

HOUSEHOLDS FOOT BILL FOR CARBON SCHEME

Third of power-cost rise due to CPRS

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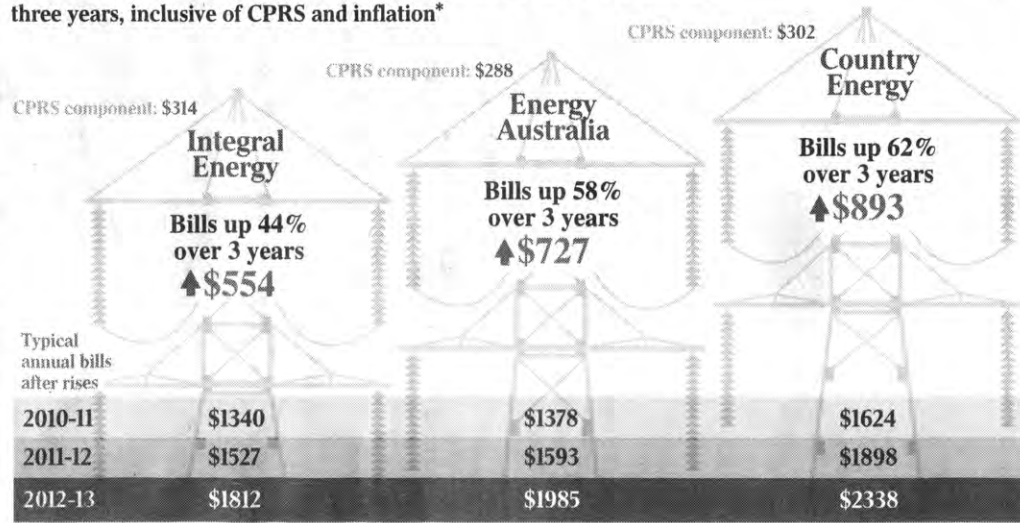
AUSTRALIANS will have to pay up to an extra \$1000 over the next three years for power, with about a third of the extra cost directly attributable to the Carbon Pollution Reduction Scheme.

The NSW regulator yesterday issued a draft ruling allowing the state's three electricity companies to raise their charges over the next three years, and it is the first such ruling where the cost of a CPRS can be exactly determined.

The federal government has estimated that an ETS would add \$1100 a year to the average family's bills, with gas, fuel and groceries set to rise along with electricity.

Power prices in Australia are set by each state within a national framework, and the Australian Energy Regulator recently issued guidelines for South Australia and Queensland, with those for Victoria due to be released in the new year.

Draft household price increases on electricity bills in NSW over the next three years, inclusive of CPRS and inflation*



* Percentage totals are cumulative. Prices exclude GST and CPRS compensation

Source: Independent Pricing and Regulatory Tribunal

But these rulings allow only for increased charges for network costs and not a CPRS, making yesterday's ruling by the NSW Independent Pricing and Regulatory

Tribunal the first on what it sees as the potential cost to consumers of a CPRS.

While NSW is the first state to make such a call, its figures would

be a guide for other state regulatory bodies when they issue their rulings for possible rises.

Under the NSW body's draft ruling issued yesterday, the three

main energy companies would be able to start charging for a CPRS from the middle of next year, even though the scheme was not due to start until the middle of 2011.

Notes issued with the ruling show that customers of Energy Australia would pay an extra \$288 over three years for a CPRS, while those with Integral Energy would pay an extra \$314, and those with Country Energy an extra \$302.

This represents a rise in cost between now and 2012-13 of 23 per cent for Energy Australia, 25 per cent for Integral Energy, and 21 per cent for Country Energy.

In the case of all three distributors, the cost of a CPRS is about half the overall increase recommended by the independent regulator, with most of the extra cost to consumers coming from the need to replace ageing infrastructure.

The overall costs allowed by the NSW pricing tribunal would see rises over three years of \$554, or 44 per cent, for customers of Integral Energy, \$727, or 58 per cent,

for those of Energy Australia, and \$893, or 62 per cent, for those signed to Country Energy.

Tony Abbott seized on the last figure as evidence of how the CPRS would hit ordinary consumers.

He claimed that "those massive increases are due in significant measure to Mr Rudd's emissions tax". "There is a real problem here. Mr Rudd is trying to tell us that there is a painless way to tackle climate change," the Opposition Leader said. "There isn't. And we have learnt today from the NSW authorities that Mr Rudd's emissions tax is likely to impact massively on Australian families."

But the federal government planned to allow full or partial compensation for electricity consumers who earned less than \$160,000.

The NSW opposition said the planned increases showed the extent that basic infrastructure such as powerlines had been allowed to run down under the Labor government.