



Chris Hartcher MP
Minister for Resources and Energy
Special Minister of State and
Minister for the Central Coast

V12/4188

Dr Peter Boxall
Chairman
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB POST OFFICE NSW 1230

Dear Dr Boxall

Pursuant to section 43EA(1) of the *Electricity Supply Act 1995* (the Act), I am referring to the Tribunal for investigation and report, the determination of regulated electricity retail tariffs and charges in New South Wales for the period from 1 July 2013 to 30 June 2016. Please find further details in the attached Terms of Reference to the Tribunal.

I confirm that an amendment regulation will be made to extend the operation of Part 4, Division 5 of the Act to 30 June 2016, under which the Tribunal's determination may be made.

With regard to gas tariffs and charges, I note that the current standard tariffs for gas small retail customers, previously agreed by the Tribunal and the standard gas retailers under Voluntary Transitional Pricing Arrangements (VTPAs) are due to expire on 30 June 2013.

I further request that the Tribunal continue to regulate the standard tariffs for small retail gas customers for the period 1 July 2013 to 30 June 2016, in accordance with section 27 of the *Gas Supply Act 1996* (the Act). I request that the Tribunal ensure that either new VTPAs or gas pricing orders are in place for the period 1 July 2013 to 30 June 2016.

In regulating such prices, 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 look forward to the Tribunal's final report on both these matters in time for commencement on 1 July 2013.

If you require further information on this matter, please contact Jessie Foran, Senior Policy Advisor for Energy, in my office on (02) 9228 5289.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Chris Hartcher".

Chris Hartcher MP

Encl. 27.9.12