

Regulated retail prices for gas in NSW

Fact Sheet – Country Energy proposal for regulated retail gas prices to increase in relation to special circumstances

April 2008

A Fact Sheet on Country Energy's application for a price increase under the special circumstances provision of the Voluntary Transitional Pricing Arrangements

Background

In June 2007 IPART finalised voluntary transitional pricing arrangements with the standard gas suppliers in NSW for the regulated retail prices.¹ IPART developed a specific agreement with each of the standard suppliers, including Country Energy. The agreements provide for annual price increases of CPI or less. In special circumstances a supplier may apply to IPART to vary prices outside of this limit.

In March 2008 Country Energy submitted a proposal for average price increases of 13.1 per cent to take effect from 1 July 2008, which is different to the standard arrangements of a CPI price increase that is provided for in the voluntary transitional pricing arrangement. Country Energy contends that the special circumstances are a result of significantly higher costs relating to wholesale gas supply and transportation arising through recent contract renegotiation. Country Energy state that these cost increases have resulted in costs not being fully recovered.

¹ IPART, *Promoting retail competition and investment in the NSW gas industry, Regulated gas retail tariffs and charges for small customers 2007 to 2010, Gas – Final Report and Voluntary Transitional Pricing Arrangements*, June 2007.

Process

The voluntary transitional pricing arrangement requires the supplier to give IPART four months notice of price increases resulting from special circumstances.

Country Energy has made a public submission, which is available on the IPART website and IPART is calling for public submissions by 5 May 2008. Further, IPART will engage expert advice to assist its decision making.

The Tribunal will issue a notice of its decision in early June 2008.

Fiona Towers
A/Chief Executive Officer