

AUSTRALIAN CAPITAL TERRITORY

**INDEPENDENT PRICING AND REGULATORY
COMMISSION ACT 1997**

**REFERENCE FOR INVESTIGATION UNDER SECTION 15
AND
SPECIFIED REQUIREMENTS IN RELATION TO INVESTIGATION UNDER
SECTION 16**

NO. 267 OF 1997

Pursuant to subsection 15(1) of the *Independent Pricing and Regulatory Commission Act 1997* ("the Act"), I refer to the Independent Pricing and Regulatory Commission ("the Commission") the matter of the determination of regulated charges for electricity, water and sewerage services supplied by ACTEW Corporation Limited in the ACT ("regulated ACTEW charges"), for the period from 1 July 1998 until 30 June 2001

Pursuant to subsection 15(3) of the Act, the Commission's determination will cover charges determined under section 48(1) of the *Energy and Water Act 1988*

Pursuant to subsection 16(1) of the Act, I specify the following requirements in relation to the conduct of the investigation

- 1 Reports are to be provided to the Minister for Urban Services
 - (a) in relation to regulated ACTEW charges for the period from 1 July 1998 to 30 June 1999 — by 15 May 1998,
 - (b) in relation to regulated ACTEW charges, for the period from 1 July 1999 to 30 June 2001 — by 15 October 1998,
- 2 A draft report in relation to regulated ACTEW charges for the period from 1 July 1998 to 30 June 1999 is to be provided to the Minister for Urban Services and be made available for public examination and consultation by 13 March 1998,
- 3 In addition to the matters specified in subsection 20(2) of the Act, the Commission shall, in undertaking its investigation, consider the desirability of the following matters
 - (a) achieving full cost recovery for services,
 - (b) maintaining the viability of the Corporation, and generating an appropriate return to the owner (the Government) in proportion to the risks involved,
 - (c) elimination of cross subsidies between classes of customers and between the Corporation's different businesses,
 - (d) providing incentives to the Corporation to improve its efficiency,
 - (e) efficient resource allocation,
 - (f) structuring the final determination so as to enable the Corporation sufficient flexibility to adjust to market fluctuations, and
 - (g) appropriate implementation strategies to manage any adverse impact on the community in reaching any of the above objectives
- 4 The following matters shall also be considered in conducting the Commission's investigation into charges

In addition, the document sets out a two stage timetable (paragraph 16(2)(a) of the Act) for the provision of final reports by the Commission to the Minister. The first report, covering prices for 1998-99 is due in May 1998, the second is due in October 1998.

The document also requires the Commission to provide a draft report.

Consistent with the requirements of section 18 of the Act, this draft will be a basis of public consultation.