
Press Release

WARNING: Electricity Users in NSW, Qld & SA, Your Bill is About to Increase Again

The Energy Users Association of Australia (EUAA) today issued a warning to all electricity consumers in New South Wales (NSW), Queensland (Qld) and South Australia (SA) that their power bills will increase significantly as of tomorrow (1st July).

“As of 1st July, regulated electricity charges in NSW will increase by an average of 10 per cent, in Qld by 13.3% and in SA by 8.6%,” Mr. Roman Domanski, Executive Director of the EUAA said. “Electricity users in these States need to be aware of this and plan for the consequences as best they can.”

“The main reason for the increases is that the Australian Energy Regulator (AER) has approved increases in the network (or transportation) component of the bill, which makes up around half of the total. In fact, the increases in network charges are around 20% for all three states. We calculate that the network component will be responsible for 84% of the increase this year in NSW, whilst for Qld it is 62% and for SA it is 75%. Whichever way you look at it, the heist in network prices is the main factor by far.”

“For NSW there was a similar increase on 1st July last year, so this is the second year in a row that prices have gone up so significantly,” Mr. Domanski said. “The increase in NSW this year is greatly exacerbated because the four government-owned electricity network utilities in NSW appealed against the AER’s decision and managed to claw back an additional \$2 billion in revenue as a result. The impact of this is now finding its way into the electricity prices NSW consumers pay.”

“This is not the end of it either. Over the five years to 2014, average network prices in NSW will jump by an incredible 95%, whilst of Qld and SA it will be 50% by 2015. This is very bad news for electricity consumers in those states. In NSW and Qld, the worst performers in terms of price increases, the network businesses are all government-owned.”

Mr Domanski also pointed out that as all businesses use electricity, price increase of this magnitude will find their way into higher inflation and the EUAA expects them to be a significant factor in the September quarter Consumer Price Index for NSW, Qld and SA.

“However, the contrast with Victoria appears very stark based on a recent AER draft decision. If this decision is confirmed later this year, we expect average network prices in Victoria to decrease by 6% on 1st January next year and for them to show a small nominal increase of only 5% (well below expected inflation) by 2016. The Victorian network businesses are privately-owned and the contrast is a direct result of them having much lower costs and being far more efficient in how they are run. What’s more, they have the best and most consistent record of delivering reliable electricity to consumers.”

“The Governments of NSW and Qld, in particular, need to act to significantly improve the efficiency of their electricity networks and allow prices to reflect this. If they do not, all

electricity consumers will keep paying higher prices than they need to and some will struggle to afford it. Businesses that use electricity - and what business doesn't - will have to absorb the higher costs or pass the on down the chain, which some will struggle to do. Companies looking to invest and create jobs will have to take these higher costs into account - and compare them to Victoria - when they decide where to locate and invest," Mr. Domanski concluded.