Origin energy

To	Company Announcements Office	Facsimile	1300 300 021
Company	Australian Stock Exchange Limited	Date	28 June 2005
From	Bill Hundy	Pages	2
Subject	**SOUTH AUSTRALIAN NATURAL GAS PRICE PATH DECISION**		

For your information please find attached a media release entitled "South Australian natural gas price path decision".

Regards

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Media Release

28 June 2005

South Australian natural gas price path decision

The Essential Services Commission of SA (ESCOSA) has released its final determination on Origin Energy's proposed natural gas price path for the 3-year period 1 July 2005 to 30 June 2008.

The determination applies to "small" customers on standing contracts, that is, residential and small business customers using less than 1 Terajoule (TJ) of gas per year who have not yet taken up a market contract.

The determination provides for an average tariff increase for residential customers on standing contracts of 5.13% for the coming financial year commencing on 1 July 2005, followed by increases of CPI + 1.1% and CPI + 1.8% in the following two financial years.

The price increases were less than Origin applied for on the basis of rising wholesale gas supply costs and retail operating costs.

In being advised of ESCOSA's determination, Origin's General Manager Public and Government Affairs Tony Wood said "Origin is disappointed that ESCOSA has not accepted Origin's pricing proposal and we will consider seeking a further review by the Commission."

"It was and remains Origin's view that the pricing submission presented by Origin last December was a fair and reasonable assessment of existing costs, future movements in "controllable" costs such as gas prices and transmission pipeline and retail operating costs as well as various other costs associated with gas retailing in the SA market."

Mr Wood said "Whilst ESCOSA has accepted some of the arguments we put forward and that is welcomed, we remain concerned that ESCOSA has not allowed for the full cost of providing a reliable gas supply. This reliability is reflected in the price which Origin now pays for gas, particularly in the peak periods and is apparent in the retail operating costs of Origin's retail business, but these costs are not fully recognised in the determination.

The determination as announced by ESCOSA will have a minimal impact on customers, with the average residential price increasing by less than 50 cents per week.

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