



Independent Pricing and Regulatory Tribunal

Changes in regulated electricity retail prices from 1 July 2011

Electricity — Draft Determination
April 2011



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Draft Determination No. 1, 2011

Contents

Preliminary	1
1 Background	1
2 Application	2
3 Schedules	3
Schedule 1 Revised Total Energy Cost Allowance, Revised Fixed R and Revised Variable R	4
1 Application	4
2 Revised Total Energy Cost Allowance	4
3 Revised Fixed R	4
4 Revised Variable R	4
Table 1 to Table 7	5
Schedule 2 Cost pass through	6
1 Application	6
2 Positive Pass Through Amounts	6
3 Date of pass through	6
Table 8	7
Schedule 3 Definitions and Interpretation	8
1 Definitions	8
2 Interpretation	8

Preliminary

1 Background

- (a) In March 2010, the Independent Pricing and Regulatory Tribunal released Determination No. 3 of 2010 (the **2010 Determination**) under section 43B of the *Electricity Supply Act 1995* (NSW) pursuant to a referral from the Minister for Energy dated 19 June 2009.
- (b) The 2010 Determination specified the methodology for determining the Regulated Retail Tariffs and Regulated Retail Charges that Standard Retail Suppliers may charge Small Retail Customers:
 - (1) whose Premises are in the Standard Retail Supplier's Supply District; and
 - (2) who are Supplied electricity at those Premises by the Standard Retail Supplier under a Standard Form Customer Supply Contract, during the Term.
- (c) This determination supplements the 2010 Determination by specifying the updated retail allocation (or R values) for the remainder of the Term and approved pass through amounts for the 2010/11 Year. These are components of the weighted average price cap that Standard Retail Suppliers must comply with when they set their Regulated Retail Tariffs. This determination does not otherwise affect or alter the operation of the 2010 Determination.

1.2 Annual Review

- (a) In Schedule 2, clause 3 of the 2010 Determination, IPART included a mechanism for an annual review of the Total Energy Cost Allowance. Pursuant to that clause, IPART has:
 - (1) reviewed the Total Energy Cost Allowance for each Standard Retail Supplier for the 2011/12 Year and 2012/13 Year;
 - (2) determined the revised amounts that IPART considers reflects the Total Energy Cost Allowance for the 2011/12 Year and an estimate of the Total Energy Cost Allowance for the 2012/13 Year for each Standard Retail Supplier as a result of that review (collectively the **Revised Total Energy Cost Allowance**); and
 - (3) determined the revised amounts that IPART considers reflects:
 - (A) the $FixedR_c^t$ for the 2011/12 Year and an estimate of the $FixedR_c^t$ for the 2012/13 Year (collectively the **Revised Fixed R**); and

(B) the $VariableR_{ij}^t$ for the 2011/12 Year and an estimate of the $VariableR_{ij}^t$ for the 2012/13 Year (collectively the **Revised Variable R**),

to apply to each Standard Retail Supplier for the purposes of clauses 2.3 and 2.4 of Schedule 1 of the 2010 Determination.

- (b) In determining the Revised Fixed R and Revised Variable R, IPART has taken into account the Revised Total Energy Cost Allowance.

1.3 Cost pass through

- (a) In Schedule 4 of the 2010 Determination, IPART included a cost pass through mechanism for Standard Retail Suppliers to lodge cost pass through applications.
- (b) Pursuant to Schedule 4 of the 2010 Determination and the Standard Retail Suppliers' cost pass through applications, IPART has determined:
- (1) the Positive Pass Through Amounts;
 - (2) the Annual Positive Pass Through Amounts for the 2010/11 Year; and
 - (3) the date from which each Standard Retail Supplier may commence passing through to Customers any Annual Positive Pass Through Amounts,

for the purposes of Schedule 4, clause 3.2 of the 2010 Determination.¹

2 Application

- (a) This determination sets out for each Standard Retail Supplier:
- (1) the Revised Total Energy Cost Allowance, the Revised Fixed R and the Revised Variable R for the remaining Term for the purposes of Schedule 1, clauses 2.3 and 2.4 of the 2010 Determination; and
 - (2) the Positive Pass Through Amounts for the 2010/11 Year that may be passed through from 1 July 2011 for the purposes of Schedule 1, clause 2.1(e) and Schedule 4, clause 3.2 of the 2010 Determination,
- but does not otherwise affect or alter the operation of the 2010 Determination in any way.
- (b) This determination commences on the later of 1 July 2011 and the date that it is published in the NSW Government Gazette.

¹ IPART's determination of the Positive Pass Through Amounts only concern incremental costs incurred from amendments to Standard Retail Suppliers' obligations under the *Renewable Energy (Electricity) Act 2000* (Cth) effective from 1 January 2011. The Positive Pass Through Amounts do not relate to the deferral of the CPRS. Further details are provided in chapter 4 of the report accompanying this determination.

3 Schedules

- (a) Schedule 1 and the tables in that schedule set out the Revised Total Energy Cost Allowance, the Revised Fixed R and the Revised Variable R for each Standard Retail Supplier.
- (b) Schedule 2 and the table in that schedule set out the Positive Pass Through Amounts for each Standard Retail Supplier for the 2010/11 Year.
- (c) Schedule 3 sets out the definitions and the interpretation provisions.

Schedule 1 Revised Total Energy Cost Allowance, Revised Fixed R and Revised Variable R

1 Application

This schedule sets out the Revised Total Energy Cost Allowance, the Revised Fixed R and the Revised Variable R for each Standard Retail Supplier.

2 Revised Total Energy Cost Allowance

The Revised Total Energy Cost Allowance for each Standard Retail Supplier for each of the 2011/12 Year and 2012/13 Year is the relevant amount set out in Table 1, Table 2 and Table 3.

3 Revised Fixed R

The Revised Fixed R for each Standard Retail Supplier for each of the 2011/12 Year and 2012/13 Year is the relevant amount set out in Table 4.

4 Revised Variable R

The Revised Variable R for each Standard Retail Supplier for each of the 2011/12 Year and 2012/13 Year is the relevant amount set out in Table 5, Table 6 and Table 7.

Table 1 to Table 7

Table 1 Revised Total Energy Cost Allowance (\$2010/11 \$/MWh): EnergyAustralia

Year	Revised Total Energy Cost Allowance
2011/12	82.76
2012/13	82.19

Table 2 Revised Total Energy Cost Allowance (\$2010/11 \$/MWh): Integral Energy

Year	Revised Total Energy Cost Allowance
2011/12	87.84
2012/13	88.14

Table 3 Revised Total Energy Cost Allowance (\$2010/11 \$/MWh): Country Energy

Year	Revised Total Energy Cost Allowance
2011/12	82.55
2012/13	82.83

Table 4 Fixed R (\$2011/12 \$ per Customer per year)

Year	Fixed R
2011/12	97.8
2012/13	99.4

Table 5 Variable R (\$2011/12 ¢ per kWh): EnergyAustralia

Year	Variable R
2011/12	9.96
2012/13	10.02

Table 6 Variable R (\$2011/12 ¢ per kWh): Integral Energy

Year	Variable R
2011/12	10.43
2012/13	10.48

Table 7 Variable R (\$2011/12 ¢ per kWh): Country Energy

Year	Variable R
2011/12	10.17
2012/13	10.31

Schedule 2 Cost pass through

1 Application

This schedule sets out the Positive Pass Through Amounts for the 2010/11 Year for each Standard Retail Supplier.

2 Positive Pass Through Amounts

The Positive Pass Through Amounts for the 2010/11 Year for each Standard Retail Supplier is the relevant amount set out in Table 8.²

3 Date of pass through

Each Standard Retail Supplier may commence passing through to Customers the Positive Pass Through Amounts set out in Table 8 from 1 July 2011.³

² IPART's determination of the Positive Pass Through Amounts concern incremental costs incurred from amendments to Standard Retail Suppliers' obligations under the *Renewable Energy (Electricity) Act 2000* (Cth) effective from 1 January 2011. The Positive Pass Through Amounts do not relate to the deferral of the CPRS. Further details are provided in chapter 4 of the report accompanying this determination.

³ The Positive Pass Through Amounts that each Standard Retail Supplier may commence passing through to Customers from 1 July 2011 are set out in Table 8 in c/kWh. For each Standard Retail Supplier, the PT^t in the weighted average price cap formula in Schedule 1, clause 2.1 of the 2010 Determination is the relevant Positive Pass Through in Table 8 multiplied by q_{ij}^{t-1} (as defined in the 2010 Determination, Schedule 1, clause 2.1(c)) for that Standard Retail Supplier.

Table 8

Table 8 Positive Pass Through Amounts from 1 July 2011 (\$2011/12 ¢ per kWh):

Standard Retail Supplier	Positive Pass Through Amount
EnergyAustralia	0.47
Integral Energy	0.46
Country Energy	0.44

Schedule 3 Definitions and Interpretation

1 Definitions

1.1 General provisions

In this determination:

2010 Determination has the meaning given to that term in clause 1(a) of the 'Preliminary' section of this determination.

Cost pass through application means an application made by a Standard Retail Supplier to IPART under Schedule 4 of the 2010 Determination for IPART to approve the Standard Retail Supplier passing through to Customers an amount in respect of a Positive Pass Through Event or Negative Pass Through Event (as the case may be).

Revised Fixed R has the meaning given to that term in clause 1.2(a)(3)(A) of the 'Preliminary' section of this determination.

Revised Total Energy Cost Allowance has the meaning given to that term in clause 1.2(a)(2) of the 'Preliminary' section of this determination.

Revised Variable R has the meaning given to that term in clause 1.2(a)(3)(B) of the 'Preliminary' section of this determination.

1.2 Terms defined in 2010 Determination

Unless defined in this determination, terms defined in the 2010 Determination have the same meaning in this determination as they have in the 2010 Determination.

2 Interpretation

The interpretation provisions in Schedule 6, clause 2 of the 2010 Determination apply in full to this determination.