



## **MEDIA STATEMENT**

***STRICTLY EMBARGOED UNTIL 11.00AM FRIDAY 20 JUNE 2008***

### **Electricity Prices to Rise from 1 July**

‘Electricity prices for households who remain as franchise customers with ActewAGL Retail will rise by 7.1% on average from 1 July’, Mr Paul Baxter, Senior Commissioner of the Independent Competition and Regulatory Commission said today.

Mr Baxter was announcing the final decision of the Commission on the ‘Transitional Franchise Tariff’ (TFT) for electricity supplied by ActewAGL Retail. The TFT is determined by the Commission and will apply for the next 12 months.

‘For an average household, the increase announced today will amount to around an extra \$1.62 per week or \$85 on a total annual bill in 2007/08 of around \$1,300’, Mr Baxter said.

‘The final price outcome is not as high as anticipated in the Draft Report released in April, principally as a result of the more up to date generation cost estimates being lower than had originally been modelled’ Mr Baxter said.

The price increases in the ACT for 2008/09 are now looking relatively modest by comparison with the price increases expected in NSW where increases in domestic electricity charges are expected to be as high as 9%.

‘The Commission has been mindful of the need to address the social impact issues associated with the determination of public utility pricing’, Mr Baxter said.

‘At the same time, we have been concerned not to under recover the cost of generating and supplying electricity, as this only results in potential ‘California’ type problems where the electricity supply system failed because suppliers could not recover their costs under particularly harsh price caps’ Mr Baxter said.

'In the Eastern States, electricity prices are still under the influence of the marked shift in electricity generation costs which peaked at prices up to 220% higher than the historical average in July of 2007'.

'While generation costs have come back from these very high levels, they are still not back to the levels that were experienced in the late 1990s and early part of this decade', Mr Baxter said.

'Thus, there has been a need to pass through further price increases this year, and this is also the experience in other States', Mr Baxter said

The Commission has given particular attention to the issue of subsidies and other forms of support for consumers who are suffering financial difficulties. In particular the Commission has highlighted the current interdepartmental examination of the 'Review of ACT Government Concessions' report tabled in the Assembly in early April.

'The Government has made some announcements this year extending the coverage of the current concessions on water and wastewater to include health care card holders. It is the opportunity to extend the range of rebates offered, particularly in the context of rising household utility costs, that will be of particular importance for the Government's current consideration of the Concessions Review report', Mr Baxter said

To help address the issue of pricing for households with different energy needs, the Commission has adopted a form of average price cap regulation. This allows ActewAGL Retail to provide a suite of tariffs which address the particular energy needs of consumers. Under the average price cap adopted by the Commission, the regulatory requirements specify that ActewAGL Retail cannot set prices that on average are outside of the average price determined by the Commission.

'The form of regulation used by the Commission allows ActewAGL Retail to recover its cost while allowing the tailoring of tariffs to meet particular consumer needs", Mr Baxter said.

'In addition to the TFT prices, there is a wide range of competitive prices on offer in the market place from competing electricity retailers' Mr Baxter said

'Consumers have the opportunity in the ACT of being able to seek alternate suppliers of electricity and can form their own view as to which supplier offers them the best possible price and deal'.

'If consumers decide that they ultimately want to return to the regulated TFT price at some future time, they are able to do so at no costs once their contract is completed with their supplier of choice. This means that consumers can seek out the best deals for electricity and there is plenty of

evidence that there are good discounts available from competing retailers' Mr Baxter said.

Copies of the Final Report (Executive Summary and 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 20/06/2008

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

## Comparison between ActewAGL and Country Energy Tariffs

		2007/08	2008/09
<b>ActewAGL - ACT</b>			
Supply charge	¢/day	48.84	51.70
Standard Tariff	¢/KWh	13.31	14.19
<b>Country Energy - NSW</b>			
Supply charge	¢/day	66.00	72.05
Standard Tariff	¢/KWh	17.24	18.70

Assumes 9.2% increase in Country Energy supply charge and 8.5% increase in Country Energy standard tariff from 2007/08 to 2008/09

## Comparison between ActewAGL and Country Energy Annual Bills

		2007/08	2008/09
<b>ActewAGL - ACT</b>			
Supply charge	\$/year	178.27	188.71
Standard Tariff	\$/year	1,120.70	1,194.80
<b>Annual Bill</b>	\$/year	1,298.97	1,383.51
<b>Country Energy - NSW</b>			
Supply charge	\$/year	240.90	262.98
Standard Tariff	\$/year	1,451.36	1,574.54
<b>Annual Bill</b>	\$/year	1,692.26	1,837.52

Assumes consumption of 8,420 KWh per year

