

NORTHERN TERRITORY OF AUSTRALIA

Electricity Reform Act

NOTICE OF MAKING OF ELECTRICITY PRICING ORDER

I, SYDNEY JAMES STIRLING, the Treasurer, pursuant to section 44(9) of the *Electricity Reform Act*, give notice that an electricity pricing order has been made regulating the sale of electricity to customers of the class prescribed by regulation 13A of the Electricity Reform (Administration) Regulations that will have the effect of regulating the maximum annual percentage increase in tariff payable by those customers up to and including 31 March 2005, and that takes effect on and from 1 April 2004.

Copies of this order are available at any office of the Power and Water Corporation for inspection by members of the public.

Dated 2004.

Treasurer

NORTHERN TERRITORY OF AUSTRALIA

Electricity Reform Act

ELECTRICITY PRICING ORDER

I, SYDNEY JAMES STIRLING, the Treasurer, pursuant to section 44(1)(a) of the *Electricity Reform Act*, issue an electricity pricing order for the sale of electricity to customers of the class prescribed by regulation 13A of the Electricity Reform (Administration) Regulations regulating the prices in the manner specified in the Schedule with effect on and from 1 April 2004.

Dated 2004.

Treasurer

SCHEDULE

1. In this Schedule, unless the contrary intention appears –
 - "Constrained Tariff", for a particular Prescribed Customer, means a Retail Tariff calculated in accordance with paragraph 4 of this Schedule, as applicable;
 - "Corporation" means the Power and Water Corporation;
 - "Cost Reflective Tariff", for a particular Prescribed Customer, means a Retail Tariff calculated in accordance with paragraph 3 of this Schedule;
 - "CPI" means the consumer price index published by the Australian Bureau of Statistics;
 - "General Purpose Tariff" means the tariff applying to general purpose installations;
 - "Grace Period" means the two year period commencing 1 April 2002;
 - "Maximum Annual Escalation Factor", means a factor calculated as follows:
$$\left(\frac{\text{CPI}_{t-1}}{\text{CPI}_{t-2}}\right) + 0.03$$
where –
 - "CPI_{t-1}" is the average of the March, June, September and December quarter index values of the Darwin All Groups CPI in 2003; and
 - "CPI_{t-2}" is the average of the March, June, September and December quarter index values of the Darwin All Groups CPI in 2002;
 - "Off Peak Period" means the period in any day which is not a Peak Period;
 - "Peak Period" means the period between the hours of 6am and 6pm (inclusive) in any day;
 - "Prescribed Customer" means a customer of the class prescribed by regulation 13A of the Electricity Reform (Administration) Regulations;
 - "Retail Tariff", for the supply of electricity, means the price that, when applied to a customer's characteristics and requirements, determines the charge that is payable by that customer to the Corporation for the purchase of that electricity;
 - "Weighted Average Tariff", with respect to a particular year, means a multi-part Retail Tariff re-expressed in a cents per kWh weighted

average form calculated in accordance with the following formula:

$$[\sum_{i=1..n} [p^i_t * q^i_{t-1}]] / Q_{t-1}$$

where –

"p" is a price component of the Retail Tariff (of the type prescribed in paragraph 3(b));

"q" is the quantity weight associated with a price component of the Retail Tariff; and

"Q" is the amount of kWh per annum purchased by the customer; and –

the "i" superscript denotes an individual price component of the Retail Tariff;

the "S" symbol denotes the summation of all relevant values across all individual price components of the Retail Tariff; and

the "t-based" subscript denotes a particular Year, with t denoting the current Year and t-1 the most recently completed Year; and

"Year" means a 12 month period commencing on 1 April.

2. With respect to each Prescribed Customer, until a Cost Reflective Tariff has applied to the customer (and thereafter the Constrained Tariff is no longer applicable), the Retail Tariff for such a customer must be the lesser of –
 - the Cost Reflective Tariff; or
 - the Constrained Tariff.
3. The Cost Reflective Tariff for a particular Prescribed Customer is to be calculated in accordance with a methodology developed by the Corporation which –
 - (a) is at a level sufficient to recover from that customer no more than the customer's reasonable share of the forward-looking and efficient costs of supplying electricity to Prescribed Customers including a reasonable risk-adjusted rate of return on the capital employed in supplying such customers; and
 - (b) is structured in a manner that signals the economic costs of service provision, and involves and separately identifies the following fixed and variable components:
 - (i) system availability charge expressed as a daily rate;
 - (ii) peak energy cost expressed as cents per kWh consumed during the Peak Period per calendar month;

- (iii) off-peak energy cost expressed as cents per kWh consumed during the Off-Peak Period per calendar month;
- (iv) peak maximum kVA demand charge expressed as dollars per kVA for the Peak Period maximum kVA recorded each month;
- (v) off-peak maximum kVA demand charge expressed as dollars per kVA for the Off-Peak Period maximum kVA recorded each month.

4. The Constrained Tariff for a particular Prescribed Customer is a Retail Tariff, separated into the individual tariff components identified in paragraph 3(b), that complies with the following formula when expressed in Weighted Average Tariff form:

A multiplied by B

where –

"A" is the average price (in cents per kWh), including or excluding GST, based on the scheduled pre-contestability tariff that –

- (i) applied to the Prescribed Customer during the Grace Period; or
- (ii) in the case of a customer who became a Prescribed Customer after the Grace Period – would have applied to the customer had they been a contestable customer during the Grace Period; and

"B" is the Maximum Annual Escalation Factor.
