



Independent Pricing and Regulatory Tribunal

# **Review of regulated retail tariffs and charges for electricity 2010 - 2013**

**Electricity — Final Determination**  
March 2010





Independent Pricing and Regulatory Tribunal

# **Review of regulated retail tariffs and charges for electricity 2010 - 2013**

**Determination No. 3, 2010**

© Independent Pricing and Regulatory Tribunal of New South Wales 2010

This work is copyright. The *Copyright Act 1968* permits fair dealing for study, research, news reporting, criticism and review. Selected passages, tables or diagrams may be reproduced for such purposes provided acknowledgement of the source is included.

ISBN 978-1-921628-36-8 Det10-03

The Tribunal members for this review are:

Mr James Cox, Acting Chairman and Chief Executive Officer

Ms Sibylle Krieger, Part Time Member

Independent Pricing and Regulatory Tribunal of New South Wales

PO Box Q290, QVB Post Office NSW 1230

Level 8, 1 Market Street, Sydney NSW 2000

T (02) 9290 8400 F (02) 9290 2061

[www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au)

# Contents

<b>Preliminary</b>	<b>1</b>
1 Background	1
2 Application of this determination	2
3 Replacement of Determination No. 1 of 2007	2
4 Schedules	2
<b>Schedule 1 Regulated Retail Tariffs</b>	<b>3</b>
1 Application	3
2 Weighted average price cap	3
3 Maximum price increases (Country Energy)	5
4 Price changes	6
5 Introducing new tariffs	6
6 Abolition of tariffs	7
7 Green Premiums	7
8 Pass through of other network charges	8
<b>Tables 1, 2, 3 and 4</b>	<b>9</b>
<b>Schedule 2 Annual Pricing Proposals and annual review of the Total Energy Cost Allowance</b>	<b>10</b>
1 Application	10
2 Annual Pricing Proposal	10
3 Annual review of the Total Energy Cost Allowance	13
<b>Table 5</b>	<b>15</b>
<b>Schedule 3 Special review mechanism</b>	<b>16</b>
1 Application	16
2 Special review in 2012/2013 Year	16
3 Revised Annual Pricing Proposal	17
<b>Table 6</b>	<b>21</b>
<b>Schedule 4 Cost pass through mechanism</b>	<b>22</b>
1 Application	22
2 Definitions	22
3 Positive Pass Through Event	23
4 Negative Pass Through Event	25
5 Revised Annual Pricing Proposal	28

<b>Schedule 5 Regulated Retail Charges</b>	<b>32</b>
1 Application	32
2 Fee for a dishonoured cheque	32
3 Late payment fee	32
4 Security deposit	33
<b>Table 7</b>	<b>38</b>
<b>Schedule 6 Definitions and interpretation</b>	<b>39</b>
1 Definitions	39
2 Interpretation	49

# Preliminary

## 1 Background

- (a) Under section 43EA of the *Electricity Supply Act 1995* (NSW) (the **ESA**), the Minister for Energy may refer to IPART, for investigation and report, the determination of regulated retail tariffs, regulated retail charges, or both.
- (b) On 19 June 2009, IPART received a referral from the Minister for 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 from 1 July 2010 to 30 June 2013”.
- (c) This determination is made under section 43EB of the ESA, pursuant to the referral from the Minister for Energy.
- (d) In conducting its investigation, IPART consulted with Standard Retail Suppliers in accordance with section 43EE of the ESA and also undertook a public consultation process in accordance with the referral from the Minister for 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 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) Under section 34 of the ESA, all Small Retail Customers who own or occupy Premises that are:
  - (1) within a Standard Retail Supplier's Supply District; and
  - (2) connected or have a right to apply to be connected to a Distribution System,may elect to be Supplied with electricity at those Premises by the Standard Retail Supplier under a Standard Form Customer Supply Contract.
- (g) 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 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.
- (b) This determination commences on the date that it is published in the NSW Government Gazette (the **Commencement Date**).

## 3 Replacement of Determination No. 1 of 2007

This determination replaces Determination No. 1 of 2007 from 1 July 2010. The replacement does not affect anything done or omitted to be done, or rights or obligations accrued, under Determination No. 1 of 2007 prior to its replacement.

## 4 Schedules

- (a) Schedule 1 and the tables in that schedule set out 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 the submission and assessment of an Annual Pricing Proposal and for IPART's annual review of the Total Energy Cost Allowance.
- (c) Schedule 3 and the table in that schedule set out the special review mechanism and the process for the submission and assessment of a revised Annual Pricing Proposal where a special review occurs and IPART determines a revised  $FixedR'_c$  and  $VariableR'_y$ .
- (d) Schedule 4 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.
- (e) Schedule 5 and the table in that schedule set out the maximum Regulated Retail Charges to apply during the Term and the manner in which such charges may be imposed.
- (f) Schedule 6 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 2 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 any Annual Pass Through Amount for the Standard Retail Supplier for Year t, as determined in accordance with Schedule 4.

## 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 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  $VariableR_{ij}^t$  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 2010/11 Year, the amount set out in Table 1 for 2010/11;
- (b) for the 2011/12 Year, the amount set out in Table 1 for 2011/12 multiplied by  $\Delta CPI_1$  or, if IPART determines another amount in accordance with clause 3.2(b) of Schedule 2, that other amount; and
- (c) for the 2012/13 Year, the amount set out in Table 1 for 2012/13 multiplied by  $(\Delta CPI_1 \times \Delta CPI_2)$  or, if IPART determines another amount in accordance with:
  - (1) clause 3.2(b) of Schedule 2, that other amount; and/or
  - (2) clause 2.1(c)(2) of Schedule 3 for the period from 1 January 2013 to 30 June 2013, that other amount for the period from 1 January 2013 to 30 June 2013.

## 2.4 Value of Variable R

For the purpose of clause 2.2(b)(2) of this schedule,  $VariableR_{ij}^t$  for each Standard Retail Supplier is calculated as follows:

- (a) for the 2010/11 Year, the amount for the relevant Standard Retail Supplier for 2010/11 set out in Table 2, 3 or 4 (as applicable);
- (b) for the 2011/12 Year, the amount for the relevant Standard Retail Supplier for 2011/12 set out in Table 2, 3 or 4 (as applicable) multiplied by  $\Delta CPI_1$  or, if IPART determines another amount in accordance with clause 3.2(b) of Schedule 2, that other amount; and
- (c) for the 2012/13 Year, the amount for the relevant Standard Retail Supplier for 2012/13 set out in Table 2, 3 or 4 (as applicable) multiplied by  $(\Delta CPI_1 \times \Delta CPI_2)$  or, if IPART determines another amount in accordance with:
  - (1) clause 3.2(b) of Schedule 2, that other amount; and/or
  - (2) clause 2.1(c)(2) of Schedule 3 for the period from 1 January 2013 to 30 June 2013, that other amount for the period from 1 January 2013 to 30 June 2013.

## 3 Maximum price increases (Country Energy)

### 3.1 Price increase limit

Subject to clause 3.2 of this schedule, and in addition to complying with clause 2 of this schedule, Country Energy must ensure that for any given Year (Year  $t$ ), each of its Regulated Retail Tariffs complies with the following formula:

$$\frac{\sum_{j=1}^m P_{ij}^t \times q_{ij}^{t-1}}{\sum_{j=1}^m P_{ij}^{t-1} \times q_{ij}^{t-1}} \leq \frac{\sum_{i=1}^n \sum_{j=1}^m C_{ij}^t \times q_{ij}^{t-1} + PT^t}{\sum_{i=1}^n \sum_{j=1}^m C_{ij}^{t-1} \times q_{ij}^{t-1} + PT^{t-1}} + 0.05 \quad i = 1, 2, \dots, n \text{ and } j = 1, 2, \dots, m$$

Where:

- (a) Country Energy has  $n$  Regulated Retail Tariffs which each have up to  $m$  Components;
- (b)  $P_{ij}^t$ ,  $q_{ij}^{t-1}$ ,  $C_{ij}^t$  and  $PT^t$  have the meanings given to those terms in clause 2 of this schedule;

- (c)  $P_{ij}^{t-1}$  is the price charged by Country Energy for Component j of Regulated Retail Tariff i in Year t-1 (excluding any rebates funded by Country Energy);
- (d)  $C_{ij}^{t-1}$  is the value for Component j of Regulated Retail Tariff i for Year t-1 determined in accordance with:
  - (1) clause 7.2 of Determination No. 1 of 2007, where Year t is the 2010/11 Year; and
  - (2) clause 2.2 of this schedule, where Year t is any other Year; and
- (e)  $PT^{t-1}$  is any Annual Pass Through Amount for Country Energy for Year t-1, as determined in accordance with Schedule 4 (where Year t is the 2010/11 Year,  $PT^{t-1}$  is zero).

An illustrated example of the application of this formula is set out in the report accompanying this determination.

### 3.2 Justified non-compliance

Country Energy need not comply with clause 3.1 of this schedule with respect to a Regulated Retail Tariff if IPART has notified Country Energy in writing that it is satisfied that the proposed increase in that Regulated Retail Tariff would increase cost-reflectivity.

## 4 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.

## 5 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 complies with this determination.
- (b) Nothing in this clause 5 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.

## **6 Abolition of tariffs**

### **6.1 Abolishing tariffs**

- (a) Except as otherwise provided in this determination, a Standard Retail Supplier may only abolish a Regulated Retail Tariff:
  - (1) with effect from 1 July of any 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 the Standard Retail Supplier's proposal to abolish the Regulated Retail Tariff complies with this determination.
- (b) Nothing in this clause 6.1 prevents a Standard Retail Supplier from removing a Component from an existing Regulated Retail Tariff with effect from 1 July of any Year.

### **6.2 Additional conditions for Country Energy**

Country Energy must ensure that:

- (a) if it abolishes a Regulated Retail Tariff; and
- (b) as a result a Customer is transferred from the abolished Regulated Retail Tariff to another Regulated Retail Tariff,

then either:

- (c) the price applying to the two Regulated Retail Tariffs (including level and structure) is the same; or
- (d) IPART has notified Country Energy in writing that it is satisfied that the proposed abolition and consequent Customer transfers are appropriate (having regard to the information submitted by Country Energy in its Annual Pricing Proposal under clause 2.2 of Schedule 2).

## **7 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.

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

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. However, the Standard Retail Supplier may not charge any additional fees in respect of the pass through of these charges (for example, for administration).

## Tables 1, 2, 3 and 4

**Table 1 Fixed R (\$2010/11 per Customer per year)<sup>1</sup>**

Year	Fixed R
2010/11	93.7
2011/12	95.2
2012/13	96.7

**Table 2 Variable R (¢2010/11 per kWh)<sup>2</sup>: EnergyAustralia**

Year	Variable R
2010/11	8.91
2011/12	9.87
2012/13	12.95

**Table 3 Variable R (¢2010/11 per kWh)<sup>2</sup>: Integral Energy**

Year	Variable R
2010/11	9.23
2011/12	10.25
2012/13	13.64

**Table 4 Variable R (¢2010/11 per kWh)<sup>2</sup>: Country Energy**

Year	Variable R
2010/11	8.92
2011/12	10.04
2012/13	13.42

<sup>1</sup> Readers should note that the Fixed R for each Standard Retail Supplier is presented in \$2009/10 in the report accompanying this determination

<sup>2</sup> Readers should note that the Variable R for each Standard Retail Supplier is presented in ¢2009/10 in the report accompanying this determination.

## Schedule 2 Annual Pricing Proposals and annual review of the Total Energy Cost Allowance

### 1 Application

This schedule sets out the process for:

- (a) the submission and assessment of Annual Pricing Proposals; and
- (b) IPART's annual review of the Total Energy Cost Allowance.

### 2 Annual Pricing Proposal

#### 2.1 Submission and assessment

- (a) Each Standard Retail Supplier must submit to IPART, in accordance with this clause 2.1, 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 3 of Table 5, or any other date notified by IPART.

#### 2.2 Contents

The Annual Pricing Proposal submitted by a Standard Retail Supplier for any given Year (**Year t**) 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 Year t, 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 in Year t;
  - (2) quantities of each of the Components for Year t-1 and, where those quantities are estimates, the basis for those estimates;
  - (3) details of how the proposed prices incorporate any Annual Pass Through Amounts for Year t determined under Schedule 4; and
  - (4) for any proposed new Component of an existing Regulated Retail Tariff for Year t, reasonable estimates of the quantity of electricity consumption or demand (in MWh or other relevant units) or of 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;
- (b) if the Standard Retail Supplier proposes to introduce a New Regulated Retail Tariff in 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:
    - (1) the Standard Retail Supplier abolished in Year t-1; and
    - (2) the Standard Retail Supplier proposes to abolish in Year t;
  - (d) for Country Energy:
    - (1) Country Energy's application of the maximum price increase formula set out in clause 3.1 of Schedule 1 to each of its Regulated Retail Tariffs proposed for Year t, together with all necessary supporting calculations and information;
    - (2) a list of those proposed Regulated Retail Tariffs (if any) that would exceed the price increase limit, and the amount by which they would exceed the price increase limit;
    - (3) for those Regulated Retail Tariffs that would exceed the price increase limit, an explanation of why Country Energy considers that the price increases proposed would increase cost-reflectivity; and
    - (4) for those Regulated Retail Tariffs that Country Energy proposes to abolish, and which would result in a Customer being transferred from that Regulated Retail Tariff to another Regulated Retail Tariff, an explanation of whether the price applying to the two Regulated Retail Tariffs (including level and structure) is the same and, if not, why Country Energy considers that the abolition and transfer is nonetheless appropriate;
  - (e) the amounts of the relevant average Electricity Retail Bills; and
  - (f) any other information IPART requires to satisfy itself that the Standard Retail Supplier's Annual Pricing Proposal complies with this determination.

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

By the date specified in item 4 of Table 5, 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 2.2 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;
  - (2) the restriction on introducing New Regulated Retail Tariffs under clause 5 of Schedule 1;
  - (3) the price increase limit for Country Energy under clause 3.1 of Schedule 1; and
  - (4) the additional conditions for Country Energy under clause 6.2 of Schedule 1.

#### **2.4 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 2.3 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 (for example, under clause 21 of the Regulations).

#### **2.5 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 2.3 of this schedule, the Standard Retail Supplier must submit to IPART an alternative Annual Pricing Proposal by the date specified in item 5 of Table 5.
- (b) If the Standard Retail Supplier submits an alternative Annual Pricing Proposal under clause 2.5(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 2.3 of this schedule in respect of the Standard Retail Supplier's alternative Annual Pricing Proposal by the date specified in item 6 of Table 5, or any other date notified by IPART.
- (c) If IPART notifies the Standard Retail Supplier that it is so satisfied, then clause 2.4 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 2.6 of this schedule apply.

## 2.6 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 5 of Table 5 then:

- (a) where Year t is the 2010/11 Year, the Standard Retail Supplier's Regulated Retail Tariff prices for that Year will remain the same as the prices determined under Determination No. 1 of 2007 for the period from 1 July 2009 to 30 June 2010;
- (b) where Year t is the 2011/12 Year or the 2012/13 Year:
  - (1) if the annual review conducted by IPART under clause 3.1 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 3.2 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 2.6(b)(1)(A) of this schedule; or
  - (2) if the annual review conducted by IPART under clause 3.1 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 3.2 of this schedule.

## 3 Annual review of the Total Energy Cost Allowance

### 3.1 Annual review mechanism

- (a) For the 2011/12 Year and the 2012/13 Year, IPART will, in accordance with the timetable in Table 5, conduct a review of the Total Energy Cost Allowance for each Standard Retail Supplier for each remaining Year of the Term, subject to clause 3.1(b) of this schedule.
- (b) IPART's review of the Energy Purchase Cost Allowance and the costs of compliance with any Green Energy Scheme will be limited to the following components:
  - (1) capital costs of generation of electricity (as set out in an expert report commissioned by AEMO, or, where such a report is unavailable or

- in IPART's view, insufficient, any other report that IPART regards as appropriate);
- (2) fuel and other operating costs of generation of electricity (taking into account the operating characteristics of generation);
  - (3) system demand (based on AEMO's Electricity Statement of Opportunities published annually);
  - (4) carbon prices;
  - (5) ownership structure in the generation market and generation availability capacity;
  - (6) the risk-free rates and debt margin in the weighted average cost of capital; and
  - (7) targets set by any Green Energy Scheme.
- (c) Notwithstanding clause 3.1(b) of this schedule, IPART may, in conducting its review under clause 3.1(a) of this schedule, take into account any publicly available electricity forward price market data which IPART regards as appropriate.

### 3.2 Outcome of annual review

As a result of the annual review under clause 3.1 of this schedule, IPART will:

- (a) determine the Total Energy Cost Allowance for each Standard Retail Supplier for each remaining Year of the Term; and
- (b) taking into account the determination in clause 3.2(a) of this schedule, determine the revised  $FixedR_c^t$  and  $VariableR_y^t$  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.

### 3.3 Consultation

- (a) Prior to making a determination under clause 3.2 of this schedule, IPART will:
  - (1) issue a draft report and determination of its findings by the date specified in item 1 of Table 5; 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 2 of Table 5 or such other date as notified by IPART, IPART will publish a final report of its review and determination under clause 3.2 of this schedule, including the reasons for such determination.

## Table 5

**Table 5 Dates for annual reviews of the Total Energy Cost Allowance and the submission of Annual Pricing Proposals**

<b>Action</b>	<b>2010/11 Year</b>	<b>2011/12 Year</b>	<b>2012/13 Year</b>
1. IPART to issue draft report and determination on its annual review of the Total Energy Cost Allowance and invite submissions (if appropriate)	NA	17 March 2011	16 March 2012
2. IPART to publish final report and determination on its annual review of the Total Energy Cost Allowance	NA	29 April 2011	30 April 2012
3. Standard Retail Suppliers to submit Annual Pricing Proposal to IPART	14 May 2010	16 May 2011	15 May 2012
4. IPART to notify Standard Retail Suppliers whether satisfied/not satisfied with Annual Pricing Proposal	10 Business Days after submission by Standard Retail Supplier of Annual Pricing Proposal	10 Business Days after submission by Standard Retail Supplier of Annual Pricing Proposal	10 Business Days after submission by Standard Retail Supplier of Annual Pricing Proposal
5. 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
6. 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 Special review mechanism

### 1 Application

This schedule sets out:

- (a) the special review mechanism; and
- (b) the process for the submission and assessment of a revised Annual Pricing Proposal where a special review occurs and IPART determines a revised  $FixedR'_c$  and  $VariableR'_{ij}$ .

### 2 Special review in 2012/2013 Year

#### 2.1 Special review mechanism

- (a) Except as provided in clause 2.3 of this schedule, IPART will, in accordance with the timetable in Table 6:
  - (1) conduct a review of carbon prices; and
  - (2) determine a revised Market Based Allowance (if any) for each Standard Retail Supplier for the period from 1 January 2013 to 30 June 2013 as a result of the review of carbon prices under clause 2.1(a)(1) of this schedule.
- (b) If for any Standard Retail Supplier the revised Market Based Allowance referred to in clause 2.1(a)(2) of this schedule is more than 5% higher or lower than the Energy Purchase Cost Allowance for the 2012/13 Year, as determined by IPART as part of its annual review under clause 3.2 of Schedule 2, then that revised Market Based Allowance will be taken as the Market Based Allowance for that Standard Retail Supplier for the period from 1 January 2013 to 30 June 2013.
- (c) If the revised Market Based Allowance referred to in clause 2.1(b) of this schedule is higher than the LRMC for the 2012/13 Year as determined by IPART as part of its annual review under clause 3.2 of Schedule 2, then:
  - (1) that revised Market Based Allowance will be taken as the Energy Purchase Cost Allowance for the period from 1 January 2013 to 30 June 2013;
  - (2) IPART will determine a revised  $FixedR'_c$  and  $VariableR'_{ij}$  to apply for that Standard Retail Supplier for the period from 1 January 2013 to 30 June 2013 for the purposes of clauses 2.3 and 2.4 of Schedule 1, taking into account the revised Energy Purchase Cost Allowance under clause 2.1(c)(1) of this schedule; and
  - (3) clause 3 of this schedule will apply.

- (d) If the revised Market Based Allowance referred to in clause 2.1(b) of this schedule is lower than the LRMC for the 2012/13 Year as determined by IPART as part of its annual review under clause 3.2 of Schedule 2, then there will be no change to the existing Energy Purchase Cost Allowance,  $FixedR'_c$  or  $VariableR'_j$  for the period 1 January 2013 to 30 June 2013.

## 2.2 Consultation

- (a) Prior to making a determination under clauses 2.1(a)(2) and 2.1(c)(2) of this schedule, IPART will:
- (1) issue a draft report and determination of its findings by the date specified in item 1 of Table 6; 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 2 of Table 6 or such other date as notified by IPART, IPART will publish a final report of its review and determination under clauses 2.1(a)(2) and 2.1(c)(2) of this schedule, including the reasons for such determination.

## 2.3 Circumstances in which the special review will not be undertaken

IPART will not undertake the special review in clause 2.1 of this schedule if:

- (a) no Carbon Pollution Reduction Scheme has come into operation on or before 1 July 2012;
- (b) a Carbon Pollution Reduction Scheme has come into operation on or before 1 July 2012 but IPART considers that it is not in the form of a Cap-and-Trade Scheme; or
- (c) a Carbon Pollution Reduction Scheme has come into operation on or before 1 July 2012 but IPART considers that there has been no significant change between any Fixed Carbon Price Cap applying in the 2011/12 Year and any Fixed Carbon Price Cap applying in the 2012/13 Year.

## 3 Revised Annual Pricing Proposal

### 3.1 Requirement to provide

- (a) If IPART determines a revised  $FixedR'_c$  and  $VariableR'_j$  for a Standard Retail Supplier under clause 2.1(c)(2) of this schedule, that Standard Retail Supplier must, no later than the date set out in item 3 of Table 6, submit to IPART a revised version of its Annual Pricing Proposal for the 2012/13 Year in accordance with clause 3.2 of this schedule.

- (b) The revised prices the Standard Retail Supplier proposes to charge for each of the Components of its Regulated Retail Tariffs for the period from 1 January 2013 to 30 June 2013 may only differ from the prices the Standard Retail Supplier would be entitled to charge as at 31 December 2012 to the extent necessary to take into account the revised  $FixedR'_c$  and revised  $VariableR'_{ij}$  determined by IPART under clause 2.1(c)(2) of this schedule.

### 3.2 Contents

The revised Annual Pricing Proposal submitted by a Standard Retail Supplier under clause 3.1(a) 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 period from 1 January 2013 to 30 June 2013, 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 the period from 1 January 2013 to 30 June 2013;
  - (2) quantities of each of the Components for the 2011/12 Year and where those quantities are estimates, the basis for those estimates; and
  - (3) details of how the proposed prices incorporate any Annual Pass Through Amounts for the 2012/13 Year determined under Schedule 4,
- with all prices submitted under this clause to be calculated to 2 decimal places;
- (b) for Country Energy:
- (1) Country Energy's application of the maximum price increase formula set out in clause 3.1 of Schedule 1 to each of its Regulated Retail Tariffs proposed for the period from 1 January 2013 to 30 June 2013, together with all necessary supporting calculations and information;
  - (2) a list of those proposed Regulated Retail Tariffs (if any) that would exceed the price increase limit, and the amount by which they would exceed the price increase limit; and
  - (3) for those Regulated Retail Tariffs that would exceed the price increase limit, an explanation of why Country Energy considers that the price increases proposed would increase cost-reflectivity;
- (c) the amounts of the relevant average Electricity Retail Bills; and

- (d) any other information IPART requires to satisfy itself that the Standard Retail Supplier's revised Annual Pricing Proposal complies with this determination.

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

By the date specified in item 4 of Table 6, or any other date notified by IPART, IPART will notify the relevant Standard Retail Supplier whether or not IPART is satisfied:

- (a) that the Standard Retail Supplier's revised 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 revised Annual Pricing Proposal;
- (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;
  - (2) the price increase limit for Country Energy under clause 3.1 of Schedule 1; and
- (d) that the prices set out in the Standard Retail Supplier's revised Annual Pricing Proposal comply with clause 3.1(b) of this schedule.

### **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 revised Annual Pricing Proposal will be the applicable prices for those Regulated Retail Tariffs for the period from 1 January 2013 to 30 June 2013.
- (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 (for example, under clause 21 of the Regulations).

### **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 revised Annual Pricing Proposal by the date specified in item 5 of Table 6.
- (b) If the Standard Retail Supplier submits an alternative revised 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 revised Annual Pricing Proposal by

the date specified in item 6 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 revised 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:

- (a) IPART has not received an alternative revised Annual Pricing Proposal from a Standard Retail Supplier in respect of the period from 1 January 2013 to 30 June 2013 by the date specified in item 5 of Table 6; or
- (b) IPART has received such an alternative revised Annual Pricing Proposal but, in accordance with clause 3.5(b) of this schedule, has notified the Standard Retail Supplier that it is not satisfied with each of the matters referred to in clause 3.3 of this schedule in respect of that alternative revised Annual Pricing Proposal,

then,

- (c) where the special review conducted by IPART under clause 2.1 of this schedule results in a decrease in the weighted average price cap set out in clause 2.1 of Schedule 1:
  - (1) IPART will apply the 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 under clause 2.1(c)(2) of this schedule; and
  - (2) the Standard Retail Supplier's Regulated Retail Tariff prices for the period from 1 January 2013 to 30 June 2013 will be the prices calculated by IPART under clause 3.6(c)(1) of this schedule; or
- (d) where the special review conducted by IPART under clause 2.1 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 the period from 1 January 2013 to 30 June 2013 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 2.1(c)(2) of this schedule.

## Table 6

**Table 6 Dates for the special review and the submission of a revised Annual Pricing Proposal**

<b>Action</b>	<b>2012/13 Year</b>
1. IPART to issue draft report and determination and invite submissions (if appropriate)	17 September 2012
2. IPART to publish final report and determination	30 October 2012
3. Standard Retail Suppliers to submit their revised Annual Pricing Proposals to IPART	15 November 2012
4. IPART to notify Standard Retail Suppliers whether satisfied/not satisfied with the revised Annual Pricing Proposal	10 Business Days after submission by Standard Retail Supplier of revised Annual Pricing Proposal
5. Final date for Standard Retail Suppliers to submit to IPART an alternative revised Annual Pricing Proposal	As notified by IPART
6. Final date for IPART to notify Standard Retail Suppliers whether satisfied/not satisfied with alternative revised Annual Pricing Proposal	10 Business Days after submission by Standard Retail Supplier of alternative revised Annual Pricing Proposal

## Schedule 4 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 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, consistent with the Annual Pricing Proposal 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 (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, consistent with the Annual Pricing Proposal 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 clause 3.1(a) of this schedule 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 since 1 July 2010 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(a) 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(a) 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 (such rate of return for the 2011/12 Year and the 2012/13 Year being the real pre-tax weighted average cost of capital used by IPART in its most recent annual review conducted under clause 3.1 of Schedule 2);
- (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(a) of this schedule (or, where IPART requires further information under 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(a) 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) If a Negative Pass Through Event has occurred, IPART may require the Standard Retail Supplier to pass through to Customers an amount in respect of that Negative Pass Through Event.
- (b) 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.
- (c) The Standard Retail Supplier's notice under clause 4.1(b) 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 since 1 July 2010 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.
- (d) 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(b) 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(b) 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 (such rate of return for the 2011/12 Year and the 2012/13 Year being the real pre-tax weighted average cost of capital

determined by IPART in its most recent annual review conducted under clause 3.1 of Schedule 2);

- (d) the need to ensure that the Standard Retail Supplier does not recover costs under this clause 4 to the extent provision for such costs has already been made 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(b) of this schedule (or, where IPART requires further information under clause 4.1(d) 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(b) of this schedule (or, where IPART requires further information under 4.1(d), within 60 Business Days of receiving that information).

#### **4.5 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.

## 5 Revised Annual Pricing Proposal

### 5.1 Requirement to provide

If, in any given Year (**Year t**) IPART determines:

- (a) that a Positive Pass Through Event or a Negative Pass Through Event has occurred; and
- (b) 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 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 5.2 of this schedule.

### 5.2 Contents

The revised Annual Pricing Proposal submitted by a Standard Retail Supplier under clause 5.1 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 5.1 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) quantities of each of the Components for 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;
- (d) for Country Energy:
  - (1) Country Energy's application of the maximum price increase formula set out in clause 3.1 of Schedule 1 to each of its Regulated Retail Tariffs proposed for Remainder Year t, together with all necessary supporting calculations and information;
  - (2) a list of those proposed Regulated Retail Tariffs (if any) that would exceed the price increase limit, and the amount by which they would exceed the price increase limit;
  - (3) for those Regulated Retail Tariffs that would exceed the price increase limit, an explanation of why Country Energy considers that the price increases proposed would increase cost-reflectivity; and
  - (4) for those Regulated Retail Tariffs that Country Energy proposes to abolish, and which would result in a Customer being transferred from that Regulated Retail Tariff to another Regulated Retail Tariff, an explanation of whether the price applying to the two Regulated Retail Tariffs (including level and structure) is the same and, if not, why Country Energy considers that the abolition and transfer is nonetheless appropriate;
- (e) the amounts of the relevant average Electricity Retail Bills; and
- (f) any other information IPART requires to satisfy itself that the Standard Retail Supplier's revised Annual Pricing Proposal complies with this determination.

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

Within 10 Business Days after IPART receives the revised Annual Pricing Proposal under clause 5.1 of this schedule and any information required under clause 5.2(f) 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 5.2 of this schedule;

- (b) with the Standard Retail Supplier's estimates of quantities set out in its revised Annual Pricing Proposal;
- (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;
  - (2) the restriction on introducing New Regulated Retail Tariffs under clause 5 of Schedule 1;
  - (3) the price increase limit for Country Energy under clause 3.1 of Schedule 1; and
  - (4) the additional conditions for Country Energy under clause 6.2 of Schedule 1.

#### **5.4 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 5.3 of this schedule, then the proposed Regulated Retail Tariff prices set out in the revised Annual Pricing Proposal 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 (for example, under clause 21 of the Regulations).

#### **5.5 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 5.3 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 5.5(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 5.3 of this schedule in respect of the Standard Retail Supplier's alternative revised Annual Pricing Proposal by a date specified by IPART.
- (c) If IPART notifies the Standard Retail Supplier that it is so satisfied, then clause 5.4 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 5.6 of this schedule apply.

## 5.6 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 5.5(b) of this schedule, has notified the Standard Retail Supplier that it is not satisfied with each of the matters referred to in clause 5.3 of this schedule in respect of that alternative revised Annual Pricing Proposal,

then:

- (c) in the case of a Negative Pass Through Event:
  - (1) IPART will apply the percentage decrease in the weighted average price cap set out in clause 2.1 of Schedule 1 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 5.6(c)(1) of this schedule; or
- (d) in the case of 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 of the Positive Pass Through Event under clause 3.2 of this schedule.

## Schedule 5 Regulated Retail Charges

### 1 Application

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

### 2 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 Late payment fee

#### 3.1 Maximum amount of a late payment fee

Subject to clause 3.3 of this schedule, 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.

#### 3.2 Imposing a late payment fee

- (a) A Standard Retail Supplier may levy a maximum of one late payment fee on each Electricity Retail Bill.
- (b) A Standard Retail Supplier may only levy a late payment fee:
  - (1) following the expiry of a period of at least 5 Business Days after the due date shown on the Electricity Retail Bill that is the subject of the late payment; and
  - (2) after the Customer has been notified in advance that the late payment fee will be charged unless the Electricity Retail Bill is paid, or alternative payment arrangements entered into, within the period

of 5 Business Days after the due date shown on the Electricity Retail Bill.

- (c) A Standard Retail Supplier must not levy a late payment fee on an Electricity Retail Bill:
  - (1) during the period of an extension of time for payment of the Electricity Retail Bill agreed between the Standard Retail Supplier and the Customer;
  - (2) where the Customer has made an unresolved billing related complaint in relation to the Electricity Retail Bill to the Ombudsman or another external dispute resolution body; or
  - (3) during the period of an instalment arrangement entered into between the Customer and the Standard Retail Supplier to pay the Electricity Retail Bill.

### **3.3 Waiver of late payment fee**

A Standard Retail Supplier must waive a late payment fee:

- (a) where the Standard Retail Supplier is aware that the Customer has contacted a welfare agency or support service for assistance in paying the Electricity Retail Bill;
- (b) where payment or part payment of the Electricity Retail Bill is made by EAPA Voucher;
- (c) where the Customer is receiving an Energy Rebate; or
- (d) on a case by case basis as the Ombudsman considers appropriate.

## **4 Security deposit**

### **4.1 Types of security deposit**

- (a) A Standard Retail Supplier must accept the following types of security deposits:
  - (1) funds provided using a method of payment referred to in clause 30 of the Regulations;
  - (2) (from business Customers only) Annual Security Levies;
  - (3) (from business Customers only) bank guarantees; and
  - (4) (from residential Customers only) Department of Housing guarantees.
- (b) A Standard Retail Supplier must not require a residential Customer to provide an Annual Security Levy or a bank guarantee.

## **4.2 Maximum amount of a security deposit**

- (a) The maximum security deposit that a Standard Retail Supplier may require from a Customer is the amount calculated in accordance with the applicable method shown in item 3 of Table 7.
- (b) The amounts of the relevant average Electricity Retail Bills will vary between Standard Retail Suppliers, depending on average Regulated Retail Tariff levels and average consumption. For the purpose of calculating the maximum amount of a security deposit in item 3 of Table 7, the Standard Retail Supplier must calculate the amounts of the relevant average Electricity Retail Bills as part of the process of setting Regulated Retail Tariffs, and include the amount of its required security deposits (up to the permitted maximum amount) in its tariff schedule.

## **4.3 Requiring a security deposit**

A Standard Retail Supplier may only require a Customer to provide a security deposit:

- (a) in the case of a residential Customer, in the circumstances set out in clause 4.4 of this schedule; and
- (b) in the case of a business Customer, in the circumstances set out in clause 4.5 of this schedule.

## **4.4 Security deposits from residential Customers**

- (a) Prior to the commencement of Supply to a residential Customer, a Standard Retail Supplier may require a security deposit from that Customer only if the Customer:
  - (1) has an outstanding debt owed to the Standard Retail Supplier in relation to an Electricity Retail Bill and the Customer refuses to make an arrangement to pay that debt;
  - (2) has been responsible for the illegal use of electricity within the previous two years; or
  - (3) does not have a satisfactory credit history in the reasonable opinion of the Standard Retail Supplier, and the Standard Retail Supplier has offered the Customer a Payment Plan and the Customer has refused or failed to agree to the offer.
- (b) After the commencement of Supply to a residential Customer, a Standard Retail Supplier may require a security deposit from that Customer only if:
  - (1) the security deposit is sought within 12 months after the commencement of the Standard Form Customer Supply Contract;
  - (2) the Customer entered into a Payment Plan with the Standard Retail Supplier at the commencement of the Standard Form Customer Supply Contract;

- (3) the Customer has cancelled that Payment Plan but has not requested that the Standard Retail Supplier cease Supplying electricity to the Customer's Supply Address; and
- (4) one or more of the circumstances in clause 4.4(a)(1) to 4.4(a)(3) of this schedule exists.

#### **4.5 Security deposits from business Customers**

- (a) Prior to the commencement of Supply to a business Customer, a Standard Retail Supplier may require a security deposit from that Customer only if the Customer:
  - (1) does not have a satisfactory credit history in the reasonable opinion of the Standard Retail Supplier;
  - (2) is carrying on a new business; or
  - (3) has been responsible for the illegal use of electricity within the previous two years.
- (b) After the commencement of Supply to a business Customer, a Standard Retail Supplier must not require a security deposit from that Customer.

#### **4.6 Recourse to a security deposit**

A Standard Retail Supplier may have recourse to a security deposit to recover amounts due to that Standard Retail Supplier in respect of charges related to the Supply of electricity or connection services arranged by that Standard Retail Supplier where:

- (a) the Customer has failed to pay an Electricity Retail Bill, resulting in disconnection; or
- (b) the Customer has failed to pay an Electricity Retail Bill and has requested that the Standard Retail Supplier ceases Supplying electricity to that Customer's Supply Address under a Standard Form Customer Supply Contract.

#### **4.7 Return of security deposits**

- (a) Subject to clause 4.9 of this schedule, a Customer who pays a security deposit with funds provided using a method of payment referred to in clause 30 of the Regulations (other than an Annual Security Levy) is eligible for a refund of that deposit when the Customer has completed:
  - (1) for residential Customers - on time payment of all Electricity Retail Bills for one year from the date of the first Electricity Retail Bill; or
  - (2) for business Customers - on time payment of all Electricity Retail Bills for two years from the date of the first Electricity Retail Bill where the Customer has, in the reasonable opinion of the Standard Retail Supplier, maintained a satisfactory credit rating over that period.

- (b) A Standard Retail Supplier must, within 10 Business Days of the relevant events in clause 4.7(a) of this schedule occurring:
  - (1) inform the Customer in writing of the amount of the security deposit that is refundable; and
  - (2) repay the security deposit as the Customer directs.

#### **4.8 Maximum duration of requirement for Annual Security Levy or guarantee**

- (a) Subject to clause 4.9 of this schedule, a Customer who pays a security deposit in the form of an Annual Security Levy or guarantee is eligible for the Annual Security Levy to cease or the guarantee to be discharged when the Customer has completed:
  - (1) for residential Customers – on time payment of all Electricity Retail Bills for one year from the date of the first Electricity Retail Bill; or
  - (2) for business Customers – on time payment of all Electricity Retail Bills for two years from the date of the first Electricity Retail Bill where the Customer has, in the reasonable opinion of the Standard Retail Supplier, maintained a satisfactory credit rating over that period.
- (b) A Standard Retail Supplier must, within 10 Business Days of the relevant events in clause 4.8(a) of this schedule occurring, inform the Customer in writing that the Annual Security Levy or guarantee is no longer required and (in the case of a guarantee) discharge the guarantee.

#### **4.9 Cessation of Supply**

- (a) Subject to clauses 4.6 and 4.7 of this schedule, if a Customer has provided a security deposit other than in the form of an Annual Security Levy or guarantee, and:
  - (1) the Customer requests that the Standard Retail Supplier ceases Supplying electricity to the Customer's Supply Address under a Standard Form Customer Supply Contract; or
  - (2) the Customer has been disconnected,

the Standard Retail Supplier must, within 10 Business Days of the Customer ceasing to take Supply or disconnection (whichever is the case):

  - (3) inform the Customer in writing of the amount of the security deposit that is refundable; and
  - (4) repay the amount of the security deposit that is refundable as the Customer directs.
- (b) Subject to clauses 4.6 and 4.8 of this schedule, if a Customer has provided a security deposit in the form of a guarantee, and:

(1) the Customer requests that the Standard Retail Supplier ceases Supplying electricity to the Customer's Supply Address under a Standard Form Customer Supply Contract; or

(2) the Customer has been disconnected,

the Standard Retail Supplier must, within 10 Business Days of the Customer ceasing to take Supply or disconnection (whichever is the case), inform the Customer in writing that the guarantee is no longer required and discharge the guarantee.

(c) Clauses 4.9(a) and 4.9(b) of this schedule do not apply if the Customer, upon the cessation of Supply at a Supply Address, commences taking Supply from the Standard Retail Supplier at another Supply Address under a Standard Form Customer Supply Contract.

## 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	\$7.50
3	Security deposit	<ul style="list-style-type: none"> <li>▼ For Customers whose Electricity Retail Bills are issued quarterly, 1.5 times the Standard Retail Supplier's average quarterly Electricity Retail Bill; or</li> <li>▼ For Customers whose Electricity Retail Bills are issued every 2 months, 1.75 times the Standard Retail Supplier's average 2-monthly Electricity Retail Bill; or</li> <li>▼ For Customers whose Electricity Retail Bills are issued monthly, 2.5 times the Standard Retail Supplier's average monthly Electricity Retail Bill,</li> </ul> where the relevant amounts are the GST-exclusive amounts of those bills.

## Schedule 6 Definitions and interpretation

### 1 Definitions

#### 1.1 General provisions

In this determination:

**2010/11 Year** means the period from 1 July 2010 to 30 June 2011.

**2011/12 Year** means the period from 1 July 2011 to 30 June 2012.

**2012/13 Year** means the period from 1 July 2012 to 30 June 2013.

**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 and AEMO Reserve Trader Fees.

**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 *Trade Practices Act 1974* (Cth).

**Annual Negative Pass Through Amount** has the meaning given to that term in clause 4.2(b)(2) of Schedule 4.

**Annual Pass Through Amount** has the meaning given to that term in clause 4.5 of Schedule 4.

**Annual Positive Pass Through Amount** has the meaning given to that term in clause 3.2(b)(2) of Schedule 4.

**Annual Pricing Proposal** means the document described in clause 2 of Schedule 2, as revised in accordance with clause 3 of Schedule 3 or clause 5 of Schedule 4.

**Annual Security Levy** means a form of security deposit payable annually by the Customer which is not refundable to the Customer.

**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 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.

**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.

**Cap-and-Trade Scheme** means an emissions trading scheme that requires permits for all emission of greenhouse gases by certain covered sectors.

**Carbon Pollution Reduction Scheme** means the carbon pollution reduction scheme currently embodied in the *Carbon Pollution Reduction Scheme Bill 2010* (Cth) in whatever form that scheme ultimately takes once the legislation that establishes it comes into operation.

**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 2.3 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).

**Country Energy** means the New South Wales state owned corporation under the *State Owned Corporations Act 1989* (NSW), constituted by the *Energy Services Corporations Act 1995* (NSW) under the corporate name “Country Energy”. A reference to Country Energy includes a reference to any person or body that acquires Country Energy or acquires all or part of the business operated by Country Energy and Supplies electricity to Small Retail Customers under a Standard Form Customer Supply Contract in all or part of Country Energy’s Supply District.

**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 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 by 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).

**EAPA Voucher** means a voucher issued under the Energy Accounts Payments Assistance scheme administered by the NSW Department of Industry and Investment.

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

**EnergyAustralia** means the New South Wales state owned corporation under the *State Owned Corporations Act 1989* (NSW), constituted by the *Energy Services Corporations Act 1995* (NSW) under the corporate name “EnergyAustralia”. 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 in all or part of EnergyAustralia's Supply District.

**Energy Loss Factor** means a factor that is applied to adjust cost or 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** for a Standard Retail Supplier for a Year or other period, means the higher of the Market Based Allowance and LRMC.

**Energy Rebate** means an energy rebate issued under the Energy Rebate scheme administered by the NSW Department of Industry and Investment.

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

**Fixed Carbon Price Cap** means:

- (a) a fixed carbon price; or
- (b) a fixed carbon price cap,

at or subject to which permits or credits are issued under the Carbon Pollution Reduction Scheme.

**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 Pollution Reduction Scheme, but including the Commonwealth mandatory renewable energy target scheme under the *Renewable Energy (Electricity) Act 2000* (Cth) and the New South Wales Government's 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).

**Integral Energy** means the New South Wales state owned corporation under the *State Owned Corporations Act 1989* (NSW), constituted by the *Energy Services Corporations Act 1995* (NSW) under the corporate name “Integral Energy Australia”. A reference to Integral Energy includes a reference to any person or body that acquires Integral Energy or acquires all or part of the business operated by Integral Energy and Supplies electricity to Small Retail Customers under a Standard Form Customer Supply Contract in all or part of Integral Energy’s Supply District.

**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** has the meaning given to that term under clause 59 of the Regulations.

**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 (based on those plants earning an economic return on their market value) including any plant that would be required to meet any regulatory obligation, including the costs incurred in relation to the Carbon Pollution Reduction Scheme (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, as published by the AEMO;
- (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.

**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 (including costs incurred in relation to the Carbon Pollution Reduction Scheme) 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, as published by AEMO;
- (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 4.

**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)*.

**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.

**Negative Pass Through Event** has the meaning given to that term in clause 2(b) of Schedule 4.

**Negative Pass Through Amount** has the meaning given to that term in clause 4.2(b) of Schedule 4.

**National Electricity Rules** means the National Electricity Rules made under the National Electricity Law.

**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 (being a "Network Tariff" as defined in the AER determination entitled "New South Wales Distribution Determination 2009-10 to 2013-14", dated 28 April 2009).

**New Regulated Retail Tariff** means:

- (a) in relation to the 2010/11 Year, a Regulated Retail Tariff that did not exist as at 30 June 2010; 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.

**NSW Department of Industry and Investment** means the New South Wales government department formed in July 2009 which has responsibility for energy policy and which trades as Industry & Investment NSW.

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

**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.

**Payment Plan** means an arrangement entered into between a Standard Retail Supplier and a Customer, for the payment of charges incurred after the commencement of the plan, that involves either or both of:

- (a) automated payment, including;
  - (1) direct debit; or
  - (2) CentrePay, the free direct bill-paying service offered to persons receiving payments from Centrelink allowing those persons to pay for services (including Electricity Retail Bills) by having a regular amount deducted from their Centrelink payment; and
- (b) advance payment, whether:
  - (1) in advance of the services being provided; or
  - (2) after the services have been provided but in advance of the time that an Electricity Retail Bill would ordinarily be issued,
 but not including a security deposit.

**Positive Pass Through Event** has the meaning given to that term in clause 2(a) of Schedule 4.

**Positive Pass Through Amount** has the meaning given to that term in clause 3.2(b) of Schedule 4.

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

**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 of an amount specified in 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).

**Regulations** means the *Electricity Supply (General) Regulation 2001* (NSW).

**Regulatory Change Event** means:

- (a) a decision made by any Authority;
- (b) the coming into operation of an Applicable Law; or
- (c) the coming into operation of an amendment to or revocation of an Applicable Law,

on or after 18 March 2010 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 in order to provide the Pass Through Services, including obligations:
  - (1) under any Customer Hardship Program (subject to paragraph (j));
  - (2) arising as a consequence of any Last Resort Supply Event; or
  - (3) under any Green Energy Scheme,

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;
- (i) the phasing out of the Electricity Tariff Equalisation Fund (as defined in the ESA); or
- (j) 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 or withholding which is levied or imposed by any Authority 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) penalties, charges, fees and interest on late payments, or deficiencies in payments, relating to any tax; or
- (f) any tax that replaces or is equivalent or similar to any of the taxes referred to in (a) to (d) above (including any State equivalent tax).

**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).

**Small Retail Customer** has the meaning given to that term in the ESA.

**Standard Form Customer Supply Contract** has the meaning given to that term in the ESA.

**Standard Retail Supplier** means EnergyAustralia, Integral Energy and Country Energy.

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

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

**Supply District** has the meaning given to that term in the ESA.

**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 18 March 2010.

**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 1 July 2010 to 30 June 2013.

**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) costs related to physical losses of energy arising during the transporting of energy over transmission systems and Distribution Systems, as published by AEMO.

**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 ensuing calendar year.

## 1.2 Consumer Price Index

- (a) **CPI** means the consumer price index All Groups index number for the weighted average of eight capital cities as published by the Australian Bureau of Statistics or, if the Australian Bureau of Statistics does not or ceases to publish the index, CPI means an index determined by IPART.
- (b)  $\Delta\text{CPI}_1$  and  $\Delta\text{CPI}_2$  are calculated (to 2 decimal places) as follows:

$$\Delta\text{CPI}_1 = \left( \frac{\text{CPI}_{\text{Mar}2011}}{\text{CPI}_{\text{Mar}2010}} \right)$$

$$\Delta\text{CPI}_2 = \left( \frac{\text{CPI}_{\text{Mar}2012}}{\text{CPI}_{\text{Mar}2011}} \right)$$

where the subtext refers to the quarter and year indicated. For example,  $\text{CPI}_{\text{Mar}2010}$  means the CPI for the quarter ending in March 2010.

## 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 a word is defined, other grammatical forms of that word have a corresponding meaning;
- (g) 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
- (h) 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.

