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Media Release

Significant gas bill cost savings kick in today for 435,000 SA household and small businesses

Nearly 450,000 South Australian households and small businesses connected to natural gas are in for significant cost savings from today (1 July 2016) - a reduction, on average, of between \$144 and \$750 respectively off their annual gas bills.

As financial increases to a raft of State Government fees and charges - and other utility costs - kick in at the start of the new financial year, more than 435,000 SA households and small business who use natural gas are set to receive the timely boost to their family and/or business budget.

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 from today (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 today, assuming other components of the bill do not change.

AGN Chief Operating Officer, Mr Andrew Staniford said: "Today is a very good day for the 435,000-odd households and small businesses in South Australia connected to natural gas as they will start to have more money in their pockets.

"The savings are significant in anyone's language, and come at a time when the cost of living continues to rise and impact on every household and business budget," he said.

"The reduction in network charges will undoubtedly take the pressure off their respective gas bills, and as a direct result, will provide much needed relief to their household and business budgets," he said.

"Never has there been a more relevant time for families to choose natural gas to fuel their household appliances - from the more traditional stoves, ovens, hot water services and heating to outdoor kitchens, barbeques and patio heating.

"The price drop considerably improves the affordability of natural gas and will be a boon for South Australia.

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

"So even if you are already connected to gas, now is the perfect time to connect more appliances to further reduce your energy costs."

Mr Staniford unveiled a raft of information highlighting the benefits of a South Australian household or small business using natural gas over electricity from 1 July 2016. They included:

- An average household customer using natural gas for their cooking, hot water and heating needs will save \$319 per year by converting those appliances to natural gas.
- In doing so, their CO2 emissions will be 56% lower using natural gas compared to power generated coal-fired power stations.
- A household customer with just natural gas cooking and hot water (and reverse cycle air conditioning/heating) will save over \$300 per year.
- The average customer uses about 18Gj of natural gas per year. Based on pricing of a major retailer from today (1 July 2016), that equates to an annual charge of \$1301 for electricity, while for natural gas the cost will be \$983 (including fixed charges.)
- Natural gas becomes cheaper the more a household/small business uses it - so the more gas that is used, the further the savings to the household/business running costs.

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."

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 or by ringing the connection hot line 1300 001 001.

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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