



# Victoria Government Gazette

No. P4 Friday 30 June 1995

By Authority L. V. North, Government Printer Melbourne

**PERIODICAL**

## Electricity Industry Act 1993

### SECTION 158A

#### Victorian Electricity Supply Industry Tariff Order

The Governor in Council under section 158A of the Electricity Industry Act 1993, on the recommendation of the Treasurer, hereby makes the following Order:

Dated 20 June 1995

Responsible Minister:

ALAN R. STOCKDALE

Treasurer

KATHY WILSON

Clerk of the Executive Council



MELBOURNE/AJS/0028054.01  
VICTORIAN ELECTRICITY SUPPLY INDUSTRY  
TARIFF ORDER

- 1 -

**CONTENTS****VICTORIAN ELECTRICITY SUPPLY  
INDUSTRY TARIFF ORDER**

<b>1</b>	<b>GENERAL</b>	<b>11</b>
1.1	Application	11
1.2	Interpretation	12
1.3	Commencement	12
<b>2</b>	<b>RETAIL PRICING</b>	<b>13</b>
2.1	Maximum uniform tariff for Franchise Customers	13
2.2	New Tariff	14
2.3	Closing a Retail Tariff	15
2.4	Approval of Retail Tariffs	15
2.5	Notice to Franchise Customers prior to becoming Non-franchise Customers	16
2.6	Tariff H safety net	17
2.7	Regulated pass through of adjusted difference payments under Vesting Contracts	19
2.8	Regulated pass through of Retailing Change in Taxes	23
2.9	Review of price control arrangements	26
<b>3</b>	<b>NETWORK CHARGE AND CONNECTION FEES</b>	<b>27</b>
3.1	Prescribed Services	27
3.2	Revenue control for Prescribed Services	27
3.3	Charges for Prescribed Services	29
3.4	Excluded services	33
3.5	Regulated Pass through of PowerNet Change in Taxes	33
3.6	Review of price control arrangements	39
3.7	Restrictions on review of price control arrangements by the Regulator-General	40

<b>4</b>	<b>TRANSMISSION USE OF SYSTEM FEES, POOL FEES AND ANCILLARY SERVICES CHARGES</b>	<b>41</b>
4.1	Use of system fees and Pool fees	41
4.2	VPX charges	42
4.3	Allocation of aggregate use of system fees	44
4.4	Restrictions on Ancillary Services charges	47
4.5	Review of price control arrangements	47
4.6	Restrictions on review of price control arrangements by the Regulator-General	48
<b>5</b>	<b>DISTRIBUTION NETWORK TARIFFS</b>	<b>49</b>
5.1	Network Tariffs	49
5.2	Assigning Network Tariffs, New Network Tariffs and Closing Network Tariffs	51
5.3	Distribution charges restriction for subsequent Financial Years	54
5.4	Network Tariff restrictions for subsequent Financial Years	60
5.5	Network Tariff revenue restriction for subsequent Financial Years	63
5.6	Forecasts	66
5.7	Excluded services	71
5.8	Regulated pass through of Network Change in Taxes	74
5.9	Review of price control arrangements	78
5.10	Restrictions on review of price control arrangements by the Regulator-General	78
<b>6</b>	<b>MISCELLANEOUS</b>	<b>80</b>
6.1	The ORG Act	80
6.2	Modifications to time periods in this Tariff Order	80
6.3	Re-opening a subsequent price determination	81

<b>Attachment 1 - Definitions</b>	<b>83</b>
<b>Attachment 2 - Rules of Interpretation</b>	<b>93</b>
<b>Attachment 3 - Initial Maximum Uniform Tariffs and Price Components (for year ending 30 June 1995)</b>	<b>96</b>
<b>Attachment 4 - Prescribed Price Movements</b>	<b>104</b>
<b>Attachment 5 - Prescribed Services</b>	<b>105</b>
<b>Attachment 6 - Allocation of PowerNet's charges for Prescribed Services</b>	<b>112</b>
<b>Attachment 7 - Allocation of use of System Fees for the Financial Year ending 30 June 1995</b>	<b>115</b>
<b>Attachment 8 - Approach to allocation of use of System Fees in subsequent Financial Years</b>	<b>116</b>
<b>Attachment 9 - Distribution Categories</b>	<b>118</b>
<b>Attachment 10 - Network tariffs for use of each Distributor's distribution system for the financial year ending 30 June 1995</b>	<b>120</b>

# VICTORIAN ELECTRICITY SUPPLY INDUSTRY TARIFF ORDER

## SUMMARY

### Purpose

The purpose of this Tariff Order is to regulate certain tariffs, charges and fees in respect of the electricity supply industry in Victoria.

Franchise Customers and Non-franchise Customers on the Tariff H Safety Net need only be familiar with clause 2 of this Tariff Order.

### Franchise Customers

A Franchise Customer will be supplied exclusively by the Franchised Retailer for the geographical area in which the Franchise Customer is located.

The tariffs under which Franchised Retailers supply Franchise Customers and Non-franchise Customers who are on the Tariff H Safety Net are regulated under clause 2 of this Tariff Order.

Franchise Customers are supplied exclusively by Franchised Retailers at prices not exceeding those determined by the maximum uniform tariff arrangements.

Franchise Customers and Non-franchise Customers who are on the Tariff H Safety Net will pay no more for electricity than the amounts determined in accordance with the maximum uniform tariff arrangements set out in this Tariff Order plus pass-throughs approved by the Regulator-General and arising out of certain kinds of changes in tax or force majeure events affecting Hedge Generators, grid owners or Franchised Retailers.

### Non-franchise Customers (also known as "contestable customers")

A Non-franchise Customer is not subject to any exclusive supply arrangement and has a choice to be supplied either:

Non-franchise Customers can choose a Retailer to supply them or can buy directly from the Pool.

- (a) by any Retailer on such terms and conditions as the Non-franchise Customer and the Retailer agree; or
- (b) by:
  - (i) acquiring electrical energy directly from the Pool at the prevailing Pool prices - see below under the heading "Energy Costs"; and
  - (ii) entering into an agreement with the Local DB to whose Distribution System the

customer is connected or another Retailer for connection to and use of that system.

The prices which a Retailer charges Non-franchise Customers who are not subject to the Tariff H Safety Net are not directly regulated by this Tariff Order. However certain elements of the Retailer's prices are regulated as set out below.

**Elements of Retailer's charges to a Non-franchise Customer**

The prices which a Retailer charges its contestable customers reflect the following cost elements:

Some cost elements of the Retailer's Charges to Non-franchise Customers are regulated.

- (a) **Energy costs:** all or part of the price paid by the Retailer for electrical energy acquired through the Pool. Further information on these costs is set out below under the heading "Energy Costs".
- (b) **Pool fees:** the fees payable by the Retailer to VPX under the Pool Rules in relation to electrical energy acquired through the Pool. These fees are determined in accordance with the Pool Rules and are regulated under Part 4 of this Tariff Order. The cost elements reflected in these fees are discussed below under the heading "Pool fees payable by Retailers".
- (c) **Network costs:** the cost of using the high voltage transmission system and the distribution system to transmit electricity to the Retailer's customers. The elements making up these costs are regulated under this Tariff Order and are discussed below under the heading "Network costs payable by Retailers".
- (d) **Other elements:** the Retailer's own marketing costs and profit margins. These costs and the profit margin are not regulated by this Tariff Order.

**Energy Costs**

Pool prices are determined on a half hourly basis in accordance with the Pool Rules and are not regulated by this Tariff Order.

Retailers may enter into arrangements with Generators to hedge against the risk of movements in Pool prices. Hedging arrangements are not regulated by this Tariff Order.

An Order made under section 158B of the EIA provides for an uplift payment in relation to electrical energy acquired through the Pool in circumstances where SECV (trading as the Loy Yang B Trader) incurs a loss in trading into the Pool the electricity it purchases from the owners of a 51% interest in the Loy Yang B power station.

**Pool fees payable by Retailers**

The Pool fees payable to VEX by Retailers under the Pool Rules are regulated under clause 4 of this Tariff Order and reflect the following cost elements:

- (a) **Pool costs:** VEX's expenses in operating and administering the Pool.
- (b) **Ancillary Services charges:** the charges payable by VEX to Generators for Ancillary Services under the Ancillary Services agreements between VEX and Generators.

**Network costs payable by Retailers**

If:

The Local DB is the Distributor to whose Distribution System the customer is connected.

- (a) the Retailer is not the Local DB, then the Retailer must pay the Local DB a network tariff under its use of system agreement with the Local DB; or
- (b) the Retailer is the Local DB, then the Retailer may charge the customer an amount equivalent to the network tariff it would charge another Retailer for use of the Local DB's Distribution System.

The network tariff payable by a Retailer to a Local DB under the Retailer's use of system agreements with the Local DB and the network cost which a Retailer which is a Local DB may recover from its customers are regulated under clause 5 of this Tariff Order.

The cost elements reflected in a Local DB's network tariffs are:

- (a) **Use of transmission system fees:** the fees payable to VEX by the Distributor under its use of system agreement with VEX for use of the high voltage transmission system. These fees are regulated under clause 4 of this Tariff Order and reflect:

- (i) **Network charge:** the network charge payable by VPX to PowerNet under the network agreement between VPX and PowerNet. The network charge payable by VPX to PowerNet under the network agreement between VPX and PowerNet is regulated under clause 3 of this Tariff Order.
- (ii) **VPX's costs:** VPX's other expenses in operating the Transmission System. VPX's other expenses are subject to regulatory oversight under clause 4 of this Tariff Order.
- (b) **PowerNet's connection charges:** the connection charges payable by the Local DB to PowerNet in relation to its points of connection to the Transmission System. The connection charges payable by Generators, Distributors and others to PowerNet under their connection agreements with PowerNet are regulated under clause 3 of this Tariff Order.
- (c) **Local DB use of system charge:** the Local DB's charges for providing, maintaining and operating the local Distribution System and a return on assets ("DUOS"). The Local DB's DUOS is regulated under clause 5 of this Tariff Order.

These charges apply to a Non-franchise Customer not buying from a Retailer.

**Charges to Non-franchise Customers buying through the Pool**

A Non-franchise Customer buying electrical energy directly from the Pool will pay:

- (a) for electrical energy acquired through the Pool determined in accordance with the Pool Rules. See also above under the heading "Energy Costs".
- (b) Pool fees as specified above under the heading "Pool fees payable by Retailers", and
- (c) Network costs being the network tariff payable by the Non-franchise Customer under that customer's use of system agreement with the Local DB. The network tariff payable to a Local DB is regulated under clause 5 of this Tariff Order. The cost elements in a Local DB's Network Tariffs are described above under the heading "Network costs payable by Retailers".



**Local connection charges**

The Local DB will also charge customers for connection to the local Distribution System. The Local DB's connection charges are not regulated under this Tariff Order.

**Franchise Fee**

The Franchise Fee is a tax payable by Franchised Retailers to the State government under the EIA in relation to income derived from the sale of electricity to Franchise Customers, and is specified in separate Orders made under section 163A of the EIA.

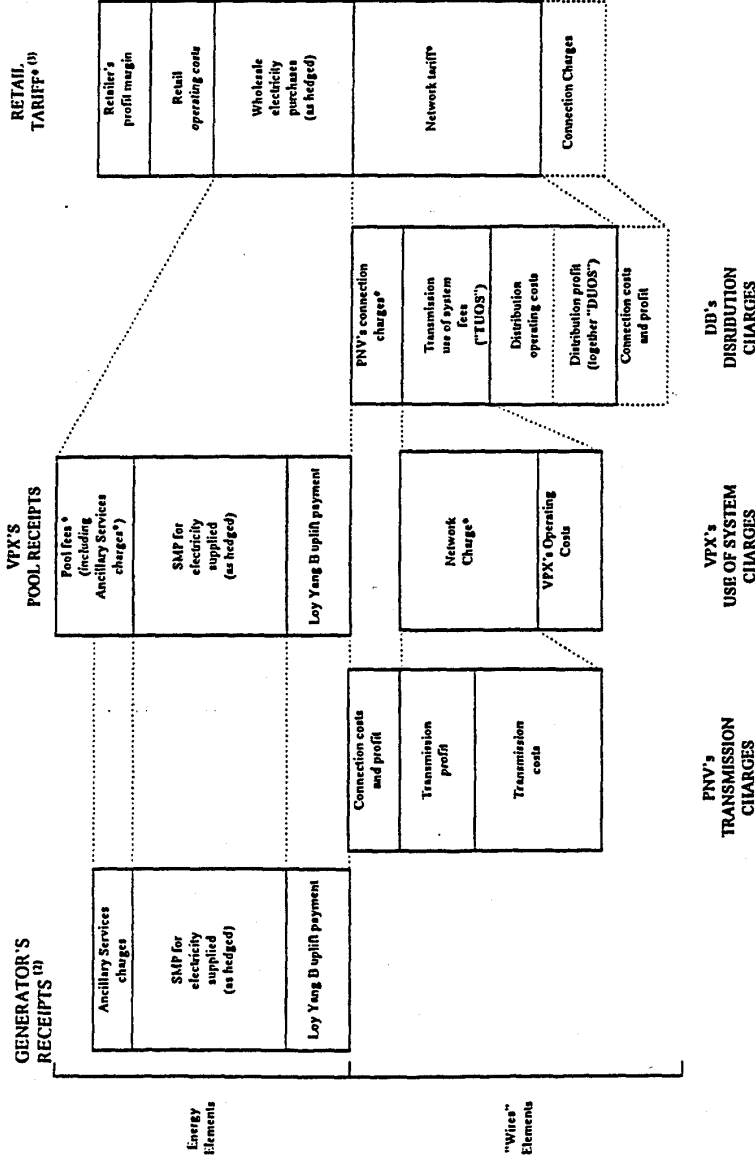
**Duration of this Tariff Order**

The regulation of the tariffs, charges and fees subject to this Tariff Order does not continue indefinitely. Each clause specifies when the regulation of the relevant tariffs, charges and fees provided for in that clause ceases to apply. When the regulation of a tariff, charge or fee provided for in this Tariff Order ceases to apply, the Regulator-General will become responsible for regulating those tariffs, charges and fees which continue to be regulated in accordance with the ORG Act and the EIA. In the case of some tariffs, charges and fees, this Tariff Order specifies what form the subsequent regulation by the Regulator-General should take.

**Diagram**

The tariffs, charges and fees in respect of the electricity supply industry are summarised in the diagram set out on the next page. The tariffs, charges and fees regulated under this Tariff Order are indicated in the diagram by an asterisk.

Victorian Electricity Supply Industry: Tariffs, charges and fees: Simplified Structure <sup>(1)</sup>



\* Indicates that the tariff, charge or fee is regulated under the Tariff Order.

- (1) Not to scale.
- (2) Not all Generators receive Ancillary Services charges. Only SECV receives the Loy Yang Dupliff payment.
- (3) Only tariffs for Franchise Customers and Non-franchise Customers on the Tariff Safety Net are regulated under the Tariff Order. Charges for other Non-franchise Customers are not regulated.

## 1 GENERAL

Clause 1 sets out:

- who this Tariff Order applies to; and
- when this Tariff Order takes effect.

The definitions are contained in Attachment 1 and where defined in the Order.

The rules of interpretation are contained in Attachment 2.

### 1.1 Application

This Tariff Order applies to the following persons:

- **Victorian Power Exchange** a body corporate established under the EIA ("VPX");
- **Power Net Victoria** a body corporate established under the EIA ("PowerNet");
- **Eastern Energy Ltd** (ACN 064 651 118) ("Eastern");
- **Powercor Australia Ltd** (ACN 064 651 109) ("Powercor");
- **Solaris Power Ltd** (ACN 064 651 083) ("Solaris");
- **CitiPower Ltd** (ACN 064 651 056) ("CitiPower");
- **United Energy Limited** (ACN 064 651 029) ("United");
- **State Electricity Commission Of Victoria** a body corporate established under the State Electricity Commission Act 1958 (Vic.) ("SECV");
- any other person which holds a licence issued under Part 12 of the EIA and which carries on the business of sale of electricity to Franchise Customers or the distribution or transmission of electricity or the operation of a wholesale electricity market; and
- the **Office of the Regulator-General** established under section 6 of the ORG Act ("Regulator-General").

**1.2 Interpretation**

The first Financial Year for the purposes of assessing compliance with the price and revenue controls imposed by this Tariff Order commenced on 3 October 1994 and will end on 30 June 1995.

1.2.1 In this Tariff Order, the words and phrases defined in Attachment 1 have the meanings given to them in that Attachment unless the contrary intention appears.

1.2.2 This Tariff Order must be interpreted in accordance with the rules of interpretation set out in Attachment 2 unless the contrary intention appears.

**1.3 Commencement**

This Tariff Order takes effect on the date this Tariff Order is published in the Government Gazette, but is to be taken as having been in effect from 3 October 1994.

## 2 RETAIL PRICING

### Clause 2 deals with:

- the maximum uniform tariff arrangements which apply to Franchised Retailers;
- procedures for establishing new Retail Tariffs, closing old Retail Tariffs and the approval of changes in Retail Tariffs;
- the Tariff H Safety Net; and
- the regulated pass through of certain costs to Franchise Customers.

### 2.1 Maximum uniform tariff for Franchise Customers

A customer on the Tariff H Safety Net is a Franchise Customer for the purposes of this clause - see clause 2.6.6.

Price changes must be approved by the Regulator-General - see clause 2.4.

The maximum uniform tariff arrangements do not apply to the regulated pass through of:

- certain adjustments under Vesting Contracts (see clause 2.7);
- changes in tax affecting the cost of retailing of electricity to Franchise Customers (see clause 2.8);
- changes in tax affecting the costs of operating the Transmission System (see clause 3.5); and
- changes in tax affecting the cost of operating Distribution Systems (see clause 5.8).

2.1.1 The Franchised Retailers are subject to the maximum uniform tariff arrangements for Franchise Customers set out in this clause.

2.1.2 A Franchised Retailer must not charge a Franchise Customer more in respect of a Price Component of a Retail Tariff in a Financial Year than the price for that Price Component set out in the Maximum Uniform Tariffs for that Financial Year.

2.1.3 The maximum uniform tariffs for the Financial Year ending 30 June 1995 are set out in Attachment 3.

2.1.4 The Regulator-General must provide to each Franchised Retailer a statement setting out the maximum uniform tariffs for a Financial Year after the Financial Year ending 30 June 1995 at least 30 Business Days prior to the start of that Financial Year.

2.1.5 The price for each Price Component set out in the Maximum Uniform Tariffs for a Financial Year "t" after the Financial Year ending 30 June 1995 must be equal to the price for that Price Component determined in accordance with the following formula:

$$P_t = P_{t-1} * PPM_t$$

where:

$P_t$  is the price for the relevant Price Component for Financial Year "t".

$P_{t-1}$  is the price for the relevant Price Component for Financial Year "t-1"; and

$PPM_t$  is the prescribed price movement for the Price Component for Financial Year "t" determined in accordance with Attachment 4.

- 2.1.6 An amount charged by a Franchised Retailer under clause 2.7.5, 2.8.6, 3.5.13 or clause 5.8.8 during a Financial Year is not taken into account in determining the Franchised Retailer's price for a Price Component for the purposes of clause 2.1.2.
- 2.1.7 If a Franchised Retailer is supplying a Franchise Customer under a contract and not a Retail Tariff (called a "Contract Customer"), then, for the purposes of this clause 2.1 and clause 2.4:
- (a) the Contract Customer will be regarded as being supplied under the Retail Tariff that the Regulator-General considers the Contract Customer would otherwise be being supplied under if there was no contract; and
  - (b) the Regulator-General may require the Franchised Retailer to recalculate and present the components of the price for the supply of electricity under the contract in such manner as the Regulator-General thinks appropriate.
- 2.1.8 If a Franchised Retailer is supplying a Contract Customer during a Financial Year, then the Franchised Retailer must give the Regulator-General a statement within 60 Business Days after the end of the Financial Year setting out in respect of each Contract Customer supplied during the Financial Year:
- (a) the amounts payable by the Contract Customer under the relevant contract;
  - (b) the Retail Tariff which the Franchised Retailer believes the Contract Customer would otherwise be being supplied under if there was no contract; and
  - (c) if necessary to demonstrate compliance with clause 2.1 or 2.4, the recalculated components of the price for the supply of electricity under the contract with the Contract Customer and how that recalculation was performed.

## 2.2 New Tariff

A Franchised Retailer may notify a new tariff under section 169 of the EIA (in this clause 2.2 called a "New Retail Tariff") which will cover some or all of the customers currently being supplied under an existing Retail Tariff (other than Tariff H) (in this clause 2.2 called an "Existing Retail Tariff"), provided that:

- (a) a customer supplied under the Existing Retail Tariff at the time at which the notification takes effect continues to be supplied under the Existing Retail Tariff unless it elects to be

supplied under the New Retail Tariff or another of the Franchised Retailer's tariffs which it is eligible to be supplied under; and

- (b) the relevant Franchised Retailer uses all reasonable endeavours to ensure that customers supplied under the Existing Retail Tariff have sufficient information to make an informed decision as to whether or not to make the election referred to in paragraph (a) (including information concerning the likely future movement in the prices applying under the Existing Retail Tariff and the New Retail Tariff concerned).

### 2.3 Closing a Retail Tariff

2.3.1 In this clause 2.3, a Retail Tariff is closed if a customer who is not already supplied under the Retail Tariff cannot be supplied under it.

2.3.2 A Franchised Retailer may close a Retail Tariff by notice given under section 169 of the ELA, provided that a customer supplied under a closed Retail Tariff prior to its closure continues to be supplied under the closed Retail Tariff unless:

- (a) a New Retail Tariff is also notified under section 169 of the ELA in respect of which the closed Retail Tariff is an Existing Retail Tariff; or
- (b) the customer is eligible to be supplied under another of the Franchised Retailer's tariffs,

and the customer makes the election referred to in clause 2.2.

### 2.4 Approval of Retail Tariffs

2.4.1 A Franchised Retailer proposing to:

- (a) change its price for a Price Component;
- (b) notify a New Retail Tariff under clause 2.2;
- (c) close a Retail Tariff under clause 2.3; or
- (d) implement a prepayment scheme in respect of the supply of electricity,

must first obtain the prior written approval of the Regulator-General.

2.4.2 If a Franchised Retailer notifies the Regulator-General of:

- (a) a proposed change in its price for a Price Component in writing and the Regulator-General has not notified

the Franchised Retailer within 20 Business Days of receiving notice of the proposed change that the Regulator-General disapproves of the proposed change, then the Regulator-General is taken to have approved the proposed change; or

- (b) a proposed notification of a New Retail Tariff under clause 2.2 or a proposed closure of a Retail Tariff under clause 2.3 in writing and the Regulator-General has not notified the Franchised Retailer within 20 Business Days of receiving notice of the proposed notification or closure (or such further period specified by the Regulator-General to the Franchised Retailer in writing) that the Regulator-General disapproves of the proposed notification or closure, then the Regulator-General is taken to have approved the proposed notification or closure.

2.4.3 If a Franchised Retailer notifies the Regulator-General of a proposed notification of a New Retail Tariff under clause 2.2, then it must include in its notice details of:

- (a) the Base Tariff which the Franchised Retailer believes is equivalent to the New Retail Tariff, and
- (b) how the Franchised Retailer proposes to recalculate and present the components of the price for the supply of electricity under the New Retail Tariff for the purposes of assessing compliance with the maximum uniform tariff arrangements under clause 2.1 and this clause 2.4.

2.4.4 If the Regulator-General approves a New Retail Tariff under clause 2.4.1 or 2.4.2(b), then, for the purposes of assessing compliance with the maximum uniform tariff arrangements under clause 2.1 and this clause 2.4, the Regulator-General:

- (a) must notify the relevant Franchised Retailer of the equivalent Base Tariff to the New Retail Tariff, and
- (b) may require the Franchised Retailer to recalculate and present the components of the price for the supply of electricity under the New Retail Tariff in such manner as the Regulator-General thinks appropriate.

## 2.5 Notice to Franchise Customers prior to becoming Non-franchise Customers

The notice given under clause 2.5 must also contain the information required under clause 2.6.2(c) and clause 5.2.4 (if applicable).

2.5.1 Subject to clause 2.5.2, each Franchised Retailer must give each of its Franchise Customers not less than 2 calendar months' notice in writing prior to the expected date on which



that Franchise Customer will become a Non-franchise Customer.

- 2.5.2 If it is not possible for a Franchised Retailer to give a Franchise Customer the notice required under clause 2.5.1 not less than 2 calendar months prior to the expected date on which that Franchise Customer will become a Non-franchise Customer for any reason beyond the control of the Franchised Retailer (for example, because the Franchise Customer only meets the relevant criteria during that 2 calendar month period), then the Franchised Retailer must give the maximum period of notice that is reasonable in the circumstances.

## 2.6 Tariff H safety net

- 2.6.1 A Franchised Retailer must give a Non-franchise Customer which was supplied electricity under the Base Tariff H as at 2 October 1994 the opportunity to elect to continue to take supply under the relevant Franchised Retailer's Tariff H as if it continued to be a Franchise Customer in relation to the supply to it of electricity, on the basis of the principles set out in this clause 2.6. If a Non-franchise Customer exercises the election referred to in this clause 2.6.1, then it will be regarded as being on the "Tariff H Safety Net".

- 2.6.2 If a Franchised Retailer becomes aware that a person (called the "Relevant Person") which satisfies both of the following conditions:

- (a) the person is a Franchise Customer of the Franchised Retailer; and
- (b) the person is a person which clause 2.6.1 contemplates will have the opportunity to be on the Tariff H Safety Net,

will become a Non-franchise Customer or has already become a Non-franchise Customer and has not yet been given the opportunity to be on the Tariff H Safety Net, then the Franchised Retailer must:

- (c) inform the Relevant Person of the opportunity to be on the Tariff H Safety Net in the notice given to it in accordance with clause 2.5; and
- (d) give the Relevant Person a reasonable period of time (being not less than 20 Business Days) after the Relevant Person becomes a Non-franchise Customer to exercise the election,

and, during the period referred to in paragraph (d), the Relevant Person will be taken to be on the Tariff H Safety Net

(but clauses 2.6.3 and 2.6.4 do not apply to the Relevant Person during that period).

- 2.6.3 A Franchised Retailer must use all reasonable endeavours to ensure that all of the persons on the Tariff H Safety Net and supplied by the Franchised Retailer enter into a legally binding agreement (in form and content reasonably satisfactory to the Treasurer) under which the Non-franchise Customer agrees to be bound by the provisions of this clause 2.6 applicable to it.
- 2.6.4 A Non-franchise Customer which is on the Tariff H Safety Net and which subsequently wishes to cease being supplied under the relevant Franchised Retailer's Tariff H must notify the Franchised Retailer. A notice under this clause takes effect upon the later of:
- (a) the date specified in the relevant notice under this clause; and
  - (b) 2 months after the relevant notice under this clause is given.
- 2.6.5 A Non-franchise Customer which does not exercise the election contemplated in clause 2.6.1 within the time period referred to in clause 2.6.2(d) or which has given a notice under clause 2.6.4 cannot subsequently exercise that election or revoke that notice, even if the relevant Non-franchise Customer subsequently ceases to be a Non-franchise Customer.
- 2.6.6 A Non-franchise Customer which is on the Tariff H Safety Net is taken to be a Franchise Customer of the relevant Franchised Retailer being supplied under the Franchised Retailer's Tariff H for the purposes of clause 2.1, 2.7, 2.8, 3.5, 5.2 and 5.8 until the earlier of:
- (a) if the Non-franchise Customer subsequently gives a notice under clause 2.6.4, then the date on which that notice takes effect; and
  - (b) 31 December 2000.
- 2.6.7 After 31 December 2000, a Franchised Retailer must not continue to supply customers under a Tariff H.
- 2.6.8 A Franchised Retailer must give a Franchise Customer (but not a Non-franchise Customer which is taken to be a Franchise Customer under clause 2.6.6) supplied electricity under a Franchised Retailer's Tariff H and which is also eligible to be supplied under another of that Franchised Retailer's Tariffs the opportunity to elect not to be supplied under the relevant Franchised Retailer's Tariff H but instead to be supplied under that other Tariff.

- 2.6.9 If the amount of energy or demand supplied in peak periods or in off-peak periods to a Non-franchise Customer which is on the Tariff H Safety Net in any month exceeds 120% of the amount of energy or demand (as applicable) which was supplied in peak periods or off-peak periods (as applicable) to that Non-franchise Customer during the corresponding month of the last full 12 month period before it exercised its election to be on the Tariff H Safety Net (the amount in excess of the 120% is called the "Excess"), then the Excess will be taken not to have been supplied under the relevant Franchised Retailer's Tariff H.
- 2.6.10 Subject to clause 2.6.12, if clause 2.6.9 applies, then:
- (a) the relevant Franchised Retailer must promptly notify the customer that clause 2.6.9 applies; and
  - (b) the Excess will be taken to have been supplied by the relevant Franchised Retailer at commercial rates.
- 2.6.11 If a customer receives a notice under clause 2.6.10(a), then the customer may enter into an arrangement with a person other than the Franchised Retailer in respect of the future supply to the customer of energy and/or demand which will be taken not to have been supplied under the Franchised Retailer's Tariff H because of clause 2.6.9.
- 2.6.12 If a customer enters into an arrangement under clause 2.6.11, then clause 2.6.10 does not apply in relation to any energy and/or demand supplied under that arrangement.
- 2.6.13 In clauses 2.6.9 and 2.6.10:
- (a) "commercial rates" means the rates that the relevant Franchised Retailer charges those of its Non-franchise Customers which are in a similar situation to the customer on the Tariff H Safety Net for energy and/or demand; and
  - (b) the terms "peak period" and "off-peak period" have the same meanings as they do when calculating payments under the Franchised Retailer's Tariff H.
- 2.7 Regulated pass through of adjusted difference payments under Vesting Contracts
- 2.7.1 If a party to a Vesting Contract gives a notice to the Regulator-General under the Vesting Contract in relation to:
- (a) a Generator Force Majeure Event, or
  - (b) a Generator Change in Taxes,

then, subject to clause 2.7.6, the Regulator-General must within 30 Business Days of receipt of that notice (whether by reference to the ELAB or otherwise) determine:

- (c) if the Generator Force Majeure Event or Generator Change in Taxes (as the case may be) specified in the notice occurred or is continuing; and
- (d) if the Regulator-General determines under clause 2.7.1(c) that a Generator Force Majeure Event or Generator Change in Taxes has occurred or is continuing, then:
  - (i) in the case of a Generator Force Majeure Event, for each Settlement Period the subject of the notice, the difference between:
    - (A) the lesser of:
      - (1) the amount of electricity (expressed as a rate in MW) in that Settlement Period which would have been Sent Out in relation to the Reference Generating Plant concerned but for the Generator Force Majeure Event; and
      - (2) the Normal Capacity of the Reference Generating Plant concerned; and
    - (B) the amount actually Sent Out in relation to the Reference Generating Plant concerned in that Settlement Period;
  - (ii) in the case of a Generator Change in Taxes:
    - (A) the additional amount which the Hedge Generator must pay as a consequence of the Generator Change in Taxes for the remainder of the term of the Vesting Contract; and
    - (B) the amount by which the Contract Strike Price under the relevant Vesting Contract for each Settlement Period following the Date of Change in Taxes will be increased;

- (iii) the amount of the total loss to the Hedge DB incurred through the granting of relief to the Hedge Generator under the relevant Vesting Contract in respect of the Generator Force Majeure Event or Generator Change in Taxes (as the case may be) (which amount is to be passed through by the Hedge DB to its Franchise Customers under this clause 2.7); and
- (iv) the basis upon which the amount determined under clause 2.7.1(d)(iii) is to be passed through by the Hedge DB to its Franchise Customers,

and advise the relevant Hedge Generator and relevant Hedge DB in writing accordingly.

2.7.2 In making the determinations under clause 2.7.1, the Regulator-General must have regard to:

- (a) the relative amounts of electricity supplied to each class of Franchise Customer;
- (b) the time cost of money for the period over which the pass through amount is to be recovered; and
- (c) such other factors as the Regulator-General considers fair and reasonable,

subject in all cases to the financial effect on the Hedge DB under the relevant Vesting Contract associated with the relevant Generator Force Majeure Event or Generator Change in Taxes (as the case may be) being economically neutral taking into account the period and rate of recovery of the pass through amount and the effect under the relevant Vesting Contract of the Regulator-General's determinations under clause 2.7.1(d).

2.7.3 In making the determination under clause 2.7.1(d)(ii)(B) in relation to a Generator Change in Taxes, the Regulator-General must also take into account:

- (a) any Generator Change in Taxes resulting in a decrease in the amount payable by the Hedge Generator in respect of Relevant Taxes since the later of:
  - (i) the date of this Tariff Order; and
  - (ii) the last determination under clause 2.7.1(d) in respect of the relevant Vesting Contract that a Generator Change in Taxes has occurred;

- (b) any previous increase in the Contract Strike Price under the relevant Vesting Contract in respect of a Generator Change in Taxes as a result of a determination under clause 2.7.1(d)(ii)(B) which resulted in a benefit to the Hedge Generator greater than the actual additional costs incurred by the Hedge Generator in respect of the relevant Generator Change in Taxes; and
- (c) any previous increase in the Contract Strike Price under the relevant Vesting Contract in respect of a Generator Change in Taxes as a result of a determination under clause 2.7.1(d)(ii)(B) which resulted in a benefit to the Hedge Generator insufficient to cover the actual additional costs of the Hedge Generator incurred in respect of the relevant Generator Change in Taxes.

2.7.4 In making the determinations under clause 2.7.1(d) in relation to a particular Generator Force Majeure Event or Generator Change in Taxes, the Regulator-General must also take into account:

- (a) any Generator Change in Taxes resulting in a decrease in the Contract Strike Price under the relevant Vesting Contract in accordance with the relevant Vesting Contract since the later of:
  - (i) the date of this Tariff Order, and
  - (ii) the last determination under clause 2.7.1(d) in respect of the relevant Vesting Contract;
- (b) any previous pass through under clause 2.7.1(d) in respect of a Generator Force Majeure Event or Generator Change in Taxes which resulted in a benefit to the Franchised Retailer greater than the adverse effect suffered by the Franchised Retailer under the relevant Vesting Contract as a result of the Regulator-General's determination under clause 2.7.1(d) in respect of that Generator Force Majeure Event or Generator Change in Taxes (as the case may be); and
- (c) any previous pass through under clause 2.7.1(d) in respect of a Generator Force Majeure Event or Generator Change in Taxes which resulted in the Franchised Retailer not recovering from its Franchise Customers the full amount of the adverse effect suffered by the Franchised Retailer under the relevant Vesting Contract as a result of the Regulator-General's determination under clause 2.7.1(d) in respect of that

Generator Force Majeure Event or Generator Change in Taxes (as the case may be).

2.7.5 The Hedge DB may after:

- (a) receipt of notification from the Regulator-General under clause 2.7.1 as to the amount the Hedge DB is entitled to pass through to its Franchise Customers in relation to a Generator Force Majeure Event or Generator Change in Taxes; and
- (b) in the case of:
  - (i) a Generator Force Majeure Event, the payment to the relevant Hedge Generator of the amount of the adjustment to Difference Payments under the Vesting Contract resulting from the Regulator-General's determination under clause 2.7.1; or
  - (ii) a Generator Change in Taxes, the adjustment of the Contract Strike Price as specified in the Regulator-General's determination under clause 2.7.1 first applying.

charge its Franchise Customers the pass through amount determined by the Regulator-General under clause 2.7.1(d). The amount is to be shown on each customer's invoice as a separate line item or otherwise identified in a manner approved by the Regulator-General.

- 2.7.6 A person to which this Tariff Order applies must make available to the Regulator-General such information (including, without limitation, the terms of any relevant Vesting Contract to which it is a party) as the Regulator-General reasonably requests for the purposes of making a determination under this clause 2.7. If the Regulator-General makes a request under this clause 2.7.6, the 30 Business Day period referred to in clause 2.7.1 ceases running until the information requested by the Regulator-General is provided to the Regulator-General, at which time that period commences to run again.

2.8 Regulated pass through of Retailing Change in Taxes

A Franchised Retailer can also pass through to its Franchise Customers the financial effect of a PowerNet Change in Taxes (see clause 3.5) and Network Changes in Taxes (see clause 5.8).

- 2.8.1 If a Retailing Change in Taxes occurs, then a Franchised Retailer is entitled to pass through the financial effect of the Retailing Change in Taxes to its Franchise Customers in accordance with the procedures set out in this clause 2.8.
- 2.8.2 If a Franchised Retailer believes it is entitled to a pass through under this clause 2.8, then it may give a notice to the Regulator-General specifying:

- (a) details of the Retailing Change in Taxes concerned;
- (b) the date on which the Retailing Change in Taxes concerned took effect;
- (c) the amount of the total additional costs (called the "Relevant Effect") incurred by the Franchised Retailer which are associated with the sale of electricity to Franchise Customers and are directly attributable to the Retailing Change in Taxes concerned; and
- (d) the amount which the Franchised Retailer is seeking to pass through to each of its Franchise Customers in respect of the Retailing Change in Taxes concerned. This amount must be calculated on the basis that the Relevant Effect in respect of the Retailing Change in Taxes concerned is applied equitably over the total energy consumption of all its customers.

2.8.3 Subject to clause 2.8.7, the Regulator-General must within 30 Business Days of receipt of a notice from a Franchised Retailer under clause 2.8.2 determine (whether by reference to the EIAB or otherwise):

- (a) whether the Retailing Change in Taxes specified in the notice occurred; and
- (b) if the Retailing Change in Taxes specified in the notice did occur, then the amount which the Franchised Retailer is entitled to pass through to its Franchise Customers in respect of the Retailing Change in Taxes concerned and the basis upon which that amount is to be passed through,

and notify the Franchised Retailer in writing of its determination.

2.8.4 In determining the basis on which the amount is to be passed through to a Franchised Retailer's Franchise Customers in accordance with clause 2.8.3, the Regulator-General must have regard to:

- (a) the relative amounts of electricity sold by the Franchised Retailer to each class of its customers;
- (b) the time cost of money for the period over which the pass through amount is to be recovered; and
- (c) such other factors as the Regulator-General considers fair and reasonable,



subject in all cases to the financial effect on the Franchised Retailer associated with the Retailing Change in Taxes concerned being economically neutral taking into account the period and rate of recovery of the pass through amount and the Relevant Effect in respect of the Retailing Change in Taxes concerned.

- 2.8.5 In making a determination to permit a pass through in accordance with clause 2.8.3 (and the amount of the pass through), the Regulator-General must also take into account:
- (a) any Retailing Change in Taxes resulting in a decrease in the amount payable by the Franchised Retailer concerned in respect of Retailing Relevant Taxes since the later of:
    - (i) the date of this Tariff Order; and
    - (ii) the last determination under clause 2.8.3 that the Franchised Retailer is entitled to pass through an amount in respect of a Retailing Change in Taxes;
  - (b) any previous pass through in respect of a Retailing Change in Taxes which resulted in a benefit to the Franchised Retailer greater than the actual total additional costs incurred by the Franchised Retailer which are associated with the sale of electricity to Franchise Customers and are directly attributable to the Retailing Change in Taxes concerned; and
  - (c) any previous pass through in respect of a Retailing Change in Taxes which resulted in the Franchised Retailer not recovering from its Franchise Customers an appropriate share of the actual total additional costs incurred by the Franchised Retailer which are associated with the sale of electricity to Franchise Customers and are directly attributable to the Retailing Change in Taxes concerned.
- 2.8.6 A Franchised Retailer may, after receipt of notification from the Regulator-General in accordance with clause 2.8.3 as to the amount (if any) the Franchised Retailer is entitled to pass through to its Franchise Customers in relation to a Retailing Change in Taxes, charge each of its Franchise Customers the pass through amount determined by the Regulator-General in relation to that customer. The amount is to be shown on each Franchise Customer's invoice as a separate line item or otherwise identified in a manner approved by the Regulator-General.

2.8.7 A person to which this Tariff Order applies must make available to the Regulator-General such information as the Regulator-General reasonably requests for the purposes of making a determination under this clause 2.8. If the Regulator-General makes a request under this clause 2.8.7, the 30 Business Day period referred to in clause 2.8.3 ceases running until the information requested by the Regulator-General is provided to the Regulator-General, at which time that period commences to run again.

**2.9 Review of price control arrangements**

2.9.1 This clause 2 ceases to have effect on 31 December 2000.

2.9.2 Except as otherwise contemplated under this Tariff Order, the Regulator-General may not make a price determination under section 25 or section 26 or both of the ORG Act regulating tariffs for the sale of electricity to Franchise Customers.

### 3 NETWORK CHARGE AND CONNECTION FEES

Clause 3 regulates PowerNet's charges to:

- VPX under the network agreement; and
- DBs, Generators and other customers under their connection agreements with PowerNet.

It also deals with the regulated pass-through of certain costs to Franchise Customers.

#### 3.1 Prescribed Services

The revenue cap only applies to Prescribed Services. The Network Services and the Connection Services describe the core transmission business which PowerNet is licensed to carry out under its Transmission Licence, at the levels required as of 3 October 1994.

The Prescribed Services are:

- (a) Network Services (as defined in Part A of Attachment 5) relating to the system existing as at 3 October 1994;
- (b) Connection Services (as defined in Part B of Attachment 5) relating to the connection facilities existing as at 3 October 1994; and
- (c) augmentation to the system and the connection facilities existing as at 3 October 1994 as specified in Part C of Attachment 5,

but not including those services specified in Part D of Attachment 5.

#### 3.2 Revenue control for Prescribed Services

- 3.2.1 For the purposes of assessing compliance with regulatory requirements, the charges for Prescribed Services referred to in clause 3.3.1 can be restated as an average base charge of \$40.30 per kilowatt for the Financial Year ending 30 June 1995.
- 3.2.2 PowerNet must use all reasonable endeavours to ensure that its revenue in respect of the provision of the Prescribed Services for a Financial Year is less than or equal to the prescribed revenue in respect of those services for the Financial Year determined in accordance with clause 3.2.3 or clause 3.2.4.
- 3.2.3 PowerNet's prescribed revenue in respect of the provision of Prescribed Services for the Financial Year ending 30 June 1995 is \$186,410,134.00.
- 3.2.4 Subject to clause 3.2.5, PowerNet's prescribed revenue in respect of the provision of Prescribed Services for a Financial Year "i" after the Financial Year ending 30 June 1995 is determined at the start of Financial Year "i" in accordance with the following formula:

$$MAR_t = MAC_t \times SMD_t$$

where:

$MAR_t$  is PowerNet's prescribed revenue in respect of Prescribed Services for Financial Year "t";

$MAC_t$  is the maximum average charge per kilowatt of electricity for the Financial Year "t" determined in accordance with clause 3.2.6; and

$SMD_t$  is, in respect of Financial Year "t", an amount which represents a forecast of summer maximum demand for that Financial Year determined in accordance with the following chart:

Financial Year Ending	Summer Maximum Demand (kW)
30 June 1995	6,230,000
30 June 1996	6,410,000
30 June 1997	6,630,000
30 June 1998	6,840,000
30 June 1999	7,040,000
30 June 2000	7,250,000
30 June 2001	7,420,000
30 June 2002	7,580,000
30 June 2003	7,810,000
30 June 2004	8,020,000
30 June 2005	8,230,000

Actual summer maximum demand does not influence the calculation of  $SMD_t$  or  $MAR_t$ .

The figures for the Financial Years after 31 December 2000 have been included in case the Regulator-General does not make a price determination (see clause 3.6.1) by 31 December 2000.

- 3.2.5 If the Regulator-General makes a price determination under section 25 or section 26 or both of the ORG Act regulating PowerNet's charges for Prescribed Services that takes effect on a date after 31 December 2000 and other than on 1 July, then PowerNet's prescribed revenue for the Financial Year "t" which ends at the time the price determination takes effect is  $MAR_t$  determined for Financial Year "t" in accordance with the formula in clause 3.2.4 multiplied by the following factor:

$$\frac{A_t}{B}$$

where:

$A_t$  is the number of days between the start of Financial Year "t" and the day on which the price determination takes effect (both inclusive); and

$B$  is 365.

- 3.2.6. The maximum average charge per kilowatt of electricity for a Financial Year "t" after the Financial Year ending 30 June 1995 is determined prior to the start of Financial Year "t" in accordance with the following formula:

$$MAC_t = (CPI_t - X_t) * MAC_{t-1}$$

where:

$MAC_t$  is the maximum average charge per kilowatt of electricity for Financial Year "t";

$CPI_t$  is the CPI for Financial Year "t";

$X_t$  is 0.0179; and

$MAC_{t-1}$ :

- (a) if Financial Year "t" is the Financial Year ending 30 June 1996, then  $MAC_{t-1}$  is \$40.30 per kilowatt; and
- (b) if Financial Year "t" is a subsequent Financial Year, then  $MAC_{t-1}$  is determined in the same way as  $MAC_t$  but for Financial Year "t-1" instead of Financial Year "t".

### 3.3 Charges for Prescribed Services

3.3.1 PowerNet's charge for Prescribed Services for a customer (who is also a customer as at the date of this Tariff Order) for:

- (a) the Financial Year ending 30 June 1995 is the amount set out opposite the customer's name in the column of the chart set out in Part A of Attachment 6 applicable to that Financial Year; and
- (b) a Financial Year "t" after the Financial Year ending 30 June 1995:

An explanation of the principles underlying the determination of the amounts used to calculate the charges for Prescribed Services as set out in Part A of Attachment 6 is set out in Part B of Attachment 6.

- (i) must be approved by the Regulator-General; and
- (ii) must not exceed the amount calculated in accordance with the following formula:

$$ARC_t = BRC_t \times EF_t$$

where:

$ARC_t$  (in \$) is the amount of the maximum charge for the relevant customer for Financial Year "t";

$BRC_t$  (in \$), subject to clause 3.3.2, is the amount set out opposite the customer's name in the column of the chart set out in Part A of Attachment 6 applicable to Financial Year "t"; and

$EF_t$  is an escalation factor and is determined in accordance with the following formula:

$$EF_t = \frac{PI_t}{CPI_{95}}$$

where:

$PI_t$  is the Consumer Price Index: All Groups Index Number Melbourne published by the Australian Bureau of Statistics for the March Quarter immediately preceding the start of the Financial Year "t"; and

$CPI_{95}$  is the Consumer Price Index: All Groups Index Number Melbourne published by the Australian Bureau of Statistics for the March 1995 Quarter.

- 3.3.2 If the Regulator-General makes a price determination under section 25 or section 26 or both of the ORG Act regulating PowerNet's charges for Prescribed Services that takes effect during the 12 month period ending 30 June 2001, then  $BRC_t$  for that customer for the Financial Year which ends at the time the price determination takes effect is the amount set out opposite the customer's name in the column of the chart set out in Part A of Attachment 6 applicable to the Financial Year ending 30 June 2001 multiplied by the following factor:

$$\frac{A}{B}$$

where:

*A* is the number of days between 1 July 2000 and the day on which the price determination takes effect (both inclusive); and

*B* is 365.

3.3.3 PowerNet must provide to:

- (a) the Regulator-General, a statement of all its charges for Prescribed Services; and
- (b) each of its customers, a statement of PowerNet's charges for Prescribed Services to be provided to that customer,

for a Financial Year after the Financial Year ending 30 June 1996 within 10 Business Days of the publication of the Consumer Price Index: All Groups Index Number Melbourne for the March Quarter immediately preceding the start of the relevant Financial Year.

3.3.4 The Regulator-General may only not approve PowerNet's proposed charges for Prescribed Services for a customer for a Financial Year if, in the Regulator-General's opinion, the charges:

- (a) are not consistent with the principles for calculation of PowerNet's charges for Prescribed Services as specified in Part B of Attachment 6; or
- (b) would result in PowerNet not complying with the requirements of this clause 3.

3.3.5 Unless the Regulator-General disapproves of PowerNet's proposed charges for Prescribed Services for a Financial Year by written notice to PowerNet within 10 Business Days of receiving a notice from PowerNet under clause 3.3.3(a), then the Regulator-General is taken to have approved the charges for Prescribed Services set out in that notice.

3.3.6 If the Regulator-General has not approved or is not taken to have approved PowerNet's charges for Prescribed Services for a particular customer for a particular Financial Year after the Financial Year ending 30 June 1995 (called "New Financial Year") prior to the commencement of the New Financial Year, then PowerNet's charges for Prescribed Services for that customer for the Financial Year immediately preceding the New Financial Year will continue to apply in the New Financial

Year until such time as the Regulator-General approves or is taken to have approved PowerNet's charges for Prescribed Services for the customer for the New Financial Year.

3.3.7 The fees for the provision of connection services by PowerNet to a particular Generator, Distributor, person holding a Transmission Licence or other customer whose equipment is connected to that part of the Transmission System which PowerNet is licensed to use under its Transmission Licence (other than a person listed in the chart in Part A of Attachment 6) will be agreed between PowerNet and the person and must be consistent with the requirements of PowerNet's Transmission Licence.

3.3.8 The setting of PowerNet's charges for Prescribed Services as determined in accordance with clause 3.3.1 has been based, in part, on assumptions as to the scope and timing of the augmentation work set out in the table entitled "Connection Works" and the table entitled "Group 2 Projects" in Part C of Attachment 5 (called the "Augmentation Tables"). If, in response to the requirements of VPX, a Distributor, a Generator or SECV, the scope and timing of that augmentation work is varied with the result that PowerNet's agreed contract expenditure, (or in the absence of an agreed contract expenditure, actual expenditure) for that augmentation work is less than the estimated expenditure specified in the Augmentation Tables, then PowerNet must:

- (a) use all reasonable endeavours to ensure that the total of the charges payable by VPX, Distributors, Generators and SECV to PowerNet for each of the Financial Years from the Financial Year ending 30 June 1995 until the Financial Year ending 30 June 2000 (both inclusive) does not remunerate PowerNet in relation to the difference between that agreed contract or actual expenditure and the estimated expenditure as specified in the Augmentation Tables; and
- (b) notify the Regulator-General in writing as soon as practicable, giving details of the variation and the effect of the variation on the total of the charges payable by VPX, Distributors, Generators and SECV under paragraph (a).

This clause 3.3.8 does not limit the ability of PowerNet and a customer of PowerNet to agree to variations to the levels of service and associated prices in respect of Prescribed Services.



**3.4 Excluded services**

- 3.4.1 PowerNet may levy additional charges for services other than Prescribed Services. These charges will include charges for services other than Prescribed Services provided under agreements existing or subsequently entered into between PowerNet and any of the Distributors, the Generators, VPX, customers or any other person for augmentation of the system.
- 3.4.2 Terms and charges for transmission services which are not Prescribed Services will be set in accordance with the provisions of PowerNet's Transmission Licence subject to oversight under the ORG Act.
- 3.4.3 PowerNet must, within 20 Business Days after the end of each Financial Year, provide to the Regulator-General a statement setting out:
- (a) all the Prescribed Services provided by PowerNet;
  - (b) all services referred to in Part D of Attachment 5 provided by PowerNet to customers to which it provides Prescribed Services; and
  - (c) the revenues derived by PowerNet in respect of each service referred to in paragraph (a) or (b),
- during that Financial Year.
- 3.4.4 If the Regulator-General considers that any service treated by PowerNet as not being a Prescribed Service in fact falls within the definition of Prescribed Services in clause 3.1, then the Regulator-General may issue a written determination to that effect to PowerNet (giving the reasons for the determination), and PowerNet must treat the service or services specified in the determination as a Prescribed Service.

**3.5 Regulated Pass through of PowerNet Change in Taxes**

- 3.5.1 If a PowerNet Change in Taxes occurs, then PowerNet is entitled to pass through the financial effect of the PowerNet Change in Taxes to its customers in accordance with the procedures set out in this clause 3.5.
- 3.5.2 If PowerNet believes it is entitled to a pass through under this clause 3.5, then it may give a notice to the Regulator-General and each of the customers to which PowerNet provides Prescribed Services specifying:
- (a) details of the PowerNet Change in Taxes concerned;

- (b) the date on which the PowerNet Change in Taxes concerned took effect;
- (c) the amount of the total additional costs (called "Total Additional Costs") incurred by PowerNet which are associated with the provision of Prescribed Services and are directly attributable to the PowerNet Change in Taxes concerned; and
- (d) the amount which PowerNet is seeking to pass through to each of its customers in respect of the PowerNet Change in Taxes concerned. This amount must be calculated on the basis that the Total Additional Costs in respect of the PowerNet Change in Taxes concerned is applied to all its customers receiving Prescribed Services in proportion to amounts paid for those services by those customers.

3.5.3 Subject to clause 3.5.14, the Regulator-General must within 30 Business Days of receipt of a notice from PowerNet under clause 3.5.2 determine (whether by reference to the ELAB or otherwise):

- (a) whether the PowerNet Change in Taxes specified in the notice occurred; and
- (b) if the PowerNet Change in Taxes specified in the notice did occur, then:
  - (i) the amount which PowerNet is entitled to pass through to each of its customers receiving Prescribed Services in respect of the PowerNet Change in Taxes concerned and the basis upon which that amount is to be passed through;
  - (ii) if one or more of the customers to which PowerNet is entitled to pass through an amount under clause 3.5.3(b)(i) is a Distributor, then the amount which that or each of those Distributors may pass through to its customers in respect of the PowerNet Change in Taxes concerned and the basis on which that amount is to be passed through;
  - (iii) if PowerNet is entitled to pass through an amount under clause 3.5.3(b)(i) to VPX, then:
    - (A) the amount which VPX is entitled to pass through to its customers in respect of the PowerNet Change in Taxes concerned and the basis upon

A Distributor's customers for the purposes of clause 3.5 are:

- (a) if the Distributor is also a Franchised Retailer, then the business of that Distributor which sells electricity to Franchise Customers under the Distributor's Retail Licence (called "Retail Business");
- (b) the Non-franchised Customers purchasing electricity from the Distributor who are connected to the Distributor's Distribution System;

- (c) other Retailers selling electricity to Non-franchise Customers connected to the Distributor's Distribution System; and
- (d) Non-franchise Customers connected to the Distributor's Distribution System who acquire their electricity through the Pool.

A customer on the Tariff H Safty Net is a Franchise Customer for the purposes of this clause 3.5.3- see clause 2.6.6.

- which that amount is to be passed through; and
- (B) if one or more of the customers to which VPX is entitled to pass through an amount under clause 3.5.3(b)(iii)(A) is a Distributor, then the amount which that or each of those Distributors is entitled to pass through to its customers in respect of the PowerNet Change in Taxes concerned and the basis on which that amount is to be passed through; and
- (iv) if one of the customers to which a Distributor is entitled to pass through an amount under clause 3.5.3(b)(ii) or clause 3.5.3(b)(iii)(B) is a Franchised Retailer, then the amount which that Franchised Retailer's Retail Business may pass through to its Franchise Customers in respect of the PowerNet Change in Taxes concerned and the basis on which that amount is to be passed through,

and notify PowerNet and PowerNet's customers to which PowerNet provides Prescribed Services in writing of its determination.

- 3.5.4 In determining the basis on which the amount is to be passed through to customers of PowerNet receiving Prescribed Services in accordance with clause 3.5.3(b)(i), the Regulator-General must have regard to:
- (a) the relative amounts of Prescribed Services supplied to each customer;
  - (b) the time cost of money for the period over which the pass through amount is to be recovered; and
  - (c) such other factors as the Regulator-General considers fair and reasonable,

subject in all cases to the financial effect on PowerNet associated with the PowerNet Change in Taxes concerned being economically neutral taking into account the period and the rate of recovery of the pass through amount and the Total Additional Costs in respect of the PowerNet Change in Taxes.

- 3.5.5 In determining the basis on which the amount is to be passed through to customers of VPX in accordance with clause 3.5.3(b)(iii)(A), the Regulator-General must have regard to:

- (a) the relative amounts of the relevant services supplied to each of its customers by VPX;
- (b) the time cost of money for the period over which the pass through amount is to be recovered; and
- (c) such other factors as the Regulator-General considers fair and reasonable,

subject in all cases to the financial effect on VPX associated with the PowerNet Change in Taxes concerned being economically neutral taking into account the period and the rate of recovery of the amount determined to be passed through to VPX under clause 3.5.3(b)(i) and the amounts determined to be passed through to VPX's customers under clause 3.5.3(b)(iii)(A) in respect of the PowerNet Change in Taxes.

3.5.6 In determining the basis on which the amount is to be passed through to a Distributor's customers in accordance with clause 3.5.3(b)(ii) and 3.5.3(b)(iii)(B), the Regulator-General must have regard to:

- (a) the relative amounts of electricity supplied to each class of its customers;
- (b) the time cost of money for the period over which the pass through amount is to be recovered; and
- (c) such other factors as the Regulator-General considers fair and reasonable,

subject in all cases to the financial effect on the Distributor associated with the PowerNet Change in Taxes concerned being economically neutral taking into account the period and rate of recovery of the amounts determined to be passed through to the Distributor under clauses 3.5.3(b)(i) and 3.5.3(b)(iii)(A) and the amounts determined to be passed through by the Distributor under clause 3.5.3(b)(ii) and clause 3.5.3(b)(iii)(B) in respect of the PowerNet Change in Taxes.

3.5.7 In determining the basis on which the amount is to be passed through to a Franchised Retailer's Franchise Customers in accordance with clause 3.5.3(b)(iv), the Regulator-General must have regard to:

- (a) the relative amounts of electricity sold by the Franchised Retailer to each class of its Franchise Customers;
- (b) the time cost of money for the period over which the pass through amount is to be recovered; and

- (c) such other factors as the Regulator-General considers fair and reasonable,

subject in all cases to the financial effect on the Franchised Retailer associated with the PowerNet Change in Taxes concerned being economically neutral taking into account the period and rate of recovery of the amounts determined to be passed through to the Franchised Retailer's Retail Business under clauses 3.5.3(b)(ii) and 3.5.3(b)(iii)(B) and the amount determined to be passed through by the Franchised Retailer under clause 3.5.3(b)(iv) in respect of the PowerNet Change in Taxes.

3.5.8 In making a determination to permit a pass through in accordance with clause 3.5.3 (and the amount of the pass through), the Regulator-General must also take into account:

- (a) any PowerNet Change in Taxes resulting in a decrease in the amount payable by PowerNet in respect of PowerNet Relevant Taxes since the later of the date of:
- (i) this Tariff Order; and
  - (ii) the last determination under clause 3.5.3 that PowerNet is entitled to pass through an amount in respect of a PowerNet Change in Taxes;
- (b) any previous pass through in respect of a PowerNet Change in Taxes which resulted in a benefit to:
- (i) PowerNet greater than the total additional costs actually incurred by PowerNet which are associated with the provision of Prescribed Services and are directly attributable to the PowerNet Change in Taxes concerned;
  - (ii) VPX greater than the amount determined to be payable by VPX under clause 3.5.3(b)(i) in respect of the PowerNet Change in Taxes concerned;
  - (iii) a Distributor greater than the amounts determined to be payable by the Distributor under clause 3.5.3(b)(i) and clause 3.5.3(b)(iii)(A) in respect of the PowerNet Change in Taxes concerned; and/or
  - (iv) a Franchised Retailer greater than the amounts determined to be payable by the Franchised Retailer under clause 3.5.3(b)(ii) and clause

3.5.3(b)(iii)(B) in respect of the PowerNet Change in Taxes concerned; and

- (c) any previous pass through in respect of a PowerNet Change in Taxes which resulted in:
- (i) PowerNet not recovering from its customers the total additional costs actually incurred by PowerNet which are associated with the provision of Prescribed Services and are directly attributable to the PowerNet Change in Taxes concerned;
  - (ii) VPX not recovering from its customers the full amount determined under clause 3.5.3(b)(i) to be payable by VPX in respect of the PowerNet Change in Taxes concerned;
  - (iii) a Distributor not recovering from its customers the full amounts determined under clause 3.5.3(b)(i) and clause 3.5.3(b)(iii)(A) to be payable by the Distributor in respect of the PowerNet Change in Taxes concerned; and/or
  - (iv) a Franchised Retailer not recovering from its Franchise Customers the full amounts determined under clauses 3.5.3(b)(ii) and 3.5.3(b)(iii)(B) to be payable by the Franchised Retailer's Retail Business in respect of the PowerNet Change in Taxes concerned.

3.5.9 PowerNet may, after receipt of notification from the Regulator-General in accordance with clause 3.5.3(b)(i) as to the amount (if any) PowerNet is entitled to pass through to its customers in relation to a PowerNet Change in Taxes, charge each of its customers the pass through amount determined by the Regulator-General in relation to that customer. The amount is to be shown on each customer's invoice as a separate line item or otherwise identified in a manner approved by the Regulator-General. An amount charged by PowerNet under this clause 3.5.9 is not to be considered revenue in respect of the provision of Prescribed Services for the purposes of clause 3.2.

3.5.10 VPX may, after receipt of notification from the Regulator-General in accordance with clause 3.5.3(b)(iii)(A) as to the amount (if any) VPX is entitled to pass through to its customers in relation to a PowerNet Change in Taxes, charge each of its customers the pass through amount determined by the Regulator-General in relation to that customer. The amount is to be shown on each customer's invoice as a separate line

item or otherwise identified in a manner approved by the Regulator-General. An amount charged by VPX under this clause 3.5.10 is not to be considered revenue by way of use of system fees or pool fees for the purposes of clause 4.2.

- 3.5.11 A Distributor referred to in clause 3.5.3(b)(ii) and/or clause 3.5.3(b)(iii)(B) may, after receipt of notification from the Regulator-General in accordance with clause 3.5.3 as to the amount (if any) the Distributor is entitled to pass through to its customers in relation to a PowerNet Change in Taxes, charge each of its customers the pass through amount determined by the Regulator-General in relation to that customer. The amount is to be shown on each customer's invoice as a separate line item or otherwise identified in a manner approved by the Regulator-General.
- 3.5.12 An amount paid by a Distributor under clause 3.5.9 or clause 3.5.10 is not to be taken into account in determining TC, for the purposes of clause 5.5.4.
- 3.5.13 A Franchised Retailer referred to in clause 3.5.3(b)(iv) may, after receipt of notification from the Regulator-General in accordance with clause 3.5.3 as to the amount (if any) the Franchised Retailer is entitled to pass through to its Franchise Customers in relation to a PowerNet Change in Taxes, charge each of its Franchise Customers the pass through amount determined by the Regulator-General in relation to that Franchise Customer. The amount is to be shown on each Franchise Customer's invoice as a separate line item or otherwise identified in a manner approved by the Regulator-General.
- 3.5.14 A person to which this Tariff Order applies must make available to the Regulator-General such information as the Regulator-General reasonably requests for the purposes of making a determination under this clause 3.5. If the Regulator-General makes a request under this clause 3.5.14, the 30 Business Day period referred to in clause 3.5.13 ceases running until the information requested by the Regulator-General is provided to the Regulator-General, at which time that period commences to run again.

### 3.6 Review of price control arrangements

- 3.6.1 Clauses 3.1 to 3.5 (both inclusive) cease to have effect in relation to a Prescribed Service on the later of:
- (a) 31 December 2000; and
  - (b) the making by the Regulator-General of a price determination under section 25 or section 26 or both of

the ORG Act regulating PowerNet's charges for the Prescribed Service.

- 3.6.2 Except as otherwise contemplated in this Tariff Order, the Regulator-General may not make a price determination under section 25 or section 26 or both of the ORG Act regulating PowerNet's charges for a Prescribed Service regulated by this Tariff Order which takes effect prior to 31 December 2000.
- 3.6.3 Clause 3.6.2 does not limit the Regulator-General's powers in respect of charges for services which are not Prescribed Services.

**3.7 Restrictions on review of price control arrangements by the Regulator-General**

In making any price determination under section 25 or section 26 or both of the ORG Act regulating charges for one or more Prescribed Services after 31 December 2000, the Regulator-General must, notwithstanding the criteria specified in the ORG Act or the EIA:

- (a) utilise price based regulation adopting a CPI-X approach and not rate of return regulation; and
- (b) subject to clause 6.3, set the price controls for PowerNet's Prescribed Services for a period of not less than 5 years.



#### 4 TRANSMISSION USE OF SYSTEM FEES, POOL FEES AND ANCILLARY SERVICES CHARGES

Clause 4 regulates:

- the fees VPX charges for use of the Transmission System under its use of system agreements;
- Pool fees VPX charges Pool Participants under the Pool Rules; and
- Ancillary Services charges Generators charge VPX.

##### 4.1 Use of system fees and Pool fees

4.1.1 VPX must use reasonable endeavours to ensure that the amount which it charges Generators, Distributors, other customers whose equipment is connected to the Transmission System and SECV (called "Grid Customers") in aggregate by way of use of system fees for a Financial Year "t" does not exceed the amount determined in accordance with the following formula:

$$US_t = NC_t + VPXC_t$$

where:

$US_t$  (in \$) is the aggregate amount of use of system fees which VPX can charge Grid Customers in the Financial Year "t";

$NC_t$  (in \$) is the charge payable by VPX to PowerNet for Network Services for Financial Year "t" determined in accordance with clause 3.3;

$VPXC_t$  (in \$) is the aggregate of the costs associated with the operation and planning of the Transmission System (including the aggregate amounts payable to PowerNet and the other holders of Transmission Licences in respect of services other than Prescribed Services) for Financial Year "t" determined in accordance with clause 4.2.

The charge for Network Services is regulated as part of PowerNet's Prescribed Services.

4.1.2 VPX must use reasonable endeavours to ensure that the amount which it charges Participants (as defined in the Pool Rules) by way of Pool fees under the Pool Rules does not exceed the aggregate of its costs associated with the operation of the Pool (including Ancillary Services charges) for the Financial Year determined in accordance with clause 4.2.

**4.2 VPX charges**

4.2.1 The aggregate of *VPXC*, (as defined in clause 4.1) and Pool fees for the Financial Year ending 30 June 1995 is \$25.9 million, comprised of:

- (a) \$13.215 million to meet costs associated with the operation and planning of the Transmission System; and
- (b) \$12.685 million to meet costs associated with the operation of the Pool,

but not including any amount to meet costs associated with Ancillary Services.

4.2.2 The aggregate VPX revenue by way of use of system fees and Pool fees for a Financial Year after the Financial Year ending 30 June 1995 is to be determined by VPX on a full cost recovery but no operating surplus basis and approved by the Regulator-General.

4.2.3 Not less than 60 Business Days before the commencement of each Financial Year, VPX must notify the Regulator-General of the proposed aggregate VPX revenue by way of use of system fees and Pool fees for the following Financial Year and VPX's estimate of:

- (a) the charge payable by VPX to PowerNet for Network Services;
- (b) the costs associated with the operation and planning of the Transmission System (including the amounts payable to PowerNet and the other holders of Transmission Licences in respect of services other than Prescribed Services);
- (c) the costs associated with the operation of the Pool (including Ancillary Services charges); and
- (d) VPX's proposed use of system fees for each customer and Pool Fee Supply Rate,

in respect of the following Financial Year.

4.2.4 Within 5 Business Days after PowerNet gives VPX the statement referred to in clause 3.3.3(b) in respect of a Financial Year, VPX must update its notice to the Regulator-General under clause 4.2.3 in respect of that Financial Year in light of the information in PowerNet's statement and submit the revised notice to the Regulator-General.

- 4.2.5 VPX must include in its notice under clause 4.2.3 a statement reconciling:
- (a) the amount forecast to be recovered by VPX in the preceding Financial Years by way of use of system fees with VPX's actual costs associated with the operation and planning of the Transmission System in those years and the charge paid by VPX to PowerNet for Network Services in those years; and
  - (b) the amount forecast to be recovered by VPX in the preceding Financial Years by way of Pool fees with VPX's actual costs associated with the operation of the Pool in those years.
- 4.2.6 Unless the Regulator-General disapproves of the proposed aggregate VPX revenue by way of use of system fees and Pool fees in a Financial Year by written notice to VPX within 40 Business Days of receiving a notice from VPX, then the Regulator-General is taken to have approved the revenue and VPX's estimates of the costs referred to in clause 4.2.3 (b) and (c) and the Pool Fee Supply Rate set out in that notice.
- 4.2.7 In determining and reviewing the proposed aggregate VPX revenue by way of use of system fees for a Financial Year, VPX and the Regulator-General must take into account:
- (a) VPX's functions under the EIA and its wholesale electricity market licence issued under Part 12 of the EIA; and
  - (b) any difference between the amount recovered by VPX in the preceding Financial Years by way of use of system fees and VPX's actual costs associated with the operation and planning of the Transmission System in those years and the charge paid by VPX to PowerNet for Network Services in those years.
- 4.2.8 In determining and reviewing the proposed aggregate VPX revenue by way of Pool fees for a Financial Year, VPX and the Regulator-General must take into account:
- (a) VPX's functions under the EIA and its wholesale electricity market licence issued under Part 12 of the EIA; and
  - (b) any difference between the amount recovered by VPX in the preceding Financial Years by way of Pool fees and VPX's actual costs associated with the operation of the Pool in those years.
- 4.2.9 If, during a Financial Year, VPX becomes aware that:

- (a) the actual charge payable by VPX to PowerNet for Network Services for the Financial Year;
- (b) the actual costs associated with the operation and planning of the Transmission System (including the amounts payable to PowerNet and the other holders of Transmission Licences in respect of services other than Prescribed Services); and/or
- (c) the actual costs associated with the operation of the Pool (including Ancillary Service charges),

will be materially different from the estimate of that charge or those costs (as the case may be) approved by the Regulator-General in respect of that Financial Year, then VPX must promptly notify the Regulator-General in writing.

- 4.2.10 VPX must keep its accounts in a manner which enables the costs to VPX associated with each of the components of VPX's expenditure referred to in clause 4.2.3 (a), (b) and (c) to be identified.

### 4.3 Allocation of aggregate use of system fees

- 4.3.1 VPX's use of system fees for each Distributor and each of VPX's other customers for:

- (a) the Financial Year ending 30 June 1995 is set out in the column headed "Corrected Charge" in the chart set out in Attachment 7; and
- (b) a Financial Year after the Financial Year ending 30 June 1995, must be approved by the Regulator-General.

- 4.3.2 Within 5 Business Days after the later of:

- (a) the day on which PowerNet gives VPX the statement referred to in clause 3.3.3(b); or
- (b) the day on which the Regulator-General notifies VPX that it approves, or is taken to have approved, the proposed VPX aggregate revenue by way of use of system fees and Pool fees,

in respect of a Financial Year, VPX must give the Regulator-General a statement setting out VPX's proposed use of system fees for each customer for that Financial Year.

- 4.3.3 VPX must include in its notice under clause 4.3.2 a statement reconciling:

- (a) the amount required to be recovered from each customer or the required benefit to each customer in the preceding Financial Years by way of equalisation adjustments under clause 4.3.5(c)(iii); with
- (b) the actual amount recovered from each customer or the actual benefit to each customer by way of equalisation adjustments in those Financial Years.

4.3.4 Unless the Regulator-General disapproves of the proposed use of system fees for each customer for a Financial Year set out in a notice under clause 4.3.2 by written notice to VPX within 10 Business Days of receiving a notice from VPX, then the Regulator-General is taken to have approved the proposed use of system fees for each customer for that Financial Year set out in that notice.

4.3.5 In determining and reviewing the proposed use of system fees for a customer for a Financial Year, VPX and the Regulator-General must take into account:

- (a) the aggregate VPX revenue by way of use of system fees for the Financial Year approved by the Regulator-General;
- (b) VPX's functions under the EIA and its wholesale electricity market licence issued under Part 12 of the EIA;
- (c) the following principles:
  - (i) the aggregate VPX revenue by way of use of system fees is to be allocated to individual Supply Points and charged through usage based prices that differ for each load Supply Point;
  - (ii) the aggregate VPX revenue by way of use of system fees is to be allocated consistent with the approach set out in Attachment 8;
  - (iii) the aggregate use of system fees for particular Distributors determined in accordance with the principles set out in clauses 4.3.5(c)(i) and (ii) are to be adjusted by an equalisation adjustment calculated as follows:
    - (A) subject to sub-paragraph (B), the equalisation adjustment for each Distributor for each Financial Year up to and including the Financial Year ending 31 December 2000 is set out in

the column headed "Equalisation Adjustment" in Attachment 7; and

- (B) if a Financial Year "t" is after the Financial Year ending 30 June 1995 and is less than 12 months in duration, then the equalisation adjustment for each Distributor for Financial Year "t" is the amount set out in the column headed "Equalisation Adjustment" in Attachment 7 multiplied by the following factor:

$$\frac{A_t}{B}$$

where:

$A_t$  is the number of days in Financial Year "t"; and

$B$  is 365; and

- (iv) if a firm access approach is implemented whereby Generators purchase firm rights of access to the Transmission System from VPX, then the revenue obtained from the sale of these firm access rights (less any costs to VPX associated with the provision of firm access) must be deducted from the aggregate VPX revenue by way of use of system fees to be allocated to customers; and
- (d) any difference between the amount required to be recovered from each customer or the required benefit to each customer in the preceding Financial Years by way of equalisation adjustments under clause 4.3.5(c)(iii) and the actual amount recovered from each customer or the actual benefit to each customer by way of equalisation adjustments in those Financial Years.

4.3.6 If the Regulator-General has not approved or is not taken to have approved VPX's use of system fees for a particular customer for a particular Financial Year after the Financial Year ending 30 June 1995 (called "Applicable Financial Year") prior to the commencement of the Applicable Financial Year, then VPX's use of system fees for that customer for the Financial Year immediately preceding the Applicable Financial Year will continue to apply in the Applicable Financial Year until such time as the Regulator-General approves or is taken

to have approved VPX's use of system fees for the customer for the Applicable Financial Year.

- 4.3.7 If the Regulator-General has not approved or is not taken to have approved the Pool Fee Supply Rate for a particular Financial Year after the Financial Year ending 30 June 1995 (called "Fresh Financial Year") prior to the commencement of the Fresh Financial Year, then the Pool Fee Supply Rate for the Financial Year immediately preceding the Fresh Financial Year will continue to apply in the Fresh Financial Year until such time as the Regulator-General approves or is taken to have approved the Pool Fee Supply Rate for the Fresh Financial Year.

#### 4.4 Restrictions on Ancillary Services charges

Notwithstanding clause 4.2, in any Financial Year "t" after the Financial Year ending 30 June 1995, VPX must not seek to recover through its Pool fees an amount for meeting the costs of Ancillary Services in excess of the amount determined as follows:

$$ASC_t = CPI_t * ASC_{t-1}$$

where:

$ASC_t$  (in \$) is the maximum amount for meeting the costs of Ancillary Services which VPX may recover through Pool fees for Financial Year "t";

$ASC_{t-1}$  (in \$) is the figure calculated for  $ASC_t$  for Financial Year "t-1", except that when Financial Year "t" is the Financial Year ending 30 June 1996, then  $ASC_{t-1}$  is \$20 million;

$CPI_t$  is the CPI for Financial Year "t".

#### 4.5 Review of price control arrangements

- 4.5.1 Clauses 4.1 to 4.4 (both inclusive) cease to have effect on the later of:
- (a) 31 December 2000; and
  - (b) the making by the Regulator-General of a price determination under section 25 or section 26 or both of the ORG Act regulating VPX's charges for use of the transmission system and Pool fees.
- 4.5.2 Except as otherwise contemplated in this Tariff Order, the Regulator-General may not make a price determination under section 25 or section 26 or both of the ORG Act regulating VPX's charges for use of the transmission system or Pool fees which takes effect prior to 31 December 2000.

4.5.3 Clause 4.5.2 does not limit the Regulator-General's powers under clauses 4.2 and 4.3.

**4.6 Restrictions on review of price control arrangements by the Regulator-General**

In making any price determination under section 25 or section 26 or both of the ORG Act regulating VPX's use of system fees after 31 December 2000, the Regulator-General must, notwithstanding the criteria specified in the ORG Act or the EIA:

- (a) subject to clause 6.3, set the allocation of VPX's use of system fees amongst Grid Customers for the same length of time as the price controls for PowerNet's Network Services (as specified in clause 3.1(a)) are set in the corresponding price determination made regulating PowerNet's charges for these services in accordance with clause 3.7; and
- (b) make provision for each Distributor to have the benefit or burden of an equalisation adjustment for each Fiscal Year equal to the amount of the adjustment specified for that Distributor in the column headed "Equalisation Adjustment" in Attachment 7 multiplied by the relevant factor determined in accordance with the following table:

TABLE	
If the Fiscal Year falls within the period:	then the relevant factor is:
1 January 2001 - 30 June 2001	.40
1 July 2001 - 30 June 2005	.80
1 July 2005 - 30 June 2010	.60
1 July 2010 - 30 June 2015	.40
1 July 2015 - 30 June 2020	.20
thereafter	0

For the purposes of this clause 4.6, Fiscal Year means:

- (c) the period of 6 months ending on 30 June 2001; and
- (d) thereafter, the period of 12 months ending on 30 June each year.



## 5 DISTRIBUTION NETWORK TARIFFS

Clause 5 regulates the network tariffs which can be charged by a Distributor:

- to other Retailers supplying customers connected to the Distributor's Distribution System;
- to Non-franchise Customers connected to the Distributor's Distribution System who are Pool customers; and
- to the Distributor's Retail Business supplying Franchise Customers or Non-franchise Customers connected to the Distributor's Distribution System in respect of the operation of the Distribution System.

It also deals with the regulated pass through of certain costs to Franchise Customers.

### 5.1 Network Tariffs

- 5.1.1 A Distributor must not charge a Distribution Customer more in respect of a Network Tariff Component of the Network Tariff to which that Distribution Customer has been assigned in accordance with the provisions of clause 5.2 in a Financial Year than the price for that Network Tariff Component approved by the Regulator-General for that Financial Year in accordance with this clause 5.1.
- 5.1.2 A Distributor must provide to the Regulator-General or a customer, potential customer or Retailer a statement setting out the Distributor's then current Network Tariffs for Distributing electricity (and the Network Tariff Components for each of those Network Tariffs and the price for each of those Network Tariff Components) as soon as practicable after being requested to do so by the Regulator-General or that customer, potential customer or Retailer.
- 5.1.3 Each Distributor's Network Tariffs for Distributing electricity for the Financial Year ending 30 June 1995 (and the Network Tariff Components for each of those Network Tariffs and the price for each of those Network Tariff Components) are set out in Attachment 10. These prices are to be taken to have been approved by the Regulator-General for the purposes of clause 5.1.1.
- 5.1.4 Each Distributor must provide to the Regulator-General a statement setting out the Distributor's proposed Network Tariffs for Distributing electricity for a Financial Year after the Financial Year ending 30 June 1995 (and the Network Tariff Components for each of those Network Tariffs and the price for each of those Network Tariff Components) at least 30 Business Days prior to the start of that Financial Year. A statement under this clause 5.1.4 must include information

demonstrating that the Distributor will comply with the requirements of clauses 5.3, 5.4 and 5.5 if the prices set out in the statement are approved.

- 5.1.5 A Distributor proposing to change its price for a Network Tariff Component during a Financial Year must notify the Regulator-General in writing of the proposed change and include in that notice information demonstrating that the Distributor will comply with the requirements of clauses 5.3, 5.4 and 5.5 if the change set out in the statement is approved.
- 5.1.6 The Regulator-General may only not approve a Distributor's proposed prices for the Network Tariff Components of its Network Tariffs for a Financial Year set out in a statement under clause 5.1.4 or a proposed change in the price for a Network Tariff Component set out in notice under clause 5.1.5 if, in the Regulator-General's opinion, to approve the proposed prices or the proposed change would result in the Distributor not complying with the requirements of clauses 5.3, 5.4 or 5.5.
- 5.1.7 If a Distributor notifies the Regulator-General of its proposed prices for the Network Tariff Components of its Network Tariffs for a Financial Year under clause 5.1.4 or a proposed change in its price for a Network Tariff Component under clause 5.1.5 in writing and the Regulator-General has not notified the Distributor within 20 Business Days of receiving the statement under clause 5.1.4 or the notice under clause 5.1.5 that the Regulator-General disapproves of the proposed prices or change, then the Regulator-General is taken to have approved the prices for each Network Tariff Component set out in the statement under clause 5.1.4 or the proposed change in the price for a Network Tariff Component set out in the notice under clause 5.1.5.
- 5.1.8 If the Regulator-General has notified a Distributor that the Regulator-General has not approved the price for a particular Network Tariff Component for a particular Financial Year after the Financial Year ending 30 June 1995 (called "Relevant Financial Year") prior to the commencement of the Relevant Financial Year, then the Distributor's price for that Network Tariff Component for the Financial Year immediately preceding the Relevant Financial Year will continue to apply in the Relevant Financial Year until such time as the Regulator-General approves or is taken to have approved the Distributor's price for that Network Tariff Component for the Relevant Financial Year.

5.2 **Assigning Network Tariffs, New Network Tariffs and Closing Network Tariffs**

A customer on the Tariff H Safety Net is a Franchise Customer for the purposes of this clause - see clause 2.6.6.

5.2.1 Where a Distributor is charging for Distributing electricity to a Distribution Customer under a particular Network Tariff, then that Distribution Customer is to be regarded as being "assigned" to that Network Tariff.

5.2.2 Each Distributor must:

- (a) within 20 Business Days after the date of this Tariff Order, determine the Network Tariff to which each of the Distributor's Distribution Customers as at the date of this Tariff Order is assigned; and
- (b) as soon as practicable after 1 July 1995, notify each of those Distribution Customers who is not also a Franchise Customer of the Distributor of the Network Tariff to which the Distribution Customer has been assigned under paragraph (a).

5.2.3 If, after 1 July 1995, a Distributor becomes aware that a person will become a Distribution Customer of the Distributor, then the Distributor must:

- (a) determine the Network Tariff to which the new Distribution Customer will be assigned; and
- (b) if the Distribution Customer concerned will not also be a Franchise Customer of the Distributor, notify the Distribution Customer of the Network Tariff to which the Distribution Customer has been assigned under paragraph (a).

5.2.4 If, after 1 July 1995, a Distributor becomes aware that a Franchise Customer is to cease being a Franchise Customer but is remaining a Distribution Customer of the Distributor, then the Distributor must notify the person concerned of the Network Tariff to which that person is assigned in the notice given to the person under clause 2.5.

5.2.5 In determining to which Network Tariff a Distribution Customer or potential Distribution Customer will be assigned or re-assigned under clause 5.2.2, clause 5.2.3, clause 5.2.6, clause 5.2.11 or clause 5.2.13, the Distributor must:

- (a) take into account the Distribution Customer's load and connection characteristics; and
- (b) treat Distribution Customers in similar situations in a similar manner.

- 5.2.6 If, after the initial assignment of Distribution Customers to Network Tariffs, a Distributor believes that a Distribution Customer's load characteristics or connection characteristics (or both) have changed such that it is no longer appropriate for that Distribution Customer to be assigned to the Network Tariff to which the Distribution Customer is currently assigned, then the Distributor may re-assign that Distribution Customer to another Network Tariff. If a Distribution Customer re-assigned under this clause 5.2.6 is not a Franchise Customer, then the Distributor must notify the Distribution Customer concerned of the Network Tariff to which the Distribution Customer has been re-assigned.
- 5.2.7 A Distributor may introduce a new Network Tariff (called a "New Network Tariff") in respect of Distribution to some or all of the Distribution Customers assigned to an existing Network Tariff (called the "Existing Network Tariff"), with the prior written approval of the Regulator-General.
- 5.2.8 A Distributor may close a Network Tariff with the prior written approval of the Regulator-General.
- 5.2.9 If a Distributor notifies the Regulator-General of the proposed introduction of a New Network Tariff under clause 5.2.7 or the proposed closure of a Network Tariff under clause 5.2.8 in writing and the Regulator-General has not notified the Distributor within 20 Business Days of receiving notice of the proposed introduction or closure (or such further period specified by the Regulator-General to the Distributor in writing) that the Regulator-General disapproves of the proposed introduction or closure, then the Regulator-General is taken to have approved the proposed introduction or closure.
- 5.2.10 If a Distributor notifies the Regulator-General of a proposed introduction of a New Network Tariff under clause 5.2.7, then it must include in its notice details of:
- (a) the Network Tariff which the Distributor believes is the relevant Existing Network Tariff; and
  - (b) how the Distributor proposes to recalculate and present the components of the New Network Tariff for the purposes of assessing compliance with this clause 5.
- 5.2.11 If a Distributor introduces a New Network Tariff under clause 5.2.7, then it must:
- (a) determine which of its Distribution Customers currently assigned to an Existing Network Tariff it will assign to the New Network Tariff; and

- (b) notify each of the Distribution Customers (other than Franchise Customers) assigned to the New Network Tariff of the Network Tariff to which the Distribution Customer has been assigned.

5.2.12 If a Distributor introduces a New Network Tariff under clause 5.2.7, then, for the purposes of assessing compliance with this clause 5:

- (a)  $MNTC_{RLI}$  in clause 5.4.3 for the Financial Year in which the New Network Tariff is introduced is calculated by reference to the Network Tariff Components of the Existing Network Tariff in a manner approved by the Regulator-General; and
- (b) the Regulator-General may require the Distributor to recalculate and present the components of the New Network Tariff in such manner as the Regulator-General thinks appropriate.

5.2.13 If a Distributor closes a Network Tariff under clause 5.2.8, then it may either:

- (a) continue to charge for Distribution to the Distribution Customers being supplied under that Network Tariff at the time it was closed (called "Existing Customers") under that Network Tariff; or
- (b) with the Regulator-General's prior written approval and within 20 Business Days of receiving the Regulator-General's approval to close the Network Tariff under clause 5.2.8, determine to which of its other Network Tariffs it will assign each of its Existing Customers.

A Distributor closing a Network Tariff must notify each of the Existing Customers (other than Franchise Customers) assigned to another Network Tariff under paragraph (b) of the Network Tariff to which the Existing Customer has been assigned under paragraph (b).

5.2.14 A Distributor must provide to the Regulator-General a statement setting out which Network Tariff a particular Distribution Customer or group of Distribution Customers has been assigned to as soon as practicable after being requested to do so by the Regulator-General.

5.2.15 A Distributor must provide to a Franchise Customer of the Distributor a statement setting out which Network Tariff the Franchise Customer is assigned to for the purposes of determining payments due by the Franchise Customer's

Franchised Retailer to the Distributor as soon as practicable after being requested to do so by the customer.

5.2.16 If a Distribution Customer disagrees with the Network Tariff to which it has been assigned, then that Distribution Customer may give a notice to the Regulator-General and the Local DB requesting that that Distribution Customer be re-assigned.

5.2.17 If the Regulator-General receives a notice under clause 5.2.16, then it must determine which of the Local DB's Network Tariffs the Distribution Customer giving the notice under clause 5.2.16 should be assigned to, taking into account:

- (a) the Distribution Customer's load and connection characteristics; and
- (b) the Network Tariffs other Distribution Customers in similar situations are assigned to,

and notify the Distribution Customer giving the notice under clause 5.2.16 and the Local DB concerned in writing of its determination.

5.2.18 If the Regulator-General does not give a notice under clause 5.2.17 within 20 Business Days of receiving the relevant notice under clause 5.2.16, then the Regulator-General is to be regarded as having determined that the Distribution Customer giving the relevant notice under clause 5.2.16 should not be re-assigned.

5.2.19 A Distributor must comply with a determination under clause 5.2.17 in relation to a Distribution Customer.

### 5.3 Distribution charges restriction for subsequent Financial Years

5.3.1 A Distributor must ensure that the weighted average of its Distribution Charges (in  $\text{¢/kWh}$ ) for all customers which fall within any of the Distribution Categories determined in accordance with clause 5.3.2 for a Financial Year after the Financial Year ending 30 June 1995 does not exceed the maximum average charge determined for that Distributor for that Financial Year in accordance with clause 5.3.3.

5.3.2 The weighted average of a Distributors' Distribution Charges for all customers which fall within any of the Distribution Categories for a Financial Year "Y" is determined:

- (a) when the Regulator-General is considering whether or not to approve the Distributor's prices for the Network Tariff Components of the Distributor's Network Tariffs for Financial Year "Y" set out in a statement provided under clause 5.1.4; and

- (b) when the Regulator-General is considering whether or not to approve a proposed change to the Distributor's price for a Network Tariff Component of a Network Tariff set out in a notice under clause 5.1.5 during Financial Year "t",

in accordance with the following formula:

$$WAC_t = \frac{R_t}{W_t}$$

where:

$WAC_t$  (in  $\$/kWh$ ) is the weighted average of the Distributor's Distribution Charges for all customers which fall within any of the Distribution Categories for Financial Year "t";

$R_t$  (in  $\$$ ) is:

- (c) if the  $WAC_t$  is being determined at the time contemplated in paragraph (a), then the total revenue which it is forecast the Distributor will earn from Distribution Charges in respect of Distribution to all the customers which fall within any of the Distribution Categories during Financial Year "t"; or
- (d) if the  $WAC_t$  is being determined at the time contemplated in paragraph (b), then the total revenue which it is estimated the Distributor will earn from Distribution Charges in respect of Distribution to all the customers which fall within any of the Distribution Categories during Financial Year "t", calculated having regard to the actual results since the start of the Financial Year "t";

$W_t$  (in kWh) is:

- (e) if the  $WAC_t$  is being determined at the time contemplated in paragraph (a), then the total amount of electricity which it is forecast will be Distributed by the Distributor to all the customers which fall within any of the Distribution Categories during Financial Year "t"; or
- (f) if the  $WAC_t$  is being determined at the time contemplated in paragraph (b), then the total amount of electricity which it is estimated will be Distributed by the Distributor to all the customers which fall within any of the Distribution Categories during Financial Year "t", calculated having regard to the actual results since the start of Financial Year "t".

5.3.3 The maximum average charge for a Distributor for a Financial Year "t" is determined at the start of Financial Year "t" in accordance with the following formula:

$$MAC_t = (CPI_t - X) * P_{t-1} - K_t$$

where:

$MAC_t$  (in  $\$/kWh$ ) is the maximum average charge for the Distributor for Financial Year "t";

$CPI_t$  is the CPI for Financial Year "t";

$X$  is:

- (a) for Eastern, 0.01;
- (b) for Powercor, 0.01;
- (c) for Solaris, 0.015;
- (d) for CitiPower, 0.015; and
- (e) for United, 0.0192;

$P_{t-1}$  is determined in accordance with clause 5.3.4; and

$K_t$  is determined in accordance with clause 5.3.5.

5.3.4  $P_{t-1}$  for a Distributor for Financial Year "t" is an amount determined in accordance with the following formula:

$$P_{t-1} = \sum_{dc=1}^{dc=n} \left[ P_{dc,t-1} * \left( \frac{W_{dc,t}}{W_t} \right) \right]$$

where:

$P_{dc,t-1}$  (in  $\$/kWh$ ) for a Distribution Category "dc" for a Distributor:

- (a) if Financial Year "t" is the Financial Year ending 30 June 1996, then  $P_{dc,t-1}$  is the weighted average base charge for the Distributor for the Distribution Category for the Financial Year ending 30 June 1995 set out in the chart below; and



Distribution Category	WEIGHTED AVERAGE BASE CHARGE ("WABC") and $W_{dc}$									
	Eastern		Powercor		Solaris		CitiPower		United	
	WABC (in ¢/kWh)	$W_{dc}$ (in MWh)	WABC (in ¢/kWh)	$W_{dc}$ (in MWh)	WABC (in ¢/kWh)	$W_{dc}$ (in MWh)	WABC (in ¢/kWh)	$W_{dc}$ (in MWh)	WABC (in ¢/kWh)	$W_{dc}$ (in MWh)
LV1	7.815	237,863	8.071	250,868	6.024	80,780	5.981	368,788	6.294	225,260
LV2	2.117	340,535	1.982	314,777	1.807	75,520	2.344	240,523	1.646	173,670
LV3	6.072	2,505,516	5.951	3,013,252	4.263	1,836,400	3.497	2,750,869	4.224	3,650,620
LV4	6.768	276,471	6.957	408,046	5.430	149,700	4.990	257,274	5.810	324,210
LV5	2.332	756,607	2.327	976,953	2.907	132,000	3.197	154,870	2.166	623,150
HV	1.913	527,946	1.932	1,366,800	1.117	968,100	1.184	465,014	0.901	809,270

[Note: the chart also sets out the amount of electricity forecast to be distributed by each Distributor to all the customers falling within each Distribution Category in the Financial Year ending 30 June 1995 in the columns headed " $W_{dc}$ ".]

- (b) if Financial Year "t" is after the Financial Year ending 30 June 1996, then  $P_{dc,t}$  is determined in accordance with the following formula:

$$P_{dc,t} = P_{dc,t-2} * (CPI_{t-1} - X)$$

where:

$P_{dc,t-2}$  is determined in the same way as  $P_{dc,t-1}$ , but for Financial Year "t-1" instead of Financial Year "t";

$CPI_{t-1}$  is the CPI for Financial Year "t-1"; and

X has the meaning given in clause 5.3.3;

$W_{dc,t}$  (in kWh) is the total amount of electricity which it is forecast will be Distributed by the Distributor to the customers which fall within Distribution Category "dc" during Financial Year "t"; and

$W_t$  (in kWh) is the total amount of electricity which it is forecast will be Distributed by the Distributor to all customers which fall within any of the Distribution Categories during Financial Year "t",

and the summation function represented by:

$$\sum_{dc=1}^{dc=n}$$

refers to summation over all of Distribution Categories LV1, LV2, LV3, LV4, LV5 and HV and any new Distribution categories which are introduced.

5.3.5  $K_t$  for a Distributor for Financial Year "t" is a composite correction factor and:

- (a) if Financial Year "t" is the Financial Year ending 30 June 1996, then  $K_t$  is zero; and
- (b) if Financial Year "t" is after the Financial Year ending 30 June 1996, then  $K_t$  is calculated in accordance with the following formula:

$$K_t = \frac{(Ka_t + Kb_t)}{W_t} * \left(1 + \frac{I_t}{100}\right)$$

where:

$Ka_t$  (in  $\pounds$ ) is determined in accordance with clause 5.3.6;

$Kb_t$  (in  $\pounds$ ) is determined in accordance with clause 5.3.7;

$W_t$  (in kWh) is the total amount of electricity which it is forecast will be Distributed by the Distributor to all the customers which fall within any of the Distribution Categories during Financial Year "t";

$I_t$  is the average of the Commonwealth Government's 2 year Treasury bond yields for the 12 month period ending 31 March in Financial Year "t-1" expressed as a percentage rate per annum and as published in table F2 (or its equivalent) of the Reserve Bank of Australia Bulletin.

5.3.6  $Ka_t$  is a correction factor for Financial Year "t" and:

- (a) if Financial Year "t" is the Financial Year ending 30 June 1996, then  $Ka_t$  is zero; and
- (b) if Financial Year "t" is after the Financial Year ending 30 June 1996, then  $Ka_t$  is calculated in accordance with the following formula:

$$Ka_t = R_{t-1} - (W_{t-1} * MAC_{t-1})$$

where:

The amounts charged by Distributors under the provisions governing the regulated pass through of difference payments under the Vesting Contracts (clause 2.7), Retailing Change in Taxes (clause 2.8), PowerNet Change in Taxes (clause 3.5) and Network Change in Taxes (clause 5.8) are not included in revenue from Distribution.

$R_{t,1}$  (in £) is the total revenue which it is estimated the Distributor will earn from Distribution Charges in respect of Distribution to all the customers which fall within any of the Distribution Categories in Financial Year "t-1", calculated taking into account at least 9 months of actual results;

$W_{t,1}$  (in kWh) is the total amount of electricity which it is estimated will be Distributed by the Distributor to all the customers which fall within any of the Distribution Categories during Financial Year "t-1", calculated taking into account at least 9 months of actual results; and

$MAC_{t,1}$  (in £/kWh) is the MAC, for the Distributor for Financial Year "t-1" determined in accordance with clause 5.3.3.

5.3.7  $Kb_t$  is a correction factor for Financial Year "t" for the fact that  $Ka_t$  the previous year was calculated using forecasts based on incomplete information, and:

- (a) if Financial Year "t" is either the Financial Year ending 30 June 1996 or the Financial Year ending 30 June 1997, then  $Kb_t$  is zero; and
- (b) if Financial Year "t" is after the Financial Year ending 30 June 1997, then  $Kb_t$  is calculated in accordance with the following formula:

$$Kb_t = [Ra_{t-2} - R_{t-2} - ((Wa_{t-2} - W_{t-2}) * MAC_{t-2})] * \left(1 + \frac{I_{t-1}}{100}\right)$$

where:

$Ra_{t-2}$  (in £) is the actual total revenue which the Distributor earned from Distribution Charges in respect of Distribution to all the customers which fell within any of the Distribution Categories in Financial Year "t-2";

$R_{t-2}$  (in £) is the figure used for  $R_{t,1}$  when calculating  $Ka_t$  for Financial Year "t-1" under clause 5.3.6;

$Wa_{t-2}$  (in kWh) is the total amount of electricity actually Distributed by the Distributor to all the customers which fell within any of the Distribution Categories during Financial Year "t-2";

$W_{t-2}$  (in kWh) is the figure used for  $W_{t,1}$  when calculating  $Ka_t$  for Financial Year "t-1" under clause 5.3.6;

$MAC_{t,2}$  (in  $\$/kWh$ ) is the  $MAC$ , for the Distributor for Financial Year "t-2" determined in accordance with clause 5.3.3; and

$I_{t,1}$  is the average of the Commonwealth Government's 2 year Treasury bond yields for the 12 month period ending 31 March immediately preceding the commencement of Financial Year "t-1" expressed as a percentage rate per annum and as published in table F2 (or its equivalent) of the Reserve Bank of Australia Bulletin.

- 5.3.8 For the purposes of clauses 5.3.5 to 5.3.7 (both inclusive) for the Financial Year ending 30 June 1996, Financial Year "t-1" is the period of 12 months ending 30 June 1995.

#### 5.4 Network Tariff restrictions for subsequent Financial Years

- 5.4.1 A Distributor must ensure that the average price of each of its Network Tariffs determined in accordance with clause 5.4.2 for a Financial Year after the Financial Year ending 30 June 1995 does not exceed the maximum average price for that Network Tariff determined in accordance with clause 5.4.3 for that Financial Year.
- 5.4.2 The average price of a Network Tariff "nt" for a Distributor for a Financial Year "t" is determined:
- when the Regulator-General is considering whether or not to approve the Distributor's prices for the Network Tariff Components of the Distributor's Network Tariffs for Financial Year "t" set out in a statement provided under clause 5.1.4; and
  - when the Regulator-General is considering whether or not to approve a proposed change to the Distributor's prices for a Network Tariff Component of a Network Tariff set out in a notice under clause 5.1.5 during a Financial Year "t",

in accordance with the following formula:

$$ANTC_{nt,t} = \frac{\sum_{m=1}^{m=N} (P_{m,t} * Q_{m,t})}{W_{nt,t}}$$

where:

$ANTC_{nt,t}$  (in  $\$$ ) is the average price of the Network Tariff for the Distributor for Financial Year "t";

$P_{nrc,t}$  (in \$ per Relevant Unit) is:

- (c) if the  $ANTC_{nrc,t}$  is being determined at the time contemplated in paragraph (a), then the Distributor's highest price for Network Tariff Component "ntc" of Network Tariff "nt" during Financial Year "t" as set out in the statement under clause 5.1.4;
- (d) if the  $ANTC_{nrc,t}$  is being determined at the time contemplated in paragraph (b), then the Distributor's highest price for Network Tariff Component "ntc" of Network Tariff "nt" during Financial Year "t" approved by the Regulator-General under clause 5.1.4, as adjusted, if applicable, by the proposed change in the notice under clause 5.1.5;

$Q_{nrc,t}$  (in Relevant Units) is:

- (e) if the  $ANTC_{nrc,t}$  is being determined at the time contemplated in paragraph (a), then the total quantity of Network Tariff Component "ntc" of Network Tariff "nt" that it is forecast the Distributor will charge to all the customers which are assigned to Network Tariff "nt" during Financial Year "t"; or
- (f) if the  $ANTC_{nrc,t}$  is being determined at the time contemplated in paragraph (b), then the total quantity of Network Tariff Component "ntc" of Network Tariff "nt" that it is estimated the Distributor will charge to all the customers which are assigned to Network Tariff "nt" during Financial Year "t", calculated having regard to the actual results since the start of Financial Year "t"; and

$Wnt_t$  (in kWh) is:

- (g) if the  $ANTC_{nrc,t}$  is being determined at the time contemplated in paragraph (a), then the total amount of electricity which it is forecast will be Distributed by the Distributor to all the customers which are assigned to Network Tariff "nt" during Financial Year "t"; or
- (h) if the  $ANTC_{nrc,t}$  is being determined at the time contemplated in paragraph (b), then the total amount of electricity which it is estimated will be Distributed by the Distributor to all the customers which are assigned to Network Tariff "nt" during Financial Year "t", calculated having regard to the actual results since the start of Financial Year "t".

and the summation function represented by:

$$\sum_{ntc=1}^{ntc=N}$$

refers to summation over all Network Tariff Components "ntc" of a particular Network Tariff "nt".

- 5.4.3 The maximum average price for a Network Tariff "nt" for a Distributor for a Financial Year "t" is determined at the start of the Financial Year "t" in accordance with the following formula:

$$MNTC_{nt,t} = \frac{(CPI_t + 0.02) * \sum_{ntc=1}^{ntc=N} (P_{ntc,t-1} * Q_{ntc,t})}{W_{nt,t}}$$

where:

$MNTC_{nt,t}$  (in ¢) is the maximum average price for Network Tariff "nt" for the Distributor for Financial Year "t";

$P_{ntc,t-1}$  (in cents per Relevant Unit) for a Network Tariff Component "ntc" of Network Tariff "nt" for the Distributor for Financial Year "t-1" is determined in accordance with clause 5.4.4;

$Q_{ntc,t}$  (in Relevant Units) is the total quantity of Network Tariff Component "ntc" which is forecast to be chargeable by the Distributor to all customers which are assigned to Network Tariff "nt" during Financial Year "t";

$CPI_t$  is the CPI for Financial Year "t";

$W_{nt,t}$  (in kWh) is the total amount of electricity which it is forecast will be Distributed by the Distributor to customers which are assigned to Network Tariff "nt" during Financial Year "t";

and the summation function represented by:

$$\sum_{ntc=1}^{ntc=N}$$

refers to summation over all Network Tariff Components "ntc" of a particular Network Tariff "nt".

- 5.4.4  $P_{ntc,t-1}$  (in ¢ per Relevant Unit) is the estimated average price of Network Tariff Component "ntc" of Network Tariff "nt" for Financial Year "t-1" determined in accordance with the following formula:

$$P_{ncl,t-1} = \frac{R_{ncl,t-1}}{Q_{ncl,t-1}}$$

where:

$R_{ncl,t-1}$  (in \$) is the total revenue which it is estimated that the Distributor will earn under Network Tariff Component "ntc" of Network Tariff "nt" during Financial Year "t-1", calculated taking into account at least 9 months of actual results; and

$Q_{ncl,t-1}$  (in Relevant Units) is the total quantity of Network Tariff Component "ntc" of Network Tariff "nt" which it is estimated will be chargeable by the Distributor to all customers assigned to the Network Tariff "nt" during Financial Year "t-1", calculated taking into account at least 9 months of actual results.

- 5.4.5 For the purposes of this clause 5.4, "Relevant Units" means units which are appropriate for the relevant Network Tariff Component. Examples of Relevant Units include, without limitation, kWh for energy charges, kW for demand charges and numbers of customers for standing charges.

#### 5.5 Network Tariff revenue restriction for subsequent Financial Years

- 5.5.1 A Distributor must ensure that the Total Network Revenue of the Distributor determined in accordance with clause 5.5.2 or 5.5.3 (as applicable) for a Financial Year after the Financial Year ending 30 June 1995 does not exceed the maximum revenue from Network Tariffs from all the customers which fall within any of the Distribution Categories determined for that Distributor in accordance with clause 5.5.4.
- 5.5.2 When the Regulator-General is considering whether or not to approve a Distributor's prices for the Network Tariff Components of the Distributor's Network Tariffs for a Financial Year set out in a statement provided under clause 5.1.4, then the Total Network Revenue of the Distributor for that Financial Year is the total revenue which it is forecast the Distributor will earn under Network Tariffs from all the customers which fall within any of the Distribution Categories during that Financial Year.
- 5.5.3 When the Regulator-General is considering whether or not to approve a proposed change to a Distributor's price for a Network Tariff Component of a Network Tariff set out in a notice under clause 5.1.5 during a Financial Year, then the Total Network Revenue of the Distributor for that Financial Year is the total revenue which it is estimated the Distributor will earn under Network Tariffs from all customers which fall within any of the Distribution Categories during that Financial

Year, calculated having regard to actual results since the start of that Financial Year.

- 5.5.4 The maximum revenue from Network Tariffs from all customers which fall within any of the Distribution Categories for a Distributor for a Financial Year "t" is determined at the start of Financial Year "t" in accordance with the following formula:

$$MNTR_t = (MAC_t * W_t) + TC_t - E_t - D_t - K_t$$

where:

$MNTR_t$  (in £) is the maximum revenue from Network Tariffs from all the customers which fall within any of the Distribution Categories for the Distributor for Financial Year "t";

$MAC_t$  (in £/kWh) is the  $MAC_t$  calculated for the Distributor for Financial Year "t" under clause 5.3.3;

$W_t$  (in kWh) is the total amount of electricity which it is forecast will be Distributed by the Distributor to all the customers which fall within any of the Distribution Categories during Financial Year "t";

$TC_t$  (in £) is the aggregate of all charges relating to connection to and use of the Transmission System which it is forecast will be payable by the Distributor to VPX or PowerNet during Financial Year "t";

$E_t$  (in £) is all revenue which it is forecast will be earned by the Distributor from charges relating to connection to and use of the Transmission System recovered in respect of services which are excluded services for the purposes of clause 5.7.3(a)(ii) or 5.7.3(e) during Financial Year "t" and which is reflected in charges relating to connection to and use of the Transmission System which it is forecast will be payable by the Distributor to VPX or PowerNet during Financial Year "t";

$D_t$  (in £) is the revenue which it is forecast will be earned by the Distributor during Financial Year "t" from other Distributors in respect of inter-network provider distribution service charges within the meaning of clause 5.7.3(a)(i) net of similar charges forecast to be payable by the Distributor to other Distributors in respect of Financial Year "t"; and

$K_t$  is determined in accordance with clause 5.5.5.

- 5.5.5  $K_t$  for a Distributor for Financial Year "t" is a composite correction factor and:



- (a) if Financial Year "t" is the Financial Year ending 30 June 1996, then  $K_t$  is zero; and
- (b) if Financial Year "t" is a Financial Year after the Financial Year ending 30 June 1996, then  $K_t$  is calculated in accordance with the following formula:

$$K_t = (Ky_t + Kz_t) * \left( 1 + \frac{I_t}{100} \right)$$

where:

$Ky_t$  (in £) is calculated in accordance with clause 5.5.6;

$Kz_t$  (in £) is calculated in accordance with clause 5.5.7; and

$I_t$  is the average of the Commonwealth Government's 2 year Treasury Bond yields for the 12 months ending 31 March in the Financial Year "t-1" expressed as a percentage rate per annum and as published in table F2 (or its equivalent) of the Reserve Bank of Australia Bulletin.

5.5.6  $Ky_t$  is a correction factor for Financial Year "t" and:

- (a) if Financial Year "t" is the Financial Year ending 30 June 1996, then  $Ky_t$  is zero; and
- (b) if Financial Year "t" is a Financial Year after the Financial Year ending 30 June 1996, then  $Ky_t$  is calculated in accordance with the following formula:

$$Ky_t = (NTR_{t-1} - MNTR_{t-1})$$

where:

$NTR_{t-1}$  (in £) is the total revenue which it is estimated the Distributor will earn under Network Tariffs in respect of all the customers which fall within any of the Distribution Categories in Financial Year "t-1", calculated taking into account at least 9 months of actual results; and

$MNTR_{t-1}$  (in £) is the figure for  $MNTR_t$  calculated for Financial Year "t-1" under clause 5.5.4.

5.5.7  $Kz_t$  is a correction factor for Financial Year "t" for the fact that  $Ky_t$  for the previous year was calculated using forecasts based on incomplete information and:

- (a) if Financial Year "t" is the Financial Year ending 30 June 1996 or 30 June 1997, then  $Kz_t$  is zero; and
- (b) if Financial Year "t" is a Financial Year after the Financial Year ending 30 June 1997, then  $Ky_t$  is calculated in accordance with the following formula:

$$Kz_t = [NTRa_{t-2} - NTR_{t-2}] * \left(1 + \frac{I_{t-1}}{100}\right)$$

where:

$NTRa_{t-2}$  (in £) is the actual total revenue earned by the Distributor under Network Tariffs in respect of all the customers which fell within any of the Distribution Categories in Financial Year "t-2";

$NTR_{t-2}$  (in £) is the figure used for  $NTR_{t-1}$  in Financial Year "t-1" under clause 5.5.6; and

$I_{t-1}$  is the average of the Commonwealth Government's 2 year Treasury Bond yields for the 12 months ending 31 March in Financial Year "t-2" expressed as a percentage rate per annum and as published in table F2 (or its equivalent) of the Reserve Bank of Australia Bulletin.

## 5.6 Forecasts

- 5.6.1 Forecasts made for the purposes of this clause 5 must be reasonable in light of all the surrounding circumstances and past performance.
- 5.6.2 Not later than 30 Business Days prior to the start of a Financial Year, each Distributor must provide to the Regulator-General a statement setting out:
- (a) the weighted average of a Distributor's Distribution Charges for the following Financial Year calculated under clause 5.3.2 and in detail how that weighted average was calculated;
  - (b) the maximum average charge for the Distributor for the following Financial Year calculated under clause 5.3.3 and in detail how that maximum average charge was calculated;
  - (c) the total amount of electricity which the Distributor forecasts it will Distribute to:
    - (i) the customers which fall within each Distribution Category; and

- (ii) all customers which fall within any Distribution Category,

for the following Financial Year;
- (d) the total amount of electricity which the Distributor estimates it will Distribute to:
  - (i) the customers which fall within each Distribution Category; and
  - (ii) all the customers which fall within any of the Distribution Categories,

for the Financial Year in which the statement must be given calculated taking into account at least 9 months of actual results;
- (e) the total amount of electricity which the Distributor has Distributed to:
  - (i) the customers which fall within each Distribution Category; and
  - (ii) all customers which fall within any Distribution Category,

during the period between the start of the Financial Year in which the statement must be given and 31 March in that Financial Year;
- (f) the total amount of electricity which the Distributor actually Distributed to:
  - (i) the customers which fall within each Distribution Category; and
  - (ii) all customers which fall within any Distribution Category,

during the Financial Year preceding that in which the statement must be given (if any);
- (g) the total revenue which the Distributor forecasts it will earn from Distribution Charges in respect of Distribution to all customers which fall within any Distribution Category for the following Financial Year;
- (h) the total revenue which the Distributor estimates it will earn from Distribution Charges in respect to Distribution to all the customers which fall within any Distribution Category for the Financial Year in which

the statement must be given, calculated taking into account at least 9 months of actual results;

- (i) the actual revenue which the Distributor earned from Distribution to all customers which fall within any Distribution Category during the period between the start of the Financial Year in which the statement must be given and 31 March in that Financial Year;
- (j) the actual total revenue which the Distributor earned from Distribution to all customers which fell within any Distribution Category during the Financial Year preceding that in which the statement must be given (if any);
- (k) the average price of each of the Distributor's Network Tariffs for the following Financial Year calculated under clause 5.4.2 and in detail how those average prices were calculated;
- (l) the maximum average price for the Distributor for each Network Tariff for the following Financial Year calculated under clause 5.4.3 and in detail how that maximum average price was calculated;
- (m) for each Network Tariff, the total quantity of each Network Tariff Component which the Distributor forecasts it will charge to all the customers which are assigned to the relevant Network Tariff during the following Financial Year;
- (n) for each Network Tariff, the total amount of electricity which the Distributor forecasts it will Distribute to all the customers which are assigned to the Network Tariff during the following Financial Year;
- (o) for each Network Tariff, the total revenue which the Distributor estimates it will earn under each Network Tariff Component during the Financial Year in which the statement must be given, calculated taking into account at least 9 months of actual results;
- (p) for each Network Tariff, the actual revenue which the Distributor earned under each Network Tariff Component during the period between the start of the Financial Year in which the statement must be given and 31 March in that Financial Year;
- (q) for each Network Tariff, the total quantity of each Network Tariff Component which the Distributor forecasts to be chargeable by the Distributor to all

- customers which are assigned to the Network Tariff it will supply during the following Financial Year,
- (r) for each Network Tariff, the total quantity of each Network Tariff Component which the Distributor estimates will be chargeable by the Distributor to all customers assigned to the Network Tariff during the Financial Year in which the statement must be given calculated taking into account 9 months of actual results;
  - (s) the actual quantity of each Network Tariff Component which the Distributor supplied during the period between the start of the Financial Year in which the statement must be given and 31 March in that Financial Year;
  - (t) the Distributor's Total Network Revenue for the following Financial Year calculated under clause 5.5.2 and in detail how that figure was calculated;
  - (u) the maximum revenue from Network Tariffs for the Distributor for the following Financial Year calculated under clause 5.5.4 and in detail how that maximum revenue was calculated;
  - (v) the actual total revenue earned by the Distributor under Network Tariffs in respect of all customers which fell within any of the Distribution Categories in the Financial Year preceding that in which the statement must be given;
  - (w) the aggregate of all charges relating to connection to and use of the Transmission System which it is forecast will be payable by the Distributor to VPX and PowerNet during the following Financial Year;
  - (x) the revenue which the Distributor forecasts will be earned by the Distributor from charges relating to connection to and use of the Transmission System recovered in respect of services which are excluded services for the purposes of clause 5.7.3(a)(ii) or 5.7.3(e) during the following Financial Year and which is reflected in charges relating to connection to and use of the Transmission System which the Distributor forecasts will be payable by the Distributor to VPX or PowerNet during the following Financial Year; and
  - (y) the revenue which the Distributor forecasts will be earned by the Distributor during the following Financial Year from other Distributors in respect of

inter-network provider distribution service charges within the meaning of clause 5.7.3(a)(i) net of similar charges the Distributor forecasts to be payable by the Distributor to other Distributors in respect of the following Financial Year.

- 5.6.3 Once a Distributor has given a statement under clause 5.6.2, the forecasts and estimates contained in that statement are the forecasts and estimates to be used for the purposes of this clause 5 and, subject to clause 5.6.5, may not be amended without the prior written approval of the Regulator-General.
- 5.6.4 The Regulator-General may require that a forecast or estimate in the statement or revised statement given by a Distributor under this clause 5.6 be reviewed by written notice to the Distributor. A notice under this clause 5.6.4 must specify the reason why the Regulator-General believes the forecast or estimate should be reviewed.
- 5.6.5 If the Regulator-General gives a notice to a Distributor under clause 5.6.4, then the Distributor must review the relevant forecast or estimate and, within 5 Business Days of receiving the notice, notify the Regulator-General whether the forecast or estimate has been amended or confirmed and justifying the amendment or confirmation of the forecast or estimate in detail.
- 5.6.6 The Regulator-General may only give a notice under clause 5.6.4 requiring a forecast or estimate to be reviewed in relation to a statement or revised statement within 20 Business Days of receiving a statement or revised statement under this clause 5.6.
- 5.6.7 Each Distributor must within 20 Business Days after the end of each Financial Year provide to the Regulator-General a statement setting out:
- (a) the weighted average of its Distribution Charges for the Distribution Categories for that Financial Year determined in accordance with clause 5.3.2;
  - (b) the average price of each of its Network Tariffs determined in accordance with clause 5.4.2 for that Financial Year; and
  - (c) the total revenue earned under Network Tariffs from all customers which fall within any of the Distribution Categories for that Financial Year.
- 5.6.8 As soon as practicable after the end of every month, each Distributor must provide to the Regulator-General details of the total amount of electricity which was Distributed by the

Distributor to all customers falling within each Distribution Category during the month.

**5.7 Excluded services**

5.7.1 A Distributor may levy additional charges for certain services and other matters related to its Distribution business excluded from the price controls specified in this clause 5.

5.7.2 Services provided by a Distributor as part of its Distribution services are not excluded services for the purposes of clause 5.7.1 insofar as they consist of the provision of services remunerated under the Distributor's Distribution Charges.

5.7.3 Subject to clauses 5.7.2 and 5.7.4, the following services or charges are the only excluded services and charges for the purposes of clause 5.7.1:

- (a) the transportation of:
  - (i) electricity not consumed in the Distributor's Distribution System (ie inter-network provider distribution); or
  - (ii) electricity to EHV Customers;
- (b) connection to the Distributor's Distribution System;
- (c) services (including metering, electric lines or electrical plant) for the specific benefit of any third party (and requested by the third party) and not made available by the Distributor as a normal part of standard service to all customers. These services include:
  - (i) charges for moving mains, services or meters forming part of the Distributor's Distribution System to accommodate extension, re-design or re-development of any premises;
  - (ii) the provision of electric plant for the specific purpose of enabling the provision of top-up or standby supplies or sales of electricity; and
  - (iii) the provision of pre-payment meters to customers, but only to the extent that the charges for the provision of those meters exceed charges for the provision of standard meters for such customers;
- (d) the relocation of electric lines plant and the carrying out of associated works pursuant to any statutory obligation imposed on the Distributor;

- (e) Distribution of electricity to customers connected at the following existing connection points:
- Public Transport Corporation - Caulfield;
  - Public Transport Corporation - Cremorne;
  - Public Transport Corporation - Burnley;
  - Public Transport Corporation - North Melbourne;
  - Public Transport Corporation - Rushall;
  - Public Transport Corporation - Victoria Park;
- (f) charges for specific services for identified customers;
- (g) charges for temporary supplies;
- (h) capital contributions for new works and augmentation;
- (i) network services for connection points where customers operate parallel generation requiring a stand-by supply;
- (j) charges for reserve (duplicate) supply;
- (k) charges for supplies with higher quality and reliability standards than required by the Distribution Code;
- (l) charges for connection points requiring more than the "least overall cost, technically acceptable" assets;
- (m) charges for distribution services and system augmentation required to receive energy from an embedded generator, as defined in a licence issued under Part 12 of the EIA to distribute electricity or another Distributor;
- (n) charges for customer non compliance with the Distribution Code and Supply and Sale Code including but not limited to a reactive power, line losses in excess of deemed distribution losses due to customer's poor power factor, harmonics, voltage dips and test supplies;
- (o) charges for multiple connection points to a single property not recovered through the Distribution charges;
- (p) charges for public lighting operations and maintenance;



- (q) charges for public lighting assets constructed after 1 July 1994;
  - (r) charges for the provision of metering to a standard in excess of that required for the billing of Network Tariffs; and
  - (s) charges for the provision of reactive power and energy to a connection point or the receipt of reactive power and energy from a connection point.
- 5.7.4 Notwithstanding clause 5.7.3, the following services are not excluded services for the purposes of clause 5.7.1:
- (a) the transportation of electricity, except as contemplated in clauses 5.7.3(a) and 5.7.3(e);
  - (b) the carrying out of works or the provision of maintenance or repair for the purpose of carrying out Distribution of electricity; and
  - (c) the provision, installation and maintenance of any meters, switchgear or other electrical plant, except as contemplated in clauses 5.7.3(c)(iii) and 5.7.3(r).
- 5.7.5 Terms and charges for excluded services will be set in accordance with the provisions of the Distributors' distribution licences issued under Part 12 of the EIA and subject to oversight under the ORG Act.
- 5.7.6 A Distributor must prior to commencement of each Financial Year provide a list of all EHV Customers to the Regulator-General, and update that list within 20 Business Days of the connection or disconnection of EHV Customers.
- 5.7.7 A Distributor must, within 20 Business Days after the end of each Financial Year, provide to the Regulator-General a statement setting out:
- (a) the services provided as part of its Distribution business;
  - (b) a statement of all excluded services provided by the Distributor; and
  - (c) identifying the revenues derived in respect of each such service,
- during that Financial Year.
- 5.7.8 If the Regulator-General considers that any service treated by a Distributor as an excluded service is in fact not an excluded

service within the meaning of clause 5.7.3, then the Regulator-General may issue a written determination to that effect to the relevant Distributor (giving the reasons for the determination), and the relevant Distributor must cease treating the service or services specified in the determination as an excluded service.

#### 5.8 Regulated pass through of Network Change in Taxes

A Distributor can also pass through to its customers PowerNet Change in Taxes which are passed through to it - see clause 3.5.

A Distributor's customers for the purposes of clause 5.8 are:

- (a) if the Distributor is also a Franchised Retailer, then the Retail Business;
- (b) the Non-franchised Customers purchasing electricity from the Distributor who are connected to the Distributor's Distribution System;
- (c) other Retailers selling electricity to Non-franchise Customers connected to the Distributor's Distribution System; and
- (d) Non-franchise Customers connected to the Distributor's Distribution System who acquire their electricity through the Pool.

- 5.8.1 If a Network Change in Taxes occurs, then a Distributor is entitled to pass through the financial effect of the Network Change in Taxes to its customers in accordance with the procedures set out in this clause 5.8.
- 5.8.2 If a Distributor believes it is entitled to a pass through under this clause 5.8, then it may give a notice to the Regulator-General specifying:
  - (a) details of the Network Change in Taxes concerned;
  - (b) the date on which the Network Change in Taxes concerned took effect;
  - (c) the amount of the total additional costs (called the "Additional Costs") incurred by the Distributor which are associated with Distributing electricity and are directly attributable to the Network Change in Taxes concerned;
  - (d) the amount which the Distributor is seeking to recover from each of its customers in respect of the Network Change in Taxes concerned. This amount must be calculated on the basis that the Additional Costs in respect of the Network Change in Taxes concerned is applied equitably over the total energy consumption of all its customers.
- 5.8.3 Subject to clause 5.8.10, the Regulator-General must within 30 Business Days of receipt of a notice from a Distributor under clause 5.8.2 determine (whether by reference to the EIAB or otherwise):
  - (a) whether the Network Change in Taxes identified in the notice occurred;
  - (b) if the Network Change in Taxes identified in the notice did occur, then the amount which the Distributor is entitled to pass through to each of its customers in respect of the Network Change in Taxes concerned and the basis upon which that amount is to be passed through; and

- (c) if one of the customers to which a Distributor is entitled to pass through an amount under clause 5.8.3(b) is a Franchised Retailer, then the amount which that Franchised Retailer's Retail Business is entitled to pass through to its Franchise Customers in respect of the Network Change in Taxes concerned and the basis upon which that amount is to be passed through,

and notify the Distributor and the Franchised Retailer in writing of its determination.

5.8.4 In determining the basis on which the amount is to be passed through to a Distributor's customers in accordance with clause 5.8.3(b), the Regulator-General must have regard to:

- (a) the relative amounts of electricity Distributed by the Distributor to each class of its customer;
- (b) the time cost of money for the period over which the pass through amount is to be recovered; and
- (c) such other factors as the Regulator-General considers fair and reasonable,

subject in all cases to the financial effect on the Distributor associated with the Network Change in Taxes concerned being economically neutral taking into account the period and rate of recovery of the pass through amount and the Additional Costs in respect of the Network Change in Taxes concerned.

5.8.5 In determining the basis on which the amount is to be passed through to a Franchised Retailer's Franchise Customers in accordance with clause 5.8.3(c), the Regulator-General must have regard to:

- (a) the relative amounts of electricity sold by the Franchised Retailer to each class of its Franchise Customers;
- (b) the time cost of money for the period over which the pass through amount is to be recovered; and
- (c) such other factors as the Regulator-General considers fair and reasonable,

subject in all cases to the financial effect on the Franchised Retailer associated with the Network Change in Taxes concerned being economically neutral taking into account the period and rate of recovery of the amount determined to be passed through to the Franchised Retailer's Retail Business under clause 5.8.3(b) and the amount determined to be passed

through by the Franchised Retailer under clause 5.8.3(c) in respect of the Network Change in Taxes.

- 5.8.6 In making a determination to permit a pass through in accordance with clause 5.8.3 (and the amount of the pass through), the Regulator-General must also take into account:
- (a) any Network Change in Taxes resulting in a decrease in the amount payable by the Distributor in respect of Network Relevant Taxes since the later of the date of:
    - (i) this Tariff Order; and
    - (ii) the last determination under clause 5.8.3 that the Distributor is entitled to pass through an amount in respect of a Network Change in Taxes;
  - (b) any previous pass through in respect of a Network Change in Taxes which resulted in a benefit to:
    - (i) the Distributor greater than the actual total additional costs incurred by the Distributor which are associated with the Distribution of electricity and are directly attributable to the Network Change in Taxes concerned; and/or
    - (ii) a Franchised Retailer greater than the amount determined to be payable by the Franchised Retailer's Retail Business under clause 5.8.3(b) in respect of the Network Change in Taxes concerned;
  - (c) any previous pass through in respect of a Network Change in Taxes which resulted in:
    - (i) the Distributor not recovering from its customers the actual total additional costs incurred by the Distributor which are associated with Distributing electricity and are directly attributable to the Network Change in Taxes concerned; and/or
    - (ii) a Franchised Retailer not recovering from its Franchise Customers the full amount determined under clause 5.8.3(b) to be payable by the Franchised Retailer in respect of the Network Change in Taxes concerned.
- 5.8.7 A Distributor may, after receipt of notification from the Regulator-General in accordance with clause 5.8.3(b) as to the amount (if any) the Distributor is entitled to pass through to its

- customers in relation to a Network Change in Taxes, charge each of its customers the pass through amount determined by the Regulator-General in relation to that customer. The amount is to be shown on each customer's invoice as a separate line item or otherwise identified in a manner approved by the Regulator-General.
- 5.8.8 A Franchised Retailer referred to in clause 5.8.3(c) may, after receipt of notification from the Regulator-General in accordance with clause 5.8.3 as to the amount (if any) the Franchised Retailer is entitled to pass through to its Franchise Customers in relation to a Network Change in Taxes, charge each of its Franchise Customers the pass through amount determined by the Regulator-General in relation to that Franchise Customer. The amount is to be shown on each Franchise Customer's invoice as a separate line item or otherwise identified in a manner approved by the Regulator-General.
- 5.8.9 An amount charged by a Distributor under clause 5.8.7 is not to be taken into account in determining:
- (a) the Distributor's total revenue earned from Distribution Charges in respect of Distribution to all the customers which fall within any of the Distribution Categories under clause 5.3.2;
  - (b) the Distributor's total revenue earned from Distribution Charges in respect of Distribution to all the customers which fall within any of the Distribution Categories under clauses 5.3.6 and 5.3.7;
  - (c) the Distributor's total revenue from a Network Tariff Component under clause 5.4.4;
  - (d) the Distributor's price for a Network Tariff Component under clause 5.4.2;
  - (e) the Distributor's revenue under Network Tariffs under clause 5.5; and
  - (f) the Distributor's forecast, estimated revenue or actual revenue under clauses 5.6.2(g), 5.6.2(h), 5.6.2(i), 5.6.2(j), 5.6.2(o), 5.6.2(p), 5.6.2(t), 5.6.2(u), 5.6.2(v), 5.6.2(x) and 5.6.2(y).
- 5.8.10 A person to which this Tariff Order applies must make available to the Regulator-General such information as the Regulator-General reasonably requests for the purposes of making a determination under this clause 5.8. If the Regulator-General makes a request under this clause 5.8.10, the 30 Business Day period referred to in clause 5.8.3 ceases running

until the information requested by the Regulator-General is provided to the Regulator-General, at which time that period commences to run again.

**5.9 Review of price control arrangements**

5.9.1 Clauses 5.1 to 5.8 (both inclusive) cease to have effect on the later of:

- (a) 31 December 2000; and
- (b) the making by the Regulator-General of a price determination under section 25 or section 26 or both of the ORG Act regulating charges for use of Distribution Systems.

5.9.2 Except as otherwise contemplated in this Tariff Order, the Regulator-General may not make a price determination under section 25 or section 26 or both of the ORG Act regulating charges for use of Distribution Systems which takes effect prior to 31 December 2000.

5.9.3 Clause 5.9.2 does not limit the Regulator-General's powers in respect of charges for services which are excluded services for the purposes of clause 5.7.

**5.10 Restrictions on review of price control arrangements by the Regulator-General**

In making any price determination under section 25 or section 26 or both of the ORG Act regulating charges for use of Distribution Systems after 31 December 2000 the Regulator-General must, notwithstanding the criteria specified in the ORG Act or the EIA:

- (a) utilise price based regulation adopting a CPI-X approach and not rate of return regulation;
- (b) where the value of the fixed assets which were allocated to a Distributor under the allocation statements under Sections 117 and 137 of the EIA is required to be taken into account, use the adjusted asset value for that Distributor as at 1 July 1994 determined in accordance with the table set out below, adjusted to take into account inflation and depreciation on the asset value as increased by inflation since 1 July 1994 and for any disposals since 1 July 1994:

TABLE					
	Eastern \$m	Powercor \$m	Solaris \$m	CitiPower \$m	United \$m
Optimised Depreciated Replacement Cost	1,046	1,227	361	482	743
Adjustment	(218)	(161)	61	129	136
Adjusted asset value (opening book value)	828	1,066	422	611	879

- (c) take into account the value of  $K_0$  calculated for each Distributor in accordance with clause 5.3.5 and 5.5.5 for the Financial Year ending 30 June 2001;
- (d) have regard to the need to:
- (i) provide each Distributor with incentives to operate efficiently;
  - (ii) ensure a fair sharing of the benefits achieved through efficiency gains between customers and the Distributors;
  - (iii) ensure appropriate incentives for capital expenditure and maintenance in the Distributor's Distribution Systems; and
  - (iv) have regard to the level of executive remuneration in each Distributor by reference to any relevant interstate and international benchmarks for such remuneration; and
- (e) subject to clause 6.3, set the price controls for use of Distribution Systems and Network Tariffs (if any) for a period of not less than 5 years.

---

**6 MISCELLANEOUS**

---

**6.1 The ORG Act**

- 6.1.1 The prices regulated, specified or determined by or in accordance with this Tariff Order are prescribed prices in respect of the electricity industry for the purposes of the ORG Act.
- 6.1.2 If the price for a good or service is regulated, specified or determined by or in accordance with this Tariff Order, then the good or service is a prescribed good or service in respect of the electricity industry for the purposes of the ORG Act.
- 6.1.3 Goods or services supplied or provided by PowerNet in relation to the transmission of electricity which are not Prescribed Services (including, without limitation, the goods and services listed in Part D of Attachment 5) are prescribed goods and services in respect of the electricity industry for the purposes of the ORG Act.
- 6.1.4 Goods or services supplied or provided by VPX in relation to the administration of the Victorian wholesale electricity market which are not included in VPX's charges for use of the Transmission System and Pool fees are prescribed goods and services in respect of the electricity industry for the purposes of the ORG Act.
- 6.1.5 Goods or services supplied or provided by a Distributor which are excluded services or the charges for which are excluded charges for the purposes of clause 5.7.1 are prescribed goods and services in respect of the electricity industry for the purposes of the ORG Act.
- 6.1.6 The price for a good or service which is a prescribed good or service because of clause 6.1.3, 6.1.4 or clause 6.1.5 is a prescribed price in respect of the electricity industry for the purposes of the ORG Act.

**6.2 Modifications to time periods in this Tariff Order**

- 6.2.1 The Regulator-General may, by written notice to another person to which this Tariff Order applies, modify or vary the time by which, or the period within which, a thing required to be done by that other person under this Tariff Order must be done. This clause 6.2.1 only applies to things which must be done under this Tariff Order before 30 June 1995.



- 6.2.2 Subject to clause 6.2.1, the Regulator-General may, by written notice to another person to which this Tariff Order applies, modify or vary:
- (a) except where paragraph (b) applies, the time by which a thing required to be done by that other person under this Tariff Order must be done, but not so as to require that thing to be done by an earlier time than it otherwise would have to be done under this Tariff Order;
  - (b) with the prior agreement of that other person, the time by which a thing required to be done by that other person under this Tariff Order must be done, so as to require that thing to be done by an earlier time than it would otherwise have to be done under this Tariff Order;
  - (c) except where paragraph (d) applies, the period within which a thing required to be done by that other person under this Tariff Order must be done, but not so as to require that thing to be done within a shorter period than it would otherwise have to be done under this Tariff Order;
  - (d) with the prior agreement of that other person, the period within which a thing required to be done by that other person under this Tariff Order must be done, so as to require that thing to be done within a shorter period than would otherwise have to be done under this Tariff Order.

**6.3 Re-opening a subsequent price determination**

- 6.3.1 Notwithstanding clauses 3.7, 4.6 and 5.10, if at any time after the Regulator-General has made a price determination under section 25 or section 26 or both of the ORG Act regulating charges referred to in those clauses, it appears to the Regulator-General that:
- (a) the price determination was made on the basis of information provided by or on behalf of one or more of the Licensed Persons to which the price determination applies that was false or misleading in a material particular, then the Regulator-General may revoke the price determination;
  - (b) there is a material error in the price determination, then the Regulator-General may revoke the price determination, but only with the prior written consent of

- all those Licensed Persons to which the price determination applies; or
- (c) a Licensed Person to which the price determination applies is materially adversely affected by the price determination as a result of an event beyond the Licenced Person's control which was not contemplated at the time the price determination was made and, on balance, the benefits of revoking the price determination outweigh the detriment to participants in the Victorian electricity supply industry resulting from revoking the price determination, then the Regulator-General may revoke the price determination, but only with the prior written consent of all those Licensed Persons to which the price determination applies.
- 6.3.2 If the Regulator-General revokes a price determination under clause 6.3.1, then the Regulator-General may make a new price determination under section 25 or section 26 or both of the ORG Act in substitution for the revoked price determination to apply for the remainder of the period for which the revoked price determination was to apply or such longer period as the Regulator-General determines.
- 6.3.3 If a new price determination is made in substitution for a price determination revoked under clause 6.3.1(b), then the new price determination must only differ from the revoked price determination to the extent necessary to correct the error concerned.
- 6.3.4 If a new price determination is made in substitution for a price determination revoked under clause 6.3.1(c), then the new price determination must only differ from the revoked price determination to the extent necessary to enable the Licensed Person to pass through to its customers that proportion of the financial effect on the Licensed Person of the event concerned as the Regulator-General considers reasonable in the circumstances by an increase or decrease in the Licensed Person's charges regulated under the revoked price determination.

**ATTACHMENT 1 DEFINITIONS**

The following words have these meanings in this Order unless the contrary intention appears.

**Additional Costs** in relation to a Network Change in Taxes has the meaning given in clause 5.8.2(c).

**Ancillary Services** means the following services:

- (a) the provision by Yalloom Energy Ltd (ACN 065 325 224) of the services contemplated by clause 4 of its Generation Licence, including, without limitation, automatic generation control capability;
- (b) the provision by Loy Yang Power Ltd (ACN 065 381 240) of the services contemplated by clause 4 of its Generation Licence, including, without limitation, black start capability, islanding capability, automatic generation control capability, generation tripping capacity and controlled valving capability;
- (c) the provision by Hazelwood Power Corporation Ltd (ACN 065 381 204) of the services contemplated by clause 4 of its Generation Licence, including, without limitation, automatic generation control capability;
- (d) the provision by Generation Victoria of the services contemplated by clause 4 of its Generation Licence, including, without limitation, black start capability at Jeeralang power station A and Jeeralang power station B and automatic generation control capability at Newport power station; and
- (e) the provision by Southern Hydro Ltd (ACN 065 325 091) of the services contemplated by clause 4 of its Generation Licence, including, without limitation, black start capability at Eildon power station, West Kiewa power station, Dartmouth power station and McKay Creek power station and synchronous condenser/spinning reserve capability at Eildon power station, McKay Creek power station and Dartmouth power station,

or any similar services required to be provided by another person holding a Generation Licence in relation to the licensed power stations the subject of the Generation Licences referred to above.

**Applicable Financial Year** has the meaning given in clause 4.3.6.

**assigned** in relation to a Network Tariff has the meaning given in clause 5.2.1.

**Augmentation Tables** has the meaning given in clause 3.3.8.

---

**ATTACHMENT 1 DEFINITIONS (CONTD.)**

---

**Authority** means any government or regulatory department (including the Regulator-General), body, instrumentality, minister, agency or other authority, or any body, which is the successor to the administrative responsibilities of such department, body, instrumentality, minister, agency or authority.

**Base Tariffs** means the Retail Tariffs set out in Attachment 3.

**Business Day** means a day on which Banks are open for general banking business in Melbourne, not being a Saturday or a Sunday.

**Connection Services** means the services described in Part B of Attachment 5.

**Contract Customer** has the meaning given in clause 2.1.7.

**Contract Strike Price** in relation to a Vesting Contract has the meaning given in the relevant Vesting Contract at the date of execution of that Vesting Contract.

**CPI** for a particular Financial Year is:

- (a) the Consumer Price Index: All Groups Index Number Melbourne published by the Australian Bureau of Statistics for the March Quarter immediately preceding the start of the relevant Financial Year

divided by

- (b) the Consumer Price Index: All Groups Index Number Melbourne published by the Australian Bureau of Statistics for the March Quarter immediately preceding the March Quarter referred to in paragraph (a).

**Date of Change in Taxes** in relation to a Vesting Contract has the meaning given in the relevant Vesting Contract at the date of execution of that Vesting Contract.

**Difference Payment** means a payment to be made by a Hedge Generator to a Hedge DB or by a Hedge DB to a Hedge Generator pursuant to a Vesting Contract.

**Distribute or Distribution** means to distribute or the distribution of electricity using a Distribution System.

**Distribution Categories** in relation to a Distributor means the categories identified in Attachment 9.

**Distribution Charge** means that part of a Network Tariff which reflects the Local DB's cost of Distribution.

**ATTACHMENT 1 DEFINITIONS (CONTD.)**

**Distribution Customer** in relation to a Distributor means a person taking electricity at a Supply Point connected to the Distributor's Distribution System.

**Distributor** means a person who holds a licence issued under Part 12 of the EIA to distribute electricity for supply and to supply electricity. As at the date of this Tariff Order, Eastern, Powercor, Solaris, CitiPower and United are all Distributors.

**Distribution System** in relation to a Distributor means a system of electric lines (generally at nominal voltage levels of 66 kV or below) which that Distributor is licensed to use to distribute electricity for supply under a licence granted under Part 12 of the EIA.

**EHV Customer** in relation to a Distributor means a Distribution Customer of the Distributor taking electricity at a nominal voltage of 66 kV or more.

**EIA** means the Electricity Industry Act 1993.

**ELAB** means any arbitrator, arbitration board or panel appointed by the Regulator-General under the ORG Act to consider a matter referred to that person, board or panel by the Regulator-General for the purpose of this Order.

**Excess** has the meaning given in clause 2.6.9.

**Existing Customers** has the meaning given in clause 5.2.13(a).

**Existing Network Tariff** has the meaning given in clause 5.2.7.

**Existing Retail Tariff** has the meaning given in clause 2.2.

**Financial Years** in relation to a particular provision of this Tariff Order means the following periods:

- (1) the period which commences on 3 October 1994 and ends on 30 June 1995; and
- (2) thereafter and until the start of the period referred to in paragraph (3), the periods (each of 12 months) ending on 30 June each year; and
- (3) if the Regulator-General makes a price determination under section 25 or section 26 or both of the ORG Act regulating the prices or other matters to which the particular provision applies, then the period which commences 1 July immediately preceding the time at which the price determination takes effect and ends at the time at which the price determination takes effect.

---

**ATTACHMENT 1 DEFINITIONS (CONTD.)**

---

**Franchise Customer** means a customer other than a Non-franchise Customer.

**Franchised Retailer** means a Retailer who holds a licence issued under Part 12 of the EIA to sell electricity otherwise than through the Pool to one or more Franchise Customers. As at the date of this Tariff Order, Eastern, Powercor, Solaris, CitiPower and United are all Franchised Retailers.

**Fresh Financial Year** has the meaning given in clause 4.3.7.

**Generation Licence** means a licence issued under Part 12 of the EIA authorising the licensee to generate electricity for supply and sale and to supply and sell electricity generated at a particular power station or power stations.

**Generator** means a person who holds a Generation Licence. As at the date of this Tariff Order, Hazelwood Power Corporation Ltd (ACN 065 381 204), Yallourn Energy Ltd (ACN 065 325 224), Loy Yang Power Ltd (ACN 065 381 240), Southern Hydro Ltd (ACN 065 325 091), Generation Victoria, SECV (trading as Loy Yang B, Snowy (Snowy), Snowy (Hume Power Station) and IOA Traders) and Energy Brix Australia Corporation are Generators.

**Generator Change in Taxes** in relation to a Vesting Contract means a change in taxes as defined by the term "Change in Taxes" in the relevant Vesting Contract at the date of execution of that Vesting Contract.

**Generator Force Majeure Event** in relation to a Vesting Contract means an event of force majeure as defined by paragraph (a) of the definition of "Force Majeure Event" in the relevant Vesting Contract at the date of execution of that Vesting Contract.

**Grid Customer** has the meaning given in clause 4.1.1.

**Hedge DB** means any of Eastern, Powercor, Solaris, CitiPower, United and SECV (trading as Smelter Trader).

**Hedge Generator** means any of Hazelwood Power Corporation Ltd (ACN 065 381 204), Yallourn Energy Ltd (ACN 065 325 224), Loy Yang Power Ltd (ACN 065 381 240), Southern Hydro Ltd (ACN 065 325 091), Generation Victoria, SECV (trading as Loy Yang B, Snowy (Snowy), Snowy (Hume Power Station) and IOA Traders) and Energy Brix Australia Corporation.

**Licensed Person** means a person holding a licence issued under Part 12 of the EIA.

**ATTACHMENT 1 DEFINITIONS (CONTD.)**

**Local DB** in respect of a particular customer means the Distributor to whose Distribution System the Supply Point for that customer is connected.

**Maximum Uniform Tariffs for a Financial Year** means the maximum uniform tariffs for that Financial Year determined in accordance with clause 2.1.3 or clause 2.1.4 (as applicable).

**Network Change in Taxes** means:

- (a) an obligation on a Distributor to pay any amount which the Distributor was not obliged to pay at the date of this Tariff Order arising from the imposition of a Network Relevant Tax; or
- (b) a change in the way or rate at which a Network Relevant Tax is calculated (including the removal of a Network Relevant Tax) to the extent that such a change results in a change in the amount which the Distributor is required to pay (whether directly or under any contract) by way of Network Relevant Taxes from that which it was required to pay at the date of this Tariff Order,

as a consequence of:

- (c) a new statute or amendment of any statute or the interpretation of any existing statute resulting from the decision of any court or any arbitrator which binds the relevant Distributor; or
- (d) a determination of any Authority.

**Network Relevant Tax** means any tax, charge, levy or imposition (but not a fine or penalty) directly attributable to the Distribution or supply of electricity and, in the opinion of the Regulator-General, not normally absorbed in a fully competitive market or offset in whole or in part by a reduction in another tax, charge, levy or imposition but (without limitation) specifically excludes any:

- (a) income tax, fringe benefits tax or capital gains tax;
- (b) payroll tax;
- (c) sales tax (or State equivalent wholesale sales tax) or value added tax or goods and services tax to the extent that compensation for the effect of the tax has been or will be received by the relevant Distributor;
- (d) land tax;
- (e) financial accommodation levy; and

---

**ATTACHMENT 1 DEFINITIONS (CONTD.)**

---

(f) franchise fees,

or any tax or levy that replaces any of those taxes or levies.

**Network Services** means the services described in Part A of Attachment 5.

**Network Tariff** means the tariffs charged by a Distributor to a customer or Retailer for Distributing electricity using the Distributor's Distribution System and which reflect the following costs: VPX's charges for use of the Transmission System, PowerNet's connection charges, the Local DB's costs associated with Distribution and inter-network provider Distribution service charges. The Network Tariffs for each Distributor for the Financial Year ending 30 June 1995 are set out in Attachment 10.

**Network Tariff Components** means in relation to:

- (a) a Network Tariff which is not a New Network Tariff, the components of that Network Tariff listed in Attachment 10 in respect of that Network Tariff; and
- (b) a New Network Tariff, means the components of the relevant Network Tariff which are equivalent to those listed in Attachment 10 in respect of the Network Tariff listed in Attachment 10 which the Regulator-General determines is most appropriate taking into account the characteristics of the customers assigned to the New Network Tariff.

**New Financial Year** has the meaning given in clause 3.3.6.

**New Network Tariff** has the meaning given in clause 5.2.7.

**New Retail Tariff** has the meaning given in clause 2.2.

**Non-franchise Customer** means a customer who purchases a load or amount of electricity that exceeds prescribed limits determined in accordance with regulations made under the EIA.

**Normal Capacity** in relation to a Vesting Contract has the meaning given in the relevant Vesting Contract at the date of execution of that Vesting Contract.

**ORG Act** means the Office of the Regulator-General Act 1994.

**Participants** means VPX, PowerNet, the Distributors, the Retailers, the Generators and SECV.

**Pool** means the market for wholesale trading in electricity operated and administered by VPX.



**ATTACHMENT 1 DEFINITIONS (CONTD.)**

**Pool Fee Supply Rate** has the meaning given in the Pool Rules.

**Pool Rules** has the meaning given in VPX's wholesale electricity market licence under section 162 of the EIA.

**PowerNet Change in Taxes** means:

- (a) an obligation on PowerNet to pay any amount which PowerNet was not obliged to pay at the date of this Tariff Order arising from the imposition of a PowerNet Relevant Tax; or
- (b) a change in the way or rate at which a PowerNet Relevant Tax is calculated (including the removal of a PowerNet Relevant Tax) to the extent that such a change results in a change in the amount which PowerNet is required to pay (whether directly or under any contract) by way of PowerNet Relevant Taxes from that which it was required to pay at the date of this Tariff Order,

as a consequence of:

- (c) a new statute or amendment of any statute or the interpretation of any existing statute resulting from the decision of any court or any arbitrator which binds PowerNet; or
- (d) a determination of any Authority.

**PowerNet Relevant Tax** means any tax, charge, levy or imposition (but not a fine or penalty) directly attributable to the supply of Prescribed Services to customers and, in the opinion of the Regulator-General, not normally absorbed in a fully competitive market or offset in whole or in part by a reduction in another tax, charge, levy or imposition but (without limitation) specifically excludes any:

- (a) income tax, fringe benefits tax or capital gains tax;
- (b) payroll tax;
- (c) sales tax (or State equivalent wholesale sales tax) or value added tax or goods and services tax to the extent that compensation for the effect of the tax has been or will be received by PowerNet;
- (d) land tax; and
- (e) financial accommodation levy,

or any tax or levy that replaces any of those taxes or levies.

**Prescribed Services** has the meaning given in clause 3.1.

**ATTACHMENT 1 DEFINITIONS (CONTD.)**

**Price Components** in relation to a Retail Tariff (including a New Retail Tariff) means the components of the price for the supply of electricity under the Base Tariff which is equivalent to that Retail Tariff. The components of the price for the supply of electricity under a Base Tariff are set out in Attachment 3 in respect of that Base Tariff.

**Reference Generating Plant** in relation to a Vesting Contract has the meaning given in the relevant Vesting Contract at the date of execution of that Vesting Contract.

**Relevant Effect** in relation to a Retailing Change in Taxes has the meaning given in clause 2.8.2(c).

**Relevant Financial Year** has the meaning given in clause 5.1.8.

**Relevant Person** has the meaning given in clause 2.6.2.

**Relevant Tax** in relation to a Vesting Contract has the meaning given to the term in the relevant Vesting Contract as at the date of execution of the relevant Vesting Contract.

**Relevant Units** has the meaning given in clause 5.4.5.

**Retail Business** means the business of a Distributor who is a Franchised Retailer relating to the sale of electricity to Franchise Customers.

**Retailer** means a person who holds a Retail Licence. As at the date of this Tariff Order, Eastern, Powercor, Solaris, CitiPower and United are all Retailers.

**Retailing Change in Taxes** means:

- (a) an obligation on a Franchised Retailer to pay any amount which the Franchised Retailer was not obliged to pay at the date of this Tariff Order arising from the imposition of a Retailing Relevant Tax; or
- (b) a change in the way or rate at which a Retailing Relevant Tax is calculated (including the removal of a Retailing Relevant Tax) to the extent that such a change results in a change in the amount which the Franchise Retailer is required to pay (whether directly or under any contract) by way of Retailing Relevant Taxes from that which it was required to pay at the date of this Tariff Order,

as a consequence of:

- (c) a new statute or amendment of any statute or the interpretation of any existing statute resulting from the decision of any court

**ATTACHMENT 1 DEFINITIONS (CONTD.)**

or any arbitrator which binds the relevant Franchised Retailer;  
or

- (d) a determination of any Authority.

**Retail Licence** means a licence issued under Part 12 of the EIA to sell electricity otherwise than through the Pool.

**Retailing Relevant Tax** means any tax, charge, levy or imposition (but not a fine or penalty) directly attributable to the sale of electricity to Franchise Customers and, in the opinion of the Regulator-General, not normally absorbed in a fully competitive market or offset in whole or in part by a reduction in another tax, charge, levy or imposition but (without limitation) specifically excludes any:

- (a) income tax, fringe benefits tax or capital gains tax;
- (b) payroll tax;
- (c) sales tax (or State equivalent wholesale sales tax) or value added tax or goods and services tax to the extent that compensation for the effect of the tax has been or will be received by the relevant Franchised Retailer;
- (d) land tax;
- (e) financial accommodation levy; and
- (f) franchise fees,

or any tax or levy that replaces any of those taxes or levies.

**Retail Tariff** in relation to a Franchised Retailer means a tariff under which the Franchised Retailer supplies electricity to one or more Franchise Customers or Non-franchise Customers which continue to take supply from the Franchised Retailer under the Franchised Retailer's Tariff H (including a tariff notified by the Franchised Retailer under section 169 of the EIA and a New Tariff (as defined in clause 2.2)).

**Sent Out** in relation to a Vesting Contract has the meaning given in the Pool Rules as at the date of execution of the relevant Vesting Contract.

**Settlement Period** in relation to a Vesting Contract has the meaning given in the Pool Rules as at the date of execution of the relevant Vesting Contract.

**Supply Point** in relation to a customer means the point where a supply of electricity taken by the customer leaves a supply facility owned or operated by the customer's Local DB before being supplied to the customer. The Supply Point will normally be:

---

**ATTACHMENT 1 DEFINITIONS (CONTD.)**

---

- (a) a single set of the Local DB's low voltage terminals;
- (b) a single substation of the Local DB (consisting of one or more transformers); or
- (c) in the case of a high voltage supply, a single high voltage switch room or other enclosure containing the Local DB's terminals.

**Tariff H** in relation to a Franchised Retailer means the Retail Tariff under which the Franchised Retailer is supplying electricity to the class of customers which, as at 2 October 1994, was supplied under the Base Tariff known as "Tariff H".

**Tariff H Safety Net** has the meaning given in clause 2.6.1.

**Total Additional Costs** in relation to a PowerNet Change in Taxes has the meaning given in clause 3.5.2(c).

**Transmission Licence** means a licence issued under Part 12 of the EIA authorising the licensee to transmit electricity.

**Transmission System** means the transmission system in Victoria (generally at nominal voltage levels of 66 kV or above) which one or more persons is licensed to use to transmit electricity under a Transmission Licence.

**Treasurer** means the Treasurer from time to time of the State of Victoria and includes a person acting as the Treasurer and a nominee of the Treasurer.

**Vesting Contract** means a hedging contract between a Hedge DB as a Customer Party and a Hedge Generator as a Generator Party entitled "Vesting Contract" and executed in March 1995.

---

**ATTACHMENT 2 RULES OF INTERPRETATION**

---

In this Tariff Order, unless the contrary intention appears:

- (1) **amendments:**
  - (a) a reference to this Order, contract or another instrument includes any variation or replacement of any of them;
  - (b) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (2) **singular and plural:** the singular includes the plural and vice versa;
- (3) **"person":**
  - (a) the word "person" includes a firm, a body corporate, an unincorporated association or an authority;
  - (b) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns. Notwithstanding the foregoing:
    - (i) a reference to SECV does not include any other Participant;
    - (ii) a reference to Electricity Services Victoria does not include any of the Distributors or Franchise Retailers;
    - (iii) a reference to PowerNet does not include VPX; and
    - (iv) a reference to Generation Victoria does not include any other Generator;
- (4) **calculation of periods of time:** if a period of time is specified and dates from a given day or of a day of an act or event, it is to be calculated inclusive of that day;
- (5) **month:** a reference to a month is a reference to a calendar month;
- (6) **Business Days:** if an event must occur on a stipulated day which is not a Business Day then the stipulated day will be taken to be the next Business Day.

**ATTACHMENT 2 RULES OF INTERPRETATION (CONTD.)**

- (7) **references to things:** a reference to any thing (including, without limitation, any amount) is a reference to the whole and each part of it and a reference to a group of persons is a reference to any one or more of them;
- (8) **parts of speech:** if a word or phrase is specifically defined in this Order, then other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (9) **Base Tariffs:**
- (a) the Base Tariff which is equivalent to a particular Retail Tariff is the Base Tariff under which the class of customers which is being supplied electricity under that Retail Tariff was being supplied as at 2 October 1994;
  - (b) for the purposes of applying Attachment 4 in the case of a particular Retail Tariff, a reference in Attachment 4 to the Base Tariff which is equivalent to the Retail Tariff concerned is to be taken as a reference to that Retail Tariff;
- (10) **summation:** the symbol " $\Sigma$ " requires a summation to be performed over the range of variables specified in respect of the algebraic terms specified;
- (11) **multiplication:** the symbol "\*" requires multiplication to be effected;
- (12) **Quarter:** a reference to a "Quarter" preceded by the name of a month, is a reference to the period of 3 months ending on the last day of the month referred to. For example, a reference to the March Quarter preceding a Financial Year is a reference to the period of 3 months ending on 31 March immediately preceding the beginning of that Financial Year;
- (13) **accuracy and rounding:**
- (a) all data which is to be utilised in calculations made under this Tariff Order is to be utilised to the accuracy, in terms of a number of decimal places, to which it is given;
  - (b) all indices are to be calculated to 3 decimal places;
  - (c) the calculation of a tariff, charge or fee is to be performed to:

**ATTACHMENT 2 RULES OF INTERPRETATION (CONTD.)**

- (i) the accuracy, in terms of a number of decimal places, used in the clause of, or Attachment to, this Tariff Order which specifies the relevant tariff, charge or fee for the Financial Year ending 30 June 1995; or
  - (ii) if the relevant Tariff, charge or fee is not specified for the Financial Year ending 30 June 1995 in a clause of, or Attachment to, this Tariff Order, then to the nearest one thousandth of a cent; and
  - (d) any other calculation shall be performed to the accuracy, in terms of a number of decimal places, determined by the Regulator-General;
- (14) **customer:** a Franchise Customer or Non-franchise Customer is to be regarded as a separate customer in respect of each Supply Point;
- (15) **daylight saving ignored:** a reference to time is a reference to Standard time within the meaning of the Summer Time Act 1972 (Vic) and not Summer time within the meaning of that Act;
- (16) **quantity of electricity distributed:** the quantity of electricity Distributed by a Distributor to a particular class of customers is the total quantity of electricity which is delivered to customers falling within that class, as measured at the Supply Points for those customers;
- (17) **References to Financial Year:** when a calculation is required under this Tariff Order and also in this item (17):
- (a) Financial Year "t" is the Financial Year in respect of which the calculation is being made;
  - (b) Financial Year "t-1" is the Financial Year immediately preceding Financial Year "t"; and
  - (c) Financial Year "t-2" is the Financial Year immediately preceding Financial Year "t-1"; and
- (18) **Summary:** the summary and diagram at the front of this Tariff Order do not form part of it.

---

**ATTACHMENT 3 INITIAL MAXIMUM UNIFORM TARIFFS AND PRICE COMPONENTS (FOR YEAR ENDING 30 JUNE 1995)**


---

**1. RESIDENTIAL****1.1 Winner Tariff GH/GL***Price Components:**Energy Prices:*

- **Peak Periods (7 am to 11 pm Monday to Friday)**  
All consumption 17.31 c/kWh
- **Off-Peak Periods (All other times)**  
All consumption 3.74 c/kWh

Service to Property Charge - on each account rendered \$33.93/quarter

**1.2 Residential Tariffs GD and GR***Price Components:*

First 1020 kWh/quarter 11.87 c/kWh

Balance 12.50 c/kWh

Service to Property Charge - on each account rendered \$33.93/quarter

**1.3 Off-Peak Load Managed Storage Water Heating**

**Tariff Y6 (Supply under Tariff Y6 is available for 6 hours nightly for permanently wired storage water heaters of approved types meeting load management requirements.)**

*Price Components:*

All consumption 3.74 c/kWh

Service to Property Charge - on each account rendered \$33.93/quarter

**1.4 Off-Peak Storage Water Heating Tariff Y8 (Available only to installations currently taking supply under this tariff. Supply under Tariff Y8 is available for 8 hours nightly for permanently wired storage water heaters of approved types.)***Price Components:*

All consumption 4.46 c/kWh

Service to Property Charge - on each account rendered \$33.93/quarter



**ATTACHMENT 3 INITIAL MAXIMUM UNIFORM TARIFFS AND PRICE COMPONENTS (FOR YEAR ENDING 30 JUNE 1995) (CONTD.)**

- 1.5 **Off-Peak Storage Space Heating Tariff J6** (Supply under Tariff J6 is available for 7 hours nightly plus 3 hours each afternoon for permanently wired storage space heaters of approved types where supply is taken in conjunction with Tariff Y6.)

*Price Components:*

All consumption	3.74 c/kWh
Service to Property Charge - on each account rendered	\$33.93/quarter

- 1.6 **Off-Peak Storage Space Heating Tariff J8** (Supply under Tariff J8 is available for 7 hours nightly plus 3 hours each afternoon for permanently wired storage space heaters of approved types, where supply is taken in conjunction with Tariff Y8.)

*Price Components:*

All consumption	4.46 c/kWh
Service to Property Charge - on each account rendered	\$33.93/quarter

- 1.7 **Off-Peak Storage Space Heating Tariff J** (Supply under Tariff J is available for 7 hours nightly plus 3 hours each afternoon for permanently wired storage space heaters of approved types, where supply is not taken in conjunction with a storage water heating Tariff.)

*Price Components:*

All consumption	4.46 c/kWh
Service to Property Charge - on each account rendered	\$33.93/quarter

**2. GENERAL PURPOSE LOW VOLTAGE**

- 2.1 (a) **General Purpose Tariff E**

*Price Components:*

First 7000 kWh/month	18.77 c/kWh
Balance	14.28 c/kWh
Service to Property Charge - on each account rendered	\$14.60/month

- (b) **Tariff E1** (Available only to installations currently taking supply under this tariff).

*Price Components:*

*Energy Prices:*

• 7 am to 11 pm	21.85 c/kWh
- First 5500 kWh/month	14.22 c/kWh
- Balance	

---

**ATTACHMENT 3 INITIAL MAXIMUM UNIFORM TARIFFS AND PRICE COMPONENTS (FOR YEAR ENDING 30 JUNE 1995) (CONTD.)**

---

	• 11 pm to 7 am - All consumption	4.57 c/kWh
	Service to Property Charge - on each account rendered	\$14.60/month
2.2	<b>Commercial Residential Tariff G</b> (Available only to installations currently taking supply under this tariff)	
	<i>Price Components:</i>	
	Energy Prices:	
	First 5000 kWh/month	19.25 c/kWh
	Balance	15.38 c/kWh
	Service to Property Charge - on each account rendered	\$14.60/month
2.3	<b>Metered Demand Tariff V</b> (Available only to installations currently taking supply under this tariff)	
	<i>Price Components:</i>	
	Energy Price	4.89 c/kWh
	Demand Price (The minimum chargeable demand is the higher of 100kW or 60% of agreed demand.)	\$17.08/kW/month
2.4	<b>Contract Demand Time-of-Use Tariff L</b>	
	<i>Price Components:</i>	
	Energy Prices:	
	• Peak Periods (7 am to 11 pm Monday to Friday) All consumption	10.27 c/kWh
	• Off-Peak Periods (All other times) All consumption	2.11 c/kWh
	Demand Price (Minimum chargeable demand 250 kW)	\$3.40/kW/month
	Service to Property Charge - on each account rendered	\$319.46/month

### ATTACHMENT 3 INITIAL MAXIMUM UNIFORM TARIFFS AND PRICE COMPONENTS (FOR YEAR ENDING 30 JUNE 1995) (CONTD.)

#### 2.5 General Purpose Time-of-Use Tariff D

*Price Components:*

*Energy Prices:*

- Peak Periods (7 am to 11 pm Monday to Friday)  
All consumption 18.97 c/kWh
  - Off-Peak Periods (All other times)  
All consumption 3.74 c/kWh
- Service to Property Charge - on each account rendered \$14.60/month

#### 2.6 Resale Price Price for reselling (applicable to premises such as caravan parks where the proprietor is authorised under the Electric Light and Power Act to charge customers for electricity actually used).

*Price Components:*

- Maximum resale price where token or prepayment meters are installed: all energy 12.50 c/kWh
- Resale price where kilowatt hour (kWh) meters are installed: as per Tariff GD/GR

### 3. COMMUNITY SERVICE

#### 3.1 Community Service Tariff N

*Price Components:*

- All consumption 14.40 c/kWh
- Service to Property Charge - on each account rendered \$14.60/month

#### 3.2 Tariff N1 (Available only to installations currently taking supply under this tariff)

*Price Components:*

*Energy Prices:*

- 7 am to 11 pm - All consumption 14.40 c/kWh
  - 11 pm to 7 am - All consumption 4.57 c/kWh
- Service to Property Charge - on each account rendered \$14.60/month

---

**ATTACHMENT 3 INITIAL MAXIMUM UNIFORM TARIFFS AND PRICE COMPONENTS (FOR YEAR ENDING 30 JUNE 1995) (CONTD.)**

---

**4. FARM****4.1 Farm Tariff B***Price Components:**Energy Prices:*

First 690 kWh/quarter	19.85 c/kWh
Next 14310 kWh/quarter	18.33 c/kWh
Next 72000 kWh/quarter	15.33 c/kWh
Balance	14.22 c/kWh

Service to Property Charge - on each account rendered \$43.80/quarter

**4.2 Tariff B1 (Available only to installations currently taking supply under this tariff)***Price Components:**Energy Prices:*

• 7 am to 11 pm	
First 690 kWh/quarter	19.85 c/kWh
Next 14310 kWh/quarter	18.33 c/kWh
Next 72000 kWh/quarter	15.33 c/kWh
Balance	14.22 c/kWh
• 11 pm to 7 am - All consumption	4.57 c/kWh

Service to Property Charge - on each account rendered \$43.80/quarter

**5. GENERAL PURPOSE HIGH VOLTAGE****5.1 General Purpose Tariff E5 (Available only to installations currently taking supply under high voltage Tariff E.)***Price Components:**Energy Prices:*

• 7 am to 11 pm	
- First 5500 kWh/month	20.54 c/kWh
- Balance	13.37 c/kWh
• 11 pm to 7 am	
- All consumption	4.30 c/kWh

Service to Property Charge - on each account rendered \$14.60/month

**ATTACHMENT 3 INITIAL MAXIMUM UNIFORM TARIFFS AND PRICE COMPONENTS (FOR YEAR ENDING 30 JUNE 1995) (CONTD.)**

**5.2 Contract Demand Time-of-Use Tariff H**

	OPTION 1	OPTION 2	OPTION 3
Voltage levels (kv)	6.6/11/22	66	220 and above
<i>Price Components:</i>			
<i>Energy Prices (c/kWh):</i>			
• Peak Periods (7 am to 11 pm Monday to Friday)	8.46	6.85	6.28
• Off-Peak Periods (All other times)	1.79	1.64	1.57
Demand Price (\$/kW/month)	3.50	4.47	4.54
Minimum Chargeable Demand (kW)	1000	10,000	40,000

**6. PUBLIC LIGHTING**

**6.1 Lanterns on Current Offer**

TYPE AND RATING OF LANTERN		ALL NIGHT \$ pa	24 HOUR DAILY \$ pa
<i>Price Components:</i>			
Mercury	80W	79.56	-
Mercury	125W	104.40	-
Sodium	150W	149.04	329.04
Sodium	250W	178.56	417.24
Sodium	400W	276.12	-

**6.2 Lanterns NOT on Current Offer (for existing installations only)**

TYPE AND RATING OF LANTERN		ALL NIGHT \$ pa	SPECIAL ALL NIGHT \$ pa	24 HOUR DAILY \$ pa
<i>Price Components:</i>				
Incandescent	100W	240.48	306.72	-
Incandescent	150W	293.76	-	-
Incandescent	200W	311.40	341.28	-
Incandescent	300W	366.84	-	-
Incandescent	500W	440.64	469.08	-
Incandescent	750W	539.28	-	-
Fluorescent	2x20W	90.00	105.12	144.00
Fluorescent	3x20W	106.92	-	182.88

**ATTACHMENT 3 INITIAL MAXIMUM UNIFORM TARIFFS AND PRICE COMPONENTS (FOR YEAR ENDING 30 JUNE 1995) (CONTD.)**

Fluorescent	4x40W	253.08	-	-
Mercury	50W	86.04	-	-
Mercury	250W	257.04	-	-
Mercury	400W	307.44	-	-
Mercury				
(excluding pole)	700W	460.44	500.04	-
(including pole)	700W	557.28	-	-
Sodium	90W	208.08	-	307.08
Sodium	180W	270.72	-	-
Sodium (one lamp)	2x400W	392.04	-	-
Sodium (two lamps)	2x400W	544.68	-	-

**7 MISCELLANEOUS CHARGES**

**7.1 Traffic Control Signals**

*Price Components:*

Service to Property Charge for each metered installation \$14.60 per month (if installation is not metered \$10.22 per month) plus energy charge of 8.15 c/kWh.

**7.2 Security Lighting**

*Price Components:*

Domestic and Commercial Residential "Light Sentry" 2 x 20W fluorescent or 50W mercury lamp \$34.08 per quarter (retained for existing installations only).

**7.3 Commercial, Industrial and Farm "Watchman Light"**

*Price Components:*

Initial charge per lamp \$180.00 plus the following charges per lamp:

**ATTACHMENT 3 INITIAL MAXIMUM UNIFORM TARIFFS AND PRICE COMPONENTS (FOR YEAR ENDING 30 JUNE 1995) (CONTD.)**

TYPE AND RATING OF LAMP		CHARGE/MONTH (\$)
Mercury	125W	10.41
Mercury	250W	17.93
Mercury	400W	25.22
Sodium	150W	17.80
Sodium	250W	21.40
Sodium	400W	26.31

**7.4 Telecom Telephone Cabinets**

*Price Components:*

1 x 20W fluorescent, plus energy used by STD telephone (24 hour operation). Provision of unmetered energy only \$35.64 per cabinet per year.

**7.5 Unmetered Supplies**

**CHARGE (\$)**

*Price Components:*

Less than 50 Watts/mth	17.04
Mobile X-Ray unit or equivalent/day	10.04
Identilite/sign/mth	59.72
Telecom Remote Customer Multiplexer/mth	34.12
Mobile radio network/mth	42.08
Remote weather stations/mth	16.04
Metrolite bus shelters -	
S1 Full advertising/mth	26.71
S2 Limited advertising/mth	19.42
S3 Vandal-proof no advertising/mth	16.72
Ice warning lamps/mth	15.93

---

**ATTACHMENT 4    PRESCRIBED PRICE MOVEMENTS**


---

(Clause 2.1.5)

<b>For the Price Components under:</b>	<b>the prescribed price movement for the purposes of clause 2.1.5 is:</b>	
1.    Base Tariff H, L, V or E5	for any Financial Year	CPI
2.    Base Tariff D,E, E1 or G	for the Financial Year commencing on:	
	(a)    1 July 1995	CPI - .10
	(b)    1 July 1996	CPI - .05
	(c)    1 July 1997	CPI - .05
	(d)    1 July 1998	CPI - .01
	(e)    1 July 1999	CPI - .01
	(f)    1 July 2000	CPI - .01
3.    A Base Tariff other than a Base Tariff listed in 1. or 2. above (including all unmetered Tariffs (for example, Public Lighting and Telephone Booths)).	for the Financial Year commencing on:	
	(a)    1 July 1995	No Change
	(b)    1 July 1996	CPI - .02
	(c)    1 July 1997	CPI - .01
	(d)    1 July 1998	CPI - .01
	(e)    1 July 1999	CPI - .01
	(f)    1 July 2000	CPI - .01

In this attachment, the expression "CPI -" followed by a numerical figure means the relevant CPI figure reduced by the value of the figure immediately following the expression.



**ATTACHMENT 5    PRESCRIBED SERVICES**

(Clause 3.1)

The revenue cap for PowerNet only applies to Prescribed Services, that is those services undertaken by PowerNet as its core transmission business which PowerNet is licensed to carry out.

The Prescribed Services are:

- (a) Network Services (as defined below in Part A) relating to the system existing as at 3 October 1994;
- (b) Connection Services (as defined below in Part B) relating to the connection facilities existing as at 3 October 1994; and
- (c) augmentation to the system and the connection facilities existing as at 3 October 1994 as specified in Part C below.

In determining whether or not a particular service is a Network Service or a Connection Service, regard must be had to the services which PowerNet contracted to provide VPX and the Distributors as at 3 October 1994. Those contracts are intended to define the Network Services and the Connection Services. However, recognising the limited timeframe within which those contracts were negotiated, they may not necessarily at the date of this Tariff Order provide a fully conclusive definition of Network Services or Connection Services.

Prescribed Services do not include those services specified in Part D below.

---

**ATTACHMENT 5 PRESCRIBED SERVICES (CONTD.)**

---

**PART A - Network Services**

The Network Services are:

- (a) network transmission services including:
  - (i) power transfer capability between nodes;
  - (ii) configuration switching capability at nodes;
  - (iii) system security and stabilisation capability services; and
  - (iv) voltage and reactive control capability services at nodes;
- (b) network operation services including:
  - (i) remote operation services (including provision of appropriate PowerNet personnel to perform operational tasks at the direction of VPX);
  - (ii) voice and data communications services;
  - (iii) real time operational information and control capability;
  - (iv) system performance monitoring services; and
  - (v) operational information (including plant characteristics); and
- (c) technical support including:
  - (i) special incident investigations (including where relevant, a 24 hour service); and
  - (ii) network planning design investigations and cost estimates,

at the levels required as of 3 October 1994.

**ATTACHMENT 5    PRESCRIBED SERVICES (CONTD.)****PART B - Connection Services**

With respect to services supplied to Distributors and SECV (trading as Smelter Trader), the Connection Services are:

- (a) power transfer capability services to support delivery of electricity to Distributors; and
- (b) system security services including:
  - (i) provision and maintenance of bus ties and transfer bus capabilities; and
  - (ii) services to ensure clearance of faults including provision and maintenance of protection and control systems (including auto reclose systems);
- (c) operations services including:
  - (i) supervisory control and data acquisition capability (either direct or via VPX); and
  - (ii) emergency attendance response in accordance with operating procedures to be agreed between PNV, VPX and the relevant Distributor and associated technical advice and support; and
- (d) metering services in accordance with the Wholesale Metering Code,

at levels required as of 3 October 1994 and to the extent that provision of those services is not dependent on VPX fulfilling its functions.

With respect to services supplied to Generators (other than Energy Brix Australia), the Connection Services are:

- (e) power transfer capability services including:
  - (i) transfer of electricity or MVA both to and from generators;
  - (ii) reliability of points of connection in terms of frequency of outages, the maximum duration of any outage and voltage balance; and
  - (iii) delivery of the electricity or MVA referred to in paragraph (i) within specified quality limits;
- (f) system security services including:
  - (i) operation arrangements for bus ties and transfer buses, especially to maintain auxiliary power station supplies; and
  - (ii) auto re-close performance;
- (g) operations services including:
  - (i) supervisory control and data acquisition capability (either direct or via VPX); and
  - (ii) emergency attendance and advice response;
- (h) metering services in accordance with the Wholesale Metering Code; and

---

**ATTACHMENT 5    PRESCRIBED SERVICES (CONTD.)**

---

- (i)    secure telecommunications network services being the OSU system between control centres and power stations,

at levels required as of 3 October 1994 and to the extent that provision of those services is not dependent on VPX fulfilling its functions.

## ATTACHMENT 5 PRESCRIBED SERVICES (CONTD.)

### PART C - Specified Augmentation

The following tables specify augmentation work that has been taken into account in setting PowerNet's prescribed revenue and which, accordingly, is included within the definition of Prescribed Services for the purposes of clause 3.1.

**Connection Works:** The figures in the table below are cost estimates (in December 1994 \$ million) for the projects indicated.

	1994/95	1995/96	1996/97	1997/98	1998/99	99/2000
Loy Yang B Unit 2	6.14	0.62	0	0	0	0
Non-specific protection for DBs	0.04	0	0	0	0	0
Completion of Altona TS	0.02	0	0	0	0	0
Beirnsdale TS Development	0	0	0	0	3.97	3.0
Malvern TS Neutral Reactor	0	0.02	0.006	0	0	0
Bendigo 2nd 220/66 kV Transf	0	0	0.07	0.57	2.87	1.6
Collingwood TS	0	0	0.15	0.38	1.21	8.1
Glenrowan 2nd 220/66kV Transf	0	0	0.04	0.28	3.39	3.0
Heatherton form 66kV loops	0	0	0	0	0	0.2
Northern TS Development	0	0	0	0	0	1.1
Optimise loading Springvale TS	0	0	0	0	0.03	0.2
Optimise Tyabb/Frankston loops	0	0	0	0	0	0.2
Mt Beauty TS 2nd Transf	0	0	0	0	0	0.15
Transfer Smorgon to Altona TS	0	0	0	0	1.22	3.2
Sth Geelong TS Development	0	0	0	0	0.17	2.15
Redcliffs TS Reparallel Transf	0	0	0.06	0.15	0.01	0
Ringwood TS 66 kV Bustie	0	0	0.03	0.31	0.08	0
<b>Total</b>	<b>6.20</b>	<b>0.64</b>	<b>0.35</b>	<b>1.69</b>	<b>12.95</b>	<b>22.9</b>

**Group 2:** Minor works resulting in a small increase in network capability, relative to the size of annual increases expected in load growth.  
Expenditure less than \$10 million

The figures in the table below are cost estimates (in December 1994 \$ million) for the projects indicated.

Group 2 Projects	1994/95	1995/96	1996/97	1997/98	1998/99	99/2000
Protection Improvement for Stability	0	0.531	0.347	0.241	0	0.121
Upgrade EHV single trip coils	0	0	0	0	0	0.100
Control & Monitoring Eastern Subs	0	0.050	0	0	0	0
Control & Monitoring Morwell TS	0.444	0	0	0	0	0
Control & Monitoring Northern TS	1.926	0	0	0	0	0
Control & Monitoring Western TS	0.462	0	0	0	0	0
Control Centres	0.072	0.190	0.262	0.046	0	0
High Accuracy Voltages from Energy Metering	0	0	0	0.050	0	0
Metropolitan Reactive	2.993	2.062	1.380	3.106	1.621	2.000
System Dynamic Performance Monitoring	0.542	0.469	0	0	0	0
Energy Metering	0.485	0.700	0	0	0	0
Moorabool Transformer	0	0.468	2.846	0.024	0	0
Protection for Power Stations	0.282	1.148	0.657	0.452	0	0
Quality of Supply	0	0.396	0.400	0.400	0.400	0.400
Remote Synchronising and Auto Switching	0	0	0	0.030	0	0

**ATTACHMENT 5 PRESCRIBED SERVICES (CONTD.)**

SCC-Upgrade SOC improved monitoring	0	0.170	0.028	0	0	0
Separate switching DDTS-GNTS-SHTS	0	0	0	0.308	0.161	0.100
System Auto Voltage Control	0	0	0.730	0.430	0	0
<b>Total</b>	<b>7.21</b>	<b>6.18</b>	<b>6.65</b>	<b>5.09</b>	<b>2.18</b>	<b>2.72</b>

**ATTACHMENT 5    PRESCRIBED SERVICES (CONTD.)****PART D - Excluded Services**

The following services are excluded from the definition of Prescribed Services for the purposes of clause 3.1:

- (a) all augmentation otherwise than as specified in part C of this Attachment;
- (b) services provided to VPX, Generators and Distributors for maintenance of plant owned by those parties (note that these services may be provided under an agreement for the provision of the Network Services or Connection Services referred to in clause 3.1);
- (c) the following technical and other services provided by PowerNet to VPX, Generators or Distributors:
  - (i) information provided to VPX at its request relevant to a proposal to augment services or the development of such a proposal except where covered by paragraph (c)(ii) of the definition of Network Services in part A of this Attachment;
  - (ii) operation services being maintenance of generator, transformer and power station protection provided to Generators; and
  - (iii) installation, construction, commissioning, augmentation, removal, inspection, obtaining of information, testing, undertaking of repairs or undertaking of maintenance on the sites or facilities of a Distributor as requested by the Distributor or emergency assistance requested by a Distributor,
- (d) all consulting services (other than those necessary in the normal course of providing Prescribed Services);
- (e) all leasing and licensing of real estate holdings giving rise to rental income;
- (f) any services provided to VPX by PowerNet which result in payments by VPX to PowerNet for maintenance co-ordination adjustments being compensation for any costs imposed on PowerNet when network maintenance is re-scheduled by VPX with less than one week's notice;
- (g) any services provided to a Distributor by PowerNet which result in payments by the Distributor to PowerNet for maintenance co-ordination adjustments being compensation for any costs imposed on PowerNet when maintenance is re-scheduled by the Distributor with less than one week's notice;
- (h) provision of services by PowerNet equivalent to Network Services or Connection Services (as referred to in clause 3.1) which are in excess of levels of service or plant ratings required to be provided by PowerNet as of 3 October 1994 and where provision of the increased service may reasonably be deemed to lead to accelerated aging of PowerNet assets;
- (i) those components of protection, control and communications services (other than copper supervisory cable services supplied by PowerNet where the price charged by PowerNet for those components directly equates to the cost to PowerNet of obtaining services from one or more Distributors which are required by PowerNet to enable it to provide that component of the services; and
- (j) any new connection services or any other services provided at the customer's request and priced in accordance with the principles set out in PowerNet's transmission licence issued under Part 12 of the EIA and which are not identified in paragraphs (a)-(c) of clause 3.1 (that is, services which are not part of the core transmission business of PowerNet as of 3 October 1994).

## ATTACHMENT 6 ALLOCATION OF POWERNET'S CHARGES FOR PRESCRIBED SERVICES

### PART A: POWERNET'S MAXIMUM CHARGES FOR PRESCRIBED SERVICES

The table below lists PowerNet's maximum charges for Prescribed Services. The figures, other than the figures for the Financial Year ending 30 June 1995, are subject to escalation in accordance with clause 3.3.1.

CUSTOMER	FINANCIAL YEAR ENDING 30 JUNE						
	1995 <sup>(1)</sup>	1996	1997	1998	1999	2000	2001
Network		210,073,465	214,579,919	220,481,261	224,132,134	226,323,289	226,353,749
VPX	149,398,216						
Connection Charges		2,445,457	2,426,945	2,400,761	2,341,723	2,296,291	1,740,210
Loy Yang Power Ltd	1,752,219						
SECV (Loy Yang B Trader)	542,000	1,987,697	1,979,491	1,991,631	1,961,551	1,931,766	1,876,265
Hazelwood Power Corporation Ltd	1,106,274	1,533,332	1,502,967	1,494,625	1,440,586	1,386,867	1,305,314
Yallourn Energy Ltd	705,342	1,004,875	1,002,422	1,016,145	996,303	976,696	936,645
Generation Victoria (Jeeralang and Newport power stations)	1,700,247	2,383,850	2,360,773	2,369,158	2,312,259	2,255,816	2,159,610
Southern Hydro Ltd (Eildon power station)	178,192	255,657	257,933	266,632	262,004	257,469	244,816
CitiPower	5,048,767	6,972,838	6,956,647	6,587,972	6,398,314	6,702,215	7,090,812
Eastern	5,835,781	8,061,822	8,040,292	7,641,417	8,038,254	8,223,657	8,700,469
Powercor	9,429,315	13,014,181	12,982,380	12,328,026	12,256,183	12,834,563	13,578,717
United	6,466,877	8,933,957	8,904,439	8,415,727	8,103,555	8,054,830	8,521,853
Solaris	4,246,904	5,859,473	5,846,522	5,538,244	5,383,449	5,669,561	5,998,285
<b>TOTAL</b>	<b>186,410,134</b>	<b>262,526,603</b>	<b>266,840,731</b>	<b>270,531,599</b>	<b>273,626,315</b>	<b>276,915,021</b>	<b>278,506,745</b>

#### Notes:

- (1) These figures are calculated for the 9 months of the Financial Year commencing on 3 October 1994 and ending on 30 June 1995.



---

**ATTACHMENT 6 ALLOCATION OF POWERNET'S CHARGES FOR  
PRESCRIBED SERVICES**

---

**PART B: PRINCIPLES FOR CALCULATION OF POWERNET CHARGES****Principles for calculation of PowerNet exit connection charges to loads**

The amounts used to calculate the exit connection charges payable by each Distributor and Loy Yang Power Ltd as listed in Part A of Attachment 6 have been calculated in accordance with the following principles:

- (1) the aggregate annual revenue for all exit connection assets equals an estimated annual capital charge, plus an estimated annual operating and maintenance charge applicable to the provision of the exit connection service. The estimated annual capital charge equals a return on all exit connection assets (valued as at 1 July 1994 at optimised depreciated replacement cost and thereafter valued at depreciated current cost) plus an estimated current cost depreciation charge;
- (2) the aggregate annual revenue is allocated between terminal stations on the basis of gross replacement cost of connection assets installed at each station, and is recovered from the Distributor or Distributors connected at that terminal station; and
- (3) where a terminal station is shared between Distributors, the revenue allocated to that terminal station is apportioned between the Distributors on the basis of historical non-coincident maximum demand.

**Principles for calculation of PowerNet entry connection charges to generators**

The amounts used to calculate entry connection charges payable by each Generator as listed in Part A of Attachment 6 have been calculated in accordance with the following principles:

- (1) the annual revenue for entry connection assets at each power station switchyard equals an estimated annual capital charge, plus an estimated annual operating and maintenance charge applicable to the provision of the entry connection service. The estimated annual capital charge equals a return on assets (valued as at 1 July 1994 at optimised depreciated replacement cost and thereafter valued at depreciated current cost) plus an estimated current cost depreciation charge; and
- (2) the depreciation charge is set to provide amortisation of the sunk cost of the entry connection assets over the estimated remaining lives of the power station assets of the relevant Generator.

**Principles for calculation of PowerNet network charge payable by VPX**

The amounts used to calculate the network charges payable by VPX as listed in Part A of Attachment 6 have been calculated in accordance with the following principle:

- (1) The annual revenue for shared network assets equals an estimated annual capital charge, plus an estimated annual operating and maintenance charge applicable to the provision of the

---

**ATTACHMENT 6 ALLOCATION OF POWERNET'S CHARGES FOR  
PRESCRIBED SERVICES**

---

shared network service. The estimated annual capital charge equals a return on all shared network assets (valued as at 1 July 1994 at optimised depreciated replacement cost and thereafter valued at depreciated current cost) plus an estimated current cost depreciation charge.

## ATTACHMENT 7 ALLOCATION OF USE OF SYSTEM FEES FOR THE FINANCIAL YEAR ENDING 30 JUNE 1995

### USE OF SYSTEM FEES FOR EACH DISTRIBUTOR AND EACH OF VPX'S OTHER CUSTOMERS FOR THE FINANCIAL YEAR ENDING 30 JUNE 1995 (Clause 4.3.1)

BUSINESS	UNCORRECTED (\$'000) Note 1	EQUALISATION ADJUSTMENT (\$'000) Note 2	CORRECTED CHARGE (\$'000)
Eastern	17,640	(4,939)	12,701
Powercor	45,270	(19,011)	26,259 Note 3
Solaris	14,810	5,171	19,980
CitiPower	21,070	5,920	26,990
United	26,540	12,859	39,399
SECV (Smelters)	36,450	0	36,450
Loy Yang Power	400	0	400 Note 4
Hazelwood	440	0	440 Note 5
<b>TOTAL</b>	<b>162,620</b>		<b>162,620</b>

#### NOTES:

1. The above charges are the expected annual charges for the Financial Year commencing on 3 October 1994 and ending on 30 June 1995 based on demand and energy forecasts for each of the Distributors which result from application of the aggregate VPX use of system fees. The VPX use of system fees are levied through usage-based prices (which are different for each location). The final fees therefore depend on the energy and demand taken from each load point by each Distributor;
2. The equalisation payments, which are the amounts listed in the table above under the heading "Equalisation Adjustment", are calculated for the period 1 July 1994 to 30 June 1995 (ie are 12 monthly figures) but the adjustment for the year Financial Year ending on 30 June 1995 is made over the Financial Year commencing on 3 October 1994 and ending on 30 June 1995;
3. A number in brackets is a negative number;
4. "Loy Yang Power" means Loy Yang Power Ltd (ACN 065 381 240); and
5. "Hazelwood" means Hazelwood Power Corporation Ltd (ACN 065 381 204).

---

**ATTACHMENT 8 APPROACH TO ALLOCATION OF USE OF SYSTEM FEES IN SUBSEQUENT FINANCIAL YEARS**

---

The amount which VPX may charge Grid Customers in aggregate by way of use of system fees for a Financial Year after the Financial Year ending 30 June 1995 is allocated to individual Grid Customers in accordance with the following approach:

- (1) the network charge from PowerNet to VPX includes two components:
  - (a) the locational component; and
  - (b) the common service component;
- (2) the locational component is allocated on a locational basis to each terminal station which supplies load to the Distributors using the cost reflective pricing method developed for this purpose. This allocation is based on the use made of the Transmission System by each terminal station over the peak summer period in the previous year. The allocations convey the cost of providing network service to each terminal station (primarily asset related) based on an optimised network;
- (3) these allocated locational costs are converted to prices based on average summer peak demand and summer weekday energy delivered to each terminal station. The price structure is as follows:
  - (a) a peak summer demand price based on the average of the ten highest peaks during summer for the particular terminal station (November to March). The demand component of the price is capped at \$20/kW per annum; and
  - (b) a summer energy price to recover the balance of the locational network costs (where the cap on the demand based price means that the full allocated cost is not recovered) based on the energy supplied to each terminal station during summer weekdays;
- (4) each Distributor is billed for use of the Transmission System based on their individual contributions to the average summer peak demand and summer energy at each terminal station. For the purposes of this billing, aggregate use of system fees are allocated according to feeder ownership as defined at each terminal station;
- (5) billing for the period July to March in a particular year is based on the previous year's demand and energy. Billing for the period April to June inclusive, when actual demand and energy is known, is based on actual usage and also includes reconciliation for the previous nine months;
- (6) the cost allocation is carried out every five years. Allocation was carried out for the 1994/95 financial year to allow determination of the allocated costs. The prices for each terminal station were determined based on actual demand and energy data for the 1994/95 summer. The next cost allocation is not to be carried out prior to 31 December 2000;
- (7) between cost allocations the demand and summer energy prices for individual terminal stations are effectively scaled to recover the PowerNet locational component of the network charge to VPX for the particular year and to reflect load growth forecasts on a global basis. The \$20/kW demand cap is maintained where appropriate;
- (8) the total of the PowerNet common service costs and the VPX network related costs are recovered through common service charges. The common service charge is set annually to recover the total common service charges based on forecast energy. The common service charge is set at a single uniform price, and is independent of time of use and location; and

---

**ATTACHMENT 8    APPROACH TO ALLOCATION OF USE OF SYSTEM  
FEES IN SUBSEQUENT FINANCIAL YEARS  
(CONTD.)**

---

- (9) after 5 years a new cost allocation will be carried out based on the use of the network in the previous year, and the optimised network. The next cost allocation is not to be carried out prior to 31 December 2000. Following the cost re-allocation the relativity between the locational prices for an individual location compared to the average price for all locations (expressed on the basis of average maximum demand prior to application of the cap) is held so that the change is less than 2% per annum. Any revenue shortfall or excess resulting from this reduction will be recovered through common service charges.

## ATTACHMENT 9 DISTRIBUTION CATEGORIES

(Clause 1.1, definition of "Distribution Categories" and clause 5)

- LV1 Distribution of electricity by the Distributor to premises at a nominal supply voltage less than 1000 volts during peak periods where:
- the relevant tariff applies different rates for peak and off peak periods;
  - the peak periods for the purposes of the relevant tariff do not include any hours on Saturday or Sunday; and
  - the relevant tariff does not include a demand charge, and unmetered supplies during peak periods.
- The following existing tariffs for each Distributor fall within Category LV1:
- Small two rate (peak unit rate and part of standing charge equivalent to small single rate tariff Standing charge)
  - Medium two rate - 5 days (peak unit rate and part of standing charge equivalent to medium single rate tariff standing charge).
- LV2 Distribution of electricity by the Distributor to premises at a nominal supply voltage less than 1000 volts during off peak periods where:
- the relevant tariff applies different rates for peak and off peak periods;
  - the peak periods for the purposes of the relevant tariff as defined do not include any hours on Saturday or Sunday; and
  - the relevant tariff does not include a demand charge, and unmetered supplies during off peak periods.
- The following existing tariffs for each Distributor fall within Category LV2:
- Small two rate (off peak unit rate and remainder of standing charge not included in LV1)
  - Medium two rate - 5 day (off peak unit rate and remainder of standing charge not included in LV1)
- LV3 Distribution of electricity by the Distributor to premises at a nominal supply voltage less than 1000 volts other than to premises falling within Category LV1 or LV2 or LV4 or LV5.
- The following existing tariffs for each Distributor fall within Category LV3:
- Small single rate
  - Medium single rate
  - Large
- LV4 Distribution of electricity by the Distributor to premises at a nominal supply voltage less than 1000 volts during peak periods where:

**ATTACHMENT 9 DISTRIBUTION CATEGORIES (CONTD.)**

- (a) the relevant tariff applies different rates for peak and off peak periods;
- (b) the peak periods for the purposes of the relevant tariff include hours on Saturday or Sunday; and
- (c) the tariff does not include a demand charge.

The following existing tariffs for each Distributor fall within Category LV4:

- Medium two rate - 7 day (peak unit rate and part of standing charge equivalent to medium single rate tariff standing charge)

**LV5**

Distribution of electricity by the Distributor to premises at a nominal supply voltage less than 1000 volts during:

- (a) off peak periods where:
  - (i) the relevant tariff applies different rates for peak and off peak periods;
  - (ii) the peak periods for the purposes of the relevant tariff include hours on Saturday or Sunday; and
  - (iii) the tariff does not include a demand charge; or
- (b) off peak periods with restricted availability of supply.

The following existing tariffs for each Distributor fall within Category LV5:

- Medium two rate - 7 day (off peak unit rate and remainder of standing charge not included in LV4)
- Dedicated circuit (off peak unit rate and standing charge)

**HV**

Distribution of electricity by the Distributor to premises at a nominal supply voltage of 1000 volts or more but less than or equal to 22000 volts.

The following initial tariffs for each Distributor fall within Category HV:

- High Voltage

**ATTACHMENT 10 NETWORK TARIFFS FOR USE OF EACH  
DISTRIBUTOR'S DISTRIBUTION SYSTEM FOR  
THE FINANCIAL YEAR ENDING 30 JUNE 1995**

(Clause 5.1.1)

	units	Eastern	Powercor	Solaris	CitiPower	United
<b>LOW VOLTAGE TARIFFS (NOMINAL VOLTAGE &lt; 1000 VOLTS)</b>						
<b>Small single rate tariff <sup>(a)</sup></b>						
- Standing charge	Spa	55.670	46.100	55.130	51.660	45.650
- Unit rate	£/kWh	6.354	7.012	5.769	6.044	5.771
<b>Small two rate tariff <sup>(a)</sup></b>						
- Standing charge	Spa	78.130	72.310	89.970	93.410	70.170
- Peak unit rate	£/kWh	8.979	10.102	7.906	6.955	7.788
- Off peak unit rate	£/kWh	1.229	1.199	1.218	1.380	0.993
<b>Dedicated circuit tariff</b>						
- Standing charge	Spa	38.680	43.900	63.970	75.140	46.450
- Off peak unit rate	£/kWh	1.229	1.199	1.218	1.380	0.993
<b>Medium single rate tariff <sup>(a)</sup></b>						
- Standing charge	Spa	88.530	69.150	80.970	68.710	64.070
- Unit rate	£/kWh	6.989	7.613	6.426	6.571	6.382
<b>Medium two rate tariff - 5 day <sup>(a)</sup></b>						
- Standing charge	Spa	196.380	169.070	213.770	217.900	171.900
- Peak unit rate	£/kWh	7.831	8.675	6.906	7.229	7.213
- Off peak unit rate	£/kWh	1.691	1.546	1.351	1.530	1.234
<b>Unmetered Supplies</b>						
- Peak unit rate	£/kWh	7.831	8.675	6.906	7.229	7.213
- Off peak unit rate	£/kWh	1.691	1.546	1.351	1.530	1.234
<b>Medium two rate tariff - 7 day <sup>(a)</sup></b>						
- Standing charge	Spa	195.350	166.790	213.880	206.180	170.270
- Peak unit rate	£/kWh	7.150	7.849	6.410	6.282	6.748
- Off peak unit rate	£/kWh	1.683	1.525	1.352	1.581	1.222
<b>LOW VOLTAGE TARIFFS (NOMINAL VOLTAGE &lt; 1000 VOLTS)</b>						
<b>Large tariff <sup>(a)</sup></b>						
- Standing charge	Spa	3070.080	2780.640	3499.370	4442.690	3929.460
- Peak unit rate	£/kWh	1.627	2.148	1.543	1.307	1.177
- Off peak unit rate	£/kWh	1.056	1.041	0.420	0.702	0.366
- Demand <sup>(b)</sup>	\$/kW pa	72.380	75.590	54.290	54.550	56.750
Minimum chargeable demand	250 kW					



**ATTACHMENT 10 NETWORK TARIFFS FOR USE OF EACH  
DISTRIBUTOR'S DISTRIBUTION SYSTEM FOR  
THE FINANCIAL YEAR ENDING 30 JUNE 1995  
(CONTD.)**

	units	Eastern	Powercor	Solaris	CitiPower	United
<b>HIGH VOLTAGE TARIFFS (NOMINAL VOLTAGE <math>\geq</math> 1000 VOLTS AND <math>\leq</math> 22,000 VOLTS)</b>						
<b>High Voltage Tariff <sup>(4)</sup></b>						
- Standing charge	Spa	1767.310	1485.840	1641.160	2901.980	1920.190
- Peak unit rate	¢/kWh	1.194	1.699	1.302	1.080	0.938
- Off peak unit rate	¢/kWh	0.333	0.320	0.129	0.477	0.126
- Demand <sup>(6)</sup>	\$/kW pa	57.860	73.750	42.610	46.390	42.340
Minimum chargeable demand	1000 kW					
<b>SUBTRANSMISSION TARIFFS <sup>(5)</sup></b>						
<b>Subtransmission Tariff <sup>(7)</sup> (Nominal voltage = 22,000 volts)</b>						
- Standing charge	Spa	-	-	-	2782.950	1920.190
- Peak unit rate	¢/kWh	-	-	-	1.923	0.603
- Off peak unit rate	¢/kWh	-	-	-	0.150	0.013
- Demand <sup>(6)</sup>	\$/kW pa	-	-	-	12.640	3.040
Minimum chargeable demand	10000 kW					
<b>Subtransmission Tariff (Nominal voltage &gt; 22,000 volts)</b>						
- Standing charge	Spa	15564.260	19809.230	19911.400	-	17460.880
- Peak unit rate	¢/kWh	0.922	1.161	0.658	-	0.603
- Off peak unit rate	¢/kWh	0.024	0.026	0.011	-	0.013
- Demand <sup>(6)</sup>	\$/kW pa	7.120	9.200	10.080	-	3.040
Minimum chargeable demand	10000kW					

---

**ATTACHMENT 10 NETWORK TARIFFS FOR USE OF EACH  
DISTRIBUTOR'S DISTRIBUTION SYSTEM FOR  
THE FINANCIAL YEAR ENDING 30 JUNE 1995  
(CONTD.)**

---

**Notes:**

- (1) "Small" represents a customer with a Supply Point with a Maximum Demand of less than 20kVA and annual energy consumption less than 70MWh. Customers currently supplied under the following existing Retail Tariffs fall within this category: GH, GL, GD, GR, Y6, Y8, J6, J8 or J;
- (2) "Medium" represents a customer with a Supply Point with a Maximum Demand of 20kVA or more and/or annual energy consumption of 70 MWh or more but with a maximum demand of less than 150kVA and annual energy consumption of 70MWh or more but less than 400MWh. Customers currently supplied under the following existing Retail Tariffs fall within this category: D, E, E1, G, N, N1, B or B1;
- (3) "Large" represents a customer with a Supply Point with a Maximum Demand of 150kVA or more or annual energy consumption of 400MWh or more. Customers currently supplied under the following existing Retail Tariffs fall within this category: L or V;
- (4) the following existing Retail Tariffs are High Voltage Tariffs: H1 or E5;
- (5) the following existing Retail Tariff is a Subtransmission Tariff: H2;
- (6) the demand charge is applied to the Maximum Demand; and
- (7) Subtransmission also includes existing supplies to the existing connection points listed in clause 5.7.3(e).

**RULES FOR DETERMINING A CUSTOMER'S MAXIMUM DEMAND**

For the purposes of determining a customer's Maximum Demand for Network Tariffs the following rules apply:

**Definitions:**

"Maximum Demand" means the demand determined in accordance with paragraphs (1) and (2) below which is made available by a Distributor for use by a customer at the Supply Point and is the basis for setting demand charges to be paid by the customer to the Distributor each billing period. The Maximum Demand is measured as the energy consumption recorded over the demand integration period divided by the demand integration period in hours. The demand integration period or the Network Tariffs specified in the table above is 15 minutes. The Maximum Demand for a Supply Point is always more than or equal to the minimum chargeable demand applicable to the tariff (as specified in the table above), if any.

"Peak Period" in respect of a tariff means:

- (a) for the following low voltage tariffs:
  - Small two rate tariff,

**ATTACHMENT 10 NETWORK TARIFFS FOR USE OF EACH  
DISTRIBUTOR'S DISTRIBUTION SYSTEM FOR  
THE FINANCIAL YEAR ENDING 30 JUNE 1995  
(CONTD.)**

- Medium two rate tariff - 5 day,
- Large tariff,

and for the following high voltage tariffs:

- High voltage tariff,
- Subtransmission tariff,

from 7 am to 11 pm Monday to Friday; and

- (b) for the following low voltage tariff: Medium two rate tariff - 7 day,  
from 7 am to 11 pm each day.

"Off Peak Period" in respect of a tariff means all times which are not Peak Periods in respect of that tariff.

**1 Initial Selection of Maximum Demand**

- (a) Supply Points not previously supplied under a contract demand tariff:

If a customer requests a supply of electricity under a demand metered Network Tariff, then an initial level of Maximum Demand must be agreed between the customer and the Local DB as set out below:

- (i) For existing Supply Points: during the third month of supply, the customer and the Local DB must negotiate a Maximum Demand to apply for the following 12 months having regard to:
- (A) the minimum chargeable demand applicable to the relevant Network Tariff (as specified in the table above); and
  - (B) the actual highest metered maximum demand recorded since supply commenced.
- (ii) For new Supply Points: the customer and the Local DB must negotiate a Maximum Demand to apply for a minimum of the following 12 months having regard to:
- (A) the minimum chargeable demand applicable to the relevant Network Tariff (as specified in the table above); and
  - (B) the expected maximum demand of the relevant Supply Point.

**ATTACHMENT 10 NETWORK TARIFFS FOR USE OF EACH  
DISTRIBUTOR'S DISTRIBUTION SYSTEM FOR  
THE FINANCIAL YEAR ENDING 30 JUNE 1995  
(CONTD.)**

(b) **Supply Points previously supplied under a demand tariff**

The records of metered demand for the customer in respect of the relevant Supply Point for the preceding 12 months must be examined. The Maximum Demand, for the customer in respect of the relevant Supply Point, is the highest of:

- (i) the maximum recorded demand that occurred in the preceding 12 month period; and
- (ii) the minimum chargeable demand applicable to the relevant Network Tariff (as specified in this Attachment); and
- (iii) the contract demand under the previous tariff.

Where (i) is the highest and the customer satisfies the Local DB that the maximum recorded demand was due to an unusual situation that is unlikely to recur, then the customer and the Local DB must negotiate a Maximum Demand to apply for a minimum of the following 12 months having regard to:

- (iv) the minimum chargeable demand applicable to the relevant Network Tariff (as specified in this Attachment); and
- (v) the expected maximum demand of the relevant Supply Point.

2 **Changes to Maximum Demand**

(a) **Increases in Maximum Demand**

- (i) Where a customer requires an increase in Maximum Demand at a Supply Point, the customer must make a written request to the Local DB. The increased level of Contract Demand shall apply from the requested date or as near as possible thereafter, subject to any required work being completed by the Local DB.
- (ii) Temporary increases in Maximum Demand may be made available by the Local DB to the customer in respect of the relevant Supply Point to cover specific, short-term needs, such as the commissioning of new plant, subject to:
  - (A) a minimum of one month's written notice from the customer; and
  - (B) prior agreement from the Local DB (which agreement will be conditional upon the necessary capacity being available in the Local DB's Distribution System).

(b) **Temporary Increases in Maximum Demand**

Temporary increases in Maximum Demand will:

- (i) be defined in terms of "additional demand" for a specific period;

---

**ATTACHMENT 10 NETWORK TARIFFS FOR USE OF EACH  
DISTRIBUTOR'S DISTRIBUTION SYSTEM FOR  
THE FINANCIAL YEAR ENDING 30 JUNE 1995  
(CONTD.)**

---

- (ii) apply for one full billing period, except in the case of commissioning of new plant, in which case the duration of the temporary increase may be extended for the duration of the commissioning;
  - (iii) be charged at the standard Maximum Demand price; and
  - (iv) be limited to one occurrence in any 12 month period unless otherwise agreed by the Local DB.
- (c) **Reduction in Maximum Demand**
- (i) Where a customer requires a reduction in Maximum Demand at a Supply Point, the customer must give 12 months written notice of this requirement. If the Local DB agrees to reduce the Maximum Demand to any level down to the level sought by the customer, the Local DB must notify the customer in writing within the 12 month notice period of a new Maximum Demand. The new Maximum Demand is to be applied from the reading date following the reading date that falls at the end of that 12 month notice period.  
  
*However, following installation by the customer of load management equipment approved by the Local DB or the implementation of a demand management initiative approved by the Local DB, the 12 month notice period may be reduced at the discretion of the Local DB.*
  - (ii) If, in the 12 months following any reduction in Maximum Demand under sub-paragraph (i), the reduced Maximum Demand is exceeded, then the demand so recorded becomes the Maximum Demand applicable from the time of the reduction. This shall not apply to temporary increases in demand negotiated under clause 2(a)(ii).
- (d) **Changes following Maximum Demand being exceeded**
- In the event that the metered maximum demand in a billing period exceeds the Maximum Demand for that customer in respect of the relevant Supply Point:
- (i) a new Maximum Demand is established equal to the metered demand in that billing period;
  - (ii) the new Maximum Demand shall apply for at least 12 months unless an exemption is obtained under sub-paragraph (iii) below;
  - (iii) if the new Maximum Demand is established as a result of a fault in the customer's electrical installation in respect of the relevant Supply Point, then the Local DB may reduce the Maximum Demand back to the previous level after three months, provided:
    - (A) the Local DB receives a written application for such a reduction from the customer within 30 days of billing following the fault; and
    - (B) the Local DB is satisfied that:

---

**ATTACHMENT 10 NETWORK TARIFFS FOR USE OF EACH  
DISTRIBUTOR'S DISTRIBUTION SYSTEM FOR  
THE FINANCIAL YEAR ENDING 30 JUNE 1995  
(CONTD.)**

---

- (I) the fault has been diagnosed; and
- (II) action has been taken to avoid a recurrence of that or similar faults; and
- (iv) where the capacity of the Local DB's Distribution System is inadequate to make supply available at a higher rate on a continuous basis, the Local DB may advise the customer that the new Maximum Demand will apply only for the billing period in which it was established, pending augmentation of the Local DB's Distribution System and renegotiation of a revised Maximum Demand. The Maximum Demand thereafter is limited to the available capacity of the Local DB's Distribution System, as determined by the Local DB, by suitable load limiting equipment installed by the customer to the satisfaction of the Local DB.

**3 Multiple Supplies**

Where a Local DB provides multiple supplies, including alternative supplies to a customer in respect of a particular Supply Point, each supply shall be separately metered and billed under the Network Tariff selected by the customer for each supply. However, where such multiple supplies are taken from and metered at a single Supply Point they are to be treated as a single supply for Network Tariff and billing purposes.



### Gazette Services

The *Victoria Government Gazette* (VGG) is published by THE LAW PRINTER (PPSV) for the State of Victoria and is produced in three editions.

**VGG General** is published each Thursday and provides information regarding Acts of Parliament and their effective date of operation; Government notices; requests for tenders; as well as contracts accepted. Private notices are also published.

**VGG Special** is published any day when required for urgent or special Government notices. VGG Special is made available automatically to subscribers of VGG General.

**VGG Periodical** is published on Monday when required and includes specialised information eg. Medical, Dental, Pharmacist's Registers, etc.

### Subscriptions

VGG is available by three subscription services:

General and Special—\$165.00 each year

General, Special and Periodical—\$220.00 each year

Periodical—\$110.00 each year

Subscriptions are payable in advance and accepted for a period of one year. All subscriptions are on a firm basis and refunds for cancellations will not be given.

All payments should be made payable to THE LAW PRINTER. Subscription inquiries (03) 242 4606 Fax (03) 242 4699

#### A Printing and Publishing Services Victoria Publication

Published by Law Press

Printed by The Law Printer

a business unit of

Printing and Publishing Services Victoria (PPSV)

Melbourne Victoria Australia

© State of Victoria 1995

ISSN 0819—5498

This publication is copyright. No parts may be reproduced by any process except in accordance with the provisions of the Copyright Act.

Address all inquiries to the Government Printer for the State of Victoria

PO Box 292 South Melbourne 3205 Victoria Australia

L. V. North, Government Printer Melbourne

#### Wholesale Sales

Law Press

PO Box 292 South Melbourne 3205

Telephone inquiries (03) 242 4600

Fax (03) 242 4699

#### Subscriptions

Law Press

PO Box 292 South Melbourne 3205

Telephone inquiries (03) 242 4606

Fax (03) 242 4699

#### Retail Sales

Information Victoria Bookshop

318 Little Bourke Street Melbourne 3000

Telephone inquiries (03) 651 4100

Price Code E