



Industrial Electricity Costs

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Australian electricity prices continue to be among the lowest of the industrialised countries, supporting local business growth, economic development and international competitiveness. Industrial electricity prices in Australia are around one half of those in Japan and Hong Kong SAR.

In December 1998, the National Electricity Market (NEM) began operating as a wholesale market for the supply of electricity to retailers and end-users in four States: New South Wales, Queensland, Victoria and South Australia, as well as the Australian Capital Territory. In 2005, Tasmania also joined the NEM.

The NEM operates the world's longest interconnected power system, covering 4,000 kilometres. In 2006-07, approximately 195,000 gigawatts of electricity, valued at more than \$11.6 billion, was traded in the NEM. Pool arrangements are used to aggregate the output of all generators in the NEM which is then scheduled to meet demand. A typical level of demand for electricity across the NEM is about 21,000 megawatts on a business day of average temperatures. There is ample supply available in the system to meet this level of demand. As different regions reach peak demand levels, total supply can be shared using the interconnected power network, providing end-users with a reliable source of electricity at all times.

Electricity Costs for Industrial Clients, 2006

Country	US\$ per kWh
France	0.05
New Zealand	0.05
Indonesia (1)	0.06
Taiwan	0.06
United States (2)	0.06
Malaysia	0.06
Australia (3,2)	0.06
Korea	0.07
Germany	0.09
United Kingdom	0.12
Singapore	0.10
Hong Kong SAR	0.11
Japan	0.12
Philippines	0.17

Footnotes:
Data for China, India and Thailand not available.
1: Data are for 2005.
2: Excluding taxes.
3: Data are for 2004.

Source: OECD Energy Prices and Taxes, 4th Quarter 2007 (International Energy Agency); national sources.