

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

21 – 22 October 2009

Question: sbt 29

Topic: Modelling for Wholesale Electricity Prices

Hansard Page: E13-14 (22/10/09)

Senator COONAN asked:

Senator COONAN—How large are the modelled increases in retail electricity in the first year of the currently proposed CPRS?

Ms Quinn—Under the assumption of a fixed price permit in 2011-12 of \$10, the expectation is that retail electricity prices faced by households would go up about seven per cent. Under an assumption of a \$29 carbon price—and that is an assumption because the price will be set in the market for permits—there would be an additional 13 per cent increase in 2012-13.

Senator COONAN—I was going to ask you about the retail prices over the first two years, 2011-12 and 2012-13 combined.

Ms Quinn—It is seven per cent in the first year and 13 per cent in the second year. It rounds to 21 per cent if you do the two years together.

Senator COONAN—What about wholesale prices in Victoria over those two years? Do you have any breakdown for Victoria, New South Wales or nationally?

Ms Quinn—We have not done a detailed analysis with the fixed price permit for the wholesale electricity sector. We have the wholesale electricity prices from the government modelling that was published in October 2008, but we have not updated that analysis at a wholesale level for the \$10 fixed price permit, so I do not have precise numbers.

Senator COONAN—Are you going to do that?

Ms Quinn—We work at the direction of the government.

Senator COONAN—Minister, is the government going to direct that additional modelling be done?

Answer:

Additional economic modelling is unlikely to add to the information set currently available to policy makers.

The Government has undertaken the largest and most detailed modelling project in Australia in order to assess the economic implications of the Carbon Pollution Reduction Scheme. The Government's *Australia's Low Pollution Future: The Economics of Climate Change Mitigation*, Green Paper and White Paper reports all place substantial information in the public domain.