



**INDEPENDENT PRICING AND REGULATORY TRIBUNAL
OF NEW SOUTH WALES**

NEWS RELEASE

IPART Releases Draft Determination on Electricity Prices

UNDER EMBARGO UNTIL 11:30AM, Friday 30th APRIL 2004

The Independent Pricing and Regulatory Tribunal of NSW (IPART) today released its draft determination on retail electricity prices for small customers of the four New South Wales electricity utilities. The draft determination allows modest increases in electricity prices.

The determination covers customers who use less than 160MWh of electricity (costing approximately \$16,000) per year and have not entered a negotiated contract.

Under the determination, typical residential customers in Sydney using 7,000kWh a year would pay less than \$1 a week more for electricity. Prices for domestic customers in regional NSW would increase by around \$1.00 per week.

IPART Acting Chairman, Mr James Cox, said: "This draft determination will protect customers from significant price shocks, while moving prices to more accurately reflect costs over the three years of the determination."

Mr Cox said average electricity prices for small customers in NSW are among the lowest in Australia. Since 1992/93, average retail prices for residential customers have decreased in real terms by 10 per cent. These existing prices are much lower than the cost of supply.

Mr Cox said that the rises reflect increases recommended in the Tribunal's review of distribution network prices. These will allow distributors to renew and maintain ageing infrastructure and improve the reliability of their networks.

The average and maximum increases in retail prices from IPART's determination would be:

Average annual increases in retail tariffs (nominal)

Retailer	Increase
EnergyAustralia	4.5%
Integral Energy	3.7%
Country Energy	5.5%
Australian Inland	5.5%

Note: this table assumes that the increase in CPI is 2.8 per cent for first year then 2.2 per cent thereafter.

Maximum increases in any retail tariffs (nominal)

	2004/05	2005/06	2006/07
EnergyAustralia	6.0%	4.6%	4.6%
Integral Energy	5.2%	4.6%	4.6%
Country Energy	7.2%	5.8%	5.8%
Australian Inland	7.2%	5.8%	5.8%

Note: this table assumes that the increase in CPI is 2.8 per cent for the first year then 2.2 per cent thereafter and that network prices comprise 40 per cent of the final tariff.

IPART invites submissions on its draft determination to be received by 14 May 2004. It expects to release its final decision in June 2004. The new determination will apply from 1 July 2004 to 30 June 2007.

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Notes:

- 1 Small retail customers have been able to choose their electricity retailer since 1 January 2002.
- 2 The final retail price that customers pay comprises network costs (distribution and transmission), wholesale energy costs and a retail margin. For the average household customer, the network charges account for approximately 40 per cent of the final price.
- 3 The Tribunal has passed through any increases in the network charges and has imposed a limit on the increase in the retail components of the final bill. These are reflected in the maximum increases.