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MEDIA RELEASE

Significant household savings in SA when using natural gas to fuel appliances

A South Australian household can save as much as \$1100 a year simply by using natural gas instead of electricity to fuel hot water service systems, new figures reveal.

Australian Gas Networks – the country’s largest gas distribution business – has undertaken the cost comparisons to provide some clarity to consumers ahead of price increases which come into force from 1 July 2017.

From 1 July, retail electricity prices will increase by an average of 17.5%, while retail prices for natural gas are increasing by seven per cent.

Using only the costs associated with running a household hot water service, AGN’s new figures reveal:

- For a large family already using natural gas for cooking or heating, a yearly saving of as much as \$1100 can be made by converting an existing electric hot water system to a natural gas appliance.
- For a couple in the same situation, the saving is about \$405 a year.
- For a large family with no existing natural gas appliances, an annual saving of about \$870 is achievable simply by swapping its existing electric hot water system for a natural gas system.
- For a couple in the same situation, the saving is about \$120.

The savings become even greater when a range of available rebates/discounts are used when converting to natural gas

Using natural gas also helps the environment.

In South Australia, using natural gas to fuel a household hot water service will reduce the emissions by 63% compared to grid electricity of which a lot comes from Victoria’s coal fired power stations.

“Never has there been a better time for South Australian families and businesses to turn to natural gas to help reduce their household bills,” Australian Gas Networks Chief Operating Officer, Mr Andrew Staniford, said today.

“With the traditional cold winter months still to hit, the argument to switch to natural gas for your household and/or business appliances has never been more compelling,” he said.

“The price gap between using natural gas and electricity for everyday household appliances is widening – making it easier for families to recognise exactly where they can take the pressure off their bills.

"Natural gas can also be used for outdoor kitchens, barbeques and patio heating.

"It is also worth noting that the more gas appliances you have in your home, the cheaper you gas charges (per unit of energy consumed) become.

"That means the savings a household can achieve by using natural gas for its hot water, cooking and heating instead of electricity is even more significant."

These most recent savings are a further boon for households and small business that use natural gas.

Australian Gas Networks announced last month that its tariffs will increase on average by 5.1 per cent from 1 July - consistent with the price path set by the Australian Energy Regulator in its Final Decision for the SA Network in May last year.

However Mr Staniford said AGN's 2017/18 charges were still less than they were two years ago in 2015/16 – the average residential customer in 2017/18 will be paying \$100 less per annum for their network charges when compared to 2015/16.

"The AER-determined price path approved an initial real cut of 23% followed by annual CPI (1.5% this year) plus X factor (3.6% - which is a proposed price increase reflecting the growth in assets due to AGN's mains replacement program) increases for each year thereafter," he said.

"This equated to nearly 450,000 South Australian households and small businesses receiving a reduction, on average, of between \$144 and \$750 respectively off their annual gas bills from 1 July last year.

"Our increased tariffs enable AGN to continue to undertake its mains replacement program. This is a significant safety program, with 1000 km replaced in the past (2010/11 to 2015/16) five year period, and another 1000km to be replaced in the next five year period to 2020/21.

"Each year, it invests around \$250 million in its networks to reach new areas, improve supply and replace old gas mains.

"The fact remains that gas is still cheaper to use - for an average consumer in SA - for cooking, hot water and heating compared to the cost of electricity."

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