



Ausgrid's 2025/26  
Pricing Proposal  
**Overview Document**

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## Contents

1	Executive Summary .....	3
2	Annual Revenue.....	4
3	Tariffs and Tariff Structures.....	5
3.1	Changes to the threshold for business customer demand tariffs .....	5
3.2	Embedded network tariffs .....	5
3.3	Roadmap scheme recovery .....	5
3.4	Export pricing for small customers .....	6
3.5	New and ongoing trial tariffs.....	7
4	Network Tariff Impacts .....	9
5	Transgrid Revenue Confirmation .....	10
6	Jurisdictional Scheme Confirmation .....	12
6.1	NSW Electricity Infrastructure Scheme .....	12
6.2	NSW Climate Change Fund.....	13

## 1 Executive Summary

Ausgrid submits this Pricing Proposal for 2025/26, the second year of the 2025-29 regulatory control period, to the Australian Energy Regulator (AER) in accordance with the requirements of the National Electricity Rules (NER).

On 30 April 2024, the AER released its final decision on Ausgrid's electricity distribution determination for the 2024-29 regulatory control period. This includes the AER's decision on our Tariff Structure Statement (TSS) for the 2024-29 period. Our approved TSS is published on both the AER's website and the Ausgrid website.

Our Pricing Proposal for standard control services is based on the approved TSS. It also provides a schedule of charges for alternative control services (public lighting, ancillary network services and metering services) based on the AER's final determination.

Our Pricing Proposal results in an 8.95% increase in the average network prices from 2024/25 to 2025/26. This is a result of increases in NSW jurisdictional schemes and Ausgrid's approved revenue pathway for the current regulatory period. This pathway and its underlying costs are largely driven by economic factors outside our control such as inflation and higher interest rates.

A 'typical' residential customer on a legacy flat energy tariff with energy consumption of 5 MWh per year, has a \$59.40 (8.6%) increase in the network component of the annual bill from 2024/25 to 2025/26.

The following is a list of documents that form part of this pricing proposal:

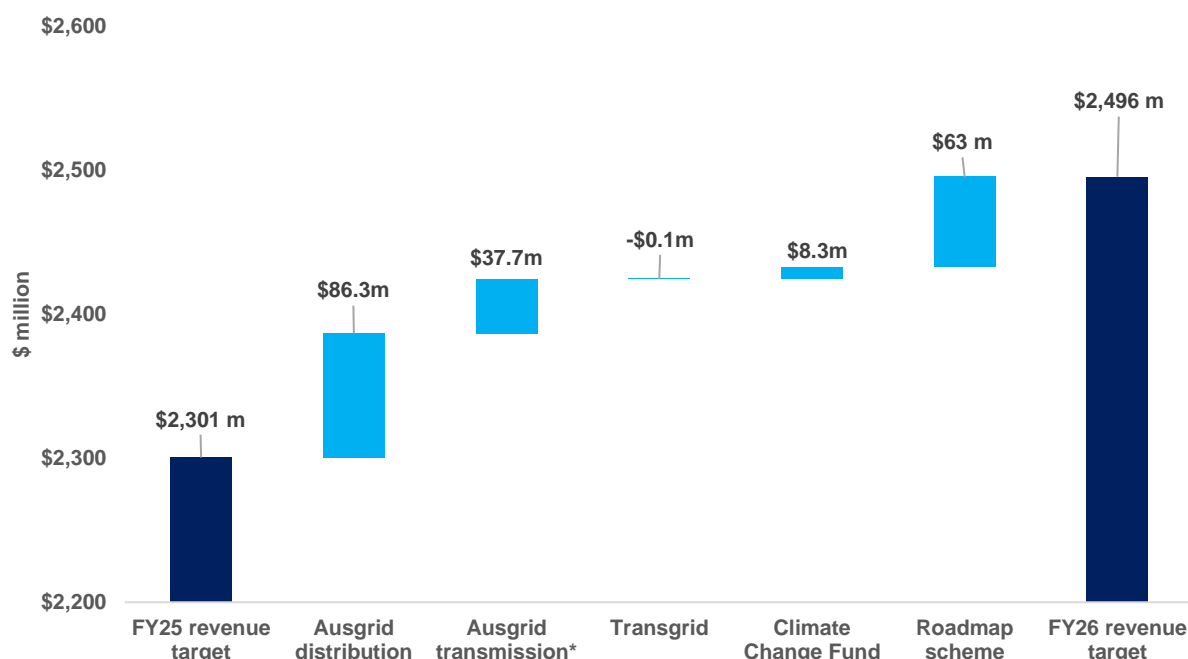
- Ausgrid's 2025/26 pricing proposal cover letter
- Ausgrid's 2025/26 price proposal overview document (**this document**)
- Attachment A - Statement of compliance
- Attachment B - SCS pricing model - public
- Attachment C - SCS pricing model - confidential
- Attachment D - ACS pricing model

## 2 Annual Revenue

The AER's 2024-29 Determination for Ausgrid established our smoothed revenue allowance for 2025/26 and methodology to calculate the resulting revenue targets. Our network revenue (NUOS) is expected to increase by 8.5% from 2024/25 to 2025/26. This is slightly lower than the forecast average price increase given expected demand and capacity volume movements in 2025/26.

Figure 1 below shows the changes to revenue by each component of network revenue, and the resulting total 2025/26 revenue allowance. We have set our proposed network tariffs for 2025/26 to recover this revenue target. The changes to revenue are mostly driven by the NSW Government's Electricity Infrastructure Scheme (Roadmap) and increases in Ausgrid's costs.

**Figure 1: Projected annual revenue increase (FY25 to FY26) by component**



*\*includes inter-distributor payments and FY25 over/unders balance*

The Roadmap revenue recovery for FY26 has increased by \$63 million (42%) compared to the current year (including carried forward amounts). These costs cover financial support for new renewable generation and storage investment, network investment and the administration costs of Roadmap entities. It is expected that Roadmap costs will continue to grow each year as additional renewable energy, storage and network investment is built.

Ausgrid recovers part of the Transgrid transmission revenue in its network prices. This component has decreased by \$86,500 (-0.03%) for FY26 and this change is mostly due to NSW intraregional market settlement residues being in surplus. These residues are passed through to Transgrid (by AEMO) as part of its role as the NSW coordinating transmission service provider.

Changes to Ausgrid's costs are due to factors largely outside of our control, with interest rates, inflation, higher cost of capital, and adjustments in insurance premiums driving much of the increase.

### 3 Tariffs and Tariff Structures

This section describes the changes that apply to our tariffs and tariff structures from 1 July 2025, the second year of the current five-year regulatory period.

In the first year of the current regulatory period (2024/25), Ausgrid made several changes to its network tariff structures. This was part of a five-year update, as allowed under the regulatory framework for setting distribution network tariffs. The changes included extending our peak energy windows from 3pm to 9pm for all customers, removing the shoulder period, and including a weekend peak period for residential customers. The full details of these changes can be found in the following documents on the Ausgrid website ([link](#)):

- Tariff Structure Statement 2024-29
- Tariff Structure Explanatory Statement 2024-29
- Ausgrid ES7 Network Price Guide.

#### 3.1 Changes to the threshold for business customer demand tariffs

In 2025/26 we are increasing the volume threshold at which small business customers can access demand tariffs. Our TSS requires us to move this threshold to 100 MWh in 20 MWh steps over three years to limit possible customer bill impacts. 2025/26 is the second year of this transition period and the threshold will move from 60 MWh to 80 MWh per annum on 1 July this year.

When complete these changes will align with the National Energy Retail Law (NSW) definition of a small customer. It will also enable more business customers to opt into a time-of-use tariff, should they choose to.

#### 3.2 Embedded network tariffs

Our current TSS requires us to transition embedded network customers to more cost reflective tariffs. 2025/26 is the second year of this seven-year transition period. By 1 July 2031, the capacity charge for embedded network customers will be 50% higher than the capacity charge applied to equivalent medium or large business tariffs. Only embedded networks using more than 160 MWh per annum receive these changes.

#### 3.3 Roadmap scheme recovery

2025/26 is the third year in which costs for the NSW Electricity Infrastructure Scheme (Roadmap) have been included in our network prices. Ausgrid will recover \$212.77 million for the scheme in 2025/26 (excluding carry forward amounts) as required by the most recent AER contribution determination. We will also recover \$273,506 for customers granted an exemption from contributing to the scheme<sup>1</sup>.

Throughout 2024 we consulted with our stakeholder-led Pricing Working Group (PWG) on the best way to recover these costs from our customers. Our modelling shows that the introduction of a fixed charge for Roadmap recovery helps moderate the range of network bill impacts for customers connected at low voltage (LV). At the December 2024 PWG meeting, it was agreed that this change would be an improvement and should be introduced in the 2025/26 price change.

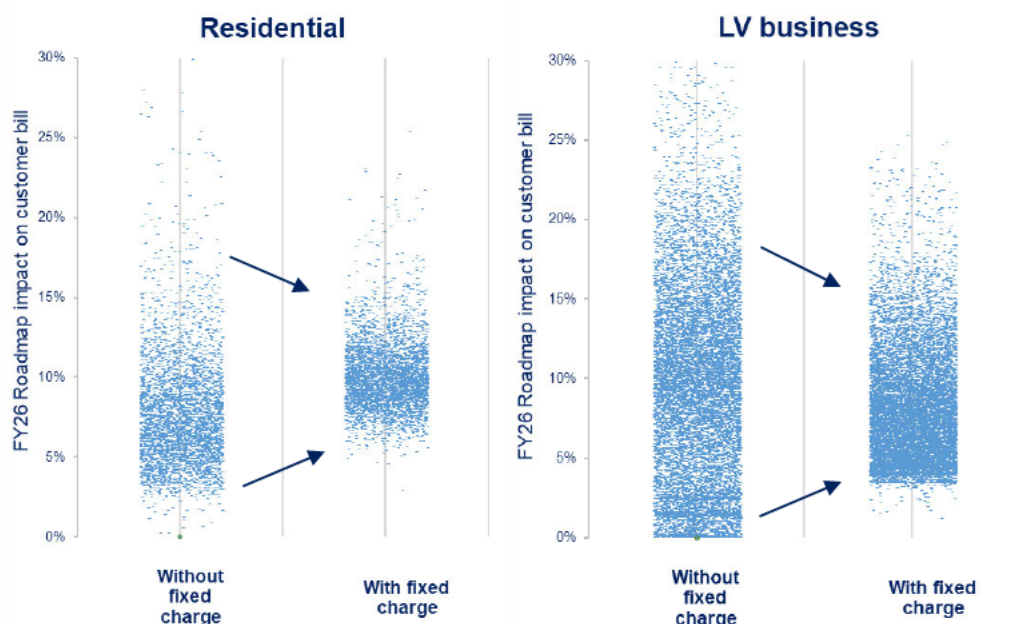
Accordingly, our 2025/26 price proposal includes a Roadmap fixed charge for LV connected customers. The fixed charge is calculated as a 25% share of the costs that is apportioned to these customers. The fixed charge is 6.8 cents per day and recovers \$25 from each LV connected customer in 2025/26 (both figures are rounded).

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<sup>1</sup> *Energy Savings Scheme (Electricity Load Exemptions) Order 2024, enabled under the Electricity Supply Act 1995.*

The following chart shows the range of impacts for a sample of residential and LV business customers under two scenarios. The “without fixed charge” series shows what the percentage bill impacts are with the FY26 contribution determination amount (\$213 million) apportioned under the approach used in 2024/25. The “with fixed charge” series shows the impacts with the introduction of the fixed charge in 2025/26. These charts clearly show that the range of impacts for residential and LV business customers is significantly narrower under the new approach and is an improved allocation of these costs.

**Figure 2: Range of impacts of the Roadmap scheme (compared to network prices without any Roadmap costs included)**



### 3.4 Export pricing for small customers

From 1 July 2025, we will assign all small customers to our two-way export tariff (with tariff code EA029). Customer opt outs from this export tariff won't be allowed from 1 July 2025.

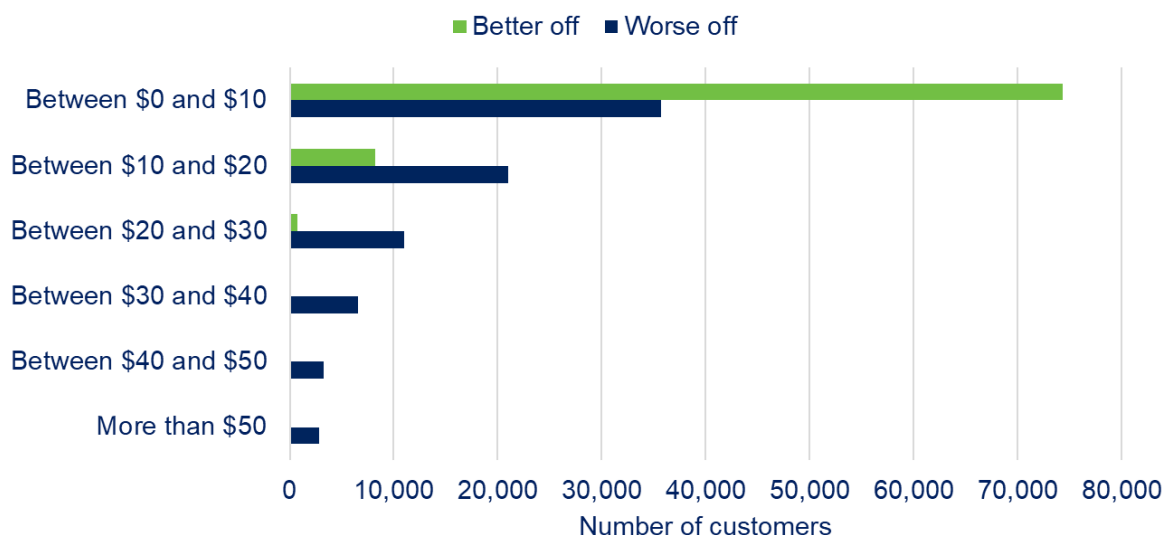
On 1 July we will be increasing the reward/rebate component of the export tariff from 2.40 c/kWh to 3.85 c/kWh (both figures are rounded and in nominal dollars). This change exceeds the current rate of CPI and the projection provided in our published indicative prices. Our current TSS provides a range of long run marginal cost (LRMC) values for both our export charges and reward components. Our LRMC reward range is based on the cost of delivering load to customers rather than the cost of receiving energy exports. We note that our current TSS commits us to basing the export charge component on CPI increases in the current regulatory period, but this does not apply to the export reward component.

While the above CPI increase to the reward component in 2025/26 is reflective of only a small portion of distribution revenue (about 0.05%) it will still help minimise distortions to the price signals for efficient usage of the network. The price signal encourages customers to send their energy exports into the network later in the day and helps mitigate peak time demand.

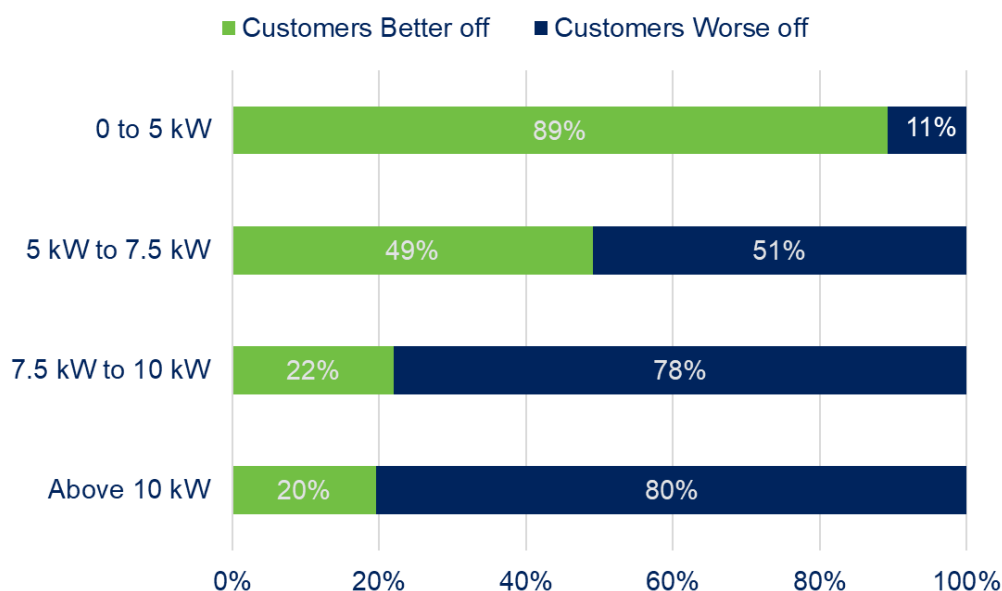
These proposed changes have been made in response to significant stakeholder feedback on the mandatory introduction of the tariff on 1 July. We believe it is important to manage bill impacts for our customers and this is a requirement of the NER pricing principles. We have considered the extent to which retail customers are able to mitigate the impact of changes in tariffs through their decisions about usage of services. This is particularly important as our export capable customers haven't chosen to be transferred to the tariff themselves, it is instead part of the mandatory assignment defined by the current TSS.

The following chart shows the network bill impacts for a large sample of residential export capable customers who will receive the export tariff on 1 July. We project that 51% of residential customers will be better off on the tariff (if passed through by retailers). Most of the impacts are within \$20 per annum and the customers who are worse off are typically those with large solar systems (above 10 kW in capacity).

**Figure 3: 2025/26 network bill impacts for a large sample of export capable residential customers (the impacts shown are only for the export tariff)**



**Figure 4: 2025/26 network bill impacts for a large sample of export capable residential customers (by system size)**



We presented these changes at the IPART benchmark solar feed-in tariff workshop on 11 March 2025.

### 3.5 New and ongoing trial tariffs

Ausgrid is committed to developing new, innovative tariffs with our retailers and customers. We plan to introduce two new sub-threshold tariffs for 2025/26. These are a small business local use of system (LUOS) tariff and an individually calculated tariff (ICT) for large storage facilities. The LUOS tariff aligns with our ongoing residential tariff for the “storage as a service” customer offering with community batteries. The large

storage ICT will test an innovative two-way transmission cost recovery structure and will be available for large storage facilities connected at the sub-transmission and dual function parts of our network.

These trial tariffs are available to retailers who have agreed to a trial tariff memorandum of understanding with Ausgrid.

**Table 1. New sub-threshold tariffs for 2025/26:**

Tariff code	Tariff name
EA955	Small business local use of system
N/A	Large storage individually calculated tariff (sub-transmission/dual function connections)

Three of our current trial tariffs will continue in 2025/26. In FY25 we have had significant interest in the business flexible load tariff and the residential LUOS tariff and expect customer take up on these tariffs to progress in the next financial year.

**Table 2. Sub-threshold tariffs continuing in 2025/26:**

Tariff code	Tariff name
EA956	Residential local use of system
EA964	Business flexible load (primary mains circuit)
EA965	Residential flexible load (secondary mains circuit)

On 1 July we will withdraw the residential standalone power system tariff (EA957) and super off-peak tariff (EA958) given a lack of interest from retailers and customers.

**Table 3. Sub-threshold tariffs not continuing in 2025/26:**

Tariff code	Tariff name
EA957	Standalone power system
EA958	Residential super off-peak

## 4 Network Tariff Impacts

Our Pricing Proposal results in a 8.95% increase in average network charges from 2024/25 to 2025/26.

A 'typical' residential customer on a legacy flat energy tariff with energy consumption of 5 MWh per year will see a \$59.40 (8.6%) increase in the network component of the annual bill from 2024/25 to 2025/26.

A 'typical' small business customer on a legacy flat energy tariff with energy consumption of 10 MWh per year will see an increase of \$151.05 (9.7%) in the network component of the annual bill from 2024/25 to 2025/26.

A 'typical' medium size low voltage business customer with energy consumption of 136 MWh pa will see their network bill increased by \$1,581 (9.4%) in 2025/26. A 'typical' large sized low voltage business customer with energy consumption of 328 MWh per year will see an increase of \$3,206 (9.5%) in 2025/26.

Network charges for our larger customers connected at low voltage (and using more than 750 MWh per year) are expected to increase by 8.1%. Customers supplied with high voltage and the sub-transmission tariffs will face expected network charge increases of 9.0% and 9.6% respectively.

The changes for the main network tariffs are summarised in the table below.

**Table 2. Average 2025/26 network bill impacts by tariff**

Tariff code	Tariff description	Typical customer energy MWh pa	FY26 network bill ex GST	% annual change
EA010	Residential flat	5	\$748	8.6%
EA025	Residential TOU	5	\$749	9.8%
EA116	Residential demand	5	\$702	9.9%
EA030	Controlled load 1	2	\$59	8.8%
EA040	Controlled load 2	2	\$121	6.2%
EA050	Small business flat	10	\$1,710	9.7%
EA225	Small business TOU	10	\$1,703	9.4%
EA256	Small business demand	10	\$1,424	10.3%
EA302	LV business 80-160 MWh pa	136	\$18,346	9.4%
EA305	LV business 160-750 MWh pa	328	\$36,995	9.5%
EA310	LV business above 750 MWh pa	1,579	\$133,092	8.1%
EA370	High voltage	3,904	\$223,586	9.0%
EA390	Sub-transmission	11,749	\$381,621	9.6%

## 5 Transgrid Revenue Confirmation



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PO Box A1000 Sydney South  
NSW 1235 Australia  
T (02) 9284 3000  
F (02) 9284 3456  
Friday, 14 March 2025

Bill Nixey  
Network Pricing Manager  
Ausgrid  
GPO Box 4009  
Sydney NSW 2001

Email: [REDACTED]

Dear Bill

### 2025/26 Prescribed Transmission Service Prices

Please find attached a schedule of Ausgrid's 2025/26 prescribed Transmission Service Prices applicable from 1 July 2025. These prices have been set by Transgrid as the co-ordinating Transmission Network Service Provider (TNSP) for the NSW and ACT market region.

The 2025/26 transmission prices are published in accordance with the AER approved pricing methodology and the National Electricity Rule requirements for the 2023/24 to 2027/28 period.

The total forecast revenue to be collected through transmission charges for NSW and ACT in 2025/26 compared to 2024/25 has changed by:

- Transgrid's maximum allowable transmission revenue increasing by 15% which includes the annual increase and the change from the draft to final revenue determination.
- Ausgrid's maximum allowable transmission revenue increasing by 28%.
- Directlink's maximum allowable transmission revenue increasing by 31%.
- Evoenergy's maximum allowable transmission revenue increasing by 6%.
- Higher than expected market residue payments from AEMO in 2024/25 that are returned to customers in 2025/26 via a reduction in the non-locational charge.
- A recovery of a new cost of \$22m to meet the AEMO system strength requirements. This increases the common service charge by 6.37%.

### Ausgrid payment for transmission services provided by Transgrid

The following table summarises the forecast revenue by service category across Ausgrid's transmission connection points billable by Transgrid. It excludes the TNSP-to-TNSP net transfer payment amount.

Ausgrid's Connection Points Billable by TransGrid (\$ - GST Excluded)					
Forecast	Connection	Locational	Common Service	Non-locational	Total
2024/25	11,445,102	80,363,833	68,621,373	26,780,886	187,211,194
2025/26	12,692,118	86,130,714	81,124,038	15,157,699	195,104,568
\$ change	1,247,015	5,766,881	12,502,665	- 11,623,187	7,893,374
% change	11%	7%	18%	-43%	4%

TransGrid's forecast annual transmission charge to Ausgrid is \$195,104,568 in 2025/26, which represents a 4% increase in transmission charges compared to the expected charge for 2024/25.

### Transfer Payments

The transfer payments for Ausgrid are shown in the following table.

Ausgrid - 2025/26 Financial Transfer (\$ GST excluded)		
	Credit	Debit
TransGrid to Ausgrid	\$ 73,146,256.31	
Ausgrid to TransGrid		\$153,524,514.42
Ausgrid to Directlink		\$ 1,130,311.70
Ausgrid to Evoenergy		
Evoenergy to Ausgrid	\$ 1,152,438.80	
Totals	\$ 74,298,695.11	\$154,654,826.12
Net financial transfer from Ausgrid	\$ 80,356,131.01	

Should you wish to discuss any aspect of the 2025/26 transmission prices please contact Hugh Laurie, General Manager Finance – Network via email [REDACTED], or David Conroy, Pricing Strategy Manager via email [REDACTED].

Yours faithfully



Nadine Lennie  
Chief Financial Officer

## 6 Jurisdictional Scheme Confirmation

### 6.1 NSW Electricity Infrastructure Scheme

#### Australian Energy Regulator

#### Contribution Determination for 2025–26

1. On 12 November 2021, the Australian Energy Regulator (AER) was appointed as a Regulator under the *Electricity Infrastructure Investment Act 2020 (NSW)* (the EII Act).
2. Under section 56 of the EII Act, the AER is required to make an annual contribution determination in which it determines the amount that is required for the Scheme Financial Vehicle to be able to make payments from the Electricity Infrastructure Fund (the Fund) that are required under the EII Act, including an amount for the Scheme Financial Vehicle to meet its liabilities as they fall due.

#### AER's Contribution Determination

3. On 7 February 2025, the AER made the following contribution determination under section 56(1) of the EII Act.
  - a. The total contribution amount for 2025–26 is \$493.18 million.<sup>1</sup>
  - b. The minimum prudent cash balance target for 2025–26 is \$269.10 million. As the Fund will recover a minimum prudent cash balance of \$213.98 million in 2024–25, the Scheme Financial Vehicle must recover an adjustment of \$55.12 million in 2025–26 to reach the target level.
  - c. The amounts required to be paid by each NSW Distribution Network Service Provider (DNSP) are:
    - i. Ausgrid \$212.77 million.
    - ii. Endeavour Energy \$184.71 million.
    - iii. Essential Energy \$95.70 million.

#### Details of how the contribution determination was made

4. The AER made this contribution determination in accordance with the process and methodology set out in its Contribution Determination Guideline (Guideline).<sup>2</sup>
5. The methodology the AER applied in making this contribution determination is set out in its Contribution Determination Model (Model).<sup>3</sup>
6. Schedule 1 shows a public version of the completed Model and contains the underlying data inputs provided by the NSW scheme entities. The AER used these data inputs to calculate the contribution determination amounts.<sup>4</sup> In line with the process set out in the Guideline, the AER undertook a quality assurance check of all data provided.

## 6.2 NSW Climate Change Fund

Please see below Ausgrid's estimated contribution for 2025-26 and for the forward years to 2028-29.

Climate Change Fund Contributions	Actual year 2024/25	Budget year 2025/26	Forward estimate 2026/27	Forward estimate 2027/28	Forward estimate 2028/29
<b>Climate Change Fund</b>	\$297,402,457	\$304,837,518	\$312,458,456	\$320,269,917	\$328,276,665
Ausgrid	\$139,518,616	\$143,450,970	\$147,037,244	\$150,713,175	\$154,481,005

Note these figures are nominal, subject to change, and will be confirmed on an annual basis.

Best Wishes,

**Dr Lisette Collins** (she/her)

Principal Policy Officer, Adaptation Policy and CCF Team

NSW Department of Climate Change, Energy, the Environment and Water