

20 May 2013

Mr James Cox
Chief Executive Officer
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office
NSW 1230

Dear Mr Cox

Review of regulated retail prices and charges for gas 2013-16

ActewAGL Retail (ActewAGL) appreciates the opportunity to comment on the Independent Pricing and Regulatory Tribunal's Draft Report *Review of regulated retail prices and charges for gas, 2013 to 2016*.

ActewAGL broadly accepts the Tribunal's draft decision and the proposed Voluntary Pricing Arrangement (VPA) for supply of natural gas to small gas customers (consuming 0-1 TJ a year) for the period 1 July 2013 to 30 June 2016. ActewAGL notes that the Tribunal has agreed with ActewAGL's proposed increase in the R component as it balances the longer and shorter term objectives of the price review. However, given the increased uncertainties in the current market, ActewAGL maintains its position that an appropriate retail margin should be at least 6.5%¹.

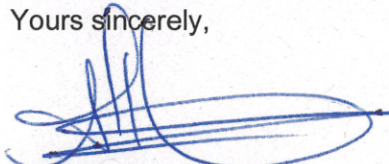
The Tribunal's view that competition in the market is now effective enough to provide sufficient protection to customers, as well as offering more choices and better price and service outcomes is supported by ActewAGL. ActewAGL believes that removing unnecessary regulatory constraints would allow the full benefits of competition to flow to both consumers and retailers.

The Draft Report highlights the policy, regulatory and market developments which have led to considerable uncertainty in the gas market. The Tribunal has responded to these uncertainties by providing a flexible draft VPA. ActewAGL had sought a review of the wholesale gas cost prior to year two of the regulatory period and the additional flexibility ensures that any significant developments can be managed.

ActewAGL will continue to work closely with IPART during the remainder of the review process. ActewAGL is particularly conscious of the compressed timeframe in meeting publishing and implementation requirements. ActewAGL would appreciate the Tribunal's support throughout its review process to achieve implementation by 1 July 2013.

If you would like to discuss any aspects of our submission, please contact David Graham, Director Regulatory Affairs and Pricing, on (02) 6248 3605.

Yours sincerely,



Ayesha Razzaq
General Manager Retail

¹ ActewAGL 2012, Review of Regulated Retail Tariffs and Charges for Gas 2013-2016 9 November, p 9.