



INDEPENDENT PRICING AND REGULATORY TRIBUNAL
OF NEW SOUTH WALES

NEWS RELEASE

IPART Sets Modest Electricity Price Rises

UNDER EMBARGO UNTIL 11.45AM, THURSDAY 10TH JUNE 2004

The Independent Pricing and Regulatory Tribunal of NSW (IPART) today set modest increases in electricity bills, effective from 1st July 2004, as a result of its final determinations on electricity distribution prices and regulated retail prices.

Typical residential customers will see maximum increases of between 70 cents and \$1.40 a week.

IPART Acting Chairman, Mr James Cox, said: "These final determinations will ensure that distributors have sufficient funds to deliver safe and reliable electricity supplies across the state.

The new retail prices will better reflect the cost of providing electricity and the increases in network prices.

Even with these increases, electricity prices in NSW will be lower than in most other States."

The four state-owned electricity distributors - EnergyAustralia, Integral Energy, Country Energy and Australian Inland Energy and Water - asked for substantial price rises to fund \$8 billion in capital and operating expenditure over the next five years.

Mr Cox said that while the Tribunal accepted the need to renew and maintain ageing infrastructure, demand management should be given a higher priority. The determination provides an incentive for demand management to be undertaken.

The electricity distribution determination sets the network distribution component of electricity charges, that all customers pay.¹

The regulated retail determination sets final prices for customers who use less than 160MWh of electricity (a bill of approximately \$16,000) per year and have not accepted a competitive offer from another electricity supplier.

¹ Excepting a handful of large industrial customers who take their electricity supply directly from the high voltage transmission grid.

Average price increase a year on total residential bill (including inflation)

Retailer	Average Annual Increase (2004/05 to 2006/07)
EnergyAustralia	5.3%
Integral Energy	5.0%
Country Energy	5.8%
Australian Inland	5.8%

The maximum nominal increase for any NSW customer on regulated retail tariffs is 7.8% in a year.

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Notes:

Who and what are electricity distributors?

Electricity distributors, or Distribution network Service Providers (DNSPs), are the businesses that own the low voltage electricity distribution networks used to carry electricity from the high voltage transmission lines to end customers. The DNSPs in NSW are also energy retailers. They are EnergyAustralia, Integral Energy, Country Energy, and Australian Inland Energy and Water, all of which are owned by the NSW Government. (Transmission networks are regulated by the ACCC. Wholesale electricity prices are unregulated.)

Which retail prices does the Tribunal regulate?

Small retail customers have been able to choose their electricity retailer since 1 January 2002. The Tribunal regulates default retail electricity tariffs for those small (consumption under 160MWh p.a.) customers who have not entered into a contract with a retailer in the competitive electricity market.

Over what period do these price changes apply?

The determination on electricity distribution covers the five year period 2004/05 to 2008/09. The determination on electricity retail covers the three year period 2004/05 to 2006/07.

Where figures are shown in nominal terms, inflation is assumed to be 2.8% in the first year then 2.2% for the next two years.

Draft Determinations

IPART issued a draft determination of network prices in January 2004, and retail prices in April 2004.