AUSTRALIAN COMPETITION TRIBUNAL

Application by Ergon Energy Corporation Limited

(Labour Cost Escalators) (No 9) [2011] ACompT 3

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| Citation: | Application by Ergon Energy Corporation Limited (Labour Cost Escalators) (No 9) [2011] ACompT 3 |
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| Review from: | Australian Energy Regulator |
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| Parties: | **ERGON ENERGY CORPORATION LIMITED** **(ACN 087 646 062)** |
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| File number: |  |
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| Members: |  **(DEPUTY PRESIDENT),****MR R DAVEY AND MR R SHOGREN** |
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| Date of determination: | 10 February 2011  |
|  |  |
| Date of hearing: | 15, 16, 17, 19 and 22 November 2010  |
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| Place: |  |
|  |  |
| Number of paragraphs: | 6 |
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| Counsel for Ergon Energy Corporation Limited: | Mr P O’Shea SC with Mr Bradley |
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| Solicitor for Ergon Energy Corporation Limited: | Minter Ellison Lawyers |
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| Counsel for Australian Energy Regulator: | Mr P Hanks QC with Mr P Gray, Mr T Clarke and Mr L Merrick |
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| Solicitor for Australian Energy Regulator: | Corrs Chambers Westgarth |

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| IN THE AUSTRALIAN COMPETITION TRIBUNAL |  |
|  | FILE NO  |

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| RE: | APPLICATION UNDER SECTION 71B OF THE NATIONAL ELECTRICITY LAW FOR A REVIEW OF A DISTRIBUTION DETERMINATION MADE BY THE AUSTRALIAN ENERGY REGULATOR IN RELATION TO ERGON ENERGY CORPORATION LIMITED PURSUANT TO RULE 6.11.1 OF THE NATIONAL ELECTRICITY RULES |
| BY: | ERGON ENERGY CORPORATION LIMITED(ACN 087 646 062) |

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| MEMBERS: | MIDDLETON J (DEPUTY PRESIDENT),MR R DAVEY AND MR R SHOGREN  |
| DATE: | 10 FEBRUARY 2011 |
| PLACE: |  |

**REASONS FOR DECISION: (LABOUR COST ESCALATORS)**

# INTRODUCTION

1. The Tribunal gave reasons in respect of labour cost escalators dated 24 December 2010.
2. Joint submissions by the parties have been received relating to those reasons by letter dated 27 January 2011.
3. In essence, the parties point to some findings made in paragraph [61] of those reasons as to:
4. the submission attributed to Ergon Energy as to the inflation rate to be applied to 2011 (2010-11);
5. the appropriate inflation rate for 2010-11 to be applied in converting the nominal escalator to a real escalator; and
6. the value of the real escalator produced by that conversion.
7. Having considered the joint submissions from the parties, the Tribunal agrees with the parties contentions contained therein.
8. An inflation rate of 2.5% should be applied for 2010-2011, for consistency with the cost escalator modelling framework in the Determination. This would produce a real increment of 1.95% for 2010-2011.
9. The Tribunal requests that the parties prepare minutes of the appropriate determination in light of the above reasons.

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| I certify that the preceding six (6) numbered paragraphs are a true copy of the Reasons for Decision herein of the Honourable Justice Middleton (Deputy President), RC Davey and RF Shogren. |

Associate:

Dated: 10 February 2011