

MEDIA RELEASE
2014 NETWORK PRICE DETERMINATION
REPORTING OF POSSIBLE PRICE INCREASES

11 October 2013

The Commission's objective is to promote fair and efficient market conduct within regulated industries for the long term benefit of consumers. This includes providing consumers with information.

The Commission is aware of customer concerns regarding reported price increases of between 50 and 60 per cent next financial year associated with Power and Water Corporation's (PWC) Initial Regulatory Proposal for the 2014 Network Price Determination.

The Commission understands the reference is to PWC's proposed initial revenue increase in 2014-15 of 57.2 per cent as mentioned in PWC's proposal. This is not a 57.2 per cent increase to retail tariffs to be paid by customers.

An increase in network charges would not result in a similar increase in retail tariffs because network charges are just one of a number of elements in bundled electricity tariffs which also includes generation, system operation and retail charges. In the Territory, network charges are only a small component of total retail tariffs due to the higher costs of generation. In addition, retail tariffs for small and medium size customers, are regulated by a Government Pricing Order which sets the maximum amount that PWC is able to charge these categories of customers. A change to the network charge as a result of a determination by the Commission will not impact the current Pricing Order.

For customers on negotiated contracts of supply (eg large customers consuming more than 750MWh¹ of electricity per annum), the size and timing of the impact of a change to the network price will depend on individual contract terms and conditions with respective retailers.

PWC's proposal has been publicly available on the Commission's website since 19 September 2013, and at the same time was distributed to key stakeholders and advertised locally as part of the Commission's consultation process.

The 57.2 per cent increase in regulated revenue requested in PWC's proposal will be closely scrutinised by the Commission. The Commission will make its own assessment of the revenue required by PWC to maintain a prudent and efficient regulated network.

The Utilities Commission is an independent statutory authority and committed to an open, transparent and competitively neutral process for determining the revenue required by PWC to meet the long-run efficient costs of providing the regulated services.

Submissions on PWC's Initial Regulatory Proposal close on 31 October 2013.

The Commission is in the process of considering the proposal and will release a Draft Determination for further consultation in December 2013. The Final Determination will be made in April 2014.