

## VOLUNTARY PRICING PRINCIPLES FOR ACTEWAGL NATURAL GAS PRICING IN QUEANBEYAN AND YARROWLUMLA

As part of New South Wales Government's full retail contestability policy reforms, all NSW gas customers using less than 1 TJ per annum are to have access to standard supply contracts at rates regulated by the Independent Pricing and Regulatory Tribunal (the Tribunal).

ActewAGL Retail (ActewAGL) is the standard supplier for the local government areas of Queanbeyan, Yarrowlumlumla and Shoalhaven. Separate Voluntary Pricing Principles (VPPs) have already been agreed for the Shoalhaven area.

The Tribunal and ActewAGL agree to the following VPPs, to apply to all gas customers using less than 1 TJ per annum in the Queanbeyan and Yarrowlumlumla local government areas:

1. Default tariffs will be available to all tariff customers whose consumption is below 1 TJ per annum until 30 June 2004. The default tariffs are "maximum prices". ActewAGL will have the ability to offer alternative tariffs under a competitive market.
2. Default tariffs should be broadly cost reflective. Subject to clause 4, ActewAGL's default tariffs for 2003/04 is shown in Table 1.

**Table 1: Agreed tariff plan for tariff customers using <1 TJ  
(GST exclusive)**

Tariff	2002/03 Current	2003/04 (indicative only)
<b><i>Home Gas Plan:</i></b>		
Supply charge (\$/qtr)	28.67	29.56
Energy rate (c/MJ)	1.197	1.297
<b><i>Home Saver Gas Plan:</i></b>		
Supply fee (\$/qtr)	30.94	31.90
Energy rate (c/MJ)	1.145	1.244
<b><i>Home Saver Plus Gas Plan:</i></b>		
Supply fee (\$/qtr)	42.89	44.22
Energy rate (c/MJ)		
1 <sup>st</sup> block (= 4,500 MJ)	0.903	0.997
2 <sup>nd</sup> block (> 4,500 MJ)	1.111	1.209
<b><i>Industrial &amp; Commercial:</i></b>		
Supply fee (\$/qtr)	43.02	44.34
Energy rate (c/MJ)		
1 <sup>st</sup> block (= 150,000 MJ)	1.091	1.189
2 <sup>nd</sup> block (> 150,000 MJ)	0.938	1.033

3. Where customers have accepted a competitive offer under a contestable gas retail market, they will be able to revert to ActewAGL's default tariffs without penalty once they have met their contractual obligations with their contestable contract supplier.
4. A review of the VPPs will be undertaken under special circumstances, either at the request of ActewAGL (subject to the Tribunal's agreement) or the discretion of the Tribunal, to consider matters such as:
  - changes in ActewAGL's cost components such as the field price of natural gas, impacts of regulatory decisions on haulage rates, or impacts from capacity enhancement;
  - any decision on consumption profiling that deems a profile other than the market profile that has been used for cost allocation;
  - significant changes to ActewAGL's obligations and costs under new regulation and codes; and
  - changes in market circumstances that in the Tribunal's opinion warrant a review of the VPPs.
5. ActewAGL will be able to pass through to customers costs associated with changes to authorisation fees, taxes and imposts. The level of these costs and the allocation of these costs shall be agreed to by the Tribunal before their inclusion in tariffs.
6. ActewAGL must notify the Tribunal in writing at least one month prior to amending its default tariffs for residential, industrial or commercial customers or miscellaneous fees and charges. This notification must include the following:
  - (a) an estimate (and associated methodology) for the expected impact on revenue of the proposed price changes. If the estimated revenue impact is positive, evidence must be supplied showing that either:
    - costs have increased for supplying that particular tariff customer or class of customer, or
    - existing prices did not cover costs associated with that particular tariff customer or class of customer.Costs may include an allowance for an appropriate margin.
  - (b) a breakdown of the costs of supply into fixed costs per customer and costs which vary with the absolute magnitude of gas consumption per customer (in \$ per GJ)
  - (c) a customer impact analysis detailing in tabular form:
    - number of customers in particular consumption ranges
    - current cost of gas per annum associated with consumption at the midpoint of the relevant range
    - proposed cost per annum associated with consumption at the midpoint of the relevant range
    - absolute and proportional change in the cost per annum associated with consumption at the midpoint of the relevant range.
  - (d) other supporting information required by the Tribunal.

7. Miscellaneous charges for Queanbeyan and Yarrowlumla customers will be as provided below. ActewAGL will not vary the miscellaneous fees and charges without prior agreement of the Tribunal.

Current Fees	Fee excl GST \$	Fee incl GST \$
Account establishment fee	20.00	22.00
Establishment fee (pensioner)	10.00	11.00
Collector call	30.00	33.00
Disconnection/reconnection	70.00	77.00
High bill field visit	49.00	53.90
Late fee	10.00	11.00
Dishonoured payment	21.00	23.10
Security deposit	Residential - \$100 Business - 2.5 times the average monthly account. Refund after bills paid on time for 2 years.	Residential - \$100 Business - 2.5 times the average monthly account. Refund after bills paid on time for 2 years.

8. ActewAGL will allow the Tribunal to review in advance all documentation that is sent to customers about agreed price changes, along with any media announcements about price rises.
9. Under this voluntary agreement the Tribunal will monitor price changes to determine whether they accord with the VPPs set out in paragraph (1) to (8) above. Nothing in these VPPs removes the Tribunal's ability to impose a Gas Pricing Order pursuant to section 27 of the Gas Supply Act or indeed any other powers of the Tribunal.
10. ActewAGL will provide information relating to the development of a competitive gas retail market, if requested by the Tribunal.