
Press Release

Renewable Energy Schemes Set to Force up Electricity Bills Again in 2012

The Energy Users Association of Australia (EUAA) has drawn attention to its concerns about another increase in the cost of renewable energy that will push up electricity prices next year. The Association has recently investigated the likely cost of the Small-scale Renewable Energy Scheme (SRES) and the Large-scale Renewable Energy Target (LRET) on electricity prices for 2012.

“We have examined the outlook for electricity costs under the SRES and, based on conservative assumptions¹, found that the SRES is likely to add \$9.58 per Mega Watt hour (MWh) to the cost of electricity in 2012, whilst the LRET will add \$3.00/MWh for a combined increase of \$13/MWh,” Mr. Roman Domanski, the EUAA’s Executive Director said.

“To put this in context, it is around 8 per cent on top of typical retail electricity prices at a time when everyone’s electricity bill is already increasing steeply, stretching the budgets of businesses and families.”

Based on these numbers, the total cost of the SRES is estimated to increase from around \$1.1 billion in 2011 to around \$1.7 billion in 2012, an increase of 58 per cent in one year. The total cost of the LRET is estimated to be around \$600 million in 2012. The combined cost of the SRES and LRET is therefore estimated to be around \$2.3 billion with the money to be recovered from energy users. These costs are expected to increase further in the years ahead.

“Clearly, renewable energy has a cost and is not free. It is important that people understand this cost, which is unfortunately not well known and not shown on their bills,” he said.

“We do not see the various Commonwealth and State renewable energy schemes providing renewable energy either efficiently or at reasonable cost. Moreover, the costs of these schemes are borne by electricity users who are already seeing their electricity bills rise dramatically due to factors such as very large increases in network charges (the cost to transport electricity) and (from next year) the carbon tax.”

“The cost increase in the renewable energy schemes is mainly due to a large take-up of solar installations eligible for credits under the SRES combined with State solar subsidies. However, most people do not have these installed and effectively pay for those that have, even if they are poor or on low incomes. And, unlike the carbon tax, the majority of energy users will not receive Government assistance to offset the costs of these renewable schemes,” Mr. Domanski concluded.

¹ Based on forecasts of SRES certificate creations published by the Office of the Renewable Energy Regulator (ORER) on 16th December 2011.