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**THE LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

ELEVENTH ASSEMBLY

Independent Competition and Regulatory Commission

**Retail electricity price recalibration 2025-26: standing offer prices for the supply of electricity
to small customers**

Report 2 of 2025, May 2025

**Presented by
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Treasurer
September 2025**



ICRC
independent competition and regulatory commission

ANNUAL PRICE RECALIBRATION

Retail electricity price recalibration 2025-26: standing offer prices for the supply of electricity to small customers

REPORT 2 OF 2025, MAY 2025



The Independent Competition and Regulatory Commission is a Territory Authority established under the *Independent Competition and Regulatory Commission Act 1997* (the ICRC Act). We are constituted under the ICRC Act by one or more standing commissioners and any associated commissioners appointed for particular purposes. Commissioners are statutory appointments. Joe Dimasi is the current Senior Commissioner who constitutes the Commission and takes direct responsibility for delivery of the outcomes of the Commission.

We have responsibility for a broad range of regulatory and utility administrative matters. We are responsible under the ICRC Act for regulating and advising government about pricing and other matters for monopoly, near-monopoly and ministerially declared regulated industries, and providing advice on competitive neutrality complaints and government-regulated activities. We also have responsibility for arbitrating infrastructure access disputes under the ICRC Act.

We are responsible for managing the utility licence framework in the ACT, established under the *Utilities Act 2000* (Utilities Act). We are responsible for the licensing determination process, monitoring licensees' compliance with their legislative and licence obligations and determination of utility industry codes.

Our objectives are set out in section 7 and 19L of the ICRC Act and section 3 of the Utilities Act. In discharging our objectives and functions, we provide independent robust analysis and advice.

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Executive summary

Each year, we are required under our *Price Direction for Standing Offer Prices for the Supply of Electricity to Small Customers 1 July 2024 to 30 June 2027* (the price direction) to update the maximum average percentage change by which ActewAGL can increase its regulated retail tariffs (ICRC 2024a).

This report sets out the annual price adjustment for 2025-26, in line with the price direction.

Our price recalibration for 2025-26

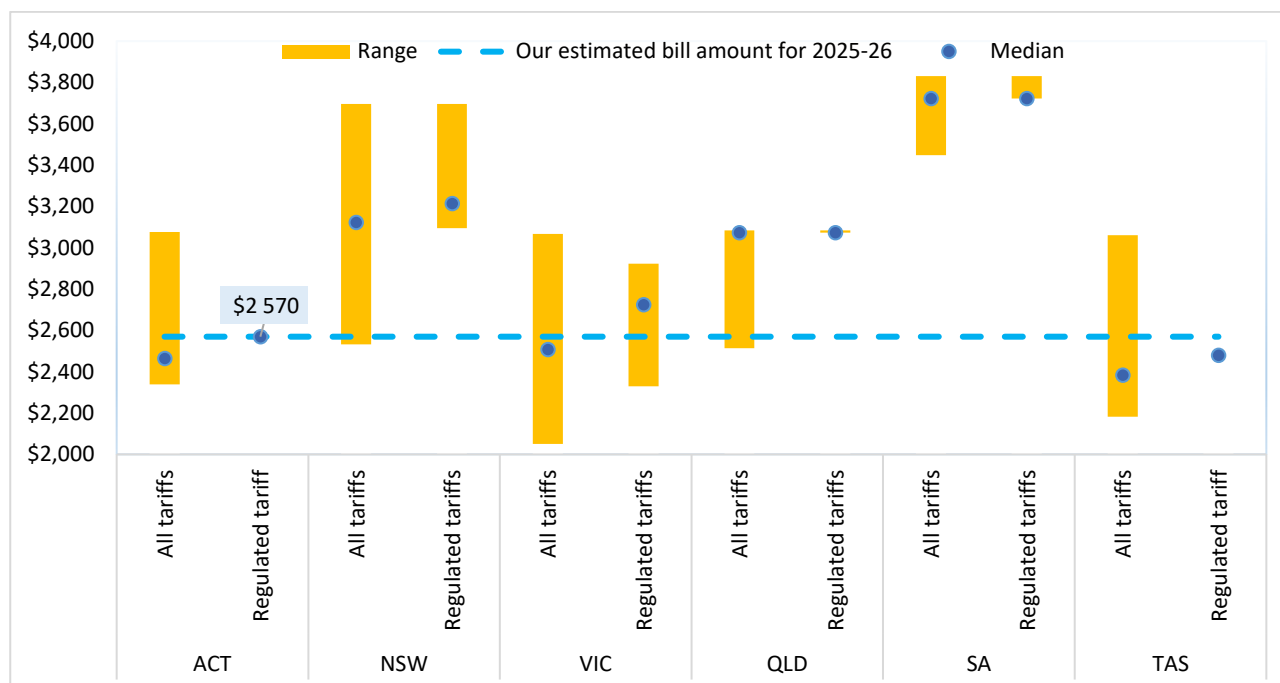
The price recalibration (reset) will result in the price of ActewAGL's basket of standing offer tariffs increasing, on average, by 10.11% in 2025-26. This is equivalent to a real increase of 7.05% after excluding inflation.

Impact on customers

The maximum average increase of 10.11% will translate to an annual bill increase of \$214 for an average residential customer consuming 6,500 kWh. For an average non-residential customer consuming 25,000 kWh, the increase in the annual bill will be around \$825. These price increases only apply to standing offers. We encourage consumers to regularly compare these tariffs to other offers available in the market.

Figure ES0.1 shows that the median annual bill for Canberrans on standing offers will remain some of the lowest in the country. It is lower than the median standing offer bills faced by customers in New South Wales, Victoria, Queensland and South Australia, while slightly higher than those in Tasmania.

Figure ES0.1. Estimated annual bills based on estimated prices as at 1 July 2025 for interjurisdictional customers using 6,500 kWh



Source: Our calculations using OTTER 2025a, OTTER 2025b, ESC 2025, AER 2024 and AER 2025.

Note: Bill estimates include GST. ACT maximum price estimate for 2025-26 is based on our pricing model estimate of the cost of providing electricity. We compare our final decision for ACT residential customers on standing offers for 2025-26 with the draft decisions in VIC (ESC 2025), NSW, QLD and SA (AER 2025) and final decisions in TAS (OTTER 2025b).

Costs that make up prices

Our pricing model determines the maximum average percentage change that ActewAGL can apply to its suite of regulated retail tariffs on an annual basis. This is done by estimating three main cost categories:

- Wholesale electricity costs, which include costs associated with electricity purchasing from wholesale market, national green scheme compliance costs, energy losses, volatility allowance and National Electricity Market (NEM) fees.
- Network costs, which include electricity transmission and distribution costs and the ACT Government scheme costs.
 - Transmission and distribution costs are regulated by the Australian Energy Regulator (AER).
 - ACT Government scheme costs, except the Large-scale Feed-in Tariff (LFI) scheme costs, are jurisdictional scheme costs regulated by the AER. The LFI scheme costs are passed through as network costs approved by the ACT Government.
- Retail costs, which include retail operating costs, Energy Efficiency Improvement Scheme (EEIS) costs, smart meter costs, 5-minute and global settlement costs (5MS & GS), customer switching costs, and a retail margin.

The main costs that the retailers have control over relate to hedging, retail operating costs and the retail margin; these are also the main components that we regulate. Retail operating costs and the retail margin account for around 11% of the total costs for 2025–26.

Causes of the price increase

Table ES0.1 sets out the nominal dollar amounts for the cost components used to calculate the maximum allowed change in average retail electricity prices for 2025-26.

Table ES0.1. Update of electricity cost components for 2025-26 (with 2024-25 costs for comparison)

Cost component	2024–25 (\$/MWh)	2025–26 (\$/MWh)	Dollar change (\$/MWh)	Contribution to the price change (%)
Wholesale energy purchase cost	149.81	163.64	13.83	4.24
Other energy purchase costs	20.33	18.12	-2.21	-0.68
Total energy purchase costs	170.14	181.76	11.62	3.56
Transmission and distribution costs	98.04	100.84	2.80	0.86
ACT Govt scheme costs	10.70	26.77	16.08	4.93
Total network costs	108.74	127.62	18.88	5.78
Retail operating cost	23.31	23.14	-0.18	-0.05
Other retail costs	7.64	9.20	1.56	0.48
Total retail costs	30.95	32.34	1.38	0.42
Total energy + retail + network costs	309.83	341.71	31.88	9.77
Retail margin	16.57	17.68	1.11	0.34
Total costs	326.40	359.39	32.99	10.11

Source: Our calculations.

Note: All numbers are rounded to two decimal places.

The price rise is primarily driven by the increases in wholesale energy purchase cost, the ACT Government scheme costs and electricity transmission and distribution costs.

- The wholesale energy purchase cost increases by \$13.83/MWh, contributing 4.24 percentage points to the price rise.
- ACT Government scheme costs increase by \$16.08/MWh, contributing 4.93 percentage points to the price rise.
- Transmission and distribution costs increase by \$2.8/MWh, contributing 0.86 of a percentage point to the price rise.
- Other cost components make a small contribution to the maximum average price change.

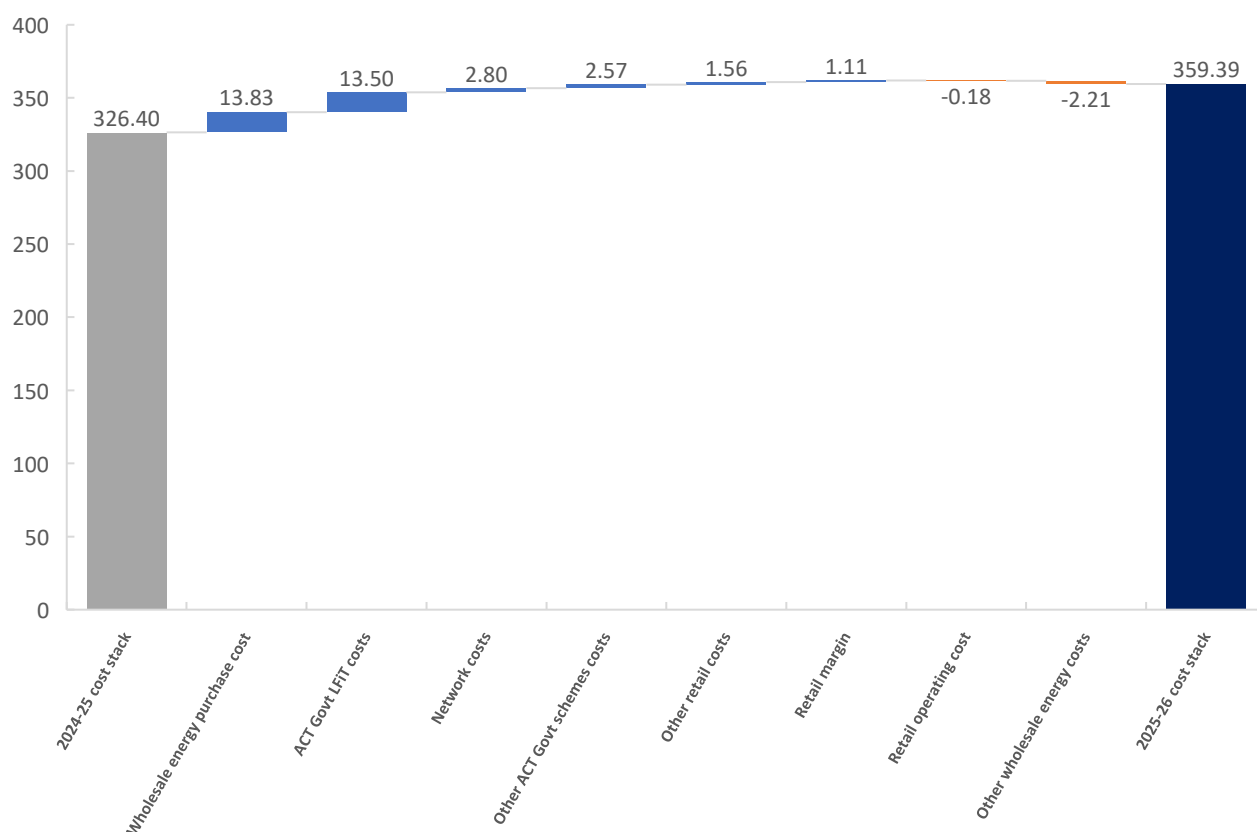
The main reasons for the cost changes are as follows:

- The wholesale energy purchase cost increases in the New South Wales wholesale electricity market, where the ACT sources its electricity, as a result of high gas prices, high demand and constrained supply.
- The increase in ACT Government scheme costs is driven by an increase in the LFiT scheme costs determined by the ACT Government in the Reasonable Cost Determination for 2025-26.

- The increase in electricity transmission and distribution costs is driven by a higher rate of return and increased regulatory depreciation in the network price paths set by the AER.

Figure ES0.2 illustrates the contribution of various cost components to the nominal average regulated prices from 2024-25 to 2025-26.

Figure ES0.2. Contribution to the price increase by costs component, \$/MWh



Source: Our calculations.

Note: Network costs include electricity transmission and distribution costs; Other ACT Govt scheme costs include ACT Government's small and medium scale FiT scheme costs and other Government charges and taxes (i.e. energy industry levy, utilities network facilities tax); Other retail costs include EEIS costs, smart meter costs, 5-minute settlement and global settlement costs and customer switching costs; Other wholesale energy costs include national green costs, energy losses, volatility allowance and NEM fees.

1. Introduction

Our Price Direction for standing offer prices for the supply of electricity to small customers by ActewAGL from 1 July 2024 to 30 June 2027 (the price direction) requires us to recalibrate (reset) the weighted average electricity price change on an annual basis for the years 2024–25, 2025–26 and 2026–27 (ICRC 2024a).

In line with the price direction, the price reset reflects updates to wholesale electricity costs, environmental scheme costs, network costs and retail costs. Because these costs change over time, ActewAGL's regulated standing offer retail electricity prices need to be updated.

This report sets out the result of our reset of the maximum price change for the supply of electricity to small customers by ActewAGL to apply in 2025-26 as specified in the price direction.

The remainder of this report is structured as follows:

- Chapter 2 sets out our decision on the maximum allowed change in ActewAGL's regulated retail electricity prices for 2025-26 and analyses the impact of the price change on customer bills.
- Chapter 3 reviews the main drivers of the price change in 2025-26.
- Chapter 4 compares electricity prices between the ACT and other Australian jurisdictions.
- Chapter 5 describes the annual recalibration process set out in the price direction.
- Appendix 1 calculates the efficient costs of supplying electricity to customers on ActewAGL's regulated tariffs in accordance with our methodology and the updated inputs for 2025-26.

2. Maximum price change for 2025-26 and impact on consumers

This chapter presents the outcome of the price reset of the maximum allowable average percentage change that ActewAGL can adopt for its standing offer tariffs for 2025-26. It also shows the expected impact on customers.

2.1 Maximum price change for 2025-26

The average nominal change in ActewAGL's basket of regulated tariffs for 2025-26 will be an increase of 10.11%. This is equivalent to a real increase in the regulated retail price of 7.05% after excluding inflation. Table 2.1 shows the cost components used to calculate the maximum average percentage increase.

Table 2.1. Update of electricity cost components for 2025-26 (with 2024-25 costs for comparison)

Cost component	2024-25 (\$/MWh)	2025-26 (\$/MWh)	Dollar change (\$/MWh)	Contribution (%)
Wholesale energy purchase cost	149.81	163.64	13.83	4.24
National green costs	18.26	12.69	-5.57	-1.71
Energy losses	0.29	3.48	3.19	0.98
Volatility allowance	0.50	0.50	0.00	0.00
NEM fees	1.28	1.45	0.17	0.05
Total energy purchase costs	170.14	181.76	11.62	3.56
Transmission and distribution costs	98.04	100.84	2.80	0.86
ACT Government scheme costs	10.70	26.77	16.08	4.93
<i>Large scale FiT scheme costs</i>	<i>2.61</i>	<i>16.11</i>	<i>13.50</i>	<i>4.14</i>
<i>Small and medium scale FiT scheme costs</i>	<i>4.86</i>	<i>4.71</i>	<i>-0.15</i>	<i>-0.05</i>
<i>Other ACT Govt schemes costs</i>	<i>3.24</i>	<i>5.96</i>	<i>2.72</i>	<i>0.83</i>
Total network cost	108.74	127.62	18.88	5.78
Retail operating costs	23.31	23.14	-0.18	-0.05
Energy efficiency improvement scheme costs	3.50	3.36	-0.14	-0.04
Smart meter costs	3.56	5.13	1.57	0.48
5-minute and global settlement costs	0.41	0.50	0.09	0.03
Customer switching costs	0.18	0.22	0.04	0.01
Total retail costs	30.95	32.34	1.38	0.42
Total energy + retail + network costs	309.83	341.71	31.88	9.77
Retail margin	16.57	17.68	1.11	0.34
Total costs	326.40	359.39	32.99	10.11

Source: Our calculations.

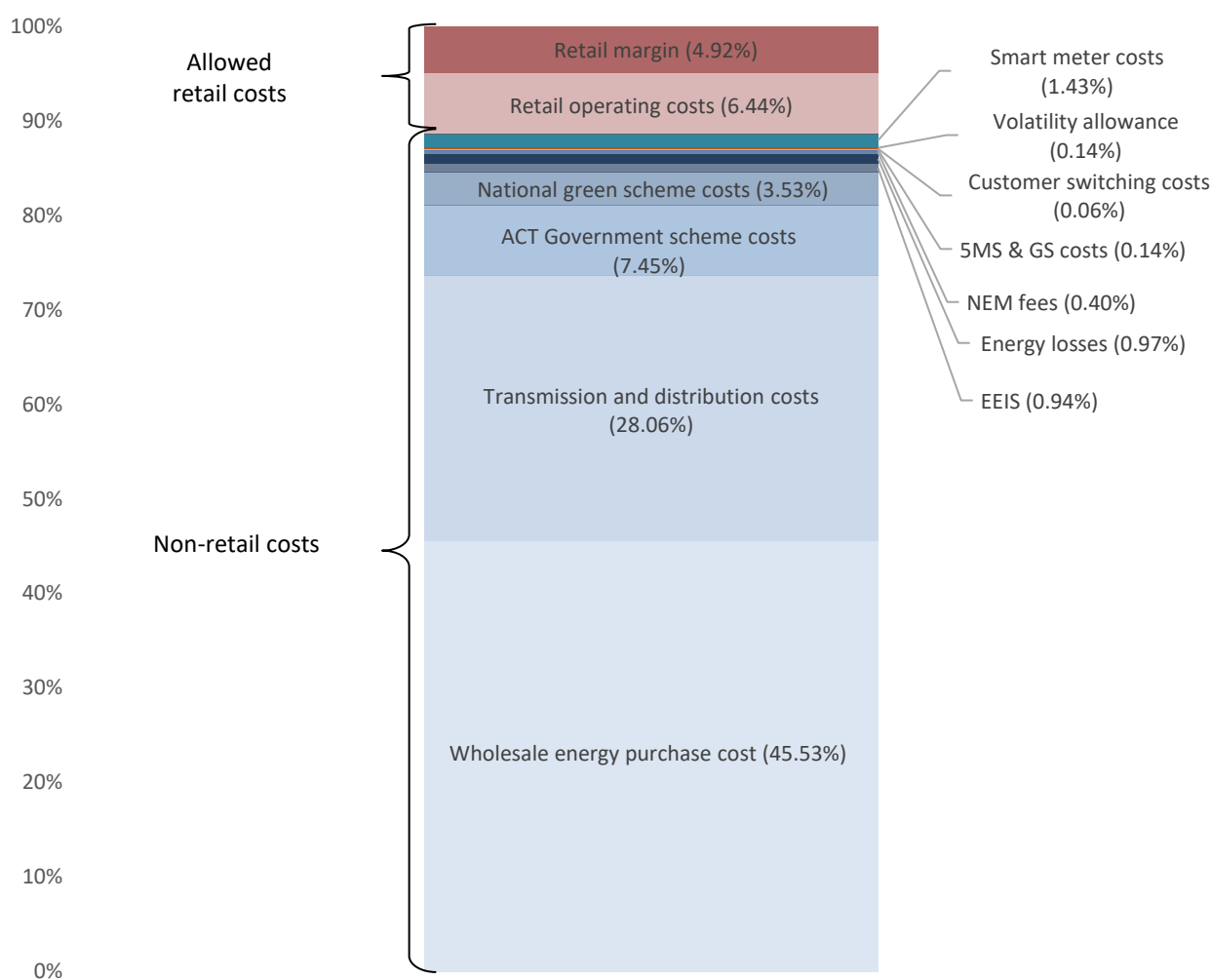
Note: All numbers are rounded to two decimal places.

Figure 2.1 shows the proportion of each cost component in total costs. An analysis of these cost components shows that most costs are outside the control of the retailers. The costs that retailers have limited control and that are not regulated by the commission include:

- the cost of purchasing electricity from the NEM (except for the ability to implement different hedging strategies)
- the cost of complying with Australian and Territory government environmental obligations
- costs associated with energy losses in transmission and distribution
- NEM fees payable to the Australian Energy Market Operator (AEMO) for operating the wholesale market, and
- the charges for the transport of electricity through the poles and wires.

The main costs over which the retailers have control relate to hedging, retail operating costs and retail margin; these are the main cost components we regulate. Retail operating costs and the retail margin account for around 11% of the total costs for 2025-26.

Figure 2.1. Cost components as share of total costs, 2025-26



Source: Our calculations.

2.2 Impact on consumers

To assess the effects of the price reset on residential and non-residential customers, we estimated the average annual bills payable by consumers with varying consumption levels.

Table 2.2 presents estimated annual electricity bills for residential customers at different consumption levels. A small customer may represent a single person living in an apartment, an average customer may be a small family in a townhouse, and a large customer may be a large family in a detached house.

We estimated that the annual bill for an average residential household consuming 6,500 kWh per year will increase by \$214 in 2025-26 compared to 2024-25. For a large family consuming 7,500 kWh, the annual bill will increase by \$247, and for a small residential customer consuming 3,800kWh, the annual bill will increase by \$125 in 2025-26.

Table 2.2. Estimated annual bill changes for different types of residential customers, 2025-26

Consumer type	Annual usage (kWh)	Estimated annual bill 2024-25 (\$)	Estimated annual bill 2025-26 (\$)	Change (\$)
Large	7,500	2,448	2,695	247
Average	6,500	2,122	2,336	214
Small	3,800	1,240	1,366	125

Source: Our calculations.

Note: All estimated annual bills and changes in dollars are rounded to the nearest integer.

Table 2.3 shows our estimates of annual electricity bill changes for a range of typical non-residential customers. The impact on a typical bill ranges from an increase of \$330 for a small non-residential customer consuming 10,000 kWh to an increase of \$1,320 for a large non-residential customer consuming 40,000 kWh. For an average non-residential customer consuming 25,000 kWh, the annual bill will increase by \$825 in 2025-26.

Table 2.3. Estimated annual bill changes for different types of small business customers, 2025–26

Consumer type	Annual usage (kWh)	Estimated annual bill 2024-25 (\$)	Estimated annual bill 2025-26 (\$)	Change (\$)
Large	40,000	13,056	14,376	1,320
Average	25,000	8,160	8,985	825
Small	10,000	3,264	3,594	330

Source: Our calculations.

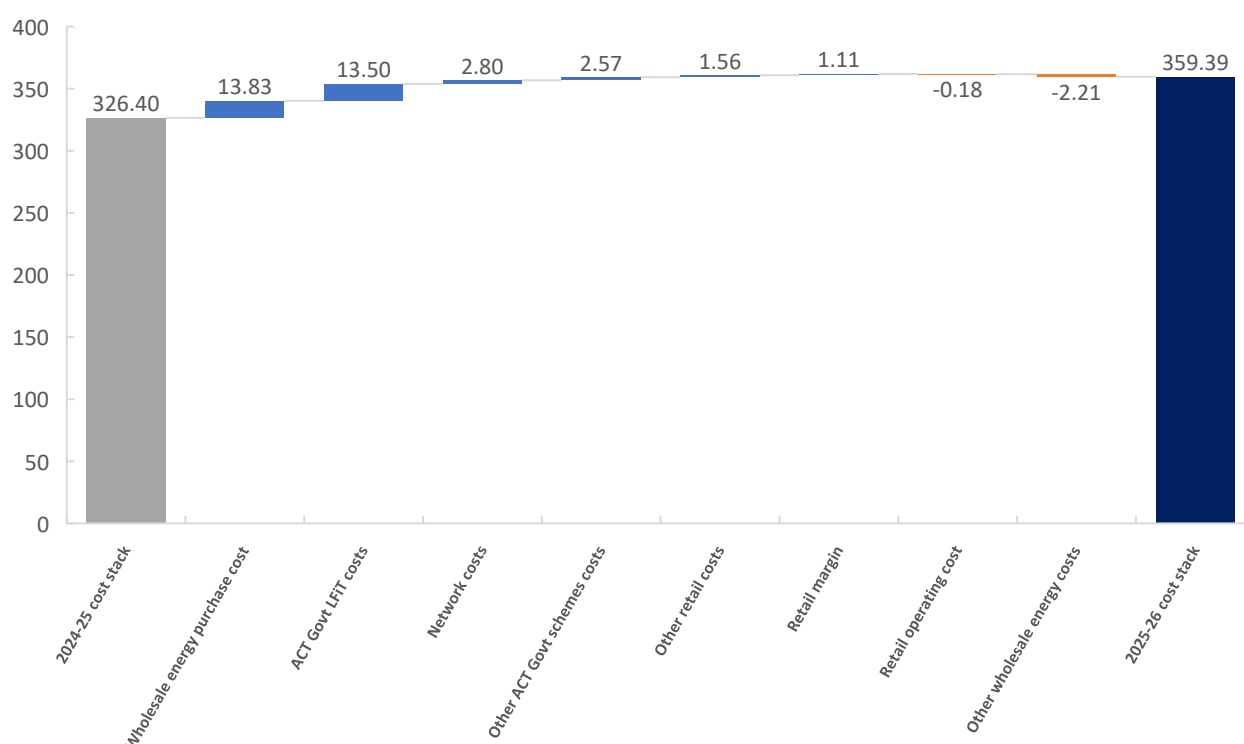
Note: All estimated annual bills and changes in dollars are rounded to the nearest integer.

3. Reasons for the price change

This chapter discusses the main reasons for the maximum average price increase in standing offer prices for 2025-26. Appendix 1 presents details about how each cost component was estimated.

Figure 3.1 shows the main contributors to the change in maximum standing offer prices. The biggest contributors to the price increase this year are the wholesale energy purchase cost and the ACT Government's LFiT scheme costs. Wholesale energy purchase cost increases by \$13.83/MWh, contributing 4.24 percentage points to the price rise. The LFiT scheme costs increase by 13.50/MWh, putting additional upward pressure on prices this year.

Figure 3.1. Contribution to the price increase by cost component, \$/MWh



Source: Our calculations.

Note: Network costs include electricity transmission and distribution costs; Other ACT Govt scheme costs include ACT Government's small and medium scale FiT scheme costs and other Government charges and taxes (i.e. energy industry levy, utilities network facilities tax); Other retail costs include EEIS costs, smart meter costs, 5-minute settlement and global settlement costs and customer switching costs; Other wholesale energy costs include national green costs, energy losses, volatility allowance and NEM fees.

3.1 Wholesale energy purchase cost

Wholesale energy purchase cost will increase from \$149.81/MWh in 2024-25 to \$163.64/MWh in 2025-26, an increase of \$13.83/MWh. We estimate the energy purchase cost using the daily forward price of energy over a 23-month period. As shown in Figure 3.2, daily forward prices have been trending upwards since mid-2024 (see Appendix 1 for further details of how the energy purchase cost is calculated).

Wholesale energy purchase costs increased due to high gas prices and demand experienced in the New South Wales wholesale electricity market, where the ACT sources its electricity. In addition, supply constraint caused by coal generator and network outages and low renewable energy output contributed to the increase in these costs (AER 2025).

Energy purchase costs are the costs incurred by retailers in purchasing electricity from the wholesale market to meet the demand of their customers. Purchases of energy through the wholesale energy market account for around 46% of the total cost of providing retail electricity services to customers on regulated retail tariffs in the ACT in 2025-26.

Figure 3.2. Daily forward prices (\$/MWh), 1 June 2023 to 30 April 2025



Source: Our estimation using ASX data.

3.2 Network costs

Total network costs for standing offer customers will increase from \$108.74/MWh in 2024-25 to \$127.62/MWh in 2025-26, an increase of \$18.88/MWh, which contribute 5.78 percentage points to the maximum average price increase.

Network costs include the transmission and distribution costs paid by ActewAGL and ACT Government scheme costs. The AER regulates and determines the transmission and distribution costs and ACT Government scheme costs, except the LFiT scheme costs.¹ The LFiT scheme costs are determined by the ACT Government. We pass through all network costs.

In 2025-26, the large increase in network costs is driven primarily by the ACT Government's LFiT scheme costs.

ACT Government scheme costs

ACT Government scheme costs increased largely due to an increase in the LFiT costs.

On 26 February 2025, the ACT Government determined that the reasonable cost of the ACT electricity distributor meeting its obligations, under the *Electricity Feed-in (Large-scale Renewable Energy Generation) Act 2011*, is \$48.4 million for 2025-26 (The ACT Government 2025).

The LFiT costs for standing offer customers will increase from \$2.61/MWh in 2024-25 to \$16.11/MWh in 2025-26. In 2024, the former Minister for Water, Energy and Emissions Reduction expedited the return of accumulated funds collected by Evoenergy under the LFiT scheme, resulting in lower scheme costs to customers in 2024-25.

Overall, the ACT Government scheme costs for standing offer customers will increase from \$10.70/MWh in 2024-25 to \$26.77/MWh in 2025-26, an increase of \$16.08/MWh, which contributes 4.93 percentage points to the maximum average price increase.

Transmission and distribution costs

These are the costs of poles and wires to transport electricity from generators to consumers. The transmission and distribution costs for standing offer customers will increase from \$98.04/MWh in 2024-25 to \$100.84/MWh in 2025-26, an increase of \$2.80/MWh, which contributes 0.86 of a percentage point to the maximum average price increase.

On 9 May 2025, the AER approved a 6.8% nominal increase in distribution charges and a 1.3% nominal increase in transmission charges for Evoenergy, the ACT's network service provider. This reflects an overall increase in Evoenergy's allowed revenue in 2025-26 and an increase in forecast electricity consumption (Evoenergy 2025, AER 2025).

¹ On 11 December 2023, the AER approved Evoenergy's request for the LFiT scheme to cease to be a jurisdictional scheme under the National Electricity Rule. As a result, the AER is no longer responsible for approving the network tariff adjustments to pass through the LFiT amounts. This has become the responsibility of the ACT Government.

4. Inter-jurisdictional comparison of electricity prices

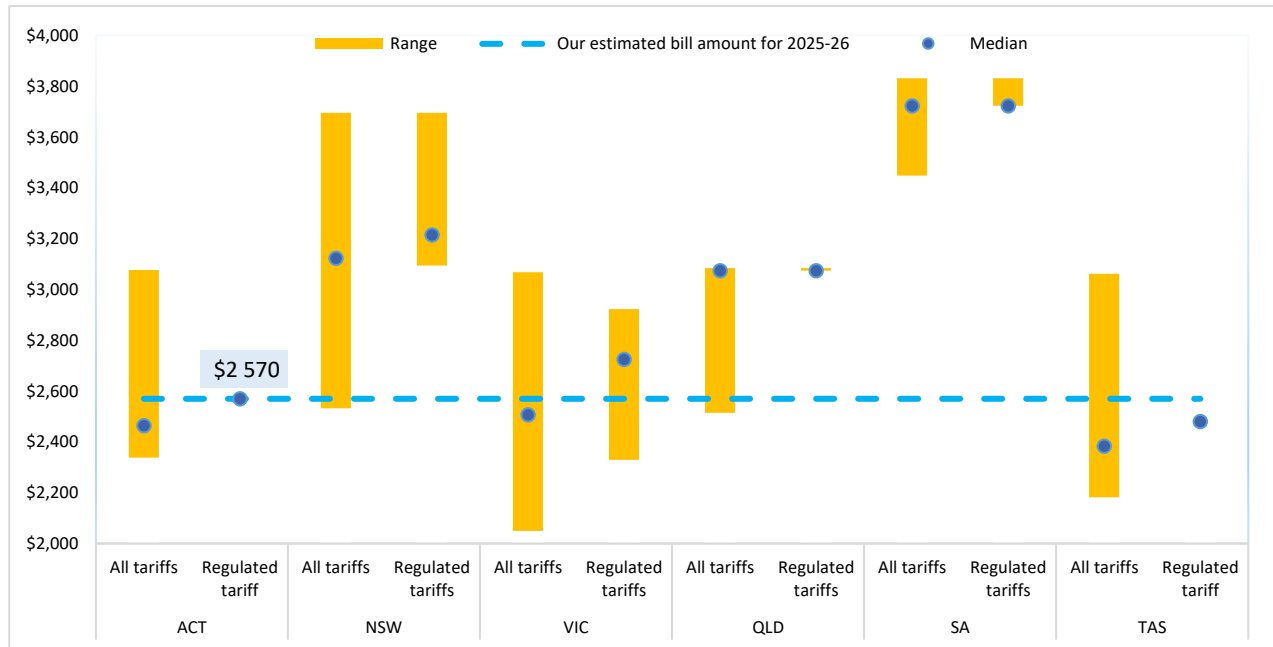
Figure 4.1 and Figure 4.2 compare the annual bill amount in 2025-26 for residential customers on standing offers consuming 6,500 kWh.

The typical annual bill for Canberrans on standing offers will remain one of the lowest in the country in 2025-26.

- The median annual bill in the ACT will be lower than that faced by customers in New South Wales, Victoria, Queensland and South Australia, but slightly higher than that in Tasmania (Figure 4.1).
- The average annual bill in the ACT will be lower than that faced by customers in New South Wales, Queensland and South Australia, but higher than that in Victoria and Tasmania (Figure 4.2).

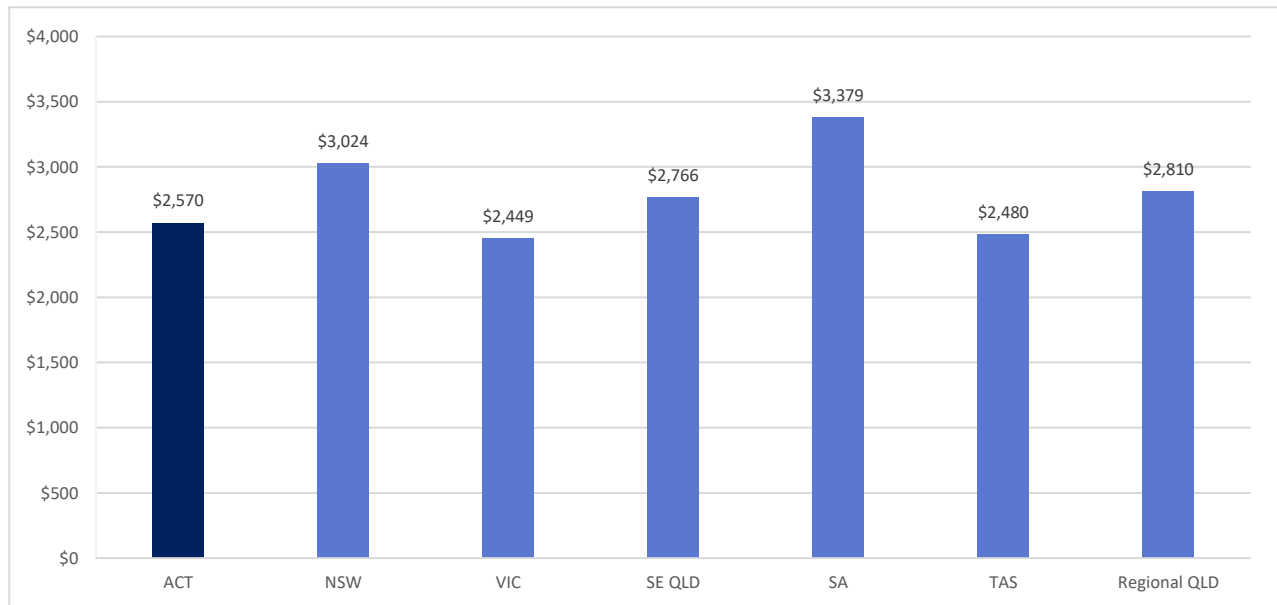
The maximum average standing offer bill amount for the ACT reflects the 10.11% increase in ActewAGL's regulated basket of tariffs.

Figure 4.1. Estimated annual bills based on estimated prices as at 1 July 2025 for interjurisdictional customers using 6,500 kWh



Source: Our calculations using OTTER 2025a, OTTER 2025b, ESC 2025, AER 2024 and AER 2025

Note: Bill estimates include GST. ACT maximum price estimate for 2025-26 is based on our pricing model estimate of the cost of providing electricity. We compare our final decision for ACT residential customers on standing offers for 2025-26 with the draft decisions in VIC (ESC 2025), NSW, QLD and SA (AER 2025) and final decisions in TAS (OTTER 2025b).

Figure 4.2. Maximum annual residential standing offer electricity bills as at 1 July 2025 using 6,500 kWh

Source: Our calculations using ESC 2025, AER 2024 and AER 2025.

Note: Bill estimates are based on annual usage of 6,500 kWh and include GST. Data on residential supply charge and usage charge used to estimate the bill are from AER's 2025-26 DMO for NSW, SA and SE QLD, ESC's 2025-26 VDO for VIC and OTTER's 2025-26 determination for TAS. NSW and Victoria bill estimates are the weighted average of the bills across the distribution zones within those states, weighted by customer numbers in the corresponding distribution zone. ACT bill is based on our pricing model estimate of the cost of providing electricity in \$/MWh.

Care needs to be taken in making interstate comparisons as the regulated price increases mentioned only apply to standing offer tariffs. Many customers may pay less if they shop around for better deals on market offers. We implemented the [ACT Retail Electricity \(Transparency and Comparability\) Code](#) to make it easier for consumers in the ACT to shop around for better offers.

5. Annual price recalibration process

This chapter explains how we reset regulated prices for 2025-26. We also describe the information we received from ActewAGL for this price recalibration.

5.1 The assessment process

Clause 7.1 of the price direction sets out the assessment process for an annual recalibration. The dates set out relate to the year of the relevant assessment process. The assessment process occurs before the relevant regulatory year in which the weighted average price change is set.

The assessment process occurs as follows:

- (a) On or before 8 May, ActewAGL must submit to the commission the following information:
 - (i) Calculation of costs associated with achieving environmental objectives for the year in question, including Large-scale Renewable Energy Target (LRET), Small-scale Renewable Energy Scheme (SRES) and ACT Energy Efficiency Improvement Scheme costs, and any proposed adjustments.
 - (ii) Calculation of costs associated with smart meters, both the forecast and the actual from the previous year.
 - (iii) Full accounting of all proposed pass-through event costs that may be claimed under clause 8 and its sub-clauses.
- (b) ActewAGL must provide the commission with the updated network cost allowance for the regulated customer load as soon as Evoenergy's network charges are approved by the Australian Energy Regulator (AER).
 If approved network charges are not available by our cut-off date of 21 May, we will use the network pricing proposal submitted by Evoenergy to the AER, and the reasonable costs determination made by the Minister.
 If there are material differences between the network charges we use for our decision and the network charges approved by the AER, an adjustment will occur in the following year.
- (c) As per clause 7.4, the commission will determine the energy purchase cost component based on data available up to 30 April.
- (d) The commission will determine the value of Y^t , which is the percentage by which the weighted average price may change.
- (e) ActewAGL must provide the commission with its proposed schedule(s) of standing offer prices including the associated weighted average price change calculations.
- (f) ActewAGL must satisfy the commission that changes of each component of every standing offer tariff comply with the upper bound side constraint set out in clause 5.
- (g) When the requirements set out in clauses 7.1(e) and (f) have occurred, the commission will assess whether the proposals are consistent with the price direction. If the proposals are consistent with the price direction, the commission will approve the proposed prices within 2 business days of receipt of the proposed schedule(s).

5.2 Calculating the value of the Y factor

The Y factor (Y^t) is the maximum average percentage change that ActewAGL can apply to its suite of regulated retail tariffs, where t refers to the relevant financial year. Clause 7.2 of the price direction requires us to determine Y^t to be the percentage change in the cost-index calculated from the components listed in Table 5.1.

Table 5.1. Components of the cost-index model, 2025–26

Component	Method
Wholesale energy purchase cost (\$/MWh)	As determined by the commission using the commission's energy purchase cost model discussed in section 7.4.
Volatility allowance (\$/MWh)	The volatility allowance is \$0.50/MWh in each year of the regulatory period.
National green scheme costs (\$/MWh)	As determined by the commission using the method described in section 7.5.
Energy losses (\$/MWh)	As determined by the commission at the time of the recalibration using the commission's energy loss formula and information from the AEMO. The method is described in section 7.6.
NEM fees (\$/MWh)	Determined by the commission for each year of the regulatory period, using AEMO's draft budget and ancillary services reports.
Network costs (\$/MWh)	As determined and approved by the AER and ACT Government and applied by ActewAGL to the standard retail contract customer load and subsequently verified by the commission. (see section 7.1(b))
Retail operating costs (\$/MWh)	Adjust the previous year's value by the change in CPI and convert this to a per MWh allowance based on customer numbers and energy usage at each annual price recalibration exercise.
Energy Efficiency Improvement Scheme (\$/MWh)	Estimates from ActewAGL for the 2025–26 and 2026–27 years as required, subject to verification and a prudence and efficiency assessment by the commission.
Smart meter costs (\$/MWh)	Estimates from ActewAGL for the 2025-26 and 2026-2027 years as relevant, with any adjustment required to account for the difference between forecast and actual costs in the previous year.
Cost pass-through (\$/MWh)	Cost pass-through verified by the commission in current dollars as adjusted by the change in CPI.
Retail margin (%)	Set the retail margin at 5.5% of cost components (equivalent to 5.2% of the total cost stack) for the 2024-27 regulatory period. Implement half as a dollar amount and half as a percentage.

Source: ICRC 2024a.

Note: Change in the CPI is calculated as per clause 7.3 of the price direction.

5.3 Calculation of the change in CPI

Clause 7.3 of the price direction requires us to calculate the percentage change in the consumer price index for any relevant year t using the following formula, populated with the Australian Bureau of Statistics all groups index for the weighted average of eight capital cities:

$$\Delta \text{CPI}_t = \frac{\text{CPI}_{\text{June}(t-2)} + \text{CPI}_{\text{Sept}(t-1)} + \text{CPI}_{\text{Dec}(t-1)} + \text{CPI}_{\text{March}(t-1)}}{\text{CPI}_{\text{June}(t-3)} + \text{CPI}_{\text{Sept}(t-2)} + \text{CPI}_{\text{Dec}(t-2)} + \text{CPI}_{\text{March}(t-2)}} - 1$$

We have calculated the change in the consumer price index to be applied in 2025–26 as 2.86%:

$$\Delta \text{CPI}_{2025-26} = \frac{138.8 + 139.1 + 139.4 + 140.7}{133.7 + 135.3 + 136.1 + 137.4} - 1 = 0.0286$$

5.4 Information we received from ActewAGL

Submission

ActewAGL submitted the information on 8 May 2025 as required under Clause 7.1(a) of the price direction. The submission included information on the costs associated with the Australian and Territory Governments' environmental schemes.

Customer numbers and electricity usage

ActewAGL provided customer numbers and energy usage estimates for 2025-26. This data is required for calculating the retail operating costs.

Network costs

The network cost allowance for 2025-26 is based on Evoenergy's annual pricing proposal approved by the AER on 9 May 2025.

Other cost calculations

ActewAGL provided its calculation of the costs for:

- achieving environmental objectives for the year in question, including LRET, SRES and ACT Energy Efficiency Improvement Scheme costs, along with any proposed adjustments
- smart meters, and
- pass-through events.

Appendix 1 Efficient costs for 2025–26

This appendix presents our calculation of the efficient costs of supplying electricity to small customers on ActewAGL’s regulated tariffs using our pricing model and methodology set out in the price direction.

A.1.1 Pricing model

Our pricing model determines the maximum average percentage change that ActewAGL can apply to its suite of regulated retail tariffs on an annual basis. It does so by estimating three main cost categories:

- Wholesale electricity costs, which comprise wholesale energy purchase cost, national green scheme costs (LRET and SRES costs), energy losses, energy contracting costs and NEM fees.
- Network costs, which include transmission, distribution, metering and ACT Government scheme costs.
 - Transmission and distribution costs are regulated by the AER.
 - ACT Government scheme costs, except the LFiT scheme costs, are jurisdictional scheme costs regulated by the AER. The LFiT scheme costs are passed through as network costs approved by the ACT Government.
- Retail costs, which comprise retail operating costs, EEIS costs, smart meter costs, SMS & GS costs, customer switching costs, and a retail margin.

Our estimation of each of the cost categories and their components are discussed below.

A.1.2 Estimation of cost categories

A.1.2.1 Wholesale energy purchase cost

According to clause 7.4 of the price direction, estimation of the wholesale energy purchase cost requires determination of a contract position and contract prices.

Contract position

We determine the contract position using the heuristic specified in the price direction. We applied the heuristic to the half-hourly ACT load data from 1 January 2022 to 31 December 2024. The resulting contract positions are shown in Table A1.1.

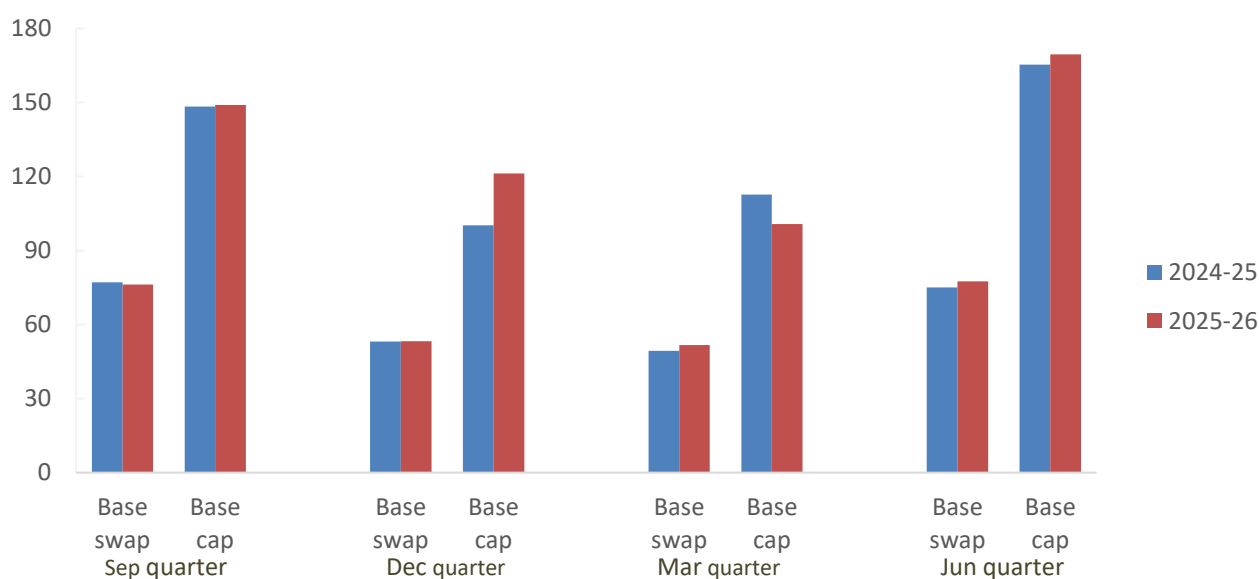
Table A1.1. Quarterly contract position (MW/half-hour), 2024-25 and 2025-26

Contract type	2024-25				2025-26			
	Sep quarter	Dec quarter	Mar quarter	Jun quarter	Sep quarter	Dec quarter	Mar quarter	Jun quarter
Base swap	77.07	53.15	49.28	74.97	76.25	53.17	51.63	77.46
Base cap	148.35	100.25	122.61	165.34	149.02	121.19	100.68	169.47

Source: Our estimation using AEMO data.

Notes: The 2024–25 contract positions use a combination of AEMO’s NSLP data and Evoenergy’s interval meter data. The 2025–26 contract positions use both NSLP and interval meter data sourced from AEMO.

Figure A1.1 shows that the quarterly positions for base swap contracts in 2025–26 are higher than those in 2024-25, except the September quarter. The base cap positions for 2025-26 are also generally higher than those for 2024-25, except the March quarter.

Figure A1.1. Quarterly contract position (MW/half-hour), 2024-25 and 2025-26

Source: Our estimation using AEMO data.

Contract prices

To estimate contract prices for 2025-26, we use the 23-month volume-weighted average of forward prices from 1 June 2023 to 30 April 2025 from the ASX Energy. The contract prices used in the 2025-26 price recalibration are shown in Table A1.2.

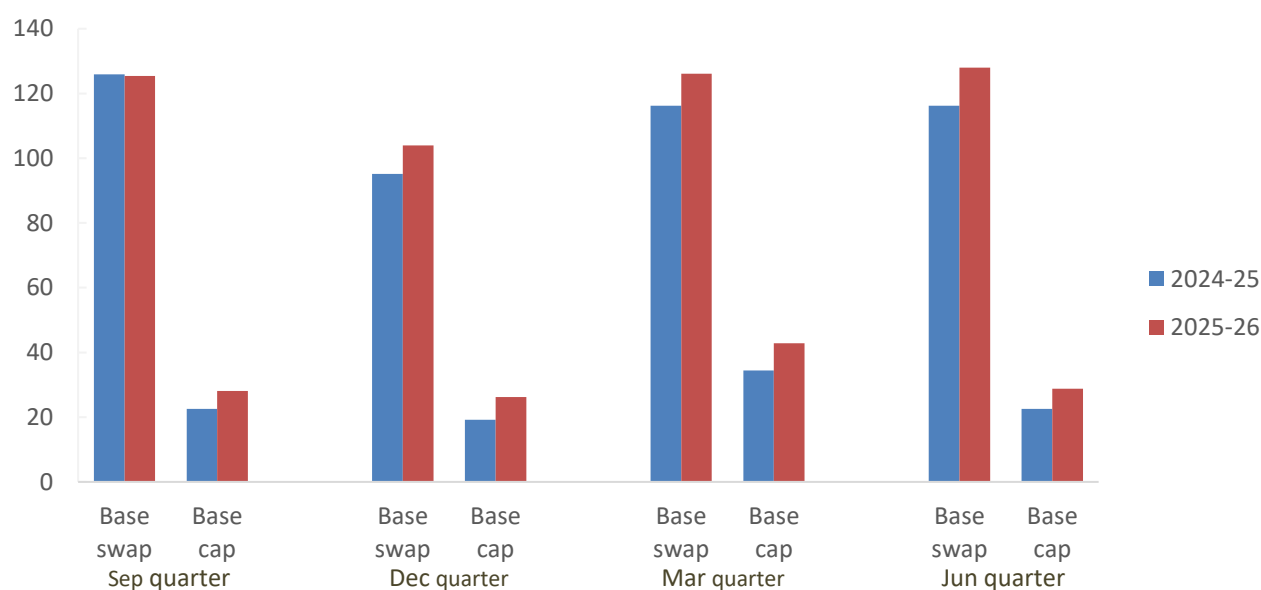
Table A1.2. Quarterly contract prices (\$/MWh), 2024-25 and 2025-26

Contract type	2024-25				2025-26			
	Sep quarter	Dec quarter	Mar quarter	Jun quarter	Sep quarter	Dec quarter	Mar quarter	Jun quarter
Base swap	125.89	95.14	116.19	116.20	125.37	103.99	126.15	127.97
Base cap	22.60	19.18	34.40	22.57	28.07	26.23	42.87	28.79

Source: Our calculation using ASX data.

As shown in Figure A1.2, both base swap and base cap contracts prices for 2025-26 are higher than those for 2024-25, except the base swap price in September quarter.

The daily forward prices shown in Figure A1.3 exhibit an upward trend since mid-2024 following a fall in the second half of 2023, which explains the higher estimated energy purchase cost in 2025–26.

Figure A1.2. Quarterly contract prices (\$/MWh), 2024-25 and 2025-26

Source: Our calculation using ASX data.

Figure A1.3. Daily forward prices (\$/MWh), 1 June 2023 to 30 April 2025

Source: Our estimation using ASX data.

Wholesale energy purchase cost estimate for 2025-26

We estimated the wholesale energy purchase cost using the contract prices and the contract positions described above. This resulted in an energy purchase cost of \$163.64/MWh for 2025-26. This is 9.24% higher than the cost for 2024-25 of \$149.81/MWh. The increase in the wholesale energy purchase cost mainly reflects higher forward electricity prices.

A.1.2.2 National green scheme costs

We calculate the costs of complying with the national green scheme requirements using publicly available data and the equations in clause 7.5 of the price direction. Key data inputs used in the calculations are in Table A1.3.

Table A1.3. National green scheme costs components, 2025 and 2026

National green scheme cost component	2025	2026
Parameters common for LRET and SRES		
Half-yearly load weights	0.502	0.498
Cost of debt for half year (%)	2.75%	2.75%
Large-scale renewable energy target (LRET) data		
Renewable power percentage (RPP) (%)	17.91%	17.91%
Average Large-scale generation certificate (LGC) spot price (\$/certificate)	\$50.49	\$36.45
Small-scale renewable energy scheme (SRES) data		
Small-scale technology percentage (STP) (%)	13.89%	11.79%
Average small-scale technology certificate (STC) spot price (\$/certificate)	\$39.76	\$39.90

Source: Our calculation using data from Clean Energy Regulator (CER), Internet Compliance Assessment Program (ICAP), AEMO, and Reserve Bank of Australia.

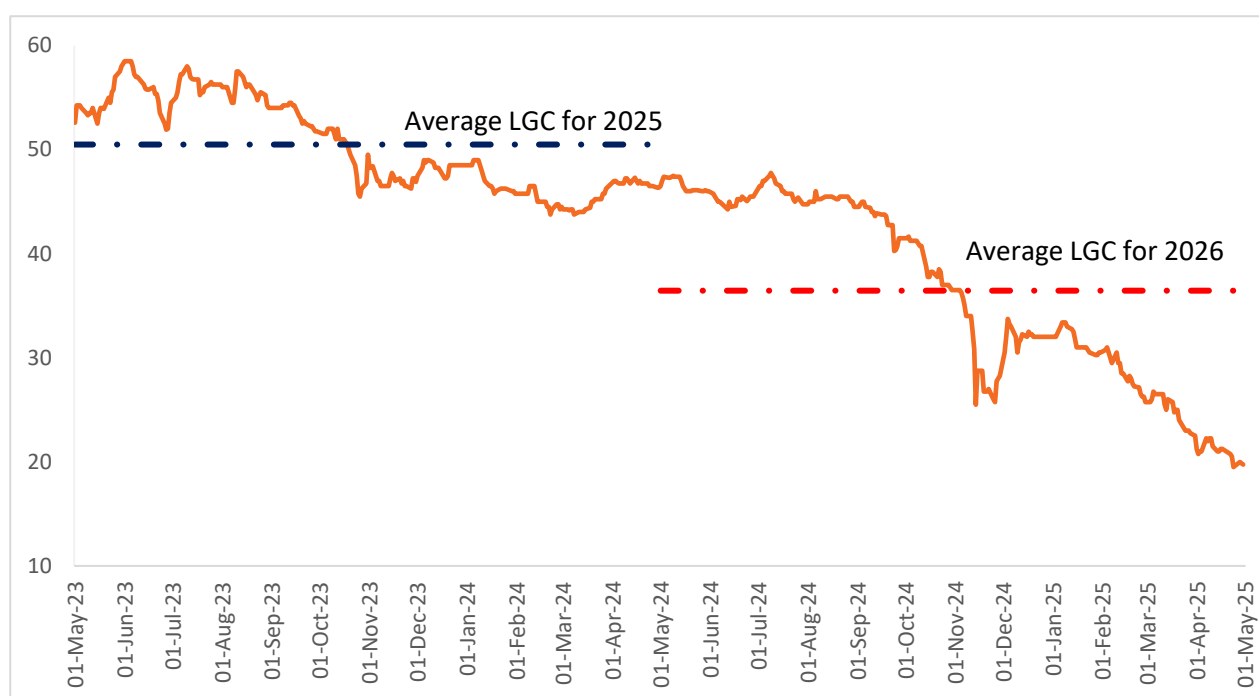
Large-scale renewable energy target (LRET) cost

The LRET cost for 2025–26 is calculated using two components: the renewable power percentages for 2025 and 2026 calendar years, and the estimated average large-scale generation certificate (LGC) prices in these two years. Half-hourly load weights are calculated using combined AEMO’s NSLP and interval meter load data to convert calendar year values to financial years.

Renewable power percentages for each calendar year are published by the Clean Energy Regulator. We estimated the renewable power percentages for both calendar years using the Clean Energy Regulator’s formula and the data for energy savings target. The estimated renewable power percentages for both 2025 and 2026 is 17.91%.

The LGC price for 2025 is \$50.49/certificate, which is the 12-month average price from 1 May 2023 to 30 April 2024. This increases to \$51.88/certificate when holding costs are applied. The estimated LGC price for 2026 is \$36.45/MWh, which has been calculated as the 12-month average of LGC prices from 1 May 2024 to 30 April 2025. This increases to \$37.45/certificate when holding costs are applied. As Figure A1.4 shows, the average LGC prices for 2026 is significantly lower than those for 2025.

Figure A1.4. LGC spot prices (\$/certificate), May 2023 to April 2025

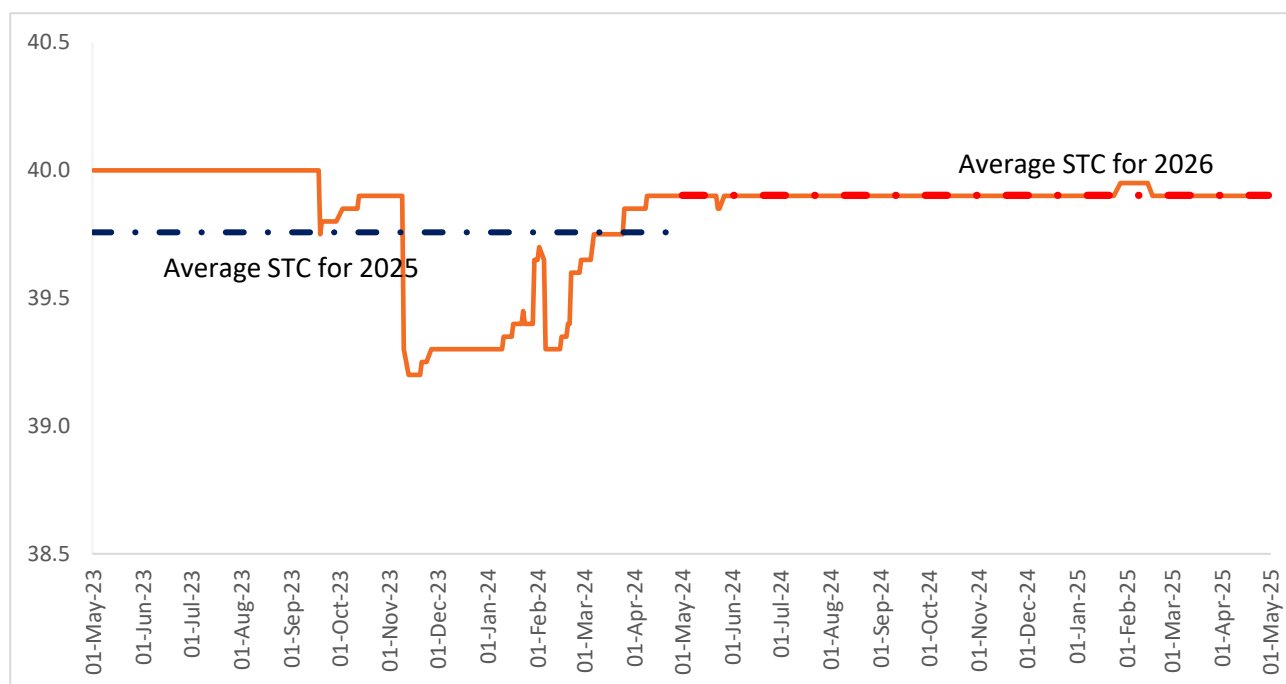


Source: ICAP data.

Small-scale renewable energy scheme (SRES) cost

The small-scale technology percentages are the estimates published by the Clean Energy Regulator. We use these estimates for both 2025 and 2026 calendar years, which are 13.89% and 11.79%, respectively.

The STC price for 2025 is \$39.76 per certificate, which is the 12-month average of STC prices from 1 May 2023 to 30 April 2024. This increases to \$40.85 per certificate when holding costs are applied. The estimated STC price for 2026 is \$39.90, which is calculated as the 12-month average of STC prices from 1 May 2024 to 30 April 2025. This increases to \$41.00 per certificate when holding costs are applied. As Figure A1.5 shows, there are marginal changes in daily and annual average STC prices for 2025 and 2026.

Figure A1.5. STC spot prices (\$ per certificate), May 2023 to April 2025

Source: ICAP data.

Cost adjustment

We make a cost adjustment to account for any differences between the actual and estimated values for the renewable power percentage and small-scale technology percentage. This cost adjustment for 2025-26 is negative \$0.57/MWh.

National green scheme cost estimate for 2025-26

Table A1.4 shows our estimate of the total green scheme cost allowance for 2025-26 which is \$12.69/MWh using the cost components described above. The estimated green scheme cost for 2025-26 is 30.5% lower than the allowance estimated for 2024-25 due to lower LGC prices and lower small-scale technology percentage.

Table A1.4. National green scheme cost (\$/MWh), 2024-25 and 2025-26

National green scheme cost component (\$/MWh)	2024-25	2025-26
LRET	\$10.01	\$8.00
SRES	\$7.74	\$5.26
Cost adjustment	\$0.51	-\$0.57
Total green scheme cost	\$18.26	\$12.69

Source: Our calculations.

A.1.2.3 Energy losses

We determine the energy losses by applying AEMO's energy loss factors to our estimates of the wholesale energy purchase cost, national green scheme costs and NEM fees, as outlined in clause 7.6 of the price direction. For 2025-26, our estimate of the cost of energy losses is \$3.48/MWh. This allowance is higher than that in 2024-25, mainly driven by a higher marginal loss factor (transmission) for 2025-26.

A.1.2.4 Volatility allowance

In the price direction, we set the volatility allowance at \$0.50/MWh for the regulatory period. We have applied this volatility allowance for 2025-26.

A.1.2.5 National electricity market (NEM) fees

As outlined in clause 7.2 of the price direction, we estimate NEM fees using AEMO's draft 2025-26 budget (AEMO 2025) and its Ancillary Services Recovery Summary Files. Our estimated NEM fee cost for 2025-26 is \$1.45/MWh, which is \$0.17 higher than that in 2024-25. Table A1.5 presents the components of the NEM fees.

Table A1.5. NEM fees (\$/MWh), 2024–25 and 2025–26

Component	2024-25	2025-26
NEM management fees	0.59	0.62
Electricity retail market fees	0.12	0.14
5MS & GS fees	0.20	0.23
Distributed Energy Resources (DER) fees	0.03	0.08
Energy Consumers Australia (ECA) fees	0.09	0.14
Ancillary service charge	0.26	0.25
Total	1.28	1.45

Source: Our calculations

Note: The ancillary services charge is determined as the simple average of weekly charges derived from AEMO's Ancillary Service Recovery reports over the 52 weeks preceding the reset, i.e. from week 23 of 2023 to week 22 of 2024.

A.1.2.6 Network costs

In our pricing model, network costs include the costs of transmission, distribution, basic metering, and ACT Government scheme costs. Transmission and distribution costs are regulated by the AER and ACT Government scheme costs are passed through in the network costs.

Our final network cost allowance associated with standing offer customers for 2025-26 is \$127.62/MWh (Table A1.6). This is \$18.88/MWh or 17% higher than the costs in 2024-25. The key contribution to this increase is the ACT Government's large-scale FiT scheme costs.

Table A1.6. Network costs for standing offer customers (\$/MWh), 2024-25 and 2025-26

Network cost component (\$/MWh)	2024-25	2025-26
Distribution costs	\$69.67	\$73.06
Transmission costs	\$21.93	\$22.26
Metering costs	\$6.44	\$5.52
ACT government scheme costs	\$10.70	\$26.77
Large scale FiT scheme costs	\$2.61	\$16.11
Small and medium FiT scheme costs	\$4.86	\$4.71
Other ACT government scheme costs	\$3.24	\$5.96
Total Network costs	\$108.74	\$127.62

Source: Our calculations using approved Evoenergy network pricing and ActewAGL data.

A.1.2.7 Retail operating cost

Our estimated retail operating costs for 2025-26 is \$23.14/MWh. We estimated the 2025-26 retail operating cost by adjusting the 2024-25 allowance of \$180.87 per customer by the change in the 2025-26 CPI of 2.86%. This adjustment takes the allowance per customer to \$186.04 for 2025-26.

This value is then converted into an allowance per MWh for retail operating costs using customer numbers and energy usage provided by ActewAGL for the year up to 31 March 2025. This converts to an allowance of \$23.14/MWh for 2025-26, representing a marginal decrease from the 2024-25 cost allowance of \$23.31/MWh. The decrease reflects changes in the number of standing offer customers (which determines the total retail operating cost allowance) and energy sales (which determines the allowance on a dollar per MWh basis).

A.1.2.8 Energy efficiency improvement scheme (EEIS) cost

Our estimated allowance for 2025-26 EEIS cost is \$3.36/MWh, marginally higher than the 2024-25 cost of \$3.27/MWh. To estimate the EEIS cost for 2025-26, we used information submitted by ActewAGL. The energy savings target remains unchanged at 14.6% in calendar year 2025. The total EEIS compliance costs for 2025-26 are forecast to be similar to those incurred in 2024-25.

We are satisfied that ActewAGL has undertaken a robust expenditure decision making process to meet its EEIS compliance requirements and that its proposed costs are below the cost ceiling we determined based on the scheme's penalty rate for non-compliance.

A.1.2.9 Smart meter costs

The smart meter cost for 2025-26 is \$5.13/MWh. This is estimated based on ActewAGL's forecast smart meter costs for the 12 months to 31 March 2026 and energy usage from customer on standing offer for the 12 months to 31 March 2025.

A.1.2.10 Pass through costs

As part of the 2023-24 price reset, we allowed ActewAGL to recover \$1.09 million in costs over 5 years (from 2023-24 to 2027-28) for a range of regulatory reform, including 5-minute settlement, global settlement and customer switching from standing customers. This results in a pass-through amount of \$0.72/MWh for 2025-26.

A.1.2.11 Retail margin

Clause 7.2 of the price decision sets a retail margin of 5.5% over the regulatory period, with half of the margin implemented as a dollar amount and half as a percentage. For 2025-26, we have calculated a dollar margin of \$8.28/ MWh and a percentage margin of 2.75% which is applied to the total cost stack (excluding the margin). This results in a retail margin allowance of \$17.68/MWh.

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