



2005-2010 ELECTRICITY DISTRIBUTION PRICE DETERMINATION

PART B - PRICE DETERMINATION

**Essential Services Commission Act 2002
Electricity Act 1996**

April 2005

ELECTRICITY

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1 GENERAL

1.1 Authority

This *Electricity Distribution Price Determination*:

- 1.1.1 is made by the *Commission* pursuant to the price determination powers of the *Commission* under the *ESC Act*, exercised in accordance with the authority provided under section 35A(1) of the *Act*, and
- 1.1.2 has effect subject to and in addition to those provisions of the *Electricity Pricing Order* which remain in force from time to time as provided by clause 1.8 of the *Electricity Pricing Order*.

1.2 Term and commencement

This *Electricity Distribution Price Determination*:

- 1.2.1 commences on 1 July 2005; and
- 1.2.2 applies for the *regulatory period*, being the period 1 July 2005 to 30 June 2010.

1.3 Definitions and interpretation

- 1.3.1 Words and phrases in italics in this *Electricity Distribution Price Determination* are defined in Chapter 5, the *Demand Schedule* and the *Formula Schedule*.
- 1.3.2 This *Electricity Distribution Price Determination* must be interpreted according to the principles in clause 5.2.

1.4 Prices exclude GST

In this *Electricity Distribution Price Determination*, all references to prices, revenues, tariffs or tariff components that are or may be charged or earned are references to those prices, revenues, tariffs or tariff components exclusive of *GST*.

1.5 Application of price determination

This *Electricity Distribution Price Determination*:

- 1.5.1 regulates the pricing of *distribution services* provided by *ETSA Utilities* within the South Australian electricity industry during the *regulatory period*;
- 1.5.2 specifies which *distribution services* will be *prescribed distribution services* and *excluded services* during the *regulatory period*;
- 1.5.3 specifies which other services provided by *ETSA Utilities*, including services provided pursuant to a *retailer of last resort requirement*, in respect of which the *Commission* has price regulation functions under section 35A of the *Act*, will be regulated as *excluded services* during the *regulatory period*;



- 1.5.4 regulates the pricing of *excluded services* provided by *ETSA Utilities* within the South Australian electricity industry during the *regulatory period*;
- 1.5.5 specifies the principles, procedures and formulae which apply to *ETSA Utilities* during the *regulatory period* for:
 - (a) altering;
 - (b) introducing new; and
 - (c) closing,*distribution tariffs*;
- 1.5.6 provides for the pass through of certain changes in the costs incurred by *ETSA Utilities* to *distribution network users*; and
- 1.5.7 pursuant to clause 6.11(e) of the *Code*, substitutes for Part E of the *Code* during the *regulatory period*.

1.6 Application of distribution tariffs

Once a *distribution tariff* has been set under this *Electricity Distribution Price Determination*, the *tariff*:

- 1.6.1 cannot be altered or closed except under this *Electricity Distribution Price Determination*; and
- 1.6.2 continues to apply until the earliest of:
 - (a) the date (if any) specified in this *Electricity Distribution Price Determination* on which the *distribution tariff* ceases to apply;
 - (b) the date the *distribution tariff* is altered or closed under this *Electricity Distribution Price Determination*; and
 - (c) the date this *Electricity Distribution Price Determination* ceases to have effect in respect of the *distribution tariff*.

1.7 Revoking or altering decisions

- 1.7.1 If the *Commission* has made a decision under this *Electricity Distribution Price Determination* and it later appears to the *Commission* that the decision was made on the basis of information provided to the *Commission* that was false or misleading or otherwise erroneous in a material particular then the *Commission* may revoke the decision.
- 1.7.2 If the *Commission* revokes a decision under clause 1.7.1, then the *Commission* will make a new decision in substitution for the revoked decision.
- 1.7.3 A new decision made under clause 1.7.2 applies from the latest of:
 - (a) the date on which notice of the new decision is published under clause 1.9.1(a); and

- (b) the date specified by the *Commission* in the notice published under clause 1.9.1(a).
- 1.7.4 A new decision made under clause 1.7.2 will only differ from the revoked decision to the extent necessary to correct for:
- (a) the false or misleading or erroneous information on which the revoked decision was based; and
 - (b) the application of the revoked decision during the period in respect of which that decision was in effect.

1.8 Reviews of decisions

- 1.8.1 An application may be made to the *Commission* by *ETSA Utilities* or a *distribution network user* for review of a decision made, or deemed to have been made, by the *Commission* under this *Electricity Distribution Price Determination*.
- 1.8.2 The only grounds for a review under this clause 1.8 are that a decision made, or deemed to have been made, by the *Commission* under this *Electricity Distribution Price Determination*:
- (a) was not made in accordance with the requirements of this *Electricity Distribution Price Determination*;
 - (b) is unreasonable having regard to all the relevant circumstances; or
 - (c) is based wholly or partly on an error of fact in a material respect.
- 1.8.3 An application for a review of a decision must:
- (a) be in writing;
 - (b) set out the decision made, or deemed to have been made, by the *Commission* under this *Electricity Distribution Price Determination*, to which the application relates;
 - (c) set out in detail the grounds on which the applicant seeks review and the decision sought on the review;
 - (d) be accompanied by any information that the applicant considers should be taken into account by the *Commission* on the review; and
 - (e) be lodged with the *Commission* within 10 *business days* after the decision made, or deemed to have been made, by the *Commission* under this *Electricity Distribution Price Determination*, is published.
- 1.8.4 The *Commission* will not enter into a review of a decision made, or deemed to have been made, by the *Commission* under this *Electricity Distribution Price Determination* where it believes that:
- (a) the application for review is vexatious; or
 - (b) the subject matter of the application is trivial, misconceived or lacking in substance.



- 1.8.5 If an application is made for a review of a decision made, or deemed to have been made, by the *Commission* under this *Electricity Distribution Price Determination*:
- (a) the *Commission* will publish a copy of the application on its website; and
 - (b) invite submissions on the matter the subject of the review in a manner and within a period specified by the *Commission*.
- 1.8.6 A review will be decided within 30 *business days* of the application being lodged with the *Commission*.
- 1.8.7 If a review is not decided within that period, the *Commission* will be taken to have confirmed the decision made, or deemed to have been made, by the *Commission* under this *Electricity Distribution Price Determination* on the same grounds on which the original decision was made.
- 1.8.8 After considering the application, the *Commission* may confirm, vary or substitute the decision.
- 1.8.9 The *Commission* will give the applicant and any other person who provides a submission to the review written notice of the *Commission's* decision under clause 1.8.8 and the reasons for that decision.
- 1.8.10 A decision of the *Commission* made under clause 1.8.8 may not be the subject of an application for review under this clause 1.8.
- 1.8.11 Nothing in this clause 1.8 precludes the operation of Part 6 of the *ESC Act* in respect of appeals or reviews of price determinations.

1.9 Notices

- 1.9.1 The *Commission* will ensure that a notice is published in accordance with clauses 1.9.3 and 1.9.4 when the *Commission*:
- (a) revokes a decision under clause 1.7.1 and makes a new decision under clause 1.7.2;
 - (b) varies or substitutes a decision under clause 1.8.8; or
 - (c) sets a *distribution tariff* under clause 2.2.8(a) or clause 3.2.4(a).
- 1.9.2 *ETSA Utilities* must ensure that a notice is published in accordance with clauses 1.9.3 and 1.9.4 when:
- (a) the initial *distribution tariffs* are set under Chapter 2;
 - (b) a *distribution tariff* is altered, introduced or closed under Chapter 3; or
 - (c) a *distribution tariff* is otherwise altered in accordance with this *Electricity Distribution Price Determination*,
- at least 10 *business days* before that *distribution tariff* is to take effect or be closed.
- 1.9.3 A notice required to be published under clause 1.9.1 or clause 1.9.2 will set out (as appropriate):

- (a) each of the *distribution tariffs* (including the criteria for assignment to and the date of commencement of those *distribution tariffs*) that are to be charged by *ETSA Utilities*;
 - (b) details of the new decision made under clause 1.7.2;
 - (c) details of the varied or new decision made under clause 1.8.8.
- 1.9.4 A notice required to be published under clause 1.9.1 or clause 1.9.2 will be (as appropriate):
- (a) sent to the Treasurer, the Minister responsible for the *ESC Act* and the Minister responsible for the *Act*;
 - (b) published in the *Gazette* and a newspaper circulating generally in the State;
 - (c) sent to *ETSA Utilities*; and
 - (d) made available for inspection and purchase by members of the public.

1.10 Modification of time periods

- 1.10.1 The *Commission* may, if requested in writing by *ETSA Utilities*, extend, by written notice to *ETSA Utilities*:
- (a) the time by which a thing required to be done by *ETSA Utilities* under this *Electricity Distribution Price Determination* must be done; or
 - (b) the period within which a thing required to be done by *ETSA Utilities* under this *Electricity Distribution Price Determination* must be done.
- 1.10.2 If the *Commission* makes a request for information for the purpose of making a decision or exercising any of its powers under this *Electricity Distribution Price Determination*, any time period within which the *Commission* is required to make a decision, notify any person or exercise any of its powers under this *Electricity Distribution Price Determination*:
- (a) stops running on the date the request is made; and
 - (b) starts to run again on the date the information requested by the *Commission* is provided to the *Commission*.
- 1.10.3 If the *Commission* makes a request for information that attracts the operation of clause 1.10.2, it will notify *ETSA Utilities*:
- (a) as soon as practicable after the request for information has been made, of the date the relevant time period stopped running; and
 - (b) as soon as practicable after the information has been received, of the date the time period started to run again.

1.11 Collection and use of information

Any information provided by *ETSA Utilities* in accordance with this *Electricity Distribution Price Determination* is required by the *Commission* to be provided pursuant to Part 5 of the *ESC Act*.



1.12 Code prevails

Subject to clause 1.5.7, the terms of the *Code* (including the terms of any applicable derogation) and the *Electricity Pricing Order* as in force from time to time will prevail over the terms of this *Electricity Distribution Price Determination* to the extent of any necessary inconsistency.

2 REGULATED SERVICES

2.1 *Maximum tariffs and prices*

- 2.1.1 Subject to Chapter 4, *ETSA Utilities* must not charge more for *prescribed distribution services* than an amount calculated in accordance with the relevant *distribution tariff*, as determined pursuant to Chapter 2 and Chapter 3.
- 2.1.2 *ETSA Utilities* must charge for *excluded services* on a fair and reasonable basis which is consistent with:
- (a) the *Electricity Distribution Code* (where applicable); and
 - (b) any other applicable industry codes, rules or guidelines published by the *Commission*.
- 2.1.3 In the event of a dispute in relation to the amount of a charge for an *excluded service*, the *Commission* will determine whether the amount proposed to be charged by *ETSA Utilities* in respect of that *excluded service* complies with clause 2.1.2 having regard to:
- (a) cost reflectivity;
 - (b) overall profitability in relation to *excluded services*; and
 - (c) the degree and effectiveness of market competition.

2.2 *Initial distribution tariffs*

- 2.2.1 For the *initial regulatory year* *ETSA Utilities* must give the *Commission* a statement in accordance with clause 2.2.2 that:
- (a) sets out *ETSA Utilities'* proposed initial *distribution tariffs* for the *initial regulatory year*;
 - (b) sets out the proposed *distribution tariff components* for each of those initial *distribution tariffs*;
 - (c) demonstrates compliance of the proposed initial *distribution tariffs* and initial *distribution tariff components* with the relevant principles and formulae in the *Formula Schedule*; and
 - (d) sets out the manner in which *ETSA Utilities* has had regard to the pricing principles contained in the *Pricing Principles Schedule* in developing the proposed initial *distribution tariffs* and initial *distribution tariff components*.
- 2.2.2 The statement referred to in clause 2.2.1 must be given to the *Commission* at least 40 *business days*, but not more than 60 *business days*, before the start of the *regulatory year*, or such other date as agreed by the *Commission*.
- 2.2.3 *ETSA Utilities* must publish the statement under clause 2.2.1 on its website within 5 *business days* of providing the statement to the *Commission*.
- 2.2.4 The *Commission* will, in deciding whether the statement given by *ETSA Utilities* under clause 2.2.1 demonstrates compliance of the proposed initial *distribution*



tariffs and initial *distribution tariff components* with the relevant principles and formulae in the *Formula Schedule*, decide whether:

- (a) the proposed revenue outcomes are consistent with the revenue control formula set out in the *Formula Schedule*;
- (b) the individual initial *distribution tariff components* are consistent with the tariff rebalancing formula set out in the *Formula Schedule*;
- (c) all forecasts and estimates are in accordance with clause 2.3; and
- (d) the value of the correction (“K”) factors that would have applied to correct for differences between forecast, estimated and actual quantities if the *initial regulatory year* had been regulated under the *Electricity Pricing Order* have been applied correctly and are consistent with clause 2.3.

2.2.5 If the *Commission* does not notify *ETSA Utilities* of the *Commission’s* decision regarding the statement given by *ETSA Utilities* under clause 2.2.1 within 20 *business days* of the *Commission* receiving the statement, the *Commission* is deemed to have approved the statement with effect from the 21st *business day* after the *Commission* receives the statement.

2.2.6 If the *Commission* does not approve the statement given by *ETSA Utilities* under clause 2.2.1, the *Commission* may allow *ETSA Utilities* to replace the statement within such time as specified by the *Commission*. The replacement statement will be taken to be a statement given under clause 2.2.1 except that:

- (a) this clause 2.2.6 does not apply to the replacement statement unless otherwise decided by the *Commission*; and
- (b) the time period in clause 2.2.5 will run from the date the *Commission* receives the replacement statement.

2.2.7 The initial *distribution tariffs* in the statement given by *ETSA Utilities* under clause 2.2.1 approved or deemed to have been approved by the *Commission* will apply from 1 July 2005.

2.2.8 If *ETSA Utilities* does not provide the statement required under clause 2.2.1 to the *Commission* in relation to the *initial regulatory year*, or such a statement is provided but not approved by the *Commission*, the *Commission*:

- (a) may set the relevant initial *distribution tariffs* for *ETSA Utilities* for the *initial regulatory year* in a manner in which the *Commission* could have approved the initial *distribution tariffs* if included in a statement given by *ETSA Utilities* under clause 2.2.1; and
- (b) will publish a notice in accordance with clause 1.9.1.

2.2.9 Any initial *distribution tariffs* set by the *Commission* under clause 2.2.8(a) will apply from 1 July 2005.

2.3 Forecasts and estimates

- 2.3.1 For the purposes of a statement prepared by *ETSA Utilities* under this Chapter 2:
- (a) forecasts of demand, energy, *connection point* numbers and revenue for a *regulatory year* must be based on the best forecasts available at the time the statement is prepared; and
 - (b) estimates of demand, energy, *connection point* numbers and revenue for a *regulatory year* must be based on the actual results available for the *regulatory year* at the time the statement is prepared and the best forecasts available for the remainder of the *regulatory year*.

2.4 Changes in distribution tariffs

- 2.4.1 Procedures for:
- (a) altering;
 - (b) introducing new; and
 - (c) closing,
- distribution tariffs* during the *regulatory period* are set out in Chapter 3.

2.5 Distribution tariff assignment

- 2.5.1 On and from the *commencement date*, *ETSA Utilities* must assign each of its *distribution network users* to a *distribution tariff* in respect of each of the *distribution network users' connection points* in accordance with the criteria published under clause 1.9.3.
- 2.5.2 In determining which *distribution tariff* a *distribution network user* should be assigned in to respect of a *connection point*, *ETSA Utilities* must:
- (a) take into account the *distribution network user's load* and connection characteristics at that *connection point*; and
 - (b) treat *distribution network users* in similar situations in a similar manner.

3 ALTERING, INTRODUCING AND CLOSING DISTRIBUTION TARIFFS

3.1 *Altering, introducing and closing distribution tariffs*

- 3.1.1 For each *regulatory year* after the *initial regulatory year*, *ETSA Utilities* must seek the *Commission's* approval under clause 3.4 to alter the *distribution tariffs* in accordance with clause 3.2.
- 3.1.2 During each *regulatory year* after the *initial regulatory year*, *ETSA Utilities* may seek the *Commission's* approval:
- (a) under clause 3.4 to alter a *distribution tariff component* in accordance with clause 3.3; and
 - (b) under clause 3.7 to:
 - (i) introduce a new *distribution tariff* in accordance with clause 3.5;
 - (ii) close a *distribution tariff* in accordance with clause 3.6.

3.2 *Annual distribution tariff alteration*

- 3.2.1 For each *regulatory year* after the *initial regulatory year*, *ETSA Utilities* must give the *Commission* a statement in accordance with clause 3.2.2 for approval under clause 3.4 that:
- (a) sets out *ETSA Utilities'* proposed *distribution tariffs* for the *regulatory year*;
 - (b) sets out the proposed *distribution tariff components* for each of those *distribution tariffs*;
 - (c) demonstrates compliance of the proposed *distribution tariffs* and *distribution tariff components* with the relevant principles and formulae in the *Formula Schedule*; and
 - (d) sets out the manner in which *ETSA Utilities* has had regard to the pricing principles contained in the *Pricing Principles Schedule* in developing the proposed *distribution tariffs* and *distribution tariff components*.
- 3.2.2 The statement referred to in clause 3.2.1 must be given to the *Commission* at least 40 *business days*, but not more than 60 *business days*, before the start of the *regulatory year*.
- 3.2.3 *ETSA Utilities* must publish the statement under clause 3.2.1 on its website within 5 *business days* of providing the statement to the *Commission*.
- 3.2.4 If *ETSA Utilities* does not provide the statement required under clause 3.2.1 to the *Commission* in relation to a *regulatory year*, or such a statement is provided but not approved by the *Commission*, the *Commission*:
- (a) may re-set the relevant *distribution tariffs* for *ETSA Utilities* for the *regulatory year* in a manner in which the *Commission* could have approved of the



distribution tariffs if included in a statement given by *ETSA Utilities* under clause 3.2.1; and

(b) will publish a notice in accordance with clause 1.9.1.

3.2.5 Any *distribution tariffs* set by the *Commission* under clause 3.2.4(a) will apply from the start of the *regulatory year* in which the *distribution tariffs* are to apply.

3.3 Altering distribution tariff components

3.3.1 To seek the *Commission's* approval to alter a *distribution tariff component* under clause 3.1.2, *ETSA Utilities* must give the *Commission* a statement that:

(a) sets out its proposed change in the *distribution tariff component*;

(b) demonstrates compliance of the proposed *distribution tariffs* and *distribution tariff components* with the relevant principles and formulae in the *Formula Schedule*;

(c) sets out the manner in which *ETSA Utilities* has had regard to the pricing principles contained in the *Pricing Principles Schedule* in developing the proposed *distribution tariffs* and *distribution tariff components*; and

(d) demonstrates that *ETSA Utilities* has undertaken public consultation with relevant stakeholders and considered any submissions in respect of the proposed alteration of the *distribution tariff component* prior to submission of the statement.

3.3.2 The statement referred to in clause 3.3.1 must be given to the *Commission* at least 40 *business days*, but not more than 60 *business days*, before the date on which *ETSA Utilities* proposes that the alteration of the *distribution tariff component* is to take effect.

3.3.3 *ETSA Utilities* must publish the statement under clause 3.3.1 on its website within 5 *business days* of providing the statement to the *Commission*.

3.4 Commission approval of annual and distribution tariff component alterations

3.4.1 The *Commission* will approve a statement given by *ETSA Utilities* under clause 3.2 or clause 3.3 if it is satisfied that:

(a) the statement demonstrates compliance of the proposed *distribution tariffs* and *distribution tariff components* with the relevant principles and formulae in the *Formula Schedule*;

(b) all the forecasts and estimates included in the statement are satisfactory to the *Commission*;

(c) the value of the correction ("K") factors to correct for differences between forecast, estimated and outturn quantities are consistent with clause 3.8 and the relevant principles and formulae in the *Formula Schedule*; and

- (d) all the matters required to be presented in the statement under clause 3.2 or clause 3.3 are contained in the statement.
- 3.4.2 If the *Commission* approves a statement given by *ETSA Utilities* under clause 3.2 or clause 3.3 it will:
- (a) notify *ETSA Utilities* of that approval in writing within 20 *business days* of the *Commission* receiving the statement; and
 - (b) publish a notice on its website advising of the approval of the statement.
- 3.4.3 If the *Commission* does not notify *ETSA Utilities* of the *Commission's* decision regarding a statement given by *ETSA Utilities* under clause 3.2 or clause 3.3 within 20 *business days* of the *Commission* receiving the statement, the *Commission* is deemed to have approved the statement with effect from the 21st *business day* after the *Commission* receives the statement.
- 3.4.4 If the *Commission* does not approve a statement given by *ETSA Utilities* under clause 3.2 or clause 3.3, the *Commission* may allow *ETSA Utilities* to replace the statement within such time as specified by the *Commission*. The replacement statement will be taken to be a statement given under clause 3.2 or clause 3.3 (as the case may be) except that:
- (a) this clause 3.4.4 does not apply to the replacement statement unless otherwise decided by the *Commission*; and
 - (b) the time period in clause 3.4.2 will run from the date the *Commission* receives the replacement statement.
- 3.4.5 The *distribution tariffs* in the statement given by *ETSA Utilities* under clause 3.2 approved or deemed to have been approved by the *Commission* will apply from the start of the *regulatory year* during which the *distribution tariffs* are to apply.
- 3.4.6 The *distribution tariff components* in the statement given by *ETSA Utilities* under clause 3.3 that are approved or deemed to have been approved by the *Commission* will apply from a date specified by the *Commission*, which date will be as soon as practicable following the granting or deeming of approval for the statement.

3.5 New distribution tariffs

- 3.5.1 To seek the *Commission's* approval to introduce a new *distribution tariff* under clause 3.1.2(b)(i), *ETSA Utilities* must give the *Commission* a statement setting out:
- (a) a description of the service to which the new *distribution tariff* is to apply;
 - (b) the new *distribution tariff* (including the criteria for assignment to the *distribution tariff*);
 - (c) if the new *distribution tariff* is intended to replace an existing *distribution tariff*, details of the relevant existing *distribution tariff*;
 - (d) the effect of the new *distribution tariff* on *distribution network users*;



- (e) information as to which of the *distribution network users* who are currently assigned to an existing *distribution tariff* will be eligible to be assigned to the new *distribution tariff*;
 - (f) how *ETSA Utilities* proposes to calculate and present the *distribution tariff components* of the new *distribution tariff*;
 - (g) the revenue outcomes resulting from the introduction of the new *distribution tariff*, which must comply with the applicable revenue control formulae in the *Formula Schedule*;
 - (h) the manner in which *ETSA Utilities* has had regard to the pricing principles contained in the *Pricing Principles Schedule* in developing the new *distribution tariff* and *distribution tariff components*; and
 - (i) that *ETSA Utilities* has undertaken public consultation with relevant stakeholders and considered any submissions in respect of the new *distribution tariff* prior to submission of the statement.
- 3.5.2 The statement referred to in clause 3.5.1 must be given to the *Commission* at least 40 *business days*, but not more than 60 *business days*, before the date on which *ETSA Utilities* proposes that the new *distribution tariff* is to take effect.
- 3.5.3 *ETSA Utilities* must publish the statement under clause 3.5.1 on its website within 5 *business days* of providing the statement to the *Commission*.
- 3.5.4 If *ETSA Utilities* obtains the *Commission's* approval under clause 3.7 to introduce a new *distribution tariff*:
- (a) *ETSA Utilities* must, within 20 *business days* of the *Commission* approving or being deemed to have approved the introduction of the new *distribution tariff*, decide which *distribution network users* will, subject to this clause 3.5.4, be assigned to the new *tariff*;
 - (b) if the *Commission* has given its approval under clause 3.7.5, *ETSA Utilities* must, as soon as practicable after making the decision in clause 3.5.4(a), ensure the *distribution network user* is notified that it has been assigned to the new *distribution tariff*; and
 - (c) if the *Commission* has not given its approval under clause 3.7.5, *ETSA Utilities* must:
 - (i) as soon as practicable after making the decision in clause 3.5.4(a), ensure the *distribution network user* is notified of the new *distribution tariff* and provided with sufficient information to make the election referred to in clause 3.5.4(c)(ii); and
 - (ii) not assign the *distribution network user* to the new *distribution tariff* unless the *distribution network user* elects in writing to be assigned to the new *distribution tariff*.

3.6 Closing tariffs

- 3.6.1 To seek the *Commission's* approval to close a *distribution tariff* under clause 3.1.2(b)(ii), *ETSA Utilities* must give the *Commission* a statement setting out:
- (a) details of the *distribution tariff* it proposes to close;
 - (b) the effect of the proposed closure on *distribution network users*;
 - (c) the *distribution tariff* to which *distribution network users* will be eligible to be assigned after the closure of the existing *distribution tariff*;
 - (d) the revenue outcomes resulting from the closure of the *distribution tariff*, which must comply with the applicable revenue control formulae in the *Formula Schedule*;
 - (e) the manner in which *ETSA Utilities* has had regard to the pricing principles contained in the *Pricing Principles Schedule* in proposing to close the *distribution tariff* and *distribution tariff components*; and
 - (f) that *ETSA Utilities* has undertaken public consultation with relevant stakeholders and considered any submissions in respect of the proposed closure of the *distribution tariff* prior to submission of the statement.
- 3.6.2 The statement referred to in clause 3.6.1 must be given to the *Commission* at least 40 *business days*, but not more than 60 *business days*, before the date on which *ETSA Utilities* proposes that the *distribution tariff* is to be closed.
- 3.6.3 *ETSA Utilities* must publish the statement under clause 3.6.1 on its website within 5 *business days* of providing the statement to the *Commission*.
- 3.6.4 If *ETSA Utilities* obtains approval to close a *distribution tariff*:
- (a) *ETSA Utilities* must, within 20 *business days* of the *Commission* approving or being deemed to have approved the closure of the *distribution tariff*, decide to which of its other *distribution tariffs* *distribution network users* previously subject to that closed *distribution tariff* will, subject to this clause 3.6.4, be assigned;
 - (b) if the *Commission* has given its approval under clause 3.7.5, *ETSA Utilities* must, as soon as practicable after making the decision in clause 3.6.4(a) ensure each *distribution network user* is notified that it has been assigned to that other *distribution tariff*, and
 - (c) if the *Commission* has not given its approval under clause 3.7.5, *ETSA Utilities* must:
 - (i) as soon as practicable after making the decision in clause 3.6.4(a), ensure the *distribution network user* is notified that the *distribution tariff* has been closed and of the *distribution tariff* to which it is proposed to be assigned, and provided with sufficient information to make the election referred to in clause 3.6.4(c)(ii); and
 - (ii) provided the *distribution network user* continues to satisfy the eligibility criteria that applied in respect of the closed *distribution tariff*, continue



charging the *distribution network user* under the closed *distribution tariff* unless the *distribution network user* elects in writing to be assigned to another *distribution tariff* under which it is eligible to be supplied.

3.7 Commission approval

- 3.7.1 The *Commission* will approve a statement given by *ETSA Utilities* under clause 3.5.1 or clause 3.6.1 if it is satisfied that:
- (a) the revenue outcomes would comply with the applicable revenue control formulae in the *Formula Schedule*;
 - (b) all forecasts and estimates included in the statement are satisfactory to the *Commission*; and
 - (c) all of the matters required to be presented in the statement are contained in the statement.
- 3.7.2 If the *Commission* approves a statement given by *ETSA Utilities* under clause 3.5.1 or clause 3.6.1 it will:
- (a) notify *ETSA Utilities* of that approval in writing within 20 *business days* of the *Commission* receiving the statement; and
 - (b) publish a notice on its website advising of the approval of the statement.
- 3.7.3 If the *Commission* does not notify *ETSA Utilities* of the *Commission's* decision regarding a statement given by *ETSA Utilities* under clause 3.5.1 or clause 3.6.1 within 20 *business days* of the *Commission* receiving the statement, the *Commission* is deemed to have approved the statement with effect from the 21st *business day* after the *Commission* receives the statement.
- 3.7.4 If the *Commission* does not approve a statement given by *ETSA Utilities* under clause 3.5.1 or clause 3.6.1, the *Commission* may allow *ETSA Utilities* to replace the statement within such time as the *Commission* allows. The replacement statement will be taken to be a statement given under clause 3.5.1 or clause 3.6.1 (as the case may be) except that:
- (a) this clause 3.7.4 will not apply to the replacement statement; and
 - (b) the time period in clause 3.7.3 will run from the date the *Commission* receives the replacement statement.
- 3.7.5 The *Commission* may, if it approves the introduction of a new *distribution tariff* or the closure of a *distribution tariff*, approve the assignment of *distribution network users* to the new *distribution tariff*, or to a *distribution tariff* other than the closed *distribution tariff*, without the *distribution network user's* consent if:
- (a) *ETSA Utilities* requests such approval in the statement given under clause 3.5.1 or clause 3.6.1; and
 - (b) the *Commission* considers the assignment will not have a detrimental effect on the *distribution network user*.

- 3.7.6 The introduction of a new *distribution tariff* or closure of a *distribution tariff* approved or deemed to have been approved by the *Commission*, must apply from the latest of:
- (a) the date on which the *Commission* approves, or is taken to approve the new *distribution tariff* or closure of the *distribution tariff*; and
 - (b) the date specified by *ETSA Utilities* in the statement given under clause 3.5.1 or clause 3.6.1.

3.8 Forecasts and estimates

For the purposes of a statement prepared by *ETSA Utilities* under this Chapter 3:

- 3.8.1 forecasts of demand, energy, *connection point* numbers and revenue for a *regulatory year* must be based on the best forecasts available at the time the statement is prepared; and
- 3.8.2 estimates of demand, energy, *connection point* numbers and revenue for a *regulatory year* must be based on the actual results available for the *regulatory year* at the time the statement is prepared and the best forecasts available for the remainder of the *regulatory year*.

4 REGULATED PASS THROUGH

4.1 *Relevant pass through event*

A *relevant pass through event* is:

- 4.1.1 a *change in taxes event*;
- 4.1.2 a *service standards event*;
- 4.1.3 a *regulatory reset event*;
- 4.1.4 an *extraordinary event*;
- 4.1.5 a *major projects event*;
- 4.1.6 a *66kV undergrounding event*; or
- 4.1.7 a *retailer of last resort event*.

4.2 *Application by ETSA Utilities*

- 4.2.1 If a *relevant pass through event* occurs, *ETSA Utilities* may seek the *Commission's* approval to pass through a *pass through amount* in relation to the amounts that *ETSA Utilities* is otherwise permitted to charge for *prescribed distribution services* pursuant to Chapter 2 and Chapter 3.
- 4.2.2 To seek the *Commission's* approval to pass through a *pass through amount* under clause 4.2.1, *ETSA Utilities* must give the *Commission* a statement within 3 months of the *relevant pass through event* having occurred, specifying:
 - (a) details of the *relevant pass through event* concerned;
 - (b) the date the *relevant pass through event* took or takes effect;
 - (c) the estimated financial effects of the *relevant pass through event* on the provision of *prescribed distribution services* by *ETSA Utilities*;
 - (d) the *pass through amount* *ETSA Utilities* proposes in relation to the *relevant pass through event*;
 - (e) the basis on which *ETSA Utilities* proposes to apply the pass through amount to *distribution network users*; and
 - (f) the date from, and period over which, *ETSA Utilities* proposes to apply the *pass through amount*.
- 4.2.3 *ETSA Utilities* must publish the statement under clause 4.2.2 on its website within 5 *business days* of providing the statement to the *Commission*.

4.3 *Commission approval*

- 4.3.1 If the *Commission* receives a statement under clause 4.2.2 in relation to a *relevant pass through event*, the *Commission* will decide whether the *relevant pass through*



event occurred and, if the *Commission* decides the relevant *pass through* event occurred, the *Commission* will decide:

- (a) the *pass through* amount;
- (b) the basis on which the *pass through* amount may be applied to *distribution network users*; and
- (c) the date from, and period over which, the *pass through* amount may be applied,

and notify *ETSA Utilities* in writing of the *Commission's* decision.

4.3.2 If the *Commission* approves a statement given by *ETSA Utilities* under clause 4.2.2 in relation to a *relevant pass through* event, it will:

- (a) notify *ETSA Utilities* of that approval in writing within 20 *business days* of the *Commission* receiving the statement; and
- (b) publish a notice on its website advising of the approval of the statement.

4.3.3 If the *Commission* does not give a notice to *ETSA Utilities* under clause 4.3.1 within 20 *business days* of receiving a statement from *ETSA Utilities* under clause 4.2.2, on the 21st *business day* after receiving the *ETSA Utilities'* statement, the *Commission* is deemed to have notified *ETSA Utilities* of its decision that the *pass through* amount and the basis on, date from and period over which the *pass through* amount may be applied are as specified in the *ETSA Utilities'* statement.

4.4 Required pass through

4.4.1 If a *relevant pass through* event occurs, and *ETSA Utilities* does not give the *Commission* a statement under clause 4.2.2 concerning the *relevant pass through* event, the *Commission* may require *ETSA Utilities* to pass through a *pass through* amount in relation to the amounts that *ETSA Utilities* is otherwise permitted to charge for *prescribed distribution services* pursuant to Chapter 2 and Chapter 3.

4.4.2 If the *Commission* decides to require *ETSA Utilities* to pass through a *pass through* amount, the *Commission* will decide:

- (a) the *pass through* amount;
- (b) the basis on which the *pass through* amount must be applied to *distribution network users*; and
- (c) the date from, and period over which, the *pass through* amount must be applied,

and notify *ETSA Utilities* in writing of the *Commission's* decision and the reasons for the *Commission's* decision.

4.5 Relevant factors

4.5.1 In making a decision under clause 4.3, the *Commission* will take into account the matters and proposals set out in the *ETSA Utilities'* statement.

- 4.5.2 In making a decision under clause 4.3 or clause 4.4, the *Commission* will seek to ensure that the financial effect on *ETSA Utilities* associated with the *relevant pass through event* concerned is economically neutral, taking into account:
- (a) the relative amounts of *prescribed distribution services* supplied to each *distribution network user*;
 - (b) the time cost of money for the period over which the *pass through amount* is to be applied;
 - (c) the basis on and period over which the *pass through amount* is to be applied;
 - (d) the financial effect on *ETSA Utilities* associated with the provision of *prescribed distribution services* directly attributable to the *relevant pass through event* and the time at which the financial effect arises;
 - (e) any *pass through amount* applied under this Chapter 4 relating to a previous *relevant pass through event* in the same category, which resulted in *ETSA Utilities* recovering an amount either more or less than the financial effect on *ETSA Utilities* of that previous *relevant pass through event*;
 - (f) in relation to a *change in taxes event*:
 - (i) any change in the way or rate at which another tax is calculated, or the removal or imposition of another tax, which, in the *Commission's* opinion, is complementary to the *change in taxes event* concerned; or
 - (ii) the effect of any other previous *change in taxes event* that has occurred since the later of the *commencement date* and the last decision made under this Chapter 4 in relation to a *change in taxes event*; and
 - (g) any other factors the *Commission* considers relevant.
- 4.5.3 In making a decision under clause 4.3 or clause 4.4, the *Commission* will ensure that the *pass through amount* does not include any variation in expenditure by *ETSA Utilities* from that forecast in setting the *distribution tariffs* for *ETSA Utilities* unless the variation is directly related to the *relevant pass through event*.

4.6 Application of pass through amount

- 4.6.1 *ETSA Utilities* may, after:
- (a) receipt or deemed receipt of a notice under clause 4.3 or receipt of a notice under clause 4.4 allowing or requiring *ETSA Utilities* to pass through a *positive pass through amount*; and
 - (b) ensuring its *distribution network users* are notified of:
 - (i) the *positive pass through amount* which the *Commission* has approved or is deemed to have approved;
 - (ii) the circumstances giving rise to the *positive pass through amount*; and



- (iii) the basis on, date from and period over which *ETSA Utilities* will apply the *positive pass through amount*,

apply the *positive pass through amount* on the basis, from the date and over the period specified or deemed to be specified in the notice from the *Commission*.

- 4.6.2 *ETSA Utilities* must, after receipt or deemed receipt of a notice under clause 4.3, or receipt of a notice under clause 4.4, allowing or requiring *ETSA Utilities* to pass through a *negative pass through amount*, apply the *negative pass through amount* on the basis, from the date and over the period specified or deemed to be specified in the notice from the *Commission*.

- 4.6.3 The effect of the *pass through amount* must be:

- (a) shown on each *distribution network users'* bill; or
- (b) otherwise notified to *distribution network users* in a manner approved by the *Commission*.

4.7 Price control calculations

A *pass through amount* applied by *ETSA Utilities* under this Chapter 4 will not be:

- 4.7.1 taken into account in deciding:
 - (a) *ETSA Utilities'* revenues, *distribution tariffs* or *distribution tariff components* used in the *Formula Schedule*; or
 - (b) whether *ETSA Utilities'* *distribution tariffs* or *distribution tariff components* comply with the principles and formulae in the *Formula Schedule*; or
- 4.7.2 subject to the procedures in Chapter 3.

5 DEFINITIONS AND INTERPRETATION

5.1 Definitions

66kV undergrounding event means any decision of an *Authority*:

- (a) refusing *ETSA Utilities* the benefit of an exemption under the Electricity (General) Regulations 1997 from the requirements of the *Act* for overhead clearances in respect of 66kV powerlines; or
- (b) otherwise requiring *ETSA Utilities* to place 66kV powerlines underground or refusing approval to allow *ETSA Utilities* to build 66kV powerlines overhead,

as a result of which *ETSA Utilities* incurs materially higher or lower costs in providing *prescribed distribution services* than it would have incurred but for that event.

actual maximum demand is defined in the *Demand Schedule*.

agreed maximum demand is defined in the *Demand Schedule*.

accumulated energy data means the data that results from the measurement of the flow of electricity in a power conductor where the data represents a period in excess of a *trading interval*.

Act means the Electricity Act 1996 (SA).

annual electricity consumption level has the meaning given to that term in the *Act*.

applicable laws means the *Code*, any industry codes, rules or guidelines made by the *Commission* under the *ESC Act*, the *Act*, this *Electricity Distribution Price Determination*, the licences issued under the *Act*, and any other legislation, rules, regulations, codes or conditions which are binding on *ETSA Utilities* in relation to the provision of *distribution services*.

Authority means any:

- (a) Government or regulatory department, body, instrumentality, Minister, agency, local authority or other authority; or
- (b) body which is the successor to the administrative responsibilities of that department, body, instrumentality, Minister, agency, local authority or authority.

business day means a day other than a Saturday, Sunday or day which is proclaimed as a public holiday in South Australia.

change in taxes event means:

- (a) a change in (or change in application or official interpretation of) a *relevant tax* or the way in which a *relevant tax* is calculated;
- (b) the removal of a *relevant tax*, or
- (c) the imposition of a *relevant tax*,



to the extent that the change, removal or imposition applies to the provision of *prescribed distribution services* by *ETSA Utilities* or services supplied to *ETSA Utilities* in respect of the provision of *prescribed distribution services* by *ETSA Utilities* as a result of which *ETSA Utilities* incurs materially higher or lower costs in providing *prescribed distribution services* than it would have incurred but for that event.

Code has the meaning given to it in the *National Electricity Law*.

commencement date means the date on which the *regulatory period* commences as referred to in clause 1.2.1.

Commission means the Essential Services Commission established under the *ESC Act*.

connection assets means the components of the *distribution system* used to provide *connection services*.

connection point means the point of connection between a *distribution network user's electricity infrastructure* or *electrical installation* and a *distribution system*.

connection services means either or both of the:

- (a) provision of capability at each *connection point* (by means of the *connection assets* for the *distribution connection point*) to deliver electricity to or take electricity from the *connection point* using *connection assets*;
- (b) management, maintenance and operation of *connection assets*, so as to provide the capability referred to in paragraph (a) of this definition,

using *good electricity industry practice* and in accordance with the requirements of the *Code*, the *Electricity Distribution Code*, the *Electricity Metering Code* and any other *applicable laws*.

CPI is defined in the *CPI Schedule*.

CPI Schedule means Schedule 6.

customer has the meaning given to it in the *Act*, provided that it does not include *off-grid customers*.

Demand Schedule means Schedule 2.

distribution network means that part of a *distribution system* other than any *connection assets*.

distribution network use of system services means services provided to a *distribution network user* for use of the *distribution network* for the conveyance of electricity that can be reasonably allocated on a locational and/or voltage basis.

distribution network user means a person that owns or is otherwise the *customer* in respect of *electricity infrastructure* or an *electrical installation* that is connected to a *distribution system* and includes, where the circumstances require, an *embedded generator*.

distribution services means either or both of:

- (a) all services provided by a *distribution system* or *ETSA Utilities* which are associated with the conveyance of electricity through the *distribution system* including, without limitation,

connection services, network services, metering services, entry services, distribution network use of system services, exit services, and network services which are provided by part of a distribution system,

- (b) all services associated with the establishment and operation of *retailer* of last resort capabilities by *ETSA Utilities* in accordance with the *retailer of last resort requirement* of *ETSA Utilities' distribution licence*, other than services charged for by *ETSA Utilities* as *excluded services* in accordance with clause 1.9(a) of the *Excluded Services Schedule*.

distribution system means the apparatus, equipment, plant and buildings used to convey, and control the conveyance of electricity to *distribution network users* including any *connection assets*, and, in respect of *ETSA Utilities* means the *distribution system* that *ETSA Utilities* has a distribution licence under the *Act* to operate, or in respect of which *ETSA Utilities* is exempt from obtaining such a licence.

distribution tariff means tariffs for *prescribed distribution services*, being the combination of *distribution tariff components* applying to *prescribed distribution services*.

distribution tariff class means each of the separate classes of *distribution network user* listed in paragraph 3.1(d) of the *Formula Schedule*.

distribution tariff component means an individual price element comprising part of a *distribution tariff* and includes both:

- (a) the part of the *distribution tariff component* that is attributable to costs for *transmission services*; and
- (b) the part of the *distribution tariff component* other than that described in paragraph (a).

ElectraNet SA means ElectraNet Pty Ltd (ACN 094 482 416).

electrical installation has the meaning given to it in the *Act*.

Electricity Distribution Code means the Electricity Distribution Code made by the *Commission* under the *ESC Act*.

Electricity Distribution Price Determination means this price determination made by the *Commission* under the *ESC Act*, as authorised by the *Act*, in accordance with the requirements of the *Code* and the *Electricity Pricing Order*.

electricity infrastructure has the meaning given to it in the *Act*.

Electricity Metering Code means the Electricity Metering Code made by the *Commission* under the *ESC Act*.

Electricity Transmission Code means the Electricity Transmission Code made by the *Commission* under the *ESC Act*.

Electricity Pricing Order means the pricing order issued by the Treasurer under section 35B of the *Act* on 11 October 1999 as varied from time to time.

embedded generator means a *generator* connected to a *distribution system*.



energy data means *interval energy data, accumulated energy data or estimated energy data.*

entry services means a distribution service provided to serve a *generator* or group of *generators* at a *single connection point*.

ESC Act means the Essential Services Commission Act 2002 (SA).

estimated energy data means the data that results from an estimation of the flow of electricity in a power conductor where the data applies to a *trading interval* or a period in excess of a *trading interval*.

ETSA Utilities means CKI Utilities Development Limited (ABN 65 090 718 880), HEI Utilities Development Limited (ABN 82 090 718 951), CKI Utilities Holdings Limited (ABN 54 091 142 380), HEI Utilities Holdings Limited (ABN 50 091 142 362) and CKI/HEI Utilities Distribution Limited (ABN 19 091 143 038).

excluded services means the services provided by *ETSA Utilities* set out in the *Excluded Services Schedule* in respect of which the *Commission* has price determination powers under the *ESC Act* and a more light handed approach to price regulation is taken.

Excluded Services Schedule means Schedule 1.

exit services means a service provided to serve a *distribution network user* or group of *distribution network users* at a *single connection point*.

extraordinary event means an event the occurrence of which was unpredictable, unforeseen, or if foreseen could not be reasonably guarded against, as at the *commencement date* and substantially beyond the reasonable control of *ETSA Utilities*, as a result of which *ETSA Utilities* incurs materially higher or lower costs in providing *prescribed distribution services* than it would have incurred but for that event.

first tier has the meaning given to that term in the *Code*.

Forecast Quantity Schedule means Schedule 4.

Formula Schedule means Schedule 3.

Gazette means the South Australian Government Gazette.

generator means a person that holds a licence under the *Act* for the generation of electricity or is exempt from the requirement to hold such a licence.

good electricity industry practice has the meaning given to that term in the *Code*.

GST means the tax imposed under *GST Law*.

GST Law has the meaning attributed in the A New Tax System (Goods and Services Tax) Act 1999, and terms related to *GST* such as "ABN", "Input Tax Credit", "Taxable Supply" and "Tax Invoice" have the meaning attributed in the *GST Law*.

initial regulatory year means the *regulatory year* ending 30 June 2006.

interval energy data means the data that results from the measurement of the flow of electricity in a power conductor where the data is prepared by a data logger into intervals which correspond to a *trading interval* or a sub-multiple of a *trading interval*.

large distribution network user means a *distribution network user* with an *annual electricity consumption level* which equals or exceeds 160MWh per annum through a *connection point*.

load means, in respect of a *connection point*, the amount of electrical power delivered at a defined instant at that *connection point*.

major projects event means an event specified in the *Major Projects Schedule* relating to a *metropolitan transmission network connection point*.

Major Projects Schedule means Schedule 7.

meter has the meaning given to it in the *Code*.

metering data services means the collection, processing and storage of, and provision of access to, *energy data*.

metering installation means all or each of a *metering installation type 1*, *metering installation type 2*, *metering installation type 3*, *metering installation type 4*, *metering installation type 5R*, *metering installation type 5M*, *metering installation type 6* and *metering installation type 7*.

metering installation type 1 means a *metering installation* installed at a *connection point* through which the *annual electricity consumption level* is greater than 1,000 GWh that meets the requirements specified in Schedule 1 of the “Metrology Procedure for Type 1 Metering Installations” published by NEMMCO in accordance with clause 7.3.1(ba)(1) of the *Code*.

metering installation type 2 means a *metering installation* installed at a *connection point* through which the *annual electricity consumption level* is equal to or greater than 100 GWh and less than or equal to 1,000 GWh that meets the requirements specified in Schedule 1 of the “Metrology Procedure for Type 2 Metering Installations” published by NEMMCO in accordance with clause 7.3.1(ba)(1) of the *Code*.

metering installation type 3 means a *metering installation* installed at a *connection point* through which the *annual electricity consumption level* is equal to or greater than 750MWh and less than or equal to 100 GWh that meets the requirements specified in Schedule 1 of the “Metrology Procedure for Type 3 Metering Installations” published by NEMMCO in accordance with clause 7.3.1(ba)(1) of the *Code*.

metering installation type 4 means a *metering installation* installed at a *connection point* through which the *annual electricity consumption level* is less than 750 MWh that meets the requirements specified in Schedule 1 of the “Metrology Procedure for Type 4 Metering Installations” published by NEMMCO in accordance with clause 7.3.1(ba)(1) of the *Code*.

metering installation type 5R means a *metering installation* installed at a *connection point* through which the *annual electricity consumption level* is less than 160 MWh that meets the requirements specified in Schedule 1 and Schedule 3 of the “South Australian Electricity Supply Industry Metrology Procedure for Type 5, 6 and 7 Metering Installations” published by the *Commission* in accordance with clause 7.3.1(ba)(2) of the *Code* which has communications for remote reading of data.



metering installation type 5M means a *metering installation* installed at a *connection point* through which the *annual electricity consumption level* is less than 160 MWh that meets the requirements specified in Schedule 1 and Schedule 3 of the “South Australian Electricity Supply Industry Metrology Procedure for Type 5, 6 and 7 Metering Installations” published by the *Commission* in accordance with clause 7.3.1(ba)(2) of the *Code* which does not have communications for remote reading of data;

metering installation type 6 means a *metering installation* installed at a *connection point* through which the *annual electricity consumption level* is less than 160 MWh that meets the requirements specified in Schedule 2 and Schedule 4 of the “South Australian Electricity Supply Industry Metrology Procedure for Type 5, 6 and 7 Metering Installations” published by the *Commission* in accordance with clause 7.3.1(ba)(2) of the *Code*.

metering installation type 7 means a *metering installation* installed at a *connection point* through which the *annual electricity consumption level* is less than 160 MWh that meets the requirements specified in Schedule 5 of the “South Australian Electricity Supply Industry Metrology Procedure for Type 5, 6 and 7 Metering Installations” published by the *Commission* in accordance with clause 7.3.1(ba)(2) of the *Code*.

meter provision services means the supply, installation and maintenance of *metering installations*.

metering services means *meter provision services* and *metering data services*.

metropolitan transmission network connection point has the meaning given to it in section 21(7) of the Electricity Corporations (Restructuring and Disposal) Act 1999.

National Electricity Law means the National Electricity Law set out in the Schedule to the National Electricity (South Australia) Act 1996.

NECA has the meaning given to it in the *National Electricity Law*.

NEMMCO has the meaning given to it in the *National Electricity Law*.

negative pass through amount means, in relation to a *relevant pass through event*:

- (a) an amount that *ETSA Utilities* is required to pay its *distribution network users*; or
- (b) a factor by which amounts the *distribution network users* are required to pay *ETSA Utilities* are reduced.

network capability means the capability of a *network* or part of a *network* to transfer electricity from one location to another.

network services means each or all of:

- (a) the provision of *network capability* to support the delivery of electricity to *distribution connection points* up to the *agreed maximum demand* for the *connection point* (where applicable) or otherwise at the level of demand at which electricity is generally delivered to or taken from the *distribution connection point*;
- (b) the management, maintenance and operation of the *distribution network* to provide the *network capability* referred to in paragraph (a) of this definition; and

- (c) such additional activities as are necessary to ensure the integrity of the *distribution network* and maintain the *network capability* to support the delivery of electricity to and, where applicable, to take electricity from, *distribution connection points*,

using *good electricity industry practice* and in accordance with the requirements of the *Code*, the *Electricity Distribution Code* and any other *applicable laws*.

off-grid customers means *customers* that are not connected to a transmission or distribution system as defined in section 9(1)(b) of the *National Electricity Law*.

pass through amount means a *positive pass through amount* or a *negative pass through amount*.

Planning Council means the Electricity Supply Industry Planning Council established under the *Act*.

positive pass through amount means, in relation to a *relevant pass through event*:

- (a) an amount *distribution network users* are required to pay *ETSA Utilities*; or
- (b) a factor by which amounts *distribution network users* are required to pay *ETSA Utilities* are increased.

postage stamp basis has the meaning given to it in the *Code*.

prepayment meter system means a device, componentry, software or other mechanism associated with a *metering installation type 5M*, *metering installation type 5R* or *metering installation type 6* at a *small customer's connection point* which operates to permit the flow of electricity through the *meter* when activated by a card, code or some other method.

prescribed distribution infrastructure means

- (a) powerlines; and
- (b) substations for converting, transforming or controlling electricity; and
- (c) equipment for metering, monitoring or controlling electricity; and
- (d) any wires, poles, equipment or other things (including tunnels and cavities) used for, or in connection with, the distribution of electricity

used by *ETSA Utilities* to provide *prescribed distribution services*.

prescribed distribution services means *distribution services* other than *excluded services*.

Pricing Principles Schedule means Schedule 5.

regulatory period means the period from 1 July 2005 to 30 June 2010.

regulatory reset event means a price determination made by the ACCC or another *Authority* in the electricity supply industry in relation to *transmission services* that takes effect after 1 July 2005 as a result of which *ETSA Utilities* incurs materially higher or lower costs in providing *prescribed distribution services* than it would have incurred but for that event.

regulatory year means a period of 12 months ending on 30 June during the *regulatory period*.



relevant pass through event has the meaning given to it in clause 4.1.

relevant tax means any tax imposed by or payable directly or indirectly to any *Authority* of the Commonwealth of Australia or *Authority* in the State of South Australia, (including a goods and services tax) and any fees and charges paid or payable to the *Commission* for licences under the *Act*, or any other membership, contributory or other charge payable to other regulatory bodies in the electricity industry, but excluding any:

- a) income tax (or State equivalent income tax), fringe benefits tax or capital gains tax;
- b) payroll tax;
- c) land tax or any other tax on the ownership or occupancy of premises;
- d) customs and import duties;
- e) municipal rates, taxes and other charges imposed by local authorities;
- f) stamp duty, financial institutions duty, bank accounts debits tax or similar taxes and duties;
- g) penalties and interest for late payments relating to any tax; or
- h) any tax that replaces any of the taxes referred to in (a) to (g).

residential distribution network user means a *distribution network user* taking a supply of electricity predominantly for residential purposes.

retailer means the holder of an electricity retail licence issued under the *Act*.

retailer of last resort event means either or both of:

- (a) a decision made by the *Commission* substantially varying the manner in which *ETSA Utilities* is required to establish the systems and processes necessary for *ETSA Utilities* to undertake the retailer of last resort function as a result of which the costs *ETSA Utilities* incurs in respect of the establishment of those systems and processes are materially higher or lower than \$5 million (in March 2004 dollars) during the *regulatory period*; and
- (b) the occurrence of an event requiring *ETSA Utilities* to fulfil the *retailer of last resort requirement* as a result of which *ETSA Utilities* incurs materially higher or lower costs in providing *prescribed distribution services* than it would have incurred but for that event.

retailer of last resort requirement has the meaning given to it in the *Act*.

second tier has the meaning given to that term in the *Code*.

service standards event means a decision made by *NECA*, *NEMMCO*, the *ACCC*, the *Commission*, the *Planning Council* or any other *Authority* in the electricity supply industry or any amendment to an *applicable law* after the *commencement date* that has the effect of:

- (a) imposing a set of minimum standards on *ETSA Utilities* in respect of *prescribed distribution services* that are different from the set of minimum standards imposed on *ETSA Utilities* in respect of *prescribed distribution services* at the *commencement date*;
- (b) requiring *ETSA Utilities* to undertake any activity as part of *prescribed distribution services* in addition to those activities required to be undertaken as part of *prescribed distribution services* as at the *commencement date*; or

- (c) substantially varying the manner in which *ETSA Utilities* is required to undertake any activity forming part of *prescribed distribution services* as at the *commencement date*,

as a result of which *ETSA Utilities* incurs materially higher or lower costs in providing *prescribed distribution services* than it would have incurred but for that event.

small customer has the same meaning as is given to that term in the *Act*.

small distribution network user means a *distribution network user* with an *annual electricity consumption level* of less than 160MWh per annum through a *connection point*.

trading interval has the meaning given to it in the *Code*.

transmission connection assets means the components of a *transmission system* used to provide *transmission connection services*.

transmission connection point means the point of connection between a *transmission network user's electricity infrastructure* or *electrical installation* and a *transmission system*.

transmission connection services means either or both of the:

- (a) provision of capability at each *transmission connection point* (by means of the *transmission connection assets* for the *transmission connection point*) to deliver electricity to or take electricity from the *transmission connection point* using *transmission connection assets*;
- (b) management, maintenance and operation of *transmission connection assets*, so as to provide the capability referred to in paragraph (a) of this definition,

using *good electricity industry practice* and in accordance with the requirements of the *Code* the *Electricity Transmission Code* and any other *applicable laws*.

transmission network user means a person that owns or is otherwise the *customer* in respect of *electricity infrastructure* or an *electrical installation* that is connected to a *transmission system*.

transmission network means that part of a *transmission system* other than any *transmission connection assets*.

transmission services means:

- (a) services provided by *ElectraNet SA* or any other holder of a transmission licence issued under the *Act*, and
- (b) the amount of any payment made by *ETSA Utilities* to an *embedded generator* for avoided *transmission use of system* charges in accordance with clause 5.5(h) of the *Code*.

transmission system means the apparatus, equipment, plant and buildings used to convey, and control the conveyance of electricity to *transmission network users*, including any *transmission connection assets* and includes the *transmission system* that *ElectraNet SA* has a transmission licence under the *Act* to operate, or in respect of which *ElectraNet SA* is exempt from obtaining such a licence.

transmission use of system has the meaning given to it in the *Code*.

5.2 Principles of Interpretation

- 5.2.1 Unless the contrary intention appears, these principles of interpretation apply to this *Electricity Distribution Price Determination*:
- (a) words denoting persons include corporations, unincorporated associations, firms, governments and governmental agencies;
 - (b) 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:
 - (i) a person; or
 - (ii) any assets of a person;
 - (c) headings are only included for convenience and do not affect the interpretation of this *Electricity Distribution Price Determination*;
 - (d) a reference to a clause, Chapter, Part or Schedule is to a clause, Chapter or Part of or Schedule to this *Electricity Distribution Price Determination*;
 - (e) a reference to an agreement, document or regulatory instrument is a reference to that agreement, document or regulatory instrument as varied or replaced from time to time and includes any Schedules or attachments to the agreement, document or regulatory instrument; and
 - (f) a reference to legislation or to a provision of the legislation includes a modification or substitution or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- 5.2.2 For the purposes of calculating maximum average revenue:
- (a) energy volume should be measured to at least thousands of Megawatt hours (000's of MWh);
 - (b) maximum revenue per Megawatt hours must be measured to a minimum of two decimal places, so accurate to a cent per Megawatt hour; and
 - (c) a consistent approach to rounding must be used in each *regulatory year*.
- 5.2.3 All *tariffs* and *tariff components* calculated under this *Electricity Distribution Price Determination* must be rounded to the accuracy, in terms of the number of decimal places, required by the *ETSA Utilities'* charging and billing systems.
- 5.2.4 A *tariff* that has been calculated and rounded under the principles in clause 5.2.3 must not be rounded to a different level of accuracy when utilised in calculations made under this *Electricity Distribution Price Determination*.
- 5.2.5 When a calculation is required under this *Electricity Distribution Price Determination*:



- (a) *regulatory year "t"* is the *regulatory year* in respect of which the calculation is being made;
- (b) *regulatory year "t-1"* is the *regulatory year* immediately preceding *regulatory year "t"*;
- (c) *regulatory year "t-2"* is the *regulatory year* immediately preceding *regulatory year "t-1"*;
- (d) *regulatory year "t-i"* is the *regulatory year* that is *i* years preceding *regulatory year t*, and
- (e) *regulatory year "t-i-j"* is the *regulatory year* that is *j* years preceding *regulatory year t-i*.

5.2.6 For the purposes of calculating *CPI*, all calculations must be rounded to four decimal places.

SCHEDULE 1 EXCLUDED SERVICES SCHEDULE

1.1 Public Lighting

- (a) Public lighting services including:
 - (i) operation and maintenance of public lighting; and
 - (ii) provision of public lighting assets.

1.2 New and Upgraded Connection Points

- (a) The:
 - (i) provision of a new *connection point*, including associated extension or augmentation of the *distribution network*; or
 - (ii) upgrading of the capability of a *connection point*, including by extension or augmentation of the *distribution network*,

to the extent that a *distribution network user* is required to make a financial contribution in accordance with the *Electricity Distribution Code*.
- (b) Responding to an enquiry in relation to a *connection point* referred to in paragraph 1.2(a)(i).
- (c) Providing technical specifications in relation to a *connection point* referred to in paragraph 1.2(a)(ii).

1.3 Service Standards

- (a) The provision of *network services* or *connection services*, at the request of a *distribution network user*.
 - (i) with higher quality or reliability standards than are required by the *Code*, the *Electricity Distribution Code*, the *Electricity Metering Code* or any other *applicable laws*; or
 - (ii) in excess of levels of service or plant ratings required to be provided by *ETSA Utilities' assets*.

1.4 Stand-By and Temporary Supply

- (a) The following services associated with stand-by and temporary supply:
 - (i) provision of electric plant for the specific purpose of enabling the provision of top-up or stand-by supplies or sales of electricity;
 - (ii) provision of network services for a *connection point* where a *distribution network user* operates parallel generation requiring a stand-by supply;
 - (iii) provision of temporary supplies; and
 - (iv) provision of reserve (duplicate) supply.



1.5 Distribution System

- (a) Moving mains, services or *meters* forming part of the *distribution system*, providing temporary disconnection, or temporary line insulation to accommodate extensions, re-design or re-development of any premises or otherwise as requested by a *distribution network user*.

1.6 Metering Services

- (a) In relation to *small distribution network users*, the provision of *metering services*:
 - (i) at all *first tier connection points* and *second tier connection points* where a *meter* meeting the requirements of a *metering installation type 1*, *metering installation type 2*, *metering installation type 3*, *metering installation type 4*, *metering installation type 5M* or *metering installation type 5R* is or is to be installed to the extent that the charges for such *metering services* exceed the charges for the provision of *metering services* in respect of a *meter* meeting the requirements of a *metering installation type 6* or *metering installation type 7*;
 - (ii) in respect of *meters* meeting the requirements of a *metering installation type 6* and *metering installation type 7* containing a *meter* different to the type of *meter* *ETSA Utilities* would ordinarily install (including *prepayment meter systems*), which *meter* is installed at the request of a *retailer* or a *distribution network user*, but only to the extent that the charges for such *metering services* exceed the charges for the provision of *metering services* in respect of *metering installations types 6* and *metering installation type 7* containing a *meter* of the type that *ETSA Utilities* would ordinarily install.
- (b) In relation to *distribution network users* other than those specified in Schedule 1.6(a), all *metering services* except:
 - (i) *metering services* provided in respect of *meters* meeting the requirements of a *metering installation type 1*, *metering installation type 2*, *metering installation type 3* or *metering installation type 4* installed prior to 1 January 2000; and
 - (ii) *meter provision services* provided in accordance with the requirement of clause 27 of *ETSA Utilities' distribution licence* as in force at 30 June 2005.
- (c) In relation to *metering data services*, the provision of special meter readings and associated services.

1.7 Electricity Distribution and Electricity Metering Codes

- (a) The following services provided in connection with the *Electricity Distribution Code* and the *Electricity Metering Code*:
 - (i) application for an account or new supply;
 - (ii) provision of a copy of the *Electricity Distribution Code* or the *Electricity Metering Code*;

- (iii) provision of old billing data;
- (iv) *meter* testing at the request of a *distribution network user*;
- (v) after-hours reconnection;
- (vi) reconnection due to a *distribution network users' fault*; and
- (vii) disconnection services provided to a *retailer*, or a *distribution network user*.

1.8 Embedded Generation

- (a) Services and system augmentation or extension required to receive energy from an *embedded generator* and meet the requirements of the *Code*.

1.9 Retailer of Last Resort

- (a) The sale of electricity to *customers* of another electricity entity in accordance with the *retailer of last resort obligation* in *ETSA Utilities' electricity distribution licence*.

1.10 Other Services

- (a) Provision of reactive power and energy to a *connection point* or receipt of reactive power and energy from a *distribution connection point*;
- (b) investigation and testing services;
- (c) asset location and identification services;
- (d) the transportation of electricity not consumed in the *distribution system*;
- (e) the transportation of electricity to *distribution network users* connected to the *distribution system* adjacent to the *transmission system*;
- (f) repair of equipment damaged by a *distribution network user* or a third party;
- (g) provision of
 - (i) high *load* escorts;
 - (ii) measurement devices;
 - (iii) protection systems;
 - (iv) pole attachments;
 - (v) ducts and conduits; and
- (h) any other *distribution service* requested by *distribution network users* or other parties which the *Commission* considers is reasonably contestable and, accordingly, should be regulated as an *excluded service*.

SCHEDULE 2 DEMAND SCHEDULE

2.1 General Concepts

- (a) The following concepts apply for the purposes of this *Demand Schedule*:
- (i) **Actual additional maximum demand** for a *connection point* or group of *connection points* is measured *demand* outside the *maximum demand period*.
 - (ii) **Actual maximum demand** for a *connection point* or a group of *connection points* is measured *demand* during the *maximum demand period*.
 - (iii) **Agreed additional maximum demand** for a *connection point* or a group of *connection points* is determined in accordance with the *Electricity Distribution Code*.
 - (iv) **Agreed maximum demand** for a *connection point* or a group of *connection points* is determined in accordance with the *Electricity Distribution Code*.
 - (v) **Connection points** – a reference to a group of *connection points* is a group of immediately adjacent *connection points* approved by *ETSA Utilities* for the purposes of this *Demand Schedule*.
 - (vi) **Demand** is:
 - (A) the average *demand* (W) over a *trading interval*, determined by dividing the energy consumption (Whr) by the time period in hours; or
 - (B) where the *meter* for a *connection point* does not measure energy consumption in thirty minute periods, the highest *demand* recorded by the *meter*.
 - (C) where kVA is the measure of *demand* used, determined by applying the following formula for a thirty minute *trading interval*:
$$kVA = v (kW^2 + kVAR^2)$$

where kW is the kilowatts recorded for that thirty minute *trading interval*; and

kVAR is the kilovolt amps reactive recorded for that thirty minute *trading interval*.
 - (vii) **Maximum demand period** is the period between 1200 and 2000 Central Summer Time on *business days* during the months of December, January, February and March.
 - (viii) **Measured demand** is:
 - (A) in respect of a single *connection point*, the *demand* determined for that *connection point*; and



- (B) in respect of a number of *connection points*, the sum of the *demand* determined for each *connection point*.

2.2 Demand Based Charges

(a) Maximum Demand

- (i) The charge for the *demand* component of a *distribution tariff* in respect of a *connection point* or a group of *connection points* for a billing period must be based on the higher of:
 - (A) the *agreed maximum demand* for the connection point or group of *connection points*; and
 - (B) the highest *actual maximum demand* for the *connection point* or group of *connection points* in respect of the period from the start of the *regulatory year* up to and including the relevant billing period.

(b) Additional Maximum Demand

The charge for the additional demand component of a *distribution tariff* in respect of a *connection point* or a group of *connection points* for a billing period must be based on the difference between:

- (i) the higher of:
 - (A) *agreed additional maximum demand* for the *connection point* or group of *connection points*; and
 - (B) the highest *actual additional maximum demand* for the *connection point* or group of *connection points* in respect of the period from the start of the *regulatory year* up to and including the relevant billing period; and
- (ii) the higher of:
 - (A) *agreed maximum demand* for the *connection point* or group of *connection points*; and
 - (B) the highest *actual maximum demand* for the *connection point* or group of *connection points* in respect of the period from the start of the *regulatory year* up to and including the relevant billing period,

provided that, if the result of deducting paragraph A2.2(a) is less than or equal to zero, no charge will be payable for the additional *demand* component of the *distribution tariff*.

SCHEDULE 3 FORMULA SCHEDULE

3.1 Revenue Control

(a) Obligation

- (i) *ETSA Utilities'* forecast average distribution revenue (per MWh of all hours energy) from *prescribed distribution services* in *regulatory year t* ($FADR_t$) must be less than or equal to *ETSA Utilities'* maximum average distribution revenue (per MWh of all hours energy) from *prescribed distribution services* in *regulatory year t* ($MADR_t$) where:
- (A) $FADR_t$ is calculated in accordance with paragraph 3.1(b); and
- (B) $MADR_t$ is calculated in accordance with paragraph 3.1(c).
- (ii) *ETSA Utilities* must use its best endeavours to ensure that the *distribution tariff components* attributable to the costs of *transmission services* reflect the actual cost to *ETSA Utilities* of the *transmission services*.

(b) Forecast Average Distribution Revenue

$FADR_t$ is calculated as follows:

$$FADR_t = \frac{FDR_t}{FDE_t}$$

where:

$FADR_t$ (\$/MWh) is the forecast average distribution revenue from *prescribed distribution services* for *regulatory year t*;

FDR_t (\$) is the forecast distribution revenue from *prescribed distribution services* for *regulatory year t* calculated using the undiscounted *distribution tariffs* submitted to the Commission for approval for *regulatory year t*, and

FDE_t (MWh) is the total amount of electricity forecast to be distributed by *ETSA Utilities* during *regulatory year t*.

(c) Maximum Average Distribution Revenue

$MADR_t$ is calculated as follows:

$$MADR_t = \frac{\left[\sum_{j=1}^J (ADR_{t,j} \times FDE_{t,j}) - K_t - Q_t + SI_t + U_t - P_t \right]}{FDE_t} + EPO_t$$

where:

$MADR_t$ (\$/MWh) is the maximum average distribution revenue for *regulatory year t*;



$ADR_{t,j}$ (\$/MWh) is defined in paragraph 3.1(d);

$FDE_{t,j}$ (MWh) is the amount of electricity forecast to be distributed by *ETSA Utilities* during *regulatory year t* in respect of *distribution tariff class j*;

J is the number of *distribution tariff classes*;

K_t (\$/MWh) is a correction factor for *regulatory year t*, calculated in accordance with paragraph 3.1(e);

Q_t is the revenue adjustment for *regulatory year t* to reflect differences between original forecasts, estimates and outturn quantities, calculated in accordance with paragraph 3.1(h);

Sl_t (\$) is the service incentive revenue allowance for *ETSA Utilities* for *regulatory year t*, calculated in accordance with paragraph 3.1(k);

U_t (\$) is the undergrounding allowance for *ETSA Utilities* for *regulatory year t*, calculated in accordance with paragraph 3.1(l);

P_t (\$) is the revenue allowance for *ETSA Utilities* in *regulatory year t* arising from profit earned from *excluded services* and unregulated activities utilising *prescribed distribution infrastructure*, calculated in accordance with paragraph 3.1(m);

EPO_t (\$/MWh) is a correction factor in relation to the *Electricity Pricing Order*, calculated in accordance with paragraph 3.1(p); and

FDE_t (MWh) is defined in paragraph 3.1(b).

(d) Average Distribution Revenue

$ADR_{t,j}$ (\$/MWh) is the allowed average distribution revenue from *prescribed distribution services* in *regulatory year t* in respect of *distribution tariff class j* prior to the adjustments set out in paragraphs 3.1(e) to (p), determined as follows:

- (i) where t is the *initial regulatory year*, $ADR_{t,j}$ for each *distribution tariff class j* is the value set out in the second column of the following table multiplied by CPI_t (where CPI_t is defined in Schedule 6 and t is the *relevant regulatory year*):

DISTRIBUTION TARIFF CLASS j	ADR(\$/MWH)
Subtransmission	3.43
Zone substation	8.42
High voltage / High voltage (obsolete)	21.21
Low voltage demand	29.67
Low voltage business – 2 rate	48.01
Low voltage business - single rate	64.09
Low voltage residential – single rate	69.72
Low voltage off-peak controlled load	14.99
Low voltage unmetered usage (overnight)	31.73
Low voltage unmetered usage (24 hour)	35.52

where t is a subsequent *regulatory year*:

$$ADR_{t,j} = ADR_{t-1,j} \times CPI_t$$

where:

$ADR_{t-1,j}$ (\$/MWh) is determined in the same way as $ADR_{t,j}$ but for *regulatory year t-1* instead of *regulatory year t*;

CPI_t is defined in Schedule 6;

(e) Correction Factor

K_t is calculated as follows:

$$K_t = KA_t + KB_t$$

where:

K_t (\$) is a factor which corrects for differences between forecast and actual quantities during the *regulatory period*;

KA_t (\$) is calculated in accordance with paragraph 3.1(f);

KB_t (\$) is calculated in accordance with 3.1(g);

(f) KA_t

KA_t is calculated as follows:

(i) where t is the *initial regulatory year*, KA_t is zero; and

(ii) where t is a subsequent *regulatory year*:

$$KA_t = \left((EDR_{t-1} - FDR_{t-1}) - \sum_{j=1}^J ADR_{t-1,j} \cdot (EDE_{t-1,j} - FDE_{t-1,j}) \right) CPI_t \times (1 + WACC)$$

where:

KA_t (\$) is the factor which corrects for differences between forecast and estimated quantities for *regulatory year t-1*;

EDR_{t-1} (\$) is the estimated distribution revenue from *prescribed distribution services* in *regulatory year t-1*, made at the time the distribution revenue control was approved for *regulatory year t* and calculated using the undiscounted *distribution tariffs* approved by the Commission for *regulatory year t-1*;

FDR_{t-1} (\$) is the forecast distribution revenue from *prescribed distribution services* for *regulatory year t-1* used in the calculation of $FADR_t$ for *regulatory year t-1*;

$ADR_{t-1,j}$ (\$/MWh) is defined in paragraph 3.1(d);



$EDE_{t-1,j}$ (MWh) is the estimate of the total amount of electricity to be distributed by *ETSA Utilities* during *regulatory year t-1* in respect of *distribution tariff class j* made at the time the distribution revenue control was applied for *regulatory year t*;

$FDE_{t-1,j}$ (MWh) is the amount of electricity forecast to be distributed by *ETSA Utilities* during *regulatory year t-1* in respect of *distribution tariff class j* used in the calculation of $MADR_t$ for *regulatory year t-1*;

CPI_t is defined in Schedule 6; and

WACC is 6.85%.

(g) KB_t

KB_t (\$) is calculated as follows:

- (i) where t is the *initial regulatory year*, KB_t is zero; and
- (ii) where t is the *regulatory year* immediately after the *initial regulatory year*, KB_t is zero; and
- (iii) where t is a *regulatory year* after the *regulatory year* ending 30 June 2007:

$$KB_t = \left((ODR_{t-2} - EDR_{t-2}) - \sum_{j=1}^J ADR_{t-2,j} \cdot (ODE_{t-2,j} - EDE_{t-2,j}) \right) (CPI_{t-1})(CPI_t)(1+WACC)^2$$

where:

KB_t (\$) is a factor which corrects for differences between estimated and outturn quantities for *regulatory year t-2*;

ODR_{t-2} (\$) is the outturn distribution revenue from *prescribed distribution services* in *regulatory year t-2*, calculated using the undiscounted *distribution tariffs* approved by the *Commission* for *regulatory year t-2*;

EDR_{t-2} (\$) is the estimated distribution revenue from *prescribed distribution services* in *regulatory year t-2* used in the calculation KA_t for *regulatory year t-1*;

$ADR_{t-2,j}$ (\$/MWh) is determined in the same way as $ADR_{t-1,j}$ but for *regulatory year t-2* instead of *regulatory year t-1*;

$ODE_{t-2,j}$ (MWh) is the outturn amount of electricity distributed by *ETSA Utilities* in *regulatory year t-2* in respect of *distribution tariff class j*;

$EDE_{t-2,j}$ (MWh) is the estimate of the amount of electricity distributed by *ETSA Utilities* in *regulatory year t-2* in respect of *distribution tariff class j* used in the calculation of KA_t for *regulatory year t-1*;

CPI_t is defined in Schedule 6;

CPI_{t-1} is defined in Schedule 6; and

WACC is 6.85%.

(h) Quantity Adjustment Factor

Q_t (\$) is calculated as follows:

$$Q_t = \sum_{j=1}^J QA_{t,j} + \sum_{j=1}^J QB_{t,j}$$

where

Q_t (\$) is the revenue adjustment for *regulatory year t* to reflect differences between original forecast quantities and outturn quantities distributed by *ETSA Utilities*;

$QA_{t,j}$ (\$) is calculated in accordance with paragraph 3.1(i); and

$QB_{t,j}$ (\$) is calculated in accordance with paragraph 3.1(j).

(i) $QA_{t,j}$

$QA_{t,j}$ (\$) is calculated as follows:

(i) where t is the *initial regulatory year*, $QA_{t,j}$ is zero; and

(ii) where t is a subsequent *regulatory year*:

$$(A) \quad QA_{t,j} = \left((1 - SR) \left(EDE_{t-1,j} - (1 + B) IDE_{t-1,j} \right) ADR_{t-1,j} \right) (CPI_t) (1 + WACC)$$

if:

$$\frac{EDE_{t-1,j}}{IDE_{t-1,j}} - 1 > B ;$$

$$(B) \quad QA_{t,j} = \left((1 - SR) \left(EDE_{t-1,j} - (1 - B) IDE_{t-1,j} \right) ADR_{t-1,j} \right) (CPI_t) (1 + WACC)$$

if:

$$\frac{EDE_{t-1,j}}{IDE_{t-1,j}} - 1 < -B ; \text{ and}$$

(C) $QA_{t,j} = 0$ if:

$$-B \leq \frac{EDE_{t-1,j}}{IDE_{t-1,j}} - 1 \leq B$$

where:

$QA_{t,j}$ (\$) is the factor which corrects for differences between forecast quantities for *regulatory year t-1* in respect of *distribution tariff class j* established as part of this *Electricity Distribution Price Determination* and estimated quantities for *regulatory year t-1* made at the time the distribution revenue control was applied for *regulatory year t*,



B is 0.005;

SR is 0.15;

$IDE_{t-1,j}$ (MWh) is the initial forecast quantities for *regulatory year t-1* in respect of *distribution tariff class j* established in Schedule 4 of this *Electricity Distribution Price Determination*;

$EDE_{t-1,j}$ (MWh) is defined in paragraph 3.1(f);

$ADR_{t-1,j}$ (\$/MWh) is defined in paragraph 3.1(d);

CPI_t is defined in Schedule 6; and

$WACC$ is 6.85%.

(j) $QB_{t,j}$

$QB_{t,j}$ (\$) is calculated as follows:

(i) where t is the *initial regulatory year*, $QB_{t,j}$ is zero; and

(ii) where t is the *regulatory year* immediately after the *initial regulatory year*, $QB_{t,j}$ is zero; and

(iii) where t is a *regulatory year* after the *regulatory year* ending 30 June 2007:

$$(A) \quad QB_{t,j} = ((1 - SR)(ODE_{t-2,j} - (1 + B)IDE_{t-2,j})ADR_{t-2,j})(CPI_{t-1})(CPI_t)(1 + WACC)^2 - QA_{t-1,j} \times CPI_t(1 + WACC)$$

if:

$$\frac{ODE_{t-2,j}}{IDE_{t-2,j}} - 1 > B;$$

$$(B) \quad QB_{t,j} = ((1 - SR)(ODE_{t-2,j} - (1 - B)IDE_{t-2,j})ADR_{t-2,j})(CPI_{t-1})(CPI_t)(1 + WACC)^2 - QA_{t-1,j} \times CPI_t(1 + WACC)$$

if:

$$\frac{ODE_{t-2,j}}{IDE_{t-2,j}} - 1 < -B; \text{ and}$$

$$(C) \quad QB_{t,j} = -QA_{t-1,j} \times CPI_t(1 + WACC) \text{ if:}$$

$$-B \leq \frac{ODE_{t-2,j}}{IDE_{t-2,j}} - 1 \leq B$$

where:

$QB_{t,j}$ (\$) is the factor which corrects for differences between forecast quantities for *regulatory year t-2* in respect of *distribution tariff class j* established as part of this *Electricity Distribution Price Determination* and outturn quantities for *regulatory year t-2*;

$QA_{t-1,j}$ (\$) is determined in the same way as $QA_{t,j}$ but for *regulatory year t-1* instead of *regulatory year t*;

B is 0.005;

SR is 0.15;

$ODE_{t-2,j}$ (MWh) is defined in paragraph 3.1(g);

$IDE_{t-2,j}$ (MWh) is determined in the same way as $IDE_{t-1,j}$ but for *regulatory year t-2* instead of *regulatory year t-1*;

$ADR_{t-2,j}$ (\$/MWh) is defined in paragraph 3.1(d);

CPI_t is defined in Schedule 6; and

$WACC$ is 6.85%.

(k) Service Incentive Scheme

- (i) SI_t (\$) is to be calculated by *ETSA Utilities* in accordance with paragraph 3.1(k)(ii) and submitted by 31 March each year to the *Commission* for approval. The *Commission* will notify *ETSA Utilities* of its approval of SI_t within 20 *business days*. If the *Commission* does not notify *ETSA Utilities* of its approval of SI_t within 20 *business days* after receiving *ETSA Utilities*' submission, the *Commission* is deemed to have approved SI_t as submitted by *ETSA Utilities*.
- (ii) Where t is the *initial regulatory year*, SI_t is zero; and where t is any *regulatory year* after the *initial regulatory year*, subject to clause 3.1(k)(iii), SI_t is calculated as follows:

$SI_t = RI_t + TI_t + OI_t$, where

$$RI_t = \sum_{n=1}^N RI_{t-n} + (\$600,000 \times RP_m)$$

$$TI_t = \sum_{n=1}^N TI_{t-n} + (\$100,000 \times SP_m)$$
 and

OI_t is any additional measure or measures included in the service incentive scheme by the *Commission*, which will be developed having regard to the following matters:

- (A) a measure should be unique and not a derivation of other measures included in the service incentive scheme;
- (B) a measure should reflect those areas of performance that are most valued by *distribution network users*;



- (C) a measure should, to the greatest extent possible, reflect those aspects of performance that can be influenced by *ETSA Utilities*;
- (D) a measure should be based on data that is reliable and not excessively costly to obtain;
- (E) a measure should provide the correct incentives for *ETSA Utilities* to target those aspects of service most preferred by *distribution network users*;
- (F) the baseline target of a measure should reflect the *ETSA Utilities*' average historical performance since 1 July 2000 in relation to the proposed measure; and
- (G) the incentive in relation to a measure should exceed the cost required to improve the performance.

RI_{t-n} and TI_{t-n} are determined in the same way as RI_t and TI_t respectively, but for *regulatory year t-n* instead of *regulatory year t*;

$n = 1, \dots, N$;

N is the number of *regulatory years* between the *initial regulatory year* and *regulatory year t*;

RP_m is the number of service incentive scheme points earned by *ETSA Utilities* in the calendar year m preceding *regulatory year t*, in respect of the reliability of supply measure calculated in accordance with the *Electricity Distribution Code*; and

SP_m is the number of service incentive scheme points earned by *ETSA Utilities* in the calendar year m preceding *regulatory year t*, in respect of the customer service measure calculated in accordance with the *Electricity Distribution Code*.

- (iii) The total financial incentive available to *ETSA Utilities* in relation to RI_t is $\pm\$30m$. No further financial incentive will be made available to *ETSA Utilities* in relation to RI_t once the cumulative reward or penalty in relation to reliability performance under the service incentive scheme, as measured by RI_t , reaches $\pm\$30m$. If the cumulative reward or penalty in relation to RI_t is outside of that threshold but subsequently falls within it, then the financial incentive available to *ETSA Utilities* in relation to RI_t will recommence.

(I) Undergrounding

U_t (\$) is the prescribed amount for undergrounding work for *regulatory year t* calculated in accordance with Regulation 8A of Part 3A of the *Electricity (General) Regulations 1997*.

(m) Profit Sharing Factor

P_t (\$) is calculated as follows:

$$P_t = PA_t + PB_t$$

where:

P_t (\$) is the revenue adjustment in *regulatory year t* arising from profit earned by *ETSA Utilities* in respect of *excluded services* and unregulated services utilising *prescribed distribution infrastructure*

PA_t (\$) is calculated in accordance with paragraph 3.1(n); and

PB_t (\$) is calculated in accordance with paragraph 3.1(o).

(n) PA_t

(i) where t is the *initial regulatory year*, PA_t is zero; and

(ii) where t is a subsequent *regulatory year*:

$$PA_t = EP_{t-1} \times 0.4$$

where:

PA_t (\$) is the revenue adjustment for *ETSA Utilities* in *regulatory year t* arising from the estimated pre-tax profit earned by *ETSA Utilities* in *regulatory year t-1* in respect of *excluded services* and unregulated services utilising *prescribed distribution infrastructure*; and

EP_{t-1} (\$) is the estimated pre-tax profit earned by *ETSA Utilities* in *regulatory year t-1* in respect of *excluded services* and unregulated services utilising *prescribed distribution infrastructure*, such estimate being made at the time the distribution revenue control was approved for *regulatory year t*.

(o) PB_t

(i) where t is the *initial regulatory year*, PB_t is zero; and

(ii) where t is the *regulatory year* immediately after the *initial regulatory year*, PB_t is zero; and

(iii) where t is a *regulatory year* after the *regulatory year* ending 30 June 2007:

$$PB_t = (OP_{t-2} - EP_{t-2}) \times 0.4$$

where:

PB_t (\$) is the revenue adjustment for *ETSA Utilities* in *regulatory year t* arising from the difference between actual and estimated pre-tax profit earned by *ETSA Utilities*



in *regulatory year t-2* in respect of *excluded services* and unregulated services utilising *prescribed distribution infrastructure*;

OP_{t-2} (\$) is the outturn pre-tax profit earned by *ETSA Utilities* in *regulatory year t-2* in respect of *excluded services* and unregulated services utilising *prescribed distribution infrastructure*;

EP_{t-2} (\$) is the estimated pre-tax profit earned by *ETSA Utilities* in *regulatory year t-2* in respect of *excluded services* and unregulated services utilising *prescribed distribution infrastructure*, used in the calculation of PA_t for *regulatory year t-1*.

(p) EPO Transition Factor

EPO_t is calculated as follows:

$$EPO_t = \frac{RPI_t + LR_{t-1} + PT_t}{FDE_t} - KD_t$$

where,

EPO_t (\$/MWh) is derived from LR_{t-1} , RPI_t , PT_t and KD_t that *ETSA Utilities* would have received in respect of the financial year ending 30 June 2005 in accordance with the *Electricity Pricing Order* if *regulatory year t* had been regulated by the *Electricity Pricing Order*;

PT_t is the amount of any over recovery of revenue (in which case $PT_t < 0$) or under recovery of revenue (in which case $PT_t > 0$) by *ETSA Utilities* in relation to any pass through amounts approved by the *Commission* during the period 1 July 2000 to 30 June 2005;

FDE_t is defined in paragraph 3.1(b); and

Each other term has the meaning given in Part B of the Formula Schedule contained in the *Electricity Pricing Order* as at 30 June 2005

3.2 Tariff Rebalancing Control

(a) Obligation

ETSA Utilities' price of each *distribution tariff component* must not exceed the maximum price for the corresponding *distribution tariff component* calculated in accordance with paragraph 3.2(b).

(b) Maximum Prices

The maximum price of each *distribution tariff component* in *regulatory year t* is calculated as follows:

- (i) where the *distribution tariff component* in *regulatory year t* relates to a *distribution tariff component* other than a supply charge for *residential distribution network users*:

$$MPDC_t = DC_{t-1} \times (CPI_t + 2.5\%)$$

$MPDC_t$ (\$) is the maximum price the *Commission* can approve for the *distribution tariff component* for *regulatory year t*;

DC_{t-1} (\$) is the price for the *distribution tariff component* (other than any price elements attributable to *transmission services*) as approved by the *Commission* for *regulatory year t-1*; and

CPI_t is defined in Schedule 6.

- (ii) where the *distribution tariff component* in *regulatory year t* relates to a supply charge for *residential distribution network users*:

$$MPRSC_t = RSC_{t-1} + \$5$$

$MPRSC_t$ (\$) is the maximum price the *Commission* can approve for the residential supply charge component for *regulatory year t*; and

RSC_{t-1} (\$) is the price for residential supply charge component as approved by the *Commission* for *regulatory year t-1*.

SCHEDULE 4 FORECAST QUANTITY SCHEDULE**4.1 Forecast quantities**

The forecast quantities in MWh set out in the table below are the forecast quantities in MWh for the purposes of paragraph 3.1(h) of the *Formula Schedule*.

	RESIDENTIAL	CONTROLLED LOAD	UNMETERED O/NIGHT	UNMETERED 24 HOUR	LV BUSINESS SINGLE RATE	LV BUSINESS TWO RATE	LOW VOLTAGE DEMAND	HIGH VOLTAGE DEMAND	ZONE SUBSTATION	SUB TRANSMISSION	ETSA UTILITIES TOTAL
2005/06	3,122,800	767,000	93,700	10,000	762,600	1,583,500	1,861,300	903,000	747,400	657,200	10,508,500
2006/07	3,148,600	761,600	95,700	10,200	760,300	1,644,700	1,925,500	918,700	751,600	672,600	10,689,500
2007/08	3,179,800	757,400	97,700	10,500	752,400	1,699,100	1,983,900	937,800	759,000	691,300	10,868,900
2008/09	3,212,700	753,400	99,700	10,700	741,500	1,745,400	2,030,700	944,600	755,300	700,600	10,994,600
2009/10	3,239,000	747,800	101,700	10,900	730,700	1,793,400	2,079,300	952,500	752,600	710,800	11,118,700

SCHEDULE 5 PRICING PRINCIPLES SCHEDULE

5.1 Application of pricing principles

- (a) The following pricing principles are to be applied by *ETSA Utilities* and the *Commission* in relation to pricing performed under this *Electricity Distribution Price Determination*.

5.2 Pricing Principles

- (a) Prices are to be determined in accordance with the formulae and principles contained in the *Formula Schedule*, having regard to the principles in this *Pricing Principles Schedule*, as set out in this *Electricity Distribution Price Determination*.
- (b) Prices should lie on or between the value of avoidable cost and the value of stand alone cost.
- (c) Prices should be based on a well-defined and clearly explained methodology that seeks to reflect the efficient economic cost of service provision.
- (d) The distribution charge is to be allocated to *small distribution network users* and *large distribution network users* on a statewide *postage stamp basis*.
- (e) Provided that economic costs are covered, prices should be responsive to the requirements and circumstances of *distribution network users* in order to:
 - (i) Avoid uneconomic bypass; and
 - (ii) Allow negotiation to better reflect the economic value of specific services, including services associated with embedded generation and other options.
- (f) *ETSA Utilities* is to use its best endeavours to ensure that the pass through of costs to *distribution network users* for *transmission network services* is cost reflective.
- (g) *ETSA Utilities* is to have regard to the impact of its prices on *distribution network users*, including:
 - (i) the impact of its prices on *distribution network users* within the same *distribution network user group*; and
 - (ii) developing price signals that encourage energy efficiency for *distribution network users* wherever possible.

SCHEDULE 6 CPI SCHEDULE

6.1 Regulatory Year t

- (a) For each *regulatory year t* , *CPI* is calculated as follows:
- (i) the Consumer Price Index, All Groups Index Number (weighted average of eight capital cities) published by the Australia Bureau of Statistics for the March Quarter immediately preceding the start of *regulatory year t* ;
- divided by
- (ii) the Consumer Price Index, All Groups Index Number (weighted average of eight capital cities) published by the Australia Bureau of Statistics for the March Quarter immediately preceding the start of *regulatory year $t-1$* .

6.2 Regulatory Year $t-1$

- (a) For each *regulatory year $t-1$* , *CPI* is calculated as follows:
- (i) the Consumer Price Index, All Groups Index Number (weighted average of eight capital cities) published by the Australia Bureau of Statistics for the March Quarter immediately preceding the start of *regulatory year $t-1$* ;
- divided by
- (ii) the Consumer Price Index, All Groups Index Number (weighted average of eight capital cities) published by the Australia Bureau of Statistics for the March Quarter immediately preceding the start of *regulatory year $t-2$* .

SCHEDULE 7 MAJOR PROJECTS SCHEDULE

For the purposes of Chapter 4, the following projects relating to connections by *ETSA Utilities* to *metropolitan transmission network connection points* are *major projects events*.

MAJOR ADELAIDE METROPOLITAN TRANSMISSION NETWORK CONNECTION POINT PROJECTS 2005-2010
East Terrace 2nd 275kV cable & 275/66kV Transformer
East Terrace to Hindley St - new 66kV cable