

MEDIA RELEASE

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South Australian gas distribution prices to fall on 1 July 2016

Australian Gas Networks Limited ("AGN") has announced plans to reduce its South Australian gas distribution prices, which account for around half the average domestic gas bill.

Distribution prices for residential and business customers will fall by 11% before inflation on 1 July 2016 and will be lower (on average) than current prices over the following five year period. The real upfront cut represents a \$47 reduction to the distribution component of the average domestic customer's bill for a year.

The lower prices are detailed in AGN's plans submitted to the Australian Energy Regulator for the Company's South Australian gas distribution network for the five year period commencing 1 July 2016. If approved, the plans will deliver continuous improvement on AGN's already high service levels, an 11% upfront cut in distribution prices (excluding inflation) and higher investment for the long-term health of the network. The plans have been informed by the stakeholder engagement program that AGN has undertaken.

AGN Chief Executive Officer, Ben Wilson, said:

"AGN is very conscious that the cost of living, including utility bills, is a major concern for many people in South Australia. Distribution prices make up around half the average domestic natural gas bill, and so we have a role to play in the affordability challenge. I am therefore pleased that our proposal will deliver lower prices, on average, in real terms over the next five years relative to current prices.

We have delivered for South Australia over the 2011 to 2016 period. On average, our customers can expect an unplanned natural gas supply interruption of less than one hour every 40 years. We are on track to deliver 100% of our cast iron and steel mains replacement program, which continues to improve safety and reliability for our customers."

AGN intends, as a minimum, to maintain its strong safety and service levels over the next period (2016 to 2021). The Company is proposing to complete the replacement of all cast iron and old steel gas mains in the network by 2021 and to replace the oldest plastic mains on the network. This program is the key driver for ensuring ongoing public safety and network reliability.

The Australian Energy Regulator, which will consider AGN's proposal, will consult with stakeholders and is scheduled to publish its Draft Determination on the proposal in November 2015.

FOR FURTHER INFORMATION, please contact:

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Australian Gas Networks Limited (AGN) is one of Australia's largest natural gas distribution companies, owning networks and serving around 1.2 million customers in South Australia, Victoria, Queensland, New South Wales and the Northern Territory. It is headquartered in Adelaide. AGN's distribution charges are regulated by the Australian Energy Regulator and are incorporated by energy retailers within their bills to end customers.