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# Press Release

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## **Happy New Year Energy Users ... brace for more price increases in 2010!**

**Just 4 days into the New Year, the Energy Users Association of Australia (EUAA) has warned energy users to brace for some large energy price increases ahead.**

“This year users will again see some large increases in energy prices. Network charges, which make up around 40-50% of most bills, appear set to rise significantly in New South Wales, Victoria, Queensland, Western Australia, South Australia and Tasmania,” Mr. Roman Domanski, Executive Director of the EUAA said. “On the basis of recent decisions by the Australian Energy Regulator (AER) average distribution network prices in New South Wales will increase by up to 21% on 1<sup>st</sup> July (following increases as high as 60% last year) and in Tasmania transmission network prices will increase by 8% on average (over 30% last year). The AER’s Queensland and South Australian draft decisions imply increases as high as 30% in Queensland and 13% in South Australia during 2010. The Victorian electricity distributors have proposed significant price increases with the highest being close to 50% on 1<sup>st</sup> January 2011.”

“Unfortunately for energy users we believe that significant elements of these rises are avoidable as they reflect inefficiencies in the costs of the network businesses that the regulator needs to take a stronger axe to. Meanwhile, energy costs will also come under increasing pressure due to the mandatory 20% renewable energy target, indirect costs related to it (eg higher transmission charges), pressures on gas prices and the cost of the Government’s emission trading scheme which is already finding its way into energy prices,” he said.

In December EUAA members expressed alarm at the very large increases in network charges they were facing and its impact on their operations. EUAA members, including large gas users in Queensland, also said that they are unable to contract for gas on a long-term basis as it is simply not available, contrary to what major gas producers may say. Members also report that carbon pass through clauses in energy contracts could further disadvantage them once an emission trading scheme is introduced.

“We are pleased to see comments from the Chair of the AER indicating that they are aware of energy cost pressures and taking some steps relating to them. We will be interested to see how these steps translate into concrete actions that benefit energy users. Governments and the Ministerial Council on Energy have so far not shown that they are on top of the problem. The upshot is that this year the authorities need to take a much stronger stance to shore up the competitive advantage Australia has in energy before we loose it,” Mr. Domanski concluded.