

Sch. 3 (2)(1)(b) - Exempt - Cabinet

1. Summary

In 2017, Sch. 3 (2)(1)(b) - Exempt - Cabinet a third energy generation GOC in Queensland Sch. 3 (2)(1)(b) - Exempt - Cabinet Sch. 3 (2)(1)(b) - Exempt - Cabinet

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the introduction of CleanCo may lead to a decrease of around \$7 per MWh and a decrease of around \$70 per annum in an average residential electricity bill.

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2. What makes up a residential electricity bill?

For Queensland, the residential electricity market offer price has four components (Table 1), and reflects the electricity supply chain.¹ Each component contributes to the overall cost of electricity for a typical residential customer. In 2016-17, the “wholesale market” component made up 35.8 per cent, or \$507.79, of the average residential electricity bill.

Table 1: South-East Queensland – Components of residential electricity market offer price

This table shows the four “building blocks” (or price components) of a residential electricity bill for Queensland consumers, and reflects the generation, transmission, distribution, and retailing to customers (i.e., the supply chain). The AEMC reports the average cost (in 2016/17) was around \$270 per MWh based on an average bill of \$1,417 and average consumption of 5,240kWh (5.24Mwh).

Component	Description	%	\$	\$ per MWh
Wholesale market	Purchases from the spot market and financial contracts, ancillary services, market fees and energy losses from transmission and distribution networks.	35.8	507.79	96.91
Regulated network	Costs associated with building and operating the network, including a return on capital and metering costs.	47.2	669.49	127.77
Environmental	Related to policies introduced by Commonwealth or state and territory governments.	14.2	201.42	38.44
Residual	All of the costs that arise from retailing electricity and marketing to consumers, the return to owners of the retailer for investing in the business, as well as any errors in the estimation of any of the costs associated with the other components.	2.7	38.30	7.30
Residential electricity market offer price		100%	\$1,417	\$270.42 per MWh

Source: Australian Energy Market Commission, 2017, 2017 Residential Electricity Price Trends.

¹ Australian Electricity Market Commission, 2017, 2017 Residential Electricity Price Trends (18 December 2017).

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