

MEDIA RELEASE

INITIAL REGULATORY PROPOSAL – POWER AND WATER CORPORATION

10 October 2013

Network charges are generally paid by electricity retailers and are just one of a number of elements in bundled electricity charges which also includes generation, system operation and retail charges.

For small and medium size customers (those consuming less than 750MWh of electricity per annum), retail tariffs are regulated by a Pricing Order which sets the maximum amount that PWC is able to charge these categories of customers. A change to the network price as a result of the Commission's Final Determination will not impact the current Pricing Orders.

For customers on negotiated contracts for supply (for example, large customers consuming more than 750MWh 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.

Due to the natural monopoly characteristics of electricity networks, network charges are regulated in all Australian jurisdictions. In the Territory, these charges are regulated by the Utilities Commission, the independent statutory authority responsible for regulating prices charged by businesses for regulated electricity network services. The provider of network services in the Territory is Power and Water Corporation (PWC).

As part of its role in regulating network charges, the Commission undertakes a major price review, in consultation with stakeholders, every five years. The review determines the revenue or price cap to be applied for the five year regulatory control period and the methodology by which prices may be escalated during that period.

The next regulatory control period commences 1 July 2014. The Commission released its Framework and Approach Paper for the 2014 Network Price Determination in November 2012, which outlined the Commission's position to adopt, where possible, the approach used by the Australian Energy Regulator and the application of relevant parts of the National Electricity Rules in that are consistent with the NT specific legislation.

The Commission will conduct the determination process in an open, transparent and competitively neutral manner, including consulting with network users, end-use customers, members of the public and all licensed electricity entities that may be affected, directly or indirectly.

As part of the consultation process, the Commission has released a copy PWC's initial regulatory proposal. Parts of PWC's proposal are considered commercial-in-confidence and have been excluded from the public version of the report. The Commission welcomes submissions from stakeholders on the proposal.

PWC's proposal details the expenditure that PWC believes it requires to operate its regulated networks prudently and efficiently for the next regulatory period. The Commission will make a determination on the required revenue to be collected 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 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.

PWC's Initial Regulatory Proposal and further information on the consultation process are available on the Commission's website, www.utilicom.nt.gov.au.