



Increased Electricity Prices for NSW?



April 2007

The Independent Pricing and Regulatory Tribunal (IPART) have proposed significant increases over the next three years to electricity prices. This will mean that if you are on a standard Energy Australia, Integral Energy or Country Energy contract, you will be likely to face an increase of over 20% in your energy costs over the next three years.

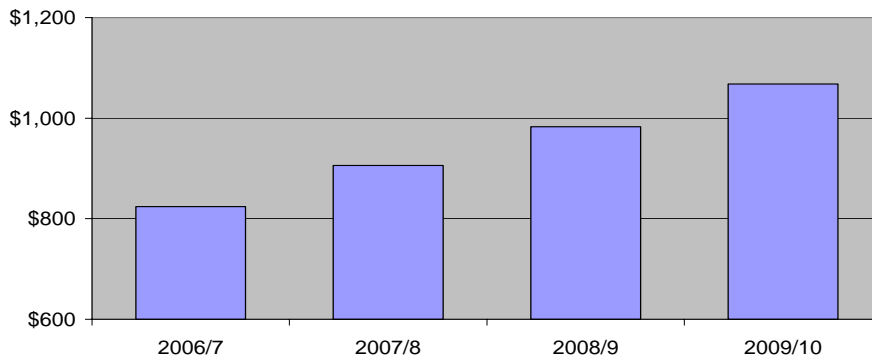
Will everybody face the same increases?

No. The effect of the proposed increases will vary from household to household. IPART have changed the way in which they set energy prices over the next three years, moving from a *capped price* to an *average price*, giving electricity retailers more control over individual electricity tariffs. What this means in effect is that some consumers may be charged substantially higher prices. PIAC and NCOSS are very concerned that some consumers will face very steep increases under this new funding model.

What is this likely to mean for household energy bills?

For most households the changes will mean that at the end of three years they will face an increase of between \$100 and \$200 each year in their electricity bill. As stated above, some households may face much more significant price increases.

Typical Energy Bill Increases for Integral Energy Customers



Source: Independent Pricing and Regulatory Tribunal

Won't consumers be able to afford the increase?

An increasing number of households in NSW are experiencing difficulties paying for their electricity bills. In NSW last year over 26,000 households were disconnected from their electricity supply as a result of inability to pay. Households that face difficulty paying their energy bills will often take drastic measures such as not preparing meals or turning off heating. Alternatively some households will forgo other essential spending on food or transport in order to pay their energy bills.

Why are prices going up so much?

This price increase is not about building more power plants or increasingly the reliability of the energy network. The pricing regulator is pushing prices up to increase the profitability of energy retailers. The idea is that more energy retailers will enter into the market place offering better deals for customers. So we are going to paying more in order to get a more competitive energy market.

Why can't consumers shop around for a cheaper deal?

Although it is possible that some energy companies may offer cheaper electricity to households, the IPART decision cannot guarantee that this will happen. Increased competition is reasonable if consumers get a better deal. Unfortunately since competition started to be introduced in NSW we have also seen increased prices and an increasing number of households being disconnected as a result of an inability to pay their bills.

Have you shopped around for an energy contract?

Energy contracts can be complex and confusing, often locking you into a three-year supply contract with hefty early termination penalty fees. Complaints to the Energy and Water Ombudsman about energy retailers behaviour have been escalating in recent years. Yet IPART believes the competitive energy market is working well. Have you been offered or signed up to an energy contract? And if so, would you say the market is working well?

Aren't there concessions to protect customers who face financial difficulties?

The NSW Government does provide assistance to some customers through schemes such as Pensioner Rebates and Energy Accounts Payment Assistance (EAPA) Vouchers. But many low income households in NSW are not eligible for the financial support that is available in other states and territories. For example, Victoria, South Australia, Western Australia, Tasmania and the ACT offer rebates to working families earning less than \$38,000 per year, something that is not available in NSW. It is important to remember though, that an increase in electricity prices is paid by all customers, whether or not they have access to a concession.

Don't we need increases to electricity prices to build infrastructure in NSW?

There is no question that there is a lot of work to do in NSW to meet demand for energy and improve the green credentials of our energy network, but it is not clear that the IPART decision is about promoting sustainability. The increases aim to increase profit margins for electricity retailers, and are likely to result in a large windfall for some providers.

What can I do?

✓ **Write a letter to IPART**



NSW Electricity Regulated Retail Tariffs and Charges, Independent Pricing and Regulatory Tribunal, PO Box Q290, QVB Post Office NSW 1230



energyretail@ipart.nsw.gov.au

✓ **Write to the NSW Government**



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