



# Proposed statement of reasons and methodology

## 1) Legislative requirement

This proposed statement of reasons is required under section 18(5)(b) of the *Independent Competition and Regulatory Commission Act 1997*.

The statement sets out the reasons and methodology for the proposed price direction.

## 2) Authority for an investigation and price direction

On 1 June 2023 the ACT Treasurer issued terms of reference<sup>1</sup> requiring the commission to determine a price direction for the standing offer prices for the supply of electricity for the period 1 July 2024 to 30 June 2027. The price direction will apply to ActewAGL small customers who consume less than 100MWh of electricity over any period of 12 consecutive months.

## 3) Requirements

The terms of reference also require the commission to

- identify and report on the efficient costs of complying with the Energy Efficiency (Cost of Living) Improvement Act 2012 for the period that the determination is being made
- identify and report on the cost allowance of the ACT Feed-in Tariffs (small and large scale) for the period that the determination is being made
- ensure the methodology for determining standing offer price has regard to a reasonable pricing offer for small customers that does not unduly disadvantage those who do not actively engage in the energy market, while balancing the competitiveness of the retail electricity market
- consider changes to the timeframe for the yearly standing offer approval process, such that adequate time is available for determination of the subsequent reference price by Ministers, and for retailers to fulfill their legal obligations under the *ACT Retail Electricity (Transparency and Comparability) Code* and the *National Energy Rules*.

## 4) Reasons and methodology

Following receipt of the terms of reference, the commission published and sought submissions to an [issues paper](#) outlining the approach to the price investigation. A total of 7 submissions were received.

The commission also commissioned a survey via ACT [YourSay survey](#). The survey received 1,409 responses.

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<sup>1</sup> [DI2023-97](#)

The commission will hold a public forum on 7 February 2024 and submissions on its draft report and draft price direction should be provided by 1 March 2024.

The final report and price direction will be published in May 2024.