

Minister for Energy and Renewables
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7th May 2026

Mr Roger Jaensch MP
Member for Braddon
Via Clerk of the House of Assembly
Hatabledpapers@parliament.tas.gov.au

Dear Mr Jaensch

Thank you for your question in Parliament on 5 May 2026 on behalf of your constituent regarding electricity prices on King Island.

As you note, liquid fuels are essential to electricity generation on King Island. While wind and solar generation play an important part in the energy systems on both Bass Strait Islands, liquid fuels remain essential for ensuring continuation of supply. This is different to the rest of Tasmania, which relies on hydropower to fill the gaps when the wind isn't blowing and the sun isn't shining.

However, I would like to reassure your constituents that the recent rise in liquid fuel prices as a result of global conflict in the Middle East will not unfairly increase their power bills when compared to the rest of Tasmania.

This is due to the way electricity prices are set for the Bass Strait Islands. Electricity prices on the islands are set so they are consistent with Tasmanian regulated prices; they are not based on the cost of energy production on the islands. Notwithstanding the recent liquid fuel price increases, the costs of supplying energy to the Bass Strait Islands are substantially higher than on mainland Tasmania, due to the remote and challenging location and small size of the market.

However, the Government strongly feels that Bass Strait Island communities should not be paying more for their power than people on mainland Tasmania. In order to maintain parity with mainland Tasmania, a community service obligation (CSO) with Hydro Tasmania ensures consumers on the BSI receive electricity at a concessional and regulated price. This requires Momentum Energy, as the retailer, to set electricity prices that are consistent with Tasmanian regulated prices.

The Government remains committed to providing this subsidy, which ensures Bass Strait Island customers are not disadvantaged based on their location.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Nick Duigan", with a long horizontal line extending to the right.

Hon Nick Duigan MLC
Minister for Energy and Renewables