



Victoria Government Gazette

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SPECIAL

Office of Regulator-General Act 1994

NOTICE OF PRICE DETERMINATION

The Office of Regulator-General (Office) has made the Electricity Distribution Price Determination 2001-05 Volume I The Statement of Purpose and Reasons and Volume II Price Controls (Price Determination) pursuant to sections 24 and 25 of the **Office of Regulator-General Act 1994** on 21 September 2000.

The Price Determination includes the purpose and reasons for the Office making the determination.

This Price Determination is an exercise by the Office of its power to regulate charges for connection to, and use of, any distribution system being charges for electricity distribution businesses, the recovery by distribution businesses of transmission costs for connection to and use of the transmission system, as well as excluded services.

The Price Determination will take effect on 1 January 2001 and will be in effect until 31 December 2005, unless substituted in accordance with section 6.3 of the Victorian Electricity Supply Industry Tariff Order 1995.

The Price Determination applies to any business which is obliged to hold a licence under Part 12 of the **Electricity Industry Act 1993** and engages in the distribution of electricity. At this time there are five licensed electricity distributors operating in Victoria:

- AGL Electricity Limited;
- CitiPower Pty;
- Powercor Australia Ltd;
- Eastern Energy LTD (also known as TXU Electricity Limited); and
- United Energy Ltd.

The effect of the Price Determination is, in general terms, that:

- (a) the distributors must not charge, for connection and distribution services, more than the tariffs that comply with the CPI-X price control regime set out in Volume II of the Price Determination;
- (b) the distributors must not charge, in respect of transmission related costs incurred by them, more than tariffs that comply with the transmission revenue control formula as set out in the specified price controls contained in Volume II of the Price Determination;
- (c) the distributors' terms and charges for specified excluded services must be set in accordance with the provisions of each distributor's licence and associated guidelines issued by the Office.
- (d) the distributors are also required to comply with the associated implementation mechanisms that are part of Volume II of the Price Determination.

The two key features of the distribution price controls are the X-factors, a fundamental component of the (CPI-X) regime, and a service adjustment factor (the S factor). The X-factors to be used in each calendar year of the regulatory period are identified in the Price Determination. The S factor is an adjustment to the distribution price control formula that has been developed to provide distributors with a financial incentive to meet (or exceed) their service performance targets.

Copies of the report are available from Robyn Keely telephone (03) 9651 0206 or may be viewed on the Office's web site <http://www.reggen.vic.gov.au>.

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