

Lowest regulated electricity prices in the nation



A MAJORITY LIBERAL GOVERNMENT WILL:

- Break away from mainland electricity pricing to force down power prices by 7-10%
- Deliver the lowest regulated electricity prices in the nation by 2022



Act on the cost of living

NEM exit: Breaking the link with mainland pricing

As part of our **Tasmania-First** energy policy we are committed to delivering secure and reliable electricity supply and lower power prices. We have already set a target to have the lowest regulated electricity prices by 2022.

Tasmania traditionally enjoyed a significant competitive energy advantage thanks to our large-scale Hydro generation delivering cheap energy for Tasmanian households and businesses.

That all changed when the former Labor Government linked our energy pricing to the mainland through the National Energy Market. Tasmanians were suddenly at the mercy of events in mainland states which drove up energy prices.

In 2013, the former Labor-Green Government linked Tasmanian Wholesale Prices to the Victorian Electricity Market. This has seen volatility in prices that flowed through to Tasmania due to the link with the Victorian market. The volatility was driven by national issues and were not related to the fundamentally strong position of the Tasmanian Electricity industry.

Last year a number of jurisdictions received annual increases of between 15-20% whilst the Hodgman Government acted to protect residential and small business customers by capping price increases at 2 per cent and protecting medium to large businesses through the \$20 million Energy Rebate.

A re-elected Majority Hodgman Liberal Government will undertake a NEM Exit to set wholesale contract prices based on the Tasmanian system costs which will lower current wholesale contract prices. This will de-link the prices Tasmanian customers get from the volatile Victorian market and enable us to target the lowest prices in the country by 2022 by setting them ourselves.

We'll maintain the physical electricity connection but exit from the damaging link with Victorian pricing established by the former Labor Government enabling Tasmanians to receive lower prices whilst still selling at higher prices into the NEM.

Our Targets

#19: Lowest regulated electricity prices in the country by 2022

#20: Keep cost of living increases for Government services, on average, at or below the rate of inflation for the next four years of government

#41: Become 100 per cent self-sufficient in renewable energy generation by 2022.

Why Tasmania Needs This

The Tasmanian people have invested in clean renewable energy for over 100 years. This needs to be recognised in the prices they pay rather than the prices driven by the national transition to a clean electricity system. We believe lowering prices aligned to our system fundamentals will help reduce cost of living pressures and make it easy for people to do business in Tasmania.



With the Hodgman Liberal Government's target to be 100 per cent self-sufficient in renewable energy by 2022 and major wind farms at Cattle Hill and Granville Harbour already underway there will continue to be downward pressure on wholesale prices in Tasmania. Tasmanians should benefit from this, and not pay more because of problems in mainland states.

Reduce electricity prices through NEM Exit

We will undertake a NEM Exit to break away from mainland electricity contract pricing by setting a Tasmanian wholesale contract price based on Tasmanian electricity system costs. We will replace the current wholesale pricing mechanism created by Labor in 2013 that has driven higher prices in the market.

The new mechanism will be designed and implemented by mid-2021. With significant new on-island generation capacity coming online from Hydro upgrades, Granville Harbour and Cattle Hill wind farms, it is expected that this new pricing mechanism will result in a 7-10% reduction in prices and deliver Tasmania the lowest regulated prices in the nation by 2022.

Prior to the establishment of the new mechanisms, we will continue the actions commenced last year to guard against price rises. This means a CPI cap on any price increases for regulated customers, and we will work with Hydro to ensure that during the transition period that there are no price shocks for non-regulated business customers.

Mainlanders pay, Tasmanians benefit

Momentum Energy is an energy retailer owned by Hydro Tasmania. It operates on mainland Australia and the Bass Strait Islands.

With Tasmania moving towards having 100 per cent of our own renewable energy generated here on-island, Tasmanians should benefit from any surplus energy exported to the mainland.

A re-elected Hodgman majority Liberal Government will ensure that Tasmanians pay the lowest possible price whilst exporting surplus energy to the mainland at the highest possible price. This

Key Facts

In 2013, the former Labor-Green Government linked Tasmanian Wholesale Prices to the Victorian Electricity Market. This has seen volatility in prices that flowed through to Tasmania due to the link with the Victorian market.

In 2017 we took action to cap the price of electricity in Tasmania to protect Tasmanians against these fluctuations caused by the National Energy Market.

We are also progressing more renewable energy development in the State that will put downward pressure on wholesale prices as a part of our long term plan to lower power prices.

will ensure that Tasmanians benefit both from their significant investment over many decades into our clean green sustainable energy by lower power prices and also reap the benefits from selling the cleanest energy in the country to mainland consumers.

Cost

The NEM Exit will remove the linkage to Victoria and the recent high energy prices and volatility experienced on the mainland which was originally set up by the former Labor Government in 2013.

Tasmania's progress towards 100 per cent self-sufficiency through additional on-island generation will continue to put downward pressure on electricity prices.

During the transition period the CPI cap for prices in 2018-19 and 2019-20 will be managed through a Wholesale Electricity Price (WEP) Order and through Hydro Tasmania's contract pricing.

Labor Green Record

Price increases of 65 percent over 7 years.

Lowered the prudent water management levels during the carbon tax period that increased the energy security risk for the state.

Called for power rationing during the extreme energy issues faced in 2016 rather than supporting the Government's successful Energy Supply Plan.



Our record in Government

- Prices are **still lower today** than when the Hodgman Government came to office in 2014.
- We took action in 2017-18 by **limiting power price increases** to 2 per cent compared to up to 20 per cent in other states and we protected medium to large businesses exposed to high prices through our \$20 million Energy Rebate.
- Introduced the **\$20 million TEELS scheme** to support the uptake of energy efficiency appliances.
- **Returned \$10.5 million** in energy business profits to pensioners and seniors.
- Improved energy security by increasing prudent storage levels.
- Implemented the Energy Supply Plan in response to extreme energy events in 2016 that kept the lights on and protected the economy.
- Provided \$2 million to support No Interest Loan Scheme and YES program for vulnerable Tasmanians.