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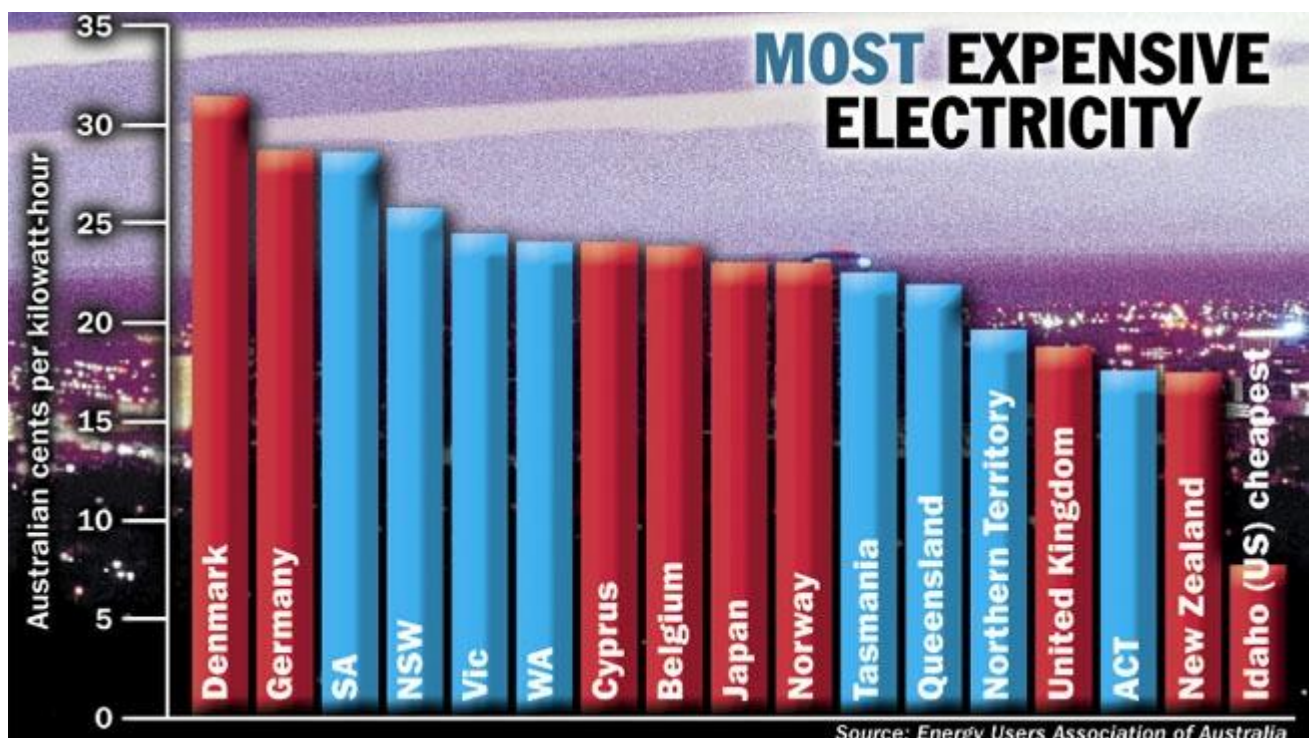
## NEWS

# South Australia's power prices set to become highest in world says Energy Users Association of Australia

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A graph showing the high price of power in South Australia. Source: AdelaideNow

A report released today by the Energy Users Association of Australia, which compares 2011 household electricity prices in 92 countries, states or provinces, shows South Australian prices are the third highest behind Denmark and Germany.

Association executive director Roman Domanski, however, said it was only a matter of time before SA would have the world's most expensive power prices.

"It will go to top of the tree ... the way things are going at the moment, it could even be this year," he said.

From July 1, prices will rise further when the carbon tax is introduced - and with rises in network charges and additional fees for renewable energy.

The carbon tax is tipped to increase the average residential power bill by more than $150 in its first year.

In the report, the association says SA has an average electricity price of 28.6c per kilowatt-hour. Denmark's was 31.4c/kwh and Germany 28.7c/kwh.

Mr Domanski challenged state Energy Minister Tom Koutsantonis to "argue very strongly" for urgent reform, by changing the way the regulator sets network prices.

He said the Government also had a role to play in reform of the market and in advocating a more sensible approach to renewable energy targets that did not rely on subsidies.

UnitingCare Wesley electricity expert Mark Henley said the organisation wanted a four-pronged attack on the state's electricity prices which had begun to increase sharply since ETSA was privatised in 1999.

"We want an energy affordability roundtable of key government and industry people," he said.

"We need to look at the cost shift from lower income people to higher income people through things like solar tariffs, we have to get better at reducing electricity use to cut peak demand and better concession schemes.

"We also need the State Government to start investing in infrastructure again instead of having electricity customers paying for all infrastructure through electricity bills."

Mr Henley said just because electricity assets had been privatised did not mean the State Government could invest in new infrastructure and spread the cost across all taxpayers.

When the former Liberal government adopted the policy to privatise the state's electricity assets, the average household electricity bill was $770. Since then it has more than doubled, to about $1600.

Federal Energy Minister Martin Ferguson recently claimed Australians paid less than the OECD average.

SA Council of Social Services executive director Ross Womersley said it was time for a Federal Government inquiry to establish if electricity prices were fair for all

consumers. "Some see high prices as a healthy thing because it means incentive for investment ... into the state and a competitive market."

However, he said, "affordability is a very real issue and it is crunch-time when affordability must be a central ambition in the market not just competitiveness".

A Department for Manufacturing, Innovation, Trade, Resources and Energy spokesman said ageing infrastructure and high demand during heatwaves were key factors causing the state's higher prices.

Energy economics consultancy group CME prepared the report for the association. Director Bruce Mountain challenged the view Australia's electricity prices were low in comparison with those in other developed countries.

"Household electricity prices in Australia have risen by more than 40 per cent since 2007, and are projected to rise by another 30 per cent by 2013-14," he said.