

ActewAGL – Shoalhaven Voluntary Pricing Principles

As part of New South Wales Government's full retail contestability policy reforms, all NSW gas customers using less than 1TJ per annum are to have access to standard supply contracts at rates regulated by the Independent Pricing and Regulatory Tribunal (the Tribunal).

ActewAGL is the standard supplier for the local government area of Shoalhaven.

The Tribunal and ActewAGL agree to the following Voluntary Pricing Principles (VPPs), to apply to all gas customers using less than 1TJ per annum in the Shoalhaven local government area.

1. The standard supply tariffs set out in Table 1 of these VPPs will be available to all customers whose consumption is below 1TJ a year.
2. The VPPs commence on November 1st 2002, and expire on June 30th 2004.
3. Standard supply tariffs should be broadly cost reflective. As ActewAGL has relatively recently purchased the natural gas business in Nowra and Bomaderry, accurate information is not yet available on the cost of establishing and maintaining supply to customers using small amounts of natural gas. Recognising that the Tribunal has agreed cost reflective tariffs in other areas of New South Wales, ActewAGL agrees to a price path that moves towards these cost reflective tariffs.

ActewAGL will introduce a "Transition Tariff" that will be available to existing customers at premises that are connected to gas as at the date of commencement of the VPPs. This Transition Tariff is structured such that no existing customer will pay more than they would have paid under current Nowra and Bomaderry tariffs for the same pattern and volume of gas consumption at the same premises.

The Transition Tariff will be classified as obsolete as at the date of commencement of the VPPs, meaning that no new customers will be entitled to access this tariff, and no customers at premises not yet connected to gas will be entitled to access this tariff. The Transition Tariff will remain available to existing customers at existing premises until at least the expiry of the VPPs. All new residential customers will have access to the Home Economy Tariff, the construction of which is more reflective of costs for customers using small quantities of gas.

ActewAGL will provide sufficient advice and assistance to all existing customers to enable them to determine which tariff is the least cost alternative for that customer.

4. ActewAGL's tariff plan over the period November 2002 to December 2003 (Phase 1) and January 2004 to June 2004 (Phase 2) is set out in Table 1.

Table 1 Tariff plan for customers using <1 TJ per annum
(Prices GST Exclusive)

Tariff	Current	1 Nov 2002 - 31 Dec 2003 (Phase 1)	1 Jan 2004 – 1 June 2004 (Phase 2)
Heater/Cooking Tariff - Domestic: Minimum Bill Energy rate <ul style="list-style-type: none"> • First 0.72 GJ per 60 days. • Next 2.88 GJ per 60 days. • Balance 	\$15 per 60 days. 4.23c per MJ 3.51c per MJ 2.95c per MJ	Not Available - Refer Transition or Home Economy Tariff	Not Available -Refer Transition or Home Economy Tariff
Transition Tariff¹ (Obsolete) Supply charge per quarter Energy rate <ul style="list-style-type: none"> • First 0.50 GJ per quarter • Balance 		\$22.50 per quarter 0.00c per MJ 3.14c per MJ	\$22.50 per quarter 0.00c per MJ 3.14c per MJ
Hot Water Tariff – Domestic: Minimum Bill Energy rate <ul style="list-style-type: none"> • First 0.72 GJ per 60 days • Balance 	\$15 per 60 days 4.23c per MJ 2.20c per MJ	Not Available - Refer Transition or Home Economy Tariff	Not available - Refer Transition or Home Economy Tariff
Home Economy Tariff: Supply charge Energy rate <ul style="list-style-type: none"> • All Consumption 		\$27.50 per quarter 1.85c per MJ	\$30 per quarter 1.55c per MJ
Commercial: Minimum Bill Energy rate <ul style="list-style-type: none"> • First 0.36GJ per month. • Next 12.24GJ per month. • Balance 	Nil 4.23c per MJ 2.53c per MJ 1.73c per MJ	Not Available - Refer Business Tariff	Not available - Refer Business Tariff
Business Tariff (<1TJ): Supply charge Energy rate <ul style="list-style-type: none"> • First 25 GJ per month. • Balance 		\$15 per month 1.88c per MJ 1.68c per MJ	\$15 per month 1.73c per MJ 1.53c per MJ

¹ The Transitional Tariff is obsolete and is available only to existing customers at premises currently connected to the ActewAGL network.

5. ActewAGL will be able to pass through to customers prudent costs associated with implementing third party access in the gas networks and any resulting retail contestability. The level of these costs and the allocation of these costs shall be agreed to by the Tribunal before their inclusion in tariffs
6. Miscellaneous charges are imposed to signal to customers the costs of providing “miscellaneous” services, such as initial connections and re-connections. The level and type of fees charged by ActewAGL to customers in Nowra and Bomaderry will be reviewed by the Tribunal within 6 months of the start of these VPPs, and after agreement between the Tribunal and ActewAGL, will then be included in the VPPs.
7. Under special circumstances, a review of the VPPs will be conducted either at the request of ActewAGL or the Tribunal, to consider matters such as:
 - a) changes in ActewAGL’s cost components such as the field price of natural gas or pipeline haulage rates;
 - b) verifiable evidence that prices do not cover costs associated with a particular tariff customer or class of customer; or
 - c) any change in market circumstances that in the Tribunal’s opinion warrant a review of the VPPs, including any change in standard supply tariffs prevailing in the NSW gas market.
8. ActewAGL must notify the Tribunal in writing at least one month prior to amending its standard supply tariffs or miscellaneous fees. This notification must include sufficient information to reasonably satisfy the Tribunal that the amendments are in accordance with the provisions of these VPPs.

ActewAGL will not vary or introduce new standard supply tariffs or miscellaneous charges without prior agreement of the Tribunal.
9. ActewAGL will allow the Tribunal to review in advance all documentation that is sent to customers about agreed price changes, along with any media announcements about price rises.
10. Under this voluntary agreement, the Tribunal will monitor price changes to determine whether they accord with the VPPs set out in paragraphs (1) to (9) above. Nothing in these VPPs removes the Tribunal’s ability to impose a Gas Pricing Order pursuant to section 27 of the Gas Supply Act or indeed any other powers of the Tribunal.