

Full response to item 16.1 (a)

- (a) ActewAGL is proposing to introduce a new services and tariff structure for the 2016-21 access arrangement period.

To calculate the smoothed revenues over the 2016-21 access arrangement period under the proposed new tariff structure, ActewAGL's PTRM includes:

- hypothetical 2015/16 prices for the proposed new tariff structure;
- the forecast demand for each tariff charge component of the proposed new tariff structure in each regulatory year of the 2016-21 access arrangement period, as developed by Core Energy;
- the X-factor and CPI for each regulatory year of the 2016-21 access arrangement period;
- an explanation of the principles supporting the smoothed revenues.

The hypothetical 2015/16 prices have been calculated by:

- a) determining the "as-is" 2015/16 revenue requirements based on:
 - i) the current 2015/16 prices; and
 - ii) the forecast demand for each tariff charge component under the current tariff structure for 2015/16, as developed by Core Energy ; and
- b) reconciling the "as-is" 2015/16 revenue requirements calculated in paragraph a) with the forecast demand for each tariff charge component under the proposed new tariff structure for 2015/16.

Appendix 11.02 sets out ActewAGL's calculation of the 2015/16 hypothetical prices and ActewAGL's calculation of the 2016/17 prices which are set out in the Initial Reference Tariff Schedule (Schedule 3 of ActewAGL's 2016-21 access arrangement).