

ELECTRICITY PRICES TO RISE

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Sydney: March 18, 2010: The Independent Pricing and Regulatory Tribunal (IPART) today released its final electricity regulated retail price determination for the 3 years to June 2013. This determination will apply to the majority of small NSW customers that have not entered into a negotiated tariff.

As a result of this determination, these electricity prices will increase substantially:

- ▼ From 1 July 2010, average annual prices will increase by 7% for Integral Energy customers, 10% for EnergyAustralia customers, and 13% for Country Energy customers.
- ▼ Over the 3 years to June 2013, if the Federal Government's Carbon Pollution Reduction Scheme (CPRS) is *not* introduced, average prices will increase by a cumulative total of 20% for Integral Energy, 36% for EnergyAustralia, and 42% for Country Energy.

Regulated electricity prices in NSW will increase further if the CPRS is introduced from 2011/12 as planned. If implemented, average prices will increase by a cumulative total of 46% for Integral Energy, 60% for EnergyAustralia, and 64% for Country Energy.

These increases are slightly higher than the ones that IPART proposed in its draft report, released in December 2009. The main reason for the increases is the introduction of the CPRS together with higher network prices recently determined by the Australian Energy Regulator (AER). According to the AER, these higher prices are necessary to enable higher levels of investment in the state's electricity distribution networks to improve network security and reliability of supply in line with new licence conditions imposed by the NSW Government.

A typical residential EnergyAustralia customer will pay around \$754 more in 2013 if the CPRS is implemented as planned or \$448 more if CPRS is not implemented.

A typical residential Integral Energy customer will pay \$577 more in 2013 if the CPRS is implemented as planned or \$246 more if CPRS is not implemented.

A typical residential Country Energy customer will pay \$918 more in 2013 if the CPRS is implemented as planned or \$601 more if CPRS is not implemented.

Regulated retail prices recover the costs of purchasing electricity for small retail customers, the cost of transporting it through the transmission and distribution networks, retail operating costs and a margin.

IPART Acting Chairman and CEO Mr Jim Cox said: "The network increases, which were determined by the AER, will allow network service providers to increase investment in infrastructure and improve network security and reliability of supply in line with the new licence conditions imposed by the NSW Government".

“IPART has also factored in the risks and uncertainties of the passage of the CPRS through Parliament, and other policy developments including the planned sale of NSW electricity retailers and trading rights to the State-owned generators,” Mr Cox said: “We will ensure that neither customers nor the retailers are unfairly affected if the CPRS is not introduced during the determination period, or is introduced in a different form”.

Mr Cox said: “IPART recognises that these price increases are large and will be felt by customers, particularly low-income households. Further, they follow large price increases in July 2009. We do not welcome these price increases or the adverse effects that they will have for many electricity customers”.

He noted that the NSW Government has introduced a \$272 million customer assistance package, and the Federal Government has indicated it will provide assistance packages for households as part of the CPRS package. IPART notes that the State and Federal Governments provide incentives for households to reduce their energy consumption and the Standard Retailers offer advice on reducing consumption.

Further, IPART has recommended to Government that they should extend the NSW energy rebate to all Commonwealth Card Holders and should consider further increasing the level of the NSW energy rebate. IPART is also recommending further information disclosure requirements to help customers compare market offers.

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