

Power bills 'will increase under ETS'

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Households will pay \$78 more for their electricity in the first year of an emissions trading scheme, rising to \$146 in the second year, a Treasury official has told a Senate hearing.

But Meghan Quinn, Treasury's general manager of its macroeconomic modelling division, admits that prediction could be over-estimated.

That's because figures are based on household spending trends that go back nearly five years.

Since then the "emission intensity" of the economy had fallen, Ms Quinn told an estimates hearing.

Treasury's assumption for the 2011/12 year - the first year of operation for the carbon pollution reduction scheme - is that retail electricity prices are expected to rise 7 per cent, the equivalent of a \$1.50 a week extra or \$78 a year.

In 2012/13 they will rise by an additional 13 per cent, or \$2.80 a week or \$146 a year.

"This is an assumption that the entire carbon cost will be passed through to consumers," Ms Quinn said, adding that was based on there being no change in behaviour either at the consumer level or the producer level.

"It's a sort of morning-after effect. In that sense you could consider it an upper limit."

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