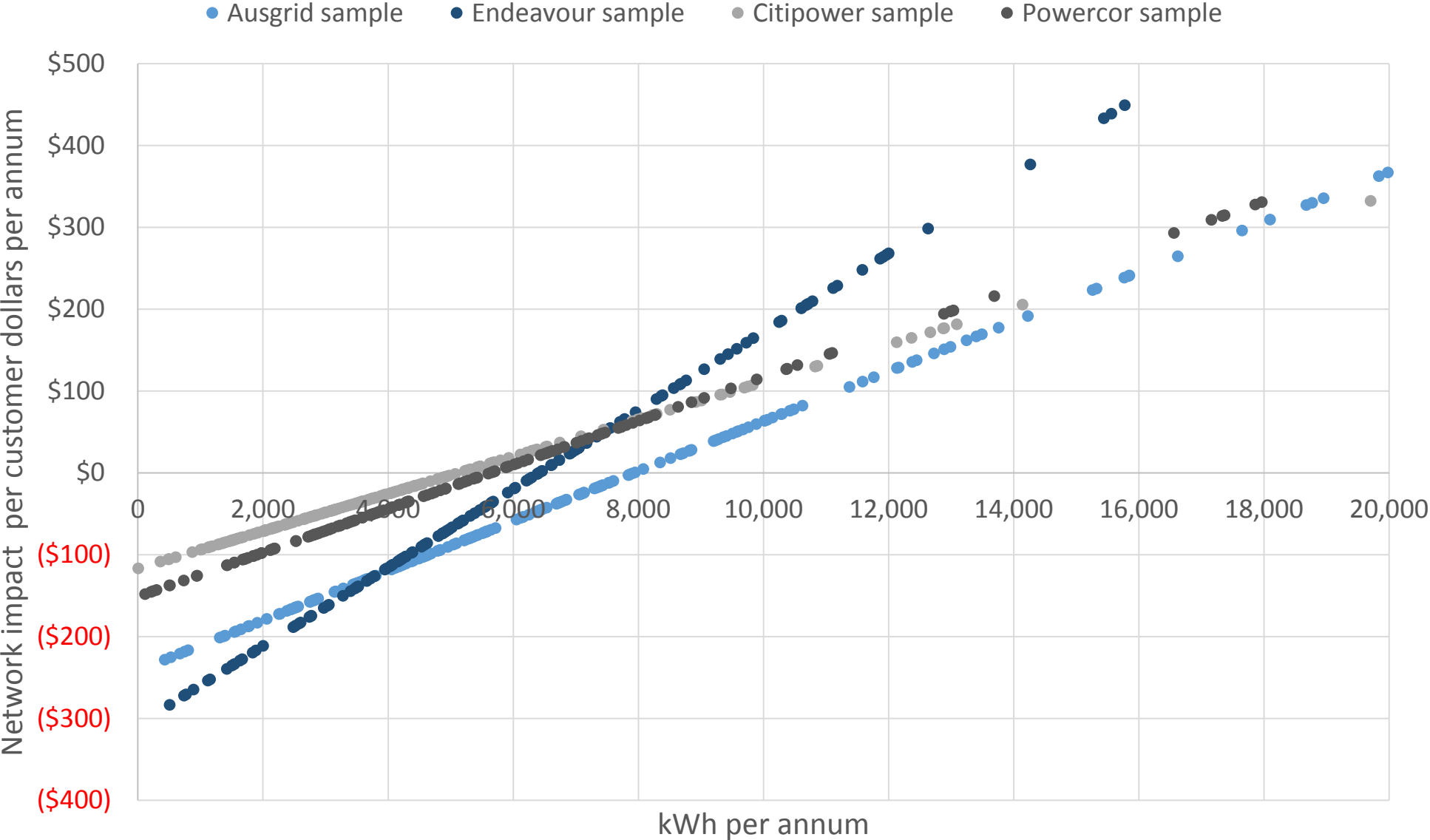
CAP Research Project

To investigate the implications for small customers of a move to cost reflective network tariffs and component structures

A total of 686 sample customers:

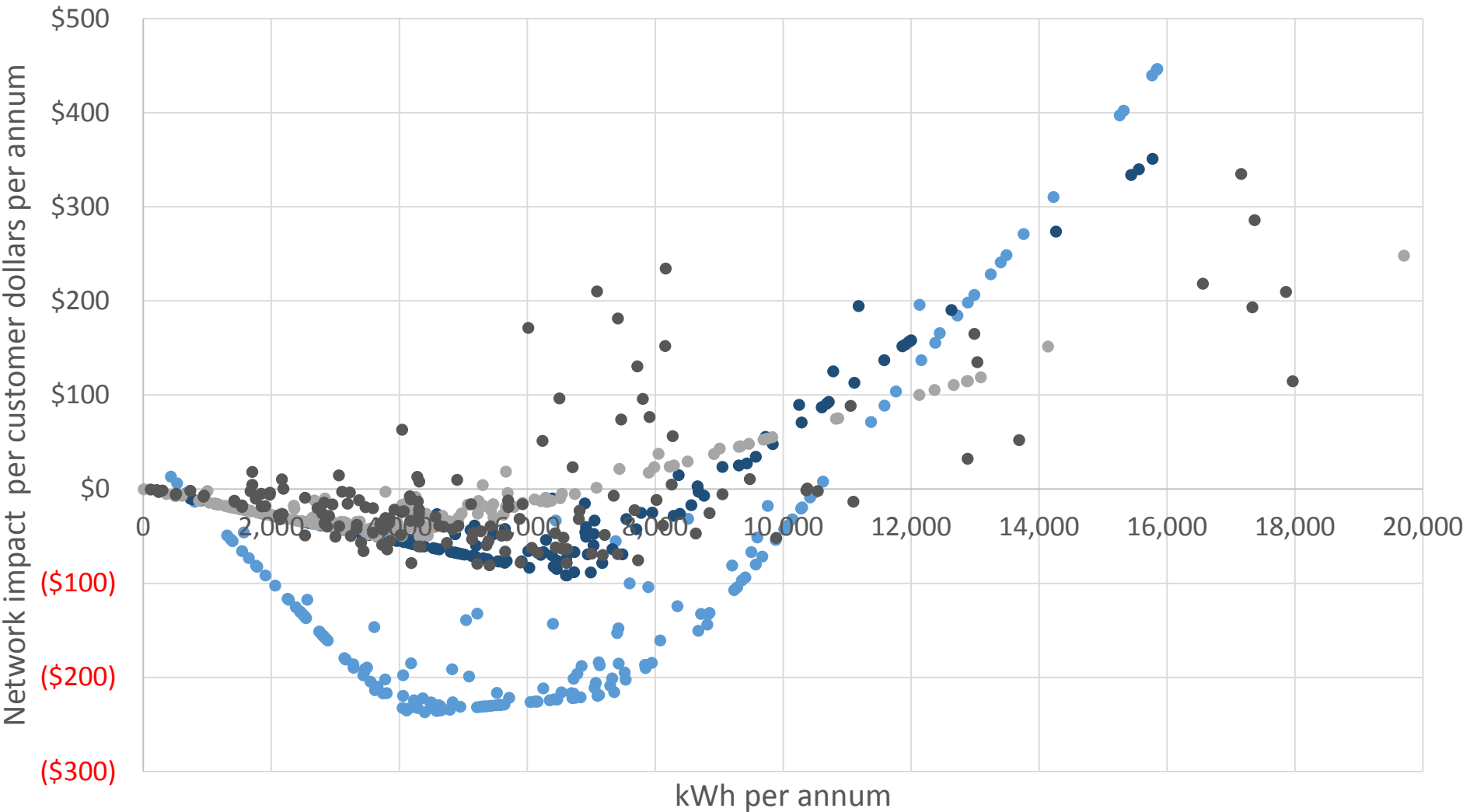
Network	State	# customers	Average MWh pa	Average Peak kW
CitiPower	Victoria	192	5.1	5.8
Powercor	Victoria	156	5.6	6.2
Ausgrid	NSW	200	7.9	7.6
Endeavour	NSW	138	6.4	6.9

Standing / fixed charge scenario compared to base case

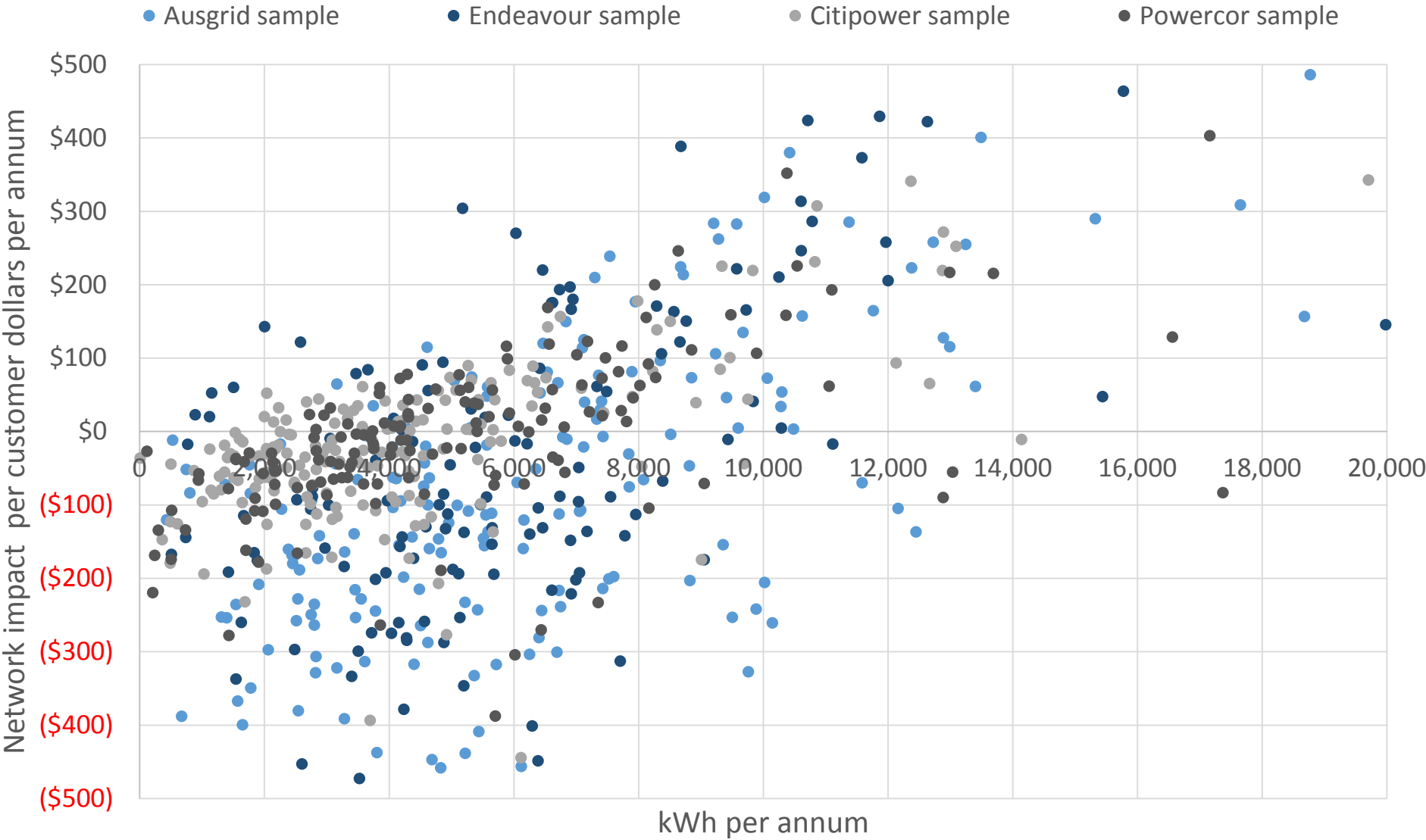


Declining Block Scenario Compared to Base Case

Ausgrid sample Endeavour sample Citipower sample Powercor sample

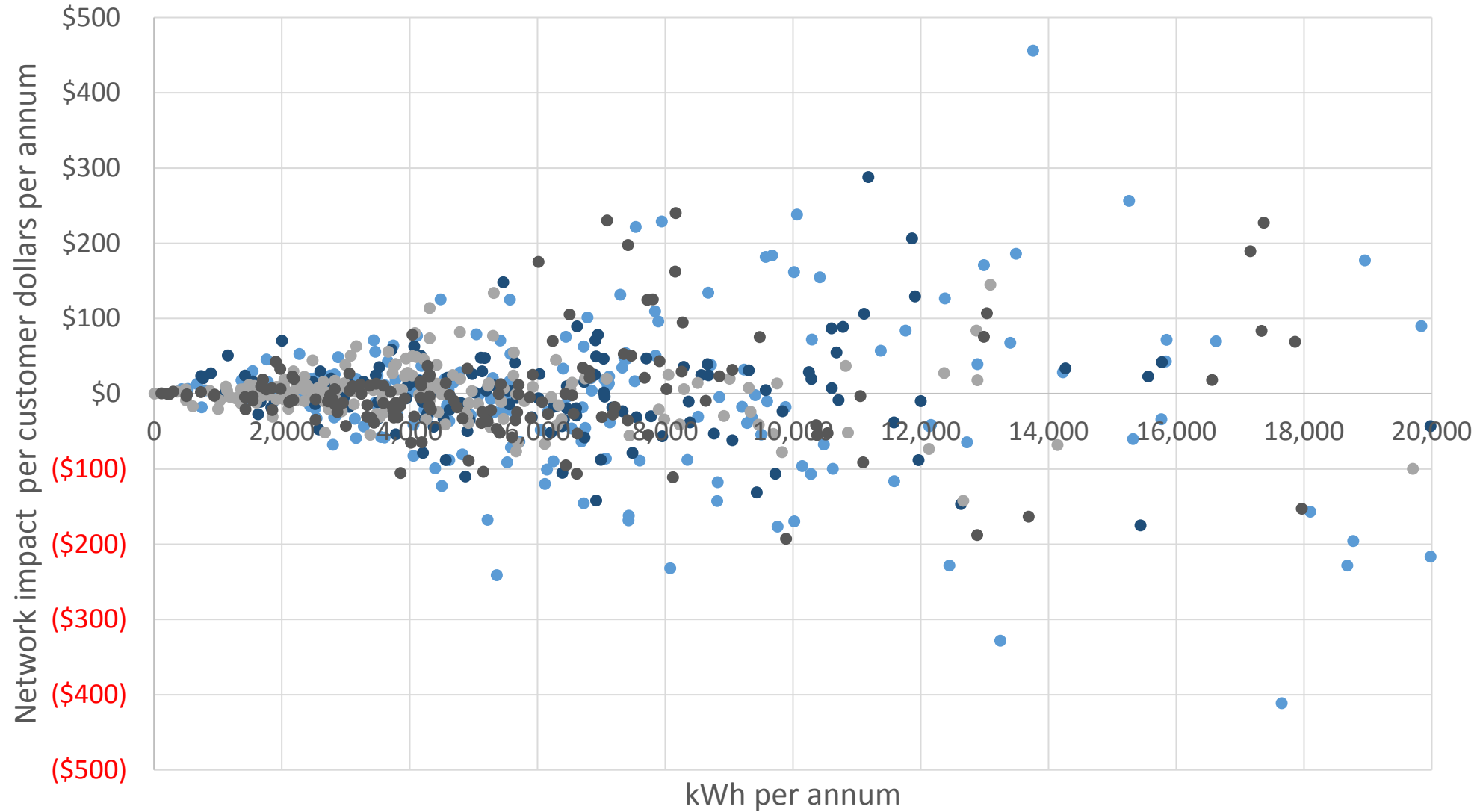


Demand Charge Scenario Compared to Base Case



Seasonal TOU Scenario Compared to Base Case

● Ausgrid sample ● Endeavour sample ● Citipower sample ● Powercor sample



Main Findings of the Research

- Time of use based energy structures (such as seasonal time of use) were found to provide a compromise between minimising consumer network cost impacts and moving towards cost reflectivity.
- Demand, fixed, and DBT structures were found to impact small customer costs to a greater extent.

What can we expect next in NSW?

Retail prices:

- Higher standing offer rates but bigger discounts

Network prices:

- Hopefully an overall fall in electricity network charges, BUT also a move to less flexible or cost reflective price components

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