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Big electricity bills on their way

SOUTH AUSTRALIAN households should brace themselves for big power price rises, the Energy Users Association of Australia warns.

The warning follows after wholesale prices jumped 50 per cent in the last two years, the association says.

The average wholesale price has leapt 48 per cent to \$66.30MW/h while base contract prices have risen 38 per cent to \$61.83MW/h.

YOUR SAY: How much has your power bill increased over recent years?

The EUAA, which represents big business, says the hikes are already starting to be passed on to businesses which usually sign contracts.

"It's started with businesses," EUAA executive director Roman Domanski said.

"But those who are still sitting on the government-regulated prices will ultimately see the impact; you don't get 50 per cent increases in prices and not expect them to be passed on eventually."

However, most householders are likely to be quarantined from big rises until January 2011, when the government-regulated prices are reviewed.

Currently about a third of the state's 750,000 households have their prices regulated.

The EUAA believes there is a direct link in rising prices and AGL's takeover of the state's largest electricity generator - Torrens Island Power Plant.

Mr Domanski says his organisation lobbied the competition watchdog, the ACCC, to oppose AGL buying Torrens Island in April, 2007.

"The ACCC got it wrong and consumers are wearing the consequences of that now," he said. "It's a very strategic asset and it's capable of being used to manipulate the market - and they can play all sorts of games with it."

During the March, 2008 heatwave, SA electricity generators made up to \$76 million in a few hours. At the time, there was a 15-day heatwave, with temperatures above 35C, creating unprecedented demand for power, much of it for airconditioners.

The Australian Energy Regulator singled out AGL as "reaping significant profits".

A statement from AGL yesterday confirmed the price rises but said it was misleading to look at wholesale prices in SA in isolation.

The prices were "a direct consequence of hot weather and high demand", it said.