

South Australia power prices to rise to highest in the world on Saturday, energy expert warns

By Isabel Dayman

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South Australia will overtake Denmark as having the world's most expensive electricity when the country's major energy retailers jack up their prices this Saturday.

AGL, EnergyAustralia and Origin Energy will all increase their electricity prices from July 1, adding hundreds of dollars to annual household bills.

Residential customers will see an average rise of 18 per cent under AGL, 19.9 per cent from EnergyAustralia, 16.1 per cent with Origin Energy.

Bruce Mountain, the head of a private energy consultancy firm, said the increases would see South Australia take the lead on world power prices — but for all the wrong reasons.

"After taxes, the [typical] household in South Australia will be paying slightly more than the [typical] household in Denmark, which currently has the highest prices in the world," Mr Mountain said.

"These things are complex — just because the statement might be true for the representative customer might not mean it's true for you.

"But the broad picture is that these prices can be thought of as the highest in the world."

Mr Mountain made the prediction based on national and international energy market data, and papers published by the Council of European Energy Regulators and OECD.

Power prices exceed value

He said the price Australian customers, particularly South Australian customers, were currently paying for power exceeded the actual value of electricity as a resource.

"I think it is surprising that [power prices] have continued to rise as they have and the latest increases are remarkable — the household price going up by around a fifth on top of the existing prices is extraordinary," he said.

"This is a very well established service, it's been around for many years [and] it's very rare to see such large increases in retail electricity from one year to the next.

"I don't believe it's matched by the aggregate cost in the supply chain.



PHOTO: An expert says South Australian customers are paying more for electricity than they should. (ABC News: Dean Faulkner)

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"Our markets are not working well, and it goes from the operation of the retail market, to the wholesale market, to the regulatory oversight of networks."

Yesterday, an Adelaide plastic recycling business announced it was forced into liquidation partly due to exorbitant power prices.

Plastics Granulating Services said it had seen its monthly power bills increase from \$80,000 to \$180,000 over the past 18 months.

Power prices pushing more people into poverty

Anglicare SA's general manager of community services Nancy Penna said demand for the organisation's financial services had increased by as much as 20 per cent this year.

"We've calculated that there are at least 500 additional, new people coming to our services seeking financial assistance and counselling related to their cost of living," she said.

"People will actually state that they can't pay their electricity bills and they're having to make decisions about which bills to pay.

"Do they pay their credit cards? Do they pay their utility bill? Do they buy food for the table?"

"People are wondering, when is this all going to end?"

Ms Penna said she believed demand would increase further, when higher power bills started to arrive in the coming financial quarters.

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