



Our Ref: Doc2007/1331; 2007/531

Your Ref: UTC2007/9

Mr Alan Tregilgas
Commissioner
Northern Territory Utilities Commission
GPO Box 915
DARWIN NT 0801

Dear Mr Tregilgas

RE: NETWORKS PRICING 2009 REGULATORY RESET - ISSUES PAPER

Northern Territory Treasury notes that the Utilities Commission has commenced the process for determining the charges for using prescribed electricity networks in the Northern Territory for the period 1 July 2009 to 30 June 2014 (the 2009 Regulatory Reset) by inviting comment on the Networks Pricing: 2009 Regulatory Reset Issues Paper.

Treasury understands that the Commission's intended focus for the 2009 Regulatory Reset process will be to review the operation of the existing price-cap methodology for determining network access charges put in place in 2004, as opposed to reviewing options on the form of regulation.

This approach has merit as it is consistent with the objective of the 2004 Regulatory Reset (which set network access charges for the period 1 July 2004 to 30 June 2009) to institute a methodology that would ensure there is continuity over time in the setting of network access charges. As a result it provides greater certainty to the local electricity industry and network users about the cost of electricity services.

Additionally, although the National Electricity Law and Rules are not in force in the Territory, Treasury considers it important that regulatory practice in the Territory remain consistent with the national framework for electricity distribution networks, including proposed amendments now being developed by the Ministerial Council on Energy.

Treasury will continue to monitor and comment on the 2009 Regulatory Reset process. If at any stage you would like to discuss any aspects of the 2009 Regulatory

Reset process with Treasury officers please contact Craig Graham, Director
Economic Frameworks on 08 8999 7238.

Yours sincerely



TONY STUBBIN
Acting Under Treasurer

21 December 2007