

Draft Pricing Principles and Indicative Prices for Fixed Services

*Discussion with ACCC
22 October 2009*

- Suggested revised indicative prices for each service
- Review of costing methodology

	ACCC Proposed Prices 2009-10	Macquarie Proposed Prices 2009-10
Zone A	\$23.30	\$21.00
Zone B	-	\$21.00

Rationale

- Cannot leave Zone B price open
- One national pricing structure is appropriate
- Greater weighting to benchmark prices should apply



	ACCC Proposed Price 2009-10	Macquarie Proposed Price 2009-10
	13.30 cents	7.8 cents

Rationale

- Glide path cannot be justified
- Greater weighting to benchmark prices should apply



	ACCC Proposed Price 2009-10	Macquarie Proposed Price 2009-10
	0.9 cents	0.8 cents

Rationale

- Glide path cannot be justified

	ACCC Proposed Price 2009-10	Macquarie Proposed Price 2009-10
	\$1.00	\$1.00

Rationale

- No disagreement with ACCC

	ACCC Proposed Prices 2009-10	Macquarie Proposed Prices 2009-10	
Zone A	\$16.90	Tier 1 (GT 1-2)	\$3.30
Zone B	\$61.50	Tier 2 (GT 3-6)	\$20.29
		Tier 3 (GT 7-11)	\$31.30
		Tier 4 (GT 12-14)	\$31.30

Rationale

- Reduce price distortions
- Preserve 4 tiered pricing structure
- No adjustment path
- Greater weighting to benchmark prices should apply

	ACCC Proposed Prices 2009-10	Macquarie Proposed Prices 2009-10
Zone A	\$16.90	Zone A (1) (GT 1-2) \$10.09
Zone B	\$61.50	Zone A (2) (GT 3-10) \$16.90
		Zone B (GT 11-15) \$31.30

Rationale

- Split “Zone A”
- Apply adjustment path from \$6.60 not \$14.30 for “Band 1”
- Greater weighting to benchmark prices should apply

- Alternative asset valuation methodology should be explored
- DHC / DAC is preferred in principle