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APPROVAL OF REFERENCE TARIFFS AND CHARGES
FOR STANDARD NETWORK ACCESS SERVICES
1 JULY 2007 – 30 JUNE 2008

In accordance with clause 78(3) of the Electricity Networks (Third Party Access) Code ("the Code"), the Commission hereby approves the attached network tariffs and charges relating to the use of the Power and Water Corporation's prescribed electricity networks for the financial year commencing 1 July 2007.

In particular, as required under the *2004 Reset Final Determination* (published in February 2004):

- the weighted average of the tariffs included in the schedule, expressed in index number form, complies with the constraint:

$$P_t \leq [(P_{t-1} * (1 + Z)) * (CPI_{t-1} / CPI_{t-2}) * (1 - (X_1 + X_2))]]$$

- Power and Water has submitted a statement of reasons that explains why the structure of network access tariffs proposed is consistent with the existing approved Pricing Principles Statement (approved on 22 February 2006) and is capable of publication; and
- the weighted average tariff for each individual end-use customer complies with the CPI+S side constraint applying in 2007-08.

In the Commission's opinion, the approved tariffs and charges comply with the above requirements and therefore with the relevant principles laid down in the Code.

The tariffs and charges approved for 2007-08 are the maximum that the Corporation can charge for standard network access services provided with respect to each electricity network.

The approved tariffs and charges are to take effect on 1 July 2007. The published pricing schedules may be expressed in GST-inclusive terms.

Power and Water's statement regarding the structure of network access tariffs can be viewed on the Commission's website, along with a summary of the Commission's analysis and supporting documentation.

Alan Tregilgas
Utilities Commissioner
(for the Utilities Commission)
18 May 2007

Schedule 1 - Northern Grid 2007-08

EXCLUDING GST

A - For Customers with consumption above 750 MWh per year

Reference Service Provided: Normal Transmission and Distribution of Electricity consumed through customer's metering for customers supplied and metered at any voltage in the Darwin and Katherine network areas, but excluding common service charges associated with the Darwin Katherine Transmission Line.

	System Availability Charge	\$/kVA peak	\$/kVA off peak	c/kWh peak	c/kWh off peak
System Availability Charge					
Dollars per month	\$333.701				
Plus charges related to monthly demand					
First 50 kVA per month		\$5.005	\$1.168		
Next 100 kVA per month		\$4.339	\$1.034		
Next 300 kVA per month		\$3.604	\$0.901		
Next 500 kVA per month		\$2.838	\$0.796		
Next 1,000 kVA per month		\$2.146	\$0.659		
Next 1,000 kVA per month		\$1.939	\$0.589		
Any further kVA per month		\$1.939	\$0.589		
Plus charges related to energy metered					
First 10,000 kWh per month				2.571	2.321
Next 20,000 kWh per month				2.236	1.987
Next 50,000 kWh per month				1.820	1.570
Next 100,000 kWh per month				1.540	1.283
Next 200,000 kWh per month				1.195	0.847
Next 200,000 kWh per month				1.022	0.763
Any further energy per month				0.936	0.676

B - For Customers with consumption below 750 MWh per year

Reference Service Provided: Normal Transmission and Distribution of Electricity for customers supplied at low voltage in the Darwin and Katherine network areas, but excluding charges associated with the Darwin Katherine Transmission Line.

	System Availability Charge	c/kWh anytime
System Availability Charge		
Commercial: cents per day	27.879	
Domestic: cents per day	17.545	
Plus charges related to energy metered		
First 1,000 kWh per month (pro-rated per billing period)		5.466
Energy used above 1,000 kWh per month (pro-rated per billing period)		4.593
Street lighting and other unmetered supplies		3.069

Schedule 2 - Alice Springs 2007-08

EXCLUDING GST

A - For Customers with consumption above 750 MWh per year

Reference Service Provided: Normal Transmission and Distribution of Electricity consumed through customer's metering for customers supplied and metered at any voltage in the Alice Springs network.

	System Availability Charge	\$/kVA peak	\$/kVA off peak	c/kWh peak	c/kWh off peak
System Availability Charge					
Dollars per month	\$381.947				
Plus charges related to monthly demand					
First 50 kVA per month		\$5.844	\$1.247		
Next 100 kVA per month		\$5.069	\$1.074		
Next 300 kVA per month		\$4.125	\$0.946		
Next 500 kVA per month		\$3.388	\$0.892		
Next 1,000 kVA per month		\$2.496	\$0.713		
Next 1,000 kVA per month		\$2.318	\$0.669		
Any further kVA per month		\$2.318	\$0.669		
Plus charges related to energy metered					
First 10,000 kWh per month				2.707	2.421
Next 20,000 kWh per month				2.327	2.041
Next 50,000 kWh per month				1.850	1.562
Next 100,000 kWh per month				1.521	1.225
Next 200,000 kWh per month				1.324	0.927
Next 200,000 kWh per month				1.126	0.828
Any further energy per month				1.126	0.828

B - For Customers with consumption below 750 MWh per year

Reference Service Provided: Normal Transmission and Distribution of Electricity for customers supplied at low voltage in the Alice Springs network.

	System Availability Charge	c/kWh anytime
System Availability Charge		
Commercial: cents per day	31.912	
Domestic: cents per day	20.080	
Plus charges related to energy metered		
First 1,000 kWh per month (pro-rated per billing period)		5.462
Energy used above 1,000 kWh per month (pro-rated per billing period)		4.465
Street lighting and other unmetered supplies		3.384

Schedule 3 - Tennant Creek 2007-08

EXCLUDING GST

A - For Customers with consumption above 750 MWh per year

Reference Service Provided: Normal Transmission and Distribution of Electricity consumed through customer's metering for customers supplied and metered at any voltage in the Tennant Creek network.

	System Availability Charge	\$/kVA peak	\$/kVA off peak	c/kWh peak	c/kWh off peak
System Availability Charge					
Dollars per month	\$319.825				
Plus charges related to monthly demand					
First 50 kVA per month		\$6.715	\$1.406		
Next 100 kVA per month		\$5.757	\$1.248		
Next 300 kVA per month		\$4.670	\$1.088		
Next 500 kVA per month		\$3.775	\$0.928		
Next 1,000 kVA per month		\$3.135	\$0.800		
Next 1,000 kVA per month		\$2.879	\$0.673		
Any further kVA per month		\$2.879	\$0.673		
Plus charges related to energy metered					
First 10,000 kWh per month				3.746	3.506
Next 20,000 kWh per month				3.426	3.185
Next 50,000 kWh per month				2.866	2.626
Next 100,000 kWh per month				2.387	2.146
Next 200,000 kWh per month				1.825	1.507
Next 200,000 kWh per month				1.588	1.346
Any further energy per month				1.507	1.268

B - For Customers with consumption below 750 MWh per year

Reference Service Provided: Normal Transmission and Distribution of Electricity for customers supplied at low voltage in the Tennant Creek network.

	System Availability Charge	c/kWh anytime
System Availability Charge		
Commercial: cents per day	25.586	
Domestic: cents per day	15.991	
Plus charges related to energy metered		
First 1,000 kWh per month (pro-rated per billing period)		11.002
Energy used above 1,000 kWh per month (pro-rated per billing period)		10.203
Street lighting and other unmetered supplies		8.085

Schedule 4 - Northern Grid - DKTL

EXCLUDING GST

A - For Customers with consumption above 750 MWh per year

Reference Service Provided: Common Service amount to be added to other charge rates for Transmission and Distribution of Electricity consumed through customer's metering for customers supplied and metered at any voltage in the Darwin and Katherine network areas to account for the common service charges associated with the Darwin Katherine Transmission Line.

	System Availability Charge	\$/kVA peak	\$/kVA off peak	c/kWh peak	c/kWh off peak
Additional System Availability Charge					
Dollars per month	Nil				
Plus charges related to monthly demand					
For any kVA per month		Nil	Nil		
Plus charges related to energy metered					
For any kWh per month				0.456	0.456

B - For Customers with consumption below 750 MWh per year

Reference Service Provided: Common Service amount to be added to other charges for Transmission and Distribution of Electricity for customers supplied at low voltage in the Darwin and Katherine network areas to account for the Darwin Katherine Transmission Line.

	System Availability Charge	c/kWh anytime
System Availability Charge		
Commercial: cents per day	Nil	
Domestic: cents per day	Nil	
Plus charges related to energy metered		
For any kWh per month		0.456
Street lighting and other unmetered supplies		0.456

"Standard" Reference Network Service

The scheduled network tariffs are "reference rates" for the delivery of "standard" network access services throughout the Northern Territory. The rates are determined under a weighted average price cap for the combined regulated networks that is regulated by the Utilities Commission. The price cap (also known as CPI-X regulation) is intended to provide incentives for efficiency improvements that are reasonably expected to be achieved rather than on forecasts of the network service provider's own costs. A once-off cost-based 'base year' adjustment of the weighted average of network access tariffs was also made at the end of the first regulatory period reflecting an updated building blocks analysis of the most recently available actual data. This building blocks analysis is based on capital investment and an associated investment risk, in addition to a standard of operations and maintenance, such as might be expected by a prudent operator in the industry.

While "standard" network services may not be defined more specifically, in principle this implies at least the following characteristics of a customer's energy delivery requirements and the associated networks to deliver them:

- The network will be designed, constructed, maintained and operated in accordance with good and appropriate industry practice, with suitable capacity, reliability and redundancy, and in accordance with relevant Codes for network design and performance.
- The customer will draw all its normal energy requirements through the network and will thus be an importer of energy under normal circumstances.

Hence it is apparent that different circumstances may require individual consideration and negotiation for tariffs and/or capital contributions. Such circumstances could include:

- A customer requiring greater than normal reliability or back-up to the site so that network assets are under-utilised under normal circumstances.
- A customer acknowledging that supply will only be required at the site for a limited duration (eg till the mine runs out or the sleepers are all manufactured) so that revenue recovery ought be accelerated because of the shorter expected useful lifetime of the assets.
- A customer with exceptionally low load factor power factor product characteristics resulting in low utilisation of the assets (eg a site with energy needs which show seasonal or cyclic variation, possibly with comparatively low energy delivery over the whole period).
- A customer proposing to arrange local generation of all or part of its normal energy requirements so that use of the network would only be under abnormal circumstances, and hence would be regarded as providing "back-up" or "standby" connection without the energy delivery expected from the capacity of the assets employed by the Network Service Provider.
- A site where local generation may seek to export power to the general network and possibly thence to customers of that generation at other locations.

The Utilities Commission has approved a framework for these negotiations, namely:

- "Framework for Negotiating Discounted Network Tariffs" – October 2005;
- "Framework for Negotiating Embedded Generation Agreements" – October 2005; and
- "Capital Contributions Policy" – 29 April 2004.

Part of the required revenue (through the price cap) is normally recovered through energy related charges as the "least distorting" recovery mechanism for the funds deficiency above the System Availability Charge and demand components even though practically none of the real network costs are related to energy per se. Consequently, the charges associated with non-standard services may not directly relate to demand or energy actually required, but rather more directly towards recovery of a portion of the required network revenue that would be expected from the network assets under normal use.

Peak and off-peak periods for demand and energy related charging rates will be as determined from time to time. The peak period rates currently apply to usage between 6.00 am and 6.00 pm on any day. Off-peak period rates apply at other times.

Note: If a customer requiring less than 750 MWh per year is supplied at high voltage, a discount of 5% applies to Energy rate charges only.