

## **Pricing proposal statement of compliance**

### Purpose

The purpose of this document is to specify in greater detail what information the AER needs to assess pricing proposals for compliance. The AER will consider this document as well as the models provided by the DNSP to be the formal pricing proposal.

### General principles

1. This document will replace the previous statement of compliance.
  - This document should be replicated in the DNSP's report template and should be a separate document.
  - We do not expect DNSPs to replicate information across the statement of compliance and the standardised model.
2. DNSPs must explain changes made in comparison to the previous pricing proposal (for annual pricing proposals) and the approved determination (including any relevant final decision attachments and the tariff structure statement).
3. DNSPs may opt to make further materials for stakeholders which can be submitted to and published by the AER, however these materials will not be subject to our review and not form part of the AER process. These materials can include customer-facing information about the proposal (i.e. documents in the same format as previous pricing proposal documents provided by DNSPs), cover letters, and price lists for different services.
4. 'Initial pricing proposal' refers to pricing proposals that apply to the first year of the regulatory period. 'Annual pricing proposal' refers to pricing proposals for subsequent years of the regulatory period.
5. Text in square brackets provide a space to be filled in by the DNSP. AER notes are in highlighted text and should be removed/replaced in the final document. Where reference is requested, footnote the AER's decision or the DNSP's documentation, including page numbers, where appropriate.

## Chapter 1: Introduction

This statement of compliance as well as the standardised SCS and ACS pricing models form Power and Water Corporation's pricing proposal for 2025-26. This is an initial pricing proposal that has been submitted within 15 business days after submission of the draft pricing proposal.

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

- Statement of compliance (v2) (this document)
- Power and Water Corporation – 2025-26 Network Pricing Proposal - 9 May 2025 – Public
- Power and Water Corporation - 2025-26 SCS pricing model - 9 May 2025 – Public
- Power and Water Corporation - 2025-26 ACS pricing model - 31 March 2025 – Public

## Chapter 2: Demand forecasts

Power and Water Corporation has provided quantity forecasts for standard control services in the 'Qty forecasts' sheet of the SCS pricing model.

In comparison to the previous network pricing proposal's forecast, overall consumption volumes and customer numbers for the current regulatory year are similar. FY2025 estimates have been updated for this year's network pricing proposal to ensure accuracy due to variation between tariffs.

Power and Water Corporation has used multiple sources to develop the upcoming regulatory year's forecast including internal retail management system reports, audited actuals from FY2024 as reported in the EB RIN, and smart meter data for our LV and HV major customers. Where data was unable to be sourced, assumptions in last year's network pricing proposal have been used for parameters such as consumption by 'time of use' segments.

For the upcoming regulatory year until the end of the current regulatory period, forecast trends set out in last year's network pricing proposal have been used as a base, except for major connections, where updated smart meter data has been considered.

## Chapter 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 3 of the SCS pricing model within the same sheet.

All tariffs retain the same charging parameters as the current tariff structure statement<sup>2</sup>. This is also demonstrated in Tariff schedule 3 of the SCS pricing model. Below is a summary of each charging parameter:

Charging parameters	Unit	Explanation
<b>System access charge</b>	\$/Day/NMI	A daily charge, charged at dollars per day, per NMI
<b>Anytime energy</b>	\$/kWh	Flat energy rate applied to all energy consumption
<b>Super Off-peak energy</b>	\$/kWh	Rate applied to customers with a smart meter consuming below 750MWh per year, applies: <ul style="list-style-type: none"><li>• 9am to 3pm Monday to Sunday, all year.</li></ul>
<b>Off-peak energy</b>	\$/kWh	Rate applied to customers with a smart meter consuming below 750MWh per year, applies: <ul style="list-style-type: none"><li>• 3pm to 9am Monday to Sunday from 1 April to 30 September, and</li><li>• 9pm to 9am Monday to Sunday from 1 October to 31 March, and 3pm to 9pm on weekends</li></ul>
<b>Peak energy</b>	\$/kWh	Rate applied to customers with a smart meter consuming below 750MWh per year, applies: <ul style="list-style-type: none"><li>• 3pm to 9pm Monday to Friday (including public holidays) from 1 October to 31 March</li></ul>
<b>On-season demand charge</b>	\$/kVA	Rate applied to customers with a smart meter consuming above 750MWh per year, applies: <ul style="list-style-type: none"><li>• 3pm to 9pm Monday to Friday (including public holidays) from 1 October to 31 March</li></ul>
<b>Off-season demand charge</b>	\$/kVA	Rate applied to customers with a smart meter consuming above 750MWh per year, applies: <ul style="list-style-type: none"><li>• 3pm to 9pm Monday to Friday (including public holidays) from 1 April to 30 September</li></ul>

<sup>1</sup> Chapter 5, page 22 in [Power and Water Corporation's 2024-29 revised Tariff Structure Statement](#).

<sup>2</sup> Chapter 5, page 22 in [Power and Water Corporation's 2024-29 revised Tariff Structure Statement](#).

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 within the 'Tables' sheet. The percentage change in weighted average revenue from each tariff class is consistent with the permissible percentage calculated using the side-constraint formula.

### *3.2 - Alternative control services*

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

Power and Water will offer the same list of services for metering and ancillary network services as approved in the AER's final determination for alternative control services<sup>3</sup>. The list of services for metering and fee-based services is provided in the ACS pricing model. Quoted services are provided in line with the approved control mechanism formula<sup>4</sup> using the applicable labour rates in the ACS pricing model.

### *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.

### *3.4 - Sub-threshold tariffs*

Power and Water is not proposing sub-threshold tariffs for the regulatory year.

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<sup>3</sup> Chapter 7, page 29 of [Power and Water Corporation 2024-29 revised Tariff Structure Statement](#)

<sup>4</sup> [AER - Service Classification Guideline - 28 September 2018.pdf](#)

#### Chapter 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 within the 'Compliance' sheet. We calculated the stand-alone costs based on the cost of a median customer in a tariff class going off-grid with a PV generating unit, battery and diesel generating unit. In calculating avoidable costs, we have based it on the contribution to the system peak by each class, multiplied by the long run marginal cost (LRMC). These bounds were calculated and approved as part of Power and Water's approved 5-year network determination.

The sum of the revenue expected to be recovered from each tariff allows Power and Water to recover the expected revenue for the relevant services in accordance with the distribution. This is demonstrated in compliance table 1 of the SCS pricing model within the same sheet.

Each tariff is based on the LRMC of providing the service to which it relates to the retail customers assigned to that tariff.

The LRMC estimates have been escalated by inflation from the previous network pricing proposal.

## Chapter 5: Indicative prices

Revised indicative prices for standard control services tariffs are provided in input table 29 and 30 of the SCS pricing model within the 'Indicative prices' sheet. 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.

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

The highlighted differences between the indicative 2025-26 prices submitted as part of the 2024-25 network pricing proposal and the proposed 2025-26 prices are:

- Customers on tariffs 1, 3b and 4 face increases of more than 5% due to catchup of historical under-recovery from these tariffs.
- Within each of these tariffs, each proposed tariff component has the same percentage increase relative to indicative 2025-26 prices.
- In doing so, we sought to:
  - Partially balance historical under-recovery through behaviour-invariant charges (SAC), so as not to excessively change price signals determined in our TSS strategy.
  - Partially balance historical under-recovery through consumption and demand charges, which reduce year-on-year price variability attributable to forecasting limitations.

## Chapter 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 within the 'Tables' sheet.

The over or under recovery amount is calculated in a manner consistent with the AER's final decision for control mechanisms<sup>5</sup>.

### *6.2 - Designated pricing proposal charges*

Power and Water is not proposing tariffs designed to pass on designated pricing proposal charges.

### *6.3 - System strength charges*

Power and Water is not planning to pass through system strength charges for system strength connection points for the 2025-26 period.

### *6.4 - Jurisdictional scheme amounts*

Power and Water is not proposing tariffs designed to pass on jurisdictional scheme amounts because it is not subject to a jurisdictional scheme.

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<sup>5</sup> Appendix B, Attachment 14 Control Mechanisms, Final Decision Power and Water Corporation, 1 July 2024 to 30 June 2029.



## Chapter 7: Compliance

### *7.1 - Compliance with the determination*

We confirm that our tariff assignment policy 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.<sup>6</sup>

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) 6.18.2(b)(5) 6.18.6 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)(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

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<sup>6</sup> Chapter 5, page 22 in the final decision on [Power and Water Corporation's 2024-29 revised Tariff Structure Statement](#).

I, *Taryn Maroney, General Manager, Regulation, Economics and Pricing*, confirm that the above statements are true and correct.



12/05/2025  
[date]