



## **MEDIA STATEMENT**

***STRICTLY EMBARGOED UNTIL 11.00AM FRIDAY 3 APRIL 2009***

# **RETAIL ELECTRICITY TARIFFS ON HOLD**

In a Draft Decision released today, the Independent Competition and Regulatory Commission has foreshadowed no real price increases for electricity from 1 July 2009.

'Based on the latest market data for wholesale electricity costs, the Commission has prepared a draft determination which would allow average retail prices for electricity to rise by 3.8% from 1 July 2009', Mr Paul Baxter, Senior Commissioner said today.

'This increase in the retail price of electricity is less than the movement in the Consumer Price Index over the last year,' Mr Baxter said.

Under the competition rules applying to the sale of electricity in the ACT, consumers who use less than 100 MWh per year can purchase their electricity under a regulated retail tariff. Alternatively, these consumers are able to buy their electricity from one of seventeen licensed electricity retailers in the ACT at an agreed price. This agreed price is usually a discount on the TFT.

'The modest price increases in 2009-10 are a reflection of the Commission's approach to retail electricity pricing since the Commission released its first retail price direction in 2003.

'The significant price increases in the wholesale price of electricity experienced in 2007 that were factored into the price increases experienced in the ACT in 2007-08 and 2008-09 are no longer a portion in the Commission's determination of electricity purchase costs for 2009-10', Mr Baxter said.

According to the Senior Commissioner, there was a significant price increase in electricity generation prices in 2007 as drought and constrained supply arrangements forced retailers to pay prices up to three times higher than the average prices that had previously prevailed.

'Prices for retail electricity are set to rise by 18% or more in NSW in the coming year.

'This reflects the fact that the 2007 increases in the wholesale price were not fully factored into earlier retail price increases in NSW. The increase in wholesale prices in the NSW determination comes at the same time as there have been significant price increases in the network charges in the ACT and NSW this year', Mr Baxter said.

Prices for retail electricity in the ACT will remain well below those in surrounding areas of NSW in 2009-10.

'The Commission's draft report does highlight concerns the Commission has for retail electricity prices in the future. The introduction of a Carbon Pollution Reduction Scheme and growth in the Feed-in-Tariff program will put future upward pressure on retail prices. The magnitude of future price rises driven by these initiatives is not known at this time, but there is little doubt that the cost to consumers will increase over time', Mr Baxter said.

'This underscores the need for continued re-evaluation of the level of electricity concession rates and other community service obligations in the ACT. Accordingly, the Commission is recommending to the ACT Government that the per kilowatt hour subsidy rate and dollar cap on the current concession for electricity users suffering financial difficulties be increased in line with increases in the price of electricity', Mr Baxter said.

The Draft Report from the Commission is available for public comment and input prior to the determination being finalised in June.

The deadline for the receipt of submissions is 8 May 2009.

Copies of the Draft Determination can be found on the Commission's website, [www.icrc.act.gov.au](http://www.icrc.act.gov.au) or by contacting the Commission on 02 6205-0799.

STATEMENT ENDS 3/04/09

For further information, please contact Paul Baxter on 0418 633 396.

## Comparison between ActewAGL and Country Energy Tariffs Indicative Only

		2008/09	2009/10
<b>ActewAGL - ACT</b>			
Supply charge	¢/day	51.70	53.69
Standard Tariff	¢/KWh	14.19	14.73
<b>Country Energy - NSW</b>			
Supply charge	¢/day	67.10	79.51
Standard Tariff	¢/KWh	17.96	21.29

Assumes 3.84% increase ActewAGL tariffs and 18.5% increase in Country Energy tariffs from 2008/09 to 2009/10

## Comparison between ActewAGL and Country Energy Annual Bills

### Indicative Only

		2008/09	2009/10
<b>ActewAGL - ACT</b>			
Supply charge	\$/year	188.70	195.95
Standard Tariff	\$/year	1,194.80	1,240.68
<b>Annual Bill</b>	\$/year	1,383.50	1,436.63
<b>Country Energy - NSW</b>			
Supply charge	\$/year	244.92	290.22
Standard Tariff	\$/year	1,512.48	1,792.29
<b>Annual Bill</b>	\$/year	1,757.40	2,082.51

Assumes consumption of 8,420 KWh per year

