



## SACOSS Essential Services Factsheet: Energy

### Utility Prices

#### Overview

The start of the 2013-14 financial year will bring increases in prices for three key utilities – electricity, gas and sewerage. The price decrease in water will be offset by the sewerage price increase. This fact sheet summarises the scale, timing and basis for the increases.

**Table of rising utility prices**

Date Announced	Commencement Date	Utility	Review process	Increase	Increase in average bill p.a.
27 May 2013	1 July 2013	Water and Sewerage	ESCOSA's Revenue Determination for SA Water 2013/14 – 2015/16	2.4% increase	\$30
7 June 2013	1 July 2013	Electricity	AER Electranet transmission annual pricing proposal; ETSA Utilities pricing proposal submitted to AER	2% increase	\$40
24 May 2013	1 July 2013	Gas	Envestra annual tariff variation	Over 20% increase	\$105

In summary, a household with average consumption of electricity, gas and water can expect to see a **combined increase of \$175 p.a. from 1 July 2013.**

#### Regulatory arrangements

Aspects of Electricity, Gas and Water continue to be regulated in South Australia. The residential and small business electricity and gas retail markets were de-regulated in February 2013 and so the final price paid by households for electricity and gas are set 'by the competitive market'. The regulated network charges for electricity and gas have traditionally been simply 'passed through' by electricity and gas retailers and so the impacts of these changes can be estimated with some confidence.

## Gas

The average gas bill in 2012/13 was \$488.33 for 21GJ pa. The largest increases for gas in 2013-14 will be in the cost of reticulated gas. Envestra's network charges will increase in excess of 20% from July 1st (around \$105 pa for the average residential gas user):<sup>1</sup>

Envestra Gas Tariff R			
	From 1 July 2012	From 1 July 2013	% Increase
Base Charge	\$0.36	\$0.37	2.8%
First 10GJ pa	\$12.59	\$28.93	34.0%
Next 8GJ pa	\$12.08	\$14.44	19.5%
Additional	\$4.83	\$4.91	1.7%
Carbon Pass through	0.03	0.03	\$/day
Retail			
Network increase for 2013-14	21GJ pa	\$105.79	12%

Consumers of small amounts of gas can expect this to flow through as a retail gas bill increase of around 15%, while larger users will see gas prices increase around 12%.

## Electricity

Network costs consist of ElectraNet's transmission tariffs and ETSA Utilities' distribution tariffs, and comprise approximately 45% of a typical residential bill. The retail costs currently make up the remaining 55%, and include the cost of energy and retail operating costs. The average electricity bill for 2012/13 was \$1,891 for 5MWh pa inclusive of GST.

SA Power Networks submitted their proposed 2013-14 tariffs to the AER for approval in May 2013.<sup>2</sup> Envestra submitted their proposed 2013-14 tariff schedule to the AER for approval in April 2013.<sup>3</sup>

The regulated cost of accessing the SA Power Networks electricity distribution network in SA will increase by 10-12% in 2013-14 but will be mostly offset by reductions in ElectraNet's Transmission charges and the expiration of a once-off recovery of past year's Feed-in Tariff payments. Feed-in scheme payments continue at around \$100m per annum. The net result will be an increase of around 3-4% of the Network component of electricity bills with the likely impact of a 1.5-2% nominal increase in retail electricity bills. As is usual, the largest increases will be for the smallest consumers.

Retailers have indicated price increases from 1 June 2013 of between 1.64 – 4.1%.<sup>4</sup>

<sup>1</sup> <http://www.aer.gov.au/node/20022>

<sup>2</sup> <http://www.aer.gov.au/node/20180>

<sup>3</sup> <http://www.aer.gov.au/node/20022>

<sup>4</sup> <http://www.adelaidenow.com.au/news/south-australia/electricity-bills-to-rise-100-a-year-from-monday-in-south-australian-homes/story-e6frea83-1226671672283>

## Water and sewerage

The Essential Services Commission of South Australia (ESCOSA) has advised the maximum allowable revenue for water and sewerage services which will apply from 2013/14 - 2015/16 (27 May, 2013).

The prices set by the State Government and SA Water to meet the regulator requirements have been set for the 2013-14 financial year as follows:

- Quarterly supply charge of \$68.70 (decrease of \$4.50 or 6.2% on 2012-13)
- \$2.26/kl for water use of 0-30kl per quarter (decrease of 6.6.% on 2012-13)
- \$3.23/kl for water use from 30-130kl per quarter (decrease of 6.4% on 2012-13)
- \$3.49/kl for water use for greater than 130kl per quarter (decrease of 6.4% on 2012-13)<sup>5</sup>

Although water prices will decrease by 6.4%, sewerage charges will increase by 1.6% for metropolitan SA Water customers and 2.1% for regional customers.

The Government has announced that it will not be continuing last year's annual water security rebate. Given that the rebate is no longer available, the combined impact of the above changes to water and sewerage prices means average water and sewerage bills will increase by 2.4 per cent increase from last year as the rebate is no longer available.

Average household water bills were \$790 per annum in 2012/13 (180kL consumption per annum). Average household sewerage bills were \$488 per annum in 2012/13.<sup>6</sup>

According to the ECOSA, the main reasons for the reduction in average revenues were:

- A reduction in forecast operating expenditure
- A significant reduction in financing costs

## Concessions

Water concessions will increase on July 1<sup>st</sup>, 2013 as follows:

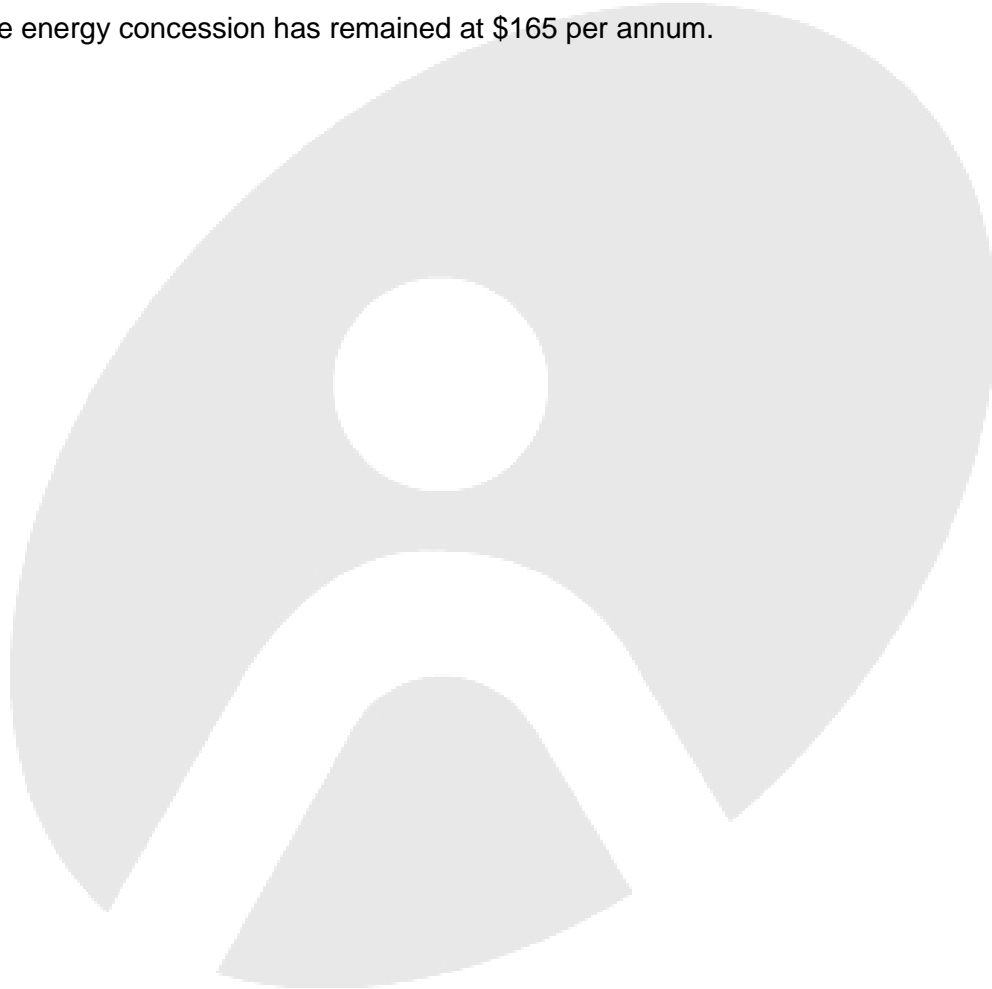
<i>Water concession</i>	<i>2012-13</i>	<i>2013-14</i>
<i>Concession as % of water bill (excluding sewerage)</i>	<i>25%</i>	<i>30%</i>
<b>Home owner-occupiers</b>		
<i>Minimum</i>	<i>\$155</i>	<i>\$185</i>
<i>Maximum</i>	<i>\$265</i>	<i>\$295</i>
<b>Tenants</b>		
<i>Minimum</i>	<i>\$90</i>	<i>\$120</i>
<i>Maximum</i>	<i>\$200</i>	<i>\$230</i>
<b>Sewerage</b>	<b>\$110</b>	<b>\$110</b>

<sup>5</sup> [http://www.premier.sa.gov.au/images/news\\_releases/13\\_05May/waterprice.pdf](http://www.premier.sa.gov.au/images/news_releases/13_05May/waterprice.pdf)

<sup>6</sup> [http://www.escosa.sa.gov.au/library/130527-SAWater\\_Water\\_SewerageRevenues\\_2013-16-FinalDetermination-StatementOfReasons.pdf](http://www.escosa.sa.gov.au/library/130527-SAWater_Water_SewerageRevenues_2013-16-FinalDetermination-StatementOfReasons.pdf) pg.10

Water concession recipients are invariably (albeit marginally) better off – the reductions in the water supply and consumption charges, combined with the increase in the concession are close to or exceed the once-off 'water security rebate' of 2012-13. The concession maximum reached with 260kL annual consumption for owner occupiers and around 275kL per annum for renters is well above the average consumption.

The energy concession has remained at \$165 per annum.



*For further information regarding this fact sheet contact SACOSS on 8305 4222*