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EXCLUSIVE

Poles and wires will add \$600 in 'network charges' to household power bill, thinktank finds

Households in NSW, Queensland and Victoria could face a staggering \$600 per year increase in their electricity bills due to energy transition infrastructure fees. See the report's findings.



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The Central-West Orana Renewable Energy Zone (CWO REZ) covers over 20,000 square kilometres around Dubbo, Dunedoo, and Mudgee.,

East coast Australians could face a staggering \$600 per year increase in their household electricity bills without major changes to the delivery of the nation's energy transition infrastructure, new modelling has found.

Independent think tank Policy Institute Australia has recommended the federal government hand over responsibility, for building \$65 to \$85 billion worth of transmission towers, poles and wires needed for a transition to green energy, to the more "agile" states and territories.

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The think tank argues capital expenditure – a lowballed figure that “will almost certainly rise given abundant evidence of exceedingly low initial costings on projects that have been contracted so far” – will have a direct impact on consumers.

Households along the east coast would pay an extra \$600 a year in network charges by 2035, on average, while small businesses would pay an additional \$10,000 on average, based on two modelling scenarios.



Infrastructure costs associated with the transmission of renewable energy are set to add hundreds to household power bills, the new report has found.

Queenslanders would cop the biggest hit at \$628.40 under the first scenario, followed by NSW at \$522.90, then Victoria at \$348 per household. Under the second scenario, all three states see an increase between \$622 and \$626 per household.

Low-income households would feel the greatest hip-pocket pain overall, with the additional charges translating to a 1.3 per cent loss of income.

PIA CEO Amy Auster said even as the wholesale cost of energy fluctuates as more renewable sources enter the grid, transmission network service providers still stand to increase the fees charged to billpayers as they recoup their spending on physical infrastructure.



Amy Auster, CEO of the Policy Institute of Australia.

“The transmission part has traditionally been the lowest part of a household energy bill, only about 9 per cent,” she explained.

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“But if we pass the total cost of this transmission build directly to consumers, that part ... is going to go up quite a lot.

“You’d have to have the generation costs come down by quite a bit to offset it.”

The findings raise new questions for Energy Minister Chris Bowen, who has seized on the Australian Energy Regulator’s latest draft of the ‘default market offer’ (DMO), telling the ABC’s Insiders program renewables are “putting downward pressure on prices”.



Minister for Climate Change and Energy Chris Bowen in Brisbane. Picture: John Gass

The draft DMO proposes a reduction on power plans that would save household up to 10 per cent, and save businesses

up to 20 per cent.

“(The AER proposal) is an indication that turns out, renewable energy is the cheapest form of energy,” he said.

The Energy Minister’s office rubbished the PIA’s findings, with a spokesman for Mr Bowen describing stating “this report is not a serious contribution”.

“It incorrectly models how energy bills are made by ignoring key inputs,” he said.

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However major transmission projects have already suffered cost overruns and significant delays, the PIA report noted, like including the Central-West Orana REZ which is approximately three years overdue and will cost at least \$5 billion more than first expected.

Ms Auster said state governments should be responsible for the strategic planning of all major transmission infrastructure “because they’re closest to the ground ... and know how to procure with agility”.

“No matter how well we do it, it is going to cost money. We’re going to try to keep down those costs,” she said.

While some analysts have called for the energy transition to be accelerated amid the outbreak of war with Iran, the transition must be carried out “really strategically,” and not rushed, Ms Auster added.

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