

IPART RELEASES FINAL REPORT ON GAS PRICES

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Sydney: 25 June 2010: The Independent Pricing and Regulatory Tribunal (IPART) today released a final report which determines increases in regulated gas prices for small gas customers in New South Wales over the next 3 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 Australian Energy Regulator (AER). As a result of the AER's recent final decision network charges for most small retail customers will increase by more than was anticipated when we released our draft report. Network charges will 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. This is consistent with our draft report.

For AGL, which has the majority of gas customers in NSW on regulated tariffs, prices for a typical residential user will increase by around 5 per cent from 1 July 2010 and by a total of 13 per cent over 3 years (including inflation). Rises in network charges make up around 70 per cent of these increases.

A typical AGL residential customer will pay an extra 65 cents a week from 1 July 2010. Annual bills will on average increase by \$33 from \$618 to \$651 in 2010-11, and to \$699 in 2012-13, a total increase of \$81 over 3 years.

For Country Energy residential customers, prices will increase by around 8 per cent from 1 July 2010, and by a total of 18 per cent over 3 years (including inflation). Rises in network charges make up around 80 per cent of these increases.

A typical Country Energy residential customer will pay an extra 90 cents a week from 1 July 2010. Annual bills will on average increase by \$48 from \$571 to \$619 in 2010-11, and to \$672 in 2012-13, a total increase of \$101 over 3 years.

For Origin Energy residential customers, prices will increase by around 13 per cent from 1 July 2010, and by a total of 21 per cent over the 3 years (including inflation). Rises in network charges make up around 30 per cent of these increases.

A typical Origin Energy residential customer will pay an extra 95 cents a week from 1 July 2010. Annual bills will increase by \$49 from \$380 to \$429 in 2010-11, and to \$462 in 2012-13, a total increase of \$82 over 3 years.

For ActewAGL customers, prices will increase by around 4 per cent from 1 July 2010 and by a total of 11 per cent over the 3 years (including inflation). Rises in network charges account for around 85 per cent of these increases.

A typical ActewAGL residential customer will pay an extra 50 cents a week from 1 July 2010. Annual bills will increase by \$25 from \$583 to \$608 in 2010-11, and to \$649 in 2012-13, a total increase of \$66 over the 3 years.

For AGL business customers, bills will increase by 10 per cent over the 3 years, while Origin Energy business customers face increases of 11 per cent over the same period. Country Energy's business customers' bills will increase by 16 per cent over the 3 years, and ActewAGL bills will increase by 9 per cent over the 3 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, and accepted ActewAGL's revised proposal".

"Under our final 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. We consider that these increases are required if customers are to pay the independently assessed, efficient costs of providing them with gas."

"About one third of NSW households are connected to gas and currently spend around \$12 a week on average. This will increase to around \$13.45 a week by 2013" he added.

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