



Independent Pricing and Regulatory Tribunal

Changes in regulated electricity retail prices from 1 July 2012

Electricity — Draft Determination
April 2012



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Draft Determination No. 3, 2012

Contents

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

Preliminary

1 Background

- (a) In March 2010, the Independent Pricing and Regulatory Tribunal released Determination No. 3 of 2010 (**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 2012/13 Year and approved pass through amounts for the 2011/12 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 2012/13 Year;
 - (2) determined the revised amounts that IPART considers reflects the Total Energy Cost Allowance for the 2012/13 Year as a result of that review (**Revised Total Energy Cost Allowance**); and
 - (3) determined the revised amounts that IPART considers reflects:
 - (A) the $FixedR_c^t$ for the 2012/13 Year (**Revised Fixed R**); and
 - (B) the $VariableR_{ij}^t$ for the 2012/13 Year (**Revised Variable R**),to apply to each Standard Retail Supplier for the purposes of Schedule 1, clauses 2.3 and 2.4 of the 2010 Determination.
- (b) In determining the relevant Revised Fixed R and Revised Variable R, IPART has taken into account the relevant Revised Total Energy Cost Allowance.

1.3 Cost pass through

- (a) In Schedule 4 of the 2010 Determination, IPART included a 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 2011/12 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.

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 2012/13 Year 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 2011/12 Year that may be passed through from 1 July 2012 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 2012 and the date that it is published in the NSW Government Gazette.

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 for the 2012/13 Year.
- (b) Schedule 2 and the table in that schedule set out the Positive Pass Through Amounts for each Standard Retail Supplier for the 2011/12 Year and the date from which those Amounts may be passed through.
- (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 for the 2012/13 Year.

2 Revised Total Energy Cost Allowance

The Revised Total Energy Cost Allowance for each Standard Retail Supplier for the 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 the 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 the 2012/13 Year is the relevant amount set out in Table 5, Table 6 and Table 7.

Tables 1, 2, 3, 4, 5, 6 and 7

Table 1 Revised Total Energy Cost Allowance (\$2011/12), \$/MWh): EnergyAustralia

Year	Revised Total Energy Cost Allowance
2012/13	98.56

Table 2 Revised Total Energy Cost Allowance (\$2011/12), \$/MWh): Integral Energy

Year	Revised Total Energy Cost Allowance
2012/13	103.78

Table 3 Revised Total Energy Cost Allowance (\$2011/12), \$/MWh): Country Energy

Year	Revised Total Energy Cost Allowance
2012/13	98.00

Table 4 Fixed R (\$2012/13, \$/Customer/year): EnergyAustralia, Integral Energy, Country Energy

Year	Fixed R
2012/13	103.0

Table 5 Variable R (\$2012/13, c/kWh): EnergyAustralia

Year	Variable R
2012/13	11.86

Table 6 Variable R (\$2012/13, c/kWh): Integral Energy

Year	Variable R
2012/13	12.29

Table 7 Variable R (\$2012/13, c/kWh): Country Energy

Year	Variable R
2012/13	12.12

Schedule 2 Cost pass through

1 Application

This schedule sets out the Positive Pass Through Amounts for the 2011/12 Year for each Standard Retail Supplier.

2 Positive Pass Through Amounts

The Positive Pass Through Amounts for the 2011/12 Year for each Standard Retail Supplier is the relevant amount set out in Table 8.

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 2012.¹

¹ The Positive Pass Through Amounts that each Standard Retail Supplier may commence passing through to Customers from 1 July 2012 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 2012 (\$2012/13, c/kWh)

Standard Retail Supplier	Positive Pass Through Amount
EnergyAustralia	0.23
Integral Energy	0.23
Country Energy	0.22

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; and

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.

