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S09/876

Dr Michael Keating
Chairman
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB POST OFFICE NSW 1230



Dear Dr Keating

I am writing in regard to the regulation of standard retail gas tariffs for small retail customers.

I note that the current Voluntary Transitional Pricing Arrangements (VTPAs) which have been agreed between the Tribunal and the standard gas retailers are due to expire on 30 June 2010. I request that the Tribunal continue regulating standard tariffs for small retail gas customers and ensure that either new VTPAs or gas pricing orders are in place for the period from 1 July 2010 to 30 June 2013 under section 27 of the *Gas Supply Act 1996* (the Act).

The Tribunal should ensure that the objects under section 3 of the Act are taken into consideration, and that stakeholders are consulted as part of the review process. In order to ensure that standard retail gas tariffs reflect the efficient costs of supplying natural gas to small retail customers, I request the Tribunal to consider whether it should undertake a review of these costs, and to undertake such a review if deemed necessary.

I note that the Australian Energy Market Commission (AEMC) is scheduled to undertake a review of the effectiveness of competition in the NSW retail energy market in 2011. The NSW Government will consider the outcomes of this review in determining the approach to the regulation of retail gas and electricity tariffs beyond 30 June 2013.

I look forward to receiving the Tribunal's final report on this matter by 11 June 2010.

If you require further information on this matter, please contact Damian Jeffree, Energy Advisor, in my office on (02) 9228 3344.

Yours sincerely



IAN MACDONALD MLC
MINISTER FOR ENERGY

19 AUG 2009