

## IPART RELEASES DRAFT REPORT ON NEW GAS PRICES

**Embargoed until 10am Friday 16 April 2010**

**Sydney: April 16, 2010:** The Independent Pricing and Regulatory Tribunal (IPART) today released a draft report which proposes increases to regulated gas prices for small gas customers in New South Wales over the next three years.

Regulated retail tariffs for gas customers include a network and retail component. The network component, which represents about 50 per cent of a customer's bill, is determined by the Australia Energy Regulator (AER).

Network charges are likely to increase by more than CPI over the next 3 years. The retail component, which is also about 50 per cent of a customer's bill, recovers the costs of purchasing gas for small retail customers, retail operating costs and a margin.

The retail component of bills, which is determined by IPART, will increase on average by CPI or less for most customers on regulated tariffs.

For AGL, which has the majority of gas customers in NSW on regulated tariffs, prices for a typical user will increase by around 3 per cent from July 1, 2010 and by a total of 12.4 per cent over three years (including inflation). Rises in network charges make up around 60 per cent of these increases.

A typical AGL residential annual bill will increase by \$18 from \$618 to \$636 in 2010-2011, and to \$694 in 2012-13, a total increase of \$76 over three years.

For Country Energy customers, prices will increase by around 8 per cent from July 1, 2010, and by a total of 17.5 per cent over three years (including inflation). Rises in network charges make up around 80 per cent of these increases.

A typical Country Energy residential annual bill will increase by \$47 from \$573 to \$620 in 2010-11, and to \$673 in 2012-13, a total increase of \$100 over three years.

For Origin Energy customers, prices will increase by around 9 per cent from July 1, 2010, and by a total of 17 per cent over the three years (including inflation). Rises in network charges make up around 30 per cent of these increases.

A typical Origin Energy residential bill will increase by \$34 from \$380 to \$414 in 2010-11, and to \$446 in 2012-13, a total increase of \$66 over three years.

For ActewAGL customers, prices will increase by around 3.5 per cent from July 1, 2010 and by a total of 12.3 per cent over the three years including inflation. Rises in network charges make up around 85 per cent of these increases.

A typical ActewAGL residential bill will increase by \$20 from \$583 to \$603 in 2010-11, and to \$655 in 2012-13, a total increase of \$72 over the three years.

For AGL business customers, their bills will remain the same over the three years, while Origin Energy customers face increases of 9.3 per cent over the same period. Country Energy's business customers' bills will increase by 16.4 per cent over the 3 years, and ActewAGL bills will increase by 13.6 per cent over the three years.

IPART's Acting Chairman and CEO Mr Jim Cox said that "The Tribunal has accepted the prices proposed by AGL, Country Energy and Origin Energy, but rejected ActewAGL's proposal".

"Under our draft decision, typical customers in Sydney, Newcastle and Wollongong will see moderate increases in their annual bills, but in some regional areas increases will be higher."

"About one third of NSW households are connected to gas and currently spend around \$12 a week. This will increase to around \$13.40 a week by 2013.

"Our draft decision also allows retailers to recover the costs arising from the Commonwealth Government's CPRS if it is implemented as planned. The CPRS will add a further 75 cents a week to customer bills in 2013 if it is implemented."

Mr Cox said "While we have based the analysis of customer-impacts on the Australian Energy Regulator (AER)'s draft decision for network prices for AGL customers, their final decision on network prices – which make up 50 per cent of bills - may differ from the draft. Any changes to the AER's draft decision will flow through into customer bills".

IPART is calling for public submissions by May 14, 2010 and will hold a public hearing on the draft report on April 30, 2010. We will release our final report in mid June, 2010.

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