

# Electricity cost rise to cancel out Baillieu discounts

# Power price shock

POWER prices will double from their 2008 level by 2015, according to a report to be released today.

The Australian Industry Group report also claims that the Federal Government's small-scale renewable energy scheme is expected to add a further \$1.2 billion to electricity costs for consumers this year alone.

The forecast rises will wipe out the Baillieu Government's extended help for low-income Victorians.

Under the scheme, more than 815,000 pensioners, war

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veterans, single parents, people with disabilities and carers will receive year-round 17.5 per cent discounts on bills from March 1. Concession-card holders with an annual bill of \$1500 will save \$262.

While admitting the need for a carbon price, to provide certainty for investment, the report warns that resultant price rises will be inevitable. And, if designed poorly, it will add even more to the already ballooning

cost of energy for consumers and business.

Ai Group chief executive Heather Ridout said it was clear Australian businesses and households needed to prepare for escalating electricity and gas prices over the next decade.

Energy costs have risen substantially over the past five years — by almost a third — and there is no end in sight. The key findings of the report included:

**RETAIL** price rises to double by 2015 on the 2008 price.

**A CARBON** price will only

add to growing energy costs. **A \$1.2 BILLION** cost to consumers from a federal renewable energy scheme.

**ADDED** costs of state-run renewable energy subsidies.

The report found energy prices had already increased 30 per cent between 2006 and 2010 — more than four times the inflation rate.

But it claims the greatest driver of the increases has been electricity network charges, which have risen because of upgrades to the transmission network to meet reliability standards.

But the report also confirmed both residential and industrial electricity prices in Australia were still low compared with most of industrialised nations.

Ms Ridout called for a well-designed carbon price.

Prime Minister Julia Gillard has staked her prime-ministership on establishing a price or carbon tax by the end of the year. The report warned there had been an investment drought in electricity generation because of delays and uncertainties about a carbon price.