



MEDIA RELEASE

Lowest Regulated Energy Prices in the Nation

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Will Hodgman, Premier

Guy Barnett, Minister for Energy

Power prices will drop by up to 10 per cent under a re-elected majority Liberal Government, as part of our Plan to achieve the lowest power prices in the country by 2022.

We will achieve this by acting decisively and breaking the link with the National Electricity Market (NEM) to force down power prices for Tasmanians.

Lower power prices and guaranteed energy security for Tasmania are at the forefront of our 'Tasmania-first' energy policy and will remain so under a re-elected majority Liberal Government.

While Tasmania previously had a significant competitive advantage, due to our large-scale Hydro generation delivering cheap energy for Tasmanian households and businesses, that changed when the former Labor Government entered the National Electricity Market (NEM) and linked our

energy pricing to volatile mainland prices. 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 was not related to the fundamentally strong position of the Tasmanian Electricity industry.

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

With Tasmania charging toward 100 per cent energy self-sufficiency under the Liberal Government, now is the time to take back our competitive advantage and break away from inflated mainland prices, and to drive down the cost of living for Tasmanians.

By de-linking from inflated mainland electricity prices in the National Energy Market (NEM) we can once again make our low-cost, reliable on-island generation work for Tasmanians and ensure they are no longer exposed to higher costs due to power station closures or system failures on the mainland. This will help deliver our target of the lowest prices in the country by 2022.

Importantly, we will maintain the physical electricity connection but exit from being linked with the Victorian pricing set up by the former Labor Government. This is a win/win situation for consumers, and the State - Tasmanian power at a lower power price for Tasmanians, whilst still selling power at higher prices into the NEM.

The new mechanism will be implemented by mid-2021. Prior to the establishment of the new mechanism, prices for regulated customers will be capped at CPI.

With significant new on-island generation capacity coming online from Hydro upgrades, and the Granville Harbour and Cattle Hill windfarms, it is expected that this new pricing mechanism will result in a 7-10 per cent reduction in prices and deliver invested in clean renewable energy for over 100 years, and a re-elected majority Liberal Government will reflect this in the lowest regulated prices in the nation by 2022.

The Tasmanian people have invested in clean renewable energy for over 100 years, and a re-elected majority Liberal Government will reflect this in Tasmanian power prices rather than prices driven by the national transition to a clean electricity system.

The full policy can be viewed here: <http://bit.ly/LowestEnergyPrices>

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