

Independent Competition and Regulatory Commission (Price Direction for the Supply of Electricity to Small Customers on Standard Retail Contracts) Terms of Reference Determination 2016

Disallowable instrument DI2016–138

made under the

Independent Competition and Regulatory Commission Act 1997 ('the Act'), Section 15 (Nature of industry references) and Section 16 (Terms of industry references).

1. Interpretation

In this instrument:

"National Energy Retail Law (ACT)" has the same meaning as in the *National Energy Retail Law (ACT) Act 2012*.

"small customer" has the same meaning as in the *National Energy Retail Law (ACT)*.

"standing offer prices" has the same meaning as in the *National Energy Retail Law (ACT)*.

"ActewAGL Retail" means the partnership of Icon Retail Investments Limited (ACN 074 371 207) and AGL ACT Retail Investments Pty Ltd (ACN 093 631 586).

2. Reference for investigation under Section 15

Under section 15(1) of the Act, I provide a reference to the Independent Competition and Regulatory Commission (the 'Commission') to determine a price direction for the **standing offer prices** for the supply of electricity to **small customers** who consume less than 100MWh of electricity over any period of 12 consecutive months.

The price direction will be for the period of 1 July 2017 to 30 June 2020.

The price direction must make provision for annual recalibrations to be undertaken by 30 June 2018 and 30 June 2019.

Under section 15(4) of the Act, the price direction determined by the Commission under this reference is to only apply to the electricity retailer **ActewAGL Retail**.

3. Terms of reference for investigation under section 16

Under section 16(1) of the Act, I require that the Commission consider the following matters in relation to the conduct of the investigation:

1. The Commission must consider:
 - a. The direct impact on electricity costs of government policies and pass through of costs and savings to regulated prices including, but not restricted to:
 - i. the ACT retailer obligations under the Energy Efficiency Improvement Scheme;
 - ii. the Commonwealth Government's Large-scale Renewable Energy Target and Small-scale Renewable Energy Scheme; and
 - iii. any other schemes implemented to address climate change relevant to electricity pricing.
 - b. The efficient and prudent cost of managing risk in the cost of purchasing electricity for the period of the price direction.
2. The Commission must identify and report on the efficient costs of complying with the *Energy Efficiency (Cost of Living) Improvement Act 2012* for the period that the determination is being made.
3. The Commission must identify and report on the cost allowance of the ACT Feed-in Tariffs (small and large scale) for the period that the determination is being made.
4. The Commission must release its final report within the period of 1 January 2017 to 7 June 2017, to provide sufficient time to allow **ActewAGL Retail** to make any necessary changes to its billing system and to provide information on the new tariff to customers for implementation effective 1 July 2017.

Andrew Barr MLA

Treasurer

22 June 2016