

Australian Capital Territory

Independent Competition and Regulatory Commission (Price Direction for the Supply of Electricity to Certain Small Customers on Standard Retail Contracts) Terms of Reference Determination 2023

Disallowable instrument DI2023–97

made under the

Independent Competition and Regulatory Commission Act 1997 ('the Act'), Section 15 (Nature of Industry Reference) and Section 16 (Terms of References).

EXPLANATORY STATEMENT

The purpose of this instrument is to refer to the Independent Competition and Regulatory Commission (the Commission) the process to determine a new price direction for the supply of electricity to small customers (who consume less than 100MWh of electricity in any 12 consecutive months) on standard retail contracts for the period of 1 July 2024 to 30 June 2027. The current price direction expires on 30 June 2024.

The instrument requires the Commission to make provision for annual recalibrations of prices to occur by 30 June 2025, 30 June 2026.

Under section 15(4) of the Act, the reference is restricted to only apply to the authorised electricity retailer ActewAGL.

The Terms of Reference outline the matters that must be considered by the Commission when setting the next price direction. This includes considering the impact on electricity costs of Government policies or schemes, such as the ACT Government's Energy Efficiency Improvement Scheme and the Commonwealth Government's Large-Scale Renewable Energy Target and Small-scale Renewable Energy Scheme.

The Commission is also required to review the methodology for determining standing offer prices. This will ensure reasonable price offers are available for small customers who are not actively searching for electricity offers on the market, while balancing the competitiveness of the electricity market. This holds particular

significance in guaranteeing a fair and seamless transition to full electrification for all residents of the ACT.

The Commission is also required to consider changes to the timeline of yearly standing offer approval process to ensure that retailers have sufficient time to meet their obligations under the *ACT Retail Electricity (Transparency and Comparability) Code* and the *National Energy Rules*.

As per section 16(2)(a) of the Act, the Terms of Reference require the Commission to release its final report and price direction within the period of 1 March 2024 to 5 June 2024. This is to ensure that sufficient time is available for ActewAGL Retail to provide information to customers about new prices, and to make any necessary changes to its billing system, in advance of the commencement of the new price direction on 1 July 2024.

Andrew Barr MLA
Treasurer
1 June 2023