

FACT SHEET

Changes in regulated retail gas prices from 1 July 2016

June 2016

Residential and small business gas customers in NSW can choose their gas retailer and enter into market contracts for the supply of gas. While most have taken up this opportunity, just under 20% remain on regulated prices under a standard contract with one of the Standard Retailers in NSW – AGL, ActewAGL and Origin Energy.

The Independent Pricing and Regulatory Tribunal of NSW (IPART) is responsible for regulating retail gas prices the Standard Retailers charge customers who remain on standard contracts. This Fact Sheet summarises our final decisions on average changes in regulated retail gas prices in 2016-17.

1.1 Overview of our final decision

Across NSW, average regulated retail gas prices will increase by 0.3% (including inflation) on 1 July 2016. This is lower than our draft decision of 0.9%, and below the rate of inflation.

Table 1 Final decision on average change in regulated retail gas prices in 2016-17 (including inflation)

Retailer / supply area	Change in Retail Component	Change in Network Component	Overall price change
AGL (Sydney, Wollongong, Newcastle, Dubbo, Orange, Parkes and Riverina)	1.3%	0.0%	0.8%
Origin Energy			
Albury/Murray Valley	0.0%	1.5%	0.4%
Wagga Wagga and surrounds	0.0%	1.3%	0.6%
ActewAGL			
Capital	-0.7%	0.0%	-0.4%
Queanbeyan	-0.7%	-19.5%	-7.5%
Shoalhaven	-0.7%	1.5%	0.2%
NSW average^a			0.3%

^a Sales volume-weighted average.

Note: The inflation rate for 2016-17 in our final decision is 1.3%.

Source: IPART.

We also made final decisions that the Standard Retailers can increase their existing miscellaneous charges (eg, late payment fees) by no more than the rate of inflation in 2016-17.

The approved regulated retail gas prices and charges for 2016-17 are available on IPART's website, www.ipart.nsw.gov.au.

1.2 Changes since our draft decision

For our final decision we updated:

- ▼ our forecast inflation in 2016-17 (which has fallen from 1.8% to 1.3%), and
- ▼ final gas network prices 2016-17.

Final gas network prices in the Queanbeyan area are substantially lower than we estimated for our draft decision. Standard Retailers directly pass through gas network prices into their retail prices.

1.3 What is driving price changes?

Based on our analysis and expert advice we received for this review, we anticipate little change in the underlying costs that make up regulated gas prices in 2016-17.

Over the past few years a key factor putting upward pressure on regulated retail gas prices was rising wholesale gas costs, that is, the costs retailers incur to purchase gas from upstream producers. The commencement of liquid natural gas (LNG) exports from Queensland meant domestic gas prices were rising towards international prices. Our view is that the upward pressure on retail prices from rising wholesale gas costs has eased for the time being.

1.4 Changes to typical customer bills

To estimate the impact of our final decisions, we have calculated an indicative annual gas bill for residential and business customers with average usage in each gas supply area (Table 2 and Table 3).

We cannot calculate how our final decisions will affect individual customers' annual gas bills. The likely impact will depend on individual customer circumstances such as how much gas they use, who their Standard Retailer is, and how the Standard Retailer changes these individual prices.

From 1 July 2016, most residential customers on regulated prices will see a small increase in their annual bills ranging up to \$7, while ActewAGL's customers in the Queanbeyan and Capital regions will see a reduction of \$89 and \$5 respectively in their annual bills. As small business gas customers typically consume more gas, their annual bills are higher. Under our final decisions the impact on typical annual bills for small business customers will range from a reduction of \$464 to an increase of \$39 in 2016-17.

Table 2 Indicative annual bill for typical residential customers of each Standard Retailer (\$nominal, inc GST)

	GJ pa	Current bill in 2015-16	Estimated bill in 2016-17	Change (\$)	Change (%)
AGL	23	891	898	7	0.8%
ActewAGL (Capital)	35	1,195	1,190	-5	-0.4%
ActewAGL (Queanbeyan)	35	1,195	1,106	-89	-7.5%
ActewAGL (Shoalhaven)	35	1,188	1,190	2	0.2%
Origin Energy (Albury)	44	1,054	1,059	5	0.4%
Origin Energy (Murray Valley)	31	1,097	1,102	5	0.4%
Origin Energy (Wagga Wagga)	42	1,313	1,320	7	0.6%

Source: IPART.

Table 3 Indicative annual bill for typical small business customers of each Standard Retailer (\$nominal, inc GST)

	GJ pa	Current bill in 2015-16	Estimated bill in 2016-17	Change (\$)	Change (%)
AGL	184	5,037	5,076	39	0.8%
ActewAGL (Capital)	246	6,306	6,279	-27	-0.4%
ActewAGL (Queanbeyan)	246	6,197	5,733	-464	-7.5%
ActewAGL (Shoalhaven)	246	7,026	7,040	14	0.2%
Origin Energy (Albury)	209	4,154	4,172	18	0.4%
Origin Energy (Murray Valley)	346	7,721	7,755	34	0.4%
Origin Energy (Wagga Wagga)	212	4,117	4,140	23	0.6%

Source: IPART.

1.5 Information for gas customers

Households and small businesses can shop around for a better energy deal in NSW. The Australian Government's website, www.energymadeeasy.gov.au is a good source of independent information to compare different energy offers in the market.



Residential customers who are having trouble paying their energy bills can approach their energy retailer for assistance. Under the National Energy Customer Framework all energy retailers in NSW are required to support customers experiencing financial hardship. For example, energy retailers may assist in the following ways:

- ▼ identify appropriate government concession programs and financial counselling services and notify vulnerable customers of those programs and services
- ▼ offer financial assistance to vulnerable customers, including a payment plan or Centrepay options, or debt reduction to manage bill payments on an ongoing basis, and
- ▼ delay debt recovery or disconnection process where a residential customer continues to abide by the terms of their payment plan.

The NSW Government introduced the NSW Gas Rebate on 1 July 2015 to help eligible NSW households to pay their natural gas bills. The NSW Gas Rebate provides \$90 (excluding GST) a year to eligible customers who hold a natural gas account with a natural gas retailer of their choice. There is also a Family Energy Rebate and a Low Income Household Rebate available to eligible customers.¹

¹ <http://www.resourcesandenergy.nsw.gov.au/energy-consumers/financial-assistance/rebates>, accessed 2 June 2016.