2026-27 Pricing Proposal Statement of Compliance

30 March 2026

ERGON. ENERGY NETWORK

Part of Energy Queensland

Contents

1 INTRODUCTION

This statement of compliance as well as the standardised Standard Control Services (SCS) and Alternative Control Services (ACS) pricing models form Ergon Energy Corporation Limited's (Ergon Energy Network's) Pricing Proposal for 2026-27. This is an annual pricing proposal that has been 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:

- Attachment A – 2026-27 Statement of compliance (this document) - public
- Attachment B – 2026-27 SCS pricing model - public
- Attachment C – 2026-27 SCS pricing model - confidential
- Attachment D – 2026-27 ACS pricing model – public
- Attachment E – 2026-27 Pricing Proposal Overview – public
- Attachment F - Supporting information – public
- Attachment G - Supporting information – confidential
- Attachment H – Confidentiality template – public
- Attachment I – 2026-27 Network Price List - public

2 DEMAND FORECASTS

Ergon Energy Network has provided quantity forecasts for standard control services in the 'Qty forecasts' sheet of the SCS pricing model.

In comparison to the 2025-26 Pricing Proposal forecasts, the energy consumption volumes and customer numbers for the 2026-27 regulatory year are not materially different. The variance in quantities from the previous year for the entire network as well as for residential and small business customers, is outlined and explained in Table 1.

Table 1: Forecast and estimate energy consumption and customer numbers[1]

Quantity	Forecast 2025-26[2]	Estimate 2025-26	Forecast 2026-27	Variance and explanation of change
Energy total (GWh)	**13,509**	**14,335**	**14,271**	Energy consumption for 2025-26 is estimated to be higher than the 2025-26 forecast, primarily due to the warmer weather conditions. In 2026-27, energy consumption is forecast to decrease marginally compared to 2025-26, driven primarily by a small reduction in residential energy consumption as more households will provide their own electricity resources with continued uptake of solar and batteries.
- Energy – residential, inc. controlled load	4,252	4,362	4,317	In the short term, the warm-yet-humid, along with the earlier than expected summer weather conditions will push up the estimated residential energy consumption for 2025-26. However, the continuing trend for new PV installations, combined with the recent boom in household battery installations and the assumed return to long term weather conditions, leads to a forecast reduction in residential energy consumption for 2026-27 when compared to the 2025-26 estimate, contributing to a forecast reduction in energy consumption.
- Energy – small business	1,331	1,426	1,432	Energy consumption for small business customers had strong growth in 2025-26. This upward trend is forecast to continue in 2026-27 due to increased customer numbers combined with a positive economic outlook. However, the pace of growth is expected to slow due to continued uptake of solar.

[1] Refer to 'Tables' sheet, of the SCS pricing model, Output Table 9.
[2] Provided for 2025-26 Pricing Proposal

Quantity	Forecast 2025-26[2]	Estimate 2025-26	Forecast 2026-27	Variance and explanation of change
Customer no. total	**781,283**	**786,632**	**790,252**	The total customer numbers had strong growth in 2025-26 and the upward trend is forecast to continue in 2026-27 mainly driven by the continuing trend in the population growth in Queensland, albeit that the forecast growth is slightly below the longer-term trend (based on Deloitte's September 2025 forecasts).
- Customer no. residential exc. controlled load	670,991	674,061	677,382	The 2025-26 estimate is higher than the 2025-26 forecast largely driven by the underlying population growth in Queensland (including the high level of inter-state migration). The upward trend is forecast to continue in 2026-27 by 0.5% which is slightly below the longer-term trend (based on Deloitte's September 2025 forecasts).
- Customer no. small business	93,335	94,952	95,753	Small business customer numbers had stronger than expected growth in 2025-26 and the upward trend is forecast to continue in 2026-27 due to the positive economic outlook.

2.1 Forecasting methodology and key drivers

Energy consumption forecasts are prepared at the total network level, at customer segment levels and at customer level for certain individually calculated network tariffs. The energy and customer number forecast model that Ergon Energy Network utilises for low voltage (LV) customers (Standard Asset Customer (SAC) tariff class) is based on a combination of econometric forecasts and trend extrapolation that incorporates key drivers of energy consumption (e.g. temperature and humidity indices, Queensland State Product and Population) both directly and indirectly.

The energy forecast model is consistent with the model externally reviewed in February 2023. This review concluded that the forecasting methodology implemented across all tariff classes for both the Ergon Energy Network and Energex networks is of a suitably high standard and fit for purpose, and the forecast generated is in accordance with best practice principles.

Movements in energy consumption, demand and customer numbers can often be attributed to changes in a range of variables including economic and weather conditions. Our forecast methodology uses a systematic process to capture the underlying relationships between energy sales and these drivers of change. The forecast model estimates future movements under different scenarios as new data is made available. A similar approach is applied to customer number forecasts.

Differences in forecast and estimate quantities in any particular year relates to underlying changes to drivers with updated information. The key drivers used for the forecast model and the source data used for the estimates of forecasts in both the current and prior year Pricing Proposals is summarised in Table 2.

Table 2: Key inputs to forecasts

Key Driver	Source	2025-26 Basis of estimate (2026-27 Pricing Proposal)	2026-27 Basic of forecast (2026-27 Pricing Proposal)
Consumption data	Internal metering data	Large customer actuals up to end of January 2026. Small customer actuals up to end of January 2026 to reflect July 2025 to January 2026. Forecast for the February 2026 to June 2026 is based on actuals up to September 2025.	Large customer actuals up to end of September 2025. Small customer actuals up to end of June 2025.
Weather – key indicators	Bureau of Metrology via PI Application	Actuals up to December 2025	Actuals up to September 2025. Long term average indices are used for the 2026-27 energy forecasts.
NMI/Customer numbers	PEACE Application	Actuals up to December 2025 (mid-year estimates are used for price setting purpose reflecting that customers do not all connect to the network at one time)	Actuals up to September 2025. Customer number models are used for the 2026-27 energy forecasts.
Population Projections	Deloitte Access Economics (DAE): Business Outlook	DAE: Business Outlook September 2025	DAE: Business Outlook September 2025
Economic Growth	DAE: Business Outlook	DAE: Business Outlook September 2025	DAE: Business Outlook September 2025
Consumer Energy Resources (CER) Forecast	Blunomy Consulting	Actuals up to end of August 2025	Actuals up to end of August 2025

Energy and customer forecasts estimated at the customer segment level are further allocated to different tariffs. The application of energy consumption and customer number forecasts to each customer segment are explained in Table 3.

Table 3: Application of forecast quantities to each customer segment

Quantity by customer type	Methodology for allocation of forecast quantities to tariff and charging parameters
Energy consumption	
Major customers	Energy and maximum demand forecasts for major Individually Calculated Customers (ICC) and Connection Asset Customers (CAC) are individually developed. The energy forecast is based on a review of each customer's recent actual consumption history plus any confirmed future operational changes. Any new customers are included using forecast data provided with their connection application.
Low voltage business	Forecast energy consumption for a LV business is firstly split between small business and SAC Large customers based on historic energy consumption data. The forecast energy consumption is then apportioned to each tariff and charging component, including Time of Use (TOU) charging windows based on historic trend. Consumption for new customers is allocated to the default tariffs.
Residential	Forecast energy consumption for the residential sector is apportioned to each tariff and charging component (including TOU charging windows) based on historic trend. Consumption for new customers is allocated to the default tariffs.
Unmetered	Forecasts for unmetered tariff energy consumption are based on simple linear regression or exponential smoothing models, incorporating total device counts, device energy efficiency data and replacement programs (where available).
Controlled Load	Forecasts for controlled load quantities are based on a multiple linear regression model. Explanatory variables to the model include the number of National Metering Identifier (NMI) records assigned as residential and the number of NMI's recorded as installing rooftop PV. Residential customers with controlled load often disconnect after installing a PV system.
Customer numbers	
Major customers	ICC and CAC customer numbers are based on the latest actual active NMI list.
Low voltage business	An average of the current year and the forecast year customer numbers are used for price setting purposes, reflecting that customers do not all connect to the network at one time (and therefore do not all pay the fixed daily charges for the full financial year). Forecast LV business customer numbers are firstly apportioned between small business and SAC Large categories based on historic trends. Within each of these segments, the forecast customer numbers are then apportioned to each tariff based on tariff assignment policy, forecast smart meter uptake (or churn) and historic trends. The forecasts assume: - all new customers are assigned to the default tariff in each customer segment, and

Quantity by customer type	Methodology for allocation of forecast quantities to tariff and charging parameters
	- existing customers remain on their current tariffs (unless subject to a meter upgrade).
Residential	An average of the current year and the forecast year customer numbers are used for price setting purposes, reflecting that customers do not all connect to the network at one time (and therefore do not all pay the fixed daily charges for the full financial year). Forecast residential customer numbers are apportioned to each tariff based on tariff assignment policy, forecast smart meter uptake (churn) and historic trends. The forecasts assume: - all new customers are assigned to the default tariff in each customer segment, and - existing customers remain on their current tariffs (unless subject to a meter upgrade).
Unmetered	Customer numbers are not required for unmetered tariff price setting as unmetered tariffs do not have a fixed charge.
Controlled Load	An average of the current year and the forecast year customer numbers are used for price setting purposes, reflecting that customers do not all connect to the network at one time (and therefore do not all pay the fixed daily charges for the full financial year).

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 current Tariff Structure Statement.[3] This is demonstrated in tariff schedule 2 of the SCS pricing model.

All tariffs retain the same charging parameters as the current Tariff Structure Statement.[4] This is also demonstrated in tariff schedule 2 of the SCS pricing model.

Table 4 is a summary of each charging parameter.

Table 4: Charging parameters

Charging parameters	Unit	Explanation
Fixed charge	$/day	Daily supply charge. Applies as a rate ($) per day to all primary tariffs and secondary controlled load tariffs.
Connection unit charge	$/day/connection unit	Applies to CAC tariffs only. The Distribution Use of System (DUOS) connection unit calculation multiplies the connection unit charge ($/day) by the customer's site-specific number of connection units.
Anytime volume charge	$/kWh	Applies to anytime energy consumption.
Volume peak charge (over 10,000)	$/kWh	Applies to Small Business Transitional Network TOU Tariff 1 – weekdays 7am – 9pm >10,000 kWh per year.
Volume peak charge	$/kWh	Applies to Residential TOU Energy and TOU Demand and Energy tariffs 4pm to 9pm on weekdays and weekends. Applies to Small Business TOU Energy, Small Business TOU Demand and Energy, and SAC Large TOU Demand and Energy and TOU Energy tariffs 5pm to 8pm on weekdays.
Volume off-peak charge	$/kWh	Applies to Residential TOU Energy and TOU Demand and Energy tariffs 11am to 4pm on weekdays and weekends. Applies to Small Business TOU Energy, Small Business TOU Demand and Energy, and SAC Large TOU Demand and Energy and SAC Large

[3] Final decision - Ergon Energy distribution determination 2025-30 - Revised Tariff Structure Statement - April 2025 - Clean | Australian Energy Regulator (AER).
[4] Final decision - Ergon Energy distribution determination 2025-30 - Revised Tariff Structure Statement - April 2025 - Clean | Australian Energy Regulator (AER).

Charging parameters	Unit	Explanation
		TOU Energy tariffs weekdays and weekends between the hours of 11am to 1pm.
Volume shoulder charge	$/kWh	Applies to Residential TOU Energy and TOU Demand and Energy tariffs 9pm to 11am on weekdays and weekends. Applies to Small Business TOU Energy, Small Business TOU Demand and Energy, and SAC Large TOU Demand and Energy and TOU Energy tariffs: - weekdays between the hours of midnight to 11am, 1pm to 5pm and 8pm to midnight - on weekends between the hours of midnight to 11am, 1pm to midnight. Also applies to 2026-27 Dynamic Business trial tariffs.
General service charge	$/kWh	Applies to ICC tariffs for anytime energy consumption charge.
Common service charge	$/kWh	Applies to ICC tariffs for anytime energy consumption.
Volume block 1	$/kWh	Applies to SAC Large basic tariff, anytime consumption below 97,000 kWh per year.
Volume block 2	$/kWh	Applies to SAC Large basic tariff, anytime consumption above 97,000 kWh per year.
Demand charge kVA	$/kVA	Applied to SAC Large Demand Small tariff, CAC and ICC tariffs. Charge applied to single highest half hourly kVA demand during the month.
Peak demand charge kVA	$/kVA	Applies to SAC Large TOU Demand and Energy tariff and CAC HV Demand TOU tariffs. Charge applied to the single highest half hourly kVA achieved between 5pm to 8pm during the month. Applied weekdays only.
Shoulder demand charge kVA	$/kVA	Applies to SAC Large TOU Demand and Energy tariff and CAC HV Demand TOU tariffs. Charge applied to the single highest half hourly kVA during the month, achieved: - on weekdays between the hours of midnight to 11am, 1pm to 5pm and 8pm to midnight - on weekends between the hours of midnight to 11am, 1pm to midnight.

Charging parameters	Unit	Explanation
Off-peak demand charge kVA	$/kVA	Applies to SAC Large TOU Demand and Energy tariff and CAC HV Demand TOU tariffs. Charge applied to the single highest half hourly kVA achieved between 11am to 1pm during the month. Applied weekdays and weekends.
Demand charge kW	$/kW	Applies to CAC HV Bus TOU Demand and HV Line TOU Demand tariffs. Charge applied to single highest half hourly kW demand during the month.
Peak demand charge kW	$/kW	Applies to Residential TOU Demand and Energy tariff. Charge applied to the single highest half hourly kW achieved between 4pm to 9pm during the month. Applies on both weekdays and weekends. Applies to Small Business TOU Demand and Energy tariff. Charge applied to the single highest half hourly kW achieved between 5pm to 8pm during the month. Applied weekdays only. A kW variant of the demand charge is also available for the SAC Large TOU Demand and Energy Tariff in instances where the smart meter is unable to publish the underpinning interval data for the purposes of determining kVA quantity for billing.
Shoulder demand charge kW	$/kW	Charge will apply from 1 July 2027 to new Residential Demand and Small Business Demand tariffs. A kW variant of the demand charge is also available for the SAC Large TOU Demand and Energy Tariff in instances where the smart meter is unable to publish the underpinning interval data for the purposes of determining kVA quantity for billing. Also applies to 2026-27 Dynamic Business trial tariffs.
Off-peak demand charge kW	$/kW	Charge will apply from 1 July 2027 to new Residential Demand and Small Business Demand tariffs. A kW variant of the demand charge is also available for the SAC Large TOU Demand and Energy Tariff in instances where the smart meter is unable to publish the underpinning interval data for the purposes of determining kVA quantity for billing.
Location charge	$/kW	Applies to ICC tariffs only. Monthly single highest half hourly kW demand.
Capacity charge	$/kVA	Applies to ICC tariffs only.

Charging parameters	Unit	Explanation
Minimum capacity charge	$/kW	Applies to Transitional Network TOU tariff 3. Applies to pump size up to 7.5kW.
Remaining capacity charge		Applies to Transitional Network TOU tariff 3. Applies to pump size >7.5kW.
Critical peak import charge	$/kWh	Applies to 2026-27 Network tariff trial tariffs only.
Critical peak export charge	$/kWh	Applies to 2026-27 Network tariff trial tariffs only.
Critical peak export reward	$/kW	Applies to 2024-25 Storage tariff trial tariffs only.
Critical peak export reward	$/kWh	Applies to 2026-27 Storage tariff trial tariffs only.
Critical peak import reward	$/kWh	Applies to 2025-26 Storage tariff trial tariffs only.

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.

3.2 Alternative control services

The ACS pricing model sets out the proposed 2026-27 prices for alternative control services.

Ergon Energy Network will offer the same list of services for public lighting and ancillary network services as approved in the AER's final determination for alternative control services.[5] The list of services for public lighting, security lighting and fee-based services is provided in the ACS pricing model. Quoted services are provided in line with the approved control mechanism formula,[6] using the applicable labour rates in the ACS pricing model.

3.3 Tariff variations

We are anticipating variations or adjustments to our tariff prices, tariff class or charging parameters within the 2026-27 period. These are described in the subsections below.

3.3.1 Standard Control Services

Consistent with previous years, we propose to adjust our ICC network tariff prices in circumstances where an ICC customer alters their connection characteristics during the year. In these circumstances, it may be necessary to recalculate the customer's site-specific charge with the adjustment applied to the fixed, capacity, demand and volume charging parameters for ICC customers.

Any changes in site-specific charges for ICC customers will occur at the next network bill.

[5] AER - Final Decision Attachment 16 - Alternative control services - Ergon Energy - 2025-30 Distribution determination revenue proposal - April 2025 | Australian Energy Regulator (AER).
[6] AER - Final Decision Attachment 14 - Control mechanisms - Energex and Ergon Energy - 2025-30 Distribution determination revenue proposal - April 2025 | Australian Energy Regulator (AER).

When new site-specific tariffs are created for new ICC connections during 2026-27, the price setting mechanism will be in line with the methodology set out in Ergon Energy Network's 2025-30 Tariff Structure Statement.

There are no other variations or adjustments proposed to be made to standard control services tariffs during the 2026-27 regulatory year.

3.3.2 Alternative Control Services

The Queensland Government has historically set maximum price caps to apply to a subset of Ergon Energy Network's alternative control services through Schedule 8 of the Electricity Regulation 2006. Since Schedule 8 maximum prices are imposed through Queensland legislation, they take precedence over the alternative control services prices approved by the AER.

It is important to note that the prices included in our Pricing Proposal have been derived under the AER's price-setting requirements. These prices, if subject to the Schedule 8 price caps, may be higher than those charged to customers.

Except for the application of Schedule 8 of the Electricity Regulation 2006 to several of our fee-based alternative control services, there are no other variations or adjustments proposed to be made to alternative control services tariffs during the 2026-27 regulatory year.

3.4 Sub-threshold tariffs

Ergon Energy Network is proposing two sub-threshold trial tariffs for the regulatory year, with all tariffs to be introduced from 1 July 2026. These are:

1. SAC – Dynamic Business (LV) tariff trial – to evaluate whether hybrid sites (battery plus on-site generation or controllable load) can deliver network benefits comparable to storage-only sites, particularly in terms of peak demand reduction, solar absorption, DER flexibility, and responsiveness to dynamic price signals.
2. CAC - Dynamic Business (HV) tariff trial – to evaluate whether hybrid sites (battery plus on-site generation or controllable load) can deliver network benefits comparable to storage-only sites, particularly in terms of peak demand reduction, solar absorption, DER flexibility, and responsiveness to dynamic price signals.

Ergon Energy Network has notified the AER on these sub-threshold tariffs no later than four months before the start of a regulatory year. These are available on the AER website.[7]

Each sub-threshold trial tariff has a forecast revenue that is less than 1 per cent of total allowable revenue, and all sub-threshold tariffs have a combined forecast revenue less than 5 per cent of total allowable revenue. This is demonstrated in compliance table 4 of the SCS pricing model.

[7] Ergon Energy - Tariff trial notification - 2026-27 | Australian Energy Regulator (AER).

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. These bounds were calculated by estimating of costs on the modification of the existing network to provide standard control services to the tariff class or classes concerned.

The stand-alone and avoidable costs for each tariff class are calculated in the manner described in our 2025-30 Tariff Structure Explanatory Statement. Lower bound (avoidable) costs for each tariff class were derived by calculating hypothetical proportions of network assets that would be avoided if the specific tariff class were to be removed. Similarly, the upper bound (stand-alone) costs for each tariff class were calculated based on the hypothetical proportions of network assets that would be required if only each tariff class was to be supplied in isolation. Our stand alone and avoidable cost estimates are prepared using cost categories as reported in the annual Regulatory Information Notice. The avoidable costs include scalable operating costs for assets and customer services. Stand-alone costs also include the indirect component for operating costs and the return on capex.

The sum of the revenue expected to be recovered from each tariff allows Ergon Energy Network to recover the expected revenue for the relevant services in accordance with the distribution determination. 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 current Tariff Structure Statement.

5 INDICATIVE PRICES

Revised indicative prices for standard control services tariffs are provided in input tables 29 and 30 of the SCS pricing model. 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 tariff 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 AS 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 highlighted differences between the indicative 2026-27 prices submitted as part of the 2025-26 Pricing Proposal and the proposed 2026-27 prices are as follows:

- adjustments to fixed prices in the Mount Isa pricing region to ensure continued alignment with the pricing simplification strategy outlined in our 2025-30 Tariff Strategy Statement Explanatory (Chapter 7) and ensure the proportional revenue recovery in each pricing zone remains unchanged,
- introduction of low off-peak charges for business tariffs,
- rebalancing of peak charges for low voltage large business tariffs from demand-based to volume-based charging to improve customer impacts and
- adjustments to high voltage tariff connection units to reflect that the reductions assumed when the indicative 2026-27 prices were developed could not be achieved due to customer bill impact considerations (i.e. large reductions in connection units would need to be offset in other charging parameters to continue to balance to the revenue cap).

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.

The over or under recovery amount is calculated in a manner consistent with the AER's Final Decision for control mechanisms.[8]

The estimated distribution use of system revenue amount reflects the latest available financial, energy consumption, customer numbers and demand data. Estimated 2025-26 DUOS revenue is calculated by multiplying actual July 2025 to January 2026 quantities and estimated February 2026 to June 2026 quantities by the AER-approved 2025-26 network prices. Further information about the methodology used to develop forecast quantities for the remainder of 2025-26 is provided in Chapter 2 of this document.

[8] AER - Final Decision Attachment 14 - Control mechanisms - Energex and Ergon Energy - 2025-30 Distribution determination revenue proposal - April 2025 | Australian Energy Regulator (AER).

Estimated Retailer of Last Resort (ROLR) amounts reflect the Statement of Charges debt from retailers who have gone into administration and triggered ROLR events.[9] These amounts have been incorporated in the 'Financials' sheet of the SCS pricing model.

Forecast DUOS amounts are calculated in a manner consistent with the AER's Final Decision by applying CPI, X-factor, the Service Target Performance Incentive Scheme amount and the over or under recovery amounts as demonstrated in the SCS pricing model.

Metering charges

From 2025-26, standard control tariffs designed to pass on legacy metering charges are available in the 'Metering' sheet of the SCS pricing model. The revenue expected to be recovered from these tariffs does not exceed the estimated amount of metering charges. This is demonstrated in output table 6 of the SCS pricing model.

6.2 Designated Pricing Proposal charges

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.

Forecast and estimates of designated Pricing Proposal charges amounts that Ergon Energy Network is required to recover include the following:

- payments to Powerlink for transmission charges Ergon Energy Network expects to make in 2025-26 and 2026-27. Copies of Powerlink invoices for 2025-26 and Powerlink forecast charges for 2026-27 are attached.[11] Estimated payment amount for 2025-26 is calculated using eight months of actual data (July 2025 to February 2026) and four months (March 2026 to June 2026) of forecast data.
- avoided transmission use of system payments Ergon Energy Network expects to make in 2025-26 and 2026-27 to eligible Embedded Generators:
  - the estimated avoided transmission use of system payment amount is calculated by applying Powerlink's 2025-26 transmission charges to estimated quantities derived using eight months of actual data (July 2025 to February 2026) and four months of data reported for the same period in the prior year (March 2025 to June 2025), and
  - the forecast avoided transmission use of system payment amount is calculated by multiplying Powerlink's 2026-27 transmission charges by prior year energy consumption and demand quantities reported for eligible Embedded Generators.

  Estimated and forecast avoided transmission use of system payments calculations are provided in the attached Supporting information file.[12]

[9] Refer to the attached Supporting information file, 'ROLR amounts' sheet.
[10] AER - Final Decision Attachment 14 - Control mechanisms - Energex and Ergon Energy - 2025-30 Distribution determination revenue proposal - April 2025 | Australian Energy Regulator (AER).
[11] Refer to attached Supporting information file, 'TUOS expenditure 2627' and 'TUOS expenditure 2526' sheets.
[12] Refer to the attached Supporting information file, 'Avoided TUOS payments' sheet.

- inter-distributor payments to:
  - Energex for supply from the Postman's Ridge Transmission Connection Point in the Toowoomba area. Ergon Energy Network take supply from Energex at the Postman's Ridge Transmission Connection Point and distribute to a group of customers in the area. Energex bills Ergon Energy Network a network service charge for these network services, and
  - Energy Queensland's non-regulated network for the use of the unregulated 220 kV network which supplies the Cloncurry township in the Mount Isa pricing zone.[13]

  A copy of the invoices for these payments for 2025-26 has been attached.[14] Forecast 2026-27 payment amounts to Energex are calculated based on the proposed 2026-27 Energex network charges.

  Forecast payment amounts for the use of the unregulated 220kV network are estimated by escalating the 2025-26 payment amount by the inflation rate specified in the contract. The forecast inter-distributor payment calculations are provided in the attached Supporting information file.[15]

6.3 System strength charges

Ergon Energy Network will pass through any relevant system strength charges as determined by the system strength service provider in Queensland (Powerlink), as required to relevant parties (being distribution customers and embedded generators) at system strength connection points on the distribution network. The following arrangements apply when an Inverter Based Resource proponent applies to connect to Ergon Energy Network:

- the proponent decides based on preliminary system strength impact assessment whether to elect to pay the prescribed system strength charge or alternatively choose to self-remediate
- where the proponent elects to pay the system strength charge, Ergon Energy Network informs Powerlink who sets these charges, and
- when a connection is complete, Powerlink invoices Ergon Energy Network who in turn invoices the proponent the system strength charge.

The amount, structure, and timing of the amount billed by Ergon Energy Network will replicate, as far as is reasonably practicable the amount, structure, and timing of the corresponding system strength charge billed to Ergon Energy Network by Powerlink.

Advice from our major customer team is that, at this stage, proponents have chosen to self-remediate or change the configuration of their connection rather than elect to pay the system strength charges. In 2026-27 there is no revenue expected from system strength charges.

6.4 Jurisdictional scheme amounts

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.

[13] These costs are passed through to all customers in the Mount Isa pricing zone via DPPC (TUOS) charges.
[14] Refer to the attached Supporting information file, 'Interdistributor payment 2526' sheet.
[15] Refer to the attached Supporting information file, 'Interdistributor payment 2627' sheet.

The over or under recovery amount is calculated in a manner consistent with the AER's Final Decision for control mechanisms[16] and is compliant with the NER.

Forecast and estimates of jurisdictional scheme revenue Ergon Energy Network is required to recover reflect:

- the Solar Bonus Scheme Feed-in Tariff payments that Ergon Energy Network expects to make in 2025-26 and 2026-27 to eligible customers for energy supplied into our distribution network from specific micro-embedded generators. The Solar Bonus Scheme Feed-in Tariff payment forecast was completed by Energy Queensland in January 2026 and has been attached,[17]
- the 2025-26 and 2026-27 Energy Industry Levy covering a proportion of the Queensland Government's funding commitments for the Australian Energy Market Commission (AEMC) which Ergon Energy Network is obligated to pay under its Distribution Authority. A copy of the 2025-26 AEMC invoice is attached.[18] The forecast 2026-27 AEMC levy amount has been estimated by escalating the 2025-26 AEMC levy by the latest inflation rate,[19] and
- the 2025-26 and 2026-27 Electrical Safety Office (ESO) levy amount. A copy of the 2025-26 ESO invoice is attached.[20] The forecast 2026-27 ESO levy amount has been estimated by escalating the 2025-26 ESO levy by the latest inflation rate.[21]

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.

There are no other material changes that should be brought to the attention of the AER.

[16] AER - Final Decision Attachment 14 - Control mechanisms - Energex and Ergon Energy - 2025-30 Distribution determination revenue proposal - April 2025 | Australian Energy Regulator (AER).
[17] Refer to the attached Supporting information file, 'Solar bonus' sheet.
[18] Refer to the attached Supporting information file, 'AEMC levy' sheet
[19] Source: ABS CPI All Groups, Weighted Average of Eight Capital Cities from the December quarter 2025, applied as advised by the AER on 16 March 2026
[20] Refer to the attached Supporting information file, 'ESO levy' sheet.
[21] Source: ABS CPI All Groups, Weighted Average of Eight Capital Cities from the December quarter 2025, applied as advised by the AER on 16 March 2026

7.2 Compliance table

Table 5: 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) 6.18.2(e) 6.18.2(b)(7A)	Chapter 5 - Indicative prices
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, *Trudy Fraser, A/Executive General Manager Regulation, Risk and Strategy confirm that the above statements are true* and correct.

[redacted]

30 March 2026

Trudy Fraser

A/Executive General Manager Regulation, Risk and Strategy *date*