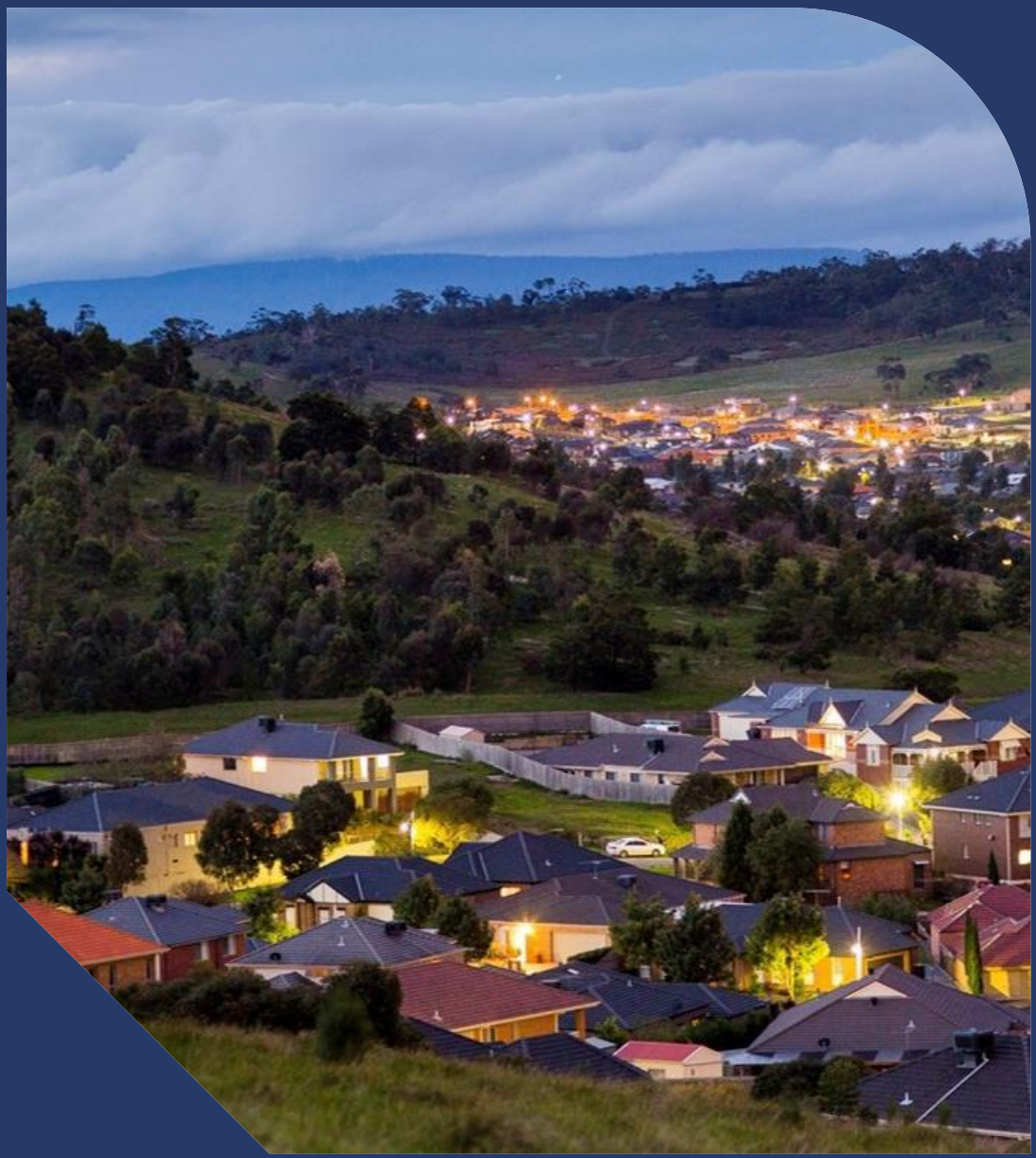
AusNet

Annual pricing proposal 2024-25

Thursday, 28 March 2024



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1. Introduction

This document, its appendices and attachments comprise AusNet's 2024-25 Pricing Proposal. It covers our direct control (standard control and alternative control) services for 2024-25 in accordance with clause 6.18.2 of the National Electricity Rules and the Australian Energy Regulator's (AER) Final Distribution Determination for the 2022-26 regulatory control period, which commenced on 1 July 2021.

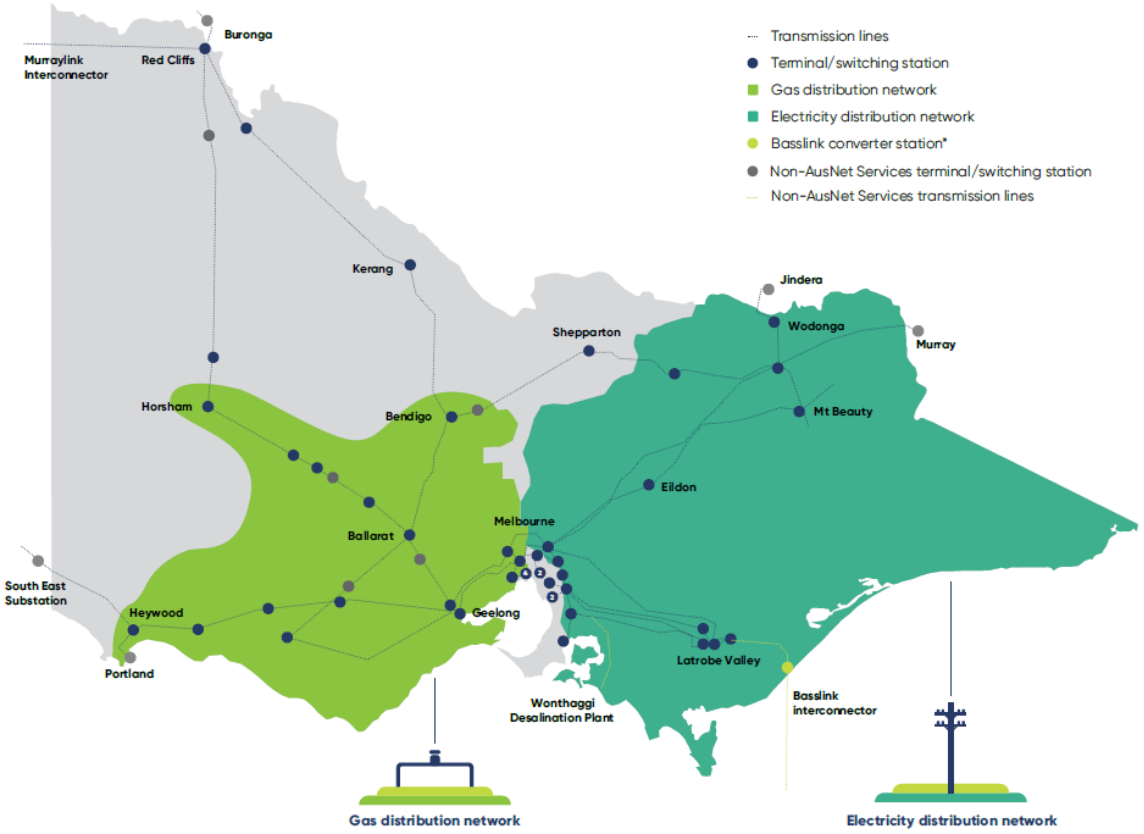
Clause 6.18 of the Rules sets out the requirements for distribution pricing. These requirements include the pricing principles which guide this Pricing Proposal. The specific matters this Pricing Proposal must address include:

- the classification of services;
- the price control mechanism;
- assigning and reassigning customers to tariff classes;
- recovery of transmission costs; and
- recovery of jurisdictional scheme amounts.

1.1. About AusNet

AusNet owns and operates one of the five distribution networks in Victoria. Our electricity distribution network feeds electricity to 802,000 customers across eastern and north-eastern Victoria, and in Melbourne's north and east. Our electricity distribution area is shown in Figure 1.1 below.

Figure 1.1: AusNet's Electricity and Gas regions



AusNet manages and maintains the electricity network in line with good industry practice to deliver electricity to customers safely and reliably. Our direct control services include:

- maintaining and operating the network;
- investing in network extensions and upgrades for future customer needs;
- connecting new customers to our network;

- providing and maintaining public lighting in our network area; and
- providing meter data to retailers.

The revenue obtained from tariffs and charges in this Pricing Proposal funds the above services.

1.2. Network charges and other charges

Network tariffs (for standard control services) cover the cost of transporting electricity from the generator through the transmission and distribution networks to our customers' homes or businesses. Network tariffs also recover the costs from jurisdictional schemes, which currently comprise of the Victorian Premium Solar Feed-in Tariff (PFiT) and the Energy Safe Victoria (ESV) levy schemes.

Charges for a variety of other services (referred to in the rules as Alternative Control Services) are also addressed in this Pricing Proposal. These include:

- metering fees which cover the costs of the meter and meter data services;
- public lighting charges which relate to the provision and maintenance of public lighting services; and
- other distribution services that are provided in response to the request or specific needs of our customers. Examples of these services include field officer visits, truck visits and connection services for new customers.

1.3. Structure of this document

The structure of this document is outlined in the table below and has been structured to address the requirements of Clause 6.18.2 of the Rules.

- Chapter 1 – Introduction
- Chapter 2 – Regulatory environment
- Chapter 3 – Network tariff classes
- Chapter 4 – Proposed network tariffs
- Chapter 5 – Variation to tariffs
- Chapter 6 – Ancillary network services
- Chapter 7 – Prescribed metering charges
- Chapter 8 – Public lighting
- Chapter 9 – Glossary
- Chapter 10 - Attachments

2. Regulatory environment

The AER sets AusNet's electricity distribution revenues and tariffs in accordance with the National Electricity Rules. The primary instruments of its regulation are:

- the relevant Electricity Distribution Determination for AusNet;
- the relevant Tariff Structure Statement (TSS); and
- the Annual Pricing Proposal decision.

In developing this Pricing Proposal, AusNet has therefore had regard for, and ensured consistency with the AER's Final Distribution Determination and the approval of our TSS for the 2022-26 regulatory control period published on 30 April 2021.

2.1. Electricity distribution price review requirements

AusNet's revenue and pricing must comply with its 2022-26 electricity distribution price determination. Total revenues recovered through distribution prices and the relevant price formulae are explained below.

2.1.1. Revenue cap formula

AusNet's distribution prices are set in accordance with a revenue cap formula. The revenue cap formula applicable during the 2022-26 regulatory control period is:

Table 2.1: Revenue cap formula

1	$TAR_t \geq \sum_{i=1}^{n} \sum_{j=1}^{m} p_t^{ij} q_t^{ij}$	i = 1,…,n and j = 1,…,m and t = 1, 2…,5
2	$TAR_t = AAR_t + I_t + B_t + C_t$	t = 1, 2…,5
3	$AAR_t = AR_t$	t = 1
4	$AAR_t = AAR_{t-1} \times (1 + \Delta CPI_t) \times (1 - X_t)$	t = 2, 3…,5

where:

TAR_t is the total allowable revenue in year t.

p_t^{ij} is the price of component 'j' of tariff 'i' in year t.

q_t^{ij} is the forecast quantity of component 'j' of tariff 'i' in year t.

t is the regulatory year.

AR_t is the annual smoothed revenue requirement in the Post Tax Revenue Model (PTRM) for year t.

AAR_t is the adjusted annual smoothed revenue requirement for year t.

I_t is the sum of incentive scheme adjustments in year t. Likely to incorporate revenue adjustments relating to outcomes of:

- the f-factor incentive scheme in relation to financial year t-3 to be applied in years t=1 to 5
- the STPIS (S-factor) in relation to:
  - regulatory year t-3 to be applied in years t-1, 2

  - regulatory year t-2 to be applied in years t=2 to 5
- the CSIS (H-factor) in relation to financial year t-2
- the demand management incentive scheme (DMIS) in relation to:
  - regulatory year t-3 to be applied in years t=1, 2
  - regulatory year t-2 to be applied in years t=2 to 5
- any amounts required to true-up the demand management innovation allowance (DMIA) in relation to the 2016-20 regulatory control period to be applied in regulatory year t=2 only
- any other related incentive schemes as applicable that are to be applied in year t

B_t is the sum of annual adjustments for year t. It includes:

- the true-up for any under or over recovery of actual revenue collected through DUoS charges calculated using the following method:

  $$DUoS\ Under\ and\ Overs\ True-Up_t = -(Opening\ Balance_t)(1 + WACC_t)^{0.5}$$

  where:

  $DUoS\ Under\ and\ Overs\ True-Up_t$ is the true-up for the balance of the DUoS unders and overs account in year t.

  $Opening\ Balance_t$ is the opening balance for the DUoS unders and overs account in year t as calculated by the method in attachment 14 of the AER's Final Decision for AusNet Services Distribution Determination 2021-26.

  $WACC_t$ is the approved weighted average cost of capital (WACC) used in regulatory year t in the DUoS unders and overs account in Attachment 14 of the AER's Final Decision for AusNet Services Distribution Determination 2021-26. This WACC figure will be as approved by the AER for the relevant year.

- license fee charges incurred by the Victorian businesses, charged by the Essential Services Commission Victoria (ESCV). The recovery of these charges will occur on a two-year lag, and therefore by indexed by two years interest, calculated using the following method:

  $$L_{t-2} \times (1 + WACC_t) \times (1 + WACC_{t-1})$$

  where:

  L_{t-2} is the sum of the license fees paid by the distributor to the ESCV relating to regulatory year t-2.

  In year t=1, the t-1 period will be the six-month extension period with the nominal WACC reflecting only the first six months of 2021. To index the license fee charges for a full year, the nominal WACC for the t-2 period will be included in the calculation using the following method:

  $$L_{2019-20} \times (1 + WACC_{2021-22}) \times (1 + WACC_{2020-21}) \times (1 + WACC_{2019-20})^{0.5}$$

C_t is the sum of approved cost pass through amounts (positive or negative) with respect to regulatory year t, as determined by the AER. It will also include any end-of-period adjustments in regulatory year t.

ΔCPI_t is the annual percentage change in the ABS consumer price index (CPI) All Groups, Weighted Average of Eight Capital Cities from the December quarter in year t-2 to the December quarter in year t-1, calculated using the following method:

The ABS CPI All Groups, Weighted Average of Eight Capital Cities for the December quarter in regulatory year t-1

divided by

The ABS CPI All Groups, Weighted Average of Eight Capital Cities for the December quarter in regulatory year t-2

minus one.

X_t is the X factor for each year of the 2021-26 regulatory control period as determined in the PTRM, and annually revised for the return on debt update in accordance with the formula specified in Attachment 3 of the AER's Final Decision for AusNet Services Distribution Determination 2021-26, calculated for the relevant year.

2.1.2. Total annual revenue

AusNet's total annual revenue for 2024-25 is determined by the AER setting the adjusted annual smooth revenue for 2023-24 and adjusted for:

- Consumer price index (CPI);
- F factor incentive scheme;
- Service Target Performance Incentive Scheme (STPIS) results;
- the recovery of Essential Services Commission of Victoria (ESC-V) license fees;
- any AER approved pass through amounts;
- the under or over recovery of revenue collected through DUoS charges in previous years; and
- the X factor revised for the return on debt.

AusNet's total annual revenue for 2024-25 is $820.70m. The following table shows the components make up the total revenue for 2024-25.

Table 2.2: Total annual revenue

Annual revenue components	**2024-25 ($m)**
Adjusted annual smoothed revenue for year t-1	754.62
CPI for year t	4.05%
X factor for year t	-0.42%
S factor (STPIS 1.2) for year t	-
Adjusted annual smoothed revenue for year t	788.50
I factor for year t	11.08
C factor for year t	13.12
B factor for year t	7.99
Total annual revenue	820.69

2.1.3. Side constraint formula

For each regulatory year after the first year of the of a regulatory control period, distribution prices are subjected to a side constraint formula that limits the revenue which can be recovered from a tariff class. The side constraint formula is set out below.

Table 2.3: Side constraint formula

For t = 2, 3…,5:

$$\frac{(\sum_{i=1}^{n}\sum_{j=1}^{m} p_t^{ij} q_t^{ij})}{(\sum_{i=1}^{n}\sum_{j=1}^{m} p_{t-1}^{ij} q_t^{ij})} \leq (1 + \Delta CPI_t) \times (1 - X_t) \times (1 + 2\%) + I_t' + T_t' + B_t'$$

where each tariff class has "n" tariffs, with each up to "m" components, and where:

p_t^{ij}	is the proposed price for component 'j' of tariff 'i' for year t.
p_{t-1}^{ij}	is the proposed charge for component 'j' of tariff 'i' in year t-1.
q_t^{ij}	is the forecast quantity of component 'j' of tariff 'i' in year t.
t	is the regulatory year.
ΔCPI_t	is the annual percentage change in the ABS consumer price index (CPI) All Groups, Weighted Average of Eight Capital Cities from the December quarter in year t-2 to the December quarter in

year t-1, calculated using the following method:

The ABS CPI All Groups, Weighted Average of Eight Capital Cities for the December quarter in regulatory year t-1

divided by

The ABS CPI All Groups, Weighted Average of Eight Capital Cities for the December quarter in regulatory year t-2

minus one.

X_t is the X factor for each year of the 2021-26 regulatory c ontrol period as determined in the PTRM, and annually revised for the return on debt update in accordance with the formula specified in Attachment 3 of the AER's Final Decision for AusNet Services Distribution Determination 2021-26, calculated for the relevant year. If X>0, then X will be set equal to zero for the purposes of the side constraint formula.

I'_t is the annual percentage change in the sum of incentive scheme adjustments described in the revenue cap formula applied in year t.

B'_t is the annual percentage change from the sum of annual adjustments factors for year t and includes true-up for any under or over recovery of actual revenue collected through DUoS charges calculated using the method calculated in the revenue cap formula.

C'_t is the annual percentage change from the sum of approved cost pass through amounts (positive or negative) with respect to regulatory year t, as determined by the AER. It will also include any end-of-period adjustments in regulatory year t.

2.1.4. Compliance with side constraint formula

Side constraint for 2024-25 is shown in the table below.

Table 2.4: Side constraint summary

Side constraint components	**2024-25 ($m)**
CPI for year t	4.05%
X factor for year t (if X>0, X=0)	-0.42%
S factor (STPIS 1.2) for year t	-
I factor for year t	-1.72%
C factor for year t	0.02%
B factor for year t	3.73%
Maximum allowable tolerance	2.00%
Side constraint	8.62%

2.1.5. Weighted average revenue

To demonstrate compliance with the side constraint formula, the table below sets out the weighted average revenue by tariff class from 2023-24 to 2024-25.

Table 2.5: Weighted average revenue

Tariff class	**2023-24 weighted average revenue ($m)**	**2024-25 weighted average revenue ($m)**	**% change**
Residential	441.60	460.33	4.24%
Small industrial & commercial	164.48	168.50	2.45%

Medium industrial & commercial	52.78	55.02	4.24%
Large industrial & commercial	103.44	107.87	4.24%
High voltage	21.15	22.05	4.24%
Sub transmission	3.96	4.13	4.24%

2.2. Long run marginal cost

A detailed explanation of AusNet's compliance with the requirement that tariffs be based on the long run marginal cost is set out in section B.3 of its approved TSS. AusNet has used the Average Incremental Cost (AIC) approach in calculating the LRMC and the following table shows the results of this calculation.

Table 2.6: Results of AusNet's LRMC analysis

Tariff class	Voltage level	LRMC ($/kW)
Residential	Low voltage	$62.57
Small industrial & commercial	Low voltage	$62.57
Medium industrial & commercial	Low voltage	$62.57
Large industrial & commercial	Low voltage	$62.57
High voltage	High voltage	$44.96
Sub transmission	Sub transmission	$10.48

2.3. Stand alone and avoidable costs

Section B.2 of the AusNet approved TSS sets out how AusNet's tariffs comply with the requirement that tariffs be set between the stand alone cost and the avoidable costs of supply to a tariff class. The following table shows how the 2024-25 tariffs meet this objective.

Table 2.7: Stand alone and avoidable costs

Tariff class	Stand alone cost ($/kWh)	Avoided distribution costs ($/kWh)	Average Duos bill ($/kWh)
Residential	$0.980	$0.012	$0.127
Small industrial & commercial	$0.911	$0.010	$0.128
Medium industrial & commercial	$0.241	$0.009	$0.126
Large industrial & commercial	$0.160	$0.007	$0.080
High voltage	$0.106	$0.004	$0.038
Sub transmission	$0.040	$0.001	$0.009

2.4. Designated pricing proposal charges

A distribution business's annual pricing proposal is required to show how designated pricing proposal charges (DPPC) are applied to customers and what adjustments relate to previous years. Clause 6.18.2 (b)(6) specifically requires that "A pricing proposal must: set out how designated pricing proposal charges are to be passed on to customers and any adjustments to tariffs resulting from over or under recovery of those charges in the previous regulatory year".

This section describes what DPPC are and how AusNet Services proposes to recover them in 2024-25.

Transmission service costs are recovered from distribution customers through the DPPC. AusNet makes payments for transmission services to the following industry participants for the services noted:

Table 2.8: DPPC participants

Participants	**Transmission/network service**
Australian Energy Market Operator (AEMO)	Transmission use of system services
AusNet Transmission	Transmission connection services
Embedded generators	Avoided transmission use of system services
Inter-network	Transmission use of system and distribution services

AusNet recovers the costs of the above services through an energy charge to customers. The energy charges are allocated to peak, shoulder and off peak periods for each network tariff. In 2024-25, AusNet's total DPPC payments is set out in the below table.

Table 2.9: DPPC payments

Designated pricing proposal components	**2024-25 ($m)**
AEMO	133.20
AusNet Transmission	8.60
Embedded generators	0.66
Inter-Network	-8.44
Under/over recovery adjustment[1]	1.73
Total DPPC payments	135.75

2.5. Jurisdictional pricing proposal charges

A distribution business's annual pricing proposal is required to show how Jurisdictional pricing proposal charges are applied to customers and what adjustments relate to previous years. Clause 6.18.2 (b) (6A) specifically requires that "A pricing proposal must: set out how jurisdictional scheme amounts for each approved jurisdictional scheme are to be passed on to customers and any adjustments to tariffs resulting from over or under recovery of those amounts;"

[1] Includes $0.08m of unpaid TUoS revenue from ROLR events in 2022-23.

Amounts paid out for jurisdictional schemes are recovered from distribution customers through the Jurisdictional pricing proposal charges. For the 2022-26 regulatory control period, the following jurisdictional schemes will apply:

- PFiT scheme; and
- ESV levy scheme

For 2024-25, the jurisdictional charges are made up of the residual unders and overs from 2021-22 to 2023-24 and the forecasted PFiT payments and ESV levy for 2024-25. The following table sets out the amounts to be recovered.

Table 2.10: JSA recovery arrangements

Jurisdictional recovery amounts	**2024-25 ($m)**
PFiT scheme	7.04
ESV levy scheme	5.19
Under/over recovery adjustment	7.06
Total recovered by tariffs	19.29

3. Network tariff classes

This section sets out AusNet's tariffs within each network tariff class. AusNet's tariff classes have been based on grouping customers that have a common connection and energy use profile.

For the 2022-26 regulatory control period, the tariff classes and the tariffs within each class for AusNet are shown in the table below.

Table 3.1: Network tariff classes

Tariff class	Typical customer	Tariffs
Residential	Residential customers Low voltage (230V & 415V) Annual consumption is < 160 MWh per year	NEE11, NEE11S, NEE11P, NEN11, NEE13, NEE14, NEE15, NAST11, NAST11S, NAST11P, NAST13, NAST14, NAST15, NASN11, NASN11S, NASN11P, NEN20, NEE24, NSP20, NSP23, SSP23, NEE30, NEE31, NEE32
Small industrial & commercial	Small LV industrial & commercial customers Low voltage (230V & 415V) Annual consumption is < 160 MWh per year	NEE12, NEE12S, NEE12P, NEN12, NEE16, NEE17, NEE18, NAST12, NAST12S, NAST12P, NASN12, NASN12S, NASN12P, NASN19, NASN21, NASN2S, NASN2P, NEN21, NSP21, NSP27, SSP27, SSP21
Medium industrial & commercial	Medium LV industrial & commercial customers Low voltage (230V & 415V) Annual consumption is > 160 MWh and < 400 MWh per year	NEE40, NEE41, NEE42, NEE43, NEE51, NEE52, NEE55, NSP55, NSP56, NEN56, NEE60
Large industrial & commercial	Large LV industrial & commercial customers Low voltage (230V & 415V) Annual consumption is > 400 MWh per year	NEE74, NSP75, NSP76, NSP77, NSP78
High voltage	Large HV industrial & commercial customers High voltage (6.6kV, 11kV & 22kV)	NSP81, NSP82, NSP83
Sub transmission	Large extra HV industrial & commercial customers, and supplies to Latrobe Valley Open cuts and works areas Sub transmission (66kV)	NSP91, NEE93, NSP94, NSP95

4. Proposed network tariffs

4.1. Background to tariff access

Today and in the future, residential customers are driving change in the way the electricity network is used. This is affecting peak demand growth, and therefore our costs through:

- continued growth in air-conditioner load, exacerbating the early evening peak;
- the emergence of electric vehicles (EVs), which has the potential to exacerbate the early evening peak and therefore increase network costs;
- future take-up of home batteries with solar PV, effectively allowing solar generation to be shifted to any time period; and
- continued new connections driven by state population growth.

To address these issues, we have introduced a new two-rate tariff structure (new ToU tariff) for the 2022-26 regulatory control period. The new ToU tariff will become our default tariff for residential customers.

For a full explanation of the rationale for introducing the new ToU tariff, please refer to our Tariff Structure Statement Explanatory Statement[2].

For our existing residential customers we have:

- retained our single rate, demand charge, and controlled load (dedicated circuit) tariff structures from the 2016-20 regulatory control period;
- reassigned our legacy ToU tariff customers onto the new ToU tariff on 1 July 2021; and
- removed our legacy ToU tariffs from our tariff schedule[3].

For small business customers consuming not more than 40MWh per year, we have:

- changed the default tariff from the current single rate tariff to a two-rate ToU tariff with a peak period of 9am-9pm local time on weekdays (the new default ToU tariff);
- moved all legacy TOU tariff customers onto the new default two-rate ToU tariff on 1 July 2021; and
- removed all legacy ToU tariffs from our tariff schedule.

Separately, we have closed our residential and small business suite of seasonal ToU tariff structures to new entrants.

For customers on our residential and small business legacy ToU tariffs with basic meters, AusNet have moved these customers onto the residential and small business single rate tariffs on 1 July 2021.

For customers likely to consume over 40 MWh per year, AusNet have retained the existing tariffs and the current pricing structures set out in the 2016-20 TSS, with the exception of the default medium customer tariff (NSP56). For this tariff, the pricing structure changed from 1 July 2023. The consumption charging window will be amended as follows:

- morning peak charging window (7am to 10am, Monday to Friday) will be removed;
- evening peak charging window (4pm to 11pm, Monday to Friday) will be narrowed to a 4pm to 9pm, Monday to Friday evening peak window;
- shoulder charging window (10am to 4pm, Monday to Friday) will remain unchanged;
- off peak charging window will be amended to 12am to 10am and 9pm to 12am, Monday to Friday; and
- off peak charging window on weekends will remain unchanged.

All other tariff components of NSP56 will remain unchanged.

The following table outlines the changes to consumption charging windows for NSP56.

Table 4.1: Changes to default medium business tariff consumption charging window

[2] https://www.aer.gov.au/networks-pipelines/determinations-access-arrangements/ausnet-services-determination-2021-26/revised-proposal
[3] Tariff NEE24 will remain on our tariff schedule.

Consumption charging windows	Until 30 June 2023 (No change)	On and after 1 July 2023
Peak	7am to 10am and 4pm to 11pm, Monday to Friday	4pm to 9pm, Monday to Friday
Shoulder	10am to 4pm, Monday to Friday	10am to 4pm, Monday to Friday
Off peak	12am to 7am and 11pm to 12am, Monday to Friday 12am to 12am, Saturday to Sunday	12am to 10am and 9pm to 12am, Monday to Friday 12am to 12am, Saturday to Sunday

4.2. Policies and procedures for tariff assignment

The following section summarises the tariff assignment and re-assignment options applicable to our customer classes. A detailed tariff assignment policy for the 2022-26 regulatory control period is provided in section 10.10 of this pricing proposal.

Residential customers

- New residential customers:

  New residential customer connections, customers upgrading to three phase metering, and new solar or battery installations will be assigned to the new ToU price structure. If an electric vehicle (EV) customer register or other formal means of identification becomes available, EV customers will also be assigned to the new ToU price structure and no longer have access to the flat rate network tariff structure.

- Existing residential customers:

  Customers on the single rate price structure or their retailer may request to be transferred to the new ToU or demand price structures.

  Customers on the seasonal ToU price structure or their retailer may request to be transferred to the single rate, new ToU or demand price structures.

  Customers on the demand price structure or their retailer may request to be transferred to the single rate or new ToU price structures.

- Opt-out provisions:

  New residential customer connections, three-phase upgrade customers and existing legacy ToU customers that are assigned to the new ToU price structure or their retailer may request to be transferred to the single rate or demand price structures.

  Residential solar customers or their retailer may request transfer to the solar single rate or demand price structures.

The table below summarises our tariff assignment and reassignment for residential customers.

Table 4.2: Residential - Assignment and tariff options

Tariffs	Assignment	Tariff options (upon request from retailer)
New ToU	New connections Supply upgrades to three-phase Customers installing solar or battery EV customers[4]	Single rate[5] or demand

[4] If an EV register or other formal means of identification becomes available, EV customers will be assigned to the new ToU pricing structure.
[5] If an EV register or other formal means of identification becomes available, EV customers will no longer be able to access the flat rate network tariff structure.

Single rate[6]	All existing customers remain	New ToU or demand
Legacy ToU	Customers on NEE24 will remain	Single rate, new ToU or demand
Seasonal ToU[7]	All existing customers remain	Single rate, new ToU or demand
Demand	All existing customers remain	Single rate or new ToU

Small business customers (consuming not more than 40 MWh per year)

- New small business customers:

  New small business customer connections, customers upgrading to three phase metering, and new solar or battery installations will be assigned to the default ToU price structure. If an EV customer register or other formal means of identification becomes available, EV customers will also be assigned to the default ToU price structure and no longer have access to the flat rate network tariff structure.

- Existing small business customers:

  Customers on the single rate price structure or their retailer may request to be transferred to the default ToU or demand price structures.

  Customers on the seasonal ToU price structure or their retailer may request to be transferred to the single rate, default ToU or demand price structures.

  Customers on the demand price structure or their retailer may request to be transferred to the single rate or default ToU price structures.

- Opt out provisions:

  New small business customer connections, three-phase upgrade customers and existing legacy ToU customers that are assigned to the default ToU price structure or their retailer may request to be transferred to the single rate or demand price structures.

  Small business solar customers or their retailer may request to be transferred to the solar single rate or demand price structures.

The table below summarises our tariff assignment and options for small business customers.

Table 4.3: Small business consuming 40 MWh or less per year – Assignment and tariff options

Tariffs	**Assignment**	**Tariff options (upon request from retailer)**
Default ToU	New connections Supply upgrades to three-phase Businesses installing solar or battery EV customers[8]	Single rate or demand[9]
Single rate[10]	All existing customers remain	Default ToU or demand
Seasonal ToU[11]	All existing customers remain	Single rate, default ToU or demand
Demand	All existing customers remain	Single rate or default ToU

Small business customers (consuming between 40 MWh to 160 MWh per year)

- New small business customers:

  New small business customers who satisfy the 40 MWh to 160 MWh per year threshold will be re-assigned to demand price structure.

  New small business solar customers who satisfy the 40 MWh to 160 MWh per year threshold will be assigned to a solar demand price structure.

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[6] Includes single rate tariffs with a dedicated circuit. It is also closed to new entrants.
[7] Closed to new entrants.
[8] If an EV register or other formal means of identification becomes available, EV customers will be assigned to the new ToU pricing structure.
[9] If an EV register or other formal means of identification becomes available, EV customers will no longer be able to access the flat rate network tariff structure.
[10] Includes single rate price structures with a dedicated circuit. It is also closed to new entrants.
[11] Closed to new entrants.

If an EV customer register or other formal means of identification becomes available, EV customers will also be assigned to the default ToU price structure and will no longer be able to access the flat rate network tariff structure.

- Existing small business customers:

  Small business customers who qualify for the 40 MWh to 160 MWh per year threshold will be re-assigned to the demand price structures.

  Small business solar customers who qualify for the 40 MWh to 160 MWh per year threshold will be re-assigned to a solar demand price structures.

  Small business customers who qualify will be re-assigned at the commencement of each regulatory year in the 2022-26 period.

- Opt out provisions:

  Small business customers or their retailer may request to be transferred to the seasonal ToU price structure.

  Small business solar customers or their retailer may request to be transferred to the solar seasonal ToU price structure.

  Small business customers or their retailer who consume not more than 40 MWh in the preceding 12 months or their retailer, may request to be transferred to the single rate, default ToU or demand price structures.

  Small business solar customers who consume not more than 40 MWh in the preceding 12 months, may request to be transferred to the solar variant of the single rate, default ToU or demand price structures.

The table below summarises our tariff assignment and options for small business customers consuming between 40 MWh and 160 MWh per year.

Table 4.4: Small business consuming between 40 MWh to 160 MWh per year – Assignment and tariff options

Tariffs	Assignment	Tariff options (upon request from retailer)
Demand	New customers All existing customers remain Existing customers who qualify	Seasonal ToU[12], single rate[13], default ToU or demand[14]

Medium and large I&C business customers (consuming greater than 160 MWh per year)

- New medium and large customers

  New customers will be assigned to a critical peak demand price structure.

- Existing medium and large customers

  Existing customers or their retailer may request to be transferred to another critical peak demand price structure as long as it meets the critical peak demand tariff assignment criteria as set out in section 10.10 of this pricing proposal.

- Customers in alpine regions

  Customers in AusNet's alpine region or their retailer may request transfer to the snowfield seasonal ToU price structures.

The table below summarises our tariff assignment for customers consuming more than 160 MWh per year.

Table 4.5: Customers consuming greater than 160 MWh per year – Assignment and tariff options

Tariffs	Assignment	Tariff options (upon request from retailer)
CPD Demand	New customers	CPD demand or seasonal ToU[15]

[12] Solar customers who opt out will be assigned to a solar variant of the seasonal ToU tariff.
[13] If an EV register or other formal means of identification becomes available, EV customers will no longer be able to access the flat rate network tariff structure.
[14] Small business customers consuming less than 40 MWh in the preceding 12 months can opt-out to a single rate, default ToU or demand tariff. Small business solar customers consuming less than 40 MWh in the preceding 12 months can opt out to the solar variant of the single rate, default ToU or demand tariff. For avoidance of doubt, the opt out demand tariffs are the demand tariffs available for small business customers consuming less than 40 MWh per year.
[15] Customers in AusNet's alpine region may request transfer to snowfield seasonal tariff.

	All existing customers remain	
Single rate[16]	All existing customers remain	CPD demand or seasonal ToU[17]
Legacy ToU	All existing customers remain	CPD demand
Seasonal ToU	All existing customers remain	CPD demand

Assessment and review process for tariff assignment

The assessment and review process for tariff assignment is explained below, and is unchanged from the 2016-20 Tariff Structure Statement.

Requests to change a tariff need to be directed to, or come from, a customer's retailer.

AusNet requires customers seeking tariff reassignment to remain on the reassigned tariff for a minimum 12-month period. AusNet may make exceptions to this requirement at its discretion, where for example, it can be demonstrated that to not do so would impose hardship or unreasonable penalties on the customer. This condition prevents customers changing tariffs to take advantage of variations in prices according to their individual load, thereby bypassing payment that reflects use of the distribution network over a full 12-month cycle.

AusNet proposes to notify a customer's retailer in writing (including via email) of the tariff class to which the customer has been assigned or reassigned, prior to the assignment or reassignment occurring. The notice will include advice that the customer or their retailer may request further information from AusNet, or that they or their retailer may object to the proposed assignment or reassignment.

If the customer or their retailer objects to the proposed assignment or reassignment and that objection is not resolved to the satisfaction of the customer or their retailer, the customer has access to dispute resolution arrangements. If, as part of any dispute resolution process, AusNet receives a request for further information from a customer or their retailer, AusNet will provide such information.

AusNet will not provide the customer or their retailer with any information that it deems to be of a confidential nature, unless required to under any relevant legal or regulatory obligation. AusNet will adjust any tariff assignment or reassignment in accordance with any decision made by a valid dispute resolution mechanism (e.g. the Energy and Water Ombudsman of Victoria).

4.3. Critical peak demand tariffs

Details on the structure and operation of AusNet's Critical Peak Demand (**CPD**) tariffs are set out below.

Table 4.6: CPD structure and operation

Tariff component	**Description**
Standing charge	Fixed annual charges
Energy charge	Peak and off peak or peak, shoulder and off peak
Capacity charge	1. For low voltage connections the capacity charges assigned is the nameplate rating of the transformer supplying the customer's installation. For sites where the transformer is not dedicated to the customer installation, the charge is set by reference to the portion of the nameplate rating of the transformer that is allocated to the customer's requirements; and
Critical peak demand charge	2. For high voltage and sub transmission connections, capacity is assigned according to the rating of the cabling and switchgear that makes the customer's connection point.
Defined critical peak demand period	The demand charge is based on the average of the customer's maximum kVA recorded on the 5 nominated peak demand weekdays during the defined critical peak demand period. The average is used as an input into the

[16] Includes single rate pricing structures with a dedicated circuit. It is also closed to new entrants.
[17] Customers in AusNet' alpine region may request transfer to snowfield seasonal tariff.

demand charge for the 12 month period from 1 April to 31 March.

Waiving maximum demand on CPD nominated days

Customers on a CPD tariff may request that the maximum demand recorded on nominated critical peak days are exempt for the purpose of setting the CPD charges for the subsequent 1 April to 31 March period.

Waiving maximum demand will be considered if there is:

- an event on the connecting electricity distribution network has occurred which affected the customer's ability to respond on a critical peak day; or
- a force majeure event, in which the customer needs to demonstrate a force majeure event prevented the customer from reducing its demand.

Review of the capacity value

Customers on CPD tariffs may submit a request to AusNet to review the capacity value assigned for the capacity element of the tariff, as follows.

(a) Increase to capacity - Where a customer requires increased capacity, an application may be made to AusNet for the network to be augmented to cater for the new requirements. Any variation will be made in accordance with AusNet's supply extension policy.

(b) Reduction to capacity - Capacity values are not reviewable except in circumstances where a customer's requirement has changed significantly and the assigned capacity will no longer be required.

Power factor correction

When a customer takes action in order to correct their power factor the benefits will occur in a lower CPD the following summer. This will result in lower CPD charges in following years with no need for AusNet to reduce demand charges in the current year.

In some circumstances where the customer is able to release the capacity for AusNet to supply other customers, AusNet may be able to give consideration to a reduction in the capacity to what is expected with the new power factor correction. This allows AusNet to more efficiently use the network. In these circumstances, a capacity control device might be required to be installed.

4.4. Backdating tariffs

AusNet will not backdate the network tariff effective date as a result of a customer seeking a tariff reassignment.

For a small customer, the reassignment will be made effective from the commencement date of the current billing period at the time of the retailer's notification of a tariff reassignment request. For medium and large customers, the reassignment will be made effective from the next billing period after the retailer's notification.

AusNet may make exceptions to the above requirement at its discretion.

4.5. Close to new entrants tariffs

AusNet will not assign new connections to tariffs marked as "Closed to new entrants". Only tariffs that are open will be considered for assignment. For existing sites, the assignment to a closed tariff may be allowed where the existing tariff has the same meter requirements and tariff structure as the tariff they are moving to.

4.6. Network tariff exemptions in certain circumstances

Customers with generation facilities or batteries will be partially or fully exempt from a network tariff if the customer has signed a contract with AusNet which permits the exemption. AusNet would only enter into such a contract if:

- there is no load at the site other than load associated with the generation facility or battery;
- the generator or battery will be called upon for providing network support services and will not actively engage in any competitive market activities whilst providing this service;
- only the generation facility or battery charging load associated with providing network support services will be eligible for the network tariff exemption, which will be applied as part of the rebate based on the network support services to be provided; and
- the load associated with non-regulated services will be subject to network tariffs consistent with other assets having a similar connection to, and use of, the network.

The exemption from a network tariff may also impact the calculation of the customers' connection cost and require the customer to waive their right to access avoided transmission use of system payments.

All other batteries must be assigned to tariffs according to the tariff class assignment criteria.

4.7. Tariff trials

In accordance with Rule 6.18.1C of the National Electricity Rules (NER), AusNet has notified the AER on 28 February 2024 of its intention to trial the following sub-threshold tariffs from 1 July 2024.

The four sub-threshold tariffs are:

- **Utility energy storge system (HV)**
  - a tariff for utility scale energy storage systems, operating on the high-voltage network
  - Available to storage operators connecting to AusNet's HV network.
  - Customers are required to opt in to participate and may opt out at any time during the trial period in which AusNet will reassign them onto an alternative tariff based on their load profile/usage characteristics.
- **Utility energy storge system (Sub-Tx)**
  - a tariff for utility scale energy storage systems, operating on the sub-transmission network.
  - Available to storage operators connecting to AusNet's Sub-Tx network.
  - Customers are required to opt in to participate and may opt out at any time during the trial period in which AusNet will reassign them onto an alternative tariff based on their load profile/usage characteristics.
- **Neighbourhood storage tariff (medium)**
  - a tariff for medium neighbourhood/community storage systems, operating on the low-voltage network.
  - Available to storage operators connecting up to 250 kW on AusNet's LV network.
  - Customers are required to opt in to participate and may opt out at any time during the trial period in which AusNet will reassign them onto an alternative tariff based on their load profile/usage characteristics.
- **Neighbourhood storage tariff (large)**
  - a tariff for large neighbourhood/community storage systems, operating on the low-voltage network.
  - Available to storage operators connecting between 250 kW to 1 MW on AusNet's LV network.
  - Customers are required to opt in to participate and may opt out at any time during the trial period in which AusNet will reassign them onto an alternative tariff based on their load profile/usage characteristics.

For more information on the above sub-threshold tariffs, the AusNet's tariff trial notification for 2024-25 can be found at the AER's tariff trial website.

In addition to the above sub-threshold tariffs, AusNet will continue trialling the following sub-threshold tariffs in 2024-25 that was introduce in 2023-24:

- **EV Dynamic**
- **CPD+**
- **CPD Flex**

Notes:

- Customer participation in all tariff trials is based as on a first come first served basis.
- AusNet reserves the right to stop assigning customers to the trials
  - once the expected customers numbers are reached;
  - the forecasted revenue from the trial(s) is within 10% of the individual (1%) and/or cumulative (5%) thresholds;
  - the trial(s) is not working as per its intended purpose.

Table 4.8: Tariff trials proposed tariffs for 2024-25

Tariff trial	Tariff code	Standing charge $/year	Peak c/kWh	Shoulder all year c/kWh	Off Peak c/kWh	Capacity $/kVA/yr	Critical peak demand $/kVA/yr	Solar soak c/kWh	Event rebate $/kW
EV Dynamic	NAST16T	138.51	24.9205		5.4333			-1.00	-1.00
CPD+	NSP56T	3,486.82	16.4685	12.4819	5.2422	24.15	40.25		
CPD+	NSP75T	7,570.96	6.4692	5.1816	2.2339	58.67	98.39		
CPD+	NSP76T	7,570.96	6.2007	4.9169	2.0747	61.17	103.45		
CPD+	NSP77T	7,570.96	6.1343	4.8890	1.9971	67.06	111.32		
CPD+	NSP78T	7,570.96	5.7556	4.6404	1.8226	73.77	122.05		
CPD Flex	NSP79T	7,570.96	15.0854	9.4136	2.1846	60.51	101.70	0.50	

Tariff trial	Tariff code	Standing charge $/year	Solar soak (Import) c/kWh	Solar soak (Import) $/kVA/mth	Solar soak (Export) c/kWh	Solar soak (Export) $/kVA/mth	Peak (Import) c/kWh	Peak (Import) $/kVA/mth	Peak (Export) c/kWh	Off Peak (Import) c/kWh	Off Peak (Import) $/kVA/mth	Off Peak (Export) c/kWh	Off Peak (Export) $/kVA/mth
Neighbourhood storage tariff (medium)	NSSM01T	250.00	0.00		4.0225		14.1712		-2.10	4.0225		0.00	
Neighbourhood storage tariff (large)	NSSL01T	3,486.82	0.00		3.6225		11.7712		-1.20	3.6225		0.00	
Utility energy storge system (HV)	UESH01T	4,999.72		0.00		1.10		2.05	-2.50		0.59		0.00
Utility energy storge system (Sub-Tx)	UESS01T	17,930.61		0.00		0.65		1.20	-1.80		0.32		0.00

Note: Cost to export will apply above Basic Export Limit of 3.5kW.

4.8. Indicative tariffs

The proposed prices for 2024-25 and indicative prices for the remaining years in the 2022-26 regulatory control period are shown in Attachment 5.

4.9. Comparison of proposed and indicative tariffs

AusNet is required to demonstrate that our proposed tariffs are aligned with our indicative tariffs and is required to provide an explanation for tariffs that exceeds the materiality threshold.

For a comparison of our current proposed and indicative tariffs, see Attachment 2.

5. Variation to tariffs

5.1. Residential

AusNet's residential tariffs apply to customers using less than 160 MWh per annum for predominantly private domestic purposes. These customers are connected to the low voltage network (240/415 volts) and with a maximum load less than 50 kVA. The table below outlines the estimated network average price change for the most common residential tariff types.

Table 5.1: Residential price change

Tariff	Average annual load (MWh)	2023-24 ($ year)	Proposed year ($ year)	Change (%)
NEE11	4.46	720.41	749.79	4.08%
NAST11	5.35	667.22	702.39	5.27%
NAST11S	4.68	621.84	654.78	5.30%

5.2. Small industrial & commercial

Small industrial and commercial customers are customers that consume up to 160 MWh per annum. The table below outlines the estimated network average price change for the most common small industrial & commercial tariff types.

Table 5.2: Small industrial & commercial price change

Tariff	Average annual load (MWh)	2023-24 ($ year)	Proposed year ($ year)	Change (%)
NEE12	5.89	1,268.66	1,293.44	1.95%
NAST12	11.65	1,498.94	1,545.45	3.10%
NASN19	51.62	10,424.58	10,791.28	3.52%
NASN21	69.50	9,852.51	10,174.88	3.27%

5.3. Medium industrial & commercial

Medium industrial and commercial customers are customers that consume between 160 MWh and 400 MWh per annum. The table below outlines the estimated network average price change for the most common medium industrial & commercial tariff types.

Table 5.3: Medium industrial & commercial price change

Tariff	Average annual load (MWh)	2023-24 ($ year)	Proposed year ($ year)	Change (%)
NSP56	240.44	30,117.91	31,672.70	5.16%
NEE51	203.86	34,857.40	36,366.27	4.33%

5.4. Large industrial & commercial

Large customers are those customers who consume more than 400 MWh per annum. The table below outlines the estimated network average price change for large industrial & commercial tariff types.

Table 5.4: Large industrial & commercial price change

Tariff	Average annual load (MWh)	2023-24 ($ year)	Proposed year ($ year)	Change (%)
NSP75	554.79	56,424.88	59,739.44	5.87%
NSP76	1,175.77	106,523.51	113,085.72	6.16%
NSP77	2,666.70	224,694.07	239,023.61	6.38%
NSP78	4,642.87	350,068.35	373,260.24	6.62%

5.5. High voltage

Customers connected to the AusNet's high voltage 22kV, 11kV or 6.6kV networks are assigned to a high voltage network tariff. The table below outlines the estimated network average price change for high voltage tariff types.

Table 5.5: High voltage price change

Tariff	Average annual load (MWh)	2023-24 ($ year)	Proposed year ($ year)	Change (%)
NSP81	9,115.90	434,019.06	468,447.65	7.93%
NSP83	803.73	68,242.52	72,522.31	6.27%

5.6. Sub transmission

AusNet has only a small number of customers taking supply directly from the sub-transmission system. These customers are very diverse in terms of their location, the size of their load and their annual energy use. The table below outlines the estimated network average price change for sub transmission tariff types.

Table 5.6: Sub transmission price change

Tariff	Average annual load (MWh)	2023-24 ($ year)	Proposed year ($ year)	Change (%)
All 90s (excludes NEE93)	43,823.91	850,858.09	958,574.90	12.66%

6. Ancillary network services

Ancillary network services are network services provided to individual customers using the same resources as those used to provide other regulated network services.

The costs of providing these services are recovered from the individual customer requesting the service and not from all other customers. The types of service include customer connections, energisation and de-energisation of customer installations, field officer visits, and service truck visits.

Where the services are routine in nature and provided on a regular basis to a number of customers, AusNet sets a fixed fee for the service. In those instances where the number of jobs is infrequent or the nature of the work varies significantly, charges are made on the basis of recovering the actual cost incurred at approved charge out rates.

6.1. Ancillary network services charge

During the 2022-26 regulatory control period, ancillary network service charges are varied in accordance with the price cap formula set out below.

Table 6.1: Fee based ancillary network services formula

1	$\bar{p}_t^i \geq p_t^i$	i = 1,…,n and t = 1, 2…,5
2	$\bar{p}_t^i = \bar{p}_{t-1}^i \times (1 + \Delta CPI_t) \times (1 - X_t^i) + A_t^i$	

where:

$\bar{p}_t^i$ is the cap on the price of service i in year t. For the first year of the regulatory control period, the cap on the price of service i will be as per the schedule of approved charges set out in Attachment 15 of the AER's Final Decision for AusNet Services Distribution Determination 2021-26.

p_t^i is the price of service i in year t.

$\bar{p}_{t-1}^i$ is the cap on the price of service i in year t–1.

t is the regulatory year.

ΔCPI_t is the annual percentage change in the ABS consumer price index (CPI) All Groups, Weighted Average of Eight Capital Cities from the December quarter in year t-2 to the December quarter in year t-1, calculated using the following method:

The ABS CPI All Groups, Weighted Average of Eight Capital Cities for the December quarter in regulatory year t-1

divided by

The ABS CPI All Groups, Weighted Average of Eight Capital Cities for the December quarter in regulatory year t-2

minus one.

X_t^i is the X factor for service i in year t. The value of this factor is as specified in Attachment 16 of the AER's Final Decision for AusNet Services Distribution Determination 2021-26.

A_t^i is the sum of any adjustments for service i in year t. Likely to include, but not limited to adjustments for any approved cost pass through amounts (positive or negative) with respect to regulatory year t, as determined by the AER.

For 2024-25, CPI is 4.05% and the X factor is -0.73%, resulting in a price increase of 4.81%.

Due to rounding, there may be some discrepancies between the historical approved ACS prices and those presented in the ACS pricing model.

7. Prescribed metering charges

7.1. Electricity distribution price review annual metering charges requirements

AusNet's metering charges are subject to a revenue cap form of regulation. During the 2022-26 regulatory control period, prescribed metering charges are varied in accordance with the formula set out below.

Table 7.1: Annual metering charges revenue cap formula

1	$TARM_t \geq \sum_{i=1}^{n} \sum_{j=1}^{m} p_t^i q_t^i$	i = 1,…,n and t = 1, 2…,5
2	$TARM_t = AR_t + T_t + B_t + C_t$	t = 1, 2…,5
3	$AR_t = AR_{t-1} \times (1 + \Delta CPI_t \times (1 - X_t)$	t = 2, 3, 4, 5

where:

$TARM_t$ is the total allowable revenue for type 5 and 6 (inc. smart metering) services in year t.

p_t^i is the price of component 'j' of tariff 'i' in year t.

q_t^i is the forecast quantity of component 'j' of tariff 'i' in year t

t is the regulatory year.

AR_t is the annual smoothed revenue requirement for year t. In year t=1, the annual smoothed revenue requirement is set in the AER's final decision PTRM.

AR_{t-1} is the annual smoothed revenue requirement approved for year t-1.

T_t is the adjustments in year t for true-ups relating to the Victorian AMI roll-out between 2009 and 2015. There are no adjustments expected for the 2021-26 regulatory control period, and therefore the T factor will have a value of 0.

B_t is the sum of annual adjustments factors for year t and includes the true-up for any under or over recovery of actual revenue collected through type 5 and 6 (inc. smart metering) charges calculated using the following method:

$Metering\ Unders\ and\ Overs\ True - Up_t = -(Opening\ Balance_t)(1 + WACC_t)^{0.5}$

where:

$Metering\ Unders\ and\ Overs\ True - Up_t$ is the true-up for the balance of the type 5 and 6 (inc. smart metering) services unders and overs account in year t.

$(Opening\ Balance_t)$ is the opening balance of the type 5 and 6 (inc. smart metering) services unders and overs account in year t as calculated by the method in Appendix B of Attachment 14 of the AER's Final Decision for AusNet Services Distribution Determination 2021-26.

$(1 + WACC_t)$ is the approved weighted average cost of capital used in regulatory year t in the type 5 and 6 (inc. smart metering) services unders and overs account in Appendix B of Attachment 14 of the AER's Final Decision for AusNet Services Distribution Determination 2021-26. This WACC figure will be as approved by the AER for the relevant year.

C_t is the sum of approved cost pass through amounts (positive or negative) attributed to these metering services with respect to regulatory year t, as determined by the AER. It will also include any applicable end-of-period adjustments in regulatory year t.

ΔCPI_t is the annual percentage change in the ABS consumer price index (CPI) All Groups, Weighted Average of Eight Capital Cities from the December quarter in year t-2 to the December quarter in year t-1, calculated using the following method:

The ABS CPI All Groups, Weighted Average of Eight Capital Cities for the December quarter in regulatory year t-1

divided by

The ABS CPI All Groups, Weighted Average of Eight Capital Cities for the December quarter in regulatory year t-2

minus one.

X_t is the X factor for each year of the 2021–26 regulatory control period as determined in the metering PTRM, and annually revised for the return on debt update in accordance with the formula specified in attachment 3 of the AER's Final Decision for AusNet Services Distribution Determination 2021-26, calculated for the relevant year. This annual update of the metering PTRM will be provided alongside (or prior to) the pre-populated pricing model template prior to submission of the annual pricing proposal each year.

For each regulatory year after the first year of the 2022-26 regulatory control period, prices for each meter service are subject to a side constraint formula. The side constraint formula is set out below.

Table 7.2: Metering side constraint formula

For t = 2, 3, 4, 5:

$$\frac{p_t^i}{p_{t-1}^i} \leq (1 + \Delta CPI_t) \times (1 - X_t) \times (1 + 2\%) + T_t' + B_t' + C_t'$$

where:

p_t^i is the proposed price for tariff 'i' for year t.

p_{t-1}^i is the proposed charge for tariff 'i' in year t-1.

t is the regulatory year.

ΔCPI_t is the annual percentage change in the ABS consumer price index (CPI) All Groups, Weighted Average of Eight Capital Cities from the December quarter in year t-2 to the December quarter in year t-1, calculated using the following method:

The ABS CPI All Groups, Weighted Average of Eight Capital Cities for the December quarter in regulatory year t-1

divided by

The ABS CPI All Groups, Weighted Average of Eight Capital Cities for the December quarter in regulatory year t-2

minus one.

X_t is the X factor for each year of the 2021-26 regulatory control period as determined in the metering PTRM, and annually revised for the return on debt update in accordance with the formula specified in Attachment 3 of the AER's Final Decision for AusNet Services Distribution Determination 2021-26, calculated for the relevant year. This annual update of the metering PTRM will be provided alongside (or prior to) the pre-populated pricing template prior to submission of the annual pricing proposal each year.

T_t' is the annual percentage change from the sum of the annual adjustments factors for year t relating to the Victorian AMI roll-out between 2009 and 2015. There are no adjustments expected for the 2021-26 regulatory control period, and therefore the T-factor will have a value of 0.

B_t' is the annual percentage change from the sum of annual adjustments factors for year t and includes true-up for any under or over recovery of actual revenue collected through type 5 and 6 (inc. smart

metering) services charges calculated using the method in the revenue cap formula for type 5 and 6 (inc. smart metering) services.

C_t' is the annual percentage change from the sum of approved cost pass through amounts (positive or negative) attributed to these metering services with respect to regulatory year t, as determined by the AER. It will also include any applicable end-of-period adjustments in regulatory year t.

7.2. Metering revenue

The prescribed metering revenue for 2024-25 are forecast to recover $67.52m. The below table sets out components that make up the metering revenue for 2024-25.

Table 7.3: Metering revenue components

Metering revenue components	2024-25 ($m)
Adjusted annual smoothed revenue for year t-1	64.78
CPI for year t	4.05%
X factor for year t	-1.57%
Adjusted annual smoothed revenue for year t	68.46
C factor for year t	-
T factor for year t	-
B factor for year t	-0.94
Total annual revenue for metering charges	67.52

7.2.1. Metering unders and overs

In accordance with the AER's Final Decision for AusNet's Distribution Determination 2022-26, AusNet is expected to achieve a closing balance as close to zero as practicable in its annual metering charges unders and overs account when proposing variations to the amount and structure of annual metering charges.

Table 7.4: Metering unders and overs

Metering unders and overs revenue components	2024-25 ($m)
Opening balance	0.91
Interest on opening balance	0.06
Unders and overs recovery	0.94
Interest on unders and overs recovery	-0.03
Closing balance	-0.00

8. Public lighting

AusNet provides public lighting services to 30 local government councils, Vic Roads, the Alpine Resorts Commission and Gippsland Ports. The services provided include the installation, maintenance and repair of public lighting installations, the operation of a fault and emergency call centre, a GIS system to locate and identify light installations. Energy supplied to Public Lights is a contestable service. To facilitate market settlement AusNet derives the unmetered 30-minute energy data for the public lights. The data is then placed into the market and used for the retail billing of energy consumed by public lights.

AusNet provides two categories of lighting, standard and non-standard. Standard lights are lights erected on a distribution pole, a dedicated pole and light head supplied by AusNet. Non-standard lights are lights on decorative poles and those with a decorative lantern. AusNet provides the labour and services associated with the maintenance of non-standard public lights, the public lighting customer must provide the replacement decorative pole or decorative lantern.

Local government councils and VicRoads are responsible for decisions regarding the location and types of lights installed.

8.1. Public lighting

Public lighting prices have been updated to reflect prices for 2024-25. The prices for each light type applicable are shown in Attachment 8.

9. Glossary

Term	Definition
ABS	Australian Bureau of Statistics
AER	Australian Energy Regulator
AEDT	Australian Eastern Daylight Time (Daylight Saving Time). Is 11 hours ahead of Coordinated Universal Time (UTC) and applies from the first Sunday in October until the first Sunday in April
AEST	Australian Eastern Standard Time. Is 10 hours ahead of Coordinated Universal Time (UTC)
AIC	Average incremental cost. A method of calculating the LRMC.
AMI	Advance metering infrastructure
ARR	Annual revenue requirement
Augmentation	New network assets constructed to meet increase demand.
Capacity	The amount of energy that a part of the network is able to carry.
CES	Certificate of electrical safety
Controlled load	A customer's electricity circuit that the DNSP controls the hours in which the supply is made available.
CPI	Consumer price index
Demand	Energy consumption at a point in time
Demand management	The modification of behaviour so as to constrain demand at critical times.
Distribution network	The poles and wires that transport energy between the transmission network and customers
Distributor (DNSP)	Distribution network service provider. The owner/operator of a distribution network
DMIS	Demand management incentive scheme
DPPC	Designated pricing proposal charges
DUoS	Distribution use of system
Eastern standard time (EST)	EAST is 10 hours ahead of Coordinated Universal Time (UTC)
Final decision	The AER's final distribution determination 2022-26, 30 April 2021
FiT	Feed-in tariff
Flexible pricing	Flexible pricing means different rates for electricity at different times of the day as defined by the Victorian Government's policy on ToU pricing
High voltage (HV)	Equipment or supplies at voltages of 6.6 kV, 11 kV or 22 kV
Inclining block	A network tariff energy rate that increases as usage increase above defined thresholds
JUoS	Jurisdictional scheme of use of system
kVA, MVA	Kilovolt amperes and megavolt amperes, units of instantaneous total electrical power demand. Usually the peak demand is referenced. See also PF for the relationship between power and demand quantities
kVAr, MVAr	Kilovolt amperes (reactive) and megavolt amperes (reactive), units of instantaneous total electrical power demand. Usually the peak demand is referenced. See also PF for the relationship between power and demand quantities

kW, MW	Kilowatt and megawatt, units of instantaneous real electrical power demand. Usually the peak demand is referenced. See also PF for the relationship between power and demand quantities
kWh, MWh	Kilowatt hour and megawatt hour, units of electrical energy consumption
Local time	Daylight savings time in accordance with the Victorian Government's requirements
Logically converted AMI meter	A meter that records energy use of 30 minute intervals and communicates the data to the energy supplier and its operating in the national electricity market as an interval meter.
Low voltage (LV)	Equipment or supplies at a voltage of 230 V single phase or 415 V three phase
LRMC	Long run marginal costs
Marginal cost	The cost of providing a small increment of service. The long run marginal cost includes future investment where short run marginal cost considers only the costs involved without extra investment.
NMI	National meter identifier. A unique code that identifies a connection in point in the national electricity market
NUoS	Network use of system. The utilisation of the total electricity network in the provision of electricity to consumers. NUoS = DUoS + TUoS + JUoS
PFiT	Premium feed-in tariff
Power factor (PF)	A measure of the ratio of real power to total power of a load. The relationship between real, reactive and total power is as follows:
Price cap	PF = Real power (kW) / Total power (kVA)
Price structure	Total power (kVA) = Sqrt (kW2 + kVAr2)
Pricing proposal	A form of regulatory control that limits the amount by which a price can be increased
PTRM	The components that make up a price available to customers
Retailer	AusNet's 2023-24 Pricing Proposal. Submitted in accordance with the Rules (this document)
Revenue cap	Post tax revenue model
Rules	A financially responsible market participant (FRMP) supply electricity to customers
STPIS	A form of regulatory control which limits the total revenue in a given period
Sub transmission (ST)	Australian Energy Market Commission, National Electricity Rules (NER)
Tariff	Service target performance incentive scheme
Tariff class	Equipment or supplies at voltage levels of 66 kV
TAR	A grouping of network price components that are applied to customers network usage in accordance with the conditions of supply
TFiT	A group of customers with similar connection and usage characteristics who are subject to a particular tariff or particular tariff and a common price control
ToU	Total annual revenue
Transmission network	Transitional feed-in tariff
TSS	Time of use, a system of pricing where energy or demand charges are set at different rates dependent on the time the energy use is recorded.
TUoS	The assets and service that transport energy from generators to major load centres where it is transferred to the distribution network
Unmetered supply	Tariff structure statement
WACC	Transmission use of system

10. Attachments

10.1. Schedule of tariffs

Schedule of tariffs are shown in Attachment 5 – AusNet Services – Schedule of Tariffs 2024-25.

10.2. Prescribed metering schedule

Prescribed metering schedule are shown in Attachment 7 – AusNet Services – Prescribed metering 2024-25.

10.3. Ancillary services schedule

Ancillary services schedule are shown in Attachment 6 – AusNet Services – Alternative control services 2024-25.

10.4. Public lighting schedule

Public lighting schedule are shown in Attachment 8 – AusNet Services – Public lighting charges 2024-25.

10.5. Minimum metering requirements

Tariff code	Minimum metering requirement
NEE11, NEN11, NEE12, NEN12, NEE40	Basic type 6 single register accumulation meter.
NEE60	A basic type 6 dual register, with standard time switching capacity.
NEN20, NEN21, NEE24, NEE30, NEE31, NEE32, NEE51, NEE52, NEE55, NEE74, NEE93	A basic type 6 dual register with an electronic time switch, capable of switching all loads to off peak overnight and at weekends.
NEE13, NEE14, NEE15, NEE16, NEE17, NEE18, NEE41, NEE42, NEE43	Two basic type 6 single register accumulation meters, one switched by timing device, or a basic type 6 dual register accumulation meter with second register switched by timing device.
NASN11, NASN12, NASN19, NASN21, NSP55, NAST11, NAST12	An advanced interval single element meter, "smart meter".
NSP20, NSP21, NSP27	An advanced interval single element meter, and an electronic time switch, capable of registering and recording energy consumption to derive off peak energy consumed during overnight and weekend use.
NSP23, SSP21, SSP23, SSP27	An advanced interval meter with export registers and an electronic time switch, capable of registering and recording energy consumption to derive off peak energy consumed during overnight and weekend use.
NAST13, NAST14, NAST15	An advanced internal two element meter, "smart meter" where the second element applies to a dedicated circuit that is switched by AusNet Services and that is required to be separately measured to other off peak load.
NEE11S, NEE11P, NEE12S, NEE12P, NASN11S, NASN11P, NASN12S, NASN12P, NASN2S, NASN2P, NAST11S, NAST11P, NAST12S, NAST12P	An interval meter with export registers and an electronic time switch, capable of registering and recording energy consumption to derive off peak energy consumed during overnight and weekend use.
NSP56, NEN56, NSP75, NSP76, NSP77, NSP78, NSP81, NSP82, NSP83, NSP91, NSP94, NSP95	An interval meter, capable of measuring kWh and kVAR integrated over a 30-minute period.

10.6. Tariff assignment policy

The below table outlines the tariff assignment policy for AusNet's tariffs for the 2022-26 regulatory control period.

Tariff class	Tariff code	Tariff name	Criteria
Residential	NEE11	Small single rate	This tariff is open to residential customers by request.
Residential	NEE11S	Small single rate standard feed in	Solar variant of the residential single rate tariff. This tariff is open to residential solar customers with standard feed-in by request.
Residential	NEE11P	Small single rate premium feed in	Solar variant of the residential single rate tariff. This tariff is open to residential solar customers with premium feed-in by request, and is closed to new entrants.
Residential	NEN11	Small single rate within embedded network	This is a shadow tariff and is not open to customers.
Residential	NEE13	Small single rate & dedicated circuit	This tariff is closed to new entrants.
Residential	NEE14	Small single rate & dedicated circuit with afternoon boost	This tariff is closed to new entrants.
Residential	NEE15	Small single rate & dedicated circuit 8:00 to 8:00	This tariff is closed to new entrants.
Residential	NAST11	Small residential time of use	This is the default residential tariff and open to residential customers.
Residential	NAST11S	Small residential time of use standard feed in	Solar variant of the default residential tariff. This tariff is open to all residential solar customer with standard feed-in.
Residential	NAST11P	Small residential time of use premium feed in	Solar variant of the default residential tariff. This tariff is open to residential solar customers with existing premium feed-in, and is closed to new entrants.
Residential	NAST13	Small residential time of use & dedicated circuit	Dedicated circuit variant of the default residential tariff. This tariff is open to residential customers with existing dedicated circuit, and is closed to new entrants.
Residential	NAST14	Small residential time of use & dedicated circuit with afternoon boost	Dedicated circuit variant of the default residential tariff. This tariff is open to residential customers with existing dedicated circuit with afternoon boost, and is closed to new entrants.
Residential	NAST15	Small residential time of use & dedicated circuit 8:00 to 8:00	Dedicated circuit variant of the default residential tariff. This tariff is open to residential customers with existing dedicated circuit 8:00 to 8:00, and is closed to new entrants.
Residential	NASN11	Small residential single rate demand	Residential demand tariff open to residential customers by request.
Residential	NASN11S	Small residential single rate demand standard feed in	Solar variant of the residential demand tariff open to residential solar customers with standard feed-in by request.

Residential	NASN11P	Small residential single rate demand premium feed in	Solar variant of the residential demand tariff open to residential solar customers with existing premium feed-in by request, and is closed to new entrants.
Residential	NEN20	Small two rate within embedded network	This is a shadow tariff and is not open to customers.
Residential	NEE24	Small two rate 8:00 to 8:00	This tariff is closed to new entrants.
Residential	NSP20	Small interval meter time of use	This tariff is closed to new entrants.
Residential	NSP23	Small interval meter time of use solar installation standard feed in	This tariff is closed to new entrants.
Residential	SSP23	Small interval meter time of use solar installation premium feed in	This tariff is closed to new entrants.
Residential	NEE30	Small dedicated circuit	This tariff is closed to new entrants.
Residential	NEE31	Small dedicated circuit with afternoon boost	This tariff is closed to new entrants.
Residential	NEE32	Small dedicated circuit 8:00 to 8:00	This tariff is closed to new entrants.
Small industrial & commercial	NEE12	Small single rate	This tariff is open to small business customers consuming less than 40 MWh per year by request.
Small industrial & commercial	NEE12S	Small single rate standard feed in	Solar variant of the small business single rate tariff. This tariff is open to small business solar customers consuming less than 40 MWh per year with standard feed-in by request.
Small industrial & commercial	NEE12P	Small single rate premium feed in	Solar variant of the small business single rate tariff. This tariff is open to small business solar customers consuming less than 40 MWh per year with premium feed-in by request, and is closed to new entrants.
Small industrial & commercial	NEN12	Small single rate within embedded network	This is a shadow tariff and is not open to customers.
Small industrial & commercial	NEE16	Small single rate & dedicated circuit	This tariff is closed to new entrants.
Small industrial & commercial	NEE17	Small single rate & dedicated circuit with afternoon boost	This tariff is closed to new entrants.
Small industrial & commercial	NEE18	Small single rate & dedicated circuit 8:00 to 8:00	This tariff is closed to new entrants.
Small industrial & commercial	NAST12	Small business time of use	This is the default small business tariff and open to small business customers consuming less than 40 MWh per year.
Small industrial & commercial	NAST12S	Small business time of use standard feed in	Solar variant of the default small business tariff for small business solar customers consuming less than 40 MWh per year. This tariff is open to small business solar customers with standard feed-in.
Small industrial & commercial	NAST12P	Small business time of use premium feed in	Solar variant of the default small business tariff for small business solar customers consuming less than 40 MWh per year. This tariff is open to

			small business solar customers with existing premium feed-in, and is closed to new entrants.
Small industrial & commercial	NASN12	Small business single rate demand	Demand tariff open to small business customers consuming less than 40 MWh per year by request.
Small industrial & commercial	NASN12S	Small business single rate demand standard feed in	Solar variant of the demand tariff open to small business solar customers consuming less than 40 MWh per year with standard feed-in by request.
Small industrial & commercial	NASN12P	Small business single rate demand premium feed in	Solar variant of the demand tariff open to small business solar customers consuming less than 40 MWh per year with existing premium feed-in by request, and is closed to new entrants.
Small industrial & commercial	NASN19	Business > 40 MWh single rate demand	Demand tariff open to small business customers consuming between 40 MWh and 160 MWh per year.
Small industrial & commercial	NASN21	Business > 40 MWh two rate demand	Existing small business customers who qualify for the 40 MWh to 160 MWh threshold will be assigned to this tariff if the previous tariff was a single rate tariff.
Small industrial & commercial	NASN2S	Business > 40 MWh two rate demand standard feed in	Existing small business customers who consume not more than 40 MWh in the preceding 12 months, may request to be transferred to the single rate, default ToU or demand tariff.
Small industrial & commercial	NASN2P	Business > 40 MWh two rate demand premium feed in	Demand tariff open to small business customers consuming between 40 MWh and 160 MWh per year.
Small industrial & commercial	NEN21	Small two rate within embedded network	Existing small business customers who qualify for the 40 MWh to 160 MWh threshold will be assigned to this tariff if the previous tariff was a ToU tariff.
Small industrial & commercial	NSP21	Small interval meter time of use	Existing small business customers who consume not more than 40 MWh in the preceding 12 months, may request to be transferred to the single rate, default ToU or demand tariff.
Small industrial & commercial	NSP27	Small interval meter low peak time of use	Solar variant of the demand tariff open to small business solar customers consuming between 40 MWh and 160 MWh per year with standard feed-in.
Small industrial & commercial	SSP27	Small interval meter time of use solar installation standard feed in	Existing small business customers who qualify for the 40 MWh to 160 MWh threshold will be assigned to this tariff if the previous tariff was a ToU tariff with standard feed-in.
Small industrial & commercial	SSP21	Small interval meter time of use solar installation premium feed in	Existing small business customers who consume not more than 40 MWh in the preceding 12 months, may request to be transferred to the solar single rate, default ToU or demand tariff with standard feed-in.
Medium industrial & commercial	NEE40	Medium single rate	This tariff is closed to new entrants.
Medium industrial & commercial	NEE41	Medium single rate & dedicated circuit	This tariff is closed to new entrants.

Medium industrial & commercial	NEE42	Medium single rate & dedicated circuit with afternoon boost	This tariff is closed to new entrants.
Medium industrial & commercial	NEE43	Medium single rate & dedicated circuit 8:00 to 8:00	This tariff is closed to new entrants.
Medium industrial & commercial	NEE51	Medium two rate	This tariff is closed to new entrants.
Medium industrial & commercial	NEE52	Medium unmetered	Available to unmetered supplies.
Medium industrial & commercial	NEE55	Medium snowfields	Snowfield seasonal ToU tariff is open to medium business customers consuming between 160 MWh and 400 MWh per year in AusNet Services' alpine region.
Medium industrial & commercial	NSP55	Medium interval meter time of use snowfields	Snowfield seasonal ToU tariff is open to medium business customers consuming between 160 MWh and 400 MWh per year in AusNet Services' alpine region.
Medium industrial & commercial	NSP56	Medium critical peak demand 160 MWh to 400 MWh	Critical peak demand tariff open to customers consuming between 160 MWh and 400 MWh per year, and demand greater than 50 kVA.
Medium industrial & commercial	NEN56	Medium critical peak demand 160 MWh to 400 MWh within embedded network	This is a shadow tariff and is not open to customers.
Medium industrial & commercial	NEE60	Medium seven day two rate	This tariff is closed to new entrants.
Large industrial & commercial	NEE74	Large two rate	This tariff is closed to new entrants.
Large industrial & commercial	NSP75	Large critical peak demand 400 MWh to 750 MWh	Critical peak demand tariff open to customers consuming between 400 MWh and 750 MWh per year, and demand greater than 150 kVA.
Large industrial & commercial	NSP76	Large critical peak demand 750 MWh to 2000 MWh	Critical peak demand tariff open to customers consuming between 750 MWh and 2 GWh per year, and demand greater than 280 kVA.
Large industrial & commercial	NSP77	Large critical peak demand 2000 MWh to 4000 MWh	Critical peak demand tariff open to customers consuming between 2 GWh and 4 GWh per year, and demand greater than 550 kVA.
Large industrial & commercial	NSP78	Large critical peak demand over 4000 MWh	Critical peak demand tariff open to customers consuming greater 4 GWh per year, and demand greater than 850 kVA.
High voltage	NSP81	High voltage critical peak demand	Critical peak demand tariff open to customers using 6.6 kV, 11 kV & 22 kV supplies, and demand greater than 1.15 MVA.
High voltage	NSP82	High voltage critical peak demand traction	Critical peak demand tariff open to traction load only.
High voltage	NSP83	High voltage critical peak demand low energy use	Critical peak demand tariff open to customers using 6.6 kV, 11 kV & 22 kV supplies, and demand less than 1.15 MVA.
Sub	NSP91	Sub transmission critical peak	Critical peak demand tariff open to customers

transmission		demand < 25 MVA & < 20 km from TS	using 66 kV supplies, demand less than 25 MVA and less than 20 km from the terminal station.
Sub transmission	NEE93	Large Latrobe Valley open cut supplies	This tariff is open to Latrobe Valley mines supplies only.
Sub transmission	NSP94	Sub transmission critical peak demand > 25 MVA & < 20 km from TS	Critical peak demand tariff open to customers using 66 kV supplies, demand greater than 25 MVA and less than 20 km from the terminal station.
Sub transmission	NSP95	Sub transmission critical peak demand < 25 MVA & > 20 km from TS	Critical peak demand tariff open to customers using 66 kV supplies, demand less than 25 MVA and greater than 20 km from the terminal station.

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