April 2026

Statement of reasons: Power and Water Corporation's Annual Pricing Proposal

The AER approves Power and Water Corporation's 2026–27 pricing proposal which contains tariffs that are due to commence on 1 July 2026. Power and Water Corporation's approved tariffs are set out on our website.

Estimated network cost movements

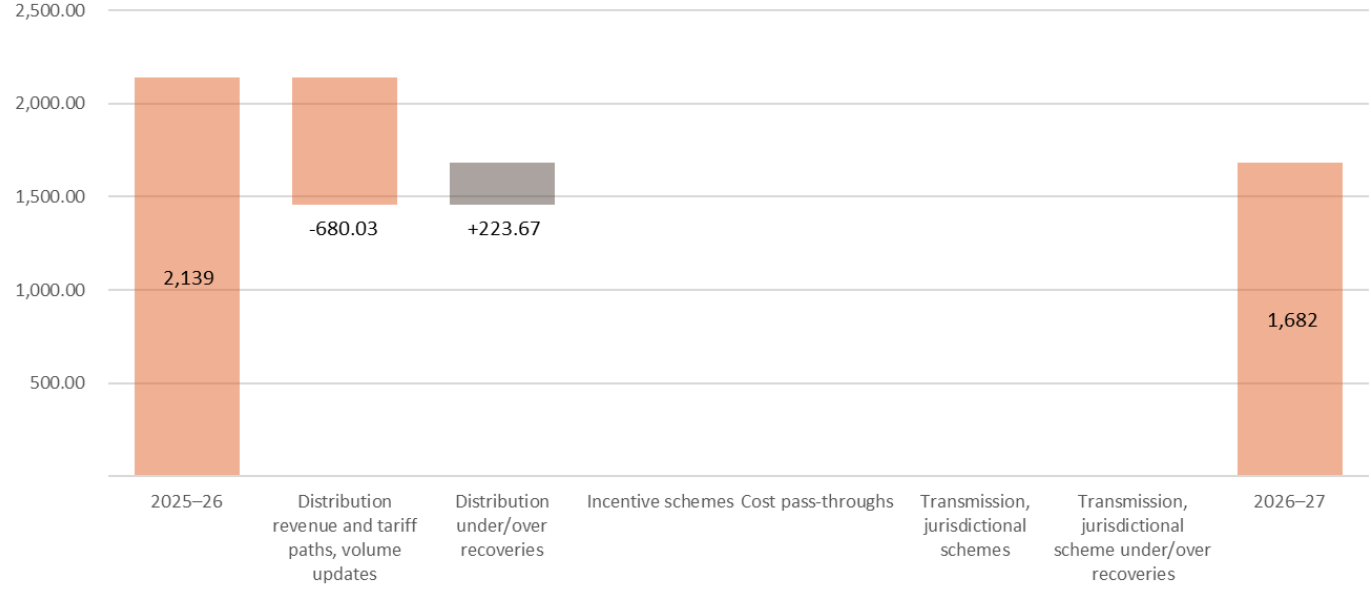
We estimate the average network cost movements below for Power and Water customers in 2026–27, compared to 2025–26.

	Flat-rate tariff	Time-of-use tariff
Residential	-$456.36	+$522.12
Small business	+$2,585.16	-$60.58

The network cost movements reflect an increase in revenue that Power and Water Corporation is allowed to recover in 2026–27. This is partially offset by a forecast slight increase in consumption relative to 2025–26. The network cost movements also reflect the return-to-normal after the true-up of previous under and over-recovered revenues for some tariffs in 2025–26, with network cost movements averaging an increase of 11 to 17% over the two years. We provide more detailed information on Power and Water Corporation's consumption forecasts in the following pages.

The increase in revenue is predominantly due to the recovery of previously under-recovered revenue, the revenue path set in the applicable determination and actual inflation. These key drivers can be seen in Figures 1 through 4.[1]

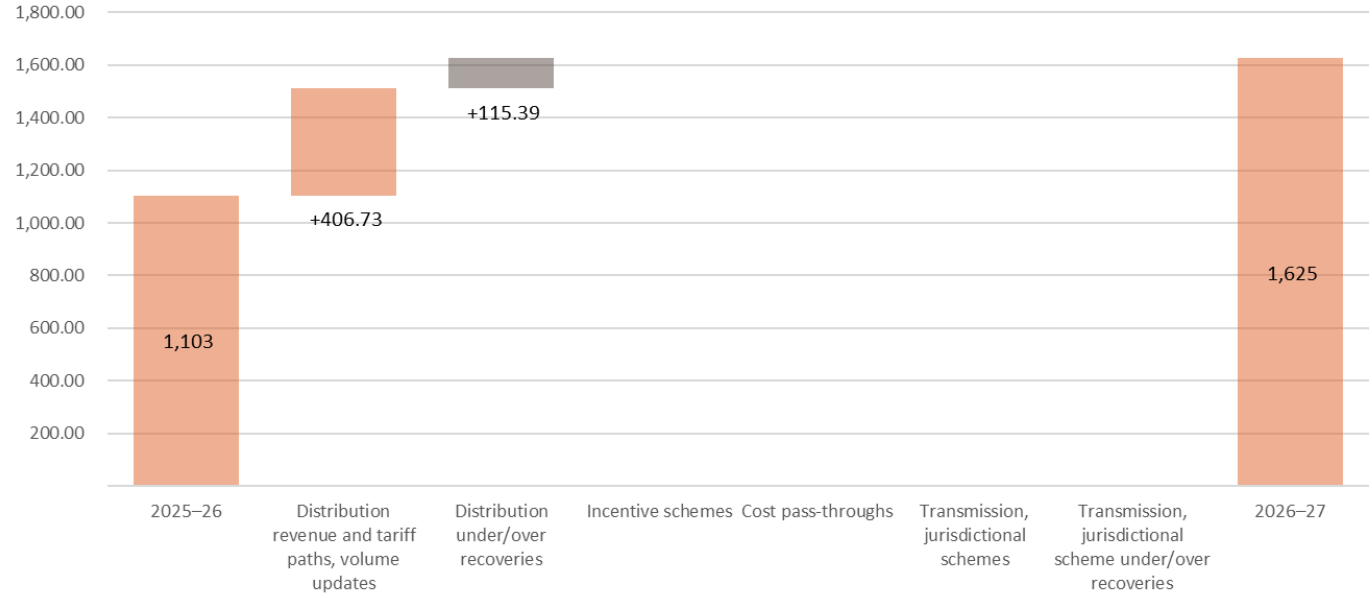
Figure 1 Residential flat-rate tariff: Average annual network cost movement



Source: AER analysis; Power and Water Corporation's 2026–27 pricing proposal.
Note: The above analysis assumes electricity usage of 9,703 kWh. This is based on the most recent data for electricity usage and customer numbers reported in Power and Water Corporation's 2026–27 pricing proposal for the Residential Accumulation tariff.

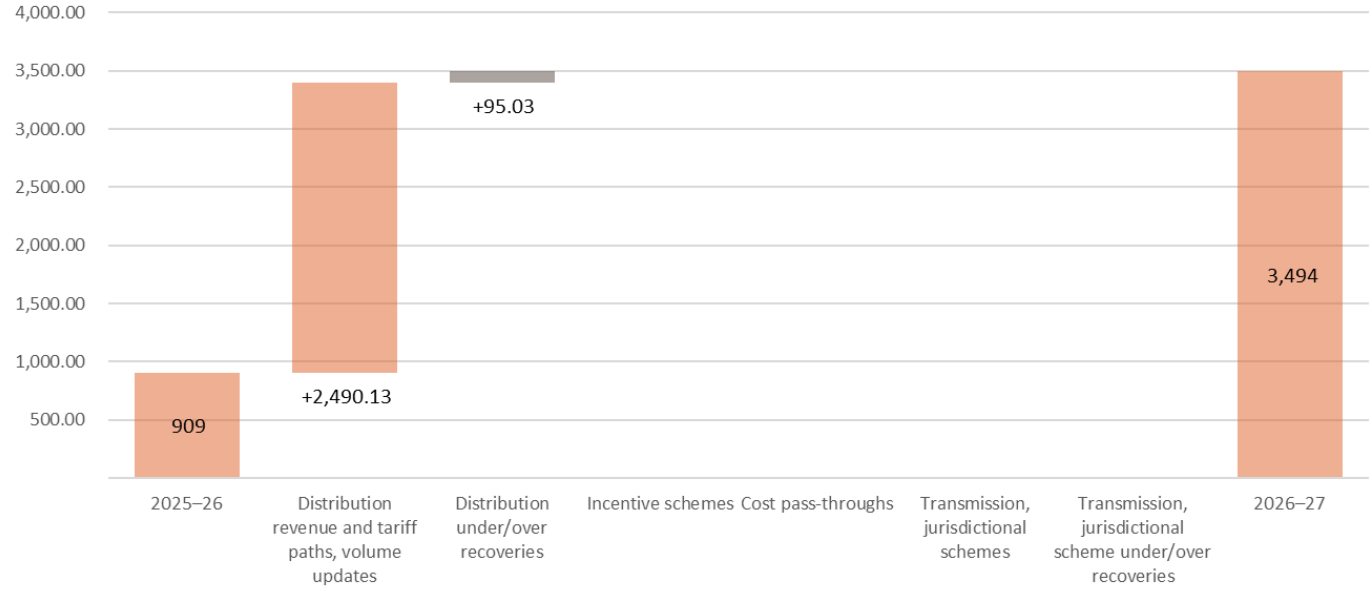
[1] The columns in the chart represent the average annual network charge for relevant years. The orange columns represent the distribution and metering components of the approved network tariffs, including the impact of actual inflation. These charts may differ to the revenue drivers to reflect distributors' differing application of these revenue drivers across tariffs.

Figure 2 Residential time-of-use tariff: Average annual network cost movement



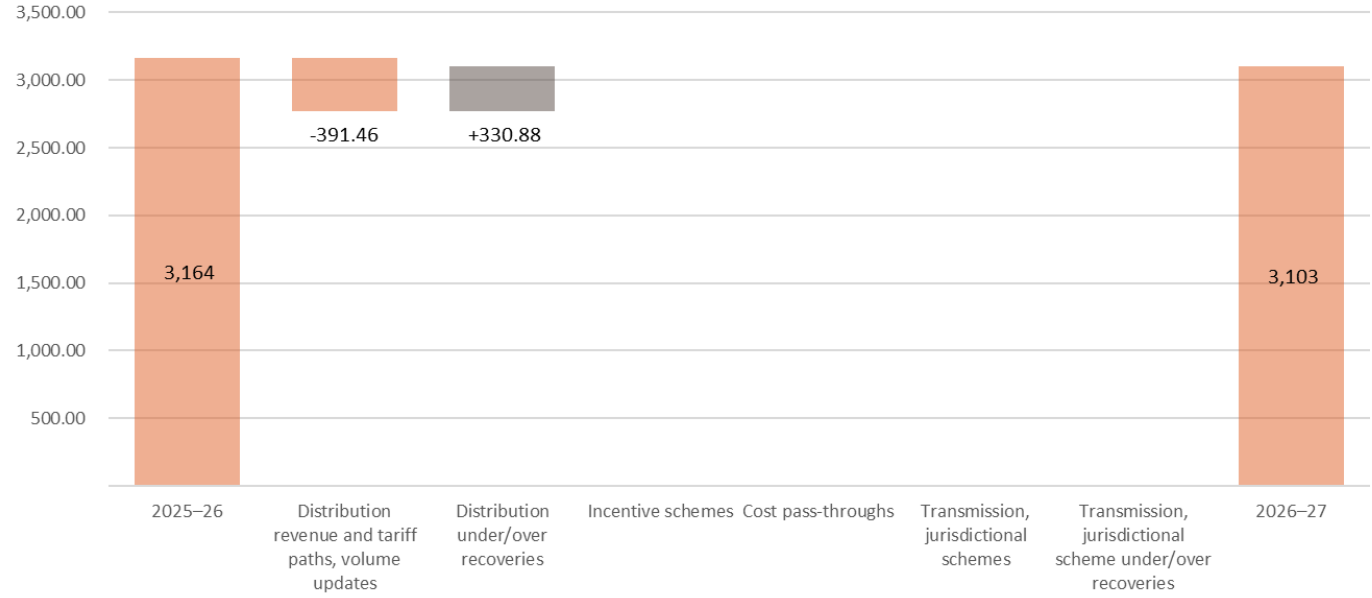
Source: AER analysis; Power and Water Corporation's 2026–27 pricing proposal.
Note: The above analysis assumes electricity usage of 1,199 kWh in the peak period, 5,860 kWh in the off-peak period, and 1,735 kWh in the solar period. This is based on the most recent data for electricity usage and customer numbers reported in Power and Water Corporation's 2026–27 pricing proposal for the LV Smart Meter - Residential tariff.

Figure 3 Small business flat-rate tariff: Average annual network cost movement



Source: AER analysis; Power and Water Corporation's 2026–27 pricing proposal.
Note: The above analysis assumes electricity usage of 31,738 kWh. This is based on the most recent data for electricity usage and customer numbers reported in Power and Water Corporation's 2026–27 pricing proposal for the Non-Residential Accumulation tariff.

Figure 4 Small business time-of-use tariff: Average annual network cost movement



Source: AER analysis; Power and Water Corporation's 2026–27 pricing proposal.
Note: The above analysis assumes electricity usage of 3,124 kWh in the peak period, 15,808 kWh in the off-peak period, and 9,230 kWh in the solar period. This is based on the most recent data for electricity usage and customer numbers reported in Power and Water Corporation's 2026–27 pricing proposal for the LV Smart Meter – Small Commercial tariff.

Actual bill impacts for individual customers will vary from our estimates as customers may be on different tariffs or consume different amounts of energy from our assumptions. Our analysis is based on flat rate or block tariffs and the main time-of-use tariffs, which have historically been the most common tariffs for residential and small business customers across the NEM. Distributors may apply movements from revenue drivers differently across tariffs which may mean some tariffs increase while others decrease.

The Northern Territory Government sets regulated prices for retail customers consuming less than 750 MWh of electricity each year. Price movements outlined in this document may not be experienced by customers for this reason.

Under/over recovered revenues

Although we set the revenues the distributors can recover, the revenue they ultimately receive over an individual year is determined by the amount of actual energy consumed in that year. This is because:

- Actual energy consumption can fluctuate from forecast consumption because of a number of factors such as weather, increased uptake of solar PV, or the rate of electrification (that is, the shift from gas to electricity). These fluctuations in energy consumption result in distributors recovering more or less than the allowable revenue we set.

To 'true-up' these variations in revenue, adjustments are made to allowable revenues for the upcoming financial year to ensure that over time, a distributor only recovers the revenue it is allowed.

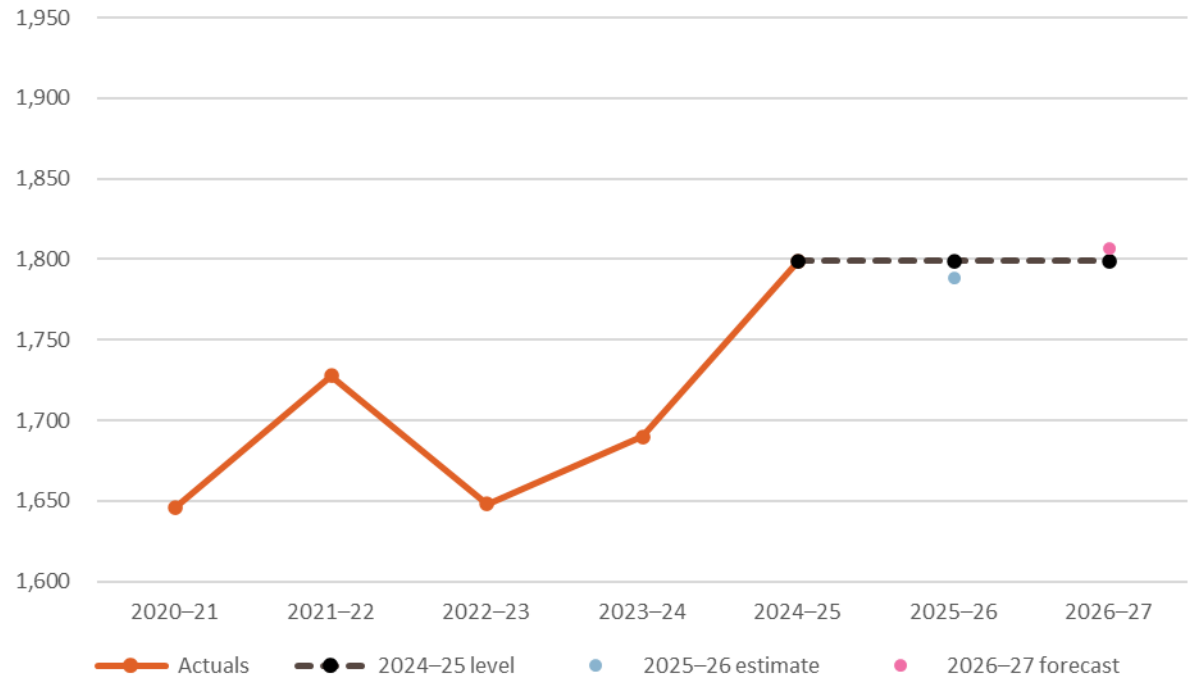
Consumption forecasts

Electricity distributors operate under a revenue cap which sets the annual allowed revenue they can recover to deliver safe and reliable electricity within their networks. Prices are determined based on forecast consumption for that year, allowing distributors to recover their allowed revenue. If distributors forecast lower consumption, then other things being equal, prices are expected to be higher to allow them to recover the revenue allowed.

Our assessment of the distributors' consumption forecasts includes analysis of historical consumption trends and the reasons put forward for any departure from them. This includes changes in post-pandemic consumption, behaviour due to electrification, increase, in distributed energy resources and ongoing data centre rollout across some jurisdictions.

Figure 5 shows that Power and Water Corporation has forecast a slight increase in energy consumption for 2026–27 relative to 2025–26, driven by growth in existing large customer's usage and new large customer connections. These increases are supported by steady residential and small business usage.

Figure 5 Energy volumes (GWh)



Source: AER analysis; RIN and AIO data; Power and Water Corporation's 2026–27 pricing proposal.

We consider Power and Water Corporation's consumption forecasts are reasonable based on our analysis and the supporting information provided by Power and Water Corporation.