

REVIEW COMMENCES ON REGULATED RETAIL GAS PRICES IN 2016

12 November 2015

The Independent Pricing and Regulatory Tribunal of NSW (IPART) is inviting public comment on its proposed approach to regulate retail gas prices from 1 July 2016.

IPART regulates retail gas prices that the Standard Retailers in NSW – AGL, ActewAGL and Origin Energy – charge residential and small business gas customers who have not signed a market contract. Currently, less than 20% of customers remain on regulated gas prices. IPART does not regulate prices for customers on market contracts.

IPART Chairman, Dr Peter Boxall, said IPART has been asked to make new pricing agreements and has invited each of the Standard Retailers to propose a new pricing agreement for 2016-17. These proposals are due in January next year. IPART has also been asked to forecast indicative retail gas prices for 2017-18 and 2018-19.

“Our Issues Paper released today invites public comment on our proposed approach to assess whether the retailer’s pricing proposals are reasonable and promote the long-term interests of customers”, Dr Boxall said.

“A key issue for this review will be to determine efficient wholesale gas costs given the substantial changes occurring in the eastern Australian market. We are particularly interested in stakeholder views about how the recent commencement of liquid natural gas exports from Queensland is affecting wholesale gas costs for a gas retailer”, Dr Boxall said.

The Minister for Industry, Resources and Energy recently announced that the NSW Government will look to deregulate retail gas prices from 1 July 2017 if there is an increase in competition, particularly in regional areas of the state.

“As part of our review we will also review the competitiveness of the retail gas market to identify and recommend additional measures to strengthen competition in regional areas. In our view a competitive market provides the best form of protection for customers, and provides more choices and better price and service outcomes,” Dr Boxall said.

Submissions to the Issues Paper are due on 18 December 2015. Stakeholders will have the opportunity to comment on the Standard Retailers’ pricing proposals after they are received on 22 January 2016. There will also be further public consultation on a Draft Report and public hearing in April 2016. IPART will release a Final Report in early June 2016 in time for the new prices to come into effect from 1 July 2016.

The Issues Paper is available on IPART’s website <<http://www.ipart.nsw.gov.au>>.

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