



Ms Fiona Towers  
Director, Energy and Transport  
Independent Pricing and Regulatory Tribunal  
PO Box 290, QVB Post Office

30 July 2014

Dear Ms Towers,

### **AGL Regulated Retail Gas Prices from 1 July 2014 – carbon repeal**

On 1 July 2014, AGL's regulated retail gas prices were increased in accordance with the Voluntary Pricing Arrangements for AGL Retail Energy Ltd from 1 July 2013 to 30 June 2016 (VPA). These prices had also incorporated the carbon price as specified in the *Clean Energy Act 2011*.

Following the passage of legislation on 17 July 2014 to repeal the *Clean Energy Act 2011*, AGL is proposing under clause 13 of the VPA to reduce its current approved regulated retail gas prices effective from 1 July 2014. There are two components relating to carbon which are proposed to be removed from current prices:

- The Carbon Component under the VPA for 2014/15 of \$1.75/GJ or 0.175c/MJ (exclusive of GST) is already incorporated in current prices.
- Jemena Gas Network charges effective from 1 July 2014 includes \$0.11/GJ as the "Clean Energy Act (distribution component) Charges" as outlined in Jemena Gas Network Schedule of reference tariffs and charges effective 1 July 2014, approved by the AER on 23 May 2014. On 25 July 2014, Jemena Gas Network informed retailers that Jemena will be reducing network charges on a voluntary basis by \$0.11/GJ effective from 1 August 2014 for volume customers. To pass through this reduction effective from 1 July 2014 instead and taking into account seasonality, AGL has adjusted this reduction in Jemena charges to \$0.095/GJ.

The total of these adjustments is \$1.845/GJ or 0.1845c/MJ. The proposed changes to current prices are outlined in the attached table in this letter. There are no changes to miscellaneous charges.

Following these adjustments, a typical residential customer using 23 GJ a year of gas will receive a reduction of \$47 a year including GST or 4.4% on an annualised basis compared with the current 1 July 2014 prices. The reduction will be higher if a customer consumes more gas.

Subject to approval of the final prices by IPART, AGL is planning to change regulated gas prices in mid to late August 2014. AGL has confirmed publicly that price changes associated with the carbon tax repeal will be backdated to 1 July 2014. Customers who have been billed from 1 July 2014 to the date of price change will receive a credit adjustment in their next bill. Customers who are billed from the date of the price change will be assessed on the reduced prices effective from 1 July 2014.

If you have any queries, please do not hesitate to contact me on (03) 8633 6077 or at [egriggs@agl.com.au](mailto:egriggs@agl.com.au).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Beth Griggs'.

Elizabeth Griggs  
Head of Energy Market Regulation



## Attachment

### NSW regulated gas prices from 1 July 2014 - carbon adjustment Prices are exclusive of GST

Tariff Category		Current carbon inclusive	Carbon adjustment	Proposed carbon exclusive
<b>Residential</b>				
Supply Charge	c/day	51.60	-	51.60
Usage Charges:				
First 41.096 MJ / day	c/MJ	3.908	0.1845	3.724
Next 49.315 MJ / day	c/MJ	2.317	0.1845	2.132
Next 189.041 MJ / day	c/MJ	2.277	0.1845	2.092
Next 2465.753 MJ / day	c/MJ	2.262	0.1845	2.077
Next 10964.384 MJ / day	c/MJ	2.160	0.1845	1.975
Thereafter	c/MJ	1.820	0.1845	1.635
<b>Business Standard</b>				
Supply Charge	c/day	59.11	-	59.11
Usage Charges:				
First 41.096 MJ / day	c/MJ	4.117	0.1845	3.933
Next 49.315 MJ / day	c/MJ	2.519	0.1845	2.335
Next 189.041 MJ / day	c/MJ	2.470	0.1845	2.286
Next 2465.753 MJ / day	c/MJ	2.453	0.1845	2.268
Next 10964.384 MJ / day	c/MJ	2.323	0.1845	2.138
Thereafter	c/MJ	1.941	0.1845	1.756