

## IPART RELEASES NEW DRAFT DETERMINATION ON ELECTRICITY PRICES TILL 2013

**Embargoed until 10am Tuesday 15 December 2009**

**Sydney: December 15, 2009:** The Independent Pricing and Regulatory Tribunal (IPART) today released a draft determination recommending increases to regulated retail electricity prices ranging from 44% to 62% including inflation over three years starting in July 2010 until 2013.

These increases are largely due to increased network prices and the introduction of the proposed Carbon Pollution Reduction Scheme (CPRS).

EnergyAustralia's prices are expected to increase by 10% in 2010/11, 16% in 2011/12, and 25% in 2012/13, for a cumulative (compound) total of 58% over the 3 years. A typical EnergyAustralia customer will pay around \$727 more in 2013.

Integral Energy prices are expected to increase by 6% in 2010/11, 14% in 2011/12, and 19% in 2012/13, for a cumulative (compound) total of 44% over the 3 years. A typical Integral Energy customer will pay \$554 more in 2013.

Country Energy prices are expected to increase by 12% in 2010/11, 17% in 2011/12, and 23% in 2012/13, for a cumulative (compound) total of 62% over the 3 years. A typical Country Energy customer will pay \$893 more in 2013.

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.

Over 90% of total price increases are because of increased network charges and the Federal Government's proposed Carbon Pollution Reduction Scheme (CPRS).

Network increases approved by the Australian Energy Regulator (AER) will increase average bills by 31% for EnergyAustralia customers, 16% for Integral Energy customers, and 35% for Country Energy customers.

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".

The retail price increases also include the impact of the proposed Carbon Pollution Reduction Scheme (CPRS). The Federal Government intends for the CPRS to commence on July 1, 2011, with an emissions target of 5% below 2000 levels by 2020. By 2013, the impact of the CPRS will increase in average bills of 23% for EnergyAustralia customers, 25% for Integral Energy customers, and 21% for Country Energy customers.

If the CPRS is not introduced a typical residential customer will pay an extra \$438 a year from 2013 in EnergyAustralia's area, \$242 in Integral Energy's area, and \$594 in Country Energy's area.

"We have 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.

Mr Cox said that the Tribunal is fully aware that these are large increases considering there were also large increases in July of this year.

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.

Further, IPART is making recommendations to the NSW Government to improve information provided to customers about prices in order to enhance the competitiveness of the market.

IPART is calling for public submissions by 4 February and will hold a public hearing on the draft report on 2 February 2010, before releasing the final report and determination in mid March, 2010.

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