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## Media Release

# Household gas bills to drop by \$144 a year as natural gas network charges reduce by 23%

South Australia's 435,000 households and small businesses connected to natural gas are about to receive significant reductions in their bills - on average, ranging from \$144 to \$750 per annum respectively.

This follows the Australian Energy Regulator (AER) issuing its Final Decision on Australian Gas Networks' (AGN) South Australian Access Arrangement for the five year period commencing on 1 July 2016.

The Final Decision provides for a 23% cut to gas distribution charges in real terms from 1 July 2016. These charges make up about half the average residential bill.

The AER estimates the average flow on effect to AGN's (425,000) residential and (10,000) small business customers will culminate in their gas bills dropping by about \$144 and \$750 per annum respectively from 1 July 2016, assuming other components of the bill do not change.

AGN Chief Operating Officer, Mr Andrew Staniford said: "The reduction in the network charges will take the pressure off household and small business gas bills."

"The price drop will significantly improve the affordability of natural gas and will be a boon for South Australia," he said.

"Lower network prices provide a real incentive for households to choose gas for cooking, hot water and heating.

"Further, natural gas can also be used for outdoor kitchens, barbeques and patio heating. You can even install a natural gas powered air conditioner.

"Gas charges per unit of energy consumed become cheaper as you install more gas appliances in your home.

"One smart and cost-effective strategy to make your household budget go further is to choose gas."

Mr Staniford said households and small businesses switching to gas was also good for the environment.

He said burning gas directly in a home reduced emissions by up to 85% compared to using electricity produced from coal.

"The improved affordability of gas combined with its environmental advantages makes natural gas a compelling proposition for every South Australian where gas is available," Mr Staniford said.

"And that is being made achievable to more South Australians all the time by AGN's continual improvement and upgrade of its gas network."

AGN recently announced it had invested \$6 million to build a new pipeline to supply natural gas to the McLaren Vale region for the first time.

It has also recently funded a significant \$6 million upgrade to the Seaford Aldinga high pressure network - the main gas pipeline supplying Adelaide's southern coastal region including Seaford, Aldinga and Seaford Meadows - to improve/increase gas supplies to thousands of homes and businesses in the region.

Mr Staniford said AGN's network expansion plans were set to continue with the AER decision also approving the Company's plan to grow and extend its natural gas network.

"The AER decision provides for the connection of an additional 34,000 customers over the next five years," Mr Staniford said.

"This expansion builds on the decisions already taken by the Company to take gas to Tanunda, McLaren Vale and Buckland Park," he said.

"The extensions will provide more South Australians than ever before with access to affordable, clean natural gas."

Mr Staniford emphasised that now is a great time to connect to natural gas or convert to gas as AGN is offering rebates of up to \$1,500 to offset the costs of converting.

Full details of the rebates are available on the website [www.australiangasnetworks.com.au](http://www.australiangasnetworks.com.au) or by ringing the connection hot line 1300 001 001.

The Final Decision has been published on the AER's website, [www.aer.gov.au](http://www.aer.gov.au).

## **Background**

Australian Gas Networks, with its head office in Adelaide, owns natural gas distribution networks in South Australia, Victoria, Queensland, New South Wales and the Northern Territory which deliver this environmentally friendly fuel to more than 1.2 million Australian customers.

The Access Arrangement sets out the terms, conditions and tariffs for the provision of access to AGN's South Australian gas distribution network from 1 July 2016 to 30 June 2021.

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