



Electricity Reform Act

NOTICE OF MAKING OF ELECTRICITY PRICING ORDER

I, ROBYN JANE LAMBLEY, 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 the classes prescribed by regulation 13A(a), (b) and (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 January 2013 to 30 June 2013; and
(c) copies of the order may be inspected at or obtained from any office of the Power and Water Corporation.

Dated 3rd December, 2012

R. J. LAMBLEY
Treasurer

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Electricity Reform Act

ELECTRICITY PRICING ORDER

I, ROBYN JANE LAMBLEY, Treasurer, under section 44(1)(a) of the Electricity Reform Act:

- (a) revoke, with effect on 1 January 2013, the electricity pricing order relating to customers of the class prescribed by regulation 13A of the Electricity Reform (Administration) Regulations, made on 25 June 2009 and notified in Gazette No. S32 dated 30 June 2009, as varied; and
(b) issue the electricity pricing order set out in the Schedule, to take effect on 1 January 2013 and to remain in force for the period to and including 30 June 2013.

Dated 3rd December, 2012.

R. J. LAMBLEY
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.

cost reflective tariff means a retail tariff calculated under clause 4 of this order.

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

pricing period means the period from 1 January 2013 to 30 June 2013.

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

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:

[sum_{i=1..n} [p_i^i * q_{t-1}^i]] / Q_{t-1}

where:

p is a price component of the retail tariff; and
q is the quantity weight associated with a price component of the retail tariff; and

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

the i superscript denotes an individual price component of the retail tariff; and

sum denotes the summation of all relevant values across all individual price components of the retail tariff; and

t denotes the current year; and

t-1 denotes the most recently completed year.

year means a 12 month period commencing on 1 July.

2 Application of electricity pricing order

This electricity pricing order applies in relation to retail prices for electricity supplied to prescribed customers during 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 12 months 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 12 months 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 30%; and
 - (c) an additional 1.45 cents per kWh (which is an additional charge resulting from the introduction of a carbon price).

- (2) In this clause:

CPI means the consumer price index (CPI) factor used in the Northern Territory Government Budget for 2012 to 2013.

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.

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