

14 May 2010

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

Dear Mr Cox

Review of regulated retail tariffs and charges for gas 2010-13

ActewAGL appreciates the opportunity to respond to the Independent Pricing and Regulatory Tribunal's (IPART) draft decision on its *Review of regulated retail tariffs and charges for gas 2010-13*. We also appreciate the opportunity to appear at the public forum on 30 April 2010 to present our views.

The attached submission contains our response to IPART's draft decision including ActewAGL's wholesale gas cost allowance and a revised price path, which ActewAGL believes is appropriate for a prudent and efficient gas retailer.

Please note ActewAGL requires final price approval with enough time to meet price publication requirements and make the necessary administrative arrangements. 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

Review of Regulated Retail Tariffs and Charges for Gas 2010-13

14 May 2010

Contents

1. <i>Introduction</i>	3
2. <i>VTPA 2010-2013 with separate Retail, Network and Carbon components</i>	5
3. <i>Cost components of the proposal</i>	6
3.1 Wholesale gas costs	6
3.2 Retail operating costs	8
3.3 Retail margin	8
3.4 Network charges	9
3.5 Consumer Price Index	9
4. <i>Risks and Uncertainties</i>	10
4.1 Special Circumstances Events	10
4.2 National Climate Change Measures	10
5. <i>Miscellaneous fees and charges</i>	12
6. <i>ActewAGL's updated price path for 2010-13</i>	13
<i>Glossary</i>	15
<i>References</i>	16
<i>Attachment 1. Miscellaneous fees and charges consistent with draft decision</i>	17

1. Introduction

The New South Wales (NSW) Minister for Energy issued a Terms of Reference (TOR) on 19 August 2009 instructing the Independent Pricing and Regulatory Tribunal (IPART) to continue regulating standard tariffs for small retail gas customers in NSW for the period 1 July 2010 to 30 June 2013. On 27 August 2009, IPART invited gas retailers in NSW to submit revised voluntary transitional pricing arrangement (VTPA) proposals. ActewAGL Retail (ActewAGL) provided its revised VTPA proposal on 2 October 2009. IPART released an issues paper in November 2009. Following receipt of submissions on the issues paper in December 2009, IPART released its *Review of regulated retail tariffs and charges for gas 2010-13 - draft decision* (Draft Decision) on 16 April 2010 and seeks responses by 14 May 2010. This submission responds to IPART's Draft Decision, and reflects ActewAGL's position presented at IPART's public forum on the VTPA held on 30 April 2010.

ActewAGL believes the Draft Decision does not fully reflect ActewAGL's market-based total retail costs, and will not help to reduce customers' reliance on the regulated retail tariff as intended by the VTPA and IPART. In its draft decision, IPART rejected ActewAGL's proposed price path on the grounds that ActewAGL's costs for wholesale gas are not consistent with the costs that IPART believes an efficient and prudent retailer would incur.¹

Noting IPART's position that VTPAs represent a lighter-handed form of regulation, ActewAGL believes a decision to reject a price path reflective of its proposed market-based costs is contradictory to the spirit and underlying principles of a VTPA. As a small gas retailer, it is unreasonable to expect ActewAGL to achieve the same costs and economies of scale as retailers with much larger customer bases and lower winter peaks. Further, ActewAGL believes the requirement on ActewAGL to lower the retail component of the prices by CPI-1% will increase reliance on the regulated tariff in those areas where ActewAGL is the Standard Retailer.

Recognising the challenges involved in setting a regulated price in a competitive and uncertain market, ActewAGL reiterates its belief that the removal of retail price regulation is in the best long-term interests of all consumers. While it has fully supported a VTPA process, this transitional process has now been in place for nine² years. Removing price regulation will allow and facilitate competition to fully develop in NSW, delivering customers the benefits of greater choice and new and innovative products and services.

In its draft decision, IPART has also sought three specific changes be made to ActewAGL's proposed VTPA, which are addressed in this submission. In summary, ActewAGL:

- Accepts IPART's consideration that the weighted average price cap (WAPC) should be applied to the retail component of tariffs only and network costs should be fully passed through;

¹ IPART, 2010, p2

² The first Voluntary Pricing Principles were in place from 2001 to 2004. VTPA's in place from 2004 to 2007 & 2007-2010.

- Reasserts that its wholesale gas costs are efficient; and
- Resubmits a price path based on its updated wholesale gas cost, consistent with IPART's form of regulation.

ActewAGL has also adjusted its miscellaneous network charges to include the administrative fee on network charges consistent with the draft decision and submits an updated schedule of the miscellaneous fees and charges in Attachment 1.

2. VTPA 2010-2013 with separate Retail, Network and Carbon components

ActewAGL notes that as part of IPART's review of retail gas prices for NSW it considered the appropriate form of regulation to apply for 2010-13 and developed a set of review assessment criteria. In particular, IPART's retail gas regulation should:

- protect small retail customers by resulting in regulated prices that recover the efficient costs of supplying gas to small retail customers, and facilitating the development of effective retail competition; and
- be consistent with the aim of reducing customers' reliance on regulated retail tariffs.³

As noted in its 18 December 2009 submission, ActewAGL supports the assessment criteria, and believes the WAPC is an appropriate form of regulation.⁴ However, ActewAGL strongly believes that retail price deregulation provides the best mechanism for achieving the goals and objectives of IPART's assessment criteria.

In its submission on 2 October 2009, and again in its 18 December 2009 submission, ActewAGL proposed the same historical form of regulation but with an adjustment mechanism for network tariffs, national climate change measures, and externally imposed fees and charges should be introduced for those costs outside a retailer's control. ActewAGL considered that the inclusion of such an adjustment mechanism, to apply as part of the annual tariff variation process, was an efficient method to ensure prices were cost reflective.

In its Draft Decision IPART has determined to apply the WAPC for the Retail (R) component only and pass through of the Network (N) and Carbon (C) components. While ActewAGL, consistent with previous IPART regulatory review periods, submitted its original price path proposal as applying to the bundled tariff (ie. R + N + C), ActewAGL recognises that N and C can be fully and efficiently passed through to customers, with limited administrative costs and ActewAGL therefore accepts IPART's new proposal for regulation of the WAPC for the R component only.

ActewAGL notes that prior to the draft decision, it had provided a tariff template to IPART on 19 February 2010, and additional information on 15 March 2010 on how to address the WAPC for the R component in all of ActewAGL's districts. On 3 May 2010 ActewAGL also provided a complete tariff template incorporating this information. ActewAGL believes the information provided meets IPART's requirements for the purpose of applying IPART's preferred form of regulation for the 2010-2013 regulatory period.

³ IPART, 2009, p11

⁴ ActewAGL, 2009, pp6-7

3. Cost components of the proposal

This section reviews the different parameters of the retail component of the draft decision, which IPART is regulating, as well as the pass-through of the network component. Costs arising from the possible introduction of any government carbon pollution mitigation scheme and other external non-controllable costs are addressed in section 4 of this submission under Risks and Uncertainties. ActewAGL notes, however, that the introduction of the Federal Government's Carbon Pollution Reduction Scheme (CPRS) is now unlikely to occur until after 2012.⁵

3.1 Wholesale gas costs

Wholesale gas costs represent a significant part of the total retail cost faced by an end-use customer. ActewAGL has efficiently outsourced the management of wholesale gas purchases to AGL to achieve an outcome that enables ActewAGL to better manage its risks and benefit from economies of scale it could otherwise not obtain. IPART has not accepted ActewAGL's contracted cost for wholesale gas as efficient and has used a cost of \$7.10/GJ in the Draft Decision, based on MMA's own assessment and derivation of ActewAGL's efficient cost of wholesale gas.

ActewAGL disagrees with IPART's draft decision on its wholesale gas cost for a number of reasons.⁶ IPART has adjusted ActewAGL's wholesale gas cost for what it deems to be negative aspects of the portfolio approach (which ActewAGL understands as pertaining to a mass-market portfolio) but in doing so, has not properly recognised the significant advantages gained by ActewAGL from the portfolio approach, the benefits of which it seeks to pass through to its customers. These advantages are:

- reduction of the risk (and costs) to ActewAGL of being a marginal gas procurer; and
- a higher customer load factor which results in a lower purchasing cost per unit of gas.

Were ActewAGL to procure its wholesale gas costs on a stand alone basis, ActewAGL would not benefit from the economies of scale that AGL provides, and it would also affect ActewAGL's risk management and administrative costs. In the absence of these benefits, it would be expected that ActewAGL would incur a higher wholesale gas cost.

While ActewAGL is pleased to have established an arrangement to source gas as efficiently as possible, ActewAGL is concerned that IPART appears to have effectively ignored these benefits and instead selectively questioned areas where the portfolio approach might have led to increased costs to ActewAGL, and sought to eliminate these to establish an efficient cost

⁵ Rudd, K, 2010, Transcript of doorstep Nepean Hospital, Penrith, 27 April 2010, <http://www.pm.gov.au/node/6708>

⁶ ActewAGL also notes that IPART has not formally addressed ActewAGL's response to the MMA report.

base. ActewAGL responded to MMA's report on 24 February 2010 providing further details about its wholesale costs at that time.

In particular, ActewAGL believes that the customer load factor calculated by MMA does not adequately capture the climatic conditions and consequent peakiness in ActewAGL's NSW gas demand if ActewAGL were to procure wholesale gas on a stand alone basis. ActewAGL serves customers in locations with more severe winter peaks than in most other parts of NSW and Australia. This adds unique risks to ActewAGL's operations, including to its gas procurements and load factor, which ActewAGL would bear if it were to procure the gas by itself. ActewAGL therefore re-asserts⁷ that MMA's assessment (on a stand alone basis) of ActewAGL's customer load factor is too high (and therefore understates the true wholesale gas cost), due to the extreme winters ActewAGL's customers experience, particularly in Queanbeyan and the Capital Region. In short, the customer load factor calculated by MMA does not recognise the climatic conditions and consequent peakiness in ActewAGL's NSW gas demand (if procured on a stand alone basis by ActewAGL).⁸

In addition, based on discussions and correspondence with IPART,⁹ ActewAGL understands that IPART has questioned parts of the portfolio approach of wholesale gas purchasing that AGL undertakes on its behalf. As the regions that ActewAGL is supplying are different from AGL's regions, IPART may be inferring that ActewAGL's stand alone transmission costs for ActewAGL are actually less than the average mass-market cost.¹⁰ It is unlikely that a small gas producer would be able to access "regional discounts" (different transmission and commodity costs) above and beyond those available through economies of scale from its service provider. Since AGL has the capacity to secure economies of scale, ActewAGL's view is that its wholesale gas cost procured under its gas supply agreement with AGL is efficient.

ActewAGL considers that IPART has only questioned and adjusted for the perceived negative aspects of a portfolio approach and not fully accounted for the significant advantages that economies of scale and risk management provide. The economies of scale that ActewAGL is able to capture through its arrangement with AGL would far outweigh any potential negative impact that AGL's portfolio approach might have on the wholesale gas cost for ActewAGL's districts.

Therefore, the wholesale gas cost that MMA has estimated for ActewAGL, on a stand alone basis, is too low relative to the benchmark cost for an efficient wholesale gas provider in ActewAGL's regions.

ActewAGL's view is that its originally submitted wholesale gas cost still remains valid. As a minimum, ActewAGL could accept that this cost be set on par with IPART's draft decision allowance for AGL for consistency of outcome with the portfolio approach.

⁷ See ActewAGL's response to the MMA's report on 24 February 2010

⁸ Also discussed in ActewAGL's response to the MMA report on 24 February 2010.

⁹ Email from IPART 22 March 2010.

¹⁰ Email IPART 22 March 2010.

3.2 Retail operating costs

In its Draft Decision, IPART found that that ActewAGL's retail operating costs per customer for the 2010-2013 regulatory period were within its benchmarking range.¹¹ IPART also noted that they were comparable to the retail operating cost allowance IPART set in its 2010 determination on regulated retail electricity.¹²

In comparison to the average size retailer identified by IPART's consultant Strategic Finance Group (SFG) Consulting, ActewAGL is a very small retailer in NSW having approximately 10% of the average gas retailer's customer base as referred to by SFG Consulting.¹³ This indicates that ActewAGL does not have the same scope for economies of scale. In order to benefit from economies of scale ActewAGL has outsourced a significant part of its operations, including billing and revenue collection, customer services and complaints, office space rental, corporate services and IT system costs. As also acknowledged by IPART, ActewAGL's capital structure is different to other retailers as it does not have any assets.¹⁴

Whilst IPART has adjusted for the most obvious difference (depreciation), ActewAGL believes it is possible that not all the differences arising from ActewAGL's different capital structure and business model have been addressed. Considering the size of ActewAGL's operation and the geographical area in which it is active, ActewAGL believes the expected retail operating costs reflect an efficient operation to the benefit of ActewAGL's customer base. ActewAGL is not proposing any changes to IPART's Draft Decision on retail operating costs.

3.3 Retail margin

To determine an appropriate retail margin, IPART commissioned SFG Consulting to assist IPART by estimating a range of the retail margin using 3 approaches: the expected returns approach, the benchmarking approach and the bottom-up approach. The calculations arrived at EBITDA margins of 7.5%-9.1%, 7.2%-7.6% and 12.9%-16.5%, respectively.¹⁵ IPART accepted SFG Consulting's recommendation to use the results from the expected returns and the benchmarking approach, arriving at an EBITDA margin range of 7.3% to 8.3%.¹⁶ The reason for excluding the bottom-up approach was a concern that there potentially is an upward bias in the estimates.¹⁷

ActewAGL submitted in October 2009 that IPART should consider the 2008 decision of ESCOSA to allow a retail margin of 13% of controllable costs,¹⁸ which corresponds to approximately 6.5 percent of total revenue as a minimum margin outcome. ActewAGL notes that IPART's draft decision reflects an EBIT margin of approximately 5.7%-6.7%, with a midpoint just below ActewAGL's claim. In principle, ActewAGL disagrees with this return as it

¹¹ IPART, 2010, p33

¹² IPART, 2010, p33

¹³ SFG, 2010, p6

¹⁴ IPART, 2010, p33

¹⁵ IPART, 2010, p35-36

¹⁶ IPART, 2010, p34

¹⁷ IPART, 2010, p35

¹⁸ ESCOSA, 2008, p102

does not compensate retailers' for the entire systematic risk. However, ActewAGL also understands and appreciates the difficulties of estimating a retail margin and notes that the upper bound of the margin is consistent with ActewAGL's proposal. The determined margin is also an improvement from the determined margin for the 2007-2010 regulatory period and a move that considerably better reflects the systematic risk that a gas retailer faces. For these reasons, ActewAGL will support IPART's use of the retail margin determined in the draft decision.

3.4 Network charges

Network tariffs make up a significant proportion of final retail tariffs, and are not within the control of ActewAGL Retail. In the Draft Decision, IPART determined that the WAPC should only apply to the retail component and not the whole tariff because the retailers have no control of the network component of tariffs.¹⁹ IPART concluded that it is appropriate for the network charges to be passed on in full to customers.²⁰ Relevant network tariffs, determined by the AER, are likely to be known in sufficient time to be incorporated into the future prices, that ActewAGL must submit by 1 June each year. The amounts the retailers will pass through will be subject to IPART's annual compliance process.²¹

As discussed above, ActewAGL is satisfied that the draft decision will enable a pass through of the network charges. As this is consistent with ActewAGL's original submission (although applying a different methodology), ActewAGL accepts IPART's draft decision to apply the WAPC to the retail component only.

The AER is still in this process of reviewing Jemena's access arrangements to apply in NSW from 2010-15. The AER's decision for Jemena's gas distribution network will affect the Capital Region where ActewAGL is the Standard Retailer. ActewAGL understands that the final decision will be published before the end of May. Once the final decision is available, ActewAGL will be able to provide IPART with an update of the relevant network tariffs for all the districts in NSW for its final decision.

3.5 Consumer Price Index

ActewAGL is aware that there are many different methods of calculating CPI. For consistency with previous decisions, ActewAGL proposed not to change the method of calculating CPI and to continue using the average of four quarters in year *i* divided by the average of the four quarters in year *i*-1. ActewAGL accepts IPART's position that it prefers a consistent approach across all NSW retailers for determining the CPI.

¹⁹ IPART, 2010, p13-14

²⁰ IPART, 2010, p40

²¹ IPART, 2010, p42

4. Risks and Uncertainties

4.1 Special Circumstances Events

In its 18 December 2009 submission, ActewAGL proposed retention of the special circumstances event clause, as it is an important element of the VTPA. The special circumstances event clause provides the Standard Retailers with flexibility to adjust prices in response to unforeseen changes which may impact retailer costs. ActewAGL agrees with IPART's Draft Decision to also retain the special circumstances event clause in the VTPAs to apply for 2010 to 2013.²²

Nonetheless, ActewAGL believes an adjustment mechanism as outlined in its October and December 2009 submissions would have been appropriate. It is ActewAGL's view that providing an adjustment mechanism enabling retailers to recover cost increases associated with externally determined fees and charges (including Australian Energy Market Operator fees and retail authorisation fees) is more in line with the light handed regulatory approach underpinning the VTPAs, imposing a lower regulatory burden on the Standard Retailers. However, ActewAGL is prepared to accept this, providing that the special circumstances event clause can be used to achieve a similar outcome.

ActewAGL accepts IPART's decision to not introduce a materiality threshold for triggering a special circumstances review.²³ As ActewAGL indicated in its 18 December 2009 submission, there is implicitly a materiality threshold by way of a retailer's commercially prudent behaviour. This ensures a retailer is unlikely to trigger the special circumstance event clause if the amount is not material enough to justify the internal costs of conducting a special circumstance price change.

4.2 National Climate Change Measures

In considering the potential impacts of any government-initiated climate change mitigation measures, ActewAGL fully agrees with IPART's position that:

"The possibility that governments may introduce new climate change mitigation measures, such as the proposed CPRS or an alternative to this scheme, increases the level of uncertainty about the Standard Retailers' costs over the 2010-13 regulatory period."²⁴

Accordingly, ActewAGL welcomes IPART's draft decision to allow the pass through of the costs associated with any government-initiated climate change mitigation measures.²⁵ Despite the Federal Government's recent announcement to delay the introduction of the CPRS until at least 2012,²⁶ ActewAGL still considers it prudent and necessary for IPART's final decision to allow for the pass through of any costs associated with any other government climate change

²² IPART, 2010, p47

²³ IPART, 2010, p49

²⁴ IPART, 2010, p43

²⁵ IPART, 2010, p44

²⁶ Rudd, K, 2010 Transcript of doorstep Nepean Hospital, Penrith, 27 April 2010, <http://www.pm.gov.au/node/6708>

mitigation policies that may be introduced and implemented during the current regulatory period.

In its consideration of this issue, IPART discussed:

- how the pass through amount should be set; and
- whether or not forecast and actual costs be reconciled.²⁷

In its Draft Decision, IPART conclude if a climate change mitigation strategy is introduced, and emissions intensities are set by regulation, then the Standard Retailers will be in the best position to forecast the price of carbon and compliance costs, and hence the pass through amount.²⁸ However, IPART also considers that they should review and approve the pass through amount before Standard Retailers are able to recover relevant costs via changes in their prices.²⁹

ActewAGL agrees with IPART's Draft Decision that the Standard Retailers are best placed to forecast the costs associated with climate change mitigation policies and calculate the pass through amounts.³⁰ ActewAGL also understands IPART's concerns with ensuring the pass through amounts are reasonable before they are passed through, and accepts IPART's requirement on the Standard Retailers to provide sufficient information to demonstrate how the pass through amounts are calculated, and for IPART to verify the calculations.³¹

ActewAGL also notes IPART's Draft Decision to conduct a review of pass through amounts during the final year of the regulatory period (when actual market prices for carbon are available).³² In addition to this, IPART has also proposed to include the ability to conduct a price review where the amounts previously approved for pass through materially differed to actual compliance costs.³³ However, IPART has provided no discussion of what is "material" in this context.

ActewAGL notes that the ability for IPART to conduct a price review if there is a material difference in forecast and actual costs is a powerful incentive for the Standard Retailers to be as accurate in their forecasts as possible and only pass through their efficient costs. However, given the uncertainty associated with the introduction of climate change mitigation policies, ActewAGL believes IPART should consider materiality in the context of large discrepancies between forecast and actual costs, for example by comparing the difference against the Standard Retailer's annual retail gas revenues. IPART could consider adopting the same materiality threshold it has adopted in its review of regulated NSW retail electricity prices.

It is also unclear whether or not IPART will be looking at the differences in the single year when carbon prices are available, or if it would look at the aggregated differences across all

²⁷ IPART, 2010, p44-45

²⁸ IPART, 2010, p44

²⁹ IPART, 2010, p44

³⁰ IPART, 2010, p44

³¹ IPART, 2010, p44

³² IPART, 2010, p45

³³ IPART, 2010, p45

the years of the regulatory period. This would have implications for any materiality threshold IPART were to consider adopting for the purposes of reconciling forecast and actual carbon prices. Nevertheless, given the uncertainties, ActewAGL is satisfied with the intent of the Draft Decision to fully pass through the costs related to any government carbon pollution mitigation scheme.

5. *Miscellaneous fees and charges*

ActewAGL notes that IPART accepted ActewAGL's proposal for its miscellaneous fees and charges submitted on 2 February 2010. However, in its Draft Decision IPART also accepted that passing through network miscellaneous charges is likely to impose a small administrative cost on retailers of up to \$2.50 per customer.³⁴ Accordingly, ActewAGL has adjusted its miscellaneous network charges to include the administrative fee on network charges and submits an updated schedule of the miscellaneous fees and charges in Attachment 1.

IPART has also requested ActewAGL's views on the inclusion of an exemption to the late payment fee.³⁵ That is, for the late payment fee to only apply "where considered appropriate by the Energy and Water Ombudsman." ActewAGL has considered this proposal and agrees to apply a similar exemption to the late payment fee in its VTPA as proposed by IPART.

³⁴ IPART, 2010, p57

³⁵ Email from IPART on 5 May 2010

6. ActewAGL's updated price path for 2010-13

As noted by IPART in the draft decision, ActewAGL's capital structure is different from a benchmark gas business since it has no depreciation costs. This has required adjustments to IPART's financial model to "standardise" for ActewAGL's circumstance. However, ActewAGL is still not convinced that IPART's model precisely reflects ActewAGL's specific business circumstances, but notes that the differences are fairly small when measured in absolute amounts.

ActewAGL has updated its price path based on a revised wholesale gas cost of \$7.31 (As discussed in section 3.1), and used IPART's model to determine an updated price for the R component of the standing tariff for 2010-13 of CPI -0.3% in each year. The price path is based on the average retail operating cost per customer over the three years as assessed by IPART.

Given that ActewAGL is able to achieve economies of scale through the commercial arrangement with its service provider, ActewAGL can accept that this price path would provide a workable outcome within the lighter-handed spirit of the VTPA that will have been in place for 12 years when this new period concludes in 2013.

Glossary

Abbreviation	Meaning
ACT	Australian Capital Territory
ActewAGL	Unless otherwise specified, refers to the ActewAGL retail partnership.
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
AEU	Australian Emission Unit
COAG	Council of Australian Governments
CPI	Consumer Price Index
CPRS	Carbon Pollution Reduction Scheme
FRC	Full Retail Contestability
GHG	Greenhouse gas
GJ	Gigajoule(s)
ICRC	Independent Competition and Regulatory Commission
IPART	Independent Pricing and Regulatory Tribunal (of New South Wales)
MCE	Ministerial Council on Energy
QCA	Queensland Competition Authority
RET	Renewable Energy Target
UAG	Unaccounted for gas
VPP	Voluntary Pricing Principle
VTPA	Voluntary Transitional Pricing Arrangement
WAPC	Weighted Average Price Cap

References

ActewAGL, 2009, *Review of Regulated Retail Tariffs and Charges for Gas 2010-13 - Submission*, 18 December 2009

Email 22 March 2010 from IPART

Email 5 May 2010 from IPART

Essential Services Commission of South Australia, *Gas Standing Contract Price Path Inquiry – final inquiry report and final price determination*, June 2008

Independent Pricing and Regulatory Tribunal, 2009, *Review of Regulated Retail Tariffs and Charges for Gas 2010-13 – Issues Paper*, November 2009

Independent Pricing and Regulatory Tribunal, 2010, *Review of Regulated Retail Tariffs and Charges for Gas 2010-13 – Draft Decision*, April 2010

Rudd, K, 2010, Transcript of doorstep Nepean Hospital, Penrith, 27 April 2010, <http://www.pm.gov.au/node/6708>

Strategic Finance Group, 2010, *Estimation of a competitive profit margin for gas retailers in New South Wales*, April 2010

Attachment 1. Miscellaneous fees and charges consistent with draft decision

The miscellaneous fees and charges in the tables below assume inflation is 2.11%, 2.7% and 2.7% for 2010/11, 2011/12 and 2012/13 as used in IPART's draft decision and are rounded to the nearest 10 cents.

Queanbeyan and Bungendore prices (exc. GST)	Proposed			
	2009/10	2010/11	2011/12	2012/13
3 Miscellaneous fees and charges				
3.1 Account establishment fee	\$ 23.40	\$ 23.80	\$ 24.40	\$ 25.00
3.2 Account establishment fee (pensioners)	\$ 11.50	\$ 11.70	\$ 12.00	\$ 12.30
3.3 Collector call fee	\$ 35.40	\$ 36.10	\$ 37.00	\$ 37.90
3.4 Disconnection/reconnection fee	\$ 83.10	\$ 84.80	\$ 87.00	\$ 89.30
3.5 After-hours reconnection fee	\$ 119.00	\$ 121.50	\$ 124.70	\$ 128.00
3.6 High bill field visit	\$ 58.10	\$ 59.30	\$ 60.90	\$ 62.50
3.7 Late payment fee	\$ 11.50	\$ 11.70	\$ 12.00	\$ 12.30
3.8 Dishonoured payment	\$ 24.90	\$ 25.40	\$ 26.00	\$ 26.70
3.9 Special meter read	\$ 47.30	network charge plus \$2.50 admin fee	network charge plus \$2.50 admin fee	network charge plus \$2.50 admin fee
3.10 Network disconnection fee	\$ 121.30	network charge plus \$2.50 admin fee	network charge plus \$2.50 admin fee	network charge plus \$2.50 admin fee
3.11 Network reconnection fee	\$ 89.60	network charge plus \$2.50 admin fee	network charge plus \$2.50 admin fee	network charge plus \$2.50 admin fee
3.12 Meter testing charges:				
12 cubic meters	\$ 49.80	\$ 50.80	\$ 52.10	\$ 53.50
33 cubic meters	\$ 71.10	\$ 72.60	\$ 74.50	\$ 76.50
85 cubic meters	\$ 95.00	\$ 97.00	\$ 99.60	\$ 102.20
300 cubic meters	\$ 357.40	\$ 364.90	\$ 374.70	\$ 384.80
880 cubic meters	\$ 953.50	\$ 973.60	\$ 999.80	\$ 1,026.70
3.13 Security deposit				
residential (refund after residential bills paid on time for one year)	up to 1.5 times the average quarterly account (standard charge \$150)	up to 1.5 times the average quarterly account (standard charge \$150)	up to 1.5 times the average quarterly account (standard charge \$150)	up to 1.5 times the average quarterly account (standard charge \$150)
business(refund after business bills paid on time for two years)	2.5 times the average monthly account	2.5 times the average monthly account	2.5 times the average monthly account	2.5 times the average monthly account

Shoalhaven (exc. GST)	Proposed			
	2009/10	2010/11	2011/12	2012/13
3 Miscellaneous fees and charges				
3.1 Account establishment fee	\$ 23.40	\$ 23.80	\$ 24.40	\$ 25.00
3.2 Account establishment fee (pensioners)	\$ 11.50	\$ 11.70	\$ 12.00	\$ 12.30
3.3 Collector call fee	\$ 35.40	\$ 36.10	\$ 37.00	\$ 37.90
3.4 Disconnection/reconnection fee	\$ 83.10	\$ 84.80	\$ 87.00	\$ 89.30
3.5 After-hours reconnection fee	\$ 118.90	\$ 121.40	\$ 124.60	\$ 127.90
3.6 High bill field visit	\$ 58.10	\$ 59.30	\$ 60.90	\$ 62.50
3.7 Late payment fee	\$ 11.50	\$ 11.70	\$ 12.00	\$ 12.30
3.8 Dishonoured payment	\$ 24.90	\$ 25.40	\$ 26.00	\$ 26.70
3.9 Special meter read	\$ 42.90	network charge plus \$2.50 admin fee	network charge plus \$2.50 admin fee	network charge plus \$2.50 admin fee
3.10 Network disconnection fee	\$ 108.00	network charge plus \$2.50 admin fee	network charge plus \$2.50 admin fee	network charge plus \$2.50 admin fee
3.11 Meter testing charges:				
12 cubic meters	\$ 49.80	\$ 50.80	\$ 52.10	\$ 53.50
33 cubic meters	\$ 71.10	\$ 72.60	\$ 74.50	\$ 76.50
85 cubic meters	\$ 95.00	\$ 97.00	\$ 99.60	\$ 102.20
300 cubic meters	\$ 357.40	\$ 364.90	\$ 374.70	\$ 384.80
880 cubic meters	\$ 953.50	\$ 973.60	\$ 999.80	\$ 1,026.70
3.12 Security deposit				
residential (refund after residential bills paid on time for one year)	up to 15 times the average quarterly account (standard charge \$150)	up to 15 times the average quarterly account (standard charge \$150)	up to 15 times the average quarterly account (standard charge \$150)	up to 15 times the average quarterly account (standard charge \$150)
business(refund after business bills paid on time for two years)	2.5 times the average monthly account	2.5 times the average monthly account	2.5 times the average monthly account	2.5 times the average monthly account

Capital (exc. GST)	Proposed			
	2009/10	2010/11	2011/12	2012/13
3 Miscellaneous fees and charges				
3.1 Account establishment fee	\$ 23.40	\$ 23.80	\$ 24.40	\$ 25.00
3.2 Account establishment fee (pensioners)	\$ 11.50	\$ 11.70	\$ 12.00	\$ 12.30
3.3 Collector call fee	\$ 35.40	\$ 36.10	\$ 37.00	\$ 37.90
3.4 Disconnection/reconnection fee	\$ 83.10	\$ 84.80	\$ 87.00	\$ 89.30
3.5 After-hours reconnection fee	\$ 119.00	\$ 121.50	\$ 124.70	\$ 128.00
3.6 High bill field visit	\$ 58.10	\$ 59.30	\$ 60.90	\$ 62.50
3.7 Late payment fee	\$ 11.50	\$ 11.70	\$ 12.00	\$ 12.30
3.8 Dishonoured payment	\$ 24.90	\$ 25.40	\$ 26.00	\$ 26.70
3.9 Special meter read	\$ 42.90	network charge plus \$2.50 admin fee	network charge plus \$2.50 admin fee	network charge plus \$2.50 admin fee
3.10 Network disconnection/reconnection fee:				
meters with capacity of up to 6m3/hr - Residential fee	\$ 90.30	network charge plus \$2.50 admin fee	network charge plus \$2.50 admin fee	network charge plus \$2.50 admin fee
meters with capacity greater than 6m3/hr - Business fee	\$ 317.10	network charge plus \$2.50 admin fee	network charge plus \$2.50 admin fee	network charge plus \$2.50 admin fee
3.11 Meter testing charges:				
12 cubic meters	\$ 49.80	\$ 50.80	\$ 52.10	\$ 53.50
33 cubic meters	\$ 71.10	\$ 72.60	\$ 74.50	\$ 76.50
85 cubic meters	\$ 95.00	\$ 97.00	\$ 99.60	\$ 102.20
300 cubic meters	\$ 357.40	\$ 364.90	\$ 374.70	\$ 384.80
880 cubic meters	\$ 953.50	\$ 973.60	\$ 999.80	\$ 1,026.70
3.12 Security deposit				
residential (refund after residential bills paid on time for one year)	up to 1.5 times the average quarterly account (standard charge \$150)	up to 1.5 times the average quarterly account (standard charge \$150)	up to 1.5 times the average quarterly account (standard charge \$150)	up to 1.5 times the average quarterly account (standard charge \$150)
business(refund after business bills paid on time for two years)	2.5 times the average monthly account	2.5 times the average monthly account	2.5 times the average monthly account	2.5 times the average monthly account