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ELECTRICITY PRICES TO RISE IN NSW, DUE TO HIGHER NETWORK COSTS AND THE INTRODUCTION OF THE CARBON PRICE

The Independent Pricing and Regulatory Tribunal (IPART) has today released its draft determination on the proposed average prices that regulated electricity retailers in NSW can charge residential and small business customers from 1 July 2012.

The draft decision allows for an average price increase of 16% across NSW (including inflation), primarily as a result of rising network (poles and wires) costs and the introduction of the carbon price.

The average price increases will vary for customers of the three regulated electricity retailers as follows:

- ▼ 19.2% for EnergyAustralia customers, which translates to an extra \$6.50 per week (\$338 per annum) on an average residential customer bill and \$8.44 per week (\$439 per annum) on average for its small business customers
- ▼ 10.3% for Integral Energy customers, which translates to an extra \$3.51 per week (\$182 per annum) on an average residential customer bill and \$4.55 per week (\$237 per annum) on average for its small business customers, and
- ▼ 17.6% for Country Energy customers, which translates to an extra \$7.32 per week (\$381 per annum) on an average residential customer bill and \$9.51 per week (\$494 per annum) on average for its small business customers.

IPART Chairman, Dr Peter Boxall, said the draft pricing decisions are a direct result of increases to the cost of electricity supply caused by rising network costs and the introduction of the carbon pricing mechanism.

“Around half of the increase in NSW electricity prices from 1 July is because of the continuing rise in forecast costs faced by the retailers from the electricity network – or the poles and wires. The other half is due to increasing wholesale electricity costs faced by the retailers resulting from the introduction of a carbon price on emissions from electricity generators,” Dr Boxall said.

“We are aware that these proposed price increases will be difficult for many customers, but they are necessary to ensure that retailers can recover the costs of providing electricity and remain financially viable.”

“IPART has outlined a number of recommendations aimed at improving the future affordability of electricity,” he said.

“There are aspects of the National Electricity Rules and the National Electricity Law that could be changed to reduce pressure on prices. We’ve also outlined some areas around reliability standards, green schemes, and subsidies that could be reviewed to ensure maximum cost effectiveness to limit future price increases.”

“IPART also encourages NSW energy consumers to compare offers from retailers and ensure they have the most appropriate, and cost effective service for their needs,” he said.

IPART operates a free electricity and gas on-line price comparison service, www.myenergyoffers.nsw.gov.au, that lets consumers compare offers from energy retailers in NSW. A complementary phone service is maintained by the Department of Trade and Investment, Regional Infrastructure and Services and is available on 1300 136 888.

IPART’s draft report and accompanying documents are available on IPART’s website, www.ipart.nsw.gov.au. Submissions on IPART’s draft report are due on 10 May before a final report will be released in June, for implementation on 1 July 2012.

For further information, media should contact: T 0431 810 345

Editor’s Note: IPART has received applications from gas retailers (AGL, Origin Energy and ActewAGL) to increase regulated gas prices to recover the impact of the introduction of the carbon price from 1 July 2012. Retailers estimate the carbon price will increase regulated gas prices for residential customers by 6% to 9%, or \$29 to \$84 per annum for a typical residential customer. IPART will review and consult on these applications before releasing a decision in June 2012. For further information see our [fact sheet](#).

Background

IPART sets regulated average prices paid by customers who have not signed a contract with an electricity retailer or who have chosen to return to the regulated price. Customers on contracts with retailers pay an unregulated price, however these market-based prices are influenced by changes in the regulated prices.

IPART determines the average price to be charged by electricity retailers to their customers. The retailers can determine how those increases are applied across different customers, so some customers may see rises higher or lower than these levels depending on the commercial decisions of the retailers.

The difference in the average electricity price increases between the three retailers is primarily due to their varying network charges, with smaller increases in Integral Energy’s supply area than in the other 2. The increases could be higher for those customers with higher than average electricity usage.