MEDIA RELEASE

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ACT GOVERNMENT CHARGE TO HIT CUSTOMER BILLS

Energy Networks Australia (ENA) is calling for a change to the ACT's Large-scale Feed-in Tariff which will see customers facing huge increases in power bills from 1 July this year.

The forecast 133 per cent increase in jurisdictional charges has been published today by the Australian Energy Regulator in ACT distributor Evoenergy's network pricing proposal for the coming financial year.

These charges are due to the fixed price contracts the ACT Government struck with large renewable generators, mostly outside of the ACT, to reach the 100 per cent renewable electricity target.

ENA General Manager Corporate Affairs Tamatha Smith said the looming bill hikes should serve as a cautionary tale for other states going it alone on energy policy.

"Renewables have a critical role to play as we decarbonise our electricity system, but governments have a responsibility to ensure their policies and the contracts they sign to support this do not harm customers," she said.

"The cost increases looming in the ACT are without a doubt going to have a major impact on households and businesses.

"A change in approach is needed that supports the energy transition without undue costs being borne by customers."

Ms Smith warned that the ACT's proposed moratorium on new gas connections could also cause major bill pain for local customers.

"The ACT is heavily reliant on gas for heating in winter. If all this winter gas demand is forced to shift to electricity, the grid will require major, expensive upgrades and these will also be paid for in customer bills," she said.

Background

ACT Government's policy

- In 2016, the Australian Capital Territory (ACT) Government legislated a target to source 100 percent of all Canberra's electricity from renewable sources by 2020.
- The ACT generates about four per cent of the electricity its residents use and the rest is drawn from the National Energy Market, the majority of which is still powered by non-renewable energy sources like coal and gas.
- To reach the 100 percent renewable electricity target, renewable energy is purchased and offset through contracts under the large-scale feed-in tariff scheme from large-scale wind farms and solar farms mostly outside of the ACT.
- The ACT Government has established contracts with these generators to supply renewable energy to the National Energy Market for a 10–20 year period. Evoenergy is legislated to administer the scheme and make payments to the generators on the ACT Government's behalf for the renewable energy they produce.

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- Payments are made on a contract for difference arrangement—where the payment is calculated as the difference between the actual wholesale electricity price and the fixed feed-in tariff price agreed to in the contract.
- When actual wholesale prices are very high, these contract for difference contracts protect ACT customers from them.
- However, when wholesale prices are very low (currently hovering around $35 per MWh), Evoenergy is legislated to pay the contracted generators and ACT customers do not receive the benefit of the low wholesale prices.
- For an average household, the cost of the various ACT 100 per cent renewables policies is currently $176 per year but is set to rise to $423 per year on 1 July 2021.

For a web based version of this media release, click here

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Energy Networks Australia is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.