

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 the electricity pricing order specified in the Schedule for the sale of electricity to customers of the class prescribed by regulation 13A of the *Electricity Reform (Administration) Regulations*, to take effect on 1 July 2006 and remain in force to 30 June 2007.

Dated

Treasurer

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## SCHEDULE

### ORDER

#### 1. Definitions

In this Order:

"Constrained Tariff", for a particular Prescribed Customer, means a Retail Tariff calculated in accordance with clause 5 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 clause 4 of this Schedule;

"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:

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

where:

"p" is a price component of the Retail Tariff;

"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 " $\Sigma$ " 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;

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

## **2. Application of Order**

This Order applies in relation to retail prices for electricity and related services supplied to customers of the class prescribed by regulation 13A of the *Electricity Reform (Administration) Regulations* ("Prescribed Customers").

## **3. Tariff for Prescribed Customer**

For 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 must be the lesser of:

- (a) the Cost Reflective Tariff; or
- (b) the Constrained Tariff.

## **4. Cost Reflective Tariff**

The Cost Reflective Tariff for a particular Prescribed Customer must 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.

## **5. Constrained Tariff**

For the period 1 July 2006 to 30 June 2007, the Constrained Tariff for a particular Prescribed Customer, when expressed in Weighted Average Tariff form, equals the average price (in cents per kWh) including or excluding GST:

- (a) that applied to the Prescribed Customer for the period 1 July 2005 to 30 June 2006 plus 2.6 per cent; or

- (b) in the case of a customer who becomes a Prescribed Customer during the period 1 July 2006 to 30 June 2007 – that would have applied to the customer had they been a Prescribed Customer during the period 1 July 2005 to 30 June 2006 plus 2.6 per cent.

**6. Role of Utilities Commission**

The Utilities Commission must:

- (a) monitor compliance with this Order; and
- (b) enforce this Order in accordance with section 23 of the *Utilities Commission Act* in the same manner as if it were a determination under that Act; and
- (c) investigate any complaints made to the Utilities Commission by customers of the class prescribed by regulation 13A of the *Electricity Reform (Administration) Regulations* that prices to which this Order applies do not comply with this Order.

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*Electricity Reform Act*

NOTICE OF MAKING OF ELECTRICITY PRICING ORDER

I, SYDNEY JAMES STIRLING, the Treasurer, pursuant to section 44(8) and (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 from 1 July 2006 to 30 June 2007.

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

Dated

Treasurer