



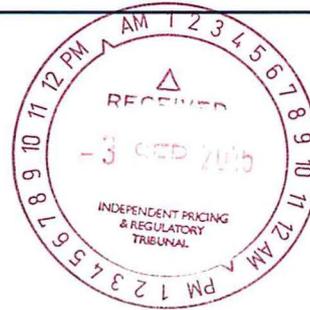
The Hon Anthony Roberts MP
Minister for Industry, Resources and Energy

IPART

V15/5860

Dr Peter Boxall
Chairman
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop
NSW 1240

Dear Dr Boxall



I am writing to request that the Independent Pricing and Regulatory Tribunal (the Tribunal) continue to regulate the retail tariffs and charges for small retail gas customers for the period 1 July 2016 to 30 June 2017, in accordance with section 27 of the *Gas Supply Act 1996* (the Act). As part of this review I would ask that you also forecast indicative retail gas prices for each year from 1 July 2017 to 30 June 2019 and provide advice to Government on any additional measures that could be implemented to strengthen competition in the NSW retail gas market.

To date, the Tribunal has successfully pursued a light-handed approach to regulation through the use of voluntary pricing agreements between itself and each regulated offer retailer (that is, Origin Energy, AGL and ActewAGL). I ask that the Tribunal continue to take this approach.

However, it is important to ensure that the Tribunal is provided with the appropriate tools to carry out its retail price regulation activities. This includes the ability to issue Gas Pricing Orders in the event that it and the regulated offer retailers are unable to come to an agreement. To this end, I confirm that the NSW Government will be reviving the Gas Pricing Orders provisions in the Act, prior to 1 July 2016.

There are a number of changes occurring in the gas market, such as the implementation of the NSW Gas Plan, gas production developments along the east coast, and improvements in the Business to Business Procedures for gas market participants. All of these developments will have an impact on residential and small business consumers through the number of retailers and level of gas offers in the market.

The recent NSW Government advertising campaign, *The Power's in Your Hands*, promoted customer participation in the competitive market and aimed to maximise awareness of changes in the NSW electricity market; educate consumers that changing energy plans is easy and worthwhile; and to provide energy consumers with access to sufficient information to make informed decisions.

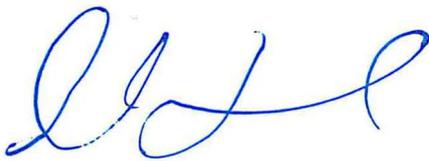
However, the NSW Government acknowledges that customers in some areas of New South Wales may have limited offers to choose between. The Government asks IPART to review the competitiveness of the retail gas market through NSW. In particular, IPART is asked to consider:

- the pass through of network price reductions into retail market contracts. This may include the extent of price decreases, the timeliness of price changes and communication around price changes; and
- the diversity in retail market offers to cater to different market segments. This may include competition on the fixed supply charge.

The NSW Government recognises the need to respond to developments in retail gas competition to ensure that customers can benefit from competitive market offers.

The Tribunal is to carry out its retail gas price regulation activities unless otherwise advised by me.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'AR', is written over a light blue horizontal line.

Anthony Roberts MP
Minister for Industry, Resources and Energy