

**Pricing Issues Consultation Group FINAL Minutes  
Meeting held on Thursday 6 March 2003**

**Session 1 – Implementing the WAPC, 10am -12pm  
Session 2 - Demand Management Issues, 1.30pm – 3pm**

**Attendance**

<b>Organisation</b>	<b>Representative</b>
IPART Centre for International Economics (consultant working with IPART)	Lisa Spence , Anna Brakey, Steve Tropoulos, Michael Seery, Emma Kelso, Anne Kelly (S2) James Beard (apologies)
ActewAGL (observer)	Chris Bell (S1 & S2)
AGL	Kam Khelawan (S1)
Australian Inland	Adrian Ray (S2)
Business Council of Sustainable Energy	Ric Brazzale (S2)
Country Energy	Terry Crossley (S1 & S2), Paul Smith (S1 & S2).
Energy & Management Services Consultancy	Peter Halyburton (S1 & S2)
EnergyAustralia	Harry Colebourn (S1 & S2)
ESC – Victoria (observer)	Sally McMahon (S1 & S2)
ICRC (observer)	Mark Vassarotti (S1 & S2), John Logan (S1 & S2)
Integral Energy	Robert Telford (S1 & S2) Frank Nevill (S1 & S2)
Ministry of Energy and Utilities	Anthony Poon (S1 & S2)
National Retailers Forum	Bruce Page (TXU) (S1 & S2)
NSW Treasury	Nicola Tully (apologies)
Origin Energy	Van Bui (S1)
PIAC	Jim Wellsmore (S1 & S2)
SEDA	Chris Dunstan (S1 & S2), Emily Fewster (apologies)
TransGrid	Chris Baker (S1), David Conroy (S1 & S2)

**Agenda**

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SESSION 1 10.15 am - 12 pm

(paper distributed):

- Implementing the WAPC
  - writing prices in the determination
  - assigning customers to tariffs
  - DUOS/ TUOS split
- Assessing price changes
  - Price changes and new tariffs
  - Assessment of pricing proposals including information disclosure requirements (for the public and the regulator), and notification of prices

BREAK 12 pm – 1.30 pm

SESSION 2 1.30 pm – 3.00 pm

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(paper distributed):

- Overview of demand management report recommendations
  - Negotiation guidelines
  - Unbundling TUOS and DUOS charges
  - Pricing clauses in Part E in relation to embedded generation
  - Avoided distribution costs
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**Papers distributed:**

- a) Session 1 – Implementing the Weighted Average Price Cap (by the Secretariat)
- b) Session 2 – Demand Management Issues (by the Secretariat)
- c) Comments from Origin Energy on Information Disclosure
- d) Papers from EnergyAustralia on Information Disclosure Requirements, Embedded Generation – avoided TUOS, and format of Price Information Booklet from 1997.

**Minutes of meeting**

- Individual introduction by each participant in the group.
- The Secretariat re-iterated that the views in the distributed papers and views put forward in today's meeting are the views of the Secretariat only and do not bind the Tribunal to any decision.

*Writing prices into the determination*

**OUTCOME: General acceptance that it would be appropriate to include 03/04 prices in the determination.**

*Assigning customers to tariffs*

**ACTION: The Secretariat will progress work on the proposal for assigning customers to tariffs.**

*DUOS/TUOS split*

**ACTION: The Secretariat commented that if the DNSPs wish to submit any changes to the DUOS/TUOS split methodology they should do so immediately. Furthermore, the TUOS/DUOS split will be required upon approval of 2003/04 prices.**

*Once a year price changes*

**OUTCOME: General agreement that price changes occurring once a year on 1 July is appropriate.**

*Arrangements for introducing new tariffs*

**OUTCOME: The arrangements for introducing new tariffs in Victoria seem suitable subject to ensuring that new tariffs are more efficient than existing tariffs.**

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*Congestion pricing*

**OUTCOME: Deferral of discussion to the afternoon session.**

*Information disclosure*

**ACTION: The Secretariat will supplement the proposal with more detail for the next meeting– that is, the information that would need to be published at each stage of the proposal.**

*Timing of pricing proposals*

**ACTION: The Secretariat will provide a timeline of the information that is required by the regulator, retailer and DNSP and suggest a ‘workable’ time period of notification, somewhere between 60 days and 90 days.**

*Default arrangements*

**OUTCOME: To consider the proposal that the existing prices continue as the default arrangement until a complying submission from the DNSP is presented.**

## **SESSION 2 – DEMAND MANAGEMENT ISSUES**

- The Secretariat highlighted that the idea of consultation is to ensure that the form of regulation is not going to provide any impediments to introducing demand management initiatives by the DNSPs.

*Negotiation guidelines*

**ACTION: The Secretariat will review the wording of the Code in regards to when the negotiating framework is intended to apply ie large users, embedded generation and smaller customers**

**ACTION: DNSPs to consider the elements of a common negotiating framework to be adopted as part of the alternate pricing methodology.**

***Proposal: The DNSPs to present their proposed negotiating framework to the pricing issues consultation group at the June/July meeting.***

*Unbundling TUOS and DUOS charges on bills for large customers*

**ACTION: The Secretariat to investigate whether Part EA stands as a separate part to Part E and whether it needs to be addressed in the alternative pricing methodology.**

*Congestion pricing*

**ACTION: The Secretariat would prepare further information for discussion at the next meeting.**

*Pricing clauses in the Code in relation to Embedded Generation*

**OUTCOME: General acknowledgement that clauses 6.13.3, 6.13.6 and 6.14.1 of the Code in relation to embedded generation are not required in the alternate methodology.**

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*Avoided TUOS charges*

**ACTION: The DNSPs should address the consideration of losses in the avoided TUOS methodology which has been included in the DNSPs proposal.**

*Avoided distribution costs*

**OUTCOME: This issue would also be considered in greater detail at the next meeting.**

*Conclusion*

- The Secretariat confirmed that the next meeting will be held on Wednesday 30<sup>th</sup> April at the IPART offices beginning at 1pm. The length of the meeting is still to be decided. The items proposed for discussion are:
  - Paper on information disclosure requirements – detail behind the proposal
  - Timeline for price changes notification and when default arrangements should be introduced
  - Consideration of avoided TUOS methodology
  - An update on the Demand Management Code of Practice being conducted by the Ministry of Energy and Utilities
  - DNSPs submissions to the 2004 network determination
  - Avoided distribution costs
  - Congestion pricing.