

Tasmanian regulator approves retail tariff increases

Tasmania's independent Economic Regulator has approved Aurora Energy's retail tariffs for 2009-10. Tasmanian Economic Regulator Glenn Appleyard says he has considered in detail the information presented to him and, whilst noting the proposed price increases are more than forecast increases, he says they comply with the 2007 Determination. A number of factors have contributed to the average increases being around seven per cent for residential customers rather than the four per cent forecast in 2007, according to Appleyard. Inflation has been significantly higher over the three year period since the 2007 Determination, running at over 7.5 per cent compared to a forecast of around 5.9 per cent. In addition, distribution and transmission charges for tariff customers will both be higher than what was forecast in 2007. The recent Australian Energy Regulator's decision on transmission costs has resulted in a 14 per cent increase in these charges compared to an assumed six per cent at the time of the 2007 Determination. Aurora is also permitted to adjust prices to account for other costs, such as the cost of renewable energy certificates and national electricity market charges. "Whilst the increases for business are higher this year, business customers experienced small increases in 2008-09, on average only 0.9 per cent, considerably less than inflation during that year," says Appleyard. Average residential charges will increase by about seven per cent, although the majority of residential customers will see increases of less than this amount. Tasmanian Energy Minister David Llewellyn says that electricity prices in Tasmania are set in a transparent, public, independent and nationally consistent regulatory process that is carefully designed to deliver prices that are as low as possible. "The price increases are driven by forces beyond Aurora's control, but Aurora has secured substantial additional cost savings," Llewellyn says. "All discretionary expenditure has been pruned back, and savings of an additional \$5 million beyond the already stringent budget have been targeted." In related news, the Tasmania Government has released its State Budget, which includes \$506,000 funding to underground powerlines in the heritage areas of Oatlands and Stanley.

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