

## YOUR GAS BILL

### What type of gas customer am I?

There are two types of gas customer - *regulated contract* and *market contract* customers.

You may be on a *regulated contract* if:

- You live in Sydney, Wollongong, Newcastle, Dubbo, Orange, Parkes or the Riverina and you are supplied by AGL.
- You live in the NSW regions surrounding the ACT and south east NSW (including Young, Goulburn, Shoalhaven and Yass) and you are supplied by ActewAGL.
- You live in a south western region of NSW (including Wagga Wagga and Gundagai) or an inland city (such as Tamworth) and you are supplied by Origin Energy.
- You live in an area on the NSW and Victorian border (including Albury and the Murray Valley Towns) and you are supplied by Origin Energy.

You are likely to be on a *market contract* if:

- You are not one of the above customers.
- You are supplied gas by any other retailer.
- There are any discount items on your bill.
- You have been door-knocked and asked to change retailer any time since 2002 and have taken up their offer.

If you are still not sure, contact your retailer and ask what kind of contract you are on.

Note that if you are on a *market contract*, you can switch back to your *regulated* supplier and a *regulated contract* at any time. Simply call the *regulated* supplier in your area. However, if you switch before the end of your *market contract* term, you may have to pay an exit fee. Check the terms and conditions with your current retailer. <sup>1</sup>

### How have my gas bills changed over the past few years?

About half of your bill from a gas retailer is made up of the cost of buying the gas from a gas producer and marketing it to you. Most of the other half is the cost of distributing the gas through the pipes to your meter. The rest of the bill includes the carbon price (about 6%), which has now been removed.

Bills are divided into two separate parts:

- An '**access or supply charge**' - this recovers some of the fixed costs of getting the gas to your residence or place of business as well as the costs of running the gas retailer business. This is usually expressed as cents/day for the time the gas is connected. This rate may change when you sign a contract.

- A '**consumption or usage charge**' which is based on how much gas you actually consume, on a sliding scale (generally the more you use the less you pay for each unit you use). This is expressed as cents/megajoule (MJ) used.

**Access charges and usage charges** (the total bill) for typical *regulated* customers using about 20 000 MJ per year increased on average about **5%** from 2008 - 2011 and about **12%** from 2012 - 2014. The total bill increase for 2015 will be approximately 10% - 12% after the removal of the carbon price and about 5% - 6% in 2016.

IPART (Independent Pricing and Regulatory Tribunal) sets the allowed average price increases each year in July for regulated customers. This means that a supplier can increase one component of a regulated price by more than the average amount, as long as it increases another component by less than this amount. For example, it may increase the access/supply charge by more than the average amount, but increase the usage/consumption charges by less than this amount.

If you are a small gas user, this might mean that your bill increases by more than the average percentage increase announced by IPART because you pay considerably more for the supply and less for the small amount of gas you use.<sup>2</sup>

### **What were the reasons for these changes?**

For the years prior to 2014, the main factor in price rises were rises in network costs - the costs of piping the gas to your meter. This increase appears in the '**access fee**' section of your bill. Some of these price rises were also included in the '**usage fee**' part of your bill.

### **How will bills change from July 2014?**

From 2014 to 2016, the increases in your bill will be mostly due to the increased cost of wholesale gas supplied to your gas supplier. The wholesale price of gas makes up roughly 20% of your normal bill, and this price is set to at least double, and possibly triple over the next 2 - 3 years.<sup>3</sup>

### **Why is the wholesale price of gas going up?**

There are three major reasons for the rises in the wholesale price of gas in NSW:

- Gas production (*supply*) in NSW is very small in comparison to gas usage (*demand*).
- Future supplies from Queensland, which could be purchased will now be priced on the international market as gas producers start to export gas overseas. The price of the gas will be set at international prices rather than the lower (local) prices.
- The existing NSW contracts for supply from Victoria are up for renewal and these supplies have been committed elsewhere (mainly exporting overseas where the prices are much higher) and will probably not be available for NSW use.

**What will be the impact on typical gas customers' bills? <sup>4</sup>**

***Indicative annual bill for typical residential customers (GST included)***

<b>Standard Retailer</b>	<b>Current bill (2013/14)</b>	<b>Estimated bill (2014/15)</b>	<b>Estimated bill (2015/16)</b>	<b>\$ increase over 2 years</b>
AGL	\$901	\$1,056	\$1,063	\$162
ActewAGL	\$1,292	\$1,515	\$1,522	\$230
Origin Energy (Albury/Murray Valley)	\$933	\$1,107	\$1,069	\$136
Origin Energy (Wagga Wagga)	\$1,027	\$1,237	\$1,212	\$186

***Indicative annual bill for typical business customers (GST excluded)***

<b>Standard Retailer</b>	<b>Current bill (2013/14)</b>	<b>Estimated bill (2014/15)</b>	<b>Estimated bill (2015/16)</b>	<b>\$ increase over 2 years</b>
AGL	\$4,201	\$4,926	\$4,959	\$757
ActewAGL	\$4,997	\$5,858	\$5,885	\$888
Origin Energy (Albury/Murray Valley)	\$3,295	\$3,911	\$3,776	\$481
Origin Energy (Wagga Wagga)	\$3,503	\$4,221	\$4,136	\$633

**Where do you get more information about your bill or about offers available to you in your area?**

You can visit [www.energymadeeasy.gov.au](http://www.energymadeeasy.gov.au) or contact your retailer directly using the contact details on your bill.

**Where do you get help if you have trouble paying your bill?**

Customers experiencing difficulty paying their gas bills should speak with their retailer about the retailer's *hardship program* and their *customer assistance program*, which they are required to have by law.

While there are some differences between retailers, it effectively means that customers on an *assistance program* are protected from disconnection due to late bill payment and have a special arrangement worked out to help them manage their bills. Retailers generally offer options for *smoothing out* bills, where the total cost of a customer's expected yearly bill is spread across the whole year in equal weekly, fortnightly or monthly installments.<sup>5</sup>

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<sup>1</sup> IPART Gas FAQs on IPART website

[http://www.ipart.nsw.gov.au/Home/About\\_Us/FAQs?dlv\\_faq%20list=\(dd\\_industries=gas\)](http://www.ipart.nsw.gov.au/Home/About_Us/FAQs?dlv_faq%20list=(dd_industries=gas))

<sup>2</sup> IPART Gas FAQs on IPART website above

<sup>3</sup> IPART Factsheet 10 June 2014 page 2

<sup>4</sup> IPART Factsheet 10 June 2014 pages 3-4

<sup>5</sup> IPART Factsheet 10 June 2014 page 4