



# ICRC

independent competition and regulatory commission

## Media Release – 22 April 2013

### ***Retail prices for franchise electricity customers 2013–14 Energy Purchase Cost Information Paper***

The ACT Independent Competition and Regulatory Commission (Commission) today released an information paper on the energy purchase cost (EPC) component of the regulated retail electricity tariff. The paper is the first step in the process of setting the regulated retail electricity price reset for 2013–14.

In the 2012–14 final report<sup>1</sup> the Commission noted that a review of the energy purchase cost (EPC) data source may be required. The report states that:

the Commission will undertake a review of the energy purchase cost methodology where it believes that market developments in relation to energy purchasing arrangements have changed such that the current methodology of determining energy purchase costs is no longer appropriate.

“The proposal to include the option of a review of the EPC methodology was to allow sufficient flexibility to address further uncertainty regarding the price on carbon and its impacts on the wholesale electricity market”, Senior Commissioner Malcolm Gray, said.

The Commission limited the scope of any review to the most appropriate energy purchase cost data source within the Commission’s model. “The Commission has prepared an analysis of the energy contracting market based on currently-available data. The Commission concluded that there is no reason to undertake a formal review of the energy purchasing arrangements within the EPC model. That is, the ICAP carbon-exclusive data that was used to set the price for 2012–13 will also be used for the 2013–14 price reset” Commissioner Gray said.

Without the need for a formal review, the Commission will now proceed with a standard price reset for the 2013–14 period. The Commission expects to publish its final decision on the price reset on 7 June 2013.

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<sup>1</sup> ICRC (2012) *Final report – Retail prices for franchise electricity customers 2012–14*, Report 4 of 2012, Independent Competition and Regulatory Commission, Canberra.