

Promoting retail competition and investment in the NSW gas industry

Regulated gas retail tariffs and charges for small customers 2007 to 2010

Gas - Final Report and
Voluntary Transitional Pricing Arrangements
June 2007

Promoting retail competition and investment in the NSW gas industry

Regulated gas retail tariffs and charges for
small customers 2007 to 2010

 Gas— Final Report and Voluntary Transitional Pricing Arrangements Gas07-01
June 2007

© Independent Pricing and Regulatory Tribunal of New South Wales 2007

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 978-1-921328-01-5

The Tribunal members for this review are:

Dr Michael Keating, AC, Chairman

Mr James Cox, Full Time Member

Ms Sibylle Krieger, Part Time Member

Inquiries regarding this document should be directed to a staff member:

Rachel Goodyer (02) 9290 8474

Anna Brakey (02) 9290 8438

Fiona Towers (02) 9290 8420

Independent Pricing and Regulatory Tribunal of New South Wales

PO Box Q290, QVB Post Office NSW 1230

Level 2, 44 Market Street, Sydney NSW 2000

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

www.ipart.nsw.gov.au

Contents

1	Introduction	1
2	Background	1
2.1	The gas sector in NSW	1
2.2	The review of retail gas prices	2
3	Summary of the VTPAs	2
4	Reasons for the Tribunal’s approach	4
4.1	Form of regulation – VTPAs	4
4.2	Price control – weighted average price cap with a CPI limit	4
4.3	Removal of constraints on individual customer bills	5
4.4	Miscellaneous charges	8
Appendices		
A	AGL Retail Energy VTPA	11
B	ActewAGL VTPA	16
C	Country Energy VTPA	21
D	Origin Energy VTPA	25

1 Introduction

The Independent Pricing and Regulatory Tribunal (the Tribunal) has completed a review of regulated retail gas prices for small customers in New South Wales. This report explains the background to the review, summarises the voluntary transitional pricing arrangements (VTPAs) that have been agreed by the Tribunal and each standard supplier of gas in NSW for the period 1 July 2007 to 30 June 2010, and discusses the main reasons underlying the Tribunal's approach.

2 Background

2.1 The gas sector in NSW

Competition in the retail gas sector was introduced in stages from 1999 to 2002, and all customers are now able to choose their supplier. The Tribunal continues to regulate "default" retail prices for small gas customers (those consuming less than 1terajoule per year, or around \$15,000 worth), where they have not chosen to enter into a negotiated customer supply contract. Each region of New South Wales has a nominated standard retail gas supplier – AGL Retail Energy, Country Energy, Origin Energy, ActewAGL or Sun Gas.

Under Section 27 of the Gas Supply Act 1996, the Tribunal has the option of establishing a gas pricing order that regulates tariffs, fees and other charges for small retail customers. Instead, the Tribunal has established VTPAs with each standard supplier (excluding Sun Gas¹). The Tribunal has agreed VTPAs to apply from 1 July 2007 to 30 June 2010; these replace the VTPAs that applied for the previous 3 years from 1 July 2004.

¹ Sun Gas is a Queensland supplier which also supplies a small number of customers located in the Tweed area of NSW. To date Sun Gas' small customers have been charged the retail prices regulated by the Queensland Government. With the removal of gas retail price regulation in Queensland these customers will have access to the competitive retail market in Queensland. The NSW Minister for Energy has requested the Tribunal to monitor the prices offered by Queensland suppliers to NSW customers and, if there is evidence they are being significantly disadvantaged, to consider the implementation of a gas pricing mechanism.

2.2 The review of retail gas prices

The Minister for Energy wrote to the Tribunal on 30 June 2006² requesting that the Tribunal:

- ▼ continue regulating default tariffs for small retail gas customers, and
- ▼ ensure either new voluntary pricing principles or a gas pricing order operate from 1 July 2007 to 30 June 2010.

The Minister requested that the Tribunal take into consideration the objectives under Section 3 of the Gas Supply Act 1996. These are:

- ▼ to encourage the development of a competitive market in gas, so as to promote the thermally efficient use of gas and to deliver a safe and reliable supply of gas in compliance with the principles of ecologically sustainable development;
- ▼ to regulate gas reticulation and gas supply, so as to protect the interests of customers and to promote customer choice in relation to gas supply; and
- ▼ to promote the safe use of gas.

The Tribunal invited public submissions on two occasions during the review:

1. in September 2006 the Tribunal invited submissions on the form of regulation to apply to standard suppliers; and
2. in April 2007 the Tribunal invited submissions on the draft VTPAs.

In May 2007 the Tribunal held a roundtable discussion attended by interested parties to discuss the draft VTPAs.

3 Summary of the VTPAs

The VTPAs for 2007 to 2010 for each standard supplier are included as appendices to this report. The main characteristics of the VTPAs are as follows:

- ▼ The form of price control is a weighted average price cap (WAPC), which is unchanged from the previous VTPAs. The WAPC limits the increase in average default prices, weighted by consumption (for variable charges) and by customer numbers (for fixed charges).
- ▼ The limit on the maximum change in average default prices is the change in the consumer price index (CPI) for the previous calendar year, for all areas except the Murray Valley district supplied by Origin Energy. In the Murray Valley district the limit on the change in average prices is CPI+2% per annum.

² <http://www.ipart.nsw.gov.au/files/Letter%20from%20the%20Minister%20-%20Investigation%20and%20report%20on%20Regulated%20Retail%20Tariffs%20and%20Charges%20-%201%20July%202007%20to%2030%20June%202010.%20website.PDF>

- ▼ Suppliers can apply to the Tribunal for an increase in average default prices that exceeds the maximum defined in the VTPAs under special circumstances.

The main changes compared to the previous VTPAs are as follows:

- ▼ The VTPAs do not contain any constraint on the change in individual customer bills. The previous VTPAs constrained the maximum change in an individual customer's bill in each year.
- ▼ The maximum change in weighted average prices for the Murray Valley area of Origin Energy is CPI+2% per annum, compared to CPI+5% in the previous VTPA.
- ▼ The VTPAs explicitly set out circumstances in which the suppliers will waive late payment fees. In addition, Country Energy has agreed to make their gas miscellaneous charges and associated conditions consistent with those applying to regulated electricity customers.

The reasons for these changes are discussed in more detail in section 4 below.

A number of more minor changes have also been agreed:

- ▼ The notice period for suppliers to inform the Tribunal of special circumstances can be varied with the agreement of the Tribunal and the supplier. This provides flexibility where the change in circumstances is relatively straightforward (and so can be assessed in less than 4 months), or where it requires more complex analysis (entailing a longer lead time before prices changes are approved). The examples of special circumstances noted in the VTPAs have been expanded to include regulatory changes and taxation changes, recognising that these events could significantly affect the underlying costs of retail gas supply.
- ▼ The VTPAs set out a timetable for the submission of proposed prices and miscellaneous charges, their assessment by the Tribunal, and the publication by standard suppliers of default prices and miscellaneous charges. Standard suppliers are required to publish regulated prices and charges within 5 calendar days of the Tribunal notifying them that they are satisfied they meet the requirements of the VTPAs. As noted by TRUenergy³, a more explicit tariff approval and publication timetable increases transparency for both customers and competing retailers, which will enhance the development of the competitive market.
- ▼ The calculation of the CPI has been varied slightly to ensure consistency with the calculation used for NSW gas networks and the NSW retail electricity sector.

³ TRUenergy submission, 10 May 2007.

4 Reasons for the Tribunal's approach

This section discusses the Tribunal's reasons for supporting and agreeing to the VTPAs.

4.1 Form of regulation – VTPAs

The continued regulation of default prices for small customers has been seen as a stepping stone towards the potential removal of formal price regulation once the competitive market has matured. The VTPAs are voluntary agreements between the Tribunal and each standard supplier, and as such are a relatively light-handed form of regulation. Nonetheless, the ability to establish a gas pricing order under the Gas Supply Act 1996 acts as a fall-back option if it is not possible to agree a satisfactory voluntary arrangement.

The submissions to the Tribunal on the draft VTPAs generally support the continued use of VTPAs, within the following context:

- ▼ both AGL and Origin Energy questioned the need for continued retail price regulation but, recognising the Minister's request to continue with regulation, supported the continued use of VTPAs,⁴ and
- ▼ the Public Interest Advocacy Centre (PIAC) supported the use of VTPAs only if they contain sufficient consumer protection measures.⁵

The Tribunal considers that the VTPAs have been an effective form of regulation for the retail gas sector to date, and supports their continuation for the period 2007 to 2010.

4.2 Price control – weighted average price cap with a CPI limit

The WAPC limits average price increases, protecting customer interests by limiting the increase in revenue from regulated customers (for a given consumption pattern). It also gives suppliers scope to restructure tariffs, as long as the average price constraint is met. This allows suppliers to more closely align tariffs with costs, and to simplify tariffs over time. To date the WAPC on retail gas prices has been an effective regulatory approach, and the Tribunal sees no reason to move away from this form of price control.

The standard suppliers did not raise any concerns regarding the continued use of a WAPC. Country Energy submitted that the WAPC allows tariffs to be adjusted to reflect underlying costs.⁶ In contrast, the consumer groups did not support the

⁴ AGL submission, 11 May 2007; Origin Energy submission, 11 May 2007, p 1.

⁵ PIAC submission, 11 May 2007, p 2.

⁶ Country Energy submission, 11 May 2007, p 1.

WAPC when combined with the removal of the constraint on the increase in individual bills.⁷ This is discussed further in section 4.3.

The Tribunal considers that the limit on the increase in average prices of CPI (for all areas except the Murray Valley district) - which is consistent with the previous VTPAs - is appropriate. Previous analysis by the Tribunal has concluded that gas retail tariffs are broadly cost-reflective. The CPI takes into account changes in costs and productivity improvements in the economy more broadly. In relation to the Murray Valley area, the Tribunal has agreed to a reduction in the limit on the annual increase in average weighted default prices from CPI+5% to CPI+2%. This reflects the progress Origin Energy has made towards achieving cost-reflective tariffs in the Murray Valley area.

The CPI increase within the VTPAs is a light-handed form of regulation that offers protection to customers against substantial price increases, while incurring relatively low regulatory costs. The Tribunal considered an alternative approach to the review, which would involve a detailed assessment of the underlying costs of the retail gas sector in NSW. PIAC suggested that the Tribunal should undertake further analysis of the cost structure of the gas suppliers to ensure that price increases are justified.⁸ However, the regulatory costs of a detailed cost assessment would be significant, and in the Tribunal's view are likely to outweigh any potential benefits. In addition, as noted above previous analysis by the Tribunal indicated that regulated gas prices (except in the Murray Valley district) were broadly cost-reflective. In the case of the Murray Valley area supplied by Origin Energy (where the agreed WAPC is CPI+2%), the Tribunal undertook financial analysis of Origin's costs of supply to that area. This indicated that a CPI+2% increase was consistent with Origin achieving a reasonable margin on regulated Murray Valley tariffs over the 2007 to 2010 period.

The VTPAs represent a progression towards the removal of price regulation, while maintaining a safety net provision for both customers (by continuing average price constraints) and suppliers (who can trigger a review if costs change significantly). If costs fall significantly there will be an incentive for competing retailers to offer price reductions to customers. In this way the VTPAs meet the objects of the Gas Supply Act 1996, both in promoting competition and protecting the interests of customers.

4.3 Removal of constraints on individual customer bills

The WAPC limits the change in average default prices, but does not limit the price increase to an individual customer. As a result, previous VTPAs have also included constraints on increases in individual customer's bills, which were designed to limit price shocks. While successful in achieving this goal, they may also limit tariff rationalisation and restructuring. Furthermore, they limit the businesses' ability to

⁷ PIAC submission, 11 May 2007, pp 2-3; EWON submission, 11 May 2007, pp 3-4; NCOSS submission, 11 May 2007, pp 2-3.

⁸ PIAC submission, 11 May 2007, p 4.

respond to changes in the underlying costs of supplying different types of customers. Thus they may be inconsistent with the price signals customers would receive in a competitive market.

Given that gas tariffs are broadly cost-reflective, and there is not a large number of regulated tariffs, this has not been as significant an issue in the NSW retail gas sector as it has in the NSW retail electricity sector. Nonetheless, Origin Energy note that the removal of individual bill constraints will give them flexibility to restructure their retail tariffs to more closely reflect the time of use tariffs imposed for the use of the network.⁹

While the standard suppliers supported the removal of constraints on the increase in individual bills,¹⁰ customer groups raised concerns. The Council of Social Service of NSW (NCOSS) noted the detrimental impact of price increases on vulnerable customers, while the Energy and Water Ombudsman NSW (EWON) and PIAC suggested that adequate consumer protection would involve the imposition of constraints on individual bills and a threshold test on changes to tariffs, and PIAC also proposed a prohibition on the introduction of new regulated tariffs.¹¹

The concerns expressed by customer groups reflect two different issues:

1. that vulnerable customers may have difficulty absorbing price increases; and
2. that some customers could face higher than average price increases (implying that suppliers could segment specific customer groups and charge them higher prices than other customers). This suggests suppliers could, for example, set some tariffs below fully cost-reflective levels in order to dampen competition and maintain their customer base, while increasing tariffs above cost-reflective levels to customer groups that are less likely to enter the competitive market ('sticky' customers).

In relation to the first concern, the Tribunal notes that apart from the Murray Valley area, the average price increase has been limited to the CPI. Furthermore, the Tribunal notes that customer bill constraints affect the price of all customers, whether they are vulnerable or not. The Tribunal's view is that concerns about the impact on specific groups are better addressed through other, more targeted mechanisms.

In relation to the second concern, the ability of suppliers to increase regulated tariffs significantly above cost-reflective levels depends on their ability to segment different types of customers, and on the competitiveness of the market. Importantly, there is no evidence that under the current WAPC the gas suppliers have sought to act strategically to segment customers by using different tariffs and to price in a way that hinders competition. In fact, there has been a trend towards reducing the number of

⁹ Origin Energy submission, 11 May 2007, p 2.

¹⁰ AGL submission, 11 May 2007; Origin Energy submission, 11 May 2007, p 2.

¹¹ NCOSS submission, 11 May 2007, pp 1-2, p 4; EWON submission, 11 May 2007, pp 3-4; PIAC submission, 11 May 2007, p 3.

regulated tariffs. For example, AGL previously had only two regulated tariffs for residential customers, and will reduce this to one from July 2007. Other suppliers also have a limited number of regulated residential tariffs, which mainly vary due to location (reflecting different network tariffs), and the type of use (such as off-peak or hot water use).

Where customers are on the same tariff they face the same price, whether or not they are “attractive” to the competitive market, and whether or not they are likely to switch supplier. With the bulk of customers on one or two tariffs, the increase in an individual customer’s bill is likely to be closely aligned to the average constraint applied by the WAPC, so the implementation of price constraints on individual bills is likely to be redundant (except to the extent that the mix of fixed and variable charges is significantly changed). Similarly, where a proportion of customers on the regulated tariff is likely to switch supplier, this places competitive pressure on the tariff as a whole, and thus benefits all customers on that tariff.

The Tribunal reviewed the effectiveness of competition in the gas market in 2004 and concluded that competition was developing but could not yet be characterised as “effective”. There is indicative evidence that the competitive market has continued to mature since the last review:

- ▼ While AGL remains the dominant retailer to small customers in NSW, its market share (using customer numbers) has fallen.
- ▼ New gas retailers have successfully entered the market. Furthermore, several suppliers (both standard and second-tier) have indicated they offer competitive gas contracts across a wide area of New South Wales (where gas is connected).
- ▼ Over 67,000 customers (5.8 per cent) switched supplier in the year to April 2007. Since full retail contestability was introduced over 240,000 customers have switched supplier, representing almost 21 per cent of customers.¹² In addition, there will be customers who have switched from a regulated to a negotiated tariff with the same retailer. (This does not show up in these statistics. Conversely, if a customer switched retailer twice, it would be counted as 2 switches in these statistics.)
- ▼ The 2006 IPART household survey shows that almost 94 per cent of respondents with mains gas were aware they could choose their gas supplier (up from 77 per cent in 2003).¹³ Awareness of the ability to choose energy supplier did not vary substantially between levels of consumption or income. Forty-nine per cent of households surveyed had been approached by their original supplier to enter a competitive gas contract, and of these 46 per cent had entered a contract. Forty per cent of households surveyed had been approached by an alternative supplier, and of these 24 per cent had entered a contract.

¹² Source: Gas Market Company website

http://www.gasmarketco.com.au/grids/gmc_template_c.asp?id=575&area=96.

¹³ IPART, *Residential energy use in Sydney, the Blue Mountains and Illawarra, Results from the 2003 household survey*, December 2004; IPART, *Residential energy use in Sydney, the Blue Mountains and Illawarra, Results from the 2006 household survey, Interim report*, June 2007.

In addition, the VTPAs do not preclude the introduction of a gas pricing order in the future, if evidence emerges that the standard suppliers are acting to disadvantage some customer groups. This fall-back option acts as an important regulatory protection for small customers.

The Tribunal considers that where appropriate there should be consistency in the regulation of the gas and electricity sectors. In its determination on retail electricity prices the Tribunal has introduced a WAPC with no constraint on individual customer bills, which is consistent with the approach adopted in the VTPAs.¹⁴ However, the Tribunal does not consider it appropriate to introduce a threshold price increase test on proposed tariff increases in the gas sector (as has been introduced for Country Energy in relation to its electricity tariffs), nor to limit the introduction of new regulated tariffs as it has in the electricity determination. There are several reasons for this difference in approach:

- ▼ As noted above, the gas suppliers have been subject to a WAPC for several years and there is no evidence they have attempted to use it strategically to segment specific customer groups.
- ▼ The threshold price increase test in electricity applies only to Country Energy, due to the Tribunal's analysis of competition and the large number of regulated electricity tariffs in Country Energy's area. As noted above, there are relatively few gas tariffs, and there is indicative evidence that competition is maturing in the gas sector.
- ▼ As noted above, the Tribunal can introduce a gas pricing order if the VTPAs do not operate effectively. In contrast, the electricity determination has a three year fixed term.

4.4 Miscellaneous charges

Under the previous VTPAs, miscellaneous charges were constrained to a maximum increase of CPI in each year. Submissions from customer groups supported a reduction in miscellaneous charges, consistency between different gas suppliers, and alignment with the miscellaneous charges (and associated conditions) set out in the Tribunal's determination of retail electricity prices.¹⁵ EWON also suggested that customers should be better informed about the level of miscellaneous charges and the rules under which charges are levied or waived.¹⁶

¹⁴ IPART, *Promoting retail competition and investment in the NSW electricity sector – regulated electricity retail tariffs and charges for small customers 2007-2010 – final report and determination*, June 2007.

¹⁵ EWON submission, 11 May 2007, pp 8-11; PIAC submission, 11 May 2007, p 3; NCOSS submission, 11 May 2007, p 3.

¹⁶ EWON submission, 11 May 2007, p 10.

In principle the Tribunal has some sympathy with the view that miscellaneous charges could be simplified and made more consistent with electricity. However, the Tribunal considers there are several reasons for not insisting this occurs:

- ▼ Most standard suppliers in the NSW retail gas sector (including AGL, Origin and ActewAGL) have significant operations in other states, so there is likely to be more focus on achieving consistency across states rather than consistency with the NSW electricity sector.
- ▼ In the gas sector some suppliers levy the late payment fee on the disconnection notice, while electricity retailers levy it on the reminder notice. The associated costs may therefore differ.
- ▼ The broad approach to regulating standard gas suppliers has stepped away from a full analysis of underlying costs, so applying such an approach in order to reach consistent miscellaneous charges is not considered appropriate.

For these reasons, the Tribunal has not sought to make miscellaneous charges in the gas sector consistent with those applying to regulated customers in the electricity sector. However, the Tribunal notes and supports Country Energy's decision to make their miscellaneous charges (and associated conditions) consistent for regulated gas and regulated electricity customers.

In response to the concerns voiced by customer groups, the Tribunal has focused on two areas of change in relation to miscellaneous charges:

1. Providing transparency for customers by ensuring that miscellaneous charges are published on suppliers' websites. The VTPAs require suppliers to publish their miscellaneous charges on their website within 5 calendar days of the Tribunal confirming that they meet the requirements of the VTPA.
2. Ensuring that suppliers will not levy the late payment fee in the following circumstances:
 - a) where payment or part payment is made by an Energy Accounts Payment Assistance (EAPA) voucher
 - b) where the customer has contacted the supplier before the due date in relation to a billing complaint and the billing complaint is unresolved, or
 - c) during the period of an instalment arrangement entered into between the customer and the supplier to pay the gas retail bill.

These changes are reflected in the VTPAs for ActewAGL, AGL and Origin Energy. Country Energy's VTPA reflects its decision to apply miscellaneous charges to regulated gas customers on a consistent basis with regulated electricity customers.

Appendices



A | AGL Retail Energy VTPA

Voluntary Transitional Pricing Arrangements for AGLRE for supply of natural gas to small gas customers (consuming 0-1 TJ a year)

1 July 2007 to 30 June 2010

The Independent Pricing and Regulatory Tribunal of New South Wales (the **Tribunal**) and AGL Retail Energy Limited (**AGLRE**) each agree to the following Voluntary Transitional Pricing Arrangements (**VTPA**).

1. Background

- 1.1 The Tribunal notes that AGLRE has advised that the pricing arrangements for the period 1 July 2007 to 30 June 2010 are expected to result in prices that increase at or below CPI.
- 1.2 AGLRE and the Tribunal wish to continue the light-handed approach to default prices for small gas customers (consuming 0-1 TJ natural gas a year) that was established under the *Voluntary Pricing Principles July 2001 to June 2004* and continued under *Voluntary Transitional Pricing Arrangements July 2004 to June 2007*.
- 1.3 The Tribunal notes that AGLRE is of the view that at the cessation of the VTPA prices should be set by market forces, but that this will ultimately be a matter for government policy.

2. Application

- 2.1 This VTPA will apply to default prices for small gas customers for the period 1 July 2007 to 30 June 2010.
- 2.2 This VTPA replaces any previous such voluntary transitional pricing arrangements between the Tribunal and AGLRE.
- 2.3 Nothing in this VTPA affects the Tribunal's ability to impose a Gas Pricing Order pursuant to section 27 of the Gas Supply Act or any other powers of the Tribunal.

3. Arrangements for default prices

- 3.1 AGLRE undertakes to:
- (a) Make default prices available to all small gas customers.
 - (b) Allow small gas customers who have accepted a competitive market offer to revert to AGLRE's default prices without penalty once they have met their contractual obligations.
- 3.2 AGLRE may vary the default prices for small gas customers without approval from the Tribunal provided that the average default price increase for the next financial year is at or below the change in the CPI for the previous calendar year.
- 3.3 AGLRE is required to advise the Tribunal of the increase in default prices by 1 June of each year for effect from 1 July of that year and (subject to paragraph 3.7) provide supporting information showing that average default prices have varied within the limits in paragraph 3.2 above.
- 3.4 The Tribunal will notify AGLRE whether they are satisfied with the proposed increase in default prices within 10 business days of receipt.
- 3.5 If the Tribunal is not satisfied with the proposed increase in default prices:
- (a) AGLRE agrees to submit an amended proposal by no later than 20 June; and
 - (b) the Tribunal agrees to notify AGLRE whether it is satisfied with that amended proposal by no later than 26 June.
- 3.6 AGLRE will publish its default prices on its website within 5 calendar days of the Tribunal notifying AGLRE that it agrees that its price changes are within the limits in paragraph 3.2 above.
- 3.7 Should AGLRE consider it necessary as a result of special circumstances (as defined in paragraph 3.8 below) to vary average default prices outside of the limits in paragraph 3.2 then the Tribunal's agreement is required and:
- (a) AGLRE must advise the Tribunal no later than 4 months before the date of effect of the increase (eg by 1 March for 1 July increase). This period may be varied by the mutual agreement of AGLRE and the Tribunal.
 - (b) AGLRE must provide a justification statement to the Tribunal specifying the basis of the increase and providing relevant information supporting the increase.
 - (c) The Tribunal may undertake an investigation of relevant costs incurred by AGLRE to satisfy itself of the validity of the increase proposed.

- (d) AGLRE will provide reasonable cooperation with the Tribunal during such reviews.
 - (e) The Tribunal will notify AGLRE in writing of its decision on the proposed price variation no later than 15 calendar days prior to the proposed date of effect of the increase.
 - (f) AGLRE will publish its revised prices on its website within 5 calendar days of the Tribunal notifying AGLRE that it approves the revised prices.
- 3.8 For the purposes of paragraph 3.7, special circumstances include, but are not limited to, events that result in changes to costs such as regulatory changes, taxation changes, an unanticipated field price review or fundamental changes to gas market frameworks and arrangements.

4. Arrangements for miscellaneous charges

- 4.1 In relation to miscellaneous charges, the Tribunal and AGLRE agree that:
- (a) Any variation to existing miscellaneous charges other than to reflect changes in CPI or to pass through increases in third party costs will be subject to the Tribunal's agreement prior to implementation.
 - (b) Any proposed new miscellaneous charge will not be introduced without the Tribunal's agreement. AGLRE agrees that new miscellaneous charges will be established on a cost-reflective basis.
- 4.2 In relation to late payment fees, AGLRE agrees that late payment fees will be applied on issue of the reminder notice and that late payment fees will not be levied:
- (a) Where the customer indicates that payment or part payment has been made by an Energy Accounts Payment Assistance (EAPA) voucher;
 - (b) Where the customer has contacted AGLRE before the due date in relation to a billing complaint and the billing complaint is unresolved; or
 - (c) During the period of an instalment arrangement entered into between the customer and AGLRE to pay the gas retail bill.
- 4.3 AGLRE is required to advise the Tribunal of the increase in miscellaneous charges by 1 June of each year for effect from 1 July of that year and (subject to paragraph 4.7) provide supporting information showing that miscellaneous charges have varied within the limits in paragraph 4.1 above.
- 4.4 The Tribunal will notify AGLRE whether they are satisfied with the proposed increase in miscellaneous charges within 10 business days of receipt.
- 4.5 If the Tribunal is not satisfied with the proposed increase in miscellaneous charges:

- (a) AGLRE agrees to submit an amended proposal by no later than 20 June; and
 - (b) the Tribunal agrees to notify AGLRE whether it is satisfied with that amended proposal by no later than 26 June.
- 4.6 AGLRE will publish its miscellaneous charges on its website within 5 calendar days of the Tribunal notifying AGLRE that it agrees that the changes in miscellaneous charges proposed by AGLRE in accordance with paragraph 4.1 above.
- 4.7 Where AGLRE proposes an increase or introduction of a miscellaneous charge that requires the Tribunal's agreement:
- (a) AGLRE must advise the Tribunal no later than 4 months before the date of effect of the miscellaneous charge (e.g. by 1 March for 1 July increase). This period may be varied by the mutual agreement of AGLRE and the Tribunal.
 - (b) AGLRE must provide a justification statement to the Tribunal specifying the basis of the miscellaneous charge and providing relevant information supporting the increase.
 - (c) The Tribunal may undertake an investigation of relevant costs incurred by AGLRE to satisfy itself of the validity of the miscellaneous charge proposed.
 - (d) AGLRE will provide reasonable cooperation with the Tribunal during such reviews.
 - (e) The Tribunal will notify AGLRE in writing of its decision on the proposed variation no later than 15 calendar days prior to the proposed date of effect of the increase.
 - (f) AGLRE will publish its revised miscellaneous charges on its website within 5 calendar days of the Tribunal notifying AGLRE that it approves the revised miscellaneous charges.

5. Definitions

In this VTPA:

- (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, then CPI will mean an index determined by the Tribunal that is its best estimate of the index

The change in the CPI for any given financial year $t/(t+1)$ will be equal to the December to December change of the preceding calendar year $(t-1)$, determined as follows to 2 decimal places:

$$CPI_{t/(t+1)} = \left(\frac{CPI_{Mar(t-1)} + CPI_{Jun(t-1)} + CPI_{Sep(t-1)} + CPI_{Dec(t-1)}}{CPI_{Mar(t-2)} + CPI_{Jun(t-2)} + CPI_{Sep(t-2)} + CPI_{Dec(t-2)}} - 1 \right) \times 100\%$$

- (b) **default price** means a fee or charge for the supply of natural gas to a small gas customer by AGLRE under a standard form customer supply contract excluding miscellaneous charges
- (c) **financial year** means 1 July to 30 June of any year
- (d) **Gas Supply Act** means the *Gas Supply Act 1996 (NSW)*
- (e) **miscellaneous charge** means a fee or charge in addition to the default price for the supply of natural gas to a small gas customer by AGLRE under a standard form customer supply contract as published by AGLRE on its website in accordance with paragraph 4.6 (including but not limited to an account establishment fee, late payment fee, fee for dishonoured payment and fee for special meter read)
- (f) **small gas customer** means a small retail customer whose consumption of natural gas at a premises is 0-1 TJ a year
- (g) **small retail customer** has the same meaning given to that term under the Gas Supply Act
- (h) **standard form customer supply contract** has the same meaning given to that term under the Gas Supply Act
- (i) **standard supplier** has the same meaning given to that term under the Gas Supply Act

6. Interpretation

In this VTPA:

- (a) reference to an Act, legislation or law includes regulations, rules, codes and other instruments under it and consolidations, amendments, re-enactments or replacements of them;
- (b) words importing the singular include the plural and vice versa (for instance, the reference to a default price includes default prices and vice versa);
- (c) headings are for convenience only and do not affect the interpretation of this VTPA.

B ActewAGL VTPA

Voluntary Transitional Pricing Arrangements for ActewAGL for supply of natural gas to small gas customers (consuming 0-1 TJ a year)

1 July 2007 to 30 June 2010

The Independent Pricing and Regulatory Tribunal of New South Wales (the **Tribunal**) and ActewAGL each agree to the following Voluntary Transitional Pricing Arrangements (VTPA).

1. Background

- 1.1 The Tribunal notes that ActewAGL has advised that the pricing arrangements for the period 1 July 2007 to 30 June 2010 are expected to result in prices that increase at or below CPI.
- 1.2 ActewAGL and the Tribunal wish to continue the light-handed approach to default prices for small gas customers (consuming 0-1 TJ natural gas a year) that was established under the *Voluntary Pricing Principles July 2001 to June 2004* and continued under *Voluntary Transitional Pricing Arrangements July 2004 to June 2007*.
- 1.3 The Tribunal notes that ActewAGL is of the view that at the cessation of the VTPA prices should be set by market forces, but that this will ultimately be a matter for government policy.

2. Application

- 2.1 This VTPA will apply to default prices for small gas customers for the period 1 July 2007 to 30 June 2010.
- 2.2 This VTPA replaces any previous such voluntary transitional pricing arrangements between the Tribunal and ActewAGL.
- 2.3 Nothing in this VTPA affects the Tribunal's ability to impose a Gas Pricing Order pursuant to section 27 of the Gas Supply Act or any other powers of the Tribunal.

3. Arrangements for default prices

- 3.1 ActewAGL undertakes to:
- (a) Make default prices available to all small gas customers.
 - (b) Allow small gas customers who have accepted a competitive market offer to revert to ActewAGL's default prices without penalty once they have met their contractual obligations.
- 3.2 ActewAGL may vary the default prices for small gas customers without approval from the Tribunal provided that the average default price increase for the next financial year is at or below the change in the CPI for the previous calendar year.
- 3.3 ActewAGL is required to advise the Tribunal of the increase in default prices by 1 June of each year for effect from 1 July of that year and (subject to paragraph 3.7) provide supporting information showing that average default prices have varied within the limits in paragraph 3.2 above.
- 3.4 The Tribunal will notify ActewAGL whether they are satisfied with the proposed increase in default prices within 10 business days of receipt.
- 3.5 If the Tribunal is not satisfied with the proposed increase in default prices:
- (a) ActewAGL agrees to submit an amended proposal by no later than 20 June; and
 - (b) the Tribunal agrees to notify ActewAGL whether it is satisfied with that amended proposal by no later than 26 June.
- 3.6 ActewAGL will publish its default prices on its website within 5 calendar days of the Tribunal notifying ActewAGL that it agrees that its price changes are within the limits in paragraph 3.2 above.
- 3.7 Should ActewAGL consider it necessary as a result of special circumstances (as defined in paragraph 3.8 below) to vary average default prices outside of the limits in paragraph 3.2 then the Tribunal's agreement is required and:
- (a) ActewAGL must advise the Tribunal no later than 4 months before the date of effect of the increase (eg by 1 March for 1 July increase). This period may be varied by the mutual agreement of ActewAGL and the Tribunal.
 - (b) ActewAGL must provide a justification statement to the Tribunal specifying the basis of the increase and providing relevant information supporting the increase.
 - (c) The Tribunal may undertake an investigation of relevant costs incurred by ActewAGL to satisfy itself of the validity of the increase proposed.

- (d) ActewAGL will provide reasonable cooperation with the Tribunal during such reviews.
- (e) The Tribunal will notify ActewAGL in writing of its decision on the proposed price variation no later than 15 calendar days prior to the proposed date of effect of the increase.
- (f) ActewAGL will publish its revised prices on its website within 5 calendar days of the Tribunal notifying ActewAGL that it approves the revised prices.

3.8 For the purposes of paragraph 3.7, special circumstances include, but are not limited to, events that result in changes to costs such as regulatory changes, taxation changes, an unanticipated field price review or fundamental changes to gas market frameworks and arrangements.

4. Arrangements for miscellaneous charges

4.1 In relation to miscellaneous charges, the Tribunal and ActewAGL agree that:

- (a) Any variation to existing miscellaneous charges other than to reflect changes in CPI or to pass through increases in third party costs will be subject to the Tribunal's agreement prior to implementation.
- (b) Any proposed new miscellaneous charge will not be introduced without the Tribunal's agreement. ActewAGL agrees that new miscellaneous charges will be established on a cost-reflective basis.

4.2 In relation to late payment fees, ActewAGL agrees that late payment fees will be applied on issue of the disconnection notice and that late payment fees will not be levied:

- (a) Where the customer indicates that payment or part payment has been made by an Energy Accounts Payment Assistance (EAPA) voucher;
- (b) Where the customer has contacted ActewAGL before the due date in relation to a billing complaint and the billing complaint is unresolved; or
- (c) During the period of an instalment arrangement entered into between the customer and ActewAGL to pay the gas retail bill.

4.3 ActewAGL is required to advise the Tribunal of the increase in miscellaneous charges by 1 June of each year for effect from 1 July of that year and (subject to paragraph 4.7) provide supporting information showing that miscellaneous charges have varied within the limits in paragraph 4.1 above.

4.4 The Tribunal will notify ActewAGL whether they are satisfied with the proposed increase in miscellaneous charges within 10 business days of receipt.

4.5 If the Tribunal is not satisfied with the proposed increase in miscellaneous charges:

- (a) ActewAGL agrees to submit an amended proposal by no later than 20 June; and
 - (b) the Tribunal agrees to notify ActewAGL whether it is satisfied with that amended proposal by no later than 26 June.
- 4.6 ActewAGL will publish its miscellaneous charges on its website within 5 calendar days of the Tribunal notifying ActewAGL that it agrees that the changes in miscellaneous charges proposed by ActewAGL in accordance with paragraph 4.1 above.
- 4.7 Where ActewAGL proposes an increase or introduction of a miscellaneous charge that requires the Tribunal's agreement:
- (a) ActewAGL must advise the Tribunal no later than 4 months before the date of effect of the miscellaneous charge (e.g. by 1 March for 1 July increase). This period may be varied by the mutual agreement of ActewAGL and the Tribunal.
 - (b) ActewAGL must provide a justification statement to the Tribunal specifying the basis of the miscellaneous charge and providing relevant information supporting the increase.
 - (c) The Tribunal may undertake an investigation of relevant costs incurred by ActewAGL to satisfy itself of the validity of the miscellaneous charge proposed.
 - (d) ActewAGL will provide reasonable cooperation with the Tribunal during such reviews.
 - (e) The Tribunal will notify ActewAGL in writing of its decision on the proposed variation no later than 15 calendar days prior to the proposed date of effect of the increase.
 - (f) ActewAGL will publish its revised miscellaneous charges on its website within 5 calendar days of the Tribunal notifying ActewAGL that it approves the revised miscellaneous charges.

5. Definitions

In this VTPA:

- (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, then CPI will mean an index determined by the Tribunal that is its best estimate of the index

The change in the CPI for any given financial year $t/(t+1)$ will be equal to the December to December change of the preceding calendar year ($t-1$), determined as follows to 2 decimal places:

$$CPI_{t/(t+1)} = \left(\frac{CPI_{Mar(t-1)} + CPI_{Jun(t-1)} + CPI_{Sep(t-1)} + CPI_{Dec(t-1)}}{CPI_{Mar(t-2)} + CPI_{Jun(t-2)} + CPI_{Sep(t-2)} + CPI_{Dec(t-2)}} - 1 \right) \times 100\%$$

- (b) **default price** means a fee or charge for the supply of natural gas to a small gas customer by ActewAGL under a standard form customer supply contract excluding miscellaneous charges
- (c) **financial year** means 1 July to 30 June of any year
- (d) **Gas Supply Act** means the *Gas Supply Act 1996 (NSW)*
- (e) **miscellaneous charge** means a fee or charge in addition to the default price for the supply of natural gas to a small gas customer by ActewAGL under a standard form customer supply contract as published by ActewAGL on its website in accordance with paragraph 4.6 (including but not limited to an account establishment fee, late payment fee, fee for dishonoured payment and fee for special meter read)
- (f) **small gas customer** means a small retail customer whose consumption of natural gas at a premises is 0-1 TJ a year
- (g) **small retail customer** has the same meaning given to that term under the Gas Supply Act
- (h) **standard form customer supply contract** has the same meaning given to that term under the Gas Supply Act
- (i) **standard supplier** has the same meaning given to that term under the Gas Supply Act

6. Interpretation

In this VTPA:

- (a) reference to an Act, legislation or law includes regulations, rules, codes and other instruments under it and consolidations, amendments, re-enactments or replacements of them;
- (b) words importing the singular include the plural and vice versa (for instance, the reference to a default price includes default prices and vice versa);
- (c) headings are for convenience only and do not affect the interpretation of this VTPA.

C Country Energy VTPA

Voluntary Transitional Pricing Arrangements for Country Energy for supply of natural gas to small gas customers (consuming 0-1 TJ a year)

1 July 2007 to 30 June 2010

The Independent Pricing and Regulatory Tribunal of New South Wales (the **Tribunal**) and **Country Energy** each agree to the following Voluntary Transitional Pricing Arrangements (VTPA).

1. Background

- 1.1 The Tribunal notes that Country Energy has advised that the pricing arrangements for the period 1 July 2007 to 30 June 2010 are expected to result in prices that increase at or below CPI.
- 1.2 Country Energy and the Tribunal wish to continue the light-handed approach to default prices for small gas customers (consuming 0-1 TJ natural gas a year) that was established under the *Voluntary Pricing Principles July 2001 to June 2004* and continued under *Voluntary Transitional Pricing Arrangements July 2004 to June 2007*.
- 1.3 The Tribunal notes that Country Energy is of the view that at the cessation of the VTPA prices should be set by market forces, but that this will ultimately be a matter for government policy.

2. Application

- 2.1 This VTPA will apply to default prices for small gas customers for the period 1 July 2007 to 30 June 2010.
- 2.2 This VTPA replaces any previous such voluntary transitional pricing arrangements between the Tribunal and Country Energy.
- 2.3 Nothing in this VTPA affects the Tribunal's ability to impose a Gas Pricing Order pursuant to section 27 of the Gas Supply Act or any other powers of the Tribunal.

3. Arrangements for default prices

- 3.1 Country Energy undertakes to:
- (a) Make default prices available to all small gas customers.
 - (b) Allow small gas customers who have accepted a competitive market offer to revert to Country Energy's default prices without penalty once they have met their contractual obligations.
- 3.2 Country Energy may vary the default prices for small gas customers without approval from the Tribunal provided that the average default price increase for the next financial year is at or below the change in the CPI for the previous calendar year.
- 3.3 Country Energy is required to advise the Tribunal of the increase in default prices by 1 June of each year for effect from 1 July of that year and (subject to paragraph 3.7) provide supporting information showing that average default prices have varied within the limits in paragraph 3.2 above.
- 3.4 The Tribunal will notify Country Energy whether it is satisfied with the proposed increase in default prices within 10 business days of receipt.
- 3.5 If the Tribunal is not satisfied with the proposed increase in default prices:
- (a) Country Energy agrees to submit an amended proposal by no later than 20 June; and
 - (b) the Tribunal agrees to notify Country Energy whether it is satisfied with Country Energy's amended proposal by no later than 26 June.
- 3.6 Country Energy will publish its default prices on its website within 5 calendar days of the Tribunal notifying Country Energy that it agrees that its price changes are within the limits in paragraph 3.2 above.
- 3.7 Should Country Energy consider it necessary as a result of special circumstances (as defined in paragraph 3.8 below) to vary average default prices outside of the limits in paragraph 3.2 then the Tribunal's agreement is required and:
- (a) Country Energy must advise the Tribunal no later than 4 months before the date of effect of the increase (eg by 1 March for 1 July increase). This period may be varied by the mutual agreement of Country Energy and the Tribunal.
 - (b) Country Energy must provide a justification statement to the Tribunal specifying the basis of the increase and providing relevant information supporting the increase.

- (c) The Tribunal may undertake an investigation of relevant costs incurred by Country Energy to satisfy itself of the validity of the increase proposed.
 - (d) Country Energy will provide reasonable cooperation with the Tribunal during such reviews.
 - (e) The Tribunal will notify Country Energy in writing of its decision on the proposed price variation no later than 15 calendar days prior to the proposed date of effect of the increase.
 - (f) Country Energy will publish its revised prices on its website within 5 calendar days of the Tribunal notifying Country Energy that it approves the revised prices.
- 3.8 For the purposes of paragraph 3.7, special circumstances include, but are not limited to, events that result in changes to costs such as regulatory changes, taxation changes, an unanticipated field price review or fundamental changes to gas market frameworks and arrangements.

4. Arrangements for miscellaneous charges

- 4.1 The Tribunal and Country Energy agree that Country Energy's miscellaneous charges will be levied on the same basis and in accordance with the same conditions as the electricity regulated retail charges determined by the Tribunal in its Electricity Determination as if that Electricity Determination applied directly to Country Energy's miscellaneous charges.
- 4.2 Country Energy will publish its miscellaneous charges on its website within 5 calendar days of the Tribunal notifying Country Energy that it agrees that its miscellaneous charges meet the requirements in paragraph 4.1 above.

5. Definitions

In this VTPA:

- (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, then CPI will mean an index determined by the Tribunal that is its best estimate of the index

The change in the CPI for any given financial year $t/(t+1)$ is equal to the December to December change of the preceding calendar year $(t-1)$, determined as follows to 2 decimal places:

$$CPI_{t/(t+1)} = \left(\frac{CPI_{Mar(t-1)} + CPI_{Jun(t-1)} + CPI_{Sep(t-1)} + CPI_{Dec(t-1)}}{CPI_{Mar(t-2)} + CPI_{Jun(t-2)} + CPI_{Sep(t-2)} + CPI_{Dec(t-2)}} - 1 \right) \times 100\%$$

- (b) **default price** means a fee or charge for the supply of natural gas to a small gas customer by Country Energy under a standard form customer supply contract excluding miscellaneous charges
- (c) **electricity regulated retail charge** has the same meaning as a regulated retail charge as defined in the *Electricity Supply Act 1995 (NSW)*
- (d) **Electricity Determination** means the Tribunal's *Determination No 1, 2007, NSW Electricity Regulated Retail Tariffs and Charges 2007 – 2010* as replaced or varied
- (e) **financial year** means 1 July to 30 June of any year
- (f) **Gas Supply Act** means the *Gas Supply Act 1996 (NSW)*
- (g) **miscellaneous charge** means a security deposit, late payment fee, fee for dishonoured cheque, and miscellaneous charges levied by the network business in respect of small gas customers
- (h) **small gas customer** means a small retail customer whose consumption of natural gas at a premises is 0-1 TJ a year
- (i) **small retail customer** has the same meaning given to that term under the Gas Supply Act
- (j) **standard form customer supply contract** has the same meaning given to that term under the Gas Supply Act
- (k) **standard supplier** has the same meaning given to that term under the Gas Supply Act

6. Interpretation

In this VTPA:

- (a) reference to an Act, legislation or law includes regulations, rules, codes and other instruments under it and consolidations, amendments, re-enactments or replacements of them;
- (b) words importing the singular include the plural and vice versa (for instance, the reference to a default price includes default prices and vice versa);
- (c) headings are for convenience only and do not affect the interpretation of this VTPA.

D Origin Energy VTPA

Voluntary Transitional Pricing Arrangements for Origin Energy for supply of natural gas to small gas customers (consuming 0-1 TJ a year)

1 July 2007 to 30 June 2010

The Independent Pricing and Regulatory Tribunal of New South Wales (the **Tribunal**) and **Origin Energy** each agree to the following Voluntary Transitional Pricing Arrangements (VTPA).

1. Background

- 1.1 The Tribunal notes that Origin Energy has advised that the pricing arrangements for the period 1 July 2007 to 30 June 2010 are expected to result in prices that increase at or below CPI in the Albury district and at or below the CPI+2% per annum in the Murray Valley district.
- 1.2 Origin Energy and the Tribunal wish to continue the light-handed approach to default prices for small gas customers (consuming 0-1 TJ natural gas a year) that was established under the *Voluntary Pricing Principles July 2001 to June 2004* and continued under *Voluntary Transitional Pricing Arrangements July 2004 to June 2007*.
- 1.3 The Tribunal notes that Origin Energy is of the view that at the cessation of the VTPA prices should be set by market forces, but that this will ultimately be a matter for government policy.

2. Application

- 2.1 This VTPA will apply to default prices for small gas customers for the period 1 July 2007 to 30 June 2010.
- 2.2 This VTPA replaces any previous such voluntary transitional pricing arrangements between the Tribunal and Origin Energy.
- 2.3 Nothing in this VTPA affects the Tribunal's ability to impose a Gas Pricing Order pursuant to section 27 of the Gas Supply Act or any other powers of the Tribunal.

3. Arrangements for default prices

- 3.1 Origin Energy undertakes to:
- (a) Make default prices available to all small gas customers.
 - (b) Allow small gas customers who have accepted a competitive market offer to revert to Origin Energy's default prices without penalty once they have met their contractual obligations.
- 3.2 Origin Energy may vary the default prices for small gas customers without approval from the Tribunal on the basis that the average default price increase for the next financial year is at or below the change in the CPI for the previous calendar year for the Albury district and at or below the change in the CPI+2% per annum for the Murray Valley district.
- 3.3 Origin Energy is required to advise the Tribunal of the increase in default prices by 1 June of each year for effect from 1 July of that year and (subject to paragraph 3.7) provide supporting information showing that average default prices have varied within the limits in paragraph 3.2 above.
- 3.4 The Tribunal will notify Origin Energy whether they are satisfied with the proposed increase in default prices within 10 business days of receipt.
- 3.5 If the Tribunal is not satisfied with the proposed increase in default prices:
- (a) Origin Energy agrees to submit an amended proposal by no later than 20 June; and
 - (b) the Tribunal agrees to notify Origin Energy whether it is satisfied with that amended proposal by no later than 26 June.
- 3.6 Origin Energy will publish its default prices on its website within 5 calendar days of the Tribunal notifying Origin Energy that it agrees that its price changes are within the limits in paragraph 3.2 above.
- 3.7 Should Origin Energy consider it necessary as a result of special circumstances (as defined in paragraph 3.8 below) to vary average default prices outside of the limits in paragraph 3.2 then the Tribunal's agreement is required and:
- (a) Origin Energy must advise the Tribunal no later than 4 months before the date of effect of the increase (eg by 1 March for 1 July increase). This period may be varied by the mutual agreement of Origin Energy and the Tribunal.
 - (b) Origin Energy must provide a justification statement to the Tribunal specifying the basis of the increase and providing relevant information supporting the increase.
 - (c) The Tribunal may undertake an investigation of relevant costs incurred by Origin Energy to satisfy itself of the validity of the increase proposed.

- (d) Origin Energy will provide reasonable cooperation with the Tribunal during such reviews.
 - (e) The Tribunal will notify Origin Energy in writing of its decision on the proposed price variation no later than 15 calendar days prior to the proposed date of effect of the increase.
 - (f) Origin Energy will publish its revised prices on its website within 5 calendar days of the Tribunal notifying Origin Energy that it approves the revised prices.
- 3.8 For the purposes of paragraph 3.7, special circumstances include, but are not limited to, events that result in changes to costs such as regulatory changes, taxation changes, an unanticipated field price review or fundamental changes to gas market frameworks and arrangements.
- 4. Arrangements for miscellaneous charges**
- 4.1 In relation to miscellaneous charges, the Tribunal and Origin Energy agree that:
- (a) Any variation to existing miscellaneous charges other than to reflect changes in CPI or to pass through increases in third party costs will be subject to the Tribunal's agreement prior to implementation.
 - (b) Any proposed new miscellaneous charge will not be introduced without the Tribunal's agreement. Origin Energy agrees that new miscellaneous charges will be established on a cost-reflective basis.
- 4.2 In relation to late payment fees, Origin Energy agrees that late payment fees will be applied on issue of the disconnection notice and that late payment fees will not be levied:
- (a) Where the customer indicates that payment or part payment has been made by an Energy Accounts Payment Assistance (EAPA) voucher;
 - (b) Where the customer has contacted Origin Energy before the due date in relation to a billing complaint and the billing complaint is unresolved; or
 - (c) During the period of an instalment arrangement entered into between the customer and Origin Energy to pay the gas retail bill.
- 4.3 Origin Energy is required to advise the Tribunal of the increase in miscellaneous charges by 1 June of each year for effect from 1 July of that year and (subject to paragraph 4.7) provide supporting information showing that miscellaneous charges have varied within the limits in paragraph 4.1 above.
- 4.4 The Tribunal will notify Origin Energy whether they are satisfied with the proposed increase in miscellaneous charges within 10 business days of receipt.

- 4.5 If the Tribunal is not satisfied with the proposed increase in miscellaneous charges:
- (a) Origin Energy agrees to submit an amended proposal by no later than 20 June; and
 - (b) the Tribunal agrees to notify Origin Energy whether it is satisfied with that amended proposal by no later than 26 June.
- 4.6 Origin Energy will publish its miscellaneous charges on its website within 5 calendar days of the Tribunal notifying Origin Energy that it agrees that the changes in miscellaneous charges proposed by Origin Energy in accordance with paragraph 4.1 above.
- 4.7 Where Origin Energy proposes an increase or introduction of a miscellaneous charge that requires the Tribunal's agreement:
- (a) Origin Energy must advise the Tribunal no later than 4 months before the date of effect of the miscellaneous charge (e.g. by 1 March for 1 July increase). This period may be varied by the mutual agreement of Origin Energy and the Tribunal.
 - (b) Origin Energy must provide a justification statement to the Tribunal specifying the basis of the miscellaneous charge and providing relevant information supporting the increase.
 - (c) The Tribunal may undertake an investigation of relevant costs incurred by Origin Energy to satisfy itself of the validity of the miscellaneous charge proposed.
 - (d) Origin Energy will provide reasonable cooperation with the Tribunal during such reviews.
 - (e) The Tribunal will notify Origin Energy in writing of its decision on the proposed variation no later than 15 calendar days prior to the proposed date of effect of the increase.
 - (f) Origin Energy will publish its revised miscellaneous charges on its website within 5 calendar days of the Tribunal notifying Origin Energy that it approves the revised miscellaneous charges.

5. Definitions

In this VTPA:

- (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, then CPI will mean an index determined by the Tribunal that is its best estimate of the index

The change in the CPI for any given financial year $t/(t+1)$ will be equal to the December to December change of the preceding calendar year ($t-1$), determined as follows to 2 decimal places:

$$CPI_{t/(t+1)} = \left(\frac{CPI_{Mar(t-1)} + CPI_{Jun(t-1)} + CPI_{Sep(t-1)} + CPI_{Dec(t-1)}}{CPI_{Mar(t-2)} + CPI_{Jun(t-2)} + CPI_{Sep(t-2)} + CPI_{Dec(t-2)}} - 1 \right) \times 100\%$$

- (b) **default price** means a fee or charge for the supply of natural gas to a small gas customer by Origin Energy under a standard form customer supply contract excluding miscellaneous charges
- (c) **financial year** means 1 July to 30 June of any year
- (d) **Gas Supply Act** means the *Gas Supply Act 1996 (NSW)*
- (e) **miscellaneous charge** means a fee or charge in addition to the default price for the supply of natural gas to a small gas customer by Origin Energy under a standard form customer supply contract as published by Origin Energy on its website in accordance with paragraph 4.6 (including but not limited to an account establishment fee, late payment fee, fee for dishonoured payment and fee for special meter read)
- (f) **small gas customer** means a small retail customer whose consumption of natural gas at a premises is 0-1 TJ a year
- (g) **small retail customer** has the same meaning given to that term under the Gas Supply Act
- (h) **standard form customer supply contract** has the same meaning given to that term under the Gas Supply Act
- (i) **standard supplier** has the same meaning given to that term under the Gas Supply Act

6. Interpretation

In this VTPA:

- (a) reference to an Act, legislation or law includes regulations, rules, codes and other instruments under it and consolidations, amendments, re-enactments or replacements of them;
- (b) words importing the singular include the plural and vice versa (for instance, the reference to a default price includes default prices and vice versa);
- (c) headings are for convenience only and do not affect the interpretation of this VTPA.

