Ausgrid's 2026-27

Pricing Proposal

Attachment A: Statement of Compliance

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Ausgrid

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1 Introduction

This statement of compliance as well as the standardised standard control services (SCS) and alternative control services (ACS) pricing models form Ausgrid's pricing proposal for 2026-27. This annual pricing proposal is submitted at least three months before the commencement of the regulatory year.

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

- Ausgrid's 2026-27 pricing proposal cover letter
- Ausgrid's 2026-27 pricing proposal overview document
- Att. A – Statement of compliance (**this document**)
- Att. B – SCS pricing model – public
- Att. C – SCS pricing model – confidential
- Att. D – ACS pricing model – public

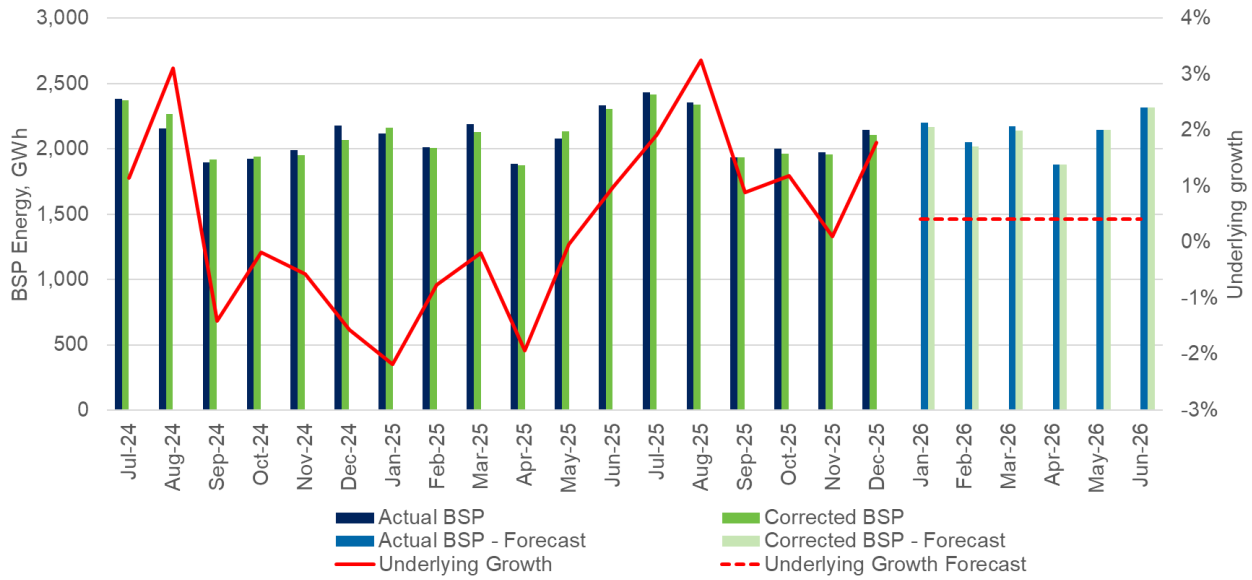
2 Demand forecasts

Ausgrid has provided quantity forecasts for SCS in the 'Qty forecasts' sheet of the SCS pricing model. The demand forecasting methodology applied in this pricing proposal is unchanged from that used in the previous pricing proposal.

For the remainder of 2025-26 (the current financial year), Ausgrid develops a current-year projection that is constructed from a system-level forecast and then allocated to tariffs.

Actual energy volumes measured at bulk supply points (BSPs) are used for the period July to December, with volumes for the remainder of the year forecast based on observed recent trends in monthly BSP energy volumes. Specifically, six months of actual consumption data are combined with six months of forecast consumption. Based on observed monthly volume trends, underlying growth over the January 2026 to June 2026 period is assumed to be 0.4%. This reflects the average growth observed over the preceding 12 months of actual data and is applied to projected BSP volumes for the remainder of the year. Figure 1 illustrates historical BSP energy volumes and the associated growth for 2024-25 and 2025-26.

Figure 1 BSP energy and growth actuals/forecast (2024-25 and 2025-26)



An estimated distribution loss factor is applied to convert forecast energy at BSPs to energy delivered at customer connection points. The 2025-26 consumption is forecast at the tariff level using weather-corrected year-to-date per-customer consumption trends, with tariff-level forecasts aligned to the system-level energy outlook. This process produces Ausgrid's 2025-26 projected volumes by tariff.

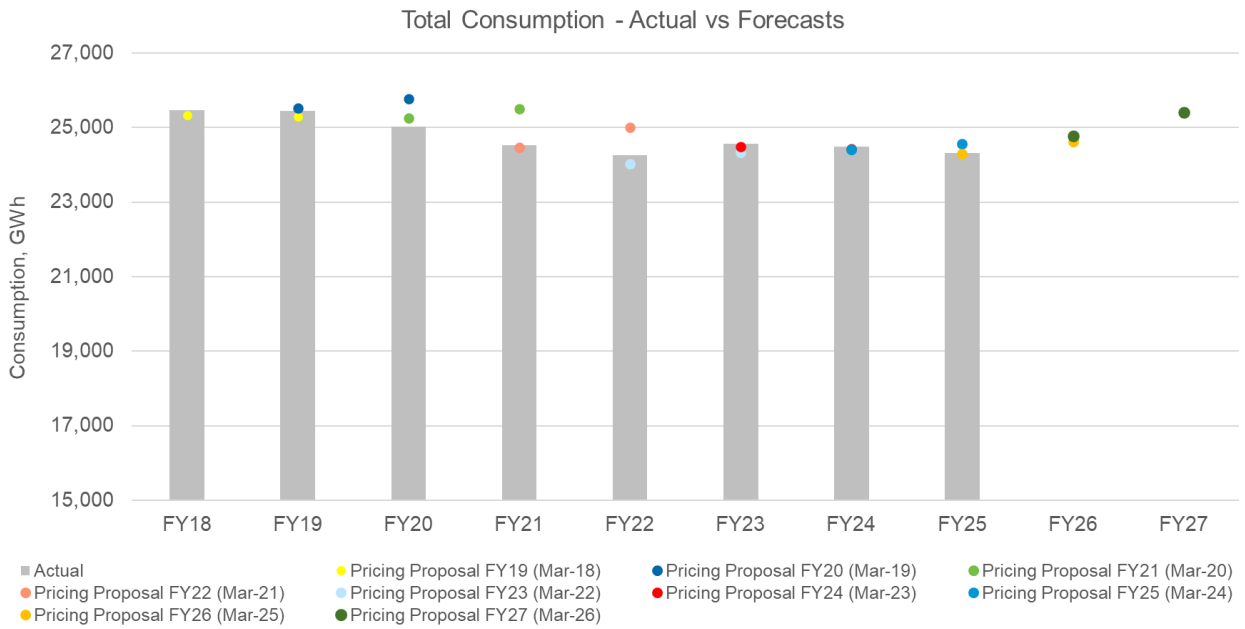
The 2025-26 projected volumes represent the current-year estimate (t-1) and form the starting point for the forecast.

From the 2025-26 projected volumes, Ausgrid applies its established econometric forecasting framework to estimate future demand. The econometric models are used to forecast underlying demand growth for residential and non-residential customers, informed by macroeconomic variables including electricity prices, real household disposable income and gross state product. Targeted post-model adjustments are then applied to reflect the impacts of rooftop solar PV and batteries, energy efficiency, electric vehicles, electrification and large customer connections.

Figure 2 compares the annual energy volumes used in each Ausgrid pricing proposal from 2017-18 to 2026-27 with actual outcomes. While forecasting accuracy was affected during the COVID-19 period due to atypical consumption patterns, forecast volumes in recent pricing proposals have aligned closely with actual

outcomes. For the most recent years, actual volumes are not materially different from those submitted in the corresponding pricing proposals.

Figure 2 Total consumption (actuals and forecast)



Total 2025-26 volumes included in the 2026-27 pricing proposal are very close to those included in the 2025-26 pricing proposal (approximately 0.6% variance). Differences primarily reflect the incorporation of additional information between the 2025-26 pricing proposal and the 2026-27 update, including updated weather outcomes, customer numbers and consumption data, rather than any change in underlying forecasting methodology.

At a segment level, residential 2025-26 volumes are slightly higher, reflecting weather effects and an upward revision to 2025-26 customer numbers. Controlled load volumes show a larger variance, reflecting that controlled load consumption did not decline as fast as expected in 2024-25, with this trend carried into 2025-26. Non-residential 2025-26 volumes are marginally lower than forecast, driven mainly by lower-than-expected low-voltage business consumption.

Comparing the current pricing proposal forecast for 2026-27 with the estimated 2025-26 outcome:

- Total consumption is forecast to increase by 2.4% (approximately 591 GWh).
- Residential consumption (including controlled load) is forecast to increase by 1.6% (approximately 141 GWh).
- Business consumption is forecast to increase by 2.8% (approximately 450 GWh).

The forecast outcomes are driven by:

1. Macroeconomic variables incorporated within Ausgrid's econometric models;
2. Post-model adjustments reflecting the impacts of rooftop solar PV and batteries, energy efficiency, electrification and electric vehicle charging; and
3. Additional load from large industrial customers.

Residential consumption forecasts are primarily driven by changes in electricity prices and real household disposable income, while business consumption forecasts are driven by gross state product and electricity prices.

Residential customer numbers are forecast based on the information received from the Department of Planning, Housing and Infrastructure on housing targets. Business customer numbers are held flat while volume changes for this sector are driven by the macroeconomic model and increasing industrial loads.

3 Tariffs

3.1 Standard Control Services

The 'Tariff schedule' sheet of the SCS pricing model sets out the proposed 2026-27 prices for standard control services.

All tariffs remain in the same tariff class as the approved 2024-29 Tariff Structure Statement[1]. This is demonstrated in tariff schedule 2 of the SCS pricing model.

All tariffs retain the same charging parameters as the approved 2024-29 Tariff Structure Statement[2]. This is also demonstrated in tariff schedule 2 of the SCS pricing model. Below is a summary of each charging parameter:

Residential and business charging parameters	Unit	Explanation
Fixed charge	c/day	Access charge reflecting a fixed amount per day.
Energy charge	c/kWh	Charged applied to all energy consumed.
Peak energy charge	c/kWh	Charge applied to energy consumed between 3-9pm each day during Summer (November to March) and Winter (June to August) months. For business customers this applies on working weekdays[3].
Off-peak energy	c/kWh	Charged applied to energy consumed at times other than peak energy.
Peak demand	c/kW/day	Charge applied to the customer's highest kW demand in any half-hour period between 3-9pm during Summer (November to March) and Winter (June to August) months, resetting monthly. For business customers this applies on working weekdays.
Peak capacity - real capacity	c/kW/day	Charge applied to the customer's highest kW of demand during any half-hour period between 3-9pm on working weekdays in the previous 12 months.
Peak capacity - apparent capacity	c/kVA/day	Charge applied to the customer's highest kVA of demand during any half-hour period between 3-9pm on working weekdays in the previous 12 months.
Export (charge)	c/kWh	Charge applies to energy exported above the Basic Export Limit between 10am-3pm each day.

[1] AER, Attachment 19 Tariff structure statement | Final decision, Ausgrid Distribution Determination 2024-29, April 2024

[2] Ibid.

[3] For ST (sub-transmission) storage customers this charge applies to energy consumed that is between the network reliability measure and 5MW below the network reliability measure.

Export (reward)	c/kWh	Reward (credit or payment) applies to energy exported between 4-9pm each day.
Critical minimum energy	c/kWh	Charge or reward applied during minimum demand events.
Critical peak energy	c/kWh	Charge or reward applied during maximum demand events[4].
TUOS demand	c/kW/day	Transmission charge applied to the customer's highest kW demand in any half-hour period, resetting monthly.

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[5]. This is demonstrated in compliance table 3 of the SCS pricing model.

3.2 Alternative Control Services

Ausgrid's alternative control services (ACS) are regulated under a price cap control mechanism. From the second year of the regulatory control periods, prices are adjusted for inflation and the approved X factor.

Our list of services for Type 5 and 6 metering, public lighting, and ancillary network services and associated 2026-27 prices aligns with the AER's final determination for alternative control services[6], with the addition of a new adaptive public lighting service offered as a quoted service. Quoted services are provided in line with the approved control mechanism formula[7] using the applicable AER-approved labour rates.

The list of ACS fixed-fee services is provided in the ACS pricing model.

3.3 Tariff variations

We are not anticipating adjustments to our tariff classes or charging parameters within the 2026-27 period. As detailed in our TSS[8], in this third year of our regulatory period we are increasing the volume threshold at which small business customers can access demand tariffs from 80 MWh to 100 MWh.

[4] For ST storage customers this component applies to load or generation that exceeds the network reliability measure.

[5] AER, Attachment 14 Control mechanisms | Final decision, Ausgrid Distribution Determination 2024-29, April 2024

[6] AER, Attachment 16 Alternative Control Services | Final Decision – Ausgrid Distribution Determination 2024-29, April 2024

[7] AER, Attachment 14 Control mechanisms | Final decision, Ausgrid Distribution Determination 2024-29, April 2024

[8] AER, Attachment 19 Tariff structure statement | Final decision, Ausgrid Distribution Determination 2024-29, April 2024

3.4 Sub-threshold tariffs

Ausgrid is continuing five and introducing four new sub-threshold tariffs for the next regulatory year. These are:

- Flexible load secondary (EA964): introduced in 2023–24.
- Flexible load primary (EA965): introduced in 2023–24.
- Residential local use of system tariff (EA956): introduced in 2024-25.
- Small business local use of system tariff (EA955): introduced in 2025-26.
- Two-way transmission charging for large storage facilities (Individually Calculated Tariff): introduced in 2025-26.
- Residential dynamic network tariff (EA974/EA975): New in 2026-27. These tariffs (primary and secondary) continue the development of dynamic pricing from Ausgrid's Project Edith.
- Large business flexible load (EA905): New in 2026-27. This tariff expands the principles of existing flexible load tariffs for residential and small business customers to large business customers.
- HV dynamic connection (EA976): New in 2026-27. This trial tariff is aimed at evaluating whether customers will curtail their capacity requirements in response to dynamic price restrictions via real-time network signals.

In accordance with clause 6.18.1C of the National Electricity Rules (NER), Ausgrid notified the AER of these new sub-threshold tariffs no later than four months before the start of the relevant regulatory year. Our 2026-27 sub-threshold notification is 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 an expected combined 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

In accordance with clause 6.18.5(f) of the NER, 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. These bounds are from the model (Attachment 8.7) submitted as part of Ausgrid's revised regulatory proposal. This model calculates percentages of distribution revenue that represent the upper and lower bounds. These percentages are determined by allocating operating costs and asset value data to tariff classes based on whether the cost is considered scalable or not scalable.

The sum of the revenue expected to be recovered from each tariff allows Ausgrid to recover the expected revenue for the relevant services in accordance with the AER's final decision for 2024-29. 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 approved 2024-29 Tariff Structure Statement.

5 Indicative prices

Clause 6.18.2(d) requires revised indicative prices for SCS tariffs be submitted to the AER each regulatory year. Revised SCS indicative prices are provided in input tables 29 and 30 of the SCS pricing model. Revised ACS indicative price caps 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 2026-27 pricing proposal.

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

The proposed prices are materially different to the corresponding indicative prices and this is demonstrated in compliance tables 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 sources for the material differences between the proposed tariff prices and their corresponding indicative prices.

The changes to our indicative prices are largely due to the unexpectedly large increase to Transgrid revenue and the inclusion of updated NSW Electricity Roadmap Infrastructure Fund (Roadmap) pass-through costs. Expected Transgrid invoices have increased by $129 million (46.7%) compared to 2025-26. Roadmap costs have increased by $41 million (19.5%) compared to the current year.

We note that the above increases affect certain customers or tariffs more than others, due to the way we use tariff components to recover certain types of revenue or to customer usage patterns. While percentage impacts at a component level may look significant, all customers will face a similar overall bill increase percentage on the basis of our current consumption and demand forecasts.

6 Tariff components

6.1 Distribution use of system charges

Tariffs designed to pass on distribution use of system (DUOS) 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[9].

A $50.9 million (rounded, excluding interest) over-recovery is forecast in 2025-26 for DUOS revenue. This has been included in the calculation of 2026-27 prices.

6.2 Designated pricing proposal changes

Ausgrid's designated pricing proposal charges (DPPC) are designed to recover the allowed revenue for our electricity transmission (dual function) network, passing through the prescribed transmission costs of Transgrid, inter-distributor transfers and avoided TUOS payments.

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[10] and is compliant with the NER.

A $4.4 million (rounded, excluding interest) over-recovery is forecast in 2025-26 for DPPC revenue. This has been included in the calculation of 2026-27 prices.

Our pricing proposal overview document includes the notification of Transgrid's 2026-27 revenue as received on 16 March.

6.3 System strength charges

Ausgrid is not planning to pass through system strength charges for system strength connection points for the 2026-27 period.

In future years, and in accordance with clause 6A.23.6(b) of the Rules, for each system strength connection point on Ausgrid's network, Ausgrid will recover from the relevant Transmission Network User, on a pass through basis, the annual system strength charge for the system strength connection point determined by Transgrid, being the System Strength Service Provider for NSW.

Clause 6A.23.6(c) of the Rules requires the amount, structure and timing of the amount billed will replicate, as far as is reasonably practical, the amount, structure and timing of the corresponding system strength charge billed to Ausgrid. To comply with this requirement, Ausgrid will replicate, as far as reasonably practical, the amount, structure and timing of the annual system strength charge, in accordance with the charging information provided and billed by Transgrid.

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[9] AER, Attachment 14 Control mechanisms | Final decision, Ausgrid Distribution Determination 2024-29, April 2024

[10] Ibid.

6.4 Jurisdictional scheme amounts

There are three jurisdictional schemes recoveries for 2026-27. These are the Climate Change Fund (CCF), the NSW Electricity Infrastructure Roadmap contribution, and Roadmap exemptions.

On 9 December 2021, the AER published its determination that the NSW Government's scheme established under section 58(1) of the Electricity Infrastructure Investment Act (NSW) 2020 (Roadmap) is a jurisdictional scheme. The Roadmap contribution determination of 18 February 2026 requires Ausgrid to recover $254.23 million in 2026-27. Ausgrid forecasts a $2.4 million (rounded, excluding interest) over-recovery for this scheme in 2025-26 and this has been included in the 2026-27 prices.

Clause 34J of the NSW Energy and Utilities Administration Act 1987 enables the Minister to require licensed distributors to make contributions to the Climate Change Fund. The Climate Change Fund recovery amount for 2026-27 is $146.99 million (rounded). The email notification as received from the NSW Department of Climate Change, Energy, the Environment and Water is included in the pricing proposal overview document. Ausgrid forecasts a $1.9 million (rounded, excluding interest) over-recovery for this scheme in 2025-26 and this has been included in the 2026-27 prices.

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 amounts for both schemes are calculated in a manner consistent with the AER's final decision for control mechanisms[11], compliant with the NER.

Jurisdictional scheme recoveries will be passed on to customers via energy and fixed charges (for the Roadmap scheme) and include any adjustments for the over- or under-recovery of these schemes in any previous regulatory year.

[11] AER, Attachment 14 Control mechanisms | Final decision, Ausgrid Distribution Determination 2024-29, April 2024

7 Compliance

7.1 Compliance with the determination

We confirm that our tariff assignment policy and the methodology by which we review and assess the basis on which a customer is charged are unchanged from the approved Tariff Structure Statement and are compliant with Chapter 6 of National Electricity Rules (NER).

The third year of the current Tariff Structure Statement commits Ausgrid to:

1. Continuing a 7-year transition to appropriate price levels for its embedded network tariffs. This 2026-27 pricing proposal offers these tariffs with prices reflective of the third year of this transition period.

2. Increasing the assignment threshold for capacity tariffs from 80 MWh per annum to 100 MWh per annum. This is the third year of a three-year transition period.

We are introducing an additional public lighting service known as adaptive lighting. This service will be offered as a quoted service, adhering to the labour rates shown in Ausgrid's 2026-27 ACS model.

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)	Chapter 5 - Indicative prices

6.18.2(e) **6.18.2(b)(7A)**	
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, Philippe Laspeyres, Economic Regulation Manager, confirm that the above statements are true and correct.

31 March 2026