Impact of Pricing of Petrol and Associated Fuels

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One of the impacts of the currently high price of petrol is a corresponding increase in the price of LPG. While LPG may remain an economical alternative to petrol and diesel fuel for operation of motor vehicles the same cannot be said for the already very high price of LPG for home hot water and cooking. The following points should be considered:-

- The price of LPG delivered to your home for hot water or cooking is 2.4 times the price of LPG for your car at your local service station. How can such price differences be justified? Annual rental of LPG cylinders is an additional cost.
- LPG at the service station is sold at a price per litre while LPG for home hot water is sold at a price per kilogram. This makes it very difficult for the average person to make a comparison in pricing. To compare prices note that:-

1 litre of LPG =
$$0.52 \text{ kg}$$

$$1 \text{ kg of LPG} = 1.923 \text{ litres}$$

- At current prices using distillate as a fuel for a household hot water system would cost less than LPG.
- The cost of LPG for hot water for the average Queensland family is currently \$8 per week more than the cost for the same amount of hot water from a night rate tariff 31 electric element hot water system. As the cost of LPG and its transport rises the additional cost will be even more.
- A ban on all electric element hot water systems in future new houses as proposed by the Queensland Government will destroy competition and allow open slather on price increases for LPG and natural gas for household hot water systems.
- The option of increased access to natural gas in new housing estates in Queensland is likely to result in increased prices of land for housing in Queensland of several thousand dollars per block as developers recover the cost of providing natural gas facilities.
- Piped natural gas is currently available to only around 20% of Queensland householders with the remaining 80% having bottled LPG as their only gas fuel option.
- It is apparent that the high costs of LPG for hot water combined with a ban on electric element hot water systems will fall largely on young families in Queensland attempting to establish new homes. That is those that can least afford it.
- Retaining access to the night rate electricity tariff 31 for hot water systems would retain competition and restrain price increases for LPG and natural gas for hot water systems.

- The recent Discussion Paper and associated Regulatory Impact Statement on Sustainable Housing misleads Queenslanders and Members of the Queensland Parliament on the comparative costs of electric element hot water systems and the alternative solar and gas options.
- The above documents have neglected to consider the night rate electricity tariff 31 for hot water and instead have used the controlled tariff 33 which is 50% more expensive than tariff 31. The effects of each of these two are very different as regards the cost of hot water to householders and the impact on the electricity supply system.
- The worldwide oil crisis of the late 1970s and early 1980s resulted in a large swing to coal and nuclear energy sources to replace oil based fuels. There is nothing to suggest that it will be any different this time around.
- Queensland together with much of the rest of Australia is committed to coal fired power generation for some years to come until major new energy sources are developed. Retaining access to night rate electric hot water systems during periods of low load would provide practical operating benefits to these base load power stations.
- The major new nonpolluting energy sources from hot rocks in Australia and nuclear fusion (a \$16 billion development project) are currently under development and are both aimed at electricity generation. Both are however some years away from being available.

I ask that the Select Committee consider the above points as part of the impact of price rises of petrol and associated fuels.

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