

30 December 2003

## **PRESS RELEASE**

### **ELECTRICITY TARIFF REVISION FROM 1 JANUARY 2004**

1. Electricity tariff will be increased from 1 Jan 2004 by an average of 1.1% or 0.17cent per kWh.
2. Oil prices affect cost of generation and hence electricity price. Electricity tariffs therefore change as oil prices change. The tariff is set according to the prevailing oil price at time of review. If oil prices rise subsequently, the cost of electricity will rise accordingly. However the tariff is not readjusted until the next review. SP Services would under-collect as a result. This shortfall will be recovered when the tariff is adjusted in the next review.
3. If oil prices fall, SP Services would over-collect. This is returned to consumers when the tariff is adjusted in the next review.
4. The Energy Market Authority will be implementing Vesting Contracts from 1 Jan 2004 to control market power. There will be no fundamental change in the established tariff review methodology.
5. The electricity tariff was reduced in Oct 03 by 0.75 cent per kWh and was again reduced by another 0.54 cent per kWh in Nov 03. The tariff remained unchanged for Dec 03 during which, SP Services had been returning to consumers an amount that was previously over-collected.

6. Without the refund component, the electricity tariff would have to be increased in Jan 04 by 0.68 cent per kWh. This increase is partially offset by the lower forward oil price for the quarter Jan to Mar 04. The forward oil price for Jan to Mar 04 is US\$24.93/bbl, which is lower than the fuel price of US\$25.38/bbl SP Services used for the existing tariff. The net effect is that electricity tariff will be increased from 1 Jan 2004 by an average 0.17cent per kWh.

7. The tariff adjustments effective 1 Jan 2004 will be as follows:-

Low Tension (LT) tariff (comprising residential customers & commercial customers receiving 230V/400V supplies)	0.17¢ or \$0.0017 increase per kWh
High Tension (HT) tariff (22kV& 6.6 kV)	0.12¢ or \$0.0012 increase per kWh for peak period *
	0.33¢ or \$0.0033 increase per kWh for off-peak period **
Extra High Tension (EHT) tariff (66kV and above)	0.13¢ or \$0.0013 increase per kWh for peak period *
	0.33¢ or \$0.0033 increase per kWh for off-peak period **

\* *peak period* 7.00am to 11.00pm

\*\* *off-peak period* 11.00pm to 7.00am

8. The tariff adjustments have been approved by the Energy Market Authority. The revised tariffs are shown in the attached table.

**REVISION OF ELECTRICITY TARIFFS (WITH EFFECT FROM 1 JAN 2004)**

	<b>Existing Tariff</b>	<b>Tariff Adjustment</b>	<b>New Tariff</b>
<b>LOW TENSION SUPPLIES, DOMESTIC</b> All units, ¢/kWh	15.27	+0.17	15.44
<b>LOW TENSION SUPPLIES, NON-DOMESTIC</b> All units, ¢/kWh	15.27	+0.17	15.44
<b>HIGH TENSION (HT) SUPPLIES</b>			
Contracted Capacity Charge, \$ / kW / month	7.33	0.00	7.33
Uncontracted Capacity Charge, \$ / chargeable kW / month	10.99	0.00	10.99
kWh charge, ¢ / kWh			
Peak period (7.00am to 11.00pm)	12.08	+0.12	12.20
Off-peak period (11.00pm to 7.00am)	6.43	+0.33	6.76
Reactive power charge, ¢ / chargeable kVARh	0.61	0.00	0.61
<b>EXTRA HIGH-TENSION (EHT) SUPPLIES</b>			
Contracted Capacity Charge, \$ / kW / month	7.02	0.00	7.02
Uncontracted Capacity Charge, \$ / chargeable kW / month	10.53	0.00	10.53
kWh charge, ¢ / kWh			
Peak period (7.00am to 11.00pm)	11.12	+0.13	11.25
Off-peak period (11.00pm to 7.00am)	6.31	+0.33	6.64
Reactive power charge, ¢ / chargeable kVARh	0.50	0.00	0.50