

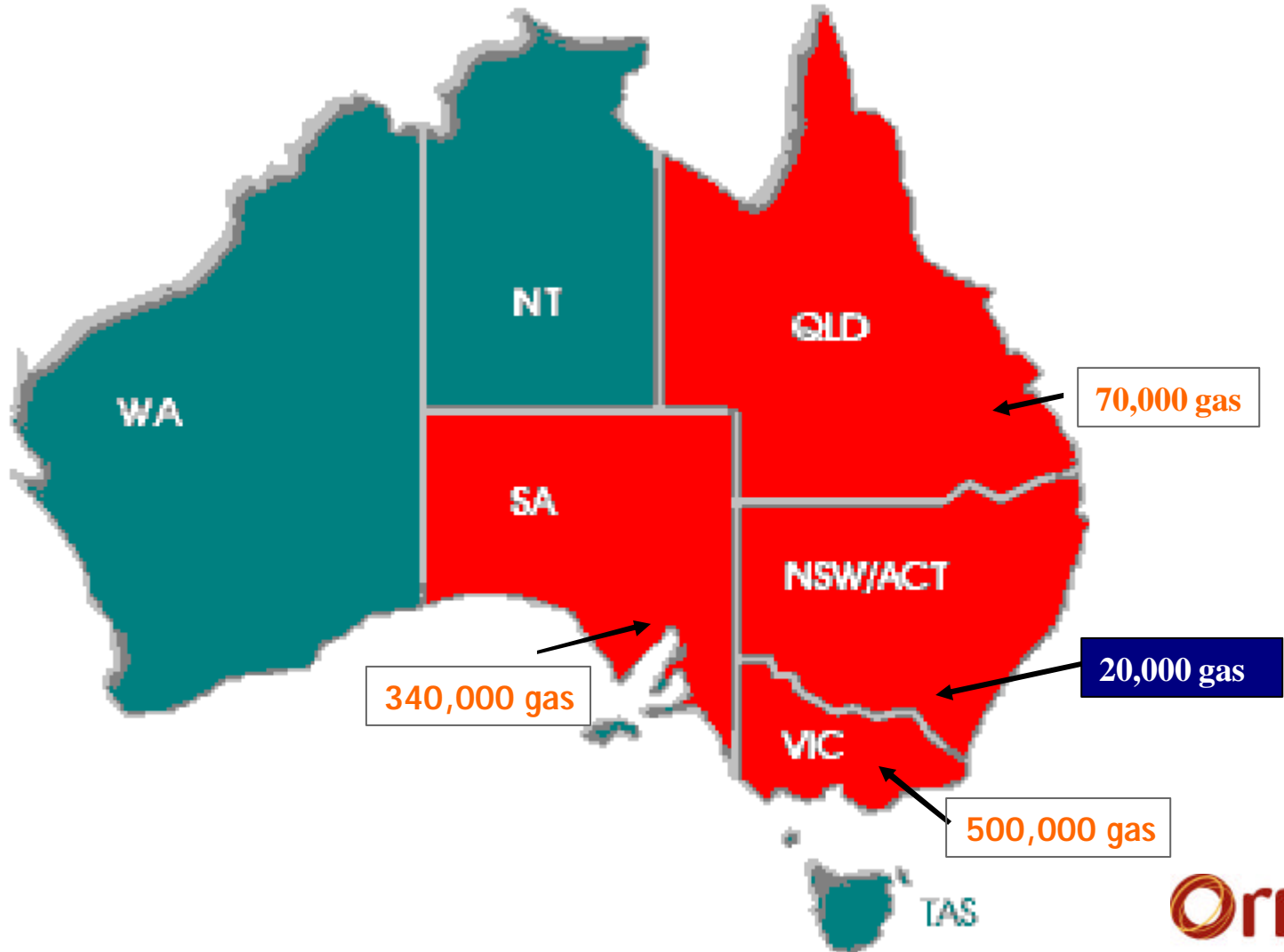


Origin Energy Presentation

IPART Review of Retail Tariffs - Public Forum

4th December 2003

Origin Energy's Regulated Natural Gas Customer Portfolio



What are the Differences...

	Origin Energy's Supply Area	Other NSW Suppliers
Gas Source	Bass Strait	Cooper Basin
Transmission	GasNet Australia	EAPL Pipeline
Transmission Tariff Approval	ACCC	ACCC
Market Operator	VENCorp	GMCo
Market Structure	Market Carriage	Contract Carriage
Network Tariff Approval	ESC of Victoria	IPART
Pass-through FRC costs	VENCorp & Network	GMCo
Retail Ownership	Fully Independent	Combined company
Retail FRC Costs	IPART reviewed	IPART reviewed

The Size of our Business in NSW....

Overview of Origin Energy NSW Business	
	Year 03/04
No Customers	20,090
Volume (GJ)	971,280
Revenue (\$M)	11.47
EBIT (\$M)	-0.12
EBIT (% Revenue)	-1.05%

Comparison with other Retailers

Customer Consumption Tariff Type	Origin Albury & Moama Residential	AGL Everytime Easy Residential	Country Energy (Wagga) General Residential
Small (15 GJ/year)	\$229	\$348	\$289
Medium (45 GJ/year)	\$514	\$754	\$587
Larger (75 GJ/year)	\$806	\$1,160	\$885

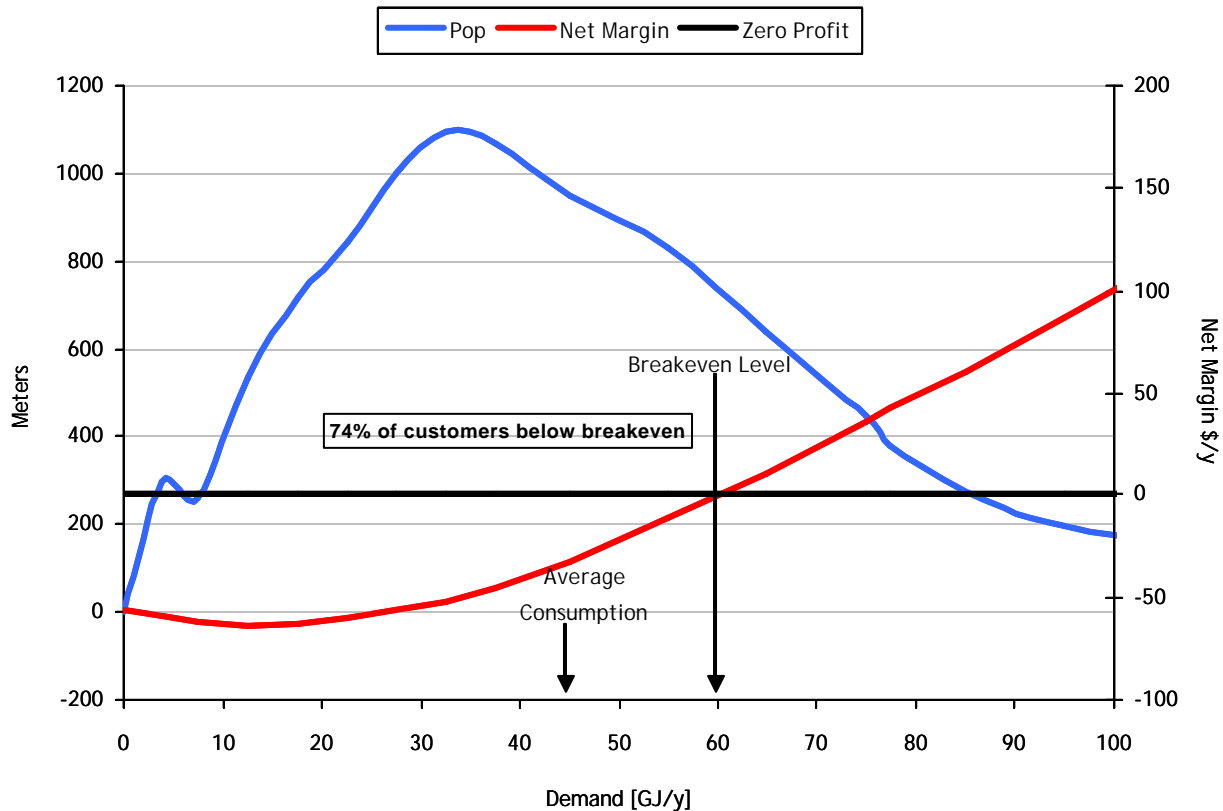
Notes: based on current residential retail tariffs using a standard profile

Origin's Current Position

- Origin Energy is a small operator in NSW and not able to cross subsidise with other customers in NSW
- Regulated Price Path to date has not solved the issue of significantly under-recovery on costs
- Regulated Revenue for Origin is significantly below competitors
- Origin does not have a network business to offset costs
- Costs of the current process for this market
 - \$100k or \$5 a customer

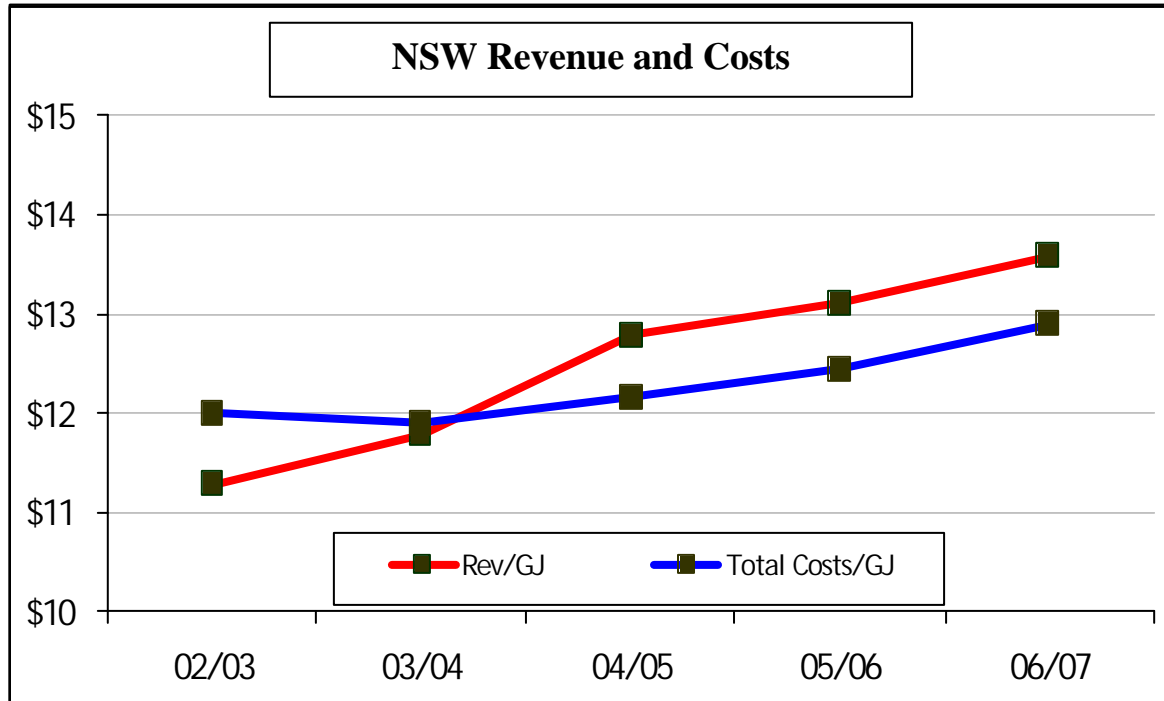
Where are we now...

Albury, Jindera, Moama: Res: 2003/04



Note: Current Retail Tariffs vs
2003/04 Supply Costs

Origin's Strategy



Origin's Strategy

- **One-off price re-set, to cost reflective levels, on 1 July 2004**
 - with CPI linked price path thereafter
- **Ensure security of retailer and certainty of supply to customers**
- **Align supply charges to customers with retailer fixed costs**
- **Align fees to customers with retailer costs**
- **Align our tariffs with other NSW retailers in similar markets**
- **Limit of impact on residential customers with the average residential increase being 8.8%**

Summary

- **Regulated tariffs in NSW for Origin Energy**
 - are not cost reflective
 - generate losses (no investment return)
- **Cost reflective tariffs can best be achieved by**
 - Once off re-set with CPI related Price Path
- **Average residential customer increase is 8.8% on 1 July 2004 and a CPI related price path thereafter**
- **Guarantees future price stability for customer and retailer**