

04 January 2017

Media Release

Victorian household gas bills to drop by \$40 a year as natural gas network charges reduce by 11%

About 650,000 households and small businesses connected to natural gas in Victoria and Albury in New South Wales are set to receive significant reductions in their bills - on average, ranging from about \$40 to \$180 per annum respectively.

This follows Australian Gas Networks (AGN) - one of Australia's leading natural gas distribution businesses - submitting to the Australian Energy Regulator (AER) its Final Plan for its Victoria and Albury Access Arrangement for a five year period commencing on 1 January 2018.

The Final Plan proposes an 11% reduction to gas distribution charges in real terms from the beginning of next year. These charges make up about a third of the average residential bill in Victoria.

AGN estimates the average flow on effect to its 625,000 residential and 25,000 small business customers in Victorian and Albury - on the Victorian-New South Wales border - will culminate in their gas bills dropping by about \$40 and \$185 per annum respectively from 1 January 2018, assuming other components of the bill do not change.

In Victoria and Albury, AGN delivers natural gas to customers across central and northern Melbourne (including in the CBD), north to Shepparton, Wodonga and Albury in NSW, the outer south-east to the Mornington Peninsula and then east to Warragul, Traralgon and Bairnsdale.

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

"The price drop will improve the affordability of natural gas for our new and existing customers in Victoria and Albury," he said.

"We are very conscious that the cost of living - including utility bills - is a major concern for many people.

"Gas distribution prices make up about one third of the average domestic retail gas bill, so AGN has an important role to play in the affordability challenge.

"Our proposed 11% upfront price cut with modest annual increases thereafter to match our growing capital base is part of embracing that challenge

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

"Further, 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 as part of its Final Plan currently before the AER, AGN would continue its mains replacement program replacing about 300 kilometres of gas mains - including about 25 kilometres in the Melbourne CBD - over the proposed five year Access Arrangement period.

AGN also expects to connect 16,000 new customers each year to natural gas in Victoria and Albury over the same period.

"Our networks cover some of the fastest growing areas in Australia and we are delighted to be playing such an important role in supporting this growth," Mr Staniford said.

"Customer growth spreads the benefits of gas and lowers prices to existing customers by spreading our mostly fixed costs over a large customer base," he said.

"Natural gas remains a highly cost-effective and clean domestic fuel.

"In Victoria, most electricity is produced by coal, and using natural gas in the home saves around five tonnes of carbon dioxide annually compared to mains electricity, meaning that gas is cleaner as well as cheaper than electricity.

"The improved affordability of gas combined with its environmental advantages makes natural gas a compelling proposition for every Victorian and Albury resident where gas is available.

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

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 \$1500 to offset the costs of converting.

Full details of the rebates are available on the website www.australiangasnetworks.com.au or by ringing the connection hot line 1300 001 001.

AGN's Final Plan and Customer Overview are available on its website www.australiangasnetworks.com.au/our-business/have-your-say.

The AER will hold a public forum on AGN's Final Plan on 1 February 2017 before handing down its Draft Decision in June.

AGN will then have an opportunity to submit a revised Final Plan before the AER releases its Final Decision on 30 November 2017.

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.

For further information contact

Andrew Staniford, Chief Operating Officer, Australian Gas Networks

T (08) 8418 1125

M (0438) 897 174

Sean Whittington, Field PR

T (08) 8234 9555

M (0412) 591 520