

2015-2016 RETAILER FEED-IN TARIFF

Draft Price Determination

October 2014



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Amendment Record

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The Essential Services Commission of South Australia is the independent economic regulator of the water, electricity, gas, ports and rail industries in South Australia. The Commission's primary objective is the *protection of the long-term interests of South Australian consumers with respect to the price, quality and reliability of essential services*. For more information, please visit www.escosa.sa.gov.au.

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1 GENERAL

1.1 Application of the Determination

- 1.1.1 For the purposes of the Electricity Act 1996, this Determination:
- (a) fixes the minimum *prescribed amount* which an *obliged retailer* must credit against the charges payable by a *qualifying customer* for the sale of electricity to the *qualifying customer*, for electricity fed into the distribution network in excess of the electricity used by the *qualifying customer*; and
 - (b) establishes a price monitoring regime in respect of the level, quantum and other matters relating to payments made by *obliged retailers* to *qualifying customers* for electricity fed into the distribution network in excess of the electricity used by those *qualifying customers*.

1.2 Authority

- 1.2.1 This Determination is made by the *Commission* under the Essential Services Commission Act 2002 pursuant to the terms of the Electricity Act 1996.

1.3 Term

- 1.3.1 This Determination takes effect on 1 January 2015 and ceases to have effect on 31 December 2016.
- 1.3.2 The term of this Determination may be varied in accordance with the provisions of Part 3 of the Essential Services Commission Act 2002.

1.4 Revocation of previous Determinations

- 1.4.1 Pursuant to section 26(8) of the Essential Services Commission Act 2002, on and from 1 January 2015, this Determination revokes all previous Determinations made by the *Commission* under section 35A(1)(a) of the Electricity Act 1996.
- 1.4.2 Nothing in this Determination affects, and is not intended to affect, anything done or omitted to be done, or rights or obligations accrued, under any previous Determination made by the *Commission* under section 35A(1)(a) of the Electricity Act 1996.

1.5 Definitions and Interpretation

- 1.5.1 Words and phrases in *italics* in this Determination are defined in accordance with clause 4.1.
- 1.5.2 This Determination must be interpreted according to the principles in clause 4.2.

1.6 *Prescribed amount GST Exclusive*

1.6.1 In this Determination the *prescribed amount* is exclusive of *GST*.

1.7 *Publication of the Prescribed Amount*

1.7.1 Notice of the making of this Determination will be published by the Commission:

- (a) in the Gazette and on the *Commission's* website;
- (b) in a newspaper circulating generally in the State setting out:
 - (i) the existence of the *prescribed amount*;
 - (ii) a general description of the nature and applicability of this Determination; and
 - (iii) advice as to how this Determination may be accessed.

1.7.2 On and from 1 January 2015, an *obliged retailer* must at all times maintain on its website (in a prominent and readily accessible position) a notice setting out the *prescribed amount*.

1.8 *Collection and Use of Information*

1.8.1 Any information required to be provided by the *obliged retailer* in accordance with this Determination is required by the *Commission* to be provided pursuant to Part 5 of the Essential Services Commission Act 2002.

2 PRESCRIBED AMOUNT

2.1 *The Prescribed Amount*

- 2.1.1 For the period 1 January 2015 to 31 December 2015, the *prescribed amount* fixed by this Determination is 5.3c/kWh.
- 2.1.2 On or before 31 December 2015, the *Commission* will:
- (a) determine the value of a forecast net system load profile-weighted spot price for South Australia, based on:
 - (i) a forecast of the wholesale spot price of electricity, based on the most recent electricity demand forecasts (energy and peak demand) published by *AEMO* and utilising the *ACIL Allen PowerMark National Electricity Market Model* (as in operation from time to time);
 - (ii) a forecast of the net system load profile (NSLP) for South Australia, having regard to recent observations of the NSLP as published by *AEMO* and the relationship between the NSLP load and the South Australian electricity consumption profiles for all customers using regression analysis; and
 - (iii) a forecast of the total installed capacity of *qualifying generators* and total electricity to be generated by those *qualifying generators*;
 - (b) determine the value of avoided transmission and distribution network losses, utilising the relevant South Australian marginal loss factor published by *AEMO* and having regard to historic distribution loss factors for South Australia as published by *AEMO*;
 - (c) determine the value of National Electricity Market fees, based on the most recent actual fees published in *AEMO's* annual budget and ancillary services fees, having regard to previous actual fees;
 - (d) fix the *prescribed amount* to apply for the period 1 January 2016 to 31 December 2016, as the sum of the values determined under clauses 2.1.2(a) to (c)(inclusive); and
 - (e) publish on its website and by way of written notice in a newspaper circulating generally in South Australia the matters set out in this clause in respect of the *prescribed amounts* fixed under this clause.
- 2.1.3 Once the applicable *prescribed amount* is fixed by this Determination, that *prescribed amount* continues to apply until the earlier of the:
- (a) date specified in this Determination; and
 - (b) at the discretion of the *Commission*, the date on which the *Commission* varies the *prescribed amount* pursuant to section 26(8) of

the Essential Services Commission Act 2002 and section 35A(1) of the Electricity Act 1996.

2.2 *Application of the Prescribed Amount*

2.2.1 On and from 1 January 2015, an *obliged retailer* must credit at least the *prescribed amount* against the charges payable by a *qualifying customer* for the sale of electricity, for electricity fed into the *distribution network* in excess of the electricity used by the *qualifying customer*.

2.3 *Changes to the Prescribed Amount within a Billing Cycle*

2.3.1 If, during a billing cycle, the *prescribed amount* changes, the *obliged retailer* must calculate a *qualifying customer's* bill on a pro rata basis using the:

- (a) old *prescribed amount* up to and including the date of change; and
- (b) new *prescribed amount* from the date of the change to the end of the *billing cycle*.

3 PRICE MONITORING

3.1 Price Monitoring

3.1.1 The *Commission* will, during the period of this determination:

- (a) monitor the level, amount and other matters relating to payments made by *obliged retailers* to *qualifying customers* for electricity fed into the distribution network in excess of the electricity used by those *qualifying customers*; and
- (b) publish reports from time to time on the matters monitored under clause 3.1.1(a).

3.2 Reporting Requirements

3.2.1 An *obliged retailer* must:

- (a) report to the *Commission*, in a manner and form specified by the *Commission* from time to time, any information which in the *Commission's* view it reasonably requires for the price monitoring and reporting functions under clause 3.1; and
- (b) comply with the requirements of any regulatory instrument made by the *Commission* from time to time for the purposes of gathering information which in the *Commission's* view it reasonably requires for the price monitoring and reporting functions under clause 3.1.

4 DEFINITIONS AND INTERPRETATION

4.1 Definitions

For the purposes of this Determination, a word or phrase not defined below has the meaning given to it by the Electricity Act 1996.

ACIL Allen	means ACIL Allen Consulting ABN 68 102 652 148.
AEMO	means the Australian Energy Market Operator Limited ACN 072 010 327.
billing cycle	means the regular recurrent period for which a <i>qualifying customer</i> receives a bill from an <i>obliged retailer</i> .
Gazette	means the South Australian Government Gazette.
GST	means the tax imposed under <i>GST Law</i> .
GST Law	has the meaning attributed in the A New Tax System (Goods and Services Tax) Act 1999, and terms related to <i>GST</i> such as “ABN”, “Input Tax Credit”, “Taxable Supply” and “Tax Invoice” have the meaning attributed in the <i>GST Law</i> .
obliged retailer	means the holder of a retail electricity licence issued by the <i>Commission</i> under Part 3 of the Electricity Act 1996, or the holder of a retailer authorisation issued by the Australian Energy Regulator under the National Energy Retail Law (as the case may be) and which sells electricity to a <i>qualifying customer</i> .
prescribed amount	means the minimum amount fixed by the <i>Commission</i> that an <i>obliged retailer</i> must credit against the charges payable by a <i>qualifying customer</i> for the sale of electricity, for electricity fed into the <i>distribution network</i> in excess of the electricity used by the <i>qualifying customer</i> .
qualifying customer	means a qualifying customer (as defined in the Electricity Act 1996) which consumes less than 160MWh of electricity per annum through a connection point.

4.2 Principles of Interpretation

Unless the contrary intention appears, these principles of interpretation apply to this Determination:

- 4.2.1 Words denoting persons include corporations, unincorporated associations, firms, governments and governmental agencies.
- 4.2.2 A reference to a person includes that person's agents, successors and permitted assigns, persons who have control over any assets of a person and receivers, managers, trustees, administrators and liquidators and similar persons appointed over:
 - (a) a person; or
 - (b) any assets of a person;
- 4.2.3 Headings are only included for convenience and do not affect the interpretation of this Determination.
- 4.2.4 A reference to a clause, Chapter, Part or Schedule is to a clause, Chapter or Part of or Schedule to this Determination.
- 4.2.5 A reference to an agreement, document, regulatory instrument or part thereof is a reference to that agreement, document, regulatory instrument or part thereof as varied, replaced or substituted from time to time and includes any Schedules or attachments to the agreement, document or regulatory instrument.
- 4.2.6 A reference to legislation or regulatory instrument, or to a provision of the legislation or regulatory instrument, includes a modification, re-enactment or re-making of it, a provision substituted for it and a regulation or other statutory instrument issued under it.
- 4.2.7 The minimum *prescribed amount* fixed under this Determination must be rounded to the accuracy, in terms of the number of decimal places, required by the *obliged retailer's* charging and billing systems.



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