

Pricing principles for transmission capacity services

TRADE PRACTICES ACT 1974

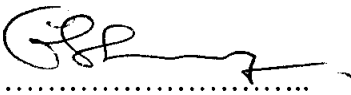
Determination under section 152AQA

The Australian Competition and Consumer Commission determines pursuant to section 152AQA of the *Trade Practices Act 1974* (the Act) that the principles specified at Annexure 1 are to apply in respect of the Domestic Transmission Capacity Service.

Note: For the effect of this determination, see subsection 152AQA(6) of the Act.

This determination takes effect on 15 September 2004 and expires on 31 March 2009.

Note: A pricing determination may be repealed, rescinded, revoked, amended, or varied by the Commission.



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Graeme Julian Samuel
Chairman
Australian Competition and Consumer Commission

DATED: 15 September 2004

ANNEXURE 1

Principles relating to the price of access to the Domestic Transmission Capacity Service

Wherever it is reasonably practicable to do so, the price of the Domestic Transmission Capacity Service should be set equal to the total service long run incremental cost, including a contribution to common costs, (i.e. TSLRIC+) of the service.

Where it is not reasonably practicable to set prices on the basis of TSLRIC+, the price of the Domestic Transmission Capacity Service should be set having regard to the price of an appropriate benchmark. A service will be an appropriate benchmark where:

- it is supplied in a competitive market or it is subject to cost based regulation; and
- its physical attributes are comparable to the Domestic Transmission Capacity Service in question.

Note: Further guidance about how these principles would be applied in practice by the Commission is provided in ACCC, *"Pricing Principles for Declared Transmission Capacity Services – Final Report"*, September 2004 at chapters 5 and 6.