

NOTICE TO CONTESTABLE CUSTOMERS 2004 REGULATORY RESET

The price that you, as a contestable customer, pay for your electricity supply has three components:

- a wholesale *energy* (or generation) component;
- a *retail* margin; and
- a *network* usage charge relating to the transport of electricity from generators to end-use customers.

In the Northern Territory, network usage charges are regulated by the Commission. Such charges can account for up to 40% of the total (or retail) price paid by contestable customers.

The price regulation methodology used by the Commission since 1 April 2000 is due to be reviewed by 30 June 2004. The Commission is required to review this methodology in consultation with all interested parties, including contestable customers.

Price regulation methodology involves the practical and technical detail for the administration of price regulation over which the Commission as regulator has a degree of discretion. Only when these methodology issues are settled (in stage 1) is it appropriate for the Commission to turn to issues that arise from implementation of the preferred methodologies.

Following its consideration of submissions received in response to both the Issues Paper (issued in July 2003) and the Draft Decision (issued in September 2003), the Commission's final decision on the methodology to be adopted for the regulation of network access prices in the second regulatory control period was published in November 2003.

Since November 2003, the Commission has been considering how most appropriately to determine the parameters involved in implementing its methodology decision and has now released its Draft Determination of the parameters necessary to give practical effect to its methodology decision.

For your information, a copy of chapter 1 of the Commission's Draft Determination, which provides an executive summary of the Commission's analysis and conclusions, is attached.

The Commission invites you to make a submission concerning the issues raised in its Draft Determination and any related matters. A full copy of the Draft Determination is available on the Commission's website at www.utilicom.nt.gov.au.

The Commission will accept all submissions received prior to **Friday 13 February 2004**.

The Commission will finalise its determination decision by end-February, to be followed by approval of the network access tariffs to be applied by Power and Water from 1 July 2004 by the end of March 2004.

Alan Tregilgas
Utilities Commissioner
for the Utilities Commission
29 January 2004