



GUIDELINE

Approval of Retail Tariffs in accordance with the 2013 Determination

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1 INTRODUCTION

1.1 Background

The 2013 Determination includes the requirement that:

Retail tariffs 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.

Under section 41 of the Electricity Supply Industry Act, tariffs for small customers are not to be fixed unless a draft of the tariff has been approved by the Regulator.

This Guideline should be read in conjunction with the 2013 Determination and the Electricity Supply Industry Act.

1.2 Purpose

This Guideline has been prepared to set out Aurora Energy's obligations, and the Regulator's responsibilities, with respect to the 2013 Determination.

2 GUIDELINE

2.1 Application

This Guideline takes effect from the date of issue and applies to Aurora Energy Pty Ltd in its capacity as an Authorised Retailer providing retail services to small customers on mainland Tasmania. The Guideline ceases to have effect at the expiry of the 2013 Determination ie on 31 December 2013.

2.2 Interpretation

In this Guideline:

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

“Authorised Retailer” has the same meaning as it has in the *Electricity Supply Industry Act 1995*.

“charging parameters” of a retail tariff means the constituent elements of the retail tariff;

“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;

“Electricity Supply Industry Act” means the *Electricity Supply Industry Act 1995*;

“Regulator” has the same meaning as in the *Electricity Supply Industry Act 1995*;

“relevant period” means the period from 1 July 2013 to 31 December 2013;

“Retail Tariff” means a schedule setting out retail prices and conditions for the sale of electricity to small customers generally or the various classes of small customers, as amended from time to time;

“Retail Tariff Strategy” means Aurora’s Retail Tariff Strategy dated April 2011 as approved by the Regulator and as relevant to the specific terms of the 2013 Determination;

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

“typical customers” means a set of customers derived using the methodology described in the *Typical Electricity Customers Information Paper* issued by the Office of the Tasmanian Energy Regulator in August 2010;

“2013 Determination” means the Determination issued on 28 March 2013 by the Regulator in accordance with the *Electricity Supply Industry (Price Control and Related Matters) Regulations 2012*.

2.3 Tariff Pricing Proposals

- (a) Aurora must submit to the Regulator by 30 May 2013, a Retail Tariff Pricing Proposal for the period from 1 July 2013 to 31 December 2013.
- (b) The Retail Tariff Pricing Proposal must:
 - (1) set out the draft retail tariffs that are to apply for the relevant period;
 - (2) set out, for each draft retail tariff, the proposed charging parameters and the elements of service to which each charging parameter relates;
 - (3) comply with the Retail Tariff Strategy;
 - (4) detail any amendments, variations or adjustments to the retail tariff proposed, including any amendments to the terms and conditions that are to apply, whether these amendments, variations or adjustments are consistent with the Retail Tariff Strategy and the justification for the proposed variations, adjustments and amendments and customer impacts, variations or adjustments;
 - (5) provide details of adjustment variables and the methodologies used for calculating those adjustment variables, including CPI, pass-through and other adjustments permissible under the 2013 Determination attributable to small customers for the relevant period and an explanation of how each retail tariff will be affected by the impact of the adjustment or adjustments;
 - (6) demonstrate compliance with:
 - (i) the 2013 Determination (including demonstrating that the expected revenue from the retail tariffs does not exceed the Notional Maximum Revenue for the relevant period); and
 - (ii) these Guidelines;
 - (7) describe the nature and extent of change from the previous period;
 - (8) demonstrate the impact on typical customers; and
 - (9) be accompanied by an internal audit certificate and certified as correct by the Chairman and one other Director of Aurora.
- (c) The Regulator, after receiving a Retail Tariff Proposal from Aurora, will publish the proposal on the Regulator's website.

2.4 Approval of a Retail Tariff

- (a) The Regulator may only approve a draft Retail Tariff if satisfied that:
 - (1) the draft Retail Tariff complies with the 2013 Determination; and
 - (2) all forecasts and methodologies associated with the draft Retail Tariff are reasonable.
- (b) If the Regulator determines that a draft Retail Tariff is deficient:
 - (1) within 10 days after receiving notice, Aurora must resubmit the draft Retail Tariff, with the modifications necessary to correct the identified deficiencies and (unless the Regulator permits further modification) no further modification; or
 - (2) the Regulator may make the modifications necessary to correct the deficiencies.
- (c) If Aurora fails to comply with a requirement under paragraph (b), or the resubmitted draft Retail Tariff fails to correct the deficiencies in the former draft Retail Tariff, the Regulator may amend the draft Retail Tariff to bring it into conformity with the requirements of this Guideline and the 2013 Determination.
- (d) An approved draft Retail Tariff takes effect at the commencement of the regulatory period to which the draft Retail Tariff relates.

2.5 Publication of information: Retail Tariffs

- (a) In addition to any requirements imposed by the Electricity Supply Industry Act, Aurora must maintain on its website:
 - (1) a statement of its approved Retail Tariffs; and
 - (2) for each retail tariff – the terms and conditions and the charging parameters and the elements of the service to which each charging parameter relates.
- (b) The information specified in clause 2.5(a) must be posted on Aurora's website as soon as practicable, and, in any case, before 1 July 2013.