Media Release



Independent Pricing and Regulatory Tribunal

FINAL REPORT - REGULATED RETAIL GAS PRICES FROM 1 JULY 2016 10am, Friday 10 June 2016

The Independent Pricing and Regulatory Tribunal (IPART) has today released its final decisions on average regulated retail gas prices for 2016-17.

IPART's final decisions allow for an average increase in regulated gas prices of 0.3% across NSW in 2016-17, which is less than the rate of inflation. This follows an average 3.9% reduction in regulated gas prices in 2015-16. From 1 July, most residential customers on regulated prices would see a small increase in their annual bills ranging from \$2 to \$7 per annum, while ActewAGL's customers in the Queanbeyan and Capital regions would see a reduction of \$89 and \$5 per annum respectively in their annual bills.

IPART Chairman, Dr Peter Boxall, said IPART's final decisions are lower than the April draft decisions due to lower forecast inflation and lower gas network prices in Queanbeyan. Dr Boxall said the upward pressure on retail prices from rising wholesale gas costs has eased for the time being.

"IPART found that competition in the retail gas market is working effectively for around 95% of small gas customers in NSW. There is also an improved outlook for competition for the remaining 5% of customers in regional areas where there are currently only one or two active retailers. Our final finding is that if the NSW Government decides to remove retail price regulation from 1 July 2017 then this would likely promote further competition across NSW," Dr Boxall said.

Only around 20% of small gas customers in NSW remain on a standard contract with prices regulated by IPART. The remainder have signed a contract in the competitive market, usually receiving a discount to the regulated price. Customers can shop around for a better deal on electricity and gas bills using the Australian Government website www.energymadeeasy.gov.au.

The Review of regulated retail prices and charges for gas from 1 July 2016 – Final Report is available on IPART's website http://www.ipart.nsw.gov.au. The new regulated prices will come into effect from 1 July 2016.

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SUMMARY OF FINAL DECISIONS

Our final decisions are based on pricing proposals submitted by AGL and Origin Energy in January, and a revised pricing proposal provided by ActewAGL in April. AGL proposed to increase the retail component of its regulated prices (including wholesale gas costs, retail operating costs and retail margin) by the rate of inflation in 2016-17. Origin Energy proposed no change to the retail component of regulated prices, and ActewAGL's revised proposal was to decrease the retail component by 0.7% in 2016-17 (including inflation).

Table 1 Final decision on average change in regulated retail gas prices in 2016-17 (including inflation)

Retailer / supply area	Change in Retail Component	Change in Network Component	Overall price change
AGL (Sydney, Wollongong, Newcastle, Dubbo, Orange, Parkes and Riverina)	1.3%	0.0%	0.8%
Origin Energy			
Albury/Murray Valley	0.0%	1.5%	0.4%
Wagga Wagga and surrounds	0.0%	1.3%	0.6%
ActewAGL			
Capital	-0.7%	0.0%	-0.4%
Queanbeyan	-0.7%	-19.5%	-7.5%
Shoalhaven	-0.7%	1.5%	0.2%
NSW average ^a			0.3%

a Sales volume-weighted average.

Note: The inflation rate for 2016-17 in our final decision is 1.3%.

Source: IPART.