

NORTHERN TERRITORY OF AUSTRALIA

Electricity Reform Act

NOTICE OF MAKING OF ELECTRICITY PRICING ORDER

I, David William Tollner, 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 a class prescribed by regulation 13A(a) to (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 May 2013 to 31 December 2013; and
- (c) a copy of the order may be inspected at, and obtained from, any office of the Power and Water Corporation.

Dated 23 APR 2013

A handwritten signature in black ink, appearing to read 'David Tollner', with a large, stylized initial 'D' and a flourish at the end.

Treasurer

NORTHERN TERRITORY OF AUSTRALIA

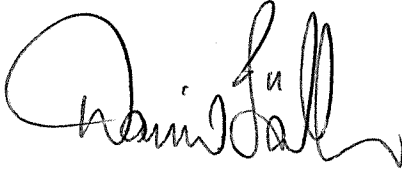
Electricity Reform Act

ELECTRICITY PRICING ORDER

I, David William Tollner, Treasurer:

- (a) under section 44(1)(a) of the *Electricity Reform Act* and with reference to section 43 of the *Interpretation Act*, revoke, with effect on 1 May 2013, the electricity pricing order relating to customers of a class prescribed by regulation 13A(a) to (c) of the *Electricity Reform (Administration) Regulations*:
- (i) dated 3 December 2012 and notified in *Gazette* No. S71 dated 3 December 2012; and
- (ii) that took effect on 1 January 2013; and
- (b) under section 44(1)(a) of the *Electricity Reform Act*, issue the electricity pricing order set out in the Schedule, to take effect on 1 May 2013 and to remain in force for the period to and including 31 December 2013.

Dated 23 APR 2013


Treasurer

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.

CPI means the consumer price index factor used in the Northern Territory Government budget for 2012–2013.

cost reflective tariff means a retail tariff mentioned in clause 4 of this order.

Greenhouse Gas Emission Scheme means a scheme under a law in force in the Territory relating to the production, emission, reduction, limitation, cessation, prevention, offset, sequestration or management of Greenhouse Gas emissions or concentrations.

kWh means kilowatt hours.

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

pricing period, see clause 2.

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

revoked pricing order, in relation to retail prices for electricity supplied to prescribed customers, means the pricing order that had effect immediately before 1 May 2013.

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:

$$R_t/Q_t$$

where:

R is the amount of revenue per annum invoiced to the customer corresponding to **Q**; and

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

t denotes the period from 1 July 2011 to 30 June 2012.

2 Application of electricity pricing order

This electricity pricing order applies in relation to retail prices for electricity supplied to prescribed customers by the Corporation during the period from 1 May 2013 to 31 December 2013 (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 period 1 July 2011 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 period 1 July 2011 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 20%.
- (2) The constrained tariff is also increased by the following amount in relation to the introduction of a Greenhouse Gas Emission Scheme:
 - (a) for the period 1 May 2013 to 30 June 2013 – 1.45 cents per kWh;
 - (b) for the period 1 July 2013 to 31 December 2013 – 1.53 cents per kWh.

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.

8 Transitional matters

- (1) The first time a prescribed customer is charged for retail prices for the supply of electricity on or after 1 May 2013, the charges must be reduced by the prescribed amount.
- (2) For subclause (1), the prescribed amount by which the charges must be reduced is the difference between:
 - (a) the amount the prescribed customer was charged under the revoked pricing order; and
 - (b) the amount the prescribed customer would have been charged if this pricing order had taken effect on 1 January 2013.
- (3) If:
 - (a) under the revoked pricing order, the cost reflective tariff had first started to apply in relation to a prescribed customer; but
 - (b) under this pricing order, the constrained tariff applies in relation to the customer;

the constrained tariff is taken to have continued to apply as if this pricing order had taken effect on 1 January 2013 and subclauses (1) and (2) apply accordingly.