

NORTHERN TERRITORY OF AUSTRALIA

Electricity Reform Act

NOTICE OF MAKING OF ELECTRICITY PRICING ORDER

I, Robyn Jane Lambley, Treasurer, under section 44(8) of the *Electricity Reform Act*, give notice that:

- (a) an electricity pricing order regulating prices for the sale of electricity to customers of the classes prescribed by regulation 13A(a), (b) and (c) of the *Electricity Reform (Administration) Regulations* has been issued; and
- (b) the order will have the effect of regulating prices for the sale of electricity to those customers for the period from 1 January 2013 to 30 June 2013; and
- (c) copies of the order may be inspected at or obtained from any office of the Power and Water Corporation.

Dated **03 DEC 2012**



Treasurer

NORTHERN TERRITORY OF AUSTRALIA

Electricity Reform Act

ELECTRICITY PRICING ORDER

I, Robyn Jane Lambley, Treasurer, under section 44(1)(a) of the *Electricity Reform Act*:

- (a) revoke, with effect on 1 January 2013, the electricity pricing order relating to customers of the class prescribed by regulation 13A of the *Electricity Reform (Administration) Regulations*, made on 25 June 2009 and notified in *Gazette* No. S32 dated 30 June 2009, as varied; and
- (b) issue the electricity pricing order set out in the Schedule, to take effect on 1 January 2013 and to remain in force for the period to and including 30 June 2013.

Dated



Treasurer

03 DEC 2012

SCHEDULE

Electricity pricing order

1 Definitions

In this electricity pricing order:

constrained tariff means a retail tariff calculated under clause 5 of this order.

Corporation means the Power and Water Corporation.

cost reflective tariff means a retail tariff calculated under clause 4 of this order.

prescribed customer means a customer of a class prescribed by regulation 13A(a), (b) or (c) of the *Electricity Reform (Administration) Regulations*.

pricing period means the period from 1 January 2013 to 30 June 2013.

retail tariff means the price the Corporation may charge a prescribed customer, in accordance with this pricing order, for the supply of electricity.

weighted average tariff, for a year, means a multi-part retail tariff re-expressed in a cents per kWh weighted average form calculated in accordance with the following formula:

$$[\sum_{i=1...n} [p_t^i \cdot q_{t-1}^i]] / Q_{t-1}$$

where:

p is a price component of the retail tariff; and

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; and

Σ denotes the summation of all relevant values across all individual price components of the retail tariff; and

t denotes the current year; and

t-1 denotes the most recently completed year.

year means a 12 month period commencing on 1 July.

2 Application of electricity pricing order

This electricity pricing order applies in relation to retail prices for electricity supplied to prescribed customers during the pricing period.

3 Retail tariff

The retail tariff for a prescribed customer is:

- (a) while the constrained tariff relevant to the customer is less than the cost reflective tariff – the constrained tariff ; and
- (b) thereafter – the cost reflective tariff.

4 Cost reflective tariff

- (1) The cost reflective tariff for a prescribed customer must be:
 - (a) at a level sufficient to recover from the 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 those customers; and
 - (b) structured in a manner that shows the economic costs of service provision.
- (2) The cost reflective tariff must be calculated in accordance with a methodology developed by the Corporation.

5 Constrained tariff

The constrained tariff for a 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 during the 12 months to 30 June 2012, plus the increase specified in clause 6; or
- (b) in relation to a customer who becomes a prescribed customer during the pricing period – that would have applied had the customer been a prescribed customer during the 12 months to 30 June 2012, plus the increase specified in clause 6.

6 Tariff increase

- (1) For clause 5(a) and (b), the constrained tariff is increased by:
 - (a) 2.8% (which is CPI); and
 - (b) an additional 30%; and
 - (c) an additional 1.45 cents per kWh (which is an additional charge resulting from the introduction of a carbon price).
- (2) In this clause:

CPI means the consumer price index (CPI) factor used in the Northern Territory Government Budget for 2012 to 2013.

7 Role of Utilities Commission

The Utilities Commission must:

- (a) monitor compliance with this electricity pricing order; and
- (b) enforce this order under section 23 of the *Utilities Commission Act* in the same way as if it were a determination under that Act; and
- (c) investigate any complaint made to the Utilities Commission by a Prescribed Customer that prices to which this order applies do not comply with this order.