



# Tariff Structure Statement

In support of the Regulatory Determination Proposal 2025-30

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Part of Energy Queensland

## Contact details

Manager Network Pricing & Tariffs

PO Box 1090, Townsville QLD 4810

Level 6, 420 Flinders Street, Townsville QLD 4810

[www.energyq.com.au](http://www.energyq.com.au)

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# 1 INTRODUCTION AND OVERVIEW

## 1.1 Introduction and Overview

This Tariff Structure Statement (TSS) is submitted to the Australian Energy Regulator (AER) in accordance with the requirements of the National Electricity Rules (NER). The primary purpose of the TSS is to explain our proposed tariff structures for the next regulatory control period and demonstrate our compliance with the NER, the AER's Export Tariff Guidelines and the AER's Final Distribution Determination for the 2025-30 period.

Our Tariff Structure Explanatory Statement (Explanatory Statement) provides further detail on our changes to tariff structures and assignment arrangements from 1 July 2025, including the drivers of change, customer preferences and input and how the changes meet pricing principles and NER requirements.

This TSS, and the complementary Explanatory Statement, form part of our regulatory proposal for the 2025-30 regulatory control period.

In addition to our grid-connected distribution system, the AER is responsible for the economic regulation of the Mount Isa–Cloncurry network. Accordingly, Ergon Energy has included the Mount Isa–Cloncurry network in this Regulatory Proposal/TSS. This is consistent with the approach adopted in the AER's Distribution Determination for the current regulatory control period 2020-25.

Once approved, this TSS will remain in place for the regulatory period 1 July 2025 to 30 June 2030 unless an event occurs that is beyond the reasonable control of the distribution business and could not reasonably have been foreseen, and the AER approves a change.

## 1.2 Assumptions and contingent tariff adjustments

Our Tariff Structure Statement is based on current assumptions regarding energy sector and regulatory change. Changes to the TSS will require consultation with customers and AER approval for the changes resulting from events that occur beyond our control and could not have reasonably be foreseen at the time of writing.

A contingent tariff adjustment relates to a change to a tariff or tariff parameter if a predefined event is triggered during the period and warrants change to the tariff or parameter. Under a contingent tariff adjustment, changes would be made through the annual Pricing Proposal process and approved subject to the AER's approval of the trigger event and the change.

The following contingent triggers will apply in the 2025-30 period:

- Defer assignment of new customers to secondary two-way tariff from 1 July 2026.
  - Will be triggered if, as a result of technical or operational delays, residential and small business customers are not able to access dynamic connections in any part of the network<sup>1</sup>.
  - Annual pricing proposal will be amended so that assignment will commence in the pricing year following the availability of dynamic connections on the network.
- Defer assignment of existing customers to secondary two-way tariff from 1 July 2028.

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<sup>1</sup> We expect that there may be some parts of the network where dynamic connections are not available – the trigger would only occur where there is no availability of a dynamic connection to residential or small business customers due to technical or operational reasons.

- Will be triggered if, as a result of technical or operational delays, residential and small business customers are not able to access dynamic connections in any part of the network.
  - Annual pricing proposal will be amended so that assignment will commence in the pricing year following the availability of dynamic connections on the network.
- Bring forward introduction of residential and small business demand tariffs to 1 July 2027:
  - Will be triggered if, significant uptake of EVSE charging results in more dynamic and variable evening and weekend demand<sup>2</sup>.
  - Annual pricing proposal will be amended so tariff is available earlier in the period.
- Withdrawal of network tariffs with limited take up throughout the period:
  - Will be triggered if, as a result of smart meter roll out, there is significant migration away from basic and retired network tariffs, for example, Wide Inclining Fixed Tariff (WIFT).
  - For the WIFT, we may seek to align band rates to support transitional arrangements.
  - Re-assignment to the relevant default tariff.

### 1.3 Outline of Tariff Structure Statement

The following sections outline how our tariffs and assignment arrangements for Direct Control Services comply with relevant provisions of the NER:

- Section 2 describes our tariff classes and our methodology for assigning retail customers to those tariff classes.
- Section 3 provides a description of all the tariffs that apply to standard control services.
- Section 4 details assignment arrangements that apply for our range of tariffs according to customer group, highlighting key changes from 1 July 2025.
- Section 5 explains our Standard Control Services tariff structure and setting methodology, and how our approach complies with the NER.
- Section 6 outlines our tariff setting and assignment arrangements for Alternative Control Services.

## 2 STANDARD CONTROL SERVICES TARIFF CLASS AND ALLOCATIONS

This section sets out:

- the tariff classes for Standard Control Services that will apply to retail customers.
- the procedures we will apply when assigning retail customers to tariff classes.

### 2.1 Tariff Classes

The NER defines a tariff class as ‘a class of customers for one or more direct control service who are subject to a particular tariff or particular tariffs’. All retail customers who take supply from us for direct control services are members of at least one tariff class.

We establish tariff classes on the basis of customer use, voltage and nature of connection. This ensures retail customers are grouped together on an economically efficient basis and to avoid unnecessary transaction costs.

For standard control services, we continue to use network tariff classes applying in the current TSS with minor changes to the descriptions of some classes. This includes the expansion of the definition of some tariff classes to include export services, consistent with the most recent rule changes. The relevant tariff classes for our network are outlined in the table below:

**Table 1 - Network Tariff Class**

Tariff Class	Eligible Customers
Standard Asset Customers (SAC)	Customers connected at Low Voltage are classified as SAC. Customers may further be categorised as Small or Large <sup>a</sup> .
Connection Asset Customers (CAC)	Customers coupled to the Network Voltage from 11kV who are not allocated to the ICC tariff class are allocated to the CAC tariff class.
Individually Calculated Customers (ICC)	Customers are allocated to the ICC tariff class if they are coupled to the network at 33kV or above. At discretion of the Network, we may permit Customers coupled from 11kV in instances where 33kV is not available and there are no other voltages required for the bulk supply point.
Notes	
a. Business Customers are defined as Small or Large as per National Energy Retail Law (Queensland) Act 2014, set at 100 MWh at time of submission.	

### 2.2 Tariff Class Allocations

To comply with the NER, our process for tariff class assignment ensures no retail customer can take supply without being assigned to a tariff class. For the purposes of this TSS, a ‘customer’ is defined as a single National Meter Identifier (NMI).

### Assignment of existing retail customers to a tariff class at the start of the 2025-30 period

1. Existing customers will be taken to be assigned to the customer class in which their existing network tariff sits prior to 1 July 2025, if:
  - a. they were a customer prior to 1 July 2025, and
  - b. they continue to be a customer as at 1 July 2025.

### Assigning new retail customers to a tariff class during the period

2. New retail customers are those customers who have connected to the network for the first time. Following an initial network tariff class assignment, they are considered existing customers.

### Re-assigning existing retail customers to a tariff class during the period

3. Where an existing retail customer's load characteristics or connection characteristics (or both) are no longer appropriate for that customer to be assigned to the tariff class to which the customer is currently assigned or a customer no longer has the same or materially similar load or connection characteristics as other customers on the customer's existing tariff, then we may re-assign that customer to another tariff class.

### Determination of assignment of a new retail customer or re-assignment existing retail customers to a tariff class during the period

4. In determining the tariff class to which a retail customer or potential retail customer will be assigned, or re-assigned, we will take into account one or more of the following factors:
  - a. The nature and extent of the customer's usage.
  - b. The nature of the customer's connection to the network.
5. When assigning or re-assigning a retail customer to a tariff class, we will ensure the following:
  - a. Customers with a similar connection and distribution service usage profile should be treated on an equal basis.

### Notification of a tariff class assignment of a new retail customer or re-assignment existing retail customers to a tariff class during the period

6. A notification of a tariff class or tariff assignment or re-assignment will include a copy of our internal assignment/re-assignment review procedures (or the link to where such information is available on our website). The notification will include the following advice:
  - a. That the customer may request further information from us.
  - b. If not satisfied, the customer may object to the tariff class assignment or re-assignment and request a review.
  - c. If not satisfied with the outcome of the review, other avenues for resolution, including:
    - i. for SAC customers – to the extent that resolution of the dispute is within the jurisdiction of the Energy and Water Ombudsman Queensland, the customer is entitled to refer the matter to such a body, and
    - ii. for CAC and ICC customers – the customer is entitled to refer the matter to the Department of Natural Resources, Mines and Energy for resolution.
  - d. If the dispute is still not resolved to the customer's satisfaction, the customer is entitled to seek resolution via the dispute resolution process available under Part 10 of the National Electricity Law and enforced by the AER.

## Objection to a tariff class assignment

7. The objection process for a tariff class assignment is similar to that of a tariff assignment and is found at Appendix B of our TSS.

## 3 NETWORK TARIFF STRUCTURES AND CHARGING PARAMETERS

### 3.1 Overview

This section summarises the type of tariffs relevant to standard control services. Retail customers assigned to a particular tariff class will be assigned one of the tariffs below relevant to that tariff class. Our approach to assigning customers to tariffs is outlined in Section 4.

#### 3.1.1 Network tariffs and tariff structures

The network tariff relates to the combination of charges applied to each customer representing their contribution to the costs we recover from all customers. A tariff structure is made up of several different tariff components or charging parameters. Common charging parameters include fixed daily charges, volume charges (applied to the amount of energy used over a period) and demand charges (usually applied to an observed maximum demand in a specified time window). There are variations to the charging parameters relating to each tariff.

Any structural change will result in changes to individual prices and inevitably positive and negative impacts to different customers. When making changes to our structures we recognise that network tariffs are expected to be capable of being reasonably understood and should promote efficient usage.

#### 3.1.2 Primary and Secondary Tariffs

All customers are assigned to a primary tariff. For some tariff classes, optional primary tariffs may be available. Secondary tariffs may apply in addition to the customer's primary tariff. Customers may also be assigned to one or more secondary tariffs, or may opt in to one or more secondary tariffs depending on the options available.

#### 3.1.3 Network Tariff Status

A network tariff may have the following types of status:

- Open – The tariff is available to new and existing customers.
- Closed – Customers not assigned to the network tariff as at 30 June 2025 cannot access this network tariff (previously known as Grandfathered).
- Withdrawn – Tariff is no longer available (previously known as Retired). Customers are re-assigned according to tariff re-assignment rules.

Customers assigned to a closed network tariff as at 30 June 2025 can remain on that tariff, unless they choose re-assignment to another tariff (Note: Customer cannot revert back to the closed tariff). Customers may be assigned to closed tariffs under the following conditions:

- Upon re-assignment from SAC Small to SAC Large, customers with basic meters will be assigned to the default SAC Large Basic Meter network tariff.
- Upon re-assignment from SAC Large to SAC Small, customers with basic meters will be assigned to the default SAC Small Basic Meter network tariff.

- SAC Small Business customers, with basic meters will be assigned to the default basic meter tariff in the event re-assignment is required as a result of changing customer usage of the 20MWh threshold.
- As per the Basic Meter upgrade assignment considerations outlined in Section 4.1.6.

### 3.1.4 Default and optional tariffs

In most circumstances, new customers will be assigned to a default network tariff depending on their attributes and, for retail customers, the tariff class they have been assigned to. The table below provides a list of default tariffs that customers are assigned to:

**Table 2 - Default Network Tariff Assignment**

Tariff Class	Customer	Usage	Default Network Tariff
SAC	Residential	Residential	Basic Meter – Residential Flat
			Smart Meter – Residential TOU Demand & Energy
	Small Business	Below 100MWh per annum	Basic Meter – Small Business Flat
			Smart Meter – Small Business TOU Demand & Energy
	Large Business	Above 100MWh per annum	Basic Meter – Large Business Energy
			Smart Meter – Large TOU Demand & Energy
CAC	Bus Connected	HV	CAC HV Bus TOU Demand
	Line Connected	HV	CAC HV Line TOU Demand
ICC	ICC		ICC Tariff

Customers on an existing tariff are likely to remain on that tariff unless:

- A customer is re-assigned to another tariff upon request (opt-in).
- The tariff that a customer is currently assigned to is withdrawn – a list of withdrawn tariffs is included in this section for all tariff classes as well as the default tariff that the customer will be assigned to once the tariff is withdrawn.
- A customer is assigned to a different tariff based on the assignment arrangements set out in this TSS (for example – assignment of SAC Large customers, or the assignment of SAC Small residential tariffs to a two-way secondary tariff).

Section 4 provides more details around how customers are assigned – or re-assigned to tariffs.

### 3.1.5 Common Time Periods in tariff structures

The following definitions are provided:

- Week Days – Days of Monday to Friday. For the avoidance of doubt, this includes Public Holidays and Bank Holidays for state, regional and local.
- Weekends – Days of Saturday and Sunday. For the avoidance of doubt, this includes Public Holidays and Bank Holidays for state, regional and local.
- Daily – All days. For the avoidance of doubt, this includes Public Holidays and Bank Holidays for state, regional and local.
- Summer – Summer Months include December, January and February.

- Non-Summer – Non-Summer Months are those not included in Summer.

Time of use charging windows are defined for each network tariff.

### 3.1.6 Summary of different tariff structure types

The below section lists all open and closed tariffs separated into the following sections:

- Primary Network Tariff Structures for SAC and CAC tariff classes.
- Dynamic Network (Storage) Tariff Structure.
- Network Tariff Structure for ICC tariff class.
- Secondary Network Tariff Structures for SAC tariff class.
- Tariff structures for proposed Network Tariff trials.

## 3.2 Primary SAC and CAC Network Tariffs

The following tables set out the tariffs and underlying tariff structures associated with all primary SAC and CAC network tariffs. Customers must have one Primary Network Tariff. Appendix A provides a description of some of the tariffs for the SAC class.

### 3.2.1 Basic Meter Network Tariffs for SAC customers

Basic Meters are accumulation, or Type 5-6 meters. The following tariffs apply to SAC customers with basic meters in accordance with the tariff assignment arrangements in Section 4.2.

#### Open Network Tariffs

There are no Open Basic Meter Tariffs.

#### Closed Network Tariffs

**Table 3 - Closed Basic Meter Network Tariffs**

Network Tariff	Parameter	Unit	Description
<b>SAC Small Primary Tariffs</b>			
<b>Residential Flat (NTC RIB)</b> Default for Residential Customers.	Fixed	\$/day	Daily supply charge
	Volume	\$/kWh	Charge applied to anytime energy
<b>Business Flat (NTC BIB)</b> Default for Business Customers. Annual Energy below 20MWh.	Fixed	\$/day	Daily supply charge
	Volume	\$/kWh	Charge applied to anytime energy
<b>Small Business Wide IFT (NTC BWIF)</b>	Band 1 Fixed	\$/day	Incremental Daily Supply Charge in 20MWh/Annum Bands

Network Tariff	Parameter	Unit	Description
Annual Energy above 20MWh.	Band 2 Fixed	\$/day	Incremental Daily Supply Charge in 20MWh/Annum Bands
	Band 3 Fixed	\$/day	Incremental Daily Supply Charge in 20MWh/Annum Bands
	Band 4 Fixed	\$/day	Incremental Daily Supply Charge in 20MWh/Annum Bands
	Band 5 Fixed	\$/day	Incremental Daily Supply Charge in 20MWh/Annum Bands
	Volume	\$/kWh	Charge applied to anytime energy
<b>SAC Large Primary Tariffs</b>			
<b>Large Business Energy (NTC BEST)</b>	Fixed	\$/day	Daily supply charge
	Volume Block 1	\$/kWh	Charge applied for consumption less than 97,000 kWh per annum
	Volume Block 2	\$/kWh	Charge applied for consumption greater than or =97,000 kWh per annum

### Withdrawn Network Tariffs

The following table outlines the network tariffs that are now withdrawn. Any customers on these network tariffs will be re-assigned as per:

**Table 4 - Withdrawn Basic Meter Network Tariffs**

Network Tariff	Re-assigned To
Large Residential Energy (NTC REST)	Residential Flat (NTC TBA) first meter read post 1 July 2025
Demand Small (NTC DST)	Large Business Energy (NTC BEST) first meter read post 1 July 2025
Demand Medium (NTC DMT)	Large Business Energy (NTC BEST) first meter read post 1 July 2025
Demand Large (NTC DLT)	Large Business Energy (NTC BEST) first meter read post 1 July 2025

### 3.2.2 Smart Meter Network Tariffs for SAC customers

Smart meters are all forms of Type 1-4 meter capable of measuring usage in intervals. The following tariffs apply to SAC customers with smart meters in accordance with the tariff assignment arrangements in Section 4.2.

### Open Network Tariffs

**Table 5 - Open Smart Meter Network Tariffs – SAC Residential and Small Business**

Network Tariff	Parameter	Unit	Description
<b>SAC Small Primary Tariffs</b>			

Network Tariff	Parameter	Unit	Description
<b>Residential TOU Demand &amp; Energy (NTC RTDEM)</b> Default for all Customers.  Previously known as Residential Transitional Demand.	Fixed	\$/day	Daily supply charge
	Volume Shoulder	\$/kWh	For energy consumption between the hours of midnight to 11am and 9pm to midnight daily
	Volume Off-Peak	\$/kWh	For energy consumption between the hours of 11am to 4pm daily
	Volume Peak	\$/kWh	For energy consumption between the hours of 4pm to 9pm daily
	Peak Demand	\$/kW/Month	Charge applied to the single highest 30-minute kW demand during the month between the hours of 4pm to 9pm daily
<b>Residential TOU Energy (NTC RTOUE)</b>  Previously known as Residential Time of Use Energy.	Fixed	\$/day	Daily supply charge
	Volume Shoulder	\$/kWh	For energy consumption between the hours of midnight to 11am and 9pm to midnight daily
	Volume Off-Peak	\$/kWh	For energy consumption between the hours of 11am to 4pm daily
	Volume Peak	\$/kWh	For energy consumption between the hours of 4pm to 9pm daily
<b>Small Business TOU Demand &amp; Energy (NTC BTDEM)</b> Default for all Customers.  Previously known as Small Business Transitional Demand.	Fixed	\$/day	Daily supply charge
	Volume Shoulder	\$/kWh	Charge applied to all energy consumed: - week days between the hours of midnight to 11am, 1pm to 5pm and 8pm to midnight - on weekends between the hours of midnight to 11am, 1pm to midnight
	Volume Off-Peak	\$/kWh	Charge applied to all energy consumed: - week days between the hours of 11am to 1pm - on weekends between the hours of 11am to 1pm
	Volume Peak	\$/kWh	Charge applied to all energy consumed: - week days between the hours of 5pm to 8pm - on weekends no peak
	Peak Demand	\$/kW/Month	Charge applied to single highest 30-minute kW demand during the month: - week days between the hours of 5pm to 8pm - on weekends no peak
<b>Small Business TOU Energy (NTC BTOUE)</b>  Previously known as Small Business Time of Use Energy.	Fixed	\$/day	Daily supply charge
	Volume Shoulder	\$/kWh	Charge applied to all energy consumed: - week days between the hours of midnight to 11am, 1pm to 5pm and 8pm to midnight - on weekends between the hours of midnight to 11am, 1pm to midnight

Network Tariff	Parameter	Unit	Description
	Volume Off-Peak	\$/kWh	Charge applied to all energy consumed: - week days between the hours of 11am to 1pm - on weekends between the hours of 11am to 1pm
	Volume Peak	\$/kWh	Charge applied to all energy consumed: - week days between the hours of 5pm to 8pm - on weekends no peak

Table 6 - Open Smart Meter Network Tariffs – SAC Large

Network Tariff	Parameter	Unit	Description
<b>SAC Large Primary Tariffs</b>			
<b>Large TOU Demand &amp; Energy (NTC LTOUD)</b> Default for all Customers.	Fixed	\$/day	Daily supply charge
	Volume Shoulder	\$/kWh	Charge applied to all energy consumed: - week days between the hours of midnight to 11am, 1pm to 5pm and 8pm to midnight - on weekends between the hours of midnight to 11am, 1pm to midnight
	Volume Off-Peak	\$/kWh	Charge applied to all energy consumed: - week days between the hours of 11am to 1pm - on weekends between the hours of 11am to 1pm
	Volume Peak	\$/kWh	Charge applied to all energy consumed: - week days between the hours of 5pm to 8pm - on weekends no peak
	Shoulder Demand	\$/kVA (\$/kW)	Charge applied to single highest 30-minute kVA demand during the month: - week days between the hours of midnight to 11am, 1pm to 5pm and 8pm to midnight - on weekends between the hours of midnight to 11am, 1pm to midnight
	Off-Peak Demand	\$/kVA (\$/kW)	Charge applied to single highest 30-minute kVA demand during the month: - week days between the hours of 11am to 1pm - on weekends between the hours of 11am to 1pm
	Peak Demand	\$/kVA (\$/kW)	Charge applied to single highest 30-minute kVA demand during the month: - week days between the hours of 5pm to 8pm - on weekends no peak
<b>Demand Small</b>	Fixed	\$/day	Daily supply charge

Network Tariff	Parameter	Unit	Description
<b>(NTC DST)</b>	Demand	\$/kVA	Charge applied to single highest 30-minute kVA demand during the month
	Volume	\$/kWh	Charge applied to anytime energy

It should be noted that the demand elements of the SAC Large Tariff, Large TOU Demand & Energy, is offered under a kVA basis as default. In instances where the meter is unable to publish underpinning interval data for the purposes of determining kVA for billing, a kW variant of the demand charge will be provided. This is variant is not available with any other large tariff. Additional details are available in Section 4.4.

**Table 7 - Open Network Tariffs - CAC**

Network Tariff	Parameter	Unit	Description
<b>CAC Tariffs</b>			
<b>CAC 22/11kV Line (NTC C22L)</b>	Fixed	\$/day	Daily Supply Charge
	Connection Unit	\$/unit/day	Connection unit charge applied to the customer's site-specific number of connection units.
	Capacity	\$/kVA of AD	Greater of the authorised demand (AD) import or maximum kVA demand recorded in any 30-minute period during the billing month.
	Demand	\$/kVA	Charge applied to single highest 30-minute kVA demand during the month
	Volume	\$/kWh	Charge applied to anytime energy
<b>CAC 22/11kV Bus (NTC C22B)</b>	Fixed	\$/day	Daily supply charge
	Connection Unit	\$/unit/day	Connection unit charge by the customer's site-specific number of connection units.
	Capacity	\$/kVA of AD	Greater of the authorised demand (AD) import or maximum kVA demand recorded in any 30-minute period during the billing month.
	Demand	\$/kVA	Charge applied to single highest 30-minute kVA demand during the month
	Volume	\$/kWh	Charge applied to anytime energy
<b>CAC 33kV (NTC C33)</b>	Fixed	\$/day	Daily supply charge
	Connection Unit	\$/unit/day	Connection unit charge by the customer's site-specific number of connection units.
	Capacity	\$/kVA of AD	Greater of the authorised demand (AD) import or maximum kVA demand recorded in any 30-minute period during the billing month.
	Demand	\$/kVA	Charge applied to single highest 30-minute kVA demand during the month
	Volume	\$/kWh	Charge applied to anytime energy

Network Tariff	Parameter	Unit	Description
<b>CAC 66kV (NTC C66)</b>	Fixed	\$/Day	Daily supply charge
	Connection Unit	\$/unit/day	Connection unit charge by the customer's site-specific number of connection units.
	Capacity	\$/kVA of AD	Greater of the authorised demand (AD) import or maximum kVA demand recorded in any 30-minute period during the billing month.
	Demand	\$/kVA	Charge applied to single highest 30-minute kVA demand during the month
	Volume	\$/kWh	Charge applied to anytime energy
<b>CAC HV Line TOU Demand (NTC TBA)</b>	Fixed	\$/Day	Daily supply charge
	Connection Unit	\$/Unit	Connection unit charge by the customer's site-specific number of connection units.
	Shoulder Demand	\$/kVA	Charge applied to single highest 30-minute kVA demand during the month: <ul style="list-style-type: none"> <li>- week days between the hours of midnight to 11am, 1pm to 5pm and 8pm to midnight</li> <li>- on weekends between the hours of midnight to 11am, 1pm to midnight</li> </ul>
	Off-Peak Demand	\$/kVA	Charge applied to single highest 30-minute kVA demand during the month: <ul style="list-style-type: none"> <li>- week days between the hours of 11am to 1pm</li> <li>- on weekends between the hours of 11am to 1pm</li> </ul>
	Peak Demand	\$/kVA	Charge applied to single highest 30-minute kVA demand during the month: <ul style="list-style-type: none"> <li>- week days between the hours of 5pm to 8pm</li> <li>- on weekends no peak</li> </ul>
	Demand	\$/kW	Charge applied to single highest 30-minute kVA demand during the month
<b>CAC HV Bus TOU Demand (NTC TBA)</b>	Volume	\$/kWh	Charge applied to anytime energy
	Fixed	\$/day	Daily supply charge
	Connection Unit	\$/unit/day	Connection unit charge by the customer's site-specific number of connection units.
	Shoulder Demand	\$/kVA	Charge applied to single highest 30-minute kVA demand during the month: <ul style="list-style-type: none"> <li>- week days between the hours of Midnight to 11am, 1pm to 5pm and 8pm to midnight</li> <li>- on weekends between the hours of midnight to 11am, 1pm to midnight</li> </ul>
	Off-Peak Demand	\$/kVA	Charge applied to single highest 30-minute kVA demand during the month:

Network Tariff	Parameter	Unit	Description
			<ul style="list-style-type: none"> <li>- week days between the hours of 11am to 1pm</li> <li>- on weekends between the hours of 11am to 1pm</li> </ul>
	Peak Demand	\$/kVA	Charge applied to single highest 30-minute kVA demand during the month: <ul style="list-style-type: none"> <li>- daily between the hours of 5pm to 8pm</li> <li>- on weekends no peak</li> </ul>
	Demand	\$/kW	Charge applied to single highest 30-minute kW demand during the month
	Volume	\$/kWh	Charge applied to anytime energy
<b>CAC 33kV TOU Demand (NTC TBA)</b>	Fixed	\$/day	Daily supply charge
	Connection Unit	\$/unit/day	Connection unit charge by the customer's site-specific number of connection units.
	Shoulder Demand	\$/kVA	Charge applied to single highest 30-minute kVA demand during the month: <ul style="list-style-type: none"> <li>- week days between the hours of midnight to 11am, 1pm to 5pm and 8pm to midnight</li> <li>- on weekends between the hours of midnight to 11am, 1pm to midnight</li> </ul>
	Off-Peak Demand	\$/kVA	Charge applied to single highest 30-minute kVA demand during the month: <ul style="list-style-type: none"> <li>- week days between the hours of 11am to 1pm</li> <li>- on weekends between the hours of 11am to 1pm</li> </ul>
	Peak Demand	\$/kVA	Charge applied to single highest 30-minute kVA demand during the month: <ul style="list-style-type: none"> <li>- week days between the hours of 5pm to 8pm</li> <li>- on weekends between the hours of no peak</li> </ul>
	Demand	\$/kW	Charge applied to single highest 30-minute kW demand during the month
	Volume	\$/kWh	Charge applied to anytime energy
<b>CAC 66kV TOU Demand (NTC TBA)</b>	Fixed	\$/day	Daily Supply Charge
	Connection Unit	\$/unit/day	Connection unit charge by the customer's site-specific number of connection units.
	Shoulder Demand	\$/kVA	Charge applied to single highest 30-minute kVA demand during the month: <ul style="list-style-type: none"> <li>- week days between the hours of midnight to 11am, 1pm to 5pm and 8pm to midnight</li> <li>- on weekends between the hours of midnight to 11am, 1pm to midnight</li> </ul>
	Off-Peak Demand	\$/kVA	Charge applied to single highest 30-minute kVA demand during the month:

Network Tariff	Parameter	Unit	Description
			<ul style="list-style-type: none"> <li>- week days between the hours of 11am to 1pm</li> <li>- on weekends between the hours of 11am to 1pm</li> </ul>
	Peak Demand	\$/kVA	Charge applied to single highest 30-minute kVA demand during the month: <ul style="list-style-type: none"> <li>- week days between the hours of 5pm to 8pm</li> <li>- on weekends between the hours of no peak</li> </ul>
	Demand	\$/kW	Charge applied to single highest 30-minute kW demand during the month
	Volume	\$/kWh	Charge applied to anytime energy

## Closed Network Tariffs

**Table 8 - Closed Smart Meter Network Tariffs**

Network Tariff	Parameter	Unit	Description
<b>Residential Flat (NTC RIB)</b> Default for Residential Customers.	Fixed	\$/day	Daily supply charge
	Volume	\$/kWh	Charge applied to anytime energy
<b>Business Flat (NTC BIB)</b> Default for Business Customers. Annual Energy below 20MWh.	Fixed	\$/day	Daily supply charge
	Volume	\$/kWh	Charge applied to anytime energy
<b>Small Business Wide IFT (NTC BWIF)</b> Annual Energy above 20MWh.	Band 1 Fixed	\$/day	Incremental Daily Supply Charge in 20MWh/Annum Bands
	Band 2 Fixed	\$/day	Incremental Daily Supply Charge in 20MWh/Annum Bands
	Band 3 Fixed	\$/day	Incremental Daily Supply Charge in 20MWh/Annum Bands
	Band 4 Fixed	\$/day	Incremental Daily Supply Charge in 20MWh/Annum Bands
	Band 5 Fixed	\$/day	Incremental Daily Supply Charge in 20MWh/Annum Bands
	Volume	\$/kWh	Charge applied to anytime energy
<b>Transitional Network ToU Energy Tariff 1 (NTC BFRM)</b>	Fixed	\$/day	Daily Supply Charge
	Volume	kWh	7am to 9pm weekdays – first 10,000 kWh/month
	Volume	kWh	7am to 9pm weekdays – remaining
	Volume	kWh	All other times
<b>Transitional Network ToU Energy Tariff 2 (NTC BIRR)</b>	Fixed	\$/day	Daily Supply Charge
	Volume	kWh	Peak (daily pricing period)

Network Tariff	Parameter	Unit	Description
<b>Transitional Network Dual Rate Demand Tariff 3 (NTC BPMP)</b>	Volume	kWh	All other times
	Fixed	\$/month	First 7.5kW
	Fixed	\$/month	Remaining kW
	Volume	kWh	Usage

For the avoidance of doubt, the Residential Flat, Small Business Flat and Wide IFT Tariffs are closed with availability in line with Section 4.1.6.

Our Draft Plan proposed that the above tariffs be withdrawn on 30 June 2025. However, following feedback from Queensland Government, we will now defer the withdrawal of these tariffs until 30 June 2026 in line with Table 9. Several gazetted transitional retail tariffs mirror the structure of the tariffs we propose to withdraw. Extending the tariff a further 12 months will assist with the administrative process for setting notified prices in regional Queensland.

### Withdrawn Network Tariffs

The following network tariffs are now withdrawn. Any customers on these network tariffs will be re-assigned as per assignment rules:

**Table 9 - Withdrawn Smart Meter Network Tariffs**

Network Tariff	Re-assigned to
Residential Demand (NTC RDEM)	Residential Demand & Energy (NTC RTDEM) on 1 July 2025
Small Business Demand (NTC BDEM)	Small Business Demand & Energy (NTC BTDEM) on 1 July 2025
Demand Medium (NTC DMT)	LV Time of Use Demand (NTC LTOUD) on 1 July 2025
Demand Large (NTC DLT)	LV Time of Use Demand (NTC LTOUD) on 1 July 2025
SAC Seasonal Time-of-Use Demand (NTC STOUD)	LV Time of Use Demand (NTC LTOUD) on 1 July 2025
Transitional Network ToU Energy Tariff 1 (NTC BFRM)	Small Business Demand & Energy (NTC BTDEM) on 1 July 2026
Transitional Network ToU Energy Tariff 2 (NTC BIRR)	Small Business Demand & Energy (NTC BTDEM) on 1 July 2026
Transitional Network ToU Energy Tariff 3 (NTC BPMP)	Small Business Demand & Energy (NTC BTDEM) on 1 July 2026
Seasonal ToU Demand 11 or 22kV Bus (NTC C22BTOUT)	C22B on 1 July 2025
Seasonal ToU Demand 11 or 22kV Line (NTC C22LTOUT)	C22L on 1 July 2025
Seasonal ToU Demand 33 or 66kV (NTC C66TOUT)	C66 on 1 July 2025

### 3.2.3 Unmetered Network Tariffs for SAC customers

Unmetered supply applies to those connections and loads detailed in the Australian Energy Market Operator National Electricity Market load tables. The table below outlines the tariffs available for unmetered supply.

#### Open Network Tariffs

**Table 10 - Unmetered Network Tariff**

Network Tariff	Parameter	Unit	Description
<b>Unmetered (NTC VU)</b>	Energy	\$/kWh	Charge applied to anytime energy

### 3.2.4 Primary Flexible Load (load control) Tariffs for SAC customers

Flexible load (load control) tariffs are more commonly attributed to a customer on a primary tariff accessing a secondary tariff with a discounted rate applied to the energy used by one or more appliances, on condition that these appliances can be interrupted (in part or in full) for certain periods at the discretion of the network. Examples of this include hot water or pool pumps.

From 2020; we introduced a primary tariff for business customers which allows us to interrupt the entire connection. Total connected load is controlled by network equipment so supply will be permanently available for a minimum period of 18 hours per day during time periods set at the absolute discretion of the network. These tariffs can be differentiated from other interruptible (load control) tariffs because they represent full control of the connection, whereas other flexible load tariffs involve control of one or more appliances at the connection.

Primary flexible load tariffs suit connections with fully discretionary loads such as agricultural irrigation pumps and other similar connections.

The full list of primary flexible load (load control) tariffs is in the tables below:

#### Open Network Tariffs

**Table 11 - Flexible Network Tariffs**

Network Tariff	Parameter	Unit	Description
<b>Small Business Primary Load Control (NTC BPLC)</b>	Fixed	\$/day	Daily supply charge
	Off-Peak	\$/kWh	Charge applied to energy consumption where this consumption is controlled by network equipment
<b>Large Business Primary Load Control (NTC LPLC)</b>	Fixed	\$/day	Daily supply charge
	Off-Peak	\$/kWh	Charge applied to energy consumption where this consumption is controlled by network equipment

Terms and Conditions for Controllable Network Tariffs are included via the Network Tariff Guide.

### 3.3 Dynamic Network (Storage) Tariffs

In instances where customers take load from the network solely for the purpose of storage to export back into the grid, customers blur the boundary of load and generation customers. We noted that other network businesses have recognised the differing characteristics of this type of customer delivered and adopted tariffs specifically recognising these characteristics.

On this basis we engaged with customer representatives on the conditions of the tariffs as well as a structure and price that reflects the mixed nature of this customer type which will incentivise storage to 'soak up' excess solar in the middle of the day and export at times most likely to avoid or defer future network investment.

From 1 July 2025 we will introduce a storage tariff for this emerging customer type. These network tariffs are by application and acceptance. Assignment to the tariff is at discretion of the network, with eligibility criteria including:

- SAC Tariff Class above 30kW export capacity; or
- CAC Tariff Class;

Two optional tariffs, the Dynamic Flex Storage and Dynamic Price Storage, will be introduced from 1 July 2025 at different voltage connections for customers who meet the above criteria. However, assignment of a customer to move to such a tariff will be at the discretion of the network based on availability of technical and operational considerations to assign the customer to the tariff in their location.

Internal systems and processes to enable pricing of critical events need to be further developed before these tariffs will be available at scale. On this basis, we expect that storage customers will be able to access only the flex tariff as an option in the first years of the period.

To the extent that the dynamic tariffs are not available to the customer, the default tariff relevant to the tariff class will apply.

#### Dynamic Flex Storage

The Dynamic (flex) storage tariff focusses on dynamic control of import and export with a notional fixed charge. The structure assumes customer adoption of a Dynamic Connection which employs the use of a Dynamic Operating Envelope (DOE) on both Import and Export aspects of the tariff. A Dynamic Connection is one that meets both the connection standards for a Dynamic Connection and also a Dynamic Connection contract.

Recognising future cost avoidance through the operation of a DOE, Distribution Use of System rates for import and export demand during a critical peak period Import or Export will be initially set to zero.

The structure includes a rebate price mechanism that may be exercised by the network for up to 40 hours per year. Exercise of the mechanism (based on critical peak event criteria which will be defined in the network tariff guide) is at the discretion of the network.

Details of critical peak event criteria is outlined in Section 3.3.1. We will look to trial similar structures in the last year of the 2020-25 regulatory control period.

Additional time of use energy charges are included for the purposes of transmission and jurisdictional scheme passthrough.

## Dynamic Price Storage

The Dynamic (price) storage tariff will only be available at the discretion of the network. The tariff focusses on a locational and time specific signal for export or import at times of constraint in a way that encourages avoidance of import or export at the critical event. Given the elastic nature of storage, we expect that in most circumstances the storage will operate in a similar way as under a flex tariff.

Mechanisms for critical event charges or rebates will be developed and likely implemented mid-period – at least in pilot form before offering at scale.

**Table 12 - Dynamic Network Tariffs**

Network Tariff	Parameter	Unit	Description
<b>Dynamic Flex</b>			
<b>Large Dynamic Flex Storage (NTCTBA)</b>	Fixed	\$/day	Daily supply charge
	Volume Shoulder	\$/kWh	For energy consumption between the hours of midnight to 11am, 1pm to midnight
	Volume Off-Peak	\$/kWh	For energy consumption between the hours of 11am to 1pm
	Critical Peak Period Reward	\$/kW	Reward for exports in notified Critical Peak Reward periods
<b>CAC Dynamic Flex Storage (NTCTBA)</b>	Fixed	\$/day	Daily supply charge
	Volume Shoulder	\$/kWh	For energy consumption between the hours of midnight to 11am, 1pm to midnight
	Volume Off-Peak	\$/kWh	For energy consumption between the hours of 11am to 1pm
	Critical Peak Period Reward	\$/kW	Reward for exports in notified Critical Peak Reward periods
<b>Dynamic Price</b>			
<b>Large Dynamic Price Storage (NTCTBA)</b>	Fixed	\$/day	Daily supply charge
	Volume Shoulder	\$/kWh	For energy consumption between the hours of midnight to 11am, 1pm to midnight
	Volume Off-Peak	\$/kWh	For energy consumption between the hours of 11am to 1pm
	Critical Peak Period Import	\$/kVA	Charge for Imports in notified Critical Peak Import periods
	Critical Peak Period Export	\$/kW	Charge for Exports in notified Critical Peak Export periods above 1.5kW
	Critical Peak Period Reward	\$/kW	Reward for Exports in notified Critical Peak Reward periods
	Fixed	\$/day	Daily supply charge

Network Tariff	Parameter	Unit	Description
<b>CAC Dynamic Price Storage (NTCTBA)</b>	Volume Shoulder	\$/kWh	For energy consumption between the hours of midnight to 11am, 1pm to midnight
	Volume Off-Peak	\$/kWh	For energy consumption between the hours of 11am to 1pm
	Critical Peak Period Import	\$/kVA	Charge for Imports in notified Critical Peak Import periods
	Critical Peak Period Export	\$/kW	Charge for Exports in notified Critical Peak Export periods above 1.5kW
	Critical Peak Period Reward	\$/kW	Reward for Exports in notified Critical Peak Reward periods

### 3.3.1 Storage Critical Peak Period

A critical peak period may occur for import (CPPI), export (CPPE) or export reward (CPPR). These periods may occur individually or concurrently. Each form of Critical Peak will include its own Critical Peak Cap, nominally set at 40 hours (80 periods) per year.

A Critical Peak Period may be called across the Network or local Network, at anytime, for a duration of between 30-minutes (1 period) and five hours (10 periods), capped at 40 hours (80 periods) per year.

## 3.4 ICC Network Tariff

ICC tariffs are site specific and are calculated on an individual basis to reflect the specific site's load requirements. ICC tariff rates are confidential – they are provided directly to the customers and/or the customer's retailer (they are not published on our website).

Charges for the ICC class vary for each customer, and are influenced by the connection assets dedicated to the customer's connection point and how these connection assets were originally funded.

The ICC network tariff structure is described in the table below.

**Table 13 - Individually Calculated Network Tariffs**

Network Tariff	Parameter	Unit	Description
<b>Individually Calculated Customer (NTC ICC)</b>	Fixed	\$/day	Daily supply charge
	Capacity	\$/kVA of AD	Greater of the authorised demand import or maximum kVA demand recorded in any 30-minute period during the billing month.
	Demand	\$/kVA	Monthly single highest kVA demand in a 30-minute window
	Volume	\$/kWh	Charge applied to anytime energy
	Locational	\$/kW	Monthly single highest kW demand in a 30-minute window
	General Services	\$/kWh	Charge applied to anytime energy

Network Tariff	Parameter	Unit	Description
	Common Services	\$/kWh	Charge applied to anytime energy

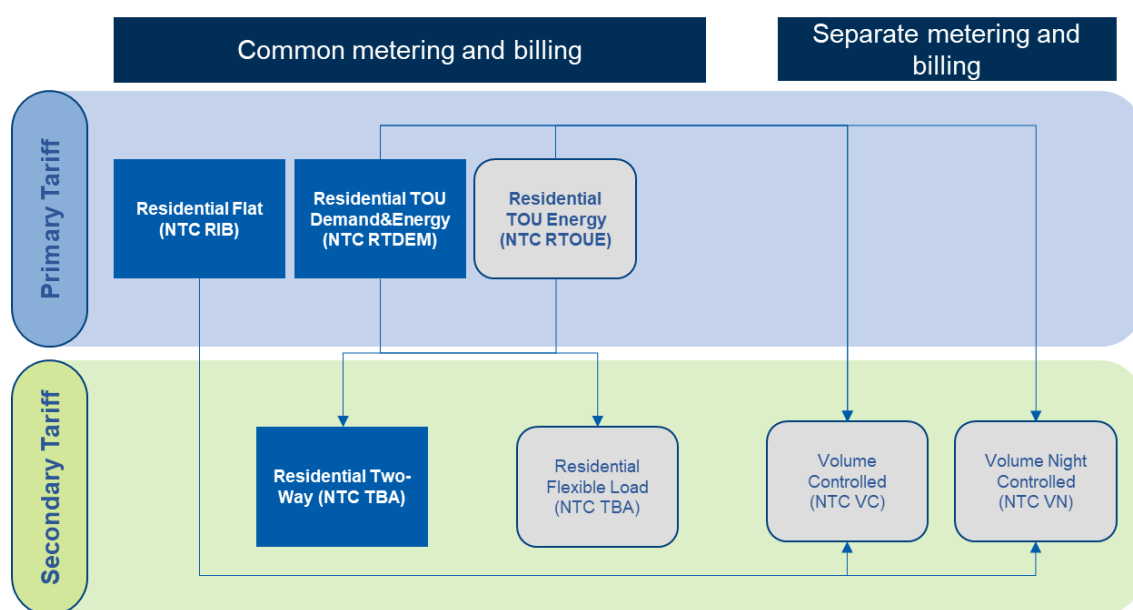
### 3.5 Secondary SAC Network Tariffs

Secondary tariffs apply in addition to the customer's primary tariff. Customers may have one or more secondary network tariffs, subject to eligibility criteria and our tariff assignment arrangements (set out in Section 4.3 and Section 4.5). Traditionally, secondary tariffs related to load control tariffs which established separate metering and control for one or more appliances.

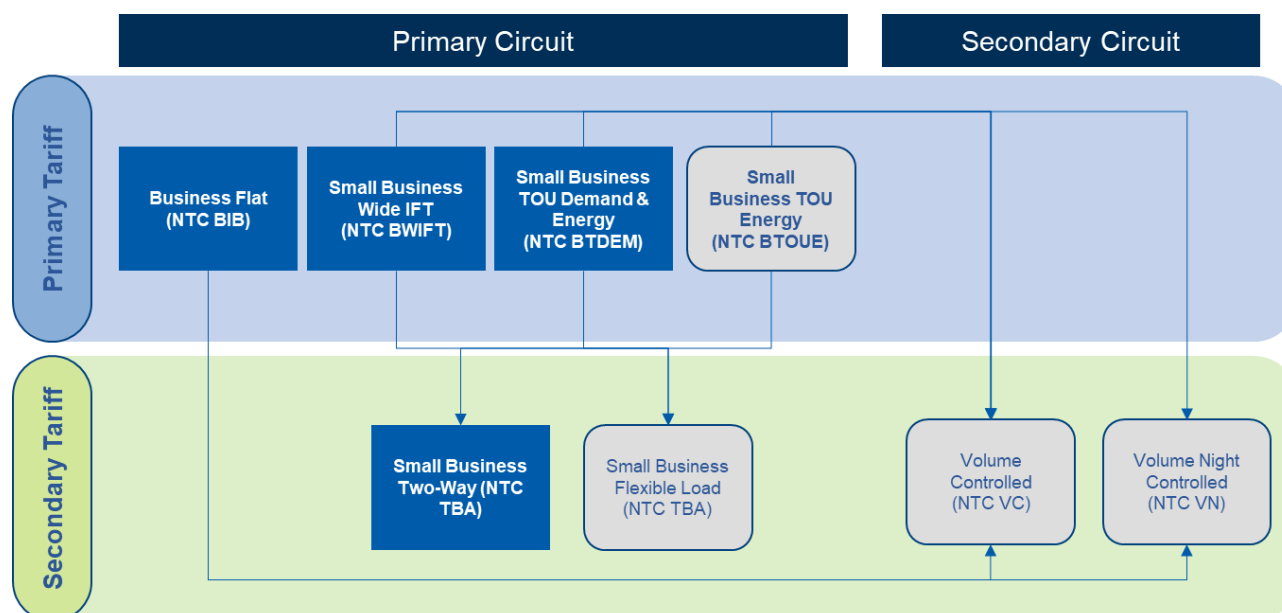
During 2025-30, a range of additional secondary tariffs will be made available catering for alternative load control options and two-way tariffs.

The figures below summarise the secondary SAC network tariffs available in this Tariff Structure Statement for Residential and Business customers:

**Figure 1 – Residential Customers – link between primary and secondary tariffs**



**Figure 2 – Small business customers – link between primary and secondary tariffs**



### 3.5.1 Secondary Flexible load (load control) tariffs for SAC customers

We have a proud history of offering load control tariffs that provide a cheaper electricity rate for connected appliances in return for direct control of appliances. In return, it provides our network options to address peak demand and minimum demand across our network, without the need to augment the network.

Our traditional flexible load tariffs have required installation of a meter with a second element and a load control relay to control appliances like hot water systems and pool pumps that don't need to be on all day. These tariffs separately measure the amount of energy consumed by the appliance or appliances under control. In Sections 3.2.4 and 3.3 we explained our expanded options for customers to access flexible load options for the following primary tariffs:

- Small Business and Large Business Primary Load Control Tariffs
- Dynamic Flex Storage Tariffs

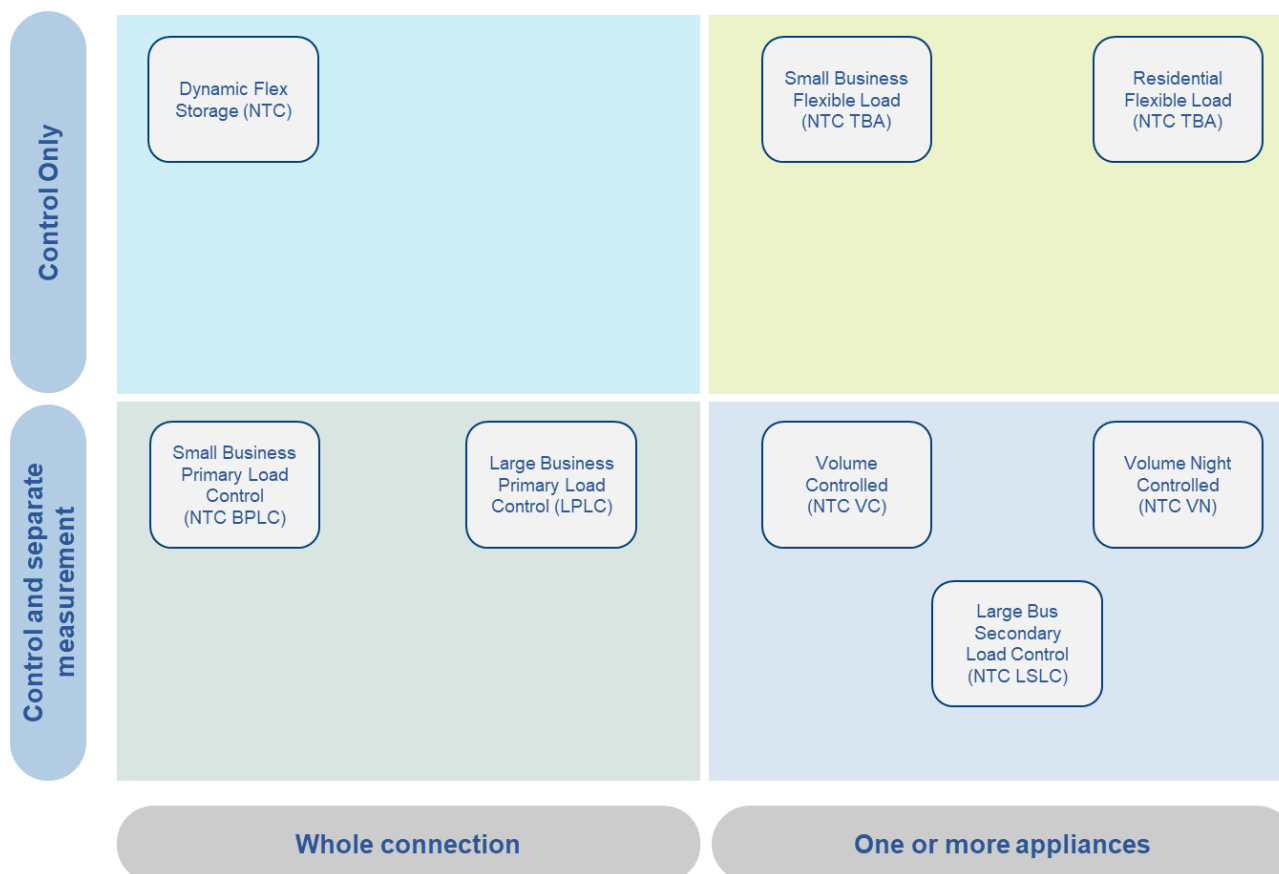
These tariffs represent control on the entire connection rather than one or more appliances on the connection.

This section outlines the secondary flexible load control tariffs which include:

- Flexible load tariffs where one or more appliances are separately controlled and measured from other appliances at the connection point
- Flexible load tariffs where one or more appliances are separately controlled but not separately measured

A summary of all the different flexible load tariff options available for customers is described in the figure below:

**Figure 3 – Flexible load tariffs available for Ergon**



### Existing and new flexible load tariffs for SAC customers

Our existing flexible load tariffs of Volume Controlled, Volume Night Controlled and Large Business Secondary Load Control will continue to be offered for both basic and smart metered customers.

Our proposed new flexible load control tariff will be introduced from 1 July 2025 and offered for SAC Small smart meter customers only. It provides a further tariff option for customers, supporting them to comply with connection arrangements for large loads like electric vehicle chargers whilst enabling them to utilise their own solar generation and/or make use of cheaper off-peak tariffs.

From 1 July 2025, SAC small customers will be able to access a secondary tariff against one of the primary tariffs, where the premise provides one or more loads under DNSP direct or in-direct control (without the need for a meter on the second element).

Terms and Conditions for these tariffs are included via our Network Tariff Guide.

**Table 14 - Flexible Network Tariffs**

Network Tariff	Parameter	Unit	Description
Volume Controlled (NTC VC)	Fixed	\$/day	Daily supply charge
	Volume	\$/kWh	Charge applied to consumption where this consumption is controlled by network equipment
	Fixed	\$/day	Daily supply charge
Available for SAC Customers considered Small			

Network Tariff	Parameter	Unit	Description
<b>Volume Night Controlled (NTC VN)</b>  Available for SAC Customers considered Small	Volume	\$/kWh	Charge applied to consumption where this consumption is controlled by network equipment
<b>Large Business Secondary Load Control (NTC LSLC)</b>  Available for SAC Customers considered Large	Fixed	\$/day	Daily supply charge
	Volume	\$/kWh	Charge applied to consumption where this consumption is controlled by network equipment
<b>Residential Flexible Load (NTCTBA)</b>  Available for Residential Customers	Fixed	\$/day	Daily supply charge
<b>Small Business Flexible Load (NTCTBA)</b>  Available for SAC Small non-residential customers	Fixed	\$/day	Daily supply charge

### 3.5.2 Two-way Network Tariffs for SAC customers

During the 2025-30 period we will introduce a Residential and Business two-way (export rewards and charges) tariff as a secondary tariff. The two-way tariff allows customers to remain on their existing import tariff and can be combined with one or more secondary tariffs.

We offer a basic export level of 1.5kW for all customers during the export hours while offering a reward during the peak import periods.

Our transition approach to two-way tariffs is consistent with NER and Guideline requirements and reflects customer input and preference through our engagement activities.

Details of the tariff are in the table below. Eligibility and assignment rules can be found in Section 4.

**Table 15 - Two-way Network Tariffs**

Network Tariff	Parameter	Unit	Description
<b>Residential Two-Way (NTCTBA)</b>	Export Charge	\$/kW	Charge applied to single highest 30-minute kW during the month between the hours of 11am to 4pm daily above 1.5kW
	Export Reward	\$/kWh	For energy exports between the hours of 4pm to 9pm daily
<b>Small Business Two-Way (NTCTBA)</b>	Export Charge	\$/kW	Charge applied to single highest 30-minute kW during the month between the hours of 11am to 1pm daily above 1.5kW
	Export Reward	\$/kWh	For energy exports between the hours of 5pm to 8pm daily

Network Tariff	Parameter	Unit	Description
Large Business Two-Way (NTCTBA)	Export Charge	\$/kW	Charge applied to single highest 30-minute kW during the month between the hours of 11am to 1pm daily above 1.5kW
	Export Reward	\$/kWh	For energy exports between the hours of 5pm to 8pm daily

### 3.6 Residential Demand and Small Business Demand Tariffs

We will introduce both a Residential Demand and Small Business Demand network tariff structure from 1 July 2027. These network tariffs signal future direction of our network tariff strategy and are consistent with our approach to longer term tariff direction. Over time, moving residual revenue recovery away from consumption-based charges and toward demand-based charging allows for more efficient energy pricing and retail competition and innovation, particularly as the energy sector transitions to a greater reliance on renewable energy sources.

Introduction of demand-based charges allows the collection of residual revenues through the maximum demand period in the month outside the peak and off-peak windows. More revenue will be recovered from higher demand customers (and conversely less from customers with lower demands), creating some incentive to smooth demand even in shoulder periods and discourage high demands immediately after the peak window. We see this as an important consideration with the expansion of batteries and electric vehicles.

The long term signalling of this tariff as a future tariff will also create additional incentive for retailers to trial the tariff with customers in the next period.

**Table 16 - Optional Demand Tariffs**

Network Tariff	Parameter	Unit	Description
Residential Demand (NTC TBA)	Fixed	\$/day	Daily Supply Charge
	Shoulder Demand	\$/kW/Month	Monthly single highest Demand in a 30-minute window between the hours of midnight to 11am and 9pm to midnight daily
	Off-Peak Demand	\$/kW/Month	Monthly single highest Demand in a 30-minute window between the hours of 11am to 4pm daily
	Peak Demand	\$/kW/Month	Monthly single highest Demand in a 30-minute window between the hours of 4pm to 9pm daily
	Volume Shoulder	\$/kWh	For energy consumption between the hours of midnight to 11am and 9pm to midnight daily
	Volume Off-Peak	\$/kWh	For energy consumption between the hours of 11am to 4pm daily
	Volume Peak	\$/kWh	For energy consumption between the hours of 4pm to 9pm daily
Small Business Demand (NTC TBA)	Fixed	\$/day	Daily supply charge
	Shoulder Demand	\$/kW/Month	Monthly single Highest Demand in a 30-minute window between the hours

Network Tariff	Parameter	Unit	Description
			of - week days between the hours of midnight to 11am, 1pm to 5pm and 8pm to midnight - on weekends between the hours of midnight to 11am, 1pm to midnight
	Off-Peak Demand	\$/kW/Month	Monthly single Highest Demand in a 30-minute window between the hours of - week days between the hours of 11am to 1pm - on weekends between the hours of 11am to 1pm
	Peak Demand	\$/kW/Month	Monthly single Highest Demand in a 30-minute window between the hours of - week days between the hours of 5pm to 8pm - on weekends no peak
	Volume Shoulder	\$/kWh	Midnight to 11am, 1pm to midnight weekends, midnight to 11am, 1pm to 5pm and 8pm to midnight week days
	Volume Off-Peak	\$/kWh	11am to 1pm weekends, 11am to 1pm weekdays
	Volume Peak	\$/kWh	No peak weekends, 5pm to 8pm week days

### 3.7 Network Tariff Trials

We propose to undertake tariff trials during the 2025-30 regulatory control period. Tariff trials undertaken throughout 2026-30 will be undertaken via the approach outlined in our Explanatory Statement.

## 4 NETWORK TARIFF ASSIGNMENT AND RE-ASSIGNMENT PROCESSES

### 4.1 Overview

This section covers the broad criteria for tariff assignment relating to different customers, the starting default assignment and optional assignments available. We outline triggers that will result in assignment to different tariffs. Tariff assignment and re-assignment arrangements are explained for all tariff classes, including primary and secondary tariffs.

Tariff assignments have changed for some customer groups. Assignment arrangements will also change mid period for some customers.

### 4.1.1 Assignment for retail and non-retail customers

Section 4 outlines the process for assigning any customer receiving standard control services to a network tariff. This includes retail customers and any other customers receiving common distribution services. To avoid doubt, non-retail customers will be assigned to Network Tariffs on the basis of their connection arrangements closest aligned to Network tariff classes.

### 4.1.2 Broad criteria for assignment – SAC customers

A summary of the SAC customer assignment approach is outlined in the table below.

**Table 17 - Re-assignment of Existing SAC Customers after basic meter change**

Customer	Initiator	Existing Tariff	Tariff Assignment	Re-assignment Date	Optional Tariffs
<b>SAC Customers Below 100MWh per annum</b>					
Residential	Customer	Residential Flat	Residential TOU Demand & Energy	Immediately after meter change	Residential TOU Energy
	Retailer	Residential Flat	Residential TOU Demand & Energy	12 months following end of Financial Year	Residential TOU Energy
Small Business	Customer	Small Business Flat Small Business Wide IFT	Small Business TOU Demand & Energy	Immediately after meter change	Small Business TOU Energy
	Retailer	Small Business Flat Small Business Wide IFT	Small Business TOU Demand & Energy	12 months following end of Financial Year	Small Business TOU Energy
<b>SAC Customers Above 100MWh per annum</b>					
Large Business	Customer	Large Business Energy	Large TOU Demand & Energy	Immediately after meter change	Demand Small
	Retailer	Large Business Energy	Large TOU Demand & Energy	Immediately after meter change	Demand Small

Note, end of life basic meter replacement is considered as part of Retailer initiated upgrade.

### 4.1.3 Assignment classification to SAC Large or SAC Small

SAC customers are assigned a classification of either Large or Small depending on their annual energy consumption. If a customer has an annual consumption greater than the energy consumption threshold specified in the National Energy Retail Law (Queensland) Act 2014 (the Act), the customer is classified as Large.

Assignment and re-assignment between the SAC Large and Small category will be based on estimates and actual observations of consumption relevant to the threshold.

We may apply a tolerance limit on tariff thresholds of 15% on an annualised consumption basis to mitigate frequent tariff re-assignment and customer impact.

#### 4.1.4 Network Tariff Assignment between residential and small business

Different tariffs apply to SAC Small customers depending on whether they are a residential customer or a small business customer. The determination of the appropriate SAC network tariff will be based on the retailer's classification of the NMI as either business or residential in accordance with the National Energy Retail Rules. Our network tariffs do not support a mixed tariff situation (for example, where one NMI has both residential and business retail tariffs).

If a customer classification is not received from the retailer for move-in SAC Small customers, the retail customer moving in to the existing premises will inherit the existing customer classification. Move-in customers are not considered as a new customer to our Network, as these customers are not a new connection to the distribution network.

#### 4.1.5 Network Tariff Assignment based on meter type

Since 1 July 2020, for SAC customers, we have used meter type as the basis of our network tariff eligibility. We will continue this approach throughout 2025-30. Basic meters are accumulation, or Type 5-6 meters. Smart meters are all forms of Type 1-4 meter. These are meters capable of measuring usage in intervals.

Customers will be assigned to the default network tariff based on their tariff class and meter type where they have not nominated another valid optional network tariff.

A SAC Large customer (who exceeds the annual energy consumption threshold set in the National Electricity Market Metrology Procedure) is required to have communication-enabled metering (Type 1–4). Large customers are required to be placed on a demand network tariff subject to having the appropriate metering.

#### 4.1.6 Basic Meter Upgrade Assignment for Existing Customers

For customers below a small customer threshold, in the event a meter is upgraded from basic to smart, the following 'upgrade assignment rules' apply:

- **Customer Initiated** – A customer initiated basic meter upgrade is a change to the NMI that prompts a meter upgrade, for example, the installation of Solar PV, EV Charging, three-phase connection, or other customer requested upgrade to smart meter.

In the case of a customer initiated upgrade a customer will be immediately re-assigned to the default network tariff for smart metered customers.

- **Retailer Initiated** – Instances where the meter is upgraded for a reason other than a customer initiated upgrade (described above). A retailer initiated upgrade includes upgrades associated with the implementation of the AEMC Metering Review Final Report as well as an upgrade caused by a failure or end of life meter replacement.

In the case of a retailer initiated upgrade a customer will remain on the basic meter tariff for 12 months following the end of the Financial Year in which the upgrade occurred. However customers or their retailer may transfer to smart meter tariffs at anytime following the upgrade (noting they will not be able to transfer back to a basic meter

tariff if they do so).

All other options other than a new or upgraded connection or a customer initiated upgrade are deemed to be retailer initiated. For customers above the small customer threshold, customers will be immediately assigned to the default smart meter tariff.

## 4.2 SAC Small Primary Tariff Assignment

### 4.2.1 Basic meter SAC Small customers

The following assignment rules apply to residential and small business customers consuming less than 100 MWh per annum.

- Basic meter residential customers are assigned to the Residential Flat tariff.
- Basic meter Small Business customers consuming up to and including 20MWh per annum are assigned to the Small Business Flat tariff.
- Basic meter Small Business customers consuming more than 20MWh per annum and up to 100MWh per annum are assigned to the Small Business Wide Inclining Fixed tariff.

Volume controlled and Volume night controlled tariffs can be used in conjunction with basic meter tariffs for both residential and small business customers.

### 4.2.2 Smart meter customers

The default tariff for residential smart meter customers consuming up to 100MWh per annum is the Residential TOU Demand & Energy tariff. This tariff was previously known as the Residential Transitional Demand tariff. Smart meter customers on the default tariff as at 1 July 2025 will remain on the tariff unless they request tariff re-assignment. Customers on the Residential Demand tariff and Residential TOU tariff (both withdrawn from 1 July 2025) will be assigned to the Residential TOU Demand & Energy Tariff on 1 July 2025.

The default tariff for small business smart meter customers consuming up to 100MWh per annum is the Small Business TOU Demand & Energy tariff. This tariff was previously known as the small business transitional demand tariff. Smart meter customers on the default tariff as at 1 July 2025 will remain on the tariff unless they request tariff re-assignment. Customers on the Small Business Demand, Business Demand and Business TOU (withdrawn from 1 July 2025) will be assigned to the Small Business TOU Demand & Energy Tariff on 1 July 2025.

Volume Control and Volume Night Control tariffs can be used in conjunction with all primary tariffs.

### Upgrading from basic meter to smart meter

Customers consuming less than 100MWh per annum and upgrading from a basic meter to a smart meter will be assigned to the following tariffs according to the upgrade assignment rules:

- Residential customers will be assigned to the Residential TOU Demand & Energy Tariff
- Small Business customers will be assigned to the Small Business TOU Demand & Energy Tariff

Where an upgrading customer has a secondary load control tariff, the customer remains assigned to the secondary tariffs and linked to the customer's assigned primary tariff.

### Optional smart meter tariffs

A residential customer may choose to opt-in to the optional TOU Energy tariff upon request. Small business customers can choose to opt-in to the optional TOU tariff or the Primary Load Control tariff.

#### 4.2.3 SAC Small tariff assignment for exporting customers

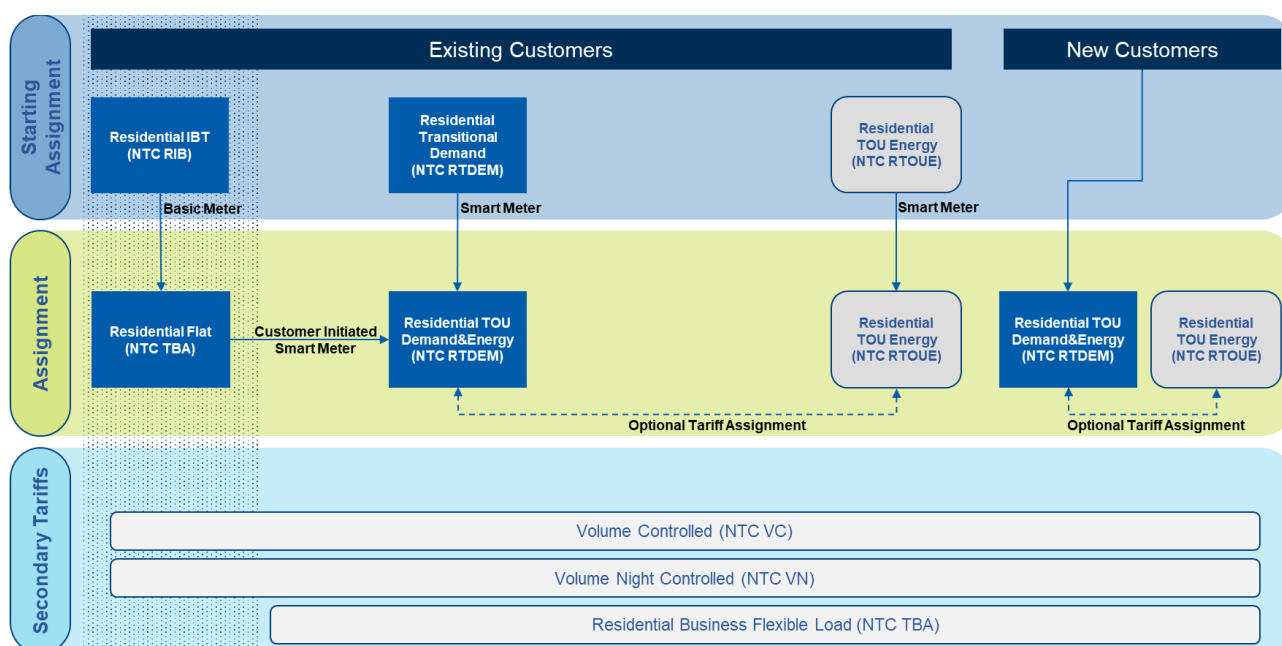
New assignment arrangements will apply for customers who export to the grid. Secondary tariff assignment for two-way tariffs will apply to new exporting customers from 1 July 2026 and existing export customers from 1 July 2028.

Details of the assignment arrangements are provided in the secondary tariff assignment arrangements section below.

#### 4.2.4 SAC Small Assignment Summary

The below figures provide a summary of the assignment arrangements.

**Figure 4 – Residential Customers – TSS Implementation 1 July 2025**



**Figure 5 – Residential Customers – Post 1 July 2025**

## Tariff Structure Statement | 2025-30 Regulatory Determination Proposal

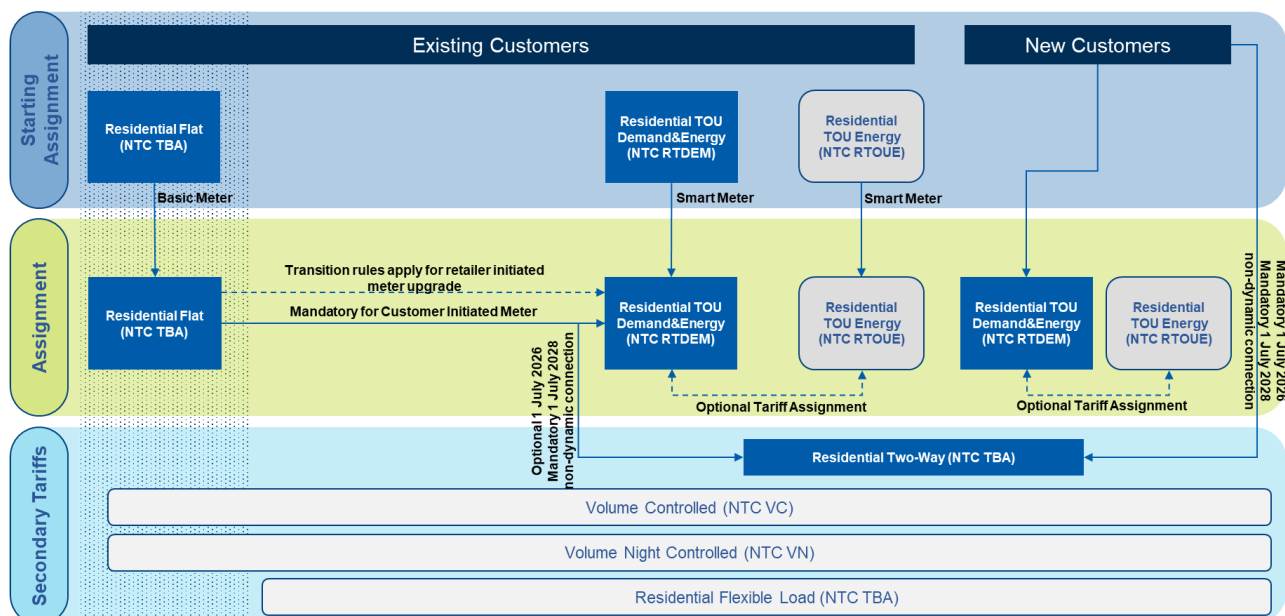
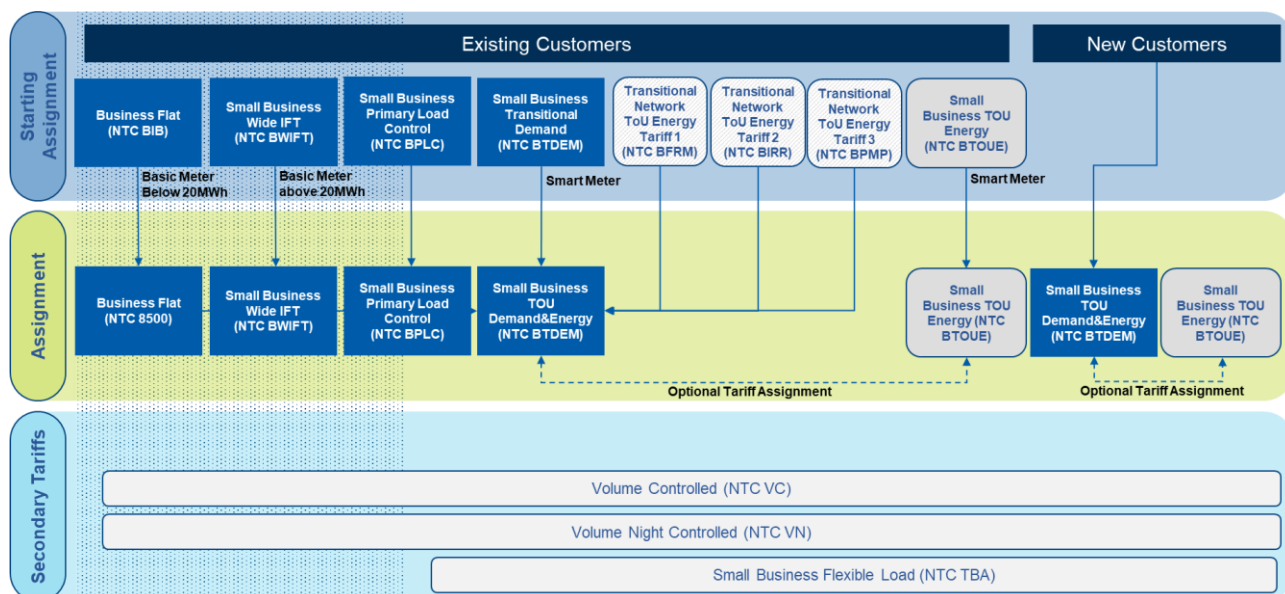


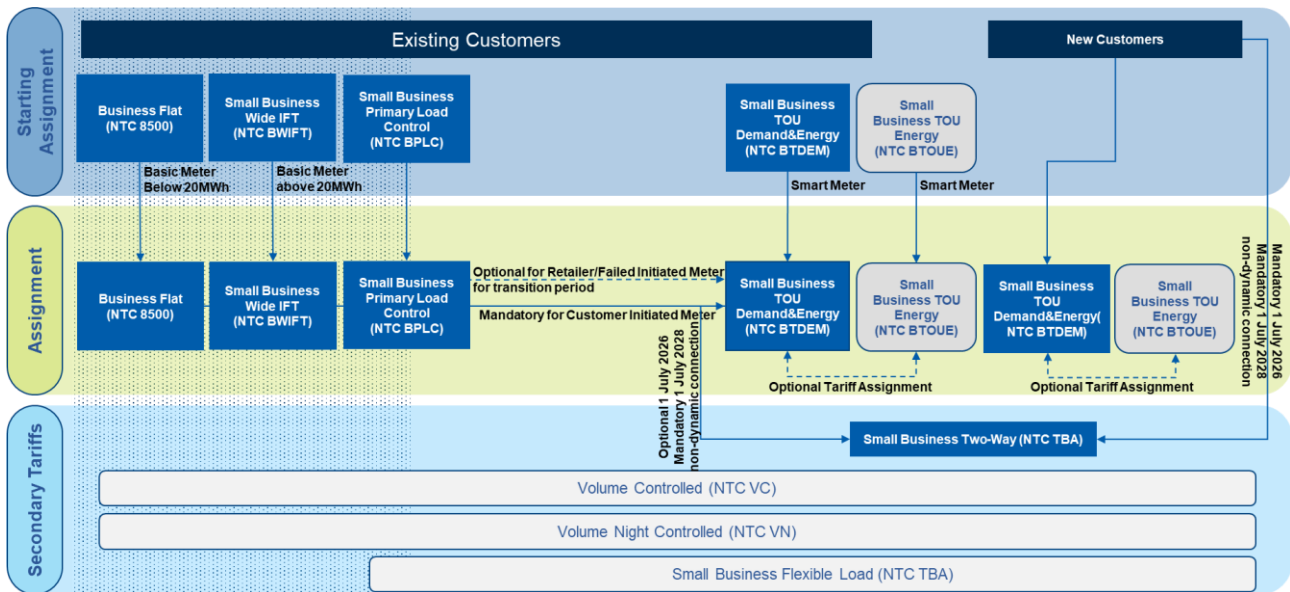
Figure 6 – Small Business Customers – TSS Implementation 1 July 2025



Note – Transitional Network TOU Energy Tariffs to be re-assigned 1 July 2026

Figure 7 – Small Business Customers – Post 1 July 2025

## Tariff Structure Statement | 2025-30 Regulatory Determination Proposal



## 4.3 SAC Small Secondary Tariff Assignment

The following secondary tariffs will be available to customers consuming below 100MWh per annum depending on eligibility:

- Volume Controlled (NTC VC)
- Volume Night Controlled (NTC VNC)
- Residential Flexible Load (NTC TBA)
- Small Business Flexible Load (NTC TBA)
- Residential Two-Way (NTC TBA)
- Small Business Two-Way (NTC TBA)

### 4.3.1 Volume Controlled and Volume Night Controlled

Existing customers on Volume Controlled and/or Volume Night Controlled tariffs as at 1 July 2025 remain on these secondary tariffs even if assigned to a different primary tariff.

New or existing customers with a primary tariff may be assigned to Volume Controlled and/or Volume Night Controlled tariffs upon request. Assignment to secondary tariffs does not change if customers are assigned to a different primary tariff.

### 4.3.2 Residential and Small Business Flexible Load Tariff

From 1 July 2025, Residential and Small Business Flexible Load tariffs will be a secondary tariff assigned to customers upon request. Assignment to these secondary tariffs does not change if customers are assigned to a different primary tariff. Customers may have either a basic or smart meter. Assignment rules change in response to terms and conditions as outlined in our Network Tariff Guide.

### 4.3.3 Two-way tariff assignment arrangements

Eligibility criteria for two-way tariffs for residential and small business customers is as follows:

- Customers will require a smart meter.
- SAC Customers who export with export capacity below 30kW.

From 1 July 2026, new customers (including existing customers who have upgraded their connection) with a connection that will export energy (below 30kW capacity) and not on a dynamic connection arrangement will be assigned to a secondary two-way tariff in addition to their primary tariff (and any existing secondary tariff).

From 1 July 2026, existing customers on a smart meter with a connection that will export energy (below 30kW capacity) and not on a dynamic connection arrangement may request to be assigned to a secondary two-way tariff. In these circumstances the secondary two-way tariff will be added to their primary tariff (and any other existing secondary tariffs). For the avoidance of doubt, the two-way tariff applies to the default, the optional smart meter tariffs and closed smart meter tariffs.

Where a customer upgrades to a dynamic connection they may request that the secondary two-way tariff no longer apply.

#### 4.3.4 SAC Small tariff assignment from 1 July 2028

From 1 July 2028, customers on a smart meter tariff with a connection that will export (below 30kW capacity) and not on a dynamic connection arrangement will be assigned to a secondary two-way tariff in addition to their primary tariff (and any existing secondary tariff).

Where a customer upgrades to a dynamic connection they may request that the secondary two-way tariff no longer apply.

### 4.4 SAC Large Tariff Assignment

#### 4.4.1 SAC Large tariff assignment from 1 July 2025

From 1 July 2025, we will assign all customers consuming more than 100MWh<sup>3</sup> to our SAC Large suite of network tariffs. All smart meter customers consuming over 100MWh and not on the current Large Business Primary Load Control Tariff are assigned to the Large ToU Demand & Energy tariff. This is the default tariff for all customer consuming over 100MWh from 1 July 2025.

It should be noted that the demand elements for Large TOU Demand & Energy are offered under a kVA basis as default. In instances where the meter is unable to publish underpinning interval data for the purposes of determining kVA for the purposes of billing, a kW variant will be provided. This will no longer be provided for our legacy Demand tariffs.

This tariff replaces LV Demand Time of Use Tariff (LTOUD). The tariff structure and name of the tariff will reflect the structure in Section 3 above. Customers on the existing Small Demand, Medium and Large Demand Tariffs will be re-assigned to the default tariff.

Customers assigned to the Large TOU Demand and Energy tariff may be re-assigned to the Demand Small tariff upon application. A retail customer may apply to be assigned to the Demand Small tariff prior to the 1 July 2025 assignment date.

The Large Business Primary Load Control tariff remains an optional tariff. Customers may be assigned to this primary tariff upon request.

Customers meeting the criteria for dynamic storage tariffs (explained in Section 3) may also be assigned to this tariff upon request. However, as we noted above, assignment is at the discretion of the network, taking into account technical and operational considerations.

Any customers with a basic meter consuming greater than 100MWh per annum and assigned to the Residential Flat tariff, will remain assigned to this tariff until such time as the meter is upgraded according to the upgrade rules and then assigned to the default tariff.

We review SAC customers on an annual energy consumption basis to ensure they are classified correctly and assigned to the appropriate network tariff code. Upon identifying incorrectly classified customers, we will initiate a reclassification.

#### 4.4.2 SAC Large Assignment Summary

A summary of the assignment arrangements is represented in the diagram below.

<sup>3</sup> This includes residential customers on smart meters consuming more than 100MWh. Residential customers with basic meters remain assigned to legacy basic meter tariffs.

Figure 8 – SAC Large Customers – TSS Implementation 1 July 2025

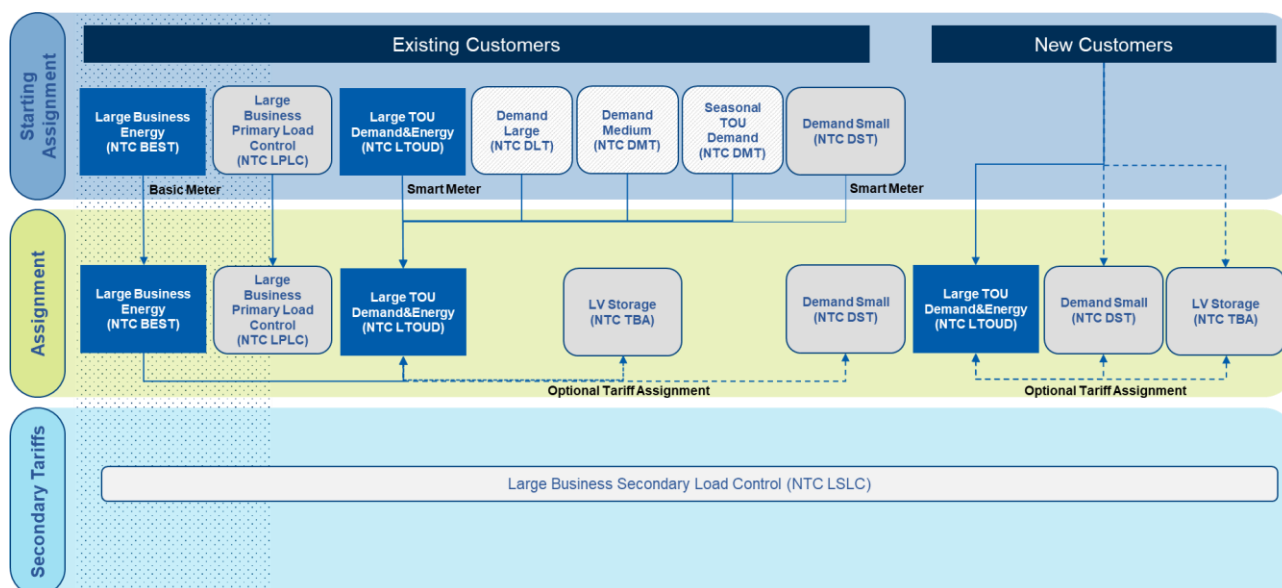
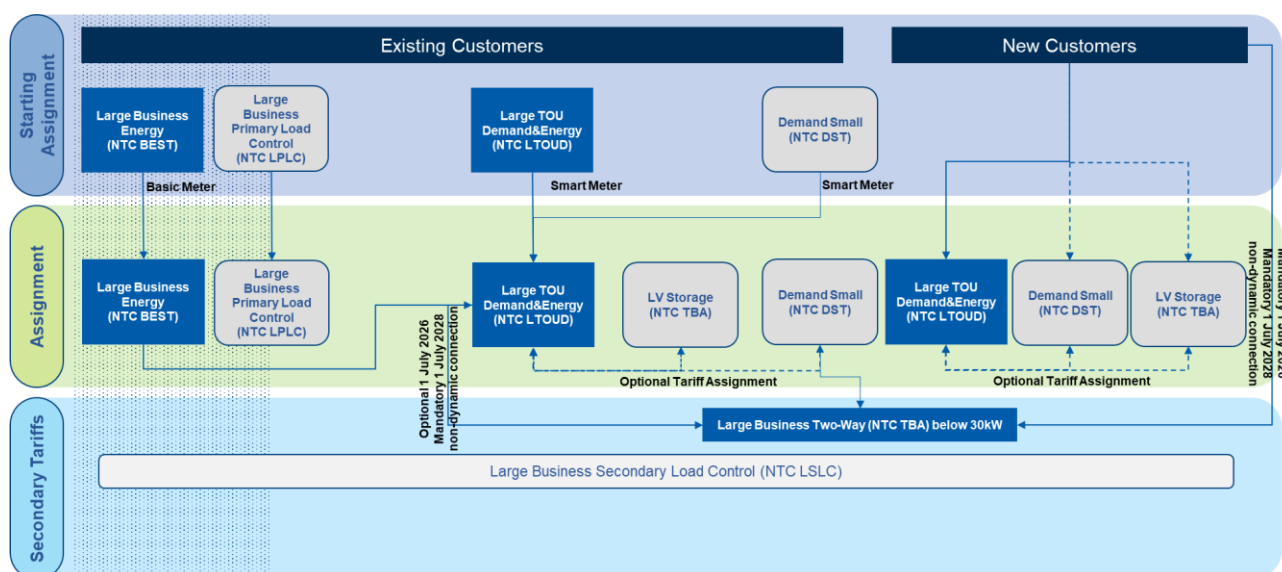


Figure 9 – SAC Large Customers – Post 1 July 2025



## 4.5 SAC Large Secondary Tariff Assignment

Customers consuming above 100MWh per annum may access one or more of the following secondary tariffs:

- Large Business Secondary Load Control (NTC LSLC)
- Large Business Two-Way (NTC TBA)

Customers may remain on, or opt-in to, our existing Large Business Secondary Load Control Tariff.

### 4.5.1 Two-way tariff assignment arrangements

Eligibility criteria for two-way tariffs for large business customers is as follows:

- Customers will require a smart meter.
- SAC Customers who export with export capacity below 30kW.

From 1 July 2026, new customers (including existing customers who have upgraded their connection) with a connection that will export energy (below 30kW capacity) and not on a dynamic connection arrangement will be assigned to a secondary two-way tariff in addition to their primary tariff (and any existing secondary tariff).

From 1 July 2026, existing customers on a smart meter tariff with a connection that will export energy (below 30kW capacity) and not on a dynamic connection arrangement may request to be assigned to a secondary two-way tariff. In these circumstances the secondary two-way tariff will be added to their primary tariff (and any other existing secondary tariffs). For the avoidance of doubt, the two-way tariff applies to both the default and the optional smart meter tariff.

Where a customer upgrades to a dynamic connection they may request that the secondary two-way tariff no longer apply.

### 4.5.2 SAC Large tariff assignment from 1 July 2028

From 1 July 2028, customers on a smart meter tariff with a connection that will export (below 30kW capacity) and not on a dynamic connection arrangement will be assigned to a secondary two-way tariff in addition to their primary tariff (and any existing secondary tariff).

Where a customer upgrades to a dynamic connection they may request that the secondary two-way tariff no longer apply.

## 4.6 Approach to CAC and ICC customers

Existing Ergon Energy customers retain the following default CAC tariffs which are assigned based on the customers connection to the relevant coupling point:

- 66kV
- 33kV
- 22/11kV bus
- 22/11kV line

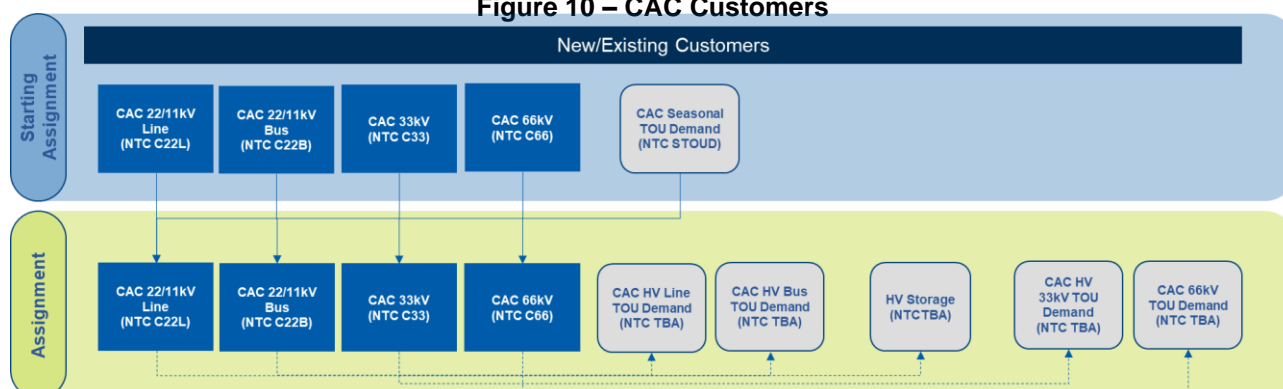
The following tariffs are withdrawn from 1 July 2025 with customers on these tariffs re-assigned to the default CAC tariff relevant to the customers connection point:

- CAC 22/11kV Line STOUTD
- CAC 22/11kV Bus STOUTD
- CAC 66/33kV STOUTD

A customer may be assigned to one of the following tariffs (based on the tariff relevant to the customers connection point) upon application:

- CAC HV Line TOU Demand
- CAC Bus TOU Demand
- CAC HV 33kV TOU Demand
- CAC 66kV TOU Demand

Figure 10 – CAC Customers



## 4.7 Network Tariff Re-assignment

We will periodically review the assignment of customers to tariff classes and tariffs to ensure customers are assigned to the correct tariff.

The decision-making process for tariff class and tariff re-assignment is similar to that used for the assignment of customers to tariff classes and tariffs. Consistent with clause 6.18.4 of the NER, we ensure customers with similar characteristics are treated equitably by specifically considering the nature and extent of their usage and the nature of their connection to the network.

For customer requested tariff re-assignments, customers are only allowed one tariff change per 12-month period to limit transaction costs and ensure pricing signals are not distorted by constant changes.

### 4.7.1 Reclassification between Small to Large SAC customer

We review SAC customers on an annual energy consumption basis to ensure they are classified correctly and assigned to the appropriate network tariff code. Upon identifying incorrectly classified customers, we will initiate a reclassification and network tariff code re-assignment where the premise is fitted with Type 1-4 metering. We will write to the customer's retailer making them aware of the impending changes.

The notification that is sent to the customer's retailer includes the following:

- The current National Metering Identifier (NMI) classification that the customer is moving from and the new NMI classification they are moving to.
- The current network tariff class of the customer and what this is changing to.
- The reason for the change.
- A definition of what a Small or Large customer is.
- The specifications relating to the customer's classification as a Large or Small customer (this includes metering and the governing bodies they may refer to).
- How the customer can dispute the decision.
- The date the change will take effect (all changes initiated by us are prospective).
- Note: Where a customer's NMI is reclassified from Small to Large and has the appropriate metering, we will assign the customer to a demand network tariff.

#### 4.7.2 Approach to CAC and ICC Customers

For customers with connection points coupled at the 11kV network and above, demand and volume characteristics are reviewed annually, while connection assets and network configurations are reviewed periodically or on request.

## 5 APPLYING THE PRICING PRINCIPLES

The following section broadly outlines the approach that will take in setting each tariff in each pricing proposal during the regulatory control period in accordance with clause 6.18.5 (pricing principles). Further detail of our approach can be found in the Explanatory Statement.

### 5.1 Tariff Setting Methodology

To ensure revenue recovery for each tariff class remains between the upper and lower bounds established by standalone and avoidable costs, we allocate allowed revenues based on a relative contribution of each tariff class to our efficient costs. For example, the low voltage tariff class receives a larger distribution cost allocation given they use more network assets compared to a high voltage connection tariff class where customers do not use lower voltage network assets.

#### 5.1.1 Tariff Setting for ICC and CAC Customers

Tariff setting for ICC and CAC customers reflects a historical approach of establishing site specific prices to reflect the customer's specific contribution to existing and forward looking costs of dedicated connection and shared infrastructure assets at a locational level.

This is because there is significant variation across our customers in these classes in respect to:

- how far upstream they are connected to the network, and therefore the extent to which they use common infrastructure.
- the geographic location of the customer, and
- the nature and extent to which customers have funded (or contributed in advance) connection infrastructure.

Site specific tariffs are not unique to our network. They are accepted as a suitable means for introducing locational charging parameters and can better signal to large customers the costs of their connection and network use.

The methodology for calculating tariffs for our ICC customers is provided via our published network tariff documentation. Tariffs for ICC and CAC tariff classes are set having regard to the long run marginal cost (LRMC) of providing services to all customers in a tariff class, the relative share of common infrastructure, the contribution arrangements at time of connection and their relative contribution to the use of shared infrastructure.

In relation to the ICC tariff class the attribution relates to each site's relative contribution to dedicated connection and shared cost elements based on the customer's specific location, recognising the more complex nature of these connections and connection arrangements and the significant attribution of each customer to fully dedicated and shared infrastructure.

CAC customers also have attribution to both their contribution to dedicated infrastructure as well as shared infrastructure for their class.

We have regard to our estimates of LRMC values in setting price levels, while bearing in mind that our LRMC estimates reflect an average across all ICC and CAC customers, whereas our methodology for ICC customers takes into account a range of customer-specific considerations.

For a majority of customers in the ICC class connecting close to the bulk supply point, connection agreements often reflect a capacity which they contributed much of the investment for up front – and the extent to which these connections increase capacity significantly, would require additional investment and contribution under the relevant connection policy. This means that LRMC-based

price signals play a much smaller role in managing future network costs for ICC customers, in comparison to other customers.

Nevertheless, the LRMC component is proportionally collected through the demand charge.

LRMC values form the basis for the CAC optional network tariff structure. A critical peak price arrangement is in place for storage tariffs.

For these customers we also adopt an approach for allocation of transmission charges that preserves where possible the locational basis of these signals at a transmission connection point. These efficient transmission price signals have an added advantage for ICC customers, since transmission costs make up a relatively larger proportion of their network costs, in comparison to other customers.

### 5.1.2 SAC tariff class

LRMC values are derived for all major voltage levels and form the basis for all SAC default network tariff structures. Import LRMC values are applied to the peak demand period assigned to tariffs. In some circumstances a value less than full LRMC is applied to manage customer impact with an aim to build the LRMC signal over time.

Export LRMC is applied in a similar way, having regard to the Basic Export Level. A critical peak price arrangement is in place for storage tariffs.

Residual revenue (remaining revenue after ICC and CAC revenue as well as LRMC revenue is removed) reflects current residual recovery applied to the tariff. Residual revenue is recovered in a way that meets pricing principles, balancing the need for recovery in the least distortionary manner, customer impact and customer and retailer preferences.

## 5.2 Standalone Cost and Avoidable Cost

Clause 6.18.5(e) of the NER requires that the revenue expected to be recovered from a tariff class must lie on or between:

- An upper bound representing the stand-alone cost of serving the retail customers who belong to that class, and
- A lower bound representing the avoidable costs of not serving those retail customers.

This requirement is to ensure that there are no inefficient economic cross-subsidies contained within the tariff classes for the following reasons:

- **Stand-alone cost:** If customers were to pay above the stand-alone cost, then it would be economically beneficial for customers to switch to an alternative provider. It would also be economically feasible for an alternative service provider to operate. This creates the possibility of inefficient bypass of the existing infrastructure.
- **Avoidable cost:** If customers were to be charged below the avoidable cost, it would be economically beneficial for the business to stop supplying the customers as the associated costs would exceed the revenue obtained from the customer.

The NER does not prescribe the methodology that should be used to calculate the stand-alone and avoidable costs of tariff classes of the network. We have chosen to base our cost estimations using the hypothetical modification of the existing network, rather than by devising and costing optimal new network structures. This has been done for two reasons:

- to avoid the very substantial resource requirements that would be involved in a full network redesign, and

- in recognition that the economic regulatory framework for distribution supports the existence and value of existing (sunk) network investments and does not support the optimisation of existing networks.

The methodology to determine our lower and upper bounds for each tariff class is set out in the TSS Explanatory Statement. The table below demonstrates that total revenue for 2025-30 from each tariff class falls between the avoidable and stand-alone cost estimates.

**Table 18 - Standalone and Avoidable Costs**

Transition Period	Avoidable Cost	2025-26 Distribution Use Of System (DUOS) Total	Stand-alone Cost
Standard Asset Customers (SAC)	\$236,626,302	\$1,316,186,460	\$1,327,669,248
Connection Asset Customers (CAC)	\$18,681,276	\$80,937,388	\$543,285,873
Individually Calculated Customers (ICC)	\$56,985,399	\$65,943,557	\$266,902,025
Note: Figures above are GST exclusive			

### 5.3 Setting prices based on Long Run Marginal Cost

In accordance with clause 6.18.5(f) of the NER, we have estimated the Long Run Marginal Cost (LRMC) values at each major voltage level of our network for use as the basis of network tariffs. The pricing principles set out in this clause require each tariff to be 'based on' the LRMC of providing the service to the retail customers assigned to that tariff class, with the method of calculating such cost and the manner in which that method is applied to be determined having regard to:

- the costs and benefits associated with calculating, implementing and applying the method
- the additional costs associated with meeting incremental demand for the customers assigned to the tariff at times of greatest utilisation of the relevant part of the distribution network; and
- the location of customers and the extent to which costs vary between different locations.

On 12 August 2021, the AEMC made a final determination amending the NER and National Energy Retail Rules (NERR) to integrate Distributed Energy Resources (DER) more efficiently into the electricity grid. This determination, along with the outworking of the AER Export Tariff Guidelines, necessitate a long run marginal cost to be set for both import and export services.

We expand on our approach to LRMC in our Explanatory Statement.

### 5.3.1 LRMC Estimates

**Table 19 - Long Run Marginal Cost Estimates – Ergon East**

Voltage	Annual Import		Annual Export	
	\$/kW	\$/kVA	\$/kW	\$/kVA
Low Voltage	262.440	236.190	54.890	49.40
High Voltage Line	223.810	201.430	6.040	5.440
High Voltage Bus	124.570	112.120	6.040	5.440
Sub-Transmission	46.860	42.180	N/A	N/A

**Table 20 - Long Run Marginal Cost Estimates – Ergon West**

Voltage	Annual Import		Annual Export	
	\$/kW	\$/kVA	\$/kW	\$/kVA
Low Voltage	270.590	243.530	53.600	48.240
High Voltage Line	214.370	192.930	5.900	5.310
High Voltage Bus	205.670	185.100	5.900	5.310
Sub-Transmission	55.430	49.880	N/A	N/A

**Table 21 - Long Run Marginal Cost Estimates – Ergon Mount Isa**

Voltage	Annual Import		Annual Export	
	\$/kW	\$/kVA	\$/kW	\$/kVA
Low Voltage	176.320	158.690	54.890	49.400
High Voltage	87.640	78.880	6.040	5.440

## 5.4 Side Constraint

The AER will set out the pricing side constraint mechanism applicable in the 2025 to 2030 regulatory period. Compliance with the side constraint will be demonstrated in our annual Pricing Proposals.

## 5.5 Customer Impact Analysis

We have considered customer impact through development of a detailed Customer Impact Assessment. This assessment considers current population, population segmentation and customer personas for our small customer base.

As part of our TSS submission, we have included this detailed analysis as a separate document. Our Network Bill Impacts attachment provides a detailed analysis of 5-year impacts for all customers on default tariffs as well as distributional impacts for customers moving between tariffs.

## 5.6 Customer Engagement and Understanding

We undertook extensive engagement with a wide range of customers and stakeholders in order to develop the proposed reforms to our network tariffs and we are committed to ensuring ongoing engagement with our diverse range of stakeholders and customers who are connected to and use our networks.

Our Explanatory Statement provides a detailed overview of our approach to engagement, key themes engaged upon, customer views and our response to prepare the final network tariffs included in this submission.

### 5.6.1 Network Pricing Working Group

The Network Pricing Working Group (NPWG) membership comprises representatives from the RRG and industry to represent a broad set of customer groups including ageing populations, consumer groups, vulnerable customers, agriculture, and industry. It is tasked with providing input on our tariff strategies and negotiating balanced outcomes for customers.

Given the oversight of the NPWG to all our tariff related engagement activities, we engaged on an early draft of the Ergon TSS Explanatory Statement (TSES). The NPWG discussed the documents on 23 November 2023. We have included the NPWG recommendations in this TSS for transparency.

The NPWG generally recognised the TSS and TSES drafted at that time were largely reflective of its discussions with EQL to date and that EQL is on a journey of network tariff reform.

We responded to NPWG recommendations to provide further detail in the Explanatory Statement on the following topics prior to submission on 31 January 2024:

- Ensure a customer focus in the use of terminology.
- Explain the allocation of revenue across tariff classes to avoid cross subsidisation.
- Outline how certain issues and forecasts (e.g., population growth) have impacted the narrative for network tariff reform and design.

- Redefine the narrative to not only focus on prices but the transition to a services market (e.g., controllability) and the benefits that customers may receive from those services.
- Explain why the recommendation from the Voice of the Customer Panel to not apply time of use windows on the weekend was not adopted, including supporting analysis.
- Reference the role that the Government and others in the industry have in increasing awareness of and helping educate customers on tariffs.

The NPWG also recommended EQL needs to do more work on the potential need for future network tariff reform for embedded networks – accepting that the issue has not been consulted on to date.

In relation to the TSS, the NPWG were concerned with the inclusion of contingency triggers that would delay or defer the introduction of two-way tariffs as this may further delay the transition to tariff reform and cost reflectivity.

## 5.7 Passthrough of Specified Costs

### 5.7.1 Transmission Services

We recover transmission related costs via the designated pricing proposal charges (DPPC) included in our network tariffs, including transmission use of system (TUOS) and avoided TUOS via elements linked to the structure of the selected network tariff.

We will annually adjust the recovery amount to accommodate unders and overs in line with our approaches to recovery of distribution charges.

The approach to recovery of DPPC differs across our tariff classes, inclusive of:

- SAC – DPPC amounts not recovered by CAC or ICC customers. DPPC amounts mimic the selected DUOS network tariff.
- CAC – DPPC amounts assigned to the CAC class. DPPC amounts mimic the selected network tariff.
- ICC – DPPC amounts mimic the amounts and structure as invoiced by the transmission network service provider to preserve the signals in their approved pricing methodology.

In consideration of a changing energy landscape catering for transmission investment decisions and increasing reverse flows across the various networks, from 1 July 2025 the existing approach of three transmission zones across pricing regions of East and West will be amalgamated into a single transmission zone. Customers in the Mount Isa pricing region will continue to be provided a single transmission zone.

### Avoided TUOS

We will look to align our approach for calculation of Avoided TUOS payments between the Queensland Distribution Networks. Our approach will also consider impacts from Powerlink's Regulatory Determination process occurring mid-period.

## CopperString 2032

Following announcements made by the Queensland Government, CopperString 2032 includes 1,100 km high-voltage electricity line from Townsville to Mount Isa that will connect Queensland's North West Minerals Province to the national electricity grid. We may seek to alter our approach to DPPC revenue allocation for SAC and CAC customers if required to support CopperString 2032. This may include structure and revenue approach for ICC customers.

### 5.7.2 Jurisdictional Scheme Amounts

We are required to recover jurisdictional scheme amounts as directed by the Queensland Government. We recover this amount as directed, but typically consists of fixed and energy elements linked to the structure of the selected network tariff.

We will annually adjust this amount to accommodate unders and overs in line with our approaches to recovery of distribution charges.

## 5.8 Legacy Metering Services

We are required to recover the costs of legacy metering service (type 5 and 6 metering) as a standard control service.

We will adjust this annual revenue amount to comply with the unders and overs mechanism as set out by the AER. Metering revenue will be recovered from our SAC tariff class customers via a fixed daily charge.

## 6 ALTERNATIVE CONTROL SERVICES

Alternative Control Services are akin to a 'user-pays' system whereby the whole cost of the service is paid by those customers who benefit from it, rather than recovered from all customers. Our Alternative Control Services are regulated under a price cap control mechanism. This means that the AER determines our efficient costs and approves a maximum price that we can charge for the service.

### 6.1 Tariff Classes

Compliance with clause 6.18.3(c) of the NER is met by us distinguishing between the tariff classes for SCS and for ACS. Our tariff classes for ACS have been determined according to the classification of services set out in the AER's Framework and Approach (F&A) for the 2025-30 regulatory control period. The AER has classified the following categories of services as alternative control services:

- Public lighting
- Security lighting
- Ancillary network services and
- Auxiliary metering services.

Each alternative control service category is its own tariff class.

A more detailed list of proposed services and pricing approaches for the 2025-30 regulatory control period is provided in the table below.

Service category	Description	Basis of control mechanism
<b>Connection services – Services relating to the electrical or physical connection of a customer to the network</b>		
Large customer - Premises connections	<p>The F&amp;A defines this service grouping as any addition or upgrades to connection assets located on the customer's premises for large customer connections.</p> <p>Note; This service includes design, construction, commissioning and energisation of connection assets (including administration services (e.g. reconciling project financials) and generation required to supply existing customers while equipment is de-energised to allow testing and commissioning to occur). It excludes all metering services and services separately identified under 'Connection management services'.</p>	Quoted - A formula-based approach (cost build-up).

Service category	Description	Basis of control mechanism
Large customer - Network extensions	The F&A defines this service grouping as an enhancement required to connect a power line or facility outside the present boundaries of the transmission or distribution network owned or operated by a network service provider to facilitate new or altered large customer connection.	Quoted - A formula-based approach (cost build-up).
Connection application and management services	<p>The F&amp;A defines this service grouping as a range of services and activities provided by distributors, and sought by customers, which are specific to a connection point, and encompasses:</p> <ul style="list-style-type: none"> <li>• Connection application related services</li> <li>• De-energisations and re-energisations</li> <li>• Temporary connections</li> <li>• Temporary disconnections and reconnections</li> <li>• Supply abolishment</li> <li>• Remove or reposition connections</li> <li>• Overhead service line replacements (e.g. as a result of a point of attachment relocation)</li> <li>• Protection and power quality assessment</li> <li>• Customer requested change requiring secondary and primary plant studies for safe operation of the network (e.g. change protection settings)</li> <li>• Upgrade from overhead to underground service</li> <li>• Rectification of illegal connections or damage to overhead or underground service cables</li> <li>• Supply enhancement (e.g. upgrade from single phase to three phase)</li> <li>• Power factor correction.</li> </ul>	<p>Fee based – a formula-based approach (cost build-up) in the first year and then a price path for the remaining years of the regulatory control period.</p> <p>Quoted - A formula-based approach (cost build-up).</p>
Enhanced connection services	<p>The F&amp;A defines this service grouping as activities to provide customers with a higher standard of services that exceeds the minimum technically feasible standard. These include services at the request of customer or third party that are:</p> <ul style="list-style-type: none"> <li>• Provided with higher quality of reliability standards, or lower quality of reliability standards (where permissible) than required by the NER or any other applicable regulatory instruments</li> <li>• In excess of levels of service or plant ratings required by the distributor, or</li> <li>• For embedded generators, including the removal of network constraints.</li> </ul>	Quoted - A formula-based approach (cost build-up).

Service category	Description	Basis of control mechanism
<b>Network ancillary services – customer and third party initiated services related to the common distribution service</b>		
Network safety services	<p>Examples include:</p> <ul style="list-style-type: none"> <li>• Provision of traffic control and safety observer services</li> <li>• Fitting of tiger tails and aerial markers</li> <li>• Third party request for de-energising for safety</li> <li>• High load escorts.</li> </ul>	Quoted - A formula-based approach (cost build-up).
Customer requested planned interruptions	<p>Includes:</p> <ul style="list-style-type: none"> <li>• Where the customer requests to move a distributor planned interruption and agrees to fund the additional cost of performing this distribution service outside of normal business hours</li> <li>• Customer initiated network outage (e.g. to allow customer and/or contractor to perform maintenance on the customer's assets, work close to or for safe approach, which impacts other networks users).</li> </ul>	Quoted - A formula-based approach (cost build-up).
Attendance at customers' premises to perform a statutory right where access is prevented.	A follow up attendance at a customer's premises to perform a statutory right where access was prevented or declined by the customer on the initial visit. This includes the costs of arranging, and the provision of, a security escort or police escort (where the cost is passed through to the distributor).	Fee based - a formula-based approach (cost build-up) in the first year and then a price path for the remaining years of the regulatory control period.
Customer, retailer or third party requested appointments	<p>Works initiated by a customer, retailer or third party which are not covered by another service and are not required for the efficient management of the network, or to satisfy distributor purposes or obligations. Includes, but is not limited to:</p> <ul style="list-style-type: none"> <li>• Restoration of supply due to customer action</li> <li>• Re-test at customer's installation (i.e. customer has submitted Form A and the Retailer has issued a Service Order Request, but installation fails test and cannot be connected, requiring a re-test of the installation)</li> <li>• Safety observer</li> <li>• Tree trimming</li> <li>• Switching</li> <li>• Cable bundling, and</li> </ul>	Quoted - A formula-based approach (cost build-up).

Service category	Description	Basis of control mechanism
	<ul style="list-style-type: none"> <li>Checking pump size for tariff eligibility.</li> </ul>	
Removal/rearrangement of network assets	Removal, relocation or rearrangement of network assets (other than connection assets) at customer request that would not otherwise have been required for the efficient management of the network.	Quoted - A formula-based approach (cost build-up).
Network related property services	<p>The F&amp;A defines this service grouping as:</p> <ul style="list-style-type: none"> <li>Network related property services such as property tenure services relating to providing advice on, or obtaining: deeds of agreement, deeds of indemnity, leases, easements or other property tenure in relation to property rights associated with a connection or relocation</li> <li>Conveyancing inquiry services relating to the provision of property conveyancing information at the request of a customer.</li> </ul>	Quoted - A formula-based approach (cost build-up).
Authorisation and approval of third-party service providers design and works	Accreditation and approval of alternative service providers to provide design and construction services for real estate development and/or provide construction services for real estate development.	Quoted - A formula-based approach (cost build-up).
Inspection and auditing services	Auditing / inspecting of connection assets after energisation to network.	Quoted - A formula-based approach (cost build-up).
Sale of approved materials or equipment	Includes the sale of approved materials/equipment to third parties for connection assets that are gifted back to become part of the shared distribution network.	Quoted - A formula-based approach (cost build-up).
Provision of training to third parties for network related access	Training services provided to third parties that result in a set of learning outcomes that are required to obtain a distribution network access authorisation specific to a distributor's network. Such learning outcomes may include those necessary to demonstrate competency in the distributor's electrical safety rules, to hold an access authority on the distributor's network and to carry out switching on the distributor's network.	Quoted - A formula-based approach (cost build-up).
Non-standard network data requests	Customer requests provision of electricity network data requiring customised investigation, analysis or technical input (e.g. requests for pole assess information and zone substation data).	Quoted - A formula-based approach (cost build-up).

Service category	Description	Basis of control mechanism
Customer requested provision of electricity network data	Data requests by customers or third parties including requests for the provision of electricity network data or consumption data outside of legislative obligations.	Quoted - A formula-based approach (cost build-up).
Third party funded network alternations	The F&A defines this service group as alterations or other improvements to the shared distribution network to enable third party infrastructure (e.g. NBN Co telecommunications assets) to be installed on the shared distribution network. This does not relate to upstream distribution network augmentation.	Quoted - A formula-based approach (cost build-up).

### Auxiliary Metering Services (Type 5 and 6)

Auxiliary metering services	<p>Examples of auxiliary metering services include:</p> <ul style="list-style-type: none"> <li>Off cycle meter reads for Type 5 and 6 meters</li> <li>Change distributor's load control relay channel</li> <li>Customer requested meter inspection and investigation</li> <li>Type 5 and 6 meter removal and disposal</li> <li>Works to reseal a Type 5 and 6 meter due to customer or third party action</li> <li>Testing and maintenance of instrument transformers for Type 5 and 6 metering purposes, and</li> <li>Emergency supply restoration in relation to metering equipment not owned by the distributor.</li> </ul>	Fee based - a formula-based approach (cost build-up) in the first year and then a price path for the remaining years of the regulatory control period. Quoted - A formula-based approach (cost build-up).
Provision of services for approved unmetered supplies	Provision of services to extend / augment the network, to make supply available for the connection of approved unmetered equipment, e.g. public telephones, public lights, extension to the network to provide a point of supply for a billboard & city cycle, e.g. installation of a pillar to supply connection for Rate 3 public lighting.	Quoted - A formula-based approach (cost build-up).

### Public Lighting Services

Public lighting services	Provision, construction and maintenance of public lighting.	Price cap based on a limited building block in the first year of the regulatory control period and then a price path for the remaining years.
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Service category	Description	Basis of control mechanism
Auxiliary public lighting services	<p>Ad hoc, customer requested public lighting services:</p> <ul style="list-style-type: none"> <li>• Removal /rearrangement of public lights</li> <li>• Provision of unique luminaire glare screening or customer requests</li> <li>• Review, inspection and auditing of design or construction works carried out by an accredited service provider</li> <li>• Exit fees for the residual asset value of non-contributed public lights when the entire assets (pole, cabling, bracket, luminaire and lamp) are replaced before the end of their expected life, and</li> <li>• Emerging public lighting technologies.</li> </ul> <p>Non-standard public light charges:</p> <ul style="list-style-type: none"> <li>• Non-standard public lighting charges apply where the cost of constructing public lights is not expected to be fully recovered through daily public lighting charges over a 20-year term. In these circumstances, we may require the customer to pay an additional upfront amount.</li> </ul>	Quoted - A formula-based approach (cost build-up).
Security (watchman) lights (legacy)	<p>Operation and maintenance of equipment mounted on a distribution equipment used for security services, e.g. night watchman lights.</p> <p>Note: excludes connection services.</p>	Fee based - a formula-based approach (cost build-up) in the first year and then a price path for the remaining years of the regulatory control period - for the maintenance, operation and replacement of the assets.

Note:

Excludes the replacement of conventional lights with Light Emitting Diode (LED) technology.

### Change to service classification for Type 6 Metering services

In October 2023, the AER provided a Guidance note<sup>4</sup> regarding legacy metering services consequential to the AEMC's final report on the regulatory review for legacy metering services.<sup>5</sup> The AER's Guidance note suggests the outcomes of this final report represents a material change in the form of control for Type 6 metering services in our Framework and Approach Paper. The

<sup>4</sup> AER: Legacy Metering Services – Guidance Note, October 2023

<sup>5</sup> Review of the regulatory framework for metering services | AEMC

impacted services include: the recovery of capital costs of existing Type 6 meters, ongoing network initiated meter maintenance, cyclic meter reading and provision and maintenance of meter data

Consistent with the AEMCs final report, the AER considers that it would be more appropriate to reclassify these legacy metering services as standard control services. To the extent that this position holds for the AER's draft determination (consistent with our regulatory proposal) the ACS tariff class relating to legacy metering services will be removed.

## 6.2 Tariff Structures

### 6.2.1 Public lighting

For public lighting services (provision, installation and maintenance of assets), a limited building block approach is used to determine the allowable revenues over the 2025-30 regulatory control period, which are then used to calculate the charges in the first regulatory year. These charges are escalated using the CPI minus X formula for the remainder of the regulatory control period as per the formula set out in figure 2.2 of the F&A.<sup>6</sup>

For the 2025-30 regulatory control period we propose public lighting tariffs which will reflect whether:

- The public lighting services are located on minor or major roads<sup>7</sup>
- The assets have been funded by us or by the customer, i.e. "Ergon owned and operated" versus 'customer gifted and operated by Ergon', and
- The type of public lighting technology (i.e. conventional or LED).

The proposed public lighting tariffs to be offered by us are set out in the table below:

**Table 22 - Proposed public lighting tariffs**

Tariff grouping	Conventional Lights tariffs	LED specific tariffs	Charging parameters
Rate 1 - Minor	Rate 1 CONV Minor – funded by Ergon	Rate 1 LED Minor – Funded by Ergon	Fixed rate (\$) per day per light
Rate 1 - Major	Rate 1 CONV Major – funded by Ergon	Rate 1 LED Major – Funded by Ergon	
Rate 2 - Minor	Rate 2 CONV Minor – Funded by Council	Rate 2 LED Minor – Funded by Council	

<sup>6</sup> In accordance with clause 6.8.2(c)(3), we provide a demonstration of this calculation in the ACS public lighting pricing model provided as part of the regulatory proposal submission.

<sup>7</sup> Public lighting on minor roads is used primarily for the visual requirements of pedestrians. It is typically the responsibility of councils. Public lighting on major roads is used primarily for the visual requirements of motorists (e.g. traffic routes). It is typically the responsibility of a state or territory road authority (e.g. DTMR).

Tariff grouping	Conventional Lights tariffs	LED specific tariffs	Charging parameters
Rate 2 - Major	Rate 2 CONV Major – Funded by Council (and DTMR)	Rate 2 LED Major – Funded by Council (and DTMR)	
Rate 2A - Minor		Rate 2A LED Minor – Funded by Ergon <sup>a</sup>	
Rate 2A - Major	N/A	Rate 2A LED Major – Funded by Ergon <sup>a</sup>	
Rate 2B – Minor and Major		Rate 2B Smart Major & Minor – Funded by council and DTMR <sup>a</sup>	

Note:

(a) New tariff offered from 1 July 2025

On 1 July 2025, Ergon will fund the upfront costs of converting the Rate 2 conventional assets to LED. Ergon will recover the capital and operating charges associated with these converted assets through a new public lighting LED tariff, Rate 2A.

To keep the number of tariffs to a minimum, we propose to discontinue Rate 4 (previously known as NPL4) due to the low uptake. Rate 4, introduced on 1 July 2020, was developed to enable customers to fund the replacement of their Rate 1 conventional luminaire and lamp with an LED and gift the LED luminaire to us. In this circumstance, the associated pole and cabling remained legacy and non-contributed assets owned by us. As such, Rate 4 assets attracted a capital charge relating to the legacy infrastructure and operating charge for the operation and maintenance of the customer-contributed LED lights. It is proposed that on 1 July 2025 existing Rate 4 assets will be re-assigned to Rate 2 LED Minor or Major tariff, thereby benefitting from lower charges as the Rate 2 LED tariffs do not include a capital charge associated with the Rate 1 legacy infrastructure.

Ergon will continue to allow flexibility in funding for customers wishing to fund their Rate 1 conversions. However, instead of being re-assigned to a Rate 4 tariff (as per arrangements set out in the 2020-25 TSS), these assets will be re-assigned to the Rate 2 LED tariff and will no longer attract the residual cost of the legacy infrastructure.

In line with customer expectations with regards to the deployment of smart control devices, we propose to offer on 1 July 2026 access to these smart cells on 'user pays' basis with customers funding the upfront capital cost of the hardware. These customer-contributed assets will be gifted to Ergon to operate and maintain. The recovery of costs associated with the digital and data systems, as well as the replacement of the assets, will be done through a new smart control tariff, Rate 2B.

Further details are provided in the supporting document ERG-12-01 - ACS 2025-30 Explanatory Statement.

## Exit fee

We will apply an exit fee for the residual asset value of non-contributed public lights when the entire assets (pole, cabling, bracket, luminaire and lamp) are replaced before the end of their

expected life in the following circumstances: e.g. customer requested relocations or road diversions. The fees will be developed on a price-on-application basis as they cannot be estimated in advance.

## Indicative prices

The proposed public lighting charges for the 2025-30 regulatory control period are included in the Indicative ACS Price Schedule provided as part of the January 2024 Draft TSS submission.

### 6.2.2 Security lighting

Security lighting services involve installation, operation, maintenance and replacement of lighting equipment which is typically mounted to our distribution network poles and structures.

From 1 July 2025 we propose to cease providing and installing security lights for new customers in the 2025–30 period but will continue to maintain and operate security lights for existing customers until they transition to alternative solutions.

The proposed on-going maintenance, operation, replacement and energy use charges vary depending on the type and level illumination requested by the customer. These charges are designed to recover both the capital and non-capital components, with the capital costs incurred during installation as well as the luminaire replacement costs being recovered during the life of the lighting equipment.

The energy use charge is calculated based on an estimated amount of electricity consumption calculated in accordance with the AEMO published load tables for unmetered connection points and our SCS unmetered supply tariff.

Tariff grouping	Tariffs	Description	Charging parameters
Maintenance, operation and replacement	Small LED	W70, W100	Fixed rate (\$) per day per light
	Medium LED	W200	
	Small conventional	High Pressure Sodium or Metal Hallide 150W	
	Medium conventional	High Pressure Sodium, Metal Hallide or Mercury Vapour 250W <sup>a</sup>	
	Large conventional	High Pressure Sodium, Metal Hallide or Mercury Vapour 400W <sup>a</sup>	
Energy use	Unmetered tariff	Charges vary depending on the light type and size. Usage based	Fixed rate (\$) per kWh per light

Tariff grouping	Tariffs	Description	Charging parameters
		on actual wattage according to AEMO.	

Note:

Mercury Vapour option is only available for existing customer as we no longer supply these lamps

## Indicative prices

The proposed security lighting charges for the 2025-30 regulatory control period are included in the Indicative ACS Price Schedule provided as part of the January 2024 Draft TSS submission.

### 6.2.3 Ancillary network services

To recover our cost associated with providing ancillary services we set our prices using either a fixed fee-based or a quoted fee approach depending on the nature of the service.

#### Fee-based services

The prices for fee-based (price cap) services are set in accordance with specified service assumptions due to the standardised nature of the services.

Fee-based services are determined via a cost build up approach at the individual service level and relate to activities undertaken by us at the request of customers or their agents (e.g. retailers or contractors). The costs for these activities can be directly attributed to customers and service-specific prices can be charged.

The prices for fee-based services are determined using a cost build-up approach in 2025-26 based on the following formula:

#### Equation 1: Cost build-up formula for fee-based services in first year of regulatory control period

$$\text{Price} = \text{Labour} + \text{Contractor services} + \text{Materials}$$

Where:

- Labour (including on costs and overheads) - consists of all labour costs directly incurred in the provision of the service which may include, but is not limited to, labour on costs, fleet on costs and overheads. The labour cost for each service is dependent on the skill level and experience of the employee/s, time of day/week in which the service is undertaken, travel time, number of hours, number of site visits and crew size required to perform the service.
- Contractor services (including overheads) - reflects all costs associated with the use of external labour in the provision of the service, including overheads and any direct costs incurred as part of performing the service. The contracted services charge applies the rates under existing contractual arrangements.
- Materials (including on costs and overheads) - reflects the cost of materials directly incurred in the provision of the service, material storage and logistics on costs and overheads.

Prices in subsequent years of the regulatory control period will be based on the cost build-up developed for 2025-26, escalated using the AER's approved formula in Equation 2 as per the AER's F&A:

**Equation 2: Control mechanism formula for fee-based services**

$$p_i^t = p_i^{t-1}(1 + \Delta CPI_t)(1 - X_i^t) \times (1 + A_i^t)$$

Where:

- $p_i^t$  is the cap on the price of service i in year t
- $p_i^{t-1}$  is the cap on the price of service i in year t-1
- $\Delta CPI_t$  is the annual percentage change in the Australian Bureau of Statistics (ABS) Consumer Price Index All Groups, Weighted Average of Eight Capital Cities from December in year t-2 to December in year t-1.
- $X_{ti}$  is the X-factor for service i in year t.
- $A_{ti}$  is the sum of any adjustments for service 'i' in year t. This includes any bespoke adjustments the AER deems necessary.

Indicative 2025-30 prices for fee-based services are provided in Ergon - 11.08 - ACS Price Schedule 2025-30.

**Quoted services**

Prices for quoted services are determined at the time the customer makes an enquiry and therefore reflect the individual nature and scope of the requested service which cannot be known in advance.

The prices for quoted services will be set using the AER's approved formula-based price cap control mechanisms:

**Equation 3: Cost build-up formula for quoted services**

$$Price = Labour + Contractor Services + Materials + Margin$$

Where:

- Labour (including on costs and overheads) - consists of all labour costs directly incurred in the provision of the service which may include, but is not limited to, labour on costs, fleet on costs and overheads. The labour cost for each service is dependent on the skill level and experience of the employee/s, time of day/week in which the service is undertaken, travel time, number of hours, number of site visits and crew size required to perform the service,
- Contractor services (including overheads) - reflects all costs associated with the use of external labour in the provision of the service, including overheads and any direct costs incurred as part of performing the service. The contracted services charge applies the rates under existing contractual arrangements.
- Materials (including on costs and overheads) - reflects the cost of materials directly incurred in the provision of the service, material storage and logistics on costs and overheads.
- Margin – definition to be confirmed by the AER.

List of quoted services we will offer during the 2025-30 regulatory control period are provided in Attachment Ergon - 11.06 – ACS Ancillary services model.

## 6.3 Compliance with Pricing Principles

### 6.3.1 Revenue recovery

The AER, through its price cap control mechanism, sets the basis on which we are allowed to recover the efficient costs of providing each service. The total amount of revenue recovered depends on the volume of services provided in the relevant year multiplied by the prices determined by the AER. As a result, we consider that our ACS comply with clauses 6.18.5(g)(1) and (2) of the NER.

### 6.3.2 Impact on retail customers

The price cap control mechanism limits customer impact by constraining annual price increases to a certain level. The indicative prices accompanying the Draft TSS have been escalated using the AER's approved formula as per figure 2.2 of the F&A. In doing so, we are of the view that we have considered the impact on retail customers of changes in tariffs from the previous regulatory year when setting its ACS prices and have therefore complied with clause 6.18.5(h) of the NER.

### 6.3.3 Simplicity and least distortionary to the price signal

Our ACS are accessed by all types of customers – from residential customers to large business customers. We have therefore structured each of our ACS tariffs with a view to being as simple and easy to understand as possible, cost reflective and providing a clear signal to customers about the efficient costs of these services.

Each ACS tariff comprises one charging parameter only. For most ACS tariffs, this is a fixed charge – the simplest and easiest to understand charging type.

For quoted services, we develop a user-specific quote based on the requestor's needs. This quote includes a breakdown of the costs we expect to incur in delivering the requested service. We also provide information in this TSS on how quoted prices are determined, so that stakeholders can understand how their charge has been derived.

Accordingly, we consider that, in developing its ACS, we have complied with clauses 6.18.5(g)(3) and 6.18.5(i) of the NER.

### 6.3.4 Engagement

We have extensively consulted with our customers throughout 2022-23 in relation to public lighting charges. The introduction of new public lighting tariffs specific to LED lights (NPL4) is in response to the feedback from customers who have indicated a strong desire to adopt LED technologies to replace existing conventional lights. This is consistent with the approach adopted by other DNSPs.

We have also consulted with retailers in relation to the proposed changes to ancillary network services. Customers have indicated a desire for transparency.

Further details on the engagement process and customer feedback are provided in the Ergon -12-09 - ACS Explanatory Statement.

## 6.4 Assignment and re-assignment of customers to ACS tariff classes and tariffs

Each of our customers for Direct Control Services, which includes ACS, are members of one or more tariff classes, as required by clause 6.18.3(b) of the NER. In accordance with clause 6.18.4 of the NER, this section sets out our procedures on assigning and re-assigning customers to ACS tariff classes and tariffs.

Prior to the provision of an ACS, a customer will be assigned to the relevant tariff class and tariff based on the type of ACS required. Similar to tariff class membership requirement for SCS, described in Section 3 of this TSS, an ACS customer will not receive the service prior to being allocated to the appropriate tariff class and tariff.

### Assignment to an ACS tariff class

Assignment to our ACS tariff classes occurs when:

- large customers request a new connection to the network or an upgrade to their existing connection
- real estate developers request a new connection to the network
- public lighting customers request installation of a new public light or gifting a new public light to Ergon
- new service orders or work requests are raised as a result of a request for service by either a customer and/or customer's retailer.

### Re-assignment to an ACS tariff class

We generally do not initiate tariff class re-assignments for ACS. However, there are some circumstances where a field crew attends a site and the scope of work does not match the service order or work request. This may mean a different service type and/or tariff class may be more appropriate. In these instances, the job is generally returned as not completed and a new service order or work request would need to be submitted.

## 6.5 Indicative Price Schedule

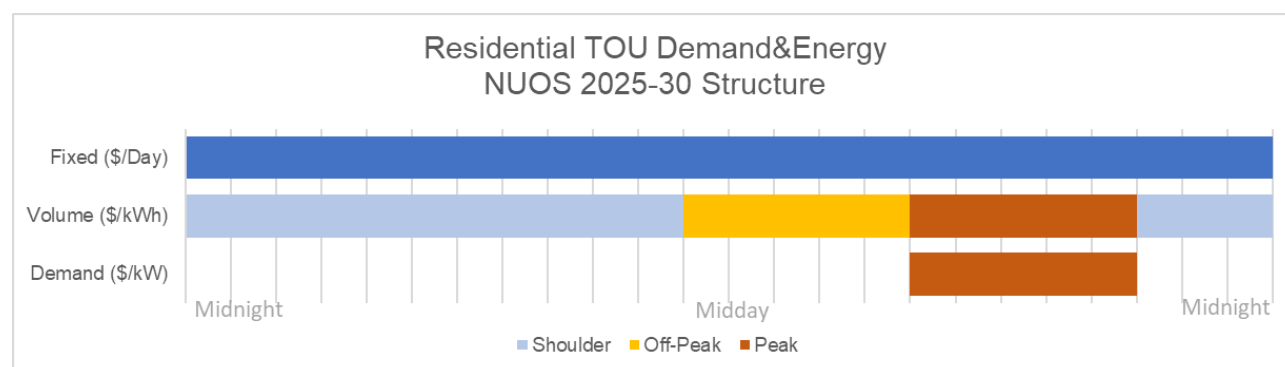
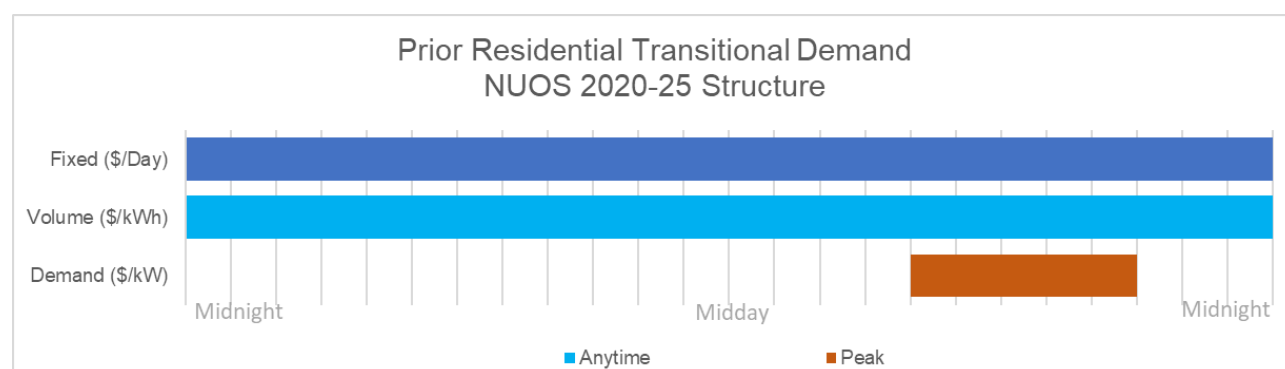
Our proposed ACS charges for the 2025-30 regulatory control period are set out in the Ergon - 11.08 - ACS Price Schedule 2025-30 provided as part the January 2024 Draft TSS.

## Appendix A. Overview of selected Network Tariffs

Graphical representation of a range, but not all, of our network tariffs.

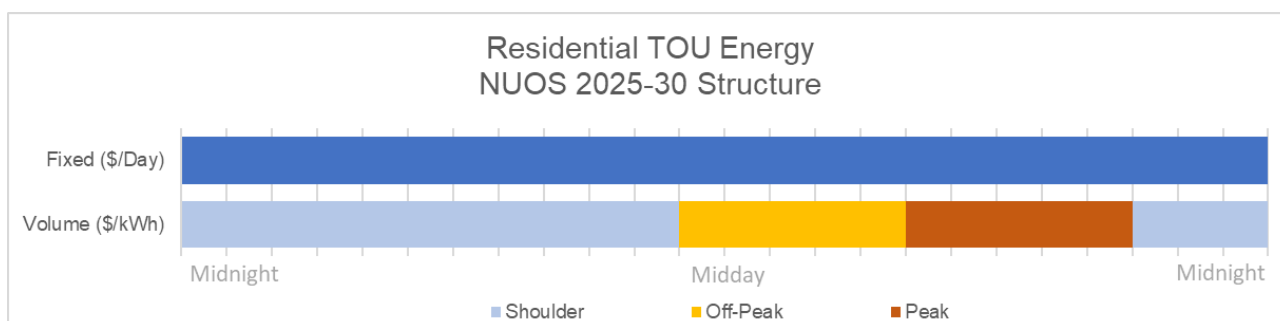
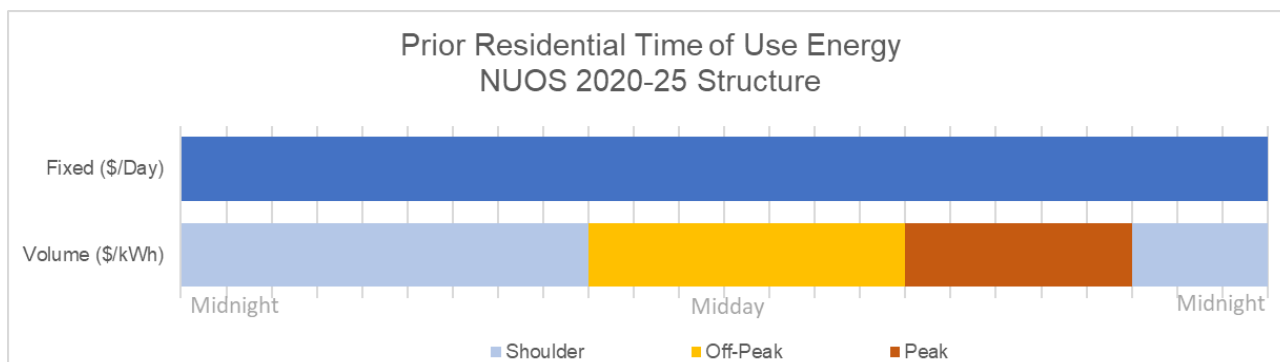
### 1 Residential Tariffs

#### 1.1 Default Tariff



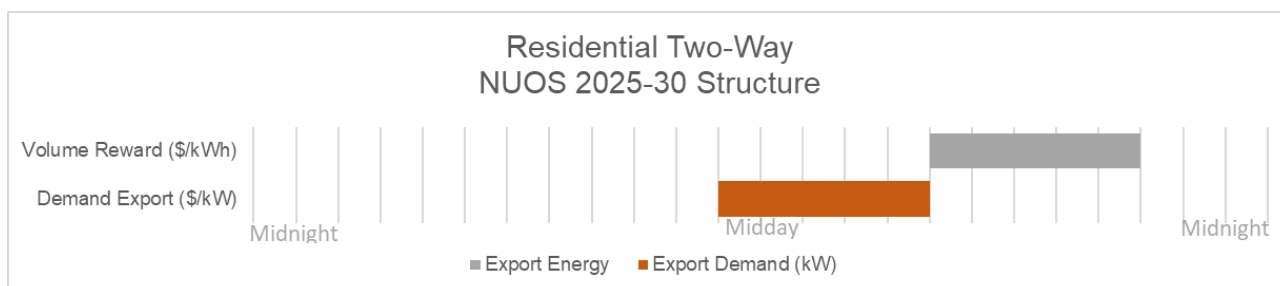
Element	Window	Time Periods
Volume	Shoulder	Midnight to 11am and 9pm to Midnight Daily
Volume	Off-Peak	11am to 4pm Daily
Volume	Peak	4pm to 9pm Daily
Demand	Peak Demand (kW)	4pm to 9pm Daily

## 1.2 Optional Tariff



Element	Window	Time Periods
Volume	Shoulder	Midnight to 11am and 9pm to Midnight Daily
Volume	Off-Peak	11am to 4pm Daily
Volume	Peak	4pm to 9pm Daily

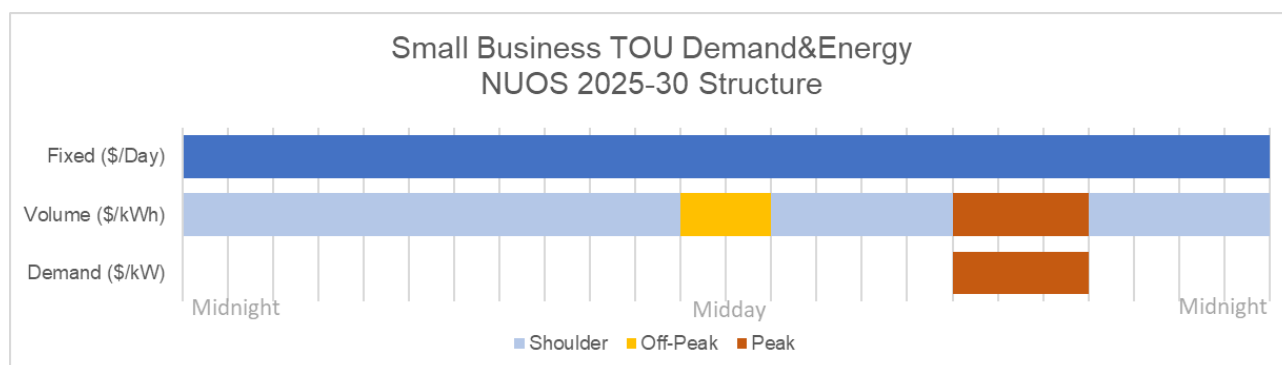
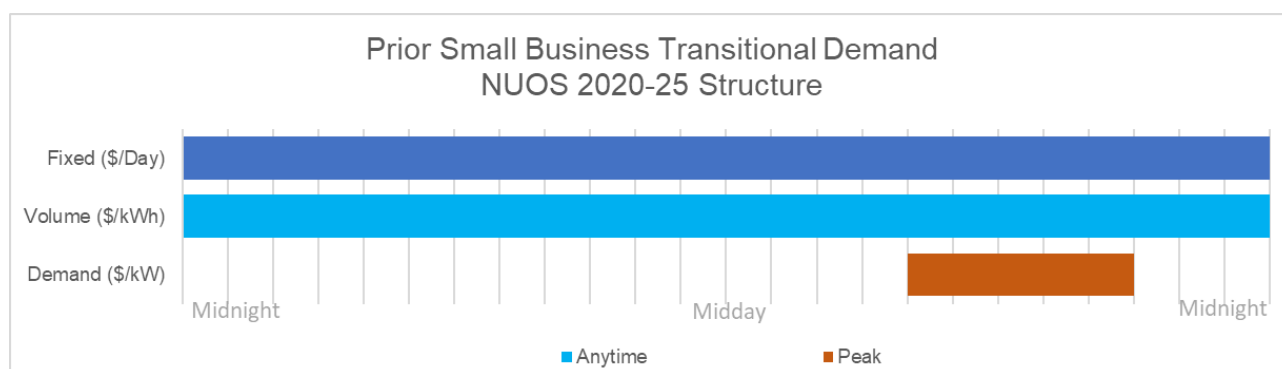
## 1.3 Secondary Tariffs



Element	Window	Time Periods
Volume	Export Energy	4pm to 9pm Daily
Demand	Export Demand (kW)	11am to 4pm Daily

## 2 Business Tariffs

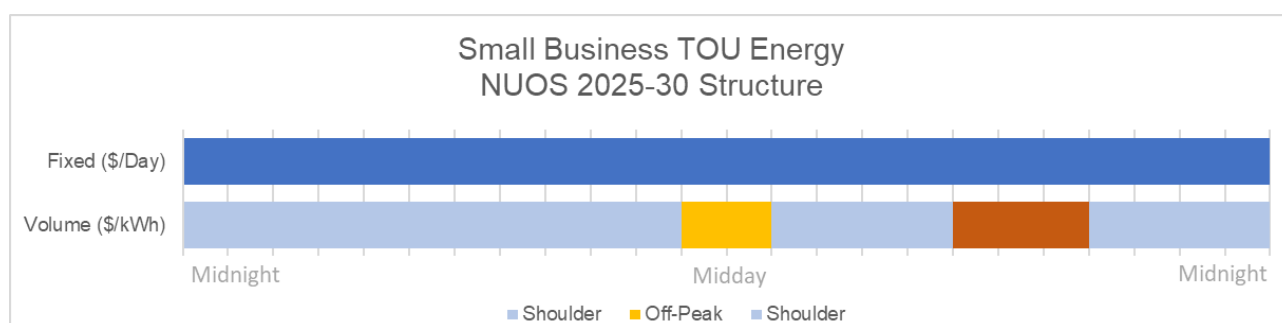
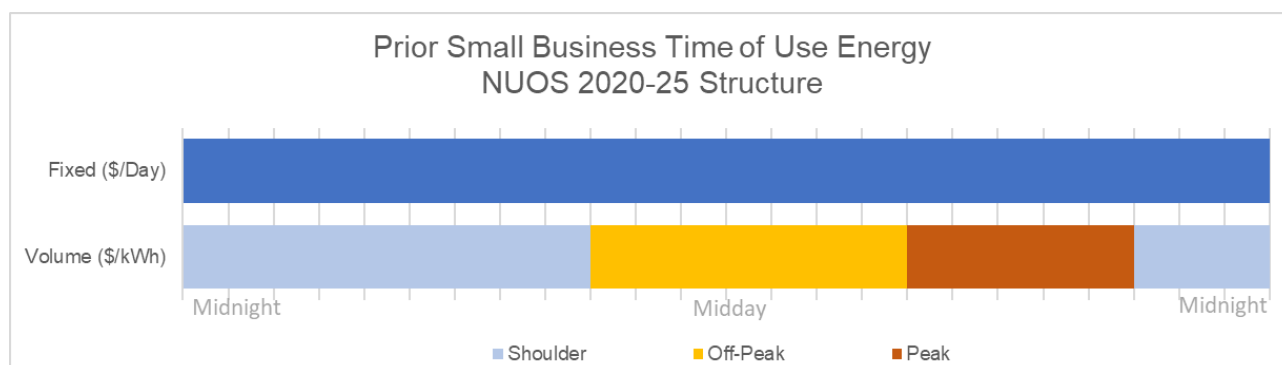
### 2.1 Default Tariff



Element	Window	Time Periods
Volume	Shoulder - Weekdays	Midnight to 11am, 1pm to 5pm and 8pm to Midnight
	Shoulder - Weekends	Midnight to 11am, 1pm to Midnight
Volume	Off-Peak - Weekdays	11am to 1pm
	Off-Peak - Weekends	11am to 1pm
Volume	Peak - Weekdays	5pm to 8pm
	Peak - Weekends	No Peak
Demand	Peak Demand - Weekdays	5pm to 8pm

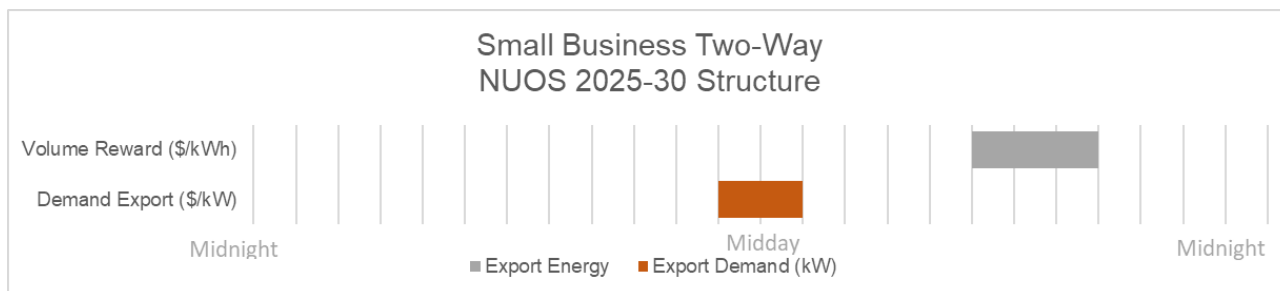
Peak Demand - Weekends | No Peak

## 2.2 Optional Tariff



Element	Window	Time Periods
Volume	Shoulder - Weekdays	Midnight to 11am, 1pm to 5pm and 8pm to Midnight
	Shoulder - Weekends	Midnight to 11am, 1pm to Midnight
Volume	Off-Peak - Weekdays	11am to 1pm
	Off-Peak - Weekends	11am to 1pm
Volume	Peak - Weekdays	5pm to 8pm
	Peak - Weekends	No Peak

## 2.3 Secondary Tariffs



Element	Window	Time Periods
Volume	Export Energy	5pm to 8pm Daily
Demand	Export Demand (kW)	11am to 1pm Daily

## Appendix B. Objections to Assignment of tariffs or tariff classes

The notification of a tariff assignment or re-assignment is the same of that for tariff class assignment or re-assignment and will include advice that the customer may request further information from us and that they may object to the proposed assignment or re-assignment and request that we undertake a review.

This notification will include:

- advice that if a customer is not satisfied with their tariff class or tariff code assignment or re-assignment, they may request a review of the tariff allocation made by us
- a copy of our internal assignment/re-assignment review procedures or the link to where such information is available on our website
- advice that if the customer is not satisfied with the review and their objection has not been addressed adequately by our internal review procedures, the next steps include:
  - for SAC customers – to the extent that resolution of the dispute is within the jurisdiction of the Energy and Water Ombudsman Queensland, the customer is entitled to escalate the matter to such a body, and
  - for CAC and ICC customers – the customer is entitled to escalate the matter to the Department of Natural Resources, Mines and Energy for resolution.
- advice that if the dispute is still not resolved to the customer's satisfaction, the customer is entitled to seek resolution via the dispute resolution process available under Part 10 of the National Electricity Law and enforced by the AER.

If a customer objects to the proposed assignment or re-assignment and requests a review be undertaken, we will follow the process set out in the below table. In reviewing a customer's request, we will take into account clauses 6.18.4(a)(1)–(3) of the NER, and the tariff class and tariff assignment process detailed in this TSS. We will notify the customer and/or their electricity retailer in writing of our decision and the reasons for that decision.

In accordance with the AER's 2025-30 Final Distribution Determination, if a customer's objection to an assignment or re-assignment is upheld by an external dispute resolution body, the tariff adjustments deriving from this decision will be made by us as part of the next network bill.

### Tariff class and tariff assignment review objection process

Process	Inputs	Outcome
Written request for review of objection received		We will notify the customer within 1 business day acknowledging receipt of their request.
Review energy / demand / voltage /	Energy usage will be determined considering:	Customer's energy use (i.e. consumption and/or demand)

Process	Inputs	Outcome
nature of connection	<ul style="list-style-type: none"> <li>Any additional information the customer has provided</li> <li>Estimated energy consumption for new customers, and</li> <li>Historical consumption for existing customers.</li> </ul> <p>Note: Depending on the nature of the connection, there may be exceptions to the application of criteria around energy use.</p>	and nature of connection is known.
	<p>Nature of connection will be determined considering:</p> <ul style="list-style-type: none"> <li>Reviewing connection asset databases.</li> <li>Any additional information the customer provided</li> <li>Network connection point / charge, and</li> <li>Assets</li> </ul>	
Determine tariff class	Using the data collected, the applicable tariff class will be determined according to the approved process for assigning customers to tariff classes.	<b>Key Outcome 1:</b> Applicable tariff class is identified.
Determine metering and customer type	<p>For SAC on demand tariffs, CAC and ICC:</p> <ul style="list-style-type: none"> <li>Metering: is the site HV or LV?</li> <li>Customer type: is the customer business or residential?</li> </ul> <p>For SAC customer on non-demand tariffs:</p> <ul style="list-style-type: none"> <li>Metering: Is the NMI metered or unmetered?</li> <li>Customer type: Is the customer business or residential?</li> </ul>	Metering and customer type is known.
Determine network tariffs	Using the data collected, the applicable network tariff will be determined according to the approved process for assigning customers to tariff classes.	<b>Key Outcome 2:</b> Applicable network tariff is identified.
Managerial review of identified tariff class / network tariff	The review department's manager will review the tariff class (Key Outcome 1) and network tariff (Key Outcome 2) identified through this process and decide whether the proposed tariff class	<b>Key Outcome 3:</b> Managerial approval to proceed with assignment / re-assignment.

Process	Inputs	Outcome
Notification of outcome	/ tariff assignment / re-assignment is approved.	
	The review outcome and final decision for the appropriate tariff class / tariff assignment or re-assignment confirmed in Key Outcome 3.	<p>We will use best endeavours to notify in writing the customer's retailer of the outcome of the review within:</p> <ul style="list-style-type: none"><li>• 10 business days for SAC customers</li><li>• 20 business days for CAC and ICC customers.</li></ul>