

NEWS RELEASE

ESSENTIAL SERVICES COMMISSION PROPOSES REDUCTION IN ELECTRICITY STANDING CONTRACT PRICES

2 October 2012

About a quarter of South Australian electricity customers will pay a lower rate for their power next year, with expected annual savings of around \$160 for an average household, under a draft determination made by the Essential Services Commission of SA (ESCOSA).

ESCOSA's draft determination would significantly reduce in the allowance for wholesale electricity costs that apply to standing AGL SA contracts.

A final determination will be made in early December, after a period of public consultation on the draft determination. If approved, the reduction will take effect from 1 January 2013.

The lower rate will apply to approximately 25% of households and small business customers on the standing contract, which is price regulated by ESCOSA.

Other electricity customers have opted to purchase electricity via market contracts with AGL or other retailers. These are not price regulated, although ESCOSA oversees contract terms, conditions and retailer activities, including billing and customer service.

The proposed reduction follows a review of wholesale cost inputs used to establish the price to be charged in standing contracts for 2011 to 2014, which was set in December 2010.

“ESCOSA proposes an 8.1% standing contract price reduction, which we anticipate will reduce an average household’s bill by around \$160 a year,” Mr Kerin said.

“We have done this because the estimate of wholesale costs now is lower than the current wholesale cost allowance. One of the key reasons is that demand and demand projections have fallen significantly over the past year.

“When we set the price in 2010 we said we would review the wholesale cost component if we thought the wholesale market appeared to change materially and we are following up on that commitment.

“The wholesale cost represents about a third of a typical residential electricity bill, so the proposed reduction will have a visible impact next year for those on standing contracts. This would benefit customers who have seen electricity prices rise quite significantly over the past three years.”

Public comments on the recommendation are welcome. It can be accessed online at www.escosa.sa.gov.au.

ESCOSA will make its final determination in early December and any change in the standing contract will apply from 1 January 2013.

Mr Kerin said many retailers offered further discounts on the standing contract prices and customers should shop around to further reduce their energy bill.

ESCOSA provides a price comparison service that uses a customer’s consumption history to determine the best price available. This can be accessed online at www.escosa.sa.gov.au.

Reviewing energy consumption could also help reduce bills. Further information about energy saving can be found at www.sa.gov.au/energysmart.

Interviews (in person or by telephone) with Paul Kerin, Chief Executive Officer of ESCOSA, can be arranged via Chris Rann

**or Renae Sullivan at Rann Communication 08 - 82117771 or
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