

## FACT SHEET

# Review of regulated retail tariffs and charges for gas from 1 July 2010 to 30 June 2013 – final report

We have released our final decisions on regulated retail gas tariffs for customers of the NSW Standard Retailers who have not entered into contracts. For AGL, Country Energy and Origin Energy, we reaffirm our draft decision to accept their pricing proposals. Our final decisions reflect the efficient costs of gas supply, which were independently assessed. Under these proposals, in nominal terms:<sup>1</sup>

- ▼ AGL's average regulated tariffs increase by 5% from 1 July 2010 and by a cumulative total of 13% over the 3 years to 2012/13.
- ▼ Country Energy's average regulated tariffs increase by 8% from 1 July 2010 and by a cumulative total of 17% over the 3 years.
- ▼ Origin Energy's average retail tariffs increase by 8% from 1 July 2010 and by a cumulative total of 16% over the 3 years.

For ActewAGL, we have agreed a revised pricing proposal under which in nominal terms, average regulated tariffs increase by 3% from 1 July 2010 and by a cumulative total of 10% over the 3 years.

### **What is driving the increase in regulated gas tariffs?**

A typical gas customer's bill is made up of both retail and network components, with both contributing around 50% to the total bill. We do not regulate the network component of retail gas tariffs. This component is either regulated by the AER or is unregulated.

For all the Standard Retailers the increase in regulated tariffs allowed under our decision is primarily due to increases in the network component of these tariffs, as a result of the AER's final decisions on network fees. However, Standard Retailers are in some cases increasing some tariffs by slightly more than the average and some by slightly less than the average to improve cost reflectivity.

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<sup>1</sup> Assumes CPI of 2.1% in 2010/11 and 2.7% in 2011/12 and 2012/13.

**Table 1 Indicative average increase in regulated retail tariffs (N+R) under the decision – with R and N contributions (including inflation)**

	2010/11	2011/12	2012/13	Cumulative total	Cumulative CPI
<b>R contribution</b>					
AGL	1.1%	1.4%	1.4%	4.2%	
Country Energy	1.0%	1.3%	1.2%	3.8%	
Origin Energy	6.3%	2.3%	2.1%	11.1%	
ActewAGL	0.7%	0.9%	0.9%	1.4%	
<b>N contribution</b>					
AGL	4.1%	2.1%	2.1%	8.6%	
Country Energy	7.2%	2.8%	2.9%	13.4%	
Origin Energy	1.6%	1.8%	1.1%	4.8%	
ActewAGL	2.5%	2.5%	2.5%	8.8%	
<b>Total (N + R)</b>					
AGL	5.2%	3.5%	3.5%	12.7%	7.7%
Country Energy	8.2%	4.1%	4.1%	17.2%	7.7%
Origin Energy	7.8%	4.1%	3.2%	15.9%	7.7%
ActewAGL	3.1%	3.4%	3.4%	10.3%	7.7%

**Note:** Cumulative total includes the compound effect of each year's individual price increase. Totals may not add due to rounding. Assumed inflation is 2.1%, 2.7% and 2.7% for 2010/11, 2011/12, 2012/13.

## What do our decisions mean for customers' annual gas bills?

Typical customers in Sydney, Newcastle and Wollongong will receive modest increases in their annual gas bills. We consider that these increases are required if customers are to pay the independently assessed, efficient costs of providing them with gas. Typical customers in some of the regional areas will face higher increases in these bills.

The following tables provide an indication of the likely impact of our decisions for each Standard Retailer – ActewAGL, AGL, Country Energy and Origin Energy on residential and business customers' annual bills.

See Attachment A for further information on typical customer bills for customers with different levels of consumption.

**Table 2 Indicative annual bill for typical residential customers of each Standard Retailer (including inflation \$)**

	Current (2009/10)	2010/11	2011/12	2012/13	Cumulative \$ increase	Cumulative % increase	Cumulative CPI increase
AGL	618	651	675	699	81	13.1%	7.7%
Country Energy	571	619	645	672	101	17.6%	7.7%
Origin Energy	380	429	447	462	82	21.4%	7.7%
ActewAGL	583	608	628	649	66	11.3%	7.7%

**Note:** Bills include GST. Assumed inflation is 2.1%, 2.7% and 2.7% for 2010/11, 2011/12, 2012/13. Calculations may not add due to rounding. Calculated using 23 GJ per annum multiplied by the average price derived from the N + R values of following tariffs: AGL's Residential AGL natural gas price plan – Coastal, Country Energy's 5300 Wagga Wagga & Uranquinty Gas Residential General, Origin Energy's 03 Domestic General tariff for Albury and ActewAGL's Queanbeyan Always Home@ActewAGL plan and Saver plan. Also based on our draft decision and AER's final decision for Country Energy and ActewAGL, and AER's draft decision for Jemena. For Country Energy, Origin Energy and ActewAGL we present one outcome but it should be noted that actual bills will vary not just by tariff but by area.

**Table 3 Indicative annual bill for typical business customers of each Standard Retailer (including inflation \$)**

	Current (2009/10)	2010/11	2011/12	2012/13	Cumulative \$ increase	Cumulative % increase	Cumulative CPI increase
AGL	3,460	3,540	3,662	3,789	329	9.5%	7.7%
Country Energy	2,223	2,410	2,496	2,586	363	16.3%	7.7%
Origin Energy	3,048	3,181	3,283	3,389	341	11.2%	7.7%
ActewAGL	3,326	3,388	3,500	3,616	291	8.7%	7.7%

**Note:** Bills include GST. Assumed inflation is 2.1%, 2.7% and 2.7% for 2010/11, 2011/12, 2012/13. Calculations may not add due to rounding. Calculated using 184 GJ per annum multiplied by the average price from N+R values of following tariffs: AGL's Business AGL standard – Coastal, Country Energy's 5302 Wagga Wagga & Uranquinty Gas Commercial tariff, Origin Energy's M6/M8 Commercial tariff for Murray Valley towns and ActewAGL's Queanbeyan Industrial and Commercial tariff. Also based on our draft decision and AER's final decision for Country Energy and ActewAGL, and AER's draft decision for Jemena. For Country Energy, Origin Energy and ActewAGL we present one outcome but it should be noted that actual bills will vary not just by tariff but by area.

The Standard Retailers have also proposed to retain the special circumstances clause that enables them to seek to recover unexpected and uncontrollable increases in costs over the regulatory period. Our decision is to agree to this proposal.

## What are our decisions on non-tariff fees and charges?

We have assessed the Standard Retailers' proposals on non-tariff fees and charges and have:

- ▼ Agreed to each Standard Retailer's proposal to increase the level of its late payment fee, noting that AGL has revised its proposed increase to \$11 (from \$14) and Origin Energy has maintained its original proposal to increase the late payment fee to \$12 with both increases to take effect from 1 July 2010.
- ▼ Expanded the definition of the circumstances in which the late payment fee may not be levied to include "when the customer is a hardship customer".
- ▼ Accepted AGL's, ActewAGL's and Origin Energy's proposal to charge an administration fee when passing through network non-tariff fees and charges, but to cap this fee at \$2.50 (excl GST) per service
- ▼ Agreed to each Standard Retailers proposal to increase other retail miscellaneous fees by the annual change in the CPI (or less).

## A Impact of the decisions on small customers

**Table A.1 AGL – Indicative increases in annual bills for typical customers  
(\$/customer, including inflation, incl GST)**

Description	2009/10 bill (\$)	2010/11 bill (\$)	2011/12 bill (\$)	2012/13 bill (\$)	Increase 2009/10– 2010/11	Increase 2010/11– 2011/12	Increase 2011/12– 2012/13
<b>Residential</b>							
Low usage (10 GJ per year)	379	404	419	434	\$26	\$14	\$15
% change					6.8%	3.6%	3.6%
Medium Usage (23 GJ per year)	618	651	675	699	\$33	\$23	\$24
% change					5.4%	3.6%	3.6%
High Usage (30 GJ per year)	739	782	810	839	\$43	\$28	\$29
% change					5.8%	3.6%	3.6%
<b>Business</b>							
184 GJ per year	3,460	3,540	3,662	3,789	\$81	\$122	\$126
% change					2.3%	3.4%	3.5%
1000 GJ per year	17,062	17,640	18,246	18,874	578	605	628
% change					3.4%	3.4%	3.4%

**Note:** Bills include GST. Assumed inflation is 2.1%, 2.7% and 2.7% for 2010/11, 2011/12, 2012/13. The bills are typical for AGL residential customers on the Residential AGL natural gas price plan. Non-residential customers are on the Business AGL standard. Figures may not add due to rounding.

**Table A.2 Country Energy – Indicative increases in annual bills for typical customers (\$/customer, including inflation, incl GST)**

Description	2009/10 bill	2010/11 bill	2011/12 bill	2012/13 bill	Increase 2009/10–2010/11	Increase 2010/11–2011/12	Increase 2011/12–2012/13
<b>Residential</b>							
Low usage (10 GJ per year)	384	409	427	445	\$25	\$18	\$19
% change					6.4%	4.4%	4.4%
Medium Usage (23 GJ per year)	571	619	645	672	\$48	\$26	\$27
% change					8.4%	4.2%	4.2%
High Usage (30 GJ per year)	672	733	763	794	\$61	\$30	\$31
% change					9.0%	4.1%	4.1%
<b>Business</b>							
184 GJ per year	2,223	2,410	2,496	2,586	\$187	\$86	\$90
% change					8.4%	3.6%	3.6%
1000 GJ per year	11,199	12,124	12,528	12,947	\$925	\$404	\$419
% change					8.3%	3.3%	3.3%

**Note:** Bills include GST. Assumed inflation is 2.1%, 2.7% and 2.7% for 2010/11, 2011/12, 2012/13. The bills are typical for Country Energy residential customers on the 5300 Wagga Wagga & Uranquinty Gas Residential General tariff. Non-residential customers are on the 5302 Wagga Wagga & Uranquinty Gas Commercial tariff. Figures may not add due to rounding.

**Table A.3 Origin Energy – Indicative increases in annual bills for typical customers  
(\$/customer, including inflation, incl GST)**

Description	2009/10 bill	2010/11 bill	2011/12 bill	2012/13 bill	Increase 2009/10– 2010/11	Increase 2010/11– 2011/12	Increase 2011/12– 2012/13
<b>Residential</b>							
Low usage (10 GJ per year)	242	274	285	294	\$31	\$12	\$9
% change					12.9%	4.2%	3.2%
Medium Usage (23 GJ per year)	380	429	447	462	\$49	\$18	\$14
% change					12.9%	4.2%	3.2%
High Usage (30 GJ per year)	470	526	548	566	\$56	\$22	\$18
% change					11.9%	4.2%	3.2%
<b>Business</b>							
184 GJ per year	3,048	3,181	3,283	3,389	\$133	\$102	\$106
% change					4.4%	3.2%	3.2%
1000 GJ per year	15,625	16,309	16,833	17,374	\$684	\$524	\$541
% change					4.4%	3.2%	3.2%

**Note:** Bills include GST. Assumed inflation is 2.1%, 2.7% and 2.7% for 2010/11, 2011/12, 2012/13. The bills are typical for Origin Energy residential customers on the 03 Domestic General tariff for Albury. Non-residential customers are on the M6/M8 Commercial tariff for Murray Valley towns. Figures may not add due to rounding.

**Table A.4 ActewAGL – Indicative increases in annual bills for typical customers  
(\$/customer, including inflation, incl GST)**

Description	2009/10 bill	2010/11 bill	2011/12 bill	2012/13 bill	Increase 2009/10– 2010/11	Increase 2010/11– 2011/12	Increase 2011/12– 2012/13
<b>Residential</b>							
Low usage (10 GJ per year)	352	369	381	394	\$17	\$12	\$13
% change					4.9%	3.4%	3.4%
Medium Usage (23 GJ per year)	583	608	628	649	\$25	\$20	\$21
% change					4.3%	3.3%	3.3%
High Usage (30 GJ per year)	708	737	761	786	\$29	\$24	\$25
% change					4.1%	3.3%	3.3%
<b>Business</b>							
184 GJ per year	3,326	3,388	3,500	3,616	\$62	\$112	\$117
% change					1.9%	3.3%	3.3%
1000 GJ per year	16,442	16,772	17,319	17,890	\$331	\$547	\$571
% change					2.0%	3.3%	3.3%

**Note:** Bills include GST. Assumed inflation is 2.1%, 2.7% and 2.7% for 2010/11, 2011/12, 2012/13. The bills are typical for ActewAGL residential customers on the Queanbeyan Always Home@ActewAGL plan and Saver plan. Non-residential customers are on the Queanbeyan Industrial and Commercial tariff. Figures may not add due to rounding.