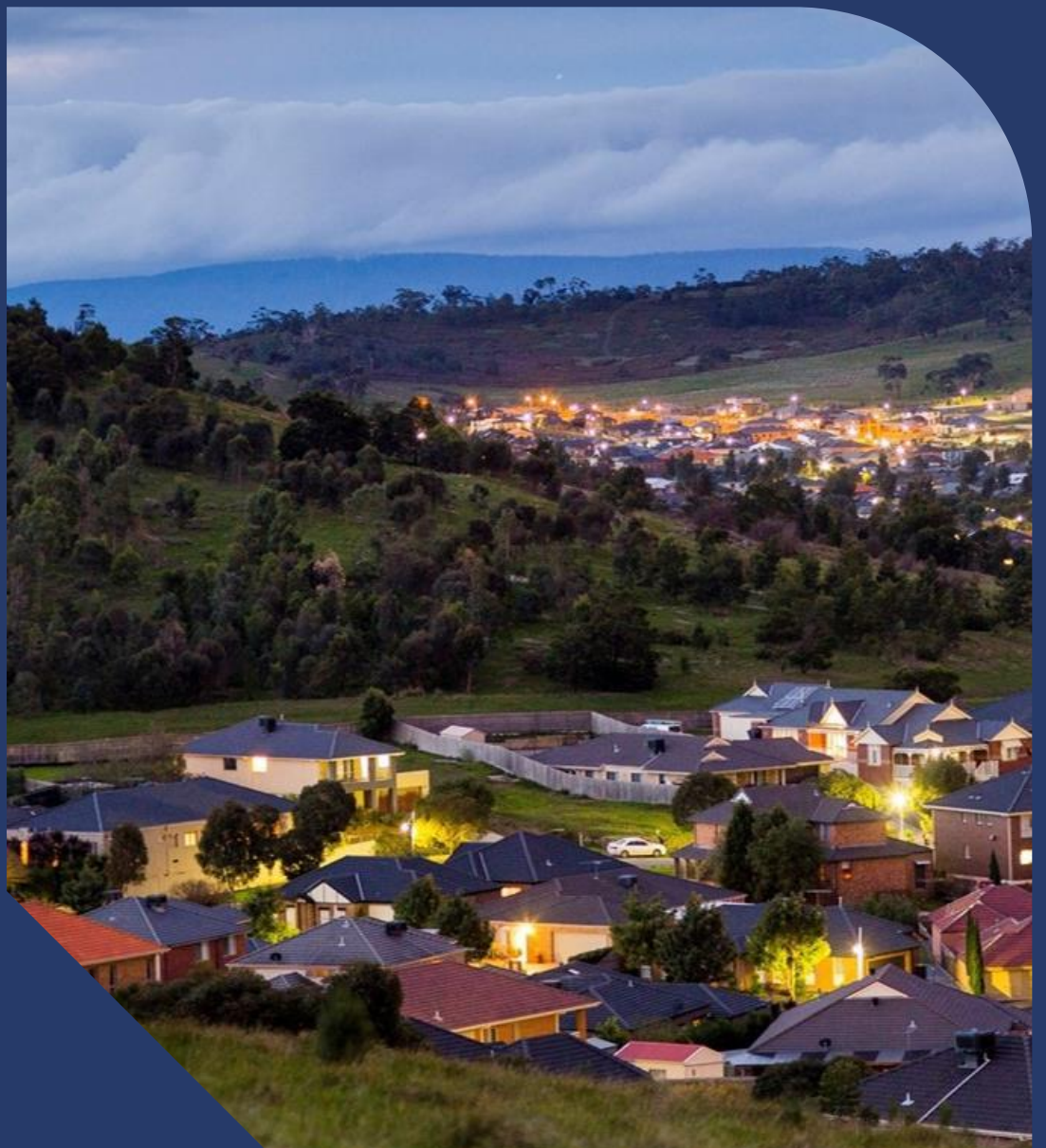


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## Statement of compliance 2025-26

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Monday, 31 March 2025



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# 1. Introduction

This statement of compliance as well as the standardised SCS and ACS pricing models form AusNet's pricing proposal for 2025-26. This is an annual pricing proposal that has been submitted at least 3 months before the commencement of the regulatory year.

Below is a full list of documents that form part of this proposal:

- Cover letter – confidential and public versions;
- AusNet's pricing proposal 2025-26;
- 2025-26 SCS pricing model – confidential and public versions;
- 2025-26 - ACS pricing model – public version;
- Schedule of tariffs;
- Alternative control service charges;
- Prescribed metering charges;
- Public lighting charges;
- Confidentiality template;
- Statement of compliance (this document) – confidential and public versions; and
- Supporting information

## 2. Demand forecasts

AusNet has provided quantity forecasts for standard control services in the 'Qty forecasts' sheet of the SCS pricing model.

The consumption volumes and customer numbers for the current regulatory year (2025-26) are similar to the previous pricing proposal's forecast for 2024-25.

AusNet is forecasting an increase in energy consumption volumes and customer numbers. The overall increase in energy consumption is primarily driven by strong forecast growth in residential customers numbers, although it is partly offset by the continued increase in solar uptake and the ongoing decline in industrial demand. The increase is also reflective of the weather normalised increase in actual consumption recorded in 2023-24 and the first six months of 2024-25. That is, the 2025-26 consumption forecasts builds on the strong growth in electricity consumption observed in recent actual data.

The forecasting methodology for 2025-26 is the same as that applied in the previous year. The forecast uses historical billed customer numbers and volumes by tariff from AusNet's billing system, along with historical weather data. The forecast was produced using the Python Darts Library, incorporating an exponential smoothing model and a timeseries forecasting model.

Based on the first six months of actual billed data consumption in 2024-25 (July to December 2024) and the remaining six months of the 2024-25 forecast, AusNet is estimating that the 2024-25 actual consumption will be within 0.69% of the 2024-25 forecast used in previous pricing proposal. This provides a level of confidence in the forecasting methodology and associated 1.8% growth in forecast 2025-26 consumption, compared the 2024-25 full year estimate.

## 3. Tariffs

### 3.1. Standard control services

The 'Tariff schedule' sheet of the SCS pricing model sets out the proposed 2025-26 prices for standard control services.

All tariffs remain in the same tariff class as the current tariff structure statement.<sup>1</sup> This is demonstrated in tariff schedule 2 of the SCS pricing model.

All tariffs retain the same charging parameters as the current tariff structure statement.<sup>2</sup> This is also demonstrated in tariff schedule 2 of the SCS pricing model. Below is a summary of each charging parameter per tariff:

Tariff(s)	Charging parameter	Unit	Explanation
NEE11, NEE11S, NEN11, NEE12, NEE12S, NEN12	Standing charge Inclining block 1 Inclining block 2	\$/yr c/kWh c/kWh	1020 kWh/qtr kWh balance
NEE13, NEE16	Standing charge Inclining block 1 Inclining block 2 Dedicated circuit	\$/yr c/kWh c/kWh c/kWh	1020 kWh/qtr kWh balance 11:00pm to 7:00am Monday to Sunday
NEE14, NEE17	Standing charge Inclining block 1 Inclining block 2 Dedicated circuit	\$/yr c/kWh c/kWh c/kWh	1020 kWh/qtr kWh balance 11:00pm to 7:00am and 1:00pm to 4:00pm Monday to Sunday
NEE15, NEE18	Standing charge Inclining block 1 Inclining block 2 Dedicated circuit	\$/yr c/kWh c/kWh c/kWh	1020 kWh/qtr kWh balance 6 or 8hrs between 8:00pm to 8:00am Monday to Sunday
NASN21, NASN2S	Standing charge Peak Off peak Demand	\$/yr c/kWh c/kWh \$/kW/mt h	7:00am to 11:00pm Monday to Friday All other times 3:00pm to 9:00pm ADST Monday to Friday. Peak season – December to March, Off peak season – All other months
NEN20, NEN21, NEE51, NEE52, NEE74, NEE93	Standing charge Peak Off peak	\$/yr c/kWh c/kWh	7:00am to 11:00pm Monday to Friday All other times
NEE24	Standing charge Peak Off peak	\$/yr c/kWh c/kWh	8:00am to 8:00pm Monday to Friday All other times
NEE60	Standing charge Peak Off peak	\$/yr c/kWh c/kWh	7:00am to 11:00pm Monday to Sunday All other times
NEE40	Standing charge Energy	\$/yr c/kWh	All energy
NEE41	Standing charge Energy Dedicated circuit	\$/yr c/kWh c/kWh	All energy 11:00pm to 7:00am Monday to Sunday
NEE42	Standing charge Energy Dedicated circuit	\$/yr c/kWh c/kWh	All energy 11:00pm to 7:00am and 1:00pm to 4:00pm Monday to Sunday
NEE43	Standing charge Energy Dedicated circuit	\$/yr c/kWh c/kWh	All energy 6 or 8hrs between 8:00pm to 8:00am Monday to Sunday

<sup>1</sup> Section 2.3, page 8, AusNet's Revised Tariff Structure Statement 2022-26

<sup>2</sup> Section 2.4, page 10, AusNet's Revised Tariff Structure Statement 2022-26

NSP20, NSP23, NSP21, NSP27, SSP27, NSP55	Standing charge Summer peak Summer shoulder  Winter peak Off peak	\$/yr c/kWh c/kWh  c/kWh c/kWh	2:00pm to 6:00pm Monday to Friday, December to March 12:00pm to 2:00pm and 6:00pm to 8:00pm Monday to Friday, December to March 4:00pm to 8:00pm Monday to Friday, June to August All other times
NEE30	Standing charge Dedicated circuit	\$/yr c/kWh	11:00pm to 7:00am Monday to Sunday
NEE31	Standing charge Dedicated circuit	\$/yr c/kWh	11:00pm to 7:00am and 1:00pm to 4:00pm Monday to Sunday
NEE32	Standing charge	\$/yr c/kWh	6 or 8hrs between 8:00pm to 8:00am Monday to Sunday
NEE55	Standing charge Peak Off peak	\$/yr c/kWh c/kWh	1 May to 30 September All other times
NEN56, NSP75, NSP76, NSP77, NSP78, NSP82, NSP83	Standing charge Peak Shoulder Off peak Capacity Critical peak demand	\$/yr c/kWh c/kWh c/kWh \$/kVA/yr \$/kVA/yr	7:00am to 10:00am and 4:00pm to 11:00pm Monday to Friday 10:00am to 4:00pm Monday to Friday All other times Fixed value Average of five recorded between 3:00pm to 7:00pm ADST on five days nominated in advance
NSP81, NSP91, NSP94, NSP95	Standing charge Peak Off peak Capacity Critical peak demand	\$/yr c/kWh c/kWh \$/kVA/yr \$/kVA/yr	7:00am to 11:00pm Monday to Friday All other times Fixed value Average of five recorded between 3:00pm to 7:00pm ADST on five days nominated in advance
NASN11, NASN11S, NASN12, NASN12S, NASN19	Standing charge Anytime Monthly demand	\$/yr c/kWh \$/kW/mt h	All energy 3:00pm to 9:00pm ADST Monday to Friday. Peak season – December to March, Off peak season – All other months
NAST11, NAST11S	Standing charge Peak Off peak	\$/yr c/kWh c/kWh	3:00pm to 9:00pm Monday to Sunday (local time) All other times
NAST13	Standing charge Peak Off peak Dedicated circuit	\$/yr c/kWh c/kWh c/kWh	3:00pm to 9:00pm Monday to Sunday (local time) All other times 11:00pm to 7:00am Monday to Sunday
NAST14	Standing charge Peak Off peak Dedicated circuit	\$/yr c/kWh c/kWh c/kWh	3:00pm to 9:00pm Monday to Sunday (local time) All other times 11:00pm to 7:00am and 1:00pm to 4:00pm Monday to Sunday
NAST15	Standing charge Peak Off peak Dedicated circuit	\$/yr c/kWh c/kWh c/kWh	3:00pm to 9:00pm Monday to Sunday (local time) All other times 6 or 8hrs between 8:00pm to 8:00am Monday to Sunday
NAST12, NAST12S	Standing charge Peak Off peak	\$/yr c/kWh c/kWh	9:00am to 9:00pm Monday to Friday (local time) All other times

NSP56	Standing charge	\$/yr	Tariff structure applicable from 1 July 2021 to 30 June 2023
	Peak	c/kWh	
	Shoulder	c/kWh	7:00am to 10:00am and 4:00pm to 11:00pm Monday to Friday
	Off peak	c/kWh	10:00am to 4:00pm Monday to Friday
	Capacity	\$/kVA/yr	All other times
	Critical peak demand	\$/kVA/yr	Fixed value
			Average of five recorded between 3:00pm to 7:00pm ADST on five days nominated in advance
			Tariff structure applicable from 1 July 2023
	Standing charge	\$/yr	
	Peak	c/kWh	4:00pm to 9:00pm Monday to Friday
	Shoulder	c/kWh	10:00am to 4:00pm Monday to Friday
	Off peak	c/kWh	All other times
	Capacity	c/kWh	Fixed value
	Critical peak demand	\$/kVA/yr	Average of five recorded between 3:00pm to 7:00pm ADST on five days nominated in advance

The expected weighted average revenue for each tariff class for the current and forecast years is demonstrated in output table 5 of the SCS pricing model.

The expected weighted average revenue raised for each tariff class does not exceed the corresponding expected weighted average revenue for the preceding regulatory year by more than the permissible percentage. This permissible percentage is calculated in accordance with the determination.<sup>3</sup> This is demonstrated in compliance table 3 of the SCS pricing model.

## 3.2. Alternative control services

The ACS pricing model sets out the proposed 2025-26 prices for alternative control services.

AusNet will offer the same list of services for metering, public lighting, and ancillary network services as approved in the AER's final determination for alternative control services.<sup>4</sup> The list of services for metering, public lighting, and fee-based services is provided in the ACS pricing model. Quoted services are provided in line with the approved control mechanism formula<sup>5</sup> using the applicable labour rates in the ACS pricing model.

For our MC cyclic meter read fee service approved in our 2022-26 regulatory determination, AusNet will not be offering it in 2025-26 due to the current cost of living pressures faced by our customers. We will review the status of this service in the upcoming financial year and consider offering it in the next regulatory control period.

For our Non-standard AML request service approved in our 2022-26 regulatory determination, AusNet will not be offering it in 2025-26. We will consider introducing it during the 2026-31 regulatory control period.

## 3.3. Tariff variations

We are not anticipating variations or adjustments to our tariff prices, tariff class or charging parameters within the 2025-26 period.

<sup>3</sup> AER – Final decision – AusNet Services distribution determination 2021-26 – Attachment 14 – Control mechanisms – April 2021

<sup>4</sup> Appendix A Ancillary network services prices, page 40, AER – Final decision – AusNet Services distribution determination 2021-26 – Attachment 14 – Alternative control services – April 2021

<sup>5</sup> Figure 14.6 Price cap formula to apply for the Victorian distributors' quoted alternative control services, page 39, AER – Final decision – AusNet Services distribution determination 2021-26 – Attachment 14 – Control mechanisms – April 2021



## 3.4. Sub-threshold tariffs

AusNet is proposing 7 sub-threshold tariffs for the regulatory year. These are:

- EV Dynamic, introduced in 2023-24;
- CPD+, introduced in 2023-24;
- CPD Flex, introduced in 2023-24;
- Utility energy storage system (HV), introduced in 2024-25;
- Utility energy storage system (Sub-Tx), introduced in 2024-25;
- Neighbourhood storage tariff (medium), introduced in 2024-25;
- Neighbourhood storage tariff (large), introduced in 2024-25; and
- 24 hour dedicated circuit tariff, introduced this year.

AusNet has notified the AER of these sub-threshold tariffs no later than four months before the start of a regulatory year. These are available on the [AER website](#).

Each sub-threshold tariff has a forecast revenue that is less than 1 per cent of total allowable revenue, and all sub-threshold tariffs have a combined forecast revenue less than 5 per cent of total allowable revenue. This is demonstrated in compliance table 4 of the SCS pricing model.

## 4. Pricing principles

The revenue expected to be recovered from each tariff class lies on or between an upper bound representing the standalone cost of serving the retail customers who belong to that class and a lower bound representing the avoidable cost of not serving those retail customers. This is demonstrated in compliance table 5 of the SCS pricing model.

AusNet considers that the future costs driven by customers mainly relate to designing a network to cater for prospective customers' coincident peak demands. Therefore, the lower bound of the avoidable costs of not serving retail customers is based on AusNet's estimated long-run marginal costs that is applied (at each voltage level) to the historical peak demands recorded of a selected group of customers.

For the upper bound, AusNet adopted an approach which considers the potential for an individual customer to bypass our network, avoiding paying distribution network and retail costs, and seek alternative supply. For large customers, the alternative is assumed to be connecting to the transmission network, and the costs of transmission network costs are estimated. For small customers, the cost of installing, operating and maintaining a stand-alone power system is estimated.

The sum of the revenue expected to be recovered from each tariff allows AusNet to recover the expected revenue for the relevant services in accordance with the determination. This is demonstrated in compliance table 1 of the SCS pricing model.

Each tariff is based on the long-run marginal cost of providing the service to which it relates to the retail customers assigned to that tariff.

The long-run marginal cost estimates are unchanged from the previous pricing proposal.

## 5. Indicative prices

Revised indicative prices for standard control services tariffs are provided in input table 29 and 30 of the SCS pricing model. Revised indicative price caps for alternative control services are provided in the ACS pricing model. These indicative price levels have been determined in accordance with the current tariff structure statement and updated to account for this pricing proposal.

Furthermore, revised indicative prices for sub-threshold tariffs are provided in input table 32 of the SCS pricing model.

The proposed tariff prices are materially different to the corresponding indicative prices and this is demonstrated in compliance table 6 and 7 of the SCS pricing model. Brief notes have been written in column AC of the 'Price comp.

ind.' sheet explaining the reasons for the difference. Furthermore, we explain below in greater detail the source(s) for the material differences between the proposed tariff prices and their corresponding indicative prices.

The material difference between proposed tariff prices and their corresponding indicative prices are due to the return on debt update, incentive scheme adjustments, approved pass through amounts, and under/over recovery assumptions that were applied when the 2025-26 indicative prices were developed last year..

## 6. Tariff components

### 6.1. Distribution use of system charges

Tariffs designed to pass on distribution use of system charges are available in the 'Tariff schedule' sheet of the SCS pricing model. The revenue expected to be recovered from these tariffs does not exceed the estimated amount of distributed use of system charges adjusted for over or under recovery. This is demonstrated in output table 6 of the SCS pricing model.

The over or under recovery amount is calculated in a manner consistent with the AER's final decision for control mechanisms.<sup>6</sup>

To ensure Retailer of Last Resort (RoLR) amounts can be recovered accurately via the over or under recovery mechanism, AusNet's approach to determine under-recovered DUoS amounts is based off the unpaid network bills that we send to the retailer. The network bills provide a line-by-line record of the charges relating to each customer, including charge type, total charges and transaction date. For network tariffs charges, the total network use of system charges is broken down into distribution use of system charges, designated pricing proposal charges, and jurisdictional scheme charges using the tariff component splits from each tariff from the relevant regulatory year. Each component is then summed, and the total for each component is used as RoLR inputs.

In accordance with section 4.8 of AusNet's 2022-26 TSS and the AER's final decision for the TSS 2022-26 regulatory control period, a portion of the load from storage facilities providing network support services may be exempted from network tariff charges. Any unrecovered revenue as a result of tariff exemption may be recovered via the applicable price control mechanism in the annual pricing proposal process. AusNet has presented and obtained approval for our tariff exemption methodology from the AER. The revenue amounts applicable for distribution use of system charges, designated pricing proposal charges, and jurisdictional charges are calculated using the applicable tariff prices from each respective components and will be inserted under the standard tariffs sections against a rebate component in the Annual SCS pricing model.

### 6.2. Designated pricing proposal charges

Tariffs designed to pass on designated pricing proposal charges are available in the 'Tariff schedule' sheet of the SCS pricing model. The revenue expected to be recovered from these tariffs does not exceed the estimated amount of designated pricing proposal charges adjusted for over or under recovery. This is demonstrated in output table 6 of the SCS pricing model.

The over or under recovery amount is calculated in a manner consistent with the AER's final decision for control mechanisms<sup>7</sup> and is compliant with the NER.

AusNet applies the following approach when calculating DPPC amounts:

- AEMO transmission charges and avoided TUOS payments are based on actuals.
- Transmission connection charges are based on best estimates provided by AusNet (Transmission) which will be updated in the 2026-27 annual pricing process.

<sup>6</sup> AER – Final decision – AusNet Services distribution determination 2021-26 – Attachment 14 – Control mechanisms – April 2021

<sup>7</sup> AER – Final decision – AusNet Services distribution determination 2021-26 – Attachment 14 – Control mechanisms – April 2021



- Cross boundary charges are based on best estimates using recent cross boundary invoices. These amounts will be updated in the 2026-27 annual pricing process to reflect all invoices paid for the 2025-26 regulatory year.

## 6.3. System strength charges

AusNet is planning to pass through system strength charges for system strength connection points for the 2025-26 period.

For a customer who connects to AusNet's distribution network and elects to pay the system strength charge associated with their system strength connection point, AusNet will, upon receipt of the system strength charge from the System Strength Services Provider (AEMO), pass the charge through to the customer.

## 6.4. Jurisdictional scheme amounts

The Premium Feed-In Tariff (PFIT) jurisdictional scheme has been amended since the last jurisdictional scheme approval date. With the PFIT scheme expiring on 1 November 2024, PFIT payments made to eligible solar customers will end as of the scheme expiration date.

The ESC license fee jurisdictional scheme has been amended since the last jurisdictional scheme approval date. With the AER determining that the ESC license fee is a jurisdictional scheme,<sup>8</sup> from 1 July 2025 the ESC license fee will be treated as a jurisdictional scheme amount, and the amount paid for the 2023-24 financial year will be recovered in the 2025-26 regulatory year.

Tariffs designed to pass on jurisdictional scheme amounts are available in the 'Tariff schedule' sheet of the SCS pricing model. The revenue expected to be recovered from these tariffs does not exceed the estimated amount of jurisdictional scheme amounts adjusted for over or under recovery. This is demonstrated in output table 6 of the SCS pricing model.

The over or under recovery amount is calculated in a manner consistent with the AER's final decision for control mechanisms<sup>9</sup> and is compliant with the NER.

The forecast for the PFIT scheme has been set to zero for the 2025-26 period since the PFIT scheme has closed.

The forecast ESV levy is based on escalation determined by the Minister for Energy and Resources, Climate Action and the State Electricity Commission. Once invoices for the regulatory period are received, these forecasts are updated with actual ESV levy amounts in future pricing models.

## 7. Compliance

### 7.1. Compliance with the determination

We confirm that our tariff assignment policy<sup>10</sup> and the methodology in which we review and assess the basis on which a customer is charged is unchanged from the current TSS and is compliant with the NER.

We also confirm that we are complying with the current TSS where we have made a commitment to:

- Discount the new ToU tariff and demand tariff relative to our single-rate tariff

<sup>8</sup> AER - Jurisdictional scheme determination - License fees payable under the Electricity Industry Act 2000 (Vic)

<sup>9</sup> AER – Final decision – AusNet Services distribution determination 2021-26 – Attachment 14 – Control mechanisms – April 2021

<sup>10</sup> Appendix C – Tariff assignment policy, page 44, AusNet's Revised Tariff Structure Statement 2022-26

- For the residential new ToU tariff, we will reduce the prices by one per cent per year, to be five per cent cheaper relative to our single-rate tariff by FY2026.
- For the residential demand tariff, we will reduce our demand tariff to be one per cent cheaper each year, relative to our single-rate tariff.

In addition to reducing our demand tariff to be one per cheaper than the single-rate tariff, we have further discounted this tariff, allowing us to rebalance our revenue allocation equitably across our tariff classes.

There are no other material changes that should be brought to the attention of the AER.

## 7.2. Compliance table

Rule reference	Section reference
6.18.2(a)	Chapter 1 - Introduction
6.18.8(a)(3)	Chapter 2 - Demand forecasts
6.18.2(b)(2) 6.18.2(b)(3) 6.18.2(b)(4) 6.18.6 6.18.2(b)(5) 6.18.1C 11.141.8	Chapter 3 - Tariffs
6.18.5(e) 6.18.5(f) 6.18.5(g)(2)	Chapter 4 - Pricing principles
6.18.2(d) 6.18.2(e) 6.18.2(b)(7A)	Chapter 5 - Indicative prices
6.18.2(b)(6) 6.18.2(b)(6A) 6.18.2(b)(6B) 6.18.2(b)(6C) 6.18.7 6.18.7A	Chapter 6 - Tariff components
6.18.3 6.18.4 6.18.2(b)(7) 6.18.2(b)(8)	Chapter 7 - Compliance

I, Nick Cimdins, Senior Manager, Energy Transition Policy, confirm that the above statements are true and correct.



31/03/2025

[signature]

[date]

## AusNet Services

Level 31  
2 Southbank Boulevard  
Southbank VIC 3006  
T +613 9695 6000  
F +613 9695 6666  
Locked Bag 14051 Melbourne City Mail Centre Melbourne VIC 8001  
[www.AusNetServices.com.au](http://www.AusNetServices.com.au)

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