



AURORA ENERGY PTY LTD PRICING POLICIES

2013 DETERMINATION

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The Tasmanian Economic Regulator makes the following determination on the pricing policies of Aurora Energy Pty Ltd in regard to retail services it provides to small customers on mainland Tasmania.

(a) The Determination relates to:

- (1) the sale of electricity to small customers under the tariffs and generic contracts set out in Schedule 1 of this Determination, and any new or equivalent tariffs or generic contracts, but excluding supply by Aurora Pay As You Go; and
- (2) the provision of special services for small customers including but not limited to:
 - charge variation,
 - additional charge,
 - overdue payment,
 - overdue non-payment, and
 - administration of distribution special service requests from small customers.

(b) This Determination has been made under regulation 22C of the *Electricity Supply Industry (Price Control and Related Matters) Regulations 2012*.

Dated: 28 March 2013


Glenn Appleyard
Chairman
TASMANIAN ECONOMIC REGULATOR

PART 1 – PRELIMINARY

Commencement

1. This Determination takes effect from 1 July 2013.

Interpretation

2. (a) Unless the contrary intention appears, an expression used in this Determination has the same meaning as it has in the *Electricity Supply Industry (Price Control and Related Matters) Regulations 2012* or in the *Tasmanian Electricity Code*.

- (b) In this Determination –

“**Aurora**” means Aurora Energy Pty Ltd (ABN 85 082 464 622) or its successor;

“**Consumer Price Index**” or “**CPI**” means the Consumer Price Index: Average All Capital Cities published by the Australian Statistician under the *Census and Statistics Act 1905* of the Commonwealth;

“**GWh**” means gigawatt hours;

“**KWh**” means kilowatt hour;

“**National Electricity Rules**” means:

- (a) the Rules made under Section 90(1) of the National Electricity Law, and
- (b) the National Electricity Rules made under Section 34 of the National Electricity Law by the Australian Energy Market Commission established by Section 5 of the *Australian Energy Market Commission Establishment Act 2004* of South Australia;

“**network tariff**” means the schedule of fees (including the rate or rates) Aurora uses to calculate the amount it charges customers, or a class of customers, for network services and metering services, as amended from time to time;

“**prescribed inflationary factor**” has the meaning given by clause 3;

“**regional reference node**” has the meaning given in the National Electricity Rules.

“**relevant period**” means the period beginning on 1 July 2013 and ending on 31 December 2013;

“small customers” has the same meaning as it has in the *Electricity Supply Industry Act 1995*;

“statement of reasons” means the document, published in June 2012 by the Regulator, entitled *Statement of Reasons Approval of: Retail tariffs for non-contestable tariff customers from 1 July 2012 in accordance with the 2010 Price Determination*;

“TEC” means the *Tasmanian Electricity Code* (as amended from time to time), published by the Tasmanian Electricity Regulator under the *Tasmanian Electricity Supply Industry Act 1995*;

“2010 Determination” means the declared electrical service price determination, dated 29 October 2010, made under the *Electricity Supply Industry (Price Control) Regulations 2003* as in force when the determination was made;

Prescribed inflationary factor

3. For the purposes of this Determination, the prescribed inflationary factor is 1.0810.

PART 2 – MAXIMUM CHARGES

Division 1 – Aurora Energy Pty Ltd – Retail Sales

- 3A. For the purposes of this Determination, a reference, in a provision (other than in the definition of CF_y in clause 7), to a methodology or other matter approved by the Regulator is to be taken to be a reference to the methodology or other matter that was approved by the Regulator under the 2010 Determination and that applied in respect of period 3 under the corresponding provision in the 2010 Determination.
4. The maximum tariffs and charges that may be charged by Aurora (other than under a market retail contract or in relation to a service specified in Schedule 3) in respect of small customers, including in relation to a contract of a type specified in Schedule 1, are to be calculated in accordance with clause 6.
5. Retail tariffs are to be submitted to the Regulator for approval each year in accordance with the *Electricity Supply Industry Act 1995* and any relevant guidelines issued by the Regulator.

Notional Maximum Revenues

6. (a) For the purposes of this clause and clause 7 the notional tariff base consists of the components as detailed in Schedule 2;
- (b) Tariffs and charges that may be charged by Aurora (other than under a market retail contract or in relation to a service specified in Schedule 3) in respect of small customers, including in relation to a contract of a type specified in Schedule 1, are to be determined in accordance with the principle that, if the amount for each of the tariffs and charges were to be applied to each component of the notional tariff base, the result so obtained would not exceed the notional maximum revenue calculated in accordance with clause 7.
7. For the purposes of clauses 4 and 6 the notional maximum revenue (NMR_y) for the relevant period is calculated in accordance with the following formula:

$$NMR_y = (R_y + NC_y + AEMO_y + M_y + REC_y + Tax_y) \times (1 + Margin) + CF_y$$

Where:

NMR_y is the notional maximum revenue for the notional tariff base

and

$R_y =$ [forecast small customers load_y x TLF_y x DLF_y] x [energy price_y] + [cost to serve_y x forecast number of small customers_y]

where:

the forecast small customers load (in GWh), for the relevant period, and the forecast number of small customers, for the relevant period, are determined in accordance with a methodology approved by the Regulator.

TLF_y means the approved load weighted average transmission loss factor at the regional reference node for Tasmania for the relevant period, calculated using a methodology approved by the Regulator;¹

DLF_y means the approved load weighted average distribution loss factor for the relevant period, calculated using a methodology approved by the Regulator;²

cost to serve means the amount estimated to be the cost to serve each small customer, being the number obtained by –

- (a) taking the amount of \$94; and
- (b) halving the amount referred to in paragraph (a); and
- (c) escalating, by the appropriate prescribed inflationary factor, the amount obtained under paragraph (b);

energy price means the price for energy, being the amount obtained by –

- (a) taking the amount specified, in the column headed “\$/MWh (2012-13\$)” in Table 2.3 of the statement of reasons, opposite “Including carbon and after amendment to the Price Control Regulations” in that table; and
- (b) converting the amount referred to in paragraph (a), which is a cost per MWh, into the corresponding cost per kWh; and
- (c) escalating the amount referred to in paragraph (b) in respect of kWh by the prescribed inflationary factor;

NC_y = [network tariffs_y] x [notional tariff base_y]

AEMO_y means the amount of the charges that it is forecast will be billed by the Australian Energy Market Operator for market participation and ancillary services, which amount is obtained by –

- (a) taking the amount specified, in the column headed “2012-13 Tariff Proposal (\$m)” in Table 2.2 of the statement of reasons, opposite “AEMO (forecast AEMO market and ancillary services charges)” in item 3 of that table; and
- (b) halving the amount referred to in paragraph (a); and
- (c) escalating, by the appropriate prescribed inflationary factor, the amount obtained under paragraph (b);

¹ The TLF is the Marginal Loss Factor for the relevant period as published by AEMO.

² The DLF is the Distribution Loss factor for the relevant period as published by AEMO.

M_y means the amount in relation to retail meter costs (being an amount that does not include any costs, incurred by Aurora in relation to such meters, that are attributable to preparing for full retail competition for the retailing of electricity), which amount is obtained by –

- (a) taking the amount specified, in the column headed “2012-13 Tariff Proposal (\$m)” in Table 2.2 of the statement of reasons, opposite “M (retail meter costs)” in item 4 of that table; and
- (b) halving the amount referred to in paragraph (a); and
- (c) escalating, by the appropriate prescribed inflationary factor, the amount obtained under paragraph (b);

REC_y means the amount in relation to renewable energy certificate costs, which amount is obtained by –

- (a) taking the amount specified, in the column headed “2012-13 Tariff Proposal (\$m)” in Table 2.2 of the statement of reasons, opposite “REC (renewable energy certificate costs)” in item 5 of that table; and
- (b) halving the amount referred to in paragraph (a); and
- (c) escalating, by the appropriate prescribed inflationary factor, the amount obtained under paragraph (b);

Tax_y is the allowable tax event adjustment calculated in accordance with a methodology approved by the Regulator.;

CF_y means adjustments, arising from the administration of the 2010 Determination, as approved by the Regulator;

Margin means 3.8 per cent (equivalent to 3.7 per cent on sales).

SCHEDULE 1 – Schedule of Contract Types

Current Tariffs	Category	Description
31	Residential	Light and Power
41	Residential	Hot Water
61	Residential	Off-Peak afternoon boost
62	Residential	Off-Peak night only
42	Residential	HydroHeat (hot water and space heating)
22	Business	General
34	Business	Nursing Home light and power
43	Business	Institutional hot water
73	Business	Irrigation low rate
74	Business	Irrigation high rate
75	Business	Irrigation (Time-of-Use)
82	Business	Monthly kVA demand low voltage
83	Business	Industrial low voltage demand
85	Business	Monthly kVA demand high voltage
86	Business	Industrial high voltage demand

SCHEDULE 2 – NOTIONAL TARIFF BASE FOR THE PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013

Residential Tariffs	Number of residential customers	Energy Step 1 kWh	Energy Step 2 kWh	Energy Step 3 kWh	Peak kWh	Shoulder kWh	Off Peak kWh	Demand kW/kVA	Billing days
	225 945								
31		491 812 767							38 872 024
41		114 392 068							13 018 184
42		411 101 832							23 272 872
61		39 106 667							4 592 272
62		3 333 340							554 392
Business Tariffs	Number of business customers	Energy Step 1 kWh	Energy Step 2 kWh	Energy Step 3 kWh	Peak kWh	Shoulder kWh	Off Peak kWh	Demand kW/kVA	Billing Days
	36 717								
22		23 272 149	120 778 696	-					7 638 944
34		12 256	9 623	144 888					3 864
43		3 017 970	-	-					321 448
73		10 170 921	-	-					-
74		9 083 624	-	-					499 008
75		-	-	-	210 223	563 627	951 216		86 480
82		1 569 738	-	-				352	13 984
83		599 555	-	-				498	18 032
85		-	-	-				-	-
86		3 318	-	-				147	552

Division 2 – Aurora Energy Pty Ltd – Special Services

- 8.** The maximum prices which may be charged by Aurora for services listed in column 1 of Schedule 3 are for the relevant period equal to the price, in column 2 in Schedule 3, escalated by the prescribed inflationary factor.
- 9.** The schedule of retail special services and proposed prices are to be submitted to the Regulator for approval in accordance with the *Electricity Supply Industry Act 1995* and any relevant guidelines issued by the Regulator.
- 10.** After-hours connection fees are to be notified to the Regulator and published together with the schedule of retail special services and approved fees.

SCHEDULE 3 – Retail special services

Column 1 Description	Column 2 Charge \$
Connections, disconnections, reconnections	
Transfer of supply	77.53
Same day reconnections	169.80
Reconnections	77.53
Check reads	77.53
Sub tenant read	77.53
Meter alterations/additions	
Add circuit (meter)	174.36
Alter circuit (meter)	174.36
Meter testing	
Single phase meters	98.49
Three phase meters	98.49
Current transformer meters	378.52

PART 3 – MISCELLANEOUS PROVISIONS

Interpretation of the Determination

- 11.** Any questions arising from the interpretation of this Determination shall be determined by the Regulator.

Expiry of the Determination

- 12.** This Determination ceases to have effect on 31 December 2013.

This Determination is administered by the Regulator.