

FACT SHEET

Removing carbon costs from regulated gas prices

15 August 2014

In June 2014 IPART announced that average regulated retail gas prices would increase by 17.8% across NSW in 2014/15. This price increase included the impact of the carbon price.

With the repeal of the carbon price on 17 July 2014, the increase in regulated gas prices for 2014/15 will be less than previously announced. We have received proposals from the regulated gas retailers in NSW (AGL, ActewAGL and Origin Energy) to reduce their price rises and make these effective from 1 July 2014.¹

IPART has reviewed these proposals and is satisfied that savings from the carbon price repeal have been appropriately passed through to customers. The revised average change in regulated gas prices for 2014/15 is 11.2%, down from 17.8%.

The gas retailers will apply the new regulated gas prices from 1 July 2014, and if needed customers will receive a credit on their bill for any overpayment. In Table 1 we summarise the new price changes for each retailer compared to our original announcement in June.

Table 1 Average change in regulated gas prices in 2014/15 (nominal %)

	Original average price changes including the carbon price	Revised average price changes excluding the carbon price	Difference (percentage points)
AGL	17.3%	11.4%	-5.9
ActewAGL	17.2%	10.3%	-6.9
Origin Energy (Albury Murray Valley)	18.7%	8.7%	-10.0
Origin Energy (Wagga Wagga)	20.5%	12.6%	-7.9

Source: IPART.

¹ The proposals are on our website <http://www.ipart.nsw.gov.au/Home/Industries/Gas>.

In Table 2 we illustrate the impact of the revised price changes on typical annual gas bills. We have estimated a typical bill based on average usage within each gas supply area. Typical annual gas bills will be around \$50 to \$90 less than what we originally estimated in June, due to the repeal of the carbon price.

Table 2 Indicative reduction in typical annual bills due to the repeal of the carbon price in 2014/15 (nominal \$, incl. GST)

Standard Retailer	Original estimated bill (2014/15)	Revised estimated bill (2014/15)	Reduction due to the carbon price repeal
AGL	1,056	1,003	53
ActewAGL	1,515	1,425	90
Origin Energy (Albury/Murray Valley)	1,107	1,014	93
Origin Energy (Wagga Wagga)	1,237	1,156	81

Note: This assumes a typical customer uses 23GJ, 45GJ, 45GJ, and 37GJ of gas per annum in the AGL, ActewAGL, Origin Energy (Albury/Murray Valley) and Origin Energy (Wagga Wagga) areas. Impact on bills includes GST.

However, overall bills will still increase in 2014/15 relative to 2013/14, by around \$80 to \$130. This is due mainly to an increase in wholesale gas prices. Table 3 shows the revised overall increase in bills after the repeal of the carbon price.

Table 3 Indicative annual bill for typical residential customers on regulated gas prices (nominal \$, incl. GST)

Standard Retailer	Current bill (2013/14)	Estimated bill (2014/15)	Increase in annual bills
AGL	901	1,003	103
ActewAGL	1,292	1,425	133
Origin Energy (Albury/Murray Valley)	933	1,014	81
Origin Energy (Wagga Wagga)	1,027	1,156	130

Note: This assumes a typical customer uses 23GJ, 45GJ, 45GJ, and 37GJ of gas per annum in the AGL, ActewAGL, Origin Energy (Albury/Murray Valley) and Origin Energy (Wagga Wagga) areas. Impact on bills includes GST.

It is important to note that the impact for individual customers will depend on factors such as where they live and how much gas they use.

We will consider price changes for 2015/16 next year, to ensure for example that final network prices are appropriately passed through. We estimate the average increase in regulated gas prices in 2015/16 will be 4.2% across NSW.