



14 June 2012

Mr M Goh
Manager of Regulatory Pricing
AGL Energy Limited
Level 22, 101 Miller St
North Sydney
NSW 2060

Level 8
50 Pirie Street Adelaide
South Australia 5000
GPO Box 2605 Adelaide
South Australia 5001
Telephone (08) 8463 4444
Facsimile (08) 8463 4449
Freecall 1800 633 592

www.escosa.sa.gov.au

Dear Mr Goh

**ELECTRICITY STANDING CONTRACT RELATIVE PRICE MOVEMENT ADJUSTMENT
TARIFFS TO APPLY FROM 1 July 2012**

In accordance with the Price Path schedule and section 3.2.2 Part B of the Commission's Electricity Standing Contract Price Determination, the Commission has derived the Relative Price Movement Index (RPMI) to apply to standing contract electricity prices from 1 July 2012.

As previously advised, the Commission's review of the tolerance band, after including the approved adjustments for carbon costs and network tariffs, produces an amount that constrains the standing contract price from moving to the full amount had the RPM index calculation been applied in full. The revised ceiling permits the standing contract price to increase by 18% from 1 July 2012.

AGL SA has provided to the Commission a set of tariffs that uniformly apply this index and the Commission is satisfied that these tariffs demonstrate compliance with the RPMI. As required by the Price Determination, this letter sets out the Commission's notice in approving the submitted tariffs.

Under clause 3.2.2 of Part B of the Price Determination, the Commission notes that the declared retailer must comply with the requirements of clause 1.7 which requires AGL SA to publish the electricity standing contract tariffs (consisting of the approved retailer and distribution tariffs) at least 10 business days prior to 01 July 2012. The Commission is extending the period within which AGL SA must publish the electricity standing contract tariffs until 22 June 2012 pursuant to clause 1.8 'Modification of Time Periods' of the price determination.

Please contact Paul Bates (08 8463 3565) if you would like to discuss any aspects of this letter further.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Paul Kerin', written in a cursive style.

Paul Kerin

Chief Executive Officer