



Independent Pricing and Regulatory Tribunal

# **NSW Electricity Regulated Retail Tariffs and Charges - 1 July 2013 to 30 June 2016**

**Electricity — Determination**  
June 2013





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# **NSW Electricity Regulated Retail Tariffs and Charges – 1 July 2013 to 30 June 2016**

**Determination No. 5, 2013**

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# Preliminary

## 1 Background

- (a) Under section 43EA of the *Electricity Supply Act 1995* (NSW) (the **ESA**), the Minister for Resources and Energy may refer to IPART, for investigation and report, the determination of regulated retail tariffs, regulated retail charges, or both.
- (b) On 27 September 2012, IPART received a referral from the Minister for Resources and Energy to investigate and report on:
  - ...the determination of regulated retail tariffs and regulated retail charges to apply to small retail customers in each standard retail supplier's supply district in New South Wales for the period commencing on 1 July 2013 and terminating on 30 June 2016 or such earlier date as may be directed by the Minister.
- (c) This determination is made under section 43EB of the ESA, pursuant to the referral from the Minister for Resources and Energy.
- (d) In conducting its investigation, IPART:
  - (1) consulted with Standard Retail Suppliers in accordance with section 43EE of the ESA; and
  - (2) undertook a public consultation process in accordance with the referral from the Minister for Resources and Energy.
- (e) In making its determination, IPART has had regard to:
  - (1) the matters it is required to consider under the referral from the Minister for Resources and Energy; and
  - (2) the effect of the determination on competition in the retail electricity market,as required by section 43EB(2) of the ESA.
- (f) A Standard Retail Supplier may only impose tariffs and charges for, or in relation to, the Supply of electricity under a Standard Form Customer Supply Contract in accordance with this determination.

## 2 Application of this determination

- (a) This determination specifies:
  - (1) the methodology for determining the Regulated Retail Tariffs; and
  - (2) the Regulated Retail Charges, or the methodology for determining Regulated Retail Charges,

that Standard Retail Suppliers may charge Small Retail Customers:

- (3) whose Premises are within the Standard Retail Supplier's Supply District; and
- (4) who are Supplied electricity at those Premises by the Standard Retail Supplier under a Standard Form Customer Supply Contract,

during the Term.

- (b) This determination commences on the later of:
  - (1) 1 July 2013; and
  - (2) the date that it is published in the NSW Government Gazette, (the **Commencement Date**).

### **3 Replacement of Determination No. 3 of 2010**

This determination replaces Determination No. 3 of 2010 from the Commencement Date. The replacement does not affect anything done or omitted to be done, or rights or obligations accrued, under Determination No. 3 of 2010 prior to its replacement.

### **4 Schedules**

- (a) Schedule 1 and the tables in that schedule specify the methodology for determining Regulated Retail Tariffs to apply during the Term.
- (b) Schedule 2 and the table in that schedule set out the process for:
  - (1) the submission and assessment of an Annual Review Proposal;
  - (2) IPART's annual review of:
    - (A) the Total Energy Cost Allowance; and
    - (B) the Customer Acquisition and Retention Cost Allowance; and
  - (3) the submission and assessment of an Annual Pricing Proposal.
- (c) Schedule 3 sets out the cost pass through mechanism and the process for the submission and assessment of a revised Annual Pricing Proposal following the approval of a cost pass through by IPART.
- (d) Schedule 4 and the table in that schedule specify the maximum Regulated Retail Charges, or the methodology for determining the maximum Regulated Retail Charges, to apply during the Term and the manner in which such charges may be imposed.
- (e) Schedule 5 sets out the definitions and interpretation provisions.

# Schedule 1 Regulated Retail Tariffs

## 1 Application

This schedule specifies the methodology for determining Regulated Retail Tariffs to apply during the Term.

## 2 Weighted average price cap

### 2.1 Weighted average price cap formula

A Standard Retail Supplier must ensure that for any given Year (Year  $t$ ), all of its Regulated Retail Tariffs comply with the following weighted average price cap formula:

$$\sum_{i=1}^n \sum_{j=1}^m P_{ij}^t \times q_{ij}^{t-1} \leq \sum_{i=1}^n \sum_{j=1}^m C_{ij}^t \times q_{ij}^{t-1} + PT^t \quad i=1,2,\dots,n \text{ and } j=1,2,\dots,m$$

Where:

- (a) the Standard Retail Supplier has  $n$  Regulated Retail Tariffs which each have up to  $m$  Components;
- (b)  $P_{ij}^t$  is the price the Standard Retail Supplier proposes to charge for Component  $j$  of Regulated Retail Tariff  $i$  in Year  $t$  (excluding any rebates funded by the Standard Retail Supplier);
- (c)  $q_{ij}^{t-1}$  is the quantity of Component  $j$  of Regulated Retail Tariff  $i$  in Year  $t-1$ , calculated as follows:
  - (1) where the quantity relates to electricity consumption or demand, the Standard Retail Supplier's estimate of consumption or demand for Year  $t-1$  (in MWh or other relevant units) approved by IPART under clause 3 of Schedule 2; or
  - (2) where the quantity relates to number of Customers, the actual number of Customers of that Standard Retail Supplier on 31 December in Year  $t-1$ ;
- (d)  $C_{ij}^t$  is the value for Component  $j$  of Regulated Retail Tariff  $i$  for Year  $t$  determined in accordance with clause 2.2 of this schedule; and

- (e)  $PT^t$  is:
- (1) any Annual Pass Through Amount for the Standard Retail Supplier for Year t, as determined in accordance with Schedule 3; or
  - (2) where Year t is the 2013/14 Year and no Annual Pass Through Amount has been determined in accordance with Schedule 3 for the Standard Retail Supplier for the 2013/14 Year – the amount specified in Table 5 for the Standard Retail Supplier for the applicable Prescribed Rate.

## 2.2 Value of C: regulated price control (N+R)

For the purpose of clause 2.1 of this schedule,  $C_{ij}^t$  for Year t is calculated as follows:

$$C_{ij}^t = N_{ij}^t + R_{ij}^t$$

Where:

- (a)  $N_{ij}^t$  is the Network Use Of System Charge, plus the pass through of any Demand Management Levy payable by the Standard Retail Supplier to the DNSP for Component j of Regulated Retail Tariff i in Year t; and
- (b)  $R_{ij}^t$  is the retail allocation, comprising:
  - (1) for each Customer of the Standard Retail Supplier, the relevant  $FixedR_c^t$  calculated in accordance with clause 2.3 of this schedule; and
  - (2) for Component j of Regulated Retail Tariff i in Year t, the relevant  $VariableR_y^t$  calculated in accordance with clause 2.4 of this schedule.

## 2.3 Value of Fixed R

For the purpose of clause 2.2(b)(1) of this schedule,  $FixedR_c^t$  for each Standard Retail Supplier is calculated as follows:

- (a) for the 2013/14 Year, the amount set out in Table 1 for the 2013/14 Year;
- (b) for the 2014/15 Year, the amount determined by IPART for the 2014/15 Year in accordance with clause 2.3(a)(2) of Schedule 2; and
- (c) for the 2015/16 Year, the amount determined by IPART for the 2015/16 Year in accordance with clause 2.3(a)(2) of Schedule 2.

## 2.4 Value of Variable R

For the purpose of clause 2.2(b)(2) of this schedule, *VariableR<sub>y</sub>* for each Standard Retail Supplier is calculated as follows:

- (a) for the 2013/14 Year, the amount for the relevant Standard Retail Supplier for the 2013/14 Year set out in Table 2, 3 or 4 (as relevant) for the applicable Prescribed Rate;
- (b) for the 2014/15 Year, the amount determined by IPART in accordance with clause 2.3(a)(2) of Schedule 2 for the relevant Standard Retail Supplier for the 2014/15 Year for the applicable Prescribed Rate; and
- (c) for the 2015/16 Year, the amount determined by IPART in accordance with clause 2.3(a)(2) of Schedule 2 for the relevant Standard Retail Supplier for the 2015/16 Year for the applicable Prescribed Rate.

## 3 Price changes

Except as otherwise provided in this determination, a Standard Retail Supplier may only change the price for any Regulated Retail Tariff or Component for any Year:

- (a) with effect from 1 July of that Year (or from any other date in that Year determined by IPART); and
- (b) if IPART has notified the Standard Retail Supplier in writing that it is satisfied that the proposed price change complies with this determination.

## 4 Introducing new tariffs

- (a) Except as otherwise provided in this determination, a Standard Retail Supplier may only introduce a New Regulated Retail Tariff for any Year:
  - (1) with effect from 1 July of that Year (or from any other date in that Year determined by IPART); and
  - (2) if IPART has notified the Standard Retail Supplier in writing that it is satisfied that:
    - (A) exceptional circumstances exist which warrant the introduction of the New Regulated Retail Tariff; and
    - (B) the Standard Retail Supplier's proposal to introduce the New Regulated Retail Tariff complies with this determination.

- (b) Nothing in this clause 4 prevents a Standard Retail Supplier from introducing a new Component to form part of an existing Regulated Retail Tariff with effect from 1 July of any Year.

## **5 Abolition of tariffs**

- (a) Except as otherwise provided in this determination, a Standard Retail Supplier may only abolish a Regulated Retail Tariff if the Standard Retail Supplier has notified IPART of its proposal to abolish the Regulated Retail Tariff at least 5 Business Days before the abolition is due to take effect.
- (b) Nothing in this clause 5 prevents a Standard Retail Supplier from removing a Component from an existing Regulated Retail Tariff with effect from 1 July of any Year.

## **6 Green Premiums**

This determination does not prevent a Standard Retail Supplier from charging a Customer for a Green Premium, in addition to Regulated Retail Tariffs, where the Customer so elects.

## **7 Pass through of other network charges**

- (a) This determination does not prevent a Standard Retail Supplier from passing through to a Customer any network charges, other than Network Use of System Charges, charged by the Customer's DNSP that are specific to that Customer (for example, meter test fees) if the Standard Retail Supplier would otherwise be entitled to do so.
- (b) The Standard Retail Supplier may not charge any additional fees in respect of the pass through of the network charges referred to in paragraph (a) above (for example, for administration).

## Tables 1, 2, 3, 4 and 5

**Table 1 Fixed R (\$2013/14 per Customer per year)**

Year	Fixed R
2013/14 Year	84.6

**Table 2 Variable R (¢2013/14 per kWh)  
Standard Retail Supplier: EnergyAustralia**

Year	Variable R	
	Where Prescribed Rate is 100 MWh per year	Where Prescribed Rate is 40 MWh per year
2013/14 Year	12.8	12.8

**Table 3 Variable R (¢2013/14 per kWh)  
Standard Retail Supplier: Origin Energy (Endeavour Energy)**

Year	Variable R	
	Where Prescribed Rate is 100 MWh per year	Where Prescribed Rate is 40 MWh per year
2013/14 Year	13.0	12.9

**Table 4 Variable R (¢2013/14 per kWh)  
Standard Retail Supplier: Origin Energy (Essential Energy)**

Year	Variable R	
	Where Prescribed Rate is 100 MWh per year	Where Prescribed Rate is 40 MWh per year
2013/14 Year	13.0	13.0

**Table 5 Annual Pass Through Amount (¢2013/14 per kWh)**

Standard Retail Supplier	Annual Pass Through Amount (2013/14 Year)	
	Where Prescribed Rate is 100 MWh per year	Where Prescribed Rate is 40 MWh per year
EnergyAustralia	0.42	0.42
Origin Energy (Endeavour Energy)	0.44	0.44
Origin Energy (Essential Energy)	0.43	0.43

[Note: Fixed R, Variable R and Annual Pass Through Amount values are presented in \$2012/13 in the report accompanying this determination.]

## Schedule 2 Annual review of the Total Energy Cost Allowance and the Customer Acquisition and Retention Cost Allowance and Annual Pricing Proposals

### 1 Application

This schedule sets out the process for:

- (a) the submission and assessment of Annual Review Proposals;
- (b) IPART's annual review of:
  - (1) the Total Energy Cost Allowance; and
  - (2) the Customer Acquisition and Retention Cost Allowance; and
- (c) the submission and assessment of Annual Pricing Proposals.

### 2 Annual review of the Total Energy Cost Allowance and the Customer Acquisition and Retention Cost Allowance

#### 2.1 Annual review mechanism and Annual Review Proposal

- (a) For the 2014/15 Year and the 2015/16 Year, IPART will, in accordance with the timetable in Table 6, conduct a review of:
  - (1) the Total Energy Cost Allowance; and
  - (2) the Customer Acquisition and Retention Cost Allowance,for each Standard Retail Supplier for each remaining Year of the Term.

#### 2.2 Submission of Annual Review Proposals

- (a) Each Standard Retail Supplier may submit a proposal on the review to be undertaken under this clause 2 (**Annual Review Proposal**). If a Standard Retail Supplier decides to submit an Annual Review Proposal, the Proposal must be submitted by the date specified in item 1 of Table 6 of this schedule (or such other date as notified by IPART).
- (b) Subject to section 43EG of the ESA ('Confidential Information'), IPART will publish any Annual Review Proposal submitted under paragraph (a) above.

### 2.3 Outcome of annual review

- (a) As a result of the annual review under clause 2.1 of this schedule, IPART will:
- (1) determine:
    - (A) the Total Energy Cost Allowance; and
    - (B) the Customer Acquisition and Retention Cost Allowance, for each Standard Retail Supplier for each remaining Year of the Term; and
  - (2) taking into account the determination in paragraph (a)(1) above, determine the revised  $FixedR'_c$  and  $VariableR'_y$  to apply for that Standard Retail Supplier for each remaining Year of the Term for the purposes of clauses 2.3 and 2.4 of Schedule 1.
- (b) In determining the Total Energy Cost Allowance, the Customer Acquisition and Retention Cost Allowance and the revised  $FixedR'_c$  and  $VariableR'_y$  for a Standard Retail Supplier under paragraph (a) above, IPART may decide to adopt (in whole or in part) the Annual Review Proposal submitted by the relevant Standard Retail Supplier (if any), having regard to:
- (1) the matters IPART is required to consider under the referral from the Minister for Resources and Energy;
  - (2) the effect of the determination on competition in the retail electricity market; and
  - (3) any other matter IPART considers relevant.

### 2.4 Consultation

- (a) Prior to making a determination under clause 2.3 of this schedule, IPART will:
- (1) issue a draft report and determination of its findings by the date specified in item 2 of Table 6, or such other date as notified by IPART; and
  - (2) consult on such matters (if any) arising out of its review as IPART considers appropriate with the Standard Retail Suppliers and such other persons (if any) as IPART considers appropriate.
- (b) By the date specified in item 3 of Table 6, or such other date as notified by IPART, IPART will publish a final report of its review and determination under clause 2.3 of this schedule, including the reasons for such determination.

### 3 Annual Pricing Proposal

#### 3.1 Submission and assessment

- (a) Each Standard Retail Supplier must submit to IPART, in accordance with this clause 3.1, an Annual Pricing Proposal for each Year.
- (b) The Annual Pricing Proposal for each Year must be submitted to IPART by no later than the relevant date specified in item 4 of Table 6, or any other date notified by IPART.

#### 3.2 Contents

- (a) The Annual Pricing Proposal submitted by a Standard Retail Supplier for any given Year (**Year t**) must contain the following information:
  - (1) the Standard Retail Supplier's application of the weighted average price cap formula set out in clause 2.1 of Schedule 1 to all of its Regulated Retail Tariffs proposed for Year t, together with all necessary supporting calculations and information including:
    - (A) the prices the Standard Retail Supplier proposes to charge for each of the Components of its Regulated Retail Tariffs in Year t;
    - (B) the quantities of each of the Components of its Regulated Retail Tariffs in Year t-1 and, where those quantities are estimates, the basis for those estimates;
    - (C) details of how the proposed prices incorporate any Annual Pass Through Amounts for Year t determined under Schedule 3; and
    - (D) for any proposed new Component of an existing Regulated Retail Tariff for Year t, reasonable estimates of:
      - (i) the quantity of electricity consumption or demand (in MWh or other relevant units); or
      - (ii) the number of Customers (as the case may be), assuming, for that Regulated Retail Tariff, the same consumption and load profile as in Year t-1, with all prices submitted under this clause to be calculated to 2 decimal places;
  - (2) if the Standard Retail Supplier proposes to introduce a New Regulated Retail Tariff in Year t:
    - (A) details of the proposed New Regulated Retail Tariff; and
    - (B) details of why the Standard Retail Supplier considers that:
      - (i) exceptional circumstances exist; and
      - (ii) those circumstances warrant the introduction of the proposed New Regulated Retail Tariff;
  - (3) details of any Regulated Retail Tariffs that:

- (A) the Standard Retail Supplier abolished in Year t-1; and
  - (B) the Standard Retail Supplier proposes to abolish in Year t; and
  - (4) any other information IPART requires to satisfy itself that the Standard Retail Supplier's Annual Pricing Proposal complies with this determination.
- (b) The Annual Pricing Proposal submitted by Origin Energy (Essential Energy) for Year t may contain information on how Origin Energy (Essential Energy) proposes to rationalise obsolete regulated tariffs.

### **3.3 IPART's assessment of the Annual Pricing Proposal**

By the date specified in item 5 of Table 6, or any other date notified by IPART, IPART will notify each Standard Retail Supplier whether or not IPART is satisfied:

- (a) that the Standard Retail Supplier's Annual Pricing Proposal contains the information required under clause 3.2 of this schedule;
- (b) with the Standard Retail Supplier's estimates of quantities set out in its Annual Pricing Proposal; and
- (c) that the Regulated Retail Tariffs set out in the Standard Retail Supplier's Annual Pricing Proposal comply with all applicable requirements of this determination, including where relevant:
  - (1) the weighted average price cap formula under clause 2.1 of Schedule 1; and
  - (2) the restriction on introducing New Regulated Retail Tariffs under clause 4 of Schedule 1.

### **3.4 If IPART is satisfied**

- (a) If IPART notifies the Standard Retail Supplier that it is satisfied with each of the matters referred to in clause 3.3 of this schedule, then the proposed Regulated Retail Tariff prices set out in the Annual Pricing Proposal for Year t will be the applicable prices for those Regulated Retail Tariffs for that Year.
- (b) A Standard Retail Supplier must comply with any relevant regulatory requirements in relation to the publication of changes to its Regulated Retail Tariff prices.

### **3.5 If IPART is not satisfied: alternative Annual Pricing Proposal**

- (a) If IPART notifies the Standard Retail Supplier that it is not satisfied with any of the matters referred to in clause 3.3 of this schedule, the Standard Retail Supplier must submit to IPART an alternative Annual Pricing Proposal by the date specified in item 6 of Table 6, or any other date notified by IPART.

- (b) If the Standard Retail Supplier submits an alternative Annual Pricing Proposal under clause 3.5(a) of this schedule, IPART will notify the Standard Retail Supplier whether or not IPART is satisfied with each of the matters referred to in clause 3.3 of this schedule in respect of the Standard Retail Supplier's alternative Annual Pricing Proposal by the date specified in item 7 of Table 6, or any other date notified by IPART.
- (c) If IPART notifies the Standard Retail Supplier that it is so satisfied, then clause 3.4 of this schedule will apply in respect of the Standard Retail Supplier's alternative Annual Pricing Proposal.
- (d) If IPART notifies the Standard Retail Supplier that it is not so satisfied, then the default arrangements in clause 3.6 of this schedule apply.

### 3.6 Default arrangements

If for Year t, IPART has not received a Compliant Annual Pricing Proposal from a Standard Retail Supplier by the date specified in item 6 of Table 6, or any other date notified by IPART, then:

- (a) where Year t is the 2013/14 Year, the Standard Retail Supplier's Regulated Retail Tariff prices for that Year will remain the same as the prices determined under Determination No. 3 of 2010 for the period from 1 July 2012 to 30 June 2013;
- (b) where Year t is the 2014/15 Year or the 2015/16 Year:
  - (1) if the annual review conducted by IPART for that Year under clause 2 of this schedule results in a decrease in the weighted average price cap set out in clause 2.1 of Schedule 1:
    - (A) IPART will apply the relevant percentage decrease in the weighted average price cap to the Regulated Retail Tariffs and Components which that Standard Retail Supplier was permitted to charge in accordance with this determination immediately prior to IPART's determination of the outcome of the annual review under clause 2.3 of this schedule; and
    - (B) the Standard Retail Supplier's Regulated Retail Tariff prices for Year t will be the prices calculated by IPART under clause 3.6(b)(1)(A) of this schedule; or
  - (2) if the annual review conducted by IPART for that Year under clause 2 of this schedule results in an increase in the weighted average price cap set out in clause 2.1 of Schedule 1, the Standard Retail Supplier's Regulated Retail Tariff prices for Year t will remain the same as those which the Standard Retail Supplier was permitted to charge in accordance with this determination immediately prior to IPART's determination of the outcome of the annual review under clause 2.3 of this schedule; and

- (c) IPART will publish on its website the Regulated Retail Tariffs determined under this clause 3.6.

## Table 6

**Table 6 Dates for submission of Annual Review Proposals, annual reviews of the Total Energy Cost Allowance and the CARC Allowance and the submission of Annual Pricing Proposals**

Action	2013/14 Year	2014/15 Year	2015/16 Year
1. Standard Retail Suppliers may submit an Annual Review Proposal to IPART	N/A	12 January 2014	12 January 2015
2. IPART to issue draft report and determination on its annual review of the Total Energy Cost Allowance and the Customer Acquisition and Retention Cost Allowance and invite submissions (if appropriate)	N/A	Early April 2014	Early April 2015
3. IPART to publish final report and determination on its annual review of the Total Energy Cost Allowance and the Customer Acquisition and Retention Cost Allowance	N/A	Early June 2014	Early June 2015
4. Standard Retail Suppliers to submit Annual Pricing Proposal to IPART	The date that is 8 Business Days after: a) Final Report Release Date; or b) the date on which the AER first publishes approved pricing proposals for all NSW DNSPs for the 2013/14 Year under chapter 6 of the National Electricity Rules, whichever is later <b>(2013 Due Date)</b> .	The date that is 8 Business Days after: a) the date on which IPART publishes its final report on its annual review of the Total Energy Cost Allowance and the CARC Allowance for the 2014/15 Year; or b) the date on which the AER first publishes approved pricing proposals for all NSW DNSPs for the 2014/15 Year under chapter 6 of the National Electricity	The date that is 8 Business Days after: a) the date on which IPART publishes its final report on its annual review of the Total Energy Cost Allowance and the CARC Allowance for the 2015/16 Year; or b) the date on which the AER first publishes approved pricing proposals for all NSW DNSPs for the 2015/16 Year under chapter 6 of the National

<b>Action</b>	<b>2013/14 Year</b>	<b>2014/15 Year</b> Rules, whichever is later <b>(2014 Due Date)</b> .	<b>2015/16 Year</b> Electricity Rules, whichever is later <b>(2015 Due Date)</b> .
5. IPART to notify Standard Retail Suppliers whether satisfied/not satisfied with Annual Pricing Proposal	18 Business Days after 2013 Due Date	18 Business Days after 2014 Due Date	18 Business Days after 2015 Due Date
6. Final date for Standard Retail Suppliers to submit an alternative Annual Pricing Proposal to IPART	As notified by IPART	As notified by IPART	As notified by IPART
7. Final date for IPART to notify Standard Retail Suppliers whether satisfied/not satisfied with alternative Annual Pricing Proposal	10 Business Days after submission by Standard Retail Supplier of alternative Annual Pricing Proposal	10 Business Days after submission by Standard Retail Supplier of alternative Annual Pricing Proposal	10 Business Days after submission by Standard Retail Supplier of alternative Annual Pricing Proposal

## Schedule 3 Cost pass through mechanism

### 1 Application

This schedule sets out:

- (a) the cost pass through mechanism; and
- (b) the process for the submission and assessment of a revised Annual Pricing Proposal (where required) following the approval of a cost pass through by IPART.

### 2 Definitions

For the purposes of this schedule:

- (a) **Positive Pass Through Event**, for a Standard Retail Supplier, means a Pass Through Event which results in that Standard Retail Supplier incurring Materially higher costs in providing Pass Through Services than it would have incurred but for that event;
- (b) **Negative Pass Through Event**, for a Standard Retail Supplier, means a Pass Through Event which results in that Standard Retail Supplier incurring Materially lower costs in providing Pass Through Services than it would have incurred but for that event; and
- (c) An event results in a Standard Retail Supplier incurring **Materially** higher or lower costs in providing Pass Through Services than it would have incurred but for that event if:
  - (1) in the case of a Positive Pass Through Event, that event results in the Standard Retail Supplier's efficient, incremental and justified average annual costs incurred (or likely to be incurred) during the Term in providing the Pass Through Services exceeding 0.25% of its total revenue arising out of Regulated Retail Tariffs (including Network Use Of System Charge components of Regulated Retail Tariffs) for the Year in which the event occurs, such revenue being calculated consistently with the Annual Pricing Proposal that has been submitted for the relevant Year; and
  - (2) in the case of a Negative Pass Through Event, that event results in the Standard Retail Supplier's average annual costs saved (or likely to be saved) during the Term in providing Pass Through Services (after taking all reasonable steps to maximise those cost savings) exceeding 0.25% of its total revenue arising out of Regulated Retail Tariffs (including Network Use Of System

Charge components of Regulated Retail Tariffs) for the Year in which the event occurs, such revenue being calculated consistently with the Annual Pricing Proposal that has been submitted for the relevant Year.

### **3 Positive Pass Through Event**

#### **3.1 Notification**

- (a) If a Standard Retail Supplier reasonably considers that a Positive Pass Through Event has occurred, the Standard Retail Supplier may, by giving notice to IPART within 90 Business Days of that Positive Pass Through Event occurring or by any other date notified by IPART, seek IPART's approval to pass through to Customers an amount in respect of that Positive Pass Through Event.
- (b) The Standard Retail Supplier's notice under paragraph (a) above must be in writing and must specify:
  - (1) the details of the Positive Pass Through Event;
  - (2) the date the Positive Pass Through Event occurred;
  - (3) the increase in costs in the provision of Pass Through Services that the Standard Retail Supplier has incurred on and from the Final Report Release Date and is likely to incur during the Term as a result of the Positive Pass Through Event, including supporting documentation demonstrating that the cost increase is efficient, incremental and justified;
  - (4) the total amount that the Standard Retail Supplier proposes to pass through to Customers as a result of the Positive Pass Through Event;
  - (5) the amount that the Standard Retail Supplier proposes to pass through to Customers in each Year as a result of the Positive Pass Through Event; and
  - (6) where the Standard Retail Supplier proposes to commence passing through an amount on a date other than 1 July of the following Year, the proposed date of commencement of the pass through.
- (c) If IPART notifies a Standard Retail Supplier that it requires further information by a certain time for the purpose of making a determination under clause 3.2 of this schedule, the Standard Retail Supplier must provide that information by that time.

### 3.2 IPART's determination

- (a) If IPART receives a notice under clause 3.1 of this schedule, IPART will determine whether the Positive Pass Through Event referred to in that notice occurred.
- (b) If IPART determines that the Positive Pass Through Event occurred, IPART will then determine:
  - (1) the total amount to be passed through to Customers in respect of that Positive Pass Through Event (the **Positive Pass Through Amount**);
  - (2) the amount of that Positive Pass Through Amount to be passed through to Customers in each Year (each an **Annual Positive Pass Through Amount**); and
  - (3) the date from which the Standard Retail Supplier must commence passing through to Customers the first Annual Positive Pass Through Amount.

### 3.3 Factors for consideration by IPART

In making its determination under clause 3.2 of this schedule, IPART will take into account:

- (a) the matters set out in the notice given to IPART under clause 3.1 of this schedule;
- (b) the implications for efficient costs of the Standard Retail Supplier's decisions and actions, including whether the Standard Retail Supplier has taken or omitted to take any action where such action or omission has increased the magnitude of the costs incurred in respect of that Positive Pass Through Event;
- (c) the time cost of money based on the rate of return on capital of the Standard Retail Supplier, being:
  - (1) for the 2013/14 Year, the real post-tax weighted average cost of capital used by IPART for the purposes of this determination (as set out in the report entitled Review of Regulated Retail Tariffs and Charges for Electricity 2013-2016 Final Report); and
  - (2) for the 2014/15 Year and the 2015/16 Year, the real post-tax weighted average cost of capital used by IPART in its most recent annual review conducted under clause 2 of Schedule 2 (as set out in the final report published by IPART on that annual review);
- (d) the need to ensure that the Standard Retail Supplier does not recover costs under this clause 3 to the extent provision for such costs has already been made or otherwise taken into account for the purposes of this determination;
- (e) the need to ensure that the Standard Retail Supplier only recovers any actual or likely increment in efficient costs under this clause 3 to

the extent that such increment is solely as a consequence of a Pass Through Event;

- (f) in the case of a Regulatory Change Event, any costs that the Standard Retail Supplier has incurred prior to, but in preparation for, the occurrence of that Regulatory Change Event;
- (g) in the case of a Tax Change Event, any change in the way another tax is calculated, or the removal or imposition of another tax, which, in IPART's opinion, is complementary to the Tax Change Event concerned;
- (h) any delay on the part of the Standard Retail Supplier in seeking IPART's approval to pass through to Customers an amount in respect of any Positive Pass Through Event; and
- (i) any other factors IPART considers relevant.

### **3.4 Consultation**

- (a) Prior to making a determination under clause 3.2 of this schedule, IPART will:
  - (1) use its best endeavours to issue a draft report and determination of its findings within 30 Business Days after it receives a notice under clause 3.1 of this schedule (or, where IPART requires further information under clause 3.1(c) of this schedule, within 30 Business Days of receiving that information); and
  - (2) consult on such matters arising out of the Positive Pass Through Event as IPART considers appropriate with the relevant Standard Retail Suppliers and such other persons (if any) as IPART considers appropriate.
- (b) IPART will use its best endeavours to publish a final report and determination, including the reasons for such determination, no later than 60 Business Days after it receives a notice under clause 3.1 of this schedule (or, where IPART requires further information under clause 3.1(c) of this schedule, within 60 Business Days of receiving that information).

## **4 Negative Pass Through Event**

### **4.1 Notification**

- (a) A Standard Retail Supplier must give notice to IPART of a Negative Pass Through Event within 90 Business Days of that Negative Pass Through Event occurring, or by any other date notified by IPART. Where IPART considers that a Negative Pass Through Event may have occurred, IPART may require a Standard Retail Supplier to give notice to IPART of the Negative Pass Through Event.

- (b) The Standard Retail Supplier's notice under clause 4.1(a) of this schedule must be in writing and must specify:
  - (1) the details of the Negative Pass Through Event;
  - (2) the date the Negative Pass Through Event occurred;
  - (3) the costs in the provision of Pass Through Services that the Standard Retail Supplier has saved on and from the Final Report Release Date and is likely to save during the Term as a result of the Negative Pass Through Event, including supporting documentation demonstrating that all reasonable steps have been taken to maximise the cost savings;
  - (4) the total amount that the Standard Retail Supplier proposes to pass through to Customers as a result of the Negative Pass Through Event;
  - (5) the amount that the Standard Retail Supplier proposes to pass through to Customers in each Year as a result of the Negative Pass Through Event; and
  - (6) where the Standard Retail Supplier proposes to commence passing through an amount on a date other than 1 July of the following Year, the proposed date of commencement of the pass through.
- (c) If IPART notifies a Standard Retail Supplier that it requires further information by a certain time for the purpose of making a determination under clause 4.2 of this schedule, the Standard Retail Supplier must provide that information by that time.

#### 4.2 IPART's determination

- (a) If IPART receives a notice under clause 4.1 of this schedule, IPART will determine whether the Negative Pass Through Event referred to in that notice occurred.
- (b) If IPART determines that the Negative Pass Through Event occurred, IPART will then determine:
  - (1) the total amount to be passed through to Customers in respect of that Negative Pass Through Event (the **Negative Pass Through Amount**);
  - (2) the amount of that Negative Pass Through Amount to be passed through to Customers in each Year (each an **Annual Negative Pass Through Amount**); and
  - (3) the date from which the Standard Retail Supplier must commence passing through to Customers the first Annual Negative Pass Through Amount.

### 4.3 Factors for consideration by IPART

In making its determination under clause 4.2 of this schedule, IPART will take into account:

- (a) the matters set out in the notice given to IPART under clause 4.1 of this schedule;
- (b) the implications for efficient costs of the Standard Retail Supplier's decisions and actions, including whether the Standard Retail Supplier has taken all reasonable steps to maximise the cost savings in respect of that Negative Pass Through Event;
- (c) the time cost of money based on the rate of return on capital of the Standard Retail Supplier, being:
  - (1) for the 2013/14 Year, the real post-tax weighted average cost of capital used by IPART for the purposes of this determination (as set out in the report entitled Review of Regulated Retail Tariffs and Charges for Electricity 2013-16 Final Report); and
  - (2) for the 2014/15 Year and the 2015/16 Year, the real post-tax weighted average cost of capital used by IPART in its most recent annual review conducted under clause 2 of Schedule 2 (as set out in the report published by IPART on that annual review);
- (d) the need to ensure that the cost savings the Standard Retail Supplier is required to pass through to Customers under this clause 4 have not already been provided for or otherwise taken into account for the purposes of this determination;
- (e) in the case of a Regulatory Change Event, any costs that the Standard Retail Supplier has incurred prior to, but in preparation for, the occurrence of that Regulatory Change Event;
- (f) in the case of a Tax Change Event, any change in the way another tax is calculated, or the removal or imposition of another tax, which, in IPART's opinion, is complementary to the Tax Change Event concerned;
- (g) any delay on the part of the Standard Retail Supplier in seeking IPART's approval to pass through to Customers an amount in respect of any Negative Pass Through Event; and
- (h) any other factors IPART considers relevant.

#### **4.4 Consultation**

- (a) Prior to making a determination under clause 4.2 of this schedule, IPART will:
  - (1) use its best endeavours to issue a draft report and determination of its findings within 30 Business Days after it receives a notice under clause 4.1 of this schedule (or, where IPART requires further information under clause 4.1(c) of this schedule, within 30 Business Days of receiving that information); and
  - (2) consult on such matters arising out of the Negative Pass Through Event as IPART considers appropriate with the relevant Standard Retail Suppliers and such other persons (if any) as IPART considers appropriate.
- (b) IPART will use its best endeavours to publish a final report and determination, including the reasons for such determination, within 60 Business Days after it receives a notice under clause 4.1 of this schedule (or, where IPART requires further information under clause 4.1(c) of this schedule, within 60 Business Days of receiving that information).

### **5 Annual Pass Through Amount**

The Annual Pass Through Amount for a Standard Retail Supplier, for any Year, equals:

- (a) the sum of that Standard Retail Supplier's Annual Positive Pass Through Amounts for that Year, if any, less
- (b) the sum of that Standard Retail Supplier's Annual Negative Pass Through Amounts for that Year, if any.

### **6 Revised Annual Pricing Proposal**

#### **6.1 Requirement to provide**

- (a) If, in any given Year (**Year t**), IPART determines:
  - (1) that a Positive Pass Through Event or a Negative Pass Through Event has occurred; and
  - (2) the date from which the Standard Retail Supplier must commence passing through to Customers the first Annual Positive Pass Through Amount or the first Annual Negative Pass Through Amount in relation to that Pass Through Event is a date prior to, or after, 1 July of Year t+1,

then the Standard Retail Supplier must, within 10 Business Days, submit to IPART a revised Annual Pricing Proposal in accordance with clause 6.2 of this schedule.

- (b) If, in any given Year (**Year t**), IPART determines;
- (1) that a Positive Pass Through Event or Negative Pass Through Event has occurred; and
  - (2) the date from which the Standard Retail Supplier must commence passing through to Customers the first Annual Positive Pass Through Amount or the first Annual Negative Pass Through Amount in relation to that Pass Through Event is 1 July of any Year,

then the Standard Retail Supplier must submit an Annual Pricing Proposal under schedule 2 which includes details of how the proposed prices incorporate the relevant Annual Pass Through Amount as opposed to a revised Annual Pricing Proposal under this schedule 3.

## 6.2 Contents

A revised Annual Pricing Proposal submitted by a Standard Retail Supplier under clause 6.1 of this schedule must contain the following information:

- (a) the Standard Retail Supplier's application of the weighted average price cap formula set out in clause 2.1 of Schedule 1 to all of its Regulated Retail Tariffs proposed for the remainder of the Year (**Remainder Year t**) in which the first Annual Positive Pass Through Amount or the first Annual Negative Pass Through Amount referred to in clause 6.1 of this schedule is to be passed through, together with all necessary supporting calculations and information including:
  - (1) the prices the Standard Retail Supplier proposes to charge for each of the Components of its Regulated Retail Tariffs for Remainder Year t;
  - (2) the quantities of each of the Components of its Regulated Retail Tariffs in Year t-1 and, where those quantities are estimates, the basis for those estimates;
  - (3) details of how the proposed prices incorporate the Annual Positive Pass Through Amount or the Annual Negative Pass Through Amount (as the case may be) for Remainder Year t; and
  - (4) for any proposed new Component of an existing Regulated Retail Tariff for Remainder Year t, reasonable estimates of the quantity of electricity consumption or demand (in MWh or other relevant units) or of the numbers of Customers (as the case may be) assuming, for that Regulated Retail Tariff, the same consumption and load profile as in Year t-1,

with all prices submitted under this clause to be calculated to 2 decimal places;

- (b) if the Standard Retail Supplier proposes to introduce a New Regulated Retail Tariff in Remainder Year t:
  - (1) details of the proposed New Regulated Retail Tariff; and
  - (2) details of why the Standard Retail Supplier considers that:
    - (A) exceptional circumstances exist; and
    - (B) those circumstances warrant the introduction of the proposed New Regulated Retail Tariff;
- (c) details of any Regulated Retail Tariffs that the Standard Retail Supplier proposes to abolish in Remainder Year t; and
- (d) any other information IPART requires to satisfy itself that the Standard Retail Supplier's revised Annual Pricing Proposal complies with this determination.

### **6.3 IPART's assessment of the revised Annual Pricing Proposal**

Within 10 Business Days after IPART receives the revised Annual Pricing Proposal under clause 6.1 of this schedule and any information required under clause 6.2(d) of this schedule, IPART will notify the relevant Standard Retail Supplier whether or not it is satisfied:

- (a) that the Standard Retail Supplier's revised Annual Pricing Proposal contains the information required under clause 6.2 of this schedule;
- (b) with the Standard Retail Supplier's estimates of quantities set out in its revised Annual Pricing Proposal; and
- (c) that the Regulated Retail Tariffs set out in the Standard Retail Supplier's revised Annual Pricing Proposal comply with all applicable requirements of this determination, including where relevant:
  - (1) the weighted average price cap formula under clause 2.1 of Schedule 1; and
  - (2) the restriction on introducing New Regulated Retail Tariffs under clause 4 of Schedule 1.

### **6.4 If IPART is satisfied**

- (a) If IPART notifies the Standard Retail Supplier that it is satisfied with each of the matters referred to in clause 6.3 of this schedule, then the proposed Regulated Retail Tariff prices set out in the revised Annual Pricing Proposal for Remainder Year t will be the applicable prices for those Regulated Retail Tariffs for Remainder Year t.
- (b) A Standard Retail Supplier must comply with any relevant regulatory requirements in relation to the publication of changes to its Regulated Retail Tariff prices.

## 6.5 If IPART is not satisfied: alternative revised Annual Pricing Proposal

- (a) If IPART notifies the Standard Retail Supplier that it is not satisfied with any of the matters referred to in clause 6.3 of this schedule, the Standard Retail Supplier must submit to IPART an alternative revised Annual Pricing Proposal by the date specified by IPART.
- (b) If the Standard Retail Supplier submits an alternative revised Annual Pricing Proposal under clause 6.5(a) of this schedule, IPART will notify the Standard Retail Supplier whether or not IPART is satisfied with each of the matters referred to in clause 6.3 of this schedule in respect of the Standard Retail Supplier's alternative revised Annual Pricing Proposal by the date specified by IPART.
- (c) If IPART notifies the Standard Retail Supplier that it is so satisfied, then clause 6.4 of this schedule will apply in respect of the Standard Retail Supplier's alternative revised Annual Pricing Proposal.
- (d) If IPART notifies the Standard Retail Supplier that it is not so satisfied, then the default arrangements in clause 6.6 of this schedule apply.

## 6.6 Default arrangements

If:

- (a) IPART has not received an alternative revised Annual Pricing Proposal from a Standard Retail Supplier in respect of Remainder Year t by the date specified by IPART; or
- (b) IPART has received such an alternative revised Annual Pricing Proposal but, in accordance with clause 6.5(b) of this schedule, has notified the Standard Retail Supplier that it is not satisfied with each of the matters referred to in clause 6.3 of this schedule in respect of that alternative revised Annual Pricing Proposal,

then:

- (c) where the relevant Pass Through Event is a Negative Pass Through Event:
  - (1) IPART will calculate the percentage decrease in the weighted average price cap set out in clause 2.1 of Schedule 1 that results from including the applicable Negative Pass Through Amount in the weighted average price cap, and will apply that percentage decrease to the Regulated Retail Tariffs and Components which that Standard Retail Supplier was permitted to charge in accordance with this determination immediately prior to IPART's determination in relation to the Negative Pass Through Event under clause 4.2 of this schedule; and,

- (2) the Standard Retail Supplier's Regulated Retail Tariff prices for Remainder Year t will be the prices calculated by IPART under clause 6.6(c)(1) of this schedule; or
- (d) where the relevant Pass through Event is a Positive Pass Through Event, the Standard Retail Supplier's Regulated Retail Tariff prices for Remainder Year t will remain the same as those which the Standard Retail Supplier was permitted to charge in accordance with this determination immediately prior to IPART's determination under clause 3.2 of this schedule.

## Schedule 4 Regulated Retail Charges

### 1 Application

- (a) This schedule sets out:
  - (1) the maximum Regulated Retail Charges, or the methodology for determining the maximum Regulated Retail Charges, to apply during the Term; and
  - (2) the manner in which a fee for a dishonoured cheque may be imposed during the Term.
- (b) A Standard Retail Supplier may not impose on, or require from, a Customer a fee for a dishonoured cheque, a late payment fee or a security deposit (whether or not described in those terms) except as permitted by this schedule and any Applicable Law.

[Note: the National Energy Retail Law, the National Energy Retail Rules and the National Energy Retail Law (Adoption) Regulation 2013 set out certain conditions and restrictions on the imposition of security deposits and late payment fees.]

- (c) To the extent of any inconsistency between this determination and an Applicable Law, the Applicable Law prevails.

### 2 Maximum fee for a dishonoured cheque

- (a) The maximum fee that a Standard Retail Supplier may charge a Customer for a dishonoured cheque is the amount described in item 1 of Table 7.
- (b) A Standard Retail Supplier may only impose a charge for a dishonoured cheque if the Standard Retail Supplier actually incurs a bank or other financial institution fee for that dishonoured cheque.

### 3 Maximum late payment fee

The maximum fee that a Standard Retail Supplier may charge a Customer for late payment of an Electricity Retail Bill is the amount set out in item 2 of Table 7.

### 4 Maximum security deposit

The maximum security deposit that a Standard Retail Supplier may require from a Customer is the amount calculated in accordance with the applicable methodology referred to in item 3 of Table 7.

## Table 7

**Table 7 Maximum Regulated Retail Charges**

Item	Regulated Retail Charge	Maximum amount
1	Fee for a dishonoured cheque	2 times the regular GST-exclusive fee charged by the bank or other financial institution to which the cheque is presented
2	Late payment fee	\$10.90 (excluding GST)
3	Security deposit	<p>Calculated in accordance with the methodology specified under the National Energy Retail Rules.</p> <p><b>[Note:</b> as at the date of this determination, the National Energy Retail Rules specify that the amount of a security deposit must not be greater than 37.5% of the Customer's estimated Electricity Retail Bills over a 12 month period, based on:</p> <p>(a) the Customer's billing history; or</p> <p>(b) the average usage of electricity by a comparable customer over a comparable 12 month period.]</p>

## Schedule 5 Definitions and interpretation

### 1 Definitions

#### 1.1 General provisions

In this determination:

**2013/14 Year** means the period from 1 July 2013 to 30 June 2014.

**2014/15 Year** means the period from 1 July 2014 to 30 June 2015.

**2015/16 Year** means the period from 1 July 2015 to 30 June 2016.

**AEMO** means Australian Energy Market Operator Limited ACN 072 010 327.

**AEMO Direction Fees** means amounts payable or paid to AEMO under clause 3.15.8 of the National Electricity Rules.

**AEMO Fees** means AEMO Participant Fees, AEMO Direction Fees, AEMO Reserve Trader Fees and AEMO Market Ancillary Service Fees.

**AEMO Market Ancillary Service Fees** means amounts payable or paid to AEMO under clause 3.15.6A of the National Electricity Rules.

**AEMO Participant Fees** means "Participant fees" as defined under the National Electricity Rules.

**AEMO Reserve Trader Fees** means amounts payable or paid to AEMO under clause 3.15.9 of the National Electricity Rules.

**AER** means the Australian Energy Regulator, established under Part IIIAA of the *Competition and Consumer Act 2010* (Cth).

**Annual Negative Pass Through Amount** has the meaning given to that term in clause 4.2(b)(2) of Schedule 3.

**Annual Pass Through Amount** has the meaning given to that term in clause 5 of Schedule 3.

**Annual Positive Pass Through Amount** has the meaning given to that term in clause 3.2(b)(2) of Schedule 3.

**Annual Pricing Proposal** means the document described in clause 3 of Schedule 2, as revised in accordance with clause 6 of Schedule 3.

**Annual Review Proposal** means the document described in clause 2.2(a) of Schedule 2.

**Applicable Law** means:

- (a) any legislation of the Commonwealth Parliament or the Parliament of New South Wales, and any regulation, order, rule or other instrument made under such legislation (including the National Energy Retail Law, National Energy Retail Rules, National Electricity Law, National Electricity Rules and rules made under section 63C of the ESA);
- (b) any Retail Supplier's Licence; and
- (c) any code, rules and guidelines which is or are binding on a Standard Retail Supplier.

**Ausgrid Distribution District** means the distribution district of EnergyAustralia or Ausgrid (as the case may be), as set out in schedule 3 to the ESA.

**Authority** means:

- (a) any government or any minister, agency, department, instrumentality or other authority of government; and
- (b) IPART, the Australian Energy Market Commission, the AER or AEMO,

but does not include a state owned corporation as that expression is defined in the *State Owned Corporations Act 1989* (NSW).

**Business Day** means a day other than a Saturday, a Sunday or a public holiday or bank holiday in all of New South Wales.

**Carbon Pricing Mechanism** means:

- (a) the carbon pricing mechanism established under the *Clean Energy Act 2011* (Cth) and associated legislation (including the related amendments to the *Fuel Tax Act 2006* (Cth), *Excise Tariff Act 1921* (Cth) and *Customs Tariff Act 1995* (Cth)) and includes the Opt-in Scheme established under the *Clean Energy Act 2011* (Cth); or
- (b) any other mandatory scheme established under legislation for the management of greenhouse gas emissions or concentrations which entails the surrender or purchase of permits or credits (including to avoid a requirement to make a monetary payment) or the payment of a tax, where the quantity of permits or credits surrendered or

purchased, or the amount of tax paid, is referable to the actual or potential emissions of any greenhouse gas.

**Commencement Date** has the meaning given to that term in clause 2(b) of the Preliminary section of this determination.

**Compliant Annual Pricing Proposal** means a Standard Retail Supplier's Annual Pricing Proposal for which IPART has notified the Standard Retail Supplier that IPART is satisfied of each of the matters referred to in clause 3.3 of Schedule 2.

**Component** means a component of a Regulated Retail Tariff.

[**Note:** For example, a time of use tariff might have 4 components, being peak, shoulder and off-peak components (each expressed in cents/kWh) and a service availability charge (expressed in cents/day). Similarly, an inclining block tariff might have 3 components, being a price (expressed in cents/kWh) for that part of the consumption which is between 0 and X kWh, another (higher) price (also expressed in cents/kWh) for that part of the consumption that exceeds X kWh, and a service availability charge (expressed in cents/day).]

**Customer** means a Small Retail Customer under a Standard Form Customer Supply Contract. For any purpose under this determination that involves counting or determining the number of such customers, each relevant NMI is to be regarded as one Customer.

**Customer Acquisition and Retention Cost Allowance or CARC Allowance** means, for a Standard Retail Supplier for a Year or other period, the costs of acquiring and retaining Customers not recovered through the Total Energy Cost Allowance. The costs of acquiring and retaining Customers exclude retail operating costs. For these purposes, retail operating costs include costs associated with:

- (a) customer service (eg operating call centres, billing and collecting revenue);
- (b) finance;
- (c) IT systems; and
- (d) regulation (eg licence fees).

**Customer Hardship Program** means any program which imposes obligations on a Standard Retail Supplier to assist Customers in financial or other difficulty.

**Demand Management Levy** means any levy, tariff, fee, charge, duty, tax or impost of any kind imposed on a DNSP under a law of New South Wales or the Commonwealth in connection with or relating to the Supply of electricity to, or the consumption of electricity by, any Distribution Customer.

**Distribution Customer** has the meaning given to that term under the National Electricity Rules.

**Distribution System** has the meaning given to that term in the ESA.

**DNSP** means a distribution network service provider (as that term is defined in the ESA).

**Electricity Retail Bill** means a bill issued by a Standard Retail Supplier to a Customer for the Supply of electricity, or the provision or connection services.

**Endeavour Energy Distribution District** means the distribution district of Integral Energy Australia or Endeavour Energy (as the case may be), as set out in schedule 3 of the ESA.

**EnergyAustralia** means EnergyAustralia Pty Ltd ACN 086 014 968 in relation to its supply of electricity to Small Retail Customers under a Standard Form Customer Supply Contract at Premises in the Ausgrid Distribution District. A reference to EnergyAustralia includes a reference to any person or body that acquires EnergyAustralia or acquires all or part of the business operated by EnergyAustralia and Supplies electricity to Small Retail Customers under a Standard Form Customer Supply Contract at Premises in the Ausgrid Distribution District.

**Energy Loss Factor** means a factor that is applied to adjust quantities in relation to the wholesale purchase of electricity to reflect the physical losses of energy arising during the transporting of energy over transmission systems and Distribution Systems.

**Energy Purchase Cost Allowance** means, for a Standard Retail Supplier for a Year or other period, the Energy Purchase Cost Allowance determined by IPART for that Standard Retail Supplier, which must be no less than the weighted average of the Market Based Allowance and the LRMC for the Standard Retail Supplier for that year or other period (such weighted average being calculated by ascribing a 25% weighting to the Market Based Allowance and a 75% weighting to the LRMC).

**ESA** means the *Electricity Supply Act 1995* (NSW).

**Essential Energy Distribution District** means the distribution district of Country Energy or Essential Energy (as the case may be), as set out in schedule 3 of the ESA.

**Final Report Release Date** means the date on which the report entitled Review of Regulated Retail Tariffs and Charges for Electricity 2013-2016 Final Report is published on the IPART website.

**Green Energy Outcome** means any of the following:

- (a) an increase in the amount of electricity generated from renewable energy sources or other sources of energy that provide improved environmental outcomes;
- (b) additional investment in technologies that reduce or offset greenhouse gas emissions attributable to electricity generation; or
- (c) reduced consumption of electricity.

**Green Energy Scheme** means any mandatory scheme that imposes financial obligations on a Standard Retail Supplier in order to produce a Green Energy Outcome, excluding the Carbon Pricing Mechanism, but including the large-scale renewable energy target and small-scale renewable energy scheme under the *Renewable Energy (Electricity) Act 2000* (Cth) and the energy savings scheme under the ESA.

**Green Premium** means an amount a Customer pays voluntarily to contribute towards a Green Energy Outcome. Where a Tariff for the Supply of electricity does not separately identify that amount, the Green Premium is that part of the Tariff that exceeds the Tariff that would apply to a Customer in the same circumstances who chose not to pay such an amount.

**GST** means the GST as defined in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**IPART** means the Independent Pricing and Regulatory Tribunal of New South Wales established under the *Independent Pricing and Regulatory Tribunal Act 1992* (NSW).

**kWh** means kilowatt hours.

**Last Resort Supply Event** means:

- (a) before the NERL Date, a last resort supply event as that term is defined under clause 59 of the *Electricity Supply (General) Regulation 2001* (NSW); and
- (b) as from the NERL Date, a ROLR event as that term is defined under section 122 of the National Energy Retail Law.

**Long Run Marginal Cost** or **LRMC** means, for a Standard Retail Supplier for a Year or other period, the least cost mix of generating plant (including any plant that would be required to meet any regulatory obligation) based on those plants earning an economic return on their market value, and using generation technology that is available in the National Electricity Market to efficiently meet the Standard Retail Supplier's forecast Regulated Load for that Year or other period, excluding:

- (a) costs of compliance with any Green Energy Scheme;

- (b) costs of compliance with any obligations imposed under an Applicable Law relating to the reporting of greenhouse gas emissions, energy production or energy consumption;
- (c) costs related to physical losses of energy arising during the transporting of energy over transmission systems and Distribution Systems;
- (d) AEMO Fees; and
- (e) any other costs (not referred to above) relating to the Standard Retail Supplier's retail supply business or the recovery of any retail margin relating to that business,

but including costs incurred in relation to the Carbon Pricing Mechanism.

**Market Based Allowance** means, for a Standard Retail Supplier for a Year or other period, an allowance for that Standard Retail Supplier's costs of purchasing electricity, and managing the risks associated with purchasing electricity, from the National Electricity Market in order to Supply electricity for its Regulated Load, excluding:

- (a) costs of compliance with any Green Energy Scheme;
- (b) costs of compliance with any obligations imposed under an Applicable Law relating to the reporting of greenhouse gas emissions, energy production or energy consumption;
- (c) costs related to physical losses of energy arising during the transporting of energy over transmission systems and Distribution Systems;
- (d) AEMO Fees; and
- (e) any other costs (not referred to above) relating to the Standard Retail Supplier's retail supply business or the recovery of any retail margin relating to that business.

**Materially** has the meaning given to that term in clause 2(c) of Schedule 3.

**MWh** means megawatt hours.

**National Electricity Law** means the National Electricity Law set out in the Schedule to the *National Electricity (South Australia) Act 1996* (SA), as applied in New South Wales by the *National Electricity (New South Wales) Act 1997* (NSW).

**National Electricity Market** means the wholesale market for electricity supply which operates in Queensland, New South Wales, Victoria, South Australia, the Australian Capital Territory and Tasmania.

**National Energy Retail Law** means the National Energy Retail Law set out in the schedule in the *National Energy Retail Law (South Australia) Act*

2011 (SA), as amended and applied in New South Wales by the *National Energy Retail Law (Adoption) Act 2012* (NSW).

**National Energy Retail Rules** has the same meaning as in the National Energy Retail Law set out in the Schedule to the *National Energy Retail (South Australia) Act 2011*.

**National Electricity Rules** has the same meaning as in the National Electricity Law.

**Negative Pass Through Amount** has the meaning given to that term in clause 4.2(b)(1) of Schedule 3.

**Negative Pass Through Event** has the meaning given to that term in clause 2(b) of Schedule 3.

**NERL Date** means the date the National Energy Retail Law comes into operation in New South Wales.

**Network Use Of System Charge** means a charge levied by a DNSP on a Standard Retail Supplier, for Use Of System Services provided by a network service provider in accordance with a distribution determination (as that term is defined in the National Electricity Law) made by the AER.

**New Regulated Retail Tariff** means:

- (a) in relation to the 2013/14 Year, a Regulated Retail Tariff that did not exist as at 30 June 2013; and
- (b) in relation to any other Year, a Regulated Retail Tariff that did not exist in the previous Year.

**NMI** means a National Metering Identifier as defined in the National Electricity Rules.

**Ombudsman** means the Energy and Water Ombudsman NSW or any other electricity industry ombudsman under an approved electricity industry ombudsman scheme approved under the ESA or the National Energy Retail Law.

**Origin Energy** means Origin Energy Electricity Limited ACN 071 052 287.

**Origin Energy (Endeavour Energy)** means Origin Energy in relation to its supply of electricity to Small Retail Customers under a Standard Form Customer Supply Contract at Premises in the Endeavour Energy Distribution District. A reference to Origin Energy (Endeavour Energy) includes a reference to any person or body that acquires Origin Energy or acquires all or part of the business operated by Origin Energy and supplies electricity to Small Retail Customers under a Standard Form

Customer Supply Contract at Premises in the Endeavour Energy Distribution District.

**Origin Energy (Essential Energy)** means Origin Energy in relation to its Supply of electricity to Small Retail Customers under a Standard Form Customer Supply Contract at Premises in the Essential Energy Distribution District. A reference to Origin Energy (Essential Energy) includes a reference to any person or body that acquires Origin Energy or acquires all or part of the business operated by Origin Energy and Supplies electricity to Small Retail Customers under a Standard Form Customer Supply Contract at Premises in the Essential Energy Distribution District.

**Pass Through Event** means a Regulatory Change Event or a Tax Change Event.

**Pass Through Services** means services of or in relation to Supplying electricity to Small Retail Customers under a Standard Form Customer Supply Contract.

**Positive Pass Through Amount** has the meaning given to that term in clause 3.2(b)(1) of Schedule 3.

**Positive Pass Through Event** has the meaning given to that term in clause 2(a) of Schedule 3.

**Premises** has the meaning given to that term in the ESA.

**Prescribed Rate** means;

- (a) before the NERL Date, the prescribed rate for the purposes of section 92 of the ESA; and
- (b) as from the NERL Date, the consumption threshold prescribed for the purposes of section 37B(a) of the National Energy Retail Law.

**Regulated Load** means the load for all Customers in a Standard Retail Supplier's Supply District.

**Regulated Retail Charge** means a security deposit, late payment fee or fee for a dishonoured cheque charged in accordance with this determination.

**Regulated Retail Tariff** means a Tariff for or in relation to the Supply of electricity charged by a Standard Retail Supplier to a Small Retail Customer under a Standard Form Customer Supply Contract, excluding:

- (a) Green Premiums; and
- (b) Regulated Retail Charges,

which may include a number of Components (if offered by the Standard Retail Supplier as a single Tariff).

**Regulatory Change Event** means:

- (a) a decision made by any Authority;
- (b) the coming into operation of an Applicable Law; or
- (c) an amendment to, or revocation or repeal of, an Applicable Law, on or after the Final Report Release Date that has the effect of substantially varying:
  - (d) the nature, scope, standard or risk of the Pass Through Services; or
  - (e) the manner in which a Standard Retail Supplier is required to undertake any activity, or the nature, scope, standard or risk of any activity that a Standard Retail Supplier is required to undertake, in order to provide the Pass Through Services, including obligations:
    - (1) under any Customer Hardship Program (subject to paragraph (i) below);
    - (2) arising as a consequence of any Last Resort Supply Event;
    - (3) under any Green Energy Scheme; or
    - (4) under the Carbon Pricing Mechanism,

but does not include:

- (f) the making of this determination;
- (g) a Tax Change Event;
- (h) any decision, determination or ruling in relation to Energy Loss Factors; or
- (i) the coming into operation or amendment of any Customer Hardship Program to the extent the Standard Retail Supplier's costs of compliance with obligations imposed under that program are funded by a government or third party.

**Relevant Tax** means any tax, levy, impost, deduction, charge, rate, duty, fee, withholding or compulsory payment which is levied or imposed under any Applicable Law and is payable by a Standard Retail Supplier, other than:

- (a) income tax and capital gains tax;
- (b) stamp duty;
- (c) AEMO Fees;
- (d) fees payable by a Standard Retail Supplier in respect of a Retail Supplier's Licence;

- (e) any tax, levy, impost, deduction, charge, rate, duty, fee, withholding or other compulsory payment under the Carbon Pricing Mechanism;
- (f) any tax, levy, impost, deduction, charge, rate, duty, fee, withholding or other compulsory payment that replaces or is equivalent or similar to any of the taxes, duties, fees or other compulsory payments referred to in paragraphs (a) to (d) above (including any State equivalent tax); or
- (g) penalties, charges, fees and interest on late payments, or deficiencies in payments, relating to any tax, levy, impost, deduction, charge, rate, duty, fee, withholding or other compulsory payment.

**Remainder Year t** has the meaning given to that term in clause 6.2(a) of Schedule 3.

**Retail Supplier's Licence** means any licence or similar authorisation that authorises operations in the electricity retail market in New South Wales (including any retail supplier's licence granted under the ESA and any retailer authorisation issued, or taken to be held, under the National Energy Retail Law).

**Small Retail Customer** means:

- (a) before the NERL Date, small retail customer as that term is defined in the ESA; and
- (b) as from the NERL Date, regulated offer customer as that term is defined in the National Energy Retail Law.

**Standard Form Customer Supply Contract** means:

- (a) before the NERL Date, standard form customer supply contract as that term is defined in the ESA; and
- (b) as from the NERL Date, regulated offer contract as that term is defined in the National Energy Retail Law.

**Standard Retail Supplier** means:

- (a) EnergyAustralia; and
- (b) Origin Energy (Endeavour Energy); and
- (c) Origin Energy (Essential Energy).

**Supply** has the meaning given to that term in the ESA, and includes the sale of electricity.

**Supply Address** means Premises, having a single NMI, to which a Standard Retail Supplier Supplies electricity.

**Supply District** means:

- (a) for Energy Australia, the Ausgrid Distribution District;
- (b) for Origin Energy (Endeavour Energy), the Endeavour Energy Distribution District; and
- (c) for Origin Energy (Essential Energy), the Essential Energy Distribution District.

**Tariff** means, depending on the context:

- (a) a price (or set of prices for different components); and/or
- (b) the set of circumstances in which (including the group of persons to whom) that price (or set of prices) will apply.

**Tax Change Event** means:

- (a) the imposition of a Relevant Tax;
- (b) the removal of a Relevant Tax; or
- (c) a change in (or a change in the application or official interpretation of) a Relevant Tax or the way in which a Relevant Tax is calculated,

which occurs on or after the Final Report Release Date.

**Taxable Supply** has the meaning given to it in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Term** means the period from:

- (a) the Commencement Date; to
- (b) 30 June 2016 (or such earlier date as may be directed by the Minister for Resources and Energy).

**Total Energy Cost Allowance** means for a Standard Retail Supplier for a Year or other period:

- (a) the Energy Purchase Cost Allowance;
- (b) the costs of compliance with any Green Energy Scheme;
- (c) the costs of compliance with any obligations imposed under an Applicable Law relating to the reporting of greenhouse gas emissions, energy production or energy consumption; and
- (d) the costs related to physical losses of energy arising during the transporting of energy over transmission systems and Distribution Systems, such physical losses being calculated using Energy Loss Factors as published by AEMO,

for that Year or other period.

**Use Of System Services** has the meaning given to that term under the National Electricity Rules.

**Year** means a period of twelve months commencing on 1 July and ending on 30 June in the following calendar year.

## **2 Interpretation**

### **2.1 General provisions**

In this determination:

- (a) headings are for convenience only and do not affect the interpretation of this determination;
- (b) a reference to a schedule, annexure, clause or table is a reference to a schedule or annexure to, clause of, or table in, this determination unless otherwise indicated;
- (c) a construction that would promote the purpose or object expressly or impliedly underlying the ESA is to be preferred to a construction that would not promote that purpose or object;
- (d) words importing the singular include the plural and vice versa;
- (e) a reference to a law or statute includes regulations, rules, codes and other instruments under it and consolidations, amendments, re-enactments or replacements of them;
- (f) where provisions of legislation referred to in this determination are renumbered, a reference to a legislative provision extends to the corresponding re-numbered provision of the legislation;
- (g) where a word is defined, other grammatical forms of that word have a corresponding meaning;
- (h) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation), replacements and assigns; and
- (i) a reference to a body, whether statutory or not:
  - (1) which ceases to exist; or
  - (2) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

### **2.2 Explanatory notes and clarification notice**

- (a) Explanatory notes do not form part of this determination, but in the case of uncertainty may be relied on for interpretation purposes.

- (b) IPART may publish a clarification notice in the NSW Government Gazette to correct any manifest error in this determination as if that clarification notice formed part of this determination.

### **2.3 Prices exclusive of GST**

Unless otherwise indicated, prices or charges specified in this determination do not include GST. A Standard Retail Supplier may charge Customers an additional amount equal to the GST payable by the Standard Retail Supplier in respect of any Taxable Supply to which the amounts relate.

