



Minister for Energy

Media Statement

29/1/09

Electricity tariff report released.

Energy Minister Peter Collier today released a report which outlines the Office of Energy's (OOE) final recommendations into the review of electricity retail tariff arrangements.

The OOE forecast that a 52 per cent increase would be required in 2009-10 to bring household electricity prices in line with the costs of supplying electricity, with a further 26 per cent increase for 2010-11.

The OOE also forecast that a 29 per cent increase would be required in 2009-10 to bring small business electricity prices up to cost-reflective levels, with a further 26 per cent increase required for 2010-11.

Mr Collier said the increase in tariffs required to reflect the cost of supplying electricity was a direct result of the former Labor government's refusal to address this issue in the eight years it was in office.

"The previous government held prices artificially low for too long as part of the disaggregation process," he said.

"Their market electricity reforms were supposed to lower the price of electricity, so why are we now faced with the prospect of increased prices at a time when many Western Australians are facing financial difficulty?"

"This underlines the previous government's mismanagement and bungling of energy reforms in the past eight years."

The Minister said the State Government was still to consider the recommendations outlined in the report and would provide a response to these in due course.

"Releasing the report now is part of this Government's commitment to be open and accountable," he said.

"We are mindful of the current economic situation and the financial pressure many families, householders and businesses alike are feeling.

"This will be taken into consideration as we make a responsible long-term decision."

Mr Collier said the proposed recommendations were a key component of the rescue package required to address the financial performance of Verve Energy.

“Verve Energy will continue to have poor financial performance until it is able to receive revenues that support its costs,” he said.

“The level of electricity tariffs must support the continued development of electricity supply to ensure investments are made to meet demand.

“Otherwise, security of future supplies will be threatened.”

The OOE’s forecast tariff increases are based on cost estimates of the components to supply electricity - generation, networks, retail, and greenhouse gas mitigation costs.

“The introduction of the Federal Government’s Carbon Pollution Reduction Scheme and the continued projected rise in Western Power’s network tariffs are key drivers of the tariff increases in 2010-11,” the Minister said.

“The forecast retail tariff increases are higher than in the Office of Energy’s draft recommendations report that was released by the previous government in April 2008, because Western Power has revised the required network tariff increases since the draft report was released.

“These network tariff increases are yet to be approved by the Economic Regulation Authority.”

Full details of the OOE report and a report by Frontier Economics outlining the methodology used to determine the tariff levels are available on the Office of Energy website <http://www.energy.wa.gov.au>

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