



2010 Annual Tariff Report

15 December 2009

CitiPower
40 Market Street
Melbourne 3000

TABLE OF CONTENTS

CURRENT TARIFFS	3
1.1 REGULATORY ARRANGEMENTS	3
1.1.1 <i>Distribution Tariffs</i>	3
1.1.2 <i>Transmission Tariffs</i>	3
1.1.3 <i>Excluded Services</i>	3
1.1.4 <i>Prescribed Metering</i>	3
1.2 TARIFFS	4
1.2.1 <i>Distribution Tariffs</i>	4
1.2.2 <i>Transmission Tariffs</i>	4
1.2.3 <i>Network Tariffs</i>	4
1.2.4 <i>Prescribed Metering Tariffs</i>	4
1.2.5 <i>Eligibility of Each Tariff</i>	4
1.3 PARENT TARIFFS	13
1.4 2010 TARIFF CHANGES	13
1.5 UPPER AND LOWER BOUNDS ON TARIFFS	13
1.6 DEMONSTRATION OF HOW PRICES ACCOUNT FOR FUTURE INVESTMENT REQUIREMENTS	13
1.7 EXCLUDED SERVICE CHARGES AND PRESCRIBED METERING SERVICE CHARGES	14
1.7.1 <i>Prescribed Metering Service Tariffs</i>	14
1.8 REASSIGNMENTS	14
1.9 DEMAND RESETS	14
2. USAGE/QUANTITY INFORMATION.....	14
2.1 QUANTITIES AND USAGE	14
2.2 NETWORK CONSTRAINTS.....	14
3. ANNUAL ADJUSTMENT VARIABLES.....	15
3.1 ADJUSTMENT VARIABLES.....	15
3.2 IMPACT ON TARIFFS	15
4. RATIONALE FOR AMENDMENT	15
4.1 COMPARISON WITH TARIFF STRATEGY REPORT	15
5. CONSULTATION	15

LIST OF TABLES

Table 1: Eligibility of Network Tariffs	5
Table 2: Closed Tariffs	11
Table 3: Parent Tariffs	13
Table 4: Annual Adjustment Variables	15
Table 5: 2008 Actual Quantities by Tariff	16
Table 6: 2010 Forecast Quantities by Tariff	17
Table 7: DUOS and TUOS Rebalancing Constraints.....	18

CURRENT TARIFFS

This document provides information for distribution customers on current and closed tariffs, annual adjustment variables and recent updates of information provided in the Tariff Strategy Report.

1.1 Regulatory Arrangements

Use of CitiPower's distribution systems and a number of other excluded services are regulated by the Australian Energy Regulator (AER). Distribution tariffs must to satisfy the constraints set out in the *Electricity Distribution Price Review 2006-10 Final Decision Volume 2 Price Determination* ("Determination").

1.1.1 Distribution Tariffs

Distribution tariffs must conform to price controls and rebalancing controls set out in the *Determination*. The *Determination* provides a price control formula that specifies a maximum percentage change to annual tariffs. The maximum limit is based on four controls:

- *X-factor:* X-factor accounts for the expectation that distributors will achieve year-on-year efficiency gains and that these gains will be passed on to consumers. For 2009, the *Determination* requires CitiPower to deliver an average real decrease in distribution tariffs of 2.5 percent.
- *S-factor:* S-factor provides an incentive for distributors to meet service obligations. Tariffs may be adjusted where service targets are exceeded and customers are compensated through reduced tariffs if service provision is not to the required standards.
- *L-factor:* L-factor ensures tariffs accurately reflect licence fees. Distributors must pay a licence fee, which is recovered through distribution tariffs.
- *CPI:* tariffs are indexed to account for inflation.

The price control formula constrains aggregate tariff revenue increases to the movement of these four factors. In addition, the *Determination* specifies a rebalancing control that prohibits individual tariff increases of more than CPI + 2 per cent (adjusted for S-Factor and L-Factor).

1.1.2 Transmission Tariffs

Transmission use of system charges are levied on CitiPower by Vencorp and SP Ausnet. CitiPower recovers these costs through transmission tariffs regulated by the AER. Transmission tariffs must satisfy the constraints set out in the *Determination*. Increases to individual transmission tariffs have an upper limit of the real average increase in transmission costs plus 2 per cent. The average increase in transmission costs is capped at 18 per cent per year. For the 2009/10 year the transmission businesses have increased charges beyond these caps and therefore a special application for a variation to these constraints was made to allow for full recovery.

1.1.3 Excluded Services

CitiPower provides services that are generally non-competitive and therefore regulated. For the 2010 calendar year CitiPower does not propose changing any of these rates except for the Operation, Maintenance and Repair (OM&R) charges for public lighting.

1.1.4 Prescribed Metering

In 2010 CitiPower is exclusively responsible for metering services to customers who's consumption is below 160 MWh p/a. The rates for these services has been determined in accordance with the review undertaken by the AER.

1.2 Tariffs

The following distribution, transmission and prescribed metering tariffs are available to CitiPower customers:

1.2.1 Distribution Tariffs

CitiPower's 2010 distribution tariffs are shown in the tariff schedule.

1.2.2 Transmission Tariffs

CitiPower's 2010 transmission tariffs are shown in the tariff schedule.

1.2.3 Network Tariffs

CitiPower's 2010 network tariffs are shown in the tariff schedule.

1.2.4 Prescribed Metering Tariffs

CitiPower's 2010 prescribed metering tariffs are shown in the tariff schedule.

1.2.5 Eligibility of Each Tariff

CitiPower takes into account the customer's load and connection characteristics to determine which distribution tariff will be assigned to a distribution customer. Criteria for assigning tariffs include: whether the customer is residential or non-residential, whether the customer has an interval or accumulation meter, coincident demand requirements, whether the customer generates electricity and whether the customer requires a High or Low Voltage supply.

Table 1 outlines CitiPower's network tariffs and defines connection characteristics for each tariff.

Table 1: Eligibility of Network Tariffs

Tariffs Available to New and Existing Customers in 2010

For the purposes of tariff assignment, “interval metered” is defined as having an interval meter installed (be it an AMI meter or MRIM meter) and interval data is being sent to the market.

TARIFF CODE	TARIFF DESCRIPTION	SUPPLY VOLTAGE (V)	DEMAND (kW)	PEAK PERIODS	OFF-PEAK PERIODS	ELIGIBLE CUSTOMERS	ALLOWED CONTROLLED LOADS ¹
EMBEDDED GENERATION							
PFIT	Premium Feed-in tariff	N/A	N/A	7 days, 24 hrs	N/A	<ul style="list-style-type: none"> - Must have a single element interval meter or a two register accumulation meter capable of recording import and (net) export loads on each register. - Produces electricity from a photo voltaic generation unit - Has a name-plate generation capacity <= 5kW - Is not a part of an embedded network - Has accepted a retailer offer for the premium feed-in tariff. 	<u>New:</u> <ul style="list-style-type: none"> - None <u>Existing:</u> <ul style="list-style-type: none"> - Controlled load tariffs CDS and CDSB must be forfeited.
RESIDENTIAL CUSTOMERS							
CIR	Residential Single Rate	<1,000	<120	7 days, 24 hours	N/A	<ul style="list-style-type: none"> - Tariff only open to new customers if a suitable interval meter is not installed - Customers that had controlled load hot water attached to this service prior to the AMI meter installed shall have their hot water load wired to GP&L supply and the heating unit time switched at off peak times. - Customers on this tariff prior to their AMI meter exchange will remain on this tariff. 	<u>Existing customers:</u> <ul style="list-style-type: none"> - Slab heating <u>New customers:</u> <ul style="list-style-type: none"> - None

¹ Existing customers are those connected to the distribution network on or before 31st December, 2009

TARIFF CODE	TARIFF DESCRIPTION	SUPPLY VOLTAGE (V)	DEMAND (kW)	PEAK PERIODS	OFF-PEAK PERIODS	ELIGIBLE CUSTOMERS	ALLOWED CONTROLLED LOADS ¹
C1RB	Residential Single Rate - Bulk	<1,000	<120	7 days, 24 hours	N/A	<ul style="list-style-type: none"> - Customers who are supplied directly from on-site substation terminals where there are no CitiPower distribution assets beyond the substation and <ul style="list-style-type: none"> - Customers on this tariff prior to their AMI meter exchange will remain on this tariff. - Tariff only open to new customers if a suitable interval meter is not installed - Customers that had controlled load hot water attached to this service prior to the AMI meter installed shall have their hot water load wired to GP&L supply and the heating unit time switched at off peak times. - Customers on this tariff prior to their AMI meter exchange will remain on this tariff. 	<u>Existing customers:</u> - Slab heating <u>New customers:</u> - None
C2R	Residential Two Rate 5d	<1,000	<120	Mon-Fri 0700-2300	Mon-Thurs 2300-0700 Fri 2300 - Mon 0700	<ul style="list-style-type: none"> - Customers on this tariff prior to their AMI meter exchange will remain on this tariff. - Tariff only open to new customers if a suitable interval meter is not installed - Customers that had controlled load hot water attached to this service prior to the AMI meter installed shall have their hot water load wired to GP&L supply and the heating unit time switched at off peak times 	<u>Existing customers:</u> - Slab heating <u>New customers:</u> - None
C2RB	Residential Two Rate 5d - Bulk	<1,000	<120	Mon-Fri 0700-2300	Mon-Thurs 2300-0700 Fri 2300 - Mon 0700	<ul style="list-style-type: none"> - Customers who are supplied directly from on-site substation terminals where there are no CitiPower distribution assets beyond the substation and <ul style="list-style-type: none"> - Customers on this tariff prior to their AMI meter exchange will remain on this tariff. - Tariff only open to new customers if a suitable interval meter is not installed - Customers that had controlled load hot water attached to this service prior to the AMI meter installed shall have their hot water load wired to GP&L supply and the heating unit time switched at off peak times. 	<u>Existing customers:</u> - Slab heating <u>New customers:</u> - None

TARIFF CODE	TARIFF DESCRIPTION	SUPPLY VOLTAGE (V)	DEMAND (kW)	PEAK PERIODS	OFF-PEAK PERIODS	ELIGIBLE CUSTOMERS	ALLOWED CONTROLLED LOADS ¹
C3R	Residential Interval	<1,000	<120	Mon-Fri 0700 -2300	Mon-Thurs 2300-0700 Fri 2300 - Mon 0700	<ul style="list-style-type: none"> - Interval metered residential customers - Customers on this tariff prior to their AMI meter exchange will remain on this tariff. 	<u>Existing customers:</u> <ul style="list-style-type: none"> - Slab heating <u>New customers:</u> <ul style="list-style-type: none"> - None
C3RB	Residential Interval - Bulk	<1,000	<120	Mon-Fri 0700 -2300	Mon-Thurs 2300-0700 Fri 2300 - Mon 0700	<ul style="list-style-type: none"> - Interval metered residential customers who are supplied directly from on-site substation terminals where there are no CitiPower distribution assets beyond the substation. - Customers on this tariff prior to their AMI meter exchange will remain on this tariff. 	<u>Existing customers:</u> <ul style="list-style-type: none"> - Slab heating <u>New customers:</u> <ul style="list-style-type: none"> - None
NON-RESIDENTIAL CUSTOMERS							
C1G	Non-Residential Single Rate	<1,000	<120	7 days, 24 hours	N/A	<ul style="list-style-type: none"> - Non-interval metered, non-residential customers - Non-interval metered, builder's temporary supply - Customers on this tariff prior to their AMI meter exchange will remain on this tariff. <p>Note: Tariff only open to new customers if a suitable interval meter is not available</p>	None
C1GB	Non-Residential Single Rate - Bulk	<1,000	<120	7 days, 24 hours	N/A	<ul style="list-style-type: none"> - Customers who are supplied directly from on-site substation terminals where there are no CitiPower distribution assets beyond the substation and <ul style="list-style-type: none"> - Customers on this tariff prior to their AMI meter exchange will remain on this tariff. - Non-interval metered, non-residential customers - Non-interval metered, builder's temporary supplies <p>Note: Tariff only open to new customers if a suitable interval meter is not available</p>	None

TARIFF CODE	TARIFF DESCRIPTION	SUPPLY VOLTAGE (V)	DEMAND (kW)	PEAK PERIODS	OFF-PEAK PERIODS	ELIGIBLE CUSTOMERS	ALLOWED CONTROLLED LOADS ¹
C2G5	Non- Residential Two Rate 5d	<1,000	<120	Mon-Fri 0700-2300	Mon-Thurs 2300-0700 Fri 2300 - Mon 0700	<ul style="list-style-type: none"> - Non-residential customers without a controlled load who requested a 2 rate tariff - Customers on this tariff prior to their AMI meter exchange will remain on this tariff. - Customers that had controlled load hot water attached to this service prior to the AMI meter installed shall have their hot water load wired to GP&L supply and the heating unit time switched at off peak times. - Note: Tariff only open to new customers if a suitable interval meter is not available 	None
C2G5B	Non- Residential Two Rate 5d - Bulk	<1,000	<120	Mon-Fri 0700-2300	Mon-Thurs 2300-0700 Fri 2300 - Mon 0700	<ul style="list-style-type: none"> - Non-residential customers who requested a 2 rate tariff - Who are supplied directly from on-site substation terminals where there are no CitiPower distribution assets beyond the substation. <ul style="list-style-type: none"> - Customers on this tariff prior to their AMI meter exchange will remain on this tariff. - Non-interval metered, non-residential customers - Customers that had controlled load hot water attached to this service prior to the AMI meter installed shall have their hot water load wired to GP&L supply and the heating unit time switched at off peak times. - Note: Tariff only open to new customers if a suitable interval meter is not available 	None
C3G	Non-Residential Interval	<1,000	<120	Mon-Fri 0700 -2300	Mon-Thurs 2300-0700 Fri 2300 - Mon 0700	<ul style="list-style-type: none"> - Customers on this tariff prior to their AMI meter exchange will remain on this tariff. - Interval metered non-residential customers - Interval metered builder's temporary supplies 	None

TARIFF CODE	TARIFF DESCRIPTION	SUPPLY VOLTAGE (V)	DEMAND (kW)	PEAK PERIODS	OFF-PEAK PERIODS	ELIGIBLE CUSTOMERS	ALLOWED CONTROLLED LOADS ¹
C3GB	Non-Residential Interval - Bulk	<1,000	<120	Mon-Fri 0700 -2300	Mon-Thurs 2300-0700 Fri 2300 - Mon 0700	<ul style="list-style-type: none"> - Customers who are supplied directly from on-site substation terminals where there are no CitiPower distribution assets beyond the substation and <ul style="list-style-type: none"> - Customers on this tariff prior to their AMI meter exchange will remain on this tariff. - Non-interval metered, non-residential customers - Non-interval metered, builder's temporary supplies 	None
C2U	Unmetered Supplies	<1,000	N/A	Mon-Fri 0700-2300	Mon-Thurs 2300-0700 Fri 2300 - Mon 0700	<ul style="list-style-type: none"> - Customers with an approved unmetered load 	None
LARGE LOW VOLTAGE CONTRACT DEMAND CUSTOMERS							
C2DL	Large Low Voltage Demand	<1,000	≥120	Mon-Fri 0700-2300	Mon-Thurs 2300-0700 Fri 2300 - Mon 0700	<ul style="list-style-type: none"> - Large customers 	None
C2DLER	Large Low Voltage Demand Embedded Network Residential	<1,000	≥120	Mon-Sun 0700-2300	Mon-Sun 2300-0700	<ul style="list-style-type: none"> - Large customers either registered by the ESC or AER as an Embedded Network or who have an exemption from holding a distribution licence - Connection points within the Embedded Network will be predominantly residential 	None
C2DLEG	Large Low Voltage Demand Embedded Network Non-Residential	<1,000	≥120	Mon-Fri 0700-2300	Mon-Thurs 2300-0700 Fri 2300 - Mon 0700	<ul style="list-style-type: none"> - Large customers either registered by the ESC or AER as an Embedded Network or who have an exemption from holding a distribution licence - Connection points within the Embedded Network will be predominantly non-residential 	None
C2DLB	Large Low Voltage Demand - Bulk	<1,000	≥120	Mon-Fri 0700-2300	Mon-Thurs 2300-0700 Fri 2300 - Mon 0700	<ul style="list-style-type: none"> - Large customers who are supplied directly from on-site substation terminals where there are no CitiPower distribution assets beyond the substation 	None
C2DLBER	Large Low Voltage Demand Embedded Network Residential - Bulk	<1,000	≥120	Mon-Sun 0700-2300	Mon-Sun 2300-0700	<ul style="list-style-type: none"> - Large customers either registered by the ESC or AER as an Embedded Network or who have an exemption from holding a distribution licence - Customers supplied directly from on-site substation terminals where there are no CitiPower distribution assets beyond the substation - Connection points within the Embedded Network will be predominantly residential 	None

TARIFF CODE	TARIFF DESCRIPTION	SUPPLY VOLTAGE (V)	DEMAND (kW)	PEAK PERIODS	OFF-PEAK PERIODS	ELIGIBLE CUSTOMERS	ALLOWED CONTROLLED LOADS ¹
C2DLBEG	Large Low Voltage Demand Embedded Network Non-Residential - Bulk	<1,000	≥120	Mon-Fri 0700-2300	Mon-Thurs 2300-0700 Fri 2300 - Mon 0700	<ul style="list-style-type: none"> - Large customers either registered by the ESC or AER as an Embedded Network or who have an exemption from holding a distribution licence - Customers supplied directly from on-site substation terminals where there are no CitiPower distribution assets beyond the substation - Connection points within the Embedded Network will be predominantly non-residential 	None
HIGH VOLTAGE CONTRACT DEMAND CUSTOMERS							
C2DH	High Voltage Demand	≥1,000 and <22,000	≥1,000	Mon-Fri 0700-2300	Mon-Thurs 2300-0700 Fri 2300 - Mon 0700	<ul style="list-style-type: none"> - High voltage customers 	None
C2DHER	High Voltage Demand Embedded Network Residential	≥1,000 and <22,000	≥1,000	Mon-Sun 0700-2300	Mon-Sun 2300-0700	<ul style="list-style-type: none"> - High voltage customers either registered by the ESC or AER as an Embedded Network or who have an exemption from holding a distribution licence - Connection points within the Embedded Network will be predominantly residential 	None
C2DHEG	High Voltage Demand Embedded Network Non-Residential	≥1,000 and <22,000	≥1,000	Mon-Fri 0700-2300	Mon-Thurs 2300-0700 Fri 2300 - Mon 0700	<ul style="list-style-type: none"> - either registered by the ESC or AER as an Embedded Network or who have an exemption from holding a distribution licence - Connection points within the Embedded Network will be predominantly non-residential 	None
SUBTRANSMISSION VOLTAGE DEMAND CUSTOMERS							
C2DT	Subtransmission Demand	≥22,000	≥10,000	Mon-Fri 0700-2300	Mon-Thurs 2300-0700 Fri 2300 - Mon 0700	<ul style="list-style-type: none"> - Subtransmission voltage customers 	None

Table 2: Closed Tariffs

Tariffs Only Available to Existing Customers Already Assigned this Tariff @ 1 January 2010. (closed to new customers)

TARIFF CODE	TARIFF DESCRIPTION	SUPPLY VOLTAGE (V)	DEMAND (KW)	PEAK PERIODS	OFF-PEAK PERIODS	ELIGIBLE CUSTOMERS	ALLOWED CONTROLLED LOADS
RESIDENTIAL CUSTOMERS							
CDS	Dedicated Circuit	<1,000	<120	N/A	7 days	- Residential customers with a dedicated circuit connected to a controlled load	Slab heating / heat banks <u>Switching Times:</u> - Switching times occur between 11pm and 7am. - An afternoon bosst between 1pm and 4pm will occur during winter.
CDSB	Dedicated Circuit - Bulk	<1,000	<120	N/A	7 days	- Residential customers with a dedicated circuit connected to a controlled load who are supplied directly from on-site substation terminals where there are no CitiPower distribution assets beyond the substation	Slab heating / heat banks <u>Switching Times:</u> - Switching times occur between 11pm and 7am. - An afternoon bosst between 1pm and 4pm will occur during winter.
NON-RESIDENTIAL CUSTOMERS							
C2G7	Non-Residential Two Rate 7d	<1,000	<120	Mon-Sun 0700-2300	Mon-Sun 2300-0700	- Non-residential customers who requested a 7-day, 2 rate tariff - Customers that had controlled load hot water attached to this service prior to the AMI meter installed shall have their hot water load wired to GP&L supply and the heating unit time switched at off peak times. - Customers on this tariff prior to their AMI meter exchange will remain on this tariff.	None
C2G7B	Non-Residential Two Rate 7d - Bulk	<1,000	<120	Mon-Sun 0700-2300	Mon-Sun 2300-0700	- Non-residential customers who requested a 7-day, 2 rate tariff who are supplied directly from on-site substation terminals where there are no CitiPower distribution assets beyond the substation. - Customers that had controlled load hot water attached to this service prior to the	None

TARIFF CODE	TARIFF DESCRIPTION	SUPPLY VOLTAGE (V)	DEMAND (KW)	PEAK PERIODS	OFF-PEAK PERIODS	ELIGIBLE CUSTOMERS	ALLOWED CONTROLLED LOADS
						AMI meter installed shall have their hot water load wired to GP&L supply and the heating unit time switched at off peak times. - Customers on this tariff prior to their AMI meter exchange will remain on this tariff.	
CDS	Dedicated Circuit	<1,000	<120	N/A	7 days	- Non-residential customers with a dedicated circuit connected to a controlled load	None
CDSB	Dedicated Circuit – Bulk	<1,000	<120	N/A	7 days	- Non-residential customers tariff with a dedicated circuit connected to a controlled load who are supplied directly from on-site substation terminals where there are no CitiPower distribution assets beyond the substation	None
C2L7	Large Two Rate 7d	<1,000	<120	Mon-Sun 0700-2300	Mon-Sun 2300-0700	- Large non-demand customers who requested a 7-day, 2 rate tariff - Customers on this tariff prior to their AMI meter exchange will remain on this tariff.	None
HIGH VOLTAGE CONTRACT DEMAND CUSTOMERS							
C2DHD1	High Voltage Demand D1	≥1,000 and <22,000	≥40,000	Mon-Fri 0700-2300	Mon-Thurs 2300-0700 Fri 2300 - Mon 0700	- High voltage customers connected at 11/6.6kV via 2 or more dedicated closed ring feeders without directional powerflow control and without auto/transfer capability	None

1.3 Parent Tariffs

Details of the parent tariff categories to sub categories for each sub tariff are shown in the table below.

Table 3: Parent Tariffs

PARENT TARIFF DESCRIPTION	PARENT TARIFF CODE	SUB TARIFF DESCRIPTION	TARIFF CODE
Residential single rate	C1R	Dedicated Circuit	CDS
Residential single rate - Bulk	C1RB	Dedicated Circuit - Bulk	CDSB

1.4 2010 Tariff Changes

CitiPower's network tariffs increased across most tariff classes in accordance with the price controls and rebalancing constraints. Most network tariffs will rise in 2010 due to increases in the transmission charges

The rollout of advanced interval metering technology is scheduled to commence in 2009. During 2010, CitiPower will be developing dedicated AMI tariffs for implementation in 2011. For 2010 CitiPower will assign AMI metered customers to existing interval metered tariffs.

1.5 Upper and Lower Bounds on Tariffs

Under clauses 2.3.16 and 3.3.6 of the *Determination*, Distributors are required to set distribution tariffs and transmission tariffs with regard to the following principles:

- *Lower Bound*: each tariff should be above the avoidable cost of serving customers assigned to that tariff;
- *Upper Bound*: each tariff should be below the cost of providing the service on a stand alone basis to customers assigned to that tariff; and
- *Impact*: each tariff should signal the impact of additional usage on future investment costs.

CitiPower engaged Harding Katz to undertake a detailed study to ensure all distribution tariffs were within the efficient cost window set by these upper and lower bounds. The Harding Katz report defined the cost of serving customers as the cost attributable to an 'average' customer within the class of customers covered by each tariff. Cost per customer was established net of fixed costs, sunk costs and general overheads and formulated as the sum of average usage costs and an allocation of fixed costs per customer.

The upper bound for tariffs was established by estimating the costs likely to be incurred by a notional efficient competitor to the network business. This approach was taken as economies of scale dictate that the stand-alone cost of providing for a single customer would set the upper bound so high as to provide no meaningful limit. The cost of providing for customers on a stand alone basis was then established as the network and usage costs of providing for an 'average' customer within each tariff.

CitiPower's tariffs fall within the efficient window established by these bounds, CitiPower will continue to monitor its existing tariffs and all proposed new tariffs to ensure they remain efficient.

The requirement that tariffs signal the impact of additional usage on future investment costs are reflected in CitiPower's use of block tariffs and time-of-use structure. Incrementally increasing rates for high-demand users reflect the additional investment required for increased usage. Demand charges for larger customers reflect the network capacity requirements of these customers and enable investment to meet their needs.

1.6 Demonstration of How Prices Account for Future Investment Requirements

In setting of distribution and transmission tariffs distributors are required under clauses 2.3.16 and 3.3.6 of the *Determination* to have regard to the principle that each tariff should signal the impact of additional usage on future investment costs.

CitiPower notes that the present state of metering technology imposes practical limitations on the precision of pricing signals that can be provided to customers. Data from the rollout of advanced interval meters will provide CitiPower with a more accurate profile of customer demand. To date this profiling has been limited due to an insufficient number of installed interval meters and insufficient data on usage patterns over time. Data made available from interval meters is expected to lead to more accurate predictions of future investment requirements. When more data is available for modelling CitiPower will reassess tariffs accordingly.

1.7 Excluded Service Charges and Prescribed Metering Service Charges

CitiPower's current schedule of Excluded Service charges can be found at:
http://www.citipower.com.au/Electricity_Networks/CitiPower_Network/CitiPower_-_Network_Tariffs/CitiPower_Network_-_Excluded_Service_Charges/

Excluded Service charges are updated from time to time to reflect increasing business costs. Price changes are submitted to the Commission for review and approval prior to taking effect

1.7.1 Prescribed Metering Service Tariffs

Prescribed metering service tariffs are charged for the provision of meters and meter data services where where the customer consumes less than 160MWh per annum. Tariffs for these services have been approved by the AER through the "Victorian advanced metering infrastructure review, 2009-11 AMI budget and charges application"

This charge applies regardless of whether the meter is accumulation, manually read interval or remotely read interval.

1.8 Reassignments

CitiPower does not intend to reassign customers between tariffs in 2010.

1.9 Demand Resets

CitiPower processed demand resets for 156 customers between January 1 and December 31 2008.

2. USAGE/QUANTITY INFORMATION

2.1 Quantities and Usage

CitiPower's customer numbers and consumption associated with each tariff for 2008 are shown in Table 5 of the Appendix.

CitiPower's forecast customer numbers and consumption associated with each tariff for 2008 are shown in Table 6: 2010 Forecast Quantities by Tariff of the Appendix.

2.2 Network Constraints

CitiPower produces a Distribution System Planning Report each year that details network capacity issues and future network investment requirements at a zone substation and sub-transmission level. Network capacity constraints are a significant business driver for CitiPower and a key driver of distribution costs. For more detailed information on network constraints please refer to CitiPower's Distribution Planning Report. The A copy of the most recent report can be found at:

<http://www.powercor.com.au/docs/pdf/Electricity%20Networks/CitiPower%20Network/CitiPower%202009%20Distribution%20System%20Planning%20Report.pdf>

3. ANNUAL ADJUSTMENT VARIABLES

3.1 Adjustment Variables

Table 4: Annual Adjustment Variables

Variable	%
CPI	1.26%
X Factor	(2.5%)
L Factor	0.086%
S-Factor	2.007%

3.2 Impact on Tariffs

Table 7 shows individual distribution and transmission tariff rebalancing constraints, calculated in accordance with by the Commission's tariff approval process. These constraints define the allowable annual movement of individual tariffs.

4. RATIONALE FOR AMENDMENT

4.1 Comparison with Tariff Strategy Report

The key tariff development for 2009 will be the formulation of advanced interval meter tariffs for introduction in 2009. As the progress of advanced metering infrastructure was not fully foreseen in 2005, this development was not documented in the Tariff Strategy Report.. Additionally, the Tariff Strategy Report predicts the introduction of reactive demand excluded service charge; however this has been deferred pending the implementation of advanced interval metering.

5. CONSULTATION

CitiPower has undertaken the following process in the development of the 2009 Annual Tariff Report:

- Regular updates and consultation regarding tariff issues with the CitiPower and Powercor Customer Consultative Committee (PACCCC), including extensive consultation regarding new tariffs
- Tariff Strategy Report made available to all stakeholders via the CitiPower website
- Maintenance of the CitiPower stakeholder register
- Informal consultation with larger retailers on tariff development and structure

Any customers, retailers or other interested parties who would like to be included on the stakeholder register are requested to email their details to register@citipower.com.au.

CitiPower intends to consult with the PACCCC and other key stakeholders on the Annual Tariff Report each year as part of its tariff development process. Further information regarding the future development of the Annual Tariff Reports will be provided to all parties on the stakeholder register.

Table 5: 2008 Actual Quantities by Tariff

Network Tariffs	Network Tariff Category	Customer No	Demand charges		Peak charges		Off Peak charges	
			kW	kVA	Block1	Block 2	Block 1	2008 Total Quantities
					kWh	kWh	kWh	kWh
Residential Single Rate	C1R	202,990	-	-	587,591,024	344,845,547	-	932,436,571
Residential Single Rate - Bulk	C1RB	27,587	-	-	77,464,384	33,213,205	-	110,677,589
Residential Two Rate 5d	C2R	11,370	-	-	47,880,888	-	65,052,439	112,933,327
Residential Two Rate 5d - Bulk	C2RB	4,451	-	-	19,892,170	-	25,572,678	45,464,848
Residential Interval	C3R	2,380	-	-	12,507,656	-	10,956,470	23,464,126
Residential Interval - Bulk	C3RB	1,163	-	-	3,823,218	-	4,156,163	7,979,381
Dedicated Circuit	CDS	27,301	-	-	-	-	59,250,644	59,250,644
Dedicated Circuit - Bulk	CDSB	1,201	-	-	-	-	2,801,346	2,801,346
Non-Residential Single Rate	C1G	19,500	-	-	376,026,534	-	3,109,616	379,136,150
Non-Residential Single Rate - Bulk	C1GB	5,930	-	-	175,923,857	-	-	175,923,857
Non-Residential Two Rate 5d	C2G5	11,310	-	-	392,223,119	-	308,519,775	700,742,894
Non-Residential Two Rate 5d - Bulk	C2G5B	2,591	-	-	166,018,579	-	107,838,394	273,856,973
Non-Residential Interval	C3G	1,819	-	-	51,299,807	-	33,014,701	84,314,508
Non-Residential Interval - Bulk	C3GB	1,412	-	-	83,258,696	-	57,444,022	140,702,718
Non-Residential Two Rate 7d	C2G7	3,623	-	-	132,416,160	-	35,124,285	167,540,445
Non-Residential Two Rate 7d - Bulk	C2G7B	519	-	-	34,592,433	-	9,383,675	43,976,108
Unmetered Supplies	C2U	3,643	-	-	11,927,184	-	29,850,475	41,777,658
Large Two Rate 7d	C2L7	55	-	-	27,204,681	-	6,717,254	33,921,936
Large Low Voltage Demand	C2DL	135	42,571	-	71,765,839	-	48,783,233	120,549,072
Large Low Voltage Demand - Bulk	C2DLB	1,108	622,686	-	1,122,143,266	-	792,015,312	1,914,158,578
Large Low Voltage Demand R	C2DLER	-	-	-	2,047	24,284	26,018	52,349
Large Low Voltage Demand G	C2DLEG	-	196	-	894	2,887	3,967	7,748
Large Low Voltage Demand - Bulk R	C2DLBER	-	-	-	2,047	26,475	30,568	59,090
Large Low Voltage Demand - Bulk G	C2DLBEG	-	4,634	-	1,185,657	6,472,421	4,951,432	12,609,510
High Voltage Demand	C2DH	67	169,015	-	262,076,259	-	233,702,796	495,779,055
High Voltage Demand D1	C2DHD1	3	57,347	-	62,005,911	-	36,232,609	98,238,520
High Voltage Demand R	C2DHER	-	-	-	1	-	-	1
High Voltage Demand G	C2DHEG	-	-	-	4,127,895	8,187,979	5,694,945	18,010,819
Subtransmission Demand	C2DT	6	64,178	-	67,593,558	-	35,637,460	103,231,018
Total		301,662	960,627	-	3,790,953,765	392,772,800	1,915,870,276	6,099,596,841

Table 6: 2010 Forecast Quantities by Tariff

Network Tariffs	Network Tariff Category	Customer No	Max Demand		Peak consumption		Off Peak consumption	
			kW	kVA	Block1	Block 2	Block 1	2010 Total Quantities
					kWh	kWh	kWh	kWh
Residential Single Rate	C1R	204,098	-	-	590,522,935	311,447,065	-	901,970,000
Residential Single Rate - Bulk	C1RB	31,639	-	-	89,052,075	33,017,925	-	122,070,000
Residential Two Rate 5d	C2R	11,946	-	-	43,370,953	-	75,755,510	119,126,463
Residential Two Rate 5d - Bulk	C2RB	4,773	-	-	18,986,132	-	28,150,116	47,136,247
Residential Interval	C3R	3,455	-	-	16,900,047	-	18,133,490	35,033,537
Residential Interval - Bulk	C3RB	1,422	-	-	4,984,868	-	5,801,884	10,786,753
Dedicated Circuit	CDS	24,997	-	-	-	-	53,133,000	53,133,000
Dedicated Circuit - Bulk	CDSB	1,156	-	-	-	-	2,630,700	2,630,700
Non-Residential Single Rate	C1G	19,855	-	-	371,950,000	-	-	371,950,000
Non-Residential Single Rate - Bulk	C1GB	5,862	-	-	174,110,000	-	-	174,110,000
Non-Residential Two Rate 5d	C2G5	11,681	-	-	442,083,427	-	247,984,027	690,067,454
Non-Residential Two Rate 5d - Bulk	C2G5B	2,288	-	-	188,592,775	-	64,745,130	253,337,905
Non-Residential Interval	C3G	2,295	-	-	62,986,573	-	33,475,973	96,462,546
Non-Residential Interval - Bulk	C3GB	1,651	-	-	118,917,225	-	43,934,870	162,852,095
Non-Residential Two Rate 7d	C2G7	3,487	-	-	120,610,000	-	34,020,000	154,630,000
Non-Residential Two Rate 7d - Bulk	C2G7B	477	-	-	32,058,000	-	7,405,000	39,463,000
Unmetered Supplies	C2U	3,284	-	-	9,038,000	-	25,924,000	34,962,000
Large Two Rate 7d	C2L7	31	-	-	36,060,000	-	9,230,000	45,290,000
Large Low Voltage Demand	C2DL	125	29,810	-	72,402,456	-	49,911,704	122,314,159
Large Low Voltage Demand - Bulk	C2DLB	1,100	629,787	-	1,115,189,411	-	798,974,370	1,914,163,781
Large Low Voltage Demand R	C2DLER	0	-	-	1	-	-	1
Large Low Voltage Demand G	C2DLEG	0	-	-	1	-	-	1
Large Low Voltage Demand - Bulk R	C2DLBER	0	-	-	1	-	-	1
Large Low Voltage Demand - Bulk G	C2DLBEG	20	8,553	-	16,908,131	-	11,113,926	28,022,056
High Voltage Demand	C2DH	66	169,840	-	278,115,522	-	202,663,827	480,779,349
High Voltage Demand D1	C2DHD1	1	57,347	-	9,952,000	-	5,816,000	15,768,000
High Voltage Demand R	C2DHER	-	-	-	1	-	-	1
High Voltage Demand G	C2DHEG	-	-	-	10,484,478	-	3,386,173	13,870,651
Subtransmission Demand	C2DT	6	64,652	-	69,162,000	-	37,188,000	106,350,000
Total		309,561	959,989	-	3,892,437,011	344,464,990	1,759,377,700	5,996,279,701

Table 7: DUOS and TUOS Rebalancing Constraints

Network Tariffs	Network Tariff Category	DUOS Rebal	TUOS Rebal
Residential Single Rate	C1R	101.51%	133.02%
Residential Single Rate - Bulk	C1RB	101.10%	132.96%
Residential Two Rate 5d	C2R	103.10%	132.92%
Residential Two Rate 5d - Bulk	C2RB	103.00%	132.94%
Residential Interval	C3R	103.45%	132.93%
Residential Interval - Bulk	C3RB	102.98%	132.95%
Dedicated Circuit	CDS	96.55%	132.88%
Dedicated Circuit - Bulk	CDSB	96.47%	132.89%
Non-Residential Single Rate	C1G	94.70%	132.99%
Non-Residential Single Rate - Bulk	C1GB	94.64%	132.97%
Non-Residential Two Rate 5d	C2G5	103.19%	132.99%
Non-Residential Two Rate 5d - Bulk	C2G5B	103.41%	133.02%
Non-Residential Interval	C3G	103.34%	132.99%
Non-Residential Interval - Bulk	C3GB	103.35%	133.02%
Non-Residential Two Rate 7d	C2G7	93.51%	133.02%
Non-Residential Two Rate 7d - Bulk	C2G7B	93.42%	133.03%
Unmetered Supplies	C2U	99.50%	132.94%
Large Two Rate 7d	C2L7	99.51%	133.00%
Large Low Voltage Demand	C2DL	99.51%	132.98%
Large Low Voltage Demand - Bulk	C2DLB	99.50%	132.98%
Large Low Voltage Demand R	C2DLER	99.47%	132.99%
Large Low Voltage Demand G	C2DLEG	99.50%	132.99%
Large Low Voltage Demand - Bulk R	C2DLBER	99.53%	133.02%
Large Low Voltage Demand - Bulk G	C2DLBEG	99.51%	133.01%
High Voltage Demand	C2DH	99.52%	133.02%
High Voltage Demand D1	C2DHD1	99.52%	132.99%
High Voltage Demand R	C2DHER	99.37%	132.97%
High Voltage Demand G	C2DHEG	99.46%	132.98%
Subtransmission Demand	C2DT	99.53%	132.98%