



2025-26 Annual Pricing Proposal Overview

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Introduction

This document is part of Essential Energy's 2025-26 Annual Pricing Proposal to the Australian Energy Regulator (AER). It provides an overview of changes to our tariffs and the network bill impacts effective 1 July 2025. The proposal aligns with our AER-approved 2024-29 Tariff Structure Statement (TSS).

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Background

Essential Energy operates one of Australia's largest electricity distribution networks, covering 95% of NSW and parts of southern QLD. We distribute electricity from generators and transmitters to retailers and make up about one third of a typical residential electricity bill. The breakdown of our network charges is explained below.

Network Charges

Essential Energy's 2025-26 charges comprise four components which make up Network Use of System (NUoS) charges:

1. **Distribution Use of System (DUoS) charges** – Funds network investment and maintenance.
2. **Metering Charges** – Covers maintenance, reading, data services, and capital cost recovery for type 5 and 6 meters.
3. **Transmission Use of System (TUoS) charges** – Pass-through of transmission costs from providers like Transgrid and Powerlink.
4. **Jurisdictional Scheme Amounts** – Regulatory pass-through costs, including:
 - Climate Change Fund Levy (CCF)
 - Queensland Solar Scheme (QSS)
 - NSW Electricity Infrastructure Roadmap Contribution

Network charges are passed to electricity retailers, who incorporate them into customer bills. The tariffs in our price list cover only network charges, typically around half of a total electricity bill. The other components that make up a retail electricity bill are:

- Generation costs;
- State and Federal Government Environments Policies; and
- Retailer costs.

Network Tariffs

Network Tariff Classes

Essential Energy assigns customers to tariff classes based on service groups. These remain unchanged for 2025-26.

Tariff classes are determined by historical pricing structures, metering capability, voltage levels, and cost-benefit analysis of further disaggregation. There are five tariff classes which are detailed in the table below:

Table 1: Network Tariffs by Class

Tariff Class	Meter Type	Primary Tariffs	Secondary Tariffs
Low Voltage Residential and Small Business	Type 4 Any Type 4 or 5 Type 4	Sun Soaker^ Anytime* Time of Use* Time of Use with Demand Small Scale Storage	Controlled Load 1 Controlled Load 2
Low Voltage Large Business	Type 3	Time of Use with Demand Time of Use with Alternative Demand Large Storage/Hybrid	
High Voltage Demand		Time of Use with Demand Storage/Hybrid	
Subtransmission		Subtransmission Demand	
Unmetered Supply	N/A	Unmetered Supply Public Street Lighting Time of Use	

^Default tariff for assignment

*Obsolete tariff – closed to new customers

The Large Business customer class threshold is 160MWh per year. Apart from the largest customers with site-specific charges, all customer prices are averaged within their class. Procedures for assigning new customers and reassigning existing customers to network tariffs are outlined in our 2024-29 TSS and Tariff Structure Explanatory Statement (TSES).

How Sun Soaker Tariff evolves in 2025-26

The Sun Soaker tariff has been the default tariff assignment for new residential and small business customers, as well as for meter changes and new/updated customer energy resources (eg solar panels and batteries), since 1 July 2024.

Why Was Sun Soaker Introduced?

Our network is changing. We are facing new cost drivers from peak exports as well as our existing cost driver of peak demand. As solar adoption grows, network upgrades are necessary to ensure we have a safe and reliable network grid. Using prices to inform customers' electricity usage and export timing decisions is a cheaper option than increasing our investment in the network. The Sun Soaker tariff helps balance investment costs while ensuring those that are contributing towards the peak exports costs contribute to this.

Essential Energy introduced the Sun Soaker tariff to encourage customers to:

- consume during the middle of the day in the 'Sun Soaker' window;

- move solar exports to outside of the ‘Sun Soaker’ window;
- export energy when it is most needed during the network’s peak window of 5pm – 8pm; and
- move consumption outside of the evening peak window.

Essential Energy has implemented a staged transition to export pricing. From 1 July 2024 the Sun Soaker tariff is the default tariff assigned for residential and small business customers. For the first year only the consumption component was applied. From 1 July 2025 the export charge/rebate will also be applied. Customers assigned to a Sun Soaker tariff will have the ability to opt out to the ToU tariff with demand component without the export charge, this is a cost reflective tariff.

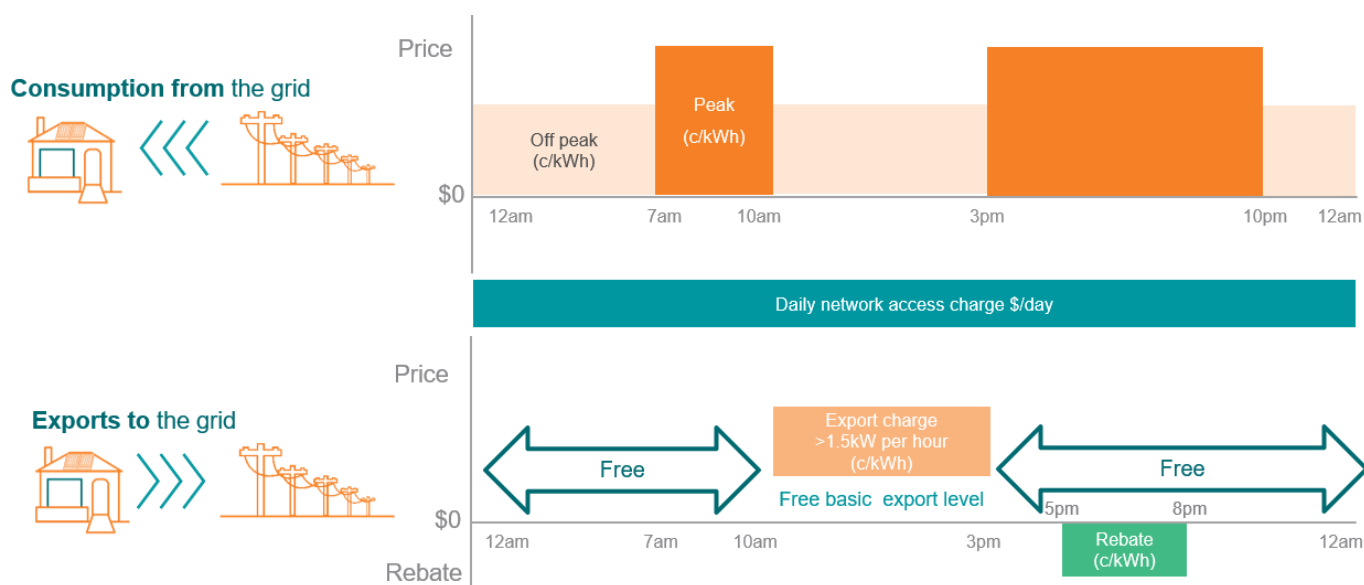
From 1 July 2028, or the pricing year immediately following establishment of our new billing process capabilities, export charges will be applied to all residential and small business customers, including demand-based tariffs.

Tariff Structure

The Sun Soaker tariff includes both consumption and export pricing, and was designed following customer trials and extensive consultation. Further detail on this is available in our 2024-29 Tariff Structure Explanatory Statement (TSES) available [here](#).

The structure is a time of use tariff simplified into two periods (peak and off-peak) with export charges and rebates included as shown below:

Figure 1: Sun Soaker Tariff Structure



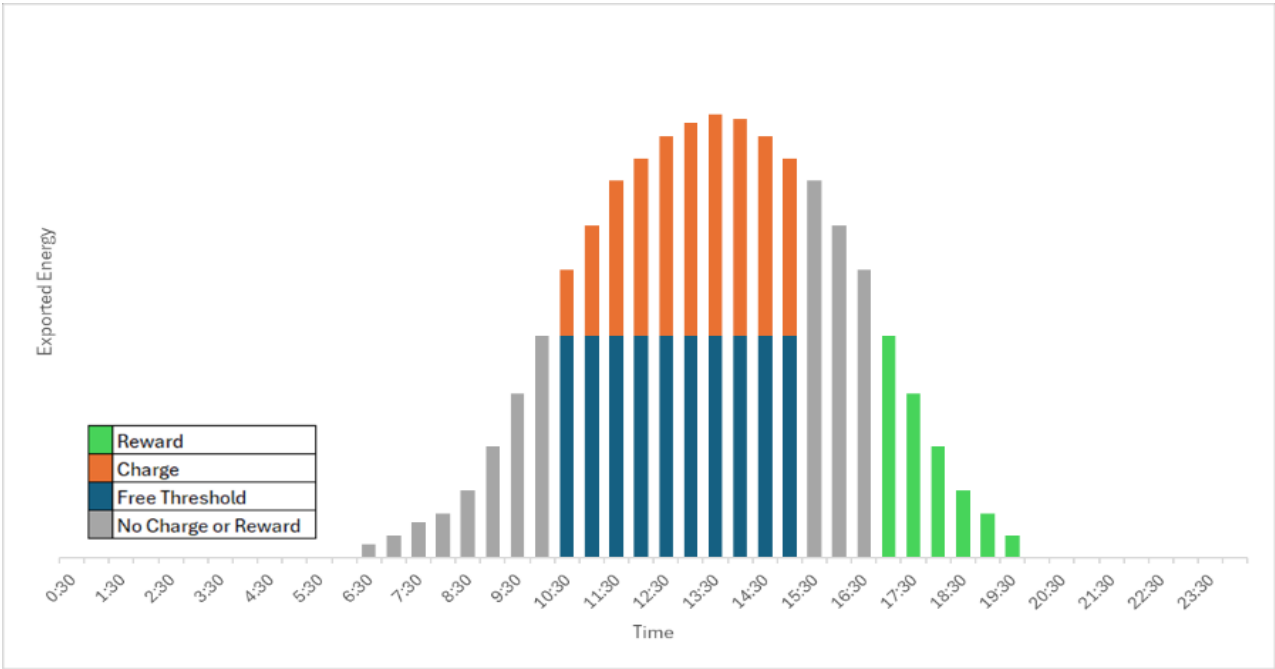
Export Charges and Rebates

During 2024-25 export charges and rebates for residential and small business customers were set at zero. 2025-26 is the first year that export charges and rebates will be effective for these customer groups and will only apply to those customers assigned to the Sun Soaker tariffs. Exports pricing applies as below:

- Exports outside 10am – 3pm and 5pm – 8pm: no charge
- Exports between 10am – 3pm: basic export level of up to 7.5 kWh per day can be exported free of charge. Charges apply for exports above 7.5 kWh per day.
- Exports between 5pm – 8pm: rebates paid.

The diagram below demonstrates how export pricing works across the day:

Figure 2: Sun Soaker Export Pricing



Trial Tariffs for 2024-29 Regulatory Period

Starting in 2025-26, Essential Energy plans to implement sub-threshold tariffs to foster and inform innovative tariff structures in the next regulatory process. This initiative aims to enhance network efficiency and support the energy transition.

Network Issues Addressed:

- Growth of renewables is increasing dynamic range, reducing network minimum demand, and lowering network utilisation;
- Current network tariffs limit the uptake of renewables and increase curtailment;
- Some existing tariffs do not encourage load during low-cost periods, such as peak solar PV production; and
- There is a need to recover costs fairly and equitably while balancing complexity and cost reflectiveness.

The trial tariffs proposed to be introduced for 2025-26 are:

1. **Grid Connected Storage Tariffs (High Voltage and Low Voltage versions)** – two tariffs that encourage the efficient use of storage technologies on the low voltage (LV) and high voltage (HV) network to assist with managing network issues.

High and Low Voltage Grid Connected Storage Tariffs	
Energy consumed from the network	Network access charge: applies Consumption charge: does not apply Demand charge: Dollars per kVA based on the highest measured half-hour kVA demand registered in each of the peak, shoulder and off-peak periods during the month <ul style="list-style-type: none">• Peak: 5pm–9pm• Shoulder: 7am - 9am, 4pm - 5pm, 9pm - 10pm• Off peak: 10pm – 7am• Sun Soaker: Free between 9am and 4pm
Energy exports into the network	Demand charge (exports): Stepped \$/kW capacity payment is based on the relevant band that the highest level of energy exported (kW) into the network between 9am and 4pm in the month falls into <ul style="list-style-type: none">• 0–1.5kW free basic export limit• Band 1 rate applies to exports over 1.5kW Exports at all other times are free. Rebate (exports): does not apply

2. **Flexible Load Tariff** – supports customers with highly flexible loads, including both large LV and HV customers, on dynamic connection agreements.

Flexible Load Tariffs for Low Voltage and High Voltage Customers	
Energy consumed from the network	Network access charge: applies Consumption charge: Cents per kWh are based on time of day <ul style="list-style-type: none">• Off peak 1 (Sun Soaker): 9am – 4pm• Peak: 5pm – 9pm• Shoulder: 7am - 9am, 4pm - 5pm, 9pm - 10pm• Off peak 2 (Night): 10pm- 7am Demand charge: does not apply
Energy exports into the network	Demand charge (exports): does not apply Rebate (exports): does not apply

3. **Flat Rate Transitional Tariff** – aids large commercial controlled load consumption customers in transitioning to a new switching platform with minimal changes to their current switching conditions.

Flat Rate Transitional Tariff	
Energy consumed from the network	Network access charge: applies Consumption charge: Cents per kWh rate based on time of day <ul style="list-style-type: none"> • Not available during Peak: 5pm – 8pm Demand charge: does not apply
Energy exports into the network	Demand charge (exports): does not apply Rebate (exports): does not apply

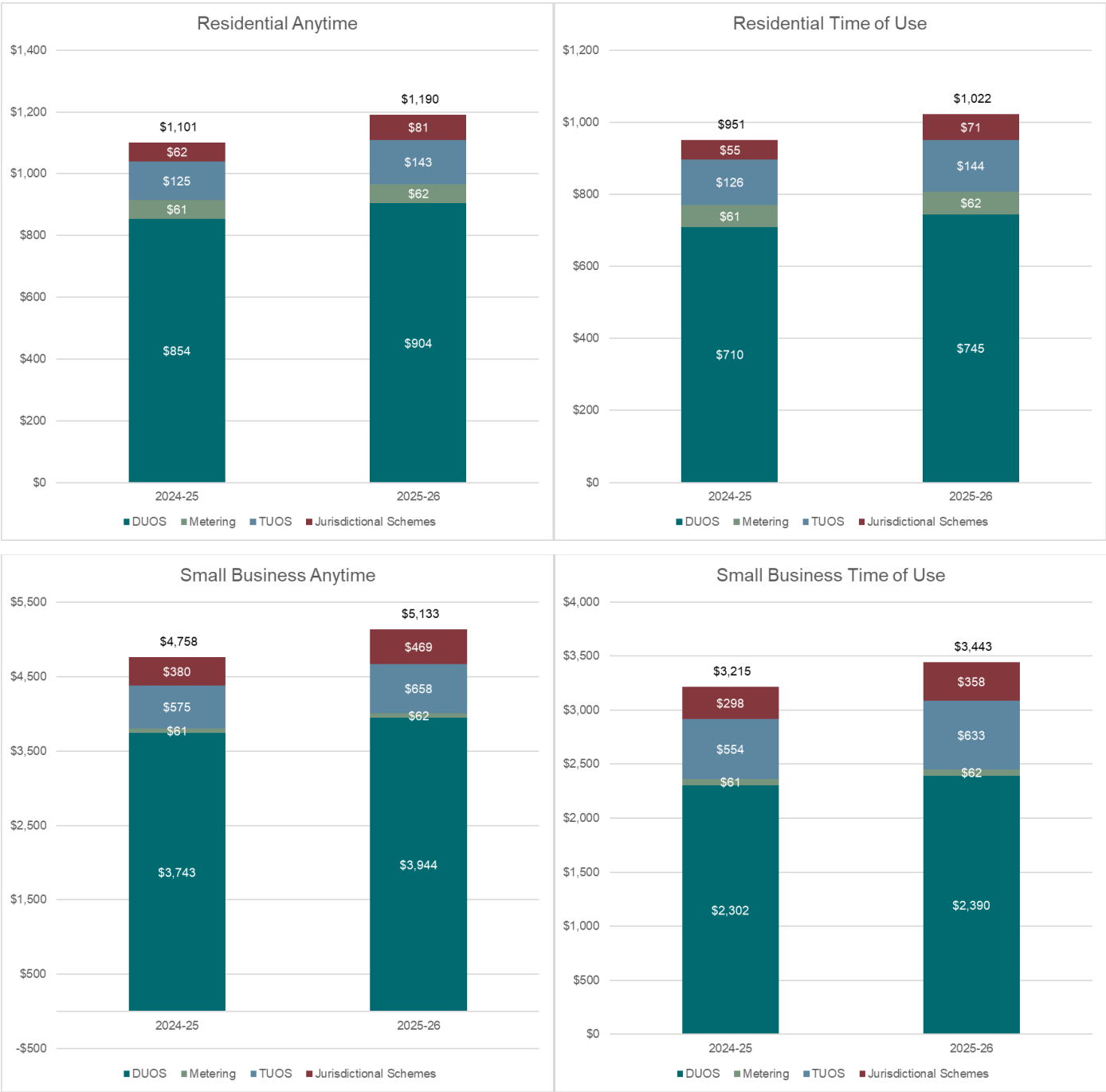
Network Bill Impacts

Essential Energy is proposing an increase in network charges compared to 2024-25, with the following average increases:

- **Residential customers:** \$74 (7.5%)
- **Small business customers:** \$203 (6.4%)
- **Large businesses (low voltage network):** \$6,701 (11.1%)

A breakdown of the total annual network bill for typical residential and small business customers is provided below.

Figure 3: Typical Customer Bills (\$nominal per annum)



A summary of average annual network bill impacts for customers on the low voltage tariffs is shown below:

Table 2: Low Voltage Annual Network Bill Impacts

		Average Annual MWh	Average Annual Charges 2024-25	Average Annual Charges 2025-26	Average Change per Customer	Average Movement (%)
Residential	Sun Soaker	4.48	\$946	\$1,016	\$71	7.5%
	Anytime	5.00	\$1,101	\$1,190	\$90	8.1%
	Time of Use - Basic	7.50	\$1,226	\$1,331	\$105	8.5%
	Time of Use - Interval	4.88	\$951	\$1,022	\$71	7.5%
	Controlled Load 1	1.87	\$93	\$103	\$10	11.0%
	Optional Demand	9.73	\$1,261	\$1,373	\$112	8.9%
Small Business	Sun Soaker	21.14	\$3,234	\$3,462	\$228	7.1%
	Anytime	23.00	\$4,758	\$5,133	\$374	7.9%
	Time of Use - Basic	35.55	\$5,030	\$5,455	\$425	8.5%
	Time of Use - Interval	21.16	\$3,215	\$3,443	\$228	7.1%
	Controlled Load 2	1.74	\$142	\$156	\$14	9.9%
	Optional Demand	43.16	\$5,009	\$5,449	\$440	8.8%
Large Business	Demand	542.86	\$63,919	\$69,384	\$5,465	8.5%

Each tariff has a different change in their average rate due to the mix of DUoS, TUoS, CCL, QSS and NSW Electricity Infrastructure Roadmap as part of the overall NUoS tariff rates.

Table 3 below highlights the expected movement in the average rate for each of Essential Energy's tariff classes for DUoS charges only.

Table 3: Impact of DUoS prices for each tariff class

Tariff class	2024-25		2025-26		Average Change	Average Movement (%)
	Estimate Revenue \$'000	Estimate avg rate c/kWh	Forecast Revenue \$'000	Forecast avg rate c/kWh		
Low voltage Residential and Small Business	854,915	13.35	900,575	14.07	0.71	5.3%
Low voltage Large Business	192,551	8.45	202,918	8.90	0.45	5.4%
High voltage Demand	60,068	5.30	63,377	5.59	0.29	5.5%
Sub-transmission	17,501	0.55	18,468	0.58	0.03	5.5%
Unmetered Supply	3,934	7.40	4,132	7.77	0.37	5.0%
Total Average DUoS Rate		8.64		9.10	0.46	5.4%

Alternative Control Services

Alternative control services are provided to specific customers and recovered through fees on a 'user pays' basis under a price cap. They are grouped by service type rather than customer characteristics.

Public Lighting

Classified as an alternative control service for 2024-29, public lighting includes provision, construction, and maintenance, primarily serving local councils and road authorities. Prices vary based on capital, maintenance, and replacement responsibilities.

Ancillary Network Services (ANS)

ANS are non-routine, 'as-needed' services, either fee-based (routine tasks with set rates) or quoted (custom services). Key changes in 2024-29 include:

- Renaming and restructuring access permit fees to connection fees, improving cost reflectivity.
- Introducing new night vision LED floodlights, categorising by type, and separating capital/operating fees for night watch services.
- Shifting Minor Capital Works from fee-based to quoted services.
- Adding quoted services for bulk metering/consumption data and non-legislative data requests.
- Legacy metering services (e.g., move-in/out reads) remain capped.

Modification History

Version	Date	Description
1	31/03/2025	Original version

