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REMOVING CARBON COSTS FROM REGULATED GAS PRICES

Average regulated gas prices will increase by less than previously announced following gas retailers' proposals to the Independent Pricing and Regulatory Tribunal (IPART) to remove the carbon price from the price paid by consumers, and backdate it to 1 July 2014.

In June 2014, IPART announced that across NSW regulated gas prices would increase by an average of 17.8% in 2014/15. With the removal of the carbon price, gas prices will now increase by an average of 11.2%. This is between \$50 and \$90 less than what had been anticipated for typical annual household gas bills, depending on where customers are located and how much gas they use.

The new prices will apply from 1 July 2014, and if needed customers will receive a credit on their bill for any overpayment. IPART has reviewed the retailers' proposals and is satisfied that savings from the carbon price repeal have been appropriately passed through to customers. The average increase in regulated gas prices in 2015/16 is estimated at 4.2%.

The new prices apply only to the 25% of small gas consumers who remain on a regulated tariff. Those on market tariffs may expect similar action from their gas retailers and can compare energy offers to ensure they are on the best deal to meet their needs on the independent website www.energymadeeasy.gov.au.

IPART Chairman, Peter Boxall, said despite the removal of carbon, the price rises are still significant as a result of eastern Australia entering global gas markets, pushing up the wholesale gas price to international levels.

"The ability to export Liquid Natural Gas is driving a fundamental change in eastern Australia's wholesale gas market," Dr Boxall said. "NSW is becoming part of a single global market for commodity gas, and that means that the costs retailers face in supplying gas to their customers is rising rapidly."

Media contact: Julie Sheather (02) 9290 8403 M 0409 514 643